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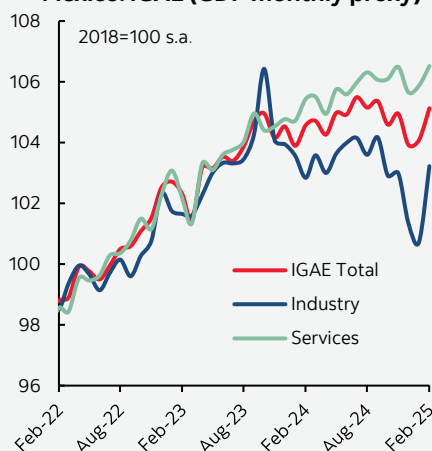
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Chart 1

Mexico: IGAE (GDP monthly proxy)



Sources: Scotiabank Economics, INEGI.

Latam Daily: Mexico Economic Activity Beats; Peru Cement Sales Soar

- **Mexico: Activity rebounds in February prior to trade war escalation**
- **Peru: Cement sales rise for the second consecutive month**

MEXICO: ACTIVITY REBOUNDS IN FEBRUARY PRIOR TO TRADE WAR ESCALATION

In February, the monthly GDP proxy (IGAE, chart 1) showed a seasonally adjusted monthly rebound of 1.0% m/m from the previous 0.1% (revised from -0.2%), beating the median forecast of a 0.5% rise. Primary activity increased by 1.0% slowing from a 3.2% pace, industry rebounded to 2.5% from -0.6%—mainly driven by manufacturing, which grew by 2.9% m/m—and services also picked up the pace growing by 0.6% versus 0.2% in January.

On a year-on-year annual basis, the IGAE showed a decline of -0.7% y/y, compared to 0.0% the previous month (which was revised from -0.1%) and a -1.1% economist median; however, adjusting for working days results in a 0.8% y/y rise as 2024 was a leap year. By components, industry fell for the seventh consecutive time by 1.3% (-2.9% prior), driven by a small decline in manufacturing (-0.3%), a sharp contraction in mining (-9.2%), though showing a rebound in construction (0.4% after -7% in January). Services went from a 0.8% expansion to a -0.3% contraction, with wholesale trade dropping -8.5% and retail trade moderating to 2.5%. Primary activities fell by -3.5% (14.8% prior).

The better-than-expected figures may be reflecting an advance in production in some sectors, mainly manufacturing, ahead of the implementation of steep U.S. tariffs. However, in the coming months, the pace of economic activity is expected to remain low also owing to slower exports and consumption, as well as greater uncertainty that could affect investment, leading to further downward revisions in growth expectations for 2025.

—Rodolfo Mitchell, Brian Pérez & Miguel Saldaña

PERU: CEMENT SALES RISE FOR THE SECOND CONSECUTIVE MONTH

Local cement sales grew for the second consecutive month in March, following a decline in January (charts 2 and 3). In March, cement sales increased by nearly 6% y/y, surpassing February's growth of 4.4% y/y. In volume terms, sales reached 950 thousand tons, marking the second-highest volume for the year's first quarter, according to ASOCEM (Asociación de Productores de Cemento).

This March result was partly attributed to two additional working days, as the Easter holidays fell in March 2024, leading to the lowest monthly cement consumption for that year. Additionally, there appears to be a recovery in the self-construction segment, which accounts for 70% of cement demand, likely fueled by a gradual recovery in formal employment and the relative stability of construction material prices. Notably, there was a slight decrease in the average price of cement in Metropolitan Lima, with March's average price being 30.48 PEN per bag, which is lower than the price at the end of 2024 (30.60 PEN per bag) and the lowest price recorded since January 2024, according to INEI (Instituto Nacional de Estadística e Informática).

With the results from March, domestic cement consumption in 1Q25 increased by 2.3%, remaining in positive territory after growing by 1.1% in 4Q24. As mentioned earlier, this growth was driven by heightened demand for self-construction. Moreover, there was increased demand for public sector projects due to an 18% rise in public investment during 1Q25, according to the Ministerio de Economía y Finanzas (MEF). Additionally, the

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real estate sector, especially in Lima, showed robust performance, with housing sales increasing by 28% during the first two months of the year. Cement demand also rose for significant infrastructure projects, such as Line 2 of Lima's Metro, as recognized investments in transportation projects through Public-Private Partnerships (PPPs) grew by 4% during 1Q25, according to figures from the regulatory agency Ositran (Organismo Supervisor de la Inversión en Infraestructura de Transporte de Uso Público).

For April, we anticipate that cement consumption will likely be lower than in March, and it could even approach levels similar to April 2024, considering that this April had two fewer working days compared to April 2024. Furthermore, there is a base effect to consider, as April 2023's consumption was the second highest in H1-24. Finally, based on the results from 1Q25, we are maintaining our growth projection of 3% for the end of 2025, a rate that would exceed the modest growth observed in 2024.

Chart 2

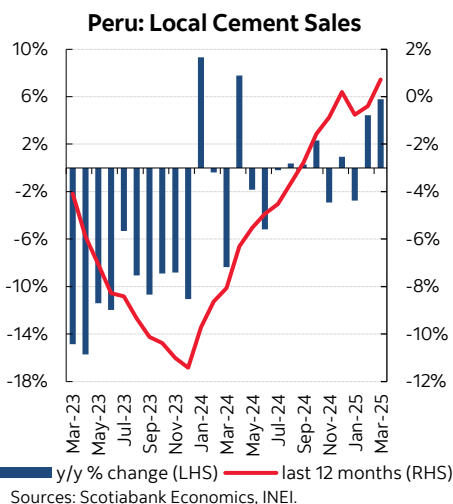
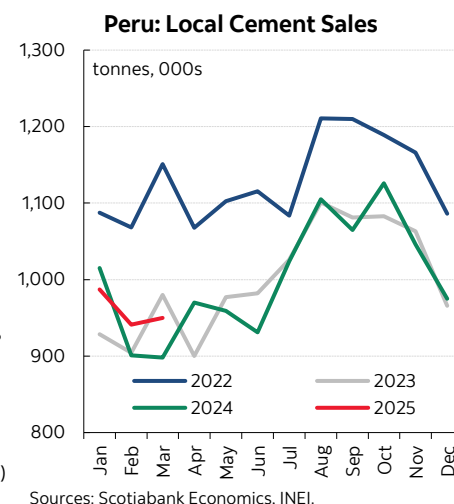


Chart 3



—Carlos Asmat

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