

# Latam Daily Flash

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**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.serranoh@bbva.com  
+ 5255 5621 4354

**Javier Amador**

Principal Economist, Mexico  
javier.amadord@bbva.com  
+ 5255 5621 3095

*In Mexico, private consumption remains weak while we expect inflation to decline in the first fortnight of April driven by seasonal electricity subsidies.*

## Chile - Traders are forecasting a 25bp cut in rates at May's monetary policy meeting

Trader's survey for the second half of April came out with inflation estimates at around +0.2% MoM for the current month (in line with our view). The results also reflected expectations of a 25bp cut in the monetary policy rate to 3.75% at May's meeting (according to 62% of respondents; BBVAe: 3.75%), while for a six-month horizon, traders anticipate the policy rate at 3.50% (according to 55% of respondents). The latter is in a context where long-term inflation expectations remained anchored to the central bank's target of 3%. Finally, traders forecast a slight depreciation of the currency to reach USDCLP 565 on a 3-month horizon.

## Mexico - Private consumption remains weak

Retail sales surprised to the downside in February, decreasing 1.3% MoM sa (BBVAe: 0.5%; consensus: 0.4%), equivalent to -1.7% YoY sa. The weakness was relatively broad-based with five out of eight sectors registering annual declines. This negative report is another sign of continued internal demand weakness in 1Q14. Going forward, a recovery in private consumption depends on a stronger pace of job-creation.

## What to watch today

### Mexico - Inflation (1st fortnight in April, 09:00hrs NYT)

We anticipate that headline inflation will fall 0.12% FoF in the first half of April, edging down in annual terms to 3.59% from 3.76% in March. For core inflation we forecast an FoF rise of 0.06%, equivalent to 2.95% in annual terms (vs. 2.89% in March).

## Calendar: Indicators

| Brazil                     | Date   | Period | Consensus | BBVAe    | Actual | Prior    |
|----------------------------|--------|--------|-----------|----------|--------|----------|
| Formal Job Creation Total  | 21 Apr | Mar    | --        | --       | 13117  | 260823   |
| Tax Collections            | 24 Apr | Mar    | 88400M    | --       | --     | 83137M   |
| FGV CPI IPC-S              | 24 Apr | Apr    | 0.80%     | --       | --     | 0.86%    |
| FIPE CPI - Weekly          | 25 Apr | Apr    | 0.59%     | --       | --     | 0.63%    |
| FGV Consumer Confidence    | 25 Apr | Apr    | --        | --       | --     | 107.2    |
| Current Account Balance    | 25 Apr | Mar    | -\$6302M  | -\$7800M | --     | -\$7445M |
| <b>Chile</b>               |        |        |           |          |        |          |
| PPI MoM                    | 24 Apr | Mar    | --        | --       | --     | -0.3%    |
| <b>Colombia</b>            |        |        |           |          |        |          |
| Industrial Confidence      | 24 Apr | Mar    | --        | --       | --     | 5.8      |
| Retail Confidence          | 24 Apr | Mar    | --        | --       | --     | 21.9     |
| Overnight Lending Rate     | 25 Apr | Apr    | 3.25%     | 3.25%    | --     | 3.25%    |
| <b>Mexico</b>              |        |        |           |          |        |          |
| Unemployment Rate NSA      | 22 Apr | Mar    | 4.43%     | 4.85%    | 4.80%  | 4.65%    |
| Unemployment Rate SA       | 22 Apr | Mar    | 4.68%     | --       | 5.25%  | 4.73%    |
| Retail Sales YoY           | 23 Apr | Feb    | 0.40%     | 0.48%    | -1.72% | -0.30%   |
| Bi-Weekly CPI              | 24 Apr | Apr    | -0.18%    | -0.12%   | --     | 0.05%    |
| Bi-Weekly Core CPI         | 24 Apr | Apr    | 0.10%     | 0.06%    | --     | 0.13%    |
| Bi-Weekly CPI YoY          | 24 Apr | Apr    | 3.53%     | 3.59%    | --     | 3.62%    |
| Economic Activity IGAE YoY | 25 Apr | Feb    | 1.59%     | 0.86%    | --     | 0.83%    |
| Overnight Rate             | 25 Apr | Apr    | 3.50%     | 3.50%    | --     | 3.50%    |

## Most recent Latam reports

| Date       | Description  |
|------------|--|
| 23-04-2014 | <a href="#">➤ Colombia Automobile Market Outlook 2013 (in Spanish)</a>   |
| 23-04-2014 | <a href="#">➤ Chile Economic Watch: Competitiveness of manufacturing exports</a>   |
| 21-04-2014 | <a href="#">➤ Mexico Migration Flash: Latin America and Caribbean could be the most dynamic region on remittances in 2014-2016</a> |
| 21-04-2014 | <a href="#">➤ Financial Inclusion Economic Watch: Voluntary long term savings in Mexico (in Spanish)</a>                           |
| 21-04-2014 | <a href="#">➤ Chile Economic Watch: More inflation dispersion but entirely explained by cyclical factors (in Spanish)</a>          |
| 17-04-2014 | <a href="#">➤ Chile Flash: Central Bank kept policy rate at 4% as widely expected by consensus</a>                                 |
| 15-04-2014 | <a href="#">➤ Argentina Economic Watch: The challenge of competitiveness (in Spanish)</a>  |
| 15-04-2014 | <a href="#">➤ Chile Economic Watch: Fiscal policy: more expansive than expected (in Spanish)</a>                                   |
| 15-04-2014 | <a href="#">➤ Mexico Banking Flash: Bank deposits: uneven behaviour by components</a>  |
| 15-04-2014 | <a href="#">➤ Peru Flash: Economic activity: output growth surprises on the upside in February</a>                                 |

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