

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

MARCH 2009

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, made between the second and fourth week of March, 2009.

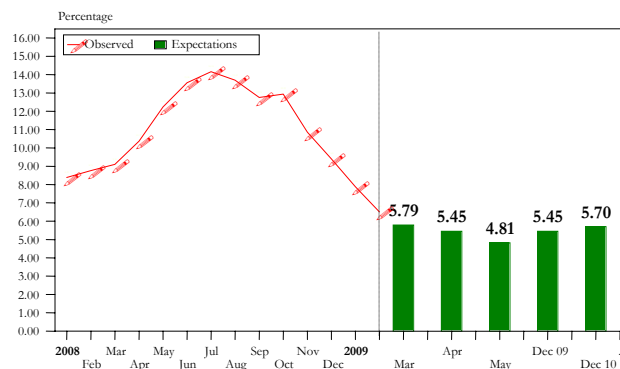
In the second part, the trust index of the economic activity is presented, which was made based on the referred survey.

I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY

1. INFLATION

The Economic analysts surveyed foresee an inflationary rhythm of 5.79% for March 2009, while for April and May 2009, it is estimated that it will reach 5.45% and 4.81%. For the end of 2009 and 2010 the economic analysts project an inflation of 5.45% and 5.70%, in their order.

**INFLATION
OBSERVED AND EXPECTED
2008 - 2010**



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



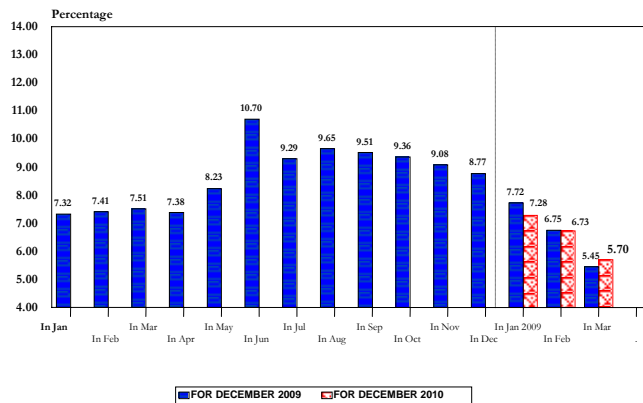
Survey of Inflation Expectations from the Panel of Private Analysts



When comparing the results of this survey with the obtained the month before, it was observed that the expected inflationary rhythm for March 2009 decreased by 1.15 percentage points (6.94% from the survey in February); while for April 2009, it decreased by 0.92 percentage points (6.37% in the previous survey).

For the end of 2009, it decreased 1.30 percentage points (6.75%, in the previous survey). For the end of 2010, a decrease of 1.03 percentage points (6.73% in the previous survey) was observed.

**INFLATION EXPECTATIONS
FOR DECEMBER 2009 AND FOR DECEMBER 2010**



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

In the opinion of the interviewed analysts, the main factors that could explain the forecast of inflation for 2009 are: the prices of fuel, the international price of oil, the price of raw material, the performance of the fiscal policy and the performance of the monetary policy.

Factors that could explain the forecast of Inflation for December 2009

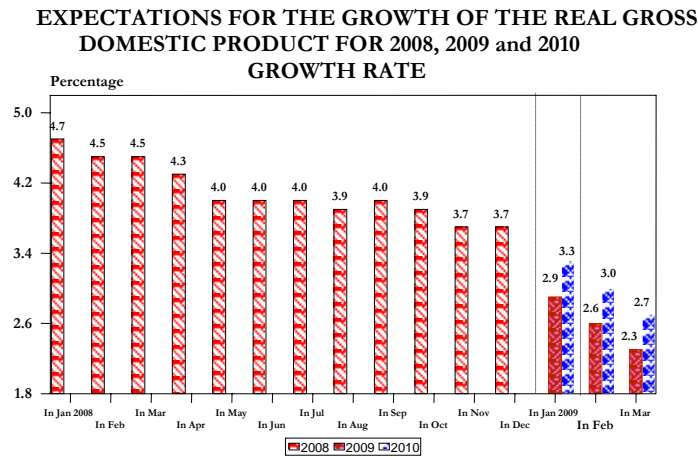
-In percentage-

FACTORS	JANUARY	FEBRUARY	MARCH
Price of fuels	20.00	20.45	17.39
International price of oil	18.00	18.18	17.39
Price for Raw Material	12.00	13.63	17.39
Performance of the fiscal policy	12.00	18.18	15.21
Performance of the monetary policy	20.00	13.64	10.87
Seasonality of agricultural products	4.00	4.55	6.53
Nominal exchange rate	8.00	4.55	6.52
Climate conditions	4.00	2.27	2.17
Others	2.00	4.55	6.53
TOTAL	100.00	100.00	100.00



2. ECONOMIC ACTIVITY

The private analysts estimate that in 2009 the economic activity, measured through the Real Gross Domestic Product, will grow 2.3%, number lower by 0.3 percentage points to the forecast by the economic analysts in the previous survey (2.6%). For 2010, the analysts estimate that it will be at 2.7%, lower by 0.3 percentage points to the estimated in the previous survey (3.0%).



SOURCE: 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 2009 are: the levels of the interest rates (internal and external), the performance of the fiscal policy, the international price of oil, the stability in the general level of prices, the price of fuels.

Factors that could promote the rhythm of the economic activity in 2009

-In percentage-

FACTORS	January	February	March
Interest rate levels (domestic and foreign)	11.32	13.95	16.67
Performance of the fiscal policy	15.09	11.63	16.67
International price of oil	13.21	11.63	13.89
Stability in the general level of prices	13.21	11.63	11.10
Fuel prices	11.32	11.63	11.10
Strengthening of the domestic market	9.43	11.63	8.33
FTA with the United States of America	7.55	9.30	5.56
Execution of mega-projects	7.55	6.98	5.56
Stability in the nominal exchange rate	7.55	4.64	5.56
Others	3.77	6.98	5.56
TOTAL	100.00	100.00	100.00



II. TRUST INDEX OF THE ECONOMIC ACTIVITY OF 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 has, 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 LEVEL OF TRUST

Pregunta	2008												2009		
	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre	Enero	Febrero	Marzo
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	12.5%	14.3%	0.0%	0.0%	0.0%	0.0%	7.7%	14.3%	0.0%	9.1%	0.0%	0.0%	0.0%	0.0%
	Igual	75.0%	71.4%	62.5%	50.0%	37.5%	67.7%	75.0%	76.9%	64.3%	68.8%	27.3%	33.3%	45.5%	42.9%
	Empeorará	12.5%	14.3%	37.5%	50.0%	62.5%	33.3%	25.0%	15.4%	21.4%	31.3%	63.6%	66.7%	54.5%	57.1%
8 ¿Considera usted que actualmente la economía del país está mejor que hace un año?	Si	37.5%	14.3%	37.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.3%	18.2%	0.0%	10.0%
	No	62.5%	85.7%	62.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	91.7%	81.8%	100.0%	90.0%
9 ¿Espera usted que la evolución económica del país mejore durante los próximos seis meses?	Si	25.0%	28.7%	25.0%	0.0%	0.0%	0.0%	12.5%	15.4%	28.6%	25.0%	9.1%	16.7%	0.0%	14.3%
	No	75.0%	71.4%	75.0%	100.0%	100.0%	100.0%	87.5%	84.6%	71.4%	75.0%	90.9%	83.3%	100.0%	85.7%
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%	12.5%	12.5%	0.0%	7.7%	0.0%	0.0%	9.1%	8.3%	0.0%	0.0%	0.0%
	No está seguro	100.0%	100.0%	62.5%	62.5%	37.5%	66.7%	62.5%	53.8%	57.1%	50.0%	58.4%	63.6%	42.9%	40.0%
	Mal momento	0.0%	0.0%	37.5%	25.0%	50.0%	33.3%	37.5%	38.5%	42.9%	50.0%	33.3%	36.4%	57.1%	60.0%

In March 2009, the trust index level of the economic activity¹ was at 15.00, index higher by 20.00%, regarding the registered the month before (12.50) and lower by 52.00% regarding the observed in March the previous year (31.25).

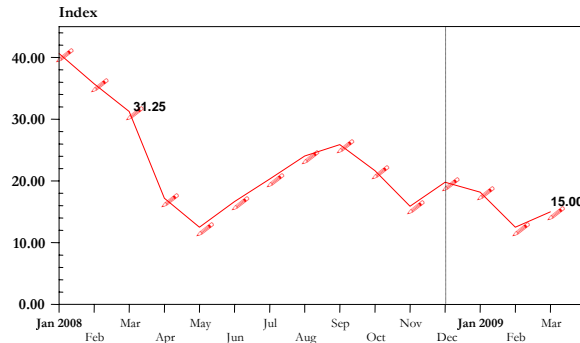
¹ The index is made based on four questions. Their calculation is derived from considering sub-indexes for each question; same that result from the balance of answers that are obtained subtracting, for each question, the percentage of positive answers, the percentage of negatives and add a constant of 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.



Survey of Inflation Expectations from the Panel of Private Analysts



TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY 2008 - MARCH 2009



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

TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY 2008 - MARCH 2009

Month	Index	Variation		
		Inter-monthly	Inter-annual	Accumulated
2008				
January	40.63	-15.21	23.83	-15.21
February	35.72	-12.08	-15.34	-25.46
March	31.25	-12.51	-13.46	-34.79
April	17.19	-44.99	-54.16	-64.13
May	12.50	-27.28	-65.22	-73.91
June	16.67	33.36	-60.00	-65.21
July	20.31	21.84	-54.30	-57.62
August	24.04	18.37	-41.47	-49.83
September	25.89	7.70	-52.21	-45.97
October	21.09	-18.54	-50.01	-55.99
November	15.91	-24.56	-68.18	-66.80
December	19.79	24.39	-58.70	-58.70
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