

Trade balance – Exports surge support February's figures

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www.banorte.com
@analysis_fundam**Delia Paredes**Executive Director of Economic Analysis
delia.paredes@banorte.com

- **Trade balance (February): US\$1,062mn; Banorte: US\$252.4mn; previous: -US\$4,408mn**
- **In seasonally adjusted terms, manufacturing exports expanded 4.5% m/m, on the back of a 9.2% increase in auto industry related exports**
- **Meanwhile, imports expanded 2% m/m as oil imports surged**
- **We believe that manufacturing exports will continue picking up in the coming months**

Surplus amounting to US\$1,062mn in February. With this figure, year-to-date balance shows a US\$3.3bn deficit, slightly higher than the US\$2.7bn deficit observed in the same period last year. This result is explained by an annual expansion of 12.3% in total exports and of 11.7% in imports.

Exports and imports expansion on the back of higher energy prices. This type of exports expanded 36.6% y/y, above the 30.4% observed so far this year. Meanwhile, manufacturing exports increased 10.5% y/y, driven by the dynamism of exports in the auto sector, up 17.9% (13.9% so far this year), while the rest of manufacturing exports increased 6.5% (8.7% so far this year). Imports increased 11.7% y/y, on the back of the surge in oil imports (+28.9% y/y). Non-oil imports expanded 9.7% (11.9% so far this year). We highlight the growth of only 4.7% in imports of consumption goods, while non-oil imports of intermediate goods -considered as inputs for future production-, went up 9.1% in the second month of the year. Finally, imports of capital goods registered an annual advance of 20.1% (refer to the first table below).

With seasonally adjusted figures, exports expanded 4% m/m while imports increased 2% m/m. In the first case, manufacturing exports increased 4.5% m/m, while oil exports expanded 2.9% m/m. Regarding imports, the observed expansion is explained by the surge in oil imports, up 12.45% m/m (refer to the second table below).

Looking ahead we believe exports will continue picking up in the coming months. Growth prospects for the U.S. economy suggest that the dynamism observed so far in exports of manufactured goods will continue, supported also by a relatively weak currency given the volatility we expect in the coming months because of the electoral process, as well as the uncertainty surrounding the negotiation of NAFTA, which we recognize has been drastically reduced in recent weeks. On the side of imports, the uncertainty before mentioned will probably translate into caution for investments, while different indicators suggest that domestic demand is slowing down.

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Trade Balance in February

% y/y

	Feb.-18	Feb.-17	Jan-Feb, '18	Jan-Feb, '17
Total exports	12.3	8.2	12.4	9.3
Oil	36.6	67.7	30.4	71.0
Crude	49.9	72.9	40.2	78.3
Others	-18.5	49.0	-11.5	45.7
Non-oil	10.8	5.8	11.2	6.7
Agricultural	17.3	-3.8	19.1	1.2
Mining	6.7	102.7	28.4	56.3
Manufactures	10.5	5.5	10.5	6.5
Cars	17.9	4.9	13.9	4.5
Ex cars	6.5	5.8	8.7	7.6
Total imports	11.6	2.8	12.9	6.3
Consumption	12.1	6.1	14.5	7.3
Oil	32.4	64.3	21.1	61.3
Non-oil	4.7	-6.0	11.9	-5.6
Intermediate goods	10.6	3.2	11.8	7.0
Oil	26.9	65.4	21.7	62.6
Non-oil	9.1	-0.2	10.9	3.7
Capital goods	20.1	-4.4	19.4	0.1

Source: INEGI

Trade Balance in February

% m/m sa

	Feb-18	Jan-18	Dec-17	Nov-17
Total exports	4.0	-2.0	1.0	5.9
Oil	2.9	-7.9	25.1	14.1
Crude oil	4.1	-8.8	24.4	13.8
Others	-6.4	-1.0	30.4	17.0
Non-oil	4.1	-1.5	-0.6	5.4
Agricultural	2.8	-2.5	4.0	-5.4
Mining	-14.2	28.4	-1.6	-7.4
Manufacturing	4.5	-1.9	-0.8	6.2
Vehicle and autoparts	9.2	-4.8	0.0	4.5
Others	2.0	-0.3	-1.3	7.1
Total imports	2.0	-2.4	4.4	1.8
Consumption goods	2.8	-5.7	9.5	-0.8
Oil	15.8	-11.8	5.7	4.0
Non-oil	-2.0	-3.2	11.1	-2.7
Intermediate goods	1.7	-2.5	3.5	2.4
Oil	10.6	-10.5	8.5	0.4
Non-oil	0.8	-1.7	3.0	2.6
Capital goods	3.40	3.1	3.9	0.6

Source: INEGI

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GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior, Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Francisco José Flores Serrano	Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Senior Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Strategist Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Technical Analysis	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Equity Research – Conglomerates / Financials/ Mining / Petrochemicals	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research – Airlines / Airports / Cement / Infrastructure / REITs	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454