

Trade balance – External demand supports Mexico's growth

- **Trade balance (February): US\$ 558.3 mn; Banorte-Ixe: -US\$55.7 mn; consensus: US\$362.5 mn (range: -US\$296 mn to US\$1,830 mn); previous: -US\$3,247.5 mn**
- **Total exports decreased 2.6% yoy, while imports edged down 1.4% yoy**
- **Nevertheless, manufacturing exports expanded 3.7% yoy**
- **In our view, this report continues to show that external demand is strengthening**

Trade balance figures for February show a US\$ 558.3 million surplus. This figure was above our -US\$55.7 mn deficit estimate and comes as a result of a decline in both exports and imports.

Total exports decreased 2.6% yoy in February. Oil exports decreased 46.9% vs. February 2014, as a result of the reduction in Mexico's oil production, and the significant fall in international crude oil prices. However, non-oil exports expanded 4% yoy. In particular, manufacturing exports increased 3.7% yoy, on the back of an expansion of 3.5% in car-industry exports, while the rest of manufacturing exports increased 3.8% yoy in the period in question, as shown in the following table.

Total imports edged down 1.4% yoy. Non-oil consumption imports – associated with private spending- expanded 2.3% yoy, even though the Mexican currency depreciated in the past months. Moreover, non-oil imports of intermediate goods –usually used as inputs in the manufacturing sector-, increased 1.6% yoy in February. Finally, capital goods imports decreased 3.1% yoy during the period in question.

March 27, 2015

www.banorte.com
www.ixe.com.mx
@analisis_fundam

Delia Paredes

Executive Director of Economic Analysis
delia.paredes@banorte.com

Saúl Torres

Analyst, Mexico
saul.torres@banorte.com

Trade Balance in February

% yoy

	Feb-15	Jan-15	Jan-Feb,'15	Jan-Feb,'14
Total exports	-2.6	-1.8	-2.2	2.0
Oil	-46.9	-47.3	-47.1	-10.2
Crude oil	-48.5	-52.3	-50.4	-13.2
Other	-38.1	-16.9	-28.1	12.2
Non-oil	4.0	5.7	4.8	4.2
Agriculture	4.8	15.0	9.8	6.9
Mining	18.6	-12.0	4.5	29.6
Manufacturing	3.7	5.6	4.6	3.7
Car industry	3.5	15.3	8.7	9.5
Other	3.8	1.4	2.7	1.3
Total imports	-1.4	-1.4	-1.4	0.9
Consumption	-5.9	-6.6	-6.3	0.0
Oil	-26.0	-25.4	-25.6	1.0
Non-oil	2.3	3.2	2.8	-0.5
Intermediate imports	-0.4	-1.6	-1.0	1.5
Oil	-20.3	-14.4	-17.3	-2.0
Non-oil	1.6	-0.3	0.7	1.9
Capital goods	-3.1	8.1	2.8	-1.8

Source: INEGI

In our view, this report continues to show that external demand is strengthening. We believe that the better performance in manufacturing exports, particularly in auto-exports, suggest that the growth momentum of the external demand will continue. Similarly, we believe that the recovery of non-oil consumption goods and capital goods imports will continue over the coming months, given the significant recovery of the Mexican labor market, even though the Mexican currency has shown a substantial depreciation.

Disclaimer

The information contained in this document is illustrative and informative so it should not be considered as an advice and/or recommendation of any kind. BANORTE is not part of any party or political trend.

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 Godínez	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
Livia Honsel	Economist, Europe	livia.honsel@banorte.com	(55) 1670 - 1883
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
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) 5004 - 1275
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 5004 - 1231
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/ Mining/ Chemistry	marissa.garza@banorte.com	(55) 5004 - 1179
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 5004 - 1227
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 5004 - 1266
Valentín III Mendoza Balderas	Equity Research Analyst	valentin.mendoza@banorte.com	(55) 5268 - 9000 x 1267
María de la Paz Orozco García	Analyst	maripaz.orozco@banorte.com	(55) 5004 - 5262

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5004 - 1405
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugo.a.gomez@banorte.com	(55) 5004 - 1340
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 5004 - 1437

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Managing Director – Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Jorge de la Vega Grajales	Managing Director – Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Managing Director – Private Banking	lpietrini@ixe.com.mx	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Managing Director – Asset Management	pimentelr@ixe.com.mx	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Managing Director – International Banking	rvelazquez@ixe.com.mx	(55) 5268 - 9879
Victor Antonio Roldan Ferrer	Managing Director – Transactional Banking	voldan@ixe.com.mx	(55) 5004 - 1454