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Latam Daily: Downward Revision Made to Mexico's GDP

MEXICO: GDP COMPOSITION AFFECTED BY CHANGES IN BASE YEAR, WITH A SLIGHTLY DOWNWARD REVISION IN Q2

GDP's **final estimate** for Q2 was marginally revised downwards, showing a 3.6% y/y n.s.a. increase. However, INEGI changed the base year of the **System of National Accounts** from 2013 to 2018, implying important revisions in previous years' estimates. Annual variations were revised downwards from 2010 to 2020, but upwards for 2021 and 2022. Now, INEGI reports annual changes of -8.7% y/y for 2020 (-8.0% in 2013 year base), but 5.8% and 3.9% for 2021 and 2022, respectively (vs. smaller numbers of 4.7% and 3.0% with 2013 base year).

Looking to details, the increase was led by the industry sector, as it grew from 3.5% to 4.0% y/y (vs. 2.5% in the flash estimate), as construction soared by 14.4% y/y during the period. In this sense, INEGI showed previously that most of the advance in June in **construction activity** came from activities where public participation is strong, such as irrigation and sanitation projects (53.3%), transport and urbanization projects (92.4%), and electricity and telecommunications projects (78.1%), while edification activities, more closely related to the private sector advanced 9.8%. On the other hand, manufactures moderated from 2.7% to 1.7% y/y.

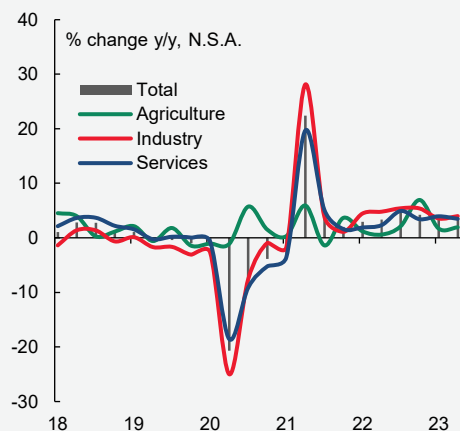
The services sector moderated from 3.9% to 3.5% y/y (4.2 in the flash estimate), retail came in at 5.5% (vs 7.2% previously), and wholesale at 1.2% (1.3% previous). Leisure activities hold a soaring trend with the changes in year base, as it grew this time 46.6% (24.5% previous), averaging a 61% y/y increases since 2021, in line with structural changes after the first lockdown and the pandemics (chart 1).

On a sequential quarterly basis, GDP figures were also slightly revised down, from 0.9% to 0.8% q/q s.a. Industry grew from 0.6% to 1.2% q/q, services moderated from 1.1% to 0.7% q/q, and primary activities rebounded from -4.1% to 0.7%.

—Miguel Saldaña

Chart 1

Mexico: GDP



Sources: Scotiabank Economics, INEGI.

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