

Economic Analysis

# In January the IGAE shows a weak monthly performance (0.2% MoM, sa)

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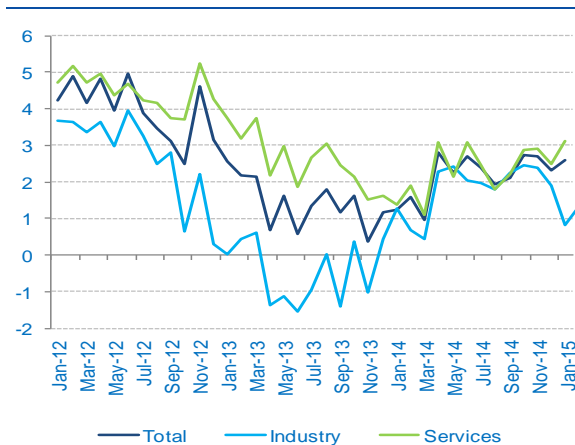
According to INEGI, Mexico's January the Global Economic Activity Indicator (IGAE) expanded 2.6% YoY sa. This increase, slightly above our estimation (BBVA Research: 2.4% YoY, sa), was equivalent to 0.2% MoM sa. In original figures the IGAE showed an annual growth of 2.0%.

The annual performance was driven by a YoY increase in services (3.1%, sa), agriculture (13.4%, sa) and industry (0.8%, sa) (see figure 1).

The slow evolution of domestic demand was reflected in the monthly performance of IGAE. In January the IGAE increased 0.22% MoM, sa. This result was due to increases in services (0.44% MoM, sa) and agriculture (6.66% MoM, sa). Meanwhile, the industry declined 0.43 % MoM, sa. However, this meant a weak start of the economic activity of the first month of the year. Even in the services sector (see figure 2), only mass media and transport and accommodation and restaurants had a dynamic growth (1.3% and 0.8% MoM, sa, respectively). The other subsectors had a very modest or negative performance (educational and health services fell 0.5% MoM, sa). This anticipates a pattern of moderate growth for the first quarter of 2015.

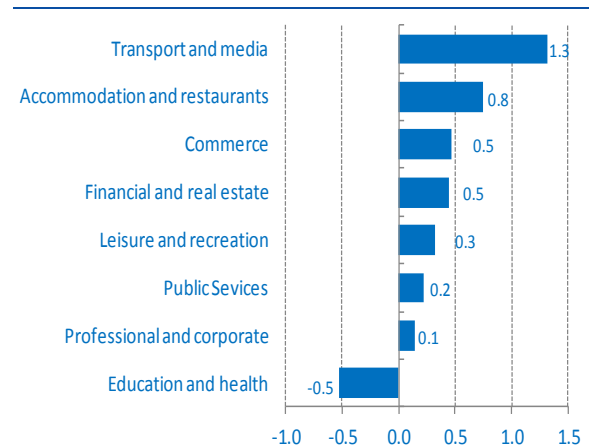
The performance of IGAE's components putting downward pressure on economic growth expectations and indicates that the economy could show a moderate increase in 2015. The weakness of the domestic market and insufficient impulse of public spending and growth of the economy of the United States account a slow start of the year.

Figure 1  
**Components of IGAE**  
(YoY %, sa)



Source: BBVA Research with INEGI data; sa = seasonally adjusted.

Figure 2  
**Components of services, January 2015**  
(MoM %, sa)



Source: BBVA Research with INEGI data; sa = seasonally adjusted.

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