

## **Inflation Expectations in Latin America**

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### Abstract

This paper tests the rationality of inflation forecasts surveyed in Mexico, Brazil, and Chile and identifies their recent formation rule. There is strong evidence that forecasts are unbiased, but forecasters have not been fully efficient in the use of available information. The paper assesses the importance of inflation targets to anchor inflation expectations in these countries and finds that in most cases there is room for improvement in credibility.