

**Mexico: Economic performance of local economies. 2003-2013.**

Topic: Regional Policy Modeling

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Siegel et al method (1995) was used to analyze the effects of changes in the productive structure of the Mexican local economies (32 states and 7 regions) on its economic performance. Siegel et al method combines input-output production model with portfolio theory to measure the economic performance in terms of expected growth in the gross production value and the stability of the evolution of this variable (measured by its variance or standard deviation). The study comprehends a span of time that runs from 2003 until 2013. The paper uses two national input-output tables, developed by the Mexican agency of statistic upon the SNA-UN methodology for 2003 and 2008, and a 2012 IOT made by a RAS actualization of 2008 table. The regionalization of IOTs was done using the FLQ method and the series of state gross domestic product produce by INEGI. We work with 31 economic activities. Lastly, we use an optimization tool to simulate the impact of changes on final demand structure over economic performance of one of local economies.

Key words: Input-output models; regional input-output models; regional economic performance.

JEL Classification: R11. Regional economic activity; R15. Econometric and Input-output models; R58. Regional development policies.