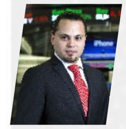
May 23, 2025

Trade balance – Flows were still impacted by tariff uncertainty in April

- **Trade balance (April): -US$88.1 million; Banorte: -US$829.3mn; consensus: US$115.5mn (range: -US$6,000.0mn to US$2,695.0mn); previous: US$3,442.5mn**
- **In annual terms, exports rose 5.8% and imports were down 1.2%, skewed in part by the Easter holiday seasonality. Tariff issues continued to be a source of volatility. Other drivers included lower oil prices and a stronger Mexican peso at the margin**
- **Using seasonally adjusted figures, exports declined 0.9% m/m. Oil fell 17.4%, impacted by lower prices and volumes. Non-oil came in at -0.1%, facing a challenging base effect after March's 3.1% expansion. Manufacturing retreated 0.7%, with autos down 4.7%**
- **Imports grew 1.2% m/m. Inside, the oil component shot up 45.6%, with non-oil at -1.6%. In the latter, declines were generalized, highlighting consumption (-2.2%) and intermediate goods (-1.7%)**
- **Trade tensions since the beginning of the year have moderated, although we remain alert to new shocks given that many of the agreements have been classified as temporary. After this, we will continue to monitor the negotiation process between Mexico and the US looking to the USMCA revision**

US$88.1 million trade deficit in April in a still challenging environment. This result occurred in a context of: (1) The confirmation that Mexico was left out of the US' 'reciprocal tariffs', although with tariffs related to security and immigration issues prevailing; (2) a slight appreciation of the Mexican peso, averaging USD/MXN $20.01; and (3) a drop in oil prices, with the Mexican mix averaging US$60.26/bbl. Expanding on tariffs, in the fourth month of the year –with the determination of reciprocal tariffs– the outlook for Mexico was more positive. However, doubts about these tax rates and the expectation of improved terms of trade for autos, aluminum and steel maintained some uncertainty for businesspeople. In addition, progress on Mexican trade policies, such as the revision of the IMMEX program, in our opinion, also influenced trade volumes. In this context, exports came in at 5.8% y/y, with imports at -1.2% (Chart 1), with the results skewed in part also by the Easter holiday. For more details, see Table 1. With these results, the trade balance accumulated a deficit of US$751.6 million in the last twelve months, with the oil component at -US$13.3 billion and a surplus of US$12.6 billion in the non-oil component (Chart 2).

Mixed results in the monthly comparison after advances in previous months. In detail, total outflows decreased by 0.9%, while imports expanded 1.2% (Table 2). Oil shipments contracted 17.4%, with more moderate prices and volumes. Oil inflows rose by 45.6%, with broad increases inside. In the non-oil sector, exports came in at -0.1%, which was expected after growing by 3.1% in March. Specifically, manufacturing declined by 0.7%, with autos impacted by a challenging base at -4.7% –consistent with timely data from industry groups (AMIA and ANPACT)– and with 'others' stronger at 1.3%. Agricultural goods rebounded by 1.9%, while non-oil mining exports climbed for a second consecutive month at 25.4%. Non-oil imports contracted by 1.6%, this in the context of adjustments given rising inventories in the US and its effects on local production. Inside, intermediate goods came in at -1.7%, with consumer goods at -2.2%. Finally, capital goods were flat at 0.0%, reflecting the prevailing environment of trade uncertainty.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The trade uncertainty that has disrupted flows since the beginning of the year seems to have subsided, although we remain alert to further shocks and other possible developments. Today's figures confirm that volatility in trade data continued in April. We believe that adjustments will prevail in the coming months, especially in manufacturing exports. This has been observed in a previous and significant accumulation of inventories, with a period of 'relative calm' in May as economic actors continue to adapt to new tariffs, waiting times, and progress in specific negotiations. On this last point, we identified several factors relevant to Mexico's competitive position relative to other countries. First, the announcement of a lower average tariff rate for autos, now at 15% (previously 25%). Second, the negotiations that the US will have with other countries in 2Q25 –currently in talks with at least 15 countries (including China, India, Japan and the already announced agreement with the UK). Finally, the USMCA revision, which could take place in the second half of 2025, according to the latest statements from the Minister of Economy, Marcelo Ebrard. In his view, such timing could be beneficial for Mexico as some conversations have already taken place with other countries. Along the same lines, former Mexican Ambassador to China, Jorge Guajardo, considers that this new trade order will be favorable for our country in the medium- and long-term, stating that "*...I would dare to predict that we are going to see a new wave of investment in nearshoring...*".

Apart from the issue of US tariffs, different events have taken place in the last few weeks that will impact Mexico's trade balance in different magnitudes, some of them in the short-term. The announcement of the ban on imports of cattle, horses and bison in the US due to the fear of the spread of the screw worm for 15 days will imply losses estimated at US$11.4 million per day, according to the *National Agricultural Council*. Another will be the current policy of the Ministry of Economy to inspect all producers that import steel. This task has resulted in the cancellation of more than 1,000 registrations (out of approximately 2,000) as they presented irregularities. Finally, we remain attentive to the Executive Order signed by President Trump in which cargo carriers crossing into the country are required to be fluent in English. According to the *National Chamber of Freight Transportation* (CANACAR) Northwestern Region, only 30% of the operators in our country could comply, which would reduce further the supply of this type of drivers (with estimates of a 60 thousand deficit of operators in Mexico and 100 thousand in the US). On other fronts, we remain attentive to textiles and footwear in the context of restrictions, higher tariff rates, and cancellations of IMMEX permits.

Table 1: Trade balance

% y/y nsa

	Apr-25	Apr-24	Jan-Apr'25	Jan-Apr'24
Total exports	**5.8**	**11.4**	**4.5**	**4.1**
Oil	-13.2	-17.5	-20.0	-5.4
Crude oil	-21.5	-22.5	-24.5	-7.5
Others	13.1	4.2	-4.5	2.6
Non-oil	6.6	13.1	5.7	4.7
Agricultural	-7.1	22.6	-2.8	10.7
Mining	46.4	-3.5	28.9	-8.3
Manufacturing	6.6	12.9	5.8	4.6
Vehicle and auto-parts	-7.1	27.7	-4.8	10.4
Others	14.3	6.1	11.6	1.7
Total imports	**-1.2**	**15.4**	**0.6**	**4.0**
Consumption goods	-4.2	25.6	-5.2	8.7
Oil	75.5	-43.6	9.4	-49.8
Non-oil	-14.3	48.7	-7.2	28.4
Intermediate goods	1.9	11.5	3.3	1.6
Oil	35.4	-19.1	10.9	-27.1
Non-oil	-0.1	14.0	2.8	4.4
Capital goods	-18.8	32.5	-10.6	16.4

Source: INEGI

Table 2: Trade balance

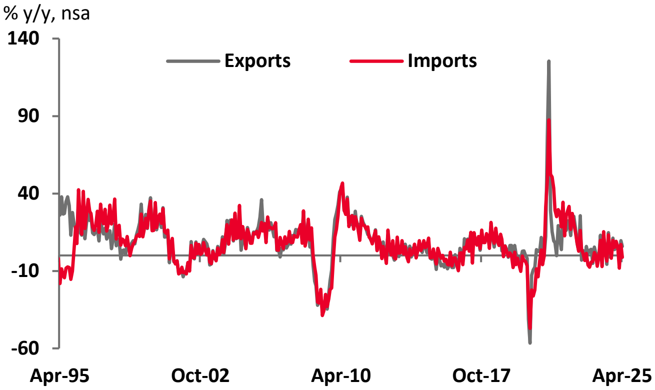
% m/m, % 3m/3m sa

	% m/m			% 3m/3m	
	Apr-25	Mar-25	Feb-25	Feb-Apr'25	Jan-Mar'25
Total exports	**-0.9**	**3.4**	**0.2**	**2.2**	**0.9**
Oil	-17.4	9.1	24.1	-1.2	-12.2
Crude oil	-22.9	14.0	24.7	-3.6	-14.5
Others	2.6	-5.6	22.6	7.2	-4.2
Non-oil	-0.1	3.1	-0.6	2.4	1.5
Agricultural	1.9	-2.9	-8.1	-3.6	2.6
Mining	25.4	4.4	-10.0	-2.2	-9.0
Manufacturing	-0.7	3.4	0.0	2.7	1.7
Vehicle and auto-parts	-4.7	7.9	-2.0	0.4	-3.0
Others	1.3	1.2	0.9	3.9	4.2
Total imports	**1.2**	**4.2**	**-2.8**	**-0.4**	**-1.4**
Consumption goods	9.7	-0.3	1.4	2.5	-1.9
Oil	140.7	-26.2	-9.1	5.6	-12.7
Non-oil	-2.2	3.0	2.9	2.1	-0.4
Intermediate goods	-0.1	5.8	-3.8	-0.3	-0.8
Oil	23.5	0.6	-1.1	12.5	9.1
Non-oil	-1.7	6.2	-4.0	-1.2	-1.4
Capital goods	0.0	-1.4	-0.1	-5.1	-6.1

Source: INEGI

Chart 1: Exports and imports

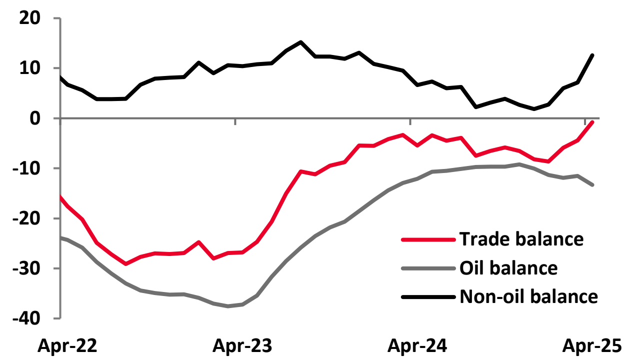
% y/y, nsa



Source: INEGI

Chart 2: Trade balance

US$ billion, 12 month rolling sum



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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