

# Mexico Economic Indicators

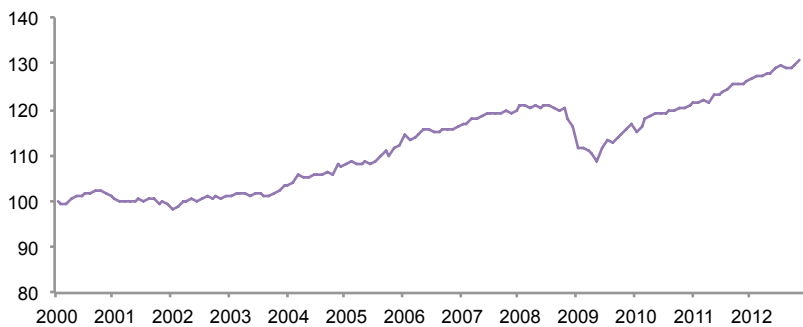
DALLAS FED

FEDERAL RESERVE BANK OF DALLAS • JANUARY 2013

**Summary** ▶ Mexico's economic growth accelerated toward the end of the year after slowing in the third quarter. Recent economic activity was likely buoyed by a pickup in exports and industrial production. Employment continued to grow at a moderate pace. Inflation edged closer to its long-run target, reaching its lowest level since April 2012. The peso, after depreciating slightly in November, gained some ground against the dollar in December.

## Global Economic Activity

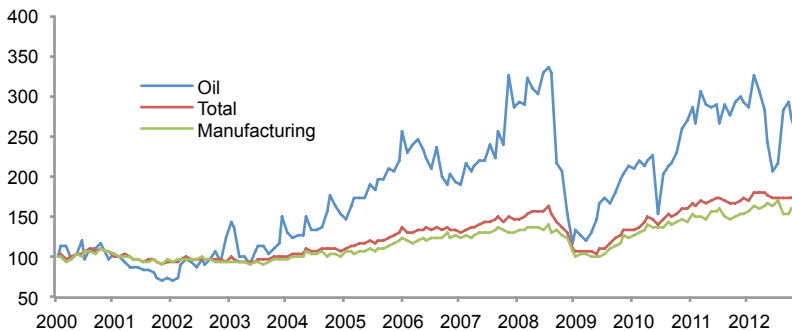
Index, January 2000 = 100



▶ The Global Economic Activity Index, a monthly proxy for Mexico gross domestic product, rose 1.1 percent in November after edging up 0.4 percent in October. Service-related activities (including trade, transportation and government) expanded 1.7 percent. Goods-producing industries (including manufacturing, construction, utilities and mining) grew 0.9 percent. Agricultural output increased 5.1 percent.

## Mexico Exports

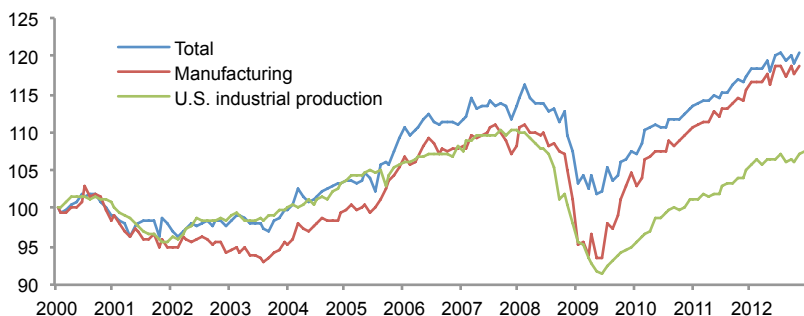
Index, January 2000 = 100



▶ Exports bounced back in November, growing 2.6 percent after falling for three consecutive months. Exports trended down in 2012, suppressed by falling oil exports. Oil exports were down 6 percent in the first 11 months of 2012 over the same period in 2011, while manufacturing exports grew 5.6 percent. Total exports increased by just 4 percent during the January–November 2012 period, a substantially slower pace than the 14.5 percent growth seen the prior year.

## Mexico Industrial Production

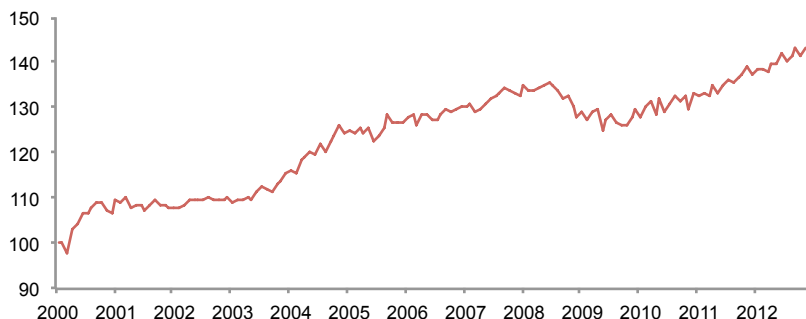
Index, January 2000 = 100



▶ Industrial production (IP) grew in November, increasing 0.9 percent month over month after falling 0.9 percent in October. Mexico IP follows on the heels of U.S. IP, which grew in November and December. Mexico's IP typically tracks U.S. IP, due in part to the U.S. automotive industry's large presence in Mexico. However, since the end of the recession, Mexican IP has grown much faster than U.S. IP, which has yet to reach its prerecession peak.

## Mexico Retail Sales

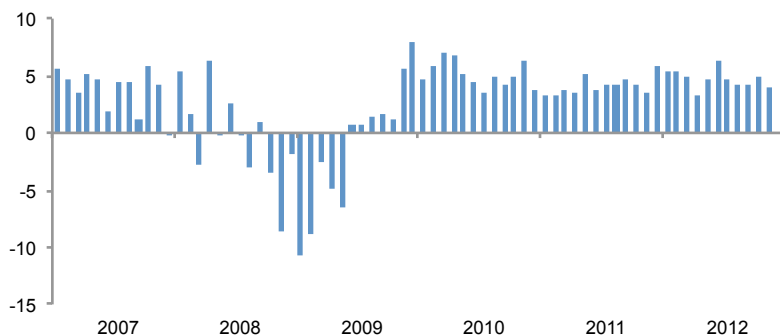
Index, January 2000 = 100



► Retail sales continue to trend upward but are volatile month to month. Retail sales grew 1.1 percent in November after falling 1 percent in October. Year over year in November, retail sales grew 3.1 percent. Consumer confidence increased for the second consecutive month, rising 2.3 percent in December after posting a 0.3 percent increase in November.

## Mexico Employment

Annual growth rate (percent)



► Formal employment—jobs with government protections and pensions—expanded at an annualized rate of 3.9 percent in November (month over month) after growing 4.9 percent in October. On a quarterly basis, employment grew 4.8 percent in the third quarter, similar to its pace in the first half of the year. From January to November 2012, Mexico added over 660,000 formal sector jobs.

## Peso/Dollar Exchange Rate

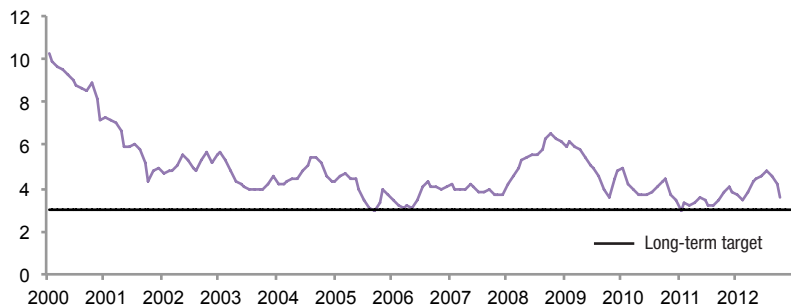
Peso/dollar average



► After losing a little ground against the dollar in November, the peso resumed strengthening in December. The exchange rate averaged 12.9 pesos per dollar during December, down from 13.1 in November. The peso has appreciated 8.1 percent since June, when the peso reached its lowest value of 2012 at 13.9 pesos. The peso/dollar exchange rate continues to be driven by uncertainty around external events such as the European debt crisis and the possibility of another global economic slowdown.

## Mexico Consumer Price Index

Year/year change (percent)



► Inflation declined significantly in the last three months of 2012. Although headline inflation is still running slightly above the Central Bank's target of 3 percent, it fell to 3.5 percent in December, its lowest reading since April. Without food and energy, prices increased 2.9 percent in December. Banco de México continues to hold the benchmark interest rate at 4.5 percent, where it has been since July 2009.

NOTES: All data are seasonally adjusted except exchange rate. Exports and retail sales are in real terms.

SOURCES: Global economic activity index, industrial production, consumer price index and retail sales: Instituto Nacional de Estadística y Geografía; exports, exchange rate: Banco de México; formal employment: Instituto Mexicano del Seguro Social; U.S. industrial production: Federal Reserve Board.

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