

Latam Daily Flash

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Economic Analysis

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Also in Colombia, March inflation was higher than expected; although core inflation is below the midpoint of the target range, its uptrend predicts a change in monetary policy stance. Today activity and external sector data from Chile should reveal full recovery from port strikes at the beginning of the year.

Colombia - BanRep March minutes continue to express optimism and limited concern regarding inflation

March's board meeting minutes show that its members continue to express optimism about the evolution of economic activity, albeit with some concern regarding mixed data during 1Q14. Specifically, lower-than-expected consumer confidence in February and weak exports have raised concerns. However, inflation continues to increase gradually towards the midpoint of the target range, and expectations remain well-anchored. Purchases of US dollars by the central bank are to continue until the end of 2Q14 (up to USD1,000mn per quarter), even though no mention was made of this in the minutes.

Colombia - March inflation continues to tick higher

In March, inflation recorded an increase of 0.36 % MoM (2.51 % YoY). According to the expectations survey from BanRep, a monthly rate of 0.28% (0.16% BBVAe) was expected. Thus, March inflation was greater than consensus estimates, which did not anticipate such a high growth in food prices. In fact, food increased by 0.61% MoM, 45bp higher than its average in the last five years. On the other hand, core inflation indexes showed a slight upward change from February, confirming positive demand for 1Q13. Although core inflation remains below the midpoint of the target range (3%), the uptrend predicts a change in the monetary policy stance in the coming months (BBVA anticipates a change in June).

What to watch today

Chile - Monthly economic activity index (February, 7:30hrs NYT)

We expect the monthly economic activity index (Imacec) to have increased 2.4% YoY in February (+0.5% MoM sa). As activity data by sector has revealed, the print should be mainly driven by mining output and retail sales, offset by declines in manufacturing. On this occasion, figures should reflect full recovery from the transitory negative effects related to the port strikes in January, so for the coming months economic activity prints should trend towards 3% YoY.

Chile - Trade balance (March, 7:30hrs NYT)

We expect a USD1,694mn surplus in the March trade balance, driven by our expectations of exports at USD7.0bn (+12.6% YoY), while imports should reach USD5.3bn (-7.0% YoY). Finally, we forecast copper exports in the order of USD3.5bn (+25.7% YoY). In this context, total exports should fully recover and reflect the normalisation in trade channels after disruptions due to the port strikes. Export figures will be mainly driven by the mining sector. Meanwhile, imports should still reveal some deceleration as observed in domestic demand (and in some related sector) figures.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGP-DI MoM	7 Apr	Mar	1.59%	--	--	0.85%
FGV CPI IPC-S	8 Apr	Apr	0.91%	--	--	0.85%
FIPE CPI - Weekly	9 Apr	Apr	0.75%	--	--	0.76%
IGP-M Inflation 1st Preview	9 Apr	Apr	0.81%	--	--	1.16%
IBGE Inflation IPCA MoM	9 Apr	Mar	0.85%	0.78%	--	0.69%
COPOM Monetary Policy Meeting Minutes	10 Apr	--	--	--	--	--
Chile						
Economic Activity MoM	7 Apr	Feb	0.1%	0.5%	--	0.49%
Real Wage MoM	7 Apr	Feb	--	--	--	0.7%
Trade Balance	7 Apr	Mar	\$1400M	\$1694M	--	\$1237M
Copper Exports	7 Apr	Mar	--	\$3484M	--	\$3794M
CPI MoM	8 Apr	Mar	0.7%	0.7%	--	0.48%
Central Bank's Traders Survey	9 Apr	--	--	--	--	--
Colombia						
CPI Core MoM	7 Apr	Mar	--	0.16%	--	0.68%
Consumer Confidence Index	9 Apr	Mar	--	23	--	15.7
Central Bank's Economists Survey	11 Apr	--	--	--	--	--
Mexico						
Gross Fixed Investment	8 Apr	Jan	-1.0%	0.9%	--	0.74%
Vehicle Production AMIA	8 Apr	Mar	--	--	--	248017
CPI MoM	9 Apr	Mar	0.30%	0.27%	--	0.25%
CPI Core MoM	9 Apr	Mar	0.18%	0.18%	--	0.28%
ANTAD Same-Store Sales YoY	9 Apr	Mar	-1.2%	1.5%	--	-0.2%
Nominal Wages	10 Apr	Mar	--	--	--	4.3%
Industrial Production MoM	11 Apr	Feb	0.45%	0.96%	--	0.51%
Peru						
Trade Balance	8 Apr	Feb	\$129M	--	--	-\$740M
Reference Rate	10 Apr	Apr	4.00%	--	--	4.00%

Most recent Latam reports

Date	Description
04-04-2014	➤ Mexico Banking Flash: Credit to the private sector: 8.7% growth in February
03-04-2014	➤ Uruguay Flash: Slight slowdown in inflation due to recent measures (in Spanish)
1-04-2014	➤ Uruguay Flash: 2013 finished with good growth but high external deficit (in Spanish)
1-04-2014	➤ Peru Flash: Annual inflation was lower in March but remained outside the range
1-04-2014	➤ Mexico Migration Flash: Remittances stay on growth path: increased 5.7% in February
31-03-2014	➤ Chile Flash: Activity data by sector anticipates Imacec at 2.4% YoY in February
31-03-2014	➤ Chile Flash: As expected, once again Central Bank reduced forecast growth range for 2014
31-03-2014	➤ Chile Flash: Public expenditure grows 6.1% YoY in February and execution in the first two months of 2014 is the largest of the last four years (in Spanish)
27-03-2014	➤ Mexico Real Estate Flash: Banks' mortgages start 2014 with a growth of 9.7% (in Spanish)
26-03-2014	➤ EAGLEs Economic Outlook: Annual Report 2014

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