

## Trade balance – Manufacturing exports fell in April

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- **Trade balance (April): US\$-289.1mn; Banorte: US\$-61.3mn; consensus: US\$500mn range of estimates (US\$-400mn to US\$2,170mn); previous: US\$1,713.3mn**
- **In seasonally adjusted terms, total exports fell 2.3% m/m, as a result of the 2.9% contraction in manufacturing exports**
- **Moreover, total imports posted a 2.4% contraction on the back of lower intermediate goods imports**
- **We believe that both manufacturing production and exports will show a higher growth in the second quarter of 2018**

**Trade balance for April shows a US\$289.1 million deficit.** According to Banxico and *INEGI's* report published today, trade balance posted a US\$289.1 million deficit, above our US\$61.3mn deficit forecast (consensus: US\$500mn surplus).

Taking a look at the breakdown, oil exports increased 54.4% yoy in April, as a result of the 31.2% yoy growth in the price of Mexico's crude oil basket. In addition, manufacturing exports expanded 14.9%, given the 19.9% growth in vehicle and auto-parts exports. Moreover, total imports posted a 21.4% yoy expansion, as a result of the 26.1% increase in consumption imports. In addition, capital goods imports edged-up 25.8% yoy.

**Total exports decreased 2.3% m/m.** Analyzing the seasonally adjusted figures, oil exports increased 4.6% m/m. By contrast, non-oil exports posted a 2.8% m/m contraction derived from the 2.9% m/m fall in manufacturing exports. Taking a look at the breakdown, both vehicle-industry and the rest of manufacturing exports edged-down 2.9% m/m (refer to the table on the following page).

**Total imports posted a 2.4% m/m contraction.** Non-oil consumption imports –associated with private spending– posted a 0.8% m/m reduction. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector– fell 2.3% m/m. In addition, capital goods imports declined 1.2% m/m.

**Manufacturing production and exports will continue to recover in the coming months.** We continue to believe that Mexican manufacturing production and exports will show a higher growth in the following months of the 2Q18. Specifically, we consider that the uncertainty surrounding the presidential elections that will take place in our country will probably result in a greater depreciation of the Mexican currency during May and June. This would result in a greater external demand for Mexican products, which will have a positive impact on domestic manufacturing production and exports.

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**Trade Balance in April**

% yoy, nsa

	Apr-18	Apr-17	Jan-Apr, '18	Jan-Apr, '17
<b>Total exports</b>	17.0	4.5	12.6	9.5
Oil	54.4	26.6	37.8	49.2
Crude oil	66.2	26.8	49.3	52.6
Others	9.8	26.1	-6.4	37.6
Non-oil	15.0	3.5	11.1	7.7
Agricultural	13.9	6.1	11.9	5.1
Mining	18.3	49.9	31.1	34.2
Manufacturing	14.9	2.9	10.8	7.6
Vehicle and autoparts	19.9	4.4	16.3	8.3
Others	12.4	2.1	7.8	7.2
<b>Total imports</b>	21.4	-5.0	12.6	5.5
Consumption goods	26.1	-3.6	14.7	7.4
Oil	53.9	9.5	28.7	51.3
Non-oil	17.2	-7.2	9.6	-3.0
Intermediate goods	20.0	-5.1	11.8	5.7
Oil	46.1	18.8	28.2	49.2
Non-oil	17.8	-6.8	10.3	3.0
Capital goods	25.8	-5.8	15.9	1.5

Source: INEGI

**Trade Balance in April**

% m/m, sa

	Apr-18	Mar-18	Feb-18	Jan-18
<b>Total exports</b>	-2.3	2.5	4.0	-2.5
Oil	4.6	-1.7	3.4	-8.2
Crude oil	5.0	-5.5	4.8	-9.2
Others	2.4	28.5	-6.6	-0.9
Non-oil	-2.8	2.9	4.1	-2.1
Agricultural	-1.4	2.9	-1.4	-11.5
Mining	-1.2	13.1	-13.9	28.7
Manufacturing	-2.9	2.7	4.7	-2.1
Vehicle and autoparts	-2.9	3.0	9.7	-5.3
Others	-2.9	2.5	2.0	-0.3
<b>Total imports</b>	-2.4	3.0	2.3	-2.7
Consumption goods	-0.5	1.8	3.1	-5.6
Oil	0.3	-0.5	16.3	-11.8
Non-oil	-0.8	2.8	-1.8	-3.1
Intermediate goods	-2.9	3.7	2.0	-2.9
Oil	-8.2	9.6	13.8	-12.5
Non-oil	-2.3	3.1	0.9	-1.9
Capital goods	-1.15	-0.6	3.1	2.6

Source: INEGI

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