

Mexico Economic Indicators

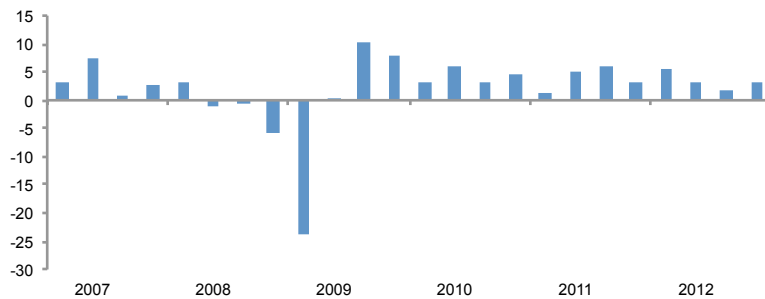
DALLAS FED

FEDERAL RESERVE BANK OF DALLAS • MARCH 2013

Summary ▶ Mexico's economic growth accelerated toward the end of 2012 after slowing in the third quarter. So far in 2013, employment has continued to grow at a moderate pace, and industrial production and retail sales have risen. However, exports have fallen. Inflation has edged up, and the peso has continued to gain ground against the dollar.

Gross Domestic Product

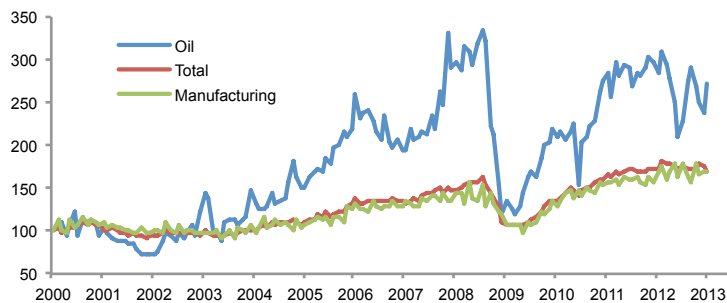
Annual growth rate (percent)



▶ Mexico's economic growth recovered in the fourth quarter of 2012, rising 3.1 percent, compared with 1.5 percent in the third quarter. Overall, the Mexican economy grew 3.9 percent year over year, which is the same pace as in 2011. In 2012, service-related activities (including trade, transportation and government) expanded 4.2 percent, while goods-producing industries (including manufacturing, construction, utilities and mining) grew 3.6 percent. Agricultural output increased 6.5 percent.

Exports

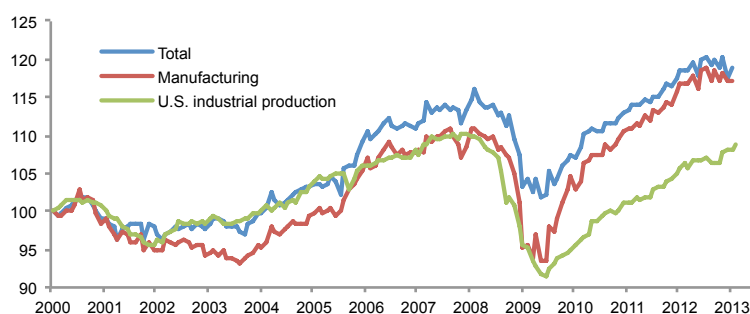
Index, January 2000 = 100



▶ Exports fell 4.7 percent in January. Export growth trended down in 2012, suppressed by falling oil exports. Exports rose a meager 3.9 percent in 2012, a substantially slower pace than the 13.9 percent growth of the prior year. Manufacturing exports increased 6.4 percent, while oil exports fell 7.5 percent.

Industrial Production

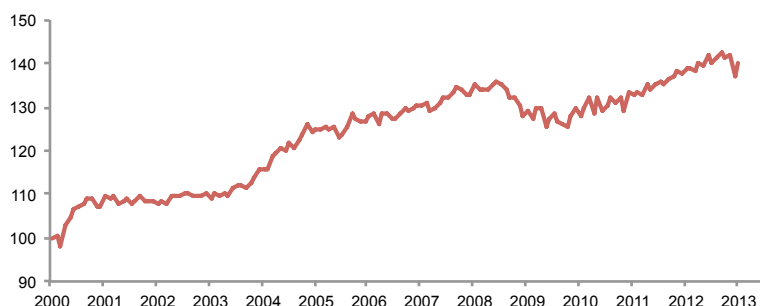
Index, January 2000 = 100



▶ Industrial production (IP) increased 1.1 percent month over month in January after falling 2.2 percent in December. U.S. IP grew 0.7 percent in February after growing 0.1 percent in January. Mexico's industrial production typically tracks U.S. industrial production, due in part to the U.S. automotive industry's large presence in Mexico.

Retail Sales

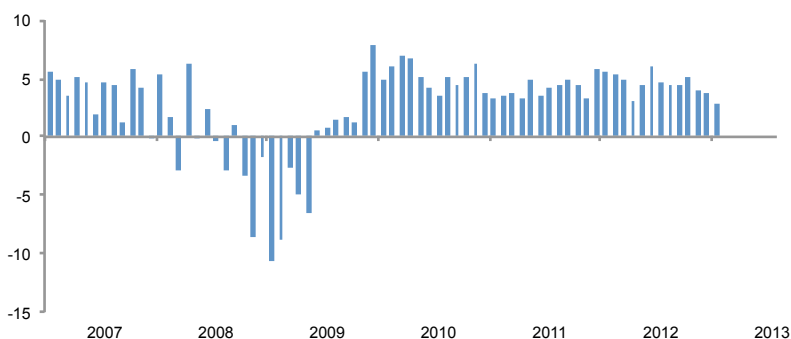
Index, January 2000 = 100



► Retail sales grew 2 percent in January after falling 3.6 percent in December. In 2012, retail sales declined 0.4 percent (December over December). Consumer confidence fell in January for the second consecutive month.

Employment

Annual growth rate (percent)



► Formal-sector employment—jobs with government benefits and pensions—expanded at an annualized rate of 2.8 percent in January after growing 3.7 percent in December. In 2012, formal-sector employment grew 4.6 percent (December over December). Mexico added over 715,000 formal-sector jobs in 2012.

Peso/Dollar Exchange Rate

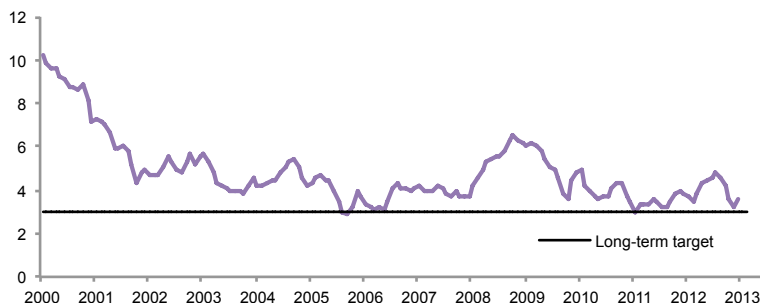
Peso/dollar average



► After losing some ground against the dollar in November, the peso strengthened again the past three months. The exchange rate was at 12.8 pesos per dollar in February, down from 13.1 in November. The peso has appreciated about 9.6 percent since June 2012, when it reached its lowest value of the year, 13.9 pesos per dollar.

Consumer Price Index

Year/year change (percent)



► Inflation declined significantly the past four months but ticked up in February as prices increased 3.5 percent year over year. Although headline inflation is still running slightly above the central bank's target of 3 percent, prices, excluding food and energy, rose less than 3 percent for the third consecutive month. The central bank took advantage of the fall in inflation to lower the policy rate to 4 percent, its first easing since July 2009.

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

SOURCES: Gross domestic product, 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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