

MEXICO: ECONOMIC FORECASTS

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TRENDS TO KEEP AN EYE ON (1)

Forecasts for 2017:	Forecast 6 months ago	Forecast 3 month ago	Last forecast
GDP growth rate for Mexico	1.49%	1.66%	1.99% (2)
Inflation rate	5.25%	5.67%	6.06% (3)
TIIE (interbank) rate	7.06%	7.06%	7.07% (4)
Cetes (T'Bills) rate	6.97%	7.04%	7.05% (4)
Average unemployment rate	4.10%	3.80%	3.59% (5)
Exchange rate USD/MXN	21.70	19.75	18.38 (5)

(1) Base on the monthly surveys from Banxico (Mexico's central bank)

(2) The GDP growth rate remained in a minimum of 1.49% for 3 months, starting a recovery since 3 months ago

(3) Constant increasing trend since June 2016

(4) Has remained constant since +/- 6 months ago

(5) With a decreasing trend since 6 months ago

Highlights:

- The expected growth for 2017 of the Gross Domestic Product (GDP) for Mexico is in 1.99%. After a decreasing trend the GDP growth rate remained in a minimum 1.49% from January to March 2017. The forecast for 2017 was 4.18% in December 2014, 3.29% in December 2015 and 1.60% in December 2016
- Expected unemployment rate for Mexico for 2017 (average) was adjusted from a maximum of 4.10% in January 2017 to 3.73% last month and to 3.59% this month
- The expected growth rate of the US GDP was 2.17% last month (2.15% two months ago) to 2.20% this month. It has remained constant for a year.
- Expected closing exchange rate USD/MXN for 2017 from 18.74 last month (19.53 two months ago) to 18.38 and for 2018 from 18.67 last month (19.39 two months ago) to 18.41.
- The expected inflation rate for Mexico for 2017 is in 6.05% this month. It has an increasing trend since June 2016 (3.31% in December 2015 and 4.13% in December 2016). For 2018 it is forecasted in 3.90%.
- Last, but not least, TIIE (interbank rate) for 2017 was adjusted from 7.23% two months ago to 7.07% this month, but a year ago it was forecasted in 5.25%. Cetes (T'Bills) from 7.22% two months ago to 7.05% this month, but 5.06% a year ago.

Based on the monthly surveys from Banxico among private firms. Last survey took place between July 18 to 28, 2017		Average this month in survey	Average last month in survey	Average two months ago in survey
Inflation	(2017)	6.05%	6.02%	5.90%
	(2018)	3.90%	3.81%	3.88%
	(2019)	3.58%	3.55%	3.56%
Exchange rate	(close 2017)	18.38	18.74	19.53
	(close 2018)	18.41	18.67	19.39
	(close 2019)	18.09	18.45	19.30
Cetes 28 days	(close 2017)	7.05%	7.12%	7.22%
	(close 2018)	6.71%	7.06%	7.23%
	(close 2019)	6.29%	6.73%	6.95%
TIIE (interbank rate)	(close 2017)	7.07%	7.12%	7.23%
	(close 2018)	6.56%	6.83%	7.21%
Unemployment rate (annual average)	(2017)	3.59%	3.73%	3.74%
	(2018)	3.66%	3.77%	3.76%
GDP Mexico (growth rate)	(2017)	1.99%	1.98%	1.97%
	(2018)	2.24%	2.23%	2.18%
	(2019)	2.37%	2.29%	2.38%
GDP U.S.A. (growth rate)	(2017)	2.20%	2.17%	2.15%
	(2018)	2.32%	2.36%	2.40%

FUTURES MARKET (MexDer & CME Group) as of August 3, 2017

	Dec. 2017	Jun. 2018	Dec. 2018	Dec. 2019	Dec. 2020
USD/MXN CME	18.24	18.77	19.46	N/D	N/D
USD/MXN MexDer	18.24	18.77	19.25	20.10	20.94
EUR/MXN MexDer	21.84	22.68	N/D	N/D	N/D
EUR/USD CME	1.196	1.208	1.221	1.247	1.273
USD/CAD CME	1.256	1.255	1.254	1.253	1.253
TIIE 28 days MexDer	7.40%	7.12%	6.68%	6.50%	6.80%
Cetes 91 days MexDer	6.90%	6.78%	N/D	N/D	N/D
Mexican Stock Exchange MexDer (index)	51,645	53,986	N/D	N/D	N/D
Mexican Stock Exchange MexDer (% increase)	+13.15% versus Dec.2016	+18.28% versus Dec.2016	N/A	N/A	N/A

CME: CME Group / Chicago Mercantile Exchange, MexDer: Mercado Mexicano de Derivados (Mexican Derivatives Market), MXN: Mexican Peso, USD: US Dollar, CAD: Canadian Dollar, EUR: Euro, TIIE: Mexican interbank rate
Cetes: Mexican treasury bills