



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

OCTOBER 2009

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 October 2009.

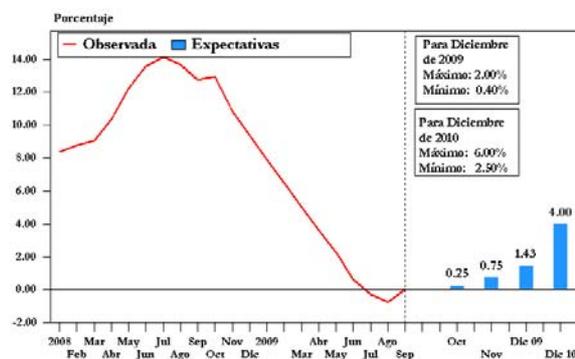
In the second part, the trust index of the economic activity is presented, which was made based on the referred survey.

### I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY

#### 1. INFLATION

The Economic analysts surveyed foresee an inflationary rhythm of 0.25% for October 2009, while for November 2009 they estimate it will reach 0.75%. For the end of 2009, the economic analysts forecast an average inflation of 1.43%, with a maximum value of 2.00% and a minimum of 0.40%. For December 2010, the analysts foresee an average inflation of 4.00% registering a maximum value of 6.00% and a minimum of 2.50%.

INFLATION  
OBSERVED AND EXPECTED  
2008 - 2010

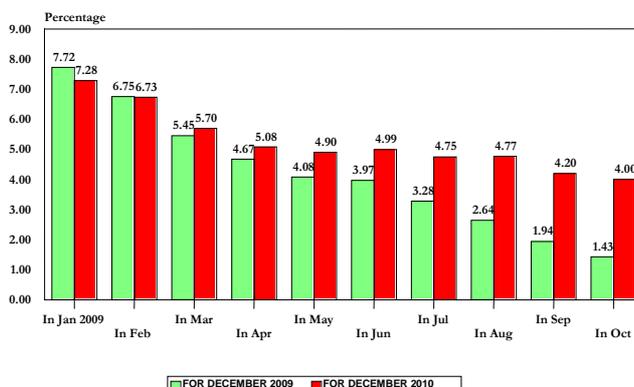


Fuente: Banco de Guatemala y Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

When comparing the results of this survey with the obtained the month before, it was observed that the expected inflationary rhythm for October 2009 decreased by 0.27 percentage points (0.52% from the survey in September); while for November 2009, it decreased by 0.20 percentage points (4.20% in the previous survey).

For the end of 2009, the expected inflationary rhythm decreased 0.51 percentage points (1.94%, in the previous survey). For the end of 2010, it drop of 0.20 percentage points was observed (4.20% in the previous survey).

#### INFLATION EXPECTATIONS FOR DECEMBER 2009 AND FOR DECEMBER 2010



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

In the opinion of the interviewed analysts, the main factors that could explain the forecast of inflation for 2009 are: the prices of fuel, the international price of oil and the price of raw materials.

#### FACTORS THAT COULD EXPLAIN THE FORECAST INFLATION FOR DECEMBER 2009

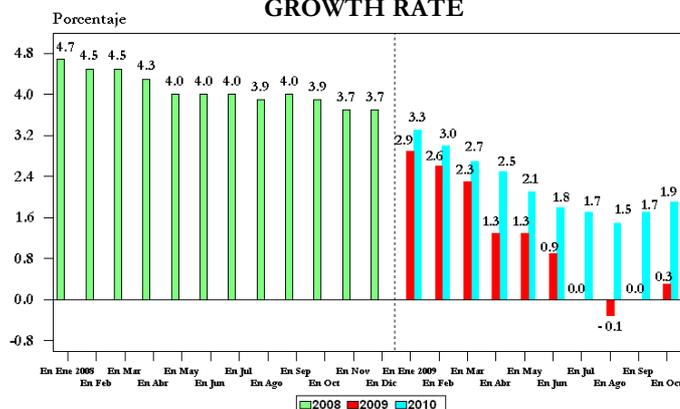
-In percentage-

FACTORS	January	February	March	April	May	June	July	August	September	October
Fuel prices	20.00	20.45	17.39	20.83	20.00	18.37	15.22	17.14	19.50	19.44
International price of oil	18.00	18.18	17.39	16.67	17.14	18.37	21.74	17.14	17.07	19.44
Prices for raw material	12.00	13.63	17.39	14.58	14.29	16.33	13.04	8.57	14.63	11.11
Performance of the fiscal policy	12.00	18.18	15.21	16.67	14.29	14.29	13.04	14.30	9.76	8.33
Seasonality of agricultural products	4.00	4.55	6.53	6.25	5.71	6.12	6.52	11.43	9.76	8.33
Nominal exchange rate	8.00	4.55	6.52	4.17	5.71	4.07	6.52	5.71	9.76	8.33
Performance of the monetary policy	20.00	13.64	10.87	10.42	11.43	14.29	13.04	11.43	7.32	8.33
Climate conditions	4.00	2.27	2.17	2.08	-	2.04	2.17	8.57	7.32	11.11
Other	2.00	4.55	6.53	8.33	11.43	6.12	8.71	5.71	4.88	5.58
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

## 2. ECONOMIC ACTIVITY

In October 2009, the private analysts estimated that for 2009 the economic activity, measured through the Real Gross Domestic Product, will register growth of 0.3%, number higher by 0.3 percentage points to the forecasted by the economic analysts in the previous survey (0.0%). For 2010, the analysts estimate that it will be at 1.9%, higher by 0.2 percentage points to the estimated in the previous survey (1.7%).

**GROWTH EXPECTATIONS OF THE REAL GROSS  
DOMESTIC PRODUCT FOR 2008, 2009 and 2010  
GROWTH RATE**



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

According to the analysts interviewed, the main factors that could influence the growth rhythm of the economic activity in 2009 are: the performance of the fiscal policy, the interest rate levels (domestic and foreign) and the Free Trade Agreement with the United States of America.

**FACTORS THAT COULD PROMOTE THE RHYTHM OF THE ECONOMIC ACTIVITY IN 2009**

-In percentage-

FACTORS	January	February	March	April	May	June	July	August	September	October
Performance of the fiscal policy	15.09	11.63	16.67	15.22	9.76	11.90	17.78	17.65	15.79	18.92
Level of the interest rates (domestic and foreign)	11.32	13.95	16.67	8.70	9.76	9.52	13.34	17.65	13.15	13.51
FTA with the United States of America	7.55	9.30	5.56	10.87	7.31	4.77	4.44	5.88	7.89	13.51
Price of fuels	11.32	11.63	11.10	13.04	12.20	14.29	11.11	11.77	10.53	10.81
Stability in the general level of prices	13.21	11.63	11.10	13.04	14.63	11.90	8.89	5.88	10.53	10.81
Execution of mega-projects	7.55	6.98	5.56	6.52	7.31	9.52	8.89	11.77	10.53	8.11
International price of oil	13.21	11.63	13.89	13.04	9.76	11.90	11.11	8.82	10.53	8.11
Strengthening of the domestic market	9.43	11.63	8.33	8.70	7.31	9.52	11.11	8.82	10.53	8.11
Stability in the nominal exchange rate	7.55	4.64	5.56	8.70	9.76	7.16	4.44	5.88	5.26	2.70
Other	3.77	6.98	5.56	2.17	12.20	9.52	8.89	5.88	5.26	5.41
TOTAL	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 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

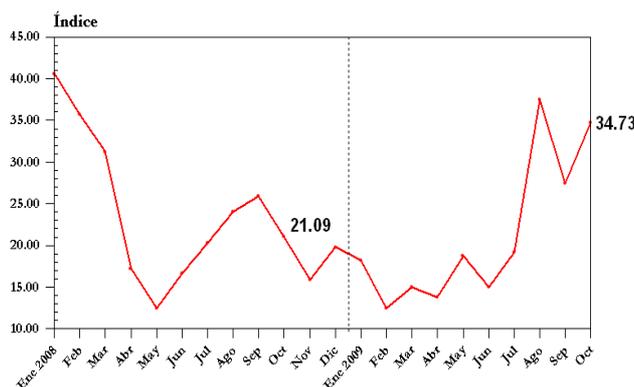
index in the recent past. Also, pursues obtaining an appreciation on the economic evolution of the country in the near future. For that purpose, the private analysts were asked a series of questions, which results are as follows:

INDICATORS ON THE TRUST INDEX LEVEL

Question	2009										
	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	
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%	12.5%	20.0%	0.0%
	Igual	45.5%	42.9%	40.0%	60.0%	50.0%	50.0%	46.2%	75.0%	60.0%	77.8%
	Empeorará	54.5%	57.1%	60.0%	40.0%	50.0%	50.0%	53.8%	12.5%	20.0%	22.2%
8 ¿Considera usted que actualmente la economía del país está mejor que hace un año?	Sí	18.2%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	No	81.8%	100.0%	90.0%	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?	Sí	0.0%	14.3%	10.0%	0.0%	25.0%	10.0%	23.1%	62.5%	30.0%	66.7%
	No	100.0%	85.7%	90.0%	100.0%	75.0%	90.0%	76.9%	37.5%	70.0%	33.3%
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%	0.0%	0.0%	0.0%	7.6%	0.0%	0.0%	0.0%
	No está seguro	63.6%	42.9%	40.0%	50.0%	50.0%	50.0%	46.2%	75.0%	60.0%	66.7%
	Mal momento	36.4%	57.1%	60.0%	50.0%	50.0%	50.0%	46.2%	25.0%	40.0%	33.3%

In October 2009, the trust index level of the economic activity<sup>1</sup> was at 34.73, index higher by 26.29%, regarding the registered the month before (27.50) and higher by 64.68% regarding the observed in October the previous year (21.09).

TRUST INDEX OF THE ECONOMIC ACTIVITY  
JANUARY 2008 - OCTOBER 2009



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

<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.

**TRUST INDEX OF THE ECONOMIC ACTIVITY**  
**JANUARY 2008 - OCTOBER 2009**

Month	Index	Variation		
		Inter-monthly	Inter-annual	Accumulated
<b>2008</b>				
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
April	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
<b>October</b>	<b>21.09</b>	<b>-18.54</b>	<b>-50.01</b>	<b>-55.99</b>
November	15.91	-24.56	-68.18	-66.80
December	19.79	24.39	-58.70	-58.70
<b>2009</b>				
January	18.18	-8.14	-55.25	-8.14
February	12.50	-31.24	-65.01	-36.84
March	15.00	20.00	-52.00	-24.20
April	13.75	-8.33	-20.01	-30.52
May	18.75	36.36	50.00	-5.26
June	15.00	-20.00	-10.02	-24.20
July	19.22	28.13	-5.37	-2.88
August	37.50	95.11	55.99	89.49
September	27.50	-26.67	6.22	38.96
<b>October</b>	<b>34.73</b>	<b>26.29</b>	<b>64.68</b>	<b>75.49</b>