

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

According to the July surveys conducted by Central Banks in the region, growth expectations for 2015 have continued their downward trend while inflation expectations have remained stable. Compared to the previous month, growth expectations fell in six countries and remained stable in two. Inflation expectations increased in three countries, remained constant in a further three and fell in two.

The 2015 simple average growth expectations for the region decreased by 0.2% from 2.7% to 2.5% and the GDP weighted average growth expectations fell by 0.2% from 0.7% to 0.5% in the last month. Growth expectations decreased in Paraguay by 0.5%, Peru by 0.4%, Brazil by 0.3%, Colombia by 0.2%, Guatemala by 0.1% and Uruguay by 0.1%. They remained stable in Mexico at 2.6% and in Chile at 2.3%.

Inflation expectations have remained stable at 4.9% on a simple average basis over the course of July, and they have increased by 0.2% on a weighted average basis, from 6.1% to 6.3%. Inflation expectations have increased in Brazil by 0.3%, in Uruguay by 0.3% and in Peru by 0.1%. They have remained stable in Paraguay at 4.5%, in Colombia at 3.9% and in Chile at 3.8%, and they have decreased in Guatemala by 0.3% and in Mexico by 0.1%.

Table 1. Growth and Inflation Expectations for 2015

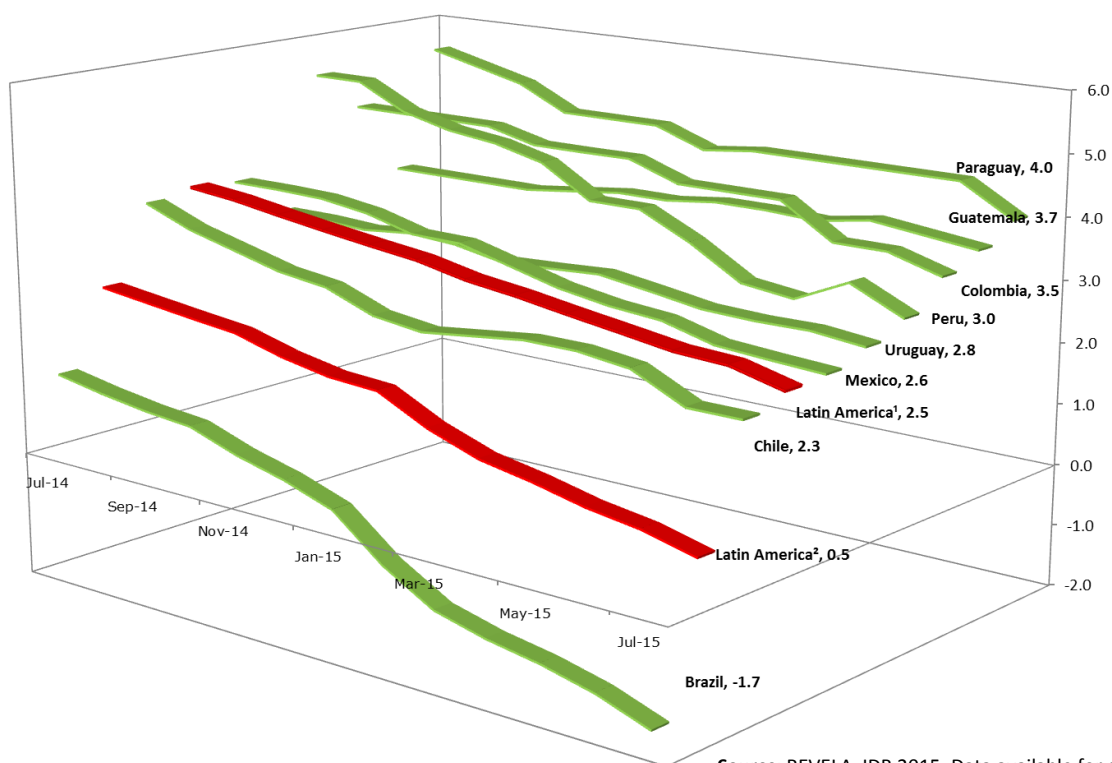
Country	Growth expectation (percentage expected for 2015)		Inflation expectation (percentage expected for 2015)	
	as of Jul 2015	Jun-Jul change	as of Jul 2015	Jun-Jul change
Brazil	-1.7	↓ -0.3	9.2	↑ 0.3
Chile	2.3	⇒ 0.0	3.8	⇒ 0.0
Colombia	3.5	↓ -0.2	3.9	⇒ 0.0
Guatemala	3.7	↓ -0.1	3.3	↓ -0.3
Mexico	2.6	⇒ 0.0	2.8	↓ -0.1
Paraguay	4.0	↓ -0.5	4.5	⇒ 0.0
Peru	3.0	↓ -0.4	3.1	↑ 0.1
Uruguay	2.8	↓ -0.1	8.7	↑ 0.3
Eight country average	2.5	↓ -0.2	4.9	⇒ 0.0

Source: REVELA, IDB 2015. Data available for download [here](#).

B. Growth

Growth expectations for the region in 2015 decreased by 0.2% from 2.7% to 2.5% in July on a simple average basis (Latin America 1), continuing the downward path observed during the previous and present year. Indeed, growth expectations on the simple average basis have fallen consecutively for the previous twelve month with no interruption. Considering the GDP weighted average (Latin America 2), growth expectations also fell by 0.2%, from 0.7% to 0.5%. This is the third consecutive month the GDP weighted average growth expectations are under 1% for the region. The most significant declines have been observed in Paraguay by 0.5% from 4.5% to 4.0%, in Peru by 0.4% from 3.4% to 3.0% and in Brazil by 0.3% from -1.4% to -1.7%. Growth expectations also fell in Colombia by 0.2% from 3.7% to 3.5%, in Guatemala by 0.1% from 3.8% to 3.7% and in Uruguay by 0.1% from 2.9% to 2.8%. Finally, they remained stable in Chile at 2.3% and in Mexico at 2.6%. In the last six month, growth expectations decreased by 0.7% on a simple average basis and by 1.4% on a GDP weighted average basis. The most significant cumulative declines were observed in Brazil (2.0%) and in Colombia and Peru (1.0%), followed by Mexico (0.7%), Paraguay (0.4%), Chile (0.3%) and Uruguay (0.3%). Guatemala is the only country where growth expectations remained stable (at 3.7%) compared to January.

Figure 1. Market Expectations of Growth
(Percentage, yoy 2015)



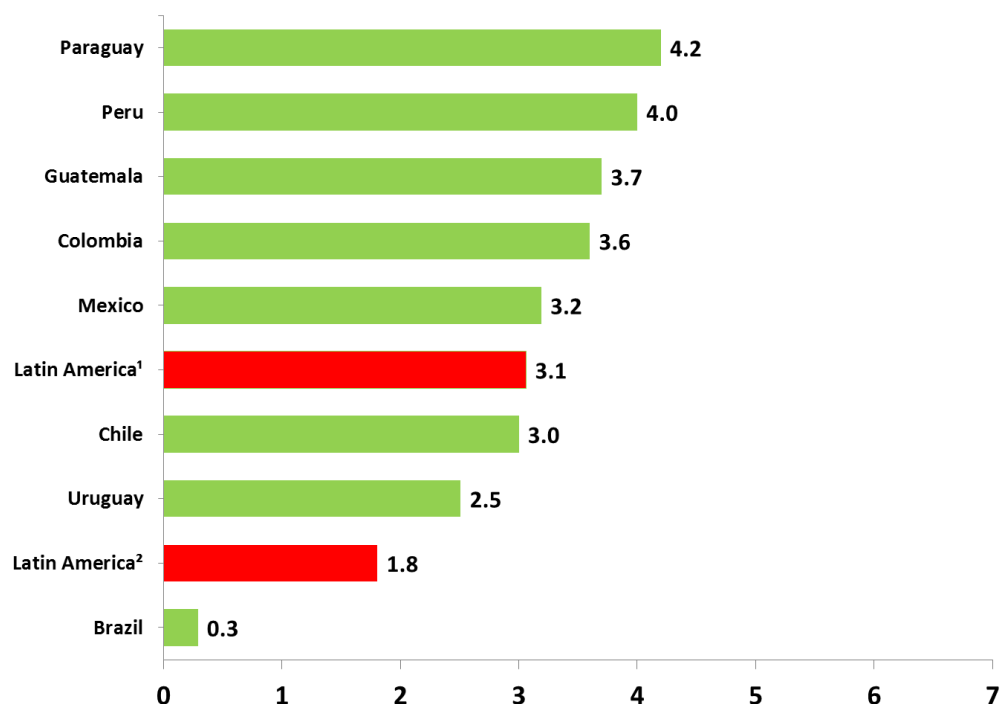
Source: REVELA, IDB 2015. Data available for download [here](#).

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.

Both the simple mean and the GDP weighted mean growth expectations for 2016 declined in July, the former by 0.1% from 3.2% to 3.1%, and the latter by 0.2% from 2.0% to 1.8%. Growth expectations for the next year fell in five countries and remained constant in three, ranging now from 0.3% in Brazil to 4.2% in Paraguay. The most significant decline was observed in Brazil, where growth expectations for 2016 decreased by 0.4%, from 0.7% to 0.3%, followed by Paraguay with a fall of 0.3%, from 4.5% to 4.2%. Growth expectations for 2016 declined by 0.2% in three countries, Guatemala from 3.9% to 3.7%, Colombia from 3.8% to 3.6% and Uruguay from 2.7% to 2.5%. Finally they remained constant in Peru at 4.0%, in Mexico at 3.2% and in Chile at 3.0%. Compared to January 2015, growth expectations for 2016 decreased by 0.7% on a simple average basis and by 1.0% on a GDP weighted average basis. The most significant cumulative declines in the last six months were observed in Brazil by 1.4% and Peru by 1.0%, followed by Colombia by 0.9%, Mexico by 0.6%, Chile by 0.5% and Paraguay by 0.5%. Finally growth expectations for the next year remained constant in Guatemala compared to January 2015.

Figure 2. Growth Market Expectations
(Percentage, yoy 2016)



Source: REVELA, IDB 2015. Data available for download [here](#).

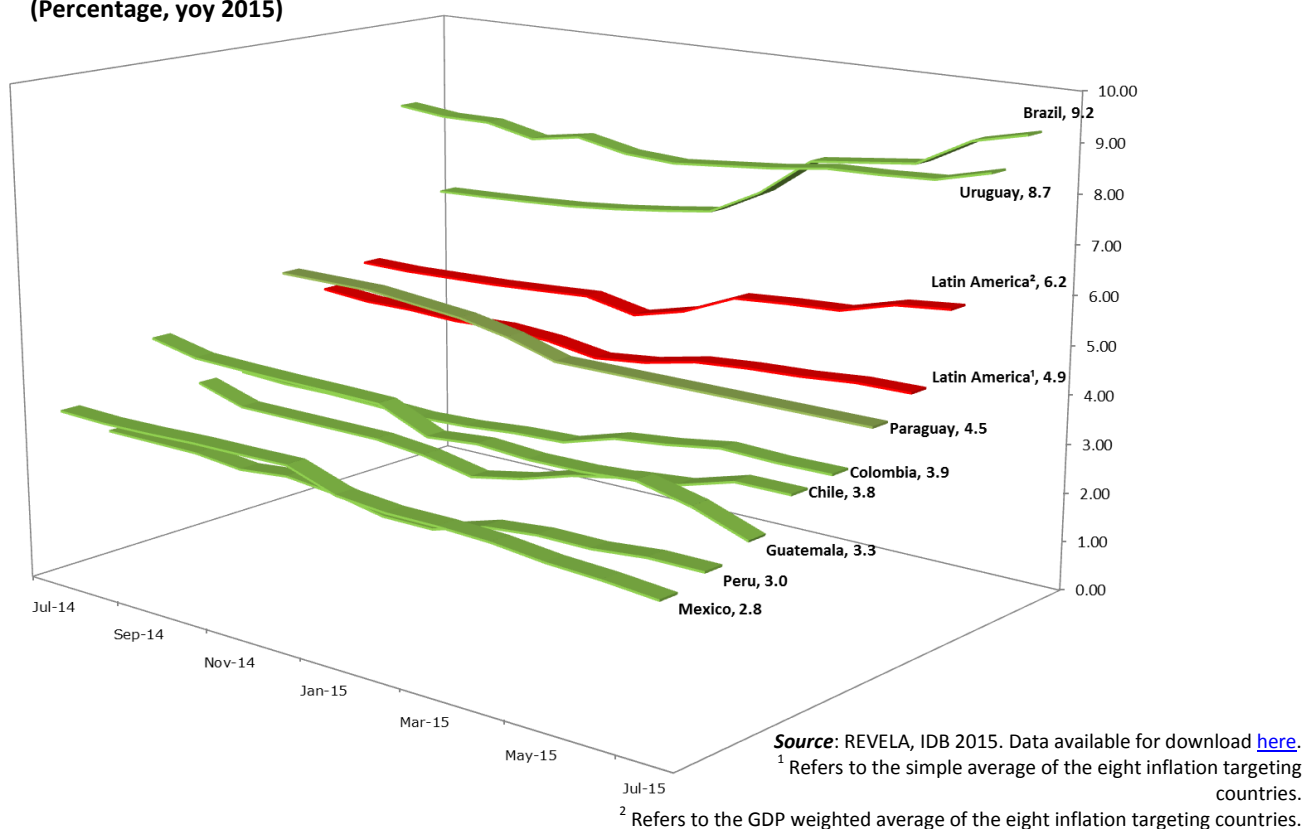
¹ Refers to the simple average of the eight inflation targeting countries.

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

C. Inflation

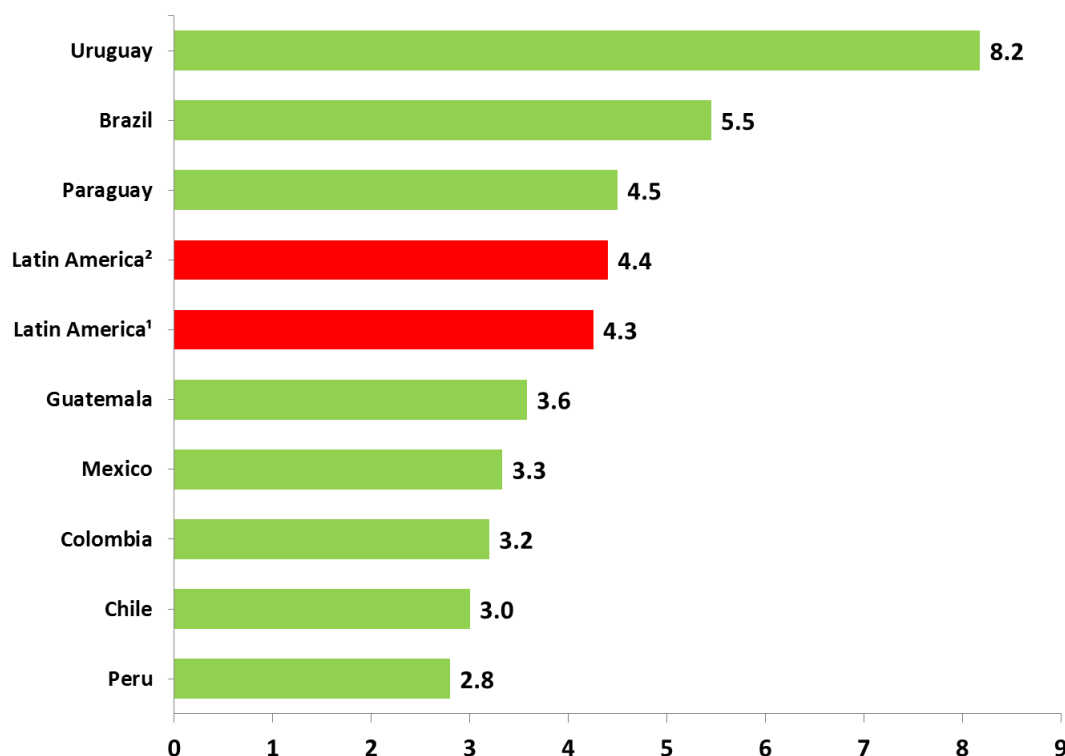
Inflation expectations for 2015 remained stable at 4.9% for the region on a simple average basis, and increased by 0.2% on a GDP weighted average basis, from 6.1% to 6.3%, compared to the previous month. However, at the individual country level, the evolution of expectations was quite heterogeneous across the region, with increases in Brazil by 0.3% (from 8.9% to 9.2%), in Uruguay by 0.3% (from 8.4% to 8.7%) and in Peru by 0.1% (from 3.0% to 3.1%). Expectations remained stable in Paraguay at 4.5%, Colombia at 3.9% and Chile at 3.8%. Finally, they decreased in Guatemala by 0.3% (from 3.6% to 3.3%) and in Mexico by 0.1% (from 2.9% to 2.8%). Compared to January, inflation expectations for 2015 increased by 0.6% on a simple average basis and by 1.3% on a GDP weighted average basis. At the individual country level, expectations rose in Brazil by 2.5%, in Chile by 1.1%, in Uruguay by 0.8%, and by 0.6% in Colombia and Peru, compared to their value six months ago. Expected inflation for 2015 remained stable in Paraguay, and decreased in Guatemala by 0.5% and in Mexico by 0.4% compared to January. Brazil and Uruguay remain the countries with highest level of inflation expectations for the region and Mexico and Peru are the countries with lowest inflation expectations for 2015.

Figure 3. Inflation Market Expectations
(Percentage, yoy 2015)



Inflation expectations for 2016 remained constant at 4.3% on a simple average basis for the region, and decreased 0.1% on a GDP weighted average basis, from 4.5% to 4.4%, compared to the previous month. At country level, inflation expectations for next year evolved heterogeneously across region. They increased by 0.2% in Uruguay (from 8.0% to 8.2%) and in Peru (from 2.8% to 3.0%). Expectations for 2016 remained constant in Brazil at 5.5%, in Paraguay at 4.5% and in Chile at 3.0%. Finally, they fell in Guatemala by 0.2% (from 3.8% to 3.6%), in Colombia by 0.1% (from 3.3% to 3.2%) and in Mexico by 0.1% (from 3.4% to 3.3%). Inflation expectations for 2016 now range between 3.0% (Peru and Chile) and 8.2% (Uruguay). Compared to the previous six months, inflation expectations for 2016 have remained constant on the simple average basis and have fallen 0.1% (from 4.5% to 4.4%) on a weighted average basis. At the individual country level, expectations for next year rose in Uruguay by 0.5% and Peru by 0.4%, remained constant in Colombia at 3.2% and Chile at 3.0% and fell in Guatemala by 0.4%, Mexico by 0.2%, Brazil by 0.1% and Paraguay by 0.1%.

Figure 4. Inflation Market Expectations
(Percentage, yoy 2016)



Source: REVELA, IDB 2015. 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.

Copyright © 2007 Inter-American Development Bank. This work is licensed under a Creative Commons IGO 3.0 Attribution-NonCommercial-NoDerivatives (CC-IGO BY-NC-ND 3.0 IGO) license (<http://creativecommons.org/licenses/by-nc-nd/3.0/igo/legalcode>) and may be reproduced with attribution to the IDB and for any non-commercial purpose. No derivative work is allowed.

Any dispute related to the use of the works of the IDB that cannot be settled amicably shall be submitted to arbitration pursuant to the UNCITRAL rules. The use of the IDB's name for any purpose other than for attribution, and the use of IDB's logo shall be subject to a separate written license agreement between the IDB and the user and is not authorized as part of this CC-IGO license.

Note that link provided above includes additional terms and conditions of the license.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.

