

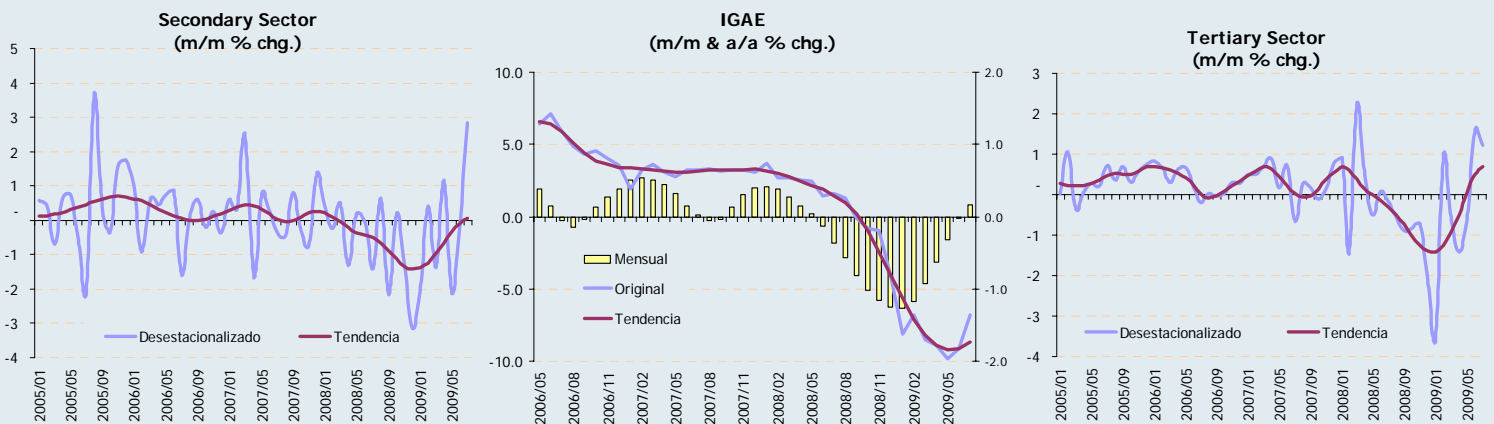


# Economic Activity Observatory

September 29, 2009

## July IGAE: Mexican economy continues to recover in line with the forecast scenario supported by an intense inventory restocking effect

- During July, the IGAE recorded a monthly increase of 2.4% (forecast BBVA: 2.1%), moderating the annual fall in the monthly business indicator for the Mexican economy by (-)6.9% (forecast BBVA: (-)7.7%). These figures are in the high range of our forecast and consistent with the GDP rise we expect in the third quarter of the year. This business recovery scenario is seen in both manufacturing and services.
- Comparing the seasonally-adjusted series in July, the IGAE grew 2.4% in comparison with June, where it rose 0.4% after three successive monthly falls. Secondary activities increased by 2.8% in July and were the main contributor to recovery in the indicator. This upturn in manufacturing output is based on an increase in exports which saw a monthly 5.8% increase in August (more timely data), with an improvement profile after the adjustment at the end of 2008 and first months of 2009. In turn, tertiary activities continue an upward trend supported by the improved real and financial overseas scenario.
- The July IGAE data are in line with our forecast for gradual recovery in the Mexican economy, although its rate should be seen cautiously. Firstly, as after a very intense fall in inventories, restocking is accelerating manufacturing output. Secondly, as even with sustained external demand, the rate could moderate slightly in the coming quarters.



	Global Economic Activity Indicator (IGAE)		
	Annual, OS	Annual, SA	Monthly, SA
Jan-08	3.7	3.7	0.8
Feb	5.8	2.7	-0.2
Mar	-1.9	2.7	0.7
Apr	7.2	2.5	0.0
May	1.1	2.4	0.1
Jun	0.9	1.4	-0.3
Jul	3.1	1.6	-0.2
Aug	0.0	1.3	-0.4
Sep	2.1	-0.1	-1.4
Oct	-0.7	-0.8	-0.6
Nov	-2.3	-1.0	0.1
Dec	-2.4	-4.0	-2.7
Jan-09	-9.0	-8.1	-3.5
Feb	-10.4	-6.8	1.2
Mar	-5.1	-8.5	-1.1
Apr	-12.2	-8.9	-0.4
May	-11.0	-9.8	-0.9
Jun	-8.0	-9.1	0.4
Jul	-6.9	-6.8	2.4

OS: Original Series; SA: Seasonally Adjusted  
Source: INEGI

	Global Economic Activity Indicator (IGAE)			
	Total	Agriculture	Industry	Services
Jan-08	3.7	-0.4	2.8	4.6
Feb	5.8	1.5	6.3	5.7
Mar	-1.9	-5.0	-5.0	0.3
Apr	7.2	9.4	6.5	7.2
May	1.1	10.9	-0.7	1.5
Jun	0.9	1.9	-0.6	1.7
Jul	3.1	8.3	0.1	4.2
Aug	0.0	-9.3	-1.8	1.3
Sep	2.1	13.8	-1.7	3.2
Oct	-0.7	-7.0	-2.1	0.1
Nov	-2.3	2.3	-4.7	-1.6
Dec	-2.4	15.8	-5.9	-1.8
Jan-09	-9.0	2.2	-10.5	-8.9
Feb	-10.4	-7.1	-12.7	-9.3
Mar	-5.1	10.8	-6.4	-5.2
Apr	-12.2	8.6	-12.5	-13.2
May	-11.0	-6.2	-11.5	-11.0
Jun	-8.0	2.8	-10.3	-7.5
Jul	-6.9	-1.7	-6.5	-7.6

OS: Original Series  
Source: INEGI