
1st Fortnight November 2019 Inflation Forecast: Seasonal effects kicking in.

- **Based on our price monitor, we expect headline inflation for the 1st Fortnight of November 2019 at 0.66%, with core and non-core inflations at 0.17% and 2.16%, respectively** (see Figure 1 and Table 1).
- Accordingly, incidences of the core and non-core components in our headline inflation forecast are 0.13 and 0.53 percentage points (pp), respectively (see Figure 2 and Table 1):¹
 - a. Within the core component, Food, beverages and tobacco prices contribute 0.07 pp to our headline estimate.**
 - b. Within the non-core component, a seasonal –albeit lower than average– increase in Energy prices contributes 0.41 pp.**
- As a result, our 12-month headline inflation forecast increases from 3.03% to 3.08%. Within, 12-month core inflation slightly decreases from 3.69% to 3.67%, while non-core inflation resumes its upward trend, adjusting from 1.04% to 1.32%.

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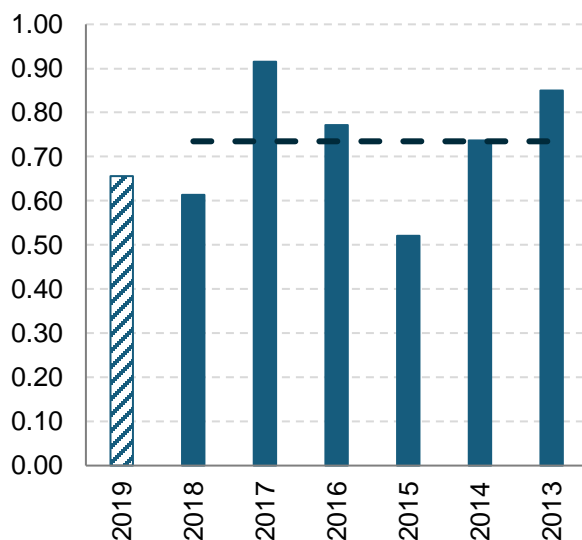
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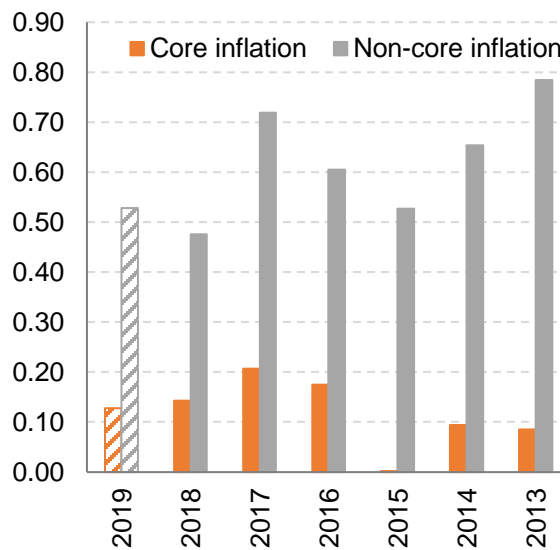
¹ The sum of incidences can differ from the headline number due to rounding effects.

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



Source: Finamex Economic Research with data from INEGI.

Figure 2. Inflation incidences (pp)



Source: Finamex Economic Research with data from INEGI.

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

CPI	Bi-weekly variation (%)			Bi-weekly contribution (%)		
	Forecast Finamex	Observed		Forecast Finamex	Observed 1F Nov 2019	Difference
		1F Nov 2019	1F Nov 2018			
Headline CPI	0.66	0.61	0.92	0.66		
Core	0.17	0.19	0.28	0.13		
Merchandise	0.23	0.24	0.33	0.09		
Food, beverages and tobacco	0.36	0.27	0.26	0.07		
Non-food merchandise	0.10	0.21	0.38	0.02		
Services	0.10	0.14	0.24	0.04		
Housing	0.10	0.12	0.09	0.02		
Education (tuitions)	0.00	0.00	0.00	0.00		
Other services	0.13	0.19	0.47	0.02		
Non-core	2.16	1.89	2.79	0.53		
Agriculture	1.17	1.40	1.08	0.12		
Fruit and vegetables	2.38	2.72	2.48	0.11		
Livestock	0.20	0.31	0.18	0.01		
Energy and government approved fares	2.88	2.22	3.85	0.41		
Energy	4.11	3.09	5.78	0.41		
Government approved fares	0.05	0.05	0.16	0.00		

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

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