

# Latam Daily Flash

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**Economic Analysis**

Madrid

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*In Chile monthly activity expanded, below the market consensus, but consistent with our GDP forecast for 2014. In Colombia inflation surprised to the upside once again, showing signs of possible, albeit modest, domestic price pressures.*

## Chile - Aggregate activity grew 2.8% YoY in March

Monthly activity increased 2.8% YoY in March (-0.2% MoM sa), below the market consensus (3.0% YoY) but slightly above our estimate (BBVAe: 2.7% YoY), mainly driven by positive contributions from retail sales and personal and entrepreneur services. With this figure GDP growth reached 2.4% YoY in 1Q14 but it is still consistent with our GDP forecast of 3.4% this year. For the coming months we forecast some recovery in activity figures towards an expansion range of between 3% and 4% in annual terms. Finally, in terms of monetary policy, we anticipate a 25bp cut in rates at May's meeting (to 3.75%) conditional on April's inflation figure that we forecast at +0.2% MoM (see our [Chile Flash](#) for more details).

## Colombia - Inflation readings continue to surprise to the upside

The consumer price index (CPI) in April exceeded market expectations and increased by 0.46% MoM and 2.72% YoY. Increases in the shelter and food indexes accounted for most of CPI increase. The food index increased 0.7% in March, with potatoes increasing notably (25.7% MoM). Water and electricity prices rose substantially with a monthly variation of 2.7% and 1.6%, respectively. Thus, food and shelter made a contribution of 0.37 percentage points to the monthly CPI variation. On the other hand, core inflation has firmed up over the past five months, reaching an annual variation of 2.73% in April, a possible sign that domestic price pressures - while still modest and below 3% - are on the rise.

## What to watch today

### Mexico - Consumer and producer confidence (April, 09:00hrs NYT)

We estimate that the Mexican producer confidence index will increase to 52.2 in March on the back of better prospects due to the recent improvement in US manufacturing output (0.5% MoM sa in March). Meanwhile, we expect the consumer confidence index to reach 91.3 supported by a better than expected job creation figure in March (108K).

### Colombia - Exports (March, 17:00hrs NYT)

We expect exports to fall 2.6% YoY, and to settle at USD4.5bn. In March, coal exports remained significantly below average due to environmental restrictions. Furthermore, industrial problems impeding exports in the two first months of the year could have been repeated in March, mainly in the automotive sector. In total, these data could imply a downward revision of our forecast for exports in 2014.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
FGV CPI IPC-S	5 May	Apr	0.71%	--	0.77%	0.78%
FIPE CPI - Monthly	6 May	Apr	0.53%	--	0.53%	0.74%
PPI Manufacturing MoM	6 May	Mar	--	--	--	0.51%
HSBC Brazil Composite PMI	6 May	Apr	--	--	--	51.0
HSBC Brazil Services PMI	6 May	Apr	--	--	--	51.0
CNI Capacity Utilization (SA)	6 May	Mar	--	--	--	82.6%
FGV Inflation IGP-DI MoM	7 May	Apr	0.60%	--	--	1.48%
Industrial Production MoM	7 May	Mar	-1.95%	-0.8%	--	0.4%
FGV CPI IPC-S	8 May	May	--	--	--	--
IGP-M Inflation 1st Preview	9 May	May	0.40%	--	--	0.72%
IBGE Inflation IPCA MoM	9 May	Apr	0.80%	0.72%	--	0.92%
Vehicle Exports Anfavea	9 May	Apr	--	--	--	23592
<b>Chile</b>						
Economic Activity MoM	5 May	Mar	0.2%	-0.3%	-0.17%	0.2%
Central Bank Meeting Minutes	6 May	--	--	--	--	--
Trade Balance	7 May	Apr	\$1150	\$1087	--	\$1702
Real Wage MoM	7 May	Mar	--	--	--	-0.2%
CPI MoM	8 May	Apr	0.2%	0.2%	--	0.8%
CPI Core MoM	8 May	Apr	0.2%	0.2%	--	0.7%
<b>Colombia</b>						
PPI MoM	5 May	Apr	--	--	0.43%	1.71%
CPI MoM	5 May	Apr	0.32%	0.24%	0.46%	0.39%
CPI Core MoM	6 May	Apr	--	0.11%	--	0.31%
Exports FOB	6 May	Mar	\$4569.0	\$4500	--	\$4271.4
Colombia Monetary Policy Minutes	9 May	--	--	--	--	--
<b>Mexico</b>						
Consumer Confidence Index	6 May	Apr	90.0	91.3	--	88.8
CPI MoM	8 May	Apr	-0.13%	-0.10%	--	0.27%
CPI Core MoM	8 May	Apr	0.36%	0.34%	--	0.21%
Bi-Weekly CPI	8 May	Apr	0.10%	0.13%	--	-0.19%
Bi-Weekly Core CPI	8 May	Apr	0.07%	0.03%	--	0.26%
Vehicle Production AMIA	8 May	Apr	--	--	--	277314
Gross Fixed Investment	9 May	Feb	-1.7%	--	--	-2.4%
Central Bank Monetary Policy Minutes	9 May	--	--	--	--	--
Nominal Wages	9 May	Apr	--	--	--	4.4%
<b>Peru</b>						
Reference Rate	8 May	May	4.00%	--	--	4.00%
Trade Balance	9 May	Mar	-\$325M	--	--	\$114M

## Most recent Latam reports

Date	Description
05-05-2014	<a href="#">➤ Mexico Economic Watch: Mexican manufacturing exports gained competitiveness in 2002-2012 (in Spanish)</a>
05-05-2014	<a href="#">➤ Mexico Migration Flash: Remittances to Mexico grew at double digit in March: increased 16% in annual rate</a>
05-05-2014	<a href="#">➤ Chile Flash: INE retail sales would have grown less than 4% YoY in April (in Spanish)</a>
05-05-2014	<a href="#">➤ Chile Flash: Activity grew 2.8% YoY in March</a>
05-05-2014	<a href="#">➤ Financial Inclusion Economic Watch: Financial Inclusion Status in Peruvian Households</a>
02-05-2014	<a href="#">➤ Colombia Economic Watch: Industry's competitiveness has gone down since 2008 (in Spanish)</a>
02-05-2014	<a href="#">➤ Peru Flash: April inflation reflected seasonal and supply factors</a>
01-05-2014	<a href="#">➤ Chile Flash: Budget execution recovered in the first quarter, paving the way for public investment to contribute to growth offsetting weak private investment (in Spanish)</a>
30-04-2014	<a href="#">➤ Chile Flash: Activity data by sector anticipates Imacec at 2.7% YoY in March</a>
29-04-2014	<a href="#">➤ Mexico Real Estate Flash: Mortgage lending by banks grew 17.4% in February</a>

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