Inflation 2h – Jul

MX Economics: Macro Daily

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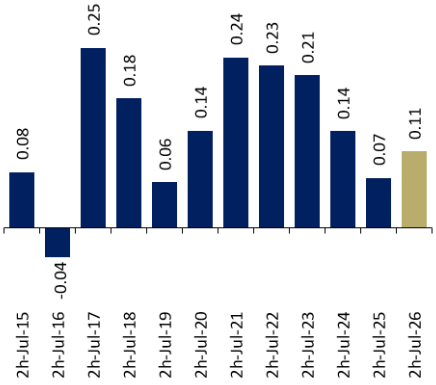
In the second half of July, inflation stood at 0.11% bw. Agricultural product prices posted their first fortnightly increase following six consecutive fortnightly declines. With this information, annual inflation in July stood at 3.12%.

The figure came in slightly below our estimate of 0.09% bw and the consensus forecast of 0.10%. Our forecast error was explained by greater pressures in the core component.

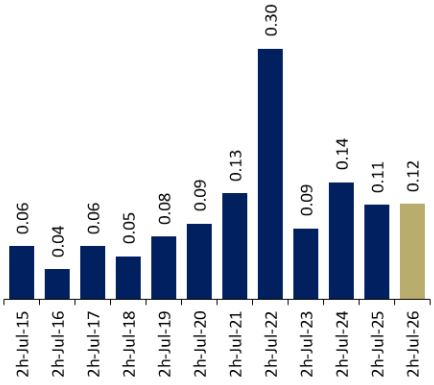
In the core component, which contributed 2 basis points to our forecast error, we observed an increase of 0.12% bw, below the 0.10% bw estimated. Within the component, we observed larger-than-expected increases in non-food goods (0.14% bw vs. 0.07% bw estimated), while services posted an increase of 0.12% bw (vs. 0.14% bw estimated).

Meanwhile, the non-core component posted a variation of 0.08% bw, compared with the 0.02% bw estimated. Within the component, agricultural products increased 0.65% bw (vs. 0.23% bw estimated), marking their first increase following six consecutive fortnightly declines. However, this was partially offset by lower pressures in livestock products (-0.12% bw vs. -0.22% bw estimated) and government tariffs and energy (-0.02% bw vs. 0.07% bw estimated). The products with the largest upward contribution this fortnight were onions (16.37%), limes (3.32%), and bananas (1.34%).

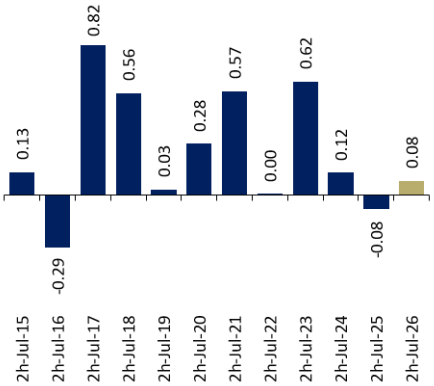
Headline Inflation
(% biweekly); 2h – Jul



Core Inflation
(% biweekly); 2h – Jul



Non-core Inflation
(% biweekly); 2h – Jul

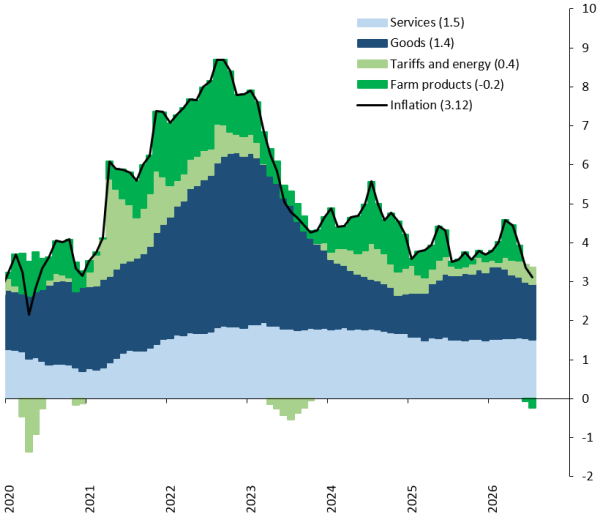


Source: Actinver with data from INEGI and own estimates.

With this information, annual headline inflation in July stood at 3.12%, declining from the previous 3.37% and reaching its lowest level since May 2020. Core inflation stood at 3.95%, declining from 4.03% in the previous month and falling below 4.0% for the first time since April 2025, while non-core inflation declined to 0.29%, from 1.11% previously.

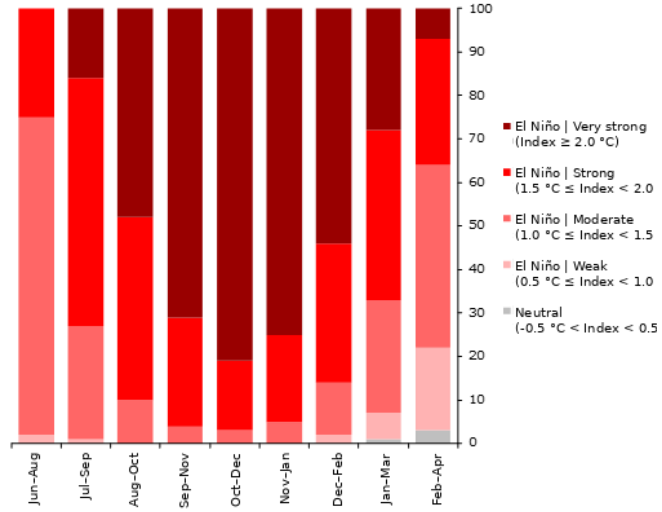
Looking ahead, we expect the *El Niño* phenomenon to begin manifesting itself more strongly across the country, affecting the prices of some farm products. We maintain our year-end inflation forecast at 4.5%, but as this is a supply shock, we do not anticipate any rate moves by Banxico for the remainder of the year.

Inflation
(% YoY; Contributions); Jul-26



Source: Actinver with data from INEGI and own estimates.

Probability of *El Niño* Conditions
(%; 3-month moving window); Jun – 26



Source: Actinver with data from Mexico's National Water Commission (CONAGUA).

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June 30, 2026 | Update

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