

## Banxico's Quarterly Report – We expect the easing cycle to extend to 2026

- Banxico released its 2Q25 *Quarterly Report*, noting the update to several macroeconomic estimates—especially GDP—as well as the Board member's comments in the Q&A session
- We highlight the upward revision to the 2025 GDP forecast, with the central scenario at 0.6% (previous: 0.1%). This adjustment is mainly explained by the performance in 1H25, although also expecting an increase in consumption in the year
- Meanwhile, 2026 came in at 1.1% (previous: 0.9%), recognizing a stronger US recovery as one of the drivers. Despite of the above, slack conditions are expected to grow larger throughout the forecast horizon
- As is previous quarterly reports, inflation was unchanged relative to the [previous decision](#), although with a more detailed balance of risks
- The rest of economic estimates were also adjusted, consistent with GDP revisions, recent dynamics and idiosyncratic factors in each one
- In the Q&A, some of the most relevant comments were:
  - Governor Victoria Rodríguez restated that the relative monetary stance is contemplated in the decisions, but it is only one of the factors considered
  - Galia Borja pointed that, going forward, adjustments to the rate will depend on the behavior of inflation and its drivers
  - Gabriel Cuadra noted that it will be fundamental to evaluate prevailing macroeconomic conditions in future decisions
  - Jonathan Heath commented that the level of core inflation is still concerning, highlighting the performance of several categories within 'other services'
  - Omar Mejía mentioned that inflation drivers—such as inflation expectations— still provide room to continue with the easing cycle
- In addition, the institution published the calendar for policy meetings in 2026, with dates once again aligned with the Fed
- Considering the prevailing dovish tone from most members, we maintain our view that the rate-cutting cycle will continue. As such, we keep expecting -25bps in September's decision, with the rate closing the year at 7.00%
- Moreover, we incorporate our forecast revision of additional rate cuts from the Fed next year. Hence, we believe that the margin for Banxico to keep reducing its rate has become wider. In this sense, we now expect accumulated easing in 2026 of 50bps, taking the reference rate to 6.50% by the end of 1Q26

### Banxico's main forecasts

	Current report		Previous report	
	2025	2026	2025	2026
Inflation (% y/y)*	3.7	3.0	3.3	3.0
GDP (% y/y)				
Central scenario	0.6	1.1	0.1	0.9
Range	0.1 to 1.1	0.3 to 1.9	-0.5 to 0.7	0.1 to 1.7
Employment (thousands)**	40 to 200	260 to 460	110 to 290	270 to 470
Trade balance (US\$ bn)	-15.0 to -7.0	-23.3 to -13.9	-18.4 to -10.4	-23.8 to -14.4
Current account (% of GDP)	-1.2 to -0.5	-1.7 to -0.8	-0.5% to 0.2%	-1.2 to -0.3

\*Signals the quarterly average for the last quarter of each year. \*\*We take the estimate that excludes workers from digital platforms.  
Source: Banxico

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### Banxico's decisions in 2025

Date	Decision
<a href="#">February 6<sup>th</sup></a>	-50bps
<a href="#">March 27<sup>th</sup></a>	-50bps
<a href="#">May 15<sup>th</sup></a>	-50bps
<a href="#">June 26<sup>th</sup></a>	-50bps
<a href="#">August 7<sup>th</sup></a>	-25bps
September 25 <sup>th</sup>	--
November 6 <sup>th</sup>	--
December 18 <sup>th</sup>	--

Source: Banxico

### 2026 calendar for the Fed and Banxico

Federal Reserve	Banxico
January 28 <sup>th</sup>	February 5 <sup>th</sup>
March 18 <sup>th</sup>	March 26 <sup>th</sup>
April 29 <sup>th</sup>	May 7 <sup>th</sup>
June 17 <sup>th</sup>	June 25 <sup>th</sup>
July 29 <sup>th</sup>	August 6 <sup>th</sup>
September 16 <sup>th</sup>	September 24 <sup>th</sup>
October 28 <sup>th</sup>	November 5 <sup>th</sup>
December 9 <sup>th</sup>	December 17 <sup>th</sup>

Source: Federal Reserve and Banxico



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