

Mexico Market Chatter

February 13th – 20th, 2025

MARKETS

The **S&P / BMV IPC** remained essentially flat over the week (+0.3%) amid heavy news flow, with generally weak quarterly results, Banxico signaling a further 50 bps cut in its minutes, while Donald Trump threatened yet another series of tariffs, now of 25% tariffs on vehicles, semiconductors and pharmaceutical products starting April 2nd (although Mexico hopes to be exempt). The Mexican peso recovered 0.5% to close at MXN\$20.31/USD while the yield of the Mexican 10-year M-Bono was up 1 bps to 9.92%.

The **S&P / BMV IPC's** top stock gainers for the week were: ORBIA * (+14.6%), rebounding from multi-year lows (though still down more than 50% over the past year), GENTERA * (+6.2%), and PINFRA * (+6.2%). The index's biggest losers were: VESTA * (-7.3%), TLEVISA CPO (-4.9%) and LAB B (-4.8%).

The following macroeconomic indicators will be announced next week: Inflation Rate, Current Account, Trade balance, Unemployment Rate, and Fiscal Balance.

Indexes (America)	20-Feb-25	13-Feb-25	%	FX	20-Feb-25	13-Feb-25	%
Dow Jones	44,176.65	44,711.43	-1.2	Dollar Index	106.35	107.31	-0.9
S&P 500	6,117.52	6,115.07	0.0	Euro	1.05	1.05	0.3
Nasdaq	19,962.36	19,945.64	0.1	MXN	20.31	20.41	-0.5
VIX	15.66	15.10	3.7	Brazilian Real	5.70	5.77	-1.1
IPC	54,303.93	54,160.11	0.3	Japanese Yen	149.63	152.80	-2.1
Bovespa	127,600.58	124,850.18	2.2	Chinese Yuan	7.24	7.29	-0.6
Indexes (Europe)	20-Feb-25	13-Feb-25	%	Commodities (Energy)	20-Feb-25	13-Feb-25	%
Eurostoxx 50	5,461.03	5,500.50	-0.7	WTI	72.48	71.14	1.9
FTSE 10	8,662.97	8,764.72	-1.2	Brent	76.50	75.02	2.0
DAX	22,314.65	22,612.02	-1.3	Natural Gas	4.17	3.63	14.9
Indexes (Asia)	20-Feb-25	13-Feb-25	%	Commodities (Metals)	20-Feb-25	13-Feb-25	%
Shanghai Comp	3,350.78	3,332.48	0.5	Gold	2,938.92	2,928.21	0.4
CSI 300	3,928.90	3,905.14	0.6	Silver	32.96	32.34	1.9
Hang Seng	22,576.98	21,814.37	3.5	Copper	9,425.91	9,434.88	-0.1
Nikkei 225	38,678.04	39,461.47	-2.0	Aluminum	2,701.12	2,616.93	3.2
10-Year Bonds	20-Feb-25	13-Feb-25	bps	Cryptocurrencies	20-Feb-25	13-Feb-25	bps
US	4.50	4.53	-2.6	Bitcoin	98,057.36	96,491.67	1.6
Japan	1.45	1.35	9.3	Ethereum	2,725.90	2,667.44	2.2
Germany	2.53	2.42	11.6	Binance	653.24	664.70	-1.7
Mexico	9.92	9.91	1.1	Solana	173.43	194.29	-10.7
Brazil	14.68	14.91	-22.9	XRP	2.67	2.50	6.9

LISTED COMPANIES

Alfa (now in effect Sigma) reported weak 4Q24 results and a softer than expected guidance. Consolidated revenues were flat YoY as Sigma's volume growth was offset by the FX impact. Comparable EBITDA was 8% lower YoY mainly due to a 7% decrease in Sigma. Net leverage ratio closed at 2.5x, in line with internal target, due to the capital increase and strong cash flow generation. In 2025, Sigma expects a 4% volume growth, currency neutral sales of US\$9.7 billion (+10%), EBITDA of US\$1.1 billion (+5%), and Capex of US\$350 million (+43%).

Alpek reported neutral 4Q24 results but released a much lower than expected guidance.

Total revenues increased 3% YoY due mainly to a 2% volume growth and slightly higher average prices. Comparable EBITDA lagged slightly, growing 1% YoY. Net loss was US\$79 million, which includes one-time effects from the Beaver Valley facility shutdown. In 2025, Alpek expects a 4% sales increase due to a 2% volume growth, but an 11% EBITDA decline, in yet another unexpected shift in margins; Capex is set to increase 25%.

Televisa reported weak 4Q24 results with sales down 6.9% YoY but cost-cutting and news of David Martinez upping his stake to 10% helped offset this somewhat. The cable unit lost 204k subscribers in the quarter, while SKY lost 270k in the quarter and more than a million in the year due to intense competition. Operating segment income fell 4.4% with a 30 bps margin improvement due to efficiency measures that the company implemented in the last quarters. The company posted a MXN\$9.85 billion net loss, further impacted by non-cash asset impairments and write-offs. The (unconsolidated) content business, **TelevisaUnivision, reported mixed 4Q24 results, impacted by unfavorable FX.** Total revenue declined 1%. Excluding the impact of FX rates, total revenue grew 4%. U.S. revenue increased 2% while Mexico sales declined 5% (up 8% on local currency). Operating expenses were essentially flat. Adjusted OIBDA decreased 3% (+2% excluding FX). The leverage ratio ended the year at 5.9x, down marginally from 6.0x a year ago.

Gruma reported positive 4Q24 results. Total sales declined 5% primarily due to the depreciation of the Mexican peso at Gimsa, price adjustments in Mexico and lower volume in US food service channel. On the other hand, gross profit was up 3% driven by efficiencies in the US and GIMSA subsidiaries while EBITDA grew 7%, reflecting strategic efforts.

Chedraui reported mixed 4Q24 results, with a strong top line but softer margins. Total revenues were up 11.2% YoY driven by sales increases across all business sectors, the opening of 47 stores in Mexico and 2 in the US and a favorable FX effect at Chedraui USA. Mexico SSS rose 2.9%, surpassing ANTAD for the eighteenth consecutive quarter. US saw a 0.8% SSS rise. On the negative side, gross margin fell 90 bps to 21.8% due to a pricing campaign; consolidated EBITDA fell 7.2% with a 150 bps margin contraction to 7.6% due to the impact of the distribution center, store openings and higher salaries. Net income decreased 42.5%.

Vesta reported 4Q24 positive growth, but softer than expectations. Total rental income was up 16.5% YoY primarily due to US\$6.4 million in new revenue-generating contracts and a US\$ 2.2 million inflationary benefit. Adjusted NOI grew 11.7% as the strong revenue growth was partially offset by higher costs of rental income generating properties. However, FFO was 28.0% higher. Vesta expects 2025 revenues to increase between 10.0-11.0% with a 94.5% adjusted NOI margin and an 83.5% adjusted EBITDA margin.

Pinfra reported positive 4Q24 results with total revenues increasing 19% due to price adjustments and higher vehicle traffic. EBITDA grew 10% as a result of a strong performance in the concessions segment. The EBITDA margin declined to 64% due to a lower profitability in the construction segment. Net profits were up 52%YoY, helped by a favorable FX impact.

Megacable reported positive 4Q24 results, in contrast to Televisa. Total revenues rose 8.3% to a record level fueled by a 10.1% increase in the Mass Segment as a result of a higher number of subscribers and the consolidation of new territories with a higher contribution. Corporate segment revenues were mostly unchanged. Consolidated EBITDA grew 10.9% also reaching record levels with a 44.3% margin, up from 43.2%.

Grupo Bafar reported positive 4Q24 results that exceeded expectations, and the company provided an upbeat guidance. Revenues were up 14.0% YoY, mainly due to a 13.6% increase in the food business, +26.5% at FNova and +33.5% in the financial business. EBITDA grew 15.5% YoY, with a 20 bps margin improvement to 19.3%, as lower expenses more than offset rising raw materials costs. The company released its 2025 guidance, which includes a 16% increase in revenue and a 7% EBITDA growth and MXN\$5.0 billion in capex.

Grupo Herdez reported weak 4Q24 results. Net sales increased 0.9%. Preserves sales experienced a 1.4% decrease, affected by a high comparative base from the previous year due to overstocking in the wholesale channel and the impact of avian flu on domestic salted yolk availability, which affected mayonnaise sales. Impulse sales were 2.8% higher due to strong demand in the retail business. Gross profit decreased 1.1% as the Preserves segment was affected by a less favorable sales mix and higher egg yolk costs. EBITDA fell 9.8% also due to lower profitability levels in Preserves.

Nemak reported improving margins in 4Q24. Total revenues increased 6.0% YoY, propelled by successful commercial negotiations, which offset a 7.3% volume reduction due to customers' inventory optimization strategies, customer plant stoppages in certain regions, and a slower-than-expected shift toward e-mobility. EBITDA rose 21.2% YoY driven by cost-optimization measures, favorable contract negotiations, and the depreciation of the Mexican peso. The EBITDA margin improved to 13% due to enhanced efficiency and currency effects. The company's 2025 guidance calls for volume of 37-38 million equivalent units, sales between US\$4.6-4.8 billion, EBITDA of US\$580-600 million, and Capex of US\$285-295 million.

FMTY reported positive 4Q24 results. GLA reached 1.87 million m², with a 96.2% occupancy rate. Total revenue was up 27.7% YoY and the NOI increased 28.1% due to robust activity in the industrial portfolio, higher rents, acquisitions and a favorable FX impact. The NOI margin improved 40 bps to 91.2% due to efficient expense management. FFO and AFFO grew 62.4% YoY and 62.0% YoY, respectively, positively influenced by higher NOI. LTV was 25.9% in 4Q24, down from 26.6% in 4Q23. The Fibra also announced its 2025 guidance with an AFFO/CBFI between MXN\$1.083 – 1.095. This guidance translates into a yield at the high end of 10.1%, based on a CBFI price of MXN\$10.80 at the beginning of 2025.

Médica Sur reported favorable 4Q24 results with revenues up 9.6% YoY due to the company's marketing and sales efforts since 2Q24 which supported the performance of hospitalization, clinical analysis and diagnostic services. Normalized EBITDA rose 31.2% YoY fueled by a 3.3% reduction in administrative expenses, with which the margin improved 3.4 PP to 20.6%. Net income increased 65.4% YoY supported by solid operating performance and financial gains.

Consorcio Ara reported positive 4Q24 results. Revenues advanced 18.1% YoY fueled by a 20.5% increase in housing revenues which experienced higher demand in the low and middle-income segments. The average price per unit was 6.2% higher. Gross profit was up 14.0%, although the gross margin decreased 90 basis points. EBITDA rose 20.0% with a stable EBITDA margin of 13.7%. Net income soared 36.9% thanks to higher financial gains. Free cash flow was positive at MXN\$40.6 million, reversing the negative result of the previous year.

Aguilas has entered into a long-term sponsorship agreement with Adidas, with the German company becoming an official sponsor; it will design the apparel and other sporting goods for all of the Club's teams. The alliance will officially begin on July 1st, 2025.

Planigrupo Latam announced a new extension of the tender offer for 100% of GAV's shares to February 28th.

OTHER COMPANIES

Mercado Libre reported strong 4Q24 results. Net revenue & financial income rose 24% YoY in USD and 79% YoY FX-neutral to US\$6.1 billion, both excluding shipping reporting updates. FX-neutral growth was strong across the region, with Brazil +45% YoY, Mexico +43% YoY and Argentina +180%. Income from operations reached a quarterly record of US\$820 million, up 23%. Strategic efforts more than offset the margin headwind caused by provisions for doubtful accounts. Net income reached US\$639 million, well ahead of consensus estimates. Shares were up more than 10% in after-hours trading on Thursday.

On the other hand, **Nubank reported weaker than expected 4Q24 earnings.** Loan growth remained strong, but shifting to a less risky mix hurt NII. Particularly strong growth in deposits in Mexico and Colombia also put pressure on margins. Unfavorable FX movements also weighed on reported figures. Shares were down close to 9% in after-hour trading on Thursday.

Grupo Santander's Chairman Patricia Botín, announced a US\$2.0 billion investment in Mexico in both its existing commercial bank and in the recently launched OpenBank, its digital bank. In an interview in *El Financiero* newspaper, she said that Mexico will be a winning country in the next decade.

Netflix will invest US\$1.0 billion in the production of series and films in Mexico over the next four years.

Telefónica is said to be preparing the sale of its Mexican operations, according to Spanish newspaper *Cinco Días*. Such divestiture could take place before the annual shareholders meeting which normally takes place in April or May.

Grupo BBVA has obtained authorization from the CNBV to acquire Banco Sabadell's Mexican affiliate.

Ruba expects housing volume to grow at least 10% to more than 12 thousand units in 2025 supported on high demand and "nearshoring", according to its CEO Jesús Sandoval. He said that the recent changes to the Infonavit Law were necessary to boost the market.

TRADE AND ECONOMICS

Banco de Mexico released its quarterly inflation report. The institution adjusted its 2025 GDP growth forecast to 0.6%, from 1.2%, due to an uncertain macroeconomic environment as the US administration has announced trade, immigration and other measures. The Institute left its 2026 GDP projection unchanged at 1.8%. It also revised upwards its 2025 inflation prediction to 3.3%, from 3.0%, and maintained its 2026 estimate at 3.0%. It expects the inflation rate to converge to the 3.0% target in 3Q26, from an original expectation in 4Q25, due to persistent services inflation.

Banco de Mexico also released the minutes of its last monetary policy meeting, which indicate that “The Governing Board estimates that going forward it could continue to calibrate the monetary stance and consider adjusting it by a similar amount. It anticipates that the inflationary environment will allow the cycle of cuts to the reference rate to continue, although it will maintain a restrictive stance. The implemented actions will be such that the reference rate is consistent, at all times, with the path required to promote the orderly and sustained convergence of general inflation to the 3% target in the expected period.”

Economists forecast a 50 bps cut in Banco de Mexico’s key interest rate at the next monetary policy meeting, according to the last **Citi Mexico expectations survey**. They also expect the benchmark interest rate to close at 8.25% (from 8.50% in the previous survey) in 2025 and 7.50% (unchanged) in 2026. They also foresee a GDP growth of 0.9% (from 1.0%) in 2025 and 1.8% in 2026 (unchanged); an inflation rate of 3.83% (from 3.90%) in 2025 and 3.79% (from 3.72%) in 2026; a core inflation rate of 3.70% (from 3.74%) in 2025 and 3.61% (from 3.60%) in 2026; and a YE FX rate of 21.00 (unchanged) in 2025 and 21.50 (from 21.30) in 2026.

ANTAD’s same store sales increased 1.3% YoY (self-service 0%, department stores +3.3% and specialized +1.1%) in nominal terms in January. Total sales were up 4.0% YoY (self-service +2.9%, department stores +4.9%, specialized +4.9%).

Retail sales increased 0.1% MoM but fell 0.6% YoY (seasonally adjusted) in December, according to INEGI. Retail sales have been in a downward trend since March last year compared to the previous year’s figures. Meanwhile, wholesales were down 0.9% MoM and 4.4% YoY.

The Senate approved the **Infonavit Law reform** which will allow the Institute to build up to 1 million social houses during the current presidential period.

CETES auction: 28-day CETES +2 bps to 9.37%; 91-day CETES -16 bps to 9.25%; 182-day CETES -6 bps to 9.26% and 350-day CETES -21 bps to 9.31%.



	Price		Return in Pesos					
	20-Feb-25	1 Day	1 Week	1 Month	3 Months	6 Months	YTD	
IPC	54,303.93	0.4	0.3	8.2	8.2	0.6	9.7	
Pesos / Dólar	20.31	-0.7	-0.5	-0.9	0.2	7.0	-2.5	
<i>Telecommunications</i>								
Amx B	\$ 15.05	1.0	-1.1	4.4	-1.6	-7.6	0.7	
Axtel CPO	\$ 1.45	0.0	0.7	43.6	17.9	15.1	31.8	
<i>Media / Entertainment</i>								
Tlevisa CPO	\$ 8.27	-1.0	-4.9	16.0	3.0	5.6	19.7	
Aguilas CPO	\$ 37.25	1.6	3.1	7.9	3.5	n.a.	n.a	
Azteca CPO	\$ 0.50	0.0	0.0	0.0	0.0	0.0	0.0	
Mega CPO	\$ 42.10	0.2	-2.6	15.1	7.1	-1.2	24.2	
CIE B	\$ 26.00	0.0	0.0	-5.5	0.0	13.0	-5.5	
<i>Self-service</i>								
Walmex*	\$ 56.47	1.3	-3.5	2.2	6.8	-8.3	2.9	
Soriana B	\$ 28.10	-1.4	-4.7	-6.3	-3.9	-8.9	-5.2	
Lacomex UBC	\$ 35.56	1.6	1.9	10.7	1.3	6.0	8.4	
Chdraui B	\$ 123.51	4.8	-0.5	0.9	-2.4	-16.1	-1.4	
<i>Specialized Retail</i>								
Alsea*	\$ 49.90	-2.5	0.7	21.9	5.5	-14.0	14.7	
Livepol C	\$ 102.14	-0.3	-2.3	2.9	0.8	-26.0	3.0	
Elektra*	\$ 342.41	0.1	1.0	0.3	-63.8	-63.8	-1.7	
Sports	\$ 5.97	-0.5	-2.5	-0.5	-6.7	13.9	-6.4	
<i>Beverages</i>								
AC *	\$ 208.91	2.5	-0.7	16.2	20.3	12.7	20.9	
Femsa UBD	\$ 183.23	-1.2	-0.0	7.0	4.1	-11.8	3.6	
Kof L	\$ 172.10	-0.4	-0.5	8.2	8.4	1.5	6.2	
Cultiba B	\$ 10.70	0.0	0.0	-0.8	7.0	8.9	-4.5	
<i>Food</i>								
Bimbo A	\$ 56.72	0.5	-1.3	8.7	-7.7	-19.0	2.7	
Gruma B	\$ 354.89	-0.8	0.2	10.0	4.6	-6.1	8.9	
Cuervo*	\$ 19.39	0.9	5.7	-0.6	-22.4	-37.0	-17.2	
Herdez *	\$ 54.91	-1.9	-3.9	-1.2	6.6	3.3	0.3	
<i>Consumer Goods</i>								
Kimber A	\$ 32.36	0.1	-0.3	11.8	17.7	-3.8	10.1	
Lab B	\$ 27.37	-1.9	-4.8	-0.4	4.8	38.0	8.9	
<i>Cement, Construction & Infrastructure</i>								
Cemex CPO	\$ 13.65	0.4	0.9	21.9	23.9	9.4	16.9	
Ideal B1	\$ 38.70	0.0	0.0	0.0	0.0	0.0	0.0	
Aleatic *	\$ 96.63	0.0	0.0	0.0	6.1	103.9	0.0	
Pinfra *	\$ 215.29	3.2	6.2	15.6	18.9	18.7	21.9	
Lamosa *	\$ 115.00	0.0	0.0	0.0	-2.4	-4.2	0.0	
GCC*	\$ 219.78	0.4	3.8	22.6	24.1	43.9	17.9	
CMoctez*	\$ 81.00	-1.9	0.0	11.7	8.0	8.0	8.2	
<i>Housing</i>								
Ara *	\$ 3.68	1.9	0.3	16.5	11.2	15.4	15.0	
Cadu A	\$ 3.19	0.3	-0.3	-6.2	-8.9	-12.6	-8.6	
Javer *	\$ 15.00	0.0	0.0	-3.2	30.3	12.8	0.3	
Vinte*	\$ 32.50	0.0	0.3	0.0	-1.5	2.1	0.0	



	Price		Return in Pesos					YTD
	20-Feb-25	1 Day	1 Week	1 Month	3 Months	6 Months		
<i>Mining & Metals</i>								
GMexico B	\$ 105.02	0.2	0.0	1.1	0.3	1.3	6.2	
Peñoles *	\$ 330.96	3.6	2.7	13.6	8.5	31.4	24.3	
Mfrisco A1	\$ 3.28	-1.2	-2.1	-3.2	-8.1	2.5	-4.1	
Autlan B	\$ 6.65	0.3	0.3	0.0	-16.5	-18.6	-0.7	
<i>Steel</i>								
Ich B	\$ 177.95	1.3	2.4	1.7	-1.2	-4.7	2.6	
Simec B	\$ 176.00	-2.2	-2.2	-5.9	-4.8	-4.9	-4.6	
<i>Airlines / Airports</i>								
Volar A	\$ 17.26	1.1	8.9	-0.6	5.4	63.4	10.4	
Asur B	\$ 581.53	0.2	-1.0	4.5	7.2	9.4	8.8	
Gap B	\$ 416.56	0.6	2.5	8.9	13.2	35.5	13.6	
Oma B	\$ 211.17	2.5	3.5	6.3	27.4	37.9	17.7	
<i>Industrials</i>								
Alfa A	\$ 17.09	-0.6	-2.8	12.4	15.2	50.8	13.3	
Alpek A	\$ 13.07	-3.8	-12.1	-3.3	-0.1	11.0	0.2	
Nemak A	\$ 2.47	-2.8	8.3	16.0	44.4	6.9	0.0	
GCarso A1	\$ 124.20	0.4	2.1	6.3	7.5	3.0	7.7	
Orbia*	\$ 15.62	-0.8	14.6	11.4	-10.6	-29.3	4.3	
Kuo B	\$ 42.41	3.4	0.0	-3.6	-7.8	1.0	-3.6	
Gissa A	\$ 17.81	2.1	2.4	-1.1	6.6	-17.7	6.6	
Agua*	\$ 14.33	1.8	-6.9	-18.9	-22.0	-43.4	-10.2	
Pochtec B	\$ 5.67	-5.5	-6.1	-8.3	-14.1	-14.7	-9.9	
Vitro A	\$ 7.68	-0.3	1.1	-6.9	-14.7	-8.0	-12.7	
<i>Financial</i>								
Bolsa A	\$ 38.03	2.4	1.0	20.2	15.7	24.5	14.0	
GFinbur O	\$ 50.22	2.0	3.0	12.9	11.5	5.6	15.7	
GFNorte O	\$ 155.10	-0.4	3.6	6.2	9.2	8.0	15.8	
Regional	\$ 139.12	-1.0	-3.0	10.1	19.5	6.0	18.8	
Bbajio O	\$ 48.01	0.5	1.2	2.2	18.7	-8.0	15.0	
Q*	\$ 193.01	-2.7	-3.2	12.0	36.1	17.4	10.0	
Genera *	\$ 30.38	0.3	6.2	15.2	17.7	38.8	25.0	
Findep *	\$ 7.85	0.0	0.0	0.0	-4.3	-17.4	-1.9	
Actinvr B	\$ 19.03	0.0	2.9	5.1	12.6	16.7	6.8	
<i>Fibras / Real Estate</i>								
Funo 11	\$ 22.56	0.6	1.8	12.1	5.6	-3.5	11.4	
Fshop 13	\$ 8.65	0.7	-0.9	-0.9	11.0	20.6	-1.6	
Dahnos 13	\$ 21.03	-3.9	-5.4	3.1	1.7	0.7	4.8	
Fibra MQ	\$ 33.03	0.9	0.8	6.2	2.1	2.4	8.8	
Finn 13	\$ 4.86	-2.0	-3.0	-2.6	2.1	-1.2	-11.6	
Fiho12	\$ 9.84	0.7	0.7	1.1	9.6	11.2	0.6	
Fibra HD	\$ 2.22	-0.9	-5.5	-16.5	-7.5	8.3	-12.9	
Prologis	\$ 65.57	0.6	-2.1	14.6	2.9	-1.3	14.5	
Terra 13	\$ 36.10	-0.4	-1.6	3.1	0.2	-5.0	-0.6	
Vesta *	\$ 50.84	-0.7	-7.3	1.6	-0.0	-6.4	-4.5	
Hotel *	\$ 3.68	0.5	-0.8	-5.2	-7.5	-5.6	-5.6	
Gicsa B	\$ 2.10	-0.5	-4.5	-17.6	-9.1	-6.7	-8.7	
HCity*	\$ 4.69	1.1	-0.6	4.5	2.4	2.0	4.9	