BANCO DE MÉXICO

November 5, 2026

Press release

Monetary policy statement

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Banco de México's Governing Board decided to lower the target for the overnight interbank interest rate by 25 basis points to 6.25%, effective November 6, 2026.

World economic activity is expected to have grown during the third quarter of 2026 at a slightly lower rate to that of the previous quarter. In several major advanced economies, headline inflation kept increasing mainly due to the rise in energy prices, while core inflation continued exhibiting persistence. The Federal Reserve left its target range for the federal funds rate unchanged in its October meeting. International financial markets continued registering volatility. The US dollar fluctuated within a narrow range. US government interest rates decreased for most terms, although during the reference period longer-term ones reached historic highs unseen in several decades. Uncertainty associated with the Middle East conflict and its repercussions persists.

Since the previous monetary policy decision, Mexico's government interest rates have decreased for the medium and long terms and increased for the shorter ones. The Mexican peso depreciated. The Mexican economy continued expanding during the third quarter of 2026. Nevertheless, economic slack is still expected to persist throughout the forecast horizon along with downward risks to economic activity.

Between the first fortnight of September and the first fortnight of October 2026, headline inflation rose from 3.42 to 3.62% due to an increase in non-core inflation. Core inflation declined marginally from 3.79 to 3.78% during such period. Headline inflation expectations for the end of 2026 decreased, while those for longer terms remained stable at levels above target.

Headline inflation forecasts were revised upwards for the fourth quarter of 2026 mainly due to higher levels of non-core inflation anticipated for that period. Core inflation forecasts were adjusted slightly upwards for the same period. Headline inflation is still expected to converge to the target in the fourth quarter of 2027 (see table). The forecasts are subject to various risks. On the upside: i) persistence of core inflation; ii) a greater depreciation of the Mexican peso; iii) disruptions due to foreign trade policies or to an inflationary impact from geopolitical conflicts; iv) climate-related impacts, and v) cost-related pressures. On the downside: i) lower-than-anticipated economic activity in Mexico and/or the United States; ii) lower pass-through from increased costs, and iii) lower pressures associated with episodes of national currency appreciation. The balance of risks for the trajectory of inflation within the forecast horizon remains biased to the upside. The changes in economic policy by the US administration and a possible extension of geopolitical conflicts continue adding uncertainty to the forecasts. Their effects could imply pressures on inflation on both sides of the balance.

The Governing Board judged that the disinflation process continues. It assessed that, under the prevailing slack conditions, the pass-through of exchange rate fluctuations to consumer prices would be limited. It estimated that no demand-side pressures are currently perceived in the Mexican economy and that the level of monetary restriction implemented continues operating. With the presence of all its members, the

Board thus decided by majority to make a one-time adjustment and lower the target for the overnight interbank interest rate by 25 basis points to 6.25%.

Looking ahead, the Governing Board considers that maintaining the reference rate at the attained level for an extended period will support the convergence of inflation to its target and will be adequate to face the challenges posed by the external macroeconomic environment. It will make its decisions considering the observed and expected behavior of inflation and its determinants, including the exchange rate pass-through to consumer prices, the slack conditions, and inflation expectations. 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.

Voting in favor of the decision were Victoria Rodríguez, Gabriel Cuadra, and Omar Mejía. Galia Borja and Jonathan Heath voted in favor of maintaining the target for the overnight interbank interest rate at 6.50%.

Forecasts for headline and core inflation

Annual percentage change of quarterly average indices

	2025	2026			2027				2028			
	IV	I	II	III	IV	I	II	III	IV	I	II	III
Headline (CPI)												
Current (11/05/2026)[1/]	**3.7**	**4.1**	**3.9**	**3.3**	**3.7**	**3.4**	**3.3**	**3.2**	**3.0**	**3.0**	**3.0**	**3.0**
Previous (09/24/2026)[2/]	3.7	4.1	3.9	3.3	3.5	3.4	3.3	3.2	3.0	3.0	3.0	3.0
Core												
Current (11/05/2026)[1/]	**4.3**	**4.5**	**4.2**	**3.9**	**3.7**	**3.4**	**3.3**	**3.2**	**3.0**	**3.0**	**3.0**	**3.0**
Previous (09/24/2026)[2/]	4.3	4.5	4.2	3.9	3.6	3.4	3.3	3.2	3.0	3.0	3.0	3.0
Memo												
Annualized seasonally adjusted quarterly variation in percent[3/]												
Current - Headline[1/]	3.3	4.3	4.2	1.5	4.4	3.1	3.1	2.4	3.6	3.0	3.1	2.7
Current - Core[1/]	4.0	4.5	3.7	3.2	3.4	3.2	3.3	2.8	2.9	3.2	3.1	2.9

1/ Forecast starting in October 2026.
2/ Forecast starting in September 2026. See monetary policy statement of September 24, 2026.
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.