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LADB Staff

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Mexican Retail Sector Remains Sluggish In January, February

by LADB Staff

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According to separate reports released in March by the government's statistics agency (INEGI) and the retailers association (ANTAD), the retail sector remained in a general slump during January and February. The INEGI report showed a decline of 3.6% in retail sales in January relative to the same month last year. Furthermore, INEGI said retail sales were down by more than 32% from December 1996. The poor performance was especially evident at stores that specialize in medicines, clothing and footwear, foodstuffs, books, toys, and gifts. On the other hand, INEGI said retail sales improved slightly at hardware and furniture stores and at motor-vehicle dealerships.

According to the Mexico City chamber of commerce (CANACO), retail sales during January were down from normal levels for the month in all categories. Declines ranged from 8% at supermarkets to 15% at department stores and 17% at neighborhood grocery stores. CANACO said the decline in sales of foodstuffs and basic products was especially worrisome since these products are in the greatest demand when consumer incomes recover. A separate report by ANTAD said that supermarket sales were down 2% in February relative to a year ago, although sales by department stores that month rose by 5.1% from the same month last year. The ANTAD report only takes into account statistics provided by its members, which includes slightly more than 3,000 retailers nationwide.

The increase in department-store sales during February was attributed, in part, to special promotions by some stores to sell appliances. Many of these promotions included lenient credit terms. Economists say poor sales reflect slow economic recovery. Economists generally agreed the slump in retail sales was clear evidence that the Mexican economy is not recovering as strongly as claimed by President Ernesto Zedillo's administration. "These numbers reflect the situation in the retail sector: real income and wages are still suffering from the January 1995 crisis, consumer loans are still largely unavailable, and consumer confidence remains low," said Sergio Martin, chief economist at ING Barings in Mexico City.

According to the INEGI report, retail sales were especially slow during January in Mexico City, Monterrey, San Luis Potosi, Puebla, Villahermosa, Saltillo, Veracruz, Acapulco, and Cancun. On the other hand, the retail sector's performance that month was slightly better in Guadalajara, Merida, Chihuahua, and Torreon. Four cities along the US-Mexico border Ciudad Juarez, Tijuana, Nuevo Laredo, and Matamoros also reported relatively strong retail sales. The INEGI report reported wholesale transactions during January were up 2.4% from January 1996, but they were still about 19% below December levels.

Still, according to CANACO, the increase in wholesale business in January was partly the result of businesses restocking inventory. Even with this increase, CANACO said the statistics showed an uneven economic recovery. Wholesale business increased during January for agricultural products,

industrial machinery, furniture, and petroleum derivatives. On the other hand, wholesale business declined for merchants who sell books, foodstuffs, toys, clothing and footwear, toys, and gifts.
(Sources: La Jornada, 03/21/97; El Universal, 03/21/97; 04/02/97; The News, 04/02/97)

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