

# Latam Daily Flash

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Economic Analysis

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Today, we expect both the monetary policy meeting in Chile and the minutes of last week's meeting in Brazil to reveal an increased focus on domestic issues. With respect to the former, we expect the policy rate to remain unchanged with no significant changes in the central bank's neutral stance in the medium term. In Brazil, however, the minutes should be consistent with a monetary tightening cycle starting as soon as April, although we do not expect the central bank to close the door on a stable SELIC ahead.

## Chile - Financial traders expect no changes in the policy rate at today's meeting

The first central bank financial traders survey in March showed an inflation forecast of 0.4% MoM for this month (BBVAe: 0.3% MoM) and no change in the monetary policy rate for the next six months (in line with our expectations). Finally, on a three-month horizon, traders estimate the exchange rate to close at CLPUSD475.

## What to watch today

### Brazil - Monetary policy minutes (March, 07:30 hrs NYT)

The minutes should maintain the focus on domestic issues. In particular, we expect them to reveal more concerns about inflation and fewer about growth. Overall, they should be consistent with a tightening cycle starting as soon as April but, at the same time, leaving the door open for the central bank to hold the SELIC unchanged at 7.25%.

### Brazil - Retail sales (January, 08:00 hrs NYT)

We expect retail sales to have rebounded moderately in January (BBVAe: 0.7% MoM; consensus: 0.4% MoM), which would support perspectives of economic recovery and our forecasts for GDP growth of around 1.0% QoQ in 1Q13e (vs. 0.6% QoQ in 4Q12).

### Chile - Monetary policy meeting (March, 17:00 hrs NYT)

Although the balance of risks is tilted towards the domestic, we continue to expect the central bank to both keep the monetary policy rate unchanged at 5% at today's meeting (consensus: 5%) and to maintain its neutral stance for the medium term.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
FIPE CPI - Weekly	11-Mar	2-mar	0.05%	--	0.06%	0.52%
Economic Activity Indx MoM SA	14-20 MAR	Jan	0.85%	--	--	0.26%
COPOM Monetary Policy Meeting Minutes	14-Mar	1-ene	--	--	--	--
Retail Sales (MoM)	14-Mar	Jan	0.40%	0.70%	--	-0.5%
CAGED Formal Job Creation	14-21 MAR	Feb	97647.5	--	--	28900
FGV Inflation IGP-10 (MoM)	15-Mar	Mar	0.28%	--	--	0.29%
<b>Chile</b>						
CB Economic Expectation Survey	12-Mar	Mar	--	--	--	--
CB Financial Traders Survey	13-Mar	Mar	--	--	--	--
Nominal Overnight Rate Target	14-Mar	2-mar	5.00%	5.00%	--	5.00%
<b>Colombia</b>						
Vehicle Sales	11-Mar	Feb	--	--	22888	19994
Consumer Confidence	12-Mar	Feb	--	16.00	14.9	23.1
Outstanding Loans (YoY)	14-20 MAR	Jan	--	--	--	15.23%
<b>Mexico</b>						
Trade Balance	11-Mar	Jan F	--	--	-2866.4M	-2878.9M
Industrial Production (YoY)	12-Mar	Jan	1.3%	--	1.7%	-1.1%
ANTAD Same-Store Sales (YoY%)	12-Mar	Feb	--	--	0.2%	0.5%
<b>Peru</b>						
Trade Balance (INEI)	11-Mar	Jan	-\$975M	--	-\$468M	\$679M
Unemployment	15-Mar	Feb	6.5%	--	--	6.1%
Economic Activity Indx YoY NSA	15-Mar	Jan	6.25%	--	--	4.3%

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
12-3-2013	<a href="#">➤ Mexico Real Estate Flash: Construction activity remains flat</a>
12-3-2013	<a href="#">➤ Mexico Flash. Industrial production rebounded in January, 1.1% m/m, positively highlights the construction industry</a>
8-3-2013	<a href="#">➤ Mexico. Banxico Watch: Banxico Delivers</a>
8-3-2013	<a href="#">➤ Chile Flash: Monthly inflation stood at 0.1% in February, below expectations</a>
8-3-2013	<a href="#">➤ Brazil Flash: February inflation pushes central bank up against the wall</a>
7-3-2013	<a href="#">➤ Mexico Real Estate Flash: The construction guarantee program: Is this what is needed?</a>
7-3-2013	<a href="#">➤ Mexico Real Estate Flash: Construction output down a notch</a>
7-3-2013	<a href="#">➤ Flash Peru: Central policy rate: no surprises</a>
7-3-2013	<a href="#">➤ Mexico Inflation Flash: February's CPI: Inflation accelerated as widely expected; But it's risk balance remain positive.</a>
7-3-2013	<a href="#">➤ Peru Economic Watch: Activity kept showing strong dynamism in 4Q12 (Spanish)</a>

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