

May's Consumer confidence – 1.4% yoy expansion in line with our forecast

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- **Consumer confidence (May): 92 points; Banorte-Ixe: 92.1; consensus: 92.2 (range of estimates: 90.7 to 92.6 points); previous: 91.3**
- **Consumer confidence increased 1.4% yoy in May**
- **In seasonally adjusted terms, consumer confidence edged-up 0.5% m/m**
- **We believe that consumer confidence will continue to recover throughout 2H15**

Consumer confidence increased 1.4% yoy in May. According to Banxico's and INEGI's report, consumer confidence stood at 92 pts. in May, in line with our 92.1 forecast. Taking a look at the breakdown, we highlight the expansion in consumers' perspectives regarding household's present and future economic outlook (1.8% and 0.5%, respectively). Similarly, consumers' perspectives regarding the country's current and future economic conditions decreased 0.6% and 3%, respectively. Finally, the purchasing power component grew 9.4% yoy, given the recent downward trend in inflation (refer to the table below).

Consumer confidence: May 2015

nsa index

	May-15	May-14	%yoy
Headline index	92.0	90.7	1.4
Household's			
Current conditions	98.4	96.7	1.8
Expectations	98.8	98.3	0.5
National			
Current conditions	88.7	89.3	-0.6
Expectations	88.8	91.5	-3.0
Household's purchasing power	85.1	77.8	9.4

Source: INEGI

In seasonally adjusted terms, consumer confidence edged-up 0.5% m/m. Taking a look at the breakdown, consumers' expectations regarding the household's present and future conditions increased 0.4% and 0.7% m/m, respectively. Moreover, consumer's perspectives regarding the country's current economic conditions grew 1% m/m, while consumer's expectations regarding the country's future economic outlook declined 0.1%. Finally, the purchasing power component expanded 1.3% m/m (refer to the following table).

Consumer confidence: May 2015

sa index

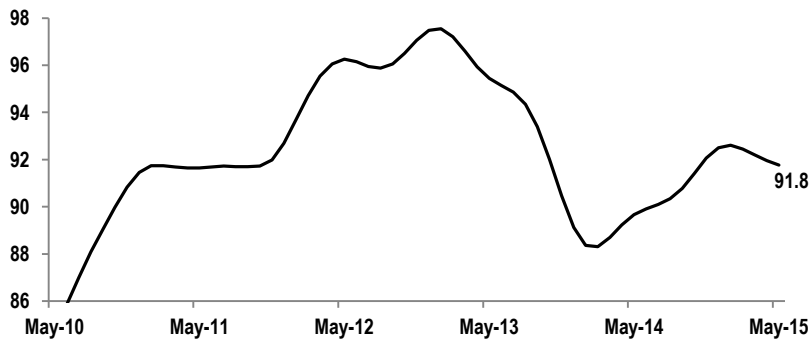
	May-15	Apr-15	%m/m
Headline index	91.5	91.1	0.5
Household's			
Current conditions	98.9	98.6	0.4
Expectations	99.9	99.2	0.7
National			
Current conditions	88.4	87.5	1.0
Expectations	88.5	88.5	-0.1
Household's purchasing power	83.5	82.4	1.3

Source: INEGI

Downward trend, but we expect a fast recovery. Despite May's 0.5% m/m hike in consumer confidence, the trend series has declined in the last four months (refer to chart below). However, we believe that the recent fall may be simply explained by the uncertainty surrounding the electoral process that will take place this Sunday (June 7). Other components –such as the purchasing power sub-index–, have shown a better performance given the downward trend in inflation. Looking ahead, we believe that consumer confidence will show a much more visible recovery given: (1) The better growth prospects for the Mexican economy; (2) the downward trend in inflation that will continue during the first half of the year; and (3) the better growth dynamics of the Mexican labor market which will eventually translate into higher levels in confidence and spending.

Consumer confidence

Trend series



Source: INEGI

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