

Banamex Survey – Analysts expect Banxico’s next move in December

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- Banamex just published its bi-weekly survey of economic expectations
- We highlight that 21 out of 24 analysts surveyed continue expecting Banxico to hike rates at some point in 2015 (median: December 2015)
- For 2015, analysts expect an economic expansion of 2.3% yoy, in line with the previous survey
- The exchange rate forecast stands at USD/MXN 16.60 in YE15 from USD/MXN 16.35
- Inflation forecast for year-end 2015 stood at 2.83% yoy
- Finally, economists expect inflation at 0.26% 2w/2w in the first half of September (Banorte-Ixe: 0.29% 2w/2w)

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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 21 out of 24 economists surveyed expect Banxico to hike at some point in 2015. In this context, 20 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, only two analysts believe that Banxico will begin its hiking cycle in January 2016, while one analyst was uncertain about the moment that the central bank would start its hiking cycle this year.

GDP growth estimate for 2015 stands at 2.3% yoy, in line with the previous survey (Banorte-Ixe: 2.5%; range: 2.1% - 2.5%). For 2016, consensus expects an economic expansion of 2.8% yoy, slightly below with the 3% observed in the last survey (Banorte-Ixe: 2.7; range: 2.4% - 3.5%).

Analysts continue to see a weak Mexican peso. The median exchange rate forecast for year-end 2015 stands at USD/MXN 16.60 (previous: USD/MXN 16.35). For 2016, analysts expect the currency to finish at 16.30 pesos per dollar, above the USD/MXN 15.98 observed in the latest survey.

Inflation forecast for year-end 2015 stood at 2.83% yoy, practically unchanged from the previous estimate. Furthermore, core CPI is expected to increase 2.7% yoy in 2015. For 2016, inflation is expected at 3.4% yoy, while in the medium term, analysts forecast inflation around 3.45% yoy. For this Thursday, economists expect inflation at 0.26% 2w/2w in the first half of September (Banorte-Ixe: 0.29%), while core inflation would stand at 0.27% in the same period (Banorte-Ixe: 0.32%).

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