

LATAM Market Update

- **Mexico: Commercial activity with mixed results in September; New infrastructure plan**

Commercial activity shows mixed data as retail sales showed positive results and wholesalers reflected a negative performance. In its annual comparison with n.s.a figures retail sales grew 2.4% y/y, exceeding market expectations (+1.4% y/y). In the same line, retail trade reached its third monthly increase in September (+0.9% m/m). Whereas wholesale sales registered a drop for an eight month in a row with n.s.a figures (-2.4% y/y) and a third monthly decrease in September (-0.2% m/m). In this manner, the average accumulated growth in the first nine months of the year for both retail and wholesale businesses remained constant, at 1.9% and -2.2%, respectively (vs. 1.4% and 2.4% last year for each case). While the performance of retail sales may be due to the good pace shown in remittances, consumer credit and wages, we believe that an uncertain scenario prevails, with a slight negative bias, both for commercial activity and for consumption in the coming months.

The government unveiled an MXN859 billion Infrastructure Plan for 2020-2024 (nearly US\$44 billion), which is aimed at boosting economic growth to an ambitious target of 4.0% y/y. The program relies importantly on private sector participation which, according to the president, is highly committed to increasing investment in infrastructure. Overall, the plan originally contains 147 projects which are focused on the construction of railways, ports, airports and a publicly-funded oil refinery. Moreover, the government informed that further projects would be added gradually, and the program's implementation would be done in stages. In this respect, the first stage of implementation is scheduled for 2020 and considers resources for US\$22 billion. The second stage will be completed by 2022 and envisages resources amounting to US\$13 billion, while the final stage is expected to be implemented by 2024 and includes an investment spending for US\$9 billion.

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