

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 4.9% (Banorte-Ixe: 5.6%)**
- **Economists expect headline inflation at 0.18% 2w/2w in the first half of July (Banorte-Ixe: 0.20%), while the core component is expected at 0.16% m/m, marginally above our 0.14% estimate**
- **For 2017, analysts expect an economic expansion of 1.9% yoy, in line with our 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 18.50 by YE17 (Banorte-Ixe: USD/MXN 18.10)**

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