

# Latam Daily Flash

7 January 2014  
**Economic Analysis**

*Madrid*

**Juan Ruiz**

Chief Economist, South America  
juan.ruiz@bbva.com  
+34 91 3745887

**Enestor dos Santos**

Principal Economist, Latam  
enestor.dossantos@bbva.com  
+34 639827211

**Cecilia Posadas**

Economist, Latam  
c.posadas@bbva.com  
+ 34 91 3746279

**Pablo Urbiola**

pablo.urbiola@bbva.com  
+ 34 91 918072457

With contributions from the BBVA  
Research Latam Team:

*Lima*

**Hugo Perea**

Chief Economist, Peru  
hugo.perea@bbva.com  
+51 1 2112042

*Bogota*

**Juana Tellez**

Chief Economist, Colombia  
juana.tellez@bbva.com  
+571 3471600

*Santiago*

**Jorge Selaive**

Chief Economist, Chile  
jselaive@bbva.com  
+56 2 2939 10 92

*Mexico City*

**Carlos Serrano**

Chief Economist, Mexico  
carlos.serranoh@bbva.com  
+ 5255 5621 4354

**Javier Amador**

Principal Economist, Mexico  
javier.amadord@bbva.com  
+ 5255 5621 3095

*In Chile, monthly activity data for November came in broadly in line with our forecasts, and consistent with both GDP growing slightly above 4.0% and reference interest rates being left unchanged at the next monetary policy meeting. Today, the focus will be on trade data in Chile and Colombia.*

## Chile - Monthly activity figures in November 2013 showed signs of stabilisation

Monthly activity expanded 2.8% YoY in November 2013 (+0.5% MoM), in line with our expectations but below those of the market (BBVAe: 2.9%, consensus: 3.1%) and mainly driven by positive contributions from mining and retail sales. Meanwhile, the services-related sectors remain depressed, although they are stabilising. All in all, the figures remain consistent with a 2013 GDP growth rate slightly above 4%. Finally, the central bank baseline scenario depicted in the last Monetary Policy Report remains achievable, leading us to expect a pause in the policy rate at January's meeting (see our [Chile Flash](#) for details).

## What to watch today

### Chile - Trade balance (December, 07:30hrs NYT)

We expect a USD408mn surplus in the December 2013e trade balance, driven by our expectations of exports at USD6.8bne (-6.7% YoY), while imports should reach USD6.4bne (+2.7% YoY). Finally, we forecast copper exports in the order of USD4.2bne (-1.0% YoY). With these figures the trade balance should accumulate a surplus of USD2.6bn in 2013e, 23% lower than in 2012.

### Colombia - Exports (November)

Our expectation for November's exports is USD5,300mne, a 10.2% YoY increase. The good performance is partly explained by higher coal exports since their recovery from the supply shock.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
FIPE CPI - Monthly	6 Jan	Dec	0.60%	--	0.65%	0.46%
FIPE CPI - Weekly	6 Jan	Dec	0.56%	--	0.61%	0.50%
PMI Services	6 Jan	Dec	--	--	51.7	52.3
PPI Manufacturing MoM	7 Jan	Nov	--	--	--	-0.37%
Vehicle Sales Anfavea	7 Jan	Dec	--	--	--	302939
FGV Inflation IGP-DI MoM	8 Jan	Dec	0.67%	--	--	0.28%
FGV CPI IPC-S	8 Jan	Jan	0.77%	--	--	0.69%
Industrial Production MoM	8 Jan	Nov	-1.00%	-0.50%	--	0.60%
CNI Capacity Utilization (SA)	8 Jan	Nov	--	--	--	82.1%
FIPE CPI - Weekly	10 Jan	Jan	--	--	--	0.61%
IGP-M Inflation 1st Preview	10 Jan	Jan	0.58%	--	--	0.32%
IBGE Inflation IPCA MoM	10 Jan	Dec	0.82	0.75%	--	0.54%
<b>Chile</b>						
Economic Activity YoY	6 Jan	Nov	3.10%	2.90%	2.80%	2.80%
Economic Activity MoM sa	6 Jan	Nov	0.60%	0.40%	0.50%	-0.10%
Trade Balance	7 Jan	Dec	\$225M	\$408M	--	\$202M
CPI YoY	8 Jan	Dec	2.90%	2.90%	--	2.40%
CPI MoM	8 Jan	Dec	0.50%	0.50%	--	0.40%
<b>Colombia</b>						
CPI Core MoM	7 Jan	Dec	--	0.24%	--	-0.09%
Exports FOB	7 Jan	Nov	\$4875M	\$5300M	--	\$4835M
<b>Mexico</b>						
Vehicle Production AMIA	8 Jan	Dec	--	--	--	255695
Economic Activity IGAE YoY	9 Jan	Oct	1.40%	1.20%	--	0.79%
CPI MoM	9 Jan	Dec	0.48%	--	--	0.93%
Industrial Production YoY	10 Jan	Nov	0.04%	1.20%	--	0.10%
Gross Fixed Investment	10 Jan	Oct	-4.80%	--	--	-5.50%
<b>Peru</b>						
Trade Balance	10 Jan	Nov	-\$329M	--	--	-\$303M
Reference Rate	10 Jan	Jan	4.00%	4.00%	--	4.00%

## Most recent Latam reports

Date	Description
06-01-2014	<a href="#">➤ Chile Flash: Monthly activity figures in November 2013 showed signs of stabilization</a>
03-01-2014	<a href="#">➤ Mexico Migration Flash: Remittances accumulate four consecutive months of growth</a>
03-01-2014	<a href="#">➤ Chile Automobile Market Outlook 2013</a>
02-01-2014	<a href="#">➤ Chile Flash: changes in the CPI weights (in Spanish)</a>
02-01-2014	<a href="#">➤ Peru Flash: Annual inflation closed 2013 within the target range</a>
02-01-2014	<a href="#">➤ Chile Flash: Growth of fiscal expenditure could be higher than 5% in real terms in 2014, among the highest in recent years (in Spanish)</a>
30-12-2013	<a href="#">➤ Chile Flash: Activity data by sector anticipates Imacec at 2.9% YoY in November</a>
26-12-2013	<a href="#">➤ Peru 2013 Real Estate Outlook (in Spanish)</a>
23-12-2013	<a href="#">➤ Chile Flash: December CPI should come in at 0.5% m/m (in Spanish)</a>
20-12-2013	<a href="#">➤ Colombia Flash: BanRep decided unanimously to keep its policy rate unchanged at 3.25% and continue on accumulating international reserves</a>

### Important Disclosures

The BBVA Group companies that have participated in preparing or contributed information, opinions, estimates, forecasts or recommendations to this report are identified by the location(s) of the author(s) listed on the first page as follows: 1) Madrid, London or Europe - Banco Bilbao Vizcaya Argentaria, S.A., including its E.U. branches (hereinafter called 'BBVA'), 2) Mexico City - BBVA Bancomer, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer (hereinafter called 'BBVA Bancomer'); 3) New York - BBVA Securities, Inc. (hereinafter called 'BBVA Securities'); 4.) Lima - BBVA Continental S.A.; 5.) Bogata - BBVA Colombia S.A.; 6.) Santiago - BBVA Chile S.A.

**For recipients in the European Union**, this document is distributed by BBVA, a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), and registered with the Bank of Spain with number 0182.

**For recipients in Mexico**, this document is distributed by BBVA Bancomer, a bank supervised by the Comisión Nacional Bancaria y de Valores de México.

**For recipients in USA**, this document is being distributed by BBVA Securities, a subsidiary of BBVA registered with and supervised by the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation. U.S. persons wishing to execute any transactions should do so only by contacting a representative of BBVA Securities in the U.S. Unless local regulations provide otherwise, non-U.S. persons should contact and execute transactions through a BBVA branch or affiliate in their home jurisdiction.

BBVA and BBVA Group companies or affiliates (art. 42 of the Royal Decree of 22 August 1885 Code of Commerce), are subject to the BBVA Group Policy on Conduct for Security Market Operations which establishes common standards for activity in these entities' markets, but also specifically for analysis and analysts. This BBVA policy is available for reference at the following web site: [www.bbva.com](http://www.bbva.com).

Analysts residing outside the U.S. who have contributed to this report are not registered with or qualified as research analysts by FINRA or the New York Stock Exchange and may not be considered "associated persons" of BBVA Securities (as such term is construed by the rules of FINRA). As such, they are not subject to NASD Rule 2711 restrictions on communications with subject companies, public appearances and trading of securities held in research analysts' accounts.

**BBVA is subject to a Code of Conduct for Security Market Operations, which details the standards of the above-mentioned overall policy for the EU. Among other regulations, it includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. This Code of Conduct for Security Market Operations is available for reference in the 'Corporate Governance' section of the following web site: [www.bbva.com](http://www.bbva.com).**

**BBVA Bancomer is subject to a Code of Conduct and to Internal Standards of Conduct for Security Market Operations, which details the standards of the above-mentioned overall policy for Mexico. Among other regulations, it includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. This Code and the Internal Standards are available for reference in the 'Grupo BBVA Bancomer' subsection of the 'Conócenos' menu of the following web site: [www.bancomer.com](http://www.bancomer.com).**

**BBVA Securities is subject to a Capital Markets Code of Conduct, which details the standards of the above-mentioned overall policy for USA. Among other regulations, it includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers.**

### Exclusively for Recipients Resident in Mexico

---

**BBVA Bancomer S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer acts as a market maker/specialist in:** MexDer Future Contracts (US dollar [DEUA], 28-day TIIEs [TE28], TIIE Swaps, 91-day CETES [CE91]), Bonos M, Bonos M3, Bonos M10, BMV Price and Quotations Index (IPC), Options Contracts (IPC, shares in América Móvil, Cemex, CPO, Femsa UBD, Gcarso A1, Telmex L) and Udibonos.

BBVA Bancomer, and, as applicable, its affiliates within BBVA Bancomer Financial Group, may hold from time to time investments in the securities or derivative financial instruments with underlying securities covered in this report, which represent 10% or more of its securities or investment portfolio, or 10% or more of the issue or underlying of the securities covered.

**DISCLAIMER**

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information and are current as of the date of issue and subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

**Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report.** Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

**The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.**

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

**BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: [www.bbva.com](http://www.bbva.com) / Corporate Governance".**

**BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.**