

LATAM Market Update

- **Mexico: Industrial Production continued to contract in February**

According to original series, industrial production contracted 0.8% y/y in February, slightly better than the -1.0% y/y January print, but below market expectations (-0.5% y/y) and last year's result (0.6% y/y), driven by setbacks in three out of its four components: Mining, utilities and construction fell 6.4% y/y, 1.1% y/y and 1.1% y/y, respectively (vs. -5.5% y/y, 3.6% y/y and 4.7% y/y in February 2018), while manufacturing production grew by 1.1% y/y (vs. 0.5% y/y in February 2018).

On a seasonally adjusted basis, industrial activity moderated its growth from 0.7% m/m in January to 0.3% m/m, due to constant growth rates in manufacturing production and mining of 0.2% m/m and 0.5% m/m respectively, while construction declined, from 2.8% m/m to -1.0% m/m and utilities expanded from 1.0% m/m to 1.3% m/m.

For the coming months, industrial activity is likely to keep showing weak figures amid a constant decline in the oil production platform, which will continue to drag down the mining sector. Moreover, the heightened uncertainty, and a possible slowdown in external demand is viewed with concern for both, construction and manufacturing activity.

CONTACTS

Eduardo Suárez, VP, Latin America Economics

52.55.9179.5174 (Mexico)

Scotiabank Economics

eduardo.suarez@scotiabank.com**Guillermo Arbe**

511.211.6052 (Peru)

Scotiabank Peru

guillermo.arbe@scotiabank.com.pe**Mario Correa**

52.55.5123.2683 (Mexico)

Scotiabank Mexico

mcorrea@scotiabank.com.mx**Sergio Olarte**

57.1.745.6300 (Colombia)

Scotiabank Colombia

sergio.olarte@co.scotiabank.com**Benjamin Sierra**

56.2.2619.4974 (Chile)

Scotiabank Chile

benjamin.sierra@scotiabank.cl

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