

Mexico Market Chatter

February 27th – March 6th, 2025

MARKETS

In a roller-coaster week of heavy tariffs news flow, the **S&P / BMV IPC** was up 0.4% following the delay of tariffs on Mexican imports by the Trump administration, offsetting continued weakness in domestic macroeconomic indicators. Meanwhile, the Mexican peso gained 1.0% to close at MXN\$20.29/USD while the yield of the Mexican 10-year M-Bono recovered 2 bps to 9.51%.

The **S&P / BMV IPC's** top stock gainers for the week were: PEÑOLES * (+14.4%), ORBIA * (+9.3%), and GRUMA B (+5.4%). The main losers were: Q* (-9.4%), ALSEA * (-5.9%) and LACOMER UBC (-5.3%).

The following macroeconomic indicators will be announced next week: Consumer Confidence and Trade Balance.

Indexes (America)	6-Mar-25	27-Feb-25	%	FX	6-Mar-25	27-Feb-25	%
Dow Jones	42,579.08	43,239.50	-1.5	Dollar Index	104.06	107.24	-3.0
S&P 500	5,738.52	5,861.57	-2.1	Euro	1.08	1.04	3.7
Nasdaq	18,069.26	18,544.42	-2.6	MXN	20.29	20.49	-1.0
VIX	24.87	21.13	17.7	Brazilian Real	5.76	5.83	-1.2
IPC	52,816.43	52,607.61	0.4	Japanese Yen	147.98	149.81	-1.2
Bovespa	123,357.55	124,798.96	-1.2	Chinese Yuan	7.24	7.29	-0.6
Indexes (Europe)	6-Mar-25	27-Feb-25	%	Commodities (Energy)	6-Mar-25	27-Feb-25	%
Eurostoxx 50	5,520.47	5,472.56	0.9	WTI	66.36	70.35	-5.7
FTSE 10	8,682.84	8,756.21	-0.8	Brent	69.46	74.04	-6.2
DAX	23,419.48	22,550.89	3.9	Natural Gas	4.30	3.93	9.4
Indexes (Asia)	6-Mar-25	27-Feb-25	%	Commodities (Metals)	6-Mar-25	27-Feb-25	%
Shanghai Comp	3,381.10	3,388.06	-0.2	Gold	2,911.80	2,877.52	1.2
CSI 300	3,956.24	3,968.12	-0.3	Silver	32.65	31.28	4.4
Hang Seng	24,369.71	23,718.29	2.7	Copper	9,586.92	9,381.31	2.2
Nikkei 225	37,704.93	38,256.17	-1.4	Aluminum	2,665.88	2,648.87	0.6
10-Year Bonds	6-Mar-25	27-Feb-25	bps	Cryptocurrencies	6-Mar-25	27-Feb-25	bps
US	4.28	4.26	1.9	Bitcoin	89,842.68	84,285.18	6.6
Japan	1.54	1.40	14.0	Ethereum	2,213.54	2,279.62	-2.9
Germany	2.83	2.41	42.0	Binance	597.20	605.07	-1.3
Mexico	9.51	9.53	-2.3	Solana	143.97	137.53	4.7
Brazil	15.12	15.11	1.4	XRP	2.60	2.19	18.9

LISTED COMPANIES

Peñoles reported strong 4Q24 results exceeding consensus forecasts with revenues up 28.2% YoY, driven by rising prices for silver, gold, zinc, copper and concentrates along with higher volumes for gold, zinc, lead, concentrates and chemicals products. EBITDA more than tripled YoY, reflecting cost reductions and higher production efficiency, while the EBITDA margin expanded to 34.6% in 4Q24, from 13.9% in 4Q23. Net profits declined 9.8% YoY, impacted by FX losses and higher taxes.

El Puerto de Liverpool expects Capex between MXN\$10.0-11.0 billion in 2025. Resources will be allocated to its Arco Norte logistics center, supply chain improvements, new store openings, remodeling projects, and technology upgrades. The retailer plans to open two Liverpool stores, between 20 and 25 Liverpool Express locations, and three additional Suburbia stores during 2025. SSS will likely range between **5% and 6%** for Liverpool and **7% to 8%** for Suburbia. Digital GMV will rise 15-17% and marketplace between 19-21%, with an operating cash flow margin between **16% and 16.5%**.

Asur's total passenger traffic declined 2.6% YoY to 5.6 million in February 2025, mainly as a result of a 7.5% reduction in Mexico, which was partially mitigated by the increases of 8.6% in Puerto Rico and 3.3% in Colombia.

Gap's total passenger traffic was up 1.6% to 4.88 million in February 2025. Domestic traffic grew 7.1%, while international traffic declined 4.1%.

Oma's total passenger traffic grew 5.2% YoY to 1.9 million in February 2025, with domestic traffic rising 4.4% and international traffic up 9.7%.

Invex Controladora announced that Ammper, a subsidiary of its Energy Transition Division, has successfully **completed the energization of its first electrical infrastructure project for the PyME Industrial Park in Querétaro.** Additionally, it will offer energy supply and operation and maintenance services. The infrastructure includes the expansion of a 400 kilovolt (kV) substation and the construction of two new substations. The client for this infrastructure is ODATA, a global data center developer, with a demand of 200 MVAs in its first stage. We believe this news is favorable for INVEX since it represents a new source of revenues for Ammper and could potentially generate extraordinary profits in 1Q25.

Norte 19 continued to reap the benefits of its strategy to increase tariffs above the inflation rate as its ADR rose 10.2% YoY in January. However, this rate adjustment coupled with the current macroeconomic situation led to a 1.7 PP reduction in occupancy levels to 45.9%. RevPar thus increased 6.1% YoY and total revenues were up 8.8% YoY to MXN\$294.5 million.

Fibra Educa announced that it has received a MXN\$4.0 billion tax assessment from fiscal authorities. The company will challenge this in court. It expects the process to take around 4-5 years to conclude.

CIE delivered weak 4Q24 operating results, with lower revenues and EBITDA. Total revenues were down 8% YoY, mainly as Special events were impacted by lower healthcare services activity, which was only partly offset by the successful Formula 1 Grand Prix in Mexico City. Other business revenues (El Salitre Park), posted a 14% increase, due to higher visitor traffic and spending. Adjusted EBITDA dropped 21%, reflecting the revenue shortfall, leading to a 300-bps EBITDA margin contraction to 14%. Net income was slightly down -1%, supported by a 17% increase in earnings from the JV with Live Nation, driven by high-profile events such as Corona Capital, Coca-Cola Flow Fest, and concerts by top artists.

Grupo Peña Verde appointed Manuel Friederich López as CEO of General de Seguros, S.A. on March 5th, 2025, following approval from the subsidiary's Board of Directors.

OTHER COMPANIES

Mercado Libre announced a **US\$180 million** investment to build a new distribution center in Apodaca, Nuevo León, as part of its expansion plans in Mexico. The facility will create approximately **1,600 new jobs**, bringing the total number of employees in Nuevo León to **3,300** once it becomes operational.

CFE's Board of Directors approved the "2025-2030 Expansion of Generation Plan" which includes 12 power generation projects with 5,840 megawatts of capacity, of which four will be combined-cycle plants.

TRADE AND ECONOMICS

The U.S. government granted at least a one-month exemption from the 25% tariffs for Mexican and Canadian products complying with the USMCA after Mexico's President Claudia Sheinbaum spoke with US President Donald Trump on Thursday March 6th.

The inflation rate was 0.28% in February, INEGI reported, which compares against the 0.27% expectation according to the last Citi Mexico Survey. The core inflation rate was 0.48%, against the 0.45% consensus forecast. This translated into a last twelve-month inflation rate of 3.77% (vs. 3.77% E) and a core inflation rate of 3.65% (vs. 3.62% E).

Economists expect Banco de Mexico to reduce its key interest rate by 50 bps in the next monetary policy meeting, according to the **Citi Mexico Expectations Survey**. They also forecast that the interest rate will remain at 8.25% for YE25 and 7.50% for YE26, in both cases unchanged against the previous survey. The 2025 GDP growth estimate declined to 0.8% (from 0.9%), but remained at 1.8% for 2026. The headline inflation projection fell to 3.77% (from 3.83%) for 2025, and 3.70% (from 3.79%) in 2026. The core inflation estimate was 3.71% (from 3.70% previously) and remained at 3.61% in 2026. The USDMXN forecast remained at 21.00 for 2025 and 21.50 for 2026, unchanged from the previous survey.

Recession fears? Economists revised their 2025 GDP growth forecast to 0.80%, from 1.07%, and anticipate a 1.65% expansion in 2026, down from 1.75%, according to Banxico's February 2025 **Survey of Private Sector Economic Specialists**. They also project an inflation rate of 3.75% for 2025, a slight decrease from the previous 3.83% estimate, and 3.74% for 2026, down from 3.77%. Core inflation expectations remained virtually unchanged at 3.77% for 2025 and 3.67% for 2026. Economists foresee Banco de México's key interest rate closing at 8.19% in 2025, a slight decrease from the prior 8.29% projection, and 7.40% in 2026, down from 7.47%. They expect a YE FX rate of 20.88 in 2025, marginally lower than the previous estimate of 20.96, and 21.28 in 2026, slightly down from 21.30.

The business confidence index fell 1.4 points MoM and 4.9 points YoY to 50.1 in February, reaching its lowest level since November 2022, according to seasonally adjusted data from INEGI.

Remittances were up 1.9% YoY to MXN\$4.66 billion in January, Banco de Mexico reported. This resulted from a 2.9% increase in the number of transactions, while the average amount declined 0.9%. Electronic transfers accounted for 98.7% of total remittances, whereas cash and in-kind contributions, along with money orders, represented 1.3%.

The Monthly Indicator of Private Consumption (IMCP) decreased 1.1% MoM (seasonally adjusted) in December 2024. Domestic consumption of goods and services fell 0.8%, while imported goods consumption decreased 4.2%. The IMCP declined 0.7% YoY (original data) mainly as a result of a 0.1% decrease in domestic goods and a 1.5% reduction in imported goods.

More signs of slumping economic growth. Gross fixed investment dropped by 2.6% MoM (seasonally adjusted) in December, following a modest 0.2% fall in November and surpassing the expected 1.8% decrease. This included a 1.8% reduction in construction activity, and a 3.8% decline in machinery and equipment. Gross fixed investment fell 4.0% (original data) YoY in December, also exceeding consensus expectations of a 2.5% decline, the fourth consecutive month with an annual drop. Construction investment was the main reason, down 9.4%, while spending on machinery and equipment rose 2.5%.

IMSS reported the creation of 119,385 formal jobs in February, the lowest level for a similar month since 2021, bringing total registered positions to a peak level of 22.4 million.

Light vehicle sales increased 2.8% to 117,617 units in February 2025, according to INEGI. This marked the fifth consecutive month of growth in domestic sales, and the highest level in eight years.

CETES auction: 28-day CETES -29 bps to 9.15%; 91-day CETES -4 bps to 9.15%; 182-day CETES -5 bps to 9.05% and 364-day CETES -20 bps to 9.11%.



	Price		Return in Pesos					YTD
	06-Mar-25	1 Day	1 Week	1 Month	3 Month	6 Month		
IPC	52,816.43	0.2	0.4	0.3	2.9	3.4	6.7	
Pesos / Dólar	20.29	-0.6	-1.0	-1.3	0.2	2.0	-2.6	
<i>Telecommunications</i>								
Amx B	\$ 15.01	3.3	1.2	0.5	-0.5	-7.2	0.4	
Axtel CPO	\$ 1.84	-4.2	8.2	44.9	61.4	60.0	67.3	
<i>Media / Entertainment</i>								
Tlevisa CPO	\$ 8.14	2.5	4.5	2.4	3.4	11.5	17.8	
Aguilas CPO	\$ 38.69	0.2	0.5	6.8	5.5	n.a.	n.a	
Azteca CPO	\$ 0.50	0.0	0.0	0.0	0.0	0.0	0.0	
Mega CPO	\$ 43.33	0.0	-0.8	7.0	15.8	2.5	27.8	
CIE B	\$ 25.60	2.4	-1.2	-1.5	-5.2	6.7	-6.9	
<i>Self-service</i>								
Walmex*	\$ 54.35	-2.0	-2.3	-2.2	-4.3	-7.3	-1.0	
Soriana B	\$ 27.60	0.0	-0.2	-7.7	-8.7	-7.4	-6.9	
Lacomer UBC	\$ 32.36	0.0	-5.3	-5.8	-3.3	-4.9	-1.3	
Chdraui B	\$ 114.80	-1.3	-2.1	-5.6	-12.7	-21.4	-8.4	
<i>Specialized Retail</i>								
Alsea*	\$ 42.37	-0.0	-5.9	-11.2	-8.1	-18.6	-2.6	
Livepol C	\$ 100.01	0.3	-0.3	-3.1	-3.5	-9.1	0.9	
Elektra*	\$ 345.03	1.6	0.6	1.8	19.9	-63.5	-0.9	
Sports	\$ 6.30	1.6	3.1	0.6	-1.6	22.1	-1.3	
<i>Beverages</i>								
AC *	\$ 209.12	-2.3	-1.3	6.1	15.4	16.8	21.1	
Femsa UBD	\$ 197.38	1.7	3.0	7.8	8.5	-2.1	11.6	
Kof L	\$ 177.01	-0.8	-2.8	10.2	6.8	3.3	9.3	
Cultiba B	\$ 11.00	0.0	2.8	1.9	4.8	5.2	-1.8	
<i>Food</i>								
Bimbo A	\$ 56.48	-0.3	3.3	3.7	-4.3	-18.4	2.2	
Gruma B	\$ 376.08	-0.6	5.4	9.2	9.9	1.1	15.4	
Cuervo*	\$ 18.86	1.8	3.2	1.7	-26.8	-39.1	-19.5	
Herdez *	\$ 56.20	-1.4	4.1	2.4	4.1	4.1	2.7	
<i>Consumer Goods</i>								
Kimber A	\$ 31.51	0.1	0.9	3.2	14.6	-1.5	7.2	
Lab B	\$ 24.40	-1.7	-3.9	-11.2	-8.9	23.6	-2.9	
<i>Cement, Construction & Infrastructure</i>								
Cemex CPO	\$ 12.92	1.7	-0.3	-6.0	10.2	13.7	10.6	
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	0.0	99.6	0.0	
Pinfra *	\$ 201.79	-0.5	0.1	3.6	7.2	13.6	14.2	
Lamosa *	\$ 114.99	0.0	0.0	-0.0	-0.0	-4.2	-0.0	
GCC*	\$ 204.52	-0.2	2.0	-0.1	11.8	40.0	9.7	
CMoctez*	\$ 78.00	-2.5	-2.5	-1.8	11.2	4.0	4.2	
<i>Housing</i>								
Ara *	\$ 3.49	-0.3	-3.1	11.1	5.8	15.2	9.1	
Cadu A	\$ 3.22	0.0	0.6	9.2	-8.0	-8.0	-7.7	
Javer *	\$ 15.00	0.0	0.0	0.0	30.3	9.9	0.3	
Vinte*	\$ 32.50	0.0	0.0	0.0	-2.4	2.1	0.0	



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	06-Mar-25	1 Day	1 Week	1 Month	3 Month	6 Month		
<i>Mining & Metals</i>								
GMexico B	\$ 101.27	-0.9	2.3	-2.7	-0.7	1.6	2.4	
Peñoles *	\$ 342.26	2.8	14.4	5.9	10.6	48.8	28.6	
Mfrisco A1	\$ 3.20	-0.3	-3.0	-2.4	-9.9	-12.3	-6.4	
Autlan B	\$ 6.34	1.0	0.6	-2.5	-18.1	-16.0	-5.4	
<i>Steel</i>								
Ich B	\$ 171.25	0.0	-2.0	0.1	-6.6	-8.9	-1.2	
Simec B	\$ 179.98	0.1	-0.0	-0.0	-2.7	-2.7	-2.4	
<i>Airlines / Airports</i>								
Volar A	\$ 12.87	-2.7	-1.2	-20.6	-24.4	8.8	-17.7	
Asur B	\$ 543.86	-0.6	0.0	-4.8	1.5	5.7	1.7	
Gap B	\$ 382.75	-0.0	-1.5	-1.9	-1.4	16.6	4.4	
Oma B	\$ 195.58	0.3	3.2	-2.0	6.6	23.0	9.0	
<i>Industrials</i>								
Alfa A	\$ 16.61	-2.1	-4.8	-2.6	8.2	54.2	10.1	
Alpek A	\$ 12.08	-0.5	-6.5	-16.6	-8.6	-4.0	-7.4	
Nemak A	\$ 2.75	3.8	4.6	14.6	32.9	35.5	11.3	
GCarso A1	\$ 115.99	0.1	-0.7	-0.5	-4.5	0.9	0.6	
Orbia*	\$ 15.42	-0.6	9.3	15.8	-13.1	-20.8	2.9	
Kuo B	\$ 44.00	0.0	0.0	2.4	7.3	4.8	0.0	
Gissa A	\$ 17.30	0.0	4.7	2.7	1.5	-13.5	3.6	
Agua*	\$ 12.06	1.8	-8.4	-30.0	-29.9	-51.0	-24.4	
Pochtec B	\$ 5.95	0.0	2.2	-2.1	-8.6	-10.3	-5.4	
Vitro A	\$ 7.30	0.0	-1.4	-5.2	-12.0	-16.7	-17.0	
<i>Financial</i>								
Bolsa A	\$ 37.30	1.3	2.9	16.9	15.9	24.3	11.8	
GFinbur O	\$ 47.26	1.9	-1.3	7.7	-1.9	6.0	8.9	
GFNorte O	\$ 146.88	-0.6	-0.3	0.3	3.3	7.5	9.6	
Regional	\$ 137.47	0.1	3.2	-0.9	10.8	15.2	17.4	
Bbajio O	\$ 45.59	1.7	-0.1	-2.9	2.6	1.4	9.2	
Q*	\$ 180.73	0.3	-9.4	1.7	3.7	18.4	3.0	
Genera *	\$ 28.78	0.6	-5.0	2.8	11.2	37.0	18.4	
Findep *	\$ 7.85	0.0	0.0	0.0	-1.9	-15.6	-1.9	
Actinvr B	\$ 19.00	1.3	-2.6	5.6	10.3	15.9	6.6	
<i>Fibras / Real Estate</i>								
Funo 11	\$ 22.69	-0.0	0.6	3.8	6.2	4.7	12.0	
Fshop 13	\$ 8.83	1.5	-0.5	0.3	19.8	29.3	2.2	
Dahnos 13	\$ 22.00	0.7	2.5	2.1	4.2	9.7	9.7	
Fibra MQ	\$ 31.75	-0.6	0.3	-1.6	-0.5	3.1	4.6	
Finn 13	\$ 5.00	0.0	2.0	0.0	-6.5	1.8	-9.1	
Fiho12	\$ 10.45	4.6	3.6	3.5	18.6	18.2	6.9	
Fibra HD	\$ 2.38	-1.2	1.3	2.1	-5.6	15.0	-6.7	
Prologis	\$ 64.50	-0.4	-0.7	3.3	6.6	3.0	12.6	
Terra 13	\$ 35.70	-1.4	-0.9	-3.0	-2.2	-6.8	-1.7	
Vesta *	\$ 49.75	2.7	2.6	-8.0	-0.6	-3.9	-6.5	
Hotel *	\$ 3.70	-5.1	-2.6	-5.1	-1.3	-7.5	-5.1	
Gicsa B	\$ 2.40	4.8	3.0	5.3	9.6	2.1	4.3	
HCity*	\$ 4.54	0.4	-2.6	-0.2	-3.2	1.8	1.6	