BANCO DE MÉXICO

February 5, 2026

Press release

Monetary policy statement

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Banco de México's Governing Board decided to maintain the target for the overnight interbank interest rate at 7.00%.

The rate of expansion of world economic activity is estimated to have continued declining in the fourth quarter of 2025 with respect to the previous quarter, in an environment of persistent trade tensions. In some of the major advanced economies, headline inflation has slightly decreased with respect to the levels observed at the end of the third quarter of 2025, while core inflation has continued showing some persistence. The Federal Reserve kept the federal funds rate unchanged in its January meeting. Financial markets have performed favorably although with variations. US government interest rates fluctuated within a narrow range and the US dollar depreciated. Among the most relevant global risks are the escalating trade tensions along with the intensification of geopolitical turmoil and their possible impact on inflation, economic activity, and volatility in financial markets.

Since the previous monetary policy decision, Mexico's government interest rates decreased for all terms. The Mexican peso appreciated. After having fallen during the third quarter of 2025, economic activity expanded in the fourth quarter of 2025. The environment of uncertainty and trade tensions continues posing downward risks.

Between November 2025 and the first fortnight of January 2026, headline inflation decreased from 3.80 to 3.77%. This result was explained mainly by a decline in non-core inflation, which was partially compensated by core inflation, which shifted from 4.43 to 4.47% and thus increased with respect to the 4.33% observed in December 2025. Headline inflation expectations for the end of 2026 rose while those for longer terms remained relatively stable at levels above target.

Headline and core inflation forecasts were revised upwards between the first quarter of 2026 and the first quarter of 2027. This adjustment responds mainly to a higher-than-anticipated trajectory for core inflation. Headline inflation is now expected to converge to the target in the second quarter of 2027 (see table). Forecasts are subject to various risks. On the upside: i) persistence of core inflation; ii) cost-related pressures; iii) depreciation of the Mexican peso; iv) disruptions due to geopolitical conflicts or foreign trade policies, and v) climate-related impacts. On the downside: i) lower-than-anticipated economic activity; ii) a lower passthrough from increased costs, and iii) lower pressures stemming from the appreciation of the national currency. The forecast revision incorporates the effects anticipated from the fiscal adjustments, although the comprehensive assessment of the latter will require additional information as it becomes available. The forecast revision also reflects a more gradual decline in services inflation than previously foreseen. The risks for the trajectory of inflation are considered closer to balance, but they remain biased to the upside. The changes in economic policy by the US administration continue adding uncertainty to the forecasts. Their effects could imply inflationary pressures on both sides of the balance.

The Governing Board deemed appropriate on this occasion to pause the rate-cutting cycle, consistent with the assessment of the current inflationary outlook. It took into account the revision to the inflation forecasts and the need to continue evaluating the impact of the fiscal adjustments implemented at the beginning of the year, as well as the behavior of the exchange rate, the weakness of economic activity, and the level of monetary restriction implemented. Thus, with the presence of all its members, the Board decided unanimously to maintain the target for the overnight interbank interest rate at 7.00%.

Looking ahead, the Board will evaluate additional reference rate adjustments. It will take into account the effects of all determinants of inflation. Actions will be implemented in such a way that the reference rate remains consistent at all times with the trajectory needed to enable an orderly and sustained convergence of headline inflation to the 3% target during the forecast period. The central bank reaffirms its commitment to its primary mandate and the need to continue its efforts to consolidate an environment of low and stable inflation.

Forecasts for Headline and Core Inflation

Annual percentage change of quarterly average indices

	2025				2026				2027			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Headline (CPI)												
Current (02/05/2026)[1/]	**3.7**	**4.2**	**3.6**	**3.7**	**4.0**	**3.8**	**3.6**	**3.5**	**3.2**	**3.0**	**3.0**	**3.0**
Previous (12/18/2025)[2/]	3.7	4.2	3.6	3.7	3.7	3.3	3.0	3.0	3.0	3.0	3.0	3.0
Core												
Current (02/05/2026)[1/]	**3.6**	**4.1**	**4.2**	**4.3**	**4.4**	**4.0**	**3.6**	**3.4**	**3.1**	**3.0**	**3.0**	**3.0**
Previous (12/18/2025)[2/]	3.6	4.1	4.2	4.3	4.0	3.4	3.0	3.0	3.0	3.0	3.0	3.0
Memo												
Annualized seasonally adjusted quarterly variation in percent[3/]												
Current - Headline[1/]	2.8	5.5	2.9	3.5	4.1	4.0	2.7	3.1	2.9	3.3	2.6	3.1
Current - Core[1/]	4.3	4.9	4.3	3.9	4.2	3.3	3.0	3.1	3.1	2.9	2.8	3.0

1/ Forecast starting in January 2026.
2/ Forecast starting in December 2025. See monetary policy statement of December 18, 2025.
3/ See methodological note on the seasonal adjustment process.
Source: INEGI for observed annual variation figures and Banco de México for seasonally adjusted figures and forecasts.
Note: Shaded areas correspond to observed figures.