

Latam Daily: Mexico's Recovery Likely Slowed at End-2020, While Peru's Surged

- Mexico: INEGI's nowcast implies a decline in economic activity in December
- Peru: Cement sales continued soaring in December

MEXICO: INEGI'S NOWCAST IMPLIES A DECLINE IN ECONOMIC ACTIVITY IN DECEMBER

According to the latest "IOAE" nowcast released by INEGI on Tuesday, January 19, growth in economic activity likely declined from -4.3% y/y in November to -5.4% y/y in December (measured with seasonally adjusted figures), its steepest decrease since May of 2020. Regarding industrial activities, the IOAE nowcast estimates a pick-up in growth from -4.9% y/y sa in November to -3.3% y/y sa in December, as for services, INEGI lowered its estimate from -5.4% y/y sa to -6.6% y/y sa.

The IOAE nowcast provides estimates three weeks after the end of the month, while the IGAE data for the same month is released approximately eight weeks after the reference month. The latest monthly economic activity data from the IGAE showed a -4.9% y/y sa decrease in October, so the updated nowcast implies that growth slowed in December for the first time since the economic re-opening. Any slowdown at end-2020 would be attributable to the recent increase in COVID-19 cases and renewed restrictions to mitigate the pace of the contagion.

—Miguel Saldaña

PERU: CEMENT SALES CONTINUED SOARING IN DECEMBER

Cement sales rose 20% y/y in December (chart 1), according to the local cement producers' association (Asocem), which is a reliable source and released data on Tuesday, January 19. Thus, December will turn out to have been yet another month of strong construction growth on the basis of cement sales and recently released BCRP figures that show government investment rose 19.2% y/y in real terms in December. The rate of real growth in the construction component of GDP is likely to have been in the mid-teens in December compared with a year ago. We expect aggregate GDP in December to contract by less than -2% y/y, the best performance since the lockdown began in March, and construction GDP growth will have been one of the key drivers of this improvement.

However, double-digit cement sales growth since September were not enough to reverse totally the sharp declines during the March-August lockdown (sales all but disappeared in April). As a result, cement sales ended 2020 down -13% for the full year.

—Guillermo Arbe

CONTACTS

Brett House, VP & Deputy Chief Economist
416.863.7463
Scotiabank Economics
brett.house@scotiabank.com

Guillermo Arbe
51.1.211.6052 (Peru)
Scotiabank Peru
guillermo.arbe@scotiabank.com.pe

Mario Correa
52.55.5123.2683 (Mexico)
Scotiabank Mexico
mcorrea@scotiabank.com.mx

Sergio Olarte
57.1.745.6300 (Colombia)
Scotiabank Colombia
sergio.olarte@scotiabank.com.co

Jorge Selaive
56.2.2939.1092 (Chile)
Scotiabank Chile
jorge.selaive@scotiabank.cl

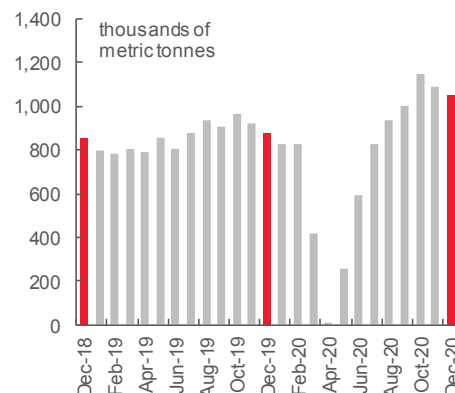
Marc Ercolao
416.866.6252
Scotiabank Economics
marc.ercolao@scotiabank.com

TODAY'S CONTRIBUTORS:

Miguel Saldaña
52.55.5123.0000 Ext. 36760 (Mexico)
Scotiabank Mexico
msaldanab@scotiabank.com.mx

Chart 1

Peru: Cement Sales



Sources: Scotiabank Economics, Asocem.

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