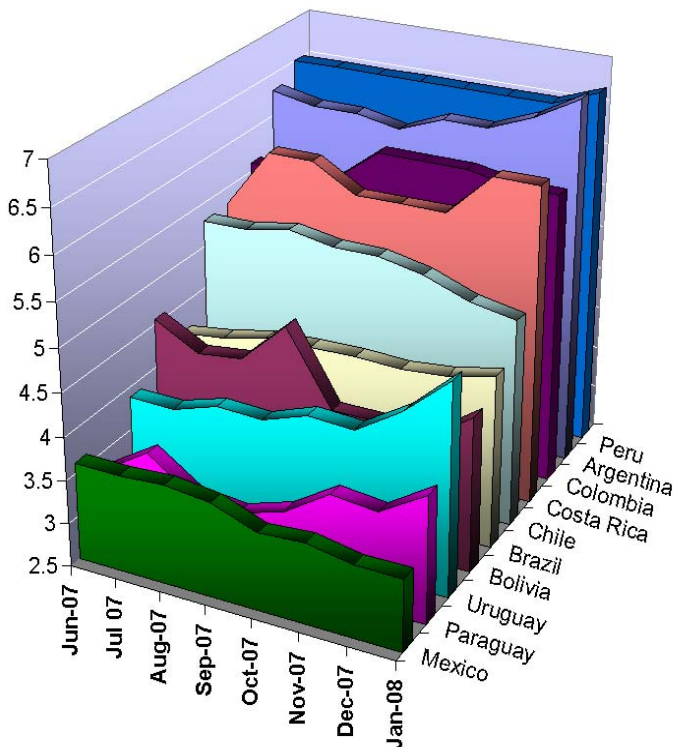




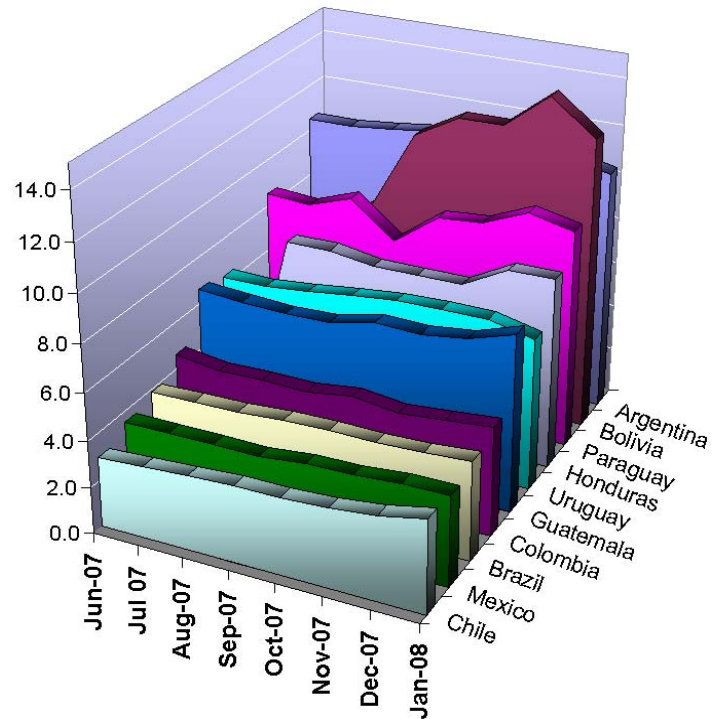
**Revelation of Expectations in Latin America**  
**RES-IDB**  
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**About REVELA:** The figures analyzed represent the results of surveys of private sector actors conducted by the central banks of each country according to their own specific methodologies.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



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



Despite the recent negative economic news on the US economy, 2008 **growth** expectations for all of Latin America except Chile were stable or even increased. The simple average of expected 2008 growth for the countries surveyed is now 5.21%, higher than December's prediction of 5.03%. **Inflation** expectations for 2008 rose in six countries and declined in four. The simple average of the expected inflation rate for 2008 is now 6.99%, some

0.05% lower than last month.<sup>1</sup> This decrease was mainly due to a significant reduction in forecast inflation in Bolivia. The graphs show the path of growth and inflation expectations across the surveyed countries.

**Growth**

Growth expectations for 2008 increased in six countries included in REVELA. The countries where 2008 expected growth increased were Argentina (up by 0.30 to 6.8%), Bolivia (up by 0.36 to 4.29%), Brazil (up by 0.12 to 4.51%), Paraguay (up from 3.63% to 3.96%), Peru (up from 6.5% to 6.7%) and

<sup>1</sup> Now including Colombia in the calculations.

Uruguay (up from 4.48% to 4.95%). Expectations of 2008 growth decreased only in Chile (from 5.0% to 4.9%) and were stable in Colombia (5.9%), Costa Rica (6.2%), Honduras (5.5%) and Mexico (3.33%) .

## Inflation

While the average inflation rate for 2008 fell, inflation expectations actually increased in six countries: in Brazil from 4.12% to 4.25%, in Chile from 3.6% to 4.0%, and in Colombia from 4.51% to 4.69%. In Guatemala inflation expectations increased by 0.61 to 7.62%, and in Peru they increased by 0.2 to 3.0%. Inflation expectations for 2008 remained stable in Honduras (8.2%) and in Mexico (3.86%). The decrease in the average inflation rate expected for 2008 was due to a fall in inflation expectations in four countries. In particular, in Bolivia expected inflation is now 12.54%, some 1.48% lower than last month's forecast. Inflation expectations also decreased in Paraguay from 9.86% to 9.43% and in Uruguay from 6.95% to 6.52%.

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

*Source: Latin American Market expectations surveys*

The table above summarizes the movement in expectations from the December 2007 to January 2008 surveys for **2008** growth and inflation. As can be seen, the changes in inflation and growth expectations are mostly positive.

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