

# Latam Daily Flash

4 June 2013  
Economic Analysis

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*In Chile, minutes from the last monetary policy meeting showed that the board had already discussed a 25bp rate cut, which introduces a downward bias for the future path of policy rates, although we think an actual cut may only be introduced if consumption slows. Meanwhile, remittances surprised to the upside in Mexico in April, another sign of recovery in the US cycle. Today, markets will be looking at industrial production in Brazil, key for a recovery in 2Q13, and consumer confidence in Mexico, which we expect to increase and support consumption.*

## Chile - Central bank discussed a preventative 25 bp cut in its policy rate last meeting

The recently released central bank Minutes discussed a preventative 25 bp cut, which lead us to believe that the Board will introduce a downward bias to the policy rate in the Monetary Policy Report released on July 1st. Even so, we expect such a decline in the policy rate to be conditional on a slowdown in private consumption. Cutting interest rates before this happens would increase the current account deficit, and raise medium-term inflation expectations. Overall, we expect the central bank to keep the policy rate unchanged at 5% at its June meeting (see our [Chile Flash](#) for details).

## Mexico - Remittances surprised to the upside in April

Remittance flows to Mexico accelerated in April to USD1902mn, higher than consensus forecast. However remittances declined 6.4% YoY in USD terms with the annual rate declining for the ninth consecutive month since July 2012 (see our [Remittances Flash](#) for details).

## What to watch today

### Brazil - Industrial production (April, 08:00hrs NYT)

Leading indicators (especially auto production figures) suggest that industrial output expanded around 1.0% MoM in April. We expect the momentum in the industrial sector to provide some support to growth in 2Q13e.

### Mexico - Consumer confidence (May, 09:00hrs NYT)

We expect consumer confidence to increase slightly in May (to 98.3), as one of its key drivers, job-creation in the formal private sector, accelerated slightly in April to 0.3% MoM from an average monthly growth of 0.2% in 1Q13.

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
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%	--	0.7%
FIPE CPI - Monthly	05 Jun	May	0.2%	--	--	0.28%
PMI Services	05 Jun	May	--	--	--	51.3
Commodity Price Index (MoM)	05-12 Jun	May	--	--	--	-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	--	--	--	-0.32%
Consumer Price Index (MoM)	06 Jun	May	0.25%	0.26%	--	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	--	95.7
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

Date	Description
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>
29-05-2013	<a href="#">➤ Brazil Flash: COPOM focuses on inflation and increases the pace of monetary tightening</a>
29-05-2013	<a href="#">➤ Brazil Flash: Growth surprises to the downside in 1Q13, due to a sharp slowdown in consumption</a>
29-05-2013	<a href="#">➤ Uruguay Economic Outlook; First Half 2013</a>
23-05-2013	<a href="#">➤ Mexico Inflation Flash: May's biweekly inflation: annual inflation remains close to 4.7% as non-core shocks prove more resilient than expected</a>

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