

Citibanamex Survey – Consensus keeps calling for 75bps of accumulated cuts in 2020

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- *Citibanamex* published yesterday its bi-weekly survey of economic expectations
- Regarding monetary policy, all economists expect Banxico to continue easing, albeit with differences regarding the magnitude during 2020. In particular, the median still calls for accumulated cuts of 75bps to 6.50%
- For the next movement, consensus expects a 25bps cut in the upcoming meeting, to take place on February 13th, in line with our expectations
- The GDP growth forecast for 2019 remains at 0.0% (Banorte: -0.1%), with 2020 edging-down to 1.0% (previous: 1.1%; Banorte: 1.4%)
- The inflation estimate for year-end 2020 stands at 3.50%, unchanged from the previous survey, with the core component inching slightly higher, from 3.45% to 3.50%
- For December, inflation is anticipated at 0.51% m/m (Banorte: 0.50%). The core component is estimated at 0.41%, one basis point above our expectation
- The exchange rate for year-end 2020 was revised down to USD/MXN 19.85 from 20.00 (Banorte: 20.20). Next year's estimate came in at 20.00

Consensus keeps calling for 75bps of accumulated cuts in 2020. All analysts surveyed expect Banxico to continue easing this year, with ample differences about the magnitude prevailing. In particular, both the mean and mode (with 8 analysts) were kept with accumulated cuts of 75bps, taking the rate to 6.50%. Nonetheless, two economists forecast only -25bps, four anticipate -50bps, and another four bet on -100bps. Finally, six, including us, expect total cuts of 125bps. Regarding the timing of the next action, 79.2% of economists (19 out of 24, also including us) forecast a 25bps cut in the February 13th meeting.

GDP forecasts practically unchanged. The estimate for this year was left at 0.0% (range: -0.2% to 0.1%; Banorte: -0.1%). For 2020, economists revised down their estimates, now at 1.0% from 1.1% (range: 0.6% - 1.5%).

Inflation for YE20 unchanged, with a slight adjustment higher at the core level. The former remained at 3.50%, while the latter was increased by 5bps, also to 3.50%. For December, economists expect the headline at 0.51% m/m (Banorte: 0.50%, range: 0.46% to 0.57%). The core component is estimated at 0.41% (Banorte: 0.40%; range: 0.37% - 0.44%). If our expectation materializes, inflation would have finished 2019 at 2.76%, lowest since August 2016.

Expecting a stronger MXN. The median forecast for year-end 2020 fell to USD/MXN 19.85 from 20.00 (Banorte: 20.20). For 2021 it came in at 20.00, the first time that an estimate for this year is published.

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GDP growth expectations

	% yoy, median	
	2019	2020
Banorte	-0.1	1.4
Consensus*	0.0	1.1
Banxico Survey	0.0	1.1
Banxico (3Q19 QR)	0.0	1.3
Ministry of Finance	0.9	2.0
IMEF	0.0	1.0
<i>Citibanamex</i> survey	0.0	1.0
Bloomberg	0.0	1.1

*For consensus, we take the simple average excluding Banxico QR and the MoF
Source: Banorte

Document for distribution among public

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