

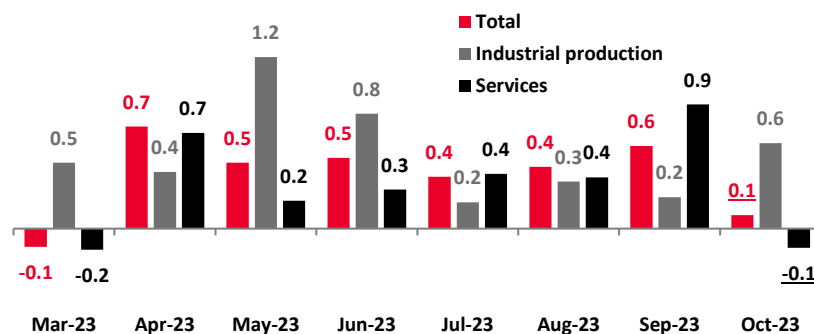
Mexico Economics – View from the Top

- The year ends with relevant indicators for 4Q23, expecting them to signal that the economy kept growing
- In coming weeks, we highlight October's GDP-proxy IGAE, anticipating a 0.1% m/m increase (4.5% y/y)

Economic activity likely grew in October... On Friday, December 22nd, INEGI will release the monthly GDP-proxy for the tenth month of the year. We anticipate a 0.1% m/m increase (4.5% y/y). With this, the Mexican economy would have added seven consecutive months of sequential growth, as seen in the chart below. The boost would come from industrial production, which surprised to the upside at +0.6% m/m. Inside, construction rebounded strongly –driven by edification–, while manufacturing declined at the margin –partly affected by some of the effects of the US auto workers' strike. Nevertheless, we believe services will be more modest, anticipating a 0.1% contraction. Timely figures suggest a broad moderation, with commerce as a drag –expecting -0.2% in retail sales– and a slower pace in entertainment sectors –as suggested by lower hotel occupancy rates and lower growth in air passenger traffic, also incorporating some of the first effects of hurricane Otis in Guerrero. Sectors like education, healthcare and real estate services would be more stable, while we expect slight improvements in government and financial services.

Monthly GDP-proxy IGAE

% m/m, seasonally adjusted figures



Note: Underlined figures indicate forecasts
Source: Banorte with data from INEGI

...a situation that we expect will extend to November. Signals for the eleventh month of 2023 are more positive. Some of the main drivers include: (1) The positive spillover in commerce from [El Buen Fin discounts and other campaigns](#) (e.g. Black Friday); (2) the end of the US auto workers' strike, providing an additional boost to the sector –considering that, despite this, it remained relatively resilient in September and October–; and (3) continuity in investment projects, both public and private. On the first point, available data already back a positive performance. Among them, we highlight ANTAD –with same-stores up 0.9% y/y in real terms– and vehicle sales. On the latter, the first set of hard data after the strike will come in the month's trade balance –also to be released on Friday–, expecting shipments from the sector to remain relatively positive. Meanwhile, available numbers in construction are favorable, among them employment according to IMSS, persistent progress in Federal Government projects, and appetite for industrial spaces.



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**This is the last edition of the year.
We will resume publications
on January 12th.
Happy Holidays!**



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Winners of the 2023 award for
best Mexico economic forecasters,
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#1 OVERALL FORECASTER - MEXICO

Lastly, dynamism could continue in December, albeit with a more notorious acceleration until 1Q24. Anecdotal evidence suggests that activity remained resilient, leading us to expect some stability in IMEF's PMIs during the period. We do not rule out that they even accelerate at the margin. Nevertheless, we believe conditions are set for stronger results in the first quarter of 2024, recognizing several drivers such as: (1) Earlier payments from social programs to comply with electoral rules; (2) the renewal of resources for some infrastructure projects, especially those carried out at the state level; and (3) efforts to finish priority projects before the June 2nd election. In addition, we will be looking at the recovery works in Acapulco, with comments from businesspeople ensuring that they are maintaining the goal of reaching a high percentage of progress before the *Tourism Fair (Tianguis Turístico)*, which will take place between April 8th and 12th, as well as the *Mexican Tennis Open* (between February 26th and March 2nd). Considering all these factors, we reiterate our GDP forecasts in 4Q23 and 1Q24 at 0.3% and 1.0% q/q, respectively.

Economic Calendar

Date	Time (ET)	Event or indicator	Period	Unit	Banorte	Consensus	Previous
Mon 18-Dec	7:00am	Aggregate supply and demand	3Q23	% y/y	4.0	3.8	4.8
		Private consumption		% y/y	5.0	--	4.3
		Investment		% y/y	25.8	--	21.0
		Government spending		% y/y	0.6	--	1.6
		Exports		% y/y	-6.4	--	-6.1
		Imports		% y/y	5.5	--	7.5
Tue 19-Dec	7:00am	Timely Indicator of Economic Activity*	November	% y/y	--	--	2.9
Tue 19-Dec	10:00am	International reserves	Dec-15	US\$ bn	--	--	209.3
Tue 19-Dec	10:00am	Auction of 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Nov'50) and 1-, 3-, and 7-year Bondes F					
Tue 19-Dec	4:30pm	Citibanamex bi-weekly survey of economic expectations					
Wed 20-Dec	7:00am	Retail sales	October	% y/y	1.6	2.1	2.3
		Retail sales*		% m/m	-0.2	-0.3	-0.2
Thu 21-Dec	7:00am	CPI inflation	1Q-Dec	% 2w/2w	0.48	0.42	-0.10
		CPI inflation		%y/y	4.42	4.36	4.33
		Core		%2w/2w	0.52	0.49	-0.04
		Core		%y/y	5.25	5.22	5.30
Fri 22-Dec	7:00am	Monthly GDP-proxy IGAE	October	% a/a	4.5	3.9	3.3
		Monthly GDP-proxy IGAE*		% m/m	0.1	0.0	0.6
		Primary activities*		% m/m	-0.5	--	-3.0
		Industrial production*		% m/m	0.6	--	0.2
		Services*		% m/m	-0.1	--	0.9
Fri 22-Dec	7:00am	Trade balance	November	US\$ mn	306.7	155.0	-252.5
		Exports		% y/y	4.6	--	5.6
		Imports		% y/y	3.7	--	1.8
Mon 25-Dec		Markets closed on Christmas Day					
Tue 26-Dec	10:00am	Auction of 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 3-year Udibono (Dec'26) and 2-, 5-, and 10-year Bondes F					
Wed 27-Dec	10:00am	International reserves	Dec-22	US\$ bn	--	--	--
Thu 28-Dec	7:00am	Unemployment rate	November	%	2.61	--	2.75
		Unemployment rate*		%	2.72	--	2.65
Fri 29-Dec	10:00am	Commercial banking credit	November	% y/y in real terms	6.0	--	6.2
		Consumption		% y/y in real terms	13.1	--	13.4
		Mortgages		% y/y in real terms	4.9	--	5.0
		Corporates		% y/y in real terms	3.4	--	3.2
Fri 29-Dec		Budget balance (measured with PSBR)	November	MX\$ bn	--	--	-813.6
Mon 1-Jan		Markets closed on New Year's Day					
Tue 2-Jan	10:00am	Auction of 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 1-, 3-, and 7-year Bondes F					
Tue 2-Jan	10:00am	Family remittances	November	US\$ mn	5,278.3	--	5,811.5
Tue 2-Jan	1:00pm	IMEF's PMI survey	December				
		Manufacturing		index	50.5	--	50.2
		Non-manufacturing		index	52.9	--	52.7
Wed 3-Jan	10:00am	International reserves	Dec-29	US\$ bn	--	--	--
Thu 4-Jan	10:00am	Banxico's Minutes	Dec-14				

*Seasonally adjusted figures. Source: Banorte with figures from INEGI, Banxico, and Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalia Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Paula Lozoya Valadez, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cautencos Mora and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

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SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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