

Latam Daily Flash

3 December 2013 Economic Analysis

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Today we expect Brazilian GDP to show a slight decrease, driven by a slowdown in investment in spite of some recovery in private consumption. In our view the weak growth will pave the way to an end to the monetary tightening cycle.

Mexico - Remittances slightly above expectations

In line with the recent improvement in employment conditions of Mexican immigrants in the US, remittances to Mexico increased 4.6% YoY in October (to USD1,853mn). This was slightly above expectations (3.8% consensus, 3.0% BBVAe), and as a result, remittances to Mexico have registered positive annual growth for the third consecutive month.

What to watch today

Brazil - GDP (3Q13, 06:00hrs NYT)

We expect 3Q13 GDP to have declined 0.1% MoM after expanding by 1.5% MoM in 2Q13. We anticipate that the sharp deceleration will have been driven by a slowdown in investment, which we forecast to have declined by 2.0% MoM (vs. 3.6% MoM in 2Q13) and probably in spite of some recovery in private consumption (which we forecast have expanded by 0.4% MoM). In our view, weak growth will help the BCB to pave the way to an end to the monetary tightening cycle in January. At the same time, it would add to the recent wave of pessimism regarding Brazil.

Chile - Monetary Policy Report (December, 10:00 hrs NYT)

We expect the estimated GDP growth range for 2014 to be reduced to 3.75%-4.75% (the last estimate was 4%-5%). In terms of prices, we think the central bank is likely to cut its CPI forecast to 2.6% for end-2014. Overall, we anticipate that the Board will keep a neutral bias in the short term, with further cuts being data-dependent.

Calendar: Indicators

| Brazil | Date | Period | Consensus | BBVAe | Actual | Prior |
|---------------------------------------|-------|--------|-----------|--------|---------|----------|
| FGV CPI IPC-S | 2 Dic | Nov | 0.63% | -- | 0.68% | 0.67% |
| PMI Manufacturing | 2 Dic | Nov | -- | -- | 49.7 | 50.2 |
| Trade Balance Monthly | 2 Dic | Nov | \$400M | \$800M | \$1740M | -\$224M |
| Vehicle Sales Fenabreve | 2 Dic | Nov | -- | -- | 302950 | 330196 |
| GDP QoQ | 3 Dic | 3Q | -0.30% | -0.10% | -- | 1.50% |
| FIPE CPI - Monthly | 4 Dic | Nov | 0.51% | -- | -- | 0.48% |
| Industrial Production MoM | 4 Dic | Oct | 0.10% | 0.10% | -- | 0.70% |
| PMI Services | 4 Dic | Nov | -- | -- | -- | 52.1 |
| Commodity Price Index MoM | 4 Dic | Nov | -- | -- | -- | -2.67% |
| COPOM Monetary Policy Meeting Minutes | 5 Dic | -- | -- | -- | -- | -- |
| Vehicle Sales Anfavea | 5 Dic | Nov | -- | -- | -- | 330203 |
| FGV Inflation IGP-DI MoM | 6 Dic | Nov | 0.29% | -- | -- | 0.63% |
| IBGE Inflation IPCA MoM | 6 Dic | Nov | 0.58% | 0.63% | -- | 0.57% |
| Chile | | | | | | |
| Central Bank Meeting Minutes | 4 Dic | -- | -- | -- | -- | -- |
| Economic Activity YoY | 5 Dic | Oct | 4% | 4.50% | -- | 3.90% |
| Economic Activity MoM | 5 Dic | Oct | 0.30% | 1% | -- | -0.80% |
| Vehicle Sales Total | 5 Dic | Nov | -- | -- | -- | 31380 |
| CPI YoY | 6 Dic | Nov | 2.10% | 2.20% | -- | 1.50% |
| CPI MoM | 6 Dic | Nov | 0.10% | 0.20% | -- | 0.10% |
| Colombia | | | | | | |
| PPI MoM | 4 Dic | Nov | -- | -- | -- | -0.78% |
| CPI MoM | 6 Dic | Nov | 0.07% | 0.10% | -- | -0.26% |
| Exports FOB | 6 Dic | Oct | \$4950 | -- | -- | \$4850.7 |
| CPI Core MoM | 6 Dic | Nov | -- | 0.10% | -- | 0.03% |
| Mexico | | | | | | |
| Remittances Total | 2 Dic | Oct | 1837.8M | 1825M | 1853.1M | 1795.7M |
| IMEF Manufacturing Index SA | 2 Dic | Nov | -- | 49.9 | 50.13 | 49.3 |
| Consumer Confidence Index | 4 Dic | Nov | 92 | 93.7 | -- | 91.2 |
| Leading Indicators (MoM) | 5 Dic | Oct | -- | -- | -- | 0.07 |
| Gross Fixed Investment | 6 Dic | Sep | -6.10% | -3.40% | -- | -5.40% |
| Overnight Rate | 6 Dic | -- | 3.50% | 3.50% | -- | 3.50% |

Most recent Latam reports

| Date | Description |
|------------|---|
| 2-12-2013 | ➤ Peru Flash: Annual inflation remained at the upper limit in November |
| 2-12-2013 | ➤ Mexico Migration Flash: Remittances to Mexico increase for third consecutive month (in Spanish) |
| 29-11-2013 | ➤ Chile Flash: Activity data by sector anticipates Imacec at 4.5% YoY in October and a stable policy rate in December |
| 29-11-2013 | ➤ Colombia Economic Watch: We expect monetary policy to remain neutral until the end of 2015 |
| 29-11-2013 | ➤ Chile Flash: On the way to under-execution with less expenditure, but also with a relevant decline in revenue. Effective fiscal deficit would end at 0.7% of GDP (in Spanish) |
| 29-11-2013 | ➤ Colombia Flash: BanRep decided unanimously to keep its policy rate unchanged at 3.25% |
| 29-11-2013 | ➤ Mexico Economic Watch: Oil production sharing: estimation of additional public revenue until 2018 (in Spanish) |
| 28-11-2013 | ➤ Brazil Flash: End of the monetary tightening cycle at sight |
| 27-11-2013 | ➤ Brazil Economic Outlook: Fourth Quarter 2013 (in Spanish) |
| 26-11-2013 | ➤ Flash Chile: Budget discussion will not expand expenditure further (in Spanish) |

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