



# **Mexico Economic Profile**

**First Bimester of 2024**

Timely Macroeconomic Report  
for Decision Making

February 2024

# Economic Profile of Mexico

## First Bimonthly Report of 2024

2024 is an electoral year and the last year of the current government. The economy is no stranger to these events. There is growing public spending in order to support social programs and complete the emblematic projects of this government. As a result, the largest public deficit (5% of GDP) in recent decades is expected. Despite this, economic expectations are moderately optimistic: economic growth of between 2 and 3%, downward inflation (around 4%) and fundamental balances in order. The official forecast is that 2024 will be just as good as 2023 (3.2% growth). However, an atypical year is to be expected, for several reasons: one, the government seeks to influence growth and also elections; two, the famous nearshoring (which has encouraged all kinds of good expectations) is not a reality yet and there is no certainty that it will really become a detonator of sustained economic growth in Mexico; three, at the end of 2023 an economic slowdown was observed that has lasted until the first months of 2024. At the end of the day, economic and political performance will depend on the government, political forces and, above all, citizens.

**Economic Slowdown in Progress.-** The Mexican economy experienced a clear slowdown in the fourth quarter of 2023 (2.5% vs. 3.5% in the previous quarter). This slowdown persists in the first months of 2024. Timely indicators let us estimate a growth of 2% for the first quarter of 2024. These results are in line with the pessimistic forecasts of the private sector (2.4%) and far from the official forecasts (3%). But the year is beginning and a lot can happen in the following months.

**Inflation continues to decline.-** After two long years of anti-inflationary struggle, inflation is declining with some ups and downs. In December it stood at 4.7% and in February it fell to 4.4%, already very close to the Central Bank's institutional goal (3%+/-1). As recalled, inflation derived from an explosion in global demand, imbalances in production chains due to Covid-19 and the spike in the price of energy and food. In Mexico, two anti-inflation programs and a gasoline subsidy helped contain inflation. Inflation is expected to gradually return to historical levels (2-4%) in 2024.

**Job creation remains healthy.-** After the enormous loss of formal jobs in 2020 (-648 thousand), a rapid recovery in jobs was observed in 2021 (+846 thousand), 2022 (+753 thousand) and 2023 (+651 thousand). In February 2024, the annual job creation was 629 thousand. For its part, the unemployment rate remains low: it closed the year at 2.6% and in February it fell to 2.5%. Meanwhile, minimum wages gained purchasing power, despite inflation, and this contributed to temporarily improving the wage bill and reinforcing consumption.

# Economic Profile of Mexico

## First Bimonthly Report of 2024

**Pressure on public finances.-** In contrast to 2023, in 2024 less revenues (21.9% GDP) and more expenses (26.9% GDP) are expected and, therefore, a greater deficit that goes from -3.3% to -5% of GDP . Spending pressures in an election year (resources for emblematic projects and for social support) result in a departure from fiscal discipline and therefore in a greater deficit and greater debt. In the first two months of 2024, these pressures are not yet evident, but as the year goes by, the deficit will grow and, in parallel, the debt will grow. This stood at 45.6% of GDP in February 2024.

**Financing to the Private Sector continues to be slowed.-** Despite efforts to boost it, financing to the private sector suffered a severe decline in 2021 and a more moderate one in 2022 and 2023. In the fourth quarter of 2023, the annual decline (-1% ) is explained by a drop in financing for companies (-5.2%) and by a recovery in financing for housing (1.8%) and consumption (11.8%). All in a context of high but stable interest rates (they are around 11% at the end of 2023 and beginning of 2024), which will continue to slow down financing.

**International Trade begins to reactivate.-** After a year of stagnation, in 2024 there are signs that Mexico's international trade is reactivating. This is relevant, because export income along with remittances have been consolidated as sources of foreign currency and have contributed to accumulating international reserves (they close at 212.8 Bn in 2023 and reach 213.7 Bn in February 2024). In parallel, the evolution of foreign investment – especially direct investment – has been favorable (amounted to 29.6 billion dollars in 2023) and is indicative of the gradual progress in the relocation of companies into Mexico (nearshoring).

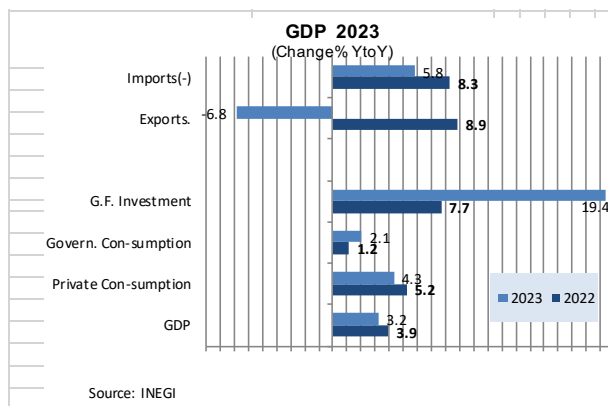
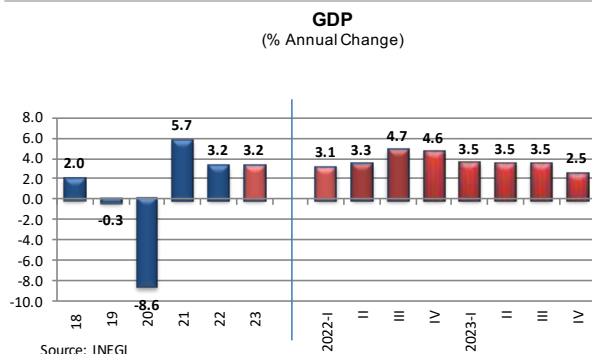
**Moderate Deceleration in the US with declining inflation.-** In 2023, US economic growth was 2.5%, highlighting stagnation in the industrial sector (0.2%), which has a negative impact on Mexico. By 2024, the slowdown is expected to persist and therefore growth of no more than 2% is estimated. All in all, the good news is that unemployment remains low: 3.7% in December and 3.9% in February. As throughout the world, the main concern lies in high inflation (especially core inflation), which has already dropped appreciably to close 2023 at 3.4% and end February at 3.2%.

**Economic Outlook for Moderate Growth.-** In 2023, real growth exceeded expectations in both Mexico and the US: 3.2% for Mexico and 2.5% for the US. For 2024, growth forecasts would be slightly lower than those for 2023 for both countries.

# Economic activity

In 2023, GDP grew 3.2%, but in the fourth quarter it reported growth of 2.5% (vs. 3.5% in the previous quarter), which reflects a clear slowdown.

## Gross Domestic Product



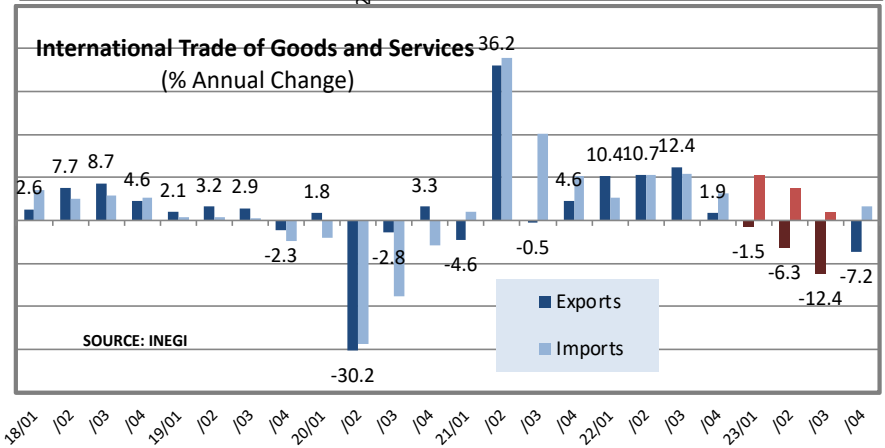
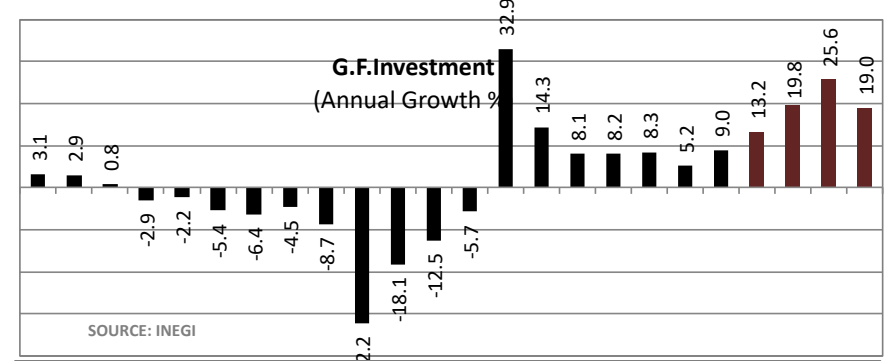
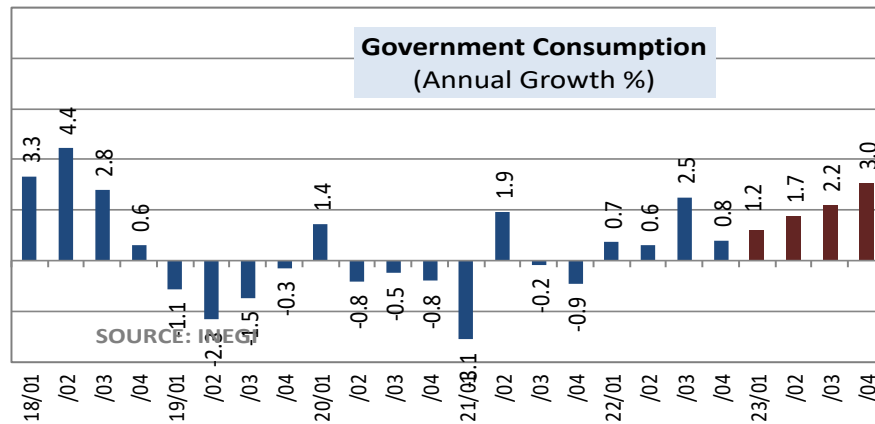
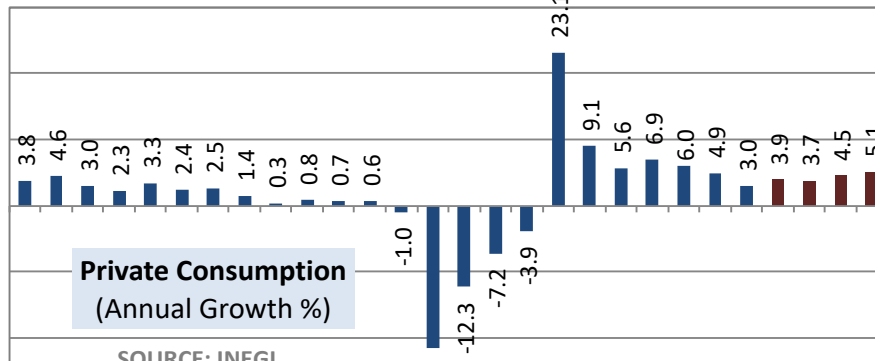
Year	GDP	Primary S.	Industrial S.	Services S.	Constru- c-tion	Transpor- tation	Mass Media
Change % (YoY)							
18	2.0	2.4	0.2	2.8	0.6	3.1	6.0
19	-0.3	0.4	-1.7	0.2	-4.9	0.8	1.0
20	-8.6	0.8	-9.6	-7.6	-17.4	-20.5	-1.0
21	5.7	2.4	6.7	4.9	9.7	18.9	5.8
22	3.2	1.5	5.3	3.1	2.9	13.0	2.9
23	3.2	2.1	3.5	3.1	15.5	3.8	6.0
2022-I	3.1	1.3	5.0	1.8	5.7	15.8	15.7
II	3.3	-0.5	5.4	2.1	3.8	13.6	16.4
III	4.7	0.6	5.6	4.3	-0.8	13.2	11.2
IV	4.6	4.5	5.0	4.3	2.7	9.3	15.4
2023-I	3.5	0.6	2.9	3.7	4.0	6.6	5.3
II	3.5	2.6	4.0	3.1	13.4	3.9	8.0
III	3.5	5.3	4.3	2.9	24.2	2.8	10.3
IV	2.5	0.0	2.9	2.5	20.6	1.9	0.2
Year	GDP	Private Con- sumption	Govern. Con- sumption	G.F. Investment	Exports	Imports(-)	
2018	2.2	2.4	2.8	1.0	5.9	5.9	
2019	-0.2	0.4	-1.3	-4.7	1.5	-0.7	
2020	-8.3	-10.5	-0.2	-17.9	-7.0	-14.1	
2021	5.5	8.5	-0.6	12.4	8.9	17.6	
2022	3.9	5.2	1.2	7.7	8.9	8.3	
2023	3.2	4.3	2.1	19.4	-6.8	5.8	
2022-I	3.1	6.9	0.7	8.2	10.4	5.3	
II	3.3	6.0	0.6	8.3	10.7	10.5	
III	4.7	4.9	2.5	5.2	12.4	11.0	
IV	4.6	3.0	0.8	9.0	1.9	6.4	
2023-I	3.5	3.9	1.2	13.2	-1.5	10.5	
II	3.5	3.7	1.7	19.8	-6.3	7.5	
III	3.5	4.5	2.2	25.6	-12.4	1.9	
IV	2.5	5.1	3.0	19.0	-7.2	3.4	

Source: INEGI

- In 2023 the economy reports growth of 3.2% (2.5% in the fourth quarter). This far exceeds the initial pessimistic expectations, although the slowdown at the end of the year is worrying.
- At the sectoral level, in 2023, the most dynamic sector was the industrial sector (3.5%), followed by services (3.1%) and finally by agriculture (2.1%).
- On the demand side, in 2023 investment stands out for its dynamism (19.4%), followed by private consumption (4.3%), which contrasts with the decline in exports (-6.8%).

# Economic Activity

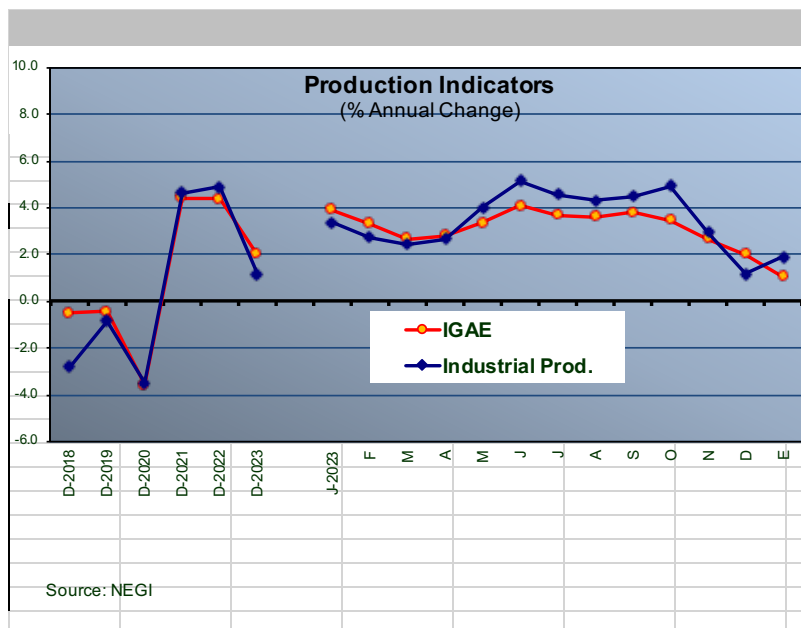
In 2023, the drivers of domestic demand remain vigorous, highlighting investment with double-digit growth.



- Private consumption, with the greatest weight in demand (2/3 of GDP), after the pandemic, has maintained the inertia of the recovery in 2022 and 2023 (5.1% in the fourth quarter).
- Investment is growing at a very rapid pace in 2023; for the first time in this six-year term, investments grow at a double-digit rate (19% in the fourth quarter).
- For their part, exports of goods and services decreased in 2023 in response to the slowdown in the US economy, but in 2024 they begin to reactivate.

# Economic Activity

At the beginning of 2024, economic activity continues its deceleration that began at the end of 2023.



## Production Indicators

Período	IGAE (Proxy of GDP)				Construcción	Comercio Net Sales		Transportation	Mass Media	Gross Fixed Investment	Private Consumption
	TOTAL	Primary S.	Industrial S.	Services S.		Wholesale	Retail				
D-2018	-0.5	3.5	-2.8	0.5	-9.0	-2.0	0.0	2.1	1.2	-7.8	0.6
D-2019	-0.4	-2.5	-0.8	0.1	-4.6	-4.2	1.3	-0.9	-2.6	-2.9	-0.2
D-2020	-3.6	-2.5	-3.5	-3.6	-12.9	3.9	-1.9	-21.3	5.1	-12.7	-6.7
D-2021	4.4	4.9	4.6	4.4	4.7	5.4	4.5	12.0	11.9	5.7	7.4
D-2022	4.4	4.1	4.9	4.4	5.5	5.2	4.3	8.3	18.7	12.3	2.5
D-2023	2.0	2.6	1.2	2.5	15.7	6.9	2.7	0.5	-3.3	15.4	5.5
J-2023	3.9	-0.6	3.4	4.7	4.3	7.6	5.0	9.0	3.0	10.9	5.5
F	3.3	6.4	2.7	3.4	2.6	-0.8	6.7	6.9	6.7	14.7	3.2
M	2.7	-1.8	2.4	2.8	4.8	0.0	7.9	4.7	5.6	12.5	2.7
A	2.8	2.4	2.7	2.8	3.9	3.6	4.5	4.3	5.6	14.0	3.9
M	3.4	-0.8	4.0	3.1	16.1	2.6	3.0	3.3	11.4	20.9	3.1
J	4.1	5.8	5.1	3.3	21.2	-1.0	7.6	4.0	7.2	26.0	3.8
J	3.7	8.3	4.5	2.8	23.1	2.2	4.7	3.1	10.8	26.6	4.4
A	3.6	6.3	4.3	3.1	29.3	5.5	3.1	1.0	11.4	28.3	4.6
S	3.8	1.5	4.5	3.7	19.8	6.5	3.2	3.9	9.2	23.4	5.3
O	3.5	5.9	4.9	2.7	27.3	5.3	1.0	3.3	3.2	24.4	4.7
N	2.7	-6.7	3.0	3.1	19.6	8.7	2.0	3.3	0.5	19.4	5.9
D	2.0	2.6	1.2	2.5	15.7	6.9	2.7	0.5	-3.3	15.4	5.5
E	1.1	-7.3	1.9	1.1	17.9	1.1	0.9	2.9	4.0	13.8	1.9

Fuente: INEGI

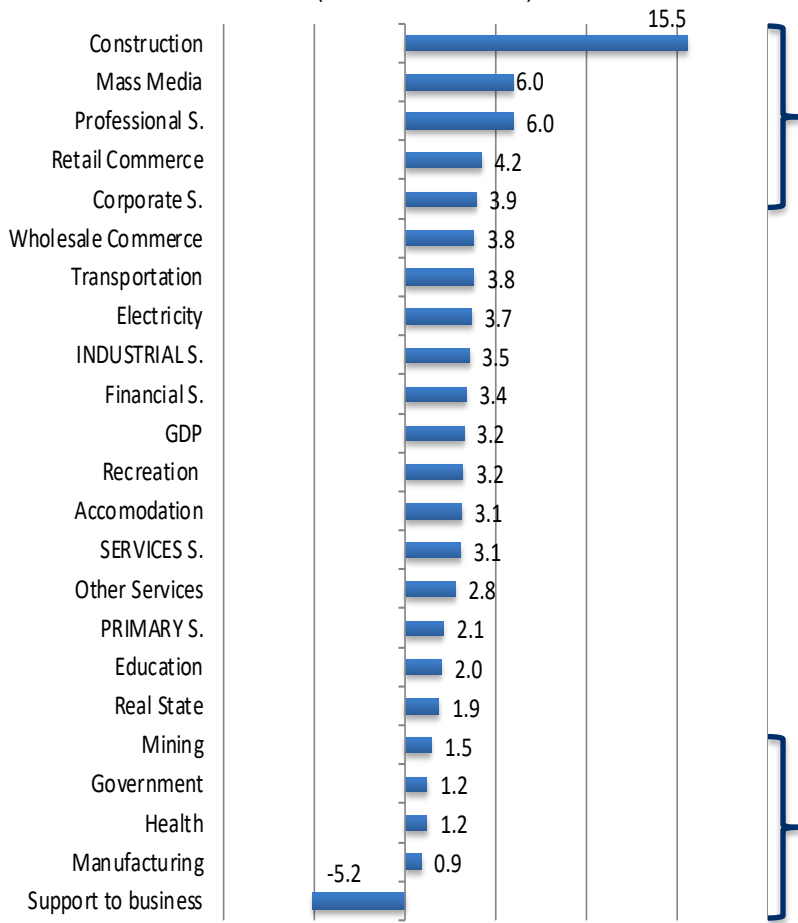
- The IGAE (Global Indicator of Economic Activity), after the rebound in 2021, has since observed a moderation in its annual growth; in 2023, it reported growth of more than 3% throughout the year, but in the last two months, there was a marked slowdown that extends until 2024.
- At the sectoral level, if the agricultural sector (-7.3%) is ignored, which is usually very volatile, growth rests fundamentally on the industrial sector (1.9%) and the services sector (1.1%) with data from January 2024.
- Regarding demand, the very robust reactivation of investments, which are also beginning to slow down, has been a pleasant surprise.

# Economic Activity



In 2023, the return to normality and positive and moderate growth rates is confirmed in most economic branches, but manufacturing is not going through a good time.

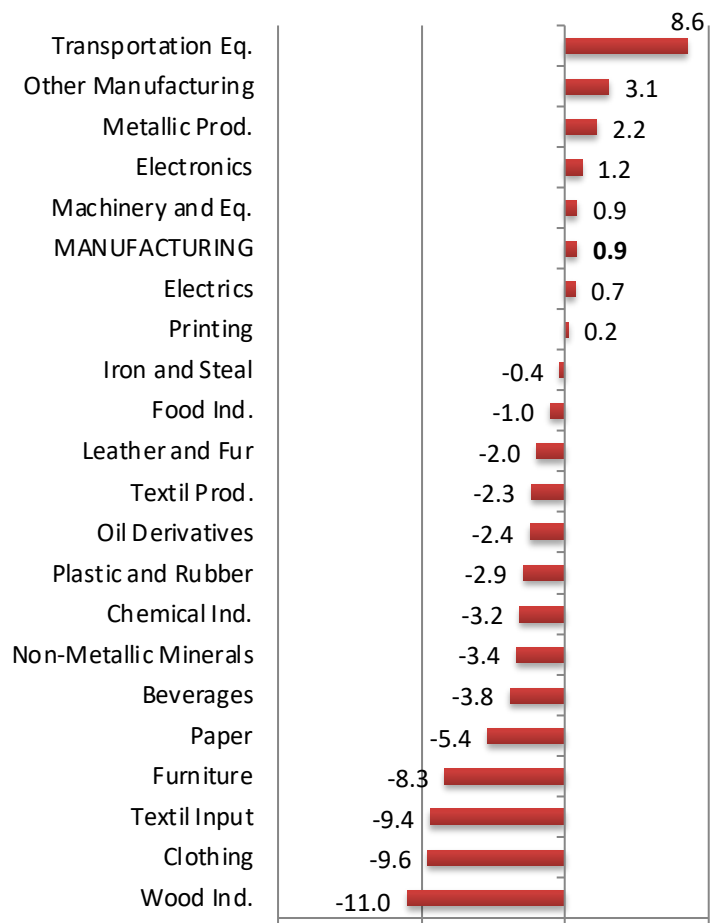
**GDP 2023-IV**  
(% Annual Growth)



The most dynamic

The least dynamic

**MANUFACTURING 2023-IV**  
(% Annual Growth)



Source: INEGI (Seasonally Adjusted Series)

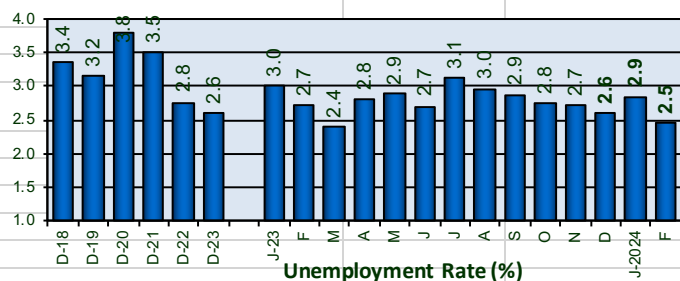
Source: INEGI (Seasonally Adjusted Series)

# Employment and Wages

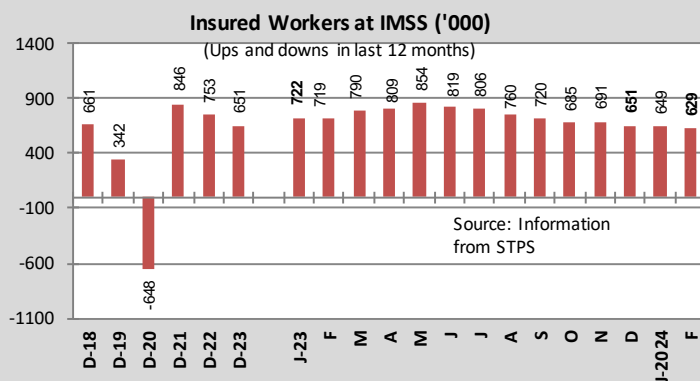
In the first two months of 2024, the annual generation of employment is slightly reduced (to 629 thousand), unemployment remains low (2.5%) and real wages improve.



## Employment and Wages



Source: INEGI



Source: Information from STPS

Period	Unemployment Rate(%)	Workers insured at IMSS ('000)		Employment (Annual Change %)			Wage indicators (Annual Change %)			
		Total	Abs. Change Last 12m Last Month	Construction	Manufacturing	Financial Service	Mini-mum Wage	IMSS Wage	Contractual Wage	
D-18	3.4	20,079	661	-379	-5.0	2.7	0.5	10.4	5.4	5.9
D-19	3.2	20,421	342	-382	-2.3	-1.4	0.8	16.2	6.7	5.9
D-20	3.8	19,774	-648	-278	-12.7	-0.9	-11.3	20.0	7.9	6.5
D-21	3.5	20,620	846	-312.9	5.3	2.5	-16.1	15.0	7.5	7.2
D-22	2.8	21,373	753	-345.7	10.1	1.7	-2.1	22.0	11.0	9.4
D-23	2.6	22,024	651	-384.9	1.2	-1.6	0.6	20.0	10.5	12.9
J-23	3.0	21,485	722	112	4.6	1.0	-1.7	20	11.2	10.2
F	2.7	21,660	719	176	3.8	0.3	-1.7	20	11.2	9.3
M	2.4	21,796	790	136	2.6	-0.4	-2.1	20	11.2	10.3
A	2.8	21,820	809	24	-0.7	-0.1	-1.4	20	11.2	9.5
M	2.9	21,863	854	43	1.7	0.0	-0.3	20	11.3	9.0
J	2.7	21,887	819	24	3.4	0.2	-0.8	20	11.2	8.2
J	3.1	21,885	806	-2	1.2	0.2	-0.4	20	10.6	8.9
A	3.0	21,997	760	112	1.8	0.1	0.4	20	10.6	9.3
S	2.9	22,129	720	133	1.3	-1.0	1.3	20	10.7	5.6
O	2.8	22,303	685	173	2.1	-0.9	0.5	20	10.8	6.4
N	2.7	22,409	691	107	2.1	-1.2	0.7	20	10.6	10.9
D	2.6	22,024	651	-385	1.2	-1.6	0.6	20	10.5	12.9
J-2024	2.9	22,133	649	109	1.5	-1.4	2.0	20/****	10.4	8.0/**
F	2.5	22,290	629	156				20	10.1	8.6/**

Source: INEGI, STPS.

\*\* Only Federal Jurisdiction

\*\*\*\* Min.Wage=\$248.93pesos/day (\$374.83 on the northern border)

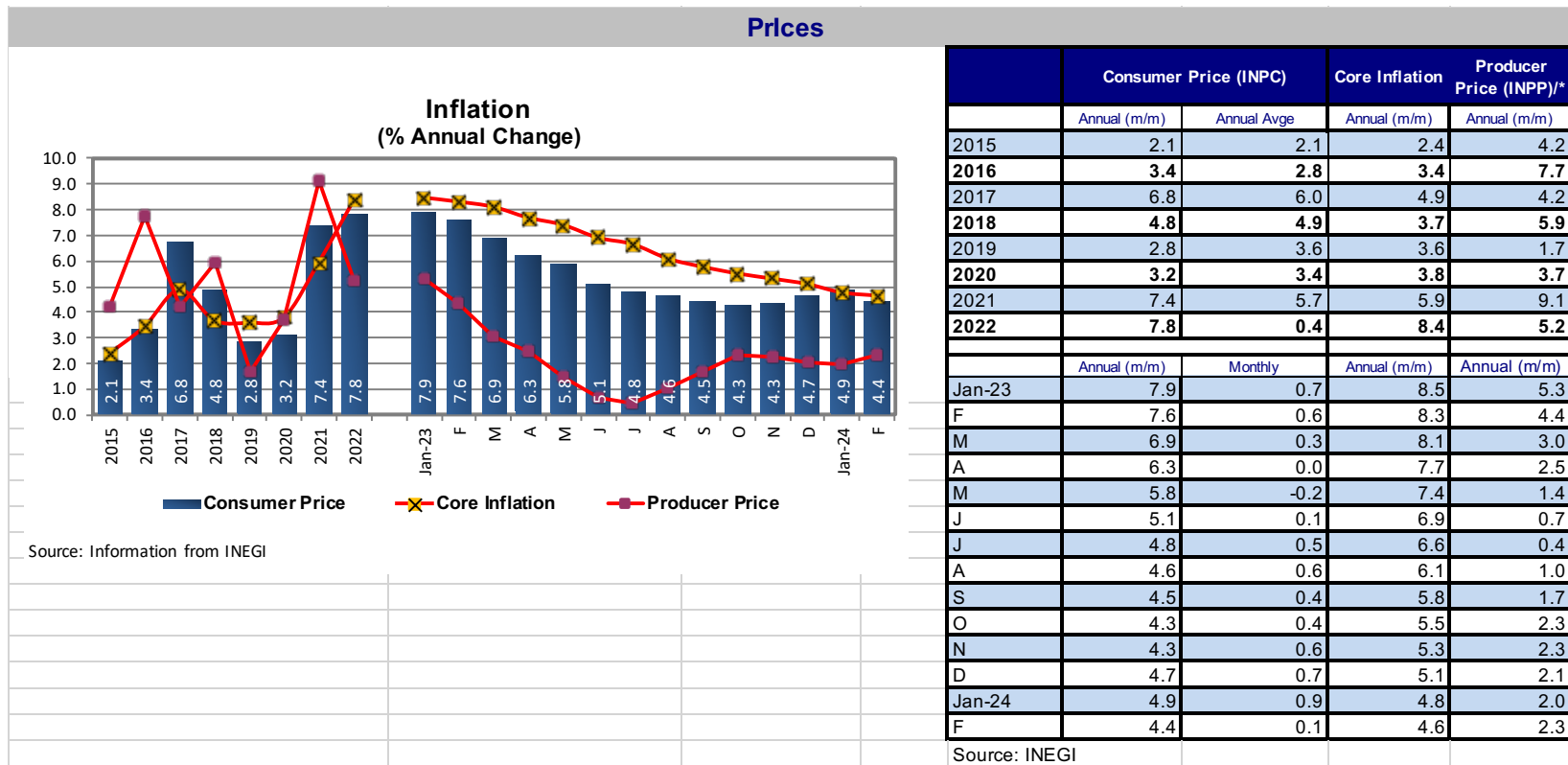
- The unemployment rate remains low: 2.5% in February.
- In 2023, 651 thousand jobs were created, a figure that reduces to 629 thousand in February 2024.
- The higher inflation has led to disparate gains in the three main salary indicators: +15.6% in the minimum, 5.7% in the IMSS salary and 4.2% in the contractual salary. The salary improvement is largely attributed to the annual adjustment in the minimum wage (20% in 2024) promoted by the current administration.



# Prices

In the first two months of 2024, inflation fell from 4.7% to 4.4%, while core inflation fell from 5.1% to 4.6%.

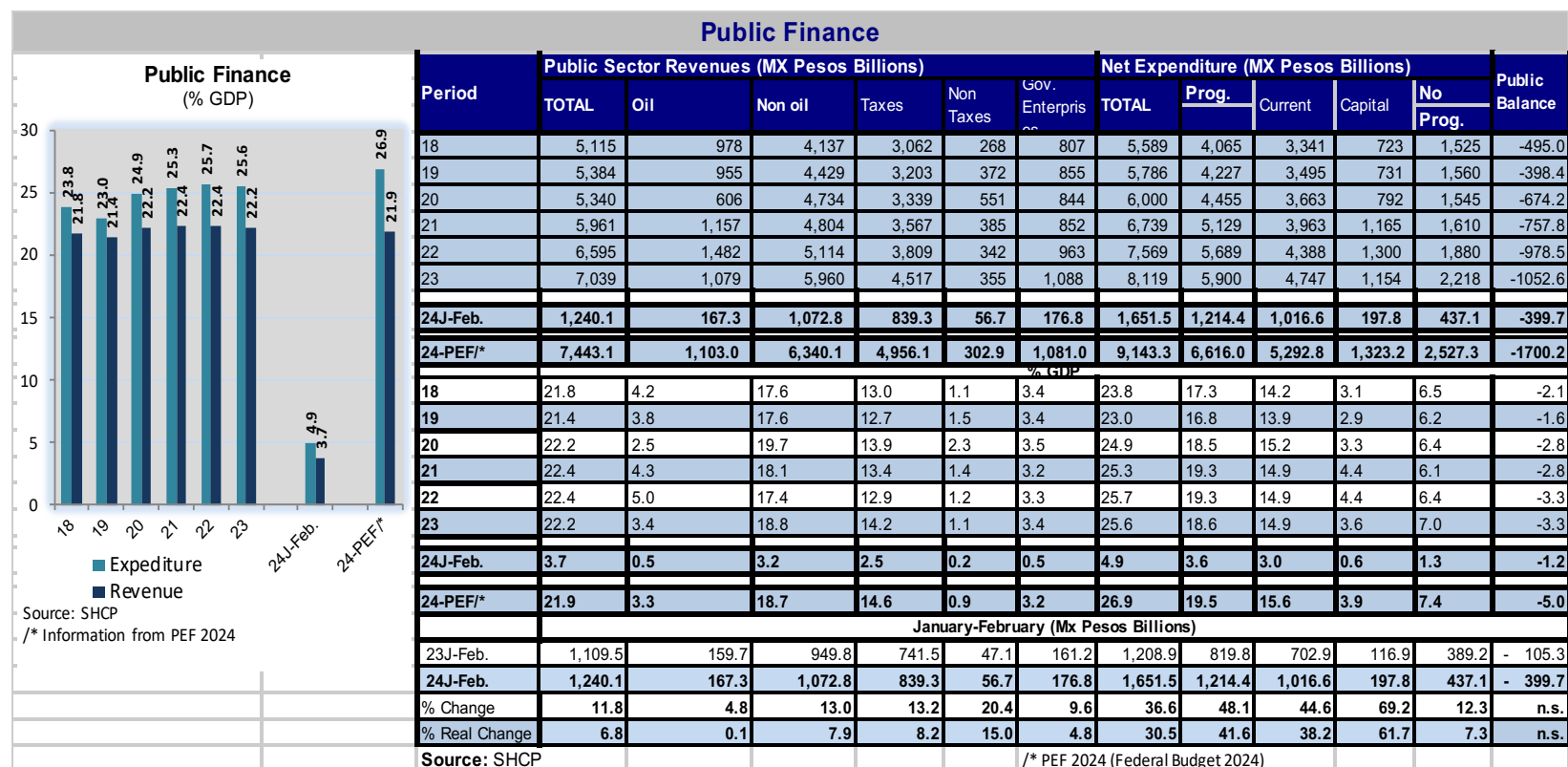
## Prices



- Inflation is receding rapidly. It reached 4.7% in 2023 and fell to 4.4% in February. The inflationary episode is attributed to the explosion in global demand and the imbalance in production chains due to the pandemic and war conflicts.
- The expectation is the recovery in a few months of the institutional goal of the Bank of Mexico (3% +/- 1%). Producer price inflation is minuscule (2.3%); not so the core inflation, which remains high (4.6%), but is decreasing.
- If trends strengthen, the return of historical inflation rates will soon be seen.

# Public Finances

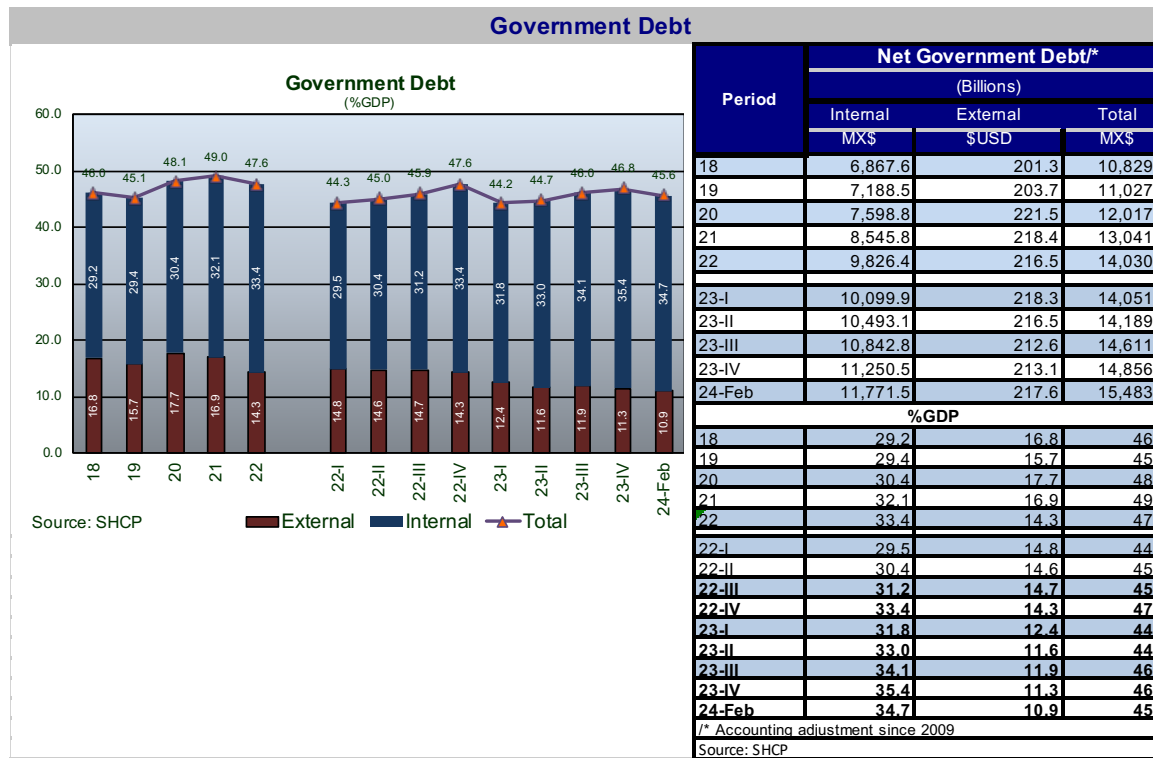
For 2024, the PEF projects revenues for 21.9% of GDP, expenses for 26.9% of GDP and therefore a deficit of 5% of GDP.



- The projected deficit for 2024 (5% of GDP) is the highest in recent decades and is unsustainable in the long term.
- The bet in 2024 is to strengthen tax revenues to offset to some extent the pressures of programmable and non-programmable spending.
- In 2024, strong spending pressures are emerging to conclude emblematic projects and reinforce social programs, in parallel with the weakening of oil revenues..

# Public Debt

Public debt, as a percentage of GDP, remains under control: despite greater budgetary pressures, debt continues to contract: it fell from 46.8% of GDP in 2023 to 45.6% in February 2024.

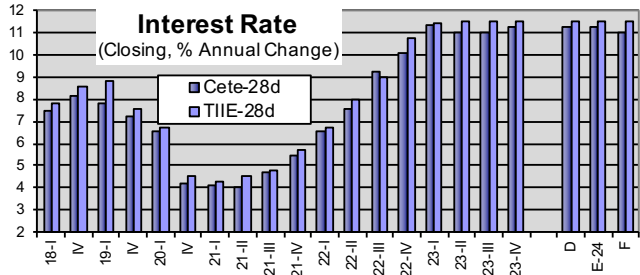
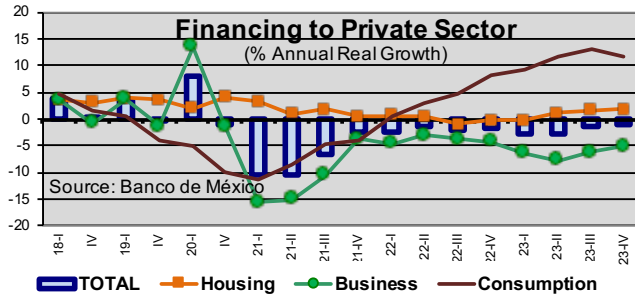


- In global comparison, Mexico's public debt is moderate: it closed at 46.8% of GDP in 2023 and at 45.6% in February 2024. As a reference, in the USA it is around 130% of GDP and in Japan it is 260% of GDP.
- The current administration has kept its promise to keep the debt limited. Although this has experienced ups and downs, it has remained within manageable ranges. Without a doubt, higher inflation helped “liquefy the debt.”
- For its control, it has been essential until now to maintain a moderate fiscal deficit and a relatively stable exchange rate; but the overflow of the deficit in 2024 puts this central purpose at risk. The pressure to complete emblematic projects and reinforce social programs can break discipline in public finances.

# Financial sector

In the fourth quarter of 2023, financing to the private sector continues to decline (-1%); The exception is consumer financing, which is growing very vigorously (11.8%).

## Financial Indicators



Period	Financing to Private Sector (% Annual Real Growth)						Interest Rates (% Annual)		Stock Market		
	TOTAL Billion MX\$	% Annual Real Growth	By Source		For Destination		CETE-28d	TIIE-28d	IPC ('000)	% Growth	
			External	Internal	Consumption	Housing					Business
18-I	9,270	3.7	-2.4	5.8	4.8	3.6	3.5	7.5	7.9	46.1	-6.5
IV	9,828	0.5	-9.0	3.9	1.6	3.0	-0.7	8.2	8.6	41.6	-15.9
19-I	9,978	3.4	-1.8	5.1	0.7	4.0	3.8	7.9	8.9	43.3	3.9
IV	10,067	-0.5	-2.5	0.1	-4.0	3.6	-1.4	7.3	7.6	43.5	1.2
20-I	11,150	8.1	24.8	3.0	-5.1	2.1	13.5	6.6	6.7	34.6	-20.5
IV	10,309	-1.1	3.7	-2.6	-10.1	4.1	-1.3	4.2	4.5	43.2	15.5
21-I	10,371	-10.6	-18.0	-7.9	-11.5	3.3	-15.6	4.1	4.3	47.2	9.2
21-II	10,418	-10.4	-15.9	-8.4	-8.6	1.1	-15.1	4.0	4.5	50.3	6.4
21-III	10,616	-6.6	-10.6	-5.3	-4.7	1.8	-10.5	4.7	4.7	51.4	2.2
21-IV	10,744	-2.6	-2.0	-2.8	-4.0	0.4	-3.7	5.5	5.7	53.3	3.7
22-I	10,836	-2.6	-6.0	-1.5	0.5	0.6	-4.6	6.5	6.7	56.5	6.1
22-II	11,079	-1.3	-6.6	0.4	3.0	0.4	-3.0	7.6	8.0	47.5	-15.9
22-III	11,292	-2.0	-11.0	1.0	4.6	-0.9	-3.8	9.3	9.0	44.6	-6.1
22-IV	11,417	-1.6	-15.1	2.8	8.2	-0.3	-4.2	10.1	10.8	48.5	8.6
23-I	11,331	-2.7	-20.2	2.7	9.1	-0.2	-6.3	11.3	11.4	53.9	11.2
23-II	11,371	-2.9	-23.6	3.4	11.6	1.1	-7.8	11.0	11.5	53.5	-0.7
23-III	11,636	-1.5	-22.1	4.5	13.1	1.7	-6.1	11.1	11.5	50.9	-5.0
23-IV	11,803	-1.0	-20.2	4.2	11.8	1.8	-5.2	11.3	11.5	57.4	12.8
D								11.3	11.5	57.4	6.2
E-24								11.3	11.5	57.4	0.0
F								11.0	11.5	55.4	-3.4

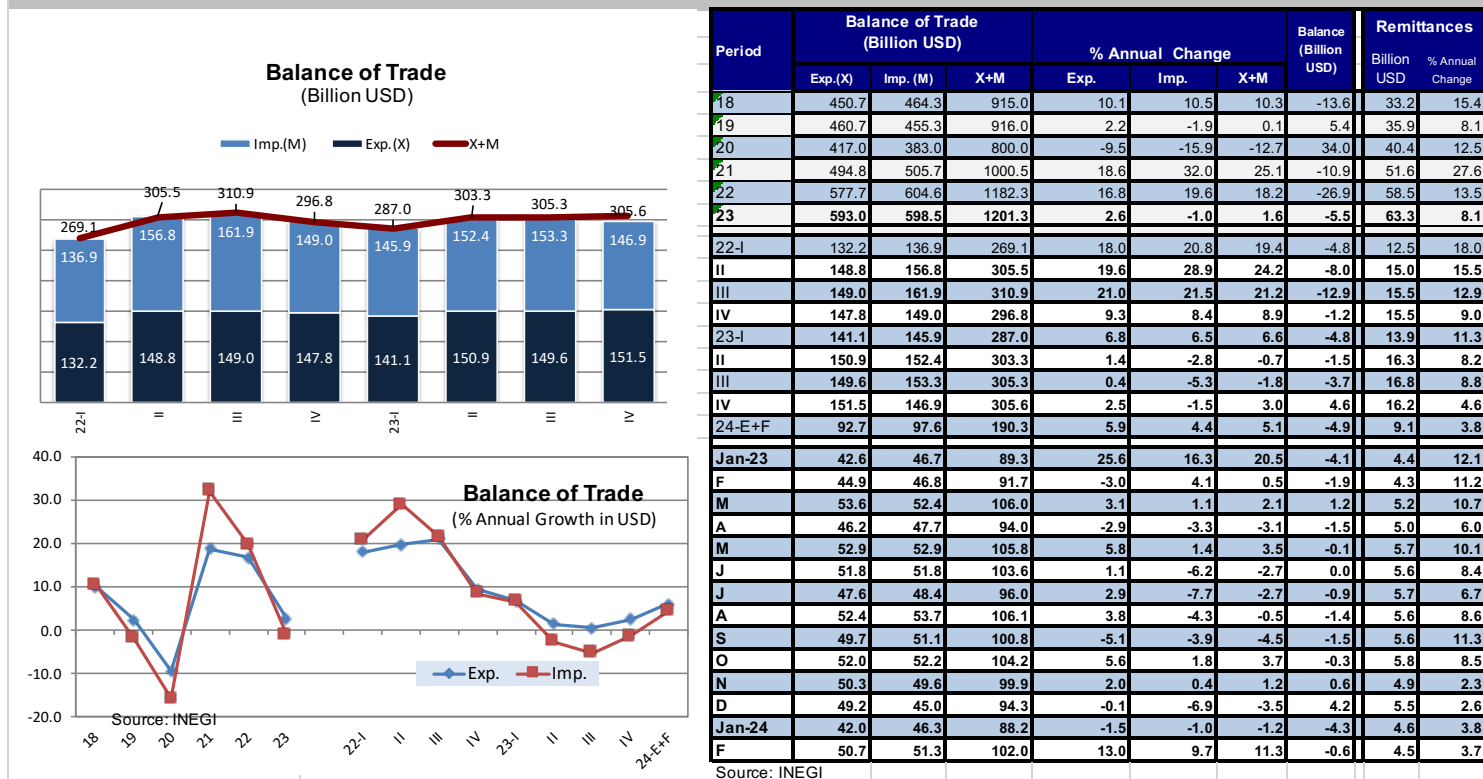
- The recent economic crisis translated first into a slowdown in financing to the private sector (2020) and then into a decline from 2021 to 2023.
- The decline in the fourth quarter of 2023 (-1%) is observed above all in financing for companies (-5.2%), which contrasts with that for housing (1.8%) and above all with that for consumption that reports vigorous growth (11.8%).
- To boost financing, interest rates were kept low, but they began to rise in the second part of 2021 and in 2024 they appear to stagnate around 11%. The Stock Market, for its part, gained 18.4% and in the first two months of 2024 it suffered a setback of -3.4%.

# International Trade

In 2024, international trade in goods shows signs of recovery: in February it reported double-digit growth.



## International Trade



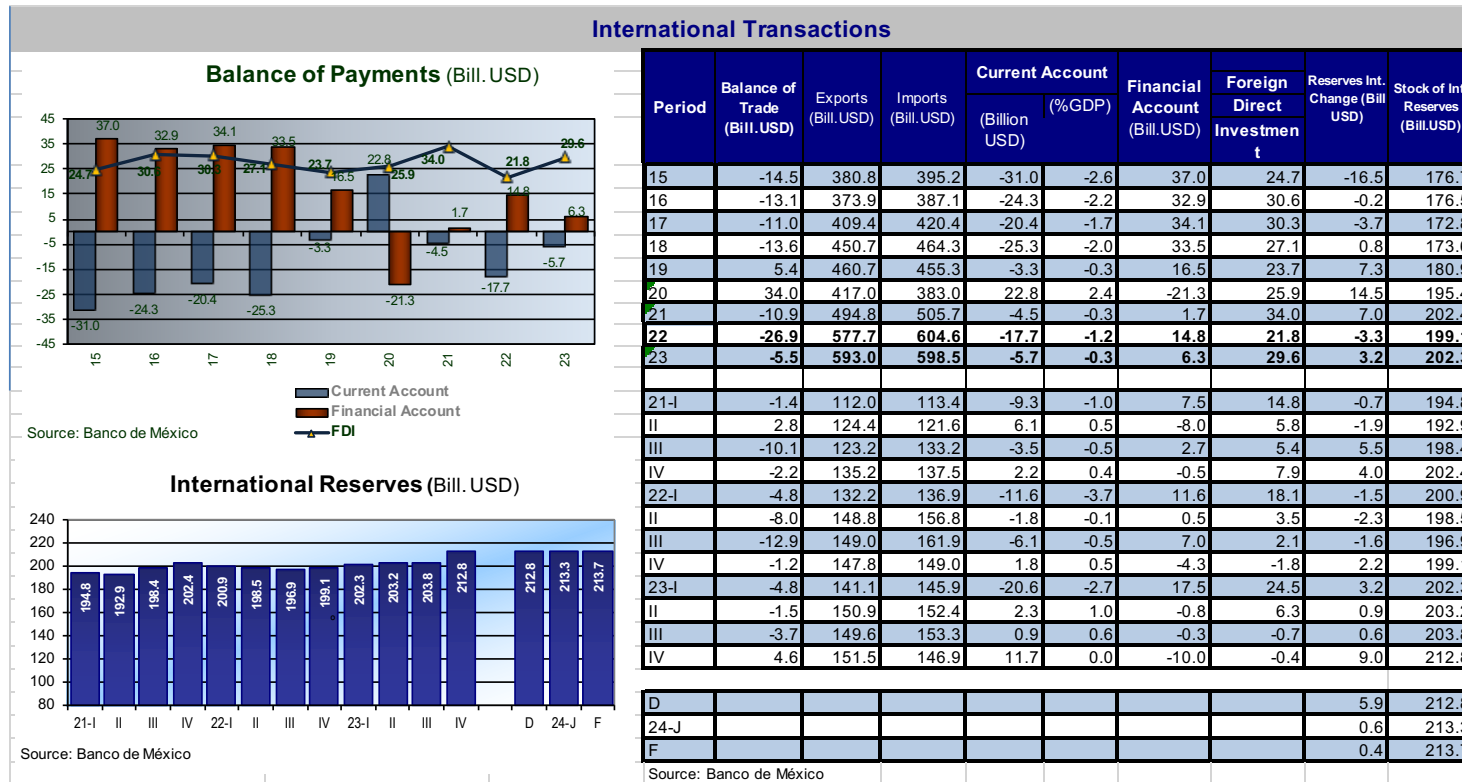
Period	Balance of Trade (Billion USD)			% Annual Change			Balance (Billion USD)	Remittances	
	Exp.(X)	Imp.(M)	X+M	Exp.	Imp.	X+M		Billion USD	% Annual Change
18	450.7	464.3	915.0	10.1	10.5	10.3	-13.6	33.2	15.4
19	460.7	455.3	916.0	2.2	-1.9	0.1	5.4	35.9	8.1
20	417.0	383.0	800.0	-9.5	-15.9	-12.7	34.0	40.4	12.5
21	494.8	505.7	1000.5	18.6	32.0	25.1	-10.9	51.6	27.6
22	577.7	604.6	1182.3	16.8	19.6	18.2	-26.9	58.5	13.5
23	593.0	598.5	1201.3	2.6	-1.0	1.6	-5.5	63.3	8.1
22-I	132.2	136.9	269.1	18.0	20.8	19.4	-4.8	12.5	18.0
II	148.8	156.8	305.5	19.6	28.9	24.2	-8.0	15.0	15.5
III	149.0	161.9	310.9	21.0	21.5	21.2	-12.9	15.5	12.9
IV	147.8	149.0	296.8	9.3	8.4	8.9	-1.2	15.5	9.0
23-I	141.1	145.9	287.0	6.8	6.5	6.6	-4.8	13.9	11.3
II	150.9	152.4	303.3	1.4	-2.8	-0.7	-1.5	16.3	8.2
III	149.6	153.3	305.3	0.4	-5.3	-1.8	-3.7	16.8	8.8
IV	151.5	146.9	305.6	2.5	-1.5	3.0	4.6	16.2	4.6
24-E+F	92.7	97.6	190.3	5.9	4.4	5.1	-4.9	9.1	3.8
Jan-23	42.6	46.7	89.3	25.6	16.3	20.5	-4.1	4.4	12.1
F	44.9	46.8	91.7	-3.0	4.1	0.5	-1.9	4.3	11.2
M	53.6	52.4	106.0	3.1	1.1	2.1	1.2	5.2	10.7
A	46.2	47.7	94.0	-2.9	-3.3	-3.1	-1.5	5.0	6.0
M	52.9	52.9	105.8	5.8	1.4	3.5	-0.1	5.7	10.1
J	51.8	51.8	103.6	1.1	-6.2	-2.7	0.0	5.6	8.4
J	47.6	48.4	96.0	2.9	-7.7	-2.7	-0.9	5.7	6.7
A	52.4	53.7	106.1	3.8	-4.3	-0.5	-1.4	5.6	8.6
S	49.7	51.1	100.8	-5.1	-3.9	-4.5	-1.5	5.6	11.3
O	52.0	52.2	104.2	5.6	1.8	3.7	-0.3	5.8	8.5
N	50.3	49.6	99.9	2.0	0.4	1.2	0.6	4.9	2.3
D	49.2	45.0	94.3	-0.1	-6.9	-3.5	4.2	5.5	2.6
Jan-24	42.0	46.3	88.2	-1.5	-1.0	-1.2	-4.3	4.6	3.8
F	50.7	51.3	102.0	13.0	9.7	11.3	-0.6	4.5	3.7

Source: INEGI

- International trade in goods stagnated in 2023 and in the first months of 2024 it appears to be reactivated.
- In 2022, the trade balance registered a deficit of 26.4 USD Billion and in 2023 it contracted to 10.1 USD Billion
- For their part, remittances remain dynamic: they added 9.1 billion dollars in the first two months of 2024 and grew 3.8% at an annual rate.

# External Sector

In 2023, the balance of payments reflects a deficit in the current account (-5.7 USD billion) and a surplus in the financial account (6.3 USD billion), supported by Foreign Direct Investment (29.6 USD billion).



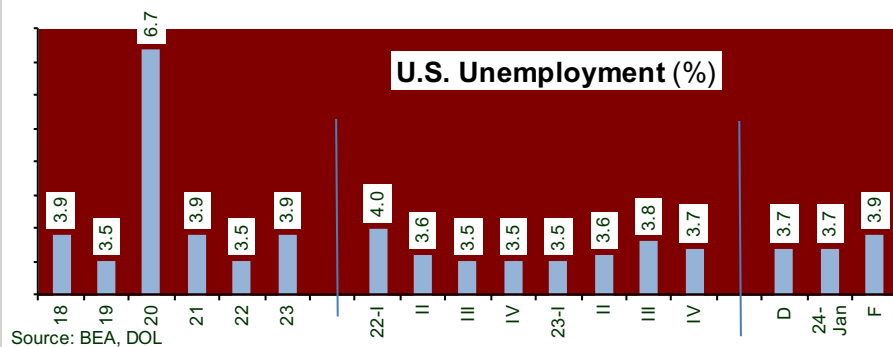
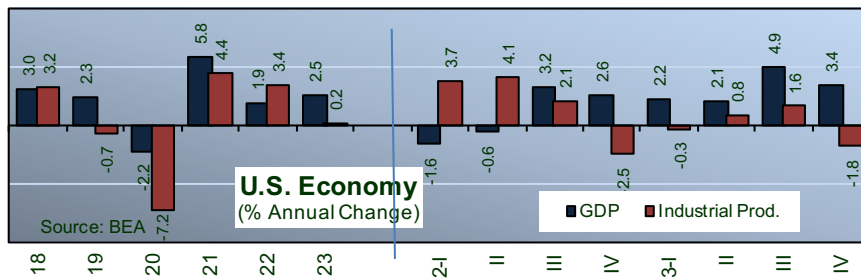
- In 2023, the highlight is that Foreign Direct Investment (29.6 billion dollars) seems to be taking on a new dynamic, due to nearshoring.
- As a consequence of the good performance of the financial account, international reserves remain high: they closed 2023 at 212.8 USD Billion and remain high in February 2024 (213.7 USD Billion)
- Nearshoring has sparked interest inside and outside the country. This has strengthened the inflow of capital into the country. In particular, foreign direct investment is going through a good moment.

# International economy

The US GDP grew 2.5% in 2023. For its part, the industrial sector remains weak (0.2%), while unemployment continues low (3.9% in February 2024).



## U.S. Economy



Period	GDP*	Industrial Prod.		Manufacturing		Unemployment Rate	Inflation
		% Annual Change of Quarter	% Annual Change	% Annual Change of Quarter	% Annual Change		
18	3.0	3.2		1.3		3.9	1.9
19	2.3	-0.7		-2.0		3.5	2.3
20	-2.2	-7.2		-6.6		6.7	1.4
21	5.8	4.4		5.0		3.9	7.0
22	1.9	3.4		2.7		3.5	8.2
23	2.5	0.2		-0.6		3.9	7.0
22-I		3.7	3.5	3.0	2.9	4.0	7.5
II		4.1	2.9	2.7	2.4	3.6	9.1
III		2.1	2.5	0.1	1.4	3.5	8.2
IV		2.6	-2.5	1.0	-3.3	3.5	6.5
23-I		2.2	-0.3	0.8	-0.2	3.5	5.0
II		2.1	0.8	0.0	0.4	3.6	3.0
III		4.9	1.6	0.0	-0.3	3.8	3.7
IV		3.4	-1.8	-0.2	-2.2	3.7	3.4
D		-3.4	1.2	1.2	1.6	3.7	3.4
24-Jan		-5.7	-0.3	-12.5	-1.1	3.7	3.1
F		1.2	-0.3	10.2	-0.7	3.9	3.2

Source: U.S. Bureau of Economic Analysis (BEA); The Federal Reserve System (FRS); Department of Labor (DOL)

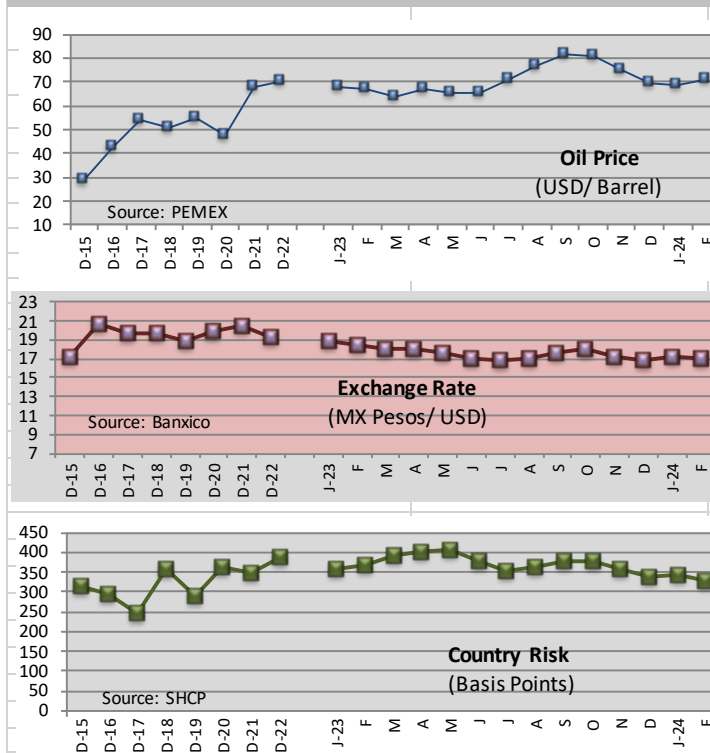
- In 2023, recession expectations did not come true. But the industrial sector weakened and closed the year with an annual drop of -1.8%. All in all, unemployment remains low and that indicates that the US economy remains vigorous.
- Another good news is that inflation is contracting: it closed 2023 at 3.4% and in February 2024 it fell to 3.2%. Without a doubt, the fight against inflation is bearing fruit.
- The expectation for 2024 is to achieve moderate economic growth (around 2% or less) and quickly reduce underlying inflation, via a very restrictive monetary policy.



# Key Prices

In the first two months of 2024, the price of crude oil remained around 70 DPB; while the exchange rate is around 17 PPD and the country risk fell to its lowest level in the last two years (328 basis points).

## Key Prices



Period	MX Oil Price (USD/Barrel)	MX Crude Oil		Exchange Rate		Risk Country/* (Basis Point)			
		Production Barrels ('000)/Day	Exports Million USD	\$MX/DII	\$MX/Euro	Mexico	Brazil	Argentina	
D-15	28.7	2,275	1,008	896	17.2	19.0	315	548	438
D-16	42.8	2,035	1,115	1,478	20.6	21.8	296	330	455
D-17	54.1	1,873	1,401	2,351	19.7	23.6	245	232	351
D-18	50.5	1,710	1,198	1,876	19.7	22.5	357	273	817
D-19	54.5	1,706	1,115	1,884	18.8	21.2	292	212	1744
D-20	47.2	1,695	1,243	1,727	19.9	24.4	361	250	1368
D-21	67.6	1,752	1,037	2,173	20.6	23.3	347	306	1688
D-22	69.8	1,797	900	1,947	19.4	20.8	386	258	2196
J-23	67.4	1,870	980	2,048	18.8	20.4	357	257	1822
F	67.0	1,869	949	1,781	18.4	19.5	368	244	1960
M	63.5	1,878	971	1,911	18.1	19.6	393	254	2302
A	67.2	1,904	989	1,994	18.1	19.9	401	258	2684
M	65.0	1,904	1,087	2,191	17.6	18.9	406	248	2595
J	65.6	1,899	1,203	2,366	17.1	18.7	376	229	2061
J	70.8	1,855	1,052	2,357	16.9	18.4	354	197	1982
A	76.7	1,879	1,076	2,559	17.0	18.4	365	211	2097
S	81.8	1,858	1,119	2,746	17.6	18.5	378	206	2529
O	80.6	1,842	1,053	2,630	18.1	19.2	379	200	2576
N	74.7	1,837	883	1,978	17.1	19.0	358	196	1984
D	69.0	1,826	1,027	2,196	16.9	18.7	340	200	1907
J-24	68.7	1,809	951	2,025	17.2	18.6	341	224	1964
F	71.2	1,800	940	1,941	17.1	18.5	328	202	1702

Source: PEMEX, BANXICO, INEGI, JP Morgan, Invenómica

/\* The series are preliminary and continually reviewed.

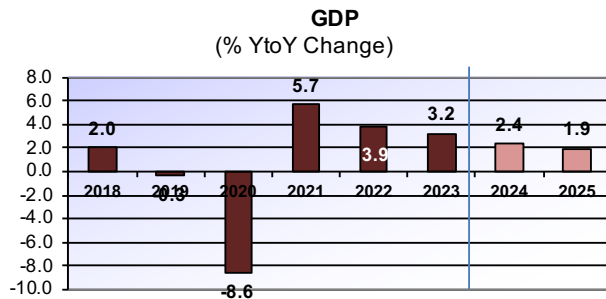
- After a long decline, the price of crude oil rebounded in the third quarter of 2023 and then fell again and stagnated around 70 DPB.
- Despite the uncertainty and ups and downs of the market, the exchange rate has remained strong: it closed 2023 at 17 PPD and has remained that way in the first two months of 2024.
- For its part, the country risk in the post-pandemic stage has shown ups and downs around 400 basis points: it closed 2022 at 386 to drop to 340 basis points at the end of 2023 and to 328 at the end of February.



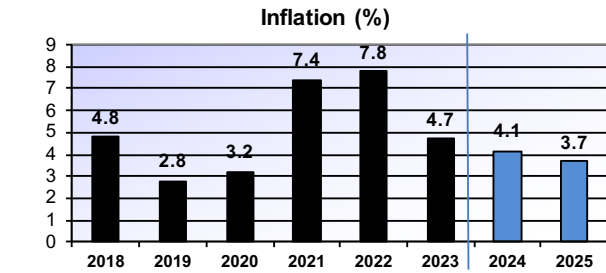
# Macroeconomic Framework of Mexico

According to Mexican economic experts, growth expectations for 2024-2025 are going down (they do not exceed 2.5%), the same as inflation expectations: 4.1% and 3.7%.

## Macroeconomic Framework



Source: INEGI, EEEE-SP



Source: INEGI, EEEE-SP

	Historical						CGPE/*		EEESP/**	
	2018	2019	2020	2021	2022	2023	2024	2025	2024	2025
GDP										
% Annual Growth	2.0	-0.3	-8.6	5.7	3.9	3.2	3.0	2.5	2.4	1.9
GDP Current (MX Billions)	#####	#####	#####	#####	#####	#####	33,928	36,132	33,829	35,692
GDP Deflator	5.2	4.3	4.8	4.5	6.4	4.5	4.1	3.9	4.0	3.5
Inflation										
Dec/ Dec	4.8	2.8	3.2	7.4	7.8	4.7	3.8	3.3	4.1	3.7
Exchange Rate										
Average				20.4	20.06	17.6	17.6	17.9		
Closing	19.7	18.8	19.949	20.58	19.4	16.9	17.8	18.0	18.3	19.0
Interest Rate (Cete 28d)										
Average	7.8			4.6	8.4	11.2	10.3	8.1		
Closing	8.2	7.3	4.23	5.5	10.1	11.3	9.5	7.0	9.48	7.5
Current Account										
Billions USD	-22.2	-2.4	26.6	-4.9	-13.4	-5.7	-4.0	-5.0	-17.1	-18.3
% GDP	-1.9	-0.2	2.4	-0.379	-0.883	-0.811	-4.0	-0.3	-0.9	-1.0
Public Balance										
% GDP	-2.1	-1.6	-2.9	-2.9	-3.4	-3.3	-5.0	-2.5	-4.5	-3.2
USA										
GDP (%Annual Growth)	2.9	2.3	-3.5	5.7	2.1	2.5	2.2	2.1	1.9	1.8
MX Crude Oil										
Avg. Price (USD/ Barrel)	61.4	55.5	35.8	65.3	89.0	70.8	71	58		
Exports ('000 barrels/day)	1,186	1105,6	1,120	1,018	900	1,003	1003	994		
Production ('000 barrels/day)	1,813	1,678	1,686	1,736	1,797	1,955	1852	1863		

/\* CGPE-(Criterios Generales de Política Económica 2024; Precriterios 2025).- Basis Document for Macroeconomic Policy

(p) Projected

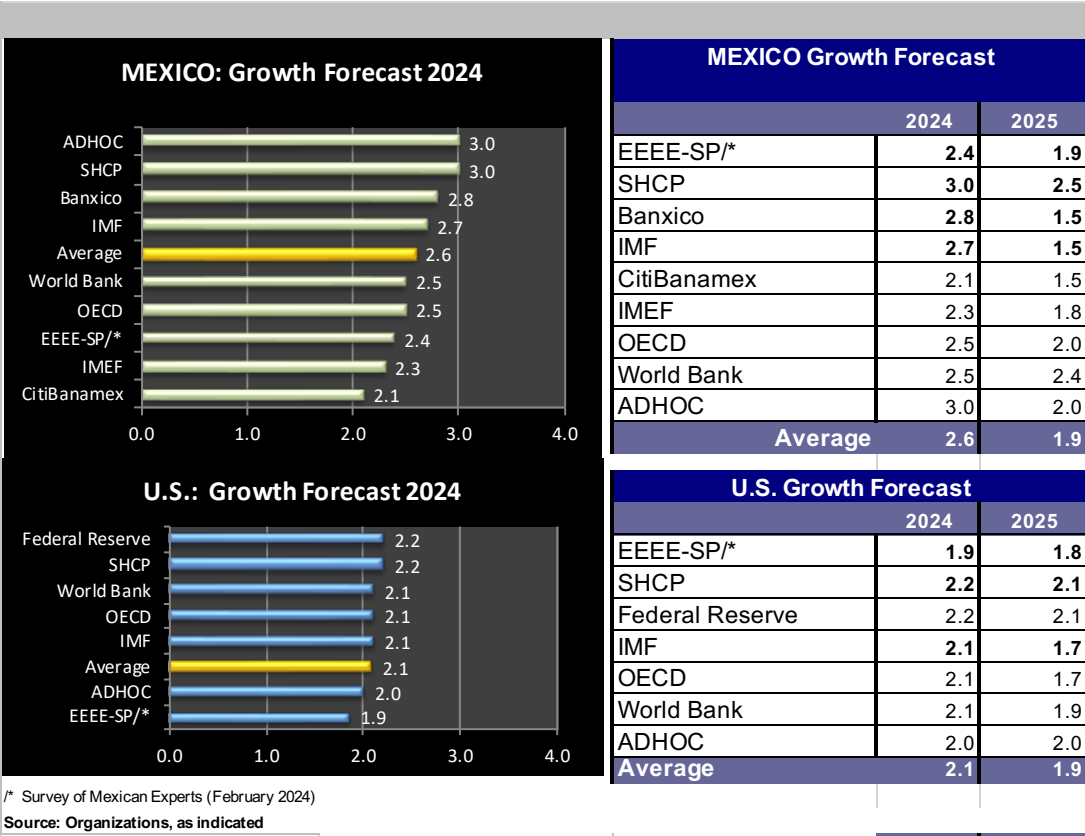
\*\* Encuesta de Expectativas de Especialistas en Economía del Sector Privado-EEEE-SP/ Survey of Mexican Experts (February 2024)

- For 2024-2025, experts predict moderate economic growth: 2.4% and 1.9% for the two-year period.
- A decreasing inflation rate is estimated, which tends to converge to the institutional goal: 4.1% in 2024 and 3.7% in 2025.
- According to its forecasts, the fundamental balances will remain under control, although the fiscal deficit tends to overflow (-5 and -2.5% of GDP for the two-year period), while the current account balance is around 1% of GDP for both years.
- According to their forecasts, a two-year period of moderate growth is expected for the US economy: in 2024 (1.9%) and 2025 (1.8%).

# Growth Forecasts 2024-2025



According to specialized agencies, the expected growth for 2024 is 2.6% and 2.1% for Mexico and the US respectively. By 2025, growth of 1.9% is expected for both countries.



- For Mexico, the forecasts of nine specialized organizations fluctuate between 2.1% and 3% in 2024, with an average of 2.6%. By 2025, the average forecast is 1.9%.
- For the USA, the forecasts of seven specialized organizations fluctuate between 1.9% and 2.2% for 2024, with an average of 2.1%. For 2025, the average forecast is 1.9%.
- As can be seen, both economies show moderate dynamism, but the moderation of growth is greater in the US than in Mexico.

Database Query	Available on our website: <a href="http://www.adhocconsultores.com.mx">www.adhocconsultores.com.mx</a>
Custom Query	Carlos López Bravo Tels. 55-5202-3687 y 3484 <a href="mailto:clopez@adhocconsultores.com.mx">clopez@adhocconsultores.com.mx</a>
General Information	Aurora Mora Tels. 55-5202-3687 y 3484 <a href="mailto:amora@adhocconsultores.com.mx">amora@adhocconsultores.com.mx</a>

## Disclaimer

***Mexico Economic Profile*** is a regular publication of ADHOC Consultores Asociados, S.C. Total or partial reproduction by any means is prohibited, without the express written permission of ADHOC Consultores Asociados, S.C. Exclusive rights reserved: 04-2010-022609575200-106. ISSN Number: pending. Legality Certificates of Title and Content: pending.

The statistical information contained in this publication is freely accessible to all interested users and comes from official accredited sources. However, ADHOC is not responsible for the accuracy, consistency, content or timeliness of such information.

The statistical information is presented updated, at the time of publication with the preliminary information available; which can lead to discrepancies with the final information. ADHOC does not assume any responsibility for such discrepancies.

Additionally, ADHOC does not assume any legal responsibility or responsibility of any kind due to the use of the information contained in this publication by third parties.

## ADHOC Consultores Asociados, S.C.

*ADHOC Consultores Asociados* is a multidisciplinary group of experts in economics, finance, infrastructure, transport and energy providing tailored solutions to businesses and governments in structuring and implementation of their projects and investment programs and development.

In ADHOC we own our customers' challenges and accompany them in the difficult process of turning ideas into reality. We work together to ensure the success of their projects.



## Services

- ✧ **Planning, structuring, promotion and development of strategic investment projects.**
- ✧ **Capital budgeting and feasibility studies.**
- ✧ **Support and coordination in the implementation of investment projects.**
- ✧ **Professional assistance in public contracts and public-private projects.**
- ✧ **Communications and transportation projects: roads, railways, ports, airports and telecommunications.**
- ✧ **Urban mobility projects and mass transit.**
- ✧ **Energy projects.**
- ✧ **Integrated solutions covering financial, legal, economic, social, technical and institutional aspects.**
- ✧ **Development of programs and state and municipal projects.**
- ✧ **Macroeconomic analysis.**
- ✧ **Economic and financial advice online for making strategic decisions.**

## Contact us

*We are at your service at Mexico City:*

*ADHOC Consultores Asociados, S.C.  
Av. Paseo de las Palmas No.555-601  
Lomas de Chapultepec  
Alcaldía Miguel Hidalgo  
C.P. 11000, Ciudad de México  
MEXICO*

*Phone numbers: 52-55-5202-3484  
52-55-5202-3687*

*E-Mail:*

*[aaron.dychter@adhocconsultores.com.mx](mailto:aaron.dychter@adhocconsultores.com.mx)*

*[corzo@adhocconsultores.com.mx](mailto:corzo@adhocconsultores.com.mx)*

*[clopez@adhocconsultores.com.mx](mailto:clopez@adhocconsultores.com.mx)*

*Website: [www.adhocconsultores.com.mx](http://www.adhocconsultores.com.mx)*

