

IMF Executive Board Concludes 2025 Article IV Consultation with Mexico

October 27, 2025

- The IMF Executive Board concluded the 2025 Article IV consultation.
- Economic activity remains soft with the economy projected to grow by 1.0 percent this year, accelerating somewhat in 2026. Headline inflation is moderating and expected to converge to Banxico's 3-percent target in the second half of 2026.
- More ambitious and front-loaded fiscal consolidation, with policy measures to support it, is needed to prevent further upward drifts in public debt and create fiscal space to respond to possible shocks. Monetary easing should continue once it becomes clearer that inflation is on a path to the 3 percent target. Mexico's potential growth hinges on closing infrastructure gaps, strengthening the rule of law, and deepening integration with global trading partners.

Washington, DC: On October 23, the Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for Mexico.^[1]^(#_ftn1) The authorities have consented to the publication of the Staff Report prepared for this consultation.^[2]^(#_ftn2)

After expanding by 1.5 percent in 2024, the economy is projected to grow 1.0 percent in 2025, as activity is constrained by needed fiscal consolidation and restrictive monetary policy, as well as the dampening effect of trade uncertainty on consumption and investment. Activity is expected to pick up to 1.5 percent in 2026 as domestic policies ease, although the effect of tariffs and trade uncertainty will continue constraining growth. Soft activity, normalizing food prices, and the recent appreciation of the peso are all expected to support the convergence of inflation to Banxico's 3-percent target by the second half of 2026.

While the fiscal expansion of 2024 is expected to be reversed this year, gross public sector debt is projected to reach 58.9 percent of GDP at end-year. The authorities' fiscal targets for 2026-30 entail additional deficit reduction, although the debt-to-GDP ratio would rise steadily over the medium term. Banxico has cut interest rates by 375 basis points since early-2024, in tandem with the decline in inflation, although monetary policy remains moderately contractionary.

The financial system remains sound and resilient to shocks, amid effective financial supervision. Mexico maintains adequate external buffers and an external position in line with fundamentals. A near-term strengthening of the current account—due to weak domestic demand—is expected to unwind going forward, accompanied by a mild deterioration of the trade balance and a gradual decline in remittances

Executive Board Assessment^[3]^(#_ftn3)

Executive Directors highlighted that Mexico's strong fundamentals and track record of very strong policies and policy frameworks have been instrumental to the resilience of the economy in the face of heightened global uncertainty. In light of the deceleration in economic activity and remaining risks, Directors underscored the importance of maintaining sound macroeconomic policies while advancing supply side reforms to bolster potential growth.

Directors welcomed the reversal of the 2024 fiscal expansion, and generally encouraged the authorities to consider a more ambitious fiscal consolidation to help prevent further upward drifts in public debt and create fiscal space to respond to future shocks. However, a number of Directors highlighted the need to stabilize debt while preserving growth momentum, which could be achieved through a more gradual fiscal

consolidation path. Directors underscored that, given the need to protect social spending and growth enhancing public investment, consolidation efforts should focus on mobilizing tax revenues through improvements in tax administration and tax policy changes. Strengthening the financial health and profitability of state-owned enterprises, especially Pemex, will also be essential. Directors stressed that strengthening the medium-term fiscal framework would enhance the credibility of fiscal plans.

Directors commended Banxico for successfully bringing inflation back to the tolerance range. They considered that further monetary easing should follow clear signs that inflation is on a sustained path to the target. Directors concurred that further refinements to Banxico’s communication toolkit could be considered to strengthen monetary policy transmission and better anchor inflation expectations, while safeguarding flexibility and maintaining credibility. They agreed that maintaining a flexible exchange rate is critical to absorb shocks, especially in the current external backdrop.

Directors highlighted the soundness of the financial system, supported by strong capital and liquidity positions. They encouraged the authorities to continue implementing the recommendations of the 2022 Financial Sector Assessment Program. Directors emphasized that efforts to foster financial inclusion and expand credit should focus on addressing market failures and promoting competition. While acknowledging progress in the AML/CFT framework, Directors stressed the need to further strengthen interagency coordination and risk-based supervision to combat financial crimes and money laundering.

Directors underscored that unlocking stronger growth requires addressing long-standing supply-side constraints. This includes closing infrastructure gaps, improving the business climate, strengthening judicial independence, and tackling corruption and crime. Directors stressed the importance of open trade as an engine of growth. They underscored that policy support for strategic sectors should be narrowly targeted to address market failures and avoid introducing barriers to trade and investment.

Mexico: Selected Economic Indicators, 2024-26

Population (millions, 2024):	132.3	GDP per capita (U.S. dollars, 2024)	14,034
Quota (SDR, millions):	8,912.7	Poverty headcount ratio (% of population, 2024)	29.6

Main export products: cars and car parts, electronics, crude oil

Main import products: cars and car parts, electronics, refined petroleum

Key export markets: United States, EU and Canada

Key import markets: United States, China, EU

Proj.

2024 2025 2026

Output

Real GDP (% change)	1.4	1.0	1.5
---------------------	-----	-----	-----

Employment

Unemployment rate, period average (%)	2.7	2.9	3.1
---------------------------------------	-----	-----	-----

Prices

Consumer prices, end of period (%)	4.2	3.7	3.0
------------------------------------	-----	-----	-----

Consumer prices, period average (%)	4.7	3.9	3.3
-------------------------------------	-----	-----	-----

General government finances 1/

Revenue and grants (% GDP)	24.6	24.2	24.2
----------------------------	------	------	------

Expenditure (% GDP)	30.3	28.5	28.3
---------------------	------	------	------

Overall fiscal balance (% GDP)	-5.7	-4.3	-4.1
--------------------------------	------	------	------

Gross public sector debt (% GDP) 3/	58.3	58.9	59.9
-------------------------------------	------	------	------

Monetary and credit

Broad money (% change)	13.8	5.5	5.8
------------------------	------	-----	-----

Credit to non-financial private sector (% change) 2/	11.3	4.0	5.0
--	------	-----	-----

1-month Treasury bill yield (in percent)	10.7	...	...
--	------	-----	-----

Balance of payments

Current account balance (% GDP)	-0.9	-0.2	-0.3
Foreign direct investment (% GDP)	1.7	1.0	1.1
Gross international reserves (US\$ billions)	232.1	249.7	259.0
In months of next year's imports of goods and services	3.9	4.1	4.1
Total external debt (% GDP)	24.5	25.6	24.8

Exchange rate

REER (% change)	0.2	...	...
-----------------	-----	-----	-----

Sources: World Bank Development Indicators, ENIGH, National Institute of Statistics and Geography, National Council of Population, Bank of Mexico, Secretariat of Finance and Public Credit, and Fund staff estimates.

1/ Data exclude state and local governments and include state-owned enterprises and public development banks.

2/ Includes domestic credit by banks, nonbank intermediaries, and social housing funds.

[1] (#_ftnref1) Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] (#_ftnref2) Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the [www.imf.org/Mexico](https://www.imf.org/en/Countries/MEX) (<https://www.imf.org/en/Countries/MEX>) page.

[3] (#_ftnref3) At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm> (<http://www.IMF.org/external/np/sec/misc/qualifiers.htm>).

IMF Communications Department

MEDIA RELATIONS

PRESS OFFICER: FERNANDO PUCHOL

PHONE: +1 202 623-7100 | **EMAIL:** MEDIA@IMF.ORG

[X](#) [@IMFSPOKESPERSON](#) ([HTTPS://TWITTER.COM/IMFSPOKESPERSON](https://twitter.com/IMFSPOKESPERSON))