

Trade balance – External demand is gaining momentum

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- **Trade balance (March): US\$ 479.8 mn; Banorte-Ixe: -US\$538.2 mn; consensus: US\$628.5 mn (range: -US\$538.2 mn to US\$905 mn); previous: US\$558.3 mn**
- **Total exports increased 2.7% yoy, while imports edged up 4.3% yoy**
- **Manufacturing exports expanded 8.8% yoy**
- **In our view, this report continues to show that external demand is gaining momentum**

Trade balance figures for March show a US\$ 479.8 million surplus. This figure was above our US\$538.2 mn deficit estimate and comes as a result of an expansion in both exports and imports.

Total exports increased 2.7% yoy in March. Oil exports decreased 44.3% vs. March 2014, as a result of the reduction in Mexico's oil production, and the significant fall in international crude oil prices. However, non-oil exports expanded 8.7% yoy. In particular, manufacturing exports increased 8.8% yoy, on the back of an 13.8% yoy expansion in car-industry exports, while the rest of manufacturing exports increased 6.3% yoy, as shown in the following table.

Total imports edged up 4.3% yoy. Non-oil consumption imports –associated with private spending– expanded 2.9% yoy, even though the Mexican currency depreciated in the past months. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector–, increased 7.1% yoy in March. Finally, capital goods imports increased 13.2% yoy during the period in question.

In our view, this report continues to show that external demand is gaining momentum. We believe that the better performance in manufacturing exports, particularly in auto-exports, suggest that the growth momentum of the external demand will continue in the next months, and will support Mexico's economic growth. Similarly, even though the Mexican currency will continue to show a substantial depreciation, we believe that the recovery of non-oil consumption goods and capital goods imports will continue over the coming given the significant recovery of the Mexican labor market.

Trade Balance in March

% yoy

	Mar-15	Feb-15	Jan-Mar,'15	Jan-Mar,'14
Total exports	2.7	-2.6	-0.4	2.9
Oil	-44.3	-46.9	-46.2	-10.2
Crude oil	-47.2	-48.5	-49.3	-11.2
Other	-23.5	-38.1	-26.7	-2.9
Non-oil	8.7	4.0	6.2	5.1
Agriculture	17.4	4.8	12.5	5.7
Mining	-20.0	18.6	-4.7	20.0
Manufacturing	8.8	3.7	6.2	4.8
Car industry	13.8	3.5	10.7	9.7
Other	6.3	3.8	4.0	2.6
Total imports	4.3	-1.4	0.6	3.0
Consumption	-0.7	-5.9	-4.5	-2.8
Oil	-11.5	-26.0	-21.8	-14.3
Non-oil	2.9	2.3	2.8	3.0
Intermediate imports	4.0	-0.4	0.8	4.5
Oil	-27.1	-20.3	-20.7	5.9
Non-oil	7.1	1.6	2.9	4.3
Capital goods	13.2	-3.1	6.4	1.4

Source: INEGI

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