

Domestic demand – Mixed performance in June, with consumption ticking higher

- Gross fixed investment (June): -6.4% y/y (nsa); Banorte: -5.1%; consensus: -4.6% (range: -5.7% to -2.1%); previous: -6.6%
- Private consumption (June): 1.6% y/y (nsa); Banorte: 0.8%; consensus: 0.9% (range: -1.4% to 1.3%); previous: -1.1%
- Investment backtracked 1.4% m/m. Results were negative, with construction down 0.8% and impacted by the residential component. Machinery and equipment backtracked 1.6%, with losses in both categories
- Consumption expanded 0.8% m/m, with a favorable base effect and widespread gains. The domestic component was unchanged at 0.0% –with goods climbing– while the imported branch grew 4.9%
- Domestic demand will remain the main driver of the economy, with fundamentals support behind consumption, but with investment still affected by prevailing uncertainty

Investment reverts down in June. In the annual comparison, gross fixed investment contracted 6.4% y/y ([Chart 1](#)). Inside, machinery and equipment came in at -9.7%, highlighting the decline in the domestic component (-14.2%). Construction remained negative at -3.2%, albeit improving at the margin. Inside, the drag was still from non-residential (-13.7%). With seasonally adjusted figures the total was slightly lower at -6.8% y/y, with an additional working day vs. the previous year. For more details, see [Table 1](#).

Sequentially, investment fell 1.4% m/m ([Chart 3](#)), erasing the +1.2% gain of the previous month. Construction backtracked 0.8% –weaker than the [industrial production](#) report. Weakness centered in the residential component (-2.0%), with the non-residential (0.7%) facing a more favorable base effect. Meanwhile, machinery and equipment contracted 1.6%, with declines in both the imported (-0.5%) and domestic (-3.3%) categories. For more information, see [Table 2](#).

Sequential rebound in consumption. This is only the second positive figure in annual terms so far this year, at 1.6% y/y ([Chart 5](#)). Seasonally adjusted figures posted a more limited increase of 1.1% ([Table 3](#)). Fundamentals showed a slightly positive bias. In the [labor market](#), job creation accelerated to 201.9 thousand, maintaining a positive trend in wages. [Remittances](#) remained above US\$5 billion, although with a very challenging base effect in the annual comparison as June 2024 is the historical high. Finally, [consumer credit](#) was more lateral. In this context, imported goods grew 8.2%, while the domestic total expanded 0.6% –driven by services (1.7%).

In the monthly comparison, consumption increased 0.8% ([Chart 7](#)). The domestic sector was unchanged (0.0%), with gains in goods (0.3%) but with services lower (-0.1%). Imported goods accelerated to 4.9%, likely helped by Mexican peso strength during much of 2Q25 ([Table 4](#)). Despite this, we remain attentive to see if a faster trend materializes going forward.

Domestic demand will likely gain momentum toward the end of the year. We anticipate a relatively mixed performance in 3Q25, with a more encouraging outlook for the last quarter. Headwinds are more evident for investment, with the expected path for consumption fundamentals allowing us to anticipate positive rates for the rest of the year. Thus, we believe that domestic demand will consolidate its role as the main driver of the economy this year.



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In detail, uncertainty for investment on the external front remains present. Specific plans in different sectors are key for this component to overcome this episode. In this backdrop, private projects have recently been announced in sectors such as pharmaceuticals, food manufacturing, retail, transportation, etc. In our view, this reflects certain confidence that Mexico will end up relatively well positioned on trade restrictions with the US, including the aftermath of the USMCA review. In this respect, the latest FDI figures reflect significant interest in manufacturing, financial services, construction, and mining (in order of importance), reaching US\$34.3 billion up to 2Q25 (+10.2% y/y) –of which US\$3.1 billion is new investment. For a more detailed analysis about USMCA, please refer to the latest episode of our podcast [Norte Económico](#) (available only in Spanish). In turn, government investment will continue to be formalized with various construction projects (e.g. railway projects, highway plans, water works, etc.). We must also add other potential tailwinds, including the extension of Banxico's rate cutting cycle, now anticipating a terminal rate of 6.50% by the end of 1Q26, as well as a favorable exchange rate that will help to boost imports of machinery and equipment.

On consumption, we developed our outlook more extensively in the latest edition of our document, [View from the Top](#). In summary, we maintain a favorable view considering the usual dynamism of this component at the end of the year, with fundamentals playing a supporting role in the second half. Both employment and remittances will tend to stabilize, allowing households to consume with greater confidence and consolidate a more sustained spending trajectory.

Gross fixed investment

Table 1: Gross fixed investment

% y/y nsa

	nsa				sa	
	Jun-25	Jun-24	Jan-Jun'25	Jan-Jun'24	Jun-25	Jun-24
Total	-6.4	-0.7	-6.9	7.8	-6.8	1.3
Construction	-3.2	0.6	-5.4	9.9	-3.3	0.4
Residential	12.0	2.8	8.2	5.4	11.8	2.7
Non-residential	-13.7	-0.9	-15.9	13.6	-13.8	-1.3
Machinery and equipment	-9.7	-2.0	-8.4	5.6	-11.4	3.2
Domestic	-14.2	6.0	-6.8	2.7	-13.2	9.9
Transportation Equipment	-16.3	11.3	-7.9	11.4	-15.5	15.3
Other machinery and equipment	-11.7	0.8	-5.5	-5.2	-11.4	3.8
Imported	-6.4	-7.1	-9.5	7.6	-9.6	-0.6
Transportation Equipment	-15.8	3.7	-17.1	29.6	-14.8	5.9
Other machinery and equipment	-4.6	-8.9	-8.2	4.4	-8.1	-1.8

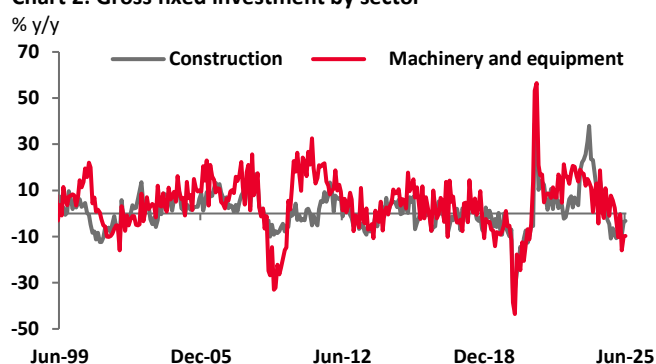
Source: INEGI

Chart 1: Gross fixed investment



Source: INEGI

Chart 2: Gross fixed investment by sector



Source: INEGI

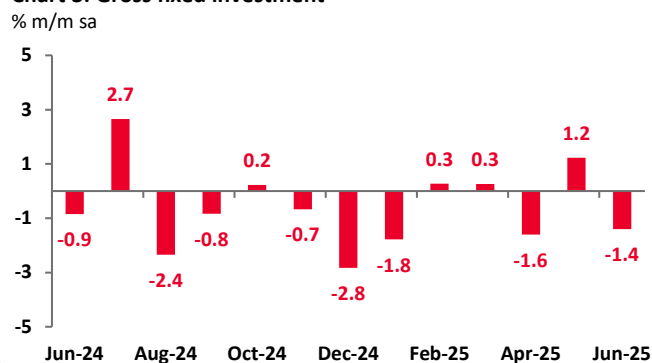
Table 2: Gross fixed investment

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

	% m/m				% 3m/3m	
	Jun-25	May-25	Apr-25	Apr-Jun'25	Mar-May'25	Feb-Apr'25
Total	-1.4	1.2	-1.6	-1.0	-0.8	-2.2
Construction	-0.8	1.8	-1.0	1.2	1.8	0.9
Residential	-2.0	8.2	-5.2	2.1	4.9	4.9
Non-residential	0.7	-3.9	2.4	-0.4	-1.9	-2.9
Machinery and equipment	-1.6	0.1	-2.1	-3.6	-3.8	-5.5
Domestic	-3.3	3.1	-2.7	-2.9	-3.7	-5.6
Transportation Equipment	-3.1	5.5	-5.1	-6.2	-8.5	-9.4
Other machinery and equipment	-4.8	0.9	0.0	0.2	1.2	-1.3
Imported	-0.5	-1.5	-1.5	-3.2	-2.9	-4.7
Transportation Equipment	4.4	-13.5	10.2	-1.6	-8.8	-8.5
Other machinery and equipment	-1.1	0.1	-2.4	-3.1	-2.0	-4.1

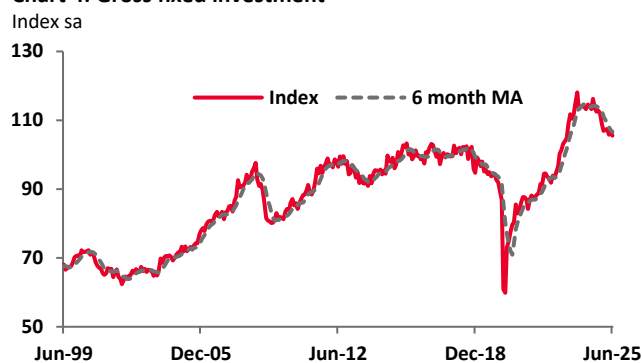
Source: INEGI

Chart 3: Gross fixed investment



Source: INEGI

Chart 4: Gross fixed investment



Source: INEGI

Private consumption

Table 3: Private consumption

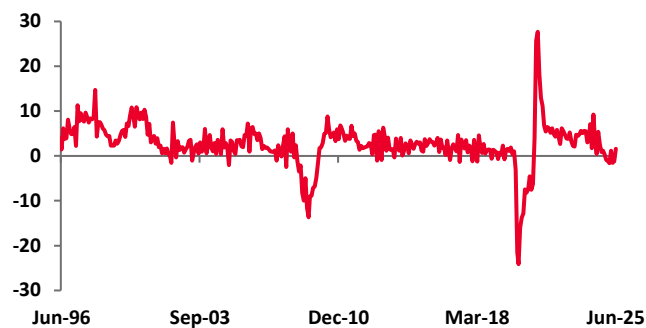
% y/y nsa

	nsa				sa	
	Jun-25	Jun-24	Jan-Jun'25	Jan-Jun'24	Jun-25	Jun-24
Total	1.6	0.5	-0.5	4.1	1.1	2.4
Domestic	0.6	0.1	0.7	1.4	0.5	1.6
Goods	-0.5	-1.1	-0.1	0.4	-0.7	1.4
Durables	0.1	9.9	3.3	13.0	-	-
Semi-durables	-0.6	-1.8	0.6	-0.7	-	-
Non-durables	-0.5	-2.4	-0.7	-1.0	-	-
Services	1.7	1.4	1.5	2.4	1.7	1.8
Imported goods	8.2	2.6	-5.3	22.2	4.4	9.2
Durables	0.5	-1.3	-10.2	22.4	-	-
Semi-durables	3.9	13.0	-2.8	27.7	-	-
Non-durables	14.5	0.8	-3.2	19.7	-	-

Source: INEGI

Chart 5: Private consumption

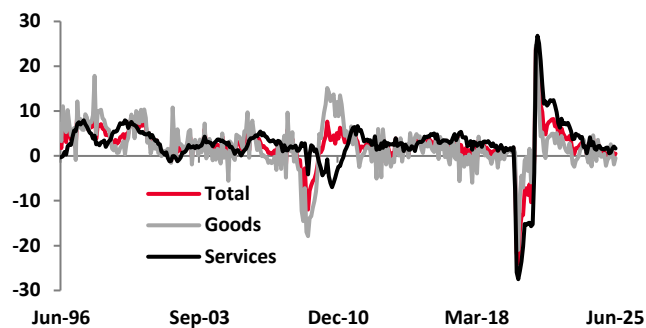
% y/y



Source: INEGI

Chart 6: Domestic consumption: Goods and services

% y/y



Source: INEGI

Table 4: Private consumption

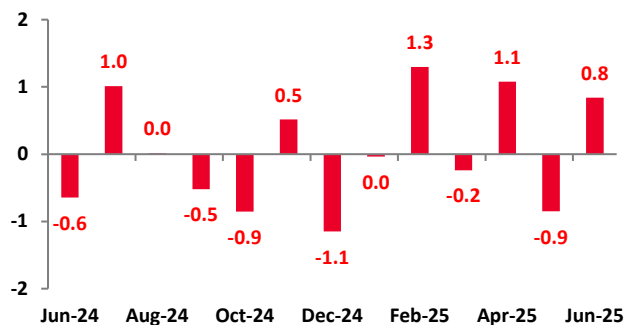
% m/m sa; % 3m/3m sa

	% m/m				% 3m/3m	
	Jun-25	May-25	Apr-25	Apr-Jun'25	Mar-May'25	Feb-Apr'25
Total	0.8	-0.9	1.1	1.1	1.0	1.1
Domestic	0.0	-1.2	1.3	0.6	0.8	1.1
Goods	0.3	-2.4	1.6	0.4	1.1	1.5
Services	-0.1	0.1	0.7	0.5	0.4	0.6
Imported goods	4.9	0.5	-0.4	2.8	2.0	1.3

Source: INEGI

Chart 7: Private consumption

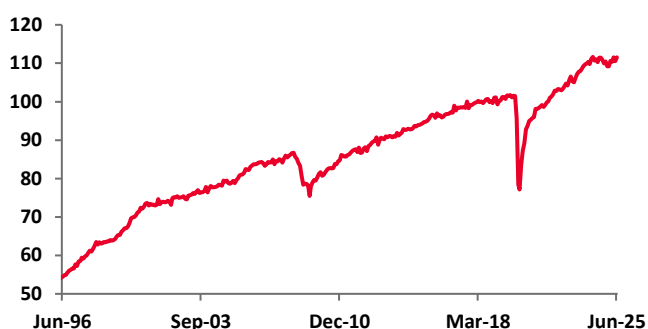
% m/m sa



Source: INEGI

Chart 8: Private consumption

Index sa



Source: INEGI

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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