Scotiabank
GLOBAL ECONOMICS

LATAM DAILY

April 9, 2025

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Latam Daily: Mexico CPI and PPI Recap

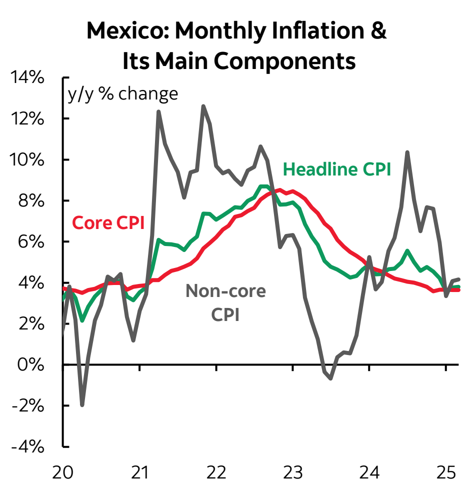
- **Mexico: Inflation aligns with expectations, while producer prices decelerate but remain elevated**

In March, inflation rebounded to 3.80% y/y from 3.77% (vs. 3.80% consensus in the Citi Survey), with core inflation remaining almost unchanged at 3.64% (in line with the 3.64% consensus and slightly down from 3.65% previously) (chart 1). Within this, goods inflation increased to 2.98% (2.75% previously), while services inflation moderated to 4.35% (4.64% previously). On the other hand, non-core inflation rose to 4.16% (4.08% previously), with agricultural products rising to 4.87% (3.89% previously), despite a drop in fruits and vegetables of -2.28%. On a monthly basis, headline inflation rose 0.31% m/m (0.28% previously, 0.31% consensus), the core component increased 0.43% (0.48% previously, 0.43% consensus), and non-core inflation stood at -0.08% (-0.39% previously).

In the same month, the Producer Price Index came in at 7.29% y/y, down from 8.02% previously (chart 2). Primary activities moderated from 11.08% to 6.68%, while industrial activities slowed from 9.03% to 8.48%, and services decelerated from 5.60% to 5.19%. Since December 2024, producer prices have risen by more than 7.0% annually, but we anticipate that producer prices, especially in industrial activities, will rebound in the coming months due to price adjustments in value chains and commodities, driven by the escalation of trade tensions following the announcement of U.S. tariffs.

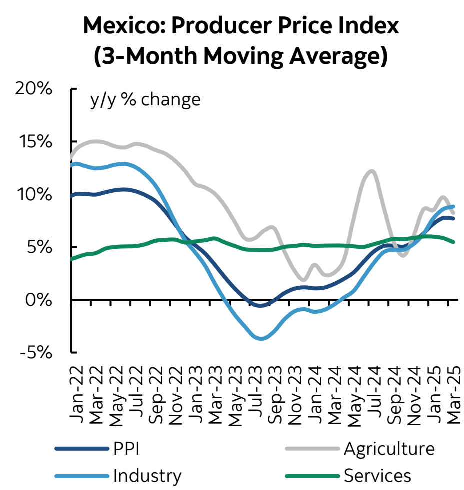
Looking ahead, the outlook remains uncertain with inflation risks skewed to the upside, highlighting the potential impact of tariff measures between Mexico and the U.S. and possible pass-through to prices due to greater depreciation. However, the risk of broader economic weakness could push prices down due to lower demand.

Chart 1



Sources: Scotiabank Economics, INEGI.

Chart 2



Sources: Scotiabank Economics, INEGI.

—Rodolfo Mitchell, Brian Pérez & Miguel Saldaña