Administrative Registry of the Light Vehicle Automotive Industry, November 2024

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Production

The Administrative Registry of the Light Vehicle Automotive Industry for November showed that production was 351,535 units, showing an annual growth of 6.74%.

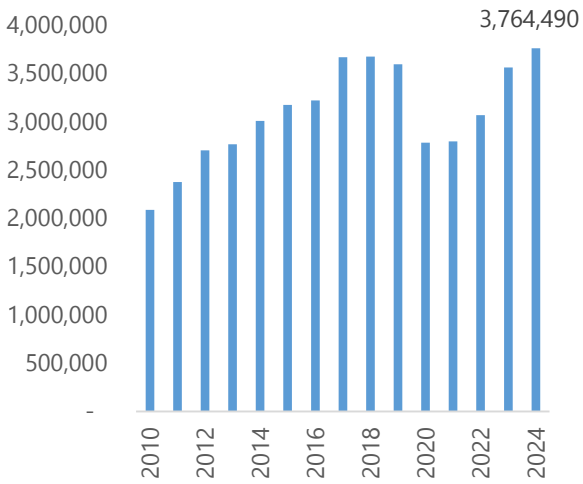
In the cumulative period from 2024 to November, 3,764,490 light vehicles have been produced (Figure 1), showing a growth of 5.65% compared to production in the same period in 2023. With this, the cumulative production between January and November 2024 marks a new historical high for an equal period, being 2.35% above the previous historical high seen in 2018.

In the first 11 months of 2024, 85.35% of what was produced was exported, increasing 0.64 percentage points compared to the same period in 2023 (Figure 2). For its part, domestic sales in the cumulative year 2024 were equivalent to 35.87% of what was produced.[1]

In November, the three brands with the highest production of light vehicles in Mexico were:

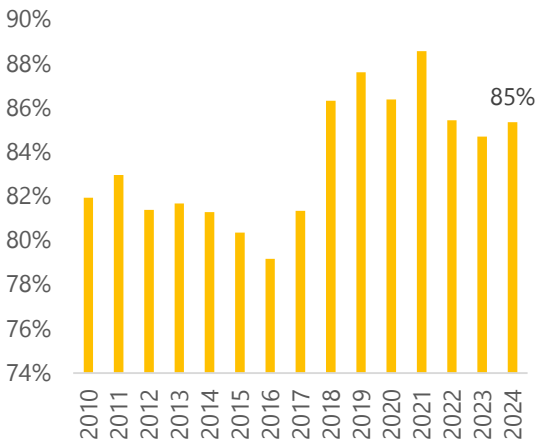
-General Motors (86,402 units), increasing 24.54% compared to the same month in 2023.
-Nissan (60,779 units), increasing 8.39% compared to the same period in 2023.
-Chrysler (34,841 units), decreasing 9.22% compared to the same month in 2023.

Figure 1. Light vehicle production, cumulative January-November



Source: GF Base with information from INEGI.

Figure 2. Export-to-production ratio, January-November of each year



Source: GF Base with information from INEGI.

[1] The sum of the percentage of exports and domestic sales is greater than 100%, because part of it was produced in previous months.

Exports

In November, 332,356 units were exported, showing an annual growth of 5.04% compared to the same month in 2023. Exports for November 2024 mark a new historical high for the second consecutive year.

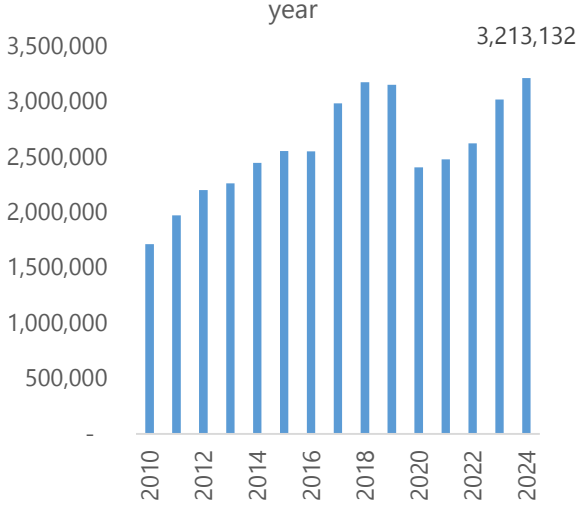
With the above, in the accumulated total of the first eleven months of the year, exports total 2,923,823 units, accumulating an annual growth of 6.82% compared to the same period in 2023. Exports for the first eleven months of the year are 1.37% above the accumulated total in the first eleven months of 2018, marking a new historical high.

The three main exporting brands of light vehicles in November were:

-General Motors (78,580 units), growing 12.78% at an annual rate.
-Nissan (44,907 units), growing 25.99% at an annual rate.
-Ford Motor (34,865 units), falling 13.09% at an annual rate.

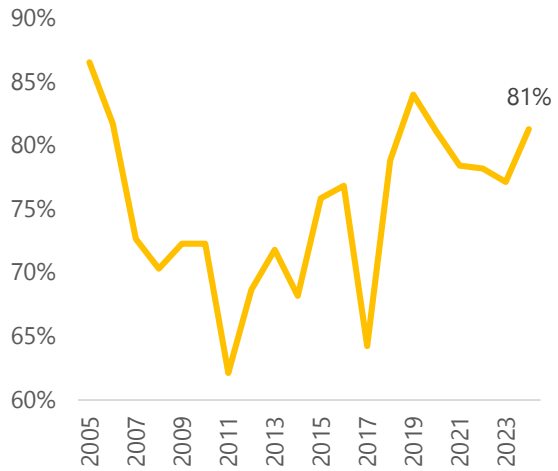
The United States has been the main destination for light vehicle exports from Mexico. In November, 255,910 vehicles were shipped, increasing 7.46% compared to the same month last year. With this, vehicles exported to this country represented 77.00% of the total.

Figure 3. Light vehicle exports, accumulated January-October of each year



Source: GF Base with information from INEGI.

Figure 4. Participation of the United States as an export destination country in November of each year



Source: GF Base with information from INEGI.

Sales

In this month, 147,971 units were sold, showing an annual growth of 14.28%.

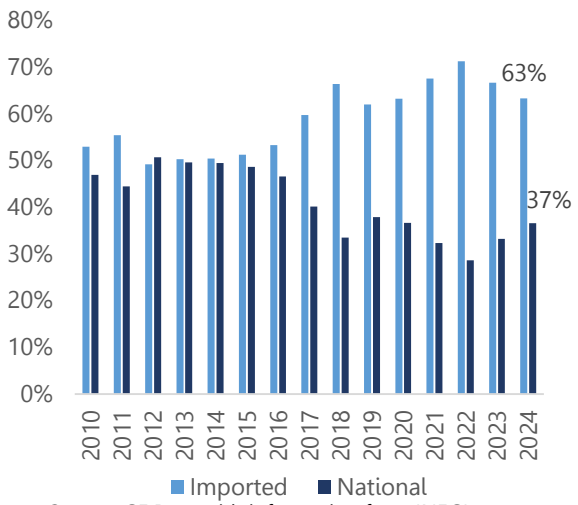
It is worth mentioning that sales are 4.40% below the historical maximum recorded in 2016 for the month of November.

Accumulated sales in the first 11 months of the year amount to 1,305,362 units, showing a growth of 10.68% compared to the same period in 2023 and reaching their highest level since 2017. It is worth mentioning that accumulated sales from January to November show a drop of 4.40% compared to the historical maximum recorded in 2016.

The three brands with the highest sales of light vehicles in November were:

-Nissan (25,893 units). It is worth mentioning that Nissan has maintained this position for 24 consecutive months.
-General Motors (18,224 units).
-Volkswagen (14,108 units).

Figure 5. Imported vs. domestic vehicle sales (%), November of each year



Source: GF Base with information from INEGI.

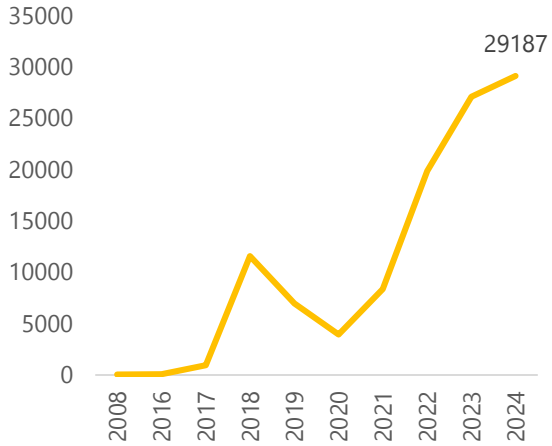
It is worth noting that these three companies accounted for 39.35% of November sales.

Imported vs. domestic light vehicle sales

In November, 65.36% of sales in Mexico were of imported cars with 93,775 units. Meanwhile, sales of domestic vehicles accounted for 36.64% of total sales.

In November, 29,187 vehicles imported from China were sold, showing an increase of 7.52% compared to the same month in 2023 (Figure 6). With this, imported cars of Chinese origin are ranked first in domestic sales, followed by the United States and Japan. It is worth mentioning that, since October 2021, Chinese cars have led sales of imported vehicles in the country. Sales of vehicles imported from China for the month of November accounted for 19.72% of total light vehicle sales in Mexico and 31.13% of total imported vehicle sales. In the same period, the United States had a share of total sales of 8.18% and Japan of 7.71%. Finally, the sale of hybrid and electric vehicles in November 2024 stood at 9,551 units, reaching an all-time high for this month and increasing 41.12% compared to the same month in 2023. Additionally, 1,717 electric vehicles were sold, increasing 2.14% annually and reaching an all-time high for the month of November.

Figure 6. Vehicles imported from China for domestic sales, data from November of each year



Source: GF Base with information from INEGI.

Mexico's trade relations with China and the United States.

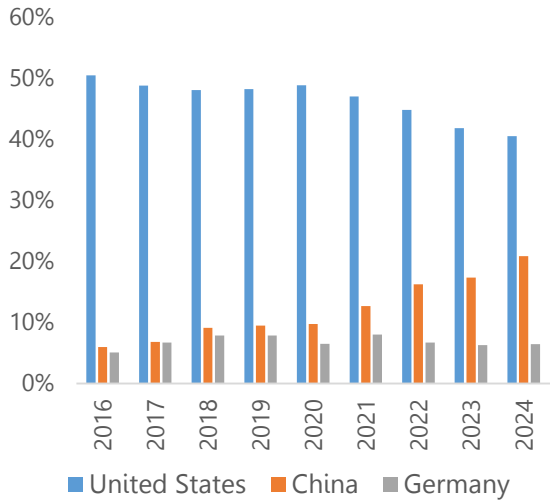
Mexico's trade relationship with the United States and China has shown changes in trends and participation within the automotive sector (chapter 87 of the foreign trade information cube). This phenomenon is reflected in Mexico's imports from both countries, analyzed for the periods from January to September from 2016 to 2024.

According to data from the Bank of Mexico, during the first nine months of 2024, total Mexican imports in the automotive sector amounted to 49,678.96 million dollars. The main origins of these imports were the United States (40.52%), China (20.85%) and Germany (6.46%) (See Figure 7). Although the United States remains the main country of origin, its share has shown a downward trend since 2016, while the share in automotive imports from China has grown significantly (See Figure 7). In the period analyzed, imports of the automotive sector (chapter 87) from China, in the cumulative period from January to September 2024, had a growth of 8,711 million dollars or 529.52% compared to the same period in 2016, while, for imports in this sector from the United States there was a growth of 6,279 million dollars or 45.34% (See Figure 8).

With this, the proportion represented by automotive imports (chapter 87) from the United States fell from 50.03% of total imports from Mexico in 2016 to 40.52% of the total in 2024, the lowest proportion on record. On the other hand, imports from China are at a record high, since, comparing the same periods as the United States, they rose from representing 5.95% of total imports made by Mexico to 20.85% of the total.

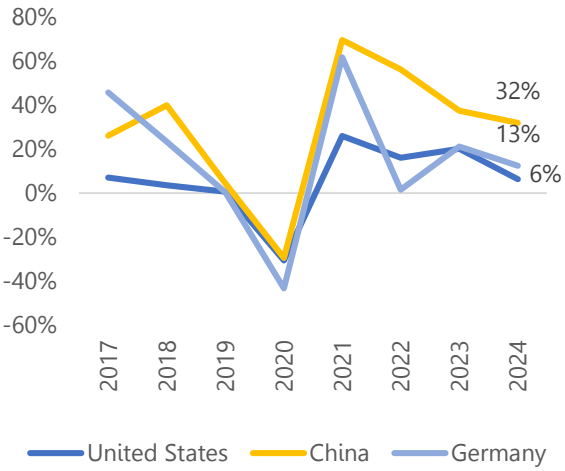
Likewise, the ratio of imports to exports from and to China has increased significantly, from 406% in 2016 to 1774% in 2024, while this same ratio with the United States decreased from 25% in 2016 to 20% in 2024. This shows that China is an increasingly important supplier for the Mexican automotive sector, given a gradual change in supply chains. Although the United States remains Mexico's main trading partner, its declining share of imports raises concerns about the USMCA review scheduled for July 2026.

Figure 7. Top 3 countries participating in automotive sector imports.



Source: GF Base with information from INEGI.

Figure 8. Annual growth of imports in the automotive sector by country from 2017 to 2024.



Source: GF Base with information from INEGI.

The accelerated growth of automotive imports from China to Mexico suggests a shift in Mexico's trade preferences. This dynamic may be driven by cost reduction, as China is a price-competitive

supplier. However, this may pose potential trade pressures, as the United States is engaged in a trade war with China.
Products representing 92.5% of automotive imports (chapter 87) of Chinese origin in 2024 are:

1. Passenger cars and other motor vehicles designed primarily for the transport of persons (43.18%).
2. Parts and accessories of motor vehicles of headings 87.01 to 87.05. (34.09%).
3. Motor vehicles for the transport of goods (7.41%).
4. Parts and accessories of vehicles of headings 87.11 to 87.13 (5.35%).
5. Trailers and semi-trailers for any vehicle (2.11%).

In particular, parts and accessories make up 39.44% of the total imported by the automotive sector (chapter 87) from China for the same period. The items with the highest share of parts and accessories, which together account for 53.35%, are motorcycle parts and accessories with a share of 12.56%; brakes and brake boosters (and parts thereof) with a share of 12.36%; wheels, parts thereof and accessories with a share of 11.03%; suspension systems and parts thereof (including shock absorbers) with a share of 10.76%; and steering wheels, columns and steering boxes (and parts thereof) with a share of 6.64%.

Given this, it is clear that Mexico has intensified its trade relationship with China, while it has sent more exports to the United States, but has not bought more. This implies less trade integration with the United States and greater trade integration with China, which the United States considers a threat on several fronts.

This is especially relevant now that Trump will return to the White House and the USMCA review will be scheduled for 2026.

Donald Trump's announcement of tariffs

Recently, the president-elect of the United States, Donald Trump, announced that on January 20, the day of his inauguration, he will impose a tariff on all products imported from Mexico and Canada, until measures on drug control and illegal migration are implemented. This measure has generated considerable uncertainty, particularly among foreign manufacturing companies located in Mexico, whose main income depends on exports to the United States.

Trump's announcement, made on November 26, had an immediate impact on the Mexican Stock Exchange, especially in the automotive sector. That same day, 27 of the 32 companies listed on the exchange registered falls in their shares. This impact was particularly severe for automotive companies that depend on plants located in Mexico to supply the American market. The three companies that registered the biggest falls were General Motors, Nio A ADR and Stellantis NV, with falls of 8.99%, 7.71% and 5.68%, respectively. These falls reflect the uncertainty among investors regarding possible increases in production costs and trade restrictions that could affect the competitiveness of these companies in the US market. The imposition of a 25% tariff would cause an increase in the price of products in the US market. For Mexico, it would imply a 12% drop in exports, and an increase in the exchange rate to 23-24 pesos per dollar.

In the United States, the increase in prices due to the tariff could force the Federal Reserve to keep the interest rate high for longer. This would have a negative effect on access to credit, reducing the purchasing power of consumers, especially on high-cost goods such as cars.

Key points

1. The recovery of automotive exports and production in Mexico, reaching historic levels, is due to the strong demand for these goods from the United States. The accumulated growth from January to November of automotive exports (6.82%) and automotive production (5.65%), published in the automotive registration statistics, is consistent with the growth observed by non-oil exports in the trade balance, specifically those of automobiles destined for the United States. According to trade balance data until October (latest information available), non-oil exports to the United States have accumulated an annual growth of 6.2%, while automotive exports to that country have accumulated a growth of 6.6%, contrasting sharply with automotive exports to the rest of the world, which have accumulated a fall of 9.2%. With this, it can be concluded that the recovery of automotive production and exports to historic levels is due to the strong demand for automobiles in the United States.

2. Although production and exports have reached new historical highs, the domestic market continues to show weakness, reflected in sales, as these are 4.40% below the historical maximum for a period from January to November (2016). This is because in October 2024 the increase compared to the same month in 2024 in employment was 316,252 jobs (1.42%), the lowest since April 2021. This shows that there is a strong slowdown in the creation of formal employment, affecting people's income, and thus, their purchasing power.

3. Since October 2021, China has consolidated itself as the country with the highest share in light vehicle imports, followed by the United States in second place and Brazil in third place.

4. Imports of the automotive sector (chapter 87) from China, in the cumulative period from January to September 2024, had a growth of 8,711 million dollars (529.52%) compared to the same period in 2016, while, for imports in this sector from the United States there was a growth of 6,279 million dollars (45.34%).

5. The proportion represented by automotive imports (chapter 87) from the United States fell from 50.03% of total imports from Mexico in 2016, to 40.52% of the cumulative in 2024, a minimum proportion on record. On the other hand, imports from China are at a record high, since, comparing the same periods as the United States, they rose from representing 5.95% of total imports made by Mexico to 20.85% of the total.

6. Donald Trump's announcement of tariffs had an immediate effect on the shares of automotive companies on the stock market. This reflects the uncertainty among investors regarding possible increases in production costs and trade restrictions that could affect the competitiveness of these companies in the US market.

7. The imposition of a 25% tariff on all products would imply, for Mexico, a 12% drop in exports and an increase in the exchange rate to 23-24 pesos per dollar.

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