

## Balance of payments in 1Q18

May 25, 2018

- **Current account balance (1Q18): -US\$6.9bn (Banorte: -US\$2.9bn; consensus: -US\$4.7bn; previous: -US\$2.9bn)**
- **Trade balance amounted to -US\$1.8bn, while services balance was -US\$1.7bn**
- **Meanwhile, remittances amounted to US\$7bn in the period in question, as already reported**
- **FDI flows amounted to US\$6.95bn in 1Q18**
- **Finally, portfolio investments registered a net inflow amounting to US\$6.7bn inflow in 1Q18**

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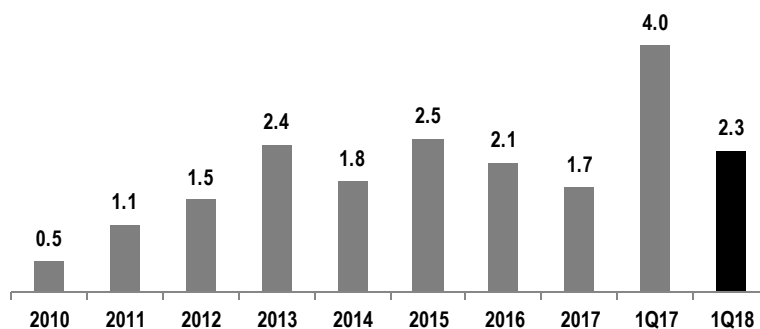
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**According to Banxico, the current account deficit amounted to US\$6.9bn in 1Q18.** This number is equivalent to 2.3% of GDP, and it was explained by a US\$1.8bn trade deficit in addition to the shortfalls observed in the services (-US\$1.7bn) and the primary income accounts (-US\$10.2bn). Meanwhile, remittances amounted to US\$7bn as it was already reported, 6% yoy above same period last year.

**Exports in 1Q18 were supported by a more dynamic global economic activity.** Total exports expanded 11.1% yoy on the back of an increase of 32.7% in oil exports as oil prices picked up from US\$44.6 per barrel in same period last year to US\$56.8 in 1Q18. Moreover, manufacturing exports edged up 9.3% explained by higher car exports (+15.1%) as well as other manufacturing exports (6.3%).

**Current account**  
% of GDP

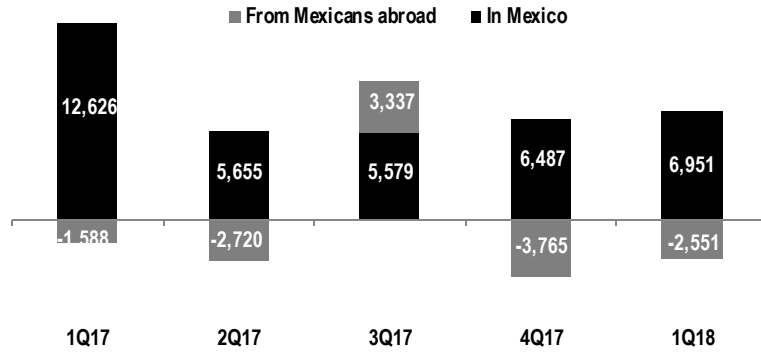


Source: Banxico

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**The financial account showed a US\$8bn deficit.** This was mainly explained by net outflows of US\$7bn in direct investment along with a net outflow of portfolio investments amounting to US\$7.1bn, while other investments added US\$3.6bn (refer to table below). Net financial asset purchases amounted to US\$3.3bn in the first quarter of the year, while net liabilities totaled US\$10.3mn in the same period. FDI flows to Mexico amounted to US\$9.5bn in the first quarter of the year, while investments of Mexican companies abroad totaled US\$2.6mn in the same period.

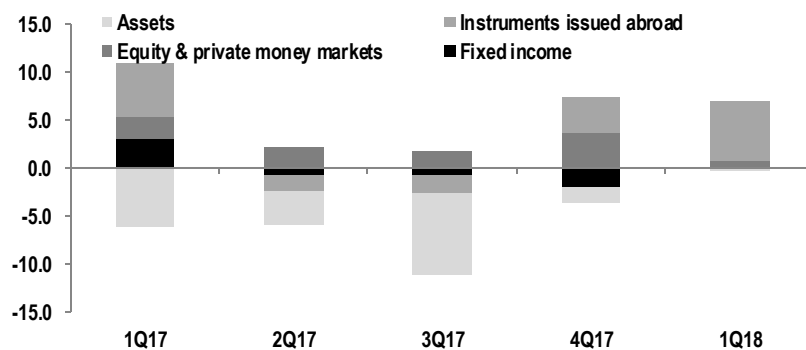
**Foreign direct investment**  
US\$mn



Source: Banxico

**Total portfolio investment registered a US\$6.7bn inflow in 1Q18, vs. the US\$4.9bn inflow in the same quarter last year.** This figure is explained by a marginal outflow from government bond markets (-US\$132mn vs. +US\$3.1bn in 1Q17), coupled with a net inflow of US\$680mn into equity markets and private money markets. Investments in instruments issued abroad increased in US\$6.4 (US\$5.5 bn in the public sector and US\$0.9 bn in the private sector) Finally, assets totaled US\$220mn in the period in question.

**Portfolio investment**  
US\$bn



Source: Banxico

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