



# Business Opinion as an Instrument to Complement the Analysis of Factors that Could Hinder Economic Growth

Katia García, Banco de México\*  
2024 Central Bank Business Survey Conference  
October 29, 2024



\*/ The opinions expressed in this document are the responsibility of the author and do not necessarily reflect Banco de México's institutional position, nor that of its Board of Governors.

- Banco de México monitors business opinion through its **monthly survey to establishments** with more than 100 workers (**EMAER**), that is representative for the manufacturing and non-manufacturing sectors at the regional and national levels.<sup>1/</sup>
- EMAER helps understand firms' perceptions of the economy as well as measure short-term business expectations. Business opinion is useful for policymakers to understand firms' perspective on the economy and how the operation of companies is affected by macroeconomic phenomena.

<sup>1/</sup> Between January 2024 and August 2024, for example, on average 1,579 responses were collected each month (691 for manufacturing industries and 888 for non-manufacturing industries).

# Different factors could hinder economic growth, so we asked businesses their perspective on the main three factors that could hinder economic activity in the state where are located.

Which of the following three factors would you consider the main obstacle to economic growth in your state over the next six months?

*Note: You must select only 3 out of the 33 options presented.*

## Inflation and Monetary Policy

- ☐ Monetary policy
- ☐ Inflationary pressures in the country
- ☐ Elevated internal financing costs
- ☐ Increase in wages
- ☐ Increases in input and commodity prices

## External conditions

- ☐ International trade policy
- ☐ US Monetary Policy
- ☐ US Fiscal Policy
- ☐ Exchange rate uncertainty
- ☐ Real exchange rate
- ☐ External market weakness and global economy
- ☐ International financial instability
- ☐ Contraction of external supply of resources
- ☐ International political instability
- ☐ External interest rate levels
- ☐ Export price of oil

## Internal Economic Conditions

- ☐ Oil production platform
- ☐ Internal economic uncertainty
- ☐ Firms' debt
- ☐ Household debt
- ☐ Availability of internal financing
- ☐ Low levels of market competition
- ☐ Internal market weakness
- ☐ Lack of structural change in the country

## Public finances





- ☐ Fiscal Policy
- ☐ Public spending
- ☐ Public sector debt

## Governance

- ☐ Internal political uncertainty
- ☐ Public safety issues
- ☐ Impunity
- ☐ Corruption
- ☐ Other issues related to the rule of law

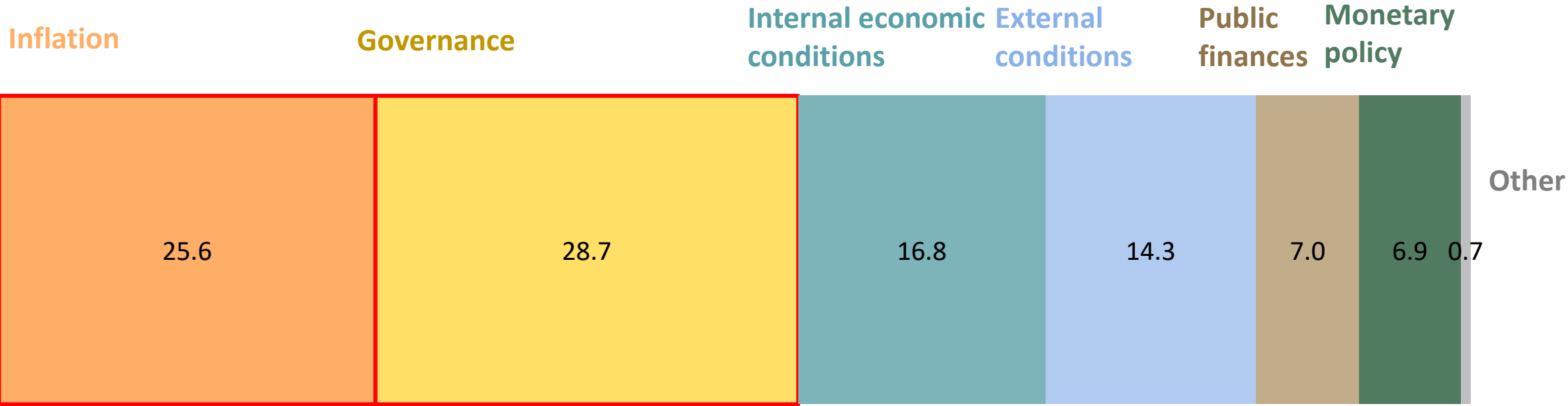
☐ Other

**EMAER has been instrumental in understanding the perception of firms regarding factors that could play a role in economic growth.**

-  **Snapshot of limiting factors**
-  Evolution through time
-  Heterogeneity across regions:
  -  Sectors and different types of firms

# Firms in Mexico are concerned about factors associated mainly with governance and inflation.

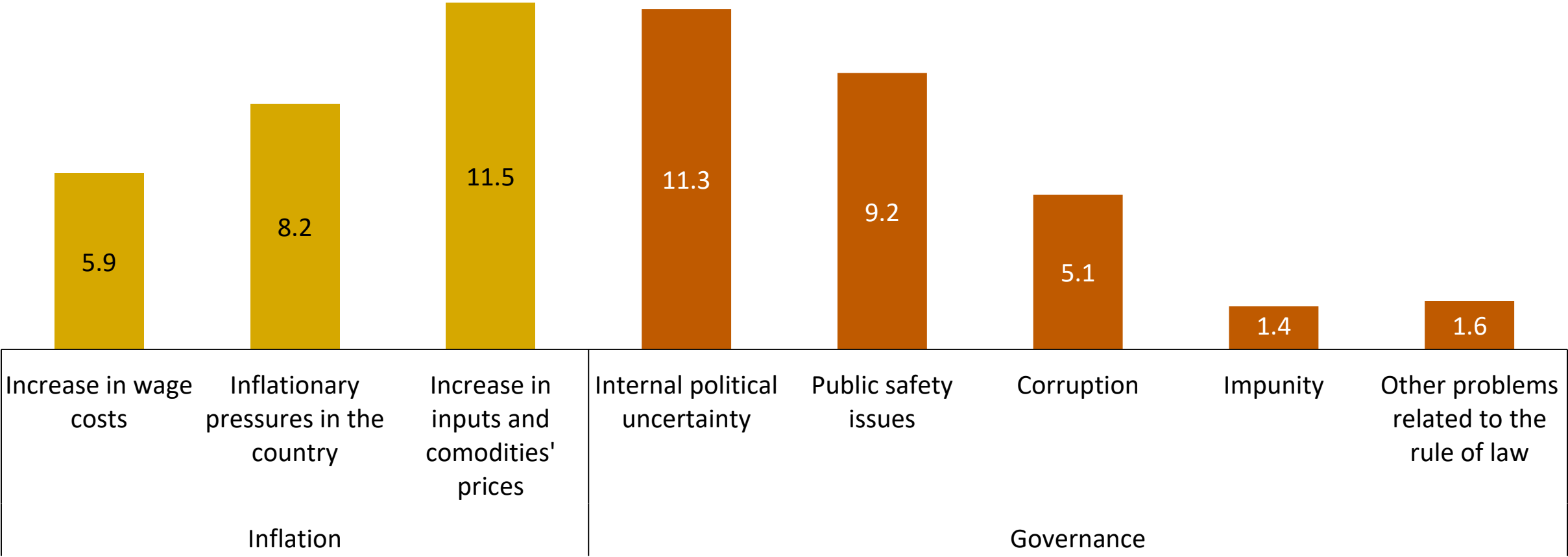
Main factors that could hinder economic growth in the state where the firm is located over the next six months  
% of answers



Source: Banco de Mexico with data from EMAER survey from September 2024. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels.

Within each category, increase in input prices and internal political uncertainty are the most common factors mentioned by the firms.

Factors related to **inflation** and **governance** that could hinder economic growth  
% of answers



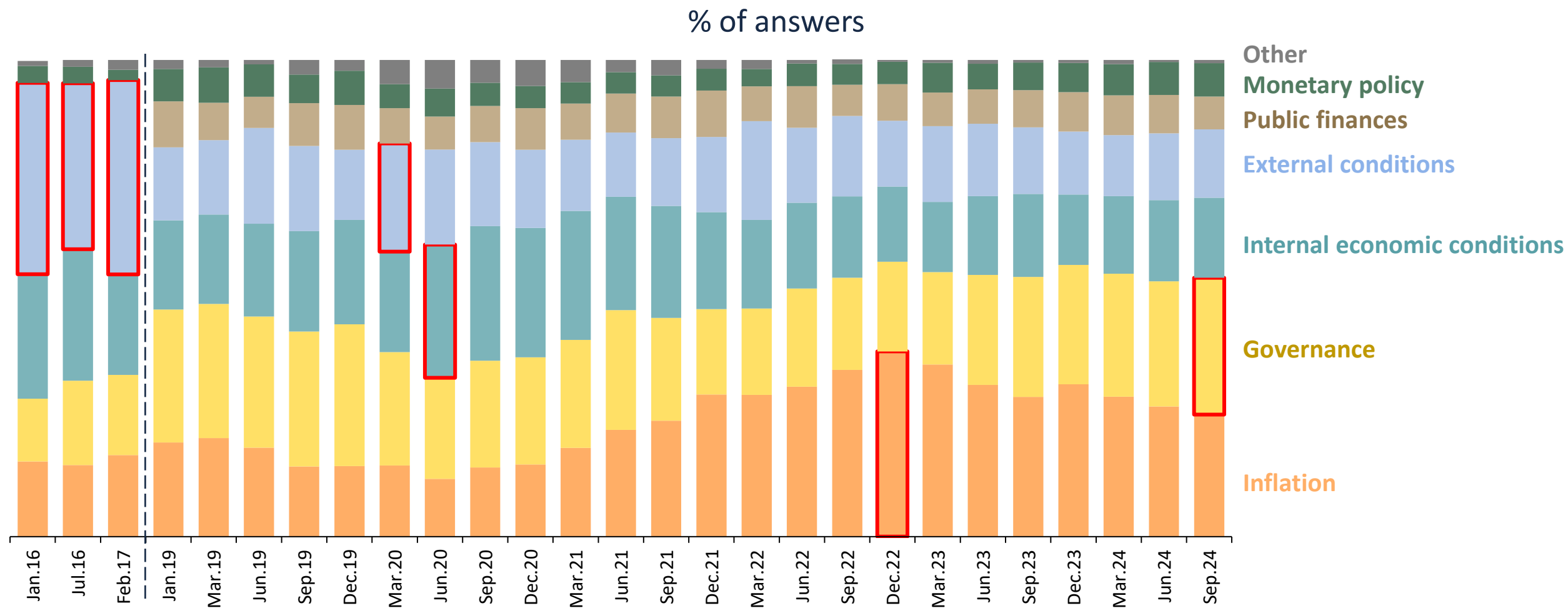
Source: Banco de Mexico with data from EMAER survey from September 2024. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels.

**EMAER has been instrumental in understanding the perception of firms regarding factors that could play a role in economic growth.**

- Snapshot of limiting factors
- **Evolution through time**
- Heterogeneity across regions:
  - Sectors and different types of firms

Business opinion reflects the evolution of macroeconomic phenomena and important events that occur.

Distribution of responses regarding the three main factors that could hinder economic growth in the state where the firm is located over the next six months

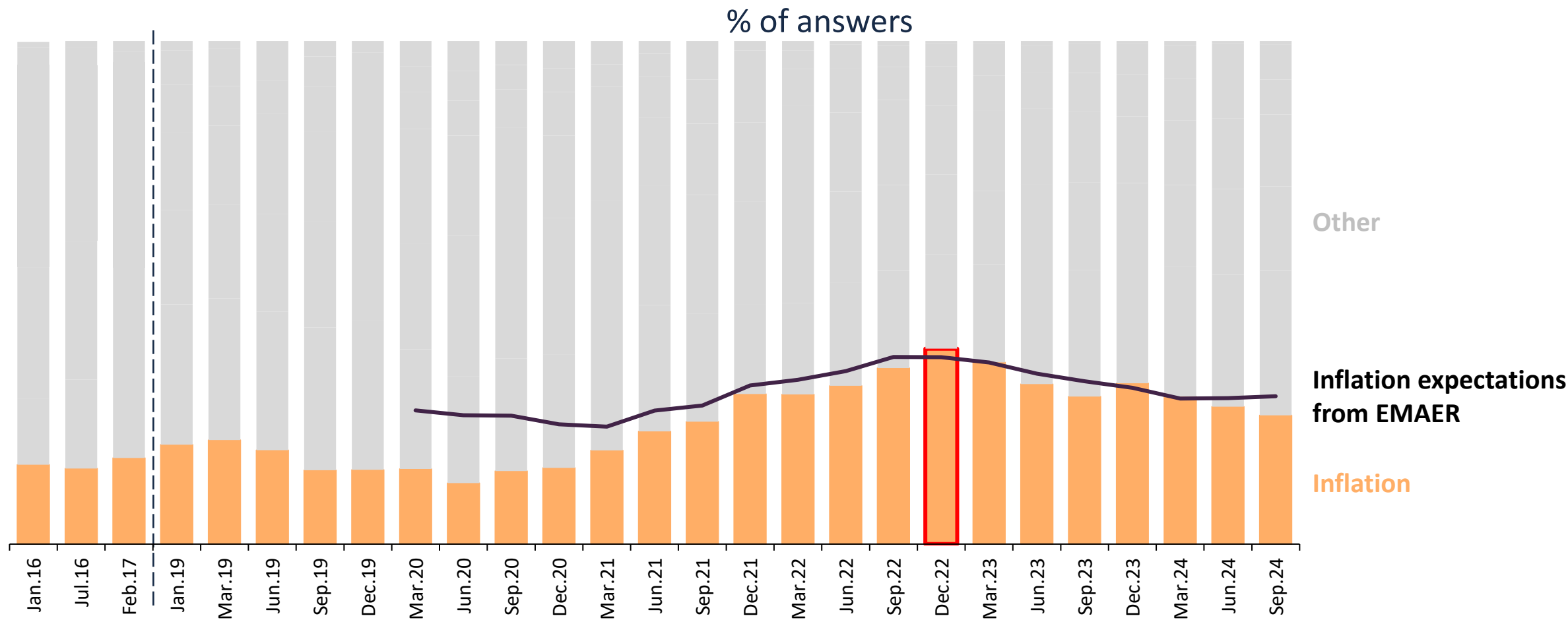


Source: Banco de México with data from EMAER survey from January 2019 to September 2024. Results retrieved from the question: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?” Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels. Before 2019, the information was not collected on a quarterly basis.



The evolution of businesses' concern about inflation as a factor that could hinder economic growth has been consistent with the trend in their inflation expectations.

Distribution of responses regarding the three main factors that could hinder economic growth in the state where the firm is located over the next six months

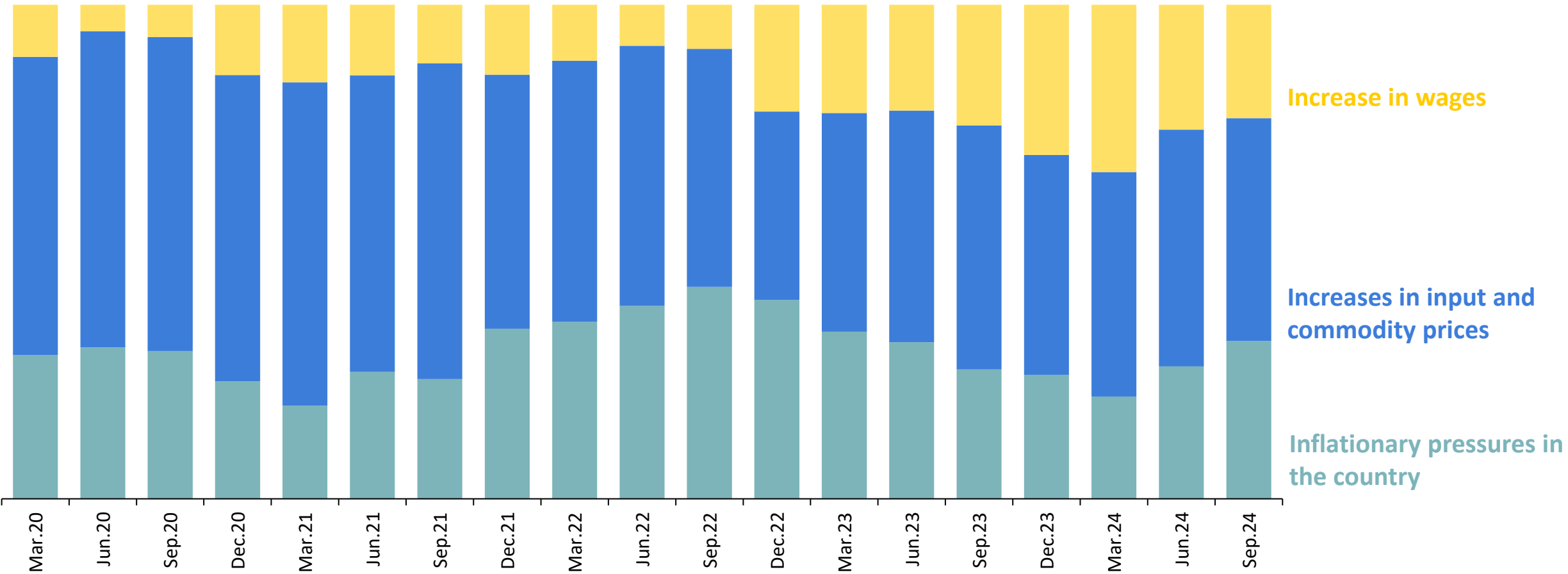


Source: Banco de México with data from EMAER survey from January 2016 to September 2024. Results retrieved from the questions: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?” and “For the next 12 months, what is your expectation for the general inflation rate measured by the annual variation in the National Consumer Price Index (INPC)”. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels.

The specific factors regarding inflation that have concerned businesses have mutated over time.

Distribution of responses **associated with inflation** regarding the three main factors that could hinder economic growth in the state where the firm is located over the next six months

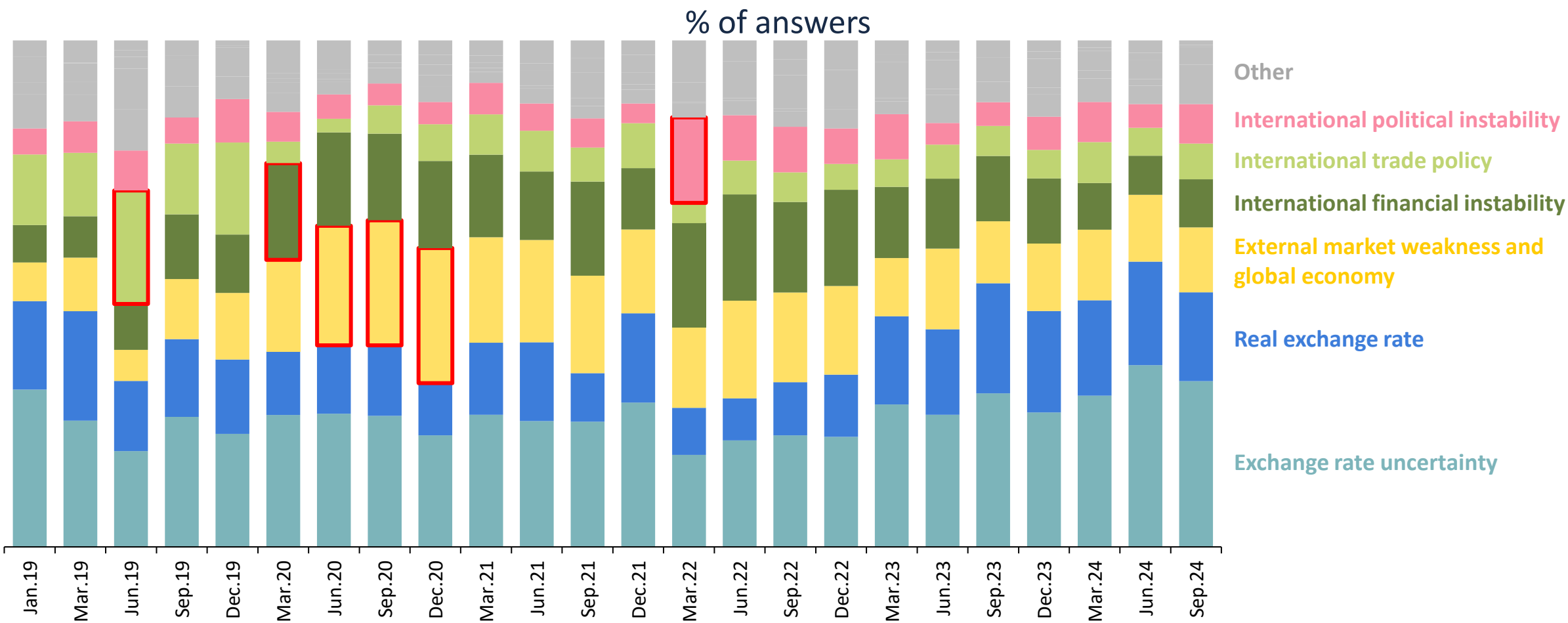
% of answers



Source: Banco de Mexico with data from EMAER survey from March 2020 to September 2024. Results retrieved from the question: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?”. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels.

Geopolitical tensions and global economic events influence the factors that are perceived by businesses as obstacles to economic growth.

Distribution of responses associated with external conditions regarding the three main factors that could hinder economic growth in the state where the firm is located over the next six months



Source: Banco de México with data from EMAER survey from January 2019 to September 2024. Results retrieved from the question: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?” Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels.

EMAER has been instrumental in understanding the perception of firms regarding factors that could play a role in economic growth.

- Snapshot of limiting factors

- Evolution through time

- **Heterogeneity across regions:**

  - Sectors and different types of firms

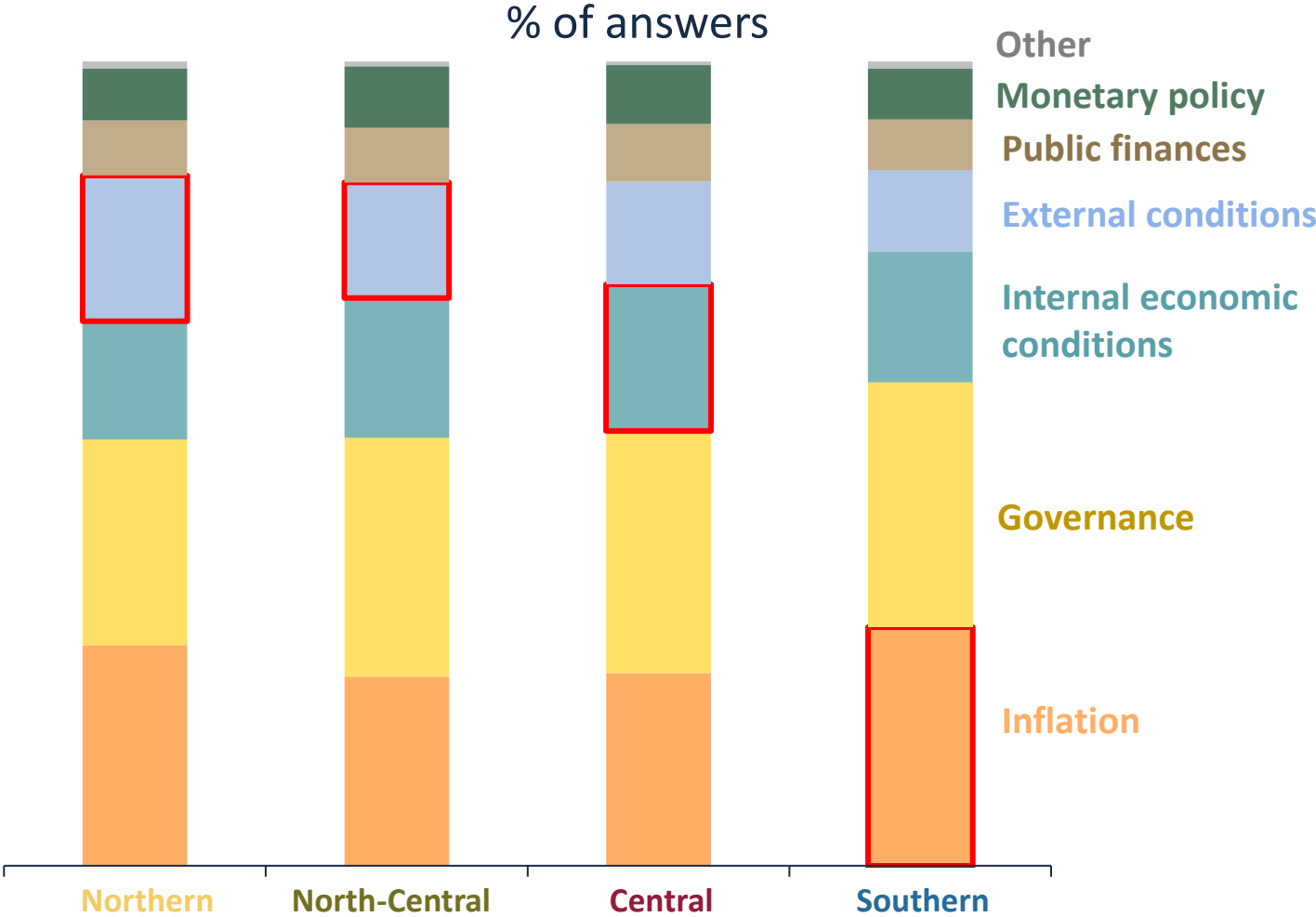
The degree to which different factors concern businesses in different regions is heterogeneous.

Different regions in Mexico

Northern North-Central Central Southern



Main factors that could hinder economic growth in the state where the firm is located over the next six months



Source: Banco de México with data from September 2024. Results retrieved from the question: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?”. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels.

**EMAER has been instrumental in understanding the perception of firms regarding factors that could play a role in economic growth.**

● Snapshot of limiting factors

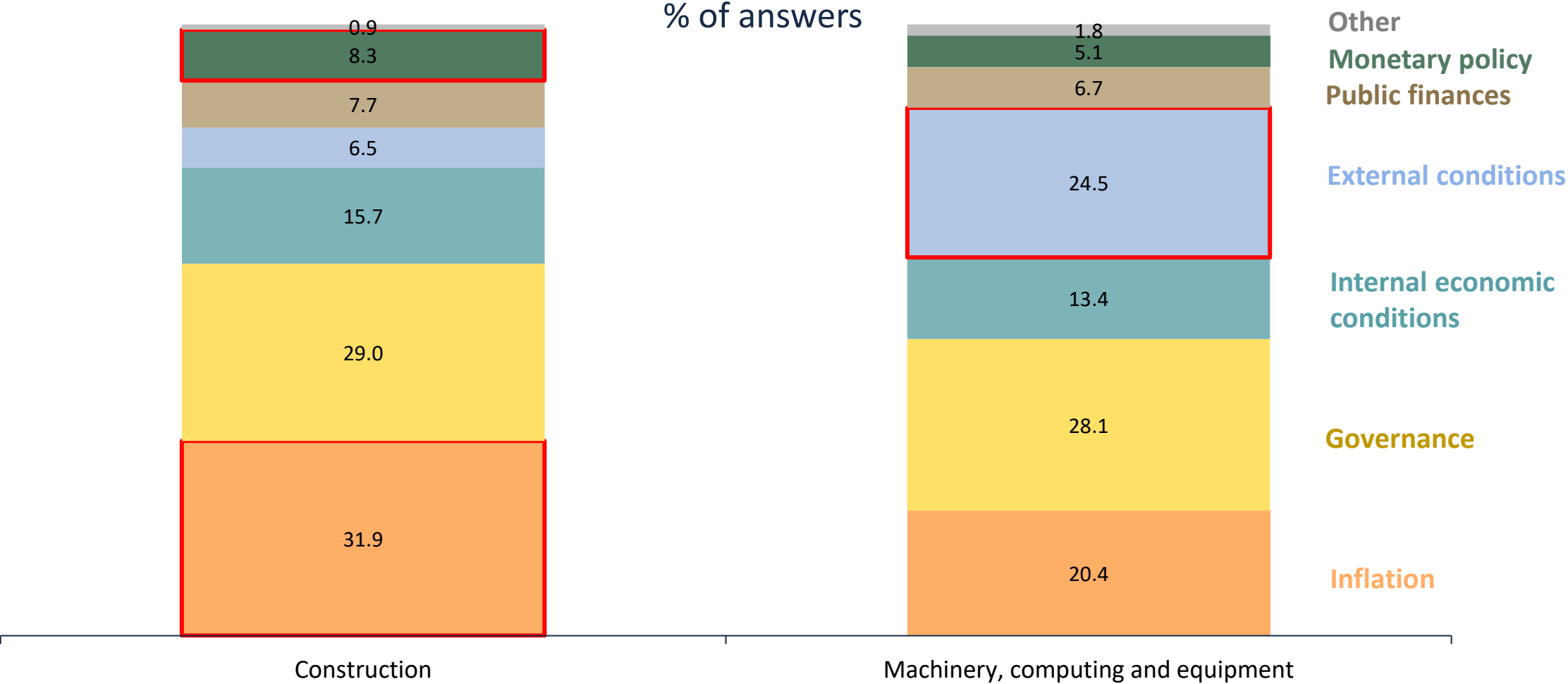
● Evolution through time

● Heterogeneity across regions:

● **Sectors and different types of firms**

Sectoral composition of production could be one reason behind regional heterogeneity.

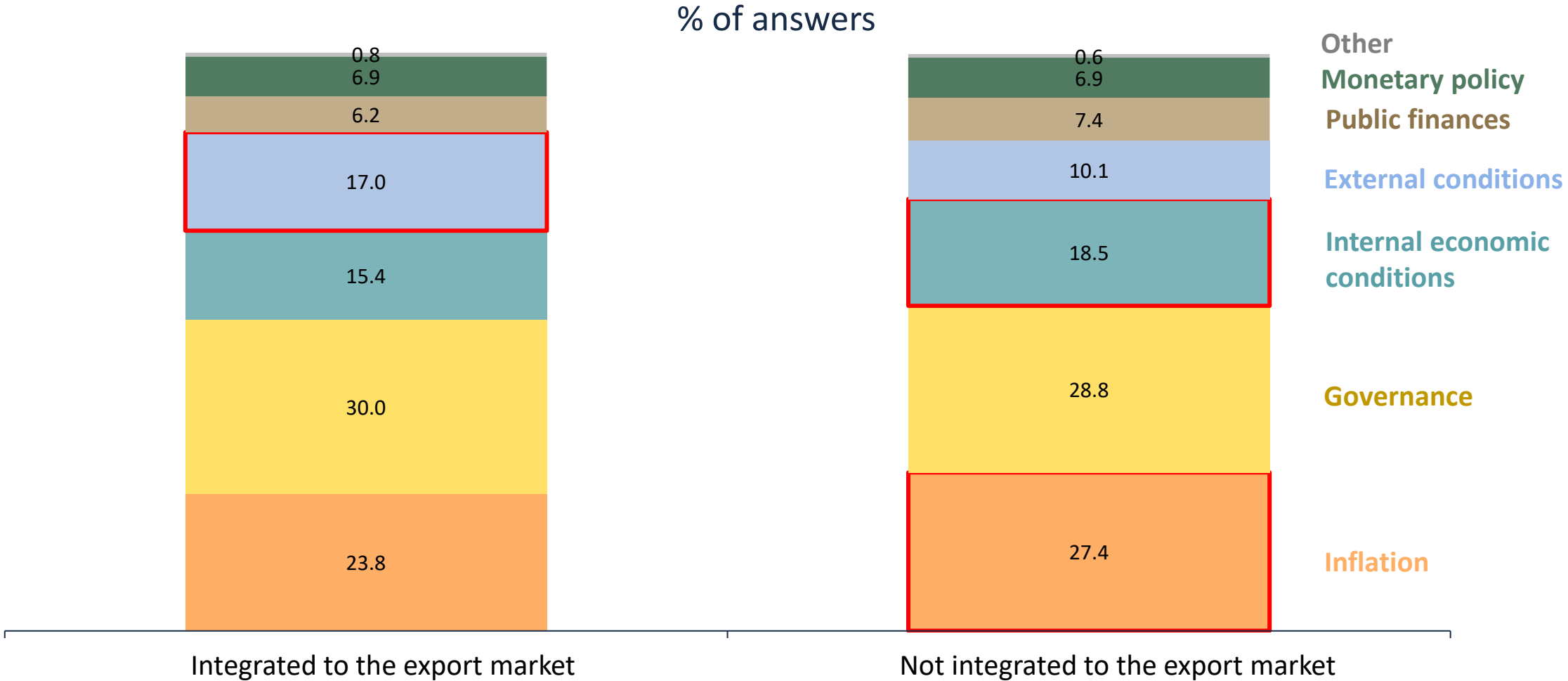
Main factors that could hinder economic growth in the state where the firm is located over the next six months according to businesses in different industrial groups



Source: Banco de Mexico with data from September 2024. Results retrieved from the question: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?”.  
Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels, results for more disaggregated groups are reported with illustrative purposes but these are not representative from a statistical point of view.

Whether the firm is integrated to the export market or not is another determinant of concerns: businesses that export or have clients that export are relatively more concerned about external conditions than the rest, which are more concerned about factors associated to governance.

Main factors that could hinder economic growth in the state where the firm is located over the next six months



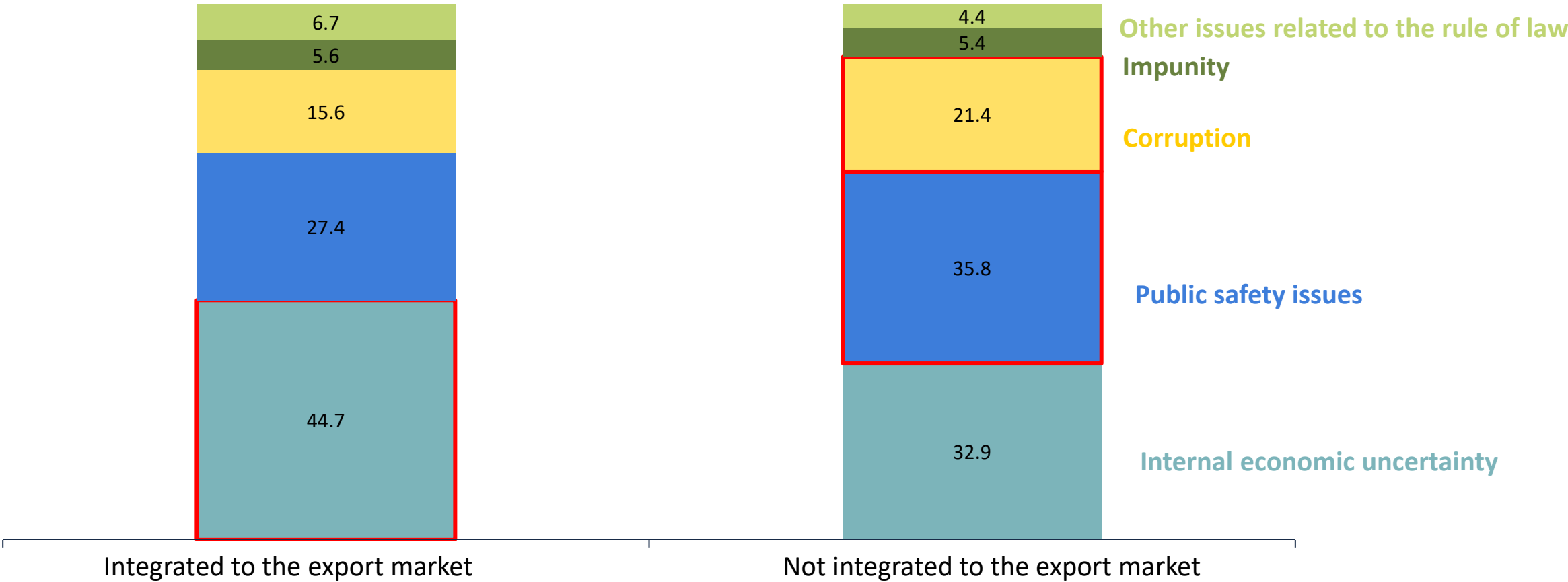
Source: Banco de Mexico with data from November 2023 and September 2024. Results retrieved from the questions: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?” from September 2024 and “Indicate if your firm participates in a global production chain (your firm or any of its clients exports or has foreign clients)” from November 2023. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels, results for more disaggregated groups are reported with illustrative purposes but these are not representative from a statistical point of view.



Heterogeneity is also observed within the specific issues that concern businesses within governance.

Distribution of responses **associated with governance** regarding the three main factors that could hinder economic growth in the state where the firm is located over the next six months

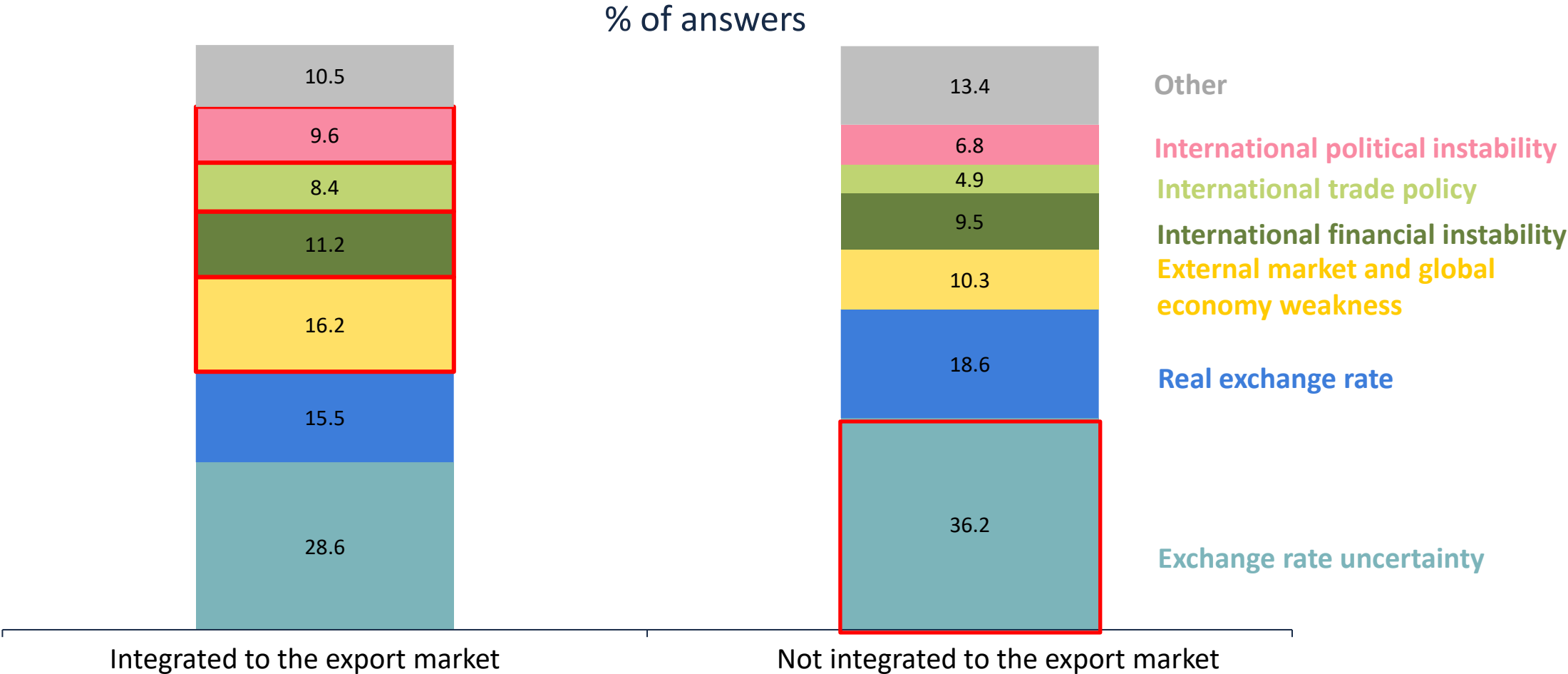
% of answers



Source: Banco de Mexico with data from November 2023 and September 2024. Results retrieved from the questions: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?” from September 2024 and “Indicate if your firm participates in a global production chain (your firm or any of its clients exports or has foreign clients)” from November 2023. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels, results for more disaggregated groups are reported with illustrative purposes but these are not representative from a statistical point of view.

Heterogeneity is also observed within the specific external factors that concern businesses: external market weakness is a relatively larger concern for businesses more integrated to the export market.

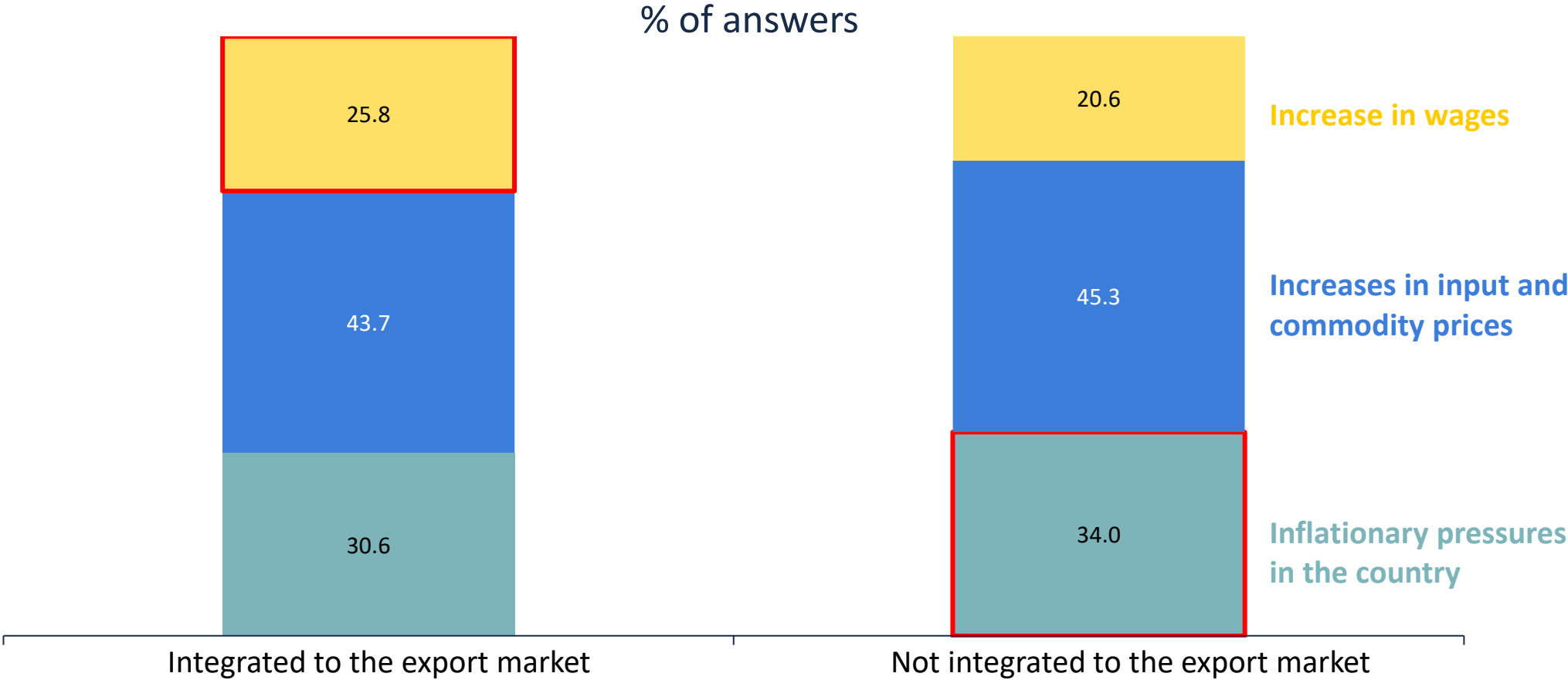
Distribution of responses associated with external conditions regarding the three main factors that could hinder economic growth in the state where the firm is located over the next six months



Source: Banco de Mexico with data from November 2023 and September 2024. Results retrieved from the questions: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?” from September 2024 and “Indicate if your firm participates in a global production chain (your firm or any of its clients exports or has foreign clients)” from November 2023. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels, results for more disaggregated groups are reported with illustrative purposes but these are not representative from a statistical point of view.

Within factors underlying concerns about inflation, wage growth is more relevant for firms integrated to the export market, suggesting relatively low wages contribute to their competitiveness.

Distribution of responses **associated with inflation** regarding the three main factors that could hinder economic growth in the state where the firm is located over the next six months



Source: Banco de Mexico with data from November 2023 and September 2024. Results retrieved from the questions: “¿Which three factors do you consider will mostly hinder the growth of economic activity in your state during the following six months?” from September 2024 and “Indicate if your firm participates in a global production chain (your firm or any of its clients exports or has foreign clients)” from November 2023. Note: EMAER is representative for establishments with more than 100 workers in the manufacturing and non-manufacturing sectors at the regional and national levels, results for more disaggregated groups are reported with illustrative purposes but these are not representative from a statistical point of view.

# Concluding remarks

- Business opinion is a very timely and valuable source of information.
- It provides with a nuanced understanding of the impact of macroeconomic events on firms' operation, particularly under highly uncertain contexts.
- Through business opinion, policymakers may capture how businesses with different characteristics are impacted heterogeneously.
- Insights regarding business opinion collected through EMAER are regularly published in Banco de Mexico's quarterly Regional Economic Report.\*

\*Regional Economic Reports can be accessed in the following link: [Regional economic reports, states, Banco de México \(banxico.org.mx\)](https://banxico.org.mx/regional-economic-reports)

# ANNEX - Characteristics of the Survey

- The survey is carried out monthly generally beginning on the first day of each month and has an approximate duration of four weeks. Confidentiality of all responses is preserved. The response is online or by phone.
- The survey is representative for establishments with more than 100 workers in the manufacturing and non manufacturing sectors at the regional and national levels.
- Each month, Banco de México collects responses of 1,579 firms on average, ensuring that these meet the requirements for representativity of each region and sector.

## Average sample size between January and August 2024\*

Region	Manufacturing sector	Non-manufacturing sector
Northern	186	187
North-Central	166	193
Central	246	339
Southern	93	170
Total	691	888

\*The sample size to ensure that the survey is representative requires to survey 506 firms for manufacturing sector and 595 for non manufacturing sector. Source: Banco de México, EMAER.



BANCO DE MÉXICO

[www.banxico.org.mx](http://www.banxico.org.mx)