

# Mexico GDP Flash

In line with our forecast, the (seasonally adjusted) quarterly economic growth for the 3Q13 was 0.8%. We maintain our GDP growth estimate for this year in 1.2%

- INEGI revised the quarterly GDP growth slightly to the upside for the first (0.2% vs. 0.0%) and second quarters (-0.6% vs. -0.7%) and released the third quarter figure that showed a moderate recovery (0.8%). The indicator was close to our forecast (BBVA Research: 0.7%<sup>1</sup>). Considering these data and the recent economic indicators of the fourth quarter, we maintain our GDP growth estimate of 1.2% for 2013 and 3.1 % for 2014.
- By components, the tertiary and secondary sectors increased 1.3% and 0.8%, respectively, while the primary sector decreased -0.5% from the previous quarter. Thus, the services sector continues supporting the GDP growth. As a result, the annual GDP growth in the first nine months of the year stood at 1.2%.

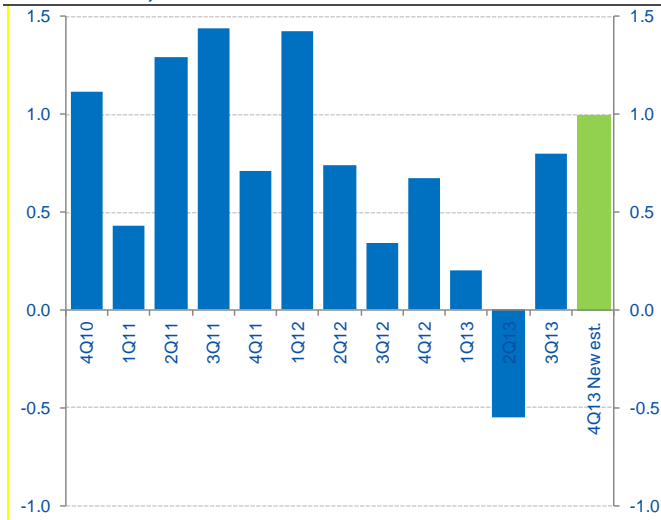
**In a context of a change in the base year of the GDP series from 2003 to 2008, the first (0.2% vs. 0.0%) and second quarters (-0.6% vs. -0.7%) were revised slightly to the upside, and the third quarter grew 0.8% (seasonally adjusted). As a result, the GDP growth in the first nine months of the year stood at 1.2%.** This confirms that the worst part of the recent deceleration has passed and that the economy is returning to a moderate growth pace. Given this, BBVA Research estimates that the GDP growth in 2013 will be 1.2%. More historical revisions to the series are possible, which would have implications for the annual estimate. For the fourth quarter it is expected an acceleration on economic activity as a result of a higher public spending and an improvement in the US industrial sector.

By components, and seasonally adjusted, the GDP rose 0.8% in the third quarter of 2013 with respect to the previous quarter as a result of the positive performance of two of its three major sectors. The GDP in the tertiary sector reversed its negative performance in the second quarter (-0.4%) increasing 1.3% in the third quarter driven by an improvement in commerce, real estate and rental, mass media, transport, storage and postal services; business support, waste management and remediation services, and financial and insurance, among other sectors. The GDP in the secondary sector grew 0.9%, in contrast to the two previous quarters (-0.3% and -0.9%, respectively). This was a result of increases in manufacturing, generation, transmission and distribution of electricity, and water and gas. However, further progress was curbed by a decline in construction and mining sectors. Meanwhile, production in primary sector decreased -0.5%.

The increase in public spending as a result of the reconstruction given the natural disasters of September of this year and the approval of a higher budget deficit, along with the recent improvement in the US industrial sector, suggest a better fourth quarter for economic activity in Mexico. Considering these factors, we estimate a quarterly GDP growth in the fourth quarter of 1.0% and an annual growth in 2013 of 1.2%

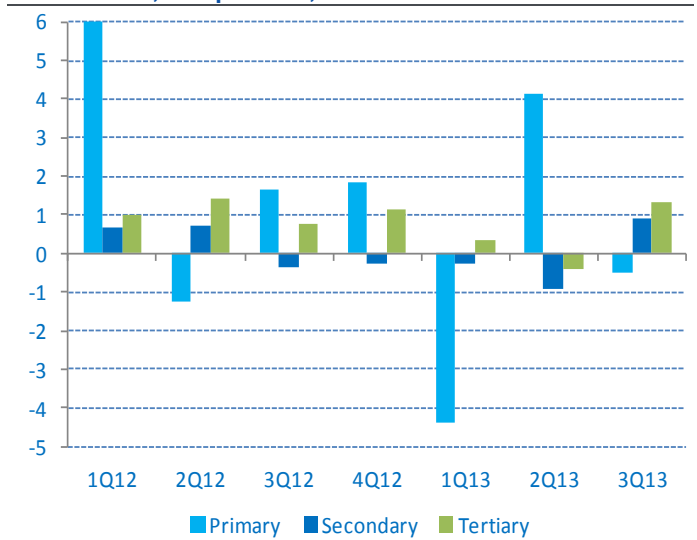
<sup>1</sup>See Mexico Weekly Flash, November 15, 2013. Available at: [http://www.bbvarsearch.com/KETD/fbin/mult/131115\\_SemanalMexico\\_423\\_eng\\_tcm348-411402.pdf?ts=21112013](http://www.bbvarsearch.com/KETD/fbin/mult/131115_SemanalMexico_423_eng_tcm348-411402.pdf?ts=21112013).

Chart 1  
**GDP Mexico, QoQ % SA**



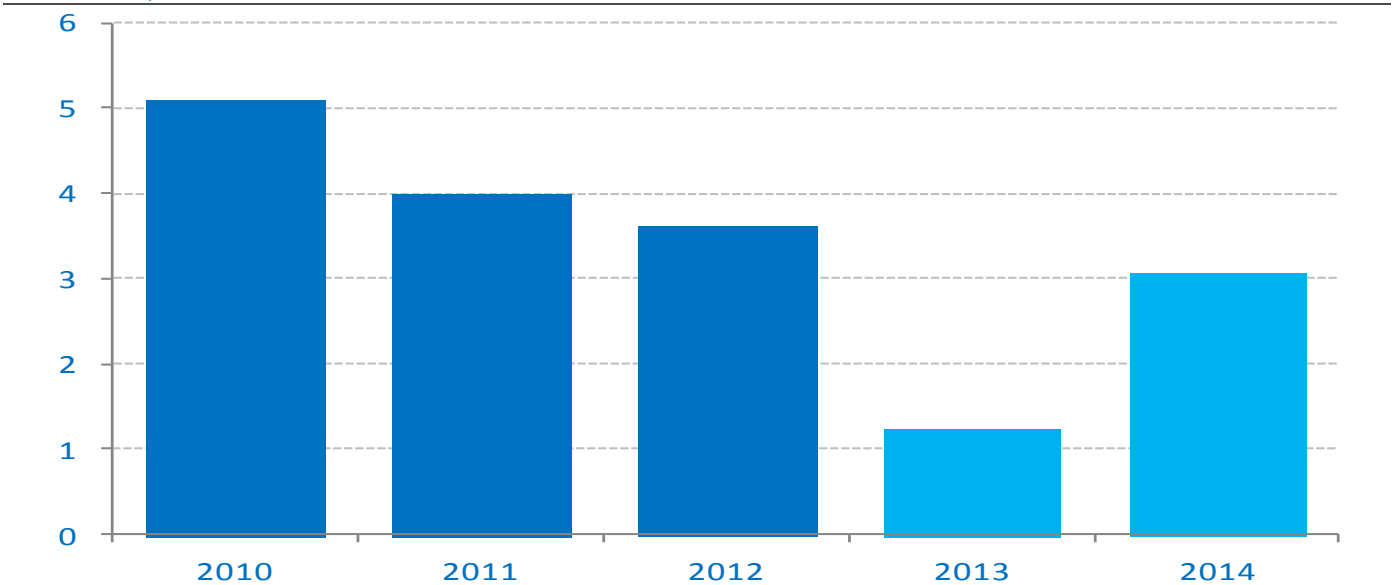
Source: BBVA Research with INEGI data. SA=seasonally adjusted.

Chart 2  
**GDP Mexico, components, QoQ % SA**



Source: BBVA Research with INEGI data. SA=seasonally adjusted.

Chart 3  
**GDP Mexico, YoY % SA**



Source: BBVA Research with INEGI data. SA=seasonally adjusted.

Arnoldo López Marmolejo  
[arnoldo.lopez@bbva.com](mailto:arnoldo.lopez@bbva.com)

Juan Carlos Rivas Valdivia  
[Juancarlos.rivas.valdivia@bbva.com](mailto:Juancarlos.rivas.valdivia@bbva.com)

Av. Universidad 1200, Col. Xoco, México 03339 D.F. | [researchmexico@bbva.bancomer.com](mailto:researchmexico@bbva.bancomer.com) | [www.bbva.com](http://www.bbva.com) | Follow us on Twitter

**Disclaimer**

This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) BBVA Research and BBVA Bancomer S. A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer on behalf of itself and is provided for information purposes only. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA Bancomer, and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.