

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

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ECONOMY AND INDUSTRY

- Fueled by uncertainty over Greece, the U.S. dollar rose to record highs against the Mexican peso this month. The dollar reportedly reached 16.60 pesos on July 27. *(El Universal, July 27, 2015)*
- The number of new formal jobs created in June reached the highest mark for any month since June 2006, the Mexican Social Security Institute (IMSS) reported. The expansion was the greatest for the month of June since tracking began in 1997. *(Reforma, July 9, 2015)*
- Bank credit to micro, small and medium sized firms grew by 70% over the past five years in Mexico, the National Banking Commission (CNBV) reported. Credit to micro-enterprises has posted the steepest increase over the period, at 116%. *(El Financiero, July 3, 2015)*

ECONOMIC ACTIVITY OF NOTE

- Natural gas: U.S. energy company Kinder Morgan will build a new pipeline to transport natural gas between the United States and the northeastern Mexican state of Nuevo León, the company reported. The US\$200 million project is planned to have capacity to transport approximately 680 million cubic feet of gas per day. *(Reforma, July 30, 2015)*
- Food processing: U.S. processed foods giant Mondelez International announced it will establish four additional processing lines at its Monterrey plant at a cost of approximately US\$130 million. The new lines will incorporate next generation technologies and are expected to produce cookies and crackers for the Nabisco, Oreo and Ritz brands. *(Reforma, July 30, 2015)*
- Manufacturing: Chinese manufacturer QuanShen will establish a production plant in the northern border city of Tijuana, the Baja California state government reported. The estimated US\$25 million site will produce sporting goods for clients such as golf equipment brand TaylorMade. *(Siglo21 Periódico Industrial, July 24, 2015)*
- Autoparts: Nematik, the autoparts manufacturing subsidiary of Mexico's Alfa industrial group, announced an investment program of US\$55 million to expand and upgrade Mexico production operations. Nematik is producing engine heads and blocks, transmission components and structural parts for KIA and Audi, among others. *(El Financiero, July 23, 2015)*
- Petroleum: The winners of concessions to conduct oil exploration in two geographical blocks auctioned by the Mexican government this month are projecting investment of up to US\$150 million in the first four years of exploration. The winning consortium is composed of Mexico-based Sierra Oil & Gas, U.S. offshore specialists Talos Energy and British oil resource developer Premier Oil. *(Reforma, July 22, 2015)*
- Retail: Mexican upscale retailer and shopping center developer Liverpool revealed plans to build new commercial developments in the central State of Mexico. An estimated US\$120 million is budgeted to construct five new department stores and expand two existing shopping centers. *(Reforma, July 21, 2015)*

- **Natural gas:** Spanish natural gas utility Gas Natural Fenosa will invest an estimated US\$70 million in Mexico operations over the remainder of this year, the company reported. Resources will support expansion of the company's gas pipeline network as permits are issued by Mexico's Energy Regulatory Commission (CRE). (*Reforma, July 20, 2015*)
- **Wind energy:** Italian renewable energy developer Enel Green Power has earmarked US\$220 million to build a wind power plant in the northern state of Zacatecas. The 100 Mw facility is planned to be completed by the end of 2016, the company reported. (*Reforma, July 15, 2015*)
- **Textiles:** Mexican textile manufacturer Grupo Sportswear announced plans to build a new fabric plant in the northern state of Coahuila. The US\$32 million site is planned to produce denim fabric using latest generation technology. (*Reforma, July 15, 2015*)
- **Food processing:** Mexican processed meats and dairy products manufacturer Grupo Bafar plans investment of approximately US\$650 million in operations in the western state of Michoacán, the company reported. Projects will include a new agroindustrial complex, an electricity cogeneration plant and upgrades to logistics systems. (*Manufactura, July 17, 2015*)
- **Telecommunications:** Mexican telecommunications giant América Móvil, the country's largest telecom services provider, plans investment of approximately US\$6 billion in infrastructure upgrades over the next three years, the company reported. Resources will support increased data capacity, improved nationwide coverage with LTE technology and overall improvements in systems and applications. (*Reforma, July 17, 2015*)
- **Automotive:** German auto parts manufacturer ThyssenKrupp inaugurated a new manufacturing plant in the eastern state of Puebla. The US\$100 million facility will produce steering columns, shafts and other cold forged parts. (*NAFTA Works, June-July 2015*)
- **Solar energy:** Spanish energy developer Iberdrola is planning to build a solar power generation center in the northeastern state of Nuevo León, according to Mexico's Energy Regulatory Commission. The US\$102 million site will supply electricity to regional industrial companies such as Cementos Apasco, Pepsico, Magna International and Pirelli, among others. (*Reforma, July 13, 2015*)
- **Casinos:** Investors are preparing to open 25 new gambling casinos in Mexico, the industry's national association (APPJS) reported. Final permits are pending for the new sites, which represent approximately US\$300 million in investment. (*Reforma, July 13, 2015*)
- **Energy:** IEnova, the Mexican subsidiary of U.S. natural gas utility Sempra Energy, plans investment of approximately US\$600 million in Mexico in 2015. Projects include gas transmission pipeline operations in the northern state of Sonora and an ethane pipeline under construction in the southeastern states of Chiapas, Tabasco and Veracruz. (*El Financiero, July 10, 2015*)

- Animal feed: U.S. food and agricultural conglomerate Cargill joined Mexican livestock feed producer Sanjor in a joint venture to manufacture animal and pet feed in the southeastern state of Yucatan. The US\$1.2 million production line is planned to supply local and export markets. *(El Financiero, July 6, 2015)*
- Solar energy: Mexican solar installer ErgoSolar reports preparing a fund of approximately US\$16 million to finance new projects. The company projects the fund will finance the installation of solar electricity generation equipment for some 500 homes and small businesses. *(El Financiero, July 6, 2015)*
- Personal health: U.S. investment group New Evolution Ventures projects investment of approximately US\$63 million to operate workout centers in Mexico, the company reported. Plans include opening 50 new gyms over the next seven years. *(El Financiero, July 6, 2015)*

POLITICS AND SOCIETY

- Mexico's new oil industry regulatory body, the National Hydrocarbons Commission (CNH), held the highly anticipated first auction of oil exploration blocks open to private companies under the 2014 energy reform. Only two out of 14 blocks were awarded, representing a disappointment for the government partly blamed on low oil prices. *(Banamex Reporte Económico Diario, July 16, 2015)*
- U.S. presidential pre-candidate Donald Trump made unflattering remarks about Mexican immigrants in June, provoking backlash in the U.S. and Mexican media. The media storm continued into July, with Mexican Interior Minister Miguel Angel Osorio Chong responded by calling Trump's remarks "prejudiced and absurd." *(Reforma, July 7, 2015)*