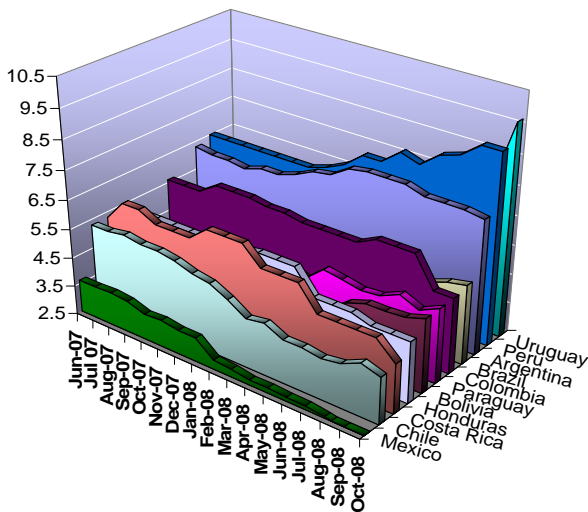




**Revelation of Expectations in Latin America**  
**RES-IDB**  
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**About REVELA:** The figures analyzed represent the results of surveys of private sector actors conducted by the central banks of each country according to their own specific methodologies. 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](http://www.iadb.org/res)

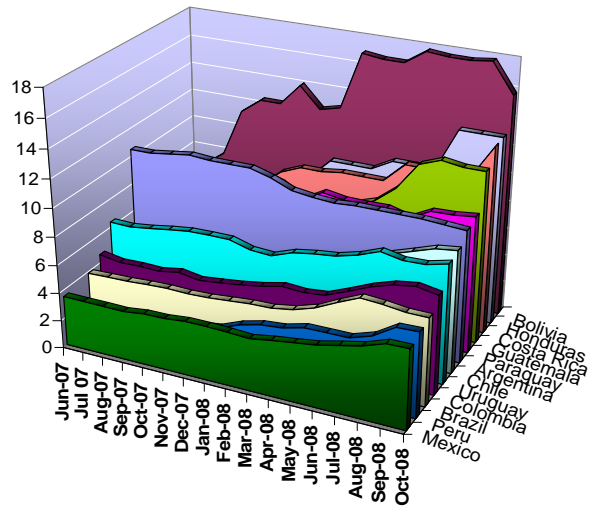
**Market Expectations-GDP Growth**  
**(%, end 2008)**



**Growth** expectations for 2008 in Latin America increased respect to last month's survey. The simple average expected growth rate for 2008 is now 5.45%, 0.16% higher than September's forecast. With respect to 2009, growth is

expected to slow to an average of 4.4% - 0.3 lower compared to last month's expectations.

**Market Expectations-Inflation**  
**(%, end 2008)**



On the other hand, **inflation** expectations for 2008 continued to increase. Now, the simple average of the expected inflation rate for 2008 is 9.66%, 0.07% higher than September's forecast. Moreover, 2009 inflation expectations are down; the simple average of the expected inflation rate for 2009 fell from 8.63% to the actual value of 8.38%. The graphs illustrate how 2008 growth and inflation expectations have changed across the surveyed countries from June 2007 to October 2008.

**Growth**

Growth expectations for 2008 have increased in five countries included in REVELA. The most significant increase was in Uruguay from 7.48% to 9.68%. Expectations also rose in Paraguay from 4.76% to 5.06%, in Bolivia from 4.83% to 5.04%, in Brazil from 5.09% to 5.22% and in Guatemala from 3.90% to 4.00%. Growth expectations fell in four countries: in Costa Rica by 0.6% to the actual level of 4.20%, in Chile from 4.30% to 4.10%, in Mexico by 0.1 % to the actual level of 2.30% and in Argentina by 0.1%

to 7.10%. Growth expectations for 2008 remained stable in Peru at 9.0%.<sup>1</sup>

For 2009, the simple average of expected growth rates fell from 4.7% to 4.4%. Expectations only rose in Uruguay, where the expected 2009 growth rate is now 4.8%, 0.3% higher than last month. The remaining of countries included in REVELA decreased the growth expectations for 2009: in Bolivia from 4.90% to 4.14%, in Chile by 0.70% to 3.50%, in Argentina from 5.40% to 4.80%, in Costa Rica by 0.50% to 4.40%, in Brazil from 3.70% to 3.28%, in Mexico by 0.40% to 2.50%, in Peru by 0.10% to 7.00% and in Paraguay from 4.69% to 4.62%,

### Inflation

Inflation expectations for 2008 show mixed changes in countries included in the sample. The major increase occurred in Costa Rica where the expected 2008 inflation rate rose from 11.0% to 13.35%. Other countries with higher expected inflation rates for 2008 are: Uruguay (now 8.46%, up 0.37% from the previous month), Chile (now 8.70% against previous 8.50%), Paraguay (now 9.72%, up 0.17% from last month), Peru (now 6.00%, compared to 5.95% last month) and Mexico (now 5.63%, 0.02% higher than last month). Inflation expectations for 2008 fell in Bolivia from 17.79% to 15.74%, in Colombia from 7.29% to 7.03%, in Brazil from 6.23% to 6.22% and in Argentina from 9.50% to 9.40%. Inflation expectations for 2008 did not change in Guatemala (12.21%).

The average inflation forecast for 2009 changed the trend and started to decrease. Compared to last month's survey, inflation expectations for 2009 increased in Costa Rica by 0.6% to 10.90%, in Uruguay by 0.11% to 7.20%, in Peru from 4.10% to 4.20% and in Mexico from 4.00% to 4.07%. Inflation expectations for 2009 decreased

in Bolivia by 2.77%, reaching the value of 15.53%, in Colombia from 5.84% to 5.35%, in Paraguay by 0.23% to 8.27%, in Chile from 4.9% to 4.7%, in Argentina from 10.2% to 10.0%, in Guatemala by 0.14% to 9.51% and in Brazil by 0.04% to 4.87%.

The following table summarizes the results of growth and inflation expectations for 2009 for the August, September and October surveys.

	Inflation Expectations for 2009			Growth Expectations for 2009		
	Aug-08	Sep-08	Oct-08	Aug-08	Sep-08	Oct-08
Argentina	10.30	10.20	10.00	5.40	5.40	4.80
Bolivia	19.83	18.30	15.53	4.96	4.90	4.14
Brazil	4.90	4.91	4.87	3.77	3.70	3.28
Chile	4.50	4.90	4.70	4.20	4.20	3.50
Colombia	5.71*	5.84*	5.35*	5.91**	5.18**	5.18**
Costa Rica	10.30	10.30	10.90	4.90**	4.90**	4.40**
Guatemala	9.29	9.65	9.51	.	.	.
Honduras	13.00**	13.00**	13.00**	4.50**	4.50**	4.50**
Mexico	3.83	4.00	4.07	3.09	2.90	2.50
Paraguay	8.46	8.50	8.27	4.92	4.69	4.62
Peru	4.00	4.10	4.20	7.00	7.10	7.00
Uruguay	7.09	7.09	7.20	4.50	4.50	4.80
Average	8.7	8.6	8.4	4.8	4.7	4.4

\* is 12 month inflation and not December 2009

\*\* forecasts are reported on a quarterly basis.

The table below summarizes the changes in expectations from September 2008 to October 2008 for 2008 growth and inflation. As can be seen, the changes in expected inflation and growth are mixed.

	Average changes 2008	
	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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<sup>1</sup> Colombia and Honduras did not show any changes in their growth expectations because these countries have quarterly surveys. Last report for Honduras and Colombia was published in June and July, respectively.