# Investors May Be Forced To Chase Markets In 2012

## MAIN CONVICTIONS

**Interest Rates:** We expect the Fed to maintain interest rates unchanged until at least the end of 2013. We think that the bulk of the Fed Governors will feel more comfortable in erring on the side of inflation at this point in time. In fact, according to the January 2012 economic projections, 11 out 17 policymakers currently expect the Fed funds rate to remain unchanged by year-end 2013. We think that policy can and should remain very accommodative in the US, because inflation expectations remain subdued, fiscal policy will tighten somewhat in 2012, and growth remains sub-par. Employment is still not growing as fast as hoped, and the U.S. housing sector still remains in critical shape. Our base case remains that NO QE3 will be implemented by the Fed this year. Despite softer developed market growth, we forecast a decent 2012 economic expansion of +3.8% year-over-year in Latam, still above the region's historical trend (3.5%).

**Risk Aversion:** We expect market uncertainty to shift from European sovereign and bank debt concerns, to a possible Iran-Israel quarrel, and to the risk of the Chinese economy slowing excessively in 2012. We expect European leaders to continue to work to avoid the collapse of the € and still doubt that Europe wants to force Greece to leave the Eurozone *(due to the ensuing costs to the banking system)*. We think that the risk of a Chinese collapse remains quite low. On the geopolitical front, it is anyone's guess on whether the Iran conflict will escalate, yet we consider that the Obama administration will try to avoid a military confrontation this close to the November election.

**FX Rates:** The € remains overvalued according to our analysis. We expect the € to trade at $1.25 by the end of 2012. We expect the ECB to cut interest rates to 0.5% by mid-2012, and we expect the ECB to print north of €1 trillion in 2012, in order to ameliorate the lingering European banking sector liquidity problems. We think that the correlation of the € and EM FX rates will collapse in 2012. By year-end 2012, we see the USDBRL trading at $1.65, the USDCOP at $1,750, the USDMXN at $11.50, and the USDCLP at $450. We continue to contend that the USDMXN remains, by far, the most undervalued currency in the region.

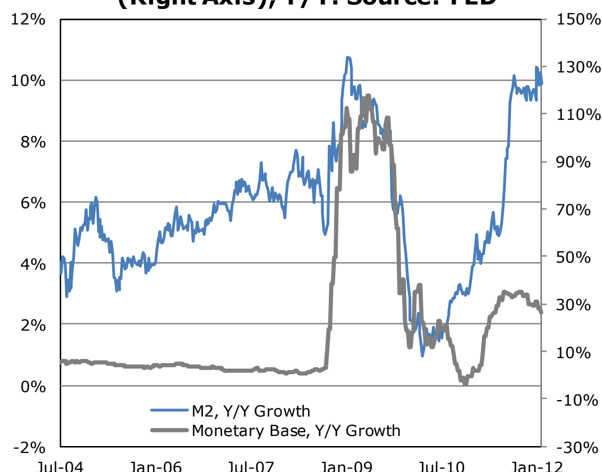
**Commodity Prices:** We expect gold prices to remain relatively stable (in year-over-year terms) on the back of the diversification trade, following the non-zero risk of a complete implosion of the € taking place, and despite the lack of carry. We see oil prices (WTI) finishing 2012 at $95. We view China as a key support for commodity prices, a country set to expand 8.7% year-over-year in 2012. Despite all the negative press, we find no viable fundamental reason to expect a hard-landing in China.

**Equity Markets:** Regardless of the noise that has plagued and will likely continue to plague the markets going forward, we forecast that the S&P 500 will trade at 1,600 (was 1,400) by the end of 2012. In our view, US markets will see appreciations thanks to a very low discount rate, decent growth in earnings, and historically low P/E ratios. We expect Mexico's stock market to finish 2012 at 47,000 (was 44,000). We see Brazil's Bovespa finishing 2012 at 80,000 (was 75,000).

| WORLD FUNDAMENTALS | 2011f | 2012f | 2013f |
|---|---|---|---|
| LATAM Nominal GDP (US $BN) | 4,853 | 5,416 | 6,000 |
| GDP (Real Growth year-over-year) | 4.5% | 3.8% | 3.8% |
| CPI (year-over-year change) | 7.3% | 6.8% | 6.2% |
| Nominal Fiscal Balance LatAm (% Of GDP) | -2.0 | -2.5 | -2.6 |
| Government Debt/GDP (%) | 29.3 | 26.1 | 24.1 |
| Current Account (US $BN) | -85.8 | -120.6 | -125.2 |
| Current Account (% Of GDP) | -1.8 | -2.2 | -2.1 |
| Trade Balance (US $MN) | 89.1 | 83.4 | 75.6 |
| Exports (US$ BN) | 909.2 | 951.7 | 1003.1 |
| Imports (BN) US$ | 820.0 | 868.7 | 928.1 |
| World Nominal GDP (US $BN) | 63,040 | 68,140 | 72,990 |
| China Nominal GDP (US $BN) | 5,878 | 6,800 | 7,800 |
| China Economic Growth (Real Growth year-over-year) | 9.2% | 8.7% | 8.8% |
| US Nominal GDP (US $BN) | 14,750 | 15,400 | 16,100 |
| US Economic Growth (Real Growth year-over-year) | 1.85% | 2.5% | 2.2% |
| European Union Growth (Real Growth year-over-year) | 1.0% | 0.3% | 1.0% |
| WTI Price (Year-End, In USD) | 95.0 | 95.0 | 95.0 |
| Volatility Index (VIX), Year-End | 30.0 | 18.0 | 17.6 |

**Sources: Bulltick Capital Markets, Respective Central Banks, Respective Ministries of Finance, IMF, Bloomberg, Reuters, Haver Analytics, World CIA Factbook, Cepal, World Bank, Latin America Consensus Forecast.*

**US-M2 (NSA Series), Base Money (Right Axis), Y/Y. Source: FED**




See Appendix A for Important Disclosures

BullTick™
Capital Markets

# Monthly Market Strategy Table of Contents


**World Macroeconomic Strategy** ........................................ 3

Investors May Be Forced To Chase Markets In 2012 ........................................ 3

**Country Specific Macroeconomic Strategy** ........................................ 6

Argentina Strategy ........................................ 6

Brazil Strategy ........................................ 7

Chile Strategy ........................................ 8

Colombia Strategy ........................................ 9

México Strategy ........................................ 10

Perú Strategy ........................................ 12

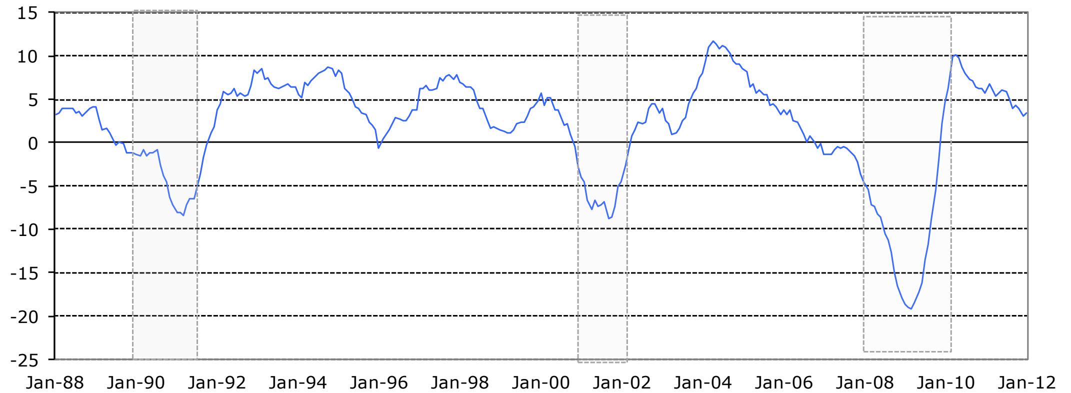
Venezuela Strategy ........................................ 13

Regional Macroeconomic Forecasts ........................................ 15

## INVESTORS MAY BE FORCED TO CHASE MARKETS IN 2012

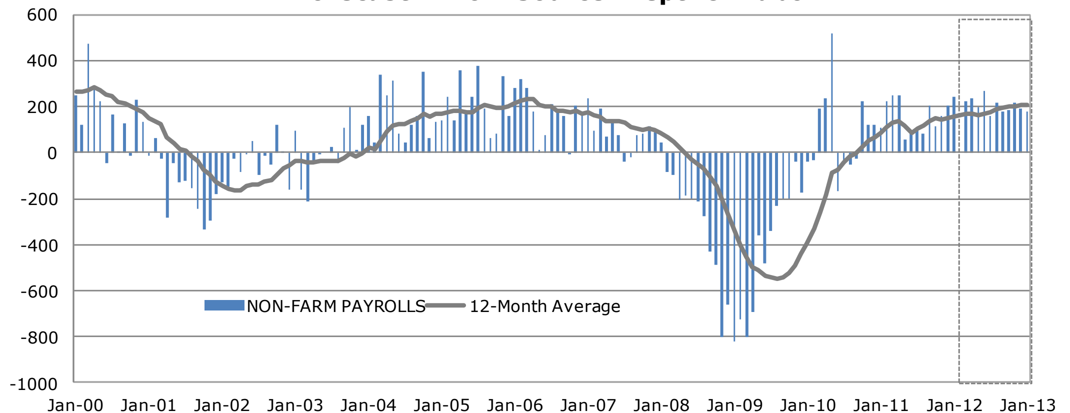
We, just as pretty much every other investor in the Street, have been positively surprised by the publication of the latest economic data out of the US economy. Data ranging from employment, to freight activity, to industrial production, to housing, and, more importantly perhaps, to the performance of the leading indicator compendium, leaves sufficient room for us to remain sanguine about the likely future performance of the US economy during 2012.

**US--Leading Indicators (Percentage Change, Year-Over-Year). Recessions In Squares. Source: Bloomberg**




Paraphrasing the views expressed by the staff at the Conference Board after the latest release of the leading economic indicators (LEI): *"This fourth consecutive gain in the LEI reflected fairly widespread strength among its components, pointing to somewhat more positive economic conditions in early 2012. The LEI's increase in January was led not only by improving financial and credit indicators, but also rising average workweek in manufacturing. These both offset consumers' outlook about the economy, which remained pessimistic, though slightly less so. Meanwhile, the CEI rose again in January as employment, income, and sales data all point to improving current economic conditions despite a lack of contribution from industrial production……………..Recent data reflect an economy that started the year on a positive note. The CEI shows some small signs of economic strengthening in the fourth quarter and continued to point in this direction in January. The LEI suggests these conditions will continue and could possibly even pick up this spring and summer." (please follow this link to download the latest LEI, http://www.conference-board.org/pdf_free/press/PressPDF_4407_1329469190.pdf).*

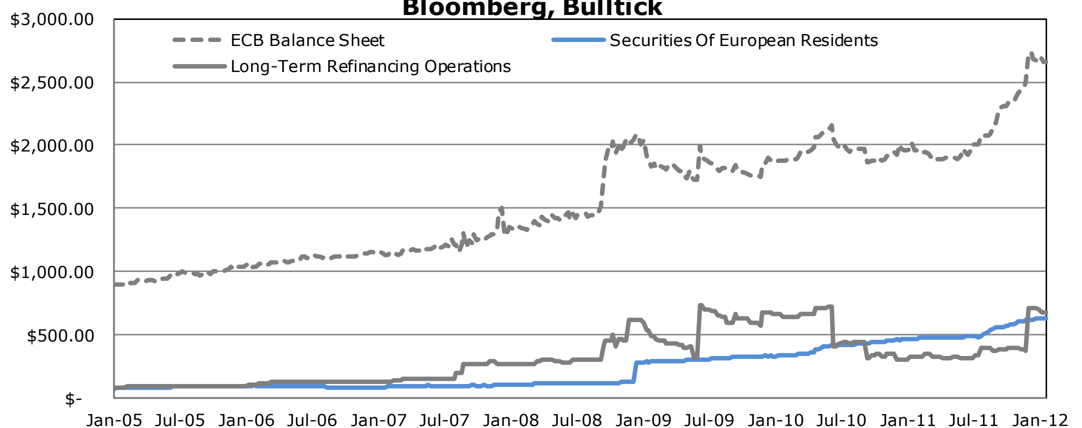
**US--M/M SA Change In Non-Farm Payrolls (Thousands). Forecast in Box. Source: Dept. Of Labor**



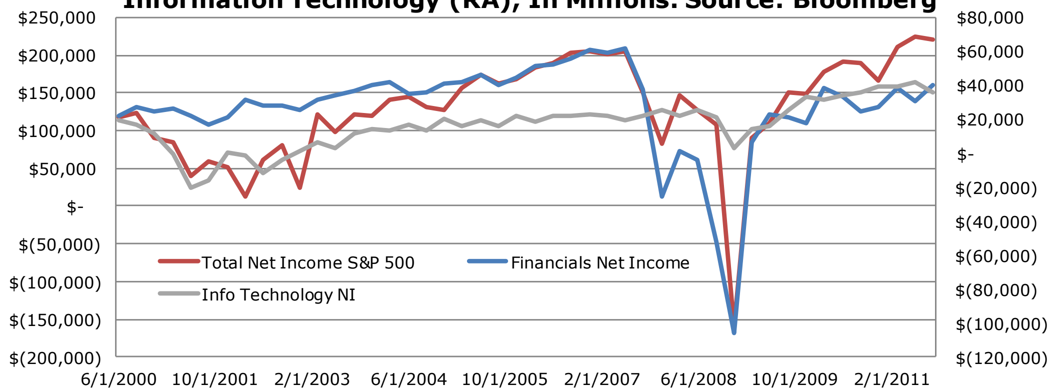

On the labor front, on February 3 the labor department reported that the US economy had created a total of 243,000 new jobs during January, the most jobs since April of 2011. Even more impressive, the private sector created a total of 257,000 new jobs in January, way above the market expectation of the private economy generating a total of 160,000 new jobs. On a 12-month rolling basis, the rate of new monthly job creation now stands at 159,000 (1,900,000 million annualized), up from December's 149,000 (1,790,000 annualized) rate. Thanks to better dynamics, according to our models, the US economy is poised to create a total of 2.5 million new jobs during 2012, implying that by year-end 2012, a total of 134.67 million people will be working in the US, materially higher compared to the 129.24 million that were working in February of 2009 (the low point of the current cycle). Also on the positive side, the rate of unemployment fell to 8.3%, the lowest rate seen since February 2009.

Also on the bullish side, the Institute For Supply Management recently reported that the ISM non-manufacturing index had increased to 56.8 in January from 52.6 in December, delivering a significantly better than expected performance compared to market expectations of the reading coming at 53.2. Based on the published information one needs to conclude that the services sector of the US economy, which accounts for more than 2/3 of US activity, is showing clear indications of an ongoing acceleration. Going deeper into the ISM components, the data shows that the employment component accelerated to 57.4 from 49.8 in December, that export orders accelerated to 56.5 from 51 in December, and that the critical new orders component increased to 59.4 from 54.6 in December.

The prior monthly period has also been a positive one for markets because of the headlines that have started to emerge out of Europe. We think that the reports talking about the Chinese and the Japanese governments becoming increasingly involved in helping to fix the European crisis are material and very positive. Clearly, we expect these two countries to "contribute" to the solving of the crisis via further capitalizing the IMF. We have been speculating for more than a year that the Chinese would get increasingly involved in the European rescue story, because the Chinese leadership understands that the stakes in Europe are, simply put, too high.

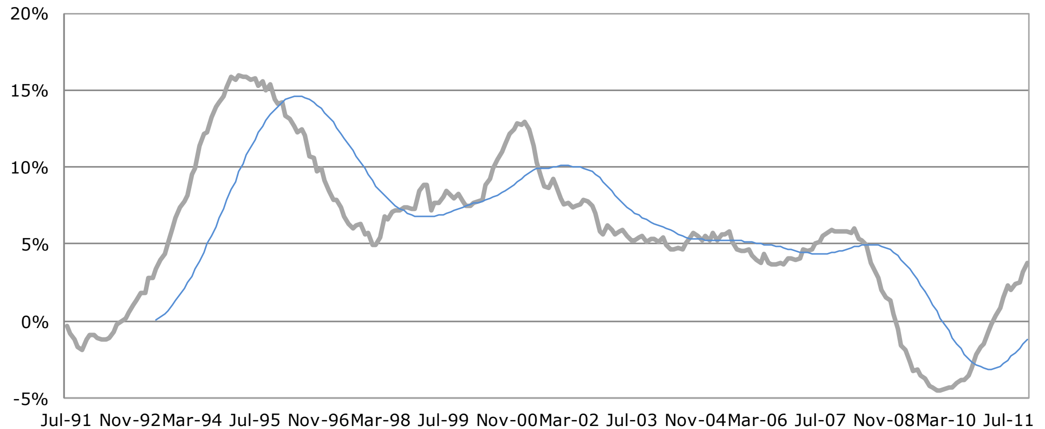



We feel that the impressive increase in liquidity that the ECB has delivered to the interbank market via secondary market bond purchases and the full allotment of the 3-year credit line for the banking sector (LTRO), coupled with the likelihood that European banks will tender bids to received another € 750-1 trillion in liquidity on the auction of the 29th of February, has made a material difference in liquidity and risk aversion expectations. Why? Very simple: because European banks will now be able, if they so wish, to refrain from tapping the primary bond market for at least a couple of years. Clearly, if we are right in our view, then the institutional investor community will see a very astringent (supply-wise) market for fixed income assets.

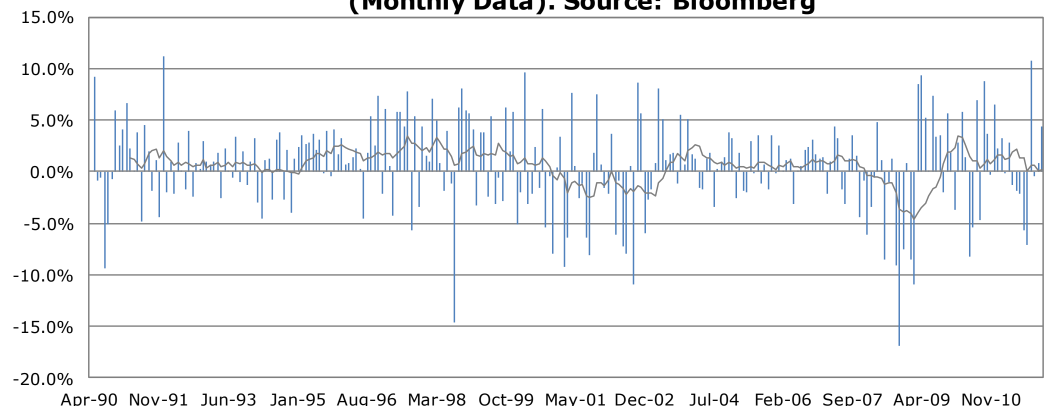



**The bottomline from the perspective of the markets is that we think that all the fundamentals are becoming increasingly aligned with supporting the continuation of the current world equity market rally.** As we argued in our January monthly publication, the S&P 500, the world's benchmark, remains very "cheap" in a historical context. Our fundamental view: (1) we think it is quite feasible that S&P net income could reach more than USD $1 trillion by year-end 2012, up from an estimated USD $900-950 billion in 2011. (2) We consider that the current and next year estimate PE ratio of the S&P 500 are too low in historical terms –now at around 14 and 11.5 respectively, compared to the historical +17-level. (3) The discount rate in

the world economy will likely remain very low for a very long time, following anemic rates of economic growth in most of the developed world and, therefore, lingering very expansionary monetary policy stances from most of the world's relevant central banks. (4) The level of cash at the corporate sector of the US remains very sizable –according to S&P, the industrial component of the S&P 500 index had some USD $963 billion in cash-equivalent investments as of the middle of 2011. **Clearly, logic implies that if the world does not enter into a protracted financial crisis, companies will choose to either boost dividends and/or repurchase their own dividend yielding stocks, because hoarding too much cash carries very material opportunity costs for companies.**




The very difficult question to answer at this time is the following: What is a "fair" P/E ratio for the S&P 500 under the current world environment? Again, at this time the S&P is trading at 14 times earnings of $96.4, and at 11.5 times consensus expected next-year earnings of $117.8. What should be this "fair-value" P/E number? There is no unequivocal empirical answer to this question, yet we believe that 2012 will be a year in which the multiple of the market will need to increase from the current (we think) still abnormally low level. As argued before, the world is awash with liquidity, the money multiplier continues to come back in the US (see above), and the *Black-Swan* of a complete disintegration of Europe appears to be fading into oblivion.




**Therefore, despite lingering concerns on the future sustainability of Greece's soon to be restructured public debt and/or the legalities and logistics surrounding CACs and CDSs, despite the lingering questions on Portugal's 2013 financial fate and the negative growth effect of the forthcoming major fiscal tightening effort, and regardless of the sizable upcoming Italian public debt rollovers, we recently decided to change our year-end forecast on the S&P 500 to 1,600 (up from 1,400, as we had previously forecast).** Our new forecast implies a return on the index of +20% from now until the end of the year and a total return of +26% during the year. Consistent with the changes presented in our S&P 500 year-end outlook, we see the Latin American equity counterparts rallying further than initially expected, with the Bovespa ending 2012 at 80,000 (up 38%) and the Mexican Bolsa ending the year at 47,000 (up 26% in the year).

BullTick Capital Markets

**KEY COUNTRY DEVELOPMENTS**

**ARGENTINA—The GDP Warrants Have Ample Appreciation Potential (From Current Levels)**

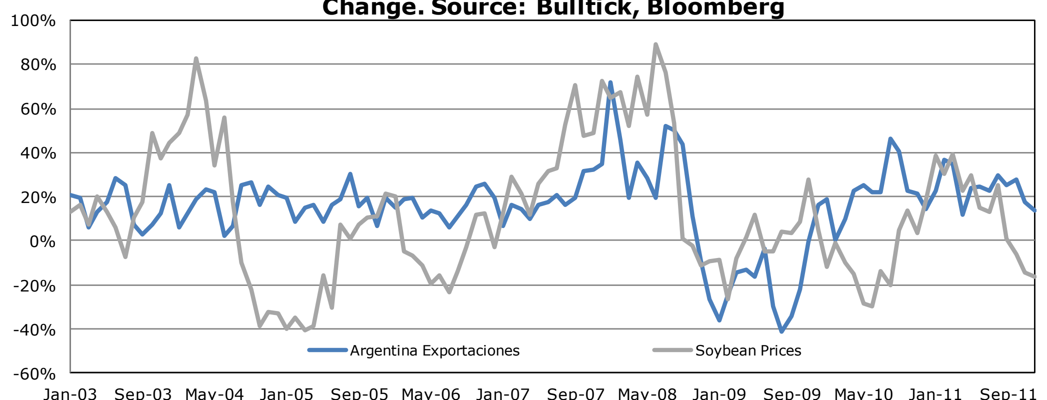
The markets remain worried about the future performance of the Argentine economy, following the lingering doubts that exist with respect to the future performance of the Chinese economy, the still unresolved status of the evolving European financial crisis, and the stringent controls that the Argentine government is implementing to keep imports from growing much in 2012. **In our view, such lack of resolution on the international arena, coupled with the perennial questions that continue to constrain investor confidence on the future of economic policy following sub-par economic policy formulation, has conspired to keep the warrants trading significantly below their theoretical fair value.** The USD-denominated 2035 warrants are trading at around USD $14.7 at this time.

**ARGENTINA--Sensibility Analysis, Argentina USD-Denominated GDP Warrants**
**Assumptions: Std Of Growth: 6%, LT Growth: 2.6%, 2012 Deflator: 11%**
**USDARS $4.9 In 2012**

| | Discount Rate | | | | |
|---|---|---|---|---|---|
| 2012 Economic Growth | 8% | 9% | 10% | 11% | 12% |
| 2.00% | $ 22.20 | $ 20.50 | $ 19.80 | $ 19.20 | **$ 18.10** |
| 3.00% | $ 22.80 | $ 21.10 | $ 20.30 | $ 19.50 | $ 18.80 |
| 4.00% | $ 25.70 | $ 24.50 | $ 23.90 | $ 22.90 | $ 21.70 |
| 5.00% | $ 25.90 | $ 24.90 | $ 24.00 | $ 23.10 | $ 22.20 |
| 6.00% | **$ 26.80** | $ 25.70 | $ 24.50 | $ 23.80 | $ 22.80 |

*Source: Bulltick Capital Markets*

According to our calculations, ones that are based on the output of our in-house valuation model *(randomization model based on the average future path of economic growth based on 237 iterations),* the USD warrants could theoretically be worth something between USD $18 and USD $26 at this time, depending on the assumptions that the investor makes on final 2012 economic growth and depending on the USD discount rate that the markets assign Argentina during this year (see the matrix presented above). The bottomline is very clear: despite "everything," there is a material amount of room for the warrants to appreciate from current levels.




Now, what are the risks to this trade? As we have argued in prior research pieces, we think that the risks to this trade are mostly exogenous, because of the sensitivity that the warrants exhibit to the international interest rate environment *(which delivers a more than proportional reaction over Argentina's USD-denominated discount rate)*, and because of the lingering dependence of Argentina's economy to the performance of commodity prices. Argentina's fiscal and balance of payment stability remains very dependent on (1) international commodity prices and (2) to the size of the yearly agricultural produce. Therefore, the economy could take a fast turn for the worse if prices fall and/or the weather does not cooperate.

As we have argued in prior research pieces, Argentina's balance of payments fundamentals have continued to deteriorate in the past couple of quarters. One of the clearest manifestations of the deterioration is the increased control that the government is currently placing on importers (via more toilsome paperwork processes). The implementation of increased controls has the clear objective of forcing down the pace of growth of imports, in order to keep the size of the trade

surplus at a "high enough" level --so that Argentina continues to have the opportunity of paying back public debt without reducing the size of international reserves too much. We currently see the trade balance of Argentina finishing 2012 showing a positive balance of USD $9.3 billion, down slightly from the USD $10.3 billion balance that was present in 2011 (based on the INDEC's official trade balance time series). If our modeling turns out to be accurate, and the 2012 trade surplus does in the end finish at around USD $10 billion, such performance should help to reduce somewhat the pressure in the balance of payments, of course, assuming that capital flight does decelerate in 2012, from the torrid pace that was present in 2011 –see table below.

**ARGENTINA--External Balance, Selected Accounts**

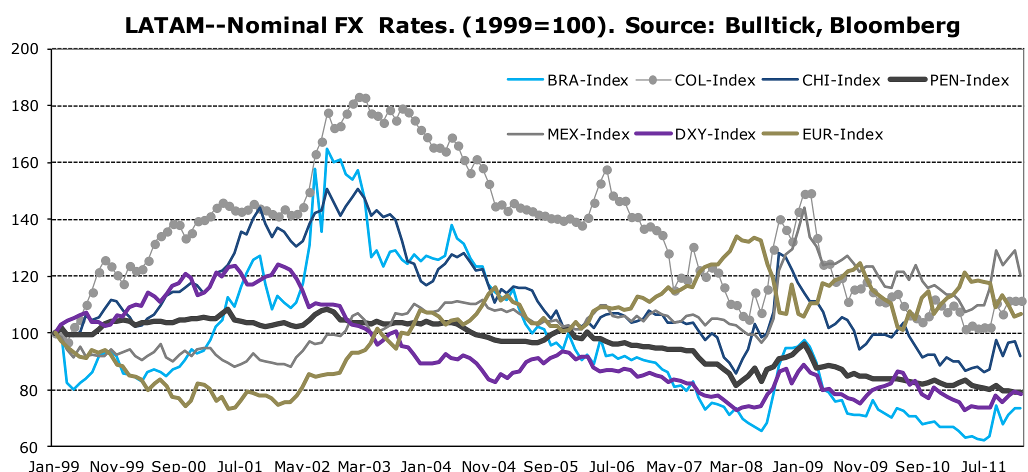
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011* | 2012* | 2013* |
|---|---|---|---|---|---|---|---|---|---|
| **Current Account** | **5,690** | **8,097** | **7,113** | **6,755** | **11,127** | **3,572** | **1,598** | **-1,058** | **-2,291** |
| Merchandise | 13,087 | 13,872 | 13,255 | 15,423 | 18,528 | 14,690 | 13,489 | 10,644 | 8,609 |
| Services | -1,199 | -859 | -526 | -1,284 | -1,059 | -744 | -915 | -1,106 | -1,312 |
| Interest | -3,352 | -1,097 | -613 | -1,401 | -2,317 | -2,770 | -3,327 | -3,594 | -3,882 |
| Earned | 3,239 | 4,016 | 5,088 | 4,204 | 2,139 | 1,687 | 1,724 | 1,811 | 1,901 |
| Paid | 6,591 | 5,112 | 5,701 | 5,605 | 4,455 | 4,457 | 5,051 | 5,405 | 5,783 |
| Earnings and Dividens | -3,327 | -4,261 | -5,243 | -6,094 | -6,627 | -7,183 | -7,194 | -7,347 | -6,851 |
| Earned | 989 | 1,318 | 1,485 | 1,324 | 1,292 | 917 | 1,221 | 1,282 | 1,347 |
| Paid | 4,317 | 5,580 | 6,728 | 7,418 | 7,919 | 8,100 | 8,415 | 8,629 | 8,198 |
| **Capital Account** | **3,021** | **-6,689** | **5,601** | **-8,275** | **-9,404** | **645** | **-6,743** | **-743** | **2,357** |
| Banking Sector | -4,332 | -10,424 | 1,567 | 1,733 | -986 | -2,566 | 1,121 | 3,621 | 5,121 |
| Non Financial Private Sector | 3,939 | 382 | 1,601 | -9,472 | -7,690 | 932 | -7,786 | -4,786 | -3,786 |
| Net Errors and Omisions | 57 | 2,025 | 273 | 1,349 | -451 | -126 | -1,353 | 0 | 0 |
| **Change in Int. Reserves** | **8,857** | **3,530** | **13,098** | **9** | **1,346** | **4,157** | **-6,428** | **-1,801** | **66** |
| **Current Account (% Of GDP)** | 2.92% | 3.40% | 2.37% | 2.14% | 3.55% | 0.98% | 0.38% | -0.24% | -0.50% |
| **Capital Account (% Of GDP)** | 1.55% | -2.81% | 1.87% | -2.62% | -3.00% | 0.18% | -1.61% | -0.17% | 0.52% |

**Bulltick Forecasts based on Official Mecon Data*

Argentina remains an outperformance story for a *bullish* market, and, as we argued before in the introduction of this monthly, we remain quite bullish on the future performance of world markets.

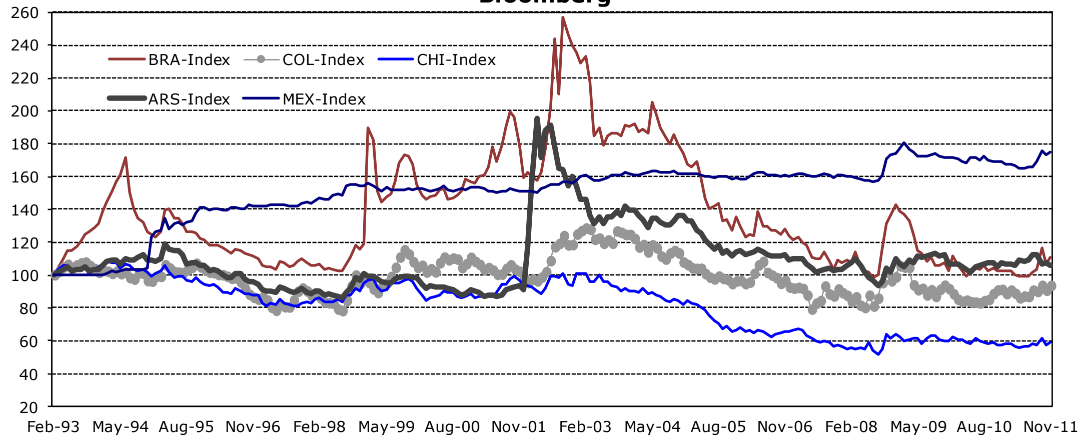
**BRAZIL—FX Appreciation Comes Back To The Spotlight**

During the early part of 2012, the economic background hasn't changed much for Brazil. Inflation still remains as a priority focus among investors, though data has slowly receded away from the 6.50% y/y upper bounds set by the BCB, with the latest IPCA metrics reaching only 6.22% y/y. Economic growth has eased, as measured by the Central Bank's proxy for GDP. The IBC-BR reached only 2.8% y/y in 2011, falling short of market expectations and highlighting the level of slowing-down that was endured within local industry towards the final quarter of 2011. But as the year has started to roll, currency appreciation has returned as a major feature of the Brazilian economy, as the continued liquidity additions on the external plain by developed-world central banks has rekindled global appetite for risk and yield.




With the headline y/y consumer inflation measure dipping back below 6.50% in January and expectations on this front funneled through the weekly BCB's FOCUS report also in improved condition (IPCA projections stand at 5.29% for 2012 and 5.00% for 2013), the continued resolution to lower the SELIC rate has faced decreased resistance from investors. BCB authorities have been increasingly clear in signaling to the markets that the SELIC rate is bound for single digits before the year is over, which is another positive stimulus for the economy through the expectations mechanism.

Another aspect of concern with regard to price pressures still exists with the labor market. However, the last measures from the unemployment arena point to a bounce away from historically tight levels. In notching 5.5% unemployment in January, this metric has moved away from the repeated mentions of potential bottlenecks in the economy caused by scarcity in the employment market. All major urban areas in Brazil reported marked upside in unemployment in January, which has at least temporarily cooled anxiety of another front that would exacerbate price pressures. The near 8% appreciation that has taken place in the BRL versus the USD since the start of the year has also weighed in changing the future perspective of price pressures within this economy. That said, the decisive trend towards gains versus the USD has also forced a return of pressures on policymakers to counter this trend in order to avoid a derailment of stimulative policy measures taken to protect domestic production.




In moving forward, growth expectations for this economy will become decreasingly influential in sustaining the attractiveness of both the BRL and domestic fixed-income. Brazilian policymakers look to be in a position where more stimulative measures for the domestic production sector will become inevitable, as the currency appreciation again creates a larger drive for the substitution of domestic production by lower-priced imports. Import expansion will become another increasingly critical topic in deciding future policy. These influences also point to the need for increased intervention in the currency market to attempt excess appreciation. However, as developed-world Central Banks have recently moved to up liquidity (BOE and BOJ), and with the prospects positive for additional liquidity measures ahead from this contingent, Brazilian authorities will again engage in an uphill battle versus FX appreciation. We remain bullish the BRL (at 1.65 by year-end) and local fixed-income at this juncture, yet we recognize that a period of battle between local policy forces and investor flows lies directly ahead.

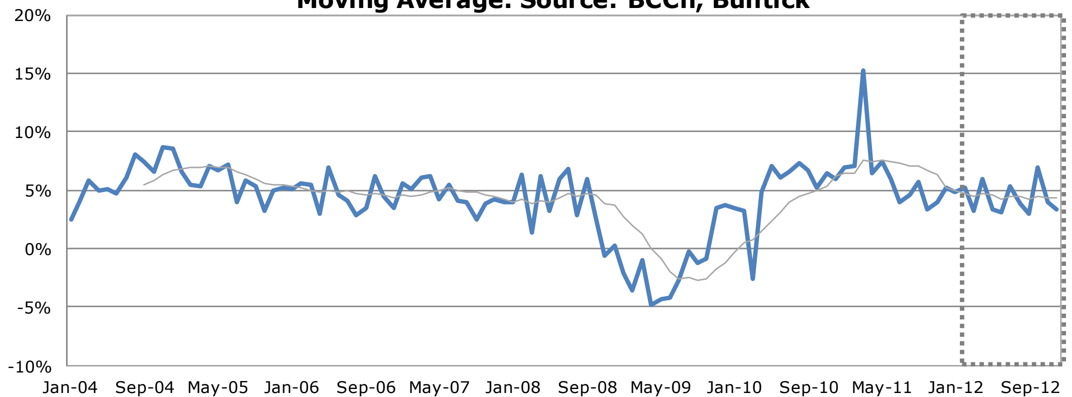
The Rousseff administration has moved swiftly to enact fiscal stimulus that looks to strengthen the demand side of this economy. Lower SELIC rates ahead look to be inevitable given the degree of erosion of production on the industrial side and the external risks that threaten contagion into Brazilian asset prices. Despite the reduction in the yield differential that will have to be absorbed by the BRL, we still find this currency at the top of the heap of those possible venues for seeking higher yield around the globe.

**CHILE—Changing Strategies?**

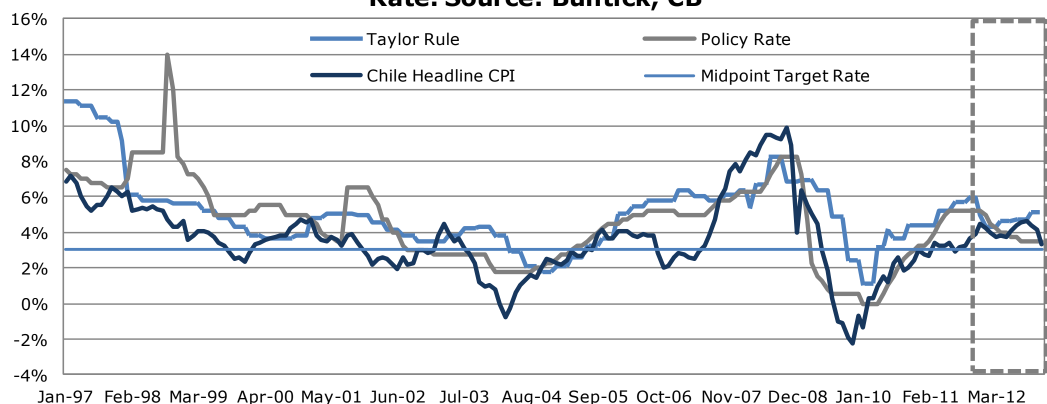
The Central Bank of Chile decided to maintain intervention rates unchanged during its February meeting at 5%, delivering, in our view, a slight change in strategy compared to the prior meeting. Remember that the Central Bank of Chile had decided to cut interest rates during the January monetary policy meeting to 5%, following the deteriorating external environment, and despite the less than benevolent performance that had been shown by the December 2011 CPI reading. In our view, the text of the February communiqué was somewhat more hawkish than we had initially expected. According to the CB Board, the latest economic data had come somewhat "above" the expected path *(+5.3% y/y compared to market expectations of the December IMACEC coming at +3.9% y/y)*, and the performance of inflation had continued to linger somewhat above the "tolerance" level. Still, the CB went on to say that core inflation dynamics were looking better and that inflation expectations had remained in line with the long-term target.

As we argued in our January monthly publication, and as argued by the board itself on the minutes of the January monetary policy meeting, Chile's monetary authority is being forced to deal with two diverging economic signals. On one side, retail activity, credit growth, durable-good purchases, and employment generation continue to show very decent momentum, yet the

industrial sector and the other sectors of the economy that are more dependent on the state of the international economy, have continued to show a relatively bearish performance.



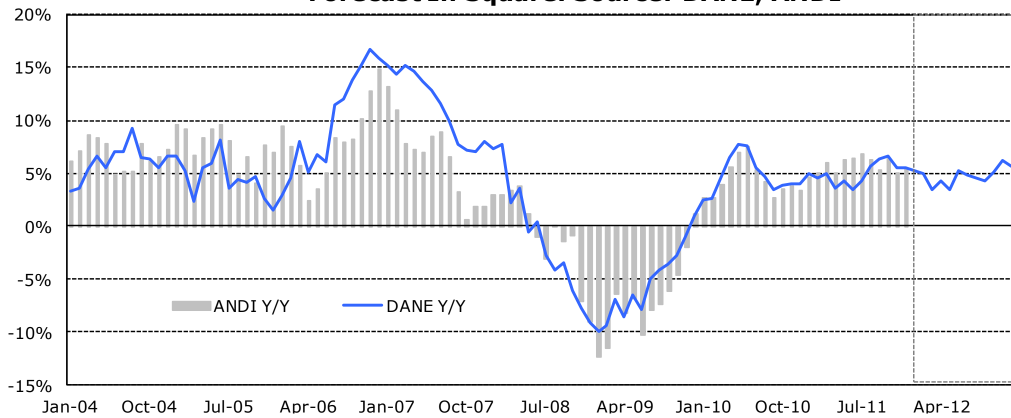

We continue to think that the Central Bank of Chile is more likely to follow the *Brazilian route* (i.e. cutting rates) in the forthcoming months, with the Central Bank bringing rates down to 4.50% (our prior target was 4.25%) from the current 5% level, before the CB decides to enter a hold strategy which we expect to last all the way until the end of 2012. The market consensus also expects the CB to cut rates to 4.5% by the middle of 2012. **The risk to our call is one of the European situation taking a fast turn for the better in the forthcoming months, following the likely avoidance of a Greek default, and the possibility of the LTRO making a major difference in the perception of liquidity of the European banking sector.**



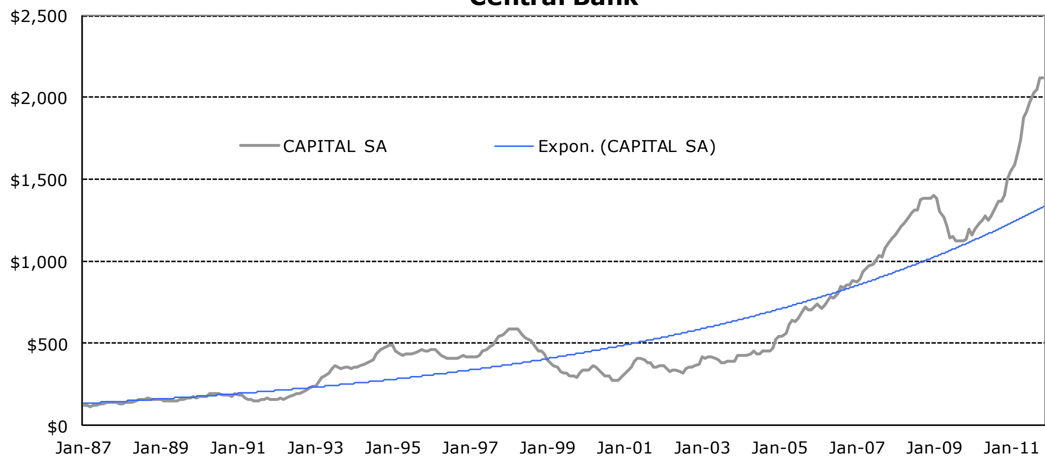

In our view, if the world financial situation turns out to be much more benevolent than estimated by the Chilean pundits, the CB may in fact decide to hold rates stable at current levels in an indefinite fashion. Keep in mind that the markets do see the Central Bank hiking rates north of 5% by the end of 2014, because neutrality for the Chilean monetary dynamics likely lies at or above the 5% nominal level. We continue to expect the USDCLP to appreciate as the year evolves. We see the USDCLP trading at $450 by the end of the year.

**COLOMBIA—Industrial Production Will Expand +4.7% Year-Over-Year In 2012**

The ANDI (national association of Colombian industrialists) recently announced that industrial production had increased by a very healthy +5.9% y/y in 2011, with the pace of growth of industry reaching a very healthy 6.1% y/y during the second half of 2011. According to the ANDI, total sales increased +6% y/y, implying that the management of inventories continues to be very responsible. The official DANE survey is likely to show a slightly less positive performance of industrial production during the past year, with the index likely showing an increase of about 5.2% year-over-year during 2011 (official data current as of November 2011).



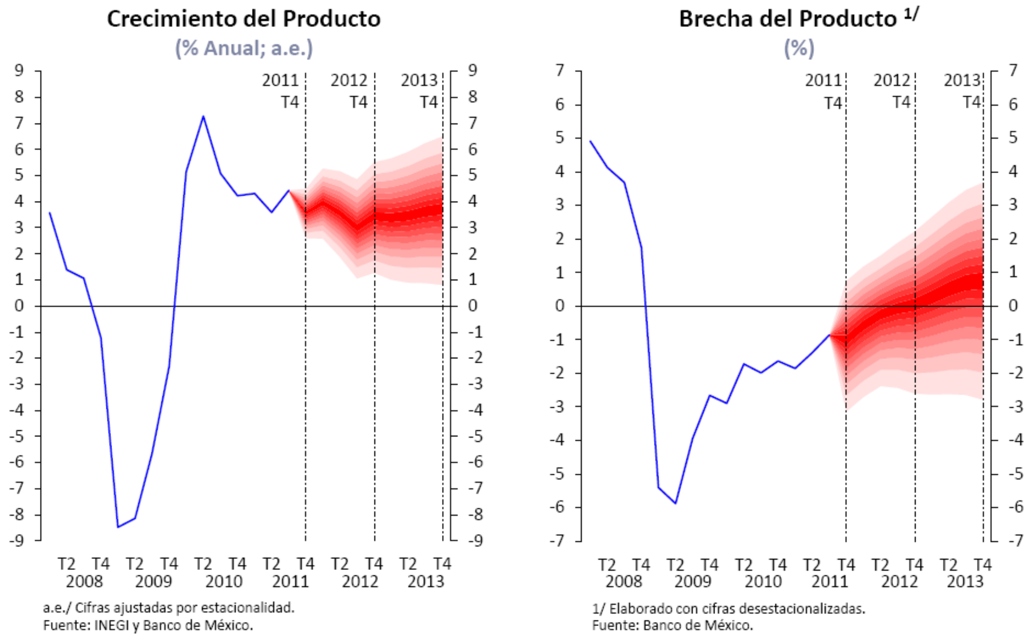

According to the ANDI, all but 2 of the industrial subsectors showed positive economic growth in 2011, with transportation equipment delivering the best performance (up +27.4% y/y) and basic textiles showing the worst performance (down 5.7% y/y). The good news is that more value added textiles (i.e. clothing) showed an increase in production of 19.8% y/y during 2011. Capacity utilization increased to an annual average of 77.1% in 2011 from 76.2% in 2010. We think that capacity utilization will remain more or less stable in 2012 and that it will remain materially below the level that could spark material demand-driven inflationary pressures –we estimate that recurrent capacity utilization readings north of 81-82% could generate some material concerns at the Central Bank. Our view is based on our expectation that businesses will remain willing to invest in productivity enhancing capital goods during 2012 –see graph.



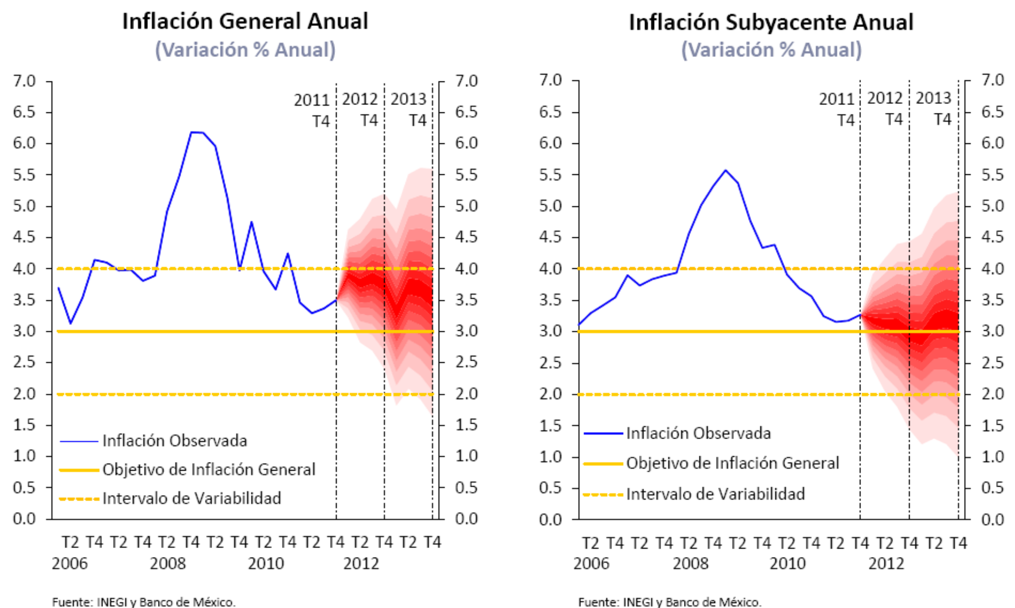

In any case, we think that industry will have another decent year in 2012, thanks to a booming domestic consumer that is increasingly "gathering" that the job market is likely to remain robust, thanks to lingering high foreign direct investment flows, and thanks to booming public-sector infrastructure spending. The monies needed to "revolutionize" Colombia's road and port infrastructure are now available, thanks to the latest very good growth performance seen in tax revenues. We think that better implementation will help to boost the numbers during 2012. We see IP growing 4.7% y/y in 2012 (see graph). We think that the aggregate Colombian economy will grow by 5% y/y in 2012.

**MEXICO—Banxico Remains Comfortable With Its Official 2012 Growth And Inflation Forecasts, Despite The Latest Upswing In Food Prices**

Banxico published its Q411 Inflation Report (IR) a few days ago. We found the document to be relatively hawkish despite the lingering concerns with the current state of the world economy. In the view of Banxico, under the central forecast of the technical department, the Mexican economy is *(1) poised to grow between 3 and 4% y/y in 2012 and 2013 (after growing 3.9% y/y in 2011), (2) the Mexican economy is likely to create between 500,000 and 600,000 formal new jobs in 2012 and 2013, and (3) the economy is set to run a current account deficit of 1.2% of GDP in 2012 (USD $13.7 billion) and a deficit of 1.4% of GDP in 2013 (USD $17.7 billion).* Under the base case scenario of Banxico, the Mexican economy will most likely continue to enjoy from a positive output gap until, most likely, the end of 2012 –see the *Fan Chart* presented below.

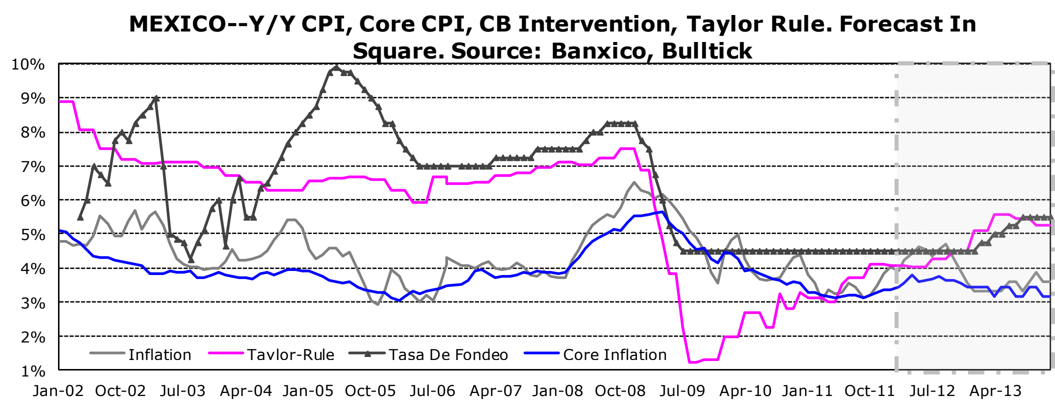



**According to Banxico, the main downside risks to the growth equation during the next two years are exogenous in nature.** Specifically, Banxico considers that the main risks are that the US economy grows less than expectations, and/or that risk aversion skyrockets, most likely following the materialization of *Black-Swan* events in the international arena. In terms of the positive risks to the base-case scenario, Banxico identifies *(1) the possibility that the crisis management policies that have been implemented by European leaders turn out to work better than expectations, and (2) the possibility of the US economy growing above expectations.*



On the inflation front, Banxico remains convinced that the pace of inflation will continue to be consistent with the long-term goal of allowing headline inflation to converge to the "permanent objective" of headline prices increasing by 3% y/y. The CB sees a high probability of headline inflation meeting the established target of 3-4% y/y in both 2012 and 2013, despite the negative effects of the latest food supply shock. At the core front, Banxico sees a material probability of the rate of change remaining very close to 3% y/y in both years (see *Fan Chart* above).

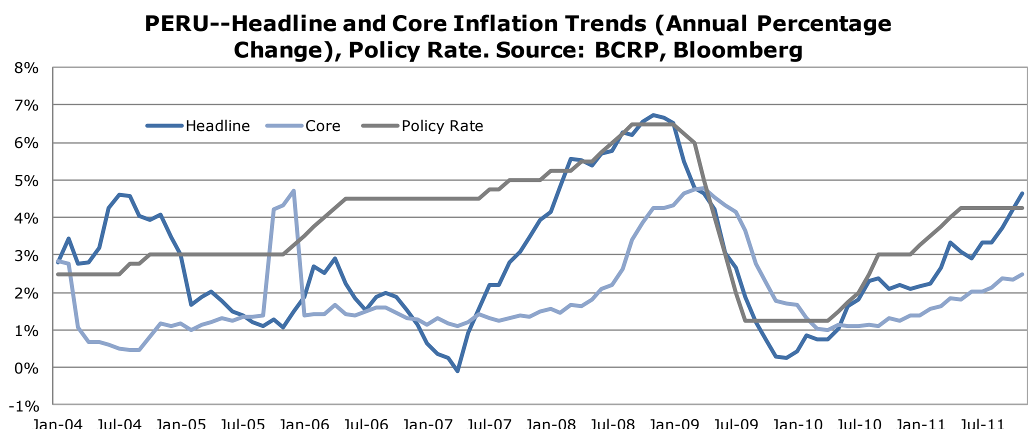
**What are the risks on the inflation front?** On the downside, Banxico considers that if domestic demand succumbs, following a material deterioration of the pace of growth of the world economy, there could be risks of inflation undershooting the target. The CB also mentions as a downside inflation risk the possibility of Mexico further advancing in the risk perception of international investors, a situation that would, naturally, generate an appreciation of Mexico's real exchange rate. Regarding the upside risks to inflation, a clear one would be the materialization of a material external shock, one that would most likely generate a major sell-off of the USDMXN following the skyrocketing of the VIX (volatility index). The other risk is tied to the possibility of agricultural prices behaving in a detrimental fashion during the year. In any case, under the current view of Banxico, the balance of the existing risks to inflation remains neutral.




**As we have argued in prior research pieces, we continue to think that Banxico will maintain a HOLD strategy all through the end of 2012.** As the graph above shows, we currently pencil that the first interest hike of Banxico will take place in February 2013, and we see Banxico hiking rates to 5.5% by year-end 2013.

**PERU—Gains In Security Amid Steady Policy Rate**

Notwithstanding the steady stream of appreciation of LATAM currencies during the early portion of 2012 against the USD, the Peruvian Sol has been completely absent from this universe, as the continued intervention in the market on the part of the BCRP has allowed for a very minute +0.6% appreciation of this currency against the USD –since the beginning of the year. Such stability on the currency stream has permitted the local economy to continue to expand at a hefty pace in terms of consumer demand (+10.3% y/y), commerce (+8.8% y/y) and transportation/communications (11% y/y), while avoiding the strong domestic pressures other LATAM economies have faced to cut rates and protect domestic industry from the onslaught of cheap imports. In keeping the PEN on an even keel, the Peruvian government has also managed a marginal depreciation against most of its mayor LATAM competitors (the COP and the BRL are up some 9% since the beginning of the year).

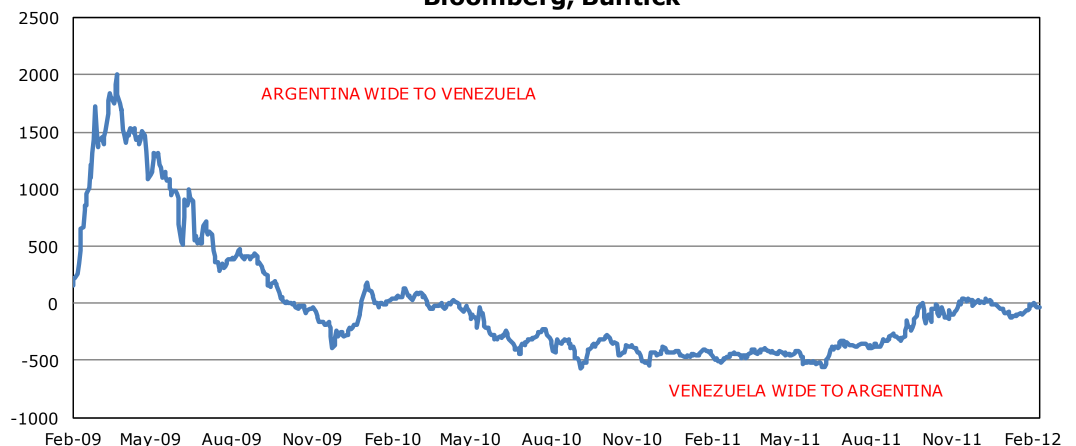


However, any cooling effects that currency appreciation could have created for the arena of consumer price inflation has been sacrificed through this policy alternative. CPI was a major concern in the final quarter of 2011 for the Peruvian economy, as consumer prices lifted to over 4.7% y/y. However, at the start of 2012, IPC has moved towards lower levels, with January delivering a 4.2% y/y increase. Though this is far from a level of comfort for the BCRP, which targets 2% y/y, policymakers insist on the transitional nature of higher food/beverage prices. We find it difficult to project a scenario where it will become easier for the BCRP to lower rates ahead. Without regard for the view that the troubling prints in CPI are only temporary, the road ahead for this economy implies the likely incorporation of higher energy costs down the road, which will bleed into transport and food costs as the year progresses. Since current IPC levels are only beginning a reversion to lower levels, it follows that BCRP authorities aren't likely to find a comfort zone in order to alter current levels from only domestic dynamics.

Unless the European crisis hits new extremes on the risk front, the BCRP looks locked into a scheme of hovering and waiting. On other relevant market news, there is one real positive on the domestic security front. The recent capture of the remaining Shining Path leader in activity in the Amazon region, Artemio, is likely to flow positively into the longer-term security view for investments and the commitment to sustain an anti-terrorism policy on the part of President Humala. For Peruvian asset prices, we find that such expectation still supports positive investor interest towards this sovereign.

**VENEZUELA—Domestic Politics Increases Investor Interest**

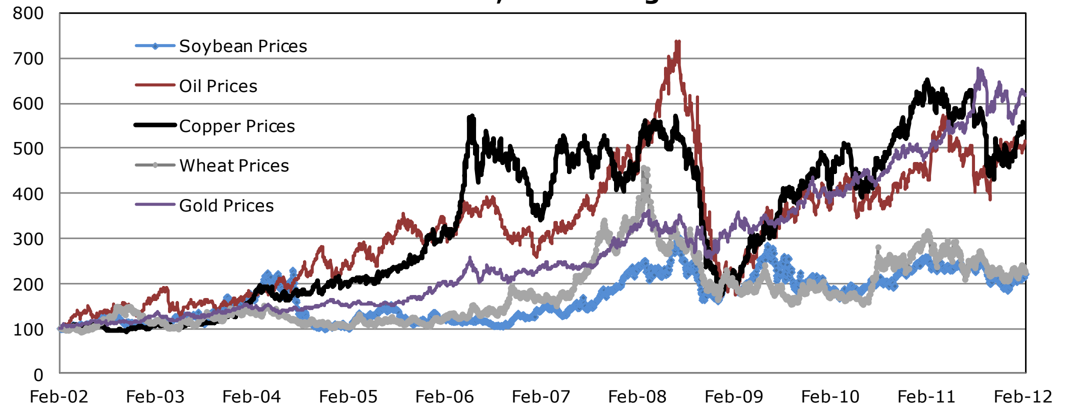
After a very prolonged period in which the political opposition in Venezuela looked to be in chaos, without a uniform agenda, and more importantly, without a real leader to guide the movement, the recent opposition primaries appear to have turned this spectrum of the Venezuelan picture, at least somewhat. In galloping to a huge landslide victory in the primaries, former Baruta municipality Mayor Henrique Capriles has suddenly placed Venezuela into the terrain of a nation that could possibly see a highly competitive presidential election come October. By the same token, the rise of Mr. Capriles is likely to engender a series of reactions in the economic camp on the part of the Chavez regime.




In framing the brewing showdown between President Chavez and Mr. Capriles, we'll state that the economic background in Venezuela hasn't changed dramatically at the start of 2012 from the dynamics dominating this spectrum throughout 2011. January inflation rose by 1.5% m/m, maintaining intact the trend towards extremely elevated levels of consumer price increases for yet another year, a feature which is likely to be exacerbated by high government expenditures in this election year. Spending from official channels will very likely be ramped up with significance in repeating the tactics of past political contests, with negative pass-through effects into the CPI profile. Contribution by the oil sector into overall GDP levels improved at the end of 2011, but was far from being a sector of large gains. Construction, transportation and commerce were sectors that were identified in official numbers as the primary drivers of an expanding GDP once again, while activity related to financial institutions continued to dissolve, following, among other things, the continued threats of expropriation by President Chavez. The one factor that we can point to as a positive ahead for Mr. Chavez is that of crude oil prices. Brent crude prices are back to the US$120 per barrel area, while WTI was pressing on the US$105 per barrel mark. Income from exports will again rise with significance just as the need for a bigger turn in the vote-courting expenditure spigot materializes.

With the gains in crude, calls for devaluation in Venezuela ahead of the election have cooled somewhat. We anticipate that the Iranian oil premium that is currently boosting major crude oil futures prices will remain present. Market talk is abundant of a possible Israeli incursion into Iran entering the US summer period, which could continue to support Brent & WTI prices in favor of Venezuela. As we argued before in this piece, we do consider that the Obama administration has a vested interest in avoiding an open conflict with Iran in this election year, and we think that Israel remains cognizant of the need to include the views of the US in its national security strategy.

**Commodity Price Index (January 2002, 100). Source: Bulltick, Bloomberg**




Looking at the fixed income markets, given the clear trend towards increased liquidity ahead from mayor world Central Banks, Venezuelan sovereign prices should remain on a slight uptrend as a consequence of the upped oil income and hopes for a turn in domestic policies. **Still, Venezuela is and will remain an extremely risky investment proposition.** In our view, the risk is that towards the end of summer and the October election prices will see very high volatility. Mr. Chavez isn't likely to depart from power easily, as he's proved over the years, which means a very difficult path ahead if regime change is to happen after all. The Middle East also comes with risks of depressed economic activity globally on any spikes in oil prices, which could exacerbate the challenged financing positions of European peripheral credits. Hence, we view the short-to-medium term as a positive for Venezuelan risk, but the period beyond the horizon could shift sharply for this credit.

## Bulltick L. America Macroeconomic Forecasts

| LATIN AMERICA (TOP 11 ECONOMIES) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$ BN) | 1526.2 | 1594.3 | 2009.6 | 2402.7 | 2764.9 | 3321.6 | 3253.2 | 3795.5 | 4393.3 | 4819.3 | 5396.8 | 6007.7 |
| Real GDP (% y/y) | 0.0% | 1.8% | 5.9% | 4.4% | 5.4% | 5.6% | 4.7% | -1.8% | 6.5% | 4.4% | 3.7% | 3.8% |
| Consumer Prices (% y/y Change) | 11.6% | 7.2% | 6.9% | 6.1% | 5.4% | 5.8% | 9.0% | 6.0% | 6.7% | 7.2% | 6.8% | 6.2% |
| Nominal Fiscal Balance (%GDP) | -4.2% | -1.5% | -0.9% | -1.1% | -0.3% | 0.2% | -0.5% | -3.2% | -2.6% | -2.0% | -2.6% | -2.6% |
| Unemployment (% year-end) | 8.7% | 8.6% | 9.8% | 8.8% | 8.5% | 8.1% | 8.1% | 8.3% | 7.9% | 7.9% | 7.9% | 7.8% |
| Current Account Balance (USD$ MN) | -9,930 | 12,706 | 24,630 | 44,292 | 50,758 | 18,766 | -23,243 | -18,312 | -52,104 | -88,156 | -128,682 | -133,567 |
| Current Account Balance (% GDP) | -0.7% | 0.8% | 1.2% | 1.8% | 1.8% | 0.6% | -0.7% | -0.5% | -1.2% | -1.8% | -2.4% | -2.2% |
| Trade Balance (USD$ MN) | 31,931 | 51,265 | 69,130 | 91,788 | -4,530 | 86,290 | 64,697 | 16,958 | 65,973 | 78,648 | 80,480 | 80,592 |
| Exports (USD$ MN) | 328,489 | 356,989 | 441,558 | 531,112 | 520,835 | 712,207 | 823,746 | 635,428 | 811,299 | 964,873 | 1,049,943 | 1,142,234 |
| Exports (% GDP) | 21.5% | 22.4% | 22.0% | 22.1% | 18.8% | 21.4% | 25.3% | 16.7% | 18.5% | 20.0% | 19.5% | 19.0% |
| Imports (USD$ MN) | 296,558 | 305,724 | 372,429 | 439,324 | 525,365 | 625,917 | 759,049 | 618,470 | 745,326 | 872,326 | 958,745 | 1,057,606 |
| Imports (% GDP) | 19.4% | 19.2% | 18.5% | 18.3% | 19.0% | 18.8% | 23.3% | 16.3% | 17.0% | 18.1% | 17.8% | 17.6% |
| Government Debt | 766.9 | 792.7 | 934.8 | 968.4 | 1053.5 | 1135.3 | 1000.4 | 1210.0 | 1309.6 | 1411.4 | 1406.0 | 1446.9 |
| Government Debt/GDP Ratio (%) | 50.3% | 49.7% | 46.5% | 40.3% | 38.1% | 34.2% | 30.8% | 31.9% | 29.8% | 29.3% | 26.1% | 24.1% |
| Foreign Direct Investment (USD$ MN) | 52,893 | 41,957 | 60,867 | 68,715 | 66,656 | 101,419 | 119,726 | 70,306 | 112,084 | 127,292 | 131,200 | 133,200 |
| Foreign Direct Investment (% GDP) | 3.5% | 2.6% | 3.0% | 2.9% | 2.4% | 3.1% | 3.7% | 1.9% | 2.6% | 2.6% | 2.4% | 2.2% |
| Latam FX Index (2000=100) | 157.4 | 152.9 | 147.7 | 140.1 | 136.9 | 126.8 | 140.5 | 120.8 | 126.0 | 130.4 | 127.8 | 125.8 |
| Latam FX Index (2000=100) % Change | 52.4% | -2.8% | -3.4% | -5.1% | -2.3% | -7.3% | 10.7% | -14.0% | 4.4% | 3.4% | -2.0% | -1.6% |
| External Reserves ($ MN) | 148,037 | 178,578 | 198,727 | 222,045 | 275,854 | 404,836 | 452,670 | 499,889 | 586,484 | 694,787 | 743,500 | 775,863 |

| ARGENTINA | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$ BN) | 104.3 | 125.2 | 162.6 | 194.7 | 238.4 | 299.5 | 315.8 | 313.8 | 363.4 | 420.5 | 471.8 | 508.9 |
| Real GDP (% y/y) | -10.9% | 8.8% | 9.0% | 9.2% | 8.5% | 8.7% | 6.5% | 0.5% | 9.2% | 8.5% | 4.0% | 3.0% |
| Consumer Prices (% y/y Change) | 41.0% | 3.7% | 6.1% | 12.3% | 9.8% | 8.5% | 9.5% | 10.0% | 11.0% | 10.0% | 10.0% | 10.0% |
| Nominal Fiscal Balance (%GDP) | -1.5% | 0.5% | 2.5% | 1.6% | 1.7% | 0.3% | 1.3% | -0.6% | 0.5% | -1.0% | -1.5% | -1.5% |
| Primary Fiscal Balance (%GDP) | 0.6% | 2.2% | 3.7% | 3.4% | 3.3% | 3.5% | 3.5% | 1.5% | 2.0% | 1.5% | 1.5% | 1.5% |
| General Government Debt/GDP Ratio (%) | 155.9% | 141.9% | 117.7% | 74.9% | 67.1% | 54.6% | 52.1% | 56.4% | 47.7% | 41.8% | 41.2% | 42.0% |
| Unemployment (% year-end) | 20.8% | 14.5% | 12.1% | 10.1% | 8.7% | 7.5% | 7.3% | 8.4% | 7.3% | 7.0% | 7.0% | 7.0% |
| Current Account Balance (USD$ MN) | 9,592 | 7,839 | 3,219 | 5,690 | 8,097 | 7,113 | 6,755 | 11,127 | 3,572 | 1,598 | -1,058 | -1,500 |
| Current Account Balance (% GDP) | 9.2% | 6.3% | 2.0% | 2.9% | 3.4% | 2.4% | 2.1% | 3.5% | 1.0% | 0.4% | -0.2% | -0.3% |
| Trade Balance (USD$ MN) | 16,493 | 15,400 | 11,979 | 11,674 | 12,308 | 11,071 | 12,600 | 16,888 | 11,630 | 10,347 | 9,386 | 8,273 |
| Exports (USD$ MN) | 25,482 | 29,211 | 34,289 | 40,351 | 46,459 | 55,779 | 70,023 | 55,668 | 68,133 | 84,270 | 88,484 | 92,908 |
| Imports (USD$ MN) | 8,989 | 13,811 | 22,310 | 28,677 | 34,151 | 44,708 | 57,423 | 38,780 | 56,503 | 73,923 | 79,098 | 84,634 |
| Foreign Direct Investment (USD $MN) | 2,651 | 2,613 | 2,516 | 3,330 | 5,537 | 6,473 | 9,725 | 4,894 | 5,500 | 6,000 | 6,000 | 6,000 |
| ARS/USD (Eop) | 3.30 | 2.90 | 2.92 | 3.00 | 3.05 | 3.15 | 3.50 | 3.85 | 3.95 | 4.30 | 4.70 | 5.00 |
| External Reserves ($ MN) | 11,000 | 12,500 | 17,500 | 20,000 | 26,000 | 40,000 | 45,000 | 45,000 | 50,000 | 48,000 | 45,000 | 42,000 |

| BRAZIL | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$ BN) | 451.0 | 459.1 | 665.0 | 830.1 | 978.9 | 1287.5 | 1109.4 | 1567.9 | 2000.0 | 2130.1 | 2314.8 | 2596.4 |
| Real GDP (% y/y) | 1.9% | 0.5% | 4.9% | 2.9% | 3.7% | 5.6% | 5.5% | -0.3% | 7.6% | 2.9% | 3.1% | 3.8% |
| Consumer Prices (% y/y Change) | 12.5% | 9.3% | 7.6% | 6.9% | 4.2% | 3.6% | 6.0% | 4.3% | 5.9% | 6.5% | 5.4% | 5.0% |
| Nominal Fiscal Balance (%GDP) | -10.3% | -2.8% | -2.7% | -3.3% | -3.3% | -2.3% | -2.0% | -3.3% | -3.2% | -2.9% | -3.3% | -3.4% |
| Primary Fiscal Balance | 3.2% | 3.3% | 3.8% | 3.9% | 3.2% | 3.4% | 3.5% | 2.1% | 3.0% | 2.8% | 2.6% | 2.4% |
| Gross General Government Debt/GDP (%) | 71.4% | 78.2% | 72.1% | 69.5% | 66.0% | 59.4% | 58.6% | 57.0% | 62.0% | 57.7% | 57.1% | 57.0% |
| Net Consolidated PS Debt/GDP Ratio (%) | 58.0% | 58.1% | 55.4% | 52.1% | 51.1% | 44.0% | 39.6% | 38.3% | 34.9% | 32.4% | 30.1% | 27.6% |
| Unemployment (% average) | 11.7% | 12.3% | 9.6% | 8.4% | 8.4% | 7.5% | 6.8% | 6.8% | 6.7% | 6.0% | 6.2% | 6.2% |
| Current Account Balance (USD$ MN) | -7,757 | 4,177 | 11,679 | 13,984 | 13,621 | 1,551 | -28,192 | -24,421 | -47,518 | -55,000 | -80,000 | -80,000 |
| Current Account Balance (% GDP) | -1.7% | 0.8% | 1.8% | 1.7% | 1.4% | 0.1% | -2.5% | -1.6% | -2.4% | -2.6% | -3.5% | -3.1% |
| Trade Balance (USD$ MN) | 13,122 | 24,793 | 33,768 | 44,924 | -67,550 | 40,026 | 24,835 | -20,112 | 20,183 | 30,344 | 37,495 | 42,574 |
| Exports (USD$ MN) | 60,362 | 73,084 | 96,603 | 118,530 | 23,800 | 160,648 | 197,942 | 152,995 | 201,915 | 252,858 | 279,059 | 323,077 |
| Imports (USD$ MN) | 47,240 | 48,291 | 62,835 | 73,606 | 91,350 | 120,622 | 173,107 | 173,107 | 181,732 | 222,514 | 241,564 | 280,503 |
| Foreign Direct Investment (USD $MN) | 16,590 | 10,143 | 18,165 | 15,066 | 18,782 | 34,585 | 45,058 | 25,948 | 48,360 | 65,000 | 60,000 | 60,000 |
| CB Intervention Rate (Nominal, Year-End) | 25.00% | 16.50% | 17.75% | 18.00% | 13.25% | 11.25% | 11.25% | 8.75% | 10.25% | 11.00% | 10.50% | 11.50% |
| BRL/USD (Eop) | 3.54 | 2.89 | 2.65 | 2.34 | 2.14 | 1.78 | 2.31 | 1.70 | 1.70 | 1.75 | 1.75 | 1.70 |
| External Reserves ($ BN) | 37,500 | 48,900 | 52,500 | 53,300 | 85,200 | 179,500 | 192,900 | 237,400 | 288,600 | 355,000 | 390,500 | 400,263 |

| CHILE | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 72.4 | 88.2 | 104.9 | 126.1 | 146.2 | 166.2 | 159.8 | 177.6 | 194.7 | 208.1 | 233.1 | 251.6 |
| GDP (real growth y/y%) | 2.2% | 3.9% | 6.0% | 5.6% | 4.6% | 4.6% | 3.7% | -1.6% | 5.2% | 5.2% | 4.7% | 4.8% |
| Consumer Prices (% y/y Change) | 2.8% | 1.4% | 2.1% | 3.2% | 2.6% | 7.8% | 4.0% | -0.7% | 3.0% | 4.4% | 3.0% | 3.0% |
| Nominal Fiscal Balance (%GDP) | -0.8% | -0.7% | 2.2% | 4.7% | 7.7% | 8.8% | 5.3% | -4.5% | -1.0% | 1.5% | 1.0% | 0.5% |
| Government Debt (%GDP) | 14.8% | 14.2% | 11.2% | 8.3% | 7.8% | 7.5% | 6.5% | 8.0% | 7.7% | 7.7% | 7.5% | 7.5% |
| Unemployment (% year-end) | 9.0% | 8.7% | 8.0% | 7.0% | 6.8% | 7.2% | 7.5% | 9.5% | 8.5% | 8.5% | 8.5% | 8.5% |
| Current Account Balance (USD$ mn) | -553 | -401 | 1,390 | 4,000 | 6,300 | 4,400 | -3,440 | 4,200 | 3,800 | -2,000 | -2,200 | -2,200 |
| Current Account Balance (% GDP) | -0.8% | -0.5% | 1.3% | 3.2% | 4.3% | 2.6% | -2.2% | 2.4% | 2.0% | -1.0% | -0.9% | -0.9% |
| Trade Balance (USD$ mn) | 2,256 | 3,493 | 9,019 | 9,100 | 23,000 | 23,683 | 8,840 | 13,982 | 15,482 | 14,600 | 11,900 | 11,900 |
| Exports (USD$ mn) | 18,177 | 21,524 | 32,025 | 39,500 | 59,000 | 67,714 | 66,455 | 53,736 | 69,600 | 77,200 | 81,000 | 81,000 |
| Imports (USD$ mn) | 15,921 | 18,031 | 23,006 | 30,400 | 36,000 | 44,031 | 57,615 | 39,754 | 54,118 | 62,600 | 69,100 | 69,100 |
| Foreign Direct Investment (USD $MN) | 2,549 | 4,385 | 7,602 | 8,500 | 7,298 | 12,533 | 15,181 | 12,702 | 12,000 | 15,000 | 15,000 | 15,000 |
| CLP/USD (Eop) | 720 | 580 | 556 | 525 | 531 | 497 | 638 | 510 | 480 | 500 | 470 | 470 |
| External Reserves ($ MN) | 15,351 | 15,851 | 16,016 | 16,963 | 19,428 | 16,910 | 23,162 | 25,372 | 27,863 | 39,000 | 41,000 | 44,000 |

| COLOMBIA | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 72.0 | 93.7 | 115.7 | 143.6 | 169.2 | 202.4 | 224.3 | 231.7 | 276.8 | 327.5 | 353.5 | 365.8 |
| GDP (real growth y/y%) | 1.9% | 3.9% | 4.7% | 5.7% | 6.9% | 7.5% | 2.5% | 0.3% | 4.7% | 5.6% | 5.0% | 5.0% |
| Consumer Prices (% y/y Change) | 7.0% | 6.5% | 5.5% | 4.9% | 4.5% | 5.4% | 7.1% | 2.0% | 3.1% | 3.0% | 3.5% | 3.5% |
| Nominal Fiscal Balance (%GDP) | -3.2% | -2.1% | -1.0% | 0.0% | -0.7% | 0.0% | 0.2% | -2.7% | -3.1% | -2.0% | -2.0% | -2.0% |
| Central Government Balance (%GDP) | -5.0% | -5.5% | -4.4% | -4.7% | -4.1% | -3.4% | -2.7% | -2.3% | -4.1% | -3.7% | -3.5% | -3.5% |
| Net General Government Debt/GDP Ratio (%) | 48.9% | 47.8% | 46.7% | 42.7% | 39.2% | 35.3% | 35.8% | 38.1% | 37.1% | 35.2% | 34.7% | 34.0% |
| Unemployment (% End Of Year) | 15.5% | 12.1% | 12.1% | 10.3% | 11.8% | 9.5% | 9.0% | 12.0% | 11.0% | 10.0% | 10.0% | 10.0% |
| Current Account Balance (USD$ mn) | -1,643 | -1,021 | -1,110 | -1,930 | -2,861 | -5,698 | -6,789 | -5,001 | -8,944 | -10,436 | -12,000 | -12,000 |
| Current Account Balance (% GDP) | -1.8% | -1.1% | -1.0% | -1.3% | -1.7% | -2.8% | -3.0% | -2.2% | -3.2% | -3.2% | -3.4% | -3.3% |
| Trade Balance (USD$ mn) | 11 | -760 | -17 | -14 | -1,771 | -2,906 | -2,043 | -44 | -861 | 53 | -538 | -3,085 |
| Exports (USD$ mn) | 11,911 | 13,129 | 16,731 | 21,190 | 24,391 | 29,991 | 37,626 | 32,853 | 39,820 | 54,553 | 61,791 | 67,970 |
| Imports (USD$ mn) | 11,900 | 13,889 | 16,748 | 21,204 | 26,162 | 32,897 | 39,669 | 32,898 | 40,680 | 54,500 | 62,329 | 71,056 |
| Foreign Direct Investment (USD $MN) | 1,974 | 1,793 | 2,739 | 10,192 | 6,295 | 9,028 | 10,596 | 7,207 | 6,760 | 11,592 | 12,000 | 12,000 |
| COP/USD (Eop) | 2,865 | 2,779 | 2,390 | 2,282 | 2,250 | 2,018 | 2,247 | 1,950 | 1,800 | 1,750 | 1,750 | 1,750 |
| External Reserves ($ MN) | 10,657 | 10,728 | 12,149 | 14,103 | 15,020 | 20,126 | 23,282 | 24,517 | 26,921 | 32,298 | 35,000 | 38,000 |

| DOMINICAN REPUBLIC | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 22.5 | 16.5 | 27.1 | 27.0 | 32.0 | 35.8 | 40.0 | 43.8 | 48.9 | 53.8 | 58.5 | 63.5 |
| GDP (real growth y/y%) | 4.3% | -0.4% | 1.3% | 9.3% | 10.7% | 8.5% | 5.3% | 3.5% | 7.8% | 5.0% | 5.0% | 5.0% |
| Consumer Prices (% y/y Change) | 10.5% | 42.6% | 28.7% | 10.0% | 7.0% | 6.0% | 8.7% | 5.8% | 6.2% | 6.3% | 5.9% | 5.9% |
| Nominal Fiscal Balance (%GDP) | -1.7% | -5.0% | -3.8% | -1.4% | -1.0% | -1.7% | -4.7% | -4.4% | -4.4% | -4.4% | -4.4% | -4.4% |
| Public Sector Debt/GDP Ratio (%) | 20.9% | 33.0% | 41.0% | 35.0% | 36.0% | 33.0% | 32.0% | 32.0% | 32.0% | 32.0% | 32.0% | 32.0% |
| Unemployment (% year average) | 15.9% | 17.0% | 16.8% | 16.0% | 16.0% | 15.0% | 14.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| Current Account Balance (USD$ mn) | -875 | 950 | 1,200 | 1,500 | -1,000 | -2,000 | -4,000 | -2,200 | -3,600 | -3,800 | -3,300 | -3,300 |
| Current Account Balance (% GDP) | -3.9% | 5.8% | 4.4% | 5.6% | -3.1% | -5.6% | -10.0% | -5.0% | -7.4% | -7.1% | -5.6% | -5.2% |
| Trade Balance (USD$ mn) | -3,699 | -2,550 | -2,300 | -2,400 | -5,300 | -5,800 | -7,000 | -6,750 | -6,750 | -6,750 | -7,425 | -8,168 |
| Exports (USD$ mn) | 5,183 | 5,400 | 5,700 | 6,000 | 6,200 | 6,200 | 5,500 | 5,000 | 5,000 | 5,000 | 5,500 | 6,050 |
| Imports (USD$ mn) | 8,882 | 7,950 | 8,000 | 8,400 | 11,500 | 12,000 | 12,500 | 11,750 | 11,750 | 11,750 | 12,925 | 14,218 |
| Foreign Direct Investment (USD $MN) | 918 | 613 | 758 | 850 | 1,528 | 1,562 | 2,970 | 2,158 | 2,000 | 2,000 | 2,000 | 2,000 |
| DOP/USD (Eop) | 20.1 | 36.0 | 28.5 | 34.5 | 34.4 | 35.4 | 36.2 | 37.2 | 38.9 | 40.0 | 42.0 | 44.0 |

| ECUADOR | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 24.899 | 28.6 | 32.6 | 37.2 | 41.4 | 45.8 | 54.2 | 56.0 | 59.8 | 65.6 | 69.9 | 74.7 |
| GDP (real growth y/y%) | 3.4% | 3.3% | 8.8% | 5.7% | 4.8% | 2.0% | 7.2% | 0.4% | 3.6% | 6.5% | 3.5% | 3.7% |
| Consumer Prices (% y/y Change) | 9.4% | 6.1% | 2.0% | 4.3% | 3.1% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Nominal Fiscal Balance (%GDP) | 0.9% | 1.7% | 2.0% | 0.7% | 3.5% | 0.3% | 1.0% | -1.0% | -2.0% | -2.0% | -5.5% | -2.0% |
| Public Sector Debt/GDP Ratio (%) | 51.6% | 45.4% | 38.5% | 33.2% | 30.7% | 28.1% | 24.0% | 24.2% | 19.5% | 18.0% | 22.4% | 2.0% |
| Unemployment (% year average) | 7.7% | 9.3% | 9.9% | 9.3% | 9.3% | 9.0% | 9.0% | 9.0% | 9.0% | 9.0% | 9.0% | 9.0% |
| Current Account Balance (USD$ mn) | -1047 | -455 | -542 | 322 | 1539 | 1250 | 220 | -4219 | -1390 | -1439 | -1439 | -1439 |
| Current Account Balance (% GDP) | -4.2% | -1.6% | -1.7% | 0.9% | 3.7% | 2.7% | 0.4% | -7.5% | -2.3% | -2.2% | -2.1% | -1.9% |
| Trade Balance (USD$ mn) | -917 | 121 | 470 | 532 | 1,392 | 802 | 659 | -3,779 | -951 | -1,000 | -1,000 | -1,000 |
| Exports (USD$ mn) | 5,036 | 6,223 | 7,753 | 10,100 | 12,658 | 13,375 | 18,107 | 11,602 | 14,664 | 14,000 | 14,000 | 14,000 |
| Imports (USD$ mn) | 5,953 | 6,102 | 7,282 | 9,568 | 11,266 | 12,573 | 17,448 | 15,382 | 15,615 | 15,000 | 15,000 | 15,000 |
| Foreign Direct Investment (USD $MN) | 1,275 | 1,554 | 871 | 1,400 | 271 | 194 | 1,001 | 311 | 164 | 200 | 200 | 200 |
| ECS/USD (Eop) | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

| MEXICO | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 604.4 | 614.1 | 693.1 | 790.0 | 851.2 | 913.9 | 866.6 | 892.5 | 989.2 | 1044.3 | 1194.7 | 1286.1 |
| GDP (real growth y/y%) | 0.7% | 1.6% | 4.2% | 2.7% | 4.9% | 3.3% | 2.5% | -6.5% | 5.5% | 4.5% | 4.0% | 3.5% |
| Consumer Prices (% y/y Change) | 5.7% | 4.0% | 5.2% | 3.3% | 4.1% | 3.8% | 6.5% | 3.6% | 4.4% | 3.8% | 3.5% | 0.0% |
| Nominal Fiscal Balance (%GDP) | -1.2% | -0.6% | -0.2% | -1.21% | 1.06% | 0.99% | -0.1% | -2.3% | -2.5% | -1.5% | -1.5% | -1.5% |
| Gross Government Debt/GDP Ratio (%) | 32.0% | 30.0% | 26.7% | 25.0% | 23.1% | 21.5% | 19.1% | 19.8% | 18.1% | 16.5% | 15.7% | 15.1% |
| Gross Government I. Debt/GDP Ratio (%) | 18.8% | 17.1% | 15.3% | 16.0% | 17.1% | 15.9% | 13.2% | 14.1% | 13.0% | 11.6% | 11.4% | 11.1% |
| Gross Government E. Debt/GDP Ratio (%) | 13.1% | 12.9% | 11.4% | 9.0% | 6.0% | 5.6% | 5.9% | 5.7% | 5.2% | 4.9% | 4.3% | 4.0% |
| Unemployment (% year-end) | 2.1% | 2.9% | 3.2% | 2.8% | 2.7% | 2.7% | 2.7% | 2.7% | 2.7% | 2.7% | 2.7% | 2.7% |
| Current Account Balance (USD$ mn) | -14,138 | -8,574 | -6,595 | -5,207 | -2,231 | -5,812 | -17,289 | -6,359 | -5,725 | -12,718 | -22,225 | -26,669 |
| Current Account Balance (% GDP) | -2.3% | -1.4% | -1.0% | -0.7% | -0.3% | -0.6% | -0.5% | -0.7% | -0.6% | -1.2% | -1.9% | -2.1% |
| Trade Balance (USD$ mn) | -7,916 | -5,690 | -8,811 | -7,587 | -6,133 | -10,074 | -17,261 | -4,602 | -3,009 | -1,258 | 622 | 684 |
| Exports (USD$ mn) | 160,763 | 164,860 | 187,999 | 214,233 | 249,925 | 271,875 | 291,343 | 229,783 | 298,473 | 350,696 | 390,109 | 429,120 |
| Imports (USD$ mn) | 168,679 | 170,550 | 196,810 | 221,820 | 256,058 | 281,949 | 308,603 | 234,385 | 301,482 | 351,955 | 389,487 | 428,436 |
| Foreign Direct Investment (USD $MN) | 23,725 | 16,475 | 23,812 | 22,318 | 19,996 | 27,440 | 23,682 | 12,522 | 26,000 | 18,000 | 25,000 | 27,000 |
| MXN/USD (Eop) | 10.37 | 11.23 | 11.13 | 10.60 | 10.81 | 10.81 | 13.76 | 12.50 | 12.25 | 13.00 | 11.50 | 11.00 |
| External Reserves ($ MN) | 50,600 | 59,000 | 64,100 | 74,100 | 76,300 | 87,100 | 95,100 | 99,600 | 119,600 | 140,600 | 152,000 | 167,200 |

| PANAMA | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 12.3 | 12.9 | 14.0 | 15.3 | 16.9 | 20.1 | 23.5 | 24.7 | 27.8 | 32.0 | 35.8 | 40.1 |
| GDP (real growth y/y%) | 2.2% | 4.3% | 7.5% | 7.2% | 8.7% | 11.5% | 10.1% | 3.2% | 7.5% | 9.0% | 7.5% | 7.5% |
| Consumer Prices (% y/y Change) | 1.8% | 1.7% | 1.5% | 1.9% | 1.5% | 6.5% | 6.4% | 1.7% | 4.9% | 5.3% | 4.2% | 4.2% |
| Nominal Fiscal Balance (%GDP) | -1.9% | -2.5% | -5.2% | -2.0% | -2.1% | 3.5% | 0.4% | -1.0% | -0.5% | -0.5% | -0.5% | -0.5% |
| Public Sector Debt (%GDP) | 69.4% | 67.3% | 66.6% | 64.0% | 58.5% | 52.0% | 45.0% | 44.0% | 44.0% | 42.8% | 44.0% | 44.0% |
| Unemployment (% year average) | 13.5% | 12.8% | 13.6% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% |
| Current Account Balance (USD$ mn) | -96 | -442 | -310 | -300 | -320 | -1,500 | -2,700 | 0 | -2,100 | -2,500 | -2,600 | -2,600 |
| Current Account Balance (% GDP) | -0.8% | -3.4% | -3.6% | -4.0% | -4.0% | -7.5% | -11.5% | 0.0% | -7.5% | -7.8% | -7.3% | -6.5% |
| Trade Balance (USD$ mn) | -1,035 | -1,118 | -1,185 | -1,256 | -1,332 | -1,465 | -4,061 | -3,000 | -3,660 | -3,660 | -3,660 | -3,660 |
| Exports (USD$ mn) | 5,315 | 5,044 | 5,347 | 5,667 | 6,007 | 6,608 | 6,939 | 6,000 | 8,000 | 8,000 | 8,000 | 8,000 |
| Imports (USD$ mn) | 6,350 | 6,162 | 6,532 | 6,924 | 7,339 | 8,073 | 11,000 | 9,000 | 11,660 | 11,660 | 11,660 | 11,660 |
| Foreign Direct Investment (USD $MN) | 98 | 791 | 1,010 | 1,500 | 2,497 | 1,776 | 2,401 | 1,772 | 2,500 | 3,000 | 3,000 | 3,000 |
| PAB/USD (Eop) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

| PERU | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 56.9 | 61.1 | 68.2 | 77.6 | 86.6 | 100.5 | 117.2 | 125.2 | 145.9 | 162.4 | 176.4 | 189.2 |
| GDP (real growth y/y%) | 5.0% | 4.1% | 5.1% | 6.7% | 7.6% | 8.9% | 9.9% | 0.9% | 8.8% | 6.7% | 5.4% | 5.5% |
| Consumer Prices (% y/y Change) | 1.5% | 2.5% | 2.5% | 2.2% | 2.1% | 3.9% | 6.7% | 0.2% | 2.1% | 4.7% | 1.4% | 2.0% |
| Nominal Fiscal Balance (%GDP) | -2.1% | -1.9% | -1.4% | -0.3% | 2.1% | 3.1% | -0.9% | -1.9% | -0.6% | 1.5% | 0.5% | 0.0% |
| Public Sector Debt (%GDP) | 46.8% | 47.6% | 44.9% | 38.2% | 34.7% | 29.6% | 24.0% | 26.3% | 25.3% | 21.7% | 20.8% | 20.0% |
| Unemployment (% year average) | 8.2% | 8.1% | 9.4% | 7.8% | 7.2% | 8.5% | 8.0% | 7.8% | 7.6% | 7.5% | 7.6% | 7.6% |
| Current Account Balance (USD$ mn) | -1,206 | -1,117 | -71 | 500 | 1,000 | 1,500 | -4,200 | 500 | -2,000 | -5,000 | -7,000 | -7,000 |
| Current Account Balance (% GDP) | -2.1% | -1.8% | -0.1% | 0.6% | 1.2% | 1.5% | -3.6% | 0.4% | -1.4% | -3.1% | -4.0% | -3.7% |
| Trade Balance (USD$ mn) | 207 | 730 | 3,206 | 5,448 | 8,972 | 8,291 | 3,057 | 5,897 | 7,700 | 5,700 | 5,000 | 5,000 |
| Exports (USD$ mn) | 7,647 | 8,985 | 12,544 | 17,348 | 23,800 | 27,900 | 31,474 | 26,900 | 36,500 | 38,800 | 42,400 | 42,400 |
| Imports (USD$ mn) | 7,440 | 8,255 | 9,338 | 11,900 | 14,828 | 19,609 | 28,417 | 21,003 | 28,800 | 33,100 | 37,400 | 37,400 |
| Foreign Direct Investment (USD $MN) | 2,156 | 1,275 | 1,599 | 2,579 | 3,467 | 5,491 | 6,923 | 4,759 | 7,800 | 6,000 | 7,000 | 7,000 |
| PEN/USD (Eop) | 3.51 | 3.48 | 3.28 | 3.20 | 3.18 | 2.99 | 3.13 | 2.85 | 2.80 | 2.80 | 2.80 | 2.80 |
| External Reserves ($ MN) | 11,000 | 11,000 | 13,000 | 14,000 | 17,300 | 27,700 | 31,000 | 33,000 | 44,000 | 50,000 | 55,000 | 59,400 |

| URUGUAY | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 12.6 | 11.47 | 13.6 | 17.0 | 19.8 | 24.0 | 31.2 | 36.2 | 47.8 | 55.5 | 62.8 | 70.4 |
| GDP (real growth y/y%) | -11.0% | 2.2% | 11.8% | 6.6% | 7.0% | 7.5% | 8.5% | 2.9% | 8.5% | 5.7% | 4.3% | 6.0% |
| Consumer Prices (% y/y Change) | 14.0% | 19.4% | 9.2% | 5.5% | 4.7% | 8.5% | 9.2% | 6.5% | 7.0% | 7.3% | 6.5% | 5.0% |
| Overall Balance of the NFPS (% of GDP) | -4.1% | -3.1% | -1.5% | -1.4% | -0.5% | 0.0% | -1.4% | -2.0% | -1.5% | -1.5% | -1.5% | -1.5% |
| Primary Fiscal Balance (% of GDP) | 1.9% | 2.9% | 4.0% | 3.9% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% |
| Gross Debt Consolidated P.Sector (% of GDP) | 89.8% | 105.5% | 98.9% | 81.0% | 71.2% | 60.5% | 49.7% | 48.4% | 40.8% | 38.7% | 34.3% | 30.6% |
| Unemployment (% year average) | 17.4% | 15.4% | 14.0% | 13.5% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% |
| Current Account Balance (USD$ mn) | 192 | -46 | 250 | 200 | 150 | -100 | -1000 | -500 | -300 | -300 | -300 | -300 |
| Current Account Balance (% GDP) | 1.6% | -0.5% | 1.8% | 1.2% | 0.8% | -0.4% | -3.2% | -1.4% | -0.6% | -0.5% | -0.5% | -0.4% |
| Trade Balance (USD$ mn) | -12 | 100 | 352 | 198 | -112 | -318 | -585 | -674 | -992 | -1,228 | -1,421 | -1,714 |
| Exports (USD$ mn) | 1,832 | 2,300 | 2,900 | 3,016 | 3,016 | 3,106 | 3,200 | 3,296 | 3,395 | 3,496 | 3,601 | 3,709 |
| Imports (USD$ mn) | 1,844 | 2,200 | 2,548 | 2,818 | 3,128 | 3,425 | 3,784 | 3,970 | 4,387 | 4,724 | 5,022 | 5,424 |
| Foreign Direct Investment (USD $MN) | 175 | 275 | 315 | 400 | 1,493 | 1,329 | 1,840 | 1,138 | 2,000 | 2,000 | 2,000 | 2,000 |
| UYU/USD (Eop) | 27.0 | 29.2 | 26.4 | 25.5 | 24.0 | 21.5 | 24.4 | 19.5 | 19.0 | 18.5 | 18.5 | 18.5 |

| VENEZUELA | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011f | 2012f | 2013f |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nominal GDP (USD$BN) | 92.9 | 83.4 | 112.8 | 144.1 | 184.3 | 226.0 | 311.1 | 326.0 | 239.0 | 319.5 | 425.6 | 561.1 |
| GDP (real growth y/y%) | -8.9% | -7.8% | 18.3% | 10.3% | 9.9% | 8.2% | 4.8% | -3.3% | -1.7% | 3.8% | 3.0% | 3.0% |
| Consumer Prices (% y/y Change) | 31.2% | 27.1% | 19.2% | 14.4% | 17.0% | 22.5% | 32.0% | 27.0% | 27.4% | 28.8% | 29.3% | 28.0% |
| CG Fiscal Revenues (%GDP) | 22.2% | 23.4% | 24.0% | 29.0% | 29.0% | 31.1% | 23.7% | 16.5% | 19.6% | 19.6% | 19.6% | 19.6% |
| CG Fiscal Expenditures (%GDP) | 26.1% | 27.8% | 25.9% | 27.4% | 29.0% | 28.0% | 25.0% | 25.1% | 25.1% | 22.5% | 24.5% | 25.3% |
| CG Fiscal Balance (%GDP) | -4.0% | -4.4% | -1.9% | 1.6% | 0.0% | 3.1% | -1.3% | -8.6% | -5.5% | -2.9% | -6.0% | -5.7% |
| Gross General Government Debt/GDP (%) | 42.7% | 45.9% | 41.6% | 32.2% | 22.2% | 20.3% | 19.5% | 19.9% | 18.8% | 25.0% | 18.8% | 14.3% |
| Unemployment (% year average)* | 15.7% | 14.6% | 10.9% | 8.9% | 8.0% | 8.0% | 7.6% | 7.8% | 8.7% | 8.3% | 8.4% | 8.4% |
| Current Account Balance (USD$ mn) | 7,601 | 11,796 | 15,520 | 25,534 | 26,462 | 18,063 | 37,392 | 8,561 | 12,100 | 33,600 | 23,200 | 20,000 |
| Current Account Balance (% GDP) | 7.9% | 12.1% | 13.8% | 17.7% | 14.4% | 8.0% | 12.0% | 2.6% | 5.1% | 10.5% | 5.5% | 3.6% |
| Trade Balance (USD$ mn) | 13,421 | 16,747 | 22,647 | 31,168 | 31,995 | 22,979 | 45,656 | 19,153 | 27,200 | 30,500 | 28,600 | 28,600 |
| Exports (USD$ mn) | 26,781 | 27,230 | 39,668 | 55,176 | 65,578 | 69,010 | 95,138 | 57,595 | 65,800 | 90,000 | 90,000 | 88,000 |
| Oil+Gas Exports (USD$ mn) | 21,532 | 22,029 | 32,871 | 48,069 | 58,437 | 60,608 | 85,410 | 47,450 | 61,685 | 83,768 | 82,125 | 82,125 |
| Volume (Million BPD) | 2,642 | 2,331 | 2,597 | 2,650 | 2,780 | 2,700 | 2,600 | 2,600 | 2,600 | 2,550 | 2,500 | 2,500 |
| Exports (Million BPD) | 1,700 | 1,500 | 1,750 | 1,900 | 1,900 | 1,800 | 1,500 | 1,500 | 1,400 | 1,250 | 1,250 | 1,250 |
| Venezuela Mix Price (USD) | 26 | 33 | 45 | 56 | 58 | 65 | 90 | 50 | 65 | 90 | 90 | 90 |
| Imports (USD$ mn) | 13,360 | 10,483 | 17,021 | 24,008 | 33,583 | 46,031 | 49,482 | 38,442 | 38,600 | 45,600 | 50,160 | 55,176 |
| Foreign Direct Investment (USD $MN) | 782 | 2,040 | 1,480 | 2,580 | -508 | 1,008 | 349 | -3,105 | -1,000 | -1,500 | -1,000 | -1,000 |
| VEB/USD (Eop) | 1,389 | 1,600 | 1,915 | 2,144 | 2,150 | 2,150 | 2.150 | 2.150 | 4.300 | 4.300 | 4.300 | 4.300 |
| External Reserves ($ MN) | 11,929 | 20,599 | 23,462 | 29,579 | 36,606 | 33,500 | 42,226 | 35,000 | 29,500 | 29,889 | 25,000 | 25,000 |

Source: IMF, CEPAL, Respective Statistics Agencies, Respective Central Banks, World Bank, Bulltick Capital Markets, Latin American Consensus Forecasts

BullTick™
Capital Markets

# Bulltick Capital Markets Emerging Markets Research and Strategy

# Contact Information

**Alberto Bernal, abernal@bulltick.com**, (786) 871-3743

Head of EM Research And Strategy And Partner (Macro Outlook, Latin America, Colombia, Argentina, Mexico)

**Kathryn Rooney Vera, krooney@bulltick.com**, (786) 871-3758

Senior Macroecroeconomic Strategist And Partner (Macro Outlook, Latin America, Brazil, Peru, Chile, Venezuela)

BullTick™ Capital Markets

## About Bulltick Capital Markets

Bulltick Capital Markets is a full-service investment bank specialized in Latin America. The firm offers a variety of diversified financial products and services with local know-how and international expertise. Its client base is comprised of established financial institutions and qualified investors in Latin America, as well as of the international financial community with investment interests in the region. Bulltick is headquartered in the United States, with offices in Miami, São Paulo, Mexico City Buenos Aires and Bogota.

## Our Research Resources

With Bulltick's vast Latin American in-roads, resources and networks, our research team is strategically positioned to provide value-added research on local and regional companies, markets and industries. With analysts in the region, along with management road shows, we are able to track the pulse of the leading markets in Latin America. We make it our business to know the business of the region, so we can help our clients manage volatility with in-depth coverage of macroeconomic leading sectors and market-moving events.


***Argentina***

| | | | |
|---|---|---|---|
| Diego Raffetti | + 5411 4343-2114 | draffetti@bulltick.com | Sales & Trading |
| Hernan Maidana | + 5411 4343-2118 | hmaidana@bulltick.com | Research Sales |

**Brazil**

| | | | |
|---|---|---|---|
| Ricardo Kaufmann | + 5511 3089–8747 | rkaufmann@bulltick.com | Sales & Trading |
| Rodrigo Barros | + 5511 3089–8747 | rbarros@bulltick.com | Sales & Trading |

**Mexico**

| | | | |
|---|---|---|---|
| Alejandro Creixell | +52 (55) 5246-7020 | acreixell@bulltick.com | Head Casa Bolsa |
| Enrique Recillas | +52 (55) 5246-7020 | erecillas@bulltick.com | Sales & Trading |
| Eduardo Saenger | +52 (55) 5246-7050 | esaenger@bulltick.com | Head Sales Trader |
| Fernando Prieto | +52 (55) 5246-7030 | fprieto@bulltick.com | Head of Capital Markets Mexico |
| Jorge Obieta | +52 (55) 5246-7053 | jobieta@bulltick.com | Sales & Trading |

**USA**

| | | | |
|---|---|---|---|
| Klaus Spielkamp | + 1 305 533-1541 | klaus@bulltick.com | Fixed Income Sales |
| Kathryn Rooney Vera | + 1 305 533-1541 | krooney@bulltick.com | Macro Economic Strategy |
| Rodrigo Covian | + 1 305 533-1541 | rcovian@bulltick.com | Fixed Income |
| Jose A. Costa | +1 305 533-1541 | jcosta@bulltick.com | Equity Trading |
| Alberto Bernal | +1 305 533-1541 | abernal@bulltick.com | Head Of Research |
| Deborah Ausina | + 1 305 533-1541 | dausina@bulltick.com | FX Sales & Trading |

# APPENDIX A – IMPORTANT DISCLOSURES

## ANALYST CERTIFICATION

The analyst(s) primarily responsible for the preparation of this report hereby certify that all the views expressed herein accurately reflect their personal views only. The analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

## IMPORTANT DISCLOSURES

*Principal/Agency Trading:*

Bulltick and its affiliated entities, employees, officers, and directors may deal on a principal and/or agency basis in transactions involving currencies, markets, sectors and/or securities referred to herein (or related derivatives or other instruments related thereto), including in transactions which may be contrary to any recommendations contained herein.
The Firm's Analysts may interact with sales and trading personnel in the ordinary course of business. Such sales and trading personnel may trade and/or have proprietary positions in the securities (or in related derivatives) that are the subject of this report, and the Firm's interest may conflict with the interests of investors in those instruments.

*Analyst Compensation:*

The costs and expenses of research, including the compensation of the analyst(s) that prepared this report, are paid out of the Firm's total revenues, a portion of which are generated by fixed income division and investment banking activities.

*Conflict Management:*

Fixed income personnel report to the head of fixed Income and are not subject to the direct or indirect supervision or control of any other Firm department (or members of such department).

## OTHER DISCLAIMERS

Bulltick and its subsidiaries, affiliates, shareholders, directors, officers, employees, and licensors ("The Bulltick Parties") will not be liable (individually, jointly, or severally) to you or any other person as a result of your access, reception, or use of the information contained in this document for indirect, consequential, special, incidental, punitive, or exemplary damages, including, without limitation, lost profits, lost savings, and lost revenues (collectively, the "Excluded Damages"), whether or not characterized in negligence, tort, contract, or other theory of liability. The information contained in this document has been obtained from sources believed to be reliable, although its accuracy and completeness cannot be guaranteed. All opinions, projections and estimates constitute the judgment of the author as of the date of the report and these, plus any other information contained herein, are subject to change without notice. Prices and availability of financial instruments mentioned are also subject to change without notice.

Bulltick and its affiliated companies have not taken any steps to ensure that the recommendations referred to in this report are suitable for any particular investor. The Report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any financial product. Securities and financial products mentioned in the report are subject to investment risks, including the possible loss of the principal amount invested.

The financial instruments mentioned in this document may not be eligible for sale in some countries. The Report is not to be construed as providing investment services in any jurisdiction where the provision of such services would be illegal.

Investing in non-US securities or markets, may entail additional risks. Securities of non-US issuers may not be registered with, and may not be subject to the reporting requirements of the US Securities and Exchange Commission. There may be limited information available on foreign securities or markets. Foreign companies are generally not subject to uniform audit and reporting standards, practices, and requirements comparable to those in the US. Investments in foreign markets may be less liquid and their prices more volatile than those comparable in US. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign market.

The information contained in the report is privileged and confidential and intended solely for the recipients who have been specifically authorized to receive it and it may not be further distributed. Bulltick and its affiliates accept no liability whatsoever for the actions of third parties. Should you receive this message by error you are hereby notified that any disclosure, reproduction, distribution, or use of this message is strictly prohibited.

The Report may provide the addresses of, or contain hyperlinks to, websites, except to the extent to which the Report refers to website material of Bulltick, the Firm takes no responsibility for, and makes no representation or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through the Report or the website of Bulltick shall be at your own risk and Bulltick shall have no liability arising out of, or in connection with, and such referenced website.