

## GDP-proxy IGAE – Modest recovery, with services leading the charge

- **Monthly GDP-proxy IGAE (November): 0.5% y/y; Banorte: 0.9%; consensus: 0.7% (range: 0.0% to 1.1%); previous: 0.8%**
- **The economy grew 0.4% m/m, starting from a positive base effect but with a mixed performance inside. As such, the result is somewhat modest, pointing to some sluggishness in 4Q24**
- **Services had a relevant uptick at 0.5% m/m –with 8 of its 14 items higher. Industry rebounded by 0.1%, supported by manufacturing and despite a drop in construction. Finally, primary activities fell 1.4% –adding a second month lower, albeit in a context of more limited price adjustments–**
- **During the last quarter of 2024 activity would have slowed down, with some headwinds becoming more pronounced and greater uncertainty also weighing on performance. For 1Q25, the economy will probably remain sluggish, with the possibility of this extending through the first half of 2025**

**The economy grew 0.5% y/y in November.** The result was lower than both consensus (0.7%) and our estimate (0.9%). The calendar effect in the period was negative, with one less working day in the annual comparison. Thus, with seasonally adjusted figures, the expansion was larger at 0.9%, as shown in [Chart 1](#). Returning to original figures, services added five months in positive territory, at 1.6% ([Chart 4](#)), while industry stringed four periods of losses, now at -1.4% ([Chart 3](#)). Finally, primary activities remained volatile, currently at 0.1% ([Chart 2](#)). For more details by sector, see [Table 1](#).

**Mixed performance in the sequential comparison.** Activity increased 0.4% m/m ([Chart 5](#)), rather modest considering the 0.7% decline from the previous month. Some relevant headwinds persisted during the period –such as the weakness of US industry– although offset by cyclical factors, mainly the various discount programs during the month such as *El Buen Fin* and other related promotions.

Services were the best performer at 0.5%. The result is explained by fundamentals, which showed a positive bias. Remittances improved, while consumer credit accelerated at the margin, although with the labor market showing signs of a slight deterioration –with job losses, a rise in the unemployment rate, and a moderation in the pace of wage growth. Another positive point was the performance of prices. The downward trend in inflation could be interpreted as additional room for higher discretionary spending by households. Inside, we highlight that eight of the fourteen categories showed increases. The most relevant expansions were in wholesales (2.4%), lodging (1.4%), and government (1.0%). On the other hand, professional (-2.8%), business support (-2.6%), and mass media (-1.7%) were the items with the largest declines. Finally, retail sales came in at 0.6%, contrasting with the results of its own report –with a 0.1% m/m decline–, but more consistent with ANTAD's same-store figures of 0.3% y/y in real terms. For more details, see [Table 2](#).

[Industry](#) rebounded 0.1% ([Chart 6](#)), a somewhat low result considering the previous month's setback. Within manufacturing (0.7%) and mining (0.4%) were positive. In the former, 14 of its 21 items grew, in a context where manufacturing exports fell again and industrial production in the US fell 0.5%. In mining, the uptick was achieved despite a new contraction in the oil sector. In construction (-1.8%), losses were relatively widespread. Finally, agriculture continued with a trend of volatility, with a 1.4% contraction, this despite a positive evolution regarding the territory affected by drought and a moderation in the rate of growth of prices.

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**Juan Carlos Alderete Macal, CFA**  
Executive Director of Economic Research and Market Strategy  
[juan.alderete.macal@banorte.com](mailto:juan.alderete.macal@banorte.com)



**Francisco José Flores Serrano**  
Director of Economic Research, Mexico  
[francisco.flores.serrano@banorte.com](mailto:francisco.flores.serrano@banorte.com)



**Yazmín Selene Pérez Enríquez**  
Senior Economist, Mexico  
[yazmin.perez.enriquez@banorte.com](mailto:yazmin.perez.enriquez@banorte.com)



**Cintia Gisela Nava Roa**  
Senior Economist, Mexico  
[cintia.nava.roa@banorte.com](mailto:cintia.nava.roa@banorte.com)



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**Activity appears to have moderated in the last month of the year, with this trend likely to extend into 1Q25.** Considering results for November, as well as our estimated trajectory for end of the year, the economy probably continued to grow in December, albeit at a more moderate pace. It is relevant to note that many of the factors at play would extend into the new year. In this sense, in 1Q25, sluggishness would probably continue to be present, hoping that uncertainty related to Trump's policies –as part of the headwinds– would be the first factor to fade, or at least diminish in intensity. With respect to the drivers, the resilience of consumption –with its fundamentals still in a favorable position– will be key to bring dynamism through services.

Regarding the end of 2024, among the main factors at play were: (1) The expectation of lower public investment focused on infrastructure, explained both by the change of year and the transition at various levels of government; (2) an acceleration of PPI; (3) the possibility of a slower pace of cuts for Banxico's easing cycle; and (4) an increase in uncertainty due to Trump's new mandate –reflected in business opinion surveys, including the one published by INEGI. Looking ahead to 1Q25, we recognize that headwinds will continue. While the first three remain with the same trend, we focus on the fourth listing. Considering Donald Trump's speech at his inauguration, as well as what he said as he signed executive orders, it appears that tariffs will continue to be the focus of attention. Thus, we will be very attentive if a 25% levy is established on goods imported from Mexico and Canada on February 1<sup>st</sup>. However, it is important to recognize that uncertainty on this issue will continue, given that there is still no clarity on how this decision will be framed within the USMCA framework, as well as what the vision for the review of the agreement will be by mid-2026.

Turning to the analysis of the favorable elements, we recognize that the resilience of consumption will be fundamental to inject some dynamism to activity, which will be reflected in services. While the base for December is more challenging, some timely indicators show room for a marginal advance in the sequential print. Regarding 2025, it is important to note that we see private consumption as the driver of activity, positively impacting services, especially towards the second half of the year. This view is shared by Deputy Governor Jonathan Heath, who earlier this week in an interview with Rodrigo Pacheco mentioned that *"...I think the key indicator, which can determine whether growth is closer to 2% or closer to 0%, at the end of the day will be consumption again..."*. The argument for resilience is based on fundamentals, where we highlight: (1) The [12% increase in the minimum wage](#); (2) a greater coverage of social programs; (3) an increase in social transfers; and (4) a probable acceleration in remittances from the US.

**Table 1: GDP-proxy IGAE**

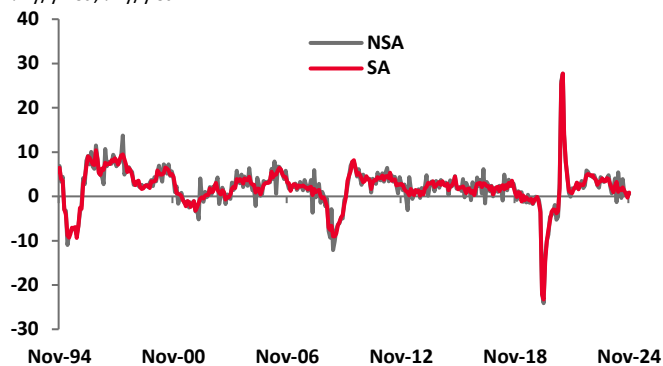
% y/y nsa, % y/y sa

	y/y, nsa				y/y, sa	
	Nov-24	Nov-23	Jan-Nov'24	Jan-Nov'23	Nov-24	Nov-23
<b>Total</b>	<b>0.5</b>	<b>2.3</b>	<b>1.6</b>	<b>3.6</b>	<b>0.9</b>	<b>2.7</b>
<b>Primary activities</b>	<b>0.2</b>	<b>-14.0</b>	<b>-1.8</b>	<b>-1.4</b>	<b>1.1</b>	<b>-13.3</b>
Agriculture	0.1	-19.1	-3.8	-2.9	-	-
Livestock	0.6	1.6	2.2	1.6	-	-
<b>Industrial production</b>	<b>-1.4</b>	<b>3.4</b>	<b>0.5</b>	<b>3.7</b>	<b>-0.9</b>	<b>3.3</b>
Mining	-4.7	-3.7	-4.2	0.5	-4.5	-3.5
Utilities	2.9	-0.1	2.0	-2.4	2.9	0.0
Construction	-4.2	22.0	3.7	15.4	-4.4	22.0
Manufacturing	-0.2	0.0	0.3	1.7	0.5	-0.1
<b>Services</b>	<b>1.6</b>	<b>2.9</b>	<b>2.4</b>	<b>3.8</b>	<b>2.0</b>	<b>3.4</b>
Wholesales	-1.1	7.9	1.7	4.0	0.4	8.8
Retail sales	3.6	0.6	2.7	5.1	4.7	1.8
Transportation and logistics	4.2	2.4	4.1	4.1	4.4	2.8
Mass media	-2.8	2.1	1.9	8.4	-1.7	3.0
Financial services	1.3	6.7	3.5	11.2	1.7	7.5
Real estate	1.9	1.4	0.8	2.3	1.7	1.2
Professional services	8.2	0.2	16.6	6.7	9.9	0.3
Business support	-6.0	6.2	-6.2	-5.4	-6.9	3.7
Education	0.3	1.5	0.7	1.4	0.4	1.6
Healthcare	5.0	0.9	3.3	0.2	5.2	1.4
Entertainment	-2.3	1.2	3.1	4.2	-2.5	0.4
Lodging and restaurants	-0.9	3.5	-1.7	3.2	-1.7	2.7
Others	-0.9	4.0	2.5	3.8	-0.3	4.2
Government services	1.6	0.9	1.4	0.2	1.4	1.0

Source: INEGI

**Chart 1: GDP-proxy IGAE**

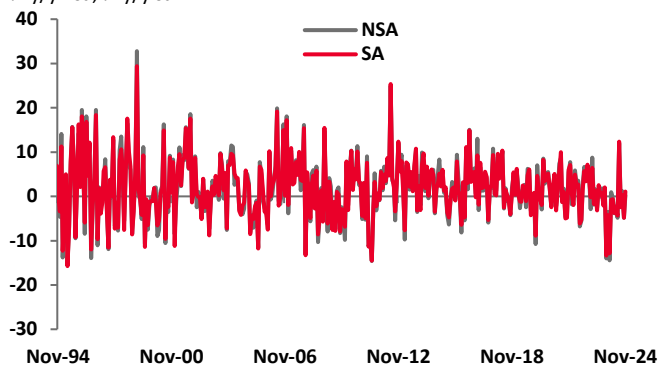
% y/y nsa, % y/y sa



Source: INEGI

**Chart 2: Primary activities**

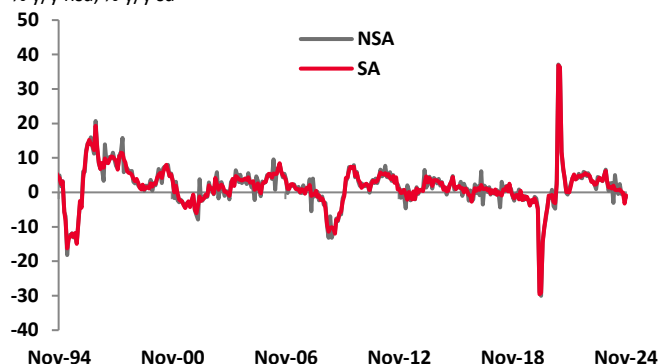
% y/y nsa, % y/y sa



Source: INEGI

**Chart 3: Industrial production**

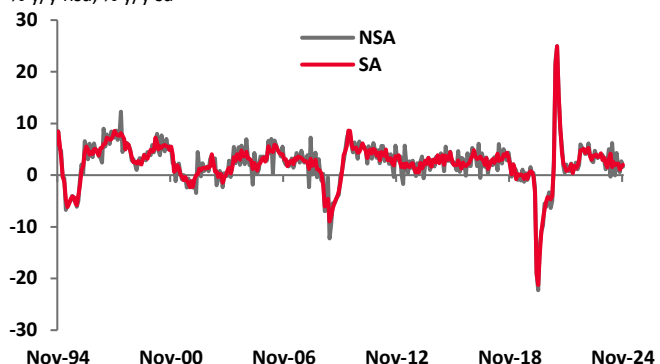
% y/y nsa, % y/y sa



Source: INEGI

**Chart 4: Services**

% y/y nsa, % y/y sa



Source: INEGI

**Table 2: GDP-proxy IGAE**

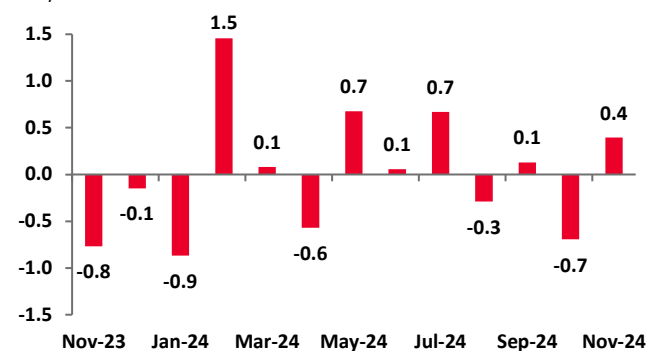
% m/m sa, % 3m/3m sa

	% m/m			% 3m/3m	
	Nov-24	Oct-24	Sep-24	Sep-Nov'24	Aug-Oct'24
<b>Total</b>	<b>0.4</b>	<b>-0.7</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.0</b>
<b>Primary activities</b>	<b>-1.4</b>	<b>-2.5</b>	<b>1.2</b>	<b>-3.5</b>	<b>-2.4</b>
<b>Industrial production</b>	<b>0.1</b>	<b>-1.1</b>	<b>0.6</b>	<b>-0.4</b>	<b>-0.2</b>
Mining	0.4	-1.6	-1.3	-1.6	-0.9
Utilities	0.8	0.4	-1.2	-0.2	-0.2
Construction	-1.8	0.2	1.0	-1.3	-2.2
Manufacturing	0.7	-1.8	1.0	-0.1	0.4
<b>Services</b>	<b>0.5</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.4</b>	<b>0.5</b>
Wholesales	2.4	0.9	-1.9	-0.2	-0.7
Retail sales	0.6	0.3	0.3	1.2	1.1
Transportation and logistics	0.9	-0.4	0.6	1.0	0.9
Mass media	-1.7	0.4	-1.0	-1.2	0.4
Financial services	0.3	-1.1	-0.3	-1.1	-0.8
Real estate	0.3	0.0	0.1	0.5	0.5
Professional services	-2.8	0.3	3.3	2.7	1.8
Business support	-2.6	-0.6	1.9	0.9	2.0
Education	0.0	0.2	-1.0	-0.1	0.7
Healthcare	0.6	0.7	0.6	1.7	1.3
Entertainment	-1.8	-1.1	-0.1	-2.1	-1.5
Lodging and restaurants	1.4	-0.4	0.4	0.9	0.7
Others	-0.5	-0.3	-0.2	-0.6	-0.1
Government services	1.0	-0.7	-1.5	-1.0	-0.2

Source: INEGI

**Chart 5: GDP-proxy IGAE**

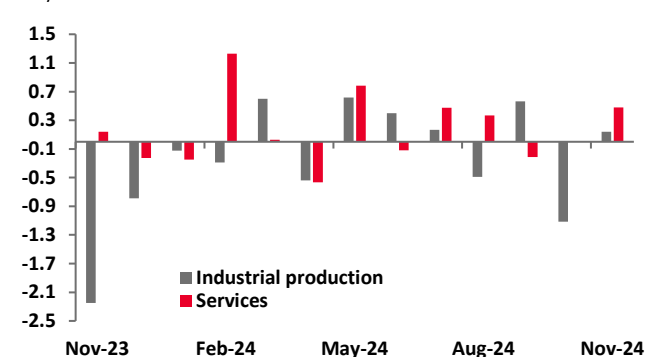
% m/m sa



Source: INEGI

**Chart 6: Industrial production and services**

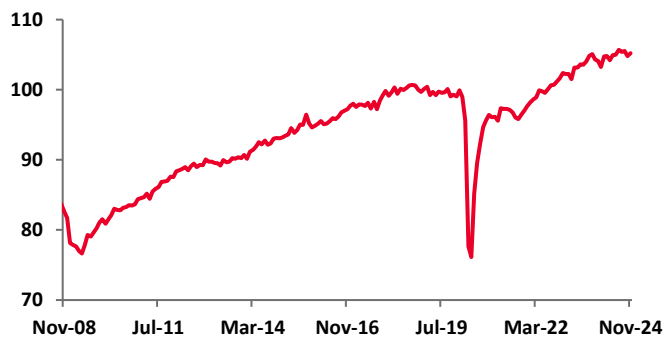
% m/m sa



Source: INEGI

**Chart 7: Global economic activity indicator**

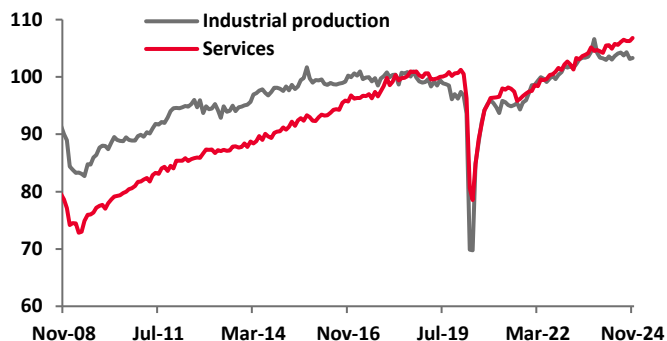
Index 100 = 2018, sa



Source: INEGI

**Chart 8: Industrial production and services**

Index 100 = 2018, sa



Source: INEGI

## Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalia Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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**Raquel Vázquez Godínez**  
Assistant  
raquel.vazquez@banorte.com  
(55) 1670 - 2967



**María Fernanda Vargas Santoyo**  
Analyst  
maria.vargas.santoyo@banorte.com  
(55) 1103 - 4000 x 2586

#### Economic Research



**Juan Carlos Alderete Macal, CFA**  
Executive Director of Economic Research and  
Market Strategy  
juan.alderete.macal@banorte.com  
(55) 1103 - 4046



**Yazmín Selene Pérez Enríquez**  
Senior Economist, Mexico  
yazmin.perez.enriquez@banorte.com  
(55) 5268 - 1694

#### Market Strategy



**Santiago Leal Singer**  
Director of Market Strategy  
santiago.leal@banorte.com  
(55) 1670 - 1751



**Carlos Hernández García**  
Senior Strategist, Equity  
carlos.hernandez.garcia@banorte.com  
(55) 1670 - 2250



**Marcos Saúl García Hernández**  
Analyst, Fixed Income, FX and Commodities  
marcos.garcia.hernandez@banorte.com  
(55) 1670 - 2296



**Juan Carlos Mercado Garduño**  
Strategist, Equity  
juan.mercado.garduno@banorte.com  
(55) 1103 - 4000 x 1746

#### Quantitative Analysis



**Alejandro Cervantes Llamas**  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com  
(55) 1670 - 2972



**Daniel Sebastián Sosa Aguilar**  
Senior Analyst, Quantitative Analysis  
daniel.sosa@banorte.com  
(55) 1103 - 4000 x 2124



**Alejandro Padilla Santana**  
Chief Economist and Head of  
Research  
alejandro.padilla@banorte.com  
(55) 1103 - 4043



**Itzel Martínez Rojas**  
Analyst  
itzel.martinez.rojas@banorte.com  
(55) 1670 - 2251



**Francisco José Flores Serrano**  
Director of Economic Research, Mexico  
francisco.flores.serrano@banorte.com  
(55) 1670 - 2957



**Cintia Gisela Nava Roa**  
Senior Economist, Mexico  
cintia.nava.roa@banorte.com  
(55) 1105 - 1438



**Marissa Garza Ostos**  
Director of Equity Strategy  
marissa.garza@banorte.com  
(55) 1670 - 1719



**Hugo Armando Gómez Solís**  
Senior Strategist, Equity  
hugo.gomez@banorte.com  
(55) 1670 - 2247



**Gerardo Daniel Valle Trujillo**  
Senior Analyst, Corporate Debt  
gerardo.valle.trujillo@banorte.com  
(55) 1670 - 2248



**Ana Gabriela Martínez Mosqueda**  
Strategist, Equity  
ana.martinez.mosqueda@banorte.com  
(55) 5261 - 4882



**José Luis García Casales**  
Director of Quantitative Analysis  
jose.garcia.casales@banorte.com  
(55) 8510 - 4608



**Jazmin Daniela Cuautencos Mora**  
Strategist, Quantitative Analysis  
jazmin.cuautencos.mora@banorte.com  
(55) 1670 - 2904



**Lourdes Calvo Fernández**  
Analyst (Edition)  
lourdes.calvo@banorte.com  
(55) 1103 - 4000 x 2611



**Katia Celina Goya Ostos**  
Director of Economic Research,  
Global  
katia.goya@banorte.com  
(55) 1670 - 1821



**Luis Leopoldo López Salinas**  
Economist, Global  
luis.lopez.salinas@banorte.com  
(55) 1103 - 4000 x 2707



**Víctor Hugo Cortes Castro**  
Senior Strategist, Technical  
victorh.cortes@banorte.com  
(55) 1670 - 1800



**Leslie Thalía Orozco Vélez**  
Senior Strategist, Fixed Income and FX  
leslie.orozco.velez@banorte.com  
(55) 5268 - 1698



**Ana Laura Zaragoza Félix**  
Strategist, Corporate Debt  
ana.zaragoza.felix@banorte.com  
(55) 1103 - 4000



**Paula Lozoya Valadez**  
Analyst, Equity  
paula.lozoya.valadez@banorte.com  
(55) 1103 - 4000 x 2060



**José De Jesús Ramírez Martínez**  
Senior Analyst, Quantitative Analysis  
jose.ramirez.martinez@banorte.com  
(55) 1103 - 4000



**Andrea Muñoz Sánchez**  
Strategist, Quantitative Analysis  
andrea.muñoz.sanchez@banorte.com  
(55) 1105 - 1430