

# Latam Daily Flash

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Economic Analysis

Madrid

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*In Chile, activity indicators surprised negatively in April, creating a downward bias to our growth forecasts. In our view, the deceleration revealed by recent activity data is not sharp enough to trigger an easing in monetary conditions in the short term. In Colombia, yearly inflation moderated, mostly due to positive base effects and construction data introduced an upward bias to GDP in the first quarter. Today markets will focus on the release of the minutes of last week's monetary policy meeting in Brazil, which are likely to show an increasing concern about inflation, opening the way to additional SELIC hikes ahead.*

## Chile - Monthly activity expanded a modest 4.4% YoY in April

Monthly activity expanded by a modest 4.4% YoY in April (BBVAe 5.1%), in spite of the two additional working days and the significant growth in retail sales. Our GDP growth estimates for 2Q13e are between 4.1% and 4.5%, which along with first quarter prints puts a downward bias to our baseline scenario of 5% GDP growth for this year. In terms of monetary policy, we see the deceleration in activity as uneven and not requiring cuts in the policy rate in the very short run (see our [Chile Flash](#) for details).

## Colombia - Buildings census results were better than expected

The strong momentum of contract completions (+29.7% YoY) was explained by restarts of works put on hold. However, completions were not replaced at the same rate as new building starts, which fell 1.6% YoY. This is especially true in Bogotá and Medellín. The numbers introduce a slight upward bias to 1Q13 GDP growth (2.3% YoY), although in line with our outlook of a negative contribution from the residential sector in 2Q13e. In 2H13e we expect a recovery in the sector, driven by the positive effects of the mortgage rate subsidies offered by the central government.

## Colombia - Inflation decelerated very slightly in May

Consumer inflation increased by 0.28% MoM (BBVAe: 0.26%; consensus: 0.23%), decelerating in annual terms to 2.0% YoY in May, mostly due to positive base effects. The main contributor to the variation were regulated prices (0.81% MoM). Core inflation indicators as of May suggest a very moderate recovery, in line with our expectation of a still sluggish growth in the quarter. CPI inflation numbers support our forecast of 2.56% YoY for inflation at the end of 2013.

## What to watch today

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

The minutes of the monetary policy meeting that surprised many last week by announcing a 50bp hike in the Selic rate will be released today. We expect them to show that the COPOM is now mainly focused on inflation and that domestic and external uncertainties are now secondary concerns.

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

We expect a fall of 3.5% YoY. Data should confirm the rebound of mining shipments, which faced supply shocks in February and March. However, lower industrial exports should limit the expansion, explained by a slower internal momentum and a lower demand from developed countries.

## 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	03 Jun	May	0.35%	--	0.32%	0.40%
PMI Manufacturing	03 Jun	May	--	--	50.4	50.8
Trade Balance (Mln) - Monthly	03 Jun	May	\$1800M	--	760M	-\$994M
Industrial Production sa (MoM)	04 Jun	Apr	1%	1%	1.8%	0.7%
FIPE CPI - Monthly	05 Jun	May	0.2%	--	0.1%	0.28%
PMI Services	05 Jun	May	--	--	51	51.3
Commodity Price Index (MoM)	05 Jun	May	--	--	0.55%	-1.93%
FGV Inflation IGP-DI	06 Jun	May	0.18%	--	--	-0.06%
COPOM Monetary Policy Meeting Minutes	06 Jun	May	--	--	--	--
Vehicle Sales (Anfavea)	06 Jun	May	--	--	--	333738
IBGE Inflation IPCA (MoM)	07 Jun	May	0.38%	0.38%	--	0.55%
<b>Chile</b>						
Central Bank Meeting Minutes	03 Jun	May	--	--	--	--
Economic Activity Indx YoY NSA	06 Jun	Apr	4.95%	5.1%	--	3.1%
CPI (MoM)	07 Jun	May	0.1%	0.1%	--	-0.5%
Trade Balance in US\$ Million	07 Jun	May	\$500	\$565.1	--	\$447.0
<b>Colombia</b>						
Producer Price Index (MoM)	04 Jun	May	--	--	0.19%	-0.32%
Consumer Price Index (MoM)	06 Jun	May	0.25%	0.26%	0.28%	0.25%
Exports FOB - US\$ million	06 Jun	Apr	--	\$4835	--	\$4567.1
Vehicle Sales	07-14 Jun	May	--	--	--	--
<b>Mexico</b>						
Remittances (USD)	03 Jun	Apr	1868	--	1901.0M	1783.6M
IMEF Manufacturing Index NSA	03 Jun	May	51.30	--	49	51.8
Consumer Confidence	04 Jun	May	95.8	98.3	95.2	95.7
Gross Fixed Investment	06 Jun	Mar	-4.5%	--	--	0.5%
Consumer Prices (MoM)	07 Jun	May	-0.3	--	--	0.07%
Overnight Rate	07 Jun	2-Jun	4.00%	--	--	4.00%

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
5-06-2013	<a href="#">➤ Flash Chile: Monthly activity increase of 4.4% YoY in April is not a pleasant surprise, but still not enough to start a expansionary monetary cycle</a>
5-06-2013	<a href="#">➤ Mexico Economic Outlook Second Quarter 2013</a>
5-06-2013	<a href="#">➤ Mexico Flash: Banco de México: No change in monetary rate. Dovish tone due to economic activity</a>
5-06-2013	<a href="#">➤ Mexico Real Estate Flash: Which forces dominate among those driving forward and dragging back the housing market?</a>
3-06-2013	<a href="#">➤ Flash Peru: Annual inflation slightly rose in May</a>
3-06-2013	<a href="#">➤ Flash Chile: Monetary Policy Report will raise downward bias for the policy rate. Central Bank discussed a preventive cut of 25 basis points in last meeting</a>
3-06-2013	<a href="#">➤ Mexico Migration Flash: Remittances accumulate 10 months in row with falls</a>
31-05-2013	<a href="#">➤ Flash Colombia: BanRep kept policy rate unchanged at 3.25% and extends USD purchase program until September</a>
31-05-2013	<a href="#">➤ Mexico Migration Flash: Would had Remittances fallen again in April?</a>
30-05-2013	<a href="#">➤ Flash Chile: Imacec will reach 5,1% yoy in April, and activity will expand between</a>

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