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Mexico Consensus Economic Forecast, Volume 15, Number 4

Thomas M. Fullerton Jr
University of Texas at El Paso, tomf@utep.edu

Adam G. Walke
University of Texas at El Paso, agwalke@utep.edu

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CONSENSUS ECONOMIC FORECAST

MÉXICO

University of Texas at El Paso
Border Region Modeling Project

4th Quarter 2012

American Chamber México
Dr. Deborah L. Riner**Wells Fargo Bank**
Dr. Eugenio J. Alemán**Center for Economic
Forecasting of Mexico**
Rodrigo Pulido
Dr. Alfredo Coutiño**BBVA Bancomer**
Pedro Uríz
Cecilia Posadas**Universidad Autónoma de
Ciudad Juárez**
Dra. Patricia Barraza de Anda
Dra. Lisbeily Domínguez**El Colegio de la Frontera
Norte**
Dr. Eduardo Mendoza Cota**Instituto Tecnológico y de
Estudios Superiores de
Monterrey**
Dr. Jorge Ibarra Salazar**Universidad Autónoma de
Coahuila**
Dr. Alejandro Dávila FloresMexico Consensus Economic Forecast, Volume 15, Number 4
4th Quarter 2012

Navigating Rough International Waters

Mexico's real GDP grew by 3.3 percent in the third quarter of 2012 compared with the same period last year. As anticipated, this represents a somewhat slower pace of growth than what was observed in the first half of the year. Real GDP is projected to grow by 3.7 percent in 2012.

Private consumption is expected to benefit from the steady expansion of formal sector employment. The consensus forecast calls for 3.8 percent growth in private consumption. Half of the panelists put the figure at 4 percent or greater.

The consensus forecast now calls for 2.1 percent growth in government consumption in 2012. That figure represents a downward revision with respect to last quarter. It is also noteworthy that INEGI recently revised the 2011 government consumption figure upward by 1.4 percent.

At the same time, INEGI revised its investment figures for 2010 and 2011 downward by more than 100 billion (2003) pesos. Nevertheless, favorable growth prospects and low interest rates continue to foster investment. The consensus forecast for investment growth is 6 percent.

Weak demand in many high income countries led to a downward revision in projected export growth. The new consensus forecast calls for 6.9 percent growth in exports in 2012. The forecast for growth in imports now stands at 6.6 percent.

Inflation has increased in the latter part of the year, partly as a result of higher prices for some food products. The consensus forecast of inflation rose this quarter to 4.1 percent. That is slightly above the upper limit of the Bank of Mexico's target range for inflation.

With one exception, all panelists expect the average exchange rate for 2012 to be above 13 pesos per dollar. The consensus exchange rate forecast is 13.11 pesos per dollar. That exchange rate is higher than the average in 2010 and 2011 but below that for 2009.

The forecasted yield on 28-day CETES was revised downward this quarter. The consensus forecast is now 4.3 percent. Panelists estimate that the yield on these CETES in 2012 will be between 0 and 0.5 percent above the rate of inflation.

Expectations for 2013 changed little since last quarter. The forecasted rates of growth in real GDP and private consumption are 3.4 percent and 3.6 percent respectively. In line with recent historical precedent, government consumption is projected to rise by 2.2 percent. Meanwhile, the rate of growth in investment is expected to remain relatively stable at 6.1 percent.

Both imports and exports are forecast to grow by 7.0 percent in 2013. Inflation is expected to decelerate slightly to 3.8 percent in 2013. The average exchange rate is forecast to fall to 12.98 pesos per dollar. The yield on 28-day CETES is projected to increase to 4.6 percent.

Thomas M. Fullerton, Jr. and Adam G. Walke
University of Texas at El Paso Border Region Modeling Project

2012 Mexico Consensus Economic Forecast

	Annual Percent Change, 2012 from 2011						Annual Average		
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
American Chamber Mexico	3.8	4.1	3.1	6.5	6.2	6.3	4.2	13.17	4.3
BBVA Bancomer	3.7	3.4	0.9	6.0	7.7	6.5	4.2	13.12	4.3
Wells Fargo Bank	3.7	3.5	2.8	6.0	5.0	5.6	4.2	13.17	4.3
Center for Economic Forecasting of Mexico	3.9	3.6	2.1	6.5	6.1	6.5	4.3	13.15	4.3
UACJ	3.6	4.0	3.0	6.0	6.0	7.0	4.0	13.00	4.4
ITESM	3.8	4.0	2.5	5.0	9.0	7.0	4.0	13.00	4.4
COLEF	3.3	4.3	1.2	7.2	7.2	4.1	4.0	12.90	4.2
UAdeC	3.7	3.2	1.0	4.9	8.0	9.4	3.8	13.40	4.3
Consensus -- this quarter	3.7	3.8	2.1	6.0	6.9	6.6	4.1	13.11	4.3
-- last quarter	3.8	3.9	2.4	6.3	7.2	7.1	4.0	13.13	4.4

2013 Mexico Consensus Economic Forecast

	Annual Percent Change, 2013 from 2012						Annual Average		
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
American Chamber Mexico	3.5	3.7	0.9	6.6	5.1	6.9	3.7	12.87	4.4
BBVA Bancomer	3.0	2.8	2.0	6.5	7.8	10.3	3.7	12.56	4.4
Wells Fargo Bank	2.7	3.3	3.3	4.5	5.2	6.1	4.5	12.85	4.4
Center for Economic Forecasting of Mexico	3.5	3.3	1.6	6.1	6.6	4.6	4.0	13.04	5.7
UACJ	4.0	4.5	3.5	7.0	7.0	7.5	3.5	13.00	4.9
ITESM	3.5	4.0	3.0	5.0	10.0	8.0	3.7	12.80	4.6
COLEF	3.5	3.8	1.3	7.4	7.3	4.1	3.7	13.25	4.4
UAdeC	3.5	3.1	1.8	5.9	6.8	8.2	3.5	13.50	4.4
Consensus -- this quarter	3.4	3.6	2.2	6.1	7.0	7.0	3.8	12.98	4.6
-- last quarter	3.4	3.6	2.2	5.7	6.8	7.1	3.8	13.13	4.8

Historical Data	Annual Averages								
	GDP (2003 Pesos, billions)	Private Consumption (2003 Pesos, billions)	Government Consumption (2003 Pesos, billions)	Total Investment (2003 Pesos, billions)	Exports (2003 Pesos, billions)	Imports (2003 Pesos, billions)	Consumer Price Index Dec 2010 = 100	Nominal Exchange Rate Pesos/ Dollars	CETES 28 Day
2011	9170.2	6339.4	1019.7	1969.6	3042.6	3144.9	101.04	12.42	4.24
<i>Percent Change</i>	<i>3.89%</i>	<i>4.37%</i>	<i>2.08%</i>	<i>8.11%</i>	<i>7.55%</i>	<i>7.05%</i>	<i>3.41%</i>	<i>-1.68%</i>	
2010	8827.0	6073.8	998.9	1821.9	2829.1	2937.7	97.71	12.64	4.40
<i>Percent Change</i>	<i>5.28%</i>	<i>4.94%</i>	<i>2.33%</i>	<i>0.33%</i>	<i>21.64%</i>	<i>19.58%</i>	<i>4.16%</i>	<i>-6.49%</i>	
2009	8384.2	5787.8	976.2	1815.9	2325.8	2456.8	93.81	13.51	5.39
<i>Percent Change</i>	<i>-5.95%</i>	<i>-7.22%</i>	<i>3.21%</i>	<i>-11.77%</i>	<i>-13.52%</i>	<i>-18.41%</i>	<i>5.30%</i>	<i>21.42%</i>	
2008	8915.0	6238.2	945.8	2058.1	2689.5	3011.1	89.09	11.13	7.68
<i>Percent Change</i>	<i>1.19%</i>	<i>1.71%</i>	<i>1.08%</i>	<i>5.46%</i>	<i>0.51%</i>	<i>2.61%</i>	<i>5.12%</i>	<i>1.84%</i>	
2007	8810.1	6133.3	935.7	1951.6	2675.8	2934.6	84.75	10.93	7.19
<i>Percent Change</i>	<i>3.26%</i>	<i>3.99%</i>	<i>3.07%</i>	<i>6.94%</i>	<i>5.78%</i>	<i>7.11%</i>	<i>3.97%</i>	<i>0.27%</i>	
2006	8532.0	5897.9	907.8	1824.9	2529.6	2739.9	81.52	10.90	7.19
<i>Percent Change</i>	<i>5.15%</i>	<i>5.67%</i>	<i>1.87%</i>	<i>9.88%</i>	<i>10.96%</i>	<i>12.60%</i>	<i>3.63%</i>	<i>0.01%</i>	
2005	8114.1	5581.3	891.1	1660.8	2279.9	2433.3	78.66	10.90	9.19
<i>Percent Change</i>	<i>3.21%</i>	<i>4.78%</i>	<i>2.52%</i>	<i>7.46%</i>	<i>6.77%</i>	<i>8.45%</i>	<i>3.99%</i>	<i>-3.44%</i>	
2004	7862.1	5326.5	869.2	1545.6	2135.3	2243.7	75.64	11.29	6.84
<i>Percent Change</i>	<i>4.05%</i>	<i>5.63%</i>	<i>-2.76%</i>	<i>8.01%</i>	<i>11.46%</i>	<i>10.74%</i>	<i>4.69%</i>	<i>4.61%</i>	
2003	7555.8	5042.8	893.8	1430.9	1915.8	2026.2	72.26	10.79	6.24
<i>Percent Change</i>	<i>1.35%</i>	<i>2.22%</i>	<i>0.81%</i>	<i>0.37%</i>	<i>2.69%</i>	<i>0.70%</i>	<i>4.55%</i>	<i>12.04%</i>	
2002	7455.4	4933.1	886.7	1425.6	1865.5	2012.2	69.11	9.63	7.08
<i>Percent Change</i>	<i>0.09%</i>	<i>1.59%</i>	<i>-0.33%</i>	<i>-0.64%</i>	<i>1.44%</i>	<i>1.46%</i>	<i>5.03%</i>	<i>3.10%</i>	
2001	7448.7	4856.1	889.6	1434.8	1839.0	1983.2	65.80	9.34	11.26
<i>Percent Change</i>	<i>-0.95%</i>	<i>2.48%</i>	<i>-1.98%</i>	<i>-5.64%</i>	<i>-3.60%</i>	<i>-1.63%</i>	<i>6.37%</i>	<i>-1.27%</i>	
2000	7520.3	4738.7	907.6	1520.5	1907.6	2016.1	61.86	9.46	15.27

Note: 2011 data are preliminary and subject to revision

*GDP: Producto Interno Bruto, INEGI, 2003 Pesos

*Private Consumption: Consumo Privado, INEGI, 2003 Pesos

*Government Consumption: Consumo de Gobierno, INEGI, 2003 Pesos

*Total Investment: Formación bruta de capital fijo, INEGI, 2003 Pesos

*Exports: Exportación de bienes y servicios, INEGI, 2003 Pesos

*Imports: Importación de bienes y servicios, INEGI, 2003 Pesos

*CPI, Banco de México, Annual Average, Base = Dec 2010

*Exchange Rate, Banco de México, Peso-to-dollar, Fecha de Liquidación, Annual Average

*CETES 28 Days, Banco de México, Annual Average

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