

# Latam Daily Flash

21 March 2014  
**Economic Analysis**

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*Colombian GDP was slightly better than expected in 4Q13, supported by good performance from construction investment and private consumption. On the other hand, recovery of GDP in Mexico was export-led. Today, risks are to the upside for inflation in Brazil, and if they materialise the likelihood will increase of an additional hike in the Selic rate in April.*

## Colombia – A good result from GDP growth in 2013

In 2013, Colombia's GDP grew by 4.3% (BBVAe: 4.1%), thanks to strong acceleration of the economy in the second half of the year: from 3.3% in the first semester to 5.2% after July. Data confirm that recovery is taking hold in the country, and feeding positive expectations for the year. The acceleration of activity was the result of good performance from construction and private consumption. Meanwhile, imports had the most moderate increase. By sector, manufacturing and mining have major challenges during the coming quarters, although a more competitive exchange rate would support the sectoral dynamic and a more balanced growth. Finally, we maintain our outlook of GDP growth of 4.7% for 2014, emphasising the divergent dynamics within the year: construction and private consumption will lead growth in the first half of the year, and exports and non-residential private investment will support expansion from July.

## Mexico – Export-led recovery in 4Q13 as internal demand remains weak

Mexico's total demand expanded 0.4% YoY in 4Q13, slightly below our 0.5% estimate. Total consumption increased 1.6% YoY (BBVAe: 0.5%); fixed investment decreased 3.0% YoY (BBVAe: -3.1%), while exports jumped 6.7% YoY (BBVAe: 2.7%). Note that the source of the error mainly corresponds to the "statistical discrepancy" which accounted for 1.7pp of total demand in 4Q13. Thus, a future review of the published data may translate into significant changes in the actual observed annual rates of growth of total demand components.

## What to watch today

### Brazil – IPCA-15 (March, 08:00hrs NYT)

We expect March's IPCA-15, which measures inflation from mid-February until mid-March, to come in at 0.65% MoM. Risks are to the upside due to the impact of the drought on domestic food prices. If they materialise, then the likelihood will increase of an additional +25bp adjustment of the Selic rate at the beginning of April.

### Mexico – Retail Sales (January, 09:00hrs NYT)

Retail sales in January will report a YoY increase of 0.75% sa (0.29% MoM sa), driven by slow recovery in employment. In December, retail sales grew 2.5% YoY sa, in line with BBVA's forecast (2.7% YoY sa), but they fell 2.1% MoM sa.

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGP-10 MoM	17 Mar	Mar	1.25%	--	1.29%	0.30%
FGV CPI IPC-S	17 Mar	Mar	0.81%	--	0.84%	0.71%
Tax Collections	21 Mar	Feb	85961M	--	--	123667M
FIPE CPI - Weekly	19 Mar	Mar	0.61%	--	0.68%	0.57%
IGP-M Inflation 2nd Preview	19 Mar	Mar	1.30%	--	1.41%	0.24%
IBGE Inflation IPCA-15 MoM	21 Mar	Mar	0.73%	0.65%	--	0.70%
CNI Industrial Confidence	21 Mar	Mar	--	--	--	52.4
<b>Chile</b>						
GDP YoY	18 Mar	4Q	2.90%	2.7%	2.70%	4.74%
<b>Colombia</b>						
Retail Sales YoY	17 Mar	Jan	6.05%	6.3%	6.50%	4.50%
Industrial Production YoY	17 Mar	Jan	1.00%	-0.3%	0.07%	1.60%
Outstanding Loans	17 Mar	Jan	--	--	\$283.5T	\$281.8T
GDP YoY	20 Mar	4Q	4.60%	--	4.90%	5.10%
Overnight Lending Rate	21 Mar	Mar	3.25%	--	--	3.25%
<b>Mexico</b>						
International Reserves Weekly	19 Mar	Mar	--	--	\$181043M	\$180801M
Aggregate Supply and Demand	20 Mar	4Q	0.44%	0.5%	0.47%	1.51%
Retail Sales YoY SA	21 Mar	Jan	--	0.75%	--	2.5%
Overnight Rate	21 Mar	Mar	3.50%	3.50%	--	3.50%

## Most recent Latam reports

Date	Description
20-03-2014	<a href="#">➤ Latam Economic Watch: Deterioration in Latin America's manufacturing competitive</a>
20-03-2014	<a href="#">➤ Brazil Economic Watch: The Brazilian manufacturing sector loses competitiveness</a>
20-03-2014	<a href="#">➤ Chile Flash: Exchange rate: beware of short-term reversals</a>
20-03-2014	<a href="#">➤ Colombia Flash: A good result of GDP growth in 2013</a>
20-03-2014	<a href="#">➤ Mexico Flash: Monetary rate unchanged at 3.5% as inflation tends towards the range around the target (in Spanish)</a>
19-03-2014	<a href="#">➤ Latam Economic Watch: Loss of manufacturing competitiveness in Latin America (in Spanish)</a>
19-03-2014	<a href="#">➤ Chile Flash: Exchange rate: Beware of short-term reversals (in Spanish)</a>
19-03-2014	<a href="#">➤ Chile Economic Watch: Competitiveness of manufacturing exports (in Spanish)</a>
18-03-2014	<a href="#">➤ Brazil Economic Watch: Loss of competitiveness in the Brazilian manufacturing sector (in Spanish)</a>
18-03-2014	<a href="#">➤ Chile Flash: Economy grew 4.1% YoY in 2013 with generalized slowdown in economic sectors (in Spanish)</a>

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