



## ECONOMIC EXPECTATIONS SURVEY TO THE PANEL OF PRIVATE ANALYSTS - EEE (For its acronym in Spanish) -

OCTOBER 2011

The *Economic Expectations Survey to the Private Panel of Analysts* is held monthly in order to obtain the opinion of national and international analysts, regarding the behavior of some of the macroeconomic variables in the country. Said survey is extremely useful, given the importance that the expectations of the economic agents have in the behavior of the economic activity of the country.

In the first part of this note, we present the inflation expectations and the annual and quarterly economic activity, held between the second and fourth week of October 2011.

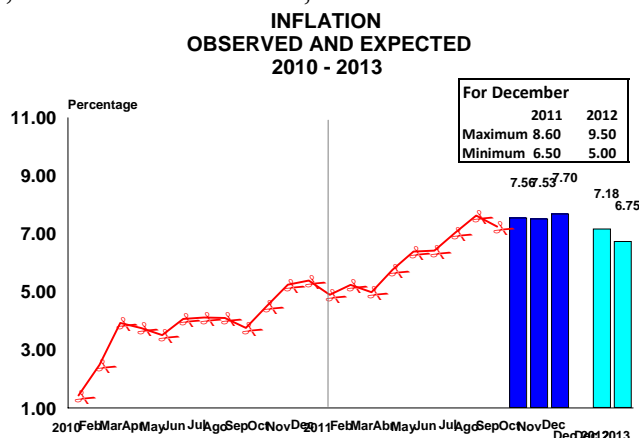
In the second part, the confidence index of the economic activity is presented, which was made based on the referred survey.

### I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY

#### 1. INFLATION

The Economic analysts surveyed foreseeing a y-o-y inflation of 7.56% for October 2011 with a maximum value of 8.00% and a minimum of 6.90%; while for November 2011, they estimate that it will reach 7.53%. For December 2011, the analysts forecast an average inflation of 7.70%, registering a maximum value of 8.60% and a minimum of 6.50%. For December 2012, they consider it could reach 7.18%, with a maximum value of 9.50% and a minimum value of 5.00%. For December 2013, the economic analysts estimated a value of 6.75%.

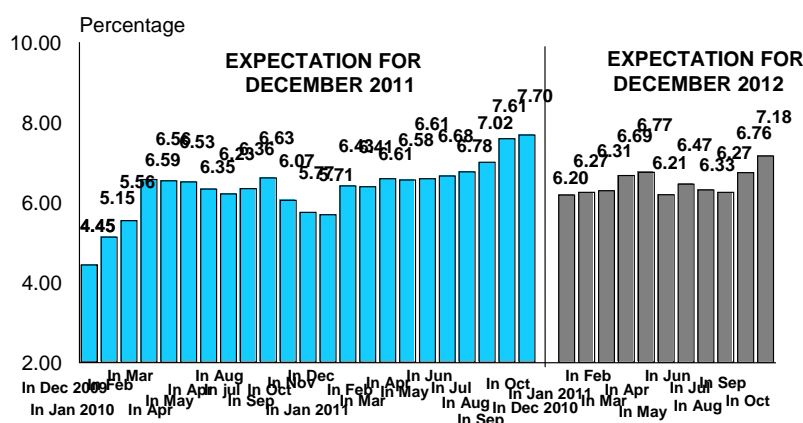
On the other hand, the economic analysts estimated that for October 2012, inflation would be at 6.69%; while for October 2013, this could be at 6.51%.



When comparing the results of this survey obtained last month, it was observed that the expected y-o-y inflation for October 2011 decreased by 0.12 percentage points (7.68% in the September 2011 survey); while for November 2011 it decreased 0.11 percentage points (7.64% in the previous survey).

For the end of 2011, the expected y-o-y inflation increased by 0.09 percentage points (7.61% in the previous survey), whereas for December 2012 it increased by 0.42 percentage points (6.76% in the previous survey).

### INFLATION EXPECTATIONS FOR DECEMBER 2011 AND FOR DECEMBER 2012 RESULTS FOR THE SURVEY IN THE MONTH INDICATED



Source: Economic Expectations Survey from the Panel Private Analysts. (EEE).

In the opinion of the interviewed analysts, the main factors that could explain the forecast of inflation for 2011 are the prices of fuel, the international price of oil, the price of commodities, the climate conditions, the performance of the fiscal policy and the performance of the monetary policy.

### FACTORS THAT COULD EXPLAIN THE INFLATION FORECAST FOR DECEMBER 2011

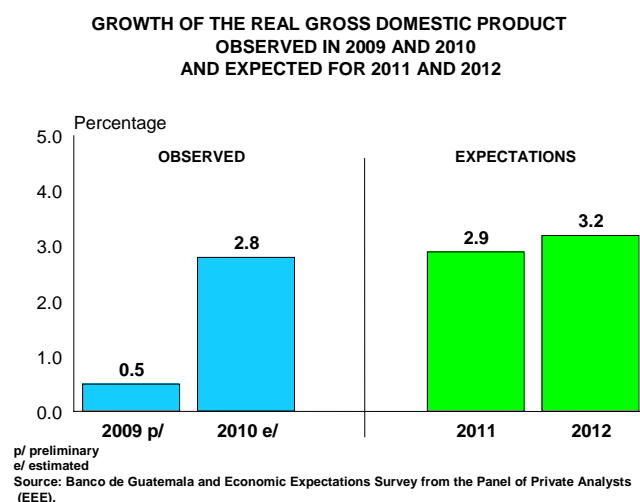
-In percentage-

FACTORS	January	February	March	April	May	June	July	August	September	October
Price of fuels	15.63	16.39	18.61	16.67	18.06	16.90	15.71	17.72	15.15	20.29
International price of oil	17.19	18.03	19.77	16.67	18.06	14.09	15.71	18.99	15.15	15.94
Prices of commodities	14.06	18.03	16.28	14.82	15.28	15.49	15.71	13.92	15.15	14.49
Climate conditions	7.81	8.20	8.14	9.26	8.33	8.45	10.00	7.60	9.09	11.58
Performance of the fiscal policy	14.06	14.75	10.45	11.10	13.89	11.27	12.86	16.46	12.12	10.15
Performance of the monetary policy	12.50	11.48	8.14	9.26	9.72	8.45	10.00	10.13	10.61	10.15
Seasonality of agricultural products	4.69	4.92	6.98	9.26	6.94	9.86	7.15	5.06	10.61	8.70
Nominal exchange rate	9.38	6.56	4.65	9.26	5.56	8.45	7.15	6.32	6.06	5.80
Others	4.68	1.64	6.98	3.70	4.16	7.04	5.71	3.80	6.06	2.90
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

## 2. ECONOMIC ACTIVITY

### 2.1 GROSS ANNUAL DOMESTIC PRODUCT

In October 2011, private analysts estimated that the economic activity for said year, measured by the Real Gross Domestic Product, would register growth of 2.9%, lower by 0.10 percentage points regarding the previous survey. For 2012, the expected growth is of 3.2%, equal to the forecasted in the previous survey from September 2011.



According to the analysts interviewed, the main factors that could promote economic activity in 2011 are the international price of oil, the strengthening of the domestic market, the price of fuels, the performance of the fiscal policy, and the levels of the interest rates (domestic and foreign) and the stability in the nominal exchange rate.

**FACTORS THAT COULD INFLUENCE THE RHYTHM OF THE ECONOMIC ACTIVITY IN 2011**

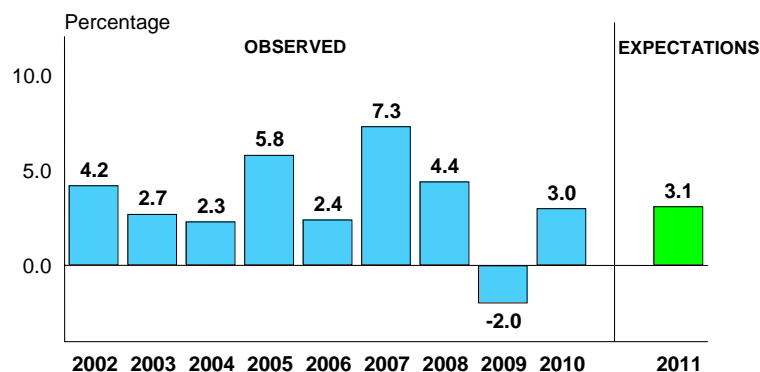
-In percentage-

FACTORS	January	February	March	April	May	June	July	August	September	October
International price of oil	10.87	13.04	12.72	15.00	15.38	10.34	11.67	16.43	14.52	14.93
Strengthening of the domestic market	8.70	13.04	14.55	10.00	11.54	17.24	16.67	12.33	14.52	13.43
Prices of fuels	13.04	10.87	9.09	15.00	11.54	10.34	8.33	13.70	12.90	13.43
Performance of the fiscal policy	17.39	13.04	10.91	12.50	13.46	10.34	13.33	12.33	12.90	11.94
Levels of the interest rates (domestic and foreign)	10.87	6.52	16.36	12.50	13.46	15.52	11.67	10.96	11.29	10.45
Stability in the nominal exchange rate	13.04	13.04	9.09	12.50	7.69	10.34	13.33	8.22	9.68	10.45
Stability in the general level of prices	10.87	8.70	9.09	12.50	5.77	10.34	11.67	8.22	8.06	8.95
FTA with the United States of America	4.35	8.70	3.64	2.50	3.85	5.18	3.33	6.85	6.45	5.97
Execution of mega-projects	8.70	8.70	10.91	7.50	11.54	8.63	5.00	4.11	4.84	4.48
Others	2.17	4.35	3.64	0.00	5.77	1.73	5.00	6.85	4.84	5.97
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

## 2.2 QUARTERLY GROSS DOMESTIC PRODUCT

In October 2011, the private analysts estimated that the growth of the real quarterly GDP corresponding to the second quarter of 2011, which will register a 3.1% growth, equal to the forecast in the survey from September 2011.

**GRWTH OF THE REAL GROSS DOMESTIC PRODUCT FOR THE  
SECOND QUARTER OBSERVED 2002 TO 2010  
AND THE EXPECTATIONS FOR THE SECOND QUARTER 2011  
GROWTH RATE**



Source: Banco de Guatemala and Economic Expectations Survey from the Panel of Private Analysts (EEE).

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

The Confidence 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 have, which is compared with the prevailing index in the recent past. It 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:

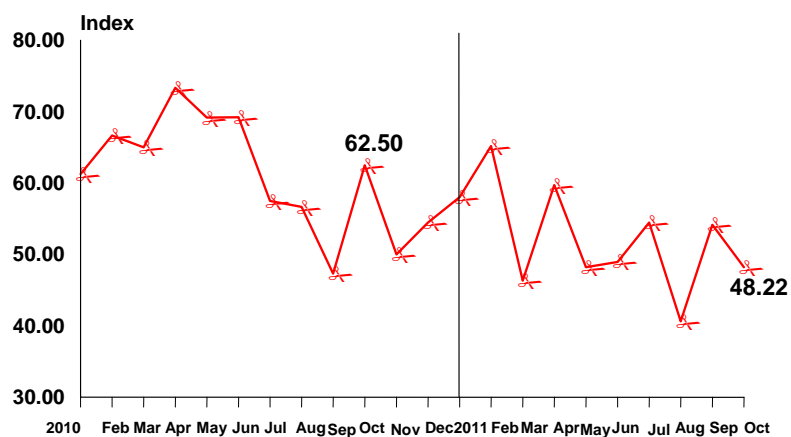
### INDICATORS ON THE CONFIDENCE LEVEL

Question	2010							2011									
	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October
8. ¿How do you consider that the business climate will evolve for the productive activities in the private sector in the future processes in the next six months in comparison with the last six months?																	
Will improve	53.8%	6.7%	6.7%	0.0%	0.0%	0.0%	21.4%	28.6%	21.4%	0.0%	22.2%	0.0%	0.0%	14.3%	12.5%	8.3%	28.6%
The same	38.5%	73.3%	73.3%	78.6%	91.7%	75.0%	64.3%	35.7%	71.4%	70.6%	77.8%	78.6%	91.7%	78.6%	68.7%	91.7%	57.1%
Will worsen	7.7%	20.0%	20.0%	21.4%	8.3%	25.0%	14.3%	35.7%	7.2%	29.4%	0.0%	21.4%	8.3%	7.1%	18.8%	0.0%	14.3%
9. Do you currently consider that the economy of the country will improve compared to a year ago?																	
Yes	69.2%	80.0%	100.0%	71.4%	83.3%	75.0%	92.9%	100.0%	78.6%	82.4%	77.8%	85.7%	75.0%	85.7%	56.2%	75.0%	42.9%
No	30.8%	20.0%	0.0%	28.6%	16.7%	25.0%	7.1%	0.0%	21.4%	17.6%	22.2%	14.3%	25.0%	14.3%	43.8%	25.0%	57.1%
10. Do you consider that the current economy of the country will improve during the next six months?																	
Yes	76.9%	53.3%	40.0%	35.7%	66.7%	41.7%	35.7%	35.7%	71.4%	29.4%	55.6%	28.6%	25.0%	28.6%	18.7%	33.3%	42.9%
No	23.1%	46.7%	60.0%	64.3%	33.3%	58.3%	64.3%	64.3%	28.6%	70.6%	44.4%	71.4%	75.0%	71.4%	81.3%	66.7%	57.1%
11. How do you see the current situation of business in the country for investments?																	
Good moment	30.8%	20.0%	6.7%	7.1%	8.3%	8.3%	7.1%	14.3%	28.6%	5.9%	0.0%	7.1%	8.3%	14.3%	0.0%	16.7%	14.3%
Not sure	53.8%	66.7%	73.3%	71.4%	91.7%	75.0%	57.2%	71.4%	50.0%	64.7%	88.9%	64.3%	83.4%	71.4%	81.3%	75.0%	71.4%
Bad moment	15.4%	13.3%	20.0%	21.4%	0.0%	16.7%	35.7%	14.3%	21.4%	29.4%	11.1%	28.6%	8.3%	14.3%	18.7%	8.3%	14.3%

In October 2011, the confidence index level of the economic activity<sup>1</sup> was at 48.22, index higher by 10.98%, regarding the registered in September 2011 (54.17) and higher by 22.85% regarding the observed in October 2010 (62.50).

<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.

**CONFIDENCE INDEX OF THE ECONOMIC ACTIVITY  
ENERO DE 2010 A OCTUBRE DE 2011**



Source: Banco de Guatemala and Economic Expectations Survey from the Panel of Private Analysts (EEE).

**CONFIDENCE INDEX OF THE ECONOMIC  
ACTIVITY FROM THE PRIVATE SECTOR  
JANUARY 2010 - OCTOBER 2011**

Month	Index	Percent change (%)		
		1-m-% change	y-o-y % change	Accumulated
2010				
January	61.25	16.67	236.91	16.67
February	66.67	8.85	433.36	26.99
March	65.00	-2.50	333.33	23.81
April	73.34	12.83	433.38	39.70
May	69.17	-5.69	268.91	31.75
June	69.23	0.09	361.53	31.87
July	57.50	-16.94	199.17	9.52
August	56.67	-1.44	51.12	7.94
September	47.32	-16.50	72.07	-9.87
October	62.50	32.08	79.96	19.05
November	50.00	-20.00	33.33	-4.76
December	54.47	8.94	3.75	3.75
2011				
January	58.04	6.55	-5.24	6.55
February	65.18	12.30	-2.23	19.66
March	46.33	-28.92	-28.72	-14.94
April	59.73	28.92	-18.56	9.66
May	48.22	-19.27	-30.29	-11.47
June	48.96	1.53	-29.28	-10.12
July	54.47	11.25	-5.27	0.00
August	40.63	-25.41	-28.30	-25.41
September	54.17	33.33	14.48	-0.55
October	48.22	-10.98	-22.85	-11.47