

# Latam Daily Flash

## 23 April 2014 Economic Analysis

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Today we expect the financial traders survey in Chile to reveal expectations of a 25bp cut at the next MP meeting, while inflation in Mexico for the month of March is expected to fall compared to the level registered in February.

## Mexico - The unemployment rate increased in line with our expectations

Unemployment came in at 4.80% in March 2014 (vs. 4.65% in February) in line with our above-consensus forecast (BBVAe: 4.85%; consensus: 4.46%). The result was mainly driven by an increase in the Economically Active Population (EAP) from 57.83% in March 2013 to 58.81% in March 2014.

## What to watch today

### Chile - Central Bank Financial Traders Survey (2<sup>nd</sup> fortnight in April, 07:30hrs, NYT)

We expect the survey to reveal inflation estimates of +0.1% MoM for April and expectations of a 25bp cut in policy rates at May's meeting. Long-term inflation expectations should remain anchored to the central bank's 3% target, while the exchange rate forecast should reveal a slight depreciation towards USDCLP 565 on a 3-month horizon.

### Mexico - Inflation (1<sup>st</sup> fortnight in April, 09:00hrs NYT)

We anticipate headline inflation will fall 0.12% FoF in the first half of April, edging down in annual terms to 3.59% from 3.76% in March. For core inflation we forecast a FoF rise of 0.06%, equivalent to 2.95% in annual terms (vs. 2.89% in March).

## Calendar: Indicators

| Brazil                     | Date   | Period | Consensus | BBVAe    | Actual | Prior    |
|----------------------------|--------|--------|-----------|----------|--------|----------|
| Formal Job Creation Total  | 21 Apr | Mar    | --        | --       | 13117  | 260823   |
| Tax Collections            | 23 Apr | Mar    | 88400M    | --       | --     | 83137M   |
| FGV CPI IPC-S              | 24 Apr | Apr    | 0.80%     | --       | --     | 0.86%    |
| FIPE CPI - Weekly          | 25 Apr | Apr    | 0.59%     | --       | --     | 0.63%    |
| FGV Consumer Confidence    | 25 Apr | Apr    | --        | --       | --     | 107.2    |
| Current Account Balance    | 25 Apr | Mar    | -\$6302M  | -\$7800M | --     | -\$7445M |
| <b>Chile</b>               |        |        |           |          |        |          |
| PPI MoM                    | 24 Apr | Mar    | --        | --       | --     | -0.3%    |
| <b>Colombia</b>            |        |        |           |          |        |          |
| Industrial Confidence      | 23 Apr | Mar    | --        | --       | --     | 5.8      |
| Retail Confidence          | 23 Apr | Mar    | --        | --       | --     | 21.9     |
| Trade Balance              | 23 Apr | Feb    | -\$72.5   | -\$65.0  | --     | \$157.4  |
| Overnight Lending Rate     | 25 Apr | Apr    | 3.25%     | 3.25%    | --     | 3.25%    |
| <b>Mexico</b>              |        |        |           |          |        |          |
| Unemployment Rate NSA      | 22 Apr | Mar    | 4.43%     | 4.85%    | 4.80%  | 4.65%    |
| Unemployment Rate SA       | 22 Apr | Mar    | 4.68%     | --       | 5.25%  | 4.73%    |
| Retail Sales YoY           | 23 Apr | Feb    | 0.4%      | 0.48%    | --     | -0.3%    |
| Bi-Weekly CPI              | 23 Apr | Apr    | -0.18%    | -0.12%   | --     | 0.05%    |
| Bi-Weekly Core CPI         | 23 Apr | Apr    | 0.10%     | 0.06%    | --     | 0.13%    |
| Bi-Weekly CPI YoY          | 23 Apr | Apr    | 3.53%     | 3.59%    | --     | 3.62%    |
| Economic Activity IGAE YoY | 25 Apr | Feb    | 1.59%     | 0.86%    | --     | 0.83%    |
| Overnight Rate             | 25 Apr | Apr    | 3.50%     | 3.50%    | --     | 3.50%    |

## Most recent Latam reports

| Date       | Description   |
|------------|---|
| 21-04-2014 | > Mexico Migration Flash: Latin America and Caribbean could be the most dynamic region on remittances in 2014-2016          |
| 21-04-2014 | > Financial Inclusion Economic Watch: Voluntary long term savings in Mexico (in Spanish)                                    |
| 21-04-2014 | > Chile Economic Watch: More inflation dispersion but entirely explained by cyclical factors (in Spanish)                   |
| 17-04-2014 | > Chile Flash: Central Bank kept policy rate at 4% as widely expected by consensus  |
| 15-04-2014 | > Argentina Economic Watch: The challenge of competitiveness (in Spanish)   |
| 15-04-2014 | > Chile Economic Watch: Fiscal policy: more expansive than expected (in Spanish)  |
| 15-04-2014 | > Mexico Banking Flash: Bank deposits: uneven behaviour by components   |
| 15-04-2014 | > Peru Flash: Economic activity: output growth surprises on the upside in February  |
| 15-04-2014 | > Chile Flash: We expect activity to have increased between 2.9% and 3.4% YoY in March (in Spanish)                         |
| 14-04-2014 | > Brazil Travel Report: Politics starts to take centre stage while pessimism about the performance of the economy continues |

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