Mexico’s Economy: How Bad are the News?

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Gloomy and uncertain forecasts for core economies

Recent Growth and Forecasts for 2009
annual GDP real growth rate, in %

Latin America: variable impact

2009 GDP growth projections

<table>
<thead>
<tr>
<th>Country</th>
<th>RGE April 2009</th>
<th>JP Morgan March 2009</th>
<th>WEO April 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>-1.8%</td>
<td>-3.0%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Brazil</td>
<td>-1.4%</td>
<td>-1.4%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Chile</td>
<td>-0.4%</td>
<td>-1.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Colombia</td>
<td>-0.7%</td>
<td>0.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Mexico</td>
<td>-4.6%</td>
<td>-4.0%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Peru</td>
<td>2.8%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>-2.0%</td>
<td>-0.5%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Latin America</td>
<td>-2.1%</td>
<td>-2.2%</td>
<td>-1.5%</td>
</tr>
</tbody>
</table>

Sources: RGE Monitor, JP Morgan, and IMF.

GDP (annual percentage change)
Estimates for 2009 and 2010

Source: IMF, April 2009.
Remittances are important, but other countries are suffering more than Mexico

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

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

Mexican emigration to other countries

Source: NYT.
Troubled oil exports

Production of oil and gas

Value of crude oil exports
(million of dollars)

Source: INEGI.
Steep declines in industrial production

Industrial Production in Mexico
Annual % change*

* deseasonalized figures
Source: INEGI.
Feeling Detroit’s pain

Automotive Production in Mexico
units

Source: AMIA.
Nervous consumers

Consumer Confidence Index
(January 2003 = 100)

Source: INEGI.
2.3 million Mexicans lost jobs in Q1 2009

Unemployment
(Percent of the EAP)

Source: INEGI.
Mexico’s stimulus package: 1.5% of GDP

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

Source: IMF, April 2009.
Slashing rates: 300bp since Dec 2008

Interest Rate and Inflation
(variation (%) YoY)