

**Mexico**  
**Monthly Report**  
**March**

**Market Overview**

The report provides a monthly analysis of the Mexican landscape which shows the market's dynamic. It also presents an overall inform relating the Agro-industrial most relevant news, as well as the most updated information regarding Mexican economy. Agriculture, food, and beverages companies remain attractive for investors.

**Economy**

***Mexico's Economic Landscape 2023***

The Mexican economy has been growing at an average rate of 2.1 percent during the last 10 years despite the recent complicated international environment. The strength of Mexico in terms of its economy underlies in the responsible economic, financial, and commercial policies, which aims to strengthen the domestic market. For example, Mexico's economic development strategy includes the strengthening of consumption in effect to social programs and greater financial inclusion, promoting private investment in strategic sectors, increasing public investment, increasing trading relations with other countries for the reconstruction of global value chain.

Mexico is considered as the 15th largest economy in the world, while leading exporter in the Latin America. It has a Gross Domestic Product (GDP) of \$1,269 billion, with a nominal GDP of \$9,946. As

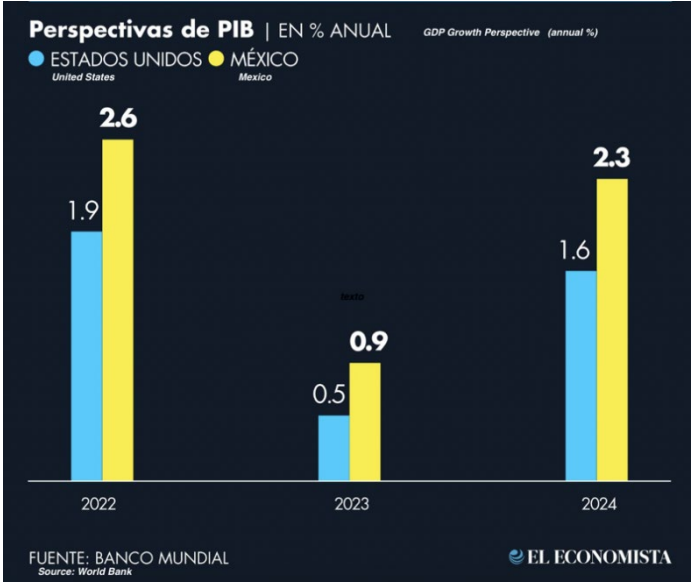
an emerging global player in the economy, Mexico has a Foreign Direct Investment of \$29.3 billion placing 19th in the World Export Ranking. Mexico is becoming a fundamentally middle-class country with 50 percent of its population as middle class, and 30 percent being in the upper class. Ideally, the economy of Mexico will continue to prosper for the following years.

Mexico's economy is expected to slow considerably this year, as tight monetary conditions will likely weaken domestic demand, and slower U.S. growth will affect Mexican manufacturing exports. The consensus forecast for 2023 GDP (fourth quarter/fourth quarter), compiled by Banco de México, indicates dismal growth of only 0.7

percent. According to preliminary estimates, Mexico’s fourth-quarter GDP rose an annualized 1.6 percent, considerably slower than 3.6 percent growth the previous quarter.

INDICATOR	PERIOD	RESULT	PERIOD	RESULT
GROSS DOMESTIC PRODUCT	Feb 2023	4.4%	March 2023	3.6%
			forecast	
INFLATION	Jan 2023	7.62%	Feb 2023	7.45%
			forecast	
TRADE BALANCE MEXICO	Dec 2022	\$ -4.125B	Jan 2023	\$ 0.71 B USD
			2023 forecast	

**Growth Projections (US and Mexico):**



**Exchange Rate**



22/03/23

Level	MXN per USD
Average	\$18.5291
Maximum	\$18.87
Minimum	\$17.97



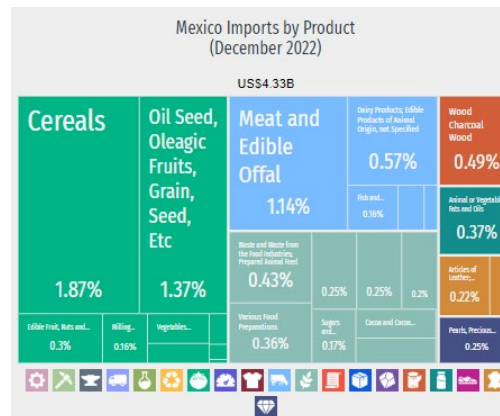
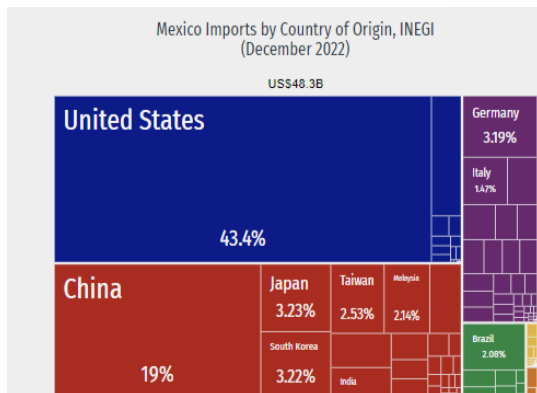
On March 3 the dollar broke the 18-peso barrier after 4 years achieved its best moment. And closes the month with a considerable increase.

Today, March 22, 2023, begins awaiting hours prior to the US Federal Reserve (Fed) monetary policy announcement, in which an increase in the reference rate of 25 basis points is expected. The price of the dollar was trading at 18.5231 per dollar, with a gain of 0.34% against the Reuters reference price on Tuesday, accumulating a return of 1.91% in the last three days.

### Mexico Imports and Exports

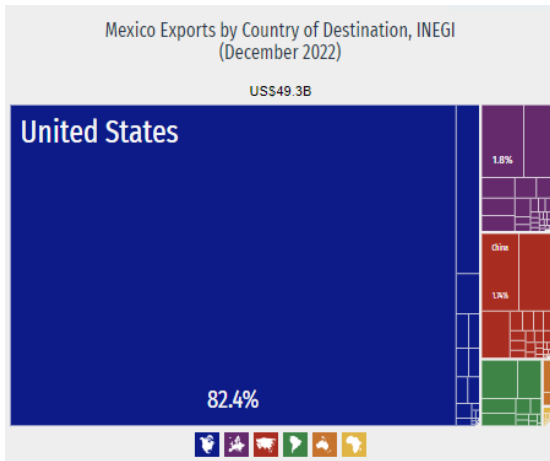
#### Imports

Agricultural goods account for 3%. Main import partners are the United States (46% of total purchases), China (18%), Japan, Germany and South Korea (4 percent each). Main imports from the United States are other parts and accessories of vehicles (8% of total imports); electric apparatus (7%); petroleum products (6%) and computer accessories (6%).

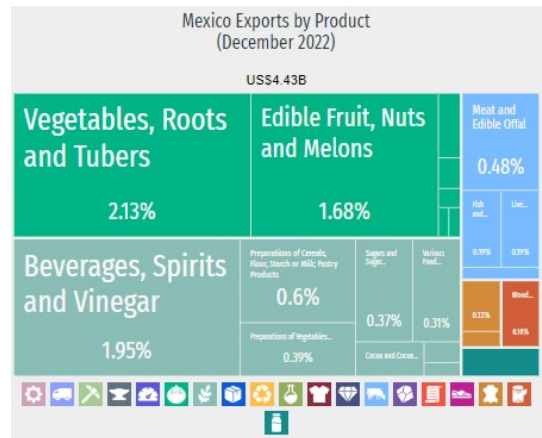


## Exports

Agricultural goods and mining products account for 4% and 1%, respectively. Mexico's leading export partner is the United States (80%), followed by Canada (3%), Germany and China (2% each). Main exports to US include



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and



other parts  
accessories of  
vehicles (14%  
total sales);  
trucks, buses,  
special  
purpose  
vehicles  
(10%);

passenger cars (10%); computers (6%); telecommunication equipment (5%).



### ***¿What do Mexicans expect from retail in 2023?***

Currently, 41 shopping centers are under development (1.3 million square meters). It is expected that 30% (385,000 square meters) of them will be added to the inventory throughout 2023. It is worth mentioning that, as of December 2022, the inventory of "malls" in Mexico amounts to 829 properties, with a profitable area of more than 25 million square meters. The center of the country concentrates the largest amount of profitable area (8 million m<sup>2</sup>), which represents 32% of the total.

Inflation in basic basket products led to an increase of almost 500 pesos on average in the purchase of food in supermarkets.

Chedraui Group concretized the acquisition of the Tamaulipas franchise Arteli, also of the same turn, which will allow the national chain to expand its presence with the control of 36 units located in Tamaulipas, Veracruz, Hidalgo, and San Luis Potosí, was reported to the Mexican Stock Exchange (BMV).

In recent months, Jokr has announced the departure of other markets in Latin America, such as Chile, Colombia, and Peru; so, it would only maintain operations in Brazil. The company's CEO for the region, German Peralta announced through his LinkedIn account that most of his team in Mexico left.

### ***Ecommerce***

Inflation was the biggest pressure on the global economy during 2022, reaching historic levels in the last two decades. By 2023, the process of inflationary slowdown is projected to begin, and some of the signs that confirm the estimates are the low-price levels for both the consumer and the producer. Producer prices in the United States increased 4.6% in February over the previous month, according to figures from the Bureau of Labor Statistics. This was the most moderate rise in almost two years and adds nine months to the thread with slowdowns.

Physical automation systems are not new. Since the Industrial Revolution, mass production has brought about automated systems, and they just keep getting more sophisticated. However, the technology involved has been



getting cheaper, so more businesses can get in on the action. An assessment conducted by McKinsey & Company suggests that retail grocery stores can run with 55% to 65% fewer hours with available automation technologies. With ecommerce food businesses not having to spend time on physical merchandising, many of the hours saved will be within the warehouse.

