

Latam Daily Flash

9 January 2013
Economic Analysis

In Chile, inflation came in slightly lower than we expected, at 0.0% MoM. However, this does not change our expectations of a neutral stance for monetary policy in the months ahead. In Mexico, both consumer and producer confidence reached strong levels in December, reinforcing positive growth perspectives for the end of 2012. Also in Mexico, we expect data to be released today to show that inflation ended 2012 within Banxico's official range.

Chile - CPI showed no change in December 2012

Monthly inflation stood at 0% MoM in December, slightly below our expectation of 0.1% MoM. The low print was explained by a somewhat greater than anticipated fall in food and clothing prices, in addition to the decline in fuel prices. On the other hand, the increase in transport fares reflected seasonality, while core inflation measures continue to show a monthly increase close to 0.3-0.4% MoM. Regarding monetary policy, the maintenance of long-term expectations aligned with the central bank target and the pace of core inflation support its neutral stance (see our [Chile Flash](#) for details).

Mexico - Consumer confidence in December was the highest since March 2008

As expected, consumer confidence had recovered by December vs. the first half of 2012. The confidence index reached the highest level (99 points) since March 2008. Households are optimistic about the economy for the next 12 months and their current situation compared with a year ago, which is related to the performance of formal employment in Mexico and the lower inflation at the end of last year.

Mexico - Producer sentiment rebounded in December, particularly in the auto sector

Producer confidence increased in December (55.6 vs. 53.0 points a year ago) and has now been in expansionary zone for 34 months in a row. December's figure is supported by the increases in new orders and sales expectations for the coming months. Producer confidence was higher in the transport equipment sector in particular, as demand for automobiles rebounded in the US after Hurricane Sandy.

Colombia - Energy demand grew 3.2% YoY in December

The growth in energy demand slowed relative to its performance between September and November (stable at 3.8% YoY). The sluggish figure suggests that the weakness in industrial production continued until the end of the year and introduces doubts about an early recovery in the sector.

What to watch today

Chile - Central Bank Financial Traders Survey (first half of January, 6:30hrs NYT)

We expect the Central Bank Financial Traders Survey of January to show inflation estimates around 0.1% MoM and expectations of monetary policy at 5.0% in this month's meeting. The recent appreciation of the CLP could push traders' short-term forecasts for the exchange rate downwards.

Mexico - Inflation to end 2012 within Banxico's target range (December, 9:00hrs NYT)

Inflation should be below market consensus (0.27% MoM vs. BBVAe 0.20%), partially due to volatile products (farm products). Annual inflation should end 2012e at 3.5%. In our view, fading supply shocks, FX stability and weak demand have been the drivers of these price dynamics since 4Q12.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
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%		0.77%	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%
Chile						
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%	0.00%	-0.50%
Financial Traders Survey	9-Jan	1HJan	--	--	--	--
Economist Survey	10-Jan	Jan	--	--	--	--
Colombia						
Vehicle Sales	08-11 Jan	Dec	--	24022	--	29412
Mexico						
Consumer Confidence	8-Jan	Dec	95.5	97.4	99	94.2
International Reserves Weekly	8-Jan	Jan 4	--	--	\$163226M	\$163592M
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%
Vehicle Production (AMIA)	10-Jan	Dec	--	--	--	265001.00
Industrial Production (YoY)	11-Jan	Nov	3.27%	3.10%	--	3.60%
Peru						
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
8-1-2013	> Chile Flash: CPI shows no change in December and annual increase of 1.5% YoY in 2012
8-1-2013	> Colombia Flash: Consumer inflation in December stood at 2.44% explained by regulated and food prices and partly by demand effects
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
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

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