



Latin America – Economic Outlook

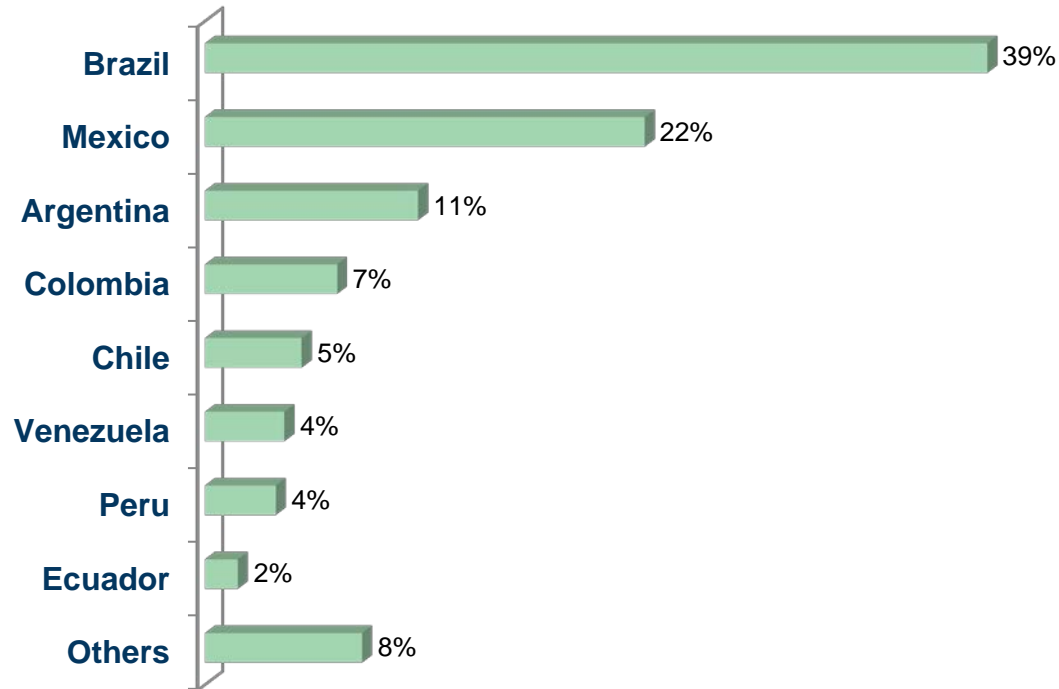
April, 2015

Patricia Krause

Latin America – Breakdown



Regional GDP Composition (Latam and Caribbean – 32 countries)



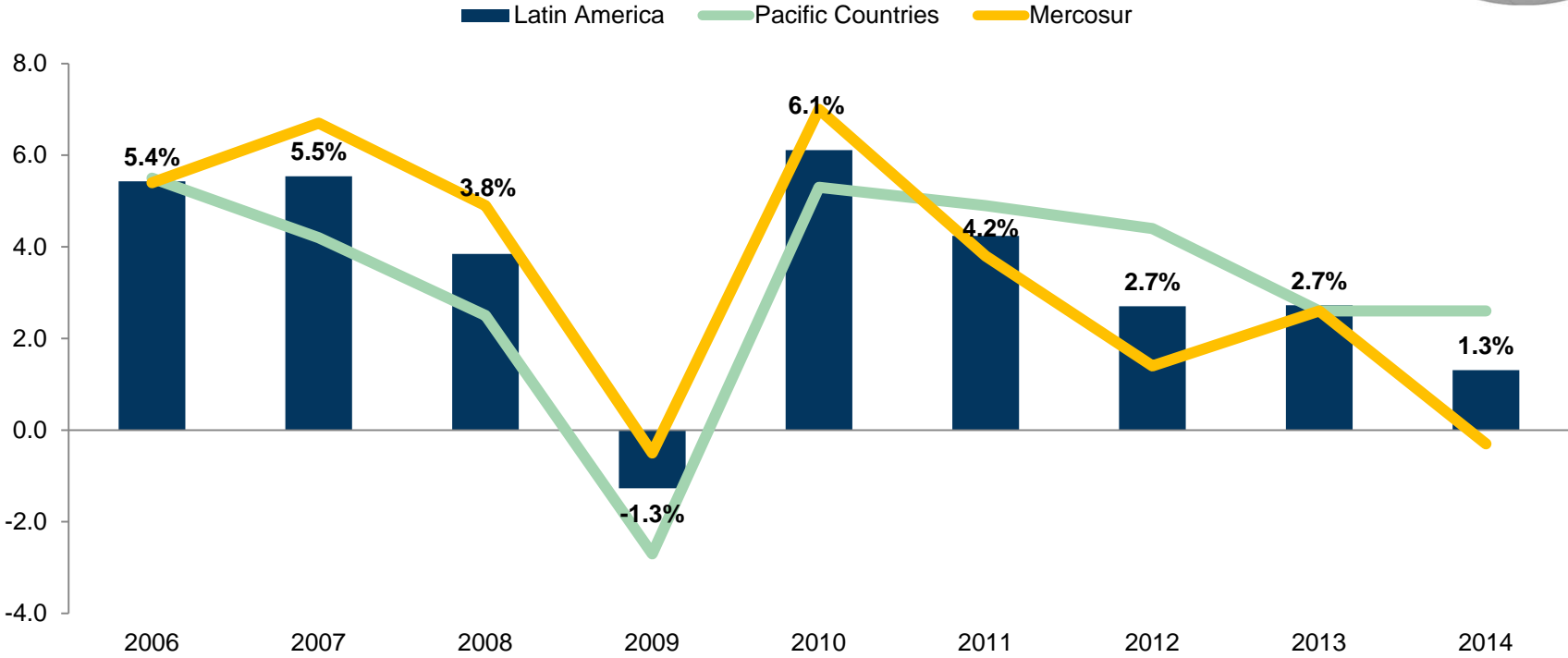
- 8 countries contribute with 92% of regional GDP
- Global representativeness: 8.3% of world GDP

Features vs Current Scenario





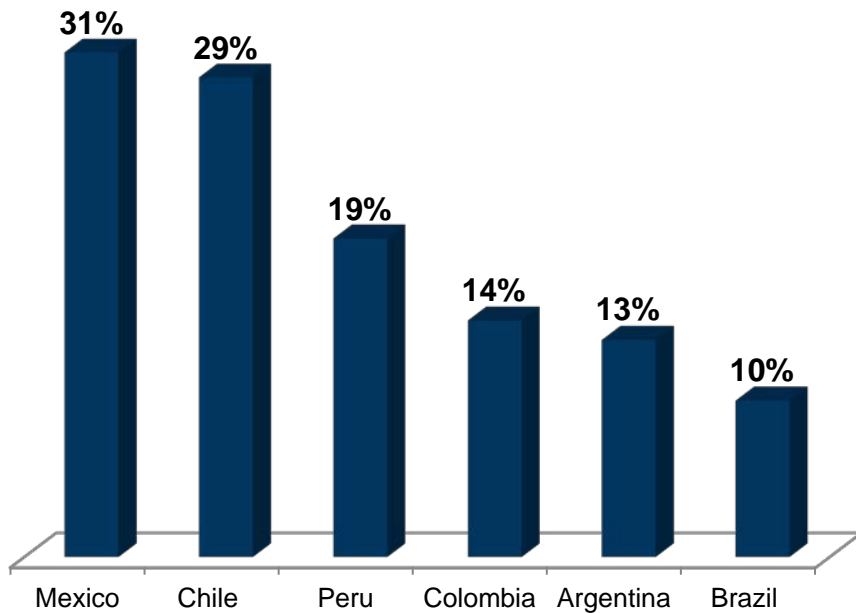
2015 - Sluggish and Uneven Growth



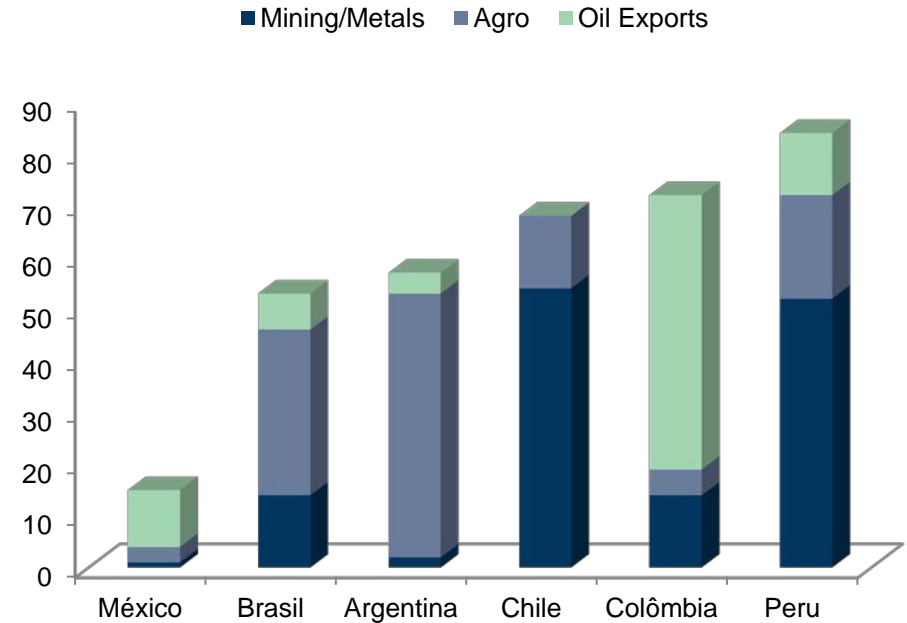
Exports – Dependence on Exports



Latam Exports as a share of GDP



Commodities as a share of Latam Exports (%)

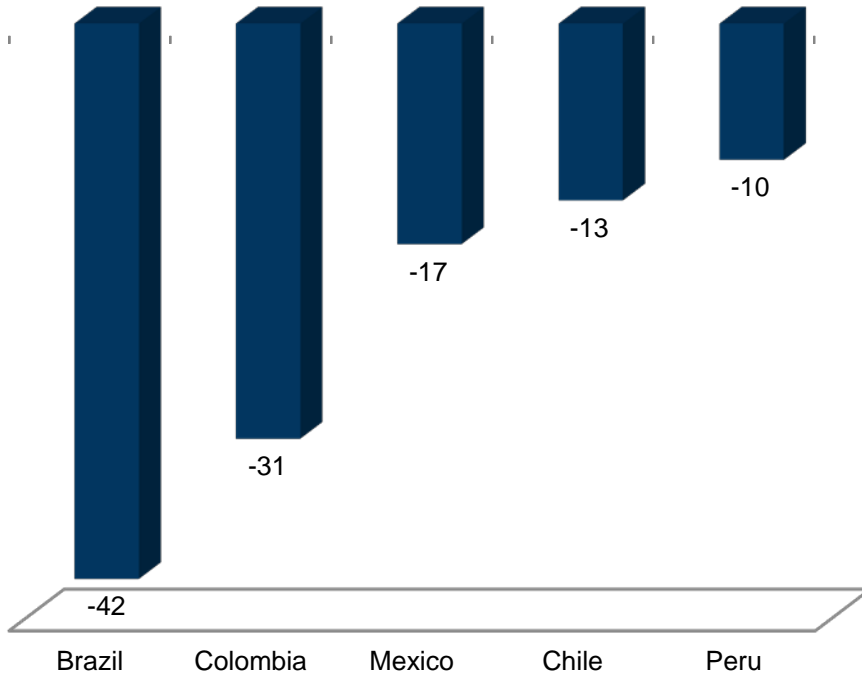


Strong Currency Depreciation



Currencies vs USD

(% from 31/03/2014 – 31/03/2015)



Where it comes from?

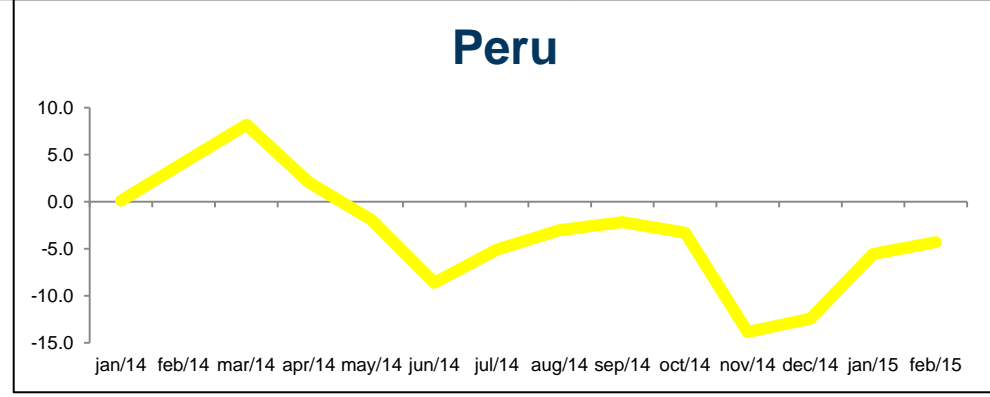
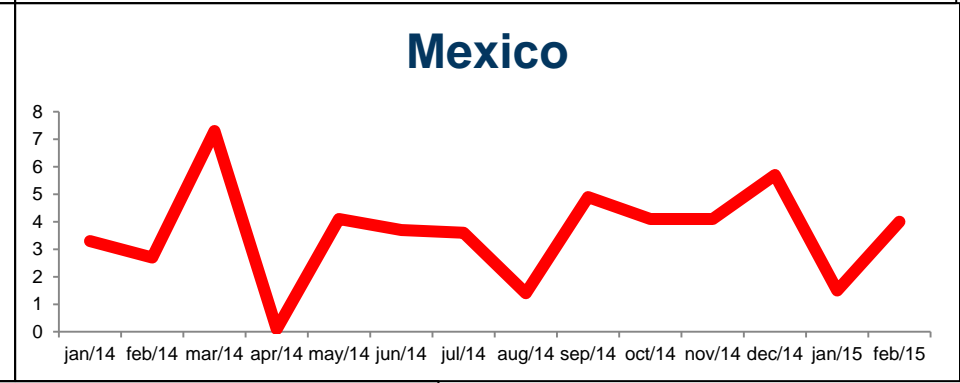
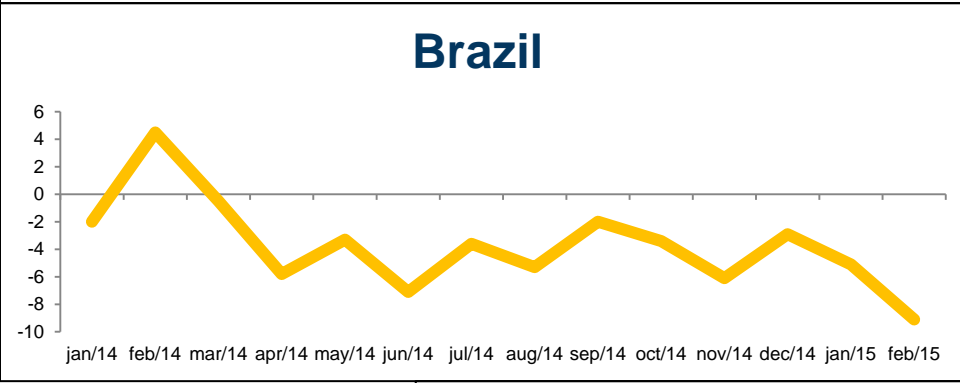
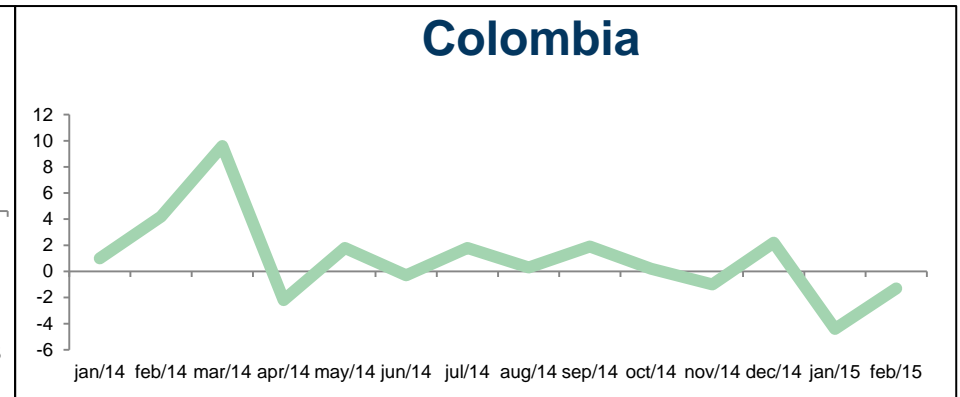
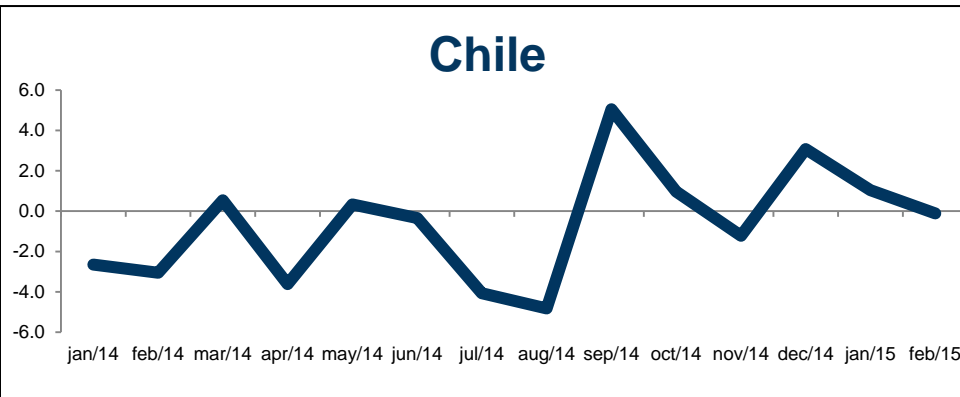
- Impacted by the US dollar recent strengthening
- Lower commodities prices
- Notably stronger in Brazil due to confidence crisis

Latam Main Commodities		
Price Variation	1 Year	5 Years
Crude Oil (Brent)	-46%	-27%
Iron Ore	-44%	-55%
Soya	-30%	5%
Copper	-14%	-23%

Who could be benefited by the strong depreciation?

- Manufacturing industry

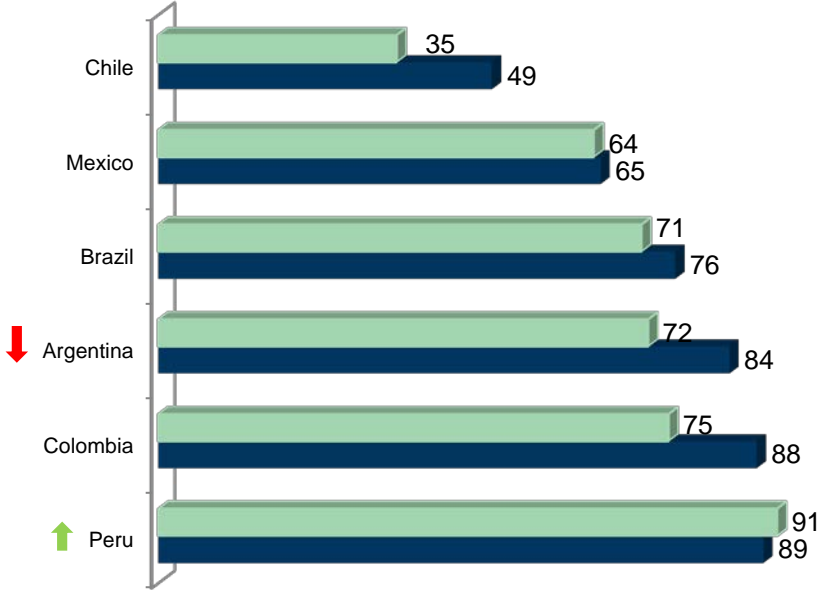
Lackcluster manufacturing segment



Poor Infrastructure undermines the manufacturing segment

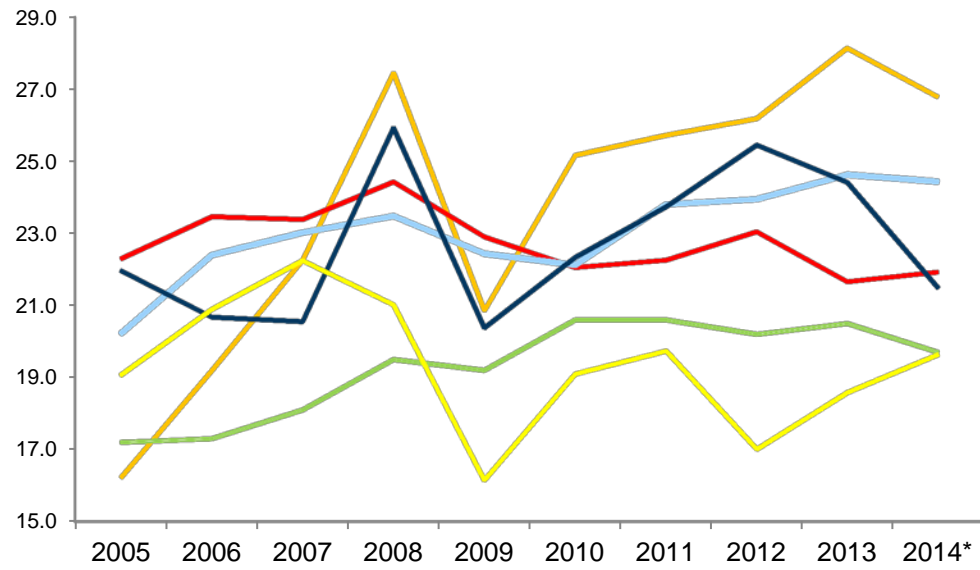
Quality of Infrastructure

■ 2006 (sample: 125 countries) ■ 2014 (sample: 144 countries)

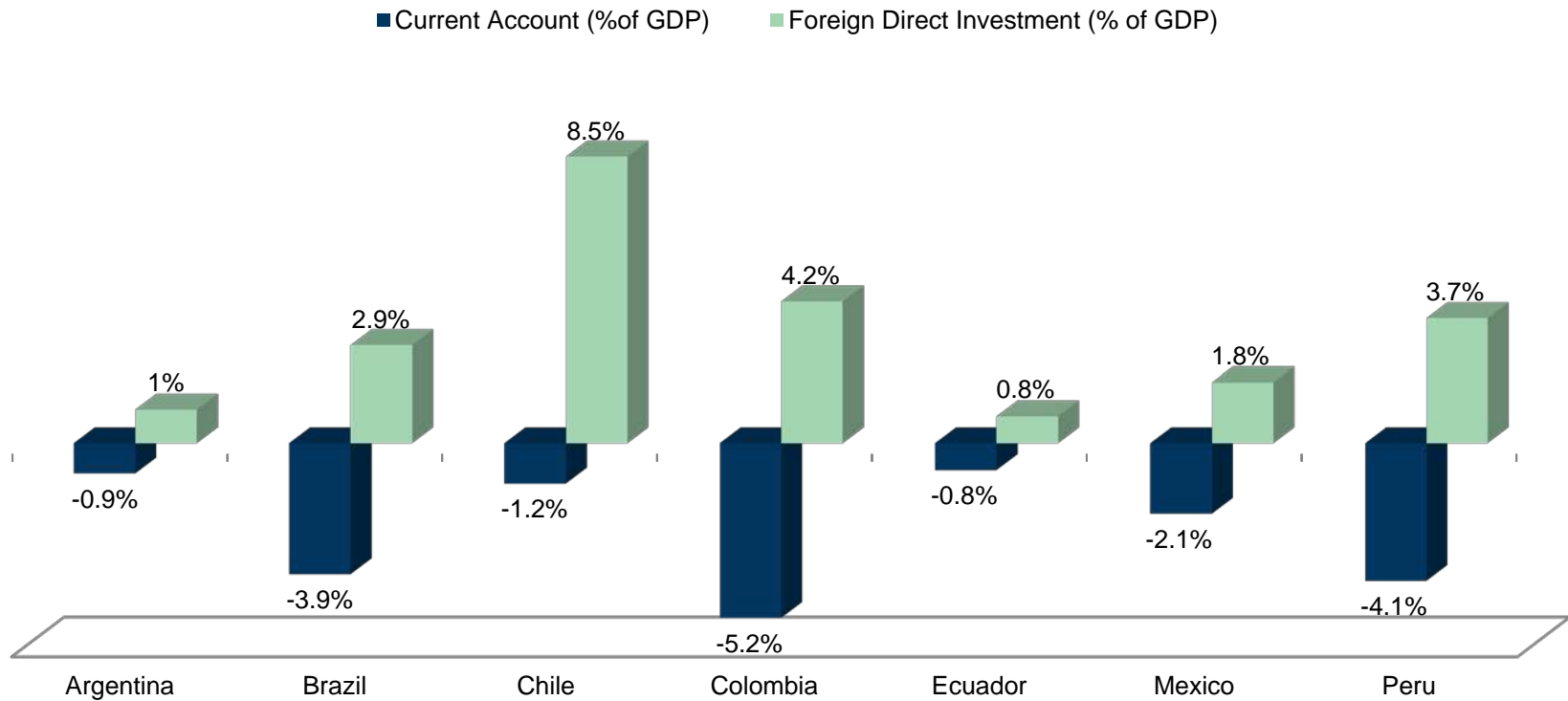


Investment Rate (%)

■ Argentina ■ Brazil ■ Chile ■ Colombia ■ Mexico ■ Peru

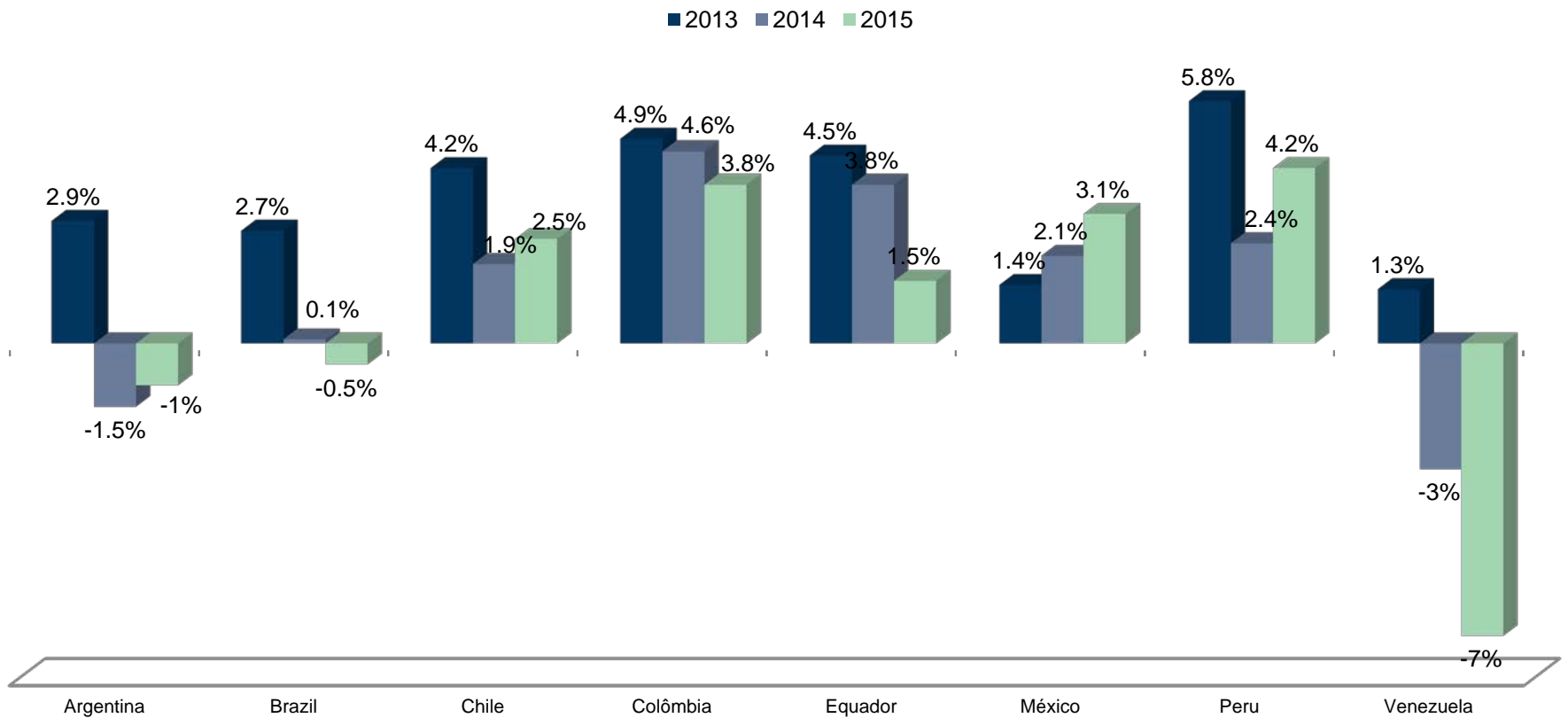


Up to now controlled current account deficit



The Fed rate hikes will have a negative impact on capital flows into the region

















GDP Forecast Along the Region



Country assessments: Latin America economies

Country Risk Assessment	2011	2012	2013	2014				2015	Business Climate
	March	March	March	March	June	October	December	March	
Chile	A2	A2	A2	A2	A2	A2	A2	A2	A2
Brazil	A3	A3	A3	A4	A4	A4	A4	A4 →	A4
Colombia	A4	A4	A4	A4	A4	A4	A4	A4	A4
Mexico	A4	A4	A4	A4	A4	A4	A4	A4	A4
Peru	A4	A4	A4	A4	A4	A4	A4	A4	B
Uruguay	A4	A4	A4	A4	A4	A4	A4	A4	A4
Ecuador	C	C	C	B	B	B	B	B →	C
Argentina	C →	C	C	C	C	C	C	C	C
Bolivia	C	C	C	C	C	C	C	C	C
Paraguay	C	C	C	C	C	C	C	C	C
Venezuela	C →	C	C	C	C →	D	D	D	D

Latam – Sectoral Assessment

Sectorial Assessment	October 2014	March 2015
Agro-food		
Retail		
Textile-clothing		
Metals		
Automotive		
Construction		
Chemicals		
Pharmaceuticals		

Moderate risk



High risk



Medium risk



Very high risk



THANK YOU!

