

National Consumer Price Index (CPI), 1H October 2025

Next release of August's CPI: November 9

Overall results and expectations

In the first half of October, inflation stood at 0.28% fortnightly, accelerating compared to the previous fortnight, but still the lowest inflation for a fortnight since 2023 and prior to this period since 2006, when inflation also stood at 0.28%. Domestically, both core and non-core inflation accelerated compared to the previous fortnight.

On the one hand, non-core inflation stood at 0.64% fortnightly, after falling 0.21% last fortnight. When compared with the same periods, non-core inflation was at its lowest level since 2023 and remained well below its long-term average (1.25%). On the other hand, core inflation rose from 0.09% in the previous fortnight to 0.18% in the first fortnight of October, although when compared to the same fortnights, this is the lowest inflation since 2020.

At an annual rate, inflation stood at 3.63%, interrupting four fortnights of acceleration and reaching its lowest level since the first fortnight of August. The slowdown in inflation was driven by its two components: non-core inflation, which stood at 1.58%, ending four fortnights of acceleration, and core inflation, which stood at 4.24%, after three fortnights of acceleration.

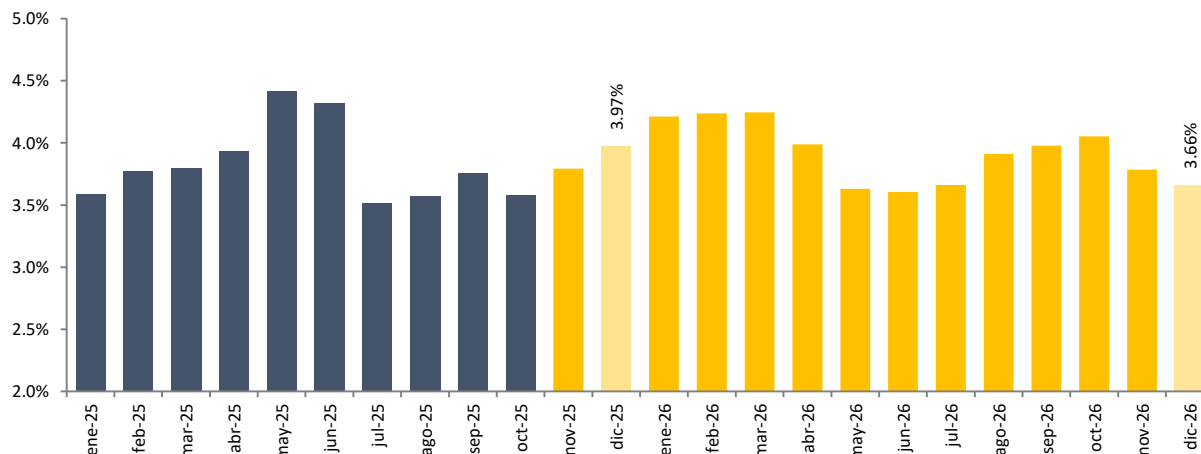
Within non-core inflation, agricultural products registered annual inflation of 1.06%, their second consecutive fortnight of deceleration. Inflation for fruits and vegetables was -8.38% annually, its ninth fortnight of contraction, a trend that will likely continue for the rest of the year, while inflation for livestock products stood at 8.27%, maintaining the behavior shown throughout 2025, with inflation above 7% and no signs that it could moderate. On the other hand, the energy and government-regulated tariffs component showed annual inflation of 1.99%. Domestically, the energy sector showed inflation of 1.10%, remaining below 3% since the first half of June, and the government-authorized tariffs sector registered inflation of 3.59%, its fifth consecutive fortnight below 4%.

Despite slowing down, core inflation is reluctant to fall below 4%. This is due to two categories that remain above that level. On the one hand, goods inflation stood at 4.06%, its lowest level since the first half of August. Domestically, non-food goods inflation stood at 3.05%, marking two consecutive fortnights of deceleration and signaling that it could be at a downward turning point. Food inflation stood at 5.24%, slowing down compared to the previous fortnight, although it has been above 5% for seven fortnights in a row, which is the main factor keeping goods inflation high. On the other hand, services inflation accelerated, standing at 4.42%. Domestically, inflation for other services stood at 5.22% annually, marking two consecutive fortnights of acceleration and highlighting the difficulty in bringing it below 5%. Finally, housing inflation stood at 3.40%, in line with its performance over the last seven fortnights, while education inflation remained at 5.82%, maintaining a similar trend to that observed since the first fortnight of March.

With this, inflation is expected to stand at 3.97% at the end of the year.

In this context, it is noteworthy that inflation has remained below 4% for seven consecutive fortnights, which will likely prompt the Bank of Mexico to make a further cut of 25 basis points in its interest rate to 7.25%. However, the Bank should act cautiously and consider that the downward pressures on headline inflation come mainly from non-core inflation, while core inflation remains above 4%. This is a cause for concern, as non-core inflation is volatile and a rebound would push headline inflation back above 4%, the upper range of the Bank of Mexico's target of 3% +/- 1 percentage point.

Figure 2. Mexico's CPI
YoY % rate



Source: Grupo Financiero BASE with INEGI's information and own projections.

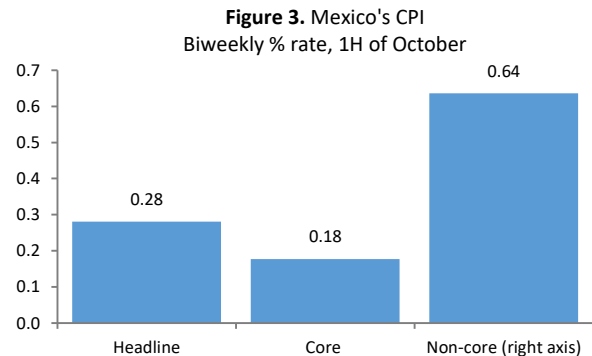
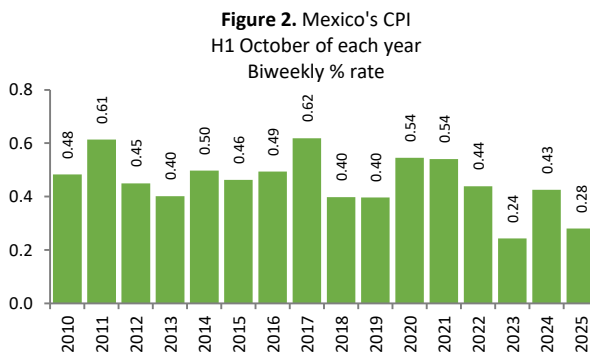
Table 1. Biweekly and annual CPI

1 st Half of October	Biweekly inflation	Lowest CPI for an equal fortnight since	Annual inflation	Consecutive months of deceleration
Headline inflation	0.28%	2023	3.63%	1
Core inflation	0.18%	2020	4.24%	1
Goods	0.09%	2014	4.06%	1
Food goods	0.10%	1988	5.24%	1
Non-food goods	0.08%	2020	3.06%	2
Services	0.26%	-	4.42%	0
Housing	0.14%	-	3.40%	0
Education	0.00%	-	5.82%	0
Other services	0.42%	-	5.22%	0
Non-core inflation	0.64%	2023	1.58%	1
Agricultural products	-0.77%	2023	1.06%	2
Fruits and vegetables	-1.27%	2023	-8.38%	2
Livestock	-0.43%	2023	8.27%	1
Energy and authorized tariffs	1.79%	-	1.99%	-
Energy	2.66%	-	1.10%	-
Authorized tariffs	0.29%	-	3.59%	-

Source: Grupo Financiero BASE with INEGI's information.

General Inflation

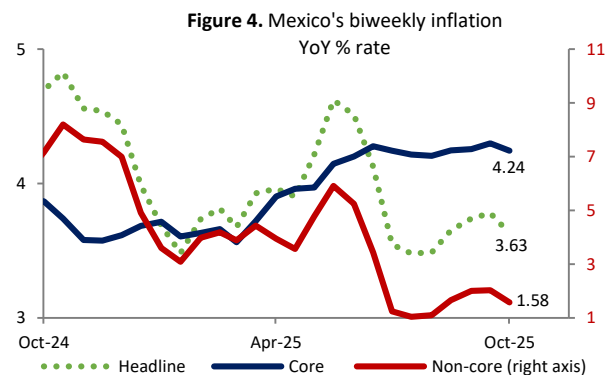
In the first half of October, **headline inflation stood at 0.28%** for the fortnight, accelerating compared to the previous fortnight, but still the lowest inflation for a fortnight since 2023 and prior to this period since 2006, when inflation also stood at 0.28% (Figure 2). Domestically, both **core and non-core inflation accelerated** compared to the previous fortnight (Figure 3).



Source: Grupo Financiero BASE with INEGI's information.

At an annual rate, inflation stood at 3.63%, interrupting four fortnights of acceleration and reaching its lowest level since the first fortnight of August (Figure 4). It is noteworthy that **inflation has remained below 4% for seven consecutive fortnights**, although downward pressures on headline inflation come mainly from non-core inflation, while core inflation remains above 4% (Figure 4).

On the one hand, non-core inflation stood at 1.58%, ending four fortnights of acceleration (Figure 4). On the other hand, core inflation stood at 4.24%, after three fortnights of acceleration.



Source: Grupo Financiero BASE with INEGI's information.

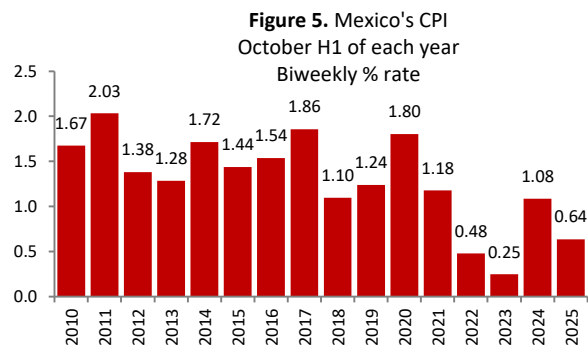
In this context, it is noteworthy that **inflation has remained below 4% for seven consecutive fortnights**, which will likely prompt the Bank of Mexico to make another 25 basis point cut in its interest rate to 7.25%. However, the Bank should act cautiously and consider that **the downward pressures on headline inflation come mainly from non-core inflation**, while core inflation remains above 4%. This is a cause for concern, as non-core inflation is volatile and a rebound would push headline inflation back above 4%, the upper range of the Bank of Mexico's target of 3% +/- 1 percentage point.

Non-Core Inflation

Biweekly variation

Non-core inflation stood at 0.64% fortnightly, after falling 0.21% last fortnight. Compared to the same periods, non-core inflation was at its lowest level since 2023 (Figure 5) and remained well below its long-term average (1.25%).

The fortnightly upturn was mainly driven by inflation in energy and government-regulated tariffs, which stood at 1.79%, driven by adjustments in electricity and energy tariffs. In contrast, agricultural product inflation fell 0.77%, its fifth contraction in the last six fortnights, limiting the upturn in non-core inflation.



Source: Grupo Financiero BASE with INEGI's information.

Within the agricultural and government-regulated tariffs categories, the following stood out:

- The biweekly acceleration in **energy and government-authorized tariff inflation** (1.79%) was mainly due to adjustments made to electricity tariffs during October and November, which is consistent with biweekly electricity inflation, which stood at 17.65% (Table 2). This had an impact on biweekly **energy** inflation, which stood at 2.66%. At the same time, inflation in **government-authorized rates** also contributed to the upturn in the entire category, accelerating to 0.29% biweekly, after falling 0.06% in the previous fortnight and, when compared to the same periods, is the highest since the first fortnight of October 2017.

This is consistent with the behavior of energy generics and government-authorized tariffs. Noteworthy was the biweekly rebound in electricity prices (17.65%), followed by higher prices for taxis (0.79%), domestic LP gas (0.33%), water supply fees (0.33%), and urban buses (0.33%). Of all the energy and government-regulated tariffs, only low-octane gasoline recorded negative inflation (-0.03%) (Table 2).

Table 2. Energy sources and government rates with the highest and lowest increases. % rate in H1 of October 2025

Generics with the highest increase	Energy and government authorized tariffs	Biweekly % rate	Generics with the highest decrease	Energy and government authorized tariffs	Biweekly % rate
	Electricity	17.65%		Low octane gasoline	-0.03%
	Taxi	0.79%			
	Domestic LP gas	0.33%			
	Water supply fees	0.33%			
	City bus	0.15%			
	Vehicle registration fees	0.13%			
	Bus	0.09%			
	Parking	0.07%			
	High-octane gasoline	0.05%			
	Metro or electric transport	0.04%			
	Highway tolls	0.01%			

Source: Grupo Financiero BASE with INEGI's information.

- The decline in biweekly inflation for agricultural products (-0.77%) was caused by negative inflation for fruits and vegetables (-1.27%), which has fallen in five of the last six fortnights. In turn, inflation for livestock products contracted 0.43% in this fortnight, as it usually does when comparing equal periods. It should be noted that,

when analyzing equal periods, inflation for fruits and vegetables shows volatile behavior, so the decline in this fortnight cannot be attributed particularly to a seasonal effect. This implies that this group is helping to keep agricultural inflation low.

Within fruits and vegetables, the biweekly contraction was mainly due to lower prices for green tomatoes (-6.95%), oranges (-6.30%), avocados (-5.91%), potatoes and other tubers (-4.93%), and lemons (4.50%). On the other hand, this was limited by increases in the prices of peaches (5.99%), onions (5.26%), watermelons (2.22%), other vegetables and legumes (2.06%), and nopales (2.05%) (Table 3).

Table 3. Fruit and vegetables with the highest and lowest increases. % rate in H1 of October 2025

Generics with the highest increase	Fruit and vegetables	Biweekly inflation	Generics with the highest decrease	Fruit and vegetables	Biweekly inflation
	Peach	5.99%		Green tomatoes	-6.95%
	Onion	5.26%		Oranges	-6.30%
	Watermelon	2.22%		Avocados	-5.91%
	Other vegetables and legumes	2.06%		Potatoes and other root vegetables	-4.93%
	Nopales	2.05%		Lemons	-4.50%
	Pineapple	1.99%		Serrano peppers	-4.18%
	Zucchini	1.98%		Cucumbers	-3.41%
	Other fruits	1.94%		Tomatoes	-3.34%
	Melon	1.84%		Bananas	-2.72%
	Grapes	1.68%		Lettuce and cabbage	-2.46%

Source: Grupo Financiero BASE with INEGI's information.

Within livestock products, the lowest biweekly inflation was due to the fall in prices of eggs (-2.13%), chicken (-0.95%), and shrimp (-0.80%). However, this was offset by inflation in lard (1.35%), beef offal (0.91%), beef (0.51%), pork (0.22%), and fish (0.05%).

Table 4. Livestock with the highest and lowest increases. % rate in H1 of October 2025

Generics with the highest increase	Livestock	Biweekly (%)	Generics with the highest decrease	Livestock	Biweekly (%)
	Lard	1.35%		Egg	-2.13%
	Beef offal	0.91%		Chicken	-0.95%
	Beef	0.51%		Shrimp	-0.80%
	Pork	0.22%			
	Fish	0.05%			
	Lard	1.35%			

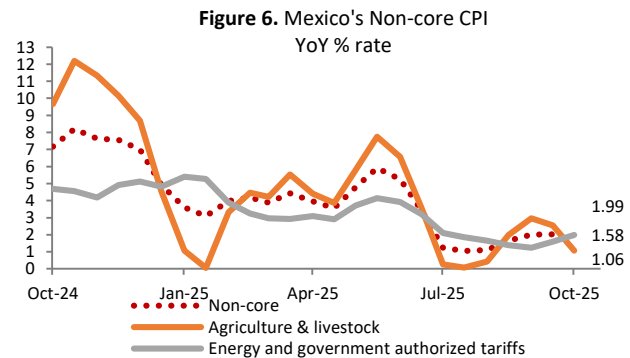
Source: Grupo Financiero BASE with INEGI's information.

Annual variation

Non-core inflation stood at 1.58% annually, ending four fortnights of acceleration and showing its lowest inflation since the first fortnight of August.

The slowdown in non-core inflation came from the **agricultural** sector, where inflation stood at 1.06%, marking two fortnights of deceleration.

In contrast, inflation in **energy and government-regulated** tariffs stood at 1.99%, accelerating for the second fortnight in a row (Figure 6).



Source: Grupo Financiero BASE with INEGI's information.

Within each category, the following stood out:

- **Agricultural products** registered annual inflation of 1.06%, their second fortnight in a row of deceleration. Inflation for **fruits and vegetables** was -8.38% annually, its ninth fortnight of contraction, a trend that will likely continue for the rest of the year. In contrast, inflation for **livestock products** stood at 8.27%, maintaining the behavior shown throughout 2025, with inflation above 7% and no signs that it could moderate.

- Inflation for **energy and government-regulated tariffs** stood at 1.99% annually, the highest since the first fortnight of July, although it remains low, as it has been below 2% for six fortnights in a row. Domestically, **energy** inflation was 1.10%, remaining below 3% since the first half of June, and **government-regulated tariffs** registered inflation of 3.59%, their fifth consecutive fortnight below 4%.

It should be noted that although inflation in energy prices and government-approved tariffs shows low and stable inflation, it is likely that the next few weeks will continue to show upward pressure due to adjustments in electricity tariffs. Furthermore, it is important not to rely on this item as a pillar of overall inflation, as it is composed of products with volatile prices.

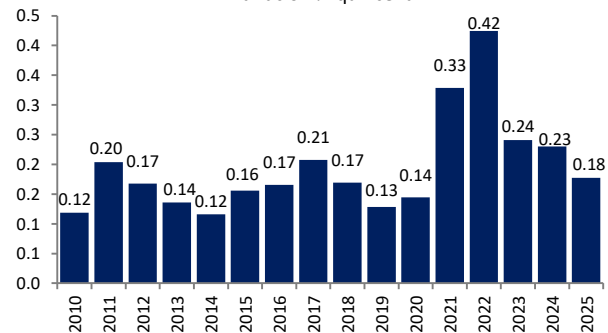
Core Inflation

Biweekly Variation

Core inflation, which excludes food and energy and determines the long-term inflation trajectory, rose from 0.09% in the previous fortnight to 0.18% in the first half of October, although when compared to the same fortnights, this is the lowest inflation since 2020 (Figure 7).

The higher core inflation was due to the acceleration of goods inflation by 0.09% and services inflation by 0.26%. However, when compared to the same periods, goods inflation is the lowest since 2014, while services inflation remained in line with its behavior in recent years.

Figura 7. Inflación subyacente de México
1Q de octubre de cada año
Variación % quincenal



Source: Grupo Financiero BASE with INEGI's information.

Within core inflation, the following points stood out:

- Biweekly **inflation for goods** (0.09%) slowed due to a slowdown in **food goods**, which was accompanied by low inflation for **non-food goods**. On one hand, inflation for **food goods** was 0.10%, after standing at 0.16% in the second half of September. Compared to the same periods, this is the lowest since 1988. This is a clear sign that pressures on this item are easing. **Non-food goods** inflation stood at just 0.08%, after falling 0.01% in the previous fortnight.

Within the goods component, the items with the lowest inflation were: audio and video players and accessories (-0.47%), pet food (-0.33%), video game consoles, discs, and downloads (-0.23%), sandals and huaraches (-0.15%), and energy drinks (-0.02%). On the contrary, the generic items with the highest inflation were: musical instruments and audio and video downloads (0.60%), plants and flowers (0.56%), bedspreads and blankets (0.47%), clothing accessories (0.46%), and towels, curtains, and other linens (0.30%).

Table 5. Goods with the highest and lowest increases. % rate in H1 of October 2025

Generics with the highest increase	Goods	Biweekly inflation	Generics with the highest decrease	Goods	Biweekly inflation
	Musical instruments, and audio and video downloads	0.60%		Audio and video players and accessories	-0.47%
	Plants and flowers	0.56%		Pet food	-0.33%
	Bedspreads and blankets	0.47%		Video game consoles, discs, and downloads	-0.23%
	Clothing accessories	0.46%		Sandals and huaraches	-0.15%
	Towels, curtains, and other linens	0.30%		Energy drinks	-0.02%

Source: Grupo Financiero BASE with INEGI's information.

- **Services inflation** (0.26% biweekly) accelerated, although when compared to the same periods, it has remained in line with the behavior of the last five years. Domestically, there is concern about inflation in **other services**, which accelerated to 0.42% biweekly, the highest inflation for a similar period since 2022. This suggests that this sector is facing additional price pressures.

Housing services inflation stood at 0.14%, in line with its performance over the last fortnight and, compared to the same periods, also consistent with inflation observed over the last two years. This shows that inflation in this area remains stable. Finally, inflation in **education services** stood at 0.00% for the second fortnight in a row, a result that is also consistent when compared with the same periods, when it usually remains unchanged.

In this context, the services with the highest biweekly inflation corresponded to the category of other services, notably: air transport (11.59%), package tourism services (7.06%), professional services (6.00%), and medical care during childbirth (0.65%). On the other hand, the generics with the lowest biweekly inflation were: cinema (-1.19%), car insurance (-0.16%), movie and music streaming (-0.13%), and funeral services (-0.12%) (Table 6).

Table 6. Services with the highest and lowest increases. % rate in H1 of October 2025

Generics with the highest increase	Services	Biweekly inflation	Generics with the highest decrease	Services	Biweekly inflation
	Air transportation	11.59%		Movies	-1.19%
	Package tourist services	7.06%		Car insurance	-0.16%
	Professional services	6.00%		Movie and music streaming	-0.13%
	Medical care during childbirth	0.65%		Funeral services	-0.12%
	Haircuts	0.47%		Beauty salon and massage parlor	-0.08%
	Party packages	0.36%		Pet services	-0.04%
	Clinical analyses	0.32%			
	Home maintenance, repair, and security services	0.29%			
	Laundry service	0.27%			
	Snack bars, diners, torta shops, and taco shops	0.24%			

Source: Grupo Financiero BASE with INEGI's information.

Annual variation

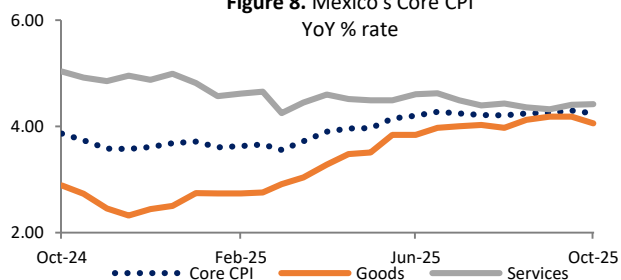
Core inflation stood at 4.24% after accelerating for three fortnights. It is important to note that core inflation remains high, with no clear signs of a downward trend (Figure 8).

Despite its slowdown, it shows reluctance to fall below 4%. This is due to two items that maintain inflation above that level.

Within the core component, the following stood out:

- **Goods inflation** stood at 4.06%, its lowest level since the first fortnight of August. Within this component, **non-food goods** inflation stood out, at 3.05%, marking two fortnights of deceleration and sending a signal that it could be at a downward turning point. Meanwhile, **food inflation** stood at 5.24%, slowing down compared to the previous fortnight, although remaining above 5% for seven fortnights in a row, which is the main factor keeping goods inflation high.
- **Services inflation** accelerated, reaching 4.42%. Domestically, inflation in **other services** stood at 5.22% annually, marking two consecutive fortnights of acceleration and highlighting the difficulty in bringing it below 5%. Finally, **housing** inflation stood at 3.40%, in line with its performance over the last seven fortnights, while **education services** inflation remained at 5.82%, maintaining a similar trend to that observed since the first fortnight of March.

Figure 8. Mexico's Core CPI YoY % rate



Source: Grupo Financiero BASE with INEGI's information.

Interest rate outlook

During the year, the rate has been cut six times for a total of 250 basis points. With the nominal interest rate at 7.50% and 12-month inflation estimated at 3.79% by analysts surveyed by the Bank of Mexico, the ex ante real interest rate is estimated at 3.57%, within the range of the neutral real rate of 1.8% to 3.6%, where economic activity is neither encouraged nor restricted. Therefore, the Governing Board should consider pausing the cycle of interest rate cuts.

Furthermore, for Mexico, one of the main channels for transmitting monetary policy is expectations, so continuing to cut interest rates could represent a reputational risk for the bank, making it even more difficult for inflation to return to its target level of 3.0%. Therefore, it would be advisable for the Bank of Mexico to pause the cycle of interest rate cuts.

The Federal Reserve is likely to make another 25 basis point cut to its interest rate in the remainder of 2025, and the Bank of Mexico is expected to follow suit, with the interest rate expected to close 2025 at 7.25%. This would put the interest rate in Mexico in neutral territory, as if inflation no longer needed to fall further.

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Appendix 1. Generic drugs with the highest and lowest biweekly inflation in the first half of October.

H1 October	Generic	Biweekly % rate
10 Generics with the highest increase	Electricity	17.65%
	Air transportation	11.59%
	Package tourism services	7.06%
	Professional services	6.00%
	Peaches	5.99%
	Onions	5.26%
	Watermelons	2.22%
	Other vegetables and legumes	2.06%
	Nopales (prickly pear cactus)	2.05%
	Pineapples	1.99%
10 generics with the highest decrease	Green tomatoes	-6.95%
	Oranges	-6.30%
	Avocados	-5.91%
	Potatoes and other tubers	-4.93%
	Lemons	-4.50%
	Serrano peppers	-4.18%
	Cucumbers	-3.41%
	Tomatoes	-3.34%
	Bananas	-2.72%
	Lettuce and cabbage	-2.46%

Source: Grupo Financiero BASE with INEGI's information.