

Banamex Survey – Economists now expect Banxico’s next rate hike in September

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- Banamex just published its bi-weekly survey of economic expectations
- The median of economists now shows that Banxico’s next rate hike will probably take place in September (previous: August)
- However, one third of the analysts surveyed expect Banxico’s rate hike at the next meeting on the 30th of June
- For 2016, analysts expect an economic expansion of 2.35% yoy, practically in line with the 2.4% observed in the previous survey
- Similarly, for 2017 GDP growth is expected at 2.7% yoy, marginally below the 2.78% observed in last survey (Banorte-Ixe: 3.1%)
- Inflation forecast for year-end 2016 stood at 3.13% yoy (Banorte-Ixe: 2.8%)
- Economists expect headline inflation at 0.10% 2w/2w in the first half of June (Banorte-Ixe: 0.02% 2w/2w)
- The exchange rate forecast stood at USD/MXN 18.00 by YE16 (Banorte-Ixe: 17.60)

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The median of economists now shows that Banxico’s next rate hike will probably take place 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 this context, 33.3% of the analysts surveyed (8 out of 24) expect Banxico’s rate hike at the next meeting on the 30th of June. However, one analyst believes that Banxico’s next move will take place in August, while 41.7% forecasts September as the probable date. Moreover, two economists, including us, expect Banxico’s next hike in December’s meeting. With today’s forecasts, the median of estimate now shows that Banxico’s next rate hike will probably take place in September (previous: August).

Marginal upward revisions to 2016 year-end inflation forecast. Inflation estimate for year-end 2016 stood at 3.13% yoy, practically in line with the 3.1% forecast observed in the previous survey (Banorte-Ixe: 2.8%). Furthermore, core CPI is expected to increase 3.11% yoy in 2016. For 2017, inflation is expected at 3.3% yoy, while medium term inflation expectations also stand around 3.3% yoy. For this Thursday, economists expect inflation at 0.1% 2w/2w in the first half of June, above our 0.02% estimate; while core inflation would stand at 0.13% in the same period (Banorte-Ixe: 0.09%).

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Analysts revised their GDP forecasts. For 2016, GDP growth is now expected at 2.35% yoy, from 2.4% (Banorte-Ixe: 2.3%; range: 1.8% to 2.8%). For 2017, consensus expects an economic expansion of 2.7% yoy, below the 2.78% observed in the last survey (Banorte-Ixe: 3.1%; range: 2.2% - 3.1%). Moreover, the median exchange rate forecast for year-end 2016 stands at USD/MXN 18.00, in line with the previous survey (Banorte-Ixe: 17.60). For 2017, analysts expect the currency to finish at 17.65 pesos per dollar (Banorte-Ixe: 17.40).

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