

# GFI – Consolidating Mexico’s growth momentum

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- **Gross fixed investment (December): 5.5%; Banorte-Ixe: 5.7%; consensus: 5.7% (range: 4.1% to 6.5%); previous: 4.7%**
- **GFI posted a 2.3% expansion in 2014**
- **In seasonally adjusted terms, GFI decreased 1% m/m in December**
- **Today’s figures suggest that the recovery of GFI and the private sector will continue in 1Q15**

**GFI now adds eight consecutive months in expansion.** According to *INEGI’s* report, gross fixed investment in December posted a 5.5% yoy expansion, slightly below our 5.7% forecast. Taking a look at the breakdown, investment in domestic machinery increased 12.4% yoy, while the imported component expanded 7.2% yoy. Moreover, the construction sector grew 3.6%, as a result of a 10% yoy expansion in residential construction, as shown in the table below.

**Gross fixed investment: December 2014**

%yoy	Dec-14	Dec-13	2014	2013
<b>Total</b>	5.5	0.7	2.3	-1.6
<b>Construction</b>	3.6	-3.3	0.5	-4.4
Residential	10.0	-3.9	3.0	-4.9
Non-residential	-1.1	-2.9	-1.4	-4.1
<b>Machinery and equipment</b>	8.9	8.4	5.5	3.8
Domestic	12.4	3.0	4.7	1.0
Transportation Equipment	10.5	5.3	4.4	3.1
Other machinery and equipment	14.2	0.8	4.9	-0.9
Imported	7.2	11.2	5.9	5.1
Transportation Equipment	-0.7	-10.6	-2.5	4.4
Other machinery and equipment	8.4	15.2	7.2	5.3

Source: INEGI

**In seasonally adjusted terms, investment decreased 1% m/m in December.** Investment in domestic machinery and equipment fell 5.2% m/m, while the imported component edged down 2.3% m/m. Finally, investment in the construction sector decreased 0.4% m/m, as shown in the table below. However, with these numbers GFI posted a 5.5% 3m/3m saar expansion.

**Gross fixed investment: December 2014**

%m/m sa	Dec-14	Nov-14	Difference
Total	-1.0	0.5	-1.5
Construction	-0.4	0.8	-1.1
Machinery and equipment	-3.1	0.3	-3.4
Domestic	-5.2	5.3	-10.5
Imported	-2.3	-1.2	-1.1

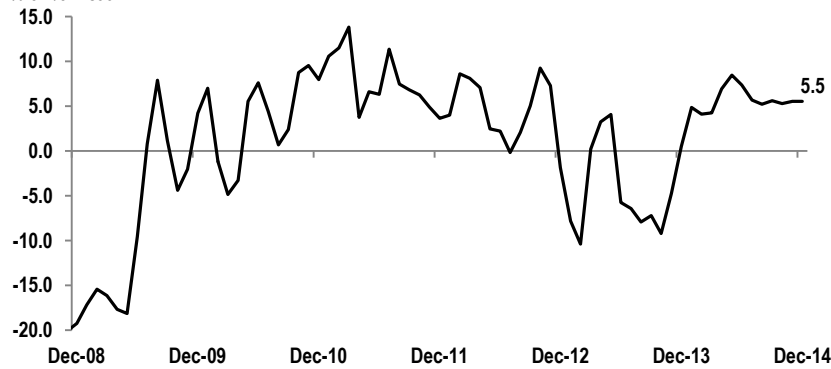
Source: INEGI

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**Today's figures suggest that the recovery of GFI and the private sector will continue in 1Q15.** As we already mentioned, GFI expanded at 5.5% 3m/3m saar on the back of a more dynamic construction sector, as result of the recovery in household's spending, which has been reflected in the exceptional performance of construction in the residential sector. In addition, recent trade balance figures have shown a rapid recovery of capital goods imports despite the significant depreciation of the Mexican currency, which could be reflecting the better growth prospects that firms have regarding the recovery of the Mexican economy in 1Q15.

**Gross fixed investment**

% 3m/3m saar



Source: INEGI, Banorte-Ixe

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