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Latam Daily Flash

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Economic Analysis

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Today we will be watching the credit report from Brazil, where we expect an increase in lending rates in line with recent monetary tightening.

Peru – Central bank lowered its GDP growth forecast for 2014

The central bank presented its quarterly Inflation Report, and revised its growth forecast for 2014 down to 5.5% (previously 6.1%). The change is mainly due to a reduction projected mining production, due to lower copper grades, as well as the delay in the start of production at the Tormocho project and the fight against illegal gold extraction. On the other hand, the forecast for 2015 was raised to 6.7% (6.5% in the previous report), mainly due to a statistical effect related to the change in the base year for calculating real GDP. It also forecasts that inflation will be in the range of 2.5-3.0% (previously 1.5-2.5%) by year end, closer to the upper limit of the target range (2% +/- 1pp), and that it will converge to the centre of the range in 2015.

Colombia – Increasing imports explained by fuels

Imports grew 11.3% YoY, to settle at USD 5.003mn. However, the highest proportion of the increase was explained by the performance of oil derivatives. If we exclude this component, imports grew only 2.3% YoY, in line with our expectations. The imports of consumer goods maintained a moderate dynamic (0.6% YoY), limited by a non-durable goods fall of 3.8% YoY. Hence, in a context of high household demand, a rebound in industrial production of consumer goods is possible, thus the imports are lower now.

What to watch today

Brazil – Credit report (March, 9:30hrs NYT)

Even though March was a somewhat exceptional month because of the Carnival holidays, we expect the BCB's credit report to show an increase in lending rates, in line with the recent monetary tightening, a moderation in credit from public banks and some (slight) improvement in private credit.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Tax Collections	28 Apr	Mar	87000M	--	86621M	83137M
CNI Consumer Confidence	28 Apr	Apr	--	--	108.7	108.8
FGV Inflation IGPM MoM	29 Apr	Apr	0.82%	--	--	1.67%
Outstanding Loans MoM	29 Apr	Mar	--	--	--	0.6%
Total Outstanding Loans	29 Apr	Mar	--	--	--	2733B
Primary Budget Balance	30 Apr	Mar	3,2B	--	--	2.1B
Trade Balance Monthly	2 May	Apr	$275M	--	--	$112M
Chile						
Manufacturing Index YoY	30 Apr	Mar	1.15%	1.3%	--	-1.97%
Unemployment Rate	30 Apr	Mar	6.3%	6.3%	--	6.1%
Retail Sales YoY	30 Apr	Mar	5.0%	5.5%	--	5.3%
Colombia						
Trade Balance	28 Apr	Feb	-$72,5	-$65.0	-$505,6	$157.4
Urban Unemployment Rate	30 Apr	Mar	10.6%	10.6%	--	11.2%
Budget Balance	30 Apr	Mar	--	--	--	-$2703B
Mexico						
Trade Balance	28 Apr	Mar	1600,0M	1830.0M	1026,6M	976.3M
Net Outstanding Loans	30 Apr	Mar	--	--	--	2496B
Budget Balance YTD	1 May	Mar	--	--	--	-45.7B
HSBC Mexico Manufacturing PMI	2 May	Apr	--	--	--	51.7
Remittances Total	2 May	Mar	1900,0M	1869.0M	--	1677.3M
IMEF Manufacturing Index SA	2 May	Apr	53.5	53.7	--	52.7
IMEF Non-Manufacturing Index SA	2 May	Apr	51.2	51.1	--	51.2
Peru						
CPI MoM	1 May	Apr	0.27%	--	--	0.52%
Wholesale Price Index MoM	1 May	Apr	--	--	--	0.38%

Most recent Latam reports

Date	Description
28-04-2014	Banxico Flash: Fondeo rate remains at 3.5%. Banxico tamed its dovish tone by indicating that economic activity improved marginally
28-04-2014	Colombia Automotive Outlook 2013
25-04-2014	Banxico Flash: Policy rate unchanged at 3.5%. Banxico points to a marginal improvement in activity, softening the dovish tone of the previous statement (in Spanish)
25-04-2014	Colombia Flash: 'Banco de la República' increased its monetary policy rate by 25pb to 3.50%
24-04-2014	Banxico Flash: Banxico will maintain rates at 3.5% and its dovish tone given lower-than-expected economic activity figures (in Spanish)
24-04-2014	Mexico Real Estate Flash: Banks' mortgage financing grew 17.4% in February (in Spanish)
24-04-2014	Chile Flash: We do not expect April CPI to surprise expectations reflected in surveys and asset prices (in Spanish)
23-04-2014	Colombia Automobile Market Outlook 2013 (in Spanish)
23-04-2014	Chile Economic Watch: Competitiveness of manufacturing exports
21-04-2014	Mexico Migration Flash: Latin America and Caribbean could be the most dynamic region on remittances in 2014-2016

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