

# Latam Daily Flash

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**Economic Analysis**

Madrid

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*As we expected, the Chilean central bank cut the MPR and left its dovish bias unchanged, which opens the door for another cut as soon as the March meeting. In Colombia good imports of cars and transportation equipment suggests a new expansion in the durable goods cycle.*

## Chile - Central bank cut policy rate by 25bp (to 4.25%) and kept its dovish bias

The central bank cut policy rates by 25bp to 4.25%, as expected by both BBVA and the consensus. The dovish bias of the last communiqué was left unchanged, a factor that supports our call for another 25bp cut as soon as the March meeting. The central bank restated the necessity of further stimulus related to that implicit in its last baseline scenario, mainly due to a steeper than anticipated slowdown in domestic demand (particularly investment). All in all, we still see GDP growth at 4% in 2014e and the MPR at 4% in the coming months; in line with the macro scenario we have been forecasting since May 2013 (see our [Chile Flash](#) for more details).

## Colombia - Imports showed a strong performance in Autos demand

In December, imports grew 8.6% YoY, above the 2013 average (0.5% YtD). In particular, cars and transportation equipment led the recovery in external purchases, confirming the beginning of a new expansion cycle in durable goods that we anticipated some months ago. Performance of industrial imports diverged between raw materials (in moderate decline) and capital goods (with moderate growth), reflecting the absence of any strong data that allow us to anticipate a sustained recovery before the second half of 2014. Finally, the trade balance stood at USD556.6mn, consolidating a surplus of USD2,200mn in 2013. However, the latter figure is below the 2012 level, indicating increased pressures on the current account deficit.

## What to watch today

**No relevant indicators are planned to be released today**

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Formal Job Creation Total	19 Feb	Jan	50327	--	--	-449444
FGV Inflation IGP-10 MoM	17 Feb	Feb	0.34%	--	0.30%	0.58%
FGV CPI IPC-S	17 Feb	Feb	0.83%	--	0.78%	0.96%
FIPE CPI - Weekly	18 Feb	Feb	0.76%	--	0.73%	0.86%
CNI Industrial Confidence	17 Feb	Feb	--	--	52.4	53.1
IGP-M Inflation 2nd Preview	19 Feb	Feb	0.30%	--	--	0.46%
Unemployment Rate	20 Feb	Jan	5.10%	5.10%	--	4.30%
IBGE Inflation IPCA-15 MoM	21 Feb	Feb	0.68%	0.58%	--	0.67%
Current Account Balance	21 Feb	Jan	-\$11663M	--	--	-\$8678M
Foreign Investment	21 Feb	Jan	\$4000M	--	--	\$6490M
<b>Chile</b>						
Overnight Rate Target	18 Feb	Feb	4.25%	4.25%	4.25%	4.50%
<b>Colombia</b>						
Retail Sales YoY	17 Feb	Dec	5.05%	7.00%	4.10%	5.30%
Industrial Production YoY	17 Feb	Dec	0.80%	0.40%	1.50%	-0.60%
Trade Balance	18 Feb	Dec	\$200	\$832	\$556.6	\$128
<b>Mexico</b>						
Economic Activity IGAE YoY	21 Feb	Dec	1.20%	1.00%	--	-0.04%
GDP SA QoQ	21 Feb	4Q	0.70%	0.50%	--	0.80%
GDP Full Year YoY	21 Feb	2013	--	1.20%	--	--
<b>Peru</b>						
GDP YoY	24 Feb	4Q	5.20%	--	--	4.40%

## Most recent Latam reports

Date	Description
19-02-2014	<a href="#">➤ Latam Economic Outlook: First Quarter 2014 (in Spanish)</a>
18-02-2014	<a href="#">➤ Chile Flash: Central bank cut policy rate by 25bp (at 4.25%) and kept dovish bias</a>
17-02-2014	<a href="#">➤ Mexico Economic Outlook: First Quarter 2014 (in Spanish)</a>
14-02-2014	<a href="#">➤ Peru Flash: GDP maintained good momentum in December</a>
13-02-2014	<a href="#">➤ Peru Flash: The policy rate stayed in February at 4,0%, as expected</a>
13-02-2014	<a href="#">➤ Peru Economic Outlook: First Quarter 2014 (in Spanish)</a>
13-02-2014	<a href="#">➤ Colombia Economic Outlook: First Quarter 2014 (in Spanish)</a>
13-02-2014	<a href="#">➤ Brazil Presentation: moderate growth and need for reforms (in Spanish)</a>
12-02-2014	<a href="#">➤ Chile Economic Outlook: First Quarter 2014 (in Spanish)</a>
12-02-2014	<a href="#">➤ Latam Flash: Trade protocol for the Pacific Alliance signed</a>

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