Monex Economic Forecasts

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- **This report presents our main macroeconomic forecasts: GDP, exchange rate, inflation and reference interest rate.**
- **For 2026, we estimate annual GDP growth of 1.36%, annual inflation of 3.75%, an exchange rate (USD/MXN) of $17.80 and an interest rate of 6.50%.**
- **Geopolitical uncertainty, ongoing trade negotiations with the US, and expectations regarding the Fed's monetary policy continue to shape the international macroeconomic environment**

This report brings together our main macroeconomic forecasts for 2026 in relation to GDP, exchange rate, inflation and reference rate, both in closing figures and in averages for the period. In addition, we offer our vision on the economic environment, the most relevant news and the key factors to monitor in the coming months.

Economic activity: GDP in Q2-26 with modest momentum

In Q2-26 (seasonally adjusted figures), Mexico's GDP grew 1.5% quarter-on-quarter (QoQ). The preliminary data reflected a recovery in economic activity, after the weakening observed at the beginning of the year (-0.6% QoQ). Growth in the period was broad-based across the main sectors and was driven by an improvement in secondary activities (+1.6% QoQ) and those related to services and trade (+1.5% QoQ). With original figures, in the accumulated to 1H-26, the economy expanded 1.2% annually (YoY). Despite this performance, the balance of risks remains skewed to the downside towards 2H-26, given factors such as uncertainty regarding the annual revisions of the USMCA and the evolution of bilateral trade with the US, as well as the deterioration of investment, in a still complex trade environment. Considering the above, by the end of 2026 we estimate GDP growth of 1.36% YoY.

Mexican peso finds support in weak U.S. dollar

In July, the peso advanced against the dollar, bringing the USD/MXN to $17.34 *spot*, which implied an appreciation of 0.8% for the local currency compared to the end of June. In the seventh month of the year, the behavior of the peso was conditioned by the following factors: i) the Fed's monetary policy decision, where the FOMC kept the target range of the federal funds rate unchanged at 3.50% - 3.75%; ii) the moderation in US PCE inflation; iii) the solid local GDP report to Q2-26, and iv) the development of geopolitical tensions in the Middle East. During the month, the dollar, measured through the DXY Index, fell 1.3%, derived from the reconfiguration in investors' expectations about the direction of the Fed's monetary policy, in the face of the slowdown in inflation.

For the end of the year, we estimate a USD/MXN exchange rate of $17.80, with an average price of $17.47, considering the current forecasts of stability for interest rates in Mexico and the US, as well as the growing attractiveness of *carry trade* strategies with pesos, given the decreasing implied volatility.

Inflation moderates its advance and remains within the target range

In July, headline inflation moderated to 3.12% YoY from 3.37% in June and was within Banxico's target range for the third consecutive month. For its part, core inflation fell to 3.95% YoY from 4.03%, due to a moderation of inflationary pressures in both goods (3.52% YoY vs. 3.55%) and services (4.36% vs. 4.49%). Likewise, non-core inflation decreased to 0.29% YoY from 1.11% in June. Domestically, agricultural inflation deepened its contraction (-3.34% YoY vs. -1.72%), while inflation of energy and tariffs authorized by the government slowed down after having reached its highest level in the last twelve months in June (3.31% vs. 3.46%).

In line with the recent moderation in inflation, expectations for the end of 2026 decreased. However, in its latest monetary policy announcement, Banxico revised upwards its projections for the first three quarters of 2027, so it postponed convergence to the 3.0% target towards Q4-27, from the previously planned Q2-27. It also maintained the balance of risks for its inflation projections skewed to the upside. The central bank's stance reflected greater caution and kept its forward-looking guidance unchanged, considering that the current level of the interest rate is adequate to address macroeconomic risks, including those associated with the international environment. In this context, by the end of 2026, we estimate headline inflation of 3.75% YoY and a benchmark interest rate of 6.50%.

Key things to follow

Going forward, attention will continue to focus on the conflict in the Middle East, where there is a high degree of uncertainty regarding its evolution and its effects on the global economy. The situation continues to alternate between episodes of confrontation and diplomatic efforts with limited progress, so tensions are expected to persist and the agreements reached in the short term are expected to be limited in scope and temporary. In the area of international trade, the revision of the USMCA will continue to be a determining factor for regional investment and trade. In this context, attention will focus on the fourth bilateral meeting between the US and Mexico, scheduled for September, as well as on the evolution of key issues such as the automotive industry, tariffs on steel and aluminum, and rules of origin. Finally, in terms of monetary policy, interest will be focused on the Jackson Hole symposium. While no strong signals are anticipated on the Fed's upcoming decision, markets will closely follow comments from FOMC participants and their assessment of recent data, particularly on inflation and the labor market.

Annual Expectations	GDP	Inflation	Reference rate	USD/MXN
2026	1.36%	3.75%	6.50%	$17.80

	Gross Domestic Product Quarterly Change				Gross Domestic Product Annual Variation				Gross Domestic Product Cumulative Annual Change			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
1T	0.38%	0.61%	-0.62%	0.21%	1.77%	0.61%	0.24%	1.87%	1.77%	0.61%	0.24%	1.87%
Q2	-0.05%	0.34%	1.50%	0.52%	2.18%	-0.14%	2.20%	1.76%	1.97%	0.24%	1.22%	1.82%
Q3	1.13%	-0.07%	0.49%	0.38%	1.52%	-0.21%	1.80%	1.69%	1.82%	0.09%	1.41%	1.77%
Q4	-1.11%	0.72%	0.56%	0.51%	0.40%	1.72%	1.20%	1.70%	1.47%	0.50%	1.36%	1.76%
Average	**0.09%**	**0.40%**	**0.48%**	**0.41%**	**1.47%**	**0.50%**	**1.36%**	**1.76%**	**1.76%**	**0.36%**	**1.06%**	**1.80%**

	USD/MXN Monthly average				EUR/USD Monthly average				EUR/MXN Monthly average			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Jan	17.08	20.55	17.65	17.67	1.09	1.04	1.17	1.14	18.41	21.28	20.72	20.20
Feb	17.09	20.46	17.22	17.67	1.08	1.04	1.18	1.14	18.29	21.31	20.36	20.09
Sea	16.78	20.25	17.78	17.74	1.09	1.08	1.16	1.14	17.98	21.90	20.56	20.27
Apr	16.80	20.04	17.42	17.62	1.07	1.12	1.17	1.15	18.42	22.50	20.37	20.24
May	16.80	19.43	17.30	17.67	1.08	1.13	1.17	1.14	18.25	21.91	20.20	20.19
Jun	18.25	19.02	17.39	17.74	1.08	1.15	1.15	1.15	19.79	21.93	20.01	20.38
Jul	18.12	18.69	17.46	17.72	1.08	1.17	1.14	1.15	20.03	21.82	19.94	20.29
Aug	19.18	18.71	17.20	17.82	1.10	1.16	1.15	1.16	20.92	21.79	19.73	20.68
Sep	19.63	18.50	17.36	17.88	1.11	1.17	1.16	1.17	20.94	21.71	20.12	20.94
Oct	19.71	18.44	17.54	17.89	1.09	1.16	1.16	1.17	20.82	21.45	20.30	20.94
Nov	20.34	18.41	17.62	17.87	1.06	1.16	1.14	1.16	22.01	21.29	20.01	20.75
Dec	20.28	18.08	17.75	18.00	1.05	1.17	1.14	1.16	22.14	21.18	20.21	20.95
Average	**18.34**	**19.21**	**17.47**	**17.77**	**1.08**	**1.13**	**1.16**	**1.15**	**19.83**	**21.67**	**20.21**	**20.49**

	USD/MXN End of period				EUR/USD End of period				EUR/MXN End of period			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Jan	17.13	20.69	17.42	17.74	1.08	1.04	1.19	1.14	18.54	21.44	20.64	20.21
Feb	17.05	20.58	17.23	17.75	1.08	1.04	1.18	1.13	18.43	21.35	20.35	20.09
Sea	16.56	20.46	17.93	17.71	1.08	1.08	1.16	1.14	17.87	22.13	20.71	20.25
Apr	17.13	19.61	17.47	17.65	1.07	1.13	1.17	1.15	18.27	22.22	20.49	20.36
May	16.97	19.40	17.34	17.73	1.08	1.13	1.17	1.15	18.41	22.01	20.22	20.39
Jun	18.29	18.77	17.50	17.79	1.07	1.18	1.14	1.14	19.59	22.12	19.99	20.35
Jul	18.63	18.87	17.32	17.77	1.08	1.14	1.15	1.14	20.17	21.54	19.97	20.31
Aug	19.70	18.66	17.11	17.97	1.10	1.17	1.15	1.16	21.77	21.81	19.67	20.90
Sep	19.69	18.31	17.37	17.97	1.11	1.17	1.15	1.16	21.93	21.49	19.96	20.90
Oct	20.01	18.58	17.54	17.97	1.09	1.15	1.16	1.17	21.78	21.44	20.28	21.01
Nov	20.36	18.30	17.60	17.94	1.06	1.16	1.14	1.17	21.54	21.22	20.11	20.95
Dec	20.88	18.01	17.80	18.20	1.04	1.17	1.14	1.17	21.62	21.15	20.38	21.29
Average	**18.53**	**19.19**	**17.47**	**17.85**	**1.08**	**1.13**	**1.16**	**1.15**	**20.00**	**21.70**	**20.23**	**20.58**

	Inflation Monthly				Inflation Annual				Inflation Accumulated			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Jan	0.89%	0.29%	0.38%	0.43%	4.88%	3.59%	3.79%	3.80%	0.89%	0.29%	0.38%	0.43%
Feb	0.09%	0.28%	0.50%	0.37%	4.40%	3.77%	4.02%	3.67%	0.99%	0.56%	0.88%	0.80%
Sea	0.29%	0.31%	0.86%	0.41%	4.42%	3.80%	4.59%	3.21%	1.28%	0.88%	1.75%	1.21%
Apr	0.20%	0.33%	0.20%	0.11%	4.65%	3.93%	4.45%	3.12%	1.48%	1.21%	1.95%	1.33%
May	-0.19%	0.28%	-0.21%	-0.05%	4.69%	4.42%	3.94%	3.28%	1.29%	1.50%	1.74%	1.28%
Jun	0.38%	0.28%	-0.27%	0.23%	4.98%	4.32%	3.37%	3.80%	1.68%	1.78%	1.46%	1.51%
Jul	1.05%	0.27%	0.03%	0.34%	5.57%	3.51%	3.12%	4.13%	2.74%	2.05%	1.49%	1.85%
Aug	0.01%	0.06%	0.29%	0.27%	4.99%	3.57%	3.35%	4.11%	2.75%	2.12%	1.78%	2.13%
Sep	0.05%	0.23%	0.35%	0.33%	4.58%	3.76%	3.47%	4.09%	2.80%	2.35%	2.14%	2.47%
Oct	0.55%	0.36%	0.50%	0.47%	4.76%	3.57%	3.61%	4.06%	3.37%	2.72%	2.65%	2.95%
Nov	0.44%	0.66%	0.63%	0.60%	4.55%	3.80%	3.58%	4.03%	3.82%	3.40%	3.29%	3.57%
Dec	0.38%	0.28%	0.45%	0.42%	4.21%	3.69%	3.75%	4.00%	4.21%	3.69%	3.75%	4.00%
Average	**0.35%**	**0.30%**	**0.31%**	**0.33%**	**4.72%**	**3.81%**	**3.75%**	**3.78%**	**2.28%**	**1.88%**	**1.94%**	**1.96%**

* Predictions are shown in blue.

	Cetes 28 days				Interest Rate				Real Ex-Ante Rate of Each Term			
	Monthly average				End of period				End of period			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Jan	11.29%	9.86%	7.00%	6.54%	11.25%	10.00%	7.00%	6.50%	7.28%	6.17%	3.15%	2.51%
Feb	11.05%	9.45%	6.86%	6.30%	11.25%	9.50%	7.00%	6.50%	7.47%	5.59%	3.10%	2.51%
Sea	11.02%	9.10%	6.81%	6.52%	11.00%	9.00%	6.75%	6.50%	7.18%	5.10%	2.82%	2.62%
Apr	10.97%	8.81%	6.58%	6.47%	11.00%	9.00%	6.75%	6.50%	7.10%	5.12%	2.99%	2.53%
May	10.99%	8.31%	6.47%	6.49%	11.00%	8.50%	6.50%	6.50%	7.19%	4.79%	2.79%	2.67%
Jun	10.97%	8.09%	6.29%	6.47%	11.00%	8.00%	6.50%	6.50%	7.20%	4.39%	2.75%	2.67%
Jul	10.92%	7.67%	6.23%	6.42%	11.00%	8.00%	6.50%	6.50%	7.12%	4.37%	2.57%	2.68%
Aug	10.76%	7.39%	6.41%	6.41%	10.75%	7.75%	6.50%	6.50%	6.99%	4.11%	2.39%	2.69%
Sep	10.44%	7.29%	6.33%	6.47%	10.50%	7.50%	6.50%	6.50%	6.78%	3.75%	2.41%	2.69%
Oct	10.24%	7.25%	6.33%	6.41%	10.50%	7.50%	6.50%	6.50%	6.66%	3.71%	2.44%	2.70%
Nov	10.05%	7.19%	6.14%	6.33%	10.25%	7.25%	6.50%	6.50%	6.35%	3.36%	2.47%	2.69%
Dec	9.85%	7.16%	6.46%	6.33%	10.00%	7.00%	6.50%	6.50%	6.16%	3.08%	2.50%	2.70%
Average	**10.79%**	**8.22%**	**6.50%**	**6.44%**	**10.86%**	**8.36%**	**6.64%**	**6.50%**	**6.96%**	**4.46%**	**2.70%**	**2.64%**

	TIIE 28				TIIE 91				TIIE 182			
	Monthly average				Monthly average				Monthly average			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Jan	11.50%	10.28%	7.30%	6.76%	11.66%	10.38%	7.34%	6.89%	11.83%	10.51%	7.41%	7.05%
Feb	11.50%	9.88%	7.29%	6.75%	11.65%	9.96%	7.33%	6.90%	11.81%	10.08%	7.39%	7.06%
Sea	11.44%	9.74%	7.24%	6.75%	11.61%	9.82%	7.28%	6.91%	11.77%	9.93%	7.35%	7.07%
Apr	11.25%	9.28%	7.02%	6.75%	11.41%	9.35%	7.06%	6.90%	11.57%	9.45%	7.12%	7.06%
May	11.24%	9.05%	6.83%	6.78%	11.40%	9.12%	6.86%	6.89%	11.56%	9.22%	6.92%	7.05%
Jun	11.24%	8.74%	6.73%	6.79%	11.39%	8.80%	6.76%	6.90%	11.55%	8.89%	6.82%	7.06%
Jul	11.25%	8.26%	6.76%	6.75%	11.40%	8.31%	6.80%	6.91%	11.56%	8.39%	6.85%	7.07%
Aug	11.08%	8.09%	6.75%	6.75%	11.23%	8.14%	6.90%	6.90%	11.38%	8.22%	7.06%	7.06%
Sep	10.95%	8.02%	6.75%	6.75%	11.14%	8.07%	6.89%	6.89%	11.29%	8.15%	7.05%	7.05%
Oct	10.74%	7.81%	6.75%	6.75%	10.89%	7.86%	6.90%	6.90%	11.03%	7.94%	7.06%	7.06%
Nov	10.61%	7.61%	6.75%	6.75%	10.80%	7.66%	6.91%	6.91%	10.94%	7.73%	7.07%	7.07%
Dec	10.38%	7.47%	6.75%	6.76%	10.64%	7.52%	6.90%	6.90%	10.78%	7.58%	7.06%	7.06%
Average	**11.16%**	**8.80%**	**6.92%**	**6.76%**	**11.27%**	**8.75%**	**6.99%**	**6.90%**	**11.42%**	**8.84%**	**7.10%**	**7.06%**

	USD SOFR (vs. Fixed Rate)										
	Forwards										
	Coupon	3M	6M	1A	2A	3A	4A	5A	10A	15A	30A
1A	3.97	4.04	4.07	4.05	4.03	4.06	4.14	4.26	4.83	4.93	3.51
2A	4.01	4.04	4.05	4.04	4.05	4.10	4.20	4.31	4.83	4.93	3.51
3A	4.02	4.04	4.05	4.05	4.08	4.15	4.25	4.36	4.88	4.93	3.51
4A	4.03	4.05	4.06	4.07	4.12	4.20	4.30	4.41	4.91	4.93	3.51
5A	4.05	4.07	4.09	4.11	4.17	4.25	4.35	4.46	4.92	4.93	3.51
8A	4.15	4.18	4.20	4.23	4.30	4.40	4.50	4.60	4.93	4.81	3.51
9A	4.19	4.22	4.24	4.27	4.35	4.44	4.54	4.64	4.93	4.79	3.51
10A	4.23	4.26	4.28	4.32	4.39	4.48	4.58	4.67	4.93	4.77	3.51
15A	4.41	4.43	4.45	4.48	4.54	4.61	4.67	4.73	4.83	4.60	3.30
20A	4.50	4.52	4.53	4.54	4.58	4.62	4.67	4.70	4.71	4.41	3.20
30A	4.48	4.48	4.49	4.49	4.50	4.52	4.53	4.53	4.46	4.14	3.10

* Predictions are shown in blue.

Main economic reports (from July 15 to August 15, 2026)
Global Economic
Monex International Trade Report
China: GDP and economic indicators as of Q2-26
EUR: ECB keeps interest rates unchanged
PMI: Greater dynamism in business activity
Eurozone: GDP grows moderately in Q2-26
ING: BoE prolongs pause and hawkish language
EUR: Inflation gets a boost in July
JAP: BoJ maintains benchmark rate at 1.0%
BRA: BCB cuts Selic rate again
OPEC and its allies increase their crude oil production
Economic USA
US: Producer inflation slows in June
US: Beige Book for July, moderate inflation
US: Retail Sales Moderate June Advance
US: Industrial Production with Moderate Momentum
USA: Falls in the export and import of goods
US: Consumer confidence retreats in July
US: Fed maintains pause and caution
US: PCE inflation declines in June
US: GDP 2Q-26, with less momentum than expected
US: Nonfarm Payrolls Down
US: CPI inflation with moderate decrease
Economic Mexico
MEX: IOAE signals a slowdown in May
MEX: Retail trade with low dynamism in May
MEX: Economic Activity Declines in May
MEXICO: Inflation decreases in Q1-Jul
MEX: Unemployment rate up in June
MEX: Exports on the rise during H-1-26
MEXICO: GDP 2Q-26, economy with modest momentum
MEX: Business Confidence (July)
MEXICO: Banxico Expectations for July
MEXICO: Remittances with resilient progress in June
MEX: Consumer pessimism decreases
USA: Exports and imports down
MEX: Private consumption with moderate dynamism
MEX: Investment with slight pullback in May
MEXICO: Banxico keeps interest rate unchanged
MEX: Inflation continues to ease in July
MEX: Industrial Production with Declines
Highlights
360° Economic View: August
Sector Analysis: Automotive Industry
Local inflation forecasts moderate
Holding Government Securities
International Trade: Monex Weekly Report
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International Trade: Monex Weekly Report
International Trade: Monex Weekly Report

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