



**INFLATION EXPECTATIONS SURVEY  
TO THE PANEL OF PRIVATE ANALYSTS  
- EEI (For its acronym in Spanish) -**

**DECEMBER 2010**

The *Inflation Expectations Survey to the Private Panel of Analysts* is done monthly in order to obtain the opinion of national and international analysts, knowledgeable of the operational procedures of the monetary policy, in relation to the expected evolution in the prices of the economy. Said survey is extremely useful, given the importance that the inflationary expectations have in the behavior of the general level of prices.

In the first part of this note, we present the results of the survey of inflation expectations and of the annual and quarterly economic activity, held between the second and fourth week of December 2010.

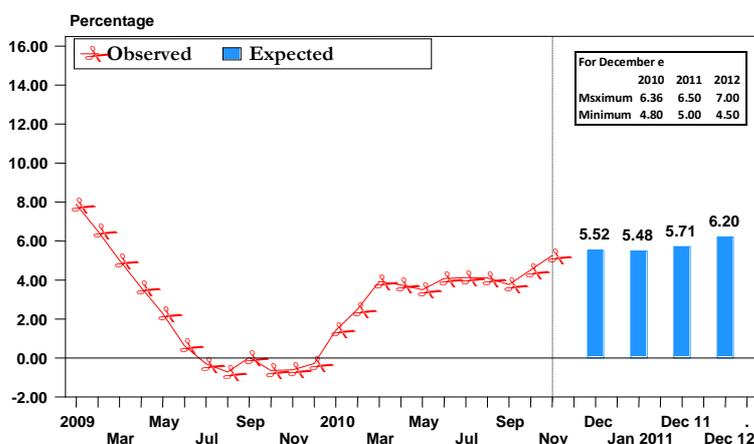
In the second part, the confidence index of the economic activity is presented, which was made based on the referred survey.

**I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY**

**1. INFLATION**

The Economic analysts surveyed foresee a y-o-y inflation of 5.52% for December 2010 with a maximum value of 6.36% and a minimum of 4.80%; while for January 2011, they estimate that it will reach 5.48%. For December 2011, the analysts forecast an average inflation of 5.71%, registering a maximum value of 6.50% and a minimum of 5.00%. For December 2012, they consider it could reach 6.20%, with a maximum value of 7.00% and a minimum value of 4.50%.

**INFLATION  
OBSERVED AND EXPECTED  
2009 - 2012**



Source: Banco de Guatemala and Inflation Expectations Survey to the Panel of Private Analysts.

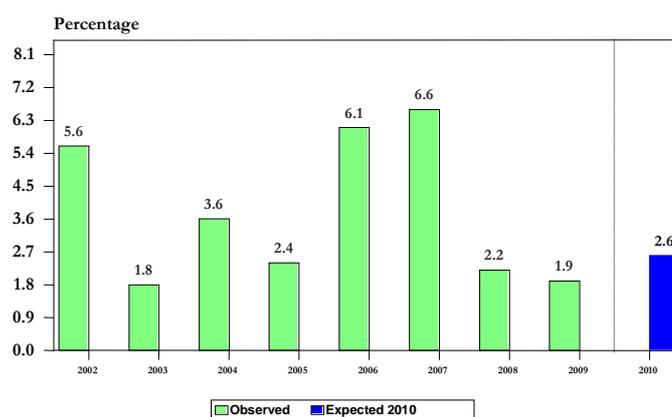




## 2.2 QUARTERLY GROSS DOMESTIC PRODUCT

In December 2010, the private analysts estimated that the growth of the real quarterly GDP<sup>1</sup> corresponding to the third quarter of 2010, will register a 2.6% growth, equal to that estimated in the survey held in November 2010.

### GROWTH OF THE REAL GROSS DOMESTIC PRODUCT FOR THE THIRD QUARTER OBSERVED BETWEEN 2002 AND 2009 AND EXPECTED FOR THE THIRD QUARTER OF 2010 GROWTH RATE



SOURCE: Banco de Guatemala and Inflation Expectations Survey to the Panel of Private Analysts.

## II. CONFIDENCE INDEX OF THE ECONOMIC ACTIVITY FROM THE PANEL OF PRIVATE ANALYSTS

The Confidence Index of the Economic Activity from the Panel of Private Analysts has the purpose of measuring the perception on the current economic situation and the environment for business that the interviewed economic analysts have, which is compared with the prevailing index in the recent past. It also pursues obtaining an appreciation on the economic evolution of the country in the near future. For that purpose, the private analysts were asked a series of questions, which results are as follows:

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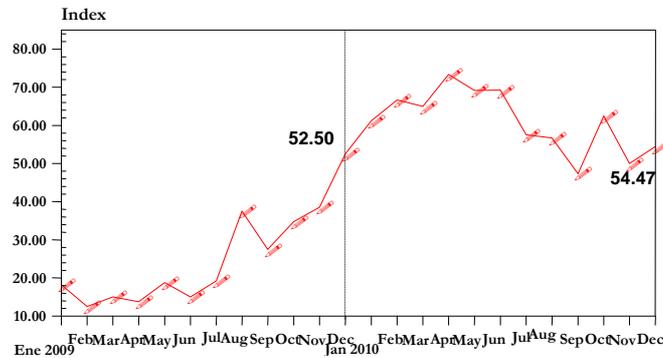
<sup>1</sup>Due to the implementation of the Quarterly National Accounts System (CNT), the Banco de Guatemala will publish the expectation on the evolution of the Quarterly Gross Domestic Product from the Panel of Private Analysts.

## INDICATORS OF THE CONFIDENCE LEVEL

Question	2010												
	January	February	March	April	May	June	July	August	September	October	November	December	
8. How do you consider the business climate will evolve for productive activities for the private sector in the next two to six months in comparison with the past six months?	Will improve	40.0%	41.7%	50.0%	46.7%	46.7%	53.8%	6.7%	6.7%	0.0%	0.0%	0.0%	21.4%
	Same	60.0%	58.3%	50.0%	53.3%	40.0%	38.5%	73.3%	73.3%	78.6%	91.7%	75.0%	64.3%
	Will worsen	0.0%	0.0%	0.0%	0.0%	13.3%	7.7%	20.0%	20.0%	21.4%	8.3%	25.0%	14.3%
9. Do you consider that the current economy of the country is better than it was a month ago?	Yes	50.0%	75.0%	50.0%	86.7%	93.3%	69.2%	80.0%	100.0%	71.4%	83.3%	75.0%	92.9%
	No	50.0%	25.0%	50.0%	13.3%	6.7%	30.8%	20.0%	0.0%	28.6%	16.7%	25.0%	7.1%
10. Do you expect the economic evolution of the country to improve during the next six months?	Yes	80.0%	66.7%	80.0%	66.7%	66.7%	76.9%	53.3%	40.0%	35.7%	66.7%	41.7%	35.7%
	No	20.0%	33.3%	20.0%	33.3%	33.3%	23.1%	46.7%	60.0%	64.3%	33.3%	58.3%	64.3%
11. How do you consider that the current situation for businesses in the country is, for investing?	Good time	20.0%	25.0%	30.0%	46.7%	26.7%	30.8%	20.0%	6.7%	7.1%	8.3%	8.3%	7.1%
	Not sure	50.0%	58.3%	50.0%	40.0%	46.7%	53.8%	66.7%	73.3%	71.4%	91.7%	75.0%	57.2%
	Bad time	30.0%	16.7%	20.0%	13.3%	26.7%	15.4%	13.3%	20.0%	21.4%	0.0%	16.7%	35.7%

In December 2010, the confidence index level of the economic activity<sup>2</sup> was at 54.47, index higher by 8.94%, regarding the registered the month before (50.00) and higher by 3.75% regarding the observed in December 2009 (52.50).

### CONFIDENCE INDEX OF THE ECONOMIC ACTIVITY JANUARY 2009 - DECEMBER 2010



SOURCE: Inflation Expectations Survey to the Panel of Private Analysts.

<sup>2</sup> The index is made based on four questions. Their calculation is derived from considering sub-indexes for each question; same that result from the balance of answers that are obtained subtracting, for each question, the percentage of positive answers, the percentage of negatives and add a constant of 100, with the purpose of avoiding negative quantities. The sub-indexes obtained this way for each question are averaged and the trust index results from expressing said average value as a percentage of the maximum possible average.

**CONFIDENCE INDEX OF THE ECONOMIC ACTIVITY**  
**JANUARY 2009 – DECEMBER 2010**

Month	Index	Percent change (%)		
		1-m-% change	y-o-y % change	Accumulated
<b>2009</b>				
January	18.18	-8.14	-55.25	-8.14
February	12.50	-31.24	-65.01	-36.84
March	15.00	20.00	-52.00	-24.20
April	13.75	-8.33	-20.01	-30.52
May	18.75	36.36	50.00	-5.26
June	15.00	-20.00	-10.02	-24.20
July	19.22	28.13	-5.37	-2.88
August	37.50	95.11	55.99	89.49
September	27.50	-26.67	6.22	38.96
October	34.73	26.29	64.68	75.49
November	37.50	7.98	135.70	89.49
<b>December</b>	<b>52.50</b>	<b>40.00</b>	<b>165.29</b>	<b>165.29</b>
<b>2010</b>				
January	61.25	16.67	236.91	16.67
February	66.67	8.85	433.36	26.99
March	65.00	-2.50	333.33	23.81
April	73.34	12.83	433.38	39.70
May	69.17	-5.69	268.91	31.75
June	69.23	0.09	361.53	31.87
July	57.50	-16.94	199.17	9.52
August	56.67	-1.44	51.12	7.94
September	47.32	-16.50	72.07	-9.87
October	62.50	32.08	79.96	19.05
November	50.00	-20.00	33.33	-4.76
<b>December</b>	<b>54.47</b>	<b>8.94</b>	<b>3.75</b>	<b>3.75</b>