

# Latam Daily Flash

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Economic Analysis

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*In Mexico, ANTAD same-store sales also beat expectations in nominal terms, which might anticipate a stronger job creation in February, but remained weak in real seasonally-adjusted terms. Today all eyes will be on February's inflation data in Brazil, which should be slightly higher than in January, although broadly unchanged in yearly terms. In Colombia, we expect a trade balance surplus of USD250mn in January due to the slow growth of imports.*

## Mexico - Gross fixed investment surprised on the upside

Gross fixed investment surprised on the upside, expanding 0.7% YoY in December 2013 (BBVAe: -1.7%). In spite of December's positive reading, investment contracted 1.7% during 2013. Although it is too early to say that investment is on an upward trend, it is likely that it has bottomed-out, considering the slight year-on-year expansion in December as opposed to the -5.2% YoY average from August to November 2013.

## Brazil - Industrial production's strong expansion in January was not enough to offset recent contractions

Industrial production expanded by 2.9% MoM in January, mostly in line with forecasts (BBVA: 2.8% MoM; consensus: 2.5% MoM). 17 out of the 27 sectors posted a positive growth in MoM terms in the first month of the year. We highlight the performance of the pharmaceutical and automobile industries, which grew 29% MoM and 9% MoM respectively. Anyway, the expansion of industrial production in January was lower than the contraction recorded in December (3.7%), not to say the contraction accumulated over 2H13 (4.9%). The figure released yesterday reinforces the view that the overall economic activity recovered somewhat in January after contracting at the end of 2013. However, we see this as a temporary, short-lived correction rather than the beginning of new positive trend.

## Mexico - ANTAD same-store sales surprised on the upside in nominal terms but remained weak in real seasonally-adjusted terms

ANTAD same-store sales (LfL) edged up in nominal terms in February to -0.2% YoY (BBVAe: -2.3%) from -1.7% in January. The upside surprise might be anticipating a firmer pace of job creation in February. However, in seasonally-adjusted real terms, sales decreased for the third month in a row (-0.1% MoM) and the annual rate remained relatively stable at -4.8% YoY, compared with -4.9% in January.

## Chile - Another 25bp cut in policy rates is expected during March

The central bank's survey revealed a consensus growth forecast for the monthly economic activity index of around 2.6% YoY in February, and inflation at +0.5% MoM in March (BBVAe: +0.6% MoM). Annual inflation expectations for December 2014 and for the longer term remain anchored to the central bank's target. In terms of monetary policy, median analysts expect a 25bp cut in the reference rate at tomorrow's meeting to 4% (67% of those surveyed) and a pause during April (with 74% of respondents), both in line with our view. Finally, we highlight another downward correction in GDP growth expected for 2014 from 3.8% to 3.7%, mainly influenced by recent monthly activity figures.

## What to watch today

### Chile - Central Bank Financial Traders Survey (1st fortnight in March, 06:30hrs, NYT)

We expect the survey to reveal inflation estimates of at least +0.5% MoM for March and expectations of a 25bp cut in the monetary policy rate at tomorrow's meeting. This is in a context where long-term inflation expectations remain anchored to the central bank's 3% target. Finally, we also anticipate an exchange-rate forecast in the order of USDCLP 580 on a three-month horizon.

### Brazil - IPCA (February, 08:00hrs NYT)

We expect monthly inflation to come in at 0.62% MoM in February, a tad higher than in January (0.55% MoM). This would take yearly inflation to 5.61%, broadly unchanged in comparison to the previous reading (5.59% YoY) and below the end-of-2013 figure (5.91% YoY). This moderation is likely to be temporary: we expect yearly inflation to start to move up in March and approach 6.0% YoY again over 2Q14.

### Colombia - Imports and trade balance (January, 16:00hrs NYT)

We expect a trade balance surplus of USD250mn in January, despite a low level of industrial exports. This is due to the slow growth of imports (USD4.800mne including CIF, and -7.7% YoY) following the negative effect of COP devaluation on the elasticity of internal demand.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
FGV Inflation IGP-DI MoM	10 Mar	Feb	0.63%	--	0.85%	0.40%
FGV CPI IPC-S	10 Mar	Mar	0.68%	--	0.71%	0.66%
Industrial Production MoM	11 Mar	Jan	2.50%	2.8%	2.86%	-3.70%
FIPE CPI - Weekly	12 Mar	Mar	0.61%	--	0.57%	0.58%
IBGE Inflation IPCA MoM	12 Mar	Feb	0.65%	0.62%	--	0.55%
Retail Sales MoM	13 Mar	Jan	-0.35%	0%	--	-0.17%
Economic Activity MoM	14 Mar	Jan	0.70%	0.5%	--	-1.35%
Formal Job Creation Total	14 Mar	Feb	120651	--	--	29595
<b>Chile</b>						
Central Bank's Traders Survey	12 Mar	Mar	--	--	--	--
Overnight Rate Target	13 Mar	Mar	4.00%	4.00%	--	4.25%
<b>Colombia</b>						
Consumer Confidence Index	12 Mar	Feb	24.0	25.04	--	26.6
Trade Balance	12 Mar	Jan	\$117.4	\$250	--	\$556.6
Colombia Monetary Policy Minutes	14 Mar	--	--	--	--	--
<b>Mexico</b>						
Gross Fixed Investment YoY	11 Mar	Dec	-0.05%	-1.7%	0.74%	-4.51%
ANTAD Same-Store Sales YoY	11 Mar	Feb	-0.10%	-2.3%	-0.20%	-1.70%
Industrial Production MoM	13 Mar	Jan	0.20%	0.3%	--	-0.53%
<b>Peru</b>						
Reference Rate	13 Mar	Mar	4.00%	4.00%	--	4.00%
Unemployment Rate	14 Mar	Feb	6.70%	--	--	6.40%
Economic Activity YoY	14 Mar	Jan	4.95%	--	--	5.01%

## Most recent Latam reports

Date	Description
11-03-2014	<a href="#">➤ Mexico Banking Flash: bank deposits: slow path at the beginning of 2014 (in Spanish)</a>
10-03-2014	<a href="#">➤ Mexico Migration Flash: Baja California, Baja California Sur and Tamaulipas could be the states with the highest growth of remittances in 2014e</a>
7-03-2014	<a href="#">➤ Chile Economic Watch: Low pass-through to inflation</a>
7-03-2014	<a href="#">➤ Mexico Inflation Flash: Inflation is on a declining trend as expected following the one-off increase in January</a>
7-03-2014	<a href="#">➤ Chile Flash: February's CPI at +0.5% MoM, above expectations</a>
6-03-2014	<a href="#">➤ Latam Economic Outlook: First Quarter 2014</a>
6-03-2014	<a href="#">➤ Presentation on Latam: What to expect from Latin American economies in the current global context?</a>
6-03-2014	<a href="#">➤ Colombia Flash: February inflation stood at 2,32% YoY and is continuing its path towards the midpoint of the target range</a>
6-03-2014	<a href="#">➤ Mexico Economic Outlook: First Quarter 2014</a>
6-03-2014	<a href="#">➤ Peru Flash: Base year for calculating real GDP was updated</a>

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