

Banamex Survey – 63% of analysts expect Banxico's next move in December 2015

November 5, 2015

- Banamex just published its bi-weekly survey of economic expectations
- We highlight that 15 out of 24 analysts surveyed expect Banxico to hike rates this year
- Moreover, 6 economists expect Banxico's next move in March 2016
- For 2015, analysts expect an economic expansion of 2.3% yoy, slightly above the 2.22% observed in previous survey
- The exchange rate forecast stands at USD/MXN 16.70 in YE15, below the 16.80 estimate in the latest survey
- Inflation forecast for year-end 2015 stood at 2.7% yoy
- Finally, economists expect inflation at 0.52% m/m in October, marginally above our 0.51% forecast

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@ analisis_fundam

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

Analysts expect Banxico's next move to be a rate hike on December 17, 2015. Banamex just published its bi-weekly survey of economic expectations. We highlight that 15 out of 24 economists surveyed (including us) believe that Banxico's next move will take place in the meeting to be held on December 17. Taking a look at the breakdown, six analysts expect Banxico to begin its hiking cycle in March 2016, while one analyst expects it until September 2016. Moreover, two analysts were uncertain about the moment that the central bank would start its hiking cycle next year. We highlight that the median of economists expect Banxico's rate will close 2015 at 3.25%, while in 2016 it could close at 4.0%.

GDP growth estimate for 2015 stands at 2.3% yoy, slightly above the 2.22% observed in the previous survey (Banorte-Ixe: 2.5%; range: 1.9% - 2.5%). For 2016, consensus expects an economic expansion of 2.7% yoy, slightly below the 2.8% observed in the latest survey (Banorte-Ixe: 2.7; range: 1.8% - 3.5%).

The median exchange rate forecast for year-end 2015 stands at USD/MXN 16.70, below the 16.80 estimate in latest survey (Banorte-Ixe: 16.80). For 2016, analysts expect the currency to finish at 16.68 pesos per dollar, above the 16.40 observed in the previous survey (Banorte-Ixe: 17.60).

Inflation forecast for year-end 2015 stood at 2.7% yoy. Furthermore, core CPI is expected to increase 2.66% yoy in 2015. For 2016, inflation is expected at 3.48% yoy, while medium term inflation expectations stands around 3.4% yoy. For next Monday, economists expect inflation at 0.52% m/m in October, marginally above our 0.51% forecast, while core inflation would stand at 0.26% in the same period, in line with our forecast.

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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
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 / 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	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