

Consumer confidence – 2.1% m/m contraction in April

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- **Consumer confidence (April): 91.3 points; Banorte-Ixe: 94.5; consensus: 93.6 (range of estimates: 92.8 to 94.7 points); previous: 93.1**
- **Consumer confidence increased 1.2% yoy in April**
- **In seasonally adjusted terms, consumer confidence edged-down 2.1% m/m**
- **Despite April’s fall, we believe that consumer confidence will continue to recover throughout 2Q15**

Consumer confidence increased 1.2% yoy in April. According to Banxico’s and INEGI’s report, consumer confidence expanded 1.2% yoy in April, below our 4.8% yoy forecast. Taking a look at the breakdown, we highlight the expansion in consumers’ perspectives regarding household’s present economic outlook (2.4%). Similarly, consumers’ perspectives regarding the current economic conditions increased 0.6%, while the country’s outlook fell 3.8% yoy. Finally, the purchasing power component grew 7.7% yoy, given the recent downward trend in inflation (refer to the table below).

Consumer confidence: April 2015

nsa index

	Apr-15	Apr-14	%yoy
Headline index	91.3	90.3	1.2
Household's			
Current conditions	98.6	96.3	2.4
Expectations	98.5	98.5	0.0
National			
Current conditions	88.4	88.0	0.6
Expectations	88.3	91.8	-3.8
Household's purchasing power	82.7	76.8	7.7

Source: INEGI

In seasonally adjusted terms, consumer confidence edged-down 2.1% m/m. Taking a look at the breakdown, consumers’ expectations regarding the country’s present and future conditions decreased 2.6% and 0.8% m/m, respectively. Moreover, consumer’s perspectives regarding the current households’ economic conditions fell 1.4% m/m, while consumer’s expectations regarding the household’s future outlook declined 0.7%. Finally, the purchasing power component fell 3.3% m/m (refer to the following table).

Consumer confidence: April 2015

sa index

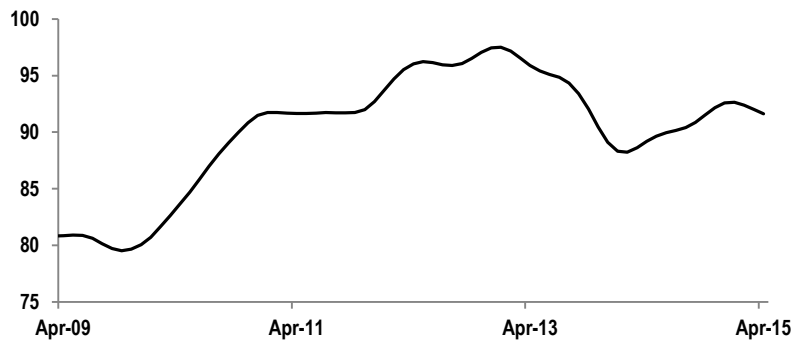
	Apr-15	Mar-15	%m/m
Headline index	90.8	92.8	-2.1
Household's			
Current conditions	98.5	99.9	-1.4
Expectations	99.1	99.8	-0.7
National			
Current conditions	87.4	89.8	-2.6
Expectations	88.5	89.2	-0.8
Household's purchasing power	82.1	84.9	-3.3

Source: INEGI

Downward trend, but we expect a fast recovery Analyzing the trend series (refer to chart below), consumer confidence has declined in the last three months. However, we believe that the recent fall may be simply explained by the uncertainty surrounding the electoral process that will take place in June 7. Other components –such as the purchasing power sub-index–, have shown a better performance given the downward trend in inflation. Looking ahead, we believe that consumer confidence will show a much more visible recovery given: (1) The better growth prospects for the Mexican economy; (2) the downward trend in inflation that will continue during the first half of the year; and (3) the better growth dynamics of the Mexican labor market which will eventually translate into higher levels in confidence and spending.

Consumer confidence

Trend series



Source: INEGI

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