

# Latam Daily Flash

## 5 August 2013 Economic Analysis

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*The agenda at the end of last week was very quiet, where the only highlight was the indicator of cement consumption in Peru which provided additional evidence of the slowdown in private spending. Today the markets are awaiting activity data in Chile, which is also likely to point to a moderation in growth in the second quarter, confidence data in Mexico, where we expect a slight improvement, and July's inflation data in Colombia, which should accelerate helped by low base prices.*

## Peru - The deceleration in cement consumption signals a moderation in private spending

Domestic cement consumption, a variable that closely matches the performance of construction, rose 5.7% YoY in June, but less than in previous prints (12.4% in May and 24.5% in April). This comes on top of other indicators that are signalling a moderation in private spending, even though we expect it to be partially offset by an increase in public expenditure.

## What to watch today

### Chile - Monthly Activity Index (June, 8:30 hrs NYT)

We expect the monthly economic activity index (Imacec) to increase 3.3% YoY in June (+0.8% MoM sa). The print will mainly be driven by retail sales and mining output, although it will be offset by a contraction in manufacturing production. With this figure the GDP expansion in 2Q13 would reach 3.7% YoY, reinforcing concerns about the economic slowdown. Overall, the activity data is putting an unambiguous downward bias on our GDP forecast for this year.

### Mexico - Consumer Confidence (July, 9 hrs NYT)

Given the recent improvement in retail sales, and its strong relationship with consumer confidence, we expect this index to improve slightly (0.4% MoM) to 93.8 (93.4 in June), however, in annual terms, we believe it will remain weak (-3.5% YoY).

### Colombia - Consumer inflation (July, 20:00 hrs NYT)

We expect consumer inflation to accelerate slightly in July to 2.26% YoY (vs. June: 2.16%), due to last year's low statistical base. We do not expect any relevant changes in core prices, while food prices should contribute to the yearly acceleration.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
PMI Services	05 Aug	Jul	--	--	--	51
FGV Inflation IGP-DI MoM	06 Aug	Jul	0.24%	--	--	0.76%
Vehicle Sales Anfavea	06 Aug	Jul	--	--	--	318619
IBGE Inflation IPCA MoM	07 Aug	Jul	0.00%	0.05%	--	0.26%
Commodity Price Index MoM	07-14 AUG	Jul	--	--	--	5.34%
IGP-M Inflation 1st Preview	08 Aug	Aug	--	--	--	0.26%
FGV CPI IPC-S	08 Aug	Aug 7	--	--	--	-0.17%
CNI Capacity Utilization (SA)	08 Aug	Jun	--	--	--	82.2%
FIPE CPI - Weekly	09 Aug	Aug 7	--	--	--	-0.16%
<b>Chile</b>						
Economic Activity YoY	05 Aug	Jun	3.4%	3.30%	--	3.5%
Trade Balance	07 Aug	Jul	--	-\$462	--	\$608.0
CPI MoM	08 Aug	Jul	--	0.20%	--	0.6%
<b>Colombia</b>						
Vehicle Sales	5-9 AUG	Jun	--	--	--	24488
CPI MoM	06 Aug	Jul	0.09%	0.08%	--	0.23%
Exports FOB	08 Aug	Jun	--	\$4800	--	\$5266.8
Colombia Monetary Policy Minutes	09 Aug	--	--	--	--	--
Consumer Confidence Index	09-15 Aug	Jul	--	25	--	27.4
<b>Mexico</b>						
Consumer Confidence Index	05 Aug	Jul	--	93.8	--	93.3
Gross Fixed Investment	07 Aug	May	--	--	--	5.9%
Central Bank 2Q Inflation Report	07 Aug	--	--	--	--	--
CPI MoM	08 Aug	Jul	0.02%	-0.08	--	-0.06%
Trade Balance	09 Aug	Jun F	--	--	--	855.0M
Industrial Production YoY	09-20 Aug	Jun	--	0.2%	--	0.5%
Manufacturing Production (YoY)	09-20 Aug	Jun	--	1.5%	--	2.2%
<b>Peru</b>						
Reference Rate	09 Aug	Aug	4.25%	--	--	4.25%
Trade Balance	09 Aug	Jun	--	--	--	-\$404M

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
1-08-2013	<a href="#">➤ Flash Peru: Inflation stood above the target range</a>
30-07-2013	<a href="#">➤ Flash Chile: Activity data by sector anticipates Imacec increase of 3.3% YoY in June. Monetary policy minutes revealed signals about timing of easing</a>
29-07-2013	<a href="#">➤ Mexico Migration Outlook July 2013</a>
26-07-2013	<a href="#">➤ Central Bank in Colombia kept policy rate at 3.25% and revises downwards 2013FY GDP growth forecast from 4.3% to 4.0%</a>
24-07-2013	<a href="#">➤ Mexico Inflation Flash: July's biweekly inflation: Inflation Surprises to the Downside. Thanks to a Very Low Core Print</a>
22-07-2013	<a href="#">➤ Mexico Banking Flash: Bank deposits: slowdown has been gradual</a>
18-07-2013	<a href="#">➤ Brazil Flash: For the COPOM, the exchange rate depreciation is a "natural and expected" transition to normality, but entails risks</a>
15-07-2013	<a href="#">➤ Mexico Real Estate Flash: Construction returns to negative terrain</a>
15-07-2013	<a href="#">➤ Flash Peru: GDP slowed in May</a>
15-07-2013	<a href="#">➤ Mexico Flash: Industrial production rebounded in May, partially offsetting the sharp decline in April. The trend remains of moderation</a>

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