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Latam Daily: Mexican Inflation Jumps

- **Mexico: March inflation update—mixed dynamics driven by non-core pressures; Producer Price Index—acceleration led by services and mining activity; Automotive sector—broad-based growth in production, exports, and sales; Labour market—moderate formal job growth amid declining employer base**

MEXICO: MARCH INFLATION UPDATE—MIXED DYNAMICS DRIVEN BY NON-CORE PRESSURES

In March, headline inflation accelerated from 4.02% to 4.59%, although coming in below the 4.64% consensus (charts 1 and 2). Core inflation declined from 4.50% to 4.45%, slightly below the 4.47% consensus. Within its components, mixed movements were observed: goods inflation decreased from 4.55% to 4.38%, while services inflation increased from 4.45% to 4.51%. Meanwhile, non-core inflation rebounded sharply, reaching 5.05% from 2.44%, driven by a strong increase in agricultural prices (8.77%), particularly fruits and vegetables (21.77%). Among the products with the highest upward impact were tomatoes, with a monthly increase of 42.01%, and air transportation, up 26.28%, in line with external shocks related to fuel prices caused by the Middle East conflict. In contrast, internet, telephone and TV packages, eggs, and pork prices continued to decline. On a monthly sequential basis, headline inflation rose by 0.86%, core inflation by 0.38%, and non-core inflation by 2.46%.

Chart 1

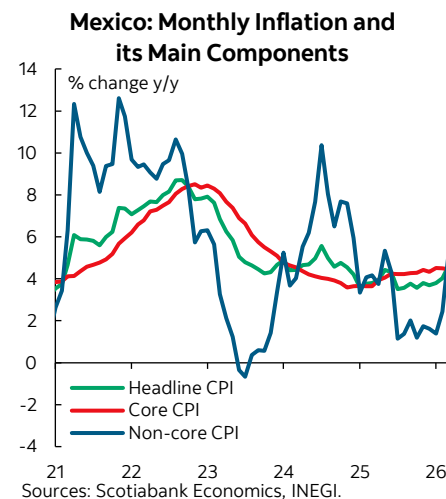
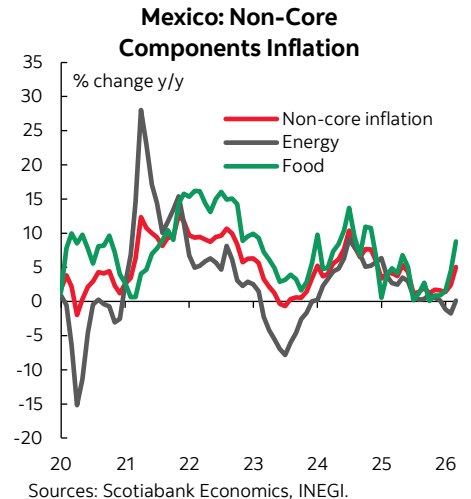


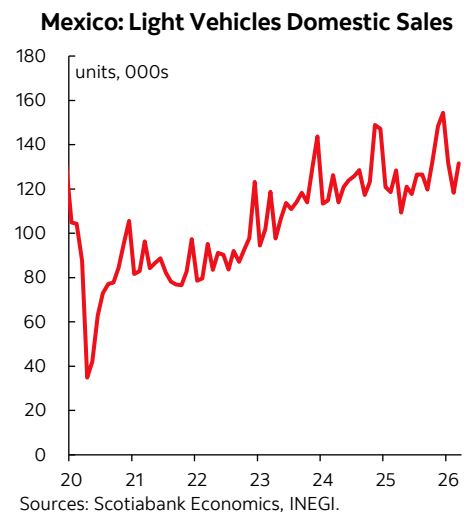
Chart 2



PRODUCER PRICE INDEX—ACCELERATION LED BY SERVICES AND MINING ACTIVITY

Also in March, the Producer Price Index increased from 1.14% to 2.77% year-over-year. By activity groups, primary activities registered a decline of -1.05% annually, while industrial activities rose to 2.22%, led by a 19.70% increase in mining, 4.00% in construction, 0.48% in manufacturing, and a -1.24% decline in public utilities. Lastly, services showed the strongest growth momentum, advancing by 4.15%.

Chart 3



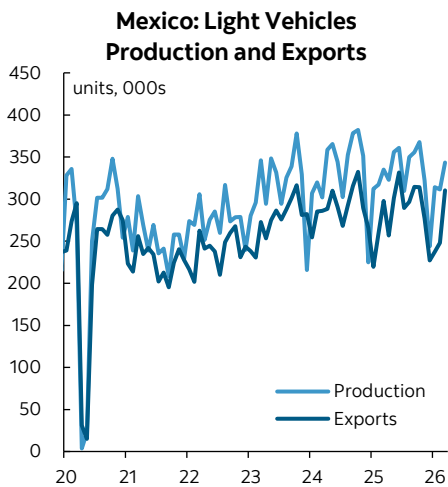
AUTOMOTIVE SECTOR—BROAD-BASED GROWTH IN PRODUCTION, EXPORTS, AND SALES

In March, the automotive outlook showed broad-based increases (charts 3 and 4). Vehicle production reached 343,520 units, representing an annual growth rate of 2.5%. Notably, 80.0% of light vehicles produced were light trucks, while 20.0% were passenger cars. Meanwhile, vehicle exports totaled 310,205 units, and domestic sales reached 131,569 units, posting growth rates of 4.2% (up from -4.4%) and 2.4% (up from -0.3%), respectively.

LABOUR MARKET—MODERATE FORMAL JOB GROWTH AMID DECLINING EMPLOYER BASE

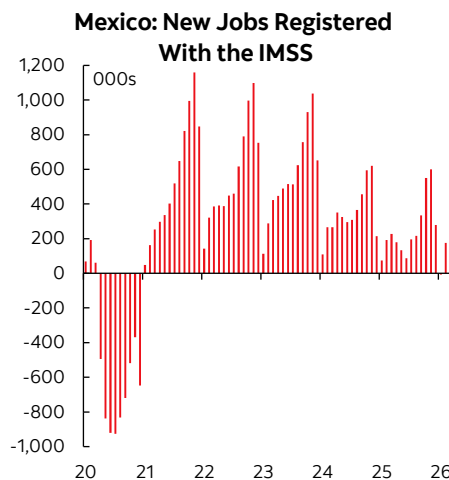
According to IMSS figures, in March the number of jobs affiliated with social security increased (charts 5 and 6). Over the last twelve months, formal employment reached annual growth of 1.2%, equivalent to 259,570 new jobs. However, the total number of employers continued to decline, with a reduction of 1,726 registrations, bringing the total to 1,020,270 and implying an annual contraction of 2.7%, remaining in negative territory since June 2024. Lastly, the average registered daily wage stood at MXN 663.5 pesos, representing a nominal increase of 7.1%.

Chart 4



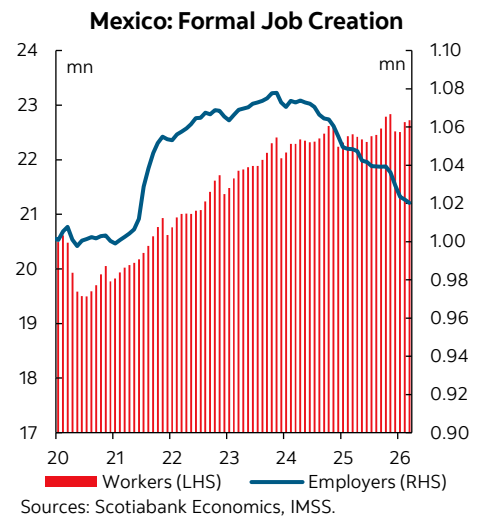
Sources: Scotiabank Economics, INEGI.

Chart 5



Sources: Scotiabank Economics, IMSS.

Chart 6



Sources: Scotiabank Economics, IMSS.

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

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