

Domestic demand – Modest recovery in February fueled by consumption

- Gross fixed investment (February): -7.8% y/y (nsa); Banorte: -5.1%; consensus: -5.0% (range: -8.4% to -3.4%); previous: -7.0%
- Private consumption (February): -1.9% y/y (nsa); Banorte: -2.2%; consensus: -2.1% (range: -2.5% to -1.0%); previous: -1.3%
- Investment advanced 0.1% m/m, breaking with two months of declines. Strength concentrated in construction, up 1.7%. Machinery and equipment came in at -1.1%, dragged by imports
- Consumption grew 1.2% m/m, with increases in both components. Imported goods advanced 2.7%, with the domestic total up by 1.2% –noting goods–
- We expect consumption to stay resilient in the short term, supported by some strength in fundamentals. Investment could gain more dynamism in the second half of the year, helped by government spending in infrastructure. An additional catalyst could be the new mixed investment figure

Modest rebound in investment in the monthly comparison in a context of high uncertainty. GFI came in at -7.8% y/y ([Chart 1](#)), below consensus (-5.0%) and our estimate (-5.1%). With seasonally adjusted figures, the result was better at -6.0% y/y, explained by one day less in the annual comparison due to the leap year in 2024. Back to original data, machinery and equipment went further into negative territory at -10.4%. Within, the imported item retreated 15.1%, with the domestic branch more modest at -3.2%. Construction added a seventh month down at -5.2%, with the non-residential component staying as the main drag at -18.0%, while the residential category was quite high at +14.1%. Additional details are presented in [Table 1](#).

In the monthly comparison, investment grew 0.1% m/m ([Chart 3](#)) after declines in December and January. Inside, performance was mostly positive, with construction as the main driver at 1.7%. This is relevant after setbacks in the last six months. Figures are relatively in line with the [industrial production report](#). The residential sector grew 5.8%, with the non-residential down 1.7%. Meanwhile, machinery and equipment came in at -1.1%. The drag came in from the imported component at -3.6%. On the contrary, the domestic category picked up 2.8%. Regarding the former, we highlight the decline in 'others' (-4.5%), albeit with autos stronger (4.0%). For more details see [Table 2](#).

Big sequential gain for consumption. The indicator came in at -1.9% y/y ([Chart 5](#)), adding three months down, with a negative base effect and one day less in the annual comparison. Thus, with seasonally adjusted figures the result was also better at -0.7% y/y ([Table 3](#)). Fundamentals were somewhat mixed in the period, contrasting with the mostly positive result. The [labor market](#) recorded job losses but wages grew, albeit moderating slightly. Thus, total payrolls remained somewhat solid. [Remittances showed signs of weakness](#), but the depreciation of the Mexican peso offset the moderation significantly. More favorably, [consumer loans](#) continued to expand at a double-digit rate in real terms. In detail, in annual terms, losses were seen in both items, with the imported component at -9.2% –with durable goods as the main drag (-11.9%)–, and the domestic item more modest at -0.1% –with goods at -0.5% and services at 0.3%. Within domestic goods, the push came from durables at 10.0%, contrasting with imports and suggesting a substitution effect due to the depreciation of the MXN.

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Sequentially, consumption increased 1.2% ([Chart 7](#)). The imported item advanced 2.7%, with the Mexican peso relatively stable in the month. Meanwhile, the domestic total expanded 1.2%, with goods and services up by +2.1% and +0.3% respectively, as seen in [Table 4](#).

Consumption will remain more resilient in the short term, with more positive signals for investment until 2H25. Uncertainty about the new trade paradigm with the US will continue at least during the first half of the year, so it is relatively clear that consumption will be the engine for activity, especially in these months. As we mentioned in our [1Q25 GDP report](#), we believe that resilience in fundamentals will be key to sustaining the sector.

Meanwhile, investment remains one of the most affected items. We expect it to be a drag on growth most of the year. As we have said in [previous notes](#), trade uncertainty has slowed down some investment announcements. However, it is noteworthy that there are no records of investment cancellations so far according to the Minister of Economy, Marcelo Ebrard. In 1Q25, his Ministry confirmed that the private sector had made 39 investment announcements for more than US\$25 billion in resources (-18% relative to the flow seen between January 1st and March 15th of 2024), maintaining the US as the main issuer of flows (67% of the total). Other factors to consider in the remainder of 2025 are oriented towards government spending on infrastructure and the role of the private sector. Especially the figure of mixed investment, with President Claudia Sheinbaum pointing out that it seeks to share responsibility and risk. In this backdrop, the federal government has decided to maintain *Plan México* as its industrial policy roadmap. However, when comparing this project on the date it was presented (January 13th) and its latest update (May 3rd), it seems clear that it has been adjusted upon reflection. Now, it looks focused on accelerating government spending on infrastructure and giving a foothold to the private sector, maintaining the goals of attracting investment while emphasizing the importance of minimizing Mexico's trade deficit with China. Thus, infrastructure plans such as port expansions (e.g. Coatzacoalcos), housing construction, railroads (3 thousand kilometers for freight and passenger trains in the six-year term), hydraulic works (US\$1 billion in 2025) and works related to generation (US\$12.3 billion), transmission (US\$7.5 billion) and energy distribution (US\$3.6 billion) will start this year.

Gross fixed investment

Table 1: Gross fixed investment

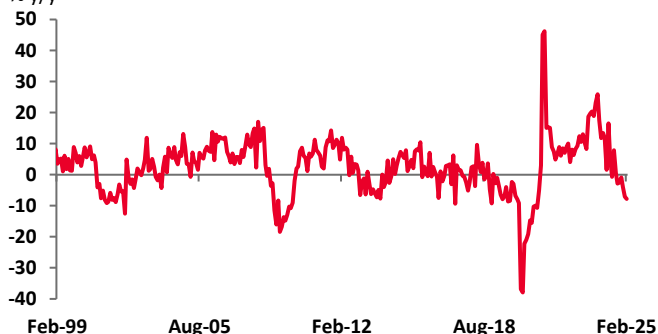
% y/y nsa

	nsa				sa	
	Feb-25	Feb-24	Jan-Feb'25	Jan-Feb'24	Feb-25	Feb-24
Total	-7.0	13.4	3.4	16.5	-6.2	12.8
Construction	-10.4	17.7	1.8	18.5	-9.3	18.9
Residential	-1.8	9.0	4.8	2.2	-1.3	8.6
Non-residential	-16.8	25.1	-0.4	34.1	-15.0	28.3
Machinery and equipment	-3.2	8.9	5.3	14.3	-2.4	6.0
Domestic	-3.4	2.1	5.2	13.1	-3.1	-0.9
Transportation Equipment	1.8	7.8	13.2	25.2	2.2	5.1
Other machinery and equipment	-8.4	-3.0	-2.8	3.2	-8.5	-5.6
Imported	-3.0	14.2	5.3	15.2	-2.1	10.9
Transportation Equipment	-14.6	53.6	24.1	48.9	-13.9	54.0
Other machinery and equipment	-1.3	10.1	2.5	11.4	-0.6	6.0

Source: INEGI

Chart 1: Gross fixed investment

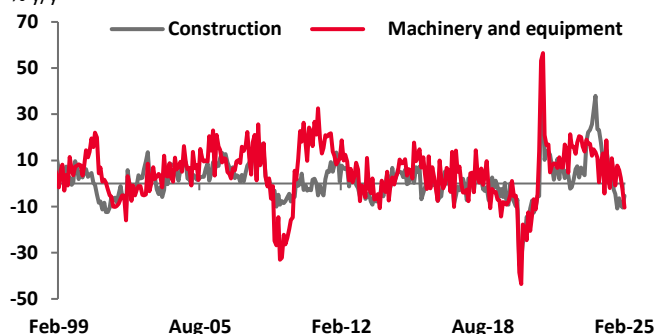
% y/y



Source: INEGI

Chart 2: Gross fixed investment by sector

% y/y



Source: INEGI

Table 2: Gross fixed investment

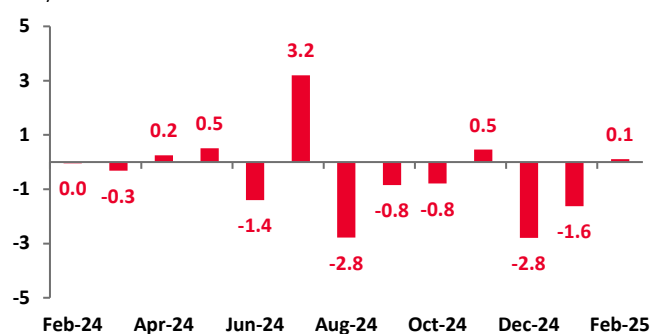
% m/m sa; % 3m/3m sa

	% m/m			% 3m/3m	
	Feb-25	Jan-25	Dec-24	Dec'24-Feb'25	Nov'24-Jan'25
Total	-1.6	-2.8	0.5	-2.7	-2.9
Construction	-1.6	-1.7	-1.2	-3.6	-3.8
Residential	1.1	-4.0	-1.9	-1.2	0.8
Non-residential	-3.8	0.1	-1.0	-5.5	-6.7
Machinery and equipment	-1.8	-4.3	1.3	-2.0	-0.6
Domestic	-5.1	-5.0	2.8	-3.3	-1.6
Transportation Equipment	-5.2	-6.0	3.6	-2.8	-0.8
Other machinery and equipment	-3.3	-3.2	1.5	-3.4	-3.0
Imported	0.6	-3.7	0.0	-1.5	-0.2
Transportation Equipment	-16.3	7.3	1.2	0.0	0.4
Other machinery and equipment	3.5	-5.2	-0.4	-1.5	0.2

Source: INEGI

Chart 3: Gross fixed investment

% m/m sa



Source: INEGI

Chart 4: Gross fixed investment

Index sa



Source: INEGI

Private consumption

Table 3: Private consumption

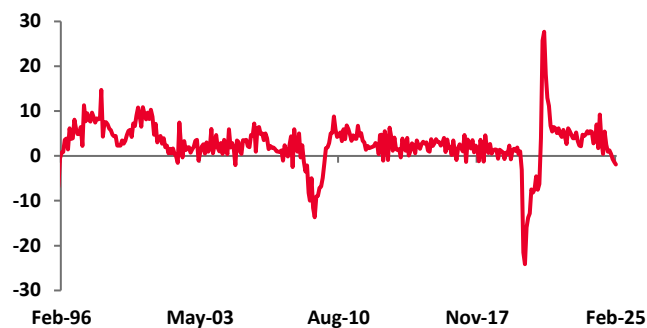
% y/y nsa

	nsa				sa	
	Feb-25	Feb-24	Jan-Feb'25	Jan-Feb'24	Feb-25	Feb-24
Total	-1.9	7.0	-1.6	5.1	-0.7	5.5
Domestic	-0.1	3.0	0.0	1.5	0.7	1.6
Goods	-0.5	2.0	-0.7	0.1	0.8	0.2
Durables	10.0	6.7	6.2	6.0	-	-
Semi-durables	0.5	1.2	-1.7	2.5	-	-
Non-durables	-2.2	1.4	-1.5	-1.1	-	-
Services	0.3	4.1	0.9	3.1	1.0	3.0
Imported goods	-9.2	36.4	-8.6	30.3	-5.3	29.8
Durables	-11.9	37.9	-12.7	28.7	-	-
Semi-durables	-6.1	30.3	-1.9	28.8	-	-
Non-durables	-9.0	38.4	-9.1	32.1	-	-

Source: INEGI

Chart 5: Private consumption

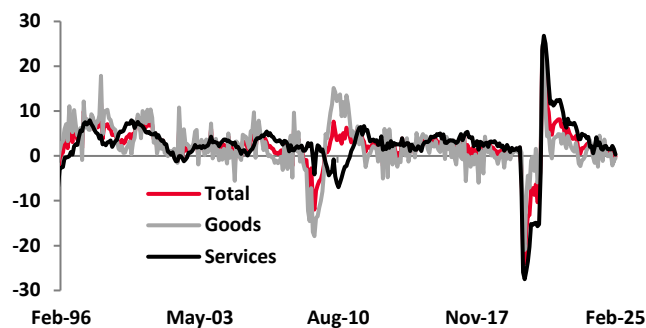
% y/y



Source: INEGI

Chart 6: Domestic consumption: Goods and services

% y/y



Source: INEGI

Table 4: Private consumption

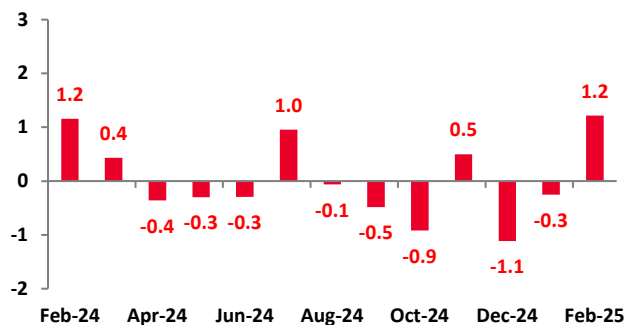
% m/m sa; % 3m/3m sa

	% m/m			% 3m/3m	
	Feb-25	Jan-25	Dec-24	Dec'24-Feb'25	Nov'24-Jan'25
Total	1.2	-0.3	-1.1	-0.9	-1.1
Domestic	1.2	-0.2	-0.8	-0.4	-0.6
Goods	2.1	-0.3	-1.8	-1.3	-1.4
Services	0.3	0.1	0.4	0.5	0.2
Imported goods	2.7	0.0	-4.0	-2.0	-2.6

Source: INEGI

Chart 7: Private consumption

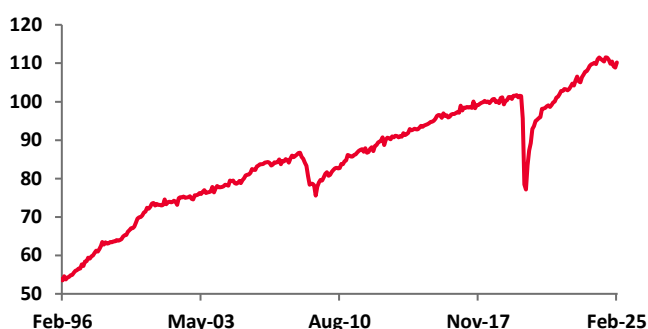
% m/m sa



Source: INEGI

Chart 8: Private consumption

Index sa



Source: INEGI

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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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