

Latam Daily Flash

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Economic Analysis

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Industrial production in Mexico declined more than expected in December. Meanwhile, in Peru, exports fell in December after three months of consecutive increases. Imports also fell, except for consumer and capital goods which is a sign of strong private domestic demand at the end of 2012. Today will be a relatively quiet day in Latam, with no major indicators expected to be published.

Mexico - December's industrial production fell more than expected. Moderation should continue in 1Q13e

Industrial production fell in December -2.1% MoM (vs. BBVAe 0.1% and consensus -0.1% in sa series). The sharpest decline was in construction at -2.7% MoM, followed by mining (-2.1%), manufacturing (-1.1%) and utilities (-0.5%). In annual terms, industrial activity fell 1.1% (original series), dragged down by construction (-5% YoY). The less dynamic manufacturing (-0.9% YoY) is explained by a slowdown in vehicle production towards the end of the year (December -4.7% MoM). We are still expecting GDP growth of 3.9% for YE12e and we are maintaining our call for economic moderation for the beginning of 2013e (see our [Mexico Flash](#) for details).

Peru - Exports fell 14.3% (YoY) in December

After recording three consecutive months of expansion, the value of exports fell in December, mainly as a reflection of a drop in primary product volumes. With this, exports closed 2012 down 1.4%. This monthly result is in line with our expectation of weak export growth in the first part of the year.

Peru - Imports fell in December due to lower fuel purchases

Imports fell 3.2% (YoY) in December but closed 2012 up 11.2% vs. 2011. The monthly figure mainly reflected lower demand for raw materials and intermediate goods, notably fuels. On the other hand, imports of consumer goods and capital goods expanded 13.1% (YoY) and 11.0% (YoY), respectively, which supports our view that private spending was expanding strongly at the end of 2012e.

What to watch today

Chile - Economist's Survey (January, 6:30 hrs, NYT)

Despite recent surprises in inflation and activity indicators, we expect the January economist's survey to reveal expectations of no change in the monetary policy rate for both this week's meeting and the medium term, in line with our estimates. The figures should also reveal expectations of continuing strong growth for the economic activity index (Imacec) in the current month, and inflation in the order of 0.2% MoM in February.

Calendar: Indicators

| Brazil | Date | Period | Consensus | BBVAe | Actual | Prior |
|----------------------------------|-----------|--------|-----------|--------|--------|----------|
| Economic Activity Indx MoM SA | 13-20 FEB | Dec | -- | -- | -- | 0.40% |
| FIPE CPI - Weekly | 14-Feb | Feb-11 | 1.07% | -- | -- | 1.04% |
| CAGED Formal Job Creation | 14-21 FEB | Jan | 30000 | -- | -- | -496944 |
| FGV Inflation IGP-10 (MoM) | 15-Feb | Feb | 0.37% | -- | -- | 0.42% |
| Chile | | | | | | |
| Economist's survey | 12-Feb | Feb | -- | -- | -- | -- |
| Financial Trader's Survey | 13-Feb | Feb | -- | -- | -- | -- |
| Nominal Overnight Rate Target | 14-Feb | Feb-18 | 5.00% | 5.00% | -- | 5.00% |
| Colombia | | | | | | |
| Consumer Confidence | 11-15 FEB | Jan | 24.30 | 21.5 | -- | 21.5 |
| Exports FOB - US\$ million | 14-Feb | Dec | -- | \$4852 | -- | \$4732.4 |
| Outstanding Loans | 14-20 FEB | Dec | -- | -- | -- | \$244.1B |
| Mexico | | | | | | |
| Trade Balance | 11-Feb | Dec F | 961.7M | 961.7M | 961.7M | 961.7M |
| Industrial Production (YoY) | 11-Feb | Dec | 2.00% | 2.60% | -1.10% | 2.80% |
| Central Bank 4Q Inflation Report | 13-Feb | -- | -- | -- | -- | -- |
| Peru | | | | | | |
| Unemployment | 15-Feb | Jan | 6.00% | -- | -- | 5.60% |
| Economic Activity Indx YoY NSA | 15-Feb | Dec | 6.05% | -- | -- | 6.80% |

Most recent Latam reports

| Date | Description |
|-----------|---|
| 11-2-2013 | ➤ Mexico Flash: Negative surprise in industrial production at the end of 2012 -2.1% mom, -1.1% yoy |
| 8-2-2013 | ➤ Chile Flash: Monthly inflation stood at 0.2% in January, surprising to the upside |
| 7-2-2013 | ➤ Peru Flash: Central Bank keeps neutral tone for its policy rate |
| 7-2-2013 | ➤ Mexico Flash: January's inflation: Monthly Inflation Surprises Upwards due to Telephone Services; However Inflation keeps Easing Annually |
| 7-2-2013 | ➤ Brazil Flash: Inflation at uncomfortably high levels |
| 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 |

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