

BBVA Research Flash

Mexico

Upwards surprise on September industrial production boosted by construction and manufacturing activities

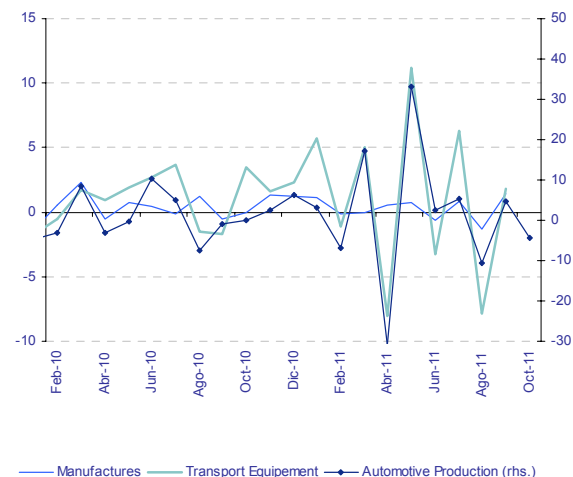
- Above our estimation (0.3% mom), the industry expanded strongly in September (1.7% m/m) boosted by manufacturing and construction activities.
- The industrial production data known today implies upward bias in forecasting quarterly growth of 3Q11, from 1% previously to 1.3% now.

The construction industry highlighted during September for its growth in the ninth month to expand 2.5% over the previous month, manufacturing industry had a good performance as well (1.5% mom%). With this dynamics, the industry growth in monthly terms is the highest since July 2009.

Among branches of manufacturing, the recovery was more evident in branches related to the external cycle among which transport equipment (1.8% mom vs. -7.9% previously), metal products (2% mom vs -3.6% prev.) and basic metals (1.3% mom, -1.8% prev.). It is worth mentioning however, that based on timely information from the Mexican Automotive Industry (AMIA), we know that in October the monthly change in car production slowed slightly from previous data. (-4.3% mom total car production in September, -3.6% for the domestic market, -6.9% for the production for external market).

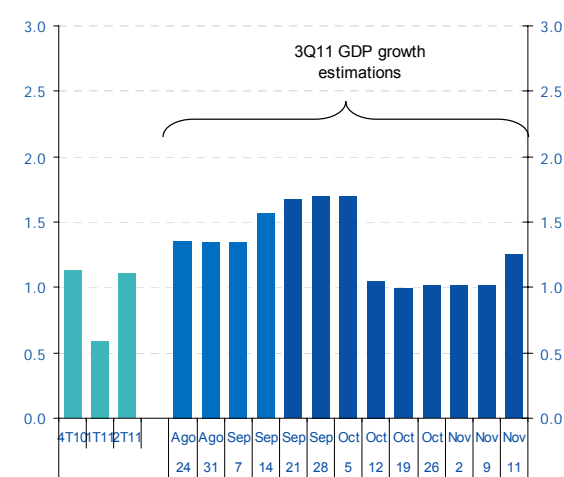
The positive performance of industry in September partially reverses the previous downward trend. The estimation of the BBVA-MICA model moves the quarterly GDP forecast for 3Q11 from 1.0% to 1.3%. All in all, these figures are coherent with our estimate of 3.8% GDP growth for 2011 and 3.3% for the next year.

Chart 1
Manufactures & Automotive Industry (mom%)



Source: BBVA Research

Chart 2
GDP, 3Q11, BBVA-MICA Estimates



Source: BBVA Research

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