

Citibanamex Survey – Analysts turning gradually more dovish about Banxico this year

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- *Citibanamex* published yesterday its bi-weekly survey of economic expectations
- Out of 23 analysts surveyed, 13 (56.5%) expect Banxico to maintain the reference rate unchanged at 8.25% this year. Nine expect at least one cut in 2019, from which 4 anticipate -25bps and 5 see two cuts of the same magnitude, including us. Only one analysts forecasts a 25bps hike
- GDP forecasts were revised down, moving from 1.7% to 1.5% for 2019 and from 1.9% to 1.8% in 2020
- Inflation for 2019 was left unchanged at 3.8% yoy. For 2020, consensus remained at 3.7%
- Inflation for February is estimated at -0.02% m/m, lower than our forecast at 0.05%
- The FX forecast for year-end 2019 was propped-up to 20.25 from 20.00 per dollar (Banorte: 21.30). Meanwhile, the estimate for 2020 stood at 20.25 pesos per dollar

Thirteen out of twenty-three analysts expect Banxico to maintain the reference rate at 8.25% this year. This translates into a slight decrease in the percentage of analysts that see an unchanged reference rate in 2019, with 56.5% of economists surveyed from 61.9% in the previous survey. Only one expects a 25bps rate hike, to close at 8.50% (4.3%), lower than the 9.5% of the previous survey (2 analysts). Out of the nine remaining, four expect one rate cut (17.4%) and five –including us–, forecast the reference rate at 7.75%. All in all, results suggest a gradually more dovish bias for monetary policy by market analysts.

GDP forecasts revised down. For 2019, GDP was lowered from 1.7% to 1.5%, in line with our expectations (range: 1.0%-2.0%). For next year, the estimate was revised marginally lower, from 1.9% to 1.8% (range: 0.8%-2.3%).

Inflation this year was left unchanged at 3.8%. Core inflation stood also in line with the previous survey at 3.5%. For 2020, analysts' forecast stood at 3.7%. For February, economists expect the headline at -0.02% m/m, below our 0.05% forecast (range: -0.15%-0.24%). The core component is expected at 0.41% (Banorte: 0.40%, range: 0.28%-0.42%).

Weaker Mexican peso by year-end. The median forecast for year-end 2019 was revised up to USD/MXN 20.25 from 20.00 previously (Banorte: 21.30). For next year, analysts still expect the currency at USD/MXN 20.25.

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