Macro scenario - Mexico

June 26, 2026

A wait-and-see stance on rates

- We maintained our GDP growth forecasts at 1.1% for 2026 and 1.8% for 2027. Activity is showing early signs of recovery at the start of 2Q26 following a weak first quarter, supported by an industrial rebound and stronger non-auto exports, although investment remains weak and labor market conditions continue to soften.
- We keep our 2026 year-end inflation forecast unchanged at 4.1%, with convergence to the 3% ±1% target range by 2027, skewed toward the upper bound.
- Our scenario envisages Banxico maintaining the policy rate at 6.5% through 2027, with a data-dependent stance. Potential pressure on the exchange rate, triggered by projected Fed hikes, could lead to Banxico considering rate increases.
- Fiscal consolidation is progressing, driven by capex cuts. Current spending rigidity, however, threatens the durability of the adjustment.

Economic recovery with external support, amid persistent uncertainty

The macro backdrop remains mixed. On the domestic side, activity has shown early signs of recovery at the start of 2Q26, following a weak first quarter. The improvement has been led by private construction, although the rebound is likely temporary. At the same time, household consumption growth appears to be moderating, while investment remains a drag on growth. Labor market conditions also point to a softer environment, with fewer hours worked and a deterioration in job quality.

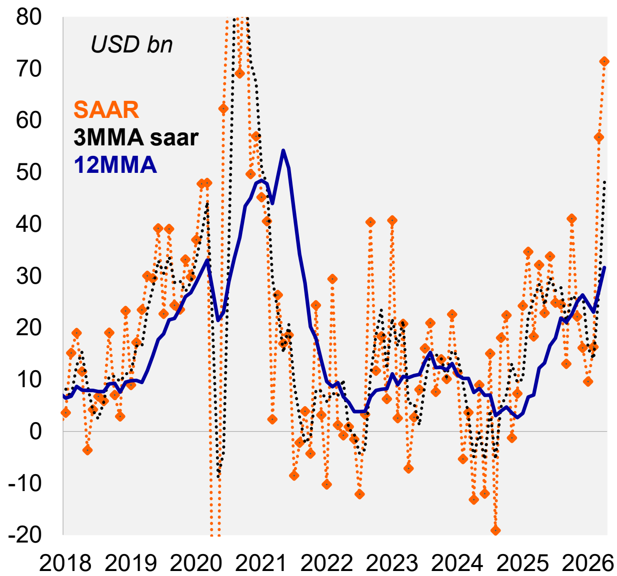
Externally, the picture is somewhat more supportive. AI-linked exports have provided an important boost, helping offset domestic weakness and leading to an **upward revision to our trade balance forecast for 2026 (to a USD 3bn deficit from USD 5bn previously).** The external sector thus continues to act as a key buffer for activity, even as global uncertainty persists.

USMCA-related uncertainty has been pushed further out, as the renegotiation process advances without a clear timeline, prolonging uncertainty and reinforcing the process as a driver of volatility for Mexican assets.

Disinflation on track, but services remain sticky

Disinflation remains on track, supported by easing goods prices and softer agricultural inflation. However, services inflation continues to exhibit stickiness, suggesting that the path toward target will remain uneven.

Non-oil trade balance provides external support to activity



Source: INEGI, Itaú.

At the margin, survey-based short-term inflation expectations have edged lower, consistent with recent downside surprises. Longer-term expectations remain broadly stable and well anchored, near the upper bound of the target range, reinforcing confidence in the disinflation process.

We therefore keep our year-end inflation forecast unchanged at 4.1%, with convergence to target still expected only gradually.

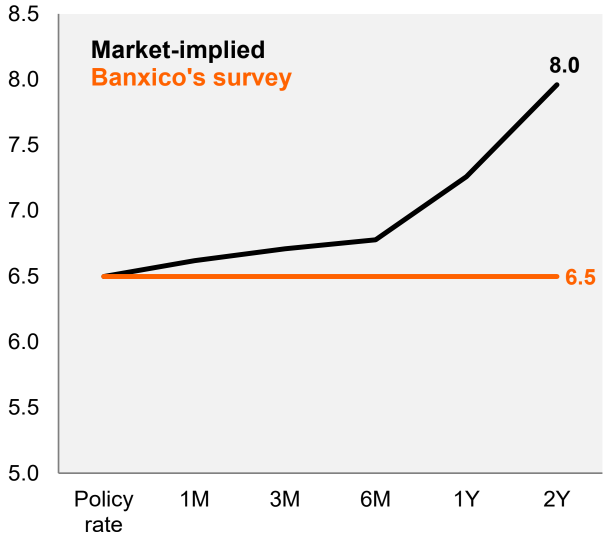
Banxico: data-dependent stance with a wait-and-see bias

We expect the policy rate to remain at 6.50% through 2027, with Banxico maintaining a cautious, data-dependent stance. The Board is likely to wait for additional data before signaling any shift, with at least two more meetings needed to gain confidence in the inflation trajectory. Overall, policy remains in a wait-and-see mode, even as disinflation gradually progresses.

Despite now expecting two Fed hikes this year, we see a sharp peso depreciation as the main trigger for renewed tightening by Banxico.

Market pricing diverges from Banxico's survey path

As of June 18



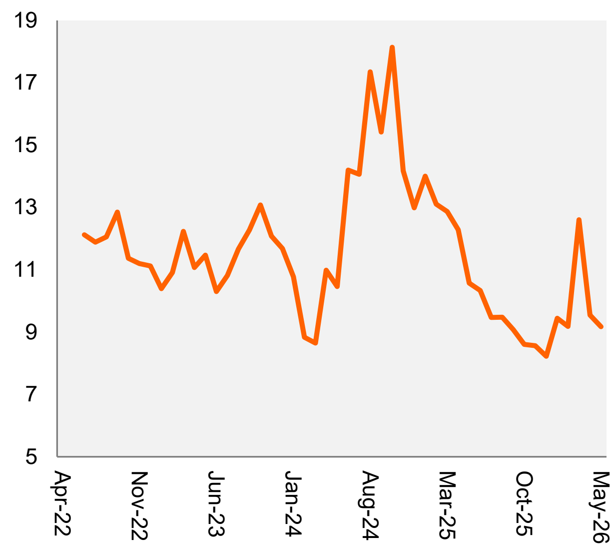
Source: Bloomberg, Banxico, Itaú.

The FX backdrop has been supportive

We have maintained our exchange rate forecasts of MXN 18.35 for end-2026 and 18.90 for end-2027. Low volatility and compressed risk premia have supported a dovish bias but fading FX momentum and limited valuation support point to weaker tailwinds ahead.

USD/MXN volatility remains subdued

3-month implied volatility



Source: Bloomberg, Itaú.

Fiscal accounts: underlying weakness

Fiscal dynamics remain a source of concern beneath the surface. While headline consolidation is progressing, the quality of the adjustment remains weak. The stronger-than-expected primary surplus in 1Q26 has been driven by capex cuts, while current spending continues to rise, pointing to underlying rigidity and threatening the durability of the consolidation process.

Andrés Pérez M.
Julia Passabom
Mariana Ramirez

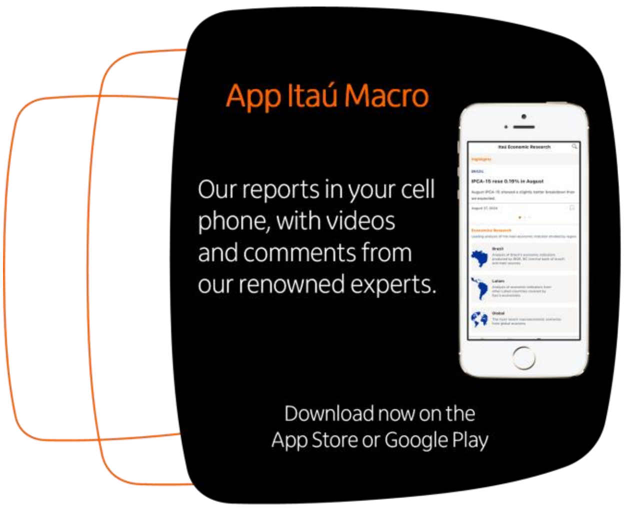
Mexico | Forecasts and Data

	2022	2023	2024	2025	2026F		2027F	
					Current	Previous	Current	Previous
Economic Activity								
Real GDP growth - %	3.7	3.1	1.5	0.5	**1.1**	1.1	**1.8**	1.8
Nominal GDP - USD bn	1,467	1,794	1,835	1,821	**1,908**	1,908	**2,010**	2,010
Population (millions)	130.0	131.1	132.3	133.4	**134.4**	134.4	**135.4**	135.4
Per Capita GDP - USD	11,289	13,683	13,872	13,657	**14,194**	14,194	**14,846**	14,846
Unemployment Rate - year avg	3.3	2.8	2.6	2.6	**2.7**	2.7	**2.6**	2.6
Inflation								
CPI - %	7.8	4.7	4.2	3.7	**4.1**	4.1	**3.8**	3.8
Interest Rate								
Monetary Policy Rate - eop - %	10.50	11.25	10.00	7.00	**6.50**	6.50	**6.50**	6.50
Balance of Payments								
MXN / USD - eop	19.4	16.9	20.3	18.0	**18.4**	18.4	**18.9**	18.9
Trade Balance - USD bn	-28.1	-12.3	-18.5	0.8	**-3.0**	-5.0	**-4.0**	-5.0
Current Account - % GDP	-1.3	-0.7	-0.9	-0.5	**-0.5**	-0.6	**-0.6**	-0.6
Foreign Direct Investment - % GDP	1.5	1.7	1.8	1.7	**1.9**	1.9	**2.0**	2.0
International Reserves - USD bn	199.1	212.8	228.8	252.1	**263.0**	263.0	**270.9**	270.9
Public Finance								
Nominal Balance - % GDP	-4.3	-4.3	-5.8	-4.9	**-4.3**	-4.3	**-3.6**	-3.6
Primary Balance - % GDP	0.0	0.4	-0.5	0.3	**0.5**	0.5	**0.7**	0.7
Net Public Debt - % GDP	45.3	44.6	48.2	50.7	**55.2**	55.2	**56.0**	56.0

Source: IMF, Bloomberg, INEGI, Banxico, Haver and Itaú

Macro Research – Itaú
Mario Mesquita – Chief Economist

To access our reports and forecast visit our website:
https://www.itau.com.br/itaubba-pt/macroeconomic-analysis



Relevant Information

1. This report has been prepared and released by the Macro Research Department of Itaú Unibanco S.A. ("Itaú Unibanco"). This report is not a product of the Equity Research Department of Itaú Unibanco or Itaú Corretora de Valores S.A. and shall not be construed as a research report ("relatório de análise") for the purposes of Article 1 of the CVM Instruction NR. 20, dated 2021.
2. The exclusive purpose of this report is to provide macroeconomics information and it does not constitute and shall not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial product, or to participate in any particular trading strategy in any jurisdiction. The information herein is believed to be reliable as of the date on which this report was released and it has been obtained from public sources believed to be reliable. However, Itaú Unibanco does not make any explicit or implied representation or warranty as to the completeness, reliability or accuracy of such information, nor does this report intend to be a complete statement or summary of the markets or developments referred to herein. Itaú Unibanco has no obligation whatsoever to update, modify or amend this report and inform the reader accordingly.
3. The opinions contained herein reflect exclusively the personal views of the analyst responsible for this report and were prepared independently and autonomously, including in relation to Itaú Unibanco, Itaú Corretora de Valores S.A. and any other companies within their economic group.
4. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of Itaú Unibanco. Additional information on the financial products mentioned in this report may be available upon request. Itaú Unibanco and/or any other company within its economic group is not and shall not be liable for any investment decisions (or otherwise) based on the information provided herein.
5. This report may include sections generated with the support of artificial intelligence tools. All content has been reviewed and validated by the authors to ensure the accuracy and integrity of the information presented.

Additional Note: This material does not take into consideration the objectives, financial situation or specific needs of any particular client. Clients must obtain financial, tax, legal, accounting, economic, credit and market advice on an individual basis, based on their personal characteristics and objectives, prior to making any decision based on the information contained herein. By accessing the material, you represent and confirm that you understand the risks related to the financial instruments described in this material and the laws in your jurisdiction relating to the provision and sale of financial service products. You acknowledge that this material contains proprietary information and you agree to keep this information confidential for your exclusive use.

SAC Itaú: For inquiries, suggestions, complaints, criticisms and compliments, talk to Itaú's CSCC: 0800 728 0728. Or contact us through our portal https://www.itau.com.br/atendimento-itau/para-voce/. If you are not satisfied with the proposed solution, please contact the Itaú Corporate Ombudsman: 0800 570 0011 (on weekdays from 9 AM to 6 PM) or our PO Box 67.600, São Paulo-SP, Zip Code 03162-971. Hearing impaired, every day, 24h, 0800 722 1722.