



## 2024 MONTHLY PROGRAM UPDATE

Western United States Agricultural Trade Association  
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<b>Date:</b> 1/6/2024	<b>Country/Region:</b> Mexico
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### Market Intelligence

#### Mexico's Economic Landscape 2024

The Mexican economy is projected to grow at a rate of 1.3% by the end of 2024, indicating a modest but steady recovery. Manufacturing GDP is expected to increase slightly, by 0.5%, reflecting continued challenges in the sector. General inflation is anticipated to decrease further, with the core inflation rate predicted to remain below 3.8% in the fourth quarter of 2024. Despite relative stability, the exchange rate is likely to experience some volatility due to the political climates in both Mexico and the United States. Public debt is forecasted to rise to 51.2% of GDP by year-end, and formal employment growth is expected to slow, with fewer new jobs being created.

Mexico continues to benefit from nearshoring trends, as more companies relocate manufacturing to the country to minimize costs and mitigate supply chain disruptions. However, the economy remains highly dependent on U.S. trade policies and economic stability, which continue to play a critical role in shaping Mexico's economic outlook.

#### Economic Indicators

- **GDP:** GDP growth is expected to maintain its gradual pace, bolstered by continued nearshoring activities and strong domestic demand. Mexico's economy grew by 1.7% in the fourth quarter of 2024, surpassing the initial estimate of 1.6%. This growth was primarily driven by robust performance in the services sector, along with steady gains in agriculture and mining.
- **Trade Balance:** The trade deficit is projected to narrow further as export volumes rise, supported by increased manufacturing output and demand for Mexican goods in international markets.
- **Inflation:** Inflation is expected to moderate, with projections indicating a rate of around 3.6% by the end of the fourth quarter. While overall inflation is decreasing, food prices continue to pressure households, with meat prices up 4.85% from the previous year and fruits and vegetables rising by 17.43%.
- **Currency:** The Mexican peso exhibited relative stability against the US dollar, influenced by mixed signals from the US labor market. The peso is forecasted to close the year around 19.75 MXN/USD, reflecting stable economic conditions.



## Food Trends

**Holistic Health Focus:** The rise of wellness trends, including weight-management solutions, is shifting consumer interest toward foods that provide holistic health benefits. This includes products rich in essential nutrients and those promoting overall well-being.

**Flavour Liberation:** Consumers are increasingly seeking bold, unconventional flavors that challenge traditional food norms. Brands are encouraged to innovate with unique combinations that resonate with consumers' desire for novelty and excitement.

**Supply Chain Evolution:** With ongoing disruptions in the global food supply, the industry is focusing on fostering trust in new sources, ingredients, and flavors, encouraging consumers to embrace these changes as part of a resilient food system.

**Tech-Agri Synergy:** The convergence of technology and agriculture is becoming more prominent, with companies highlighting how innovations in farming practices and food production contribute to sustainability and benefit both the environment and consumers.

## Beverage Trends

**Traditional Flavors with a Festive Twist:** December has witnessed an increase in beverages that combine traditional Mexican holiday flavors like cinnamon, piloncillo, and anise with contemporary formats such as lattes and sparkling waters. This trend caters to consumers seeking seasonal, comforting tastes with a modern flair.

**Gourmet Hot Chocolates:** The demand for gourmet, alcohol-free holiday beverages has surged, with artisanal hot chocolates infused with spices or flavored syrups becoming popular alternatives to traditional festive drinks.

**Functional Festive Beverages:** The market for functional drinks continues to grow, with December seeing a rise in beverages designed to support immunity and digestion during the holiday season. Products featuring probiotics, vitamin C, and herbal extracts are particularly favored.

**Circular Economy Innovations:** Sustainability remains a key focus, with beverage companies introducing more circular economy practices. Initiatives include offering refillable holiday-themed containers and collaborating with local artisans to create eco-friendly packaging solutions that reduce environmental impact.

