LATAM Market Update

- **Mexico: Trade balance prints a deficit in July**

In July, the trade balance printed a higher-than-expected deficit of US$1.12 billion (vs. US$0.31 billion of market consensus), driven by an upturn in imports, from -7.8% y/y to 2.0% y/y (vs. +17.6% in July 2018) and by greater export dynamics, from 1.2% y/y to 7.0% y/y (vs. 14.3% y/y a year earlier). After falling to an almost-3-year low the previous month, total trade (exports + imports) recovered from -3.3% y/y to 4.4% y/y, with manufacturing exports gaining strength, nevertheless capital and consumption imports continue to remain relatively weak.

The outlook for the Mexican trade balance in the second half of the year remains uncertain, given the intensification of certain risks, such as the escalation in trade tensions and a greater world economic slowdown.

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