

IMCO.org.mx

The logo features the acronym 'IMCO' in a white, serif font. The letter 'O' is stylized with three overlapping blue swooshes that curve around it. To the right of the 'O' is the text '.org.mx' in a smaller, white, sans-serif font.

INSTITUTO MEXICANO PARA LA COMPETITIVIDAD

THE MEXICAN ECONOMY IN TIMES OF COVID

EFFECTS AND PERSPECTIVES

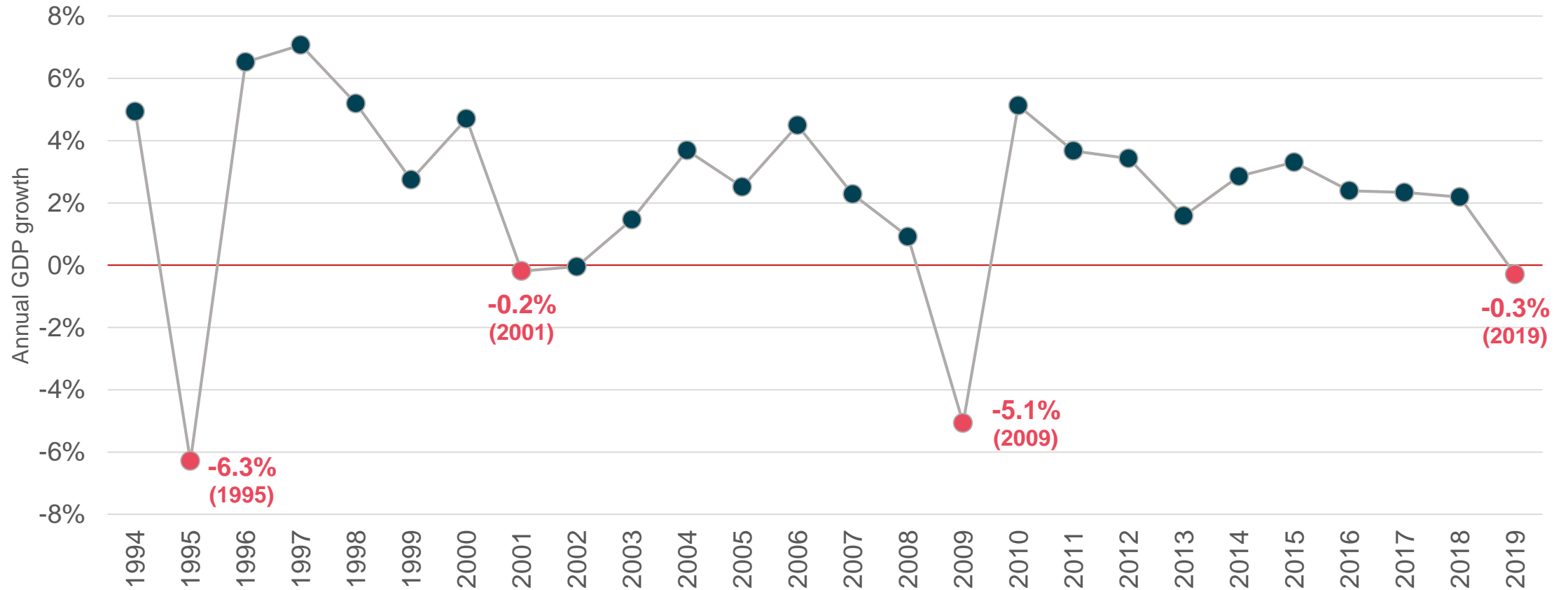
Valeria Moy | @ValeriaMoy

The Mexican economy in times of Covid

- 1 Mexico's GDP growth
- 2 Global Economic Activity Indicator (IGAE)
- 3 Private consumption
- 4 Investment
- 5 Trade balance
- 6 Labor market
- 7 Mexico's economic perspectives

In 2019, before the arrival of the Covid-19 pandemic to Mexico, the national economy registered its first negative growth rate since 2009.

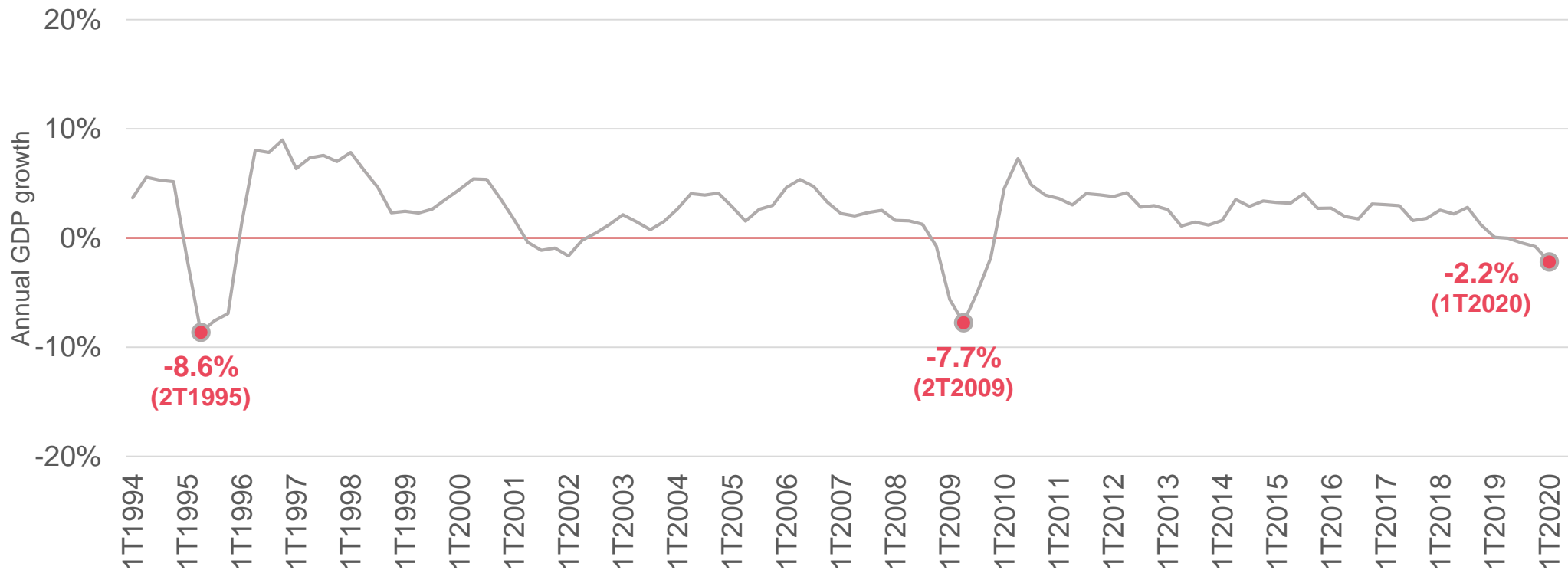
Mexico's GDP growth since 1994



Source: INEGI.

The Mexican economy was already weakened before the pandemic

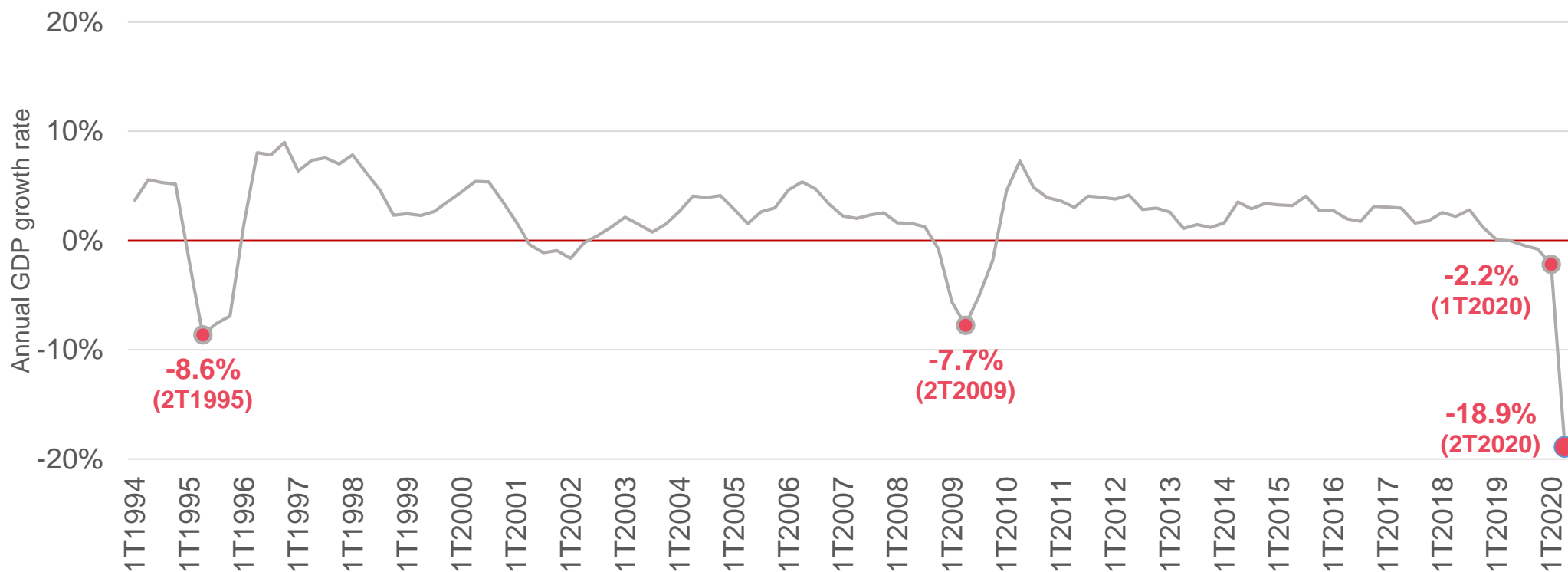
The annual GDP growth rate during Q1 2020 was the **lowest** since Q3 2009 and represented the fourth consecutive **negative** figure.



Source: INEGI.

GDP drop during Q2 2020

Mexico's GDP shrank by **(-)18.9%** YOY, according to the preliminary estimates



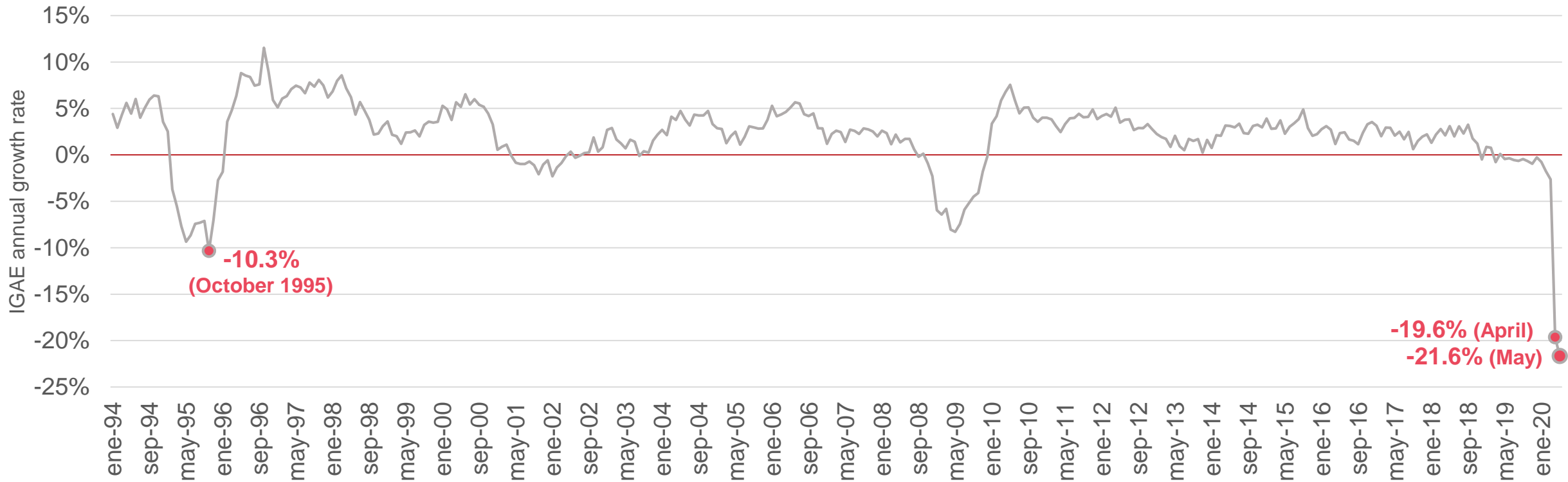
Source: INEGI.

The Mexican economy in times of Covid

- 1 Mexico's GDP growth
- 2 Global Economic Activity Indicator
- 3 Private consumption
- 4 Investment
- 5 Trade balance
- 6 Labor market
- 7 Mexico's economic perspectives

Impact of the crisis on national production

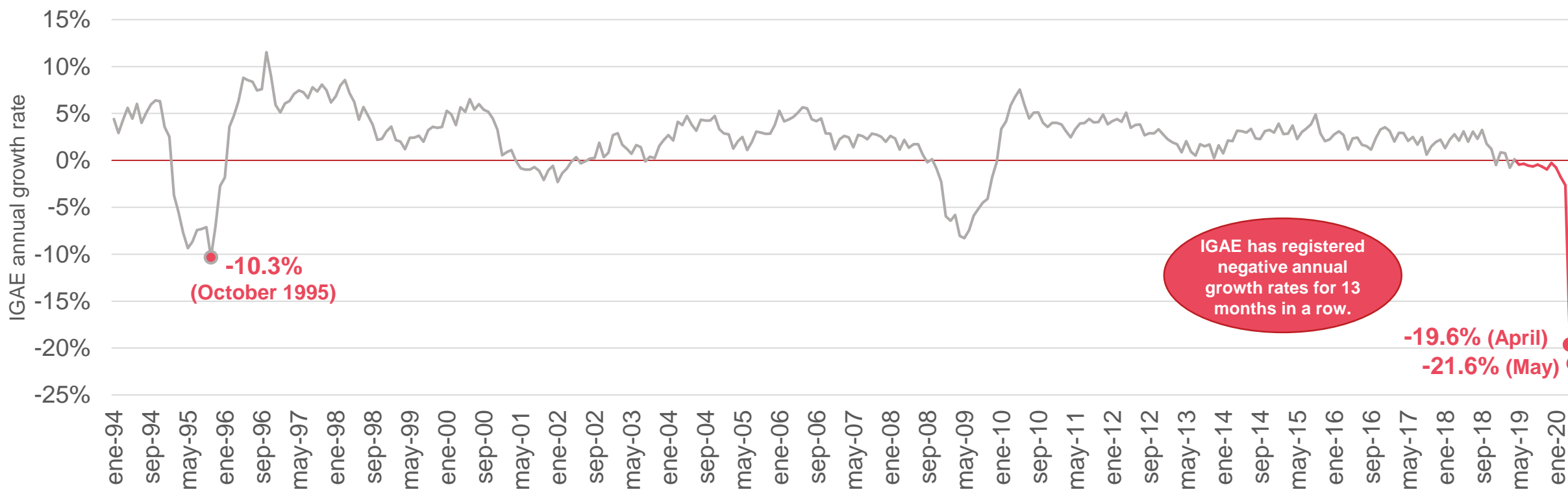
The Global Economic Activity Indicator (**IGAE**) shows annual drops in April and May, the steepest ones on the register and lower than the previous minimum (**oct-95**).



Source: INEGI.

Impact of the crisis on national production

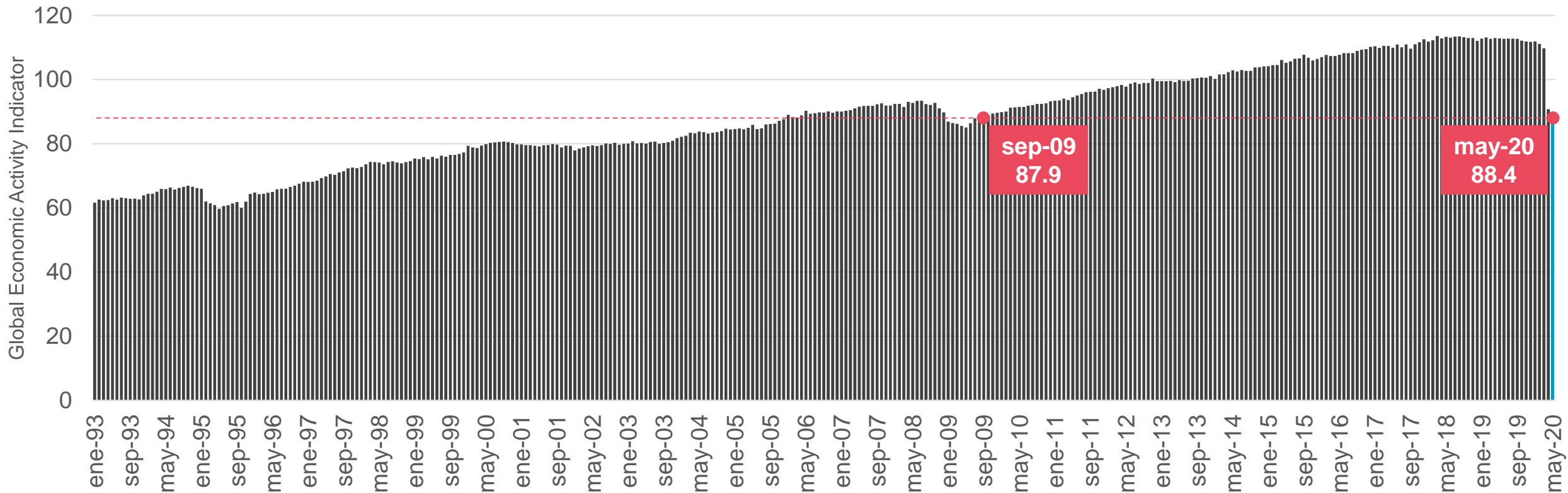
The Global Economic Activity Indicator (**IGAE**) shows annual drops in April and May, the steepest ones on the register and lower than the previous minimum (**oct-95**).



Source: INEGI.

In May, the IGAE had its most significant drop in history

Given its performance in April and May, the IGAE remains at levels not seen since **September 2009**.



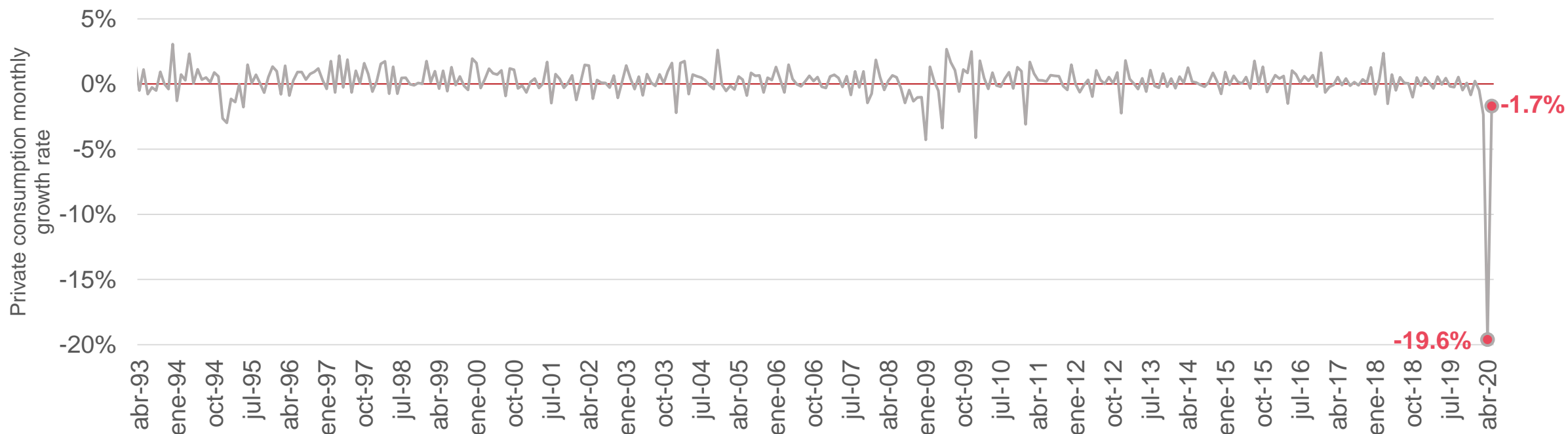
Source: INEGI.

The Mexican economy in times of Covid

- 1 Mexico's GDP growth
- 2 Global Economic Activity Indicator
- 3 Private consumption
- 4 Investment
- 5 Trade balance
- 6 Labor market
- 7 Mexico's economic perspectives

Household consumption has registered historic declines

Private consumption fell **(-)19.6%** month on month in April and **(-)1.7%** in May. Currently, the indicator is **(-)23.5%** below May 2019 figures.



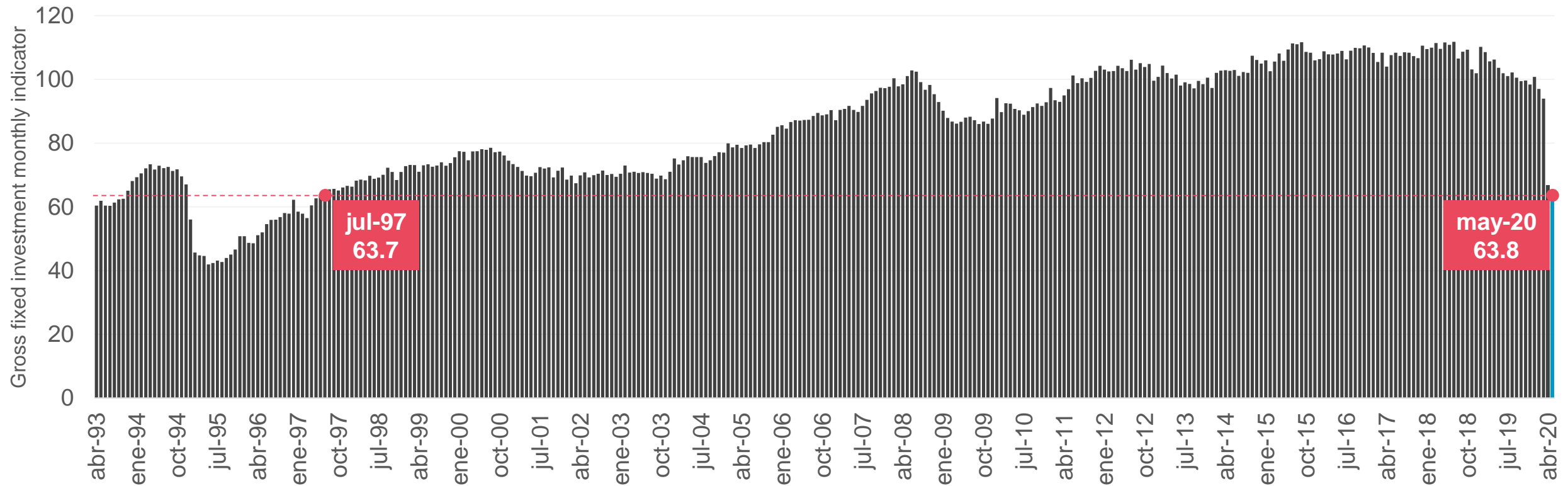
Source: INEGI.

The Mexican economy in times of Covid

- 1 Mexico's GDP growth
- 2 Global Economic Activity Indicator
- 3 Private consumption
- 4 Investment
- 5 Trade balance
- 6 Labor market
- 7 Mexico's economic perspectives

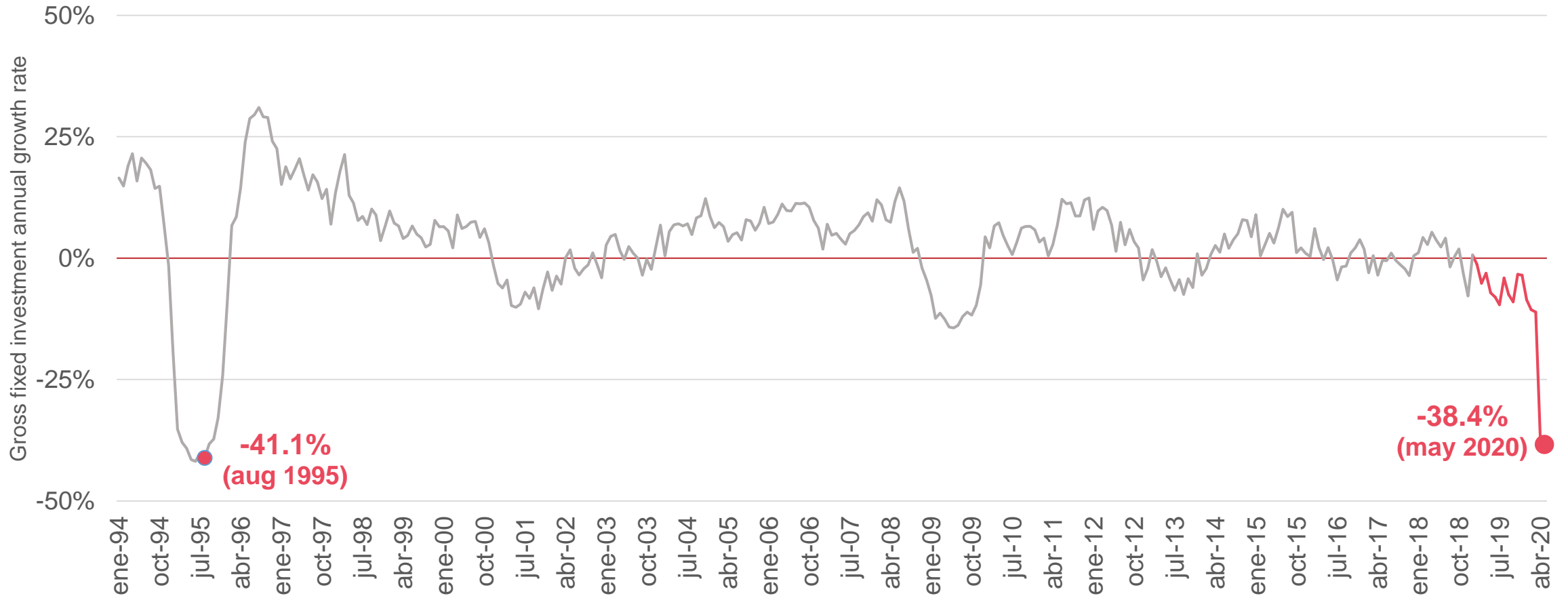
Investment has also shown historic drops

The indicator had the **strongest** monthly drop in its history in April. Currently, it's at its lowest levels since **1997**.



Source: INEGI.

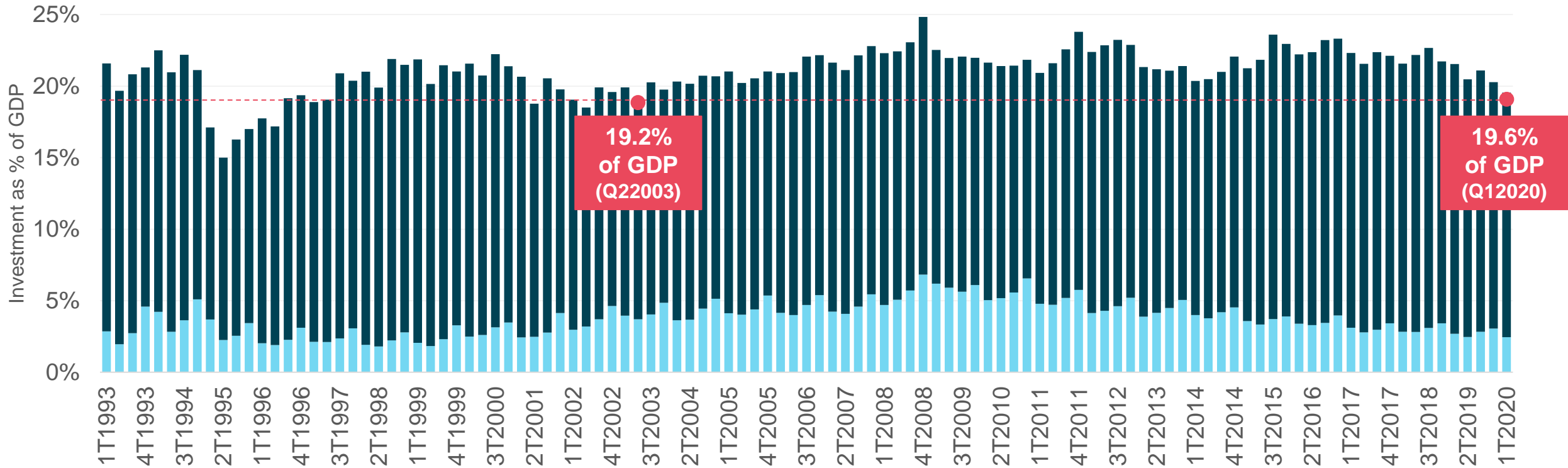
Although Covid-19 caused steeper drops than in previous months, investment accumulated 16 annual declines in May 2020



Source: INEGI.

At the end of Q1 2020, investment represents 19.6% of GDP

It's the lowest proportion since Q2 2003.



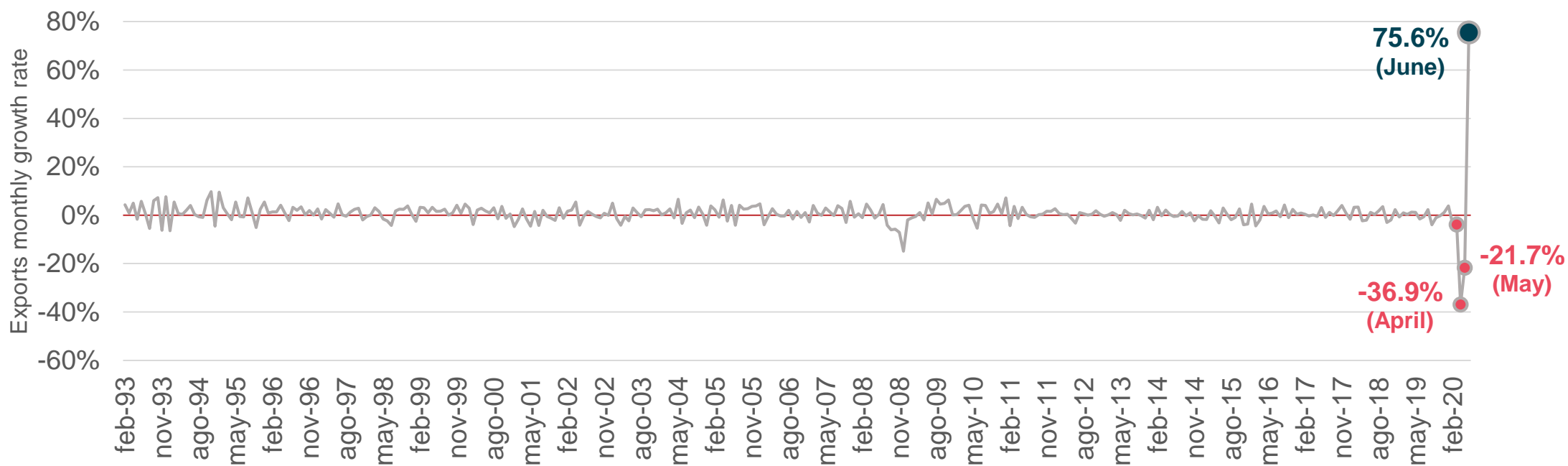
Source: INEGI.

The Mexican economy in times of Covid

- 1 Mexico's GDP growth
- 2 Global Economic Activity Indicator
- 3 Private consumption
- 4 Investment
- 5 Trade balance
- 6 Labor market
- 7 Mexico's economic perspectives

Mexican exports and imports have registered significant declines amid the pandemic

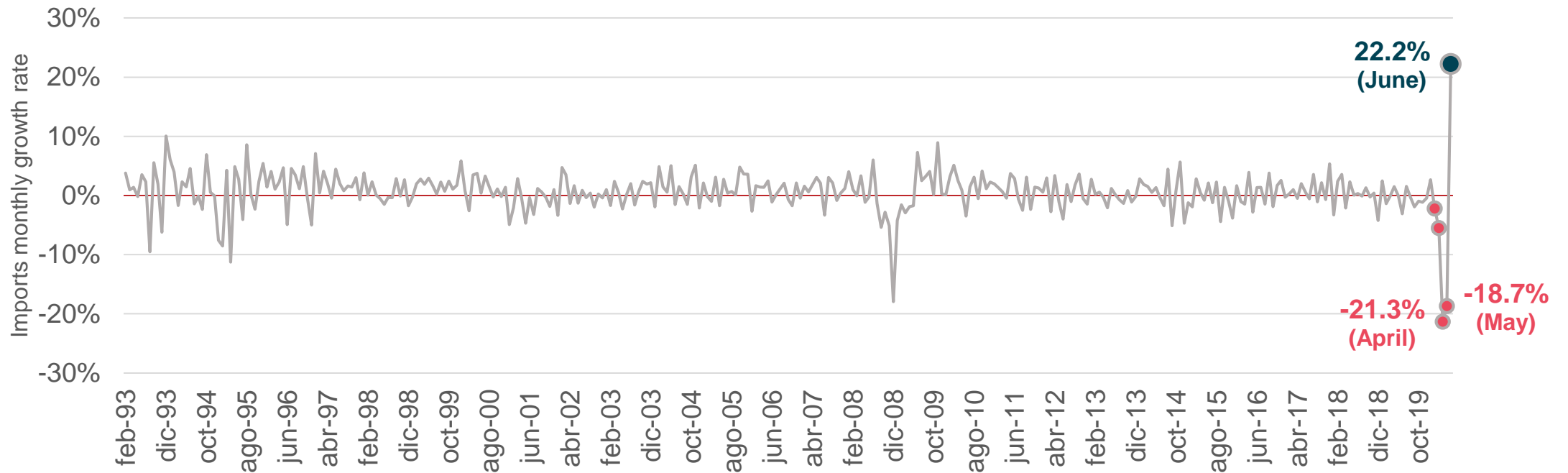
Exports registered their largest monthly decline in April: (-)36.9%. Figures in June show the beginning of a recovery, with a 75.6% increase compared to May. The increase included a monthly surge of 534% in automotive exports.



Source: INEGI.

Imports also showed signs of recovery in June

Imports registered a monthly increase of 22.2% in June, after 4 months in a row with declines. Intermediate goods imports drove the increase with a 27.2% growth rate.



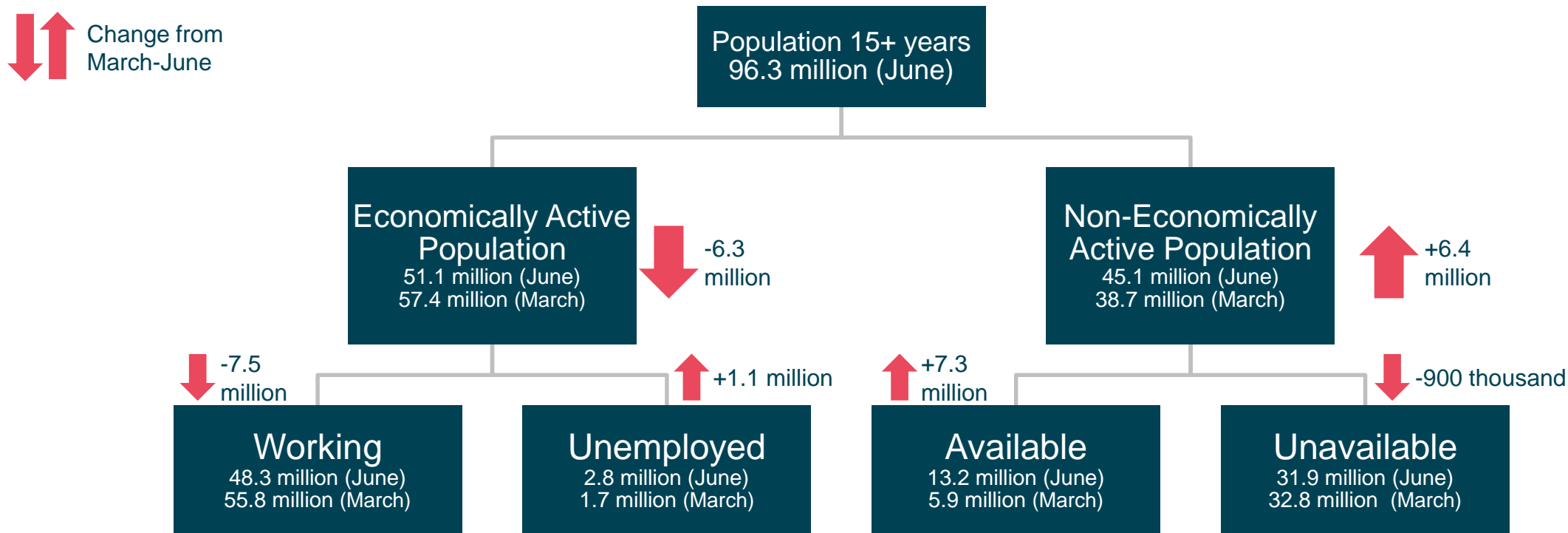
Source: INEGI.

The Mexican economy in times of Covid

- 1 Mexico's GDP growth
- 2 Global Economic Activity Indicator
- 3 Private consumption
- 4 Investment
- 5 Trade balance
- 6 Labor market
- 7 Mexico's economic perspectives

The ETOE survey reveals that 7.5 million jobs have been lost during the pandemic

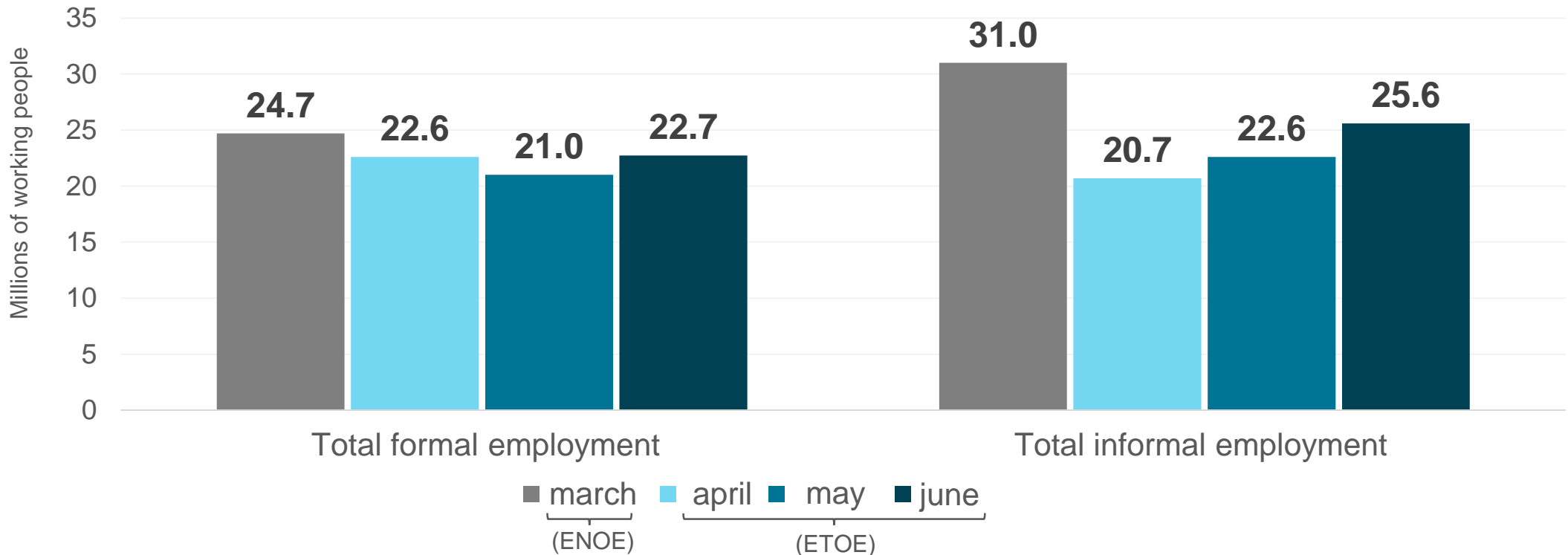
In April, the working population lost 12.5 million people; 300 thousand of those returned to the workforce in May and 4.7 million did so in June.



Source: INEGI.

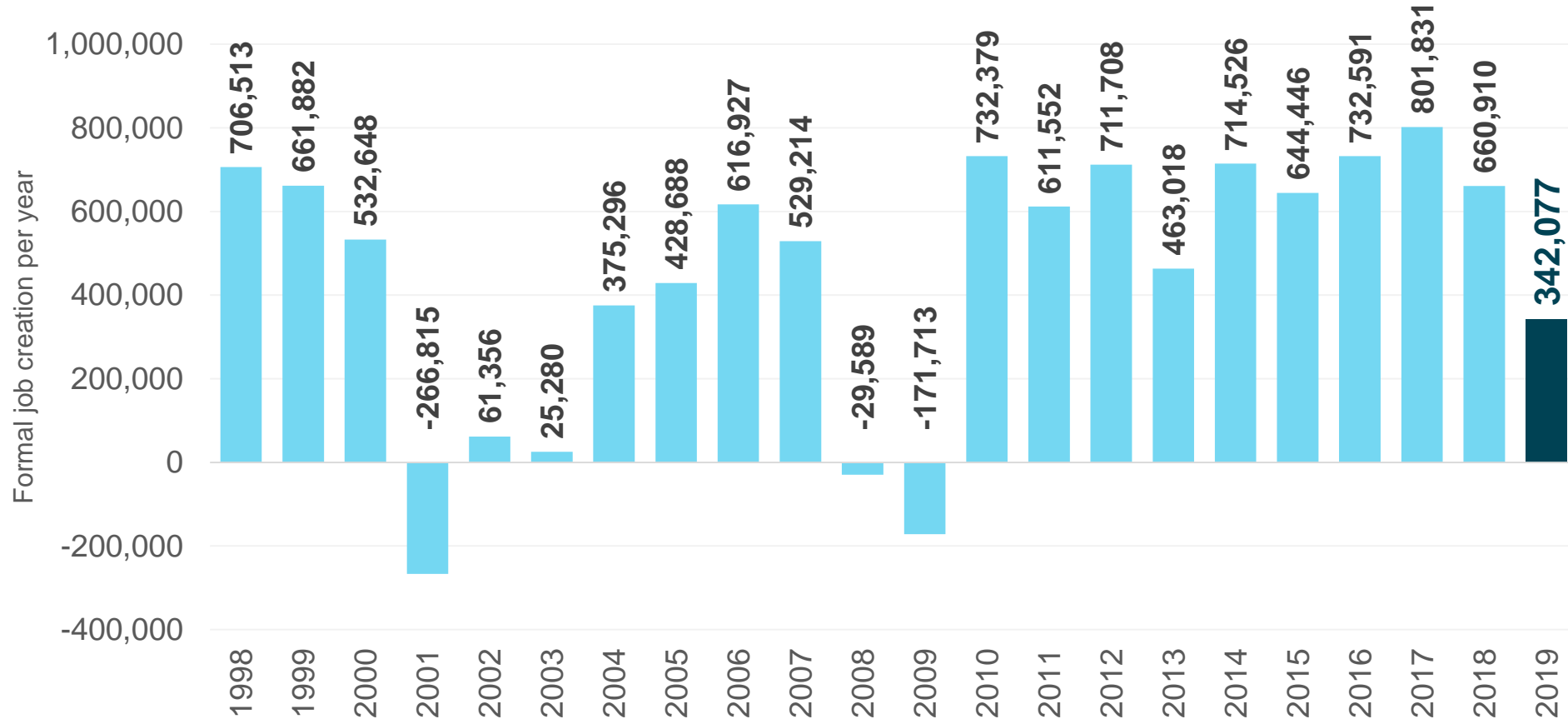
Job losses have been greater in the informal sector

According to the ETOE survey, 5.4 million informal jobs and 2 million formal jobs have been lost during the pandemic. The recovery has been faster in the informal sector.



Source: INEGI.

In 2019, before the Covid-19 crisis, the creation of formal jobs enrolled at IMSS was the lowest since 2009



Source: IMSS.

During the current crisis, the IMSS registry has lost 1 million 117 thousand 584 formal jobs

The loss of 555 thousand 247 formal jobs from the registry was the largest one for any given month. The IMSS registry excludes formal jobs in government, as well as self-employed workers.



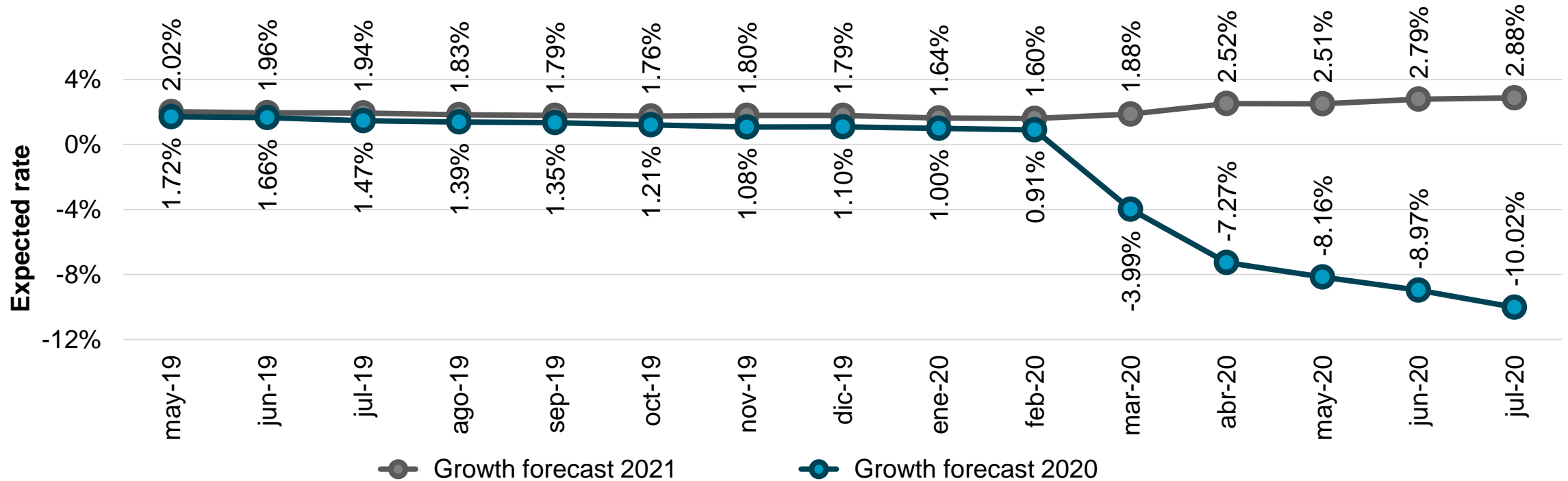
Source: IMSS.

The Mexican economy in times of Covid

- 1 Mexico's GDP growth
- 2 Global Economic Activity Indicator
- 3 Private consumption
- 4 Investment
- 5 Trade balance
- 6 Labor market
- 7 Mexico's economic perspectives





Over the last months, Mexico's growth expectations for 2020 have deteriorated

Banxico's monthly survey to private sector economic experts shows the recent evolution of forecasts.



Source: Banxico.

Over the last months, Mexico's growth expectations for 2020 have deteriorated

	Pre-covid estimates	Post-covid estimates
 OECD	0.7% (mar)	-7.5%/-8.6% (jun)
 International Monetary Fund	1.0% (jan)	-10.5% (jun)
 World Bank	1.2% (jan)	-7.5% (jun)
 Banxico survey	1.1% (dec)	-10.02% (jul)

Source: Various organizations.

Valeria Moy

CE

vmoy@imco.org.mx

© Instituto Mexicano para la Competitividad, A.C. 2020. Todos los derechos se encuentran reservados. Se prohíbe su reproducción parcial o total sin autorización.



INSTITUTO MEXICANO
PARA LA COMPETITIVIDAD

 imco.org.mx

 [@IMCOmx](https://twitter.com/IMCOmx)

 [/IMCOmx](https://facebook.com/IMCOmx)

 [/IMCOmexico](https://youtube.com/IMCOmexico)