



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

JUNE 2007

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 June of 2007.

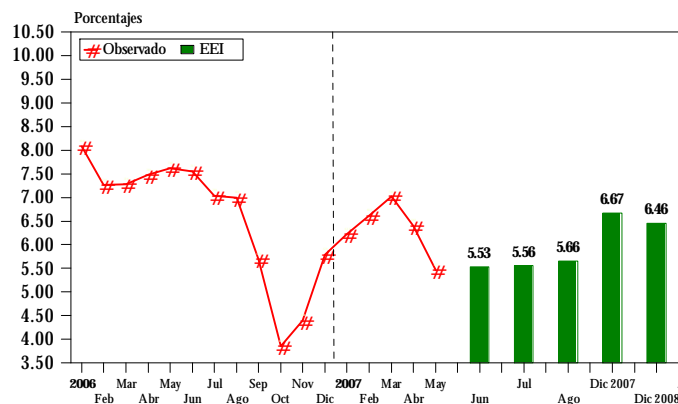
In the second part the confidence index of economic activity is presented, which was made based on the referred survey.

## I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY

### 1. INFLATION

The Economic analysts surveyed foresee an inflationary rhythm of 5.53% for June 2007, while for July and August 2007 it is estimated that it will reach 5.56% and 5.66%, respectively. For the end of 2007 and 2008 of the economic analysts project an inflation of 6.67% and 6.46%, in their order.

### EXPECTATIVAS DE INFLACIÓN 2006 - 2007



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



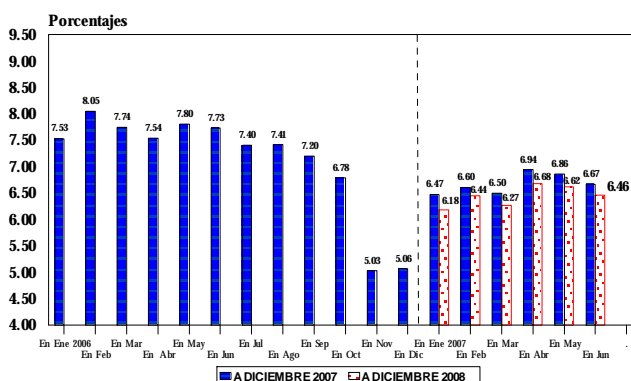
## Expectations Survey of Inflation from the Private Sector



When comparing the results of this survey with the obtained the month before, the expected inflationary rhythm for June was observed, decreased by 0.83 percentage points (6.36% from the survey in May 2007); while for July 2007, decreased by 0.96 percentage points (6.52% in the previous survey).

Regarding the expectation for December 2007, this increased by 0.19 percentage points (6.86% in the previous survey). Equal behavior is observed for December 2008, since it increased by 0.16 percentage points (6.62%, in the previous survey).

### EXPECTATIVAS DE INFLACIÓN A DICIEMBRE 2007 Y DICIEMBRE 2008



FUENTE: Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

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

#### Factores que podrían explicar el pronóstico de Inflación para diciembre de 2007 y diciembre de 2008

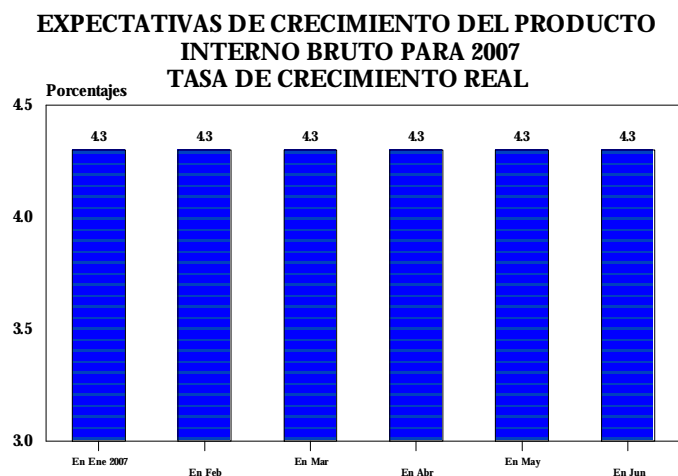
-En porcentaje-

Factores	ENERO		FEBRERO		MARZO		ABRIL		MAYO		JUNIO	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Precios de los combustibles	7.41	7.41	7.89	7.14	15.38	13.51	16.22	15.63	16.67	18.18	23.08	22.22
Precio internacional del petróleo	18.52	18.52	13.16	17.86	17.95	18.92	10.81	18.75	19.44	21.21	15.38	16.67
Desempeño de la política monetaria	22.22	18.52	10.53	10.71	12.82	16.22	16.22	18.75	13.89	15.15	15.38	11.11
Desempeño de la política fiscal	18.52	18.52	21.06	17.86	15.38	16.22	13.51	9.38	11.11	12.12	11.54	11.11
Condiciones climáticas	3.70	3.70	2.63	3.57	10.26	8.11	5.41	3.12	5.56	3.03	11.54	11.11
Tipo de cambio nominal	7.41	11.11	13.16	10.71	7.69	8.11	10.81	6.25	11.11	9.09	7.69	5.56
Estacionalidad de los productos agrícolas	3.70	3.70	15.79	14.29	2.56	2.70	5.41	3.12	8.33	6.06	7.69	11.11
Precios de las materias primas	3.70	3.70	2.63	3.57	5.13	5.41	13.51	18.75	8.33	9.09	3.85	11.11
Otros	14.81	14.81	13.16	14.29	12.83	10.80	8.10	6.25	5.56	6.06	3.85	0.00
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00



### 2. ECONOMIC ACTIVITY

The private analysts estimate that in 2007 the economic activity, measured through the Real Gross Domestic Product, will grow 4.3%, number lower by 0.1 percentage points to the forecast by the economic analysts in the previous survey (4.4%).



FUENTE: Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

The main factors that could promote growth rhythm of the economic activity for 2007, according to the interviewed analysts, are: the stability in the nominal exchange rate, the level of the interest rates (internal and external), the Free Trade Agreement with the United States of America, the performance of the fiscal policy, the stability in the general level of prices, and the strengthening of the internal market.

#### Factors that could promote the rhythm of Economic Activities for 2007

#### Factores que podrían impulsar el ritmo de la Actividad Económica en 2007

-En porcentaje-

FACTORES	Enero	Febrero	Marzo	Abril	Mayo	Junio
Estabilidad en el tipo de cambio	8.82	12.90	14.29	15.15	13.89	17.24
Niveles de las tasas de interés (internas y externas)	11.76	19.35	8.57	15.15	16.67	13.79
TLC con Estados Unidos de América	17.65	16.13	17.14	21.22	13.89	13.79
Desempeño de la política fiscal	11.76	12.90	8.57	6.06	11.11	10.34
Estabilidad en el nivel general de precios	5.88	9.68	14.29	12.12	8.33	10.34
Fortalecimiento del mercado interno	2.94	3.23	5.71	3.03	2.78	10.34
Ejecución de megaproyectos	8.82	9.68	14.29	6.06	11.11	6.90
Precio internacional del petróleo	14.71	6.45	5.71	6.06	8.33	6.90
Precios de los combustibles	8.82	6.45	8.57	9.09	5.56	6.90
Otros	8.82	3.23	2.86	6.06	8.33	3.46
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>



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

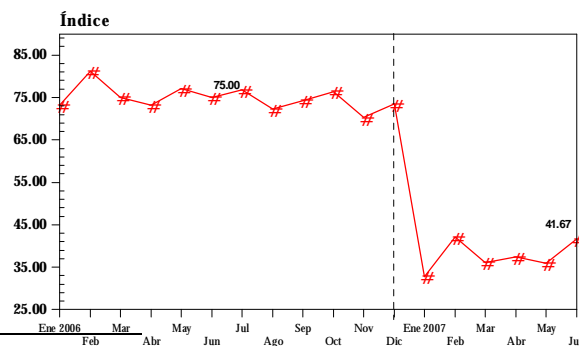
The Trust Index of the Economic Activity from the Panel of Private Analysts has the purpose of measuring the perception on the current economic situation and the environment for business that the interviewed economic analysts has, which is compared with the prevailing index in the recent past. Also,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

INDICADORES SOBRE EL NIVEL DE CONFIANZA

Pregunta	2006												2007					
	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre	Enero	Febrero	Marzo	Abril	Mayo	Junio
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 57.1%	33.3%	57.1%	28.6%	33.3%	28.6%	57.1%	66.7%	55.6%	33.3%	25.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Igual 28.6%	66.7%	42.9%	71.4%	66.7%	57.1%	42.9%	22.2%	33.3%	55.6%	37.5%	62.5%	62.5%	55.6%	62.5%	62.5%	83.3%	83.3%
	Empeorará 14.3%	0.0%	0.0%	0.0%	0.0%	14.3%	0.0%	11.1%	11.1%	11.1%	37.5%	12.5%	37.5%	44.4%	37.5%	37.5%	16.7%	16.7%
8 ¿Considera usted que actualmente la economía del país está mejor que hace un año?	Si 57.1%	83.3%	57.1%	85.7%	83.3%	85.7%	71.4%	66.7%	77.8%	88.9%	100.0%	100.0%	50.0%	50.0%	44.4%	50.0%	50.0%	50.0%
	No 42.9%	16.7%	42.9%	14.3%	16.7%	14.3%	28.6%	33.3%	22.2%	11.1%	0.0%	0.0%	50.0%	50.0%	55.6%	50.0%	50.0%	50.0%
9 ¿Espera usted que la evolución económica del país mejore durante los próximos seis meses?	Si 85.7%	100.0%	85.7%	71.4%	83.3%	85.7%	85.7%	77.8%	75.0%	77.8%	75.0%	62.5%	25.0%	50.0%	44.4%	37.5%	25.0%	33.3%
	No 14.3%	0.0%	14.3%	28.6%	16.7%	14.3%	14.3%	22.2%	25.0%	22.2%	25.0%	37.5%	75.0%	50.0%	55.6%	62.5%	75.0%	66.7%
10 ¿Cómo considera que sea la coyuntura actual de las empresas en el país para «efectuar inversiones»?	Buen momento 57.1%	50.0%	57.1%	42.9%	50.0%	57.1%	42.9%	55.6%	66.7%	55.6%	62.5%	62.5%	12.5%	12.5%	11.1%	12.5%	12.5%	16.7%
	No está seguro 0.0%	50.0%	42.9%	57.1%	50.0%	28.6%	0.0%	22.2%	11.1%	44.4%	0.0%	25.0%	25.0%	25.0%	33.3%	37.5%	50.0%	50.0%
	Mal momento 42.9%	0.0%	0.0%	0.0%	0.0%	14.3%	57.1%	22.2%	22.2%	0.0%	37.5%	12.5%	62.5%	62.5%	55.6%	50.0%	37.5%	33.3%

In June of this year, the level of the trust index of the economic activity<sup>1</sup> was at 41.67, index lower by 15.94%, regarding the registered the month before (35.94) and lower by 44.44% regarding the observed in June of the previous year (75.00).

**ÍNDICE DE CONFIANZA DE LA ACTIVIDAD ECONÓMICA  
ENERO 2006 - JUNIO 2007**



<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.



## Expectations Survey of Inflation from the Private Sector



### TRUST INDEX OF THE ECONOMIC ACTIVITY JUNE 2007

Month	Index	Variation		
		Monthly	Inter-annual	Accumulated
<b>2006</b>				
January	73.21	1.85	-8.13	1.85
February	81.25	10.98	13.75	13.04
March	75.00	-7.69	4.34	4.34
April	73.21	-2.39	10.81	1.85
May	77.08	5.29	8.82	7.23
June	75.00	-2.70	0.00	4.34
July	76.79	2.39	-0.38	6.83
August	72.23	-5.94	-1.34	0.49
September	74.31	2.88	21.94	3.38
October	76.39	2.80	29.63	6.27
November	70.31	-7.96	12.50	-2.18
December	73.44	4.45	2.17	2.17
<b>2007</b>				
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