

## Banamex Survey – Median of economists continue to expect that Banxico’s next rate hike will be in September

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- Banamex just published its bi-weekly survey of economic expectations
- The median of economists continue to expect that Banxico’s next rate hike will be in September
- However, 43% of analysts expect Banxico’s next rate hike in June, in line with our estimate; while other 43% expect it in September
- For 2016, analysts expect an economic expansion of 2.3% yoy, in line with the previous survey and similar with our forecast
- Similarly, for 2017 GDP growth is expected at 2.76% yoy, marginally above the 2.7% observed in previous survey (Banorte-Ixc: 3.1%)
- Inflation forecast for year-end 2016 stood at 3.2% yoy, in line with the observed in the previous survey (Banorte-Ixc: 2.8%)
- Economists expect inflation at -0.35% 2w/2w in the first half of May, above our -0.53% estimate
- The exchange rate forecast stood at USD/MXN 18.00 by YE16, slightly above the USD/MXN 17.90 from the past survey (Banorte-Ixc: 17.60)

**The median of economists continue to expect that Banxico’s next rate hike will be in September.** Banamex just published its bi-weekly survey of economic expectations. The median of analysts expects Banxico’s rate will close 2016 at 4.25%, in line with our forecast. In this context, 43% of the analysts surveyed (10 of 23) expect Banxico’s next rate hike in June, in line with our forecast. Similarly, other 43% of analysts believe that Banxico’s next move will take place in September (median). Moreover, 2 economists expect Banxico’s next hike in December’s meeting. Finally, one economist was uncertain about Banxico’s decision.

**No changes to 2016 year-end inflation forecast.** Inflation estimate for year-end 2016 stood at 3.2% yoy, in line with the observed in the previous survey (Banorte-Ixc: 2.8%). Furthermore, core CPI is expected to increase 3.12% yoy in 2016. For 2017, inflation is expected at 3.3% yoy, while medium term inflation expectations also stand around 3.3% yoy. For May 24, economists expect inflation at -0.35% 2w/2w in the first half of May, above our -0.53% estimate; while core inflation would stand at 0.12% in the same period, in line with our forecast.

**Analysts maintain their 2016 GDP forecasts.** For 2016, GDP growth is expected at 2.3% yoy, in line with the previous survey and similar with our forecast (range: 2.1% - 3.0%). For 2017, consensus expects an economic expansion of 2.76% yoy, marginally above the 2.7% observed in the last survey (Banorte-Ixe: 3.1%; range: 2.5% - 4.0%). Moreover, the median exchange rate forecast for year-end 2016 stands at USD/MXN 18.00, slightly above the 17.90 observed in the past survey (Banorte-Ixe: 17.60). For 2017, analysts expect the currency to finish at 17.45 pesos per dollar (Banorte-Ixe: 17.40).

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