

## Banamex Survey – Analysts expect Banxico to hike 75bps during 2016

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- Banamex just published its bi-weekly survey of economic expectations
- The median of economists expect Banxico's rate will close 2016 at 4% (Banorte-Ixe: 3.75%)
- Inflation forecast for year-end 2015 stood at 2.18% yoy, below the 2.35% observed previously (Banorte-Ixe: 2.1%)
- Similarly, economists expect inflation at 0.31% 2w/2w in the first half of December, above our 0.21% forecast
- For 2015, analysts expect an economic expansion of 2.4% yoy, in line with the observed in previous survey (Banorte-Ixe: 2.5%)
- The exchange rate forecast stands at USD/MXN 16.90 in YE15, slightly above with the 16.80 estimate in the latest survey

**The median of economists expect Banxico's rate will close 2016 at 4%.** We highlight that this survey was made after Banxico's decision, in which the board decided to increase the reference rate by 25bps, leaving it at 3.25%, as it was widely expected. In this context, the median of economists expect Banxico's rate will close 2016 at 4% (Banorte-Ixe: 3.75%).

**Lower year-end 2015 inflation forecast.** Inflation estimate for year-end 2015 stood at 2.18% yoy, below the 2.35% in the previous survey. Furthermore, core CPI is expected to increase 2.43% yoy in 2015. For 2016, inflation is expected at 3.30% yoy, while medium term inflation expectations stand around 3.38% yoy. For next Wednesday, economists expect inflation at 0.31% 2w/2w in the first half of December, above our 0.21% forecast, while core inflation would stand at 0.26% in the same period (Banorte-Ixe: 0.27% 2w/2w).

**GDP growth and FX estimates without significant changes.** For 2015 GDP estimate stands at 2.4% yoy, in line with the observed in the previous survey (Banorte-Ixe: 2.5%; range: 2.15% - 2.6%). For 2016, consensus expects an economic expansion of 2.6% yoy, slightly below with the 2.7% observed in the latest survey (Banorte-Ixe: 2.7; range: 1.8% - 3.5%). Moreover, the median exchange rate forecast for year-end 2015 stands at USD/MXN 16.90, slightly above with the 16.80 estimate in the latest survey. For 2016, analysts expect the currency to finish at 16.65 pesos per dollar, above the 16.55 observed in the previous survey (Banorte-Ixe: 17.60).

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