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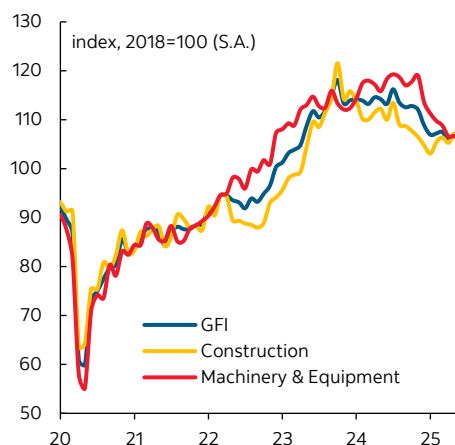
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Latam Daily: Mexican GFI Declines Again in July While Private Consumption Rebounds

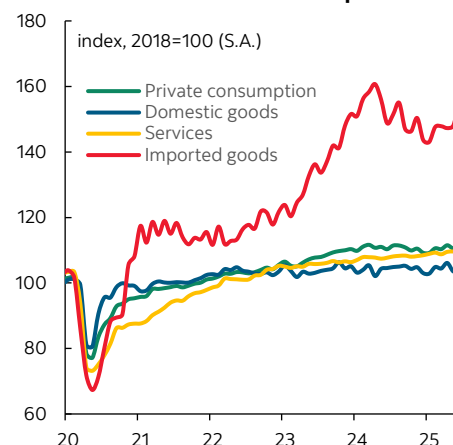
• Mexico: Investment and consumption show mixed signals in July

Gross fixed investment recorded its ninth consecutive annual decline in July, easing from -6.6% to -6.4% in real annual terms. Within its components, machinery and equipment posted the steepest drop at -9.7% (vs. -9.8% previously), remaining in negative territory since January of this year, with a sharper deterioration in the domestic subcomponent (-14.2%) compared to the imported one (-6.4%). Meanwhile, construction continued to soften its downtrend that began in August 2024, falling -3.2% from -3.6% previously. Notably, residential construction surged for the second consecutive month (12.0%), contrasting with non-residential construction (-13.7%), which has posted double-digit declines for the past ten months (since September 2024). As a result, gross fixed investment accumulated a -6.9% drop in the first half of the year. On a seasonally adjusted monthly basis, it fell -1.4% from 1.2% previously, driven by a -1.6% decline in machinery and equipment and a -0.8% drop in construction. Overall, investment trends remain affected by both domestic and international uncertainty, which we expect to persist throughout the year (chart 1).

Private consumption rebounded in July with a 1.6% annual increase, up from -1.1% previously, after five consecutive declines since December 2024. By sector, the strongest growth came from imported goods, which rose to 8.2% (vs. -7.1% previously), following consecutive declines since November 2024. In contrast, domestic goods fell for the second time, from -1.9% to -0.5%. Services moderated their growth, from 2.1% to 1.7%. Despite the rebound, private consumption posted a -0.5% decline in the year-to-date through June. On a seasonally adjusted monthly basis, private consumption rose 0.8% from -0.9% previously, mainly due to a strong rebound in imported goods (4.9%), followed by a modest increase in domestic goods (0.3%), and a decline in services (-0.1%). Looking ahead, we believe the rebound in imported goods was temporary rather than a shift in trend. On the contrary, we expect consumption to remain somewhat weak, due to labour market stagnation and recent declines in remittance inflows (chart 2).

Chart 1
Mexico: Gross Fixed Investment


Sources: Scotiabank Economics, INEGI.

Chart 2
Mexico: Private Consumption


Sources: Scotiabank Economics, INEGI.

—Rodolfo Mitchell & Miguel Saldaña

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