

Citibanamex Survey – Unanimous rate cut in November

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- *Citibanamex* published yesterday its bi-weekly survey of economic expectations
- All analysts expect Banxico to cut the reference rate in the November 14th meeting. 18 out of 23 economists, including us, expect a 25bps reduction, while the remaining five forecast a 50bps cut
- The GDP growth forecast for 2019 inched lower to 0.1% from 0.3% (Banorte: 0.3%), with 2020 down to 1.2% (previous: 1.3%; Banorte: 1.4%)
- The estimate for year-end inflation was revised down once again, from 3.11% to 3.00% (Banorte: 3.3%). For 2020, the median stayed at 3.50%
- For October, inflation is estimated at 0.52% m/m (Banorte: 0.55%). The estimate for the core component stands at 0.24%, 1bp higher than our forecast
- The FX rate for year-end 2019 was changed to USD/MXN 19.75 from 19.80 (Banorte: 20.30). Next year's estimate was revised lower, to 20.07 per dollar from 20.10

All analysts expect Banxico to cut rates on November 14th. Although there is unanimity about the latter, a small minority (5 out of 23 economists) expect a 50bps reduction, while the rest, including us, believe the reduction will be of 25bps. Regarding December's meeting, consensus points to additional easing, with the majority (16 analysts) forecasting a 25bps cut. For 2020, the median points to three additional 25bps cuts, in line with the previous survey, taking the reference rate by year-end to 6.50% (Banorte: 6.00%).

The GDP forecast for 2019 inched lower again, to 0.1% yoy. The estimate stands below our 0.3% forecast (range: -0.1% to 0.5%). For 2020, economists now anticipate a 1.2% expansion, 10bps below the previous survey (Banorte: 1.4%; range: 0.6%- 1.7%).

Inflation for YE19 continues to decline. Consensus expects inflation at 3.00% yoy, 11bps below the previous forecast (Banorte: 3.3%). Core inflation was basically unchanged at 3.60%. For 2020, the headline forecast stood at 3.50%. For October, economists expect the headline at 0.52% m/m, 3bps lower than our estimate (range: 0.46% to 0.58%). The core component is expected at 0.24% (Banorte: 0.25%, range: 0.20% - 0.29%).

Slight tweaks to the MXN forecasts. The median forecast for year-end 2019 stood at USD/MXN 19.75, 5 cents below the previous figure (Banorte: 20.30). For 2020, consensus declined to 20.07 per dollar from 20.10 (Banorte: 21.30).

GDP growth expectations % yoy, median

	2019	2020
Banorte	0.3	1.4
Consensus*	0.3	1.2
Banxico Survey	0.2	1.2
Banxico (2Q19 QR)	0.5	2.0
Ministry of Finance	0.9	2.0
IMEF	0.3	1.3
<i>Citibanamex</i> survey	0.1	1.2
Bloomberg	0.3	1.2

*For consensus, we take the simple average excluding Banxico QR and the MoF
Source: Banorte

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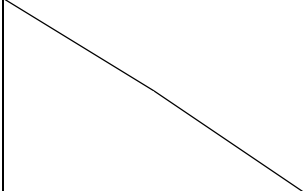
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