

Trade balance – Consumption goods imports posted a favorable performance despite the MXN volatility

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- **Trade balance (February): US\$ -724.7 mn; Banorte-Ixe: US\$ 320.5 mn; consensus: US\$ 470.7 mn (range: US\$ -165mn to US\$1,402mn); previous: US\$ -3,441 mn**
- **Total exports decreased 2.3% yoy, given the 45.8% yoy reduction in oil exports**
- **Manufacturing exports increased a scant 0.8% yoy (-1.5% m/m)**
- **Moreover, imports increased 2.1% yoy despite the MXN volatility**
- **We believe that today's report suggests that private consumption in Mexico maintained a favorable performance**

Trade balance figures for February show a US\$724.7 million deficit. This figure was below our US\$320.5 mn surplus estimate and comes as a result of a decrease in exports (-2.3% yoy) and a 2.1% increase in imports.

Total exports decreased 2.3% yoy. Oil exports fell 45.8% yoy vs. February 2015, as a result of the reduction in Mexico's oil production, and the significant decline in international crude oil prices. Moreover, non-oil exports increased 0.9% yoy. In particular, manufacturing exports edged-up 0.8% yoy, as a result of a 7.8% yoy increase in car-industry exports, while the rest of manufacturing exports fell 2.6% yoy, as shown in the following table.

Trade Balance in February
% yoy

	Feb-16	Jan-16	Jan-Feb'16	Jan-Feb'15
Total exports	-2.3	-7.6	-4.8	-2.2
Oil	-45.8	-49.0	-47.4	-46.4
Crude oil	-48.4	-50.0	-49.2	-49.5
Other	-33.6	-45.1	-39.8	-28.1
Non-oil	0.9	-4.1	-1.4	4.7
Agriculture	26.6	-5.4	10.8	8.1
Mining	-54.6	-16.1	-39.7	4.5
Manufacturing	0.8	-3.9	-1.4	4.6
Car industry	7.8	1.8	5.0	8.7
Other	-2.6	-6.6	-4.5	2.6
Total imports	2.1	-6.2	-2.1	-1.4
Consumption	-2.3	-12.4	-7.6	-6.3
Oil	-26.9	-31.4	-29.4	-25.6
Non-oil	5.0	-5.2	-0.2	2.8
Intermediate imports	2.5	-4.1	-0.8	-1.0
Oil	-25.1	-29.6	-27.5	-17.3
Non-oil	4.6	-1.8	1.4	0.7
Capital goods	5.6	-11.3	-3.7	2.8

Source: INEGI

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Total imports increased 2.6% yoy despite the MXN volatility. Non-oil consumption imports –associated with private spending– increased 5% yoy. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector– grew 4.6% yoy in February. Finally, capital goods imports expanded 5.6% yoy during the period in question.

Positive report. Today’s report shows a higher growth for consumption and capital goods imports. In the first case, we believe that the 5% yoy growth in consumption goods imports (excluding oil) suggests that Mexican households’ spending was not affected by the FX volatility during February. On the other hand, the 5.6% yoy growth in capital goods imports implies that even though Mexico’s GFI figures will be affected by the spending cut implemented by the *MoF* during the first quarter, the deceleration in investment could be lower than our initial forecast.

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