

Inflation Forecast 1H December 2018: 12-month headline inflation at 4.9%

According to our price monitor, we expect first half of December headline inflation at 0.48% and core at 0.32%. On Chart 1, stands out the positive contribution of Fruit and vegetables (0.27), mainly due to increases in tomato prices.

Jose Arnulfo Quintero
Fixed Income
jquintero@finamex.com.mx
+ 52 (55) 5209 2141

In this context, we expect 1H December 2018 12-month headline inflation at 4.92%, higher than its previous reading of 4.87%. It is also important to note that 12-month core inflation decreases from 3.64% to 3.53%, staying within Banxico's inflation target range of 3.0% +/- 1%. Next Friday December 21th INEGI will publish the inflation report for the period.

Chart 1. Inflation 1st Half December 2018

CPI	Bi-weekly variation (%)			Bi-weekly contribution (%)		
	Forecast Finamex	Observed		Forecast Finamex	Observed	Difference
		1H Dec 2018	1H Dec 2017	1H Dec 2016	1H Dec 2018	
Headline CPI	0.48	0.44	0.42	0.48		
Core	0.32	0.43	0.47	0.24		
Merchandise	0.31	0.27	0.36	0.12		
Food, beverages and tobacco	0.30	0.25	0.36	0.06		
Non-food merchandise	0.32	0.29	0.36	0.06		
Services	0.33	0.56	0.56	0.12		
Housing	0.09	0.07	0.11	0.01		
Education (tuitions)	0.00	0.00	0.00	0.00		
Other services	0.61	1.25	1.20	0.10		
Non-core	0.97	0.46	0.26	0.25		
Agriculture	2.77	0.58	0.46	0.29		
Fruit and vegetables	5.40	1.06	-0.06	0.27		
Livestock	0.40	0.27	0.77	0.02		
Energy and government approved fares	-0.30	0.39	0.13	-0.04		
Energy	-0.44	0.44	0.12	-0.05		
Government approved fares	0.05	0.29	0.14	0.00		

-The sum of the components among a subindexes may have differences due to rounding.

Disclaimer

The content of this document is strictly informative and does not constitute an offer or recommendation of Casa de Bolsa Finamex S.A.B. Of C.V. to buy, sell or subscribe any kind of securities, or to perform specific transactions.

Casa de Bolsa Finamex S.A.B. Of C.V. is not responsible for the interpretation given to the information and /or content of this document. Casa de Bolsa Finamex S.A.B. Of C.V. does not accept or will accept any liability for losses or damages resulting from investment decisions that would have been based on this document.

The persons responsible for the preparation of this report certify that the opinions stated reflect their own point of view and do not represent the view of Casa de Bolsa Finamex S.A.B. Of C.V. nor of its officials. The persons responsible for the preparation of this report receive no compensation for expressing their opinion in any particular issues mentioned in this document. The persons responsible for the preparation of this report did not receive any compensation from entities other than Casa de Bolsa Finamex S.A.B. de C.V.

This document is based on publicly available information, including BMV, Bloomberg, SIBolsa, official government sites and other web sources which are considered reliable, however Casa de Bolsa Finamex S.A.B. de C.V. makes no warranty regarding its accuracy or completeness.