



Mexico: sluggish growth in 2020

According to the first estimates, economic activity contracted for the third quarter in a row in Q4 (-0.3% y/y). Manufacturing industry was the most affected and contracted by 2%. In 2019, real GDP contracted by 0.1%, after recording a 2% growth in 2018.

Real GDP growth should pick up in 2020 (+0.6%), but remains under its potential (estimated at 2.5% by the IMF). Indeed, one year after Andres Manuel Lopez Obrador came to power his economic policy is still hard to read and weighs on investment. The future of the energy sector also raises doubts, affecting investor sentiment, both domestic and foreign. At the same time, the risk of a loss of control of the public finances is growing: against a background of low growth, maintaining the austerity programme proposed by the government will prove more difficult in the coming years.

