



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

SEPTEMBER 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 September of 2007.

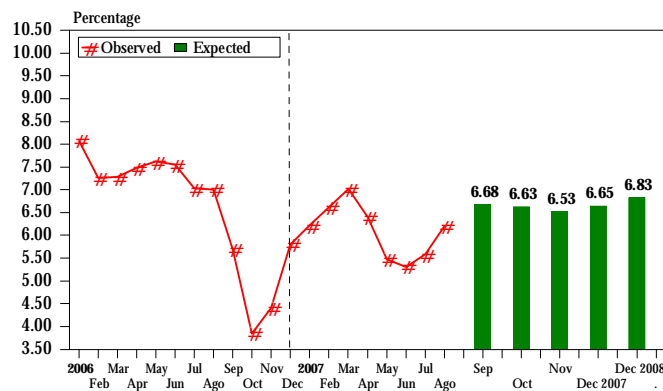
In the second part the confidence index of economic activity is presented, which was made based on the referred survey.

I. INFLATION EXPECTATIONS AND ECONOMIC ACTIVITY

1. INFLATION

The Economic analysts surveyed foresee an inflationary rhythm of 6.68% for September 2007, while for October and November 2007 it is estimated that it will reach 6.63% and 6.53%, respectively. For the end of 2007 and 2008 of the economic analysts project an inflation of 6.65% and 6.83%, in their order.

INFLATION
OBSERVED AND EXPECTED
2006 - 2008



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



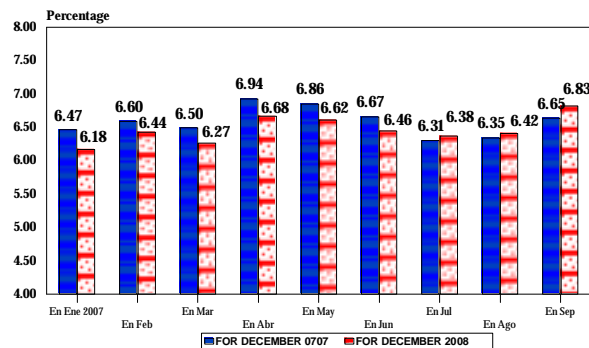
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When comparing the results of this survey with the obtained the month before, the expected inflationary rhythm for September was observed, increased by 0.44 percentage points (6.24% from the survey in August 2007); while for October 2007, increased by 0.14 percentage points (6.49% in the previous survey).

Regarding the expectation for December 2007, this increased by 0.30 percentage points (6.35% in the previous survey). Equal behavior is observed for December 2008, since it increased by 0.41 percentage points (6.42%, in the previous survey).

**INFLATION EXPECTATIONS
FOR DECEMBER 2007 AND FOR DECEMBER 2008**



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

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, the price of raw material and the fiscal policy performance.

Factors that could explain the inflation forecast for December 2007 and December 2008

-In percentage

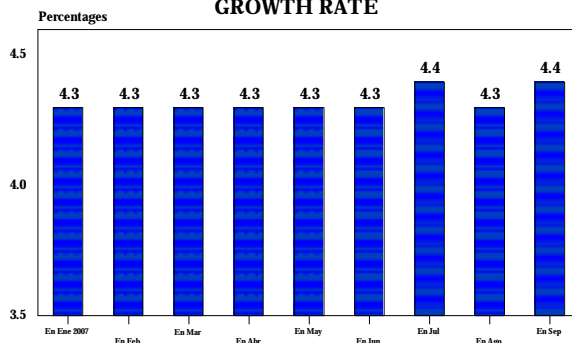
Factors	JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Prices of fuels	7.41	7.41	7.89	7.14	15.38	13.51	16.22	15.68	16.67	18.18	23.08	22.22	20.51	17.95	20.69	17.85	21.48	25.00
International price of oil	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	17.85	19.05	22.22
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	10.25	10.25	3.46	3.57	16.67	19.44
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	11.90	11.11
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	10.25	10.25	13.79	14.29	9.52	8.33
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	7.15	5.56
Estacionalidad de los productos agrícolas	3.70	3.70	2.63	3.57	10.25	8.11	5.41	3.12	5.56	3.03	11.54	11.11	10.25	10.25	6.90	7.14	4.76	2.78
Otros	14.81	14.81	13.16	14.29	12.82	10.81	8.11	6.25	5.56	6.06	3.85	0.00	5.13	7.69	10.34	3.57	4.76	0.00
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	100.00	100.00

2. ECONOMIC ACTIVITY

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



REAL GROSS DOMESTIC PRODUCT GROWTH EXPECTATIONS FOR 2007 GROWTH RATE



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

The main factors that could promote the growth rhythm of the economic activity for 2007, according to the interviewed analysts, are: the levels of the interest rates (internal and external), the Free Trade Agreement with the United States of America and the international price of oil.

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

-En porcentaje-

FACTORES	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre
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	17.65
TLC con los Estados Unidos de América	17.65	16.13	17.14	21.22	13.89	13.79	16.22	20.68	17.65
Precio internacional del petróleo	14.71	6.45	5.71	6.06	8.33	6.90	8.11	6.90	11.78
Estabilidad en el tipo de cambio nominal	8.82	12.90	14.29	15.15	13.89	17.24	10.81	13.79	8.82
Estabilidad en el nivel general de precios	5.88	9.68	14.29	12.12	8.33	10.34	10.81	6.90	8.82
Precios de los combustibles	8.82	6.45	8.57	9.09	5.56	6.90	8.11	6.90	8.82
Ejecución de megaproyectos	8.82	9.68	14.29	6.06	11.11	6.90	10.81	13.79	8.82
Fortalecimiento del mercado interno	2.94	3.23	5.71	3.03	2.78	10.34	10.81	13.79	5.88
Desempeño de la política fiscal	11.76	12.90	8.57	6.06	11.11	10.34	8.11	6.90	5.88
Otros	8.82	3.23	2.86	6.06	8.33	3.46	5.40	3.45	5.88
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	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 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:



Inflation Expectations Survey from the Private Sector

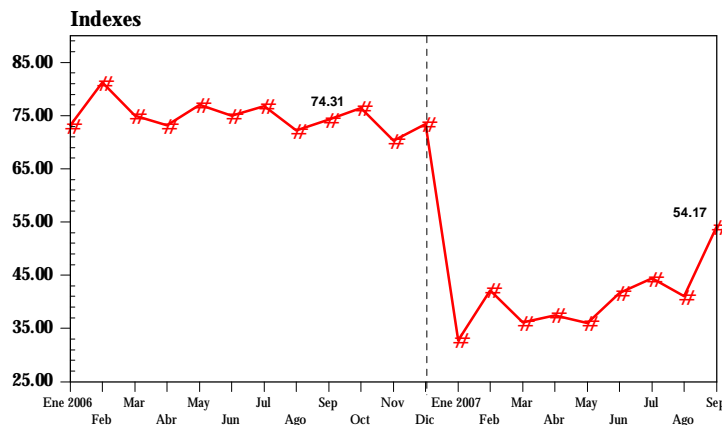


INDICADORES SOBRE EL NIVEL DE CONFIANZA

Pregunta	2006												2007								
	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre
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	57.1%	33.3%	57.1%	28.6%	33.3%	28.6%	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%	11.1%
Igual	28.6%	66.7%	42.9%	71.4%	66.7%	57.1%	42.9%	22.2%	33.3%	55.6%	37.5%	62.5%	62.5%	62.5%	55.6%	62.5%	62.5%	83.3%	100.0%	85.7%	88.9%
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%	0.0%
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%	77.8%
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%	22.2%
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%	33.3%
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%	66.7%
10. ¿Cómo considera que sea la coyuntura 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%	22.2%
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%	55.6%
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%	22.2%

In September of this year, the level of the trust index of the economic activity¹ was at 54.17, index lower by 31.9%, regarding the registered the month before (41.07) and lower by 27.1% regarding the observed in September of the previous year (74.31).

TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY 2006 - SEPTEMBER 2007



FUENTE: Cálculos propios con base en los resultados de la Encuesta de Expectativas de Inflación al Panel de Analistas Privados.

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.



Inflation Expectations Survey from the Private Sector



TRUST INDEX OF THE ECONOMIC ACTIVITY JANUARY 2006 - SEPTEMBER 2007

Month	Index	Variation		
		Monthly	Inter-annual	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
September	54.17	31.90	-27.10	-26.24