

## Trade balance – Manufacturing exports maintained a downward trend in January

February 27, 2018

www.banorte.com  
@ analisis\_fundam**Alejandro Cervantes**  
Senior Economist, Mexico  
alejandro.cervantes@banorte.com

- **Trade balance (January): US\$-4,408.3mn; Banorte: US\$-3,920mn; consensus: US\$-3,441mn range of estimates (US\$-3,920mn to US\$-2,520mn); previous: US\$-157mn**
- **In seasonally adjusted terms, manufacturing exports fell 1.7% m/m, as a result of the 3.7% reduction in vehicle and auto-parts exports**
- **We believe that both manufacturing production and exports will show a higher growth in the first half of 2018**

**Trade balance for January shows a US\$4,408.3 million deficit.** According to Banxico and *INEGI*'s report published today, trade balance posted a US\$4,408.3 million deficit, below our US\$3,920mn deficit forecast (consensus: US\$-3,441mn).

Taking a look at the breakdown, oil exports increased 24.1% yoy in January, as a result of the 28% yoy growth in the price of Mexico's crude oil basket. In addition, manufacturing exports expanded 10.5%, given the 11.2% growth in non-vehicle manufacturing exports. Moreover, total imports posted a 14.1% yoy growth, as a result of the 12.6% growth in non-oil consumption goods imports and the 18.8% yoy expansion in capital goods imports.

**Total exports fell 2% m/m.** Analyzing the seasonally adjusted figures, oil exports declined 9.1% m/m. In addition, non-oil exports fell 1.3% m/m, derived from the 1.7% reduction in manufacturing exports. Taking a look at the breakdown, vehicle-industry exports edged-down 3.7%, while the rest of manufacturing exports decreased 0.6% m/m (refer to the table on the following page).

**Total imports posted a 2.5% m/m loss.** Non-oil consumption imports –associated with private spending– posted a significant 2.4% m/m contraction. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector– fell 1.7% in January. By contrast, capital goods imports increased 2.6% m/m.

**Manufacturing production and exports will recover in 1H18.** Despite the contraction observed in manufacturing exports during January, we believe that Mexican exports will show a higher growth in the next months. Specifically, we consider that the uncertainty surrounding the prospects of a successful NAFTA renegotiation and the presidential elections that will take place in our country on the 1<sup>st</sup> of July will probably reflect in a greater depreciation of the Mexican currency during the first half of the year. This would imply a greater external demand for Mexican products, which will have a positive impact on Mexican manufacturing production and exports.

Document for distribution among  
public

**Trade Balance in January**

% m/m sa

	Jan-18	Dec-17	Nov-17	Oct-17
<b>Total exports</b>	<b>-2.0</b>	<b>0.8</b>	<b>5.8</b>	<b>-1.1</b>
Oil	-9.1	25.3	14.0	7.5
Crude oil	-10.1	24.7	13.7	12.2
Others	-1.0	30.4	17.0	-20.5
Non-oil	-1.3	-0.9	5.3	-1.6
Agricultural	-2.8	3.9	-5.5	1.3
Mining	28.5	-1.6	-7.4	9.0
Manufacturing	-1.7	-1.1	6.1	-1.9
Vehicle and autoparts	-3.7	-0.3	4.3	-1.3
Others	-0.6	-1.5	7.1	-2.3
<b>Total imports</b>	<b>-2.5</b>	<b>4.4</b>	<b>1.8</b>	<b>-0.9</b>
Consumption goods	-5.4	9.5	-1.0	0.6
Oil	-12.7	5.6	3.3	7.7
Non-oil	-2.4	11.1	-2.7	-2.0
Intermediate goods	-2.6	3.6	2.4	-1.5
Oil	-10.5	8.4	0.1	8.7
Non-oil	-1.7	3.1	2.7	-2.4
Capital goods	2.64	3.4	0.3	1.7

Source: INEGI

**Disclaimer**

The information contained in this document is illustrative and informative so it should not be considered as an advice and/or recommendation of any kind. BANORTE is not part of any party or political trend.

**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