

Banxico's Survey – Analysts expect a year-end inflation for 2015 at 2.24%

December 18, 2015

www.banorte.com
www.ixe.com.mx
@ analisis_fundam

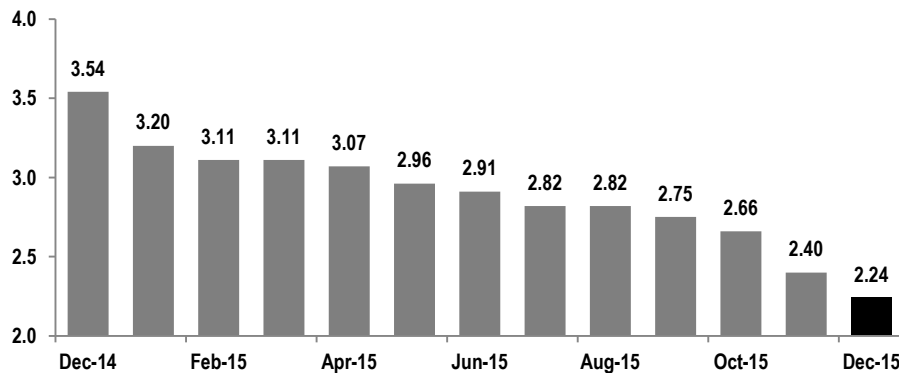
Saúl Torres
Analyst, Mexico
saul.torres@banorte.com

- Banxico just published its monthly survey of expectations for December 2015
- Analysts' median for 2015 inflation stands at 2.24% yoy, below the 2.40% observed in the previous survey. For 2016, inflation is expected at 3.32%
- Medium-term inflation expectations stand at 3.38%
- GDP forecast for 2015 stands in 2.44% yoy, practically in line from the previous survey
- Moreover, the exchange rate is expected to end 2015 at USD/MXN16.91, above the 16.70 observed in November's survey
- The average of analysts' estimates that Banxico's interest rate would close in 2016 around 4%

Year-end inflation estimate for 2015 is at 2.24%, below the 2.40% observed in the previous survey. Consensus' estimate for core inflation in 2015 stands at 2.43% yoy. For the next 12-months, inflation is expected to be at 3.32% yoy, below the 3.43% observed in November.

Year-end for 2015 inflation expectations

% yoy

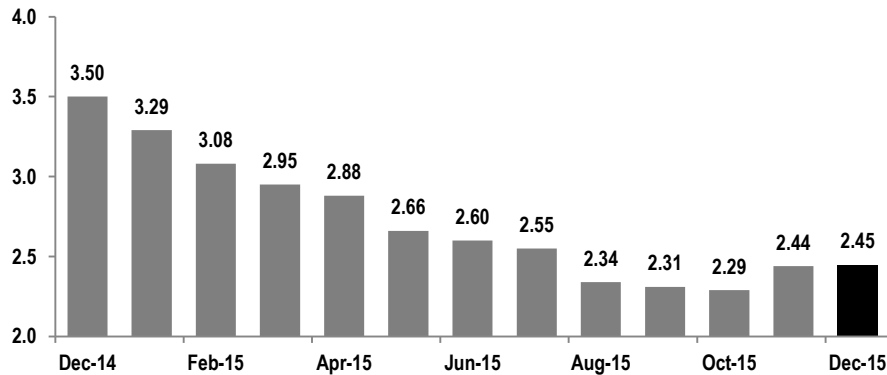


Source: Banorte-ixe and Banxico

Medium-term inflation expectations stood in line with the previous survey. Medium-term expectations (1-4 years) stood at 3.38%, while long-term expectations (5-8 years) remain stable at 3.3% yoy.

Mexico’s 2015 GDP expectations were practically in line from the previous survey. According to Banxico’s survey of expectations (December), analysts’ consensus forecast for Mexico’s GDP growth stand at 2.45%, practically in line with the observed in the previous survey (Banorte-Ixe: 2.5%), as shown in the chart below. For 2016, the estimate for GDP growth stands at 2.74% (Banorte-Ixe: 2.7%).

2015 GDP growth expectations
% yoy



Source: Banorte-Ixe and Banxico

Moreover, economists surveyed expect the Mexican peso to close 2015 at USD/MXN16.91, above the USD/MXN16.70 observed in November (Banorte-Ixe: 16.80). For 2016, analysts also revised their FX forecast to USD/MXN16.79 from USD/MXN16.68 (Banorte-Ixe: 17.60).

Banxico’s decision-making process. We highlight that this survey was made before Banxico’s decision. According to the survey, the average of analysts’ estimates that the interest rate would close in 2016 around 4%.

Finally, weak external market is the main factor that could hamper economic growth according to analysts. Among the main factors which could affect Mexico’s economic performance Banxico’s survey includes: (1) Weak external market and world economy (26%); (2) lower platform of oil production (17%); (3) public security problems (17%); (4) international financial volatility (12% of respondents); and (5) the oil export price (12%).

Disclaimer

The information contained in this document is illustrative and informative so it should not be considered as an advice and/or recommendation of any kind. BANORTE is not part of any party or political trend.

GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Rey Saúl Torres Olivares	Analyst	saul.torres@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Analyst Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/ Mining/ Chemistry	marissa.garza@banorte.com	(55) 1670 - 1719
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 1670 - 1746
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – Auto parts	valentin.mendoza@banorte.com	(55) 1670 - 2250
María de la Paz Orozco García	Analyst	maripaz.orozco@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.roldan.ferrer@banorte.com	(55) 5004 - 1454