

## Citibanamex Survey – Consensus expects the reference rate at 8% by year-end

- Citibanamex just published its bi-weekly survey of economic expectations
- We highlight that 15 out of 22 analysts, including us, surveyed expect Banxico to maintain the reference rate unchanged at 8.00% by year-end
- On the contrary, the other 7 analysts, expect an additional 25bps rate hike on December 20<sup>th</sup>, to end the year at 8.25%
- GDP growth estimates for 2018 stands at 2.1% yoy, unchanged from the previous survey, while 2019's estimate was revised down to 1.9% from 2%
- Inflation forecast for year-end 2018 was marginally revised upwards, from 4.5% to 4.55%
- In addition, economists expect inflation to rise 0.66% 2w/2w in the first half of November (Banorte: 0.63%)
- Finally, the forecast for the Mexican peso increased to USD/MXN 19.95, above the 19.63 seen in the previous survey

**Fifteen out of twenty-two analysts expect Banxico to maintain the reference rate unchanged at 8.00% by year-end.** We highlight that 68.2% of economists surveyed, including us, expect the central bank to maintain the reference rate unchanged at 8.00% until the end of the year. In contrast, the rest of analysts, expect an additional 25bps rate increase in the meeting to be held on December 20<sup>th</sup>, which would result in the reference rate to end the year at 8.25%.

**GDP growth estimate for 2018 stand at 2.1% yoy.** This figure is unchanged from previous survey (Banorte: 2.1%; range: 1.9%-2.3%). Meanwhile, consensus forecast for 2019 was revised down to 1.9% from 2% yoy (range: 1.6%-2.8%; Banorte: 1.8% yoy).

**Inflation at 4.55% for year-end 2018.** The median inflation forecast is marginally higher to the previous survey by 5 basis points, still below our 4.8% estimate. Moreover, core inflation is expected to end the year at 3.6% yoy in YE18 (Banorte: 3.6%). For 2019 inflation is expected at 3.9% yoy, while in the medium term, analysts see inflation around 3.53% yoy. For the next inflation report, corresponding to the first half of November, economists forecast the headline figure at 0.66% 2w/2w (Banorte: 0.63%; range: 0.40%-0.96%), while the core is expected to rise 0.19% (Banorte: 0.17%, range: 0.15%-0.25%).

**Upward revision in FX expectations.** The median forecast for the exchange rate for year-end 2018 was increased to USD/MXN 19.95, 1.6% above the 19.63 figure in the previous survey lower than our 20.50 estimate For next year, analysts expect the currency to finish at USD/MXN 20.00, above the USD/MXN19.35 from the last survey (Banorte: 22.50).

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