

## Trade balance – SA figures showed that exports are trending up in October

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- **Trade balance (October): US\$ -1,443.9 mn; Banorte-Ixe: US\$ -2,629.4 mn; consensus: US\$ -1,800 mn (range: US\$ -2,629.4 mn to US\$ -1,190 mn); previous: US\$ -1,419.9 mn**
- **Total exports decreased 7.4% yoy, while imports showed a 3.6% yoy contraction**
- **Manufacturing exports fell 3.9% yoy (+2.7% m/m)**
- **We believe that the depreciation of the Mexican currency will result in a higher growth for exports in the last quarter of 2015**

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**Trade balance figures for October show a US\$ 1,443.9 million deficit.** This figure was below our US\$ 2,629.4 mn deficit estimate and comes as a result of a decrease in exports (-7.4% yoy) and a 3.6% reduction in imports. With this number, Mexico's trade balance now adds a US\$ 11,965.1 million deficit year-to-date.

**Total exports decreased 7.4% yoy.** Oil exports fell 41.5% vs. October 2014, as a result of the reduction in Mexico's oil production, and the significant decline in international crude oil prices. Moreover, non-oil exports decreased 4.1% yoy. In particular, manufacturing exports edged-down 3.9% yoy. Taking a look at the breakdown, the rest of manufacturing exports fell 3% yoy, while car-industry exports decreased 5.6% yoy, as shown in the following table.

**Trade Balance in October**  
% yoy

	Oct-15	Sep-15	Jan-Oct,'15	Jan-Oct,'14
<b>Total exports</b>	-7.4	-5.6	-3.6	4.5
<b>Oil</b>	-41.5	-49.6	-44.1	-10.9
Crude oil	-40.9	-54.3	-46.7	-12.7
Other	-44.2	-27.7	-30.0	1.0
<b>Non-oil</b>	-4.1	-0.4	1.5	6.9
Agriculture	-4.8	13.1	7.4	9.2
Mining	-17.2	-1.0	-12.8	13.1
<b>Manufacturing</b>	-3.9	-0.7	1.5	6.7
Car industry	-5.6	4.5	5.4	11.5
Other	-3.0	-3.1	-0.3	4.5
<b>Total imports</b>	-3.6	0.0	-0.6	4.2
<b>Consumption</b>	-7.0	-0.7	-3.2	0.2
Oil	-31.7	-9.1	-15.3	-11.1
Non-oil	0.5	1.8	1.3	5.1
<b>Intermediate imports</b>	-3.6	-1.4	-1.0	5.3
Oil	-17.4	-34.1	-19.3	5.8
Non-oil	-2.5	2.1	0.7	5.3
<b>Capital goods</b>	1.1	11.9	6.4	1.5

Source: INEGI

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**Total imports fell 3.6% yoy.** Non-oil consumption imports –associated with private spending– increased 0.5% yoy. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector– grew 2.5% yoy in October. Finally, capital goods imports increased 1.1% yoy during the period in question, as a result of the more optimistic outlook for the Mexican economy.

**In seasonally adjusted terms, manufacturing exports grew 2.7% m/m.** Taking a look at the breakdown, car-industry exports increased 0.1% m/m, while the rest of manufacturing exports edged-up 4% m/m. Moreover, non-oil consumption imports increased 1.8% m/m, while non-oil imports of intermediate goods showed an expansion of 2.6 m/m. Finally, capital goods imports fell 3.1% m/m.

**We believe that the depreciation of the Mexican currency will result in a higher growth for exports.** Despite the deceleration observed in September’s annual growth of total exports, the seasonally adjusted figures showed that the Mexican manufacturing sector is gradually improving. We believe that the depreciation that still maintains the Mexican currency will motivate a further growth of Mexican manufacturing production and exports, which will be reflected in a larger dynamic growth for the Mexican economy.

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