

Latam Daily Flash

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Economic Analysis

Madrid

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The central bank's economic survey in Chile anticipates a pause in rates at May's meeting followed by a 25bp cut in June, in line with our view. Analysts revised downwards their GDP forecasts for 2014 for a fourth consecutive month.

Mexico - Industrial production surprised to the downside

Industrial production unexpectedly fell 0.1% MoM sa in March. Monthly prints of -0.5% MoM sa and -0.3% MoM sa in the mining and manufacturing sectors, respectively, were behind the negative surprise. The monthly contraction is the first negative monthly reading of the year. In annual terms, industrial production also contracted -0.1% sa. Today's report skews our 0.7% QoQ 1Q14 GDP growth forecast to the downside. Nonetheless, we continue to expect a stronger recovery from 2Q14 onwards, driven by the recovery in the US.

Chile - Central bank economic survey anticipates a pause in policy rates in May

The central bank's survey revealed a consensus growth forecast for the monthly economic activity index of around 3.0% YoY in April (BBVAe: +2.7%/+3.7% YoY), and inflation at +0.3% MoM in May (BBVAe: +0.2% MoM). Annual inflation expectations for December 2014 increased from 3.3% to 3.7%, reflecting the recent surprises in monthly CPI inflation figures, while for the longer term they remain anchored to the central bank's target. In terms of monetary policy, the median of analysts anticipates a pause in the reference rate at May's meeting (70% of those surveyed) and a 25bp cut in June (with 53% of respondents), both in line with our view. Finally, we highlight a fourth consecutive downward correction in GDP growth expectations for 2014 from 3.4% to 3.2%, mainly influenced by incoming activity figures, while for 2015 growth expectations had been corrected downwards from 4.3% to 4.0%.

Colombia - Supply shocks limited export growth

In March, exports fell 4.5% to settle at USD4,408mn. Lower production of coal and oil were the main determinants of the fall of exports. The former was due to environmental restrictions imposed by the government on one of the main coal export companies and the latter due to an internal supply shock. Finally, manufacturing sector exports remained subdued due to limited competitiveness. The data was in line with our outlook, which assumes a recovery of exports during the second half of 2014, as local supply shocks disappear and higher growth rates consolidate in developed countries.

What to watch today

No relevant indicators will be released today

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Weekly	12 May	May	0.49%	--	0.45%	0.57%
Formal Job Creation Total	14 May	Apr	144764	--	--	13117
FGV Inflation IGP-10 MoM	15 May	May	0.29%	--	--	1.19%
Retail Sales MoM	15 May	Mar	0.0%	0.0%	--	0.2%
FGV CPI IPC-S	16 May	May	0.80%	--	--	0.84%
Economic Activity MoM	16 May	Mar	0.00%	-0.20%	--	0.24%
Chile						
Overnight Rate Target	16 May	May	4.00%	4.00%	--	4.00%
Colombia						
Exports FOB	12 May	Mar	\$4541,0	\$4500	\$4407,9	\$4271,4
Consumer Confidence Index	12 May	Apr	20.5	22.0	--	17.5
Retail Sales YoY	14 May	Mar	6.2%	6.80%	--	6.7%
Industrial Production YoY	14 May	Mar	8.9%	7.3%	--	2.8%
Mexico						
Industrial Production YoY	12 May	Mar	3.0%	1.84%	3.43%	0.5%
Industrial Production MoM	12 May	Mar	0.3%	0.93%	-0.13%	0.3%
ANTAD Same-Store Sales YoY	12 May	Apr	1.5%	-0.6%	2.4%	-2.4%
Peru						
Economic Activity YoY	15 May	Mar	5.9%	--	--	5.7%
Unemployment Rate	15 May	Apr	6.4%	--	--	6.9%

Most recent Latam reports

Date	Description
12-05-2014	➤ Mexico Banking Flash: Credit to the private sector ended the first quarter with growth of 8.5% (in Spanish)
12-05-2014	➤ Mexico Flash: There are signs that economic activity has started to improve
09-05-2014	➤ Mexico Flash: There are signs that suggest that economic activity has started to improve (in Spanish)
09-05-2014	➤ Mexico Economic Watch: Mexican manufacturing exports gained competitiveness in 2002-2012
09-05-2014	➤ Brazil Flash: Inflation surprises to the downside
08-05-2014	➤ Peru Economic Outlook: Second Quarter 2014 (in Spanish)
08-05-2014	➤ Uruguay Economic Outlook: First Half 2014 (in Spanish)
08-05-2014	➤ Chile Economic Watch: Who is responsible for the fall in investment: the Treasury, the private sector or both? (in Spanish)
08-05-2014	➤ Peru Flash: No monetary policy news: the policy rate stayed at 4,0% in May and the communiqué was pretty similar to last month's
08-05-2014	➤ Mexico Inflation Flash: lowest point probably behind us

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