

# Latam Daily Flash

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**Economic Analysis**

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Erratum: We estimate that Peru's figure reduces —not increases— the possibility of a cut in policy rates.

*The Peruvian deficit reflects the downward correction in commodity prices, in particular metals. We estimate that this figure reduces the possibility of a cut in policy rates.*

## Peru – The current account deficit reached 6.6% of GDP in 1Q14

This is the highest quarterly print since 1998 and 1.1 percentage points above the figure reported in 1Q13. The larger deficit basically reflects the downward correction in commodity prices, in particular those of metals. Going forward, we expect it to shrink in the second half of the year as new big mining projects gradually reach their full operational capacity and drive exports up, while metal prices are expected to follow a more stable path. In terms of monetary policy, we believe this print reduces in the short-run the possibility of a policy rate cut in order to bolster Peru's currently weak economic activity (growing below its potential pace).

## Peru – Fiscal surplus of 6.0% of GDP in 1Q14

Peruvian public accounts thus remain strong (+6.4% in 1Q13 and close to +1.0% over the last four quarters), in spite of the support that fiscal spending is giving the economy in order to offset the slowdown in private demand. In this context the gross public debt has continued to decline and is currently below 18% of GDP, an improvement from the 19.2% print at the end of 2013. We expect the fiscal support to be maintained throughout the year, eventually helping the public accounts to become more balanced (the fiscal surplus would vanish in 2014).

## Colombia – Santos and Zuluaga go to a second round on 15 June

In Sunday's elections, Santos won 25.7% of the votes while Zuluaga, the right-wing candidate supported by former President Uribe, got 29.3%. The Conservative Party candidate Ramirez scored 15.5% and the leftist Democratic Pole candidate López 15.2%. With these results, Santos and Zuluaga will face a runoff election, to be held on 15 June, with possible alliances being formed between candidates. The proposals of both candidates differ primarily in the management of the peace process, which is marking the campaign. The results showed high levels of abstention, the highest since 1994.

## What to watch today

**Today no relevant economic data are released**

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Tax Collections	26 May	Apr	105400M	--	105884M	86621M
FIPE CPI - Weekly	27 May	May	0.40%	--	0.36%	0.42%
FGV Construction Costs MoM	27 May	May	1.39%	--	--	0.67%
Serasa Business Credit Delinquencies	27 May	--	--	--	--	--
Federal Debt Total	27 May	Apr	--	--	--	2081B
PPI Manufacturing MoM	28 May	Apr	--	--	--	-0.22%
Selic Rate	28 May	May	11.00%	11.00%	--	11.00%
FGV Inflation IGPM MoM	29 May	May	-0.01%	--	--	0.78%
Outstanding Loans MoM	29 May	Apr	--	--	--	1.0%
Total Outstanding Loans	29 May	Apr	--	--	--	2760B
CNI Consumer Confidence	29 May	May	--	--	--	108.7
GDP QoQ	30 May	1Q	0.2%	0.5%	--	0.7%
Primary Budget Balance	30 May	Apr	16,2B	--	--	3.6B
<b>Chile</b>						
Central Bank's Traders Survey	28 May	May	--	--	--	--
Manufacturing Index YoY	30 May	Apr	--	-3.1%	--	0.8%
Unemployment Rate	30 May	Apr	6.7%	6.7%	--	6.5%
Copper Production Total	30 May	Apr	--	481418	--	485614
Retail Sales YoY	30 May	Apr	--	3.0%	--	5.2%
<b>Colombia</b>						
Vehicle Sales	27 May	Apr	--	--	--	26418
National Unemployment Rate	30 May	Apr	--	--	--	9.7%
Overnight Lending Rate	30 May	May	3.75%	3.50%	--	3.50%
Budget Balance	30 May	Apr	--	--	--	-\$3048B
<b>Mexico</b>						
Trade Balance	26 May	Apr	-433.0M	-877.0M	509.6M	1026.6M
Budget Balance YTD	30 May	Apr	--	--	--	-61.9B
<b>Peru</b>						
GDP YoY	26 May	1Q	4.8%	4.8%	4.8%	5.2%
Peru to rebase GDP Indicators	26 May	--	--	--	--	--
CPI MoM	1 Jun	May	--	--	--	0.39%
Wholesale Price Index MoM	1 Jun	May	--	--	--	0.06%

## Most recent Latam reports

Date	Description
26-05-2014	<a href="#">➤ Mexico GDP Flash: BBVA Bancomer revises its 2014 growth forecast downwards to 2.5% and raises its 2015 estimate to 3.5%</a>
22-05-2014	<a href="#">➤ Brazil Economic Outlook: growth will be no higher than 2% in both 2014 and 2015</a>
22-05-2014	<a href="#">➤ Uruguay Automobile Market Outlook 2014 (in Spanish)</a>
22-05-2014	<a href="#">➤ Mexico Inflation Flash: Inflation remains under control</a>
21-05-2014	<a href="#">➤ Colombia Economic Outlook: Second Quarter 2014 (in Spanish)</a>
21-05-2014	<a href="#">➤ Paraguay Economic Outlook: First Half 2014 (in Spanish)</a>
21-05-2014	<a href="#">➤ Financial Inclusion Economic Watch: The Financial Inclusion Law in Uruguay</a>
20-05-2014	<a href="#">➤ Financial Inclusion Economic Watch: Analyzing the Uruguayan Law on Financial Inclusion (in Spanish)</a>
19-05-2014	<a href="#">➤ Chile Flash: GDP grew 2.6% YoY in 1Q14 above market expectations</a>
19-05-2014	<a href="#">➤ Mexico Insurance Observatory: Mexican insurance market is the second largest in Latin America (in Spanish)</a>

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