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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

According to the surveys conducted by Central Banks in the region in October, the simple average of growth expectations for 2017 remained stable at 2.4% compared to the previous month. On the other hand, inflation expectations declined by 0.1% from 4.2% to 4.1% under the simple average basis.

At the individual country level, growth expectations rose by 0.2% in Peru and by 0.1% in two countries: Brazil and Uruguay. They declined by 0.3% in Colombia and by 0.1% in Guatemala, and remained stable in Paraguay at 4.0%, Mexico at 2.1% and Chile at 1.5%.

Inflation expectations for 2017 declined in four countries and rose only in one. The most significant decline was observed in Chile by 0.5% followed by a 0.2% in Peru and a 0.1% in Colombia and Guatemala. Inflation expectations rose by 0.1% in Brazil and remained stable in Mexico, Paraguay and Uruguay.

Growth expectations for 2017 in the region ranged from 0.7% in Brazil to 4.0% in Paraguay while inflation expectations for 2017 ranged from 1.8% in Chile to 6.3% in Mexico in October.

Country	Growth expectation (percentage expected for 2017)		Inflation expectation (percentage expected for 2017)	
	as of Oct 2017	Sep to Oct change	as of Oct 2017	Sep to Oct change
Brazil	0.7	↑ 0.1	3.1	↑ 0.1
Chile	1.5	⇒ 0.0	1.8	↓ -0.5
Colombia	1.9	↓ -0.3	4.1	↓ -0.1
Guatemala	3.0	↓ -0.1	4.6	↓ -0.1
Mexico	2.1	⇒ 0.0	6.3	⇒ 0.0
Paraguay	4.0	⇒ 0.0	4.0	⇒ 0.0
Peru	2.7	↑ 0.2	2.8	↓ -0.2
Uruguay	3.2	↑ 0.1	6.1	⇒ 0.0
Eight country average	2.4	⇒ 0.0	4.1	↓ -0.1

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

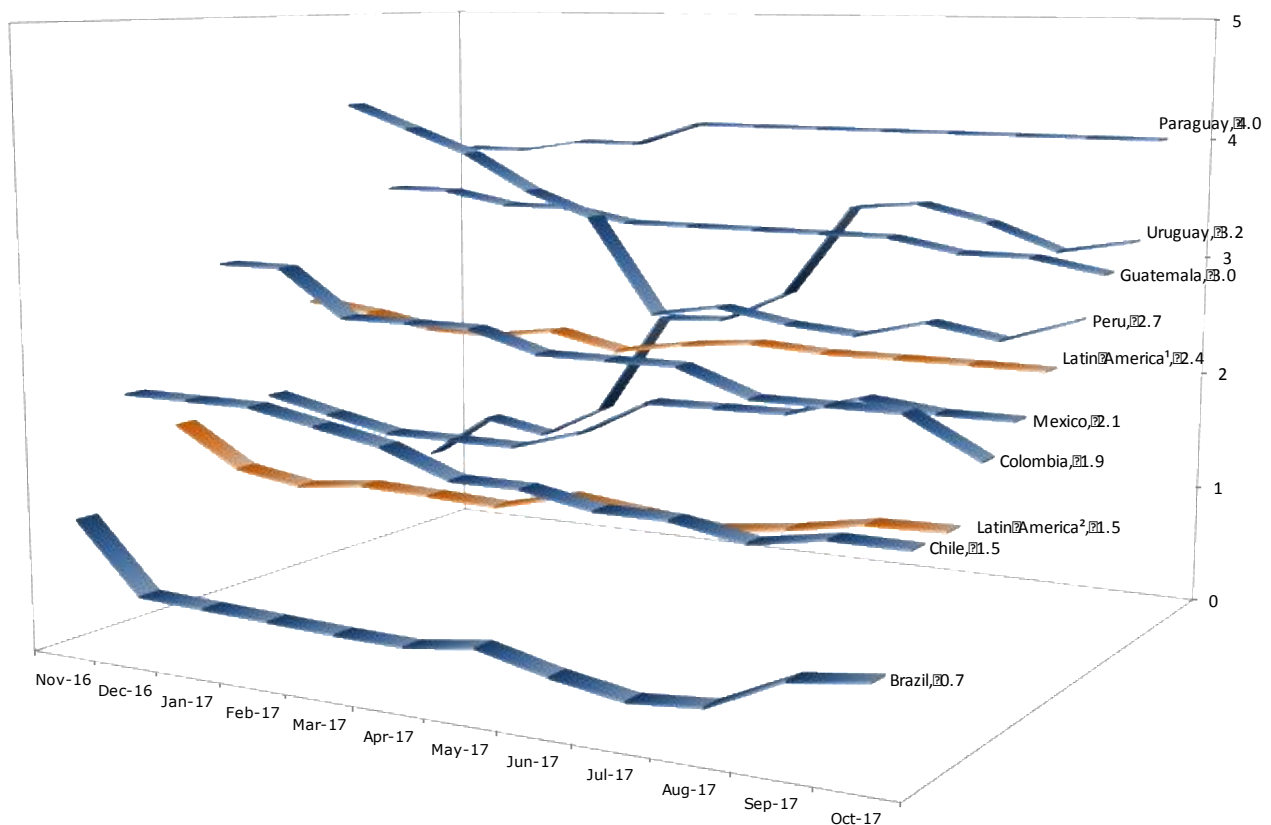
## B. Growth

Growth expectations for the region for 2017 remained stable in October under the simple average calculation at 2.4%, and also under the GDP-weighted average calculation at 1.5% compared to the previous month. The simple average of expectations rose by 0.1% compared to surveys six months before and the GDP-weighted average calculation increased by 0.2% within the same period.

Growth expectations for 2017 rose in three countries, declined in one and remained stable in three. Expected growth recovered in Peru by 0.2% from 2.5% to 2.7% and by 0.1% in two countries: Uruguay from 3.1% to 3.2% and Brazil from 0.6% to 0.7%. It declined by 0.3% in Colombia from 2.2% to 1.9% and by 0.1% in Guatemala from 3.1% to 3.0% compared to September. Growth expectations remained stable in Paraguay at 4.0%, Mexico at 2.1% and Chile at 1.5%.

Compared to the previous six months, growth expectations increased by 0.9% in Uruguay, by 0.4% Mexico and by 0.2% in Brazil and Peru. They declined by 0.5% in Colombia, by 0.2% in Guatemala and by 0.1% in Chile. During the last twelve months, growth expectations for 2017 in Uruguay increased by 2.4% contrasting the case of Peru where expectations fell 1.5% within the same period. With these results, growth expectations for 2017 in the region ranged from 0.7% in Brazil to 4.0% in Paraguay in October.

**Figure 1. Market Expectations of Growth**  
(Percentage, yoy 2017)



Source: REVELA, IDB 2017. Data available for download [here](#).

<sup>1</sup> Refers to the simple average of the eight inflation targeting countries.

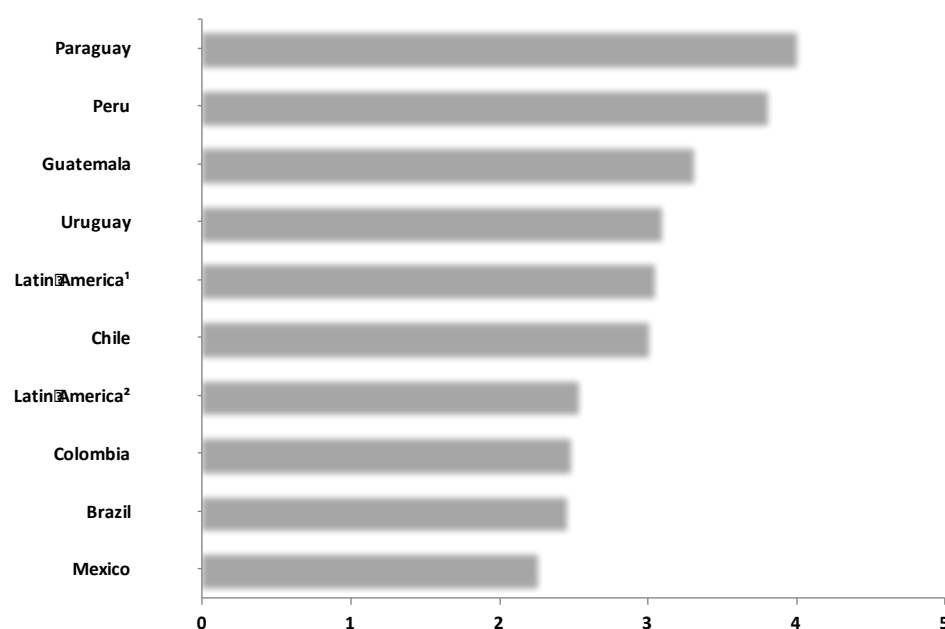
<sup>2</sup> Refers to the GDP weighted average of the eight inflation targeting countries.

Growth expectations for 2018 remained constant in October compared to September both under the simple average basis at 3.0% and under the GDP-weighted average basis at 2.5%. Further, both indicators maintained their respective levels of the previous six months.

At the individual country level, growth expectations for 2018 had mild increases in five countries, declined in one and remained stable in two in October compared to the previous month. Expected growth for next year rose by 0.2% in Chile and Brazil, from 2.8% to 3.0% and from 2.3% to 2.5% respectively. Further rises were observed in three countries by 0.1%: Peru from 3.7% to 3.8%, Uruguay from 3.0% to 3.1% and Mexico from 2.2% to 2.3%. The only decline was surveyed in Colombia where growth expectations for 2018 fell by 0.2% from 2.7% to 2.5%. Finally, they remained constant in Paraguay at 4.0% and Guatemala at 3.3%.

Compared to surveys of the previous six months, growth expectations for 2018 rose in three countries and fell in further three. The most significant cumulative recoveries were observed in Chile and Uruguay by 0.5% in both countries, followed by a 0.2% in Mexico. Growth expectations for 2018 declined by 0.4% in Colombia and by 0.1% in Guatemala and Peru compared to the previous six months. October results indicate that growth expectations for 2018 ranged from 2.3% in Mexico to 4.0% in Paraguay.

**Figure 2. Growth Market Expectations**  
(Percentage, yoy 2018)



**Source:** REVELA, IDB 2017. Data available for download [here](#).

<sup>1</sup> Refers to the simple average of the eight inflation targeting countries.

<sup>2</sup> Refers to the GDP weighted average of the eight inflation targeting countries.

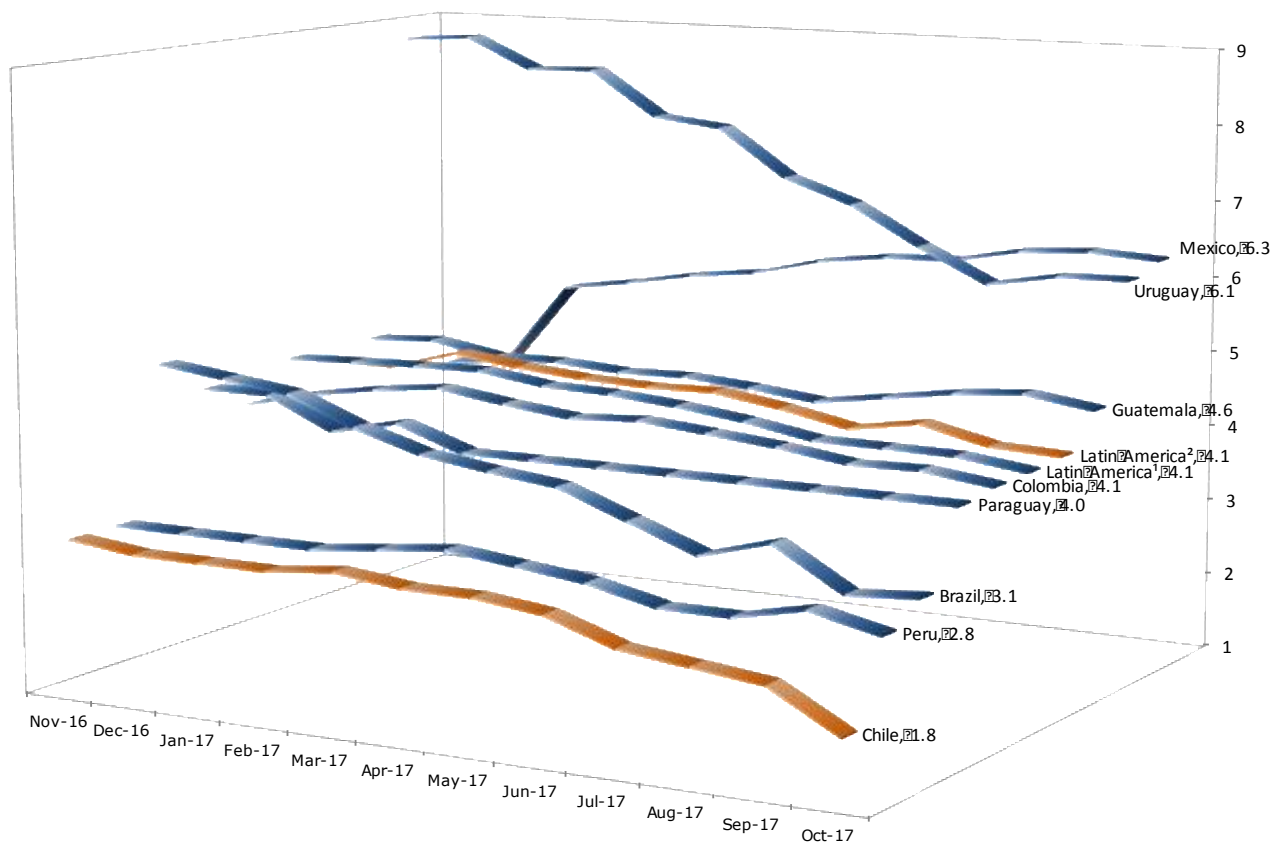
## C. Inflation

In October, inflation expectations for 2017 declined by 0.1% from 4.2% to 4.1% under both the simple average and the GDP-weighted average basis compared to September. The simple average calculation declined by 0.5% compared to surveys six months ago while the GDP-weighted average calculation fell by 0.4% within the same period.

At the individual country level, inflation expectations fell in four countries, rose in one and remained constant in three. The most significant decline was surveyed in Chile by 0.5% from 2.3% to 1.8% followed by a 0.2% fall in Peru from 3.0% to 2.8% and 0.1% declines in two countries: Guatemala from 4.7% to 4.6% and Colombia from 4.2% to 4.1%. Inflation expectations increased by 0.1% in Brazil from 3.0% to 3.1% and remained stable in Mexico at 6.3%, Uruguay at 6.1% and Paraguay at 4.0%.

During the last six months, inflation expectations declined in five countries, rose in two and remained stable in one. The most significant cumulative fall was observed in Uruguay by 1.7% followed by a 1.1% in Chile and a 0.9% in Brazil. Milder cumulative declines were surveyed in Peru by 0.4% and in Colombia by 0.3% compared to April. Inflation expectations for 2017 rose by 0.6% in Mexico and by 0.1% in Guatemala compared to the previous six months. Surveys in October indicated that inflation expectations for the region for 2017 ranged from 1.8% in Chile to 6.3% in Mexico.

**Figure 3. Inflation Market Expectations**  
(Percentage, yoy 2017)



Source: REVELA, IDB 2017. Data available for download [here](#).

<sup>1</sup> Refers to the simple average of the eight inflation targeting countries.

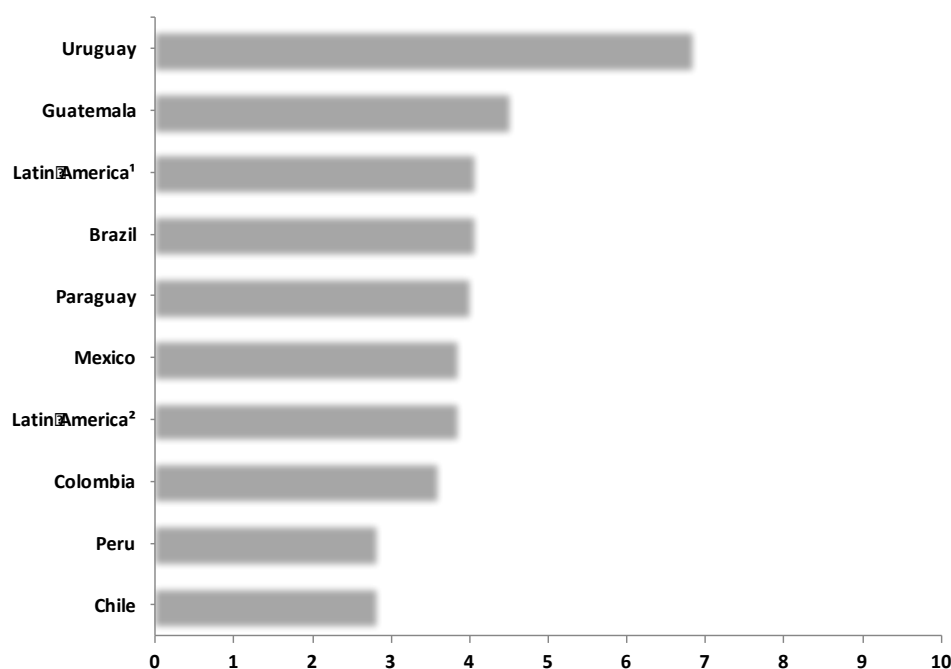
<sup>2</sup> Refers to the GDP weighted average of the eight inflation targeting countries.

Inflation expectations for 2018 remained stable at 4.1% according to the simple average basis and fell by 0.1% from 3.9% to 3.8% under the GDP-weighted average basis in October compared to the previous month. Compared to surveys six months ago, the simple average calculation declined by 0.1% while the GDP-weighted average calculation of the surveys declined by 0.2%.

Inflation expectations for 2018 declined in two countries, rose in further two and remained constant in four countries. They declined by 0.2% in Peru from 3.0% to 2.8% and by 0.1% in Guatemala from 4.6% to 4.5%. They increased by 0.1% in Uruguay from 6.7% to 6.8% and Mexico from 3.8% to 3.9%. Inflation expectations for next year remained stable in Brazil at 4.1%, Paraguay at 4.0%, Colombia at 3.6% and Chile at 2.8%.

Compared to the previous six months, inflation expectations decline by 1.1% in Uruguay, by 0.2% in Brazil and Chile and by 0.1% in Guatemala. They rose by 0.1% in Colombia and Mexico and remained stable in Paraguay and Peru compared to April. With these results, inflation expectations for 2018 ranged from 2.8% in Chile to 6.8% in Uruguay in October.

**Figure 4. Inflation Market Expectations**  
(Percentage, yoy 2018)



**Source:** REVELA, IDB 2017. Data available for download [here](#).

<sup>1</sup> Refers to the simple average of the eight inflation targeting countries.

<sup>2</sup> Refers to the GDP weighted average of the eight inflation targeting countries.

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