

Latam Daily Flash

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Economic Analysis

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Today we will watch GDP data on Colombia and Mexico. In the former, we expect an important contribution from construction investment and private consumption, and the latter will corroborate the moderation in domestic demand in contrast to the good expansion in exports.

Colombia - JP Morgan increases weight in Global Indexes

JP Morgan announced that the weight of Colombian bonds in both the GBI-EM Global Diversified and GBI-EM Global would be increased starting 30 May, due to heightened transparency and improved accessibility for international investors in the local market. The weights for Colombian bonds may more than double to 8% from 3.2% in the GBI-EM Global Diversified index and to 5.6% from 1.8% in the GBI-EM Global index. The news generated a significant appreciation of the currency, establishing the COP as the currency with the highest daily return (+1%).

What to watch today

Colombia - GDP (4Q13, 12:00hrs NYT)

We expect GDP to have grown 4.8% in 4Q13, allowing 2013's GDP growth to reach 4.1% for the whole year. Construction investment, both private and public, will have likely contributed the most to activity, in addition to a good performance from private consumption as it continued to consolidate its recovery. Meanwhile, the manufacturing sector continued depressed. All in all, agriculture and commerce, together with construction, will have had the greatest growth during the quarter.

Mexico - GDP Breakdown (4Q13, 09:00hrs NYT)

Global Supply and Demand of Goods and Services in 4Q13 will report 0.5% growth, with original series. We expect internal demand for the final quarter of last year to have grown as a consequence of i) total consumption growth of 0.5%; ii) a contraction of 3.1% in total fixed capital gross formation; and iii) a 2.7% expansion in goods and services exports. These figures will corroborate the weakness seen in economic activity at the end of 2013.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGP-10 MoM	17 Mar	Mar	1.25%	--	1.29%	0.30%
FGV CPI IPC-S	17 Mar	Mar	0.81%	--	0.84%	0.71%
Tax Collections	20 Mar	Feb	85961M	--	--	123667M
FIPE CPI - Weekly	19 Mar	Mar	0.61%	--	0.68%	0.57%
IGP-M Inflation 2nd Preview	19 Mar	Mar	1.30%	--	1.41%	0.24%
IBGE Inflation IPCA-15 MoM	21 Mar	Mar	0.73%	0.65%	--	0.70%
CNI Industrial Confidence	21 Mar	Mar	--	--	--	52.4
Chile						
GDP YoY	18 Mar	4Q	2.90%	2.7%	2.70%	4.74%
Colombia						
Retail Sales YoY	17 Mar	Jan	6.05%	6.3%	6.50%	4.50%
Industrial Production YoY	17 Mar	Jan	1.00%	-0.3%	0.07%	1.60%
Outstanding Loans	17 Mar	Jan	--	--	\$283.5T	\$281.8T
GDP YoY	20 Mar	4Q	4.60%	--	--	5.10%
Overnight Lending Rate	21 Mar	Mar	3.25%	--	--	3.25%
Mexico						
International Reserves Weekly	19 Mar	Mar	--	--	\$181043M	\$180801M
Aggregate Supply and Demand	20 Mar	4Q	0.44%	0.5%	--	1.51%
Retail Sales YoY SA	21 Mar	Jan	--	0.75%	--	2.5%
Overnight Rate	21 Mar	Mar	3.50%	3.50%	--	3.50%

Most recent Latam reports

Date	Description
19-03-2014	➤ Latam Economic Watch: Loss of manufacturing competitiveness in Latin America (in Spanish)
19-03-2014	➤ Chile Flash: Exchange rate: Beware of short-term reversals (in Spanish)
19-03-2014	➤ Chile Economic Watch: Competitiveness of manufacturing exports (in Spanish)
18-03-2014	➤ Brazil Economic Watch: Loss of competitiveness in the Brazilian manufacturing sector (in Spanish)
18-03-2014	➤ Chile Flash: Economy grew 4.1% YoY in 2013 with generalized slowdown in economic sectors (in Spanish)
17-03-2014	➤ Chile Flash: We expect February Imacec between 1.6% and 2.6% YoY, below the median of the Economic Expectations Survey (in Spanish)
17-03-2014	➤ Peru Flash: GDP growth slowed in January
17-03-2014	➤ Chile Economic Watch: Proposals for strengthening the Sipco (in Spanish)
14-03-2014	➤ Uruguay Flash: Measures against inflation (in Spanish)
14-03-2014	➤ Mexico Flash: In January 2014 industrial production surprised to the upside, driven solely by manufactured goods

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