

Consumer confidence – Slight bump in the road to recovery

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- **Consumer confidence (December): 93 points; Banorte-Ixe: 94.2; consensus: 93.5 (range of estimates: 92.8 to 94.2 points); previous: 92.5**
- **Consumer confidence fell 0.6% yoy in December**
- **In seasonally adjusted terms, consumer confidence posted a 1.1% m/m reduction**
- **We believe that despite the slight reduction observed in seasonally adjusted figures in December, previous reports confirm our view that consumer confidence is beginning to recover**

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Consumer confidence fell 0.6% yoy in December. According to Banxico’s and *INEGI*’s report, consumer confidence stood at 93 points in December, below our 94.2 points estimate (consensus: 93.5pts). Taking a look at the breakdown, we highlight the contraction in consumers’ perspectives regarding the household’s future economic outlook (-2.8%), while current conditions posted an increase of 0.1% yoy. Moreover, consumers’ perspectives regarding the country’s current economic conditions increased 1.6%, while expectations for the country’s future economic outlook fell 2% yoy. Finally the household’s purchasing power component increased 0.3% yoy, as shown in the table below.

Consumer confidence: December 2015

nsa index

nsa	Dec-15	Dec-14	%yoy
Headline index	93.0	93.6	-0.6
Household's			
Current conditions	100.3	100.2	0.1
Expectations	98.5	101.3	-2.8
National			
Current conditions	91.0	89.6	1.6
Expectations	87.7	89.5	-2.0
Household's purchasing power	87.4	87.1	0.3

Source: INEGI

In seasonally adjusted terms, consumer confidence decreased 1.1% m/m.

Taking a look at the breakdown, consumers' perspectives regarding the household's present economic outlook edged-up 1.2%, while future expectations decreased 0.6% m/m. Moreover, consumers' perspectives regarding the country's current economic conditions decreased 2.3% m/m, while expectations for the country's future economic outlook fell 0.5% m/m. Finally, the purchasing power component posted a 0.1% m/m expansion (refer to the table below).

Consumer confidence: December 2015

sa index

sa	Dec-15	Nov-15	%m/m
Headline index	92.1	93.1	-1.1
Household's			
Current conditions	100.1	98.9	1.2
Expectations	98.5	99.1	-0.6
National			
Current conditions	89.8	92.0	-2.3
Expectations	88.4	88.9	-0.5
Household's purchasing power	85.2	85.1	0.1

Source: INEGI

Slight bump in the road to recovery. We believe that despite the slight reduction observed in seasonally adjusted figures in December, previous reports confirm our view that consumer confidence is beginning to recover. Consumers' perspectives regarding the household's present economic outlook have shown a much more visible recovery given the better growth prospects for the Mexican economy and the labor market. Moreover, the downward trend in inflation has translated into higher levels in confidence and spending, which have been reflecting in the surge in the purchasing power component. We believe that this trend will continue during the first quarter of 2016.

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