

## SNAPSHOT

# Mexico's Economic Expansion Slows

**M**exico's economy appears to have slowed. Third-quarter real gross domestic product grew at an annual rate of 1.8 percent on a quarter-over-quarter basis, down from 3.3 percent in the second quarter and 5.4 percent in the first quarter. In third quarter 2012, goods-producing industries (including manufacturing, construction, utilities and mining) expanded at a 2.9 percent annualized rate. Service-related activities (including trade, transportation, services and government) grew 3 percent on an annualized basis from the previous quarter. Agricultural output fell 2.2 percent. Exports fell, while employment, industrial production and retail sales advanced in September.

Inflation is still running above target but fell for the second month in a row, down to 4.2 percent in November, after increasing for five consecutive months. The exchange rate of 12.8 pesos per dollar is up about 7 percent against the dollar since the beginning of the year. Aware of the economic slowdown but leery of inflation, Banco de México

### Mexico Gross Domestic Product



has not changed its monetary policy stance, holding the benchmark interest rate at 4.5 percent since July 2009.

—Adapted from *the Mexico Economic Update*,  
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