

# Latam Daily Flash

8 January 2013  
Economic Analysis

*The most relevant information yesterday came from Chile. On the one hand, economic activity surprised to the upside in November, but leading indicators point to a moderation at the end of 2012 and thus support our view of a steady policy rate. On the other hand, the trade surplus continued its downward path in December and we foresee this trend continuing in 2013e, although with limited effects on the exchange rate. Today we are waiting for Chile's inflation print for December, and in Mexico, both consumer and producer confidence for the end of last year.*

## Chile - Economic activity remains strong in November

The Monthly Economic Activity Index (Imacec) increased 5.5% YoY in November (1.3% MoM sa), better than market expectations and despite one less working day in the month. Growth was led by retail sales, mining and services. For December, the available information indicates slower growth, mainly in manufacturing output and services, which adds to a higher comparison base. Thus, Imacec should grow 3.5% YoY in December, which would take GDP growth to 5.5% YoY for FY12e. This print gives support to our view of neutral stance for monetary policy in the medium term (see our [Chile Flash](#) for details).

## Chile - Trade balance reached a surplus of USD1.5 bn in December 2012

The trade balance posted a surplus of USD1.5 bn in December, explained by exports of USD7.7bn (6.9% YoY) and imports of USD6.2 bn (2.8% YoY). This took the trade balance to a surplus of USD4.2bn for the full year, well below the surplus of USD11bn of 2011. For 2013e, we expect the combination of weak external demand and strong domestic activity to deliver a smaller trade surplus and a slightly higher current account deficit. However, we expect a limited effect on the exchange rate, given the still favorable terms of trade and the low risk premium.

## What to watch today

### Chile - Consumer Price Index (December 2012, 06:00 hrs, NYT)

We expect CPI to increase 0.1% MoM in December, leading the annual inflation rate to 1.6% YoY at the end of 2012e. Our estimates reflect a seasonal increase in transportation fares and an upward adjustment in electricity tariffs, but some easing of both food and fuel prices.

### Mexico - Consumer and producer confidence (December, 9:00 hrs, NYT)

By the end of 2012, consumer confidence had recovered vs. the first half of the year. We anticipate that households will be revealed to be optimistic about the economy for the next 12 months, which is related to the performance of formal employment in Mexico and the lower inflation at the end of last year. We are also forecasting an improvement in producer confidence based on expectations of increases in new orders and sales.

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
CNI Capacity Utilization	04-07 JAN	Nov	81.2		--	81.00%
FGV Inflation IGP-DI	7-Jan	Dec	--		0.66	0.25%
Vehicle Sales (Anfavea)	7-Jan	Dec	--		359355	311772.00
Trade Balance (FOB) - Weekly	7-Jan	Jan 6	--		-\$100M	--
FGV CPI IPC-S	8-Jan	Jan 7	0.71%		--	0.66%
FGV Preview Inflation IGP-M	9-Jan	Jan 8	0.57%		--	0.69%
Economic Activity Indx MoM SA	09-16 JAN	Nov	0.25%		--	0.36%
FIPE CPI - Weekly	10-Jan	Jan 7	0.76%		--	0.82%
IBGE Inflation IPCA (MoM)	10-Jan	Dec	0.74%	0.60%	--	0.60%
<b>Chile</b>						
Economic Activity Indx YoY NSA	7-Jan	Nov	5.20%	4.90%	5.5	6.70%
Trade Balance in US\$ Million	7-Jan	Dec	\$325	\$55	1506	\$562.0
Total Exports in US\$ Million	7-Jan	Dec	--	\$6470	7714	\$6674.0
Total Imports in US\$ Million	7-Jan	Dec	--	\$6415	6208	\$6112.0
Copper Exports	7-Jan	Dec	--	\$3700	4704	\$3859.0
CPI (MoM)	8-Jan	Dec	0.10%	0.10%	--	-0.50%
Financial Traders Survey	9-Jan	1HJan	--	--	--	--
Economist Survey	10-Jan	Jan	--	--	--	--
<b>Colombia</b>						
Vehicle Sales	08-11 JAN	Dec	--	24022	--	29412
<b>Mexico</b>						
Consumer Confidence	8-Jan	Dec	95.5	97.4	--	94.2
International Reserves Weekly	8-Jan	Jan 4	--	--	--	\$163592M
Vehicle Production (AMIA)	08-15 JAN	Dec	--	--	--	265001.00
Trade Balance	9-Jan	Nov F	-1272.7	-1272M	--	-1272.7M
Consumer Prices (MoM)	9-Jan	Dec	0.34%	0.20%	--	0.68%
Consumer Prices Core (MoM)	9-Jan	Dec	0.23%	0.11%	--	0.05%
Bi-Weekly CPI	9-Jan	Dec 31	0.27%	0.03%	--	0.27%
Bi-Weekly Core CPI	9-Jan	Dec 31	0.23%	0.01%	--	0.26%
Gross Fixed Investment	10-Jan	Oct	8.30%	3.60%	--	3.10%
Global Economic Indicator IGAE	10-Jan	Oct	3.80%	2.30%	--	1.32%
Industrial Production (YoY)	11-Jan	Nov	3.27%	3.10%	--	3.60%
<b>Peru</b>						
Trade Balance	9-Jan	Nov	\$140M	--	--	\$148.0M
Reference Rate	11-Jan	Jan	4.25%	--	--	4.25%
Business Confidence	11-14-Jan	Dec	--	--	--	64

## Most recent Latam reports

Date	Description
7-1-2013	> Chile Flash "Economic activity remains strong in November"
7-1-2013	> Peru "Real Estate Outlook - 2012" (in Spanish)
2-1-2013	> Mexico Migration Flash: Remittances to Mexico recorded 5 consecutive-months with decreases (in Spanish)
2-1-2013	> Peru Flash: Annual inflation remained within the target range in December
28-12-2012	> Chile Flash: Manufacturing production slows, dynamism in retail sales continues and unemployment rate falls again
26-12-2012	> Chile Flash: Standard & Poor's upgrades sovereign debt rating of Chile to AA-
21-12-2012	> Colombia Flash: Central Bank cut its policy rate by 25bps to 4.25% motivated by low 3Q12 GDP growth rate
21-12-2012	> Mexico Flash: December's biweekly inflation: Inflation falls below 4% as Banxico expected
20-12-2012	> Colombia Flash: Low 3Q12 GDP growth, due to sluggish private demand not offset by public investment
18-12-2012	> Chile Watch: Positive outlook for credit, although decelerating in the medium-term (in Spanish)

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