

1Q25 GDP – Resilience holds despite setbacks in industry and services

- Gross Domestic Product (1Q25 F, nsa): 0.8% y/y; Banorte: 0.9%; consensus: 0.8% (range: 0.7% to 0.9%); preliminary: 0.8%
- Gross Domestic Product (1Q25 F, sa): 0.2% q/q; Banorte: 0.2%; consensus: 0.2% (range: 0.1% to 0.2%); preliminary: 0.2%
- In the sequential comparison, growth was 5bps higher. The largest change was in primary activities, standing at 7.8% q/q (-26bps). Industry was revised to -0.1% (+13bps) and services stood at the same level (-6bps)
- March's GDP-proxy IGAE came in at -0.4% m/m (2.5% y/y). Industry was impacted by setbacks in mining and manufacturing, while services were more heterogeneous, with declines in 8 of its 14 subcomponents
- We believe today's result sets a more positive ground for activity during the rest of the year, with potential tailwinds materializing ahead. Nevertheless, several challenges, remain, particularly on the external front in the face of prevailing trade uncertainty

Downward revision for 1Q25 GDP in the annual comparison. The report showed that the economy grew 0.8% y/y in the first quarter of the year (see [Chart 1](#)), implying a -4bps adjustment relative to the [preliminary figure](#). As we had already mentioned, the period is impacted by seasonal effects in opposite directions: (1) The negative comparison with February last year due to the additional day given the leap year in 2024; and (2) the positive impact of Easter happening in April this year vs. March in said period. Thus, the result with seasonally adjusted figures was similar at 0.6% y/y ([Table 1](#)). Returning to original figures, the largest expansion was in primary activities at 7.2% –with an upward revision of 80bps–, followed by services at 1.3% (-20bps), as shown in [Chart 2](#). Finally, industrial production contracted 0.7% (+15bps).

Marginal adjustment on a sequential basis. GDP came in at 0.2% q/q ([Chart 3](#)), with a change of +5bps vs. the preliminary figure. This confirmed that the economy avoided the so-called 'technical recession' after the 0.7% drop in the previous quarter. The main driver in the period was the beginning of Donald Trump's presidency and its implications on several fronts, mainly trade. Thus, distortions in both production and flows of different goods, along with its ramifications into other sectors, dictated a great deal of the performance. Nonetheless, in our view the resilience in consumer fundamentals –despite recognizing differences between them– was key in limiting a further impact in some categories, especially those related to discretionary spending.

By sectors, the largest revision was in primary activities, down 26bps to 7.8% q/q. Despite a deterioration in drought conditions in the northwest of the country, the fading of the *La Niña* phenomenon and improved water levels in dams appear to have been key in driving the sector's recovery.

Services came in at -0.1% (-6bps), losing some dynamism at the margin. This was not entirely surprising considering the prevailing environment. In this context, 6 of the 15 categories deteriorated. Weaknesses were seen in wholesales (-3.0%), corporates (-1.4%) and transportation (-1.1%), likely related to trade uncertainty. Conversely, the components with greatest dynamism were professional (6.3%), entertainment (5.6%) and business support (2.6%). For more details, see [Table 4](#).



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Industry contracted 0.1% (+13pb), adding two quarters down, as seen in [Chart 4](#). Momentum was concentrated in construction (0.7%), driven by both edification and ‘specialized works’, although with civil engineering down. Manufacturing was more stable (0.2%) with much of the momentum in February neutralized by losses in March. We note the decline in transportation equipment, likely due to uncertainty. Finally, mining fell 3.4%, dragged down by oil and ‘related services’.

Modest decline in March. INEGI also released the GDP-proxy IGAE for the last month of 1Q25, coming in at 2.5% y/y (Banorte: 3.2%; consensus: 2.9%). The was helped by more working days in the annual comparison due to differences in Easter vs. 2024. Thus, using seasonally adjusted figures the result was lower at -0.1% y/y. On a sequential basis, this implies -0.4% m/m. As we already knew, [industry](#) fell 0.9%, affected by mining and manufacturing. Services came in at -0.4%, with 8 of its 14 subsectors contracting. We highlight losses in professional (-5.2%) and entertainment (-2.7%), along with gains in business support (2.3%) and government (1.8%). Agriculture advanced 4.3%.

Challenges for the economy continue, but further tailwinds could materialize in the second half of the year. Today’s results corroborated that activity started 2025 on a slightly better footing than anticipated. In our view, this sets the stage for better performance in the coming quarters. Our trajectory still sees some sluggishness in the second quarter, albeit with a more substantial acceleration in the second half (see [Table 2](#) and [Table 3](#)). We reiterate our call of a 0.5% GDP expansion in 2025.

The main short-term challenge continues to be trade uncertainty. The situation keeps changing week to week, currently with temporary actions and/or agreements. Consequently, the impact is both direct –in terms of production decisions and supply chain management– and indirect –mainly in terms of investment decisions and the business climate. We continue to believe that industry will remain under pressure, especially manufacturing. Construction could take longer to consolidate, particularly in certain private projects. However, we expect more support from the various governmental actions contained in *Plan Mexico* to accelerate spending. In services, several incentives are coming, a situation detailed in our last [View from the Top](#). We expect consumer fundamentals to remain relatively resilient despite the complex environment.

Our baseline scenario contemplates an improvement in trade conditions. Both President Trump and President Sheinbaum had indicated that USMCA would be reviewed until 2026. But the Minister of Economy, Marcelo Ebrard, opened the possibility last week of this happening in 2H25. For us, this is crucial to provide greater certainty and reactivate various sectors. On our assumption that this materializes, along with other drivers such as a less restrictive stance by Banxico, progress in government works –including some related to the 2026 World Cup–, and improvements in some fundamentals, we believe consumption could expand at higher rates.

Table 1: GDP

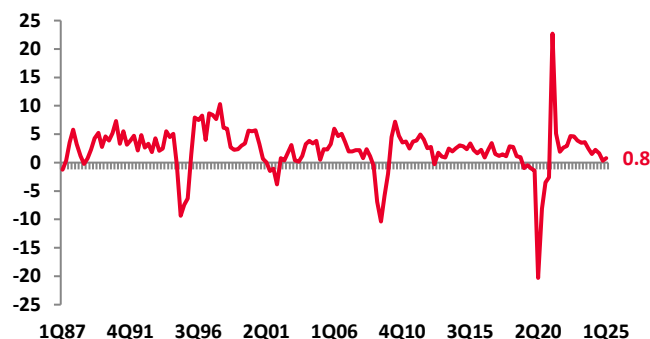
% y/y nsa, % y/y sa

	nsa						sa					
	1Q25	4Q24	1Q24	4Q23	2024	2023	1Q25	4Q24	1Q24	4Q23	2024	2023
Total	0.8	0.4	1.5	2.5	0.8	0.4	0.6	0.4	1.8	2.5	1.2	3.4
Agriculture	7.2	-5.5	-4.8	-5.6	7.2	-5.5	6.7	-5.4	-5.1	-5.4	-3.1	-0.9
Industrial activity	-0.7	-2.1	0.8	3.7	-0.7	-2.1	-1.3	-2.1	1.6	3.6	0.1	3.5
Mining	-9.3	-5.8	-2.5	-2.7	-9.3	-5.8	-9.3	-5.8	-2.5	-2.8	-4.2	0.1
Utilities	-0.8	1.9	-0.8	-0.8	-0.8	1.9	-1.3	2.0	-0.1	-0.8	1.5	-2.4
Construction	-0.2	-6.8	9.9	24.5	-0.2	-6.8	-1.6	-6.9	12.6	24.2	2.9	15.4
Manufacturing	0.7	-0.1	-0.9	-0.3	0.7	-0.1	0.5	0.0	-0.5	-0.3	0.0	1.4
Services	1.3	2.0	2.3	2.4	1.3	2.0	1.1	2.0	2.5	2.5	2.1	3.5
Wholesale commerce	-4.6	-1.3	4.1	6.6	-4.6	-1.3	-4.8	-1.8	5.2	6.5	0.8	4.1
Retail sales	3.8	3.8	1.5	1.5	3.8	3.8	2.8	4.0	1.9	1.9	2.3	4.8
Transportation and storage	-0.3	4.0	3.5	1.3	-0.3	4.0	0.1	3.7	3.1	1.6	3.6	3.5
Mass media and information	1.4	0.8	7.0	1.6	1.4	0.8	1.3	1.1	6.7	2.3	2.0	7.3
Financial services	2.4	2.5	4.3	4.0	2.4	2.5	2.5	2.8	4.2	4.7	3.5	7.7
Real estate	1.9	1.3	0.0	1.6	1.9	1.3	1.7	1.2	0.4	1.4	0.8	2.4
Professional services	15.0	11.6	12.8	0.2	15.0	11.6	12.8	12.2	14.4	1.1	15.0	6.0
Corporates	-0.5	6.2	-4.0	-9.5	-0.5	6.2	-0.5	6.2	-4.0	-9.5	-0.3	-4.2
Business support	14.4	-3.1	-9.3	4.9	14.4	-3.1	13.5	-3.2	-6.6	4.8	-4.5	-4.3
Education	1.3	1.1	-0.2	0.9	1.3	1.1	-0.1	1.1	1.2	1.0	0.8	1.3
Healthcare	4.0	4.9	2.7	2.1	4.0	4.9	3.9	4.9	2.6	2.4	4.0	1.0
Recreation, sports and cultural events	11.3	2.5	0.3	2.1	11.3	2.5	11.7	2.3	1.6	1.1	3.0	4.9
Lodging	-1.9	-1.9	0.4	1.8	-1.9	-1.9	-1.2	-2.4	0.0	1.0	-1.7	3.1
Other services	-2.7	-0.2	3.4	3.0	-2.7	-0.2	-3.0	-0.1	3.6	3.4	2.1	3.3
Government activities	1.6	0.6	-0.2	1.5	1.6	0.6	1.7	0.8	0.0	1.7	1.4	0.3

Source: INEGI

Chart 1: GDP

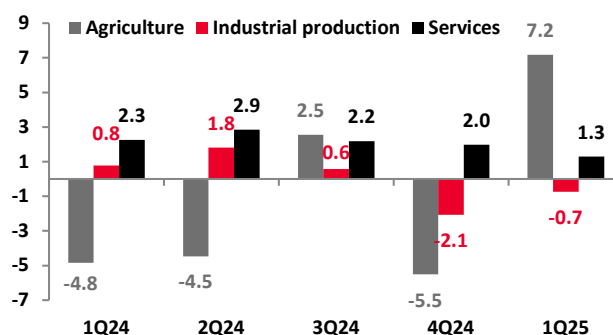
% y/y nsa



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	-0.7	0.0	1.8	0.5
Agricultural	7.2	<u>2.1</u>	<u>-1.6</u>	<u>8.3</u>	<u>4.1</u>
Industrial production	-0.7	<u>-2.9</u>	<u>-1.9</u>	<u>0.8</u>	<u>-1.2</u>
Services	1.3	<u>0.2</u>	<u>0.9</u>	<u>1.7</u>	<u>1.0</u>
% q/q					
GDP	0.2	0.2	0.5	0.7	--

*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	-0.7	0.0	1.8	0.5
Private consumption	<u>0.2</u>	<u>-1.2</u>	<u>-0.5</u>	<u>1.7</u>	<u>0.1</u>
Investment	<u>-0.7</u>	<u>-4.4</u>	<u>-2.2</u>	<u>0.3</u>	<u>-1.7</u>
Govt. spending	<u>-0.7</u>	<u>-3.2</u>	<u>-3.6</u>	<u>-3.2</u>	<u>-2.7</u>
Exports	<u>9.9</u>	<u>5.7</u>	<u>2.1</u>	<u>-0.3</u>	<u>4.1</u>
Imports	<u>3.9</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	<u>1.0</u>
% q/q					
GDP	0.2	0.2	0.5	0.7	--

*Note: Underlined figures indicate forecasts

Source: INEGI, Banorte

Table 4: GDP

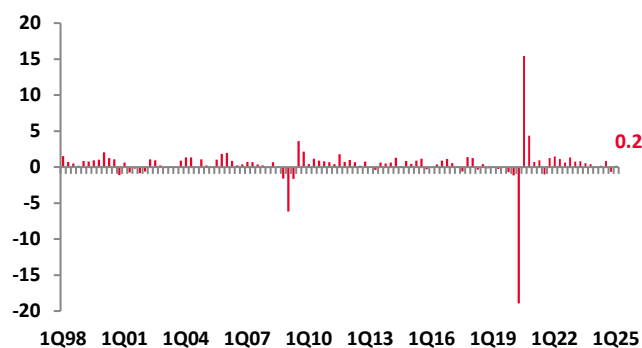
% q/q sa, % q/q saar

	% q/q sa				% q/q saar			
	1Q25	4Q24	3Q24	2Q24	1Q25	4Q24	3Q24	2Q24
Total	0.2	-0.7	0.8	0.2	0.8	-2.6	3.4	0.7
<i>Agriculture</i>	7.8	-6.5	4.5	1.3	35.2	-23.7	19.5	5.1
<i>Industrial activity</i>	-0.1	-1.5	0.3	0.1	-0.5	-6.0	1.3	0.4
Mining	-3.4	-3.0	0.0	-3.2	-13.0	-11.5	0.0	-12.3
Utilities	-2.6	-0.4	0.7	1.1	-10.1	-1.7	2.8	4.4
Construction	0.7	-2.8	-0.4	0.9	2.9	-10.9	-1.6	3.7
Manufacturing	0.2	-1.0	1.1	0.2	0.9	-4.0	4.4	0.9
<i>Services</i>	-0.1	0.0	0.9	0.3	-0.3	0.1	3.5	1.1
Wholesale commerce	-3.0	-0.3	0.1	-1.6	-11.6	-1.4	0.5	-6.3
Retail sales	0.8	0.9	1.3	-0.3	3.4	3.7	5.4	-1.3
Transportation and storage	-1.1	-0.1	0.8	0.5	-4.2	-0.5	3.4	2.0
Mass media and information	1.2	-0.1	1.1	-1.0	5.0	-0.3	4.7	-4.0
Financial services	1.4	-0.2	-0.3	1.6	5.7	-0.9	-1.2	6.4
Real estate	0.3	0.2	0.8	0.4	1.0	1.0	3.3	1.5
Professional services	6.3	0.7	-0.7	6.1	27.7	3.0	-2.9	26.7
Corporates	-1.4	1.0	0.8	-0.9	-5.5	4.2	3.4	-3.6
Business support	2.6	1.3	4.1	4.9	10.6	5.2	17.6	21.3
Education	-0.5	-0.6	2.3	-1.2	-1.8	-2.5	9.6	-4.9
Healthcare	0.6	1.2	0.8	1.2	2.3	5.1	3.3	5.0
Recreation, sports, and cultural events	5.6	0.6	-0.2	5.5	24.1	2.3	-0.9	23.8
Lodging	-0.4	0.8	-0.3	-1.3	-1.6	3.2	-1.2	-5.2
Other services	-1.3	-1.4	0.0	-0.4	-4.9	-5.3	0.1	-1.6
Government activities	0.3	-0.8	0.0	2.2	1.2	-3.2	0.1	9.2

Source: INEGI

Chart 3: GDP

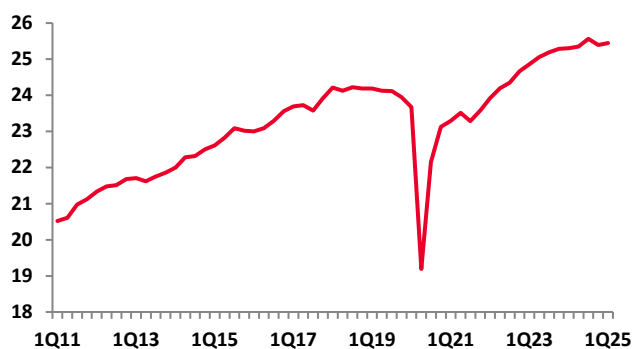
% q/q sa



Source: INEGI

Chart 5: GDP

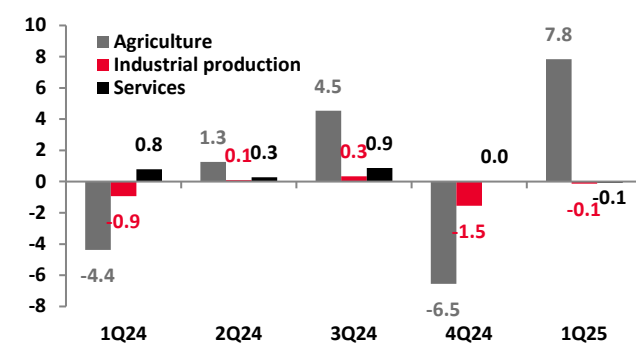
MXN trillion, sa



Source: INEGI

Chart 4: GDP by sectors

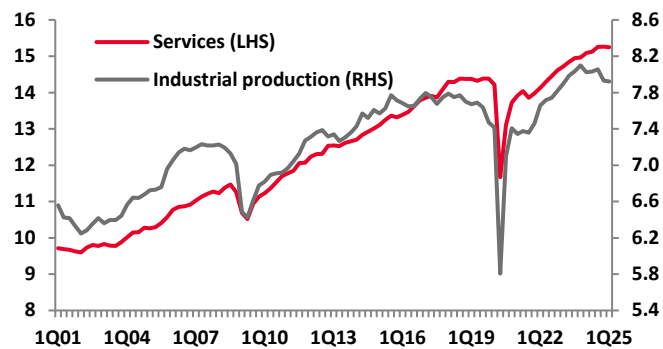
% q/q sa



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 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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