

## Current account shows a US\$5.1bn surplus in 2Q19

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- **Current account balance (2Q19): US\$5.1bn (Banorte: US\$1.2bn; consensus: -US\$2bn; previous: -US\$8.5bn)**
- **Trade balance amounted to US\$4.9bn, while services balance was -US\$1.2bn**
- **Meanwhile, remittances amounted to US\$9.4bn in the period in question, as already reported**
- **FDI flows amounted to US\$14.6bn year to date (US\$4bn in 2Q19)**
- **Finally, portfolio investments have registered a net inflow amounting to US\$4.3bn year to date, while in 2Q19 there was a US\$4.1bn outflow**

According to Banxico, the current account deficit amounted to US\$5.1bn in 2Q19, the largest on record for a quarterly figure. This number is equivalent to 1.6% of GDP, and it was explained by a US\$4.9bn trade surplus in addition to the shortfalls observed in the services (-US\$1.2bn) and the primary income accounts (-US\$7.7bn). Meanwhile, remittances amounted to US\$9.4bn as it was already reported, 3.8% yoy above same period last year.

Year to date, remittances amount to US\$17,254.6bn, 6.2% yoy higher than in 2018.

**Trade balance deficit was mainly explained by a US\$10.8bn surplus in the non-oil trade balance.** This was partially offset by a US\$5.8bn deficit in the oil balance. Manufacturing exports expanded 6.2%, on the back of a 9.7% y/y growth in car-industry exports, along with a 4.4% increase in the rest of manufacturing exports. Meanwhile, non-oil imports decreased 1.6% y/y in the period in question, with non-oil consumer imports down 2.7%, imports of intermediate goods (non-oil) down 0.1% y/y and imports of capital goods also 11.1% below same period last year.

### Current account in 2Q19 (1/2)

US\$bn

	Jun-19	Mar-19	Jan-Jun,'19	Jan-Jun,'18
<b>Current account</b>	<b>5.1</b>	<b>-8.5</b>	<b>-3.4</b>	<b>-13.8</b>
I. Credit	140.1	128.8	268.9	256.8
A. Goods	119.3	108.1	227.4	219.4
Exports	119.2	108.1	227.3	219.2
Goods acquired in ports by means of transport	0.1	0.1	0.2	0.2
B. Services	7.6	8.6	16.2	14.8
Transportation	0.6	0.6	1.2	1.1
Tourists	6.0	7.0	13.0	11.6
Insurance and pension services	0.8	0.7	1.6	1.7
Financial services	0.1	0.1	0.2	0.3
Others	0.1	0.1	0.2	0.2

Source: Banxico

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**Current account in 2Q19 (2/2)**

US\$bn

	Jun-19	Mar-19	Jan-Jun,'19	Jan-Jun,'18
<b>Current account</b>	<b>5.1</b>	<b>-8.5</b>	<b>-3.4</b>	<b>-13.8</b>
C. Primary income	3.7	4.1	7.8	6.3
Profits and dividends	1.5	2.0	3.5	2.6
Profits	1.5	1.5	2.9	2.3
Dividends	0.0	0.5	0.5	0.3
Interests	1.5	1.6	3.1	2.6
Others	0.7	0.6	1.3	1.0
D. Secondary income	9.5	7.9	17.4	16.4
Remittances	9.4	7.9	17.3	16.2
Others	0.1	0.1	0.2	0.1
II. Debit	135.0	137.3	272.3	270.6
A. Goods	114.4	110.0	224.4	223.9
Imports	114.3	109.9	224.1	223.6
Goods acquired in ports by means of transport	0.1	0.1	0.3	0.3
B. Services	8.8	9.1	17.9	18.9
Transportation	3.6	3.6	7.1	7.4
Services	2.3	2.3	4.6	5.3
Insurance and pension services	1.8	1.7	3.4	2.7
Financial services	0.3	0.5	0.8	1.4
Others	1.0	1.1	2.0	2.0
C. Primary income	11.5	17.9	29.4	27.3
Profits and dividends	4.9	12.6	17.5	16.8
Profits	2.2	11.5	13.7	12.2
Dividends	2.7	1.1	3.8	4.5
Interests	6.6	5.4	11.9	10.5
Public sector	3.7	3.5	7.2	6.8
Private sector	2.9	1.9	4.8	3.7
Others	0.0	0.0	0.0	0.0
D. Secondary income	0.3	0.2	0.5	0.5
Remittances	0.2	0.2	0.5	0.5
Others	0.0	0.0	0.0	0.0
<b>Trade balance</b>	<b>4.9</b>	<b>-1.9</b>	<b>3.1</b>	<b>-4.5</b>
Oil balance	-5.8	-4.7	-10.6	-5.8
Non-oil balance	10.8	2.9	13.7	10.8
<b>Services balance</b>	<b>-1.2</b>	<b>-0.5</b>	<b>-1.7</b>	<b>-4.1</b>
<b>Primary income balance</b>	<b>-7.7</b>	<b>-13.8</b>	<b>-21.6</b>	<b>-21.0</b>
<b>Secondary income balance</b>	<b>9.2</b>	<b>7.7</b>	<b>16.9</b>	<b>15.8</b>

Source: Banxico

**The financial account showed a surplus close to US\$1bn.** This was mainly explained by net outflows of US\$4bn in direct investment along with a net inflow of portfolio investments amounting to US\$3.7bn, while other investments subtracted US\$1.6bn (refer to table below). FDI flows to Mexico amounted to US\$5.7bn in the second quarter of the year, while investments of Mexican companies abroad totaled US\$1.7mn in the same period. Year to date, FDI flows amount to US\$18.1bn vs. US\$ 22.3 in same period last year.

### Capital account (current methodology) in 2Q19

US\$ bn

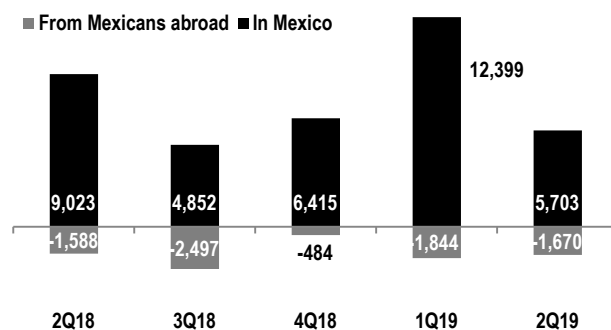
	Jun.-19	Mar.-19	Jan-Jun., '19	Jan-Jun., '18	jun.-18
Capital account	0.0	0.0	0.0	0.0	0.0
Financial account					
[Net credit (+) / Net indebtedness (-)]	1.0	-9.5	-8.5	-14.9	-5.6
I. Direct investment	-4.0	-10.6	-14.6	-18.4	-7.4
Net acquisition of financial assets	1.0	1.9	2.9	7.7	3.7
Net liabilities	5.0	12.4	17.4	26.1	11.2
II. Portfolio investment	3.7	-8.3	-4.7	-5.4	-1.1
Net acquisition of financial assets	2.7	0.0	2.6	7.9	6.1
Net liabilities	-1.0	8.3	7.3	13.3	7.2
III. Financial derivatives (net)	0.4	0.0	0.4	0.6	0.4
IV. Other investments	-1.6	5.0	3.4	5.3	1.6

Source: Banxico

**Total portfolio investment registered a US\$4.1bn outflow in 2Q19, vs. the US\$0.7bn inflow in the same quarter last year.** Flows came out of government bond markets (-US\$4.2bn vs. +US\$1.3bn in 2Q18), while US\$1.2bn went into equity markets and private money markets. Investments in instruments issued abroad show a net inflow of US\$2bn (US\$0.7 bn in the public sector and US\$1.2 bn in the private sector). Finally, assets totaled US\$3.1mn in the period in question, as shown in the table below.

### Foreign direct investment in 2Q19

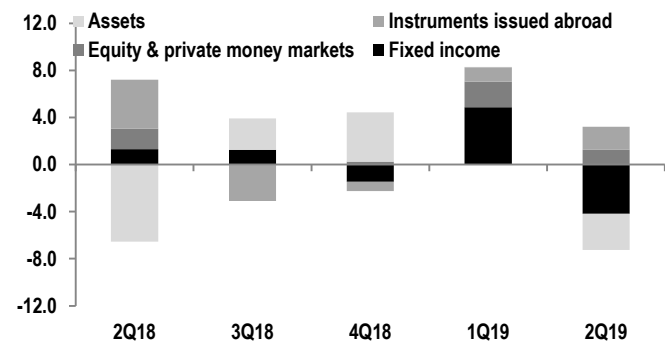
US\$bn



Source: Banxico

### Portfolio investment in 2Q19

US\$bn



Source: Banxico

**Capital account (previous methodology) in 2Q19**

US\$ bn

	jun.-19	mar.-19	Jan-Jun,'19	Jan-Jun,'18
<b>Capital account</b>	<b>-2.2</b>	<b>-34.6</b>	<b>-36.8</b>	<b>-34.7</b>
<b>Financial account</b>	<b>1.6</b>	<b>13.9</b>	<b>15.5</b>	<b>17.9</b>
<b>Foreign direct investment</b>	<b>4.0</b>	<b>10.6</b>	<b>14.6</b>	<b>18.4</b>
In Mexico	5.7	12.4	18.1	22.3
From Mexicans abroad	-1.7	-1.8	-3.5	-3.9
<b>Portfolio investment</b>	<b>-4.1</b>	<b>8.3</b>	<b>4.3</b>	<b>4.9</b>
Liabilities	-1.0	8.3	7.3	13.3
Public sector	-3.5	5.6	2.1	10.3
Securities issued abroad	0.7	0.7	1.4	9.9
Money markets	-4.2	4.9	0.7	0.3
Private sector	2.5	2.7	5.2	3.1
Securities issued abroad	1.2	0.5	1.8	0.6
Money & equity markets	1.2	2.2	3.4	2.5
Pidiregas	0.0	0.0	0.0	0.0
Assets	-3.1	0.0	-3.0	-8.5
<b>Other investments</b>	<b>1.6</b>	<b>-5.0</b>	<b>-3.4</b>	<b>-5.3</b>
Liabilities	5.9	-0.3	5.6	4.4
Public sector	0.9	3.6	4.6	-2.2
Private sector	5.0	-4.0	1.0	6.7
Pidiregas	0.0	0.0	0.0	0.0
Assets	-4.3	-4.6	-9.0	-9.8

Fuente: Banxico

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