

Latam Daily Flash

6 February 2014 Economic Analysis

Madrid
Juan Ruiz
Chief Economist, South America
juan.ruiz@bbva.com
+34 91 3745887

Enestor dos Santos
Principal Economist, Latam
enestor.dossantos@bbva.com
+34 639827211

Cecilia Posadas
Economist, Latam
c.posadas@bbva.com
+ 34 91 3746279

Pablo Urbiola
pablo.urbiola@bbva.com
+ 34 91 8072457

With contributions from the BBVA
Research Latam Team:

Lima
Hugo Perea
Chief Economist, Peru
hugo.perea@bbva.com
+51 1 2112042

Bogota
Juana Tellez
Chief Economist, Colombia
juana.tellez@bbva.com
+571 3471600

Santiago
Jorge Selaive
Chief Economist, Chile
jselaive@bbva.com
+56 2 2939 10 92

Mexico City
Carlos Serrano
Chief Economist, Mexico
carlos.serrano@bbva.com
+ 5255 5621 4354

Javier Amador
Principal Economist, Mexico
javier.amador@bbva.com
+ 5255 5621 3095

In Chile, activity in 4Q13 was driven by positive contributions from sales and services, and was in line with an expansion of 4% in 2013 as we anticipated earlier; we maintain our forecast for 2014 which anticipates a cut in the MPR at February's meeting. In Colombia, inflation remained below market consensus but in line with our view of a convergence to the central bank's target in 2014.

Chile - Monthly activity grew at 2.6% YoY in December 2013, in line with expectations

Monthly activity expanded 2.6% YoY in December 2013 (+0.8% MoM sa), in line with our expectations (2.4% YoY) and mainly driven by positive contributions from retail sales and services. With this print, GDP growth should reach 2.7% YoY in 4Q13 - the lowest since 1Q10 when the economy was affected by the 27F earthquake - and closing 2013 with a GDP expansion of 4%. For January we anticipate a range for the Imacec between 1.5% and 2.5% YoY, mainly affected by port strikes during that period. Nonetheless, we maintain our forecast of 4% GDP growth in 2014, with a recovery towards potential output during 2H14. Finally, in terms of monetary policy, we still anticipate a 25bp cut in rates at February's meeting to 4.25% (see our [Chile Flash](#) for more details).

Colombia - CPI increased 0.49% MoM in January, slightly below our forecast

January's inflation accelerated to 0.49% (MoM) due to anticipated seasonality, but remained slightly below market consensus (0.55% MoM). The main drivers were food and regulated prices, even though they rebounded slightly less than anticipated. Measures of core inflation continued to rise and on average reached an annual rate of 2.5%. We expect inflation in 2014 to crawl towards the central bank's long-term target of 3.0% as economic activity accelerates and we see a heightened pass-through of recent currency depreciation.

What to watch today

No relevant indicators are planned to be released today

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	3 Feb	Jan	0.99%	--	0.99%	0.93%
PMI Manufacturing	3 Feb	Jan	--	--	50.8	50.5
Trade Balance Monthly	3 Feb	Jan	-\$4550M	-\$4000M	-\$4057M	\$2654M
Vehicle Sales Fenabrave	3 Feb	Jan	--	--	312619	353863
FIPE CPI - Monthly	4 Feb	Jan	0.91%	--	0.94%	0.65%
Industrial Production MoM	4 Feb	Dec	-1.50%	-1.00%	-3.46%	-0.20%
CNI Capacity Utilization (SA)	5 Feb	Dec	--	--	81.40%	82%
PMI Services	5 Feb	Jan	--	--	49.6	51.7
Vehicle Sales Anfavea	6 Feb	Jan	--	--	--	353843
FGV Inflation IGP-DI MoM	7 Feb	Jan	0.42%	--	--	0.69%
IBGE Inflation IPCA MoM	7 Feb	Jan	0.62%	0.65%	--	0.92%
Chile						
Economic Activity MoM	5 Feb	Dec	0.40%	0.50%	0.81%	0.50%
Real Wage MoM	6 Feb	Dec	--	--	--	1.00%
CPI MoM	7 Feb	Jan	0.20%	0.14%	--	0.60%
Colombia						
PPI MoM	4 Feb	Jan	--	--	0.22%	0.11%
CPI MoM	6 Feb	Jan	0.56%	0.56%	0.49%	0.26%
CPI Core MoM	6 Feb	Jan	--	0.44%	--	0.24%
Mexico						
IMEF Manufacturing Index SA	4 Feb	Jan	--	--	49.7	50.3
Remittances Total	4 Feb	Dec	1740.8M	1747.0M	1798.5M	1693.8M
Producer Confidence Index SA	5 Feb	Jan	--	52.5	50.6	51.3
Consumer Confidence Index SA	5 Feb	Jan	91.0	89.5	84.5	89.7
Leading Indicators (MoM)	6 Feb	Dec	--	--	--	0.06%
CPI MoM	7 Feb	Jan	0.96%	0.95%	--	0.57%
Bi-Weekly CPI	7 Feb	Jan	--	0.23%	--	0.68%

Most recent Latam reports

Date	Description
05-02-2014	➤ Mexico Flash: Moody's raised Mexico's sovereign rating to A3 from Baa1 based on the approval of government's reform agenda
05-02-2014	➤ Mexico Real Estate Flash: In the year to November, banking mortgage lending grew 6.1%
05-02-2014	➤ Economic Calendar 2014: Mexico and United States (in Spanish)
05-02-2014	➤ Chile Flash: Monthly activity grew at 2.6% YoY in December 2013, in line with our expectations
04-02-2014	➤ Mexico Real Estate Flash: Mortgage loans in the banking system grew 6.1% up to November (in Spanish)
04-02-2014	➤ Mexico Migration Flash: Accumulated remittances closed 2013 with a fall of 3.8%
03-02-2014	➤ Working Paper: Fiscal Sustainability and Economic Growth in Bolivia
03-02-2014	➤ Peru Flash: January inflation surprised to the upside and located outside the target range
03-02-2014	➤ Working Paper: Financial inclusion and the role of mobile banking in Colombia: developments and potential
31-01-2014	➤ Banxico Flash: Fondo rate unchanged at 3.5%; tone aimed at anchoring inflation expectations

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