

Latam Daily Flash

15 May 2013 Economic Analysis

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Recent activity data such as mining investment, revealed yesterday, reinforce our view that domestic activity remains robust in Peru. The moderation in output growth in March, which we expect to be confirmed today, should be temporary, as it is likely to be explained by calendar effects. In Brazil, we expect retail sales to show some moderation in consumption at the end of the first quarter.

Peru – Mining investment continued its strong growth in 1Q13

According to the Ministry of Mines, mining investment grew 23% YoY in 1Q13 driven by large copper projects such as Las Bambas and Toromochu. This is consistent with high business confidence in the same period (66 points in 1Q13), and should have led to private investment growth in double-digits in the first quarter, reinforcing our call for 6.5% output growth in 2013e.

What to watch today

Brazil – Retail sales (March, 08:00 NYT)

March retail sales should confirm that private consumption moderated in the first quarter of the year, which is to some extent due the negative effect from higher inflation in the period. In spite of this moderation, we expect GDP to grow by 1.1% QoQ in 1Q13e, driven by investment and the industrial sector.

Peru – Output growth (March, 12:00 NYT)

We expect GDP to have increased by 4.2% YoY (consensus: 4.6%), and thus indicate that economic activity is cooling. However, the picture is quite different after factoring-in the negative statistical effect of the Easter holidays on the March print, and the adjusted figure indicates that the underlying trend remains robust, growing close to potential.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Economic Activity Indx MoM SA	14-16 May	Mar	0,65%	0.80%	--	-0.52%
CAGED Formal Job Creation	14-21 May	Apr	210000	--	--	112450
Retail Sales (MoM)	15-May	Mar	-0,5%	--	--	-0.4%
FGV Inflation IGP-10 (MoM)	16-May	May	-0,05%	--	--	0.18%
FGV CPI IPC-S	16-May	2-May	0,39%	--	--	0.45%
FIPE CPI - Weekly	17-May	2-May	0,32%	--	--	0.31%
Chile						
Nominal Overnight Rate Target	17-May	2-May	5.00%	5.00%	--	5.00%
Colombia						
Consumer Confidence	14-17 May	Apr	14.5	18	23.7	--
Outstanding Loans (YoY)	14-21 May	Mar	--	--	--	--
Retail Sales (YoY)	17-May	Mar	-0.01%	0.90%	--	0.6%
Industrial Production (YoY)	17-May	Mar	-3.5%	-5.90%	--	-4.5%
Mexico						
ANTAD Same-Store Sales (YoY%)	15-May	Apr	3%	--	--	5.9%
GDP (YoY)	17-May	1Q	1,1%	2.20%	--	3.2%
Global Economic Indicator IGAE	17-May	Mar	-0,7	2.30%	--	0.39%
Peru						
Unemployment	15-May	Apr	6,1%	--	--	6.4%
Economic Activity Indx YoY NSA	15-May	Mar	4,65%	4.20%	--	5.0%

Most recent Latam reports

Date	Description
9-05-2103	➤ Mexico Flash: April's inflation: Headline Inflation Peaks as Core Inflation Falls Again Below 3%
9-05-2103	➤ Peru Flash: The Central Bank keeps a neutral bias for the policy rate
9-05-2103	➤ Chile Economic Outlook (in Spanish) - Second quarter, 2013
9-05-2103	➤ Peru Economic Outlook (in Spanish) - Second quarter, 2013
9-05-2103	➤ Colombia Economic Outlook (in Spanish) - Second quarter, 2013
8-05-2103	➤ Brazil Flash: In spite of an upward surprise in April, inflation is (temporarily) back to within the target range
8-05-2103	➤ Flash Chile: Monthly inflation reached -0.5% in April, well below both our and market expectations
8-05-2103	➤ Banxico Flash: Despite supply shocks and recent moderation of economic activity, Banxico keeps unchanged its inflation and economic growth forecasts
7-05-2103	➤ MexicoReal Estate Flash: Second month of the year, second decline in construction
6-05-2103	➤ Mexico Banking Flash: Lending to private sector: double-digit growth persists

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