

## CONSENSUS ECONOMIC FORECAST

## MÉXICO

ASU W. P. CAREY  
SCHOOL of BUSINESS  
ARIZONA STATE UNIVERSITY

Consenso de Pronósticos Económicos

JPMORGAN CHASE ECONOMIC OUTLOOK CENTER • L. WILLIAM SEIDMAN RESEARCH

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## The Dollar and the Peso: A Changing Relationship?

The Mexican economy has become increasingly intertwined with that of the United States since the implementation of the North American Free Trade Agreement (NAFTA, TCL). When the U.S. economy has suffered recession, so has the Mexican economy and the degree of interdependence will likely grow further as the world becomes a smaller place to do business.

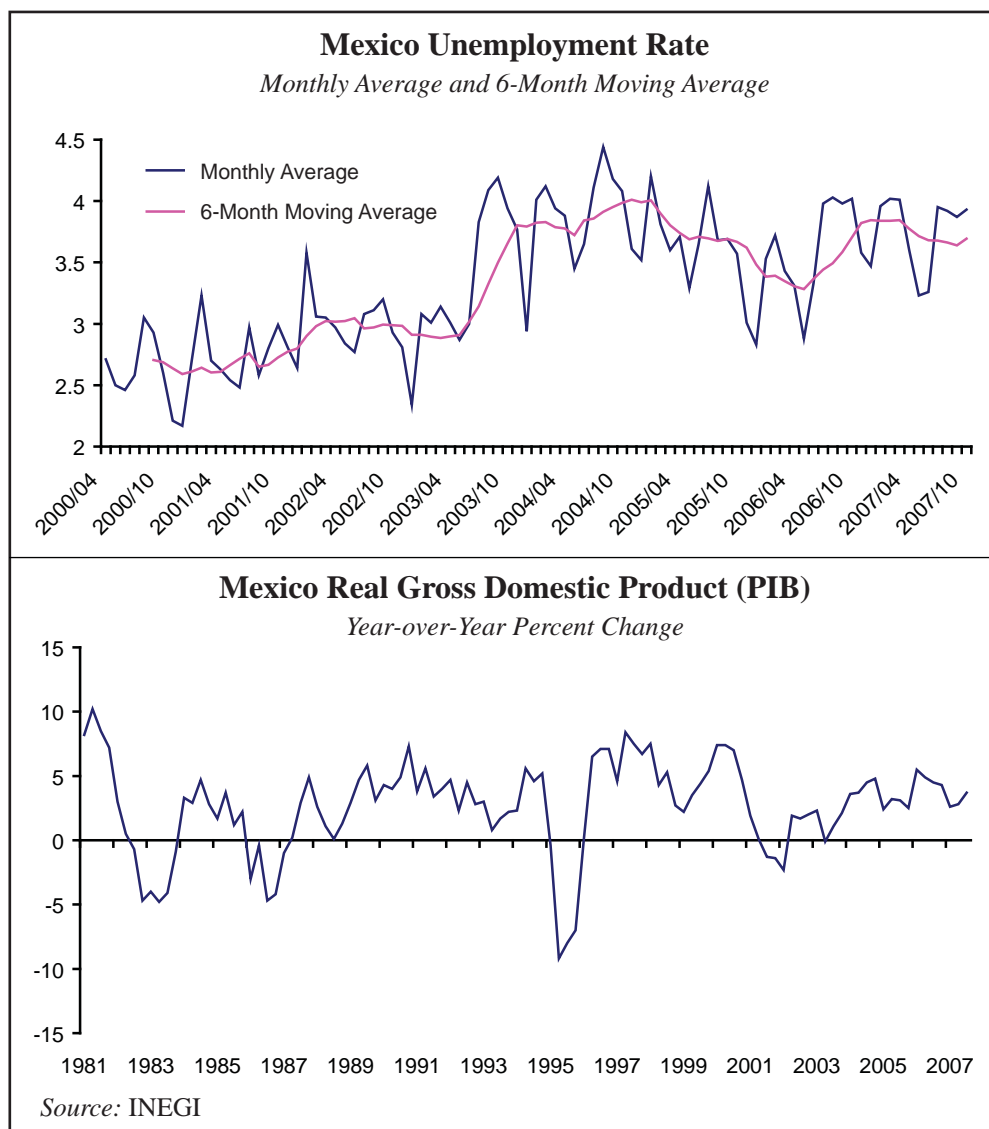
An unusual circumstance has arisen lately, however. Defining part of the relationship between the two countries in years past has been the expectation that the U.S. Dollar would always gain in strength against the Mexican Peso. The 1994 crisis in the peso helped to solidify that idea, but today's exchange rates tell a different story. The exchange rate has stabilized with the U.S. Dollar, even losing against the Mexican Peso in certain time periods. If this continues, it may redefine some of the import/export relationship that the two countries have maintained over the last decade. While no trends can yet be identified, this is certainly something to watch in the future.

Another mainstay of the economic relationship between the U.S. and Mexico has been immigration. During times of economic boom in the U.S., Mexico has provided migrants to help fuel it. In times of economic recession, migrants return to Mexico. This has an effect on remittances, monies transferred from migrant workers in the U.S. to their families in Mexico. Lately, remittances have diminished as jobs in various states in the U.S. have waned in the face of an economic slowdown.

The graphs below show two indicators of the health of the Mexican economy – the measure of Gross Domestic Product (Producto Interno Bruto) after adjustment for inflation, and the unemployment rate for the nation as a whole. It is in these two indicators that the effects of changes in imports, exports and the labor market should become evident as the economy adjusts to a stabilizing exchange rate and returning migrants.

— Dawn McLaren

JPMorgan Chase Economic Outlook Center



# 2007 MEXICO CONSENSUS ECONOMIC FORECAST

	Annual Percent Change 2007 from 2006						Annual Average		
	GDP 1993 Peso	Private Con- sumption	Government Con- sumption	Total Invest- ment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
AMERICAN CHAMBER MEXICO	3.5	4.2	3.1	7.6	4.0	9.3	3.7	11.110	7.0
BANAMEX	3.2	4.1	-0.8	6.9	8.0	10.4	3.7	10.700	7.5
BANCOMER	3.1	4.3	1.4	5.7	5.2	7.3	3.5	11.370	7.1
CENTER FOR ECONOMIC FORECASTING OF MEXICO	2.0	2.8	-2.5	2.5	5.0	5.5	4.0	11.150	7.2
LATIN SOURCE MEXICO/ GEA	3.1	4.0	-1.1	5.9	5.5	6.4	3.9	10.860	7.3
UTEP BORDER REGION MODELING PROJECT	3.0	3.0	3.1	5.2	6.5	8.4	4.2	10.970	7.2
<b>CONSENSUS – THIS QUARTER</b>	<b>3.0</b>	<b>3.7</b>	<b>0.5</b>	<b>5.6</b>	<b>5.7</b>	<b>7.9</b>	<b>3.8</b>	<b>11.027</b>	<b>7.2</b>
<b>– LAST QUARTER</b>	<b>3.1</b>	<b>3.9</b>	<b>1.2</b>	<b>5.6</b>	<b>5.7</b>	<b>8.0</b>	<b>3.8</b>	<b>11.091</b>	<b>7.1</b>

# 2008 MEXICO CONSENSUS ECONOMIC FORECAST

	Annual Percent Change 2008 from 2007						Annual Average		
	GDP 1993 Peso	Private Con- sumption	Government Con- sumption	Total Invest- ment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
AMERICAN CHAMBER MEXICO	3.7	4.3	2.9	8.4	10.5	12.5	3.5	11.400	6.9
BANAMEX	3.6	4.1	0.8	6.6	7.1	7.7	4.0	10.900	7.5
BANCOMER	3.8	5.7	0.4	8.4	7.3	9.5	3.5	11.210	6.2
CENTER FOR ECONOMIC FORECASTING OF MEXICO	4.0	4.2	3.4	7.5	8.5	9.5	3.5	11.650	7.2
LATIN SOURCE MEXICO/ GEA	3.5	4.6	2.1	7.4	9.0	6.8	3.9	10.900	7.1
UTEP BORDER REGION MODELING PROJECT	3.0	3.1	3.1	4.4	7.0	6.9	3.7	11.300	7.0
<b>CONSENSUS – THIS QUARTER</b>	<b>3.6</b>	<b>4.3</b>	<b>2.1</b>	<b>7.1</b>	<b>8.2</b>	<b>8.8</b>	<b>3.7</b>	<b>11.227</b>	<b>7.0</b>
<b>– LAST QUARTER</b>	<b>3.8</b>	<b>4.3</b>	<b>2.5</b>	<b>6.7</b>	<b>9.3</b>	<b>9.8</b>	<b>3.5</b>	<b>11.392</b>	<b>6.9</b>

## HISTORICAL DATA

Source: INEGI	GDP – 1993 Pesos (billions)	Private Consumption 1993 Pesos (billions)	Government Consumption 1993 Pesos (billions)	Total Investment 1993 Pesos (billions)	Exports (Trade Bal.) US Dollars (millions)	Imports (Trade Bal.) US Dollars (millions)	Consumer Price Index June 02=100 Dec./Dec.	Exchange Rate Pesos/Dollars (annual av.)	CETES 28 Day (annual av.)
2006*	1,826.5	1,350.9	159.2	389.9	242.1	249.8	120.4	12.1	9.9
Percent Change	4.0%	4.6%	2.6%	7.1%	13.0%	12.6%	3.5%	11.1%	7.6%
2005	1,756.2	1,291.5	155.2	364.1	214.2	221.8	116.3	10.9	9.2
Percent Change	3.0%	1.8%	0.5%	3.4%	14.0%	12.7%	3.3%	-4.0%	35.3%
2004	1,705.8	1,268.6	154.5	352.2	188.0	196.8	112.6	11.4	6.8
Percent Change	4.2%	5.6%	-0.4%	1.5%	14.1%	15.4%	5.2%	4.2%	9.7%
2003	1,637.4	1,200.8	155.1	346.9	164.8	170.5	107.0	10.9	6.2
Percent Change	1.4%	2.3%	0.8%	-4.2%	2.3%	1.1%	4.0%	11.1%	-12.7%
2002	1,615.6	1,173.4	153.9	362.0	161.0	168.7	102.9	9.8	7.1
Percent Change	0.8%	1.4%	-0.3%	-1.1%	1.4%	0.2%	5.6%	4.7%	-37.2%
2001	1,602.3	1,157.7	154.4	366.2	158.8	168.4	97.4	9.4	11.3
Percent Change	-0.2%	2.2%	-2.0%	-3.9%	-4.4%	-3.5%	4.5%	-1.7%	-25.7%

\* Consensus

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