Economic and Financial Markets Research
Economic Research, Mexico

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Trade balance – Uncertainty fueled auto exports in March

- **Trade balance (March): US$3,442.5 million; Banorte: US$2,800.2mn; consensus: US$2,850.1mn (range: -US$663.0mn to US$5,966.0mn); previous: US$2,212.4mn**
- **Both exports and imports rebounded in annual terms, coming in at 9.6% and 7.1% respectively. In our view, the results reflected again trade decisions due to tariffs on exports to the US**
- **With seasonally adjusted figures, exports advanced 3.0% m/m. Oil exports grew 5.1%, with non-oil advancing 2.9%. In the latter, we highlight an acceleration of flows in manufacturing (3.1%), with good dynamism in autos (8.0%)**
- **Imports rebounded 4.4% m/m. Inside, oil was negative at -4.7%, with non-oil higher by 5.1%. On the latter, the push came from intermediate (6.3%) and consumption goods (3.1%), while capital goods added a fourth month down at -1.4%**
- **We believe flows could stabilize at the margin during 2Q25, although we remain attentive to changes in US trade policy. In addition, Mexico's industrial and trade initiatives will also influence short- and medium-term performance**

US$3,442.5 million surplus in March, with several factors at play. We identified at least three elements that determined trade flows: (1) The entry into force of some tariffs and expectations related to the announcement of 'reciprocal tariffs' on April 2nd; (2) a slight depreciation of the Mexican peso, averaging USD/MXN $20.24; and (3) lower oil prices, with the Mexican mix averaging US$64.7/bbl. Regarding the first, it is worth remembering that the first tariffs of 25% on US imports from Mexico went into effect at the beginning of the period, although they were partially suspended a few days later. Finally, specific duties were imposed on steel and aluminum in the middle of the month. In this sense, the crossing of goods at customs reflected uncertainty underlying these issues, with cargoes brought forward and others stranded. In this context, US industrial activity grew +1.3% y/y, but declined sequentially (-0.3% m/m). We highlight an expansion in manufacturing that said country, mainly explained by autos. In this context, exports came in at 9.6% y/y, with imports at 7.1% (Chart 1). For more details, see Table 1. With these results, the trade balance accumulated a US$4.4 billion deficit in the last twelve months, with oil at -US$11.5 billion and a US$7.1 billion surplus in non-oil (Chart 2).

Broadly positive in the monthly comparison, with support from manufacturing in exports. In detail, goods sent abroad increased 3.0%, while imports rebounded 4.4% (Table 2). Oil shipments increased 5.1%, suggesting higher volumes as prices were more modest. Oil imports contracted 4.7%, dragged by consumption (-17.8%). In non-oil, exports picked up 2.9%. Specifically, manufacturing rose 3.1%, with 'others' at 0.8% and autos overperforming at 8.0%, consistent with early figures from industry groups (AMIA and ANPACT). Agricultural goods fell 2.8%, adding two months lower. Non-oil mining increased 4.4%, albeit after two months of double-digit declines. Finally, non-oil imports grew 5.1%, probably influenced by the need to replenish inventories amid high uncertainty. Intermediate and consumption goods grew 6.3% and 3.1%, respectively. However, capital goods contracted 1.4%, adding four months lower, with doubts about investment impacting flows.


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We believe flows could gain some stability in 2Q25, still attentive to changes in US trade policy and local actions. We believe there is room for trade to improve slightly during 2Q25. This already considers tariffs already announced by President Trump, pending issues on auto parts (to be defined on Saturday, May 3rd), and estimates from the Ministry of Economy, Marcelo Ebrard, about upcoming bilateral agreements (autos, steel, and aluminum). Nonetheless, we recognize that trade flows remain very fragile on the possibility of abrupt changes in trade policy and the impact that current measures on Mexico and the rest of the world could have on global economic growth.

Focusing on imports, we must recall that the government's plan is to substitute for them through higher domestic production. In recent days, Minister Ebrard explained the progress made since the end of last year to discourage imports in specific sectors. He explained that such actions include: (1) The imposition of tariffs on certain textiles; (2) strengthening the seizure of goods due to piracy and/or failure to prove their stay in the country; (3) taxes on imports made through digital commerce applications; and (4) the review of temporary imports of intermediate goods within the framework of the IMMEX program. Regarding the latter, he emphasized that there is evidence of abuse of the advantages that it provides, with consequences for companies (closure of activities and freezing owners' accounts) and the cancellation of licenses of the customs agencies involved. Finally, within the framework of *Plan Mexico*, they will focus on promoting the country to attract FDI in relevant sectors (*e.g.* semiconductors).

Another factor that may have a medium-term impact on our trade balance is the Industrial Corridor of the Isthmus of Tehuantepec (CIIT in Spanish). The first operation of this corridor was in April, a load of 900 Hyundai vehicles exported to North America from the port of Salina Cruz to the port of Coatzacoalcos (remembering that it is a 308km railroad network). On the other hand, plans continue for the expansion of the ports of Salina Cruz and Dos Bocas. The aim is for them to handle large ships which cannot cross the Panama Canal, giving the corridor an edge relative to said waterway. It is projected that the CIIT can be used to its maximum capacity in 2026, allowing the transportation of up to 5,000 vehicles per week, in addition to other cargo.

Table 1: Trade balance

% y/y nsa

	Mar-25	Mar-24	Jan-Mar'25	Jan-Mar'24
Total exports	**9.6**	**-5.4**	**4.0**	**1.7**
Oil	7.1	-20.8	-21.9	-1.3
Crude oil	2.3	-17.2	-25.4	-2.3
Others	26.2	-32.4	-9.8	2.2
Non-oil	9.7	-4.7	5.4	1.9
Agricultural	-2.8	2.3	-1.2	7.0
Mining	34.1	-25.2	22.5	-9.9
Manufacturing	10.0	-4.6	5.5	1.9
Vehicle and auto-parts	6.1	-2.4	-3.9	5.2
Others	12.1	-5.7	10.7	0.1
Total imports	**7.1**	**-7.1**	**1.3**	**0.2**
Consumption goods	-1.1	-3.9	-5.6	3.3
Oil	-43.7	-43.6	-14.8	-51.7
Non-oil	5.6	8.2	-4.4	21.9
Intermediate goods	9.7	-8.1	3.8	-1.6
Oil	10.3	-36.7	3.4	-29.2
Non-oil	9.7	-5.3	3.8	1.2
Capital goods	-1.3	-4.4	-7.3	11.1

Source: INEGI

Table 2: Trade balance

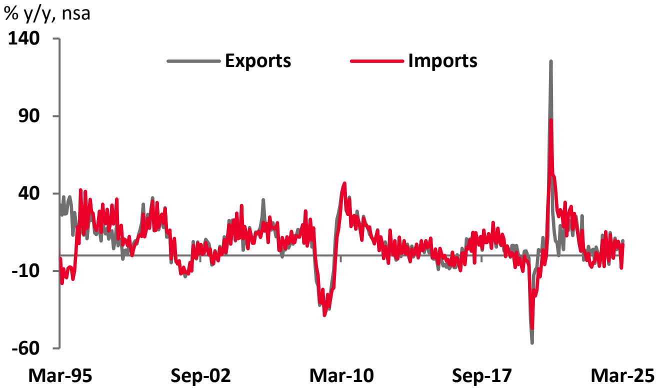
% m/m, % 3m/3m sa

	% m/m			% 3m/3m	
	Mar-25	Feb-25	Jan-25	Jan-Mar'25	Dec'24-Feb'25
Total exports	**3.0**	**0.3**	**1.1**	**0.8**	**-0.3**
Oil	5.1	25.1	-25.1	-13.1	-7.3
Crude oil	8.6	25.9	-29.1	-15.6	-7.0
Others	-5.8	22.6	-9.5	-4.1	-8.2
Non-oil	2.9	-0.6	2.3	1.4	0.0
Agricultural	-2.8	-8.0	9.3	2.8	1.6
Mining	4.4	-10.1	-11.5	-9.3	-0.2
Manufacturing	3.1	0.0	2.4	1.6	-0.1
Vehicle and auto-parts	8.0	-2.0	1.4	-2.9	-5.4
Others	0.8	0.9	2.9	3.9	2.7
Total imports	**4.4**	**-2.9**	**0.0**	**-1.5**	**-1.3**
Consumption goods	0.8	1.7	-0.4	-1.6	-4.0
Oil	-17.8	-7.9	-2.1	-12.0	-2.2
Non-oil	3.1	3.0	-0.1	-0.3	-4.2
Intermediate goods	5.8	-4.0	0.5	-1.0	-0.4
Oil	-0.7	-1.4	2.8	7.3	10.5
Non-oil	6.3	-4.2	0.4	-1.5	-1.1
Capital goods	-1.4	-0.1	-3.6	-5.9	-4.4

Source: INEGI

Chart 1: Exports and imports

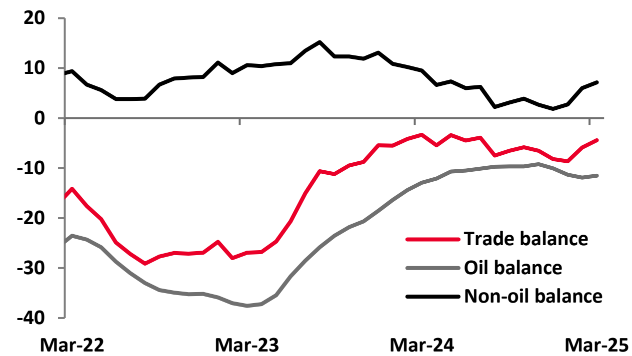
% y/y, nsa



Source: INEGI

Chart 2: Trade balance

US$ billion, 12 month rolling sum



Source: INEGI

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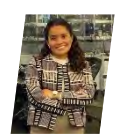

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