

## April inflation – Some pressures at the core are confirmed, although rate cuts will continue

- **Headline inflation (April): 0.33% m/m; Banorte: 0.32%; consensus: 0.30% (range: 0.22% to 0.40%); previous: 0.31%**
- **Core inflation (April): 0.49% m/m; Banorte: 0.50%; consensus: 0.48% (range: 0.42% to 0.50%); previous: 0.43%**
- **The result was somewhat high after accounting for seasonal effects inside. Starting with the non-core (-0.21%), electricity fell 12.2% due to summer discounts, which we already knew in the 1<sup>st</sup> fortnight. Other energy items were more stable, with LP gas at 0.0% and low-grade gasoline falling 0.6%. Agricultural items advanced 1.6%, driven by fruits and vegetables (3.8%). At the core, goods accelerated 0.7%, highlighting 'others' (0.8%). In services (0.3%), 'others' picked up 0.4%, with tourism moderating in the 2<sup>nd</sup> half. Finally, housing was relatively contained at 0.3%**
- **Thus, annual inflation accelerated to 3.93% from 3.80% in March. The core was also higher at 3.93% (previous: 3.64%), with the latter skewed in part by the Easter holiday**
- **Banxico will continue with the rate cutting cycle despite the slight rebound in annual metrics, anticipating -50bps in next week's meeting**

**Inflation of 0.33% m/m in April.** Results inside were strongly influenced by seasonal effects, opposing each other to a certain extent. Considering this and starting with the non-core (-0.21%), electricity fell 12.2% due to the entry into force of the first tranche of the summer discounts, as we already knew since the [1<sup>st</sup> fortnight](#). In the rest of energy, LP gas remained unchanged (0.0%) with low-grade gasoline lower (-0.6%). Agricultural items (1.6%) were driven by fruits and vegetables at 3.8% –with increases in tomatoes and avocados. Meat and egg were more restrained at 0.2%, with the increase in beef largely offset by lower egg and pork prices. Moving to the core (0.49%), goods accelerated to 0.7%, with the adjustment mainly explained by 'others' at 0.8%. While the category usually has a seasonal skew to the upside, pressures were larger than anticipated, noting personal care items and certain household chemicals. Processed food was also somewhat high at 0.6%. In services (0.3%), 'others' advanced 0.4%, with the effects of increases in tourism items moderating given downward adjustments after the holiday in the 2<sup>nd</sup> fortnight. Finally, housing remained relatively contained at 0.3%.

### April inflation: Goods and services with the largest changes

Monthly incidence in basis points; % m/m

Goods and services with the largest positive contribution	Incidence	% m/m
Tomatoes	8.9	22.1
Beef	3.9	2.1
Housing	3.7	0.3
Dining away from home	2.7	0.5
Avocados	1.9	10.9
Goods and services with the largest negative contribution		
Electricity	-20.0	-12.2
Eggs	-2.7	-2.5
Low-grade gasoline	-2.7	-0.6
Onions	-2.1	-11.3
Cinema	-1.4	-9.8

Source: INEGI

May 8, 2025



**Alejandro Padilla Santana**  
Chief Economist and Head of Research  
[alejandropadilla@banorte.com](mailto:alejandropadilla@banorte.com)



**Juan Carlos Alderete Macal, CFA**  
Executive Director of Economic Research and Market Strategy  
[juan.alderete.mactal@banorte.com](mailto:juan.alderete.mactal@banorte.com)



**Francisco José Flores Serrano**  
Director of Economic Research, Mexico  
[francisco.flores.serrano@banorte.com](mailto:francisco.flores.serrano@banorte.com)



**Yazmín Selene Pérez Enríquez**  
Senior Economist, Mexico  
[yazmin.perez.enriquez@banorte.com](mailto:yazmin.perez.enriquez@banorte.com)



**Cintia Gisela Nava Roa**  
Senior Economist, Mexico  
[cintia.nava.roa@banorte.com](mailto:cintia.nava.roa@banorte.com)

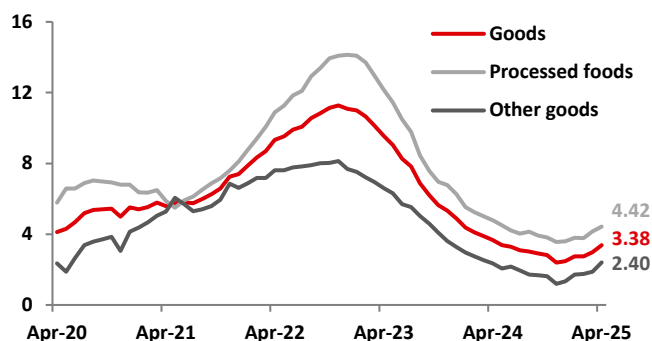


[@analisis\\_fundam](http://www.banorte.com/analisis-economico)

Document for distribution among the general public

**Acceleration in the annual comparison for both headline and core inflation.** With these results, the headline came in at 3.93% from 3.80% y/y in March. Meanwhile, the core accelerated to 3.93% (previous: 3.64%), largely driven by the difference in the timing of the Easter holiday –in April– relative to 2024 –in March. Thus, the most unfavorable comparison was in services, rising to 4.6% mostly on the back of tourism categories within ‘others’. Considering that the distortion is transitory, this uptick should fade away in the next fortnights. However, we will be watching more closely the behavior of goods, which came in at 3.4% –their highest since May of last year. Processed foods had already shown greater pressures in previous fortnights, a situation that extended to ‘others’ at the beginning of the month –with an adverse seasonality boosting results further to the upside. Reviewing some of the categories with the most relevant increases, we note certain goods related to personal care and housing cleaning products, so it will be important to see if these adjustments are immediate or become more persistent. We cannot rule out that part of these revisions were driven by the accumulated depreciation of the Mexican peso over the last 12 months. But neither on the possibility of an impact from expectations about the imposition of tariffs. Nevertheless, it is a reality that the base effect for overall goods will remain challenging for the rest of the year (see chart below, left). On the other hand, the non-core moderated to 3.76% (previous: 4.16%). Downside risks are concentrated in energy, which kept declining and is now at 2.5%. In these, government actions have played a key role in limiting prices in previous fortnights, possibly benefitting further from price declines in international benchmarks, with the latest catalyst being [the increase in crude oil supply by OPEC+](#). On the other hand, we maintain some concerns in agricultural items despite moderating to 4.1%. For fruits and vegetables, we remain attentive to weather conditions in the northwest of the country, which is facing high drought conditions. In this context, precipitation forecasts are relatively mixed for the next three months (see chart below, right).

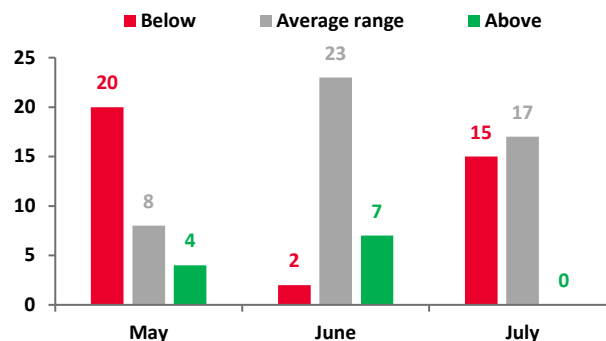
**Core inflation: Goods**  
% y/y, monthly frequency



Source: Banorte with data from INEGI

**CONAGUA's rainfall forecasts\***

% of rainfall relative to the 1991 to 2020 baseline



\*Using May's updated figures.

Source: Banorte with data from CONAGUA

**We believe Banxico will remain dovish despite higher inflation at the margin, cutting the rate by 50bps next week.** While inflationary conditions have become more challenging at the margin, we believe the outlook remains tilted towards the continuation of the rate cutting cycle, just as was discussed yesterday by Deputy Governor Jonathan Heath on our podcast, [Norte Económico](#) (available only in Spanish). In addition, the economic environment is still very complex, with uncertainty on trade weighing on activity at least through 2Q25. Taking this into account, we believe the monetary authority will validate the forward guidance in the [last statement](#) with a 50bps cut to the reference rate to 8.50% at its May 15<sup>th</sup> meeting.

## Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalia Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

## Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

*The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.*



**Raquel Vázquez Godínez**  
Assistant  
raquel.vazquez@banorte.com  
(55) 1670 – 2967



**María Fernanda Vargas Santoyo**  
Analyst  
maria.vargas.santoyo@banorte.com  
(55) 1103 - 4000 x 2586

#### Economic Research



**Juan Carlos Alderete Macal, CFA**  
Executive Director of Economic Research and  
Market Strategy  
juan.alderete.macal@banorte.com  
(55) 1103 - 4046



**Yazmín Selene Pérez Enríquez**  
Senior Economist, Mexico  
yazmin.perez.enriquez@banorte.com  
(55) 5268 - 1694

#### Market Strategy



**Santiago Leal Singer**  
Director of Market Strategy  
santiago.leal@banorte.com  
(55) 1670 - 1751



**Carlos Hernández García**  
Senior Strategist, Equity  
carlos.hernandez.garcia@banorte.com  
(55) 1670 – 2250



**Marcos Saúl García Hernández**  
Analyst, Fixed Income, FX and Commodities  
marcos.garcia.hernandez@banorte.com  
(55) 1670 - 2296



**Juan Carlos Mercado Garduño**  
Strategist, Equity  
juan.mercado.garduno@banorte.com  
(55) 1103 - 4000 x 1746

#### Quantitative Analysis



**Alejandro Cervantes Llamas**  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com  
(55) 1670 - 2972



**Daniel Sebastián Sosa Aguilar**  
Senior Analyst, Quantitative Analysis  
daniel.sosa@banorte.com  
(55) 1103 - 4000 x 2124



**Alejandro Padilla Santana**  
Chief Economist and Head of  
Research  
alejandro.padilla@banorte.com  
(55) 1103 - 4043



**Itzel Martínez Rojas**  
Analyst  
itzel.martinez.rojas@banorte.com  
(55) 1670 - 2251



**Francisco José Flores Serrano**  
Director of Economic Research, Mexico  
francisco.flores.serrano@banorte.com  
(55) 1670 - 2957



**Cintia Gisela Nava Roa**  
Senior Economist, Mexico  
cintia.nava.roa@banorte.com  
(55) 1105 - 1438



**Marissa Garza Ostos**  
Director of Equity Strategy  
marissa.garza@banorte.com  
(55) 1670 - 1719



**Hugo Armando Gómez Solís**  
Senior Strategist, Equity  
hugo.gomez@banorte.com  
(55) 1670 - 2247



**Gerardo Daniel Valle Trujillo**  
Senior Analyst, Corporate Debt  
gerardo.valle.trujillo@banorte.com  
(55) 1670 - 2248



**Ana Gabriela Martínez Mosqueda**  
Strategist, Equity  
ana.martinez.mosqueda@banorte.com  
(55) 5261 - 4882



**José Luis García Casales**  
Director of Quantitative Analysis  
jose.garcia.casales@banorte.com  
(55) 8510 - 4608



**Jazmin Daniela Cuautencos Mora**  
Strategist, Quantitative Analysis  
jazmin.cuautencos.mora@banorte.com  
(55) 1670 - 2904



**Lourdes Calvo Fernández**  
Analyst (Edition)  
lourdes.calvo@banorte.com  
(55) 1103 - 4000 x 2611



**Katia Celina Goya Ostos**  
Director of Economic Research,  
Global  
katia.goya@banorte.com  
(55) 1670 - 1821



**Luis Leopoldo López Salinas**  
Economist, Global  
luis.lopez.salinas@banorte.com  
(55) 1103 - 4000 x 2707



**Víctor Hugo Cortes Castro**  
Senior Strategist, Technical  
victorh.cortes@banorte.com  
(55) 1670 - 1800



**Leslie Thalía Orozco Vélez**  
Senior Strategist, Fixed Income and FX  
leslie.orozco.velez@banorte.com  
(55) 5268 - 1698



**Ana Laura Zaragoza Félix**  
Strategist, Corporate Debt  
ana.zaragoza.felix@banorte.com  
(55) 1103 - 4000



**Paula Lozoya Valadez**  
Analyst, Equity  
paula.losoya.valadez@banorte.com  
(55) 1103 - 4000 x 2060



**José De Jesús Ramírez Martínez**  
Senior Analyst, Quantitative Analysis  
jose.ramirez.martinez@banorte.com  
(55) 1103 - 4000



**Andrea Muñoz Sánchez**  
Strategist, Quantitative Analysis  
andrea.muñoz.sanchez@banorte.com  
(55) 1105 - 1430