

Trade balance – Uncertainty about US tariffs likely kept distorting flows in July

- Trade balance (July): -US\$16.7 million; Banorte: -US\$477.2mn; consensus: US\$750.0mn (range: -US\$825.0mn to US\$2,485.0mn); previous: US\$514.4mn
- Exports grew 4.0% y/y, with imports up 1.7%. Flows were partly driven by a slight uptick in oil prices and a further appreciation of the Mexican peso. In addition, the US announced a 30% tariff on Mexican goods starting August 1st during the period (which was postponed at the end of the month), which may also have skewed flows
- Seasonally adjusted figures show that exports were unchanged (0.0% m/m). Oil outflows rebounded by 2.0% and non-oil flows declined 0.6%. In the latter, losses were widespread, with manufacturing down 0.7% –dragged by autos–
- Imports climbed 0.7% m/m. Oil inflows fell 2.2%, with non-oil at +0.9%. Among the latter, positive rates stood out for consumer (4.6%) and capital goods (6.0%)
- We expect trade to remain relatively positive, with tariff uncertainty triggering more volatility in some months. In addition, we remain attentive to new local import laws

Moderate deficit of US\$16.7 million in July. Several countries around the world raced against the clock during the month to sign a trade agreement with the US. In Mexico, it was not until the end of the month that a 90-day extension was announced for the entry into force of 30% tariffs (which would replace the current 25% rate). Other factors also determined trade flows for our country, including: (1) A slight increase in oil prices, with the Mexican mix averaging US\$63.8/bbl (previous: 62.7); (2) a further appreciation of the Mexican peso against the dollar, averaging USD/MXN 18.70 (previous: 19.06); and (3) the entry into force of a 17.1% tariff on fresh tomatoes exported to the US. In this context, exports came in at +4.0% y/y, with imports more modest at +1.7% ([Chart 1](#)). For more details, see [Table 1](#). With these results, the cumulative deficit during the last twelve months stood at US\$4,988.9 million, with the oil component at -US\$23.0 billion and a surplus of US\$18.0 billion in the non-oil sector ([Chart 2](#)).

Mixed results in the sequential comparison. Shipments abroad were unchanged at 0.0% m/m, while imports climbed by 0.7% ([Table 2](#)). The oil component was mixed. Exports rebounded 20.0%, facing a relatively favorable base effect. Meanwhile, inflows fell 2.2%, dragged down by intermediate goods (-5.5%). In non-oil, results were opposite, with exports down 0.6%, highlighting the contraction in manufacturing (-0.7%). Inside, auto exports fell 4.4% –contrasting with timely data from automotive industry groups (AMIA)– while ‘others’ climbed by 1.1%. Meanwhile, agricultural shipments expanded by 3.4%, so far not showing a relevant effect from the new US tariff on fresh Mexican tomatoes. Finally, non-oil imports grew 0.9%, with increases in consumer (4.6%) and capital goods (6.0%), the latter breaking with seven months of declines. Finally, intermediate goods reverted lower at -0.3%.

We expect trade to remain relatively positive, with tariff uncertainty triggering greater volatility. According to the Ministry of Economy, around 85% of Mexican goods exported to the US are currently duty-free as they comply with USMCA rules. In addition, there are signs that the advantages from regional integration will continue to prevail over bilateral trade uncertainty, tipping the balance in favor of our goods. We believe this can be explained by two simple reasons: (1) In the short-term, established processes, contracts, and production times have room to absorb disruptions and expenses related to substitution in their supply chains; and (2) the view that Mexico will continue to have a better position in terms of tariffs in the medium-term compared to the rest of the world.



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In the same vein, the *Mexican Council for Foreign Trade, Investment, and Technology* (COMCE in Spanish) estimates that Mexico will continue to be the US' main trading partner, with its share of US imports reaching up to 19% in the next three years (current: 15.0%). Its Executive President, Sergio Contreras, mentioned that *"...we have figures that support the fact that the US economy and industry need Mexico to compete successfully in global markets..."*.

This does not mean that trade negotiations between Mexico and the US are irrelevant, with several active fronts. Among them, the US government decided to withdraw from the agreement to suspend the anti-dumping investigation on imports of fresh Mexican tomatoes, resulting in a 17.1% tariff. In response, the Ministries of Economy and Agriculture and Rural Development announced this month the implementation of minimum export prices for tomatoes in order to avoid market disruptions, especially in terms of domestic supply. The National Agricultural Council mentioned in a press release that this decision *"...is key to protecting domestic producers and exporters, preserving more than 400,000 direct jobs, and maintaining stability in a strategic market such as the US."*

As we have mentioned previously, changes to Mexican import laws will also impact flows, mainly in consumer goods. We identify the following drivers for imports in the short term: (1) The decree for the protection of the footwear industry; (2) the definition of the entry into force or cancellation of the Automatic Export Notice; and (3) the new IMMEX 4.0 import scheme. About the former, the decree prohibits purchasing footwear from abroad under the IMMEX program, aiming to eliminate the conditions that put local production at a disadvantage. Economy Secretary Marcelo Ebrard stated that *"...we are going after this technical contraband because if we cannot protect footwear, then what can we expect from other industries such as steel, toys, and furniture..."*. In light of this ban, companies importing shoes and other footwear will have to pay a 25% tax.

Table 1: Trade balance

% y/y nsa

	Jul-25	Jul-24	Jan-Jul'25	Jan-Jul'24
Total exports	4.0	14.2	4.3	4.3
Oil	-23.0	-12.9	-24.5	-6.6
Crude oil	-25.6	-24.1	-29.3	-13.2
Others	-15.3	56.9	-9.5	22.5
Non-oil	5.2	15.8	5.8	4.9
Agricultural	-5.6	6.2	-7.5	8.5
Mining	22.1	33.7	22.1	6.3
Manufacturing	5.3	15.9	6.1	4.8
Vehicle and auto-parts	-7.0	7.2	-4.5	6.6
Others	11.7	21.1	11.9	3.8
Total imports	1.7	14.7	0.5	5.5
Consumption goods	0.4	23.8	-7.5	16.3
Oil	-13.8	-0.1	-21.8	-5.5
Non-oil	3.4	30.4	-4.1	23.0
Intermediate goods	2.5	13.7	3.4	2.8
Oil	-3.5	3.4	-0.4	-11.0
Non-oil	2.9	14.6	3.7	4.0
Capital goods	-2.1	8.7	-9.7	10.5

Source: INEGI

Table 2: Trade balance

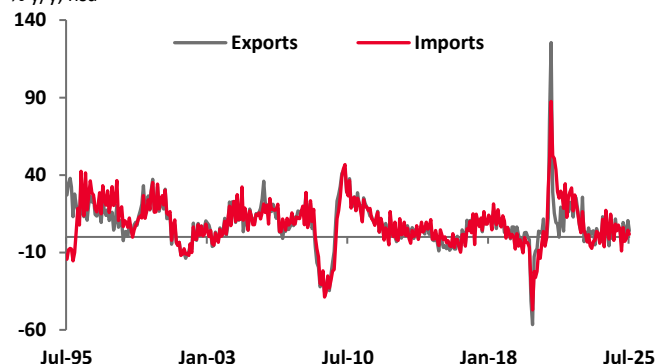
% m/m, % 3m/3m sa

	Jul-25	% m/m Jun-25	May-25	May-Jul'25	% 3m/3m Apr-Jun'25	Mar-May'25
Total exports	0.0	1.6	-0.5	1.2	1.9	3.3
Oil	20.0	-25.3	2.6	-15.9	-9.8	1.7
Crude oil	32.3	-27.2	-5.9	-23.6	-18.2	-3.3
Others	-3.2	-21.4	25.6	7.7	16.3	18.0
Non-oil	-0.6	2.6	-0.6	1.9	2.3	3.4
Agricultural	3.4	-1.5	-1.4	-0.3	-4.0	-5.4
Mining	-3.7	-4.9	-2.8	9.0	20.6	8.2
Manufacturing	-0.7	3.0	-0.5	1.9	2.2	3.6
Vehicle and auto-parts	-4.4	6.0	-1.3	0.4	0.7	3.2
Others	1.1	1.6	-0.2	2.6	2.9	3.8
Total imports	0.7	0.5	-0.9	1.7	2.2	2.2
Consumption goods	4.7	1.0	-3.3	4.8	6.6	1.6
Oil	5.4	-16.7	-15.2	9.2	31.6	-10.1
Non-oil	4.6	4.7	-0.3	4.0	2.4	4.1
Intermediate goods	-0.7	0.5	-0.3	1.3	1.9	3.0
Oil	-5.5	4.9	-20.4	-8.3	6.1	4.7
Non-oil	-0.3	0.2	1.4	2.1	1.6	2.8
Capital goods	6.0	-0.2	-1.6	-0.2	-2.0	-3.1

Source: INEGI

Chart 1: Exports and imports

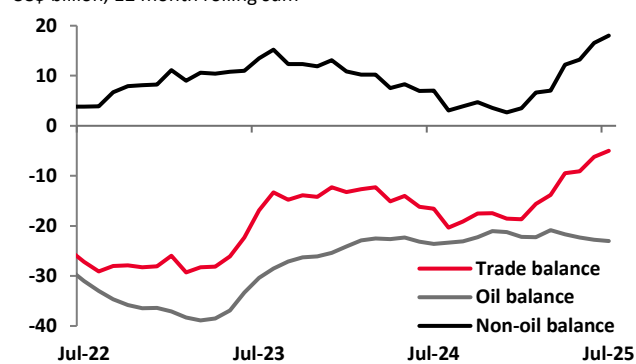
% y/y, nsa



Source: INEGI

Chart 2: Trade balance

US\$ billion, 12 month rolling sum



Source: INEGI

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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 Thalia 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.

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