

Latam Daily Flash

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A quiet day yesterday in Latam, with just the consumer confidence indicator in Mexico showing continued improvement. Today we will have January's inflation figures for Brazil and Mexico, with the former most likely to remain uncomfortably high and the latter confirming an improvement in the balance of risks. Also, there will be a monetary policy meeting in Peru, where we expect rates to remain at 4.25%, given that inflation remains within the band and growth rates are close to their potential. However, an increase in reserves is possible, in order to cool credit growth.

Mexico - Consumer confidence slightly better than expected in January

Consumer confidence (100 points vs. consensus 99.5) confirms good momentum about the current economic context and the expected situation for households this year. This sentiment has improved in the last 4 months (trend series) but remains below the level reached prior to the US crisis (2008). Higher employment (especially in the formal sector) and the fall in headline inflation help to explain this result.

What to watch today

Brazil - Inflation, IPCA (January, 06:00hrs, NYT)

Inflation is expected to remain at an uncomfortably high level in January (6.1% YoY; 0.82% MoM) and not only due to seasonal factors. We expect authorities to increasingly focus on tools, such as exchange rates and tax cuts, rather than the SELIC to prevent inflation from running out of control.

Chile - Trade balance (January, 6:30 hrs, NYT)

We expect the trade balance to show a slight deficit of USD100mn in January. We expect exports to reach USD6.7bn (+3.9% YoY) while imports should amount to USD6.8bn (+21.4% YoY).

Mexico - Inflation (January, 9:00 hrs, NYT)

We anticipate headline inflation of 0.26%e MoM (vs. consensus 0.32%e) and core inflation of 0.21%e MoM (vs. consensus 0.29%e). Overall, Banxico's balance of risks should improve as annual inflation should fall from 3.57% in December to 3.1%e in January.

Peru - Monetary policy decision (19:00 hrs, NYT)

We expect the central bank to maintain the monetary policy rate at 4.25%, consistent with inflation remaining within the target range and GDP growth close to potential. However, we note that it could further increase reserve requirements in order to moderate credit expansion.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Monthly	4-Feb	Jan	1.06%	--	1.15%	0.78%
FGV Inflation IGP-DI	5-Feb	Jan	0.26%	--	0.31%	0.66%
PMI Services	5-Feb	Jan	--	--	54.5	53.5
CNI Capacity Utilization	6-Feb	Dec	81.50%	--	80.9%	81.4%
Vehicle Sales (Anfavea)	6-Feb	Jan	--	--	311453	359355
FGV Preview Inflation IGP-M	7-Feb	Jan 31	0.20%	--	--	0.34%
IBGE Inflation IPCA (MoM)	7-Feb	Jan	0.84%	0.82%	--	0.79%
FGV CPI IPC-S	8-Feb	Feb 11	--	--	--	--
Chile						
Economic Activity Indx YoY NSA	5-Feb	Dec	3.70%	3.50%	4.70%	5.5%
Total Exports in US\$ Million	7-Feb	Jan	--	\$6700	--	\$7714.0
Total Imports in US\$ Million	7-Feb	Jan	--	\$6800	--	\$6208.0
CPI (MoM)	8-Feb	Jan	0.05%	0.10%	--	0.0%
Colombia						
Producer Price Index (MoM)	4-Feb	Jan	--	--	-0.05%	-0.74%
Consumer Price Index (MoM)	6-Feb	Jan	0.52%	0.52%	0.30%	0.09%
Mexico						
IMEF Manufacturing Index	5-Feb	Jan	53.2	--	52.1	52.8
Consumer Confidence	6-Feb	Jan	99.00	99.80	100	99.0
Consumer Prices (MoM)	7-Feb	Jan	0.32%	0.26%	--	0.23%
Consumer Prices Core (MoM)	7-Feb	Jan	0.30%	0.21%	--	0.12%
Bi-Weekly CPI	7-Feb	Jan 31	0.22%	0.11%	--	0.15%
Bi-Weekly Core CPI	7-Feb	Jan 31	0.20%	0.03%	--	0.18%
Gross Fixed Investment	8-Feb	Nov	4.90%	6.80%	--	9.5%
Peru						
Reference Rate	8-Feb	Feb	4.25%	4.25%	--	4.25%
Business Confidence	8-Feb	Feb	--	--	--	64.00%
Electricity production	04-09 Feb	Mar	--	--	--	5.88%

Most recent Latam reports

Date	Description
5-2-2013	➤ Colombia Flash: Consumer inflation dropped to 2.0% YoY in January, standing at the lower bound of the inflation target band
5-2-2013	➤ Chile Flash: Economic activity shows moderate slowdown at the end of 2012
1-2-2013	➤ Banxico Watch: Banxico seems to be targeting a cut but the uncertainty remains: how to play it?
1-2-2013	➤ Peru Flash: Annual inflation remained within the target range
1-2-2013	➤ Chile Flash: Minutes of the January's meeting turn to a more hawkish view
31-1-2013	➤ Working Paper: Expanding Credit and Savings in Peru
31-1-2013	➤ Brazil Economic Watch: "The macro mix in Brazil: a new fiscal regime, to a new monetary policy"
31-1-2013	➤ Chile Flash: Unemployment rate ends 2012 at 6.1%
30-1-2013	➤ Chile Flash: Manufacturing production and mining fall, while retail sales remain strong
28-1-2013	➤ Colombia Flash: BanRep cut policy rate by 25bps to 4.0% and enhanced FX intervention

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