INFLATION EXPECTATIONS SURVEY
TO THE PANEL OF PRIVATE ANALYSTS
- EEI -

FEBRUARY 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 economic activity, held between the second and fourth week of February 2010.

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

I.   INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY
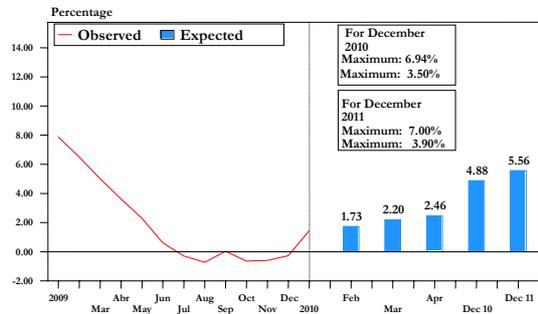
1.   INFLATION

The Economic analysts surveyed foresee an inflationary rhythm of 1.73% for February 2010 with a maximum value of 2.45% and a minimum of 1.00%, while for March 2010; they estimate that it will reach 2.20%. For December 2010, the analysts forecast an average inflation of 4.88%, registering a maximum value of 6.94% and a minimum of 3.50%. For December 2011, they consider that this could reach 5.56% with a maximum value of 7.00% and a minimum of 3.90%.

On the other hand, the economic analysts estimated that for February 2011 the inflation would be at 3.97%, while for February 2012, this could be at 4.25%[1].

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[1] Within the Monetary, Foreign Exchange Rate, and Credit Policy for 2010, approved by the Monetary Authority, it was established that for informative reasons they would also report the inflation expectations referred to on a 24 month mobile horizon.

INFLATION
**OBSERVED AND EXPECTED**
2009 - 2011

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

When comparing the results of this survey with the obtained the month before, it was observed that the expected inflationary rhythm for February 2010 increased by 1.03 percentage points (0.7% from the survey in January 2010); while for March 2010, it increased by 1.42 percentage points (0.78% in the previous survey).

For the end of 2010, the expected inflationary rhythm increased 0.83 percentage points (4.05%, in the previous survey), whereas for December 2011 it increased 0.41 percentage points (5.15% in the previous survey).

INFLATION EXPECTATIONS
FOR DECEMBER 2010 AND FOR DECEMBER 2011
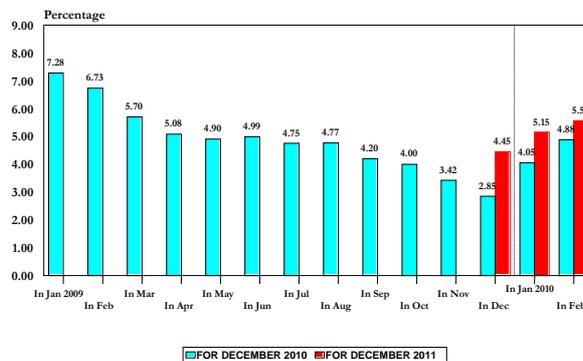
SOURCE: Inflation Expectations Survey from the Panel of Private Analysts.

In the opinion of the interviewed analysts, the main factors that could explain the forecast of inflation for 2010 are: the prices of fuel, the international price of oil, the nominal exchange rate, the performance of the tax policy, and the performance of the monetary policy.

**FACTORS THAT COULD EXPLAIN THE INFLATION FORECAST FOR
DECEMBER 2010**

-In percentage-

FACTORS	In January	In February
International price of oil	16.67	19.05
Price of fuel	16.67	14.29
Nominal exchange rate	12.50	11.91
Performance of the tax policy	10.42	11.91
Performance of the monetary policy	8.33	11.91
Price of raw materials	14.58	9.52
Climate conditions	6.25	7.14
Seasonality of agricultural products	8.33	4.75
Others	6.25	9.52
TOTAL	100.00	100.00

2. ECONOMIC ACTIVITY

In February 2010, the private analysts estimated that for said year the economic activity, measured by the Real Gross Domestic Product, will register growth of 1.9%, number higher by 0.1 percentage points to the forecasted by the economic analysts in the previous survey (1.8%). For 2011, the analysts estimate that it will be at 2.9%, equal to the forecast by the analysts in the previous survey.

**GROWTH OF THE REAL GROSS DOMESTIC PRODUCT
OBSERVED IN 2009 AND EXPECTED FOR
2010 AND 2011
GROWTH RATE**
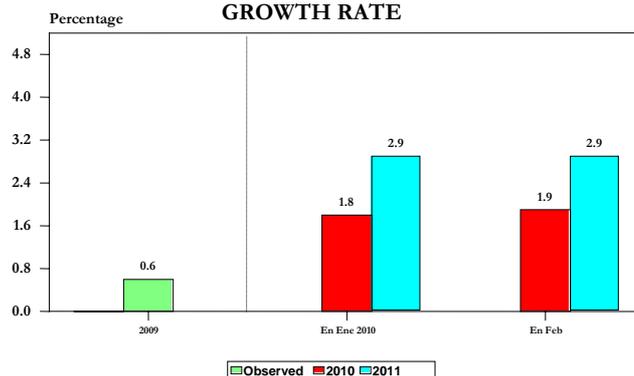
SOURCE: Banco de Guatemala and Inflation Expectations Survey from the Panel of Private Analysts.

According to the analysts interviewed, the main factors that could influence the growth rhythm of the economic activity in 2010 are: the strengthening of the domestic markets, the performance of the tax policy and the execution of megaprojects.

FACTORS THAT COULD PROMOTE THE RHYTHM OF THE ECONOMIC ACTIVITY 2010

-In percentage-

FACTORS	January	February
Strengthening of the domestic market	13.17	12.20
Performance of the tax policy	7.89	12.20
Execution of megaprojects	7.89	12.20
Level of interest rates (domestic and foreign)	13.17	9.76
Stability in the nominal exchange rate	10.53	9.76
Price of fuels	7.89	9.76
International price of oil	5.26	9.76
Stability in the general level of prices	7.89	7.30
FTA with the United States of America	5.26	4.86
Others	21.05	12.20
TOTAL	100.00	100.00

II. TRUST INDEX OF THE ECONOMIC ACTIVITY FROM THE PANEL OF PRIVATE ANALYSTS
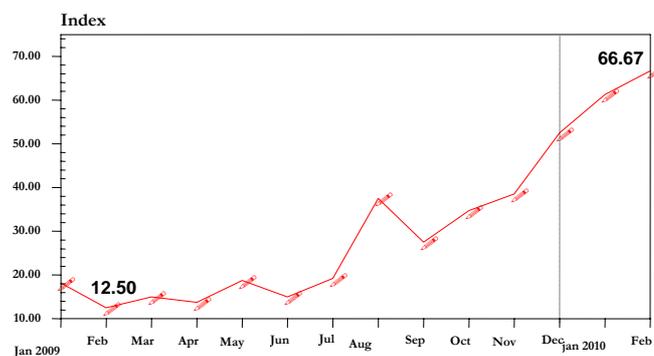
The Trust Index of the Economic Activity from the Panel of Private Analysts has the purpose of measuring the perception on the current economic situation and the environment for business that the interviewed economic analysts have, which is compared with the prevailing index in the recent past. Also, 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:

INDICATORS ON THE TRUST LEVEL INDEX

Pregunta	2009												2010	
	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre	Enero	Febrero
7 ¿Cómo considera que evolucione el clima de los negocios para las actividades productivas del sector privado en los próximos seis meses en comparación con los pasados seis meses?														
Mejorará	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.5%	20.0%	0.0%	16.7%	20.0%	40.0%	41.7%
Igual	45.5%	42.9%	40.0%	60.0%	50.0%	50.0%	46.2%	75.0%	60.0%	77.8%	58.3%	60.0%	60.0%	58.3%
Empeorará	54.5%	57.1%	60.0%	40.0%	50.0%	50.0%	53.8%	12.5%	20.0%	22.2%	25.0%	20.0%	0.0%	0.0%
8 ¿Considera usted que actualmente la economía del país está mejor que hace un año?														
Sí	18.2%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.3%	20.0%	50.0%	75.0%
No	81.8%	100.0%	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	91.7%	80.0%	50.0%	25.0%
9 ¿Espera usted que la evolución económica del país mejore durante los próximos seis meses?														
Sí	0.0%	14.3%	10.0%	0.0%	25.0%	10.0%	23.1%	62.5%	30.0%	66.7%	66.7%	100.0%	80.0%	66.7%
No	100.0%	85.7%	90.0%	100.0%	75.0%	90.0%	76.9%	37.5%	70.0%	33.3%	33.3%	0.0%	20.0%	33.3%
10 ¿Cómo considera que sea la coyuntura actual de las empresas en el país para efectuar inversiones?														
Buen momento	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.6%	0.0%	0.0%	0.0%	8.3%	10.0%	20.0%	25.0%
No está seguro	63.6%	42.9%	40.0%	50.0%	50.0%	50.0%	46.2%	75.0%	60.0%	66.7%	50.0%	60.0%	50.0%	58.3%
Mal momento	36.4%	57.1%	60.0%	50.0%	50.0%	50.0%	46.2%	25.0%	40.0%	33.3%	41.7%	30.0%	30.0%	16.7%

In February 2010, the trust index level of the economic activity[2] was at 66.67, index higher by 8.85%, regarding the registered the month before (61.25) and higher by 433.36% regarding the observed in February 2009 (12.60).

TRUST INDEX OF THE ECONOMIC ACTIVITY FOR
JANUARY 2009 - FEBRUARY 2010

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

TRUST INDEX FOR THE ECONOMIC ACTIVITY
JANUARY 2009 – FEBRUARY 2010

Month	Index	Variation (%)		
		Intermonthly	Inter-annual	Accumulated
2009				
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
December	52.50	40.00	165.29	165.29
2010				
January	61.25	16.67	236.91	16.67
February	**66.67**	**8.85**	**433.36**	**26.99**

RFRV/tjsr

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[2] 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.