



Trade Balance: recovery in trade flows continues in July

- The trade balance deficit for July was (-)\$1.275 bn (vs -1.131 BBVA estimate). This is because goods were exported and imported for \$17.98 bn (vs 17.990 BBVA estimate) and \$19.255 bn (vs 19.121 BBVA estimate) respectively. As regards the annual change, exports fell by (-)34.7% and imports dropped by (-)33%. These downtrends are due to the fact that goods trade has been hit hard by the international crisis since last October.
- The export sectors affected the most include oil exports, with a (-)51.2% fall, mainly due to the lower crude oil price, which dropped from \$120.3 pb in July 2008 to \$60.8 pb in the same month in 2009. The manufacturing sector also performed poorly, with a (-)30.9% decline in July. This is because its main market, the US, has recently drastically cut back its consumption of intermediate goods, which is what the domestic manufacturing industry mainly exports.
- In monthly terms, both imports and exports are following increasingly smaller adjustments. The trend change in imports is positive for the first time since a year ago, and the trend change in exports is close to zero. In terms of imports, this recovery pattern applies to consumer goods, capital goods and intermediate goods. The intermediate goods component, which accounts for the most foreign purchases, is expected to continue to grow as domestic industrial output revives, although with some volatility.
- Exports will continue on their positive trend insofar as US demand for manufactured goods picks up.
- **Appraisal: for the rest of the year the gradual improvement in goods trade is expected to be consolidated against a background of global economic recovery.**

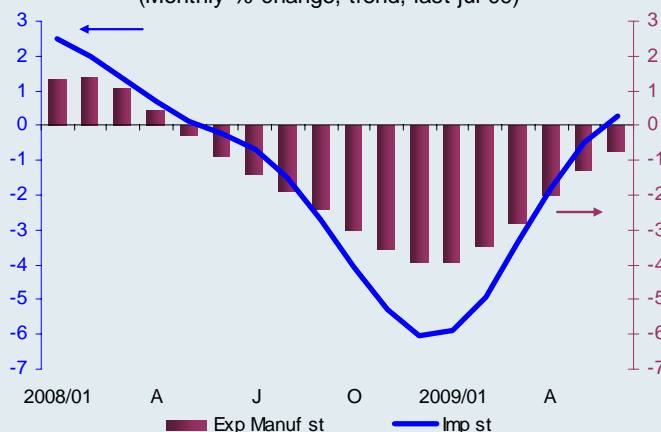
Trade Balance, 2009

	J-july 09	July 09	J-july 09	July 09
	(Million dollars)		(Annual % chge)	
Total exports	122,288.5	17,979.4	-30.9	-34.7
Oil	15,510.0	2,894.5	-54.8	-51.2
Crude oil	12,952.6	2,463.6	-56.8	-52.0
Other	2,557.4	430.8	-41.5	-46.3
Non-oil	106,778.5	15,085.0	-25.2	-30.2
Agriculture	5,033.0	434.6	-1.8	-19.8
Mining	803.1	145.2	-28.8	-10.8
Manufacturing	100,942.4	14,505.2	-26.0	-30.6
Total imports	124,773.9	19,254.8	-31.0	-33.1
Consumer goods	17,066.3	2,877.9	-37.6	-30.8
Intermediate goods	90,782.2	13,829.3	-30.9	-33.8
Capital goods	16,925.4	2,547.6	-23.0	-31.3
Trade Balance	-2,485.4	-1,275.4	-33.3	5.0

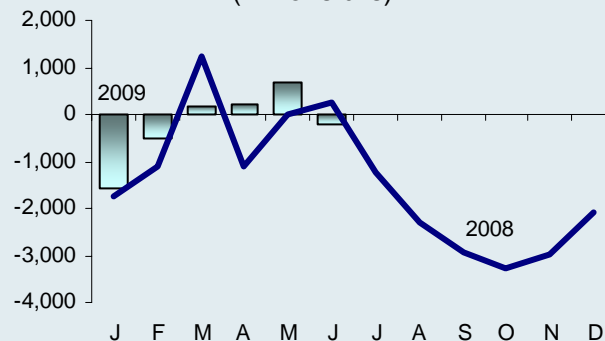
Non-oil Exports and Imports
(Annual % change, ma 3m)



Manufacturing Exports and Total Imports
(Monthly % change, trend, last jul 09)



Trade Balance 2008-2009
(Millions dlls)



Source: BBVA BANCOMER with INEGI data