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Latam Daily: Mexican Investment Ends Losing Streak; Consumption Softens

- **Mexico: Gross fixed investment rebounds after 19 months of declines; Private consumption moderates amid weak domestic demand**

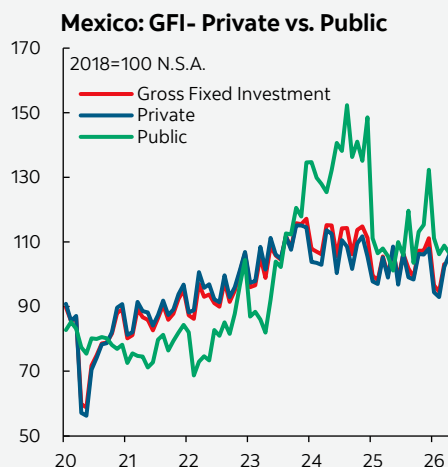
GROSS FIXED INVESTMENT REBOUNDS AFTER 19 MONTHS OF DECLINES

In April, INEGI's Monthly Gross Fixed Capital Formation Indicator showed that gross fixed investment grew for the first time in 19 months, posting an annual increase of 5.9% in original figures, up from -2.4% previously and marking its strongest growth in two years (charts 1 and 2). At the component level, machinery and equipment rose 1.3%, breaking the negative trend observed over the previous fifteen months, although this reflected an 11.2% decline in the domestic component and an 8.5% increase in the imported component. Construction grew 10.1%, supported by increases in both residential construction (10.1%) and non-residential construction (2.0%). Meanwhile, private investment expanded 5.7%, while public investment increased 7.5%. In cumulative terms from January to April, gross fixed investment stands at -1.0%, with construction at 2.6%, and machinery and equipment at -4.8%. Looking ahead, it will be important to continue monitoring the investment outlook to assess whether this rebound marks the beginning of a more sustained recovery or reflects temporary factors.

PRIVATE CONSUMPTION MODERATES AMID WEAK DOMESTIC DEMAND

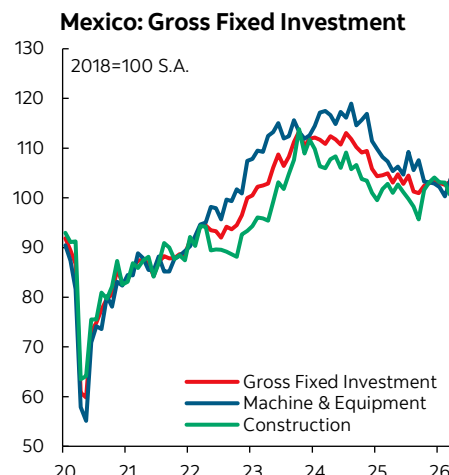
Private consumption moderated in annual terms in April, to 2.1% from 3.8% previously in original figures (chart 3). The increase was driven by strong momentum in imported goods (10.6%), which offset weaker dynamics in the domestic component. Domestic goods eased to 0.4% from 0.6%, with gains only in non-durable goods, contrasting with declines in durable and semi-durable goods, while services stagnated (0.0%) after rising 0.7% in the previous month. As a result, in cumulative terms, private consumption posted an annual increase of 2.2% in the first four months of the year. In seasonally adjusted terms, the monthly gain was only 0.1%, with a 1.1% increase in domestic goods offsetting declines in services (-0.1%) and imported goods (-1.5%).

Chart 1



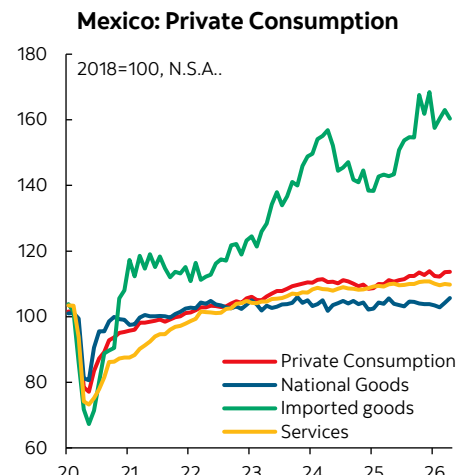
Sources: Scotiabank Economics, INEGI.

Chart 2



Sources: Scotiabank Economics, INEGI.

Chart 3



Sources: Scotiabank Economics, INEGI.

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

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