

BBVA Research Flash

Mexico

Good behavior in the 3T11 GDP (1.3% qoq vs 1.2% forecasted) for improvement in industry and services, and important contribution of primary sector

- The growth in seasonally adjusted series stood at 4.4%, confirming the consistency in the improvement of economic activity.
- Published data are consistent with an expansion of GDP of 3.8% in 2011 and 3.3% in 2012, although the risks, mainly related to the external economic environment, focus on the downside.
- The most recent data incorporated into the short-term forecast, point to a Q4 estimate somewhat lower than a quarter ago and about 0.2% growth.

Almost in line with expectations (1.2% BBVA Bancomer)* The economy grew 1.3% during the 3T11 (seasonally adjusted), thereby expanding annual rate stood at 4.4%. This result is slightly better than expected at the beginning of the quarter (1.0%), although closer to the estimate from the most recent information, incorporating the good dynamics of industrial activity in our country and the U.S.

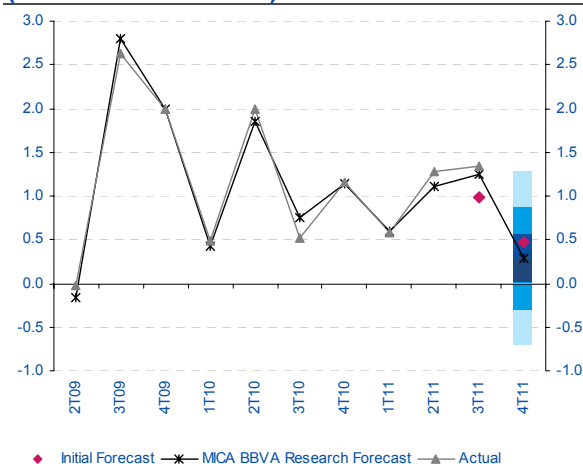
This result confirms the good performance of the activity in most of the year, driven by the activities of industry and especially services (0.5% and 1.6% qoq, respectively), which have outstanding good and stable development. It should be noted the outstanding performance of activities related to the primary sector: agriculture, livestock, forestry, fishing and hunting, with the highest quarterly growth since 1994 (11.8% qoq).

As mentioned in the monthly reports of industry, in Q3 highlighted the construction activities (2% qoq) and manufacturing (0.9% qoq), particularly in some branches with great weight and manufacturing transport equipment (2.5% by weight of 18% in manufacturing), or food industry (1.8% qoq, 22% of manufacturing). The service sector activities, were in the third quarter much more homogeneous behavior among branches, and it is worth noting activities such as management of companies and enterprises (3.1% qoq), media information (2.6% qoq) and financial services (2.1% qoq).

Based on information available to date, and considering revisions to the GDP of the previous quarters, the BBVA-Research MICA model points to an expansion of around 0.2% for the last quarter, which is consistent with average growth of 3.8% in 2011 and 3.3% in 2012.

Chart 1

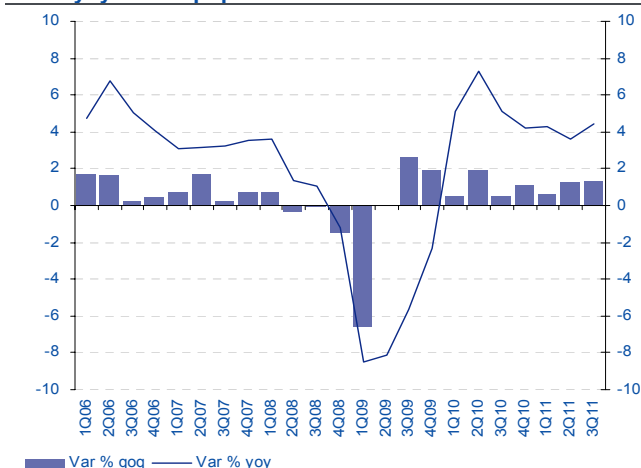
GDP Mexico: Quarterly growth forecast (BBVA Research – MICA)



Source: BBVA Research with INEGI data

Chart 2

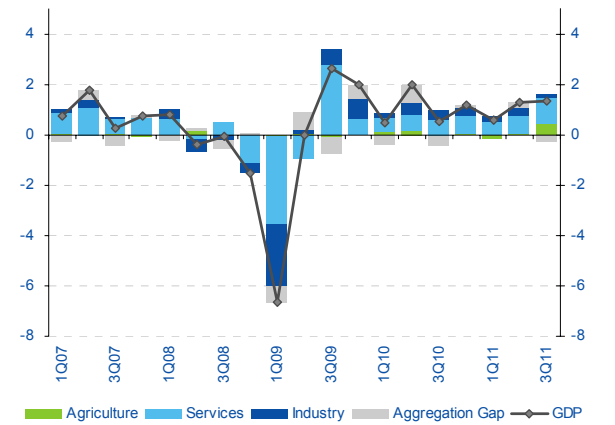
GDP: yoy% and qoq%



Source: BBVA Research with INEGI data

Chart 3

GDP: qoq% and contributions



Source: BBVA Research with INEGI data

(*)It should be noted that the pattern of short-term forecast of BBVA-MICA model based on contemporary indicators of activity that provides forecasts on a weekly basis, increased from 1% estimated at the beginning of the quarter to 1.2% on November 16th.

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