

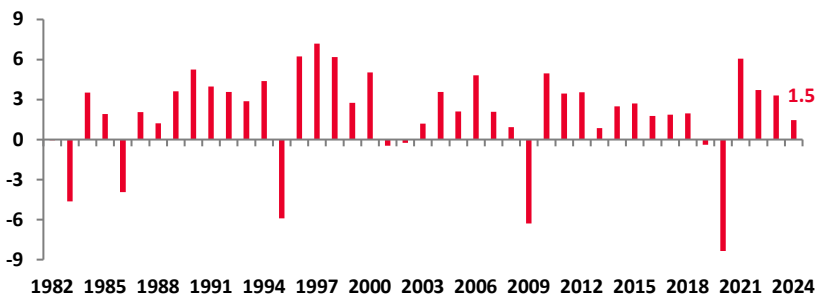
4Q24 GDP – Full-year GDP holds at 1.5% despite a deep deceleration in December

- Gross Domestic Product (4Q24 F, nsa): 0.5% y/y; Banorte: 0.4%; consensus: 0.6% (range: 0.4% to 0.8%); preliminary: 0.6%
- Gross Domestic Product (4Q24 F, sa): -0.6% q/q; Banorte: -0.7%; consensus: -0.6% (range: -0.7% to -0.5%); preliminary: -0.6%
- Despite the revisions, full-year growth was unchanged at 1.5%, with services (2.3%), and to a lesser extent industry (0.2%), behind the expansion
- In the sequential comparison, the total for 4Q24 was 8bps lower than in the preliminary report. Primary activities came in at -8.5% q/q (+43bps), with industry at -1.5% (-26bps). Finally, services remained at 0.2% (-1bp)
- December's GDP-proxy IGAE showed a 1.0% m/m contraction (-0.4% y/y). Industry was impacted by broad losses, while there were declines in 9 out of the 14 categories that make up services
- We maintain our call of a 1.0% expansion in 2025, with relevant challenges in the first half of the year, especially given greater uncertainty on the external front

GDP in 2024 grew 1.5%. The report showed that the economy grew 0.5% in 4Q24 (see [Chart 1](#)), which represents a revision of -9bps relative to the [preliminary figure](#). By categories, the main adjustments were in industry at -2.0% (-30bps) and primary activities at -4.0% (+52bps). Services were more stable at 2.1% (-4bps), as shown in [Chart 2](#). Despite the revision, the final figure for the whole year was unchanged at 1.5%, as shown in the chart below. Services led at 2.3% –with strength concentrated in items such as professional, healthcare, and transportation–, with industry positive at the margin at 0.2% –noting an expansion in construction along a modest advance in manufacturing. Finally, agriculture fell 2.3%. For more details, see [Table 1](#).

GDP

% y/y, nsa



Source: Banorte with figures from INEGI

Weakness in the sequential comparison. GDP came in at -0.6% q/q ([Chart 3](#)), down 8bps vs. the preliminary print. With this, the economy broke with 2 consecutive quarters of growth ([Chart 5](#)), recognizing a more challenging base effect on the margin. However, as we mentioned in the previous publication, the results were heterogeneous, although this time with a clear downward bias, with a more difficult environment due to both external and internal factors.

Primary activities fell 8.5% q/q (+43bps), their largest decline since 2Q11. Although drought conditions showed a slight deterioration –consistent with its seasonal pattern–, the result contrasts with the relative stability shown by sector prices in CPI.



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Industry came in at -1.5% (-26bps), contracting after two quarters of growth, as shown in [Chart 4](#). Weakness was centered in construction at -2.2%, especially in civil engineering works—consistent with the completion and lower momentum in some of the flagship projects of the previous administration—, but with edification also down. Mining was also negative (-2.6%), with marked sluggishness in the oil sector, in addition to the usual volatility in ‘related services’. Manufacturing fell 1.3%, with lower dynamism on the external front weighing. Setbacks in key items such as transportation, metallic goods and miscellaneous textiles were among the main highlights.

Services grew 0.2% (-1bp), losing some momentum. It is relevant to note that this occurred in a context in which timely sales figures for certain seasonal programs and tourism-related data were somewhat positive. In this context, 10 of the 15 categories expanded. The most dynamic components were corporates (2.6%), healthcare (1.3%), and lodging (1.3%). Conversely, the most relevant declines were in business support (-1.3%), government (-1.2%) and ‘others’ (-1.0%). For further details, please refer to [Table 4](#).

Additional decline in December. INEGI also released the GDP-proxy for the last month of 4Q24, coming in at -0.4% y/y (Banorte: -0.3%; consensus: 0.2%). Using seasonally adjusted figures, the result was lower at -0.6% y/y. On a sequential basis, this implies -1.0% m/m, marking setbacks in two of the three months of the quarter. As we already knew, [industry](#) contracted 1.4%, with losses across the board. Services came in at -0.8%. In the detail, 9 of its 14 sub-sectors fell. We note business support (-3.7%) and wholesales (-3.2%), although with gains in mass media (4.0%) and financials (1.2%). Finally, agriculture fell 2.0%.

Risks persist in the short-term. With today’s revisions, the inertial burden for 2025 is broadly in line with our calculation in the preliminary report at -0.2%. As we had mentioned, there is the negative arithmetic effect following the leap year in 2024, which adds to other challenges for activity, albeit with these appearing to have stabilized on the margin.

Specifically, trade tensions with the US continue, although the pause in the application of 25% tariffs due to security and migration issues has given some respite to both markets and activity. In this sense, efforts to make the pause permanent are taking place, highlighting the visit of the Secretary of Economy, Marcelo Ebrard, to Washington DC. So far, the most relevant meeting was with the Secretary of Commerce, Howard Lutnick, along with consultations with USTR nominee Jamieson Greer, and NEC Director Kevin Hassett. Additional talks will take place on Monday. For his part, President Trump praised President Sheinbaum, thanking her for the efforts in the anti-drug campaign and seemingly bridging some of the rift between their respective governments. Nonetheless, the threat remains, highlighting President Trump’s announcement of ‘reciprocal tariffs’ last week, as well as duties on autos, semiconductors and pharmaceuticals, which will be subject to the results of an investigation from the USTR, expected in early April. On a more positive note, and with our more favorable baseline scenario for trade, the strength that US activity has shown could be a driver for local production, a situation that we think could be more evident in 2H25.

Domestically, we believe momentum will come from consumption, with labor market conditions resilient and coming from a historical highs, the expansion of social programs, and some resilience from remittances, at least in the short-term. Conversely, investment could be more limited, suffering from both increased uncertainties and the drag from the federal government’s fiscal consolidation efforts. Nevertheless, a still positive medium-term outlook for the former and timely actions in the latter could help limit a substantial setback.

All in all, we maintain our 1.0% GDP growth forecast for 2025 (see [Table 2](#) and [Table 3](#)), albeit with risks skewed to the downside. Overall, we continue to believe that more dynamism will be seen in the second half, with more upside and fewer downside challenges in the scenario.

Table 1: GDP

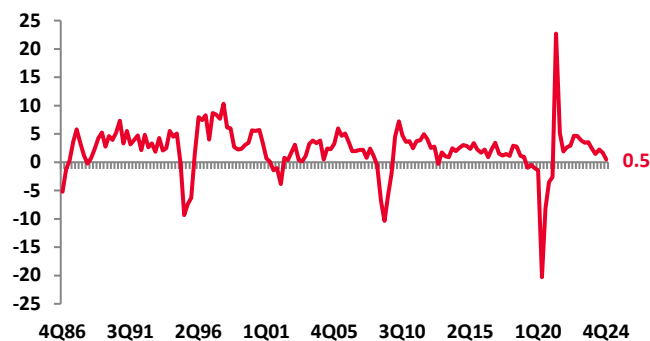
% y/y nsa, % y/y sa

	nsa						sa					
	4Q24	3Q24	4Q23	3Q23	2024	2023	4Q24	3Q24	4Q23	3Q23	2024	2023
Total	0.5	1.7	2.4	3.5	1.5	3.3	0.5	1.5	2.5	3.4	1.2	3.3
Agriculture	-4.0	4.2	-5.9	0.3	-2.3	-1.4	-4.1	3.8	-6.0	-0.2	-2.1	-1.1
Industrial activity	-2.0	0.6	3.5	3.9	0.2	3.4	-2.0	0.3	3.5	3.7	0.1	3.4
Mining	-5.8	-3.2	-2.7	-1.0	-4.3	0.1	-5.7	-3.2	-2.7	-0.9	-4.3	0.1
Utilities	2.0	2.0	-0.8	-2.3	1.6	-2.4	2.0	1.9	-0.7	-2.4	1.5	-2.4
Construction	-6.8	0.8	24.5	22.1	2.7	15.6	-6.8	0.4	24.5	21.4	2.8	15.4
Manufacturing	0.0	1.1	-0.6	0.7	0.3	1.3	0.0	0.9	-0.6	0.6	-0.1	1.3
Services	2.1	2.2	2.4	3.5	2.3	3.4	2.1	2.1	2.5	3.4	2.1	3.4
Wholesale commerce	-1.2	-0.5	6.9	4.8	1.3	4.0	-1.6	-1.1	6.9	4.8	0.8	4.0
Retail sales	4.0	2.8	1.2	3.4	2.6	4.7	4.1	2.8	1.7	3.4	2.3	4.7
Transportation and storage	4.0	4.7	1.4	1.9	4.0	3.6	3.9	4.1	1.8	2.3	3.6	3.6
Mass media and information	1.6	0.7	1.6	13.2	2.3	7.4	2.0	0.7	2.2	13.5	2.3	7.3
Financial services	2.5	2.8	3.9	9.3	3.5	7.8	2.8	2.8	4.5	9.2	3.5	7.8
Real estate	1.3	1.4	1.6	2.4	0.8	2.4	1.2	1.3	1.4	2.2	0.8	2.4
Professional services	11.8	13.6	0.2	9.7	15.1	5.6	11.9	13.2	0.8	9.6	15.0	6.0
Corporates	7.1	0.3	-9.1	-5.9	-0.1	-4.2	7.2	0.5	-8.9	-5.8	-0.1	-4.2
Business support	-3.2	-2.8	5.2	2.2	-4.5	-4.0	-3.8	-3.9	4.1	0.8	-4.5	-4.1
Education	1.1	2.1	0.9	0.8	0.8	1.2	1.2	1.8	1.0	0.6	0.8	1.3
Healthcare	5.0	4.2	1.9	1.2	4.0	0.9	5.0	4.3	2.2	1.2	4.0	0.9
Recreation, sports and cultural events	2.5	3.9	2.2	2.7	2.9	4.7	2.0	3.9	0.9	2.9	3.0	4.9
Temporary lodging services	-1.5	-3.4	1.8	3.1	-1.7	3.1	-1.9	-3.3	1.1	3.1	-1.6	3.1
Other services	-0.3	2.2	3.3	3.4	2.1	3.6	0.0	1.9	3.8	2.8	2.1	3.6
Government activities	0.5	2.2	1.4	-0.2	1.3	0.2	0.7	2.0	1.6	-0.6	1.3	0.2

Source: INEGI

Chart 1: GDP

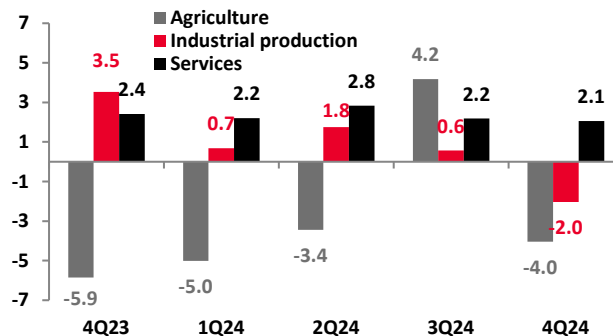
% y/y nsa



Source: INEGI

Chart 2: GDP by sectors

% y/y nsa



Source: INEGI

Table 2: GDP 2025 - Supply

% y/y nsa; % q/q sa

% y/y	1Q25	2Q25	3Q25	4Q25	2025
GDP	0.8	-0.4	0.7	2.7	1.0
Agricultural	-2.6	1.6	-1.0	7.9	1.8
Industrial production	-0.7	-1.9	-0.5	2.7	-0.1
Services	1.8	0.3	1.3	2.3	1.4
% q/q					
GDP	0.3	0.5	0.8	0.9	--

*Note: Underlined figures indicate forecasts

Source: INEGI, Banorte

Table 3: GDP 2025 - Demand

% y/y nsa; % q/q sa

% y/y	1Q25	2Q25	3Q25	4Q25	2025
GDP	0.8	-0.4	0.7	2.7	1.0
Private consumption	2.3	0.9	1.6	2.3	1.8
Investment	-0.5	-3.5	-1.2	1.7	-0.9
Govt. spending	-0.7	-3.2	-3.6	-2.6	-2.5
Exports	3.9	3.3	-0.3	1.6	2.1
Imports	2.0	-1.6	-0.3	-0.3	-0.1
% q/q					
GDP	0.3	0.5	0.8	0.9	--

*Note: Underlined figures indicate forecasts

Source: INEGI, Banorte

Table 4: GDP

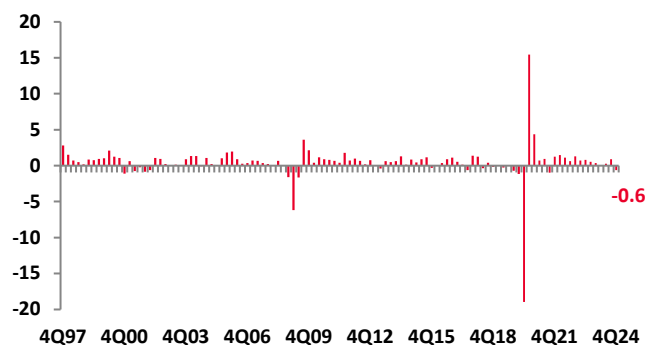
% q/q sa, % q/q saar

	% q/q sa				% q/q saar			
	4Q24	3Q24	2Q24	1Q24	4Q24	3Q24	2Q24	1Q24
Total	-0.6	0.9	0.3	0.0	-2.5	3.7	1.2	-0.1
Agriculture	-8.5	5.4	0.9	-1.5	-29.8	23.5	3.6	-5.7
Industrial activity	-1.5	0.4	0.2	-1.1	-5.8	1.8	0.7	-4.4
Mining	-2.6	-0.4	-2.4	-0.4	-9.8	-1.7	-9.4	-1.6
Utilities	-0.1	0.8	1.1	0.2	-0.6	3.4	4.7	0.6
Construction	-2.2	-0.2	1.2	-5.6	-8.6	-0.8	4.9	-20.7
Manufacturing	-1.3	1.4	0.2	-0.3	-5.1	5.9	0.9	-1.2
Services	0.2	1.0	0.4	0.6	0.8	3.9	1.5	2.3
Wholesale commerce	0.3	0.4	-1.5	-0.7	1.0	1.8	-6.1	-2.9
Retail sales	0.9	1.3	-0.1	1.9	3.8	5.2	-0.2	8.0
Transportation and storage	0.5	0.9	0.6	1.9	1.9	3.7	2.6	7.6
Mass media and information	0.5	1.3	-0.9	1.2	1.9	5.3	-3.7	4.8
Financial services	-0.6	-0.4	1.5	2.3	-2.5	-1.6	6.2	9.4
Real estate	0.2	0.8	0.4	-0.3	0.8	3.4	1.8	-1.2
Professional services	0.2	-0.8	5.4	6.9	0.7	-3.3	23.4	30.6
Corporates	2.6	1.3	0.0	3.2	10.6	5.2	-0.2	13.5
Business support	-1.3	2.2	5.3	-9.4	-5.2	9.1	22.8	-32.7
Education	-0.5	2.2	-0.9	0.4	-1.9	9.3	-3.5	1.5
Healthcare	1.3	0.8	1.2	1.6	5.5	3.3	5.1	6.4
Recreation, sports, and cultural events	0.0	-0.3	4.8	-2.4	0.2	-1.3	20.6	-9.3
Temporary lodging services	1.3	-0.1	-1.3	-1.9	5.2	-0.2	-5.0	-7.3
Other services	-1.0	0.2	-0.2	1.0	-3.9	0.8	-0.8	4.2
Government activities	-1.2	0.0	2.1	-0.2	-4.8	0.1	8.8	-0.9

Source: INEGI

Chart 3: GDP

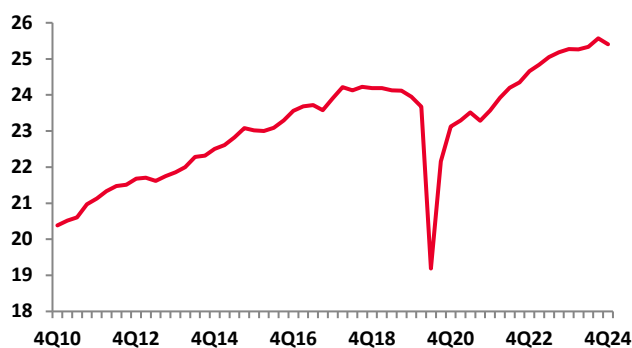
% q/q sa



Source: INEGI

Chart 5: GDP

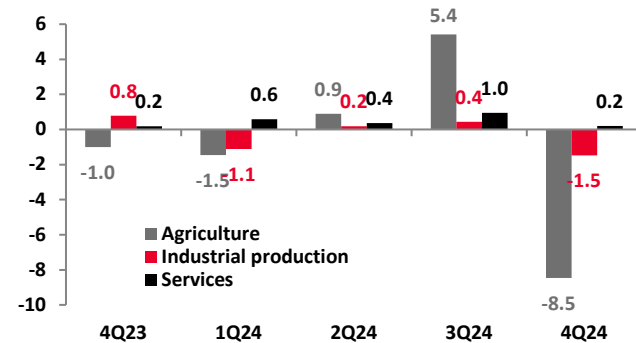
MXN trillion, sa



Source: INEGI

Chart 4: GDP by sectors

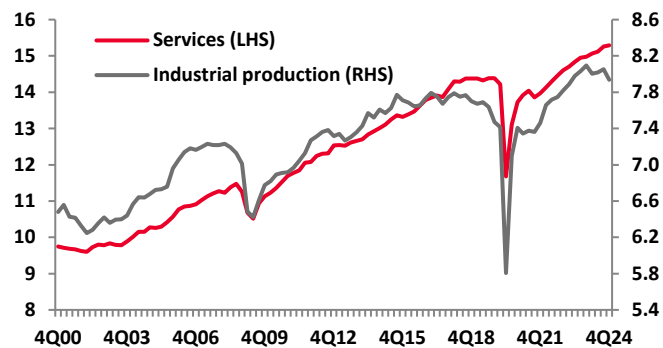
% q/q sa



Source: INEGI

Chart 6: GDP by sectors

MXN trillion, 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 Thalía 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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