



Department of Commerce

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

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ECONOMY AND INDUSTRY

- The dollar/peso exchange rate experienced high volatility in June, reaching 20.71 pesos per dollar June 18. The rate then reversed course and dropped below the 20-peso mark to 19.75 on June 28. *(Citibanamex Reporte Económico Diario, June 29, 2018)*
- Remittances from abroad to Mexico jumped 17% in April over the same month last year, exceeding US\$2.7 billion. The figure represents a new record high for the month of April. *(La Jornada, June 11, 2018)*
- Mexico's official unemployment rate dropped to 3.17% in the May, according to the National Statistics Institute (INEGI). The figure marks the lowest unemployment rate since May 2006. *(El Economista, June 26, 2018)*

ECONOMIC ACTIVITY OF NOTE

- Retail: U.S. DIY retailer The Home Depot opened its 123rd Mexico store in the central state of Queretaro, the company reported. The chain is projecting total 2018 investment in Mexico at approximately US\$84 million, in areas such as maintenance and modernization of stores and distribution centers. *(El Financiero, June 22, 2018)*
- Construction materials: Mexican flooring manufacturer Interceramic inaugurated a new production plant in the central state of Guanajuato, the company reported. The US\$80 million site – Interceramic's tenth plant in the country – will produce floor tiles for the domestic market. *(El Financiero, June 21, 2018)*
- Pharmaceutical: U.S. drug maker Pfizer plans investment of approximately US\$26 million in Mexico operations this year, the company reported. Projects include the expansion and modernization of Pfizer's production plant in the central city of Toluca, as well as resources for product research and development. *(El Financiero, June 21, 2018)*
- Fuel storage: U.S. transport and storage company Bulkmatic, through its Mexico subsidiary Bulkmatic de México, plans to construct a fuel storage terminal in the northeastern state of Nuevo León. The US\$48 million site is planned to store gasoline and diesel fuels, the company reported. *(Reforma, June 20, 2018)*
- Wind power: The Mexican Wind Power Association (AMDEE) projects that the country's wind energy generation capacity will triple over the next five years via investment of approximately US\$12 billion. The group estimates some 8,000 Mw of new capacity will be added, principally through private investment under the 2014 energy sector reform. *(El Financiero, June 19, 2018)*
- Construction: A group of unspecified private investors will finance the construction of a new sports stadium for the Club León football soccer team in the central state of Guanajuato, the state government announced. The US\$122 million facility is planned to include capacity for 35,000 attendees, private boxes, an exposition atrium, event center, sports bar food concessions, retail space and television studio, among other amenities. *(El Financiero, June 19, 2018)*

- **Packaging:** U.S. packaging manufacturer Prent Corporation initiated construction on a 45,000 square foot production plant in the northwestern border city of Tijuana, the company reported. Investment was not specified for the site, which is expected to produce thermoform plastic medical packaging such as custom trays, totes, clamshells and automation totes. (*Siglo 21 Periódico Industrial, June 18-July 1, 2018*)
- **Hotels:** U.S. multinational hospitality company Hyatt Hotels Corp. reported plans to open three new hotels in Mexico by 2021. Total investment was not specified for the expansion by the company, which currently operates 16 hotels in the country. (*El Financiero, June 26, 2018*)
- **Construction materials:** Mexican construction materials manufacturer Vitromex, a division of corporate conglomerate Grupo Industrial Saltillo (GIS), reported investment of US\$10 million in measures to improve production productivity and product quality for its ceramic floor and wall materials, the company reported. Vitromex is targeting increased sales in the hotel, shopping center and office segments as well as in the U.S. market. (*El Financiero, June 25, 2018*)
- **Natural gas:** French energy conglomerate Engie plans investment of approximately US\$30 million in support of operations in central Mexico, the company reported. Resources will support extension of natural gas distribution infrastructure to attract new customers in states such as Jalisco, Aguascalientes, Guanajuato, San Luís Potosí and Zacatecas. (*El Financiero, June 15, 2018*)
- **Solar power:** Spanish renewable energy developer Acciona Energía inaugurated a 183Mw solar electricity generation park in the northeastern state of Tamaulipas. The US\$235 million site resulted from a tender contract awarded to Acciona to produce energy under Mexico's 2014 energy reform allowing electricity generation by private companies. (*El Financiero, June 14, 2018*)
- **Transport:** Mexican inter-city transport operator Grupo IAMSA reported investment of approximately US\$60 million in new vehicles for its fleet. The investment covers acquisition of over 600 new passenger buses from German manufacturer MAN Truck & Bus. (*Reforma, June 7, 2018*)
- **Pharmaceutical:** Mexican pharmaceutical manufacturer Psicofarma began construction of a new production plant in the Mexico City metropolitan area, the company's corporate parent Grupo Neolpharma announced. The project will require investment of US\$50 million in infrastructure, services and latest-technology equipment. (*Reforma, June 8, 2018*)
- **Automotive:** U.S.-based International Automotive Components (IAC) initiated construction of a new production plant in the northeastern state of Nuevo León, the company reported. The US\$20 million facility will become the eighth plant in Mexico for IAC, which produces products such as instrument panels, console systems and door trim systems, among other others. (*El Financiero, June 1, 2018*)
- **Fuel storage:** Mexico's state-owned enterprise Federal Electricity Commission (CFE) plans a joint venture to construct a refined fuels storage facility in association with U.S. fuel refiner Andeavor, local media reported. The US\$100 million site is intended to store gasoline and diesel. (*El Financiero, June 7, 2018*)

- Hotels: Hotel operators Wyndham Hotels and Resorts (USA) and City Express (Mexico) announced they will open new hotels in Mexico this year, contributing to the ongoing boom in hotel construction. Wyndham plans three new locations in the remainder of the year and City Express has 18 new sites currently under construction for 2018 inauguration. (*El Financiero, June 8, 2018*)

POLITICS AND SOCIETY

- The U.S. government implemented import tariffs on steel and aluminum from Mexico and Canada as well as the European Union. Mexico responded by implementing a set of import tariffs of 20 – 25% on U.S. products including pork, apples, potatoes, bourbon and cheese. (*CNN, June 6, 2018*)
- U.S. dairy industry organizations submitted a letter to the Trump administration calling for the elimination of the recently imposed steel and aluminum import tariffs on Mexico. Mexico's retaliatory tariffs on U.S. cheeses represent potentially significant losses for U.S. exporters. (*Mexico News Daily, June 27, 2018*)
- Mexico's imports of soybeans from Brazil through the first five months of this year are already more than double the amount imported in all of 2016, according to Brazilian government statistics reported in local media. Mexico is actively diversifying its grains imports in response to uncertainty over the future of NAFTA. (*Milenio, June 21, 2018*)
- Mexico's national banking regulator authorized Bank of China Ltd. to begin operations in Mexico. Bank of China becomes the second Chinese bank to start operating in the country, demonstrating the expanding Chinese trade and financial footprint in Mexico. (*Mexico News Daily, June 28, 2018*)