

# Latam Daily Flash

## 27 September 2013 Economic Analysis

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*Better than expected figures of labour market in Brazil, in line with slightly better consumption dynamics in 3Q13. Foreign trade in Mexico suggests economic activity is still weak. Today we expect BanRep to maintain its monetary policy rate unchanged at its meeting.*

### Brazil - Unemployment declined and wages increased in August

The unemployment rate declined to 5.3% in August from 5.6% in July (and to 5.3% from 5.5% in the seasonally-adjusted series), contrasting with expectations of stability (BBVAe: 5.7%; consensus: 5.6%). Real wages expanded by 1.7% MoM (1.5% MoM in the seasonally-adjusted series), benefiting from some moderation in inflation in the period. The expansion in real wages follows five consecutive months of contraction. These better than expected labour market figures add to positive surprises in July's retail sales and suggest that relatively dynamic private consumption could offset the impact of a slowdown in investment and prevent GDP from contracting sharply in quarterly terms in 3Q13.

### Mexico - Exports and imports surprised to the downside suggesting that the economic recovery is still weak

Exports and imports increased below expectations at 3.2% YoY and 0.8% YoY, respectively (vs. 7% and 9% YoY expected). As a result, the balance of trade in August was a small deficit of USD234mn. The moderate increase in exports suggests that foreign demand has improved, but not as strongly as previously expected. In our view, the small increase in imports could be a sign that domestic consumption and investment remain weak.

## What to watch today

### Brazil - Credit report (August, 09:30hrs NYT)

We expect today's report to show that lending rates continue to adjust upwards given the ongoing tightening of monetary conditions. The deterioration in lending conditions should, therefore, restrict the room for credit markets to support private consumption in 3Q13.

### Colombia - Monetary policy meeting (September, announcement time: unspecified)

We expect BanRep to maintain its policy rate unchanged at 3.25%, against the expansive tone of last month's meeting but in line with the positive surprise of 2Q13 GDP growth and the better than expected leading indicators as of 3Q13 (mainly retail sales and industrial production). We also expect the central bank to continue with its USD purchase programme, although at a slower pace than observed earlier this year.

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Tax Collections	23 Sep	Aug	84500M	--	83956M	94293M
FGV CPI IPC-S	23 Sep	2-Sep	0.27%	--	0.27%	0.27%
FGV Consumer Confidence	24 Sep	Sep	--	--	114.2	113.1
Current Account Balance	24 Sep	Aug	-\$5081M	--	-\$5505M	-\$9018M
FIPE CPI - Weekly	25 Sep	2-Sep	0.17%	--	0.20%	0.16%
PPI Manufacturing YoY	25 Sep	Aug	--	--	5.97%	4.96%
Unemployment Rate	26 Sep	Aug	5.60%	5.70%	5.30%	5.60%
FGV Inflation IGPM MoM	27 Sep	Sep	1.42%	--	--	0.15%
Total Outstanding Loans	27 Sep	Aug	--	--	--	2546B
Central Govt Budget Balance	27 Sep	Aug	0.5B	--	--	3.7B
<b>Colombia</b>						
Outstanding Loans	25-Sep	Jul	--	--	\$266.9T	\$265.0T
Trade Balance	23 Sep	Jul	\$118.7	-\$12.3	-\$221	\$717.8
Imports	23-Sep	Jul	--	\$4934	\$5111.8	\$4311
Industrial Confidence	24 Sep	Aug	--	--	--	-2
Retail Confidence	24 Sep	Aug	--	--	--	21.8
Current Account Balance	26 Sep	2Q	--	--	--	-\$3038M
Overnight Lending Rate	27 Sep	2-Sep	3.25%	3.25%	--	3.25%
Budget Balance	27 Sep	Aug	--	--	--	-\$3448B
<b>Mexico</b>						
Retail Sales YoY	23 Sep	Jul	0.50%	--	1.30%	-1.90%
Bi-Weekly CPI	24 Sep	2-Sep	0.23%	--	0.34%	0.07%
Bi-Weekly Core CPI	24 Sep	2-Sep	0.21%	--	0.30%	0.01%
Economic Activity IGAE YoY	25 Sep	Jul	1.30%	--	1.70%	-0.39%
Trade Balance	26 Sep	Aug P	-1500	--	-234.2M	-1436.7M

## Most recent Latam reports

Date	Description
26-09-2013	<a href="#">➤ Mexico Flash: Recent Flood's economic effects (In Spanish)</a>
25-09-2013	<a href="#">➤ Mexico Economic Outlook 3Q13</a>
24-09-2013	<a href="#">➤ Chile Flash: CPI for September and October are moderated, but leave the door open for November and December</a>
24-09-2013	<a href="#">➤ September's biweekly inflation: core inflation surprised us on the upside</a>
23-09-2013	<a href="#">➤ Mexico Flash: Banxico: rate cut decision passed by simple majority. FED in the spotlight</a>
19-09-2013	<a href="#">➤ Flash Mexico: Private consumption and investment dragged down GDP in 2Q13 (In Spanish)</a>
19-09-2013	<a href="#">➤ Flash Colombia: GDP surprised upwards in 2Q13 growing 4.2% YoY with a homogeneous path to recovery</a>
16-09-2013	<a href="#">➤ Flash Peru: GDP growth kept moderate in July</a>
12-09-2013	<a href="#">➤ Flash Chile: Central Bank kept the monetary policy rate at 5%. Even though, the downward bias for the MPR was ratified</a>
12-09-2013	<a href="#">➤ Flash Peru: Monetary policy meeting: no news</a>

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