

Latam Daily Flash

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

Enestor dos Santos
Principal Economist, Latam
enestor.dossantos@bbva.com
+34 639827211

Cecilia Posadas
Economist, Latam
c.posadas@bbva.com
+34 913746279

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
Jorge Selaive
Chief Economist, Chile
jselaive@bbva.com
+56 2 2939 10 92

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

Javier Amador
Principal Economist, Mexico
javier.amadord@bbva.com
+5255 5621 3095

Growth in Chile in September was in line with expectations in 3Q13 and is related to the slowdown in commerce and industry. The main message from the central bank's minutes is that it will continue to cut the MPR. We still expect the bank to maintain the MPR unchanged in November, and even in December conditional on short-term CPI and activity data.

Chile - Monthly activity reached 3.9% YoY in September

Monthly activity expanded 3.9% YoY in September (4.4% 3Q13), in line with our forecast (BBVAe: 3.9%, consensus: 4.1%), mainly driven by retail sales and mining, but negatively impacted by manufacturing. An additional working day was not enough to compensate for the poor performance of the rest of activities. Even so, this print should not be seen as a sign of a steep deceleration in internal demand since retail sales have been affected by reallocations in August and September (see our [Chile Flash](#) for details).

Chile - Minutes of monetary policy meeting anticipate further cuts in rates but not in November

The main message from October's minutes is that the central bank will continue cutting the MPR, albeit gradually. The new arguments are associated with the peso appreciation prior to the meeting that was also related to not very well-anchored inflation expectations and the confirmation of the baseline scenario outlined in the monetary policy report. We are still forecasting that the bank will maintain the MPR at 4.75% in November, and even in December subject to short-term CPI and activity data (see our [Chile Flash](#) for details).

What to watch today

Mexico - Banxico's inflation report (3Q, time of release unknown)

The forecast range for growth this year is expected to be reduced significantly as the decline in GDP in the second quarter of the year has made it almost impossible to reach the central bank's previous estimate of between 2.0% and 3.0%. In addition, with an improvement in some economic output variables, we will be scrutinising the GDP growth estimate for the third quarter of this year, expected to come in around 0.8% QoQ. In terms of inflation, the central bank forecasts for 2014 will be important, especially taking into account the recently approved fiscal measures. At BBVA Research we expect this impact to be between 0.4 and 0.7%.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Monthly	4 Nov	Oct	0.43%	--	0.48%	0.25%
PMI Services	5 Nov	Oct	--	--	52.1	50.7
FGV Inflation IGP-DI MoM	6 Nov	Oct	0.74%	--	0.63%	1.36%
Commodity Price Index MoM	6 Nov	Oct	-2.81%	--	--	-2.82%
Vehicle Production Anfavea	6 Nov	Oct	--	--	--	332029
IBGE Inflation IPCA MoM	7 Nov	Oct	0.60%	0.55%	--	0.35%
CNI Capacity Utilization (SA)	7 Nov	Sep	82.15%	--	--	82.00%
IGP-M Inflation 1st Preview	8 Nov	Nov	0.60%	--	--	0.85%
FGV CPI IPC-S	8 Nov	Nov	0.60%	--	--	0.55%
Chile						
Economic Activity YoY	5 Nov	Sep	4.15%	3.90%	3.90%	4.10%
Central Bank Meeting Minutes	5 Nov	--	--	--	--	--
Trade Balance	7 Nov	Oct	-\$132	--	--	-\$220
Exports Total	7 Nov	Oct	--	--	--	\$5853
Imports Total	7 Nov	Oct	--	--	--	\$6074
CPI YoY	8 Nov	Oct	1.44%	0.00%	--	2.00%
Colombia						
CPI MoM	6 Nov	Oct	0.13%	0.11%	-0.26%	0.29%
CPI Core MoM	6 Nov	Oct	--	0.07%	--	0.26%
Exports FOB	8 Nov	Sep	--	\$4850	--	\$4978.3
Colombia Monetary Policy Minutes	8 Nov	--	--	--	--	--
Mexico						
Consumer Confidence Index	4 Nov	Oct	92.80	--	91.2	94.10
Central Bank 3Q Inflation Report	6 Nov	--	--	--	--	--
CPI MoM	7 Nov	Oct	0.46%	--	--	0.38%
CPI Core MoM	7 Nov	Oct	0.19%	--	--	0.32%
Gross Fixed Investment	8 Nov	Aug	-3.00%	--	--	-0.40%
Central Bank Monetary Policy Minutes	8 Nov	--	--	--	--	--
Vehicle Production AMIA	8 Nov	Oct	--	--	--	241740
Peru						
Reference Rate	8 Nov	Nov	4.25%	4.25%	--	4.25%

Most recent Latam reports

Date	Description
5-11-2013	➤ Flash Chile: Monthly activity reached 3.9% YoY in September (in Spanish)
5-11-2013	➤ Chile Economic Watch: 3Q13 Budget Execution: More revenue and less expenditure
4-11-2013	➤ Flash Perú: October Inflation was in line with market expectations
1-11-2013	➤ Mexico Economic Watch: Update of Fiscal Reform: approved in both Chambers with few changes
1-11-2013	➤ Mexico Migration Flash: Remittances increase by 8.1% in September, above expectations
29-10-2013	➤ Mexico Real Estate Flash: Mortgage loans in the banking system continue to grow
29-10-2013	➤ Flash Chile: Imacec would expand at 3,9% YoY in September
28-10-2013	➤ Flash Chile: No cut of the MPR in November's meeting
28-10-2013	➤ Economic Watch: Financial integration in the Pacific Alliance (in Spanish)
28-10-2013	➤ Flash Chile: Fiscal implications of Bachelet's programme for Government (in Spanish)

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