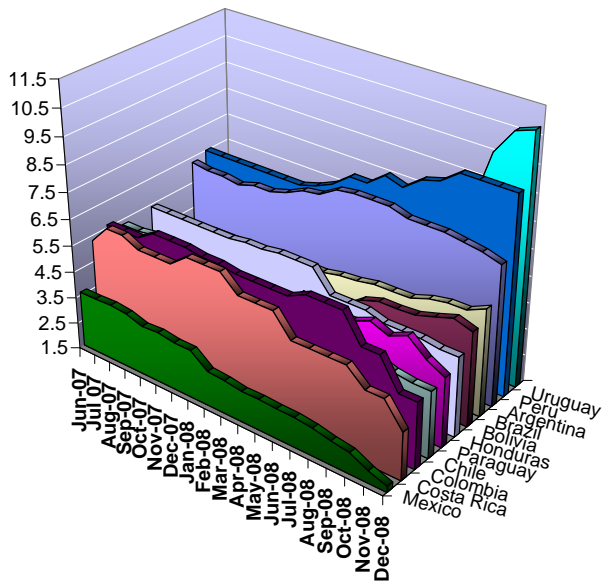




**Revelation of Expectations in Latin America**  
**RES-IDB**  
**Issue 19 – Dec 2008**

**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)

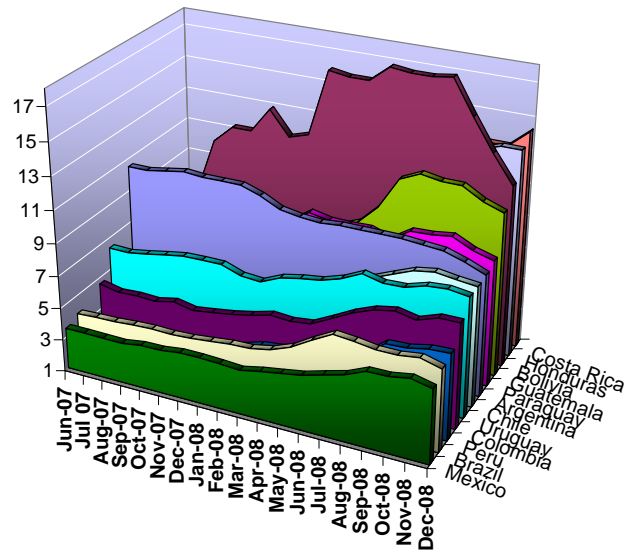
**Market Expectations-GDP Growth**  
**(%, end 2008)**



**Growth** expectations for 2008 in Latin America decreased respect to last month's survey. The simple average expected growth rate for 2008 is now 5.22%, 0.13% lower than November's

forecast. With respect to 2009, growth is expected to slow to an average of 3.1% - 0.7 lower compared to last month's expectations.

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



On the other hand, **inflation** expectations for 2008 decreased. Now, the simple average of the expected inflation rate for 2008 is 9.24%, 0.23% lower than November's forecast. Moreover, 2009 inflation expectations are down; the simple average of the expected inflation rate for 2009 fell from 8.28% to the actual value of 8.09%. The graphs illustrate how 2008 growth and inflation expectations have changed across the surveyed countries from June 2007 to December 2008.

**Growth**

Growth expectations for 2008 have increased in two countries included in REVELA. The most significant increase was in Brazil from 5.23% to 5.55%. Also, the expectations rose in Uruguay from 10.62% to 10.86%. On the other hand, growth expectations fell in six countries: in Costa Rica by 0.90% to the actual level of 3.30%, in Paraguay from 4.49% to 4.12%, in Mexico by 0.24% to the actual level of 1.72%, in Bolivia

from 5.27% to 5.06%, in Guatemala from 3.90% to 3.70% and in Argentina by 0.20% to 6.80%. Growth expectations for 2008 remained stable in Peru at 9.0% and in Chile at 4.0%.<sup>1</sup>

For 2009, the simple average of expected growth rates fell from 3.8% to 3.1%. Eight countries included in REVELA decreased the growth expectations for 2009: in Uruguay by 1.75% to 2.23%, in Costa Rica from 4.40% to 3.10%, in Argentina by 1.20% to 2.70%, in Mexico from 0.99% to -0.11%, in Paraguay by 0.97% to 3.40%, in Brazil from 2.89% to 2.29%, in Chile by 0.50% to 2.00% and in Bolivia by 0.07% to 4.01%. Growth expectations for 2009 only remained stable in Peru at 6.40%.

### Inflation

Inflation expectations for 2008 fell in almost all countries included in REVELA. Inflation expectations for 2008 fell in Bolivia from 13.85% to 12.17%, in Argentina from 9.00% to 8.50%, in Paraguay from 9.13% to 8.78%, in Brazil from 6.39% to 6.05%, in Mexico by 0.29% to the actual level of 5.55%, in Uruguay from 8.56% to 8.39% and in Chile from 8.53% to 8.39%. The major increase occurred in Costa Rica where the expected 2008 inflation rate rose from 13.35% to 14.40%. Other countries with higher expected inflation rates for 2008 are: Peru (now 6.31%, up 0.06% from the previous month) and Colombia (now 7.48% against previous 7.47%).

The average inflation forecast for 2009 decreased this month. Compared to last month's survey, inflation expectations for 2009 increased in Costa Rica by 0.80% to 11.70% and in Mexico by 0.22% to 4.56%. Inflation expectations for 2009 decreased in Chile by 0.70%, reaching the value of 3.90%, in Bolivia from 14.23% to 13.58%, in Argentina by 0.60% to 9.40%, in Paraguay from 8.45% to 7.88%, in Guatemala from 9.36% to

9.08%, in Uruguay by 0.16% to 7.03%, in Colombia by 0.13% to 5.36% and in Brazil from 5.20% to 5.11%. Inflation expectations for 2009 remained stable in Peru at 4.20%.

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

	Inflation Expectations for 2009			Growth Expectations for 2009		
	Oct-08	Nov-08	Dec-08	Oct-08	Nov-08	Dec-08
Argentina	10.00	10.00	9.40	4.80	3.90	2.70
Bolivia	15.53	14.23	13.58	4.14	4.08	4.01
Brazil	4.87	5.20	5.11	3.28	2.89	2.29
Chile	4.70	4.60	3.90	3.50	2.50	2.00
Colombia	5.35*	5.49*	5.36	5.18**	3.97**	3.97**
Costa Rica	10.90	10.90	11.70	4.40**	4.40**	3.10**
Guatemala	9.51	9.36	9.08	.	.	3.20
Honduras	13.00**	12.6**	12.6**	4.50**	4.30**	4.30**
Mexico	4.07	4.34	4.56	2.50	0.99	-0.11
Paraguay	8.27	8.45	7.88	4.62	4.37	3.40
Peru	4.20	4.20	4.20	7.00	6.40	6.40
Uruguay	7.20	7.19	7.03	4.80	3.98	2.23
Average	8.38	8.28	8.09	4.43	3.80	3.12

\* is 12 month inflation and not December 2009

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

The table below summarizes the changes in expectations from November 2008 to December 2008 for 2008 growth and inflation. As can be seen, the changes in expected inflation and growth are mostly downwards.

Average changes 2008		
	Inflation	Growth
Argentina	▼	▼
Bolivia	▼	▼
Brazil	▼	▲
Chile	▼	—
Colombia	▲	—
Costa Rica	▲	▼
Guatemala	▼	▼
Honduras	—	—
Mexico	▼	▼
Paraguay	▼	▼
Peru	▲	—
Uruguay	▼	▲

Source: Latin American Market expectations surveys

<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 November.