

## Inflation Forecast 1H January 2019: 12-month headline inflation at 4.67%

According to our price monitor, we expect first half of January headline inflation at 0.25% and core at 0.16%. On Chart 1, stands out the positive contribution of Food, beverages and tobacco (0.10) and of Fruit and vegetables (0.10).

In this context, we expect 1H January 2019 12-month headline inflation at 4.67%, higher than its previous reading of 4.66%. It is also important to note that 12-month core inflation decreases from 3.73% to 3.72%, staying within Banxico's inflation target range of 3.0% +/- 1%. Next Thursday January 24th INEGI will publish the inflation report for the period.

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**Chart 1. Inflation 1st Half January 2019**

CPI	Bi-weekly variation (%)			Bi-weekly contribution (%)		
	Forecast Finamex	Observed		Forecast Finamex	Observed 1H Jan 2019	Difference
		1H Jan 2019	1H Jan 2018			
<b>Headline CPI</b>	<b>0.25</b>	<b>0.24</b>	<b>1.51</b>	<b>0.25</b>		
<b>Core</b>	<b>0.16</b>	<b>0.17</b>	<b>0.37</b>	<b>0.12</b>		
<b>Merchandise</b>	<b>0.36</b>	<b>0.42</b>	<b>0.58</b>	<b>0.14</b>		
Food, beverages and tobacco	0.50	0.56	0.82	0.10		
Non-food merchandise	0.22	0.29	0.38	0.04		
<b>Services</b>	<b>-0.06</b>	<b>-0.05</b>	<b>0.19</b>	<b>-0.02</b>		
Housing	0.12	0.14	0.15	0.02		
Education (tuitions)	0.33	0.19	0.32	0.01		
Other services	-0.30	-0.31	0.19	-0.05		
<b>Non-core</b>	<b>0.50</b>	<b>0.43</b>	<b>5.03</b>	<b>0.13</b>		
<b>Agriculture</b>	<b>1.19</b>	<b>-1.01</b>	<b>-1.02</b>	<b>0.13</b>		
Fruit and vegetables	1.85	-3.31	-3.31	0.10		
Livestock	0.57	0.57	0.34	0.03		
<b>Energy and government approved fares</b>	<b>0.00</b>	<b>1.32</b>	<b>8.88</b>	<b>0.00</b>		
Energy	-0.26	1.68	12.66	-0.03		
Government approved fares	0.65	0.58	1.81	0.03		

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

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