

REVELA is a free Web-based monthly service on inflation and growth expectations in Latin America. REVELA's Web site offers an up-to-date report and a database with historical information. This service compiles data from the expectations surveys of eight Latin American countries with inflation-targeting regimes. REVELA does not represent official projections by the IDB or any other official institution.

A. Highlights

According to August surveys, growth and inflation expectations in most countries in the region have fallen.

In general growth expectations for 2012 have declined with respect to August 2011. The fall has been especially strong in Paraguay and Brazil, where expectations fell from 4.4% to 0.1% and from 3.9% to 1.8% respectively.

The weighted mean growth expectation for the region this year is 2.8% while the simple mean expectation is 3.4%, the former represents a 0.7% drop vis-à-vis six months ago and a 0.1% drop from the previous month. Weighted average growth in the region is expected to be 4.0% in 2013, 1.2% higher than expected growth in 2012. This figure represents a 0.1% decrease with respect to July 2012.

Inflation expectations have been stable throughout the year in most countries in the region. Expectations for December 2012 are 4.5% (GDP weighted average) and the simple average expectation is 4.3%. The former represents a 0.1% increase with respect to July and a 0.2% decrease vis-à-vis six months ago. Both GDP weighted and simple mean inflation expectations for 2013 remain stable at 4.7% and 4.5% respectively, close to the figure for 2012.

Table 1. Growth and Inflation Expectations for 2012

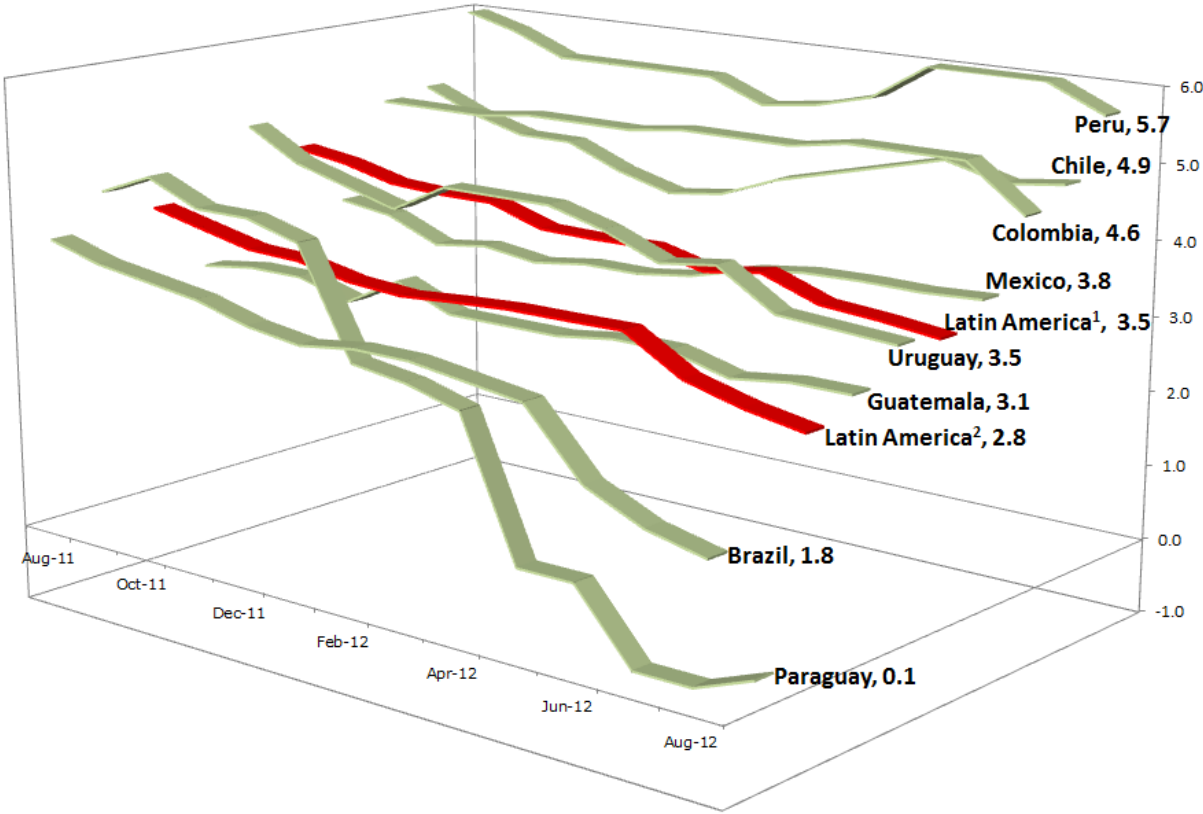
Country	Growth expectation (percentage expected for 2012)		Inflation expectation (percentage expected for 2012)	
	as of August 2012	Jul-Aug change	as of August 2012	Jul-Aug change
Brazil	1.8	↓ -0.2	5.2	↑ 0.2
Chile	4.9	↑ 0.1	2.0	↓ -0.4
Colombia	4.6	↓ -0.6	2.9	↓ -0.2
Guatemala	3.1	⇒ 0.0	4.8	↓ -0.5
Mexico	3.8	⇒ 0.0	4.0	↑ 0.1
Paraguay	0.1	↑ 0.3	5.1	⇒ 0.0
Peru	5.7	↓ -0.4	3.2	↑ 0.2
Uruguay	3.5	⇒ 0.0	7.5	↓ -0.2
Eight country average	3.4	↓ -0.1	4.3	↓ -0.1

Source: REVELA, IDB 2012. Data available for download [here](#).

B. Growth

In general growth expectations for 2012 have declined with respect to August 2011. The fall has been especially strong in Paraguay and Brazil where expectations fell from 4.4% to 0.1% and from 3.9% to 1.8% respectively. Uruguay has also experienced a significant drop in growth expectations vis-à-vis August 2011, falling from 4.9% to 3.5%. Colombia has also seen a drop in its last quarterly expectations survey: growth expectations fell from 5.2% to 4.6%. On the other hand, in the last six months, growth expectations have been revised upwards in 3 countries: Chile (+0.8%), Mexico (+0.5%), Peru (+0.5%). In line with the downward trend, both GDP weighted and simple mean expectation have declined 0.1% in the last month.

Figure 1. Market Expectations of Growth (percentage, yoy 2012)



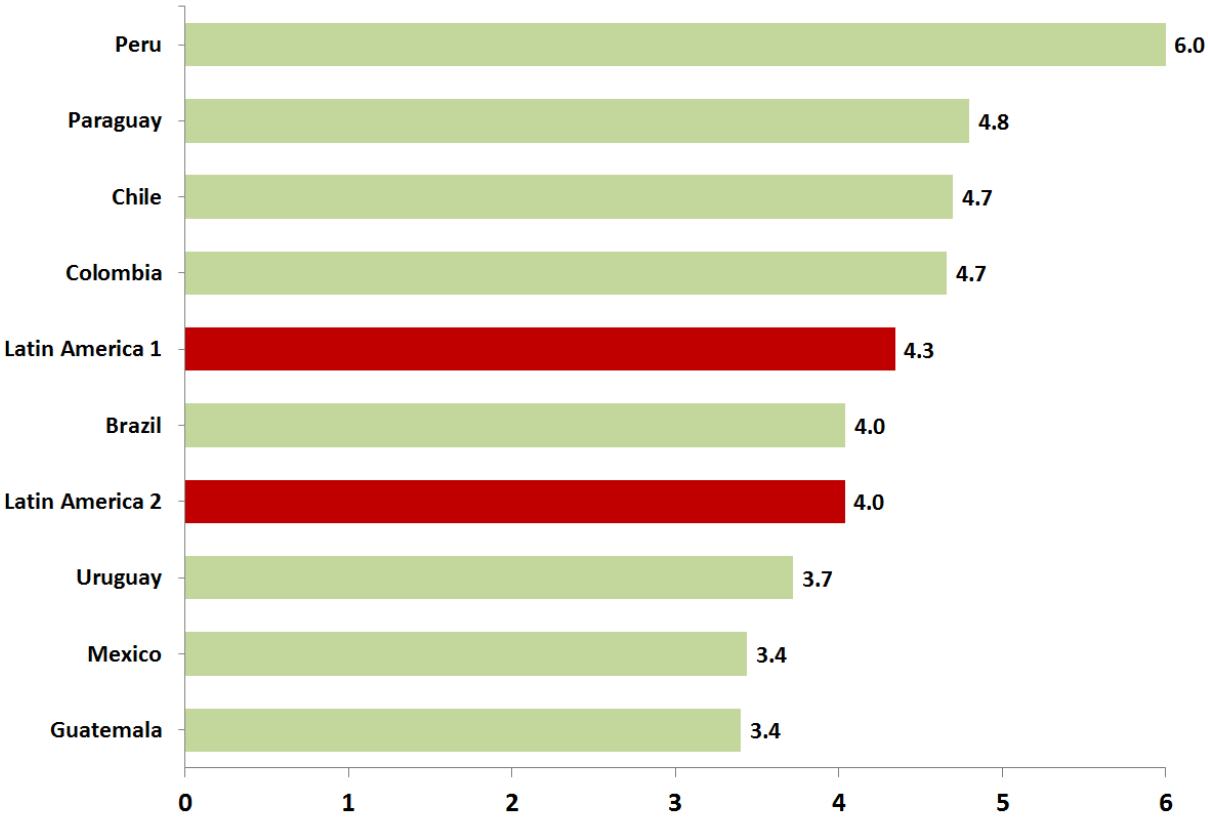
Source: REVELA, IDB 2012. Data available for download [here](#).

¹ Refers to the simple average of the eight inflation targeting countries.

² Refers to the GDP weighted average of the eight inflation targeting countries.

Growth expectations for 2013 are significantly higher than expectations for the current year, the weighted mean for the region being 4.0% (+1.2%) and the simple average 4.3% (+0.9%). The four countries with above average expected growth rates for the next year are: Peru (6.0%), Paraguay (4.8%), Chile (4.7%), and Colombia (4.7%). The lower four are: Brazil (4.0%), Uruguay (3.7%), Mexico (3.4%) and Guatemala (3.4%).

Figure 2. Growth Market Expectations
(percentage, yoy 2013)



Source: REVELA, IDB 2012. Data available for download [here](#).

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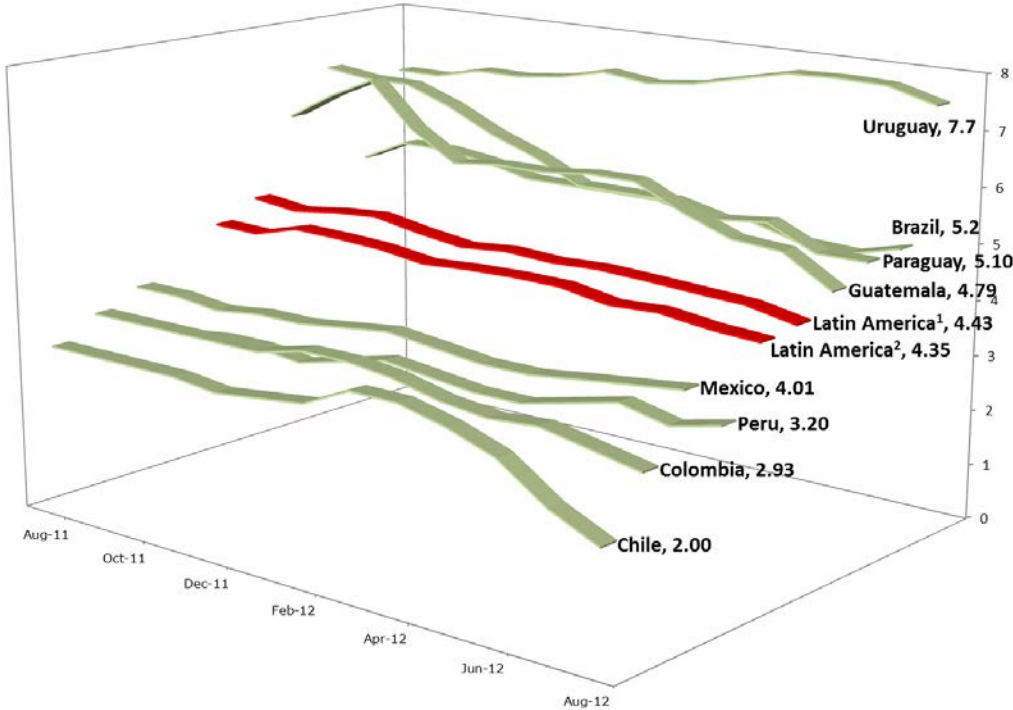
C. Inflation

Both weighted and simple averages of expected inflation for the region have remained relatively stable in the last twelve months (-0.2 % and -0.4% respectively). However, there is significant heterogeneity across countries regarding these figures. Inflation in 2012 is expected to be as low as 2.0% in Chile and as high as 7.5% in Uruguay.

The drop in expected inflation for 2012 is most significant in Guatemala where the expectation fell from 6.0% in February 2012 to 4.8% this month and fell by 0.5% in August. Similarly, in Chile expectations for 2012 inflation fell from 3.1% in February 2012 to 2%, falling 0.4% in the last month. Colombia has also experienced a significant drop in inflation expectations in the last six months: from 3.6% to 2.9%.

With respect to July 2012, the weighted inflation expectations increased 0.1% dominated by the 0.2% rise in Brazil. Conversely, the simple average decreased 0.1%. Surveys reveal a lower expectation of inflation vis-à-vis last month in four countries: Guatemala (from 5.3% to 4.8%), Chile (from 2.4% to 2%), Colombia (from 3.1% to 2.9%) and Uruguay (from 7.7% to 7.5%). Inflation expectations have risen in Brazil (from 4.9% to 5.2%) and in Mexico (from 3.9% to 4.0%). Inflation expectations in Paraguay have remained unaltered at 5.1%.

Figure 3. Inflation Market Expectations (percentage, yoy 2012)

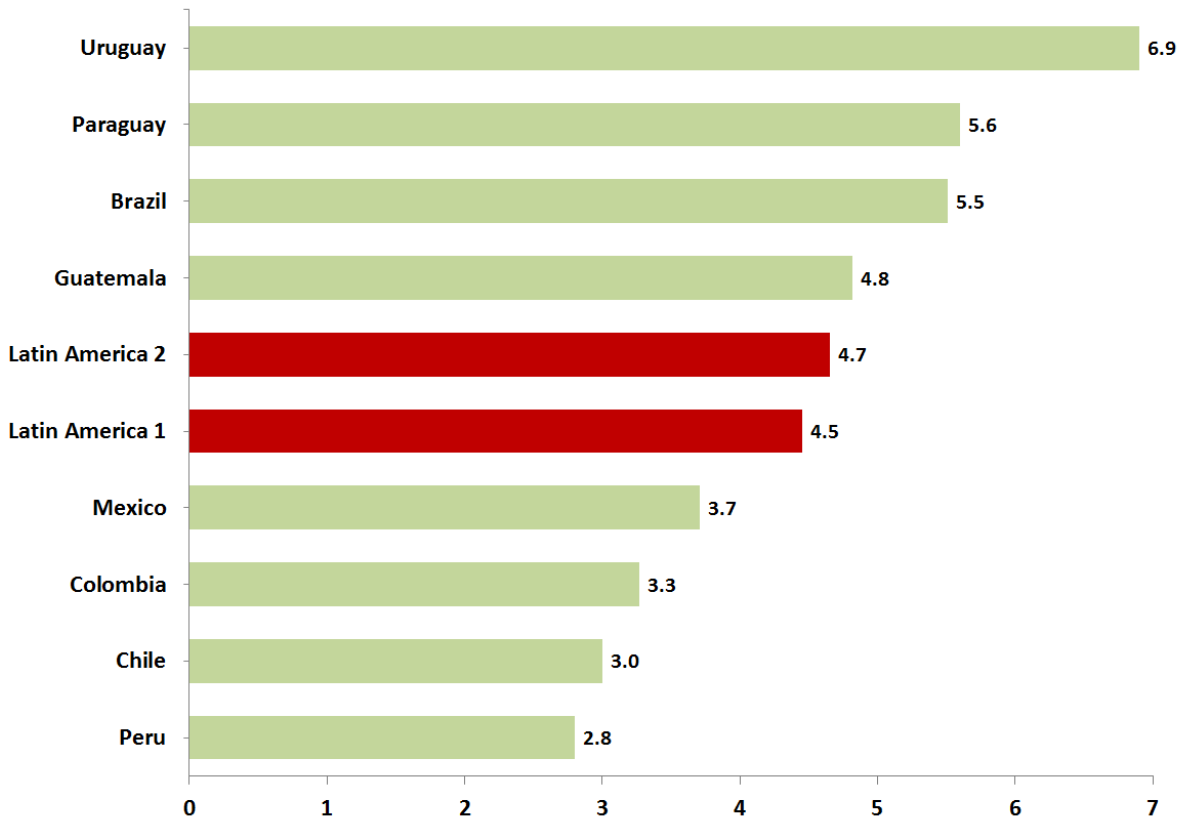


Source: REVELA, IDB 2012. Data available for download [here](#).
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² Refers to the GDP weighted average of the eight inflation targeting countries.

Inflation expectations for 2013 have remained stable in most countries and expectations for the region are currently at 4.7% and 4.5% (GDP weighted mean and simple mean respectively).

**Figure 4. Inflation Market Expectations
(percentage, yoy 2013)**



Source: REVELA, IDB 2012. Data available for download [here](#).

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