

IGAE – The Mexican economy grew 3.1% in May

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- **Global Economic Indicator, IGAE (May): 3.1% yoy; Banorte-Ixe: 3.3%; consensus: 2.7% (range: 2% to 5.1%); previous: -0.6%**
- **May's economic growth was driven by the growth momentum in services**
- **In seasonal adjusted terms, economic activity increased 0.2% m/m (2.1% yoy), as a result of the 0.3% expansion in services**
- **We expect a 1.5% yoy growth for the second quarter GDP**

Higher growth momentum. *INEGI* just released its Global Economic Indicator (IGAE) report for May, in which economic activity increased 3.1% yoy, marginally below our 3.3% forecast (consensus: 2.7%). In seasonally adjusted terms, economic activity increased 0.2% m/m (2.2% yoy).

Taking a look at the breakdown, and analyzing the seasonal-adjusted figures, services output increased 0.3% m/m (3.5% yoy), as a result of the 2.4% m/m expansion in tourism and restaurant services (7.3% yoy). However, trade posted a 0.6% m/m contraction (3.3% yoy). By contrast, primary activities fell 1.7% m/m.

In addition, industrial production increased 0.1% m/m (0.1% yoy), as a result of the 2.1% m/m expansion in construction output. However, manufacturing production fell 0.3% m/m. In addition, mining activity increased 0.2% m/m, while utilities expanded 0.5%, as shown in the table on the next page.

We expect a 1.5% growth for the second quarter GDP. We maintain a more positive outlook for Mexico's economic growth. As a result, we recently revised our growth estimate for the Mexican economy to 1.9% from 1.6% in 2017 (refer to: *Mexico's Better Growth Outlook: We now forecast GDP to grow 1.9% <[here](#)>*). For the second quarter of the year, we expect GDP growth at 1.5% yoy. We believe that the 3.1% yoy increase in May's economic activity will be partially offset by the 0.6% contraction in April. In addition, we expect June's economic activity around 2% yoy.

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Global economic indicator: May 2017

% m/m sa

	May-17	Apr-17	Difference
Total	0.2	0.1	0.1
Agriculture	-1.7	-0.3	-1.4
Industrial production	0.1	-0.2	0.3
Mining	0.2	-0.9	1.1
Utilities	0.5	-0.2	0.8
Construction	2.1	-2.0	4.2
Manufacturing	-0.3	0.6	-0.9
Services	0.3	0.5	-0.2

Source: INEGI

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