

Latam Daily Flash

5 February 2014 Economic Analysis

Madrid

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Industrial production declined sharply at the end of the year; particularly important was the contraction in the auto sector. This decline implies downside risk to 4Q13 and a weak 1Q14, in line with the view of a final 25bp adjustment in the Selic rate in February. Today we expect Chile's monthly activity index to confirm expansion around of 4% in 2013.

Brazil - Industrial production declined sharply at the end of 2013

Industrial output dropped 3.5% MoM in December, well above expectations (BBVAe: -1.0% MoM; consensus: -1.5% MoM). This was the sharpest contraction since the end of 2008, when the sector was impacted by the Lehman Brothers crisis. In addition, October and November figures were revised downwards to 0.3% MoM and -0.6% MoM from 0.6% MoM and -0.2% MoM, implying that industrial production declined 0.8% QoQ in 4Q13. The contraction in the vehicles sector was especially sharp (-17.5% MoM), but the downward correction was widespread (in 22 out of 27 sectors). In quarterly terms, industrial production declined 0.8% QoQ. All in all, the figures released yesterday add downside risks to our 4Q13 GDP growth forecast (0.4% QoQ) and reinforce the perspective that economic activity will not rebound significantly at the beginning of 2014. Finally, weak activity data support our view that, in spite of the recent tensions in FX markets, the BCB will make a final 25bp adjustment to the Selic rate in February.

What to watch today

Chile - Monthly activity index (December 2013, 06:30hrs, NYT)

We expect the monthly economic activity index (Imacec) to have increased 2.4% YoY in December 2013 (+0.5% MoM sa). As activity data by sector revealed, the print should be mainly driven by retail sales and mining output. Overall, GDP should grow at around 2.7% YoY in 4Q13, consolidating an expansion of 4% during 2013.

Colombia - Consumer price index (January 2014, 19:00hrs NYT)

We expect heightened economic activity and seasonal price adjustments to have had an impact on January's headline inflation. We anticipate that the consumer price index will increase 2.2% YoY (0.56% MoM) and begin the year's gradual crawl towards the central bank's long term inflation target (3.0% YoY). The main driver of January's inflation should be an upturn in food inflation (1.1% MoM) and a continued gradual rise in core inflation.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	3 Feb	Jan	0.99%	--	0.99%	0.93%
PMI Manufacturing	3 Feb	Jan	--	--	50.8	50.5
Trade Balance Monthly	3 Feb	Jan	-\$4550M	-\$4000M	-\$4057M	\$2654M
Vehicle Sales Fenabrave	3 Feb	Jan	--	--	312619	353863
FIPE CPI - Monthly	4 Feb	Jan	0.91%	--	0.94%	0.65%
Industrial Production MoM	4 Feb	Dec	-1.50%	-1.00%	-3.46%	-0.20%
CNI Capacity Utilization (SA)	5 Feb	Dec	--	--	--	82%
PMI Services	5 Feb	Jan	--	--	--	51.7
Vehicle Sales Anfavea	6 Feb	Jan	--	--	--	353843
FGV Inflation IGP-DI MoM	7 Feb	Jan	0.42%	--	--	0.69%
IBGE Inflation IPCA MoM	7 Feb	Jan	0.62%	0.65%	--	0.92%
Chile						
Economic Activity MoM	5 Feb	Dec	0.40%	0.50%	--	0.50%
Real Wage MoM	6 Feb	Dec	--	--	--	1.00%
CPI MoM	7 Feb	Jan	0.20%	0.14%	--	0.60%
Colombia						
PPI MoM	4 Feb	Jan	--	--	0.67%	0.11%
CPI MoM	6 Feb	Jan	0.56%	0.56%	--	0.26%
CPI Core MoM	6 Feb	Jan	--	0.44%	--	0.24%
Mexico						
IMEF Manufacturing Index SA	4 Feb	Jan	--	--	49.7	50.3
Remittances Total	4 Feb	Dec	1740.8M	1747.0M	1798.5M	1693.8M
Producer Confidence Index SA	5 Feb	Jan	--	52.5	--	51.5
Consumer Confidence Index SA	5 Feb	Jan	91.0	89.5	--	89.7
Leading Indicators (MoM)	6 Feb	Dec	--	--	--	0.06%
CPI MoM	7 Feb	Jan	0.96%	0.95%	--	0.57%
Bi-Weekly CPI	7 Feb	Jan	--	0.23%	--	0.68%

Most recent Latam reports

Date	Description
04-02-2014	➤ Mexico Real Estate Flash: Mortgage loans in the banking system grew 6.1% up to November (in Spanish)
04-02-2014	➤ Mexico Migration Flash: Accumulated remittances closed 2013 with a fall of 3.8%
03-02-2014	➤ Working Paper: Fiscal Sustainability and Economic Growth in Bolivia
03-02-2014	➤ Peru Flash: January inflation surprised to the upside and located outside the target range
03-02-2014	➤ Working Paper: Financial inclusion and the role of mobile banking in Colombia: developments and potential
31-01-2014	➤ Banxico Flash: Fondo rate unchanged at 3.5%; tone aimed at anchoring inflation expectations
31-01-2014	➤ Colombia Flash: BanRep decided unanimously to keep its policy rate unchanged at 3.25% and maintains its international reserves policy
30-01-2014	➤ Chile Flash: December Imaec should reach 2.4% y/y, consistent with our scenario of 2013 GDP growth around 4.0% (in Spanish)
30-01-2014	➤ Chile Flash: Public expenditure in 2013 was significantly lower than planned (in Spanish)
29-01-2014	➤ Mexico Migration Outlook December 2013

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