

**WEEKLY ECONOMIC REPORT**

**MAY 1, 2020.**

**Worldwide Economies Drop During 1Q20**

Several countries published their Gross Domestic Product (GDP) for the first quarter of 2020 (1Q20), exhibiting the initial impact of the COVID-19 containment measures. While data displays sharp contractions, the real extent of the decrease will be better understood when 2Q20 figures are released.

1. The United States' 1Q20 GDP had a (-)4.8% annual fall; the most significant drop seen since 4Q08, during the great financial crisis.
2. Mexico's GDP in 1Q20 contracted at an annual rate of (-)2.4%. By sector, the secondary activities (industry and manufacturing) fell (-)3.8% and tertiary activities (services) (-)1.4%; In contrast, primary activities (agriculture) advanced at 1.2% rate per year.
3. During 1Q20, the GDP of the 19 members of the European Union contracted 3.8% annually, the most significant decline since 1995.
4. China's GDP in 1Q20 decreased 6.8%, the first quarterly GDP drop since the records of the People's Republic started to be published in 1992.

**Mexican Stock Exchange**

Mexbol closed April 30<sup>th</sup> operations at 36,470 points, a weekly advance of 9.68% in dollars; thus, the year-to-date (YTD) loss decreased to (-)33.87% in dollars. Although economic data is not favorable, the earnings season and a certain degree of optimism regarding the recent developments regarding COVID-19, allowed the index to perform well.

The earnings season is practically over, as 31 of the 35 companies of Mexbol have already reported.

1. 16 of the 31 companies that already reported (51.6%) had higher Earnings per Share (EPS) than market consensus.
2. In contrast, 15 companies of the 31 that reported (48.4%), had EPS below expectations.

**Exchange rate**

The spot exchange rate closed April 30<sup>th</sup> operations at MX\$24.17 per dollar, which implies a weekly appreciation of 3.82% of the peso; therefore, the year to date depreciation of the Mexican currency diminished to 31.42%. The recovery of the Mexican currency is due to the strength of the Mexican external accounts, since the trade balance for March displayed a US\$3.39 billion surplus, despite the containment of activity in the United States by COVID-19.

**Economic Indicators**

**Trade Balance**

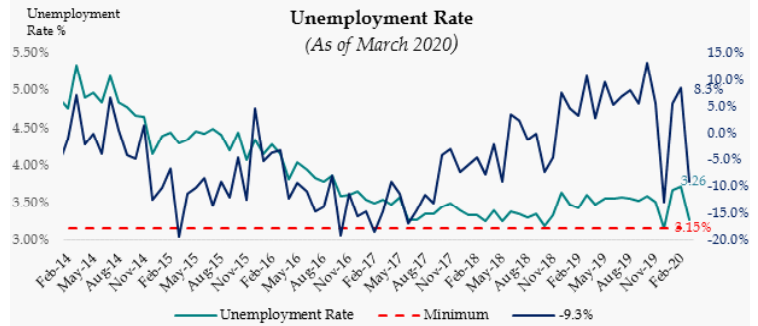
The Mexican trade balance in March had a US\$3.39 billion surplus, which leaves the year to date surplus at US\$3.88 billion, a figure that contrasts positively with the year to date deficit until March 2019, that was US\$1.81. Despite the positive balance, it outstands that there was a fall in the annual rate of both imports and exports, a clear indication of the complications within global value chains. Additionally, it is worth noting that, derived from the international drop in oil prices, oil exports showed a (-)47.1% reduction at the annual rate.

Exports									
	2018	% of Total	Annual Change	2020 YTD	% of Total	Annual Change	Mar+20	% of Total	Annual Change
<b>Total Exports</b>	<b>461,116</b>	<b>100.0%</b>	<b>2.3%</b>	<b>109,696</b>	<b>100.0%</b>	<b>0.6%</b>	<b>38,399</b>	<b>100%</b>	<b>-1.6%</b>
Oil	35,985	7.8%	-15.09%	5,956	4.9%	-23.3%	1,240	3.2%	-47.1%
Crude Oil	32,552	7.0%	-14.94%	4,616	4.2%	-23.3%	1,021	2.7%	-51.4%
Others	3,433	0.7%	-16.03%	740	0.7%	-8.3%	219	0.6%	-9.2%
<b>Non-Oil</b>	<b>425,131</b>	<b>92.4%</b>	<b>8.36%</b>	<b>103,740</b>	<b>95.1%</b>	<b>2.3%</b>	<b>37,159</b>	<b>96.8%</b>	<b>1.1%</b>
Agricultural	15,106	3.3%	9.66%	5,472	5.0%	10.2%	1,130	3.5%	22.5%
Mining	6,189	1.3%	-0.69%	1,697	1.6%	15.6%	706	1.8%	19.5%
Manufacturing	410,836	89.1%	3.40%	96,161	88.5%	1.6%	34,324	89.4%	-0.1%
Automotive Industry	147,797	32.0%	3.92%	34,848	32.1%	1.8%	12,622	32.9%	-3.0%
Others	263,039	57.1%	2.10%	61,313	56.4%	1.2%	21,792	56.2%	2.1%
Imports									
	2018	% of Total	Annual Change	2020 YTD	% of Total	Annual Change	Mar+20	% of Total	Annual Change
<b>Total Imports</b>	<b>455,295</b>	<b>100.0%</b>	<b>-1.9%</b>	<b>104,800</b>	<b>100%</b>	<b>-4.6%</b>	<b>35,007</b>	<b>100%</b>	<b>-6.7%</b>
Oil	47,207	10.4%	-12.0%	10,582	10.1%	-9.9%	3,216	9.2%	-20.6%
Non-Oil	408,088	89.6%	-2.7%	94,218	89.9%	-4.0%	31,791	90.8%	-3.1%
Consumption Goods	43,852	9.6%	0.5%	9,566	9.1%	-4.7%	3,052	8.7%	-9.0%
Intermediate Goods	322,449	70.8%	0.4%	75,711	72.2%	-2.3%	25,962	74.2%	-2.9%
Capital Goods	41,787	9.2%	-8.9%	9,941	9.5%	-14.5%	2,777	7.9%	-18.1%
Trade Balance									
	2018	2020 YTD	Mar+20	Annual Change					
<b>Trade Balance</b>	<b>5,820</b>	<b>5,887</b>	<b>3,392</b>	<b>N.A.</b>					

Source: Mexico's Ministry of Economics  
Amounts in Millions of Dollar

**Employment Indicators**

INEGI released the March's National Survey of Occupation and Employment (ENOE) results. The Unemployment Rate (UR) amounted to 3.3% of the Economically Active Population (PEA) nationwide. This figure represents an unexpected improvement regarding February's UR (3.6%); the reason is that in the last week of March the confinement measures of the COVID-19 came into effect so that the people without a job were unable to search for employment and therefore did not meet the official definition of an unemployed.



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#### Definitions

**COVID-19:** The disease caused by the coronavirus, a family of viruses that were discovered in the 60s but whose origin is still unknown. Its different types cause different diseases, from a cold to a severe respiratory syndrome.

**Earnings per Share (EPS):** The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

**Economically Active Population (PEA):** Is the sum of employed and unemployed persons. Inactive persons are those who, during the reference week, were neither employed nor unemployed.

**European Union (EU):** Is a political and economic union of 28 member states that are located primarily in Europe.

**Gross Domestic Product (GDP):** Is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

**Mexbol:** The S&P/BMV IPyC seeks to measure the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores. It is not possible to invest in an index.

**Mexican Stock Exchange:** The Mexican Stock Exchange headquartered in Mexico City, is the full-service securities exchange of the country, dealing in cash equities, derivatives and fixed income products.

**National Survey of Occupation and Employment (ENOE):** It is a demographic instrument that allows knowing the employment and unemployment profiles of the Mexican population. It is applied by the National Institute of Statistics and Geography of Mexico since 2005 on a monthly basis.

**The National Institute of Statistics and Geography (INEGI):** Is a public body with technical and managerial autonomy, its own legal personality and assets, responsible for regulating and coordinating the National System of Statistical and Geographic Information.

**Unemployment rate (UR):** Is the share of the labor force that is jobless, expressed as a percentage.

**Year to Date (YTD):** Refers to the period of time beginning the first day of the current calendar year or fiscal year up to the current date.

#### Disclosures

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