

Consumer confidence – Elections and downward trend in inflation explain the 2% m/m hike

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- **Consumer confidence (June): 94.7 points; Banorte-Ixe: 92.4; consensus: 92.4 (range of estimates: 90 to 94.4 points); previous: 92**
- **Consumer confidence increased 4.1% yoy in June**
- **In seasonally adjusted terms, consumer confidence edged-up 2% m/m as a result of the mid-term elections and the recent downward trend in inflation**
- **We believe that consumer confidence will continue to recover throughout 2H15**

Consumer confidence increased 4.1% yoy in June. According to Banxico’s and INEGI’s report, consumer confidence stood at 94.7 pts. in June, above our 92.4 forecast (consensus: 92.4). Taking a look at the breakdown, we highlight the expansion in consumers’ perspectives regarding household’s present and future economic outlook (1.8% and 2.5%, respectively). Similarly, consumers’ perspectives regarding the country’s current and future economic conditions increased 1.8% and 0.9%, respectively. Finally, the purchasing power component grew 15.9% yoy (refer to the table below).

Consumer confidence: June 2015

nsa	Jun-15	Jun-14	%yoy
Headline index	94.7	91.0	4.1
Household's			
Current conditions	99.2	97.5	1.8
Expectations	100.3	97.9	2.5
National			
Current conditions	91.1	89.5	1.8
Expectations	94.2	93.3	0.9
Household's purchasing power	88.9	76.7	15.9

Source: INEGI

In seasonally adjusted terms, consumer confidence edged-up 2% m/m. Taking a look at the breakdown, consumers’ expectations regarding the country’s present and future conditions increased 2.5% and 2.9% m/m, respectively, as a result of the mid-term elections results, in which several independent candidates –including Nuevo Leon’s new governor Jaime Rodríguez Calderón “El Bronco”– were elected. Moreover, consumers’ perspectives regarding the household’s current economic conditions fell 0.3% m/m, while consumers’ expectations regarding the household’s future economic outlook increased 1.1%. Finally, the purchasing power component expanded 3.9% m/m, given the recent downward trend in inflation (refer to the following table).

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Consumer confidence: June 2015

sa index

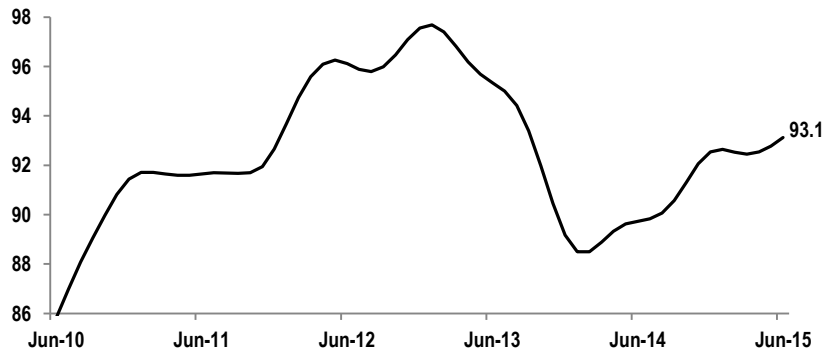
sa	Jun-15	May-15	%m/m
Headline index	93.8	92.0	2.0
Household's			
Current conditions	98.7	99.0	-0.3
Expectations	101.2	100.1	1.1
National			
Current conditions	90.8	88.6	2.5
Expectations	91.6	89.0	2.9
Household's purchasing power	87.4	84.1	3.9

Source: INEGI

Fast recovery. In seasonally adjusted terms, consumer confidence now adds two consecutive months in expansion. Moreover, the trend series has expanded in the last three months (refer to chart below). We believe that the recent favorable performance of consumer confidence is explained by the recovery of the Mexican economy and the recent downward trend in inflation. Looking ahead, we believe that this indicator will show a much more visible recovery given: (1) The better growth prospects for the Mexican economy; (2) the downward trend in inflation that will continue during the second half of the year; and (3) the better growth dynamics of the Mexican labor market which will eventually translate into higher levels in confidence and spending.

Consumer confidence

Trend series



Source: INEGI

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