

Consumption Watch

Consumption grew 0.5% in October, with dynamism in the goods segment

Saidé Salazar

November 14, 2023

The BBVA Research Big Data Consumption Indicator (BBVA Research BDCI)¹ grew 0.5% MoM in October, with real figures seasonally adjusted. Considering this reading spending at point-of-sale terminals is 9.0% higher than in December 2022, with a positive performance from the goods segment (1.6% MoM in October). We expect consumption to remain buoyant going forward on the back of gains in real wages and total wage bill (+7.2% and +11.6% since June 2022, respectively), the trend toward lower household savings, and the ongoing recovery in consumer credit. According to Banxico data, the balance of household deposits (short- and long-term) held by the financial system was significantly down on the mid-2021 level and is still 5.6% below its pre-pandemic trend. Meanwhile, consumer credit reached its pre-COVID level in June and is currently 3.0% above that same yardstick.

By component, within the goods segment, spending on food grew 0.6%, while consumption of health care goods was down 0.3%. Spending on services was also down (-1.1%), to reach its lowest level since July, with spending at restaurants (-2.5%), hotels (-4.6%) and entertainment services (-11.9%) all retreating. This latest October figure brings consumption of goods to 8.1% above its December 2022 level, while spending on services is 13.2% higher, despite a slight loss of momentum in the tenth month of the year.

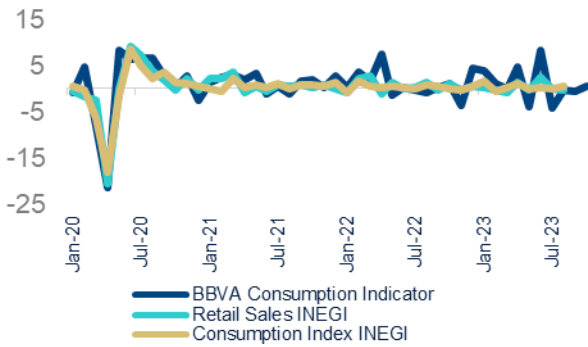
In terms of spending by type of establishment, online consumption grew 4.2%, reaching a level 25.5% above the figure recorded in December of last year. Meanwhile, consumption in physical stores was up 0.1% (its first positive figure since June), 8.5% above the level seen in December 2022. To date, online consumption accounts for 6.2% of total spending at POS terminals (vs. 3.1% in January 2020).

Looking ahead to the following months, we expect private consumption to remain resilient, supported by strong wage growth and employment and with households less inclined to save. The strong performance of domestic demand in 3Q23 and the better outlook for the last quarter of the year, prompt us to upgrade our growth estimate for 2023, with a positive base effect on 2024.

¹ The BBVA Research Big Data Consumption Indicator is based on spending at BBVA point-of-sale (POS) terminals, both physical and virtual. It includes purchases made with credit and debit cards.

The BBVA Research BDCI forecasts the trend of the INEGI indicators

Figure 1. **CONSUMPTION INDICATORS: BBVA AND INEGI** (M/M%, REAL, SA)



Source: BBVA Research / INEGI.

Consumption was up 0.5% in October, driven by the goods segment

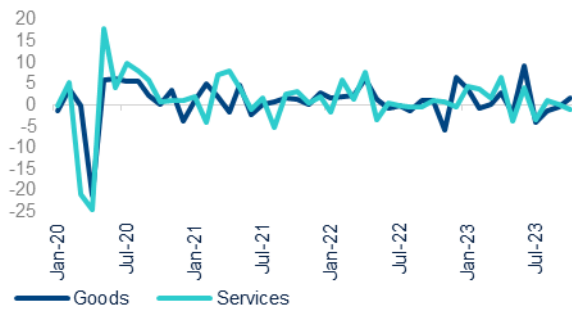
Figure 2. **BBVA CONSUMPTION INDICATOR** (Y/Y%, REAL, ACCUM. 7 DAYS, ORIGINAL SERIES)



Source: BBVA Research.

Consumption of goods grew 1.6% in October; spending on services fell by 1.1%

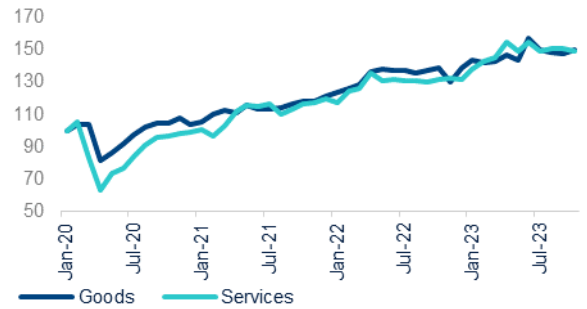
Figure 3. **BBVA CONSUMPTION INDICATOR: GOODS AND SERVICES** (M/M%, REAL, SA)



Source: BBVA Research.

Spending on goods is 8.1% higher than in Dec-22; spending on services is 13.2% higher

Figure 4. **BBVA CONSUMPTION INDICATOR: GOODS AND SERVICES** (INDEX JAN/2020=100)



Source: BBVA Research.

Restaurant consumption is down 2.5% in October; hotel consumption fell by 4.6%

Figure 5. **BBVA CONSUMPTION INDICATOR: RESTAURANTS AND HOTELS** (M/M%, REAL, SA)



Source: BBVA Research.

Spending on restaurants is 11.6% above its Dec-22 level, while spending on hotels is 12.0% below

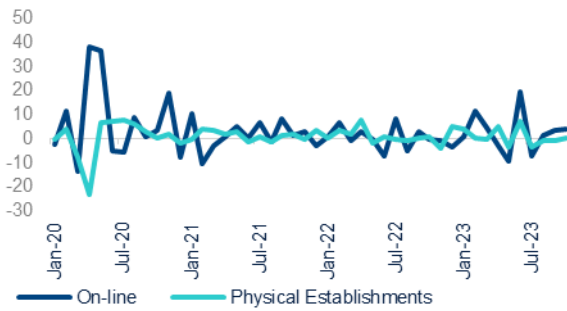
Figure 6. **BBVA CONSUMPTION INDICATOR: RESTAURANTS AND HOTELS** (INDEX JAN/2020=100)



Source: BBVA Research.

Online consumption grew 4.2% in October; spending in physical stores is up 0.1%

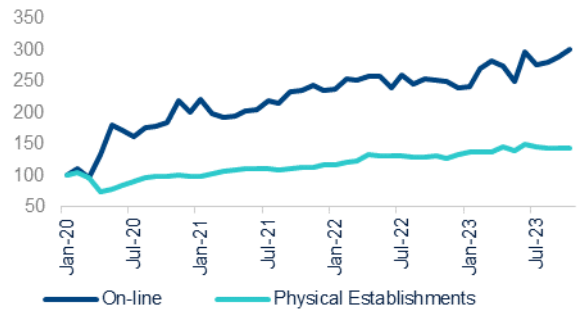
Figure 7. **BBVA CONSUMPTION INDICATOR: ONLINE SALES AND PHYSICAL SALES** (M/M%, REAL, SA)



Source: BBVA Research.

Online consumption exceeds its Dec-22 level by 25.5%; spending in physical stores exceeds the same threshold by 8.5%

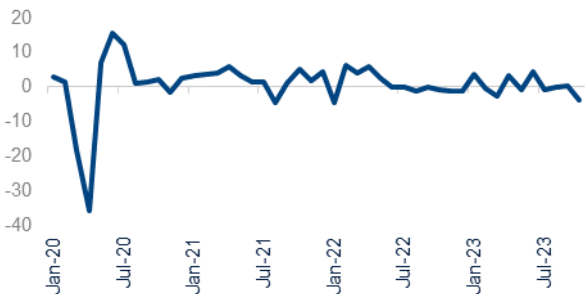
Figure 8. **BBVA CONSUMPTION INDICATOR: ONLINE SALES AND PHYSICAL SALES** (INDEX JAN/2020=100)



Source: BBVA Research.

Gasoline expenditure as a proxy for mobility is down 3.7% in September

Figure 9. **BBVA CONSUMPTION INDICATOR: GASOLINE** (M/M%, REAL, SA)



Source: BBVA Research.

Gasoline consumption is 2.4% higher than in Dec-22

Figure 10. **BBVA CONSUMPTION INDICATOR: GASOLINE** (INDEX JAN/2020=100)



Source: BBVA Research.

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ENQUIRIES TO:

BBVA Research: Paseo de la Reforma 510, Colonia Juárez, C.P. 06600 Mexico City, Mexico.

Tel.: +52 55 5621 3434

www.bbvaresearch.com