



# Department of Commerce

**MEXICO**

**MONTHLY ECONOMY AND POLITICS BRIEF**

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## ECONOMY AND INDUSTRY

- The Mexican peso lost ground against the U.S. dollar this month, reaching 19.22 pesos/USD on October 31. The mark represents a five-month high for the dollar against the peso. (*Informativo Tipo de Cambio Mifel, October 31, 2017*)
- Vehicle production in Mexico for September posted a 7.7% increase over the same month the previous year, the Mexican Automotive Industry Association (AMIA) reported. Production through September is 9.8% ahead of the same period last year and on pace to reach a new record high for the year. (*Mexico News Daily, October 10, 2017*)
- Remittances from abroad to Mexico during August 2017 totaled US\$4.7 billion, an increase of 8.8% over the same month the previous year, central bank Banco de México (Banxico) reported. The figure is the highest for a month of August since remittance tracking began. (*El Financiero, October 3, 2017*)
- Citibanamex, the Mexican subsidiary of U.S. bank Citibank, maintained its Mexico GDP growth projection for 2017 at 2.0%. Citibanamex foresees that better than expected recent economic performance will compensate for the effects of earthquakes and flooding in recent weeks. (*Citibanamex Reporte Económico Diario, October 3, 2017*)

## ECONOMIC ACTIVITY OF NOTE

- Food processing: Mexican dairy products giant Grupo Lala inaugurated its first processed meats plant in the central state of Hidalgo, the company reported. The US\$55 million facility will produce products for the company's Nutri Deli brand such as hot dogs, Vienna sausages and sliced processed turkey and ham. (*Expansión, October 30, 2017*)
- Construction: Mexican real estate developer Grupo Inmobiliario Frondoso reported plans to invest approximately US\$184 million in new residential developments over the next four years. Projects in planning are targeting cities in the central zone of the country including Guadalajara, San Luis Potosí and León. (*El Financiero, October 30, 2017*)
- Electricity: Spanish renewable energy developer Acciona Energía reported it will build electricity transmission infrastructure in the northwestern state of Sinaloa, following a successful tender bid. The US\$24.5 million project will include two high tension transmission lines and two substations. (*El Financiero, October 24, 2017*)
- Aerospace: Aerospace manufacturer AT Engine Mexico, a joint venture between Germany-based Aerotech Peissenberg and Mexico's Grupo Punto Alto, plans to establish a production plant in the northwestern state of Sonora. The US\$200 million facility is expected to produce turbine parts for General Electric and Rolls Royce aircraft engines. (*El Financiero, October 20, 2017*)

- **Gasoline:** U.S. gas station operator Gulf reported plans to establish 2,000 filling stations in Mexico at a cost of approximately US\$211 million. The company also has plans to invest approximately US\$400 million to construct six fuel storage terminals in the country over the next three years. (*El Financiero, October 19, 2017*)
- **Pharmaceuticals:** Swiss pharmaceutical manufacturer Roche plans investment of approximately US\$12 million in research in Mexico next year, the company reported. Roche plans to introduce four new products into the market in 2018. (*Reforma, October 18, 2017*)
- **Entertainment:** Mexican entertainment center operator KidZania is currently constructing a new children's amusement location in the western city of Guadalajara. The US\$13.3 million site, in which children pretend to work at adult jobs, is planned to open in October 2018. (*Reforma, October 18, 2017*)
- **Cement:** Mexican cement producer Cruz Azul is projecting investment of approximately US\$300 million over the next two years to modernize its production plants in the states of Hidalgo and Oaxaca. Upgrades will focus on energy savings and increased efficiency. (*El Economista, October 12, 2017*)
- **Logistics:** U.S. office supplies retailer Office Depot inaugurated a distribution center in the greater Mexico City metropolitan area at a cost of approximately US\$3.5 million. The company reported plans to open 25 – 30 new stores per year in Mexico and other Latin American markets. (*El Financiero, October 11, 2017*)
- **Pharmacies:** Mexican pharmacy chain Farmacias Benavides plans to open approximately 100 new locations per year in the coming years, the company reported. The amount of investment was not specified, but company officials revealed plans to compete aggressively in the beauty products segment. (*El Financiero, October 5, 2017*)
- **Transport:** Mexican inter-city passenger bus operator Grupo ADO plans investment of approximately US\$84 million in upgrades in 2018, the company reported. Plans include improvements to bus terminals and replacement of passenger buses. (*El Financiero, October 6, 2017*)
- **Brewing:** U.S. drinks giant Constellation Brands announced plans to expand production at its beer brewery in the northern state of Sonora. The US\$160 million upgrade will boost capacity from 2.5 million hectoliters to 3.5 million hectoliters annually. (*Reforma, October 5, 2017*)
- **Steel:** Luxembourg-based steel giant ArcelorMittal announced plans to invest US\$1 billion over the next three years to expand its steel production operations in Mexico. Projects include construction of a new hot strip mill to supply coils to domestic, non-auto, general industry customers, the company reported. (*ArcelorMittal, September 28, 2017*)
- **Industrial parks:** Mexican financial group Afirme, subsidiary of steel producer Villacero, plans to construct two new industrial parks in the northern states of Chihuahua and Coahuila. Total investment was not specified for the projects, which will consist of 4.3 million and 6.5 million square feet, respectively. (*Reforma, October 2, 2017*)

## **POLITICS AND SOCIETY**

- Mexico imported 141,759 tons of yellow corn from Brazil and Argentina in September, a record high for the month, Mexico's Agri-food Information Service (SIAP) reported. The figure is six times higher than the same month the previous year, a significant development as Mexico actively seeks to diversify its grain suppliers in the face of possible repeal of the North American Free Trade Agreement (NAFTA) by the current U.S. administration. (*Reforma, October 12, 2017*)
- Canadian Prime Minister Justin Trudeau visited Mexico October 12 and 13. Trudeau's itinerary included meeting with Mexican President Enrique Peña Nieto regarding the ongoing NAFTA negotiations as well as meetings with civil society organizations. (*Reforma, October 12, 2017*)
- Canadian coffee shop chain Tim Horton's announced it would open its first location in Mexico this month, in the northeastern city of Monterrey. Canadian expats in Mexico laboured to conceal their satisfaction. (*multiple media, October 12, 2017*)