

Latam Daily Flash

18 February 2014
Economic Analysis

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Today we will be watching the monetary policy meeting in Chile. We expect a cut of 25bp in the MPR and another 25bp cut during 1H14. In this context the tone of the communiqué tomorrow will be especially significant.

Colombia - Industrial production kick-started the recovery

In December, industrial production grew 1.5% YoY, which was not enough to reverse the 1.9% decline in 2013. However, monthly data anticipates a recovery in the manufacturing sector, as industrial sales rose 2.6% YoY. Food and sectors linked to construction (non-metallic minerals, iron and steel) boosted the performance of industry. Meanwhile, retail sales confirmed the acceleration of private consumption in 4Q13, reaching 4.1% YoY (below our latest forecast, but higher than our forecast three months). All in all, data shows that consumer expenditure and construction investment lead GDP growth in 4Q13, while the recovery in private non-residential investment was only moderate.

What to watch today

Chile - Monetary policy meeting (February, 16:00hrs NYT)

We expect the Board to cut the policy rate by 25bp to 4.25%. However, concerns could emerge over the recent CLP depreciation and its pass-through to inflation figures. Nonetheless, we see no worrying increases in long-term inflation-expectation measures. In this context, further cuts in the monetary policy rate will remain data-dependent, mainly on activity figures. Finally, our baseline scenario considers another 25bp cut during 1H14, which could materialise as early as the monetary policy meetings in March/April.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Formal Job Creation Total	18 Feb	Jan	50327	--	--	-449444
FGV Inflation IGP-10 MoM	17 Feb	Feb	0.34%	--	0.30%	0.58%
FGV CPI IPC-S	17 Feb	Feb	0.83%	--	0.78%	0.96%
FIPE CPI - Weekly	18 Feb	Feb	0.76%	--	0.73%	0.86%
CNI Industrial Confidence	17 Feb	Feb	--	--	52.4	53.1
IGP-M Inflation 2nd Preview	19 Feb	Feb	0.30%	--	--	0.46%
Unemployment Rate	20 Feb	Jan	5.10%	5.10%	--	4.30%
IBGE Inflation IPCA-15 MoM	21 Feb	Feb	0.68%	0.58%	--	0.67%
Current Account Balance	21 Feb	Jan	-\$11663M	--	--	-\$8678M
Foreign Investment	21 Feb	Jan	\$4000M	--	--	\$6490M
Chile						
Overnight Rate Target	18 Feb	Feb	4.25%	4.25%	--	4.50%
Colombia						
Retail Sales YoY	17 Feb	Dec	5.05%	7.00%	4.10%	5.30%
Industrial Production YoY	17 Feb	Dec	0.80%	0.40%	1.50%	-0.60%
Trade Balance	18 Feb	Dec	\$200	\$832	--	\$128
Mexico						
Economic Activity IGAE YoY	21 Feb	Dec	1.20%	1.00%	--	-0.04%
GDP SA QoQ	21 Feb	4Q	0.70%	0.50%	--	0.80%
GDP Full Year YoY	21 Feb	2013	--	1.20%	--	--
Peru						
GDP YoY	18 Feb	4Q	5.20%	--	--	4.40%

Most recent Latam reports

Date	Description
17-02-2014	➤ Mexico Economic Outlook: First Quarter 2014 (in Spanish)
14-02-2014	➤ Peru Flash: GDP maintained good momentum in December
13-02-2014	➤ Peru Flash: The policy rate stayed in February at 4,0%, as expected
13-02-2014	➤ Peru Economic Outlook: First Quarter 2014 (in Spanish)
13-02-2014	➤ Colombia Economic Outlook: First Quarter 2014 (in Spanish)
13-02-2014	➤ Brazil Presentation: moderate growth and need for reforms (in Spanish)
12-02-2014	➤ Chile Economic Outlook: First Quarter 2014 (in Spanish)
12-02-2014	➤ Latam Flash: Trade protocol for the Pacific Alliance signed
11-02-2014	➤ Latam Flash: Pacific Alliance signs trade deal (in Spanish)
11-02-2014	➤ Mexico Real Estate Outlook: First Half 2014

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