

Ahead of the Curve

Economic weakness at the start of 2022 likely on Omicron

Weekly international reserves report. Last week, net international reserves increased by US\$115 million, closing at US\$201.7 billion (please refer to the following table). According to Banxico's report, this was mainly explained by a positive valuation effect in institutional assets. Year-to-date, the central bank's international reserves have fallen by US\$701 million.

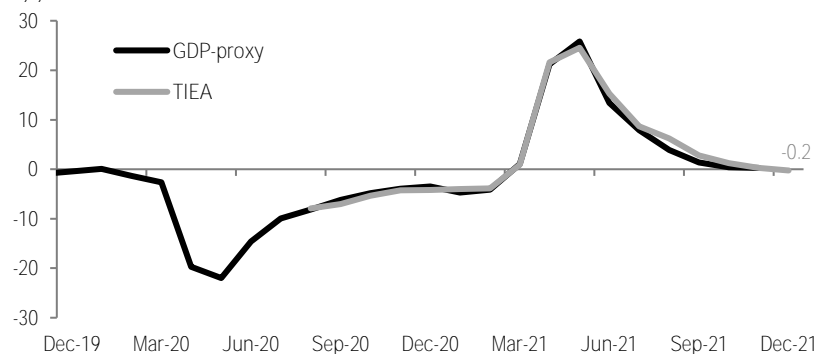
Banxico's foreign reserve accumulation details
US\$, million

	2021	Feb 4, 2022	Feb 4, 2022	Year-to-date
	Balance		Flows	
International reserves (B)-(C)	202,399	201,698	115	-701
(B) Gross international reserve	207,745	209,476	-81	1,732
Pemex	--	--	0	0
Federal government	--	--	-63	3,832
Market operations	--	--	0	0
Other	--	--	-18	-2,100
(C) Short-term government's liabilities	5,346	7,778	-196	2,433

Source: Banco de México

Timely Indicator of Economic Activity (January). This release will include the first estimate for January, as well as revised figures for December. We recall that November's mid-point forecast stood at 0.2% y/y (using sa figures), practically in line [GDP-proxy \(IGAE\)](#) at 0.3%. Turning to December, we believe it is very likely that the figure is revised higher, considering that it stands at -0.2% y/y. Specifically, both signals from [4Q21 preliminary GDP](#) as well as from the latest [industrial production report](#), are more positive. Therefore, we think the figure could show a substantial sequential expansion. Signals for January are more negative, with a strong deterioration in the epidemiological front, impacting employment –with reports of higher job absenteeism, although still with job creation among those affiliated to IMSS– and overall activity, in line with timely indicators such as [IMEF's PMIs](#), as well as consumer and business confidence.

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



Source: INEGI

Mexico weekly calendar

DATE	HOOR (ET)	EVENT	PERIOD	UNIT	BANORTE	CONSENSUS	PREVIOUS
Tue 15-Feb	10:00am	International reserves	Feb-11	US\$ bn	--	--	201.7
Fri 18-Feb	7:00am	Timely Indicator of Economic Activity (sa)	January	% y/y	--	--	-0.2

Source: Banorte; Bloomberg

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Winners of the award for best economic forecasters for Mexico in 2021, granted by *Refinitiv*



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