



INFLATION EXPECTATIONS SURVEY TO THE PANEL OF PRIVATE ANALYSTS - EEI -

JANUARY 2008

The Inflation Expectations Survey to the Private Panel of Analysts is done monthly in order to obtain the opinion of national and international analysts, knowledgeable of the operational procedures of the monetary policy, in relation to the expected evolution in the prices of the economy. Said survey is extremely useful, given the importance that the inflationary expectations have in the behavior of the general level of prices.

In the first part of this note we present the results of the survey of inflation expectations, made between the second and fourth week of January of 2008.

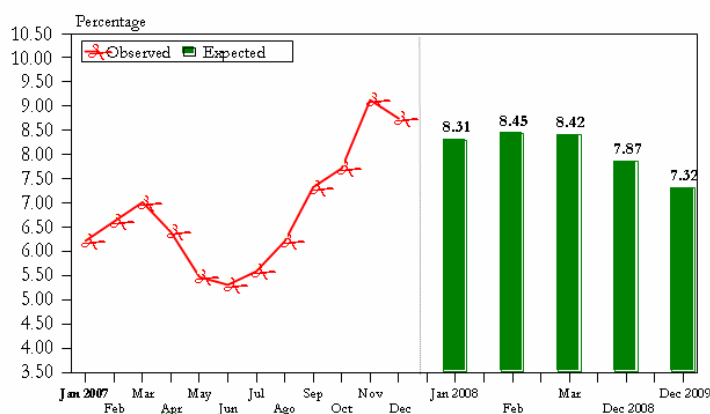
In the second part the confidence index of economic activity is presented, which was made based on the referred survey.

I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY

1. INFLATION

The Economic analysts surveyed foresee an inflationary rhythm of 8.31% for January 2007, while for February and March 2008 it is estimated that it will reach 8.45 and 8.42%. For the end of 2008 and 2009 of the economic analysts project an inflation of 7.87% and 7.32%, in their order.

INFLATION
OBSERVED AND EXPECTED
2007 - 2008



Source: Banco de Guatemala y Encuesta de Expectativas de Inflación al Panel de Analistas Privados.



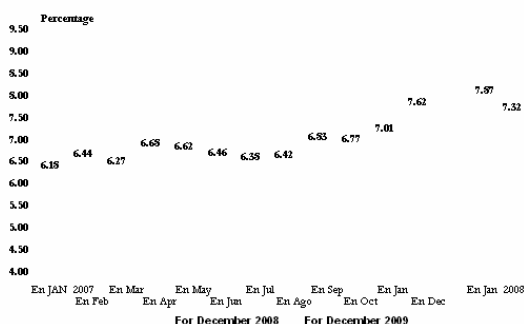
Inflation Expectations Survey from the Private Sector



When comparing the results of this survey with the obtained the month before, the expected inflationary rhythm for January was observed, increased by 0.27 percentage points (8.58% from the survey in December 2007); while for February 2008, decreased by 0.65 percentage points (910% in the previous survey).

For the end of 2008, this increased by 0.25 percentual points (7.62% in the previous survey). For the end of 2009 a similar number was forecast in the previous survey.

INFLATION EXPECTATIONS
FOR DECEMBER 2008 AND FOR DECEMBER 2009



Source: Inflation Expectations Survey to the Panel of Private Analysts

In the opinion of the interviewed analysts, the main factors that could explain the forecast of inflation for 2008 and 2009 are: the international price of oil, the price of fuel, the monetary policy performance, and the fiscal policy performance.

Factors that could explain the inflation forecast
December 2008 and December 2009

-In percentage-

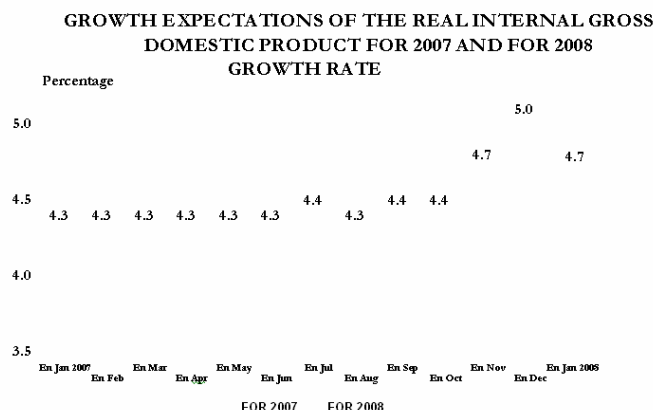
Factors	JANUARY	
	2008	2009
International Price of oil	23.53	23.53
Price of fuel	20.59	20.59
Performance of the monetary policy	14.71	14.71
Performance of the fiscal policy	11.77	11.77
Seasonal agricultural products	8.82	8.82
Climate conditions	8.82	8.82
Price of raw material	8.82	8.82
Nominal exchange rate	2.94	2.94
TOTAL	100.00	100.00

2. ECONOMIC ACTIVITY

The private analysts estimate that in 2008 the economic activity, measured by the Real Gross Domestic Product, will grow 4.7%, number lower by 0.30 percentual points to the forecast given by economic analysts in the previous survey (5.0%).



Inflation Expectations Survey from the Private Sector



SOURCE: Inflation Expectations Survey to the Panel of Private Analysts

The main factors that could influence in the growth rate of the economic activity for 2008, according to the interviewed analysts, are: the Free Trade Agreement with the United States of America, the levels of the interest rates (internal and external), and the strengthening of the internal market.

Factors that could explain the inflation forecast December 2008 and December 2009

-In percentage-

Factors	JANUARY	
	2008	2009
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Performance of the monetary policy	14.71	14.71
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II. TRUST INDEX OF THE ECONOMIC ACTIVITY FROM THE PANEL OF PRIVATE ANALYSTS

The Trust 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 has, which is compared with the prevailing index in the recent past. 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:



Inflation Expectations Survey from the Private Sector

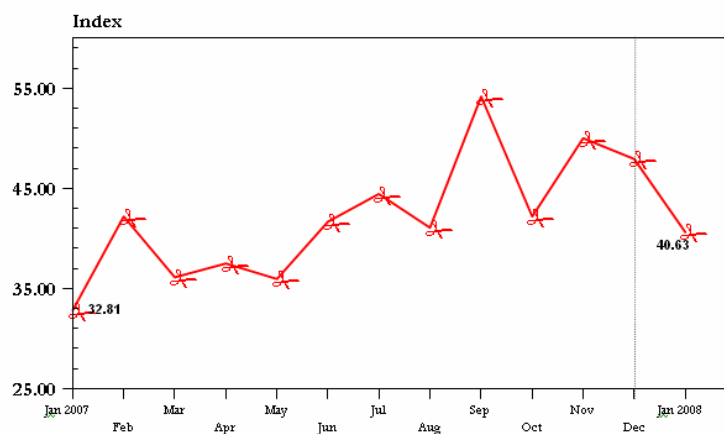


TRUST LEVEL INDICATORS

Preguntas	2007												2008
	January	February	March	April	May	June	July	August	September	October	November	December	January
7 ¿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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.1%	0.0%	10.0%	16.7%	12.5%
	Igual	62.5%	62.5%	55.6%	62.5%	62.5%	83.3%	100.0%	85.7%	88.9%	87.5%	80.0%	75.0%
	Empeorará	37.5%	37.5%	44.4%	37.5%	37.5%	16.7%	0.0%	14.3%	0.0%	12.5%	10.0%	12.5%
8 ¿C considera usted que actualmente la economía del país está mejor que hace un año?													
	Sí	50.0%	50.0%	44.4%	50.0%	50.0%	50.0%	44.4%	42.9%	77.8%	50.0%	50.0%	37.5%
	No	50.0%	50.0%	55.6%	50.0%	50.0%	50.0%	55.6%	57.1%	22.2%	50.0%	50.0%	62.5%
9 ¿Espera usted que la evolución económica del país mejore durante los próximos seis meses?													
	Sí	25.0%	50.0%	44.4%	37.5%	25.0%	33.3%	44.4%	42.9%	33.3%	37.5%	50.0%	25.0%
	No	75.0%	50.0%	55.6%	62.5%	75.0%	66.7%	55.6%	57.1%	66.7%	62.5%	50.0%	75.0%
10 ¿Cómo considera que sea la coyuntura actual de las empresas en el país para efectuar inversiones?													
	Buen momento	12.5%	12.5%	11.1%	12.5%	12.5%	16.7%	11.1%	14.3%	22.2%	12.5%	10.0%	0.0%
	No está seguro	25.0%	25.0%	33.3%	37.5%	50.0%	50.0%	55.6%	42.9%	55.6%	50.0%	80.0%	100.0%
	Mal momento	62.5%	62.5%	55.6%	50.0%	37.5%	33.3%	33.3%	42.9%	22.2%	37.5%	10.0%	0.0%

In January, 2008, the trust index level of the economic activity¹ was at 40.63, index lower by 15.21%, regarding the registered the month before (47.92) and higher by 23.83% regarding the observed in January the previous year (32.81).

TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY 2007 - JANUARY 2008



SOURCE: Inflation Survey to the Panel of Private Analysts.

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.



TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY 2007 - JANUARY 2008

Month	Index	Variation		
		Monthly	Inter-annual	Accumulated
2007				
January	32.81	-55.32	-55.18	-55.32
February	42.19	28.59	-48.07	-42.55
March	36.11	-14.41	-51.85	-50.83
April	37.50	3.85	-48.78	-48.94
May	35.94	-4.16	-53.37	-51.06
June	41.67	15.94	-44.44	-43.26
July	44.44	6.65	-42.13	-39.49
August	41.07	-7.58	-43.14	-44.08
September	54.17	31.90	-27.10	-26.24
October	42.19	-22.12	-44.77	-42.55
November	50.00	18.51	-28.89	-31.92
December	47.92	-4.16	-34.75	-34.75
2008				
January	40.63	-15.21	23.83	-15.21