

Retail sales posted a 1% monthly expansion in May

July 25, 2018

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- **INEGI just published its retail sales report for May**
- **Retail sales (May): 2.5% yoy; Banorte: 1.2%; consensus: 1.9; previous: 3.3%**
- **In seasonally adjusted terms, retail sales posted a 1% monthly expansion**
- **Looking ahead, we expect that both private consumption and retail sales will continue to show a dynamic growth**
- **Mexico City showed the highest growth in retail sales during May, the greatest observed since Sep '14 (7.5% m/m seasonally adjusted figures)**

Retail sales grew 1% m/m in May. According to *INEGI's* report published today, the income generated by retail sales increased 2.5% yoy nsa in May, above our 1.2% yoy forecast (consensus: 1.9%). Moreover, in seasonally adjusted terms, retail sales increased 1% m/m.

Taking a look at the breakdown, and analyzing the seasonally adjusted figures, the headline index expanded as a result of an increase in 4 out of the 9 sub-indices. Durable-goods sales showed mixed results given the 7% m/m expansion in household appliances, computers, and interior decoration sales. However, vehicle sales decreased 1% m/m (as shown in the following table).

In addition, non-durable goods sales posted a slightly positive performance. Supermarket, convenience, and departmental stores sales rose 2.1% m/m, while clothing and shoes sales contracted 0.3% m/m. In addition, both internet sales and sales of office, leisure, and other personal use goods posted a null growth in the monthly comparison.

Looking ahead, we expect that both private consumption and retail sales will continue to show a dynamic growth. Despite the temporary increase in inflation in the recent months, its overall trajectory in comparison with the levels seen in 2017, which in turn, will probably contribute to a faster growth of private consumption. In addition, the recovery retail sales will also be supported by the better growth prospects of formal employment and private banking credit.

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Retail sales: May 2018

% m/m, sa

	May-18	Apr-18
Retail sales	1.0	-0.8
Food, beverages, and tobacco	-0.4	0.0
Supermarket, convenience, and departmental stores	2.1	-4.3
Clothing and shoes	-0.3	-2.6
Health care products	2.0	2.0
Office, leisure, and other personal use goods	0.0	1.2
Appliances, computers, and interior decoration	7.0	-2.8
Glass and hardware shop	0.6	-1.6
Motor Vehicles, auto parts, fuel and lube oil	-1.0	-0.2
Internet sales	0.0	1.2

Source: INEGI

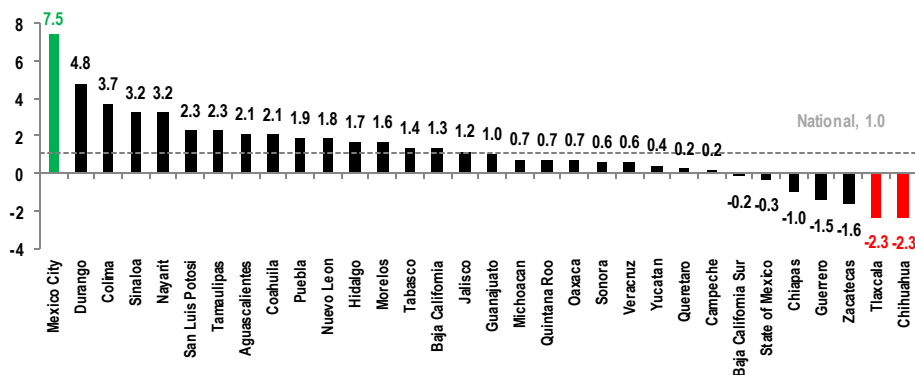
At a regional level

Mexico City showed the highest growth in retail sales during May, the greatest advance observed since Sep '14. Retail sales in Mexico City posted a 7.5% m/m expansion, which stands as the highest growth observed in the state since September 2014. Year-to-date, retail sales in the state have shown a 2% yoy advance, below the 3.1% yoy expansion observed in the same period of 2017.

As we can see in the following chart, retail sales growth in 17 states, including Mexico City, outperformed the national average. In this regard, we highlight May's expansion in Durango (4.8 m/m), Colima (3.7% m/m), Sinaloa and Nayarit (3.2% m/m). By contrast, retail sales revenues in Chihuahua and Tlaxcala, fell 2.3% m/m each, as shown in the table below.

Retail sales by state: May 2018

% m/m, sa



Source: Banorte; INEGI

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