

Consumer confidence – Consumers are discounting a more optimistic present economic outlook

February 5, 2016

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- **Consumer confidence (January): 92.5 points; Banorte-Ixe: 90.4; consensus: 90.5 (range of estimates: 90.3 to 92.5 points); previous: 93**
- **Consumer confidence increased 1.6% yoy in January**
- **In seasonally adjusted terms, consumer confidence posted a 1% m/m expansion**
- **We believe that today's report confirms our view that consumer confidence will continue to recover**

Consumer confidence increased 1.6% yoy in January. According to Banxico's and INEGI's report, consumer confidence stood at 92.5 points in January, above our 90.4 points estimate (consensus: 92.5pts). Taking a look at the breakdown, we highlight the contraction in consumers' perspectives regarding the household's future economic outlook (-1.6%), while current conditions posted a 0.9% increase. Moreover, consumers' perspectives regarding the country's current economic outlook increased 3.1%, while expectations for the country's future economic conditions fell 7% yoy, probably as a result of the significant depreciation of the Mexican currency. Finally the household's purchasing power component increased 15.6% yoy, as shown in the table below.

Consumer confidence: January 2016

nsa index

nsa	Jan-16	Jan-15	%yoy
Headline index	92.5	91.1	1.6
Household's			
Current conditions	100.1	99.2	0.9
Expectations	99.1	100.8	-1.6
National			
Current conditions	90.3	87.5	3.1
Expectations	85.8	92.2	-7.0
Household's purchasing power	87.4	75.6	15.6

Source: INEGI

In seasonally adjusted terms, consumer confidence increased 1% m/m. Taking a look at the breakdown, consumers' perspectives regarding the household's present economic conditions stood unchanged, while future expectations decreased 0.4% m/m. Moreover, consumers' perspectives regarding the country's current economic outlook increased 1.5% m/m, while expectations for the country's future economic outlook fell 1.7% m/m. Finally, the purchasing power component posted a 2.3% m/m expansion (refer to the table below).

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Consumer confidence: January 2016

sa index

Headline index	93.3	92.4	1.0
Household's			
Current conditions	100.1	100.1	0.0
Expectations	98.8	98.4	0.4
National			
Current conditions	91.6	90.3	1.5
Expectations	86.3	87.8	-1.7
Household's purchasing power	87.9	85.9	2.3

Source: INEGI

We believe that today's report confirm our view that consumer confidence will continue to recover. Today's figures confirm our view that consumer confidence continues to recover. Consumers' perspectives regarding the household's present economic outlook have shown a much more visible recovery given the better growth prospects for the Mexican economy and the labor market. Moreover, the downward trend in inflation has translated into higher levels in confidence and spending, which have been reflecting in the surge in the purchasing power component. We believe that this trend will continue during the first quarter of 2016.

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