

# Latam Daily Flash

## 22 May 2013 Economic Analysis

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*In Colombia, the Minister of Finance will ask BanRep to extend dollar purchases beyond May, introducing an upward bias in USDCOP. Job creation in Brazil came out slightly below expectations and shows some weakness compared to the previous year. Today all eyes will be on mid-May inflation in Brazil, expected to ease in monthly terms but remain still high YoY. Meanwhile, we expect March retail sales in Mexico to continue to indicate a deceleration.*

## Colombia - Minister of Finance will ask BanRep to extend dollar purchases beyond May

Minister Cardenas said that the strong peso is still worrying the government, and will thus ask BanRep to continue accumulating foreign reserves up to USD 9bn. The current dollar purchase programme is set to expire in May, with BanRep committed to purchasing USD 3.5bn. The amount announced by Mr. Cardenas is substantial and above market expectations, which we think could introduce an upward bias in USDCOP in the coming days. The minister's estimate is above BBVA Research expectations, which are based on our view that BanRep has room to continue its purchase programme, although up to USD 6.5bn for FY13e.

## Brazil - Job creation in Brazil slightly below expectations showing some weakness compared to the previous year

Brazil's Labor Ministry reported yesterday that 196,913 new jobs were added in April, slightly below market expectations (consensus: 215,000), and a 9.25% lower than in the same month one year ago, when 216,974 jobs were created. The sector that created more jobs was services, which counts with 75,220 new workers, followed by industry, which added 40,603 new jobs. This data points to an still tight labor market in line with our comments over the previous months.

## What to watch today

### Brazil - IPCA-15 (May, 08:00hrs NYT)

May's IPCA-15, which measures inflation from mid-April to mid-May, should show that inflation is still gradually easing in monthly terms (to 0.42% MoM from 0.51% MoM in April), although it still remains very high in yearly terms (6.4% YoY, vs. 6.5% YoY in April).

### Mexico - Retail sales (March, 09:00hrs NYT)

We expect the retail sales indicator for March to continue to decelerate YoY, maintaining the same trend that has characterised the index since mid-2012. In spite of solid job-creation (4.1% YoY in March) we expect retail sales to grow 0.3% MoM, or 1.1% YoY. Although the ANTAD sales indicator points to a bigger slowdown, the March IGAE service index posted an upturn (1% MoM vs. -0.2% average in the previous quarter), a sign that other services could continue to see growth.

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
IGP-M Inflation 2nd Preview	20-May	May	--	--	0.01%	0.28%
CAGED Formal Job Creation	21-May	Apr	215000	--	196913	112450
Tax Collections	21-May	Apr	95000M	--	98713M	79613M
IBGE CPI IPCA-15 (MoM)	22-May	May	0.49%	0.42%	--	0.51%
Current Account - Monthly	22-May	Apr	-7268.5	--	--	-\$6873M
FGV CPI IPC-S	23-May	2-may	0.33%	--	--	--
Unemployment Rate	23-May	Apr	5.55%	5.9%	--	5.7%
FGV Consumer Confidence	24-May	May	--	--	--	113.9
Total Outstanding Loans	24-May	Apr	--	--	--	2427B
<b>Chile</b>						
GDP (YoY)	20-May	1Q	4.5%	4.4%	4.1%	5.70%
Current Account	20-May	1Q	-1800	-2150	-1690	-2880.0
Central Bank's Traders Survey	22-May	May	-100.5	--	--	--
<b>Colombia</b>						
Trade Balance	20-May	Mar	-100.5	-\$115	\$285.7	\$386.4
Outstanding Loans (YoY)	22-24 May	Mar	--	--	--	--
<b>Mexico</b>						
Retail Sales (INEGI)	22-May	Mar	-0.2%	--	--	-2.6%
GDP Current \$ YoY	23-May	1Q	4.2%	--	--	3.9%
Bi-Weekly CPI	23-May	2-may	-0.35%	--	--	0.01%
Unemployment Rate	24-May	Apr	4.67%	--	--	4.51%
Current Account Balance	24-May	1Q	-4500	--	--	-\$6490M
<b>Peru</b>						
GDP YoY	23-May	1Q	4.8%	4.8%	--	5.9%

## Most recent Latam reports

Date	Description
17-05-2013	<a href="#">➤ Peru Economic Outlook Second Quarter 2013</a>
17-05-2013	<a href="#">➤ Mexico GDP Flash: Slightly higher than estimated, GDP grew 0.5% q/q in 1Q13. This is, however, the lowest annual growth since 2009</a>
16-05-2013	<a href="#">➤ Chile Flash: Central Bank kept interest rate at 5% overshadowing dovish market positions</a>
15-05-2013	<a href="#">➤ Peru Flash: Output surprises on the downside in March</a>
15-05-2013	<a href="#">➤ Mexico Real Estate Flash: Activity in the construction sector declined in the first quarter</a>
9-05-2103	<a href="#">➤ Mexico Flash: April's inflation: Headline Inflation Peaks as Core Inflation Falls Again Below 3%</a>
9-05-2103	<a href="#">➤ Peru Flash: The Central Bank keeps a neutral bias for the policy rate</a>
9-05-2103	<a href="#">➤ Chile Economic Outlook (in Spanish) - Second quarter, 2013</a>
9-05-2103	<a href="#">➤ Peru Economic Outlook (in Spanish) - Second quarter, 2013</a>
9-05-2103	<a href="#">➤ Colombia Economic Outlook (in Spanish) - Second quarter, 2013</a>

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