

Latam Daily Flash

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Economic Analysis

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For 2014, our view is that a weaker currency in Brazil and the oil sector will support a surplus on the balance of trade. Also in Brazil, today we expect industrial production figures that should confirm a significant downward correction by the end of the year.

Brazil – Significant deficit in January

After a year when the trade balance posted its lowest surplus in more than a decade (USD2.6bn or 0.1% of GDP), 2014 started with not very positive news. More specifically, there was a deficit on the balance of trade of USD4.1bn in January, as exports and imports reached USD16.0bn (0.4%YoY; -23.1% MoM) and USD20.1bn (0.4% YoY; 10.4bn), respectively. Even though seasonal factors play a negative role at the beginning of the year, January trade data show that imports remain relatively robust in comparison to exports. We expect exchange-rate depreciation and the recovery in oil exports (affected by supply issues last year) to drive the 2014 trade surplus up to USD6.0bn (0.3% of GDP).

What to watch today

Brazil – Industrial production (December, 06:00hrs NYT)

Preliminary data, including evidence of still high inventories, suggest that industrial production will close the year with a significant downward correction (BBVAe: -1.0% MoM; consensus: -1.5% MoM). In spite of this decline in industrial production at the end of 2013 (-0.2% MoM in November after having grown 0.6% MoM in October), we expect GDP to expand by 0.4% QoQ in 4Q13 (-0.5% QoQ in 3Q13).

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	3 Feb	Jan	0.99%	--	0.99%	0.93%
PMI Manufacturing	3 Feb	Jan	--	--	50.8	50.5
Trade Balance Monthly	3 Feb	Jan	-\$4550M	-\$4000M	-\$4057M	\$2654M
Vehicle Sales Fenabrave	3 Feb	Jan	--	--	312619	353863
FIPE CPI - Monthly	4 Feb	Jan	0.91%	--	0.94%	0.65%
Industrial Production MoM	4 Feb	Dec	-1.50%	-1.00%	--	-0.20%
CNI Capacity Utilization (SA)	4 Feb	Dec	--	--	--	82%
PMI Services	5 Feb	Jan	--	--	--	51.7
Vehicle Sales Anfavea	6 Feb	Jan	--	--	--	353843
FGV Inflation IGP-DI MoM	7 Feb	Jan	0.42%	--	--	0.69%
IBGE Inflation IPCA MoM	7 Feb	Jan	0.62%	0.65%	--	0.92%
Chile						
Economic Activity MoM	5 Feb	Dec	0.40%	0.50%	--	0.50%
Real Wage MoM	6 Feb	Dec	--	--	--	1.00%
CPI MoM	7 Feb	Jan	0.20%	0.14%	--	0.60%
Colombia						
PPI MoM	4 Feb	Jan	--	--	--	0.11%
CPI MoM	6 Feb	Jan	0.56%	0.56%	--	0.26%
CPI Core MoM	6 Feb	Jan	--	0.44%	--	0.24%
Mexico						
IMEF Manufacturing Index SA	4 Feb	Jan	--	--	--	50.3
Remittances Total	4 Feb	Dec	1740.8M	1747.0M	--	1693.8M
Producer Confidence Index SA	5 Feb	Jan	--	52.5	--	51.5
Consumer Confidence Index SA	5 Feb	Jan	91.0	89.5	--	89.7
Leading Indicators (MoM)	6 Feb	Dec	--	--	--	0.06%
CPI MoM	7 Feb	Jan	0.96%	0.95%	--	0.57%
Bi-Weekly CPI	7 Feb	Jan	--	0.23%	--	0.68%

Most recent Latam reports

Date	Description
03-02-2014	➤ Working Paper: Fiscal Sustainability and Economic Growth in Bolivia
03-02-2014	➤ Peru Flash: January inflation surprised to the upside and located outside the target range
03-02-2014	➤ Working Paper: Financial inclusion and the role of mobile banking in Colombia: developments and potential
31-01-2014	➤ Banxico Flash: Fondeo rate unchanged at 3.5%; tone aimed at anchoring inflation expectations
31-01-2014	➤ Colombia Flash: BanRep decided unanimously to keep its policy rate unchanged at 3.25% and maintains its international reserves policy
30-01-2014	➤ Chile Flash: December Imaec should reach 2.4% y/y, consistent with our scenario of 2013 GDP growth around 4.0% (in Spanish)
30-01-2014	➤ Chile Flash: Public expenditure in 2013 was significantly lower than planned (in Spanish)
29-01-2014	➤ Mexico Migration Outlook December 2013
29-01-2014	➤ Mexico Banking Flash. Bank deposits: growth in the second half of the year
29-01-2014	➤ Mining sector in Chile: The challenge is efficiency (in Spanish)

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