

Inflation Forecast 2H November 2018: 12-month headline inflation at 4.6%

According to our price monitor, we expect second half of November headline inflation at 0.10% and core at -0.04%. On Chart 1, stands out the positive contribution of Fruit and vegetables (0.16), offset by a negative contribution of Non-food merchandise (-0.06).

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In this context, we expect 2H November 2018 12-month headline inflation at 4.63%, higher than its previous reading of 4.56%. It is also important to note that 12-month core inflation decreases from 3.63% to 3.58%, staying within Banxico's inflation target range of 3.0% +/- 1%. Next Friday December 07th INEGI will publish the inflation report for the period.

Chart 1. Inflation 2nd Half November 2018

CPI	Bi-weekly variation (%)			Bi-weekly contribution (%)		
	Forecast Finamex	Observed 2H Nov 2018	Observed 2H Nov 2017	Observed 2H Nov 2016	Forecast Finamex	Observed 2H Nov 2018
Headline CPI	0.10	0.04	-0.04	-0.10	0.10	-0.03
Core	-0.04	0.00	-0.10	-0.03	-0.04	-0.03
Merchandise	-0.12	-0.03	-0.28	-0.05	-0.05	-0.06
Food, beverages and tobacco	0.07	0.24	0.08	0.01		
Non-food merchandise	-0.32	-0.26	-0.58	-0.06		
Services	0.04	0.04	0.06	0.01	0.01	0.00
Housing	0.08	0.12	0.12	0.01		
Education (tuitions)	0.00	0.00	0.00	0.00		
Other services	0.01	-0.04	0.02	0.00		
Non-core	0.53	0.13	0.14	0.13	0.13	0.16
Agriculture	1.60	-0.05	0.11	0.16	0.16	0.16
Fruit and vegetables	3.50	-0.07	-0.34	0.16		
Livestock	0.00	-0.04	0.38	0.00		
Energy and government approved fares	-0.21	0.24	0.16	-0.03	-0.03	-0.03
Energy	-0.30	0.35	0.17	-0.03		
Government approved fares	0.02	0.02	0.13	0.00		

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

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