

# Banxico’s Survey – Analysts don’t stop reviewing their economic expectations

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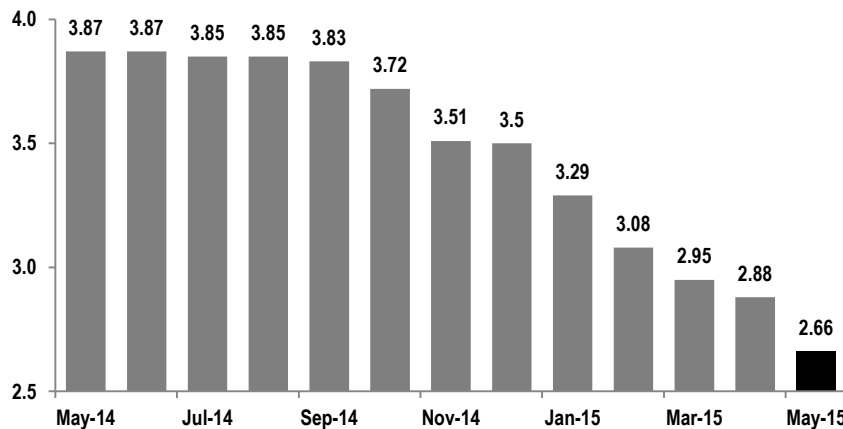
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- **Banxico just published its monthly survey of expectations for May 2015**
- **GDP’s forecast for 2015 edged down to 2.66% yoy (previous: 2.88%)**
- **Moreover, the exchange rate is expected to end 2015 at USD/MXN15.08 above April’s survey (USD/MXN14.97)**
- **Analysts’ forecast for inflation in 2015 is at 2.96%, slightly below the 3.07% observed in the previous survey. For 2016, inflation is expected at 3.4%**
- **Medium-term inflation expectations stood at 3.4%**
- **Finally, analysts expect Banxico to remain on hold at least until 4Q15**

According to Banxico’s survey of expectations (May), 2015 GDP’s forecast edged down to 2.66%. In terms of economic growth in 2015, analysts’ consensus forecast for Mexico’s GDP growth stand at 2.66% below the 2.88% observed in the previous survey, as shown in the chart below.

Moreover, the economists surveyed expect the Mexican peso to close 2015 at USD/MXN15.08, above the USD/MXN14.97 observed in April’s survey (Banorte-Ixe: 14.90). For 2016, analysts also revised their FX forecast to USD/MXN14.81 from USD/MXN14.76 (Banorte-Ixe: 14.50).

**GDP growth expectations**  
% yoy



Source: Banorte-Ixe and Banxico

**Year-end inflation estimate for 2015 is at 2.96%, slightly below the 3.07% observed in the previous survey.** Consensus' estimate for core inflation in 2015 stood at 2.7% yoy. For the next 12-months, inflation is expected to be at 3.69% yoy, slightly below the 3.71% yoy observed in April.

**Medium-term inflation expectations edged marginally below with the observed in the previous survey.** Medium-term expectations (1-4 years) stood at 3.4% (previous: 3.44%), while long-term expectations (5-8 years) stood at 3.38% yoy (previous: 3.43%).

**Finally, in terms of interest rates, analysts expect Banxico to remain on hold at least until 4Q15.** Economists surveyed expect the reference rate to be above current levels until 4Q15. We highlight that according to Banamex's survey, the median of analysts expect the next movement of the monetary authority to be a 25bps rate hike in September 2015 (Banorte-Ixe: Oct-2015).

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