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Latam Daily: Mexican Fixed Investment Ends Negative Streak; Uptick in Confidence

- **Mexico:** In December, gross fixed investment stalled, showing no clear signs of a structural recovery, while consumption accelerated broadly; Consumer confidence shows a slight monthly improvement, reaching 44.4 points

MEXICO: IN DECEMBER, GROSS FIXED INVESTMENT STALLED, SHOWING NO CLEAR SIGNS OF A STRUCTURAL RECOVERY, WHILE CONSUMPTION ACCELERATED BROADLY

In December, INEGI's monthly Gross Fixed Capital Formation Indicator showed that gross fixed investment stagnated in annual terms, moving from -6.4% to 0.0% after fifteen months in negative territory (charts 1 and 2). Disaggregated data reveal that machinery and equipment fell -4.6% from -14.5%, marking twelve consecutive months of declines, with broad-based drops within the category (-9.3% domestic and -1.2% imported). Construction remained in positive territory for the second consecutive month, with a 4.3% increase driven by residential construction (13.3%). Private investment rose 2.3%, while public investment fell -11.0%. For the January–December period, investment posted a -6.7% contraction. Overall, the relatively better performance of gross fixed investment is largely explained by a base effect stemming from the sharp declines observed in the previous year, rather than by any structural improvement in investment dynamics.

In December, private consumption accelerated in real annual terms from 1.4% to 6.8% (chart 3), driven by a strong rebound in the imported component. Imported goods surged 30.0%, with durable goods rising even more sharply at 62.5%, followed by nondurable goods at 23.7%. In contrast, the growth of domestic goods was only 3.1% after a previous decline of -1.5%, also led by durable goods (8.4%). Services increased to 2.2% from 1.9% previously. As a result, in all of 2025, consumption grew 1.1%, driven by imported goods (3.3%), followed by services (1.3%), while domestic goods stagnated (0.1%) due to declines in semi-durable goods. For 2026, we believe consumption will remain an important pillar supporting economic activity, although risks are tilted to the downside, particularly given the weak creation of formal employment.

Chart 1

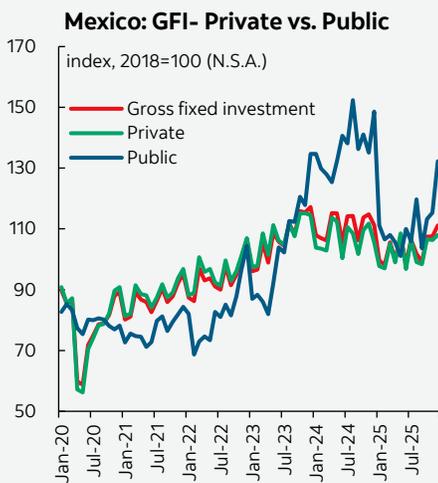


Chart 2

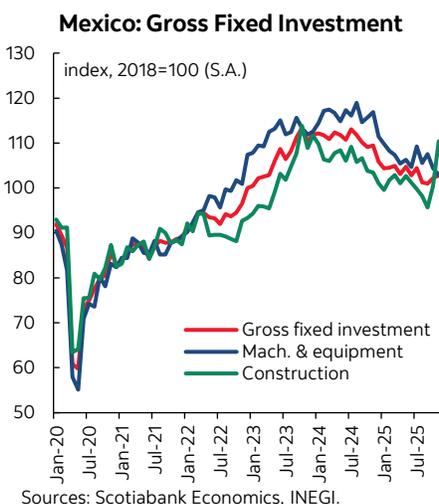
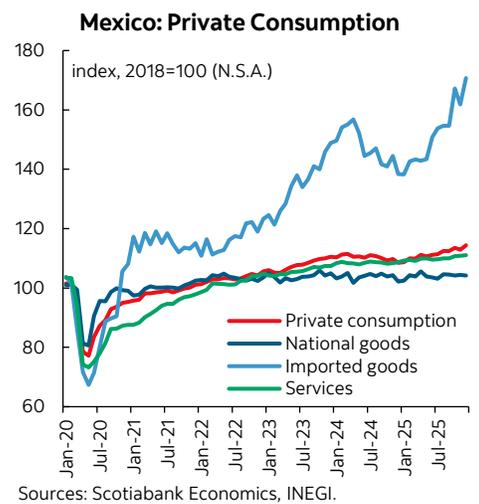


Chart 3

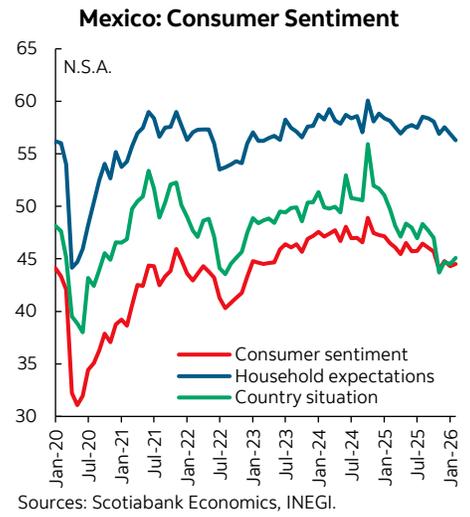


CONSUMER CONFIDENCE SHOWS A SLIGHT MONTHLY IMPROVEMENT, REACHING 44.4 POINTS

In February, consumer confidence rose to 44.4 points in seasonally adjusted terms, up from 44.0 points (chart 4). However, on an annual basis the indicator fell 2.0 points, with declines across all components. Household-related perceptions remain above the 50-point threshold despite the drops, including the current household situation (50.7 points, -0.9 annually) and household expectations for the next twelve months (56.2 points, -1.9 annually). Conversely, the current national economic situation component stood at 39.9 points (-2.5 annually), while the twelve-month national expectations component dropped -4.7 to 45.0 points. Finally, the very low level of perceived ability to purchase durable goods stands out at 30.5 points. The monthly improvement in February does not reverse the broader trend of moderation in consumer confidence, driven mainly by a worsening perception of the national economy.

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

Chart 4



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