

# Banxico’s Survey – Analysts revised their GDP and FX forecasts sharply

September 1, 2015

www.banorte.com  
www.ixe.com.mx  
@ analisis\_fundam

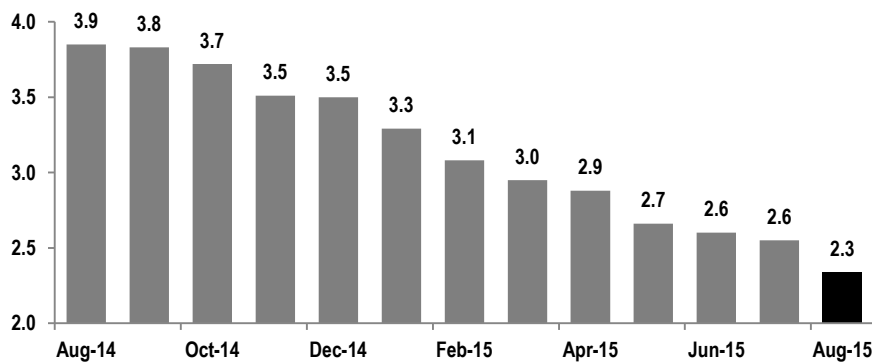
**Saúl Torres**  
Analyst, Mexico  
saul.torres@banorte.com

- **Banxico just published its monthly survey of expectations for August 2015**
- **GDP forecast for 2015 edged down to 2.34% yoy (previous: 2.55%)**
- **Moreover, the exchange rate is expected to end 2015 at USD/MXN16.36, above July’s survey (USD/MXN15.64)**
- **Analysts’ median for 2015 inflation stands at 2.82% yoy, in line with the observed in the previous survey. For 2016, inflation is expected at 3.44%**
- **Medium-term inflation expectations stood at 3.4%**
- **Finally, analysts expect Banxico to remain on hold at least until 4Q15**

Mexico’s 2015 GDP expectations were revised down for the twelfth consecutive month. According to Banxico’s survey of expectations (August), analysts’ consensus forecast for Mexico’s GDP growth stand at 2.34%, below the 2.55% observed in the previous survey, as shown in the chart below.

Moreover, economists surveyed expect the Mexican peso to close 2015 at USD/MXN16.36, above the USD/MXN15.64 observed in July. For 2016, analysts also revised their FX forecast to USD/MXN16.01 from USD/MXN15.37.

**GDP growth expectations**  
% yoy



Source: Banorte-Ixe and Banxico

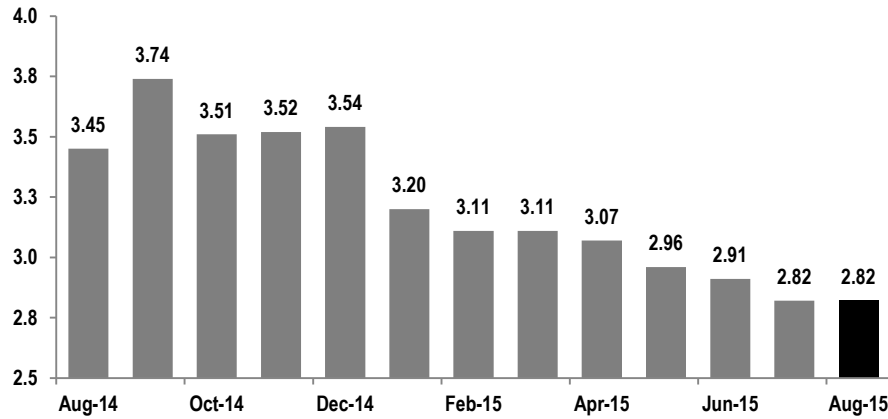
**In terms of interest rates, analysts expect Banxico to remain on hold at least until 4Q15.** Economists surveyed expect a rate hike until 4Q15. Moreover, all analysts anticipate a higher fund rate in the first quarter of 2016. According to other surveys, such Banamex, the median analyst expects the next movement of the monetary authority to be a 25bps rate hike in September 2015, in line with our forecast.

Document for distribution among public

**Year-end inflation estimate for 2015 is at 2.82%, in line with the observed in the previous survey (Banorte-Ixe: 3%).** Consensus' estimate for core inflation in 2015 stood at 2.69% yoy. For the next 12-months, inflation is expected to be at 3.82% yoy, above with the 3.67% observed in July.

**Year-end for 2015 inflation expectations**

% yoy



Source: Banorte-Ixe and Banxico

**Medium-term inflation expectations edged marginally up.** Medium-term expectations (1-4 years) stood at 3.43% (previous: 3.39%), while long-term expectations (5-8 years) remain stable at 3.41% yoy (previous: 3.4%).

**Finally, international financial volatility is the main factor that could hamper economic growth according to analysts.** Among the main factors which could affect Mexico's economic performance include: (1) International financial volatility (24% of respondents); (2) weak external market and world economy (20%); (3) lower oil production platform (14%); and (5) public security problems (9%).

**Disclaimer**

The information contained in this document is illustrative and informative so it should not be considered as an advice and/or recommendation of any kind. BANORTE is not part of any party or political trend.

**GRUPO FINANCIERO BANORTE S.A.B. de C.V.**
**Research and Strategy**

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

**Economic Analysis**

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Rey Saúl Torres Olivares	Analyst	saul.torres@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

**Fixed income and FX Strategy**

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Analyst Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

**Equity Strategy**

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/ Mining/ Chemistry	marissa.garza@banorte.com	(55) 1670 - 1719
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 1670 - 1746
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infraestructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – Auto parts	valentin.mendoza@banorte.com	(55) 1670 - 2250
María de la Paz Orozco García	Analyst	maripaz.orozco@banorte.com	(55) 1670 - 2251

**Corporate Debt**

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 1670 - 2248

**Wholesale Banking**

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	ricardo.velazquez@banorte.com	(55) 5268 - 9879
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454