

Consumer Price Index (CPI), December 2025

Next publication on **monthly inflation for January**: February 8, 2025

General Inflation and Expectations

In December 2025, consumer inflation decelerated to 0.28% month-over-month, marking the lowest inflation for a corresponding month since 2012.

This slowdown was driven by non-core inflation, which stood at a monthly rate of -0.16%, following a rate of 2.28% the previous month. Compared to previous years, this is the lowest non-core inflation for a December since 2022 and its fifth contraction in the last six years. Within this component, the agricultural sector registered inflation of -0.66%, due to: 1) lower prices for fruits and vegetables (-0.53%), which have fallen in 5 of the last seven months, and 2) inflation in livestock products (-0.75%), which has fallen in five of the last six months and recorded its largest drop for a corresponding month in history.

Meanwhile, inflation in energy and government-authorized tariffs slowed to 0.24%, the lowest for a corresponding month since 2023. Within this, energy products registered 0.08% inflation, while government-authorized tariffs showed 0.53% inflation, the highest for a corresponding month since 2013.

Conversely, core inflation accelerated to 0.41% month-over-month, up from 0.19% the previous month. However, this uptick is due to seasonal factors, and when compared to corresponding months, it is the lowest inflation since 2015, suggesting that pressures in this sector are beginning to subside. The monthly rebound was driven by its two sub-components: merchandise inflation was 0.33%, while services inflation accelerated to 0.48%. Within merchandise inflation, upward pressures came from food merchandise, with inflation at 0.57% monthly (the highest for such a period since 2022), while non-food merchandise inflation stood at 0.13%, the lowest for a corresponding period since 2015. Meanwhile, services inflation, which accelerated compared to November, stood at 0.48%; however, compared to corresponding months, it is the lowest since 2020. This acceleration came mainly from "other services" inflation at 0.83%. Nevertheless, this does not present a cause for alarm, as compared to corresponding months, it is the lowest inflation since 2020. Housing services inflation (0.18%) and education services inflation (0.00%) maintained behavior in line with previous Decembers.

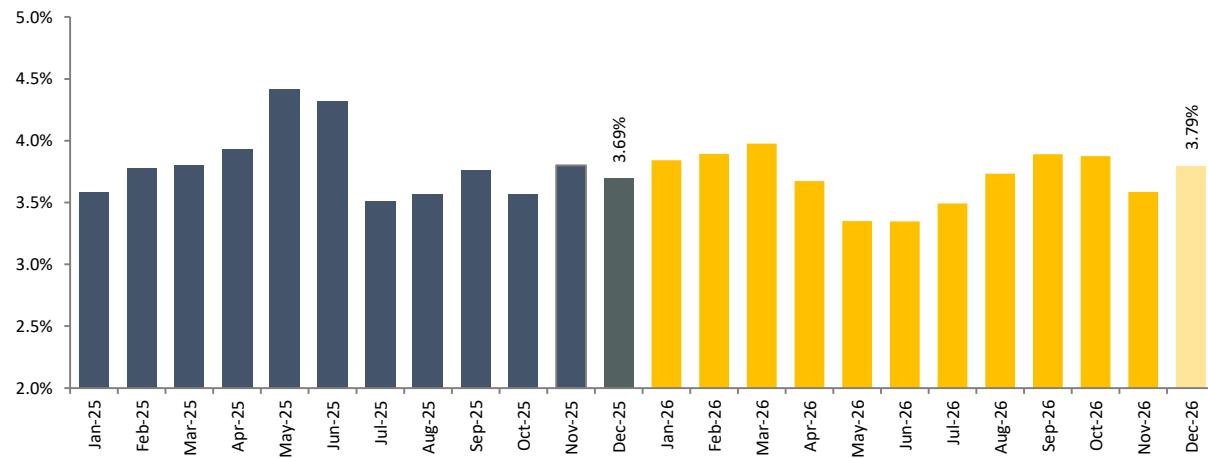
On an annual basis, headline inflation slowed to 3.69%, marking six consecutive months below 4%. This was due to the slowdown in both components: non-core inflation, which stood at 1.61%, and core inflation, which stood at 4.33%.

However, these results are not entirely positive given that: 1) this is the longest streak with inflation below 4% since the period from June 2019 to July 2020, when the Mexican economy was in recession, which is consistent with the current period of economic weakness. 2) This is driven by low non-core inflation, which slowed to 1.61% annually in December, remaining below 2% in 5 of the last 6 months. Meanwhile, core inflation has remained above 4% since May 2025 and still shows no clear signs of deceleration.

For 2026, Grupo Financiero BASE estimates that inflation could close at 3.79%, remaining above Banco de México's 3% target. Furthermore, risks persist that could cause it to rebound above 4%, such as: 1) The 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) the additional boost to services inflation during the summer due to the World Cup.

Therefore, Banco de México should continue to act with caution, keeping its interest rate unchanged at 7.00%. Considering a 7.00% interest rate and inflation expectations for the next 12 months at 3.84%, the real ex-ante rate stands at 3.04%. With this, the real interest rate falls below the upper range estimated by Banco de México for the real neutral rate (between 1.8% and 3.6%), implying that monetary policy is neutral, and therefore inflation is not being actively combated.

Figure 1. Mexico's CPI
YoY % rate



Source: Grupo Financiero BASE with data from INEGI

Table 1. Monthly and annual inflation

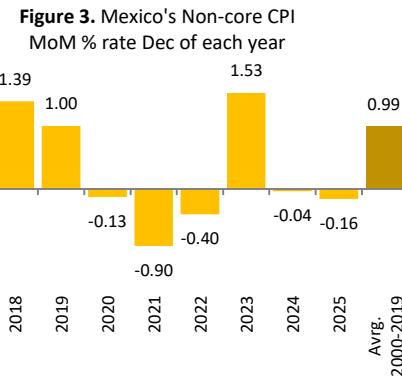
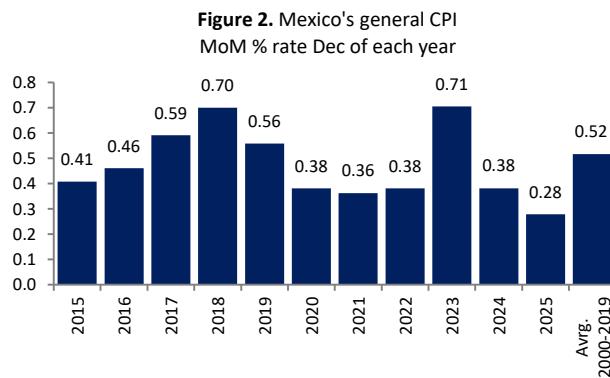
| December 2025 Monthly Inflation | Monthly inflation | Annual inflation Dec 2025 vs. Dec 2024 | Lowest annual inflation since | Consecutive months of annual deceleration |
|--------------------------------------|-------------------|----------------------------------------|-------------------------------|-------------------------------------------|
| General Inflation | 0.28% | 3.69% | October 2025 | 1 |
| Core | 0.41% | 4.33% | October 2025 | 1 |
| Goods | 0.33% | 4.30% | October 2025 | 1 |
| Food goods | 0.57% | 5.22% | November 2025 | 0 |
| Non-food goods | 0.13% | 3.51% | October 2023 | 1 |
| Services | 0.48% | 4.35% | April 2025 | 1 |
| Housing | 0.18% | 3.35% | December 2022 | 2 |
| Education | 0.00% | 5.82% | November 2025 | 0 |
| Other services | 0.83% | 5.11% | September 2025 | 1 |
| Non-core | -0.16% | 1.61% | October 2025 | 1 |
| Agriculture | -0.66% | 0.88% | September 2019 | 1 |
| Fruits and vegetables | -0.53% | -5.62% | Does not apply | 7 consecutive months of contraction |
| Livestock | -0.75% | 5.76% | November 2024 | 2 |
| Energy and authorized tariffs | 0.24% | 2.19% | September 2025 | 3 |
| Energy | 0.08% | 0.18% | December 2023 | 1 |
| Authorized tariffs | 0.53% | 5.93% | November 2025 | 1 |

Source: Grupo Financiero BASE with data from INEGI

Monthly Inflation

In December, **headline inflation** decelerated to 0.28% month-over-month. This marks the lowest inflation for a corresponding month since 2012, placing it below its long-term average (Figure 2). This deceleration in headline inflation was driven by lower non-core inflation.

In December, **non-core inflation** stood at a monthly rate of -0.16%, following a rate of 2.28% the previous month. Compared to previous years, this is the lowest inflation for a December since 2022 and its fifth contraction in the last six years (Figure 3).



Source: Grupo Financiero BASE with INEGI's information.

Analyzing the contraction in non-core inflation (-0.16% month-over-month), it is notable that the agricultural component registered inflation of -0.66%, while inflation in energy and government-authorized tariffs slowed to 0.24%. A deeper analysis of each component revealed the following:

- The drop in **agricultural inflation** (-0.66%) was caused by: 1) lower prices for **fruits and vegetables** (-0.53%), which have fallen in five of the last seven months, and 2) **livestock product inflation** (-0.75%), which has fallen in four of the last five months and registered its largest drop for a corresponding month in history, evidencing strong downward pressures in the sector.

The ten generic items within the agricultural category showing the largest price drops, consistent with the decline in the overall sector, included: papaya (-10.77%), zucchini (-8.38%), serrano chili (-6.90%), pineapple (-5.53%), and chayote (-5.33%). Conversely, those registering the highest inflation were: green tomato (27.71%), poblano chili (17.74%), other fresh chilies (7.88%), lime (5.72%), and grapes (5.27%).

Table 2. Agricultural products with the highest and lowest monthly price variation in December 2025

| Dec-25 | Fruits and vegetables | Monthly change | Livestock | Monthly change |
|----------------------------------|-----------------------|----------------|------------|----------------|
| Items with the largest increases | Green tomatoes | 27.01% | Beef offal | 1.42% |
| | Poblano peppers | 17.74% | Pork | 0.89% |
| | Other fresh peppers | 7.88% | Lard | 0.45% |
| | Lemons | 5.72% | Beef | 0.44% |
| | Grapes | 5.27% | Fish | 0.28% |
| | Green beans | 4.93% | shrimp | |
| | Guava | 3.46% | | |
| | Watermelon | 2.42% | | |
| | Lettuce and cabbage | 1.34% | | |
| | Cucumbers | 1.24% | | |

Source: Grupo Financiero BASE with data from INEGI

Table 3. Agricultural products with the highest and lowest monthly price variation in December 2025

| Dec-25 | Fruits and vegetables | Monthly change | Livestock | Monthly change |
|----------------------------------|------------------------------|----------------|-----------|----------------|
| Items with the largest decreases | Papaya | -10.77% | Egg | -4.11% |
| | Zucchini | -8.38% | Chicken | -1.30% |
| | Serrano chili pepper | -6.90% | | |
| | Pineapple | -5.53% | | |
| | Chayote | -5.33% | | |
| | Orange | -4.96% | | |
| | Bananas | -4.16% | | |
| | Melon | -4.00% | | |
| | Other vegetables and legumes | -3.64% | | |
| | Avocado | -3.57% | | |

Source: Grupo Financiero BASE with data from INEGI

- The inflation of **energy and government-authorized tariffs**, which decelerated to 0.24%, was driven by low inflation in the **energy** component (0.08%). This follows a cumulative increase of 6.26% recorded in this component during October and November alone. Compared to corresponding periods, this is the lowest inflation since 2023. Meanwhile, the **government-authorized tariffs** component significantly limited the deceleration of the overall sector, posting inflation of 0.53%, the highest for a corresponding month since 2013.

Analyzing the monthly inflation of generic items within energy and government-authorized tariffs, domestic LP gas was the only item to register a price drop (-0.40%). Conversely, the generic items showing the highest inflation were: vehicle procedures (1.76%), taxi fares (0.96%), domestic natural gas (0.90%), urban bus fares (0.57%), and electricity (0.56%).

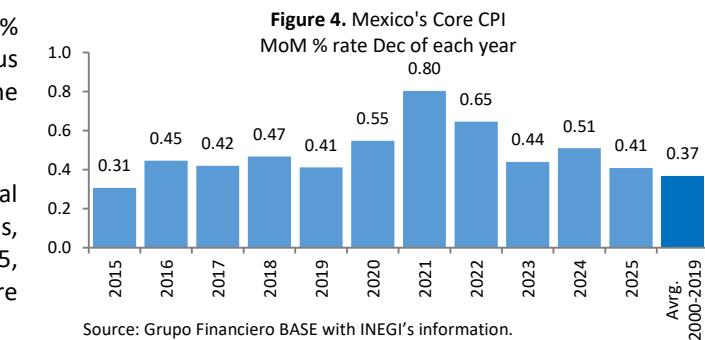
Table 4. Energy sources and authorized rates with the highest and lowest monthly price variations in December 2025

| Dec-2025 | Energy | Monthly change | Government-authorized tariffs | Monthly change |
|----------------------------------|------------------------------|----------------|-------------------------------------|----------------|
| Items with the largest increases | Natural gas for domestic use | 0.90% | Vehicle registration | 1.76% |
| | Electricity | 0.56% | Taxi | 0.96% |
| | High-octane gasoline | 0.20% | Bus | 0.57% |
| | Low-octane gasoline | 0.02% | Issuance of public sector documents | 0.39% |
| | | | Parking | 0.35% |
| | | | Water supply fees | 0.22% |
| | | | City bus | 0.09% |
| | | | Metro or electric transport | 0.08% |
| Items with the largest decreases | Domestic LP gas | 0.40% | | |

Source: Grupo Financiero BASE with data from INEGI

On contrary, **core inflation** accelerated to 0.41% month-over-month from 0.19% the previous month, limiting the deceleration of headline inflation.

However, this rebound is driven by seasonal factors; when compared to corresponding months, it represents the lowest inflation since 2015, suggesting that pressures in this sector are beginning to subside (Figure 4).



This monthly rebound was the result of higher inflation in its two sub-components:

- **Merchandise inflation** stood at 0.33%, after falling 0.03% the previous month. Compared to corresponding periods, merchandise inflation is the lowest since 2023. Within this component, upward pressures came from **food merchandise**, where inflation stood at 0.57% month-over-month, the highest for such a period since 2022, while **non-food merchandise** inflation stood at 0.13%, the lowest for a corresponding period since 2015.

This is consistent with the behavior of specific generic items, as those registering the highest inflation were notably within food merchandise: rum (6.67%), brandy (5.34%), table wine (4.80%), and sugar (4.65%), followed by microwave ovens (3.51%), which belongs to the non-food merchandise category. In turn, the merchandise items that registered the largest monthly price drops were: paper napkins (-2.08%), audio and video players (-1.68%), lotions and perfumes (-1.47%), skin creams (-1.42%), and hair products (-1.35%). All of these belong to the non-food merchandise category.

Table 5. Goods with the largest monthly price increases or decreases in December 2025

| Dec-25 | Goods | % MoM Var | Dec-25 | Goods | % MoM Var |
|-------------------------------------|--------------------|-----------|-------------------------------------|----------------------------|-----------|
| 10 items with the largest increases | Rum | 2.00% | 10 items with the largest decreases | Paper napkins | -2.08% |
| | Brandy | 1.58% | | Audio and video players... | -1.68% |
| | Table wine | 1.55% | | Lotions and perfumes | -1.47% |
| | Sugar | 1.44% | | Skin creams | -1.42% |
| | Microwave oven | 1.26% | | Hair products | -1.35% |
| | Men's suit | 1.25% | | Women's underwear | -1.23% |
| | Refrigerators | 1.18% | | Detergents | -1.19% |
| | Plants and flowers | 1.09% | | Yellow cheese | -1.09% |
| | Other spirits | 1.08% | | Air conditioners | -1.04% |
| | Men's pants | 1.07% | | Other cheeses | -1.02% |

Source: Grupo Financiero BASE with data from INEGI

- **Services inflation** accelerated relative to November to stand at 0.48%; however, compared to corresponding months, it is the lowest since 2020. This acceleration stemmed mainly from **other services** inflation of 0.83%. Nevertheless, this does not present a cause for alarm, as compared to corresponding months, it is the lowest inflation since 2020. **Housing services** inflation (0.18%) and **education services** inflation (0.00%) maintained behavior in line with that recorded in previous Decembers.

Observing the behavior of specific generic items, price increases within the "other services" category stood out. This could be attributed to the December holidays and New Year celebrations, periods typically characterized by higher demand for these services. Among them, those registering the highest inflation were: air transport (19.89%), package tourism services (5.23%), cinemas (4.17%), hotels (2.16%), and intercity bus fares (2.14%).

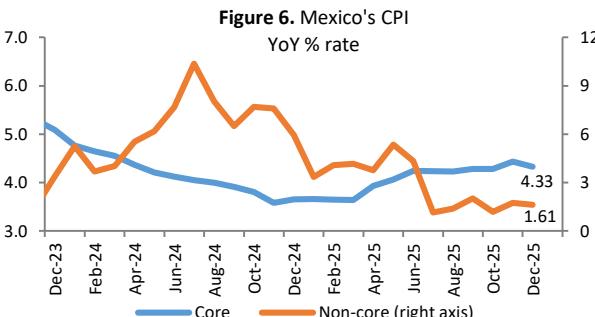
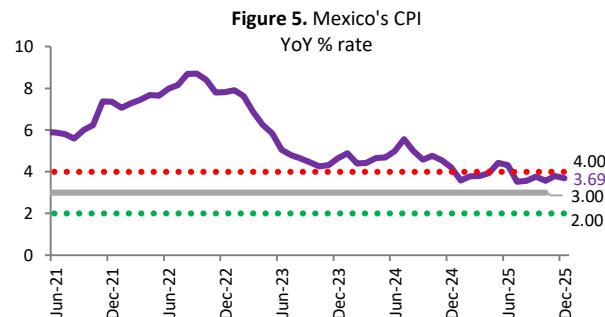
Table 6. Services with the largest monthly price increases or decreases in December 2025

| Dec-25 | Services | % MoM Var | Dec-25 | Services | % MoM Var |
|----------------------------------|----------------------------|-----------|----------------------------------|------------------------------------|-----------|
| Items with the largest increases | Air transportation | 19.89% | Items with the largest decreases | Streaming de películas y música | -0.64% |
| | Package tourist services | 5.23% | | Consulta y prótesis dental | -0.05% |
| | Cinema | 4.17% | | Análisis clínicos | -0.04% |
| | Hotels | 2.16% | | Reparación de automóvil | -0.02% |
| | Intercity bus | 2.14% | | Paquetes de internet, telefonía... | -0.02% |
| | Laundry service | 1.14% | | | |
| | Professional services | 1.14% | | | |
| | Car wash and waxing | 0.97% | | | |
| | Museums and cultural sites | 0.89% | | | |
| | Haircuts | 0.83% | | | |

Source: Grupo Financiero BASE with data from INEGI

Annual Inflation

On an annual basis, **headline inflation** stood at 3.69%, decelerating against November and marking six consecutive months below 4% (Figure 5). This is given that the deceleration of inflation in both its components: **non-core inflation**, which stood at 1.61%, and **core inflation**, which stood at 4.33% (Figure 6).



Source: Grupo Financiero BASE with INEGI's information.

However, **these results are not entirely positive given that:** 1) this is the longest streak with inflation below 4% since the period from June 2019 to July 2020, when the Mexican economy was in recession, which is consistent with the current period of economic weakness and 2) this is driven by low non-core inflation, which slowed to 1.61% annually in December, remaining below 2% in 5 of the last 6 months. Meanwhile, core inflation has remained above 4% since May 2025 and still shows no clear signs of deceleration.

The persistently high core inflation is due to its two components and their sub-sectors. **Merchandise** registered inflation of 4.30%, marking six months above 4%. Within this, **food merchandise** registered 5.22% annual inflation, interrupting two consecutive months of deceleration. Conversely, **non-food merchandise** stood at 3.51% annually and has remained below 4% since October 2023. **However, it shows a clear upward trend, and with the entry into force of 50% tariffs on imports from countries with which Mexico does not have a trade agreement, the risk that this upward trend persists rises substantially.**

Meanwhile, the **services component** registered inflation of 4.35%, and although it has gradually tended downwards, it shows reluctance to fall from this level. Within this component, **education services** inflation (5.82%) has remained at that level for three consecutive months, while **other services** inflation (5.11%) has remained above 5.11% in 14 of the last 15 months, evidencing that pressures on this sector have not subsided. It is worth noting that **in June 2026, Mexico will be one of the three hosts of the FIFA World Cup, so inflation in this component could show a slight rebound due to increased tourism.**

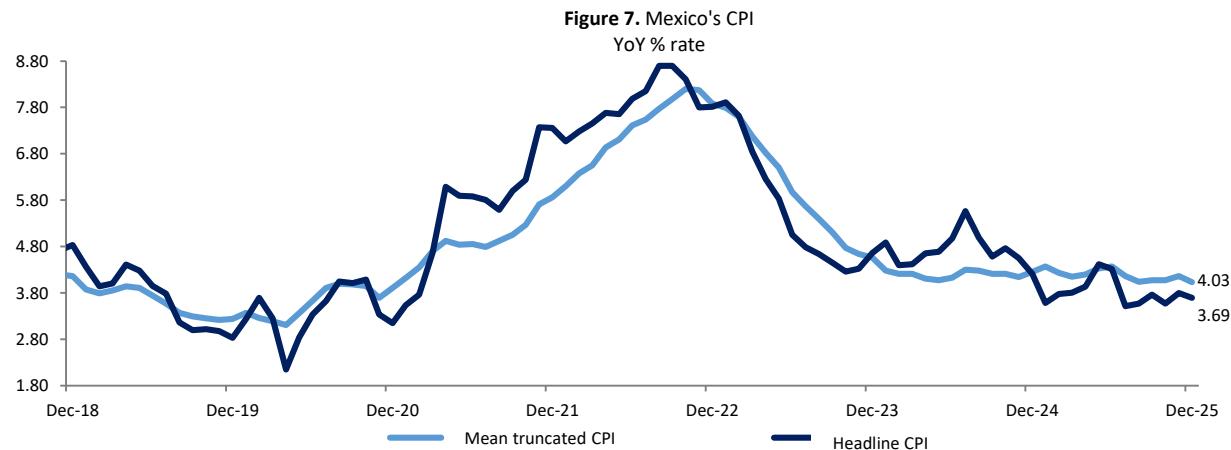
Given the above, it is evident that the **downward force** on inflation stems from the **non-core component**, whose December inflation was 1.61% annually, sitting below 2% in five of the last six months. This is mainly due to the **agricultural component** (0.88% annually), which has marked three months with inflation below 1%. In parallel, inflation in **energy and government-authorized tariffs** stood at 2.19% annually, remaining below 3% in eight of the last ten months.

Trimmed Mean Inflation

The trimmed mean inflation indicator is useful for **analyzing medium-term inflation trends**. Unlike general inflation, this indicator excludes certain components (generic items) that show extreme variations. It is important to highlight that **the trimmed mean inflation indicator is also different from core inflation**, since the elements that core inflation always excludes are the components of 1) agricultural products and 2) energy and government-authorized tariffs. These could be referred to as 'fixed exclusion elements'.

Por su parte, **los genéricos de alta variación que excluye la inflación media truncada cambian mes a mes** (ponderadores dinámicos). Las variaciones extremas de los genéricos que la inflación media truncada excluye son crecimientos muy altos y contracciones muy profundas, pero ambas vertientes deben estar asociadas con **efectos temporales** debido a situaciones atípicas y de corto plazo, **no a un cambio estructural o prolongado sobre la formación de precios**.

Given the above, in December 2025, truncated mean inflation stood at 4.03%, decelerating from the previous month and marking the lowest level since December 2020. This implies that the bulk of generic items, excluding those with extreme variations, experienced strong downward pressures in December. This could be an indication that inflationary pressures in Mexico may be beginning to subside. However, it would still be premature to take this for granted, as this is the first month of deceleration since August, and the indicator remains above 4%, a rate higher than Banco de México's 3% target (Figure 7).



Source: Grupo Financiero BASE with information from Banxico

Inflation and interest rate outlook

For 2026, Grupo Financiero BASE estimates that inflation could close at 3.79%, remaining above Banco de México's 3% target. Furthermore, risks persist that could cause it to rebound above 4%, such as:

1. The 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.
3. The additional boost to services inflation during the summer due to the FIFA World Cup.

Therefore, Banco de México should continue to act with caution, keeping its interest rate unchanged at 7.00%. Considering a 7.00% interest rate and inflation expectations for the next 12 months at 3.84%, the ex-ante real rate stands at 3.04%. With this, the real interest rate sits below the upper bound estimated by Banco de México for the real neutral rate (between 1.8% and 3.6%), implying that monetary policy is neutral; therefore, inflation is not being actively combated.

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Annex 1. 10 items with the largest monthly price increases in December 2025

| Category | Item | Monthly % Var |
|-----------------------|--------------------------|---------------|
| Fruits and vegetables | Green tomatoes | 27.01% |
| Other services | Air transport | 19.89% |
| Fruits and vegetables | Poblano peppers | 17.74% |
| Fruits and vegetables | Other fresh peppers | 7.88% |
| Non-food goods | Rum | 6.67% |
| Fruits and vegetables | Lemon | 5.72% |
| Non-food goods | Brandy | 5.34% |
| Fruits and vegetables | Grapes | 5.27% |
| Services | Package tourist services | 5.23% |
| Fruits and vegetables | Green beans | 4.93% |

Source: Grupo financiero BASE with data from INEGI

Annex 2. 10 items with the largest monthly price decrease in December 2025

| Category | Item | Monthly % Var |
|-----------------------|------------------------------|---------------|
| Fruits and vegetables | Papaya | -10.77% |
| Fruits and vegetables | Zucchini | -8.38% |
| Fruits and vegetables | Serrano chili pepper | -6.90% |
| Fruits and vegetables | Pineapple | -5.53% |
| Fruits and vegetables | Chayote squash | -5.33% |
| Fruits and vegetables | Orange | -4.96% |
| Fruits and vegetables | Bananas | -4.16% |
| Fruits and vegetables | Eggs | -4.11% |
| Fruits and vegetables | Melon | -4.00% |
| Fruits and vegetables | Other vegetables and legumes | -3.64% |

Source: Grupo financiero BASE with data from INEGI