

Regional Economic Report

April – June 2026

BANCO DE MÉXICO®

Outline

I. Regional Economic Report

II. Results April – June 2026

A. Economic activity

B. Inflation

C. Economic outlook

(based on data collected between June 29 and July 23, 2026)

III. Final remarks

Regional Economic Report

- The Regional Economic Report is a quarterly publication that includes Banco de México's indicators and analysis on the trends in economic activity, inflation and business agents' perspectives in Mexico's regions.

- The information presented herein is taken into account by Banco de México's Governing Board as part of the information used to evaluate the economic situation and the forecast for the national economy.

- The economic performance and inflation in the regions during Q2-2026 and the prospects of business executives surveyed between June 29 and July 23, 2026 on regional economic activity and prices over the following twelve months are analyzed herein.

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I. Regional Economic Report

II. **Results April – June 2026**

   A. **Economic activity**

   B. Inflation

   C. Economic outlook

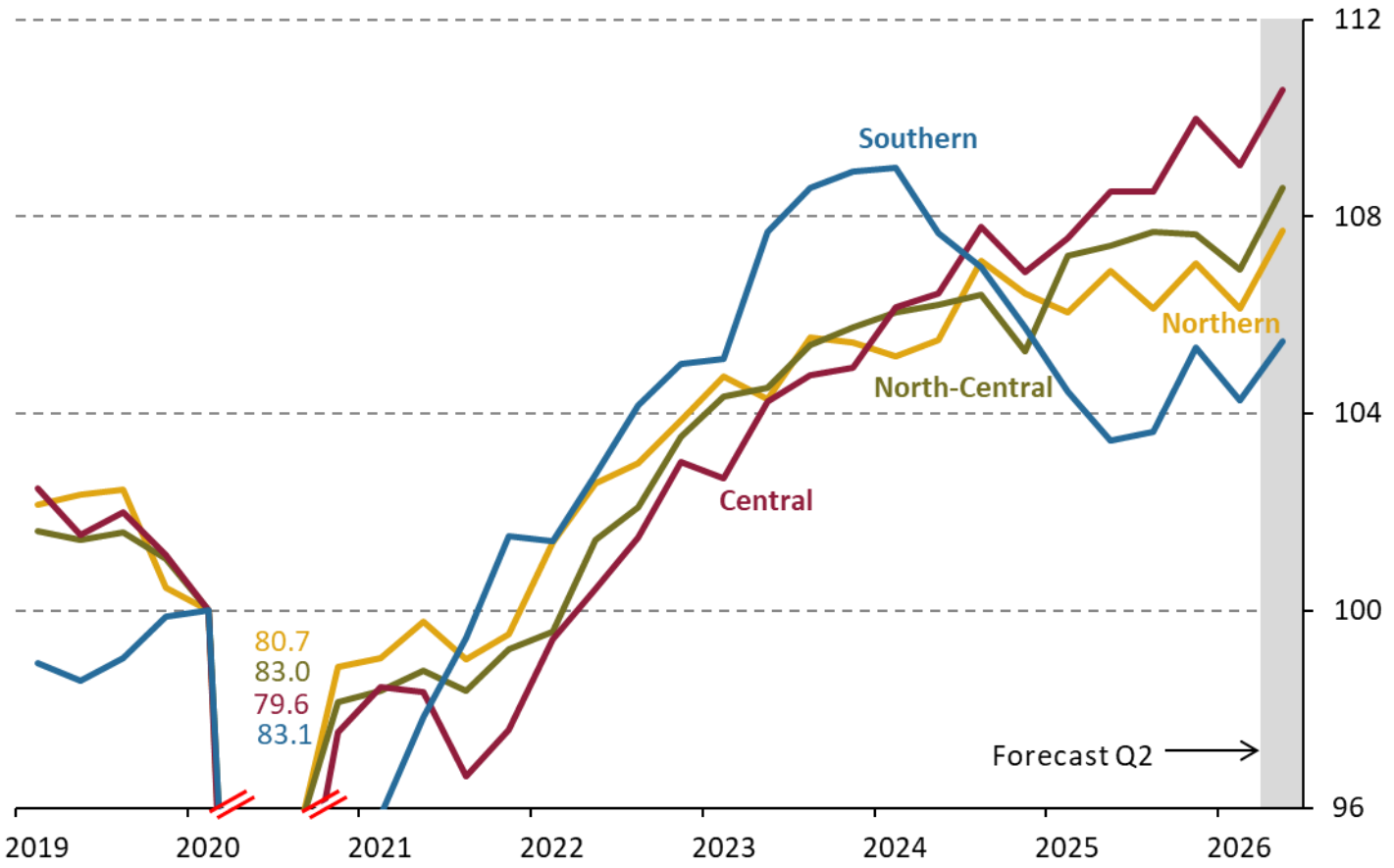
      (based on data collected between June 29 and July 23, 2026)

III. Final remarks

In Q2-2026, economic activity is estimated to have expanded in all regions, after having contracted in the previous quarter.

Quarterly Indicator of Regional Economic Activity

Index Q1 2020=100, s. a.

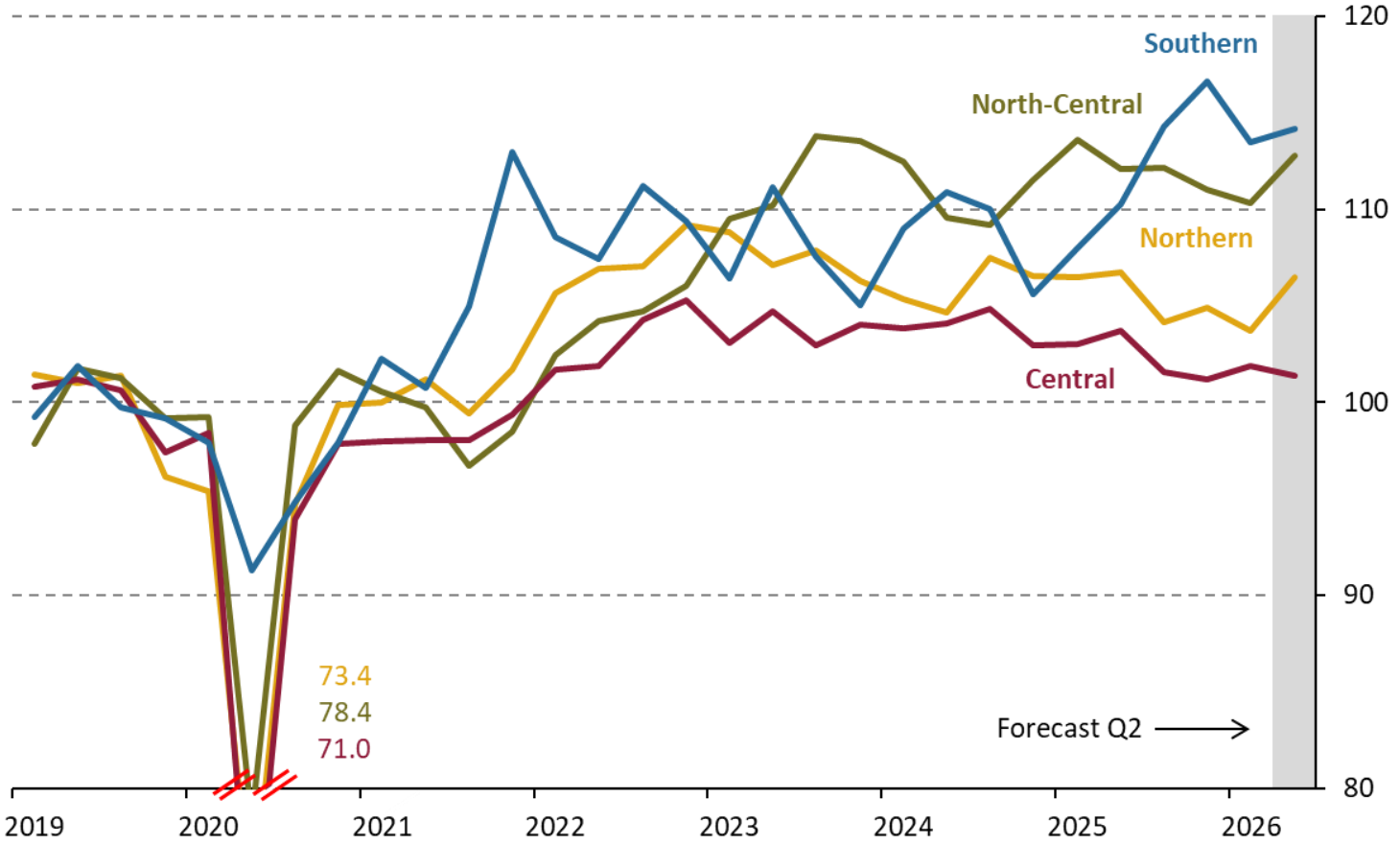


s. a. / Seasonally adjusted data.
Source: Estimated by Banco de México with seasonally adjusted series of the Quarterly Indicator of State Economic Activity by INEGI.

In Q2-2026, manufacturing appears to have expanded in the Northern, North-Central and Southern regions, after having declined in Q1-2026. In contrast, it seems to have continued trending downwards in the Central region.

Regional Manufacturing Indicator

Index 2019=100, s. a.

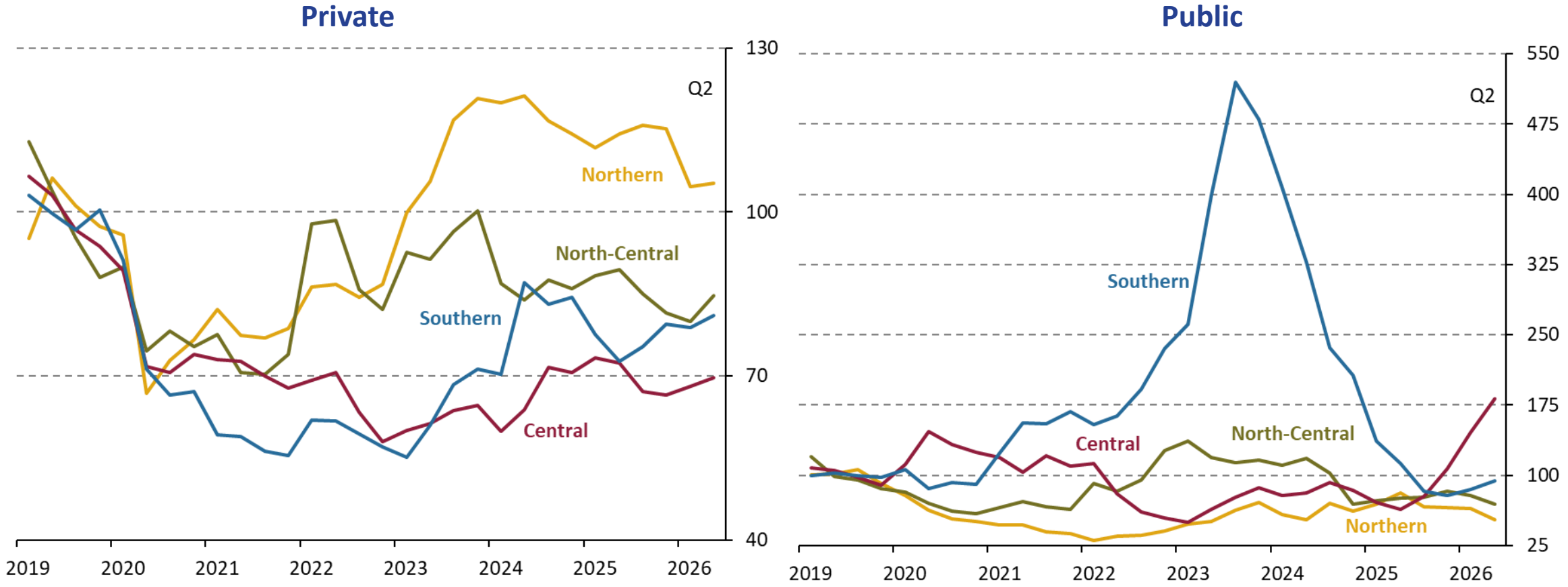


s. a. / Seasonally adjusted data.
Source: Estimated by Banco de México with seasonally adjusted series of the Monthly Indicator of Manufacturing Activity by state from INEGI.

In Q2-2026, construction expanded in the Southern, North-Central and Central regions, mainly driven by private investment in the North-Central region and by public infrastructure projects in the Central and Southern regions.

Real value of production in the construction industry

Index 2019=100, s. a.

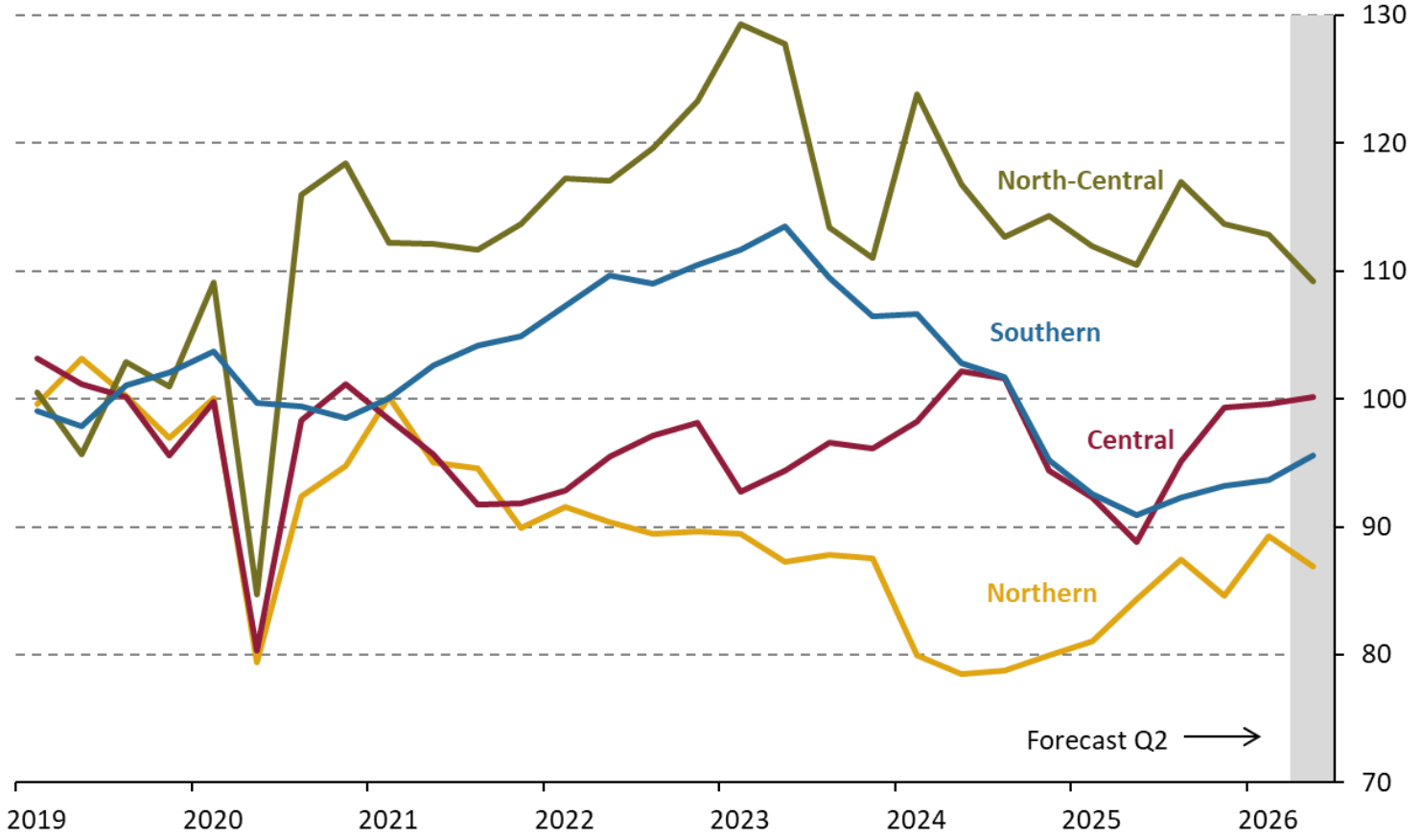


s. a. / Seasonally adjusted data.
Source: Prepared and seasonally adjusted by Banco de México with data from the National Survey of Construction Companies by INEGI.

During Q2-2026, mining is expected to have continued expanding in the Central and Southern regions, while in the Northern and North-Central regions it is estimated to have contracted.

Regional Indicator of Mining, Quarrying, and Oil and Gas Extraction

Index 2019=100, s. a.

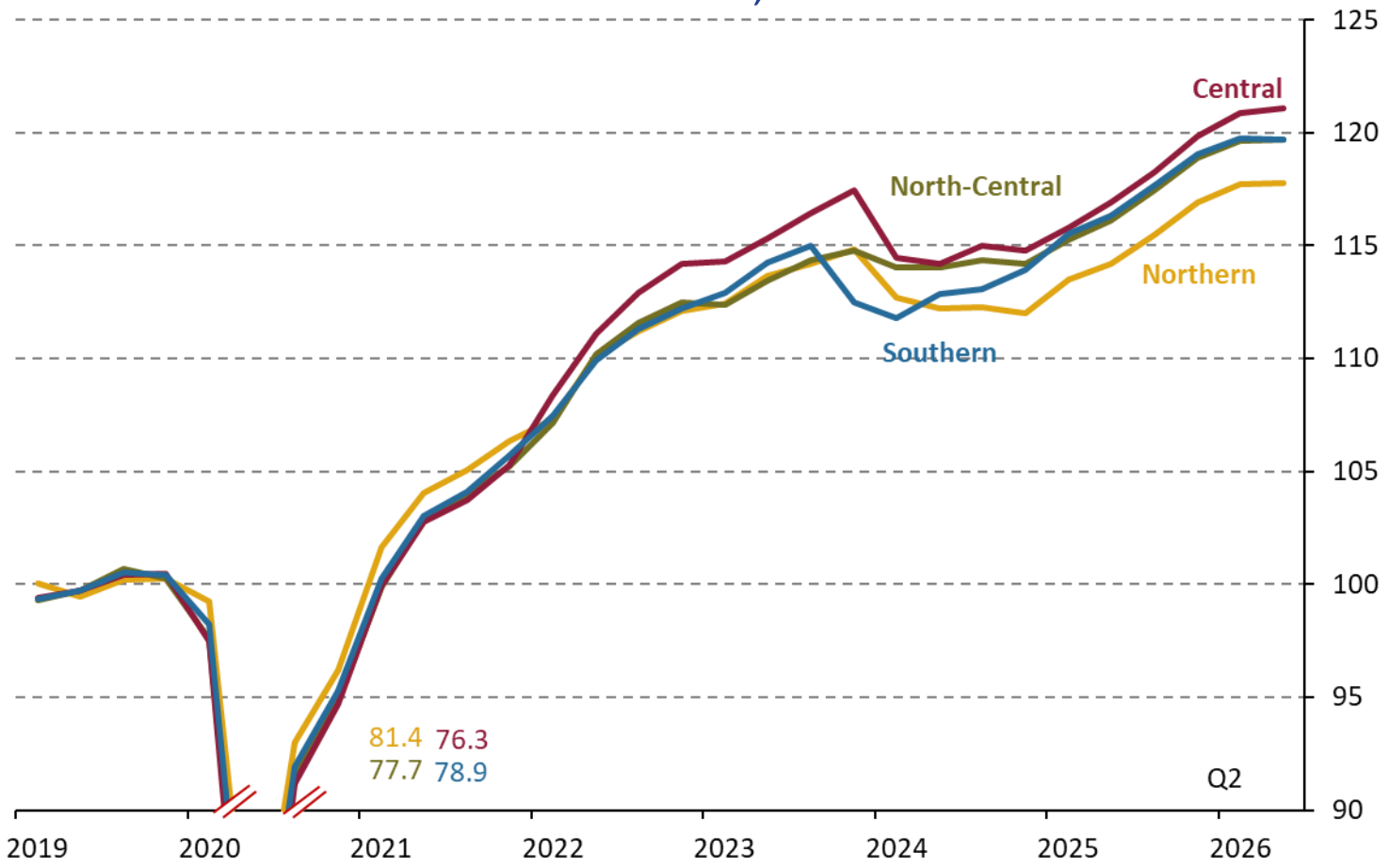


s. a. / Seasonally adjusted data.
Source: Prepared and seasonally adjusted by Banco de México based on series of the Monthly Mining Activity Indicator by state from INEGI.

In Q2-2026, sales in retail establishments continued growing in the Central region, although at a more moderate rate. In other regions, retail sales remained at levels similar to those of Q1-2026.

Regional Commercial Activity Indicator

Index 2019=100, s. a.

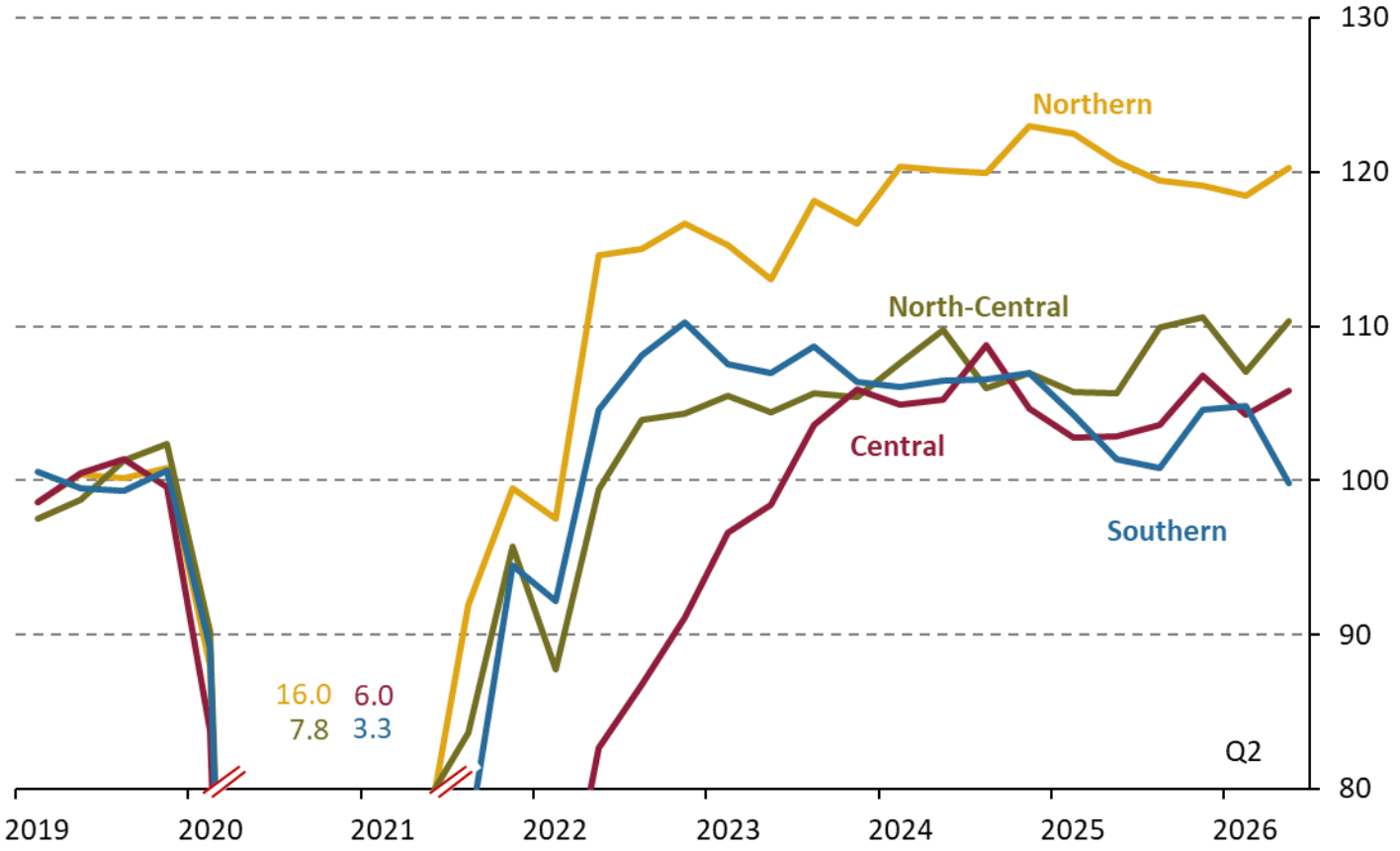


s. a. / Seasonally adjusted data.
Source: Prepared and seasonally adjusted by Banco de México with the series of Revenues of Retailers' Supply of Goods and Services by state from INEGI.

During Q2-2026, tourism activity, measured by hotel occupancy, rebounded in all regions with respect to Q1-2026, except in the Southern one.

Regional Indicator of Hotel Occupancy

Index 2019=100, s. a.

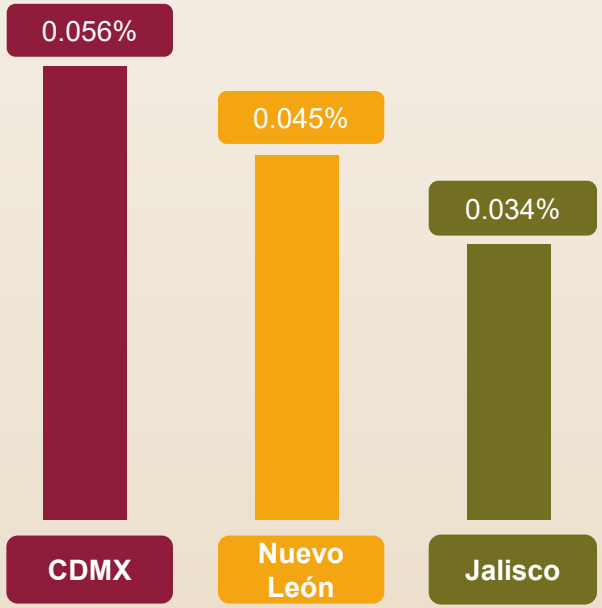


s. a. / Seasonally adjusted data.
Source: Prepared and seasonally adjusted by Banco de México with data from the Mexican Ministry of Tourism.

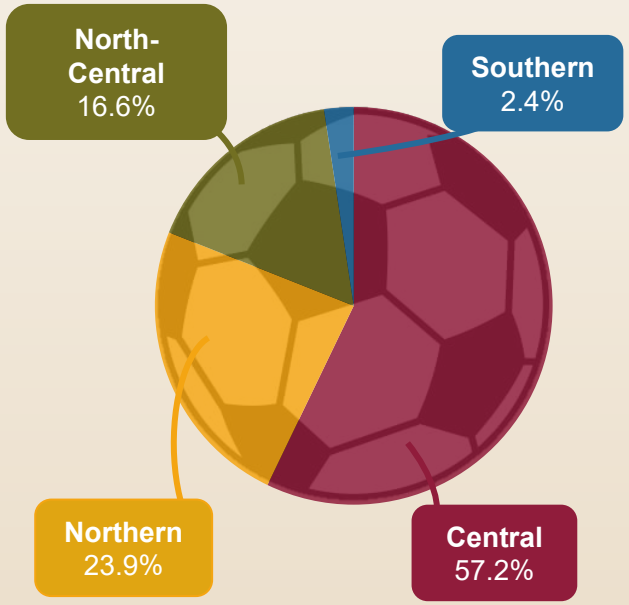
Effects of foreign tourists' spending on economic activity and price dynamics during the FIFA World Cup

- Spending by foreign tourists during the World Cup appears to have had a **positive but limited effect** on economic activity in the host states. **No significant pressures were observed** in the prices of services analyzed in the host cities.

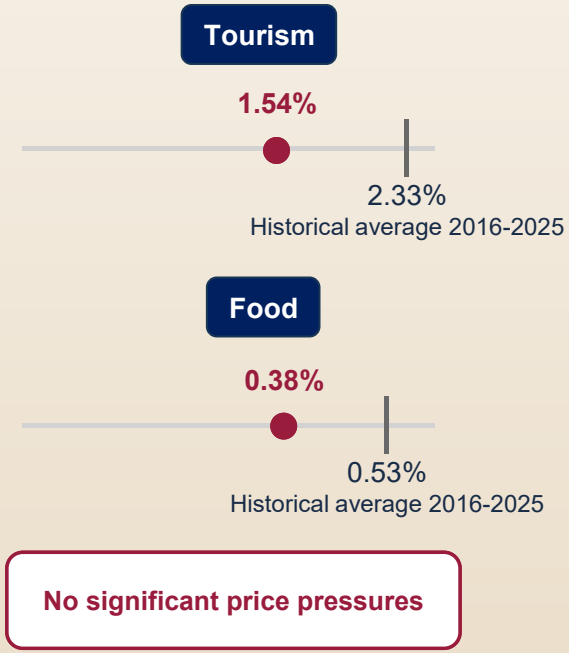
Estimated impact of foreign tourists' spending relative to host states' GDP



Distribution of the estimated total effect by region



Monthly price variation of services in host states in June 2026



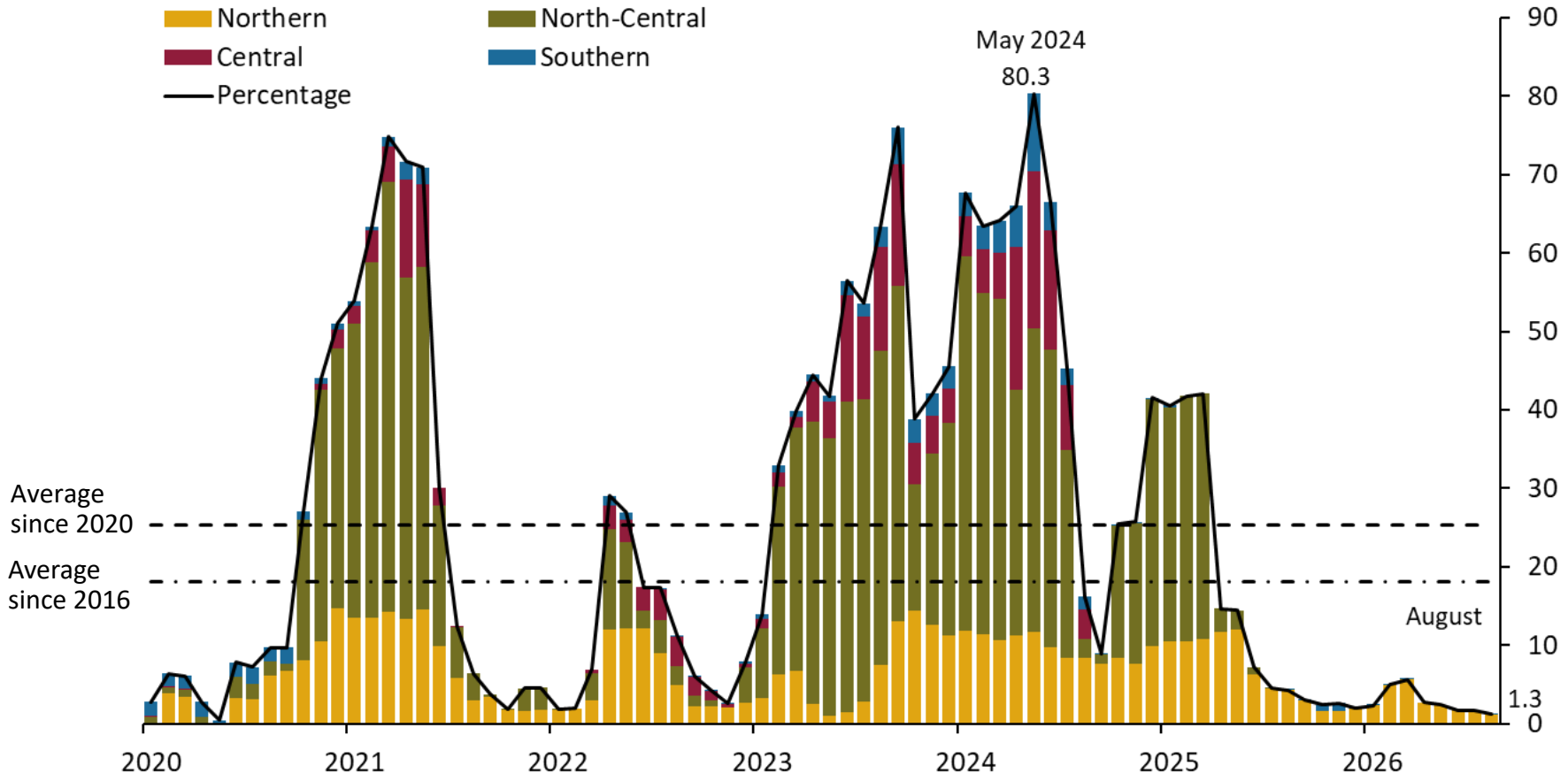
No significant price pressures

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

During Q2-2026, the exposure of agricultural production to drought remained low and continued to be concentrated mainly in the Northern region.

Percentage of agricultural production exposed to drought, by region

Data in percent

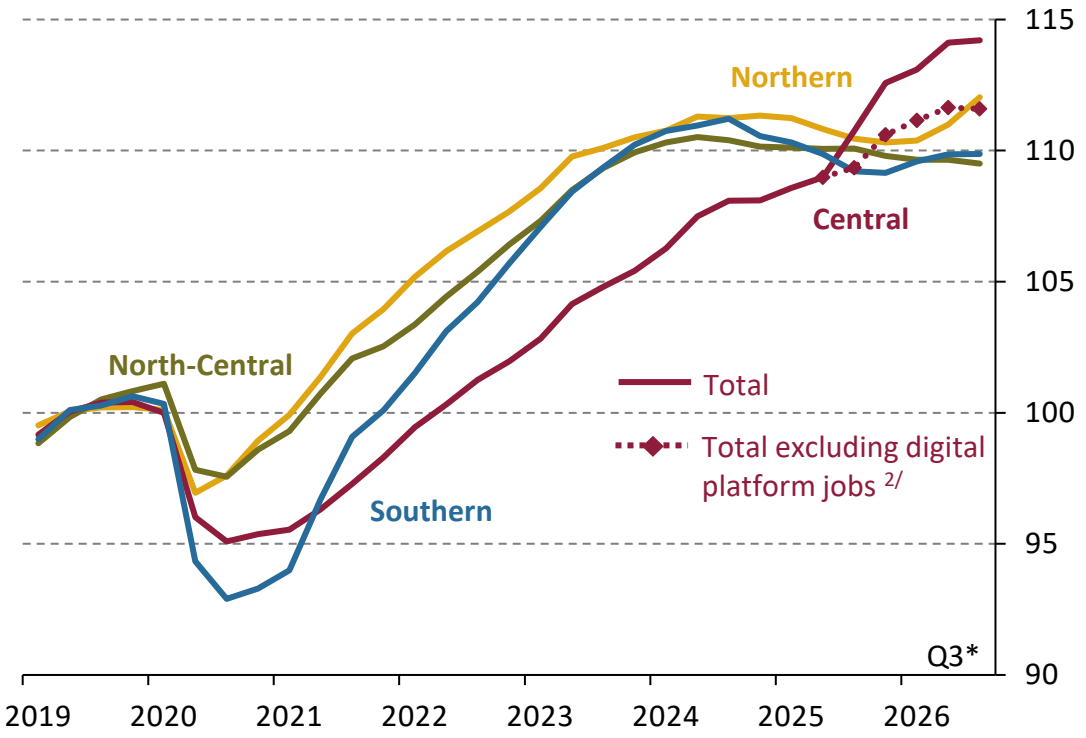


Note: The percentage shown is the weighted sum of the drought exposure index of 16 agricultural products, with each product weighted according to its share in the total production of the goods considered.
Source: Prepared by Banco de México based on data from SIAP (*Servicio de Información Agroalimentaria y Pesquera*) and CONAGUA (*Comisión Nacional del Agua*).

During the reporting period, labor market indicators registered conditions similar to those observed in Q1-2026, albeit with some signs of weakness and with regional variations.

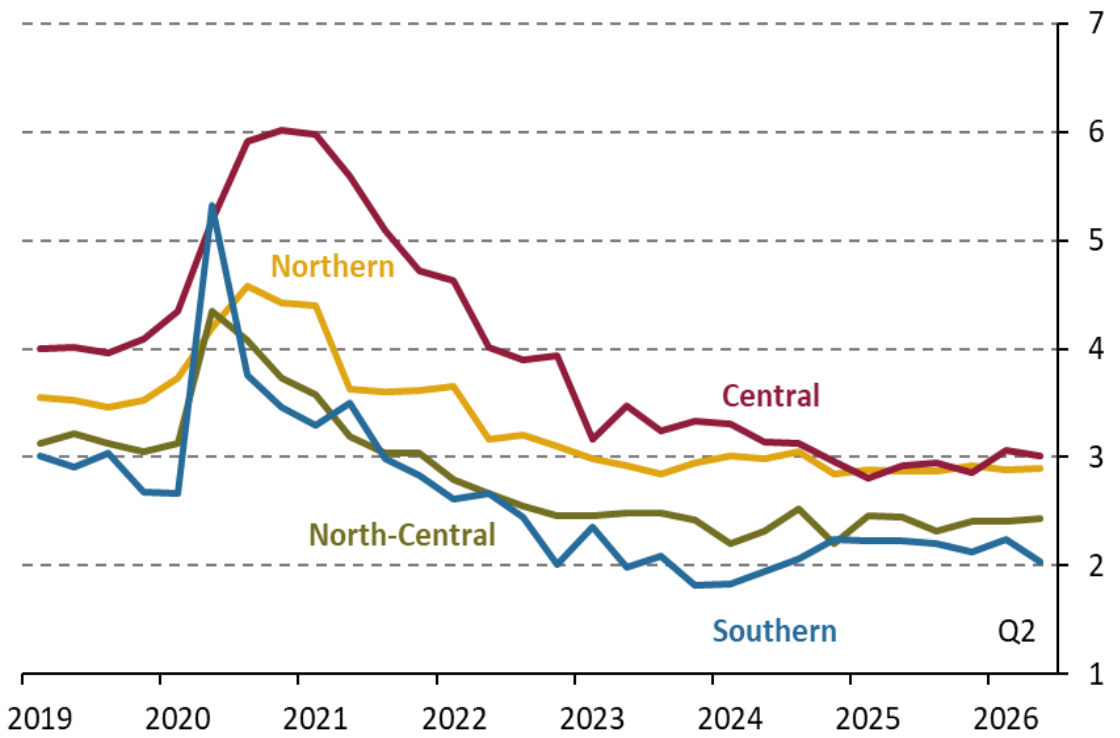
Number of IMSS-insured workers 1/

Index 2019=100, s. a.



Unemployment rate

Percent, s. a.

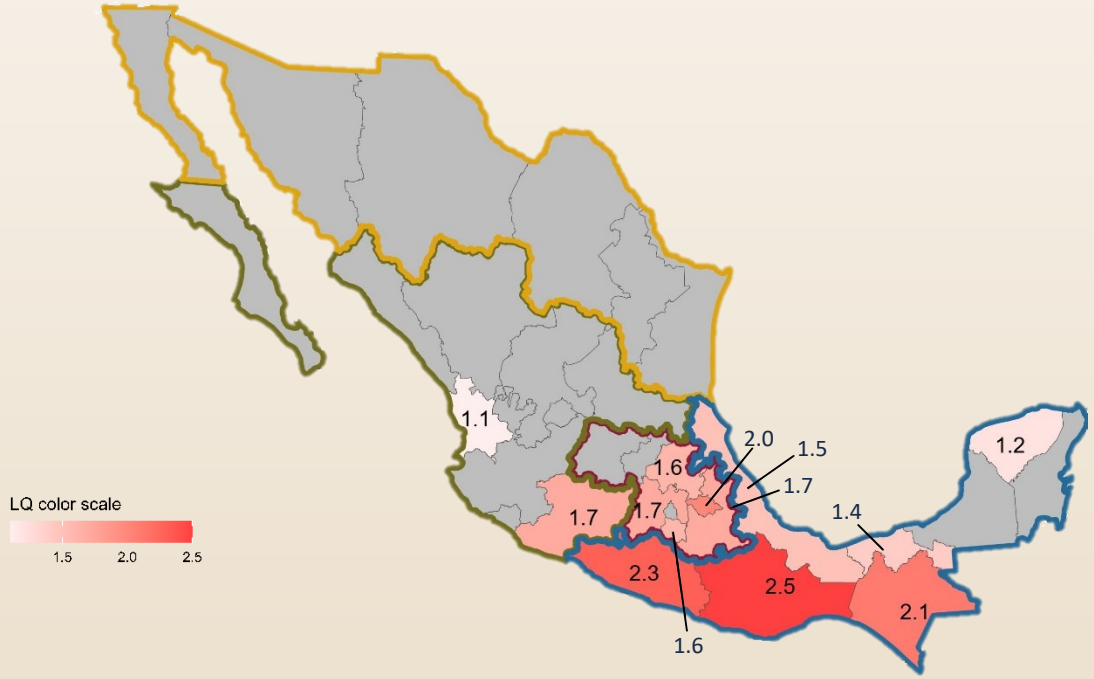


s. a. / Seasonally adjusted data.
*/ Data as of August.
1/ Permanent and temporary jobs in urban areas.
2/ This series does not take into account new jobs registered with IMSS as part of the pilot program to incorporate digital platform workers into the mandatory social security system. A total of 197,750 jobs related to this pilot program were registered nationwide in August.
Source: Prepared and seasonally adjusted by Banco de México with data from INEGI.

Regional and sectoral concentration of employed individuals in informal economic units

- Relative concentration of employed individuals in informal economic units varies significantly across states and economic sectors.[1/] At the regional level, **this concentration is higher in several states of the Central and, especially, the Southern regions of Mexico**.

States with higher relative concentration of employed individuals in informal economic units



Sectors with higher relative concentration and a high share of workers employed in informal economic units across states

Retail sales

Accommodation and food preparation

Various service activities

1/ Relative concentration measures the share of the employed individuals in informal economic units in a given state, or in a given sector within that state, relative to the corresponding national share. This concentration is measured using the location quotient (LQ). A value greater than one indicates that the share of the employed workforce in informal economic units in a given state, or in a given sector in that state, is higher than the corresponding national share.
Source: Prepared by Banco de México with data from the 2024 Economic Census (INEGI).

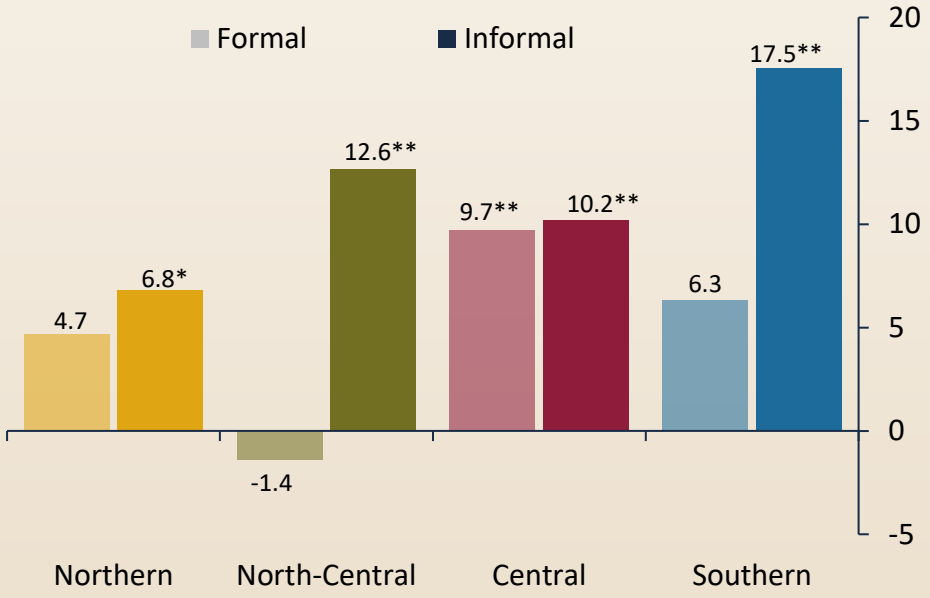
Access to employment by formality status with a regional and gender focus

- Gender gaps related to the **probability of receiving a job offer and to the offered salary** are substantially wider in informal jobs than in formal ones in the four regions.

Gender gaps in access to employment and job offers

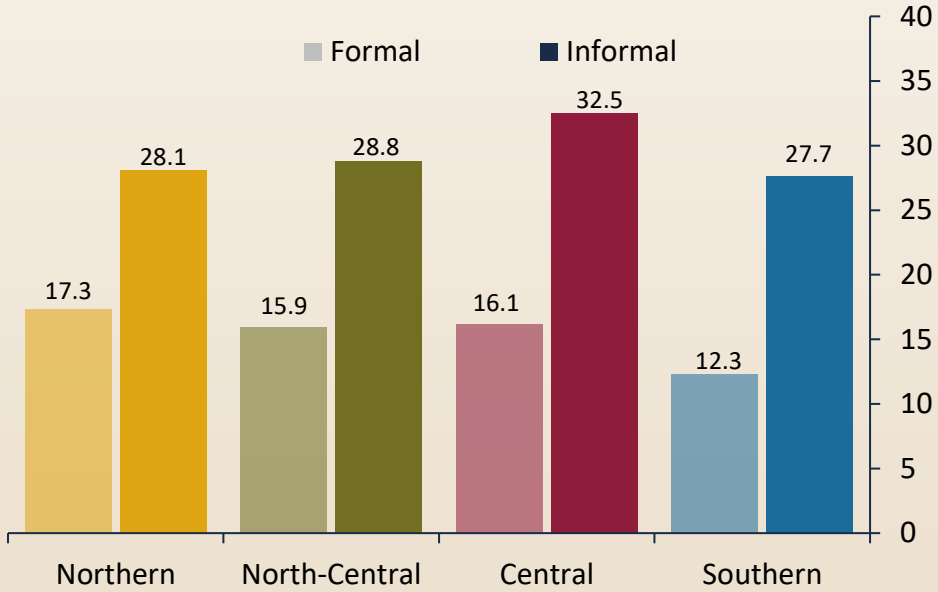
a) Probability of receiving a job offer

Percentage [1/]



b) Probability of receiving a high salary offer

Percentage points



1/ * Significant at the 5% level; ** Significant at the 1% level.
Source: Prepared by Banco de México based on data from INEGI's National Occupation and Employment Survey (ENOE, for its acronym in Spanish).

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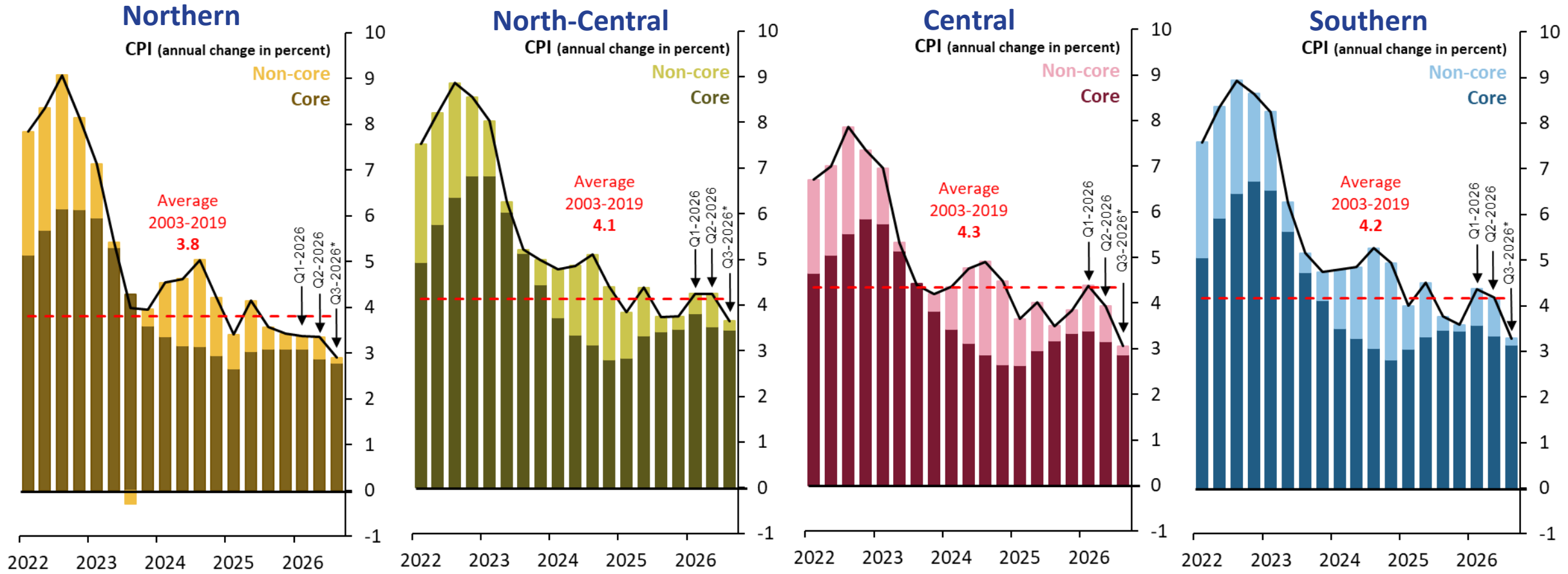
(based on data collected between June 29 and July 23, 2026)

III. Final remarks

Annual headline inflation decreased in Q2-2026, driven by the downward trend in core inflation and the decline in non-core inflation starting from May.

Consumer Price Index and contributions by region

Annual change in percent and percentage points



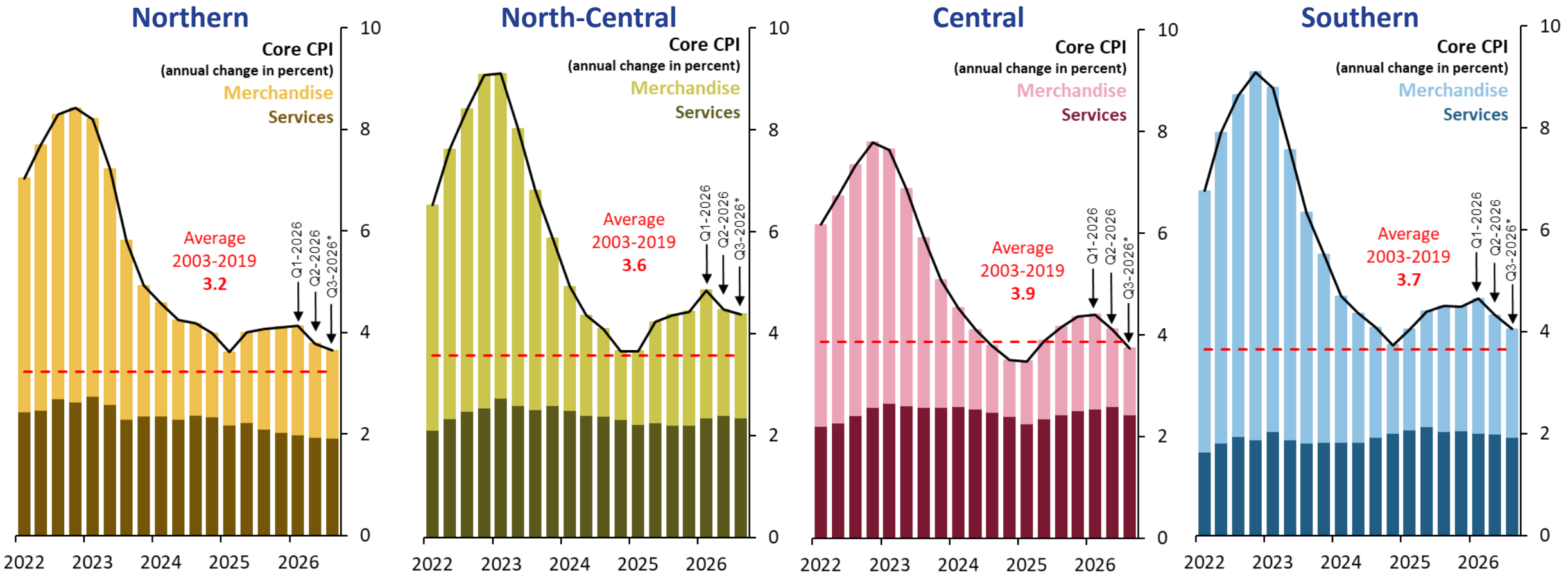
*/ Data as of August.

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

Core inflation declined in all regions during Q2-2026, due to the lower annual variation in merchandise prices following the limited and temporary impact of the changes to the IEPS implemented in early 2026.

Core CPI and contributions by region

Annual change in percent and percentage points



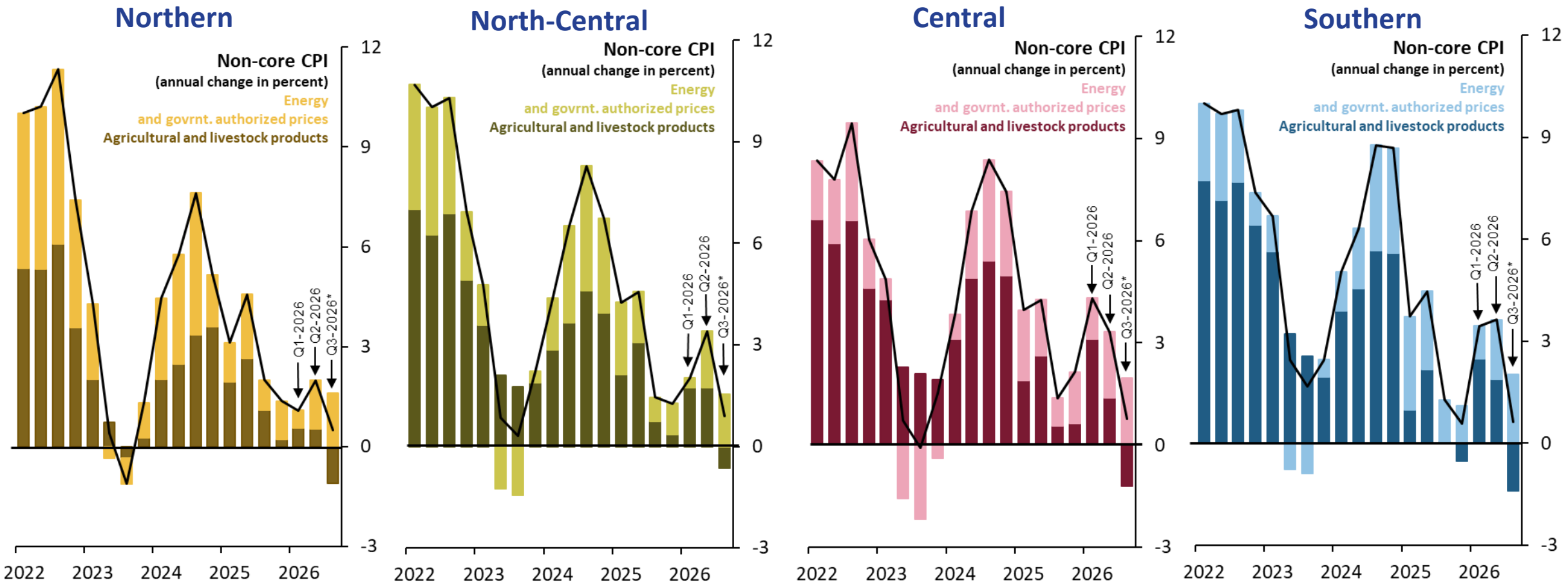
*/ Data as of August.

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

Between Q1-2026 and Q2-2026, annual non-core inflation rose in all regions except for the Central region. So far in Q3-2026, it has moderated in all regions.

Non-core CPI and contributions by region

Annual change in percent and percentage points



*/ Data as of August.

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

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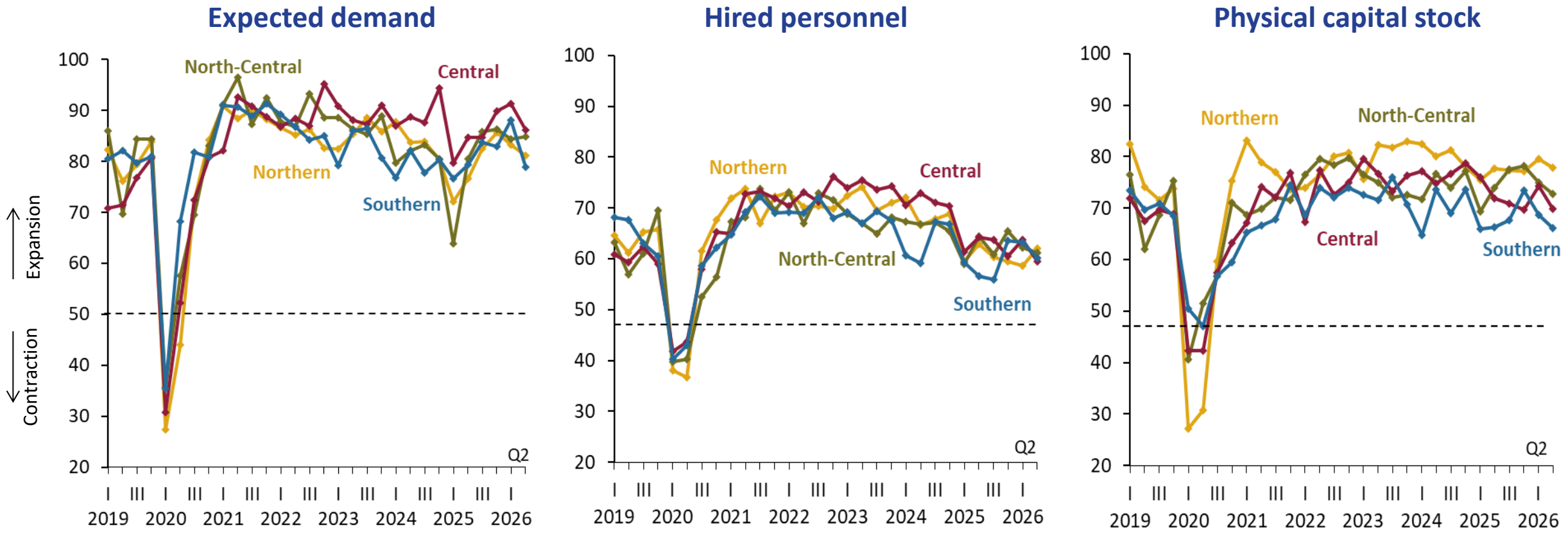
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In the most recent round of interviews, business contacts continued anticipating an expansion in demand, employment, and investment over the next twelve months.

Business agents' expectations: demand, hired personnel, and physical capital stock in the next 12 months [1/]

Diffusion indices



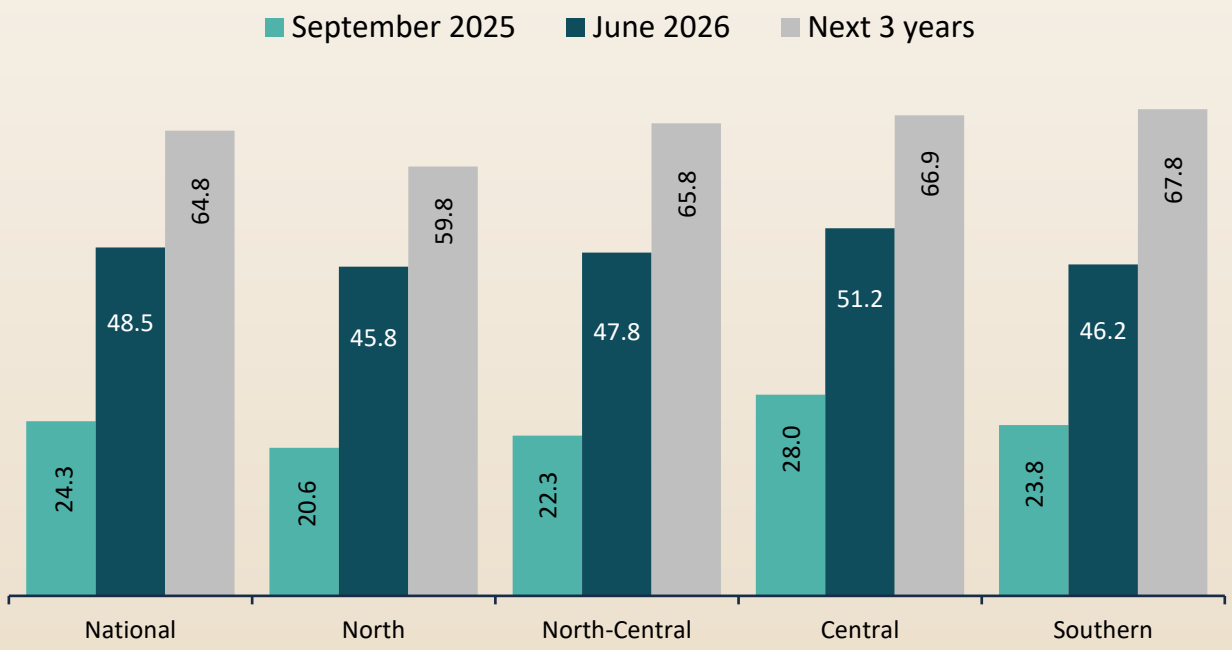
1/ Results obtained from the questions: "With respect to the previous 12 months, how do you expect your sales volume to change over the next 12 months, how do you expect the total number of workers in your company to change over the next 12 months?" and "With respect to investment in fixed assets made by your company during the previous 12 months, how do you expect the level of investment to change over the next 12 months?", included in the interviews conducted by Banco de México. Expectations corresponding to each Report were collected during the four weeks following the end of the reported quarter. In the case of Q2-2026, they were obtained between June 29 and July 23, 2026.

Business opinion on the adoption of artificial intelligence in Mexico and its impact on employment and productivity

- **The adoption of artificial intelligence technologies among companies with more than 100 employees has increased and is expected to continue to advance.** So far, according to business contacts, its effects on employment have been limited and slightly positive on sales per employee. Looking ahead, they anticipate more favorable effects, particularly on sales per employee.

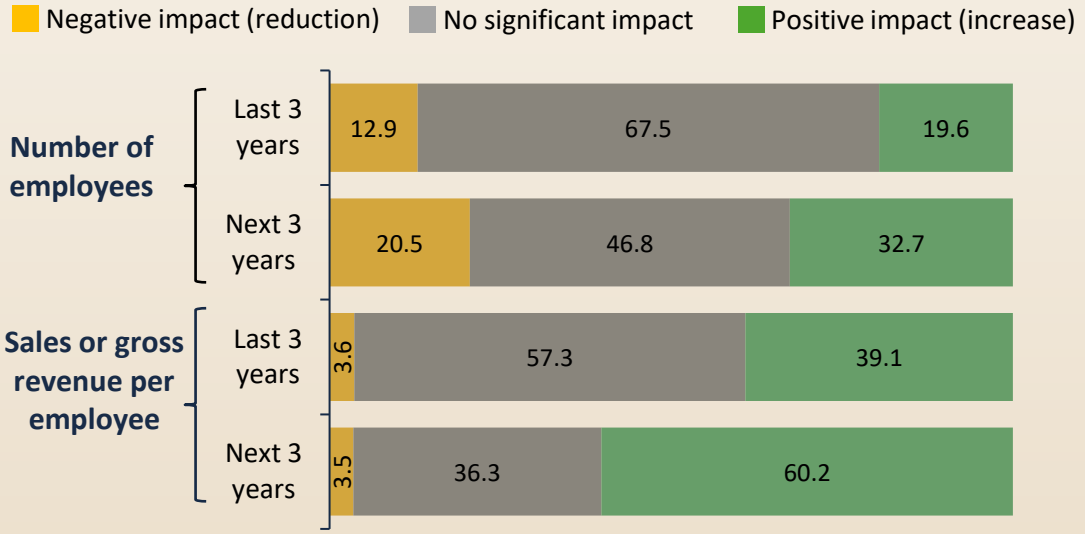
Adoption of artificial intelligence by companies in Mexico

Percentage of companies



Impact of adopting artificial intelligence technologies on business metrics

Percentage of companies that reported using AI (last 3 years) and that reported expecting to use it (next 3 years)

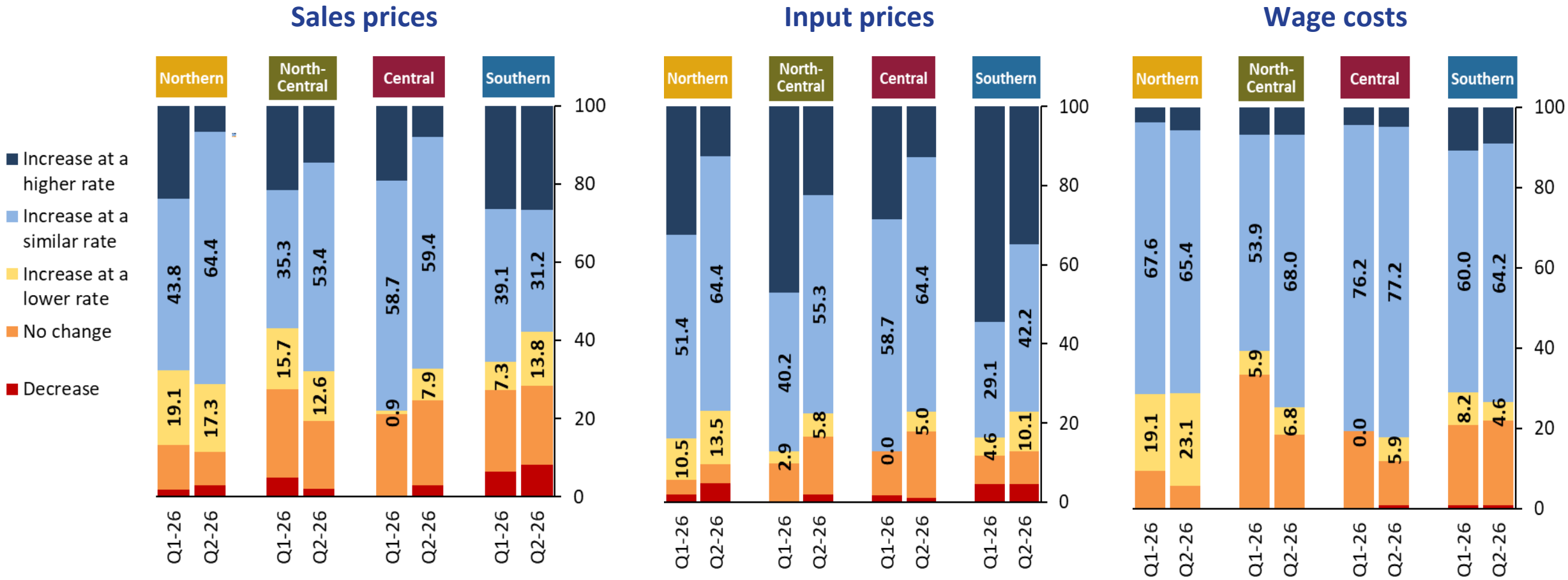


Source: Prepared by Banco de México using data from the Monthly Survey of Regional Economic Activity (EMAER, for its acronym in Spanish).

During Q2-2026, the expectation that sales prices and costs would grow at rates equal to or lower than those observed in the previous twelve months prevailed.

Business executives' expectations: annual variation in the next 12 months [1/]

Percentage of responses



1/ Results obtained from the question: "With respect to the previous 12 months, how do you anticipate sales prices in your sector to change over the next 12 months?", included in the interviews conducted by Banco de México. Expectations corresponding to each Report were collected during the four weeks following the end of the reported quarter. In the case of Q2-2026, they were obtained between June 29 and July 23, 2026.

Business executives' response distribution when asked about the top three factors that could hinder growth of economic activity in their states over the next six months

Percentage of responses

Based on data collected between June 1 and 29, 2026 [1/]

Northern		North-Central		Central		Southern	
Factor	Percentage of responses	Factor	Percentage of responses	Factor	Percentage of responses	Factor	Percentage of responses
Inflation	**28.3%**	Governance	**31.5%**	Inflation	**25.3%**	Inflation	**29.4%**
External conditions	**22.6%**	Inflation	**24.4%**	Governance	**25.1%**	Governance	**26.0%**
Governance	**21.2%**	Domestic economic conditions	**15.1%**	External conditions	**18.2%**	Domestic economic conditions	**21.1%**

1/ Question: What do you consider to be the three main factors limiting the growth of economic activity in your state over the next six months? This question is similar to the one included in the questionnaire of the Survey on Expectations of Private Sector Economic Specialists.

Source: Prepared by Banco de México.

Business executives' opinion on risks to regional economic activity (based on data collected between June 29 and July 23, 2026) 1/

Downward risks

- That public safety indicators deteriorate.
- That public investment in infrastructure is lower than expected.
- That climate-related phenomena adversely affect the performance of the regions.
- That uncertainty surrounding the US trade policies increases, thus affecting regional economic activity.

Upward risks

- That public spending, particularly on infrastructure projects, is higher than expected.
- That more favorable conditions are observed both domestically and internationally to foster private investment.
- That public safety levels improve.

1/ Results obtained from the questions: "What are the 2 main events/situations/facts that if they were to occur would boost economic performance in your state over the next 12 months?" and "What are the 2 main events/situations/facts that if they were to occur would limit economic performance in your state over the next 12 months?", included in the interviews conducted by Banco de México between June 29 and July 23, 2026.

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Final remarks

- **Looking ahead, the regional economies are expected to keep expanding at a moderate pace**, in a complex and uncertain environment that will continue posing challenges to their growth.

- **The international context will continue presenting both challenges and opportunities.** Although it was expected, the triggering of the USMCA's annual review mechanism prolonged uncertainty about the future of trade relations in North America, which could affect investment decisions. Meanwhile, changes in global production and trade patterns could benefit Mexican exports and help attract investment and foster the relocation of production processes in Mexico.

- **Strengthening domestic sources of growth and fostering an environment conducive to investment will be essential for increasing productivity and the regions' potential growth**. To this end, progress in human capital formation, infrastructure, security and adoption of technology remains a priority, along with strengthening the capacity to adapt to climate change.

Regional Economic Report

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September 2026

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