

Current account shows a US\$2bn surplus in 3Q19

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- **Current account balance (3Q19): US\$2bn (Banorte: US\$2.7bn; consensus: US\$0.2bn; previous: US\$4.5bn)**
- **Trade balance amounted to -US\$0.5bn, while services balance was -US\$2bn**
- **Meanwhile, remittances amounted to US\$9.7bn in the period in question, as already reported**
- **FDI flows amounted to US\$17.5bn year to date (US\$3.3bn in 3Q19)**
- **Finally, portfolio investments have registered a net inflow amounting to US\$7.2bn year to date, while in 3Q19 there was a US\$2.2bn inflow**

According to Banxico, the current account showed a surplus amounting to US\$2bn in 3Q19. This number is equivalent to 0.6% of GDP, and it was explained by a US\$0.5bn trade deficit in addition to the shortfalls observed in the services (-US\$2bn) and the primary income accounts (-US\$5bn). These shortfalls were more than offset by the flow of remittances amounting to US\$9.7bn as it was already reported, 14.5% yoy above same period last year. Year to date, remittances amount to US\$26.9bn, 9.1% yoy higher than in 2018.

Trade balance deficit was mainly explained by a US\$5.3bn deficit in the oil trade balance. This was partially offset by a US\$4.8bn surplus in the non-oil trade balance. Manufacturing exports expanded 4.1%, on the back of a 6.2% y/y growth in car-industry exports, along with a 2.9% increase in the rest of manufacturing exports. Meanwhile, non-oil imports increased 0.4% y/y in the period in question, with non-oil consumer imports up 2%, imports of intermediate goods (non-oil) also increased 2.3% y/y, while imports of capital goods declined 14.7% y/y.

Current account in 3Q19 (1/2)

US\$bn

	Sep-19	Jun-19	Jan-Sep,'19	Jan-Sep,'18
Current account	2.0	4.5	-2.2	-19.4
I. Credit	137.4	140.1	406.2	389.5
A. Goods	117.0	119.3	344.5	333.4
Exports	117.0	119.2	344.2	333.2
Goods acquired in ports by means of transport	0.1	0.1	0.3	0.3
B. Services	7.3	7.6	23.4	21.4
Transportation	0.4	0.6	1.7	1.6
Tourists	5.5	6.0	18.6	16.7
Insurance and pension services	1.0	0.8	2.6	2.5
Financial services	0.1	0.1	0.2	0.4
Others	0.2	0.1	0.4	0.2

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Current account in 3Q19 (2/2)

US\$bn

	Sep-19	Jun-19	Jan-Sep,'19	Jan-Sep,'18
Current account	2.0	4.5	-2.2	-19.4
C. Primary income	3.4	3.7	11.1	9.8
Profits and dividends	1.4	1.5	4.7	4.1
Profits	1.3	1.4	4.2	3.6
Dividends	0.0	0.0	0.6	0.5
Interests	1.4	1.5	4.4	4.1
Others	0.6	0.7	1.9	1.6
D. Secondary income	9.8	9.5	27.2	24.9
Remittances	9.7	9.4	26.9	24.7
Others	0.1	0.1	0.2	0.2
II. Debit	135.4	135.5	408.4	408.9
A. Goods	117.6	114.4	341.9	343.8
Imports	117.4	114.3	341.5	343.4
Goods acquired in ports by means of transport	0.1	0.1	0.4	0.4
B. Services	9.2	9.2	27.6	28.3
Transportation	3.9	3.6	11.0	11.5
Services	2.6	2.3	7.3	8.2
Insurance and pension services	1.2	2.0	4.9	3.8
Financial services	0.7	0.3	1.5	1.9
Others	0.8	1.0	2.9	3.0
C. Primary income	8.4	11.6	38.1	36.0
Profits and dividends	1.7	5.1	19.5	19.9
Profits	0.5	2.4	14.4	12.4
Dividends	1.2	2.7	5.2	7.5
Interests	6.6	6.6	18.5	16.1
Public sector	3.2	3.7	10.4	9.6
Private sector	3.4	2.9	8.1	6.5
Others	0.0	0.0	0.0	0.0
D. Secondary income	0.3	0.3	0.8	0.8
Remittances	0.2	0.2	0.7	0.7
Others	0.0	0.0	0.1	0.1
Trade balance	-0.5	4.9	2.5	-10.3
Oil balance	-5.3	-5.8	-10.6	-5.8
Non-oil balance	4.8	10.8	13.7	10.8
Services balance	-2.0	-1.7	-4.1	-7.0
Primary income balance	-5.0	-7.9	-27.0	-26.2
Secondary income balance	9.5	9.2	26.4	24.1

Source: Banxico

The financial account showed a US\$0.1bn deficit. This was mainly explained by net outflows of US\$3.3bn in direct investment along with a net outflow of portfolio investments amounting to US\$2.7bn, while other investments added US\$9.5bn (refer to table below). Net financial asset purchases amounted to US\$2bn in the third quarter of the year, while net liabilities totaled US\$5.3bn in the same period. FDI flows to Mexico amounted to US\$7.3bn in the third quarter of the year, while investments of Mexican companies abroad totaled US\$4.1bn in the same period. Year to date, FDI flows amount to US\$26.1bn vs. US\$ 27.1 in same period last year.

Capital account (current methodology) in 3Q19

US\$ bn

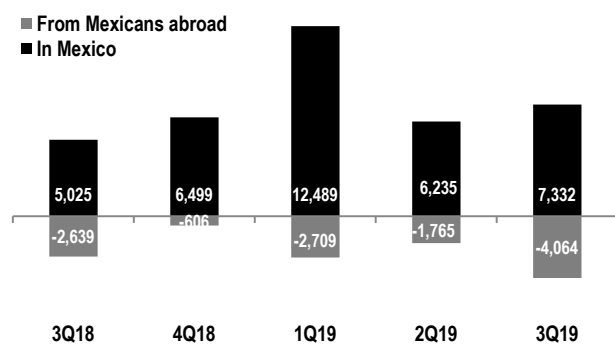
	sep.-19	jun.-19	Jan-Sep,'19	Jan-Sep.,'18
Capital account	-0.009	-0.002	-0.04	-0.05
Financial account				
[Net credit (+) / Net indebtedness (-)]	-0.1	0.0	-9.3	-23.0
I. Direct investment	-3.3	-4.5	-17.5	-19.9
Net acquisition of financial assets	2.0	0.8	5.2	11.0
Net liabilities	5.3	5.3	22.7	30.9
II. Portfolio investment	-2.7	3.7	-7.3	-7.2
Net acquisition of financial assets	-0.9	2.7	1.8	4.3
Net liabilities	1.8	-1.0	9.1	11.5
III. Financial derivatives (net)	0.4	0.1	0.1	1.6
IV. Other investments	9.5	-1.8	12.6	0.4

Source: Banxico

Total portfolio investment registered a US\$2.2bn inflow in 3Q19 vs. the US\$0.8bn observed in the same quarter last year. Government bond markets registered outflows for US\$2.6bn (vs. the US\$1.2bn inflow in 3Q18) while US\$0.9bn went out of equity markets and private money markets. Investments in instruments issued abroad increased in US\$5.3 (US\$3.2 bn in the public sector and US\$2.1 bn in the private sector). Finally, assets totaled US\$0.5mn in the period in question.

Foreign direct investment in 3Q19

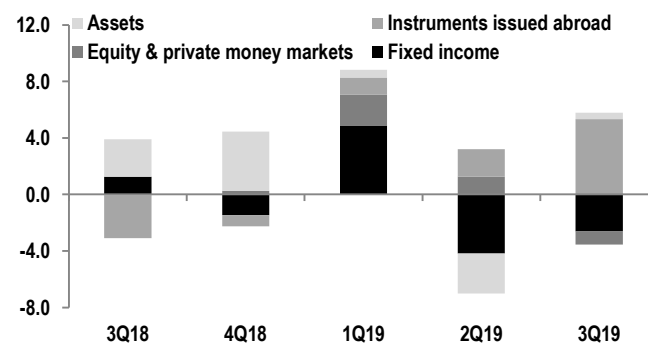
US\$bn



Source: Banxico

Portfolio investment in 3Q19

US\$bn



Source: Banxico

Capital account (previous methodology) in 3Q19

US\$ bn

	sep.-19	jun.-19	Jan-Sep,'19	Jan-Sep,'18
Capital account	-8.6	-2.2	-45.4	-52.2
Financial account	-4.0	2.5	12.2	25.2
Foreign direct investment	3.3	4.5	17.5	19.9
In Mexico	7.3	6.2	26.1	27.1
From Mexicans abroad	-4.1	-1.8	-8.5	-7.2
Portfolio investment	2.2	-3.8	7.2	5.7
Liabilities	1.8	-1.0	9.1	11.5
Public sector	0.6	-3.5	2.7	10.3
Securities issued abroad	3.2	0.7	4.6	8.7
Money markets	-2.6	-4.2	-1.9	1.6
Private sector	1.2	2.5	6.4	1.2
Securities issued abroad	2.1	1.2	3.9	-1.1
Money & equity markets	-0.9	1.2	2.5	2.4
Pidiregas	0.0	0.0	0.0	0.0
Assets	0.5	-2.8	-1.8	-5.8
Other investments	-9.5	1.8	-12.6	-0.4
Liabilities	-5.8	6.0	-0.1	7.0
Public sector	-5.6	0.9	-1.0	0.2
Private sector	-0.2	5.1	0.9	6.8
Pidiregas	0.0	0.0	0.0	0.0
Assets	-3.6	-4.2	-12.5	-7.4

Source: Banxico

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