

Retail sales moderated at the end of 2Q18

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- **INEGI just published its retail sales report for June**
- **Retail sales (June): 3.7% yoy; Banorte: 4.3%; consensus: 3.3%; previous: 2.5%**
- **In seasonally adjusted terms, retail sales were flat vs. previous month**
- **These numbers imply a 4.6% 3m/3m saar in 2Q18 vs. 6.9% in the first quarter of the year**
- **Nevertheless, we expect that both private consumption and retail sales will continue to show a moderate rate of expansion in 2H18 supported by high levels of consumer confidence**

Retail sales remained flat in July. According to *INEGI's* report published today, the income generated by retail sales increased 3.7% yoy nsa in June, above consensus but slightly below our own estimate. Moreover, in seasonally adjusted terms, retail sales remained flat vs. previous month. Looking at the breakdown, with seasonally adjusted figures, 4 out of the 9 components show a negative rate of growth, offset by the expansion observed in the rest of them. Sales of appliances reverted the expansion from previous month, decreasing 7.4% m/m while sales of vehicles expanded 1.6% m/m. Meanwhile, sales of clothing and shoes along with sales in supermarkets and department stores increased 1.9% and 0.8%, respectively.

Looking ahead, we expect that both private consumption and retail sales will continue expanding, although at a slightly more moderate rate. Sales in the second quarter of the year moderated its expansion, increasing 4.6% 3m/3m saar down from 6.9% in 1Q18. Nevertheless, we expect sales to maintain a moderate rate of expansion in the second half of the year supported by high levels of consumer confidence and despite recent pick-up in inflation levels, which continue to be lower than those observed in same period last year.

Retail sales: June 2018

% m/m, sa

	Jun-18	May-18
Retail sales	0.0	1.0
Food, beverages, and tobacco	0.8	0.0
Supermarket, convenience, and departmental stores	0.6	2.3
Clothing and shoes	1.9	-0.3
Health care products	-1.1	2.0
Office, leisure, and other personal use goods	-2.1	-0.1
Appliances, computers, and interior decoration	-7.4	7.9
Glass and hardware shop	-0.5	0.5
Motor Vehicles, auto parts, fuel and lube oil	1.6	-0.8
Internet sales	5.4	-0.3

Source: INEGI

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