

## Citibanamex Survey – Strong consensus for a 25bps rate hike from Banxico today

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- *Citibanamex* published yesterday its bi-weekly survey of economic expectations
- We highlight that 18 out of 21 analysts surveyed, including us, expect Banxico to hike the reference rate 25bps today to end the year at 8.25%. The remaining 3 analysts expect Banxico to remain on hold at 8.00%
- GDP for 2018 remained unchanged at 2.1% yoy, in line with our forecast, while for 2019 was cut 10bps to match our own estimate of 1.8%
- Inflation forecast for year-end 2018 was revised higher, from 4.50% to 4.73%
- Additionally, economists expect inflation to rise 0.37% 2w/2w in the first half of December (Banorte: 0.27%)
- Finally, the forecast for the Mexican peso for year-end 2018 was revised higher, from USD/MXN 20.20 to 20.30, with 2019 inching lower, from 20.63 to 20.60 per dollar

**Eighteen out of twenty-one analysts expect Banxico to hike the reference rate 25bps to 8.25% by year-end.** We highlight that 85.7% of economists surveyed, including us, expect the central bank to hike today the reference rate by 25bps to 8.25% by the end of the year. By contrast, the rest of analysts, expect Banxico to remain on hold, ending 2018 at 8.00%.

**GDP growth estimates for 2019 revised downward.** For 2018, consensus expects GDP at 2.1%, in line with the previous survey and our forecast (range: 1.9%-2.3%). Meanwhile, consensus estimates GDP in 2019 were revised 10bps down to match our 1.8% forecast (range: 1.2%-2.1%).

**Inflation at 4.73% by year-end 2018.** The median inflation forecast is higher to the previous survey by 23 basis points. Moreover, core inflation is expected to end at 3.6% yoy. For 2019, inflation is expected at 4.0% yoy (Banorte: 3.5%), while in the mid-term, analysts see it around 3.6% yoy. For the next inflation report, corresponding to the first half of December, economists forecast the headline figure at 0.37% 2w/2w (Banorte: 0.27%; range: 0.27%-0.65%), while core is expected at 0.32% (Banorte: 0.26%, range: 0.26%-0.42%).

**FX forecasts remain above 20.00 pesos per dollar.** The median for year-end 2018 was increased to USD/MXN 20.30, 0.5% above the 20.20 figure in the previous survey but still below our 20.50 estimate. For next year, analysts expect the currency to end at USD/MXN 20.60, below the USD/MXN 20.63 from the last survey (Banorte: 22.50).

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