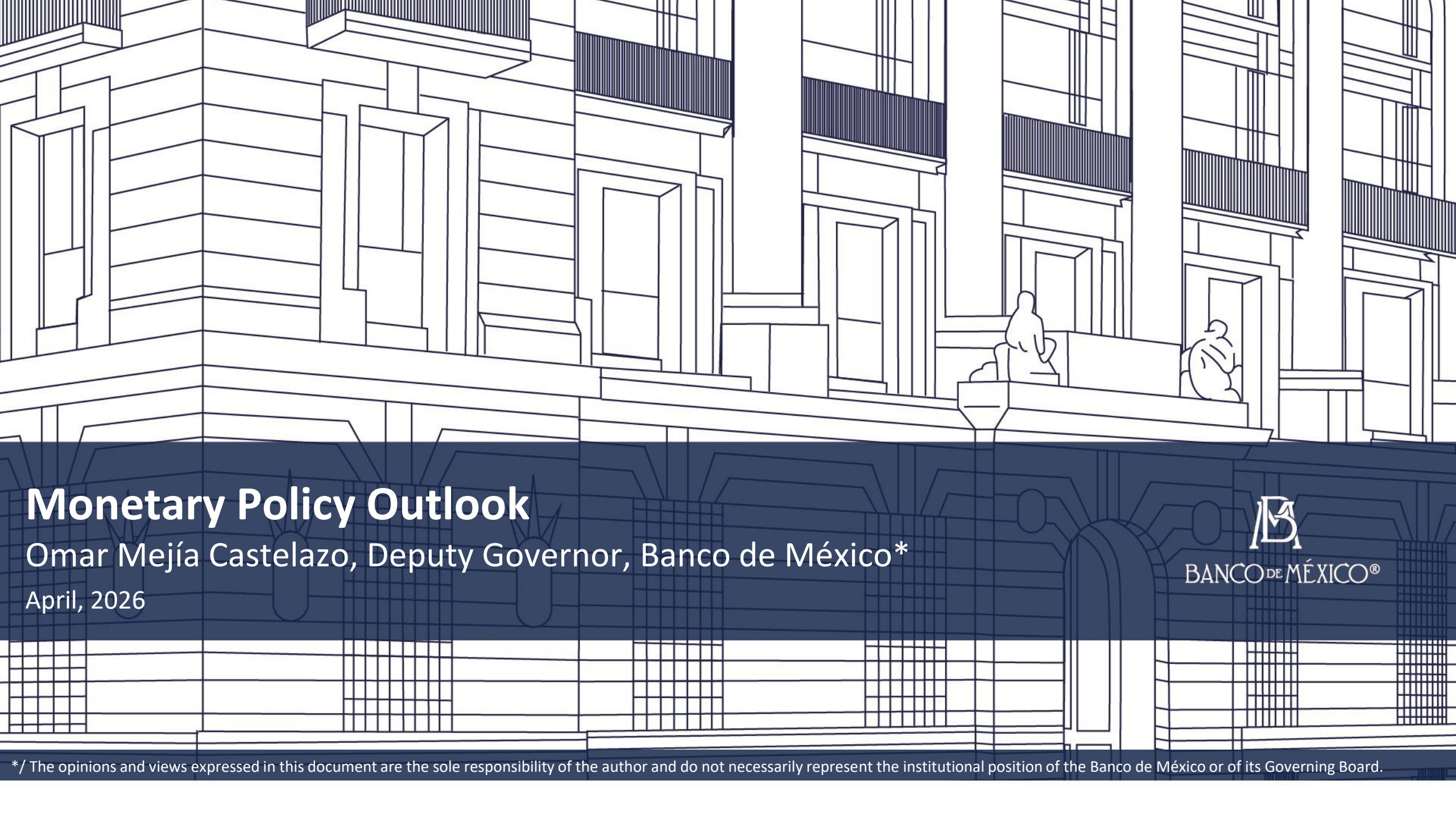




Monetary Policy Outlook

Omar Mejía Castelazo, Deputy Governor, Banco de México*

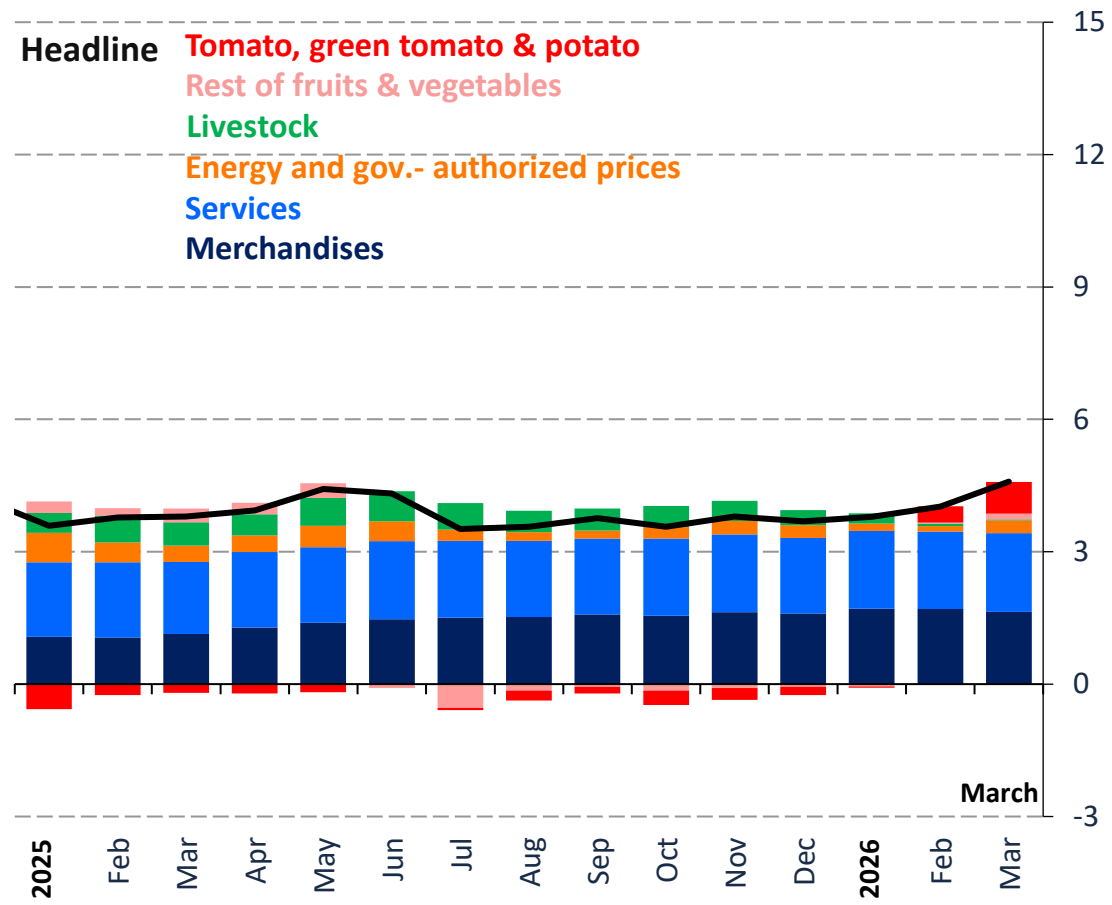
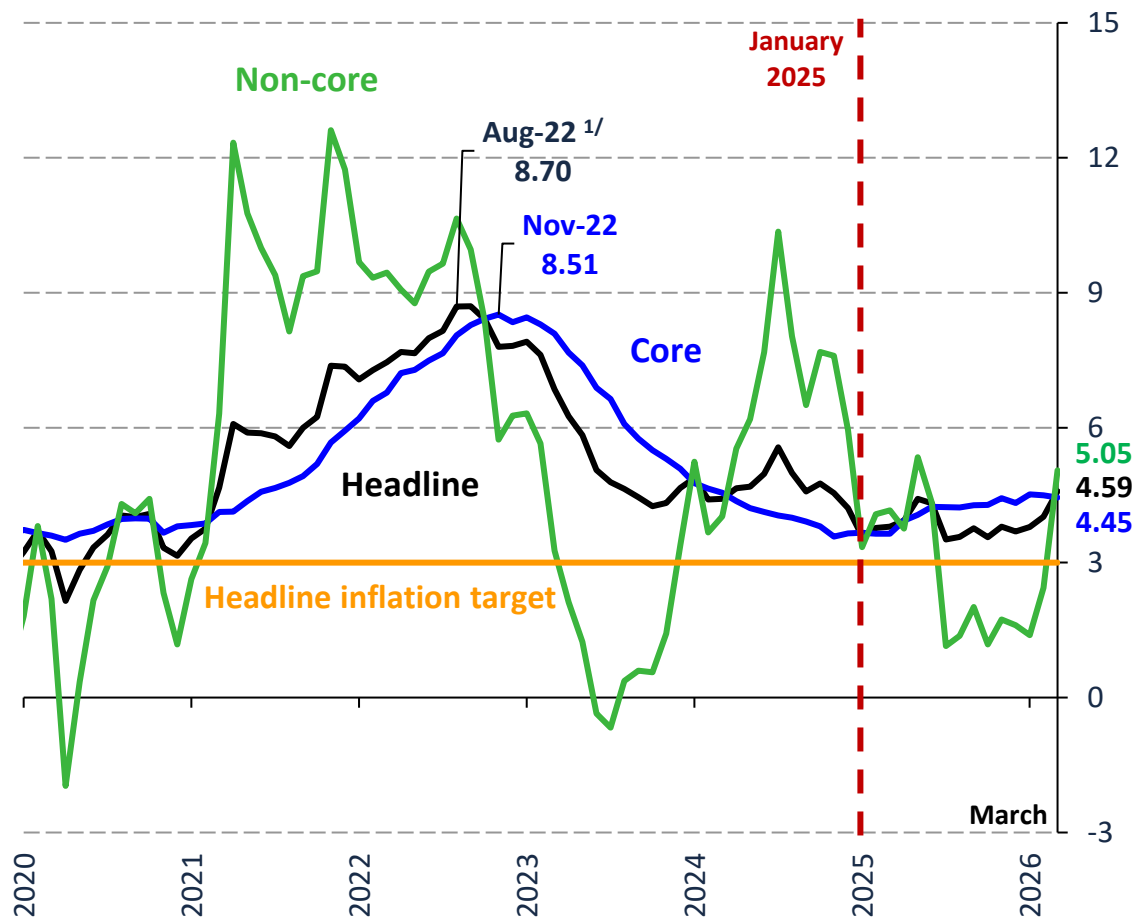
April, 2026



*/ The opinions and views expressed in this document are the sole responsibility of the author and do not necessarily represent the institutional position of the Banco de México or of its Governing Board.

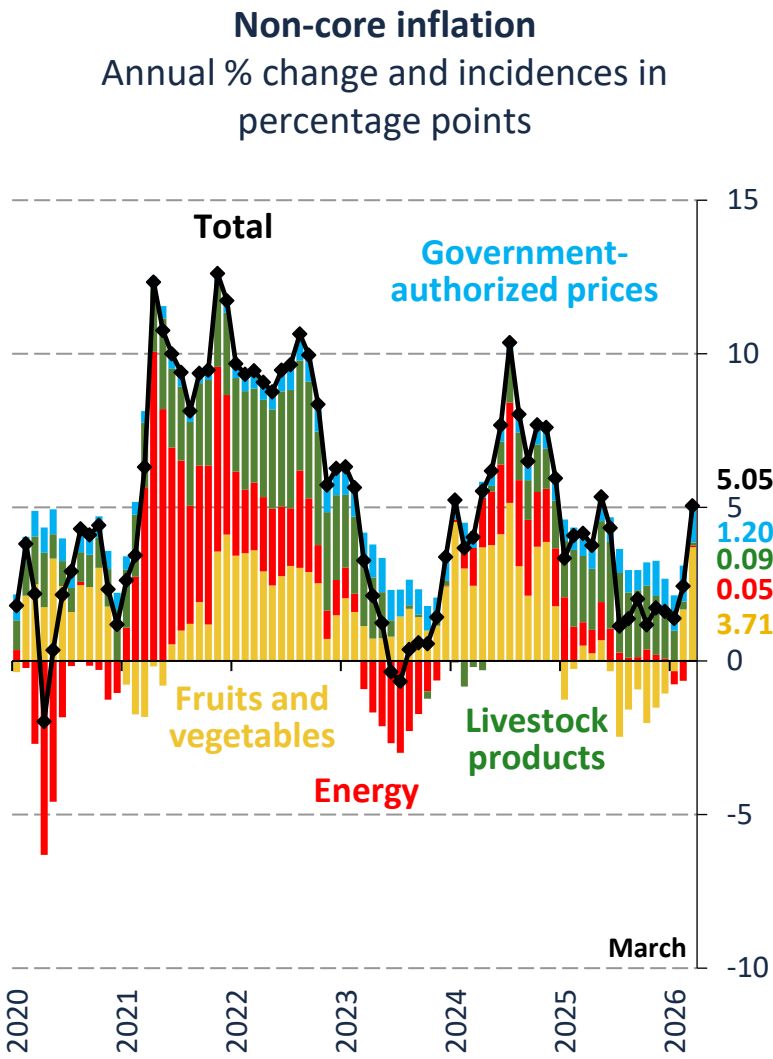
Recent inflation readings have been affected by fruits and vegetables shocks.

Consumer Price Index
Annual % change ^{1/} and percentage points ^{2/}

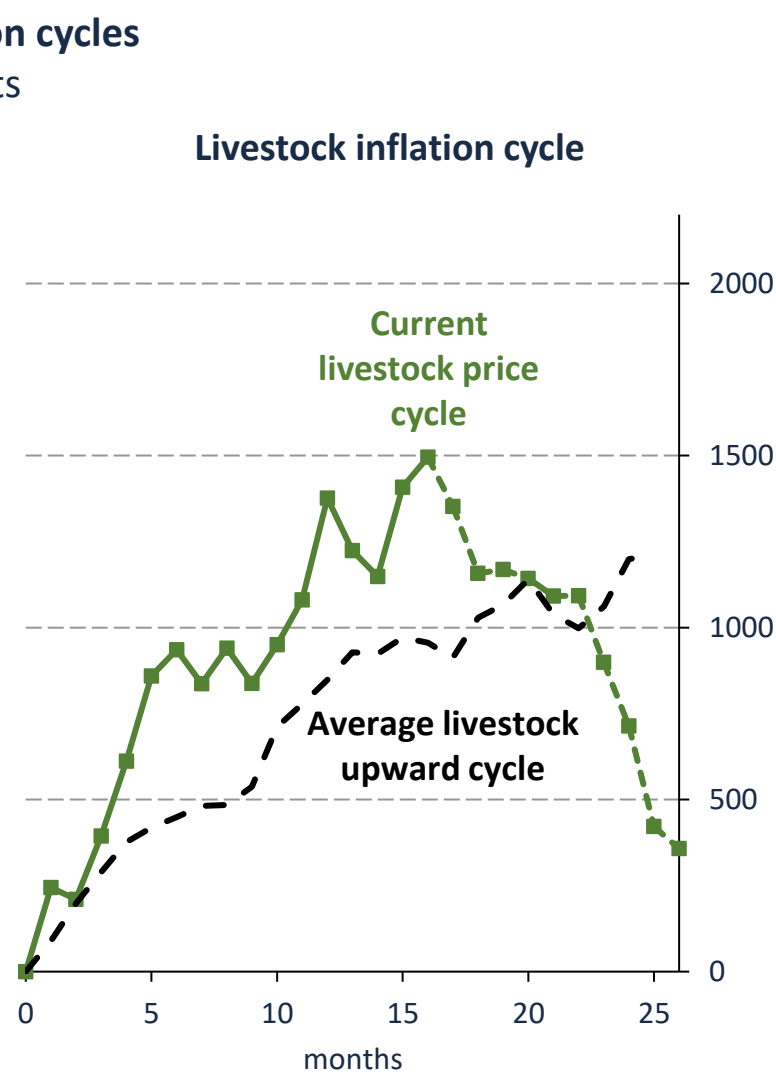
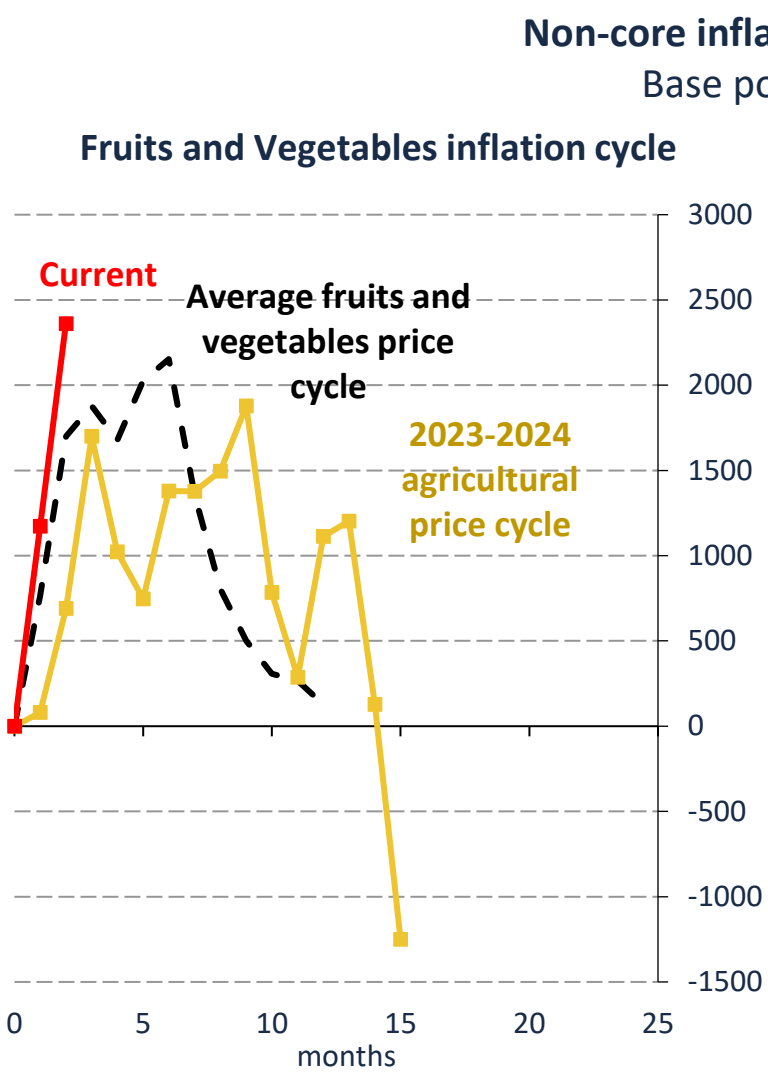


1/ The headline inflation figure for both August and September 2022 was 8.70%. 2/ The sum of inflation's components may not add up due to rounding.
Source: Banco de México and INEGI.

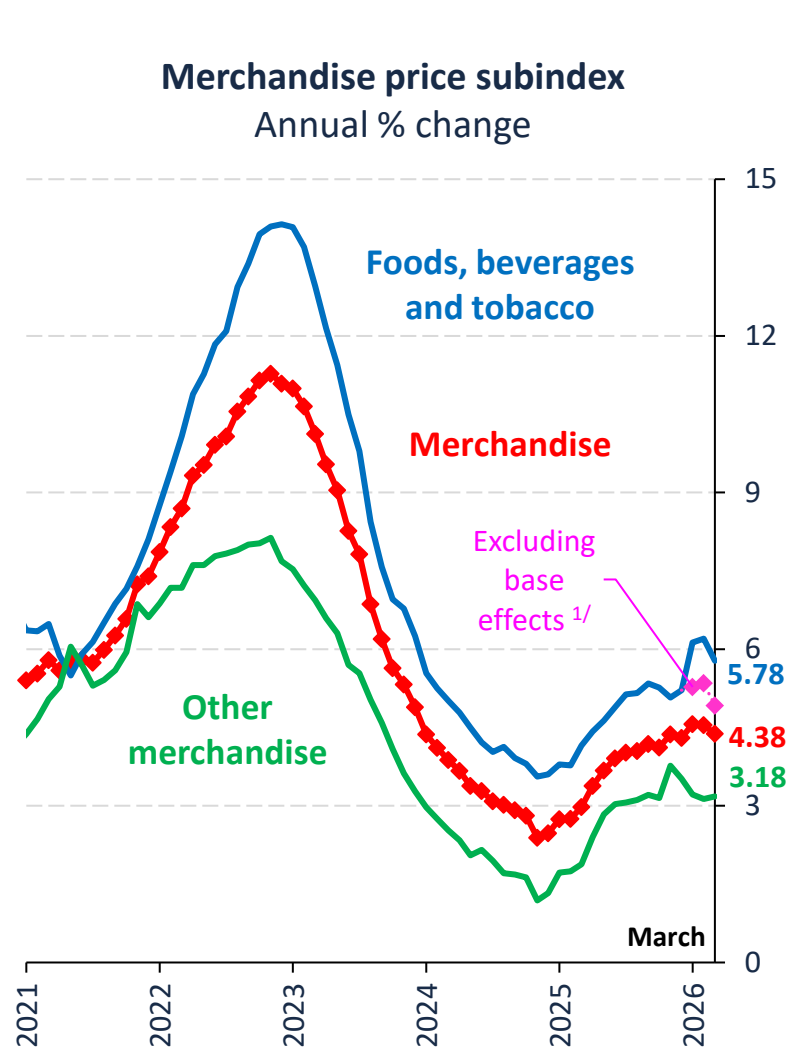
Shocks to fruits and vegetables tend to dissipate fast.



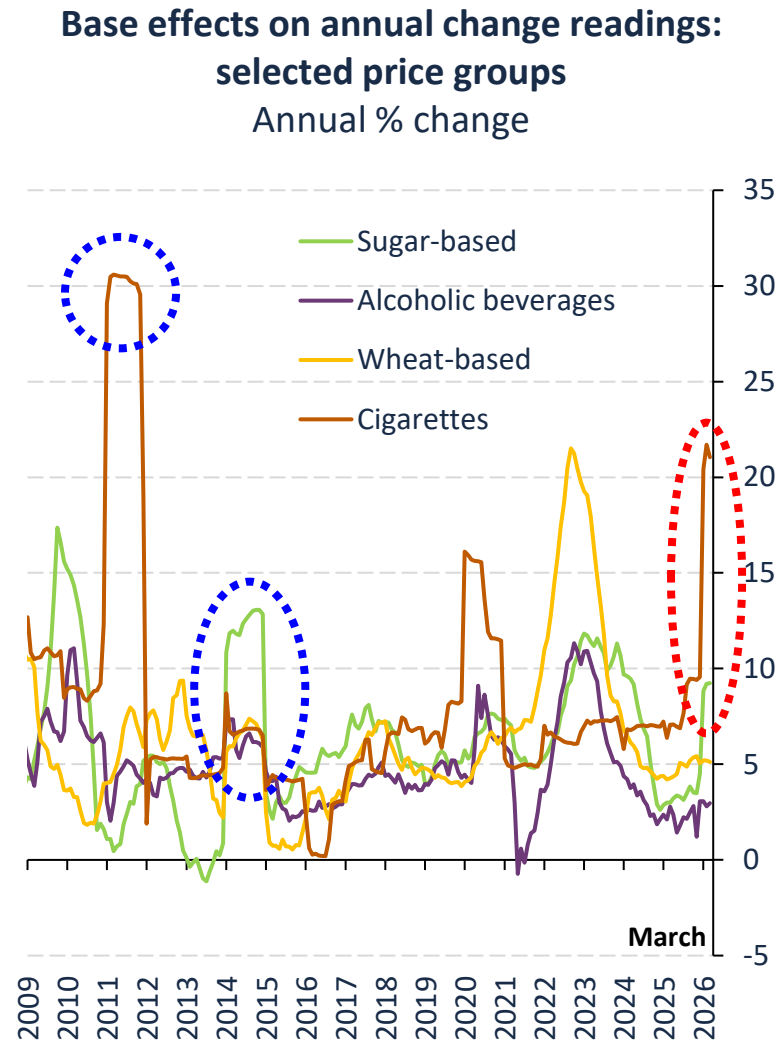
Source: Elaborated by Banco de México with INEGI data.



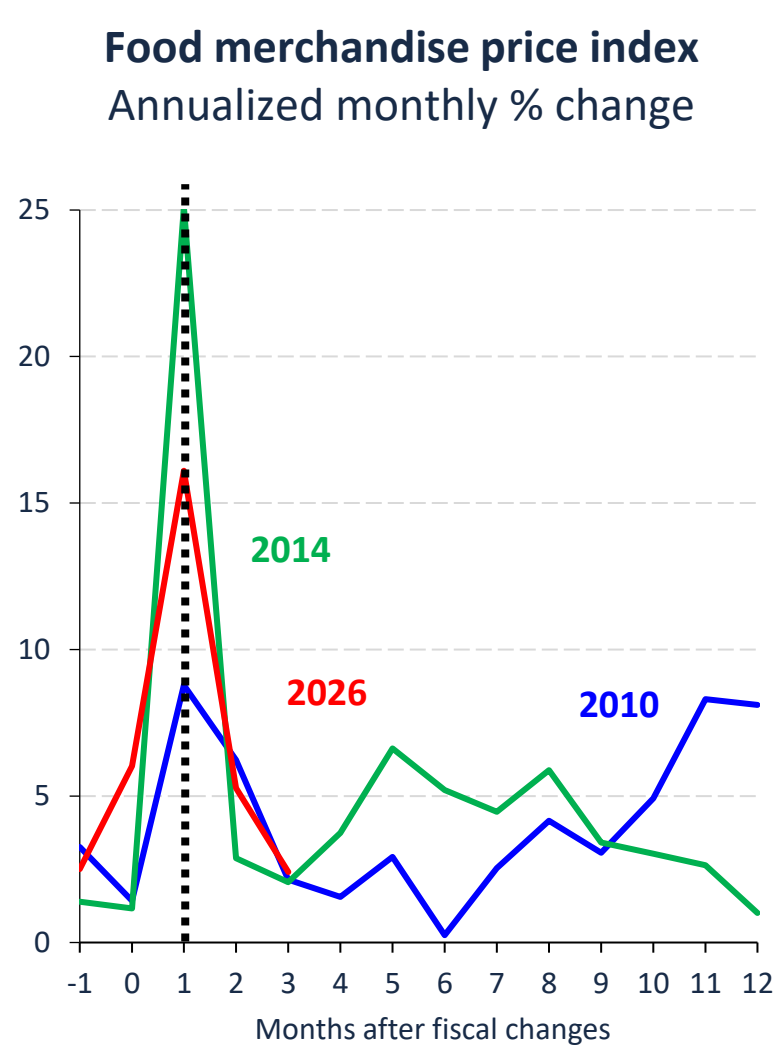
Merchandise inflation excluding components affected by tax updates has remained stable. Monthly inflation readings confirm one-off effect from tax updates.



1/ It is estimated as the difference between the observed price index and a counterfactual index in which the items affected by the IEPS would have followed their historical January month-on-month variation. This effect is expected to carry through the year via base effects. Source: INEGI.



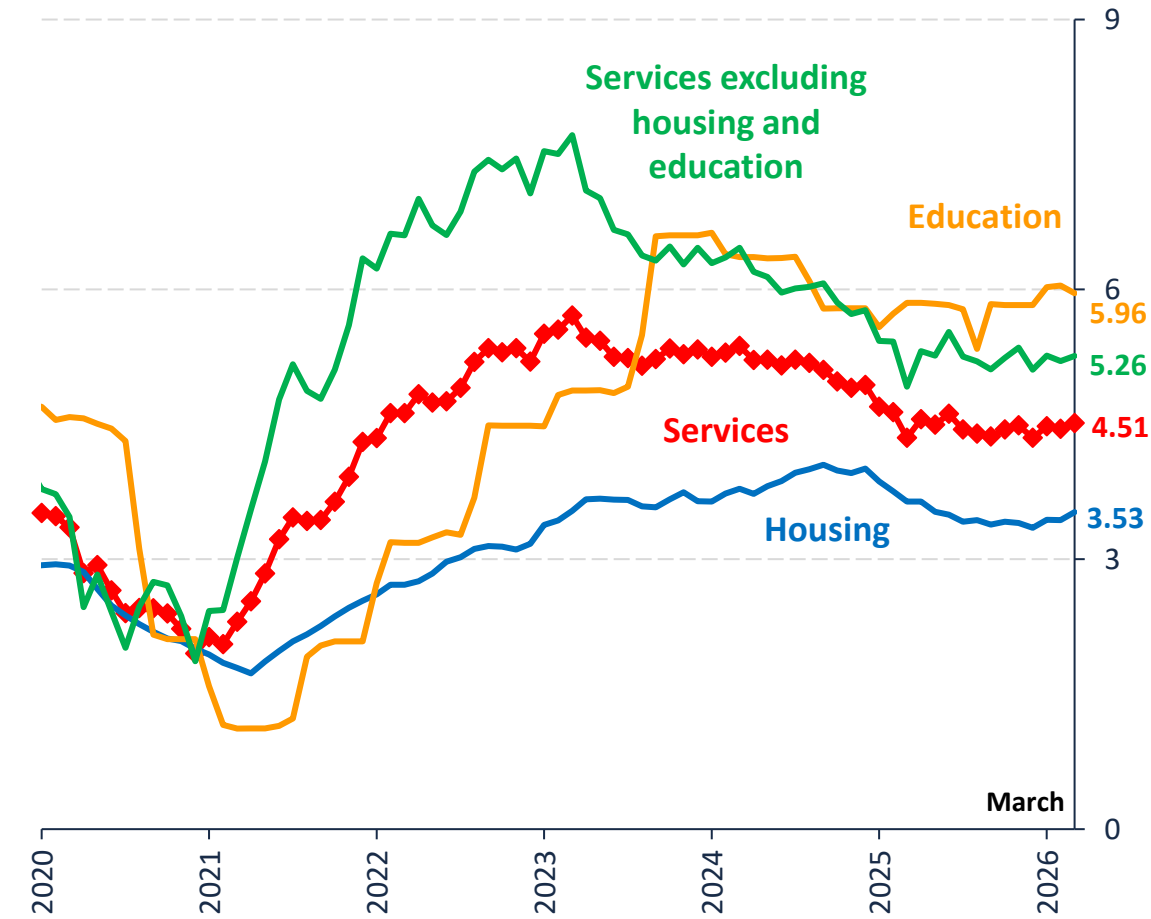
Source: Banco de México with INEGI data.



Source: Seasonally adjusted by Banco de México with INEGI data.

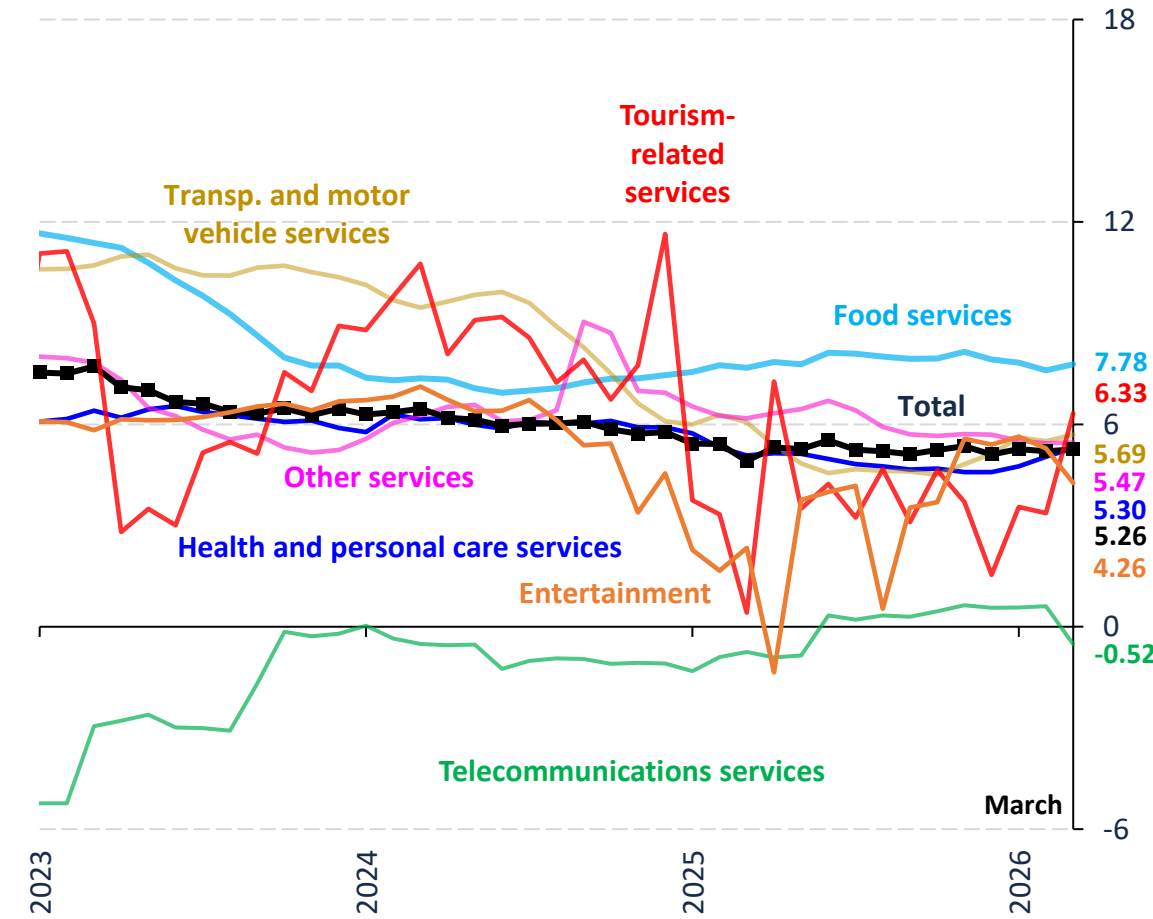
Services inflation decreased moderately and heterogeneously.

Services price subindex
Annual % change



Source: INEGI.

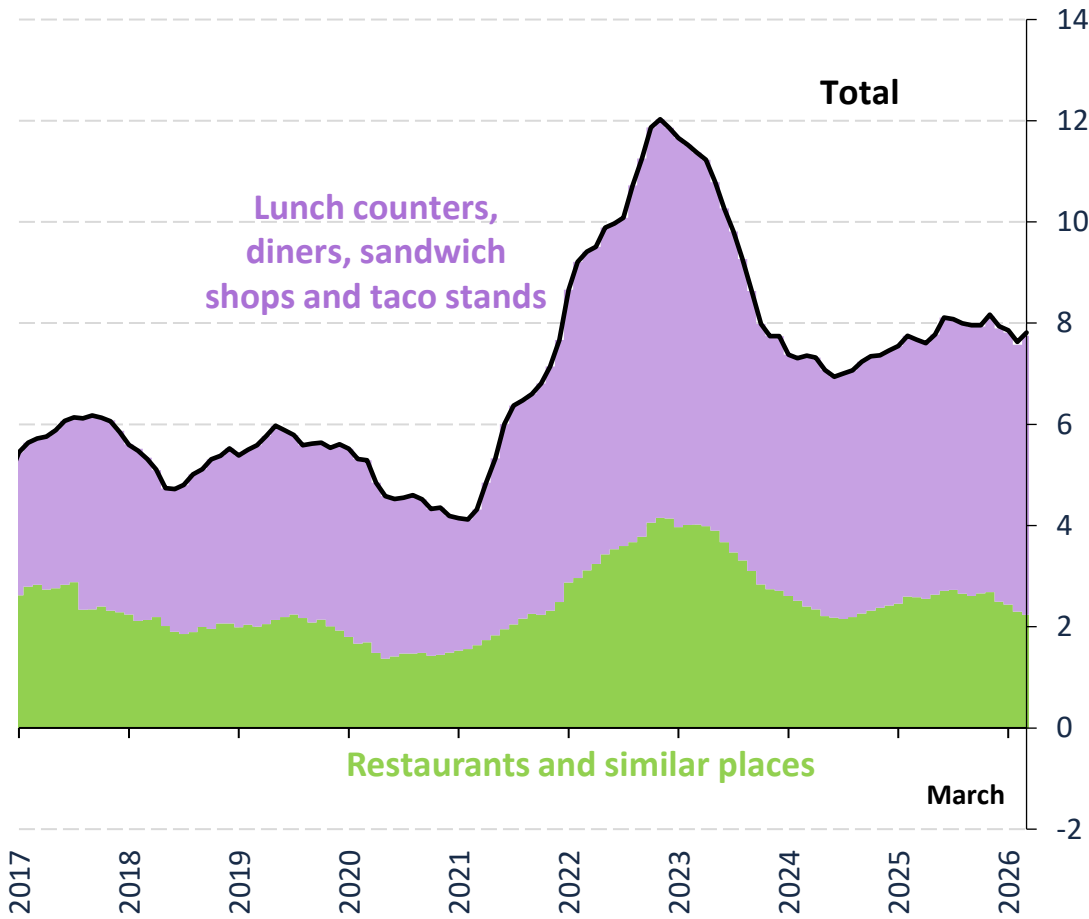
Services excluding housing and education
Annual % change



Source: Elaborated by Banco de México with data from INEGI.

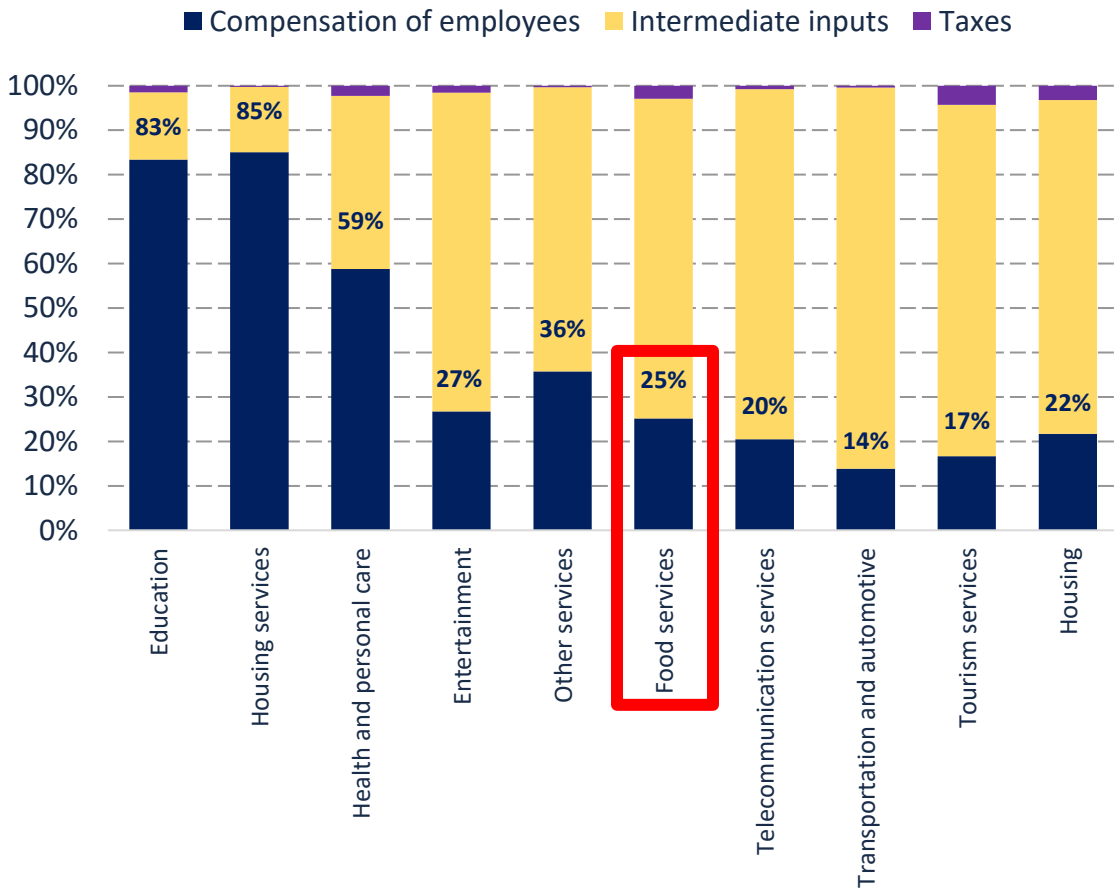
Food-related services have shown persistence.

Food services
Annual % change



Source: Elaborated by Banco de México with data from INEGI.

Cost of non-capital factors
% of production excluding operating surplus

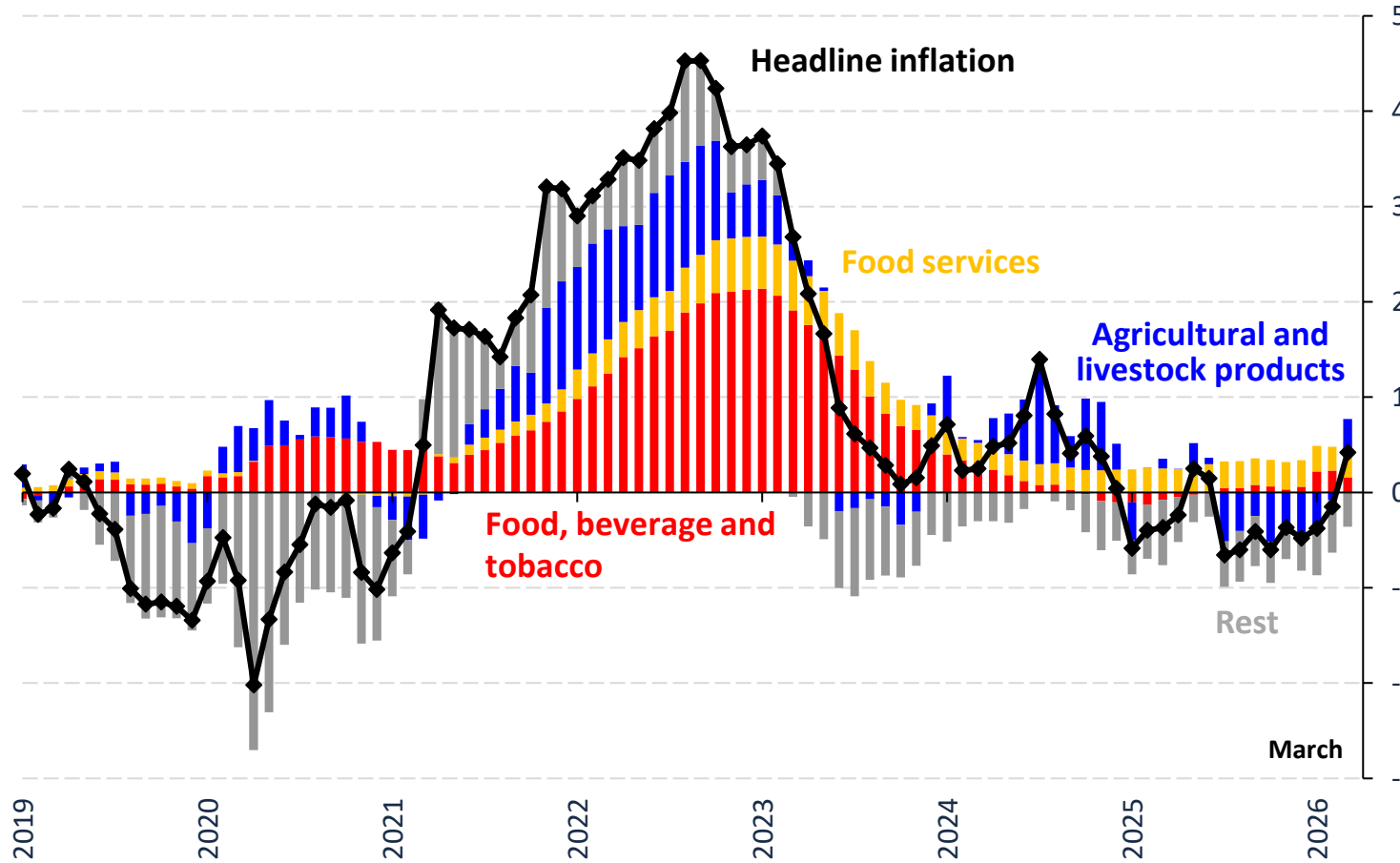


Source: Banco de México using INEGI data.

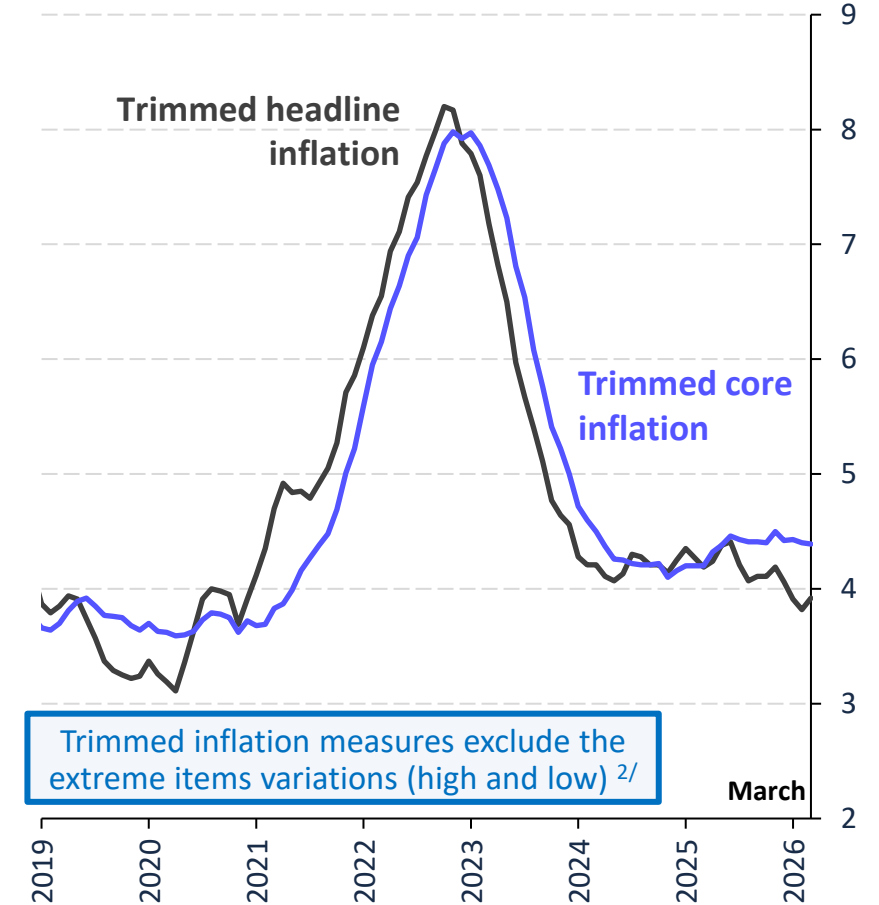
Inflation upticks are not generalized, reflecting pressures from food prices.

Consumer Price Index

Contribution to annual change relative to historical average ^{1/}



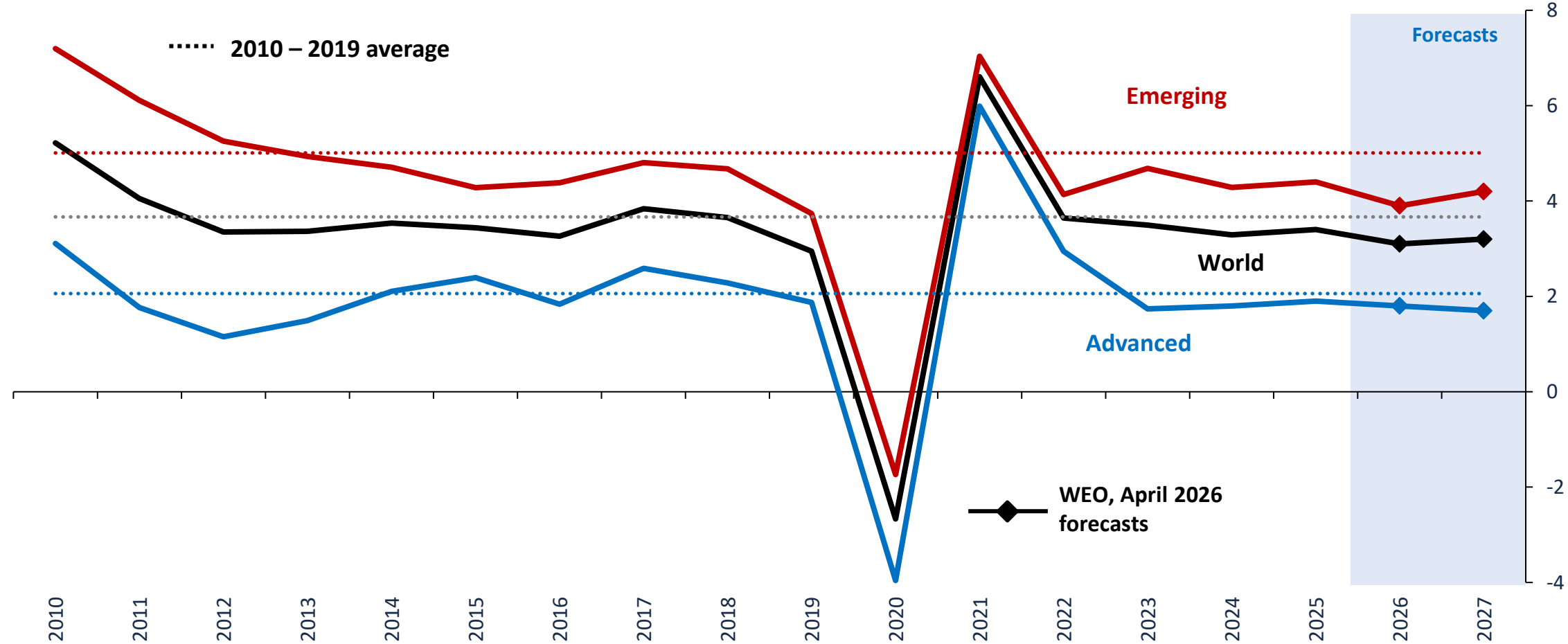
Trimmed mean inflation (excluding 10% tails ^{2/})



1/ Historical average between January 2003 and December 2019. 2/ The trimmed mean inflation eliminates the contribution of extreme price variations to the inflation rate. To remove the effect of these variations: i) seasonally adjusted monthly variations of the items in the price index are sorted from lowest to highest; ii) the items with the highest and lowest variations are excluded, considering up to 10 percent of the index basket in each tail; iii) using the remaining items, the trimmed mean indicator is calculated. Source: Banco de México and INEGI.

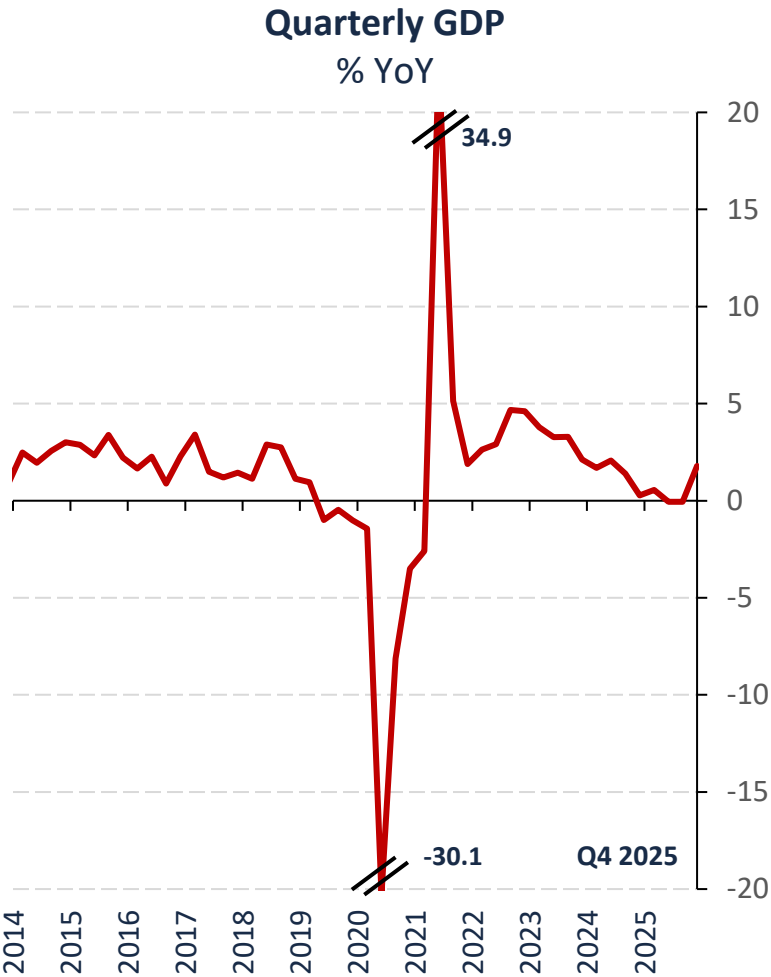
Expected growth remains bellow historical figures.

World Economy: GDP growth forecast
%

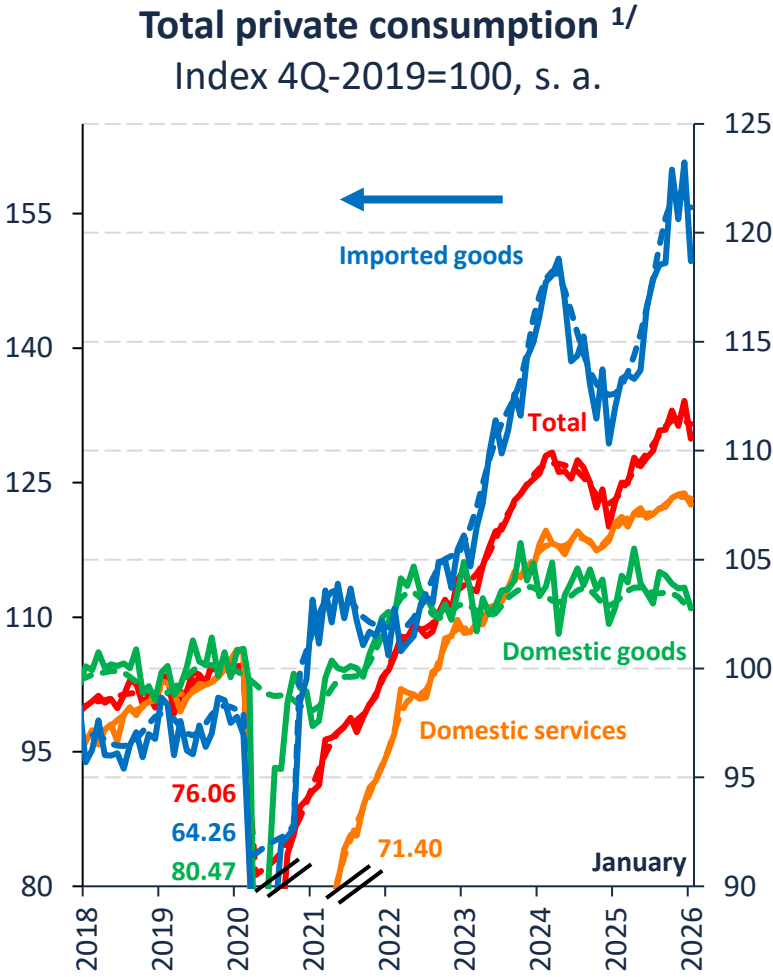


Source: International Monetary Fund.

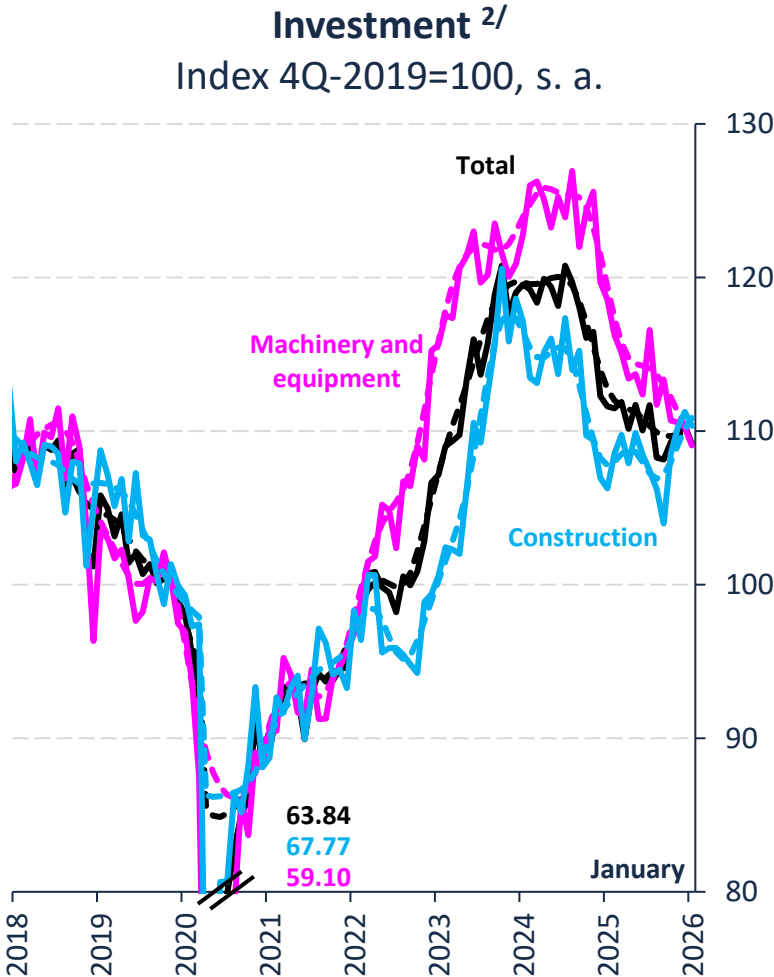
Performance of economic activity has not represented demand pressures.



Source: INEGI



s. a. / Seasonally adjusted series. 1/ The vertical scale of the charts has been limited to facilitate readability. Note: The dashed line denotes the trend of the series. Source: Mexico's National Accounts System (SCNM, for its acronym in Spanish), INEGI.

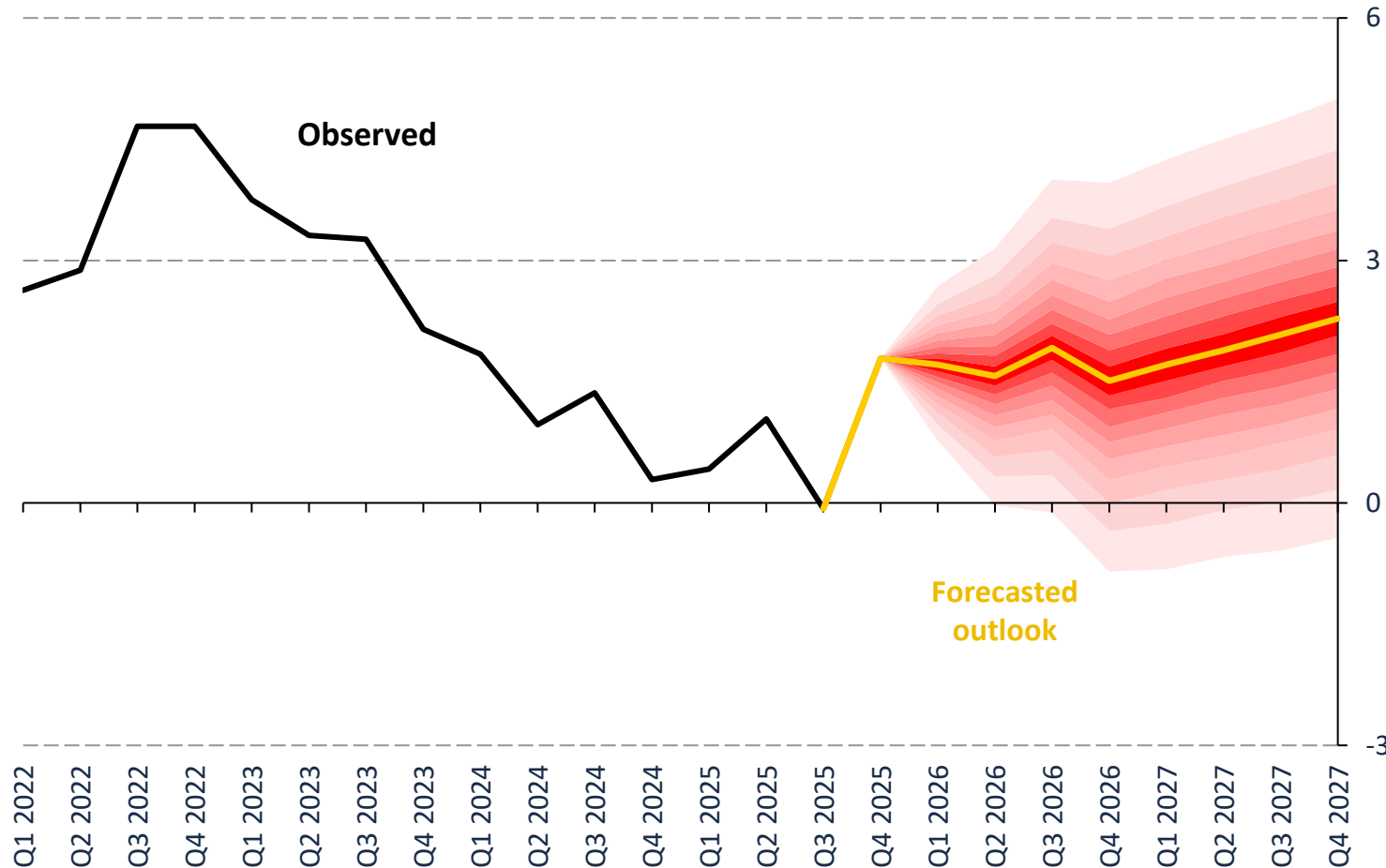


s. a. / Seasonally adjusted series. 2/ The vertical scale of the charts has been limited to facilitate readability. Note: The dashed line denotes the trend of the series. Source: Mexico's National Accounts System (SCNM, for its acronym in Spanish), INEGI.

A higher growth rate than last year is expected, although it would still be moderate.

Fan chart: GDP growth, s. a.

%



s. a./ seasonally adjusted figures.
Source: Banco de México.

Risks to growth outlook

Downward

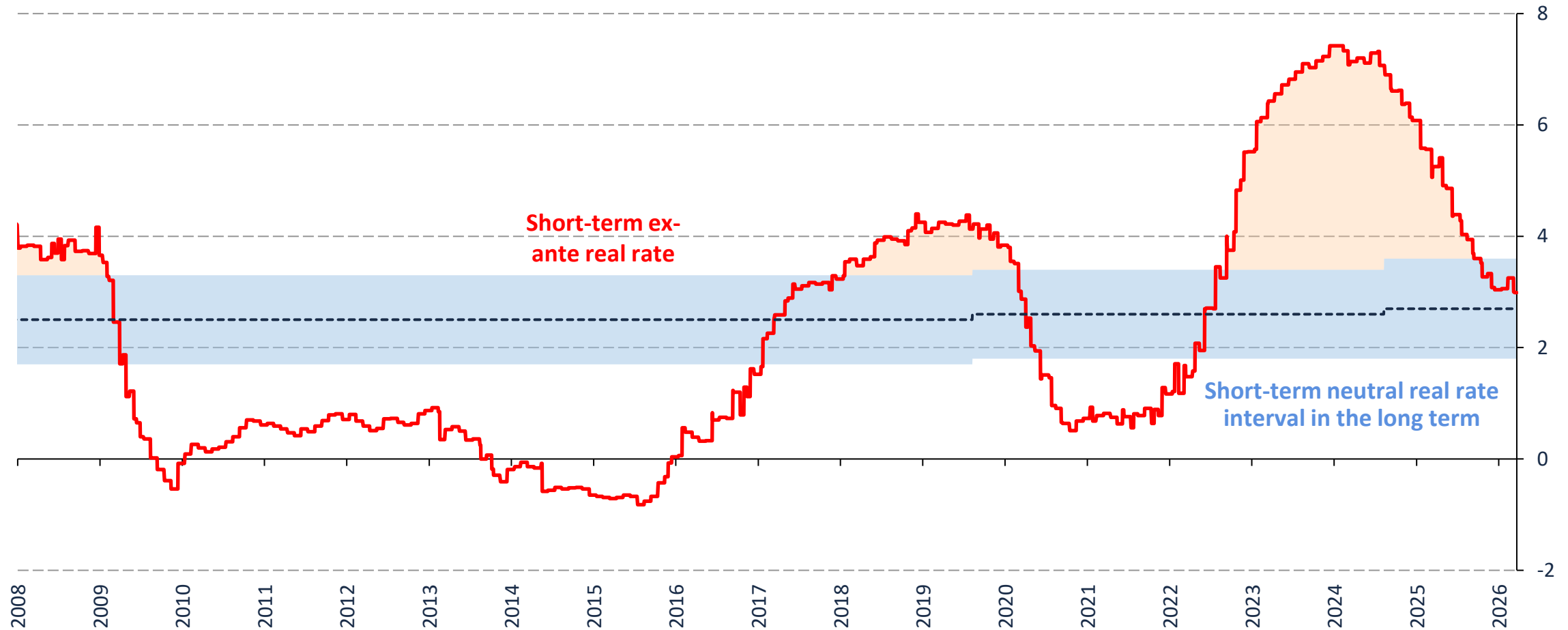
- An intensification of the uncertainty environment related to trade policies.
- An escalation of geopolitical conflicts, adversely impacting the global economy.
- U.S. economic growth falling short of expectations.

Upward

- A successful review of USMCA and reduced uncertainty regarding U.S. trade policy.
- U.S. economic growth exceeding expectations, favoring external demand.
- Progress in infrastructure projects.
- The hosting of the FIFA World Cup generating a stronger-than-expected boost to economic activity.

Transitioning from a highly-restrictive stance period of over three years

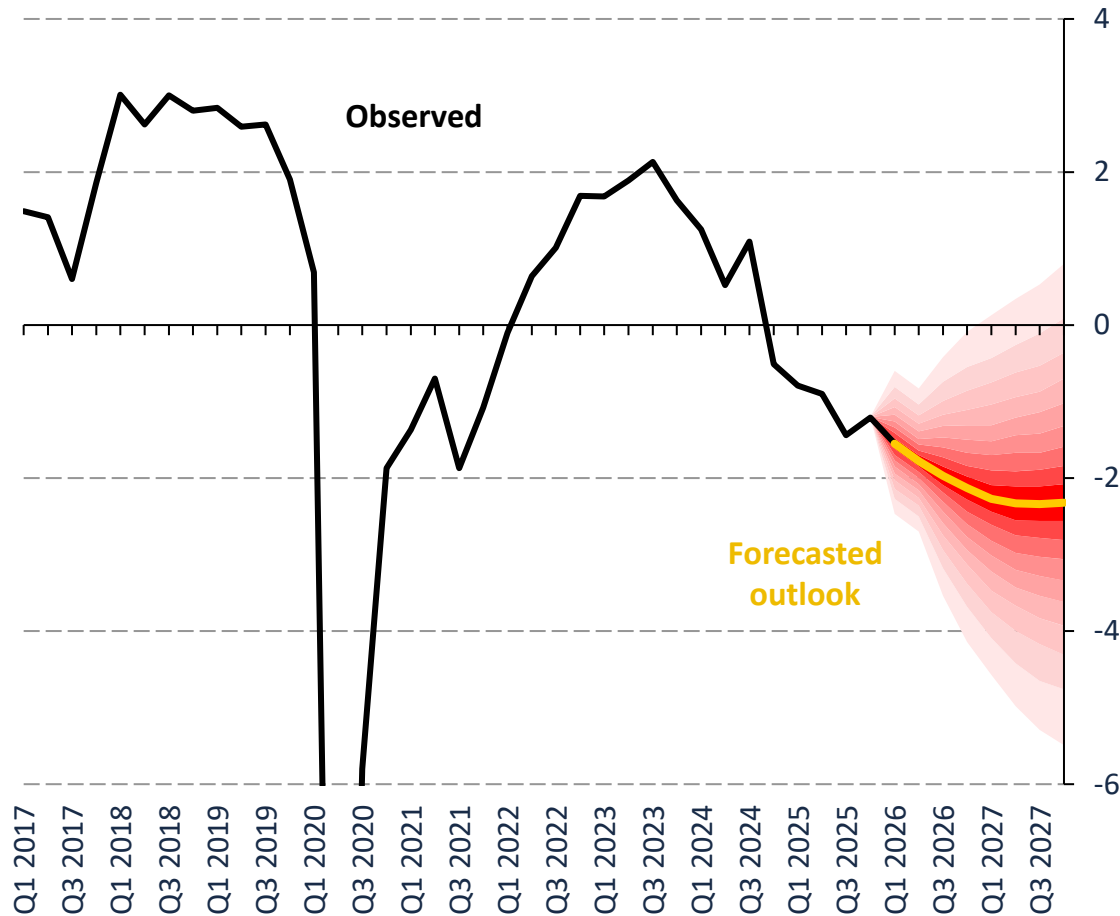
Short-term ex-ante real rate and interval for estimates of the short-term neutral real rate in the long run/ Annual %



1/ The short-term ex-ante real rate is constructed using the target for the overnight Interbank interest rate and the mean of 12-month inflation expectations drawn from Banco de México's Survey of Private Sector Forecasters. The dotted line corresponds to the midpoint of the interval for the short-term neutral real rate in the long term, which is now between 1.8 and 3.6%. The shaded area corresponds to the estimated interval for the short-term neutral rate in the long term. Source: Banco de México.

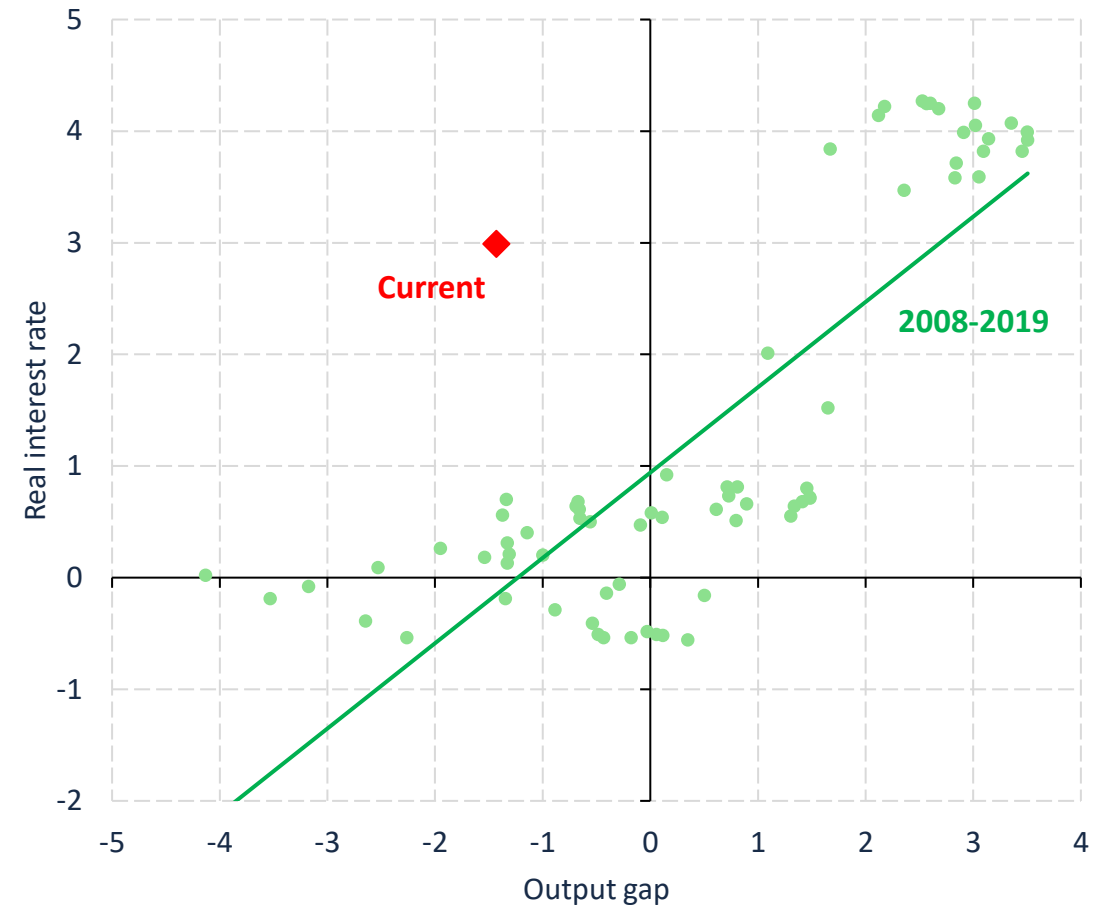
Policy stance remains well-above historical figures considering macroeconomic conditions

Fan chart: output gap, s. a.
% of potential output



Source: October-December 2025 Quarterly Report, Banco de México.

Real interest rate and output gap relationship
(*subject to inflation between 3.5 & 5%*)
Percentage points and % of potential output

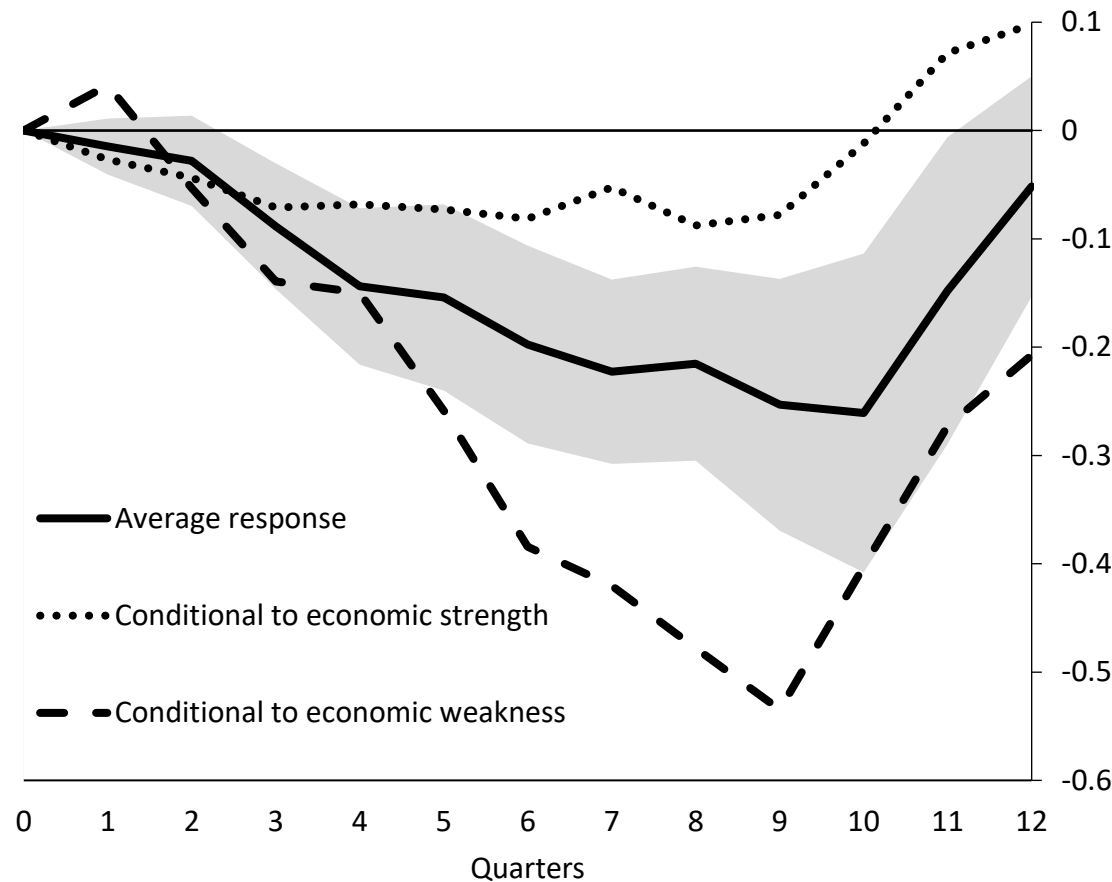


Note: Current output gap corresponds to IGAE gap estimated in October-December 2025 Quarterly Report. Source: Elaborated by Banco de México.

The credit channel intensifies with economic weakness.

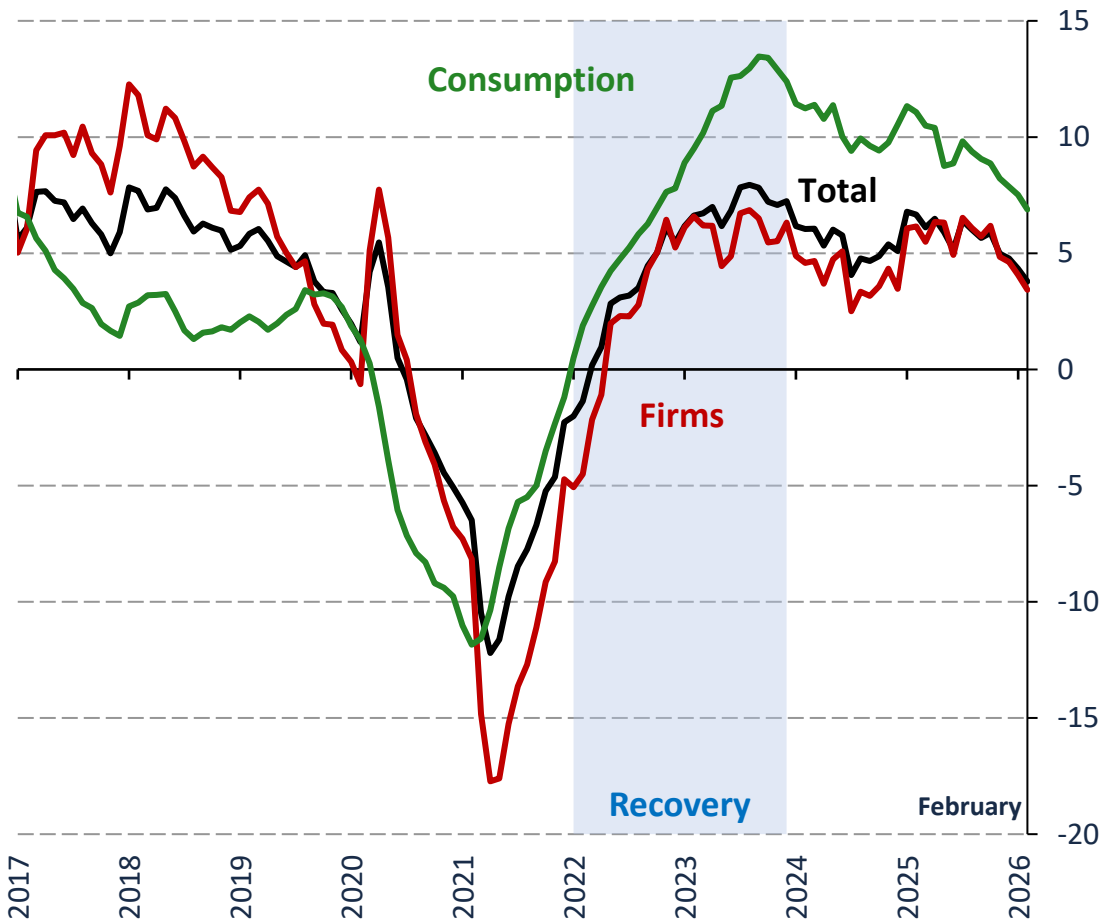
Cumulative response of the outstanding credit portfolio to a 25 basis point monetary policy rate shock

Percentage points



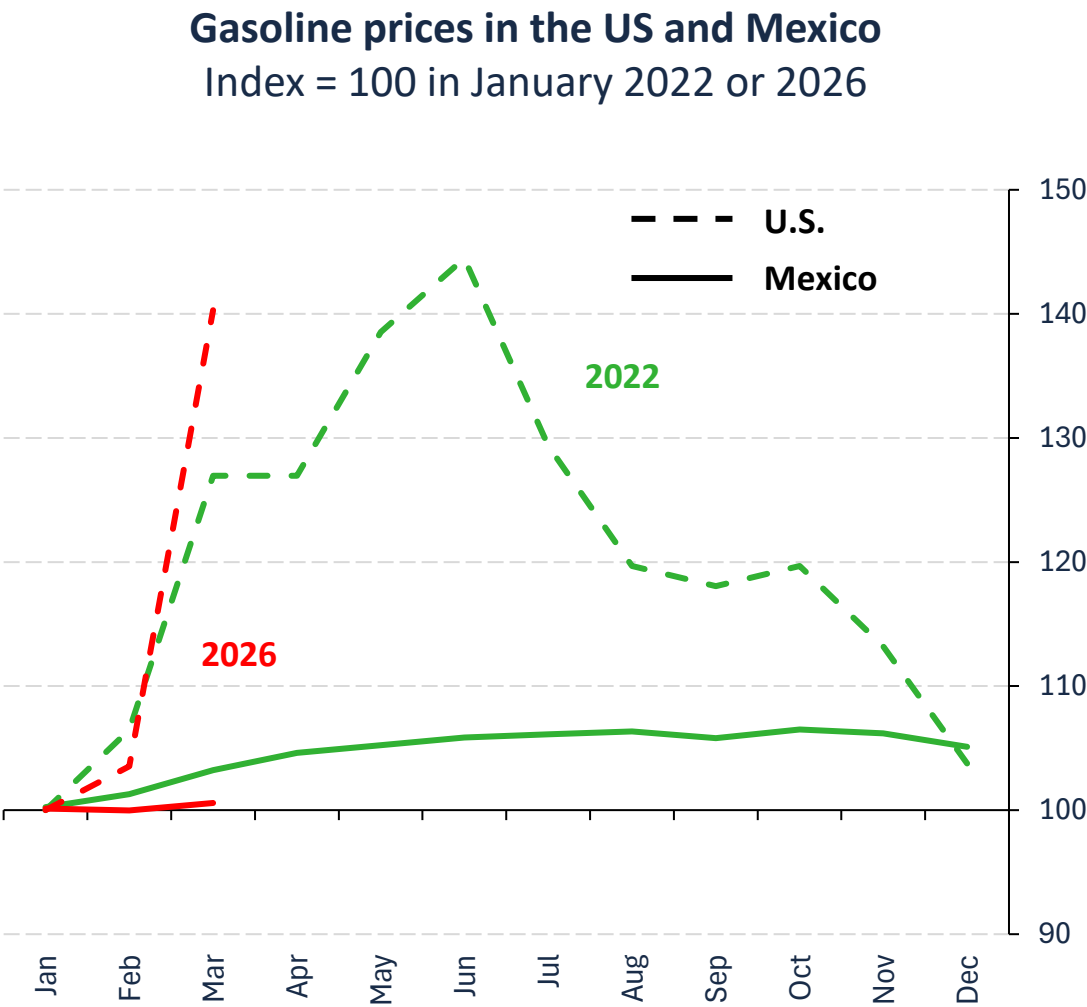
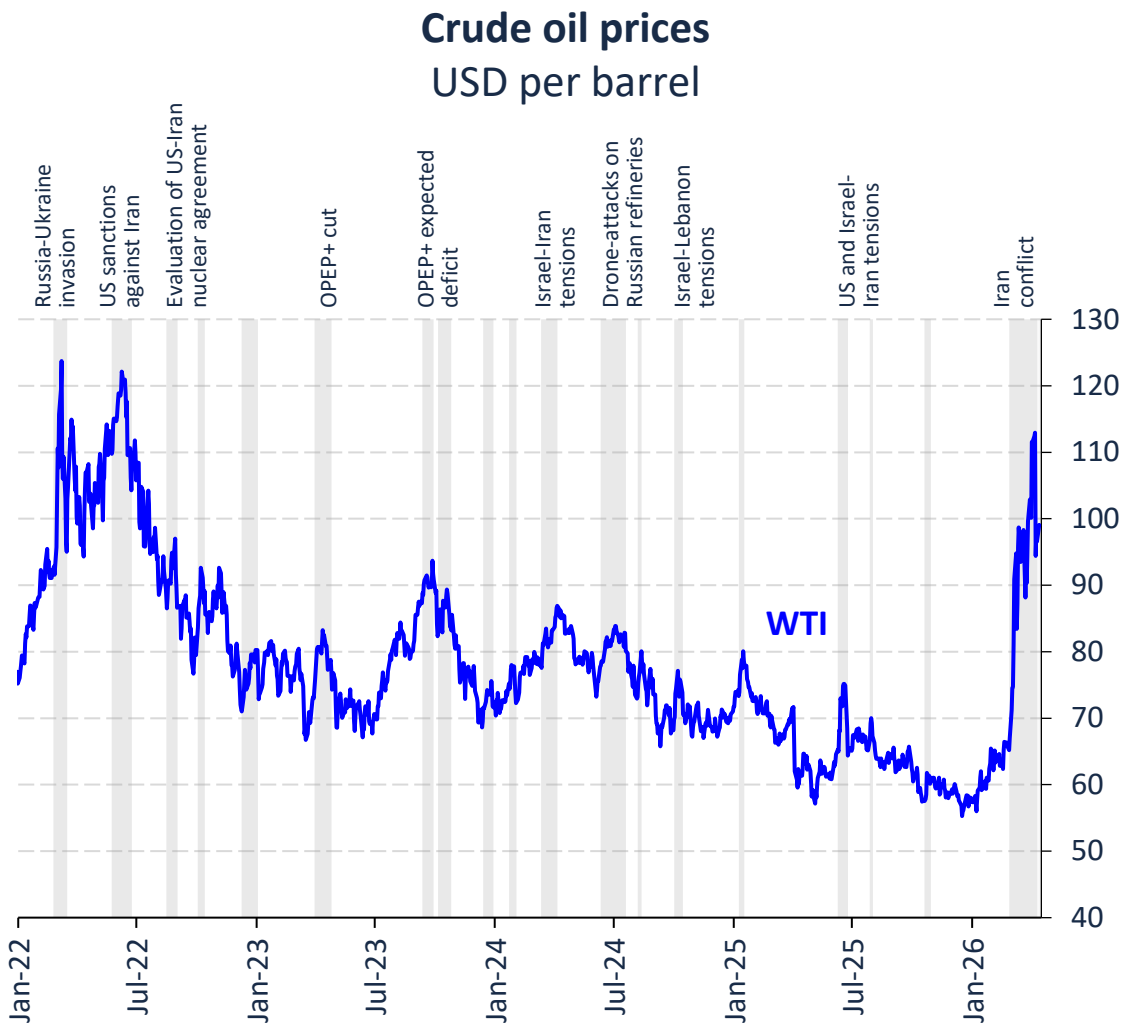
Source: Mejía et al. (2025). The Credit channel during the post-pandemic period. *Investigación Económica*, 84(334), 97-120.

Credit to the non-financial private sector
Annual real growth



Source: Elaborated by Banco de México.

Oil prices do not translate directly into pressures on domestic gasoline prices.

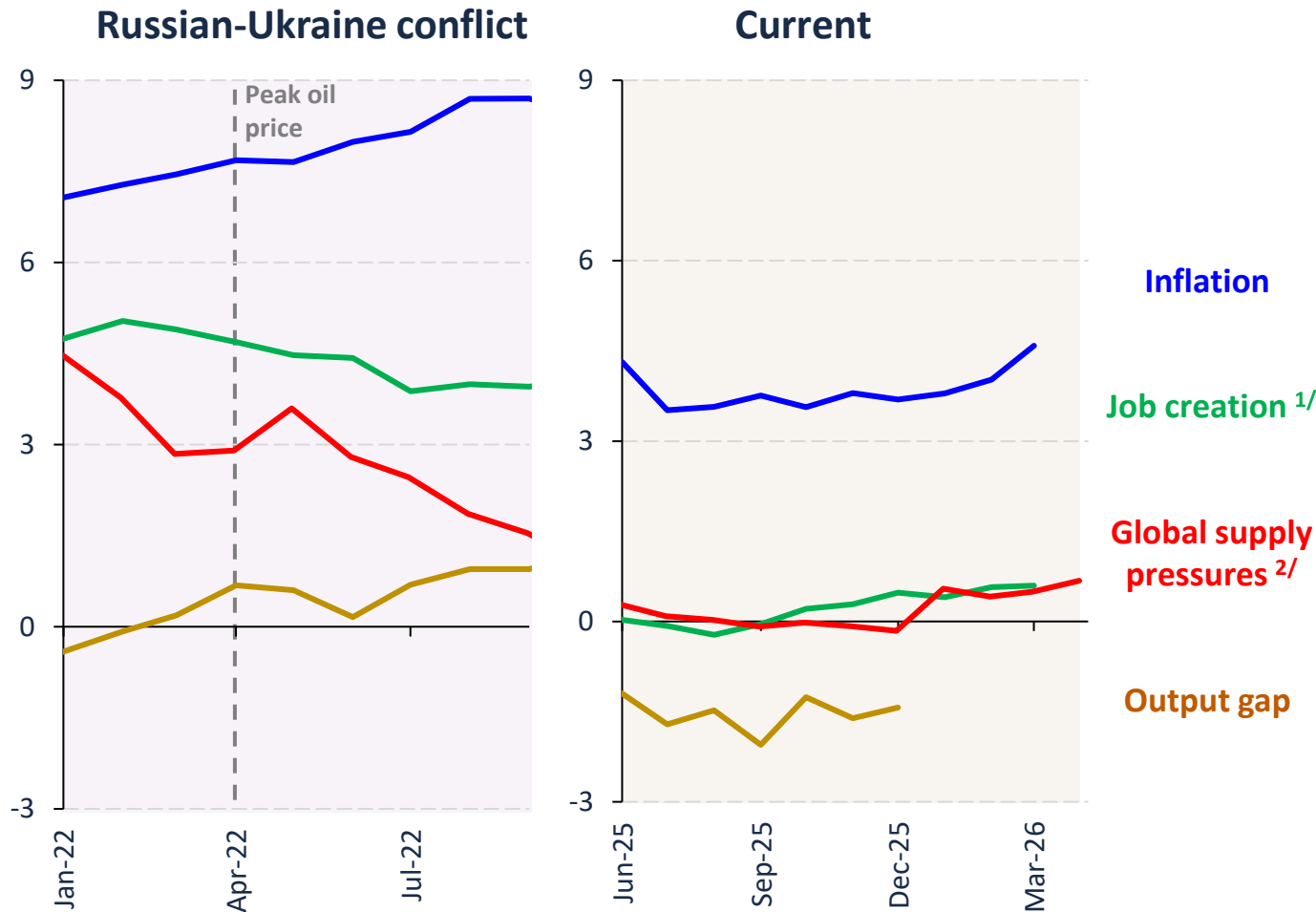


Source: Elaborated by Banco de México with Bloomberg’s data.

Current oil shock occurs under particular macroeconomic conditions.

Domestic macroeconomic indicators

Annual % change, Index, Percentage of potential output



	Jan-22 to June-22		Sep-25 to most recent
Peak oil price*	123.7 USD per barrel	vs.	111.54 USD per barrel
Global supply pressures	Around 3 sd above historical average	vs.	Around its historical average
Inflation	7 to 8%	vs.	3.7 to 4.6%
Job creation (annual change)	4.4 to 5%	vs.	0.0 to 0.6%
Economic activity	Activity recovery	vs.	Clear slack conditions

* Peak using daily reference price.

1/ Annual % change of IMSS-insured jobs. From June 2025 to January 2026, it is presented the IMSS-insured excluding jobs on digital platforms. 2/ Global Supply Chain Pressure Index (GSCPI).
Source: INEGI, Federal Reserve Bank of New York and Banco de México.



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