

August 11, 2025

Industrial production – Modest setback in June, but with manufacturing still to the upside

- Industrial production (June): -0.4% y/y nsa; Banorte: 0.2%; consensus: 0.2% (range: -1.0% to -0.5%); previous: -0.7%
- Industrial activity contracted by 0.1% m/m, with mixed signals inside and ending a two-month positive streak
- By sectors, manufacturing increased by 0.3%, with 10 of its 21 categories to the upside. On the contrary, construction declined by 0.3% m/m, dragged by edification. In addition, mining fell 1.4%, with a drop in oil production
- Performance was slightly lower than suggested by [preliminary GDP figures](#). As such, the deviation would warrant a downward revision for the headline figure by around 10bps to 0.6% q/q (0.0% a/a)
- For the second half of the year, we expect construction to gain momentum, with government spending being key. The outlook for manufacturing is more uncertain due to trade issues, but it could post a positive contribution at the margin

Modest decline in the annual comparison but with positive results in construction and manufacturing. Industry contracted 0.4% y/y in May (see [Chart 1](#)). However, it is important to note that the items with the greatest weight were positive ([Chart 2](#)). Construction advanced 1.7% –supported by edification– while manufacturing grew 0.7% –with a mixed performance within. Mining, meanwhile, recorded 24 months of declines, now at -8.6%, while public services came in at -3.7%. With seasonally adjusted figures, considering one additional working day vs. last year, industry fell 0.8% y/y. For more details, see [Table 1](#).

Sequential contraction despite a mixed performance inside. Industrial production declined by 0.1% m/m ([Chart 3](#)). Thus, two out of the three 2Q25 figures remained positive, which we believe is favorable considering prevailing conditions. Over the period, it was notable that: (1) Employment in various subsectors showed signs of cooling; (2) the extension of trade uncertainty, although more limited in scope for our country; and (3) mixed indicators regarding domestic performance.

Thus, manufacturing grew by 0.3% ([Table 2](#)). [Trade balance](#) data showed that external demand continues to be a significant driver. However, other categories more closely linked to the domestic sector have also been key in limiting volatility for total figure to a certain extent. In this context, 10 of the 21 categories grew, with oil and carbon standing out at 6.1% –adding three months with relevant expansions. Meanwhile, transportation contracted by 0.4%, contrasting with production figures for both light and heavy vehicles.

Construction came in at -0.2%, this after a strong advance in May (3.2%). Inside, edification was a drag at -0.3%, quite modest in our opinion when considering its previous expansion (5.4%). Civil engineering climbed 1.7%, contrasting with a further moderation in government spending on physical investment. ‘Specialized works’ decreased by 1.0%.

Mining declined by 1.4%. Crude oil and gas production contracted after two months of growth, causing the oil sector to fall by 0.5%. Non-oil output expanded by 2.4%, with industrial metal prices continuing to climb. ‘Related services’ fell by 13.6%, this after a sharp decline the previous month.



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Construction will likely gain greater prominence in 2H25, with manufacturing more mixed due to uncertainty. With today's figure, industrial production would have grown 0.7% q/q in 2Q25, lower by close to 10bps relative to the [preliminary GDP data for 2Q25](#). As such, this would be enough to change the result for the total for the period from +0.7% q/q to +0.6% (0.0% y/y).

Towards the second half of the year, we maintain our expectation of a change in trends within industrial production, driven by greater dynamism in construction, although with doubts persisting for manufacturing. Regarding the former, as we have already noted in other publications, we anticipate that tailwinds will outweigh the prevailing challenges. An essential element for this scenario is the acceleration of *Plan Mexico* and other specific goals of the current administration (e.g. housing). More importantly, we believe that greater dynamism could result from: (1) Government infrastructure projects that are already budgeted; (2) the opening up of mixed investment for construction works; and (3) the return of some functions to the *Ministry of Infrastructure, Communications, and Transportation* –possibly amplifying the impact of second point. In this regard, it should be noted that the private sector, as we have mentioned above, has positive expectations.

Regarding manufacturing, it is clear that this category will remain subject to trade measures imposed on our country by the US. We believe that the 90-day extension (until end of October) for the entry into force of the 30% tariff will cause uncertainty to prevail in terms of new investments at least in 3Q25 –and with it the volatility already seen in 1H25. On this, the Mexican government has confirmed that it will continue negotiations to reduce this rate and improve others that are currently being applied (autos, steel, aluminum, copper, and tomatoes). It is important to note that Economy Secretary, Marcelo Ebrard, stated that goods traded under the USMCA (as of July) represent 84.4% of commercial products with the US, which limits the impact of the generalized 25% tariff.

Finally, we remain attentive to labor demand across industry. In this regard, it is likely that a more defined trend will emerge as we move through the semester. Construction is expected to rebound, while the outlook for mining and manufacturing is more uncertain.

Table 1: Industrial production

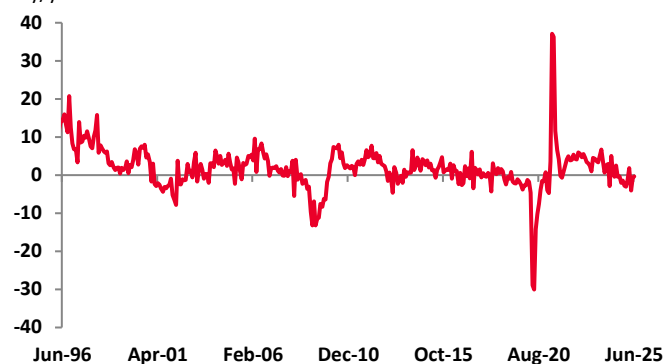
% y/y nsa, % y/y sa

| | nsa | | | | sa | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | Jun-25 | Jun-24 | Jan-Jun'25 | Jan-Jun'24 | Jun-25 | Jun-24 |
| Industrial Production | -0.4 | -0.4 | -1.3 | 1.3 | -0.8 | 0.6 |
| Mining | -8.6 | -6.3 | -8.8 | -4.0 | -8.5 | -6.2 |
| Oil and gas | -7.1 | -6.3 | -8.9 | -5.0 | -7.2 | -6.4 |
| Non-oil mining | -2.0 | 0.6 | -2.7 | 0.9 | -1.9 | 0.8 |
| Services related to mining | -41.6 | -23.4 | -30.1 | -12.0 | -40.2 | -21.8 |
| Utilities | -3.7 | 2.8 | -2.1 | 1.1 | -3.8 | 2.7 |
| Construction | 1.7 | 2.2 | -1.1 | 9.5 | 1.5 | 2.0 |
| Edification | 8.1 | 5.7 | 4.9 | 8.1 | 7.4 | 5.4 |
| Civil engineering | -20.0 | -3.8 | -24.6 | 19.3 | -21.1 | -6.3 |
| Specialized works for construction | 1.3 | -4.6 | 0.5 | 3.7 | 1.8 | -4.1 |
| Manufacturing | 0.7 | -0.3 | 0.1 | 0.1 | 0.0 | 1.3 |
| Food industry | 0.7 | -2.1 | 0.3 | -0.5 | 0.6 | -0.7 |
| Beverages and tobacco | -1.4 | 0.7 | -0.9 | 2.0 | -1.2 | 2.6 |
| Textiles - Raw materials | -5.9 | -9.1 | -4.8 | -8.7 | -7.4 | -6.3 |
| Textiles - Finished products ex clothing | 2.8 | -11.7 | -0.7 | -6.0 | 2.7 | -9.9 |
| Textiles - Clothing | -9.8 | -11.8 | -6.1 | -9.6 | -10.3 | -9.5 |
| Leather and substitutes | -7.2 | -15.5 | -6.2 | -14.8 | -7.4 | -14.1 |
| Woodworking | -11.6 | -6.3 | -7.1 | -7.8 | -12.2 | -3.4 |
| Paper | -1.6 | -2.1 | 0.9 | -4.9 | -1.4 | -0.5 |
| Printing and related products | -3.1 | -5.5 | 1.8 | -2.4 | -4.2 | -2.6 |
| Oil- and carbon-related products | 19.5 | 15.8 | 1.3 | 11.5 | 14.2 | 10.4 |
| Chemicals | -4.1 | 0.6 | -3.6 | 3.3 | -5.0 | 3.7 |
| Plastics and rubber | -1.1 | -0.4 | 0.3 | -1.5 | -3.0 | 1.8 |
| Non-metallic mineral goods production | -4.9 | -3.3 | -5.4 | -3.0 | -4.6 | -2.9 |
| Basic metal industries | 6.4 | -10.7 | -0.6 | -4.6 | 7.0 | -10.1 |
| Metal-based goods production | -4.3 | -2.1 | -1.8 | -1.1 | -5.3 | 0.1 |
| Machinery and equipment | 1.7 | -5.0 | -0.7 | -5.4 | 0.1 | -1.6 |
| Computer, communications, electronic, and other hardware | 4.0 | -1.6 | 2.9 | 1.6 | 3.9 | -0.7 |
| Electric hardware | 5.5 | -0.9 | 3.5 | -1.5 | 4.5 | 0.9 |
| Transportation equipment | -3.1 | 2.5 | -2.1 | 1.0 | -4.5 | 5.6 |
| Furniture, mattresses, and blinds | -0.3 | -5.6 | -2.2 | -5.1 | -2.0 | -3.6 |
| Other manufacturing industries | 16.6 | 18.1 | 27.4 | 8.9 | 16.7 | 20.2 |

Source: INEGI

Chart 1: Industrial production

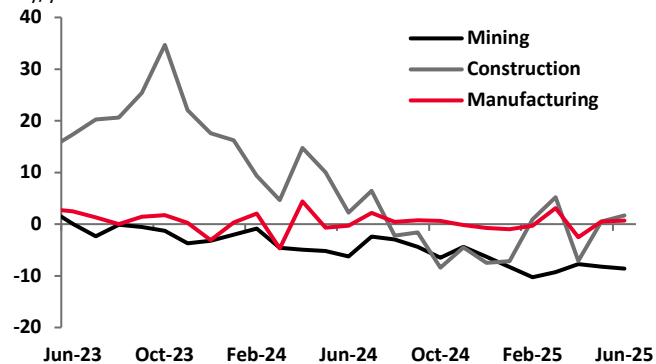
% y/y



Source: INEGI

Chart 2: Industrial production by sector

% y/y



Source: INEGI

Table 2: Industrial production

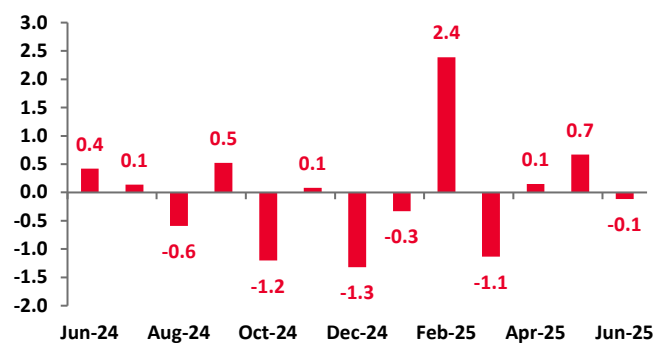
% m/m sa; % 3m/3m sa

| | % m/m | | | % 3m/3m | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | Jun-25 | Apr-25 | Mar-24 | Apr-Jun'25 | Mar-May'25 | Feb-Apr'25 |
| Industrial Production | -0.1 | 0.7 | 0.1 | 0.6 | 0.6 | 1.0 |
| Mining | -1.4 | -1.1 | 1.2 | -1.8 | -2.7 | -2.9 |
| Oil and gas | -0.5 | 0.7 | 1.7 | 0.1 | -1.6 | -2.0 |
| Non-oil mining | 2.4 | -2.4 | 1.2 | -2.4 | -3.4 | -0.7 |
| Services related to mining | -13.6 | -14.0 | 5.1 | -13.1 | -15.5 | -20.7 |
| Utilities | -0.2 | 0.4 | 0.2 | -0.5 | -1.4 | -2.3 |
| Construction | -0.2 | 3.2 | -2.1 | 1.4 | 2.5 | 2.4 |
| Edification | -0.3 | 5.4 | -3.1 | 2.4 | 3.6 | 3.1 |
| Civil engineering | 1.7 | -5.2 | 2.9 | -1.0 | -1.0 | -0.4 |
| Specialized works for construction | -1.0 | 0.5 | -0.2 | 0.0 | 0.6 | 0.1 |
| Manufacturing | 0.3 | 0.1 | 0.8 | 1.1 | 1.0 | 1.3 |
| Food industry | -0.1 | 0.2 | 0.0 | 0.3 | 0.6 | 0.6 |
| Beverages and tobacco | -0.1 | -1.1 | 0.9 | -0.8 | -0.2 | 1.3 |
| Textiles - Raw materials | -0.4 | -3.6 | -0.4 | -2.5 | -0.9 | 0.3 |
| Textiles - Finished products ex clothing | 1.6 | -2.2 | 2.4 | 0.9 | 0.4 | 0.9 |
| Textiles - Clothing | -3.3 | 0.3 | -1.2 | -4.3 | -3.4 | -1.8 |
| Leather and substitutes | -0.3 | -3.7 | 4.8 | -0.3 | -2.0 | -1.3 |
| Woodworking | 0.1 | -2.5 | -1.6 | -6.0 | -7.5 | -5.0 |
| Paper | -0.5 | -1.0 | 1.1 | -2.2 | -2.5 | -0.1 |
| Printing and related products | -4.6 | -1.0 | 4.1 | -2.0 | -3.7 | -1.7 |
| Oil- and carbon-related products | 6.1 | 6.7 | 4.4 | 11.4 | 4.4 | 5.2 |
| Chemicals | -1.6 | 1.0 | -1.2 | -2.6 | -2.4 | -0.9 |
| Plastics and rubber | 1.1 | -2.2 | 1.0 | -1.4 | -0.9 | 0.6 |
| Non-metallic mineral goods production | 0.5 | -1.3 | 1.3 | 0.1 | -0.4 | -0.8 |
| Basic metal industries | 4.9 | -6.5 | 1.9 | -2.3 | -2.0 | 1.6 |
| Metal-based goods production | -1.0 | -1.9 | 0.9 | -2.8 | -1.1 | 3.2 |
| Machinery and equipment | 1.2 | 0.2 | 0.4 | 4.2 | 4.1 | 3.2 |
| Computer, communications, electronic, and other hardware | 0.7 | -1.3 | 2.9 | 2.4 | 2.2 | 2.0 |
| Electric hardware | 2.3 | -0.9 | 0.9 | 0.5 | -0.6 | 1.1 |
| Transportation equipment | -0.4 | 2.1 | 0.0 | 1.6 | 1.5 | -0.2 |
| Furniture, mattresses, and blinds | 1.2 | -1.8 | 0.1 | -0.6 | -0.7 | -1.7 |
| Other manufacturing industries | -2.8 | -3.5 | 2.7 | 6.4 | 9.6 | 13.1 |

Source: INEGI

Chart 3: Industrial production

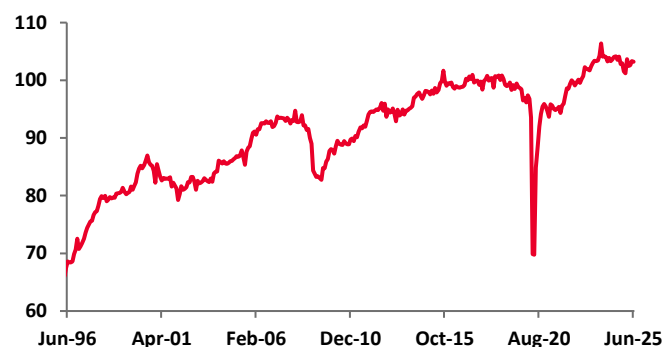
% m/m sa



Source: INEGI

Chart 4: Industrial production

Index sa



Source: INEGI

Analyst Certification.

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|------|---|
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| 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. |

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