



Weekly Observatory

June 29, 2009

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Manufacturing Sector Opinion Indicators in June

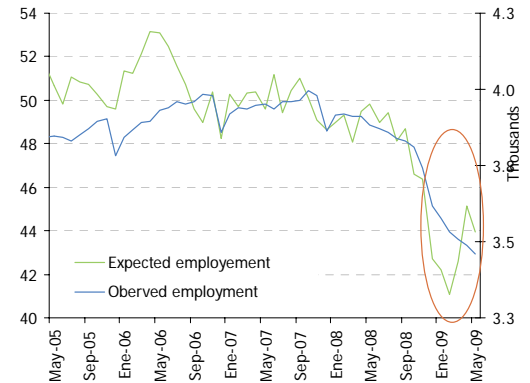
This week opinion indicators will be published, which will help to estimate the trend in the manufacturing sector for June. Relevant indicators from this survey, such as manufacturing purchase orders and employment expectations in the sector, hint that the rate of slowdown could ease towards the mid-year.

In particular, there was an upturn in the manufacturing purchase order indicator from last March, which although has not directly resulted in an improvement of the yoy economic activity rate in the industrial sector (the latest data available is from April), it is plausible to think that it will do so from May onwards.

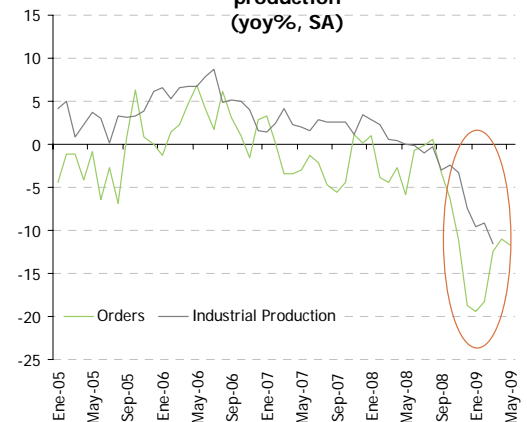
As regards the expected employment level in the manufacturing sector, it has performed in keeping with the formal employment that was finally recorded in the sector. It is worth considering that the monthly rates of fall in employment have started to ease, which is partly in keeping with the indicator of a decisive upturn since March or April.

We are holding on to our outlook of a gradual recovery in the manufacturing sector from the mid-year onwards.

Expected level of employment in manufactures and registered employment (Puntos y Millones de Personas)



Manufacturing orders and industrial production (yoy%, SA)



Economic Calendar

June 29 to July 3

| | Monday | Tuesday | Wednesday | Thursday | Friday |
|--------|--------|---------|-----------|--|--------|
| | 29 | 30 | 1 | 2 | 3 |
| Mexico | | | | Manufacturing Sector Opinion Indicators (June) | |
| | | | | | |
| | | | | | |

Macroeconomic Forecasts

| | Mexico | | | U.S. | | | Inflation in Mexico (%) | | | |
|--------------------------------|--------|-------|--------------|--------|---------------|---------------|-------------------------|-------------|-------------|-------------|
| | 2007 | 2008 | 2009 | 2007 | 2008 | 2009 | Month | Acumm. | Annual | |
| Inflation (% , end of period)* | 3.8 | 6.5 | 3.8 | 2.9 | 4.2 | 0.8 | Jan-09 | 0.23 | 0.23 | 6.28 |
| Core (% , end of period)* | 4.1 | 5.7 | 4.0 | 2.3 | 2.3 | 1.2 | Feb-09 | 0.22 | 0.45 | 6.20 |
| GDP (real annual % change) | 3.3 | 1.4 | -6.3 | 2.0 | 1.4 | -2.0 | Mar-09 | 0.58 | 1.03 | 6.04 |
| Trade balance (US bn) | -10.1 | -17.3 | -16.2 | -700.0 | -680.0 | -429.0 | Apr-09 | 0.35 | 1.38 | 6.17 |
| Current account (US bn) | -8.3 | -15.7 | -16.3 | -730.0 | -688.3 | -600.0 | May-09 | -0.29 | 1.09 | 5.98 |
| (% of GDP) | -0.8 | -1.4 | -1.9 | -5.3 | -4.8 | -3.0 | Jun-09 | 0.22 | 1.31 | 5.77 |
| Public balance (% of GDP) | 0.0 | -0.1 | -1.8 | -1.2 | -4.2 | -12.7 | Jul-09 | 0.26 | 1.57 | 5.46 |
| | | | | | | | Aug-09 | 0.31 | 1.89 | 5.18 |
| | | | | | | | Sep-09 | 0.52 | 2.42 | 5.01 |
| | | | | | | | Oct-09 | 0.47 | 2.90 | 4.79 |
| | | | | | | | Nov-09 | 0.55 | 3.46 | 4.18 |
| | | | | | | | Dec-09 | 0.35 | 3.82 | 3.82 |

bn billion

* Average for U.S.

* Forecast in bold

Financial Forecasts (% , end of period)

| | Mexico | | | | | | | U.S. | | | | | | | |
|-------------------|--------|-------|--------------|-------|--------------|--------------|--------------|---------------|------|----------|-------------|------|-------------|-------------|-------------|
| | 2007 | 2008 | 2009 | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 2007 | 2008 | 2009 | 1Q09 | 2Q09 | 3Q09 | 4Q09 | |
| Bank funding | 7.50 | 8.25 | 4.50 | 6.75 | 4.75 | 4.50 | 4.50 | Fed Funds | 4.25 | 0 - 0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 28-day Cetes | 7.44 | 7.94 | 4.47 | 6.75 | 4.60 | 4.47 | 4.47 | 10-year bond | 4.26 | 3.25 | 2.23 | 2.70 | 2.27 | 1.98 | 2.23 |
| 28-day TIE | 7.39 | 8.68 | 4.83 | 7.57 | 5.40 | 4.83 | 4.83 | Dollar / euro | 146 | 140 | 1.15 | 135 | 1.25 | 1.18 | 1.15 |
| M 10 years (avg) | 8.04 | 8.28 | 6.40 | 8.30 | 7.60 | 6.80 | 6.40 | | | | | | | | |
| Peso/dollar (avg) | 10.86 | 13.67 | 13.00 | 14.00 | 13.18 | 13.20 | 13.00 | | | | | | | | |

Financial Markets Evolution

June 18 to 25

| U.S. Debt | | | UMS | | | | Cetes & Bonds (M's) with taxes | | | |
|------------|----------------|--------------|----------------|-------------|--------------|---------------------|--------------------------------|---------|---------------|--------------|
| Term | Previous close | Week chng bp | Term (days) | Prev. Close | Week chng bp | Spread vs. Treasury | Term (days) | Primary | Prev. close** | Week chng bp |
| Fed Funds | 0.25 | 0 | | | | | Bank funding* | | 4.77 | -50 |
| | | | | | | | Govnmt. funding* | | 4.72 | -51 |
| | | | | | | | TIE (28d) | | 5.11 | -11 |
| T.Bill 91d | 0.17 | -1 | | | | | Cetes (28d) | 4.72 | 4.76 | -27 |
| | | | | | | | Cetes (91d) | 4.83 | 4.82 | -21 |
| | | | | | | | Cetes (182d) | 4.89 | 4.93 | -10 |
| Libor 3m | 0.60 | -1 | | | | | Cetes (364d) | | 5.07 | -8 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| T-Notes | 0.34 | -3 | | | | | | | | |
| 5 years | | | | | | | | | | |
| | | | UMS 10 (220d) | 1.03 | -1.40 | -168 | M 7 i (181d) | 5.19 | 5.08 | -11 |
| | | | UMS 11(567d) | 2.06 | -2.00 | -66 | M 7 i (545d) | 5.19 | 5.10 | -9 |
| T-Notes | 2.72 | -29 | UMS 12 (932d) | 3.25 | -14.30 | 53 | | | | |
| 10 years | | | UMS 13 (1300d) | 4.20 | -22.70 | 149 | M 10 i (1273d) | 5.19 | 6.87 | 168 |
| | | | UMS 14 (1664d) | 4.79 | -25.60 | 208 | M 10 i (1637d) | 5.19 | 7.51 | 232 |
| | | | UMS 15 (2076d) | 5.14 | -27.30 | 81 | M 10 iL (2001d) | 5.19 | 7.79 | 260 |
| | | | UMS 16 (2638d) | 5.49 | -26.00 | 116 | | | | |
| | | | UMS 19 (3839d) | 6.10 | -17.70 | 177 | | | | |
| T-Bond | 4.33 | -27 | UMS 22 (4838d) | 6.37 | -18.40 | 204 | M 20 i (5277d) | 5.19 | 8.69 | 350 |
| 30 years | | | UMS 26 (6167d) | 6.57 | -18.30 | 224 | | | | |
| | | | UMS 31(8085d) | 6.85 | -14.40 | 252 | | | | |
| | | | UMS 33 (8687d) | 6.84 | -12.40 | 250 | | | | |
| | | | UMS34 (9224d) | 6.83 | -10.80 | 250 | | | | |

* Weighted rates

| Spreads | Previous close | Week chng bp | Currencies | Previous close | Week % chng | Bolsas | Previous close | Week % chng |
|----------------------|----------------|--------------|----------------------|----------------|-------------|-----------|----------------|-------------|
| U.S. corporate (BAA) | 453 | 6 | Peso / dollar | 13.24 | -1.15 | IPC | 24,245.7 | -0.39 |
| EMBI+Mexico | 256 | 13 | Real Brazil / dollar | 194 | -1.49 | Dow Jones | 8,472.4 | -0.97 |
| EMBI+Brazil | 294 | 11 | Dollar / euro | 140 | 0.63 | S&P | 920.3 | 0.21 |
| EMBI+LatAm | 511 | 17 | Yen / dollar | 95.95 | -0.54 | Bovespa | 51,514.8 | 120 |