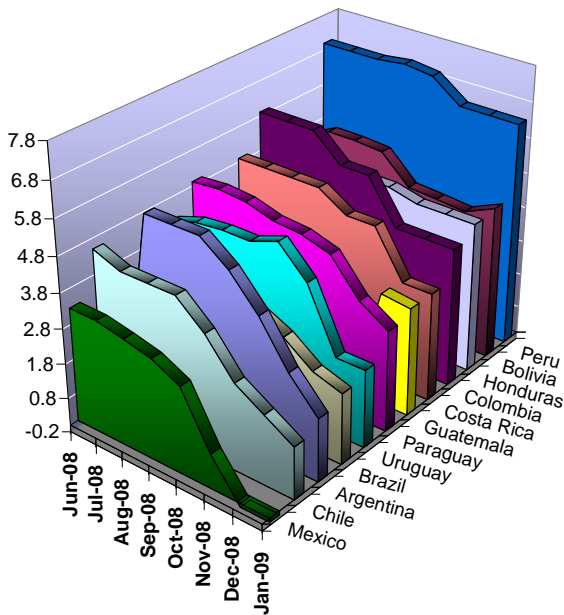




Revelation of Expectations in Latin America
RES-IDB
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About REVELA: The figures analyzed represent the results of surveys of private sector actors conducted by the central banks of each country according to their own specific methodologies. They do not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

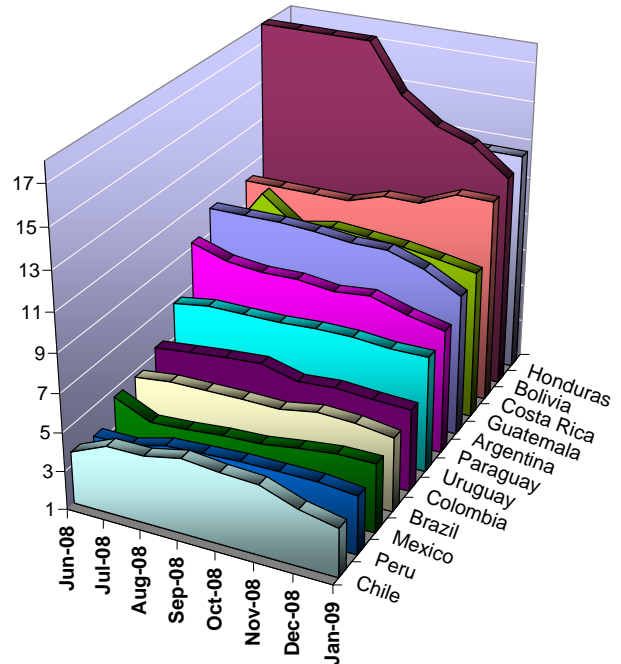
Market Expectations-GDP Growth
(%, end 2009)



Growth expectations for 2009 in Latin America decreased respect to last month's survey. The simple average expected growth rate for 2009 is now 2.97%, 0.15% lower than December's

forecast. With respect to 2010, growth is expected to slow to an average of 3.54% - 0.08 lower compared to last month's expectations¹

Market Expectations-Inflation
(%, end 2009)



On the other hand, **inflation** expectations for 2009 decreased. Now, the simple average of the expected inflation rate for 2009 is 7.56%, 0.53% lower than December's forecast. Moreover, the simple average of the expected inflation rate for 2010 is 5.96%². The graphs illustrate how 2009 growth and inflation expectations have changed across the surveyed countries from June 2008 to January 2009.

Growth

Growth expectations for 2009 have decreased in five countries included in REVELA. The most significant decrease was in Argentina from 2.70% to 1.80%. Also, the expectations fell in Paraguay from 3.40% to 2.89%, in Chile by 0.50% to the actual level of 1.50%, in Brazil from

¹ Data is only available for Brazil, Chile, Mexico, Peru and Uruguay.

² Only Bolivia, Brazil, Chile, Colombia, Guatemala, Mexico, Peru and Uruguay have reported inflation expectations for 2010.

2.29% to 2.03% and in Guatemala by 0.10% to the actual level of 3.10%. On the other hand, growth expectations rose in Bolivia by 0.38% to the actual level of 4.39% and in Uruguay from 2.23% a 2.26%.³

For 2010, the simple average of expected growth rates fell from 3.62% to 3.54%. Five countries included in REVELA reported growth expectations for 2010: Brazil, Chile, Mexico, Peru and Uruguay. Compared to last month's survey, growth expectations for 2010 fell in Chile by 0.3% to the actual level of 3.30% and in Uruguay from 1.98% to 1.86%. Growth expectations only remained stable in Brazil at 3.82%.

Inflation

Inflation expectations for 2009 fell in almost all countries included in REVELA. Inflation expectations for 2009 fell in Bolivia from 13.58% to 12.17%, in Argentina from 9.40% to 8.40%, in Paraguay from 7.88% to 7.47%, in Chile from 3.90% to 3.50%, in Guatemala by 0.31% to the actual level of 8.77%, in Brazil from 5.11% to 4.84%, in Peru by 0.20% to the actual level of 4.00% and in Chile from 3.90% to 3.50%. Compared to last month's survey, growth expectations for 2009 rose in Uruguay by 0.36% to the actual level of 7.39%.

On the other hand, inflation expectations for 2010 increased in Guatemala by 0.81% to 8.42% and decreased in Brazil from 4.54% to 4.52%. Inflation expectations for 2010 remained stable in Peru at 3.50% and in Chile at 3.0%

The following table summarizes the results of growth and inflation expectations for 2010 for the December and January surveys.

	Inflation Expectations for 2010			Growth Expectations for 2010		
	Nov-08	Dec-08	Jan-09	Nov-08	Dec-08	Jan-09
Argentina
Bolivia	.	.	12.66	.	.	.
Brazil	.	4.54	4.52	.	3.82	3.82
Chile	.	3.00	3.00	.	3.60	3.30
Colombia	.	.	4.65	.	.	.
Costa Rica
Guatemala	.	7.61	8.42	.	.	.
Honduras
Mexico	.	3.96	3.96	.	2.40	2.40
Paraguay
Peru	.	3.50	3.50	.	6.30	6.30
Uruguay	.	.	6.97	.	1.98	1.86
Average	.	4.52	5.96	.	3.62	3.54

The table below summarizes the changes in expectations from December 2008 to January 2009 for 2009 growth and inflation. As can be seen, the changes in expected inflation and growth are mostly downwards.

	Average changes 2009	
	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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³ Colombia, Honduras and Costa Rica 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 while Costa Rica published in December. Mexico and Peru have not reported new data.