

Latam Daily Flash

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Economic Analysis

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Activity data mainly driven by mining and retail sales, came out in line with the view of full recovery following the port strikes, however this figure does not allow us to completely eliminate the marginal downside bias for growth in 2014. Today all eyes will be on CPI release that could reinforce our view of another 25bp cut at April's meeting.

Chile - Positive surprise in February's aggregate activity

Monthly activity increased 2.9% YoY in February (+0.2% MoM sa), beating both our expectations (2.4% YoY) and those of the market (2.5% YoY), mainly driven by positive contributions from mining and retail sales. Figures suggest that natural resource sectors will play a leading role in GDP growth this year (especially mining). For the coming months we forecast some recovery in activity figures towards an expansion range of between 3% and 4%. Finally, in terms of monetary policy, we anticipate another 25bp cut in rates at April's meeting (to 3.75%), conditional on March's inflation figure that we forecast at +0.7% MoM (see our [Chile Flash](#) for more details).

Chile - Trade balance registered a surplus of USD1,702mn in March

The balance of trade registered a surplus of USD1,702mn in March, in line with our expectations of USD1,694mn. The monthly figure was driven by exports at USD7.3bn (+17.8% YoY), while imports reached USD5.6bn (-1.4% YoY). The positive surprise came from copper exports which totalled USD3.6bn (+30.0% YoY), above our forecast of USD3.5bn. In this context, the figures confirm our view of a full recovery in trade channels after the port strikes in January; meanwhile, the deceleration in imports registered a certain degree of stabilisation in March. All in all, we believe we should see further improvements in aggregate activity figures during the coming months.

Peru - Trade balance was slightly positive in February

The balance of trade in February was a positive at USD58mn (vs. a deficit USD679mn in January). The monthly figure was driven by exports at USD3.02bn (-5.8% YoY), while imports reached USD2.96bn (-7.1% YoY). With this print, the trade balance accumulated a deficit of USD0.7bn in the last 12 months, with exports totalling USD41.1bn (-8.7% YoY) and imports USD41.8bn (-0.2% YoY).

What to watch today

Chile - Consumer price index (March, 7:00hrs NYT)

We expect March CPI to have increased 0.7% MoM (+3.3% YoY), mainly driven by fuels and by seasonal increases in education. In this context, exchange rate depreciation continues to fuel the inflation figures, although at a decreasing rate.

Mexico - Gross fixed investment (January, 09:00hrs NYT)

Gross fixed investment will improve in the short term if the Machinery and Equipment component keeps up its recent improvement. In December 2013 the annual growth rate was 0.7% and we estimate that in January 2014 total gross investment will report a growth rate of 0.9% YoY. In January 2014 total IGAE growth rates and that of the construction component in IGAE were 0.8% and -2.5%, respectively. The former could indicate that in January 2014 investment in construction will record a fall which we forecast could be -2.2%. In view of this, total investment could increase by 0.9% if investment in Machinery and Equipment grows at a rate of around 7.5%, as was the case in December.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGP-DI MoM	7 Apr	Mar	1.59%	--	1.48%	0.85%
FGV CPI IPC-S	8 Apr	Apr	0.91%	--	--	0.85%
FIPE CPI - Weekly	9 Apr	Apr	0.75%	--	--	0.76%
IGP-M Inflation 1st Preview	9 Apr	Apr	0.81%	--	--	1.16%
IBGE Inflation IPCA MoM	9 Apr	Mar	0.85%	0.78%	--	0.69%
COPOM Monetary Policy Meeting Minutes	10 Apr	--	--	--	--	--
Chile						
Economic Activity MoM	7 Apr	Feb	0.1%	0.5%	0.20%	0.49%
Real Wage MoM	7 Apr	Feb	--	--	-0.2%	0.7%
Trade Balance	7 Apr	Mar	\$1400M	\$1694M	\$1702M	\$1237M
Copper Exports	7 Apr	Mar	--	\$3484M	\$3605	\$3794M
CPI MoM	8 Apr	Mar	0.7%	0.7%	--	0.48%
Central Bank's Traders Survey	9 Apr	--	--	--	--	--
Central Bank's Economist Survey	10 Apr	--	--	--	--	--
Colombia						
CPI Core MoM	7 Apr	Mar	--	0.16%	0.31%	0.68%
Consumer Confidence Index	9 Apr	Mar	--	23	--	15.7
Central Bank's Economists Survey	11 Apr	--	--	--	--	--
Mexico						
Gross Fixed Investment	8 Apr	Jan	-1.0%	0.9%	--	0.74%
Vehicle Production AMIA	7 Apr	Mar	--	--	277314	248017
CPI MoM	9 Apr	Mar	0.30%	0.27%	--	0.25%
CPI Core MoM	9 Apr	Mar	0.18%	0.18%	--	0.28%
ANTAD Same-Store Sales YoY	9 Apr	Mar	-1.2%	1.5%	--	-0.2%
Nominal Wages	10 Apr	Mar	--	--	--	4.3%
Industrial Production MoM	11 Apr	Feb	0.45%	0.96%	--	0.51%
Peru						
Trade Balance	7 Apr	Feb	--	--	\$58M	-\$679M
Reference Rate	10 Apr	Apr	4.00%	--	--	4.00%

Most recent Latam reports

Date	Description
07-04-2014	➤ Chile Flash: Monthly activity surprises to the upside in February (in Spanish)
07-04-2014	➤ Colombia Flash: March inflation stood at 2,51% YoY, explained by food prices and regulated items
07-04-2014	➤ Mexico Real Estate Flash: Banking loans for mortgages grew 9.7% in January
04-04-2014	➤ Mexico Banking Flash: Credit to the private sector: 8.7% growth in February
03-04-2014	➤ Uruguay Flash: Slight slowdown in inflation due to recent measures (in Spanish)
1-04-2014	➤ Uruguay Flash: 2013 finished with good growth but high external deficit (in Spanish)
1-04-2014	➤ Peru Flash: Annual inflation was lower in March but remained outside the range
1-04-2014	➤ Mexico Migration Flash: Remittances stay on growth path: increased 5.7% in February
31-03-2014	➤ Chile Flash: Activity data by sector anticipates Imacec at 2.4% YoY in February
31-03-2014	➤ Chile Flash: As expected, once again Central Bank reduced forecast growth range for 2014

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