

## Banamex Survey –The majority of analysts expect Banxico's next move in December

November 20, 2015

- Banamex just published its bi-weekly survey of economic expectations
- We highlight that 21 out of 26 analysts surveyed expect Banxico to hike rates this year
- Moreover, 5 economists expect Banxico's next move at some point of 2016
- For 2015, analysts expect an economic expansion of 2.4% yoy, slightly above the 2.3% observed in previous survey
- The exchange rate forecast stands at USD/MXN 16.80 in YE15, above the 16.70 estimate in the latest survey
- Inflation forecast for year-end 2015 stood at 2.69% yoy
- Finally, economists expect inflation at 0.74% 2w/2w in 1H-Nov, above our 0.70% forecast

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**Analysts expect Banxico's next move to be a rate hike on December 17, 2015.** Banamex just published its bi-weekly survey of economic expectations. We highlight that 21 out of 26 economists surveyed (including us) believe that Banxico's next move will take place in the meeting to be held on December 17. Taking a look at the breakdown, five analysts expect Banxico to begin its hiking cycle at some point of 2016. We highlight that the median of economists expect Banxico's rate will close 2015 at 3.25%, while in 2016 it could close at 4.0%.

**GDP growth estimate for 2015 stands at 2.4% yoy, slightly above the 2.3% observed in the previous survey (Banorte-Ixe: 2.5%; range: 2.08% - 2.5%).** For 2016, consensus expects an economic expansion of 2.7% yoy, in line with the observed in the latest survey (Banorte-Ixe: 2.7; range: 1.8% - 3.5%).

**The median exchange rate forecast for year-end 2015 stands at USD/MXN 16.80, above the 16.70 estimate in latest survey, in line with our forecast.** For 2016, analysts expect the currency to finish at 16.68 pesos per dollar, in line with the previous survey (Banorte-Ixe: 17.60).

**Inflation forecast for year-end 2015 stood at 2.69% yoy.** Furthermore, core CPI is expected to increase 2.66% yoy in 2015. For 2016, inflation is expected at 3.42% yoy, while medium term inflation expectations stands around 3.41% yoy. For next Tuesday, economists expect inflation at 0.74% 2w/2w in 1H-Nov, above our 0.70% forecast, while core inflation would stand at 0.16% in the same period (Banorte-Ixe: -0.01% 2w/2w).

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