

Banamex Survey – Analysts revised up its inflation expectations for year-end 2018

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- Banamex just published its bi-weekly survey of economic expectations
- We highlight that 7 out of the 19 analysts surveyed expect Banxico to hike rates in its upcoming October 4th meeting
- GDP growth estimates for 2018 are at 2.1%yoy, unchanged from previous survey. For 2019, analysts expect an economic expansion of 2.1%yoy
- Inflation forecast for year-end 2018 was revised upwards to 4.5%yoy from previous 4.3%
- For 2019, inflation is expected at 3.7%yoy, while medium term expectations (2020-2024) are at 3.5%
- Finally, economists expect inflation at 0.53%m/m in August (Banorte: 0.6%)

Analysts expect Banxico to hike in the next meeting. We highlight that 7 out of the 19 analysts surveyed expect the central bank to hike rates in its upcoming October 4th meeting. Meanwhile, another 8 analysts think that Banxico will cut interest rates in the first half of next year.

GDP growth estimates for 2018 are at 2.1%yoy. This figure is unchanged from previous survey (Banorte: 2.1%; range: 1.5%-2.3%). Meanwhile, consensus forecast for 2019 is at 2.1%yoy (range: 1.6%-3%; Banorte: 1.8%yoy).

Upward revision of inflation for year-end 2018. The median inflation forecast is now at 4.49%yoy up from previous estimate (4.3%yoy). Furthermore, core inflation is expected at 3.6%yoy in 2018. For 2019 inflation is expected at 3.7%yoy, while in the medium term, analysts see inflation around 3.5%yoy. For next inflation report, economists expect inflation at 0.53%m/m in August (Banorte: 0.6%; range: 0.48%-0.6%), while for core inflation they estimate a 0.25% increase during the period in question (Banorte: 0.27%, range: 0.17%-0.35%).

FX expectations remained unchanged. The median forecast for the exchange rate for year-end 2018 remained at USD/MXN19 unchanged from previous survey. For next year, analysts expect the currency to finish 2019 at USD/MXN18.75 slightly stronger than the USD/MXN18.85 previously.

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