

Mexico

Economic Watch

April 4, 2011

Economic Analysis

Eduardo Torres
e.torres@bbva.bancomer.com

Building Monthly Situation Report

- **Output in building work in January increased in real terms by 4.2%. This is the first increase in eleven months and just the second from April 2008**
- **Figures show house building reactivation both in single family and multi-dwelling units (MDU) properties**
- **January's results are in line with other indicators marking a bounce in the construction industry, specifically housing**

Building and housing

According to the National Construction Company Survey (ENEC) figures from Inegi, output in building work in January increased in real annual terms by 4.2%, the first month to see a positive change in the indicator in the last eleven months (0.2% in February 2010) and just the second from its fall in the second quarter of 2008.

The figures highlight a general upturn in works performed by the private sector. On the one hand, MDU housing (mainly condominiums and buildings) started to reverse the trend recorded since 2010 (over a 50% fall in comparison to levels recorded in 2008) with a 16.5% upswing in real terms in January 2011. Other housing saw real growth of 4.6% in January, also a major bounce with regards to what was seen in 2010 (-0.1% in average real terms in the year). On the other, other private sector output (offices, industrial plants, retail and services, and leisure) saw a real increase of 3.2% in January.

The increase in building work output value is in line with other indicators marking a bounce in output linked to construction (industrial output, cement sales, construction jobs) pointing to reactivation in the sector.

Table 1:

Building as per main components(annual % change)

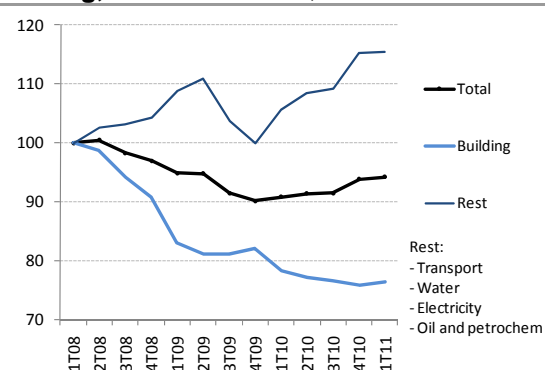
	2Q10	3Q10	4Q10	1Q11*
Total	-5.0	-5.5	-4.3	4.2
Housing	-11.6	-11.6	-4.5	7.2
Single Family	0.8	5.8	2.2	4.6
MDU	-41.1	-46.6	-21.2	16.5
Other building	3.4	2.3	-4.0	0.8
Government	1.6	-1.8	-17.2	-20.6
Schools	-8.9	-13.8	-32.2	-34.4
Hospitals	8.3	6.3	-7.1	-12.2
Private Sector	2.8	2.8	-2.9	3.2
Offices	40.5	19.2	6.7	15.0
Industrial	-10.0	-9.9	-0.4	5.9
Trade and services	4.0	6.5	-10.0	-2.8
Leisure	-17.9	-3.7	-4.6	-7.0
Auxiliary work	18.4	13.6	38.8	59.2

* January figures

Source: BBVA Research with INEGI data

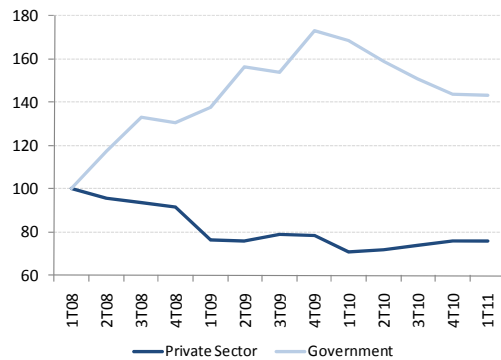
Chart 1

Construction as per work type: total vs. building, Index 1Q08=100, SA



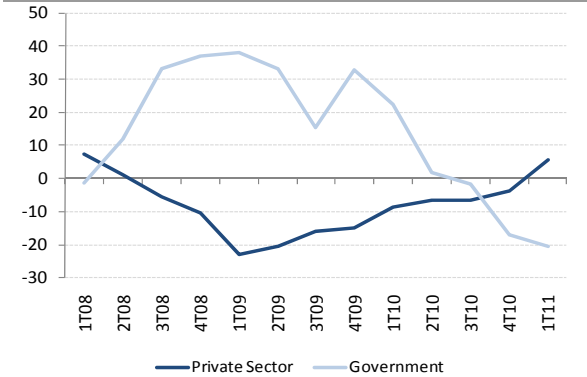
Source: BBVA Research with INEGI data

Chart 2
Building: public vs. private
Index 1Q08=100, SA



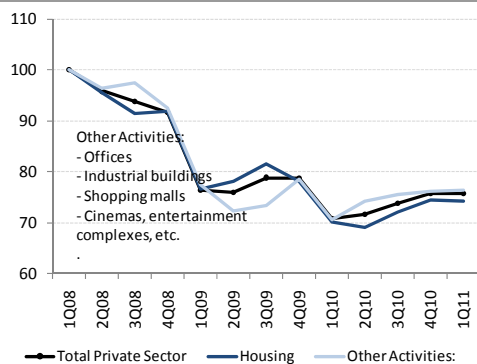
NB: excludes auxiliary work element
For 2011 January figures
SA= seasonally adjusted series.
Source: BBVA Research with INEGI data

Chart 3
Building: public vs. private
Annual % change, SA



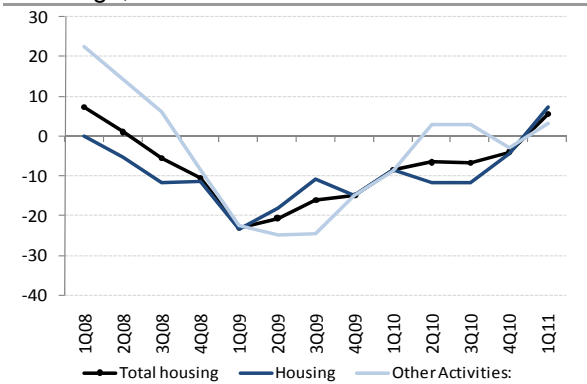
For 2011 January figures
Source: BBVA Research with INEGI data

Chart 4
Private building: housing vs. rest Index 1Q08=100, SA



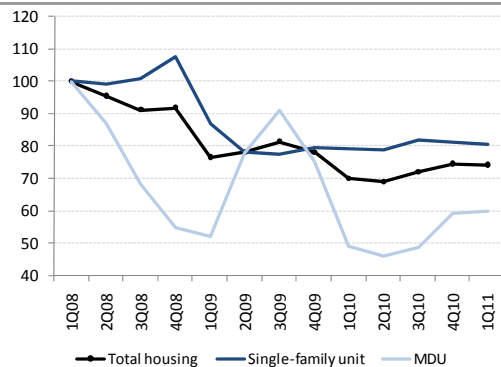
Note: for banks only includes the open market
*January figures
Source: BBVA Research with ABM and AHM data

Chart 5
Private building: housing vs. rest Index annual % change, SA



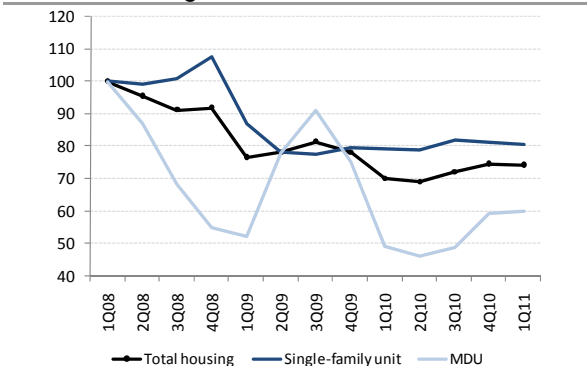
*January figures
Source: BBVA Research with ABM and AHM data

Chart 6
Housing: single-family vs. MDU
Index 1Q08=100, SA



For 2011 January figures
SA= seasonally adjusted series.
Source: BBVA Research with INEGI data

Chart 7
Housing: single-family vs. MDU
Annual % change, SA



For 2011 January figures
Source: BBVA Research with INEGI data

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