Trade balance – US$ 155 mn surplus in March

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

- **Trade balance (March): US$ 155 mn; Banorte-Ixe: US$ -1,179 mn; consensus: US$ -250 mn (range: US$ -2,412.6mn to US$375mn); previous: US$ -724.7 mn**
- **Total exports decreased 7.5% yoy, given the 39.6% yoy reduction in oil exports**
- **Manufacturing exports fell 6.5% yoy (-2.8% m/m)**
- **Moreover, imports declined 6.7% yoy**
- **We believe that today's report suggests that investment could decelerate in the first half of the year**

Trade balance figures for March show a US$155 million surplus. This figure was above our US$1,179 mn deficit estimate and comes as a result of a decrease in exports (-7.5% yoy) and a 6.5% reduction in imports.

Total exports fell 7.5% yoy. Oil exports fell 39.6% yoy vs. March 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 5.4% yoy. In particular, manufacturing exports edged-down 6.5%, as a result of a 10.4% fall in car-industry exports, while the rest of manufacturing exports declined 4.4%, as shown in the following table.

Trade Balance in February
% yoy

	Mar-16	Feb-16	Jan-Mar,'16	Jan-Mar,'15
Total exports	-7.5	-2.3	-5.8	-0.4
Oil	-39.6	-45.8	-44.8	-45.5
Crude oil	-44.8	-48.4	-47.7	-48.5
Other	-13.9	-33.6	-32.0	-26.7
Non-oil	-5.4	0.9	-2.9	6.2
Agriculture	14.3	26.6	12.1	10.5
Mining	11.2	-54.6	-23.5	-4.7
Manufacturing	-6.5	0.8	-3.3	6.1
Car industry	-10.4	7.8	-1.1	10.7
Other	-4.4	-2.6	-4.5	4.0
Total imports	-6.7	2.1	-3.7	0.6
Consumption	**-7.3**	**-2.3**	**-7.5**	**-4.5**
Oil	-31.4	-26.9	-30.0	-21.8
Non-oil	-0.4	5.0	-0.3	2.8
Intermediate imports	**-5.5**	**2.5**	**-2.5**	**0.8**
Oil	-15.0	-25.1	-23.5	-20.7
Non-oil	-4.8	4.6	-0.9	2.9
Capital goods	**-14.8**	**5.6**	**-7.8**	**6.4**

Source: INEGI

Total imports decreased 6.7% yoy. Non-oil consumption imports –associated with private spending– increased 0.4% yoy. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector– fell 4.8% in March. Finally, capital goods imports edged-down 14.8% yoy during the period in question.

Negative report. Today's report 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 a 7.8% yoy contraction in the first quarter of the year, which means that GFI will decelerate significantly during the first half of 2016.

BANORTE IXE

GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godinez	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	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Rey Saúl Torres Olivares	Analyst	saul.torres@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	Analyst 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
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 1670 - 1746
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – Auto parts	valentin.mendoza@banorte.com	(55) 1670 - 2250

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 1670 - 2248

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.ceballos@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
Víctor Antonio Roldan Ferrer	Head of Corporate Banking	victor.roldan.ferrer@banorte.com	(55) 5004 - 1454