

# Latam Daily Flash

## 24 September 2013 Economic Analysis

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*Yesterday the BCRP revised its growth forecast for 2013 down to 5.5%, in line with the potential trend. Inflation is expected to be below the upper limit of the target range in 2013. In Mexico, retail sales surprised to the upside yesterday while today, inflation is likely to confirm the absence of any signs of demand-side pressures.*

## Colombia - Imports in July suggest a strong recovery of private consumption

Imports shrank 1.6% YoY with a better performance of consumer goods (+4.3%) and raw materials (+3.7%) than of capital goods (-11.5%). In the industrial sector, capital goods imports remained weak (-0.6% YoY), although with better demand for raw materials for the sector (5.2%), suggesting an ongoing albeit sluggish recovery. The trade deficit for July reached USD221mn FOB (export data was released some weeks ago). All in all, import data suggest a stronger recovery of household consumption and construction than in the industrial sector.

## Mexico - Surprisingly, retail sales are off to a good start in 3Q13

Retail sales were stronger than expected in July, expanding 0.6% MoM sa. By components, the surprise was mainly driven by a 2.7% MoM sa increase in vehicle sales and also supported healthcare and supermarket and department store sales, which rose 1.5% and 0.9% MoM sa, respectively. This is a positive report and the 2.4% MoM increase already seen in the ANTAD index for general goods same-store sales points to a positive report next month.

## Peru - Central bank lowers GDP growth forecasts

The BCRP revised its growth forecast for 2013 down to 5.5% (previously 6.1%). This change is based on a slower expansion of exports (due to a downward revision of global growth) and also by a moderation in private spending. For 2014, the bank expects output to grow at 6.2% (previously 6.3%), in line with the potential trend. It also forecasts that inflation will fall to 2.9% by year-end, below the upper limit of the target range (2% +/- 1pp), and to converge to its centre in 2014.

## What to watch today

### Mexico - Inflation (1st fortnight of September, 09:00hrs NYT)

We expect inflation data for September to confirm that there are no signs of demand-side inflation pressures in a context of ample economic slack. We expect 0.29% FoF in the first fortnight of September, or an annual rate of 3.42%. We anticipate core inflation will increase 0.18% FoF in the period, remaining close to the 2.37% YoY all-time low.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
Tax Collections	23 Sep	Aug	84500M	--	83956M	94293M
FGV CPI IPC-S	23 Sep	2-Sep	0.27%	--	0.27%	0.27%
Central Bank publishes quarterly inflation report	23 Sep	--	--	--	--	--
FGV Consumer Confidence	24 Sep	Sep	--	--	--	113.1
Current Account Balance	24 Sep	Aug	-\$5081M	--	--	-\$9018M
FIPE CPI - Weekly	25 Sep	2-Sep	0.17%	--	--	0.16%
PPI Manufacturing YoY	25 Sep	Aug	--	--	--	4.96%
Unemployment Rate	26 Sep	Aug	5.60%	5.70%	--	5.60%
FGV Inflation IGPM MoM	27 Sep	Sep	1.42%	--	--	0.15%
Total Outstanding Loans	27 Sep	Aug	--	--	--	2546B
Central Govt Budget Balance	27 Sep	Aug	0.5B	--	--	3.7B
<b>Colombia</b>						
Outstanding Loans	24 Sep	Jul	--	--	--	\$265.0T
Trade Balance	23 Sep	Jul	\$118.7	-\$12,3	-\$221	\$717.8
Imports	23-Sep	Jul	--	\$4934	\$5111.8	\$4311
Industrial Confidence	24 Sep	Aug	--	--	--	-2
Retail Confidence	24 Sep	Aug	--	--	--	21.8
Current Account Balance	26 Sep	2Q	--	--	--	-\$3038M
Overnight Lending Rate	27 Sep	2-Sep	3.25%	3.25%	--	3.25%
Budget Balance	27 Sep	Aug	--	--	--	-\$3448B
<b>Mexico</b>						
Retail Sales YoY	23 Sep	Jul	0.50%	--	1.30%	-1.90%
Bi-Weekly CPI	24 Sep	2-Sep	0.23%	--	--	0.07%
Bi-Weekly Core CPI	24 Sep	2-Sep	0.21%	--	--	0.01%
Economic Activity IGAE YoY	25 Sep	Jul	1.30%	--	--	-0.39%
Trade Balance	26 Sep	Aug P	-1500	--	--	-1436.7M

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
23-09-2013	<a href="#">➤ Mexico Flash: Banxico: rate cut decision passed by simple majority. FED in the spotlight</a>
19-09-2013	<a href="#">➤ Flash Mexico: Private consumption and investment dragged down GDP in 2Q13 (In Spanish)</a>
19-09-2013	<a href="#">➤ Flash Colombia: GDP surprised upwards in 2Q13 growing 4.2% YoY with a homogeneous path to recovery</a>
16-09-2013	<a href="#">➤ Flash Peru: GDP growth kept moderate in July</a>
12-09-2013	<a href="#">➤ Flash Chile: Central Bank kept the monetary policy rate at 5%. Even though, the downward bias for the MPR was ratified</a>
12-09-2013	<a href="#">➤ Flash Peru: Monetary policy meeting: no news</a>
11-09-2013	<a href="#">➤ Mexico Economic Watch: Fiscal Reform: in the right direction, but not enough</a>
10-09-2013	<a href="#">➤ Colombia Economic Outlook 3Q13</a>
06-09-2013	<a href="#">➤ Banxico Flash: As BBVA Bancomer called it, Banxico cuts the monetary interest rate. If the economic weakness continues, another cut cannot be dismissed</a>
06-09-2013	<a href="#">➤ Brazil Flash: Inflation continues to ease</a>

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