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Revelation of Expectations in Latin America

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REVELA is a free Web-based monthly service on inflation and growth expectations in Latin America. REVELA's Web site offers an up-to-date report and a database with historical information. This service compiles data from the expectations surveys conducted and reported by eight Central Banks in Latin American with inflation-targeting regimes. REVELA does not represent official projections by the IDB or any other official institution.

A. Highlights

January surveys of expectations conducted by Central Banks in the region indicate that the simple average of growth expectations in 2019 decreased by 0.1% from 3.0% to 2.9% while the simple average of inflation expectations decreased by 0.1% from 4.1% to 4.0% with respect to December's surveys.

Country	Growth expectation (percentage expected for 2019)		Inflation expectation (percentage expected for 2019)	
	as of Jan 2019	Dec - Jan change	as of Jan 2019	Dec - Jan change
	Brazil	2.6	→ 0.0	4.0
Chile	3.6	→ 0.0	2.8	↓ -0.1
Colombia	3.0	↓ -0.1	3.5	→ 0.0
Guatemala	3.0	↓ -0.1	4.0	↓ -0.2
Mexico	1.8	↓ -0.1	3.9	→ 0.0
Paraguay	4.0	↓ -0.2	4.0	→ 0.0
Peru	3.9	→ 0.0	2.5	→ 0.0
Uruguay	1.3	↓ -0.1	7.5	↓ -0.3
Eight country average	2.9	↓ -0.1	4.0	↓ -0.1

At the individual country level, growth expectations for 2019 in January compared to the previous month decreased in Colombia, Guatemala, Mexico, Paraguay and Uruguay, and remained constant in Brazil, Chile and Peru.

Inflation expectations for 2019 decreased in Chile, Guatemala and Uruguay, and remained constant in Brazil, Colombia, Mexico, Paraguay and Peru.

In January, growth expectations for 2019 ranged from 1.3% in Uruguay to 4.0% in Paraguay, while inflation expectations for 2019 ranged from 2.5% in Peru to 7.5% in Uruguay.

Source: REVELA, IDB 2019. Data available for download

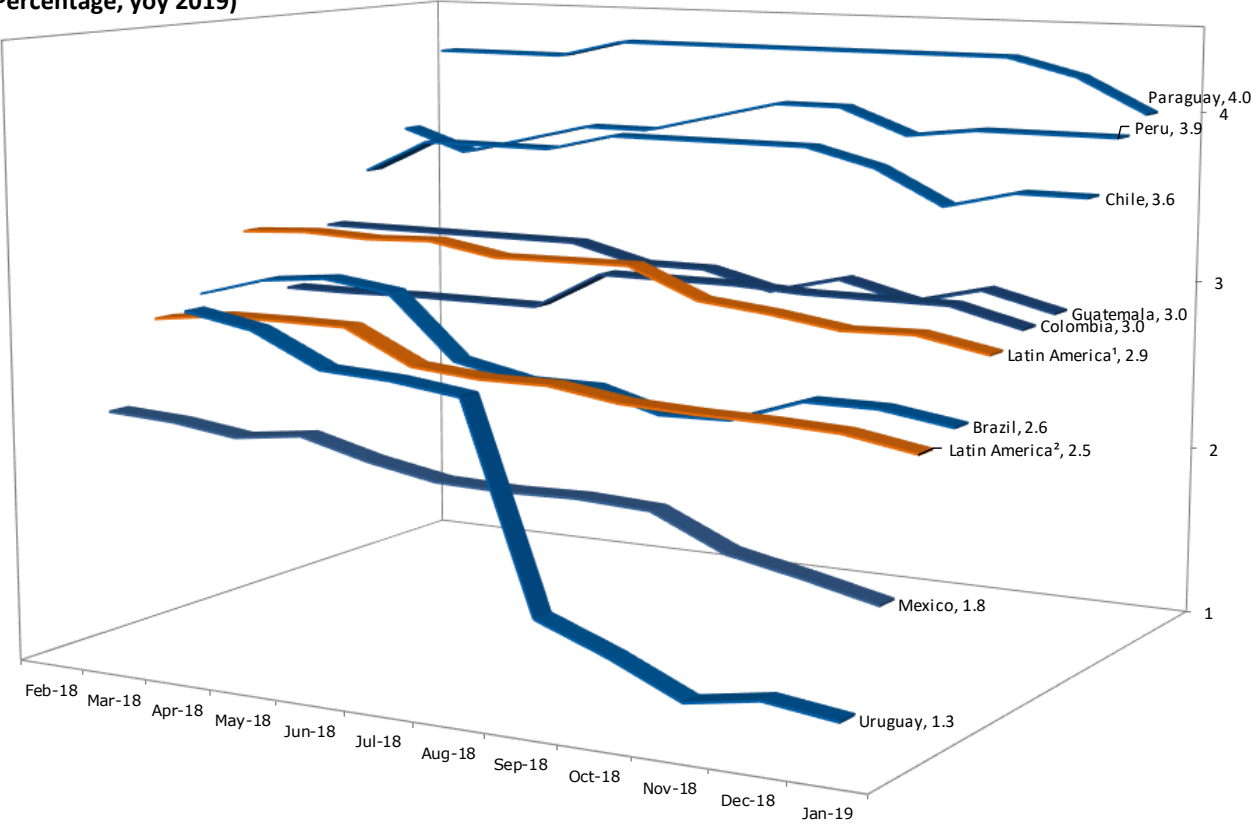
B. Growth

According to surveys in January, both the simple average of growth expectations and the GDP-weighted average of growth expectations for 2019 decreased by 0.1% up to 2.9% and 2.5%, respectively. Compared to expectations six months before, expected growth under the GDP-weighted average decreased by 0.2% and expected growth under the simple average calculations decreased by 0.3%.

Growth expectations for 2019 decreased by 0.2% in Paraguay and by 0.1% in Colombia, Guatemala, Mexico, Paraguay and Uruguay, and remained constant in Brazil, Chile and Peru.

Compared to surveys six months ago, growth expectations for 2019 decreased in all the countries except in Brazil and Peru. With these results, growth expectations for the region for 2019 ranged from 1.3% in Uruguay to 4.0% in Paraguay in January.

Figure 1. Market Expectations of Growth
(Percentage, yoy 2019)



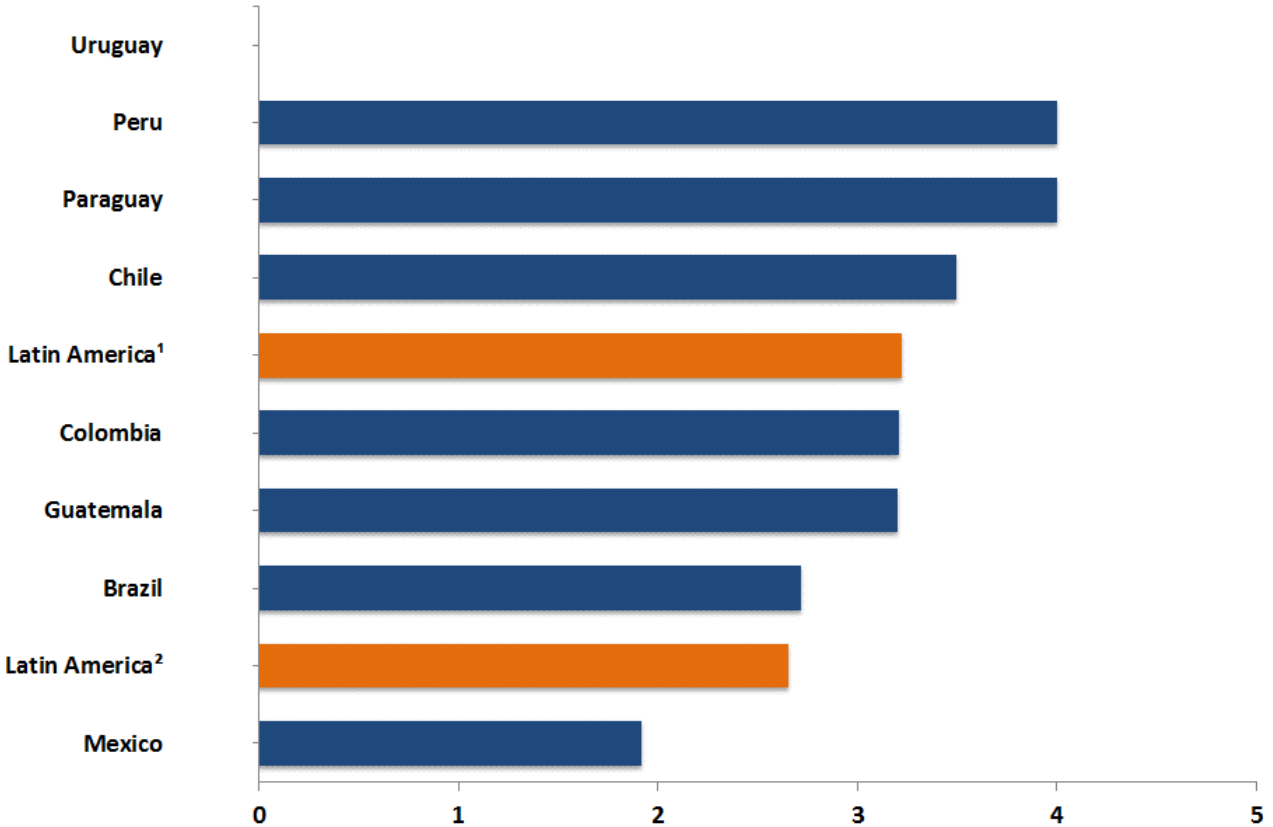
Source: REVELA, IDB 2019. Data available for download [here](#).

¹ Refers to the simple average of the eight inflation targeting countries.

² Refers to the GDP weighted average of the eight inflation targeting countries.

The simple average of growth expectations for 2020 was 3.2% in January, while the GDP-weighted average was 2.7% in that same month. According to January surveys, growth expectations for 2020 ranged from 1.9% in Mexico to 4.0% in Paraguay.

Figure 2. Growth Market Expectations
(Percentage, yoy 2020)



Source: REVELA, IDB 2019. Data available for download [here](#).

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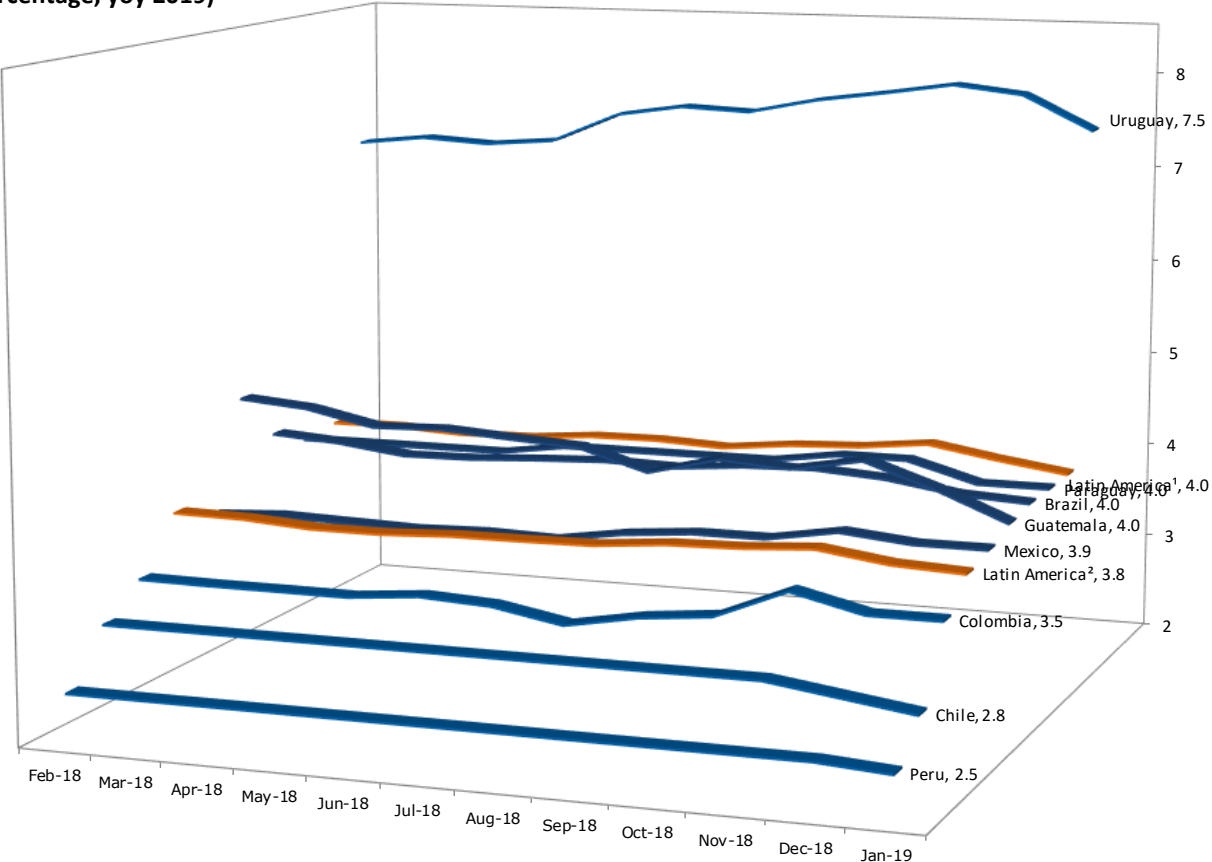
C. Inflation

According to surveys in January, the GDP-weighted average of inflation expectations for 2019 remained constant at 3,8% and the simple average decreased by 0.1% from 4.1% to 4.0% with respect to December.

At the individual country level, compared to the previous month inflation expectations for 2019 decreased by 0.3% in Uruguay, by 0.2% in Guatemala and by 0.1% in Chile, and remained constant in the rest of the countries.

During the previous six months, cumulative decreases were surveyed in Brazil, Chile, Guatemala, Paraguay and Uruguay, while rises were registered in Colombia and Mexico and Peru remained constant. According to January surveys, inflation expectations in the region for 2019 ranged from 2.5% in Peru to 7.5% in Uruguay.

Figure 3. Inflation Market Expectations (Percentage, yoy 2019)



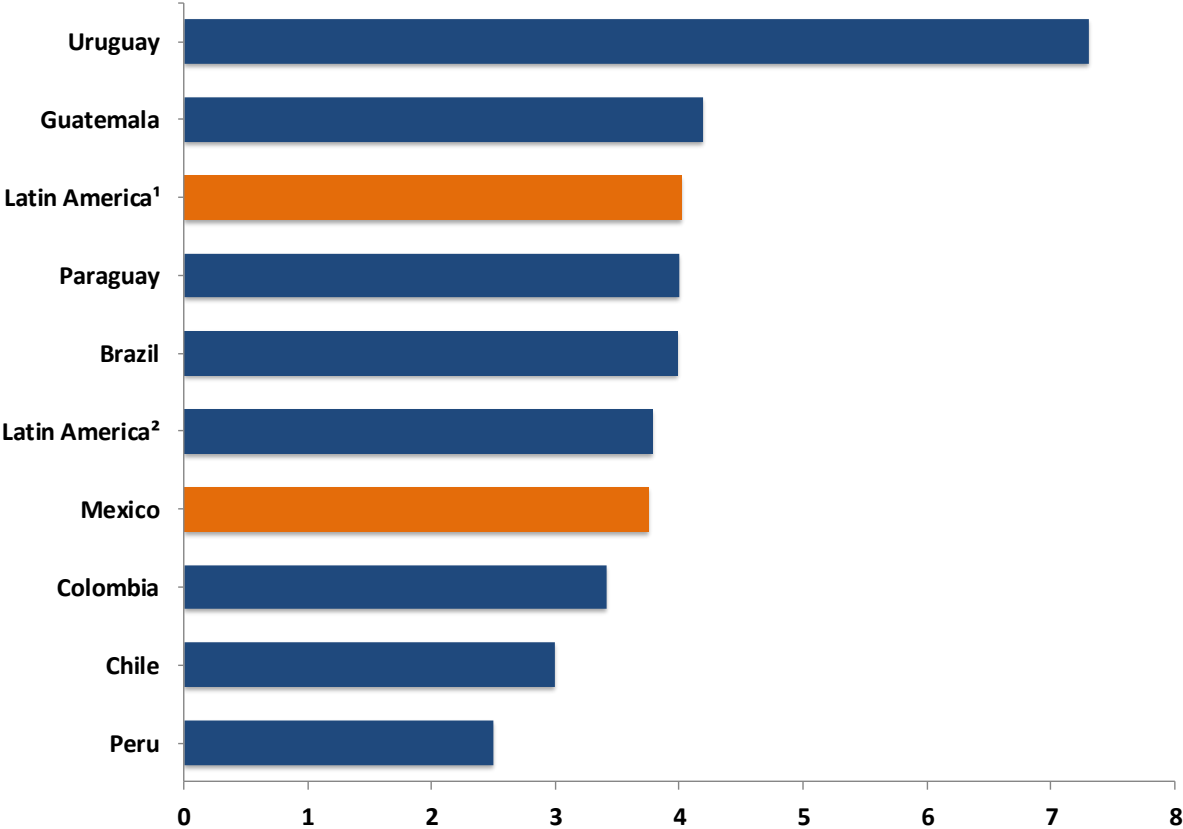
Source: REVELA, IDB 2019. Data available for download [here](#).

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² Refers to the GDP weighted average of the eight inflation targeting countries.

The simple average of inflation expectations for 2020 was 4.0% in January 2019 and the GDP-weighted average of expectations was 3.8%. Expected inflation for 2020 ranged from 2.5% in Peru to 7.3% in Uruguay.

Figure 4. Inflation Market Expectations
(Percentage, yoy 2020)



Source: REVELA, IDB 2019. Data available for download [here](#).

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² Refers to the GDP weighted average of the eight inflation targeting countries.

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