

Latam Daily: Mexico's Growth Cooled in November; Fishing Adds to Peru's Rebound

- **Mexico:** Growth in economic activity cooled in November, but still beat consensus; INEGI released 2020 Census results; Pres. Lopez Obrador tested positive for COVID-19
- **Peru:** Fishing to add to GDP rebound in January 2021

MEXICO: GROWTH IN ECONOMIC ACTIVITY COOLED IN NOVEMBER, BUT STILL BEAT CONSENSUS; INEGI RELEASED 2020 CENSUS RESULTS; PRES. LOPEZ OBRADOR TESTED POSITIVE FOR COVID-19

I. Growth in economic activity cooled in November, but still beat consensus

In the November IGAE [real GDP proxy data](#), released on Monday, January 25 by INEGI, growth in economic activity cooled from 1.25% m/m sa in October to 0.87% m/m sa in (chart 1), above the Bloomberg consensus of 0.44% m/m sa. The cooling was driven by lower growth in industry (down from 1.8% m/m to 1.1% m/m) and agriculture (slowing from 0.6% m/m to 0.2% m/m), which was only partially offset by faster growth in services that rose from 0.8% m/m to 1.1% m/m.

In annual terms, the comparison with a year ago improved for a sixth straight month, with the gap narrowing from -5.33% y/y to -3.93% y/y (chart 1, again), which beat the Bloomberg consensus expectation of -4.63% y/y. Considering the poor performance of gross fixed investment and private consumption, as well as the resurgence in COVID-19 infections, we expect that economic activity in December will remain below levels from a year prior and move only modestly into positive territory in 2021.

By components, industry deepened its annual contraction from -3.4% y/y to -3.7% y/y, but services softened their decline from -6.7% y/y to -4.8% y/y. In contrast, agriculture saw growth accelerate from 7.3% y/y to 8.8% y/y.

Thus, in January–November, the IGAE averaged a decline of -8.5% y/y YTD (chart 2), the sharpest drop for this period in the history of the indicator.

Chart 1

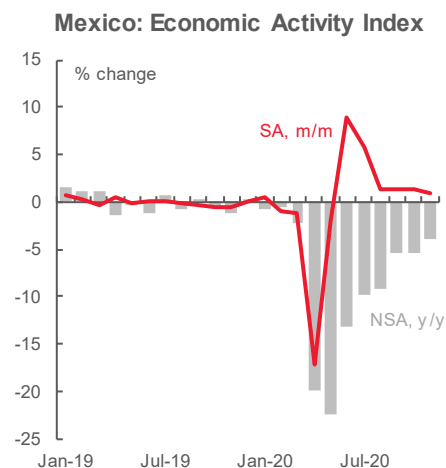
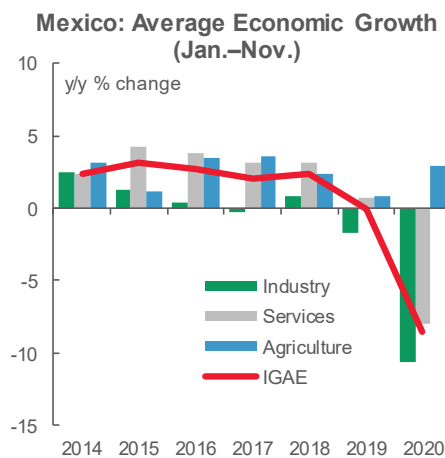


Chart 2



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II. INEGI released 2020 Census results

INEGI released on Monday, January 25, the results for the decadal 2020 Census on household living conditions.

According to the survey, Mexico now has 126 mn residents, the 11th largest national population in the world, with a 51.2%/48.8% gender split between women and men, respectively. The median age for Mexican residents is now 29 years, revealing a slighting ageing in the population in comparison to the 2010 Census results where the median age was 26 years. Regarding education, average schooling attainment increased by one year to 9.7 years for the population older than 15 years. As for economic and labour market conditions, 62% of the population above 12 years old is economically active. Participation rates still differ by gender, with 75.8% for men versus 49.0% for women. It was impressive that INEGI was able to complete the census despite public-health restrictions implemented to control COVID-19 contagion.

III. Pres. Lopez Obrador tested positive for COVID-19

President Lopez Obrador’s office announced over the weekend that he had tested positive for COVID-19, with mild symptoms, and that he was following protocols on contagion control from the country’s public health experts. As a result, the President indicated that he will be working from home over the next few days. In his absence, State Secretary Olga Sanchez Cordero will host the Presidency’s daily press briefings.

—Miguel Saldaña

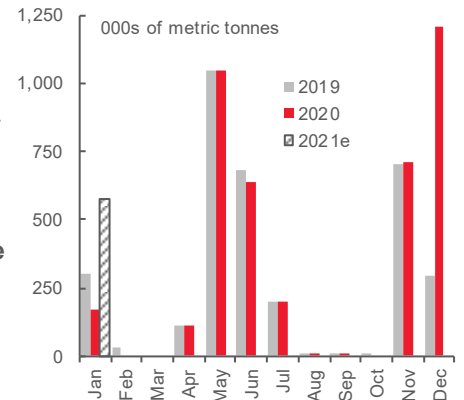
PERU: FISHING TO ADD TO GDP REBOUND IN JANUARY 2021

The government (Ministry of Production) officially ended the season for harvesting fishmeal on Sunday, January 24. Nearly 2.5 mn metric tonnes were caught over the course of the season out of a total quota of 2.78 mn. Output was 150% greater than in same period a year ago (chart 3) Although information for the full month of January was not released, we infer from partial information that the catch for fishmeal, which makes up the bulk of the fishing-related component of GDP, was up 243% y/y in January. December 2020 was even stronger, with the catch for fishmeal nearly quadrupling that of the previous year. Both figures add to our confidence that aggregate GDP will have contracted by less than -2% y/y, and perhaps under -1% y/y, in December and January.

—Guillermo Arbe

Chart 3

Peru: Anchovy Catch for Fishmeal



* January 2021 is our estimate.
Sources: Scotiabank Economics, Produce, Imarpe.

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