

Banxico Flash

Mexico

Neutral policy stance as a result of Board members' opposed opinions

- The Board sends a clear message of neutrality concerning its policy stance. Consensus on the convenience of the current policy stance, or even a tightening one if necessary, was reached. A rate cut remains as a bias.
- The neutrality stance is the resulting position after a myriad of opinions regarding the inflation balance of risks. Exchange rate future path and its effects on prices was a relevant discussion point too.
- The minute confirms our assessment that there had been incongruous to cut the fondo rate on December 2nd after the USD auctions announced by the Exchange Commission.
- Based on the debate across the Board over the economic activity and, in particular, over the inflation balance of risks, we consider that, unless global economic activity deteriorates, the possibility of a rate cut has diminished. However, it is worth noting that a further impairment in economic growth can not be dismissed.

Arnoldo López Marmolejo
arnoldo.lopez@bbva.com

Iván Martínez Urquijo
ivan.martinez.2@bbva.com

Av. Universidad 1200, Col. Xoco, México 03339 D.F. | researchmexico@bbva.bancomer.com | www.bbvaereasearch.com | Síguenos en Twitter

Disclaimer

This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) BBVA Research and BBVA Bancomer S. A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer on behalf of itself and is provided for information purposes only. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA Bancomer, and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.