

## Banamex Survey – Analysts estimate Banxico’s next move in September

July 21, 2015

- Banamex just published its bi-weekly survey of economic expectations
- We highlight that 23 out of 25 analysts surveyed expect Banxico to hike rates at some point in 2015 (median: September 2015)
- For 2015, analysts expect an economic expansion of 2.6% yoy, in line with the observed in the last survey
- The exchange rate forecast stands at USD/MXN 15.48 in YE15 from USD/MXN 15.30
- Inflation forecast for year-end 2015 stood at 2.9% yoy (previous: 3%)
- Medium-term inflation expectations (2017-2021) stand at 3.4% yoy
- Finally, economists expect inflation at 0.2% 2w/2w in the first half of July (Banorte-Ixe: 0.2% 2w/2w)

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**Analysts continue to expect Banxico's next move to be a rate hike in 3Q15 (median: September).** Banamex just published its bi-weekly survey of economic expectations. We highlight that 23 out of 25 economists surveyed expect Banxico to hike at some point in 2015. In this context, 16 economists (including us) believe that Banxico’s next move will take place in September’s meeting. Taking a look at the breakdown 6 economists believe that the central bank will hike rates in 4Q15. Moreover, only two analysts believe that Banxico will begin its hiking cycle in January 2016, while one analyst was uncertain about the moment that the central bank would start its hiking cycle this year.

**GDP growth estimate for 2015 stands at 2.6% yoy practically in line with the observed in the last survey (Banorte-Ixe: 3.2%; range: 2.2% - 3.2%).** For 2016, consensus expects an economic expansion of 3.2% yoy (Banorte-Ixe: 2.7; range: 2.5% - 4.0%).

**Analysts continue to see a weak Mexican peso.** The median exchange rate forecast for year-end 2015 stands at USD/MXN 15.48 (previous: USD/MXN 15.30; Banorte-Ixe: USD/MXN 14.90). For 2016, analysts expect the currency to finish at 15.05 pesos per dollar (Banorte-Ixe: 14.50), marginally above the USD/MXN 15.00 observed in the last survey.

**Inflation forecast for year-end 2015 stood at 2.9% yoy (previous: 3%).** Furthermore, core CPI is expected to increase 2.75% yoy in 2015. For 2016, inflation is expected at 3.44% yoy, while in the medium term, analysts forecast inflation around 3.4% yoy. For next Thursday, economists expect inflation at 0.2% 2w/2w in the first half of July (Banorte-Ixe: 0.2%), while core inflation would stand at 0.16% during the period in question (Banorte-Ixe: 0.17%).

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