

Retail sales – February’s 9.6% yoy growth explained by the leap-year

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- **Retail sales (February): 9.6% yoy; Banorte-Ixc: 6.9%; consensus: 5.1% (range of estimates: 2.1% to 9%); previous: 5.2%**
- **The 9.6% growth in retail sales was explained in part by a calendar effect, given that the leap-year added an additional day to the annual comparison**
- **Controlling for this calendar effect, retail sales expanded 5.4% yoy**
- **In seasonally adjusted terms, retail sales expanded 0.2% m/m**
- **We believe that retail sales will continue to show better growth dynamics in 2Q16**

Retail sales increased 9.6% yoy in February. According to *INEGI*'s report published today, the income generated by retail sales grew 9.6% yoy, above our 6.9% yoy forecast (consensus: 5.1% yoy). However, February's figure was explained in part by a calendar effect, given that the leap-year added an additional day to the annual comparison. Controlling by this calendar effect, retail sales expanded 5.4% yoy.

Taking a look at the breakdown, and using the calendar-adjusted figures, we highlight the favorable performance of durable goods sales. In particular, motor vehicles, fuel, and auto parts sales increased 5% yoy, while household appliances, computers, and interior decoration sales edged-up 7.7%. Similarly, supermarket, convenience, and departmental stores sales increased 5.4% yoy, while office, leisure, and other personal use goods sales expanded 9.5% yoy, as shown in the first table on the next page.

In seasonally adjusted terms, retail sales expanded 0.2%. The increase in the headline index was explained by the expansion of 6 of its 9 sub-indices. Taking a look at the breakdown, durable goods sales posted a mixed performance. In particular, vehicle and auto parts sales edged-down 4% m/m, while household appliances, computers, and interior decoration sales grew 20.6% m/m. (refer to the second table on the next page). Moreover, “supermarket, convenience, and departmental stores” sales increased 2% m/m.

Retail sales: February 2016

% yoy (original figures)	Feb-16	Feb-15	Jan-Feb'16	Jan-Feb'15
Retail sales	9.6	5.6	7.3	5.1
Food, beverages, and tobacco	4.5	3.4	-0.4	8.6
Supermarket, convenience, and departmental stores	9.0	5.8	6.6	6.4
Clothing and shoes	18.8	11.1	14.0	9.4
Health care products	12.8	7.1	12.8	5.0
Office, leisure, and other personal use goods	9.5	5.4	8.5	4.2
Appliances, computers, and interior decoration	7.7	19.9	-0.8	0.2
Glass and hardware shop	9.0	1.1	13.5	3.9
Motor Vehicles, auto parts, fuel and lube oil	9.1	3.2	8.7	2.8
Internet sales	7.8	126.1	14.4	105.2
% yoy (calendar-adjusted figures)	Feb-16	Feb-15	Jan-Feb'16	Jan-Feb'15
Retail sales	5.4	5.6	5.6	5.3
Food, beverages, and tobacco	4.5	3.4	-0.4	8.6
Supermarket, convenience, and departmental stores	5.4	5.8	3.7	6.2
Clothing and shoes	18.8	11.1	14.0	9.4
Health care products	12.8	7.1	12.8	5.0
Office, leisure, and other personal use goods	9.5	5.4	8.5	4.2
Appliances, computers, and interior decoration	7.7	19.9	-0.8	0.2
Glass and hardware shop	5.0	1.1	12.5	4.6
Motor Vehicles, auto parts, fuel and lube oil	5.0	3.2	8.2	2.9
Internet sales	7.8	126.1	14.4	105.2

Source: INEGI

Retail sales: January

%m/m sa	Jan-16	Dec-15
Retail sales	2.7	-1.3
Food, beverages, and tobacco	-0.4	-1.6
Supermarket, convenience, and department stores	-0.6	-0.5
Clothing and shoes	3.7	0.3
Health care products	0.8	3.2
Office, leisure, and other personal use goods	5.9	-3.2
Appliances, computers, and interior decoration	3.6	-5.0
Glass and hardware shop	5.3	2.0
Motor Vehicles, auto parts, fuel and lube oil	4.4	-1.7
Internet sales	1.4	5.8

Source: INEGI

We believe that retail sales will continue to show better growth dynamics in 2Q16. Looking ahead, we believe that retail sales will continue to show a favorable performance in 2Q16, derived from: (1) An improvement in banking credit to the private sector; (2) inflation levels below 3%; and (3) the stronger growth dynamics in the Mexican labor market.

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