

Consumer confidence – Strong recovery in October

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- **Consumer confidence (October): 91.3 points; Banorte-Ixe: 89; consensus: 90 (range of estimates: 88.6 to 91.5 points); previous: 90.6**
- **Consumer confidence increased 0.8% yoy in October**
- **In seasonally adjusted terms, consumer confidence posted a 1.6% m/m expansion**
- **We believe that the hike in consumer sentiment was explained by the better growth prospects of the Mexican economy, the recovery of the labor market, and the downward trend in inflation**
- **We believe that today's figure marks the beginning of the recovery of consumer confidence**

Consumer confidence increased 0.8% yoy in October. According to Banxico's and *INEGI's* report, consumer confidence stood at 91.3 points in October, above our 89 points estimate (consensus: 90pts). The difference between today's figure and our forecast was explained by the significant 7.2% yoy hike in the purchasing power component as a result of the downward trend in inflation (refer to the table below).

Taking a look at the breakdown, we highlight the contraction in consumers' perspectives regarding the country's present and future economic outlook (-2.6% and -0.03%, respectively). Moreover, consumers' perspectives regarding the household's current economic conditions increased 0.6%, while expectations for the household's future economic outlook fell 0.3% yoy.

Consumer confidence: October 2015

nsa index

	Oct-15	Oct-14	% yoy
Headline index	91.3	90.6	0.8
Household's			
Current conditions	98.7	98.1	0.6
Expectations	98.2	98.5	-0.3
National			
Current conditions	88.6	90.9	-2.6
Expectations	88.1	88.2	-0.03
Household's purchasing power	82.7	77.1	7.2

Source: INEGI

In seasonally adjusted terms, consumer confidence increased 1.6% m/m. Taking a look at the breakdown, consumers’ perspectives regarding the country’s present and future economic outlook edged-up 1.4% and 4% m/m. Moreover, consumers’ perspectives regarding the household’s current and future economic conditions increased 0.6% and 0.7% m/m, respectively. Finally, the purchasing power component posted a marginal 0.1% m/m reduction (refer to the table below).

Consumer confidence: October 2015

sa index

sa	Oct-15	Sep-15	%m/m
Headline index	91.6	90.1	1.6
Household's			
Current conditions	98.4	97.8	0.6
Expectations	98.5	97.8	0.7
National			
Current conditions	88.6	87.4	1.4
Expectations	89.1	85.7	4.0
Household's purchasing power	85.0	85.1	-0.1

Source: INEGI

We believe that today’s figure marks the beginning of the recovery of consumer confidence. Consumers’ perspectives regarding the country’s present and future economic outlook have shown a much more visible recovery given the better growth prospects for the Mexican economy and the labor market. Moreover, the downward trend in inflation has translated into higher levels in confidence and spending, which have been reflecting in the surge in the purchasing power component. We believe that this trend will continue during the fourth quarter and will possibly extend to the first quarter of 2016.

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