

Trade balance – Manufacturing exports maintained an upward trend in March

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Alejandro Cervantes
Senior Economist, Mexico
alejandrocervantes@banorte.com

- **Trade balance (March): US\$1,917.5mn; Banorte: US\$751.8mn; consensus: US\$326mn range of estimates (US\$-800mn to US\$896.2mn); previous: US\$1062.4mn**
- **In seasonally adjusted terms, manufacturing exports increased 2.7% m/m, as a result of the 2.9% expansion in vehicle and auto-parts exports**
- **We believe that both manufacturing production and exports will show a higher growth in the second quarter of 2018**

Trade balance for March shows a US\$1,917.5 million surplus. According to Banxico and INEGI's report published today, trade balance posted a US\$1,917.5 million surplus, above our US\$751.8mn forecast (consensus: US\$326mn).

Taking a look at the breakdown, oil exports increased 38.9% yoy in March, as a result of the 32.3% yoy growth in the price of Mexico's crude oil basket. In addition, manufacturing exports expanded 7.5%, given the 16.8% growth in vehicle and auto-parts exports. Moreover, total imports posted a 4.5% yoy expansion, as a result of the 24.3% increase in oil imports. In addition, capital goods imports edged-up 3.4% yoy.

Total exports increased 2.6% m/m. Analyzing the seasonally adjusted figures, oil exports declined 2% m/m. By contrast, non-oil exports posted a 3% m/m expansion derived from the 2.7% growth in manufacturing exports. Taking a look at the breakdown, vehicle-industry exports edged-up 2.7%, while the rest of manufacturing exports increased 2.6% m/m (refer to the table on the following page).

Total imports posted a 3.2% m/m growth. Non-oil consumption imports –associated with private spending– posted a significant 3% m/m expansion. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector– increased 3.2%. By contrast, capital goods imports declined a marginal 0.1% m/m.

Manufacturing production and exports will continue to recover in 2Q18. We continue to believe that Mexican manufacturing production and exports will show a higher growth in the second quarter. Specifically, we consider that the uncertainty surrounding the presidential elections that will take place in our country on the 1st of July will probably result in a greater depreciation of the Mexican currency during the May and June. This would imply a greater external demand for Mexican products, which will have a positive impact on Mexican manufacturing production and exports.

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Trade Balance in March

% yoy, nsa

	Mar-18	Mar-17	Jan-Mar, '18	Jan-Mar, '17
Total exports	10.0	14.5	11.5	11.2
Oil	38.9	34.8	33.1	57.7
Crude oil	54.8	34.7	44.6	62.5
Others	-11.3	34.9	-11.4	41.6
Non-oil	8.6	13.6	10.2	9.2
Agricultural	18.0	11.1	18.7	4.8
Mining	51.7	-3.9	36.4	28.5
Manufacturing	7.5	14.0	9.4	9.3
Vehicle and auto-parts	16.8	18.7	15.1	9.6
Others	2.5	11.6	6.3	9.1
Total imports	4.5	15.0	9.8	9.4
Consumption goods	5.5	19.2	11.2	11.4
Oil	23.5	85.7	21.9	68.7
Non-oil	-0.7	6.2	7.1	-1.5
Intermediate goods	4.5	14.8	9.1	9.8
Oil	24.8	60.2	22.8	61.7
Non-oil	2.7	12.1	7.8	6.7
Capital goods	3.4	10.5	13.6	3.6

Source: INEGI

Trade Balance in March

% m/m, sa

	Mar-18	Feb-18	Jan-18	Dec-17
Total exports	2.6	4.2	-2.1	1.1
Oil	-2.0	2.4	-8.4	24.6
Crude oil	-5.9	3.7	-9.3	23.9
Others	28.3	-6.6	-0.9	30.5
Non-oil	3.0	4.4	-1.5	-0.5
Agricultural	4.9	2.9	-1.7	4.2
Mining	12.8	-14.0	28.6	-1.5
Manufacturing	2.7	4.8	-2.0	-0.7
Vehicle and auto-parts	2.9	9.8	-5.3	0.3
Others	2.7	2.1	-0.1	-1.2
Total imports	3.2	2.4	-2.4	4.5
Consumption goods	2.0	3.0	-5.5	9.6
Oil	-0.4	16.0	-11.6	5.9
Non-oil	3.0	-1.8	-3.0	11.1
Intermediate goods	3.9	2.1	-2.5	3.6
Oil	10.4	14.8	-13.0	8.8
Non-oil	3.2	0.9	-1.5	3.1
Capital goods	-0.07	3.3	3.0	3.8

Source: INEGI

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GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior, Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Francisco José Flores Serrano	Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Senior Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Strategist Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Technical Analysis	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Equity Research – Conglomerates / Financials/ Mining / Petrochemicals	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research – Airlines / Airports / Cement / Infrastructure / REITs	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454