

Banxico's Survey – Analysts continue to expect a strong FX depreciation for this year

March 5, 2015

www.banorte.com
www.ixe.com.mx
@ analisis_fundam

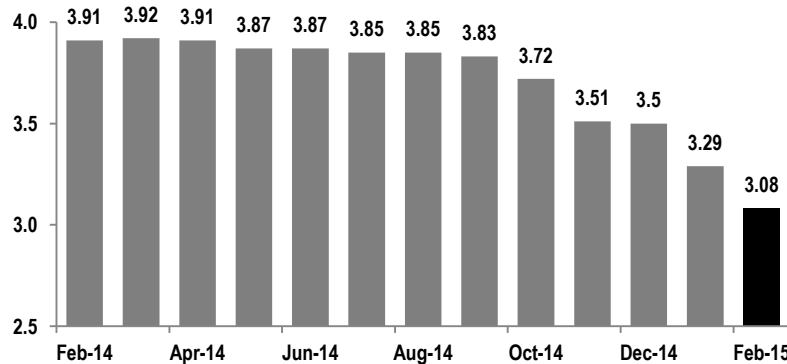
Saúl Torres
Analyst, Mexico
saul.torres@banorte.com

- Banxico just published its monthly survey of expectations for February 2015
- The exchange rate is expected to end 2015 at USD/MXN14.54, above January's survey (USD/MXN14.18)
- Moreover, 2015 GDP's forecast edged down to 3.08% (previous: 3.29%)
- Analysts' forecast for inflation in 2015 edged down to 3.11% (previous: 3.20%). For 2016, inflation is expected at 3.46% (previous: 3.49%)
- Medium-term inflation expectations stood at 3.42%
- Finally, analysts expect Banxico to remain on hold at least until 3Q15

According to Banxico's survey of expectations (February), the economists surveyed expect the Mexican peso to close 2015 at USD/MXN14.54, above the USD/MXN14.18 observed in January's survey. For 2016, analysts revised their FX forecast to USD/MXN14.31 from USD/MXN14.09.

Moreover, 2015 GDP's forecast edged down to 3.08%. In terms of economic growth in 2015, analysts' consensus forecast for Mexico's GDP growth stand at 3.08% below the 3.29% observed in the previous survey, as shown in the chart below.

GDP growth expectations
% yoy



Source: Banorte-Ixe and Banxico

Year-end inflation estimate for 2015 edged down to 3.11%yoy (previous: 3.20%). Consensus' estimate for core inflation in 2015 stood at 2.90% yoy. For the next 12-months, inflation is expected to be at 3.67% yoy, slightly above the 3.65% yoy observed in January.

Medium-term inflation expectations edged marginally down from the previous survey. Medium-term expectations (1-4 years) edged marginally down to 3.42% from January's survey (3.46%), while long-term expectations (5-8 years) stood at 3.40% yoy.

Finally, in terms of interest rates, analysts expect Banxico to remain on hold at least until 3Q15. Economists surveyed expect the reference rate to be above current levels until 3Q15, in line with Banamex's survey, where the median of analysts expect the next movement of the monetary authority to be a 25bps rate hike in September 2015 (Banorte-Ixe: July-2015).

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
Julieta Álvarez Espinosa	Assistant	julieta.alvarez@banorte.com	(55) 5268 - 1613
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
Julia Elena Baca Negrete	Economist, U.S.	julia.baca.negrete@banorte.com	(55) 1670 - 2221
Livia Honsel	Economist, Europe	livia.honsel@banorte.com	(55) 1670 - 1883
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
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) 5004 - 1275
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 5004 - 1231
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/ Mining/ Chemistry	marissa.garza@banorte.com	(55) 5004 - 1179
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 5004 - 1227
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 5004 - 1266
Valentín III Mendoza Balderas	Equity Research Analyst	valentin.mendoza@banorte.com	(55) 5268 - 9000 x 1267
María de la Paz Orozco García	Analyst	maripaz.orozco@banorte.com	(55) 5004 - 5262

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5004 - 1405
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 5004 - 1340
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 5004 - 1437

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Managing Director – Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Jorge de la Vega Grajales	Managing Director – Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Managing Director – Private Banking	lpietrini@ixe.com.mx	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Managing Director – Asset Management	pimentelr@ixe.com.mx	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Managing Director – International Banking	rvelazquez@ixe.com.mx	(55) 5268 - 9879
Victor Antonio Roldan Ferrer	Managing Director – Transactional Banking	vroidan@ixe.com.mx	(55) 5004 - 1454