

1st Fortnight July 2019 inflation forecast: Marginal increases in biweekly figures.

July 17th, 2019

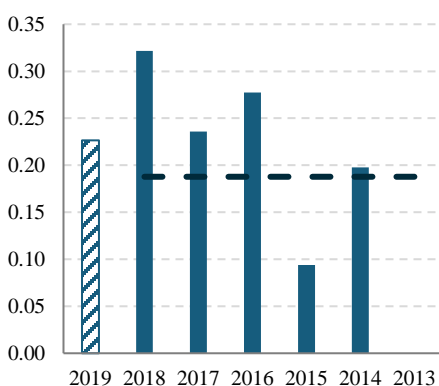
Based on our price monitor, we expect 1F July 2019 headline inflation at **0.23%**, with core and non-core inflation at **0.12%** and **0.55%**, respectively (see Figure 1 and Table 1).

Accordingly, *incidences* of the core and non-core components in our headline inflation forecast are 0.09 and 0.13 percentage points (pp), respectively (see Figure 2 and Table 1):¹

- Within the *core component*, an increase in Food, beverages and tobacco prices (0.04pp) stands out.
- Within the *non-core component*, Fruits and vegetables contribute 0.08pp to the increase.

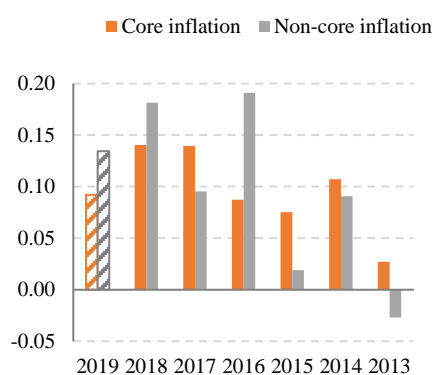
Our 12-month headline inflation forecast goes down from 3.89% to 3.80%, driven by decreases in both core and non-core inflation, from 3.83% to 3.76% and from 4.04% to 3.88%, respectively.

Figure 1. 1F July's inflation (%)



Source: INEGI and Finamex.

Figure 2. Inflation incidences (pp)



Source: INEGI and Finamex.

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¹ The sum of incidences can differ from the headline number due to rounding effects.

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Table 1. 1F July's inflation: Forecast and past prints

CPI	Bi-weekly variation (%)			Bi-weekly contribution (%)		
	Forecast Finamex	Observed		Forecast Finamex	Observed 1F Jul 2019	Difference
		1F Jul 2019	1F Jul 2018	1F Jul 2017		
Headline CPI	0.23		0.32	0.24	0.23	
Core	0.12		0.19	0.19	0.09	
Merchandise	0.12		0.19	0.04	0.05	
Food, beverages and tobacco	0.18		0.29	0.22	0.04	
Non-food merchandise	0.05		0.10	-0.12	0.01	
Services	0.13		0.19	0.31	0.05	
Housing	0.12		0.08	0.10	0.02	
Education (tuitions)	0.09		0.08	0.07	0.00	
Other services	0.14		0.34	0.62	0.02	
Non-core	0.55		0.71	0.39	0.13	
Agriculture	0.94		1.11	1.22	0.10	
Fruit and vegetables	1.76		3.92	2.74	0.08	
Livestock	0.30		-0.54	0.29	0.02	
Energy and government approved fares	0.26		0.48	-0.14	0.04	
Energy	0.36		0.69	-0.29	0.03	
Government approved fares	0.05		0.05	0.12	0.00	

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

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