

Economists expect a 25bps hike on Banxico's March meeting

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- Citibanamex just published its bi-weekly survey of economic expectations
- All but four of the 21 economists surveyed believe that Banxico's next rate hike will probably take place on Banxico's next scheduled meeting (March 30)
- Out of the 19 analysts that forecast a hike in February, 53%, including us, expect it to be a 25bp hike, while the remaining 47% forecast a 50bp increase
- Taking into account the monetary policy forecasts, economists now expect inflation for YE17 at 5.40% from 5.36% (Banorte-Ixe: 5.7%)
- Core inflation by YE17 is forecasted at 4.5% (Banorte-Ixe: 4.8%)
- Economists expect headline inflation at 0.55% m/m in February (Banorte-Ixe: 0.58% m/m), while the core component is expected at 0.74%, below our 0.76% forecast
- For 2017, analysts continue expecting an economic expansion of 1.5% yoy, above our 1.1% forecast
- Moreover, growth in 2018 is expected at 2.2%, below our 2.5% forecast
- Finally, analysts expect the exchange rate at USD/MXN 21.20 by YE17, below the previous estimate of USD/MXN 21.68 (Banorte-Ixe: USD/MXN 23.50). We highlight that this is the first survey since the Foreign Exchange Commission's announced its FX hedge program

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