

## GFI – Strong growth in January

April 1, 2015

- **Gross fixed investment (January): 7.3%; Banorte-Ixe: 6.1%; consensus: 6% (range: 4.1% to 7%); previous: 5.5%**
- **In seasonally adjusted terms, GFI increased 1.5% m/m in January**
- **Today's figures suggest that the recovery of GFI and the private sector will continue in 1Q15**

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**GFI now adds nine consecutive months on the rise.** According to *INEGI's* report, gross fixed investment in January posted a 7.3% yoy expansion, above our 6.1% forecast. Taking a look at the breakdown, investment in domestic machinery increased 13.7% yoy, while the imported component expanded 14.1% yoy, despite a contraction of 11.1% in transportation equipment. Moreover, the construction sector grew 3.4%, driven by a 6.3% yoy expansion in residential construction, as shown in the table below.

**Gross fixed investment: January 2015**

| %yoy                           | Jan-15 | Jan-14 | Jan-Dec, '14 | Jan-Dec, '13 |
|--------------------------------|--------|--------|--------------|--------------|
| <b>Total</b>                   | 7.3    | -2.5   | 2.3          | -1.6         |
| <b>Construction</b>            | 3.4    | -3.0   | 0.5          | -4.4         |
| Residential                    | 6.3    | -3.0   | 3.0          | -4.9         |
| Non-residential                | 1.2    | -3.0   | -1.4         | -4.1         |
| <b>Machinery and equipment</b> | 13.7   | -1.7   | 5.5          | 3.8          |
| Domestic                       | 12.8   | -4.4   | 4.7          | 1.0          |
| Transportation Equipment       | 15.4   | -8.2   | 4.4          | 3.1          |
| Other machinery and equipment  | 10.8   | -1.1   | 4.9          | -0.9         |
| Imported                       | 14.1   | -0.5   | 5.9          | 5.1          |
| Transportation Equipment       | -11.1  | -5.5   | -2.5         | 4.4          |
| Other machinery and equipment  | 17.9   | 0.3    | 7.2          | 5.3          |

Source: INEGI

**In seasonally adjusted terms, investment increased 1.5% m/m in January.** Also investment in domestic machinery and equipment showed an improvement of 6.4% m/m. Moreover, the imported component edge up 8.6% m/m. Finally, investment in the construction sector decreased 0.1% m/m, as shown in the table below. However, with these numbers GFI posted a 5.9% 3m/3m saar expansion.

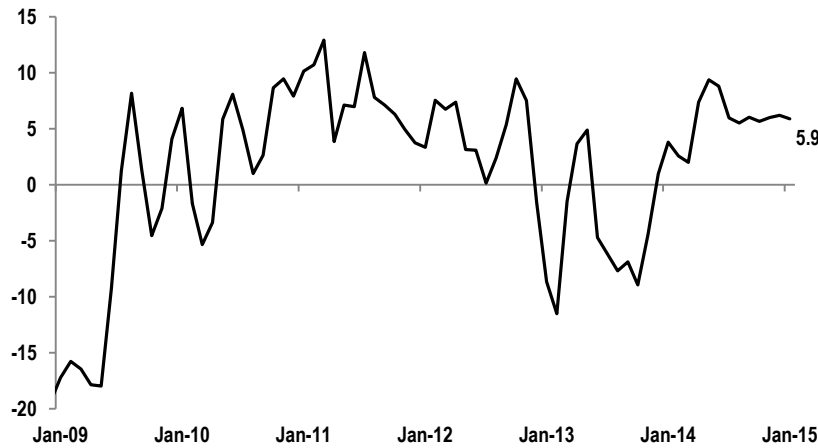
**Gross fixed investment: January 2015**

| %m/m sa                 | Jan-15 | Dec-14 | Difference |
|-------------------------|--------|--------|------------|
| Total                   | 1.5    | -0.8   | 2.3        |
| Construction            | -0.1   | -0.4   | 0.3        |
| Machinery and equipment | 6.4    | -2.7   | 9.1        |
| Domestic                | 1.9    | -5.1   | 7.1        |
| Imported                | 8.6    | -2.7   | 11.3       |

Source: INEGI

**Today's figures suggest that the recovery of GFI and private sector investment will continue in 1Q15.** As we already mentioned, GFI expanded at 5.9% 3m/3m saar on the back of a more dynamic construction sector and the recovery in household's spending, which has been reflected in the exceptional performance of construction in the residential sector. In addition, recent trade balance figures have shown a rapid recovery of capital goods imports despite the significant depreciation of the Mexican currency, which could be reflecting the better growth prospects that firms have about the Mexican economy in 1Q15.

**Gross fixed investment**  
% 3m/3m saar



Source: INEGI, Banorte-Ixe

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