



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

**JUNE 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 June 2011.

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

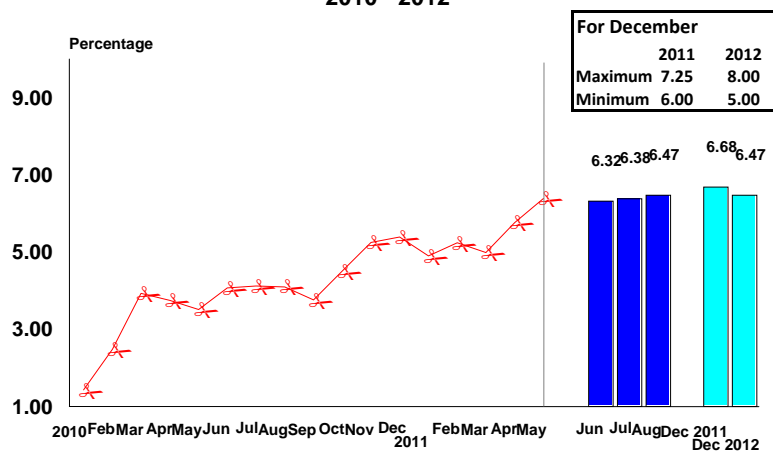
**I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY**

**1. INFLATION**

The Economic analysts surveyed foresee a y-o-y inflation of 5.96% for June 2011 with a maximum value of 7.01% and a minimum of 5.90%; while for July 2011, they estimate that it will reach 6.38%. For December 2011, the analysts forecast an average inflation of 6.68%, registering a maximum value of 7.25% and a minimum of 6.00%. For December 2012, they consider it could reach 6.47%, with a maximum value of 8.00% and a minimum value of 5.00%.

On the other hand, the economic analysts estimated that for June 2012, inflation would be at 6.38%; while for June 2013, this could be at 6.16%.

### INFLATION OBSERVED AND EXPECTED 2010 - 2012

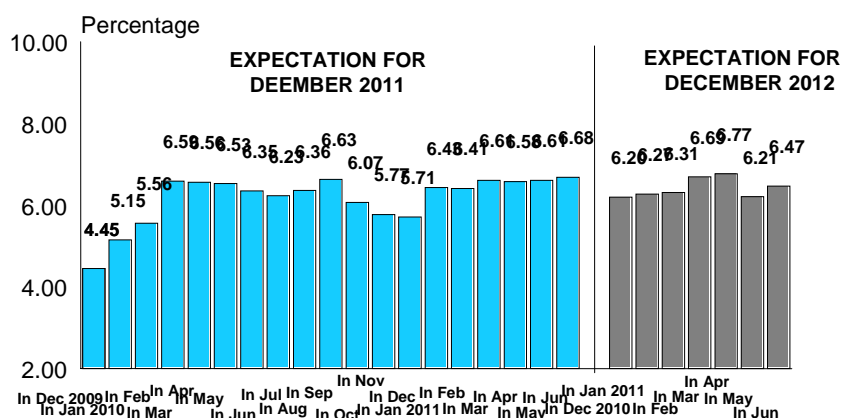


Source: Banco de Guatemala and Economic Expectations Survey to the Panel of Private Analysts. (EEE).

When comparing the results of this survey obtained last month, it was observed that the expected y-o-y inflation for June 2011 increased by 0.64 percentage points (5.68% in the May survey); while July 2011 it increased by 0.51 percentage points (5.87% in the previous survey).

For the end of 2011, the expected y-o-y inflation increased by 0.07 percentage points (6.61% in the previous survey), whereas for December 2012 it increased by 0.26 percentage points (6.21% in the previous survey).

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



Source: Survey of Economic Expectations 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 prices of fuel, the price of commodities, the international price of oil, and the performance of the fiscal policy.

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

-In percentage-

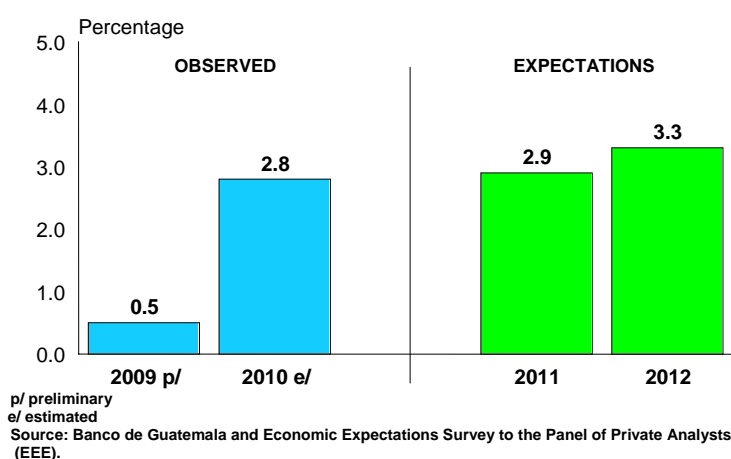
| FACTORS                              | January | February | March  | April  | May    | June   |
|--------------------------------------|---------|----------|--------|--------|--------|--------|
| Prices of fuels                      | 15.63   | 16.39    | 18.61  | 16.67  | 18.06  | 16.90  |
| Prices for commodities               | 14.06   | 18.03    | 16.28  | 14.82  | 15.28  | 15.49  |
| International price of oil           | 17.19   | 18.03    | 19.77  | 16.67  | 18.06  | 14.09  |
| Performance of the fiscal policy     | 14.06   | 14.75    | 10.45  | 11.10  | 13.89  | 11.27  |
| Seasonality of agricultural products | 4.69    | 4.92     | 6.98   | 9.26   | 6.94   | 9.86   |
| Performance of the monetary policy   | 12.50   | 11.48    | 8.14   | 9.26   | 9.72   | 8.45   |
| Nominal exchange rate                | 9.38    | 6.56     | 4.65   | 9.26   | 5.56   | 8.45   |
| Climate conditions                   | 7.81    | 8.20     | 8.14   | 9.26   | 8.33   | 8.45   |
| Other                                | 4.68    | 1.64     | 6.98   | 3.70   | 4.16   | 7.04   |
| TOTAL                                | 100.00  | 100.00   | 100.00 | 100.00 | 100.00 | 100.00 |

## 2. ECONOMIC ACTIVITY

### 2.1 ANNUAL GROSS DOMESTIC PRODUCT

In June 2011, the private analysts estimated that the economic activity for said year, measured by the Real Gross Domestic Product, would register growth of 2.9%, higher by 0.1 percentage points to the forecasted in the previous survey (2.8%). For 2012, the expected growth is of 3.3%, higher by 0.1 percentage points regarding the survey in May 2011 (3.2%).

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



According to the analysts interviewed, the main factors that could promote economic activity in 2011 are the strengthening of the domestic market, the levels of the interest rates

(domestic and foreign), the performance of the fiscal policy, the price of fuels, the international price of oil, the stability in the general level of prices and the stability in the exchange rate.

#### FACTORS THAT COULD INFLUENCE THE ECONOMIC ACTIVITY RATE IN 2011

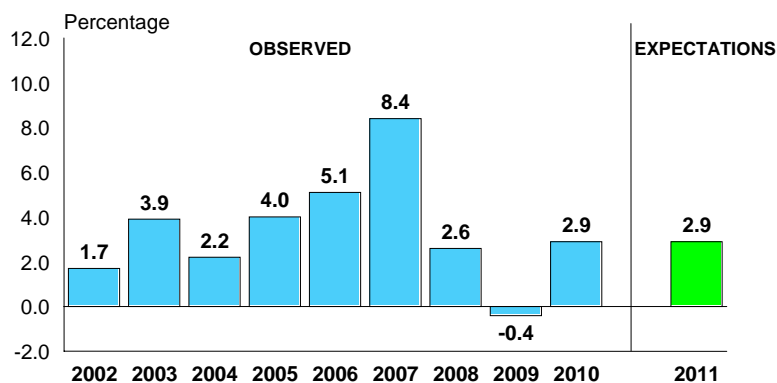
-In percentage-

| FACTORS   | January | February | March  | April  | May    | June   |
|---|---------|----------|--------|--------|--------|--------|
| Strengthening of the domestic market                | 8.70    | 13.04    | 14.55  | 10.00  | 11.54  | 17.24  |
| Levels of the interest rates (domestic and foreign) | 10.87   | 6.52     | 16.36  | 12.50  | 13.46  | 15.52  |
| Performance of the fiscal policy                    | 17.39   | 13.04    | 10.91  | 12.50  | 13.46  | 10.34  |
| Prices of fuels                                     | 13.04   | 10.87    | 9.09   | 15.00  | 11.54  | 10.34  |
| International price of oil                          | 10.87   | 13.04    | 12.72  | 15.00  | 15.38  | 10.34  |
| Stability in the general level of prices            | 10.87   | 8.70     | 9.09   | 12.50  | 5.77   | 10.34  |
| Stability in the nominal exchange rate              | 13.04   | 13.04    | 9.09   | 12.50  | 7.69   | 10.34  |
| Execution of megaprojects                           | 8.70    | 8.70     | 10.91  | 7.50   | 11.54  | 8.63   |
| FTA with the United States of America               | 4.35    | 8.70     | 3.64   | 2.50   | 3.85   | 5.18   |
| Other   | 2.17    | 4.35     | 3.64   | 0.00   | 5.77   | 1.73   |
| TOTAL   | 100.00  | 100.00   | 100.00 | 100.00 | 100.00 | 100.00 |

## 2.2 QUARTERLY GROSS DOMESTIC PRODUCT

In June 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% remaining equal to the survey in May 2011.

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

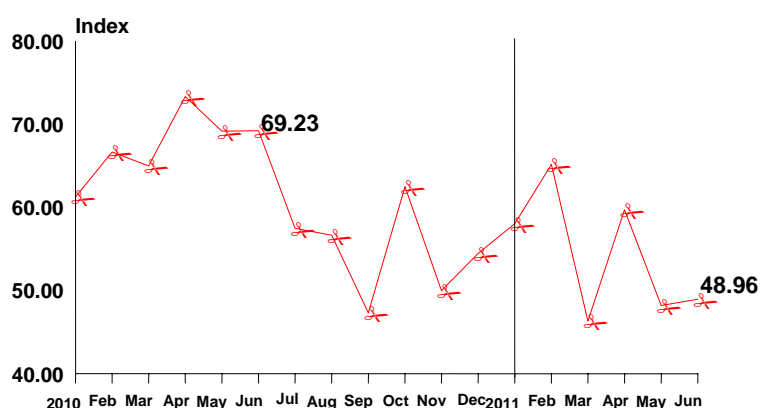
for business that the interviewed economic analysts have, which is compared with the prevailing index in the recent past. It also pursues obtaining an appreciation on the economic evolution of the country in the near future. For that purpose, the private analysts were asked a series of questions, which 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  | Junio |
| 8. ¿Cómo considera que evolucione 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%      | 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%     | 75.0%     | 64.3% | 35.7%   | 71.4% | 70.6% | 77.8% | 91.7% |
| 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% | 85.7% |
|  | 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% | 14.3% |
| 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% | 28.6% |
|  | 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% | 71.4% |
| 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%  | 7.1%  |
|  | 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% | 64.3% |
|  |                |         |       |       |       |       |       |        |            |         |           |           |       |         |       |       |       |       |
|  | 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% | 28.6% |
|  |                |         |       |       |       |       |       |        |            |         |           |           |       |         |       |       |       |       |

In June 2011, the confidence index level of the economic activity<sup>1</sup> was at 48.96, index higher by 1.53%, regarding the registered in May 2011 (48.22) and lower by 29.28% regarding the observed in June 2010 (69.23).

#### CONFIDENCE INDEX OF THE ECONOMIC ACTIVITY JANUARY 2010 TO JUNE 2011



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

<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 FROM THE PRIVATE SECTOR  
JANUARY 2010 - JUNE 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       |
| April     | 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      |
| June      | 48.96 | 1.53               | -29.28         | -10.12      |