

## Citibanamex Survey – Consensus now expects Banxico to hike 25bps in December

- Citibanamex just published its bi-weekly survey of economic expectations
- We highlight that 11 out of 15 analysts surveyed, including us, expect Banxico to hike the reference rate 25bps in December, to at 8.25% by year-end
- On the contrary, the other 4 analysts expect the rate to finish the year at 8.00%, which was the consensus forecast in the previous survey
- GDP for 2018 remain unchanged at 2.1% yoy, in line with our forecast, while 2019's estimate was also unchanged at 1.9% (Banorte: 1.8%)
- Inflation forecast for year-end 2018 was marginally revised downwards, from 4.55% to 4.40% (Banorte: 4.8%)
- In addition, economists expect inflation to rise 0.73% m/m in November (Banorte: 0.71%)
- Finally, the forecast for the Mexican peso increased to USD/MXN 20.20 from 19.95, with 2019 also revised higher to 20.00 to 20.63 per dollar

**Eleven out of fifteen analysts expect Banxico to hike the reference rate 25bps to 8.25% by year-end.** We highlight that 73.3% of economists surveyed, including us, expect the central bank to hike the reference rate by 25bps to 8.25% by the end of the year. In contrast, the rest of analysts, expect Banxico to remain on hold, ending 2018 at 8.00%.

**GDP growth estimates unchanged.** For 2018, consensus expects GD at 2.1%, in line with the previous survey and our forecast (range: 2.0%-2.3%). Meanwhile, consensus estimates GDP in 2019 at 1.9% (range: 1.6%-2.1%; Banorte: 1.8% yoy).

**Inflation at 4.5% by year-end 2018.** The median inflation forecast is marginally lower to the previous survey by 5 basis points, still below our 4.8% estimate. Moreover, core inflation is expected to end at 3.6% yoy (Banorte: 3.7%). For 2019, inflation is expected at 3.9% yoy, while in the mid-term, analysts see it around 3.5% yoy. For the next inflation report, corresponding to November, economists forecast the headline figure at 0.73% m/m (Banorte: 0.71%; range: 0.70%-0.81%), while core is expected at 0.24% (Banorte: 0.25%, range: 0.22%-0.30%).

**Strong upward revisions in FX forecasts.** The median for year-end 2018 was increased to USD/MXN 20.20, 1.3% above the 19.95 figure in the previous survey but still below our 20.50 estimate. For next year, analysts expect the currency to end at USD/MXN 20.63, above the USD/MXN20.00 from the last survey (Banorte: 22.50).

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