

# 1. Summary

In this issue of the ***Mexico Regional Sectorial Outlook***, we present the performance of the economies at state level, as well as their short-term perspective. The distinction is made between activities in order to understand their performance. Thus it was found that the vast majority of states have tertiary activities as the major source of economic momentum. The exceptions are Campeche, Coahuila and Tabasco, where secondary activities, and in particular Mining, have a greater share. More diversified state economies have a better outlook for growth. In the same section, it was found that the size of the states was important, that the larger they are, the greater the number of paid workers, both in the number of workers registered with the IMSS and generally based on information from the National Survey of Occupation and Employment (ENOE).

As regards the sectoral situation, with an economy advancing at a rate of 2.2%, tertiary activities are consolidated as the main engine of growth in 2016 and 2017; within them, the commerce sector presents the greatest contribution. Manufacturing has shown a recovery so far this year, but which is insufficient to reverse the fall experienced by the rest of the secondary activities. The improved progress in services and manufacturing within the secondary sector is also reflected in employment.

In the topics being analysed, one section has been dedicated to the primary sector, analysing its evolution and composition in recent years. The main Mexican agricultural products are noted, as well as the structural characteristics associated with the low performance of the sector. The relationship between the national food industry and primary activities is set out, as well as their joint evolution. We also address the issue of agricultural exports and the degree of dependence on US demand.

We analyse the momentum of the trade sector, which represents 16.3% of GDP, from its contribution to Total GDP, the evolution of its branches and subsectors. We discuss the issue of informal employment in the sector, the share of which has been maintained. Additionally, we review the impact on trade of the depreciation of the peso at the end of 2016 and early 2017. As regards the credit portfolio, the trade segment is seeing growing momentum, in contrast to the negative trend in credit for private consumption.

With respect to the secondary sector, and in particular to manufacturing, a study has been made of the contribution in value added by Mexican manufacturing in the international trade of goods, taking into account its integration in global value chains. In particular, the value added contained in US imports from Mexico has been calculated for two years: 2004 and 2014. It is noted that the contribution of US value added in its imports from Mexico has increased.

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