

Latam Daily Flash

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In Mexico, a much stronger than expected retail sales performance in November surprised the markets. On Monday, the activity index for the same month will be useful to fine-tune our growth expectations for 4Q13. In Colombia, we expect the unemployment rate to remain unchanged in December.

Mexico - Retail sales surprised to the upside

Retail sales expanded 3.6% MoM sa in November, significantly above market expectations. In annual terms, retail sales jumped to 1.9% YoY vs. 0.8% expected by consensus. The improvement was broad-based, with all but one component (healthcare) registering a monthly increase. The 12.2% MoM sa and 10.0% MoM sa growth in apparel and domestic equipment were particularly strong.

Brazil - Current account deficit closed 2013 at 3.7% of GDP, the highest since 2001

The annual current account deficit was slightly above our 3.6% forecast. In December the deficit reached USD8.7bn, taking the accumulated deficit for the year as a whole to USD81.4bn, in comparison to USD54.2bn (2.4% of GDP) in 2012. Throughout the year, the weakness of the trade surplus added to the significant deficits in both income and service accounts, resulting in deterioration in the current account. Supply problems, lower terms of trade and increasing competitiveness problems were behind the 87% drop in the trade surplus in 2013. The income and service account deficits together increased 14%, in spite of the significant depreciation of the currency. In spite of strong FDI inflows (USD67.6bn, or 2.9% of GDP), the surplus on the financial and capital accounts were not enough to cover the current account deficit. As a result, the balance of payments registered a USD5.9bn deficit in 2013. Looking forward, we expect currency depreciation and fewer supply-side problems (especially in the oil sector) to help ease the current account deficit to around 3.4% of GDP in 2014e.

What to watch today

Mexico - IGAE (November, 09:00hrs NYT)

The Global Economic Activity Index (IGAE) for the month of November 2013 will be useful to fine-tune our growth estimates for 4Q13. In October the IGAE index expanded 1.3% YoY sa. In November, industrial production increased only slightly (0.1% MoM sa), while employment growth in the services sector remained subdued (0.1% MoM sa). Thus, we estimate the IGAE index will rise 0.5% MoM sa in November, equivalent to 1.1% YoY sa.

Colombia - Unemployment rate (December, 11:00hrs NYT)

The urban unemployment rate should stand at 9.7%, similar to last month's figure (seasonally-adjusted). Job-creation figures (YoY) should be downward-biased with respect to last month's since the government increased spending and contract allocations during October and November, before restrictions came into effect due to the reelection of Congress.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Weekly	27 Jan	Jan	0.86%	--	0.86%	0.83%
FGV Construction Costs MoM	28 Jan	Jan	0.59%	--	--	0.22%
Outstanding Loans MoM	29 Jan	Dec	--	--	--	1.50%
FGV Inflation IGPM MoM	30 Jan	Jan	0.49%	--	--	0.60%
PPI Manufacturing MoM	30 Jan	Dec	--	--	--	0.62%
Unemployment Rate	30 Jan	Dec	4.40%	4.30%	--	4.60%
Primary Budget Balance	31 Jan	Dec	11,0B	14.0B	--	29.7B
Chile						
Manufacturing Index YoY	30 Jan	Dec	--	0.50%	--	-1.10%
Retail Sales YoY	30 Jan	Dec	--	8%	--	9.20%
Unemployment Rate	31 Jan	Dec	5.70%	5.90%	--	5.70%
Central Bank Meeting Minutes	31 Jan	Jan	--	--	--	--
Colombia						
Industrial Confidence	27 Jan	Dec	--	0	--	-5.2
Retail Confidence	27 Jan	Dec	--	20	--	18.5
Urban Unemployment Rate	31 Jan	Dec	9.30%	9.70%	--	9.30%
Overnight Lending Rate	31 Jan	Jan	3.25%	3.25%	--	3.25%
Budget Balance	31 Jan	Dec	--	--	--	-\$1997B
Mexico						
Economic Activity IGAE YoY	27 Jan	Nov	0.80%	1.10%	--	1.33%
Trade Balance	27 Jan	Dec	819,5M	1101.0M	--	339.1M
Overnight Rate	31 Jan	--	3.50%	3.50%	--	3.50%
Peru						
CPI MoM	2 Jan	Jan	--	--	--	0.17%

Most recent Latam reports

Date	Description
24-01-2014	➤ Mexico Banking Flash: Bank deposits: momentum in the second half of the year (in Spanish)
23-01-2014	➤ Brazil Flash: COPOM sees higher inflation and stable economic activity ahead
23-01-2014	➤ Mexico Inflation Flash: Inflation in the first fortnight of January
22-01-2014	➤ Mexico Economic Watch: The evolution of educational attainment in Mexico and the OECD, 1960-2010 (in Spanish)
22-01-2014	➤ Peru Real Estate Outlook 2013
21-01-2014	➤ Colombia Economic Watch: How good are the employment data?
20-01-2014	➤ Chile Flash: We expect December Inmaec between 2.2% and 3.2% YoY and GDP to close 2013 around 4.1%
16-01-2014	➤ Chile Flash: Central bank kept policy rate at 4.5% but includes a dovish bias
16-01-2014	➤ Brazil Flash: Higher inflation and a weaker currency force the COPOM to maintain the tightening pace
15-01-2014	➤ Peru Flash: November GDP reflected momentum of trade and services

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