

## Citibanamex Survey – Consensus once again expects a lower rate by year-end

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- *Citibanamex* published yesterday its bi-weekly survey of economic expectations
- In contrast with the latest survey, a slight majority of analysts (52.2%) once again expect a lower reference rate by the end of the year. Within this group, most anticipate a 25bps cut in November, in line with our expectation
- GDP forecasts for 2019 were revised down from 1.3% to 1.2% yoy, while consensus for 2020 was changed to 1.7% (previous: 1.8%)
- Inflation for 2019 was lower by 3bps to 3.77% (Banorte: 3.5%). For 2020, the median stood at 3.63%
- For the first half of June, inflation is estimated at 0.08% 2w/2w, slightly higher than our 0.05%
- The FX forecast for year-end 2019 was revised to 19.90 pesos per dollar from 20.25 (Banorte: 20.30). Next year's forecast is also lower, to 20.23 from 20.50 per dollar

**Most analysts once again expect a lower reference rate by year-end.** Overall, 12 out of 23 economists (52.2%) expect at least one rate cut in the reference rate this year. In particular, 7 –including us– expect only one 25bps cut, while 4 expect an accumulated 50bps. Finally, only one analyst forecasts a total of 100bps in cuts. Within this group, the median points to a cut in November, in line with our expectation. On the remaining eleven analysts, all except for one expect a lower reference rate by YE2020.

**GDP forecast for 2019 revised down, again.** In particular, GDP growth for this year reached 1.2% from 1.3% in the previous survey, 30bps lower than our forecast (range: 0.7% - 1.7%). For 2020, economists now anticipate a 1.7% expansion vs. 1.8% in the previous survey (range: 0.8%-2.1%; Banorte: 2.1%).

**Inflation for YE19 decreased to 3.77%.** This represents a 3bps fall from the previous poll, inching closer to our 3.5%. Core inflation rose to 3.55% from 3.50%. For 2020, the forecast was revised down to 3.63% (previous: 3.68%). For the first half of June, economists expect the headline at 0.08% 2w/2w, slightly above our estimate of 0.05% (range: -0.14% to 0.33%). The core component is expected at 0.13% (Banorte: 0.16%, range: 0.10% - 0.28%).

**Stronger MXN by year-end.** The median forecast for year-end 2019 was pushed down to USD/MXN 19.90 from 20.25 in the previous survey (Banorte: 20.30). For next year, analysts' forecast decreased from USD/MXN 20.50 to 20.23.

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