

July 11, 2025

Industrial production – Regaining some pace in May, driven by a rebound in construction

- Industrial production (May): -0.8% y/y nsa; Banorte: -1.9%; consensus: -1.9% (range: -2.7% to -1.2%); previous: -4.0%
- Industrial activity came in at 0.6% m/m, noting some momentum domestically. On the other hand, uncertainty prevailed for the external sector
- By sectors, construction advanced 2.8% m/m, supported by a recovery in edification. Manufacturing grew marginally (0.1%) as it faced a more challenging base effect and with 6 of its 21 items growing. In contrast, mining fell 1.1% despite additional advances in oil and gas
- Industrial production likely maintained a lateral performance in 2Q25, seeing some headwinds for June. However, we see a better outlook for construction in coming months, while we also expect manufacturing to show less volatility

Industry remains in negative territory in the annual comparison. Industry declined by -0.8% y/y in May (see [Chart 1](#)). Inside, figures were mixed. Mining had the largest decline at -8.4% ([Chart 2](#)), while construction was flat (0.0%), dragged by civil engineering. Manufacturing returned to positive, now at 0.5%. The period had two fewer working days, skewing some of these results. Thus, with seasonally adjusted data, industry recorded a more limited decline of -0.4% y/y. For more details, see [Table 1](#).

Monthly uptick driven by a relevant gain in construction. Industrial production came in at +0.6% m/m ([Chart 3](#)), adding two months higher. Overall, conditions were similar to those seen in April, with a complex external outlook, albeit now more associated with adjustments after tariff announcements. On the domestic front, some factors included a further appreciation of the Mexican peso, a decline in physical investment by the federal government, and an additional uptick in PPI, among others.

Construction advanced 2.8% ([Table 2](#)), aided in part by a base effect. Inside, edification led at 4.9%. Civil engineering fell 5.7%, explained by lower government spending in physical investment. Finally, 'specialized works' stood at 0.7%.

Manufacturing rose 0.1%. Throughout the period, no additional announcements were made about the trade relationship with the US, either advances or setbacks. However, the previous accumulation of inventories, along with a moderation in domestic sectors, could explain the performance of some sectors in the month. In detail, only 6 of the 21 categories expanded. We highlight that oil and carbon added a second month to the upside at 6.6%. More importantly, transportation increased 2.1%, in line with AMIA figures.

In contrast, mining contracted by 1.1%, not enough to erase last month's gain (+1.3%). Crude oil and gas production continued with its positive trend, supporting the oil component at 0.7%. Non-oil output fell by 2.7%, clashing with rising industrial metal prices. 'Related services' (-5.7%) maintained their characteristic volatility.

Industry will likely post a lateral move in 2Q25, awaiting a recovery in the second half of the year. Considering today's results, we believe that industry could see a slightly better outcome than in the previous quarter, although with headwinds in June still pointing to a somewhat muted result.



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Once again, this would be influenced by the shock caused by trade uncertainty with the US, as well as the relative moderation of other domestic sectors. However, we maintain our call of a trend change in 2H25. We believe that the recovery will be justified by a better outlook for construction (with public and private projects gaining momentum) and additional momentum in manufacturing as volatility declines and inventory distortions ease.

In a previous edition of our [View from the Top](#), we took an in-depth look at the projects that will boost construction for the rest of the year and in 2026. Continuing along the same lines, the announcement of a methanol plant in the state of Sonora was made at the beginning of the week. The project will be carried out by the company *Pacífico Mexinol* and involves an investment of US\$3.3 billion. It is classified as a megaproject, considering both its production volume and its implications in terms of reducing pollutant emissions. The plant will be built in the municipality of Topolobampo, making it the largest in the world, and will produce around 1.8 million metric tons of blue methanol and 350,000 metric tons of green methanol annually. Construction of the plant will begin shortly and should generate more than 3,000 jobs during that phase. Operations are scheduled to begin in 2029 and will involve 450 direct and indirect jobs.

On other issues, the announcement of the agreement between the US and Vietnam about tariffs (20% across the board) is indirectly favorable for Mexico in terms of its comparative advantage, specifically for manufacturing in the short-term. In this context, Secretary Marcelo Ebrard stated that *“...for Vietnamese products, entering the US market will cost them an average between 35 and 40%, while it will cost us an average of 6%...”*. Another issue is the fallout from other recent announcements regarding specific tariffs for a plethora of countries, with Mexico so far not added to the list.

Table 1: Industrial production

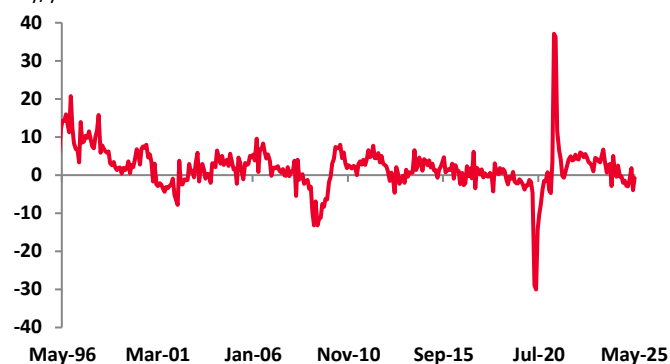
% y/y nsa, % y/y sa

	nsa				sa	
	May-25	May-24	Jan-May'25	Jan-May'24	May-25	May-24
Industrial Production	-0.8	1.0	-1.4	1.7	-0.4	0.6
Mining	-8.4	-5.2	-8.8	-3.6	-8.4	-5.2
Oil and gas	-6.3	-7.4	-9.2	-4.8	-6.3	-7.5
Non-oil mining	-7.2	2.1	-2.9	1.0	-7.3	1.9
Services related to mining	-34.4	-12.7	-27.8	-9.0	-34.0	-12.0
Utilities	-3.7	4.1	-1.7	0.7	-3.8	3.9
Construction	0.0	10.0	-1.6	10.9	-1.0	8.3
Edification	5.0	14.1	4.4	8.6	3.3	11.2
Civil engineering	-24.2	-1.5	-25.3	25.2	-23.7	-0.1
Specialized works for construction	1.8	2.9	0.4	5.6	1.9	2.6
Manufacturing	0.5	-0.7	0.0	0.2	1.4	-1.0
Food industry	0.5	0.6	0.2	-0.2	0.9	0.6
Beverages and tobacco	-1.9	3.1	-0.8	2.2	-1.7	4.0
Textiles - Raw materials	-7.3	-8.9	-4.6	-8.6	-5.2	-8.2
Textiles - Finished products ex clothing	-1.0	-6.6	-1.5	-4.7	-0.9	-5.7
Textiles - Clothing	-5.3	-11.0	-5.4	-9.1	-4.4	-9.6
Leather and substitutes	-10.7	-9.8	-6.0	-14.6	-9.3	-9.6
Woodworking	-11.8	-2.4	-6.1	-8.1	-11.0	-1.6
Paper	-1.1	-3.6	1.4	-5.4	-0.6	-3.7
Printing and related products	-0.6	-1.0	2.8	-1.7	0.6	-1.5
Oil- and carbon-related products	16.7	2.4	-1.6	10.7	16.9	3.1
Chemicals	-4.0	1.5	-3.5	3.8	-3.0	2.0
Plastics and rubber	-4.6	-0.6	0.6	-1.7	-3.1	-0.6
Non-metallic mineral goods production	-5.5	-2.9	-5.6	-2.9	-5.5	-2.8
Basic metal industries	-5.1	-3.9	-1.9	-3.4	-4.8	-3.4
Metal-based goods production	-4.7	-1.2	-1.3	-0.9	-2.8	-0.1
Machinery and equipment	0.5	-6.1	-1.2	-5.5	3.4	-6.8
Computer, communications, electronic, and other hardware	4.2	0.1	2.7	2.3	3.7	-0.6
Electric hardware	0.2	-1.4	3.0	-1.7	1.4	-1.1
Transportation equipment	-0.5	-1.2	-1.9	0.7	0.6	-2.8
Furniture, mattresses, and blinds	-4.0	-11.0	-2.6	-5.0	-2.4	-10.5
Other manufacturing industries	26.4	11.1	29.8	7.0	27.8	11.3

Source: INEGI

Chart 1: Industrial production

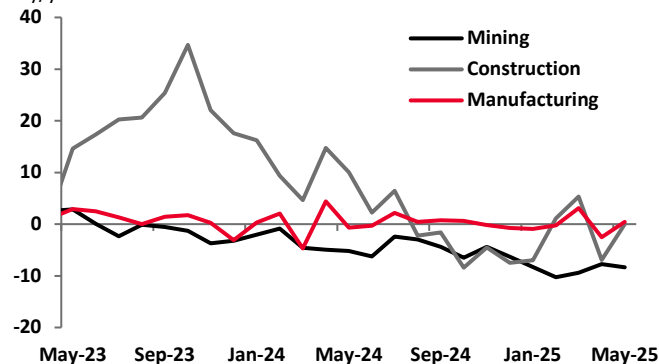
% y/y



Source: INEGI

Chart 2: Industrial production by sector

% y/y



Source: INEGI

Table 2: Industrial production

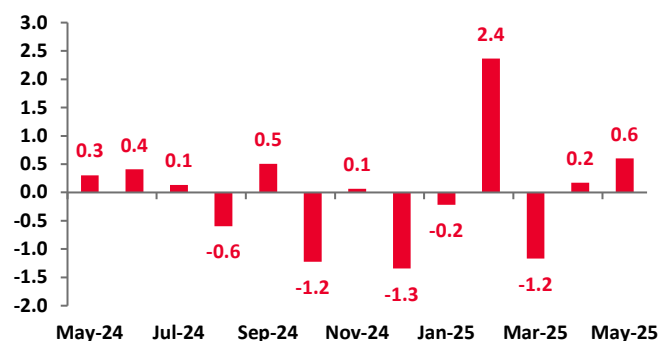
% m/m sa; % 3m/3m sa

	% m/m				% 3m/3m	
	May-25	Apr-25	Mar-24	Mar-May'25	Feb-Apr'25	Jan-Mar'25
Industrial Production	0.6	0.2	-1.2	0.6	1.0	0.1
Mining	-1.1	1.3	-2.6	-2.7	-2.8	-3.2
Oil and gas	0.7	1.7	-3.3	-1.6	-2.0	-3.4
Non-oil mining	-2.7	1.3	-5.4	-3.9	-0.5	0.6
Services related to mining	-13.7	6.7	0.1	-15.0	-20.3	-13.2
Utilities	0.4	0.2	-1.1	-1.4	-2.3	-2.5
Construction	2.8	-2.0	0.5	2.3	2.5	0.7
Edification	4.9	-3.7	0.3	2.3	2.5	0.4
Civil engineering	-5.7	2.8	-1.6	-1.8	-0.8	-2.6
Specialized works for construction	0.7	0.2	0.9	0.9	0.2	2.0
Manufacturing	0.1	0.8	-1.1	0.9	1.1	0.1
Food industry	0.1	0.0	0.0	0.6	0.6	0.3
Beverages and tobacco	-1.1	1.0	-1.7	-0.2	1.4	1.9
Textiles - Raw materials	-3.6	-0.3	0.2	-0.6	0.5	-0.6
Textiles - Finished products ex clothing	-2.5	2.3	-0.7	0.2	0.8	1.2
Textiles - Clothing	0.1	-0.7	-3.0	-2.9	-1.4	0.2
Leather and substitutes	-3.5	4.8	-4.3	-2.0	-1.3	-2.8
Woodworking	-2.4	-1.6	-5.1	-7.5	-5.0	-4.3
Paper	-1.1	1.2	-4.4	-2.5	-0.1	1.4
Printing and related products	-1.0	4.7	-6.5	-3.6	-1.5	-0.1
Oil- and carbon-related products	6.6	4.2	-2.6	3.0	4.3	3.8
Chemicals	1.0	-1.1	-3.0	-2.3	-0.8	0.6
Plastics and rubber	-2.1	1.0	-1.8	-0.9	0.6	1.3
Non-metallic mineral goods production	-1.3	1.3	-0.9	-0.4	-0.8	-2.0
Basic metal industries	-6.2	1.9	-2.7	-2.0	1.5	0.6
Metal-based goods production	-1.8	1.1	-5.7	-0.8	3.4	3.3
Machinery and equipment	0.2	0.4	2.0	4.1	3.2	-0.9
Computer, communications, electronic, and other hardware	-1.3	2.8	0.3	2.1	1.9	1.4
Electric hardware	-1.1	0.7	-2.0	-1.0	0.8	0.2
Transportation equipment	2.1	0.0	-1.1	1.5	-0.2	-2.2
Furniture, mattresses, and blinds	-1.7	0.1	-0.2	-0.8	-1.9	-2.0
Other manufacturing industries	-3.6	2.8	1.2	9.9	13.5	5.4

Source: INEGI

Chart 3: Industrial production

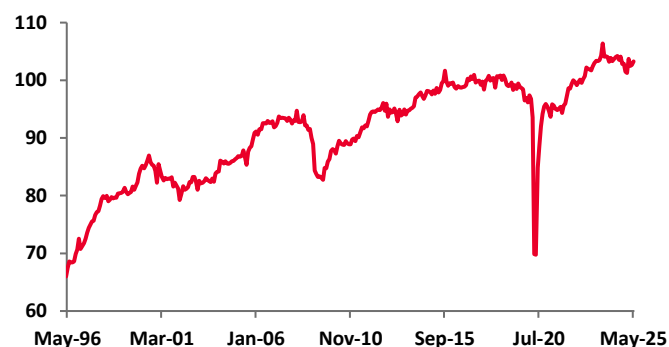
% m/m sa



Source: INEGI

Chart 4: Industrial production

Index sa



Source: INEGI

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