

# Retail sales – Higher-than-expected growth in retail sales

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- **Retail sales (April): 10.6% yoy (Banorte-Ixe: 9%; consensus: 8% range of estimates: 5.8% to 9.6%; previous: 6.4%)**
- **The 10.6% growth in retail sales was explained by a calendar effect for Holly Week which adds two more days in April.**
- **In seasonally adjusted terms, retail sales decreased 1.4% m/m**
- **We believe that retail sales will continue to show better growth dynamics**
- **Retail sales in Chiapas outperformed the national average in April**

## Regional Analysis

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**Retail sales increased 10.6% yoy in April, above expectations.** According to INEGI's report published today, the income generated by retail sales grew 10.6% yoy, above our 9% yoy forecast (consensus: 8% yoy). However, retail sales growth was partially explained by the *Holy Week* calendar effect, given that it added working days to the annual comparison. Adjusting for this calendar effect, retail sales increased 7.1%.

Taking a look at the breakdown, we highlight the 21.4% increase in sales of “appliances, computers, and interior decoration” products, and the 13.3% in “clothing and shoes”. Similarly, other items showed a favorable performance. In particular, the sales in “office, leisure, and other personal use goods” expanded 12.7%, while sales of motor vehicles and auto parts increased 12.1%. Moreover, the sales of “food, beverages, and tobacco” edged-up 9.9% yoy, as shown in the table below.

### Retail sales: April 2016

%yoy, nsa	Apr-16	Apr-15	Jan-Apr, '16	Jan-Apr, '15
<b>Retail sales</b>	<b>10.6</b>	<b>4.6</b>	<b>7.9</b>	<b>5.1</b>
Food, beverages, and tobacco	9.9	-0.8	4.2	5.2
Supermarket, convenience, and departmental stores	8.7	4.2	6.8	5.7
Clothing and shoes	13.3	6.2	13.9	9.2
Health care products	8.7	13.8	9.9	7.4
Office, leisure, and other personal use goods	12.7	11.2	8.0	7.4
Appliances, computers, and interior decoration	21.4	9.5	9.2	-0.1
Glass and hardware shop	9.6	9.5	10.1	7.1
Motor Vehicles, auto parts, fuel and lube oil	12.1	3.6	8.6	3.9
Internet sales	7.7	105.7	9.5	107.6

Source: INEGI

**In seasonally adjusted terms, retail sales decreased 1.4%.** The fall in the headline index was explained by the reduction of 5 of its 9 sub-indices. Taking a look at the breakdown, household appliances, computers, and interior decoration sales decreased 9.3% m/m, while hardware goods (-2.1%), clothing and shoes (-1.3%), motor vehicle and auto-parts (-0.5%), and food, beverages, and tobacco (-0.3%) posted a monthly reduction. By contrast, health care products, internet sales, personal use goods and supermarket, convenience, and departmental stores sales edged-up 6.6%, 3.6%, 3.3% and, 0.3%, respectively.

**Retail sales: April**

%m/m sa	Apr-16	Mar-16
<b>Retail sales</b>	<b>-1.4</b>	<b>3.2</b>
Food, beverages, and tobacco	-0.3	3.3
Supermarket, convenience, and departmental stores	0.3	1.3
Clothing and shoes	-1.3	-3.8
Health care products	6.0	-4.7
Office, leisure, and other personal use goods	3.3	-0.7
Appliances, computers, and interior decoration	-9.3	11.1
Glass and hardware shop	-2.1	3.9
Motor Vehicles, auto parts, fuel and lube oil	-0.5	3.5
Internet sales	3.6	-4.8

Source: INEGI

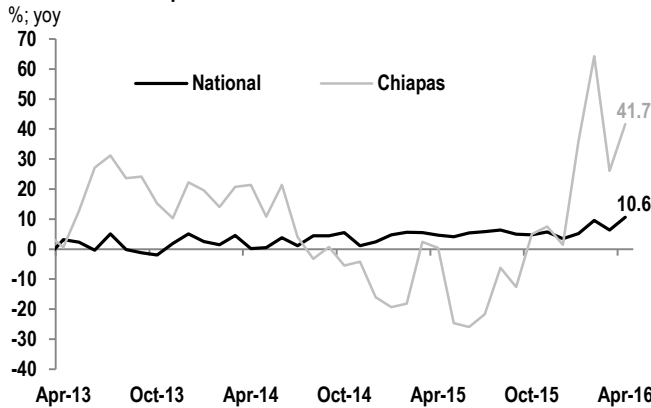
**We believe that retail sales will continue to show better growth dynamics in 2Q16.** Despite April's 1.4% m/m reduction in retail sales, we believe that private consumption will continue to show a favorable performance derived from: (1) An improvement in private banking credit; (2) the contained levels of inflation; and (3) the stronger growth dynamics in the Mexican labor market.

*From our regional economist*

**Retail sales in Chiapas outperformed the national average in April.** The income generated from retail sales in Chiapas increased 41.7% yoy in April, above the national average (+10.6%), and the 31 federal entities in Mexico. We highlight that the entity showed a 41.3pp advance compared with the one obtained in April 2015 (+0.4%).

Moreover, Chiapas showed a 40.9% expansion year-over-year, displaying a good performance of private consumption. With significant growth, and outperforming the national average, we also highlight the expansion in Durango (37.6%), Querétaro (33%), Guanajuato (29.5%), and Michoacán (29%). By contrast, retail sales revenues in Guerrero fell 11.1% yoy, the worst fall observed since January 2009, as shown in the table below.

**Retail sales: Chiapas**



Source: Banorte-Ixe; INEGI

**States with the greatest and lowest increase in retail sales**

	Apr-16	Apr-15	Jan-Apr, '16
<b>National</b>	<b>10.6</b>	<b>4.6</b>	<b>7.9</b>
Chiapas	41.7	0.4	40.9
Durango	37.6	4.5	40.9
Queretaro	33.0	14.1	28.2
Guanajuato	29.5	6.0	26.6
Michoacan	29.0	-23.3	32.1
Guerrero	-11.1	24.9	16.8
Oaxaca	-1.4	-0.8	6.9
Tabasco	0.2	3.4	4.4
Morelos	8.9	-0.3	3.2
Coahuila	9.0	3.7	8.9

Source: Banorte-Ixe; INEGI

Using calendar effect figures, Chiapas continued to show the best growth of the 32 entities (+41.7%), which reaffirms a best dynamism despite the effects caused by the changed of month of *Holly Week*.

In seasonally adjusted terms, retail sales in Colima also outperformed the national average, showing a 9.3% m/m increase, taking the first place of the 31 entities remain in the fourth month of the year.

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