

Citibanamex Survey – Consensus expects no changes in the reference rate in 2019

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- *Citibanamex* published yesterday its bi-weekly survey of economic expectations
- Out of 22 analysts surveyed, ten (including us) expect Banxico to keep the reference rate unchanged during 2019 at 8.25%. The twelve remaining analysts are distributed as follows: 3 expect a cut of 25bps, 6 an increase of 25bps, and 3 an increase of 50bps
- GDP consensus forecasts for 2018 and 2019 remained unchanged at 2.1% and 1.8% yoy, respectively. This is the first time that estimates for 2020 are published, with the median estimate at 2.0%
- The forecast for inflation by year-end 2018 was revised higher, from 4.73% to 4.85%, while for 2019 remain unchanged at 4.00%
- Economists expect inflation to rise 0.72% m/m in December, in line with our forecast. For the core component, analysts expect an increase of 0.46% (Banorte: 0.47%)
- The USD/MXN forecast for year-end 2019 was revised slightly lower, from 20.60 to 20.50 per dollar (Banorte: 22.50). For 2020, consensus sees a slight peso depreciation, ending at 20.65

Ten out of twenty-two analysts expect Banxico to keep the reference rate unchanged at 8.25% in 2019. On the contrary, 12 estimate at least one move by the central bank, distributed as follows: 3 expect a rate cut of 25bps to 8.00%, 6 a 25bps hike to 8.50%, and 3 a 50bps hike to 8.75% by year end

Stabilization in short-term GDP growth estimates. For 2018, the median remain unchanged at 2.1% (range: 1.9%-2.3%), while 2019 also stood at 1.8% (range: 1.2%-2.1%). Both figures exactly match our own forecasts, with the latter converging since the latest survey. Last but not least, the forecast for 2020 was included for the first time, standing at 2.0%

Inflation at 4.85% by year-end 2018, in line with our forecast. The median for 2018 inflation stands at 4.85%, higher than the 4.73% of the previous survey which was published before the publication of the upside surprise in inflation for the 1st half of December. On the other hand, the core component is expected at 3.7% yoy. For 2019, inflation was kept unchanged at 4.0% yoy (Banorte: 3.5%). In the mid-term, analysts remained at around 3.6% yoy. For the December inflation print, economists forecast the headline at 0.72% m/m (Banorte: 0.72%; range: 0.64%-0.86%), while core is seen at 0.46% (Banorte: 0.47%, range: 0.39%-0.49%).

FX forecasts for 2019 improves marginally. The median for the end of 2019 was lowered from 20.60 to 20.50 per dollar (Banorte: 22.50). For 2020 a slightly depreciation is expected, closing at 20.65 per dollar.

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