

Contributors

Juan Manuel Herrera

Senior Economist/Strategist
Scotiabank GBM
+44.207.826.5654
juanmanuel.herrera@scotiabank.com

Guillermo Arbe, Head Economist, Peru
+51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

Sergio Olarte, Head Economist, Colombia
+57.601.745.6300 Ext. 9166 (Colombia)
sergio.olarte@scotiabankcolpatria.com

Jorge Selaive, Head Economist, Chile
+56.2.2619.5435 (Chile)
jorge.selaive@scotiabank.cl

Eduardo Suárez, VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

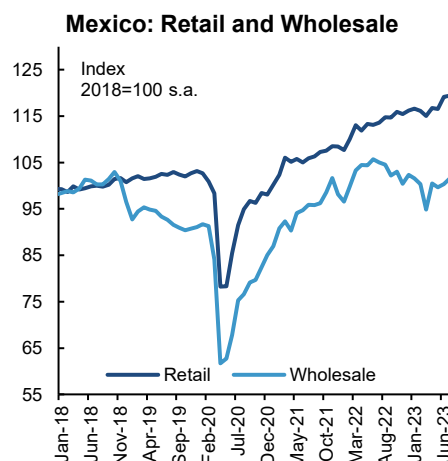
Brian Pérez, Quant Analyst
+52.55.5123.1221 (Mexico)
bperezgu@scotiabank.com.mx

Latam Daily: Mexico Releases July Retail Sales Numbers

• Mexico: July retail sales remain strong, despite their annual slowdown

In July, retail sales slowed their pace to 5.1% y/y from 5.9% previously. By components, the increase in trade in groceries, beverages, and tobacco rose 9.0% (previously 6.7%), textile products sales decelerated 18.1% (19.2% previously), self-service and department stores decelerated to 13.8% (17.5% previously) and health care 2.2% (4.8% previously). In its monthly seasonally adjustment comparison, sales moderated to 0.2% m/m from 2.2% previously. On the other hand, wholesale trade fell -3.3% y/y from -4.9%, as the deepest fall was in textiles at -10.7% (-27.6% previously), and the largest increase in intermediaries 41.0% (27.6% previously). On a monthly s.a. basis, wholesale sales increased to 1.25% m/m from 0.7% previously (chart 1).

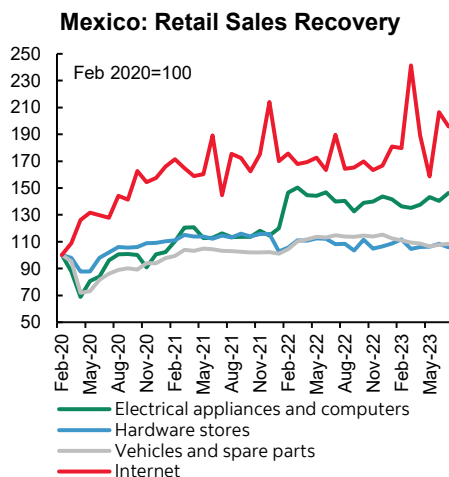
Chart 1



Sources: Scotiabank Economics, INEGI.

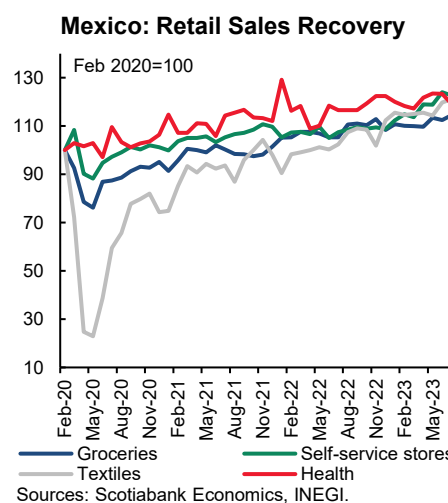
Without a doubt, economic activity has been supported by retail sales, which had a rapid recovery after the pandemic, summing 29 months of consecutive annual increases, and the trend does not seem to be able to change in the short term, although in a certain way it benefited from the change of base year to 2018 by INEGI (charts 2 and 3). Thus, we highlight a cumulative growth from January to July of 4.70% YTD. Wholesale trade benefited less from the base year change, since it continues to diverge from retail trade, registering falls in four of its eight components, although sales in spare parts for cars and trucks has had significant increases for the last 18 months, which is a good indicator for the auto sector. It is worth mentioning that the wholesale activity has a cumulative drop of -2.9% YTD. In this sense, the dynamics of retail sales support the view of some persistence and rebounds in inflation for rest of 2023.

Chart 2



Sources: Scotiabank Economics, INEGI.

Chart 3



Sources: Scotiabank Economics, INEGI.

—Brian Pérez

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