

Inflation Forecast 1H November 2018: 12-month headline inflation at 4.57%

According to our price monitor, we expect first half of November headline inflation at 0.62% and core at 0.23%. On Chart 1, stands out the positive contribution of Energy (0.37), mainly by a seasonal increase in electricity prices.

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In this context, we expect 1H November 2018 12-month headline inflation at 4.57%, lower than its previous reading of 4.87%. It is also important to note that 12-month core inflation decreases from 3.72% to 3.66%, staying within Banxico's inflation target range of 3.0% +/- 1%. Next Thursday November 22th INEGI will publish the inflation report for the period.

Chart 1. Inflation 1st Half November 2018

CPI	Bi-weekly variation (%)			Bi-weekly contribution (%)		
	Forecast Finamex	Observed 1H Nov 2018	Observed 1H Nov 2017	Observed 1H Nov 2016	Forecast Finamex	Observed 1H Nov 2018
Headline CPI	0.62	0.92	0.77	0.62	0.62	0.17
Core	0.23	0.28	0.23	0.17	0.17	0.11
Merchandise	0.27	0.33	0.21	0.11	0.11	0.06
Food, beverages and tobacco	0.24	0.26	0.20	0.05	0.05	0.06
Non-food merchandise	0.30	0.38	0.22	0.06	0.06	0.05
Services	0.18	0.24	0.25	0.06	0.06	0.01
Housing	0.09	0.09	0.09	0.01	0.01	0.00
Education (tuitions)	0.00	0.00	0.00	0.00	0.00	0.05
Other services	0.30	0.47	0.51	0.05	0.05	0.00
Non-core	1.81	2.79	2.47	0.45	0.45	0.08
Agriculture	0.78	1.08	0.67	0.08	0.08	0.07
Fruit and vegetables	1.60	2.48	1.26	0.07	0.07	0.01
Livestock	0.10	0.18	0.32	0.01	0.01	0.00
Energy and government approved fares	2.51	3.85	3.64	0.37	0.37	0.37
Energy	3.50	5.78	5.67	0.37	0.37	0.00
Government approved fares	0.06	0.16	0.03	0.00	0.00	

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

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