



PM Datanote: Retail Sales, Mexico, December

In one line: A good end to Q4 for the Mexican consumer.

December retail sales rose 2.4% year-over-year, in line with the consensus, and up from 1.2% in November.

In seasonally adjusted terms, retail sales fell 0.8% month-to-month, reversing the 0.7% increase in November. These data are very volatile so we are inclined to see today's monthly number simply as a swing, but the underlying trend is still positive, and consistent with a gradual though tame recovery of private spending over the last quarter of 2014.

Looking at the breakdown, the headline was boosted by internet sales, food, beverages and tobacco sales, and supermarket and department store sales. The combination of stronger employment growth, coupled with low and controlled inflation, imply that we will see stronger figures in the first quarter. We expect better unadjusted data in January thanks to solid auto sales and, especially, the ANTAD private survey of same store sales.

The chart shows that the trend in retail sales growth is still solid, and we expect a strong retail sales report for January too, as consumer confidence remains resilient.

