

Trade balance in April – First signs of moderation of economic activity in 2Q17

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- **Trade balance (April): US\$616.8mn (Banorte-Ixe: -US\$1,450; consensus: -US\$1,583; range: -US\$3,654.3 to US\$160; previous: -US\$182.9)**
- **Total exports expanded 3.6%yoy, amounting to US\$31.5bn**
- **Meanwhile, imports edged down 5% yoy, totaling US\$30.9bn**
- **In seasonally adjusted figures, exports declined 2.6% m/m, while imports edged down 5.7%**
- **Even though April's figures are influenced by a calendar effect, they also evidence the first signs of moderation of economic activity in 2Q17**

Trade balance figures for April show a US\$616.8mn surplus. This figure was below our forecast for a US\$1.4bn deficit (consensus: -US\$-1.5bn). Year-to-date trade balance amounts to US\$2.1bn.

Total exports expanded 3.6%yoy amounting to 31.5bn. Oil exports increased 26.9% vs April 2016 while non-oil exports expanded 2.6%yoy. In particular, manufacturing exports increased 1.9%yoy, on the back of an expansion of 1.5% in car-industry exports, while the rest of manufacturing exports increased 2.1%yoy in April. Year-to-date, exports have expanded 9.2%, derived from an increase of 49.2% in oil exports coupled with an expansion of 7.5% in oil exports, as shown in the table below.

Meanwhile, total imports decreased 5%yoy in April totaling US\$30.9bn. Non-oil imports for consumption –associated with private spending-, edged down 7.2%yoy. Non-oil imports of intermediate goods -used as inputs in the manufacturing sector-, declined 6.9%yoy in April. Finally, imports of capital goods declined 4.9% yoy during the period in question. Year-to-date, imports have expanded 5.5%, on the back of lower non-oil imports of consumer goods (-3%yoy) along with an increase of 3.1%yoy in non-oil imports of intermediate goods and capital imports up 1.4% yoy.

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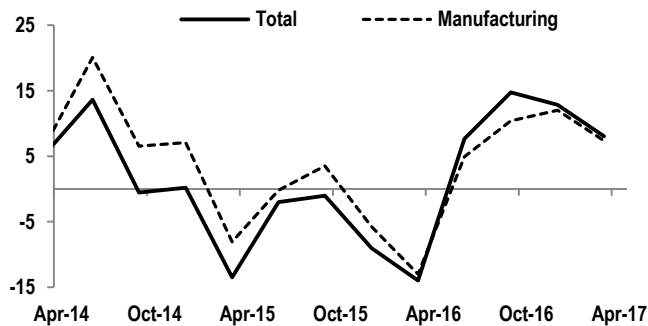
Trade balance in April
%yoy

	Apr-17	Mar-17	Jan-Apr,'17	Jan-Apr,'16
Total exports	3.6	14.5	9.2	-6.4
Oil	26.9	34.8	49.2	-41.6
Crude oil	27.0	34.7	52.6	-44.7
Other	26.1	34.9	37.6	-28.1
Non-oil	2.6	13.6	7.5	-3.9
Agriculture	5.0	11.1	4.8	10.4
Mining	49.9	-3.9	34.2	-18.2
Manufacturing	1.9	14.0	7.3	-4.3
Car industry	1.5	18.7	7.5	-3.1
Other	2.1	11.6	7.2	-4.9
Total imports	-5.0	15.0	5.5	-3.2
Consumption	-3.6	19.2	7.4	-6.6
Oil	9.5	85.7	51.3	-26.5
Non-oil	-7.2	6.2	-3.0	-0.2
Intermediate imports	-5.3	14.8	5.7	-2.1
Oil	18.8	60.2	49.2	-18.2
Non-oil	-6.9	12.1	3.1	-0.9
Capital goods	-4.9	10.5	1.4	-6.8

Source: INEGI

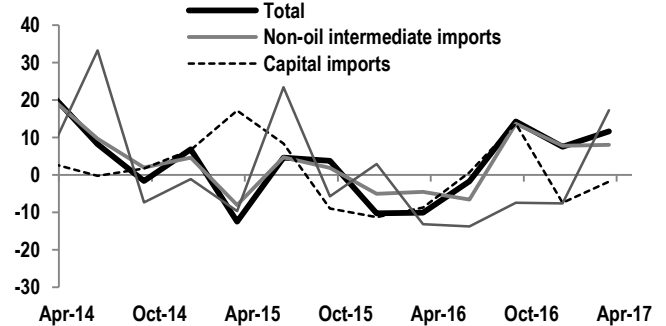
In seasonally adjusted figures, exports declined 2.5% m/m, while imports edged down 5.7%. The reduction in in exports comes on the back of a 3% reduction in manufacturing exports with exports in the car industry down 4% m/m. With these figures, manufacturing exports have increased 5.2% q/q saar vs. 7.3% in 1Q17. Meanwhile, non-oil imports came down 5.5% m/m with non-oil consumption imports up 1.2% m/m while non-oil intermediate goods imports came down 7.7%. Finally, imports of capital goods increased 4% m/m in April.

Exports
%, q/q saar



Source: INEGI

Imports
%, q/q saar



Source: INEGI

Trade balance figures in April were affected by a calendar effect. This is due to the fact that Easter in 2017 took place in April, while the previous year was between March and April. Adjusting for this effect, exports show a 8.4% expansion while imports increased 2.8%. Nevertheless, in our opinion, the figures are starting to show signs of a slowdown at the start of the second quarter of the year, on the back of the moderation observed in imports of intermediate goods, which are considered as inputs for future production. In addition, the seasonally adjusted figures also show a moderation in the pace of expansion of manufacturing exports.

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