

Latam Daily Flash

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Economic Analysis

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Activity data in March shows a worse outcome than we expected for 1Q14, and reinforces the bearish bias in our full-year forecast. Data published today for 1Q14 GDP in Chile should confirm a moderation in domestic demand mainly due to reduced investment.

Brazil - Economic activity contracted in March

The IBC-Br, the BCB's economic activity index which works as a monthly proxy for GDP, declined 0.1% MoM in March, broadly in line with forecasts (BBVA: -0.2% MoM; consensus: 0.0% MoM). The figure confirms that economic activity decelerated over the first quarter: the revised series released on Friday shows that the contraction in March follows growth of 1.5% MoM in January and flat expansion (0.0% MoM) in February. Together, these numbers show that the economy grew 0.3% QoQ in 1Q14, less than our GDP forecast for the period (0.5% QoQ).

What to watch today

Chile - GDP and external accounts (1Q14, 8:30hrs NYT)

We expect GDP growth of 2.4% YoY in 1Q14 (+0.6% QoQ sa). In terms of the expenditure components, figures should still point to a slowdown in domestic demand, mainly gross investments in machinery and equipment, but also combined with deceleration in private consumption. The continuous change in the composition of growth, and the reallocation of resources associated with this phenomenon, should lead to a considerable narrowing of the current account deficit towards levels around 1% of 1Q14 GDP. Nonetheless on a yearly basis the deficit should reach around 3% of GDP. The latter is still consistent with our view of a convergence of the deficit towards more sustainable levels during 2014-15.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Weekly	19 May	May	0,40%	--	0,42%	0.45%
CNI Industrial Confidence	19 May	May	--	--	--	49.2
Formal Job Creation Total	20 May	Apr	160000	--	--	13117
IBGE Inflation IPCA-15 MoM	21 May	May	0,55%	0,56%	--	0.78%
Unemployment Rate	22 May	Apr	5,15%	5,1%	--	5.0%
FGV Consumer Confidence	23 May	May	--	--	--	106.3
FGV CPI IPC-S	23 May	May	--	--	--	0,78%
Current Account Balance	23 May	Apr	-\$6500M	--	--	-\$6248M
Foreign Investment	23 May	Apr	\$5450M	--	--	\$4995M
Chile						
GDP QoQ	19 May	1Q	0,60%	0,6%	--	-0.10%
Current Account Balance	19 May	1Q	-\$150M	\$650M	--	-\$2430M
PPI MoM	23 May	Apr	--	--	--	-2.9%
Colombia						
Trade Balance	20 May	Mar	-\$322.1M	--	--	-\$505.6M
Imports CIF Total	20 May	Mar	\$4937M	--	--	\$5003.5M
Vehicle Sales	22 May	Apr	--	--	--	26418
Mexico						
Retail Sales YoY	21 May	Mar	-1,1%	-1,9%	--	-1.7%
Central Bank Inflation Report	21 May	--	--	--	--	--
Unemployment Rate NSA	22 May	Apr	4,82%	4,96%	--	4.80%
Bi-Weekly CPI	22 May	May	-0,38%	-0,37%	--	-0.05%
Bi-Weekly CPI YoY	22 May	May	3,44%	3,44%	--	3.47%
Economic Activity IGAE YoY	23 May	Mar	3,45%	2,93%	--	1.74%
GDP SA QoQ	23 May	1Q	0,6%	0,64%	--	0.2%
Current Account Balance	23 May	1Q	-\$5990M	-\$5300M	--	-\$4660M

Most recent Latam reports

Date	Description
16-05-2014	➤ Mexico Economic Watch: The secondary legislation in the energy sector will bolster oil revenues if the private sector eagerly participates
16-05-2014	➤ Uruguay Economic Outlook: First Half 2014
15-05-2014	➤ Mexico Real Estate Flash: At the end of the first quarter, banks' mortgages grow 18.7% (in Spanish)
15-05-2014	➤ Chile Flash: Central Bank continues to wait for the appropriate moment to cut policy rates
15-05-2014	➤ Peru Flash: March GDP came weaker than expected
15-05-2014	➤ Mexico Banking Flash: Bank deposits: getting stronger, driven by demand deposits
14-05-2014	➤ Latam Economic Outlook: Second Quarter 2014 (in Spanish)
14-05-2014	➤ Latin America: the shadow of China (presentation in Spanish)
13-05-2014	➤ Chile Economic Watch: Fiscal policy: more expansive than expected
13-05-2014	➤ Mexico Economic Watch: Secondary legislation on energy will boost oil revenues if the private sector decidedly becomes involved (in Spanish)

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