

Mexico Monthly Economy and Politics Brief

August 2023

ECONOMY AND INDUSTRY

- Financial services group Citibanamex, subsidiary of U.S.-based Citibank, raised its projection of Mexico GDP growth to 2.7% for 2023 from 2.4%. At the same time, the bank lowered its 2024 projection for Mexico to 1.4%. *(Citibanamex Mexico Reporte Económico Diario, August 8, 2023)*
- Citibanamex lowered its projection of the year-end exchange rate to 17.50 MXN/USD from 17.70. Citibanamex currently expects the rate to return to above 18 pesos per dollar in 2024. *(México Reporte Económico Diario, August 21, 2023)*
- Mexico's Consumer Confidence Index (ICC) in July rose to its highest level in 20 months, the National Statistics Institute (INEGI) reported. Consumers surveyed expressed greater likelihood they will purchase goods such as furniture and home appliances than they did the same month the previous year. *(El Financiero, August 7, 2023)*

ECONOMIC ACTIVITY OF NOTE

- Plastic: Korean plastic parts maker Hyundai Polytech has committed to establishing a new manufacturing plant in the central state of Zacatecas, the state government reported. The US\$20 million facility is expected to produce molded plastic parts for automotive suspensions, sensors, motors and electrical systems. *(Cluster Industrial, August 29, 2023)*
- Steel: Mexican steel forging company Frisa announced it will invest US\$200 million in its plants in the northeast state of Nuevo León. The large-scale upgrade will allow the sites to increase output of specialized steels for aerospace applications including for U.S. spacecraft maker Space X. *(Mexico Industry, August 28, 2023)*

- **Airports:** Mexican airport operator Grupo Aeroportuario Centro Norte (OMA) reported plans to expand its international airport in the northeastern industrial city of Monterrey via investment of approximately US\$415 million. The upgrade is expected to include additional aircraft docking positions and remote positions, and to double the airport's overall passenger handling capacity. *(Mexico Now, August 25, 2023)*
- **Airports:** The Chihuahua state government is partnering with the Mexican federal government to build a new international airport in the northern Chihuahua tourist city of Creel, local media reported. The US\$45 million airport will include a terminal building, control tower, service station and firefighting station, among other infrastructure. *(Mexico Now, August 17, 2023)*
- **Automotive:** Chinese auto parts maker Paramount New Materials will establish a new manufacturing plant in the northern state of Coahuila, the state government reported. The US\$200 million facility is expected to produce aluminum chassis, bumpers and other components. *(El Siglo de Torreón, August 18, 2023)*
- **Electronics:** U.S. semiconductor manufacturer Vishay Intertechnology inaugurated a new manufacturing plant in the northern state of Durango, the state government reported. The US\$45 million site is expected to produce principally semiconductors for the automotive industry. *(El Siglo de Durango, August 23, 2023)*
- **Construction materials:** Portuguese industrial conglomerate Mota-Engil and Chinese railway equipment manufacturer CRRC Nanjing Puzhen will establish a precast concrete plant in the northeastern state of Nuevo León, the state government reported. The US\$175 million plant is planned to produce straight beams and other structural elements for the expansion of the Monterrey city metro transport system. *(El Economista, August 14, 2023)*
- **Electronics:** Japanese electronic components manufacturer Saga Electronics reported plans to expand its production capacity in the central state of San Luis Potosí. The US\$34 million project is intended to increase output of products such as vehicle lighting units and circuit boards for air conditioning equipment for the U.S. market. *(El Sol de México, August 15, 2023)*

- Automotive: Mexican automotive components maker Metalsa inaugurated a new manufacturing plant in the central state of Guanajuato, local media reported. The US\$180 million facility is expected to produce chassis for Toyota's Tacoma model pickup truck. (*Logistics World, August 10, 2023*)
- Manufacturing: U.S.-owned mechanical systems manufacturer GHSP initiated a US\$10.2 million expansion of its plant in the northern state of Coahuila, the state government reported. The upgrade is planned to boost output of components for automotive transmissions and potentially home appliances. (*Mexico Now, August 10, 2023*)
- Automotive: Japanese-owned automotive components maker Sumitomo Electric Wiring Systems plans to establish a new production site in the southeastern state of Tabasco, the state government reported. The US\$10 million factory is expected to produce electrical harnesses for regional automotive OEMs. (*El Economista, August 9, 2023*)
- Electrical products: German industrial multinational conglomerate Siemens is nearing completion on construction of a new plant in the northern border city of Ciudad Juárez, Chihuahua state, the company announced. The US\$30 million site is planned principally to produce electrical meter boxes for apartments in the U.S. market. (*El Heraldo de Juárez, August 7, 2023*)
- Automotive: German vehicle parts maker Mubea will establish a new manufacturing plant in the northern state of Coahuila, the state government reported. The US\$58 million facility is expected to produce polymer-reinforced fiberglass springs. (*Milenio, August 8, 2023*)
- HVAC: Ireland-based HVAC products manufacturer Trans announced a US\$18 million expansion to its plant in the northeastern state of Monterrey. The upgrade will allow the factory to boost output principally of residential air conditioning equipment for the U.S. market. (*El Economista, August 2, 2023*)
- Aerospace: Canadian aircraft components maker Delastek reported plans to triple its manufacturing capacity in the central state of Querétaro. Investment was not specified for the project, which is expected to significantly increase the plant's output of cockpit interiors and instrument panels. (*Somos Industria, August 2023*)

- **Packaging:** Swedish packaging and logistics solutions supplier Nefab inaugurated a new production plant in the northern state of Chihuahua, the company reported. The US\$1 million site is expected to produce wood, plywood, plastic and cardboard packing materials for regional industries. *(Somos Industria, August 1, 2023)*
- **Automotive:** U.S. auto parts manufacturer SA Automotive will establish a new production plant in the northern state of Coahuila, the state government reported. The US\$16 million factory is expected to produce vehicle interior components such as interior trim, load floors, headliners, door bolsters and others. *(Somos Industria, August 2023)*

POLITICS AND SOCIETY

- President Andrés Manuel López Obrador's government caused uproar this month when they presented new editions of public education text books significantly revised to reflect the president's personal ideological views. AMLO ignored a court order obtained by educators blocking distribution of the books, causing confusion within the education community. *(El País, August 1, 2023)*
- Aspiring presidential candidates closed their campaigns the last week of August, as both the governing Morena party and the Broad Front for Mexico (el Frente) opposition coalition are scheduled to select their candidates the first week of September. The leading candidates for both sides are women, setting up the potential for Mexico to elect its first female president in 2024. *(Forbes Mexico, August 24, 2023)*