

## Trade balance – Stabilization in May, but policy changes will continue influencing results

- Trade balance (May): US\$1,029.4 million; Banorte: US\$278.9mn; consensus: US\$365.0mn (range: US\$142.0mn to US\$2,100.0mn); previous: -US\$88.1mn
- Exports fell barely -0.3% y/y, with imports up 1.4%. In our view, trade flows kept responding to trade disruptions. Other cyclical factors also skewed the results, among them the performance of the Mexican peso and oil prices
- With seasonally adjusted figures, exports declined 0.5% m/m. Oil rebounded 5.2% despite falling prices. Non-oil contracted 0.7%. Specifically, manufacturing backtracked 0.6%, dragged by autos (-1.3%)
- Imports 0.3% m/m. Oil fell 12.6% but non-oil increased by 0.9%. Within the latter, intermediate goods (1.5%) recovered, albeit with losses in the remaining categories
- The main driver of flows year-to-date has been US trade policy, with its fallout expected to continue. However, new local initiatives have also had an influence, expecting that they will extend into the remainder of the year

**US\$1,029.4 million surplus in May in a relatively less volatile environment.** After four months of high volatility due to new tariffs of our main trading partner, today's result reflects a mild pause, with adjustments both in exports and imports. In our view, other factors also influenced flows, such as: (1) Relative Mexican peso strength against the dollar, averaging USD/MXN 19.45 (previous: 20.01); (2) a new decline in oil prices, with the Mexican oil mix averaging 57.39 US\$/bbl; (3) the recent Mexican regulation on imports of steel products, in effect since April 15<sup>th</sup>; and (4) a lower average tariff rate for auto exports to the US, although with a somewhat limited impact as it materialized shortly before the end of the month. In this backdrop, exports were down -0.3% y/y and imports went up 1.4% ([Chart 1](#)). For more details, see [Table 1](#). With these results, the twelve-month accumulated deficit stands at US\$1,713.4 million, with the oil component at -US\$15.4 billion and a surplus of US\$13.7 billion in non-oil ([Chart 2](#)).

**Sequential declines for both exports and imports.** Total shipments abroad contracted 0.5% and imports fell 0.3% ([Table 2](#)). Among the former, oil increased 5.2%, with prices down again. Meanwhile, imports in the same category declined by 12.6%. Moving to non-oil, exports were negative at 0.5%, extending April's losses. Specifically, we highlight manufacturing at -0.6%, with a large contraction in autos (-1.3%) which was consistent with timely data from industrial groups (AMIA and ANPACT). Agricultural goods and non-oil mining both fell by 2.6%. Non-oil grew 0.9%, reflecting adjustments by exporters which have injected volatility into intermediate goods in previous months. Thus, the latter came in at +1.5%. We also note capital goods, with their largest decline since January, at -1.8%.

**The country's new import policies will continue to influence the trade balance for the remainder of 2025.** At the start of 2025, the main driver of trade flows was US tariff policy. However, the Mexican government has implemented measures on imports, mainly since the end of 2024. These have likely had an impact on trade and on other areas, such as tax collection and FDI. Although it is not possible to clearly separate their effects, the country recorded a US\$2,038.1 million surplus year-to-date vs. a deficit of US\$4,460.7 million in the same period of 2024.



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Mexico's new import policies are varied. Among them: (1) the extension of zero tariffs on basic products in the context of the plan against inflation (PACIC); (2) protection and incentives for local industry in the context of *Plan Mexico* (e.g., textiles and pharmaceuticals); (3) revision of import figures (e.g., IMMEX, steel mills); (4) tightening of cross-border e-commerce; (5) adjustments to used car imports; and (6) increased customs revenue and phytosanitary controls, along with the relaxation of measures for the entry of agrochemicals and genetically modified corn. Among the potential effects, we believe that the clearest impact in the short term will be in e-commerce. We anticipate lower volumes of 'simplified' imports (parcel shipments) due to the limit of 10 per person a month, coupled with the application of a 17% tariff on imports above US\$50. Thus, the downward trend in consumer goods imports could continue or deepen. On the other hand, we do not rule out that investments associated with *Plan Mexico* may lead to higher capital goods imports.

Finally, it is very likely that any decision on trade by the US will have a meaningful impact on our trade balance. Thus, we remain attentive to the progress in autos and metallic industries (steel and aluminum), and to the start of meetings for the review/renegotiation of USMCA.

**Table 1: Trade balance**

% y/y nsa

	May-25	May-24	Jan-May'25	Jan-May'24
<b>Total exports</b>	<b>-0.3</b>	<b>5.4</b>	<b>3.4</b>	<b>4.4</b>
Oil	-35.2	15.7	-23.8	-0.9
Crude oil	-37.9	-5.9	-27.5	-7.2
Others	-29.5	123.0	-12.5	24.0
Non-oil	1.8	4.8	4.9	4.7
Agricultural	-6.6	-0.6	-3.5	8.4
Mining	36.6	50.5	30.6	0.0
Manufacturing	1.5	4.5	4.8	4.6
Vehicle and auto-parts	-9.0	1.1	-5.7	8.2
Others	7.4	6.5	10.7	2.7
<b>Total imports</b>	<b>1.4</b>	<b>1.4</b>	<b>0.8</b>	<b>3.4</b>
Consumption goods	-0.5	2.7	-4.2	7.4
Oil	58.3	-44.8	19.5	-48.8
Non-oil	-8.1	15.7	-7.4	25.5
Intermediate goods	4.0	0.3	3.4	1.4
Oil	17.5	-8.9	12.2	-24.1
Non-oil	3.2	1.0	2.9	3.7
Capital goods	-15.0	8.0	-11.5	14.6

Source: INEGI

**Table 2: Trade balance**

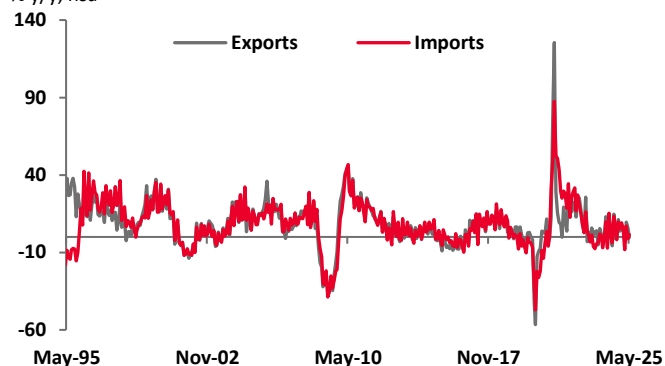
% m/m, % 3m/3m sa

	May-25	% m/m Apr-25	Mar-25	Mar-May'25	% 3m/3m Feb-Apr'25	Jan-Mar'25
<b>Total exports</b>	<b>-0.5</b>	<b>-0.9</b>	<b>3.4</b>	<b>3.1</b>	<b>2.2</b>	<b>0.9</b>
Oil	5.2	-16.6	8.8	2.5	-0.9	-12.1
Crude oil	-2.1	-23.0	13.3	-2.7	-4.3	-14.8
Others	23.6	5.6	-4.3	19.2	10.7	-2.4
Non-oil	-0.7	-0.2	3.2	3.2	2.3	1.5
Agricultural	-2.6	1.6	-3.0	-5.7	-4.1	2.2
Mining	-2.9	25.8	4.6	8.2	-1.9	-8.5
Manufacturing	-0.6	-0.7	3.4	3.4	2.7	1.7
Vehicle and auto-parts	-1.3	-4.8	7.9	3.1	0.3	-3.0
Others	-0.3	1.3	1.3	3.6	3.9	4.2
<b>Total imports</b>	<b>-0.3</b>	<b>1.2</b>	<b>4.4</b>	<b>3.1</b>	<b>-0.4</b>	<b>-1.4</b>
Consumption goods	-2.4	9.1	0.1	6.2	2.5	-1.7
Oil	-9.5	140.9	-26.8	28.3	5.6	-11.7
Non-oil	-0.8	-2.8	3.5	3.1	2.1	-0.4
Intermediate goods	0.3	-0.1	5.9	3.4	-0.3	-0.8
Oil	-14.1	23.6	0.6	11.0	12.7	9.2
Non-oil	1.5	-1.7	6.3	2.9	-1.1	-1.4
Capital goods	-1.8	-0.2	-1.4	-3.5	-5.4	-6.4

Source: INEGI

**Chart 1: Exports and imports**

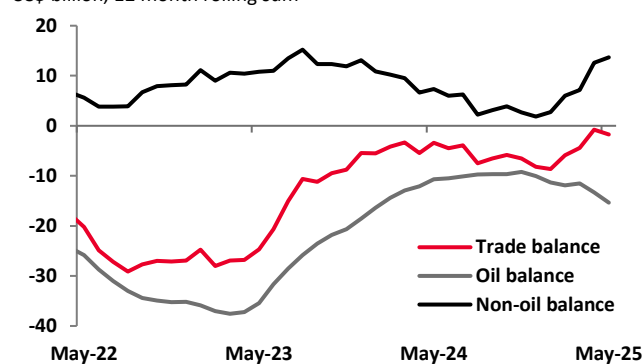
% y/y, nsa



Source: INEGI

**Chart 2: Trade balance**

US\$ billion, 12 month rolling sum



Source: INEGI

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