



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

SEPTEMBER 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 September 2011.

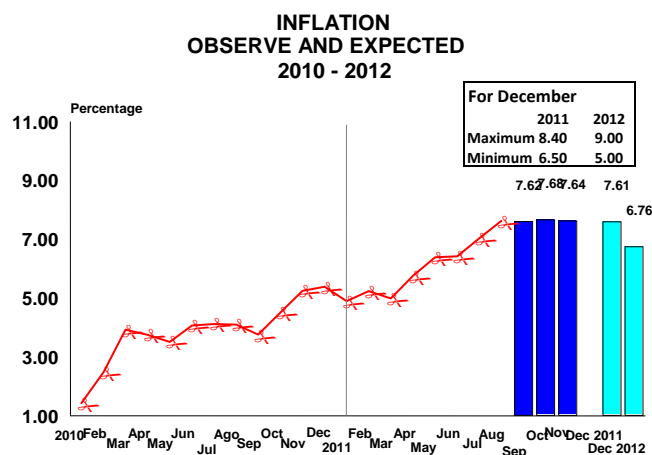
In the second part, the confidence index of the economic activity is presented, which was made based on the referred survey.

I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY

1. INFLATION

The Economic analysts surveyed foreseeing a y-o-y inflation of 7.62% for September 2011 with a maximum value of 8.07% and a minimum of 7.00%; while for October 2011, they estimate that it will reach 7.68%. For December 2011, the analysts forecast an average inflation of 7.61%, registering a maximum value of 8.40% and a minimum of 6.50%. For December 2012, they consider it could reach 6.76%, with a maximum value of 9.00% and a minimum value of 5.00%.

On the other hand, the economic analysts estimated that for September 2012, inflation would be at 6.69%; while for September 2013, this could be at 6.43%.

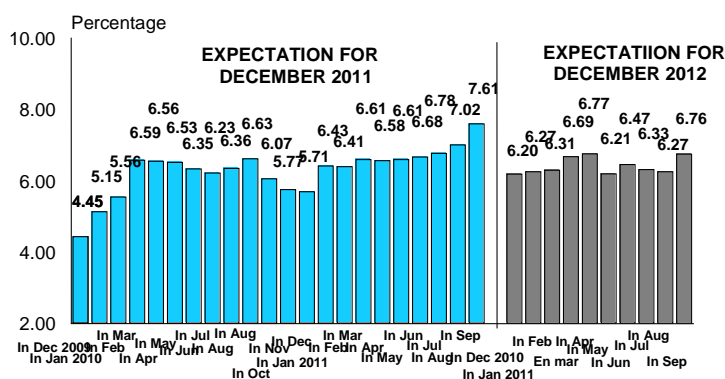


Source: Banco de Guatemala and Economic Expectations Survey to the Panel of Private Analysts (EEE).

When comparing the results of this survey obtained last month, it was observed that the expected y-o-y inflation for September 2011 increased by 0.56 percentage points (7.06% in the August, 2011 survey); while for October 2011 it increased 0.50 percentage points (7.18% in the previous survey).

For the end of 2011, the expected y-o-y inflation increased by 0.59 percentage points (7.02% in the previous survey), whereas for December 2012 it increased by 0.49 percentage points (6.27% in the previous survey).

**INFLATION EXPECTATIONS
FOR DECEMBER 2011 AND FOR DECEMBER 2012
RESULTS OF THE SURVEY FROM 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, the performance of the fiscal policy, the performance of the monetary policy and the seasonality of agricultural products.

FACTORS THAT CAN EXPLAIN THE FORECAST FOR INFLATION FOR DECEMBER 2011

In percentage

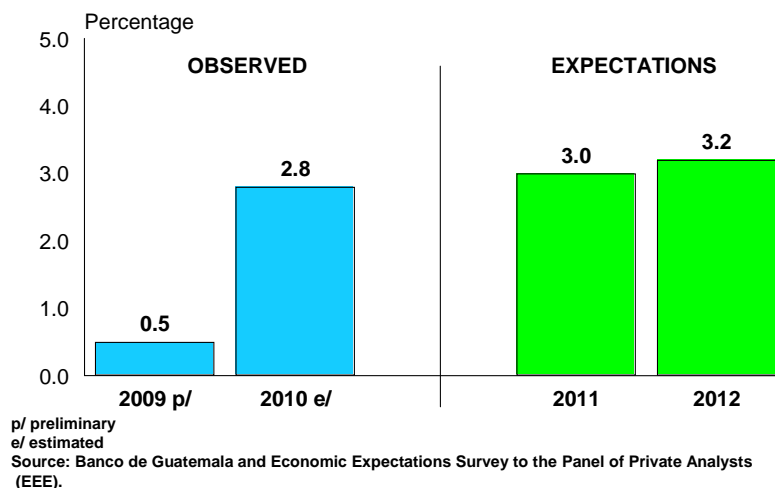
| FACTORS | January | February | March | April | May | June | July | August | September |
|--------------------------------------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|
| Precio internacional del petróleo | 17.19 | 18.03 | 19.77 | 16.67 | 18.06 | 14.09 | 15.71 | 18.99 | 15.15 |
| Price of fuels | 15.63 | 16.39 | 18.61 | 16.67 | 18.06 | 16.90 | 15.71 | 17.72 | 15.15 |
| Price of commodities | 14.06 | 18.03 | 16.28 | 14.82 | 15.28 | 15.49 | 15.71 | 13.92 | 15.15 |
| Performance of the fiscal policy I | 14.06 | 14.75 | 10.45 | 11.10 | 13.89 | 11.27 | 12.86 | 16.46 | 12.12 |
| Performance of the monetary policy | 12.50 | 11.48 | 8.14 | 9.26 | 9.72 | 8.45 | 10.00 | 10.13 | 10.61 |
| seasonality of agricultural products | 4.69 | 4.92 | 6.98 | 9.26 | 6.94 | 9.86 | 7.15 | 5.06 | 10.61 |
| Climate conditions | 7.81 | 8.20 | 8.14 | 9.26 | 8.33 | 8.45 | 10.00 | 7.60 | 9.09 |
| Nominal exchange rate | 9.38 | 6.56 | 4.65 | 9.26 | 5.56 | 8.45 | 7.15 | 6.32 | 6.06 |
| Others | 4.68 | 1.64 | 6.98 | 3.70 | 4.16 | 7.04 | 5.71 | 3.80 | 6.06 |
| TOTAL | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

2. ECONOMIC ACTIVITY

2.1 GROSS ANNUAL DOMESTIC PRODUCT

In September 2011 private analysts estimated that the economic activity for said year, measured by the Real Gross Domestic Product, would register growth of 3.0%, equal to the previously forecasted. For 2012, the expected growth is of 3.2%, higher by 0.10 percentage points to the forecasted in the previous survey from August 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 strengthening of the domestic market, the price of fuels, the performance of the fiscal policy, and the levels of the interest rates (domestic and foreign).

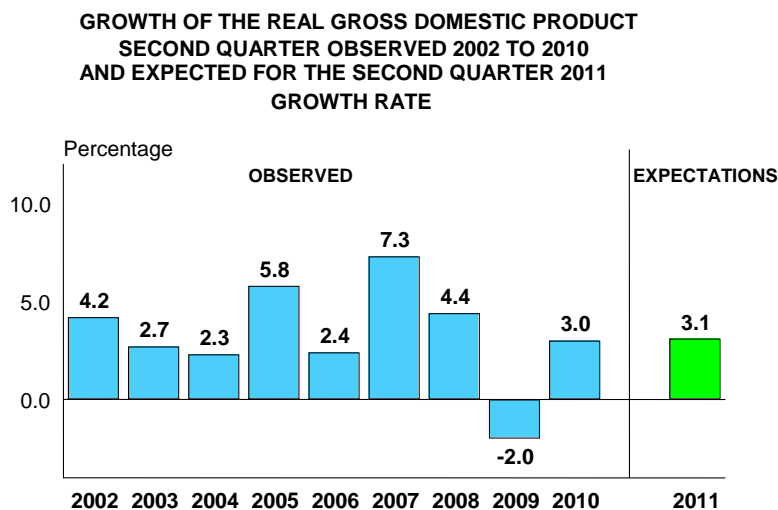
FACTORS THAT COULD EXPLAIN THE RHYTHM OF THE ECONOMIC ACTIVITY IN 2011

-In percentage-

| FACTORS | January | February | March | April | May | June | July | August | September |
|---|---------|----------|--------|--------|--------|--------|--------|--------|-----------|
| International price of oil | 10.87 | 13.04 | 12.72 | 15.00 | 15.38 | 10.34 | 11.67 | 16.43 | 14.52 |
| Strengthening of the domestic market | 8.70 | 13.04 | 14.55 | 10.00 | 11.54 | 17.24 | 16.67 | 12.33 | 14.52 |
| Prices of fuels | 13.04 | 10.87 | 9.09 | 15.00 | 11.54 | 10.34 | 8.33 | 13.70 | 12.90 |
| Performance of the fiscal policy | 17.39 | 13.04 | 10.91 | 12.50 | 13.46 | 10.34 | 13.33 | 12.33 | 12.90 |
| Interest rate levels (domestic and foreign) | 10.87 | 6.52 | 16.36 | 12.50 | 13.46 | 15.52 | 11.67 | 10.96 | 11.29 |
| Stability in the nominal exchange rate | 13.04 | 13.04 | 9.09 | 12.50 | 7.69 | 10.34 | 13.33 | 8.22 | 9.68 |
| Stability in the general level of prices | 10.87 | 8.70 | 9.09 | 12.50 | 5.77 | 10.34 | 11.67 | 8.22 | 8.06 |
| FTA with the United States of America | 4.35 | 8.70 | 3.64 | 2.50 | 3.85 | 5.18 | 3.33 | 6.85 | 6.45 |
| Execution of megaprojects | 8.70 | 8.70 | 10.91 | 7.50 | 11.54 | 8.63 | 5.00 | 4.11 | 4.84 |
| Others | 2.17 | 4.35 | 3.64 | 0.00 | 5.77 | 1.73 | 5.00 | 6.85 | 4.84 |
| TOTAL | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

2.2 QUARTERLY GROSS DOMESTIC PRODUCT

In September 2011, the private analysts estimated that the growth of the real quarterly GDP corresponding to the second quarter of 2011, will register a 3.1% higher by 0.10 percentage points regarding the survey in August 2011(3.0%).



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

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

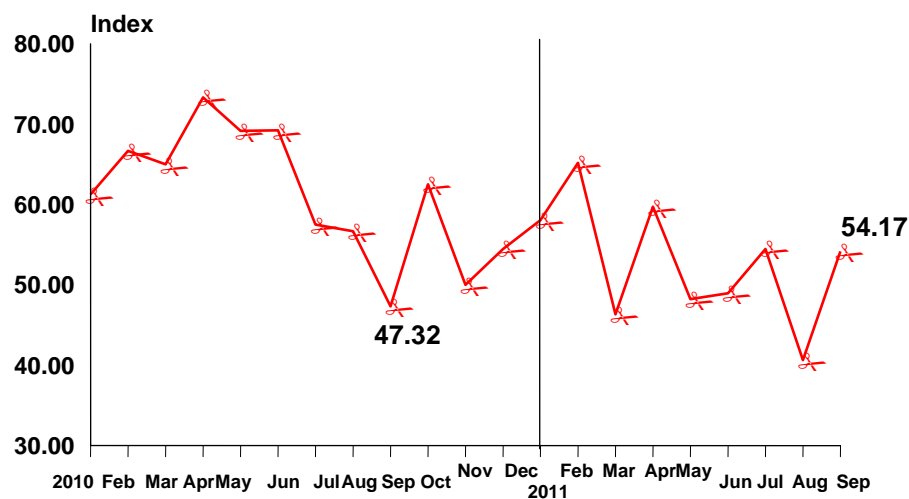
The Confidence Index of the Economic Activity from the Panel of Private Analysts has the purpose of measuring the perception on the current economic situation and the environment for business that the interviewed economic analysts have, which is compared with the prevailing index in the recent past. 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

| QUESTIONS | 2010 | | | | | | | 2011 | | | | | | | | |
|---|-------|-------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|
| | June | July | August | September | October | November | December | January | February | March | April | May | June | July | August | September |
| 8. How do you consider that the business climate will evolve for the productive activities in the private sector in the future processes in the next six months in comparison with the last six months? | | | | | | | | | | | | | | | | |
| Will improve | 53.8% | 6.7% | 6.7% | 0.0% | 0.0% | 0.0% | 21.4% | 28.6% | 21.4% | 0.0% | 22.2% | 0.0% | 0.0% | 14.3% | 12.5% | 8.3% |
| The same | 38.5% | 73.3% | 73.3% | 78.6% | 91.7% | 75.0% | 64.3% | 35.7% | 71.4% | 70.6% | 77.8% | 78.6% | 91.7% | 78.6% | 68.7% | 91.7% |
| Will worsen | 7.7% | 20.0% | 20.0% | 21.4% | 8.3% | 25.0% | 14.3% | 35.7% | 7.2% | 29.4% | 0.0% | 21.4% | 8.3% | 7.1% | 18.8% | 0.0% |
| 9. Do you currently consider that the economy of the country will improve compared to a year ago? | | | | | | | | | | | | | | | | |
| Yes | 69.2% | 80.0% | 100.0% | 71.4% | 83.3% | 75.0% | 92.9% | 100.0% | 78.6% | 82.4% | 77.8% | 85.7% | 75.0% | 85.7% | 56.2% | 75.0% |
| No | 30.8% | 20.0% | 0.0% | 28.6% | 16.7% | 25.0% | 7.1% | 0.0% | 21.4% | 17.6% | 22.2% | 14.3% | 25.0% | 14.3% | 43.8% | 25.0% |
| 10. Do you consider that the current economy of the country will improve during the next six months? | | | | | | | | | | | | | | | | |
| Yes | 76.9% | 53.3% | 40.0% | 35.7% | 66.7% | 41.7% | 35.7% | 35.7% | 71.4% | 29.4% | 55.6% | 28.6% | 25.0% | 28.6% | 18.7% | 33.3% |
| No | 23.1% | 46.7% | 60.0% | 64.3% | 33.3% | 58.3% | 64.3% | 64.3% | 28.6% | 70.6% | 44.4% | 71.4% | 75.0% | 71.4% | 81.3% | 66.7% |
| 11. How do you see the current situation of business in the country for investments? | | | | | | | | | | | | | | | | |
| Good moment | 30.8% | 20.0% | 6.7% | 7.1% | 8.3% | 8.3% | 7.1% | 14.3% | 28.6% | 5.9% | 0.0% | 7.1% | 8.3% | 14.3% | 0.0% | 16.7% |
| Not sure | 53.8% | 66.7% | 73.3% | 71.4% | 91.7% | 75.0% | 57.2% | 71.4% | 50.0% | 64.7% | 88.9% | 64.3% | 83.4% | 71.4% | 81.3% | 75.0% |
| Bad moment | 15.4% | 13.3% | 20.0% | 21.4% | 0.0% | 16.7% | 35.7% | 14.3% | 21.4% | 29.4% | 11.1% | 28.6% | 8.3% | 14.3% | 18.7% | 8.3% |

In September 2011, the confidence index level of the economic activity¹ was at 54.17, index higher by 33.33%, regarding the registered in August 2011 (40.63) and higher by 14.48% regarding the observed in September 2010 (47.32).

CONFIDENCE INDEX FOR THE ECONOMIC ACTIVITY JANUARY 2010 TO SEPTEMBER 2011



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

¹ 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 IN DEX FOR THE ECONOMIC
ACTIVITY FOR THE PRIVATE SECTOR
JANUARY 2010 - SEPTEMBER 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 |
| July | 54.47 | 11.25 | -5.27 | 0.00 |
| August | 40.63 | -25.41 | -28.30 | -25.41 |
| September | 54.17 | 33.33 | 14.48 | -0.55 |