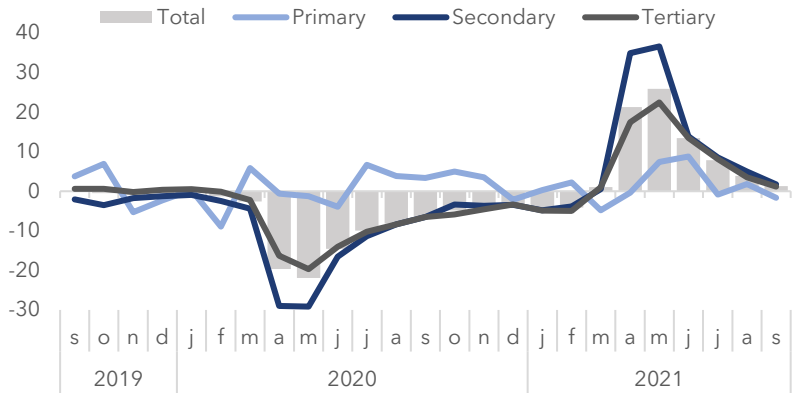


Int'l reserves (USD millions)	%	Exchange rate	%	IPC	%	Interest rate (TIIE 28)	%	EMBI (JP Morgan)	%
199,310.1	▲ 0.4	21.3	▼ -0.8	49,698.7	▼ -2.8	5.2	▼ -0.2	231	▲ 9.0

Second straight monthly decline for the economy in September triggers QoQ fall in 2021-Q3

Total economic activity index (IGAE) and main subsectors, annual change, in percentages, adj. series

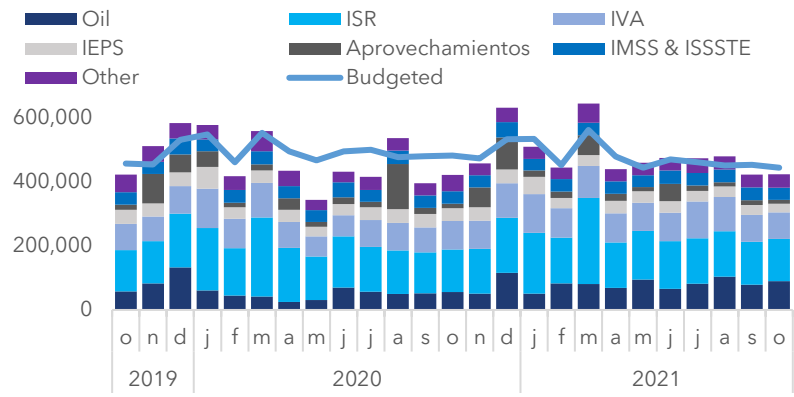


Source: INEGI

- In September, total economic activity increased 1.3 percent in yearly terms, though it fell 0.4 percent against August, when activity plummeted 1.2 percent in MoM terms. Revised GDP figures for 2021-Q3 fell 0.4 percent QoQ and increased 4.7 percent in YoY terms.
- Primary activities dropped 1.4 percent QoQ and fell 1.7 percent in YoY terms in September. Industry declined 1.4 percent, increasing 1.7 percent in YoY, and services fell 0.3 percent, and grew 1.2 percent (YoY).
- A QoQ recovery led by services is expected for the final quarter of the year, as lockdown measures were eased during October and November due to lower contagion rates. However, the new Covid variant may impact December's economic performance if stringent lockdown measures are enacted.

Strong oil revenue offset by a low Oil & Gas IEPS collection in September

Federal income by source of revenue, in MXN million of October 2021

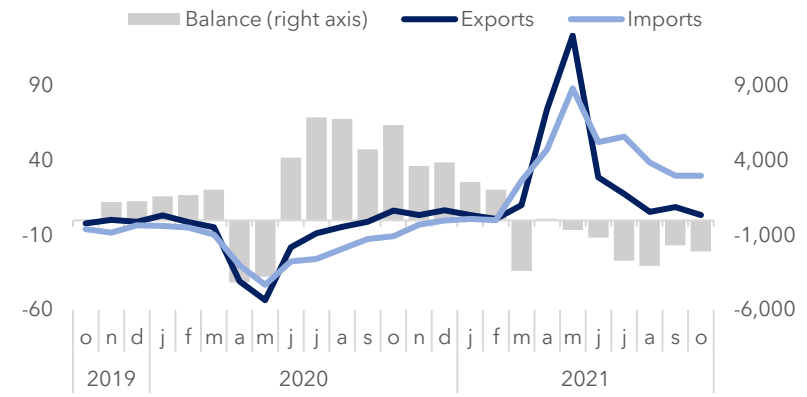


Source: SHCP

- Federal collection during October grew 0.6 percent in real terms, led by strong oil revenue figures that increased 61.7 percent in YoY terms. However, revenue in October was 1.8 percent lower than budgeted in the FY2021, though cumulative figures of the first 10 months are still 3 percent higher than FY2021 budget.
- Low revenue is explained by low tax collection. Income (ISR), value-added (IVA) and excise (IEPS) tax revenue fell 1.1, 6.2, and 34.6 percent in yearly terms, respectively, and total tax collection fell 7.2 percent.
- The drop of IEPS is driven by the decrease of Oil & Gas IEPS, as the government has reduced this source of revenue to control gas prices. Cumulative figures in real terms are 24.4 and 26.7 percent lower than for the same period of 2020 and 2019, respectively.

Signs of economic recovery in October as imports and exports picked up vis-à-vis September figures

Total exports and imports, annual change, in percentages; trade balance, in USD million; adj. series



Source: INEGI

- October saw strong trade figures, as exports increased 0.2 and 3.5 percent in MoM and YoY terms, respectively. Additionally, imports ended a two-month MoM decreasing spell by growing 1.1 percent and growing 29.8 percent in yearly terms.
- Performance was mixed within exports as oil and other extractive exports grew 11.4 and 50.7 percent in MoM. In contrast, primary and manufacturing exports dropped 2.8 and 1.8 percent against August.
- Within imports, intermediate use and consumption goods grew 1.2 and 1.6 percent in MoM terms, respectively, suggesting stronger manufacturing and consumption for November. In contrast, capital goods imports stayed flat, which may lead to lackluster machinery & equipment GFI figures during October.

Mexico – Economic developments

- Mexico's economy contracted 0.4 percent in the third quarter as compared to the previous quarter, the National Institute of Statistics and Geography announced last week. Covid-19 infections, disruptions in supply chains and a new law targeting outsourcing drove the contraction. Year-on-year the economy grew 4.7 percent in the third quarter. *Moody's* estimates an annual growth of 5.3 percent for Mexico this year, while the government continues to anticipate 6 percent growth.
- A U.S. national security review has delayed the sale of *Royal Dutch Shell's* controlling interest in a Texas refinery to *Pemex*, *Shell* said on Tuesday.
- *Pemex's* board has approved the creation of a new subsidiary to sell petroleum products, gas and petrochemicals domestically. *Pemex* CFO Alberto Velazquez will head the new subsidiary and Antonio Lopez, deputy director of financial risk management and insurance, will step into his role, *Pemex* said and added that the move was aimed at seeking a bigger share of the local market and would not lead to higher costs for the company.

International trade and the global economy

- The stock exchanges of Chile, Colombia and Peru -three of the four countries of the Pacific Alliance, along with Mexico- authorized a merger into a regional holding company that would be based in Chile, the exchanges announced Monday in a joint statement. If approved by the countries' national market regulators, the agreement will create the second-largest exchange in Latin America. The Santiago (BCS) and Colombian (BVC) Stock Exchanges will each control 40 percent of the holding company, and the Lima Stock Exchange (Grupo BVL) will control the other 20 percent.

Private sector

- Mexican regulators have approved *Canadian Pacific's* \$31 billion deal to *acquire Kansas City Southern*, which could create a North American railroad linking Mexico, Canada and the United States.
- *Nokia* is upping investments in its technology lab in the city of Guadalajara. *Nokia* said in a press release that it has upgraded its 5G testing lab there to support testing across new uses cases. The facility will enable the testing of new 5G products, as well as support growing sales and supply chain operations in the region.
- *Mastercard* and Mexico-based *Jeeves*, an expense management platform for start-ups, have launched a new payment card in Mexico that allows for payment in any local currency from any country where Mastercard is accepted, *Jeeves* said in a statement. *Jeeves*, which launched last January, is working with more than 700 businesses in Mexico, including *Runa*, *Moons*, *Bitso*, *Kavak* and *Jüsto*, *Jeeves* said.

WEEKLY ECONOMIC OUTLOOK

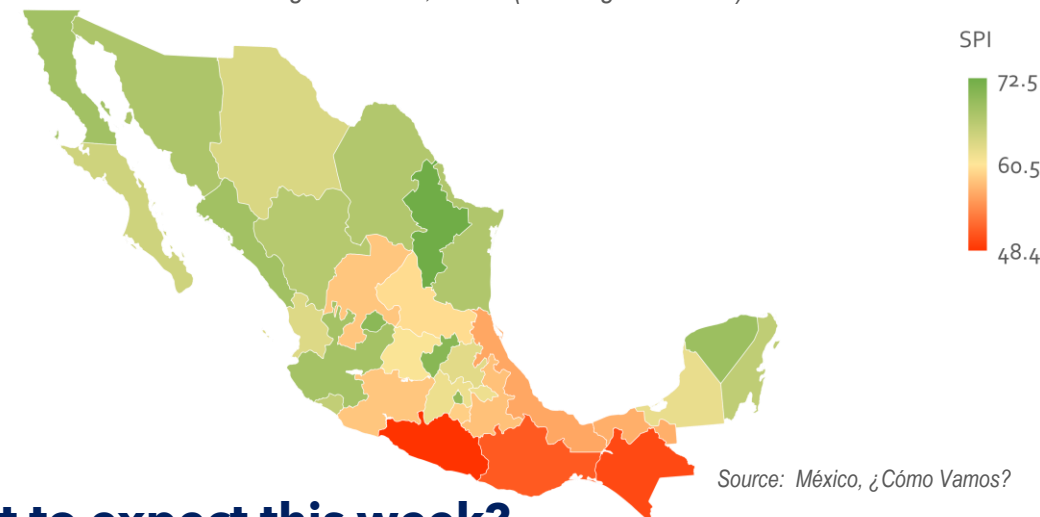
| 1 December 2021

Graph of the week

The Social Imperative Initiative, an International NGO, developed the “*Social Progress Index*” to assess capacity of a society to meet the basic human needs of its citizens. This index measures three broad dimensions of social progress: Basic Human Needs, Foundations of Wellbeing, and Opportunity. Mexican NGO *¿México, Cómo Vamos?* computes estimates at the state-level in Mexico. As shown in the map below, the country is divided in two parts, with better performing states in the North and worst performing states in the South. Between 2019 and 2020, 21 out of the 32 Mexican states saw a decrease in their overall index. In particular, the scores of Mexico City, Oaxaca, San Luís Potosi, the state of Mexico and Zacatecas dropped by 2 points.

Social Progress Index: A tale of two Mexicos

Social Progress Index, 2020. (100: highest score)



Source: México, ¿Cómo Vamos?

What to expect this week?

Dec 3	US BLS	Nonfarm payrolls (Nov) – Previous: 531K; Forecast: 530K
Dec 3	US BLS	Unemployment rate (Nov) – Previous: 4.6%; Forecast: 4.5%
Dec 6	Mx. INEGI	Consumer Confidence (Nov) – Previous: 43.4
Dec 7	Mx. INEGI	Gross Fixed Investment (YoY)(Sep) – Previous: 1.1%
Dec 7	Mx. INEGI	Private Consumption (YoY)(Sep) – Previous: 9.6%