

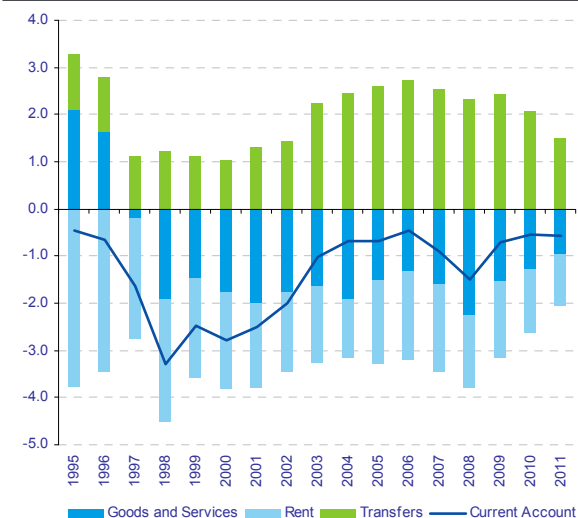
Flash Balance of Payments 3Q11

Mexico

Current account deficit below 1% of GDP and without financing difficulties in a complex global environment

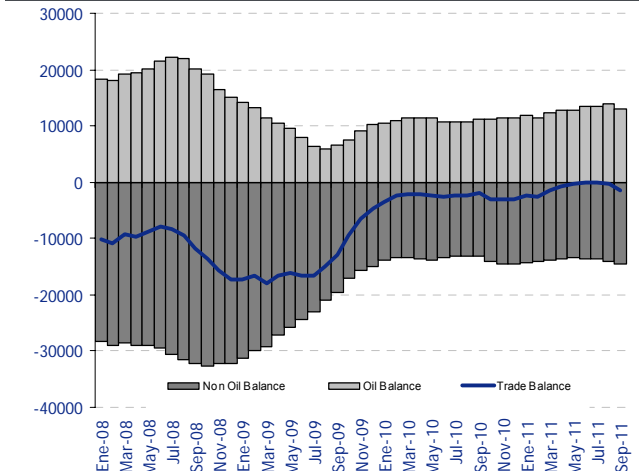
- During the 3Q11 the Current Account balance had a deficit of 3,757 million dollars (md), the biggest since 2008. A lower oil balance surplus and lower exports and touristic income outweighed the moderation of imports, the increase in family remittances and the revenues of Mexican companies abroad, and a benign interest payments profile during the quarter.
- The four quarter accumulated deficit stands at 0.9% of GDP, and it will reach 1% at years end, it will be easily financeable despite the complex environment. For 2012 we expect a 1.2% of GDP deficit.
- This higher deficit is due to an increasingly negative trade balance in consistency with the sustained economic growth. However if risks of lower economic activity materialize and the exchange rate remains at depreciated levels, our bias is that the Current Account deficit will turn out lower than expected.
- Gross International reserves increased by 7,194 md, their balance at the end of the third quarter stood at 141,088 md

Chart 1
Current Account Balance and Components
(% of GDP)



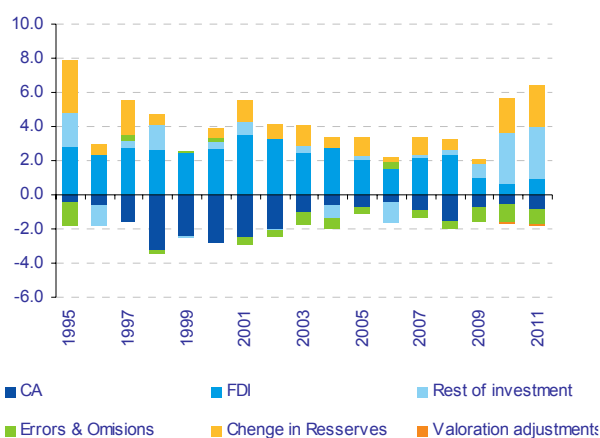
Source: BBVA Research with INEGI data

Chart 2
Oil and Non-Oil Trade Balance
(millions of dollars 12 month mobile sum)



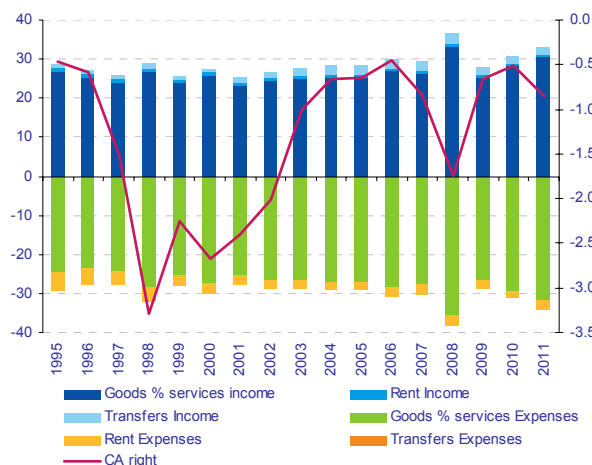
Source: BBVA Research with INEGI data

Chart 3
**Components of the Balance of Payments
(% of GDP)**



Source: BBVA Research with INEGI data

Chart 4
**Current Account Income and Expenses
(% of GDP, 2011=4Q accumulated sum)**



Source: BBVA Research with INEGI data

Table 1
Current Account Balance (millions of dollars and % of GDP)

	2010 md	2010 % of GDP	2011 md				2011 % of GDP
			1Q11	2Q11	3Q11	Accumulated	
Current Account	-5,724.1	-0.6	256.7	-2,975.0	-3,756.6	-6,474.9	-0.6
Goods & Services Balance	-13,280.2	-1.3	-333.2	-2,224.3	-8,496.7	-11,054.2	-0.9
Goods	-2,959.9	-0.3	2,014.7	1,518.3	-3,761.6	-228.6	0.0
Merchandise	-3,008.7	-0.3	1,910.5	1,429.9	-3,815.1	-474.7	0.0
Exports	298,473.1	28.8	81,803.2	89,473.4	88,152.6	259,429.2	22.3
Imports	301,481.8	29.1	79,892.7	88,043.5	91,967.7	259,903.9	22.3
Bought at Ports	48.8	0.0	104.2	88.5	53.5	246.1	0.0
Services	-10,320.3	-1.0	-2,347.9	-3,742.6	-4,735.1	-10,825.6	-0.9
Rent	-13,948.2	-1.3	-4,482.4	-6,889.9	-1,432.5	-12,804.8	-1.1
Transfers	21,504.2	2.1	5,072.3	6,139.2	6,172.6	17,384.1	1.5

Source: BBVA Research with INEGI data

Table 2
Financial Account Balance (millions of dollars and % of GDP)

	2010 md	2010 % of GDP	2011 md				2011 % of GDP
			1Q2011	2Q2011	3Q2011	Accumulate	
Financial Account	38,520.9	3.7	9,102.7	11,824.4	7,997.9	28,925.0	3.3
Foreign Direct Investment	6,222.0	0.6	1,552.3	4,478.8	371.6	6,402.7	0.7
In Mexico	19,792.1	1.9	5,664.4	5,213.9	2,551.4	13,429.7	1.5
From Mexicans	-13,570.1	-1.3	-4,112.1	-735.0	-2,179.9	-7,027.0	-0.8
Financial Investment	29,200.3	2.8	9,506.9	9,239.5	13,879.7	32,626.2	3.7
Liabilities	37,137.4	3.6	10,200.0	9,535.9	12,008.7	31,744.6	3.6
Public Sector	28,097.4	2.7	9,993.7	8,959.8	9,418.2	28,371.7	3.2
Private Sector	9,040.0	0.9	206.3	576.1	2,590.5	3,372.9	0.4
Assets	-7,937.1	-0.8	-693.1	-296.4	1,871.1	881.6	0.1
Other investment	3,098.5	0.3	-1,956.5	-1,894.0	-6,253.4	-10,103.9	-1.2
Liabilities	16,010.0	1.5	2,735.3	2,621.1	-6,178.5	-822.1	-0.1
Assets	-12,911.5	-1.2	-4,691.7	-4,515.1	-74.9	-9,281.8	-1.1
Errors & Omissions	38,520.9	-1.2	-1,812.1	-3,444.3	2,563.1	-2,693.2	0.9
Change of International Reserves	6,222.0	2.0	7,673.8	5,632.3	7,194.3	20,500.4	0.6
Valuation Adjustments	19,792.1	0.0	-126.5	-227.2	-389.9	-743.6	0.0

Source: BBVA Research with INEGI data

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