

Citibanamex Survey - Analysts forecast Banxico's next rate cut in July 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 6.1%, marginally below our 6.2% estimate**
- **Core inflation by YE17 is forecasted at 5% (Banorte-Ixe: 5.1%)**
- **Economists expect headline inflation at 0.22% 2w/2w in the first half of August, marginally below our 0.25% forecast, while the core component is expected at 0.16% 2w/2w, also below our 0.19% estimate**
- **For 2017, analysts expect an economic expansion of 2.1% yoy, marginally above our 1.9% 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 18.28 by YE17 (Banorte-Ixe: USD/MXN 18.10), while the forecast for YE18 stands at USD/MXN 18.00 (Banorte-Ixe: USD/MXN 18.60)**

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