

Mexico

Regional Sectorial Outlook

First Half 2025

Data as of:
February 25, 2025

Key Messages



GDP Growth



The primary sector **contracted** and the secondary sector **stagnated in 2024**. Services sustained the **growth of the Mexican economy** and **will continue to grow**, modestly, during 2025.



Outlook: Regional and Sectoral



The tertiary sector shows resilience at the state level in 2024. Toward 2025, the entities with the highest growth will be **CDMX, BCS, and Quintana Roo**, driven by service sectors such as **Commerce and Tourism**.



Automotive Industry



The Automotive industry adds another **year of growth**. Production, exports, and domestic sales **rose up in 2024**. A consumption slowdown will reduce demand, but credit might offset this.



5G as a Competitive Advantage



The deployment of 5G may **attract FDI in strategic sectors** such as automotive, electronics, and data centers. A strategy is needed that combines spectrum allocation, private network promotion, and expansion of energy and telecom infrastructure.

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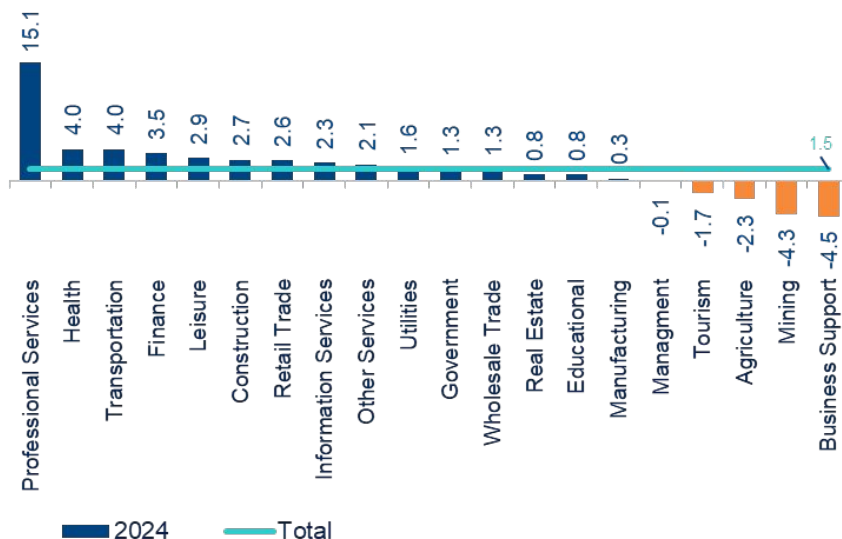
Sectoral Outlook

The economic slowdown is evident at the sectoral level

Services kept the Mexican economy afloat in 2024

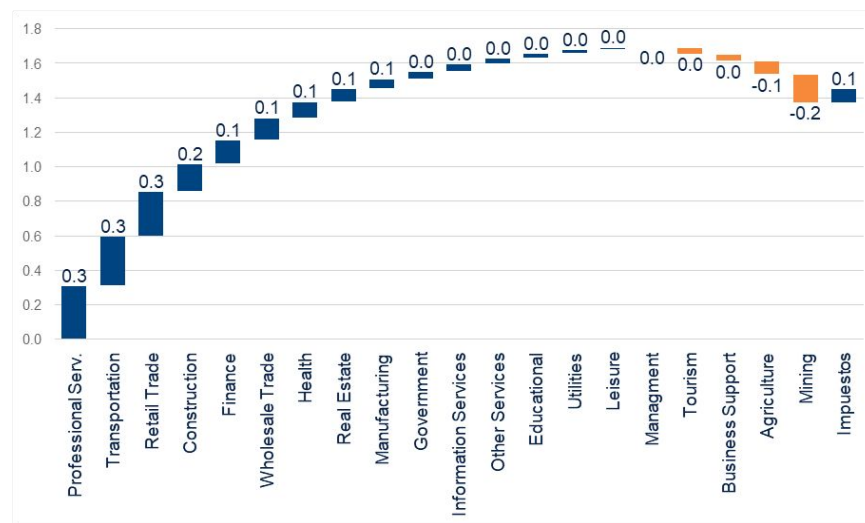
SECTORAL CUMULATIVE GDP

(GROWTH % Y/Y)



CONTRIBUTION TO GROWTH 4Q24

(PERCENTAGE POINTS)

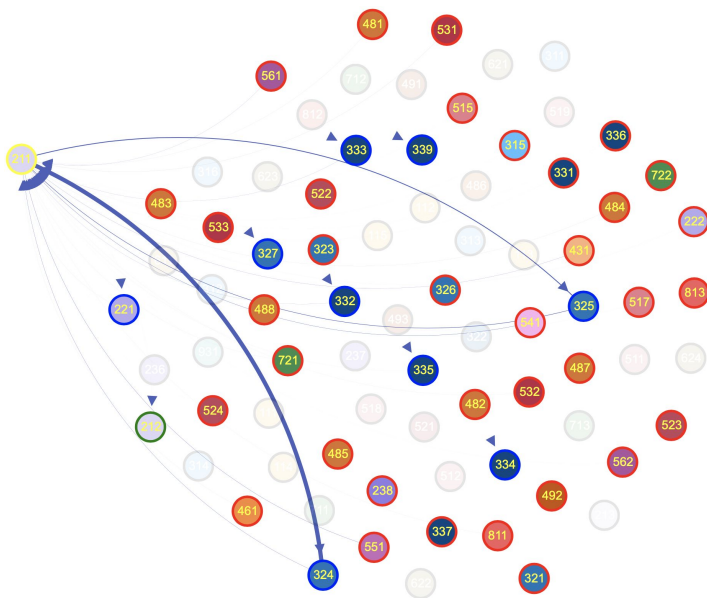


Source: BBVA Research with data from INEGI

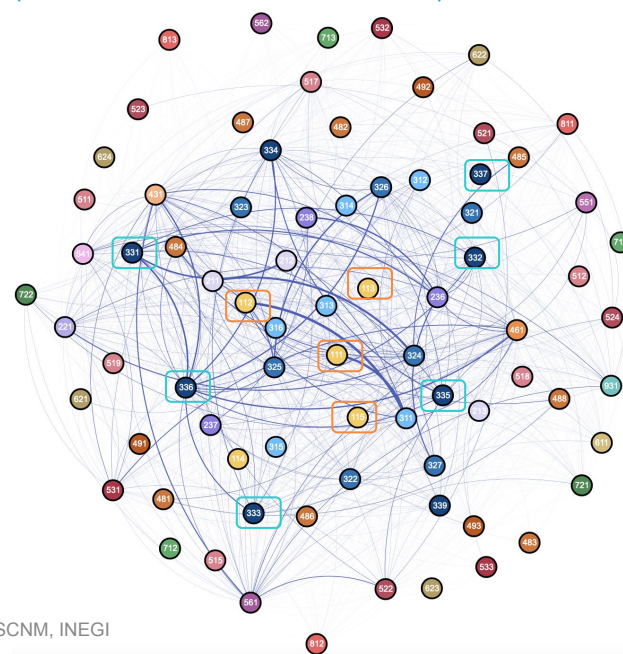
Given that tertiary activities contribute 60% of GDP, the positive performance of services helped the economy grow marginally.

Heavy and Automotive industries exhibit the largest network effects

MEXICAN ECONOMY'S NETWORK
(BILLIONS OF CONSTANT PESOS)



MEXICAN ECONOMY'S NETWORK
(BILLIONS OF CONSTANT PESOS)



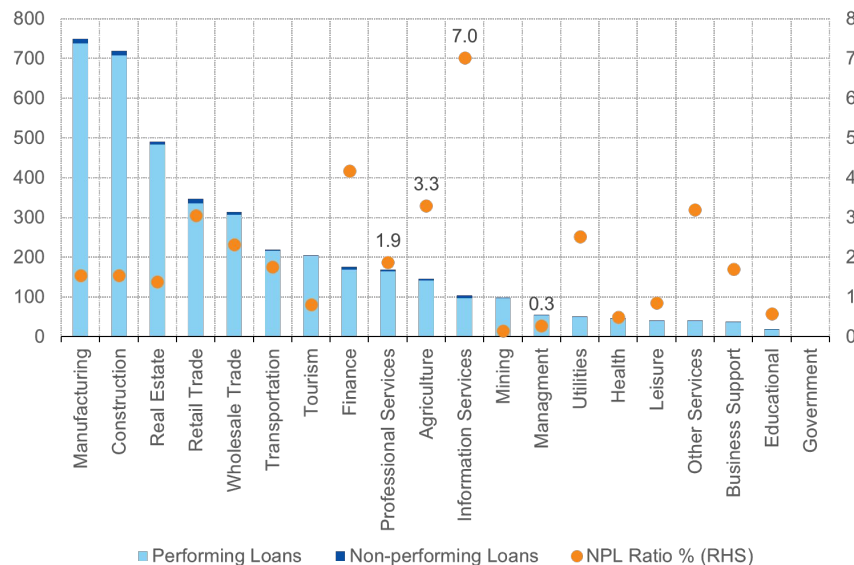
BBVA Research with data from SCNM, INEGI

Even though primary subsectors are not very relevant in terms of GDP, they are among the most central in network terms.

Credit demand may outpace sectoral GDP growth marginally

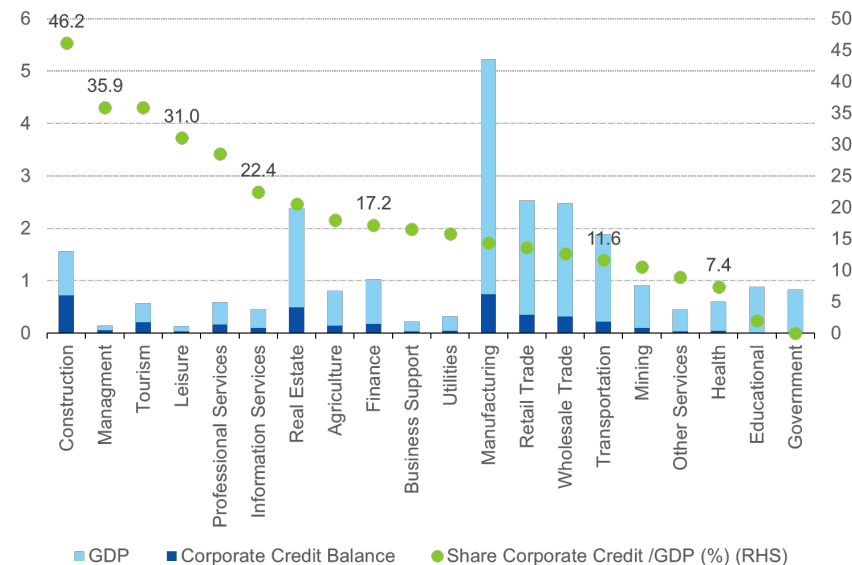
CORPORATE CREDIT BALANCE 2024

(BILLIONS OF PESOS AND %)



BANK CREDIT PENETRATION

(GROWTH % Y/Y)

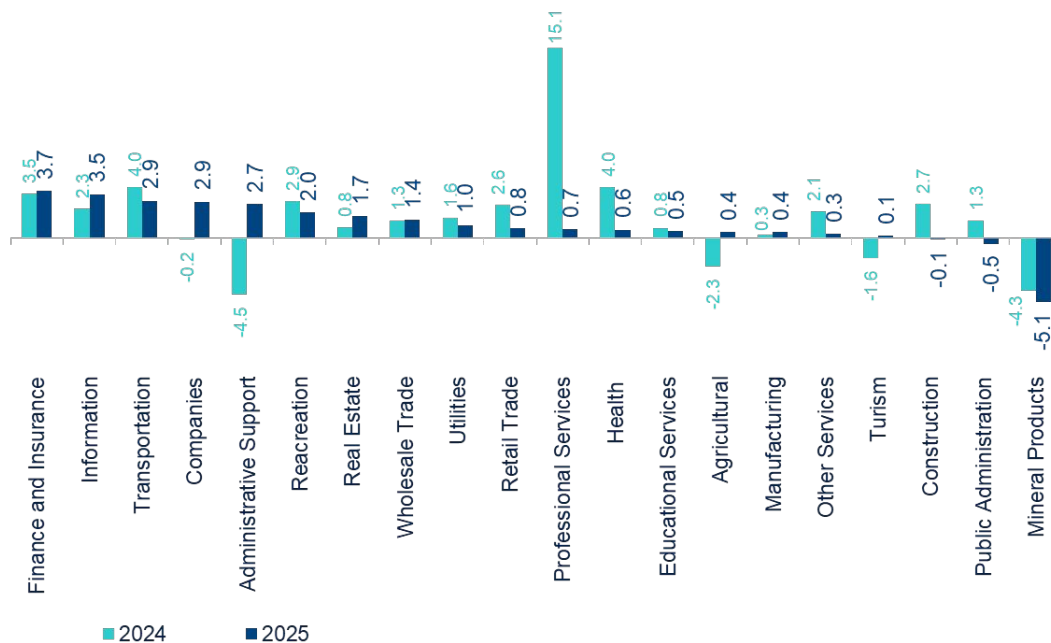


Source: BBVA Research with data from Banxico

With the end of the inflationary period in the Mexican economy and the resulting monetary policy easing by the central bank, a higher demand for bank credit from economic sectors was expected.

Services will continue to grow modestly in 2025

SECTORAL GDP FORECAST (ANNUAL % CHANGE)



- Strong slowdown in economic activity. On the demand side, consumption has slowed down notably, reflecting a weaker pace of formal private-sector job creation
- On the supply side, uncertainty stemming from tariff impositions, domestic political changes, and the burden of public debt are causing investment plans to be postponed or canceled.

02

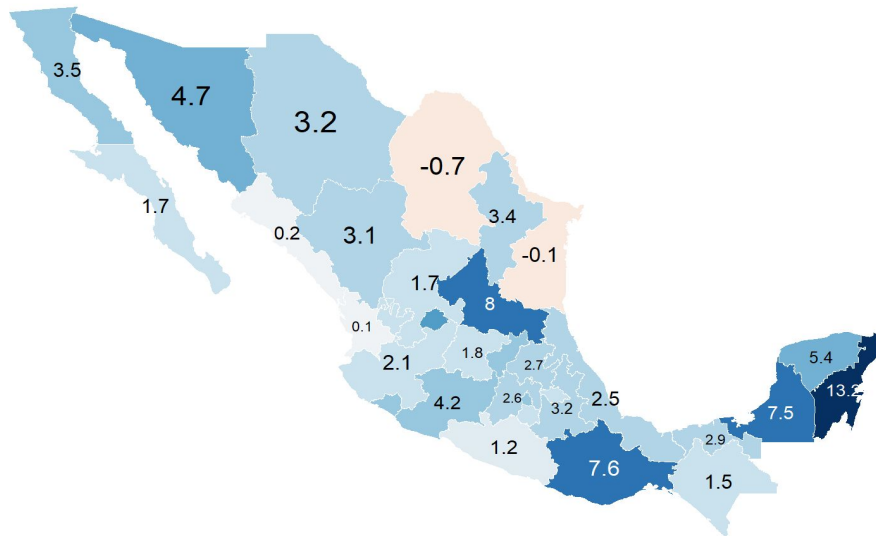
Regional Outlook

State-level GDP recovery is slower than expected

Sharp slowdown in southern states by 3Q24 due to flagship projects closure

STATE GDP 2023

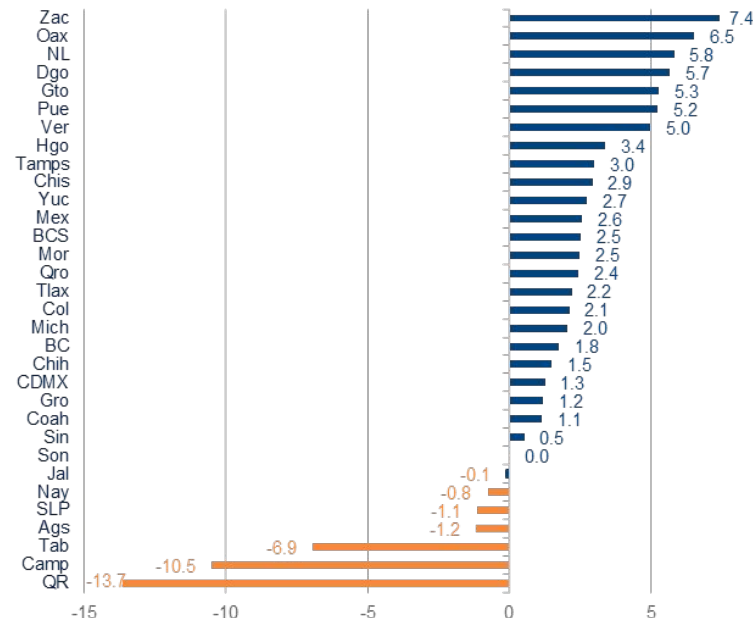
(GROWTH % Y/Y)



Source: BBVA Research with data from INEGI

STATE ECONOMIC ACTIVITY 3Q24

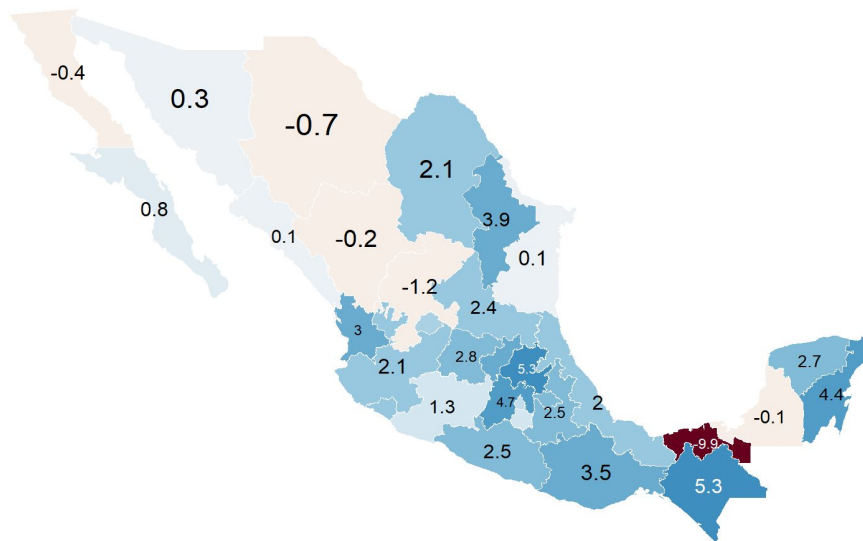
(GROWTH % Y/Y)



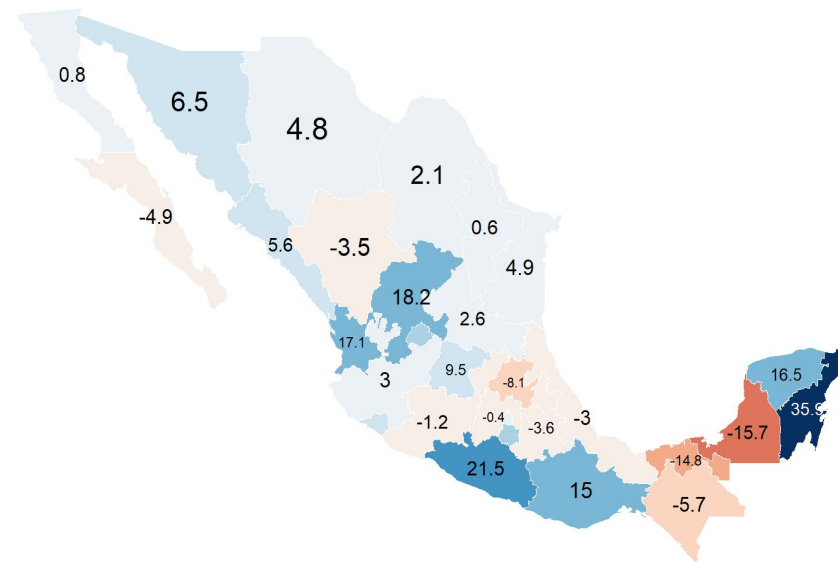
In 2023, Quintana Roo led state GDP growth with 13.2% growth Y/Y, driven by a 283% surge in Construction due to infrastructure projects. Only Tamaulipas and Coahuila recorded marginal declines. By 3Q24, as these projects ended, southern states experienced a sharp contraction.

Positive results in employment and exports at the state level in 2024

FORMAL EMPLOYMENT (IMSS) 2024 (GROWTH % Y/Y)



GOODS EXPORTS BY STATE 2024 (GROWTH % Y/Y)

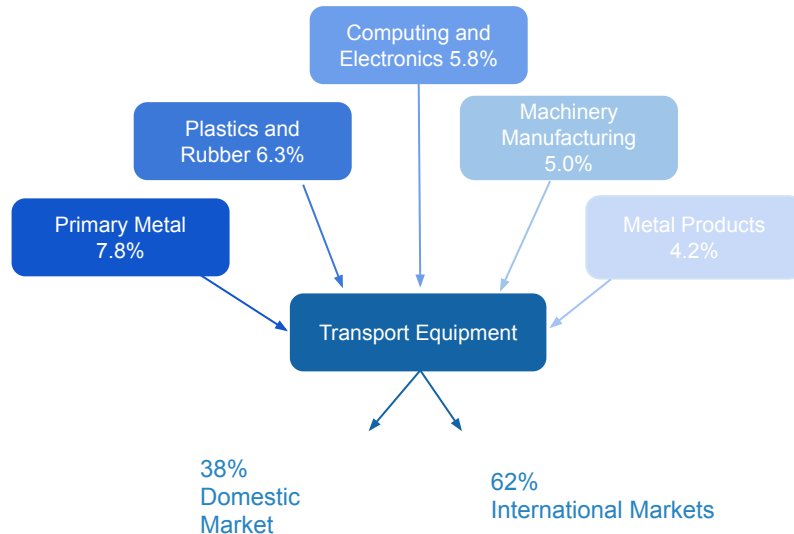


Source: BBVA Research with data from IMSS, INEGI

In 2024, Hidalgo led employment growth with 5.3%, followed by Chiapas, Estado de México, and Quintana Roo, while Tabasco saw a 9.8% drop. Eight states had double-digit export growth, including agricultural regions like Quintana Roo, Guerrero, and Yucatán, and Aguascalientes in manufacturing.

From Supply Chains to Supply Networks

TRANSPORTATION EQUIPMENT SUPPLY CHAIN (% INTERMEDIATE DEMAND)



TOP 10 SUPPLIERS (% INTERMEDIATE DEMAND, SCIAN SUBSECTOR)

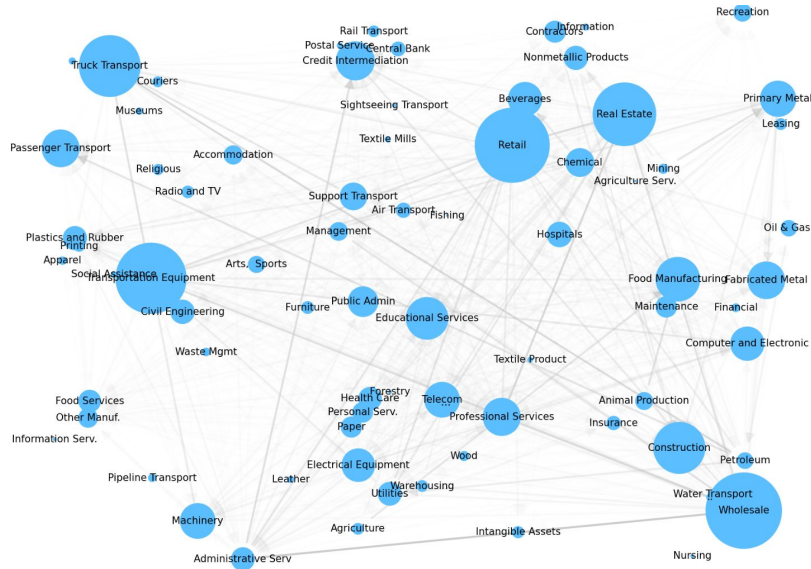
Computing and Measuring	Electric Power and Generation	Transport Equipment
Electric Power and Generation : 9%	Primary Metal : 15.5%	Primary Metal : 7.8%
Machinery Manufacturing : 5%	Computing and Measuring : 13.4%	Plastics and Rubber : 6.3%
Plastics and Rubber : 4.7%	Plastics and Rubber : 7.1%	Computing and Measuring : 5.8%
Primary Metal : 2.5%	Primary Metal : 6.3%	Machinery Manufacturing : 5%
Metal Products : 2.5%	Machinery Manufacturing : 4.9%	Metal Products : 4.2%
Paper : 1.6%	Chemicals : 4.4%	Electric Power and Generation : 3.9%
Transport Equipment : 1.3%	Transport Equipment : 3.3%	Chemicals : 3%
Utilities : 1.0%	Non-metallic Minerals : 1.4%	Textiles : 1.5%
Other Manufactures : 0.6%	Other Manufactures : 0.7%	Utilities : 1.5%
Non-metallic Minerals : 0.2%	Utilities : 0.7%	Paper : 1.2%

Source: BBVA using data from INEGI. Nodes represent subsectors, and the opacity of the connections reflects their weight in intermediate demand.

Network analysis in economics has evolved significantly in the last decade. Industries are not isolated; they are complexly interconnected. Shocks in key nodes (industries or regions) propagate and amplify throughout the network.

Nuevo León and Texas in the industrial and trade structure

SUPPLY NETWORK IN MEXICO (NAICS SUBSECTOR LEVEL)



NUEVO LEON AND TEXAS PARTICIPATION (%)

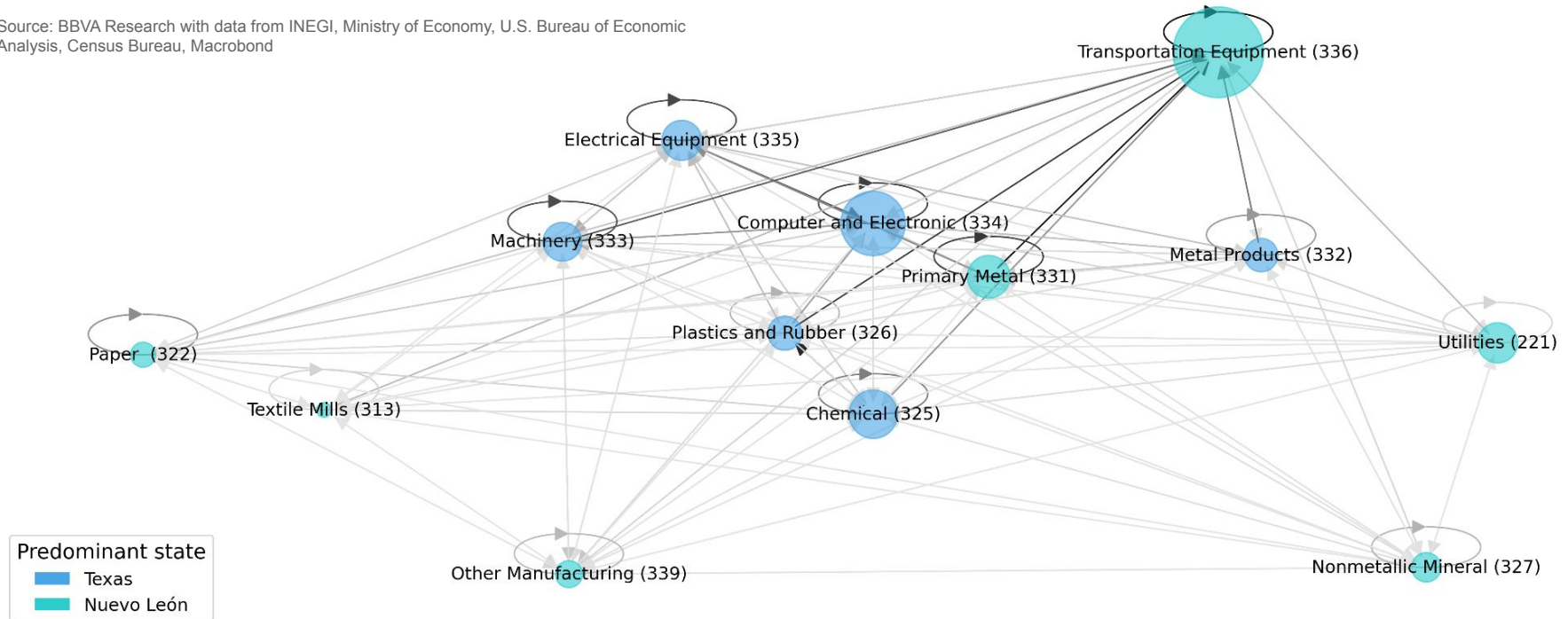
Texas	(%) 2023	Nuevo Leon	(%) 2023
TX share in U.S. GDP	9.3	NL share in Mexico's GDP	8.0
TX in U.S. Manufacturing	9.8	NL in Mexico's Manufacturing	12.6
TX share of U.S. Exports	22.1	NL of Mexico's Exports	10.5
TX share of U.S. Exports to Mexico	40.2	NL share of Exports to U.S.*	12.5
TX share of U.S. Imports	12.4	NL share of Mexico's Imports*	10.7
TX share of U.S. Imports from Mexico	30.0	NL share of Imports from U.S.*	10.4

Source: BBVA Research with data from INEGI, Mexican Ministry of Economy, U.S. Bureau of Economic Analysis, Census Bureau, Macrobond. *The data are sourced from the SE's Monthly Manufacturing Survey (Mexico's Merchandise Trade Balance) under the concept of International Purchases/Sales. The nodes represent subsectors, and the opacity of the connections reflects their weight in intermediate demand.

Nuevo Leon and Texas form a key part of economic activity and trade between the two countries. We identified 13 shared suppliers, such as Primary Metal Industry, Machinery, Plastics and Rubber, and Fabricated Metal Products.

Nuevo León–Texas Supply Network

Source: BBVA Research with data from INEGI, Ministry of Economy, U.S. Bureau of Economic Analysis, Census Bureau, Macrobond

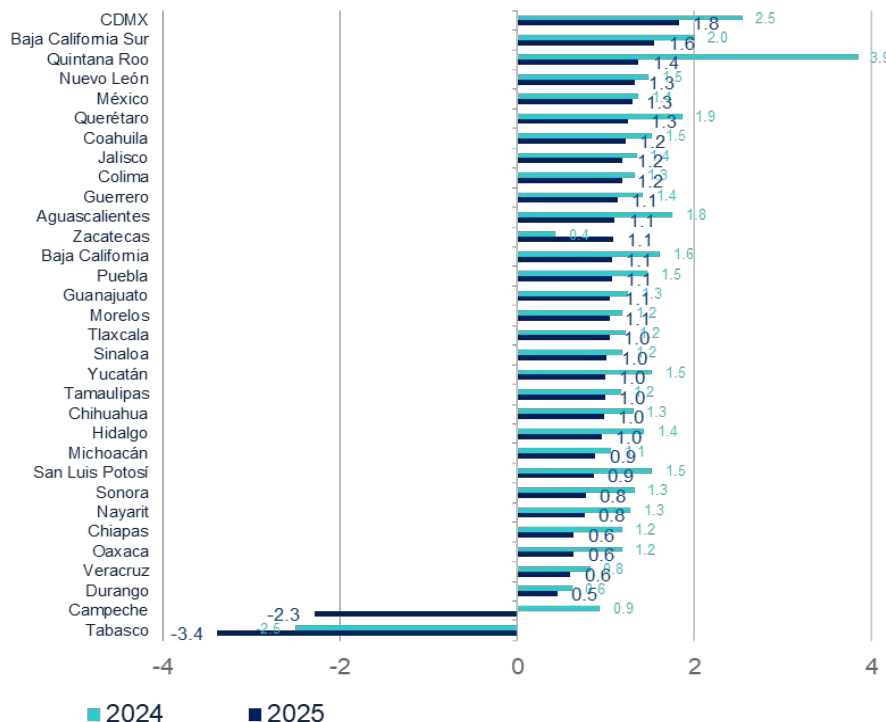


Transportation Equipment leads intermediate demand, mainly from Primary Metals, Computer and Electronic, Plastics, and Fabricated Metals making it the hub of industrial activity, integrating basic, heavy, and tech industries. The Chemical Industry is also key, supplying nearly all sectors, especially Plastics, Paper, Textiles, and Computing.

During 2025, Services support state economic activity

REGIONAL GDP FORECAST

(GROWTH % Y/Y)



- The deceleration in employment is weighing on private consumption, while moderate investment amid declining public expenditure impacts state-level economic activity.
- Highest growth expected in Mexico City (1.8%), BCS (1.5%), and Quintana Roo (1.4%), while Campeche (-2.3%) and Tabasco (-3.4%) are expected to contract.
- We estimate that 28 states will recover their pre-pandemic levels in 2024, with Morelos and Coahuila reaching full recovery in 2025; however, Colima and Campeche remain significantly lagging.

Source: BBVA Research with data from INEGI

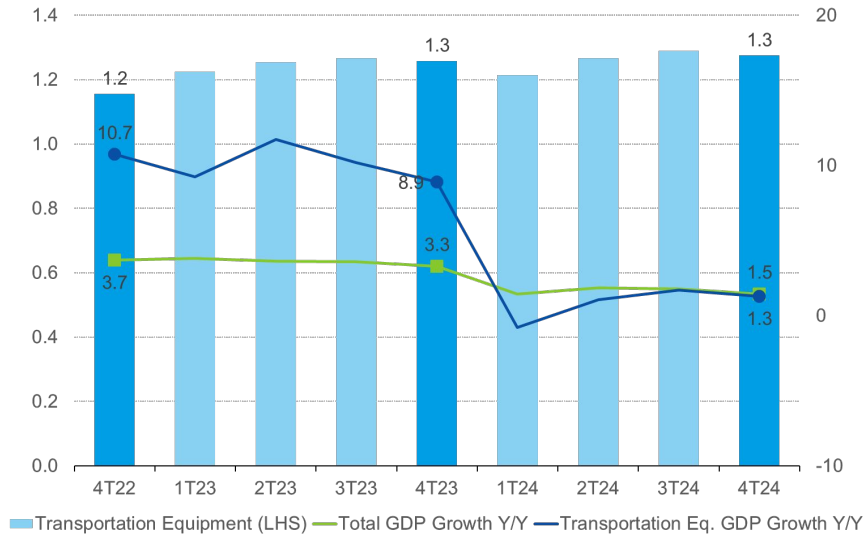
03

Automotive Outlook

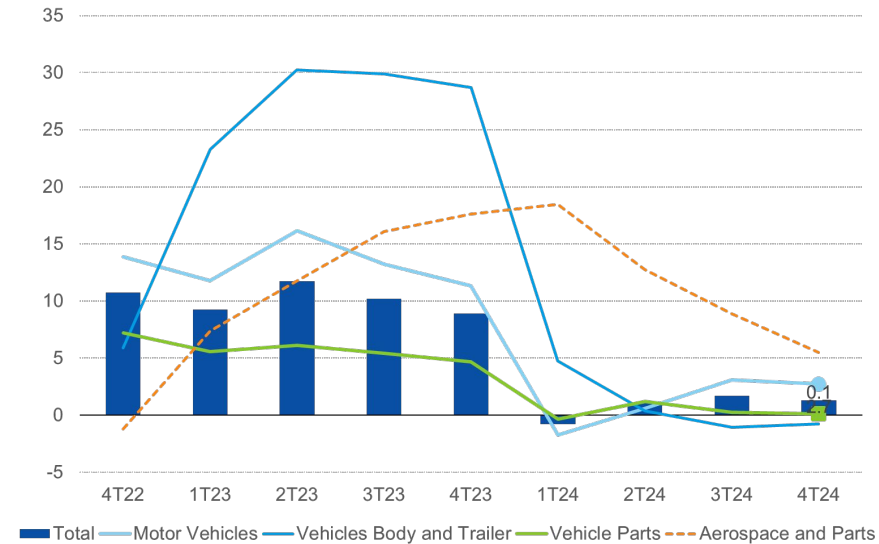
Is 2024 the last year of growth?

Transportation Equipment GDP increased by 1.3% Y/Y in 2024

TOTAL AND TRANSPORTATION EQUIPMENT GDP (TRILLIONS OF PESOS AND GROWTH % Y/Y)



TRANSPORTATION EQUIPMENT GDP (GROWTH % Y/Y)



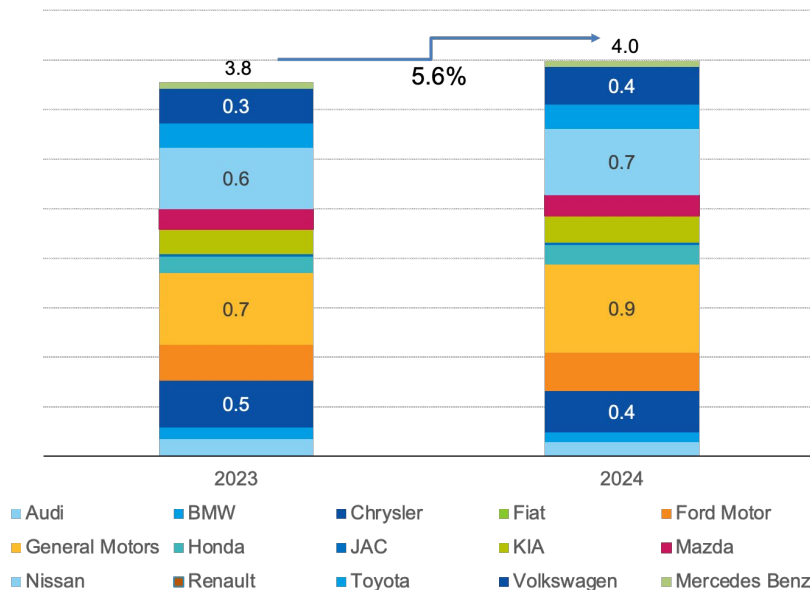
Source: BBVA Research with data from INEGI

This marks a slowdown after 10.7% growth in 2022 and 8.9% in 2023. Despite headwinds expected for the automotive industry, they did not materialize in 2024.

4.0 million units were produced in 2024, 5.6% more than in 2023

AUTOMOTIVE PRODUCTION 2023-2024

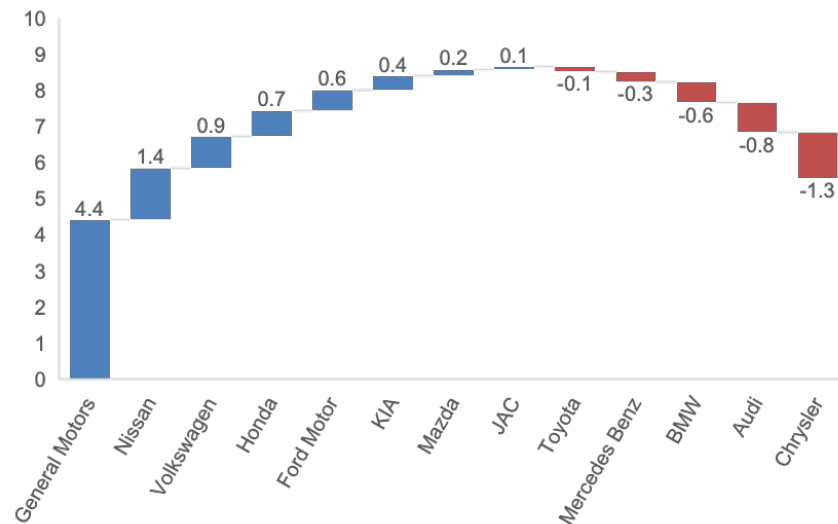
(MILLIONS OF UNITS)



Source: BBVA Research with data from INEGI

AUTOMOTIVE PRODUCTION 2024

(PERCENTAGE POINTS CONTRIBUTION)

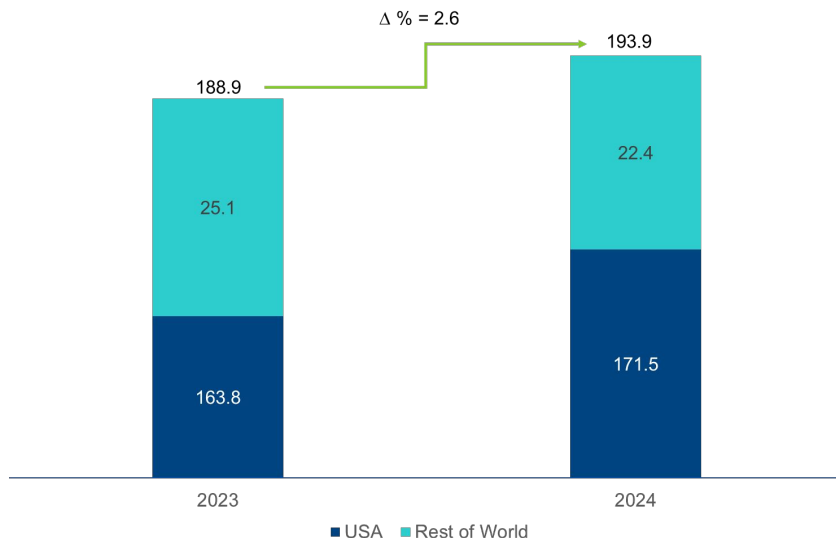


As in recent years, General Motors and Nissan led the production and contributed most to growth. On the other hand, three out of four German firms showed declines in production during 2024.

Foreign Demand for mexican vehicles continues to grow

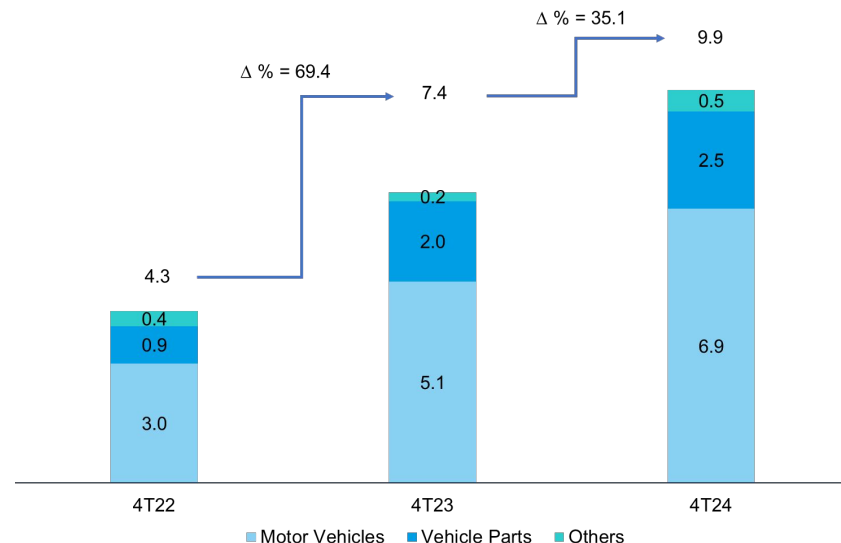
AUTOMOTIVE EXPORTS

(BILLIONS USD)



FDI IN TRANSPORTATION EQUIPMENT

(BILLIONS USD)



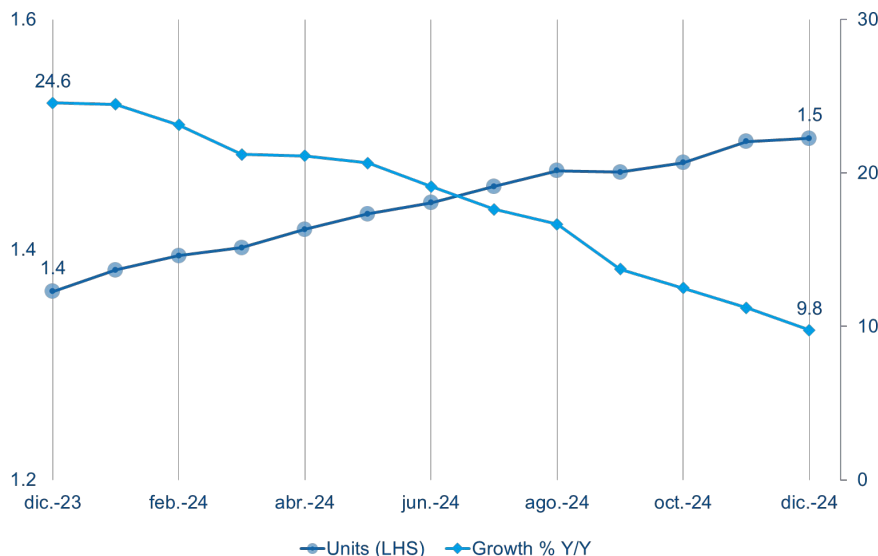
Source: BBVA Research with data from INEGI and the Ministry of Economy

USA remains the main destination with 79.7% of total exports (2.7 million units).
8.5% growth in 2024 (down from 15.0% in 2023).

Domestic market grows and hybrid sales accelerate

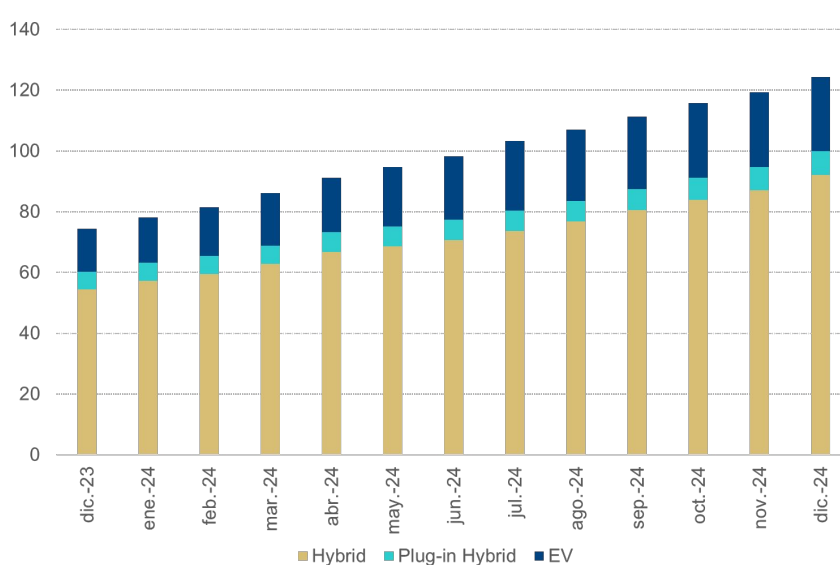
DOMESTIC SALES

(ANNUALIZED MILLIONS OF UNITS)



HYBRID AND ELECTRIC VEHICLE SALES

(ANNUALIZED THOUSANDS OF UNITS)

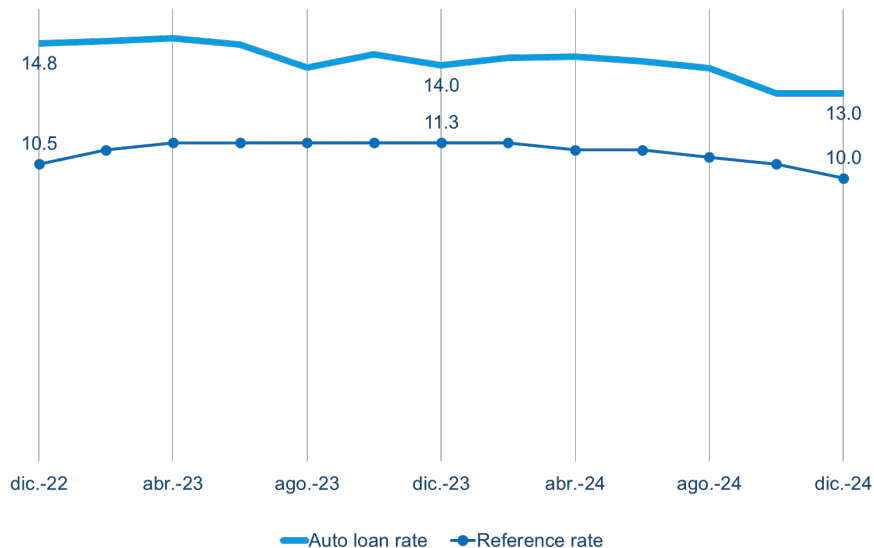


Source: BBVA Research with data from INEGI

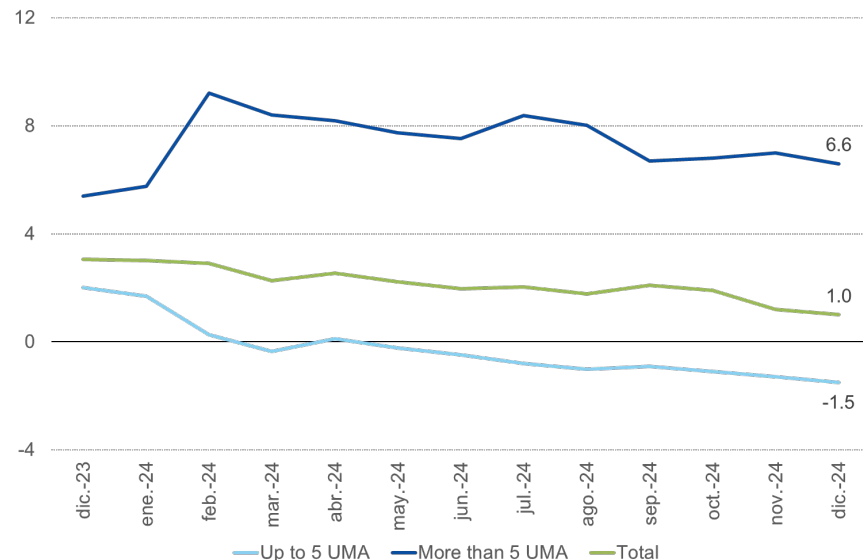
In 2024, the domestic market came very close to reaching sales of 1.5 million new vehicles. Fewer than 4,000 additional units would have been enough to surpass this threshold. Despite this slowdown, the local automotive market remains highly dynamic.

Domestic market slows down

INTEREST RATES (ANNUAL NOMINAL RATE)



IMSS EMPLOYMENT (YEAR-OVER-YEAR % VARIATION)



Source: BBVA Research with data from Banco de México and IMSS

The stabilization of interest rates, and therefore the cost of auto loans, has helped mitigate the negative impact of the slowdown in private consumption, particularly in this sector. In the domestic market, this trend will be difficult to reverse given the slower rate of job creation, which has been declining throughout 2024.

04

5G as a competitive advantage in Mexico

5G improves manufacturing competitiveness and democratizes internet access.

Key Messages



5G as an Industry Competitiveness Catalyst



The rollout of 5G in Mexico represents a critical opportunity to transform the country's productive structure and digital ecosystem. Currently, **5G coverage in Mexico only reaches 54% of the population.**



Connected and Autonomous Cars: 5G in the Automotive Industry



By 2025, **there will be 400 million connected vehicles in operation**, up from 237 million in 2021—an annualized growth rate of 15%. 5G enables smooth communication between vehicles and infrastructure.



Affordable Data for Digital Services

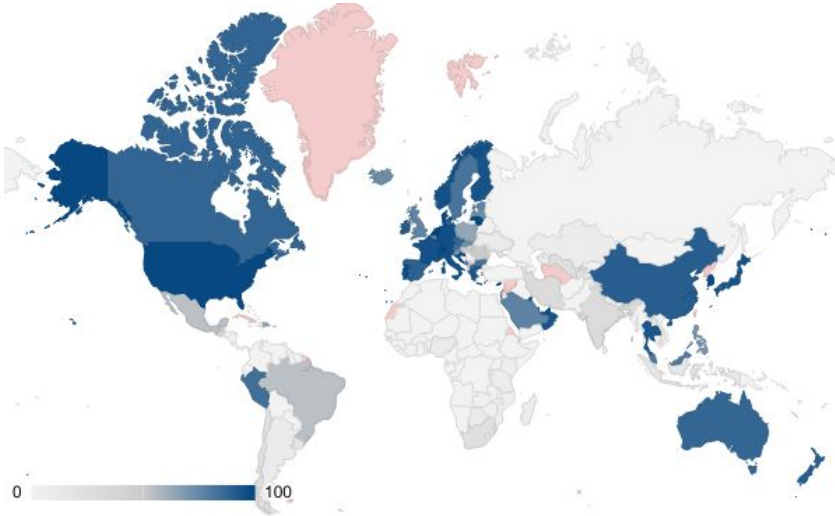


Smartphones remain the main means of Internet access in Mexico, with 94.2 million users. In 2023, **audiovisual Over The Top (OTT) services reached 53.7% of households, and audio OTT services reached 33.6%.**

5G coverage in Mexico only reaches 54% of population

5G POPULATION COVERAGE

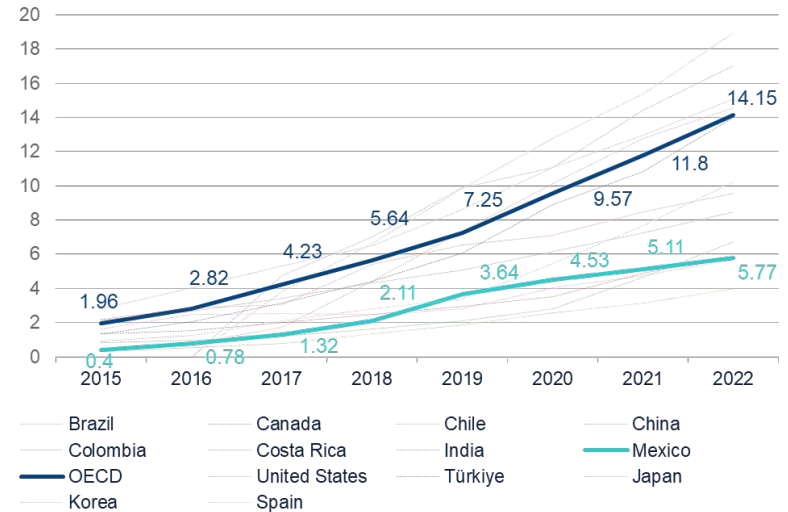
(% OF TOTAL POPULATION, 2023)



Source: BBVA Research with data from [GSMA](#). Mobile Connectivity Index

AVERAGE MONTHLY MOBILE BROADBAND USAGE

(GB PER MONTH)

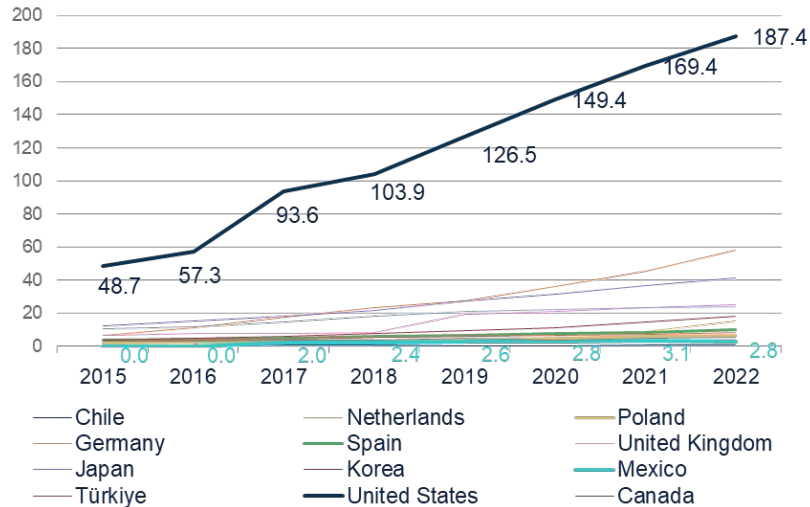


Source: BBVA Research with data from [OECD](#)

Mexico lags peers like the United States, South Korea, and China already exceed 90% 5G population coverage. In 2022, the average monthly mobile data consumption per user in Mexico was 5.8 GB, significantly lower than the OECD average of 14.15 GB.

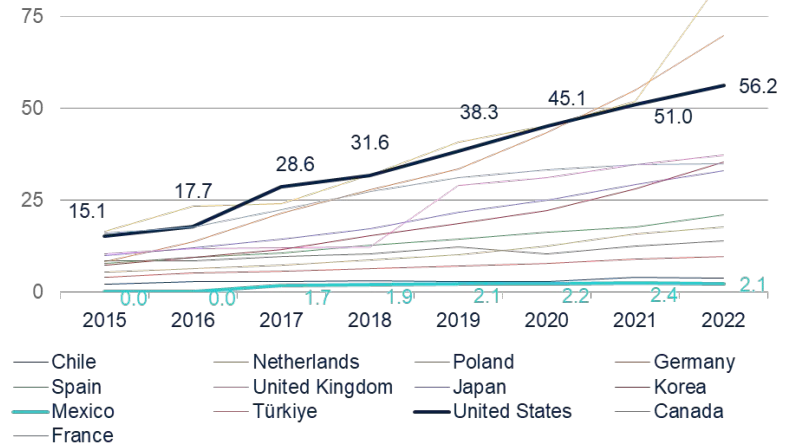
5G enables automation and smarter supply networks

MOBILE BROADBAND FOR MACHINE-TO-MACHINE (MILLIONS)



Source: BBVA Research with [OECD](#) data

MOBILE BROADBAND FOR M2M PER 100 INHABITANTS (TOTAL)

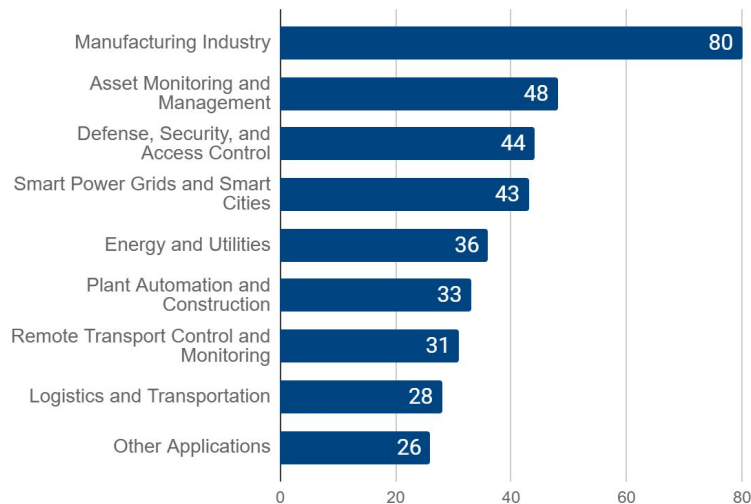


Source: BBVA Research with [OECD](#) data

The Internet of Things (IoT) is multidimensional, as it not only encompasses the number and diversity of connected devices, but also the complete ecosystem in which they are designed, produced, and enabled. In 2022, the USA stood out with 187 million IoT devices, followed by Germany (58M); Mexico was second to last (2.8M), only ahead of Chile (0.7M)

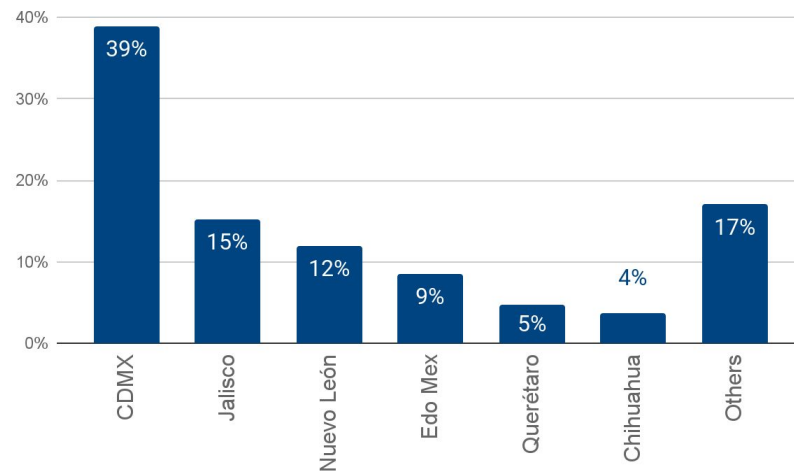
Most IoT firms in Mexico are Manufacturing SMEs

IOT SERVICE OFFERINGS IN MEXICO (NUMBER OF PROJECTS)



Source: BBVA Research with data from [IFT](#)

GEOGRAPHIC DISTRIBUTION OF IOT COMPANIES IN MEXICO (% OF TOTAL)



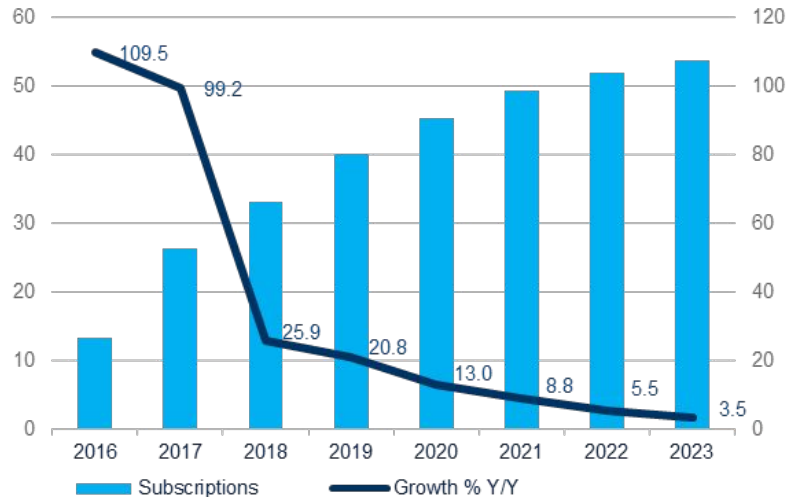
Source: BBVA Research with data from [IFT](#)

26.7% of the firms are dedicated exclusively to offering software services, 13.6% specialize in complementary markets such as data analytics and cybersecurity, and only 2.8% provide comprehensive solutions covering all levels of IoT.

5G democratizes access to digital services and increases data volume

OTT AUDIOVISUAL SERVICES

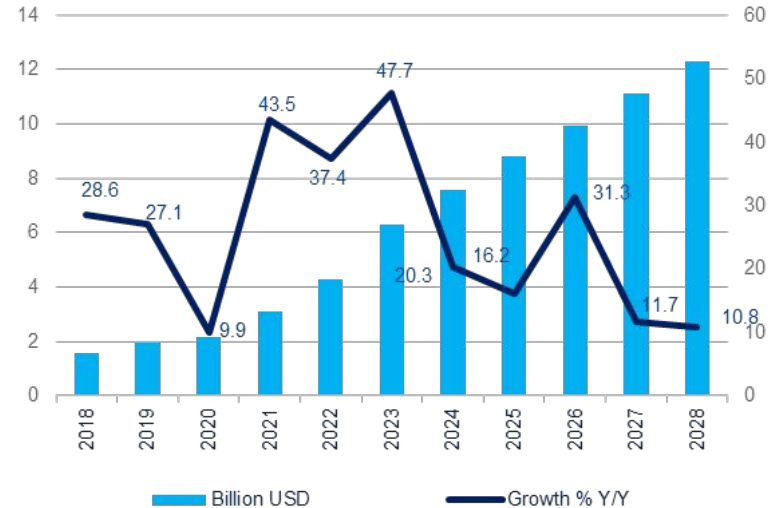
(% OF TOTAL SUBSCRIPTIONS, GROWTH % Y/Y)



Source: BBVA Research with data from [IFT](#)

DATA CENTER MARKET REVENUE IN MEXICO

(USD BILLIONS, GROWTH % Y/Y)

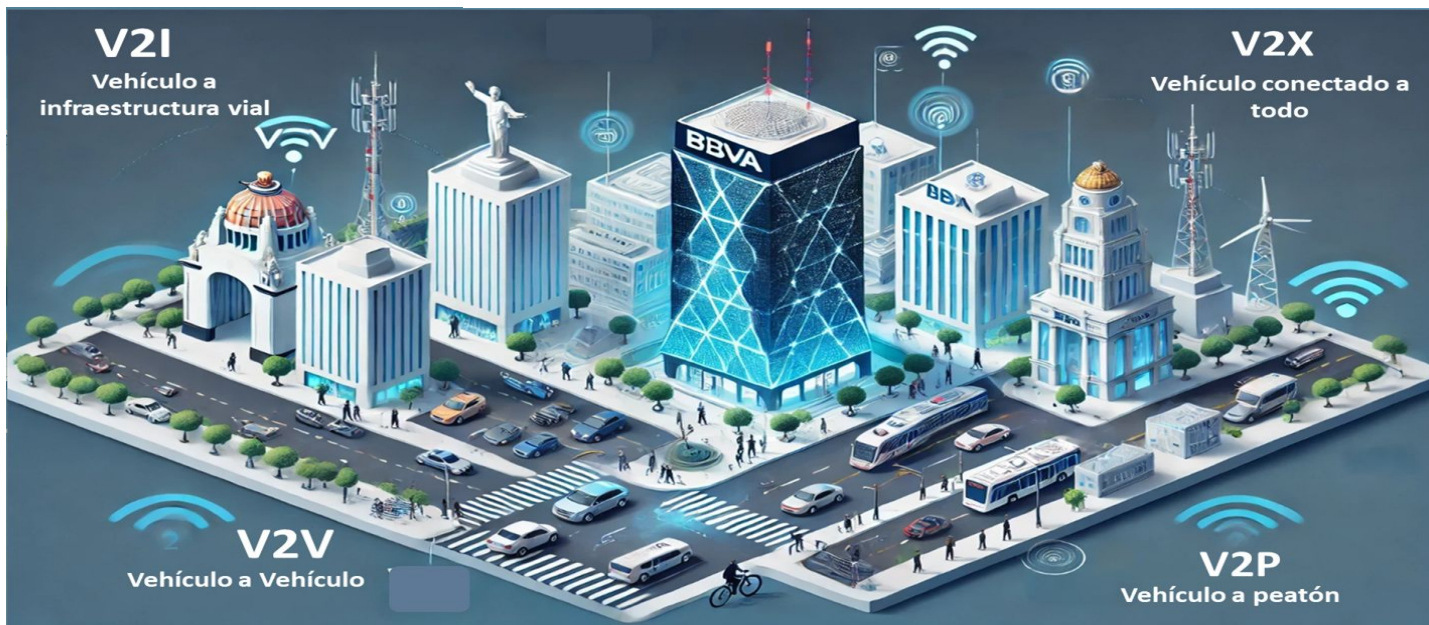


Source: BBVA Research with data from DCD Intelligence

Penetration of audiovisual OTT services in households increased from 33.1% in 2018 to 53.7% in 2023. Mexico is one of the most dynamic markets in Latin America for data centers, with projected cumulative investment of over USD 7 billion by 2027, Querétaro leads with 65% of installed capacity.

5G boosts the development of autonomous vehicles

TYPES OF COMMUNICATION TRANSMISSION USED IN CONNECTED VEHICLES



Source: BBVA Research Note: The figure was generated with the support of the artificial intelligence tool ChatGPT (OpenAI, 2025), based on content from the 5G Automotive Association (n.d.). C-V2X explained. Available [here](#)

The fast and stable connectivity of 5G is essential for autonomous vehicles to perform essential functions and communicate with other devices (V2X – Vehicle-to-Everything).

Mexico

Regional Sectorial Outlook

First Half 2025

Data as of:
February 25, 2025

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