

Banamex Survey – Analysts estimate Banxico’s next move in October

June 22, 2015

- **Banamex just published its bi-weekly survey of economic expectations**
- **We highlight that 23 out of 25 analysts surveyed expect Banxico to hike rates at some point in 2015 (median: October 2015)**
- **For 2015, analysts expect an economic expansion of 2.63% yoy, slightly below the 2.7% observed in the last survey**
- **The exchange rate forecast stands at USD/MXN 15.20 in YE15 from USD/MXN 15.09**
- **Inflation forecast for year-end 2015 stood at 3% yoy (previous: 3%)**
- **Medium-term inflation expectations (2017-2021) stand at 3.44% yoy**
- **Finally, economists expect inflation at 0.1% 2w/2w in in the first half of June (Banorte-Ixe: 0.16% 2w/2w)**

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@analysis_fundam

Alejandro Cervantes
Senior Economist, Mexico
alejandrocervantes@banorte.com

Analysts expect Banxico's next move to be a rate hike in 2015 (median: October). Banamex just published its bi-weekly survey of economic expectations. We highlight that 23 out of 25 economists surveyed expect Banxico to hike at some point in 2015, with the median forecast in October’s meeting. Taking a look at the breakdown, only two analysts believe that Banxico will begin its hiking cycle in 2016, while 8 economists believe that the central bank will hike rates in 3Q15. Similarly, 13 economists (including us) believe that Banxico’s next move will take place in 4Q15 (Banorte-Ixe: October), while two analysts were uncertain about the moment that the central bank would start its hiking cycle this year.

GDP growth estimate for 2015 stands at 2.63% yoy from 2.7% (Banorte-Ixe: 3.2%; range: 1.9% - 3.2%). For 2016, consensus expects an economic expansion of 3.2% yoy (range: 2.5% - 3.8%).

Analysts continue to see a weak Mexican peso. The median exchange rate forecast for year-end 2015 stands at USD/MXN 15.20 (previous: USD/MXN 15.09; Banorte-Ixe: USD/MXN 14.90). For 2016, analysts expect the currency to finish at 14.90 pesos per dollar (Banorte-Ixe: 14.50), slightly above the USD/MXN 14.80 observed in the last survey.

Inflation forecast for year-end 2015 stood at 3% yoy. Furthermore, core CPI is expected to increase 2.7% yoy in 2015. For 2016, inflation is expected at 3.45% yoy, while in the medium term, analysts forecast inflation around 3.44% yoy. For next Wednesday, economists expect inflation at 0.1% 2w/2w in the first half of June (Banorte-Ixe: 0.16%), while core inflation would stand at 0.1% during the period in question (Banorte-Ixe: 0.08%).

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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
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
Víctor 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 / Infrastructure / 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	Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Jorge de la Vega Grajales	Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Private Banking	lpietrini@ixe.com.mx	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Asset Management	pimentelr@ixe.com.mx	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	International Banking	rvelazquez@ixe.com.mx	(55) 5268 - 9879
Víctor Antonio Roldan Ferrer	Transactional Banking	vrolan@ixe.com.mx	(55) 5004 - 1454