

Retail sales – Better than expected sales in March

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Saúl Torres
Analyst, Mexico
saul.torres@banorte.com

- **Retail sales (March): 5.5% yoy (Banorte-Ixe: 5.1%; consensus: 4.5%; range of estimates: 2.3% to 6.1%; previous: 5.6%)**
- **In seasonally adjusted terms, retail sales posted a 0.2% m/m expansion**
- **The report shows improvement in sales across board**
- **Looking ahead, we believe that retail sales will continue to show better growth dynamics**

Retail sales increased 5.5% yoy in March. These figures were above consensus (Banorte-Ixe: 5.1%yoy; consensus: 4.5%yoy) with positive numbers across the board. In particular, sales in supermarket, convenience, and department stores expanded 5.9% yoy, while sales of apparel increased 12.2%yoy. Similarly, motor vehicles, auto parts, fuel and lube oil increased 6.5% yoy. Nonetheless, an exception is found in sales of durable goods (ex. cars) where sales edged-down 7.8% yoy, as shown in the table below.

Retail sales: March 2015

%yoy, nsa	Mar-15	Mar-14	Jan-Mar, '15	Jan-Mar, '14
Retail sales	5.5	4.6	5.3	2.9
Food, beverages, and tobacco	4.7	19.4	7.3	16.3
Supermarket and department stores	5.9	-2.2	6.2	-1.2
Clothing and shoes	12.2	-8.4	10.3	-4.6
Health care products	6.3	-0.9	5.4	0.7
Office, leisure, and other personal use goods	10.7	4.5	6.3	4.4
Appliances, computers, et al	-7.8	34.7	-2.6	23.0
Glass and hardware shop	11.0	-2.7	6.3	-4.5
Motor Vehicles, auto parts, fuel and lube oil	6.5	4.0	4.1	-0.2
Internet sales	114.1	-11.8	108.3	-3.0

Source: INEGI

In seasonally adjusted terms, retail sales posted a 0.2% m/m expansion. Taking a look at the breakdown, durable goods sales showed mixed results. Vehicle and auto parts sales increased 1.3% m/m, while sales of other durable goods decreased 7.4% m/m. (refer to the following table). With these numbers, retail sales posted a 9.7% 3m/3m saar expansion in 1Q15.

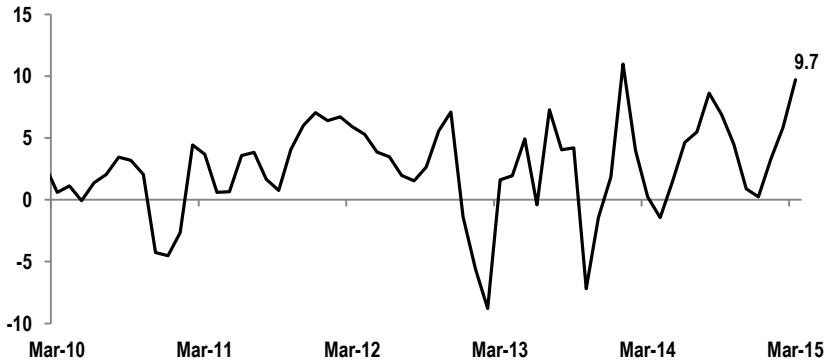
Retail sales: March 2015

%m/m sa	Mar-15	Feb-15
Retail sales	0.2	0.5
Food, beverages, and tobacco	1.6	-6.5
Supermarket, convenience, and departmental stores	1.5	-0.1
Clothing and shoes	-1.6	2.5
Health care products	-3.9	2.8
Office, leisure, and other personal use goods	3.4	1.5
Appliances, computers, et al	-7.4	6.3
Glass and hardware shop	2.1	-0.6
Motor Vehicles, auto parts, fuel and lube oil	1.3	0.7
Internet sales	-3.2	10.2

Source: INEGI

Retail sales

% 3m/3m saar



Source: Banorte-Ixe, INEGI

We believe that retail sales will continue to show better growth dynamics.

With today's report, retail sales posted a 5.3% yoy growth during the first quarter of the year, suggesting a marked recovery in the growth dynamics of domestic demand. We continue to expect that both retail sales and private consumption will show a more visible recovery driven by the following factors: (1) The recovery in consumer confidence; (2) the recent downward trend in inflation; (3) the better growth dynamics observed in the Mexican labor market; and (4) better growth prospects for the Mexican economy explained by the improvement of the manufacturing sector.

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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
Rey Saúl Torres Olivares	Analyst	saul.torres@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 Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Analyst 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) 5004 - 1275
Víctor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 5004 - 1231
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/ Mining/ Chemistry	marissa.garza@banorte.com	(55) 5004 - 1179
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 5004 - 1227
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 5004 - 1266
Valentín III Mendoza Balderas	Equity Research Analyst	valentin.mendoza@banorte.com	(55) 5268 - 9000 x 1267
María de la Paz Orozco García	Analyst	maripaz.orozco@banorte.com	(55) 5004 - 5262

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5004 - 1405
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 5004 - 1340
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 5004 - 1437

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Managing Director – Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Jorge de la Vega Grajales	Managing Director – Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Managing Director – Private Banking	lpietrini@ixe.com.mx	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Managing Director – Asset Management	pimentelr@ixe.com.mx	(55) 5268 - 9004
Ricardo Velazquez Rodríguez	Managing Director – International Banking	rvelazquez@ixe.com.mx	(55) 5268 - 9879
Victor Antonio Roldan Ferrer	Managing Director – Transactional Banking	vrolan@ixe.com.mx	(55) 5004 - 1454