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Latam Daily: Mexican Consumption Picks Up, but Investment Decline Continues

- **Mexico: Gross fixed capital formation moderated its decline in March (-2.6% y/y); Private consumption accelerated in March, supported by a strong rebound in imported goods**

MEXICO: GROSS FIXED CAPITAL FORMATION MODERATED ITS DECLINE IN MARCH

In March, INEGI's Monthly Indicator of Gross Fixed Capital Formation showed that fixed investment moderated its decline (charts 1 and 2), with a year-over-year change in original figures of -2.6%, compared to -4.2% previously. In the breakdown, machinery and equipment fell by -1.5%, marking fifteen consecutive months of declines, with a drop of -7.8% in the domestic component and growth of 2.7% in the imported component. Construction returned to negative territory after four months of positive readings, posting a variation of -3.5%, driven by a decline in residential construction (-8.7%). Meanwhile, private investment decreased by -4.0%, while public investment increased by 7.6%. Cumulatively, in the first three months of the year, gross fixed investment stands at -3.3%, construction at 0.0%, and machinery and equipment at -6.8%. The investment outlook remains fragile, with significant downside risks and no clear signs of recovery in the coming months.

PRIVATE CONSUMPTION ACCELERATED IN MARCH, SUPPORTED BY A STRONG REBOUND IN IMPORTED GOODS

In March, private consumption accelerated slightly in real annual terms (chart 3), from 0.9% to 3.8% y/y. Domestic goods rebounded from the previous -1.5% to 0.7%, showing mixed signals across components: durable and semi-durable goods declined by -4.8% and -3.9%, respectively, while non-durable goods and services moved into positive territory, at 2.4% and 0.7%. Imported goods grew by 16.7%, driven by non-durable goods (24.6%), followed by durable goods (16.9%). Consumption will continue to be a relevant factor in 2026; however, in recent months it has shown mixed behaviour and has lost some of the momentum observed last year, increasing downside risks in an environment of weaker labour market dynamics and reduced real purchasing power.

Chart 1

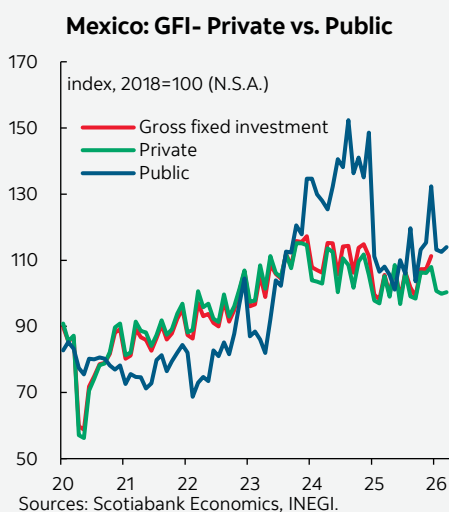


Chart 2

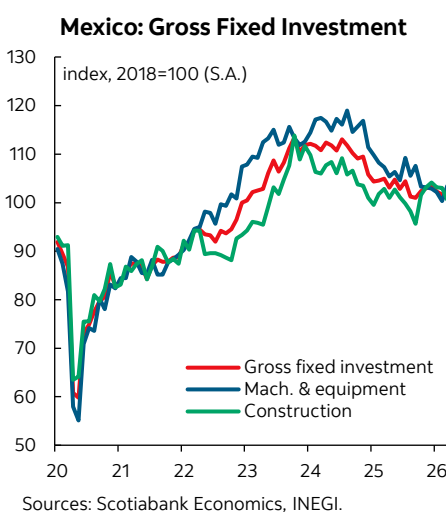
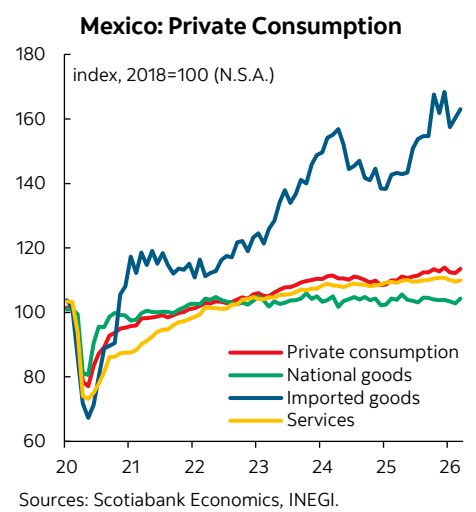


Chart 3



—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

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