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# Mexico Consensus Economic Forecast, Volume 18, Number 3

Thomas M. Fullerton Jr.  
*University of Texas at El Paso*, tomf@utep.edu

Adam G. Walke  
*University of Texas at El Paso*, agwalke@utep.edu

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## CONSENSUS ECONOMIC FORECAST

# MÉXICO

University of Texas at El Paso  
Border Region Modeling Project

## 3<sup>rd</sup> Quarter 2015

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**Wells Fargo Bank**

Dr. Eugenio J. Alemán

**Center for Economic  
Forecasting of Mexico**Dr. Alfredo Coutiño  
Rodrigo Pulido**BBVA Bancomer**Dr. Arnoldo López Marmolejo  
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**Instituto Tecnológico y de  
Estudios Superiores de  
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Dr. Jorge Ibarra Salazar

**Universidad Autónoma de  
Coahuila**

Dr. Alejandro Dávila Flores

**Universidad Autónoma de  
Nuevo León**

Dra. Cinthya Caamal Olvera

Mexico Consensus Economic Forecast, Volume 18, Number 3  
3<sup>rd</sup> Quarter 2015**Tacking against Global Economic Headwinds**

INEGI reports that, in the 2<sup>nd</sup> Quarter of 2015, real GDP was 2.2 percent higher than it was a year ago. The consensus forecast projects that 2.2 percent will also be the annual average rate of GDP growth in 2015. This would be nearly equal to the growth rate recorded in 2014.

Consumer demand remains restrained amid subdued expectations for overall economic activity. However, upward-trending employment will likely help generate moderate growth in private consumption. The consensus forecast calls for a 2.5 percent increase in that variable.

Expectations for public spending growth were dampened earlier this year by low prices for oil, which is a major source of government revenue. The consensus forecast of growth in public spending now stands at 1.9 percent. Panelist forecasts range from 0.2 percent to 3.0 percent.

While predicted growth in total investment was revised downward this quarter, it is still a relative bright spot in the economic outlook for 2015. The consensus forecast calls for 3.3 percent growth. None of the panelists predict a growth rate lower than 2.6 percent.

Panelist projections of Mexico's export performance span a wide range. Three panelists predict that exports will decline in 2015 due, in part, to low oil prices and slower growth in foreign economies. The other panelists predict healthy growth in exports as the low value of the peso relative to the dollar makes Mexican products more attractive in the US. On average, panelists predict 3.9 percent growth in exports and 3.3 percent growth in imports.

Relatively low prices for energy and telephone service have recently contributed to record low inflation rates. The consensus inflation forecast is now 3.0 percent, which equals the central bank's target inflation rate. Panelist forecasts range from 2.5 to 4.6 percent.

A likely increase in US interest rates and financial volatility related to a slowdown in emerging markets have helped keep the value of the dollar high relative to the peso. The consensus forecast for the annual average exchange rate has been revised upward to 16.29 pesos per dollar. In light of expected increases in US interest rates and depreciation of the peso, it is likely that Mexico's interest rates will edge upward. Most panelists predict that the yield on 28-day CETES will rise relative to last year. The consensus forecast calls for a 3.3 percent yield in 2015.

For 2016, predicted growth in GDP and private consumption have been revised downward to 2.7 and 2.6 percent, respectively. The drop in oil revenues is likely to continue to take a toll on government spending, which is projected to grow by 2.0 percent next year. By contrast, total investment is expected to grow at a relatively robust rate of 4.1 percent.

The predicted increase in exports is 5.8 percent and, for imports, it is 5.3 percent. All panelists anticipate that inflation will return to somewhat higher levels next year. The inflation forecast for 2016 is 3.6 percent. The exchange rate is forecast to stabilize at 16.30 pesos per dollar, on average. Given expectations of higher US interest rates and somewhat higher inflation in Mexico, the yield on 28-day CETES is expected to rise to 3.9 percent.

Thomas M. Fullerton, Jr. and Adam G. Walke  
University of Texas at El Paso Border Region Modeling Project

2015 Mexico Consensus Economic Forecast	Annual Percent Change, 2015 from 2014							Annual Average	
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
American Chamber Mexico	2.1	2.7	0.2	3.1	-1.7	-0.8	2.7	15.81	3.0
BBVA Bancomer	2.5	2.6	2.1	3.7	7.4	3.4	2.5	15.91	3.1
Wells Fargo Bank	2.3	2.6	3.0	5.4	7.6	7.4	2.9	15.86	3.2
Center for Economic Forecasting of Mexico	2.0	1.8	2.3	3.0	-0.4	1.7	3.3	16.75	3.5
UACJ	2.4	2.8	2.1	3.2	5.3	2.2	2.6	16.50	2.8
ITESM	2.0	2.5	0.5	2.8	-1.0	0.0	2.9	16.00	3.5
COLEF	1.7	1.7	1.4	2.6	5.5	3.8	4.6	17.25	3.5
UAdeC	2.5	2.4	3.0	3.5	5.4	7.4	3.0	16.00	3.4
UANL	2.4	3.0	2.6	2.8	7.3	5.1	3.0	16.50	3.4
Consensus -- this quarter	2.2	2.5	1.9	3.3	3.9	3.3	3.0	16.29	3.3
-- last quarter	2.4	2.4	2.1	4.1	3.6	3.4	3.1	15.14	3.2

2016 Mexico Consensus Economic Forecast	Annual Percent Change, 2016 from 2015							Annual Average	
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
American Chamber Mexico	2.6	3.3	2.3	6.0	6.8	6.4	3.4	16.47	3.7
BBVA Bancomer	2.7	2.6	0.8	3.5	8.8	8.1	3.3	16.30	3.7
Wells Fargo Bank	2.5	2.7	3.4	5.9	6.0	7.4	3.3	16.55	4.3
Center for Economic Forecasting of Mexico	2.8	2.5	3.0	4.0	1.5	3.3	3.8	16.25	4.5
UACJ	3.1	2.4	1.9	3.4	7.2	3.5	3.3	17.10	2.3
ITESM	3.4	2.0	1.0	3.0	2.0	2.0	3.5	15.50	4.2
COLEF	1.7	1.9	2.5	2.7	6.5	4.0	5.0	17.50	3.8
UAdeC	2.8	3.1	1.0	6.0	6.0	8.0	3.5	15.50	4.3
UANL	2.5	3.1	2.3	2.4	7.3	5.3	3.2	15.50	4.2
Consensus -- this quarter	2.7	2.6	2.0	4.1	5.8	5.3	3.6	16.30	3.9
-- last quarter	2.9	2.8	2.3	4.3	5.2	5.2	3.6	15.01	3.8

							Annual Averages		
Historical Data	GDP (2008 Pesos, billions)	Private Consumption (2008 Pesos, billions)	Government Consumption (2008 Pesos, billions)	Total Investment (2008 Pesos, billions)	Exports (2008 Pesos, billions)	Imports (2008 Pesos, billions)	Consumer Price Index Dec 2010 = 100	Nominal Exchange Rate Pesos/ Dollars	CETES 28 Day
2014	13,760.2	9,296.9	1,525.7	2,959.7	4,573.3	4,534.5	113.59	13.29	3.00
<i>Percent Change</i>	2.14%	1.98%	2.48%	2.33%	7.28%	5.65%	4.02%	4.07%	
2013	13,471.8	9,116.2	1,488.7	2,892.2	4,262.8	4,291.9	109.20	12.77	3.75
<i>Percent Change</i>	1.39%	2.28%	1.24%	-1.57%	2.35%	2.58%	3.81%	-3.02%	
2012	13,287.5	8,912.8	1,470.6	2,938.2	4,164.9	4,183.8	105.20	13.17	4.24
<i>Percent Change</i>	4.02%	4.94%	3.48%	4.78%	5.84%	5.47%	4.11%	6.01%	
2011	12,774.2	8,493.2	1,421.1	2,804.2	3,935.1	3,967.0	101.04	12.42	4.24
<i>Percent Change</i>	4.04%	4.80%	2.45%	7.82%	8.22%	8.05%	3.41%	-1.68%	
2010	12,277.7	8,103.9	1,387.1	2,600.8	3,636.4	3,671.4	97.71	12.64	4.40
<i>Percent Change</i>	5.11%	5.67%	1.71%	1.27%	20.55%	20.46%	4.16%	-6.49%	
2009	11,680.7	7,669.3	1,363.8	2,568.1	3,016.6	3,047.8	93.81	13.51	5.43
<i>Percent Change</i>	-4.70%	-6.46%	2.25%	-9.27%	-11.78%	-17.59%	5.30%	21.42%	
2008	12,256.9	8,198.8	1,333.8	2,830.4	3,419.4	3,698.3	89.09	11.13	7.68
<i>Percent Change</i>	1.40%	1.90%	3.03%	4.95%	-1.35%	4.40%	5.12%	1.84%	
2007	12,087.6	8,046.2	1,294.5	2,696.8	3,466.2	3,542.3	84.75	10.93	7.19
<i>Percent Change</i>	3.15%	3.04%	2.45%	5.99%	3.65%	5.93%	3.97%	0.27%	
2006	11,718.7	7,809.0	1,263.5	2,544.4	3,344.2	3,344.0	81.52	10.90	7.19
<i>Percent Change</i>	5.00%	5.52%	3.40%	8.69%	7.67%	10.19%	3.63%	0.01%	
2005	11,160.5	7,400.8	1,222.0	2,341.0	3,106.0	3,034.7	78.66	10.90	9.20
<i>Percent Change</i>	3.03%	4.40%	3.05%	5.90%	5.71%	7.71%	3.99%	-3.44%	
2004	10,832.0	7,088.9	1,185.9	2,210.5	2,938.2	2,817.5	75.64	11.29	6.82
<i>Percent Change</i>	4.30%	5.57%	2.39%	7.52%	9.13%	9.71%	4.69%	4.61%	
2003	10,385.9	6,715.1	1,158.2	2,055.9	2,692.3	2,568.1	72.26	10.79	6.23
<i>Percent Change</i>	1.42%	1.11%	-0.54%	2.97%	0.89%	2.39%	4.55%	12.04%	
2002	10,240.2	6,641.5	1,164.5	1,996.7	2,668.6	2,508.1	69.11	9.63	7.09
<i>Percent Change</i>	0.13%	1.39%	-1.19%	0.53%	2.06%	2.74%	5.03%	3.10%	
2001	10,226.7	6,550.2	1,178.6	1,986.1	2,614.8	2,441.2	65.80	9.34	11.31
*GDP: Producto Interno Bruto, INEGI, 2008 Pesos									
*Private Consumption: Consumo Privado, INEGI, 2008 Pesos									
*Government Consumption: Consumo de Gobierno, INEGI, 2008 Pesos									
*Total Investment: Formacion bruta de capital fijo, INEGI, 2008 Pesos									
*Exports: Exportacion de bienes y servicios, INEGI, 2008 Pesos									
*Imports: Importacion de bienes y servicios, INEGI, 2008 Pesos									
*CPI, Banco de Mexico, Annual Average, Base = Dec 2010									
*Exchange Rate, Banco de Mexico, Peso-to-dollar, Fecha de Liquidacion, Annual Average									
*CETES 28 Days, Banco de Mexico, Annual Average									

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