2024 MONTHLY PROGRAM UPDATE

Western United States Agricultural Trade Association
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Date: 12/10/2024	**Country/Region**: Mexico

Market Intelligence

Mexico's Economic Landscape 2024

Mexican economy is expected to grow at a rate of 1.2% by the end of 2024. However, growth is expected to be weak, with manufacturing GDP only growing by 0.4% in 2024. General inflation is expected to continue to decrease, with the core inflation rate below 4% in the fourth quarter of 2024. The exchange rate is expected to remain volatile due to the political environment in Mexico and the United States. Public debt is expected to increase to 50.8% of GDP by the end of 2024. A slowdown in formal employment growth is expected, with a lower pace of job creation.

Mexico has become a beneficiary of nearshoring, with companies relocating manufacturing to the country to reduce costs and mitigate supply chain disruptions. However, Mexico's economy is heavily reliant on the health of US trade policies and economic stability.

Economic Indicators

- **GDP:** The GDP growth is expected to continue its steady pace, supported by ongoing nearshoring trends and robust domestic consumption. Mexico's economy grew by 1.6% in the third quarter of 2024, slightly higher than the preliminary estimate of 1.5%. This growth was driven by strong performance in the primary sector, including farming, fishing, and mining.
- **Trade Balance**: The trade deficit is anticipated to narrow as economic activity picks up and exports increase.
- **Inflation**: Inflation is projected to decrease, with forecasts suggesting it will be around 3.8% by the end of the third quarter. Despite the overall decline in inflation, food prices remained high. Meat prices were 5.19% higher than a year earlier, and prices for fruits and vegetables rose by 18.17%.
- **Currency:** The Mexican peso experienced fluctuations against the US dollar, influenced by strong US labor market data. The peso is projected to close the year at around 19.8 MXN/USD.

Beverage Trends
- **Fusion of Traditional and Modern Flavors:** November has seen a rise in beverages blending traditional Mexican flavors, such as tamarind, mole, and chocolate, with modern twists like

sparkling sodas or cold brews. This trend appeals to a wide demographic seeking unique and nostalgic experiences.

- **Alcohol-Free Festive Drinks**: With the holiday season approaching, there's been a surge in alcohol-free festive options. Non-alcoholic ponche navideño and spiced cider beverages have gained popularity among consumers looking to enjoy celebratory drinks without alcohol.
- **Personalized Wellness Drinks:** November marked a growth in personalized wellness beverages, including products tailored to individual health goals. Popular items include collagen-infused drinks for skin health and adaptogenic elixirs aimed at improving sleep and energy levels.
- **Tech-Driven Sustainability:** Sustainability efforts have expanded with technology-driven solutions, such as QR-coded bottles providing transparency about ingredient sourcing and production. Refillable packaging systems are becoming more common in urban areas, reducing single-use plastics and attracting eco-conscious consumers.