



Mexico Economic Profile

Second Bimester of 2023

Timely Macroeconomic Report
for Decision Making

April 2023

Economic Profile of Mexico

Second Bimonthly Report of 2023

In the first third of 2023, the economic inertia of 2022 prevails. Economic activity remains vigorous and inflation maintains its downward trend. However, in the US there are signs of a slowdown and that is slowing down Mexican exports; meanwhile, core inflation remains elevated indicating that inflationary pressures remain in place. For its part, political effervescence has intensified in a year prior to the federal elections. The big bet of the current administration is to forge a big and strong government, generalize social support and stay in power at all costs. His greatest interest lies in extending his term and tipping the electoral balance in his favor. Fortunately, the current government is losing power, the Supreme Court has thrown out various initiatives of the executive branch, the opposition is reorganizing and society remains on alert. The next few months will be crucial for the fate of the republic.

Economic Recovery still vigorous.- In the first quarter of 2023, economic growth was 3.7% (similar to the previous quarter). The forecasts are for a gradual slowdown in the coming quarters. This points to growth of around 2% for 2023 (vs. 3% forecast by the government), supported solely by the domestic market, due to the expected slowdown in the US and the persistence of the Russia-Ukraine war.

Inflation begins to subside.- After many years of being kept under control, inflation skyrocketed in 2021 (7.4% at the close) and reached its peak in August 2022 (8.7%) and then declined to 7.8% in December 2022 and to 6.3% in April 2023. It derives from an explosion in world demand, the imbalances in the production chains due to Covid-19 and the spike in the price of energy and food, which worsened with the Russia-Ukraine war. Two anti-inflationary programs and a generous gasoline subsidy have been insufficient to contain inflation. It is expected that it will gradually return to its historical levels (2-4%) in 2024.

Job creation remains healthy.- After the huge loss of formal jobs in 2020 (-648 thousand), a rapid recovery of jobs was observed in 2021 (+846 thousand) and 2022 (+753 thousand). In April 2023, the annual job creation stood at 809 thousand, showing that it continues to be vigorous. As a consequence, the unemployment rate declined rapidly and is now below 3% (2.8% in April 2023). Meanwhile, minimum wages gained purchasing power, despite rising inflation; although this only contributes to partially and temporarily improving the wage bill and reinforcing consumption.

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Second Bimonthly Report of 2023

Public finances weaken.- For January-April 2023, revenues add up to 7.7% of GDP, expenses 8% of GDP, and this results in a negative balance of -0.1% of GDP. The expectation is to increase tax revenues to offset the loss in oil revenues and adjust programmable spending downward to accommodate the rise in non-programmable spending. As a result, a larger deficit and a public debt of less than 50% of GDP are expected. In the first third, government debt went from 47.3% to 45.9% of GDP.

Financing to the Private Sector continues decreasing.- Despite the efforts to promote it, financing to the private sector suffered a severe decline in 2021 and a more moderate one in 2022 and 2023. In the first quarter of 2023, the annual decline (-2.7%) is explained by a fall in financing to companies (-6.3%) and housing (-0.2%) and by an increase of that destined for consumption (9.2%). All in a context of rising interest rates (already above 11% in April 2023), which will continue to slow down the recovery of financing.

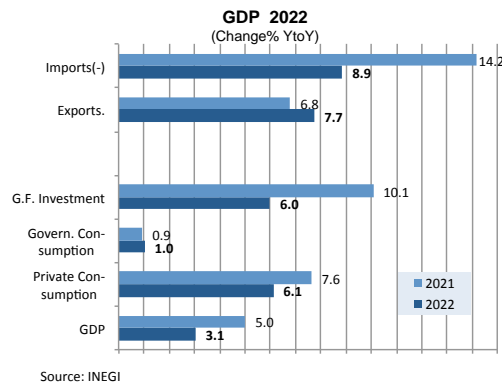
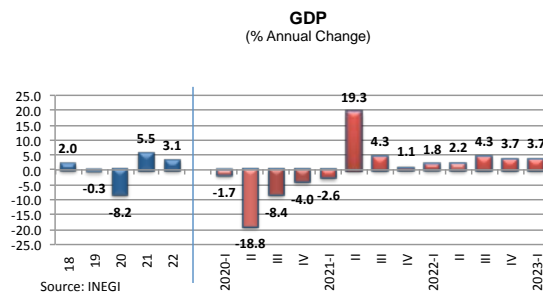
International trade begins to slow down.- Although there are some signs of a slowdown, Mexico's international trade grew 6.7% in the first quarter of 2023. This together with remittances (which also grew 11.3% in that quarter) have strengthened income of foreign currency and contributed to maintaining a good level of international reserves (by April 2023 they sum 203 USD Bn). The biggest concern is the decline in foreign portfolio investment and the slowdown in foreign direct investment, which are indicators of declining external confidence in the country.

Economic slowdown in the US with declining inflation.- In the first quarter of 2023, an economic growth of 1.3% was reported in the US (vs 2.6% previously). For its part, industry continues to contract (-0.5%), which is not favorable to the Mexican economy. For its part, unemployment has stagnated at low levels (3.4% in April). As throughout the world, the main concern lies in high inflation, which began to decline in the second part of 2022 (from 9.1 to 6.5% in December) and is already at 4.9% in April 2023. In short, in The US economy slows down and inflation recedes.

Downward Economic Outlook.- In 2023, the forecasts are for low economic growth for Mexico and the US: around 2% for Mexico and 1% for the US, in view of a restrictive monetary policy in both countries. For 2024, growth forecasts would be very similar to those for 2023 for both countries.

In the first quarter of 2023, GDP grew 3.7% (the same as the previous quarter), which means that economic growth has not lost strength.

Gross Domestic Product



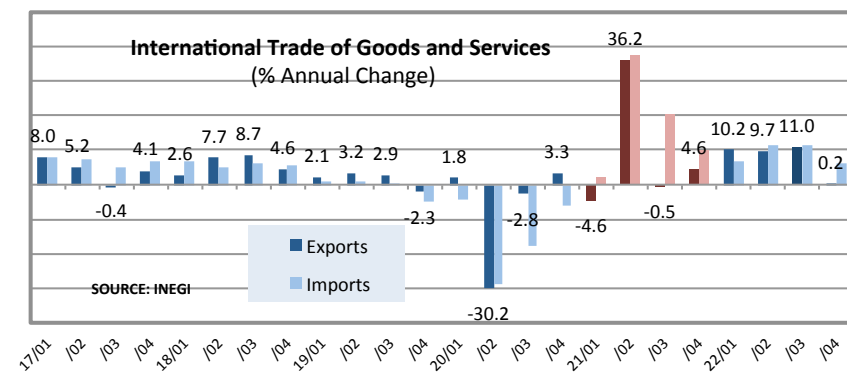
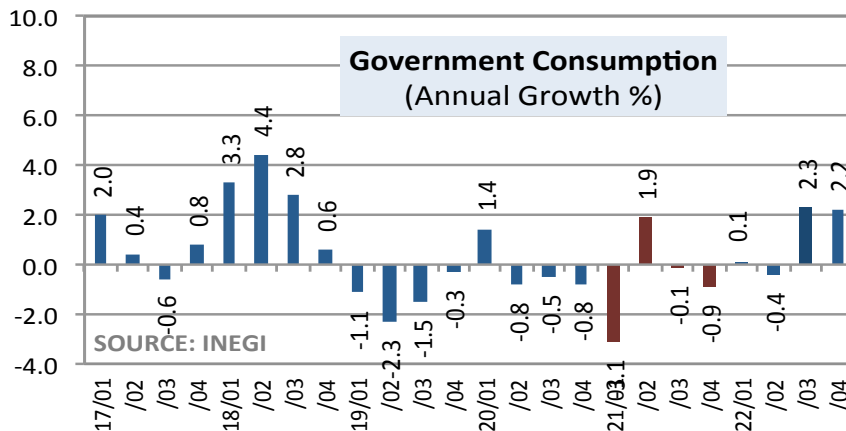
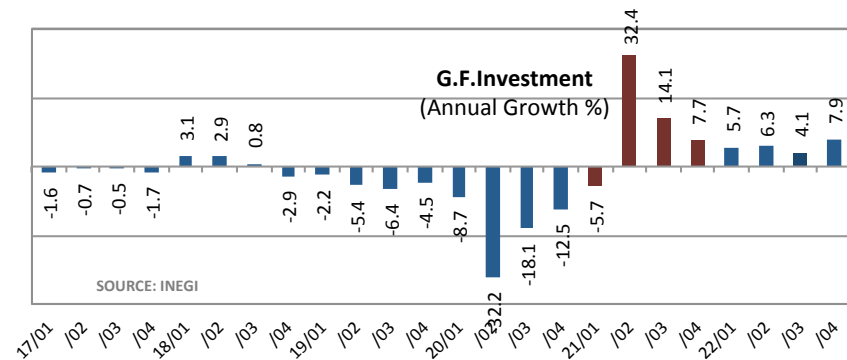
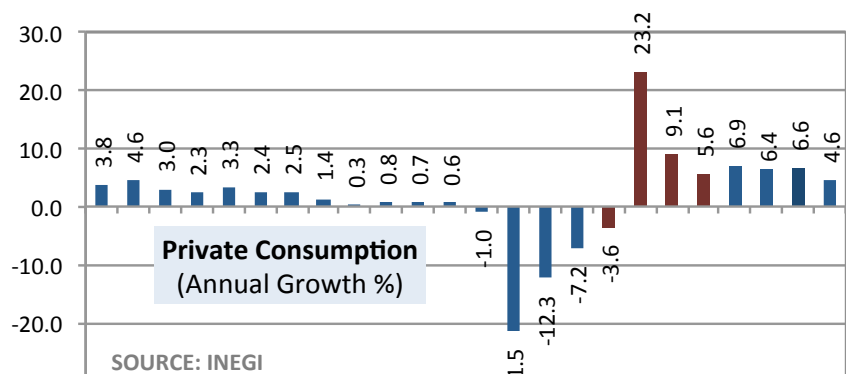
Year	GDP	Primary S.	Industrial S.	Services S.	Construction	Transportation	Mass Media
18	2.0	2.4	0.2	2.8	0.6	3.1	6.0
19	-0.3	0.4	-1.7	0.2	-4.9	0.8	1.0
20	-8.2	0.8	-9.6	-7.6	-17.4	-20.5	-1.0
21	5.5	2.4	6.7	4.9	9.7	18.9	5.8
22	3.1	1.4	3.2	2.7	0.3	11.8	12.9
2020-I	-1.7	-0.7	-2.6	-0.8	-10.0	-3.2	4.0
II	-18.8	-2.5	-24.3	-16.8	-32.5	-40.1	-1.9
III	-8.4	4.9	-8.2	-8.5	-17.0	-24.0	-6.1
IV	-4.0	1.6	-3.2	-4.1	-10.2	-14.6	0.1
2021-I	-2.6	0.3	-3.2	-2.6	-7.4	-11.1	-4.8
II	19.3	6.4	25.5	17.5	30.5	51.8	11.3
III	4.3	-0.4	3.7	4.3	12.2	19.9	12.8
IV	1.1	3.3	0.9	0.6	3.6	14.9	4.2
2022-I	1.8	0.5	2.9	1.1	1.0	14.7	22.0
II	2.2	0.0	3.2	1.5	0.7	11.9	16.2
III	4.3	0.5	3.7	4.6	-2.8	13.0	7.0
IV	3.7	4.8	3.1	3.8	2.2	7.7	6.5
2023-I	3.7	2.9	2.4	4.2	2.1	6.0	7.9
Year	GDP	Private Consumption	Govern. Consumption	G.F. Investment	Exports	Imports(-)	
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	
2020	-8.3	-10.5	-0.2	-18.3	-7.3	-14.6	
2021	5.0	7.6	0.9	10.1	6.8	14.2	
2022	3.1	6.1	1.0	6.0	7.7	8.9	
2021-I	-2.6	-3.6	-3.1	-5.7	-4.6	2.2	
II	19.3	23.2	1.9	32.4	36.2	37.7	
III	4.3	9.1	-0.1	14.1	-0.5	20.4	
IV	1.1	5.6	-0.9	7.7	4.6	10.1	
2022-I	1.9	6.9	0.1	5.7	10.2	6.5	
II	2.3	6.4	-0.4	6.3	9.7	11.7	
III	4.4	6.6	2.3	4.1	11.0	11.3	
IV	3.7	4.6	2.2	7.9	0.2	6.0	

Source: INEGI

- The economic reports show solid economic growth in the first quarter of 2023 (3.7%), identical to that of the previous quarter, which means that the slowdown expected for 2023 has not yet occurred.
- At the sector level, in 2023 the most accelerated recovery occurred in the services sector (4.2%), then in the agricultural sector (2.9%), and finally in the industrial sector (2.4%).
- On the demand side, all drivers have been reactivated and are still dynamic, although they are gradually losing strength.

Economic Activity

In the post-pandemic phase, all the drivers of demand have been reactivated and especially those related to the domestic market: consumption and investment.

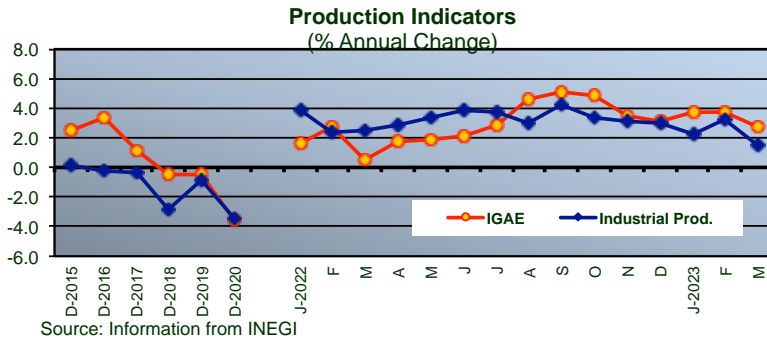


- In the post-pandemic phase, all the drivers of demand have been reactivated and especially those related to the domestic market: consumption and investment.
- Private consumption, with great weight in demand (2/3 of GDP), after a difficult biennium (2020-2021), in the fourth quarter of 2022 maintains the inertia of the recovery (4.6%), but the trend is decreasing.
- A similar behavior is observed in investment: very high growth (7.9%) with trend surprisly increasing.
- For their part, exports of goods and services slowed down markedly in the fourth quarter (0.2%), due to the slowdown in US economy.

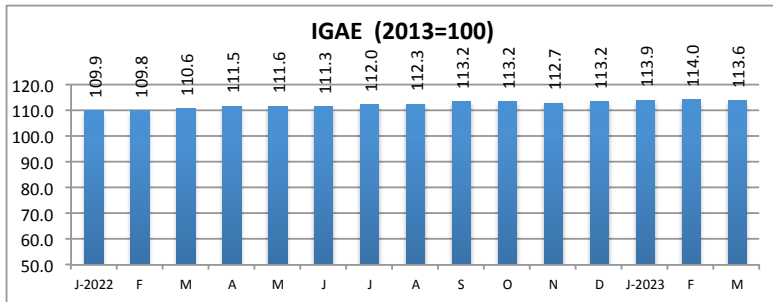
Economic Activity

In the first quarter of 2023, a good performance of economic activity was reported.

Production Indicators



Source: Information from INEGI

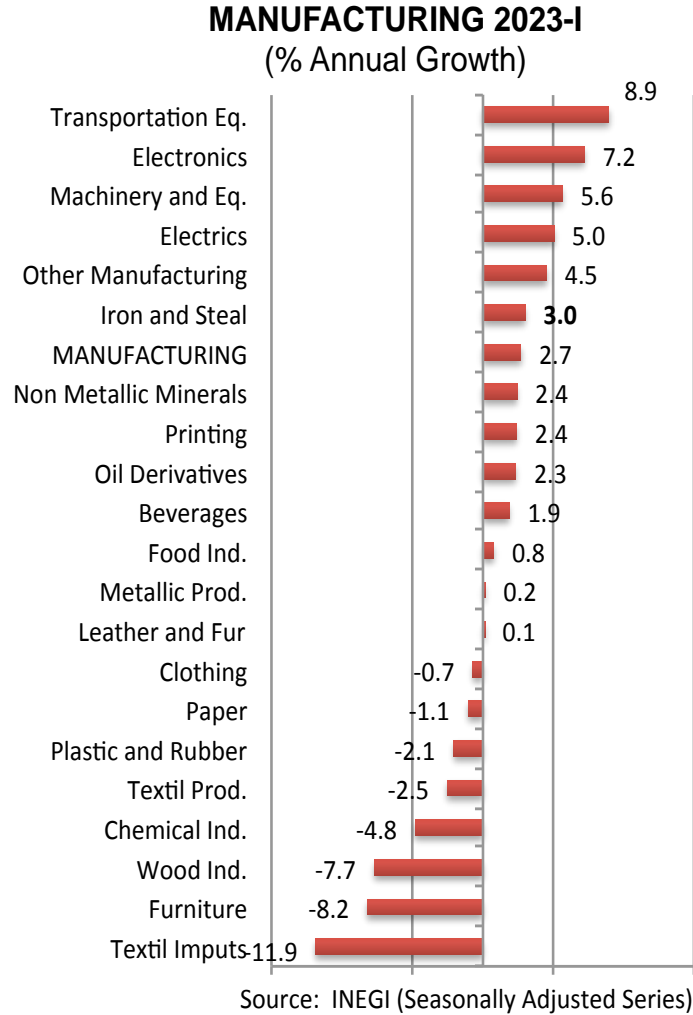
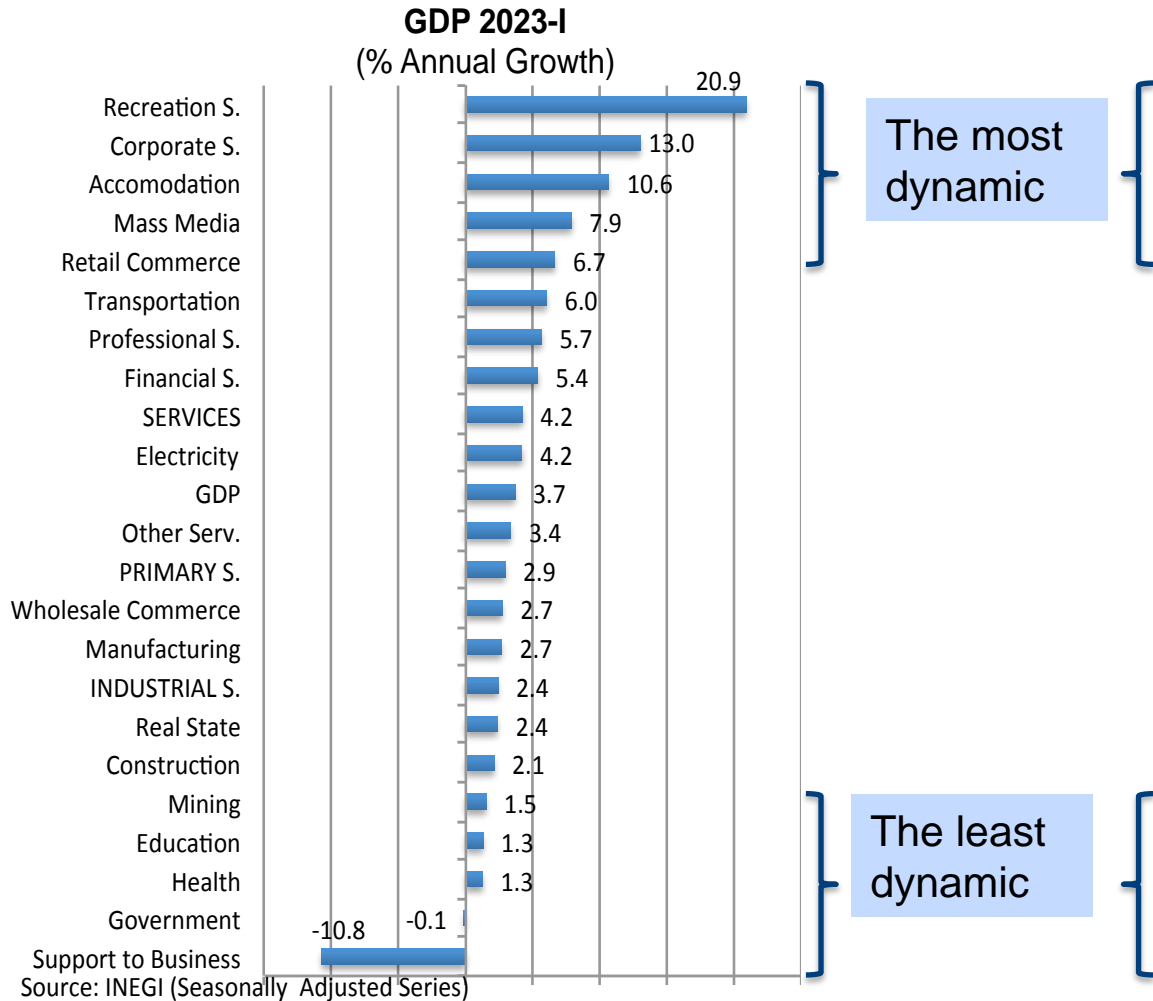


Period	IGAE (proxy of GDP)				Construcción	Comerce Net Sales		Non Financial Services			Gross Fixed Investment	Private Consumption
	TOTAL	Primary S.	Industrial S.	Servi-ces S.		Wholesale	Retail	Total	Transportation	Mass media		
D-2015	2.5	2.0	0.2	3.8	-1.8	2.2	3.4	6.1	7.6	18.8	-0.3	2.9
D-2016	3.3	3.9	-0.3	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-2022	1.7	1.0	3.9	0.9	3.2	1.8	4.4	4.1	22.4	17.4	8.6	7.1
F	2.8	-3.0	2.4	3.0	-2.1	10.6	6.7	4.1	24.2	14.5	2.7	9.6
M	0.6	3.0	2.4	-0.5	2.0	4.4	2.1	4.9	18.6	21.8	5.2	8.7
A	1.7	4.1	2.8	1.3	2.0	7.2	7.4	7.5	19.3	18.6	6.5	7.6
M	1.9	2.0	3.3	1.2	-0.9	7.6	4.3	5.6	16.1	15.8	4.9	6.7
J	2.1	-4.0	3.8	1.6	1.6	8.8	6.2	3.3	12.0	16.9	7.6	6.8
J	2.9	-3.5	3.7	2.6	-1.4	6.2	5.1	3.8	12.7	8.3	3.5	6.4
A	4.6	2.5	3.0	5.6	-4.3	11.4	3.1	8.1	17.4	10.2	4.3	7.1
S	5.1	5.4	4.2	5.5	-2.8	10.5	6.1	7.2	14.7	4.2	4.6	6.0
O	4.8	4.2	3.3	5.6	-0.5	7.5	4.5	9.3	12.9	11.9	6.7	5.9
N	3.5	4.5	3.2	3.5	1.7	4.5	1.2	7.9	7.1	13.8	6.6	4.0
D	3.1	6.7	3.0	3.1	4.9	3.6	2.1	4.2	5.0	4.1	10.1	3.9
J-2023	3.7	0.9	2.3	4.7	2.3	7.2	5.9	5.7	7.6	4.6	7.2	6.3
F	3.8	8.9	3.2	3.8	2.5	-0.4	5.4	6.2	5.8	9.4	11.6	3.5
M	2.7	0.9	1.5	3.3	2.0	1.7	6.9	3.5	1.7	8.1	8.8	3.3

Source: INEGI

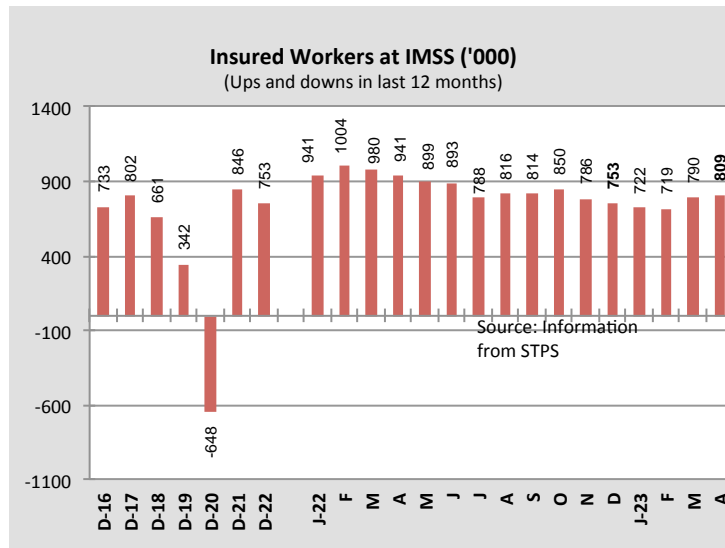
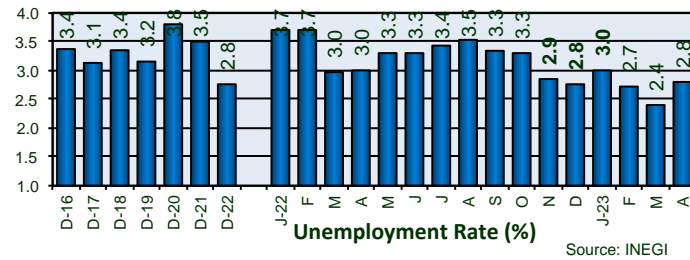
- The IGAE (Global Indicator of Economic Activity), after the high growth of 2021-II, has since observed a moderation in its annual growth; however, at the beginning of 2023, growth looks vigorous: 3.7% in the first quarter.
- At the sectoral level, if the agricultural sector is ignored, which is usually very volatile, growth rests in the service sector and then in the industrial sector.
- Regarding demand, private consumption and especially investment continue to show great vitality.

In 2023, the rebound effect fades and the return to normality and to positive and moderate growth in most economic branches is confirmed



In the second two months of 2023, unemployment remains moderate (2-3%) and the annual job creation picks up again: 809 thousand in April 2023.

Employment and Wages



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-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
D-21	3.5	20620.1	846	-312.9	5.3	2.5	-16.1	15.0	7.5	7.2
D-22	2.8	21372.9	753	-345.7	4.5	1.6	-0.6	22.0	11.0	9.4

J-22	3.7	20,762	941	142	3.9	2.2	-12.9	22.0	8.9	7.4
F	3.7	20,941	1004	179	5.9	2.7	-13.7	22	9.5	7.9
M	3.0	21,006	980	65	8.0	2.8	-12.5	22	10.5	9.0
A	3.0	21,011	941	5	4.9	2.9	-13.4	22	10.8	6.5
M	3.3	21,008	899	-3	2.9	2.6	-13.0	22	10.9	8.8
J	3.3	21,069	893	60	1.5	2.4	-12.3	22	11.1	7.7
J	3.4	21,079	788	11	3.2	1.5	-6.5	22	11.5	9.1
A	3.5	21,237	816	157	3.9	1.7	-2.4	22	11.5	5.7
S	3.3	21,409	814	172	4.8	1.5	-0.2	22	11.3	9.0
O	3.3	21,617	850	208	5.4	1.7	0.1	22	11.1	4.9
N	2.9	21,719	786	101	5.0	1.6	-1.2	22	11.0	9.0
D	2.8	21,373	753	-346	4.5	1.6	-0.6	22	11.0	9.4
J-23	3.0	21,485	722	112	4.1	1.7	-0.7	20***	11.2	10.2
F	2.7	21,660	719	176	2.7	0.9	-0.7	20	11.2	9.3
M	2.4	21,796	790	136	0.1	0.5	-1.6	20	11.2	10.3
A	2.8	21,820	809	24				20	11.2	/**9.3

Source: INEGI, STPS.

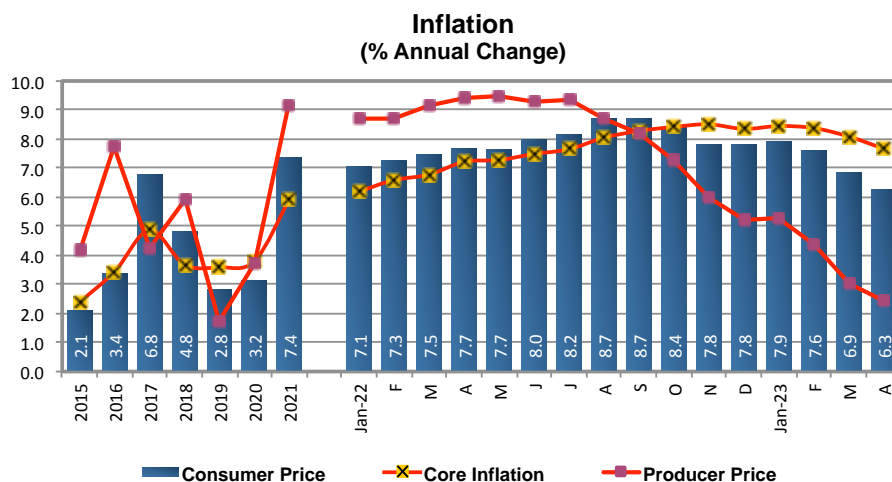
/** Only Federal Jurisdiction

/**** Min.Wage=\$207.44 pesos/day (\$312.41 on the northern border)

- The unemployment rate rebounded to 2.8% in April, but remains below 3%.
- In 2022, 753 thousand jobs were created and in April 2023, job creation of 809 thousand was reported, which reconfirms that the labor sector remains strong.
- The higher inflation has resulted in uneven gains in the three main salary indicators: +13.7% in the minimum, 4.9% in the IMSS salary and 3% in the contractual salary. The wage improvement is largely attributed to the annual adjustment in the minimum wage (20% in 2023) promoted by the current administration.

In April 2023, inflation fell back to 6.3%. Although it has taken a downward trend, core inflation remains very high (7.7%).

Prices



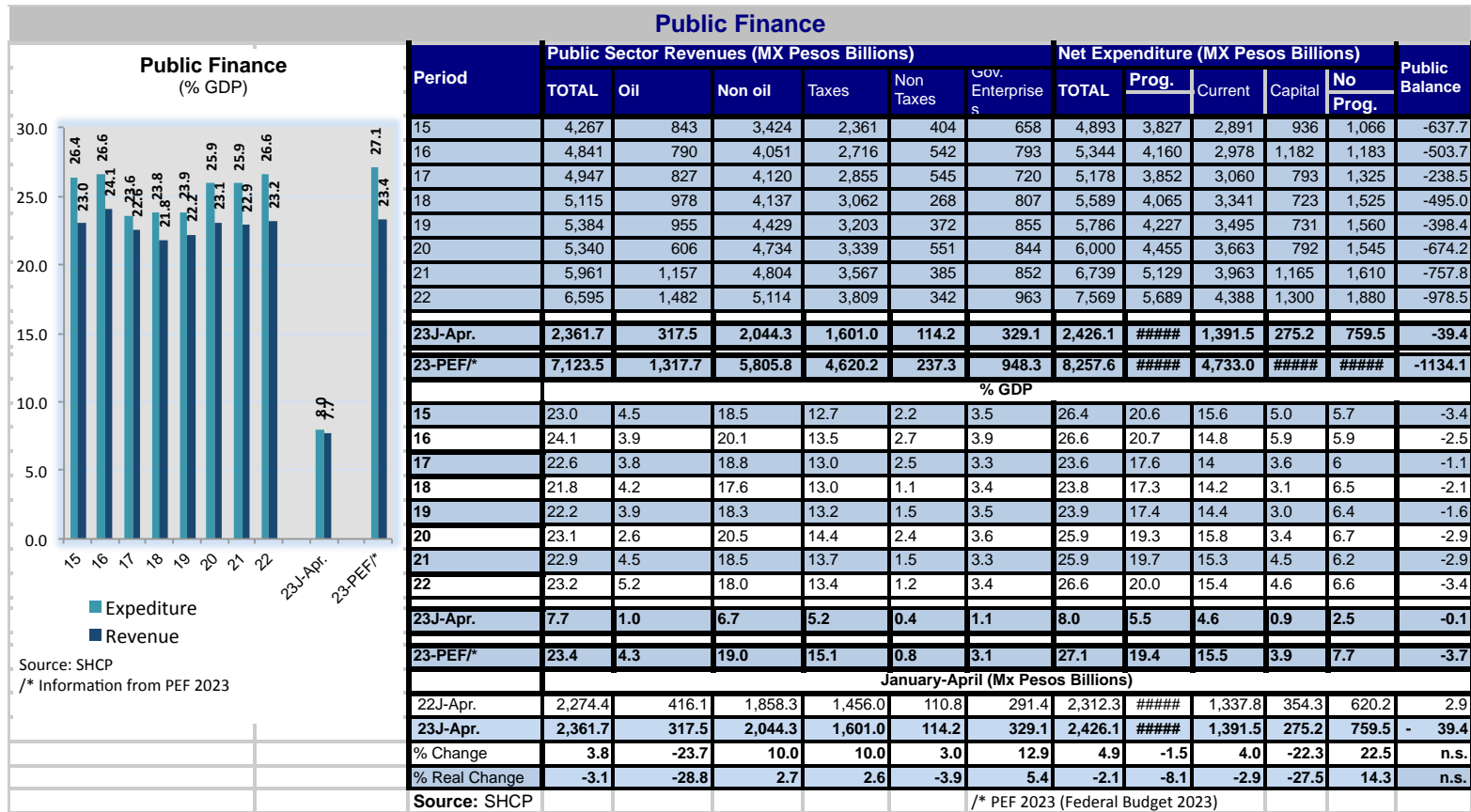
Source: Information from INEGI

	Consumer Price (INPC)		Core Inflation	Producer Price (INPP)*
	Annual (m/m)	Annual Avge	Annual (m/m)	Annual (m/m)
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-22	7.1	0.6	6.2	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
M	7.7	0.2	7.3	9.5
J	8.0	0.8	7.5	9.3
J	8.2	0.7	7.7	9.3
A	8.7	0.7	8.1	8.7
S	8.7	0.6	8.3	8.2
O	8.4	0.6	8.4	7.3
N	7.8	0.6	8.5	6.0
D	7.8	0.4	8.4	5.2
Jan-23	7.9	0.7	8.5	5.3
F	7.6	0.3	8.4	4.4
M	6.9	0.3	8.1	3.0
A	6.3	0.0	7.7	2.5

Source: INEGI

- Despite two anti-inflationary programs and a fuel subsidy, inflation remains high. It seems to have reached a maximum in August 2022 (8.7%) and in December it fell to 7.8% to settle at 6.3% in April 2023. It is attributed to the burst in world demand and the imbalance in production chains derived from the pandemic and the Russia-Ukraine war.
- This inflation doubles the institutional goal of Banco de México (3% +/- 1%). The good news is that producer price inflation is already at 2.5%, but not core inflation, which remains high (7.7%).
- The expectation is that inflation will reaffirm its downward trend and gradually return to its historical level in 2024.

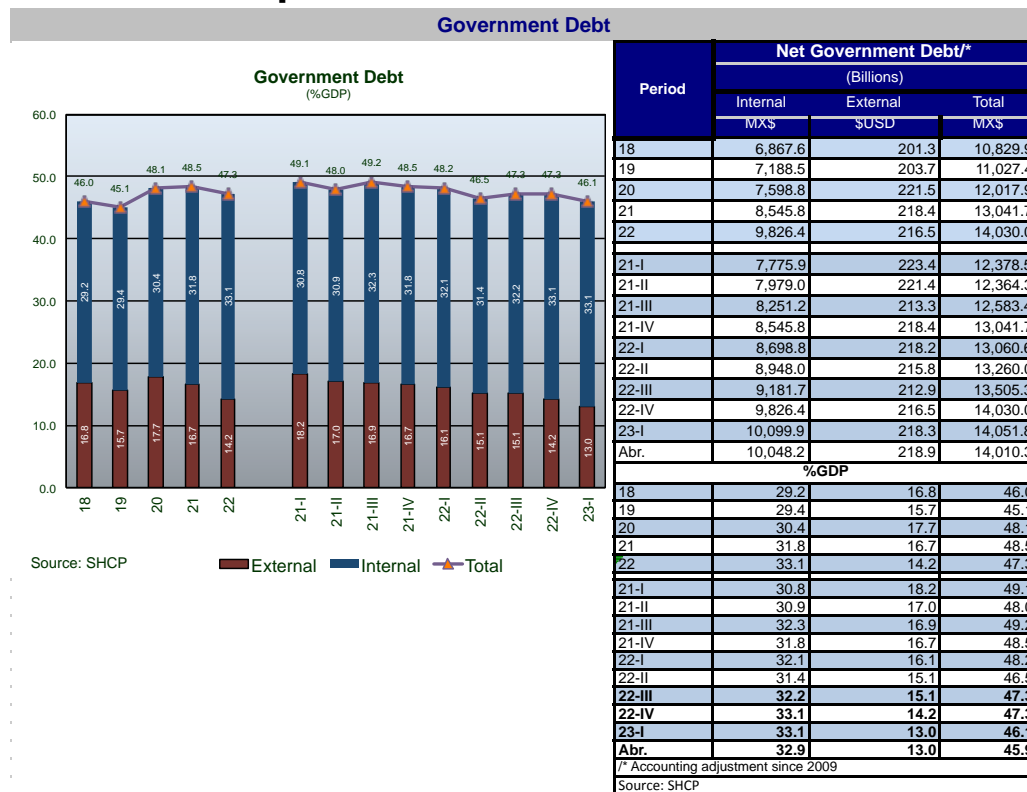
In January-April 2023, government revenues add up to 7.7% of GDP, expenditures 8% of GDP, and that results in a deficit of 0.1% of GDP.



- In January-April of 2023, a moderate decrease in income (-3.1%) and a moderate decrease in expenses (-2.1%) are reported.
- On the revenue side, the decrease derives from the drop in oil revenues (-28.8%). On the spending side, the most significant decline is in investment spending (-27.5%).
- In 2023, strong spending pressures are emerging to conclude emblematic projects and strengthen social programs, in a year in which an economic slowdown is looming.

Public Debt

Public debt, as a percentage of GDP, remains under control: despite the greater budgetary pressures, the debt continues to contract: it fell from 47.3% in 2022 to 45.9% of GDP in April 2023.

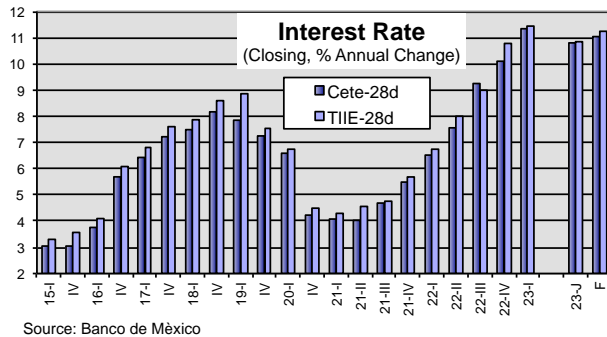
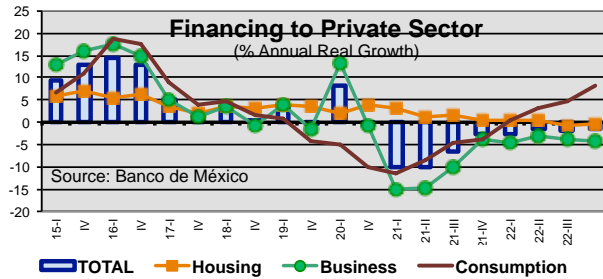


- In world comparison, Mexico's public debt is moderate: it maintains below 50% of GDP in recent years. As a reference, in the US it is around 130% of GDP and in Japan 260% of GDP.
- The current administration has kept its promise to keep the debt under control. While it has experienced ups and downs, it has remained within manageable ranges. Undoubtedly, the higher inflation helps to "liquefy the debt".
- In order to control debt, it is essential to maintain a moderate fiscal deficit and a relatively stable exchange rate, and this has been achieved. It has not been easy as the sources of government resources are very limited and the budgetary needs, along with social programs, are enormous.

Financial sector

In the first quarter of 2023, financing to the private sector showed a moderate annual decline (-2.7%); in addition, interest rates continue to rise and in April 2023 they are already above 11%.

Financial Indicators



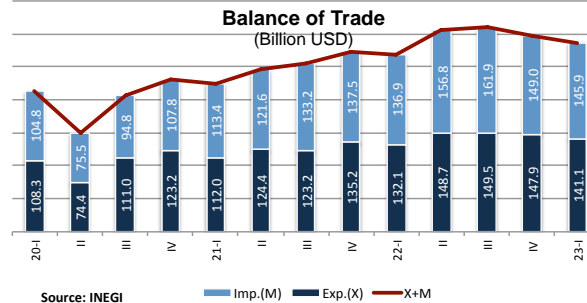
Period	Financing to Private Sector (% Annual Real Growth)						Interest Rates (% Annual)		Stock Market		
	TOTAL Billion MXS	Real Growth	By Source		For Destination		CETES-28d		IPC ('000)	% Growth	
			External	Internal	Consumption	Housing	Business	TIIE-28d			
15-I	6,537	9.5	18.8	6.6	6.6	5.7	12.7	3.1	3.3	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	9,828	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	-4.0	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
IV	10,351	-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	10,784	-2.6	-2.0	-2.8	-4.0	0.4	-3.7	5.5	5.7	53.3	3.7
22-I	10,875	-2.6	-6.0	-1.5	0.5	0.6	-4.7	6.5	6.7	56.5	6.1
22-II	11,113	-1.4	-6.6	0.3	3.0	0.4	-3.1	7.6	8.0	47.5	-15.9
22-III	11,326	-2.1	-11.0	0.9	4.6	-0.9	-3.9	9.3	9.0	44.6	-6.1
22-IV	11,451	-1.7	-15.1	2.7	8.2	-0.3	-4.3	10.1	10.8	48.5	8.6
23-I	11,366	-2.7	-20.2	2.7	9.2	-0.2	-6.3	11.3	11.4	53.9	11.2
23-J								10.8	10.8	54.6	12.6
F								11.0	11.3	52.8	-3.3
M								11.3	11.4	53.9	2.2
A								11.3	11.5	55.1	2.3

Source: Banco de México

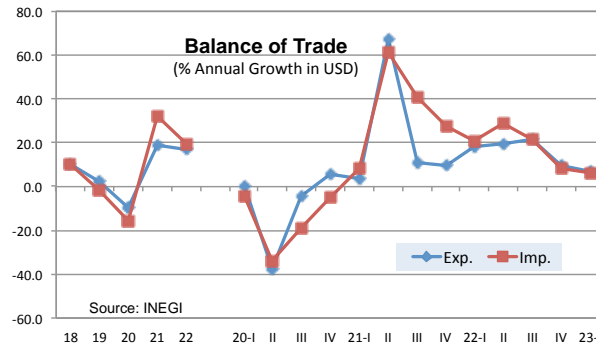
- The recent economic crisis translated first into a slowdown in financing to the private sector (2020) and then into a decline from 2021 to 2023.
- The decline in the first quarter of 2023 (-2.7%) is observed above all in financing for companies (-6.3%) and housing (-0.2%); this is not the case in consumption, which shows vigorous growth (9.2%).
- To boost financing, interest rates remained low, but they began to rise in the second part of 2021 and are already above 11% in April 2023. The Stock Market, for its part, has shown great ups and downs in recent years; in 2022 it lost 9% and in January-April 2023 it gained 13.5%.

In the first quarter of 2023, international trade in goods experiences a rapid slowdown, as a result of the economic slowdown in the US.

International Trade



Source: INEGI



Source: INEGI

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
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
22	578.2	604.6	1182.8	16.9	19.6	18.2	-26.4	58.5	13.5
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
II	148.7	156.8	305.5	19.5	28.9	24.2	-8.1	15.0	15.5
III	149.5	161.9	311.4	21.4	21.5	21.4	-12.4	15.5	12.9
IV	147.9	149.0	296.9	9.4	8.4	8.9	-1.1	15.5	9.0
23-I	141.1	145.9	287.0	6.8	6.5	6.7	-4.8	13.9	11.3
Jan-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
M	50.0	52.2	102.2	22.4	29.1	25.7	-2.2	5.2	14.6
J	51.2	55.2	106.4	20.2	31.7	25.9	-4.0	5.1	15.4
J	46.5	52.5	99.0	13.6	16.7	15.2	-6.0	5.3	16.7
A	50.7	56.2	106.8	25.2	27.0	26.2	-5.5	5.1	8.0
S	52.3	53.2	105.6	25.3	20.8	23.0	-0.9	5.0	14.4
O	49.3	51.3	100.6	17.7	14.8	16.2	-2.0	5.4	11.2
N	49.3	49.4	98.7	8.0	8.1	8.1	-0.1	4.8	3.0
D	49.3	48.3	97.7	3.4	2.6	3.0	1.0	5.4	12.8
Jan-23	42.6	46.7	89.3	25.7	16.3	20.6	-4.1	4.4	12.1
F	44.9	46.8	91.7	-2.9	4.1	0.5	-1.9	4.3	11.2
M	53.6	52.4	106.0	3.2	1.1	2.2	1.2	5.2	10.7
A	46.2	47.7	94.0	-2.6	-3.3	-3.0	-1.5	5.0	6.0

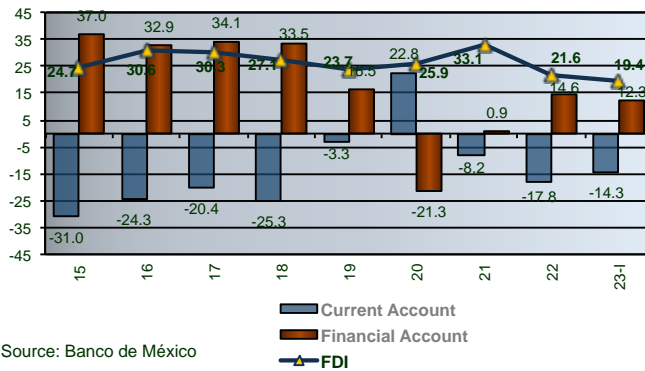
Source: INEGI

- After the collapse of 2020, international trade in goods recovered rapidly in 2021 and remained dynamic in 2022, accumulating 1,182.8 USD Bn in the year. But in 2023 a rapid slowdown is observed.
- In 2022, the trade balance registered a deficit of 26.4 USD Bn, but in January-April 2023 the deficit was located at 6.3 USD Bn.
- For the rest, remittances continue to be dynamic and totaled 18.9 USD Bn in January-April 2023.

In the first quarter of 2023, the balance of payments reflects a deficit in the current account (-14.3 USD Bn) and a surplus in the financial account (12.3 USD Bn), sustained by Foreign Direct Investment (19.4 USD Bn).

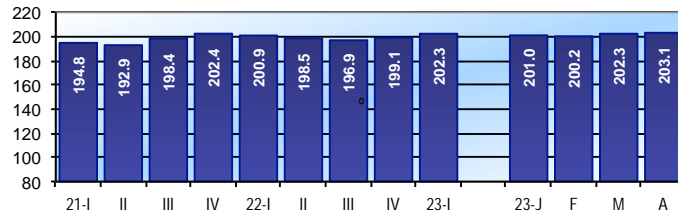
International Transactions

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		Financial Account (Bill.USD)	Foreign Direct Investment	Reserves Int. Change (Bill USD)	Stock of Int. Reserves (Bill.USD)
				(Billion USD)	(%GDP)				
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	22.8	2.1	-21.3	25.9	14.5	195.4
21	-10.9	494.8	505.7	-8.2	-0.6	0.9	33.1	7.0	202.4
22	-26.4	578.2	604.6	-17.8	-1.3	14.6	21.6	-3.3	199.1
23-I	-4.8	141.1	145.9	-14.3	-3.6	12.3	19.4	3.2	202.3
21-I	-1.4	112.0	113.4	-9.9	-1.0	7.1	14.5	-0.7	194.8
II	2.8	124.4	121.6	5.0	0.5	-8.1	5.6	-1.9	192.9
III	-10.1	123.2	133.2	-4.4	-0.5	2.6	5.3	5.5	198.4
IV	-2.2	135.2	137.5	1.1	0.4	-0.7	7.7	4.0	202.4
22-I	-4.9	132.1	136.9	-12.4	-3.7	11.5	18.0	-1.5	200.9
II	-8.1	148.7	156.8	-1.6	-0.1	0.3	3.3	-2.3	198.5
III	-12.4	149.5	161.9	-6.4	-0.5	7.0	2.1	-1.6	196.9
IV	-1.1	147.9	149.0	2.6	0.5	-4.2	-1.8	2.2	199.1
23-I	-4.8	141.1	145.9	-14.3	-3.6	12.3	19.4	3.2	202.3
23-J								1.9	201.0
F								-0.8	200.2
M								2.2	202.3
A								0.8	203.1

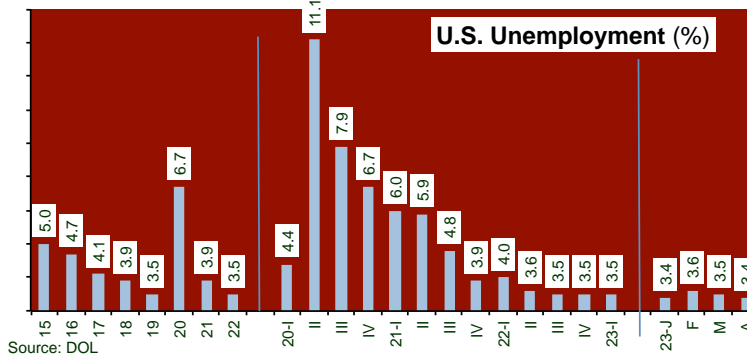
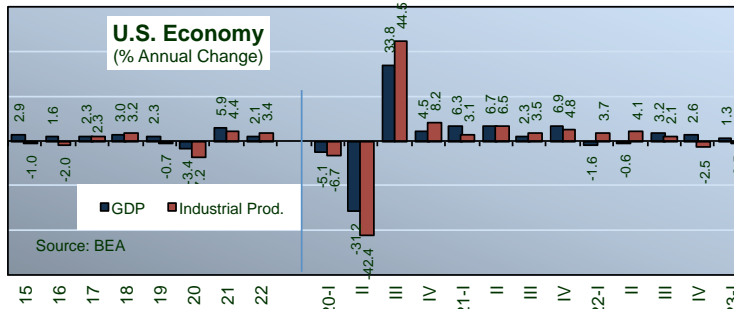
Source: Banco de México

- In the first quarter of 2023, a deficit was registered in the current account (-14.3 USD Bn) and a very similar surplus in the financial account (12.3 USD Bn), supported by the inflow of Direct Foreign Investment (19.4 USD Bn).
- As a consequence, international reserves remain high: they closed 2022 at 199.1 USD Bn and in April 2023 they already stood at 203.1 USD Bn.
- The confidence of foreign investors is not going through its best moment. Financial investment has shown high volatility, with a downward trend, while direct investment is also declining, although it is less unstable.

International economy

The US GDP reported growth of 1.3% in the first quarter of 2023 (vs 2.6% in the previous quarter). Besides that, the industrial sector decreased -0.5%, while unemployment stagnated (3.4% in April).

U.S. Economy



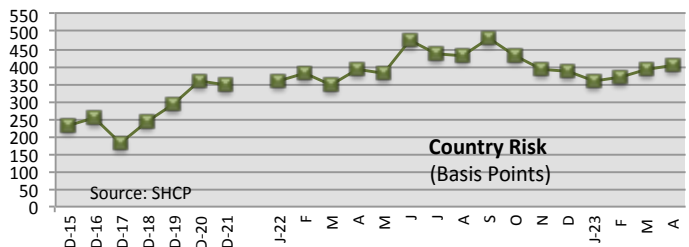
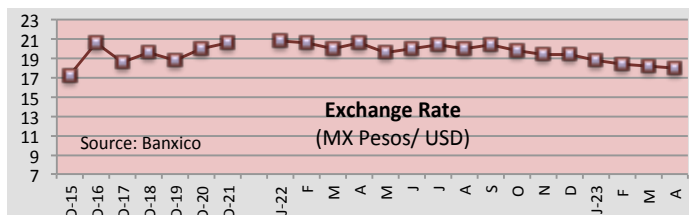
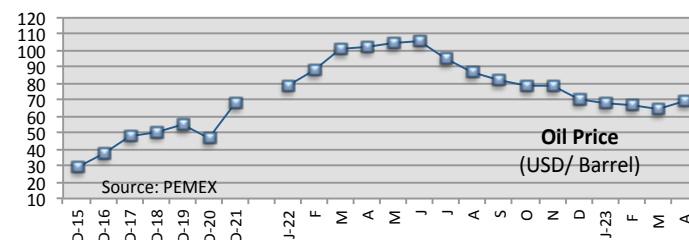
Period	GDP*	Industrial Prod.	Manufacturing		Unemployment Rate	Inflation	
	% Annual Change of Quarter	% Annual Change	% Annual Change of Quarter	% Annual Change	%	% Annual Change	
15	2.9	-1.0		-0.5	5.0	0.7	
16	1.6	-2.0		-0.8	4.7	2.1	
17	2.3	2.3		2.0	4.1	2.1	
18	3.0	3.2		1.3	3.9	1.9	
19	2.3	-0.7		-2.0	3.5	2.3	
20	-3.4	-7.2		-6.6	6.7	1.4	
21	5.9	4.4		5.0	3.9	7.0	
22	2.1	3.4		2.7	3.5	9.1	
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	3.1	-1.6	2.4	-0.4	6.0	2.6
II	6.7	6.5	14.7	5.1	16.9	5.9	5.4
III	2.3	3.5	5.5	3.6	5.7	4.8	5.4
IV	6.9	4.8	4.5	5.8	4.2	3.9	7.0
22-I	-1.6	3.7	3.5	3.0	2.9	4.0	7.5
II	-0.6	4.1	2.9	2.7	2.4	3.6	9.1
III	3.2	2.1	2.5	0.1	1.4	3.5	8.2
IV	2.6	-2.5	1.0	-3.3	-0.6	3.5	6.5
23-I	1.3	-0.5	0.8	-0.9	-0.4	3.5	5.0
23-J		12.5	1.5	20.0	0.7	3.4	6.4
F		0.0	0.8	3.7	-0.1	3.6	6.0
M		0.0	0.0	-9.2	-1.7	3.5	5.0
A		6.0	0.2	11.5	-1.0	3.4	4.9

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

- In the first quarter of 2023, the US economy experienced an increase of 1.3%, less than the previous quarter (2.6%). For its part, industrial growth continues to decline (-0.5% in the first quarter), while unemployment remains low (3.4% in April), but has stagnated.
- The good news is that inflation is contracting: it closed the year at 6.5% and in April fell to 4.9%. The fight against inflation is a priority and it is recognized that this will imply lower growth in 2023.
- The expectation for 2023 is to achieve moderate economic growth (around 1% or less) and quickly bring down inflation, via a very restrictive monetary policy and high interest rates.

In the second two months of 2023, the price of crude oil stops its fall (rises to 79 DPB), the exchange rate consolidates its downward trend (18.1 PPD in April) and the country risk rises slightly (to 400 base points).

Key Prices



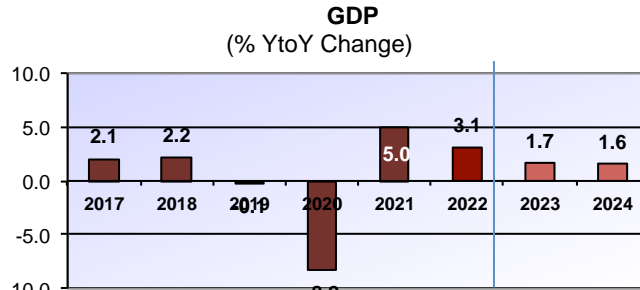
Period	MX Oil Price (USD/ Barrel)	MX Crude Oil			Exchange Rate		Risk Country/* (Basis Point)		
		Production		Exports	\$MX/DII	\$MX/Euro	Mexico	Brazil	Argentina
		Barrels ('000)/Day	Million USD						
D-15	28.7	2,275	1,008	896	17.2	19.0	232	523	438
D-16	37.8	2,113	1,425	1,614	20.5	21.8	253	350	528
D-17	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-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	2,815	20.0	22.1	349	280	1718
A	102.2	1,747	1,024	3,140	20.6	21.5	391	291	1801
M	104.3	1,755	964	3,117	19.6	21.1	382	291	1918
J	106.0	1,767	1,029	3,272	20.0	21.0	473	357	2428
J	94.4	1,777	1,061	3,106	20.4	20.7	437	309	2398
A	86.3	1,760	915	2,446	20.0	20.2	432	295	2385
S	81.6	1,755	1,022	2,501	20.3	19.6	483	295	2801
O	78.1	1,770	971	2,351	19.8	19.7	428	269	2624
N	78.2	1,778	893	2,096	19.3	20.1	392	249	2248
D	69.8	1,797	900	1,947	19.4	20.8	386	258	2196
J-23	67.4	1,850	980	2,048	18.8	20.4	357	257	1822
F	67.0	1,849	949	1,780	18.4	19.5	368	244	1960
M	64.2	1,858	971	1,933	18.1	19.6	393	254	2302
A	69.1	1,884	989	2,050	18.1	19.9	401	258	2684

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

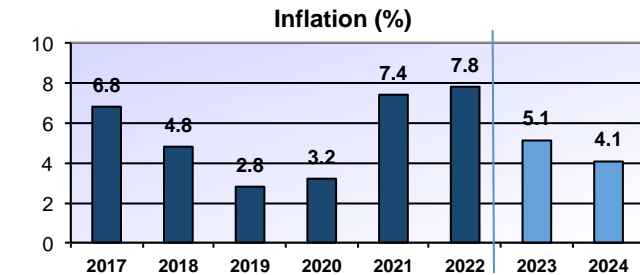
- The price of crude oil rose to 69.9 DPB in April, after a clearly downward trend.
- Despite the uncertainty and the ups and downs of the market, the exchange rate has remained relatively stable in 2023 and with a downward trend: 18.1 PPD in April 2023.
- For its part, the country risk in the post-pandemic stage has shown ups and downs: it closed 2022 at 386 and in April 2023 it exceeded 400 basis points.

According to experts, the prevailing growth expectations for 2023-2024 continue to improve (although they do not exceed 2% for the biennium) while inflation expectations are downward: 5.1% and 4.1% for both years.

Macroeconomic Framework



Source: INEGI, EEEE-SP



Source: INEGI, EEEE-SP

	Historical						CGPE/*		EEESP/**	
	2017	2018	2019	2020	2021	2022	2023	2024	2023	2024
GDP										
% Annual Growth	2.1	2.2	-0.1	-8.2	5.0	3.1	3.0	3.0	1.7	1.6
GDP Current (MX Billions)	21,934	23,523	24,443	23,430	25,804	28,464	30,722	32,935	30,389	32,422
GDP Deflator	6.7	4.9	4.0	3.0	7.0	8.0	5.2	4.8	5.0	5.0
Inflation										
Dec/ Dec	6.8	4.8	2.8	3.2	7.4	7.8	5.0	4.0	5.1	4.1
Exchange Rate										
Average	18.9	0	0	0	20.4	20.06	18.9	19.2		
Closing	19.7	19.7	18.8	19.949	20.58	19.4	19.1	19.3	19.2	19.9
Interest Rate (Cete 28d)										
Average	6.9	7.8	0	0	4.6	8.4	11.0	9.7		
Closing	7.2	8.2	7.3	4.23	5.5	10.1	11.3	8.5	11.21	8.6
Current Account										
Billions USD	-22.7	-22.2	-2.4	26.6	-4.9	-13.4	-13.0	-12.8	-20.7	-20.5
% GDP	-1.6	-1.9	-0.2	2.4	-0.391	-0.913	-0.8	-0.8	-1.3	-1.3
Public Balance										
% GDP	-1.1	-2.1	-1.6	-2.9	-2.9	-3.4	-3.7	-2.7	-3.8	-3.6
USA										
GDP (%Annual Growth)	2.3	2.9	2.3	-3.5	5.7	2.1	1.5	1.2	1.1	1.2
MX Crude Oil										
Avg. Price (USD/ Barrel)	46.3	61.4	55.5	35.8	65.3	89.0	67	56		
Exports ('000 barrels/day)	1,175	1,186	1105.6	1,120	1,018	900	800	786		
Production ('000 barrels/day)	1,944	1,813	1,678	1,686	1,736	1,797	1877	1914		

/* CGPE-(Criterios Generales de Política Económica 2023; Precriterios 2024).- Basis Document for Macroeconomic Policy

** Encuesta de Expectativas de Expertos en Economía del Sector Privado-EEEE-SP/ Survey of Mexican Experts (April 2023)

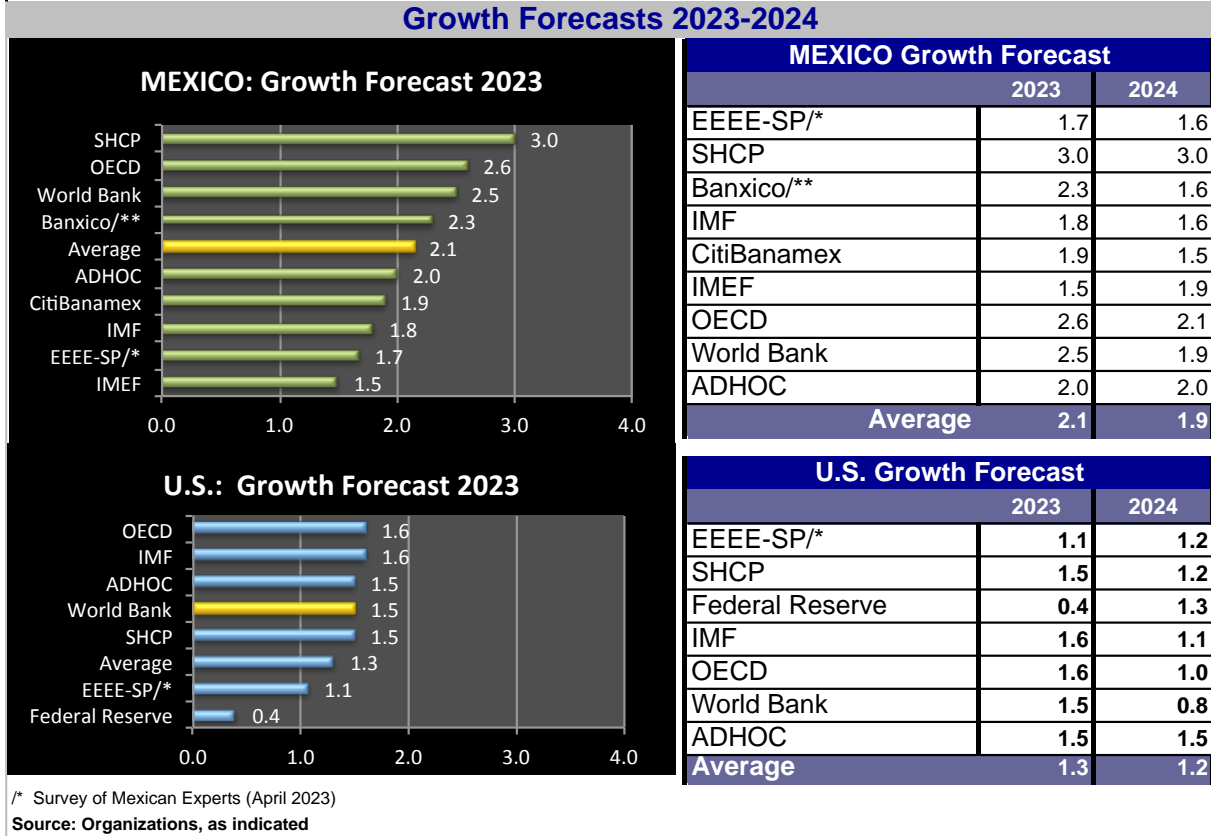
(p) Projected

- For 2023-2024, experts forecast moderate economic growth: 1.7% and 1.6% for the biennium.
- A decreasing inflation rate is estimated, but higher than the institutional goal in the biennium: 5.1% and 4.1%.
- According to forecasts, fundamental balances will remain under control, although the fiscal deficit tends to overflow (-3.8 and -3.6% of GDP for the biennium), while the current account balance remains very low, slightly above 1% of GDP for both years.
- According to their forecasts, a two-year period of moderate growth is expected for the US economy: in 2023 (1.1%) and in 2024 (1.2%).

Growth Forecasts 2023-2024



According to specialized agencies, the expected growth for 2023 is 2.1% and 1.3% for Mexico and the US, respectively. For 2024, growth of 1.9% and 1.2% is forecast for both countries.



- For Mexico, the forecasts of nine specialized organizations fluctuate between 1.5% and 3% in 2023, with an average of 2.1%. By 2024, the average forecast is 1.9%.
- For the US, the forecasts of seven specialized organizations fluctuate between 0.4% and 1.6% for 2023, with an average of 1.3%. By 2024, the average forecast is 1.2%.
- As can be seen, both economies show moderate dynamism, but growth moderation is greater in the US than in Mexico.

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