



**ECONOMIC EXPECTATIONS SURVEY  
TO THE PANEL OF PRIVATE ANALYSTS  
- EEE (For its acronym in Spanish) -**

**MAY 2011**

The *Economic Expectations Survey to the Private Panel of Analysts* is held monthly in order to obtain the opinion of national and international analysts, regarding the behavior of some of the macroeconomic variables in the country. Said survey is extremely useful, given the importance that the expectations of the economic agents have in the behavior of the economic activity of the country.

In the first part of this note, we present the inflation expectations and the annual and quarterly economic activity, held between the second and fourth week of May 2011.

In the second part, the confidence index of the economic activity is presented, which was made based on the referred survey.

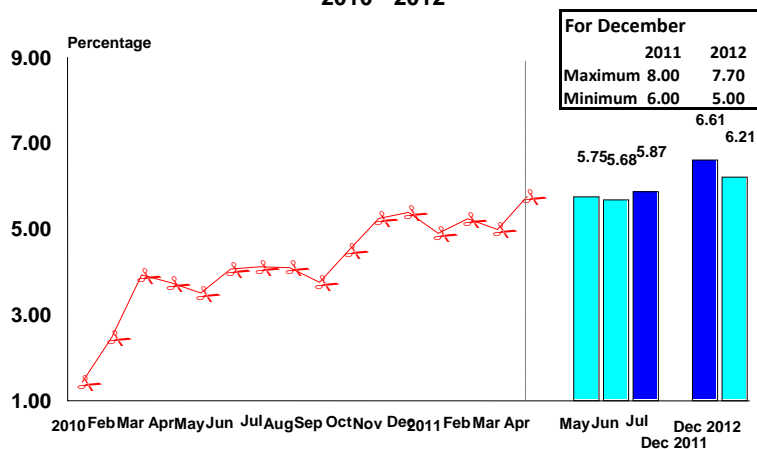
**I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY**

**1. INFLATION**

The Economic analysts surveyed foresee a y-o-y inflation of 5.75% for May 2011 with a maximum value of 6.53% and a minimum of 5.25%; while for June 2011, they estimate that it will reach 5.68%. For December 2011, the analysts forecast an average inflation of 6.61%, registering a maximum value of 8.00% and a minimum of 6.00%. For December 2012, they consider it could reach 6.21%, with a maximum value of 7.70% and a minimum value of 5.00%.

On the other hand, the economic analysts estimated that for May 2012, inflation would be at 5.96%; while for May 2013, this could be at 5.74%.

### INFLATION OBSERVED AND EXPECTATIONS 2010 - 2012

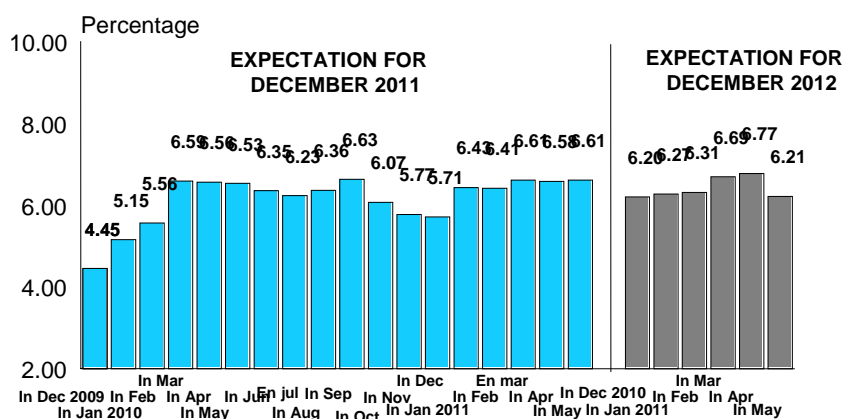


Source: Banco de Guatemala and Economic Expectations Survey to the Panel of Private Analysts. (EEE).

When comparing the results of this survey obtained last month, it was observed that the expected y-o-y inflation for May 2011 remained the same as in the April 2011 survey; while for June 2011 it decreased by 0.20 percentage points (5.88% in the previous survey).

For the end of 2011, the expected y-o-y inflation increased by 0.03 percentage points (6.58% in the previous survey), whereas for December 2012 it decreased by 0.56 percentage points (6.77% in the previous survey).

### INFLATION EXPECTATIONS FOR DECEMBER 2011 AND FOR DECEMBER 2012 RESULTS FOR THE SURVEY IN THE MONTH INDICATED



Source: Economic Expectations Survey to the Panel of Private Analysts (EEE).

In the opinion of the interviewed analysts, the main factors that could explain the forecast of inflation for 2011 are the international price of oil, the prices of fuel, the price of commodities and the performance of the fiscal policy.

#### FACTORS THAT COULD EXPLAIN THE INFLATION FORECAST FOR DECEMBER 2011

-In percentage

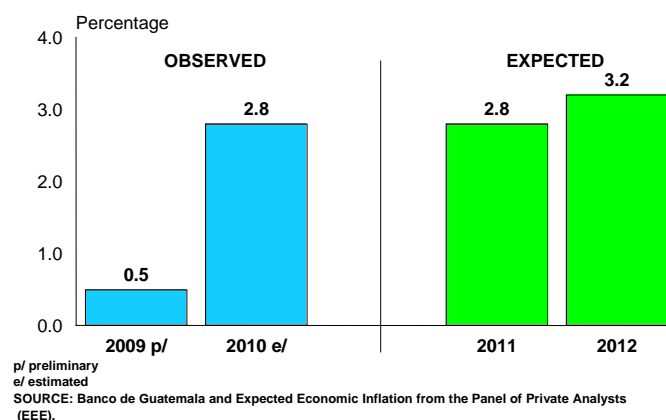
FACTORS	January	February	March	April	May
International price of oil	17.19	18.03	19.77	16.67	18.06
Fuel prices	15.63	16.39	18.61	16.67	18.06
Commodities prices	14.06	18.03	16.28	14.82	15.28
Fiscal Policy Performance	14.06	14.75	10.45	11.10	13.89
Monetary Policy Performance	12.50	11.48	8.14	9.26	9.72
Climate conditions	7.81	8.20	8.14	9.26	8.33
Seasonality of agricultural products	4.69	4.92	6.98	9.26	6.94
Nominal exchange rate	9.38	6.56	4.65	9.26	5.56
Others	4.68	1.64	6.98	3.70	4.16
TOTAL	100.00	100.00	100.00	100.00	100.00

## 2. ECONOMIC ACTIVIDAD

### 2.1 GROSS ANNUAL DOMESTIC PRODUCT

In May 2011, the private analysts estimated that the economic activity for said year, measured by the Real Gross Domestic Product, would register growth of 2.8%, higher by 0.1 percentage points to the forecasted in the previous survey (2.7%). For 2012, the expected growth is of 3.2%, higher by 0.1 percentage points to the forecasted in the previous survey from April 2011 (3.1%).

#### GROWTH OF THE REAL GROSS DOMESTIC PRODUCT OBSERVED IN 2009 AND 2010 AND EXPECTED FOR 2011 AND 2012



According to the analysts interviewed, the main factors that could promote economic activity in 2011 are the international price of oil, the levels of the interest rates (domestic and foreign), the performance of the fiscal policy, the price of fuels, the strengthening of the domestic market and the execution of mega-projects.

#### FACTORS THAT CAN PROMOTE THE ECONOMIC ACTIVITY RATE IN 2011

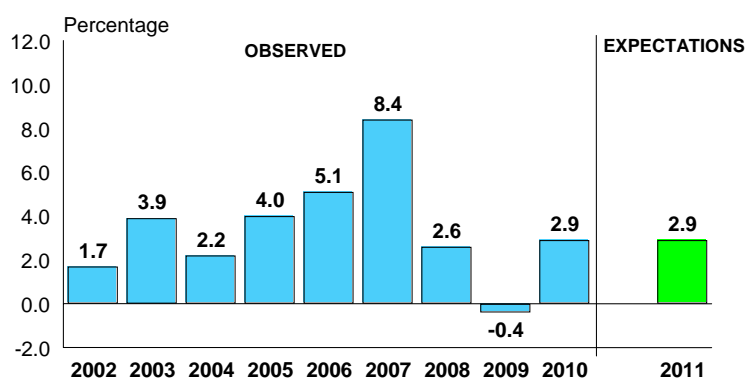
-In percentage-

FACTORS	January	February	March	April	May
International Price of Oil	10.87	13.04	12.72	15.00	15.38
Levels of the interest rate (domestic and foreign)	10.87	6.52	16.36	12.50	13.46
Performance of the fiscal policy	17.39	13.04	10.91	12.50	13.46
Prices for fuels	13.04	10.87	9.09	15.00	11.54
Strengthening of the domestic markets	8.70	13.04	14.55	10.00	11.54
Execution of megaprojects	8.70	8.70	10.91	7.50	11.54
Stability in the nominal exchange rate	13.04	13.04	9.09	12.50	7.69
Stability in the general level of prices	10.87	8.70	9.09	12.50	5.77
FTA with the United States of America	4.35	8.70	3.64	2.50	3.85
Others	2.17	4.35	3.64	0.00	5.77
TOTAL	100.00	100.00	100.00	100.00	100.00

## 2.2 QUARTERLY GROSS DOMESTIC PRODUCT

In May 2011, the private analysts estimated that the growth of the real quarterly GDP corresponding to the first quarter of 2011, will register a 2.9% higher by 0.1 percentage points regarding the survey in April 2011(2.8%).

#### GROWTH OF THE REAL GROSS DOMESTIC PRODUCT FOR THE FIRST QUARTER OBSERVED FROM 2002 TO 2010 AND EXPECTATIONS FOR THE FIRST QUARTER 2011 GROWTH RATE



Source. Banco de Guatemala and Economic Expectations Survey to the Panel of Private Analysts. (EEE).

## II. CONFIDENCE INDEX OF THE ECONOMIC ACTIVITY FROM THE PANEL OF PRIVATE ANALYSTS

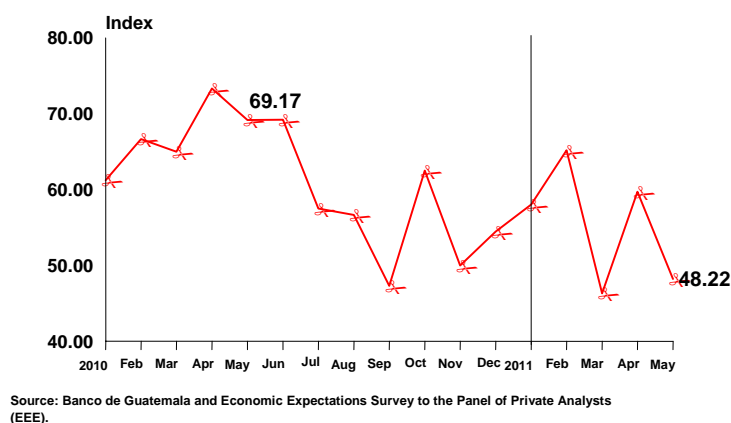
The Confidence Index of the Economic Activity from the Panel of Private Analysts has the purpose of measuring the perception on the current economic situation and the environment for business that the interviewed economic analysts have, which is compared with the prevailing index in the recent past. It also pursues obtaining an appreciation on the economic evolution of the country in the near future. For that purpose, the private analysts were asked a series of questions, which results are as follows:

#### INDICATORS ON THE CONFIDENCE LEVEL

Pregunta	2010												2011				
	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre	Enero	Febrero	Marzo	Abril	Mayo
8. ¿Cómo considera que evoluciona el clima de los negocios para las actividades productivas del sector privado en los próximos seis meses en comparación con los pasados seis meses?																	
	Mejorará	40.0%	41.7%	50.0%	46.7%	46.7%	53.8%	6.7%	6.7%	0.0%	0.0%	21.4%	28.6%	21.4%	0.0%	22.2%	0.0%
	Igual	60.0%	58.3%	50.0%	53.3%	40.0%	38.5%	73.3%	73.3%	78.6%	91.7%	64.3%	35.7%	71.4%	70.6%	77.8%	78.6%
9. ¿Considera usted que actualmente la economía del país está mejor que hace un año?																	
	Si	50.0%	75.0%	50.0%	86.7%	93.3%	69.2%	80.0%	100.0%	71.4%	83.3%	75.0%	92.9%	100.0%	78.6%	82.4%	77.8%
	No	50.0%	25.0%	50.0%	13.3%	6.7%	30.8%	20.0%	0.0%	28.6%	16.7%	25.0%	7.1%	0.0%	21.4%	17.6%	22.2%
10. ¿Espera usted que la evolución económica del país mejore durante los próximos seis meses?																	
	Si	80.0%	66.7%	80.0%	66.7%	66.7%	76.9%	53.3%	40.0%	35.7%	66.7%	41.7%	35.7%	35.7%	71.4%	29.4%	55.6%
	No	20.0%	33.3%	20.0%	33.3%	33.3%	23.1%	46.7%	60.0%	64.3%	33.3%	58.3%	64.3%	64.3%	28.6%	70.6%	44.4%
11. ¿Cómo considera que sea la coyuntura actual de las empresas en el país para efectuar inversiones?																	
	Buen momento	20.0%	25.0%	30.0%	46.7%	26.7%	30.8%	20.0%	6.7%	7.1%	8.3%	8.3%	7.1%	14.3%	28.6%	5.9%	0.0%
	No está seguro	50.0%	58.3%	50.0%	40.0%	46.7%	53.8%	66.7%	73.3%	71.4%	91.7%	75.0%	57.2%	71.4%	50.0%	64.7%	88.9%
11. ¿Cómo considera que sea la coyuntura actual de las empresas en el país para efectuar inversiones?																	
	Mal momento	30.0%	16.7%	20.0%	13.3%	26.7%	15.4%	13.3%	20.0%	21.4%	0.0%	16.7%	35.7%	14.3%	21.4%	29.4%	11.1%

In May 2011, the confidence index level of the economic activity<sup>1</sup> was at 48.22, index lower by 19.27%, regarding the registered in April 2011 (59.73) and lower by 30.29% regarding the observed in May 2010 (69.17).

#### CONFIDENCE INDEX OF THE ECONOMIC ACTIVIDAD JANUARY 2010 TO MAY 2011



<sup>1</sup> The index is made based on four questions. Their calculation is derived from considering sub-indexes for each question; same that result from the balance of answers that are obtained subtracting, for each question, the percentage of positive answers, the percentage of negatives and add a constant of 100, with the purpose of avoiding negative quantities. The sub-indexes obtained this way for each question are averaged and the trust index results from expressing said average value as a percentage of the maximum possible average.

**CONFIDENCE INDEX OF THE ECONOMIC ACTIVITY  
FOR THE PRIVATE SECTOR  
JANUARY 2010 - MAY 2011**

Month	Index	Percent change (%)		
		1-m-% change	y-o-y % change	Accumulated
2010				
January	61.25	16.67	236.91	16.67
February	66.67	8.85	433.36	26.99
March	65.00	-2.50	333.33	23.81
Apri	73.34	12.83	433.38	39.70
May	69.17	-5.69	268.91	31.75
June	69.23	0.09	361.53	31.87
July	57.50	-16.94	199.17	9.52
August	56.67	-1.44	51.12	7.94
September	47.32	-16.50	72.07	-9.87
October	62.50	32.08	79.96	19.05
November	50.00	-20.00	33.33	-4.76
December	54.47	8.94	3.75	3.75
2011				
January	58.04	6.55	-5.24	6.55
February	65.18	12.30	-2.23	19.66
March	46.33	-28.92	-28.72	-14.94
April	59.73	28.92	-18.56	9.66
May	48.22	-19.27	-30.29	-11.47