June 23, 2025

GDP-proxy IGAE – Better-than-expected start to 2Q25, with momentum focused on services

- **Monthly GDP-proxy IGAE (April): -1.5% y/y; Banorte: -2.1%; consensus: -1.9% (range: -3.2% to 2.0%); previous: 2.5%**
- **Activity grew 0.5% m/m, marking its third positive month of the year. Despite some modest gains inside, overall mixed signs prevail**
- **The drive came from services, up 0.9% –with 10 of its 14 sectors rising. Industrial production grew 0.1%, with manufacturing positive, but with construction declining sharply. Agriculture reversed its recent strong performance, came in at -3.7% after four months of gains**
- **Timely data from 2Q25 point to some resiliency. Looking more closely at services, we see some tailwinds. Nevertheless, uncertainty about trade keeps weighing on consumer and business decisions**

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com

The economy setback 1.5% y/y in April due to a negative calendar effect. The result was better than consensus (-1.9%) and our estimate (-2.1%). The magnitude of the mostly attributed to two fewer working days compared to the previous year due to the Easter holiday. Thus, with seasonally adjusted figures, the result was positive at 1.4%, as shown in Chart 1. Back to the original figures, industry dropped -4.0% (Chart 3) and services were also negative at -0.4% (Chart 4). Finally, primary activities remained very volatile, up 3.5% (Chart 2). For more details by sector, including seasonally adjusted figures, see Table 1.

Sequential gains due to services. Activity increased 0.5% m/m (Chart 5). The outlook remains uncertain, especially on trade and despite expectations of better relative position for Mexico after avoiding reciprocal tariffs announced on April 2nd (currently in pause). We also see meaningful disruptions in manufacturing demand. Domestically, the situation skewed to the downside. Construction weakened and there were some headwinds in certain consumption fundamentals (*e.g.*, remittances and formal job creation), volatility in the Mexican peso, and accelerating inflation.

Services were strongest at +0.9%, pointing to some resilience. In the labor market, data reaffirmed a historically low unemployment rate and stronger payrolls. On the downside, signs of a slowdown in formal job creation have worsened. Remittances were weak, with a third consecutive month down. However, household income in local currency still benefited from the buffer associated with the accumulated depreciation of the Mexican peso since the previous year. Credit remained strong. Finally, inflation accelerated at the margin. Inside, we highlight the expansion of 10 out of 14 categories. The highest growth rates included professional (4.5%), entertainment (4.3%), and financial (1.9%).

Industry grew 0.1% after high volatility in 1Q25 (Chart 6). A favorable outlook in sectors more closely linked to the domestic market offset the volatility in those most impacted by tariffs. Mining grew 1.3%, with widespread gains inside. Manufacturing advanced 0.7%, with 15 of its 21 sectors up –highlighting oil and coal and electronic equipment. Some sectors were supported by base effects, while others by protections for local industries (*e.g.*, textiles). Finally, construction (2.0%) was mixed, with more public works standing out. The negative figure was in primary activities, down 3.7% in the context of droughts focused on the northwest and generalized price declines. For more details, see Table 2.

Document for distribution among the general public

BANORTE

Challenges remain for 2Q25, with tailwinds likely concentrated on services. Today's results and timely data for May reaffirm that activity still was relatively weak in the second quarter. Industry continued to absorb trade-related shocks, while services have more stable support. We anticipate this mixed performance to persist at least throughout the end of June, reinforcing our estimates of modest growth in the period. Adding to uncertainty is current geopolitical instability –after the US attack on Iran in the weekend. This could have an impact via different channels, with the most important in the short-term probably being an increase in inflation driven by higher oil prices. Nevertheless, it is still too early to tell if it will have a temporary or more permanent effect.

Looking more closely at services, we identify positive factors in various sectors. We believe there is room for households to increase their discretionary spending, supported by: (1) A recovery in consumer confidence compared to 1Q25; (2) a stronger Mexican peso versus the USD; (3) broader population coverage of various social programs; and (4) payrolls that maintain their growth trend. In this context, *ANTAD* sales in May showed stronger momentum in retail. Same store sales rose 5.6% y/y in real terms, the highest since April 2022. Moreover, we anticipate an additional boost to tourism driven by a larger offering of international routes (Atlanta, Calgary, Cali, Dallas, Philadelphia, Houston, Los Angeles, Phoenix, among others), connected with Mexico City and Felipe Angeles' international airports, as well as in Durango, Guadalajara, Queretaro, Monterrey, Morelia, among others.

On risks, we remain focused on the evolution of consumer fundamentals. In the labor market, there is a slowdown in job creation, primarily in the formal sector. Furthermore, the part-time workers rate rebounded at the beginning of the quarter and could worsen in the short term. Finally, remittance flows will continue to be influenced by US anti-immigration policies, with no clear net effect in 2Q25.

Table 1: GDP-proxy IGAE

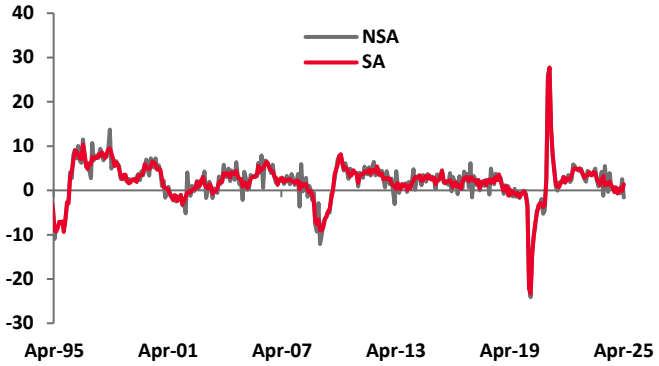
% y/y nsa, % y/y sa

	y/y, nsa				y/y, sa	
	Apr-25	Apr-24	Jan-Apr'25	Jan-Apr'24	Apr-25	Apr-24
Total	**-1.5**	**5.5**	**0.1**	**2.5**	**1.4**	**1.1**
Primary activities	**3.5**	**-4.5**	**6.5**	**-4.9**	**3.2**	**-4.5**
Agriculture	3.9	-8.2	9.6	-8.7	-	-
Livestock	2.7	2.5	1.3	2.5	-	-
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
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
Manufacturing	-2.6	4.4	-0.2	0.4	1.4	-1.4
Services	**-0.4**	**6.3**	**0.7**	**3.4**	**2.2**	**1.6**
Wholesales	-8.1	11.5	-5.4	5.9	-2.2	0.2
Retail sales	1.7	7.1	3.2	3.0	6.9	-1.9
Transportation and logistics	-0.7	7.9	-0.4	4.6	1.5	3.1
Mass media	1.3	2.5	1.4	5.9	1.3	2.3
Financial services	2.6	4.9	2.1	4.6	3.1	3.6
Real estate	1.9	0.1	1.7	0.2	2.3	-0.1
Professional services	7.9	31.3	13.1	18.4	11.2	22.8
Business support	8.7	0.9	12.2	-8.3	9.8	-1.4
Education	-0.3	2.7	0.8	0.5	3.1	-1.9
Healthcare	2.9	4.6	3.6	2.7	2.7	4.0
Entertainment	7.5	7.9	4.2	3.6	4.3	7.5
Lodging and restaurants	-1.9	-1.6	-1.9	-0.1	-2.4	0.1
Others	-3.4	5.4	-2.9	3.9	-2.4	3.2
Government services	-2.9	6.5	0.4	1.5	-3.0	6.4

Source: INEGI

Chart 1: GDP-proxy IGAE

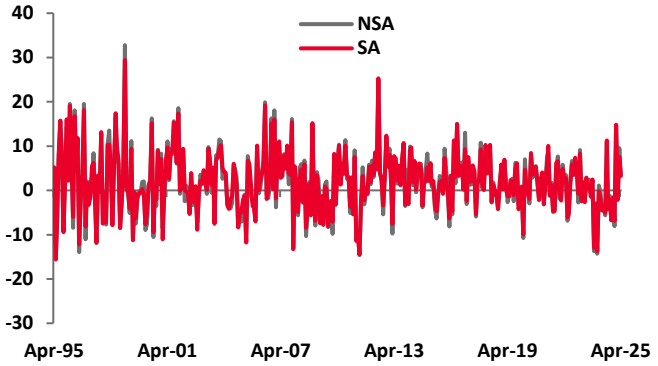
% y/y nsa, % y/y sa



Source: INEGI

Chart 2: Primary activities

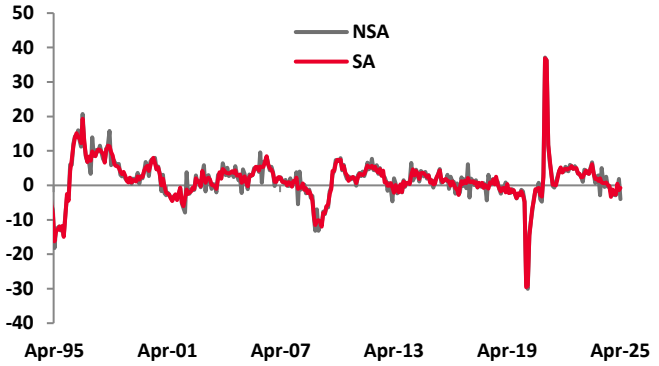
% y/y nsa, % y/y sa



Source: INEGI

Chart 3: Industrial production

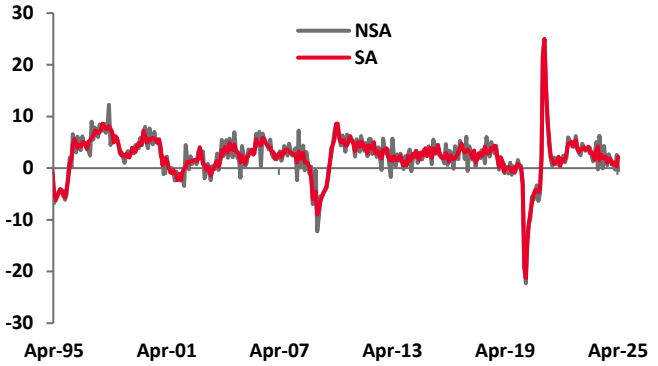
% y/y nsa, % y/y sa



Source: INEGI

Chart 4: Services

% y/y nsa, % y/y sa



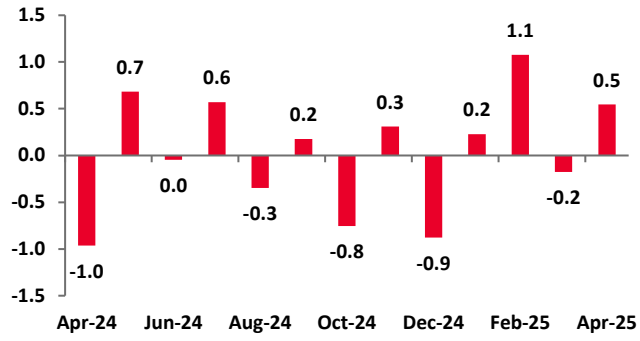
Source: INEGI

Table 2: GDP-proxy IGAE
% m/m sa, % 3m/3m sa

	% m/m			% 3m/3m		
	Apr-25	Mar-25	Feb-25	Feb-Apr'25	Jan-Mar'25	Dec'24-Feb'25
Total	**0.5**	**-0.2**	**1.1**	**1.0**	**0.4**	**-0.4**
Primary activities	**-3.7**	**4.3**	**2.5**	**6.5**	**6.1**	**1.3**
Industrial production	**0.1**	**-1.2**	**2.4**	**1.0**	**0.0**	**-1.1**
Mining	1.3	-2.6	0.1	-2.7	-3.1	-2.7
Utilities	0.1	-1.1	-0.4	-2.4	-2.7	-2.2
Construction	-2.0	0.4	3.1	2.2	0.4	-2.1
Manufacturing	0.7	-1.1	2.4	1.1	0.1	-0.9
Services	**0.9**	**-0.3**	**0.7**	**0.7**	**0.1**	**-0.2**
Wholesales	0.0	-0.3	1.3	-1.0	-2.1	-1.9
Retail sales	0.5	0.1	1.8	2.6	2.1	0.8
Transportation and logistics	1.2	0.3	-0.2	-0.2	-0.9	-1.1
Mass media	0.5	-0.4	-1.1	0.2	1.2	1.9
Financial services	1.9	-0.9	0.6	1.0	1.1	1.4
Real estate	0.3	0.1	0.0	0.1	0.1	0.1
Professional services	4.5	-6.6	6.3	6.2	5.7	4.0
Business support	1.6	2.3	3.1	6.2	3.6	0.5
Education	0.4	0.3	0.0	0.2	-0.2	-0.1
Healthcare	0.0	0.4	-0.2	0.3	0.6	0.9
Entertainment	4.3	-2.3	5.0	6.7	4.3	0.7
Lodging and restaurants	-0.8	-1.5	0.5	-1.2	-0.7	-0.3
Others	0.7	-0.3	-0.7	-0.8	-1.1	-1.3
Government services	-1.5	2.0	0.6	0.9	0.6	0.1

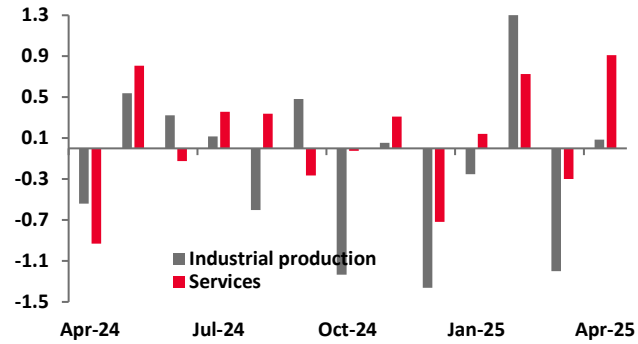
Source: INEGI

Chart 5: GDP-proxy IGAE
% m/m sa



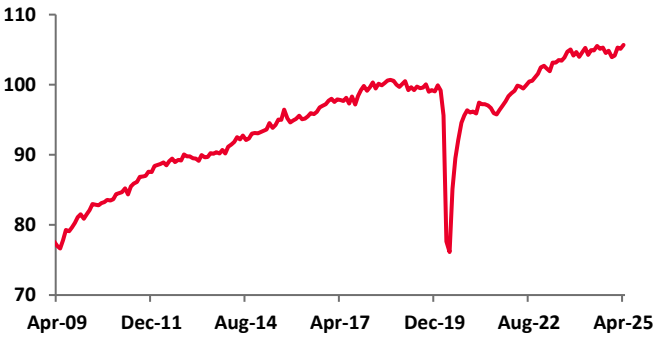
Source: INEGI

Chart 6: Industrial production and services
% m/m sa



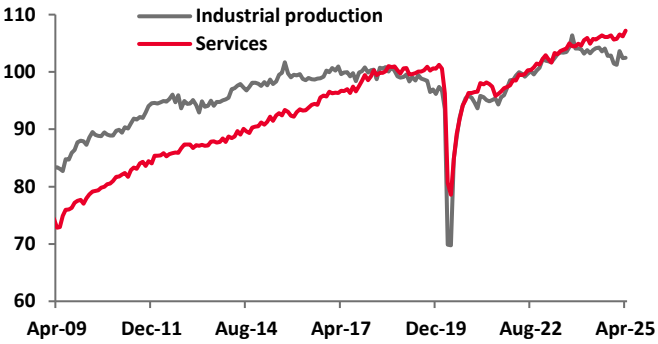
Source: INEGI

Chart 7: Global economic activity indicator
Index 100 = 2018, sa



Source: INEGI

Chart 8: Industrial production and services
Index 100 = 2018, 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 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, 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

Directory

Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438

Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 – 2250

Hugo Armando Gómez Solís
Senior Strategist, Equity
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296

Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904

Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430