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Latam Daily: Mexican Inflation Undershoots

- **Mexico: June inflation surprises to the downside; Producer prices continue to moderate in June**

MEXICO: JUNE INFLATION SURPRISES TO THE DOWNSIDE

In June, headline inflation continued to surprise to the downside, declining from 3.94% to 3.37%, below the 3.50% consensus estimate and reaching its lowest level since December 2020 (chart 1). Core inflation fell from 4.19% to 4.03%, also below consensus expectations of 4.10%. Within core inflation, goods eased from 3.78% to 3.55%, while services moderated slightly from 4.52% to 4.49%, with education at 5.94% and housing at 3.62%. Meanwhile, non-core inflation slowed again, falling from 3.10% to 1.11%, with agricultural products at -1.72%: fruits and vegetables remained under pressure at 5.56%, offset by livestock products at -6.48%; energy and government-regulated tariffs stood at 3.46%.

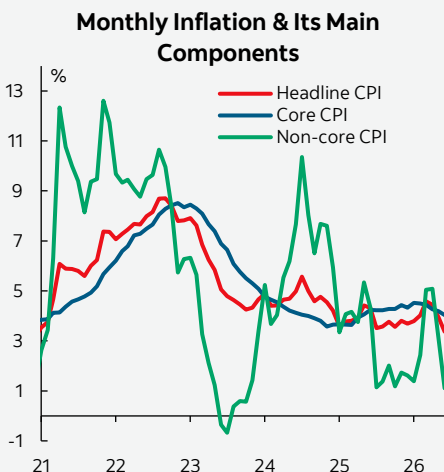
Among the products with the largest upward impact—ranked by incidence—were owner-occupied housing, with a monthly variation of 0.31%; potatoes and other tubers, at 9.32%; avocados, at 24.53%; and other prepared foods, at 1.31%. In contrast, tomatoes, eggs, and serrano peppers continued to post price declines this month. On a sequential monthly basis, headline inflation fell by -0.27%, core inflation rose by 0.24%, and non-core inflation declined by -2.04%.

PRODUCER PRICES CONTINUE TO MODERATE IN JUNE

Meanwhile, the National Producer Price Index decelerated in June, with annual inflation falling from 2.98% to 2.10%. By sector, primary activities stood out with a -9.08% decline, while services eased slightly to 4.37% from 4.55% previously. Industrial activities stood at 1.79%, reflecting increases in mining (12.07%) and construction (5.20%), stagnation in manufacturing (0.61%), and declines in utilities (-4.71%).

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

Chart 1



Sources: Scotiabank Economics, INEGI.

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