

Contributors

Juan Manuel Herrera, Senior Economist
+52.55.2299.6675 (Mexico)
juanmanuel.herrera@scotiabank.com

Guillermo Arbe, Head Economist, Peru
+51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

Jorge Selaive, Head Economist, Chile
+56.2.2619.5435 (Chile)
jorge.selaive@scotiabank.cl

Eduardo Suárez, VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

Rodolfo Mitchell, Director of Economic and Sectoral Analysis
+52.55.3977.4556 (Mexico)
mitchell.cervera@scotiabank.com.mx

Miguel Saldaña, Economist
+52.55.5123.1718 (Mexico)
msaldanab@scotiabank.com.mx

Martha Córdova, Economic Research Specialist
+52.55.5435.4824 (Mexico)
martha.cordova.mendez@scotiabank.com.mx

Latam Daily: Another Mexican Investment Decline While Consumption Gains

- Mexico: Investment continues to decline, with a drop of -5.8% in October, while consumption reaches its highest level since July 2024**

In October, gross fixed investment moderated its annual decline, moving from -6.7% to -5.8% y/y, marking fourteen consecutive months in negative territory (charts 1 and 2). Breaking it down, machinery and equipment deepened its contraction, falling from -2.4% to -10.5%, and accumulating ten straight months of decreases, with widespread drops within the category (-12.0% domestic and -12.5% imported). Construction barely slipped by -0.7% this month compared to -10.6% in the previous one, maintaining the negative trend observed since August 2024. Within the sector, residential construction grew by 3.1%, while non-residential fell -12.2%. Meanwhile, private investment decreased -2.8% and public investment -19.8%. For the January–October period, investment shows an overall decline of -7.4%. If uncertainty persists both domestically and internationally, unfavourable figures for investment are likely to continue.

Chart 1

Mexico: Gross Fixed Investment - Private vs. Public

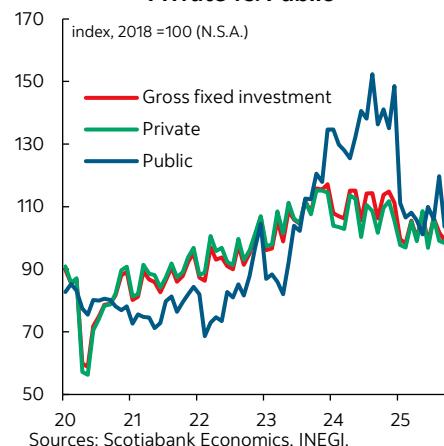


Chart 2

Mexico: Gross Fixed Investment

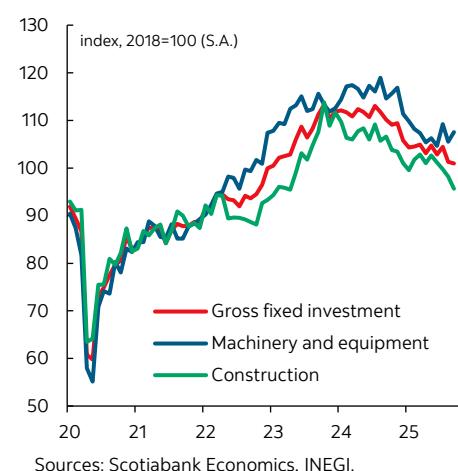
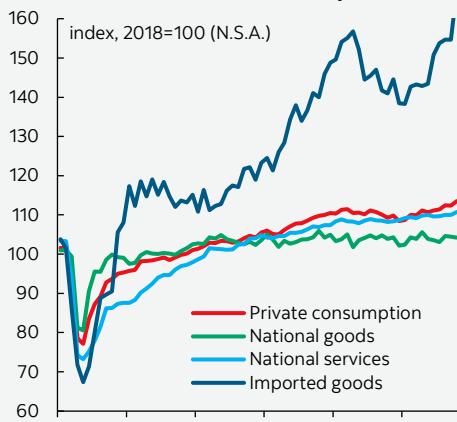


Chart 3

Mexico: Private Consumption



Also in October, private consumption accelerated on an annual basis, from 3.6% to 4.2%, driven by stronger gains in both services and goods (chart 3). In particular, imported goods continue to lead, now posting an increase of 19.9% (vs. 14.8% previously), with growth across both durable and non-durable subcomponents, although semi-durable imported goods registered a decline. Meanwhile, domestic goods rose 1.3% (vs. 1.6% previously), supported by a 2.3% increase in non-durable goods, which more than offset drops in durable and semi-durable goods of -3.2% and -4.8%, respectively. Additionally, services accelerated to 2.3% from 1.5% previously. As a result, private consumption shows growth of just 0.5% in the first ten months of the year, with a moderate outlook due to slow job creation. On a seasonally adjusted monthly comparison, consumption grew 0.8%, driven by a sharp rebound in imported goods (6.6%) and a modest increase in services (0.4%), which offset a decline in domestic goods (-0.2%).

—Rodolfo Mitchell, Miguel Saldaña & Martha Córdova

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