

## Trade balance – Upward trend of exports moderate in May

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- **Trade balance (May): -US\$1,017.3mn (Banorte-Ixe: US\$739.1; consensus: -US\$158; range: -US\$903 to US\$739.1; previous: -US\$85.4)**
- **Total exports declined 8.8% yoy, amounting to US\$31.3bn**
- **Meanwhile, imports edged down 5.5% yoy, amounting to US\$32.3bn**
- **In seasonally adjusted figures, exports declined 4.7% m/m, while imports edged down 2.9%**
- **In our opinion, trade balance figures during the fifth month of the year show a slight moderation the external demand recovery trend**

**Larger than expected trade deficit in May.** INEGI preliminary report on trade balance during the fifth month of the year shows a US\$1.0bn deficit, below our forecast for a US\$739.1mn surplus (consensus: -US\$158mn). With this number, trade deficit amounts to US\$3.3bn year-to-date.

**Total exports edged down 8.8% yoy amounting to 31.3bn.** Oil exports declined 37.2% vs May 2014 while non-oil exports edged down 5.2%yoy. In particular, manufacturing exports declined 5.2%yoy, on the back of an expansion of 1.8% in car-industry exports, which partially offset for the 8.6% yoy decline in the rest of manufacturing exports. Year-to-date, exports have declined 2.8%, as a result of the 44.8% decrease in oil exports coupled with an expansion of 2.9% in non-oil exports, as shown in the table below.

**Meanwhile, total imports decreased 5.5% yoy in May totaling US\$32.3bn.** Non-oil imports for consumption –associated with private spending-, edged down 2%yoy. Meanwhile, imports of intermediate goods (ex. oil) –considered as inputs in the manufacturing sector-, declined 4.4% yoy in May. Finally, imports of capital goods increased 1.4% yoy during the period in question. Year-to-date, imports have edged down 1.2%, on the back of lower imports in the oil sector.

**Trade Balance in May**  
% yoy

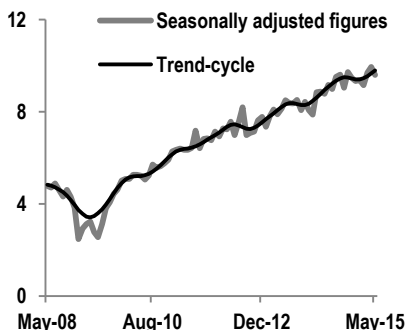
	May-15	Apr-15	Jan-May,'15	Jan-May,'14
<b>Total exports</b>	-8.8	-3.2	-2.8	3.5
<b>Oil</b>	-37.2	-50.4	-44.8	-8.7
Crude oil	-43.0	-48.6	-47.4	-10.1
Other	5.7	-57.8	-30.0	0.1
<b>Non-oil</b>	-5.3	2.7	2.9	5.4
Agriculture	4.9	-0.1	7.1	5.0
Mining	-38.1	-25.3	-15.8	16.2
<b>Manufacturing</b>	-5.2	3.2	3.0	5.3
Car industry	1.8	12.2	9.1	10.1
Other	-8.6	-0.9	0.2	3.1
<b>Total imports</b>	-5.5	-1.6	-1.2	2.0
<b>Consumption</b>	-4.5	-14.2	-6.6	-3.8
Oil	-13.0	-34.8	-23.6	-16.4
Non-oil	-2.0	-4.4	0.3	2.5
<b>Intermediate imports</b>	-6.6	0.4	-0.9	3.6
Oil	-31.1	-25.4	-23.8	5.1
Non-oil	-4.4	2.9	1.3	3.5
<b>Capital goods</b>	1.4	3.0	4.6	-1.2

Source: INEGI

**In seasonally adjusted figures, exports declined 4.7% m/m, while imports edged down 2.9%.** We highlight non-oil exports falling 6.4% m/m while oil exports expanded 20.4%. Non-oil imports of intermediate goods declined 4.7% monthly while non-oil imports of imports for consumption increased 7.4% m/m in non-oil imports. Finally, imports of capital goods increased 1.57% m/m in May.

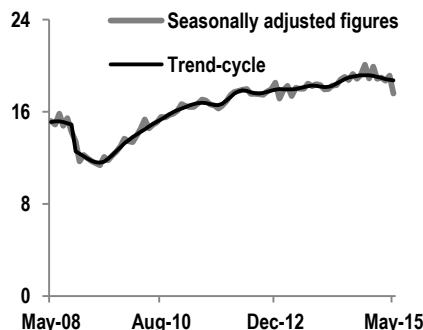
**In our opinion, trade balance figures during the fifth month of the year show a slight moderation the external demand recovery trend.** Manufacturing exports in the auto industry continue to show a strong upward trend (see chart below left), offset by the moderation in the trend observed in non-auto manufacturing exports, probably as a result of a slowdown in global growth (chart in the middle). On the import side, there is an upward trend in both imports for consumption (ex. oil), and of capital goods, suggesting that domestic demand begins to recover (see charts below).

**Manufacturing exports (auto industry)**  
US\$bn



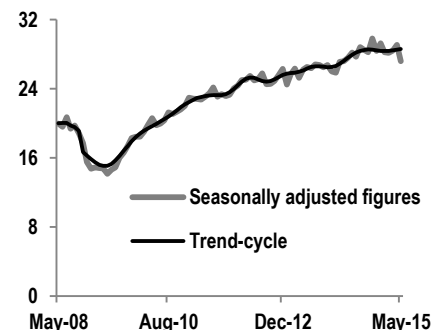
Source: INEGI

**Manufacturing exports (ex. auto industry)**  
US\$bn



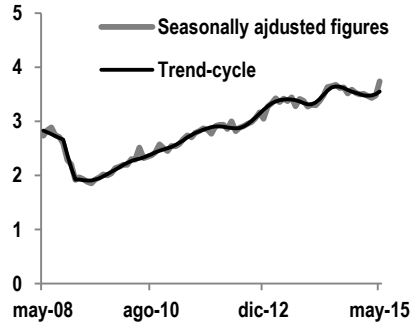
Source: INEGI

**Manufacturing exports**  
US\$bn



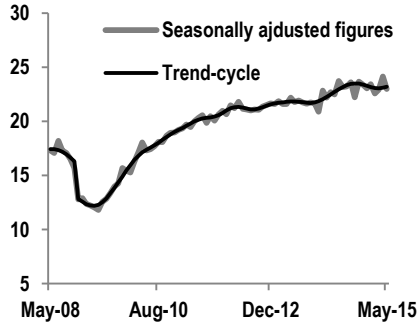
Source: INEGI

**Imports for consumption (ex. oil)**  
US\$bn



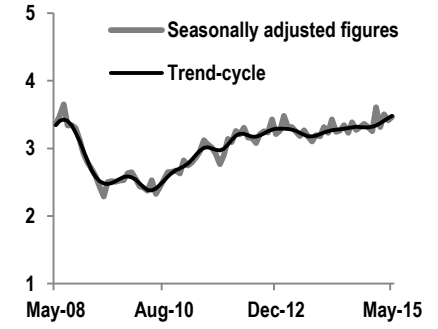
Source: INEGI

**Imports of intermediate goods (ex. oil)**  
US\$bn



Source: INEGI

**Import of capital goods**  
US\$bn



Source: INEGI

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