

AUGUST



ECONOMIC NEWSLETTER

EDITION 2022

MONITORING THE NATIONAL ECONOMIC ACTIVITY TO SHIELD THE OPERATIONS OF YOUR COMPANY.

Like in many other countries, foreign trade in Mexico is the basis of its economy, generating 70 percent of the annual Gross Domestic Product. However, it's not exempt from disruptions at the international and national levels that affect its behavior without underestimating the constant changes in the economic, political, and social spheres.

As a firm specialized in the different areas of foreign trade (foreign direct investment, legal, fiscal, customs, among others), it's crucial to be updated with the most recent and relevant data on macroeconomics and foreign trade and to share this with our clients to facilitate them on taking crucial decision at a management level.

We will base this document on general macroeconomic indicators such as inflation, employment and production, as well as other more specific such as performance and exports of specific industries. They all constitute valuable information that companies must regularly review because it impacts their economic activities directly or indirectly. Having punctual and synthesized information gives us a very realistic notion of the current scenario, allowing us to generate strategies that maximize income, reduce expenses or even safeguard against a future contingency.

Therefore, this brief newsletter aims to monitor the country's principal indicators, giving a monthly scenario of economic activity focused on the industry to keep our clients updated concisely to facilitate their operations.

Without further ado, the present is developed through 4 sections that compile updated data on;

- 1) The most relevant indicators of the national macroeconomics,**
- 2) Manufacturing industry,**
- 3) Agro-industry,**
- 4) Foreign direct investment in the country.**



SECTION 1. Economic Indicators

INDICATORS	JUNE 2022	MAY 2022	JUNE 2021
Inflation	7.99	7.65	5.88
Underlying Inflation (*)	7.49	7.28	4.58
Target Rate	7.00	7.00	4.00 / 4.25
Average Exchange Rate	20.02	20.03	20.03



Inflation is the sustained increase in the prices of goods and services in the economy, measured through the variation in the National Consumer Price Index (INPC in Spanish). As of June, prices have increased 7.99% since June 2021. For its part, **the underlying inflation** is the one that excludes variations in prices in the energy sector and unfinished goods. In this case, prices have increased 7.49% in the same period. The **target rate** is the interest rate set by the central bank (BANXICO) as a reference for financial entities, currently at 7.00%. For June, the **exchange rate** averaged 20.02 pesos per dollar.



EMPLOYMENT	JUNE 2022	MAY 2022	JUNE 2021
Unemployment Rate	3.3	3.4	4.0
Salaried workers registered in IMSS3	341,163	340,347 (+0.2%)	330,146 (+3.3%)
Active Population (Labour force)	59,416,433	59,077,899 (+0.6%)	57,386,628 (+3.5%)

Employment is one of the variables that allow us to determine the labor situation of the citizens in a country. The **unemployment rate** has the purpose of measuring the level of the population that wants to work and doesn't find employment, the month of June presents a difference from the previous month of -0.1%. The **Active Population** (people that meet the age and ability to work) has increased this month by 0.6%.

The new **Salaried Workers Registered in IMSS** amounted to 341,163 as of June, which marks a rise of 0.2% in formal workers compared to the previous month.

ECONOMIC ACTIVITY	JUNE 2022	MAY 2022	JUNE 2021
Quarterly GDP ¹	1T 2022 18,027,967	4T 2021 17,847,899 (+1%)	1T 2021 17,703,274 (+1.8%)
Economic Units	May 2022: 5,528,698 November 2021: 5,529,201 (-503 units)		
Global Indicator of Economic Activity	May 2022 111.4	April 2022 111.6 (-0.2%)	May 2021 110.0 (-1.3%)
Exports ²	51,234.1	50,005.1 (+2.4%)	42,619.4 (+20.2%)
Imports ²	55,191.3	52,220.5 (+5.6%)	41,909.4 (+31.7%)
Trade Balance ²	-3,957.2	-2,215.5 (+78.6%)	710 (-657.4%)

¹/ Million pesos in 2013 prices.

²/ Million dollars.

IMSS is the acronym for Instituto Mexicano del Seguro Social (Mexican Social Security Institute).

***The percentages represent the variation between the month of reference and previous periods.

Sources: BANXICO, INEGI, IMSS.

The **Gross Domestic Product (GDP)** is a macroeconomic measure that reflects the total production of goods and services produced in a country during a given period. Its increase represents a rise in its economic activity. Quarterly, the GDP increased 1% between the fourth quarter of 2021 and the first of 2022.



With greater precision, the Global Indicator of Economic Activity allows the monitoring of the evolution of the real sector of the economy, showing that from April to May, it decreased by 0.2%.

As a result of the country's exports and imports during May, there was a deficit trade balance of 78.6% more than the previous month, since international sales increased by 2.4% but purchases rose almost double (5.6%).



SECTION 2. MANUFACTURING INDUSTRY



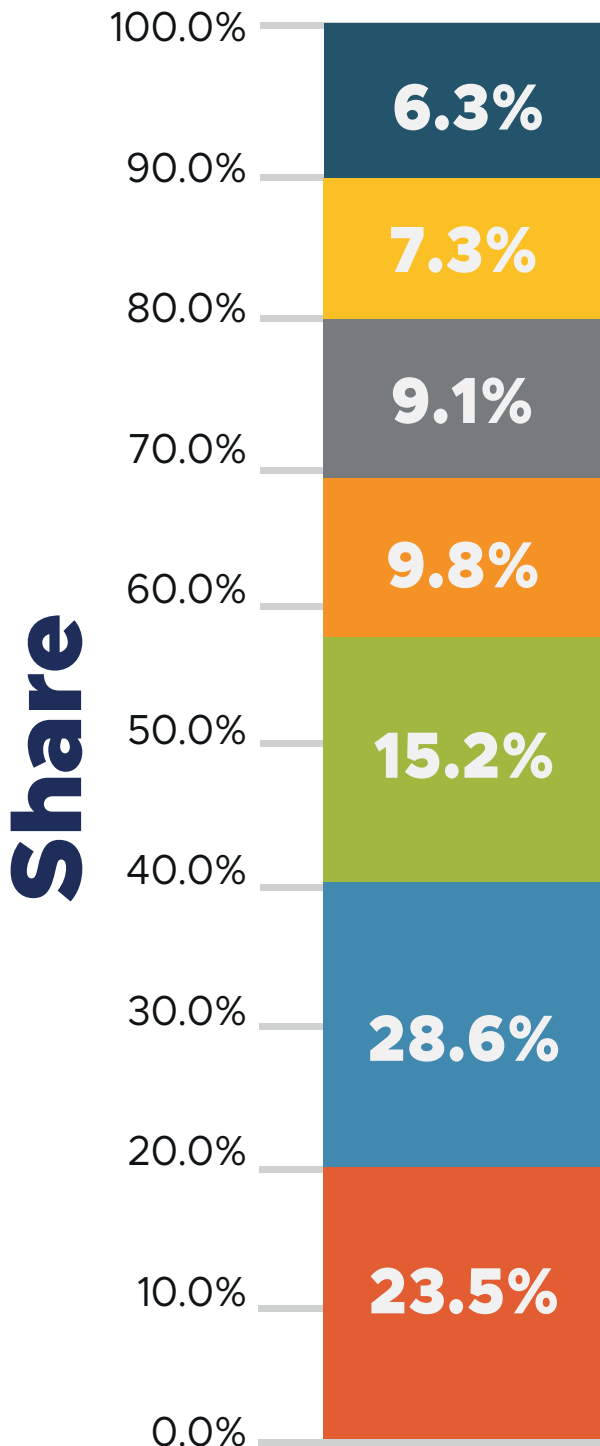
Indicator of the Industrial Activity		
MAY 2022	APRIL 2022	MAY 2021
117.9	117.6 (+0.2%)	111.6 (+5.6%)

The sub sectors that showed a bigger increase in activity between April and May were: **Furniture and Related Product Manufacturing** (+8.8%), **Leather and Allied Product Manufacturing** (+1.5%), and **Paper manufacturing** (+0.9%).

Production Value		
MAY 2022	APRIL 2022	MAY 2021
905,760.8	867,711.2 (+4.4%)	741,370.7 (+22.2%)

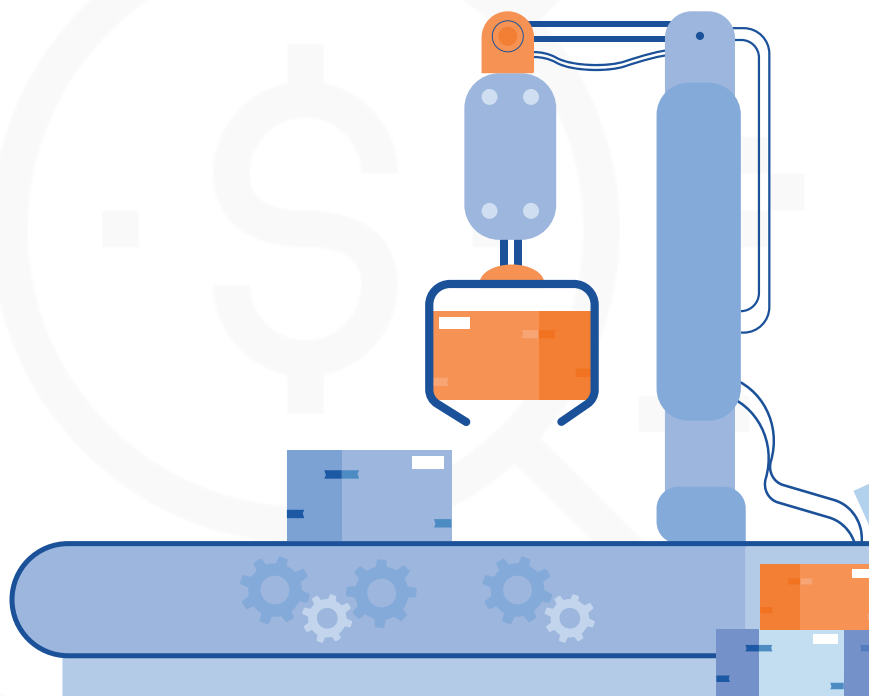


PRODUCTION VALUE BY SUBSECTORS (MAY 2022)



The sub sectors that had the highest year on year increase were **Petroleum and Coal Products Manufacturing (+120.8%)**, **Chemical Manufacturing (+31.8%)**, and **Leather and Allied Product Manufacturing (+29.9%)**.

- **312** Beverage and Tobacco Product Manufacturing
- **324** Petroleum and Coal Products Manufacturing
- **331** Primary Metal Manufacturing
- **325** Chemical Manufacturing
- **311** Food Manufacturing
- **336** Transportation Equipment Manufacturing
- Other Subsectors



MANUFACTURING EXPORTS	MAY 2022	APRIL 2022	MAY 2021
	43,346.0	40,851.3 (+6.1%)	36,032.2 (+20.3%)
Automotive	13,877.8	13,255.2 (+4.7%)	12,539.5 (+10.7%)
Machinery and Special Equipment for Various Industries	7,607.7	6,737.8 (+12.9%)	5,726.6 (+32.8%)
Electrical and Electronic Equipment	6,918.5	6,619.3 (+4.5%)	6,067.3 (+14.0%)
Food, Beverages and Tobacco	2,480.7	2,403.7 (+3.2%)	2,004.3 (+23.8%)
Manufacturing Imports	43,190.3	41,145.7 (+5.0%)	34,666.9 (+24.6%)
Manufacturing Balance	155.6	-294.4 (-152.9%)	1,365.4 (-88.6%)

¹/Million dollars.

Economic Units	May 2022: 608,253 November 2021: 608,212 (+41 units)
-----------------------	---



Occupation		
MAY 2022	APRIL 2022	MAY 2021
117.9	117.8 (0.0%)	114.8 (+2.6%)

¹/Occupation Index, the variation is seasonally adjusted.

Manufacturing and Maquiladora Export Industry Statistics

	JUNIO 2022	MAYO 2022	MAYO 2021
Economic Units ¹	6,466	6,460	6,484
Authorizations ²	6,090 (+24 nuevas)	6,072 (+18 nuevas)	-
Workers ³	3,242,868	3,144,963 (+0.2%)	3,115,131 (+4.0%)
Hours Worked ⁴	617,677	608,904 (+0.3%)	583,802 (+5.0%)
National Incomes ⁵	257,131.2	241,315.0 (+6.6%)	201,742.2 (+27.5%)
Foreign Incomes ⁵	377,678.1	374,369.0 (+0.9%)	313,844.0 (+20.3%)

^{1/} Establishments with economic activity during the month of reference.

^{2/} Authorized programs in the IMMEX Directory of the month of reference.

^{3/} Percentage change according to seasonally adjusted figures.

^{4/} Thousand of hours, percentage change according to seasonally adjusted figures.

^{5/} Million pesos.

^{5/} Source: INEGI.

The establishments with the highest YoY growth rate (may 2021-may 2022) in their foreign incomes, were the ones in the states of:



Manufacturers

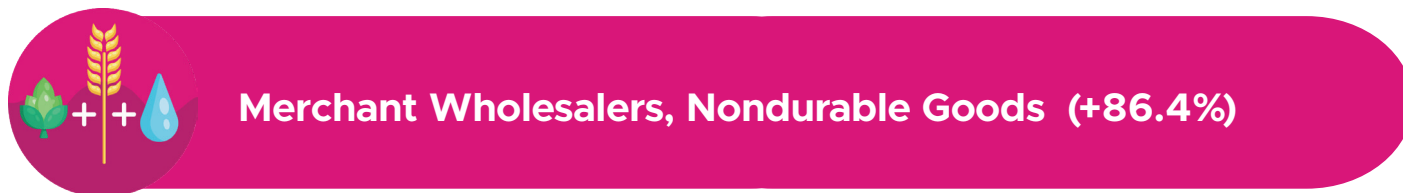
1. Sonora (+51.0%)
2. Queretaro (+39.5%)
3. Durango (+28.8%)



No manufacturers

1. Coahuila (+42.2%)
2. CDMX (+39.1%)
3. Baja California (+31.0%)

On the other hand, in the same terms, the sub sectors with bigger increases were:



SECTION 3. AGRO-INDUSTRY

	MAY 2022	JAN - MAY 2022 ¹	MAY 2021
Agrid-food Exports²	4,581.8	21,744.3 (+15.5%)	3,784.8 (+21.1%)
Share in total exports³	9.2%	9.4%	9.3%
Agrid-food Imports²	3,664.5	17,100.0 (+18.1%)	3,176.4 (+15.4%)
Agrid-food Balance²	917.2	4,644.3 (+7.1%)	608.4 (+50.8%)

^{1/} Accumulated in january-may period, the percentage is the YoY comparison.

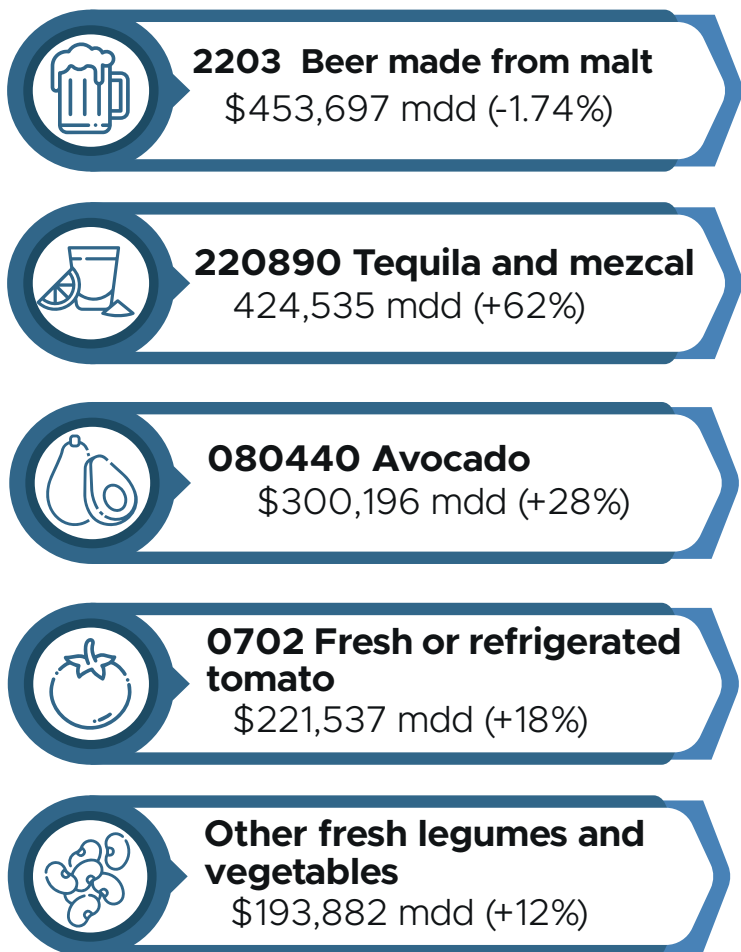
^{2/} The agri-food trade is integrated by the agricultural and agroindustry sectors, amounts in millions of dollars

^{3/} Share of the agri-food exports in the total national exports.

Source: SIAP.



Within the top 5 of the main products that were exported in May 2022, with their respective amount in millions of dollars and year-on-year variation, we have the following:



Together, these 5 products have a 34.8% share of the total agri-food exports in May, equivalent to **1,593.8 million dollars**.

The agricultural exports with higher growth rate between the periods jan-may 2021 and jan-may 2022, were **cocoa beans** (+398.0%), **durum wheat** (+112.9%) and **non-roasted, non-decaffeinated coffee** (+67.9%).

Likewise, the mollusks exports increased by almost 63% in this time-lapse. Regarding the agroindustrial exports, the products with the bigger YoY growth rate were **frozen beef** (+71.1%), **tomato prepared without vinegar** (+64.2%), and **tequila and mezcal** (+50.3%).

SECTION 4. FOREIGN DIRECT INVESTMENT

TOTAL FDI		
1Q 2022	4Q 2021	1Q 2021
19,427.5	3,169.1 (+530%)	16,149.5 (+20.3%)



¹/ Million dollars.

Source: Secretaría de Economía.

BY TYPE OF INVESTMENT (MILLION DOLLARS)

New Investments

2022 1Q - 8,792.2 **(+277.9%)**
2021 1Q - 2,326.8

Profits Reinvestments

2022 1Q - 9,259.1 **(-17.9%)**
2021 1Q - 11,271.7

Intercompany Movements

2022 1Q - 1,376.1 **(-46.0%)**
2021 1Q - 2,551.1





By Country of Origin

Top of the main countries that invested in Mexico in the first quarter of 2022.

		1Q 2022	1Q 2021
	1 United States of America	7,602.3	6,110.7 (+24.4%)
	2 Spain	2,093.2	3,768.9 (-44.5%)
	3 Canada	1,374.1	1,385.4 (-0.8%)
	4 France	665.7	274.4 (+142.6%)
	5 Argentina	617.9	178.6 (+246%)
	6 United Kingdom	589.4	687.8 (-14.3%)
	7 Germany	334.3	465.8 (-28.2%)
	8 Japan	269.3	455.6 (-40.9%)
	9 Switzerland	170.6	171.3 (-0.4%)
	10 Brazil	137.7	142.2 (-3.2%)
	11 Hong Kong	132.2	-25.1 (+626.2%)
	12 Other Countries	5,440.8	2,533.9 (+114.7%)





By Sector

Top of the main sectors with most investment in the first quarter of 2022.

	1Q 2022	1Q 2021
31-33 Manufacturing industries	4,693.5	6,580.4 (-28.7%)
51 Information	3,773.0	97.4 (+3,772.5%)
52 Finance and Insurance	3,343.2	4,165.2 (-19.7%)
48-49 Transportation and Warehousing	2,979.1	634.4 (+369.6%)
23 Construction	1,418.7	160.8 (+782.5%)
21 Mining, Quarrying, and Oil and Gas Extraction	1,132.8	2,088.1 (-45.8%)
42 and 44-45 Wholesale and Retail Trade	938.4	1,079.6 (-13.1%)

^{1/} Million dollars
Source: Secretaría de Economía.



By State

Top of the main states with the most investment in the first quarter of 2022.



	1Q 2022	1Q 2021
Mexico City	7,973.2	3,122.5 (+155.3%)
Jalisco	1,318.9	949.3 (+38.9%)
Nuevo Leon	1,105.8	1,576.4 (-29.9%)
Tamaulipas	881.2	484.4 (+81.9%)
Baja California	839.6	470.0 (+78.6%)

^{1/} Million dollars.
Source: Secretaría de Economía.

OUR SERVICES



Legal Defense



Preventive Audits



**AEO
Certification**



**VAT and IEPS
Certification**



**C-TPAT
Certification**



Consulting



IMMEX



**RFE
Strategic Fiscal
Area**



ststratego

COMERCIO EXTERIOR • DEFENSA LEGAL • FISCAL • AUDITORÍA

**800 626 01 55 | www.asesores-stratego.com | info@asesores-stratego.com
Tijuana, B.C | Culiacán, Sin. | CDMX | Guadalajara, Jal. | Monterrey, N.L.**

“Intelligent Strategies that give Results”