

## Citibanamex Survey – Additional easing from Banxico expected in November

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- *Citibanamex* published yesterday its bi-weekly survey of economic expectations
- Most analysts (48%), including us, expect Banxico to cut the reference rate by an additional 50bps in the remainder of the year, with the expectation of a 25bps reduction in November pretty firm
- GDP growth forecasts for 2019 and 2020 were not modified at 0.4% and 1.3%, respectively (Banorte: 0.8% and 1.4%)
- The estimate for year-end inflation was revised down once again going from 3.21% to 3.14%, below our 3.3% forecast. For 2020, the median stood at 3.50%
- For September, inflation is estimated at 0.26% m/m (Banorte: 0.25%). The estimate for the core component stands at 0.29%, in line with our forecast
- The FX rate for year-end 2019 was unchanged at USD/MXN 19.80 (Banorte: 20.30). Next year's estimate was also revised up to 20.42 per dollar from 20.23

**Analysts continue to expect additional easing from Banxico in 2019.** All 27 respondents expect at least one more rate cut in the reference rate this year. In particular, 11 anticipate only one additional 25bps cut, 13 –including us– forecast an accumulated cut of 50bps. Two are looking for -75bps while one anticipates -100bps. Regarding the date of the next cut, all but five anticipate it in November (including us), with four in December and one not specifying a particular date. For 2020, the median points to two additional 25bps cuts, taking the reference by year-end to 6.75% (Banorte: 6.00%).

**The GDP forecast for 2019 stood at 0.4%.** As a result, the estimate stands below our forecast of 0.8% (range: 0.1% - 0.8%). For 2020, economists still anticipate a 1.3% expansion (Banorte: 1.4%; range: 0.6%- 1.8%).

**Inflation for YE19 continues to be revised down.** Consensus now expects inflation at 3.14% yoy, 7bps below the previous forecast (Banorte: 3.3%). Core inflation was unchanged at 3.60%. For 2020, the forecast was also in line with the previous survey at 3.50%. For September, economists expect the headline at 0.25% m/m, lower than our 0.26% estimate (range: 0.21% to 0.30%). The core component is expected at 0.29% (Banorte: 0.29%, range: 0.14% - 0.32%).

**Unchanged MXN forecasts for 2019.** The median forecast for year-end stood at USD/MXN 19.80, below our 20.30 estimate. For next year, analysts' consensus increased to 20.42 per dollar from 20.23 (Banorte: 21.30).

**GDP growth expectations**  
% yoy, median

	2019	2020
<b>Banorte</b>	<b>0.8</b>	<b>1.4</b>
<b>Consensus*</b>	<b>0.5</b>	<b>1.3</b>
Banxico Survey	0.5	1.4
Banxico (2Q19 QR)	0.5	2.0
Ministry of Finance	0.9	2.0
IMEF	0.4	1.3
<i>Citibanamex</i> survey	0.4	1.3
Bloomberg	0.5	1.3

\*For consensus, we take the simple average excluding Banxico QR and the MoF  
Source: Banorte

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