

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

Next release of April's CPI: May 9

Overall Results and Expectations

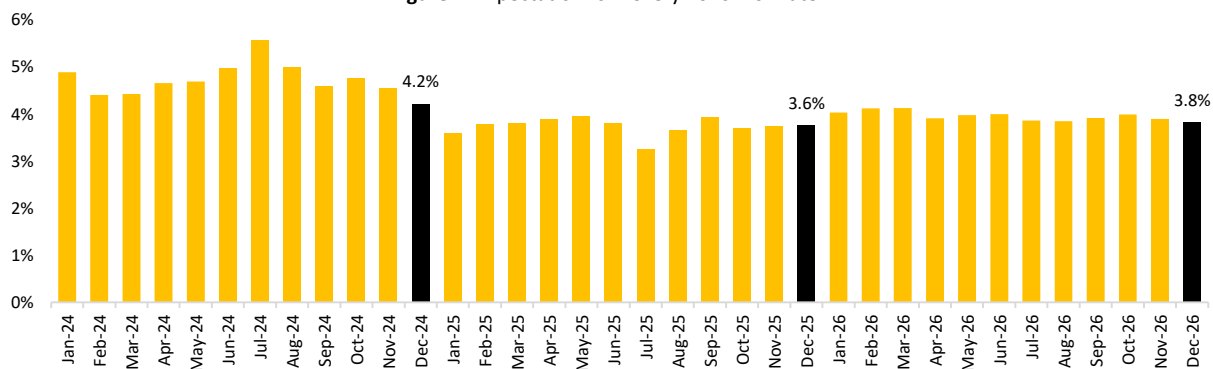
Consumer inflation in the first fortnight of April decelerated to 0.12% biweekly, after reaching 0.21% last fortnight. The deceleration was driven by the non-core component, which fell 0.59% due to downward adjustments in electricity tariffs. The biweekly deceleration of headline inflation was limited by the core component (0.34% biweekly), which faced the highest biweekly rate so far this year. At an annual rate, Mexico's consumer inflation stood at 3.96%, its second consecutive fortnight of acceleration. The acceleration of annual inflation was explained by the core component, which reached 3.90%, its second consecutive biweekly increase. The non-core component decelerated to 3.95% annualized, from the 4.44% recorded last fortnight.

Considering the most recent information, the year-end inflation expectation remains unchanged in 3.6%. However, due to upward pressures, mainly in the core component, which showed the highest annual inflation since the first half of September 2024, adjustments to the forecast in the coming months cannot be ruled out. With the rebound in inflation comes the risk of stagflation in Mexico, especially if the high volatility of the exchange rate continues to put upward pressure on goods inflation.

It should be recalled that the exchange rate in Mexico rose to 21.29 pesos per dollar due to Trump's tariff threats. It then dropped to 19.50 pesos, but the risk of exchange rate depreciation remains latent, causing the prices of imported products to remain high. Thus, one of the main risks for Mexican inflation is the possibility of peso depreciation. On the other hand, the services sector once again showed pressures, but these are considered to be seasonal due to Easter Week, which this year took place in April.

Despite the rebound in headline inflation, the Bank of Mexico is expected to continue cutting the interest rate, as there is an environment of a marked economic slowdown that could help take pressure off headline inflation. In addition, the rate is still in restrictive territory. It is estimated that this year the reference rate will close at 8%.

Figure 1. Expectation for 2025 y 2026. YoY rate



Source: Grupo Financiero BASE with INEGI's information.

Table 1. Biweekly and anual CPI

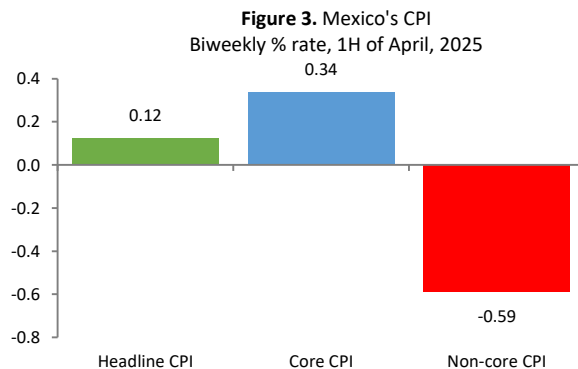
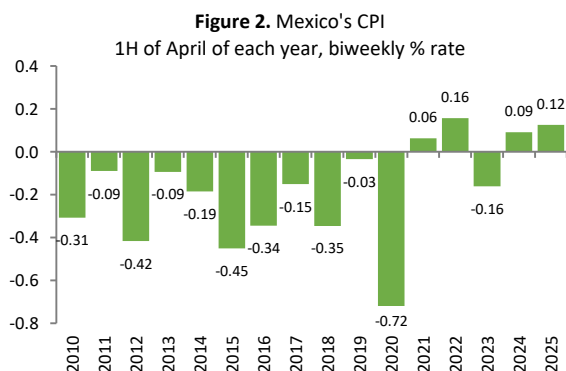
1st Half of April	Biweekly inflation	Lowest for an equal fortnight since	Biweekly average over the last 10 years, for an equal fortnight	Annual inflation	Lowest since	Consecutive months decelerating
Headline inflation	0.12%	2024	0.20%	3.96%	2H Mar 2025	-
Core inflation	0.34%	2024	0.19%	3.90%	2H Mar 2025	-
Goods	0.47%	2024	0.22%	3.28%	2H Mar 2025	-
Food goods	0.33%	2024	0.27%	4.36%	2H Mar 2025	-
Non-food goods	0.60%	2024	0.17%	2.27%	2H Mar 2025	-
Services	0.21%	2024	0.16%	4.60%	2H Mar 2025	-
Housing	0.17%	2024	0.12%	3.66%	2H Mar 2025	-
Education	0.00%	2024	0.18%	5.85%	2H Mar 2025	-
Other services	0.28%	2024	0.20%	5.39%	2H Mar 2025	-
Non-core inflation	-0.59%	2023	0.23%	3.95%	1H Mar 2025	1
Agricultural products	0.60%	2023	0.25%	4.41%	1H Mar 2025	1
Fruits and vegetables	1.45%	2023	0.26%	-2.74%	2H Jan 2025	1
Livestock	0.05%	2018	0.25%	8.92%	2H Jan 2025	1
Energy and authorized tariffs	-1.50%	2024	0.21%	3.09%	2H Mar 2025	-
Energy	-2.45%	2024	0.24%	2.62%	2H Mar 2025	-
Authorized tariffs	0.24%	2024	0.18%	4.34%	2H Mar 2025	-

Source: Grupo Financiero BASE with INEGI's information.

Headline CPI

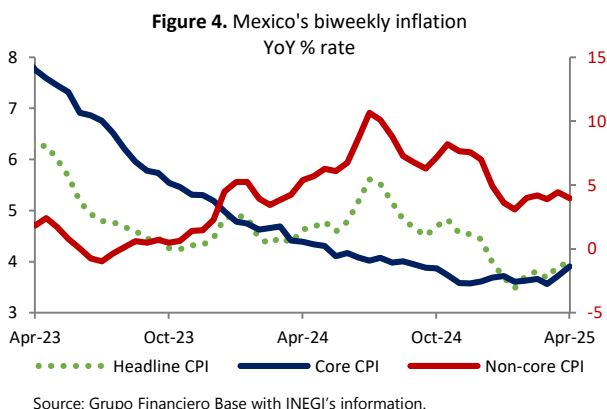
Headline inflation in the first fortnight of April stood at 0.12% **biweekly**, decelerating from the 0.21% recorded last fortnight and reaching its lowest level since the second fortnight of January (0.12%). Compared to the same periods, headline inflation registered its highest variation since April 2022 (0.16% biweekly) (Figure 2).

On one hand, the **biweekly** deceleration of headline inflation (0.12%) was driven by the non-core component, which contracted 0.59% (Figure 3), registering its largest drop since the second fortnight of May 2024 (-0.72%) and since the first fortnight of April 2023 (-1.22%) when comparing equal periods. It is important to mention that the non-core component tends to fall fortnightly in this period, due to downward adjustments in electricity tariffs. On the other hand, the **biweekly** deceleration of headline inflation was limited by the core component (Figure 3), which excludes the most volatile elements and determines the long-term trajectory of inflation. This component stood at 0.34% biweekly, the highest biweekly rate so far this year and since 2022 (0.44%) when comparing equal periods.



Source: Grupo Financiero Base with INEGI's information.

At an **annual rate**, Mexico's headline consumer inflation stood at 3.96%, its second consecutive fortnight of acceleration and the highest rate since the second fortnight of December 2024 (3.99%). **This acceleration is of concern, as it was determined by the core component** (Figure 4), which stood at 3.90% YoY, its second consecutive fortnight of acceleration. Meanwhile, the non-core component decelerated to 3.95% YoY, from the 4.44% recorded last fortnight. It is worth noting that annual inflation in the first fortnight of April is the lowest since April 2016 (2.60%), excluding the same period of 2020 (2.08%), the most critical point of the Covid-19 pandemic.

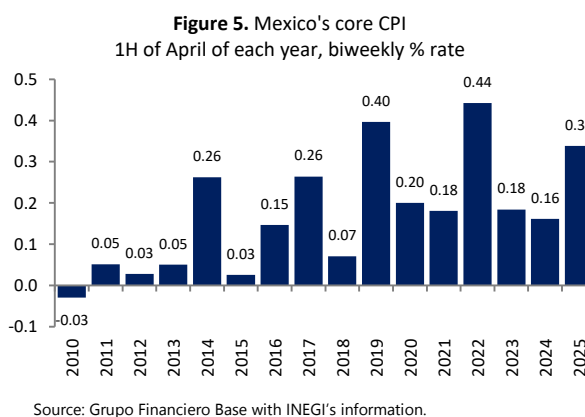


The trajectory shown in 2025 should be taken with caution as headline inflation is on the verge of breaching the ceiling of the Bank of Mexico's range of 2% to 4%, around the 3% target. However, the expectation that Mexico could register zero economic growth and a recession is not ruled out, could alleviate inflation pressures in the face of a drop in aggregate demand.

Core CPI

Biweekly rate

Core inflation, which excludes the most volatile elements and is the one that determines long-term inflation expectations, stood at 0.34% biweekly, the highest biweekly rate so far this year and the highest since April 2022 (0.44%) when comparing equal periods (Figure 5). The biweekly acceleration of core inflation was explained by its two main items: goods inflation (0.47% biweekly), the highest for the same fortnight since 2022, and services (0.21% biweekly), the highest for the same fortnight since 2022. Within these two items, the following stood out:



- The higher goods inflation (0.47% biweekly) was driven by **1)** non-food goods inflation, which went from 0.09% in the previous fortnight to 0.60%, its highest inflation since the first fortnight of February 2022 (0.60% biweekly) and something not seen for two weeks like this since 1999, when non-food goods inflation stood at 0.75%. At the same time, **2)** food goods inflation contributed to the acceleration of goods inflation, as it accelerated from 0.28% in the last fortnight to 0.33%, being the highest biweekly inflation for the same period since 2022 (0.50% biweekly).

Table 2. Goods with the highest increase/decrease, food and non-food. % Rate 1H of April, 2025

Generics with the highest increase	Goods	Biweekly (%)	Generics with the highest decrease	Goods	Biweekly (%)
	Consoles, discs, and video game downloads	1.04%		Audio and video players and their accessories	-2.87%
	Pet food	0.73%		Plants and flowers	-0.29%
	Fashion accessories	0.56%		Musical instruments, and audio and video downloads	-0.20%
	Towels, curtains, and other linens	0.50%			
	Sandals and huaraches	0.33%			
	Energy drinks	0.25%			
	Quilts and blankets	0.12%			

Fuente: Grupo Financiero BASE con información del INEGI.

- Services inflation (0.21% biweekly), accelerated from the 0.18% registered in the last fortnight, a relatively stable behavior compared to that observed in the last three previous fortnights (0.20% biweekly average). However, **its acceleration with respect to equal periods is of concern**, since in 2023 and 2024 it was at 0.03% and 0.07% biweekly, respectively. Within, the inflation of other services (0.28%) and housing (0.17%) stood out. Meanwhile, education inflation was 0.00%, in line with its historical behavior for equal periods. It is important to highlight that **the biweekly impulse of services inflation could be associated with a seasonal effect of the Easter break**, in which prices associated with vacations and tourist services tend to increase (Table 3).

Table 3. Services with the highest increase/ decrease. % rate 1H of April, 2025

Generics with the highest increase	Services	Biweekly (%)	Generics with the highest decrease	Services	Biweekly (%)
	Package tour services	4.89%		Cinema	-9.86%
	Air transportation	4.26%		Internet, phone, and pay TV packages	-0.31%
	General hospitalization	0.83%		Internet service	-0.12%
	Party packages	0.77%		Clinical tests	-0.09%
	Surgical operations	0.74%		Car insurance	-0.06%
	Pay television service	0.73%			
	Long-distance bus	0.64%			
	Hotels	0.61%			
	Recreational services and nightclubs	0.60%			
	Car repair	0.45%			

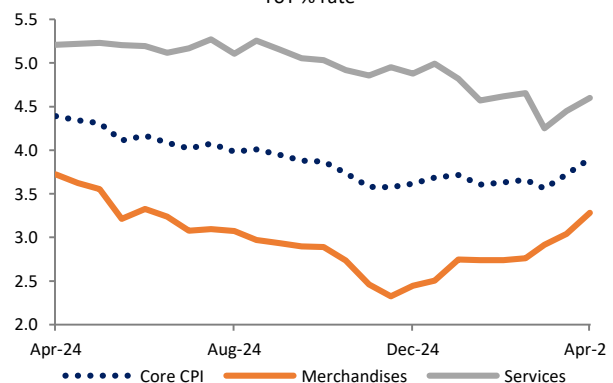
Fuente: Grupo Financiero BASE con información del INEGI.

Annual Rate

Core inflation stood at 3.90% annualized, its second consecutive fortnight, accelerating after reaching a recent low in the first fortnight of March (3.56%). This result is **worrisome given that it is the highest annual variation since the first fortnight of September 2024** (3.95%), when core inflation was just beginning to stabilize after 82 fortnights in which it was above 4.0%. It is important to remember that **core inflation includes the items whose prices are more rigid, so when they begin to increase, it is difficult to reverse this trend**.

Within the core component, the annual acceleration of its two items stood out: 1) services (4.60%), with the highest rate since the second fortnight of February 2025 and 2) goods (3.28%), the highest rate since the first fortnight of June 2024.

Figure 5. Mexico's Core CPI YoY % rate



Source: Grupo Financiero Base with INEGI's information.

It is important to highlight that, despite the fact that goods inflation shows a lower growth, after the fortnight of November 2024 (2.32%) this item shows a clear upward trend (Figure 5), suggesting that it is the main driving force on the core component. Within core inflation, the following stands out:

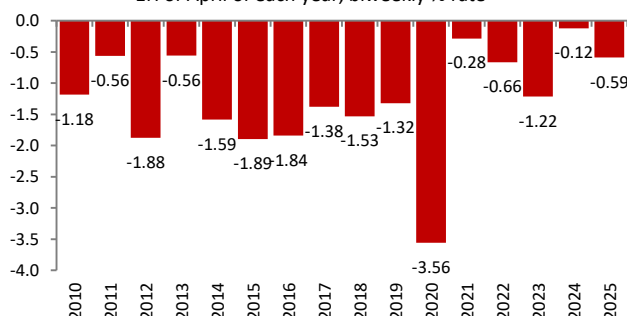
- The higher goods inflation (3.28% annual rate) was driven by **1)** a marked acceleration in food goods inflation (4.36%), which registered its highest growth since the second half of May 2024 (4.38% annual rate) and has been accelerating for four fortnights. Similarly, **2)** non-food goods inflation stood at 2.27% annualized, surpassing the 2% threshold for the first time in 18 fortnights. Although it would still be premature, it cannot be ruled out that non-food goods inflation could enter a correction period, showing higher annual growth, close to its average from 2010 to 2019 (2.90% annual growth).
- Services inflation (4.60% annual rate), which, despite being inconsistent, shows a downward trend (Figure 5). However, in the first fortnight of April, it was mainly driven by the other services category, which stood at 5.39%, thus reaching a two-fortnight high, after having reached an 89-fortnight low in the first fortnight of March (4.72%).

Non-core CPI

Biweekly rate

Non-core inflation contracted 0.59% biweekly, recording its largest drop since the second fortnight of May 2024 (-0.72%) and since the first fortnight of April 2023 (-1.22%) when comparing equal periods. The biweekly decline was due to a contraction in the energy and government-authorized tariffs item (-1.50%), which has been falling for three consecutive fortnights, together with the biweekly deceleration of the agricultural and livestock items (0.60%).

Figure 6. Mexico's non-core CPI
1H of April of each year, biweekly % rate



Source: Grupo Financiero Base with INEGI's information.

It is important to mention that the non-core component tends to fall fortnightly in this period, due to downward adjustments for electricity tariffs. Within the agricultural and livestock items and tariffs authorized by the government, the following were highlighted:

- The biweekly inflation of agricultural products (0.60%) was limited by the deceleration of its two main components, fruits and vegetables (1.45% biweekly) and livestock (0.05%). It is noteworthy that the inflation of livestock products is the lowest for an equal fortnight since 2018, when it fell 0.17% biweekly, benefited by the fall in pork (-1.19% biweekly) and egg (-1.17%) prices (Table 4).

Table 4. Agriculture and livestock with the highest increase/ decrease. % rate H1 of April, 2025

	Fruits and vegetables	Biweekly (%)	Livestock	Biweekly (%)
Generics with the highest increase	Tomato	12.14%	Shrimp	1.84%
	Guava	10.60%	Beef	1.08%
	Green beans	8.64%	Beef offal	0.38%
	Cucumber	7.51%	Chicken	0.25%
	Serrano chili	7.31%	Pork lard	0.18%
	Avocado	6.72%		
	Poblano chili	4.97%		
	Orange	4.14%		
	Apple	3.02%		
	Peach	2.81%		

	Fruits and vegetables	Biweekly (%)	Livestock	Biweekly (%)
Generics with the highest decrease	Onion	-6.28%	Pork	-1.19%
	Green tomato	-6.08%	Eggs	-1.17%
	Bananas	-3.21%		0.00%
	Potatoes and other tubers	-3.06%		
	Chayote	-2.73%		
	Other fruits	-2.68%		
	Lemon	-2.40%		
	Carrot	-1.48%		
	Watermelon	-1.16%		
	Melon	-0.77%		

Source: Grupo Financiero BASE with INEGI's.

- The biweekly inflation of energy and tariffs authorized by the government (-1.50%). Its downward correction was due to the downward adjustment in electricity tariffs, which fell 12.16% on a biweekly basis, as well as the price of low octane gasoline, which fell 0.23% in this fortnight. The latter may be associated with the federal government's strategy, in conjunction with the gas sector businessmen, to sell regular gasoline at a maximum price of 23.99 pesos per liter. In addition, the international price of oil, the main input for making gasoline, has been trending downward, which could lead to a further drop in gasoline prices (Table 5).

Table 5. Energy and government authorized tariffs with the highest decrease/ increase. % rate 1H of April, 2025

	Energy	Biweekly (%)	Government authorized tariffs	Biweekly (%)
Generics with the highest increase	LP domestic gas	0.24%	Highway tolls	0.97%
	Premium gasoline	0.17%	Taxi	0.54%
			Water supply fees	0.25%
			Shared taxis	0.15%
			Car permits	0.12%
			Parking lots	0.09%
Generics with the highest decrease	Electricity	-12.16%		
	Regular gasoline	-0.23%		

Source: Grupo Financiero BASE with INEGI's information.

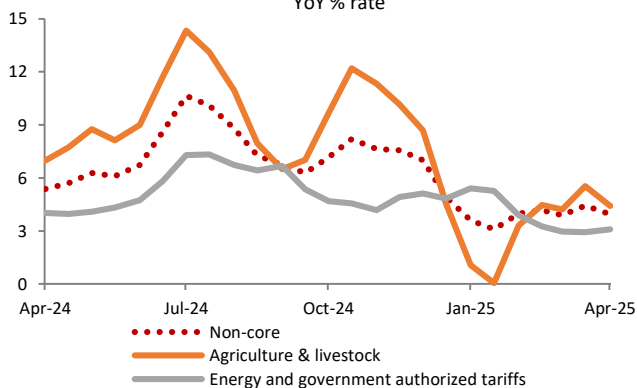
Annual Rate

Non-core inflation decelerated to 3.95% annualized in the first fortnight of April, from the 4.44% recorded last fortnight. It is important to remember that core inflation contains products with volatile prices, so this fortnight's result could be interpreted as positive since it was seven fortnights below 4.90% annual rate, something that had not happened since the first fortnight of March 2023 until the second fortnight of March 2024.

The slowdown was explained by the deceleration in agricultural prices from 5.53% in the last fortnight to 4.41%, together with energy and tariff inflation authorized by the government, which remained stable at 3.09%. Within each category, the following were highlighted:

- Agricultural inflation (4.41% annually) slowed down in the face of a new annual drop in fruit and vegetable inflation (-2.74%), which has shown negative variations in all of 2025, seven consecutive fortnights. This was not observed from December 2020 to May 2021. In addition, the high comparative base of 2024, a year in

Figure 7. Mexico's Non-core CPI YoY % rate



Source: Grupo Financiero Base with INEGI's information.

which fruit and vegetable prices recorded an annual average inflation of 116%, suggests that their fall could continue at least in the first half of 2025.

- Inflation of energy and government-authorized tariffs (3.09% annualized) remains stable, with growth below the average of the core component and with a downward trend (Figure 7). This suggests that it is not generating additional inflationary pressures to the component or to headline inflation. In addition, international energy prices are weak compared to the previous year and the expectation of a global economic slowdown could open the door for them to remain low. This could help alleviate inflationary pressures on this component.

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