

AMIA's report – Mexico's vehicle production picks up in August

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- **The Mexican Association of Car Producers (AMIA) released its monthly auto-industry report for August**
- **Total vehicle production: 292,271 units (7.7% yoy)**
- **Vehicle exports: 234,668 units (3.5% yoy)**
- **Domestic sales: 110,928 units (6.8% yoy)**
- **We believe that the auto industry will continue to gain momentum in the second half of the year**

Auto production increased 7.7% yoy in August. According to AMIA's report published today, car production increased 7.7% yoy in August. Today's figure was explained by an improvement in the production for both domestic and external markets. Moreover, vehicle exports expanded 3.5% yoy, while domestic retail sales edged-up 6.8% yoy, as shown in the table below.

Car industry in August 2015

	Aug'15	Aug'14	Jan- Aug'15	Jan- Aug'14
Total Production	7.7	4.7	6.8	7.2
Retail	6.8	17.6	18.8	3.5
Exports	3.5	-0.1	8.0	9.6

Source: AMIA, Banorte-Ixe

Production picked-up in August. In seasonally adjusted terms, Mexico's auto production increased 6% m/m. Moreover, exports edged-up 0.1% m/m, while retail auto sales fell 1.9% m/m.

We believe that auto-industry will continue to gain momentum in 2H15. Despite the deceleration in both vehicle production and exports during 2Q15, we believe that Mexico's auto industry has begun to show a strong recovery, given the 6% m/m growth observed in August's production. Moreover, we also believe that the visible hike in vehicle retail sales grants evidence that consumer spending is picking up. In this regard, we believe that Mexico's auto-industry will continue gaining momentum given the following factors: (1) A significant recovery in external demand given the downward trend in gasoline prices; (2) the depreciation of the Mexican currency, which will translate into stronger growth dynamics for the auto-exports; and (3) the better growth prospects for domestic demand which will reflect in a higher growth in domestic car sales.

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