

May 7, 2026

Press release

Monetary policy statement

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Banco de México's Governing Board decided to lower the target for the overnight interbank interest rate by 25 basis points to 6.50%, effective May 8, 2026.

World economic activity is expected to have grown in the first quarter of 2026 at a higher rate than in the previous quarter. In the major advanced economies, headline inflation increased in March due to rising energy prices, while core inflation showed persistence in various countries. The Federal Reserve kept the federal funds rate unchanged in its April meeting. The uncertainty associated with the Middle Eastern conflict eased; nevertheless, it still remains elevated. International financial markets and commodity prices registered volatility and mixed results. The US dollar depreciated. US government interest rates fluctuated within a narrow range. The impact of the Middle Eastern conflict on the global economy is uncertain and will depend on its duration and intensity.

Since the previous monetary policy decision, Mexico's short- and medium-term government interest rates have decreased, while long-term ones have increased. The Mexican peso appreciated. Economic activity contracted during the first quarter of 2026. In this context, economic slack is expected to be greater than previously anticipated and, looking ahead, significant downward risks persist.

Between the first fortnight of March and the month of April 2026, headline inflation decreased from 4.63 to 4.45% due to a decline in its core component, which shifted from 4.46 to 4.26% during the same period. As anticipated, there is no evidence of second-round effects from the fiscal measures adopted at the beginning of the year. Headline inflation expectations for the end of 2026 rose while those for longer terms remained relatively stable at levels above target.

Headline inflation forecasts were revised upwards for the second and third quarters of 2026 due to higher levels of non-core inflation anticipated for that period. Core inflation forecasts remain unchanged. Headline inflation is still expected to converge to the target in the second quarter of 2027 (see table). Forecasts are subject to various risks. On the upside: i) disruptions due to foreign trade policies or to an inflationary impact from geopolitical conflicts; ii) persistence of core inflation; iii) cost-related pressures; iv) a trend towards depreciation of the Mexican peso, and v) climate-related impacts. On the downside: i) lower-than-anticipated economic activity in Mexico and/or the United States; ii) lower pass-through from increased costs, and iii) lower pressures stemming from the appreciation that the national currency has been registering since last year. The balance of risks for the trajectory of inflation within the forecast horizon remains biased to the upside. The changes in economic policy by the US administration and the escalation of geopolitical conflicts continue adding uncertainty to the forecasts. Their effects could imply pressures on inflation on both sides of the balance.

The Governing Board deemed appropriate to make an additional reference rate cut and thereby conclude the cycle that began in March 2024. This decision is consistent with the assessment of the current inflationary outlook. The Board took into account the observed levels of the exchange rate, the weakness of economic activity, which implies the absence of demand-related pressures in the economy, and the

level of monetary restriction implemented. Thus, with the presence of all its members, the Board decided by majority to lower the target for the overnight interbank interest rate by 25 basis points to 6.50%.

Looking ahead, the Governing Board estimates that it will be appropriate to maintain the reference rate at its current level. It judges that the monetary policy stance is well-suited to face the challenges posed by the macroeconomic environment, including those associated with an extension and escalation of the Middle Eastern conflict and its repercussions. The central bank reaffirms its commitment to its primary mandate and the need to continue its efforts to consolidate an environment of low and stable inflation.

Voting in favor of the decision were Victoria Rodríguez, Gabriel Cuadra, and Omar Mejía. Galia Borja and Jonathan Heath voted in favor of maintaining the target for the overnight interbank interest rate at 6.75%.

Forecasts for headline and core inflation
Annual percentage change of quarterly average indices

	2025			2026			2027			2028		
	II	III	IV	I	II	III	IV	I	II	III	IV	I
Headline (CPI)												
Current (05/07/2026) ^{1/}	4.2	3.6	3.7	4.1	4.1	3.8	3.5	3.2	3.0	3.0	3.0	3.0
Previous (03/26/2026) ^{2/}	4.2	3.6	3.7	4.1	4.0	3.7	3.5	3.2	3.0	3.0	3.0	3.0
Core												
Current (05/07/2026) ^{1/}	4.1	4.2	4.3	4.5	4.1	3.7	3.4	3.1	3.0	3.0	3.0	3.0
Previous (03/26/2026) ^{2/}	4.1	4.2	4.3	4.5	4.1	3.7	3.4	3.1	3.0	3.0	3.0	3.0
Memo												
Annualized seasonally adjusted quarterly variation in percent^{3/}												
Current - Headline ^{1/}	5.3	3.0	3.6	4.7	4.6	2.5	2.9	3.0	3.6	2.4	2.9	2.9
Current - Core ^{1/}	4.9	4.3	4.0	4.6	3.4	2.9	3.0	3.0	3.2	2.7	3.0	3.0

1/ Forecast starting in May 2026.

2/ Forecast starting in March 2026. See monetary policy statement of March 26, 2026.

3/ See [methodological note](#) on the seasonal adjustment process.

Source: INEGI for observed annual variation figures and Banco de México for seasonally adjusted figures and forecasts.

Note: Shaded areas correspond to observed figures.