

Economic Analysis

Trade Balance from February to May it presented a surplus position, which reflects a better performance of total exports in those months

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In May Mexico's trade balance was positive and amounted to 132 US million dollars, and this amount was the consequence of higher annual rate of growth of exports (4.7%) than of imports (2.8%).

This improvement of exports comes from those originated in the manufacturing sector, in particular from those of the motor car industry

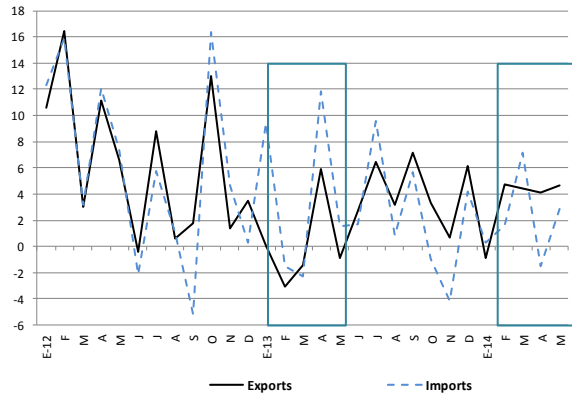
Trade balance of May 2014 registered a positive position of 132 US million dollars. Note that in January 2014 trade balance registered a deficit of almost 3.2 US billion dollars, and from February to May it registered a surplus which amounted to almost 2.5 US billions dollars. The improvement of trade balance from February to May is a consequence of an annual rate of growth of 4.5% of exports for those four months that compares favorable with the annual rate of growth of imports of 2.5% for the same months.

On the other hand, from January to May of 2014 total exports registered an annual rate of growth of 3.5%, and the contribution to growth from non oil exports amounted to 4.7 percentage points (pp) of these 3.7 pp, while the contribution to growth of oil exports was negative and amounted to 1.2 pp. Note that the breakdown of the contribution to growth of 4.7 pp of non oil exports is the following: manufacturing goods, 4.3 pp, given by 2.5 pp from motor car industry exports and 1.8 pp of other manufacturing goods, 1.8 pp. Agricultural sector exports contributed with 0.2 pp, and exports of extractive industries also contributed with 0.2 pp to growth of total exports.

Accumulated total imports from January to May 2014 grew 2% in annual terms. The contribution to growth of its components was the following: imports of intermediate goods, contributed with 2.7 pp; imports of consumption goods had a negative contribution of -0.6 pp and imports of capital goods also had a negative contribution of -0.1% to growth of total imports.

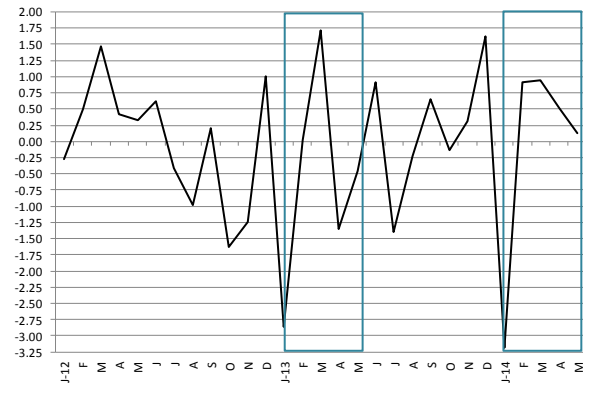
The above mentioned figures indicate that an important part of the present economic expansion of Mexico is given by its export sector, while items related to the behavior of domestic demand, such as imports of consumption goods and of capital goods, are not growing, also reflecting a weak performance of domestic consumption and investment.

Figure 1
Monthly Exports and Imports of goods
(YoY %, nsa)



Source: BBVA Research with INEGI data; nsa = not seasonally adjusted.

Figure 2
Monthly Trade Balance
(Figures in US billions dollars, nsa)



Source: BBVA Research with INEGI data; nsa = not seasonally adjusted.

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