

Attention Mexico

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1 Data

In this section I analyze the descriptive statistics of the *Encuesta de Expectativas de los Especialistas del Sector Privado*, which is a survey of professional forecasters conducted monthly by the Banco de Mexico (Banxico).

In particular, I study the microdata available at the Banco de Mexico webpage. The time series starts from 1999, but between 1999 and 2004, there is not data available for the last month of each year. As a result, I decided to analyze the time series from 2005:1 to 2018:11.

1.1 Inflation Forecast

Every month the forecasters should confirm or update a forecast of the inflation rate at the end of the year. There are some forecasters that participate in the survey only for few months and other that participate every month. According to the data from the Banxico, between 2005 and 2018, the mean of total participants is 32.65, with a maximum of 39 and a minimum of 22. This numbers are different from the number of answers I analyze from the microdata. Accordingly, the mean of the number of answers from 2005 to 2018 is 32.62, with a maximum of 45 and a minimum of 12.

Figure 1 shows in blue the number of participants according to the Banco de Mexico. Black line shows the number of answers analyzed from the microdata. It can be observed, that every year the total number of participants in the survey declines from January to December. . The maximum is observed in January and the minimum in December.

1.1.1 Forecast Revisions

Let $\hat{y}_{i,h}$ be agent's i forecast of annual inflation for a given year measured on month h , I measure updates I use the following indicator to measure the proportion of updaters:

$$r_{io,h} = \begin{cases} 1, & \text{if } \hat{y}_{i,h} \neq \hat{y}_{i,h+1} \\ 0, & \text{otherwise} \end{cases}$$

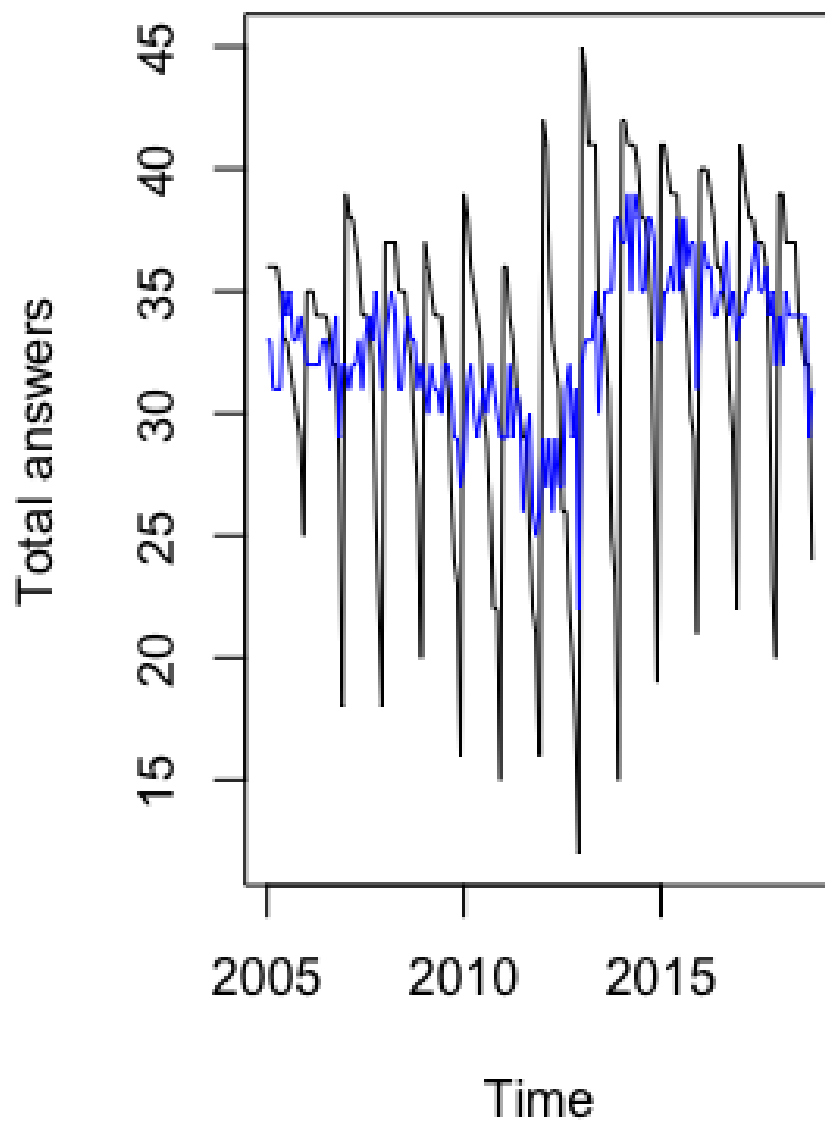


Figure 1: Total Participants

Figure 2 shows the proportion of updaters among participants. It can be observed that the proportion of updaters are usually above 0.7, with the exception of the period from 2010 to 2012, when the proportion of updaters remains even below 0.6 until October 2012 when reached its minimum 0.45.

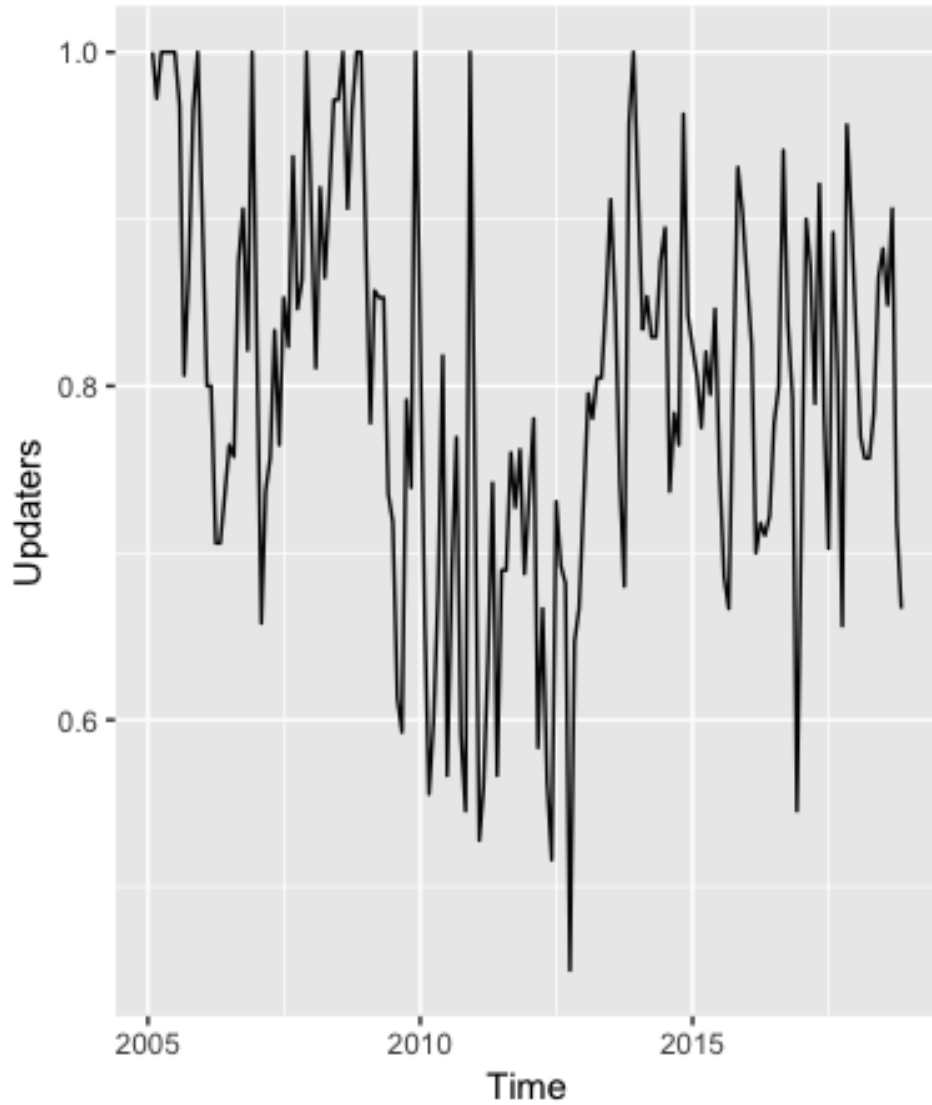


Figure 2: Proportion of Updaters among Frequent Participants

The mean of the proportion of updaters is 0.79. This findings are different from Giaco-

mini et al (2016) who found that, on average, 40% to 50% of participants in the Bloomberg’s Economic Forecasts ECFC survey of professional forecatsers update at least once a month their forecast fro US annual inflation . Andrade and Le Bihan (2013) found that the average of the probability of forecast revision across horizon dates 72% for inflation rate.

1.1.2 Information Rigidity

$$ForecastError_t = \beta_0 + \beta_1 ForecastRevision_t + \epsilon_t \quad (1)$$

Table 1: Aggregated Information Rigidity Test

	<i>Dependent variable:</i>
	Forecast Error
Forecast Revision	1.640*** (0.372)
Constant	0.086* (0.052)
Observations	153
R ²	0.114
Adjusted R ²	0.108
Residual Std. Error	0.635 (df = 151)
F Statistic	19.432*** (df = 1; 151)
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01

1.2 GDP Forecast

From 2007 to 2018, the average of participants in the GDP variation forecast is 31.8 with a maximum of 46 and a minimum of 11 answers.

1.2.1 GDP Forecast Update

Figure 4 shows the proportion of GDP variation updaters from 2007 to 2018. It can be observed that the proportion is very high during the US recession period, but falls after 2010. The average of updaters is 54.5% which is significantly lower than the average of updaters in inflation.

Table 2:

	<i>Dependent variable:</i>
	Forecast Error
consensus	1.548*** (0.386)
consensus_1	-1.489*** (0.409)
Constant	-0.152 (0.273)
Observations	153
R ²	0.119
Adjusted R ²	0.107
Residual Std. Error	0.635 (df = 150)
F Statistic	10.095*** (df = 2; 150)
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01

Table 3: Bias Test

	<i>Dependent variable:</i>
	<i>Consensus_t</i>
<i>AnnualInflation_{t-1}</i>	0.642*** (0.038)
Constant	1.382*** (0.161)
Observations	166
R ²	0.638
Adjusted R ²	0.636
Residual Std. Error	0.502 (df = 164)
F Statistic	289.599*** (df = 1; 164)
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01

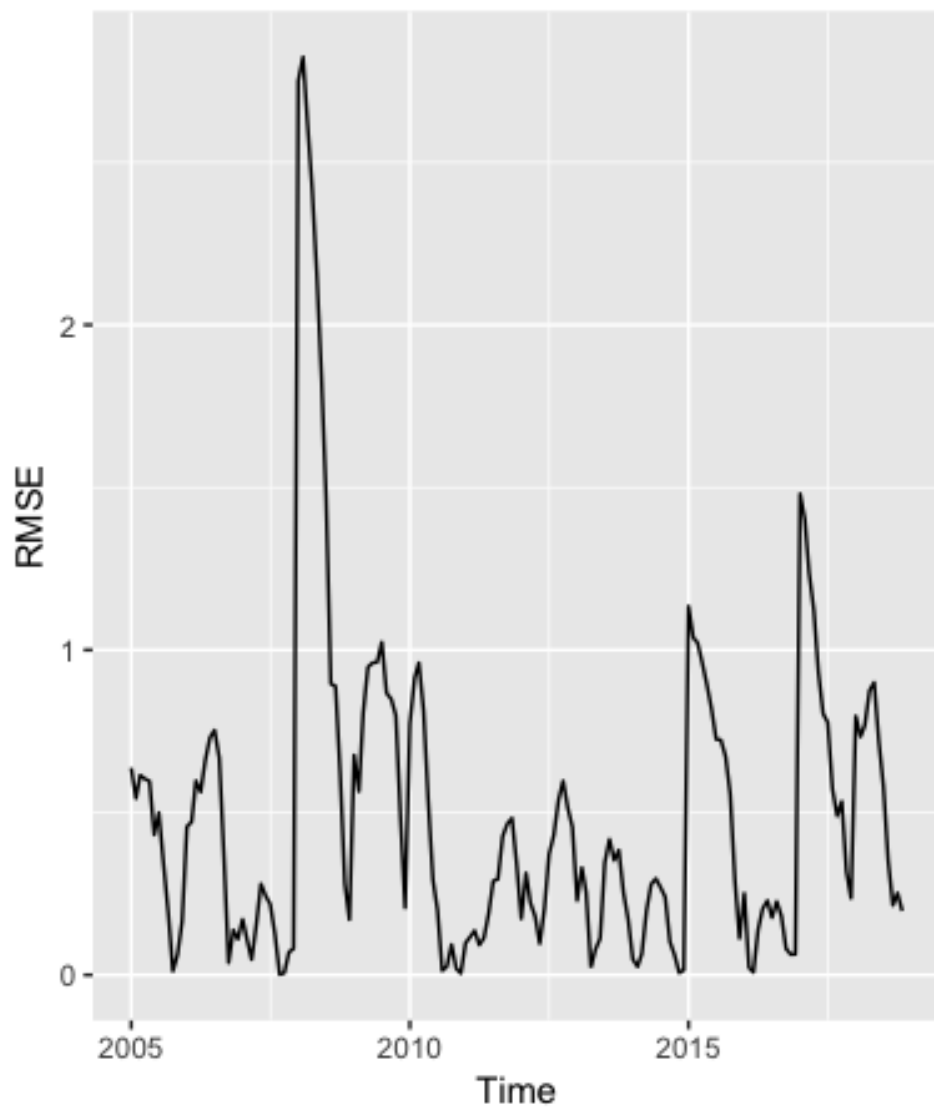


Figure 3: MSEF Inflation

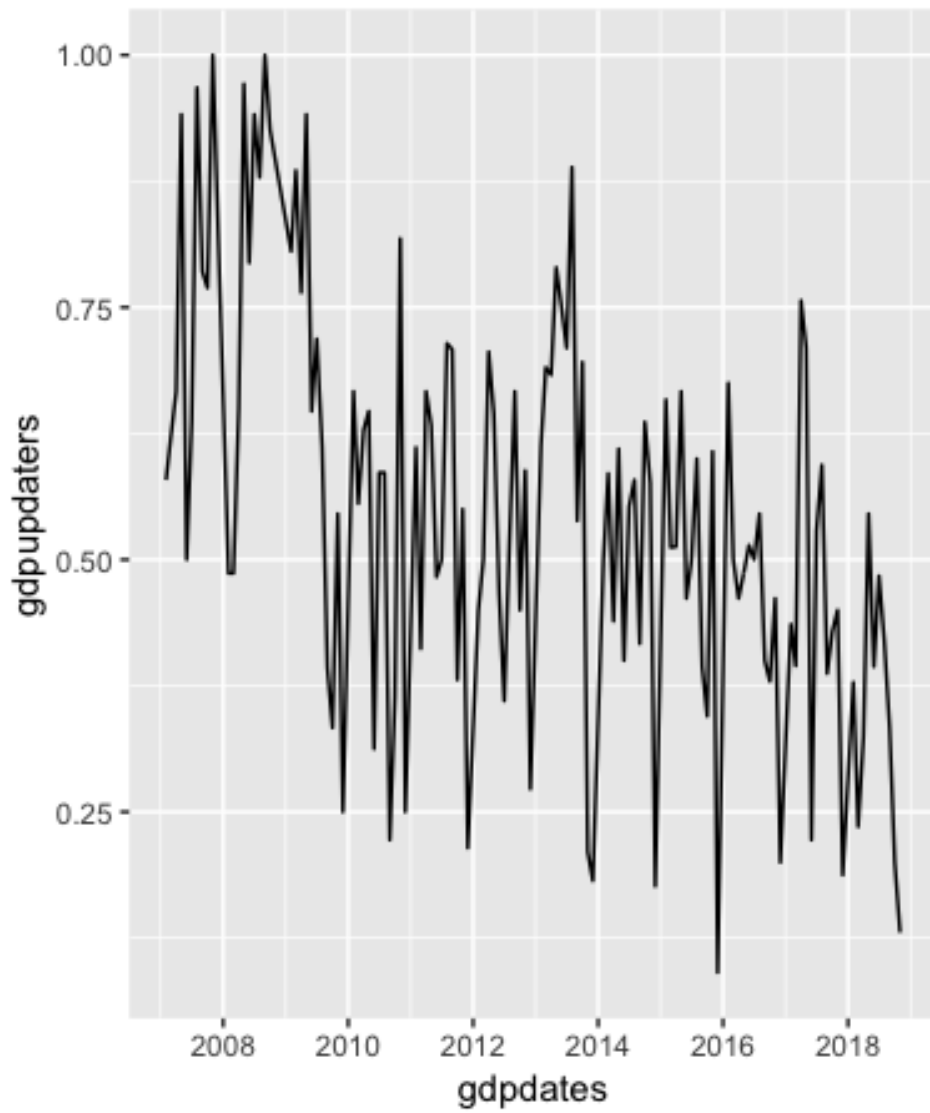


Figure 4: GDP Forecast Updaters

1.3 Forecast One year ahead

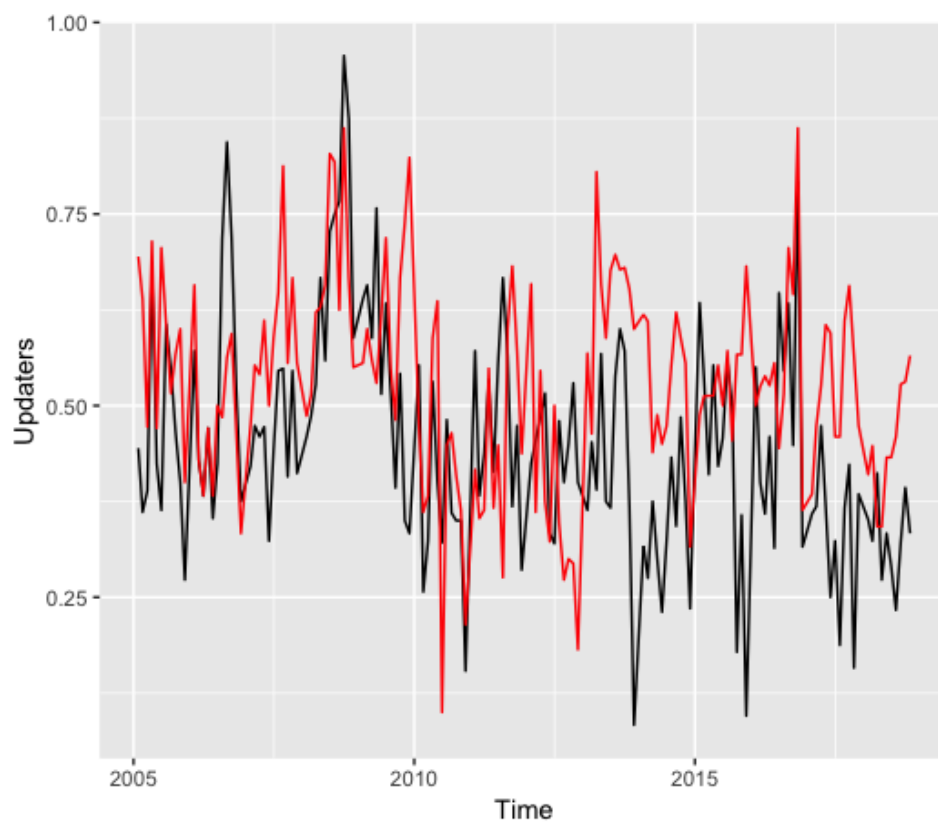


Figure 5: GDP (black) and Inflation (red) Forecast Updaters Next Year

1.4 Heterogeneity

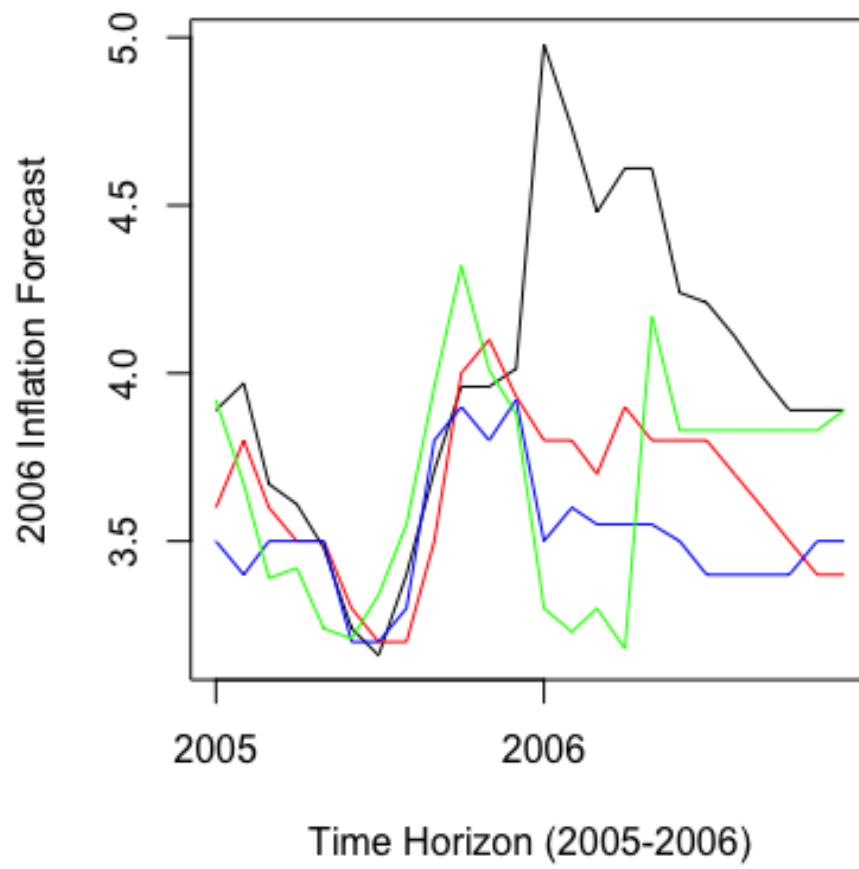


Figure 6: 2006 Inflation forecast 2005-2006, different forecasters