

# Latam Daily Flash

## 20 June 2013 Economic Analysis

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*The breakdown of 1Q GDP growth in Mexico confirmed the weakness of foreign demand but also the moderation of domestic demand. Today, we expect April retail sales to show that there has been no reverse in the deceleration trend in consumption. Also today we will be looking at unemployment figures in Brazil, expected to show that the labor market is losing some steam. In addition, we expect GDP growth figures in Colombia for the first quarter to show the drag from the manufacturing sector.*

## Mexico - GDP demand components confirm the soft patch in 1Q13

The release of GDP components confirms the foreign demand-related weakness and the moderation trend in domestic demand in 1Q13. The contributions of domestic demand and net exports to GDP growth in the first quarter were 1.6% and -0.6%, respectively. Private consumption remained relatively strong, growing 2.6% YoY in 1Q13, similar to the 2.5% YoY average increase of the previous three quarters. Private investment expanded only slightly (0.4% YoY) dragged down by construction weakness (-1.5% YoY). Meanwhile, government expenditure decreased 0.7% in annual terms. Lastly, exports fell 0.3% YoY in the first quarter.

## What to watch today

### Brazil - Unemployment rate (May, 08:00hrs NYT)

The labor market should continue to lose some of its buoyancy in May. We expect the seasonally-adjusted unemployment rate to rise from 5.4% in April to 5.5% (in line with an unadjusted headline figure stable at 5.8%).

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

We expect retail sales to post zero or even slightly negative growth in April. The ANTAD (i.e. supermarket) sales indicator, which contracted by an average of 2.7% YoY in April-May (based on ANTAD indicators with our own adjustments), points to a significant moderation in retail sales at the beginning of the second quarter.

### Colombia - GDP (2Q13, 12:00hrs NYT)

Our forecasts indicate that GDP growth will be bounded by supply shocks in mining and manufacturing contraction in 1Q13. Meanwhile, a better balance of the construction sector and the strength of private consumption will help offset the downward pressures. Our outlook is for annual growth of 2.3% (vs. 3.1% in 4Q12). We expect growth to accelerate gradually, reaching more than 5% YoY in the second half of the year.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
CAGED Formal Job Creation	20-21 Jun	May	155000	--	--	196913
Tax Collections	20-22 Jun	May	86024.5M	--	--	98713M
FGV CPI IPC-S	17 Jun	2-Jun	0.46%	--	0.43%	0.48%
FIPE CPI - Weekly	18 Jun	2-Jun	0.18%	--	0.18%	0.13%
IGP-M Inflation 2nd Preview	18 Jun	Jun	0.65%	--	0.74%	0.01%
Unemployment Rate	20 Jun	May	5.8%	5.8%	--	5.8%
IBGE CPI IPCA-15 (MoM)	21 Jun	Jun	0.37%	0.36%	--	0.46%
Current Account - Monthly	21 Jun	May	-\$6400M	--	--	-\$8318M
<b>Colombia</b>						
Outstanding Loans	20-21 Jun	Apr	--	--	--	\$253.0B
Imports	18-Jun	Apr	--	\$5167M	\$5167M	\$4488M
Trade Balance	18 Jun	Apr	\$129M	\$37M	\$36.8M	\$285.7M
GDP (YoY)	20 Jun	1Q	2.8%	2.3%	--	3.1%
Retail Sales (YoY)	21 Jun	Apr	3.3%	0.2%	--	0.9%
Industrial Production (YoY)	21-Jun	Apr	1.6%	6.4%	--	-11.5%
<b>Mexico</b>						
Aggregate Supply & Demand	19 Jun	1Q	1%	2.8%	1%	3.6%
Retail Sales (INEGI)	20 Jun	Apr	1.2%	-0.1%	--	-2.4%
Central Bank Monetary Policy Minutes	21 Jun	--	--	--	--	--
<b>Peru</b>						
Central Bank Quarterly Inflation Report	21 Jun	--	--	--	--	--

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
17-06-2013	<a href="#">➤ Brazil Flash: Government takes steps toward the normalization of economic policies</a>
14-06-2013	<a href="#">➤ Flash Peru: April GDP and available indicators anticipate strong performance in the second quarter</a>
13-06-2013	<a href="#">➤ Flash Peru: Unsurprisingly, the policy rate remains at 4,25%</a>
11-06-2013	<a href="#">➤ Mexico Real Estate Flash: Some oxygen for the construction sector</a>
11-06-2013	<a href="#">➤ Flash Colombia: It was confirmed the leadership of infrastructure in GDP growth in 2013</a>
10-06-2013	<a href="#">➤ Mexico Real Estate Flash: Construction in energy, ahead on its own</a>
10-06-2013	<a href="#">➤ Mexico Flash: Industrial production, with sharp drop in April. Confirms and amplifies the negative trend</a>
7-06-2013	<a href="#">➤ Brazil Flash: Inflation: stable around the target ceiling for now, but moving up soon</a>
7-06-2013	<a href="#">➤ Flash Chile: CPI had no variation in May but it may increase 0.5% MoM in June</a>
7-06-2013	<a href="#">➤ Mexico Inflation Flash: Inflation in May: Supply Shocks Within Non Core Inflation Prevents Headline Inflation from Falling</a>

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