

Latam Daily Flash

12 November 2013 Economic Analysis

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In Mexico, industrial production surprised strongly to the downside. Today we expect the trade balance in Peru to show negative export growth in September, as a result of falling mining output. Meanwhile in Chile, results of the economic expectations survey should point to a decision to maintain the policy rate unchanged at November's meeting.

Mexico - Broad-based weakness in industrial production sectors

Industrial production fell by 1.2% MoM sa in September, surprising strongly to the downside (BBVAe: 0.6%, consensus: -0.5%). Weakness was broad-based, with construction, manufacturing and utilities output registering monthly decreases of -1.5%, -1.1% and -0.7% MoM sa, respectively, and mining production expanding just 0.2% MoM sa. Although the PMI index remains below 50, suggesting moderate manufacturing sector growth at the start of the fourth quarter, we expect to see a better performance going forward on the back of the recent strengthening in the US manufacturing sector (e.g., the ISM index is at a two-year high).

What to watch today

Chile - Central Bank Economic Expectations Survey (November, 07:30hrs NYT)

We expect the survey to reveal forecasts of no changes in the monetary policy rate for the rest of the year (closing 2013 at 4.75%), in line with our view. Nonetheless, we anticipate further cuts in policy rates during 2014 but of no more than 75bp. Additionally, we think the results will point to an increase of around 3.6% YoY for the economic activity index (Imacec) in October and monthly inflation at around +0.1% MoM for November.

Peru - Trade balance (September, 12:00hrs NYT)

We expect a negative outcome for export growth (interannual) in September, as a result of a contraction in mining output. In this context, we estimate that the trade balance will have continued to trend downwards that month. Going forward, we expect exports to pick up in the last quarter (due to a strong recovery in mining output) and, with that, lead to a more stable trade balance.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Weekly	11 Nov	Nov	0.54%	--	0.55%	0.39%
Central Bank Weekly Economists Survey	11 Nov	--	--	--	--	--
Retail Sales MoM	13 Nov	Sep	0.70%	0.80%	--	0.90%
FGV Inflation IGP-10 MoM	14 Nov	Nov	0.45%	--	--	1.11%
Economic Activity MoM	14 Nov	Sep	0.20%	0.30%	--	0.08%
Formal Job Creation Total	14 Nov	Oct	113900	--	--	211068
Tax Collections	15 Nov	Oct	--	--	--	84212M
Chile						
Central Bank's Economist Survey	12 Nov	--	--	--	--	--
Central Bank's Traders Survey	13 Nov	--	--	--	--	--
Colombia						
Central Bank's Economists Survey	12 Nov	--	--	--	--	--
Consumer Confidence Index	12 Nov	Oct	--	20	--	14.6
Mexico						
Industrial Production YoY	11 Nov	Sep	-0.45%	--	-1.60%	-0.70%
ANTAD Same-Store Sales YoY	12 Nov	Oct	-0.60%	--	--	-3.20%
Peru						
Trade Balance	12 Nov	Sep	-\$27M	--	--	\$92M
Unemployment Rate	15 Nov	Oct	5.80%	--	--	5.90%
Economic Activity YoY	15 Nov	Sep	4.20%	--	--	4.30%

Most recent Latam reports

Date	Description
11-11-2013	➤ Economic Watch Pacific Alliance: Financial integration in the PA: High potential and major challenges to successful integration
8-11-2013	➤ Flash Chile: CPI in October at +0.1% MoM pushed by food prices
7-11-2013	➤ Flash Peru: Central Bank surprised by cutting its policy rate
7-11-2013	➤ Uruguay Economic Outlook: Second Half 2013 (in Spanish)
7-11-2013	➤ Mexico Inflation Flash: Core inflation remains subdued while non-core inflation was driven higher by electricity tariffs
7-11-2013	➤ Peru Economic Outlook: Fourth Quarter 2013 (in Spanish)
6-11-2013	➤ Chile Economic Outlook: Fourth Quarter 2013 (in Spanish)
6-11-2013	➤ Colombia Flash: October inflation surprised on the downside by falling 0,26% MoM and reducing annual inflation (1,84%) below the target range
5-11-2013	➤ Flash Chile: Monthly activity reached 3.9% YoY in September (in Spanish)
5-11-2013	➤ Chile Economic Watch: 3Q13 Budget Execution: More revenue and less expenditure

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