



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

AUGUST 2007

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.

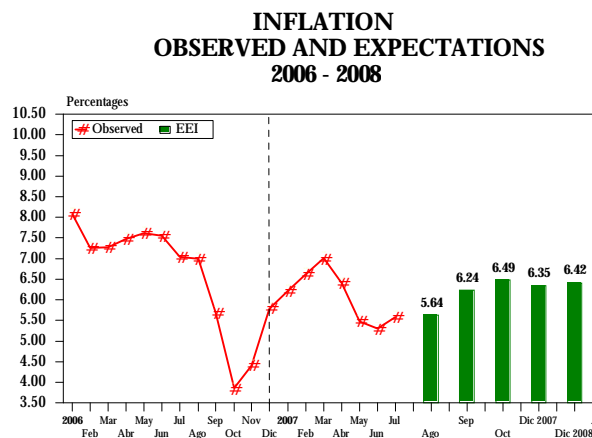
In the first part of this note we present the results of the survey of inflation expectations, made between the second and fourth week of August of 2007.

In the second part the confidence index of 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 5.64% for August 2007, while for September and October 2007 it is estimated that it will reach 6.24% and 6.49%, respectively. For the end of 2007 and 2008 of the economic analysts project an inflation of 6.35% and 6.42%, in their order.



Source: Banco de Guatemala y Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

When comparing the results of this survey with the obtained the month before, the expected inflationary rhythm for August was observed, decreased by 0.22 percentage



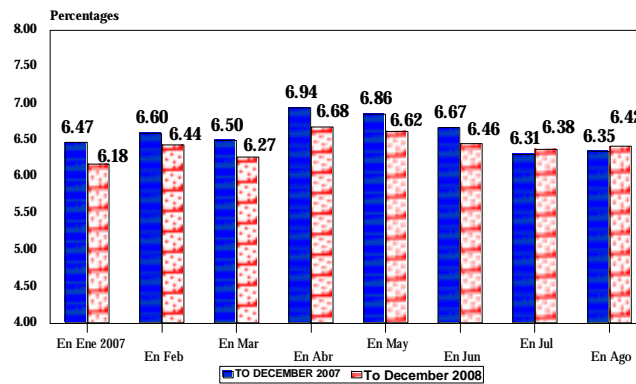
Encuesta de Expectativas de Inflación del Sector Privado



points (5.86% from the survey in July 2007); while for September 2007, decreased by 0.06 percentage points (6.30% in the previous survey).

Regarding the expectation for December 2007, this increased by 0.04 percentage points (6.31% in the previous survey). Equal behavior is observed for December 2008, since it increased by 0.04 percentage points (6.38%, in the previous survey).

INFLATION EXPECTATIONS
TO DECEMBER 2007 AND DECEMBER 2008



SOURCE: Survey of Inflation Expectations by the Panel of Private Analysts

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

Factores que podrían explicar el pronóstico de inflación para diciembre de 2007 y diciembre de 2008

-En porcentaje-

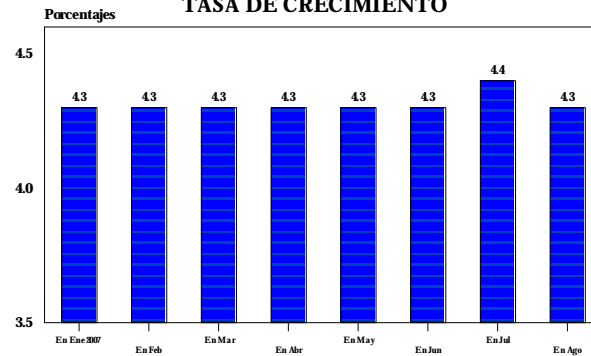
Factores	ENERO		FEBRERO		MARZO		ABRIL		MAYO		JUNIO		JULIO		AGOSTO	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Precios de los combustibles	7.41	7.41	7.89	7.14	15.38	15.51	16.22	15.63	16.67	18.18	23.08	22.22	20.51	17.95	20.69	17.86
Precio internacional del petróleo	18.52	18.52	13.16	17.86	17.95	18.92	10.81	18.75	19.44	21.21	15.38	16.67	20.51	20.51	17.24	17.86
Desempeño de la política fiscal	18.52	18.52	21.06	17.86	15.38	16.22	13.51	9.38	11.11	12.12	11.54	11.11	10.26	10.26	13.79	14.29
Elasticidad de los productos agrícolas	3.70	3.70	15.79	14.29	2.56	2.70	5.41	3.12	8.33	6.06	7.69	11.11	2.56	2.56	10.34	10.71
Desempeño de la política monetaria	22.22	18.52	10.53	10.71	12.82	16.22	16.22	18.75	13.89	15.15	15.38	11.11	12.82	12.82	10.34	14.29
Tipo de cambio nominal	7.41	11.11	13.16	10.71	7.69	8.11	10.81	6.25	11.11	9.09	7.69	5.56	7.69	7.69	6.90	10.71
Condiciones climáticas	3.70	3.70	2.63	3.57	10.26	8.11	5.41	3.12	5.56	3.03	11.54	11.11	10.26	10.26	6.90	7.14
Precios de las materias primas	3.70	3.70	2.63	3.57	5.13	5.41	13.51	18.75	8.33	9.09	3.85	11.11	10.26	10.26	3.46	3.57
Otros	14.81	14.81	13.16	14.29	12.83	10.80	8.10	8.25	5.56	6.06	3.85	0.00	5.13	7.69	10.34	3.57
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

2. ECONOMIC ACTIVITY

The private analysts estimate that in 2007 the economic activity, through the Real Gross Domestic Product, will grow 4.3%, number lower by 0.1 percentage points to the forecast by the economic analysts in the previous survey (4.4%).



EXPECTATIVAS DE CRECIMIENTO DEL PRODUCTO INTERNO BRUTO REAL PARA 2007 TASA DE CRECIMIENTO



FUENTE: Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

Factors that could promote the rhythm of Economic Activities for 2007

Factores que podrían impulsar el ritmo de la Actividad Económica en 2007

-En porcentaje-

FACTORES	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto
TLC con los Estados Unidos de América	17.65	16.13	17.14	21.22	13.89	13.79	16.22	20.68
Estabilidad en el tipo de cambio nominal	8.82	12.90	14.29	15.15	13.89	17.24	10.81	13.79
Fortalecimiento del mercado interno	2.94	3.23	5.71	3.03	2.78	10.34	10.81	13.79
Ejecución de megaproyectos	8.82	9.68	14.29	6.06	11.11	6.90	10.81	13.79
Estabilidad en el nivel general de precios	5.88	9.68	14.29	12.12	8.33	10.34	10.81	6.90
Niveles de las tasas de interés (internas y externas)	11.76	19.35	8.57	15.15	16.67	13.79	10.81	6.90
Desempeño de la política fiscal	11.76	12.90	8.57	6.06	11.11	10.34	8.11	6.90
Precio internacional del petróleo	14.71	6.45	5.71	6.06	8.33	6.90	8.11	6.90
Precios de los combustibles	8.82	6.45	8.57	9.09	5.56	6.90	8.11	6.90
Otros	8.82	3.23	2.86	6.06	8.33	3.46	5.40	3.45
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

The main factors that could promote the growth rhythm of the economic activity for 2007, according to the interviewed analysts, are: the Free Trade Agreement with the United States of America, the stability in the nominal exchange rate, the strengthening of the internal market and the execution of mega-projects.



Encuesta de Expectativas de Inflación del Sector Privado



II. TRUST INDEX OF THE ECONOMIC ACTIVITY FROM THE PANEL OF PRIVATE ANALYSTS

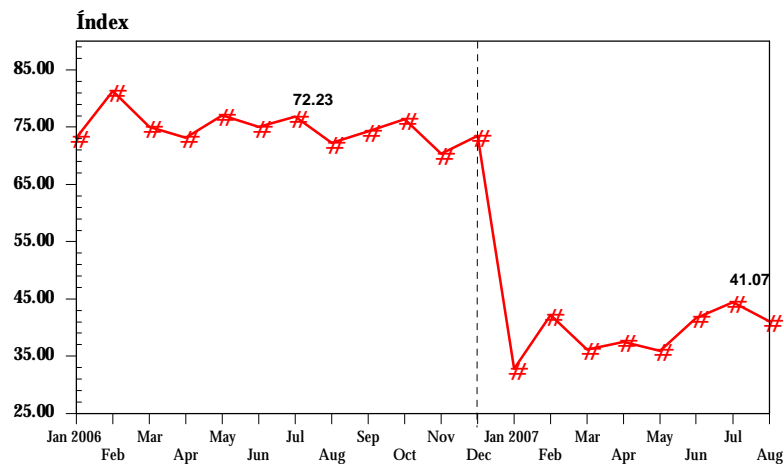
The Trust Index of the Economic Activity from the Panel of Private Analysts has the purpose of measuring the perception on the current economic situation and the environment for business that the interviewed economic analysts has, which is compared with the prevailing index in the recent past. Also, 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:

INDICADORES SOBRE EL NIVEL DE CONFIANZA

Pregunta	2006												2007								
	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	
7. ¿Cómo considera que evoluciona el clima de...?	Mejorará	57.1%	33.3%	57.1%	28.0%	33.3%	28.0%	57.1%	66.7%	55.6%	33.3%	25.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Igual	28.0%	66.7%	42.9%	71.4%	66.7%	57.1%	42.9%	22.2%	33.3%	55.6%	37.5%	62.5%	62.5%	55.6%	62.5%	62.5%	83.3%	100.0%	85.7%	57.1%
	Empeorará	14.3%	0.0%	0.0%	0.0%	0.0%	14.3%	0.0%	11.1%	11.1%	11.1%	37.5%	12.5%	37.5%	37.5%	44.4%	37.5%	37.5%	16.7%	0.0%	14.3%
8. ¿Considera usted que actualmente la economía del país está mejor que hace un año?	Si	57.1%	83.3%	57.1%	85.7%	83.3%	85.7%	71.4%	66.7%	77.8%	88.9%	100.0%	100.0%	50.0%	50.0%	44.4%	50.0%	50.0%	50.0%	44.4%	42.9%
	No	42.9%	16.7%	42.9%	14.3%	16.7%	14.3%	28.6%	33.3%	22.2%	11.1%	0.0%	0.0%	50.0%	50.0%	55.6%	50.0%	50.0%	50.0%	55.6%	57.1%
9. ¿Espera usted que la evolución económica del país mejore durante los próximos seis meses?	Si	85.7%	100.0%	85.7%	71.4%	83.3%	85.7%	85.7%	77.8%	75.0%	77.8%	75.0%	62.5%	25.0%	50.0%	44.4%	37.5%	25.0%	33.3%	44.4%	42.9%
	No	14.3%	0.0%	14.3%	28.6%	16.7%	14.3%	14.3%	22.2%	25.0%	22.2%	25.0%	37.5%	75.0%	50.0%	55.6%	62.5%	75.0%	66.7%	55.6%	57.1%
10. ¿Cómo considera que sea la conjuntura actual de las empresas en el país para efectuar inversiones?	Buen momento	57.1%	50.0%	57.1%	42.9%	50.0%	57.1%	42.9%	55.6%	66.7%	55.6%	62.5%	62.5%	12.5%	12.5%	11.1%	12.5%	12.5%	16.7%	11.1%	14.3%
	No está seguro	0.0%	50.0%	42.9%	57.1%	50.0%	28.6%	0.0%	22.2%	11.1%	44.4%	0.0%	25.0%	25.0%	25.0%	33.3%	37.5%	50.0%	50.0%	55.6%	42.9%
	Mal momento	42.9%	0.0%	0.0%	0.0%	0.0%	14.3%	57.1%	22.2%	22.2%	0.0%	37.5%	12.5%	62.5%	62.5%	55.6%	50.0%	37.5%	33.3%	33.3%	42.9%

In August of this year, the level of the trust index of the economic activity¹ was at 41.07, index lower by 7.58%, regarding the registered the month before (44.44) and lower by 43.14% regarding the observed in August of the previous year (72.23).

TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY 2006 - AUGUST 2007



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

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.



TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY - AUGUST 2007

Month	Index	Variation		
		Monthly	Interannual	Accumulated
2006				
January	73.21	1.85	-8.13	1.85
February	81.25	10.98	13.75	13.04
March	75.00	-7.69	4.34	4.34
April	73.21	-2.39	10.81	1.85
May	77.08	5.29	8.82	7.23
June	75.00	-2.70	0.00	4.34
July	76.79	2.39	-0.38	6.83
August	72.23	-5.94	-1.34	0.49
September	74.31	2.88	21.94	3.38
October	76.39	2.80	29.63	6.27
November	70.31	-7.96	12.50	-2.18
December	73.44	4.45	2.17	2.17
2007				
January	32.81	-55.32	-55.18	-55.32
February	42.19	28.59	-48.07	-42.55
March	36.11	-14.41	-51.85	-50.83
April	37.50	3.85	-48.78	-48.94
May	35.94	-4.16	-53.37	-51.06
June	41.67	15.94	-44.44	-43.26
July	44.44	6.65	-42.13	-39.49
August	41.07	-7.58	-43.14	-44.08

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