

## Consumer confidence – Strong 1.2% m/m contraction in August explained by the depreciation of the MXN

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- Consumer confidence (August): 90.4 points; Banorte-Ixe: 90.6; consensus: 92.2 (range of estimates: 90.6 to 93.3 points); previous: 92.2
- Consumer confidence increased a scant 0.8% yoy in August
- In seasonally adjusted terms, consumer confidence edged-down 1.2% m/m
- We believe that the fall in consumer sentiment (seasonally-adjusted figures) was explained by the sharp depreciation of the Mexican currency
- Despite August’s fall, we believe that consumer confidence will continue to recover throughout 2H15

**Consumer confidence increased a scant 0.8% yoy in August.** According to Banxico’s and INEGI’s report, consumer confidence stood at 90.4 points in August, in line with our 90.6 forecast (consensus: 92.2 points). Taking a look at the breakdown, we highlight the contraction in consumers’ perspectives regarding the country’s present and future economic outlook (-7.3% and -5%, respectively). Moreover, consumers’ perspectives regarding the household’s current economic conditions increased 2.8%, while expectations for the household’s future economic outlook fell 0.1% yoy. Finally, the purchasing power component grew 16.4% yoy (refer to the table below).

### Consumer confidence: August 2015

nsa index

	Aug-15	Aug-14	%yoy
<b>Headline index</b>	90.4	89.7	0.8
<b>Household's</b>			
Current conditions	98.6	95.9	2.8
Expectations	98.5	98.6	-0.1
<b>National</b>			
Current conditions	84.2	90.8	-7.3
Expectations	85.1	89.6	-5.0
<b>Household's purchasing power</b>	85.8	73.7	16.4

Source: INEGI

**In seasonally adjusted terms, consumer confidence edged-down 1.2% m/m.**

Taking a look at the breakdown, consumers’ perspectives regarding the country’s present and future economic outlook fell 3.3% and 4.1% m/m, respectively as a result of the significant depreciation of the Mexican currency. However, consumers’ perspectives regarding the household’s current and future economic conditions increased 0.2% and 0.1% m/m, respectively, as a result of the recovery in consumer spending. Finally, the purchasing power component grew 3.3% m/m given the downward trend in inflation (refer to the table below)

**Consumer confidence: August 2015**

sa index

	Aug-15	Jul-15	%m/m
<b>Headline index</b>	89.9	91.0	-1.2
<b>Household's</b>			
Current conditions	98.4	98.2	0.2
Expectations	98.1	98.1	0.1
<b>National</b>			
Current conditions	82.2	85.0	-3.3
Expectations	84.1	87.7	-4.1
<b>Household's purchasing power</b>	86.6	83.8	3.3

Source: INEGI

**Looking ahead, we believe that consumer confidence will show a better performance.** Despite August’s fall, we believe that consumers’ sentiment will show a much more visible recovery. In particular, we believe that consumers’ perspectives regarding the country’s present and future economic outlook will show a much more visible recovery given the better growth prospects for the Mexican economy and the labor market. Moreover, we believe that the downward trend in inflation that will continue during the second half of the year will translate into higher levels in confidence and spending.

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