

# Mexico Flash

Industrial production rebounded in January, 1.1% m/m, positively highlights the construction industry.

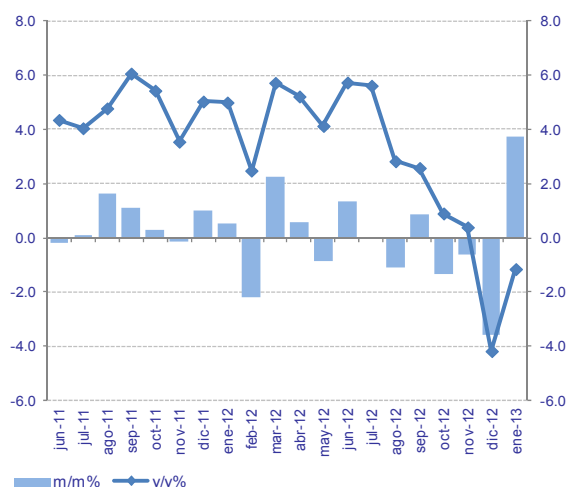
- The rise above expectations mainly due to the good dynamics in the construction industry (3.7% m/m) and a slight improvement in manufacturing (0.1% m/m)
- Maintain caution regarding the dynamics of the industry at the beginning of this year. The observed signs of moderation in external demand will influence the trend of manufacturing.

**The industry is growing well above expectations in January (expected: 0.0% m/m, 1.1% observed). In annual terms, growth amounted to 0.3% y/y in seasonally adjusted series (SA) and 1.7% y/y NSA.** The success of January due to a rebound in three of the four components that make up the industry (mining, electricity, gas and water supply, construction and manufacturing), and positively highlights the rise in the construction industry, which grew 3.7% in monthly terms (-1.9% m/m the average of the previous three months), which is the highest growth since July 2009. In annual terms, the variation in the construction industry remains negative, for the second consecutive month.

**Manufacturing, meanwhile, grew 0.1% m/m, almost the same growth as the average of the last 8 months (0.1% y/y SA, 2.0% y/y NSA).** In the first month of the year highlighted the transport equipment industry that grew at a rate of 3.4% m/m, well above the average of -2.7% m/m in the 4Q12. Other branches with significant share in exports such as furniture (6.6% m/m, -3.9% m/m in Q4) and non-metallic minerals (1.3% m/m, -1.5% m/m in Q4) also rebounded but without implying a general trend to improvement in manufacturing.

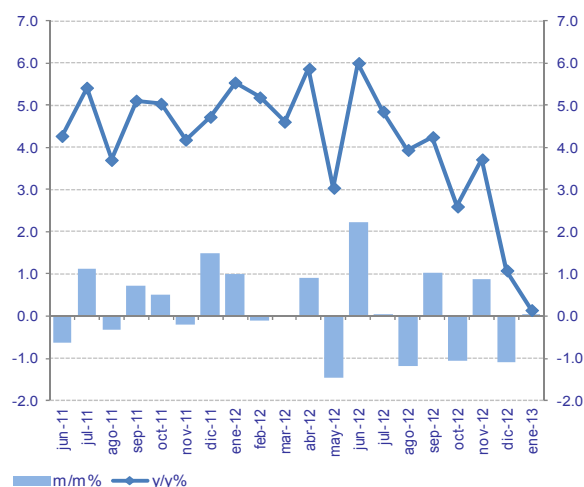
Although it was a good month for the industry, February car production showed a decline compared to the same month last year for about 7000 units less, equivalent to about 3% in annual variation, which could indicate a deceleration of the transportation equipment industry in February. Producer confidence, meanwhile, contracted (-)0.2% m/m. The IMEF indicator also showed a slight decline in February. **In summary, with the information available as of February, is not ruled out that despite the good figures for January, the moderation trend could continue.** Remember that exports have been on a downside trend reflecting lower foreign demand momentum in recent months.

Graph 1  
Industrial production, construction (y/y% & m/m%)



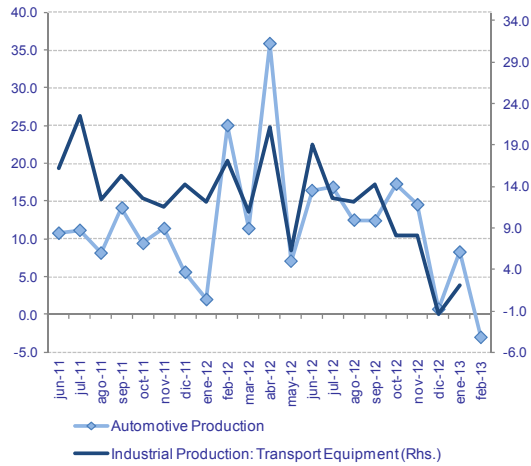
Source: BBVA Research

Graph 2  
Industrial production, manufactures (y/y% & m/m%)



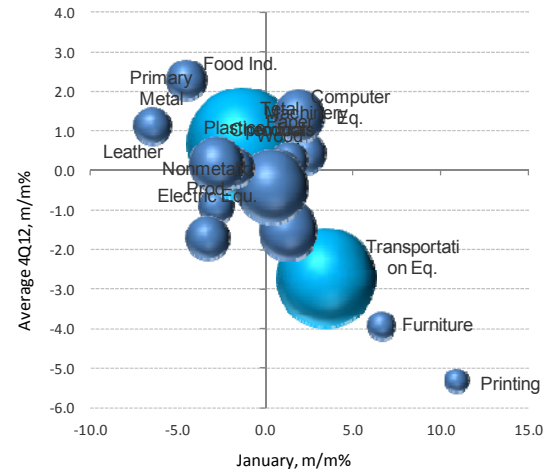
Source: BBVA Research

Graph 3

**Automotive Production & Transport Equipment (y/y%)**

Source: BBVA Research

Graph 4

**Manufacture Production (monthly average 4Q12 & Jan-2013 m/m%)**

Source: BBVA Research

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