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Mexico Consensus Economic Forecast, Volume 22, Number 2

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CONSENSUS ECONOMIC FORECAST

MÉXICO

University of Texas at El Paso
Border Region Modeling Project**Action Economics!**

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Website[For more information about the Border
Region Modeling Project \(click here\)](#)Mexico Consensus Economic Forecast, Volume 22, Number 2, 2nd Quarter 2019**Hemispheric Fun and Games**

Policy uncertainties abound throughout the globe in 2019. Those uncertainties include domestic policies within Mexico and hemispheric trade policies within North America. Uncertainty tends to retard investment, which impacts productivity growth. Given that, it comes as no surprise that the 2019 consensus growth rate by 16 basis points to 1.43 percent.

That decline is not isolated to any single sector in the economy, deceleration is contemplated across all segments. For aggregate GDP, the panelist forecasts are all below 2.0 percent and range from 1.0 percent to 1.90 percent. Private consumption is projected to grow by just under 2 percent, a 21 basis point reduction from the prior survey - Individual forecasts for this category range from 1.0 percent to 2.5 percent.

The panelists expect the public sector to serve as a drag on the economy to a greater extent than was the case in the prior report. The consensus calls for government consumption to grow by only 1.2 percent in 2019, a 34 basis point drop from what was previously expected. A wide range of individual forecasts is tallied this quarter, from a low of -0.5 percent all the way up to 2.4 percent.

The outlook for total investment also wavered this quarter. The consensus forecast fell by 23 basis points to 0.49 percent. A wide range of projections are tabulated for this very cyclical indicator. Two panelists forecast negative growth for investment, but one respondent anticipates it to increase by 2.2 percent.

Export and import projections have both been dialed back this quarter, with exports faltering the most. Several factors contribute to these projected downshifts. Most relate to the tense commercial and political relationships that currently exist between Mexico and the United States. White House threats to impose tariffs due to large volumes of asylum seekers traversing Mexico to reach the United States probably reduces export-oriented investment. Uncertainties regarding the fates of USMCA debates in Washington and Ottawa also exercise similar effects on direct foreign investment. Beyond those headline-grabbing situations, the specter of a post-tax-cut decoration in the United States further dampens export prospects and carries intra-industry trade import implications.

Consumer price inflation forecasts for 2019 have held steady at roughly 4.14 percent this quarter. The consensus outlook calls for a slight improvement in 2020. Fairly benign fiscal and monetary policy interplay has occurred up to this point in the AMLO sexenio.

Although currency market jitters in early June caused the peso to falter against the dollar, the Aztec currency has recovered noticeably since then. The 2019 consensus exchange rate forecast did not waver from the prior quarter. That outcome masks some notable within panel variation, however, as the individual forecasts range from P/\$ 18.50 up to P/\$ 20.00. In the context of recent economic and history, both predictions appear equally plausible. The panelists do not anticipate any peso depreciation in real terms in 2020.

Stability in the inflation outlook has influenced the short-term interest rate predictions. Although the 2019 consensus rate for 28-day Cetes declined by 13 basis points, individual forecasts range from 6.55 percent up to 8 percent. Further downshifting is predicted for 2020 with a 35 basis point drop to 7.34 percent. Individual forecasts for 2020 range from 6.5 to 8 percent.

2019 Mexico Consensus Economic Forecast	Annual Percent Change, 2019 from 2018							Annual Average	
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
Action Economics!	1.90	2.00	1.90	0.90	5.30	5.40	3.56	19.41	7.95
BBVA Bancomer	1.40	2.00	-0.50	-0.80	2.30	5.50	3.95	18.93	7.94
UACJ	1.00	2.50	1.40	1.00	2.50	6.50	4.00	18.50	8.00
ITESM	1.20	1.00	0.50	-1.00	2.00	4.00	4.20	19.50	7.90
COLEF	1.50	2.08	1.45	0.58	5.34	5.66	4.70	19.75	6.55
UAdeC	1.50	2.80	2.40	2.20	7.40	5.50	4.90	20.00	7.50
UANL	1.50	1.54	1.23	0.54	2.80	4.41	3.65	19.80	7.99
Consensus -- this quarter	1.43	1.99	1.20	0.49	3.95	5.28	4.14	19.41	7.69
Consensus -- last quarter	1.59	2.20	1.54	0.72	4.46	5.77	4.15	19.42	7.82

2020 Mexico Consensus Economic Forecast	Annual Percent Change, 2020 from 2019							Annual Average	
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
Action Economics!	1.70	2.20	2.30	1.50	6.40	6.40	3.59	19.84	7.77
BBVA Bancomer	2.20	2.80	1.30	4.00	3.30	5.50	3.69	18.98	7.17
UACJ	1.50	3.00	1.70	1.50	3.00	6.20	3.90	19.00	7.80
ITESM	1.50	1.30	1.00	-0.50	4.00	4.00	4.00	20.00	7.50
COLEF	1.80	2.15	1.55	0.75	5.55	5.75	4.80	20.15	6.65
UAdeC	1.80	1.60	2.00	1.50	4.80	4.30	3.90	21.00	8.00
UANL	1.84	2.08	1.58	0.76	3.60	5.27	4.24	19.90	6.50
Consensus -- this quarter	1.76	2.16	1.63	1.36	4.38	5.35	4.02	19.84	7.34
Consensus -- last quarter	1.91	2.41	1.90	1.63	4.68	5.48	3.98	19.94	7.60

							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
2018	18,519.1	12,411.6	2,179.3	3,744.4	6,735.9	6,879.6	100.26	19.24	7.62
Percent Change	1.99%	2.22%	1.37%	0.59%	5.75%	6.20%	4.90%	1.68%	
2017	18,157.0	12,142.3	2,149.7	3,722.6	6,369.7	6,478.1	95.57	18.93	6.69
Percent Change	2.07%	3.12%	0.98%	-1.58%	3.94%	6.19%	6.04%	1.41%	
2016	17,788.8	11,775.0	2,128.9	3,782.3	6,128.5	6,100.4	90.13	18.66	4.15
Percent Change	2.92%	3.78%	2.60%	1.02%	3.69%	2.92%	2.82%	17.77%	
2015	17,283.9	11,346.4	2,075.0	3,743.9	5,910.2	5,927.4	87.65	15.85	2.98
Percent Change	3.29%	2.72%	1.90%	5.01%	8.41%	5.92%	2.72%	19.23%	
2014	16,733.7	11,046.5	2,036.3	3,565.4	5,451.5	5,596.2	85.33	13.29	3.00
Percent Change	2.80%	2.10%	2.61%	3.07%	6.98%	5.92%	4.02%	4.07%	
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
Percent Change	1.35%	1.76%	0.54%	-3.35%	1.37%	2.12%	3.81%	-3.02%	
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
Percent Change	3.64%	2.34%	3.36%	4.93%	6.52%	5.42%	4.11%	6.01%	
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
Percent Change	3.66%	3.36%	3.04%	7.85%	7.71%	5.62%	3.41%	-1.68%	
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
Percent Change	5.12%	3.59%	2.28%	4.71%	22.36%	17.06%	4.16%	-6.49%	
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
Percent Change	-5.29%	-6.25%	2.94%	-11.67%	-10.85%	-15.95%	5.30%	21.42%	
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
Percent Change	1.14%	0.71%	2.93%	6.56%	-1.02%	3.28%	5.12%	1.84%	
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
Percent Change	2.29%	2.51%	1.82%	5.82%	1.97%	4.83%	3.97%	0.27%	
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
Percent Change	4.50%	4.06%	2.71%	9.31%	7.81%	8.69%	3.63%	0.01%	
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
Percent Change	2.31%	2.76%	2.26%	6.21%	6.31%	5.38%	3.99%	-3.44%	
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
Percent Change	3.92%	4.77%	-0.97%	7.09%	9.87%	6.48%	4.69%	4.61%	
2003	13,061.7	8,949.1	1,614.8	2,439.2	3,159.7	3,577.1	54.28	10.79	6.23
Percent Change	1.45%	2.23%	-0.16%	1.05%	1.91%	2.51%	4.55%	11.73%	
2002	12,875.5	8,753.9	1,617.3	2,413.8	3,100.5	3,489.5	51.92	9.66	7.09
Percent Change	-0.04%	1.69%	0.34%	-2.27%	0.40%	1.21%	5.03%	3.36%	
2001	12,880.6	8,608.1	1,611.8	2,470.0	3,088.3	3,447.9	49.43	9.34	11.31
*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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