

Trade balance – Manufacturing exports posted a significant recovery

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- **Trade balance (September): US\$ -1,607.6mn; Banorte-Ixe: US\$ 974.7mn; consensus: US\$ -814.5mn; previous: US\$ -1,913.2mn**
- **Total exports increased 1.3% yoy, given the 5.7% yoy expansion in oil exports and the 1.1% growth in non-oil exports**
- **Manufacturing exports expanded 0.7% yoy; however, in seasonally-adjusted terms, manufacturing exports increased 7.4% m/m**
- **We believe that today's report suggests a more positive outlook for manufacturing production**

Trade balance figures for September show a US\$ 1,607.6 million deficit. Today's figure comes as a result of a 1.3% expansion in exports and a 1.7% increase in imports. With today's figures, trade balance now adds a US\$ 12,464 million deficit.

Total exports increased 1.3% yoy. Oil exports edged up 5.7% vs. September 2015. Moreover, non-oil exports expanded 1.1% yoy. In particular, manufacturing exports edged-up 0.7%, as a result of a 3.2% growth in car-industry exports, while the rest of manufacturing exports decreased 0.6% (refer to the table on the following page).

Total imports increased 1.7% yoy. Non-oil consumption imports –associated with private spending– posted a 7.7% reduction in annual terms. However, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector– increased 1.7% in September. Finally, capital goods imports posted a moderate 1.3% yoy growth during the period in question, despite the accumulated depreciation of the Mexican currency.

In seasonally adjusted terms, manufacturing exports increased 7.4% m/m. Taking a look at the breakdown, car-industry exports posted a 7.8% m/m expansion, while the rest of manufacturing exports edged up to 7.2% m/m. Moreover, non-oil consumption imports increased 0.7% m/m, while capital goods imports posted a 6% m/m expansion.

With today's figures, manufacturing exports expanded 13% 3m/3m saar, as a result of the 15.2% m/m expansion in the auto exports. However, the rest manufacturing exports also posted a favorable performance (refer to the chart on the next page).

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Positive report. Today's report shows a significant recovery in manufacturing goods exports. While recent industrial production products have not shown a significant increase in production levels, today's report suggests that the Mexican manufacturing industry could show a more visible recovery in the last quarter of the year.

Trade Balance in September

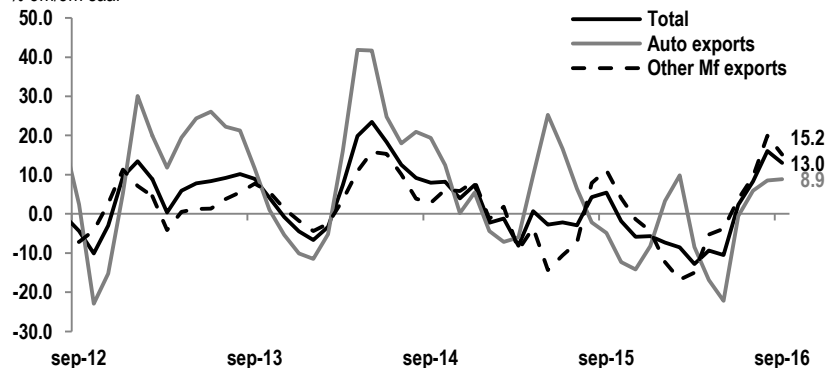
% yoy

	Sep-16	Aug-16	Jan-Sep,'16	Jan-Sep,'15
Total exports	1.3	4.5	-3.8	-3.2
Oil	5.7	-8.2	-28.1	-44.9
Crude oil	21.8	-4.0	-26.8	-47.9
Other	-40.8	-26.7	-33.7	-28.4
Non-oil	1.1	5.4	-2.1	2.2
Agriculture	21.6	24.2	11.6	7.3
Mining	-7.7	13.0	-11.7	-12.5
Manufacturing	0.7	4.8	-2.4	2.2
Car industry	3.2	1.5	-2.9	6.9
Other	-0.6	6.5	-2.2	0.0
Total imports	1.7	1.5	-3.1	-0.2
Consumption	-3.1	-15.4	-8.1	-2.7
Oil	14.5	-43.3	-18.9	-13.4
Non-oil	-7.7	-2.5	-4.5	1.4
Intermediate imports	2.7	4.6	-2.0	-0.7
Oil	16.7	-9.7	-9.2	-19.6
Non-oil	1.7	5.9	-1.4	1.1
Capital goods	1.3	5.7	-4.3	7.1

Source: INEGI

Manufacturing goods exports

% 3m/3m saar



Source: Banorte-Ixe

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