

Consumer confidence at its highest level in a decade

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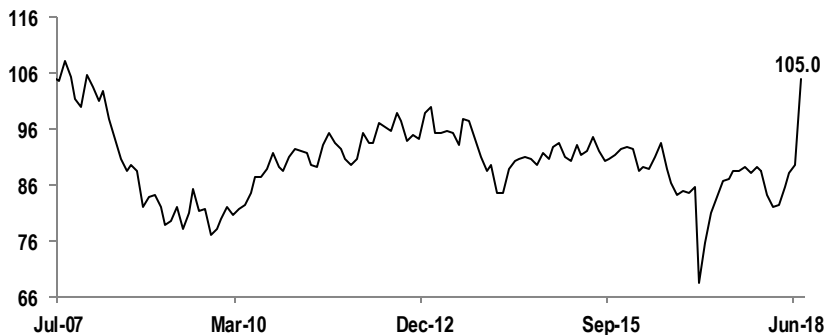
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- **Consumer confidence (July; nsa): 105 points; Banorte: 89.3; consensus: 90.4; previous: 89.9 points**
- **With this figure, consumer confidence reached a level not seen since December 2007**
- **In the year-over-year comparison, confidence increased 18.4%**
- **In seasonally adjusted terms, consumer sentiment posted a 14.8% m/m growth, now adding four months in expansion**
- **We believe that consumer sentiment was influenced by the outcome of the electoral process**
- **We expect consumer confidence levels to remain relatively high**

Consumer confidence surged in July. According to Banxico and *INEGI's* report, consumer confidence stood at 105 points in July, above our 89.3 forecast (consensus: 90.4 points). This print represents a new high for the series since December 2007, when it reached 105.6pts (as shown in the chart below). July's data implies an 18.4% yoy increase, derived from expansions in the five components that make up the headline index. In this regard, the sub-index that presented the greatest advance was the one that measures the economic expectations of the country, which grew 53.8% yoy. Moreover, the indices that refer to the present and future households' expectations increased 3.5% and 12.2% yoy, respectively. In addition, the prospects regarding the present conditions of the country expanded 16.2% yoy. Finally, the capacity to purchase durable goods presented a 12.1% yoy increase, as shown in the following table.

Consumer confidence
index, nsa



Source: INEGI

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Consumer confidence: July 2018

nsa; % yoy

	Jul-18	Jul-17	%yoy
Headline index	105.0	88.7	18.4
Household's			
Current conditions	101.7	98.2	3.5
Expectations	109.0	97.1	12.2
National			
Current conditions	92.4	79.5	16.2
Expectations	121.6	79.0	53.8
Household's purchasing power	100.2	89.4	12.1

Source: INEGI

In seasonally adjusted terms, consumer confidence improved 14.8% m/m, adding four consecutive months in expansion. Taking a look at the breakdown, consumers' prospects on future economic conditions for the country surged 31.9% m/m, while current conditions increased 11.4% m/m. In addition, the indices for present and future household expectations grew 5% and 11.3% m/m, respectively. Moreover, the component that refers to the possibility of purchasing durable goods increased 13% m/m (refer to the following table).

Consumer confidence: July 2018

seasonally-adjusted index; % m/m

	Jul-18	Jun-18	%m/m
Headline index	101.7	88.6	14.8
Household's			
Current conditions	101.0	96.1	5.0
Expectations	107.9	96.9	11.3
National			
Current conditions	89.2	80.1	11.4
Expectations	117.5	89.0	31.9
Household's purchasing power	94.6	83.8	13.0

Source: INEGI

We expect consumer confidence levels to remain high in the next months. In this context, we consider that the strong increase in the seventh month of the year was mainly explained by the outcome of the electoral process of July 1st. Looking ahead, we estimate that consumer confidence will remain at levels higher than those observed in the first half of the year, although slightly below the figure observed in July.

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