

## National Consumer Price Index (CPI), H1 January 2026

Next release of January's CPI: February 9, 2026

### Summary

Inflation shows clear signs of renewed pressures in the core component. Both on a fortnightly and annual basis, core inflation accelerated, with both of its subcomponents trending upward. Part of these pressures stem from the 2026 Economic Package, particularly due to the increase in the excise tax (IEPS) on sugar-sweetened beverages. This is evident in food merchandise inflation, which rose above 6% annually.

Regarding the tariffs contemplated in the Economic Package, there is still no evidence that they have generated upward pressure on consumer prices in Mexico. This may be due to the existence of inventories acquired prior to the implementation of the tariffs and/or because producers or retailers are absorbing most of the tariff cost, as occurred in the United States with the tariffs imposed during the Donald Trump administration. Nevertheless, these tariffs represent an additional inflation risk, as they are expected to eventually be passed through to consumers.

Under this scenario, **consumer inflation is expected to close January at 3.81% annually**, February at 3.87%, and March at 3.96%, resulting in an average inflation rate of 3.88% for the first quarter, the highest for a first quarter since 2024 (4.57%). For 2026 as a whole, average annual inflation is expected to stand at 3.69%, slightly below the 3.81% average recorded in 2025.

Consumer inflation in the first half of January stood at 0.31% fortnightly, after declining 0.02% in the previous fortnight. When compared with equivalent periods, this was the highest inflation rate since 2024.

This acceleration was driven by the core component, whose inflation reached 0.43%, the highest for an equivalent period since 2023. Both of its subcomponents accelerated: merchandise inflation stood at 0.69%, the highest for an equivalent period since 2014, while services inflation reached 0.19%, the highest for an equivalent period since 2024. Elevated merchandise inflation was mainly driven by food-related goods, which recorded inflation of 1.24%, the highest since 2014 when comparing equivalent periods. Meanwhile, non-food merchandise inflation stood at 0.21%, showing moderate acceleration and representing the lowest inflation for an equivalent period since 2024.

Services inflation stood at 0.19%, after having declined in the previous fortnight. Within this component, all three subcategories recorded acceleration, most notably education inflation (0.25%), which interrupted a streak of seven consecutive fortnights with zero inflation. Housing inflation accelerated to 0.29%, while other services inflation stood at 0.08%, remaining low after having declined 0.30% in the previous fortnight.

In contrast, non-core inflation contracted by 0.12%, marking its third consecutive fortnight of contraction and the lowest inflation for an equivalent period since 2016. Both of its components also recorded negative inflation. Agricultural products inflation declined 0.20% fortnightly, its third consecutive contraction. This was driven by a decline in livestock prices (-0.38%), which have fallen for four consecutive fortnights. When compared with equivalent periods, this represents the first decline since 2020, suggesting that the sector is facing downward price pressures unrelated to seasonal effects. Meanwhile, fruit and vegetable inflation stood at just 0.09%, following two consecutive fortnights of contraction, during which prices accumulated a decline of 3.13%.

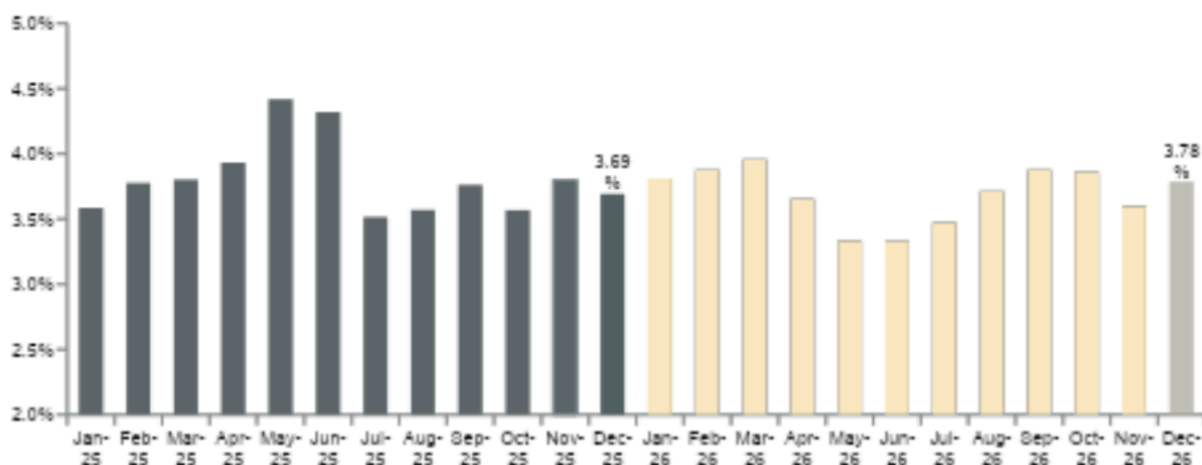
At the same time, energy and government-administered prices inflation contracted 0.06%, driven by a 0.12% decline in energy prices and a deceleration in government-administered tariffs to 0.04%.

On an annual basis, headline inflation accelerated to 3.77%, ending a two-fortnight streak of deceleration. Inflation in Mexico has remained below 4% since the first half of July 2024. However, this should be interpreted with caution, as this apparent “stability” is driven by low non-core inflation, while the core component, which determines inflation dynamics in the medium and long term, shows no clear signs of deceleration.

Non-core inflation stood at 1.43% annually, marking three consecutive fortnights of deceleration and remaining below 2% in ten of the last thirteen fortnights. In contrast, core inflation accelerated to 4.47% annually, after two consecutive fortnights of deceleration. Core inflation remains elevated, and the last time it stayed below 4% was between the first half of September 2024 and the first half of May 2025. As such, it is important to recall that non-core inflation contains the most volatile price components, and a rebound in this category could once again push headline inflation above 4%.

In this context, Banco de México has not yet concluded its fight against inflation, and upside risks remain biased to the upside, making it imperative for the central bank to keep its policy rate unchanged. Assuming a policy rate of 7.00% and a 12-month inflation expectation of 3.84%, the ex-ante real interest rate stands at 3.04%. This places the real rate below the upper bound of Banco de México’s estimated neutral real rate range (1.8%–3.6%), implying that monetary policy is neutral and not actively restraining inflation.

**Figure 1.** Mexico's Consumer Inflation, Annual % Change



Source: Grupo Financiero BASE with data from INEGI and own estimates.

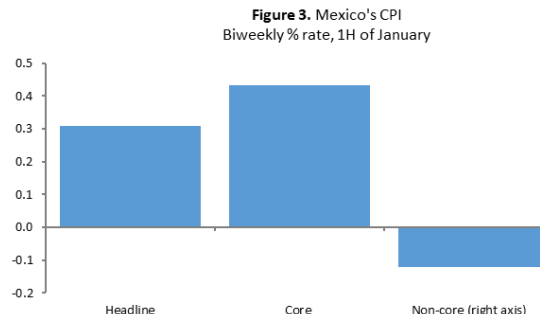
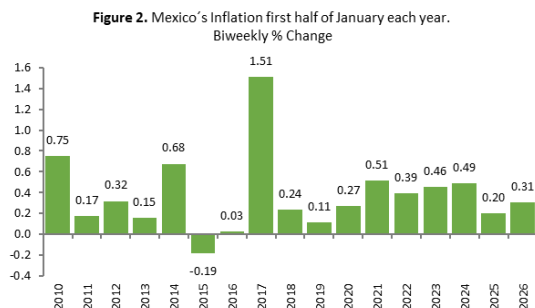
**Table 1. Fortnightly and Annual Inflation**

1H of Jan, 2026	Biweekly inflation	Lowest CPI for an equal fortnight since	Annual Inflation	Consecutive fortnights of deceleration
<b>Headline Inflation</b>	0.31%	<b>2025</b>	3.77%	<b>0</b>
<b>Core inflation</b>	0.43%	<b>2025</b>	4.47%	<b>0</b>
<b>Goods</b>	0.69%	2025	4.51%	0
Food goods	1.24%	2025	6.05%	0
Non-food goods	0.21%	2024	3.19%	3
<b>Services</b>	0.19%	2025	4.44%	0
Housing	0.29%	2025	3.42%	0
Education	0.25%	2025	5.88%	0
Other Services	0.08%	2025	5.23%	0
<b>Non-Core inflation</b>	-0.12%	<b>2016</b>	1.43%	<b>3</b>
<b>Agriculture products</b>	-0.2%	2025	1.39%	1
Fruits and Vegetables	0.09%	2025	-2.9%	0
Livestock	-0.38%	2020	4.48%	7
<b>Energy and authorized tariffs</b>	-0.06%	2019	1.47%	1
Energy	-0.12%	2019	-0.85%	2
Authorized tariffs	0.04%		5.79%	1

Source: Grupo Financiero BASE with data from INEGI

## Headline Inflation

On a fortnightly basis, headline inflation stood at 0.31%, after having declined 0.02% in the previous fortnight. When compared with equivalent periods, this was the highest inflation rate since 2024 (Figure 2). This was driven by the fortnightly acceleration in core inflation (0.43%). In contrast, non-core inflation contracted by 0.12% fortnightly, limiting the acceleration in headline inflation (Figure 3).



Source: Grupo BASE with data from INEGI

On an annual basis, headline inflation accelerated to 3.77%, ending a two-fortnight streak of deceleration, although it has remained below 4% since the first half of July 2024. Within headline inflation, its two main components showed mixed performance:

- Non-core inflation stood at 1.43% annually, marking three consecutive fortnights of deceleration and remaining below 2% in ten of the last thirteen fortnights.
- Core inflation accelerated to 4.47% annually, after two consecutive fortnights of deceleration, and has now remained above 4.0% for sixteen consecutive fortnights.

**Headline inflation in Mexico has remained below 4% since the first half of July 2024. However, this should be interpreted with caution, as this apparent “stability” is driven by low non-core inflation, while the core component, which determines inflation dynamics in the medium and long term, shows no clear signs of deceleration.**

In contrast to the non-core component, core inflation remains elevated, and the last time it remained below 4% was between the first half of September 2024 and the first half of May 2025. In this context, it is important to recall that non-core inflation includes the most volatile price components, and a rebound in this category would likely push headline inflation back above 4%.

Additional risks that could contribute to higher inflationary pressures in Mexico include: 1) a 13% increase in the minimum wage, 2) the imposition of tariffs of up to 50% on imports from countries with which Mexico does not have a trade agreement, and 3) additional upward pressure on services inflation during the summer due to the FIFA World Cup.

## Core Inflation

### Biweekly Variation

**Core inflation**, which excludes food and energy and determines inflation trends in the long run, **stood at 0.43% fortnightly**, the highest for an equivalent period since 2023 (Figure 4).

Within this component, both subcategories showed acceleration: **merchandise inflation** reached 0.69%, the highest for an equivalent period since 2014, while **services inflation** stood at 0.19%, the highest for an equivalent period since 2024.

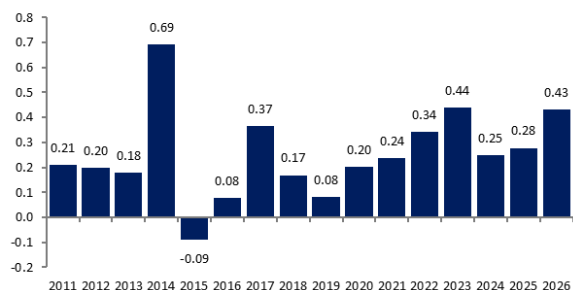
Key highlights within core inflation include:

- The strong increase in merchandise inflation (0.69%) was mainly driven by **food-related merchandise**, which registered inflation of 1.24%, the highest since 2014 when comparing equivalent periods. Meanwhile, **non-food merchandise inflation** stood at 0.21%, showing a moderate acceleration and representing the lowest inflation for an equivalent period since 2024. **The sharp fortnightly increase in food merchandise prices may be partly attributed to the increase in the IEPS excise tax on sugar-sweetened beverages, which rose from 1.65 pesos in 2025 to 3.08 pesos in 2026, an increase of 87%.**

Among the items with the highest inflation were energy drinks (2.53%), followed by video game consoles, discs and downloads (1.52%), audio and video players and accessories (0.98%), merchandise (0.69%), and plants and flowers (0.38%).

Items that recorded price declines included clothing accessories (-0.78%), pet food (-0.51%), musical instruments and audio/video downloads (-0.39%), and sandals (-0.07%).

Figure 4. Core consumer inflation in Mexico, first half of January each year. Biweekly % Change



Source: Grupo Financiero BASE with data from INEGI

Table 2. Goods with the Largest and Smallest Increases, Food and Non-Food. % Change, First Half of January 2026

Items with the largest Increase	Goods	Biweekly (%)	Items with the smallest increase	Goods	Biweekly (%)
	Energy drinks	2.53%		Clothing accesories	-0.78%
	Video game consoles, discs, and downloads	1.52%		Pet food	-0.51%
	Audio and video players and accessories	0.98%		Musical instruments and audio/video downloads	-0.39%
	Goods (overall)	0.69%		Sandals	-0.07%
	Plants and flowers	0.38%			
	Bedspreads and blankets	0.30%			
	Towels, curtains and other household items	0.21%			

Source: Grupo Financiero BASE with information from INEGI

- Services inflation stood at 0.19%, after having declined in the previous fortnight. Within this component, all three subcategories recorded acceleration, most notably **education inflation** (0.25%), which interrupted a streak of seven consecutive fortnights with zero inflation. **Housing inflation** accelerated to 0.29%, while **other services inflation** stood at just 0.08%, remaining low after having declined 0.30% in the previous fortnight.

Within the services component, the items with the highest inflation were other housing-related services (2.62%), professional services (2.09%), beauty salons and massage services (1.35%), general hospitalization (1.32%), and automobile repair (1.32%). In contrast, sharp price declines were observed in air transportation (-27.30%) and package tourism services (-7.52%), followed by hotel prices (-2.58%) and cinema (-1.36%).

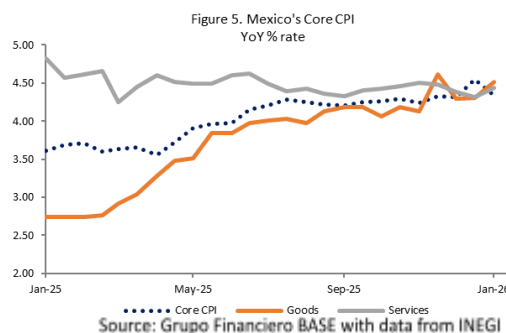
**Table 3.** Services with the Largest and Smallest Increases. % Change, First Half of January 2026

Items with the largest increase	Services	Biweekly (%)	Items with the smallest increase	Services	Biweekly (%)
	Other household-related services	2.62%		Air transportation	-27.30%
	Professional services	2.09%		Package tourism services	-7.52%
	Beauty salon and massage services	1.35%		Hotels	-2.58%
	General hospitalization	1.32%		Cinema	-1.36%
	Automobile repair	1.32%		Movie and music streaming services	-0.21%
	Funeral services	1.29%		Internet, telephone, and pay-TV bundles	-0.06%
	Domestic services	1.28%			
	Sports club	1.11%			
	Car washing and lubrication	1.11%			
	Automobile insurance	1.03%			

## Annual Variation

**Core inflation** accelerated to 4.47% annually, after two consecutive fortnights of deceleration, indicating that its convergence toward Banco de México's 3% inflation target has stalled (Figure 5).

This is concerning, as core inflation remains elevated, having recorded 16 consecutive fortnights above 4%. Given that core inflation determines medium- and long-term inflation dynamics, its persistence above this level represents a risk of renewed pressure on headline inflation.



Within the core component, the following stood out:

- **Merchandise inflation** accelerated to 4.51% annually, remaining **above 4% in twelve of the last thirteen fortnights**. Specifically, **food merchandise inflation** reached 6.05%, raising a significant warning signal. In 2025, it showed a clear upward trend, rising from 1.68% in January to 5.33% in December. This marks the first time it has exceeded 6% since the second half of December 2023. In contrast, **non-food merchandise** inflation stood at 3.19% annually, decelerating for the third consecutive fortnight and fluctuating around 3% since the second half of May 2025.

- **Services inflation** reached 4.44% annually, ending a three-fortnight streak of deceleration. This acceleration was driven by all three subcomponents: 1) **Education services inflation**, which stood at 5.88% annually, after seven consecutive fortnights at 5.82%; 2) **Other services inflation**, which rose to 5.23% annually, ending a three-fortnight streak of deceleration; and 3) **Housing inflation**, which reached 3.42% annually, accelerating after two consecutive fortnights of deceleration, although remaining stable relative to levels observed during the second half of 2025.

It is important to note that within the entire core component, only non-food merchandise inflation and housing services inflation remain below 4%.

## Non-Core Inflation

### Biweekly Variation

**Non-core inflation** contracted by 0.12%, marking its third consecutive fortnight of contraction and the lowest inflation rate for an equivalent period since 2016 (Figure 6). This was driven by negative inflation in both of its components:

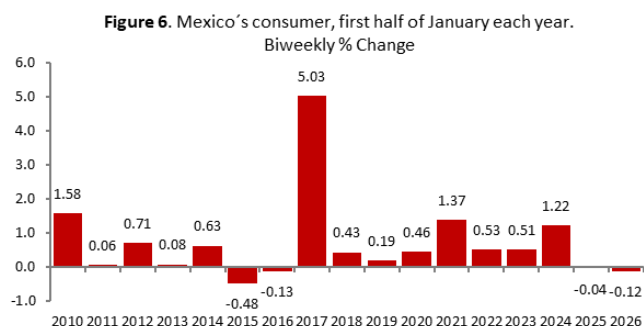
- **Agricultural products inflation** declined 0.20% fortnightly, its third consecutive contraction.
- **Energy and government-administered tariffs inflation** contracted 0.06%, marking its first decline for an equivalent period since 2019.

Source: Grupo Financiero BASE with data from INEGI

Within agricultural products and government-administered tariffs, the following stood out:

- The contraction in **agricultural products inflation** (-0.20% fortnightly) was driven by a decline in **livestock product inflation** (-0.38%), which has now fallen for four consecutive fortnights. When compared with equivalent periods, this represents the first decline since 2020, suggesting that the sector is facing downward price pressures that are not driven by seasonal effects. Meanwhile, **fruit and vegetable inflation** stood at just 0.09%, after two consecutive fortnights of contraction, during which prices accumulated a 3.13% decline.

Within livestock products, the decline in fortnightly inflation was primarily driven by a sharp drop in egg prices (-3.95%). However, this decline was partially offset by increases in lard (0.89%), shrimp (0.54%), fish (0.49%), chicken (0.35%), and beef (0.31%), which limited the overall contraction of the component.



**Table 4.** Livestock Products with the Highest and Lowest Fortnightly Inflation. % Change, First Half of January 2026

Items with the largest increase	Livestock	Biweekly (%)	Items with the largest decrease	Livestock	Biweekly (%)
	Lard	0.89%		Eggs	-3.95%
	Shrimp	0.54%			
	Fish	0.49%			
	Chicken	0.35%			
	Beef	0.31%			
	Pork	0.09%			
	Beef offal	0.03%			

Source: Grupo Financiero BASE with data from INEGI

Within fruits and vegetables, the items with the highest inflation were limes (15.21%), chayote (8.96%), bananas (4.95%), zucchini (4.42%), and green beans (3.57%). In contrast, the largest declines were observed in serrano peppers (-10.56%), lettuce and cabbage (-5.97%), guava (-5.35%), other fresh chilies (-5.20%), and poblano peppers (-3.62%).

**Table 5.** Fruits and Vegetables with the Highest and Lowest Fortnightly Inflation. % Change, First Half of January 2026

Items with the largest increase	Fruits and vegetables	Biweekly (%)	Items with the largest decrease	Fruits and vegetables	Biweekly (%)
	Lime	15.21%		Serrano peppers	-10.56%
	Chayote	8.96%		Lettuce and cabbage	-5.97%
	Bananas	4.95%		Guava	-5.35%
	Zucchini	4.42%		Other fresh chilies	-5.20%
	Green beans	3.57%		Poblano peppers	-3.62%
	Tomato	3.45%		Onions	-3.29%
	Papaya	3.06%		Grape	-2.80%
	Potato and other tubers	2.46%		Cucumber	-2.76%
	Apple	1.91%		Other vegetables and legumes	-2.61%
	Cilantro, epazote y parsley	0.54%		Other fruits	-1.90%

Source: Grupo Financiero BASE with data from INEGI

- **Energy and government-administered tariffs inflation** contracted by 0.06%, driven by a 0.12% decline in **energy prices** and a deceleration in **government-administered tariffs inflation** (0.04%), which, when compared with equivalent periods, represents the lowest inflation rate on record. This implies that, despite a marginal increase in prices, the overall rise was minimal.

An analysis of individual items within the energy and government-administered prices component shows that the contraction was mainly driven by declines in LP gas prices (-1.83%), taxi fares (-1.57%), and high-octane gasoline prices (-0.02%). In contrast, the decline in the overall component was partially offset by increases in vehicle registration and licensing fees (2.26%), issuance of public-sector documents (1.91%), electricity prices (0.99%), and water supply fees (0.67%).



**Table 6.** Energy and Government-Administered Tariffs with the Largest and Smallest Increases. % Change.

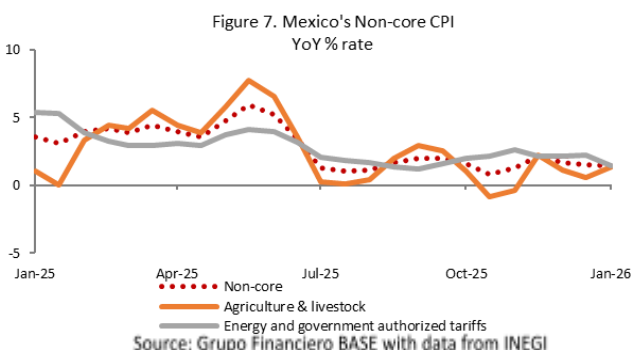
Items with the largest increase	Energy and Government-Administered Tariffs	Biweekly (%)	Items with the largest increase	Energy and Government-Administered Tariffs	Biweekly (%)
	Vehicle registration and licensing fees	2.26%		LP gas	-1.83%
	Issuance of public-sector documents	1.91%		Taxi	-1.57%
	Electricity	0.99%		High-octane gas	-0.02%
	Water supply fees	0.67%			
	Parking	0.41%			
	Public transport (collective)	0.37%			
	Urban bus	0.13%			
	Metro or electric transport	0.05%			

Source: Grupo Financiero BASE with data from INEGI

## Annual Variation

**Non-core inflation** stood at 1.43% annually, marking three consecutive fortnights of deceleration and remaining below 2% in ten of the last thirteen fortnights.

The deceleration in non-core inflation was driven by the **energy and government-administered tariffs** component, whose inflation slowed to 1.47% annually, falling below 2% for the first time in five fortnights (Figure 7).



Meanwhile, agricultural products inflation accelerated to 1.39% annually, although it has remained below 2% for three consecutive fortnights (Figure 7).

Within each component, the following dynamics stood out:

- **Energy and government-administered prices inflation** (1.47% annually) decelerated due to a decline in annual energy inflation (-0.85%), which recorded its first annual contraction since the first half of December 2023. In addition, this component has registered inflation rates below 1% in eleven of the last thirteen fortnights, suggesting the presence of a structural factor exerting downward pressure on price formation. Moreover, given the currently low international energy prices, energy inflation is likely to remain subdued. In contrast, government-administered tariffs inflation remained elevated at 5.79%, marking six consecutive fortnights above 4%.
- **Agricultural products inflation** (1.36% annually) has remained low due to persistently lower **fruit and vegetable prices**, as inflation in this subcomponent declined on an annual basis throughout 2025. However, it is important to note that in the first half of January 2026, this component recorded its smallest annual decline (-2.90%) since the first half of June, **raising the possibility that prices may be approaching an upward inflection point.**

- In contrast, **livestock product inflation** stood at 4.48% annually, although it decelerated for the seventh consecutive fortnight. This follows a period between the second half of 2024 and the first half of December 2025 during which livestock prices increased by more than 7% annually. **The recent deceleration may therefore signal that price increases in this component could begin to stabilize at levels closer to Banco de México's 3% inflation target.**

### **Interest Rate Outlook**

In this context, Banco de México has not yet concluded its fight against inflation, and upside risks remain skewed to the upside. As such, it would be imperative for the central bank to keep its policy rate unchanged at least through the first four months of the year. Assuming a policy rate of 7.00% and a 12-month inflation expectation of 3.84%, the ex-ante real interest rate stands at 3.04%. This places the real rate below the upper bound of Banco de México's estimated neutral real rate range (1.8%–3.6%), implying that monetary policy is neutral and not actively restraining inflation.

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**Annex 1. Items with the Largest and Smallest Biweekly Inflation First Half of January 2026**

1H January	Items	Biweekly Change
<b>10 Items with largest increase</b>	Limes	15.21%
	Chayote	8.96%
	Bananas	4.95%
	Zucchini	4.42%
	Green beans	3.57%
	Tomato	3.45%
	Papaya	3.06%
	Other household-related services	2.62%
	Energy drinks	2.53%
	Potato and other tubers	2.46%
<b>10 items with largest decrease</b>	Air transportation	-27.30%
	Serrano peppers	-10.56%
	Package tourism services	-7.52%
	Lettuce and cabbage	-5.97%
	Guava	-5.35%
	Other fresh chilies	-5.20%
	Egg	-3.95%
	Poblano pepper	-3.62%
	Onion	-3.29%
	Grapes	-2.80%

Source: Grupo Financiero BASE with data from INEGI