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México's economy and energy situation

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Time of change? Time of chances

- An age of economic growth
- Opportunities for all
- Energy and Telecomm

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Nice economy

- Nice, even before reforms

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Data

- 116 million people
- 11th population in the world
- Brazil is fifth, with 197 million

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But, 92% make less than $10,000/y

Twitter, en picada
Pierde 4 mil mdd en un solo día en Wall Street. Pág. 38

Dennys Crowley
Foursquare, a desbancar a Yelp y Google. Pág. 15

Futbol Americano
Colegiales podrían llegar un año antes a la NFL. Pág. 52

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Bloomberg

Gana menos de $10 mil, el 92% de ocupados

Más pobres. Según datos del INEGI, ese grupo aumentó 21% en la última década

Menos ingresos

Cuesta 35 mil mdp al año pagar a *profes* que no dan clases

CENTRAL POLÍTICA

Desconfía el 38% de mexicanos de los independientes

Vende el Grupo Saba su última división: farmacias

Alliance Boots la adquiere en 8 mil 300 mdp, la compañía en sus buenos tiempos valía mil 300 mdd

Vence GDF en primer *round*; no devolvería 489 mdp

Reclamo de la Secretaría de la Función Pública por Línea 12.

Crece turismo internacional 15.3%: Peña

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Young people

- 48% population, under 25
- Average age is 26

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Where are they?

- Around 25%, in north side,
- They generate 25% of GDP
- Monterrey, Tijuana

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Where are they?

- But mid México generates 60%
- Mexico City, Jalisco, Querétaro

Mexican Economy

- USD $1.2 trillion
- Equivalent to NY
- Almost like Texas

Mexican GDP growth

- 2012: 3.8%
- 2013: 1.1%
- 2014: 2.9% ?*
- 2015: 3.8% ?*

- *Source: JP Morgan

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Politics

- Reforms
- Congress: Where the action is

Lower Chamber

- 500 deputies
- PRI+P Verde = 54%

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Upper Chamber

- 128 legislators
- PRI + P Verde = 48%
- They need the PAN (30%)

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Reforms are Constitutional

- Education: Evaluation for teachers
- Telecomm: Investment chances
- Fiscal: Highest incomers pay more
- Labor: Easy hiring and firing
- Energy: Opens private investment opportunities

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What has changed?

- “Reforma energética. Permite al Estado llevar a cabo las actividades de exploración y extracción del petróleo y demás hidrocarburos mediante asignaciones (assignment, allocation) a empresas productivas del Estado o a través de contratos con éstas o con particulares. También posibilita los contratos con particulares en materia de servicio público de transmisión y distribución de energía eléctrica. Crea el Fondo Mexicano del Petróleo para la Estabilización y el Desarrollo”.

- Cámara de Diputados.

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New constitutional words:

- Art. 27: “El uso o el aprovechamiento de los recursos de que se trata, por los particulares o por sociedades constituidas conforme a las leyes mexicanas, no podrá realizarse sino mediante concesiones, otorgadas por el Ejecutivo Federal”.

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What's next?

- Constitution has changed.
- Wait for secondary laws.
- April 30th. President sent the bill to the Congress.
- Analysts expect changes to take place before october 2014.
- So, wait.

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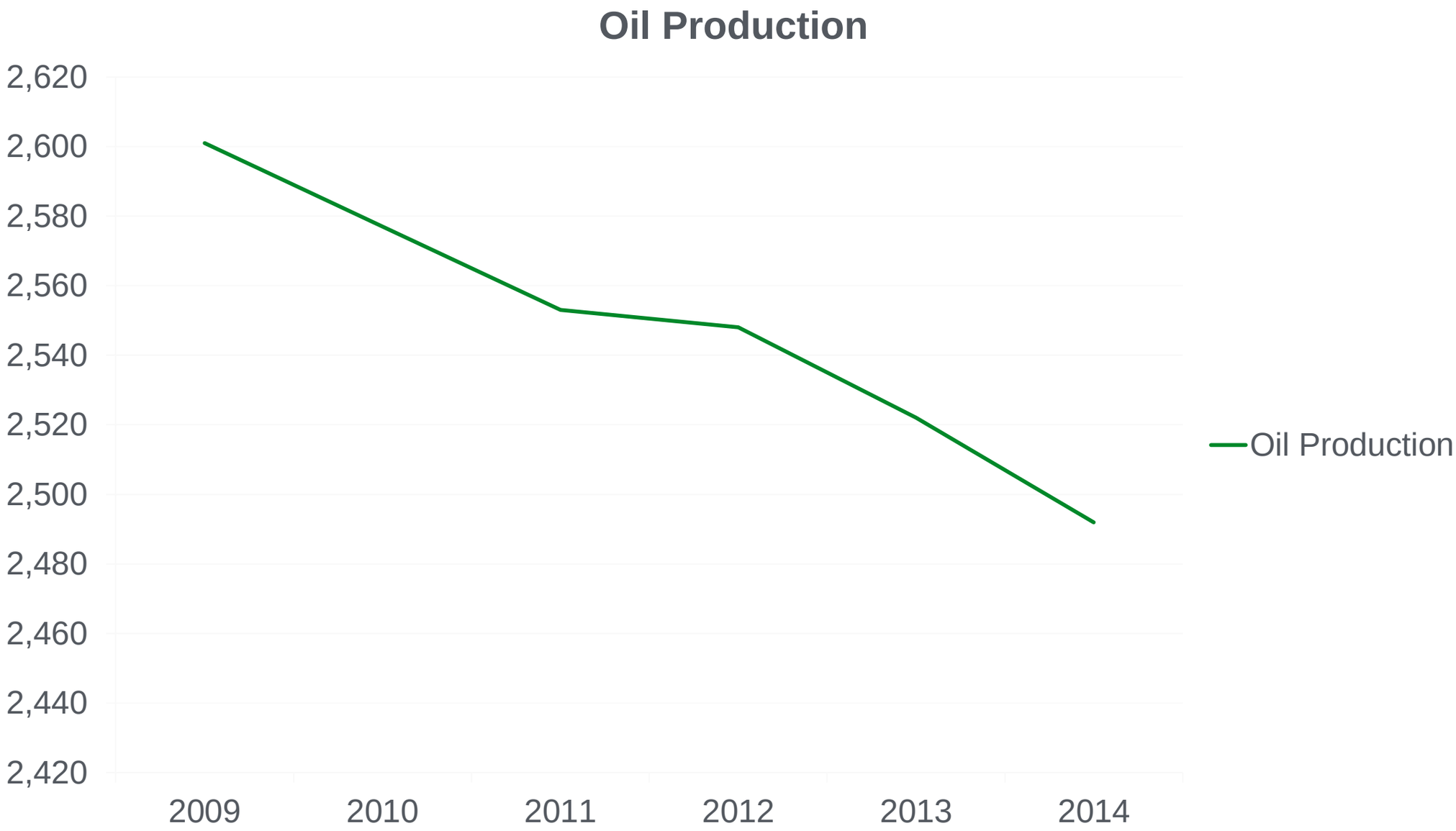
For Mexico, it is urgent



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Imports are booming

- For the first time: Mexico had an oil products deficit with the US during 1Q 2014.
- Imports of gasoline, diesel, etc. went from $2.4 billion in 2003, to $25.7 billion in 2013.

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México, virgin oil Territory?

- Not at all.
- Contracts: Halliburton, Schlumberger
- MSC: Petrobras, Diavaz, Lewis
- New Comers: Temasek, through Oro Negro

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Next big player: Grupo Alfa

- “Buscaríamos sacar recursos de donde se pueda, uno de ellos es vender nuestra participación en Texas”. Alvaro Fernández, Alfa CEO.
- 411 wells in Eagle Ford.

Always there

- Exxon, Total. Sell automotive oil products.
- Gas Natural Fenosa, the biggest
- Mexichem and Braskem, petrochemicals.

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How to get into México?

- Find a reliable partner

How?

- Through chambers
- Biggest companies: Amcham, Concamin
- Small and mid companies: Canacintra

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If you need a guide… enjoy

Thanks.