

## Banamex Survey – Analysts expect an economic expansion of 2.7% yoy

May 20, 2015

- Banamex just published its bi-weekly survey of economic expectations
- We highlight that 25 out of 26 analysts surveyed expect Banxico to hike rates at some point in 2015 (median: September 2015)
- For 2015, analysts expect an economic expansion of 2.7% yoy, below the 2.8% observed in the last survey
- The exchange rate forecast is at USD/MXN 15.00 in YE15, in line with the previous survey
- Inflation forecast for year-end 2015 stood at 3.05% yoy (previous: 3.06%)
- Medium-term inflation expectations (2017-2021) stand at 3.4% yoy
- Finally, economists expect inflation at -0.45% 2w/2w in the first half of May (Banorte-Ixe: -0.52% 2w/2w)

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**Analysts still expect Banxico's next move to be a rate hike in 2015 (median: September 2015).** Banamex just published its bi-weekly survey of economic expectations. We highlight that 25 out of 26 analysts surveyed expect Banxico to hike at some point in 2015, with the median forecast in September's meeting. Moreover, 12 economists (including us) believe that Banxico will hike rates in 3Q15. Similarly, 11 analysts believe that Banxico's next move will take place in 4Q15, while two analysts are uncertain about the moment that the central bank would start its hiking cycle this year. Lastly, one analyst expects no changes in 2015.

**GDP growth estimate for 2015 stands at 2.7% yoy, below the 2.8% observed in the last survey (Banorte-Ixe: 3.6%; range: 2.3% - 3.6%).** For 2016, consensus expects an economic expansion of 3.4% yoy (range: 2.5% - 4.0%).

**Analysts continue to see a weak Mexican peso.** The median exchange rate forecast for year-end 2015 is at USD/MXN 15.00, in line with the previous survey (Banorte-Ixe: 14.90). For 2016, analysts expect the currency to finish at 14.70 pesos per dollar (Banorte-Ixe: 14.50), slightly above 14.60 in the last survey.

**Inflation forecast for year-end 2015 stood at 3.05% yoy.** Furthermore, core CPI is expected to increase 2.81% yoy in 2015. For 2016, inflation is expected at 3.46% yoy, while in the medium term, analysts see inflation around 3.4% yoy. For next Friday, economists expect inflation at -0.45% 2w/2w in the first half of May (Banorte-Ixe: -0.52%), while core inflation would stand at +0.12% during the period in question (Banorte-Ixe: +0.15%).

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