

Regional Economic Report
October – December 2025

BANCO DE MÉXICO®

Outline

I. Regional Economic Report

II. Results October – December 2025

A. Economic activity

B. Inflation

C. Economic outlook

(based on data collected between January 2 and 29, 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 Q4-2025 and the prospects of business executives surveyed between January 2 and 29, 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 October – December 2025**

   A. **Economic activity**

   B. Inflation

   C. Economic outlook

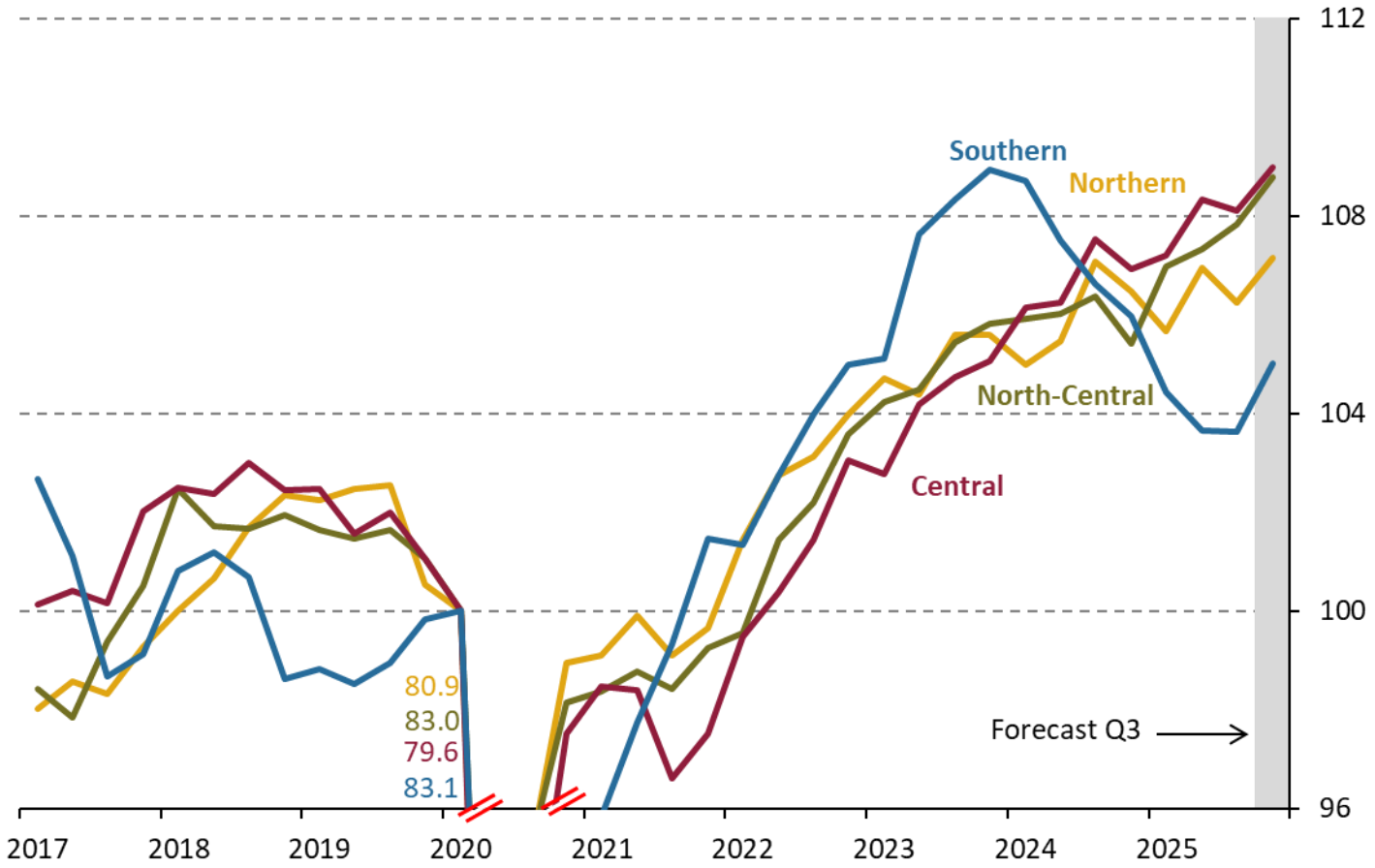
      (based on data collected between January 2 and 29, 2026)

III. Final remarks

Economic activity is estimated to have grown in all regions in Q4-2025.

Quarterly Indicator of Regional Economic Activity

Index Q1 2020=100, s. a.

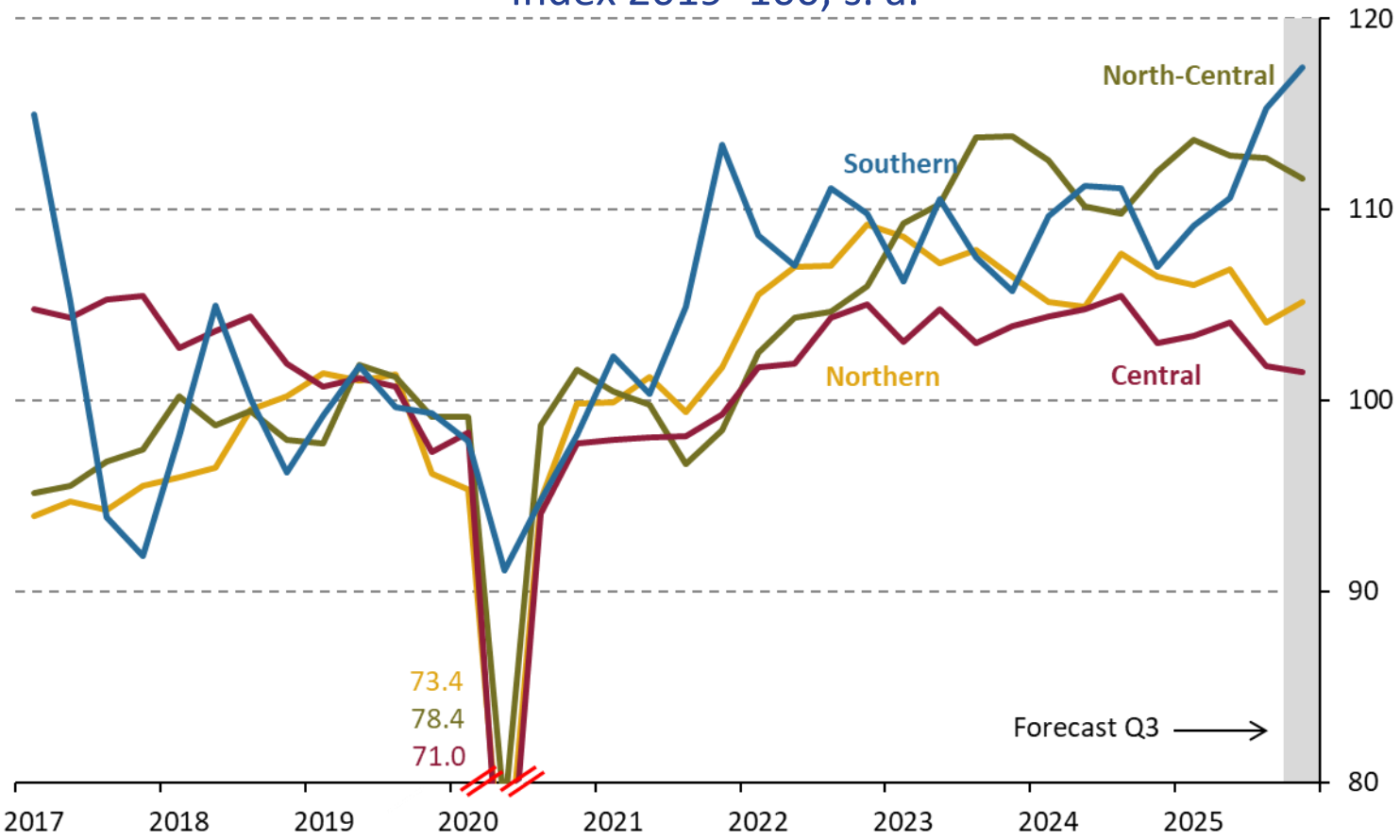


s. a. / Seasonally adjusted data.
Source: Estimated by Banco de México with seasonally adjusted series of the Quarterly Indicator of State Economic Activity by INEGI.

The manufacturing sector remained weak in Q4-2025, with a mixed performance by region. Manufacturing in central regions is estimated to have kept contracting, in the north to have grown slightly, and in the south to have continued expanding.

Regional Manufacturing Indicator

Index 2019=100, s. a.



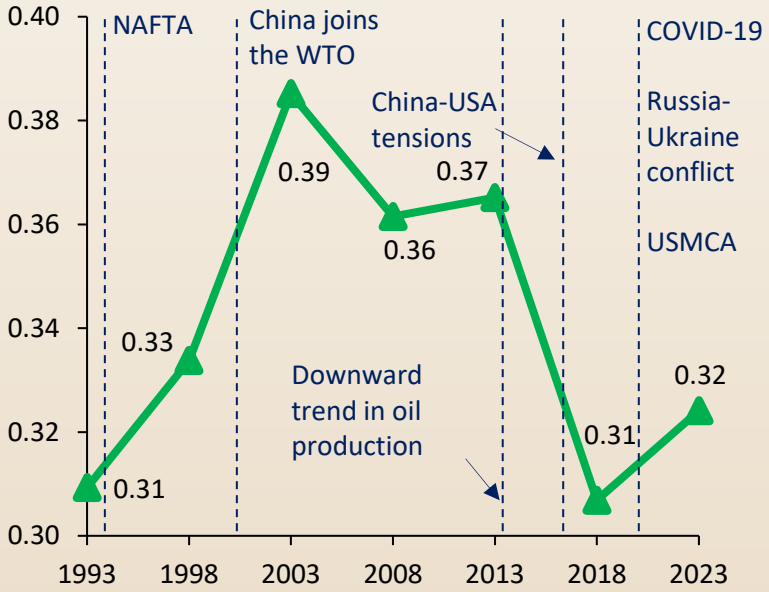
s. a. / Seasonally adjusted data.

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

Spatial distribution and specialization of manufacturing industry, 2013-2023

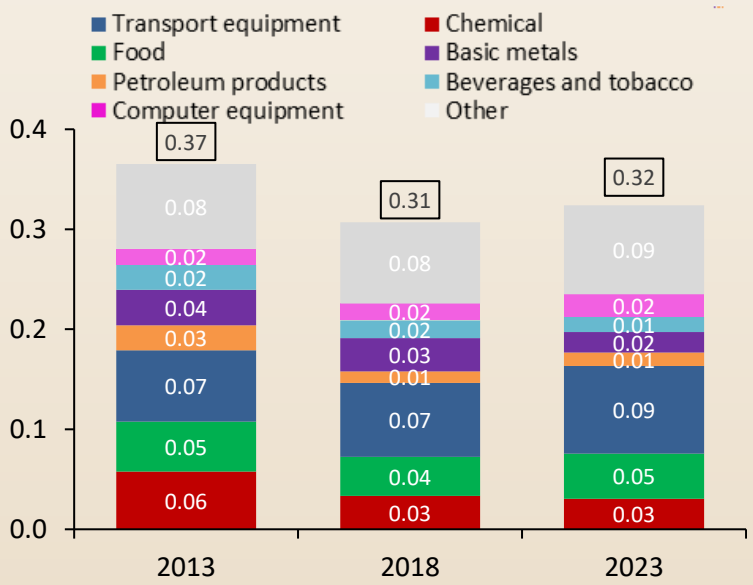
Between **2013 and 2018**, the **geographical concentration** and **productive specialization** of **manufacturing** declined, **primarily due to the contraction of industries linked to oil extraction in the Southern region**. From 2018 to 2023, this **trend reversed partially**, driven by the **reconfiguration of global value chains**, the **stabilization of oil production**, and **growth of the food, transportation equipment and computing industries**, with a stronger **contribution from the north and south in terms of specialization.**

Global Localization Index (GLI) and Global Specialization Index (GSI)



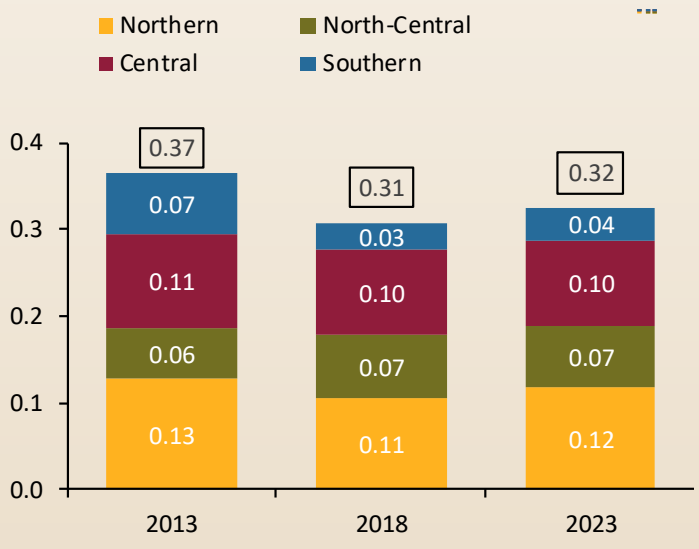
Note: The green line represents both the GLI and GSI, as they are identical by construction.
Source: Prepared by Banco de México with data from INEGI.

Contributions to GLI by sector, 2013-2023



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

Contributions to GSI by region, 2013-2023

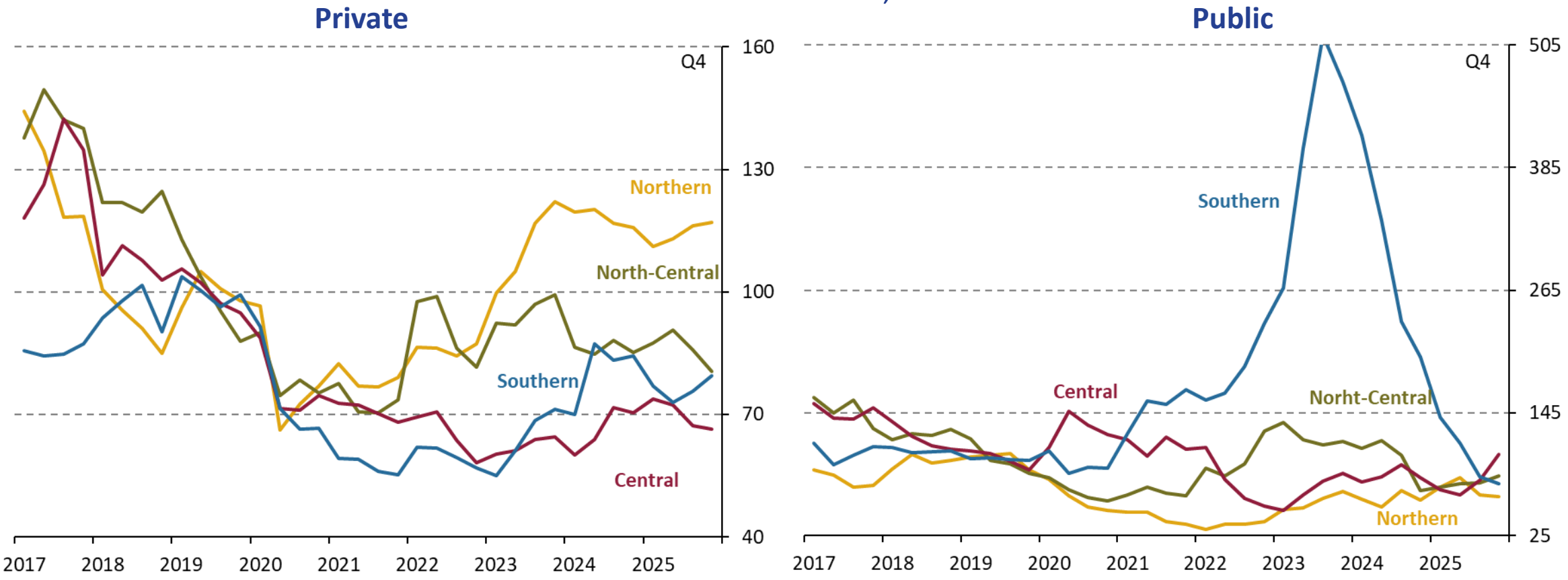


Source: Prepared by Banco de México with data from INEGI.

In Q4-2025, growth of construction in the center was driven by increased public infrastructure projects. In contrast, the decline in the north and south was due to the poor performance of the latter component, while in the North-Central region it was due to the contraction of private construction.

Real value of production in the construction industry

Index 2019=100, s. a.

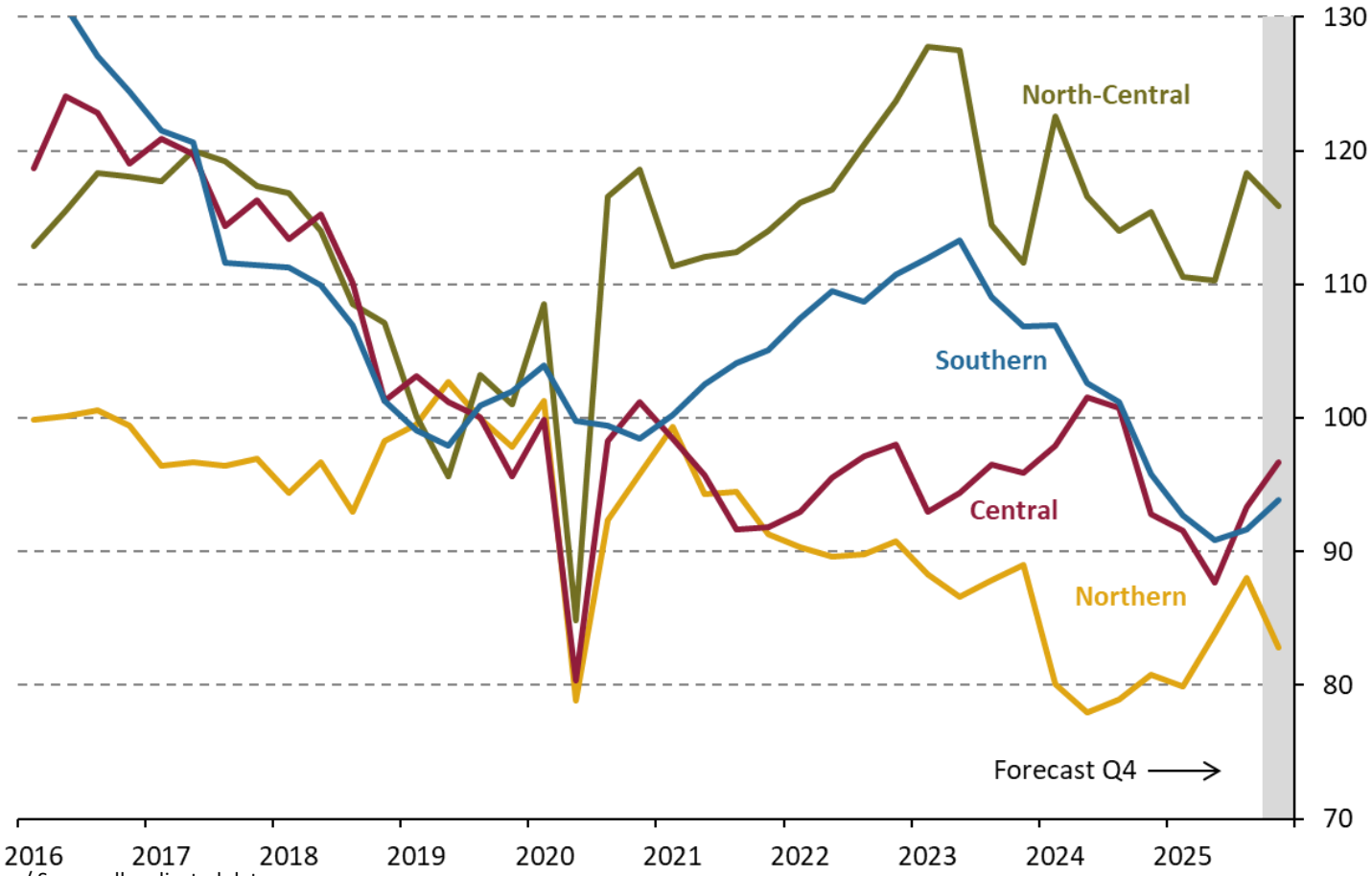


s. a. / Seasonally adjusted data.
Source: Prepared and seasonally adjusted by Banco de México with data from the National Survey of Construction Companies by INEGI.

In Q4-2025, mining activity is expected to have continued expanding in the Central and Southern regions. In contrast, in the Northern and North-Central regions mining is estimated to have decreased, after the growth observed in Q3-2025.

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

Index 2019=100, s. a.



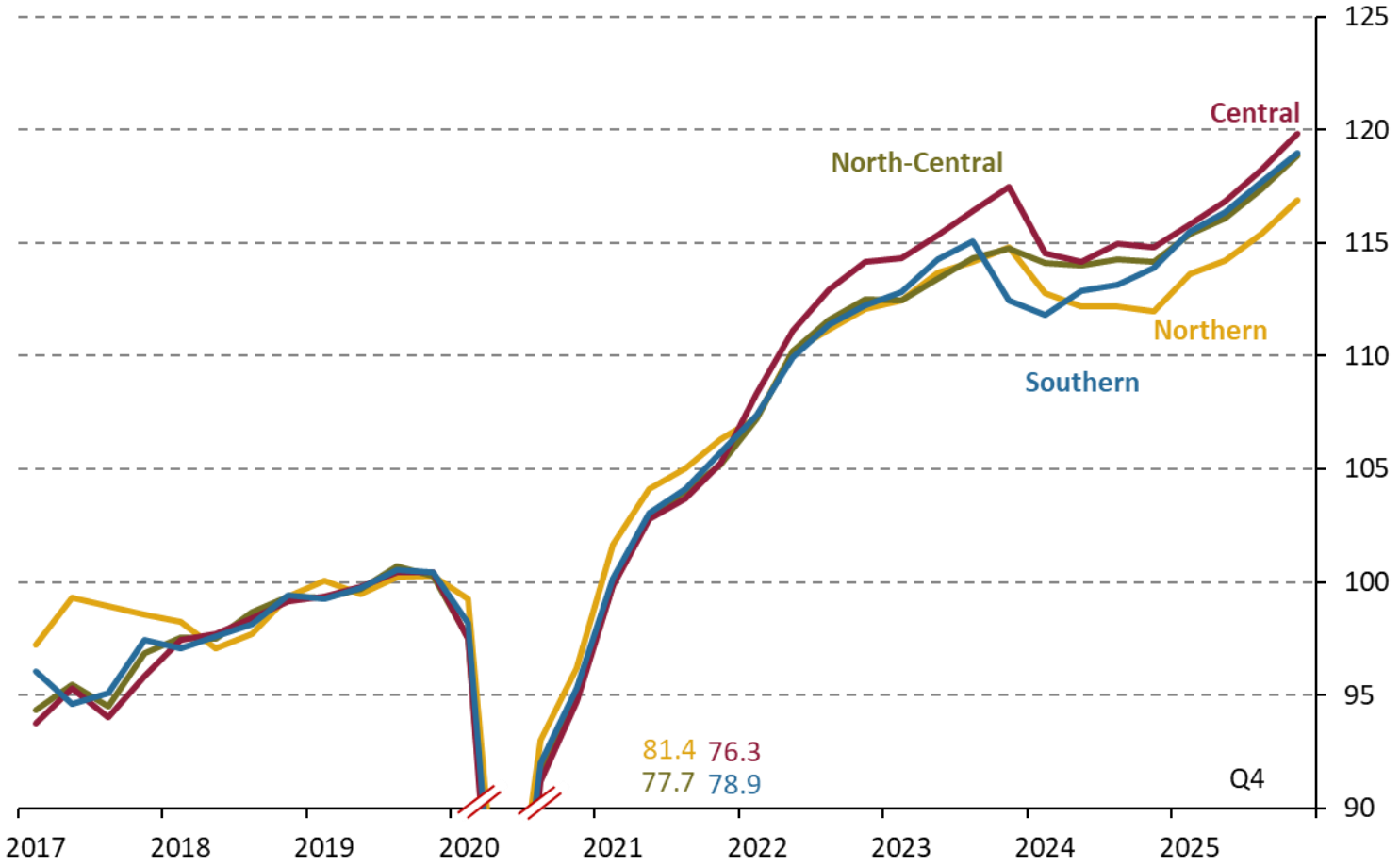
s. a. / Seasonally adjusted data.

Source: Prepared and seasonally adjusted by Banco de México based on series of the Monthly Mining Activity Indicator by State from INEGI.

In Q4-2025, sales in retail establishments continued trending upwards in all Mexican regions.

Regional Commercial Activity Indicator

Index 2019=100, s. a.

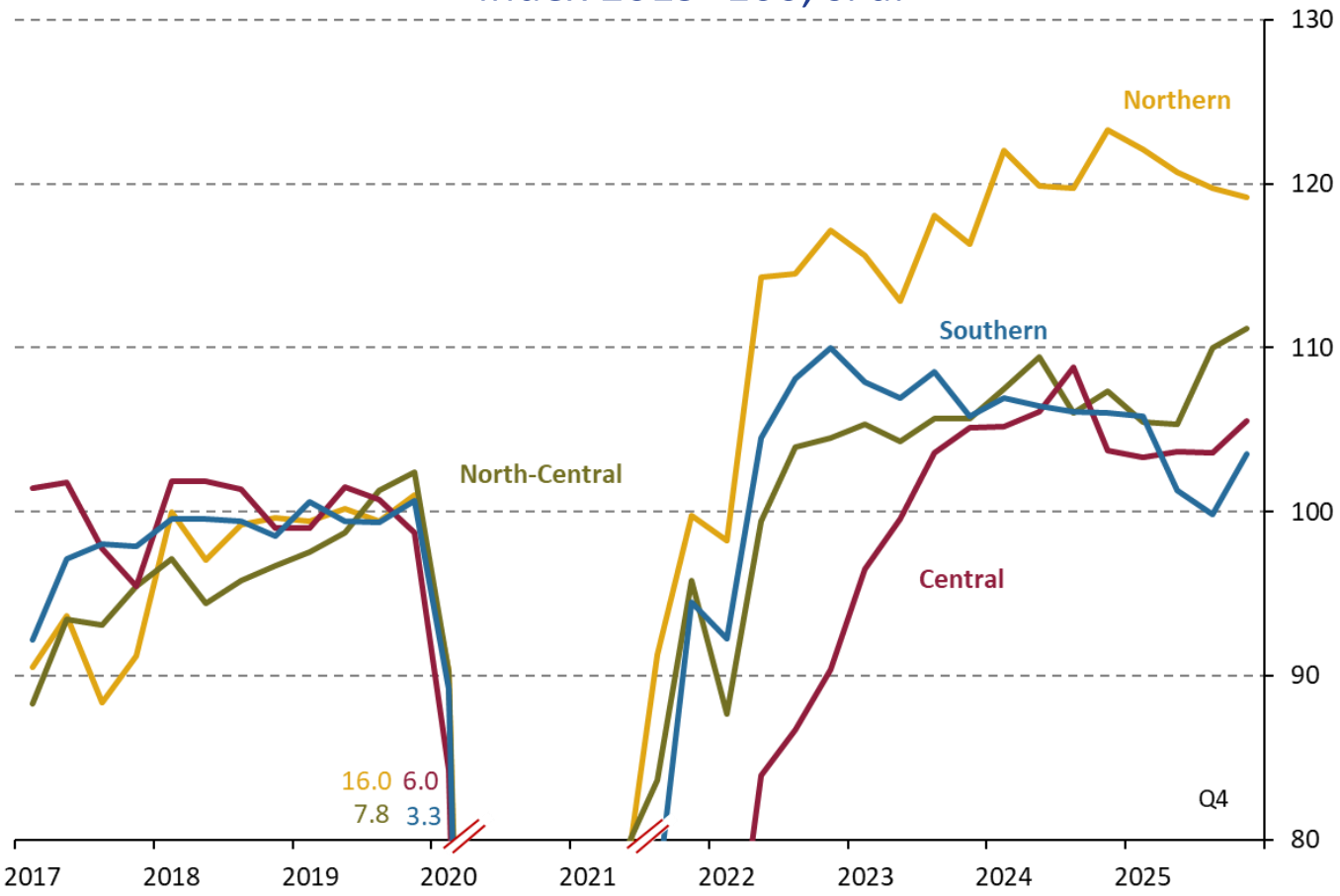


s. a. / Seasonally adjusted data.
Source: Prepared and seasonally adjusted by Banco de México with the series of Revenues of Retailers' Supply of Goods and Services by state from INEGI.

In Q4-2025, tourism activity, measured by hotel occupancy, expanded in all regions compared to Q3-2025, except for the Northern region which continued exhibiting weakness, although it remains at relatively high levels.

Regional Indicator of Hotel Occupancy

Index 2019=100, s. a.



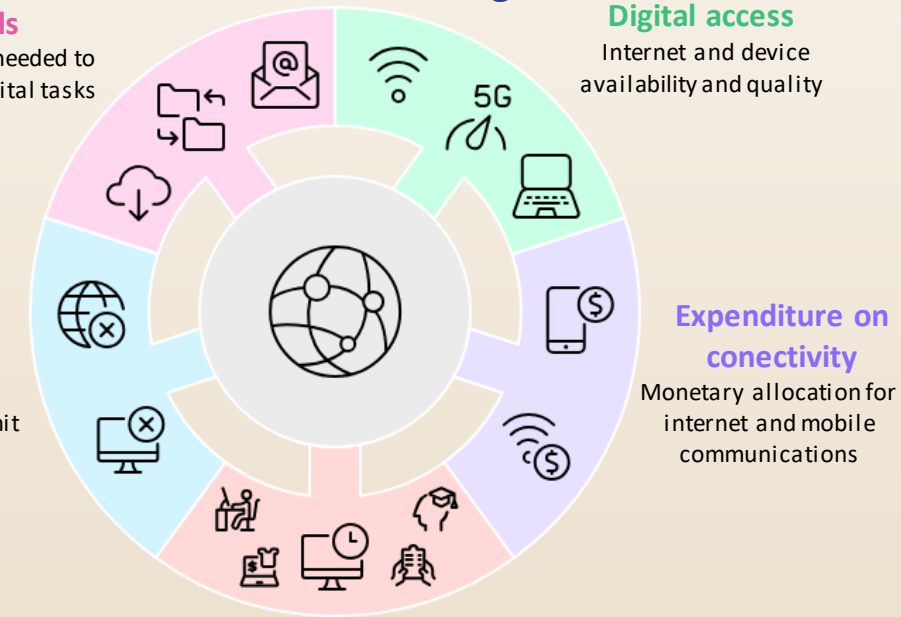
s. a. / Seasonally adjusted data.

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

Digital inclusion across Mexican regions

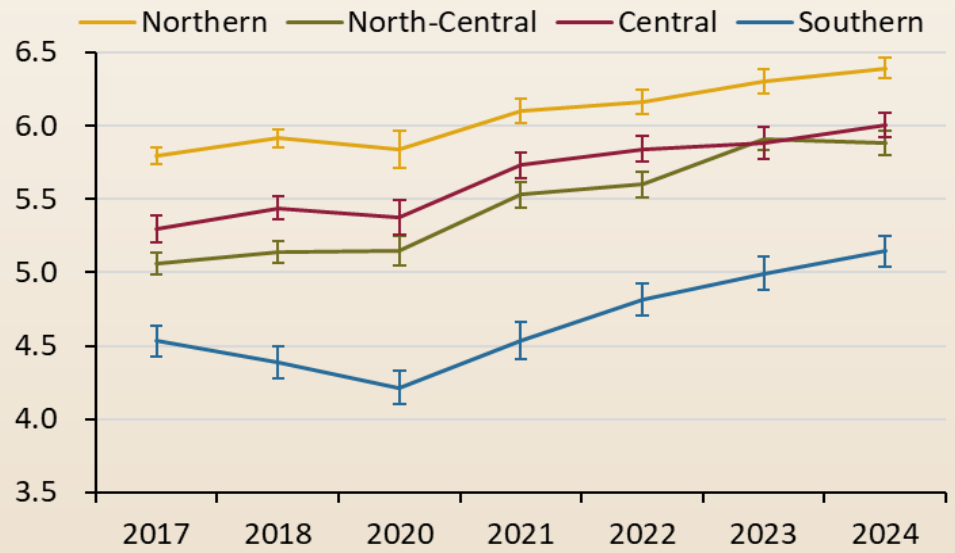
- Digital inclusion refers to households and individuals' **effective capacity** to **access**, **afford**, **use**, and **benefit from digital technologies.** It involves not only having internet access, but also **participating** in educational, work, financial, and government-related activities.
- Between 2017 and 2024, digital inclusion in **Mexico has made considerable progress**, reflecting a greater integration of digital technologies into the daily life. However, this progress exists alongside **regional differences**.

Dimensions and variables of the Digital Inclusion Index



Source: Prepared by Banco de México based on the National Survey on Availability and Use of Information Technologies in Households (ENDUTIH, for its acronym in Spanish) by INEGI.

Global Digital Inclusion Index

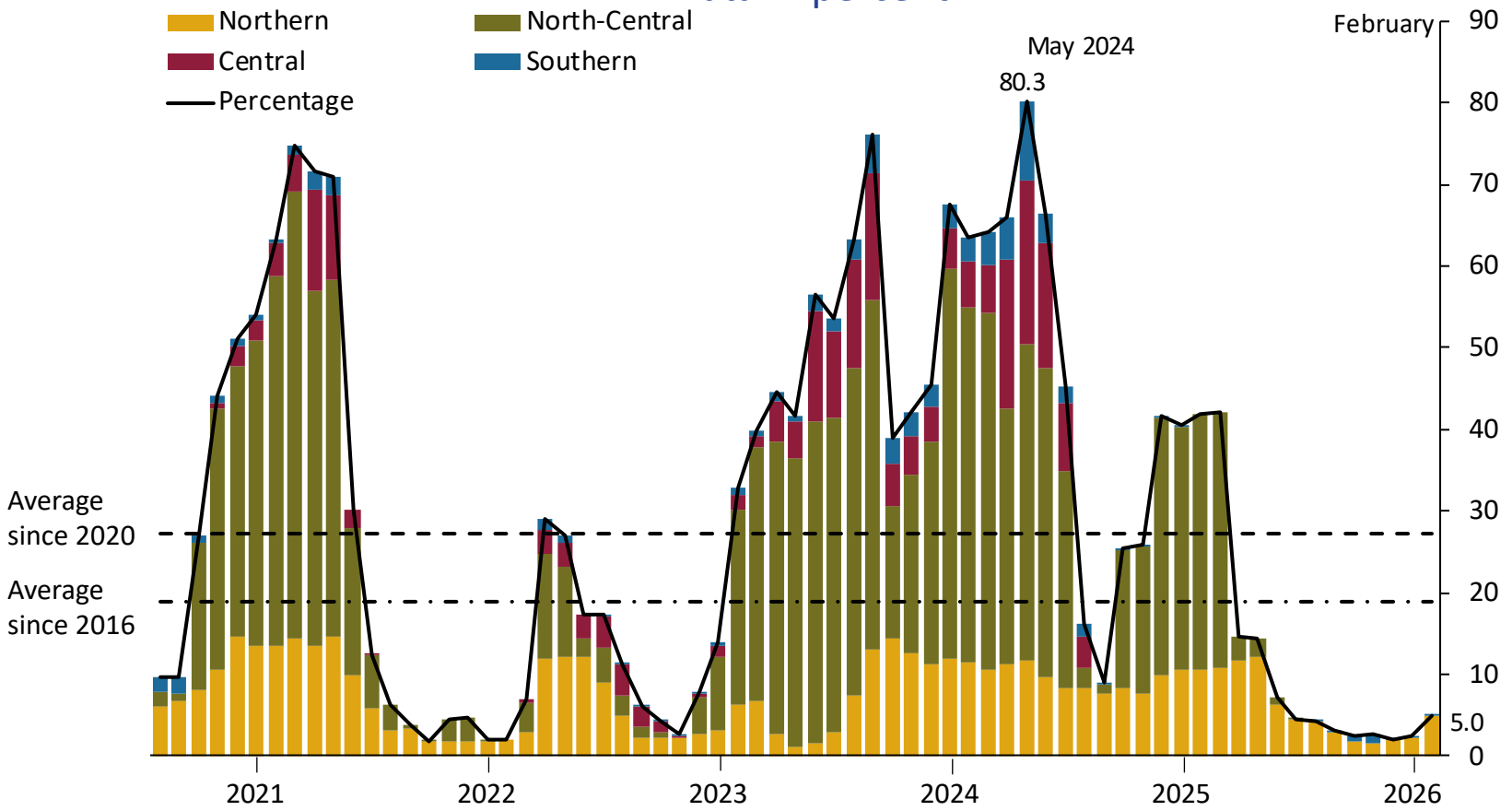


Note: The 2019 ENDUTIH was excluded from the study because it is not representative at the state level. The values correspond to normalized indices on a scale from 0 to 10, where higher values indicate greater digital inclusion. Whiskers on each line represent the 95% confidence intervals.
Source: Prepared by Banco de México based on the National Survey on Availability and Use of Information Technologies in Households (ENDUTIH) by INEGI.

During Q4-2025, the share of agricultural production concentrated in municipalities affected by droughts remained low.

Percentage of Mexican agricultural production affected by droughts, by region

Data in percent

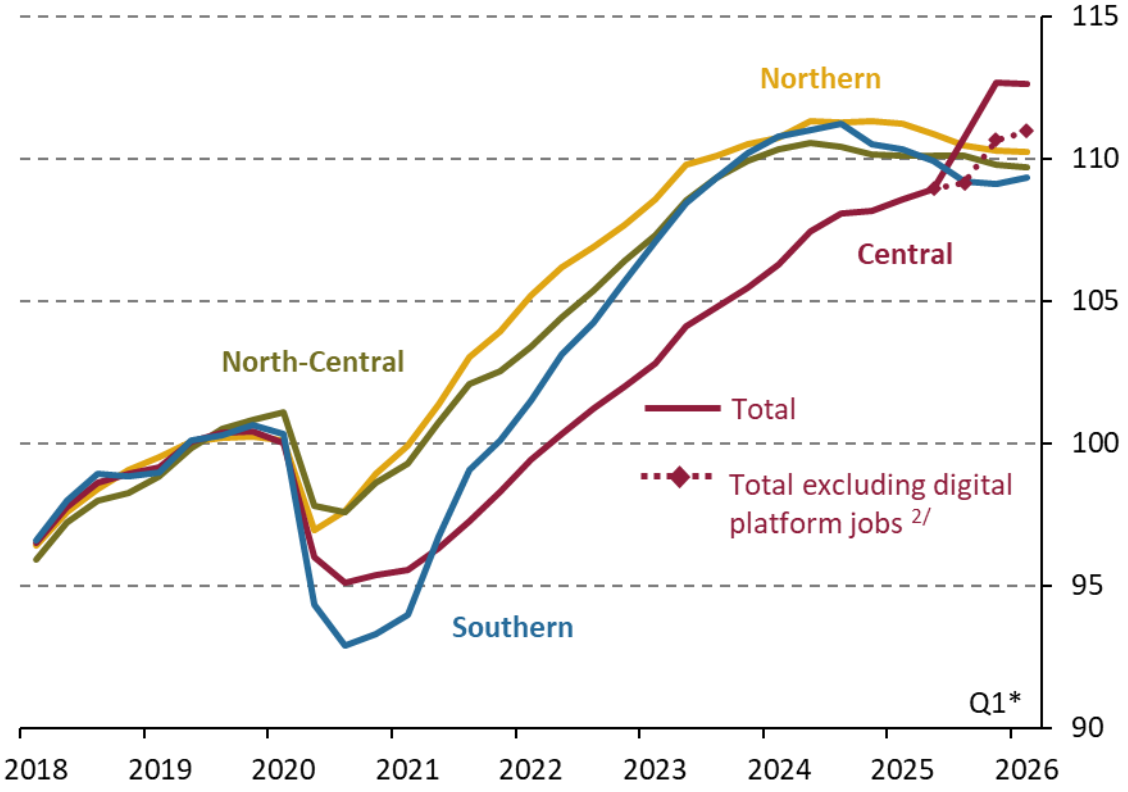


Note: The percentage shown is the weighted sum of the drought exposure index of 16 agricultural products, with each product weighted according to its share in the total production of the goods considered.
Source: Prepared and seasonally adjusted by Banco de México based on data from SIAP (*Servicio de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

In 2025, the labor market exhibited signs of cooling compared to the previous years. In particular, formal IMSS-registered employment continued exhibiting weakness during Q4-2025 in all Mexican regions, except for the Central one where it reactivated slightly.

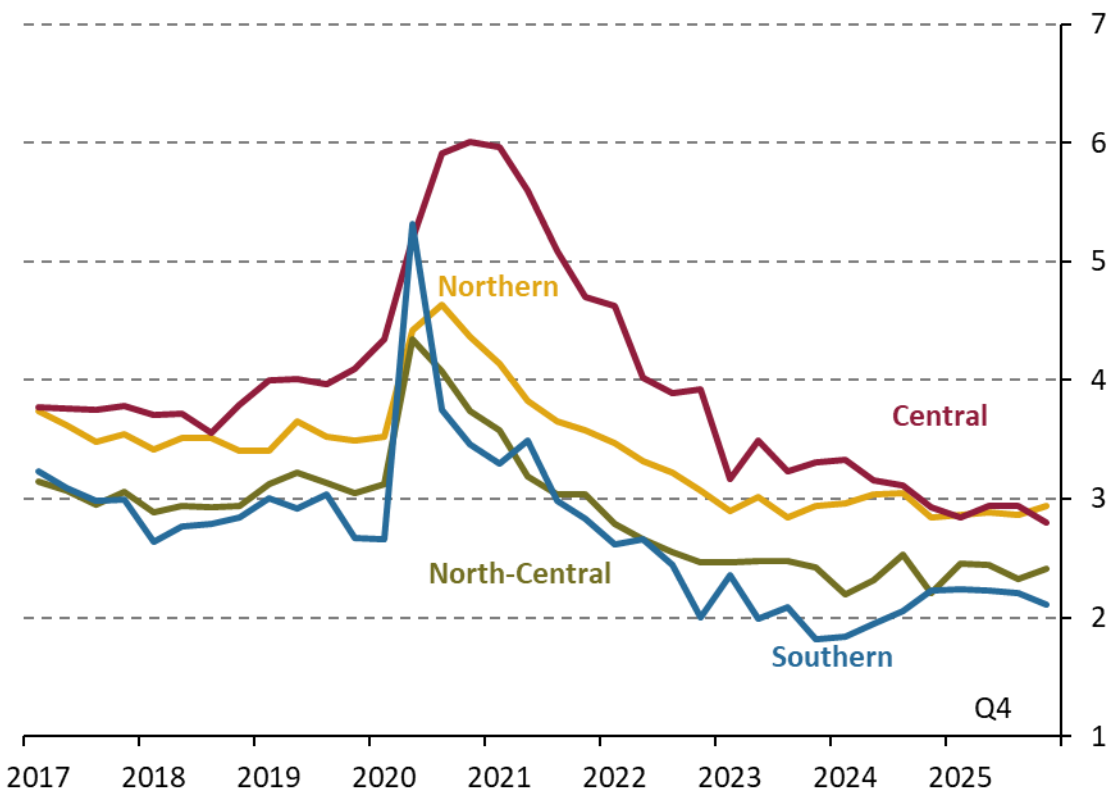
Number of IMSS-insured workers[1/]

Index 2019=100, s. a.



Unemployment rate

Percent, s. a.

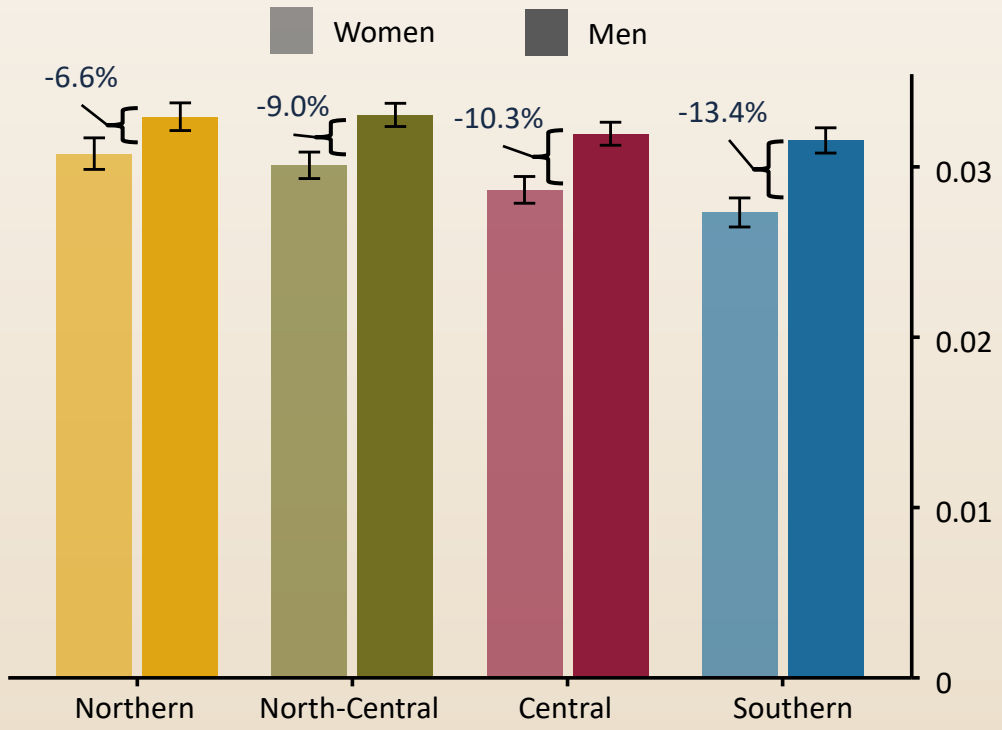


s. a. / Seasonally adjusted data.
*/ Figures as of January 2026.
1/ Permanent and temporary jobs in urban areas.
2/ This series does not take into account new jobs registered with IMSS as part of the pilot program to incorporate digital platform workers into the mandatory social security system. A total of 138,128 jobs related to this pilot program were registered nationwide in January.
Source: Prepared and seasonally adjusted by Banco de México with data from INEGI.

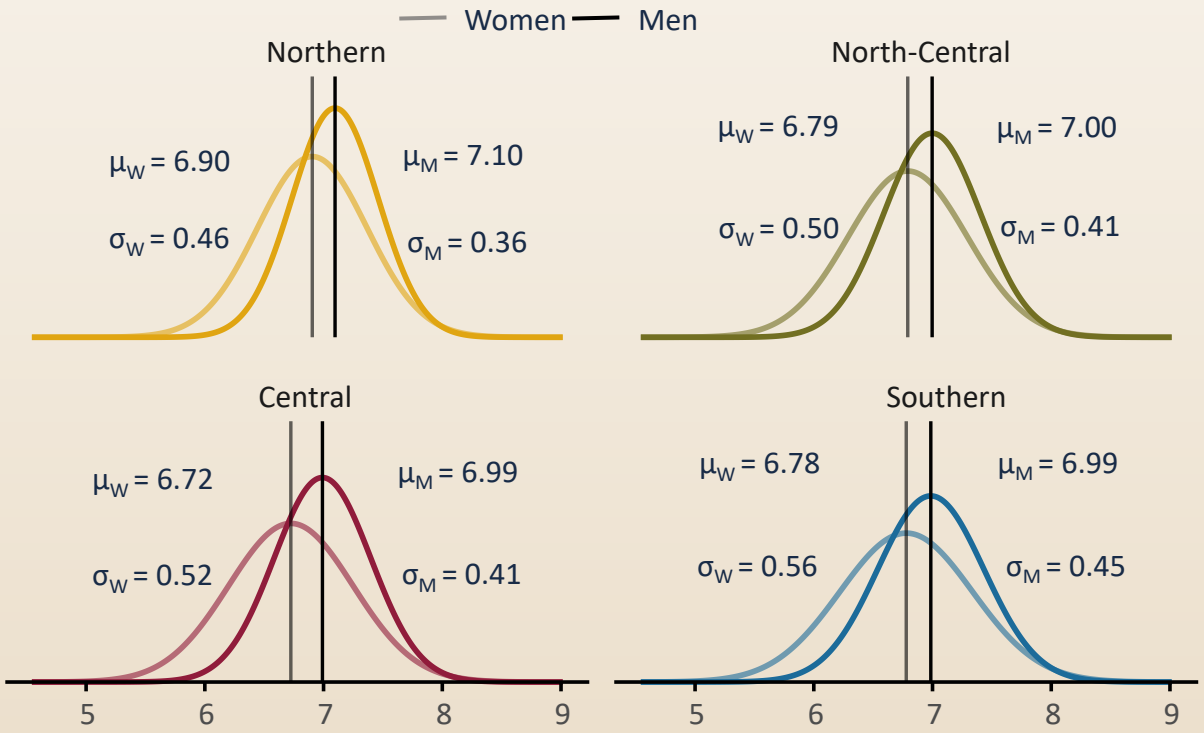
Regional and gender differences in access to employment

- Gender differences in access to employment can be explained by the fact that in all four regions **women** are less likely to receive a **job offer** and, when they do, it is less likely to involve a **higher wage** compared to that offered to **men**.

Probability of receiving a job offer within a week



Probability distributions of the logarithm of wage offers



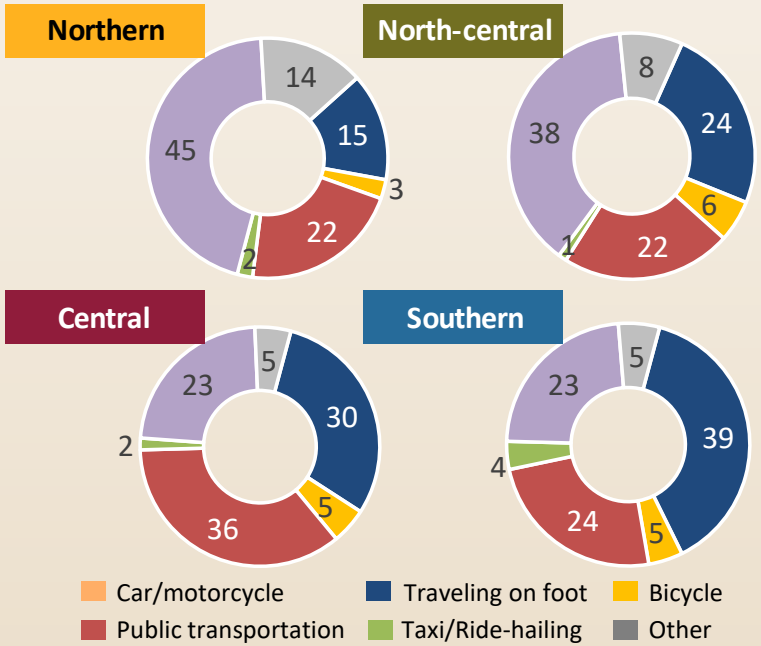
Note: In both graphs, light colors refer to estimates for women and darker colors estimates for men.
Source: Prepared by Banco de México based on data from INEGI's National Occupation and Employment Survey (ENOE, for its acronym in Spanish).

Regional heterogeneity in commuting to work in Mexico

- In the Northern and North-Central regions, commuting to work **is predominantly done by car**; in the Central region by **public transportation;** and in the Southern region, **on foot**. The results also reveal that a **significant** share of the employed population spends **more than 60 minutes** per day commuting to work, and that there is a substantial **heterogeneity** by mode of transportation and job position.

Distribution of modes of transportation for commuting to work

Percentages by region, 2020



Percentage of the population with commuting time over 60 minutes

By region, mode of transportation, and type of urban area, 2020

Means of transportation	Type	Northern	North-Central	Central	Southern
Traveling on foot	M.A.	6.2	3.7	11.4	5.4
	Rest	2.6	2.4	5.6	8.6
Bicycle	M.A.	2.1	2.3	3.5	3.2
	Rest	1.9	1.4	1.6	3.2
Public transportation	M.A.	19.8	18.9	34.0	15.5
	Rest	11.3	12.7	26.7	21.2
Taxi Ride-hailing	M.A.	7.0	2.8	7.8	3.6
	Rest	4.2	2.5	8.6	10.0
Car / motorcycle	M.A.	5.5	5.9	14.2	4.6
	Rest	4.2	4.8	9.7	7.1

Color scale by region: Min. – Max.

Percentage of the population with commuting times over 60 minutes

By region and job position, 2020

Job position	Northern	North-Central	Central	Southern
Unpaid worker 1/	8.0	7.5	10.2	14.2
Day laborer or farm worker	10.8	8.7	11.5	11.0
Paid assistant	9.3	6.8	16.2	8.8
Employee or worker	8.5	8.5	21.7	9.8
Self-employed worker	6.1	5.9	11.5	9.9
Employer	4.4	4.2	9.6	5.6

Color scale by region: Min. – Max.

Note: Individuals aged 15 and older who reported working. Definitions of metropolitan areas are from SEDATU-CONAPO-INEGI (2023). "Rest" refers to municipalities not included in metropolitan areas. 1/ According to INEGI, an unpaid worker is an individual who assisted in the business or agricultural work of family members or non-family members without receiving any payment.
Source: Prepared by Banco de México with data from INEGI, 2020 Census of Population and Housing.

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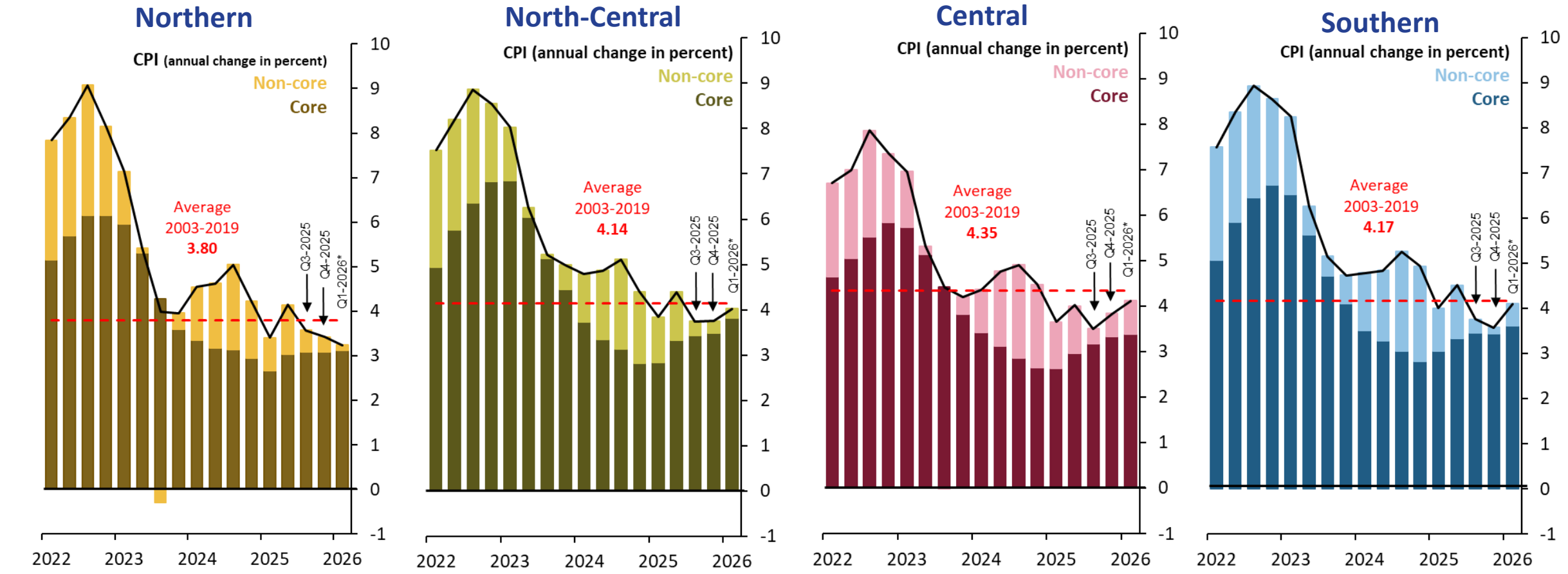
(based on data collected between January 2 and 29, 2026)

III. Final remarks

Annual headline inflation registered differentiated trends between Q3-2025 and Q4-2025. So far in Q1-2026, annual headline inflation has increased in all regions except in the Northern one.

Incidence on annual headline inflation by region

Figures in percent



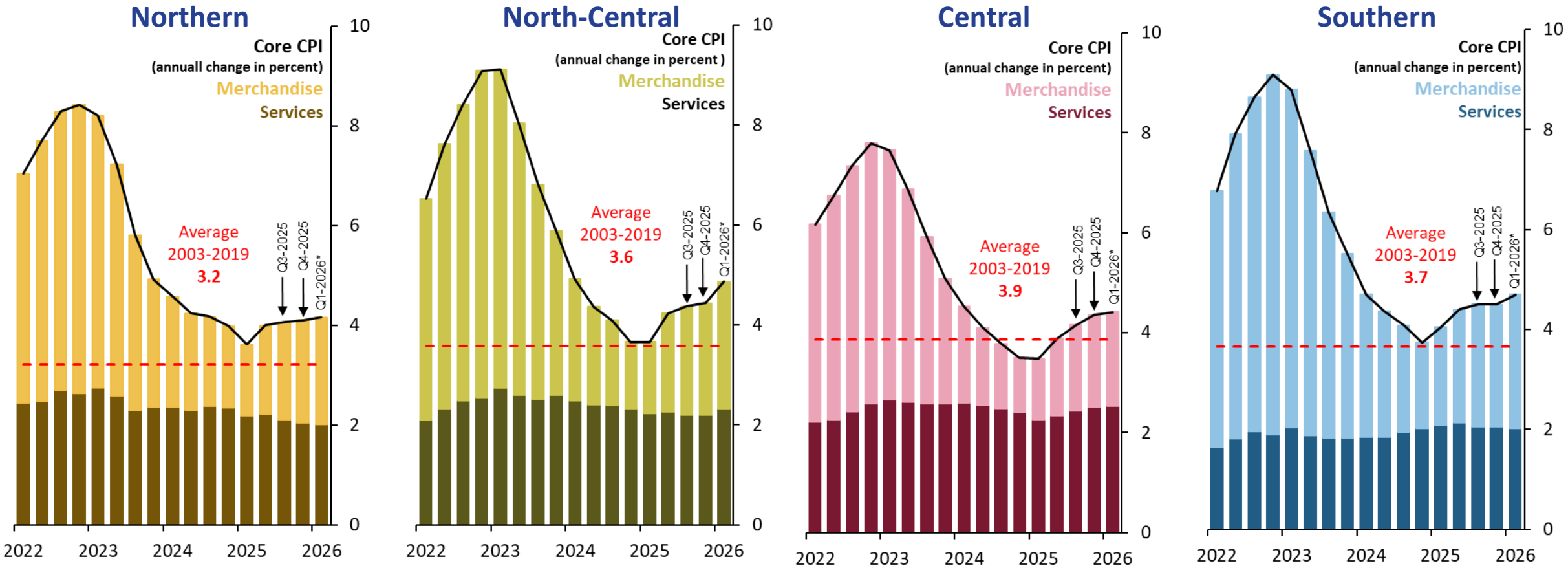
*/ Figures as of February.

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

Between Q3-2025 and Q4-2025, annual core inflation rose in the Northern and Central regions, while in the Southern one it moved sideways. This result was mainly due to the evolution of merchandise inflation in each region.

Incidence of annual core inflation by region

Figures in percent



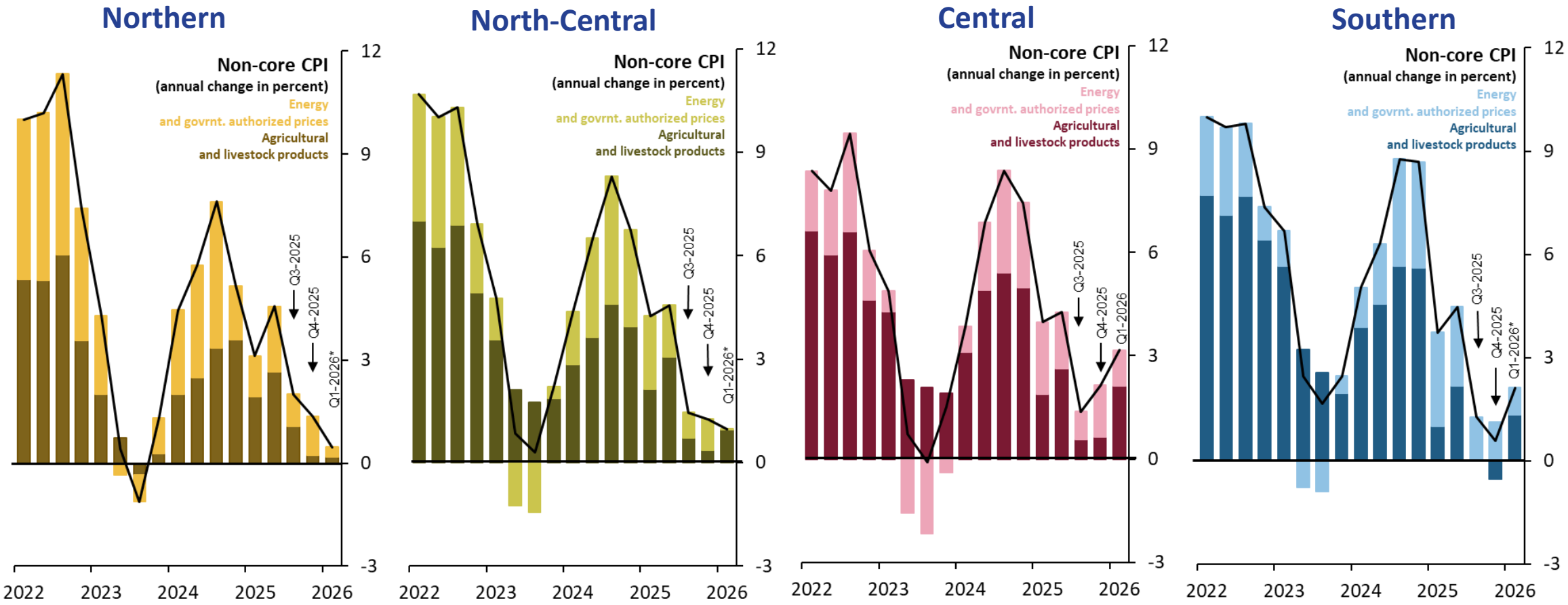
*/ Figures as of February.

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

Annual non-core inflation declined in all regions between Q3-2025 and Q4-2025, except in the Central one, where it increased partly due to adjustments in public transportation fares in November.

Incidence of annual non-core inflation by region

Figures in percent



*/ Figures as of February.

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

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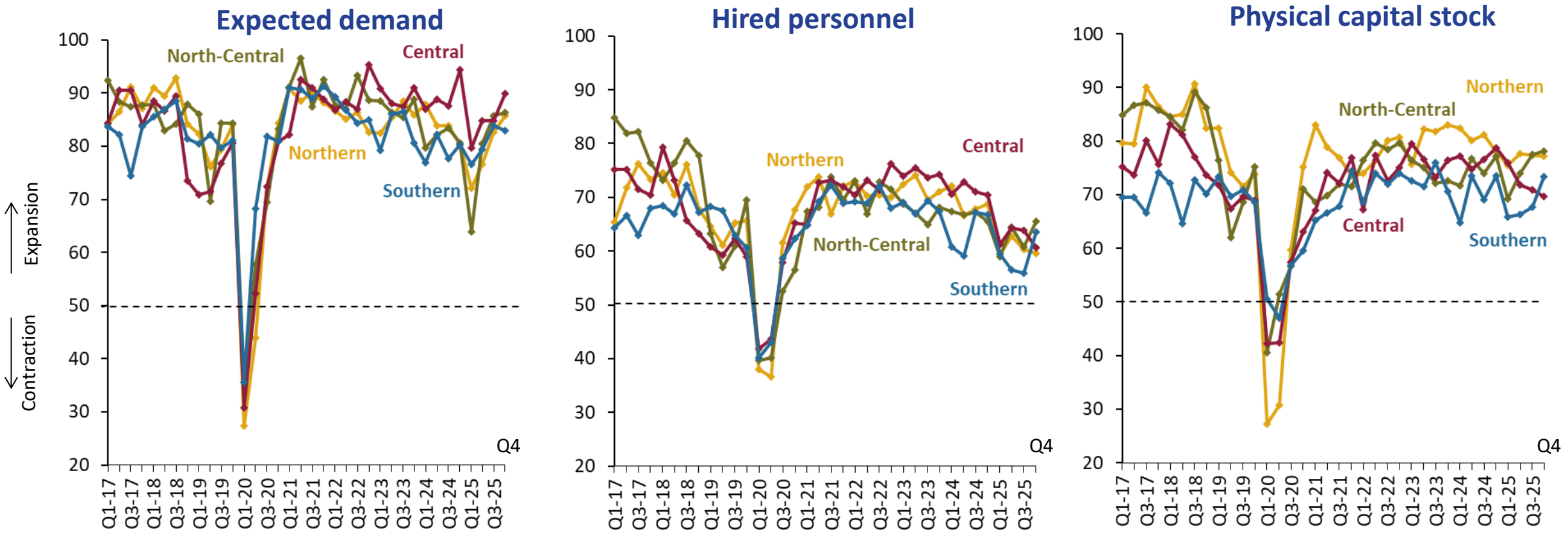
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Business executives continued anticipating an increase in demand, employment, and investment in the next twelve months.

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

Diffusion indices

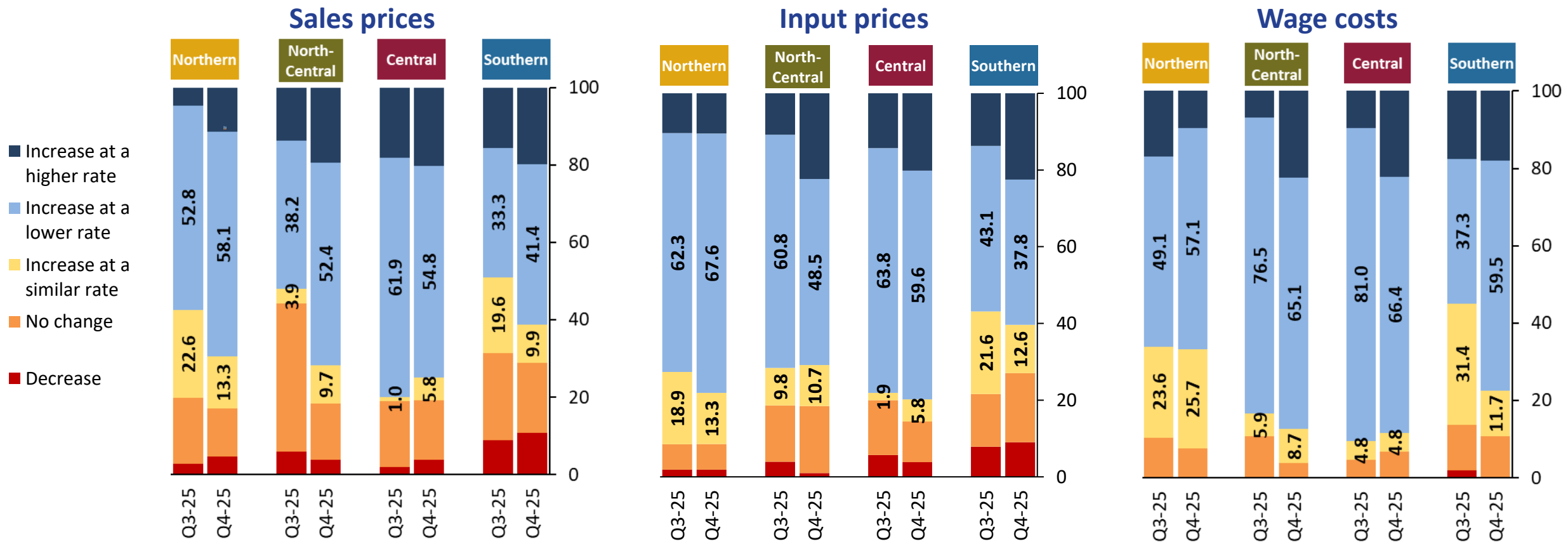


1/ Results obtained from the questions: "With respect to the previous 12 months, how do you expect your sales volume to change over the next 12 months, how do you expect the total number of workers in your company to change over the next 12 months?" and "With respect to the investment in fixed assets 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 Q4-2025, they were obtained between January 2 and 29, 2026.

During Q4-2025, the percentage of business executives who anticipate that sales prices, input prices, and wage costs will grow at rates equal to or lower than those observed in the previous twelve months remained significantly higher in all regions.

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 Q4-2025, they were obtained between January 2 and 29, 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 December 1 and 30, 2025[1/]

Northern		North-Central		Central		Southern	
Factor	Percentage of responses	Factor	Percentage of responses	Factor	Percentage of responses	Factor	Percentage of responses
Inflation	**27.7%**	Governance	**30.7%**	Governance	**26.9%**	Governance	**27.9%**
Governance	**21.7%**	Inflation	**26.1%**	Inflation	**24.8%**	Inflation	**27.2%**
External conditions	**19.9%**	Domestic economic conditions	**17.2%**	Domestic economic conditions	**18.4%**	Domestic economic conditions	**18.9%**

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 January 2 and 29, 2026)[1/]

Downward risks

- That public safety indicators deteriorate.
- That uncertainty associated with the review of the USMCA and its possible impact on exports intensifies.
- That public investment in infrastructure at both state and federal levels is lower than expected.

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 the impact of the 2026 FIFA World Cup on regional tourism activity turns out greater than anticipated.

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

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Final remarks

- **The economic outlook indicates that regional economies will continue facing a highly uncertain environment and significant risks.**

- In this context, **capitalizing on preferential trade treatment under the USMCA** will continue to be crucial to boost exports and expand Mexican regions' participation in North-American value chains.

- **It is also essential to strengthen the domestic sources of growth and consolidate conditions favorable for investment**. Key priorities include:

  - **Promote the construction and modernization of infrastructure—transportation, digital, energy, and social—**to address persistent regional development challenges, such as poverty and gaps in productivity, connectivity, and market access among regions.

  - **Support human capital development and expand digital inclusion** in order to accelerate the adoption of technology in the regions and **reduce gender gaps in access to employment**, with the goal of increasing productivity and enabling regions to integrate into the emerging dynamics of global production.

- **A comprehensive, inclusive, and long-term approach—that recognizes regional differences, strengthens the rule of law, capitalizes on trade integration with North America, and focuses on productivity, innovation, and investment—will allow addressing current challenges and lay the foundations for a more thriving future and a more balanced regional development.**

Regional Economic Report

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March 2026

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