



February IGAE: positive monthly change and slight upturn in negative annual rate, but it is not the start of a sustained recovery

- The IGAE plunge reached 10.8% in February, a record low in the history of the monthly activity indicator (begun in 1993). In seasonally-adjusted terms, the annual fall was 7.2%, lighter than in January due to the temporary upturn in activity in the month, with the first positive change since July. This upturn will not however be the start of a sustained recovery in light of the performance of relevant activity indicators and the foreseeable negative impact of the swine flu epidemic on activity.
- Although the persistence of the decline in the manufacturing sector during the second month of the year was already known, in the services sector the unraveling was slightly worse than expected (-9.6% y-o-y recorded vs -9.1% expected). This was combined with a much heavier plunge than expected (-7.1% vs 4.9% expected) in the agricultural sector. Although this represents just 3.6% of the economy's total aggregate value, due to the extent of the decline the impact on overall activity is significant.
- In February activity in the manufacturing sector improved slightly (0.39%), partly due to the less-pronounced decline in the motor vehicle sector in February and March, which was already known due to the performance of the IPI, and there was an upturn in activity in the services sector (0.63 m-o-m), although this will not be sharp, nor will it last for long. The performance of relevant indicators such as the labor market in March –formal employment- is in keeping with a performance of activity that is only slowing down its rate of decline. From April onwards the effects of activity slowdown will start to show through, brought about by the swine flu epidemic with a direct, immediate impact on indicators relating to household expenditure on goods and, especially, services –hotels, restaurants, leisure, transport, retail trade, etc.-.
- The scope of the direct impact of flatter activity in the services sector will depend on the number of days and the intensity of authority-imposed restrictions. It will no doubt though be an additional negative effect to the heavy slowdown in services recorded since last December. This situation will be combined with the unraveling already underway due to the global credit crunch and may get worse as the epidemic affects other countries or national produce.

Global Indicator of Economic Activity (IGAE)

| | y/y, OS | | | y/y%, OS | | | |
|--------|---------|---------|---------|----------|-------------|----------|----------|
| | y/y, OS | y/y, SA | m/m, SA | Total | Agriculture | Industry | Services |
| Ene-08 | 3.7 | 3.6 | 0.72 | 3.7 | -0.4 | 2.8 | 4.6 |
| Feb | 5.8 | 2.7 | -0.32 | 5.8 | 1.5 | 6.3 | 5.7 |
| Mar | -1.9 | 2.6 | 0.47 | -1.9 | -5.0 | -5.0 | 0.3 |
| Abr | 7.2 | 2.3 | -0.12 | 7.2 | 9.4 | 6.5 | 7.2 |
| May | 1.1 | 2.2 | -0.08 | 1.1 | 10.9 | -0.7 | 1.5 |
| Jun | 0.9 | 1.1 | -0.25 | 0.9 | 1.9 | -0.6 | 1.7 |
| Jul | 3.1 | 1.8 | 0.19 | 3.1 | 8.3 | 0.1 | 4.2 |
| Ago | 0.0 | 1.0 | -0.47 | 0.0 | -9.3 | -1.8 | 1.3 |
| Sep | 2.1 | 0.4 | -0.66 | 2.1 | 13.8 | -1.7 | 3.2 |
| Oct | -0.7 | -0.7 | -0.58 | -0.7 | -7.0 | -2.1 | 0.1 |
| Nov | -2.3 | -1.1 | -0.29 | -2.3 | 2.3 | -4.7 | -1.6 |
| Dic | -2.4 | -3.8 | -2.47 | -2.4 | 15.8 | -5.9 | -1.8 |
| Ene-09 | -9.3 | -8.2 | -3.87 | -9.3 | 2.9 | -10.9 | -9.0 |
| Feb | -10.8 | -7.2 | 0.82 | -10.8 | -7.1 | -13.2 | -9.6 |

OS: Original Series, SA: Seasonal Adjusted
Source: INEGI

OS: Original Series
Source: INEGI

