



<http://www.iadb.org/revela>

# Revelation of Expectations in Latin America

Issue XXXVI – November, 2015

Research Department  
Mariano Sosa and Andrew Powell  
Inter-American Development Bank (IDB)

**REVELA** is a free Web-based monthly service on inflation and growth expectations in Latin America. REVELA's Web site offers an up-to-date report and a database with historical information. This service compiles data from the expectations surveys conducted and reported by eight Central Banks in Latin American with inflation-targeting regimes. REVELA does not represent official projections by the IDB or any other official institution.

## A. Highlights

According to the October surveys conducted by Central Banks in the region, growth expectations for 2015 have decreased while inflation expectations have increased in the region. Expected growth fell in six countries and remained stable in further two. Expected inflation increased in two countries, decreased in four and remained constant in further two.

In October, the 2015 growth expectations for the region decreased by 0.2% both on the simple average and on the GDP weighted average basis. The most significant declines in growth expectations were observed in Uruguay by 0.5% and Colombia by 0.4% followed by Brazil by 0.3%, Chile and Paraguay by 0.2% and Guatemala by 0.1%. Growth expectations remained stable in Peru at 2.8% and Mexico at 2.3%.

Inflation expectations for 2015 rose by 0.1% and 0.2% on the simple average and on the weighted average respectively compared to previous month. The most significant increase was observed in Colombia by 0.9%, followed by Brazil by 0.3%. Inflation expectations remained stable in Uruguay at 9.6% and Paraguay at 4.4% and decreased by 0.5% in Guatemala and by 0.1% in Chile, Mexico and Peru.

Table 1. Growth and Inflation Expectations for 2015

Country	Growth expectation (percentage expected for 2015)		Inflation expectation (percentage expected for 2015)	
	as of Oct 2015	Sep-Oct change	as of Oct 2015	Sep-Oct change
	Brazil	-3.0	↓ -0.3	9.8
Chile	2.0	↓ -0.2	4.6	↓ -0.1
Colombia	3.1	↓ -0.4	5.6	↑ 0.9
Guatemala	3.6	↓ -0.1	2.5	↓ -0.5
Mexico	2.3	→ 0.0	2.7	↓ -0.1
Paraguay	3.7	↓ -0.2	4.4	→ 0.0
Peru	2.8	→ 0.0	3.7	↓ -0.1
Uruguay	1.8	↓ -0.5	9.6	→ 0.0
Eight country average	2.0	↓ -0.2	5.4	↑ 0.1

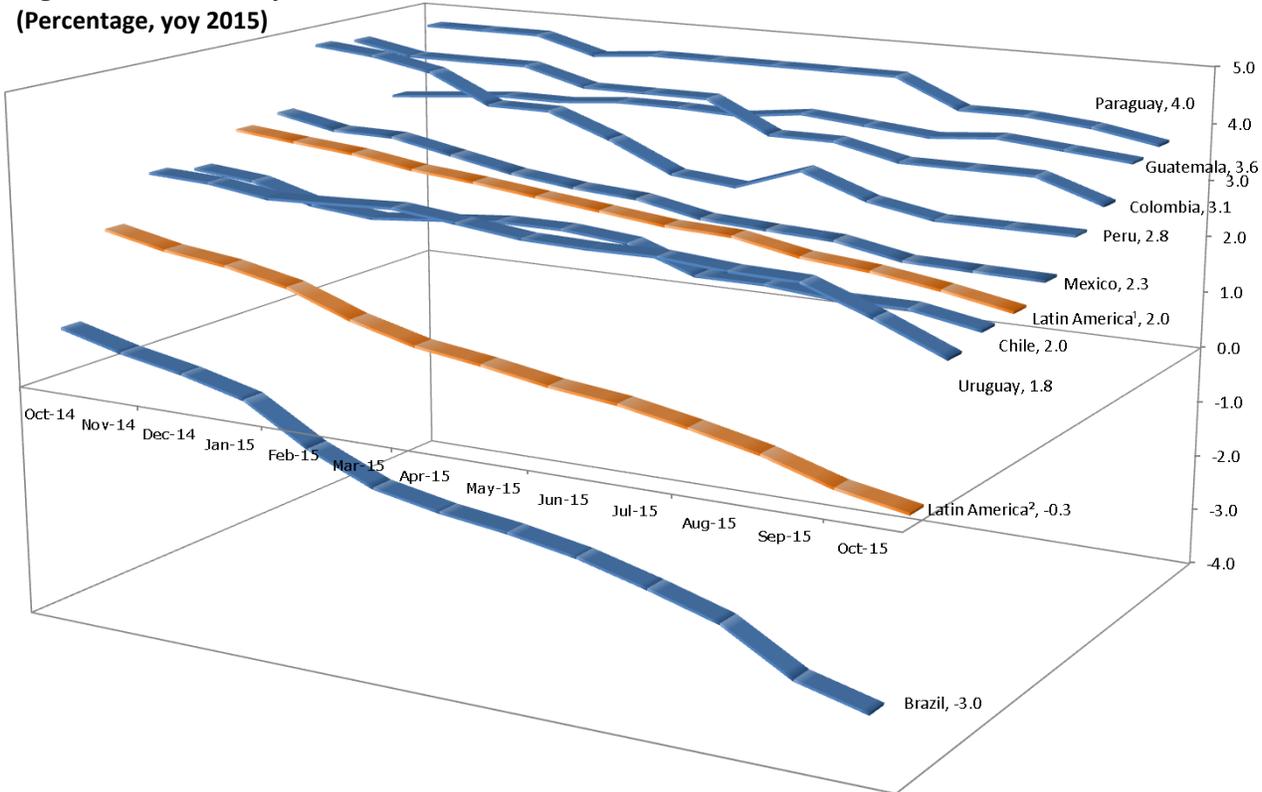
Source: REVELA, IDB 2015. Data available for download [here](#).

## B. Growth

2015 Growth expectations for region decreased by 0.2% both, on the simple average from 2.2% to 2.0%, and on the weighted average basis from -0.1% to -0.3% according to October surveys. Negative GDP weighted average growth expectations are driven by expectations in the largest economy in the region, Brazil. Expected growth fell in six countries and remained constant in further two, continuing their downward path observed during the last two years. The most significant declines were observed in Uruguay by 0.5% from 2.3% to 1.8%, Colombia by 0.4% from 3.5% to 3.1% and Brazil by 0.3% from -2.7% to 3.0%. More modest declines were observed in Paraguay by 0.2% from 3.9% to 3.7%, Chile by 0.2% from 2.2% to 2.0% and Guatemala by 0.1% from 3.7% to 3.6%. Finally, growth expectations remained stable in Peru at 2.8% and Mexico at 2.3%. No increases in growth expectations were observed in any country covered by REVELA. Now, 2015 growth expectations for the region rank from -3.0% in Brazil to 3.7% in Paraguay.

Compared to previous six months, growth expectations fell by 0.9% on the simple average basis and by 1.4% on the GDP weighted average basis. Cumulative declines were observed in all eight countries covered by REVELA: Brazil by 1.9%, Colombia and Uruguay by 1.1%, Chile and Paraguay by 0.8%, Mexico by 0.6%, Peru by 0.3% and Guatemala by 0.2%.

**Figure 1. Market Expectations of Growth (Percentage, yoy 2015)**



Source: REVELA, IDB 2015. Data available for download [here](#).

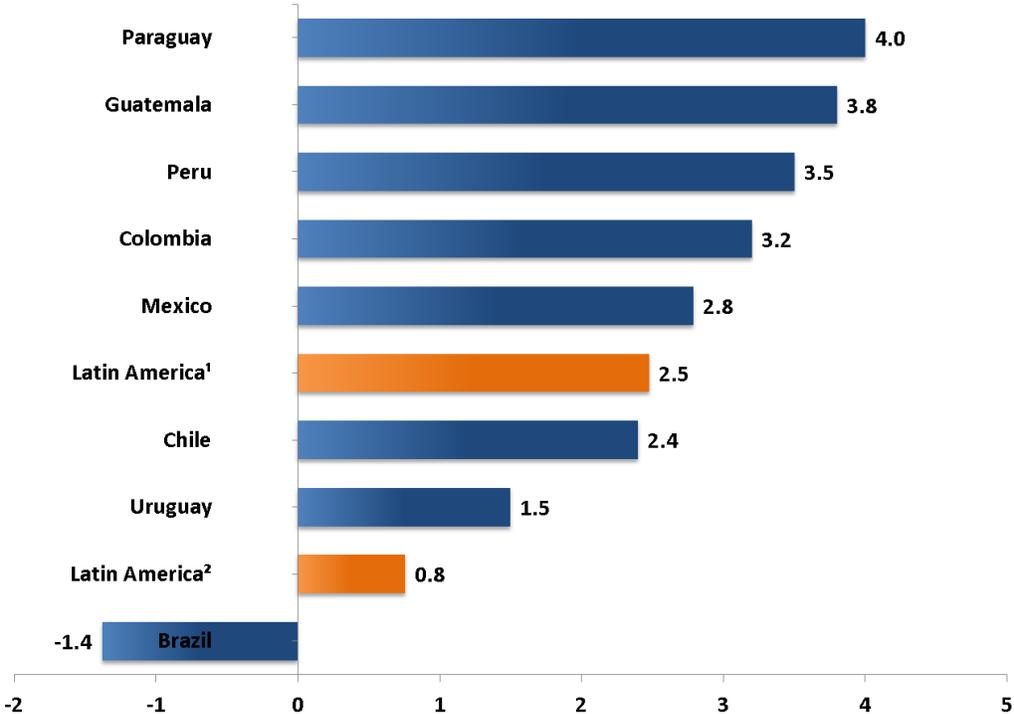
<sup>1</sup> Refers to the simple average of the eight inflation targeting countries.

<sup>2</sup> Refers to the GDP weighted average of the eight inflation targeting countries.

2016 growth expectations decreased by 0.2% on the simple average basis from 2.7% to 2.5% and by 0.3% on the GDP weighted average basis from 1.1% to 0.8%. At the individual country level, expected growth for next year fell in Uruguay by 0.7% from 2.2% to 1.5%, Brazil by 0.6% from -0.8% to -1.4%, Colombia by 0.4% from 3.6% to 3.2%, Chile by 0.3% from 2.7% to 2.4% and Guatemala by 0.1% from 3.9% to 3.8%. Growth expectations remained constant in Paraguay at 4.0%, Peru at 3.5% and Mexico at 2.8%. Now, growth expectations for 2016 rank from -1.4% in Brazil to 4.0% in Paraguay.

Compared to previous six month surveys, growth expectations for 2016 decreased by 0.9% on the simple average and by 1.6% on the GDP weighted average. Declines were observed in all countries: Brazil by 2.5%, Uruguay by 1.3%, Chile and Colombia by 1.1%, Mexico by 0.6%, Paraguay and Peru by 0.5% and Guatemala by 0.2%.

**Figure 2. Growth Market Expectations**  
(Percentage, yoy 2016)



Source: REVELA, IDB 2015. Data available for download [here](#).

<sup>1</sup> Refers to the simple average of the eight inflation targeting countries.

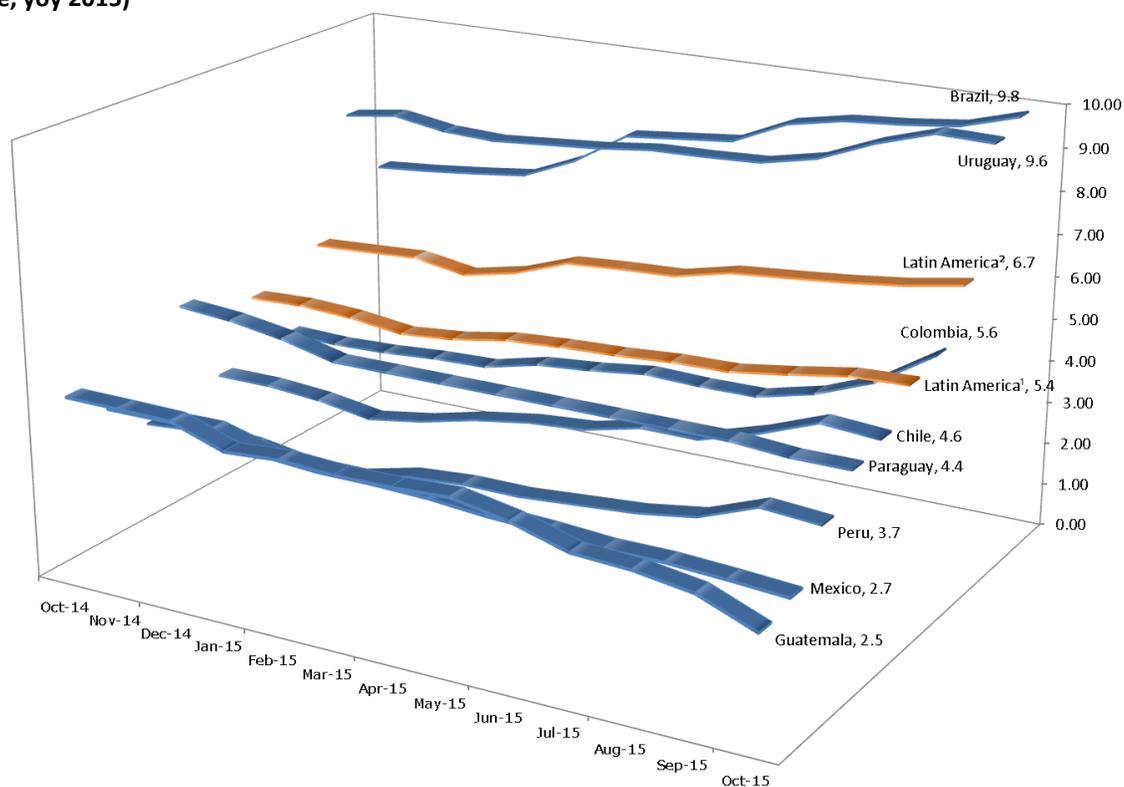
<sup>2</sup> Refers to the GDP weighted average of the eight inflation targeting countries.

## C. Inflation

Over the course of October, inflation expectations for 2015 increased both on the simple average and on the GDP weighted average. On the former, by 0.1% from 5.3% to 5.4%, and on the latter, by 0.2% from 6.5% to 6.7%. At the individual country level, inflation expectations rose in Colombia by 0.9% from 4.7% to 5.6% and Brazil by 0.3% from 9.5% to 9.8%; and they remained stable in Uruguay at 9.6% and Paraguay at 4.4%. Inflation expectations fell by 0.5% in Guatemala from 3.0% to 2.5%, and by 0.1% in three countries: Chile from 4.7% to 4.6%, Peru from 3.8% to 3.7% and Mexico from 2.8% to 2.7%. Inflation expectations now rank from 2.5% in Guatemala to 9.8% in Brazil.

Compared to expectations six months ago, expected inflation rose by 0.7% on the simple average and by 0.9% on the GDP weighted average basis. Inflation expectations increased in Colombia by 1.8%, Brazil by 1.6%, Uruguay by 1.3%, Chile by 1.2% and Peru by 0.8%; and they fell in Guatemala by 1.3%, Mexico by 0.4% and Paraguay by 0.1% compared to surveys six months ago.

**Figure 3. Inflation Market Expectations**  
(Percentage, yoy 2015)



Source: REVELA, IDB 2015. Data available for download [here](#).

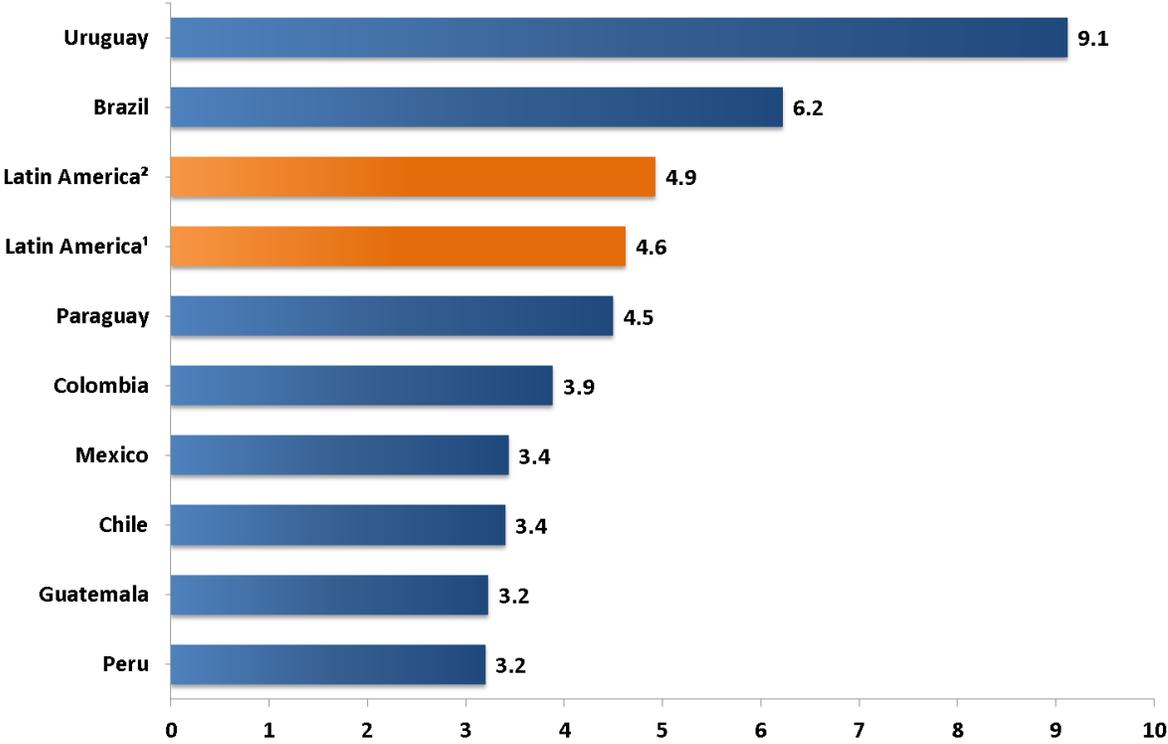
<sup>1</sup> Refers to the simple average of the eight inflation targeting countries.

<sup>2</sup> Refers to the GDP weighted average of the eight inflation targeting countries.

2016 inflation expectations rose by 0.1% on the simple average basis from 4.5% to 4.6%, and by 0.2% on the GDP weighted average basis from 4.7% to 4.9% compared to previous month. At the individual country level, inflation expectations rose by 0.4% in three countries: Uruguay from 8.7% to 9.1%, Brazil from 5.8% to 6.2% and Colombia from 3.5% to 3.9%. They also increased in Peru by 0.1% from 3.1% to 3.2%. Expected inflation remained constant in Paraguay at 4.5% and decreased by 0.4% in Guatemala from 3.6% to 3.2%, and by 0.1% in Chile (from 3.5% to 3.4%) and 0.1% in Mexico (from 3.5% to 3.4%). Now, 2016 inflation expectations range from 3.2% in Peru and Guatemala to 9.1% in Uruguay.

Compared to expectations six months ago, expected inflation for 2016 increased by 0.3% on the simple average basis and by 0.4% on the GDP weighted average basis. The most significant cumulative increases were observed in Uruguay by 1.3%, followed by Brazil and Colombia with inflation expectations rising by 0.6% in both cases, and Chile and Peru by 0.4% in both cases. Finally, expected inflation for 2016 remained constant in Paraguay, and decreased in Guatemala by 0.7% and Mexico by 0.1% compared to surveys six months ago.

**Figure 4. Inflation Market Expectations**  
(Percentage, yoy 2016)



Source: REVELA, IDB 2015. Data available for download [here](#).

<sup>1</sup> Refers to the simple average of the eight inflation targeting countries.

<sup>2</sup> Refers to the GDP weighted average of the eight inflation targeting countries.

---

Copyright © 2007 Inter-American Development Bank. This work is licensed under a Creative Commons IGO 3.0 Attribution-NonCommercial-NoDerivatives (CC-IGO BY-NC-ND 3.0 IGO) license (<http://creativecommons.org/licenses/by-nc-nd/3.0/igo/legalcode>) and may be reproduced with attribution to the IDB and for any non-commercial purpose. No derivative work is allowed.

Any dispute related to the use of the works of the IDB that cannot be settled amicably shall be submitted to arbitration pursuant to the UNCITRAL rules. The use of the IDB's name for any purpose other than for attribution, and the use of IDB's logo shall be subject to a separate written license agreement between the IDB and the user and is not authorized as part of this CC-IGO license.

Note that link provided above includes additional terms and conditions of the license.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.

