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CONSULTORES ASOCIADOS S.C.

Mexico
Economic Profile

Sixth Bimester of 2020

Timely Macroeconomic Report
for Decision Making

December 2020

Economic Profile of Mexico
6th Bimonthly Report of 2020

At the end of 2020, in Mexico a dim light begins to appear at the end of the tunnel. With enormous difficulties, in the second part of the year, the economy seemed to emerge very slowly from the abyss into which it fell in the second quarter. The lockdown easing from June opened spaces, first narrow and then wider, to the economic reopening. This and the recent approval of the first anti-Covid-19 vaccines have resulted in moderate optimism around the world. However, this war is not over. The new outbreaks of Covid-19 threaten a new economic shutdown and the challenges posed by the mass production and distribution of vaccines are enormous. Especially in countries like Mexico, where ideology outweighs the most elementary logic, the private sector is seen as the enemy and elections are the highest priority. Faced with this, the scenario is not very encouraging: the death of human beings, jobs and companies will continue to dominate the news in 2021.

Collapse of Economic Growth.- In 2020, a GDP decline of -8.5% is reported, the largest drop since the Great Depression of 1929. Therefore, expectations point to growth of around + 3.5% by 2021. According to these forecasts, the recovery it would take at least 3 years. Faced with a sharp decline in supply and aggregate demand, derived from Covid-19, much more is required than a government with its arms crossed, to impose a rapid recovery in production and employment.

Inflation under Control.- Due to lockdown, inflation experienced a bubble: it accelerated from 2.2% in April to 4.1% in October, but closed the year at **3.2**%. It is essentially an inflation via costs and not via demand. which reflects the impact of the rise in the exchange rate, in the price of energy, as well as the restrictions imposed by Covid-19. As economic activity normalizes, the inflation rate is returning to its historical levels (2-3%) and meets the institutional goal (of 3% +/- 1%).

Job losses are shortened.- The enormous loss of formal jobs, of 1.1 million, that took place between March and July, was shortened in the rest of the year to close at **64**8 thousand. As a consequence, the unemployment rate also fell (from 5.5% in June to **4.4%** in November). There was, however, a significant real increase in minimum wages (16.8%), which has somewhat offset the hardships of the working class, but has not been enough to improve the wage bill and strengthen consumption.

Up Date: January 20, 2021

Strong Pressures on Government Finances.- In 2020, government revenues totaled **23.2%** of GDP, expenditures **26.1%** of GDP, and this resulted in a negative balance of -2.9% of GDP. The government has done all kinds of juggling to maintain fiscal discipline (e.g. greater collection efficiency, appropriation of trusts, non-tax revenues); however, the deficit tends to spiral out of control and public debt has increased from **45.5** to **53%** of GDP.

Financing to the Private Sector continues to weaken.- After three years of low dynamism (2017 to 2019), financing to the private sector has been promoted to alleviate the effects of the crisis. In fact, in 2020-III it reported an annual growth of 1.1%, supported by financing to companies (4.1%); In contrast, the one destined for housing is holding up with difficulty (2.1%) and that destined for consumption is declining (-14.1%). This takes place in a context of frankly declining interest rates: from levels above 7% at the beginning of 2020, they fell to levels just above 4% in December; meanwhile, the stock market moves amid ups and downs and had a strong rise at the end of the year (17%).

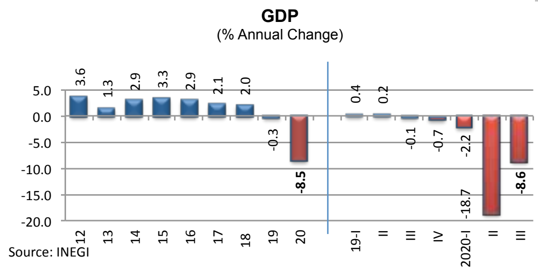
Covid-19 collapses the world economy.- The US economy also suffered a severe collapse due to Covid-19 (-31.4% in 2020-II). However, in 2020-III there is already a frank recovery in GDP (+ 33.4%) and in the industrial sector (+ 42.5%). Consequently, unemployment shot up in April (14.7%) and then fell to 6.7% at the end of the year. This favorable performance is largely explained by aggressive counter-cyclical measures that have moderated the effect of the crisis and are helping a speedy recovery. Still, uncertainty prevails. A worsening in the outbreak of Covid-19, the pressures in favor of economic reopening and the support packages are factors that can drastically change the economic outlook in the US and modify forecasts.

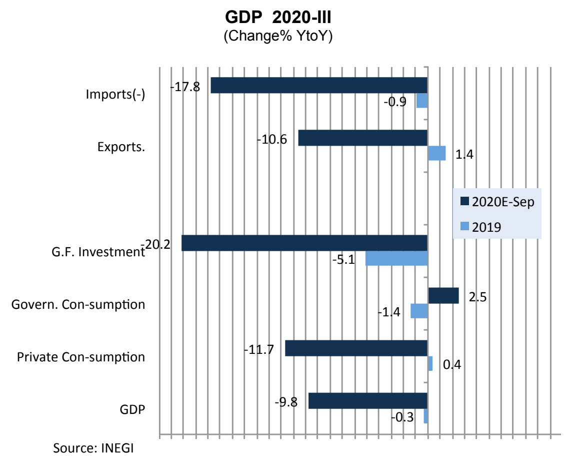
Uncertain Economic Outlook.- Expectations for 2020 are not very encouraging in Mexico and the US. An economic decline of around -9% for Mexico and -3.8% for the US is expected. For 2021, a moderate recovery is expected: + 3.5% for Mexico and around + 3.8% for the US. Still, forecasts are continually being adjusted and uncertainty remains the sign of our time.

Economic Activity

In 2020, GDP decreased -8.5% at an annual rate (and -4.6% in the fourth quarter), the worst fall since the Great Depression of 1929.

Gross Domestic Product





Year	GDP	Primary S.	Industrial S.	Services S.	Construc-tion	Transpor-tation	Mass Media
	Change % (YtoY)						
12	3.6	7.4	2.9	4.5	2.5	4.1	16.3
13	1.3	0.9	-0.5	2.4	-4.8	2.4	5.0
14	2.9	4.3	2.0	2.6	2.0	3.4	0.2
15	3.3	1.5	1.0	3.5	2.5	4.3	7.8
16	2.9	3.8	0.4	3.9	2.0	3.1	19.1
17	2.1	2.1	0.5	2.8	1.6	3.4	5.1
18	**2.0**	**2.4**	**0.2**	**2.8**	**0.6**	**3.1**	**6.0**
19	-0.3	0.4	-1.7	0.2	-4.9	0.8	1.0
20	**-8.5**	**2.0**	**-10.2**	**-7.9**			
19-I	**0.4**	**1.8**	**-1.4**	**1.1**	**-2.3**	**0.4**	**3.6**
II	0.2	0.0	-1.8	1.1	-5.9	1.0	-1.8
III	**-0.1**	**1.8**	**-1.6**	**0.5**	**-7.1**	**0.1**	**7.2**
IV	-0.7	-1.7	-2.0	0.0	-5.6	-1.7	5.7
2020-I	**-2.2**	**-2.8**	**-3.2**	**-1.2**	**-8.6**	**-3.7**	**5.6**
II	**-18.7**	**-0.9**	**-25.5**	**-16.3**	**-34.0**	**-39.7**	**0.4**
III	**-8.6**	**7.4**	**-8.8**	**-8.9**	**-17.4**	**-25.7**	**-8.7**
IV	**-4.6**	**4.9**	**-3.4**	**-5.3**			

Year	GDP	Private Con-sumption	Govern. Con-sumption	G.F. Investment		Exports.	Imports(-)
2016	2.9	3.7	2.4	1.1		3.5	2.9
2017	2.1	3.1	1.0	-1.6		3.9	6.2
2018	2.0	2.2	1.4	0.6		5.7	**6.2**
2019	-0.3	0.4	-1.4	-5.1		1.4	-0.9
2020E-Sep	**-9.8**	**-11.7**	**2.5**	**-20.2**		**-10.6**	**-17.8**
19-I	0.4	0.3	-1.1	-2.2		2.1	0.7
II	0.2	0.8	-2.3	-5.4		3.2	0.8
III	-0.1	0.7	-1.5	-6.4		2.9	0.6
IV	-0.7	0.6	-0.3	-4.5		-2.3	-4.6
20-I	**-2.2**	**-1.4**	**3.0**	**-9.2**		**1.8**	**-5.1**
II	**-18.7**	**-21.0**	**1.9**	**-33.7**		**-30.6**	**-29.6**
III	**-8.6**	**-12.7**	**2.6**	**-18.0**		**-2.7**	**-18.8**

Source: INEGI

- After the collapse of the economy in the second quarter (-18.7), the lockdown easing and the reopening of economic activity led to a more moderate drop in the economy as of the third (-8.6%) and fourth quarter (-4.6%). The steep decline is attributable to the pandemic and the inaction of the authorities.
- In 2020, a strong deterioration is observed in the main sectors: the industrial sector contracted -10.2%, the services sector fell -7.9%, which contrasts with positive growth in the agricultural sector (2%).
- For their part, the drivers of demand register very low levels of activity, although they have also been gradually reactivated as of the third quarter.

Economic Activity

The IGAE bottomed out in May and from then on there has been a slow and gradual recovery in economic activity.

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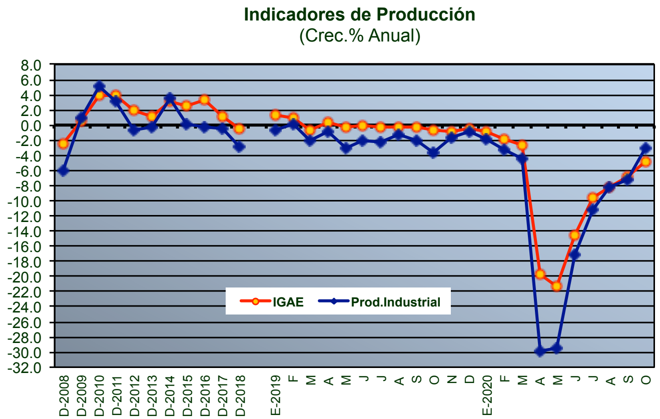
Indicadores de Producción



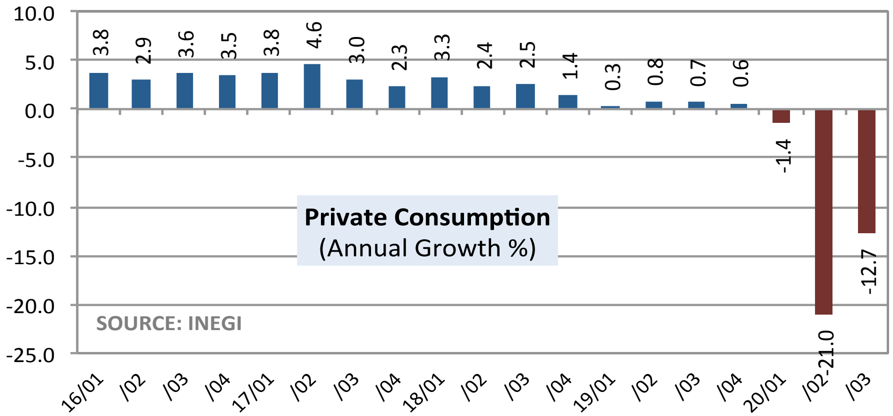
Fuente: Elaboración propia con información del INEGI

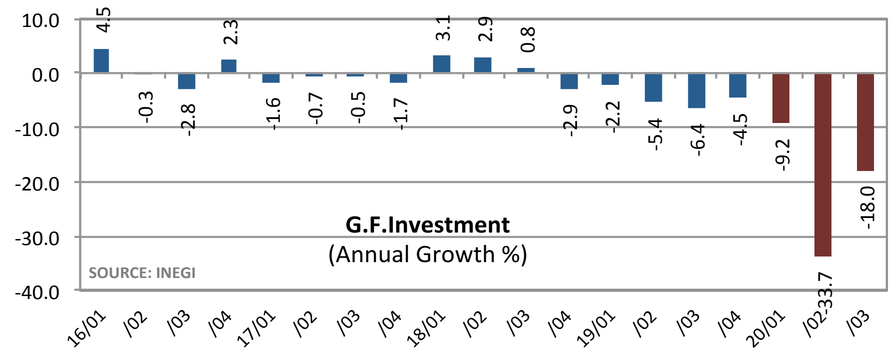
Periodo	IGAE TOTAL	IGAE Agropecuario	IGAE Industrial	IGAE Servicios	Construcción	Comercio Ventas Netas Mayoreo	Comercio Ventas Netas Menudeo	Servicios No Fin. Total	Servicios No Fin. Transporte	Servicios No Fin. Medios Masivos	Inversión Fija Bruta	Consumo Privado
D-2008	-2.4	15.7	-6.0	-1.9	-4.6	-2.6	-3.3	3.6	2.8	9.3	-0.3	-1.3
D-2009	0.5	-5.9	0.9	0.3	-8.6	-0.8	-1.0	-7.0	-3.8	-5.2	-4.1	2.1
D-2010	3.8	1.8	5.1	3.8	7.6	5.0	0.4	6.4	2.3	1.4	8.9	4.2
D-2011	3.9	5.7	3.2	4.1	3.9	9.2	3.3	5.6	7.4	-2.8	6.9	3.6
D-2012	1.9	9.5	-0.6	2.9	-2.3	-4.6	-2.0	10.4	7.2	0.2	-1.0	1.9
D-2013	1.1	1.2	-0.3	1.9	-2.0	-1.1	5.1	-0.4	1.5	-6.7	0.8	1.6
D-2014	3.1	4.3	3.5	2.8	6.7	5.0	2.4	2.5	6.6	-0.3	6.1	2.8
D-2015	2.5	2.0	0.2	3.8	-1.8	2.2	3.4	6.1	7.6	18.8	-0.3	2.9
D-2016	3.3	3.9	-0.3	5.1	-1.0	14.2	9.0	8.5	14.0	8.7	0.4	5.0
D-2017	1.1	1.4	-0.4	1.8	3.8	-6.4	-2.0	3.3	1.3	3.9	-0.9	0.9
D-2018	-0.5	3.5	-2.8	0.5	-9.0	-2.0	0.0	0.9	2.1	1.2	-7.8	0.6
E-2019	1.3	-0.3	-0.7	2.3	0.3	5.8	-0.2	1.7	4.0	-1.1	1.3	2.1
F	0.9	6.0	0.1	1.3	-1.0	0.5	1.3	0.2	3.5	-4.0	-0.7	1.9
M	-0.6	0.5	-2.0	0.2	-5.0	-3.7	-3.5	2.5	1.6	0.5	-4.7	-0.4
A	0.3	-0.4	-0.9	0.9	-2.7	2.5	1.0	-2.7	1.5	-5.3	-2.7	1.5
M	-0.2	-1.2	-3.1	1.3	-8.9	-1.0	1.0	-2.8	2.1	-12.0	-6.8	0.7
J	0.0	1.3	-2.1	0.8	-6.2	-0.3	0.8	-0.6	0.4	-3.8	-7.2	1.6
J	-0.2	1.9	-2.2	0.7	-9.0	2.2	-1.3	0.9	2.1	2.4	-9.2	1.0
A	-0.3	-1.2	-1.2	0.1	-3.8	-2.2	-0.2	-0.7	5.0	-2.1	-3.9	0.3
S	-0.3	3.9	-2.0	0.4	-7.6	-3.7	-1.1	2.6	1.6	8.3	-6.9	0.7
O	-0.6	7.5	-3.6	0.3	-10.8	-3.4	-0.2	0.5	-1.9	3.5	-8.8	1.2
N	-0.9	-5.2	-1.6	-0.3	-4.0	-2.7	-1.8	1.2	-2.0	3.9	-2.7	0.6
D	-0.4	-2.8	-0.8	0.2	-4.5	-3.9	1.4	0.1	-0.9	-2.0	-3.0	-0.1
E-2020	-0.8	-0.7	-1.8	-0.2	-9.1	-3.5	0.5	-3.9	0.1	-8.4	-8.1	-0.2
F	-1.9	-10.5	-3.3	-0.6	-9.5	-6.3	-1.3	-2.9	-4.4	2.8	-10.4	-1.0
M	-2.6	4.4	-4.4	-2.0	-6.9	-3.6	-3.3	-7.7	-11.5	2.8	-10.6	-3.2
A	-19.7	0.5	-29.9	-15.9	-40.0	-18.6	-32.8	-26.4	-40.0	-12.6	-38.0	-22.8
M	-21.4	1.4	-29.4	-18.8	-35.9	-32.0	-33.8	-28.9	-43.4	-10.3	-38.3	-24.1
J	-14.5	-2.5	-17.1	-13.8	-24.7	-13.9	-21.6	-29.4	-39.7	-15.6	-24.5	-19.7
J	-9.6	11.8	-11.1	-9.9	-22.9	-13.7	-6.9	-27.3	-39.3	-21.8	-21.0	-15.2
A	-8.2	7.7	-8.2	-8.9	-13.3	-7.7	-9.6	-21.9	-32.7	-18.2	-16.2	-13.2
S	-6.7	5.0	-7.2	-6.9	-16.9	-6.4	-8.6	-18.1	-26.2	-13.7	-17.8	-11.3
O	-4.9	7.0	-3.1	-6.2	-9.7	-4.7	-3.2	-17.5	-21.9	-15.7	-13.7	-9.8

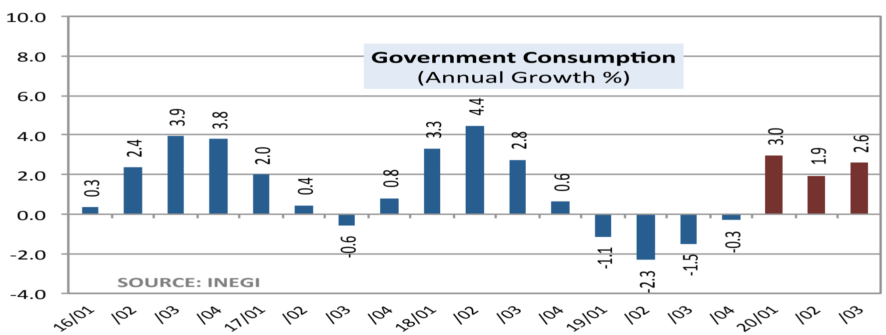
Fuente: INEGI

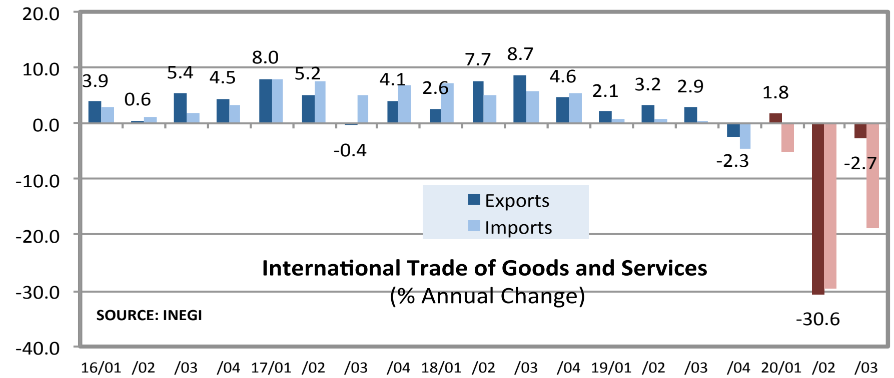
- The IGAE (Global Indicator of Economic Activity), after a substantial decline in the second quarter (-18.7%), has shown a gradual reactivation since June that has lasted until the end of the year.
- In the third quarter, the greatest decline was registered in the industrial sector and in the service sector, with the agricultural sector being the least affected.
- On the demand side, although very high negative annual rates continue to be reported, they tend to be more and more moderate.

Economic Activity
In the third quarter of 2020, the main drivers of demand - consumption and investment - are beginning to dynamize very slowly.







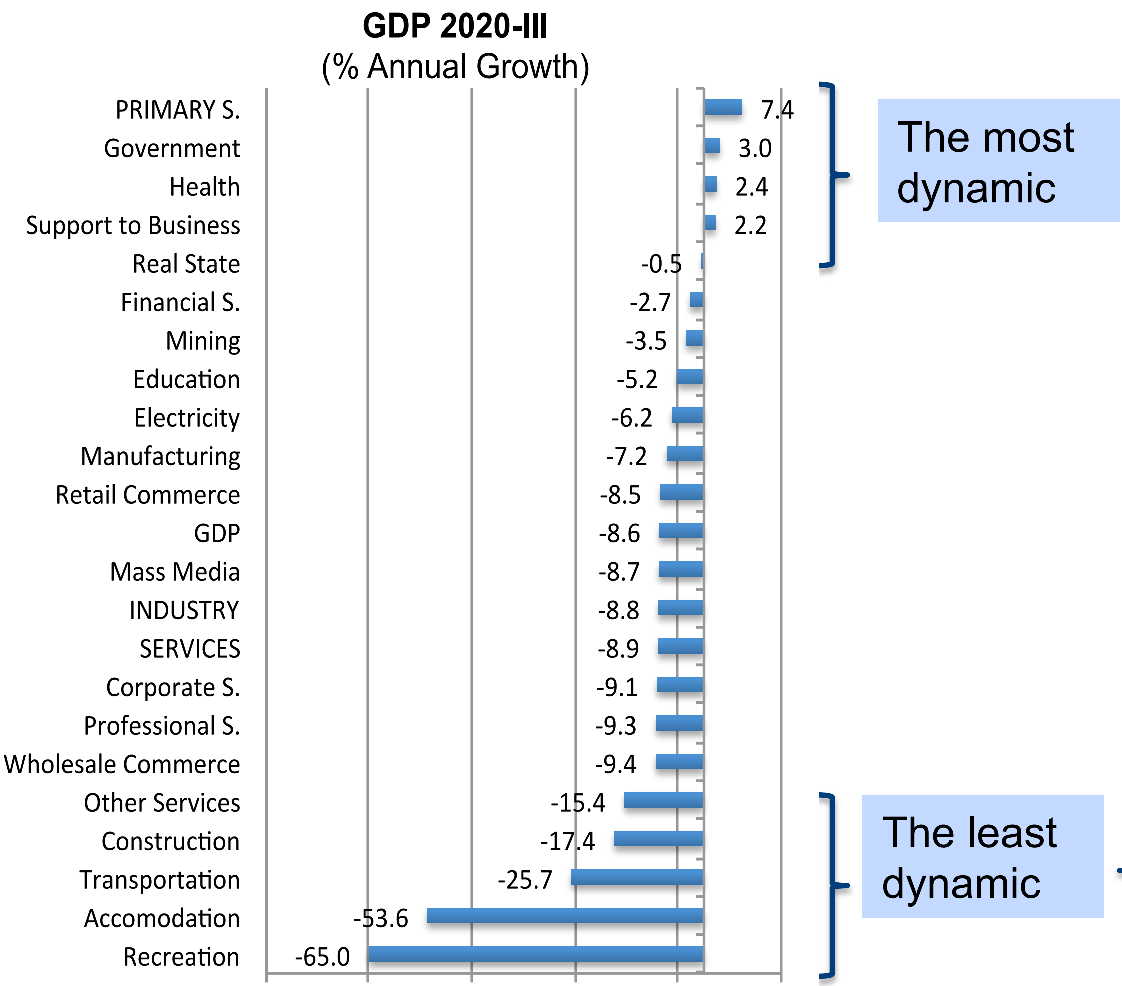


- Private consumption, with the greatest weight in demand (2/3 of GDP), observed in the third quarter, an annual decline of -12.7%, lower than the previous -21%; in contrast, public consumption, very small by nature, reported positive growth.
- Investment, which was already declining throughout 2019, contracted -33.7% in the second quarter of 2020 and only fell -18% in the third.
- Exports of goods and services also had a collapse in the second quarter (-30.6%), but for the third quarter the fall was much smaller (-2.7%).

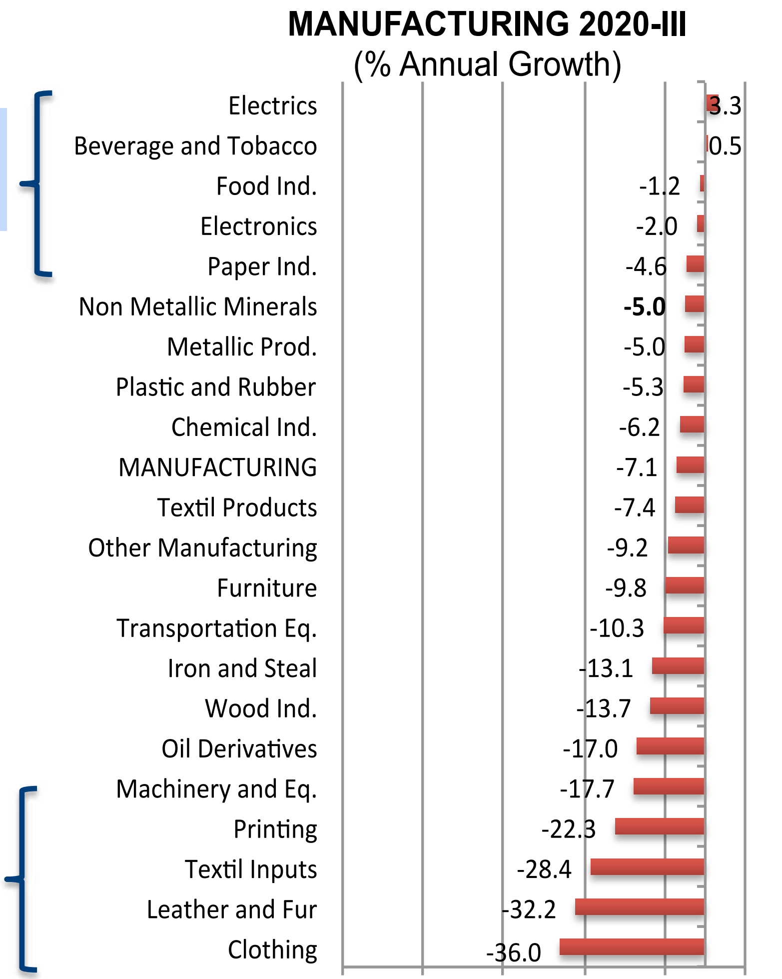
Up Date: January 20, 2021

Economic Activity

In the third quarter of 2020, practically all economic branches collapse (except some of them), but show more and more moderate declines



Source: INEGI (Seasonally Adjusted Data)



Source: INEGI

Up Date: January 20, 2021

Prices

At the end of 2020, inflation was at 3.2%, within the institutional goal of 3% (+/- 1%) and in line with low productive activity.

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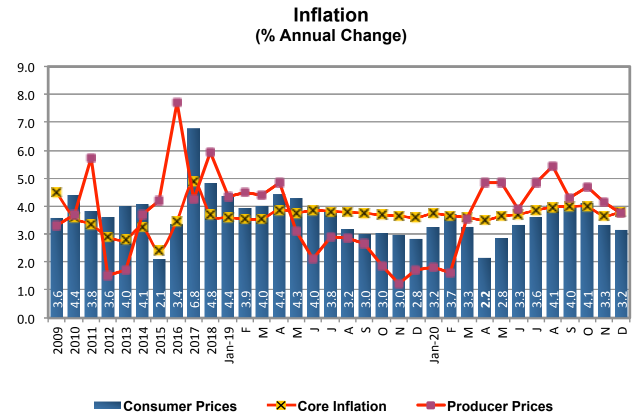
PrIces



Source: Information from INEGI

	Consumer Prices (INPC)		Core Inflation	Producer Prices (INPP)/*
	Annual (m/m)	Annual Avge	Annual (m/m)	Annual (m/m)
2009	3.6	5.3	4.5	3.3
2010	4.4	4.2	3.6	3.7
2011	3.8	3.4	3.4	5.7
2012	3.6	4.1	2.9	1.5
2013	4.0	3.8	2.8	1.7
2014	4.1	4.0	3.2	3.7
2015	2.1	2.1	2.4	4.2
2016	**3.4**	**2.8**	**3.4**	**7.7**
2017	6.8	6.0	4.9	4.2
2018	4.8	4.9	3.7	5.9
	Annual (m/m)	Monthly	Annual (m/m)	Annual (m/m)
Jan-19	**4.4**	**0.1**	**3.6**	**4.4**
F	3.9	0.0	3.5	4.5
M	4.0	0.4	3.6	4.4
A	4.4	0.1	3.9	4.8
M	4.3	-0.3	3.8	3.1
J	4.0	0.1	3.9	2.1
J	3.8	0.4	3.8	2.9
A	3.2	0.0	3.8	2.9
S	3.0	0.3	3.8	2.7
O	3.0	0.5	3.7	1.9
N	3.0	0.8	3.7	1.2
D	2.8	0.6	3.6	1.7
Jan-20	3.2	0.5	3.7	1.8
F	3.7	0.4	3.7	1.6
M	**3.3**	**-0.1**	**3.6**	**3.6**
A	2.2	-1.0	3.5	4.8
M	2.8	0.4	3.6	4.8
J	3.3	0.6	3.7	3.9
J	3.6	0.7	3.9	4.8
A	4.1	0.4	4.0	5.4
S	4.0	0.2	4.0	4.3
O	4.1	0.6	4.0	4.7
N	3.3	0.1	3.7	4.2
D	3.2	0.4	3.8	3.7

Source: INEGI

- After a recent past of moderate inflation, an inflationary bubble was experienced in the second and third quarters; Fortunately, it was temporary and inflation closed the year at 3.2%, within the institutional goal and in line with the general decline in demand.
- Although the pandemic and the closure of productive activities encouraged inflationary pressures, the gradual reopening of economic activity has returned inflation to historical parameters.
- However, inflationary pressures have not completely dissipated: they come more from the cost side (especially the exchange rate and energy) than from the demand side.

Laboral Sector

The labor situation improves slightly: unemployment is contracting (4.4% in November), the same as the annual loss of jobs (648 thousand in 2020).

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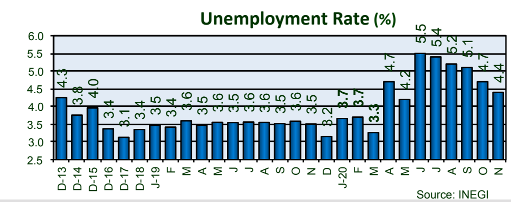
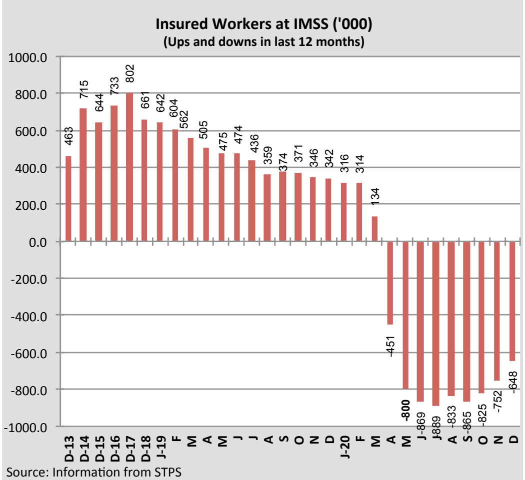
Employment and Wages





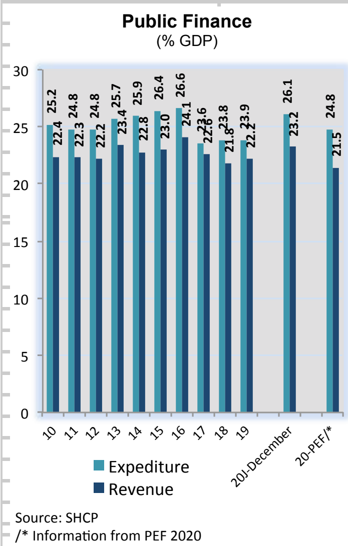
Period	Workers insured at IMSS ('000)				Employment (Annual Change %)			Wage indicators (Annual Change %)		
Period	Unemplo y-ment Rate(%)	Total	Abs.Change Last 12m	Abs.Change Last Month	Cons-truction	Manufa c-turing	Financi al Service	Mini-mum Wage	IMSS Wage	Contrac-tual Wage
D-12	4.5	16,062	711.7	-232.9	-3.0	2.9	2.8	4.6	4.0	4.5
D-13	4.3	16,525	463.0	-247.9	-3.3	1.4	-0.4	3.9	4.0	4.4
D-14	3.8	17,240	714.5	-235.5	1.1	3.4	-0.2	3.9	4.6	4.1
D-15	4.0	17,884	644.4	-303.7	-1.7	2.6	2.7	4.3	4.1	4.4
D-16	3.4	18,617	732.6	-319.2	-0.4	3.1	3.3	4.2	3.9	4.6
D-17	3.1	19,418	801.8	-337.5	-0.6	2.9	2.3	21.0	5.5	5.2
D-18	3.4	20,079	660.9	-378.6	-5.0	2.7	0.5	10.4	5.4	5.9
J-19	3.5	20,174	641.8	94.6	-3.5	2.4	-1.1	16.2	6.9	7.3
F	3.4	20,300	603.5	126.0	-2.4	2.2	-0.9	16.2	6.9	7.2
M	3.6	20,349	561.5	48.5	-4.1	2.0	-1.0	16.2	6.7	6.6
A	3.5	20,379	504.8	30.4	-4.6	1.4	-0.7	16.2	7.0	5.3
M	3.6	20,383	474.8	4.0	-4.5	1.3	1.8	16.2	6.7	6.1
J	3.5	20,369	474.1	-14.2	-5.1	1.1	0.7	16.2	6.6	7.0
J	3.6	20,385	436.1	16.7	-5.0	0.9	0.2	16.2	6.5	5.5
A	3.6	20,422	358.6	36.6	-4.3	0.5	-0.2	16.2	6.6	4.9
S	3.5	20,567	374.5	145.4	-2.7	-0.2	-0.4	16.2	6.4	5.9
O	3.6	20,727	371.2	160.0	-1.8	-0.7	0.6	16.2	6.4	4.4
N	3.5	20,804	345.7	76.2	-1.4	-0.9	1.0	16.2	6.5	5.7
D	3.2	20,421	342.1	-382.2	-2.3	-1.4	0.8	16.2	6.7	5.9
J-20	3.7	20,490	316.4	69.0	-10.1	-1.6	0.1	20.0/***	6.4	5.8
F	3.7	20,614	313.5	123.1	-10.2	-1.9	-0.1	20.0	6.4	5.6
M	3.3	20,483	134.4	-130.6	-10.9	-2.2	-0.7	20.0	7.1	5.7
A	4.7	19,928	-451.2	-555.2	-19.6	-3.6	-6.3	20.0	8.0	5.6
M	4.2	19,583	-799.7	-344.5	-22.0	-5.4	-9.9	20.0	8.1	4.9
J	5.5	19,500	-868.8	-83.3	-21.3	-5.4	-9.5	20.0	8.1	4.8
J	5.4	19,496	-889.4	-3.9	-20.3	-4.5	-9.8	20.0	6.4	6.4
A	5.2	19,589	-833.5	92.6	-19.8	-3.9	-8.7	20.0	6.4	4.4
S	5.1	19,702	-865.2	113.6	-19.8	-3.0	-9.7	20.0	7.6	4.2
O	4.7	19,903	-824.5	200.7	-19.7	-2.3	-10.1	20.0	7.7	4.1/**
N	4.4	20,052	-752.1	148.7				20.0	7.9	5.2/**
D		19,774	-647.7	-277.8				20.0		

Source: INEGI, STPS. /** Only Federal Jurisdiction /*** Min.Wage=123.22 pesos/day

- The unemployment rate reported a significant rise from 3.3% in March to 5.5% in June and then gradually decreased to 4.4% in November.
- For its part, the loss of formal jobs has been very substantial and very accelerated. Between March and June, 1.1 million formal jobs were lost and at the end of the year the loss had been cut to 648 thousand jobs.
- Real gain in the three main salary indicators in October: 16.8% in the minimum, 4.7% in the IMSS salary and 2% gain in the contractual salary. This is due to the annual adjustments to the minimum wage. However, the loss of jobs has resulted in a substantial decline in the wage bill.

Public Finances

In 2020, government revenues totaled 23.2% of GDP and expenditures 26.1% of GDP, resulting in a deficit of -2.9% of GDP.



Public Finance

Period	Public Sector Revenues (MX Pesos Billions)						Net Expenditure (MX Pesos Billions)					Public Balance
	TOTAL	Oil	Non oil	Taxes	Non Taxes	Gov. Enterprises	TOTAL	Prog.	Current	Capital	No Prog.	
15	4267	843	3424	2361	404	658	4893	3827	2891	936	1066	-638
16	4841	790	4051	716	542	793	5344	4160	2978	1182	1183	-504
17	4947	827	4120	2855	545	720	5178	3852	3060	793	1325	-239
18	5115	978	4137	3062	268	807	5589	4065	3341	723	1525	-495
19	5384	955	4429	3203	372	855	5786	4227	3495	731	1560	-398
20J-December	**5,340**	**606**	**4,734**	**3,339**	**551**	**844**	**6,000**	**4,455**	**3,663**	**792**	**1,545**	**-674.2**
20-PEF/*	**5,226**	**573**	**4,654**	**3,351**	**455**	**848**	**6,033**	**4,415**	**3,665**	**751**	**1,617**	**-806.4**
	% GDP											
10	22.4	7.4	15	9.9	1.3	3.7	25.2	19.8	14.9	4.9	5.4	-2.8
11	22.3	7.5	14.8	9.8	1.2	3.8	24.8	19.5	14.7	4.8	5.3	-2.4
12	22.2	7.5	14.7	9.6	1.4	3.8	24.8	19.6	14.9	4.7	5.2	-2.5
13	23.4	7.7	15.6	10.1	1.7	3.8	25.7	20.4	15	5.4	5.3	-2.3
14	22.8	6.9	15.9	10.4	1.7	3.7	25.9	20.5	15.4	5.1	5.4	-3.1
15	23.0	4.5	18.5	12.7	2.2	3.5	26.4	20.6	15.6	5.0	5.7	-3.4
16	24.1	3.9	20.1	13.5	2.7	3.9	26.6	20.7	14.8	5.9	5.9	-2.5
17	22.6	3.8	18.8	13.0	2.5	3.3	23.6	17.6	14	3.6	6	-1.1
18	21.8	4.2	17.6	13.0	1.1	3.4	23.8	17.3	14.2	3.1	6.5	-2.1
19	22.2	3.9	18.3	13.2	1.5	3.5	23.9	17.4	14.4	3.0	6.4	-1.6
20J-December	**23.2**	**2.6**	**20.6**	**14.5**	**2.4**	**3.7**	**26.1**	**19.4**	**15.9**	**3.4**	**6.7**	**-2.9**
20-PEF/*	**21.5**	**2.4**	**19.1**	**13.8**	**1.9**	**3.5**	**24.8**	**18.1**	**15.0**	**3.1**	**6.6**	**-3.3**
	January-December (Mx Pesos Billions)											
19J-December	**5,385**	**956**	**4,429**	**3,203**	**372**	**855**	**5,793**	**4,233**	**3,502**	**731**	**1,560**	**- 394**
20J-December	**5,340**	**606**	**4,734**	**3,339**	**551**	**844**	**6,000**	**4,455**	**3,663**	**792**	**1,545**	**- 674**
%Change	**-0.8**	**-36.6**	**6.9**	**4.3**	**48.4**	**-1.3**	**3.6**	**5.3**	**4.6**	**8.3**	**-1.0**	**n.s.**
% Real Change	**-4.1**	**-38.7**	**3.4**	**0.8**	**43.5**	**-4.6**	**0.2**	**1.8**	**1.2**	**4.8**	**-4.2**	**n.s.**

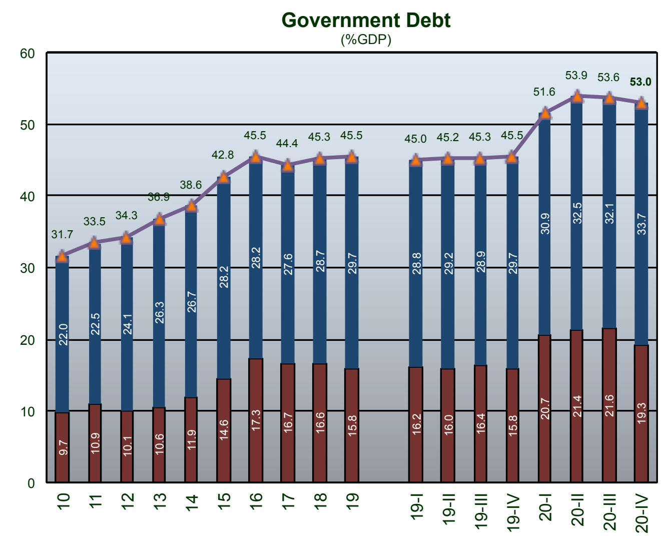
Source: SHCP /* PEF 2020 (Federal Budget 2020)

- Despite the pandemic, in 2020 the budget evolved according to schedule, except for the notable collapse in oil revenues (-38.7%), which was partially offset by non-tax revenues (43.5%).
- On the one hand, the stability of tax income stands out, despite the collapse in production, which is attributed to the strengthening of collection efficiency (pressure on large taxpayers) and the appropriation of trusts; on the other hand, the discipline in spending and the cut in non-programmable spending (-4.2%) stand out, reflecting the absence of an active fiscal policy.
- In 2020, a fiscal deficit of -2.9% of GDP is reported, very close to the original forecasts (-3.3%). All in all, the pressures for lower income and higher expenses remain.

Public Debt

Government debt jumped in 2020: it went from 45.5% of GDP at the end of 2019 to 53% of GDP at the end of 2020.

Government Debt



Source: SHCP

Period	Net Government Debt/* (Billions) Internal MX$	External $USD	Total MX$
14	4,810.0	145.3	6,948.3
15	5,379.9	161.6	8,160.6
16	6,009.4	6,009.4	6,009.4
17	6,283.1	192.3	10,089.0
18	6,867.6	201.3	10,829.9
19	7,188.6	203.7	11,027.5
20-I	7,253.0	207.2	12,125.4
20-II	7,442.5	213.0	12,336.0
20-III	7,346.4	219.8	12,281.4
20-IV	7,711.3	221.5	12,130.4
%GDP			
10	22.0	9.7	31.7
11	22.5	10.9	33.5
12	24.1	10.1	34.3
13	26.3	10.6	36.9
14	26.7	11.9	38.6
15	28.2	14.6	42.8
16	28.2	17.3	45.5
17	27.6	16.7	44.4
18	28.7	16.6	45.3
19	29.7	15.8	45.5
19-I	28.8	16.2	45.0
19-II	29.2	16.0	45.2
19-III	28.9	16.4	45.3
19-IV	29.7	15.8	45.5
20-I	30.9	20.7	51.6
20-II	**32.5**	**21.4**	**53.9**
20-III	32.1	21.6	53.6
20-IV	**33.7**	**19.3**	**53.0**

/* Accounting adjustment since 2009

Source: SHCP

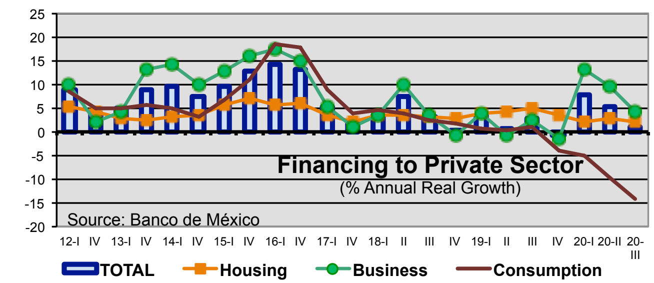
- In the world comparison, Mexico's public debt is relatively moderate: in 2020 it exceeded 50% of GDP, but the country is not among the most indebted countries.
- Despite the promise of 4T not to increase government debt, it has increased by 7.5 points of GDP in 2020; the explanation: increased debt, exchange rate adjustments and the contraction of the economy.
- Certainly, the fiscal deficit has been kept under fragile control until now; but adjustments in key variables (debt, GDP, exchange rate) have triggered public debt as a proportion of GDP.

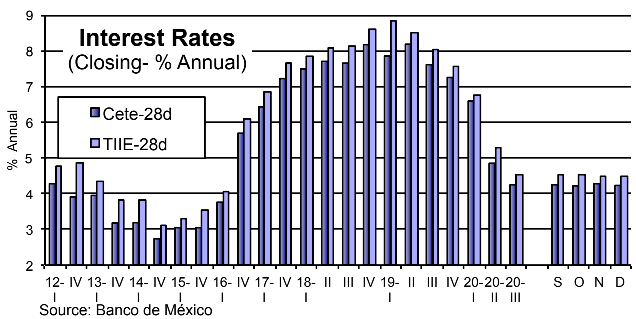
Up Date: January 20, 2021

Financial sector

In the third quarter of 2020, financing to the private sector had little significant growth: 1.1% (vs. 5.3% previously), while interest rates continue to fall to just above 4% at the end of 2020.

Financial Indicators





Period	Financing to Private Sector (% Annual Real Growth) TOTAL: Billion MX$	TOTAL: % Annual Real Growth	By Source: External	By Source: Internal	For Destination: Consumption	For Destination: Housing	For Destination: Business	Interest Rates (% Annual): CETES-28d	Interest Rates (% Annual): TIIE-28d	Stock Market IPC ('000)	Stock Market % Growth
12-I	4,663	9.0	11.0	8.5	8.5	5.3	9.9	4.3	4.8	39.5	6.6
IV	5,055	3.9	-0.1	5.1	5.1	4.2	2.0	3.9	4.9	43.7	6.9
13-I	5,071	4.9	4.1	5.1	5.1	2.9	4.2	4.0	4.4	44.1	0.8
IV	5,713	9.0	20.9	5.7	5.7	2.3	13.0	3.2	3.8	42.7	6.3
14-I	5,790	9.6	27.2	5.0	5.0	3.3	14.1	3.2	3.8	40.5	-5.3
IV	6,385	7.3	19.4	3.3	3.3	3.5	10.1	2.7	3.1	43.1	-4.1
15-I	6,537	9.5	18.8	6.6	6.6	5.7	12.7	3.1	3.3	43.7	-1.1
IV	7,375	12.9	14.2	12.5	10.9	6.9	16.1	3.1	3.6	43.0	-2.3
16-I	7,680	14.4	17.8	13.2	18.7	5.6	17.6	3.8	4.1	45.9	6.8
IV	8,607	13.0	15.6	12.0	17.7	6.2	14.9	5.7	6.1	45.6	0.9
17-I	8,489	5.3	0.4	7.1	9.0	3.6	5.2	6.4	6.8	48.5	6.4
IV	9,330	1.7	-4.7	4.2	4.0	2.0	1.1	7.2	7.6	49.4	1.6
18-I	9,269	3.7	-2.4	5.8	4.8	3.6	3.5	7.5	7.9	46.1	-6.5
II	9,653	7.6	7.8	7.5	4.1	3.6	10.1	7.7	8.1	47.7	3.3
III	9,608	3.2	-3.8	5.6	2.5	3.3	3.4	7.7	8.1	49.5	3.9
IV	9,828	0.5	-9.0	3.9	1.6	3.0	-0.7	8.2	8.6	41.6	-15.9
19-I	9,977	3.4	-1.8	5.1	0.7	4.0	3.8	7.9	8.9	43.3	3.9
II	10,133	0.7	-7.5	3.5	0.4	4.4	-0.6	8.2	8.5	43.2	-0.3
III	10,219	3.0	1.6	3.4	0.9	4.8	2.6	7.6	8.0	43.0	-0.3
IV	10,057	-0.6	-2.9	0.1	-4.1	3.6	-1.5	7.3	7.6	43.5	1.2
20-I	11,137	8.0	24.3	3.0	-5.1	2.1	13.3	6.6	6.7	34.6	-20.5
20-II	10,963	5.3	20.1	0.8	-9.8	2.9	9.5	4.9	5.3	37.7	9.0
20-III	10,738	1.1	12.2	-2.2	-14.1	2.1	4.1	4.3	4.5	37.5	-0.7
S								4.3	4.5	37.5	1.7
O								4.2	4.5	37.0	-1.3
N								4.3	4.5	41.7	12.7
D								4.2	4.5	43.2	3.8

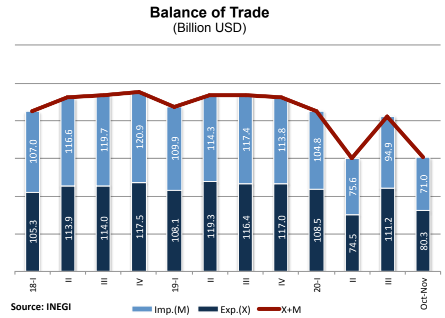
Source: Banco de Mexico

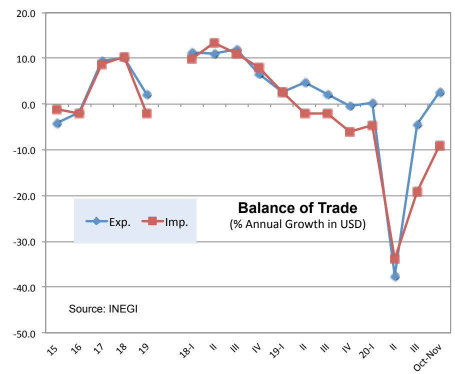
- In 2020, financing to the private sector continued its deceleration process, reporting in the third quarter a growth of only 1.1% (vs. 5.3% previously); this despite the impulse given by the authorities to avoid the collapse of productive activity.
- The most dynamic is financing for companies (4.1%); in contrast, the one destined for consumption (-14.1) suffered a sharp decline and the one destined for housing (2.1%) remains afloat.
- In 2020 low interest rates were promoted to support financing and economic reactivation. In fact, rates fell to levels above 7% at the end of 2019 to levels close to 4% at the end of 2020. Meanwhile, the Stock Market continues with ups and downs, reporting important gains in the last two months (17%).

International Trade

In October-November 2020, foreign trade in goods shows a rapid recovery: annual decline of -3.3% (vs -11.8% in the previous quarter), under the impulse of the US economy.

International Trade





Period	Balance of Trade (Billion USD) Exp.(X)	Imp. (M)	X+M	% Annual Change Exp.	Imp.	X+M	Balance (Billion USD)	Remittances Billion USD	% Annual Change
10	298.4	301.5	599.8	29.8	28.6	29.2	-3.1	21.2	0.1
11	349.7	350.8	700.5	17.2	16.4	16.8	-1.2	22.7	7.2
12	370.9	370.7	741.6	6.1	5.7	5.9	0.1	22.4	-1.4
13	380.2	381.2	761.4	2.5	2.8	2.7	-1.0	21.6	-3.6
14	397.1	400.0	797.1	4.5	4.9	4.7	-2.8	23.6	9.2
15	380.8	395.2	776.0	-4.1	-1.2	-2.6	-14.5	24.6	4.1
16	373.9	387.1	761.0	-1.8	-2.1	-1.9	-13.1	27.0	9.8
17	**409.4**	**420.4**	**829.8**	**9.5**	**8.6**	**9.0**	**-11.0**	**28.8**	**6.7**
18	**450.7**	**464.3**	**915.0**	**10.1**	**10.5**	**10.3**	**-13.6**	**33.2**	**15.4**
19	**460.7**	**455.3**	**916.0**	**2.2**	**-1.9**	**0.1**	**5.4**	**35.9**	**8.1**
18-I	105.3	107.0	212.3	11.2	9.8	10.5	-1.7	7.0	5.9
II	113.9	116.6	230.5	10.9	13.3	12.1	-2.7	9.0	22.5
III	114.0	119.7	233.7	11.9	11.0	11.4	-5.8	8.4	15.2
IV	117.5	120.9	238.5	6.7	7.9	7.3	-3.4	8.8	16.9
19-I	108.1	109.9	218.0	2.7	2.7	2.7	-1.8	7.7	10.0
II	119.3	114.3	233.5	4.7	-2.0	1.3	5.0	9.3	3.3
III	116.4	117.4	233.8	2.1	-1.9	0.0	-1.0	9.8	16.7
IV	117.0	113.8	230.7	-0.5	-5.9	-3.2	3.2	9.1	3.4
20-I	108.5	104.8	213.3	0.4	-4.6	-2.1	3.7	9.3	20.9
II	74.5	75.6	150.1	-37.5	-33.8	-35.7	-1.1	9.8	5.1
III	111.2	94.9	206.1	-4.5	-19.2	-11.8	16.3	10.7	8.9
Oct-Nov	80.3	71.0	151.3	2.6	-9.2	-3.3	9.3	7.0	16.3
J-19	32.6	37.3	69.9	6.2	6.0	6.1	-4.6	2.4	8.3
F	36.4	35.1	71.5	3.8	2.7	3.3	1.4	2.4	9.2
M	39.0	37.5	76.6	-1.2	-0.5	-0.9	1.5	2.9	10.7
A	39.6	38.1	77.7	6.5	1.6	4.0	1.5	2.9	6.8
M	41.8	40.8	82.5	6.5	0.1	3.2	1.0	3.2	3.4
J	37.9	35.4	73.3	1.2	-7.8	-3.4	2.5	3.2	1.9
J	39.1	40.4	79.5	6.5	2.0	4.2	-1.3	3.3	15.1
A	40.1	39.7	79.7	1.3	-5.9	-2.4	0.4	3.4	19.0
S	37.2	37.3	74.5	-1.4	-1.7	-1.6	-0.2	3.1	14.4
O	40.8	41.5	82.2	-1.4	-6.4	-4.0	-0.7	3.1	5.4
N	37.5	36.7	74.2	-2.9	-10.3	-6.7	0.8	2.9	-0.4
D	38.7	35.6	74.3	3.0	-0.3	1.4	3.1	3.1	6.0
J-20	33.6	36.1	69.7	2.9	-3.2	-0.3	-2.5	2.6	8.3
F	36.6	33.7	70.3	0.4	-3.8	-1.7	2.9	2.7	12.5
M	38.3	35.0	73.3	-1.7	-6.7	-4.2	3.3	4.0	38.2
A	23.4	26.5	49.9	-40.9	-30.5	-35.8	-3.1	2.9	-1.3
M	18.1	21.6	39.7	-56.7	-47.1	-52.0	-3.5	3.4	13.3
J	33.1	27.5	60.6	-12.8	-22.2	-17.3	5.5	3.5	10.5
J	35.7	29.9	65.5	-8.9	-26.1	-17.6	5.8	3.5	7.0
A	37.0	30.9	67.8	-7.7	-22.2	-14.9	6.1	3.6	5.1
S	38.5	34.2	72.7	3.7	-8.5	-2.4	4.4	3.6	15.2
O	41.9	35.7	77.7	2.9	-13.8	-5.5	6.2	3.6	16.1
N	38.3	35.3	73.6	2.3	-3.9	-0.8	3.0	3.4	16.6

Source: INEGI

- International merchandise trade shows a rapid recovery in the third and fourth quarters of the year: after the resounding fall due to Covid-19 in the second quarter, trade flows begin to strengthen, largely driven by the recovery of the US economy.
- Imports are recovering much more slowly, due to the slow recovery of the Mexican economy and the decline in the domestic market.
- For their part, remittances continue to show significant growth, despite the pandemic. In October-November, they showed a growth of 16% and it is probable that this year remittances will add up to more than 40 USD Bn.

External Sector

In January-September 2020, the balance of payments shows a current account surplus of 12.9 USD Bn and a financial account deficit of 13.6 USD Bn, despite the fact that Foreign Direct Investment added 17.5 USD Bn

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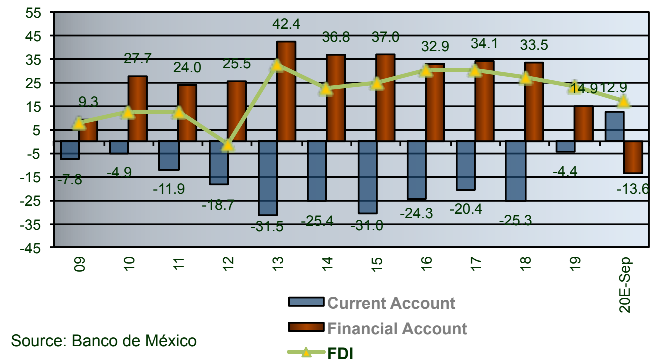
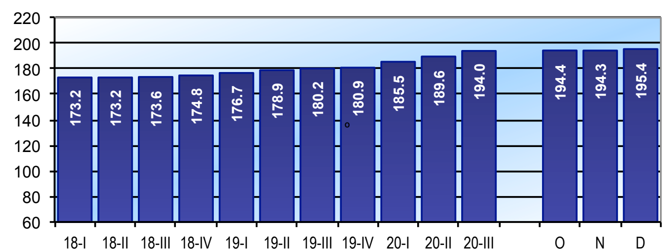
International Transactions

Balance of Payments (Bill. USD)



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 (Billion USD)	(%GDP)	Financial Account (Bill.USD)	Foreign Direct Investment	Reserves Int. Change (Bill USD)	Stock of Int. Reserves (Bill.USD)
09	-4.6	229.8	234.4	-7.8	-0.9	9.3	8.0	5.4	90.8
10	-3.1	298.4	301.5	-4.9	-0.5	27.7	12.8	22.8	113.6
11	-1.2	349.7	350.8	-11.9	-1.5	24.0	12.3	28.9	142.5
12	0.1	370.9	370.7	-18.7	-1.6	25.5	-1.1	21.0	163.5
13	-1.0	380.2	381.2	-31.5	-2.5	42.4	32.7	13.0	176.5
14	-2.8	397.1	400.0	-25.4	-1.9	36.8	22.9	16.7	193.2
15	-14.5	380.8	395.2	-31.0	-2.6	37.0	24.7	-16.5	176.7
16	-13.1	373.9	387.1	-24.3	-2.3	32.9	30.6	-0.2	176.5
17	-11.0	409.4	420.4	-20.4	-1.8	34.1	30.3	-3.7	172.8
18	-13.6	450.7	464.3	-25.3	-2.1	33.5	27.1	0.8	173.6
19	5.4	460.7	455.3	-4.4	-0.3	14.9	23.2	7.3	180.9
20E-Sep	**19.0**	**294.2**	**275.3**	**12.9**	**1.7**	**-13.6**	**17.5**	**13.1**	**194.0**
18-I	-1.7	105.3	107.0	-11.2	-4.0	8.7	10.6	0.4	173.2
18-II	-2.7	113.9	116.6	-3.8	-1.0	4.9	7.3	0.0	173.2
18-III	-5.8	114.0	119.7	-6.6	-2.0	10.1	2.7	0.4	173.6
18-IV	-3.4	117.5	120.9	-3.6	-1.0	9.8	6.6	1.2	174.8
19-I	-1.8	108.1	109.9	-11.5	-1.0	11.0	11.8	1.9	176.7
19-II	5.0	119.3	114.3	4.4	0.3	2.3	5.2	2.2	178.9
19-III	-1.0	116.4	117.4	-0.4	-0.1	0.5	4.3	1.3	180.2
19-IV	3.2	117.0	113.8	3.2	0.3	1.1	1.8	0.7	180.9
20-I	3.7	108.5	104.8	-4.5	-0.3	6.2	13.0	4.6	185.5
20-II	-1.1	74.5	75.6	-0.1	0.0	-6.7	2.0	4.1	189.6
20-III	16.3	111.2	94.9	17.5	2.0	-13.1	2.4	4.4	194.0
O								0.4	194.4
N								-0.1	194.3
D								1.2	195.4

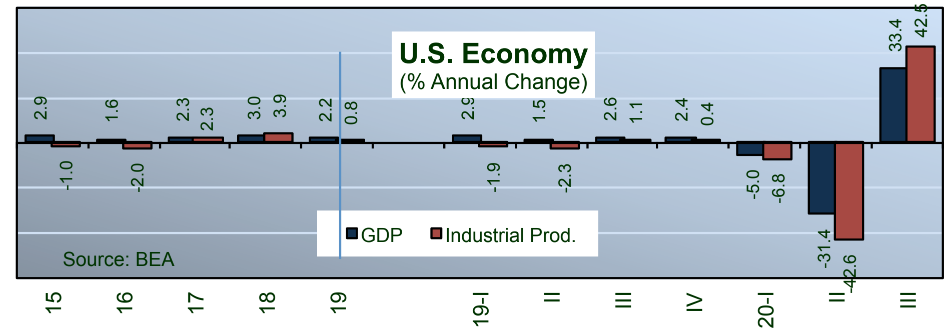
Source: Banco de México

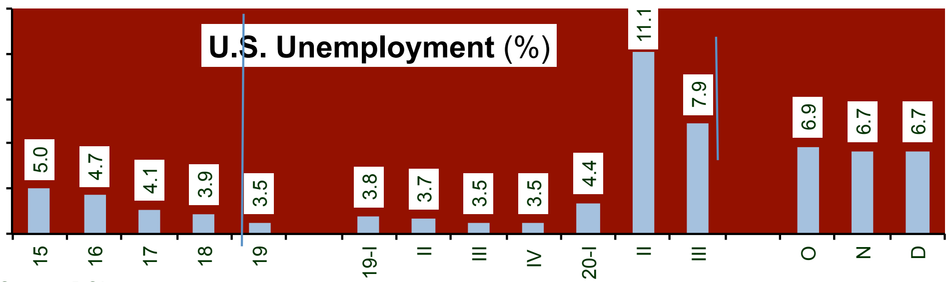
- For the first time in decades there is a current account surplus (+12.9 Bn) and a deficit in financial account (-13.6 Bn), despite the fact that Foreign Direct Investment remains solid (17.5 Bn). This accounts for a country that is less and less attractive to foreign investors.
- Throughout 2020, international reserves went from 180.9 Bn at the end of 2019 to 195.5 Bn at the end of 2020, which represents an advance of almost 15 Bn in the year.
- Concerns persist about the decline in confidence in the country by foreign investors and the slowdown in net capital inflows, which is already a fact.

International economy

In the third quarter of 2020, the US economy had a rise of 33.4% in GDP (vs. -31.4% previously) and 42.5% in the industrial sector; meanwhile, unemployment confirms its downward trend (6.7% in December)

U.S. Economy





Source: DOL

Period	GDP/*	Industrial Prod.		Manufacturing		Unemploy-ment Rate	Inflation
	% Annual Change of Quarter		% Annual Change	% Annual Change of Quarter	% Annual Change	%	% Annual Change
15	2.9	-1.0		-0.5		5.0	0.7
16	1.6	-2.0		-0.8		4.7	2.1
17	2.3	2.3		2.0		4.1	2.1
18	3.0	3.9		2.3		3.9	1.9
19	**2.2**	**0.8**		**-0.2**		**3.5**	**2.3**
19-I	2.9	-1.9	3.7	-1.8	2.2	3.8	1.9
II	1.5	-2.3	1.9	-3.3	0.9	3.7	1.6
III	2.6	1.1	0.7	0.7	0.0	3.5	1.7
IV	2.4	0.4	-0.5	-0.5	-1.0	3.5	2.3
20-I	**-5.0**	**-6.8**	**-1.9**	**-5.5**	**-2.1**	**4.4**	**1.5**
II	**-31.4**	**-42.6**	**-14.4**	**-46.5**	**-15.9**	**11.1**	**0.6**
III	**33.4**	**42.5**	**-7.0**	**56.3**	**-6.4**	**7.9**	**1.4**
O		12.3	-5.0	14.1	-3.5	6.9	1.2
N		4.7	-5.5	10.0	-3.6	6.7	1.2
D		0.0	0.0	0.0	0.0	6.7	0.0

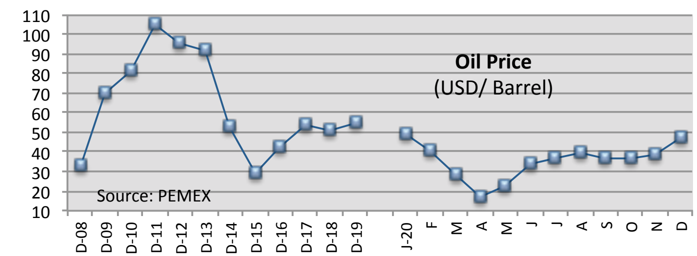
Source: U.S. Bureau of Economic Analysis (BEA); The Federal Reserve System (FRS); Department of Labor (DOL)

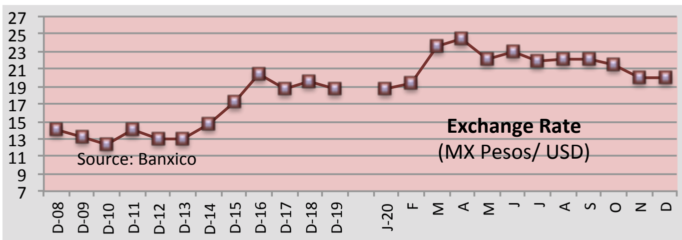
- The US economy is recovering rapidly: in the third quarter of 2020 it increased 33.4% in GDP and 42.5% in the industrial sector. Consequently, unemployment is decreasing although it remains high: 6.7% in December. Everything points to a faster-than-expected recovery that will be consolidated in 2021.
- For 2020, negative growth is expected in the US - no greater than -4% - but for 2021 a return to positive growth rates is already expected. This is due to the fact that countercyclical measures have been implemented in the United States and the road to recovery is being paved by various means.

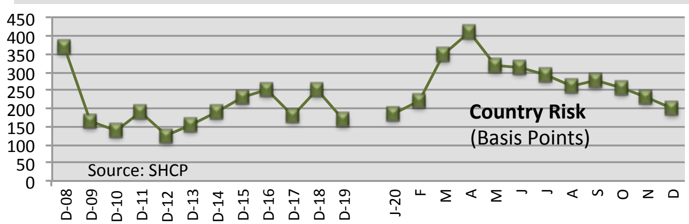
Key Prices

In the fourth quarter of 2020, the price of crude oil (47.2 DPB) and the exchange rate (19.8 PPD) have strengthened, while the country risk reaffirms its downward trend (200 basis points)

Key Prices







Period	MX Oil Price (USD/ Barrel)	MX Crude Oil			Exchange Rate		Risk Country (Basis Point)		
		Production	Exports						
		Barrels ('000)/Day		(Million USD)	$MX/Dll	$MX/Euro	Mexico	Brazil	Argen-tina
D-08	33.3	2,717	1,328	1,369	14.0	19.6	372	437	1817
D-09	69.8	2,593	1,288	2,787	13.2	19.0	166	197	663
D-10	81.5	2,574	1,501	3,790	12.4	16.6	140	180	486
D-11	104.9	2,557	1,282	4,170	13.9	18.0	188	208	927
D-12	95.7	2,564	1,174	3,484	13.0	17.1	126	148	1,002
D-13	91.8	2,517	1,308	3,722	13.1	18.0	156	226	809
D-14	52.4	2,353	1,237	2,008	14.7	17.9	188	264	726
D-15	28.7	2,275	1,008	896	17.2	19.0	232	523	438
D-16	42.8	2,072	1,273	1,485	20.5	21.8	253	350	528
D-17	54.1	1,867	1,388	2,203	18.6	22.0	180	244	359
D-18	50.5	1,710	1,198	1,876	19.7	22.5	251	276	817
D-19	54.5	1,706	1,115	1,884	18.8	21.2	172	214	1,744
J-20	48.8	1,730	1,260	1,905	18.7	20.9	187	225	2068
F	40.3	1,736	1,093	1,276	19.4	21.7	219	252	2283
M	28.5	1,752	1,144	1,010	23.5	25.8	349	385	3803
A	17.1	1,726	1,178	605	24.4	26.2	410	422	3472
M	22.7	1,657	1,062	746	22.2	24.7	317	392	2627
J	33.8	1,635	1,114	1,130	23.0	25.9	312	380	2495
J	36.6	1,628	1,050	1,191	22.0	26.3	294	334	2263
A	39.1	1,669	1,190	1,443	22.1	26.1	261	321	2147
S	36.3	1,679	1,023	1,175	22.1	26.2	279	343	1300
O	36.9	1,662	908	1,038	21.4	24.8	255	317	1480
N	38.7	1,672	1,171	1,159	20.0	24.1	229	275	1410
D	47.2	-	-	-	19.9	24.4	200	259	1368

Source: PEMEX, BANXICO, INEGI, SHCP

- The price of crude oil, after its collapse in the first quarter of 2020, recovered rapidly in the second quarter and then remained relatively stable in the second part of the year and closed at 47.3 DPB.
- Due to the effect of the pandemic, the exchange rate was adjusted to 24 PPD, but the price has been moderating and is already at 19.8 PPD at the end of the year.
- Country risk reached a new maximum of 410 basis points in April (practically double its historical level) but it has been declining and has already returned to 200 basis points at the end of 2020.

Up Date: January 20, 2021

Macroeconomic Framework of Mexico

Growth expectations for 2020-2021 (especially 2020) practically collapsed (≈ -9%) while inflation expectations have remained within manageable ranges (≈ 3-4%)

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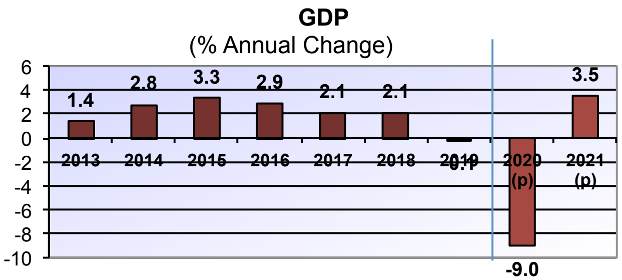
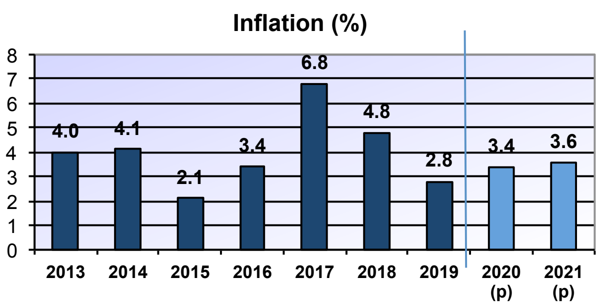
Macroeconomic Framework



Source: INEGI, EEEE-SP



Source: INEGI, EEEE-SP

	Historical							CGPE/*		EEESP/**	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2020 (p)	2021 (p)
GDP											
% Annual Growth	1.4	2.8	3.3	2.9	2.1	2.1	-0.1	-8.0	4.6	-9.0	3.5
GDP Current (MX Billions)	16,277	17,471	18,537	20,100	21,912	23,492	24,239	23,103	24,987	22,942	24,467
GDP Deflator	1.5	4.4	2.7	5.4	6.7	5	3.3	3.6	3.4	4.0	3.0
Inflation											
Dec/ Dec	4	4.1	2.1	3.4	6.8	4.8	2.8	3.5	3	3.4	3.6
Exchange Rate											
Average	12.9	0	16	18.7	18.9	0	0	22	22.1		
Closing	0	14.7	17.2	20.6	19.7	19.7	18.8	22.3	21.9	20.1	20.7
Interest Rate (Cete 28d)											
Average	3.7	0	3	4.3	6.9	7.8	0	5.3	4		
Closing	3.5	2.7	3.1	5.7	7.2	8.2	7.3	4	4	4.2	4.0
Current Account											
Billions USD	-22.3	-26.6	-32.4	-33.1	-22.7	-22.2	-2.4	-6.7	-22.8	14.3	0.3
% GDP	-1.7	-2.1	-2.8	-3.4	-1.6	-1.9	-0.2	-0.6	-2.0	1.3	0.0
Public Balance											
% GDP	-2.3	-3.1	-3.4	-2.5	-1.1	-2.1	-1.6	-2.4	-2.9	-3.9	-3.4
USA											
GDP (%Annual Growth)	1.9	2.4	2.4	1.6	2.3	2.9	2.3	-5.0	3.8	-3.8	3.8
MX Crude Oil											
Avg. Price (USD/ Barrel)	98.6	86	43.7	35.4	46.3	61.4	55.5	34.6	42.1		
Exports ('000 barrels/day)	1,189	1,142	1,282	1,195	1,175	1,186	1105,6	973	870		
Production ('000 barrels/day)	2,522	2,429	2,290	2,154	1,944	1,813	1,678	1,744	1,857		

/* CGPE-(Criterios Generales de Política Económica 2021).- Basis Document for Macroeconomic Policy **(p) Projected**

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

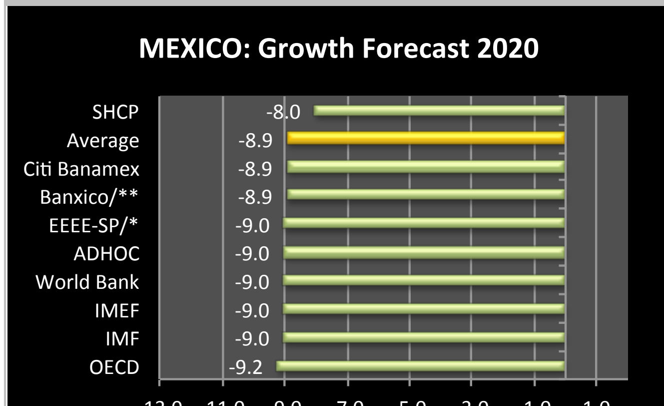
- For 2020-2021, private experts foresee a collapse in growth in 2020 and a slow recovery from 2021: -9.0 and + 3.5% for both years.
- An inflation rate is estimated above 3% but within the institutional goal: 3.4 and 3.6% for the biennium.
- According to forecasts, the fundamental balances will remain under relative control, but it is estimated that the fiscal deficit could go out of range in both years (-3.9% and -3.4% of GDP), but not the current account deficit, which will be positive in 2020 and will not exceed 1% of GDP in 2021.
- According to their forecasts, the US economy will also suffer a deterioration in 2020 (-3.8%) and a rapid recovery in 2021 (3.8%).

Up Date: January 20, 2021

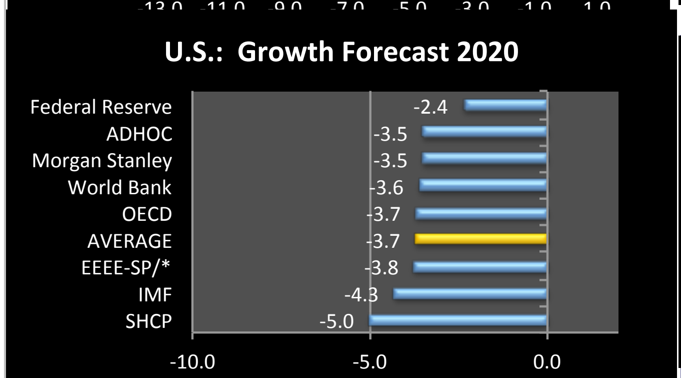
Growth Forecasts 2020-2021

According to specialized agencies, the expected growth for 2020 is -8.9% for Mexico and -3.7% for the US. For 2021 the forecast is 3.5% for Mexico and 4% for the US.

Growth Forecasts 2020-2021



MEXICO Growth Forecast	2020	2021
EEEE-SP/*	-9.0	3.5
SHCP	-8.0	4.6
Banxico/**	-8.9	3.3
IMF	-9.0	3.5
Citi Banamex	-8.9	3.3
IMEF	-9.0	3.1
OECD	-9.2	3.6
World Bank	-9.0	3.7
ADHOC	-9.0	3.0
Average	-8.9	3.5



U.S. Growth Forecast	2020	2021
EEEE-SP/*	-3.8	3.8
SHCP	-5.0	3.8
Federal Reserve	-2.4	4.4
IMF	-4.3	3.1
Morgan Stanley	-3.5	5.9
OECD	-3.7	3.2
World Bank	-3.6	3.5
ADHOC	-3.5	4.0
AVERAGE	-3.7	4.0

/* Survey of Mexican Experts (December 2020)

Source: Organizations, as indicated

- For Mexico, the forecasts of nine specialized organizations fluctuate between -8% and -9.2% in 2020, with an average of -8.9%. For 2021, the average forecast is 3.5%.
- For the USA, the forecasts of eight specialized organizations fluctuate between -2.4 and -5.0% for 2020, with an average of -3.7%. For 2021, the average forecast is 4.0%.
- As can be seen, both economies are advancing in parallel, but the US economy is emerging with a better economic performance in the biennium.

Up Date: January 20, 2021

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