



Surprise upturn in manufacturing exports for August

- The Trade Balance in August recorded a deficit of (-) 835 million (vs. consensus of (-) 1.3 bn and BBVA of (-) 1.994 bn). The deficit comprises exports at \$19.399 bn and imports at \$20.344 bn, both the highest flows recorded in 2009. For the period January-August this year, the Trade Balance recorded a balance of (-) 3.342 bn which compares favorably with the deficit of (-) 6.005 bn recorded in the same period in 2008. However, these data should be taken with caution as the lower recorded deficit involves a major fall in international trade.
- Exports fell back by (-)25% annually in August. However, this variation shows that the rate of decline in exports has reduced, being the best figure for 2009 which is averaging an annual decline of (-)30%. By comparing seasonally-adjusted data, exports grew 2.5% over July, mainly driven by the manufacturing sector which grew at 5.8% and represents just over 80% of total exports. The positive result for the manufacturing sector is linked to an improvement in the international economic outlook, as seen in the positive results over recent months in industrial output and car sales in the US. Oil exports decreased (-)51% annually due to Mexican oil barrel prices coming in at \$67.2 dpb, lower than the \$106.6 dpb in August 2008. In addition, the volume of exported crude at 1.1 million barrels a day compares negatively with the 1.4 million in the previous year.
- Imports fell at an annual rate of (-)28% in August, better than the yearly average of -30.4%. This was driven by the fall in consumer goods imports, mainly reduced thanks to lower imported energy prices and the fall in consumption due to the economic crisis. In monthly terms, imports grew 0.5% in comparison to the increases recorded in July and August (6.5% and 1.1%, respectively). However, since imports are ahead of the domestic export cycle, as the US situation improves, imports will grow at a stronger rate.
- **Outlook: Exports saw a major increase in August, due in part to the inventory restocking process and better car sales in the US. The recovery in overseas trade will depend on the strength and duration of these boosts.**

Trade Balance, 2009

	J-Aug 09	Aug-09	J-Aug 09	Aug-09
	(Mill USD)		Annual % chg.	
Total Exports	141,687.9	19,399.3	-30.2	-24.9
Oil exports	18,219.2	2,709.2	-54.2	-50.4
Crude Oil	15,247.2	2,294.6	-56.8	-51.0
Other	2,972.0	414.6	-42.4	-47.1
Non-Oil exports	123,468.6	16,690.1	-24.3	-18.1
Agricultural	5,393.0	360.0	-5.6	-38.6
Mining	926.5	123.4	-28.2	-23.8
Manufacturing	117,149.1	16,206.7	-24.9	-17.4
Total Imports	145,008.0	20,234.1	-30.6	-28.0
Consumer Good	19,923.2	2,856.9	-37.7	-38.2
Intermediate Goods	105,670.7	14,888.4	-30.3	-26.1
Capital Goods	19,414.1	2,488.7	-23.3	-25.3
Trade Balance	-3,320.2	-834.8	-44.7	-63.3
Without oil exports	-21,539.4	-3,544.0	-53.0	-54.2

Source: BBVA BANCOMER with INEGI data

Industrial Production U.S. & Manufacturing Exports Mex. (Monthly % change, SA series)

