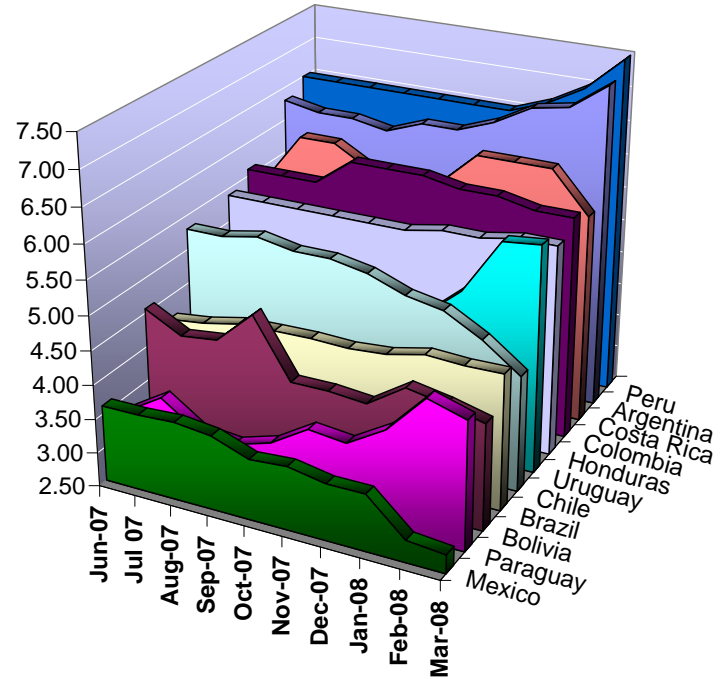




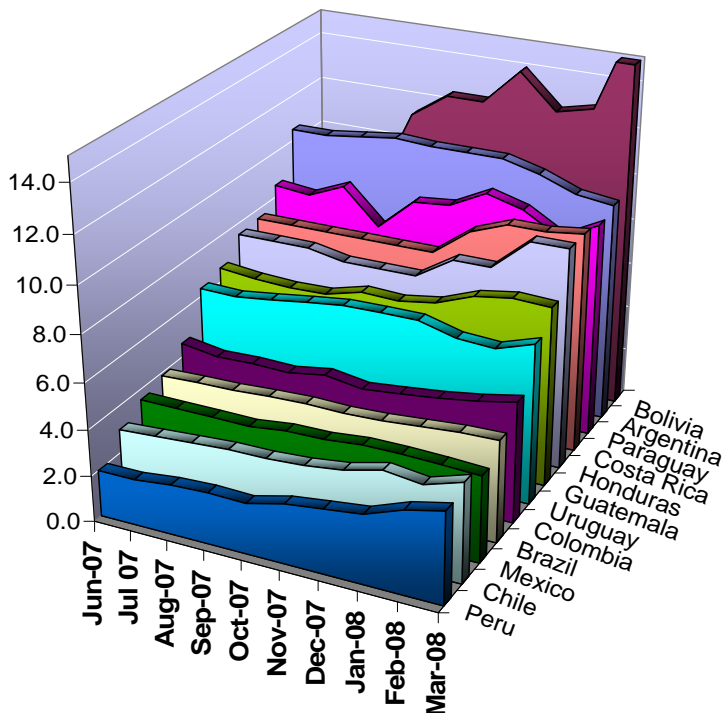
Revelation of Expectations in Latin America
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About REVELA: The figures analyzed represent the results of surveys of private sector actors conducted by the central banks of each country according to their own specific methodologies. They do not represent official projections by the IDB or any other official body. The IDB Research Department collects the results of these surveys from participating central banks on a monthly basis (around the 20th of each month) to produce REVELA. This document analyzes differences across countries and trends over time. The data are available at www.iadb.org/res

Market Expectations-GDP Growth
(%, end 2008)



Market Expectations-Inflation
(%, end 2008)



Forecasters have become somewhat less optimistic regarding economic performance in Latin America as growth forecasts for 2008 have decreased and inflation forecasts have increased in several countries in relation to last month's REVELA survey. In particular, the simple average of expected inflation for 2008 is now 7.6%, 0.54 higher than last month. The graphs show the path of growth and inflation expectations across the surveyed countries.

Growth

Although the simple average expected 2008 growth rate remains almost unchanged at 5.2%, there are six countries with lower expected 2008 growth rates. Compared to last month's survey, growth expectations fell in Bolivia from 4.19% to 4.05%, in Chile from 4.6% to 4.2%, in Costa Rica by 0.6 to 5.6%, in Guatemala by 0.2 to 4.5%, in Mexico from

2.82% to 2.77% and in Paraguay from 4.54% to 4.37%. In contrast, four countries increased their expected 2008 growth rate: Argentina by 0.4 to 7.3%, Peru by 0.5 to 7.5% , Uruguay from 5.77% to the 5.83% and in Brazil the increase was just 0.01% to 4.49%. Finally, 2008 growth expectations remained unchanged in Colombia and in Honduras.

Inflation

Inflation expectations increased in seven countries included in REVELA. The most significant increase occurred in Bolivia, where the expected 2008 inflation rate rose from 12.91% to 16.97%. Other countries with higher expected 2008 inflation rate are Brazil, now 4.42% against the previous 4.38%, Chile by 0.5% to 4.3%, Colombia by 0.32% to 5.25%, Costa Rica (now 9.6% against the previous 9.4%), Paraguay by 0.83%, reaching the level of 9.35%, Peru where the expected inflation rate rose from 3.6% to 3.97% and Uruguay by 0.53% to 6.96%. Inflation expectations decreased very slightly in Guatemala and in Mexico.

	Average changes	
	Inflation	Growth
Argentina	▼	▲
Bolivia	▲	▼
Brazil	▲	▲
Chile	▲	▼
Colombia	▲	—
Costa Rica	▲	▼
Guatemala	▼	▼
Honduras	—	—
Mexico	▼	▼
Paraguay	▲	▼
Peru	▲	▲
Uruguay	▲	▲

Source: Latin American Market expectations surveys

The table above summarizes the movement in expectations from February 2008 to March 2008 for **2008** growth and inflation. As can be seen, the changes in expected inflation are mostly positive and the changes in expected growth are mostly negative.

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