# LATAM Market Update

- **Mexico: Retail sales rose 1.6% y/y in April, suggesting domestic demand has kept resilient albeit showing signs of deceleration**

In April, retail sales grew 1.6% y/y, beating market expectations of 1.2% and keeping their growth pace unchanged with respect to the previous month. The seasonal adjusted figures showed retail sales expanding 0.7% m/m, following a contraction of -0.2% in March. Within, textiles and footwear, sales fell -0.3% m/m, while supermarkets and department stores sales decelerated to 0.2%. On the other hand, food, beverages and tobacco categories rebounded 2.7% m/m, while health-care and motor vehicles related sales were up nearly 2%.

In our assessment, the report suggests that domestic demand has kept resilient albeit showing signs of deceleration. Moreover, these figures failed to match up with this week's disappointing GDP proxy (IGAE) contraction (-1.4% y/y in April), mainly driven by a weakening in services activity (-0.8% y/y). Nonetheless, we still anticipate weaker growth in consumption as a result of decelerating formal job creation, high interest rates, and lingering uncertainty, which might be slightly offset by rapid wage growth.

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