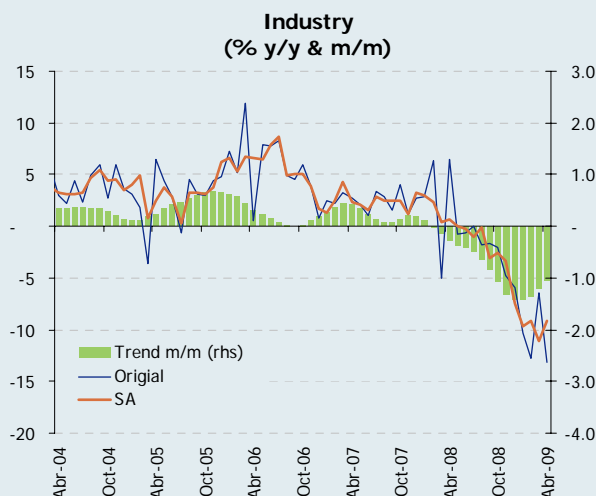
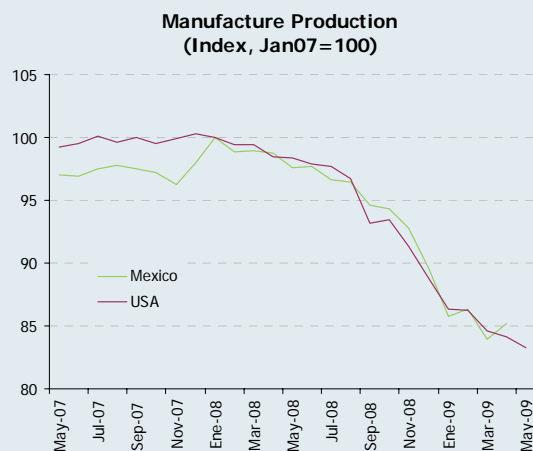


In April the heavy annual falls in industrial output continued, made worse by the Easter seasonal effect. In spite of this, the manufacturing sector rate of decline is still slowing down slightly.

- The April fall in the manufacturing sector was slightly lower than market expectations (-15%). This change was caused, however, by the Easter seasonal effect, which this year was in April (in March in 2008). Once this effect has been adjusted, a slight upturn in annual rates is expected, although at extremely low levels. Based on more smoothed trend series, a pattern of a slower rate of decline in the manufacturing sector in recent months can be made out. However, so far this has not led to positive figures in any relevant branch of activity.
- In April falls in the most important components of the manufacturing sector were recorded, such as construction (.3% annual, +0.7% monthly) and manufacturing (-18% annual, +1.5% monthly). Although the rate of decline is not as heavy as in previous months, the low levels that these branches have reached mean that a recovery from the manufacturing sector crisis does not look likely any time soon. In the case of manufacturing, motor vehicle output has keenly felt the effect of technical slowdowns and recent industrial reconfigurations (annual % change in the transportation equipment branch: -42.1 vs -38.7% in 1Q09 and +25% in April 2008).
- The close ties between the national manufacturing sector, in particular manufacturing, and US output would suggest that the falls in the secondary sector will continue for several months to come, although at a slower rate. The high rates of decline in industrial output and the uncertainty surrounding the impact of the swine flu outbreak from May onwards point to economic growth levels in the second half of the year that are no higher than the first half.



Industrial Production
(yoy % Original Series, except mom %: seasonal adjusted)

	2006				2007				2008				2009 yoy mom		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	Mar-09	
Industry	8.1	5.4	5.9	3.5	2.7	2.0	2.6	2.6	1.4	1.7	-1.1	-4.3	-9.8	-13.2	1.0
Mining	4.2	0.5	2.7	-1.5	-1.1	-0.1	-0.6	-0.5	-0.8	-4.4	-2.1	-1.7	-1.2	-0.4	-1.4
Electricity	8.2	10.2	14.1	16.2	4.5	2.3	2.5	5.4	7.7	4.5	0.4	-2.8	-3.2	-2.7	1.1
Construction	10.2	7.5	6.7	6.3	6.1	3.6	3.7	4.3	1.0	2.1	-0.7	-4.5	-7.1	-11.3	0.7
Manufactures	8.6	5.9	6.0	3.3	2.5	2.0	3.1	2.7	1.8	3.2	-1.1	-5.0	-13.8	-18.0	1.5

Source: INEGI