

Industrial production – Stabilization in April after wild swings in 1Q25

- **Industrial production (April): -4.0% y/y nsa; Banorte: -3.9%; consensus: -3.5% (range: -5.1% to 0.0%); previous: 1.9%**
- **Industrial activity came in at 0.1% m/m, pointing to stabilization in an environment marked by significant distortions in international trade, with local factors driving remaining categories**
- **By sectors, mining advanced 1.3% m/m, its largest uptick since August 2023 and with widespread gains inside. Manufacturing grew 0.7%, with 15 of its 21 items up, recognizing a more favorable base effect. In contrast, construction was the biggest drag at -2.0%, highlighting a reversal down in edification**
- **We expect industry to improve in 2H25, supported by greater business certainty and a more favorable investment environment. Manufacturing could reactivate relatively quickly, while construction should rebound more gradually, supported by the progress of public infrastructure projects**

New drop in the annual comparison, now with a negative calendar effect. Industry fell 4.0% y/y in April (see [Chart 1](#)), below consensus (-3.5%) but closer to our estimate (-3.9%). Losses were widespread within. Mining had the largest drop at -7.7%. Construction backtracked 6.8% ([Chart 2](#)), with weakness centered in civil engineering. Manufacturing contracted 2.6%. All results were affected from two fewer working days in the period due to the annual difference in the dates of the Easter holiday. Thus, with seasonally adjusted figures, activity was better at -0.7% y/y. For more details by sectors see [Table 1](#).

Modest sequential progress, although with mixed within. Industrial production increased 0.1% m/m ([Chart 3](#)), in a still complex backdrop, driving a heterogeneous performance inside. On the one hand, we consider that trade uncertainty remained, with the consequences on manufacturing orders and/or inventory management still present. However, with the avoidance of 'reciprocal tariffs', the relative stance of our country improved at the margin. Domestically, the marked volatility of the exchange rate, the additional rise in the prices of several inputs (e.g. construction) and the implementation of industrial policies were some of the relevant catalysts in the period.

Mining increased 1.3%, its best result since August 2023. The oil component grew 1.0%, with increases in both crude oil and gas production. The non-oil component came in at +1.2% despite a drop in industrial metals' prices, consistent with the uncertain environment. Finally, 'related services' extended its traditional volatility at 7.1%.

Manufacturing came in at 0.7% ([Table 2](#)). So far this year, the sector's average growth has been 0.4% m/m. This will remain relevant considering elevated volatility in advanced orders and inventory accumulation within specific sectors. In this sense, and as we have said in previous reports, the temporal relationship between manufacturing exports and this metric could be distorted (e.g. extended customs times, supply chain disruptions, etc.). In detail, 15 of the 21 categories increased. We highlight oil & carbon (3.9%) and electronic equipment (2.6%). To the downside, the largest setbacks were seen in chemicals (-1.2%) and clothing (-0.7%). Transportation contracted 0.3% –contrasting with AMIA's figures.



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Construction fell 2.0%, albeit after three months on the upside. Edification fell by 3.6%, while civil engineering came in at 3.2% –with higher spending in physical investment reported by the Federal Government in the month. Finally, specialized works added a second month to the upside at 0.5%.

Our path contemplates an improvement in 2H25, with positive drivers for construction and greater clarity for manufacturing. The uncertain outlook that permeated throughout 1Q25 –and that has extended somewhat into 2Q25– will gradually fade in the second half of the year. In our view, USMCA renegotiation talks, the implementation of private investment projects, government infrastructure works, and lower volatility in manufacturing demand, would be the main drivers for a change in the industry’s trend.

If we focus on construction, the *Mexican Chamber of the Construction Industry* (CMIC in Spanish) has estimated that the sector could grow 6% y/y in 2025 on the back of government spending on infrastructure of \$824 billion. On the other hand, at the beginning of the month, an agreement was announced between the *Ministry of Infrastructure, Communications and Transportation* and the CMIC with the purpose of promoting specialization in the sector and the participation of construction companies in public projects, among others. Regarding the industrial real estate market, CBRE reports that dynamism will continue in 2025, especially in the Bajío region, Mexico City and its metropolitan area, Guadalajara, and Monterrey. According to them, the demand for industrial spaces will be driven by logistics and diverse manufacturing, recognizing that nearshoring continues, with the growing participation of Asian companies, especially in the automotive and technology sectors. Consequently, they foresee a robust absorption of new real estate supply, a situation that should be an additional catalyst for the sector.

However, risks linger on the horizon. The main ones are associated with additional disruptions from tariffs. In this regard, we remain attentive to the evolution of the increase in the tax on steel and aluminum imports in the US to 50%, although with a possible deal with Mexico being announced this week. For the time being, CMIC is considering that the measure from the US could imply: (1) An increase in steel production in our country, considering that we import more steel from them than we export; and (2) an increase of up to 10% in the cost of construction in Mexico.

Table 1: Industrial production

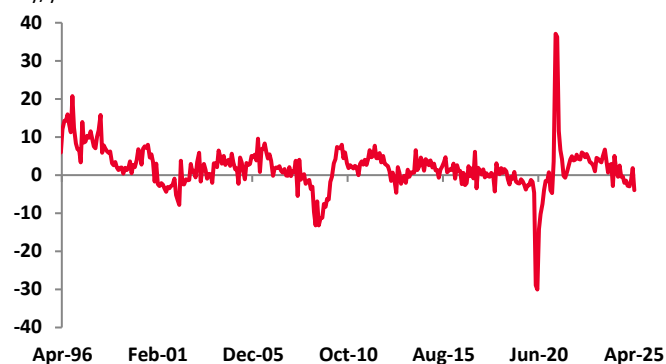
% y/y nsa, % y/y sa

	nsa				sa	
	Apr-25	Apr-24	Jan-Apr'25	Jan-Apr'24	Apr-25	Apr-24
Industrial Production	-4.0	5.0	-1.6	1.8	-0.7	0.8
Mining	-7.7	-5.0	-8.9	-3.1	-6.8	-5.8
Oil and gas	-7.5	-7.9	-10.0	-4.1	-7.4	-7.9
Non-oil mining	-4.8	1.9	-1.8	0.7	-1.9	-1.2
Services related to mining	-21.8	-3.8	-26.4	-8.1	-20.1	-5.4
Utilities	-1.7	1.6	-1.1	-0.2	-0.1	0.3
Construction	-6.8	14.8	-2.0	11.2	-2.7	11.7
Edification	-4.3	13.7	4.2	7.1	0.5	10.0
Civil engineering	-21.8	19.3	-25.7	33.6	-20.6	18.6
Specialized works for construction	-0.7	15.0	0.2	6.3	2.1	12.5
Manufacturing	-2.6	4.4	-0.2	0.4	1.4	-1.4
Food industry	-0.9	1.9	0.1	-0.4	1.8	-2.0
Beverages and tobacco	0.4	3.6	-0.6	2.0	3.5	-2.0
Textiles - Raw materials	-9.6	0.5	-3.9	-8.5	0.3	-12.2
Textiles - Finished products ex clothing	-2.6	0.5	-1.7	-4.2	2.9	-9.1
Textiles - Clothing	-10.2	-4.8	-5.4	-8.6	-3.9	-13.3
Leather and substitutes	-6.5	-11.1	-4.7	-15.9	0.8	-21.0
Woodworking	-10.4	-2.9	-4.7	-9.5	-5.7	-9.5
Paper	-2.2	-1.6	2.0	-5.9	1.1	-7.0
Printing and related products	-0.5	7.1	3.8	-1.9	3.2	0.9
Oil- and carbon-related products	3.1	0.7	-5.6	12.7	4.6	-1.3
Chemicals	-9.1	8.5	-3.4	4.4	-4.2	1.1
Plastics and rubber	-1.9	3.7	2.0	-2.0	4.5	-5.4
Non-metallic mineral goods production	-7.3	1.3	-5.6	-2.9	-2.9	-3.6
Basic metal industries	-1.5	-0.6	-1.0	-3.3	1.0	-3.0
Metal-based goods production	-4.6	4.4	-0.3	-0.8	1.9	-4.0
Machinery and equipment	-0.9	0.2	-1.6	-5.4	1.5	-6.3
Computer, communications, electronic, and other hardware	1.6	8.4	2.2	2.9	4.6	3.3
Electric hardware	-0.2	3.8	3.8	-1.7	4.1	-1.4
Transportation equipment	-8.8	7.6	-2.3	1.2	-1.8	-2.4
Furniture, mattresses, and blinds	-3.9	1.2	-2.2	-3.3	2.2	-6.4
Other manufacturing industries	32.4	15.1	30.8	5.9	40.8	4.9

Source: INEGI

Chart 1: Industrial production

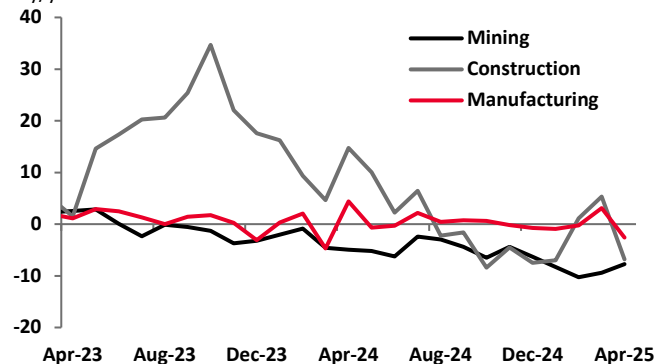
% y/y



Source: INEGI

Chart 2: Industrial production by sector

% y/y



Source: INEGI

Table 2: Industrial production

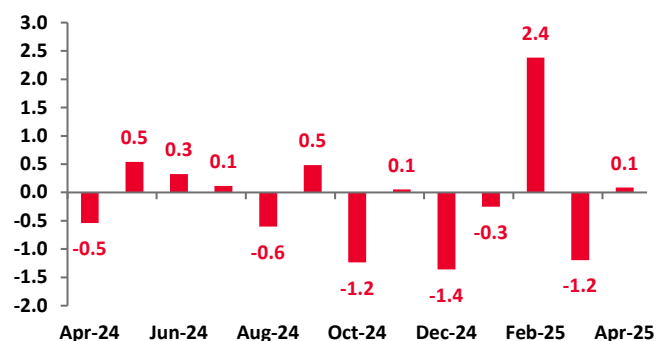
% m/m sa; % 3m/3m sa

	Apr-25	% m/m Mar-25	Feb-24	% 3m/3m Feb-Apr'25	Jan-Mar'25
Industrial Production	0.1	-1.2	2.4	1.0	0.0
Mining	1.3	-2.6	0.1	-2.7	-3.1
Oil and gas	1.0	-2.4	1.0	-1.7	-3.2
Non-oil mining	1.2	-4.3	0.6	-0.6	0.4
Services related to mining	7.1	0.6	-13.6	-19.6	-12.6
Utilities	0.1	-1.1	-0.4	-2.4	-2.7
Construction	-2.0	0.4	3.1	2.2	0.4
Edification	-3.6	0.1	4.8	2.1	-0.1
Civil engineering	3.2	-1.0	0.0	0.6	-1.5
Specialized works for construction	0.5	0.9	-1.5	0.3	2.0
Manufacturing	0.7	-1.1	2.4	1.1	0.1
Food industry	0.0	-0.1	0.9	0.6	0.3
Beverages and tobacco	1.0	-1.6	0.8	1.5	2.0
Textiles - Raw materials	0.1	0.7	1.6	1.2	-0.1
Textiles - Finished products ex clothing	2.3	-0.6	-0.1	0.9	1.3
Textiles - Clothing	-0.7	-3.0	-0.2	-1.4	0.2
Leather and substitutes	4.9	-4.8	1.7	-1.5	-2.7
Woodworking	-1.3	-5.0	1.9	-4.7	-4.1
Paper	1.4	-4.5	1.5	0.0	1.5
Printing and related products	4.8	-6.6	1.7	-1.5	-0.1
Oil- and carbon-related products	3.9	-2.8	2.8	3.8	3.4
Chemicals	-1.2	-2.9	1.2	-0.8	0.6
Plastics and rubber	1.3	-1.7	0.2	0.9	1.3
Non-metallic mineral goods production	1.5	-0.9	0.5	-0.6	-1.9
Basic metal industries	2.1	-2.7	1.5	1.8	0.9
Metal-based goods production	1.4	-5.5	6.2	3.9	3.6
Machinery and equipment	0.3	1.9	5.7	3.0	-1.0
Computer, communications, electronic, and other hardware	2.6	0.3	-0.3	1.8	1.4
Electric hardware	0.9	-1.9	2.3	1.2	0.5
Transportation equipment	-0.3	-1.2	3.3	-0.6	-2.5
Furniture, mattresses, and blinds	0.0	0.4	0.4	-1.4	-1.7
Other manufacturing industries	2.9	1.3	21.9	13.7	5.5

Source: INEGI

Chart 3: Industrial production

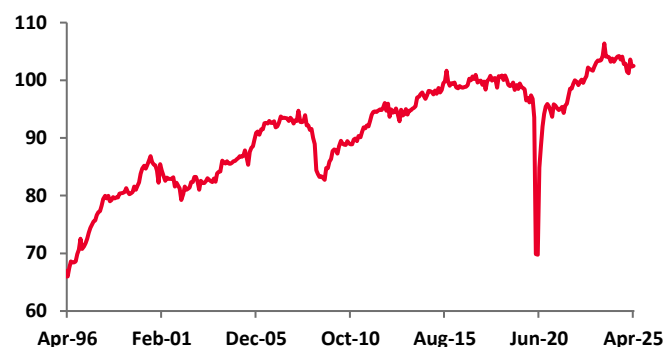
% m/m sa



Source: INEGI

Chart 4: Industrial production

Index sa



Source: INEGI

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