

Latam Daily Flash

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Economic Analysis

Madrid

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Today we will be watching the credit report from Brazil, where we expect an increase in lending rates in line with recent monetary tightening.

Peru - Central bank lowered its GDP growth forecast for 2014

The central bank presented its quarterly Inflation Report, and revised its growth forecast for 2014 down to 5.5% (previously 6.1%). The change is mainly due to a reduction projected mining production, due to lower copper grades, as well as the delay in the start of production at the Tormocho project and the fight against illegal gold extraction. On the other hand, the forecast for 2015 was raised to 6.7% (6.5% in the previous report), mainly due to a statistical effect related to the change in the base year for calculating real GDP. It also forecasts that inflation will be in the range of 2.5-3.0% (previously 1.5-2.5%) by year end, closer to the upper limit of the target range (2% +/- 1pp), and that it will converge to the centre of the range in 2015.

Colombia - Increasing imports explained by fuels

Imports grew 11.3% YoY, to settle at USD 5.003mn. However, the highest proportion of the increase was explained by the performance of oil derivatives. If we exclude this component, imports grew only 2.3% YoY, in line with our expectations. The imports of consumer goods maintained a moderate dynamic (0.6% YoY), limited by a non-durable goods fall of 3.8% YoY. Hence, in a context of high household demand, a rebound in industrial production of consumer goods is possible, thus the imports are lower now.

What to watch today

Brazil - Credit report (March, 9:30hrs NYT)

Even though March was a somewhat exceptional month because of the Carnival holidays, we expect the BCB's credit report to show an increase in lending rates, in line with the recent monetary tightening, a moderation in credit from public banks and some (slight) improvement in private credit.

Calendar: Indicators

| Brazil | Date | Period | Consensus | BBVAe | Actual | Prior |
|---------------------------------|-------------|---------------|------------------|--------------|---------------|--------------|
| Tax Collections | 28 Apr | Mar | 87000M | -- | 86621M | 83137M |
| CNI Consumer Confidence | 28 Apr | Apr | -- | -- | 108.7 | 108.8 |
| FGV Inflation IGPM MoM | 29 Apr | Apr | 0.82% | -- | -- | 1.67% |
| Outstanding Loans MoM | 29 Apr | Mar | -- | -- | -- | 0.6% |
| Total Outstanding Loans | 29 Apr | Mar | -- | -- | -- | 2733B |
| Primary Budget Balance | 30 Apr | Mar | 3,2B | -- | -- | 2.1B |
| Trade Balance Monthly | 2 May | Apr | \$275M | -- | -- | \$112M |
| Chile | | | | | | |
| Manufacturing Index YoY | 30 Apr | Mar | 1.15% | 1.3% | -- | -1.97% |
| Unemployment Rate | 30 Apr | Mar | 6.3% | 6.3% | -- | 6.1% |
| Retail Sales YoY | 30 Apr | Mar | 5.0% | 5.5% | -- | 5.3% |
| Colombia | | | | | | |
| Trade Balance | 28 Apr | Feb | -\$72,5 | -\$65.0 | -\$505,6 | \$157.4 |
| Urban Unemployment Rate | 30 Apr | Mar | 10.6% | 10.6% | -- | 11.2% |
| Budget Balance | 30 Apr | Mar | -- | -- | -- | -\$2703B |
| Mexico | | | | | | |
| Trade Balance | 28 Apr | Mar | 1600,0M | 1830.0M | 1026,6M | 976.3M |
| Net Outstanding Loans | 30 Apr | Mar | -- | -- | -- | 2496B |
| Budget Balance YTD | 1 May | Mar | -- | -- | -- | -45.7B |
| HSBC Mexico Manufacturing PMI | 2 May | Apr | -- | -- | -- | 51.7 |
| Remittances Total | 2 May | Mar | 1900,0M | 1869.0M | -- | 1677.3M |
| IMEF Manufacturing Index SA | 2 May | Apr | 53.5 | 53.7 | -- | 52.7 |
| IMEF Non-Manufacturing Index SA | 2 May | Apr | 51.2 | 51.1 | -- | 51.2 |
| Peru | | | | | | |
| CPI MoM | 1 May | Apr | 0.27% | -- | -- | 0.52% |
| Wholesale Price Index MoM | 1 May | Apr | -- | -- | -- | 0.38% |

Most recent Latam reports

| Date | Description |
|-------------|--|
| 28-04-2014 | ➤ Banxico Flash: FONDEO rate remains at 3.5%. Banxico tamed its dovish tone by indicating that economic activity improved marginally |
| 28-04-2014 | ➤ Colombia Automotive Outlook 2013 |
| 25-04-2014 | ➤ Banxico Flash: Policy rate unchanged at 3.5%. Banxico points to a marginal improvement in activity, softening the dovish tone of the previous statement (in Spanish) |
| 25-04-2014 | ➤ Colombia Flash: 'Banco de la República' increased its monetary policy rate by 25pb to 3.50% |
| 24-04-2014 | ➤ Banxico Flash: Banxico will maintain rates at 3.5% and its dovish tone given lower-than-expected economic activity figures (in Spanish) |
| 24-04-2014 | ➤ Mexico Real Estate Flash: Banks' mortgage financing grew 17.4% in February (in Spanish) |
| 24-04-2014 | ➤ Chile Flash: We do not expect April CPI to surprise expectations reflected in surveys and asset prices (in Spanish) |
| 23-04-2014 | ➤ Colombia Automobile Market Outlook 2013 (in Spanish) |
| 23-04-2014 | ➤ Chile Economic Watch: Competitiveness of manufacturing exports |
| 21-04-2014 | ➤ Mexico Migration Flash: Latin America and Caribbean could be the most dynamic region on remittances in 2014-2016 |

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