

GFI – Recovery continues for the third straight month

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- **Gross fixed investment (February): 4.8% yoy (nsa); Banorte: 4%; consensus: 5.2% (range of estimates: 3.4% to 7.4%); previous: 4.3%**
- **In seasonally adjusted terms, GFI posted a 0.5% m/m expansion in February, given the 2.5% expansion in machinery and equipment**
- **With this result, GFI now adds three consecutive months in expansion (seasonally adjusted figures)**
- **Looking ahead, we consider that public GFI will continue to recover given the 2018 presidential elections, which will translate in a higher government spending within the federal entities and municipalities**

GFI up by 0.5% m/m. According to *INEGI's* report, gross fixed investment posted a 4.8% yoy expansion in March, above our 4% forecast (consensus: 5.2% yoy). Taking a look at the breakdown, construction output increased 3% yoy, while investment in machinery and equipment expanded 7.7%.

In seasonally adjusted terms, GFI increased 0.5% m/m. Investment in construction posted a 0.3% m/m expansion, as a result of the 1.8% increase in residential construction. However, non-residential construction decreased 1.6% m/m. In addition, investment in machinery and equipment edged-up 2.5% m/m, as a result of the 2.4% growth in the imported component. By contrast, domestic machinery and equipment investment posted a 0.1% m/m decrease (refer to the table below).

Looking ahead, we believe that public GFI will maintain an upward trend. We continue to believe that public GFI will continue to recover given the electoral process of 2018, which will translate in a higher government spending within the federal entities and municipalities. By contrast, it is likely that private investment will decelerate as a result of the uncertainty surrounding Mexico's political and commercial environment.

Gross fixed investment: February 2018

% m/m; sa

	Feb-18	Jan-18	Dec-17
Total	0.5	1.1	4.3
Construction	0.3	-0.3	4.5
Residential	1.8	1.5	3.2
Non-residential	-1.6	-2.1	3.6
Machinery and equipment	2.5	2.2	4.2
Domestic	-0.1	2.1	4.3
Transportation equipment	4.0	1.0	12.3
Other M&Eq	-1.3	3.7	-3.6
Imported	2.4	1.3	4.5
Transportation equipment	0.9	-6.4	10.6
Other M&Eq	1.2	2.5	4.0

Source: INEGI

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