

# Latam Daily Flash

## 24 April 2014 Economic Analysis

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*In Mexico, private consumption remains weak while we expect inflation to decline in the first fortnight of April driven by seasonal electricity subsidies.*

## Chile - Traders are forecasting a 25bp cut in rates at May's monetary policy meeting

Trader's survey for the second half of April came out with inflation estimates at around +0.2% MoM for the current month (in line with our view). The results also reflected expectations of a 25bp cut in the monetary policy rate to 3.75% at May's meeting (according to 62% of respondents; BBVAe: 3.75%), while for a six-month horizon, traders anticipate the policy rate at 3.50% (according to 55% of respondents). The latter is in a context where long-term inflation expectations remained anchored to the central bank's target of 3%. Finally, traders forecast a slight depreciation of the currency to reach USDCLP 565 on a 3-month horizon.

## Mexico - Private consumption remains weak

Retail sales surprised to the downside in February, decreasing 1.3% MoM sa (BBVAe: 0.5%; consensus: 0.4%), equivalent to -1.7% YoY sa. The weakness was relatively broad-based with five out of eight sectors registering annual declines. This negative report is another sign of continued internal demand weakness in 1Q14. Going forward, a recovery in private consumption depends on a stronger pace of job-creation.

## What to watch today

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

We anticipate that 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 an 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	24 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	24 Apr	Mar	--	--	--	5.8
Retail Confidence	24 Apr	Mar	--	--	--	21.9
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	0.40%	0.48%	-1.72%	-0.30%
Bi-Weekly CPI	24 Apr	Apr	-0.18%	-0.12%	--	0.05%
Bi-Weekly Core CPI	24 Apr	Apr	0.10%	0.06%	--	0.13%
Bi-Weekly CPI YoY	24 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
23-04-2014	<a href="#">➤ Colombia Automobile Market Outlook 2013 (in Spanish)</a>
23-04-2014	<a href="#">➤ Chile Economic Watch: Competitiveness of manufacturing exports</a>
21-04-2014	<a href="#">➤ Mexico Migration Flash: Latin America and Caribbean could be the most dynamic region on remittances in 2014-2016</a>
21-04-2014	<a href="#">➤ Financial Inclusion Economic Watch: Voluntary long term savings in Mexico (in Spanish)</a>
21-04-2014	<a href="#">➤ Chile Economic Watch: More inflation dispersion but entirely explained by cyclical factors (in Spanish)</a>
17-04-2014	<a href="#">➤ Chile Flash: Central Bank kept policy rate at 4% as widely expected by consensus</a>
15-04-2014	<a href="#">➤ Argentina Economic Watch: The challenge of competitiveness (in Spanish)</a>
15-04-2014	<a href="#">➤ Chile Economic Watch: Fiscal policy: more expansive than expected (in Spanish)</a>
15-04-2014	<a href="#">➤ Mexico Banking Flash: Bank deposits: uneven behaviour by components</a>
15-04-2014	<a href="#">➤ Peru Flash: Economic activity: output growth surprises on the upside in February</a>

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