

Citibanamex Survey - Analysts forecast Banxico's next rate cut in June 2018

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- Citibanamex just published its bi-weekly survey of economic expectations
- Economists' consensus signals that Banxico's next rate movement will be a 25pb rate cut during a meeting taking place in June of 2018
- It is worth mentioning that there are several opinions regarding the next movement since 3 analysts forecast a rate hike in September, November and December, while the remaining economists forecast cuts as early as February 2018, although most expect it on the second half of the year (Banorte-Ixe: -50bp in August)
- Regarding inflation, economists keep expecting it to close 2017 at 6%, marginally above our 5.7% estimate
- Core inflation by YE17 is forecasted at 5% (Banorte-Ixe: 5.6%)
- Economists expect headline inflation at 0.32% m/m in July, in line with our forecast, while the core component is expected at 0.27% m/m, marginally above our 0.26% estimate
- For 2017, analysts expect an economic expansion of 2% yoy, marginally above our 1.9% estimate
- Moreover, growth in 2018 is still expected at 2.2%, below our 2.5% forecast
- Finally, analysts expect the exchange rate at USD/MXN 18.28 by YE17 (Banorte-Ixe: USD/MXN 18.10)

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