



GDP Observatory

September 21, 2009

From a demand perspective, GDP data for the 2Q09 confirms lower fall in private domestic spending and exports. Public demand momentum slows

- As seen in the GDP figures by supply elements, in the second quarter of 2009 GDP moderated its decline in qoq terms from -5.8% in the 1Q09 to -1.1% in the 2Q09 in real and seasonally-adjusted terms. This was a positive surprise. With this, the profile for the year would show its minimum quarterly rate in the first months of the year and yearly rate in the second quarter.
- This moderation in the rate of decline with regard to what was seen in the 1Q09 was thanks to private domestic spending and goods and services exports. Despite this, household spending was worse than expected (-1.3% qoq vs. -0.4% respectively) while private investment and exports came in slightly better ¹. The relative normalization of the global financial context, the recovery in foreign demand and, presumably, a lower impact from the flu than considered, are consistent with this development in business and household spending.
- Regarding components linked to public demand, government consumption was a surprise weakness, with a quarterly fall of (-)1.6%, contrasting with the forecast 3.4% growth. In contrast, and in line with the counter-cyclical fiscal policy put into place, expansion was higher than expected for public investment, where annual growth rates ranged between 20 and 30% over the last three quarters.
- With the contraction in the second quarter, private consumption is showing five consecutive quarters of negative changes. This is in line with job losses seen – the main component determining available household income. In this sense, a recovery in the job market supported by the better external context and downward inflation rates foresee expansion in household spending in the second half of 2009.
- In the medium-term, the consumer recovery rate will be attuned to the impact on real available income from the fiscal measures that are finally passed within the framework of the 2010 Economic Program. This tightening impact must be set against the loosening impact of a risk premium and economy financing costs which would be lower and boost manufacturing investment and job creation.

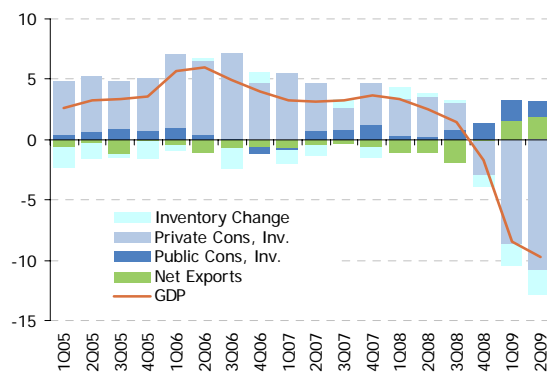
¹ -7.9% qoq vs -11.2% and -5.3% qoq vs -10.9% respectively. The error in private investment is not statistically significant with regard to the standard deviation from the model considered. With the same criteria, the data for exports is truly better than forecast.)

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GDP: Supply & Demand (qoq%, SA)					
	jun-08	sep-08	dec-08	mar-09	jun-09
GDP	0.3	-0.7	-2.4	-5.8	-1.1
Total Demand	0.4	-0.6	-4.8	-7.3	-1.9
Internal	0.6	-0.6	-3.1	-4.2	-2.0
Private Cons.	-0.7	-0.9	-3.0	-4.4	-1.3
Public Cons.	1.0	0.4	0.4	1.9	-1.6
Investment	4.6	-0.1	-4.9	-6.6	-4.5
Private	3.8	-4.3	-10.7	-2.9	-2.9
Public	5.8	14.4	7.2	-0.2	-0.2
Exports	-0.4	-2.5	-8.5	-10.3	-5.3
Imports	-0.3	0.6	-12.0	-12.4	-6.0

SA: Seasonally Adjusted

GDP & Contributions to Growth* (yoy % & pts)



* Does not include inventory change
 Source: BBVA Bancomer with INEGI data

GDP: Supply & Demand (yoy%, SA)					yoy	Contribution to
	2008	jun-08	sep-08	dec-08	chge.	growth
GDP	3.3	2.5	1.5	-1.7	-8.4	-9.7
Total Demand	4.2	4.1	2.8	-3.3	-11.9	-14.0
Internal	0.8	3.5	3.1	-0.9	-7.2	-9.6
Consumption	0.8	2.2	1.7	-1.2	-7.2	-7.9
Private	2.1	2.4	1.9	-1.4	-8.8	-9.3
Public	3.9	1.2	0.2	0.1	3.7	1.0
Investment	5.0	8.3	8.0	0.4	0.9	-7.1
Private	2.0	9.9	5.4	-10.4	-10.4	-13.8
Public	13.2	1.8	16.7	30.5	30.5	29.5
Exports	-42.0	5.8	1.7	-8.8	-20.4	-24.3
Imports	6.9	8.5	7.4	-7.6	-22.6	-27.1
Net Exports						1.9

SA: Seasonally Adjusted

Change in inventories are not considered.