

Latam Daily Flash

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Economic Analysis

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On Friday December's GDP growth in Peru surprised to the downside, however we believe this slowdown is transitory, and therefore does not change our view of interest rates remaining stable in 2013. Today we expect Q4 GDP growth in Mexico to come in around 3.1% YoY. December retail sales in Brazil should support our forecast of 0.6% QoQ growth in GDP in Q4, similar to the growth reported in Q3. Meanwhile, we expect an increase in mining and energy exports in Colombia, adding additional support to our view that a recovery in growth in Q1 is already underway.

Peru - Output surprises on the downside in December

Monthly GDP growth slowed down to 4.3%YoY, lower than expected (BBVA: 5.2% Consensus: 6.0%). As a result, output in 2012 as a whole increased by 6.3%. We believe that the slowdown in December is transitory due to the fact that it is mainly related to the intense contraction of the fishing activity, whose production is highly volatile, while the components related to domestic demand, such as Commerce and Services, continued to grow strongly. We expect that both private and public expenditure will drive output growth in the coming months at an average pace of more than 6.0%YoY (see our [Peru Flash](#) for details).

Mexico - Changes in CPI methodology

The National Statistics Office will update CPI weights using the 2010's national survey of household expenditure (vs. the previous survey from 2008). The consumption basket will be revised every 5 years. Weights will increase in mobile-phone services, restaurant services, implicit home rents, amongst others. On the contrary, lower weights will be seen in electricity services, new cars and health services. Ex-ante this change should be neutral to future price dynamics; however, if competition intensifies in some sectors (i.e. mobile-phone services), we could have a positive bias.

What to watch today

Brazil - Retail sales (December, 07:00hrs, NYT)

We expect retail sales to expand by 0.8% MoM in December and support our forecast of a 0.6% QoQ growth in GDP in the last quarter of the year.

Mexico - GDP (4Q12, 9:00 hrs, NYT)

GDP has been decelerating since 1Q12 (4.9% YoY) and should continue in 4Q13 (BBVAe 3.1% YoY). However we do not rule out a smooth positive bias due to the fact that the monthly global economic indicator in October and December were better than expected. We expect the GDP growth to be 3.9% YoY in 2012.

Colombia - Exports (December, 16:00hrs NYT)

We expect exports to come out at USD4,852mn (-11.8% YoY). In our opinion, the performance could have been sustained by high sales in the mining-energy sector. Moreover, we believe manufacturing could show a slight recovery, led by high-tech segments.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	18-Feb	Feb-21	0.62%	--	--	0.88%
Economic Activity Indx MoM SA	18-20 FEB	Dec	0.30%	0.20%	--	0.40%
CAGED Formal Job Creation	18-21 FEB	Jan	56000	--	--	-496944
FIPE CPI - Weekly	19-Feb	Feb-18	0.86%	--	--	1.01%
FGV Preview Inflation IGP-M	19-Feb	Feb-14	0.37%	--	--	0.41%
Retail Sales (MoM)	19-Feb	Dec	0.80%	0.80%	--	0.30%
IBGE CPI IPCA-15 (MoM)	22-Feb	Feb	0.61%	0.60%	--	0.88%
Current Account - Monthly	22-Feb	Jan	-\$9500M	--	--	-\$8413M
Colombia						
Exports FOB - US\$ million	18-Feb	Dec	--	\$4852	--	\$4732.4
Outstanding Loans (YoY)	18-20 FEB	Dec	--	--	--	14.60%
Trade Balance	20-Feb	Dec	\$312M	\$480	--	-\$183.2
Imports CIF - US\$ million	20-Feb	Dec	--	\$4600	--	\$5166.9
Retail Sales (YoY)	22-Feb	Dec	3.95%	4.00%	--	6.70%
Industrial Production (YoY)	22-Feb	Dec	-2.10%	-5.40%	--	-4.10%
Overnight Lending Rate	22-Feb	Feb-26	3.75%	3.75%	--	4.00%
Mexico						
GDP (YoY)	18-Feb	4Q	3.30%	3.10%	--	3.30%
Global Economic Indicator IGAE	18-Feb	Dec	1.60%	2.30%	--	4.14%
Retail Sales (INEGI)	21-Feb	Dec	2.00%	3.80%	--	3.50%
Unemployment Rate	22-Feb	Jan	4.98%	5.00%	--	4.47%
Bi-Weekly CPI	22-Feb	Feb-19	0.19%	0.20%	--	0.40%
Bi-Weekly Core CPI	22-Feb	Feb-20	0.19%	0.20%	--	0.47%
Peru						
GDP YoY	22-Feb	4Q	6.30%	--	--	6.50%

Most recent Latam reports

Date	Description
15-2-2013	➤ Chile Flash: Central Bank keeps both the monetary policy rate at 5% and its neutral stance
15-2-2013	➤ Peru Flash: GDP surprises to the downside in December
14-2-2013	➤ Brazil Economic Outlook - First Quarter 2013
14-2-2013	➤ Colombia Economic Outlook - First Quarter 2013 (in Spanish)
14-2-2013	➤ Chile Economic Outlook - First Quarter 2013 (in Spanish)
13-2-2013	➤ Mexico Flash: Banxico confirms its dovish tone
12-2-2013	➤ Mexico Economic Watch. National Housing Policy: changes on the horizon
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

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