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Mexico Consensus Economic Forecast, Volume 16, Number 1

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CONSENSUS ECONOMIC FORECAST

MÉXICO

University of Texas at El Paso
Border Region Modeling Project

1st Quarter 2013

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Mexico Consensus Economic Forecast, Volume 16, Number 1
1st Quarter 2013**Hitting its Stride**

Current data indicate that 2012 real GDP growth in Mexico was 3.9 percent, the same rate that was observed in 2011. Most of the panelists project that the pace of GDP growth will moderate slightly in 2013. The consensus forecast predicts a 3.5 percent increase in real GDP this year.

The rate of growth in private consumption slowed in the last half of 2012. However, solid employment growth and overall domestic economic health suggest that private consumption will continue to increase at a steady pace. The consensus forecast calls for 3.4 percent growth.

As a new presidential term begins to take shape, panelist estimates of growth in government consumption vary considerably, ranging from 0.4 to 3.1 percent. The consensus forecast calls for a moderate rate of growth of 2.0 percent. This is in line with recent historical precedent.

While investment grew at a rate of 5.9 percent in 2012, the rate of change decelerated to 4.1 percent by the fourth quarter. Six of eight panelists revised their forecasts of investment growth downward this quarter. The average forecast for 2013 now stands at 4.8 percent.

Following two years of very rapid growth, the rate of increase in Mexico's foreign trade fell below 5 percent in 2012. Trade forecasts for 2013 have been revised downward since last quarter. The consensus forecast projects that exports will grow by 4.7 percent while imports are expected to increase by 5.2 percent.

The rate of inflation is expected to remain relatively stable. With one exception, all of the panelists project that the rate of inflation will move below 4 percent in 2013. The consensus forecast calls for an inflation rate of 3.8 percent.

Improved conditions in global financial markets have contributed to an appreciation of the peso in recent months. The consensus forecast has been revised downward to 12.56 pesos per dollar. None of the panelists expect that the rate will exceed 13 pesos per dollar in 2013.

In 2012, the average yield on 28-day CETES was 4.24 percent. As inflation appears to remain in check, the yield on these treasury bills is predicted to remain near that figure. The consensus forecast calls for a 4.2 percent rate of return on 28-day CETES.

Most panelists predict that GDP growth will accelerate somewhat in 2014. Real GDP is expected to increase by 3.9 percent and private consumption by 3.7 percent. Government consumption and total investment are estimated to grow at 2.4 percent and 6.2 percent, respectively.

As global economic conditions improve, exports are predicted to grow by 5.6 percent and imports by 6.1 percent. The consensus forecast suggests that inflation will remain in check at 3.9 percent, though four of the panelists put the inflation figure for 2014 at 4 percent or higher. The consensus exchange rate forecast is 12.75 pesos per dollar and the yield on 4-week CETES is expected to rise to 4.4 percent.

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	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
Historical Data									
2012	9530.1	6550.7	1034.9	2085.1	3183.5	3275.1	105.20	13.17	4.24
<i>Percent Change</i>	<i>3.92%</i>	<i>3.33%</i>	<i>1.48%</i>	<i>5.86%</i>	<i>4.63%</i>	<i>4.14%</i>	<i>4.11%</i>	<i>6.01%</i>	
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: 2012 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: Formacion bruta de capital fijo, INEGI, 2003 Pesos

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

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

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

*Exchange Rate, Banco de Mexico, Peso-to-dollar, Fecha de Liquidacion, Annual Average

*CETES 28 Days, Banco de Mexico, Annual Average

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