

## Retail sales – Higher growth of durable goods sales in April

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@analisis\_fundam

**Alejandro Cervantes**  
Senior Economist, Mexico  
alejandro.cervantes@banorte.com

**Miguel Calvo**  
Regional and Sectorial Analyst  
miguel.calvo@banorte.com

- **INEGI just published its retail sales report for April**
- **Retail sales (April): 1.4% yoy; Banorte-Ixe: 1.5%; consensus: 2.3%; (range of estimates: 0.1% to 4%); previous: 6.1%**
- **April's moderate growth was explained by a seasonal effect (*Holy Week*), which subtracted working days to the annual comparison**
- **However, in seasonally adjusted terms, retail sales increased 4.6% yoy and 1.2% m/m**
- **Durable goods sales recovered where we highlight the 3.1% m/m increase in vehicle sales**
- **Looking ahead, we believe that both private consumption and retail sales will decelerate, as a result of the upward trend in inflation coupled with lower economic growth**
- **Retail sales in Sinaloa outperformed the national average**

**Retail sales increased 1.4% yoy in April.** According to *INEGI's* report published today, the income generated by retail sales grew 1.4% yoy, below *Bloomberg's* 2.3% consensus forecast, but in line with our 1.5% forecast. However, we highlight that April's growth was explained by the *Holy Week's* seasonal effect, which subtracted working days to the annual comparison. With seasonal adjusted figures, retail sales increased 4.6% yoy and 1.2% m/m.

Taking a look at the breakdown, and analyzing the seasonal adjusted figures, April's growth was explained by the expansion in 5 of its 9 sub-indices. In addition, durable goods sales posted a favorable performance, where we highlight the 3.1% m/m expansion of motor vehicle and auto parts sales. Moreover, household appliances, computers, and interior decoration sales increased 0.5% m/m, after the 6.3% increase observed in March. On the downside, clothing and shoes sales fell 1.2% m/m, while food, beverages, and tobacco sales decreased 0.3% m/m.

**Retail sales will decelerate in the next months.** Looking ahead, and despite April's recovery, we continue to believe that both private consumption and retail sales will decelerate due to the following factors: (1) The lower economic growth in our country, caused by the uncertainty surrounding the political and economic environment; (2) the upward trend of inflation will discourage the consumption of durable goods; and (3) the Federal Government's fiscal consolidation policy will translate into lower public investment projects, which will affect the general growth dynamics of the labor market, and consequently the recovery of private consumption.

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**Retail sales: April 2017**

% m/m, sa

	Apr-17	Mar-17	Difference
<b>Retail sales</b>	<b>1.2</b>	<b>-1.2</b>	<b>2.4</b>
Food, beverages, and tobacco	-0.3	0.1	-0.4
Supermarket, convenience, and departmental stores	0.5	0.0	0.5
Clothing and shoes	-1.2	2.9	-4.1
Health care products	1.3	-1.4	2.6
Office, leisure, and other personal use goods	-1.2	-7.9	6.7
Appliances, computers, and interior decoration	0.5	6.3	-5.8
Glass and hardware shop	0.4	-6.0	6.4
Motor Vehicles, auto parts, fuel and lube oil	3.1	-3.2	6.3
Internet sales	-13.9	11.8	-25.7

Source: INEGI

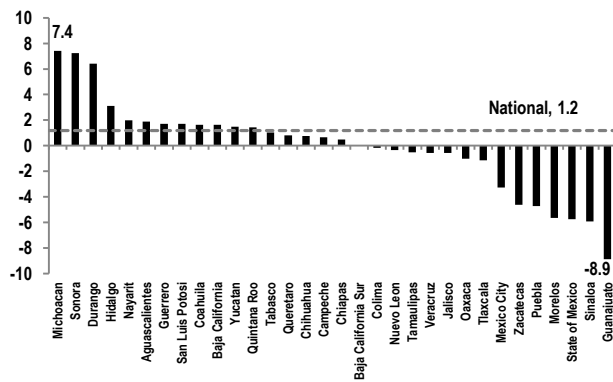
*Regional Analysis*

**Retail sales in Sinaloa outperformed the national average in April.** In seasonally adjusted terms, retail sales in Sinaloa posted a 7.4% m/m growth, which stands as the highest growth of the country. Moreover, we highlight that this advance was the highest observed in the entity since June 2016.

As we can see in the following chart, retail sales growth in 12 states including Sinaloa outperformed the national average in April. In this regard, we highlight April's expansion in Nayarit (7.2%), Veracruz (6.4%), Puebla (3.1), and Colima (2%). By contrast, retail sales revenues in Morelos fell 8.9% m/m, as shown in the table below.

**Retail sales: April 2017**

% m/m; sa



**States with the greatest and lowest increase in retail sales**

% m/m; sa

	Apr-17	Apr-17	Jan-Apr'17
Sinaloa	7.4	-5.9	14.4
Nayarit	7.2	6.2	6.8
Veracruz	6.4	-0.3	-6.8
Puebla	3.1	-1.1	5.5
Colima	2.0	0.4	28.5
<b>National average</b>	<b>1.2</b>	<b>-1.2</b>	<b>4.7</b>
Coahuila	-4.7	2.4	10.9
Tlaxcala	-5.7	-1.7	5.6
Oaxaca	-5.8	-2.7	1.8
Durango	-5.9	5.4	5.3
Morelos	-8.9	-2.0	10.9

Source: Banorte-Ixe; INEGI

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**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	Regional Analyst	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, National	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 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	Equity Research Analyst	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates / Financials/ Mining / Chemistry	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research Analyst – Airlines / Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – 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	Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247

**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