

Retail sales – November’s growth confirms that domestic demand is gaining momentum

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- **Retail sales (November): 5.7% yoy; Banorte-Ixe: 5.4%; consensus: 5% (range of estimates: 2.9% to 5.6%); previous: 4.8%**
- **The 5.7% growth in retail sales was explained by a significant and overall growth in its components**
- **In seasonally adjusted terms, retail sales increased 0.5% m/m**
- **Looking ahead, we believe that retail sales will continue to show better growth dynamics**
- **Guerrero’s 56.9% yoy growth in retail sales outperformed the national average**

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Regional Analysis

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Retail sales increased 5.7% yoy in November. According to *INEGI*'s report published today, the income generated by retail sales grew 5.7% yoy, marginally above our 5.4% yoy forecast (consensus: 5% yoy). Taking a look at the breakdown, we highlight the significant recovery in its 9 sub-indices. In particular, the income generated by clothing and shoes expanded 7.8% yoy, while supermarket, convenience, and departmental stores sales increased 5.9% yoy. Similarly, the income generated health care products sales grew 9.6% yoy, while motor vehicles, auto parts, fuel and lube oil sales edged-up 8.3% yoy, as shown in the table below.

Retail sales: November 2015

%yoy, nsa	Nov-15	Nov-14	Jan-Nov, '15	Jan-Nov, '14
Retail sales	5.7	1.2	5.2	2.7
Food, beverages, and tobacco	0.8	13.5	4.7	13.7
Supermarket, convenience, and departmental stores	5.9	1.4	5.8	0.3
Clothing and shoes	7.8	-1.2	10.0	-1.6
Health care products	9.6	2.9	12.7	1.3
Office, leisure, and other personal use goods	6.1	3.6	2.6	7.1
Appliances, computers, and interior decoration	0.5	-9.4	-4.6	9.3
Glass and hardware shop	6.9	-5.2	11.1	-4.9
Motor Vehicles, auto parts, fuel and lube oil	8.3	-1.1	4.7	0.4
Internet sales	13.4	81.7	43.6	43.5

Source: INEGI

In seasonally adjusted terms, retail sales increased 0.5%. The hike in the headline index was explained despite the fall of 5 of its sub-indices. However, taking a look at the breakdown, durable goods sales posted a significant recovery. In particular, vehicle and auto parts sales increased 1.4% m/m, while household appliances, computers, and interior decoration sales edged-up 4.3% m/m. (refer to the following table). Moreover, supermarket, convenience, and departmental stores sales increased 1.4% m/m (refer to the chart below).

Retail sales: November 2015

%m/m sa	Nov-15	Oct-15	Difference
Retail sales	0.5	0.3	0.2
Food, beverages, and tobacco	-0.9	3.6	-4.5
Supermarket, convenience, and departmental stores	1.4	0.5	0.9
Clothing and shoes	-2.6	1.4	-4.0
Health care products	-1.8	-0.9	-0.9
Office, leisure, and other personal use goods	-0.1	3.8	-3.9
Appliances, computers, and interior decoration	4.3	-6.7	11.0
Glass and hardware shop	-3.5	2.5	-5.9
Motor Vehicles, auto parts, fuel and lube oil	1.4	0.5	0.9
Internet sales	2.5	4.2	-1.7

Source: INEGI

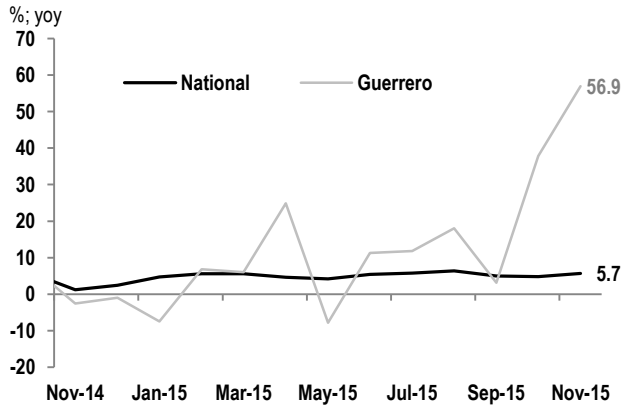
We believe that retail sales will continue to show better growth dynamics.

With today's report, retail sales posted a 5.2% yoy growth during the first eleven months of 2015, suggesting a marked recovery in the growth dynamics of domestic demand. We continue to expect that both retail sales and private consumption will show a more visible recovery in 1Q16 driven by the following factors: (1) The recovery in households' income derived from significant gains in real wages; (2) the better growth prospects for the Mexican economy; (3) the recent downward trend in inflation; and (4) the better growth dynamics observed in the Mexican labor market.

From our regional economy team

Retail sales in Guerrero outperforms the national average. The income generated from retail sales in Guerrero increased 56.9% yoy in November, the highest growth rate obtained for the 32 federal entities in the country for the second consecutive month. Moreover, year-to-date, Guerrero’s retail sales have increased 13.8% yoy. Also with significant growth and outperforming the national average, we highlight the higher growth in retail sales of the states of Durango (20%) Baja California (13.7%), Coahuila (12.6%) and Estado de México (12.5%), (refer to the following charts).

Retail sales: Guerrero – November 2015



Source: Banorte-Ixe; INEGI

States with the highest and lowest increase in retail sales
% yoy

	Nov-15	Nov-14	Jan-Nov, '15
National	5.7	1.2	5.2
Guerrero	56.9	-2.6	13.8
Durango	20.0	-1.2	9.5
Baja California	13.7	1.9	13.8
Coahuila	12.6	3.4	8.6
Estado de México	12.5	5.5	5.9
Sinaloa	-3.5	3.9	6.0
Sonora	-3.4	-7.7	-1.5
Baja California Sur	-0.1	13.2	9.3
San Luis Potosí	2.4	2.2	3.8
Yucatán	2.8	-5.9	-0.8

Source: Banorte-Ixe; INEGI

On the other hand, revenues from retail sales in Sinaloa fell 3.5% yoy, which stands out as the entity with the highest contraction reported by *INEGI*; followed by Sonora (-3.4%) and Baja California Sur (-0.1%) respectively. However, year-to-date, retail sales in Sinaloa now add a 6% increase.

In seasonally adjusted terms, retail sales in San Luis Potosí decrease outperformed the national average as November’s figures show a 20% m/m increase. Moreover, the entity maintains the first position for the fourth consecutive month.

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