



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

NOVEMBER 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 and of the economic activity, made between the second and fourth week of November of 2008.

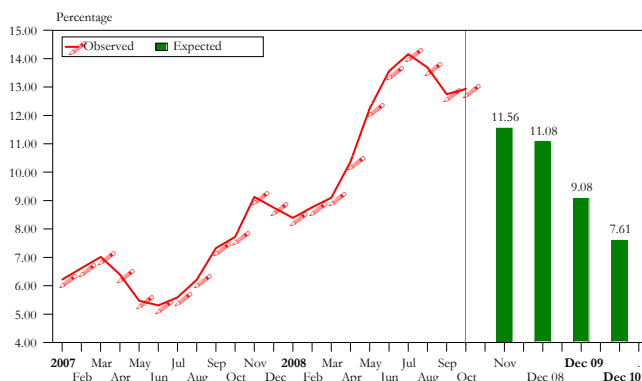
In the second part, the trust index of the economic activity is presented, which was made based on the referred survey.

### I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY

#### 1. INFLATION

The Economic analysts surveyed foresee an inflationary rhythm of 11.56% for November 2008, while for December 2008 it is estimated that it will reach 11.08%. For the end of 2009 and 2010 of the economic analysts project an inflation of 9.08% and 7.61%, in their order.

INFLATION  
OBSERVED AND EXPECTED  
2007 - 2010



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

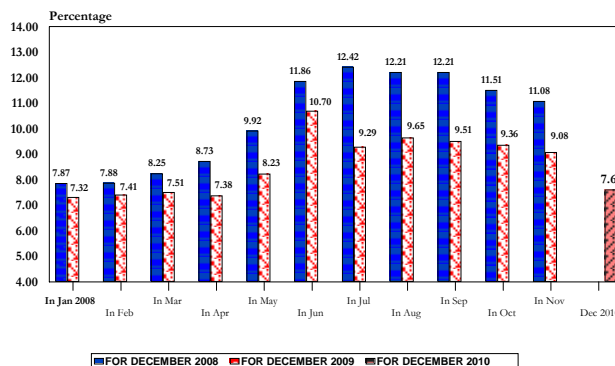


## Inflation Expectations Survey to the Private Sector



When comparing the results of this survey with the obtained the month before, it was observed that the expected inflationary rhythm for November decreased by 0.01 percentage points (11.57% from the survey in October 2008); while for December 2008, it decreased by 0.43 percentage points (11.51% in the previous survey). For December 2009, the expected inflation decreased by 0.28 percentage points (9.36% in the previous survey).

**INFLATION EXPECTATIONS  
FOA DECEMBER 2008, FOR DECEMBER 2009  
AND FOR DECEMBER 2010**



SOURCE: Survey of Inflation Expectations 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 are: the international price of oil, the price of raw material, the prices of fuel, the performance of the monetary policy and the performance of the fiscal policy.

**Factors that could explain the inflation forecast for December 2008**

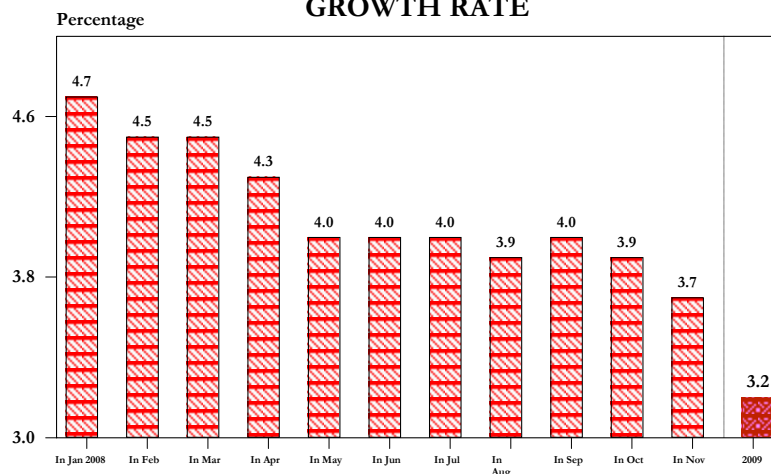
-In percentage-											
Factors	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER
International price of oil	23.53	22.58	21.62	22.86	21.62	21.43	22.22	18.64	19.35	20.00	19.57
Price of raw material	8.82	22.58	16.21	17.14	18.92	17.86	19.45	18.64	16.13	18.67	17.39
Fuel prices	20.59	19.36	18.92	20.00	21.62	17.86	22.22	20.34	22.58	22.67	15.22
Fiscal policy performance	11.77	6.45	8.10	11.43	5.41	3.57	8.33	10.18	12.90	10.67	15.22
Monetary policy performance	14.71	12.90	13.51	11.43	13.52	17.86	8.33	15.25	16.13	14.67	13.04
Seasonality of agricultural products	8.82	6.45	5.41	5.71	5.41	10.71	8.33	6.78	4.84	4.00	8.70
Nominal Exchange rate	2.94	3.23	5.41	2.86	2.70	--	--	3.39	3.23	2.66	6.52
Climate conditions	8.82	6.45	5.41	2.86	2.70	3.57	5.56	3.39	3.23	4.00	2.17
Others	--	--	5.41	5.71	8.10	7.14	5.56	3.39	1.61	2.66	2.17
TOTAL	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 2008 the economic activity, through the Real Gross Domestic Product, will grow 3.7%, number lower by 0.2 percentage points to the forecast by the economic analysts in the previous survey (3.9%). For 2009 the analysts estimate that it will be at 3.2%.

### GROWTH EXPECTATIONS OF THE REAL GROSS DOMESTIC PRODUCT FOR 2008 and 2009 GROWTH RATE



SOURCE: Survey of Inflation Expectations to the Panel of Private Analysts.

According to the analysts interviewed, the main factors that influence the growth rhythm of the economic activity in 2008 are: the performance of the fiscal policy, the international price of oil, the levels of the internal and external interest rates, the price of fuel and the Free Trade Agreement with the United States of America.

### Factors that could promote the Economic Activity rhythm in 2008

-In percentage-

FACTORS	January	February	Mach	April	May	June	July	August	September	October	November
Fiscal policy performance	5.88	8.33	12.50	11.54	11.54	17.39	10.34	12.77	15.38	13.43	12.77
International price of oil	8.82	8.33	6.25	7.69	11.54	8.70	17.24	12.77	11.54	13.43	12.77
Level of the internal and external interest rates	14.71	20.83	12.50	15.38	11.54	13.05	10.34	10.64	9.62	13.43	12.77
Fuel prices	8.82	4.17	6.25	7.69	7.69	4.35	6.90	8.51	13.46	8.96	12.77
FTA with the United States of America	17.66	12.50	12.50	15.38	7.69	-	6.90	6.38	9.62	8.96	10.63
Strengthening of the internal markets	14.71	16.67	15.63	11.54	7.69	8.70	6.90	8.51	7.69	10.45	8.51
Stability in the general level of prices	5.88	4.17	9.37	7.69	3.85	4.35	3.45	4.25	5.77	7.46	8.51
Stability in the nominal Exchange rate	8.82	4.17	9.37	7.69	19.23	17.39	17.24	12.77	11.54	11.94	6.38
Execution of megaprojects	5.88	12.50	12.50	3.86	7.69	8.70	6.90	8.51	3.84	4.48	6.38
Others	8.82	8.33	3.13	11.54	11.54	17.39	13.79	14.89	11.54	7.46	8.51
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00



## II. TRUST INDEX OF THE ECONOMIC ACTIVITY OF 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:

INDICATORS ON THE LEVEL OF THE TRUST INDEX

Pregunta	2008										
	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre
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	12.5%	14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	7.7%	14.3%	0.0%	9.1%
Igual	75.0%	71.4%	62.5%	50.0%	37.5%	67.7%	75.0%	76.9%	64.3%	68.8%	27.3%
Empeorará	12.5%	14.3%	37.5%	50.0%	62.5%	33.3%	25.0%	15.4%	21.4%	31.3%	63.6%
8 ¿Considera usted que actualmente la economía del país está mejor que hace un año?											
Si	37.5%	14.3%	37.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
No	62.5%	85.7%	62.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
9 ¿Espera usted que la evolución económica del país mejore durante los próximos seis meses?											
Si	25.0%	28.7%	25.0%	0.0%	0.0%	0.0%	12.5%	15.4%	28.6%	25.0%	9.1%
No	75.0%	71.4%	75.0%	100.0%	100.0%	100.0%	87.5%	84.6%	71.4%	75.0%	90.9%
10 ¿Cómo considera que sea la coyuntura actual de las empresas en el país para efectuar inversiones?											
Buen momento	0.0%	0.0%	0.0%	12.5%	12.5%	0.0%	0.0%	7.7%	0.0%	0.0%	9.1%
No está seguro	100.0%	100.0%	62.5%	62.5%	37.5%	66.7%	62.5%	53.8%	57.1%	50.0%	45.5%
Mal momento	0.0%	0.0%	37.5%	25.0%	50.0%	33.3%	37.5%	38.5%	42.9%	50.0%	45.5%

In November 2008, the trust index level of the economic activity<sup>1</sup> was at 15.91, index lower by 24.56%, regarding the registered the month before (21.09) and lower by 68.18% regarding the observed in November the previous year (50.00).

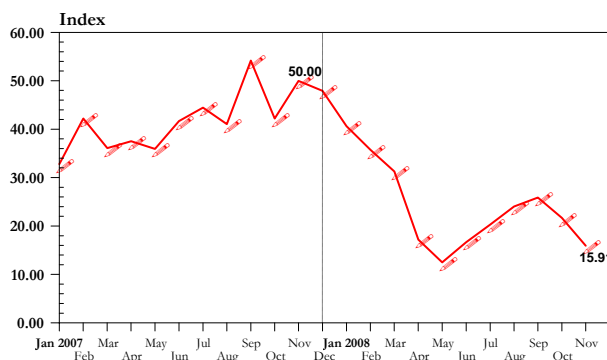
<sup>1</sup> The index is made based on four questions. Their calculation is derived from considering sub-indexes for each question; same that result from the balance of answers that are obtained subtracting, for each question, the percentage of positive answers, the percentage of negatives and add a 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.



## Inflation Expectations Survey to the Private Sector



### TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY 2007 - NOVEMBER 2008



SOURCE: Survey of the Inflation Expectations of the Panel of Private Analysts.

### ECONOMIC ACTIVITY OF THE TRUST INDEX JANUARY 2007 - NOVEMBER 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
Apri	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
February	35.72	-12.08	-15.34	-25.46
March	31.25	-12.51	-13.46	-34.79
Apri	17.19	-44.99	-54.16	-64.13
May	12.50	-27.28	-65.22	-73.91
June	16.67	33.36	-60.00	-65.21
July	20.31	21.84	-54.30	-57.62
August	24.04	18.37	-41.47	-49.83
September	25.89	7.70	-52.21	-45.97
October	21.09	-18.54	-50.01	-55.99
November	15.91	-24.56	-68.18	-66.80