

Trade balance – The MXN depreciation resulted in a significant reduction of Mexico’s imports

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- **Trade balance (January): US\$ -3,441 mn; Banorte-Ixe: US\$ -2,386.1 mn; consensus: US\$ -3,370 mn (range: US\$ -2,386.1 mn to US\$ 2,386.1 mn); previous: US\$ -926 mn**
- **Total exports decreased 7.6% yoy, given the 49% yoy reduction in oil exports**
- **Manufacturing exports fell 3.9% yoy (-0.6% m/m)**
- **Moreover, imports decreased 6.2% yoy as a result of the significant depreciation of the Mexican currency**

Trade balance figures for January show a US\$3,441 million deficit. This figure was below our US\$2,386.1 mn deficit estimate and comes as a result of a decrease in exports (-7.6% yoy) and a 6.2% reduction in imports.

Total exports decreased 7.6% yoy. Oil exports fell 49% vs. January 2015, as a result of the reduction in Mexico’s oil production, and the significant decline in international crude oil prices. Moreover, non-oil exports decreased 4.1% yoy. In particular, manufacturing exports edged-down 3.9% yoy, as a result of a 1.8% yoy increase in car-industry exports, while the rest of manufacturing exports fell 6.6% yoy, as shown in the following table.

Trade Balance in January

% yoy

	Jan-16	Dec-15	2015	2014
Total exports	-7.6	-9.3	-4.1	4.5
Oil	-49.0	-50.8	-45.0	-13.9
Crude oil	-50.0	-55.4	-47.6	-16.1
Other	-45.1	-30.9	-30.9	-0.6
Non-oil	-4.1	-6.1	0.8	7.3
Agriculture	-5.4	-6.9	5.6	8.3
Mining	-16.1	-0.3	-11.0	7.4
Manufacturing	-3.9	-6.1	0.8	7.2
Car industry	1.8	2.7	4.7	11.9
Other	-6.6	-9.9	-1.1	5.1
Total imports	-6.2	-5.8	-1.2	4.9
Consumption	-12.4	-1.9	-3.5	1.7
Oil	-31.4	-10.1	-17.1	-6.9
Non-oil	-5.2	0.7	1.6	5.3
Intermediate imports	-4.1	-7.0	-1.6	6.0
Oil	-29.6	-28.8	-21.4	7.5
Non-oil	-1.8	-4.9	0.3	5.9
Capital goods	-11.3	-3.0	5.2	1.5

Source: INEGI

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Total imports fell 6.2% yoy. Non-oil consumption imports –associated with private spending– decreased 5.2% yoy. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector– fell 1.8% yoy in January. Finally, capital goods imports decreased 11.3% yoy during the period in question.

Negative report. Today’s report released by *INEGI* shows a significant decline in both imports of consumer goods, and capital goods. If this trend continues, it is likely that private consumption’s growth will be bounded given the increase of imported goods prices due to the depreciation of the Mexican currency. On the other hand, capital goods imports now add two consecutive months in contraction, which means that GFI will decelerate significantly during the first quarter of 2016.

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