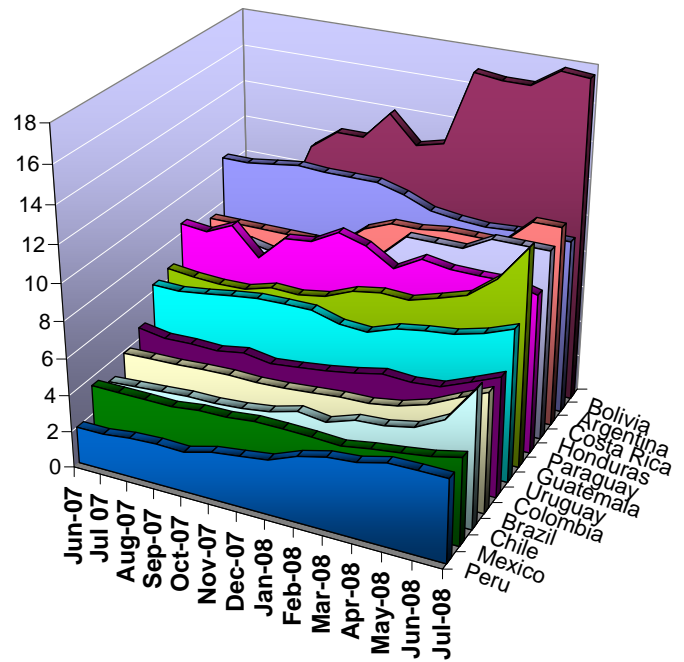




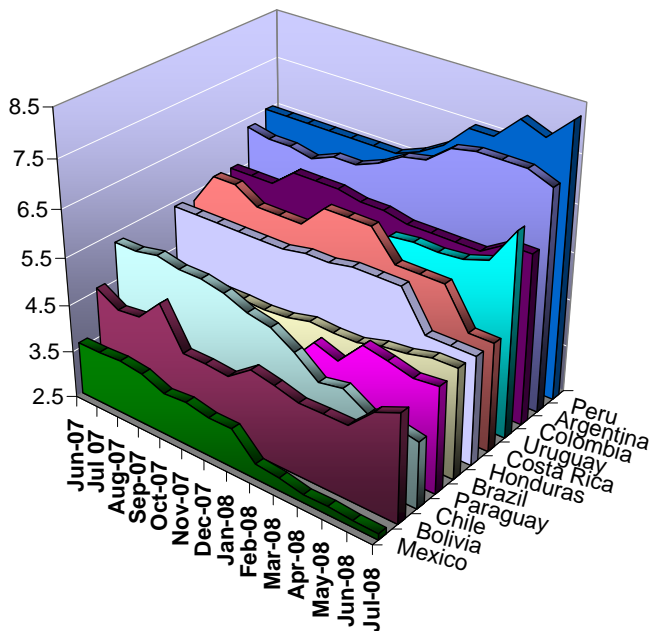
Revelation of Expectations in Latin America
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About REVELA: The figures analyzed represent the results of surveys of private sector actors conducted by the central banks of each country according to their own specific methodologies. They do not represent 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-Inflation
 (% , end 2008)



Market Expectations-GDP Growth
 (% , end 2008)



Growth expectations for 2008 in Latin America have increased very slightly with respect to last month. Now, the simple average expected growth rate is 5.24%, 0.1% higher than last month's forecast. Growth is forecast to slow in 2009, to an average of 4.88% - unchanged from June's forecast.

On the other hand, **inflation** expectations for 2008 continue to increase. The simple average of expected inflation for 2008 rose from 8.48% to 8.95%. Moreover, the 2009 expected inflation rate is also up 0.35% from last month's survey, reaching a simple average of 8.3%. The graphs illustrate how 2008 growth and inflation

expectations have changed across the surveyed countries from June 2007 to July 2008.

Growth

This month growth expectations for 2008 increased in five countries included in REVELA. They rose in Uruguay from 6.03% to 6.8%, in Peru from 7.8% to 8.3%, in Bolivia from 4.56% to 4.78% and increased somewhat in Brazil and Paraguay. On the other hand, growth expectations fell in Argentina by 0.2 % to 7.2%, in Chile from 4.0% to 3.9% and fell slightly in Mexico to 2.63%. Growth expectations for 2008 remained stable in Colombia (6.11%), Costa Rica (4.8%), Guatemala (4.0%) and Honduras (4.8%).

Expectations for 2009 growth rose in Bolivia by 0.4% to 4.96%, in Paraguay from 4.92% to 4.99% and in Uruguay by 0.27% to 4.42%. On the other hand, the major decrease of 2009 expected growth occurred in Chile where the expected 2009 growth rate slipped from 4.5% to 4.2%. Growth expectations also fell in Argentina from 5.6% to 5.4%, in Brazil from 4.14% to 3.9%, and in Mexico by just 0.01% to 3.25%. Growth expectations for 2009 remained unchanged in Colombia (5.91%), Costa Rica (4.9%), Honduras (4.8%) and Peru (7%).

Inflation

In the same direction as previous months, inflation expectations for 2008 rose in almost all countries included in REVELA. The increase was most significant in Chile where the expected 2008 inflation rate passed from 5.5% to 7.5% and in Guatemala where they increased from 9.92% to 11.86%. Inflation expectations are also up in Brazil by 0.67% to 6.53%, in Colombia by 0.65% reaching 6.57%, in Mexico from 4.39% to 4.74% and in Uruguay where the expected 2008 inflation rate is now 8.34%, 0.58% higher than last month. Inflation expectations for 2008 fell only in Bolivia by 0.15% to 17.61% and in

Paraguay from 9.1% to 8.72%. Inflation expectations for 2008 did not change in Costa Rica (11.0%) and Honduras (10.4%).

Inflation expectations for 2009 also continued to increase. Compared to last month's survey, inflation expectations for 2009 increased in six countries included in REVELA. They increased in Guatemala by 2.47% to 10.7%, in Bolivia by 1.65% to 19.83%, in Chile from 3.7% to 4.5%, in Uruguay from 6.82% to 7.1% and in Brazil by 0.22% to 4.89%. Expectations for 2009 inflation decreased in Mexico by 0.87% and in Paraguay by 0.59%.

The table above summarizes the change in expectations from June 2008 to July 2008 for 2008 growth and inflation. As can be seen, the changes in expected inflation are mostly upwards, while the changes in expected growth are mixed.

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

Source: Latin American Market expectations surveys

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