

Banamex Survey – Economists expect Banxico’s next rate hike in December

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- Banamex just published its bi-weekly survey of economic expectations
- The median of analysts shows that Banxico’s next rate hike will probably take place in December
- However, 18.2% of the economists surveyed –including us– expect Banxico’s next rate hike in September
- For 2016, analysts expect an economic expansion of 2.3% yoy, practically in line with the 2.35% observed in the previous survey
- Similarly, for 2017 GDP growth is expected at 2.6% yoy, marginally below the 2.7% observed in last survey (Banorte-Ixe: 3.1%)
- Inflation forecast for year-end 2016 stood at 3.2% yoy (Banorte-Ixe: 2.8%)
- Economists expect headline inflation at 0.15% m/m in June (Banorte-Ixe: 0.18% m/m)
- The exchange rate forecast stood at USD/MXN 18.43 by YE16 (Banorte-Ixe: 17.60)

The median of economists shows that Banxico’s next rate hike will probably take place in December. Banamex just published its bi-weekly survey of economic expectations. The median of analysts expects Banxico’s rate will close 2016 at 4.5%. In this context, 54.6% of the analysts surveyed (12 out of 22) expect Banxico’s next rate hike in December. However, 18.2% of the economists surveyed –including us– expect Banxico’s next rate hike in September, which is Banxico’s last monetary policy announcement before the U.S. elections. Finally, three analysts believe that Banxico’s move will take place in 2017.

Marginal upward revisions to 2016 year-end inflation forecast. Inflation estimate for year-end 2016 stood at 3.2% yoy, practically in line with the 3.13% forecast observed in the previous survey (Banorte-Ixe: 2.8%). Furthermore, core CPI is expected to increase 3.2% yoy in 2016. For 2017, inflation is expected at 3.3% yoy, while medium term inflation expectations also stand around 3.3% yoy. For this Thursday, economists expect inflation at 0.15% m/m in June, below our 0.18% estimate; while core inflation would stand at 0.27% in the same period (Banorte-Ixe: 0.27%).

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Analysts revised their GDP forecasts. For 2016, GDP growth is now expected at 2.3% yoy, from 2.35% (Banorte-Ixe: 2.3%; range: 1.8% to 2.8%). For 2017, consensus expects an economic expansion of 2.6% yoy, below the 2.7% observed in the last survey (Banorte-Ixe: 3.1%; range: 2.1% - 3.1%). Moreover, the median exchange rate forecast for year-end 2016 stands at USD/MXN 18.43, above the USD/MXN 18.00 observed the previous survey (Banorte-Ixe: 17.60). For 2017, analysts expect the currency to finish at 17.99 pesos per dollar (Banorte-Ixe: 17.40).

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