

## Domestic demand – Broad progress in November

- **Gross fixed investment (November): -0.7% y/y (nsa); Banorte: -0.2%; consensus: -1.2% (range: -2.1% to 0.2%); previous: -2.6%**
- **Private consumption (November): 0.3% y/y (nsa); Banorte: 1.1%; consensus: 1.0% (range: 0.1% to 1.1%); previous: 1.4%**
- **Investment grew 0.1% m/m. Inside, ‘machinery and equipment’ was the main driver at +1.7%, with gains across the board. Construction fell 1.0%, with weakness centered in the residential component**
- **Consumption rebounded 0.5% m/m. The imported component rose 1.7%, while the domestic item advanced 0.4% –with goods standing out at +0.5%**
- **During 2025, consumption maintains more encouraging signs –despite the possibility of a deterioration in fundamentals– while investment remains with greater headwinds. Thus, the former will continue to be the engine of activity, although we do not rule out investment showing greater dynamism in 2H25**

**Second sequential advance in investment.** GFI came in at -0.7% y/y ([Chart 1](#)), above consensus (-1.2%) but below our estimate (-0.2%). The calendar effect was negative –with one working day less in the annual comparison. Thus, with seasonally adjusted figures the result was at -0.3% y/y. Back to original figures, machinery and equipment added another month in positive territory (5.8%). Inside, both items advanced, with the domestic branch leading by 11.3%, and with the imported one more modest at 2.0%. Construction, at -6.0%, was negative for a fourth month in a row, although with a more modest pace of decline. The main drag was non-residential, which again showed a double-digit decline (-14.7%). Additional details are presented in [Table 1](#).

With monthly figures, investment advanced 0.1% m/m ([Chart 3](#)), marking two higher. In detail, machinery and equipment explained the move at +1.7%. Gains were seen in both the domestic (3.6%) and imported (0.6%) components. On the former, the main boost came from transportation (4.7%), with ‘others’ narrower (1.9%). Construction fell 1.0%, adding four months of declines. The figure is in line with the sector’s performance in the [industrial production report](#), not fully reflecting the positive performance of ‘mining-related services’ –which was also seen in said report. The non-residential sector fell 0.3%, while residential contracted 2.0% –with the latter partly explained by a challenging base effect. For more details see [Table 2](#).

**Consumption rebounded strongly in the monthly comparison.** The total grew 0.3% y/y ([Chart 5](#)), with negative base and calendar effects. Seasonally adjusted, the result –just like for investment– was better at 0.7% y/y ([Table 3](#)). Fundamentals were skewed to the upside. In the labor market, 134.6 thousand jobs were created while wages kept growing, although the unemployment rate went from 2.44% to 2.69%. Remittance flows accelerated strongly, while consumer credit maintained its upward trend. Inside, the domestic item came in at 1.0%, with services leading at 1.4%, while goods expanded 0.7% –with durables being the only positive ones at 15.1%. Meanwhile, imported goods fell 0.7% –with weakness in durable and non-durable items.

Sequentially, consumption increased 0.5%, breaking a two-month streak of declines ([Chart 7](#)). Performance inside was characterized by a generalized advance. Domestic consumption grew 0.4%, with the largest increase in goods (0.5%) and a more modest growth in services (0.1%). On the other hand, the imported item picked up 1.7%, as shown in [Table 4](#). In our view, this confirms the tailwinds from the discount season, which more than compensated for MXN weakness after Trump’s victory in the US.



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**Headwinds for domestic demand persist, with consumption more resilient, but investment facing greater challenges.** [Preliminary GDP at the end of 2024](#) showed a moderation in activity, providing further support to our full-year 2025 GDP estimate of 1.0%. On the expected path in quarterly terms, rates would be positive and increasing, with 4Q25 as the strongest. This same expectation holds true for both consumption and investment, although their drivers differ.

On the negative factors to consider, we highlight several points, starting from an adverse base effect as 2024 was a leap year, which added one more day of activity. For investment, challenges come from both the external and internal fronts. On the former, uncertainty remains due to the change of administration in the US. Although tariffs against our country are on hold, we believe that the business climate will remain deteriorated until a definitive resolution is reached. The latter will probably not materialize until the USMCA review –or renegotiation–, which could be brought forward to this year. In addition, fiscal consolidation efforts remain in place, while we also anticipate some spending rigidities as this is the first year of a new administration. However, the fact that some continuity will be given to certain priority projects could help limit the impact –although with its effects likely more evident in the second half of the year. At the margin, the global and local monetary easing cycles could help and boost new investments, as well as certain consumption items, albeit probably with an effect until 2H25

Turning to consumption, we believe several drivers will remain at play. Fundamentals would stay resilient, anticipating that the labor market and consumer credit will maintain encouraging rates. In addition, we expect new social programs (*e.g.* universal basic education scholarship and support for women aged 60-64) to provide an additional boost. However, we also [forecast more volatility in remittances' flows](#) on the back of US immigration policies (*e.g.* raids and deportations). Despite the latter, we believe that consumption will remain as the main driver of growth, but like investment, with greater dynamism until the second half of the year.

## Gross fixed investment

**Table 1: Gross fixed investment**

% y/y nsa

	nsa				sa	
	Nov-24	Nov-23	Jan-Nov.'24	Jan-Nov.'23	Nov-24	Nov-23
<b>Total</b>	<b>-0.7</b>	<b>17.6</b>	<b>4.2</b>	<b>17.0</b>	<b>-0.3</b>	<b>17.7</b>
<b>Construction</b>	<b>-6.0</b>	<b>23.5</b>	<b>2.9</b>	<b>18.1</b>	<b>-6.1</b>	<b>23.1</b>
Residential	7.1	4.9	4.9	2.5	6.8	4.5
Non-residential	-14.7	40.0	1.4	33.1	-14.8	39.8
<b>Machinery and equipment</b>	<b>5.8</b>	<b>11.2</b>	<b>5.6</b>	<b>15.8</b>	<b>7.1</b>	<b>11.6</b>
Domestic	11.3	10.8	5.3	14.9	11.7	9.4
Transportation Equipment	19.4	31.4	13.5	28.0	20.5	29.9
Other machinery and equipment	2.1	-5.8	-2.7	4.4	3.6	-5.3
Imported	2.0	11.5	5.7	16.4	4.3	14.2
Transportation Equipment	13.1	36.8	23.6	51.9	15.4	40.0
Other machinery and equipment	0.1	8.1	3.0	12.5	2.4	10.3

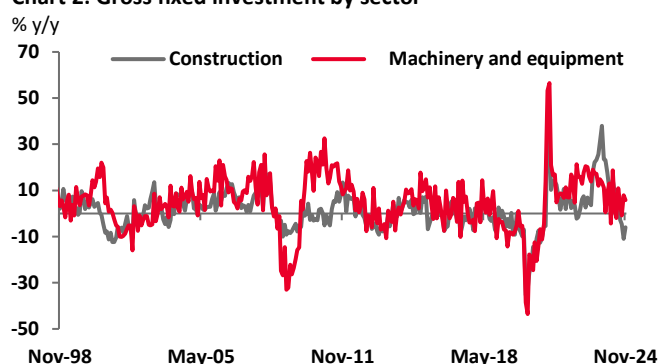
Source: INEGI

**Chart 1: Gross fixed investment**



Source: INEGI

**Chart 2: Gross fixed investment by sector**



Source: INEGI

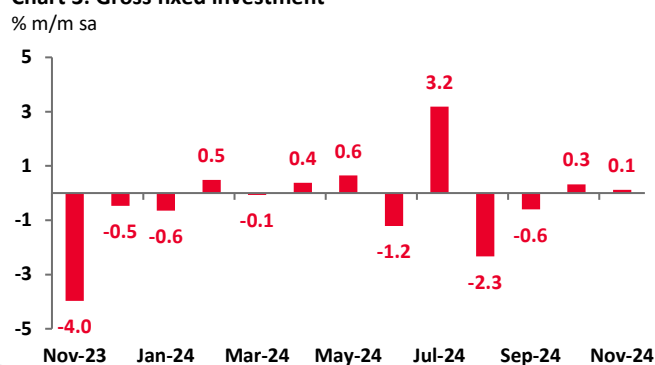
**Table 2: Gross fixed investment**

% m/m sa; % 3m/3m sa

	% m/m			% 3m/3m	
	Nov-24	Oct-24	Sep-24	Sep-Nov'24	Oct-Dec'24
<b>Total</b>	<b>0.1</b>	<b>0.3</b>	<b>-0.6</b>	<b>-0.9</b>	<b>-1.0</b>
<b>Construction</b>	<b>-1.0</b>	<b>-0.5</b>	<b>-0.1</b>	<b>-2.2</b>	<b>-2.9</b>
Residential	-2.0	1.7	6.1	3.8	-0.2
Non-residential	-0.3	-2.5	-4.3	-6.4	-4.5
<b>Machinery and equipment</b>	<b>1.7</b>	<b>1.3</b>	<b>-0.9</b>	<b>1.1</b>	<b>1.4</b>
Domestic	3.6	-1.4	1.0	1.4	2.6
Transportation Equipment	4.7	-1.1	2.5	4.0	5.5
Other machinery and equipment	1.9	-1.9	-0.3	-1.5	-0.2
Imported	0.6	3.7	-3.1	0.7	0.8
Transportation Equipment	1.3	1.1	-2.2	-1.5	-3.5
Other machinery and equipment	0.1	4.6	-3.3	1.3	1.7

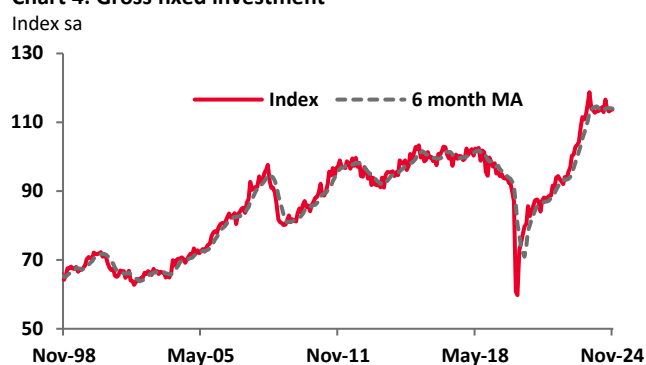
Source: INEGI

**Chart 3: Gross fixed investment**



Source: INEGI

**Chart 4: Gross fixed investment**



Source: INEGI

## Private consumption

**Table 3: Private consumption**

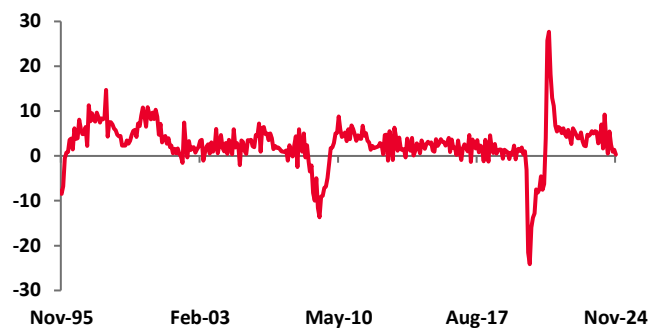
% y/y nsa

	nsa				sa	
	Nov-24	Nov-23	Jan-Nov'24	Jan-Nov'23	Nov-24	Nov-23
<b>Total</b>	<b>0.3</b>	<b>5.4</b>	<b>3.2</b>	<b>4.4</b>	<b>0.7</b>	<b>5.6</b>
<b>Domestic</b>	<b>1.0</b>	<b>2.1</b>	<b>1.4</b>	<b>2.3</b>	<b>1.1</b>	<b>2.1</b>
Goods	0.7	2.1	0.7	0.7	0.8	1.9
Durables	15.1	18.3	10.5	11.0	-	-
Semi-durables	-1.2	6.6	0.1	4.1	-	-
Non-durables	-0.8	-0.6	-0.5	-1.2	-	-
Services	1.4	2.1	2.1	4.2	1.4	2.2
<b>Imported goods</b>	<b>-0.7</b>	<b>23.8</b>	<b>14.8</b>	<b>15.3</b>	<b>1.6</b>	<b>25.5</b>
Durables	-4.9	38.2	15.4	26.0	-	-
Semi-durables	14.4	25.7	23.6	11.5	-	-
Non-durables	-4.2	15.1	10.6	10.9	-	-

Source: INEGI

**Chart 5: Private consumption**

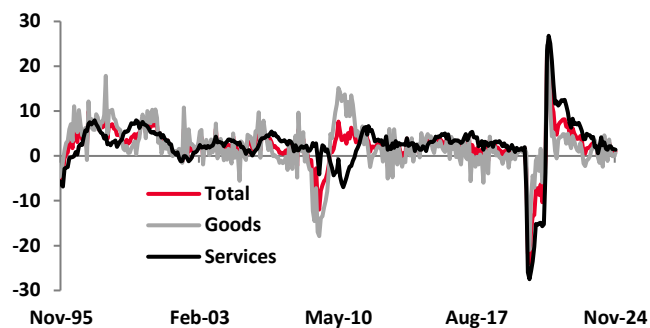
% y/y



Source: INEGI

**Chart 6: Domestic consumption: Goods and services**

% y/y



Source: INEGI

**Table 4: Private consumption**

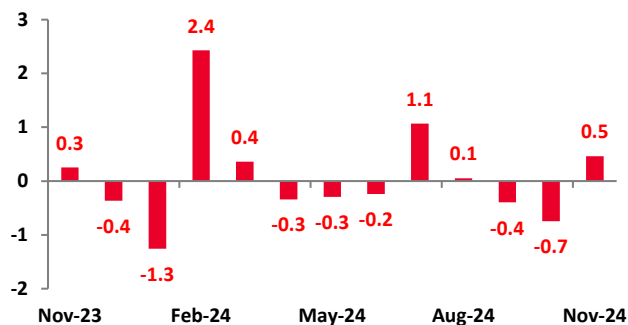
% m/m sa; % 3m/3m sa

	% m/m			% 3m/3m	
	Nov-24	Oct-24	Sep-24	Sep-Nov'24	Aug-Oct'24
<b>Total</b>	<b>0.5</b>	<b>-0.7</b>	<b>-0.4</b>	<b>-0.4</b>	<b>0.2</b>
<b>Domestic</b>	<b>0.4</b>	<b>-0.6</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>
Goods	0.5	-0.8	0.4	0.4	0.7
Services	0.1	-0.3	0.0	0.1	0.4
<b>Imported goods</b>	<b>1.7</b>	<b>-0.5</b>	<b>-4.2</b>	<b>-2.5</b>	<b>-1.3</b>

Source: INEGI

**Chart 7: Private consumption**

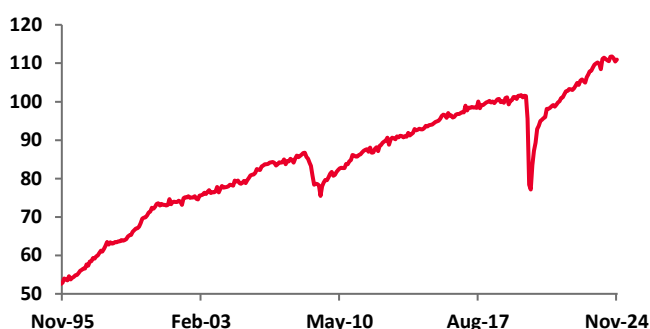
% m/m sa



Source: INEGI

**Chart 8: Private consumption**

Index 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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