

## Economic Analysis

## Trade Balance from January to July 2014 the accumulated deficit was of almost 1.3 US billion dollars. This figure was 64% less than the deficit reported in the same months of 2013

Fco. Javier Morales E.

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**In July 2014 the annual rate of growth of exports was 4.5%, and oil exports registered a negative rate of growth of -19.4% while non oil exports rate of growth was positive and of 8.2%. Note that in that month oil exports and non oil exports represented 10.3% and 89.7%, respectively, of total exports.**

Trade balance of July 2014 registered a deficit of 980 US million dollars, and from 2000 to 2012 this account has always shown a deficit in July.

Trade balance of May 2014 registered In July 2014 Mexico's trade balance registered a deficit of 980 US million. In the previous month trade balance was positive and the surplus position was of 424 US million. Note that from 2000 to 2013 trade balance has always registered a deficit in July, fact that indicates that there exists a seasonal component in the behavior of trade balance for this month. In accumulated figures from January to July 2014 the total trade balance that the country registered in those months amounted to a deficit of almost 1.3 US billion dollars. This figure is 64% less than the trade deficit registered for the same months in 2013 and which amounted to 3.4 US billion.

On the other hand, in the first seven months of 2014 total exports have shown a better performance than the one they registered in 2013. The annual average rate of growth of exports for those seven months in 2014 was 4.3% while in 2013 this rate was lower and of 1.4%. Note that for the first seven months of 2014 oil exports registered a negative average rate of growth -8% while the rate of growth of non oil exports was of 6.1%.

In relation to the behavior of July 2014 the annual rate of growth of total exports for this month was 4.5%. In that month the annual rate of growth of oil exports and of non oil exports was -19.4% and 8.2%, respectively. Note that the contribution to growth of total exports by its components of the 4.5% rate of growth percentage points (pp) was the following: oil exports had a negative contribution of -2.6 pp; non oil exports had a positive contribution of 7.1 pp. Note that non oil exports were manufacturing exports (contribution to growth of 6.3 pp); extractive industry (0.4 pp); and agricultural exports (0.4 pp)

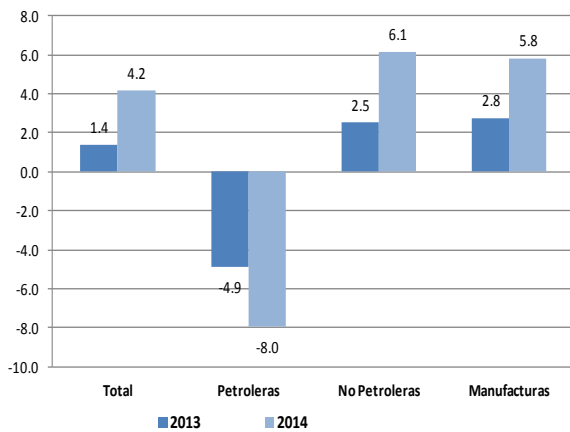
In relation to total imports, the average rate of growth they registered for the same seven months of 2013 this rate was of 4.3% and in the same time span of 2014 this rate decreased to 3.3%. The combination of a higher rate of growth of exports and of a lower rate of growth of imports were the factors that allowed for a decrease in the deficit position of trade balance of the first seven months of 2014 in relation to 2013.

In July 2014 the annual rate of growth of total imports was 3.1%, and the growth of its three components was: imports of capital goods, 4.2%; imports of intermediate goods, 3.1%; and consumption goods imports, 2.5%. Note that during the first seven months of 2014 imports of intermediate goods have been the one that

has shown the higher average rate of growth (4.5%), which compares positively with the one of capital goods (0.5%) and also with the one of consumption goods (0.7%).

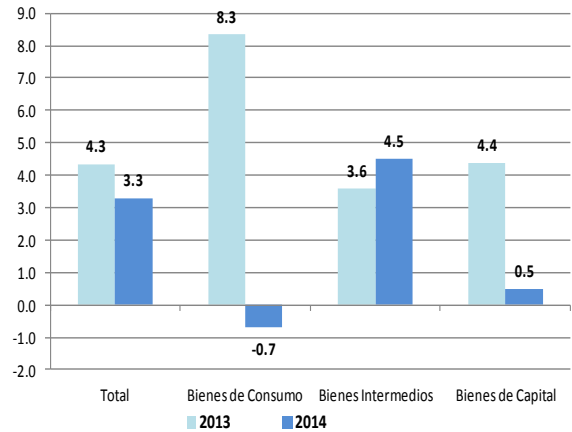
The above figures make reference that Mexico's external sector in the first seven months of 2014 is performing better than it did in the same months of 2013. However, a more dynamic behavior of exports is required than the observed one if the external sector is going to contribute to Mexico's economic growth process in a higher degree.

Figure 1  
**Exports by type of good**  
 (Average annual rate for January-July of 2013 and 2014, %)



Source: BBVA Research with data of INEGI.

Figure 2  
**Imports by type of good**  
 (Average annual rate of growth for January-July of 2013 and 2014)



Source: BBVA Research with data of INEGI.

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