

Latin America: Back to a Better Normal in 2011

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ECONOMIC EXPANSION

CONTINUES, ALBEIT SLOWLY:

→ Is more QE necessary? Don't Think So

→ Credit conditions continue to ease

→ Emerging market assets continue
volatile

→ Leading Indicators positive but less
so

→ Europe is finally struggling to resolve known unknowns

WORRIES...

→ Protectionism

→ Increases in effect of US QE on world currencies, food prices, and rates

→ Renewed credit and employment worries in US and Europe

Latin America: Continued Recovery, On Its Own

BETTER PERFORMANCE IN REFORMERS

Latin America Rebounds

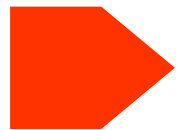
HUGE TERMS OF TRADE INCREASE WITH THE REBOUND IN COMMODITY PRICES

- Strong export growth driven by strong recovery in Asia and gradual recovery in US, Europe, and Japan.
- Strong GDP growth moving to nontradables from tradables.
- Inflation pressure: most central banks are tightening.
- Huge portfolio flows to the region due to relatively higher returns
- Prospects for large FDI flows
- Most countries kept to the fiscal and monetary straight and arrow has kept most of the countries from wasting the windfall.

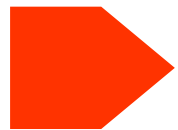


Major Challenge: Manage the abundance

G3 POLICY SPILLOVERS ARE AFFECTING LATIN AMERICAN COUNTRIES



Across the board nominal and real appreciation, especially against USD

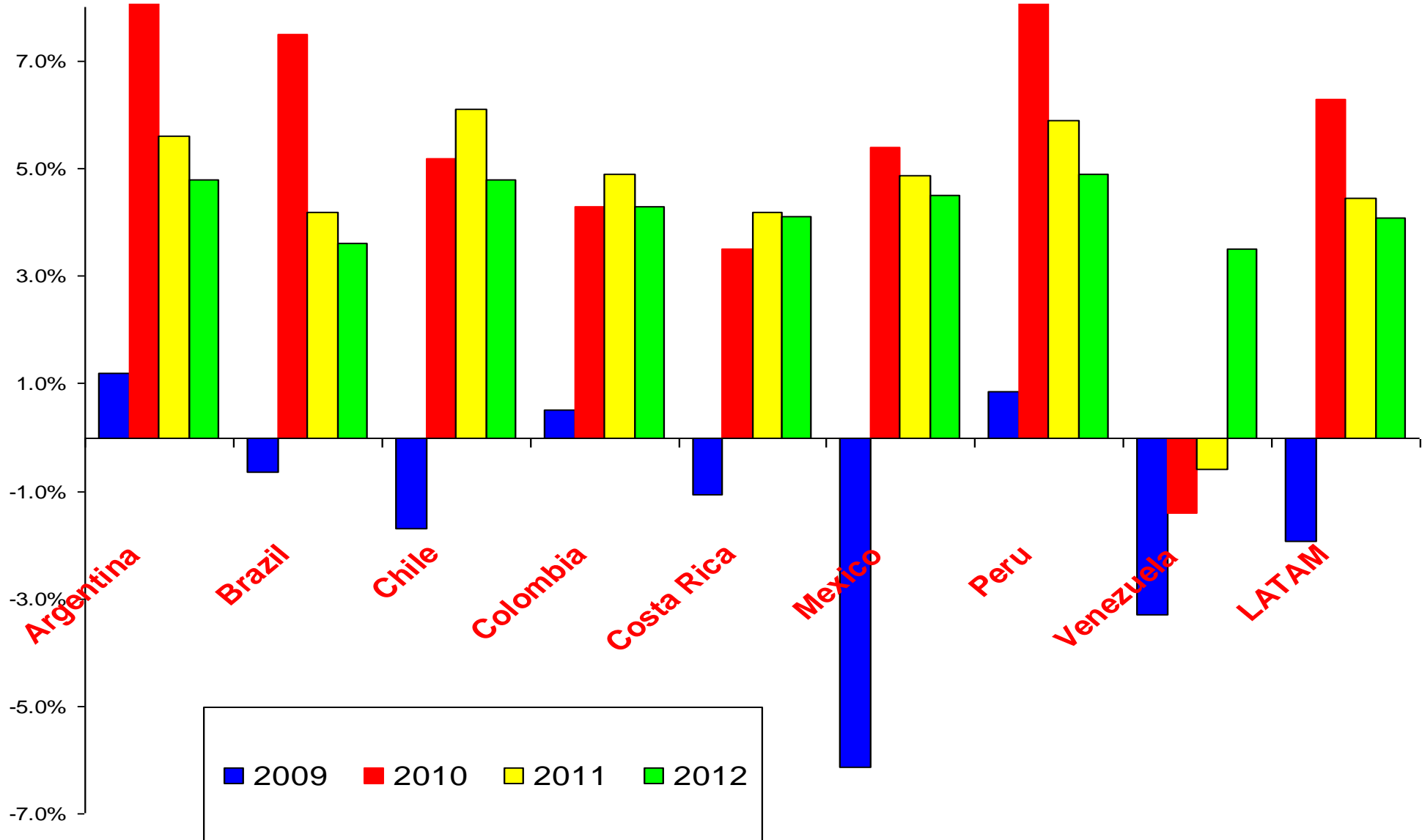


Protectionism



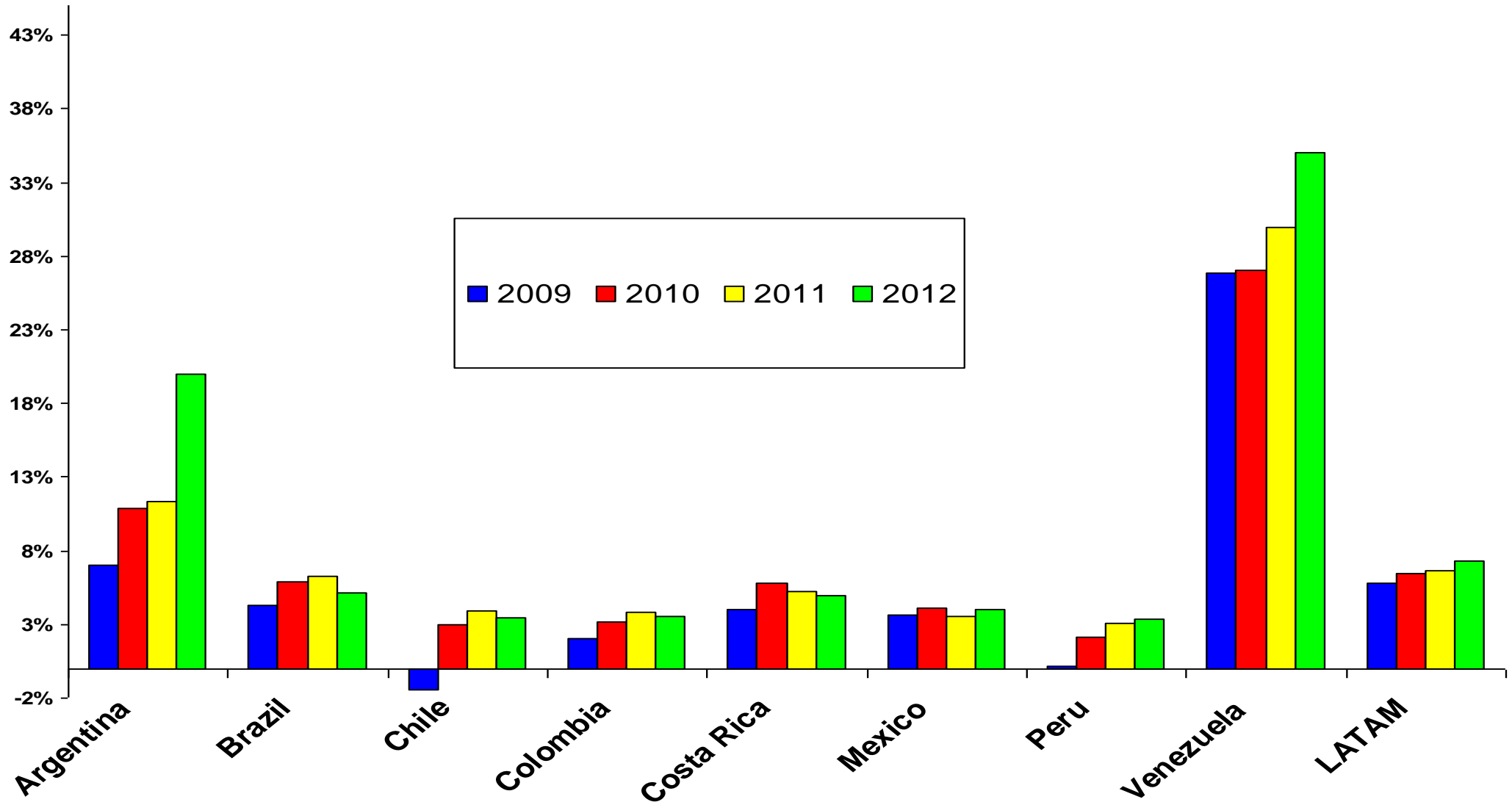
These are relatively good problems to have to deal with.

LATIN AMERICA: WIDESPREAD RECOVERY IN GDP GROWTH (% per annum)

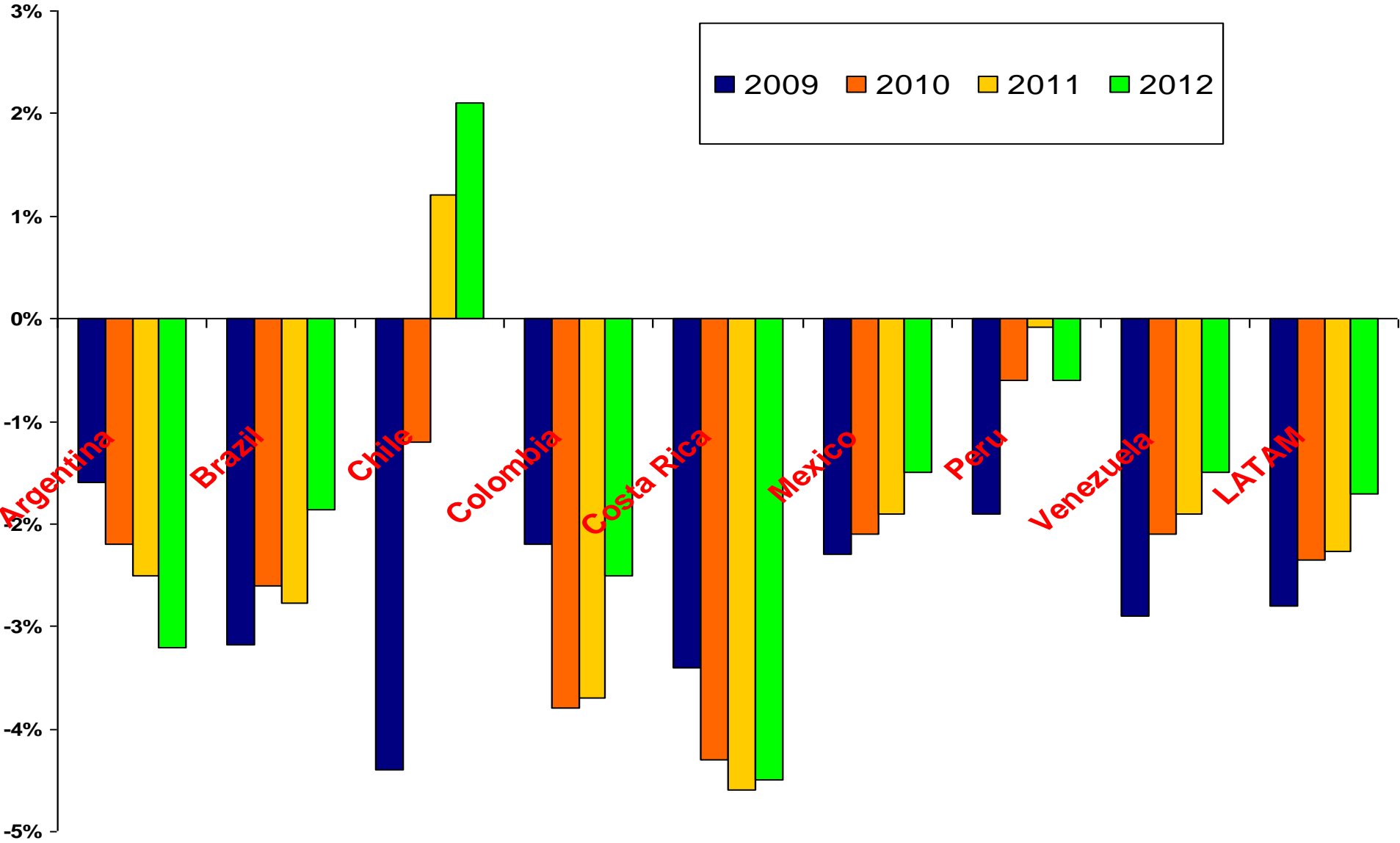


INFLATION STARTS TO PICK UP

Inflation is better in countries that kept to reform

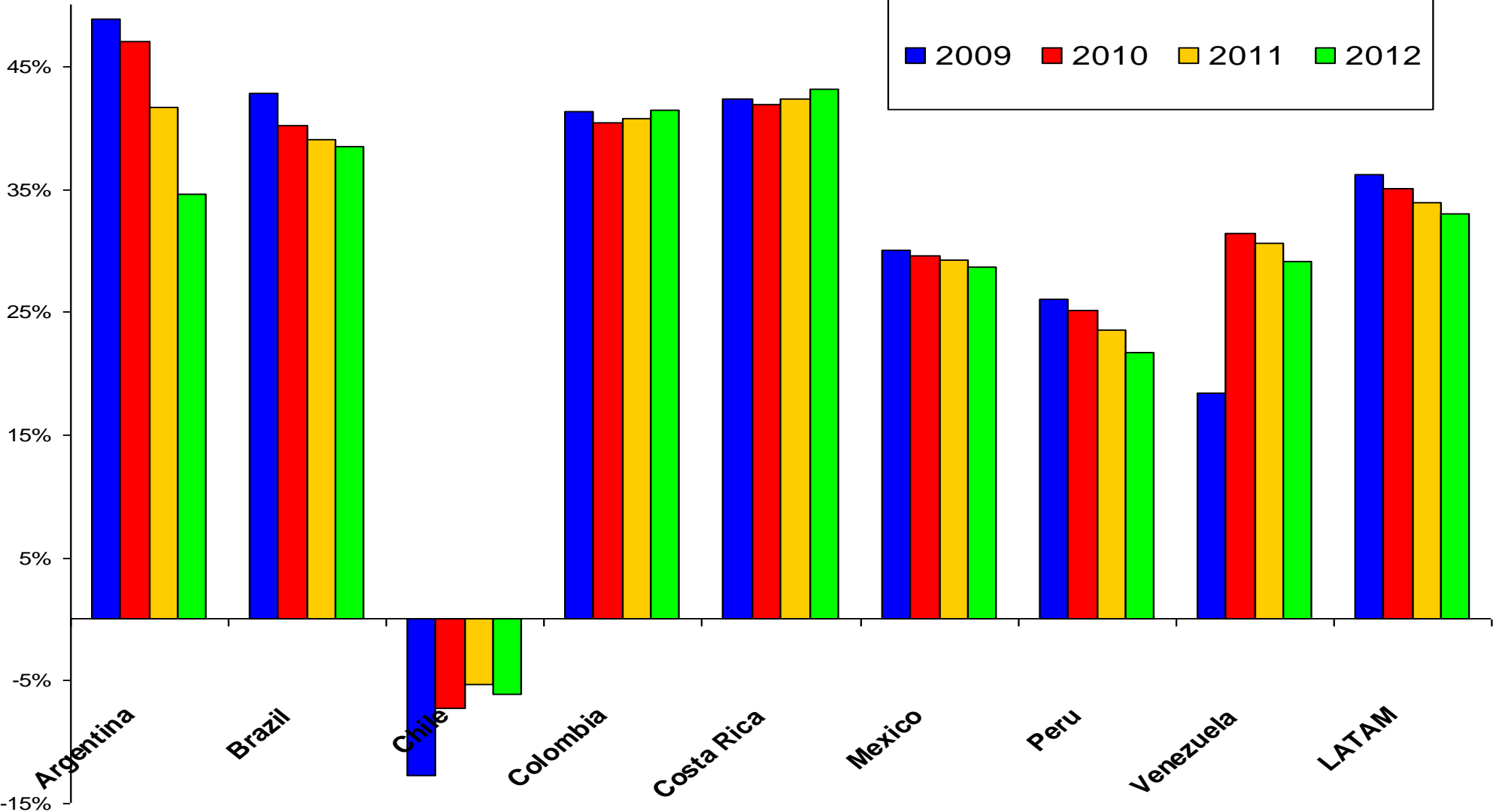


FISCAL DEFICITS ARE LOW AND IMPROVING



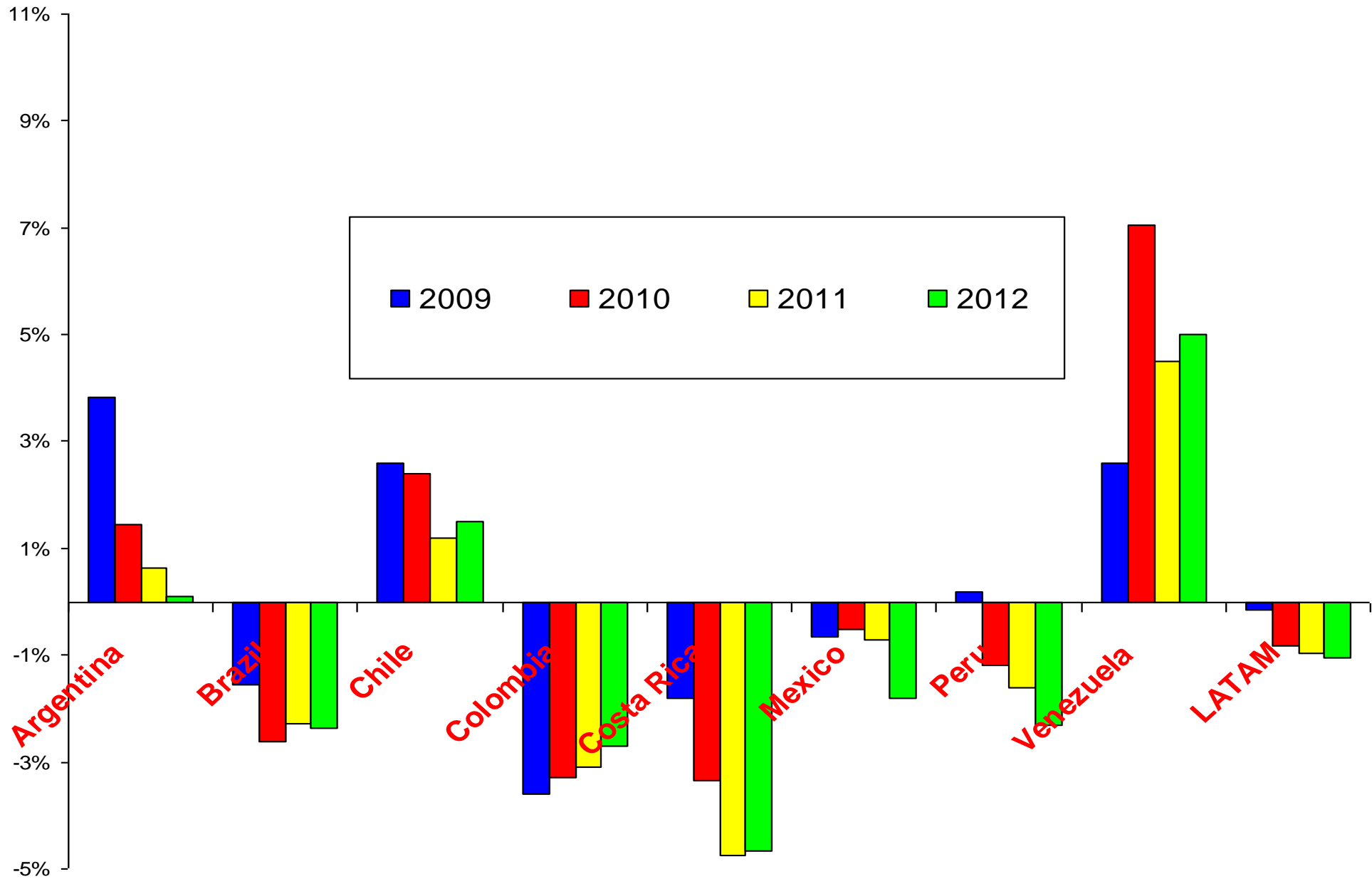
Source: IADB, Bloomberg

AND PUBLIC SECTOR DEBT IS LOW AS A % OF GDP



Source: IADB, Bloomberg

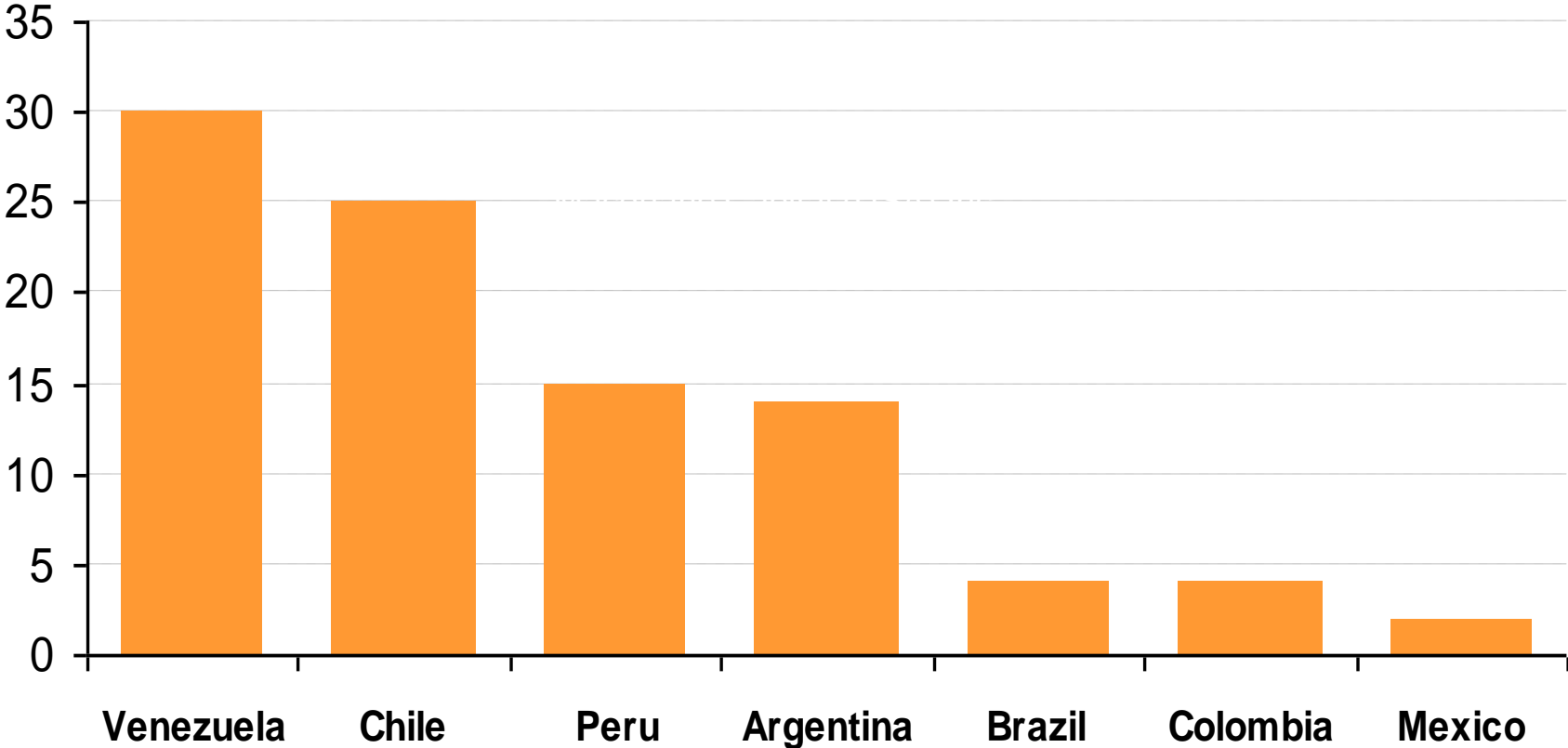
MOST CURRENT ACCOUNTS WILL MOVE INTO DEFICIT (% OF GDP)



Source: IADB, Bloomberg

COMMODITIES ARE IMPORTANT, BUT NOT THAT MUCH IN SOME COUNTRIES

Net Commodity Trade Balance
% GDP

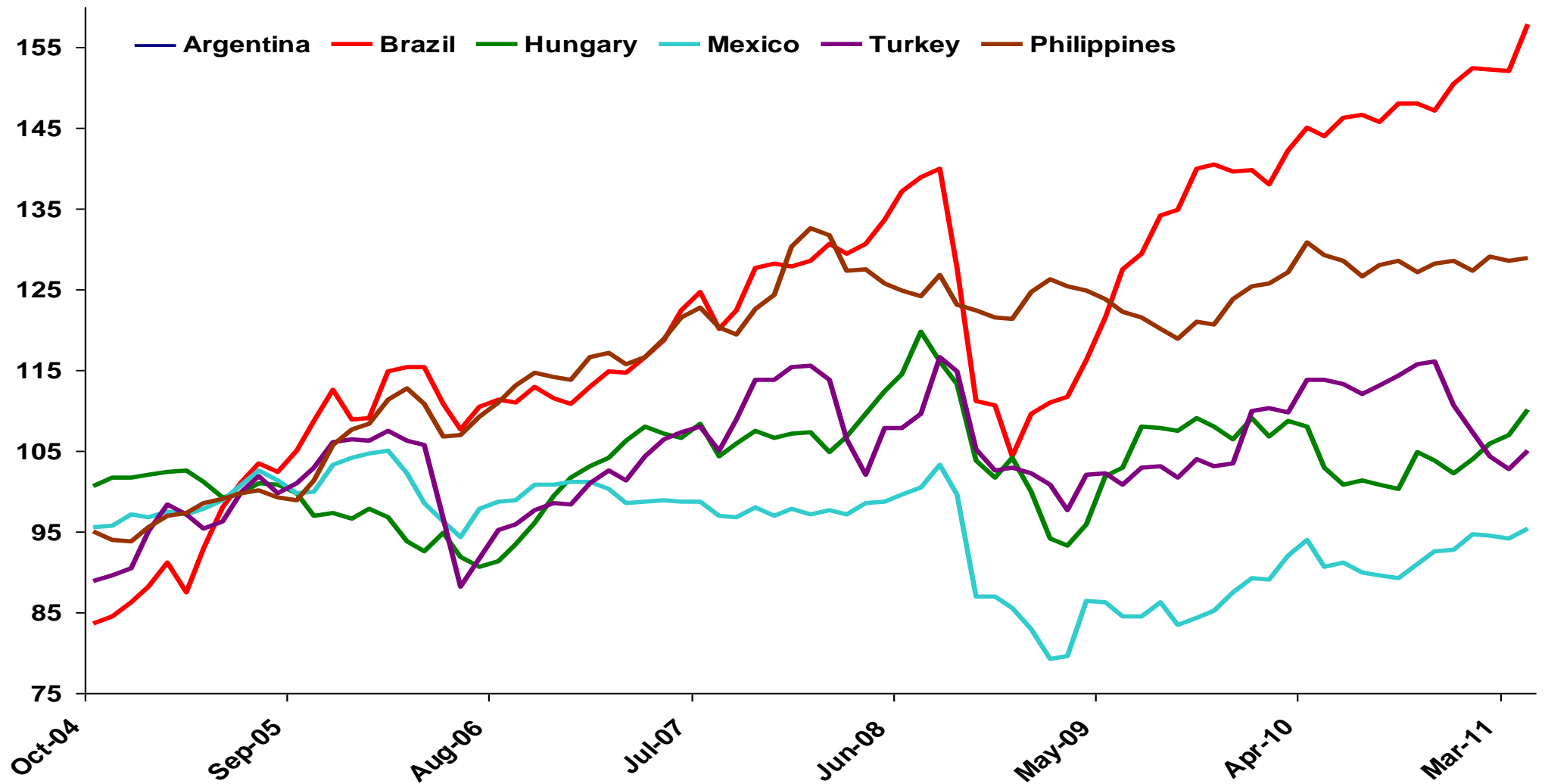


Source: Bloomberg

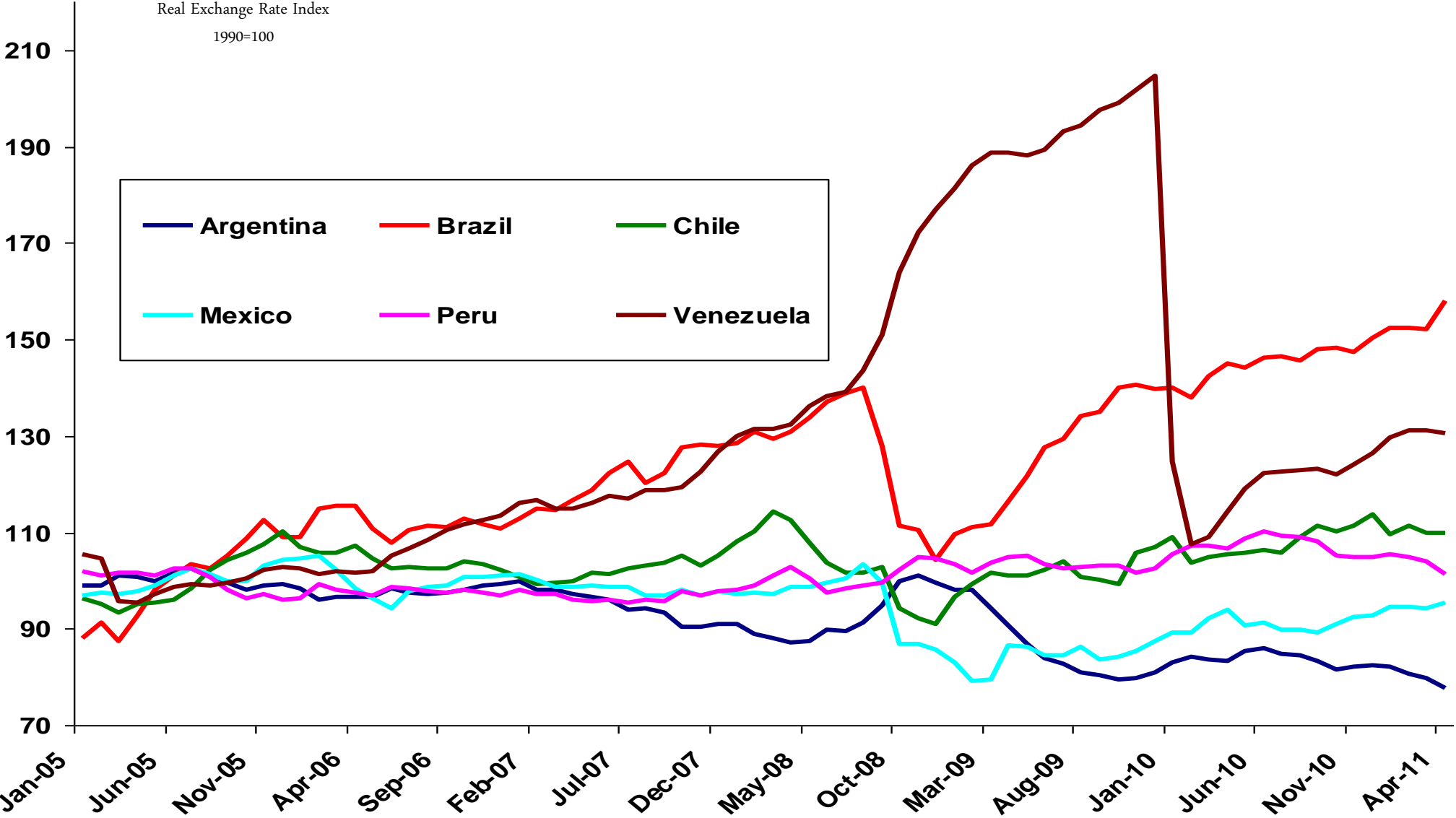
HUGE CURRENCY APPRECIATION: BRAZIL STRONGEST, ARGENTINA WEAKEST

Real Exchange Rate Index 2005

=100



HUGE CURRENCY APPRECIATION: ARGENTINA AND MEXICAN ARE CHEAP



Source: BIS, Bloomberg,

WILL LATIN AMERICA STICK TO GOOD POLICIES?

THE LONGER THE BOOM, THE MORE THE TEMPTATION TO SPEND (1970s)



Venezuela, Bolivia, Ecuador, and Argentina not doing so well despite boom



Election risks Peru, Dominican Republic, and Mexico



Brazil drifted over the last 4 years, new administration has started reversing

Some of the drift, although timidly.

Latin America Numbers and Forecasts

Latin America: Data and Forecasts

2-Sep-2011

	USD GDP (bn)				Real GDP Growth (%)				Inflation				Policy Rat	
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010
Argentina	305	353	399	465	1.2%	9.2%	8.9%	4.7%	7.1%	10.9%	9.7%	16.9%	10.2%	9.5%
Brazil	1,576	1,849	2,108	2,377	-0.6%	7.5%	3.8%	3.5%	4.3%	5.9%	7.0%	5.9%	8.8%	19.0%
Chile	165	191	215	228	-1.7%	5.2%	6.1%	4.8%	-1.4%	3.0%	3.7%	2.9%	0.5%	3.3%
Colombia	233	269	314	328	0.5%	4.3%	5.1%	4.8%	2.0%	3.2%	3.5%	3.4%	3.5%	4.0%
Costa Rica	29	36	39	41	-1.1%	3.5%	4.2%	4.1%	4.0%	5.8%	5.2%	5.0%	9.0%	7.5%
Mexico	877	905	1,000	1,159	-6.1%	5.4%	3.5%	3.7%	3.6%	5.4%	4.1%	3.5%	4.5%	4.5%
Peru	127	145	165	171	0.9%	8.8%	6.2%	5.3%	0.2%	2.1%	3.1%	3.4%	1.3%	3.0%
Venezuela	326	166	166	218	-3.3%	-1.5%	2.4%	3.7%	26.9%	27.9%	28.2%	33.8%	12.6%	10.0%
LATAM	3,690	3,969	4,517	5,036	-1.9%	6.4%	4.4%	3.9%	5.8%	6.7%	7.0%	7.1%	7.2%	8.0%

Latin America Numbers and Forecasts, cont'd

Latin America: Data and Forecasts

2-Sep-2011

	Nom. Fiscal Bal. (% GDP)				Public Sector Debt (% GDP)				Curr. Acct (% GDP)				Currency (per USD)	
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010
Argentina	-1.6%	-2.2%	-2.5%	-3.2%	48.8%	47.1%	40.9%	35.1%	3.8%	1.4%	0.6%	0.1%	3.80	3.98
Brazil	-3.2%	-2.6%	-2.1%	-1.1%	42.8%	40.2%	38.4%	37.0%	-1.5%	-2.6%	-2.4%	-2.3%	1.77	1.80
Chile	-4.4%	-1.2%	1.2%	2.1%	-12.7%	-7.3%	-5.4%	-6.2%	2.6%	2.4%	1.2%	1.5%	507	475
Colombia	-2.2%	-3.8%	-3.7%	-2.5%	41.3%	40.5%	40.9%	41.3%	-3.6%	-3.3%	-3.1%	-2.7%	2044	1907
Costa Rica	-3.4%	-4.3%	-4.6%	-4.5%	42.4%	41.9%	42.4%	43.2%	-1.8%	-3.4%	-4.7%	-4.7%	565	505
Mexico	-2.3%	-2.1%	-1.9%	-1.5%	30.1%	29.2%	29.2%	29.0%	-1.7%	-0.6%	-0.5%	-0.9%	12.9	12.4
Peru	-1.6%	-0.5%	-0.1%	-0.6%	26.0%	28.3%	24.6%	22.6%	0.2%	-1.2%	-1.6%	-2.3%	2.89	2.81
Venezuela	-5.1%	-1.8%	-2.2%	-7.6%	18.4%	-18.4%	-11.6%	-9.4%	2.6%	8.7%	11.3%	7.8%	2.15	5.30
LATAM	-3.0%	-2.3%	-2.0%	-1.6%	36%	35%	34%	32%	-0.2%	-0.9%	-0.8%	-1.0%		

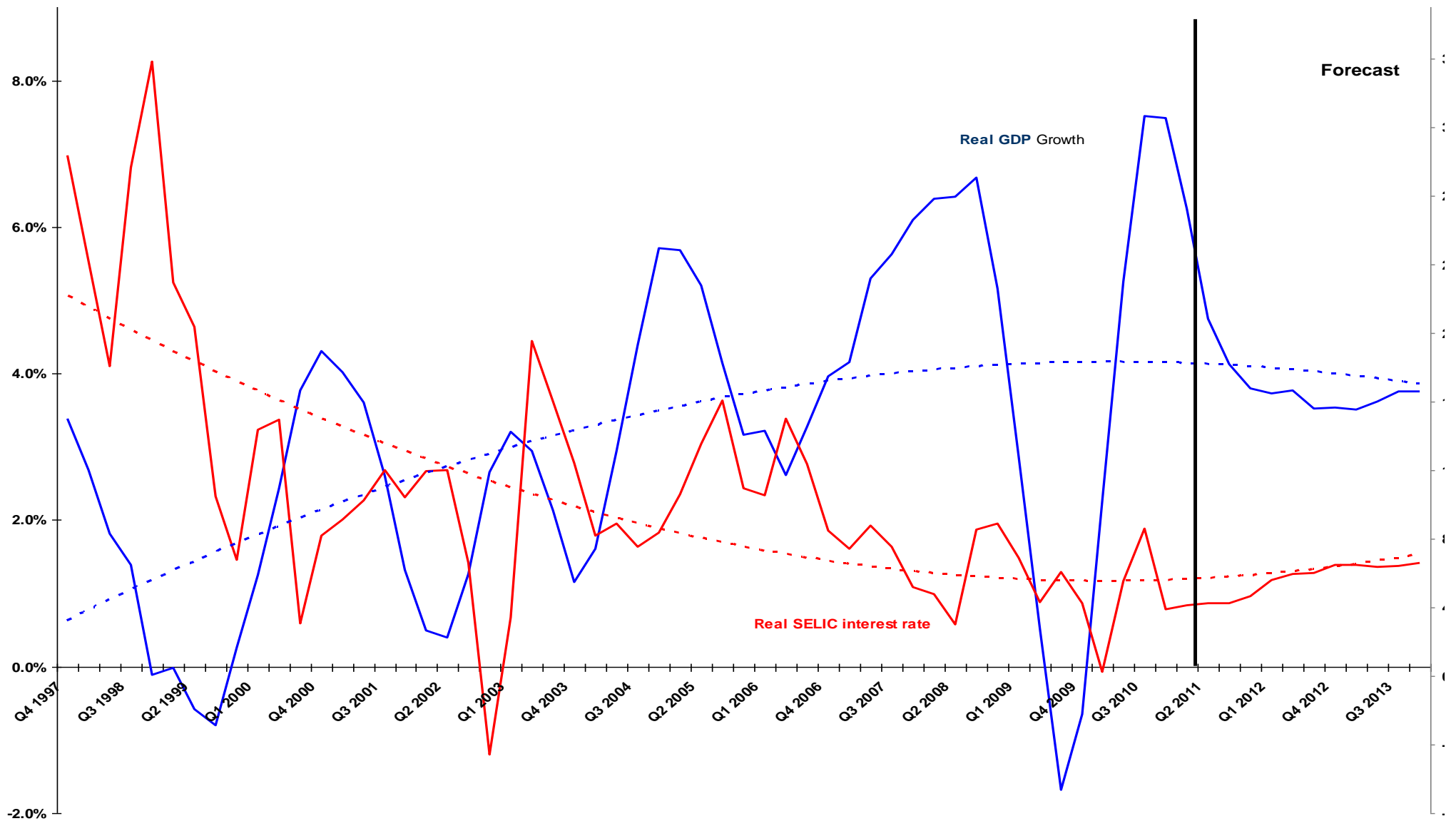
Brazil: The Present Has Arrived

BUT WHAT ABOUT THE FUTURE?

Brazil's Future is bright no matter what mix of policies of the next administration

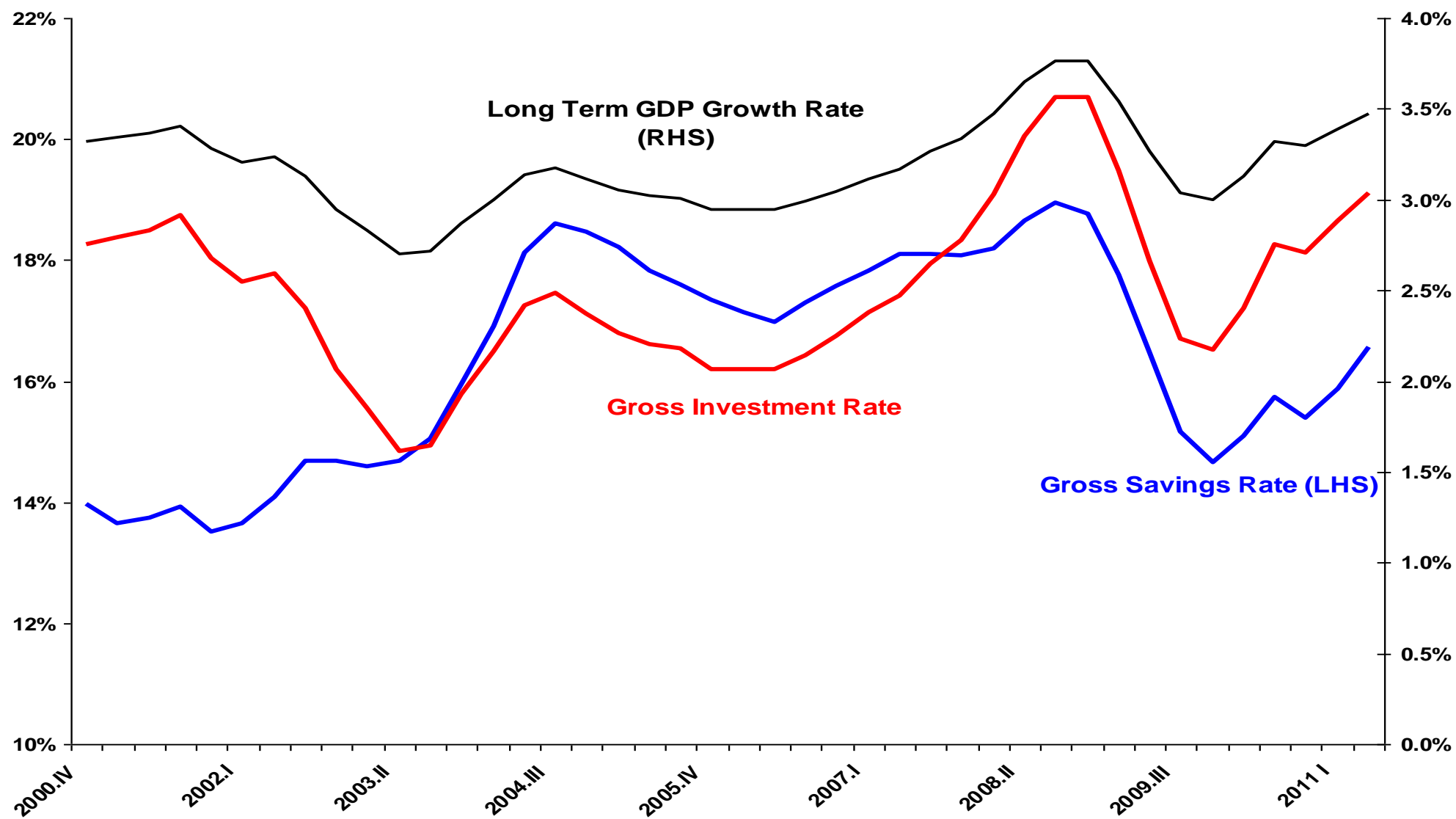
- President Dilma will follow a mix of policies from both sets of policies outlined above
- The difference is degree of one set over the other
- The Brazilian polity and the political elite have shown good judgment and prudence when making policy choices
- If monetary policy does most of the work, expect continued nominal and real appreciation of the BRL, higher interest rates and slower growth.
- If fiscal policy does more of the work, expect a less strong real, lower interest rates, and higher growth.
- A turn increased protectionism is becoming a real threat.

BRAZIL: REAL GDP GROWTH VERSUS REAL INTEREST RATES



Source: Banco Central do Brasil, IBGE

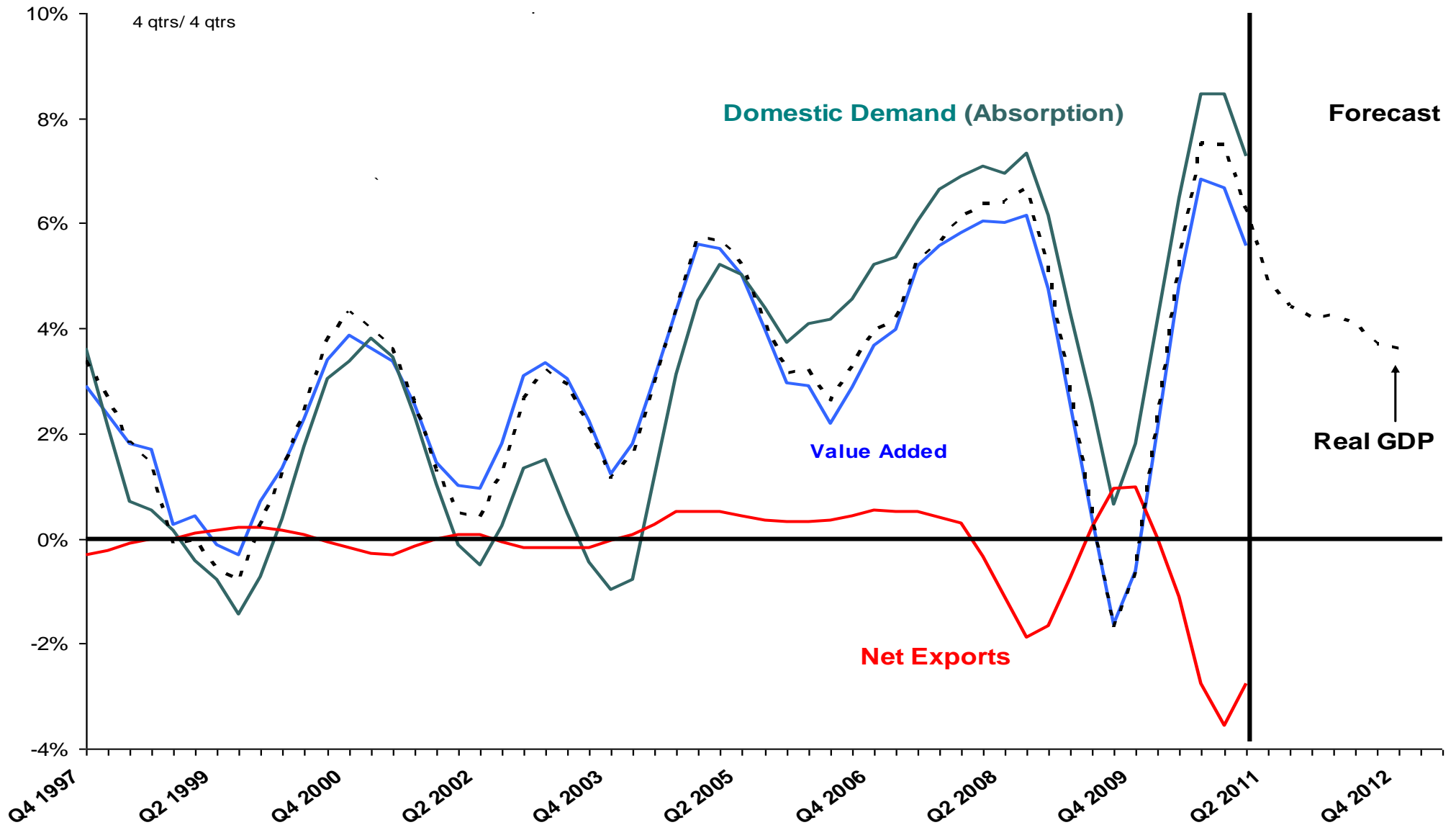
To grow above 4%, Brazil needs investment rates greater than 20%.



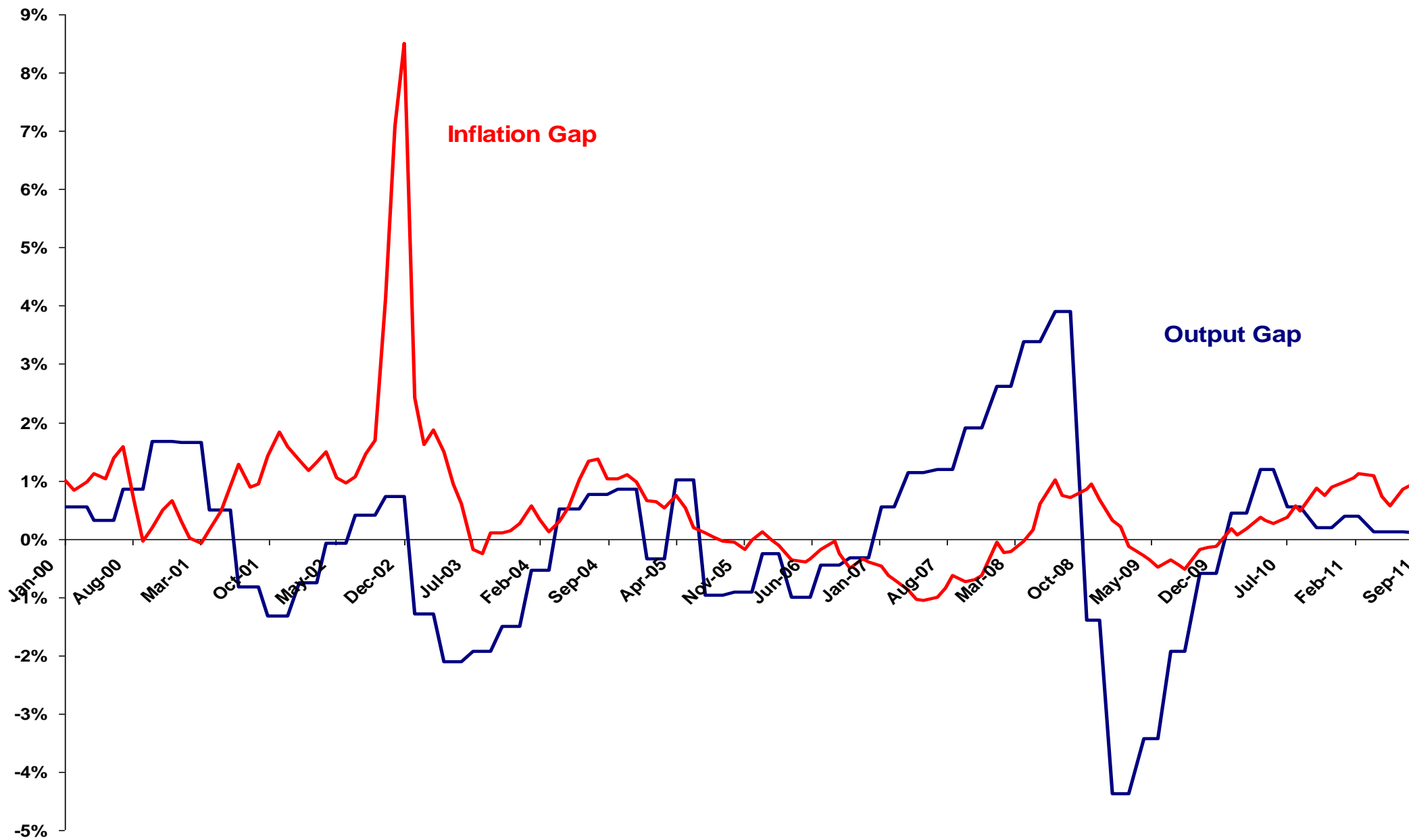
Source: Banco Central do Brasil, IBGE

Economic Growth Recovers Rapidly:

BUT DEMAND GROWTH IS OUTSTRIPPING SUPPLY BY A WIDE MARGIN

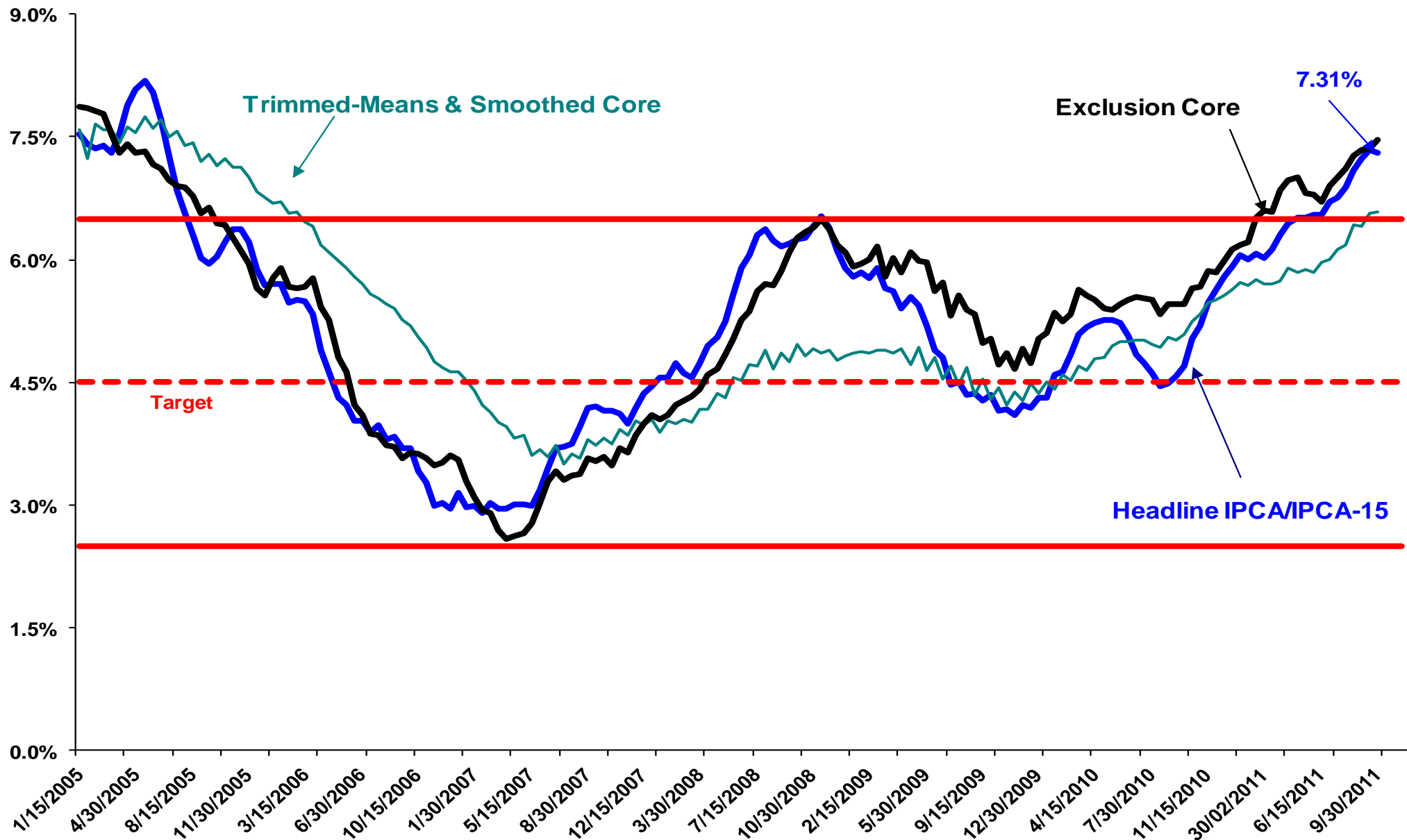


Current Real GDP Remains Above Potential

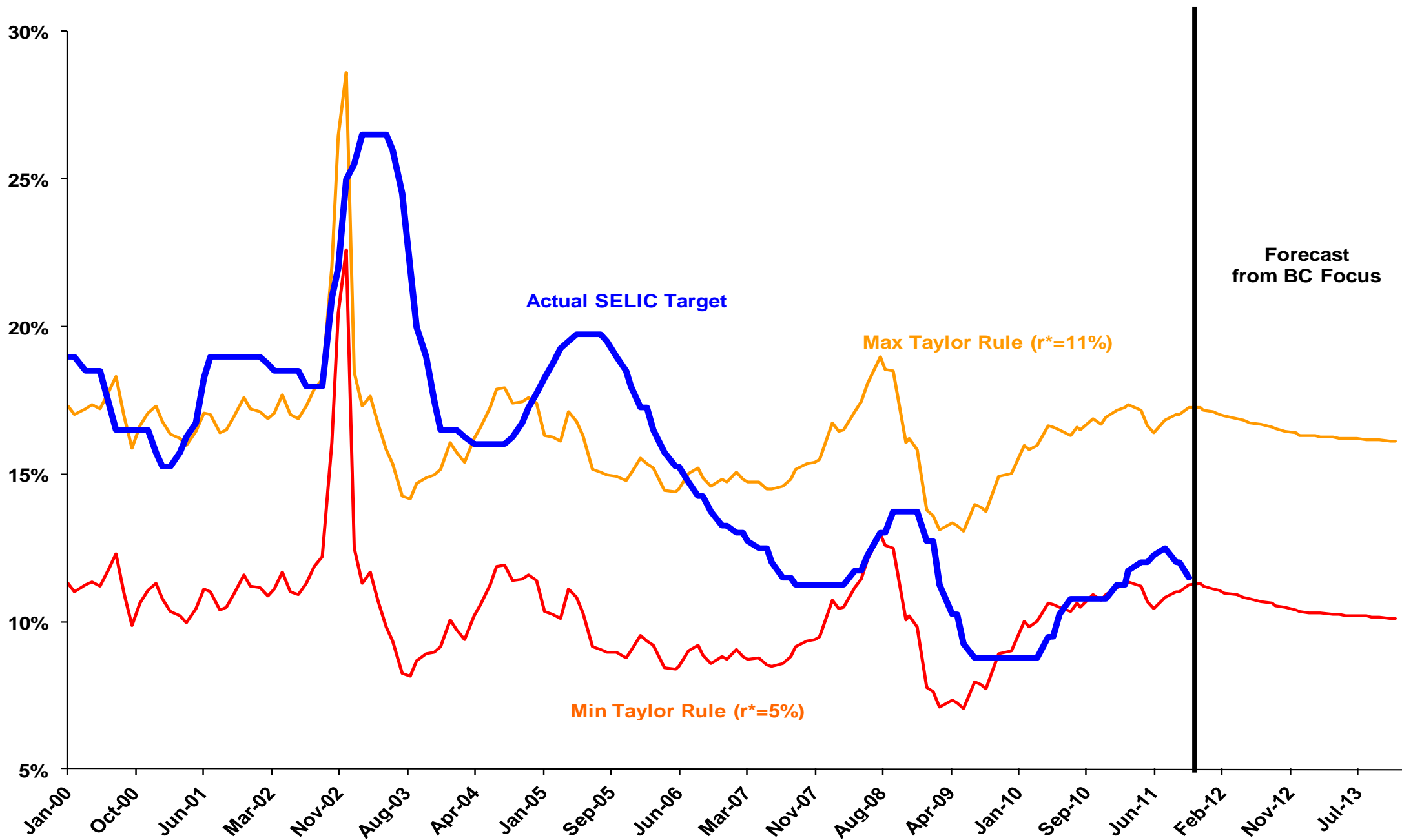


Source: Banco Central do Brasil, IBGE

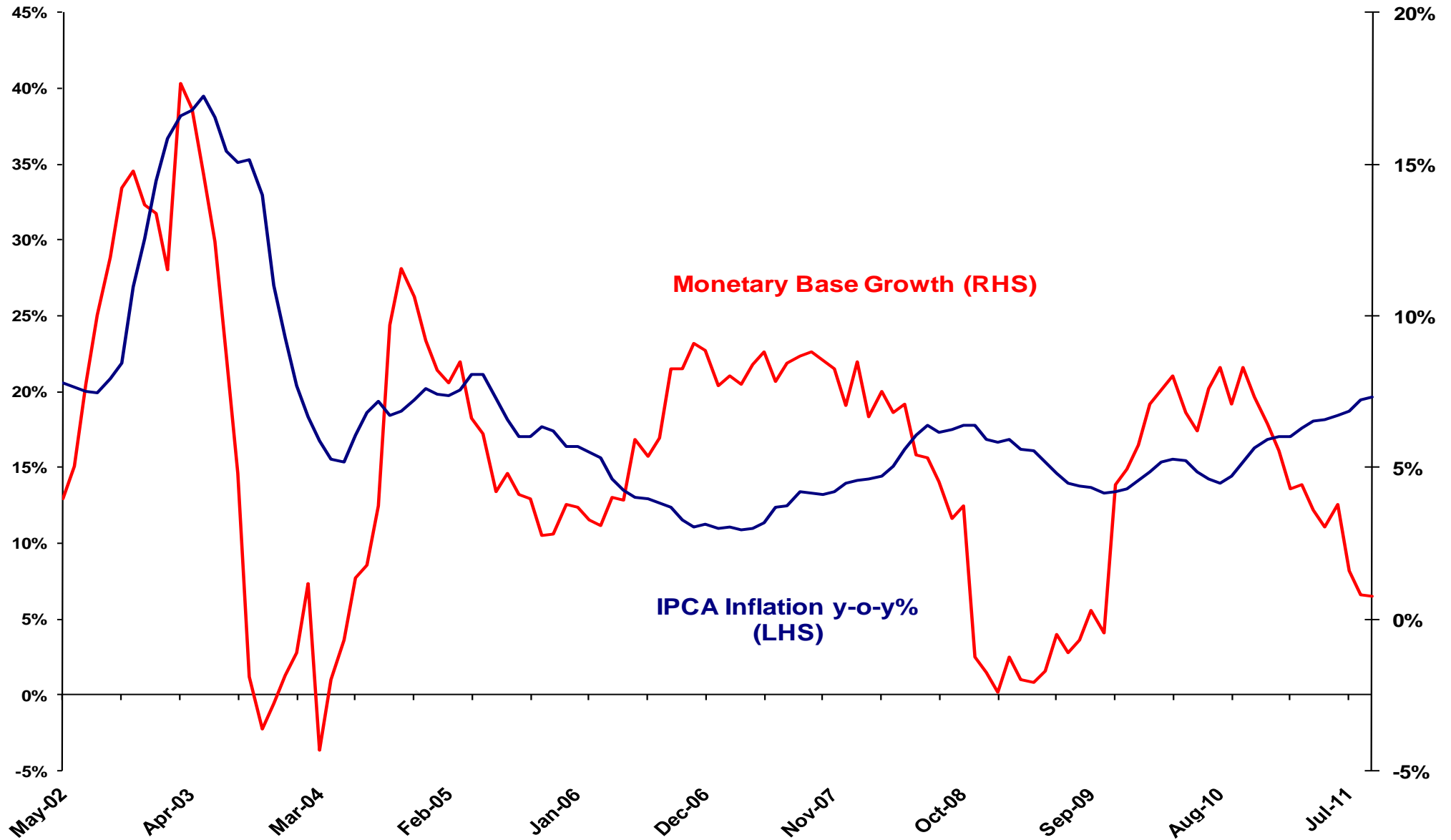
BRAZIL: COMBINED IPCA/IPCA-15 AND CORE INFLATION (% Y-O-Y)



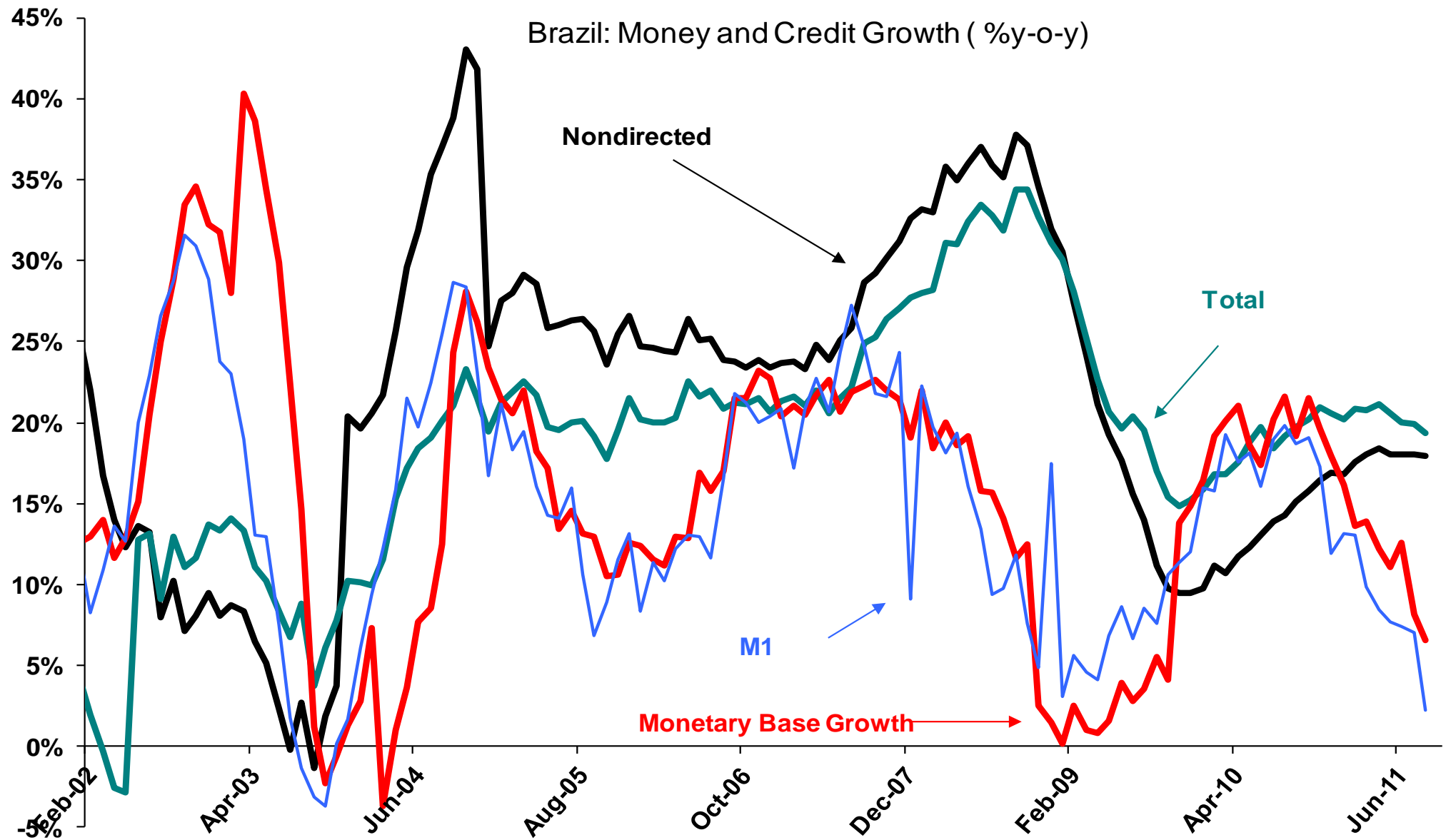
THE SELIC TARGET RATE TOO LOW EVEN UNDER OPTIMISTIC TAYLOR RULES



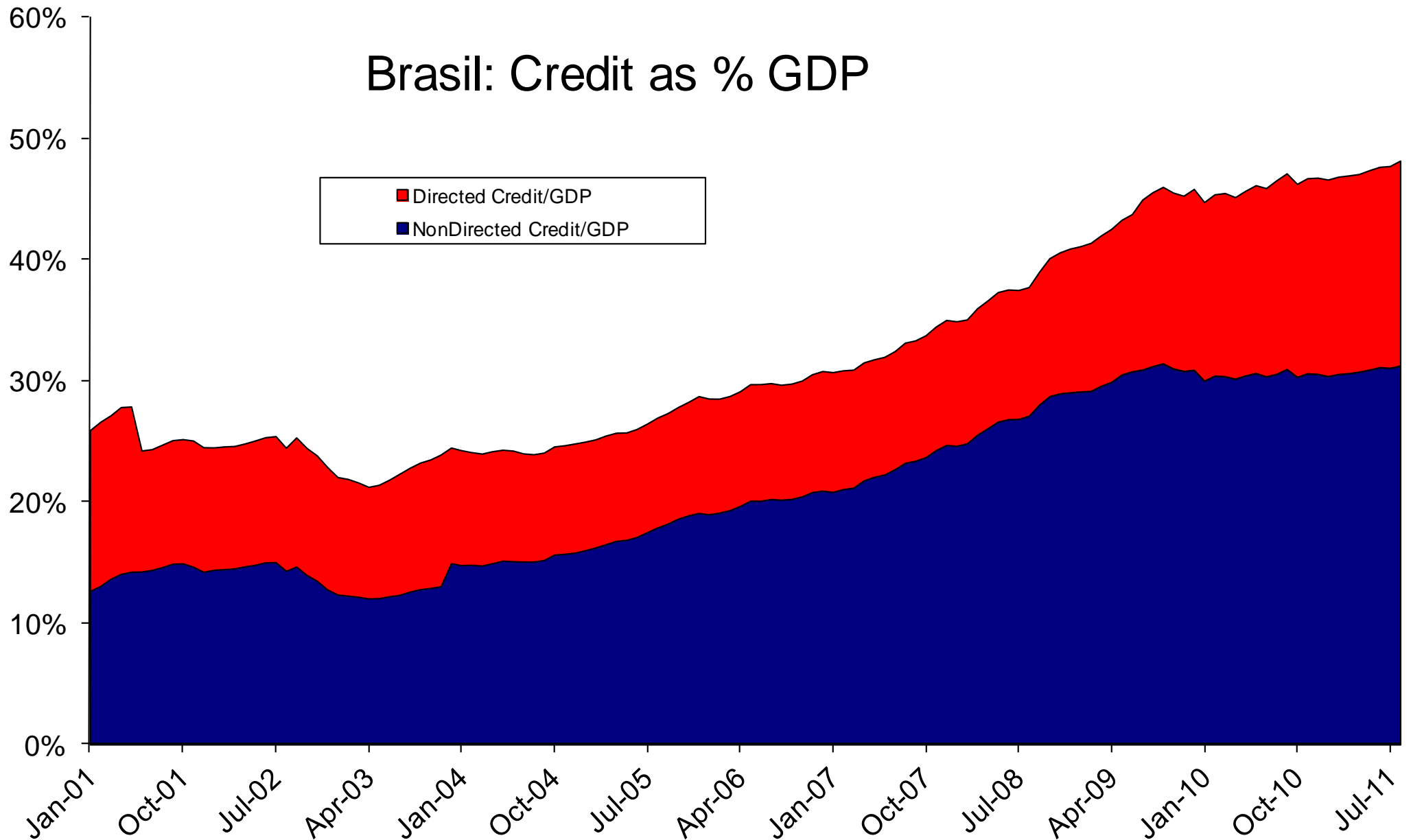
SLOWER MONEY GROWTH IS ONLY SIGNAL OF LOWER INFLATION AHEAD



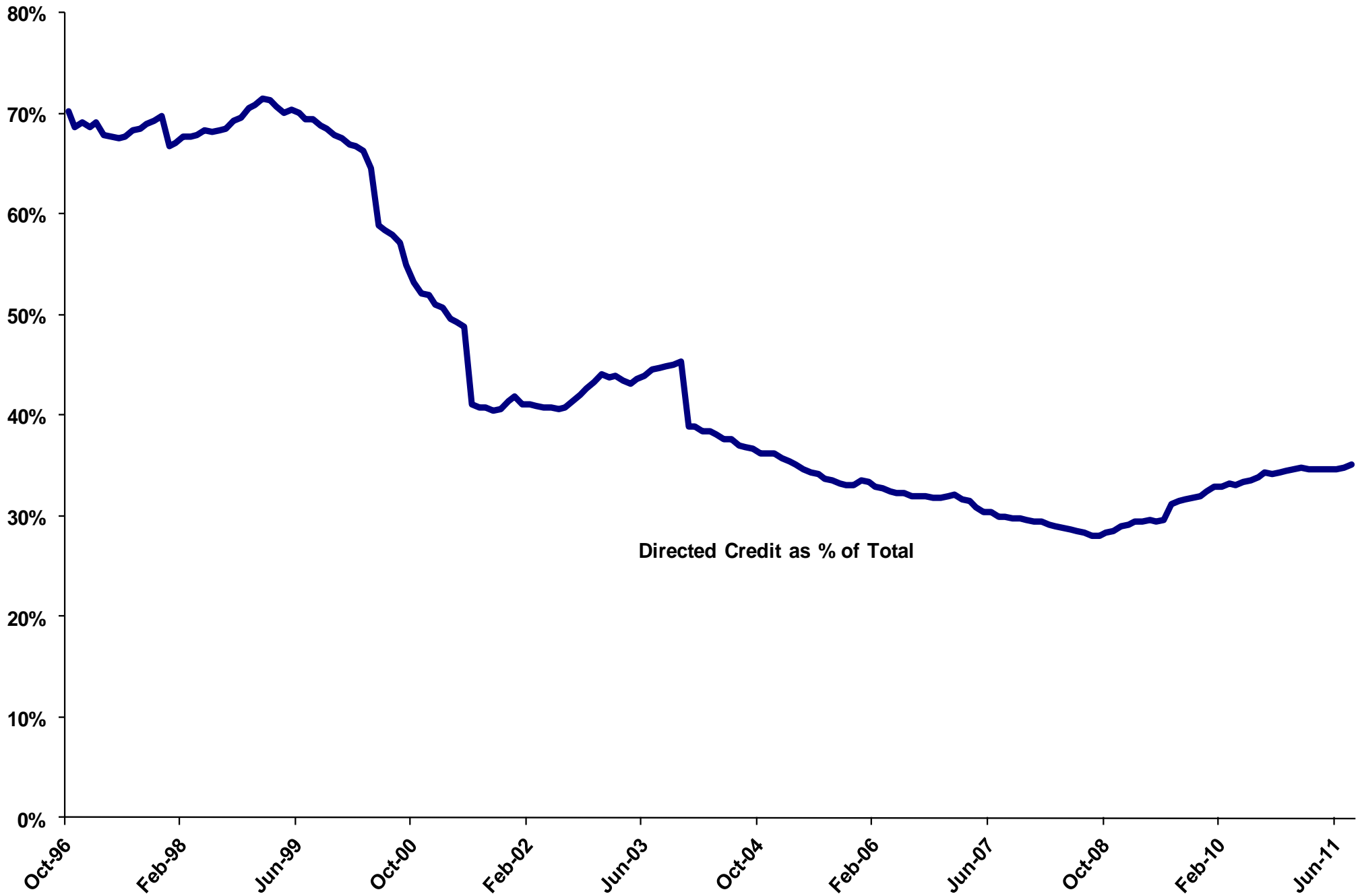
HIGH MONEY GROWTH USUALLY IN LOCKSTEP WITH CREDIT GROWTH



Brazil's Financial Market Deepens Total Credit is Now Just Under 50% of GDP

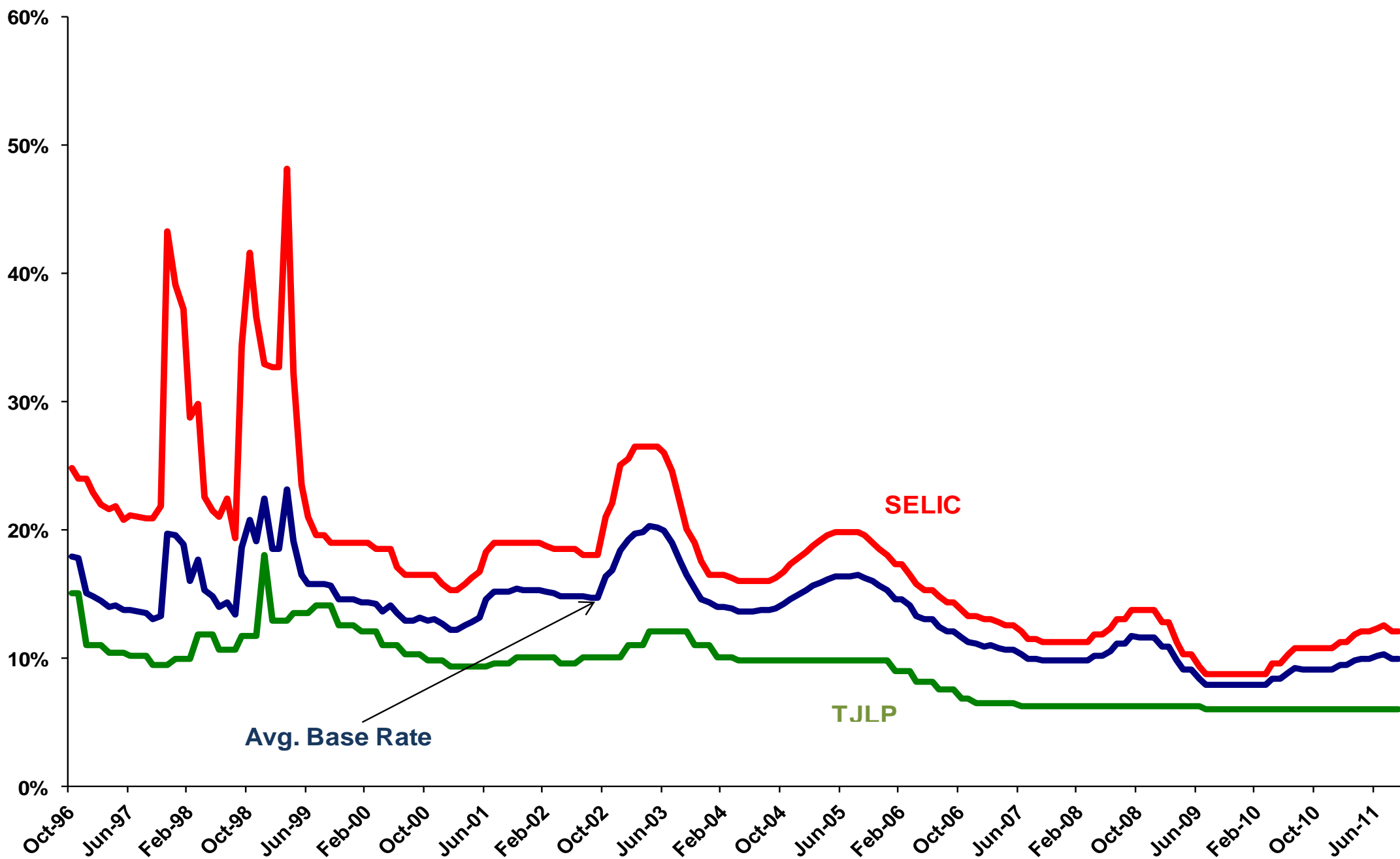


Subsidized Credit Expands

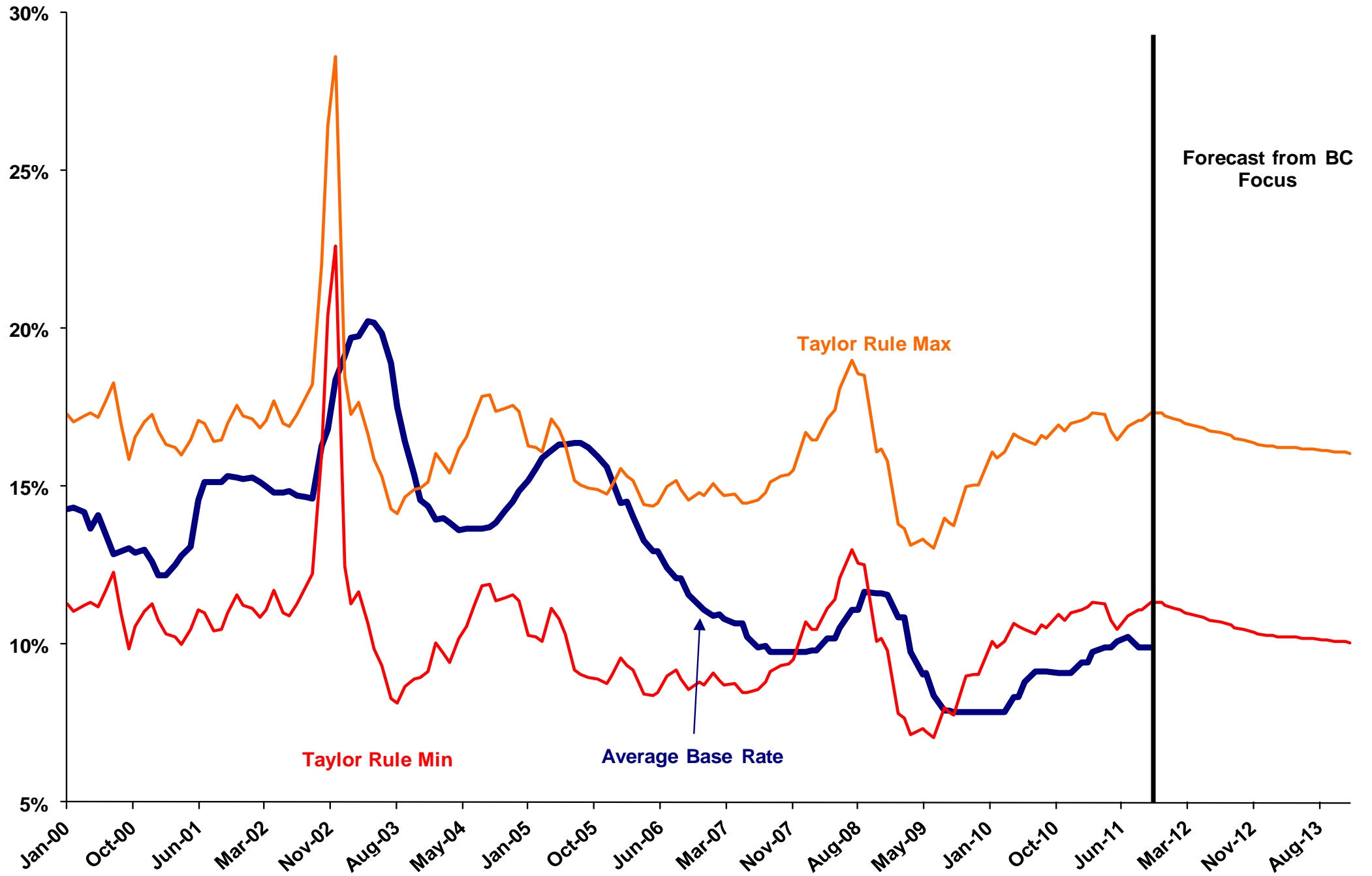


Directed Credit as % of Total

AVERAGE BASE RATE IS WELL UNDER SELIC RATE (12%+), TJLP HAS STAYED AT 6%

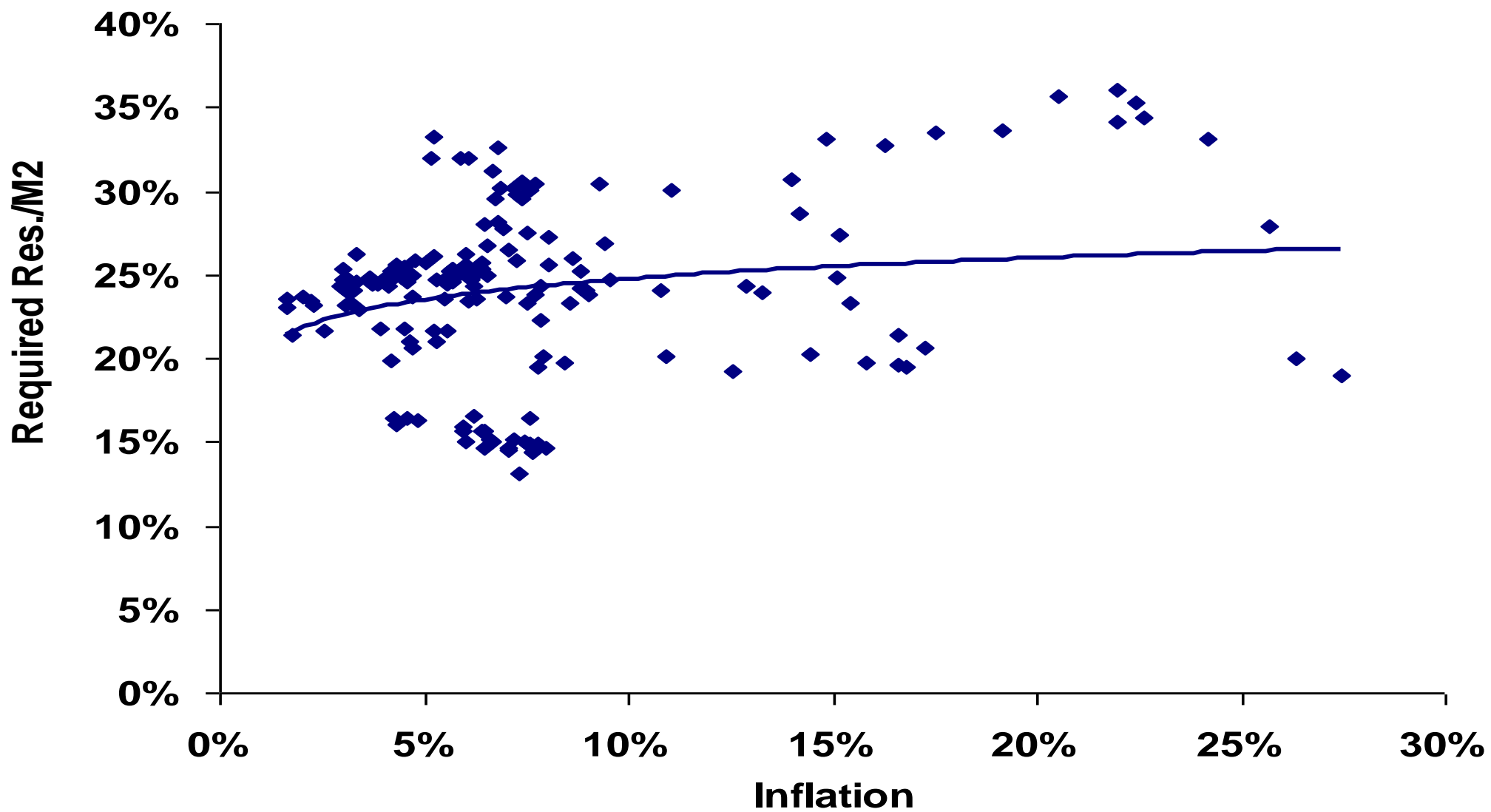


THE AVERAGE BASE RATE IS TOO LOW: THE BCB OR THE BNDES NEED TO RAISE RATES

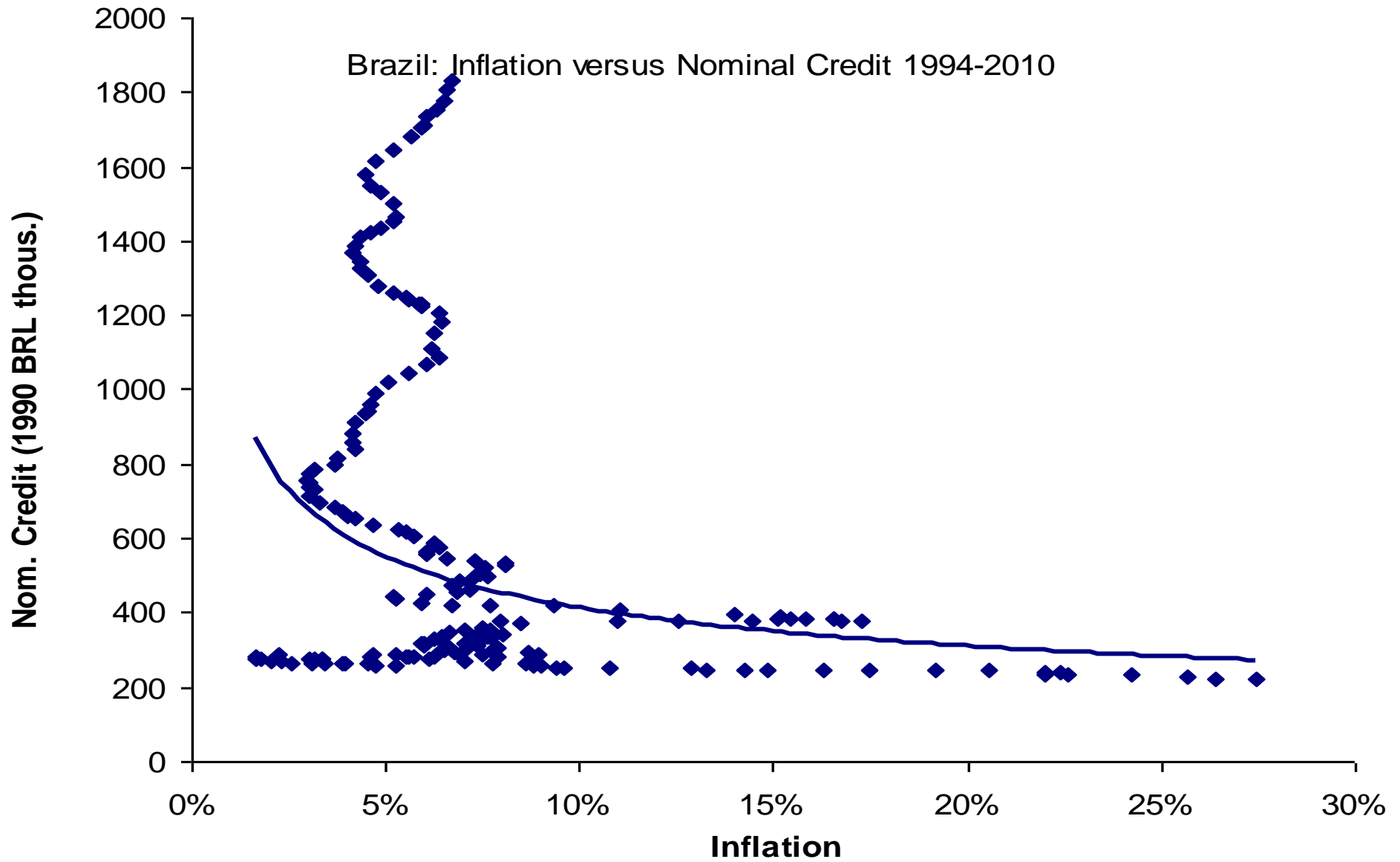


Source: Banco Central do Brasil, IBGE

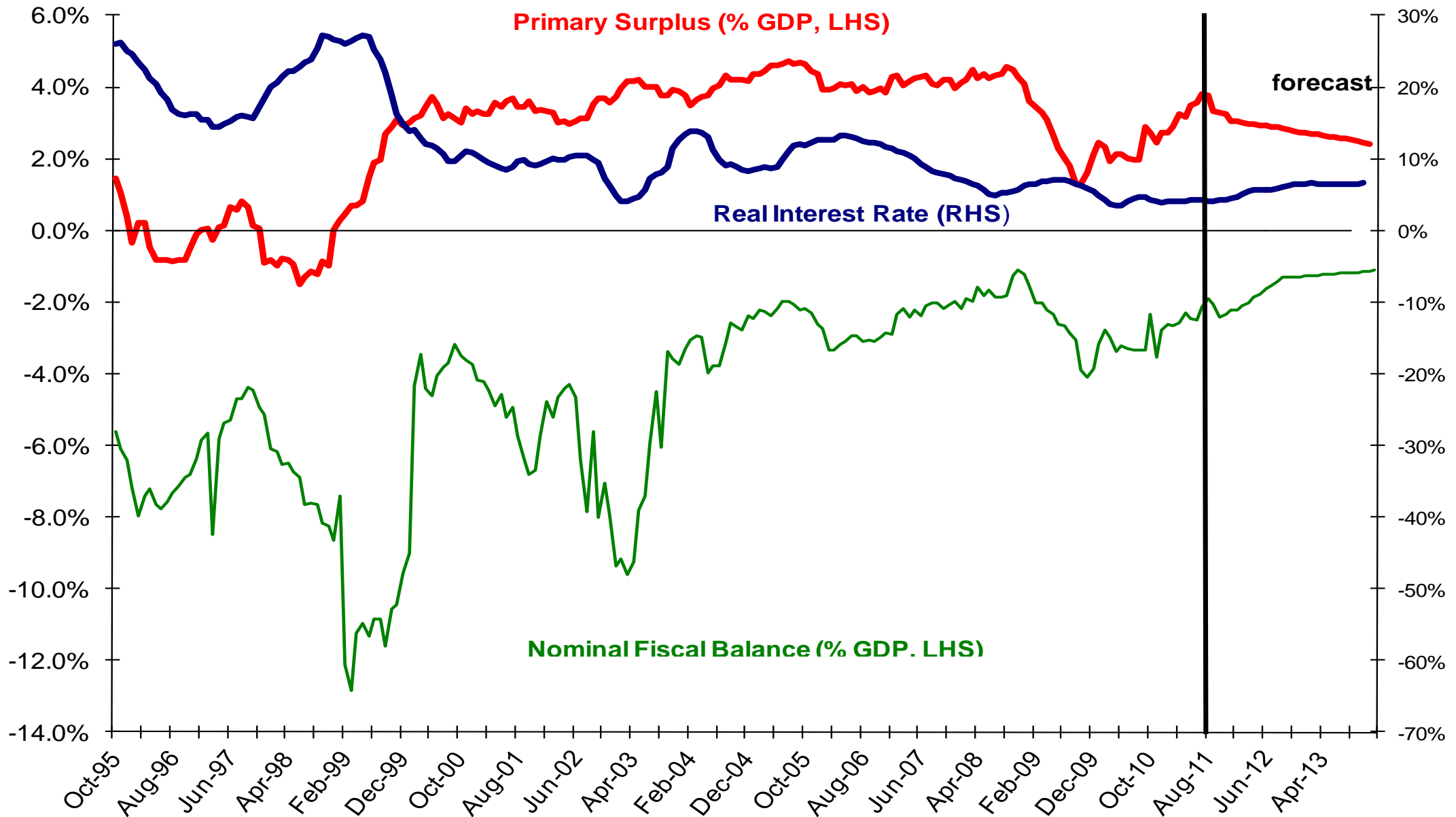
Does Raising Reserve Requirements Lower Inflation?



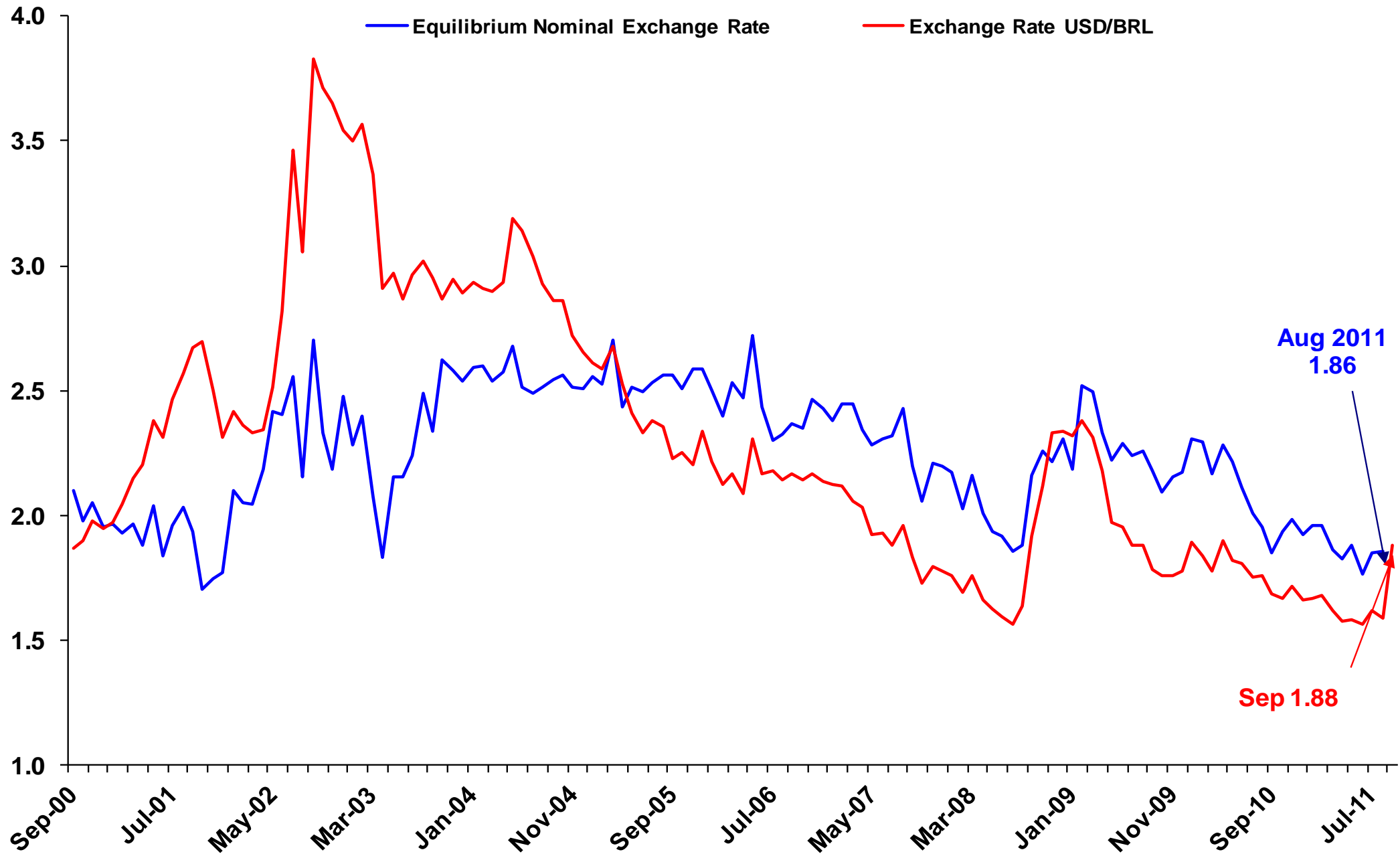
Does Controlling Credit Growth Control Inflation?



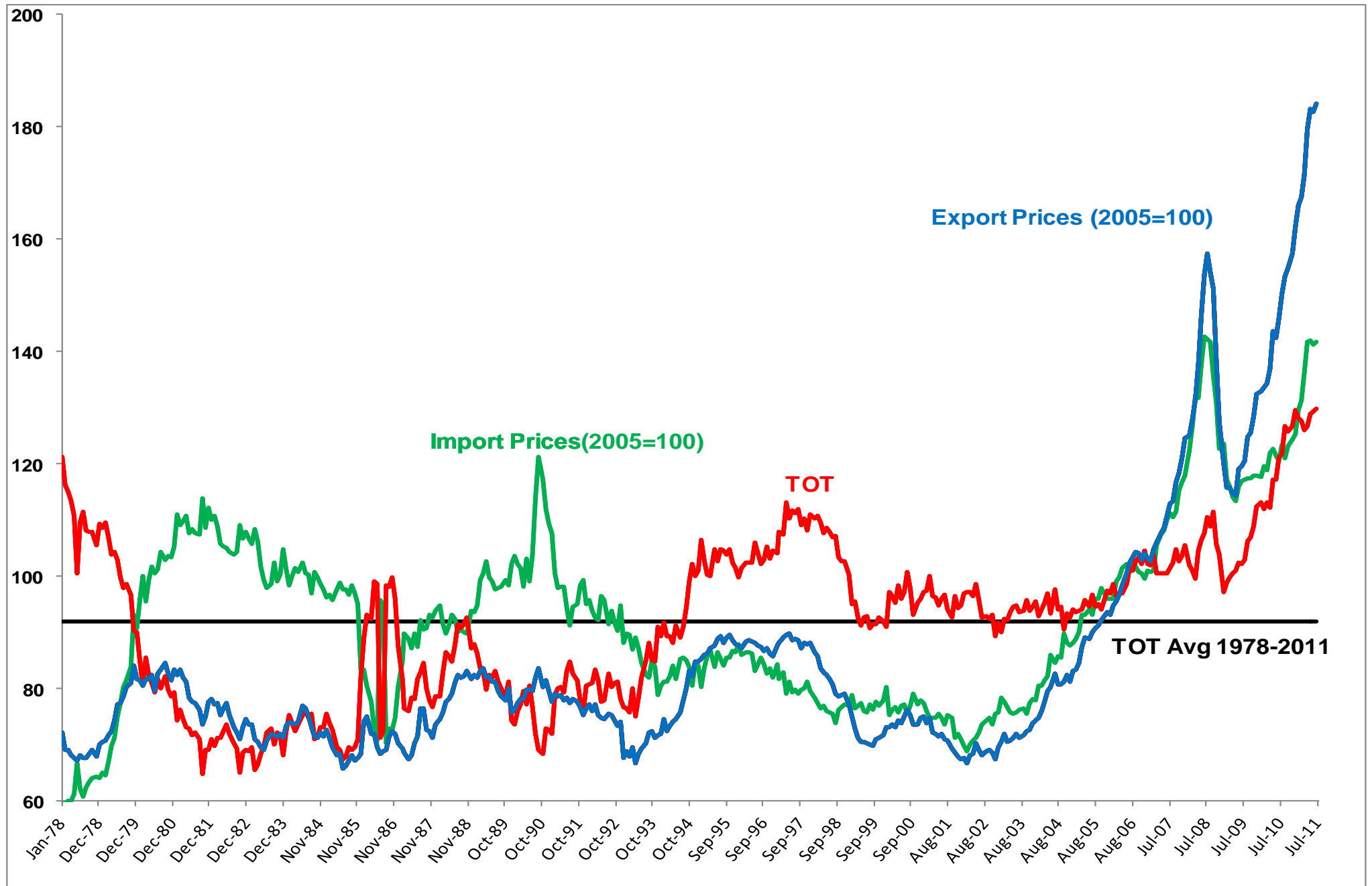
FISCAL POLICY HAS EASED...HIGHER PRIMARY SURPLUSES, LOWER REAL INTEREST RATES



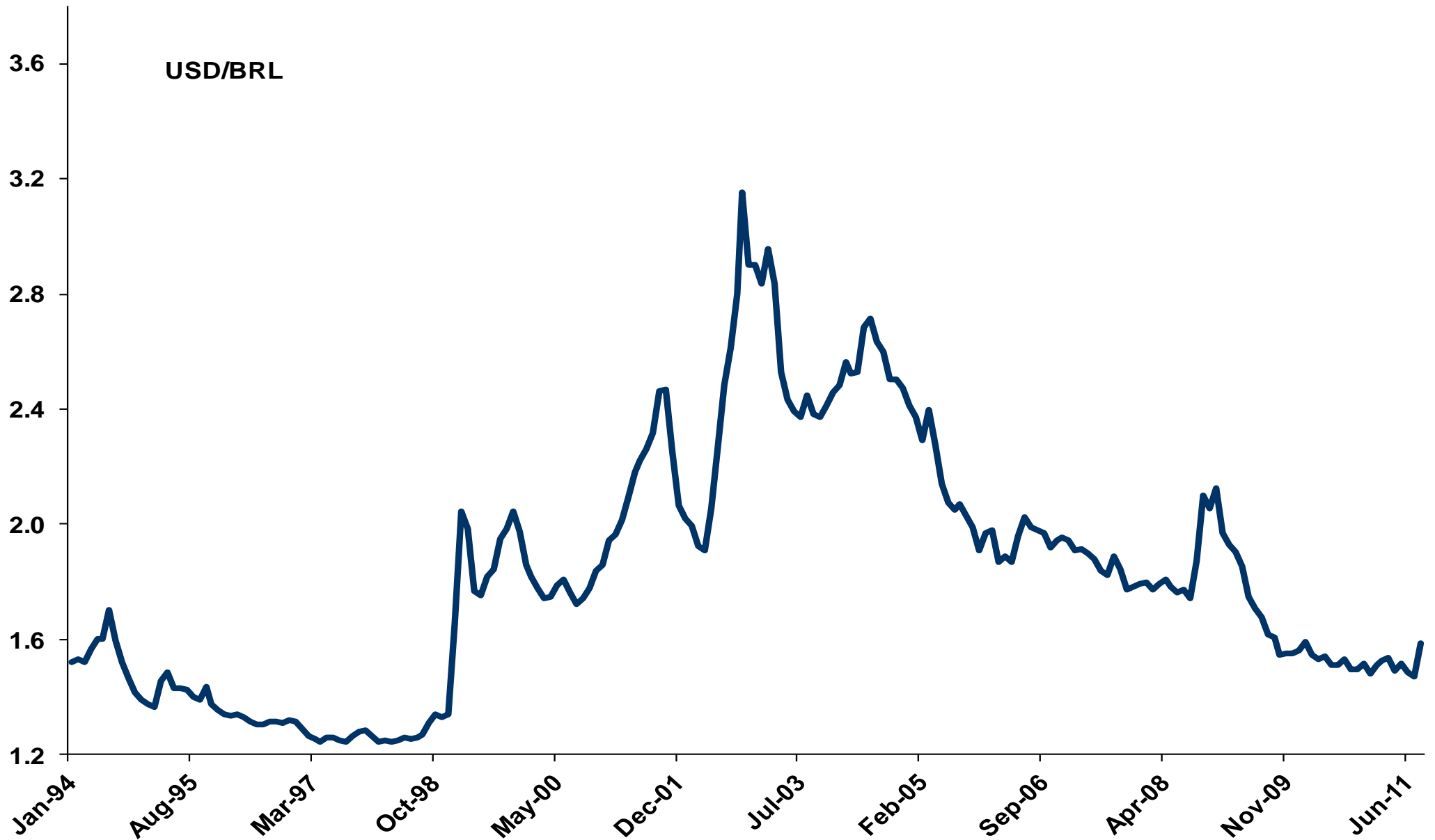
The Real Exchange Rate Adjusts Back Toward Equilibrium



BRAZIL'S TERMS OF TRADE HAVE SHOT UPWARD MASSIVELY



PUSHING THE REAL EXCHANGE RATE STRONGER



Source: Banco Central do Brasil, IBGE

BRAZIL'S POLICYMAKERS FACE SIGNIFICANT CHALLENGES:

- Real appreciation with further monetization by the United States and Japan and perhaps Europe.
- Expanding current account deficits
- Fiscal numbers weaker despite creative accounting and one-off revenue flows
- Improved but still poor social security and other indicators
- Low savings rates
- Low although increasing private investment rates
- Low public investment rates

ONE SET OF POLICY RESPONSES:

- Fiscal adjustment concentrating on current spending which would allow for a reduction of real and nominal interest rates
- Depending on the degree of adjustment, increasing public investment
- Privatization, regulation or deregulation of sectors that the government does not manage well, e.g. roads, ports, etc.
- Implementation of 2003 social security reform and further reform
- Tax reform to reduce inefficiency of tax structure
- Phased reduction of import barriers starting with capital goods
- Increasing the convertibility of the BRL, dismantling of capital controls

ANOTHER SET OF POLICY RESPONSES:

- No or partial only fiscal adjustment based on increasing taxes
- Attempt to increase public investment
- Renationalization through the Finance Ministry, through increasing loans from the BNDES (National Development Bank) and the Caixa Economica (Government Thrift)
- No action on social security
- No action on tax reform
- No opening of the economy
- Increased reliance on administrative controls on capital and trade flows
- Overreliance on monetary policy— and perhaps experimenting with credit policy -- to attack inflation, growth and the balance of payment simultaneously

Brazil: Numbers and Forecasts

Brazil

10/17/11

Key Annual Indicators	2006	2007E	2008	2009	2010E	2011F	2012F	2013F
GDP Growth	3.96	6.09	5.16	-0.6	7.5	3.8	3.5	3.8
Inflation (IGP-M)	3.83	7.75	9.81	-1.7	11.3	6.7	5.4	3.9
Inflation (IPCA)	3.14	4.46	5.90	4.3	5.9	7.3	5.9	4.6
Fiscal Balance (Nominal, % of GDP)	-2.92	-2.17	-1.53	-3.2	-2.6	-2.2	-1.3	-1.3
Exchange Rate (Real/\$)	2.14	1.78	2.34	1.77	1.66	1.80	1.83	2.00
Policy Interest Rate (Dec)	13.25	11.3	13.8	8.8	10.8	12.5	11.8	11.5
Average Interest Rates	15.1	12.0	12.5	9.9	10.0	12.0	12.8	11.5
Average Real Interest Rates	11.6	7.2	6.3	5.4	3.9	4.4	6.5	6.6
Trade Balance (\$ billions)	46.5	40.0	24.8	25.4	20.3	32.5	32.4	17.6
Exports	137.8	160.6	197.9	153.0	201.9	260.3	297.7	326.6
y/y growth	16.3	16.6	23.2	-22.7	32.0	28.9	14.4	9.7
Imports	91.3	120.6	173.1	127.6	181.6	227.8	265.3	309.1
y/y growth	24.1	32.1	43.5	-26.3	42.3	25.4	16.5	16.5
Current Account (US\$ bn)	13.9	3.5	-28.2	-24.4	-47.5	-44.7	-55.1	-33.8
Current Account (% of GDP)	1.3	0.3	-1.7	-1.5	-2.6	-2.1	-2.3	-2.0
Unemployment	9.7	5.8	5.3	6.8	5.3	5.0	6.3	0.0
Monetary Base (% change)	22.7	19.1	1.5	14.9	19.1	10.8	9.2	8.0

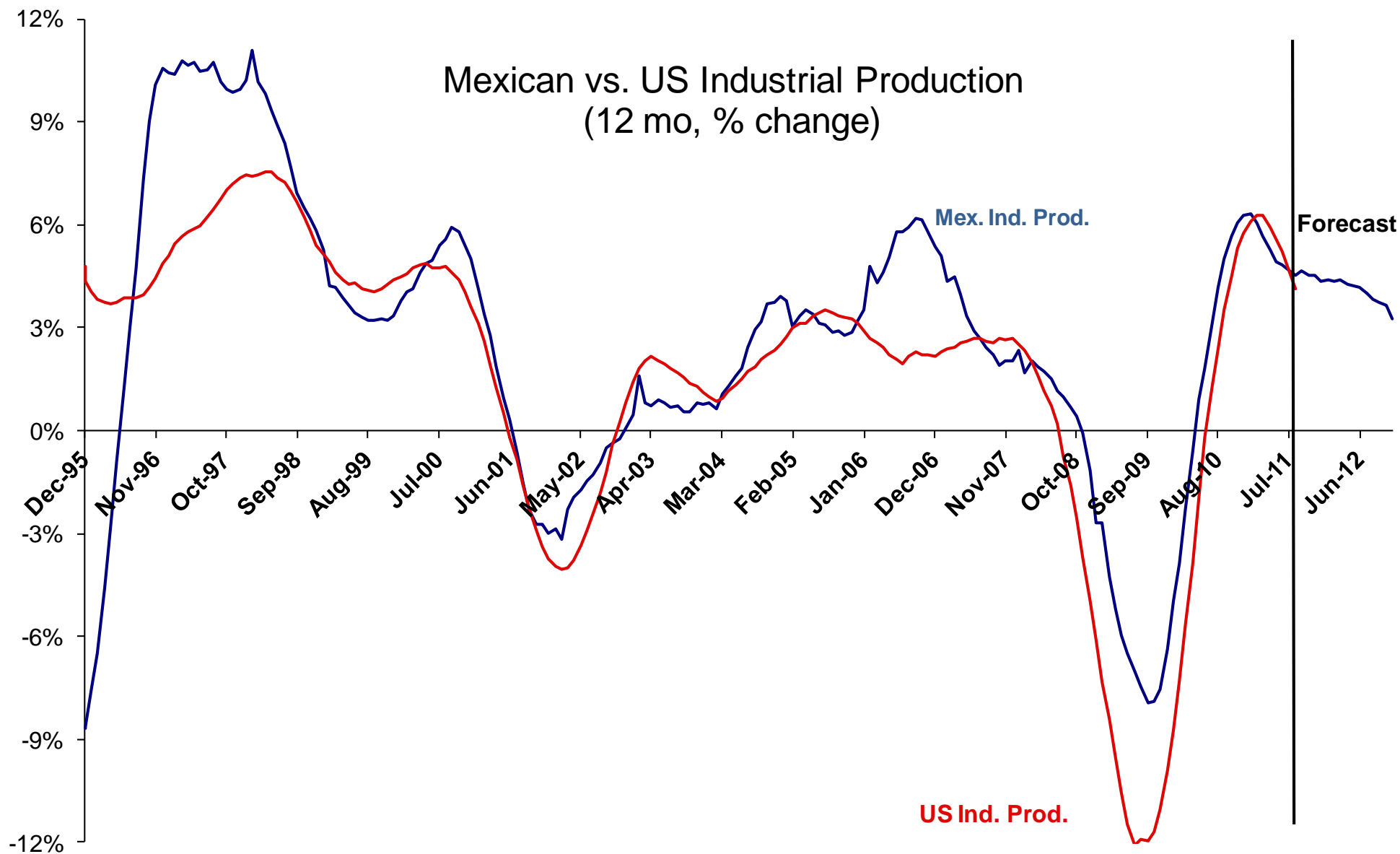
Mexico: Coming Out of the Malaise

Worries from the northern neighbor

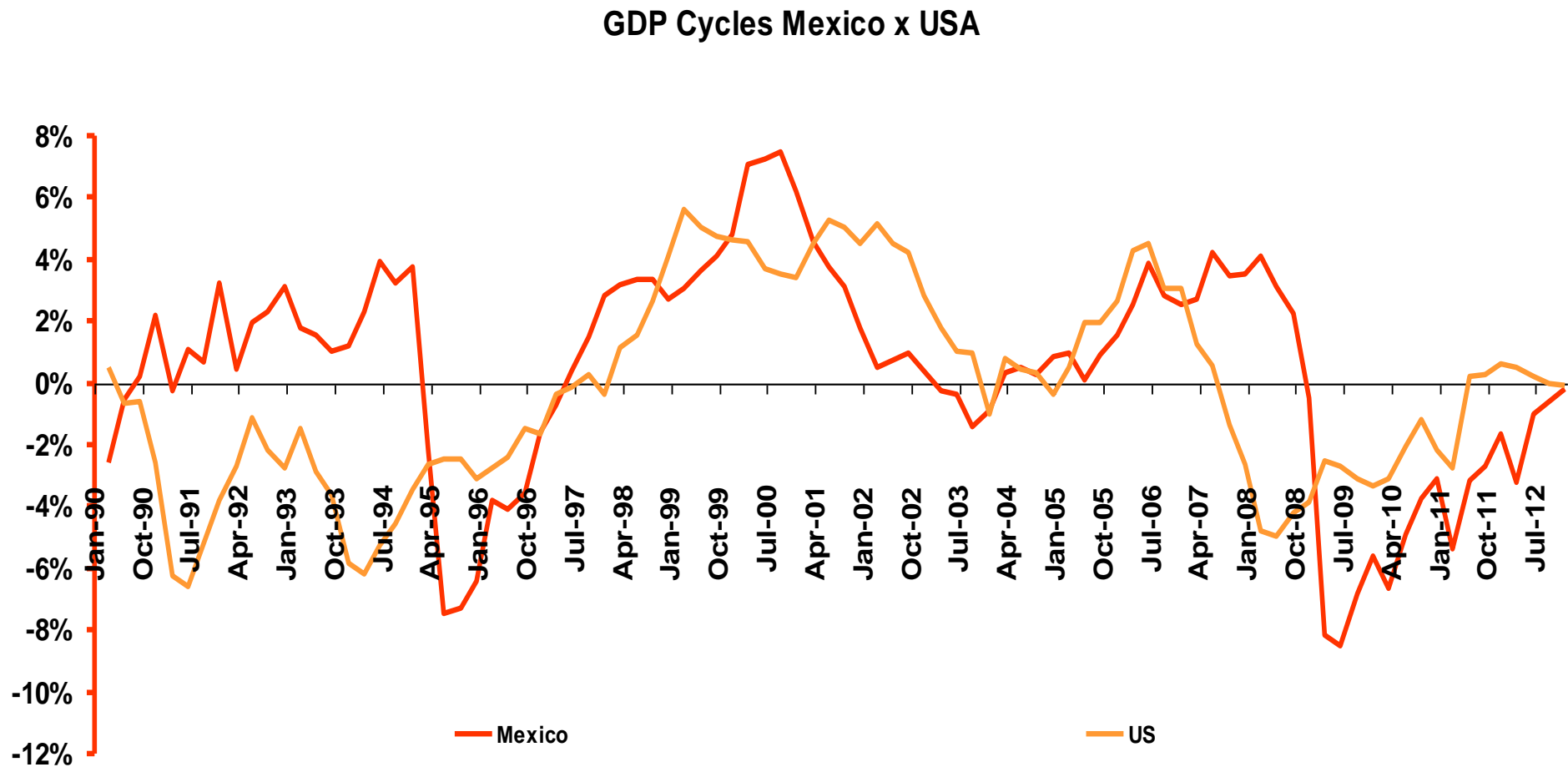
Mexico: Beat Up But Better

- The Mexican economy was hit very hard by the US into recession falling 6.5% in 2009.
- The recovery is slowly moving from one based upon manufacturing and exports to services and internal demand.
- Mexican GDP is recovering and we expect growth for 2011 at 4.9% and 4.5% in 2012.
- The well capitalized banking system helped Mexico weather the massive negative shock of the US financial collapse.
- The government allowed the fiscal deficit to widen but should have it back under 1% of GDP by 2012
- Banxico should keep monetary policy on hold until 4Q 2011 and will start despite the US Fed keeping interest rates near 0%.

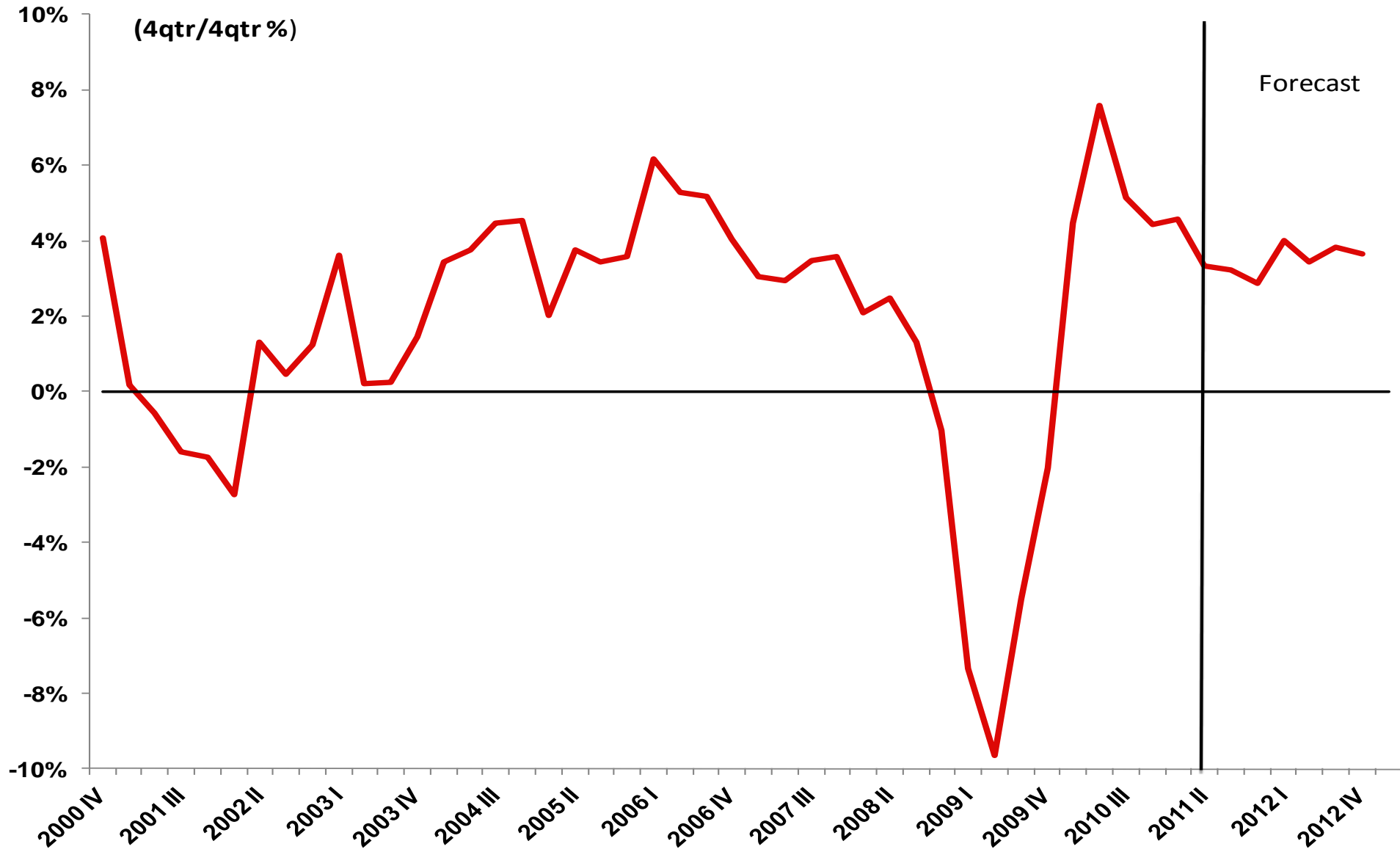
Mexican industry is recovering with the US



And Mexican GDP has now a correspondant common cycle with US GDP



We expect reasonable and steady economic growth for Mexico

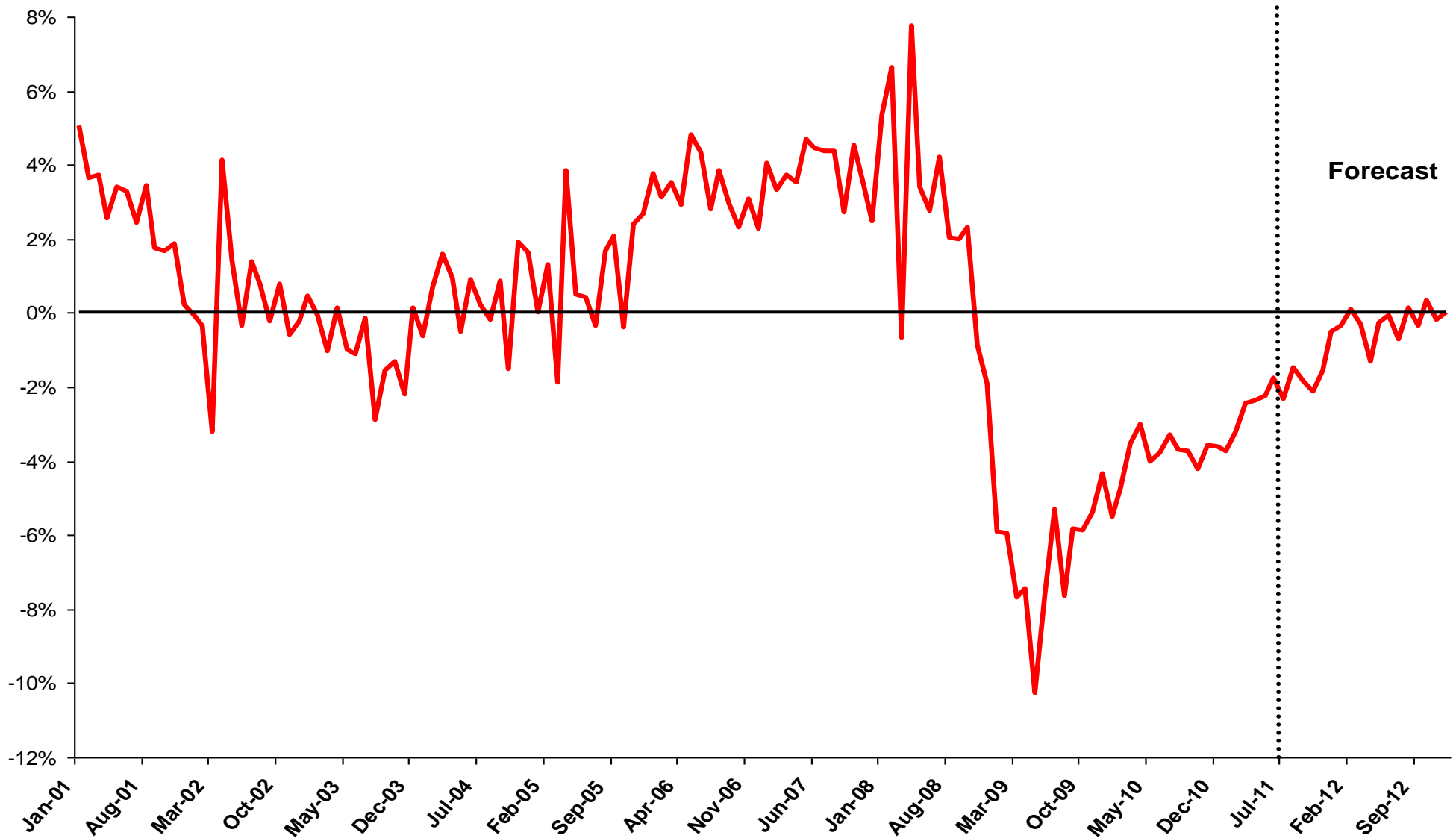


The Real MXN has recovered but still above the levels of before the financial crisis.



Source: Banxico, Bloomberg,

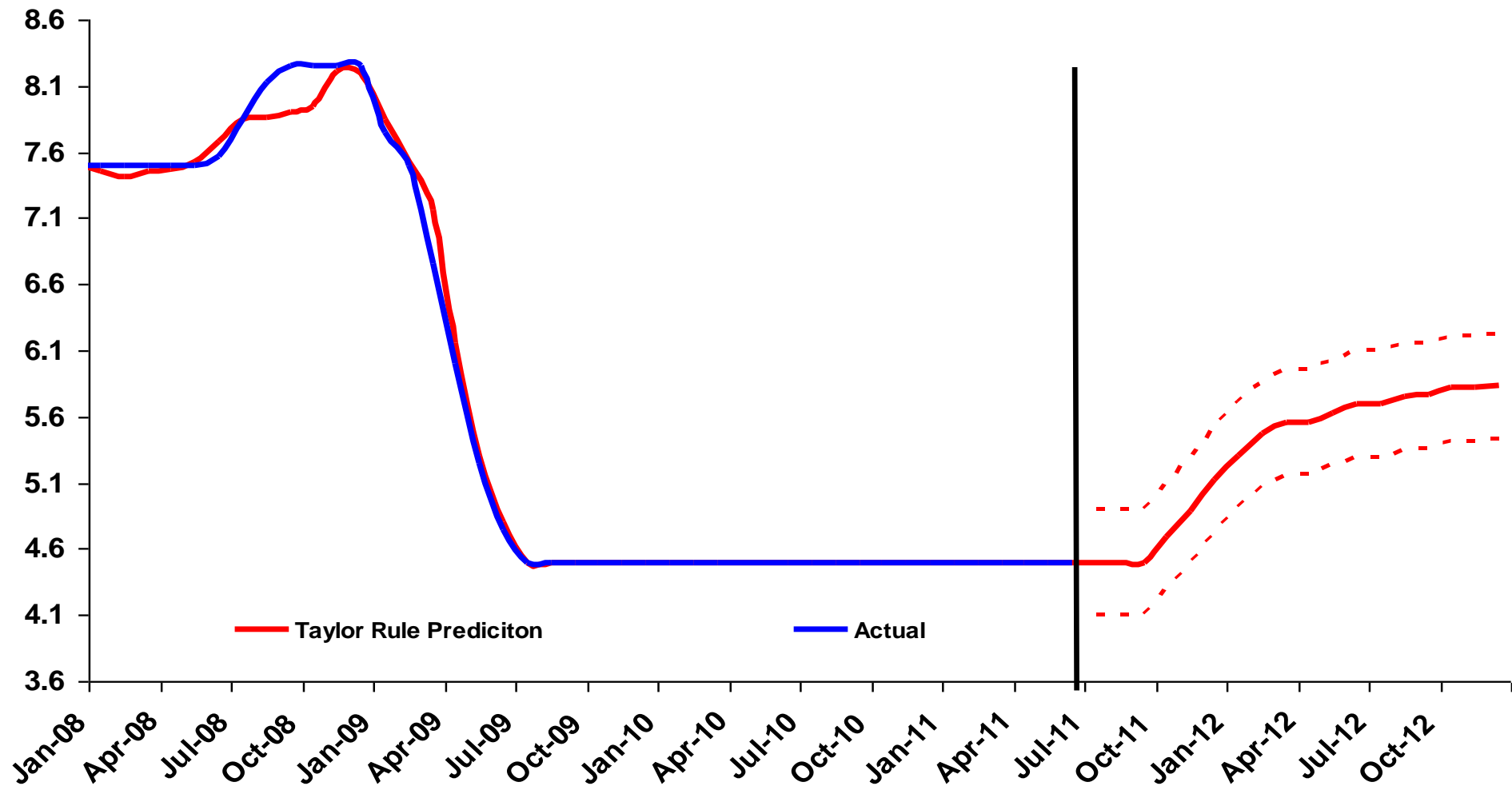
The output gap is closing but more slowly in the last few months



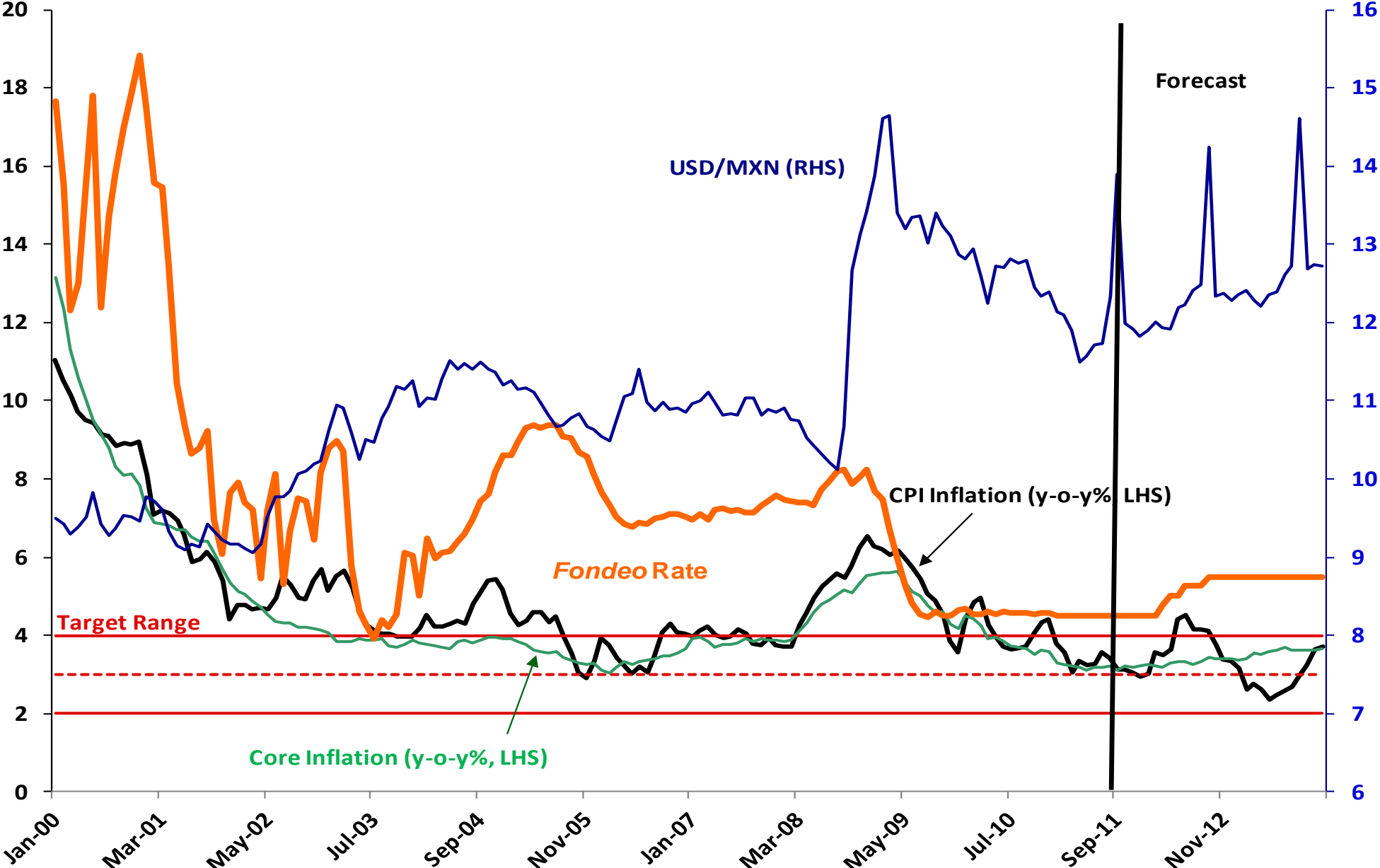
Source: Raul Feliz, Banxico, Bloomberg,

A Taylor rule has Banxico raising the *fondeo* rate now but expect only in 2012

Fondeo Rate and Taylor Rule (% per year)



Inflation remains well behaved and monetary policy on hold until 2012.



Source: Raul Feliz, Banxico, Bloomberg,

Mexico: Getting Better

- Mexico grew more than 5% in 2010 and will slow down to a reasonable 3.8% in 2011.
- Inflation is well behaved but a closing output gap and maize price shocks will lead Banxico to start raising the *fondeo* rate only in 1Q 2012
- The recovery along with continued loose US monetary will put continuous downward pressure on USDMXN.
- Fiscal policy is slowly tightening from a mild expansion.
- Political jockeying around the 2012 presidential election has already started, with the possibility of strange coalitions forming over the next 12 months.

Mexico Numbers and Forecasts

Mexico

Mexico: Key Annual Indicators and Forecasts	2006	2007	2008	2009	2010E	2011F	2012F
GDP Growth	5.17	3.3	1.2	-6.1	5.4	3.5	3.7
Inflation	4.1	3.8	6.5	3.6	4.4	3.0	3.3
Inflation Average	3.6	4.0	5.0	5.4	4.1	3.4	3.7
Unemployment	3.6	3.7	4.0	5.2	5.9	4.8	4.8
Fiscal Balance (% of GDP)	0.1	0.01	-1.62	-2.70	-2.70	-2.50	-2.30
Exchange Rate (Peso/\$)	10.9	10.85	13.4	12.86	12.39	11.82	12.28
Trade Balance (\$ billions)	-6.1	-10.1	-17.3	-4.7	-3.0	-4.7	-18.5
Exports	250	272	291	230	298	346	368
y/y growth	16.7	8.8	7.2	-21.2	29.9	16.0	6.3
Imports	256	282	309	234	301	351	386
y/y growth	15.4	10.1	9.5	-24.0	28.6	16.4	10.1
Current Account (US\$ bn)	-4.8	-9.0	-16.3	-6.3	-5.8	-11.2	-22.0
Current Account (% of GDP)	-0.5	-0.8	-1.7	-0.6	-0.5	-0.9	-1.7
Interest Rate (Cetes average)	7.3	7.4	7.9	5.5	4.6	4.7	4.8
Interest Rate (Cetes end-of-year)	7.2	7.6	8.2	4.6	4.5	4.6	5.1
Monetary Base (% change)	18.4	10.0	16.7	9.4	9.7	0.0	0.0

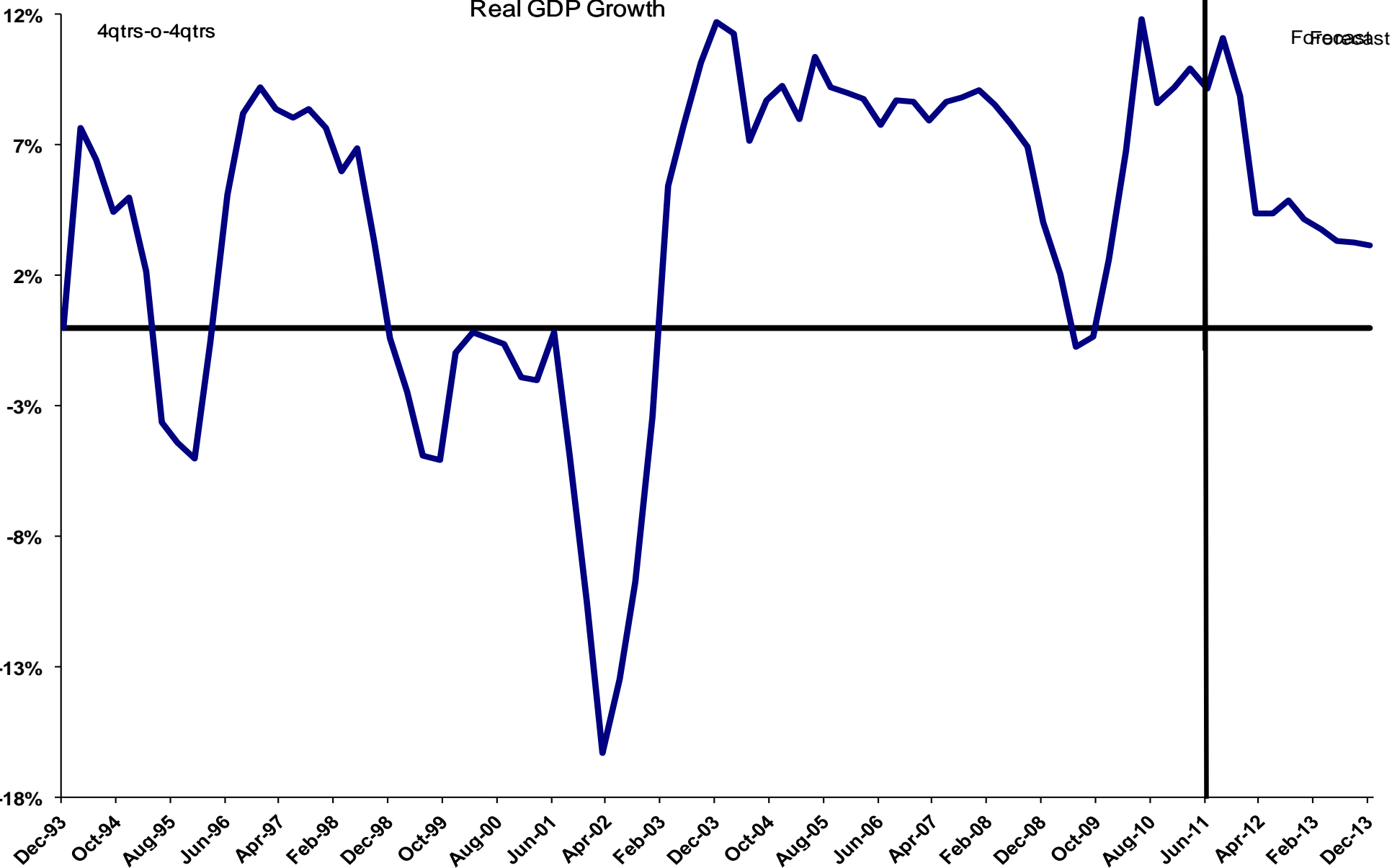
Argentina: Credit Good, Not Policy

PERHAPS AFTER THE ELECTIONS?

Argentina: Same Old Story... For Now

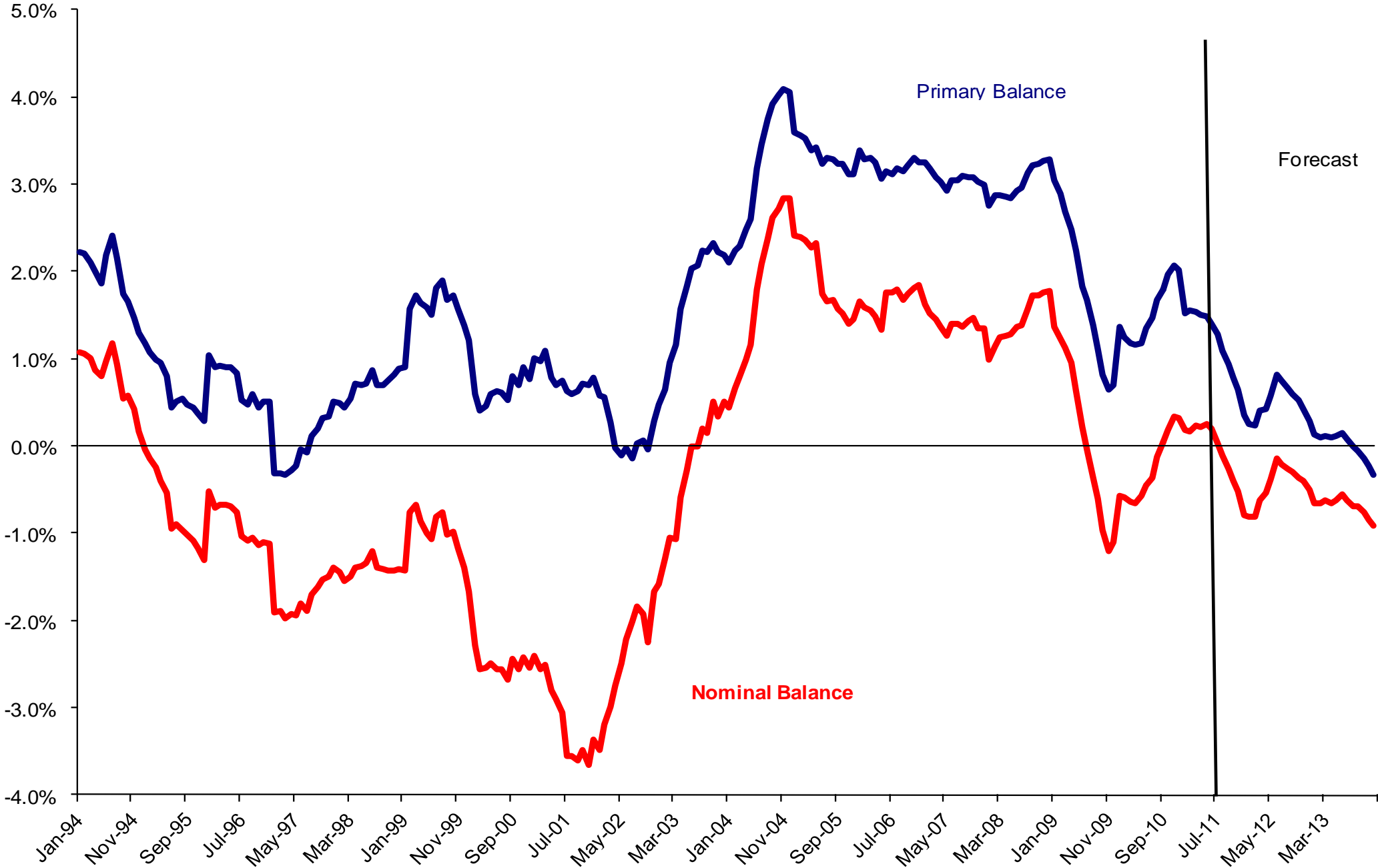
- Despite signs of political moderation, economic policies under Christina Fernandez de Kirchner (CK) remain unchanged
- She will run again and probably win with her Finance Minister Bodour as her running mate; does not bode well for economic policy.
- Current account surpluses and an undervalued currency allowed negative real interest rates.
- The amount of this undervaluation has eroded over time and the ability of the BCRA to maintain negative interest rates is eroding.
- Real currency appreciation has kept the inflation rate from getting out of control. However, with monetary base increasing 38% in 2011, private inflation surveys and recent wage settlements above 25%.

Economic Growth Recovers Rapidly



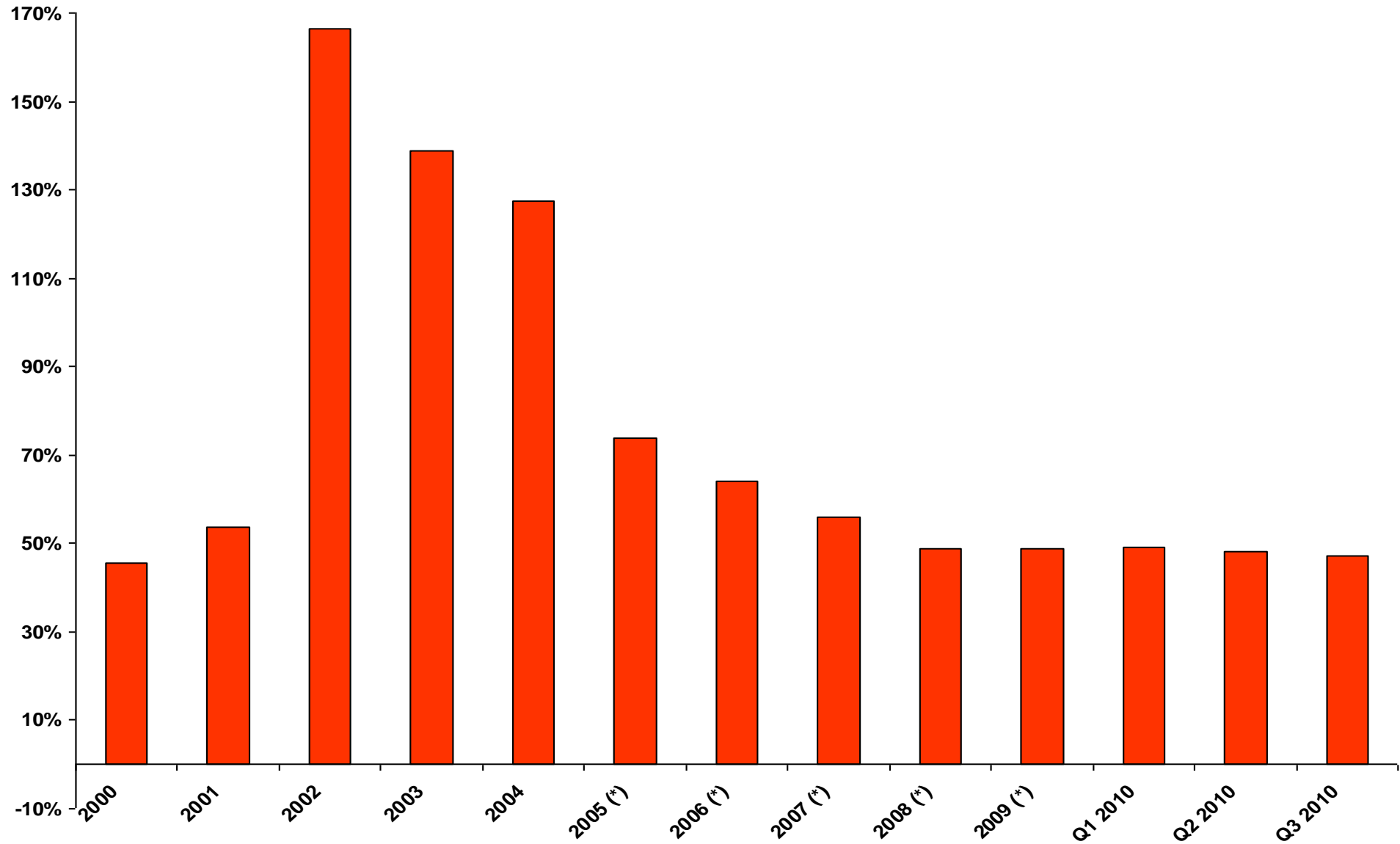
Source: INDEC, Bloomberg,

Fiscal Accounts Strong But Deteriorating



Source: INDEC, Bloomberg,

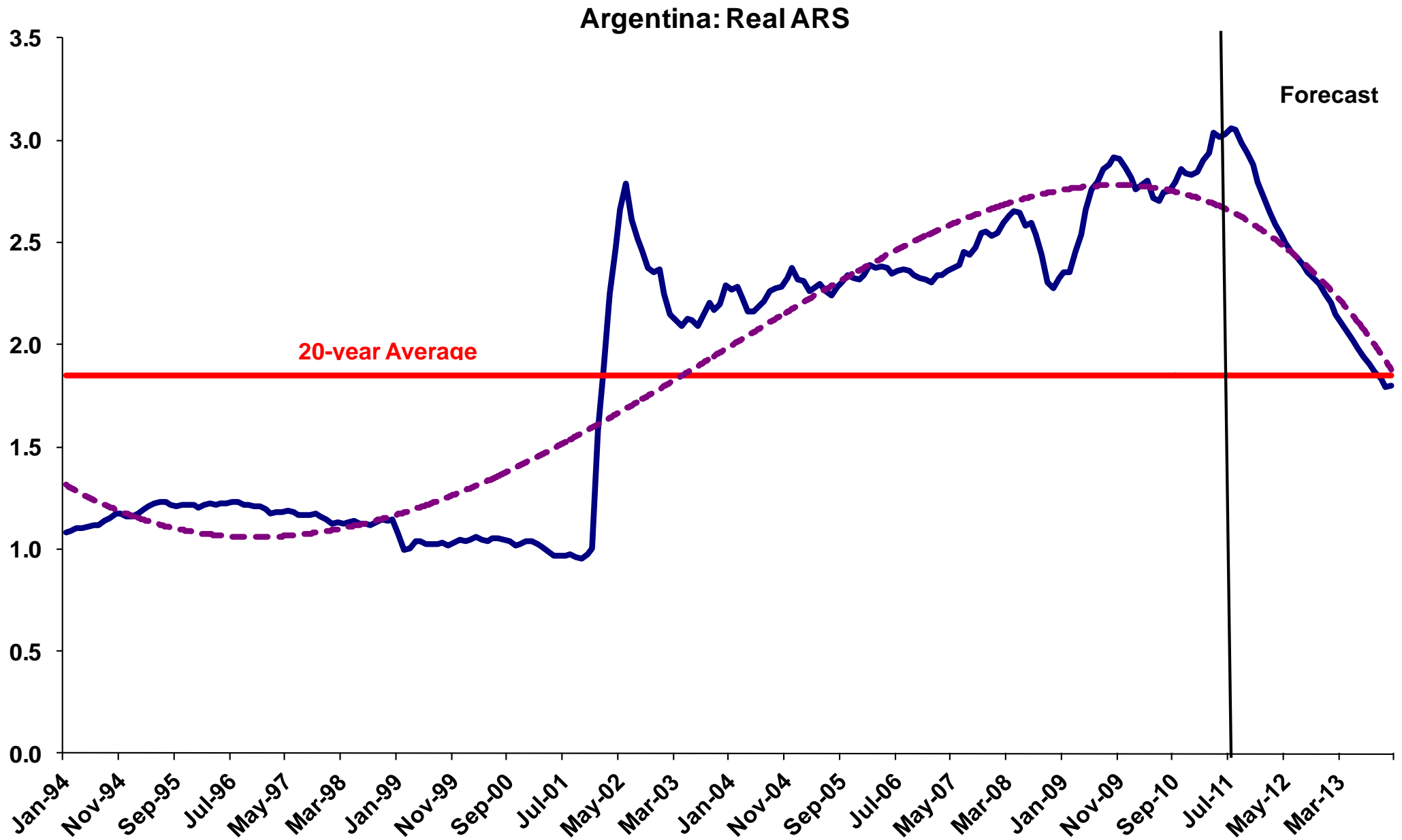
Public Sector debt continues to fall relative to GDP



| Source: INDEC, Bloomberg,

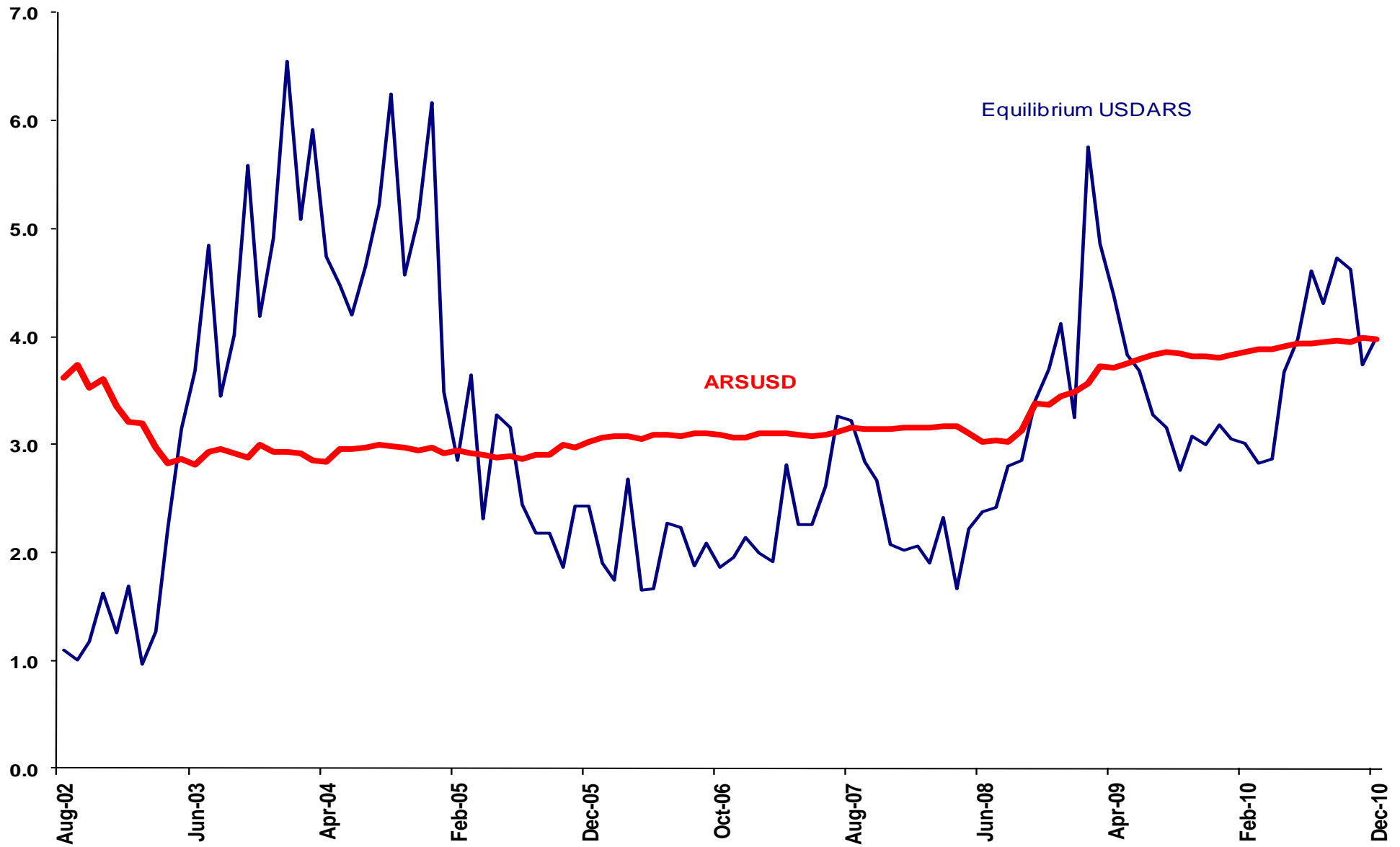
The Real ARS is Strengthening

OVERVALUED OR UNDERVALUED?

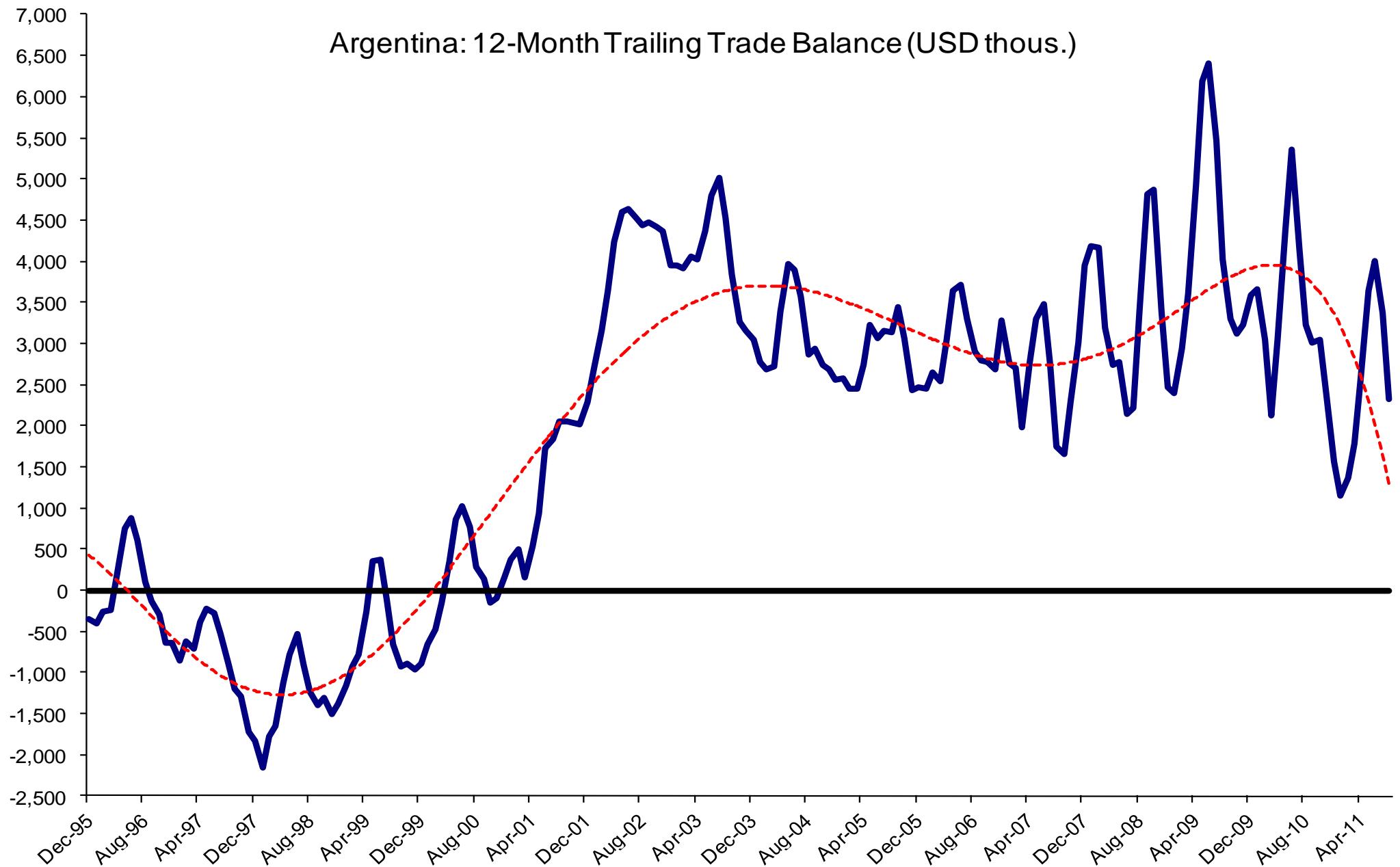


The Real ARS is Strengthening

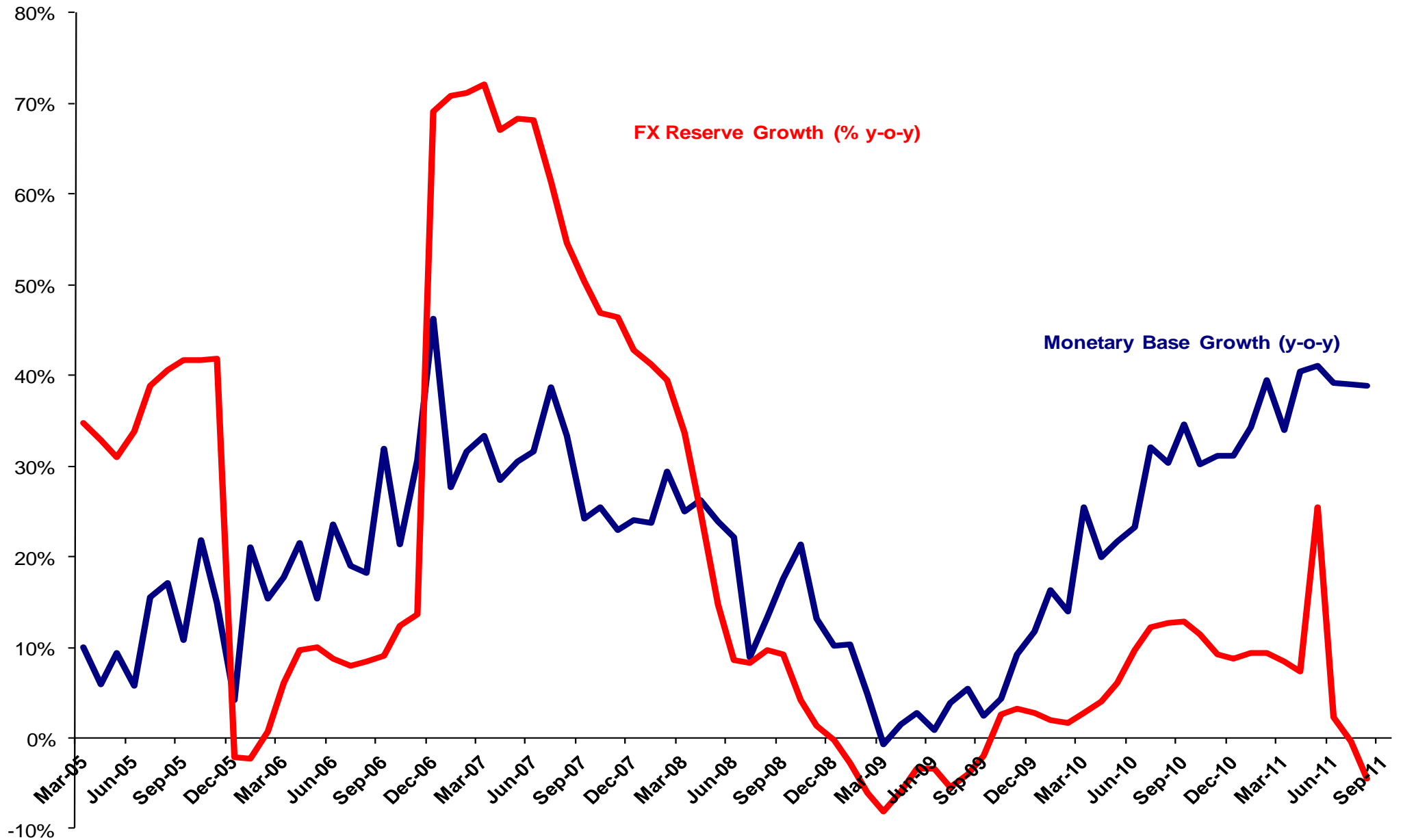
OVERVALUED OR UNDERVALUED?



The Trade Surplus has Started to Decline

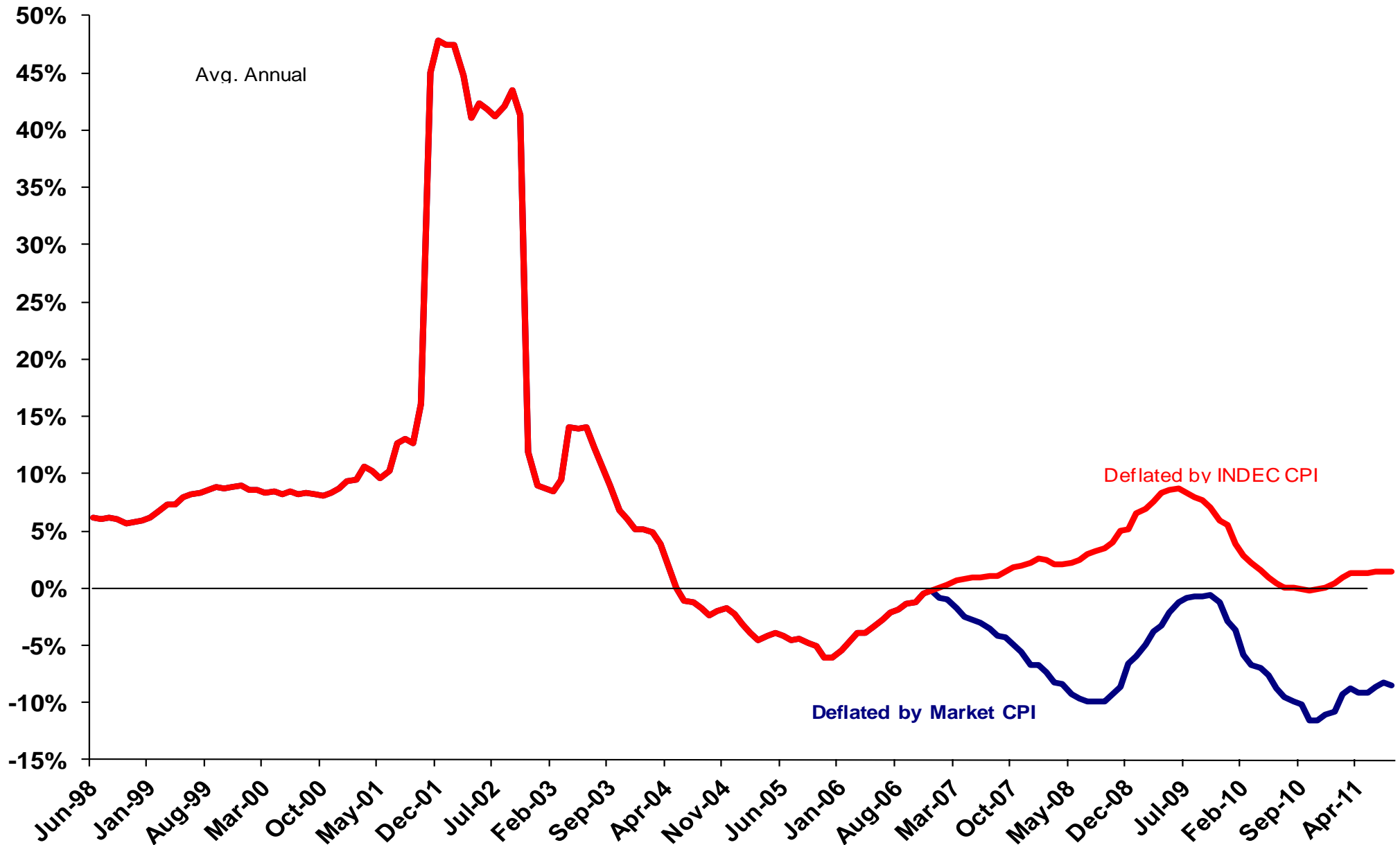


Election Jitters Starting to Affect FX Reserve Growth



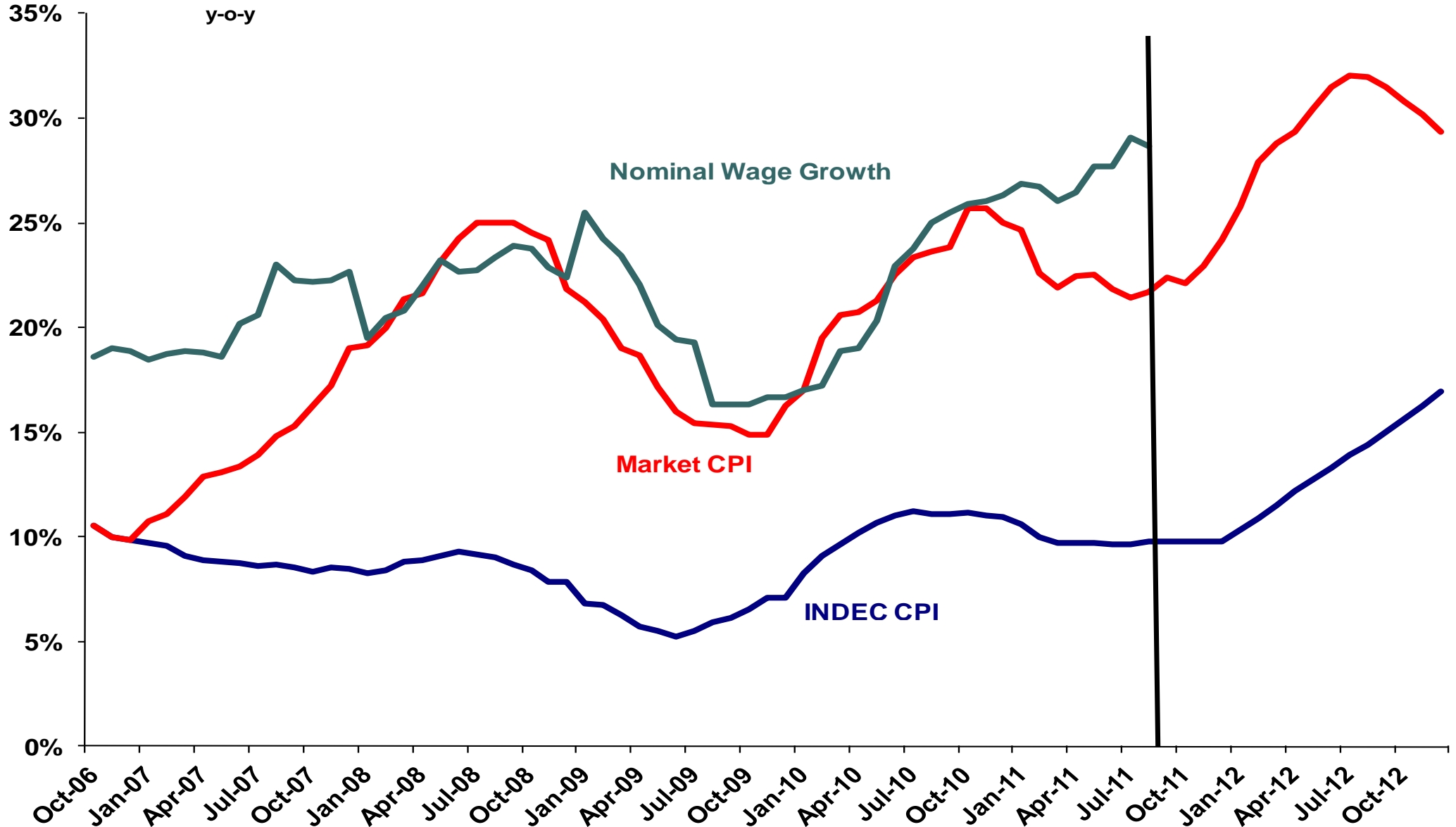
Real Interest Rates Are Negative

MORE OR LESS, DEPENDING ON THE CPI INDEX OF



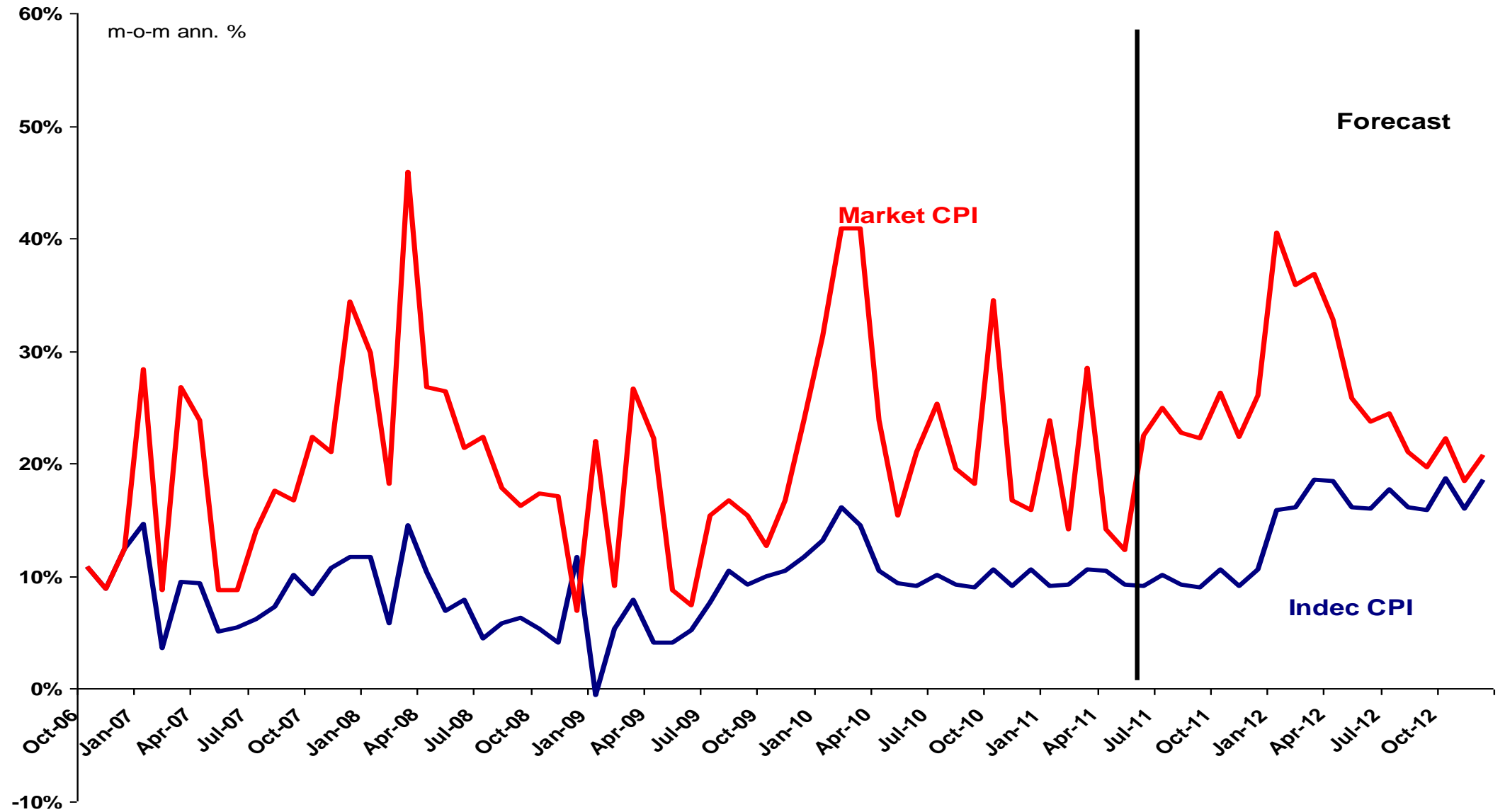
Inflation Has Paused for Now But Not Wages

WILL THE REAL INDEX PLEASE STAND UP? PERHAPS CONVERGENCE



Inflation has Declined But Should Accelerate Again

WILL THE REAL INDEX PLEASE STAND UP?



Source: INDEC, Macrovision,

Argentina Government Accounts 2011

Financing Program National Treasury

USD bn

	2009E	2010E	2011F
Debt Service	16.6	12.6	17.9
Interest+GDP War.	6.6	5.1	8.4
		0.6	0.5
		4.5	7.9
Armortization	10	7.5	9.5
	1.7	1.9	1.8
	8.3	5.6	7.7
	2.4	2.4	2.4
	0.4	0.4	0.2
	3.5	0.4	0.3
	0.7	0.9	1
	1.3	1.5	2.3
	0	0	1.5
Financial Assistance Provinces	2.3	1.4	2.8
Debt Buybacks			
	2.1	2.2	2
	2.1	2.2	2
Adjusted Primary Surplus	-0.5	-1.8	-3.4
	-1.6	1.0	0.2
	1.1	-2.8	-3.6
Nominal Balance	-7.1	-6.9	-11.8
Total Financing Needs	19.4	15.8	24.1
Financing Sources	19.4	15.8	24.1
Intrapublic sector debt rollovers	3.3	2.6	4.4
Debt Swaps	1.8		
Multilateral Disbursements	3.5	2	2.5
ANSES (NET)	2		
BCRA Fin. Asst. + SDRs	5.1	2	3
BCRA Profits	1.3	5	1.9
BCRA International Reserves		6.5	9.5
BNA and other	2.5		
Financing Cushion from Prior Year			2.3
Bonds/Debt/Alternative	-0.1	-2.3	0.5

Argentina could do so much with little effortbut no

- Easy money and fiscal policies will lead the new president, whomever it is, to impose some sort of austerity.
- With her primary victory, CK is all but sure to win reelection.
- An acceleration of inflation will force her hand to moving more austere, albeit slowly.
- Booming commodities and Brazil have helped the fiscal situation significantly and despite a loose stance, the sovereign should not have any financing problems for the next few years.
- The question remains: will Argentina normalize its relationship to the market?

Argentina Numbers and Forecasts

Argentina

10/17/11

Key Annual Indicators	2006	2007	2008	2009	2010E	2011F	2012F	2013F
GDP Growth	8.6%	8.5%	8.1%	1.2%	9.2%	9.7%	4.4%	3.4%
Inflation (CPI)	9.8%	8.5%	7.9%	7.1%	10.9%	9.8%	16.9%	17.9%
Fiscal Balance (Primary, % of GDP)	3.3%	3.0%	3.3%	0.7%	2.0%	0.4%	0.3%	0.3%
Fiscal Balance (Nominal, % of GDP)	1.9%	1.3%	1.8%	-1.1%	0.3%	-0.8%	-0.5%	-0.8%
Exchange Rate (USDARS)	3.06	3.15	3.45	3.80	3.98	4.20	4.41	4.78
Avg. Exchange Rate (USDARS)	3.07	3.11	3.18	3.73	3.91	4.11	4.35	4.60
Policy Interest Rate (Dec)	10.51	13.8	16.8	10.7	11.2	12.5	35.0	0.0
Average Interest Rates	9.6	10.8	13.4	12.8	11.0	11.5	33.7	0.0
Average Real Interest Rates	-0.2	2.2	5.2	5.5	0.0	1.7	14.3	0.0
Trade Balance (\$ billions)	12.3	11.1	12.6	16.9	12.1	4.7	-1.1	0.0
Exports	46.5	55.8	70.0	55.7	68.5	83.0	95.6	0.0
y/y growth	15.8	20.1	25.5	-20.5	23.1	21.1	15.3	-100.0
Imports	34.2	44.7	57.4	38.8	56.4	78.3	96.8	0.0
y/y growth	19.0	30.9	28.4	-32.5	45.5	38.8	23.5	-100.0
Current Account (US\$ bn)	7.8	7.4	7.0	11.1	4.5	2.5	1.0	0.0
Current Account (% of GDP)	4.2	3.3	2.5	3.8	1.4	0.6	0.1	#DIV/0!
Unemployment	8.7	7.5	7.3	8.4	7.4	6.8	6.3	0.0
Monetary Base (% change)	46%	24%	10%	12%	31%	20%	21%	21%

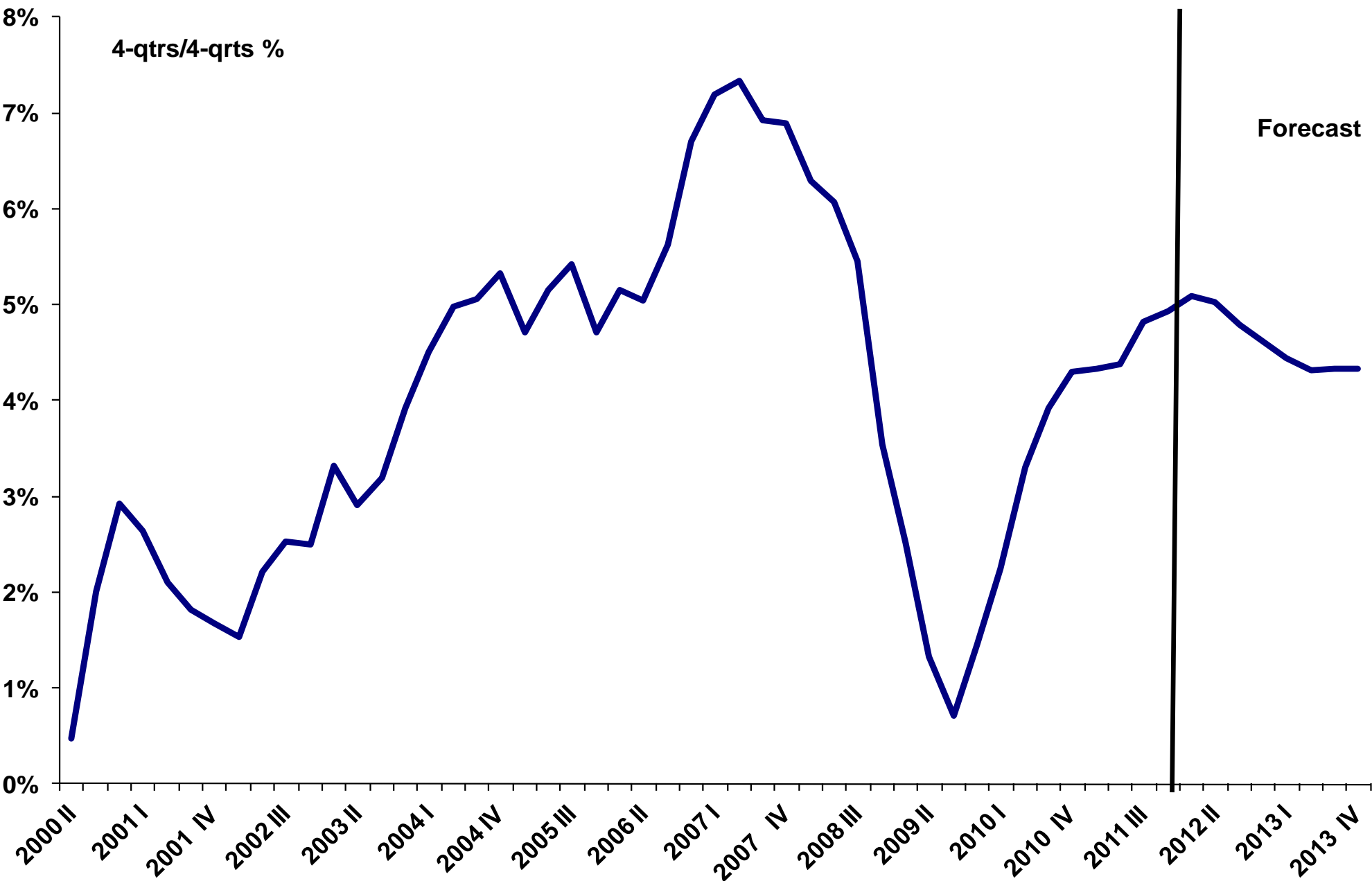
Colombia: Good Start for Santos

Why doesn't Colombia grow more?

Colombia: President Santos' Good Start

- President Juan Manuel Santos' first year was very productive despite sending a barrage of reform initiatives to congress.
- Congress is on its way to passing constitutional amendments on royalties and fiscal sustainability.
- The Colombian economy is rebounding strongly with growth ending 2010 at 4.5% and will accelerate to above 5% in 2011.
- Inflation has rebounded along with this growth reaching 3.73% y-o-y in September.
- BANREP has tightened monetary policy but has now paused the intervention rate at 4.5%. We expect the rate to end 2011 at 5%.
- The US congress finally ratified the free trade agreement with Colombia.
- Prospects for Colombia's future look good.

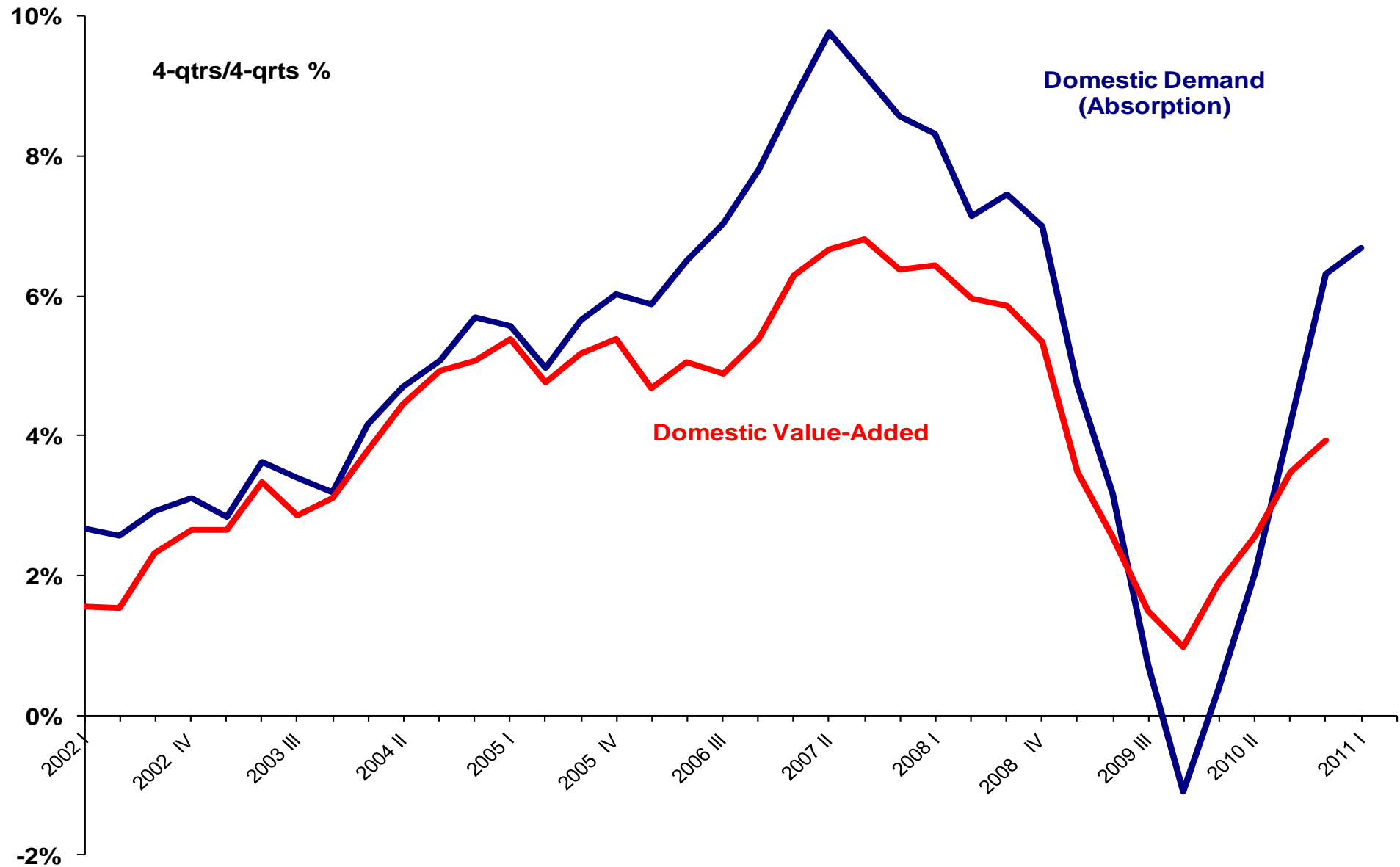
Colombia: Economy Rebounds



Source: Bloomberg, BANREP

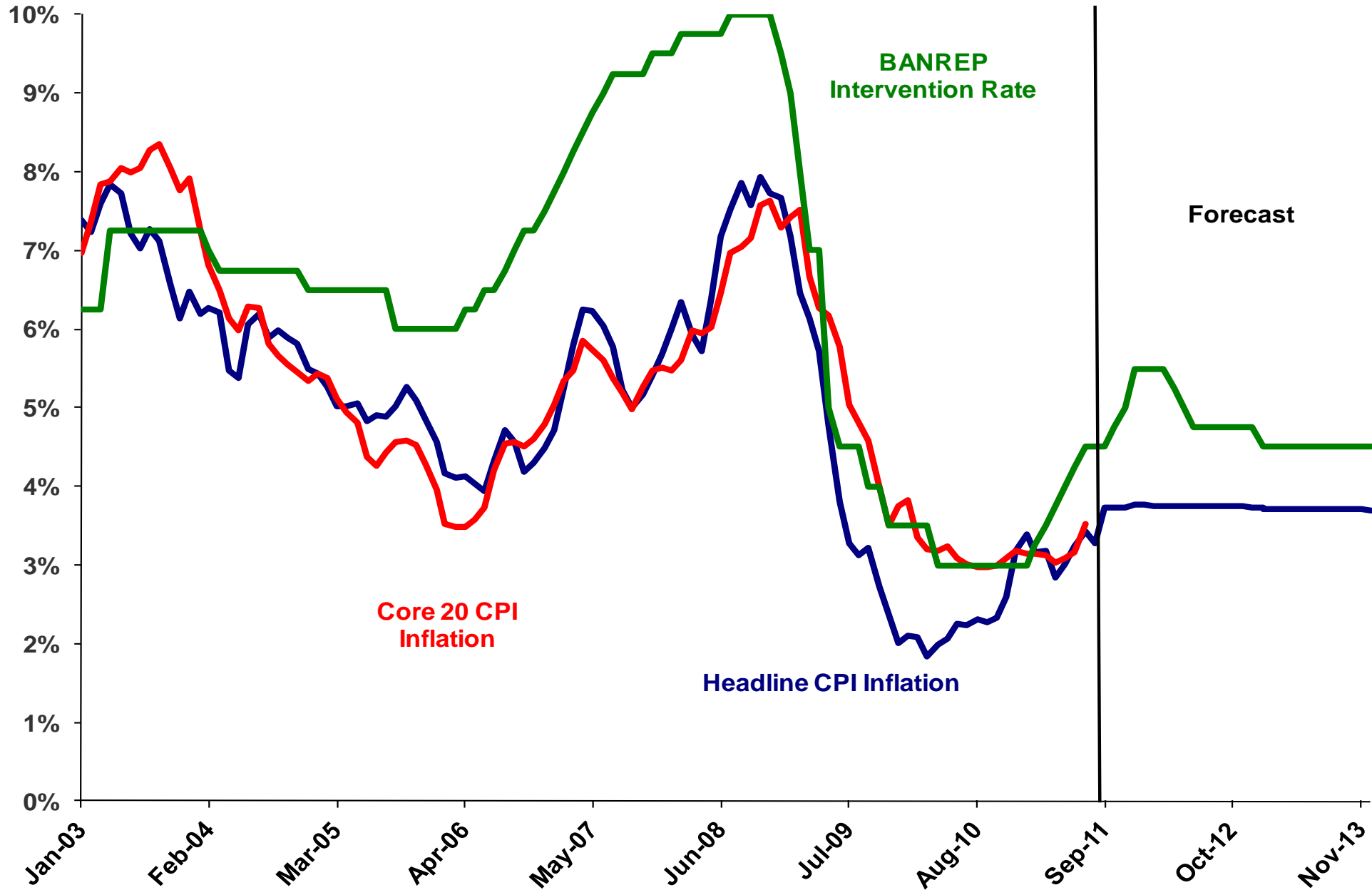
Colombia: Economy Rebounds

BUT DEMAND GROWTH IS FASTER THAN SUPPLY



Colombia: Economy Rebounds

INFLATION IS ALSO REBOUNDING BUT AT A MODERATE PACE



Colombia: Numbers and Forecasts

Colombia	USD GDP	Real GDP	Real GDP growth	Primary Bal. (%/GDP)	Nom. Bal (%/GDP)	Public Sec Debt (%/GDP)	Cur. Acct. (%/GDP)
2002	93,167	205,591,281	2.46%	0.80%	-3.10%	52.3%	-1.40%
2003	91,780	215,073,655	4.61%	1.80%	-2.30%	54.3%	-1.10%
2004	114,138	225,104,157	4.66%	3.30%	-0.50%	49.7%	-0.80%
2005	144,680	237,982,297	5.72%	2.90%	-0.40%	46.4%	-1.30%
2006	162,615	254,505,598	0.00%	0.00%	-0.40%	44.4%	-1.80%
2007	208,513	273,710,257	7.55%	3.40%	-0.40%	40.9%	-2.90%
2008	244,825	280,369,033	2.43%	3.60%	0.50%	38.6%	-2.80%
2009	233,140	281,800,345	0.51%	1.00%	-2.20%	41.3%	-3.60%
2010E	268,945	293,917,760	4.30%	-1.10%	-3.80%	40.5%	-3.30%
2011F	314,091	308,907,566	5.10%	0.90%	-3.70%	40.9%	-3.10%
2012F	328,355	323,735,129	4.80%	0.70%	-2.50%	41.3%	-2.69%

Colombia: Numbers and Forecasts con't

Colombia	Curr. Acct.	FX			Policy Rate			
	(USD mm)	Exports	Imports	Trade Bal.	Reserves	Inflation	USDCOP	Repo Rate
2002	-1,296	11,976	12,699	-723	10,537	7.0%	2867	5.25%
2003	-979	13,129	13,890	-761	10,602	6.5%	2780	7.25%
2004	-911	16,731	16,748	-17	13,216	5.5%	2355	6.50%
2005	-1,886	21,191	21,204	-14	14,625	4.9%	2287	6.00%
2006	-2,988	23,930	23,975	-45	15,104	4.5%	2240	7.50%
2007	-6,018	29,381	30,088	-707	20,601	5.7%	2017	9.50%
2008	-6,901	37,095	36,320	775	23,660	7.5%	2249	9.50%
2009	-5,157	32,563	30,510	2,053	24,983	2.0%	2044	3.50%
2010E	-9,032	39,546	37,508	2,038	28,451	3.2%	1907	4.00%
2011F	-11,400	46,600	42,009	4,591	32,000	3.5%	1776	5.00%
2012F	-11,400	51,260	44,949	6,311	33,000	3.4%	1841	4.75%

Peru: Great Fundamentals

BUT WHAT WILL HUMALA BRING?

Peru, Latam's best economic performer, faces the incoming Humala administration

- Incoming President Ollanta Humala has picked a cabinet of continuity.
- Expect only modest policy changes, at least at first.
- Most likely:
 - Increased spending on social programs (ultimately totalling 1% of GDP)
 - Increased taxes on mining, probably on operating profits
- Investors are giving Humala the benefit of the doubt but businesses have put investment projects on hold.

Peru: Numbers and Forecasts

Peru	USD GDP	Real GDP	Real GDP growth	Primary Bal. (%/GDP)	Nom. Bal (%/GDP)	Public Sec Debt (%/GDP)	Cur. Acct. (%/GDP)
2002	56,780	127,407	5.02%	-0.10%	-2.30%	45.9%	-1.96%
2003	61,353	132,545	4.03%	0.40%	-1.70%	46.5%	-1.55%
2004	69,764	139,141	4.98%	1.00%	-1.00%	44.4%	0.03%
2005	79,345	148,640	6.83%	1.60%	-0.30%	37.7%	1.45%
2006	92,377	160,146	0.00%	4.19%	2.32%	33.1%	3.11%
2007	107,267	174,407	8.91%	4.84%	3.05%	29.7%	1.27%
2008	127,451	191,505	9.80%	3.91%	2.33%	24.1%	-3.71%
2009	127,102	193,155	0.86%	-0.31%	-1.62%	26.0%	0.19%
2010E	145,317	210,153	8.80%	0.66%	-0.51%	28.3%	-1.20%
2011F	165,358	223,183	6.20%	1.30%	-0.08%	24.6%	-1.60%
2012F	170,566	235,011	5.30%	1.40%	-0.60%	22.6%	-2.30%

Peru: Numbers and Forecasts con't

Peru	Curr. Acct. (USD mm)	Exports	Imports	Trade Bal.	FX Reserves	Inflation	USDPEN	Policy Rate O/N Rate
2002	-1,110	7,714	7,393	321	9,598	1.5%	3.51	3.25%
2003	-949	9,091	8,205	886	10,194	2.5%	3.46	2.50%
2004	19	12,809	9,805	3,004	12,631	3.5%	3.28	3.00%
2005	1,148	17,368	12,082	5,286	14,097	1.5%	3.42	3.25%
2006	2,873	23,830	14,844	8,986	17,275	1.1%	3.20	4.50%
2007	1,363	27,882	19,595	8,287	27,689	3.9%	3.00	5.00%
2008	-4,723	31,529	28,439	3,091	31,196	6.7%	3.13	6.50%
2009	247	26,885	21,011	5,874	33,135	0.2%	2.89	1.25%
2010E	-1,744	35,565	28,815	6,750	44,105	2.1%	2.81	3.00%
2011F	-2,646	39,121	34,867	4,255	45,500	3.1%	2.70	4.75%
2012F	-3,923	41,860	40,794	1,066	46,700	3.4%	2.85	4.50%