

# INFLATION EXPECTATIONS SURVEY TO THE PRIVATE PANEL OF ANALYSTS

- EEI -

JULY 2007

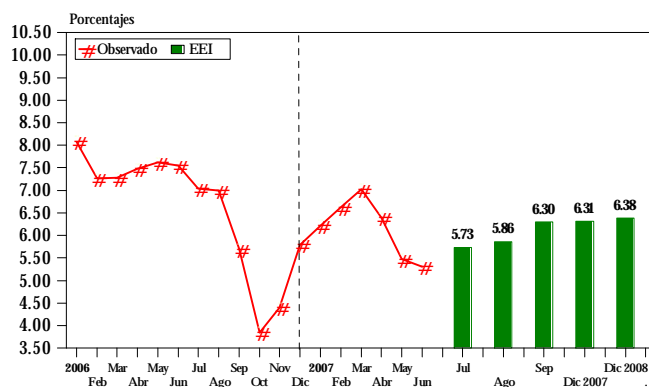
The Inflation Expectations Survey to the Private Panel of Analysts *-EEI-*, corresponding to July 2007, was made between the second and third week of said month, to a group of specialists in the analysis of the Guatemalan economy, at national level as well as foreign.

The survey includes, besides the inflation expectations, the expectations regarding the evolution of other macroeconomic variables like: the exchange rate, the evolution of the economic activity, the fiscal deficit and the deficit in current account of the payment balance.

## 1. INFLATION

The economic analysts surveyed foresee an inflationary rhythm of 5.37% for July 2007, while for August and September 2007 estimate that it may reach 5.86% and 6.30%, respectively. For the end of 2007 and 2008 the economic analysts project an inflation of 6.31% and, 6.38%, in that order.

### INFLACIÓN OBSERVADA Y EXPECTATIVAS 2006 - 2008



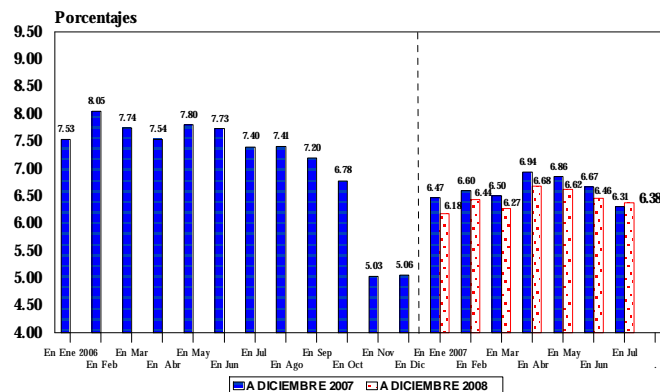
Fuente: Banco de Guatemala y Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

When comparing the results of this survey with the obtained the month before, they observed that the expected inflationary rhythm for July increased by 0.17 percentage points (5.56% in the survey in June 2007); while for August 2007 it increased by 0.20 percentage points (5.66% in the previous survey).



Regarding the expectations for December 2007, this decreased by 0.36 percentage points (6.67% in the previous survey), while of December 2008 decreased by 0.08 percentage points (6.46% 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 inflation forecast are: the prices of fuel, the international price of oil and the monetary policy performance.

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

-En porcentaje-

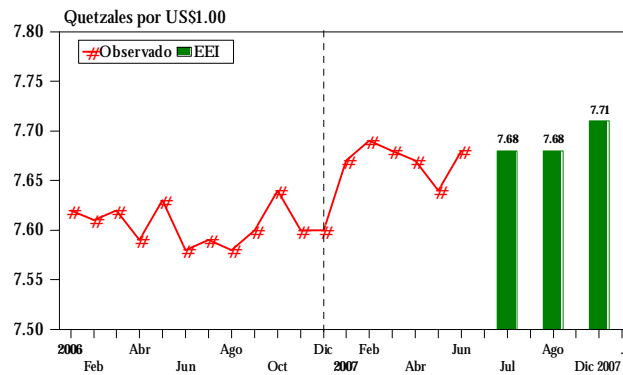
Factores	ENERO		FEBRERO		MARZO		ABRIL		MAYO		JUNIO		JULIO	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Precios de los combustibles	7.41	7.41	7.89	7.14	15.38	13.51	16.22	15.63	16.67	18.18	23.08	22.22	20.51	17.95
Precio internacional del petróleo	18.52	18.52	13.16	17.86	17.95	18.92	10.81	18.75	19.44	21.21	15.38	16.67	20.51	20.51
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	12.82	12.82
Condiciones climáticas	3.70	3.70	2.83	3.57	10.26	8.11	5.41	3.12	5.36	3.63	11.54	11.11	10.26	10.26
Precios de las materias primas	3.70	3.70	2.83	3.57	5.13	5.41	13.51	18.75	8.33	9.09	3.85	11.11	10.26	10.26
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	10.26	10.26
Tipo de cambio nominal	7.41	11.11	13.16	10.71	7.89	8.11	10.81	6.25	11.11	9.09	7.69	5.56	7.69	7.69
Estacionalidad de los productos agrícolas	3.70	3.70	13.16	14.29	2.56	2.70	5.41	3.12	8.33	6.06	7.69	11.11	2.56	2.56
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	5.13	7.69
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	100.00	100.00

**2. EXCHANGE RATE**

The Economic analysts forecast that in July and August 2007 the quetzal exchange rate, regarding the US dollar, be located at Q7.68 per US\$1.00. For the end of 2007, they consider that the exchange rate could reach Q7.71 per US\$1.00.



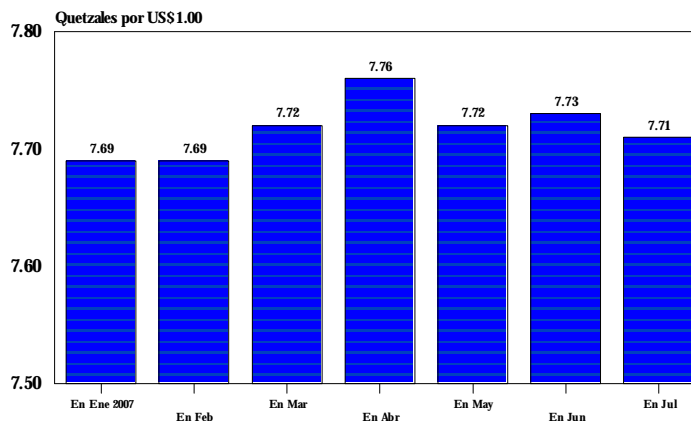
**TIPO DE CAMBIO  
OBSERVADO Y EXPECTATIVAS PARA 2007**



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

The exchange rate expectations for July and August 2007 were similar to the expectations of the previous month. For December 2007, it decreased by Q0.02, regarding the expectations of the previous month (Q7.73 per US\$1.00).

**EXPECTATIVAS DE TIPO DE CAMBIO  
A DICIEMBRE 2007**



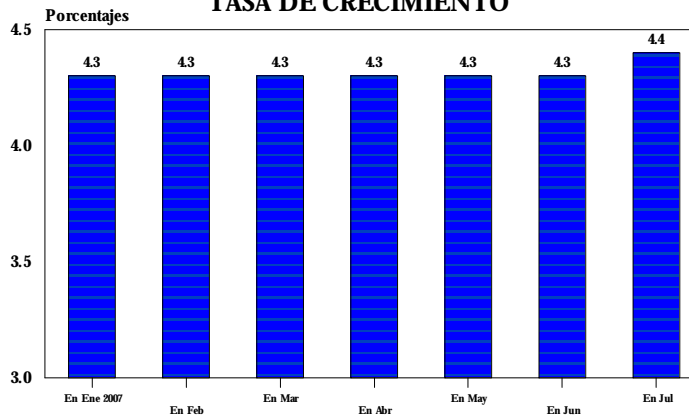
FUENTE: Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

**3. ECONOMIC ACTIVITY**

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



**EXPECTATIVAS DE CRECIMIENTO DEL PRODUCTO INTERNO BRUTO REAL PARA 2007  
TASA DE CRECIMIENTO**



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

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

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

-En porcentaje-

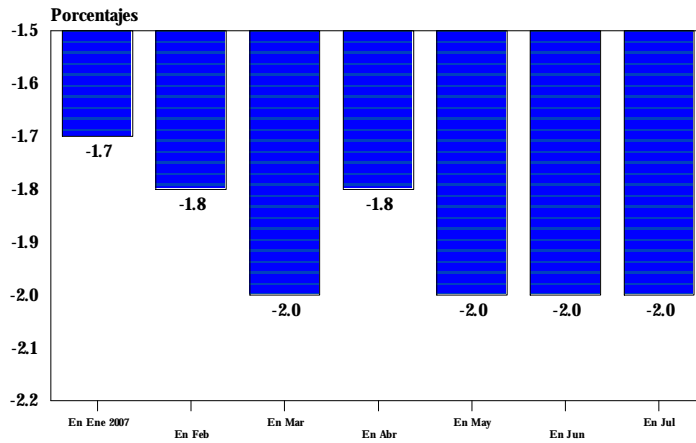
FACTORES	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio
TLC con Estados Unidos de América	17.65	16.13	17.14	21.22	13.89	13.79	16.22
Estabilidad en el tipo de cambio	8.82	12.90	14.29	15.15	13.89	17.24	10.81
Estabilidad en el nivel general de precios	5.88	9.68	14.29	12.12	8.33	10.34	10.81
Fortalecimiento del mercado interno	2.94	3.23	5.71	3.03	2.78	10.34	10.81
Ejecución de megaproyectos	8.82	9.68	14.29	6.06	11.11	6.90	10.81
Niveles de las tasas de interés (internas y externas)	11.76	19.35	8.57	15.15	16.67	13.79	10.81
Desempeño de la política fiscal	11.76	12.90	8.57	6.06	11.11	10.34	8.11
Precio internacional del petróleo	14.71	6.45	5.71	6.06	8.33	6.90	8.11
Precios de los combustibles	8.82	6.45	8.57	9.09	5.56	6.90	8.11
Otros	8.82	3.23	2.86	6.06	8.33	3.46	5.40
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

**4. FISCAL DEFICIT**

The economic analysts consulted, estimate that for 2008 the fiscal deficit, as a proportion of the Gross Domestic Product will be 2.0%, number similar to the deficit forecast of the analysts of the previous survey.



### EXPECTATIVAS DÉFICIT FISCAL / PIB PARA 2007

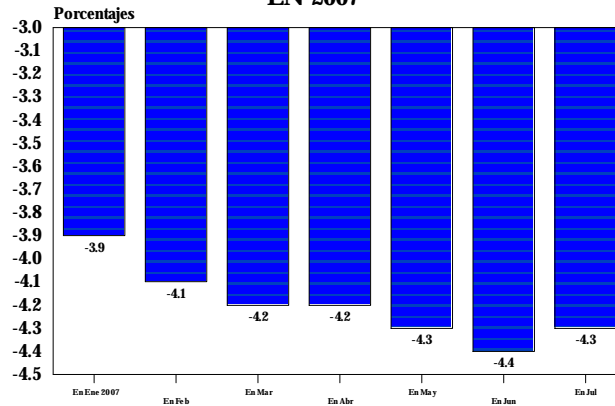


FUENTE: Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

## 5. PAYMENTS BALANCE OF CURRENT ACCOUNT

In 2007 the deficit in current account of the Payments Balance, according to the panel of private analysts, reached 4.3% of the Gross Domestic Product, percentage lower by 0.1 percentual points to the forecast by the analysts in the previous survey (4.4%).

### EXPECTATIVAS DÉFICIT EN CUENTA CORRIENTE DE LA BALANZA DE PAGOS / PIB EN 2007



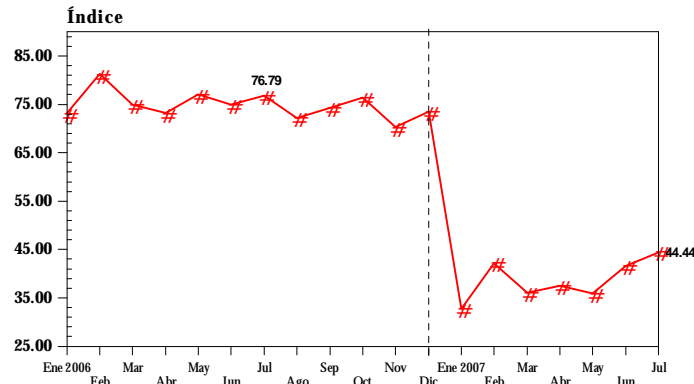
FUENTE: Encuesta de Expectativas de Inflación al Panel de Analistas Privados.



## 6. BUSINESS CLIMATE AND TRUST LEVEL

In July of this year, the economic analysts located the trust index level of the economic activity<sup>1</sup> at 44.44, higher index by 6.65%, regarding the registered the previous month (41.67) and lower by 42.13% regarding the observed in July of the previous year (76.79).

### ÍNDICE DE CONFIANZA DE LA ACTIVIDAD ECONÓMICA ENERO 2006 - JULIO 2007



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

#### 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	Julio
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%	62.5%	55.6%	62.5%	62.5%	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%	37.5%	44.4%	37.5%	37.5%	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%	44.4%
	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%	55.6%
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 conjuntura 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%

<sup>1</sup> The indexes are made based on four questions. Its calculations are derived from considering sub-indexes for each question, same that results of the balance of answers obtained from subtracting, for each question, the percentage of affirmative answers, the percentage of negative answers and adding to them a constant of 100, with the purpose of avoiding the negative quantities. The sub-indexes obtained in this manner for each question are averaged and the trust index results from expressing said average value as a percentage of the maximum average possible.



ÍNDICE DE CONFIANZA DE LA ACTIVIDAD ECONÓMICA  
JULIO 2007

Mes	Índice	Variación		
		Mensual	Interanual	Acumulada
<b>2006</b>				
Enero	73.21	1.85	-8.13	1.85
Febrero	81.25	10.98	13.75	13.04
Marzo	75.00	-7.69	4.34	4.34
Abril	73.21	-2.39	10.81	1.85
Mayo	77.08	5.29	8.82	7.23
Junio	75.00	-2.70	0.00	4.34
Julio	76.79	2.39	-0.38	6.83
Agosto	72.23	-5.94	-1.34	0.49
Septiembre	74.31	2.88	21.94	3.38
Octubre	76.39	2.80	29.63	6.27
Noviembre	70.31	-7.96	12.50	-2.18
Diciembre	73.44	4.45	2.17	2.17
<b>2007</b>				
Enero	32.81	-55.32	-55.18	-55.32
Febrero	42.19	28.59	-48.07	-42.55
Marzo	36.11	-14.41	-51.85	-50.83
Abril	37.50	3.85	-48.78	-48.94
Mayo	35.94	-4.16	-53.37	-51.06
Junio	41.67	15.94	-44.44	-43.26
Julio	44.44	6.65	-42.13	-39.49