

National Consumer Price Index (INPC), May 2025

Next release over Mexico's June 2025 first half-moth CPI: June 24, 2025

General Results and Expectation

In Mexico, inflation accelerated for the fourth consecutive month at an annual rate of 4.42%, reaching its highest level since November 2024 (4.55%). Domestically, non-core inflation stood at 5.34% annual, the highest since December 2024 (5.95% annual), driven by agriculture (6.76% annual), as well as energy and government-regulated tariffs, whose inflation rose from 2.99% in April to 3.93% in May. Likewise, core inflation accelerated to 4.06% from 3.93% in April, the highest since June 2024 (4.13%). The upturn came mainly from goods, which have been accelerating for six months. This is worrying, as core inflation determines the trajectory of overall inflation in the medium and long term.

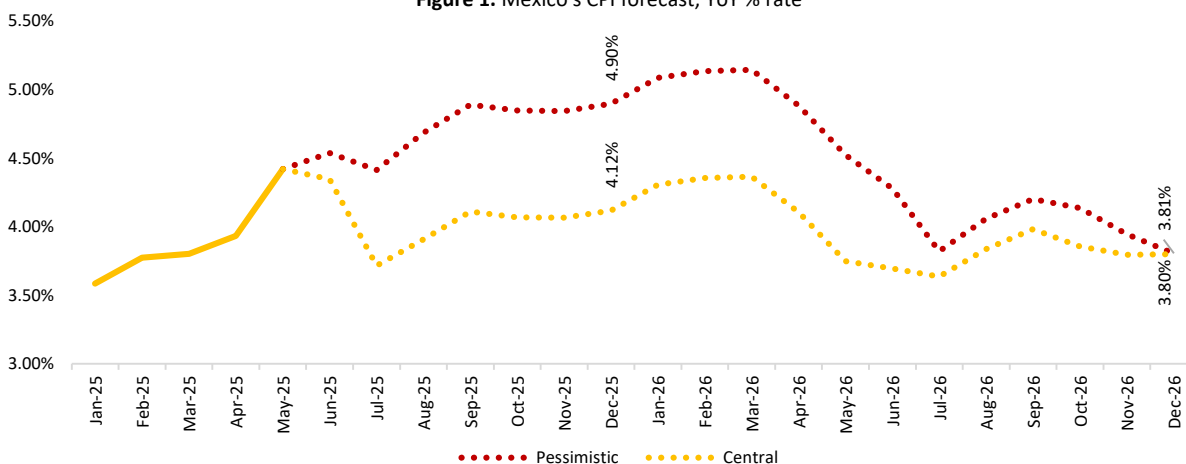
At a monthly rate, overall inflation stood at 0.28%, the highest for a month of May since 2020 (0.38%). It is important to mention that inflation slowed in May due to the change in electricity rates, and although inflation slowed on a monthly basis in May this year, it did not do so significantly, so the annual rate showed a significant upturn. In fact, the non-core component interrupted a streak of five months of contraction to stand at 0.23% monthly. Furthermore, this is the first positive inflation rate for the non-core component in May since 2020 (0.66%), an atypical year due to the pandemic. This was due to the rebound in inflation for agricultural products, which rose from 1.60% in April to 3.21% in May.

In this context, the central inflation forecast at the end of 2025 is revised to 4.1% from the previously estimated 3.8%. It should be noted that annual inflation is expected to slow down in June, but this would be a consequence of a mathematical effect of a high base of comparison from the previous year, with inflation standing at an annual rate of 4.4%. At a monthly rate, inflation in June would stand at 0.3%. In July, the lowest annual inflation of the year is estimated to be reached, at 3.7%, due to the aforementioned comparison effect, since in 2024 overall inflation accelerated due to the rebound in fruit and vegetable prices.

Since the second half of March, there has been a significant deviation in biweekly inflation from its historical behavior, as biweekly inflation has been 128% higher on average than the average for the previous 10 years (excluding 2020 and 2022). If these pressures continue in June, inflation would be moving toward a pessimistic scenario that would lead to annual inflation of 4.5% and monthly inflation of 0.5%. If the aforementioned pressures remain for the rest of the year, inflation would stand at 4.9% in December, the highest year-end inflation since 2022.

There are significant upside risks to inflation, which are not being offset by the economic slowdown. Given this, it would be advisable for the Bank of Mexico to pause its cycle of interest rate cuts, as the expectations channel is one of the most important in the transmission of monetary policy in the country.

Figure 1. Mexico's CPI forecast, YoY % rate



Source: Grupo Financiero BASE with INEGI's information.

Table 1. Biweekly and annual CPI

2H of May, 2025	Biweekly inflation	YoY CPI May 2025 vs. May 2024	Highest annual inflation since	Consecutive months acceleration (YoY)
General inflation	0.20%	4.42%	Nov 2024	4
Core	0.13%	4.06%	Jul 2024	2
Goods	0.25%	3.67%	Mar 2024	6
Food	0.21%	4.63%	Apr 2024	3
Non-food	0.6029%	2.84%	Jan 2024	6
Services	0.01%	4.49%	Apr 2025	0
Housing	0.10%	3.53%	Apr 2025	0
Education	0.00%	5.84%	Apr 2025	0
Other services	-0.08%	5.26%	Feb 2025	1
Non-core	-0.42%	5.34%	Dec 2025	1
Agricultural	0.98%	6.76%	Nov 2025	1
Fruits and vegetables	2.27%	0.04%	Apr 2025	1
Livestock	0.12%	10.85%	Dec 2022	1
Energy and authorized tariffs	-0.02%	3.93%	Jan 2025	2
Energy	-0.08%	3.50%	Jan 2025	2
Authorized tariffs	0.11%	4.42%	Dec 2023	4

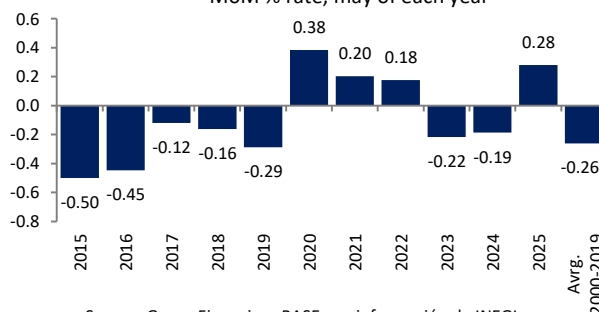
Source: Grupo Financiero BASE with INEGI's information.

Monthly CPI

In May, overall inflation stood at 0.28% monthly, interrupting two consecutive months of acceleration, although for the same month it registered its highest level since 2020 (0.38%).

It should be noted that inflation in May is typically negative due to changes in electricity rates. In fact, from 2003 to 2019, monthly headline inflation showed contractions, but from 2020 to 2025, the behavior was irregular (Figure 2). This May, inflation slowed, but not significantly, so annual inflation showed a significant rebound (Page 8).

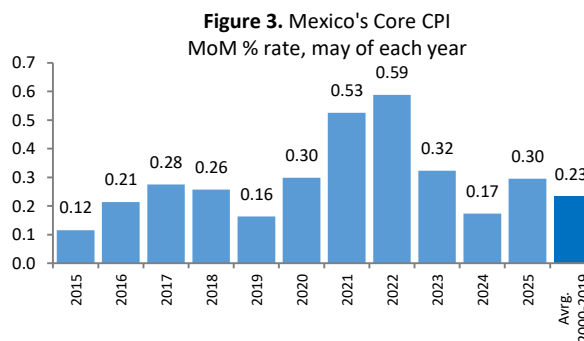
Figure 2. Mexico's general CPI MoM % rate, may of each year



Source: Grupo Financiero BASE con información de INEGI.

The monthly slowdown in May was due to a slowdown in the core component, which stood at 0.30% monthly from 0.49% last month, reaching its lowest level since November 2024 (0.05%). This was due to the fact that its two main categories, goods and services, slowed down compared to April, standing at 0.35% and 0.24% monthly, respectively.

When comparing core inflation with other months of May, it is noteworthy that this year it reached its highest level since 2023 (0.32% monthly) (Figure 3). On the inside:



Source: Grupo Financiero BASE con información de INEGI.

- Monthly inflation for goods fell from 0.69% in April to 0.35% in May, driven by its two main categories, food and non-food goods. It should be noted that monthly inflation for non-food goods slowed from 0.78% in April to 0.28%, while that for food goods only fell from 0.58% in April to 0.44%.

The sharp slowdown in monthly inflation for non-food goods was mainly due to: refrigerators (-3.76%), blenders (-3.47%), washing machines (-3.12%), electric irons (-2.88%) and tequila (-2.80%) (Table 2), where the economic slowdown may have caused prices to fall. In contrast, the generics with the highest inflation are mainly food goods: cold remedies (3.31%), liquid chocolate and chocolate for preparing drinks (2.88%), ham (2.87%), packaged vegetables (2.41%), and roasted coffee (2.25%) (Table 2).

Table 2. Food and non-food goods with the highest and lowest monthly decreases in May 2025

May-25	Goods	MoM % rate	May-25	Goods	MoM % rate
10 generics with the biggest increase	Cold medications	3.31%	10 generics with the biggest decrease	Refrigerators	-3.76%
	Liquid chocolate and chocolate drink mix	2.88%		Blenders	-3.47%
	Ham	2.87%		Washing machines	-3.12%
	Canned vegetables	2.41%		Electric irons	-2.88%
	Roasted coffee	2.25%		Quilts and blankets	-2.80%
	Bleach	2.24%		Air conditioners	-2.68%
	Instant coffee	2.22%		Rum	-2.30%
	Expectorants and decongestants	2.21%		Microwave ovens	-2.18%
	Skin creams	1.90%		Motorcycles	-1.94%
	Fabric softeners and cleaners	1.73%		Consoles, discs, and video game downloads	-1.94%

Source: Grupo Financiero BASE with INEGI's information.

- Monthly inflation for services fell from 0.30% in April to 0.24% in May, its third consecutive month of deceleration and its lowest level for a given month since May 2020 (0.12% monthly). This deceleration was driven by two of its main categories: housing services and other services. Inflation for housing services showed a slight slowdown, standing at 0.28% from 0.29% last month, while inflation for other services stood at 0.23% monthly from 0.36% previously. Meanwhile, inflation in education services rose from 0.00% in April to 0.04% in May, accelerating slightly.

This is consistent with the generics in the services sector, as the largest decreases corresponded to the category of other services, notably: package tourism services (-7.58%), air transport (-7.58%), hotels (-1.99%), intercity bus transport (0.50%), and car insurance (-0.37%). This monthly effect is consistent with the decrease in prices due to

lower demand after Easter (Table 3). On the other hand, the generic items that recorded the highest monthly inflation were: cinema (15.45%), car repair (0.84%), haircuts (0.72%), car washing and oiling (0.58%), and internet service (0.55%) (Table 3), which could be reflecting changes in consumption patterns in light of the deterioration of the Mexican labor market and Mexico's economic outlook.

Table 3. Services with the highest or lowest monthly decrease in May 2025

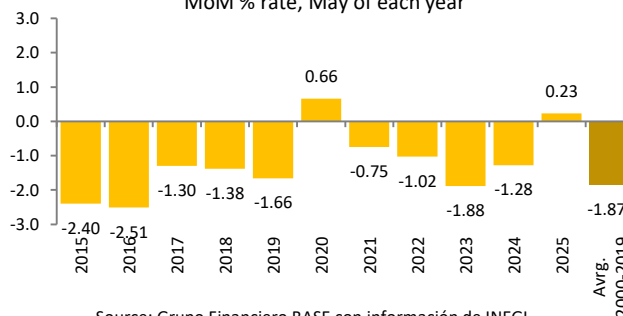
May-25	Services	Monthly (%)	May-25	Servicios	MoM % rate
10 generics with the biggest increase	Cinema	15.45%	10 generics with the biggest decrease	Package tour services	-7.58%
	Car repair	0.84%		Air transportation	-7.58%
	Haircuts	0.72%		Hotels	-1.99%
	Car washing and greasing	0.58%		Long-distance bus	-0.50%
	Internet service	0.55%		Car insurance	-0.37%
	Professional services	0.54%		Beauty salons and massage services	-0.17%
	Restaurants and similar	0.52%			
	Diners, snack bars, and taco stands	0.52%			
	Car maintenance	0.49%			
	Recreational services and nightclubs	0.47%			

Source: Grupo Financiero BASE with INEGI's information.

Meanwhile, non-core inflation broke a five-month streak of contraction to reach 0.23% in May, its first positive variation since November (1.73%). In addition, it is the first positive inflation in the non-core component in a month of May since 2020 (0.66%), an atypical year due to the pandemic, and prior to that, since 2002 (0.25%).

This was due to the rebound in monthly inflation for agricultural products, which rose from 1.60% in April to 3.21% in May, showing the highest inflation for a given month since 1996.

Figure 4. Mexico's Non-core CPI MoM % rate, May of each year



Source: Grupo Financiero BASE con información de INEGI.

However, this was limited by inflation in energy and government-regulated tariffs, which contracted by 2.12% monthly, in line with its historical behavior for the same months. Within each component of core inflation, the following stood out:

- The monthly rise in agricultural inflation (3.21%), which shows three consecutive months of increases and acceleration after falling from December 2024 to February 2025. The latter was due to the sharp rise in livestock product inflation, which stood at 3.48% monthly from 0.20% in April. This high inflation is related to avian flu. Even when compared to the same periods, this is the highest monthly inflation in this category since May 1996 (3.51%). Meanwhile, inflation in fruits and vegetables slowed to 2.80% monthly after reaching 3.76% in April. This is consistent with the behavior of generic prices within the agricultural sector, as the items that showed the greatest variation were: papaya (20.13%), chayote (18.03%), chicken (10.62%), tomatoes (10.03%), and guava (10.03%).

Table 4. Agricultural products with the highest or lowest monthly decrease in May 2025

May-25	Fruits and vegetables	Monthly (%)	Livestock	Monthly (%)
10 generics with the biggest increase	Papaya	20.13%	Chicken	10.62%
	Chayote	18.03%	Beef	1.78%
	Tomato	10.03%	Shrimp	0.95%
	Guava	8.57%	Beef offal	0.84%
	Green beans	8.00%	Pork lard	0.44%
	Poblano chili	7.17%	Fish	0.27%
	Potatoes and other tubers	6.92%		
	Grapes	6.26%		
	Orange	5.66%		
	Nopales	5.55%		
10 generics with the biggest decrease	Lemon	-10.48%	Egg	-0.54%
	Pear	-4.99%	Pork meat	-0.51%
	Other fruits	-3.48%		
	Zucchini	-3.43%		
	Apple	-2.26%		
	Melon	-2.18%		
	Green tomato	-1.25%		
	Watermelon	-1.16%		
	Carrot	-0.79%		
	Onion	-0.66%		

Source: Grupo Financiero BASE with INEGI's information.

- Energy inflation and government-regulated tariffs (-2.12%) have been contracting for three consecutive months and have accelerated. May's result was in line with its historical behavior for the same month, in which it has fallen from 1995 to 2025, with the exception of 2020 (0.09%), an atypical year due to the pandemic. This contraction was mainly due to the monthly contraction in energy inflation (-3.41%), as is usually the case in May, coupled with a slowdown in government-regulated tariff inflation, which fell from 0.39% in April to 0.19% in May.

Within energy inflation and government-regulated tariffs, the energy sector stood out, as the prices of its generic products showed the greatest monthly contraction in May, mainly: electricity (-18.45%), followed by domestic natural gas (-1.54%), high-octane gasoline (-0.47%), and low-octane gasoline (-0.19%). Of the government-regulated rates, only taxi prices fell (0.02%). On the contrary, within the category of government-authorized rates, the monthly increases in the prices of parking (0.55%), subway or electric transport (0.47%), vehicle procedures (0.37%), water supply fees (0.32%), and buses (0.28%) stood out. Among energy prices, only the price of domestic LP gas showed an increase (0.01%) (Table 5).

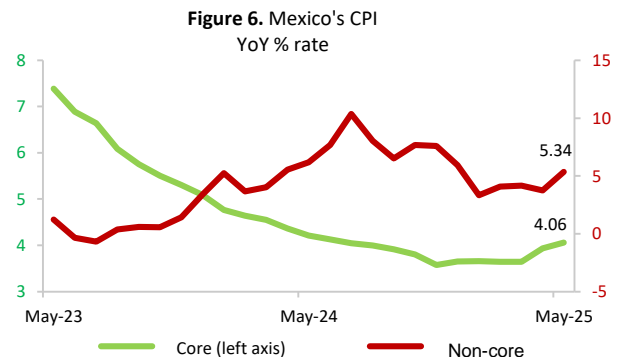
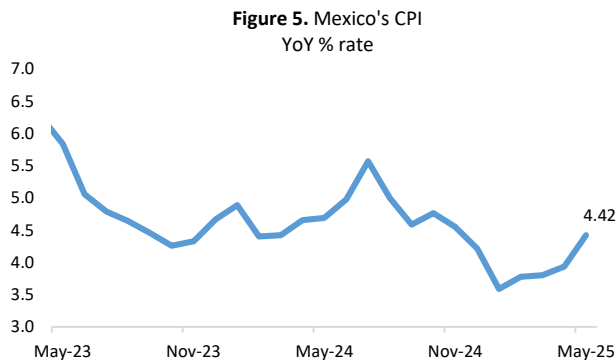
Table 5. Energy prices and government-approved tariffs with the highest and lowest decreases in May 2025

may-25	Energy	MoM % rate	Government authorized tariffs	MoM % rate
10 genéricos con mayor incremento	LP domestic gas	0.01%	Parking lots	0.55%
			Subway or electric transportation	0.47%
			Car permits	0.37%
			Water supply fees	0.32%
			Shared taxis	0.28%
			Urban bus	0.07%
			Issuance of public sector documents	0.03%
			Highway tolls	0.01%
10 genéricos con mayor decremento				
	Electricity	-18.45%	Taxi	-0.02%
	Natural domestic gas	-1.54%		

Source: Grupo Financiero BASE with INEGI's information.

Annual Inflation

At an annual rate, consumer inflation in Mexico is a cause for concern, as it accelerated for the fourth consecutive month, reaching 4.42% annual, exceeding the 4% threshold for the first time since December 2024, when it stood at 4.21%, and reaching its highest level since November (4.55%) (Figure 5). In addition, the upturn was driven by its two components: core inflation and non-core inflation (Figure 6).



Source: Grupo Financiero BASE con información de INEGI.

On the one hand, non-core inflation stood at 5.34% annual, after reaching 3.76% in April and reaching its highest level since December 2024 (5.95%). Domestically, its two main categories showed acceleration. Agricultural inflation rose from 4.13% annual in April to 6.76% in May, the highest inflation since November (10.74%). It is worth mentioning that inflation for livestock products as a whole accelerated to 10.85%, the highest inflation since December 2022 (11.50%), while inflation for fruits and vegetables interrupted four months of contraction, standing at 0.04% annual in May.

Meanwhile, inflation for energy and government-regulated tariffs stood at 3.93% annual, its second month of acceleration. The increase in prices in this category was the result of higher energy inflation (3.50%), combined with higher inflation in authorized tariffs (4.42% annual), which has been rising for four months and reached its highest level since December 2023 (4.82%).

Likewise, core inflation, which is used to determine the long-term inflation trajectory, accelerated to 4.06% from 3.93% in April, reaching its highest level since June 2024 (4.13%) and exceeding the 4.0% threshold for the first time since July 2024 (Figure 5).

The upturn was mainly due to higher inflation in goods, which has been accelerating for six months, reaching 3.67% in May and its highest level since March 2024 (3.88% annual). This was largely due to food goods, whose inflation stood at 4.63% annual, marking three months of acceleration and showing its highest inflation since April 2024 (4.79%). At the same time, inflation for non-food goods accelerated for the second consecutive month, standing at 2.84% annual. This is the highest inflation since January 2024 (2.97%), although since December 2023 it has remained stable with variations below 3.0%. The annual acceleration in goods inflation may be due to two factors: expectations that the exchange rate could rise again and expectations that inflation in the United States could rebound due to tariffs.

In addition to the rebound in the goods component, services inflation remains high at 4.49% annual in May, remaining above 4% since November 2021. This is in view of persistent pressures in other services and education services, which are reluctant to fall below 4%. On the one hand, education services registered inflation of 5.84% in May, almost unchanged from March and April (5.85% annual in both months). In addition, the behavior observed since August 2023 suggests that this category is stabilizing above its average from January 2010 to December 2019 (4.49% annual). On the other hand, inflation in other services stood at 5.26%, slowing from the 5.31% annual rate recorded in April. However, inflation in other services has not been below 5% annual since September 2021. Inflation for housing services stood at 3.53% and has remained around 3% since July 2022, suggesting that it is not exerting additional pressure on overall inflation.

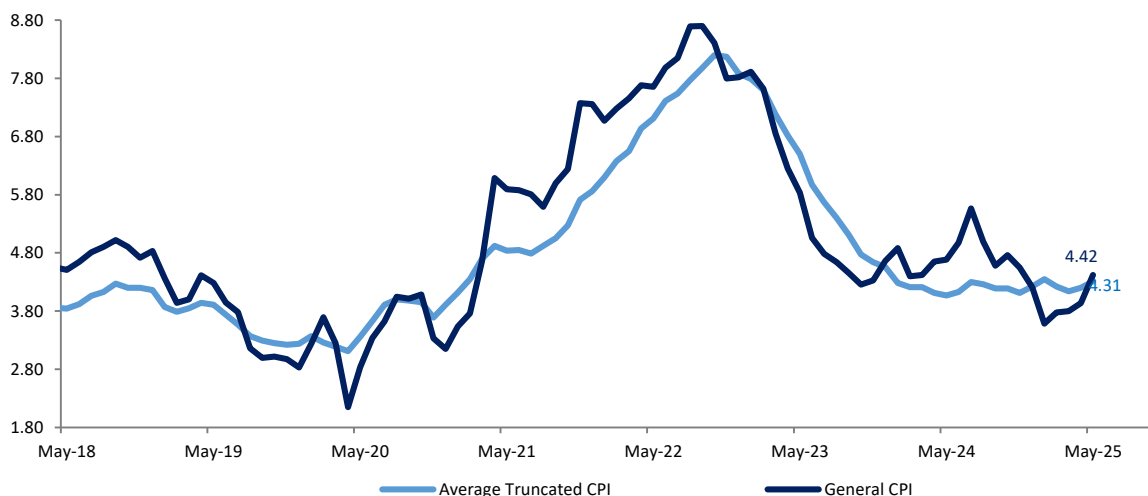
Truncated Average Inflation

The truncated average inflation indicator is useful for analyzing inflation behavior in the medium term. Unlike general inflation, this indicator eliminates certain components (generic) that show extreme variations. It is important to note that the truncated mean inflation indicator is also different from core inflation, since the elements that core inflation does not consider are always the components of 1) agriculture and 2) energy and government-regulated tariffs. These could be referred to as “fixed exclusion elements.”

On the other hand, the high-variation generics excluded by trimmed mean inflation change from month to month (dynamic weights). The extreme variations in the generics that truncated mean inflation excludes are very high growth and very deep contractions, but both trends must be associated with temporary effects due to atypical and short-term situations, not a structural or prolonged change in price formation.

That said, in May 2025, truncated average inflation stood at 4.31%, its second consecutive month of acceleration and its highest level since January (4.35%). Unlike overall inflation, since January 2024, truncated average inflation has shown a stable trajectory, standing between 4.1% and 4.3% annual (Figure 7).

Figure 7. Mexico's CPI
YoY % rate



Source: Grupo Financiero BASE con información de INEGI.

It is important to mention that, from December 2024 to April 2025, overall inflation was below the truncated mean inflation, suggesting that inflation was converging toward the Bank of Mexico's inflation target. This trend was interrupted in May, with headline inflation exceeding this indicator. This represents evidence of a possible risk of a sustained upturn in headline inflation in the long term.

In this context, it would be advisable for the Bank of Mexico to pause in its cycle of interest rate cuts, as the expectations channel is one of the most important in the transmission of monetary policy in the country.

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