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Mexico Consensus Economic Forecast, Volume 24, Number 4

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CONSENSUS ECONOMIC FORECAST

MÉXICO

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Mexico Consensus Economic Forecast, Volume 24, Number 4, 4th Quarter 2021

Rising Costs, Moderate Peso Depreciation

The consensus 2021 real gross domestic product (GDP) forecast remained unchanged this quarter four at 5.3 percent. In spite of that performance, GDP still remains below its pre-pandemic level in Mexico. The panelists forecast for 2022 has been revised to 2.7 percent, a 90 basis point drop.

The overall 2021 prediction for private consumption has been revised upward to 5.1 percent. In 2022, the consensus rate of change for private consumption has increased by 40 basis points to 3.5 percent. Panelist forecasts for private consumption in 2022 exhibit some variability, ranging from a low of 1.5 to a high of 6.2 percent. Government consumption growth in 2021 has been adjusted downward from 2.2 to 1.5 percent, with one panelist anticipating government consumption to decline by 3.1 percent. The 2022 outlook is more hopeful in 2022, with government consumption growth accelerating to 2.2 percent.

Investment staged a rebound during much of 2021. However, the panel has revised the 2021 rate of change for total investment down by 90 basis points to 5.0 percent. By 2022, investment is predicted to increase by 4.3 percent. There is substantial variability associated with the outlook for this item, with individual forecasts ranging from 1.6 percent to 9.4 percent.

The 2021 predictions for exports and imports have both been revised upward this quarter. Goods and services exports are now projected to increase by 12.2 percent. Exports are expected to expand more slowly in 2022 when the consensus calls for a 6.7 percent rate of change. The consensus rate for 2021 import is 15.9 percent. In 2022, imports of goods and service are projected to increase by 7.5 percent.

Similar to other economies, consumer price inflation (CPI) in Mexico accelerated during 2021. The 2021 CPI forecast has been revised upwards to 7.1 percent. For 2022, the panelists expect the CPI to grow at a more moderate pace of 4.2 percent.

Panel exchange rate forecasts were consistently on the mark throughout 2021. For 2022, limited depreciation to 21.35 pesos per dollar is anticipated. The individual forecasts are clustered fairly tightly, probably due to the fact that the peso remains slightly undervalued and could easily appreciate if hemispheric financial uncertainty diminishes in 2022.

As anticipated by the panel members, the rate of return on 28-day CETES rose throughout 2021. The panel foresees additional upward movement in the nominal yield on this instrument in 2022. The collective forecast for 2022 anticipates the short-term rate averaging 5.92 percent for the year as a whole.

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2021 Mexico Consensus Economic Forecast	Annual Percent Change, 2021 from 2020							Annual Average	
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
Action Economics!	5.4	5.7	-3.1	8.0	19.0	33.4	7.5	20.29	4.42
BBVA Bancomer	5.3	5.3	2.5	2.7	7.8	7.6	7.6	20.29	4.50
UACJ	5.4	5.9	4.2	9.0	11.1	14.0	7.0	20.28	5.45
ITESM	5.5	4.0	0.5	3.0	17.0	20.0	7.5	21.00	5.50
COLEF	4.6	3.9	2.0	2.8	6.9	7.8	6.0	21.55	4.50
UANL	5.9	5.5	3.2	4.8	11.3	12.4	7.3	20.90	5.30
Consensus -- this quarter	5.3	5.1	1.5	5.0	12.2	15.9	7.1	20.72	4.95
Consensus -- last quarter	5.3	4.6	2.2	5.9	10.5	13.5	5.7	20.49	4.70

2022 Mexico Consensus Economic Forecast	Annual Percent Change, 2022 from 2021							Annual Average	
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
Action Economics!	2.8	3.7	1.3	5.1	5.4	5.9	4.2	21.30	6.05
BBVA Bancomer	2.2	2.8	1.8	3.0	7.5	7.6	4.1	20.97	6.30
UACJ	3.2	6.2	3.3	9.4	9.0	9.5	4.0	21.00	5.50
ITESM	2.5	1.5	1.0	2.0	5.0	8.0	4.5	21.50	6.20
COLEF	2.6	2.3	2.3	1.6	6.3	6.7	4.6	21.90	5.25
UANL	3.2	4.3	3.8	4.6	6.9	7.4	3.8	21.40	6.20
Consensus -- this quarter	2.7	3.5	2.2	4.3	6.7	7.5	4.2	21.35	5.92
-- last quarter	3.6	3.1	2.1	3.2	7.0	7.7	4.6	21.04	5.23

							Annual Averages		
Historical Data	GDP (2013 Pesos, billions)	Private Consumption (2013 Pesos, billions)	Government Consumption (2013 Pesos, billions)	Total Investment (2013 Pesos, billions)	Exports (2013 Pesos, billions)	Imports (2013 Pesos, billions)	Consumer Price Index Jul 2018 = 100	Nominal Exchange Rate Pesos/ Dollars	CETES 28 Day
2020	16,957.8	11,183.6	2,166.7	2,933.0	6,358.7	5,910.3	107.43	21.49	5.33
<i>Percent Change</i>	-8.2%	-10.5%	0.1%	-17.8%	-7.3%	-13.7%	3.4%	11.5%	
2019	18,485.6	12,495.4	2,165.0	3,569.1	6,859.6	6,851.3	103.90	19.26	7.84
<i>Percent Change</i>	-0.2%	0.4%	-1.8%	-4.8%	1.5%	-0.2%	3.6%	0.1%	
2018	18,520.0	12,446.6	2,204.3	3,750.6	6,759.5	6,865.8	100.26	19.24	7.62
<i>Percent Change</i>	2.2%	2.5%	2.9%	0.9%	6.0%	5.9%	4.9%	1.7%	
2017	18,122.3	12,139.3	2,143.1	3,716.4	6,376.7	6,484.6	95.57	18.93	6.69
<i>Percent Change</i>	2.1%	3.2%	0.7%	-1.2%	4.2%	6.4%	6.0%	1.4%	
2016	17,747.2	11,764.2	2,128.9	3,760.7	6,121.9	6,096.3	90.13	18.66	4.15
<i>Percent Change</i>	2.6%	3.7%	2.6%	0.8%	3.6%	2.9%	2.8%	17.8%	
2015	17,292.4	11,348.9	2,075.0	3,729.9	5,910.2	5,972.4	87.65	15.85	2.98
<i>Percent Change</i>	3.3%	2.7%	1.9%	4.8%	8.4%	5.9%	2.7%	19.2%	
2014	16,741.1	11,051.7	2,036.3	3,560.2	5,451.5	5,596.2	85.33	13.29	3.00
<i>Percent Change</i>	2.8%	2.1%	2.6%	2.9%	7.0%	5.9%	4.0%	4.1%	
2013	16,277.2	10,819.3	1,984.4	3,459.3	5,095.7	5,283.4	82.04	12.77	3.75
<i>Percent Change</i>	1.4%	1.8%	0.5%	-3.4%	1.4%	2.1%	3.8%	-3.0%	
2012	16,059.7	10,632.5	1,973.7	3,579.2	5,026.8	5,173.9	79.03	13.17	4.24
<i>Percent Change</i>	3.6%	2.3%	3.4%	4.9%	6.5%	5.4%	4.1%	6.0%	
2011	15,495.3	10,389.5	1,909.5	3,411.1	4,718.9	4,908.0	75.91	12.42	4.24
<i>Percent Change</i>	3.7%	3.4%	3.0%	7.8%	7.7%	5.6%	3.4%	-1.7%	
2010	14,947.8	10,051.7	1,853.2	3,162.9	4,381.0	4,646.9	73.41	12.64	4.40
<i>Percent Change</i>	5.1%	3.6%	2.3%	4.7%	22.4%	17.1%	4.2%	-6.5%	
2009	14,220.0	9,703.2	1,811.9	3,020.6	3,580.3	3,969.9	70.48	13.51	5.43
<i>Percent Change</i>	-5.2%	-6.3%	2.9%	-11.7%	-10.9%	-16.0%	5.3%	21.4%	
2008	15,013.6	10,350.2	1,760.1	3,419.6	4,016.3	4,723.2	66.93	11.13	7.68
<i>Percent Change</i>	1.1%	0.7%	2.9%	6.6%	-1.0%	3.3%	5.1%	1.8%	
2007	14,843.8	10,277.4	1,710.1	3,209.2	4,057.6	4,573.1	63.67	10.93	7.19
<i>Percent Change</i>	2.3%	2.5%	1.8%	5.8%	2.0%	4.8%	4.0%	0.3%	
2006	14,511.3	10,025.8	1,679.5	3,032.8	3,979.0	4,362.5	61.24	10.90	7.19
<i>Percent Change</i>	4.5%	4.1%	2.7%	9.3%	7.8%	8.7%	3.6%	0.0%	
2005	13,887.1	9,634.7	1,635.2	2,774.4	3,690.7	4,013.9	59.09	10.90	9.20
<i>Percent Change</i>	2.3%	2.8%	2.3%	6.2%	6.3%	5.4%	4.00%	-3.4%	
2004	13,573.8	9,376.1	1,599.1	2,612.3	3,471.5	3,809.0	56.83	11.29	6.82
<i>Percent Change</i>	3.9%	4.8%	-1.0%	7.1%	9.9%	6.5%	4.7%	4.6%	

*GDP: Producto Interno Bruto, INEGI, 2013 Pesos

*Private Consumption: Consumo Privado, INEGI, 2013 Pesos

*Government Consumption: Consumo de Gobierno, INEGI, 2013 Pesos

*Total Investment: Formacion bruta de capital fijo, INEGI, 2013 Pesos

*Exports: Exportacion de bienes y servicios, INEGI, 2013 Pesos

*Imports: Importacion de bienes y servicios, INEGI, 2013 Pesos

*CPI, Banco de Mexico, Annual Average, Base = Jul 2018

*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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