

Consumer confidence in April favored by inflation's downward trend

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- **Consumer confidence (April; nsa): 85.8 points; Banorte: 84.3; consensus: 84 (range of estimates: 81.8 to 85.3 points); previous: 82.5 points**
- **Consumer confidence posted a 2.3% yoy expansion in April**
- **In seasonally adjusted terms, consumer sentiment posted a 2.1% m/m increase, partially offsetting the decline observed in the last four months**
- **We believe that consumer sentiment was influenced by inflation's downward trend**
- **Looking ahead, we expect a marginal contraction in consumer confidence**

Consume confidence in April increased 2.1% m/m. According to Banxico and *INEGI's* report, consumer confidence stood at 85.8 points in April, above our 84.3 forecast (consensus: 84 points). This implies a 2.3% yoy expansion.

In seasonally adjusted terms, consumer confidence increased 2.1% m/m partially offsetting the decline observed in the last four months. Taking a look at the breakdown, consumers' expectations regarding the households' present and future economic conditions expanded by 0.7% and 1.7% m/m, respectively. Similarly, expectations regarding the country's present and future economic conditions increased 5.4% and 2% m/m. Finally, the purchasing power component edged-up 2.3% m/m. We believe that the recovery in consumer confidence during April was mainly explained by the downward trend of inflation and the impact it has had on recent consumption decisions of Mexican households.

We expect a marginal contraction in consumer confidence during 2Q18. Consumer confidence will maintain a downward trend during the next months explained by the following factors: (1) The volatility of the Mexican currency derived from the uncertainty surrounding the NAFTA negotiations; and (2) the political uncertainty surrounding the electoral process that will take place on the 1st of July.

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Consumer confidence: April 2018

Seasonally-adjusted index; % m/m

	Apr-18	Mar-18	%m/m
Headline index	86.5	84.7	2.1
Household's			
Current conditions	96.0	95.3	0.7
Expectations	95.8	94.2	1.7
National			
Current conditions	79.8	75.7	5.4
Expectations	79.3	77.8	2.0
Household's purchasing power	82.4	80.6	2.3

Source: INEGI

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