

Mexico's Economy Grows 0.9% in the Second Quarter of 2022

→ In 2Q2022, Mexico's gross domestic product (GDP) grew 0.9% quarter-over-quarter and 1.9% year-over-year. Construction is the only major sector that continues below pre-pandemic levels.

The evolution of Mexico's GDP has been erratic, with quarters of growth and stagnation since the historic contraction during the peak of the pandemic in the second quarter of 2020 (2Q2020).

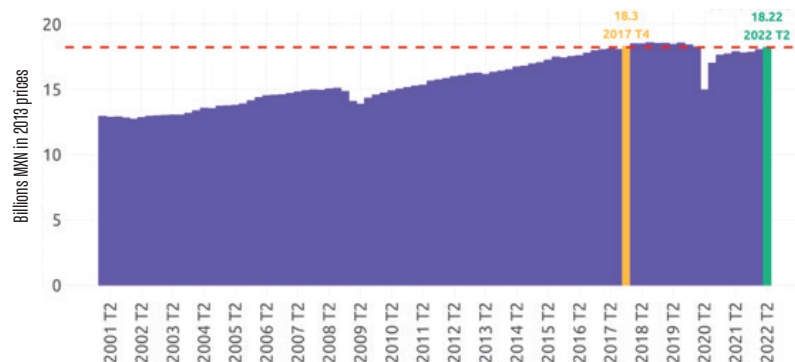
- After four consecutive quarters of recovery, Mexico's GDP registered its first decline in 3Q2021, falling (-)0.5%. Subsequently, Q42021 presented a slight advance (0.3%), and by 1Q2022, a growth of 1.1%.
- Now, in 2Q2022, we see an increase of 0.9%. The change was slightly lower than INEGI's **timely estimate** of 1% published in July 2022.

→ Current GDP is at 98.9% with respect to the level observed pre-COVID (4Q2019). However, the Mexican economy was already showing weakness prior to the pandemic.

- After peaking during the third quarter of 2018, economic activity began a downward trajectory, with quarterly rates ranging from negative figures to rates as low as 0.2% between the end of 2018 and the beginning of 2020.

→ According to the data observed in 2Q2022, the current size of the Mexican economy is comparable to the one registered in the fourth quarter of 2017.

2Q2022 GDP, seasonally adjusted figures
Billion MXN in 2013 prices

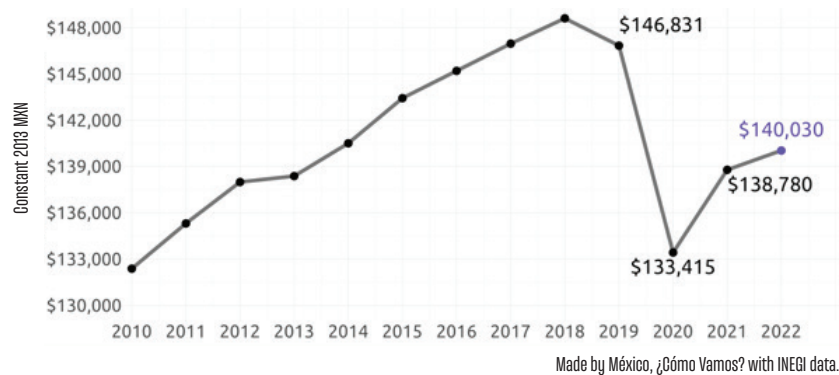


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- In order to achieve a full recovery in Mexican people's average income, economic growth needs to be greater than demographic growth. As for the first half of 2022, Mexico's GDP per capita is at 2014 levels... an 8-year setback!

Per capita GDP

Seasonally adjusted series as of the second quarter 2022
CONAPO population projections



- When disaggregated by economic activity, the three of them registered quarterly and annual advances. However, tertiary activities (trade and services) continue behind their pre-pandemic level. These activities account for two-thirds of Mexico's economy.

GROSS DOMESTIC PRODUCT

2022 second quarter

	Quarterly rate	Annual rate	Share of GDP*
Total GDP	0.9%	1.9%	
Primary activities	0.9%	1.4%	3.5%
Secondary activities	0.9%	3.3%	30.2%
Tertiary activities	0.9%	0.9%	66.3%

* Share of GDP is calculated with seasonally adjusted figures of 2Q2022 GDP.

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- Within the Mexican economy, some sectors have already recovered their level observed in 1Q2020 (such as Wholesale and Retail Trade, Agriculture and Manufacturing), while others still show deep lags: Mining (-2.0%), Finance and Insurance (-5.9%) and Construction (-7.7%), for example.
- There are differences in the pandemic's initial shock and magnitude among economic sectors and recovery has also been uneven. Sectors such as Wholesale Trade, Transportation and Warehousing, and Manufacturing already recovered their pre-pandemic levels, but have had different levels of success in their recovery: 12.7%, 7.4% and 5.8%, respectively, compared to 1Q2020.
- Of the six sectors that account for the largest share of Mexico's economy (62.8% of GDP), only Construction (6.24% of GDP) is below its pre-pandemic levels by (-)7.7%.