

Industrial production – Upward surprise, with volatility continuing in coming months

- **Industrial production (February): -1.3% y/y nsa; Banorte: -4.5%; consensus: -3.5% (range: -4.5% to -2.5%); previous: -2.9%**
- **Industrial activity expanded 2.5% m/m, ending a two-month streak of declines. Base effects dictated some of the results, although uncertainty regarding trade policies induced a lot of volatility to the figures**
- **By sectors, manufacturing expanded by 2.9% m/m, with 19 of its 21 items higher –highlighting the 3.6% expansion in transportation. Similarly, construction grew 2.8% –supported by edification–, while mining came in at 0.8%, noting an increase in the oil sector**
- **Headwinds for industry are still present, with particular challenges for each of the categories. For manufacturing, the net effect from uncertainty in the trade front will continue to be a negative factor in the short-term**

Negative calendar effect on annual figures. Industry fell 1.3% y/y (see [Chart 1](#)), above consensus (-3.5%) and our estimate (-4.5%). Inside, three of the four major sectors fell. Mining came in at -9.2% –adding 20 months in contraction–, with manufacturing at -0.3% ([Chart 2](#)). Public services contracted 1.2%. However, construction climbed 0.4%, boosted by edification. It should be noted that the period had one day less in the annual comparison due to the leap year in 2024, skewing all results down. Thus, with seasonally adjusted data, activity rose 0.4 % y/y. For further details by category please refer to [Table 1](#).

Broad advances amid a more uncertain backdrop. Industrial production expanded by 2.5% m/m ([Chart 3](#)), ending a two-month negative streak. In general terms, the threats of tariffs by the US, the negotiations, and their deferrals continued to weigh on the demand for Mexican manufactured goods. On the other hand, starting from a more favorable base and with some additional drivers, items most closely linked to domestic conditions reported improvements.

Manufacturing came in at +2.9% ([Table 2](#)). The increase contrasts with figures for [manufacturing exports](#) (-0.3%). However, it is more consistent with the recovery of US manufacturing (+0.9%). It is worth mentioning that the link between the two countries has shown greater volatility in recent months relative to their historical patterns, situation which we attribute to trade uncertainty. In detail, 19 of the 21 categories expanded. We highlight gains in metallic goods (+5.7%), machinery and equipment (+5.2%) and transportation (+3.6%) –with the latter in line with AMIA’s report. The declines were seen in textiles ex. clothing (-0.4%) and electronic equipment (-0.5%).

Mining rebounded by 0.8%, breaking with two months of setbacks. The negative trend of the oil component was halted, with a 1.4% expansion amid mixed production figures, with gas up but crude down. The non-oil component came in at +5.2%, in a context of slightly higher industrial metals prices. Finally, ‘related services’ contracted 15.3%, maintaining a lot of volatility.

Construction advanced 2.8%, adding to the modest uptick of the previous month. Momentum came from edification up 4.1%, this despite an acceleration in prices in the sector. Meanwhile, civil engineering fell 0.7%, contrasting with some positive figures on public spending. Finally, specialized works contracted 2.4%, facing a challenging base.

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Uncertainty on the trade front will weigh on manufacturing performance. Short-term headwinds continue for industrial production as a result of unpredictability in international trade at the beginning of the year, but also due to other factors that are just unfolding, such as disruptions in supply chains, pending negotiations between the US and Mexico in key manufacturing sectors as well as tariffs due to immigration and drug trafficking issues, higher inflationary pressures and fears of a recession in certain regions of the world.

The balance regarding the new US tariffs on its imports has repercussions at different levels. Regarding [the original announcement on April 2nd](#), the Economy Secretary, Marcelo Ebrard, stated that “...today we do have preferential treatment...”. However, the situation remains very fluid and uncertain, highlighting the pause announced by President Trump last Wednesday for some countries. In this context, the federal government’s strategy is to continue with efforts to minimize the impacts for the auto industry. Among the strategies to be implemented are: (1) The goal of improving trade conditions in the steel-aluminum and auto sectors in less than 40 days; and (2) the promotion of *Plan Mexico*, especially during 2025. Regarding the first, Undersecretary of Foreign Trade, Luis Rosendo Gutiérrez, in an interview with Bloomberg, mentioned that these conversations could accelerate the review of USMCA. Regarding Plan Mexico, President Claudia Sheinbaum presented 18 action programs, which focus on strengthening the domestic market and national production. Thus, the acceleration of public works projects, the construction of social housing, the favoring of domestic manufacturing of cars, pharmaceuticals, medical instruments, petrochemicals, fertilizers, among others, for internal consumption, will be a priority for the federal government this year, with more details to be announced in the following weeks.

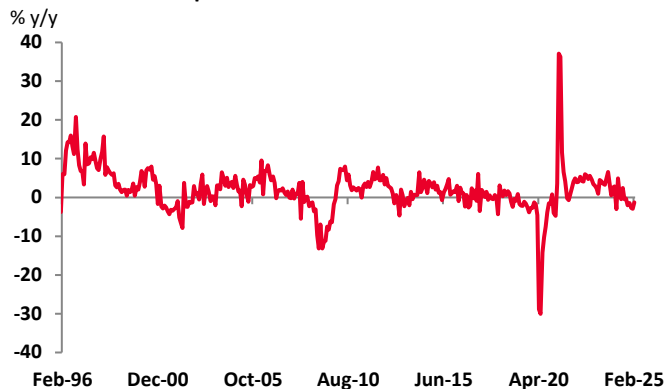
Regarding the private sector, we believe that 2Q25 will continue to be a period of adjustment, with most exporting companies making decisions on their production lines, which are still unclear as to their net effect. For the time being, for autos, *Stellantis* announced a temporary shutdown in April in some of its plants, including the ones in Toluca and Saltillo. For its part, *Nissan* put on hold the production of two cars at its Jiutepec plant. This contrasts with the announcement of further investment by *Volvo* in Cuatro Ciénegas, now at US\$1 billion.

Table 1: Industrial production

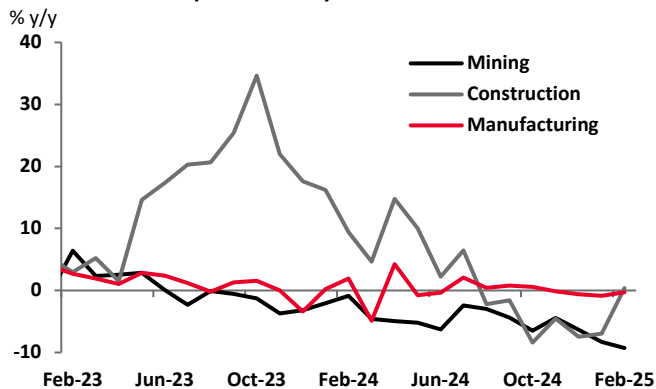
% y/y nsa, % y/y sa

	nsa				sa	
	Feb-25	Feb-24	Jan-Feb'25	Jan-Feb'24	Feb-25	Feb-24
Industrial Production	-1.3	2.8	-2.1	2.7	0.4	1.2
Mining	-9.2	-0.9	-8.8	-1.5	-6.3	-4.2
Oil and gas	-11.0	-0.5	-10.9	-1.8	-8.0	-3.6
Non-oil mining	3.6	2.5	2.4	1.1	6.3	-0.1
Services related to mining	-37.3	-12.3	-29.0	-7.1	-32.5	-14.8
Utilities	-1.2	0.7	-0.3	-1.1	-1.1	1.1
Construction	0.4	9.4	-3.4	12.8	0.5	10.9
Edification	10.1	3.5	3.6	7.2	9.5	4.6
Civil engineering	-28.2	39.2	-28.1	42.1	-27.8	41.0
Specialized works for construction	-3.4	3.5	-2.4	8.1	-2.2	5.8
Manufacturing	-0.3	1.9	-0.6	1.1	1.8	-0.2
Food industry	-0.3	0.0	-0.2	-0.2	0.9	-1.4
Beverages and tobacco	-2.4	3.7	-1.2	2.7	0.8	-0.5
Textiles - Raw materials	-3.4	-8.4	-4.2	-9.3	-3.3	-9.0
Textiles - Finished products ex clothing	-2.5	-6.3	-2.5	-5.1	1.0	-9.3
Textiles - Clothing	-2.6	-8.6	-5.1	-6.0	-2.5	-8.2
Leather and substitutes	-3.6	-14.7	-5.5	-14.3	-3.3	-14.5
Woodworking	-4.4	-3.6	-3.5	-7.3	-1.0	-7.4
Paper	3.4	-5.5	4.0	-5.7	5.6	-7.9
Printing and related products	7.9	-2.1	6.2	0.3	8.6	-2.0
Oil- and carbon-related products	-4.9	20.2	-6.6	15.7	-4.4	21.4
Chemicals	-2.9	9.2	-2.3	6.6	-0.1	5.6
Plastics and rubber	1.8	0.2	2.9	-1.1	2.2	-0.2
Non-metallic mineral goods production	-7.1	-0.9	-6.8	-2.3	-7.0	-1.1
Basic metal industries	-0.2	-2.7	-1.9	-1.9	-0.7	-3.4
Metal-based goods production	2.4	0.7	-0.5	1.3	5.8	-2.3
Machinery and equipment	-1.7	-6.8	-4.3	-7.1	-2.0	-7.0
Computer, communications, electronic, and other hardware	3.5	-3.9	2.6	-1.3	4.8	-4.6
Electric hardware	6.8	-1.8	4.5	-1.4	6.8	-2.3
Transportation equipment	-4.0	6.7	-2.5	4.0	-0.3	1.7
Furniture, mattresses, and blinds	-2.9	-2.8	-3.4	-2.9	-2.7	-3.4
Other manufacturing industries	32.0	7.0	23.8	2.0	36.1	1.7

Source: INEGI

Chart 1: Industrial production


Source: INEGI

Chart 2: Industrial production by sector


Source: INEGI

Table 2: Industrial production

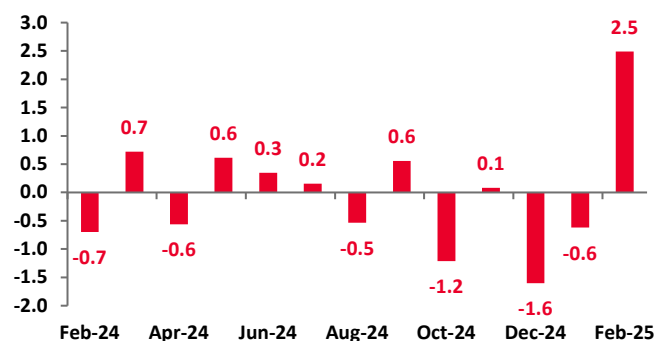
% m/m sa; % 3m/3m sa

		% m/m		% 3m/3m	
	Feb-25	Jan-25	Dec-24	Dec'24-Feb'25	Nov'24-Jan'25
Industrial Production	2.5	-0.6	-1.6	-1.5	-1.8
Mining	0.8	-1.4	-1.1	-2.1	-2.4
Oil and gas	1.4	-1.2	-1.9	-3.7	-4.3
Non-oil mining	5.2	2.2	0.4	2.5	-0.7
Services related to mining	-15.3	-14.2	3.4	0.6	7.8
Utilities	-0.4	-0.9	-2.0	-2.2	-1.1
Construction	2.8	0.3	-1.9	-2.1	-2.7
Edification	4.1	-0.7	-2.4	-2.8	-2.3
Civil engineering	-0.7	1.0	-1.7	-4.8	-8.8
Specialized works for construction	-2.4	1.7	-0.5	2.4	2.8
Manufacturing	2.9	-1.0	-1.1	-1.0	-1.3
Food industry	0.8	0.0	-0.8	-0.6	-0.8
Beverages and tobacco	0.7	2.4	-0.3	0.9	-0.2
Textiles - Raw materials	1.5	-1.0	-1.0	-2.4	-3.1
Textiles - Finished products ex clothing	-0.4	0.7	0.3	0.9	0.8
Textiles - Clothing	0.0	2.2	-0.9	-0.5	-2.1
Leather and substitutes	1.4	-1.5	-0.9	-1.3	-0.6
Woodworking	2.3	-4.9	2.2	-0.2	-0.4
Paper	1.1	2.0	-0.4	2.2	1.6
Printing and related products	2.0	-2.5	4.5	4.7	4.6
Oil- and carbon-related products	2.9	-3.9	13.7	3.6	-5.2
Chemicals	1.0	0.9	-0.6	0.8	0.1
Plastics and rubber	0.3	3.4	-1.9	-0.1	-1.3
Non-metallic mineral goods production	0.4	-0.6	-1.9	-3.1	-4.2
Basic metal industries	1.4	2.2	-0.2	0.2	-0.5
Metal-based goods production	5.7	3.8	-3.4	0.5	-2.2
Machinery and equipment	5.2	-5.9	0.4	-2.0	-2.1
Computer, communications, electronic, and other hardware	-0.5	2.1	-0.9	0.2	1.0
Electric hardware	2.4	-1.1	2.0	1.2	-0.1
Transportation equipment	3.6	-0.8	-6.5	-5.1	-3.4
Furniture, mattresses, and blinds	0.6	-1.0	-4.3	-1.9	0.6
Other manufacturing industries	21.2	-14.0	5.1	9.9	9.5

Source: INEGI

Chart 3: Industrial production

% m/m sa



Source: INEGI

Chart 4: Industrial production

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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