



# Mexico Economic Profile

**Second Bimester of 2022**

Timely Macroeconomic Report  
for Decision Making

April 2022

# Economic Profile of Mexico

## Second Bimonthly Report of 2022

In the first four months of 2022, the Mexican economy maintains low economic growth and very high inflation. External conditions have not been favourable. The Russia-Ukraine war has had a negative impact on the world economy and the fifth wave of Covid-19 has already made its arrival in Mexico. Domestically, there is concern about low growth, but above all about rising inflation that threatens to undermine the purchasing power of the most vulnerable groups. Against this, the yellow spotlights came on. The worsening of inflation makes it necessary to resort to a more aggressive monetary policy and promote a rise in interest rates, and this could lead to a stage of stagflation. The truth is that, after the pandemic, instead of a return to a more dynamic economy, new challenges have emerged that point to high inflation and more modest growth.

**Insufficient Economic Recovery.**- In the first quarter of 2022, an annual growth of 1.8% in GDP is reported (vs. 1.2% in the previous quarter), which outlines a growth in the year of around 2%, and this is insufficient to offset the severe collapse of 2020 (-8.3%). The expectations are now less encouraging for 2022-2023: they point to 2% per year for the two-year period and a six-year period lost in terms of growth. Faced with this gloomy outlook, growth should be reconsidered as the primary source of employment and well-being.

**Inflation is skyrocketing.**- Inflation reappeared in 2021 and rose to 7.4% at the end of the year and to 7.7% in April 2022. It apparently derives from an explosion in global demand, the imbalances in the production chains due to Covid-19 and the shot in the price of energy, which came to be aggravated by the Russia-Ukraine war. As economic activity normalizes, bottlenecks are eased and monetary policy operates, inflation will return to its historical levels (around 3%) and that points towards 2023-2024.

**Job creation is strengthened.**- After the huge loss of formal jobs in 2020 (1.1 million between March and July 2020 and 648 thousand throughout the year), in 2021 and 2022 a rapid recovery of jobs is observed. In 2021, a job creation of 846,000 was reported, while 391,000 jobs were created in January-April 2022. This is reflected in a relatively more moderate unemployment rate (3% in March-April). Meanwhile, minimum wages (not other wages) gained purchasing power, despite growing inflation; although this only contributes partially and for a short time to improving the wage bill and reinforcing consumption.

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## Second Bimonthly Report of 2022

**Oil revenues and Government Finances improve.**- In January-April 2022, revenues are reported for 8% of GDP, expenses for 8.1% of GDP, and a practically zero balance. The greater dynamism of oil revenues (42.7%), thanks to a good price, has made it possible to sustain the level of programmable spending without putting too much pressure on the public deficit. Consequently, government debt contracted in the first four months of 2022: it went from 50.2% to 46.2% of GDP.

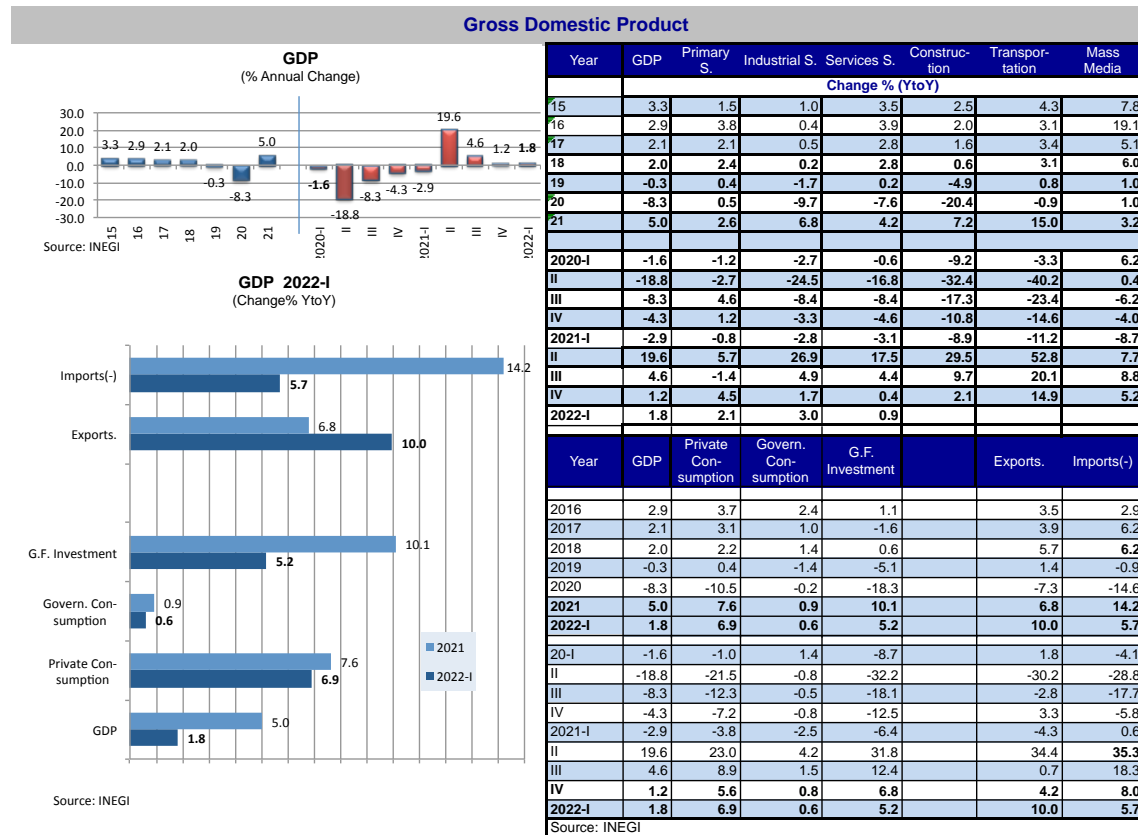
**The fall in Financing to the Private Sector moderates.**- Despite efforts to boost it, financing to the private sector fell throughout 2021, although the declines became increasingly moderate (-2.6% in fourth quarter). In 2022, the first quarter, the decline continued (-2.7%), which resulted from a drop in financing to companies (-4.7%) and an increase in other destinations (consumption 0.3% and housing 0.6%). All in a context of rising interest rates (already close to 7% in April), which will continue to slow down the recovery of financing.

**Mexico and the World Economy.**- Mexico's international trade continues to be buoyant: it grew 19% in the first quarter of 2022. This, together with remittances (which also grew 18% in the same quarter) have strengthened foreign exchange earnings and contributed to maintain international reserves at a good level (closing April 2022 at 199.8 USD Bn). The greatest concern is the eventual decline in foreign portfolio investment, which is an indicator of the declining external confidence in the country.

**Economic recovery in the US with high inflation.**- In the first quarter of 2022, a drop in the US GDP of -1.5% is reported, although the industry is growing vigorously (7%) and unemployment continues to fall (3.6%) in April 2022. As in the rest of the world, the main concern is high inflation (8.3% in April). Thus, everything indicates that the recovery will be consolidated, while a new challenge is arising: the risk of stagflation.

**Less Encouraging Economic Outlook.**- The expectations for 2022 are encouraging, although less so for Mexico than for the US. For 2022, an economic advance of close to 3% is expected for the US and one of 2% for Mexico, with an additional risk at the door, high inflation, which could further slow down the recovery.

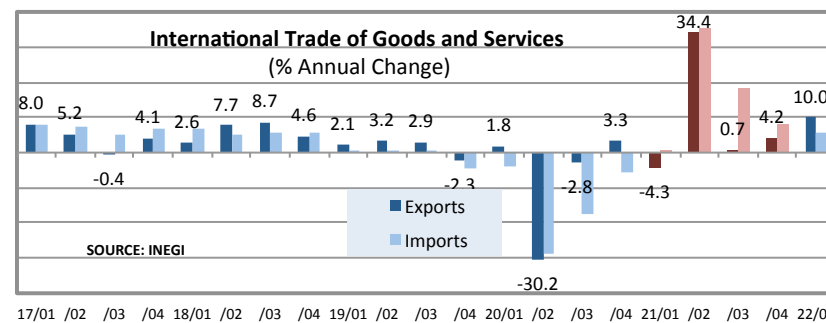
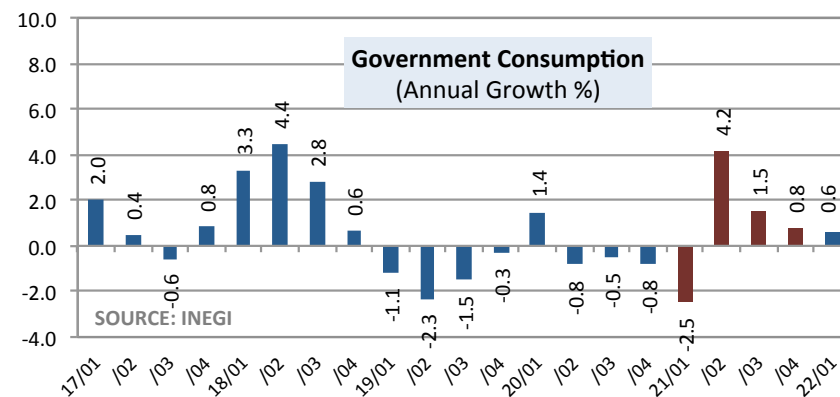
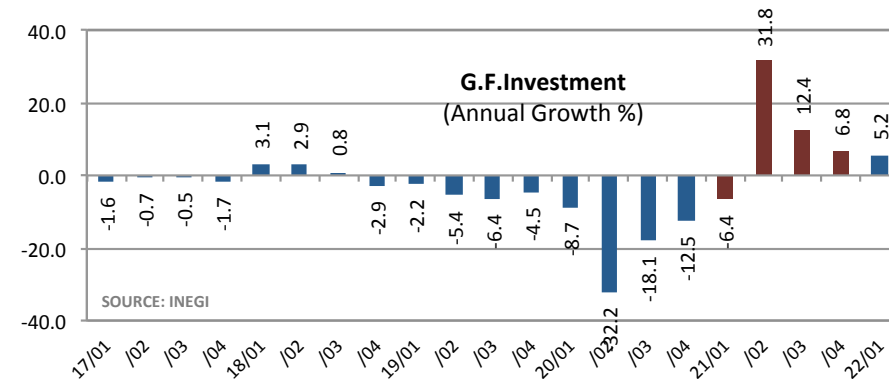
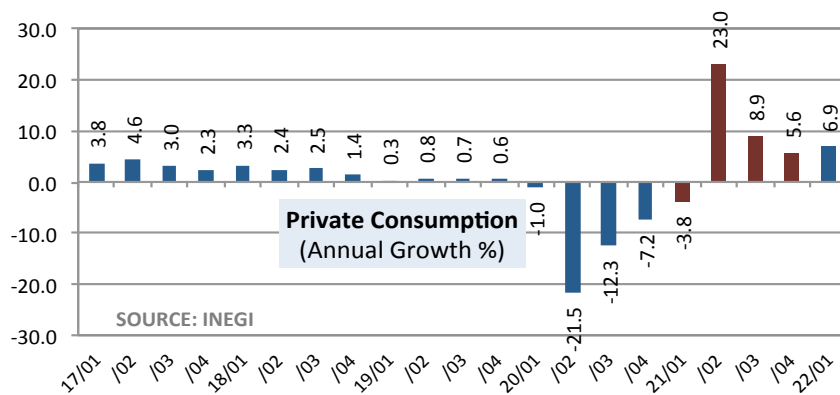
The GDP grew 1.8% in the first quarter of 2022, which outlines growth in the year of around 2%, insufficient to recover production levels prior to the pandemic.



- The first economic reports for 2022 point to modest growth in the year ( $\approx 2\%$ ), which is not enough to recover the levels of economic activity prior to the pandemic.
- At the sectoral level, the fastest recovery is taking place in the industrial sector (3.0%), then in the agricultural sector (2.1%) and finally in services (0.9%).
- On the demand side, after the rebound effect of 2021, the engines of demand continue to recover but with less and less force.

# Economic Activity

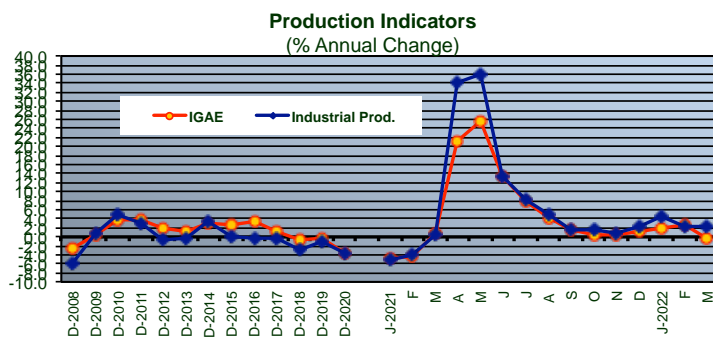
After the rebound effect in the second quarter of 2021, the engines of demand have continued to grow but at an increasingly moderate pace.



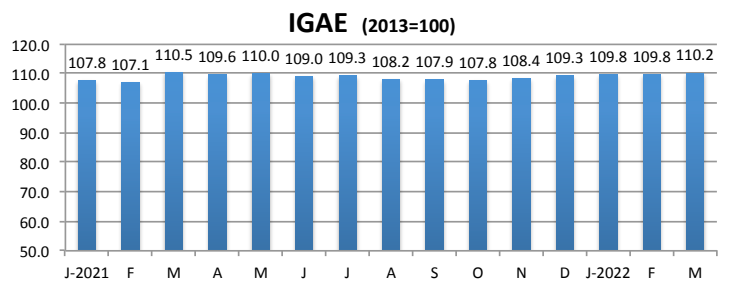
- Private consumption, with a large weight in demand (2/3 of GDP), after a complicated two-year period (2020-2021), in the first quarter of 2022 maintains the inertia of the recovery (6.9%), although this is increasingly slower.
- A very similar behavior is observed in investment: high growth (5.2%) but declining.
- In contrast, the dynamism of exports of goods and services is not going down but rather upwards: high growth of 10% in 2022-I, but there are doubts that this dynamism will be consolidated.

In the first quarter of 2022, the annual growth of the IGAE is around 1.5%, which means an accelerated decline in post-pandemic economic dynamism.

## Production Indicators



Source: Information from INEGI



Period	IGAE (proxy of GDP)				Construcción	Comerce Net Sales		Non Financial Services			Gross Fixed Investment	Private Consumption
	TOTAL	Primary S.	Industrial S.	Servi-ces S.		Wholesale	Retail	Total	Trans- portation	Mass media		
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
D-2019	-0.4	-2.5	-0.8	0.1	-4.6	-4.2	1.3	-0.2	-0.9	-2.6	-2.9	-0.2
D-2020	-3.6	-2.5	-3.5	-3.6	-12.9	3.9	-1.9	-9.4	-21.3	5.1	-12.7	-6.7
J-2021	-4.9	0.3	-5.0	-5.0	-11.9	2.8	-2.7	-15.8	-21.3	-14.0	-11.1	-6.9
F	-4.3	2.6	-4.0	-5.2	-6.6	2.5	-2.9	-11.6	-19.4	-7.5	-4.4	-7.2
M	0.9	-5.3	0.3	1.1	-7.3	10.4	0.3	-3.5	-8.5	-9.1	-0.2	-0.6
A	21.2	-1.1	34.1	17.8	37.1	16.5	51.2	25.7	41.0	8.9	38.1	26.4
M	25.8	7.0	35.9	22.6	40.2	42.2	52.7	27.3	53.5	1.7	43.6	29.9
J	13.4	7.7	13.6	13.7	13.6	18.3	20.7	28.2	44.4	16.3	15.7	19.3
J	7.8	-2.7	8.2	8.2	14.1	19.3	8.9	19.7	41.8	12.5	15.6	13.1
A	4.0	-0.4	5.0	3.8	7.3	6.1	11.5	9.2	28.3	10.3	12.0	9.9
S	1.4	-2.7	1.6	1.3	8.3	8.1	6.6	5.1	18.6	15.9	10.4	8.1
O	0.4	-3.6	1.7	0.1	2.8	6.0	3.0	4.5	18.0	13.1	7.3	6.8
N	0.5	6.8	0.9	0.1	-0.5	4.9	3.5	3.0	21.0	7.9	4.5	6.1
D	1.2	8.5	2.5	0.1	3.3	6.2	4.5	0.9	24.5	0.3	8.1	7.6
J-2022	1.9	1.7	4.3	0.9	1.5	2.5	4.5	6.9	25.5	18.9	8.6	7.6
F	2.7	-0.1	2.4	2.8	-3.6	10.5	7.4	5.1	25.8	13.2	1.9	10.1
M	-0.3	5.3	2.4	-1.5	1.1	3.4	1.3	2.4	21.1	12.9	4.1	8.5

Source: INEGI

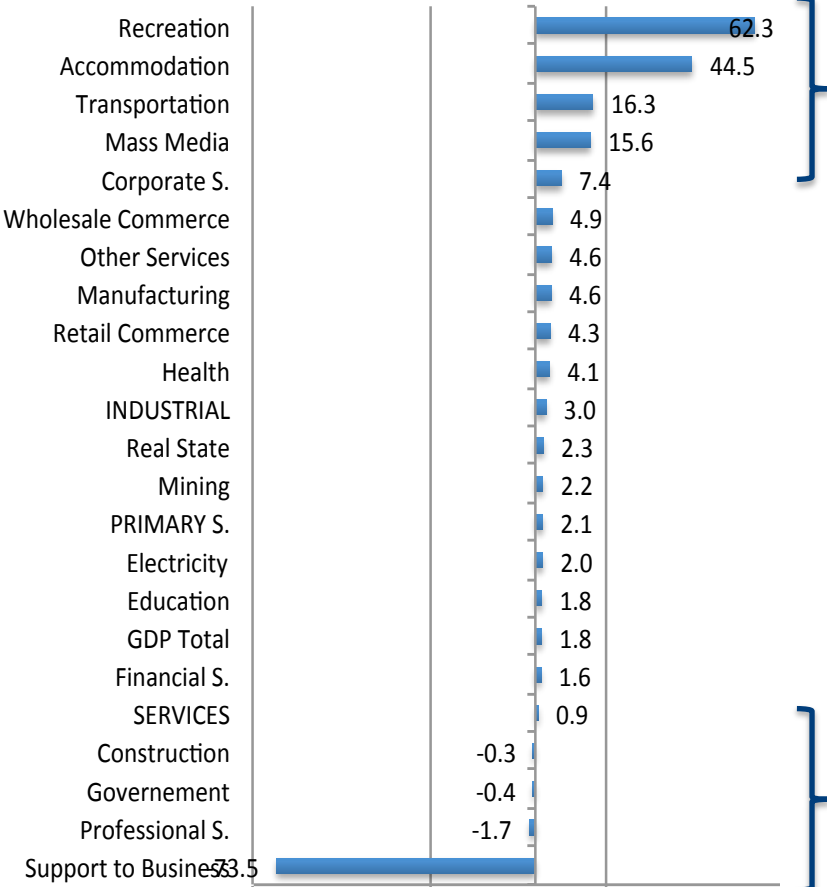
- The IGAE (Global Indicator of Economic Activity), after the high growth of 2021-II, has since observed an accelerated moderation in its annual growth that extends until 2022.
- At the sectoral level, the industrial sector has been the most dynamic, followed by the agricultural sector and finally by services.
- Regarding demand, private consumption continues to grow at high rates at the beginning of 2022; not so investment, which is rapidly weakening.

# Economic Activity

In the first quarter of 2022, the branches with positive economic growth gain ground, although this growth tends to become smaller.



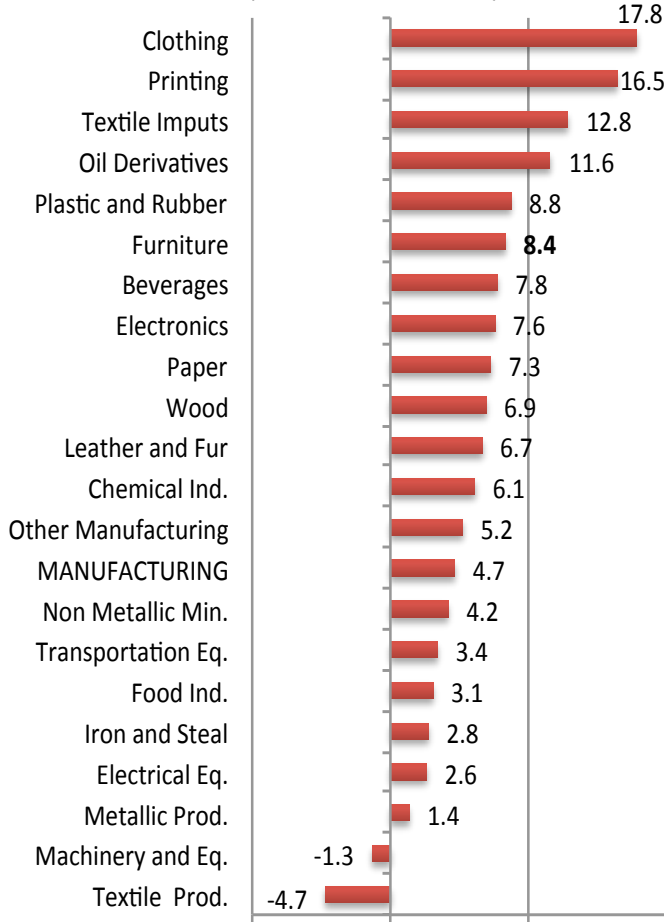
**GDP 2022-I**  
(% Annual Growth)



The most dynamic

The least dynamic

**MANUFACTURING 2022-I**  
(% Annual Growth)



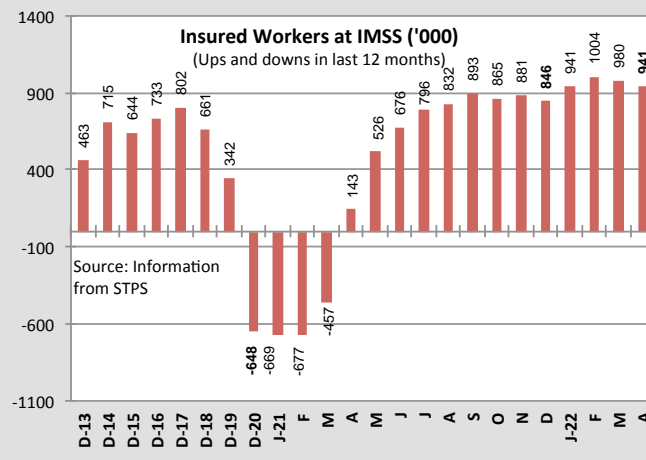
Source: INEGI (Seasonally Adjusted)

Source: INEGI (Original Series)

### 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	Construction	Manufacturing	Financial Service	Minimum Wage	IMSS Wage	Contractual Wage	
D-12	4.5	16,062	712	-233	-3.0	2.9	2.8	4.6	4.0	4.5
D-13	4.3	16,525	463	-248	-3.3	1.4	-0.4	3.9	4.0	4.4
D-14	3.8	17,240	715	-235	1.1	3.4	-0.2	3.9	4.6	4.1
D-15	4.0	17,884	644	-304	-1.7	2.6	2.7	4.3	4.1	4.4
D-16	3.4	18,617	733	-319	-0.4	3.1	3.3	4.2	3.9	4.6
D-17	3.1	19,418	802	-338	-0.6	2.9	2.3	21.0	5.5	5.2
D-18	3.4	20,079	661	-379	-5.0	2.7	0.5	10.4	5.4	5.9
D-19	3.2	20,421	342	-382	-2.3	-1.4	0.8	16.2	6.7	5.9
D-20	3.8	19,774	-648	-278	-12.7	-0.9	-11.3	20.0	7.9	6.5
J-21	4.7	19,822	-669	48	-10.6	-0.5	-9.6	15.0/**	8.2	5.4
F	4.4	19,937	-677	115	-9.0	-0.4	-9.4	15.0	8.1	5.5
M	3.9	20,026	-457	89	-6.0	0.3	-7.1	15.0	7.1	5.9
A	4.7	20,070	143	45	3.8	2.4	-4.2	15.0	6.0	5.7
M	4.0	20,109	526	39	7.6	4.2	-2.6	15.0	6.2	4.9
J	4.0	20,175	676	66	6.7	4.5	-1.8	15.0	6.1	5.4
J	4.4	20,292	796	117	5.5	4.2	-7.6	15.0	7.5	6.1
A	4.3	20,421	832	129	5.5	3.9	-13.1	15.0	7.5	6.3
S	4.2	20,595	893	174	5.6	3.9	-15.3	15.0	7.3	4.7
O	3.9	20,768	865	173	4.6	3.3	-15.4	15.0	7.5	4.5
N	3.7	20,933	881	165	5.1	3.1	-15.6	15.0	7.4	5.6
D	3.5	20,620	846	-313	4.6	2.4	-15.5	15.0	7.5	7.3
J-22	3.7	20,762	941	142	5.0	2.3	-14.6	22.0	8.9	7.6
F	3.7	20,941	1004	179	6.7	2.8	-15.0	22.0	9.5	7.6
M	3.0	21,006	980	65	8.7	2.8	-14.6	22.0	10.5	8.3
A	3.0	21,011	941	5				22.0	10.8	5.4/**

Source: INEGI, STPS.

\*\* Only Federal Jurisdiction

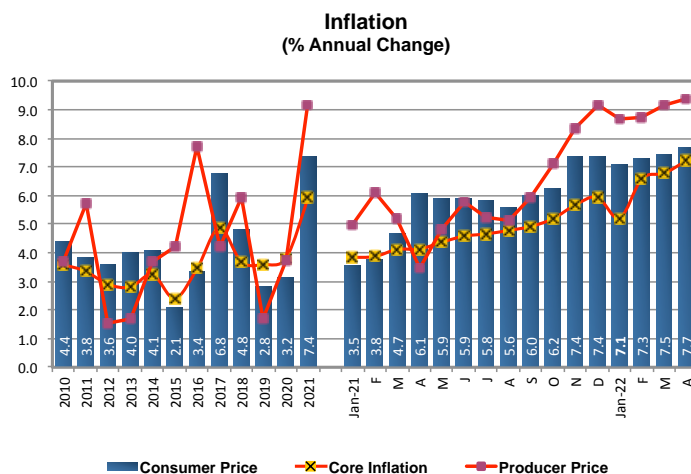
\*\*\* Min.Wage=\$172.87 pesos/day (\$260.34 on the northern border)

- The unemployment rate reaffirmed its downward trend and in the second two months of 2022 it contracted to 3%.
- In the first four months of this year, 391,000 jobs were created and in the last 12 months, 846,000 jobs were created; however, as of February, job creation has weakened.
- Higher inflation has led to disparate gains in the three main salary indicators: +14.3% in the minimum, 3.1% in the IMSS salary and -2.3% in the contractual salary. The salary improvement is largely attributed to the annual adjustments in the minimum wage (22% in 2022) promoted by the current administration.



As of April 2022, inflation is still soaring (7.7%), driven by core inflation and producer price inflation.

## Prices



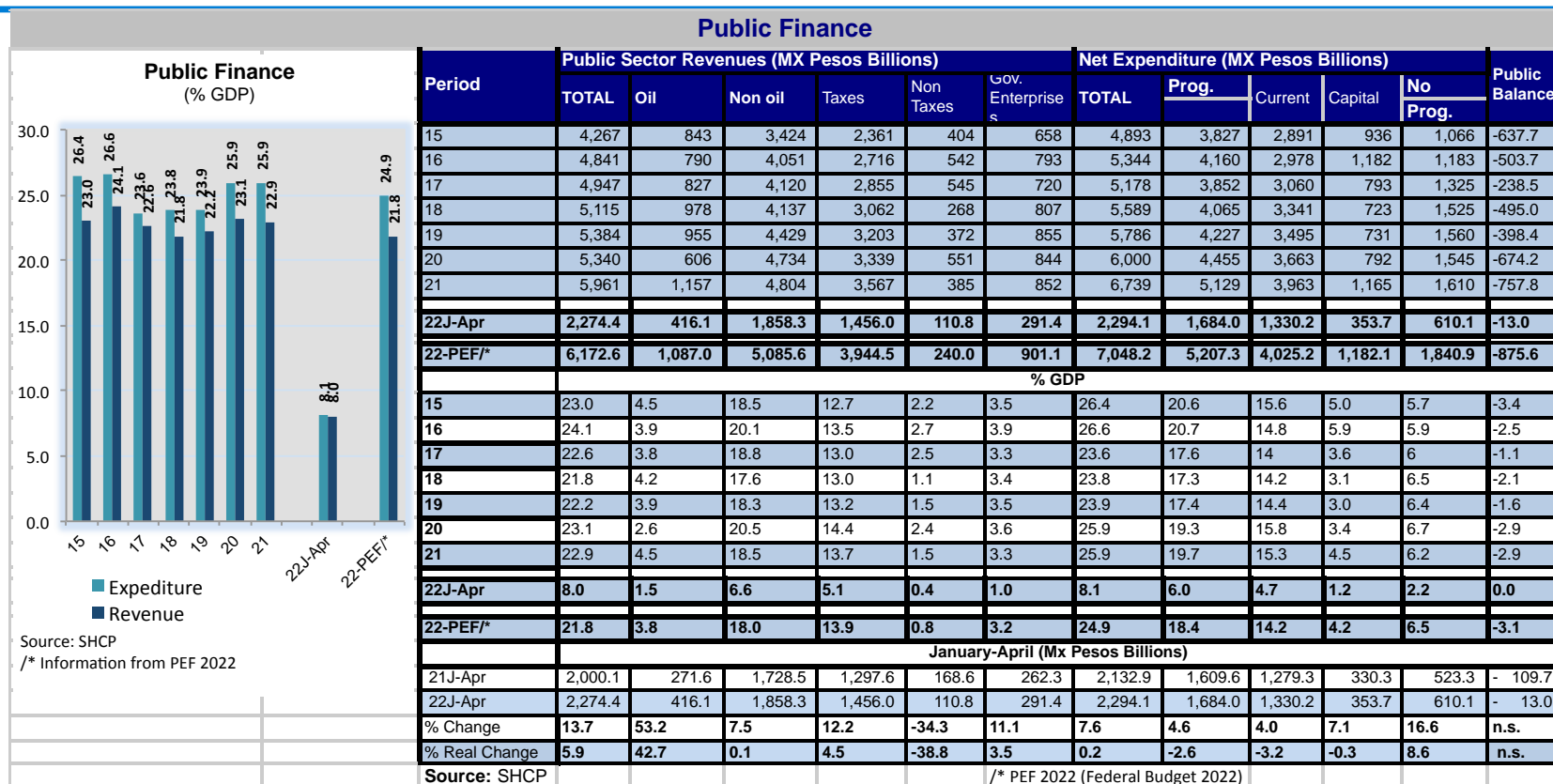
Source: Information from INEGI

	Consumer Price (INPC)		Core Inflation	Producer Price (INPP)*
	Annual (m/m)	Annual Ave	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
2019	2.8	3.6	3.6	1.7
2020	3.2	3.4	3.8	3.7
2021	7.4	5.7	5.9	9.1
	Annual (m/m)	Monthly	Annual (m/m)	Annual (m/m)
Jan-21	3.5	0.9	3.8	5.0
F	3.8	0.6	3.9	6.1
M	4.7	0.8	4.1	5.2
A	6.1	0.3	4.1	3.5
M	5.9	0.2	4.4	4.8
J	5.9	0.5	4.6	5.8
J	5.8	0.6	4.7	5.2
A	5.6	0.2	4.8	5.1
S	6.0	0.6	4.9	6.0
O	6.2	0.8	5.2	7.1
N	7.4	1.1	5.7	8.4
D	7.4	0.4	5.9	9.1
Jan-22	7.1	0.6	5.2	8.7
F	7.3	0.8	6.6	8.7
M	7.5	1.0	6.8	9.2
A	7.7	0.5	7.2	9.4

Source: INEGI

- What would seem like a transitory phenomenon at the beginning of 2021, has become the main threat to the economy in 2022: inflation does not subside (7.7% in April) and is attributed to the imbalance of the productive chains derived from the pandemic and the Russia-Ukraine war.
- This inflation is located outside the institutional goal of the Bank of Mexico (3% +/- 1%). And the serious thing is that core inflation and producer price inflation continue to rise. Hence the Package against Inflation and Shortage (PACIC), implemented by the government.
- The expectation is that inflation will peak in 2022 and gradually return to historical inflation in 2023 or 2024 at the latest.

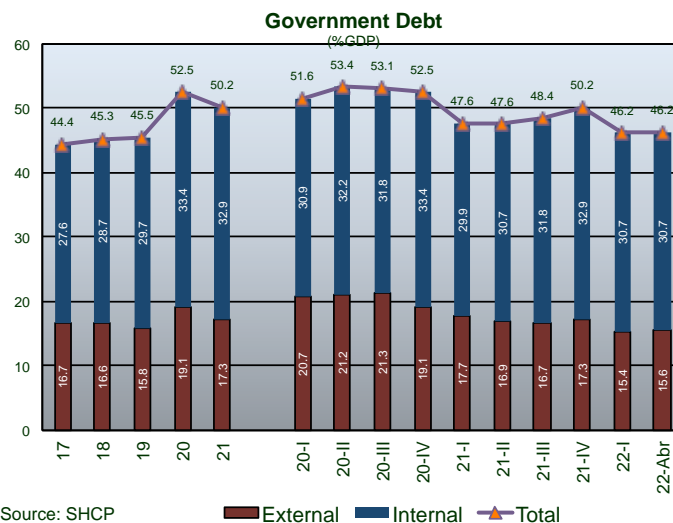
As of the first four months of 2022, government revenues totaled 8% of GDP and expenditures 8.1% of GDP, resulting in a practically zero deficit.



- In January-April 2022, a significant increase in revenues (5.9%) and a practically zero increase in expenses (0.2%) are reported.
- On the revenue side, there is a substantial increase in oil revenues (42.7%) and in tax revenues (4.5%). On the spending side, only non-programmable spending increased (8.6%)
- In sum, fiscal discipline is maintained thanks to a large extent to a good oil price, which has served to subsidize the price of oil products and curb inflation.

**Public debt, as a percentage of GDP, remains under control: it fell from 50.2% to 46.2% of GDP in the first four months of 2022.**

## Government Debt



Source: SHCP

■ External ■ Internal ▲ Total

Period	Net Government Debt/*		
	(Billions)		
	Internal	External	Total
	MX\$	\$USD	MX\$
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	7,711.3	221.5	12,130.4
21	8,545.8	218.4	13,041.7
21-I	7,775.9	223.4	12,378.5
21-II	7,979.0	221.4	12,364.3
21-III	8,249.3	213.3	12,581.6
21-IV	8,545.8	218.4	13,041.7
22-I	8,698.8	218.2	13,060.6
22-Abr	8,680.3	215.1	13,082.7
%GDP			
17	27.6	16.7	44.4
18	28.7	16.6	45.3
19	29.7	15.8	45.5
20	33.4	19.1	52.5
21	32.9	17.3	50.2
20-I	30.9	20.7	51.6
20-II	32.2	21.2	53.4
20-III	31.8	21.3	53.1
20-IV	33.4	19.1	52.5
21-I	29.9	17.7	47.6
21-II	30.7	16.9	47.6
21-III	31.8	16.7	48.4
21-IV	32.9	17.3	50.2
22-I	30.7	15.4	46.2
22-Abr	30.7	15.6	46.2

/\* Accounting adjustment since 2009  
Source: SHCP

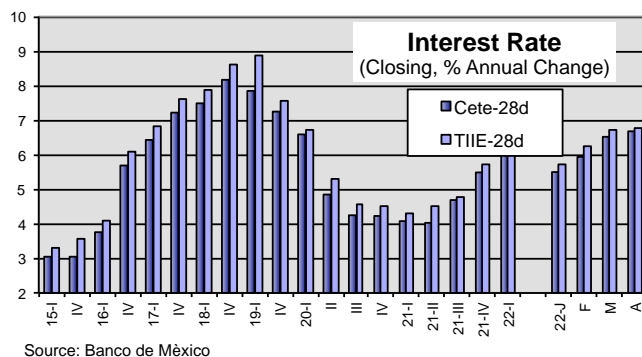
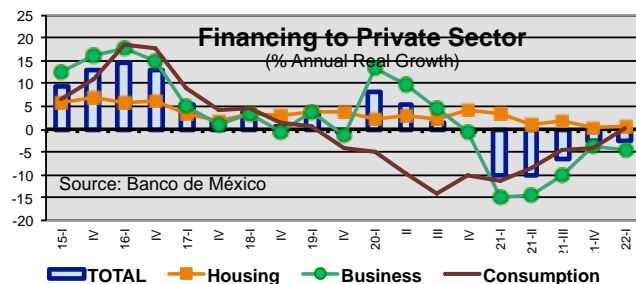
- In the world comparison, Mexico's public debt is relatively moderate: it closed 50.2% in 2021 and in April it fell to 46.2% of GDP.
- The current administration has made a promise to keep the government's debt in check and has kept it. Although it has experienced ups and downs, it has remained within manageable ranges.
- To achieve this goal, it is essential to keep the fiscal deficit under control and, additionally, keep the exchange rate relatively stable. It has not been easy as government funding sources are very limited and budget needs are enormous.

# Financial sector

In the first quarter of 2022, financing to the private sector showed a slight annual decline (-2.7%), amid a rise in interest rates, which in April were already close to 7%.



## Financial Indicators



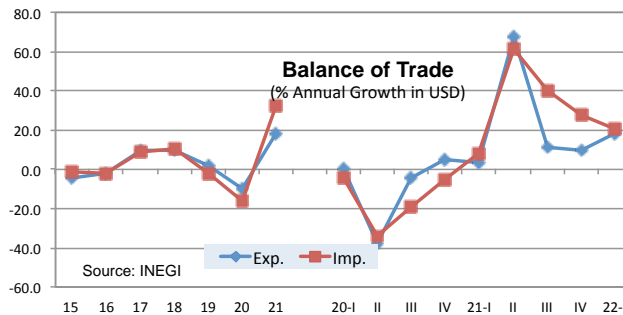
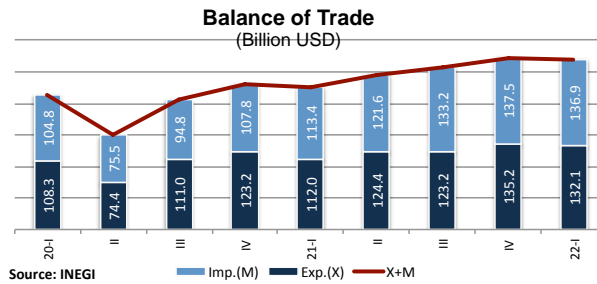
Period	Financing to Private Sector (% Annual Real Growth)						Interest Rates		Stock Market		
	TOTAL Billion MX\$	% Annual Real	By Source		For Destination		(% Annual)		IPC (000)	% Growth	
			External	Internal	Consumption	Housing	Business	CETE-28d			TIIE-28d
15-I	6,537	9.5	18.8	6.6	6.6	5.7	12.7	3.1	3.3	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	7,681	14.4	17.7	13.2	18.7	5.6	17.6	3.8	4.1	45.9	6.8
IV	8,608	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	9,331	1.7	-4.7	4.2	4.0	2.0	1.1	7.2	7.6	49.4	1.6
18-I	9,270	3.7	-2.4	5.8	4.8	3.6	3.5	7.5	7.9	46.1	-6.5
IV	9,829	0.5	-9.0	3.9	1.6	3.0	-0.7	8.2	8.6	41.6	-15.9
19-I	9,978	3.4	-1.8	5.1	0.7	4.0	3.8	7.9	8.9	43.3	3.9
IV	10,067	-0.5	-2.5	0.1	-4.1	3.6	-1.4	7.3	7.6	43.5	1.2
20-I	11,150	8.1	24.8	3.0	-5.1	2.1	13.5	6.6	6.7	34.6	-20.5
II	10,973	5.4	20.5	0.8	-9.8	2.9	9.7	4.9	5.3	37.7	9.0
III	10,760	1.3	13.1	-2.2	-14.2	2.1	4.4	4.3	4.5	37.5	-0.7
IV	10,352	-0.7	3.7	-2.0	-10.1	4.1	-0.7	4.2	4.5	43.2	15.5
21-I	10,411	-10.2	-18.0	-7.4	-11.5	3.3	-15.0	4.1	4.3	47.2	9.2
21-II	10,459	-10.0	-15.9	-7.9	-8.6	1.1	-14.6	4.0	4.5	50.3	6.4
21-III	10,656	-6.4	-10.6	-4.9	-4.7	1.8	-10.1	4.7	4.7	51.4	2.2
21-IV	10,785	-2.6	-2.0	-2.8	-4.0	0.4	-3.7	5.5	5.7	53.3	3.7
22-I	10,869	-2.7	-6.0	-1.6	0.3	0.6	-4.7	6.5	6.7	56.5	6.1
22-J								5.5	5.7	51.3	-3.6
F								5.9	6.2	53.4	4.0
M								6.5	6.7	56.5	5.9
A								6.7	6.8	51.4	-9.1

Source: Banco de México

- The recent economic crisis translated first into a slowdown in financing to the private sector (2020) and then into a decline (2021) which in 2022 appears to be coming to an end.
- The decline in the first quarter of 2022 (-2.7%) is observed in financing to companies (-4.7%); not so in other destinations, such as consumption (0.3%) and housing (0.6%), which already report positive growth.
- To boost financing, interest rates remained low, but began to pick up in the second half of 2021 and are already close to 7% in April 2022. The Stock Exchange, for its part, gained 6.1% in the first quarter, but lost 9.1% in April.

In the first quarter of 2022, international trade in goods remains very dynamic (annual growth of 19%), due to the close connection with the US economy.

## International Trade



Period	Balance of Trade (Billion USD)			% Annual Change			Balance (Billion USD)	Remittances	
	Exp. (X)	Imp. (M)	X+M	Exp.	Imp.	X+M		Billion USD	% Annual Change
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
20	417.0	383.0	800.0	-9.5	-15.9	-12.7	34.0	40.4	12.5
21	494.8	505.7	1000.5	18.6	32.0	25.1	-10.9	51.6	27.6
20-I	108.3	104.8	213.1	0.2	-4.6	-2.2	3.6	9.3	20.9
II	74.4	75.5	149.9	-37.6	-33.9	-35.8	-1.2	9.8	5.1
III	111.0	94.8	205.9	-4.6	-19.2	-11.9	16.2	10.7	8.9
IV	123.2	107.8	231.1	5.4	-5.2	0.2	15.4	10.6	16.9
21-I	112.0	113.4	225.3	3.4	8.2	5.7	-1.4	10.6	14.1
II	124.4	121.6	246.0	67.2	61.0	64.1	2.8	13.0	33.2
III	123.2	133.2	256.4	10.9	40.5	24.6	-10.1	13.7	28.2
IV	135.2	137.5	272.7	9.7	27.5	18.0	-2.2	14.2	33.8
22-I	132.1	136.9	269.0	17.9	20.8	19.4	-4.9	12.5	18.0
J-21	32.7	33.9	66.6	-2.6	-6.0	-4.3	-1.2	3.3	26.8
F	36.2	33.5	69.7	-0.6	-0.7	-0.6	2.7	3.2	17.5
M	43.0	46.0	89.0	12.3	31.4	21.4	-2.9	4.2	3.6
A	40.9	39.3	80.2	76.3	48.4	61.4	1.7	4.0	41.5
M	40.8	40.5	81.3	125.5	87.5	104.8	0.4	4.5	33.6
J	42.6	41.9	84.5	29.0	52.3	39.6	0.7	4.5	26.0
J	41.0	45.0	85.9	15.4	50.6	31.5	-4.0	4.5	28.6
A	40.5	44.2	84.7	9.4	43.3	24.8	-3.7	4.7	32.7
S	41.8	44.1	85.8	8.3	29.1	18.1	-2.3	4.4	23.3
O	41.9	44.7	86.5	-0.2	25.1	11.4	-2.8	4.8	33.9
N	45.7	45.7	91.4	19.4	29.6	24.3	0.0	4.7	37.9
D	47.7	47.1	94.8	10.8	27.7	18.6	0.6	4.8	29.8
J-22	33.9	40.2	74.1	3.6	18.5	11.2	-6.3	3.9	19.2
F	46.2	45.0	91.2	27.7	34.2	30.8	1.3	3.9	23.2
M	51.9	51.8	103.7	20.6	12.7	16.5	0.1	4.7	13.0
A	47.5	49.4	96.8	16.0	25.7	20.7	-1.9	4.7	16.5

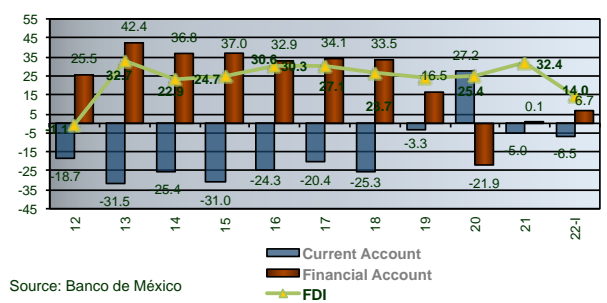
Source: INEGI

- After the severe collapse of 2020, international trade in goods recovered rapidly in 2021 and remains very dynamic in 2022.
- After a two-year period (2019-2020) with a trade surplus, in 2021 the trade deficit returned (-10.9 USD Bn). In the first quarter of 2022, a trade deficit of -4.9 USD Bn was reported.
- For their part, remittances, due to the boom in the US, continue to break records. In the first quarter of 2022 they reached 12.5 USD Bn and grew 18% at an annual rate.

In the first quarter of 2022, the balance of payments reflects a current account deficit (-6.5 USD Bn) and a surplus in the financial account (6.7 USD Bn), supported by Foreign Direct Investment (14 USD Bn).

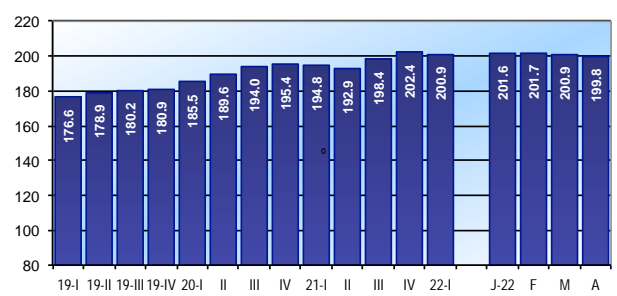
International Transactions

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)
12	0.1	370.9	370.7	-18.7	-1.5	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	-2.2	32.9	30.6	-0.2	176.5
17	-11.0	409.4	420.4	-20.4	-1.7	34.1	30.3	-3.7	172.8
18	-13.6	450.7	464.3	-25.3	-2.0	33.5	27.1	0.8	173.6
19	5.4	460.7	455.3	-3.3	-0.3	16.5	23.7	7.3	180.9
20	34.0	417.0	383.0	27.2	2.5	-21.9	25.4	14.5	195.4
21	-10.9	494.8	505.7	-5.0	-0.4	0.1	32.4	7.0	202.4
22-I	-4.9	132.1	136.9	-6.5	-1.9	6.7	14.0	-1.5	200.9
19-I	-1.8	108.1	109.9	-11.2	-3.6	11.7	12.5	1.8	176.6
19-II	5.0	119.3	114.3	4.7	1.4	1.6	5.0	2.3	178.9
19-III	-1.0	116.4	117.4	-0.1	-0.1	0.7	4.2	1.3	180.2
19-IV	3.2	117.0	113.8	3.3	1.0	2.5	2.0	0.7	180.9
20-I	3.6	108.3	104.8	-7.2	-2.4	6.2	16.1	4.6	185.5
II	-1.2	74.4	75.5	-0.5	-0.4	-5.0	2.5	4.1	189.6
III	16.2	111.0	94.8	17.3	6.6	-14.1	1.2	4.4	194.0
IV	15.4	123.2	107.8	17.6	6.5	-9.0	5.6	1.4	195.4
21-I	-1.4	112.0	113.4	-9.3	-1.0	6.6	14.1	-0.7	194.8
II	2.8	124.4	121.6	5.9	0.5	-8.6	5.3	-1.9	192.9
III	-10.1	123.2	133.2	-4.3	-0.5	2.6	5.3	5.5	198.4
IV	-2.2	135.2	137.5	2.7	0.4	-0.6	7.8	4.0	202.4
22-I	-4.9	132.1	136.9	-6.5	-1.9	6.7	14.0	-1.5	200.9
J-22								-0.8	201.6
F								0.0	201.7
M								-0.8	200.9
A								-1.1	199.8

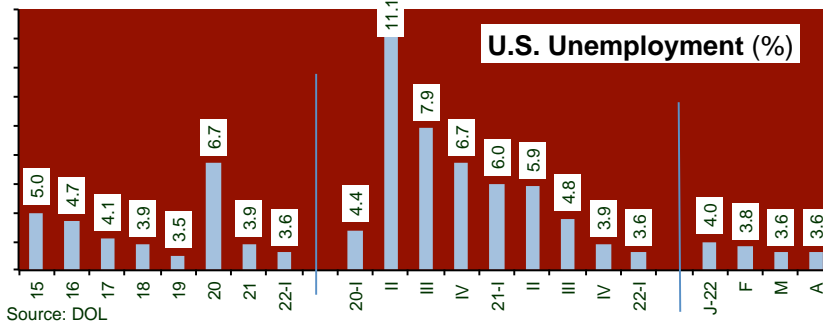
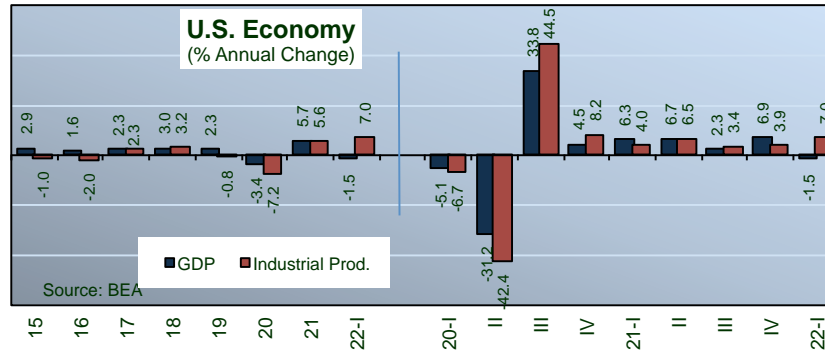
Source: Banco de México

- In the first quarter of 2022, there was a current account deficit (-6.5 USD Bn) and a very similar financial account surplus (6.7 USD Bn), supported by an inflow of Foreign Direct Investment (14 USD Bn).
- As a consequence, international reserves remain high at the end of the quarter (200.9 USD Bn). They closed 2021 at 202.4 USD Bn and closed the first quarter with 1.5 USD Bn less. In April they closed at 199.8 USD Bn.
- The confidence of foreign investors is not going through its best moment. Financial investment has shown high volatility, while direct investment is less unstable.

# International economy

In the first quarter of 2022, the US GDP reported a decline of -1.5%, although the industrial sector shows vigorous dynamism (7%) and unemployment continues to fall (3.6% in April)

## U.S. Economy



Period	GDP*	Industrial Prod.	Manufacturing		Unemployment 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	3.2		1.3	3.9	1.9	
19	2.3	-0.8		-2.0	3.5	2.3	
20	-3.4	-7.2		-6.6	6.7	1.4	
21	5.7	5.6		6.4	3.9	7.0	
22-I	-1.5	7.0		4.8	3.6	8.5	
20-I	-5.1	-6.7	-2.9	-5.7	-2.9	4.4	1.5
II	-31.2	-42.4	-15.0	-44.7	-15.5	11.1	0.6
III	33.8	44.5	-6.7	55.8	-5.5	7.9	1.4
IV	4.5	8.2	-4.3	11.1	-2.5	6.7	1.4
21-I	6.3	4.0	-1.6	2.8	-0.4	6.0	2.6
II	6.7	6.5	14.7	5.0	16.9	5.9	5.4
III	2.3	3.4	5.5	3.7	5.7	4.8	5.4
IV	6.9	3.9	4.5	5.5	4.2	3.9	7.0
22-I	-1.5	7.0	5.2	4.8	4.7	3.6	8.5
J-22		9.9	3.1	-1.2	2.1	4.0	7.5
F		13.7	7.5	16.7	7.4	3.8	7.9
M		5.9	4.9	9.9	4.7	3.6	8.5
A		17.4	6.4	9.8	5.7	3.6	8.3

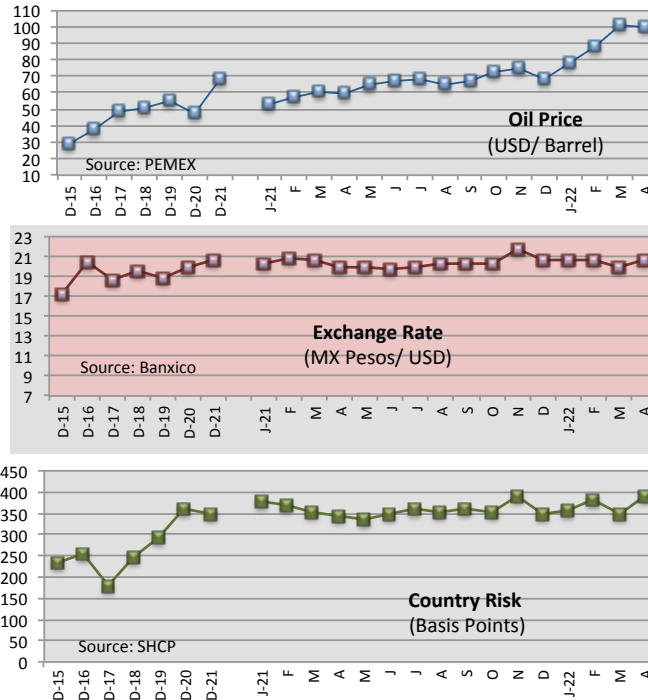
Source: U.S. Bureau of Economic Analysis (BEA); The Federal Reserve System (FRS); Department of Labor (DOL)

- In the first quarter of 2022, the US economy stumbled (-1.5%), after a vigorous recovery in 2021 (5.7%). All in all, industrial growth was very high (7%), while unemployment continues to decline: it ended 2021 at 3.9% and in April 2022 it is already at 3.6%.
- For 2022, the expectation is that the economic dynamism will moderate, but the recovery will consolidate. Now the main problem in the world and in the US is high inflation: it closed the first quarter at 8.5% and in April it fell back to 8.3%.
- The expectation for 2022 is to achieve moderate economic growth (2-3%) and quickly reduce inflation, through a very aggressive monetary policy and the rise in interest rates.



In the first four months of 2022, the price of crude oil skyrockets (100 DPB), the exchange rate remains stable (20.6 PPD) and the country risk (391 basis points) increases due to global uncertainty.

## Key Prices



Period	MX Oil Price (USD/Barrel)	MX Crude Oil			Exchange Rate		Risk Country* (Basis Point)		
		Production Barrels ('000)/Day	Exports (Million USD)		\$MX/DII	\$MX/Euro	Mexico	Brazil	Argentina
			1,008	896					
D-15	28.7	2,275	1,008	896	17.2	19.0	232	523	438
D-16	37.8	2,113	1,425	1,614	20.5	21.8	253	350	528
D-17	48.3	1,730	1,159	1,679	18.6	22.0	180	244	359
D-18	50.5	1,710	1,198	1,876	19.7	22.5	245	232	351
D-19	54.5	1,706	1,115	1,884	18.8	21.2	292	212	1,744
D-20	47.2	1,695	1,243	1,727	19.9	24.4	361	250	1,368
D-21	67.6	1,752	1,037	2,173	20.6	23.3	347	306	1,688
J-21	52.4	1,693	979	1,589	20.3	24.6	378	270	1445
F	57.3	1,713	1,006	1,615	20.9	25.4	368	275	1511
M	60.0	1,738	925	1,720	20.6	24.0	351	272	1589
A	59.6	1,730	923	1,700	20.0	24.3	342	260	1551
M	64.3	1,734	1,031	2,056	19.9	24.4	335	245	1508
J	66.9	1,746	1,106	2,221	19.8	23.6	348	256	1596
J	68.5	1,751	1,172	2,488	19.8	23.6	362	280	1591
A	64.6	1,708	1,098	2,306	20.2	23.7	352	282	1513
S	66.9	1,761	983	2,030	20.3	23.8	360	304	1607
O	72.2	1,750	935	2,092	20.3	23.8	353	338	1712
N	74.3	1,751	1,025	2,285	21.8	24.2	389	344	1914
D	67.6	1,752	1,037	2,173	20.6	23.3	347	306	1688
J-22	78.4	1,762	832	2,023	20.7	23.1	356	316	1723
F	87.7	1,743	925	2,273	20.7	22.9	382	321	1816
M	100.6	1,757	905	2,820	20.0	22.1	349	280	1718
A	100.0	1,747	1,024	3,070	20.6	21.5	391	291	1801

Source: PEMEX, BANXICO, INEGI, SHCP, JP Morgan, Inveniomica. \* The series are preliminary and are continually reviewed.

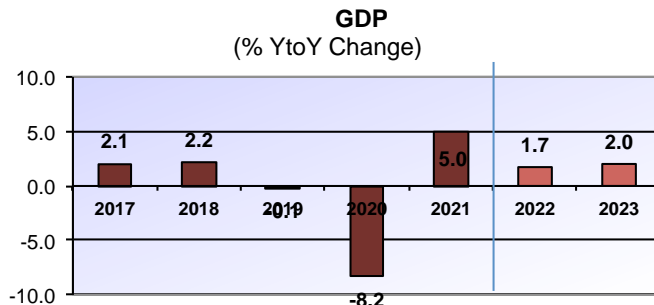
- The price of crude oil has maintained its bullish streak in 2021-2022 and in April 2022 it reached 100 DPB.
- Despite the uncertainty and the ups and downs of the market, the exchange rate has remained relatively stable: in 2022 it has fluctuated around 20-21 PPD, closing April at 20.5 PPD.
- For its part, country risk has gone through critical phases in recent years, but in the post-pandemic stage it has moved within a very manageable range: it closed 2021 at 347 basis points and closed April 2022 at 391 basis points.



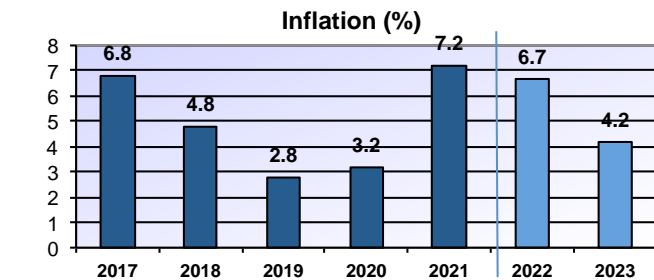
# Macroeconomic Framework of Mexico

After the pandemic and the global crisis at the beginning of the year, growth expectations for 2022-2023 are going down: 1.7% and 2.0% for the two-year period, with greater short-term inflationary pressures: 6.7% and 4.2%.

## Macroeconomic Framework



Source: INEGI, EEEE-SP



Source: INEGI, EEEE-SP

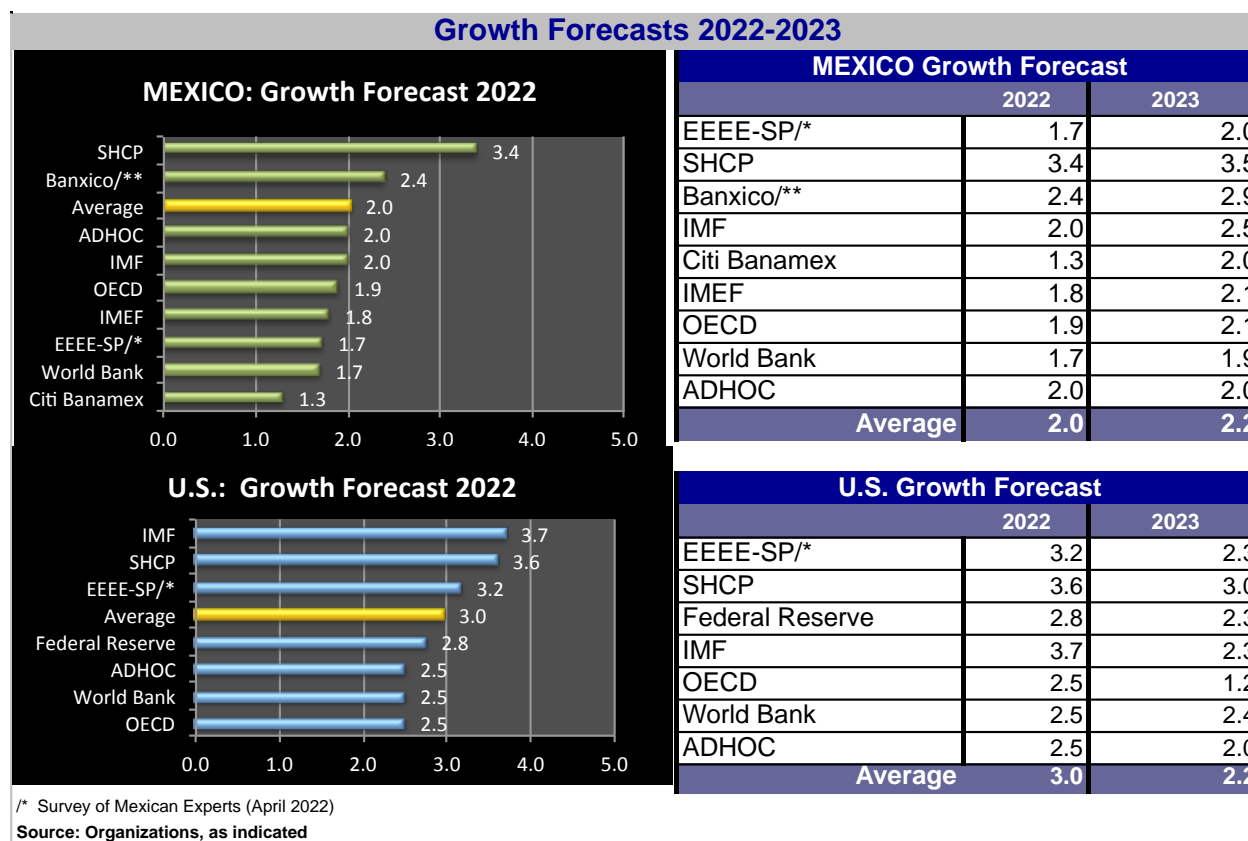
	Historical					CGPE/*		EESP/**	
	2017	2018	2019	2020	2021	2022	2023	2022	2023
<b>GDP</b>									
% Annual Growth	2.1	2.2	-0.1	-8.2	5.0	3.4	3.5	1.7	2.0
GDP Current (MX Billions)	21,934	23,523	24,443	23,122	25,978	28,661	30,821	28,277	30,002
GDP Deflator	6.7	4.9	4.0	3.0	7.0	6.7	3.9	7.0	4.0
<b>Inflation</b>									
Dec/ Dec	6.8	4.8	2.8	3.2	7.2	6.7	3.9	6.7	4.2
<b>Exchange Rate</b>									
Average	18.9	0	0	0	20.4	20.7	20.9		
Closing	19.7	19.7	18.8	19.949	20.58	20.6	20.8	21.0	21.4
<b>Interest Rate (Cete 28d)</b>									
Average	6.9	7.8	0	0	4.6	7.8	8.0		
Closing	7.2	8.2	7.3	4.23	5.5	6.7	7.9	8.93	8.9
<b>Current Account</b>									
Billions USD	-22.7	-22.2	-2.4	26.6	-4.9	-5.6	-7.5	-9.7	-11.0
% GDP	-1.6	-1.9	-0.2	2.4	-0.388	-0.4	-0.5	-0.7	-0.8
<b>Public Balance</b>									
% GDP	-1.1	-2.1	-1.6	-2.9	-2.9	-3.2	-3.1	-3.4	-3.3
<b>USA</b>									
GDP (%Annual Growth)	2.3	2.9	2.3	-3.5	5.7	3.6	3.0	3.2	2.3
<b>MX Crude Oil</b>									
Avg. Price (USD/ Barrel)	46.3	61.4	55.5	35.8	65.3	92.9	61.1		
Exports ('000 barrels/day)	1,175	1,186	1,105.6	1,120	1,018	879	764		
Production ('000 barrels/day)	1,944	1,813	1,678	1,686	1,736	1,820	1,851		

/\* CGPE-(Criterios Generales de Política Económica 2022; Precriterios 2023).- Basis Document for Macroeconomic Policy Projected

\*\* Encuesta de Expectativas de Expertos en Economía del Sector Privado-EEEE-SP/ Survey of Mexican Experts (April 2022)

- For 2022-2023, private experts forecast moderate economic growth: 1.7% and 2% for the biennium.
- An inflation rate outside the institutional target is estimated for 2022 (6.7%) and 2023 (4.2%).
- According to forecasts, the fundamental balances will remain under control: the fiscal deficit close to -3.3/-3.4 of GDP for the biennium and a minuscule current account balance (-0.7/-0.8 of GDP) for both years.
- According to their forecasts, a year of still strong growth is expected for the US economy in 2022 (3.2%) and one of return to its historical growth in 2023 (2.3%)

According to specialized agencies, the expected growth for 2022 is 2% and 3% for Mexico and the US, respectively. By 2023, growth of 2.2% is forecast for both countries.



- For Mexico, the forecasts of nine specialized organizations fluctuate between 1.3% and 3.4% in 2022, with an average of 2.0%. For 2023, the average forecast is 2.2%.
- For the US, the forecasts of seven specialized organizations fluctuate between 2.5% and 3.7% for 2022, with an average of 3.0%. For 2023, the average forecast is 2.2%.
- As can be seen, both economies moderate their dynamism, but the US economy is emerging as slightly more dynamic in the two-year period.

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General Information	Aurora Mora Tels. 55-5202-3687 y 3484 <a href="mailto:amora@adhocconsultores.com.mx">amora@adhocconsultores.com.mx</a>

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## Contact us

*We are at your service at Mexico City:*

*ADHOC Consultores Asociados, S.C.  
Av. Paseo de las Palmas No.555-601  
Lomas de Chapultepec  
Alcaldía Miguel Hidalgo  
C.P. 11000, Ciudad de México  
MEXICO*

*Phone numbers: 52-55-5202-3484  
52-55-5202-3687*

*E-Mail:*

*[aaron.dychter@adhocconsultores.com.mx](mailto:aaron.dychter@adhocconsultores.com.mx)  
[corzo@adhocconsultores.com.mx](mailto:corzo@adhocconsultores.com.mx)  
[clopez@adhocconsultores.com.mx](mailto:clopez@adhocconsultores.com.mx)*

*Website: [www.adhocconsultores.com.mx](http://www.adhocconsultores.com.mx)*

