

# Latam Daily Flash

15 August 2013  
Economic Analysis

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## Traders Survey in Chile anticipate a policy rate cut in a 3-month horizon

Financial traders survey reveals expectations of a 25 pb cut in monetary policy rate on a 3-month period. Consumer confidence in Colombia support a recovery for 2H13, retail sales in Brazil in line with moderation in household consumption.

## Chile - Financial Traders Survey reveals inflation expectations hovering at 0.3% MoM for August

The survey for the first half of August showed an inflation rate forecast of 0.3% MoM for current month (BBVAe: 0.2% MoM). Results also show expectations of a 25bp cut in the monetary policy rate on a 3-month horizon reaching 4.75% (in line with our view). Meanwhile, for a 6-month period, the results anticipate policy rate at 4.5%. Finally, traders estimate the exchange rate at CLP/USD 515 on a 3-month horizon, weaker than previous survey.

## Colombia - Consumer confidence levels still support a recovery in private consumption

Consumer confidence fell to 25.1 in July (27.4 in June), but remained in the optimistic zone (over zero) and remained higher than a year ago. By components, it highlights a further increase in the willingness to buy durable goods and the correction in the housing purchase intent from higher levels. These results still support our view of a stronger economic recovery in the second half, which is largely based on the best performance in private consumption.

## Brazil - Retail sales in line with moderation in household consumption

Retail sales indicator grew by 0.5% MoM (1,7% YoY) in June, slightly better than the previous month (zero growth) and in line with the moderation in household consumption of the last months. Despite the closure of some shops influenced by the protest of this month, consumers have taken advantage of the tax incentives on appliances purchases.

## What to watch today

### Perú - GDP growth (June, 12:00hrs NYT)

We expect GDP to have increased by 4.7% YoY in June, below the previous reading (5,0% in May). In our view, this level of expansion would reflect the lower growth of the primary sectors and a slowdown in construction, which is in line with the moderation of domestic demand. Additionally, this estimation reflects the statistical effect of having one-less working day compared to the same month last year.

### Colombia - Building permits (June, 17:00 hrs NYT)

Residential investment will be one of the main drivers to reach growth close to 5% during 2014. Thus, a negative result in the indicator (below 1.5 m. of square meters) would imply a downward bias in our growth previsions.

### Brazil - Economic Activity (June, 18:00 hrs NYT)

The monthly activity indicator will provide information on the rate of progress in 2Q13 which we expect will come out at 0.8% MoM, which represents a significant recovery compared to data published last month (-1.4%) but underperforming within the context of moderation in activity, particularly in private consumption.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
Retail Sales MoM	14 Aug	Jun	0.6%	0.4%	0.50%	0.00%
Formal Job Creation Total	14-21 Aug	Jul	100000	--	--	123836
FGV Inflation IGP-10 MoM	15 Aug	Aug	0.15%	--	--	0.43%
Economic Activity MoM	15 Aug	Jun	1.2%	0.9%	--	-1.4%
Tax Collections	15-22 Aug	Jul	94500	--	--	85683M
FGV CPI IPC-S	16 Aug	Aug 15	0.07%	--	--	-0.02%
<b>Chile</b>						
Overnight Rate Target	14 Aug	Aug 13	4.88%	5.00%	5.00%	5.00%
Central Bank's Traders Survey	14 Aug	--	--	--	--	--
<b>Colombia</b>						
Vehicle Sales	14 Aug	Jul	--	--	--	--
Consumer Confidence Index	13 Aug	Jul	25	25	25.1	27.4
Outstanding Loans	14-21 Aug	Jun	--	--	--	\$260.1T
Trade Balance	16 Aug	Jun	--	\$700	--	\$315.4
<b>Mexico</b>						
ANTAD Same-Store Sales (YoY%)	13 Aug	Jul	0.50%	--	2.30%	1.6%
<b>Peru</b>						
Unemployment Rate	15 Aug	Jul	--	--	--	5.8%
Economic Activity YoY	15 Aug	Jun	5.05%	--	--	5.00%

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
13-08-2013	<a href="#">▶ Colombia Economic Outlook 3Q13 (In Spanish)</a>
13-08-2013	<a href="#">▶ Flash Chile: Central Bank kept policy rate at 5%, but easing should be materialize in September</a>
9-08-2013	<a href="#">▶ Brazil Economic Outlook</a>
8-08-2013	<a href="#">▶ 3Q13 Latin America Economic Outlook (in Spanish)</a>
8-08-2013	<a href="#">▶ Peru Flash: Central Bank leaves open the possibility of further easing reserve requirements</a>
8-08-2013	<a href="#">▶ Mexico Inflation Flash: Inflation continues falling in July, and the core inflation reaches its historical low</a>
8-08-2013	<a href="#">▶ Chile Flash: CPI inflation increased 0.3% MoM in July</a>
8-08-2013	<a href="#">▶ 3Q13 Mexico Economic Outlook (in Spanish)</a>
7-08-2013	<a href="#">▶ Peru Economic Outlook 3Q13 (in Spanish)</a>
7-08-2013	<a href="#">▶ Brazil Flash: Significant decline of inflation in July marks the beginning of a downward trend</a>

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