

Citibanamex Survey – Almost 30% of analysts expect Banxico to hike in its October meeting

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- Banamex just published its bi-weekly survey of economic expectations
- We highlight that 7 out of the 24 analysts surveyed, including us, expect Banxico to hike the reference rate in its October 4th meeting
- GDP growth estimates for 2018 and 2019 stand at 2.1% yoy, unchanged from the previous survey
- Inflation forecast for year-end 2018 is still expected at 4.5%
- In addition, economists expect inflation to rise 0.35% 2s/2s in the first half of September (Banorte: 0.36%)
- Finally, the forecast for the Mexican peso stood at USD/MXN 19.00, in line with the previous print

Almost 30% of analysts expect Banxico to hike in the next meeting. We highlight that 7 out of the 24 economists surveyed, including us, expect the central bank to hike rates in its upcoming October 4th meeting. Meanwhile, another 11 analysts think that Banxico will cut interest rates in the first half of next year.

GDP growth estimates for 2018 stands at 2.1% yoy. This figure is unchanged from previous survey (Banorte: 2.1%; range: 1.5%-2.5%). Meanwhile, consensus forecast for 2019 was also reiterated at 2.1% yoy (range: 1.6%-3.0%; Banorte: 1.8% yoy).

Inflation at 4.5% for year-end 2018. The median inflation forecast is in line with the previous survey at 4.5% yoy but still below our 4.8% estimate. Furthermore, core inflation is expected at 3.6% yoy in YE18. For 2019 inflation is expected at 3.7% yoy, while in the medium term, analysts see inflation around 3.5% yoy. For next inflation report, corresponding to the first half of September, economists forecast the headline figure at 0.36% 2w/2w (Banorte: 0.36%; range: 0.16%-0.44%), while the core component is expected to rise 0.27% during the period in question (Banorte: 0.29%, range: 0.18%-0.34%).

FX expectations remained unchanged. The median forecast for the exchange rate for year-end 2018 remained at USD/MXN 19.00, unchanged from previous survey but still above our 18.60 estimate. For next year, analysts expect the currency to finish 2019 at USD/MXN 18.85 slightly weaker than the USD/MXN 18.75 from the last print.

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