

Citibanamex Survey – Consensus continues to point to a 25bps cut in February

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- *Citibanamex* published today its bi-weekly survey of economic expectations
- Regarding monetary policy, all economists still expect Banxico to continue easing. In particular, the median continues to forecast accumulated cuts of 75bps to 6.50%, in line with our expectation
- For the next movement, consensus points to a 25bps cut in the upcoming meeting (February 13th), also in line with our forecast
- The GDP growth forecast for 2019 remains at 0.0% (Banorte: -0.1%), with 2020 also unchanged at 1.0% (Banorte: 0.8%)
- The inflation estimate for year-end 2020 stands at 3.5%, both for the headline and core components, in line with the previous survey (Banorte: 3.6% and 3.5%, respectively)
- For the first half of January, inflation is anticipated at 0.26% 2w/2w (Banorte: 0.25%). The core component is estimated at 0.19%, eight basis points below our expectation
- The exchange rate for year-end 2020 was revised down to USD/MXN 19.75 from 19.85 (Banorte: 19.80). Next year's estimate stood at 20.00

Consensus keeps calling for 75bps of accumulated cuts in 2020. All analysts surveyed expect Banxico to continue easing this year, with ample differences about the magnitude prevailing. In particular, both the mean and mode (with 9 analysts, including us) were kept with accumulated cuts of 75bps, taking the rate to 6.50%. Nonetheless, three economists forecast only -25bps, three anticipate -50bps, and another four bet on -100bps. Finally, five expect total cuts of 125bps. Regarding the timing of the next action, 83.3% of economists (20 out of 24, including us) forecast a 25bps cut in the February 13th meeting.

GDP forecasts unchanged. The estimate for 2019 was left at 0.0% (range: -0.2% to 0.1%; Banorte: -0.1%). For 2020, economists maintained their forecast at 1.0% (range: 0.6% - 1.5%).

Inflation for YE20 in line with the previous survey. Both the headline and core indices are expected at 3.5% (Banorte: 3.6% and 3.5%, respectively). For the first half of January, economists expect the headline at 0.26% 2w/2w (Banorte: 0.25%, range: 0.08% - 0.45%). The core component is estimated at 0.19% (Banorte: 0.27%; range: 0.08% - 0.33%).

Expecting a stronger MXN. The median forecast for year-end 2020 fell to USD/MXN 19.75 from 19.85 (Banorte: 19.80). For 2021 it was unchanged at 20.00

GDP growth expectations

	% yoy, median	
	2019	2020
Banorte	-0.1	0.8
Consensus*	0.0	1.1
Banxico Survey	0.0	1.1
Banxico (3Q19 QR)	0.0	1.3
Ministry of Finance	0.9	2.0
IMEF	0.0	1.0
<i>Citibanamex</i> survey	0.0	1.0
Bloomberg	0.0	1.1

*For consensus, we take the median excluding Banxico QR and the MoF
Source: Banorte

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