

Banamex Survey – No relevant changes, analysts continue to expect Banxico’s next move in December

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- **Banamex just published its bi-weekly survey of economic expectations**
- **We highlight that 16 out of 26 analysts surveyed continue expecting Banxico to hike rates at some point in 2015 (median: December 2015)**
- **For 2015, analysts expect an economic expansion of 2.22% yoy, practically in line with the previous survey**
- **The exchange rate forecast stands at USD/MXN 16.80 in YE15, in line with our forecast**
- **Inflation forecast for year-end 2015 stood at 2.7% yoy, slightly below the 2.8% observed in the previous survey**
- **Finally, economists expect inflation at 0.50% 2w/2w in the first half of October, slightly above with our 0.46% forecast**

Analysts continue expecting Banxico's next move to be a rate hike in 2015. Banamex just published its bi-weekly survey of economic expectations. We highlight that 16 out of 26 economists surveyed expect Banxico to hike at some point in 2015. In this context, 15 economists (including us) believe that Banxico’s next move will take place in the meeting to be held on December 17. Taking a look at the breakdown, two analysts believe that Banxico will begin its hiking cycle in January 2016, while 5 analysts expect it in March 2016. We highlight that one analyst was uncertain about the moment that the central bank would start its hiking cycle this year. Moreover one economist believes that Banxico’s next move would take place in June 2016, while another analyst expects it in Sep’16.

GDP growth estimate for 2015 stands at 2.22% yoy, practically in line with the previous survey (Banorte-Ixe: 2.5%; range: 1.9% - 2.5%). For 2016, consensus expects an economic expansion of 2.8% yoy, in line with the observed in the last survey (Banorte-Ixe: 2.7; range: 1.8% - 3.5%).

The median exchange rate forecast for year-end 2015 stands at USD/MXN 16.80, in line with our forecast. For 2016, analysts expect the currency to finish at 16.40 pesos per dollar, in line with the observed in the latest survey (Banorte-Ixe: 17.60).

Inflation forecast for year-end 2015 stood at 2.7% yoy, slightly below the 2.8% from the previous estimate. Furthermore, core CPI is expected to increase 2.7% yoy in 2015. For 2016, inflation is expected at 3.42% yoy, while in the medium term, analysts forecast inflation around 3.4% yoy. For this Thursday, economists expect inflation at 0.50% 2w/2w in the first half of October, slightly above with our 0.46% forecast, while core inflation would stand at 0.17% in the same period (Banorte-Ixe: 0.14%).

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