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# Latam Daily: Mexico's Economy Contracts; Colombian Imports Surge

- **Mexico: Economic activity weakens in July; Retail and wholesale trade show mixed signals amid uncertainty**
- **Colombia: July's imports reach highest level since September 2022 as trade deficit keeps widening**

## MEXICO: ECONOMIC ACTIVITY WEAKENS IN JULY

In July, the GDP monthly proxy, the Global Indicator of Economic Activity (IGAE) fell -1.1% year-over-year, down from the previous 1.4% y/y (chart 1). By sector, primary activities saw the sharpest decline, dropping -12.3% from 4.6% previously, due to a collapse in agriculture. Industrial activities contracted for the fourth consecutive month, now at -2.7% from -0.4%, with widespread declines, notably in construction (-3.5%) and manufacturing (-1.9%). Meanwhile, services moderated from 2.1% to 0.4% real annual growth, with a 4.3% increase in retail trade contrasting with a -6.6% drop in wholesale trade. Other sectors, such as professional and business support services, continued to show strong dynamism, growing 12.1% and 18.1%, respectively.

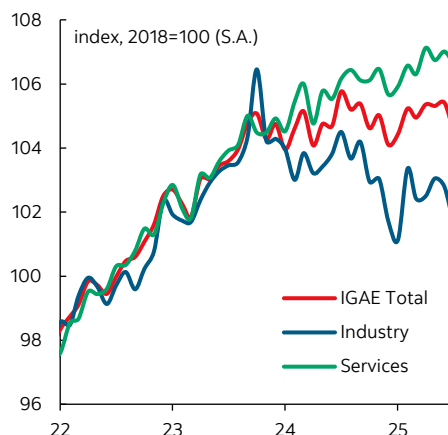
Year-to-date, economic activity has grown just 0.1% in real terms, signaling persistent weakness. On a seasonally adjusted monthly basis, the IGAE fell -0.9% m/m (vs. 0.1% previously) after three months of gains. Primary activities declined -3.0% month-over-month, industrial activities -1.2%, and services -0.4%. Looking ahead, we expect services to continue moderating in line with stagnation in formal employment, which is weighing on household consumption. However, manufacturing could pick up pace in the second half of the year, supported by reduced international uncertainty, while construction may maintain some momentum driven by a recent boost in residential building. Nonetheless, we believe domestic uncertainty will continue to skew economic prospects to the downside.

## RETAIL AND WHOLESALE TRADE SHOW MIXED SIGNALS AMID UNCERTAINTY

In July, retail sales rose 0.1% month-over-month, surprising to the upside against market expectations of no change (chart 2). The previous month's figure was revised upward from -0.4% to -0.1%. However, employment and wages in retail trade fell 0.3%. On an annual basis, revenues grew 2.2%, above the 1.6% expected but below the previous 3.2%. Within the sector, only two of its nine subcomponents—groceries and food, and textiles—posted declines. Notably, vehicle and auto parts sales rose 3.4%. Real wages increased 6.8% year-over-year, although employment fell 0.2%.

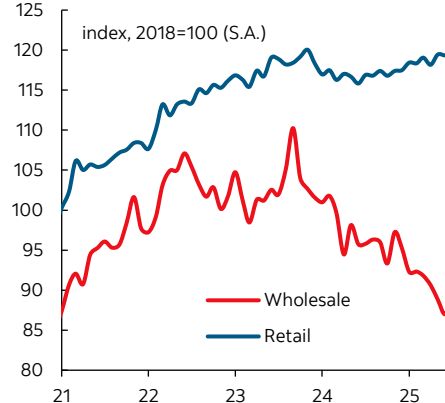
Meanwhile, in July 2025, real revenues of wholesale trade companies rose 3.0% month-over-month (seasonally adjusted), although employment and average real wages declined

**Chart 1**  
**Mexico: IGAE (GDP Monthly Proxy)**



Sources: Scotiabank Economics, INEGI.

**Chart 2**  
**Mexico: Retail and Wholesale Sales Indexes**



Sources: Scotiabank Economics, INEGI.

September 23, 2025

0.2%. On an annual basis, revenues fell -6.5%, continuing the downward trend observed since February 2024. Within the sector, truck and parts sales dropped -11.5% year-over-year, and raw materials -8.5%, while groceries and food were the only categories to avoid negative territory, though they remained flat (0.0%). Wages fell -0.1%, but employment grew 0.7%. Looking ahead, retail trade may continue to grow moderately, in line with softening consumption, while wholesale trade remains affected by weak investment and high domestic uncertainty.

—Rodolfo Mitchell & Miguel Saldaña

### COLOMBIA: JULY'S IMPORTS REACH HIGHEST LEVEL SINCE SEPTEMBER 2022 AS TRADE DEFICIT KEEPS WIDENING

On Monday, September 22<sup>nd</sup>, DANE published import data for July 2025. Imports reached US\$6.48 billion CIF (chart 3), increasing by 16.2% year-over-year and reaching their highest level since September 2022. On a monthly basis, imports grew by 21.5% compared to the previous month. In absolute terms, consumption-related imports remained close to historical highs, posting a 30.1% year-over-year increase, driven especially by durable goods. Imports of raw materials expanded by 22.1% y/y, while imports of capital goods contracted by 3.5% y/y.

Monday's import figures reflect the nature of Colombia's economic recovery. Stronger household consumption is driving imports of durable goods. In contrast, investment-related imports show a more moderate trend; imports of raw materials for the industrial sector are the most resilient, although still ~7% below historical highs in absolute terms. The contraction in capital goods imports was mainly due to lower purchases of transport equipment and industrial machinery.

The trade deficit stood at US\$1.69 billion, widening by 173% compared to July 2024 (US\$617.9 million) (chart 4). In July, exports (FOB) contracted by 4.1% y/y, mainly due to a 17.6% y/y decline in traditional exports, especially coal (-39.6% y/y). In contrast, imports (FOB) expanded by 16.9% y/y. The 12-month accumulated trade deficit reached its widest level since early 2023 (US\$14.2 billion, chart 4). Despite this, the current account deficit remains low, supported by increasing remittance inflows.

All in all, external sector data shows that the economic recovery is driving higher imports. However, as remittance inflows remain strong, the wider trade deficit does not translate into structural pressures in the FX market. We recently revised our estimate of the structural macro level for the USDCOP to 4,100 pesos, reflecting expectations of upcoming Fed rate cuts.

#### Highlights

- **Consumer imports remain at high levels.** In July, consumption-related imports expanded by 30.1% y/y, in which imports of durable goods lead the increase (+32.8% y/y), while non-durable goods imports expanded by 27.7% y/y. The most dynamic segments are imports of vehicles (+31.1% y/y) and pharmaceutical products (+26.4% y/y).
- **Imports of raw materials increased 22.1% y/y.** Mainly due to imports for the industrial sector (+24.6% y/y), especially for pharmaceutical and chemical industries (+17.3% y/y) and food industries (+55.1% y/y).
- **Imports of capital good contracted 3.5% y/y.** Imports of constructions material increased 13.9% y/y. In the industrial sector the dynamic negative with a reduction of 3% y/y, mainly due to lower machinery purchases (23.8% y/y) (chart 5).

Chart 3

Colombia: Imports

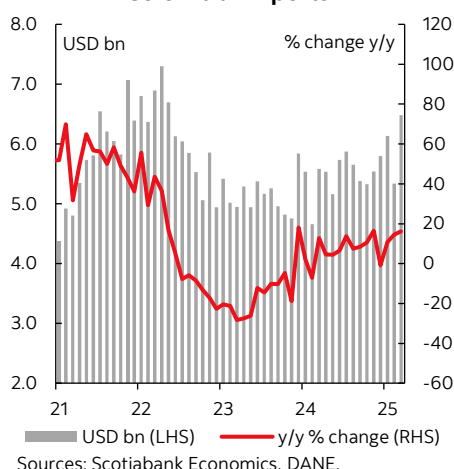


Chart 4

Colombia: Trade Balance

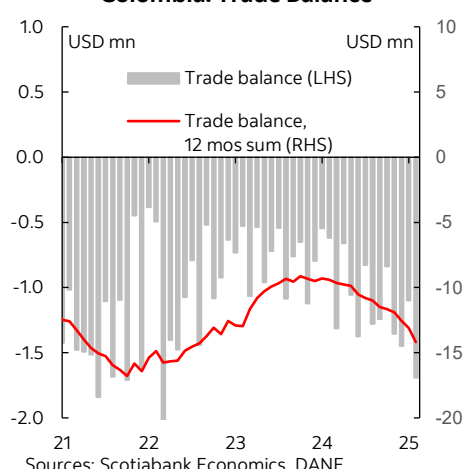
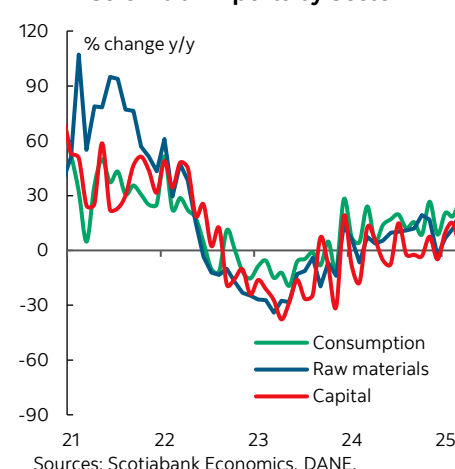


Chart 5

Colombia: Imports by Sector



—Jackeline Piraján & Valentina Guio

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