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Latam Daily: Mexico Releases Trade Balance Data

MEXICO: EXPORTS SLOWED IN 2023, AS CONSUMPTION AND CAPITAL IMPORTS HOLD A STRONG DYNAMISM

The trade balance reported a 4.24 billion dollars (bd) monthly surplus in December, up from 629 million dollars (md) previously (chart 1). In particular, imports dropped -6.9% y/y (vs. 0.4% previously), as capital goods decelerated 7.9% y/y (15.9% previously), consumer goods declined 12.0% (22.6% previously), and intermediate goods fell -11.8% (-4.9%). Exports also decreased, to -0.1% y/y (2.0% previously). Manufactures exports moderated to 1.1% (2.6%), but automotive exports rose 13.2% (7.7% previously) (chart 2).

Considering 2023 cumulative numbers, the trade deficit lowered to -5.464 bd, in comparison to -26.879 md deficit in 2022. Exports moderated to 2.6% (vs. 16.7% in 2022), affected by the USDMXN appreciation, but also to lower economic demand from the US, as its biggest trade partner moderates its manufactures activities. Auto exports led the way during the year, catching a still uprising demand, with a 14.3% increase (vs 18.2% a year earlier), while the rest of manufactures dropped -0.9% (15.8% in 2022), averaging a 4.0% increase in total manufactures. Oil exports, on the other hand, dropped -14.8% during 2023 (see table 1 on the next page).

Imports dropped -1.0% in 2023, contrasting to a 19.1% increase in 2022. The fall came from intermediate goods, at -4.9% (18.1% a year earlier). However, capital goods increased at a solid pace, at 20.0% (18.9% previous), as consumption imports decelerated to 9.3% from a strong 29.4%, but holds a very positive outlook, as household incomes stick to a upside trend owing to strong double-digit remittances and above inflation wage increases.

The Mexican recovery after the 2020 crisis was led by a strong export dynamism, but the restrictive policy rates, changes in the consumption basket, and the USDMXN appreciation has cooled exports activity. For 2024, the outlook is positive, but moderate, as analysts expected a year of slow activity in manufactures, as restrictiveness in policy rates takes effect. On the other hand, robust public spending in Mexico could boost internal consumption for next year, also increasing expectations of a dynamic pace in imports. In the longer term, the expectations outlook is brighter, but faces higher risks, as nearshoring expectations still have to materialize, and the future of trade relations between Mexico and its main partners considerably depends on the development of political initiatives in both Mexico and the US to be stated in their upcoming general elections of this year.

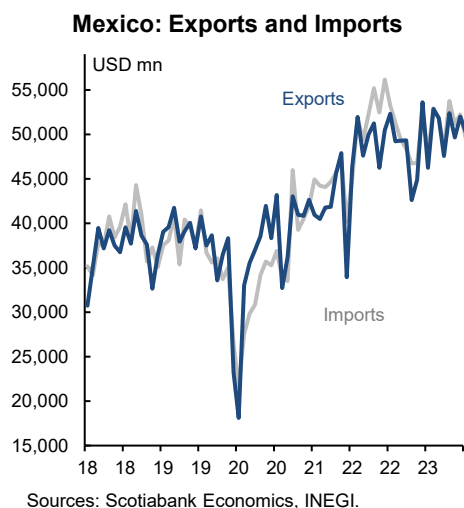
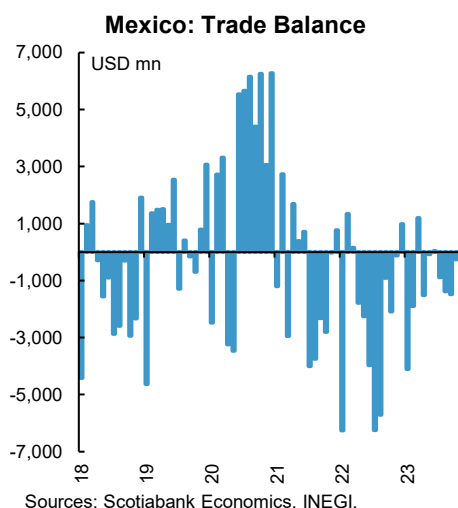
Chart 1

Chart 2


Table 1: Mexico—Trade Balance

Concept	Millions of dollars			Jan-Dec		
	December					
	2023	2024	% y/y	2023	2024	% YTD y/y
1. Trade Balance	983	4242	SS	-26879	-5464	-79.7
2. Total Exports	49322	49250	-0.1	577735	593012	2.6
3. Oil	2844	2597	-8.7	38972	33219	-14.8
4. Crude	1982	2243	13.1	31625	27604	-12.7
5. Others	862	355	-58.8	7347	5614	-23.6
6. Non-oil	46478	46652	0.4	538763	559793	3.9
7. Agricultural	2064	1901	-7.9	21192	21784	2.8
8. Extractive	893	764	-14.4	9150	9171	0.2
9. Manufactures	43521	43987	1.1	508422	528838	4.0
10. Automotive	14329	16220	13.2	165232	188903	14.3
11. Non Automotive	29192	27766	-4.9	343190	339934	-0.9
12. Total Imports	48339	45007	-6.9	604615	598475	-1.0
13. Oil	5085	2758	-45.8	74114	51755	-30.2
14. Non-oil	43254	42249	-2.3	530500	546720	3.1
15. Consumption	6111	6847	12.0	80267	87733	9.3
16. Oil	1449	477	-67.1	23750	17048	-28.2
17. Non-oil	4662	6369	36.6	56517	70685	25.1
18. Intermediate	37681	33254	-11.8	476145	452891	-4.9
19. Oil	3636	2281	-37.3	50364	34707	-31.1
20. Non-oil	34046	30972	-9.0	425781	418184	-1.8
21. Capital	4546	4907	7.9	48203	57852	20.0
22. T. Balance without Oil	3224	4403	36.6	8263	13073	58.2

Sources: Scotiabank Economics, INEGI.

—Brian Pérez & Miguel Saldaña

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