

Citibanamex Survey – Economists continue to forecast Banxico’s next rate cut in August 2018

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- Citibanamex just published its bi-weekly survey of economic expectations
- Economists’ consensus continues to signal that Banxico’s next rate movement will be a 25pb rate cut during a meeting taking place in August 2018 (previous: August 2018)
- Two analysts still forecast a rate hike throughout the year, while the remaining economists forecast cuts as early as February 2018, although most expect it on the second half of the year (Banorte-Ixe: -50bp in August)
- Only one of the analysts expects the rate cut to take place in 2019
- Regarding inflation, economists keep expecting it to close 2017 at 6.3%, marginally below our 6.4% estimate
- Core inflation by YE17 is forecasted at 4.9%, marginally above our 5% forecast
- Economists expect headline inflation at 0.44% m/m in September, above our 0.38% forecast, while the core component is expected at 0.35% m/m, marginally above our 0.32% estimate
- For 2017, analysts expect an economic expansion of 2.1% yoy, above our 1.9% estimate (previous: 2.1%)
- Moreover, growth in 2018 is still expected at 2.2%, below our 2.5% forecast
- Finally, analysts expect the exchange rate at USD/MXN 18.28 by YE17 (Banorte-Ixe: USD/MXN 18.10), while the forecast for YE18 stands at USD/MXN 18.15 (Banorte-Ixe: USD/MXN 18.60)

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