

# Balance of Payments 3Q18 – Financial account resents a highly uncertain global backdrop

November 23, 2018

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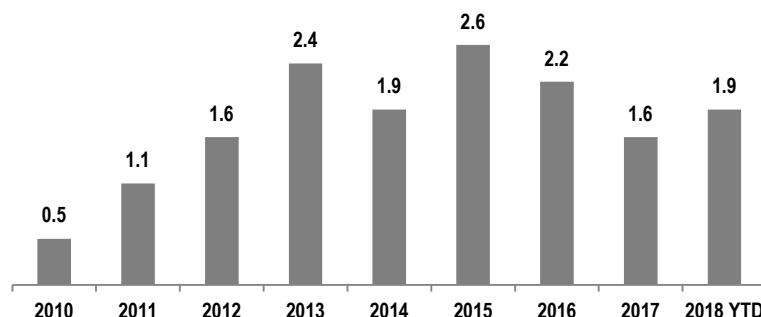
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- **Current account balance (3Q18): -US\$5.1bn (Banorte: -US\$5.9bn; consensus: -US\$4.4bn; previous: -US\$3.1bn)**
- **Trade balance amounted to -US\$5.7bn, while services balance was -US\$2.8bn**
- **Meanwhile, remittances amounted to US\$8.4bn in the period in question, as already reported**
- **FDI flows amounted to US\$19.1bn year to date (US\$1.8bn in 3Q18)**
- **Finally, portfolio investments have registered a net inflow amounting to US\$8.8bn year to date, while in 3Q18 there was a US\$1.9bn outflow**

According to Banxico, the current account deficit amounted to US\$5.1bn in 3T18. Year-to-date, the deficit amounts to US\$17bn, equivalent to 1.9% of GDP. In the third quarter of the year, current account deficit was explained by a US\$5.7bn trade deficit in addition to the shortfalls observed in the services (-US\$2.8bn) and the primary income accounts (-US\$4.8bn). Meanwhile, remittances amounted to US\$8.4bn as it was already reported, 9.4% yoy above same period last year. Year to date, remittances amount to US\$24,676.5bn, 10.8% yoy higher than in 2017.

**Exports continue to show momentum.** Total exports expanded 12% yoy on the back of a surge in oil exports, up 41.6%. In the meantime, manufacturing exports increased 10.6% supported by the dynamism in both the car industry, with exports up 15.3% yoy, and other manufacturing exports (8.2%).

**Current account**  
% GDP

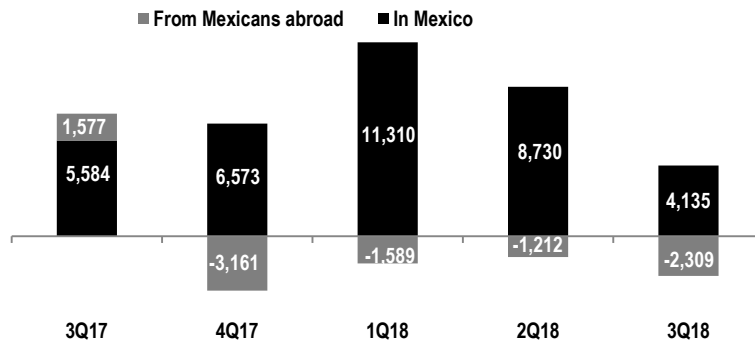


Source: Banxico

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**The financial account showed a US\$4.7bn deficit.** This was mainly explained by net outflows of US\$1.8bn in direct investment along with a net inflow of portfolio investments amounting to US\$2.2bn, while other investments subtracted US\$3.9bn (refer to table below). Net financial asset purchases amounted to US\$2.5bn in the third quarter of the year, while net liabilities totaled US\$4.3bn in the same period. FDI flows to Mexico amounted to US\$4.1bn in the third quarter of the year, while investments of Mexican companies abroad totaled US\$2.3mn in the same period. Year to date, FDI flows amount to US\$24.2bn vs. US\$ 24.5 in same period last year.

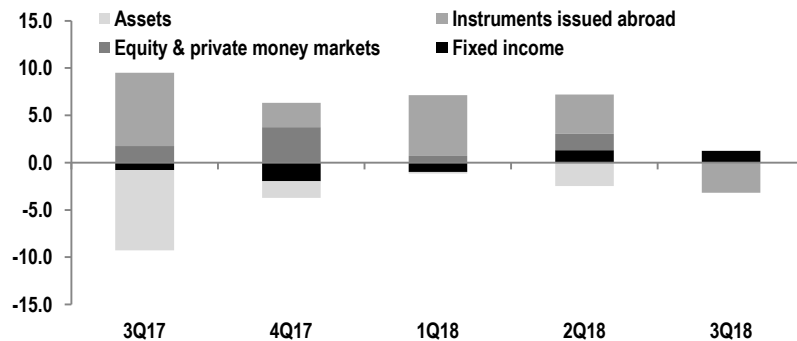
**Foreign direct investment**  
US\$mn



Source: Banxico

**Total portfolio investment registered a US\$1.9bn outflow in 3Q18, vs. the US\$214mn inflow in the same quarter last year.** Flows to government bond markets amounted to US\$1.2bn (vs. US\$0.8bn in 3Q17), while US\$68mn went to equity markets and private money markets. Investments in instruments issued abroad decreased in US\$3.1bn (-US\$1.3 bn in the public sector and -US\$1.9 bn in the private sector). Finally, assets totaled US\$0.1mn in the period in question.

**Portfolio investment**  
US\$bn



Source: Banxico

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|-------------|--|
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