

Ahead of the Curve

We expect a modest rebound of economic activity in July

Weekly international reserves report. Last week, net international reserves decreased by US\$145 million, closing at US\$193.3 billion (please refer to the following table). According to Banxico's report, this was explained by a negative valuation effect in institutional assets. So far this year, the central bank's international reserves have declined by US\$2.4 billion.

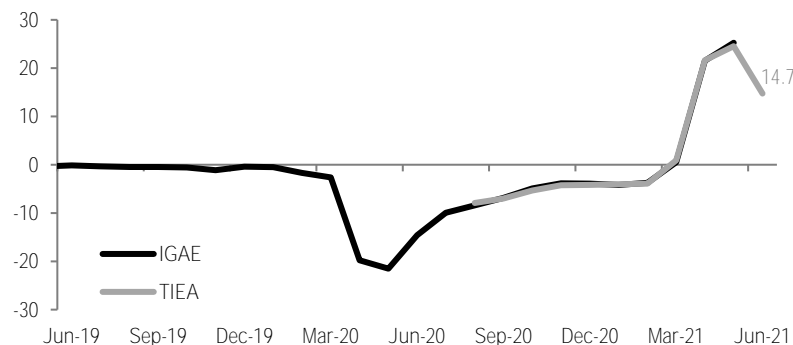
Banxico's foreign reserve accumulation details
US\$, million

	2020	Aug 6, 2021	Aug 6, 2021	Year-to-date
	Balance		Flows	
International reserves (B)-(C)	195,667	193,278	-145	-2,389
(B) Gross international reserve	199,056	199,655	-811	599
Pemex	--	--	0	449
Federal government	--	--	-5	461
Market operations	--	--	0	0
Other	--	--	-806	-311
(C) Short-term government's liabilities	3,389	6,377	-665	2,988

Source: Banco de México

Timely Indicator of Economic Activity (June). This release will include the first estimate for July, along revised figures for June. We recall that May's mid-point forecast stood at 24.5% y/y (using sa figures), below the [25.3% in the GDP-proxy \(IGAE\)](#). We expect June's forecast, currently at 14.7%, to be revised downwards. This would be driven by data published since –including [preliminary GDP for 2Q21](#) and [IP](#)–, suggesting a sizeable sequential contraction. For July there are mixed signals, likely with a slight rebound after contracting in the previous month. This is mainly supported by resilient mobility despite the uptick in COVID-19 cases. In turn, this has likely been helped by progress on vaccinations, less government restrictions, and overall fatigue. However, the outlook seems difficult, as suggested by [IMEF's indicators](#) and other timely data.

Monthly GDP-proxy (IGAE) and the Timely Indicator of Economic Activity (TIEA)
% y/y sa



Source: INEGI

Document for distribution among the general public

Mexico weekly calendar

DATE	HOUR (ET)	EVENT	PERIOD	UNIT	BANORTE	CONSENSUS	PREVIOUS
Tue 17-Aug	10:00am	International reserves	Aug-13	US\$ bn	--	--	193.3
Thu 19-Aug	7:00am	Timely Indicator of Economic Activity (sa)	July	% y/y	--	--	14.7
Fri 20-Aug	4:30pm	Citibanamex bi-weekly survey of economic expectations					

Source: Banorte; Bloomberg

Analyst Certification

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Alik Daniel García Álvarez, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo and Juan Barbier Arizmendi, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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