



Mexico Economic Profile

First Bimonthly Report of 2020

Timely Macroeconomic Report
for Decision Making

February 2020

Economic Profile of Mexico

1st Bimonthly Report of 2020

In early 2020, Mexico's economy remains stagnant, in terms of production and employment. The only thing that has changed slightly is the government's discourse: "now, in 2020, the economy will grow at 2%". The business sector seems to give the 4T a vote of confidence and assume that the government is ready to straighten the course. They believe that the government will open more spaces for private investment, especially in the energy sector. Together with the government, they trust that the new trade agreement (T-MEC) will begin to be implemented in 2020 and will multiply Mexican exports. They are confident that the wage increases promoted by the 4T will sooner or later translate into greater consumption. However, in economic matters, the facts and not the aspirations are what count. And these, in the first months of this year, point to a mediocre growth by 2020 that, according to experts, will not exceed 1%.

Null Economic Growth.- In 2019, a GDP growth of -0.1% is reported at an annual rate, which contrasts with 2% in 2018. Thus, the 4T begins its six-year term on the wrong foot: despite the grandiose goals, growth in his first year in office has been negative. The expectation of a strengthened private consumption (via wage improvement and social support) has not been met and until now all demand engines (including consumption) have been slowed. On the supply side, industry and services have weakened; only the agricultural sector maintains a certain vigor, although it is the most volatile.

Inflation under control.- In the first two months of 2020, inflation went from 2.8% to 3.7%. This is attributed to latent pressures in core inflation and traditional adjustments at the beginning of the year. However, there is the confidence that the rise in inflation will be temporary and that the institutional goal of 3% (+/- 1%) will be reached at the end of the year.

Wages improve, job creation worsens.- Historically job creation has been insufficient; today it is even more insufficient. Towards the end of 2019, the unemployment rate gradually contracted and closed the year at 3.2%, but in January 2020 the rate increased to 3.7%. However, the rate continues to fluctuate in a 3-4% range. The highlight is that job creation continues to collapse, going from 342 thousand at the end of 2019 to 314 thousand in February 2020. In addition to this, it is significant the salary increase of 20% in 2020. which has been one of the characteristic notes of the 4T government.

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Discipline in government finances.- In 2019, government revenues totaled 22.2% of GDP, expenses 23.9% of GDP, and that led to a deficit of 1.6% of GDP. Such a result could be achieved thanks to the use of the Stabilization Fund (125 Billion mx) and the transfer to PEMEX (for 97.7 Billion Mx). As a consequence of fiscal discipline, public debt has remained stagnant since the end of 2016, reaching 45.3% of GDP in December 2018 and 45.5% of GDP in December 2019.

Financing to the Private Sector continues weak.- After two years of low dynamism, financing to the private sector continues without giving clear signs of reactivation in 2019. In fact, in 2019-IV it reported an annual decrease of -0.6. The three financing destinations showed a weak dynamism: consumption (0.1%), housing (3.6%) and companies (-1.6%). This takes place in a context of very high-interest rates that have gradually decreased and are already at 7% levels in early 2020; meanwhile, the Stock Market recovered 4.6% in 2019 but lost 5.3% in the first two months of 2020.

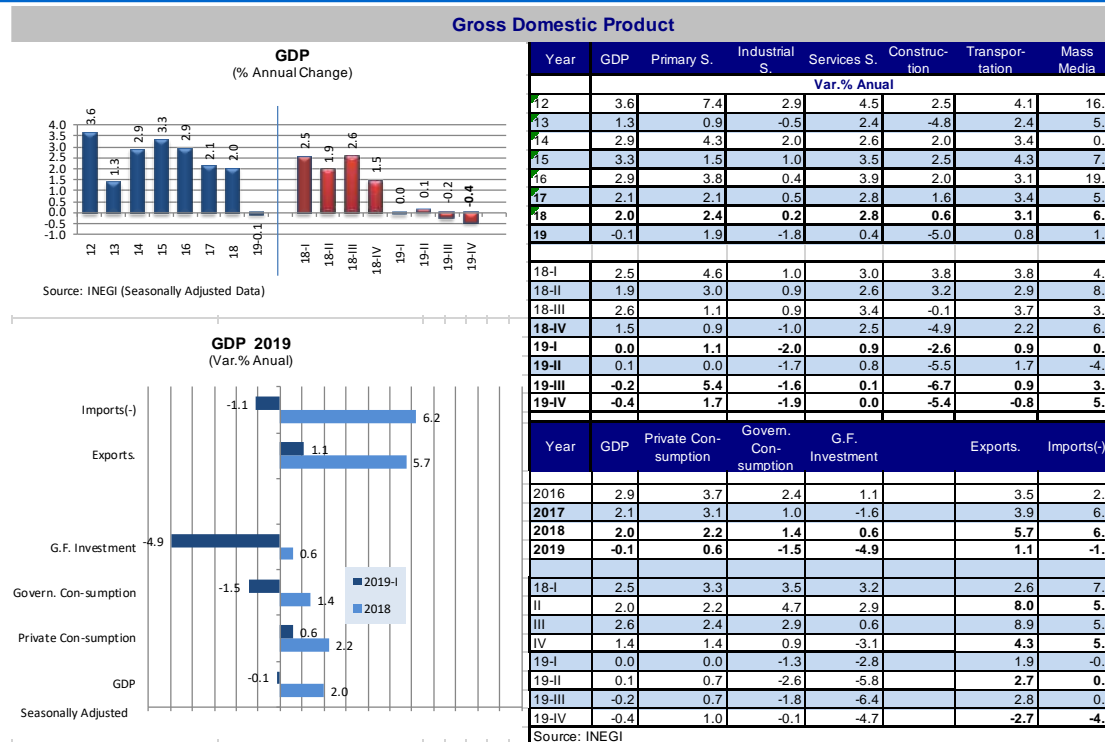
International Economy with lights and shadows.- The US economy remains solid: GDP reported a 2.3% advance in 2019 (less than the previous 2.9%), but a very modest advance in the industrial sector (0.8%). For its part, unemployment remains at low levels (3.5 at the end of the year and the beginning of 2020) and reflects good economic health. Such dynamism stimulates Mexican exports and helps sustain remittances and capital flows to Mexico.

Still, uncertainty prevails. While formalizing the T-MEC could energize the North American economy, there are storm clouds on the horizon: the slowdown in the US, the US-China trade war, and the new threat from the coronavirus (Covid 19) in China. In this new context, Mexico faces opportunities and threats, the latter being the ones that dominate the stage in early 2020.

Not very encouraging economic outlook.- The expectations for 2020 are not very encouraging for Mexico. Private experts expect growth of no more than 1% by 2020 and slightly higher by 2021 (1.6%). For its part, the United States would move towards slightly more moderate growth in 2020-2021 (1.8% and 1.9%), which is not enough to dynamize the Mexican economy.

Economic Activity

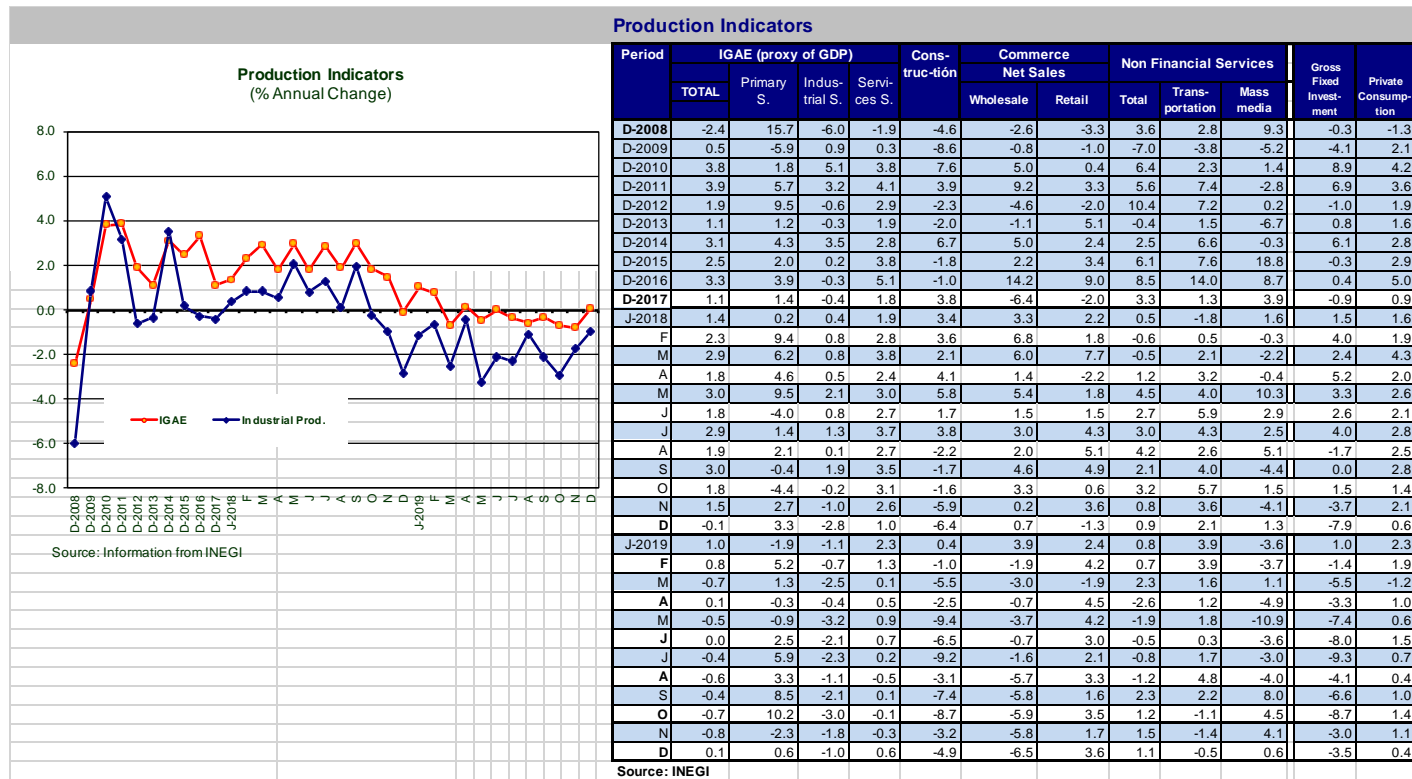
In 2019, fourth quarter, GDP decreased **-0.4%** at the annual rate (vs. **-0.2%** previously), which resulted in negative growth of **-0.1%** for the year.



- The decrease in GDP in 2019 was **-0.1%** (according to seasonally adjusted figures), a negative rate for the first time in the last decade, which is mostly attributed to internal factors.
- At the sectoral level, in 2019, the weakening is widespread: the industrial sector fell (**-1.8%**) and the services sector shows minuscule growth (**0.4%**). The exception is the agricultural sector that shows significant growth (**1.9%**), although its performance is usually very volatile.
- On the demand side, in 2019 there is a weakening in consumption, the main driver of demand, as well as in exports of goods and services.

Economic Activity

The IGAE, in the last quarter of 2019, observed an annual fall of -0.5%, showing a downward trend in productive activity.

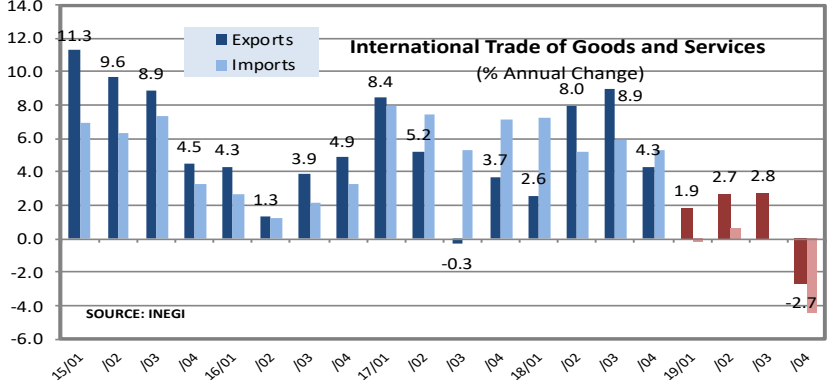
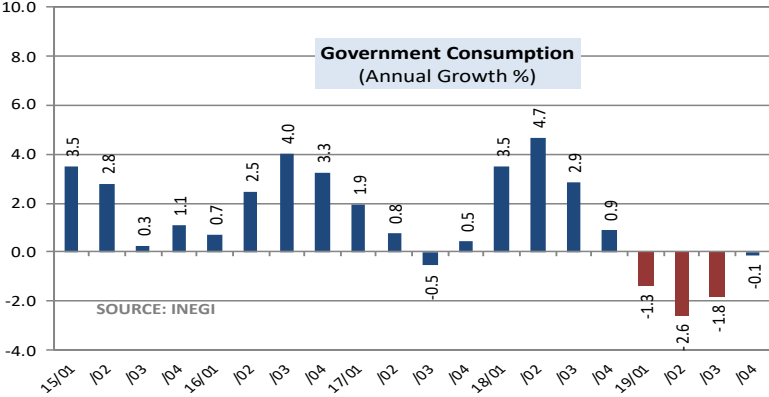
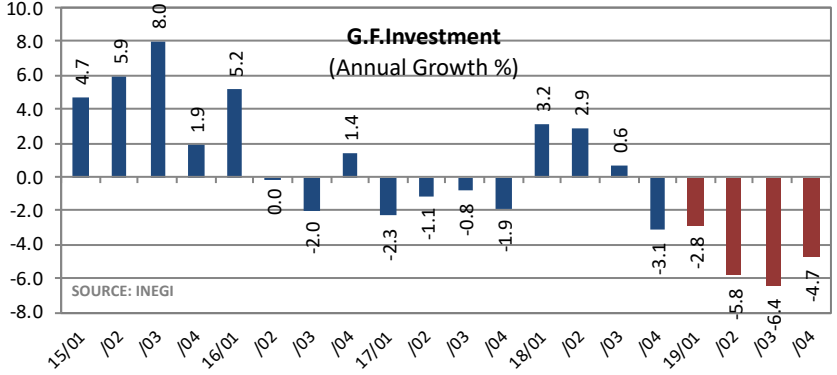
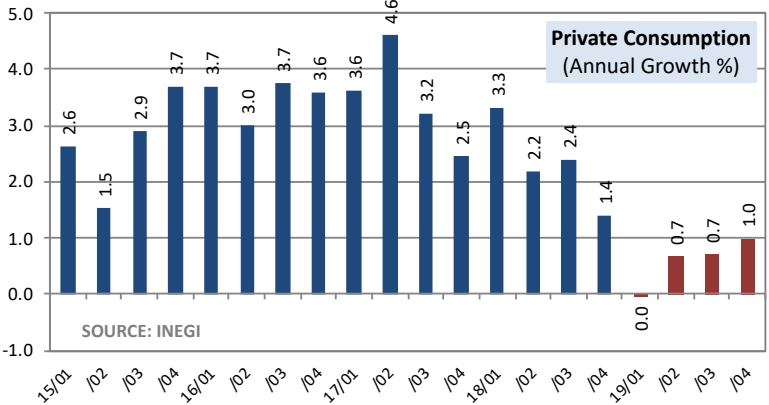


- The IGAE (Global Indicator of Economic Activity), after a gradual slowdown in the first part of the year, began to decline in the second part of 2019.
- The greatly weakened economic activity is fundamentally sustained in the agricultural sector (the most volatile sector), while services are weakened and industrial production is contracted.
- On the demand side, the weakening of private consumption, the main driver of demand, and the decline in investment are reaffirmed.

Economic Activity



In the last quarter of 2019, the only driver of demand has been a very weakened private consumption; meanwhile, other components of demand decrease.



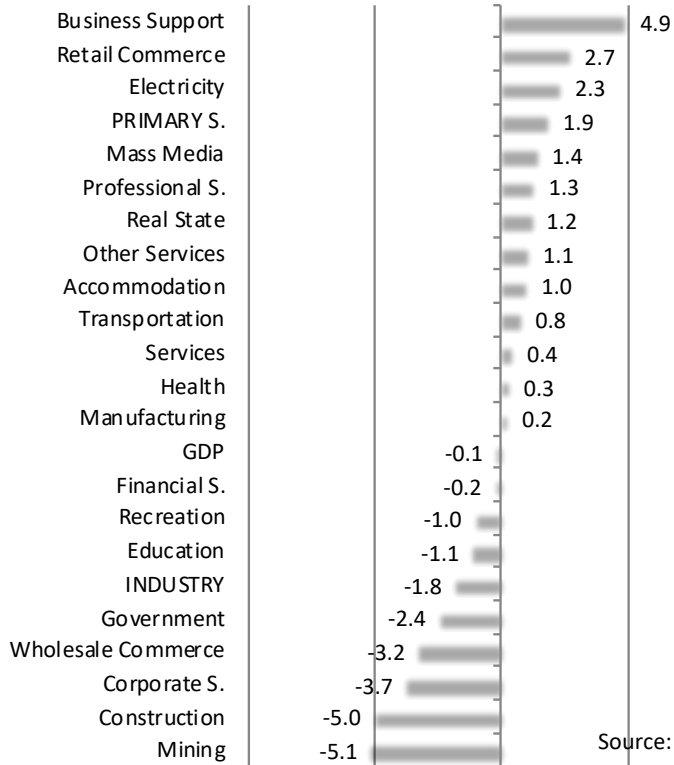
- Private consumption, with the greatest weight in demand (2/3 of GDP), showed minuscule growth in 2019 (less than 1%). Very bad sign, considering that it is the main driver of demand.
- The investment, which was beginning to recover, reported a strong annual contraction during this period.
- Exports of goods and services showed an increasing dynamism during the year, but in the last quarter they declined; on the other hand, imports are practically stagnant, in line with the domestic market.

Economic Activity

In 2019, the economy is sustained by some services and the agricultural sector, while industry, especially oil and construction, remains weak.



GDP 2019
(% Annual Growth)

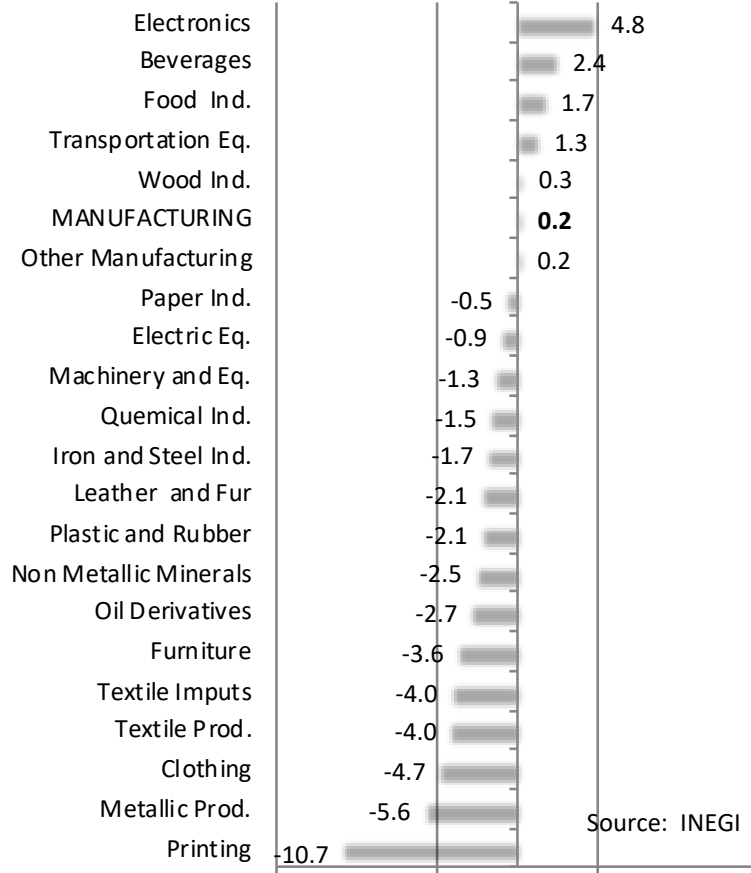


Source: INEGI

The most dynamic

The least dynamic

MANUFACTURING 2019
(% Annual Growth)

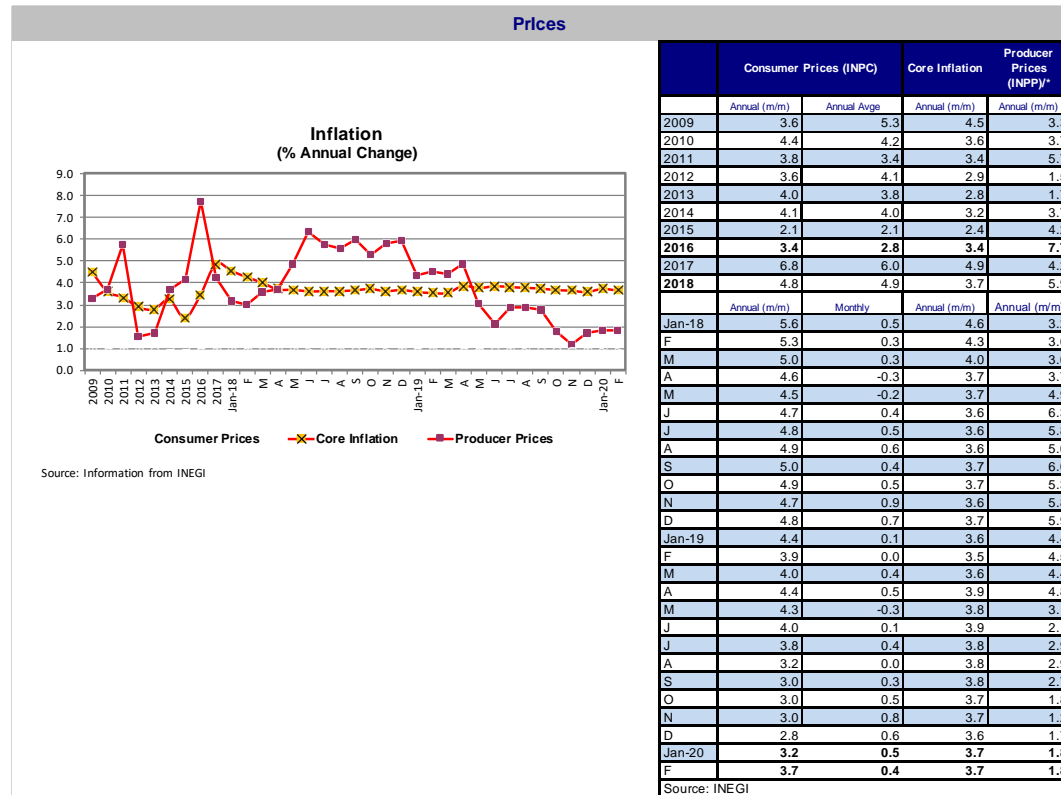


Source: INEGI

Note: Average growth of 2019 (I, II and III Quaters)

Prices

In the first two months of 2020, inflation increased from 2.8% to 3.7, in accordance with the adjustments at the beginning of the year.

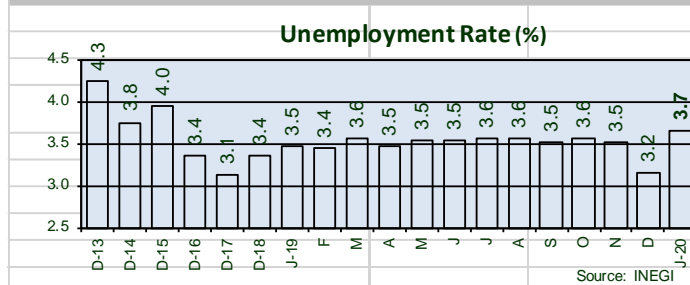


- Inflation went from 2.8% at the end of 2019 to 3.7% in February 2020, which implies an increase of one percentage point in the first two months. This is attributed to latent pressures on core inflation and traditional adjustments at the beginning of the year.
- Still, there is the confidence that the institutional goal of Banco de México (3% +/- 1%) will be achieved.
- At present, it is clear that inflation is far from being a priority in the 4T government.

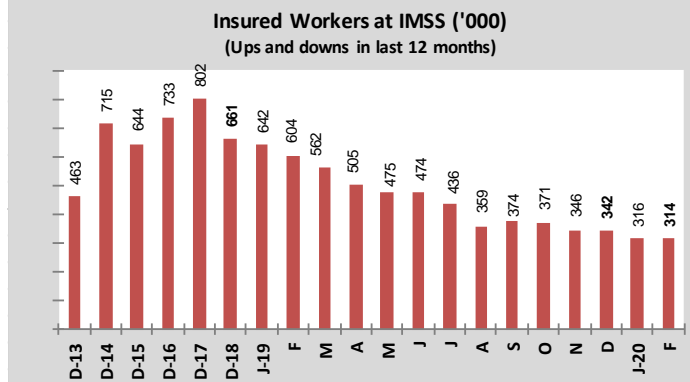
Labour Sector

The unemployment rate increased in January 2020 from 3.2% to 3.7%, while annual job creation continues to decline: 314 thousand in February.

Employment and Wages



Source: INEGI



Source: Information from STPS

Period	Unemployment Rate(%)	Workers insured at IMSS ('000)		Employment (Annual Change %)			Wage indicators (Annual Change %)			
		Total	Abs. Change Last 12m Last Month	Construction	Manufacturing	Financial Service	Minimum Wage	IMSS Wage/*	Contractual Wage	
D-12	4.5	16 062	712	-232.0	-3.0	2.9	2.8	4.6	4.0	4.5
D-13	4.3	16 525	463	-247.9	-3.3	1.4	-0.4	3.9	4.0	4.4
D-14	3.8	17 240	715	-235.5	1.1	3.4	-0.2	3.9	4.6	4.1
D-15	4.0	17 884	644	-303.7	-1.7	2.6	2.7	4.3	4.1	4.4
D-16	3.4	18 617	733	-319.2	-0.4	3.1	3.3	4.2	3.9	4.6
D-17	3.1	19 418	802	-337.5	7.1	8.1	9.1	10.1	11.1	12.1
D-18	3.4	20 079	661	-379	-4.5	2.3	-0.9	10.4	5.4	5.9
J-19	3.5	20 174	642	95	-3.2	2.5	-1.1	16.2	6.9	7.1
F	3.4	20 300	604	126	-2.2	2.3	-0.9	16.2	6.9	7.2
M	3.6	20 349	562	49	-4.3	2.1	-1.1	16.2	6.7	6.6
A	3.5	20 379	505	30	-4.6	1.5	-0.7	16.2	7.0	5.3
M	3.5	20 383	475	4	-4.9	1.4	1.8	16.2	6.7	6.1
J	3.5	20 369	474	-14	-5.4	1.1	0.6	16.2	6.6	7.0
J	3.6	20 385	436	17	-4.8	0.9	-0.1	16.2	6.5	5.5
A	3.6	20 422	359	37	-4.1	0.7	0.0	16.2	6.6	4.9
S	3.5	20 567	374	145	-2.7	-0.1	-0.4	16.2	6.4	5.9
O	3.6	20 727	371	160	-1.4	-0.7	0.7	16.2	6.4	4.4
N	3.5	20 804	346	76	-0.8	-1.0	1.0	16.2	6.5	5.7
D	3.2	20 421	342	-382	-1.8	-1.4	0.9	16.2	6.7	5.9
J-20	3.7	20 490	316	69	-9.9	-1.9	0.2	20.0	6.4	5.1/**
F	0.0	20 614	314	123				20.0		5.5/**

Source: INEGI, STPS.

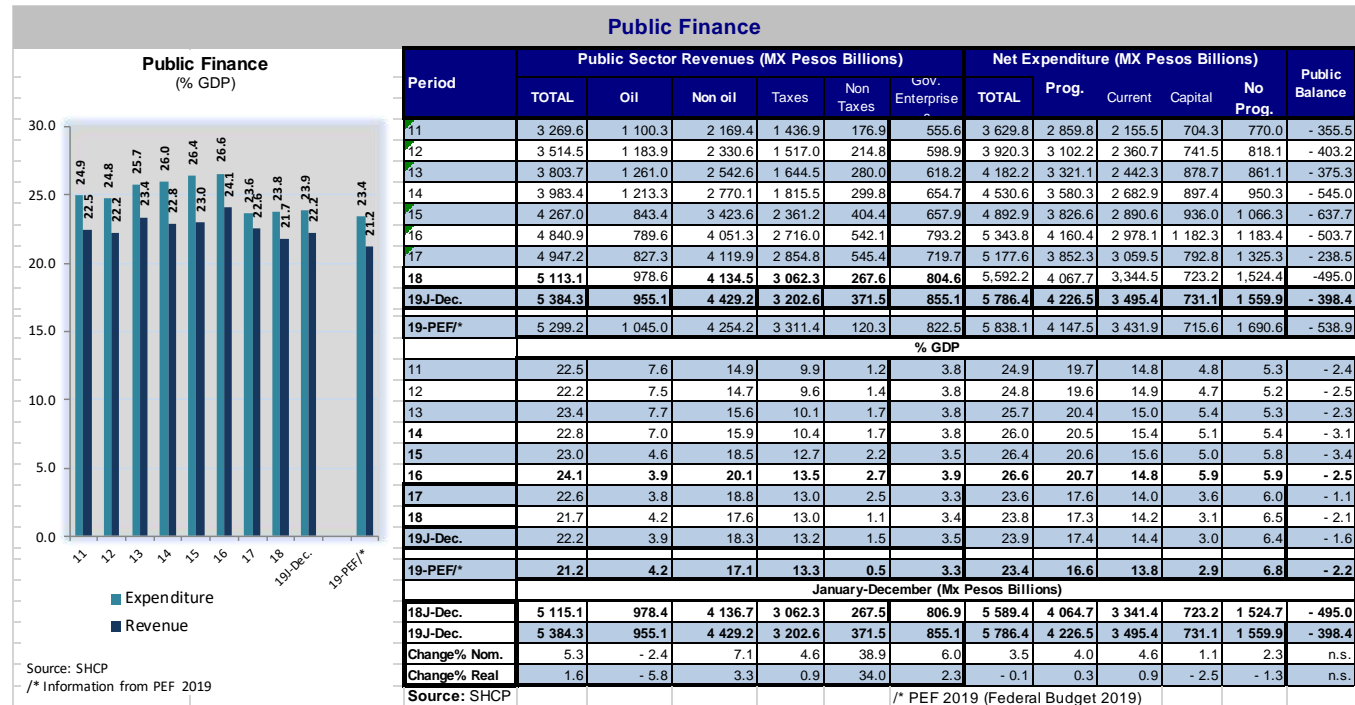
/* From workers

/** Federal Jurisdiction

/**/ Minimum Wage=123 pesos/day in General Zone

- The unemployment rate reported a new half-point rise, going from 3.2 to 3.7 between December and January 2020. A rate that remains within the range of 3-4%, which has prevailed in the recent past.
- For its part, annual job creation continues to decline: it went from 342 to 314 thousand jobs, in a downward trend that is confirmed day by day.
- In contrast, there is a clear improvement in the real wage indicators: 17.3% in the minimum, 2.7% in the IMSS salary and 1.8% in the contractual salary. This is largely attributed to the extraordinary adjustments in the minimum wage promoted by 4T, an adjustment that amounted to 20% in 2020.

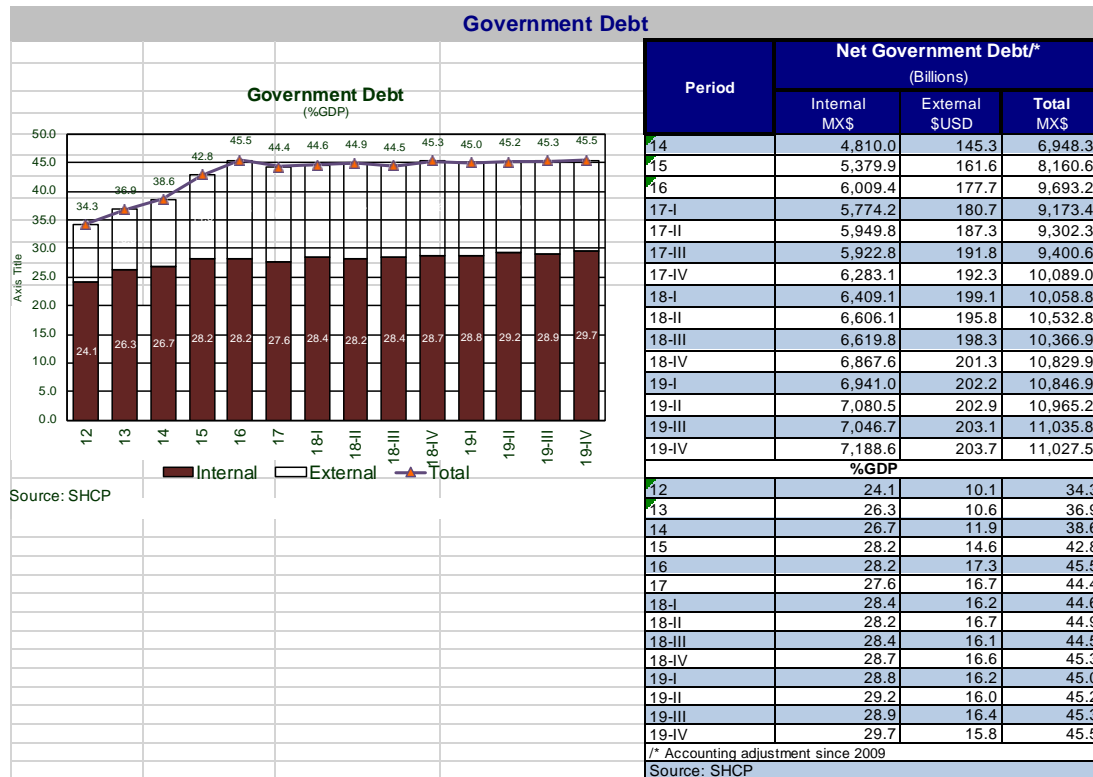
At the end of 2019, government revenues totaled 22.2% of GDP and expenditures 23.9% of GDP, leading to a deficit of 1.6% of GDP.



- Public finance flows in 2019 were very similar to those projected. In fact, income exceeded those projected by one point of GDP and expenses by half a point of GDP.
- The government obtained a primary surplus of 275.7 MMP (1.1% of GDP), but such result was achieved thanks to the use of 125 MMP from the Stabilization Fund (FEIP), which for the most part (97.7 MMP) were channeled to PEMEX and recorded as income of the government enterprise.
- On the income side, the drop in oil revenues stands out (-5.6%), revealing PEMEX's weakened position; on the spending side, there was a radical reallocation of public spending in favor of social programs and the favorite projects of the 4T and to the rest of projects.
- It should be noted that a fiscal deficit of 1.6% of GDP was reached, lower than the projected 2.2% of GDP.

Public Debt

Government debt has remained stagnant since the end of 2016: in 2018 it closed at 45.3% of GDP and in 2019 at 45.5% of GDP.

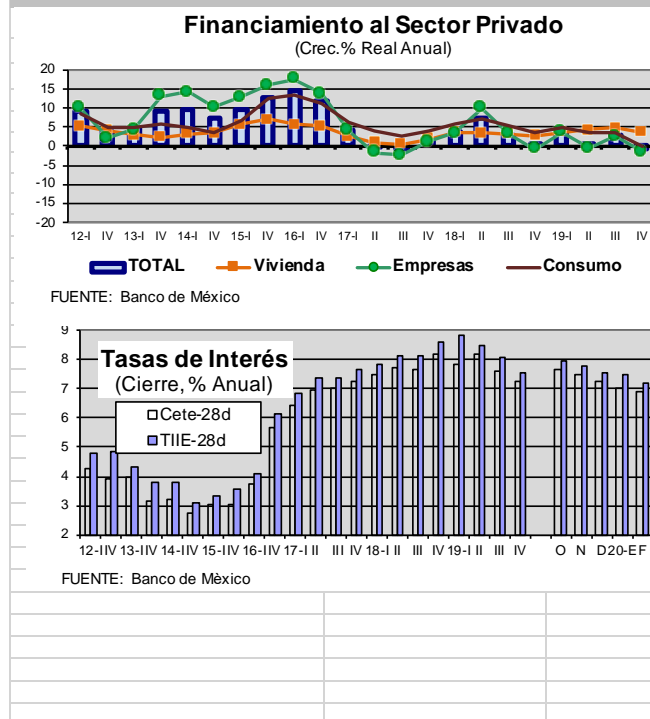


- In the global comparison, Mexico's public debt is relatively moderate: it does not exceed 50% of GDP and, therefore, the country is not among the most indebted countries.
- The 4T has made a promise not to grow government debt and so far has been kept: in 2019 the debt has remained closed at 45.5% of GDP and the purpose of keeping it under control.
- To achieve this goal, it is essential to keep the fiscal deficit under control and, additionally, keep the exchange rate within manageable ranges, which has been achieved in 2019 and early 2020.

Financing to Private Sector

In the fourth quarter of 2019, financing to the private sector reported a negative rate of -0.6%, while interest rates continue to fall and are around 7% in early 2020.

Indicadores Financieros



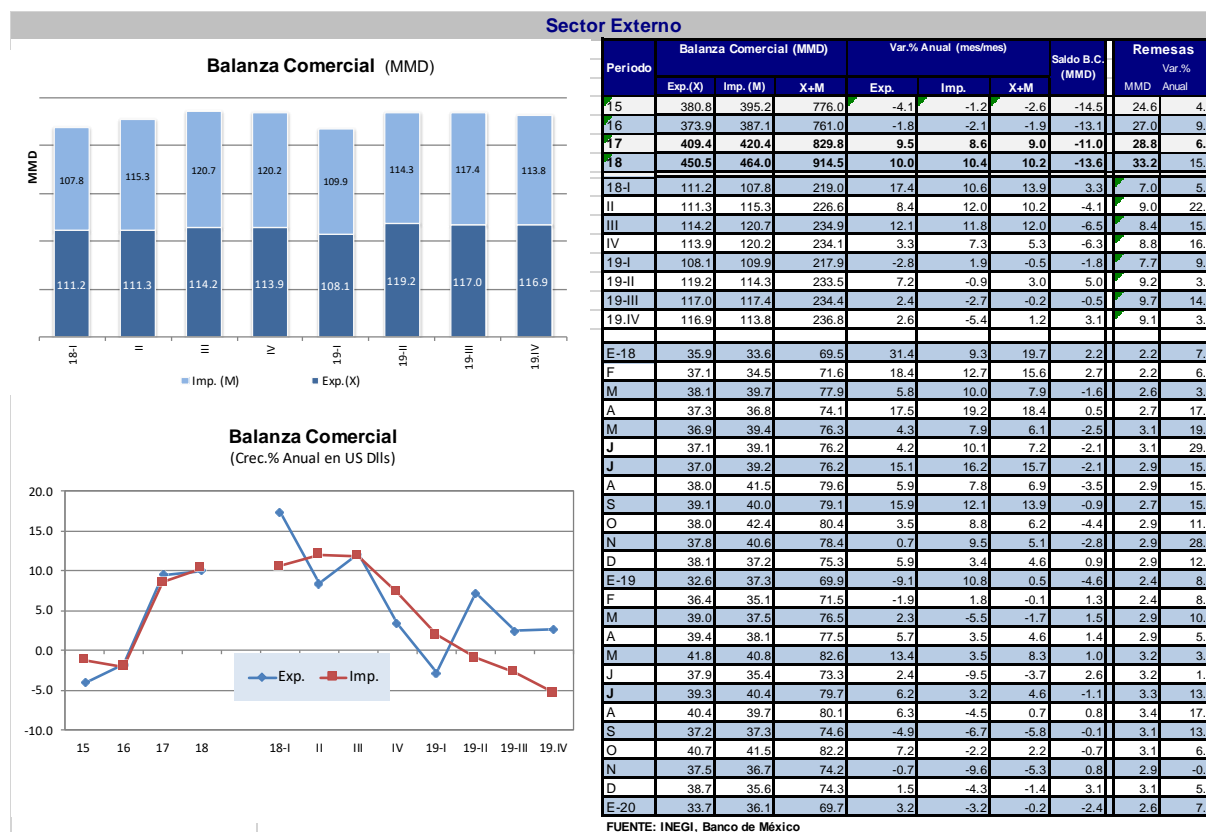
Período	Financiamiento a S.Privado (Var.% Anual Real)						Tasas Interés		BMV (cierre)		
	TOTAL		Por Fuentes		Por Destino		CETES-28d	TIIE-28d	IPC (Ml ptos.)	Var.%	
	MMP	V%Anual Real	Externo	Interno	Consumo	Vivienda					Empresas
12-I	4,663	9.0	11.0	8.5	8.5	5.3	9.9	4.28	4.77	39.5	6.6
IV	5,055	3.9	-0.1	5.1	5.1	4.2	2.0	3.91	4.85	43.7	6.9
13-I	5,071	4.9	4.1	5.1	5.1	2.9	4.2	3.95	4.35	44.1	0.8
IV	5,713	9.0	20.9	5.7	5.7	2.3	13.0	3.18	3.80	42.7	6.3
14-I	5,790	9.6	27.2	5.0	5.0	3.3	14.1	3.19	3.82	40.5	-5.3
IV	6,385	7.3	19.4	3.3	3.3	3.5	10.1	2.74	3.12	43.1	-4.1
15-I	6,537	9.5	18.8	6.6	6.6	5.7	12.7	3.05	3.31	43.7	-1.1
IV	7,375	12.9	14.2	12.5	12.5	6.9	16.1	3.05	3.55	43.0	-2.3
16-I	7,680	14.4	17.8	13.2	13.2	5.6	17.6	3.76	4.07	45.9	6.8
IV	8,607	11.9	14.5	11.0	11.0	5.1	13.8	5.69	6.11	45.6	0.9
17-I	8,489	4.3	-0.6	6.1	6.1	2.6	4.2	6.43	6.84	48.5	6.4
II	8,579	-0.1	-10.3	3.9	3.9	1.1	-1.8	6.96	7.37	49.9	2.7
III	8,871	-0.8	-9.5	2.5	2.5	0.5	-2.4	7.00	7.37	48.6	-2.5
IV	9,330	1.7	-4.7	4.2	4.2	2.0	1.1	7.22	7.63	49.4	1.6
18-I	9,269	3.7	-2.4	5.8	5.8	3.6	3.5	7.49	7.85	46.1	-6.5
II	9,653	7.4	7.6	7.3	7.3	3.4	9.9	7.70	8.10	47.7	3.3
III	9,608	3.0	-4.0	5.4	5.4	3.1	3.2	7.65	8.12	49.5	3.9
IV	9,828	0.3	-9.2	3.7	3.7	2.8	-0.9	8.17	8.60	41.6	-15.9
19-I	9,977	3.2	-2.0	4.9	4.9	3.8	3.6	7.85	8.85	43.3	3.9
II	10,133	0.7	-7.5	3.5	3.5	4.4	-0.6	8.18	8.49	43.2	-0.3
III	10,219	2.9	1.6	3.4	3.4	4.8	2.6	7.61	8.04	43.0	-0.3
IV	10,054	-0.6	-3.0	0.1	0.1	3.6	-1.6	7.25	7.56	43.5	1.2
O								7.65	7.97	43.3	0.8
N								7.46	7.78	42.8	-1.2
D								7.25	7.56	43.5	1.7
20-E								7.04	7.50	44.1	1.3
F								6.91	7.20	41.3	-6.3

Fuente: Banco de México

- In 2019, as in previous years, the growth of financing to the private sector has been moderate: in the fourth quarter of 2019, it decreased -0.6%, showing one of the worst performances in the last decade.
- In the fourth quarter, the three financing destinations show a moderate or negative dynamism: consumption (0.1%), housing (3.6%) and companies (-1.6%). The latter is worrying given the low economic dynamism.
- Interest rates have been gradually decreasing and are now close to 7% at the beginning of 2020. Meanwhile, the Stock Market achieved a gradual recovery in 2019 (4.6%), but in the first two months of 2020 it lost its earnings again and fell 5.3%.

International Commerce

In 2019, foreign trade in goods totaled 922 Billion USD and registered a growth of 0.9%, the discordant note being the decrease in imports (-1.9%).

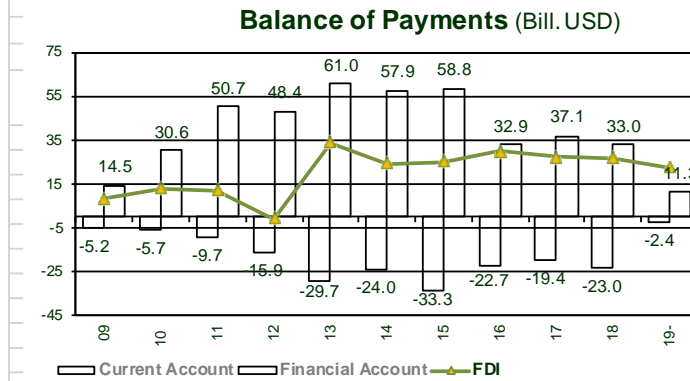


- Since the end of 2018, international merchandise trade began to slow down and in the second part of 2019 negative growth rates are already observed, despite the boom in the US economy.
- Unlike other similar episodes in the past, the lower dynamism is observed in imports, proof that the domestic market is depressed.
- For their part, remittances continue to show significant growth, but they also begin to slow down at the end of 2019 and early 2020.

External Sector

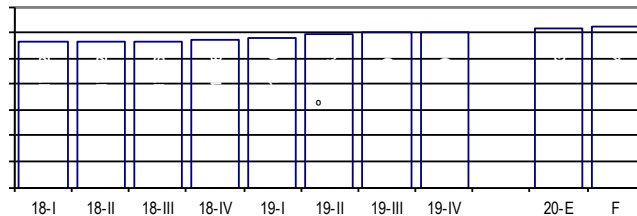
In 2019 the balance of payments reflects a current account deficit of -2.4 Bn USD and a surplus in the financial account of 11.3 Bn USD, which includes a Foreign Direct Investment of 22.7 Bn USD.

International Transactions



Source: Banco de México

International Reserves (Bill. USD)



Source: Banco de México

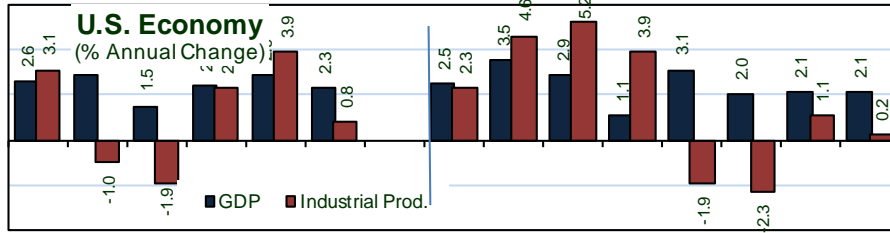
Period	Balance of Trade (Bill. USD)	Exports (Bill. USD)	Imports (Bill. USD)	Current Account		Financial Account (Bill. USD)	Foreign Direct Investment	Reserves Int. Change (Bill. USD)	Stock of Int. Reserves (Bill. USD)
				(Billion USD)	(%GDP)				
09	-4.7	229.7	234.4	-5.2	-0.7	14.5	8.3	5.4	90.8
10	-3.1	298.4	301.5	-5.7	-0.3	30.6	13.0	22.8	113.6
11	3.3	349.4	350.8	-9.7	-1.0	50.7	12.1	28.9	142.5
12	2.1	370.9	370.8	-15.9	-1.2	48.4	-0.9	21.0	163.5
13	-1.0	380.2	381.2	-29.7	-2.4	61.0	33.8	13.0	176.5
14	-0.1	397.7	400.0	-24.0	-1.9	57.9	24.4	16.7	193.2
15	-14.5	380.8	395.2	-33.3	-2.5	58.8	25.2	-16.5	176.7
16	-16.2	370.0	386.2	-22.7	-2.2	32.9	30.2	-0.2	176.5
17	-11.0	409.4	420.4	-19.4	-1.6	37.1	27.4	-3.7	172.8
18	-7.2	336.6	343.8	-23.0	-1.9	33.0	27.0	0.8	173.6
19-	2.7	344.2	341.5	-2.4	-0.2	11.3	22.7	7.3	180.9
18-I	3.3	111.2	107.8	-10.9	-10.9	8.9	10.6	0.4	173.2
18-II	-4.1	111.3	115.3	-3.4	-10.9	5.4	7.3	0.0	173.2
18-III	-6.5	114.2	120.7	-5.9	-10.9	9.2	2.7	0.4	173.6
18-IV	-6.3	113.9	120.2	-2.8	-10.9	9.4	6.5	1.2	174.8
19-I	-1.8	108.1	109.9	-10.1	-3.0	10.3	10.9	1.8	176.6
19-II	5.0	119.2	114.3	4.4	1.4	0.1	4.7	2.3	178.9
19-III	-0.5	117.0	117.4	0.8	0.4	-1.0	3.9	1.3	180.2
19-IV	3.1	116.9	113.8	2.5	1.0	1.9	3.2	0.7	180.9
20-E								2.5	183.3
F								0.9	184.3

- In 2019, the current account deficit (-2.4 Bn) is unusually small and typical of crisis episodes. This is overcompensated with the positive balance in the financial account (for 11.3 Bn), whose main component is Foreign Direct Investment (22.7 Bn).
- In 2019, international reserves report a gradual increase, going from 174.8 to 180.9 Bn, an advance higher than 6 Bn during the year. In February 2020, the reserves increase and reach 184.3 Bn.
- Concerns persist over declining investor confidence and the potential brake on capital inflows.

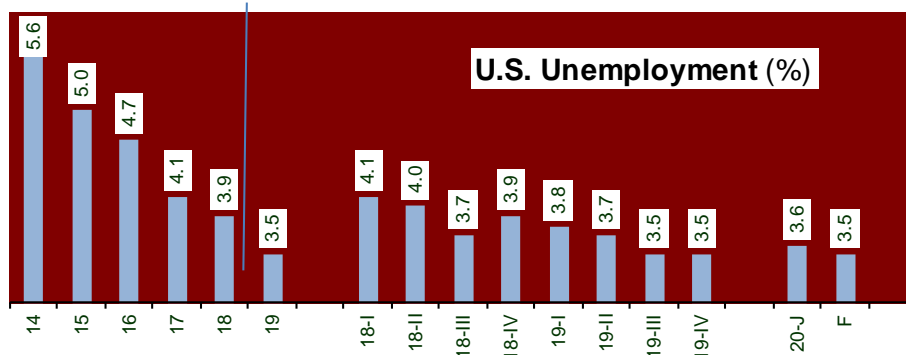
International Economy

In 2019, the US economy grew 2.3% (and 2.1% in the fourth quarter), but the industrial sector has shown less dynamism (0.8%); meanwhile, unemployment remains at low levels: 3.5% in February 2020.

U.S. Economy



Source: BEA



Source: DOL

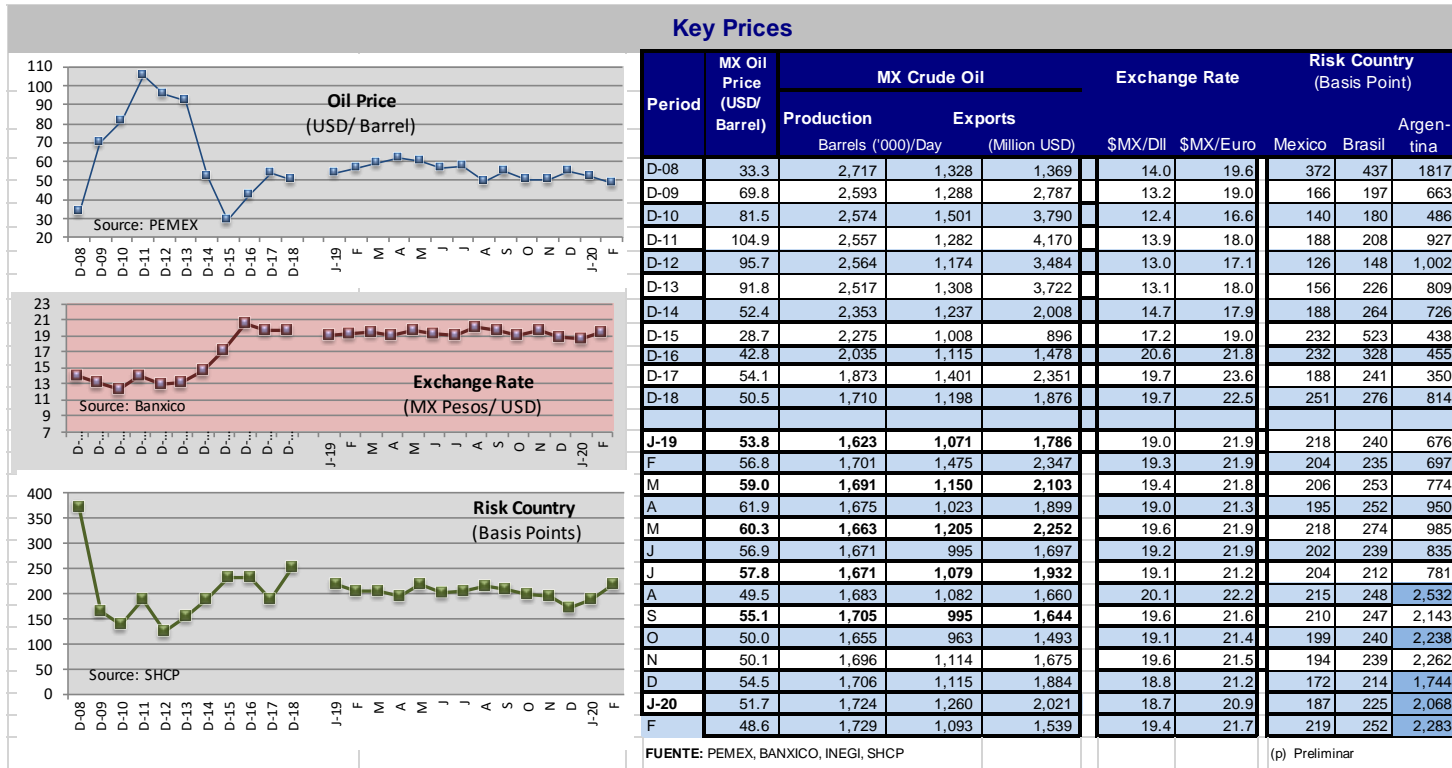
Period	GDP*	Industrial Prod.		Manufacturing		Unemployment Rate	Inflation
		% Annual Change of Quarter	% Annual Change	% Annual Change of Quarter	% Annual Change		
14	2.6	3.1		1.2		5.6	0.8
15	2.9	-1.0		-0.7		5.0	0.7
16	1.5	-1.9		-0.5		4.7	2.1
17	2.4	2.3		2.0		4.1	2.1
18	2.9	3.9		2.3		3.9	1.9
19	2.3	0.8		-0.2		3.5	2.3
18-I	2.5	2.3	2.0	1.6	0.4	4.1	2.4
18-II	3.5	4.6	2.1	2.0	0.3	4.0	2.9
18-III	2.9	5.2	3.6	3.6	1.6	3.7	2.3
18-IV	1.1	3.9	4.0	1.5	2.2	3.9	1.9
19-I	3.1	-1.9	3.7	-1.8	2.2	3.8	1.9
19-II	2.0	-2.3	1.9	-3.3	0.9	3.7	1.6
19-III	2.1	1.1	0.8	0.7	0.0	3.5	1.7
19-IV	2.1	0.2	-0.5	-0.6	-1.0	3.5	2.3
20-J		-6.4	-1.0	-2.3	-0.9	3.6	2.5
F		6.8	0.0	1.2	-0.4	3.5	2.3

Source: U.S. Bureau of Economic Analysis (BEA); The Federal Reserve System (FRS); Department of Labor (DOL)

- The US economy reported a vigorous growth in 2019 (2.3%), although less than in 2018 (2.9%); The loss of dynamism in the Industrial sector, which grew only 0.8%, should also be highlighted, However, unemployment remains at low levels (3.5% from December to February 2020).
- The future, on the other hand, does not look so promising. In addition to the expected slowdown in the United States, the trade wars, the Covid 19 pandemic and the misalignments in the oil market do not bode well for North America.
- The good news is that the launch of the T-MEC could take place in 2020 and that could make a difference and revitalize the North American economy.

Key Prices

In early 2020, the exchange rate and the price of crude oil showed relative stability; for its part, the country risk contracted at the end of 2019 but has been rebounding in 2020.

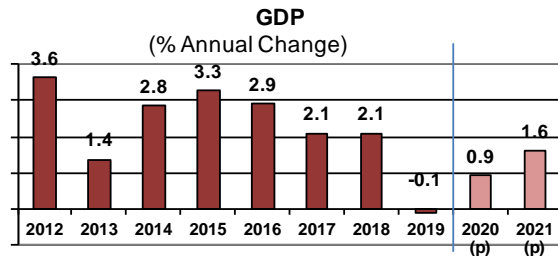


- The price of crude oil, in 2019, gained 20% in the first part of the year and then returned to the initial levels of 50 DPB. Around that level it has been in the first two months of 2020.
- Despite the prevailing uncertainty, the evolution of the exchange rate that has fluctuated around 19-20 PPD in 2019 and the first months of 2020 has been surprising.
- After its upswing in late 2018, country risk gradually returned to its historical levels (200-220 basis points) and closed 2019 at 172 basis points. In the first months of 2020, it returned to its historical levels.

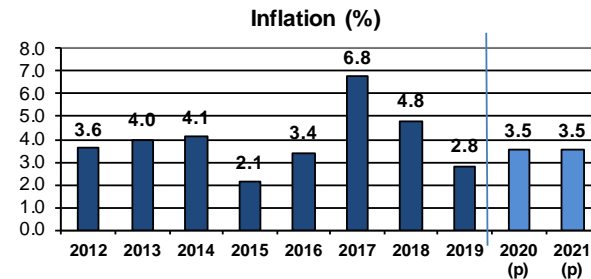
Mexico's Macroeconomic Framework

Growth expectations have been declining since the first months of the year: 0.9 for 2020 and 1.6% for 2021.

Macroeconomic Framework



Source: INEGI, EEEE-SP



Source: INEGI, EEEE-SP

	Histórico								CGPE/*	EEESP/**	
	2012	2013	2014	2015	2016	2017	2018	2019		2020 (p)	2021 (p)
GDP											
% Annual Growth	3.6	1.4	2.8	3.3	2.9	2.1	2.1	-0.1	2.0	0.9	1.6
GDP Current (MX Billions)	15,818	16,277	17,471	18,537	20,100	21,912	23,492	24,239	25,614	25193	26364
GDP Deflator	4.1	1.5	4.4	2.7	5.4	6.7	5.0	3.3	3.6	3.0	3.0
Inflation											
Dec/ Dec	3.6	4.0	4.1	2.1	3.4	6.8	4.8	2.8	3.0	3.5	3.5
Exchange Rate											
Average	13.2	12.9		16.0	18.7	18.9			19.9		
Closing			14.7	17.2	20.6	19.7	19.7	18.8	20.0	19.6	20.0
Interest Rate (Cete 28d)											
Average	4.3	3.7		3.0	4.3	6.9	7.8		7.4		
Closing	4.2	3.5	2.7	3.1	5.7	7.2	8.2	7.3	7.1	6.5	6.2
Current Account						0	0	0			
Billions USD	-9.2	-22.3	-26.6	-32.4	-33.1	-22.7	-22.2	-2.4	-23.3	-12.9	-16.2
% GDP	-0.8	-1.7	-2.1	-2.8	-3.4	-1.6	-1.9	-0.2	-1.8	-1.0	-1.2
Public Balance											
% GDP	-2.5	-2.3	-3.1	-3.4	-2.5	-1.1	-2.1	-1.6	-2.1	-2.3	-2.5
USA											
GDP (%Annual Growth)	2.8	1.9	2.4	2.4	1.6	2.3	2.9	2.3	1.8	1.9	1.8
MX Crude Oil											
Avg. Price (USD/ Barrel)	101.7	98.6	86.0	43.7	35.4	46.3	61.4	55.5	49.0		
Exports ('000 barrels/day)	1,256	1,189	1,142	1,282	1,195	1,175	1,186	1105,6	1,134		
Production ('000 barrels/day)	2,548	2,522	2,429	2,290	2,154	1,944	1,813	1,678	1,951		

/* CGPE-(Criterios Generales de Política Económica 2019).- Basis Document for Macroeconomic Policy

** Encuesta de Expectativas de Expertos en Economía del Sector Privado-EEEE-SP/ Survey of Mexican Experts (February 2020)

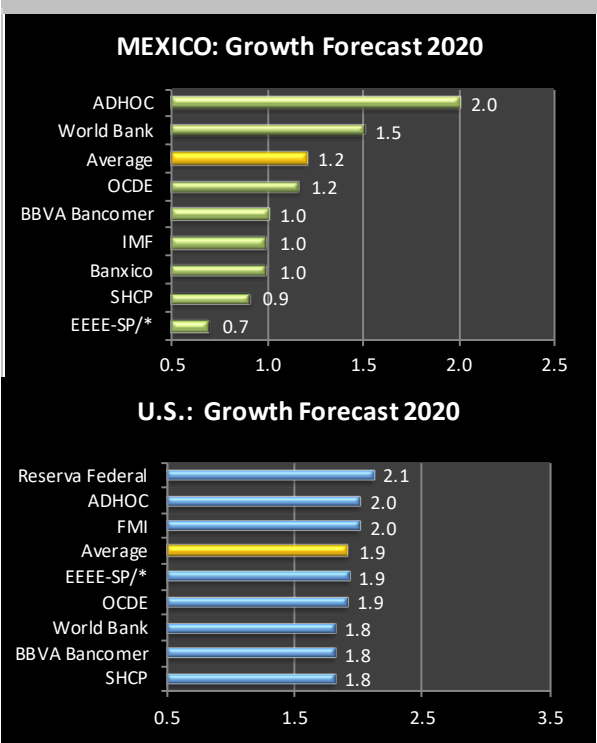
(p) Projected

- For 2020-2021, private experts forecast more moderate economic growth than before: 0.9% and 1.6%, respectively.
- For those same years, an inflation rate higher than previously projected is estimated: 3.5% for both years.
- According to forecasts, the fundamental balance sheets will remain under relative control: the fiscal deficit around 2.5% (-2.3 and -2.5%) and the current account deficit around 1% (-1.0 and 1.2% of GDP) for both years.
- According to his forecasts, the US economy is losing strength; therefore, more moderate growth is expected in 2020 (1.9%) and 2021 (1.8%), in line with the forecasts for a slowdown.

Growth Forecasts



According to specialized agencies, the expected growth for 2020 is 1.2% for Mexico and 1.9% for the US. For 2021 the forecast is 1.7% and 1.8% for Mexico and the US, respectively.



/* Survey of Mexican Experts (February 2020)
Source: Organizations, as indicated

MEXICO Growth Forecast		
	2020	2021
EEEE-SP/*	0.9	1.6
SHCP	2.0	2.3
Banxico	1.0	1.6
IMF	1.0	1.6
BBVA Bancomer	1.5	2.0
OCDE	0.7	1.4
World Bank	1.2	1.8
ADHOC	1.0	1.5
Average	1.2	1.7

U.S. Growth Forecast		
	2020	2021
EEEE-SP/*	1.9	1.8
SHCP	1.8	1.7
Reserva Federal	2.1	1.9
FMI	2.0	1.7
BBVA Bancomer	1.8	2.0
OCDE	1.9	2.1
World Bank	1.8	1.7
ADHOC	2.0	1.5
Average	1.9	1.8

- For Mexico, the forecasts of eight specialized organizations fluctuate between 0.7% and 2.0% in 2020, with an average of 1.2%. For 2021, the average forecast is 1.7%.
- For the United States, the forecasts of eight specialized organizations fluctuate between 1.8 and 2.1% for 2020, with an average of 1.9%. For 2021, the average forecast is 1.8%.
- As can be seen, both economies advance in parallel, but the US economy is emerging as more dynamic in the biennium.

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