

# Latam Daily Flash

## 19 February 2013 Economic Analysis

Madrid

**Juan Ruiz**

Chief Economist, South America  
juan.ruiz@bbva.com  
+34 913745887

**Enestor dos Santos**

Senior Economist, Latam  
enestor.dossantos@bbva.com  
+34 639827211

Mexico City

**Octavio Gutierrez-Engelmann**

Macro Latam Strategy  
o.gutierrez3@bbva.com  
+5255 5621 9245

With contributions from the BBVA  
Research Latam Team:

Lima

**Hugo Perea**

Chief Economist, Peru  
hugo.perea@bbva.com  
+51 1 2112042

Bogota

**Juana Tellez**

Chief Economist, Colombia  
juana.tellez@bbva.com  
+571 3471600

Santiago

**Alejandro Puente**

Chief Economist, Chile  
alejandropuente@bbva.com  
+56 2 2939 10 92

Mexico City

**Carlos Serrano**

Chief Economist, Mexico  
carlos.serranoh@bbva.com  
+ 5255 5621 4354

Yesterday the 4Q12 GDP numbers in Mexico revealed stronger growth than anticipated, while the Mexican reform agenda appears to be on track. Exports numbers in Colombia, despite contracting YoY, point to the important recovery of the mining sector and a sharp slowdown in manufacturing. Today all eyes will be on Brazil, where retail sales figures should give hints to support our GDP growth forecast of 0.6% QoQ in 4Q12.

## Mexico - GDP grew 3.9% YoY in 2012, deceleration likely to continue in 1Q13e

GDP grew 0.77% QoQ (3.2% YoY) in 4Q12 which was higher than expected (BBVAe 0.5% and consensus 0.6% QoQ). By components, primary activity increased 2.1% QoQ (7.2% YoY) and services 0.7% (3.4%); in contrast, industry fell -0.21% QoQ (+1.8% YoY) hit by the external sector. In 2012, GDP grew 3.9% YoY, with a deceleration that we think could extend to 1Q13e. Notwithstanding, the monthly global activity index (IGAE) fell 0.99% MoM in December, which points to a slower deceleration than expected (BBVAe -1.5% sa), but services need close monitoring (for more, see our [Mexico Economic Watch](#)).

## Mexico - Parties in the Upper Chamber set a common reform agenda for the first half

The main political parties in the Upper Chamber defined a common agenda for 1H13. Seven reforms are going to be discussed, of which we highlight on the economic front, the fiscal responsibility and debt management legislation (at the local Government level) and the fight against corruption. Both reforms are crucial before the fiscal and energy reform in 2H13 (we saw progress on the Injunction Law last week which is important for potential antitrust reform). The momentum for reform is still positive and seems to have a tail wind.

## Colombia - Exports fell 11.2% YoY, but confirmed recovery of the mining sector

In December exports stood at USD4,933mn, a deceleration vs. a year ago but reflecting a better performance of the mining sector. In fact, mining exports were above the average level observed in 1H12. Nevertheless, manufacturing revealed a sharp contraction, falling by 21.5% YoY. The aggregate contraction is consistent with our 2013e growth scenario, in line with a better outlook for mining although with a worse than expected performance of the manufacturing sector.

## What to watch today

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

We expect retail sales to expand by 0.8% MoM in December, with growth in the broad index likely to stem mostly from vehicle sales, benefiting from the increase in purchases ahead of the IPI tax being phased-out in December.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
FGV CPI IPC-S	18-Feb	Feb-21	0.62%	--	0.55%	0.88%
FIPE CPI - Weekly	19-Feb	Feb-18	0.86%	--	0.83%	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%
Economic Activity Indx MoM SA	19-20 FEB	Dec	0.30%	0.20%	--	0.40%
CAGED Formal Job Creation	19-21 FEB	Jan	56000	--	--	-496944
IBGE CPI IPCA-15 (MoM)	22-Feb	Feb	0.61%	0.60%	--	0.88%
Current Account - Monthly	22-Feb	Jan	-\$9500M	--	--	-\$8413M
<b>Colombia</b>						
Exports FOB - US\$ million	18-Feb	Dec	--	\$4852	\$4932.7	\$4732.4
Outstanding Loans (YoY)	19-20 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%
<b>Mexico</b>						
GDP (YoY)	18-Feb	4Q	3.30%	3.10%	3.20%	3.30%
Global Economic Indicator IGAE	18-Feb	Dec	1.60%	2.30%	1.40%	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%
<b>Peru</b>						
GDP YoY	22-Feb	4Q	6.30%	--	--	6.50%

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
18-2-2013	<a href="#">➤ Mexico GDP Flash. In line with estimates, GDP grew 3.9% yoy in 2012</a>
15-2-2013	<a href="#">➤ Mexico Weekly Flash. GDP in 4Q12 set to see a similar growth rate to 3Q</a>
15-2-2013	<a href="#">➤ Mexico Real Estate Flash. 2013, a year of transition for the housing market</a>
15-2-2013	<a href="#">➤ Chile Flash: Central Bank keeps both the monetary policy rate at 5% and its neutral stance</a>
15-2-2013	<a href="#">➤ Peru Flash: GDP surprises to the downside in December</a>
14-2-2013	<a href="#">➤ Brazil Economic Outlook - First Quarter 2013</a>
14-2-2013	<a href="#">➤ Colombia Economic Outlook - First Quarter 2013 (in Spanish)</a>
14-2-2013	<a href="#">➤ Chile Economic Outlook - First Quarter 2013 (in Spanish)</a>
13-2-2013	<a href="#">➤ Mexico Flash: Banxico confirms its dovish tone</a>
12-2-2013	<a href="#">➤ Mexico Economic Watch. National Housing Policy: changes on the horizon</a>

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