

## Retail sales – Marginal deceleration in the first month of 2018

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- **INEGI just published its retail sales report for January**
- **Retail sales (January): 0.5% yoy; Banorte: -0.9%; consensus: -0.2%; (range of estimates: -1% to 2%); previous: -2%**
- **However, in seasonally adjusted terms, retail sales posted a 0.2% m/m contraction**
- **This contraction was explained by a fall in four out of the nine sub-indices**
- **Looking ahead, we believe that both private consumption and retail sales will marginally decelerate, as a result of inflation**

**Retail sales declined 0.2% m/m in January.** According to *INEGI's* report published today, the income generated by retail sales increased 0.5% yoy nsa, above our -0.9% yoy forecast (consensus: -0.2%). However, in seasonally adjusted terms, retail sales decreased 0.2% m/m.

Taking a look at the breakdown, and analyzing the seasonally adjusted figures, the headline index fell as a result of a decline in 4 out of 9 sub-indices. Durable-goods sales showed mixed results given the 0.4% m/m fall in household appliances, computers, and interior decoration sales. By contrast, internet sales increased 6.6% m/m after the 10.6% decline observed in December. Moreover, vehicle sales increased 0.5% m/m (as shown in the table on the following page).

In addition, non-durable goods sales also posted a mixed performance. Supermarket, convenience, and departmental stores sales posted a 2.5% m/m expansion, while clothing and shoes sales decreased 0.5% m/m while office, leisure, and other personal use goods income fell 1.3% m/m.

**Retail sales will marginally decelerate as a result of inflation.** We believe that the deceleration of retail sales was mainly explained by the persistently high levels of inflation during the first month of 2018, which discouraged the consumption of durable goods. Despite that inflation has fallen dramatically in January and February, it continues at significantly high levels. As a result, we believe that inflation will continue to explain the deceleration in both private consumption and retail sales during the first half of 2018.

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**Retail sales: January 2017**

% m/m, sa

	<b>Jan-18</b>	<b>Dec-17</b>	<b>Difference</b>
<b>Retail sales</b>	<b>-0.2</b>	<b>-0.5</b>	<b>0.3</b>
Food, beverages, and tobacco	0.9	-0.6	1.5
Supermarket, convenience, and departmental stores	2.5	-2.4	4.9
Clothing and shoes	-0.5	3.0	-3.5
Health care products	0.4	1.1	-0.6
Office, leisure, and other personal use goods	-1.3	2.2	-3.5
Appliances, computers, and interior decoration	-0.4	-2.3	1.9
Glass and hardware shop	-1.4	-0.7	-0.7
Motor Vehicles, auto parts, fuel and lube oil	0.5	1.0	-0.5
Internet sales	6.6	-10.6	17.2

Source: INEGI

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