

Economic Analysis

In February the IGAE shows a negative monthly performance (-0.03% MoM, sa)

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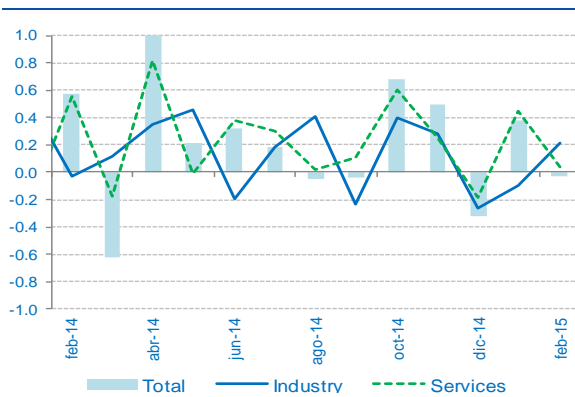
According to INEGI, the Global Economic Activity Indicator (IGAE) of Mexico had zero growth in February from previous month, with seasonally adjusted figures (sa). This was equivalent to an annual growth rate of 2.2%, sa. In the original series IGAE reported and increase of 2.3% YoY, in line with our forecast and below consensus (BBVAe: 2.3% YoY; consensus: 2.4%).

In monthly terms, February's IGAE experienced a variation of -0.03%, sa. This result was due to a moderate increase in industry (0.21% MoM, sa); at zero growth in services (0.04% MoM, sa), and a sharp drop in agriculture (-5.06% MoM, sa). This confirms the weak start of economic activity for the first quarter of the year (see figure 1). Was remarkable the zero growth of services. The subsectors what had a very modest or negative performance are professionals and corporate services; commerce; financial and real estate services; transport and mass media, and educational and health services (see figure 2). Only public services and services related with tourism (accommodation and restaurants and entertainment) had a positive performance (3.6%, 1.1% and 1.0% MoM, sa, respectively). Given the weakness of the domestic market a pattern of moderate growth for 2015 is confirmed.

In February, IGAE had an annual growth of 2.2%, sa. By component, the agriculture and services had a growth of 2.8% and 2.6%, sa, respectively. For its part, the industry grew moderately (1.6%, sa), all in seasonally adjusted terms.

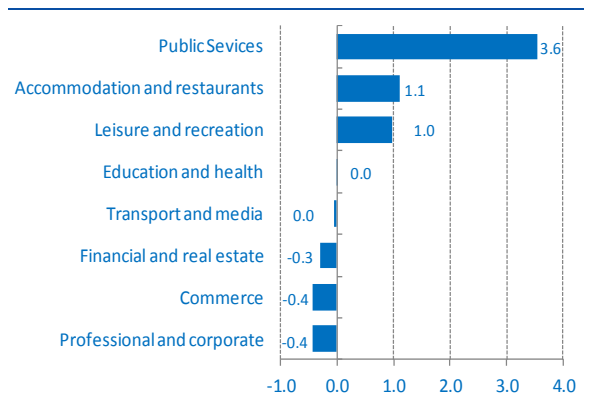
The performance of IGAE's components putting downward pressure on economic growth expectations and confirms that the economy could show a moderate increase in 2015. The weakness of the domestic market; insufficient boost public spending, and the temporary slowdown in economic growth in the United States account for a slow start of the year. We expect the second quarter will have a better performance, linked to spending election, and that the rest of the year will grow moderately.

Figure 1
Components of IGAE (MoM %, sa)



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

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



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

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