

México Outlook for 2026

MX Economics: Macro Daily

January 9, 2026

- In 2026, Mexico is expected to face a relatively more favorable environment compared to 2025. Several factors are set to support this outlook, including the reconfiguration of global supply chains, a boost to consumption associated with the World Cup, the competitive advantage derived from the USMCA, and a potential reactivation of public investment.
- Inflation declined steadily throughout 2025 and remained within Banco de México's target range for ten consecutive months, allowing for cumulative rate cuts of 300 bp. However, during the first half of 2026 we anticipate a temporary rebound toward levels close to 4.8%, driven by higher taxes on selected goods, increased tariffs on imports from countries without a trade agreement, and the hike in the minimum wage.
- In this context, we estimate that Banco de México will pause its easing cycle during the first half of 2026, alongside an upward revision to its inflation forecast for the year. Rate cuts are expected to resume in the second half of the year, with the policy rate ending 2026 at 6.50%.

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	2023	2024	2025	2026
Mexico				
GDP (% YoY)	3.1	1.5	0.4	1.6
Headline Inflation (%)	0.0	4.2	3.7	4.1
Core Inflation (%)	0.0	3.7	4.3	4.4
Reference Rate (%)	11.25	10.00	7.00	6.50
USDMXN (pesos per dollar)	16.95	20.82	18.00	18.00

GDP

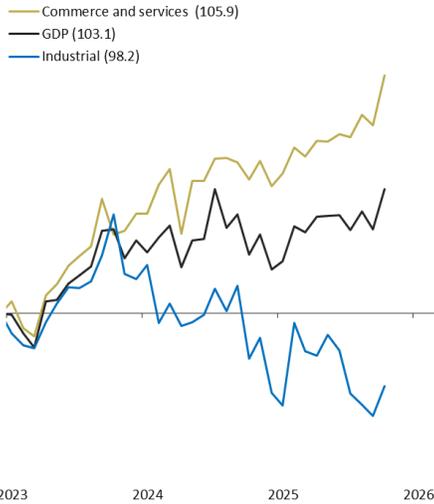
In 2025, economic growth was limited, reflecting the low momentum observed since October 2023. This weakness was mainly driven by the lagging performance of the industrial sector, while domestic consumption continued to act as the main engine of activity.

For 2026, we expect domestic demand to remain the primary driver of growth. We estimate that consumption will maintain its strength, with an additional boost associated with the World Cup, which could contribute between 0.15% and 0.25% of GDP. This would be complemented by a gradual recovery in industrial activity, supported by stronger external demand and higher public spending on construction.

Nearshoring is shaping up as a key catalyst for medium-term growth. Maintaining a low effective tariff environment during the USMCA renewal process will be central to reactivating this dynamic. While episodes of short-term uncertainty may arise, Mexico starts from a favorable position amid the reconfiguration of global supply chains and deeper integration with the U.S. economy.

Under this scenario, we project GDP growth of 1.6% in 2026, above the 1.2% estimated by the consensus. This forecast is underpinned by stronger consumption, a reactivation of public spending, and continued progress in nearshoring.

MX: Monthly GDP
(Dec – 22 = 100); Oct – 25



MX: Growth Expectations
(% YoY); 3Q – 2025



Source: Actinver, based on data from INEGI and FocusEconomics.

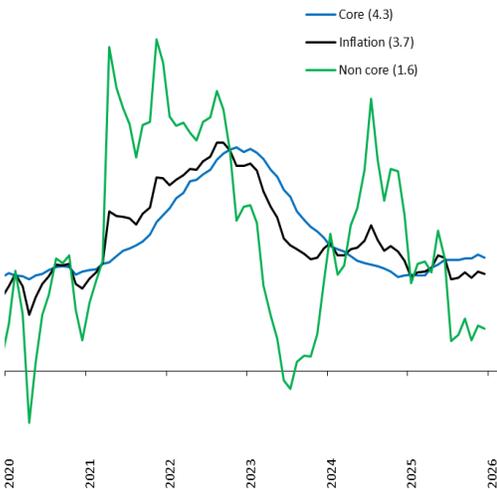
Inflation and Reference Rate

During 2025, inflation decelerated due to lower agricultural prices, reflecting improved conditions in the sector. This decline—particularly in fruit and vegetable prices—allowed for a significant moderation in the non-core component.

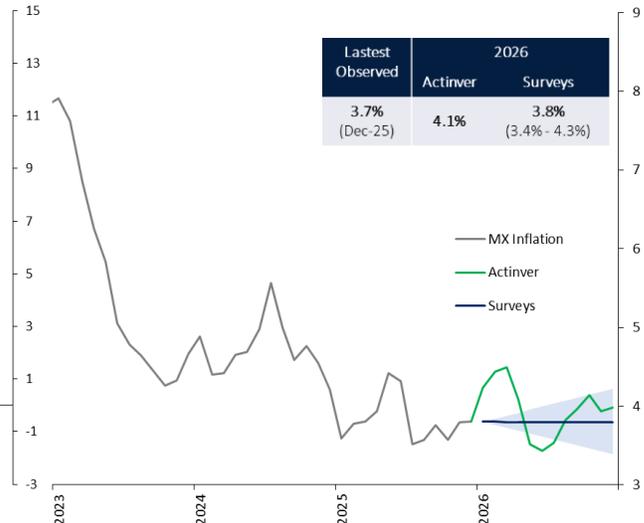
In the first quarter of 2026, inflation could temporarily rebound to around 4.8% due to fiscal adjustments and an unfavorable base effect. This base effect would be associated with the declines observed in agricultural prices during 2025. The increase in the excise tax (IEPS) on sugary beverages and the hike in the tobacco tax would contribute around 14 bp at the beginning of the year, while higher tariffs on imports from countries without a trade agreement—mainly affecting electric vehicles, textiles, and footwear—could add roughly 16 bp over the course of the year.

In this context, we expect Banco de México to keep the reference rate unchanged during the first half of 2026. Thereafter, we foresee two rate cuts in the second half of the year, bringing the reference rate to 6.50%, in line with consensus expectations.

MX: Inflation
(% YoY); Dec – 25



MX: Inflation Expectations
(% YoY); Dec – 25



Source: Actinver, based on data from INEGI and FocusEconomics.

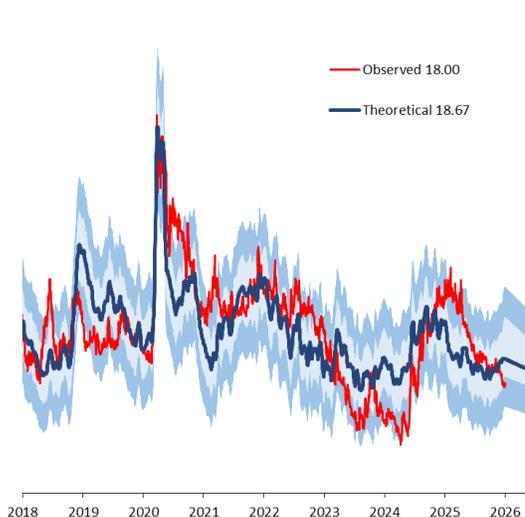
Exchange Rate

The peso closed 2025 at MXN 18.00 per dollar, posting an annual appreciation of 12.9%, supported by broad-based U.S. dollar weakness, solid export performance, and still-elevated interest rate differentials relative to other markets.

Looking ahead to 2026, we estimate an exchange rate of MXN 18.00 per dollar; however, volatility could emerge throughout the year, with the peso potentially reaching the low-17s amid possible dollar weakness around the transition in the Federal Reserve's leadership (May). As the World Cup-related boost fades (July), additional bouts of volatility could arise linked to the USMCA renewal process in the third quarter.

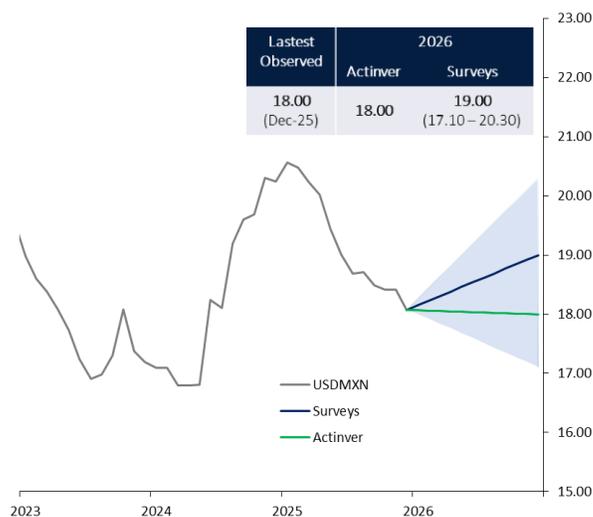
MX: Exchange Rate

(Pesos per dollar); Dec – 25



MX: Exchange Rate Expectations

(Pesos per dollar); Dec – 25



Source: Actinver, based on data from INEGI and FocusEconomics.

Mexican Stock Exchange

During 2025, the Mexican equity market posted a return of 29.9% in local currency, supported by rate cuts by Banco de México, attractive valuations, and the diversification of revenues of Mexican companies across both the domestic and U.S. markets.

Looking ahead to 2026, our forecast for the IPC stands at 71,000. We continue to view the Mexican stock market as attractive, given valuation levels below the five-year average (in terms of EV/EBITDA and P/E) and relative to most comparable markets. On the upside, potential catalysts include a positive outcome of the USMCA renegotiation, improved weather conditions compared to 2025, and a stronger positive impact from the FIFA World Cup 2026. On the downside, risks include the increase in the minimum wage, higher excise taxes (IEPS), and weaker growth in southern Mexico.

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December 31, 2025 | Update

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