

Latam Daily Flash

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Economic Analysis

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Inflation figures for the beginning of April were not good news for the Central Bank of Brazil, which remains under pressure in spite of the upward recent adjustment of the SELIC rate. In Mexico, the March deceleration in formal job-creation increased the unemployment rate slightly. Finally, in Colombia industrial production and retail sales provided mixed signs regarding February's economic performance.

Brazil - IPCA-15 surprised to the upside in April

The IPCA-15 for April, which measures inflation from mid-March to mid-April, reached 0.51% MoM. The figure was higher than expected (BBVAe: 0.43%, consensus: 0.46%), dashing hopes of moderation in comparison to March (when the indicator reached 0.49% MoM). In yearly terms, the IPCA-15 moved up to 6.51% in April from 6.43% in March. The diffusion index reached 68%, still a very high level. All in all, inflation figures released today add an upward bias to our forecast for the full-month IPCA in April (0.40% MoM) and keep the BCB under pressure in spite of the recent change in its monetary policy stance.

Mexico - worse than expected unemployment print in line with the formal labor report released on Thursday

The unemployment rate increased to 5.0% in March from 4.7% in February and above our expectation (4.8%) in seasonally adjusted (sa) terms. The rise in unemployment is in line with the lower growth in formal employment in March (0.1% MoM) compared to previous quarters (0.3% MoM on average in the previous three months and 0.4% MoM in 2012). In quarterly terms the picture is better as the labor market remained fairly stable, with unemployment at 4.98% in 1Q13 sa on average, vs. 5.01% in 4Q12. Thus, it appears that so far job-creation is weakening at a slower pace than economic activity.

Colombia - Mixed performance in retail sales and industrial production in February

Industrial production fell 4.5% YoY (vs. a drop of 1.7% in January), reflecting a major slowdown of the sector. This result was anticipated due to internal transportation restrictions and low demand for some industrial products in the mining sector. Retail sales rose 0.6%YoY (1.3% in January), with a sharp expansion of durable goods sales (except vehicles) as a result of the gradual reduction in market interest rates. All in all, the two indicators show the different dynamics of investment and consumption, with sluggish performance in the industrial sector but support for economic activity from the latter..

What to watch today

Mexico - Retail sales (February, 9:00hrs NYT)

We expect retail sales to have grown 0.3% MoM (1.1% YoY) in February supported by the increase in real wages and formal job-creation at the beginning of the year.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Weekly	24-Apr	Apr 22	0.01%	--	--	0.08%
FGV Consumer Confidence	24-Apr	Apr	--	--	--	113.9
FGV CPI IPC-S	24-Apr	Apr 23	--	--	--	0.65%
Current Account - Monthly	24-Apr	Mar	--	--	--	-\$6625M
FGV Construction Costs (MoM)	25-Apr	Apr	--	--	--	0.28%
COPOM Monetary Policy Meeting Minutes	25-Apr	Apr	--	--	--	--
Unemployment Rate	25-Apr	Mar	5.9%	5.9%	--	5.6%
Manufacturing PPI (YoY)	26-Apr	Mar	--	--	--	7.73%
Outstanding Loans MoM%	26-Apr	Mar	--	--	--	0.7%
Chile						
Central Bank's Traders Survey	24-Apr	Apr	--	--	--	--
Central Bank Meeting Minutes	26-Apr	Apr	--	--	--	--
Colombia						
Overnight Lending Rate	26-Apr	Apr 26	3.25%	3.25%	--	3.25%
Mexico						
Retail Sales (INEGI)	22-Apr	Feb	0.9%	1.1%	--	1.8%
Bi-Weekly CPI	24-Apr	Apr 15	--	--	--	0.31%
Bi-Weekly Core CPI	24-Apr	Apr 15	--	--	--	0.02%
Global Economic Indicator IGAE	25-Apr	Feb	--	2.00%	--	3.24%
Trade Balance	26-Apr	Mar	--	--	--	46.1M
Overnight Rate	26-Apr	Apr 26	4.00%	4.00%	--	4.00%

Most recent Latam reports

Date	Description
18-04-2013	➤ Brazil Flash: Monetary conditions are tightened to prevent inflation from running out of control
16-04-2013	➤ Mexico Real Estate Flash: A helping hand for the housing industry
11-04-2013	➤ Peru Flash: Output kept expanding at a strong pace in February
11-04-2013	➤ Mexico Real Estate Flash: Construction activity a step back
11-04-2013	➤ Flash Chile: Central Bank keeps interest rate at 5% and its neutral tone
11-04-2013	➤ Flash Peru: No surprises in April monetary policy meeting
10-04-2013	➤ Brazil Flash: Inflation breaches target ceiling in March
10-04-2013	➤ Mexico Real Estate Flash: New drop in construction production
10-04-2013	➤ Mexico Real Estate Flash: The hand that rocks the cradle in the mortgage market
10-04-2013	➤ Mexico Banking Flash: Lending to private sector: double-digit growth persist

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