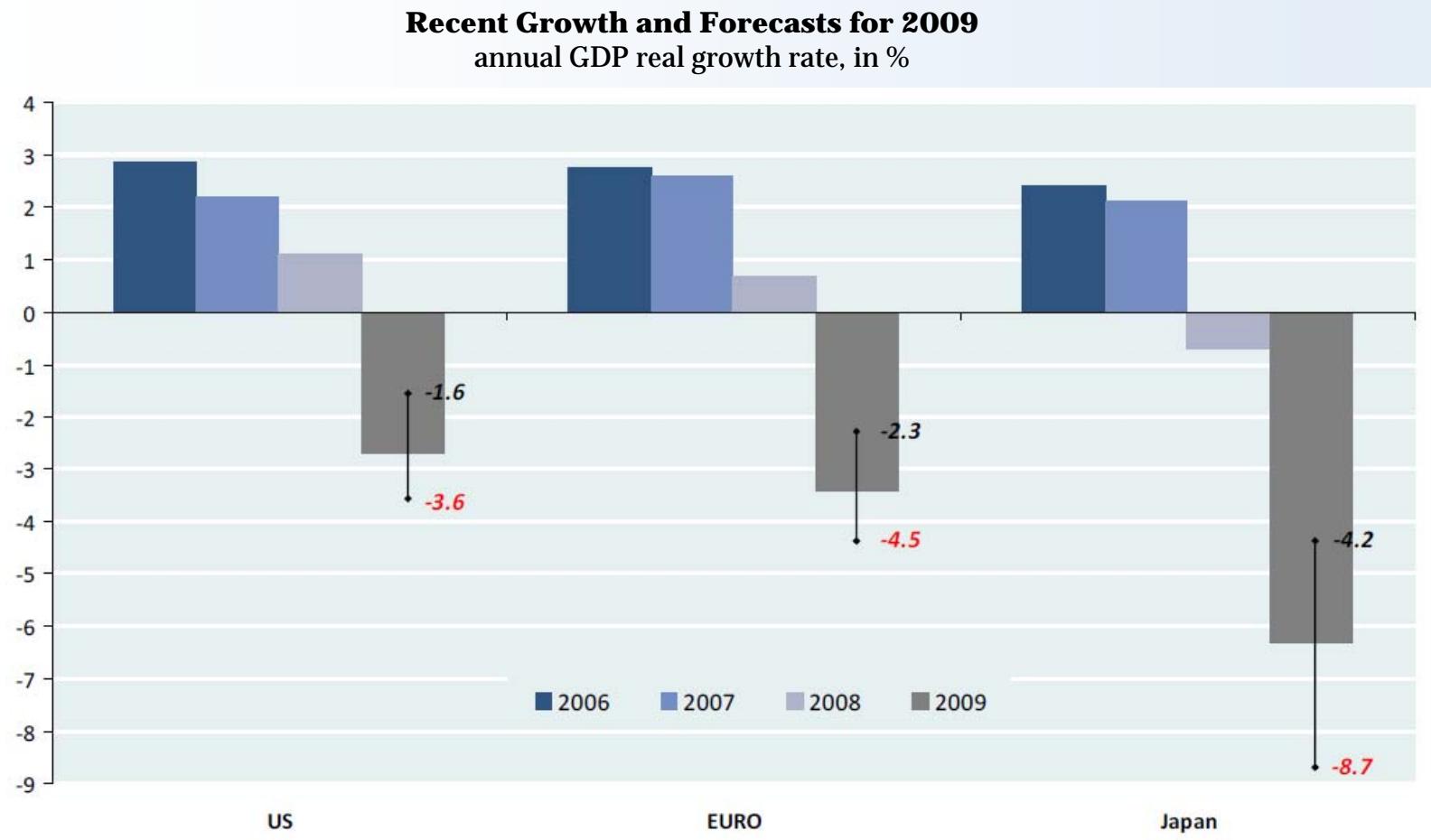


Mexico's Economy: How Bad are the News?

Leonardo Martinez-Diaz
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Global Economy and Development
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May 28, 2009

Gloomy and uncertain forecasts for core economies



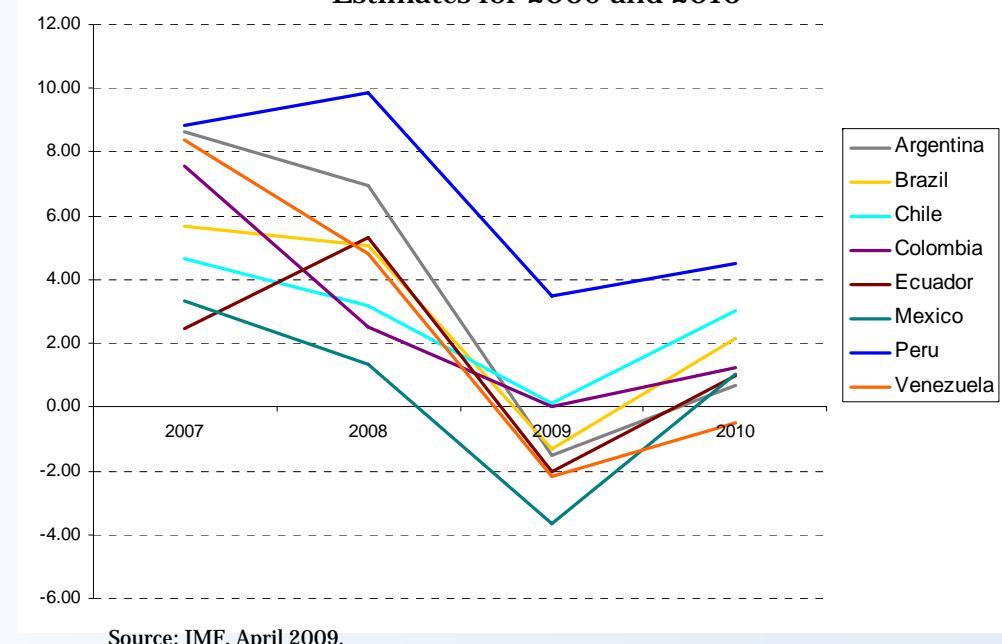
Latin America: variable impact

2009 GDP growth projections

	RGE April 2009	JP Morgan March 2009	WEO April 2009
Argentina	-1.8%	-3.0%	-1.5%
Brazil	-1.4%	-1.4%	-1.3%
Chile	-0.4%	-1.5%	0.1%
Colombia	-0.7%	0.5%	0.0%
Mexico	-4.6%	-4.0%	-3.7%
Peru	2.8%	3.5%	3.5%
Venezuela	-2.0%	-0.5%	-2.2%
Latin America	-2.1%	-2.2%	-1.5%

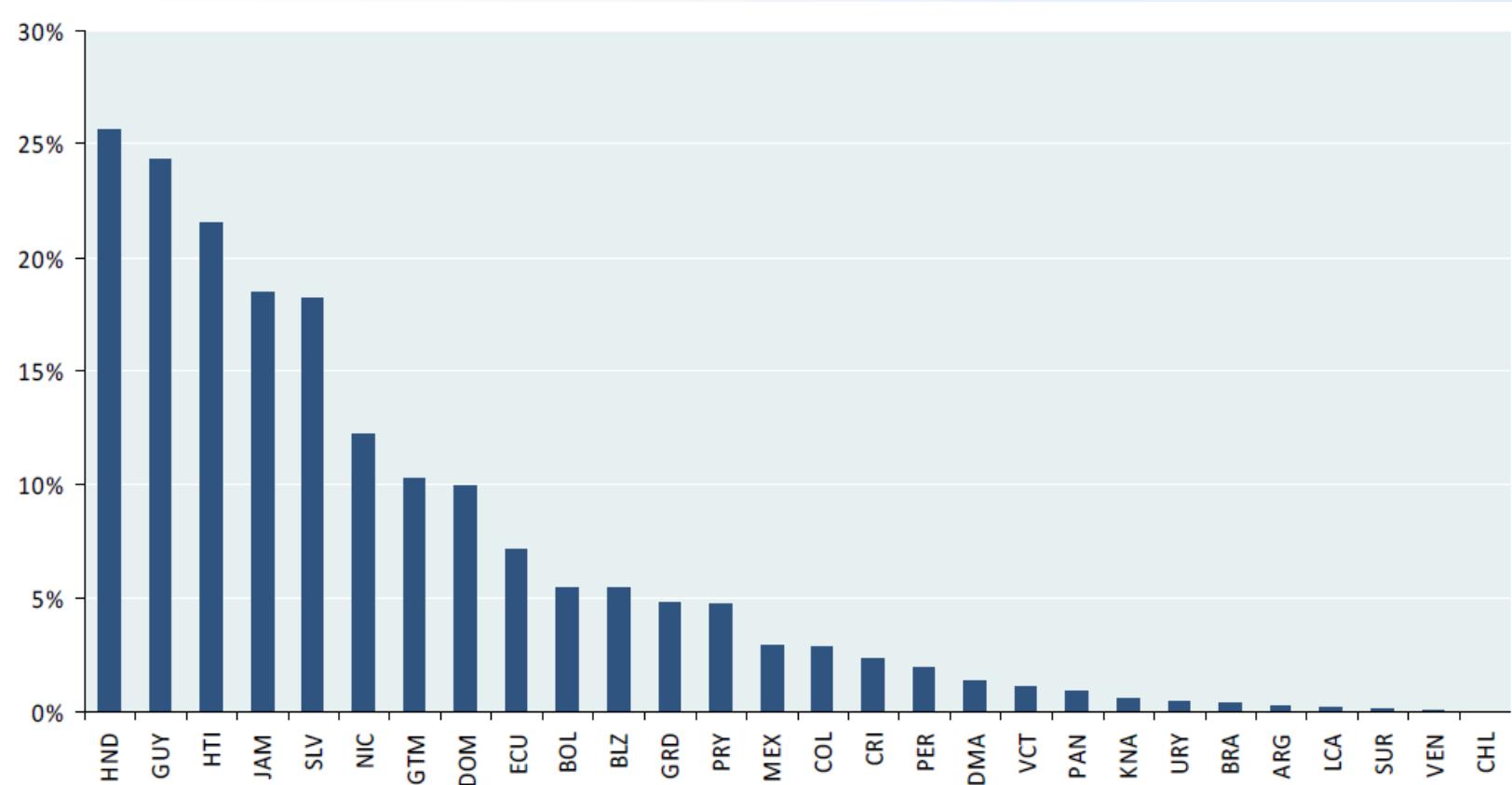
Sources: RGE Monitor, JP Morgan, and IMF.

GDP (annual percentage change)
Estimates for 2009 and 2010



Remittances are important, but other countries are suffering more than Mexico

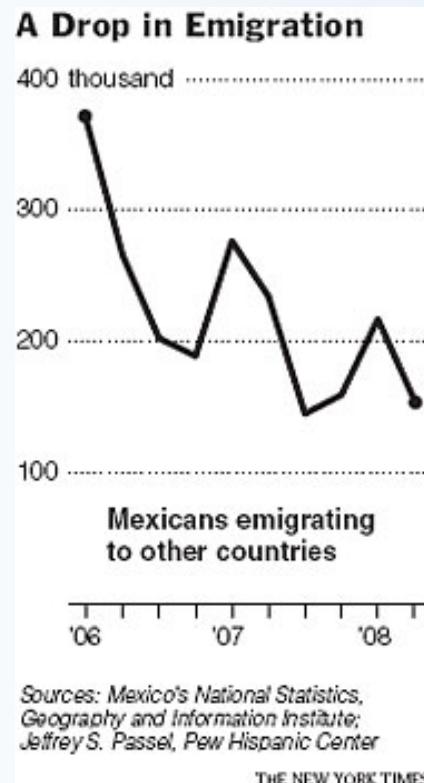
Remittances to LAC in 2006
(Remittances inflows as % of GDP)



Source: World Bank, April 2009.

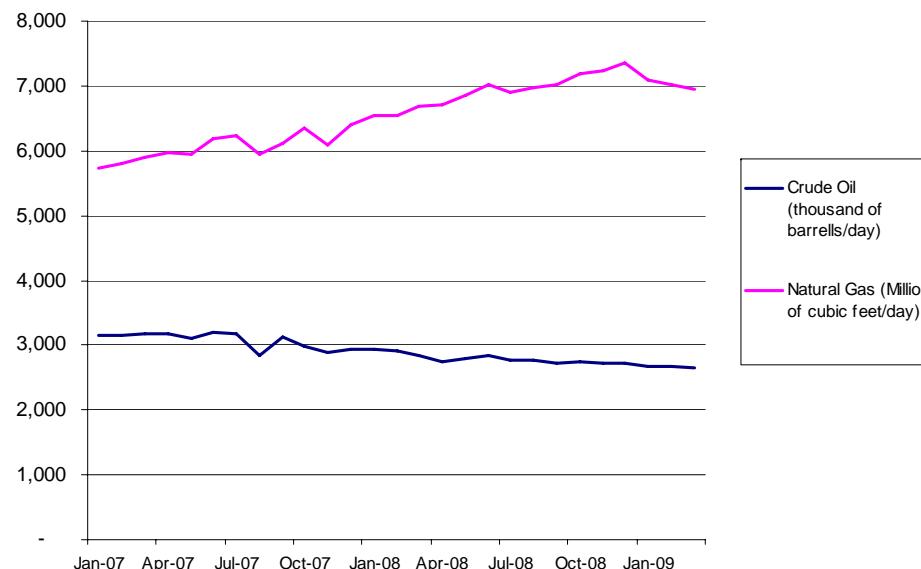
As jobs in the U.S. dry up, so does emigration

Mexican emigration to other countries

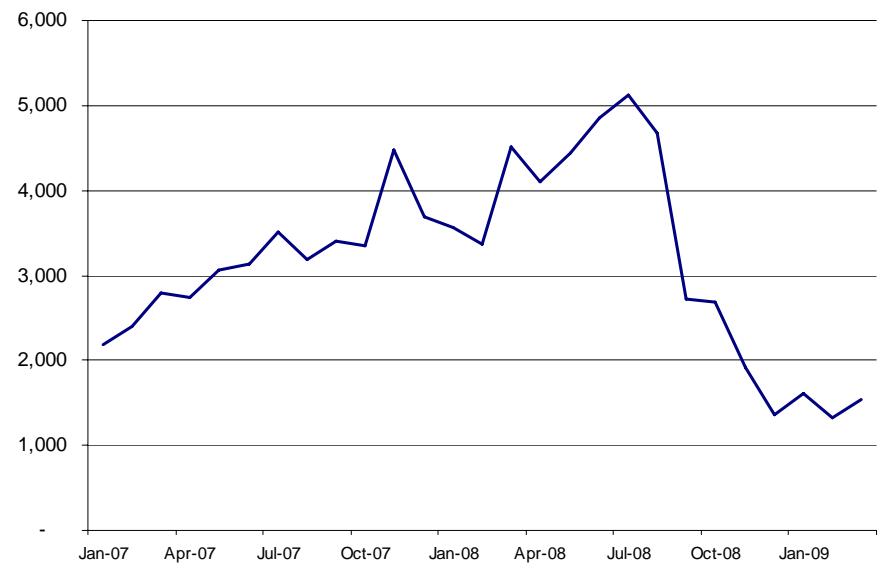


Troubled oil exports

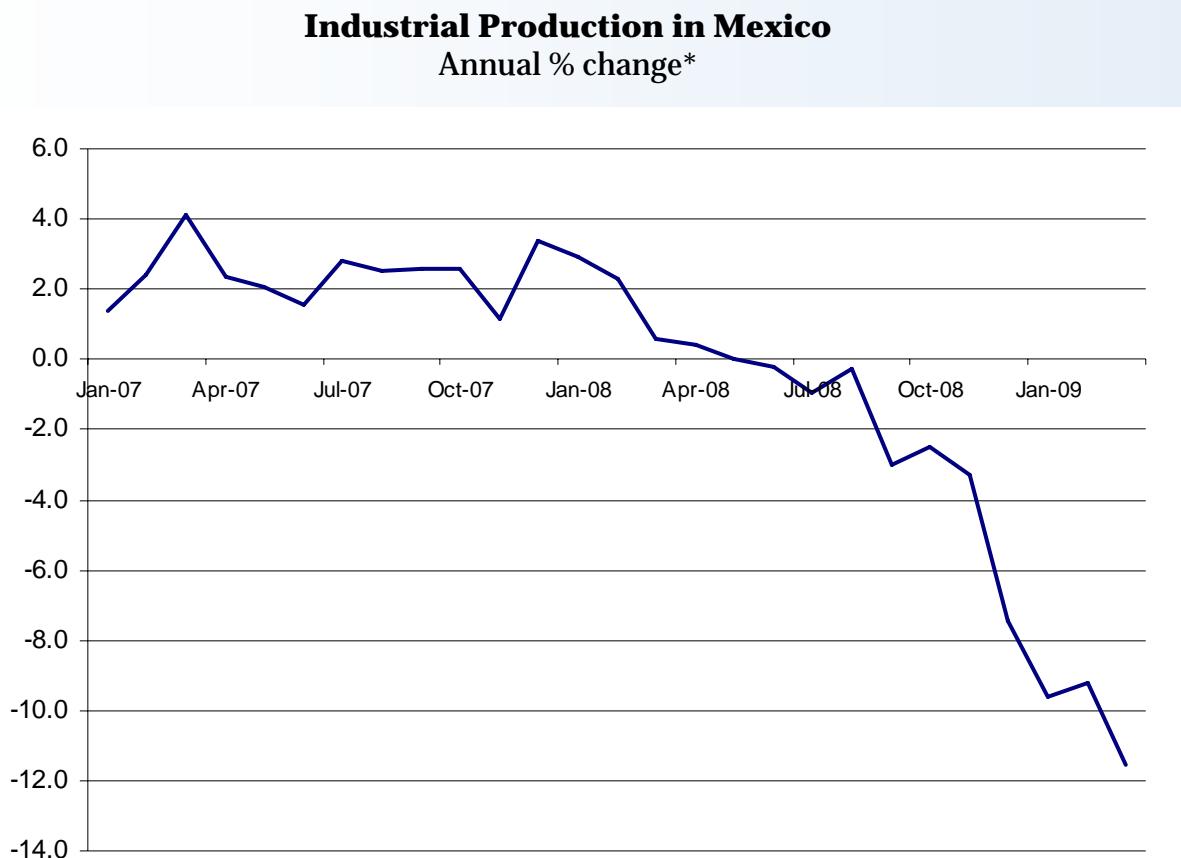
Production of oil and gas



Value of crude oil exports
(million of dollars)



Steep declines in industrial production



*deseasonalized figures

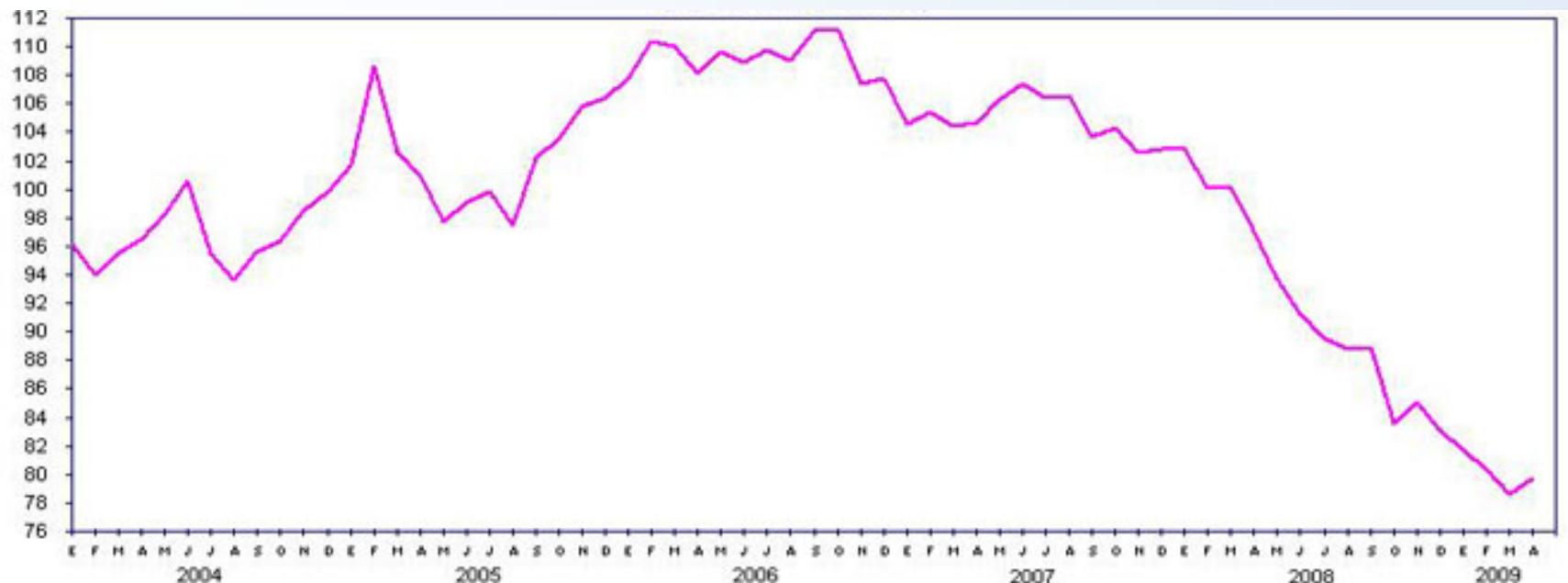
Source: INEGI.

Feeling Detroit's pain



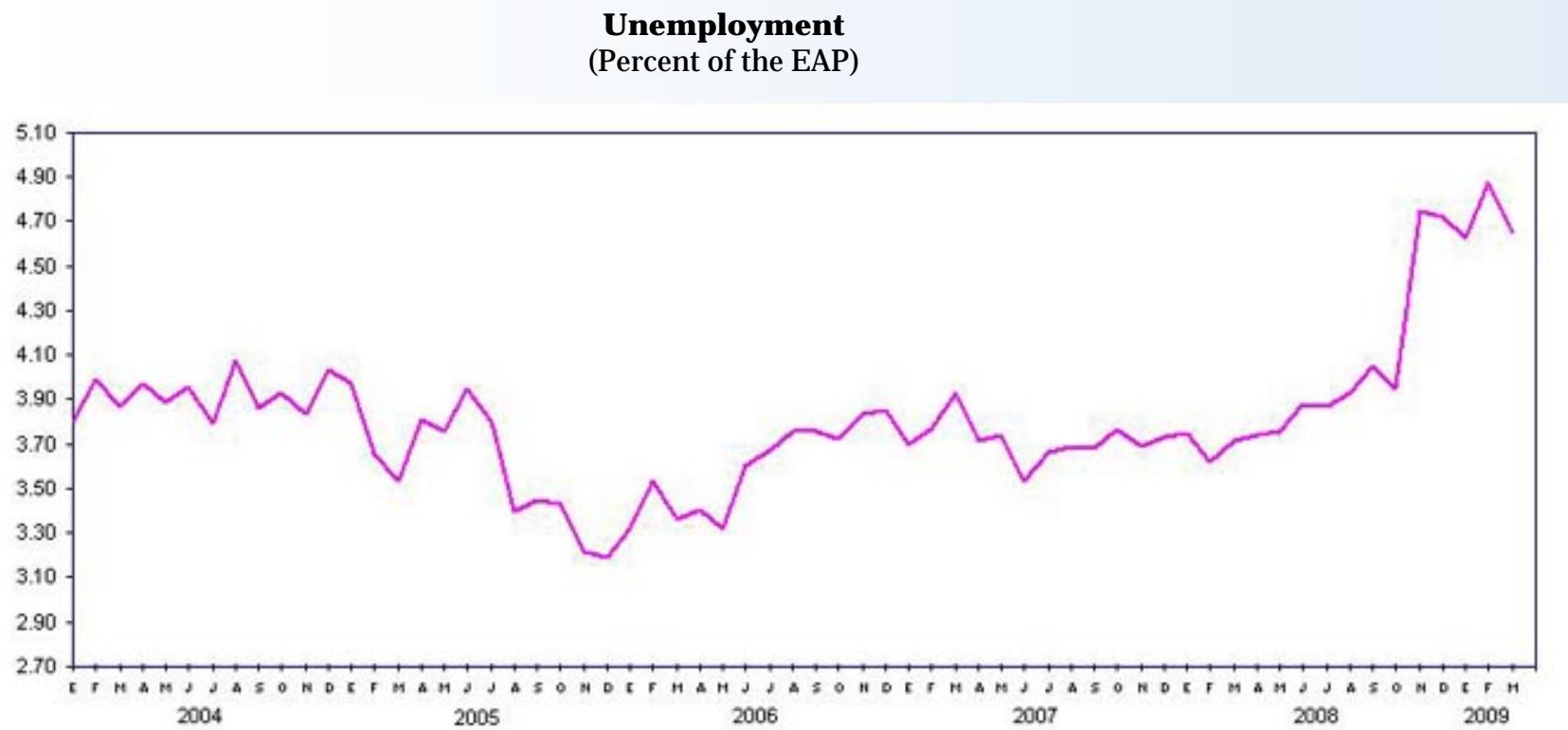
Nervous consumers

Consumer Confidence Index
(January 2003 = 100)



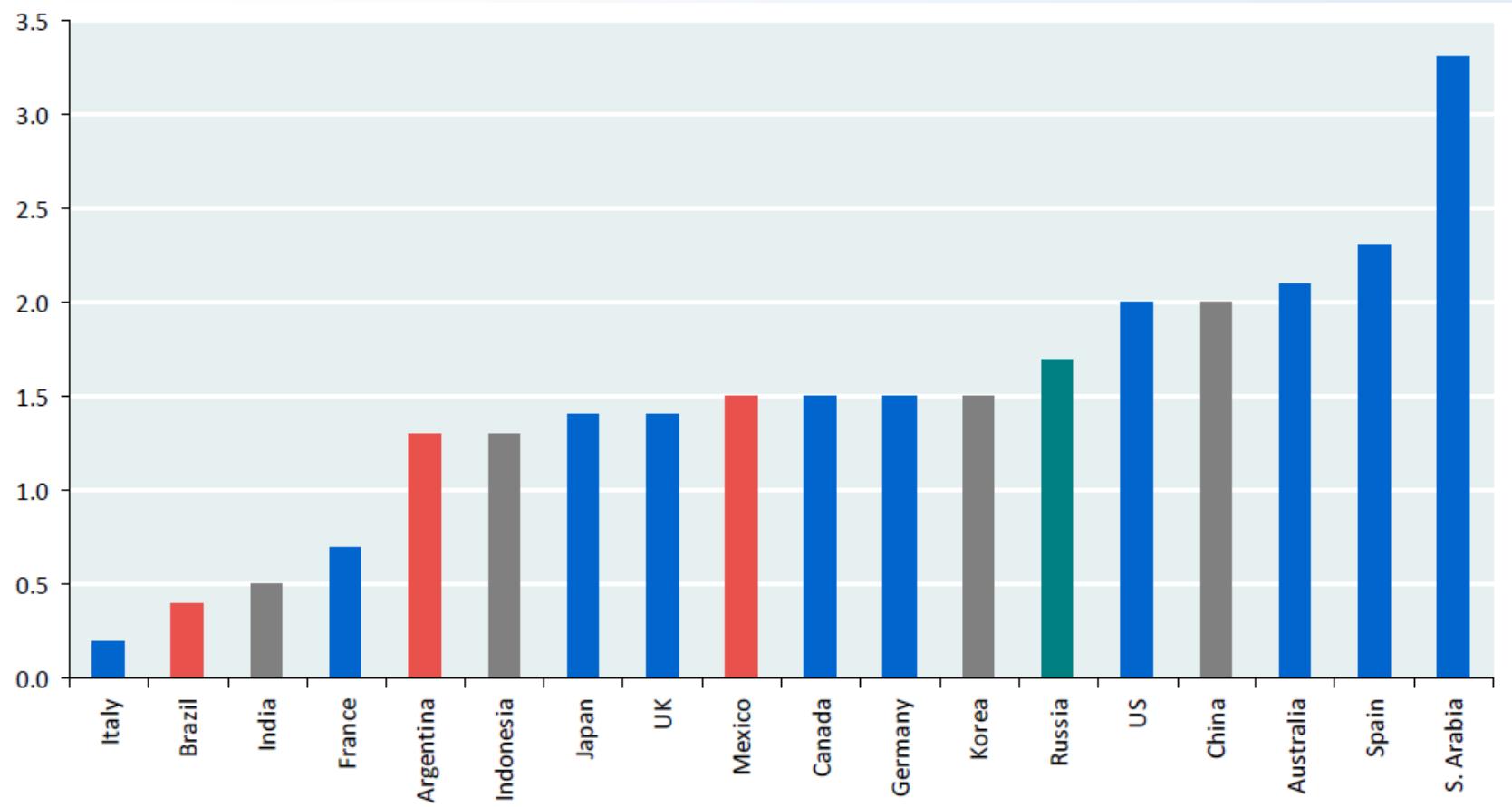
Source: INEGI.

2.3 million Mexicans lost jobs in Q1 2009



Mexico's stimulus package: 1.5% of GDP

Estimated Cost of Fiscal Discretionary Measures in 2009
as % of GDP



Slashing rates: 300bp since Dec 2008

