

# Market Expectations Survey (REM)

June 2019



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

The Market Expectations Survey (REM) consists of a systematic follow-up of the main short and medium term macroeconomic forecasts usually made by domestic and foreign expert analysts on the evolution of selected variables of the Argentine economy compiled by the Central Bank of Argentina (BCRA).

The survey includes the expectations about retail prices, interest rate, nominal exchange rate, economic activity and the primary result of the domestic non-financial public sector.

This report, published on July 2, 2019, discloses the results of the survey made from June 26 to 28. It encompasses the forecasts made by 54 participants (6 more than on the previous occasion), including 33 consulting firms and domestic research centers, 14 financial institutions from Argentina and 7 foreign analysts.<sup>1</sup>

---

<sup>1</sup> The monthly results and the list of analysts authorized to participate in the survey are published in the [Internet Site of the BCRA](#). For enquiries, please write to [rem@bcra.gob.ar](mailto:rem@bcra.gob.ar).

# Market Expectations Survey (REM) Results

June 2019

In June, the forecast median of market analysts for the next 12 months stood at 30.0% year-on-year (y.o.y., -1.0 p.p. against the previous survey), while their median for the next 24 months stood at 22.1% y.o.y. (-0.5 p.p.).

Specialists estimate that June inflation would have been 2.6% monthly (-0.1 p.p. against the previous survey), a change rate that is below the rate recorded during the first months of the year (3.6% monthly, on average). For the second half of the year, monthly inflation is expected to go down progressively to 2.1% in November, with a slight increase in December to 2.2%.

For 2019, REM's analysts anticipate that core and headline inflation will be 40.0% y.o.y. and 41.5% y.o.y. respectively (-0.3 p.p. and +1.0 p.p. if compared to the REM of May). In terms of inflation expectations for 2020, analysts anticipate that headline inflation will stand at 27.0% y.o.y. (+0.9 p.p.) while core inflation will reach 26.0% y.o.y. (+1.2 p.p.). Moreover, the inflation forecasts prepared by REM's analysts for 2021 went up to 20.0% y.o.y. in the case of headline inflation and to 18.9% y.o.y. in the case of core inflation (up 0.9 p.p. and 0.8 p.p. against the previous survey, respectively).

REM's analysts forecast a change of the real Gross Domestic Product (GDP) for 2019 of -1.4% (estimating a drop that would be 0.1 p.p. below the -1.5% drop forecasted in May); at the same time, they revised upward their estimated growth for 2020 to 2.2% (before it was 2.0%), while they have kept the expansion expectation for 2021 unchanged at 2.5%. Likewise, they revised downward their GDP quarter-on-quarter change expectations (seasonally-adjusted) at constant prices for the second quarter of 2019 (from 1.0% seasonally-adjusted to 0.7% seasonally-adjusted), but revised upwards their expectation for the third quarter (from 0.4% seasonally-adjusted to 0.5% seasonally-adjusted). In turn, the first survey of GDP expansion expectation for the fourth quarter stood at 0.4% seasonally-adjusted.

REM's participants have revised downwards their forecasts on the monetary policy interest rate and, for July, they estimate an average rate of 61.65% for LELIQs in pesos (-6.25 p.p. against the REM of May) and a declining path to reach 55% in December 2019 (keeping the value of the previous survey unchanged).

As regards the nominal exchange rate forecast, analysts anticipate an average value of \$44.1/US\$1 in July (-\$2.8 per dollar against the previous REM), with an increasing trend to \$50.2/US\$1 in December (-\$0.8 per dollar against the previous survey).

Finally, participants forecasted a primary fiscal deficit of \$101.4 billion for 2019 (up \$1.4 billion in terms of the deficit against the latest REM) and a surplus of \$130 billion for 2020 (up \$7 billion in terms of surplus against the previous survey).

# 1. Definition of the main statistics

The statistics of the forecasts for each variable/period are as follows:

a. Median:

The median is a measure of position of the variable which, if the group of numbers is ordered as per value from the smallest to the largest, it leaves 50% of answers below it and 50% of answers on top of it. It is worth mentioning that this measure is not sensitive to extreme values.

b. Average:

The average of each variable is the addition of all values divided by the number of answers.

c. Deviation:

The standard deviation is the measure of dispersion of values against the average value.

d. Percentile:

It is a measure of position that leaves a certain percentage (10, 25, 75 and 90%) of the variable with answers below the corresponding percentile and the rest of answers on top of such value.

All together, these measures contribute to a better understanding of the distribution of answers.