

Citibanamex Survey – 55% of analysts expect Banxico to hike by 25bps in November

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www.banorte.com
@analisis_fundam**Delia Paredes**Executive Director of Economic Analysis
delia.paredes@banorte.com**Francisco Flores**Economist, Mexico
francisco.flores.serrano@banorte.com

- Citibanamex just published its bi-weekly survey of economic expectations
- We highlight that 11 out of the 20 analysts surveyed, including us, expect Banxico to hike the reference rate by 25bps at its November 15th meeting
- GDP growth estimates for 2018 stands at 2.1% yoy, unchanged from the previous survey, while 2019's estimate was revised down to 2% from 2.1%
- Inflation forecast for year-end 2018 is now expected at 4.5% from 4.55%
- In addition, economists expect inflation to rise 0.50% m/m in October (Banorte: 0.51%)
- Finally, the forecast for the Mexican peso stood at USD/MXN 19.63, above the 18.94 seen in the previous survey

Eleven out of twenty analysts expect Banxico to hike in the next meeting.

We highlight that 55% of economists surveyed, including us, expect the central bank to hike the reference rate by 25bps at its November 15th meeting. Moreover, three analysts expect a hike in the December meeting (one forecasts a 50bps hike). In addition, other two expect a hike sometime before the end of the year. That leaves four economists expecting the rate to remain at 7.75% for the rest of the year.

GDP growth estimates for 2018 stand at 2.1% yoy. This figure is unchanged from previous survey (Banorte: 2.1%; range: 1.9%-2.3%). Meanwhile, consensus forecast for 2019 was revised down to 2% from 2.1% yoy (range: 1.6%-3.0%; Banorte: 1.8% yoy).

Inflation at 4.5% for year-end 2018. The median inflation forecast is marginally below the previous survey by 5 basis points, and still below our 4.8% estimate. Furthermore, core inflation is expected at 3.6% yoy in YE18. For 2019 inflation is expected at 3.8% yoy, while in the medium term, analysts see inflation around 3.5% yoy. For next inflation report, corresponding to October, economists forecast the headline figure at 0.50% m/m (Banorte: 0.51%; range: 0.45%-0.62%), while the core component is expected to rise 0.31% during the period in question (Banorte: 0.30%, range: 0.29%-0.35%).

FX expectations with an upward revision. The median forecast for the exchange rate for year-end 2018 stood at USD/MXN 19.63, 69 cents above the figure seen in the previous survey but below our 20.50 estimate. For next year, analysts expect the currency to finish 2019 at USD/MXN 19.35 weaker than the USD/MXN 18.85 from the last print (Banorte: 22.50).

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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
Katia Celina Goya Ostos	Senior, Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Juan Carlos Alderete Macal, CFA	Senior Economist, Mexico	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Miguel Alejandro Calvo Domínguez	Economist, Regional	miguel.calvo@banorte.com	(55) 1670 - 2220
Francisco José Flores Serrano	Economist, Mexico	francisco.flores.serrano@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
Santiago Leal Singer	FX Senior Strategist	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Fixed Income and FX Strategist	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research – Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Technical Analysis	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Equity Research – Conglomerates / Financials/ Mining / Petrochemicals	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research – Airlines / Airports / Cement / Infrastructure / REITs	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Francisco Duarte Alcocer	Analyst	francisco.duarte.alcocer@banorte.com	(55) 1670 - 2707
Jorge Antonio Izquierdo Lobato	Analyst	jorge.izquierdo.lobato@banorte.com	(55) 1670 - 1746
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@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	Senior, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@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	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454