

# Latam Daily Flash

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Economic Analysis

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*A rebound that we expect to be short-lived in Brazil and a GDP that slowed, but a recovery of growth going forward in Peru. In Colombia, civil works performance confirms our outlook for 2013, where today we will expect early indicators of retail sales and industrial production for January.*

## Brazil - Economic activity rebounded in January

After contracting 1.4% MoM in December, the economy expanded 1.3% MoM in January according to the IBC-Br, the BCB's economic activity indicator. The figure was higher than expected (BBVA: 0.8% MoM; consensus: 1.0% MoM). In our view, sharp growth in January is more of a one-off correction than the beginning of a new upward trend. We expect monthly growth to lose momentum in February and March and 1Q14 GDP growth to be no higher than in 4Q13 (0.7% QoQ).

## Peru - GDP slowed in January

GDP grew 4.2% YoY in January, below market expectations (BBVA: 4.7%, consensus: 4.9%). This result represents a slowdown compared to the rate in the fourth quarter of 2013 (5.2% YoY), which is mainly linked to slower growth of the Fishing and Commerce sectors. On the positive side, the good momentum of Services and Mining continued to give support to GDP growth. Going forward, available indicators point to a recovery in GDP growth, mainly related to a stronger domestic demand.

## Colombia - Civil works performance reduces uncertainty about GDP growth in 2013

In the fourth quarter of 2013, the civil works grew 14.0% YoY, boosted by roads and ports infrastructure. By contrast, mining construction fell 1.6% YoY. All in all, civil works grew 10.2% YoY in 2013, very close to our expectations. These results confirm our outlook of 4.1% YoY in GDP for all 2013, but limit the upward bias that anticipated other indicators for 4Q13.

## Colombia - BanRep Minutes reaffirm neutral stance

A controlled inflation and increased external risks were behind the neutral tone of the last statement (24 February). Risks highlighted by the board were: the slowdown in the growth of economic activity in China; the uncertainty around the effects of the Federal Reserve's tapering on the emerging economies; and the recent performance (lower than first estimated) of some indicators of the North American economy. These risks in conjunction with the fact that inflation is still behind the target and the output gap remains negative, motivated their decision to keep the central intervention rate unchanged. On this occasion, the board also discussed that the downward trend of food inflation could reverse if the international food prices change.

## What to watch today

### Colombia - Retail sales and industrial production (January, 17:00hrs NYT)

A high consumer confidence in January anticipates a good performance in retail sales (BBVAe: 6.3% YoY vs. 4.1% in Dec-2013), boosted by vehicles and other durable goods. Meanwhile, there is a strong uncertainty over the industrial production result, as its recovery has been slow, but some indicators (raw materials and capital goods imports and industrial confidence) suggest a better sectoral outlook (BBVAe: -0.3% YoY).

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGP-10 MoM	17 Mar	Mar	1.25%	--	--	0.30%
FGV CPI IPC-S	17 Mar	Mar	0.81%	--	--	0.71%
Tax Collections	17 Mar	Feb	85961M	--	--	123667M
FIPE CPI - Weekly	19 Mar	Mar	0.61%	--	--	0.57%
IGP-M Inflation 2nd Preview	19 Mar	Mar	1.30%	--	--	0.24%
IBGE Inflation IPCA-15 MoM	21 Mar	Mar	0.73%	0.65%	--	0.70%
CNI Industrial Confidence	21 Mar	Mar	--	--	--	52.4
<b>Chile</b>						
GDP YoY	18 Mar	4Q	2.90%	2.7%	--	4.74%
<b>Colombia</b>						
Retail Sales YoY	17 Mar	Jan	6.05%	6.3%	--	4.10%
Industrial Production YoY	17 Mar	Jan	1.00%	-0.3%	--	1.50%
Outstanding Loans	17 Mar	Jan	--	--	--	\$281.8T
GDP YoY	20 Mar	4Q	4.60%	--	--	5.10%
Overnight Lending Rate	21 Mar	Mar	3.25%	--	--	3.25%
<b>Mexico</b>						
International Reserves Weekly	19 Mar	Mar	--	--	--	\$180801M
Aggregate Supply and Demand	20 Mar	4Q	0.44%	0.5%	--	1.51%
Retail Sales YoY SA	21 Mar	Jan	--	0.75%	--	2.5%
Overnight Rate	21 Mar	Mar	3.50%	3.50%	--	3.50%

## Most recent Latam reports

Date	Description
14-03-2014	<a href="#">➤ Uruguay Flash: Measures against inflation (in Spanish)</a>
14-03-2014	<a href="#">➤ Mexico Flash: In January 2014 industrial production surprised to the upside, driven solely by manufactured goods</a>
13-03-2014	<a href="#">➤ Working Paper: Manufacturing competitiveness in Latin America: trends and determinants (in Spanish)</a>
13-03-2014	<a href="#">➤ Chile Flash: Central bank cut policy rate by 25bp but moderates its dovish bias</a>
13-03-2014	<a href="#">➤ Mexico Flash: Industrial production surprised to the upside in January, driven only by the manufacturing sector (in Spanish)</a>
13-03-2014	<a href="#">➤ Peru Flash: Monetary policy meeting: no surprises, but with a more neutral tone</a>
13-03-2014	<a href="#">➤ Mexico Banking Flash: Credit to the private sector: slow growth at the start of the year (also available in Spanish)</a>
12-03-2014	<a href="#">➤ Brazil Flash: Inflation rises in February, marking the beginning of a new upward trend</a>
12-03-2014	<a href="#">➤ Mexico Banking Flash: Bank deposits: slow start to 2014</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>

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