

Latam Daily Flash

18 December 2013 Economic Analysis

Madrid

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The breakdown of Mexican GDP will be important, to see how investment and consumption performed in the third quarter. In Brazil, where the government announced yesterday another measure to take some pressure off inflation, a slight improvement in the trade balance is expected in November's data to be released today.

Brazil - Government announces another measure to maintain administered-price inflation under control

In line with the series of measures adopted to maintain administered-price inflation at low levels over 2013, the Brazilian Electricity Regulatory Agency (Aneel) announced that the new methodology to adjust electricity tariffs, which allows the sector's companies to alter tariffs monthly according to market prices, will only be adopted in January 2015 and not in January 2014 as previously announced. This decision should allow yearly inflation to continue to trend down at the very beginning of the next year, which supports our view that the BCB will put an end to the ongoing tightening cycle in January. The measure should have a negative impact on public sector's accounts (as the federal government should compensate electricity companies for holding lower tariffs). In addition, it does not help the government to defend itself against accusations of excessive intervention in the economy.

What to watch today

Mexico - Aggregate supply and demand (3Q, 09:00hrs NYT)

The GDP breakdown will be important, to see which sectors drove the recovery in the third quarter of the year. It is likely that consumption was moderately positive. Meanwhile, gross fixed investment remained weak, declining 2.4% QoQ sa in the third quarter. In addition, based on the trade balance indicators, we know that foreign trade in goods saw a positive performance, especially in manufacturing and oil exports. GDP increased 0.84% QoQ sa in the third quarter. The tertiary sector rose 1.3%QoQ sa and secondary increased 0.9% QoQ sa, while primary activity declined 0.5% QoQ sa. Thanks to all this, we forecast aggregate demand showing growth of 1.9% YoY for 3Q13.

Brazil - External accounts (November, 07:30hrs NYT)

A slight improvement in the trade balance should help to reduce the current account deficit in November. The yearly external deficit should ease somewhat in November (and also in December) after having peaked in October at 3.7% of GDP.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGP-10 MoM	16 Dec	Dec	0.46%	--	0.44%	0.44%
FGV CPI IPC-S	16 Dec	Dec	0.72%	--	0.75%	0.72%
Tax Collections	16 Dec	Nov	110900M	--	112517M	100999M
Formal Job Creation Total	20 Dec	Nov	54000	--	--	94893
CNI Industrial Confidence	18 Dec	Dec	--	--	--	54.5
FIPE CPI - Weekly	18 Dec	Dec	0.47%	--	0.50%	0.45%
IGP-M Inflation 2nd Preview	18 Dec	Dec	0.48%	--	0.54%	0.30%
Unemployment Rate	19 Dec	Nov	4.90%	5.00%	--	5.20%
IBGE Inflation IPCA-15 MoM	19 Dec	Dec	0.65%	0.68%	--	0.57%
Current Account Balance	18 Dec	Nov	-\$4800M	--	--	-\$7132M
FGV Consumer Confidence	20 Dec	Dec	--	--	--	112.8
Total Outstanding Loans	19 Dec	Nov	--	--	--	2610B
Quarterly Inflation Report	20 Dec	--	--	--	--	--
Colombia						
Vehicle Sales	18 Dec	Nov	--	--	--	27659
GDP QoQ	19 Dec	3Q	0.40%	0.40%	--	2.20%
GDP YoY	19 Dec	3Q	4.30%	4.60%	--	4.20%
Retail Sales YoY	19 Dec	Oct	4.20%	4.00%	--	2.30%
Industrial Production YoY	19 Dec	Oct	0.35%	3.90%	--	-1.80%
Overnight Lending Rate	20 Dec	--	3.25%	3.25%	--	3.25%
Mexico						
ANTAD Same-Store Sales YoY	16 Dec	Nov	1.10%	--	3.40%	-2.10%
Aggregate Supply and Demand	18 Dec	3Q	1.90%	1.90%	--	1.80%
Retail Sales YoY	19 Dec	Oct	-1.70%	-1.90%	--	-4.00%
Central Bank Economist Survey	19 Dec	--	--	--	--	--
Unemployment Rate	20 Dec	Nov	4.95%	4.93%	--	5.01%
Central Bank Monetary Policy Minutes	20 Dec	--	--	--	--	--
Peru						
Economic Activity YoY	16 Dec	Oct	5.20%	5.30%	5.42%	4.40%
Quarterly Inflation Report	20 Dec	--	--	--	--	--

Most recent Latam reports

Date	Description
17-12-2013	➤ Colombia Real Estate Outlook 2013
16-12-2013	➤ Peru Flash: GDP rebounded in October
16-12-2013	➤ Chile Flash: December CPI is expected to be within 0.3 and 0.5% (in Spanish)
12-12-2013	➤ Chile Flash: Central Bank of Chile kept rates at 4.5%, broadly in line with our and market expectations
12-12-2013	➤ Peru Flash: Monetary policy rate unchanged in December
11-12-2013	➤ Mexico Energy Reform Flash: Far-reaching reform of the sector which could prompt large investments and increase potential growth
11-12-2013	➤ Colombia Flash: Civil works: from euphoria to reality
11-12-2013	➤ Mexico Migration Outlook December 2013 (in Spanish)
11-12-2013	➤ Argentina Automobile Market Outlook 2013 (in Spanish)
10-12-2013	➤ Colombia Flash: Fitch Ratings upgrades Colombia's rating to BBB

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