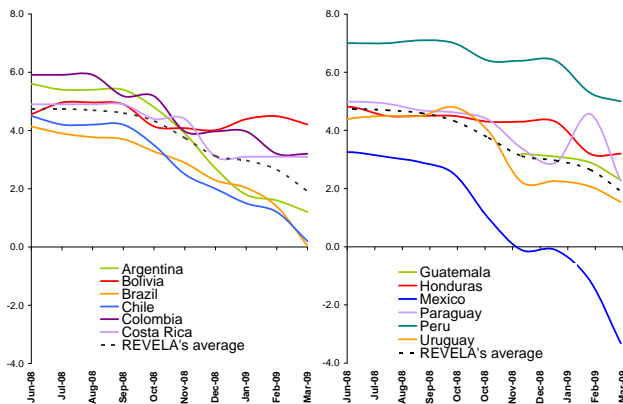




Revelation of Expectations in Latin America
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About REVELA: The figures analyzed represent the results of surveys of private sector actors conducted by the central banks of each country according to their own specific methodologies. They do not represent 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 2009)

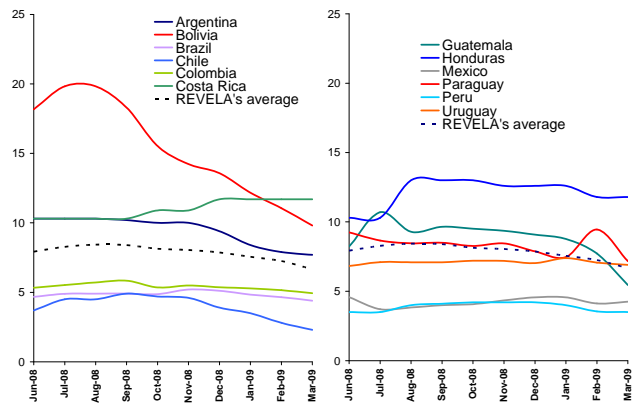


Growth expectations for 2009 in Latin America decreased with respect to last month's survey. The simple average expected growth rate for 2009 is now 1.91%, 0.74% lower than February's forecast. With respect to 2010, growth is

expected to slow to an average of 3.29% — 0.33% lower than last month's expectations.¹

On the other hand, **inflation** expectations for 2009 decreased. Now, the simple average of the expected inflation rate for 2009 is 6.66%, down 0.59% from February's forecast. Moreover, the simple average of the expected inflation rate for 2010 is 5.99%, a decline of 0.32% from last month's expectations.² The graphs illustrate how 2009 growth and inflation expectations have changed across the surveyed countries from June 2008 to March 2009.

Market Expectations-Inflation
(%, end 2009)



Growth

Growth expectations for 2009 have decreased in nine countries included in REVELA. The most significant decrease was in Paraguay from 4.57% to 2.27%. Also, expectations fell in Mexico from -1.16 to -3.32%, in Brazil by 1.35% to the actual level of 0.04%, in Chile from 1.20% to 0.20%, in Guatemala from 2.90% to 2.30%, in Uruguay from 2.08% to 1.54%, in Argentina by 0.40% to

¹ The average takes into account the same sample of countries included last month.

² The average does not include Argentina, Costa Rica and Paraguay because these countries did not report forecasts last month.

the actual level of 1.20%, in Peru from 5.30% to 5.00%, and in Bolivia by 0.28% to 4.21%.³

For 2010, the simple average of expected growth rates fell from 3.62% to 3.29%. Compared to last month's survey, growth expectations for 2010 fell in Uruguay from 1.72% to 1.11%, in Guatemala by 0.60% to the actual level of 2.70%, in Chile from 3.50% to 3.00%, in Mexico by 0.46% to the current level of 1.62%, in Brazil by 0.39% to 3.32% and in Peru from 5.70% to 5.50%. The expected growth rate reported by Paraguay was 3.27%.

Inflation

Inflation expectations for 2009 fell in almost all countries included in REVELA. Inflation expectations for 2009 fell in Paraguay from 9.45% to 7.17%, in Guatemala from 7.72% to 5.45%, in Bolivia from 11.06% to 9.81%, in Chile from 2.80% to 2.30%, in Brazil by 0.25% to the actual level of 4.40%, in Colombia from 5.15% to 4.94%, in Argentina by 0.20% to the actual level of 7.70%, in Uruguay from 7.07% to 6.90%, and in Peru by 0.05% to the actual level of 3.50%. Compared to last month's survey, inflation expectations for 2009 rose in Mexico from 4.12% to 4.25%.

On the other hand, inflation expectations for 2010 decreased in Guatemala from 7.28% to 5.70%, in Bolivia by 1.2% to the actual level of 11.16%, in Brazil from 4.52% to 4.39% and in Uruguay from 6.72% to 6.67%. Compared to last month's survey, inflation expectations for 2010 increased in Mexico from 3.74% to 3.78% and in Colombia by 0.05% to the actual level of 4.43%. Inflation expectations for 2010 remained stable in Peru and in Chile at 3.0% for both countries.

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

	Inflation Expectations for 2010			Growth Expectations for 2010		
	Jan-09	Feb-09	Mar-09	Jan-09	Feb-09	Mar-09
Argentina	.	.	.	.	.	.
Bolivia	12.66	12.36	11.16	.	.	.
Brazil	4.52	4.52	4.39	3.82	3.71	3.32
Chile	3.00	3.00	3.00	3.30	3.50	3.00
Colombia	4.65	4.38	4.43	.	3.80	3.80
Costa Rica	.	.	.	.	.	.
Guatemala	8.42	7.28	5.70	.	3.30	2.70
Honduras	.	11.80	11.80	.	3.60	3.60
Mexico	3.96	3.74	3.78	2.40	2.08	1.62
Paraguay	.	.	7.37	.	.	3.27
Peru	3.50	3.00	3.00	6.30	5.70	5.50
Uruguay	6.97	6.72	6.67	1.86	1.72	1.11
Average	5.96	6.31	5.99	3.54	3.62	3.29

The table below summarizes the changes in expectations from February to March 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 Honduras, Colombia and Costa Rica did not show any changes in their growth expectations because these countries have quarterly surveys. The last reports for Honduras and Costa Rica were published in December 2008 and for Colombia in January 2009.