

Banamex Survey – Analysts now expect Banxico’s next rate hike in June

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- Banamex just published its bi-weekly survey of economic expectations
- The median of economists expects Banxico’s rate will close 2016 at 3.75%, unchanged from the previous survey and in line with our forecast
- In this context, 26% of analysts expect Banxico’s rate hike in the next meeting on March 18, while 57% expect it in 2Q16 (median: June)
- Inflation forecast for year-end 2016 stood at 3.07% yoy, practically in line with the observed previously (Banorte-Ixe: 2.8%)
- Similarly, economists expect inflation at 0.28% m/m in January, below with our 0.34% estimate
- For 2016, analysts expect an economic expansion of 2.6% yoy, marginally below the 2.64% observed in the previous survey (Banorte-Ixe: 2.7%)
- Moreover, for 2017 GDP growth is expected at 3% yoy (Banorte-Ixe: 3.1%)
- The exchange rate forecast was revised to USD/MXN 17.60 by YE16, slightly above the 17.50 of the latest survey (Banorte-Ixe: 17.60)

The median of economists expects Banxico’s next rate hike in Jun-16 (previous: May). The median of analysts expects Banxico’s rate will close 2016 at 3.75%, in line with our forecast. In this context, 26% of the analysts surveyed (6 of 23) expect Banxico’s next rate hike on March 18. On the other hand, 57% of analysts (13 of 23) believe that Banxico’s next move will take place in 2Q16 (median: June), in line with our forecast. Finally, 3 economists consider that the next hike rate will take place in September; while one analyst was uncertain about Banxico’s decision.

Year-end 2016 inflation forecast practically with no changes. Inflation estimate for year-end 2016 stood at 3.07% yoy, practically in line with the observed in the previous survey (Banorte-Ixe: 2.8%). Furthermore, core CPI is expected to increase 3% yoy in 2016. For 2017, inflation is expected at 3.24% yoy, while medium term inflation expectations stand around 3.3% yoy. For February 9, economists expect inflation at 0.28% m/m in January, below with our 0.34% estimate, while core inflation would stand at 0.21% in the same period, in line with our forecast.

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GDP forecasts practically unchanged while a slightly weaker peso is expected. For 2016, GDP growth is expected at 2.6% yoy, marginally below the 2.64% observed in the previous survey (Banorte-Ixe: 2.7%; range: 1.8%–3.5%). For 2017, consensus expects an economic expansion of 3% yoy (Banorte-Ixe: 3.1; range: 2.2-4.5%). Moreover, the median exchange rate forecast for year-end 2016 stands at USD/MXN 17.60, slightly higher than the 17.50 estimate in the latest survey (Banorte-Ixe: 17.60). For 2017, analysts expect the currency to finish at 17.00 pesos per dollar (Banorte-Ixe: 16.90).

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