

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

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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 August (previous: September)
- However, 33.3% of analysts expect Banxico’s next rate hike in June
- For 2016, analysts expect an economic expansion of 2.4% yoy, marginally above the 2.3% observed in the previous survey
- Similarly, for 2017 GDP growth is expected at 2.78% yoy, practically in line with the 2.78% observed in May’s survey (Banorte-Ixe: 3.1%)
- Inflation forecast for year-end 2016 stood at 3.1% yoy, below the 3.1% observed in the previous survey (Banorte-Ixe: 2.8%)
- Economists expect headline inflation at -0.46% m/m in May (Banorte-Ixe: -0.44% m/m)
- 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 August.** 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 line with our forecast. In this context, 33.3% of the analysts surveyed (7 out of 21) expect Banxico’s next rate hike in June. However, 14.3% of analysts believe that Banxico’s next move will take place in August, while 19% forecasts September as the probable date. Moreover, 1 economist expects 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 August (previous: September), while other 4 economists, including us, were uncertain about Banxico’s decision given the uncertainty regarding the Fed’s next rate hike.

**Marginal downward revisions to 2016 year-end inflation forecast.** Inflation estimate for year-end 2016 stood at 3.1% yoy, marginally below the 3.2% forecast observed in the previous survey (Banorte-Ixe: 2.8%). Furthermore, core CPI is expected to increase 3.1% yoy in 2016. For 2017, inflation is expected at 3.3% yoy, while medium term inflation expectations also stand around 3.3% yoy. For June 9, economists expect inflation at -0.46% m/m in May, marginally below our -0.44% estimate; while core inflation would stand at 0.21% in the same period, in line with our forecast.

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**Analysts revised their 2016 GDP forecasts.** For 2016, GDP growth is now expected at 2.4% yoy, from 2.3% (Banorte-Ixe: 2.3%; range: 2% to 3.0%). For 2017, consensus expects an economic expansion of 2.78% yoy, practically in line with the 2.76% observed in the last survey (Banorte-Ixe: 3.1%; range: 2% - 4.0%). 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 17.50 pesos per dollar (Banorte-Ixe: 17.40).

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