



DECEMBER 02, 2025

BANXICO

3Q25 INFLATION QUARTERLY REPORT

ECONOMIC ANALYSIS

BANK OF MEXICO

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THE BANK OF MEXICO'S QUARTERLY REPORT ANALYZES INFLATION, ECONOMIC ACTIVITY, THE PERFORMANCE OF OTHER NATIONAL ECONOMIC INDICATORS, AND THE EXECUTION OF MONETARY POLICY EACH QUARTER, AS WELL AS VARIOUS ACTIVITIES CARRIED OUT BY THE BANK DURING THE PERIOD. THIS ASSESSMENT IS CONDUCTED WITHIN THE CONTEXT OF DOMESTIC AND INTERNATIONAL ECONOMIC CONDITIONS, IN ACCORDANCE WITH ARTICLE 51, SECTION II OF THE BANK OF MEXICO LAW.

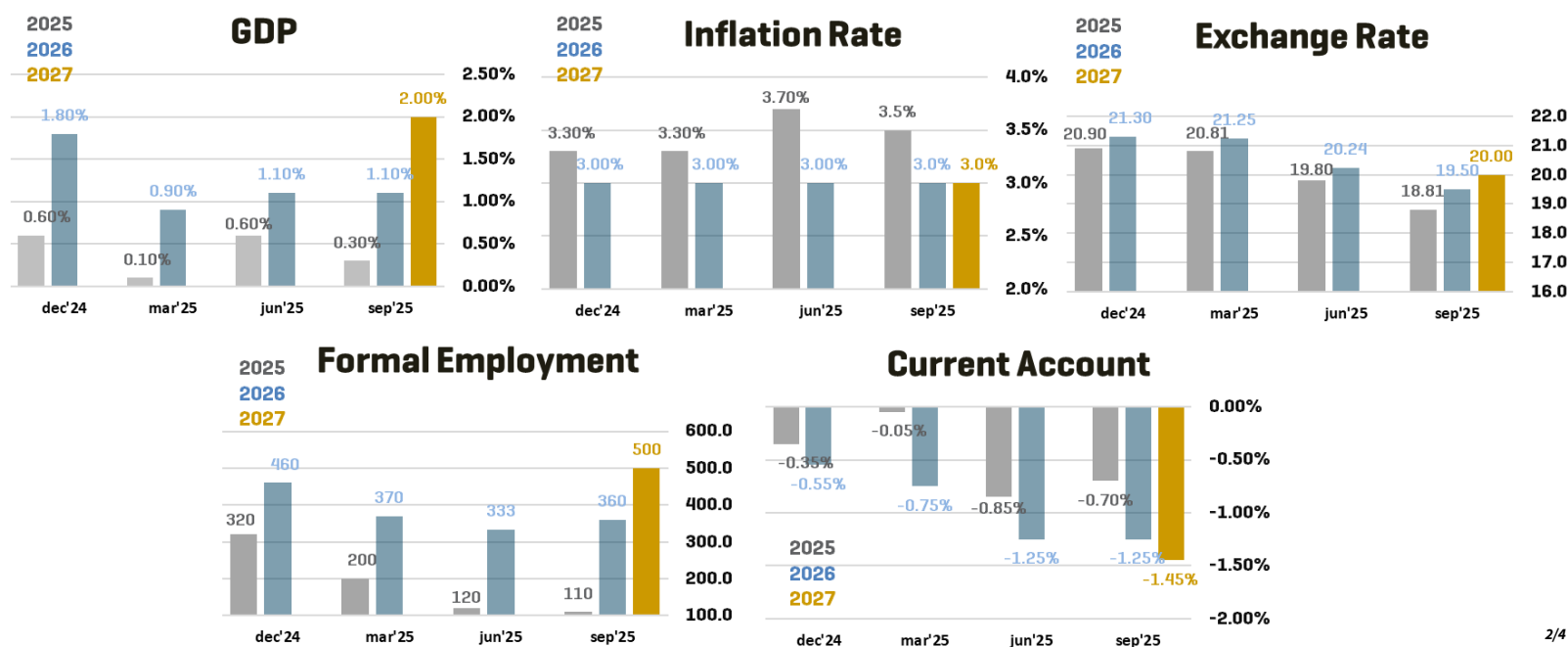
Banxico – 3Q25 Inflation Quarterly Report – Executive Summary

Inflation	<ul style="list-style-type: none"> General: Decreased from 4.22% to 3.61% yearly between 2Q and 3Q 2025; within the variability range. Core: Increased from 4.08% to 4.25%, though recently stable; goods inflation rising, services moderating. Global shocks (pandemic, Ukraine conflict) distorted price dynamics temporarily; now stabilized.
Economic Activity	<ul style="list-style-type: none"> Mexico continues to experience economic weakness. Geopolitical tensions and shifts in global trade policy generate high uncertainty, potentially causing further volatility and limiting global economic growth. Persistent slack conditions and a cooling labor market. Exports remain favorable, supported by USMCA and strong U.S. demand for AI-related computing equipment. Uncertainty persists due to U.S. trade policy changes and the upcoming USMCA review.
Financial Markets	<ul style="list-style-type: none"> Globally: Looser financial conditions and greater risk appetite. Mexico: Peso appreciated; government interest rates declined; volatility eased.
Monetary Policy	<ul style="list-style-type: none"> Monetary policy remains focused on the inflation outlook, with a firm commitment to achieving the 3% inflation target. Global central banks—including the Federal Reserve—continue lowering policy rates; the Fed's policy rate is expected to reach 3.6% by year-end 2025.
Outlook	<ul style="list-style-type: none"> Persistent uncertainty from U.S. trade policy shifts and geopolitical conflicts that increase volatility. Mexico's economy remains weak; strengthening the macroeconomic framework is essential (fiscal discipline, sound financial system, sustainable external accounts). Productivity and investment in physical and human capital must be boosted. Despite uncertainties, USMCA offers significant opportunities.

BANXICO'S OUTLOOK

		2025	2026	2027
GDP (annual)	sep'25	0.30%	1.10%	2.00%
	jun'25	0.60%	1.10%	
	mar'25	0.10%	0.90%	
	dec'24	0.60%	1.80%	
Formal employment (thousands)	sep'25	110	360	500
	jun'25	120	333	
	mar'25	200	370	
	dec'24	320	460	
Inflation rate (annual)	sep'25	3.50%	3.00%	3.00%
	jun'25	3.70%	3.00%	
	mar'25	3.30%	3.00%	
	dec'24	3.30%	3.00%	
Exchange rate (End of period)	sep'25	18.81	19.50	20.00
	jun'25	19.80	20.24	
	mar'25	20.81	21.25	
	dec'24	20.90	21.30	
Current account deficit (% GDP)	sep'25	-0.70%	-1.25%	-1.45%
	jun'25	-0.85%	-1.25%	
	mar'25	0.05%	-0.75%	
	dec'24	-0.35%	-0.55%	

BANK OF MEXICO – INFLATION QUARTERLY REPORT (JUNE–SEPTEMBER 2025)



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Risks to Economic Growth

The balance of risks for economic growth remains skewed to the downside.

Downside Risks	Upside Risks
<ul style="list-style-type: none"> I. An intensification of the current environment of uncertainty. II. Lower-than-expected economic growth in the United States. III. Episodes of heightened volatility in financial markets. IV. An escalation of geopolitical conflicts. V. Adverse impacts from meteorological phenomena on domestic economic activity. 	<ul style="list-style-type: none"> I. A reduction in uncertainty regarding U.S. trade policy. II. Stronger-than-expected economic growth in the United States. III. Greater use of USMCA provisions and improved competitiveness in certain sectors. IV. A stronger-than-expected investment impulse stemming from global supply-chain reconfiguration under the USMCA framework. V. Public spending providing greater-than-anticipated support to economic activity.

Risks to Inflation

The balance of risks to the inflation outlook remains biased to the upside, though to a lesser degree than during 2021–2024.

Economic policy changes by the U.S. administration continue to add uncertainty and could generate inflationary pressures in both directions.

Downside Risks	Upside Risks
<ul style="list-style-type: none"> I. Weaker-than-expected economic activity in the United States or Mexico. II. Limited pass-through of cost pressures to final prices. III. Reduced inflationary pressures associated with the appreciation of the peso earlier in the year. 	<ul style="list-style-type: none"> I. Depreciation of the Mexican peso. II. Persistence of core inflation. III. Disruptions stemming from geopolitical conflicts. IV. Heightened cost pressures. V. Climate-related disruptions.

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