

## Citibanamex Survey – The expectation of a rate next week consolidates

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- *Citibanamex* published today its bi-weekly survey of economic expectations
- Regarding monetary policy, all but one economist (including us) expect Banxico to cut the reference rate by 25bps in the February 13<sup>th</sup> meeting. The remaining analyst sees the cut until March
- The median for the reference rate by year-end 2020 remains at 6.50%, in line with our forecast, and implying an accumulated cut of 75bps
- The GDP growth forecast for 2020 stood at 1.0% (Banorte: 0.8%), with 2021 coming in at 1.7%
- The year-end inflation estimate was revised up to 3.6%, now matching our forecast. Meanwhile, the core component was unchanged at 3.5% (Banorte: 3.5%)
- For January, inflation is anticipated at 0.52% m/m, one basis point below our estimate. The core is estimated at 0.35% (Banorte: 0.33%)
- This year's exchange rate forecast was revised down once again, to USD/MXN 19.67 from 19.75 (Banorte: 19.80). Next year's estimate stands at 20.00

All but one of the surveyed economists, including us, expect a 25bps rate cut in February 13<sup>th</sup>. In particular, the remaining analyst also expects a cut of this magnitude, but taking place until March. Regarding the level of the reference rate at the end of the year, the median seems to be consolidating at 6.50%, with ten analysts (also including us) expecting this outcome. This is one more relative to the previous survey. Out of the remaining twelve, only two expect -25bps, while another two see -50bps. On a more dovish stance, five anticipate -100bps and three forecast -125bps. All of these reductions are relative to the current level of the reference rate at 7.25%

**GDP forecasts unchanged.** The estimate for 2020 remains at 1.0% (range: 0.5% to 1.5%; Banorte: 0.8%). For 2021, economists also maintained their forecast at 1.7% (range: 1.0% - 2.0%).

**Inflation for YE20 higher than the previous survey.** Headline inflation was revised up to 3.6%, now matching our forecast, while the core component stayed at 3.5% (Banorte: 3.5%). For January, economists expect the headline at 0.52% m/m, only one basis point below our estimate (range: 0.45% - 0.55%). The core component is estimated at 0.35% (Banorte: 0.33%; range: 0.33% - 0.39%).

**Expectations of a stronger MXN gain momentum.** The median forecast for year-end 2020 fell to USD/MXN 19.67 from 19.75 (Banorte: 19.80). For 2021, it was unchanged at 20.00

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