

# Citibanamex Survey – Wide range of estimates for inflation in 1h-August

August 21, 2018

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- **Banamex just published its bi-weekly survey of economic expectations**
- **We highlight that 11 out of the 21 analysts surveyed expect Banxico's next movement to be a rate cut (median: April 2019)**
- **GDP growth estimates for 2018 are at 2.2%yoy, unchanged from previous survey**
- **For 2019, analysts expect an economic expansion of 2.1%yoy**
- **Inflation forecast for year-end 2018 remained unchanged at 4.3%yoy**
- **For 2019, inflation is expected at 3.7%yoy, while medium term expectations (2020-2024) are at 3.5%**
- **Finally, economists expect inflation at 0.27%2w/2w in the first half of August (Banorte: 0.39%)**

**Analysts expect Banxico's next move to be a cut.** We highlight that 11 out of the 21 analysts surveyed expect Banxico to cut rates (median: April 2019). Meanwhile, another 3 analysts think than Banxico will remain on hold, while 5 are penciling in a rate hike before year-end.

**GDP growth estimates for 2018 are at 2.2%yoy, unchanged from previous survey (Banorte: 2.5%; range: 1.5%-2.6%).** Consensus forecast for 2019 is at 2.1%yoy (range: 1.5%-2.6%; Banorte: 1.8% yoy).

**Inflation forecast for year-end 2018 remained unchanged at 4.3% yoy.** The median inflation forecast is at 4.3%yoy unchanged from previous estimate. Furthermore, core inflation is expected at 3.6% yoy in 2018, also unchanged. For 2019 inflation is expected at 3.7%yoy, while in the medium term, analysts see inflation around 3.5%yoy.

**Wide range of estimates for upcoming inflation report.** Economists expect inflation at 0.27%2w/2w in the first half of August (Banorte: 0.39%; range: 0.19%-0.39%), while for core inflation they estimate a 0.15% increase during the period in question (Banorte: 0.15%, range: 0.05%-0.19%). In our view, the fact that the figure in question -to be published on Thursday-, will be the first one calculated under a new methodology explains the wide range of estimates.

**Relatively stable FX forecasts.** The median forecast for the exchange rate for year-end 2018 is at USD/MXN19 unchanged from previous survey (Banorte: USD/MXN 18.6). For next year, analysts expect the currency to finish 2019 at USD/MXN18.85.

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