

Inflation Forecast: Fruit and vegetables increases are back in 1H March 2019

According to our price monitor, we expect 1H March 2019 headline inflation at 0.28%, with the core and non-core components at 0.15% and 0.67%, respectively. Within the core component, Merchandise prices have increased less than in previous periods, and Other services prices are not showing spring break seasonal effects as in 2018 due to a calendar adjustment. Within the non-core component, Gasoline prices (0.10) continue their positive trend while Fruit and vegetables reverted previous decreases (0.07) (see Chart 1).

As a result, 1H March 2019 y/y headline inflation forecast adjusts down 2 basis points, from 3.99% to 3.97%, while y/y core decreases 8 basis points from 3.56% to 3.48% and non-core inflation forecast increases 21 basis points from 5.36% to 5.57%.

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Chart 1. Inflation 1st Half March 2019

CPI	Bi-weekly variation (%)			Bi-weekly contribution (%)		
	Forecast Finamex	Observed 1H Mar 2019	Observed 1H Mar 2018	Observed 1H Mar 2017	Forecast Finamex	Observed 1H Mar 2019
Headline CPI	0.28	0.29	0.35	0.28	0.28	0.11
Core	0.15	0.24	0.31	0.11	0.11	0.05
Merchandise	0.13	0.15	0.44	0.05	0.05	0.03
Food, beverages and tobacco	0.14	0.10	0.37	0.03		
Non-food merchandise	0.12	0.19	0.50	0.02		
Services	0.17	0.31	0.20	0.06	0.06	0.02
Housing	0.12	0.12	0.13	0.02		
Education (tuitions)	0.00	0.00	0.01	0.00		
Other services	0.25	0.61	0.34	0.04		
Non-core	0.67	0.46	0.47	0.17	0.17	0.06
Agriculture	0.62	0.56	1.40	0.06	0.06	0.07
Fruit and vegetables	1.50	0.68	4.04	0.07		
Livestock	-0.11	0.49	-0.05	-0.01		
Energy and government approved fares	0.70	0.41	-0.07	0.10	0.10	0.10
Energy	0.95	0.55	-0.22	0.10		
Government approved fares	0.07	0.11	0.26	0.00		

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

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