

Exporters maintained momentum in 2Q18

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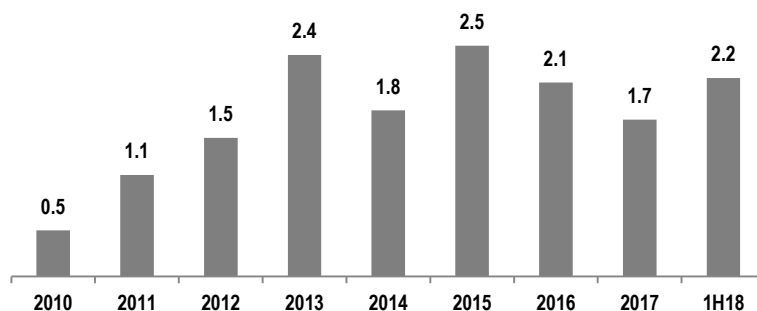
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- **Current account balance (2Q18): -US\$3.9bn (Banorte: -US\$4.6bn; consensus: -US\$4.1bn; previous: -US\$8.8bn)**
- **Trade balance amounted to -US\$2.8bn, while services balance was -US\$3.3bn**
- **Meanwhile, remittances totaled US\$9.1bn in the period in question, as previously reported**
- **FDI flows amounted to US\$14.8bn year to date (US\$5.39bn in 2Q18)**
- **Finally, portfolio investments have registered a net inflow amounting to US\$13.7bn year to date, while in 2Q18 there was a US\$7.7bn inflow**

According to Banxico, the current account deficit amounted to US\$3.9bn in 2Q18. This number is equivalent to 2.1% of GDP, and it was explained by a US\$2.8bn trade deficit in addition to the shortfalls observed in the services (-US\$3.3bn) and the primary income accounts (-US\$6.6bn). Meanwhile, remittances amounted to US\$9.1bn as previously reported, 18.4% above the figures seen last year. Year to date, remittances amount to US\$16244.5bn, 11.6% yoy higher than in 2017.

Exports continue to show momentum. Total exports expanded 10.9% yoy on the back of a surge in oil exports, up 55.9%. In the meantime, manufacturing exports increased 8.5% supported by the dynamism in both the car industry, with exports up 10% yoy, and other manufacturing exports (7.7%).

Current account
% GDP

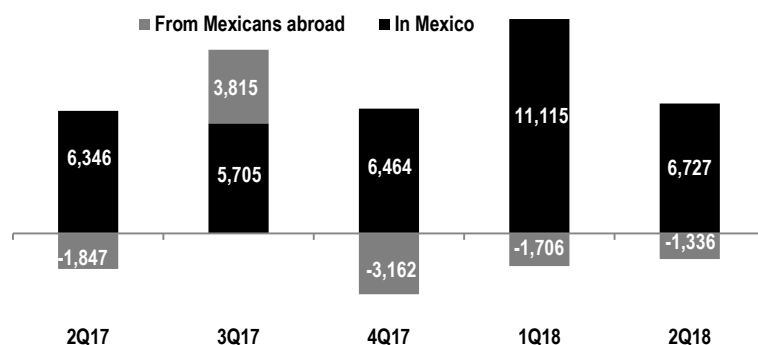


Source: Banxico

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The financial account showed a US\$10.6bn deficit. This was mainly explained by net outflows of US\$5.4bn in direct investment along with a net outflow of portfolio investments amounting to US\$8.6bn, while other investments added US\$1.6bn. Net financial asset purchases amounted to US\$3.1bn in the second quarter of the year, while net liabilities totaled US\$8.5mn in the same period. FDI flows to Mexico amounted to US\$6.7bn in the second quarter of the year, while investments of Mexican companies abroad totaled US\$1.3mn in the same period. Year to date, FDI flows amount to US\$17.8bn vs. US\$ 19.1 in same period last year

Foreign direct investment
US\$mn



Source: Banxico

Total portfolio investment registered a US\$7.7bn inflow in 2Q18, vs. the US\$3.6bn outflow in the same quarter last year. Flows to government bond markets amounted to US\$1.3bn (vs. US\$0.7bn in 2Q17) while US\$1.7bn went to equity markets and private money markets. Investments in instruments issued abroad increased in US\$4.1 (US\$4.4 bn in the public sector and -US\$0.3 bn in the private sector). Finally, assets totaled US\$0.5mn in the period in question.

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