

Mexico's Inflation and Monetary Policy Outlook

Jonathan Heath

IMF-World Bank
Annual Meetings
October, 2026

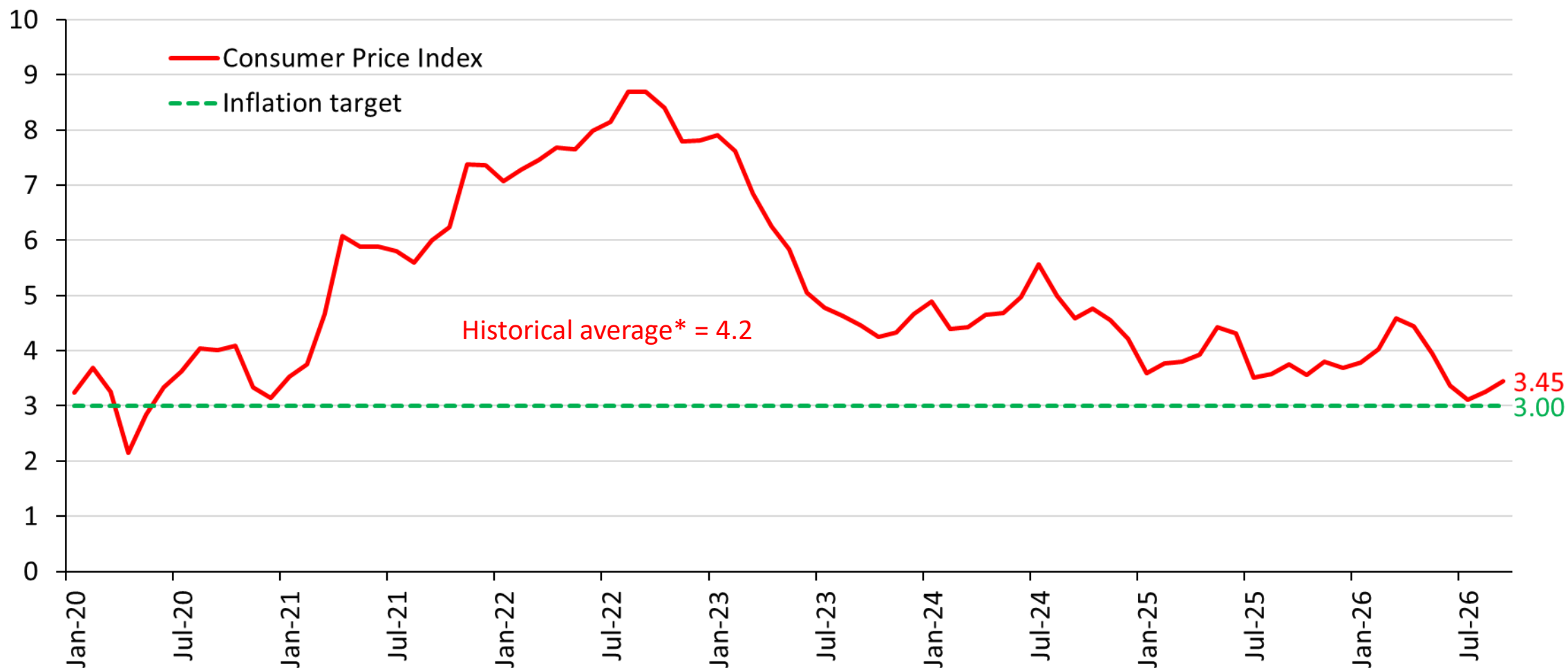
Bangkok, Thailand



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Consumer price index

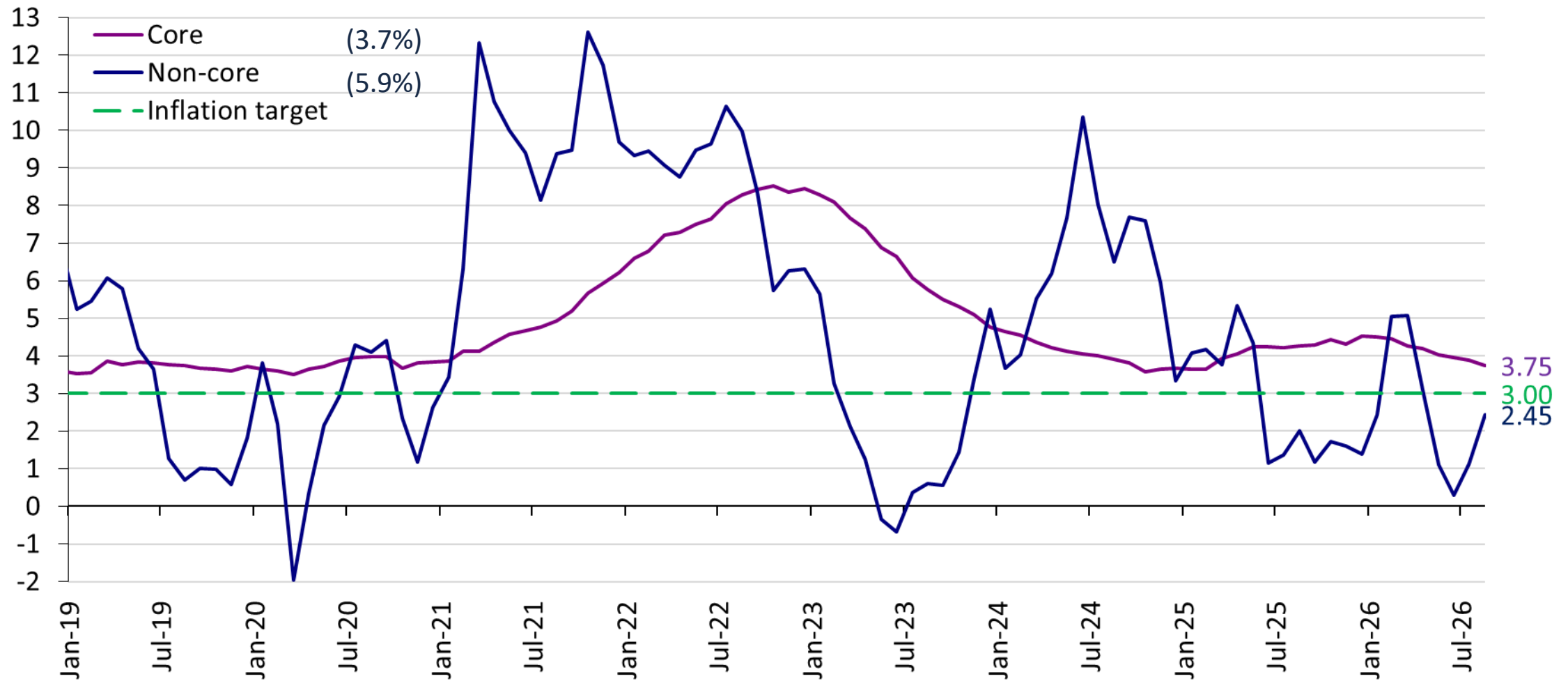
Annual percentage change



Source: INEGI and Banco de México. Data up to September, 2026. Since 2003, a permanent target for inflation has been set at 3%, with a variability range of +/- 1%. *Corresponds to the historical average of general inflation from 2003 to 2019.

Inflation: core and non-core

Annual percentage change

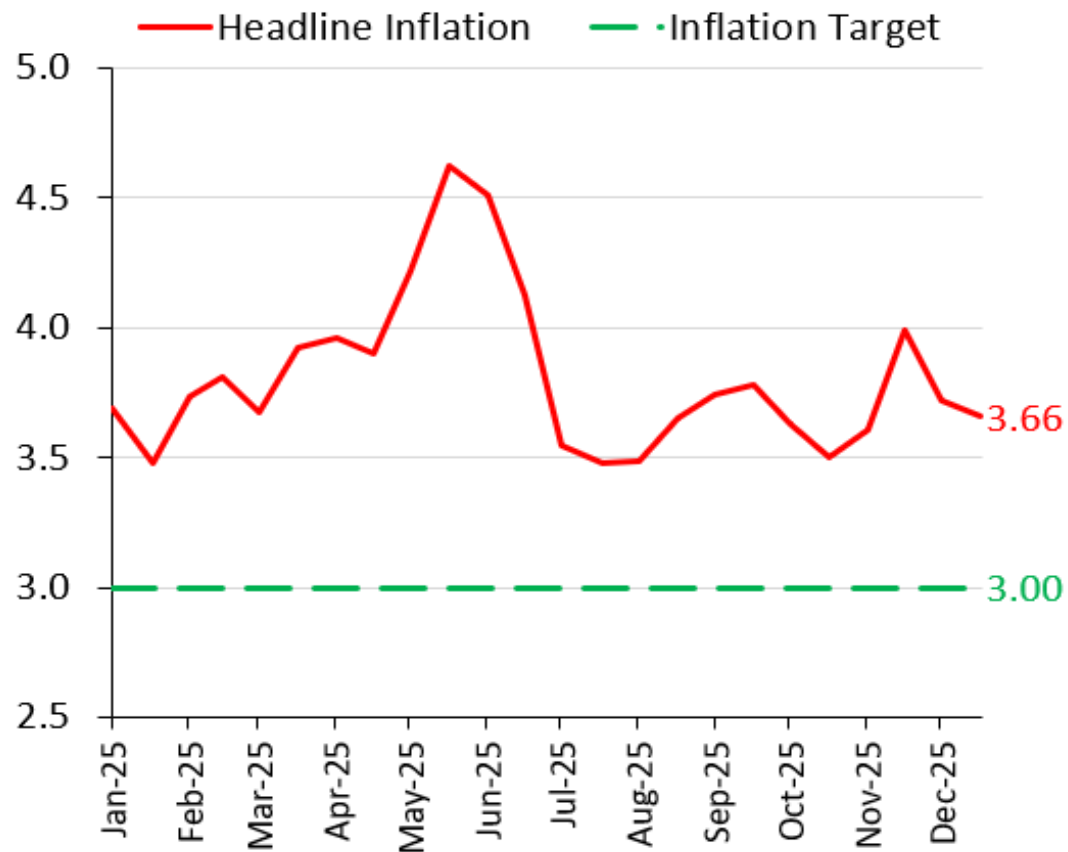


Source: INEGI and Banco de México. Data up to September, 2026. Since 2003, a permanent target for inflation has been set at 3%, with a variability range of +/- 1%. Note: Figures in parentheses correspond to the historical average of each indicator from 2003 to 2019.

No progress in 2025:

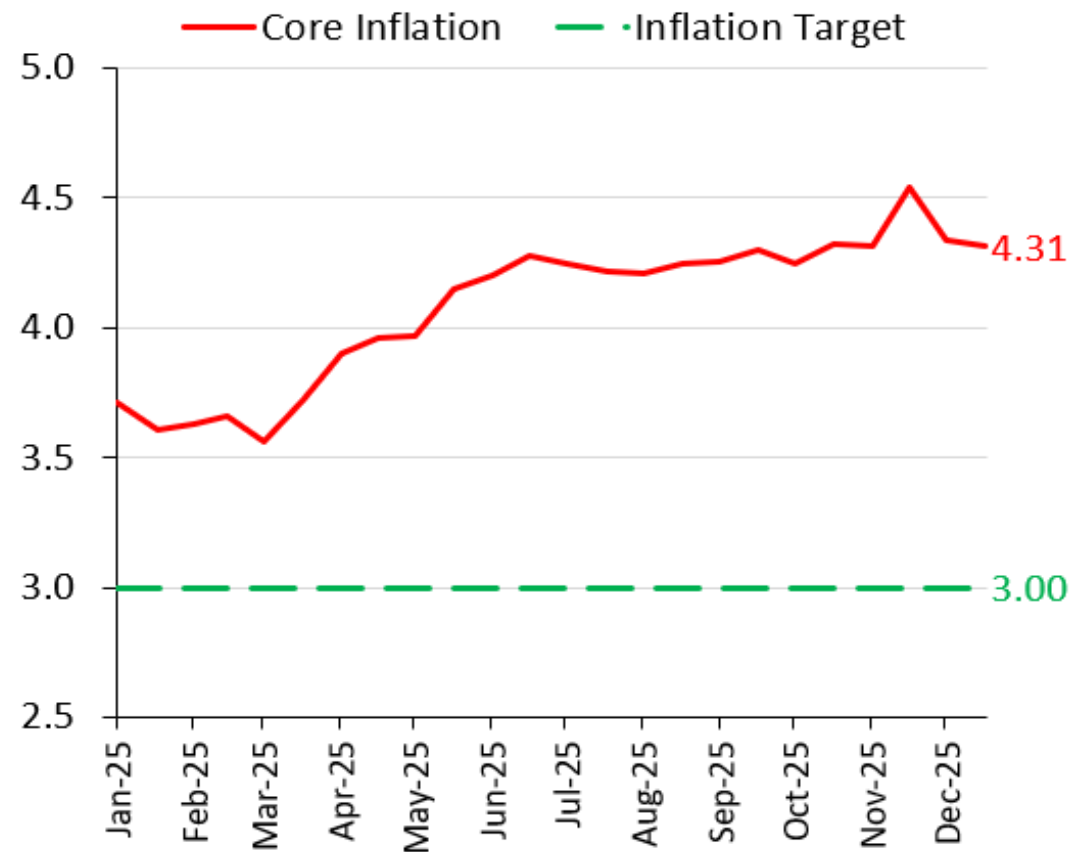
Headline annual inflation

Per cent



Core annual inflation

Per cent

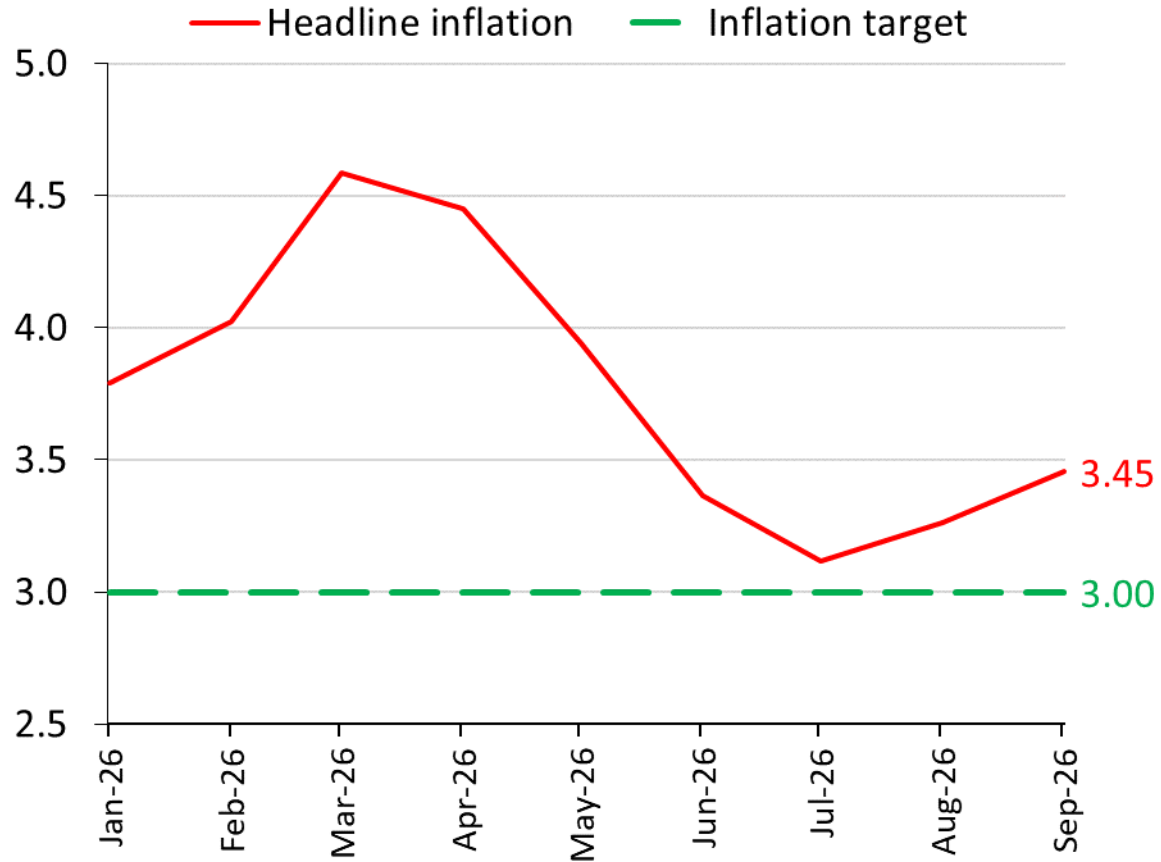


Source: INEGI and Banco de México. Data up to 2° fortnight of December, 2025. Since 2003, a permanent target for inflation has been set at 3%, with a variability range of +/- 1%.

Advances in 2026:

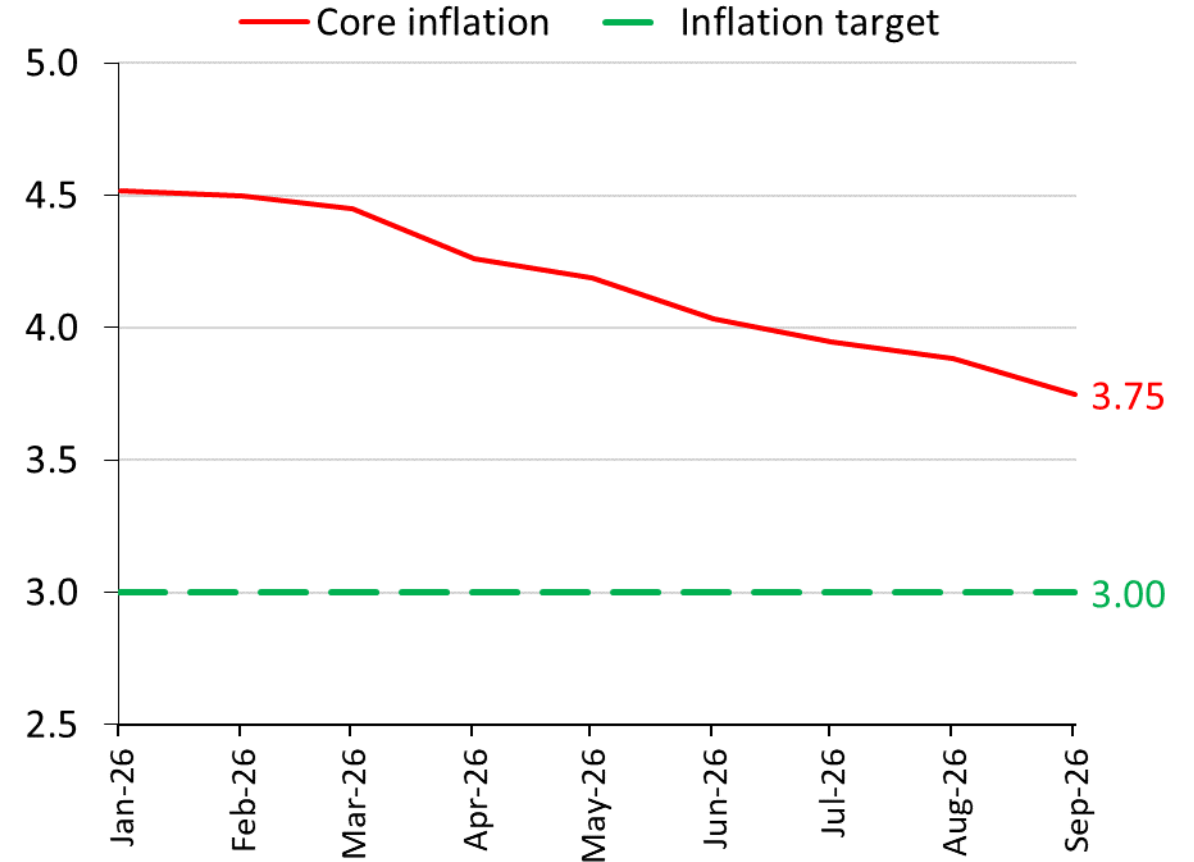
Headline annual inflation

Per cent



Core annual inflation

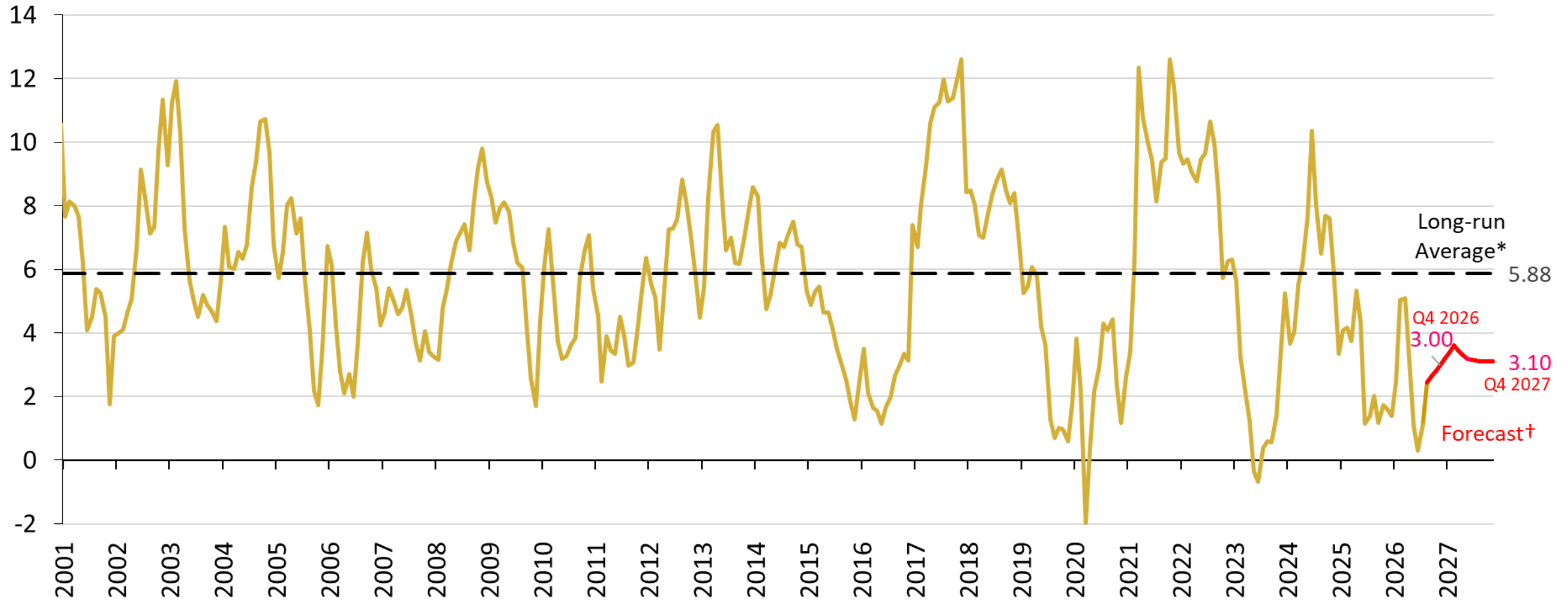
Per cent



Source: INEGI and Banco de México. Data up to September, 2026. Since 2003, a permanent target for inflation has been set at 3%, with a variability range of +/- 1%.

Non – core inflation

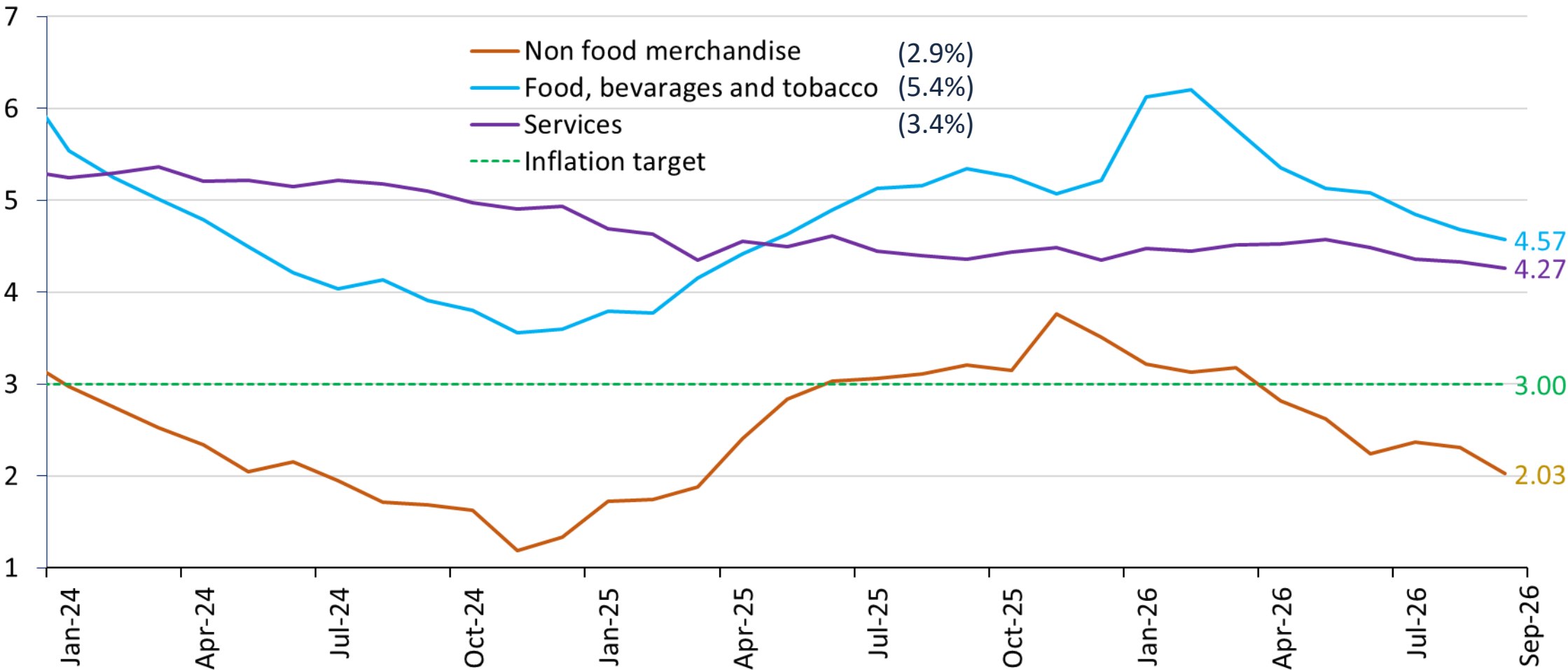
Annual percentage change



Source: INEGI and Banco de México. Data up to September, 2026. *Reflects the historical average for this indicator between 2003 and 2019. †Implicit estimate of the projection published by Banco de México as of September 24, 2026.

Core inflation: goods and services

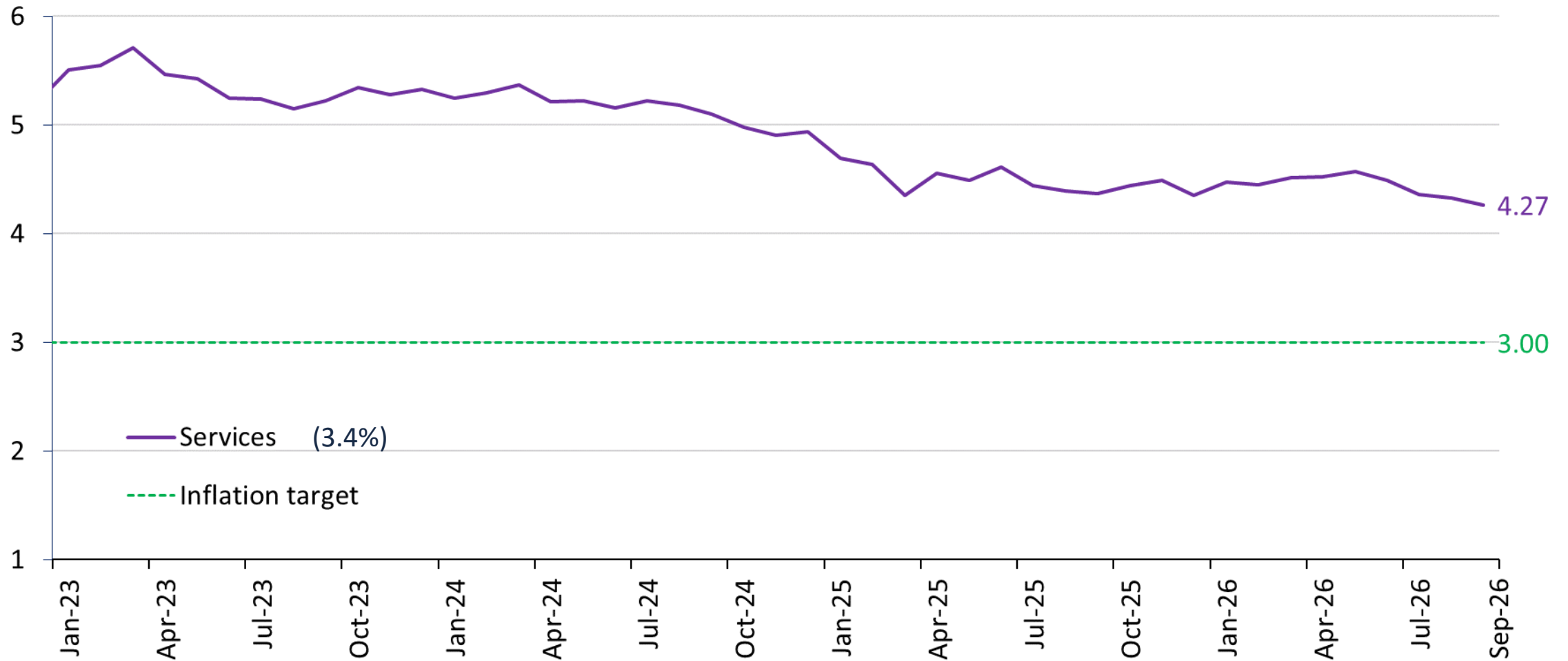
Annual per cent



Source: INEGI and Banco de México. Data up to September, 2026. Note: Figures in parentheses correspond to the historical average of each indicator from 2003 to 2019.

Core inflation: services

Annual per cent



Source: INEGI and Banco de México. Data up to September, 2026. Note: Figures in parentheses correspond to the historical average of each indicator from 2003 to 2019.

Services excluding housing and education: top 10*

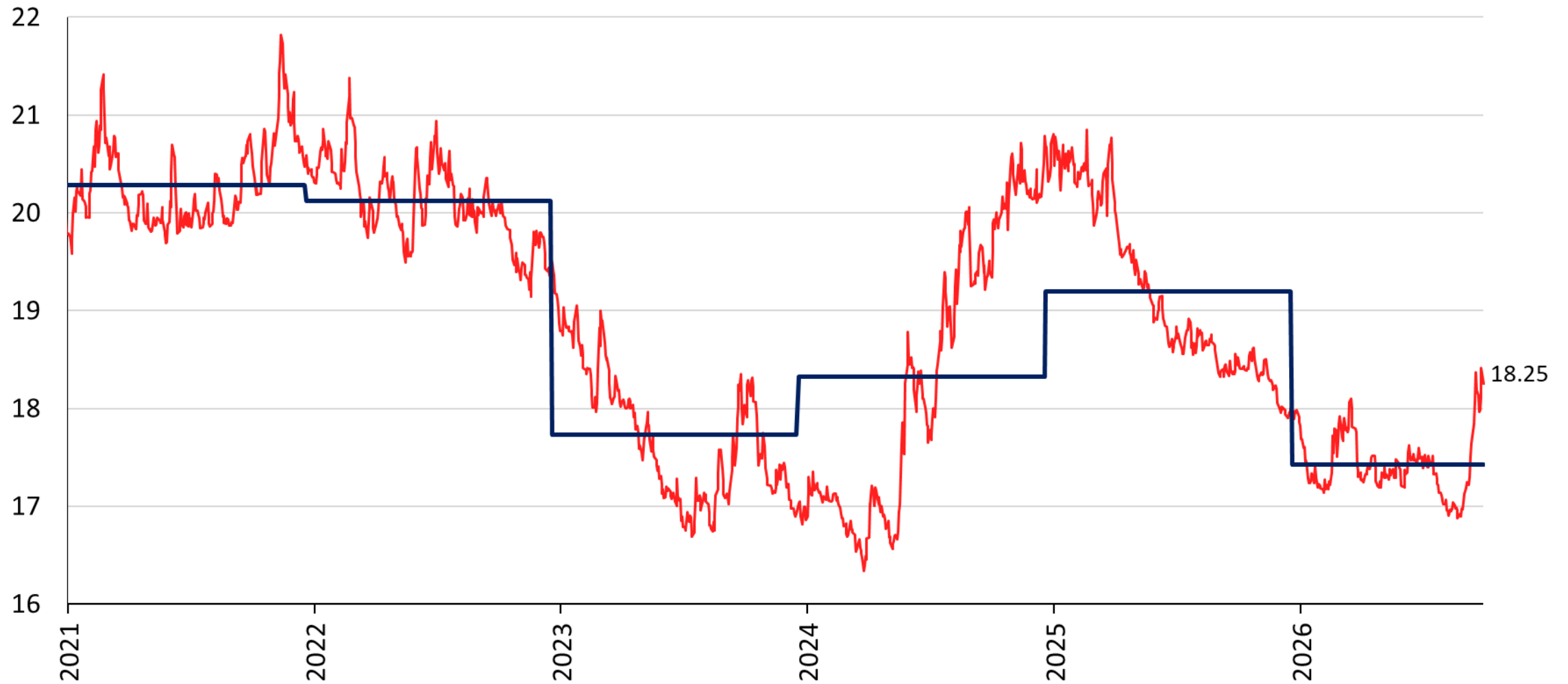
Annual inflation in percent

Item	Annual Inflation
Airline fares	15.43
Museums and cultural sites	11.04
Dry cleaning services	8.70
Motor vehicle washing and servicing	8.43
Snack bar, eateries, sandwich shops and taco shops	7.81
Pet services	7.70
Laundry services	7.35
Professional services	6.33
Sports club membership	6.03
Haircuts	5.95

Source: INEGI. Data up to September, 2026. *Figures for the top 10 generics with the highest annual inflation during the specified period are tabulated.

Exchange rate

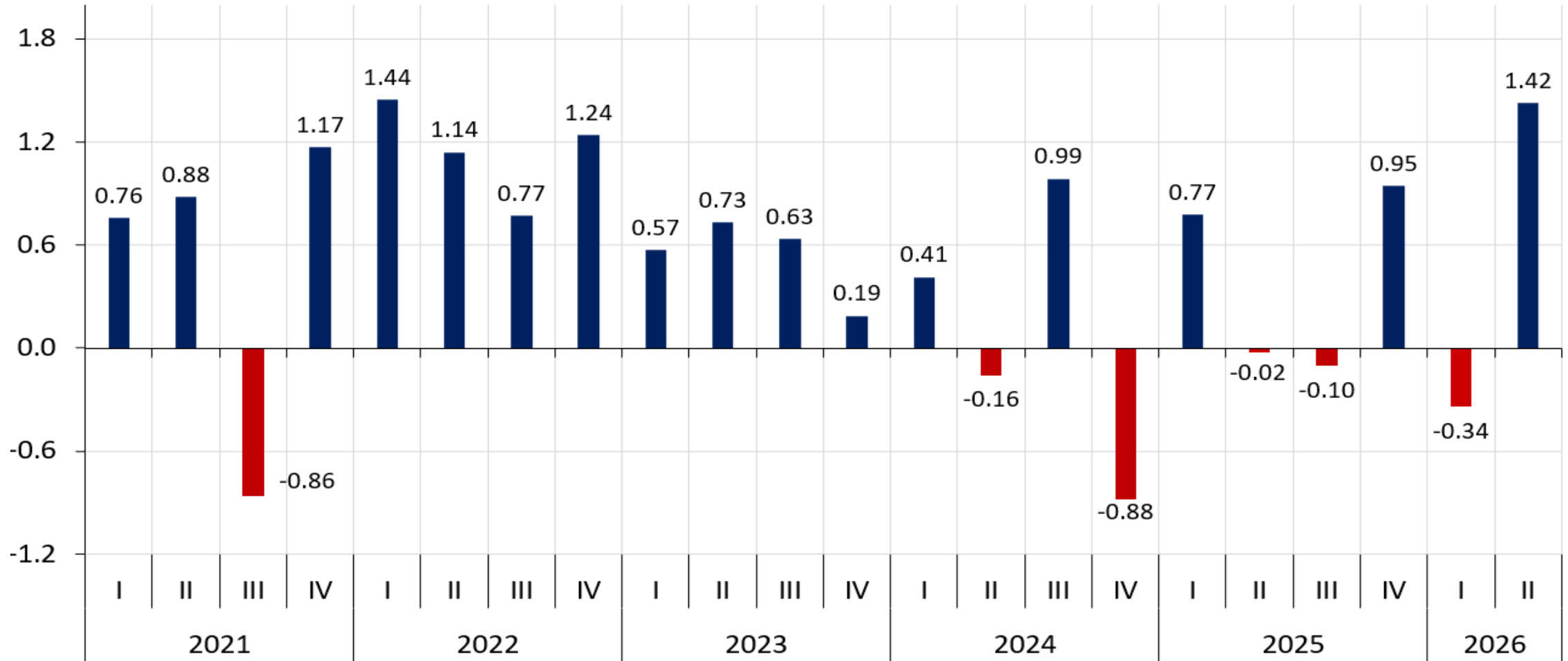
USD/MXN



Source: Banco de México. Data up to October 12th, 2026.

Gross domestic product (GDP): Mexico

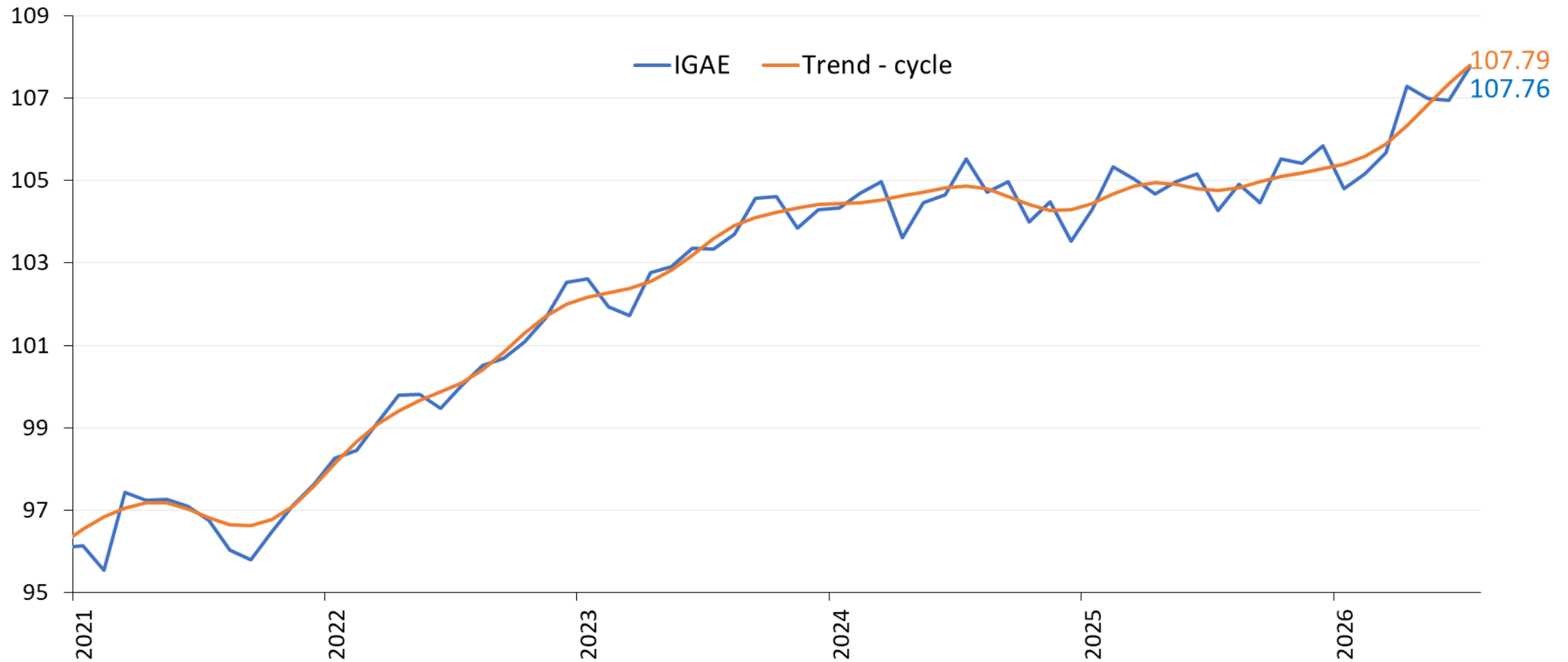
Seasonally adjusted quarterly growth rates



Source: INEGI. Seasonally adjusted data up to Q2 2026.

Monthly economic growth indicator (IGAE)

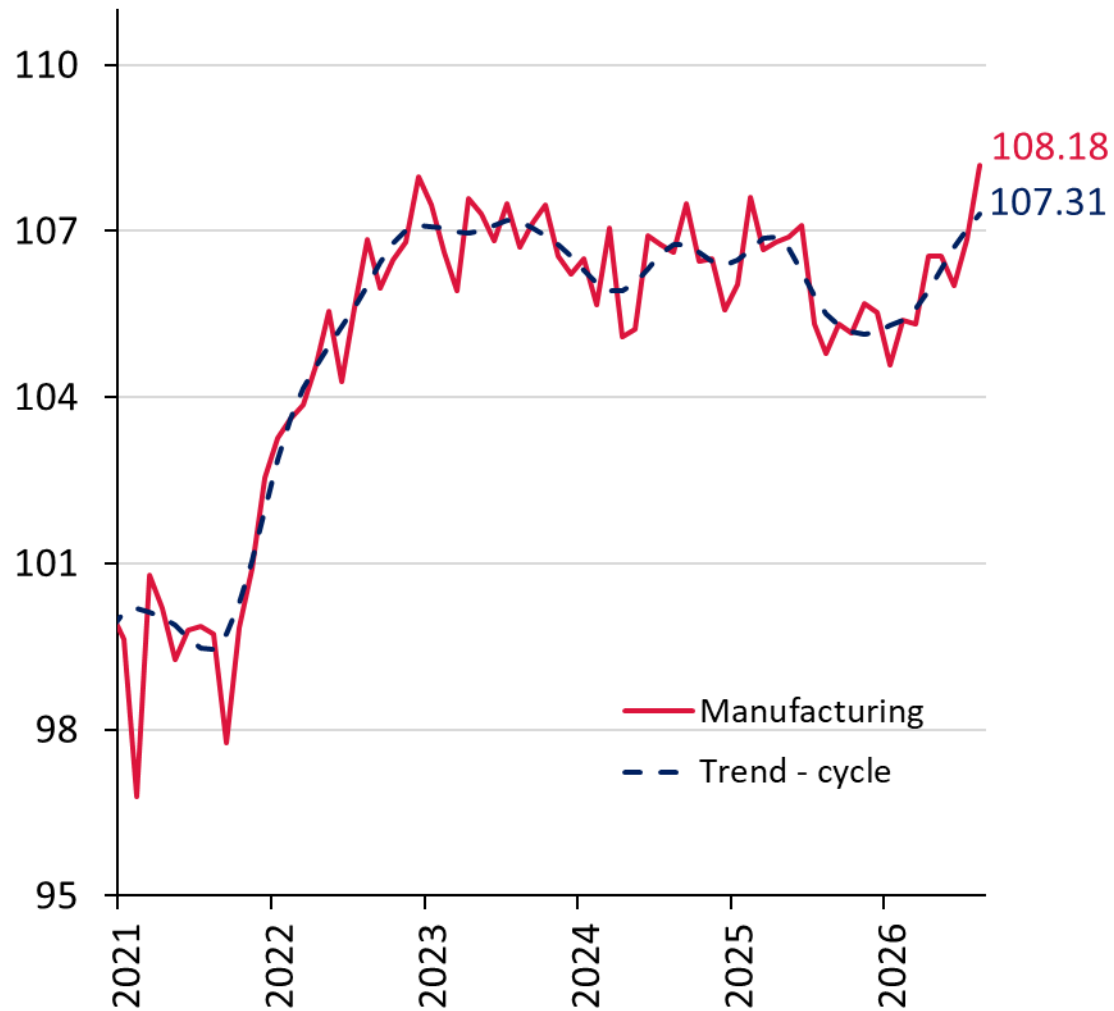
Index 2018 = 100



Source: INEGI. Seasonally adjusted data up to July 2026.

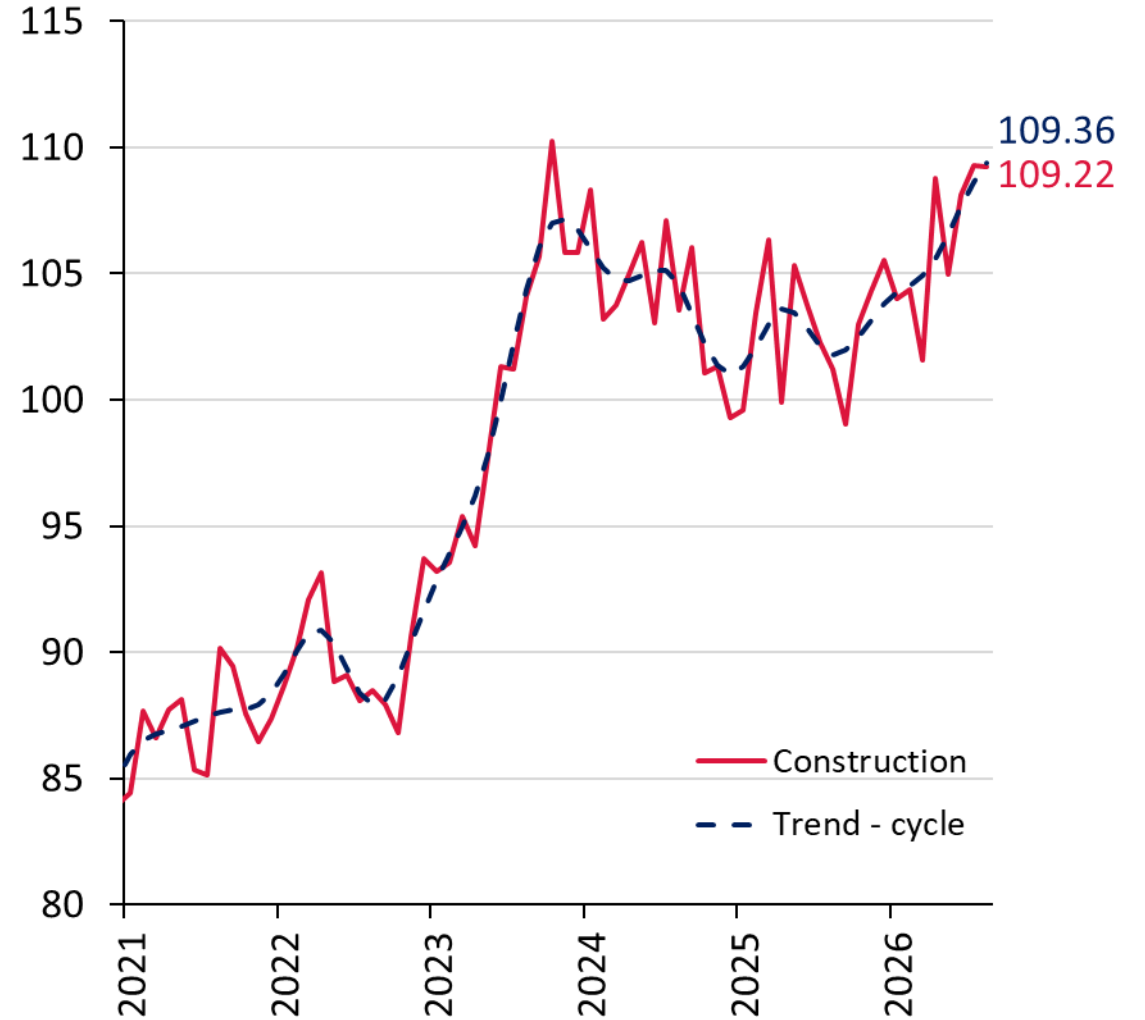
Manufacturing index

Index 2018 = 100



Construction index

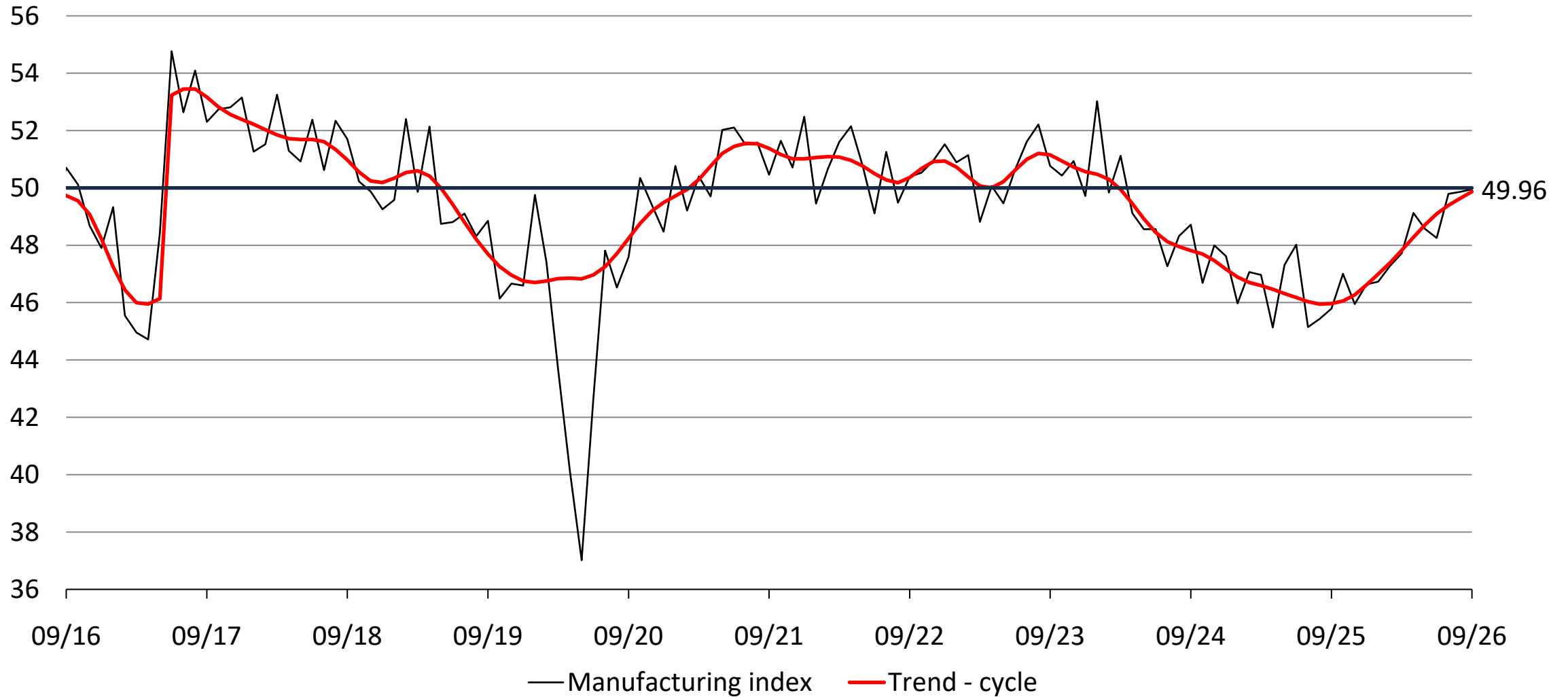
Index 2018 = 100



Source: INEGI. Seasonally adjusted data up to August 2026.

IMEF's manufacturing index

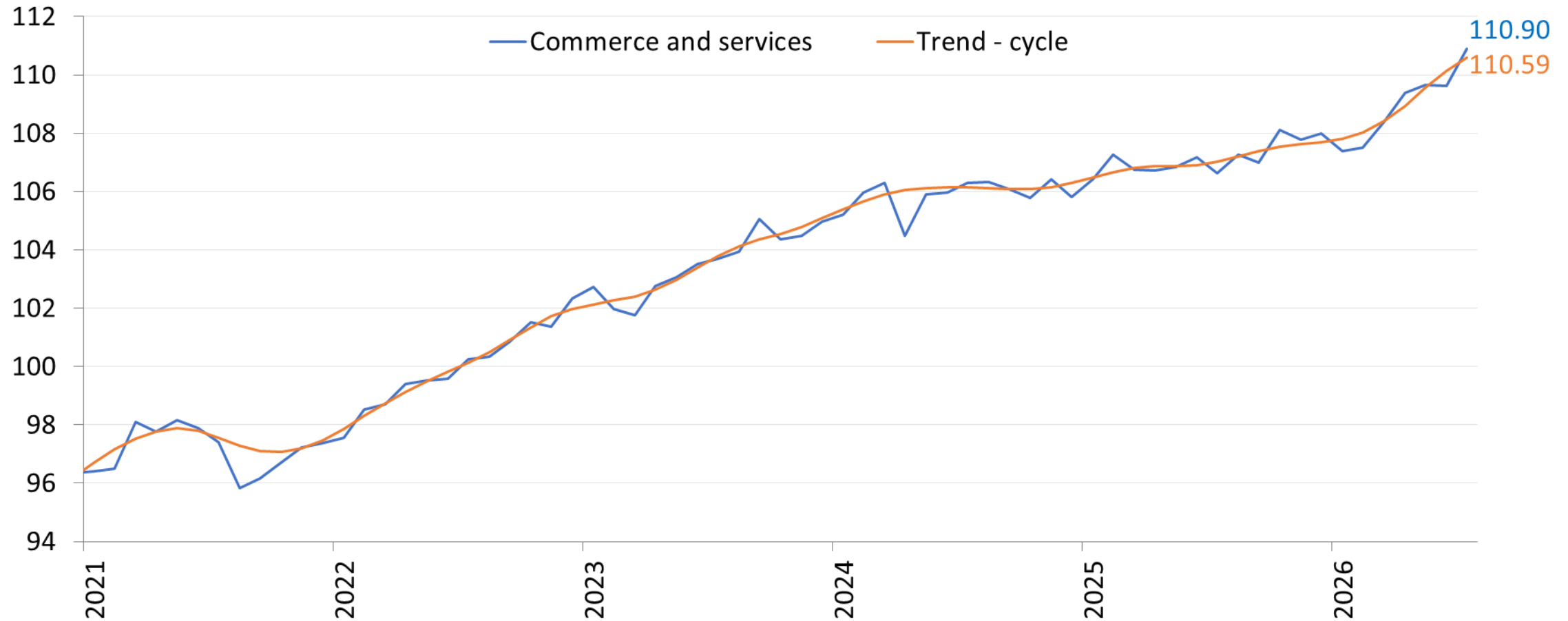
Purchasing Managers' Index, values between 0 and 100



Source: IMEF. Seasonally adjusted data up to September 2026.

IGAE: Commerce and services

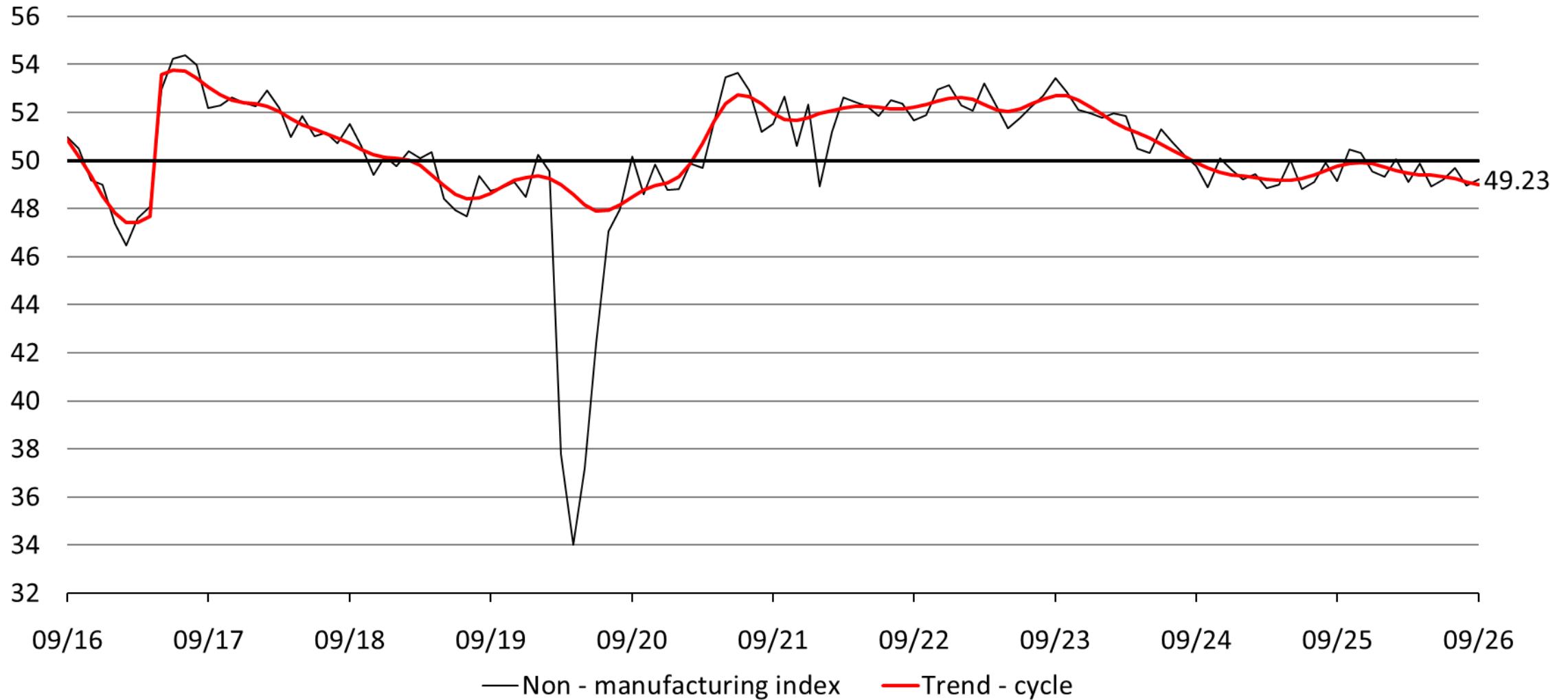
Index 2018 = 100



Source: INEGI. Seasonally adjusted data up to July 2026.

IMEF's non - manufacturing index

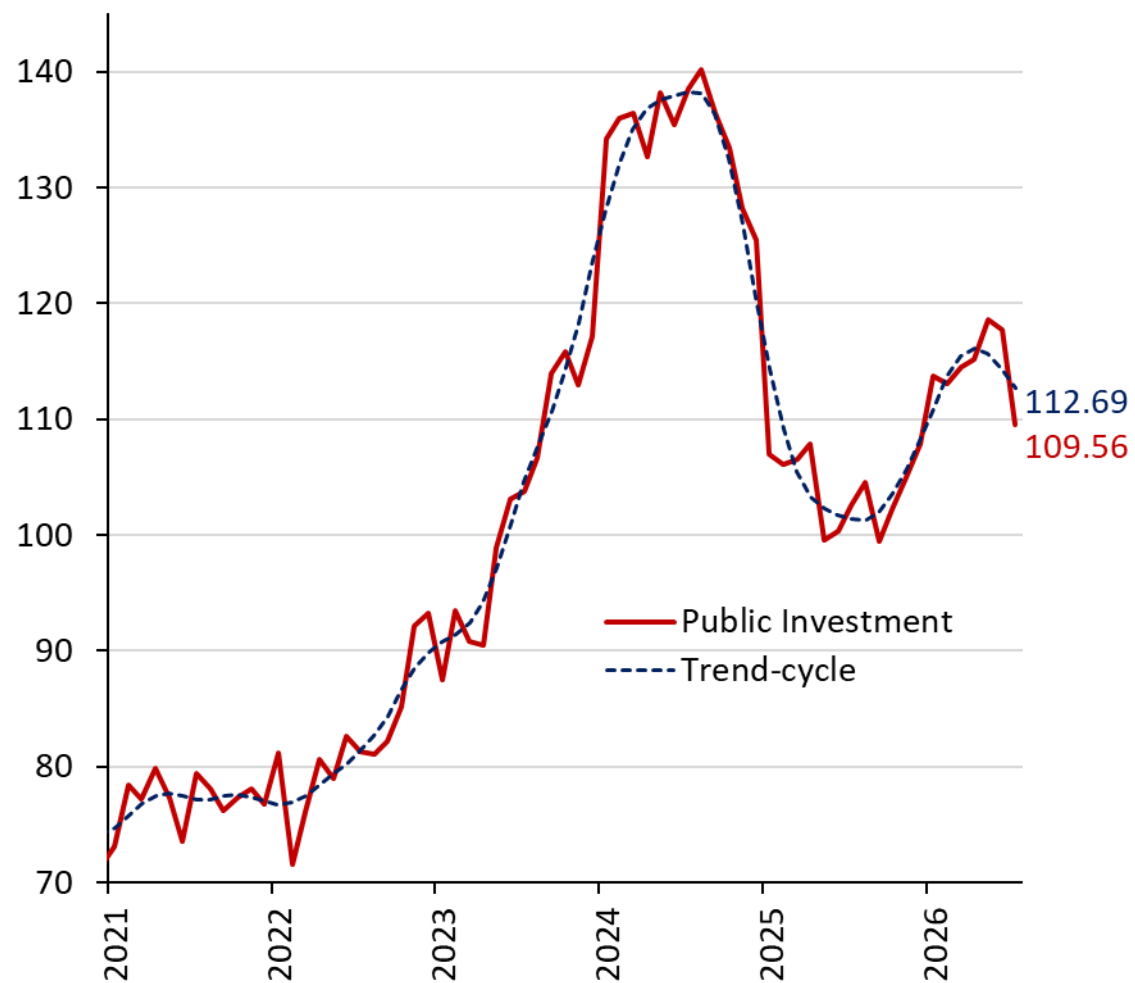
Purchasing Managers' Index, values between 0 and 100



Source: IMEF. Seasonally adjusted data up to September 2026.

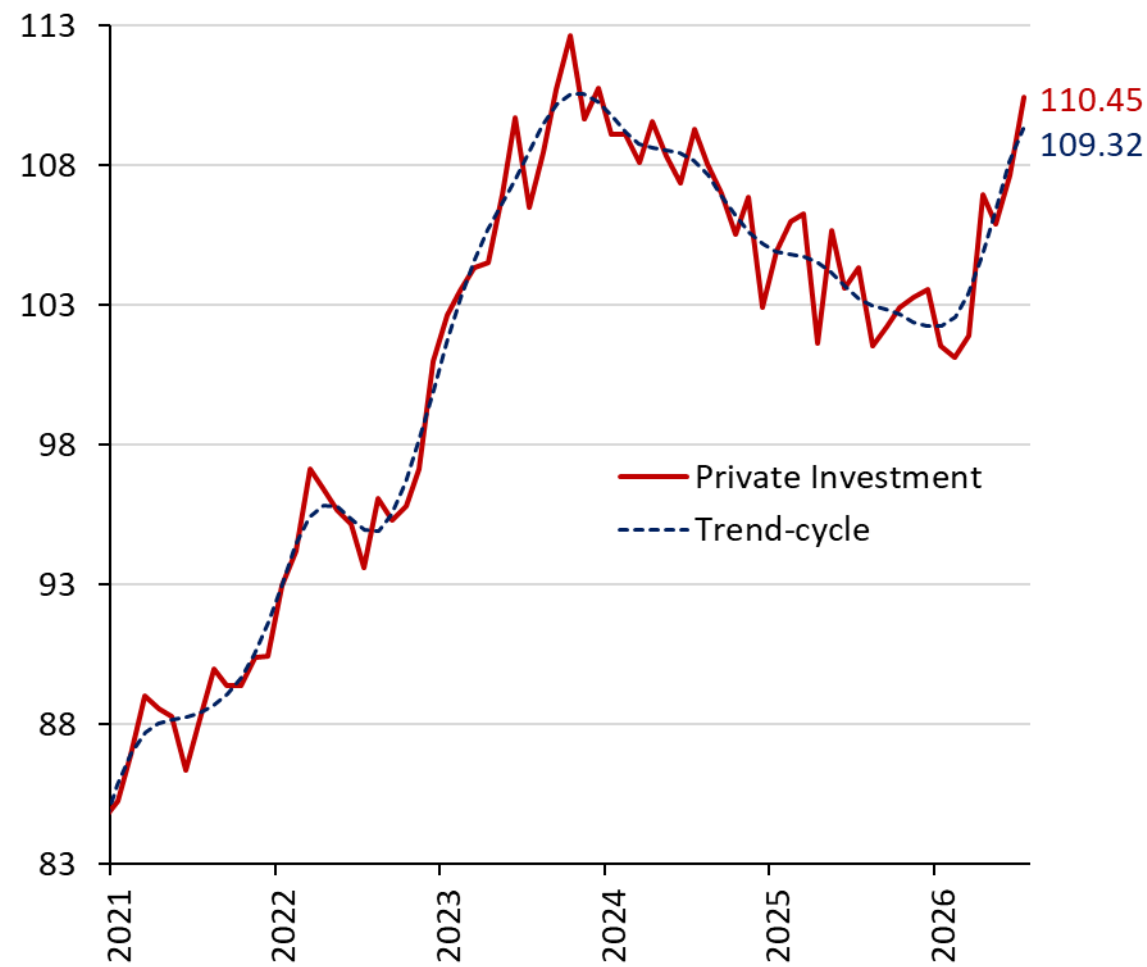
Public investment

Index 2018 = 100



Private investment

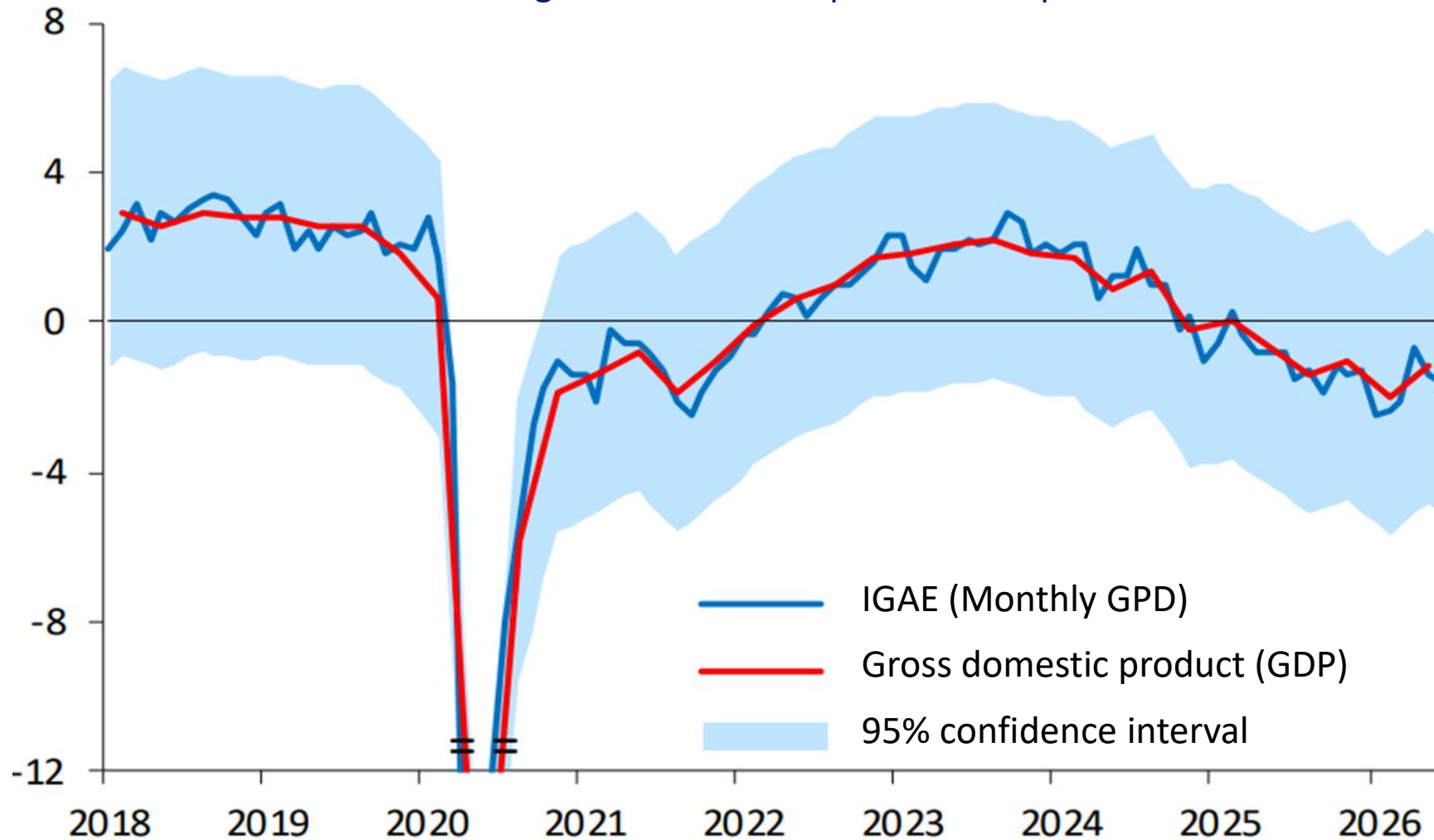
Index 2018 = 100



Source: INEGI. Seasonally adjusted data up to July 2026.

Estimated output gap

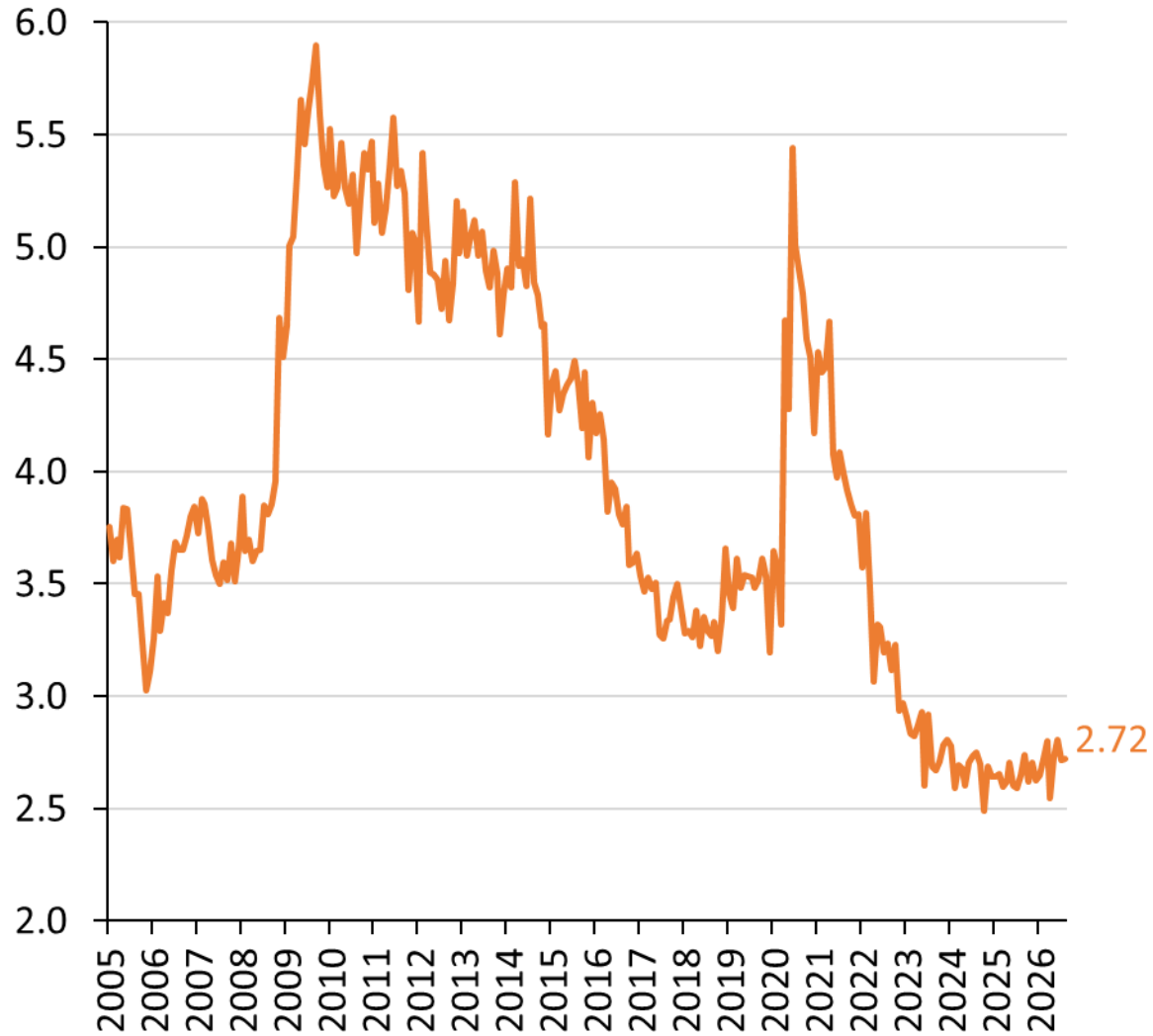
Percentage deviation from potential output



Source: INEGI and Banco de México calculations. Data includes GDP as of Q2 2026 and IGAE as of June 2026. Gaps were estimated using the Hodrick-Prescott filter. Confidence intervals are calculated using an unobserved components method. *Output excluding professional, corporate and support services.

Unemployment rate

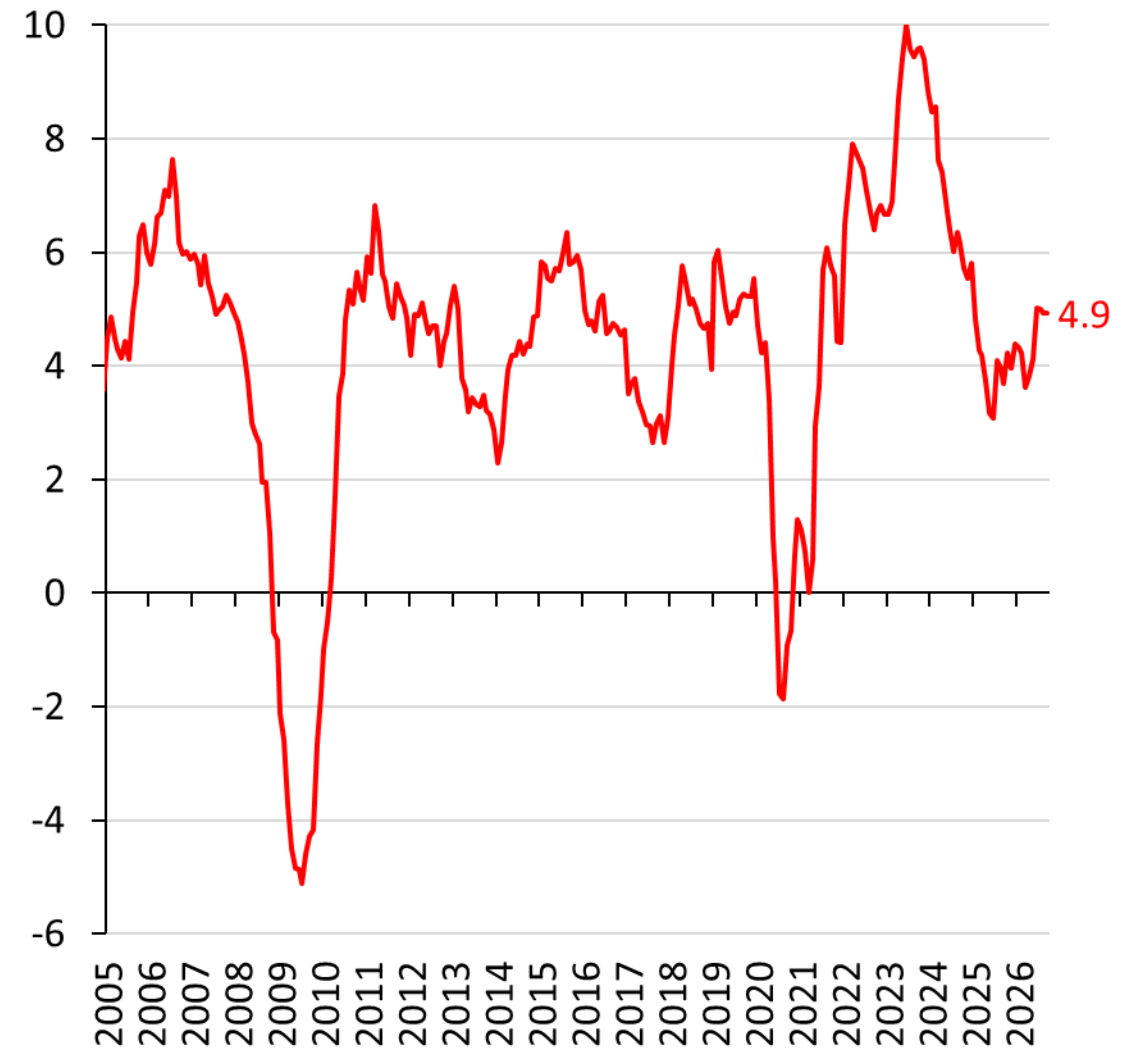
Percentage of economically active population



Source: INEGI. Data up to August 2026.

IMSS real wage bill*

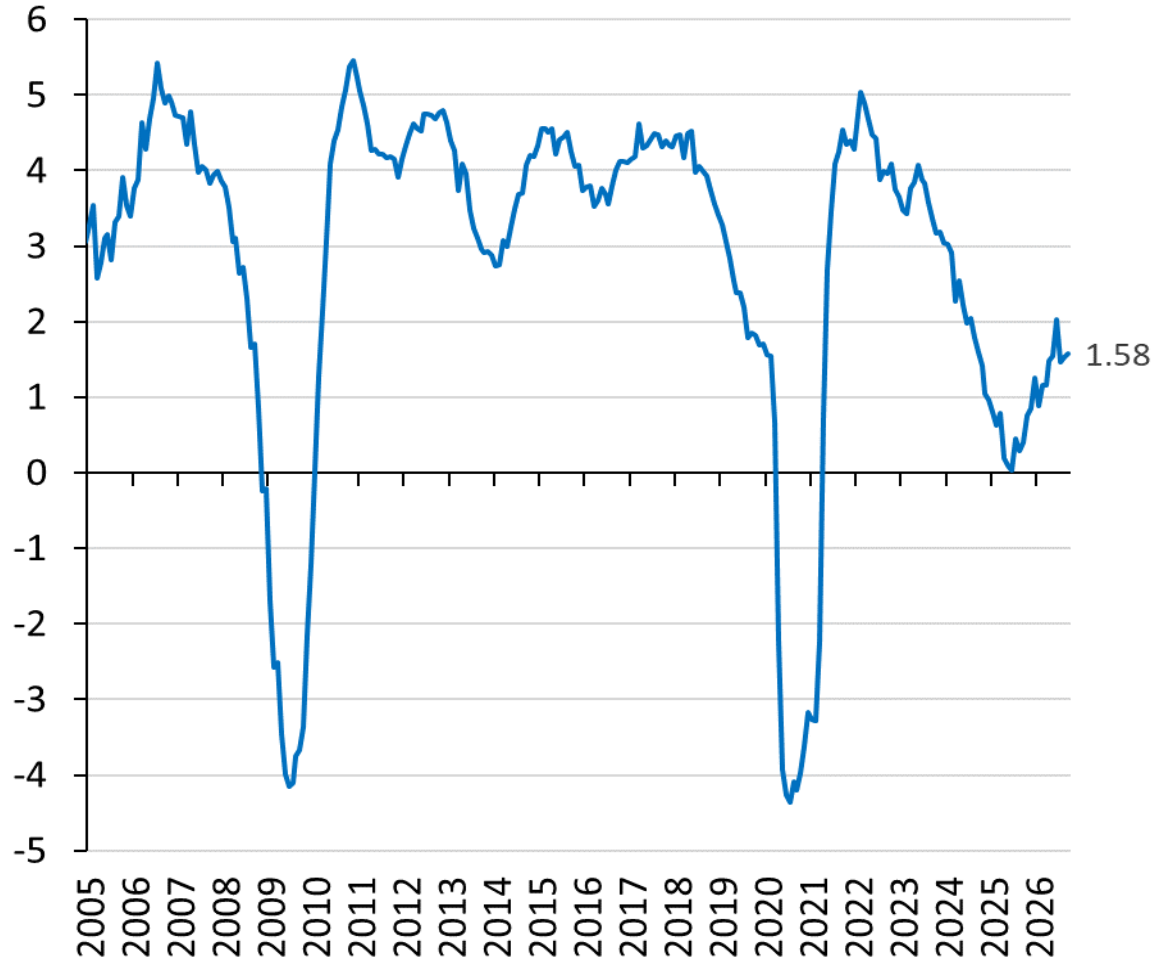
Annual percentage change



Source: Mexican Social Security Institute (IMSS). Data up to September 2026. *Real wage bill is the product of real wages and employment levels.

Permanent formal employment registered with the IMSS

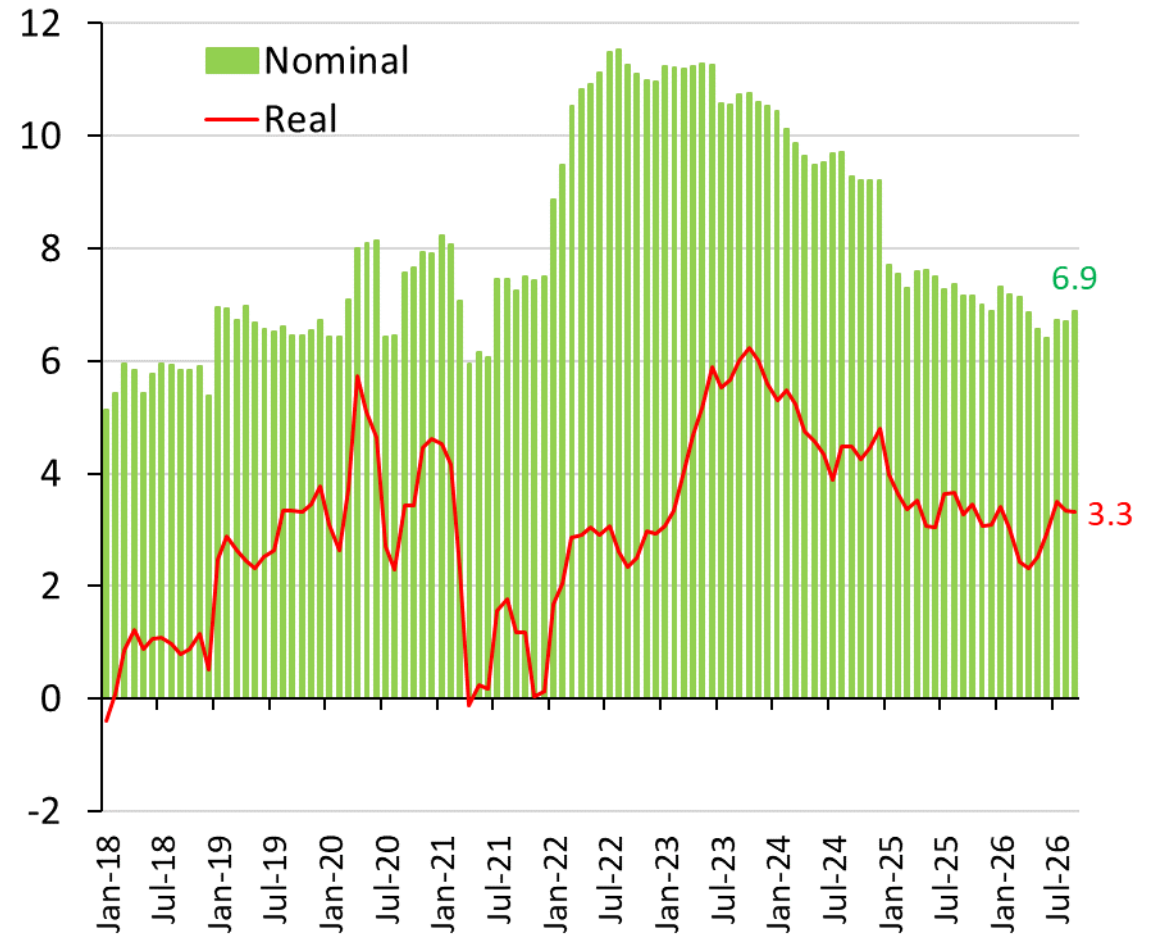
Annual percentage change



Source: Mexican Social Security Institute (IMSS).
Data up to September 2026.

Average wage of permanent workers (IMSS)

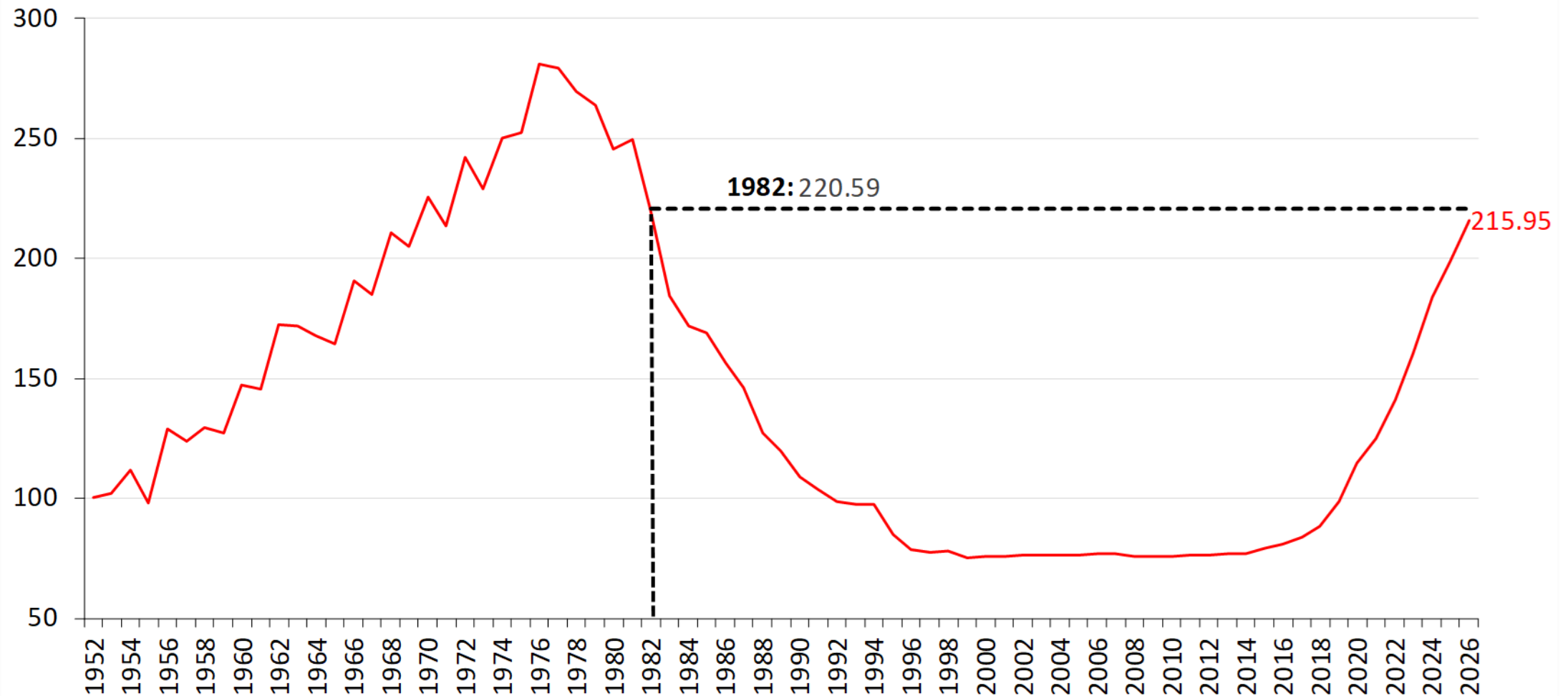
Annual percentage change



Source: Mexican Social Security Institute (IMSS). Data up
to September 2026

Real minimum wage*

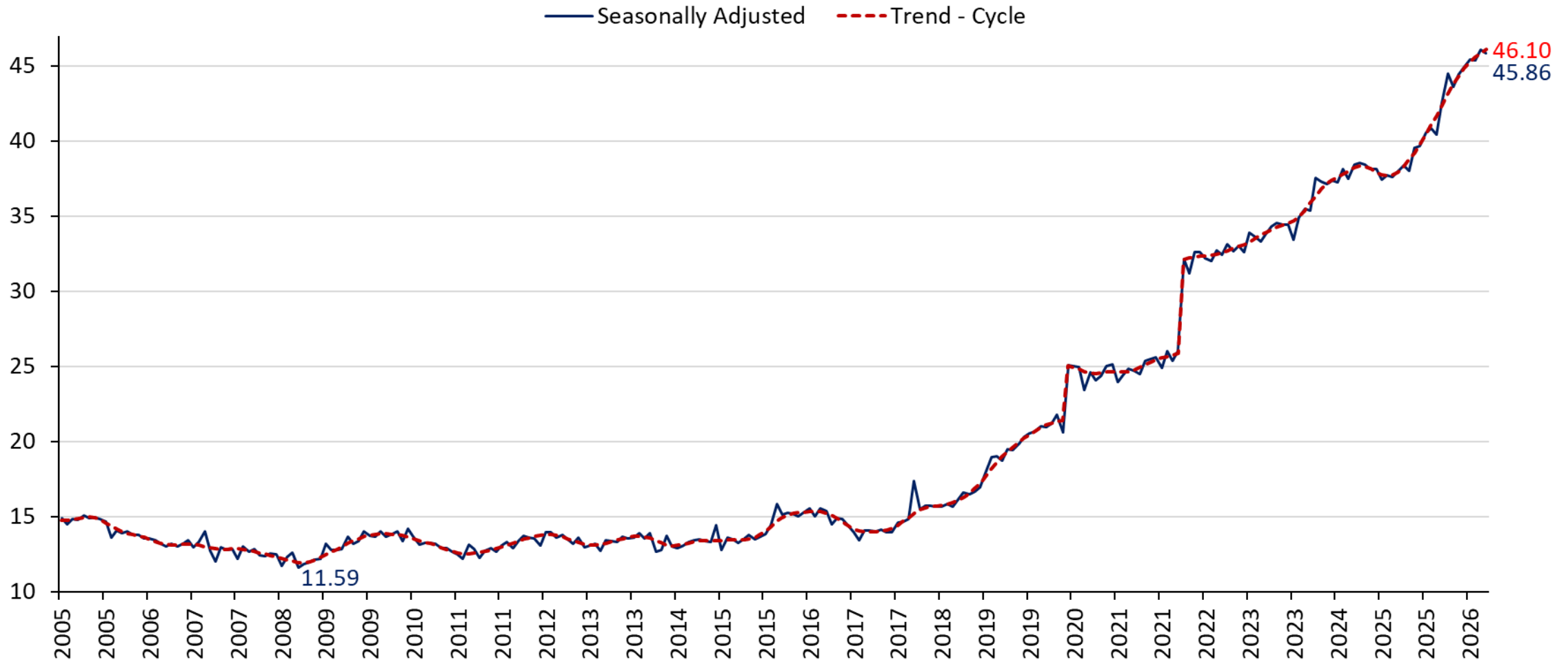
Real pesos 2H July 2018



Source: Own calculations based on data from INEGI and federal ministries. Data up to 2026. *Assumes an average inflation rate of 3.8% for 2026 which is consistent with our convergence inflation path.

Employed population with earnings less than or equal to one minimum wage*

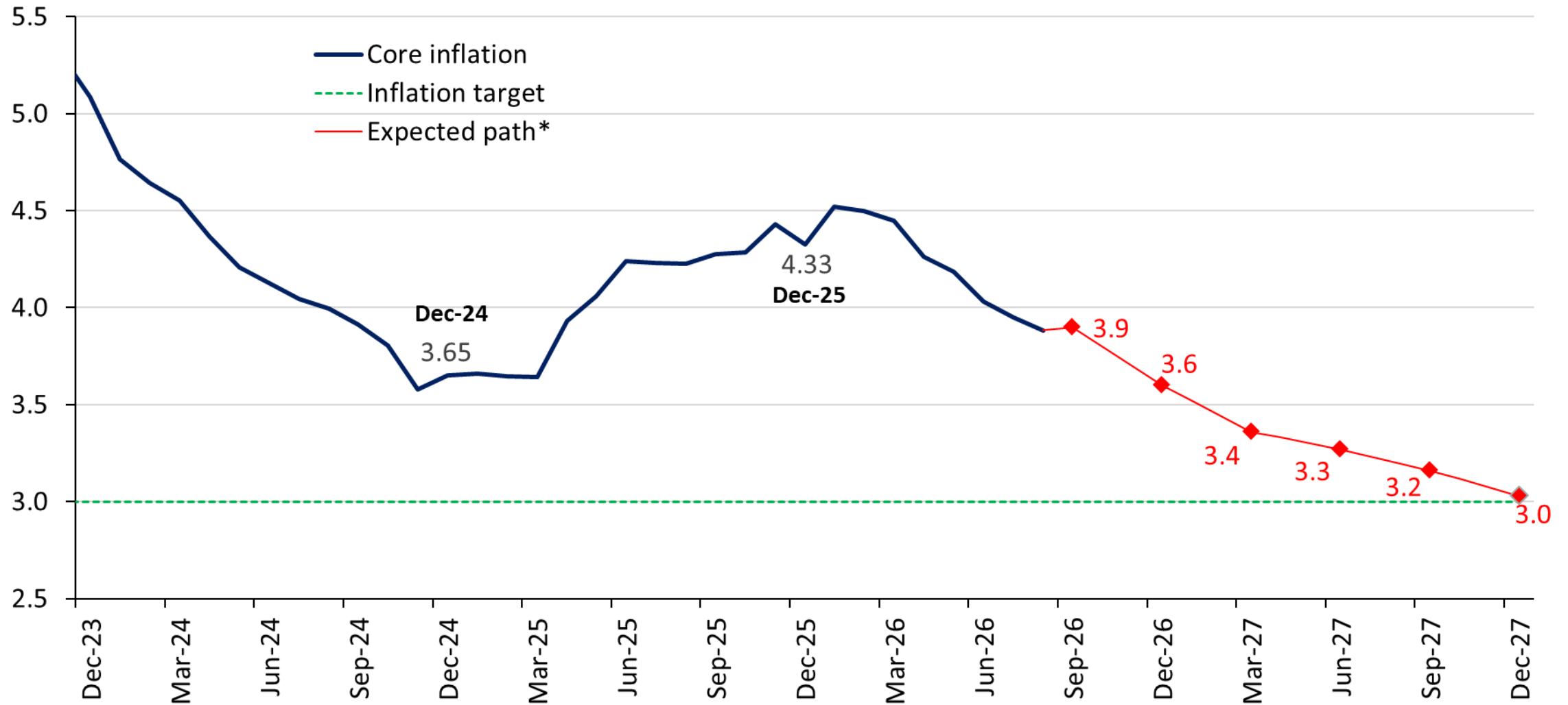
Percent of the employed population



Source: INEGI. Data up to August 2026. The minimum point corresponds to August 2008, at 11.59%..

Expected path of core inflation*

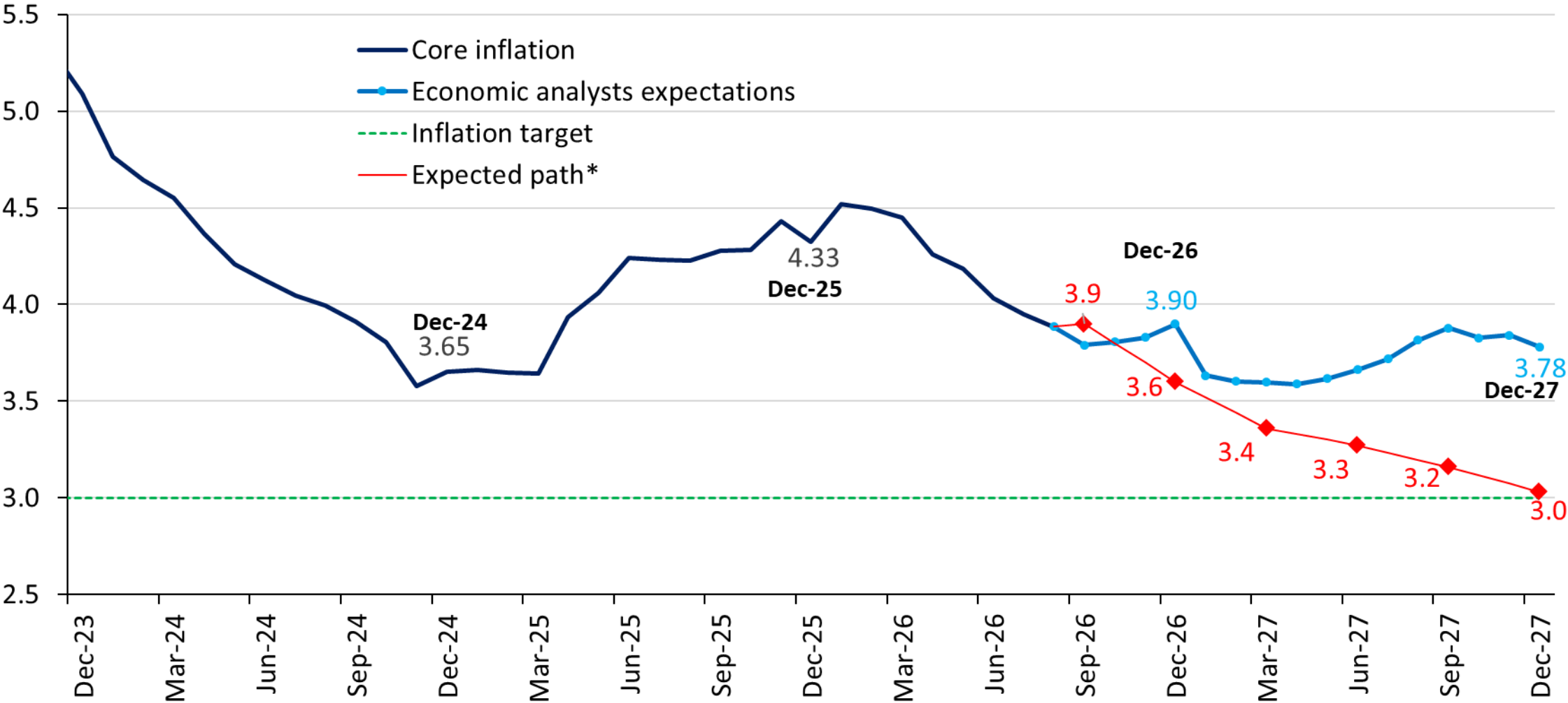
Annual percentage change



Source: Own estimates using INPC data. *Expected path as of September 24th, 2026. Notes: Since 2003, a fixed target of 3% for headline inflation has been established with a variability range of +/- 1%.

Expected path of core inflation*

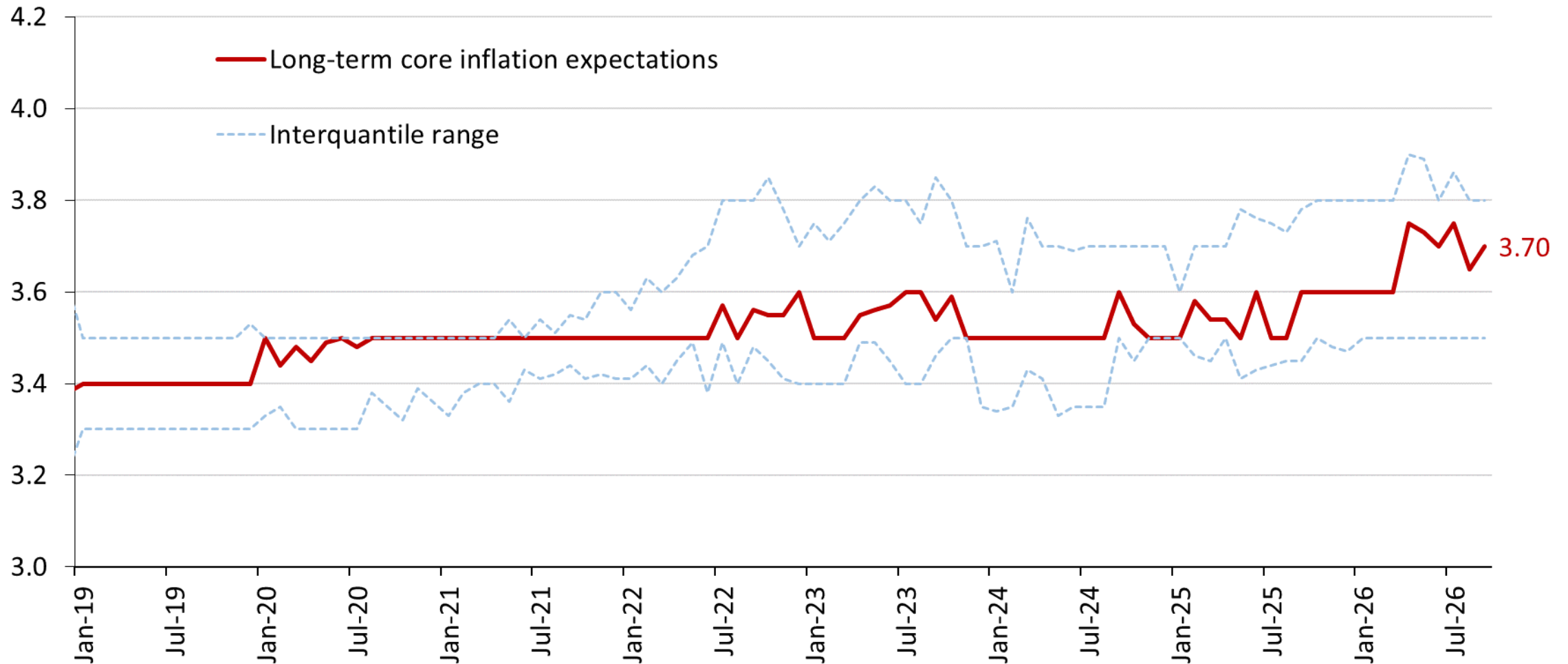
Annual percentage change



Source: Own estimates using INPC data and the Banco de México survey as of October 1st, 2026. *Expected path as of September 24th, 2026.
Notes: Since 2003, a fixed target of 3% for headline inflation has been established with a variability range of +/- 1%.

Core inflation expectations*

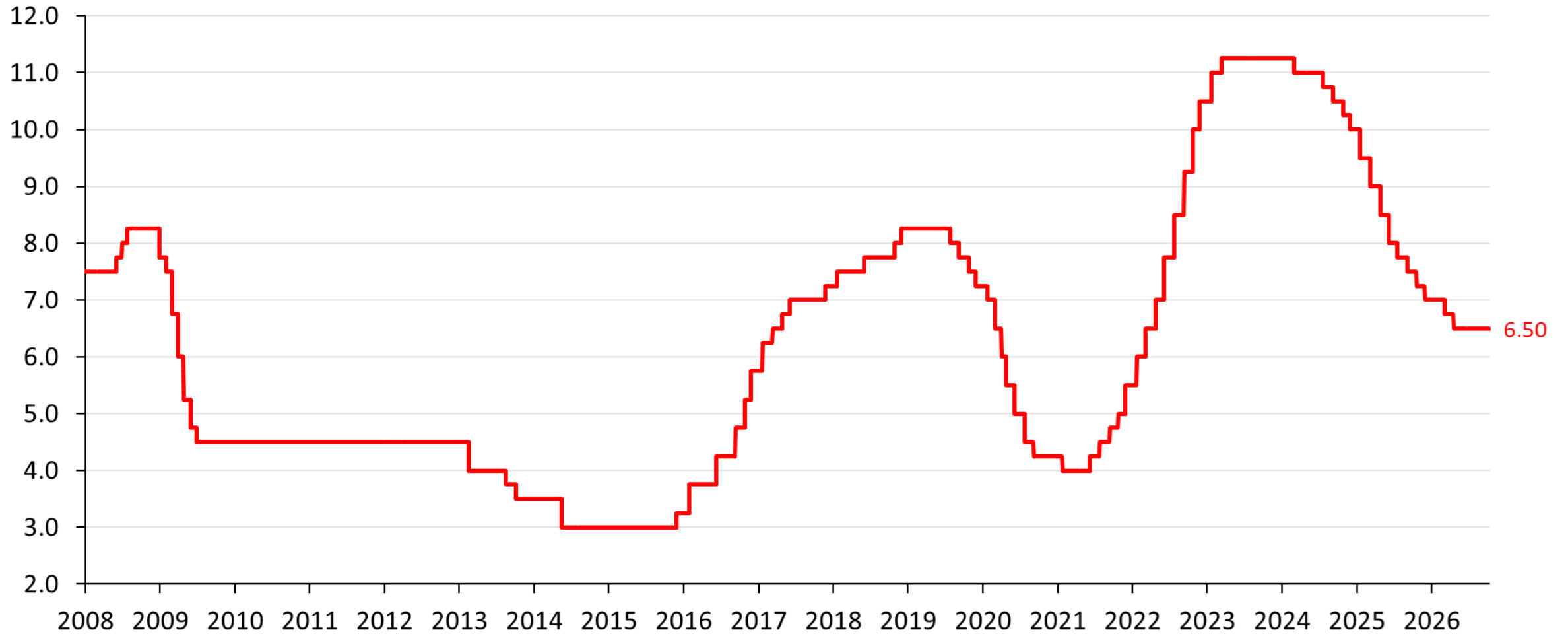
Per cent



Source: INEGI and the Banco de México survey as of October 1st, 2026. The chart shows the median of analysts' expectations and the interquartile range, calculated by subtracting the first quartile (Q1) from the third quartile (Q3) of the same set of expectations. Long term refers to expectations for the next 5 to 10 years.

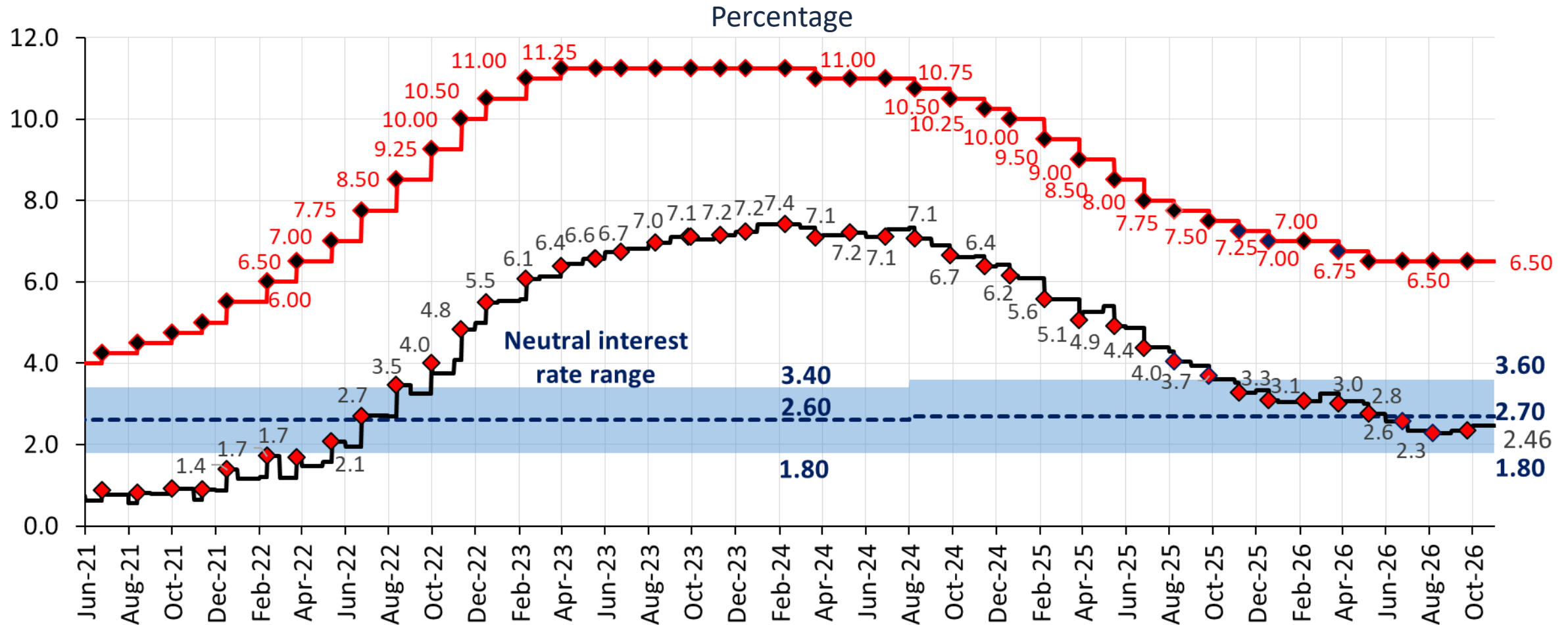
Monetary policy rate

Percentage



Source: Banco de México.

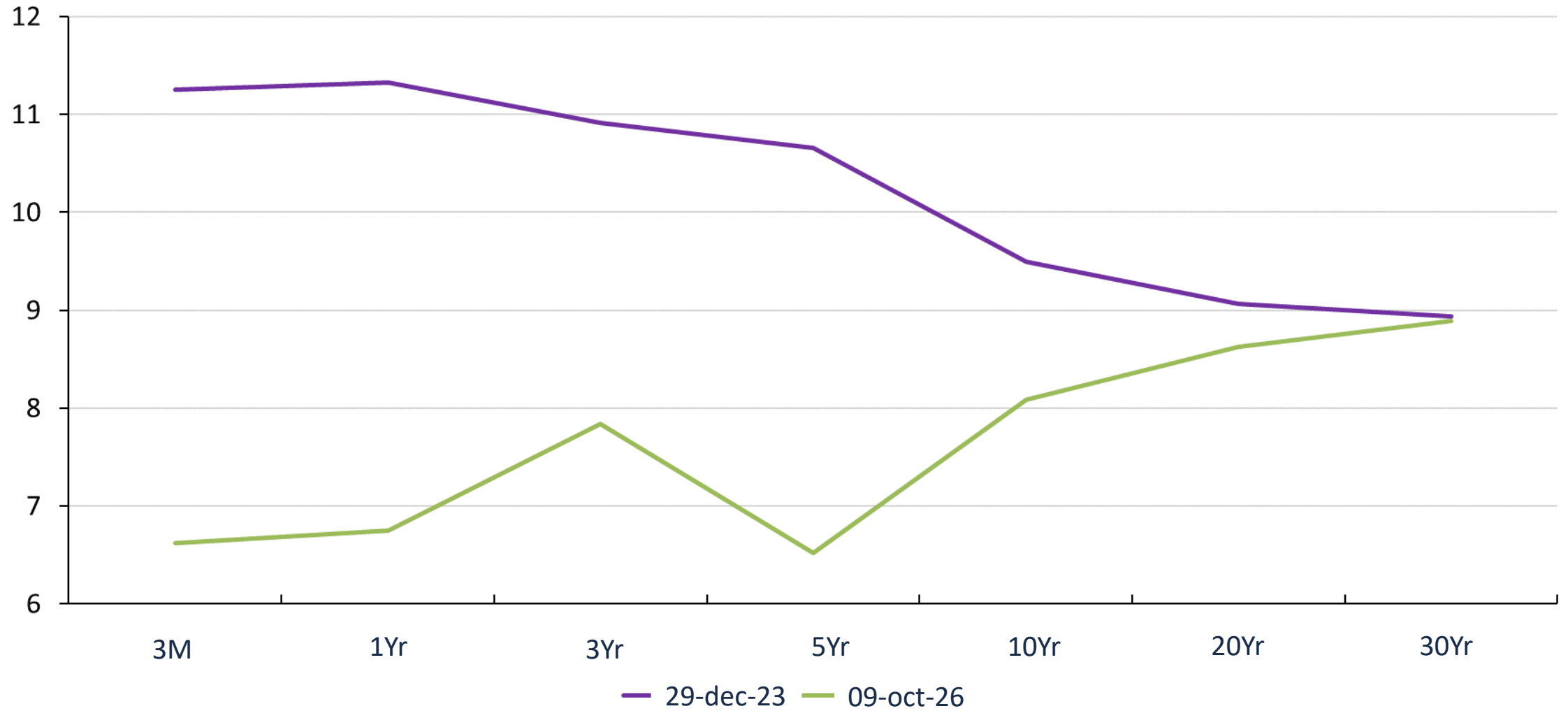
Monetary policy rate, short-term real ex-ante rate and neutral interest rate range*



Source: Banco de México. *The short-term real ex-ante rate is calculated as the difference between the target interbank rate and the average 12-month inflation expectations derived from the Banco de México survey. The dashed line corresponds to the midpoint of the range for the neutral short-term real rate over the long term in real terms: (1) between August 2008 and May 2018, it is calculated between 1.70 and 3.30; (2) between August 2019 and July 2024, it is between 1.80 and 3.40; and (3) starting August 2024, it is updated to 1.80 and 3.60.

Government bond yield curve

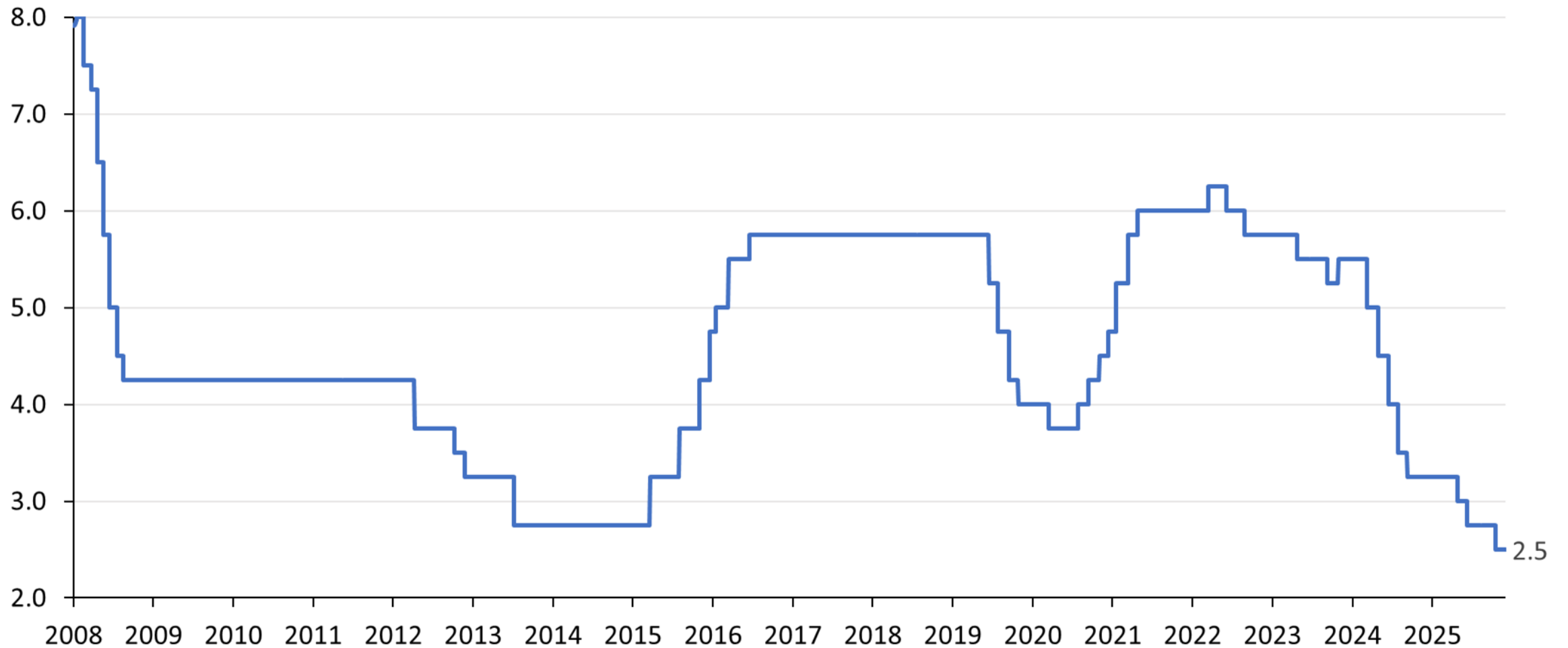
Percentage



Source: Proveedor Integral de Precios and Banco de México

Monetary policy rate spread: Mexico and the U.S.

Percentage



Source: Banco de México. The U.S. monetary policy rate is taken as the upper limit of the federal funds rate target range. The Federal Reserve began setting a target range for the federal funds rate in December 2008.



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Thank you