



# Economic Activity Observatory

July 28, 2009

## May IGAE: the slower decline points to a gradual economic recovery although at very low levels (-11% y/y, -0.99% m/m). The slightly lower decline in the services sector with regards to expectations stands out.

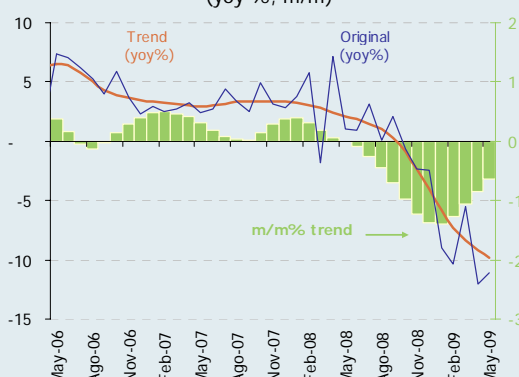
- The -11.1% fall in the IGAE (economic activity index) was slightly higher than market expectations (-10%, although lower than our estimate of -13%). Although situated in the high band of our forecast, it does fall within the performance expected in our main scenario for the quarterly economic activity profile where we estimate a gradual recovery. We see the highest quarterly fall as that from the first three months and a recovery from the third.
- The seasonally-adjusted figure shows a fall of -10% per year, almost 1% below the previous month. Although both figures are negative, the size of the fall was slightly less intense than anticipated. Thus could be explained by a relatively better performance for business not especially linked with commerce and tourist services, the latter suffering a major hit due to the flu epidemic. It should be highlighted that the declines in indicators such as retail sales and hotels and restaurants over two months (April-May, -7.1% y/y vs. 5.4% the previous year, -20% y/y vs. -2.7% in 2008, respectively) were partly compensated by real estate services and property rental business (+16.9% in 2009 vs. 2.4% in 2008) and professional services (4.2% in 2009 vs. 9.7% in 2008).
- In short, the April-May two-monthly activity dynamic seems to confirm the first quarter recession "floor" in terms of quarterly drops and the second quarter in annual terms. The speed of the recovery will depend largely on improving external demand and the stability in financial variable which will help shore up internal demand.

IGAE  
(2003=100, SA)



Source: INEGI

IGAE  
(yoy %, m/m)



IGAE Services  
(yoy%)



Global Economic Activity Indicator  
(IGAE)

	yoy %				yoy %			
	yoy SO	yoy SA	momSA		Total	Agriculture	Industry	Services
Jan 08	3.7	3.7	0.78	Ene-08	3.7	-0.4	2.8	4.6
Feb	5.8	2.6	-0.47	Feb	5.8	1.5	6.3	5.7
Mar	-1.9	2.6	0.81	Mar	-1.9	-5.0	-5.0	0.3
Abr	7.2	2.4	-0.13	Abr	7.2	9.4	6.5	7.2
May	1.1	2.3	0.15	May	1.1	10.9	-0.7	1.5
Jun	0.9	1.4	-0.28	Jun	0.9	1.9	-0.6	1.7
Jul	3.1	1.6	-0.01	Jul	3.1	8.3	0.1	4.2
Ago	0.0	1.2	-0.44	Ago	0.0	-9.3	-1.8	1.3
Sep	2.1	0.1	-0.96	Sep	2.1	13.8	-1.7	3.2
Oct	-0.7	-0.7	-0.69	Oct	-0.7	-7.0	-2.1	0.1
Nov	-2.3	-1.0	-0.08	Nov	-2.3	2.3	-4.7	-1.6
Dic	-2.4	-4.0	-2.72	Dic	-2.4	15.8	-5.9	-1.8
Jan 09	-9.0	-8.0	-3.46	Ene-09	-9.0	2.2	-10.4	-8.7
Feb	-10.4	-6.8	0.86	Feb	-10.4	-7.2	-12.7	-9.1
Mar	-5.5	-8.7	-1.28	Mar	-5.5	10.8	-6.4	-5.8
Abr	-12.0	-9.0	-0.36	Abr	-12.0	8.7	-12.6	-12.8
May	-11.1	-10.0	-0.99	May	-11.1	-7.9	-11.6	-11.0

SO: Original Series SA: Seasonal Adjusted  
Source: INEGI

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