

Latam Daily Flash

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Economic Analysis

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Producer and consumer confidence in Mexico registered a poor performance in April, in line with a profile of a slow recovery at the beginning of the year.

Chile - April's minutes reveal the board's intention to increase monetary stimulus

The minutes of April's monetary policy meeting showed the board's discussions regarding the possibility of both maintaining the MPR at 4.00% and reducing it to 3.75%. It also highlighted that recent events in the international scenario had improved global financial conditions, although risks were still latent in some emerging economies and in Europe. On the local front, the board's main concerns were over the slowdown in activity and demand, and the depreciation pass-through to inflation. In this context, the board decided to maintain rates and the expansionary bias, whilst awaiting more information on the second round effect of CPI inflation and the impact of past monetary stimulus on current activity figures. In this regard, we still believe an increase in monetary stimulus is necessary (BBVAe: 3.25% at 2014 eop) to bring the inflation figures towards the central bank's goal of 3% in the medium term.

Mexico - Producer and consumer confidence indexes remain weak

Producer and consumer confidence registered a weak performance in April. Producer confidence inched down 0.5% MoM sa (-8.5% YoY sa). The good news was that the volume of orders increased 0.6% MoM sa. Meanwhile, the consumer confidence index reported a monthly increase of only 0.1% MoM sa (-6.1% YoY sa) dragged down by a sharp decline (-2.9% MoM sa) in the expectations of the economic situation in twelve months compared to the current situation. Yesterday's report points to a prevailing perception of economic weakness. If, as expected, exports and job creation accelerate in coming months, this sentiment should gradually reverse.

What to watch today

Brazil - Industrial production (March, 8:00hrs NYT)

We expect industrial production to decline sharply, erasing most of the gains accumulated in January and February. Such a decline is in line with a contraction of overall economic activity in March, but the expansion in the previous months should still lead to a 1Q14 GDP of 0.5% QoQ (vs. 0.7% QoQ in 4Q13).

Chile - Trade balance (April, 8:30hrs NYT)

We expect a USD1.1bn surplus in April's trade balance (accumulating a surplus of USD3.8bn in 2014), driven by our expectations of exports at USD6.7bn (-0.7% YoY) and imports at USD5.6bn (-11.9% YoY). Meanwhile, we forecast copper exports in the order of USD3.2bn (-7.8% YoY). Overall, import figures should still reveal a deceleration in domestic demand components, particularly driven by the deceleration in durable consumption and lower accumulation of machinery and equipment.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
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	--	--	-0.22%	0.51%
HSBC Brazil Composite PMI	6 May	Apr	--	--	49.9	51.0
HSBC Brazil Services PMI	6 May	Apr	--	--	50.4	51.0
FGV Inflation IGP-DI MoM	7 May	Apr	0.60%	--	--	1.48%
Industrial Production MoM	7 May	Mar	-1.95%	-0.8%	--	0.4%
CNI Capacity Utilization (SA)	8 May	Mar	--	--	--	82.6%
FGV CPI IPC-S	8 May	May	0.78%	--	--	0.77%
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
Chile						
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%
Colombia						
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%	0.36%	0.31%
Colombia Monetary Policy Minutes	9 May	--	--	--	--	--
Mexico						
Consumer Confidence Index	6 May	Apr	90.0	91.3	90.3	88.8
Vehicle Production AMIA	7 May	Apr	--	--	--	277314
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%
Gross Fixed Investment	9 May	Feb	-1.7%	--	--	-2.4%
Central Bank Monetary Policy Minutes	9 May	--	--	--	--	--
Nominal Wages	9 May	Apr	--	--	--	4.4%
Peru						
Reference Rate	8 May	May	4.00%	4.00%	--	4.00%
Trade Balance	9 May	Mar	-\$325M	--	--	\$114M

Most recent Latam reports

Date	Description
06-05-2014	➤ Colombia Flash: April inflation continues to surprise to the upside
06-05-2014	➤ Yearbook of migration and remittances Mexico 2014
05-05-2014	➤ Mexico Economic Watch: Mexican manufacturing exports gained competitiveness in 2002-2012 (in Spanish)
05-05-2014	➤ Mexico Migration Flash: Remittances to Mexico grew at double digit in March: increased 16% in annual rate
05-05-2014	➤ Chile Flash: INE retail sales would have grown less than 4% YoY in April (in Spanish)
05-05-2014	➤ Chile Flash: Activity grew 2.8% YoY in March
05-05-2014	➤ Financial Inclusion Economic Watch: Financial Inclusion Status in Peruvian Households
02-05-2014	➤ Colombia Economic Watch: Industry's competitiveness has gone down since 2008 (in Spanish)
02-05-2014	➤ Peru Flash: April inflation reflected seasonal and supply factors
01-05-2014	➤ 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)

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