



Mexico's Economic Performance in 2023

GDP, PMI, Car Production & Sales, Fastener Trade

Factors Affecting GDP Growth



In 2023, Mexico's economy demonstrated resilience and growth across key indicators. With a population of 130.3 million, the country's GDP reached approximately US\$3.1 trillion (PPP), supported by a notable 3.9% growth in 2022 and an average annual growth rate of 0.6% over the past five years. GDP per capita stood at US\$23,548, reflecting varying economic standards within the population. Unemployment remained low at 4.4%, while inflation was moderate at 7.9%. Mexico attracted US\$35.3 billion in Foreign Direct Investment (FDI), highlighting its appeal to global investors. Public debt, at 54.1% of GDP, requires careful management to sustain economic stability. These indicators underscore Mexico's economic strengths and ongoing challenges as it navigates global economic trends and internal dynamics to foster inclusive growth and development.

Several factors likely influenced Mexico's 2023 GDP growth:

- **US Economic Performance:** The health of the US economy, a major trading partner, significantly impacts Mexico's exports and economic activity.
- **Domestic Consumption:** Consumer spending patterns in Mexico play a crucial role in GDP growth. In 2023, Mexico's industrial sector continued to play a pivotal role in the country's economy, contributing significantly to GDP and employment. **Key industries such as automotive manufacturing, electronics, aerospace, and food processing remained robust, bolstered by favourable trade agreements, skilled labour force, and strategic geographical location.** The automotive industry, in particular, maintained its position as a leading manufacturer and exporter of vehicles, with production reaching 3.7 million units. The electronics sector saw advancements in technology and production capabilities, while aerospace benefited from global demand for aircraft components.

Additionally, Mexico's food processing industry thrived, driven by domestic consumption and export opportunities. These industries collectively underscored Mexico's role as a competitive player in the global manufacturing landscape, supported by ongoing investments in infrastructure, innovation, and workforce development.

- **Remittances:** Money sent back to Mexico by Mexicans working abroad (remittances) contributes significantly to GDP.
- **Tourism:** The revival of the tourism industry after the pandemic would have positively impacted GDP.
- **Government Spending:** Government spending on infrastructure and social programs can influence economic activity.



Purchasing Managers' Index (PMI)

Understanding PMI: The PMI is a monthly survey-based indicator of business activity in the manufacturing sector. A PMI reading above 50 suggests expansion, while a reading below 50 indicates contraction.

Mexico's PMI in 2023: Monitoring Mexico's PMI throughout 2023, as reported would provide valuable insights into the manufacturing sector's health. An expanding manufacturing sector would signify positive contributions to GDP growth.

Factors Affecting PMI: Similar to GDP, several factors can influence Mexico's PMI:

- **Global Demand:** Strong global demand for manufactured goods, particularly from the U.S., would lead to a higher PMI.
- **Input Costs:** Rising input costs due to supply chain disruptions or commodity price fluctuations could dampen business activity and lower PMI.



- **Availability of Inputs:** Ensuring a steady supply of raw materials and components is crucial for maintaining manufacturing output and a high PMI.

Car Production and Sales¹



Mexico's automotive industry anticipates a **10.8% increase in production, reaching 4.1 million cars by the end of the year, primarily driven by higher demand from North America**, according to the Mexican Automotive Industry Association (AMIA) statistics. The country's car production reached 3.77 million units in 2023, up by 14.2% compared to the previous year. The most produced cars in the past year were SUVs, totalling 1.83 million units, followed by Pick-ups with 1.04 million units, compact cars with 632,834 units, subcompact vehicles with 153,457 units, and luxury cars with 117,462 units.

✓ Exports and imports

Car exports experienced a **15.1% increase last year, reaching 3.3 million units, with 85% of total exports shipped to North America**. Of these, 2.55 million cars were exported to the U.S., 264,885 to Canada, and 164,032 units to Germany. Mexico exported 90% of its production to these three countries. Additionally, Mexico exported cars to Latin American countries, including 40,503 vehicles to Brazil, 25,496 units to Colombia, and 25,117 cars to Puerto Rico, among others. On the other hand, imports totalled 222,497 vehicles in 2023.

✓ Sales

Mexican car sales are projected to increase by **7% to 1.45 million units in 2024**, president of the Mexican Association of Automotive Distributors (AMDA) said. In 2023, car sales in Mexico reached 1.36 million units, up by 24.4% from 1.09 million vehicles sold in 2022, president Rosales added.

Fastener Trade

The fastener industry, though seemingly small, plays a crucial role in various manufacturing sectors like construction, automotive, and aerospace. Fastener trade data provides insights into overall manufacturing activity and potential trade dynamics.

✓ Imported fasteners by Mexico

In 2023, Mexico imported a total of **US\$3,627,671,000 worth of fasteners from around the globe**. This market is crucial for various industrial sectors, including automotive, aerospace, construction, and manufacturing, where fasteners like bolts, screws, and nuts are indispensable. Here, we delve into the distribution and significance of these imports, examining the contributions of key supplying countries and their respective shares. This market is predominantly influenced by imports from a few major countries, with the United States leading the pack.

United States: Dominant Supplier

The United States is the primary supplier of fasteners to Mexico, accounting for **53% of the total imports** (their share is 9% more than 2022). This equates to approximately US\$1.94 billion. The substantial share underscores the strong trade relations and geographical proximity between the two nations.

China: Decreasing Contributor

China is the second-largest supplier, providing 8% of Mexico's fastener imports, valued at about US\$297 million. That is half of 2022 imported fasteners' value. **Price is not the main key point in the Mexico market.**

Germany: High-Quality Imports

Germany ranks third, with imports worth US\$210 million, making up 6% of the total. German fasteners are renowned for their precision and high quality, which are critical in industries requiring high-performance components, such as automotive and aerospace. This reputation for quality ensures a steady demand for German fasteners in Mexico.

Taiwan and Japan: Technological Edge

Taiwan and Japan each account for 4% of the imports, with values of US\$133 million and US\$130 million respectively. Both countries are known for their advanced manufacturing technologies and high-quality fastener production. Their contributions highlight the demand for precision-engineered fasteners in Mexico's high-tech industries.

✓ Exported fasteners by Mexico

In 2023, Mexico's export of fasteners reached a total value of **206.700 million USD (27.5% lower than 2022), with the United States being the dominant recipient**. The export distribution highlights the significant reliance on the US market, which absorbed 186.030 million USD worth of fasteners, accounting for a substantial 90% of Mexico's total fastener exports. This overwhelming share underscores the U.S. as a critical trading partner for Mexico in this sector.

Canada, the second-largest importer of Mexican fasteners, received exports valued at 10.335 million USD, representing 5% of the total exports. Although this is significantly lower than the U.S. share, it still indicates a notable trade relationship within the North American region.

Last Word

In 2023, Mexico's economy demonstrated resilience with significant growth across key sectors, including a GDP of US\$3.1 trillion (PPP) and a 3.9% growth rate in 2022. The automotive industry excelled, with car production reaching 3.77 million units and a 15.1% increase in exports. The fastener trade also highlighted strong U.S. relations, with the U.S. importing 90% of Mexico's fasteners. Despite a slight decline in fastener exports and imports, this reduction might indicate improvements in Mexico's domestic fastener industry. Enhancing local production capacity could reduce dependency on imports and boost self-sufficiency, contributing positively to the overall economic landscape. ■



¹ <https://www.globalfleet.com/fr/fleet-strategy-manufacturers/latin-america/features/2023-mexican-car-market-volumes-and-trends?t%5B0%5D=Mexico&t%5B1%5D=Car%20Manufacturers&t%5B2%5D=Car&curl=1>

