

Citibanamex Survey – 35% of analysts expect Banxico to hike by 25bps before year-end

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- Citibanamex just published its bi-weekly survey of economic expectations
- We highlight that 7 out of the 20 analysts surveyed, including us, expect Banxico to hike the reference rate by 25bps before the end of the year, while another economist forecasts a 50bps hike
- GDP growth estimates for 2018 and 2019 stand at 2.1% yoy, unchanged from the previous survey
- Inflation forecast for year-end 2018 is now expected at 4.55% from 4.5%
- In addition, economists expect inflation to rise 0.46% 2s/2s in the first half of October (Banorte: 0.53%)
- Finally, the forecast for the Mexican peso stood at USD/MXN 18.94, below the 19.10 seen in the previous survey

Seven out of 20 analysts expect Banxico to hike in the next meeting. We highlight that 35% economists surveyed, including us, expect the central bank to hike the reference rate by 25bps before year-end. Moreover, one analyst expects a 50bps hike in the December meeting. That leaves 12 economists expecting the rate to remain at 7.75% for the rest of the year.

GDP growth estimates for 2018 stand at 2.1% yoy. This figure is unchanged from previous survey (Banorte: 2.1%; range: 1.5%-2.3%). Meanwhile, consensus forecast for 2019 was also reiterated at 2.1% yoy (range: 1.6%-3.0%; Banorte: 1.8% yoy).

Inflation at 4.55% for year-end 2018. The median inflation forecast is marginally above the previous survey by 5 basis points, but still below our 4.8% estimate. Furthermore, core inflation is expected at 3.6% yoy in YE18. For 2019 inflation is expected at 3.7% yoy, while in the medium term, analysts see inflation around 3.5% yoy. For next inflation report, corresponding to the first half of October, economists forecast the headline figure at 0.46% 2s/2s (Banorte: 0.53%; range: 0.39%-0.55%), while the core component is expected to rise 0.16% during the period in question (Banorte: 0.19%, range: 0.10%-0.22%).

FX expectations with a downward revision. The median forecast for the exchange rate for year-end 2018 stood at USD/MXN 18.94, 16 cents below the figure seen in the previous survey and above our 18.60 estimate. For next year, analysts expect the currency to finish 2019 at USD/MXN 18.85 slightly weaker than the USD/MXN 18.78 from the last print (Banorte: 19.50).

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