

## April's Retail sales – 4.6% yoy growth suggests better growth prospects for domestic demand

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- Retail sales (April): 4.6% yoy; Banorte-Ixe: 5.3%; consensus: 5.2% (range of estimates: 3.3% to 6.4%); previous: 5.5%
- In seasonally adjusted terms, retail sales posted a 0.3% m/m contraction
- However, most of the sub-indices posted a significant recovery, where we highlight the 4.4% m/m expansion in domestic appliances, computers, and interior decoration sales
- Looking ahead, we believe that retail sales will continue to show better growth dynamics

**Retail sales increased 4.6% yoy in April.** According to INEGI's report published today, the income generated by retail sales grew 4.6% yoy, below our 5.3% yoy forecast (consensus: 5.2% yoy). Taking a look at the breakdown, we highlight the significant recovery in 8 of its 9 of the sub-indices. In particular, the income generated by supermarket, convenience, and departmental stores sales expanded 4.2% yoy, while household appliances, computers, and interior decoration sales edged-up 9.5% yoy. Similarly, clothing and shoes sales grew 6.2%, while motor vehicles, auto parts, fuel and lube oil increased 3.6% yoy, as shown in the table below.

### Retail sales: April 2015

%yoy, nsa	Apr-15	Apr-14	Jan-Apr, '15	Jan-Apr, '14
<b>Retail sales</b>	<b>4.6</b>	<b>0.1</b>	<b>5.1</b>	<b>2.2</b>
Food, beverages, and tobacco	-0.8	19.3	5.2	17.0
Supermarket, convenience, and departmental stores	4.2	1.4	5.7	-0.6
Clothing and shoes	6.2	-2.8	9.2	-4.1
Health care products	13.8	-0.2	7.4	0.5
Office, leisure, and other personal use goods	11.2	-1.1	7.4	3.1
Appliances, computers, and interior decoration	9.5	-8.4	-0.1	15.0
Glass and hardware shop	9.5	-7.3	7.1	-5.2
Motor Vehicles, auto parts, fuel and lube oil	3.6	-6.1	3.9	-1.7
Internet sales	105.7	6.1	107.6	-0.8

Source: INEGI

**In seasonally adjusted terms, retail sales posted a 0.3% m/m contraction.** However, the fall in the headline index was explained by the reduction in the income generated by non-durable goods sales. Taking a look at the breakdown, durable goods sales posted a mixed performance. In particular, vehicle and auto parts sales fell 0.3% m/m, while household appliances, computers, and interior decoration sales expanded 4.4% m/m. (refer to the following table). With these numbers, retail sales posted a 7.1% 3m/3m saar expansion.

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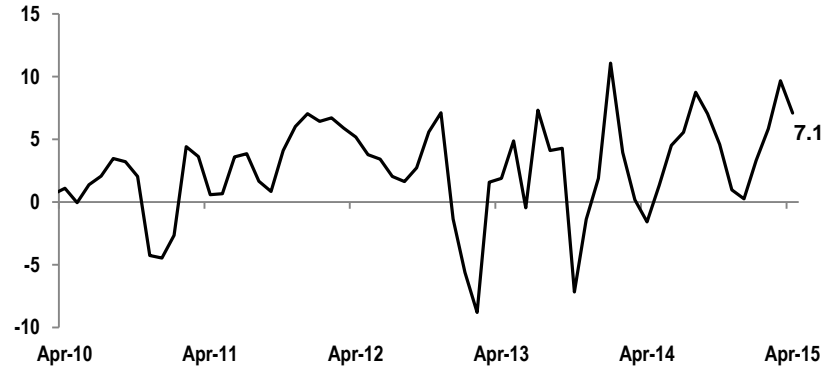
**Retail sales: April 2015**

%m/m sa	Apr-15	Mar-15	Difference
<b>Retail sales</b>	<b>-0.3</b>	<b>0.2</b>	<b>-0.5</b>
Food, beverages, and tobacco	-1.2	0.9	-2.0
Supermarket, convenience, and departmental stores	-1.6	1.4	-2.9
Clothing and shoes	-1.6	-1.9	0.3
Health care products	9.9	-3.4	13.3
Office, leisure, and other personal use goods	-0.8	3.3	-4.1
Appliances, computers, and interior decoration	4.4	-7.4	11.8
Glass and hardware shop	1.5	2.3	-0.8
Motor Vehicles, auto parts, fuel and lube oil	-0.3	1.3	-1.6
Internet sales	7.1	-3.1	10.2

Source: INEGI

**Retail sales**

% 3m/3m saar



Source: Banorte-Ixe, INEGI

**We believe that retail sales will continue to show better growth dynamics.**

With today's report, retail sales posted a 5.1% yoy growth during the first four months of the year, suggesting a marked recovery in the growth dynamics of domestic demand. We continue to expect that both retail sales and private consumption will show a more visible recovery driven by the following factors: (i) The recovery in consumer confidence; (ii) the recent downward trend in inflation; (iii) the better growth dynamics observed in the Mexican labor market; and (iv) better growth prospects for the Mexican economy explained by the improvement of the manufacturing sector.

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