

Consumer confidence maintains an upward trend

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- **Consumer confidence (August): 88.5 points; Banorte-Ixe: 86.3; consensus: 88 (range of estimates: 86.3 to 89 points); previous: 88.7 points**
- **Consumer confidence posted a 2.3% yoy expansion, which implies its highest gain since June 2015**
- **In seasonally adjusted terms, consumer sentiment increased by 0.7% m/m**
- **We believe that August's expansion was explained by the appreciation of the Mexican currency, despite the upward trend in inflation**
- **Consumer confidence will continue to recover during the third quarter of the year**

Strong recovery in August's consumer confidence. According to Banxico and INEGI's report, consumer confidence stood at 88.5 points in August, above our 86.3 forecast (consensus: 88 points). This implies a 2.3% yoy expansion. We highlight that today's gain was the highest since June 2015.

In seasonally adjusted terms, consumer confidence posted a 0.7% m/m expansion. Taking a look at the breakdown, consumers' expectations regarding the country's present and future economic outlook increased by 1% and 1.4% m/m, respectively. In addition, expectations regarding the household's present and future economic conditions expanded 0.3% and 0.8%, respectively. However, the purchasing power component posted a 0.2% m/m contraction. We believe that August growth was probably explained by the significant appreciation of the Mexican currency within the last 4 months, despite the upward trend in inflation.

Consumer confidence: August 2017

Seasonally-adjusted index

	Aug-17	Jul-17	% m/m
Headline index	87.6	86.9	0.7
Household's			
Current conditions	97.6	97.3	0.3
Expectations	97.5	96.7	0.8
National			
Current conditions	78.6	77.8	1.0
Expectations	78.7	77.6	1.4
Household's purchasing power	84.8	85.0	-0.2

Source: INEGI

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We expect a marginal recovery in 3Q17. August's report supports our view that consumer sentiment will continue to recover as a result of the following factors: (1) The appreciation of the Mexican currency; and (2) the static behavior of the still regulated gasoline prices. However, we believe that the recovery of consumer sentiment will be bounded by the upward trend in inflation.

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