

Banamex Survey – The market is preparing for a rate hike in September

August 5, 2015

- Banamex just published its bi-weekly survey of economic expectations
- We highlight that 21 out of 24 analysts surveyed expect Banxico to hike rates at some point in 2015 (median: September 2015)
- For 2015, analysts expect an economic expansion of 2.5% yoy, slightly below the 2.6% observed in the last survey
- The exchange rate forecast stands at USD/MXN 15.60 in YE15 from USD/MXN 15.48
- Inflation forecast for year-end 2015 stood at 2.9% yoy
- Medium-term inflation expectations (2017-2021) stand at 3.44% yoy
- Finally, economists expect inflation at 0.16% m/m in July (Banorte-Ixe: 0.17% m/m)

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

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

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 21 out of 24 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 the next September's meeting. Taking a look at the breakdown, 3 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 two analysts were uncertain about the moment that the central bank would start its hiking cycle this year. Finally one analyst was not sure about Banxico's hike in 2015 and 2016.

GDP growth estimate for 2015 stands at 2.5% yoy slightly below the 2.6% observed in the last survey (Banorte-Ixe: 3.2%; range: 1.9% - 3.2%). For 2016, consensus expects an economic expansion of 3.2% yoy (Banorte-Ixe: 2.7; range: 2.5% - 3.5%).

Analysts continue to see a weak Mexican peso. The median exchange rate forecast for year-end 2015 stands at USD/MXN 15.60 (previous: USD/MXN 15.48; Banorte-Ixe: USD/MXN 15.60). For 2016, analysts expect the currency to finish at 15.35 pesos per dollar (Banorte-Ixe: 15.40), above the USD/MXN 15.05 observed in the last survey.

Inflation forecast for year-end 2015 stood at 2.9% yoy. Furthermore, core CPI is expected to increase 2.72% yoy in 2015. For 2016, inflation is expected at 3.46% yoy, while in the medium term, analysts forecast inflation around 3.44% yoy. For next Friday, economists expect inflation at 0.16% m/m in July (Banorte-Ixe: 0.17%), while core inflation would stand at 0.16% during the period in question (Banorte-Ixe: 0.16%).

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.

Document for distribution among public

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
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	hugoa.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	Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Jorge de la Vega Grajales	Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Private Banking	lpietrini@ixe.com.mx	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Asset Management	pimentelr@ixe.com.mx	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	International Banking	rvelazquez@ixe.com.mx	(55) 5268 - 9879
Víctor Antonio Roldan Ferrer	Transactional Banking	voldan@ixe.com.mx	(55) 5004 - 1454