

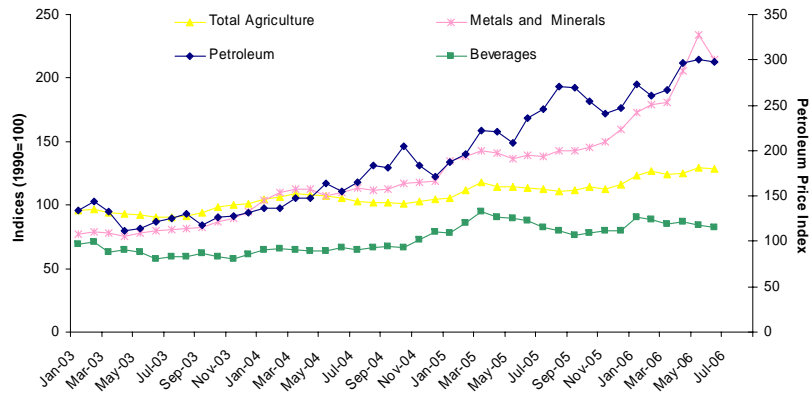
Annual Meetings

LAC: Macroeconomic Outlook

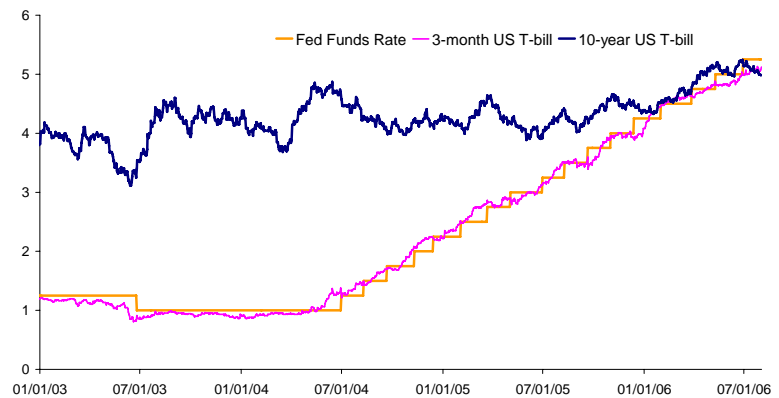
Guillermo Perry
Chief Economist
Latin American and the Caribbean Region
The World Bank

A Supportive External Environment

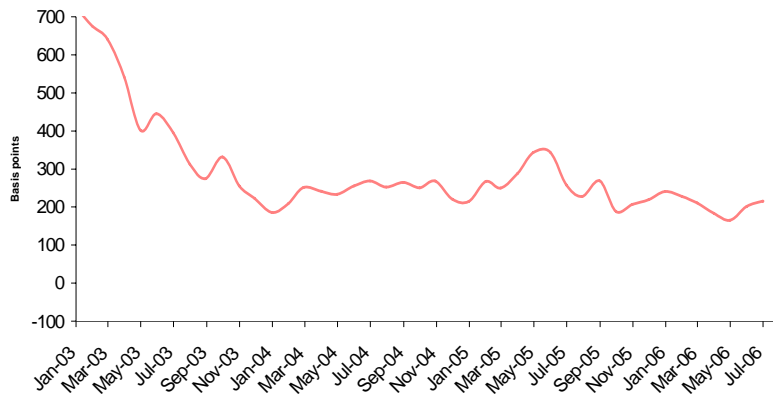
Weighted Index of Commodity Prices in Current Dollars



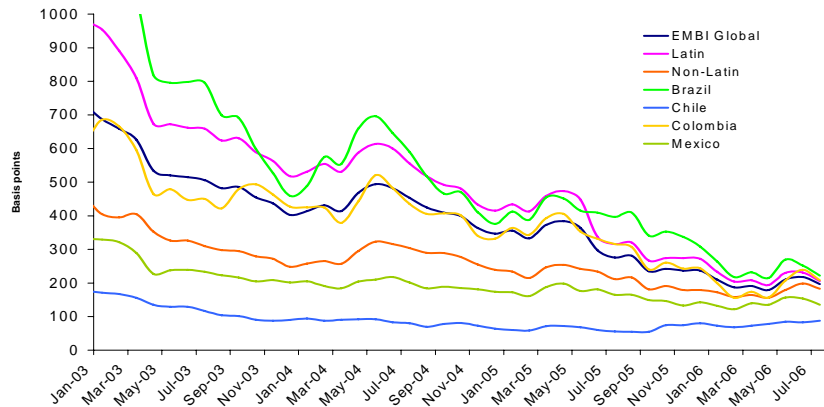
US Long and Short-term Interest Rates



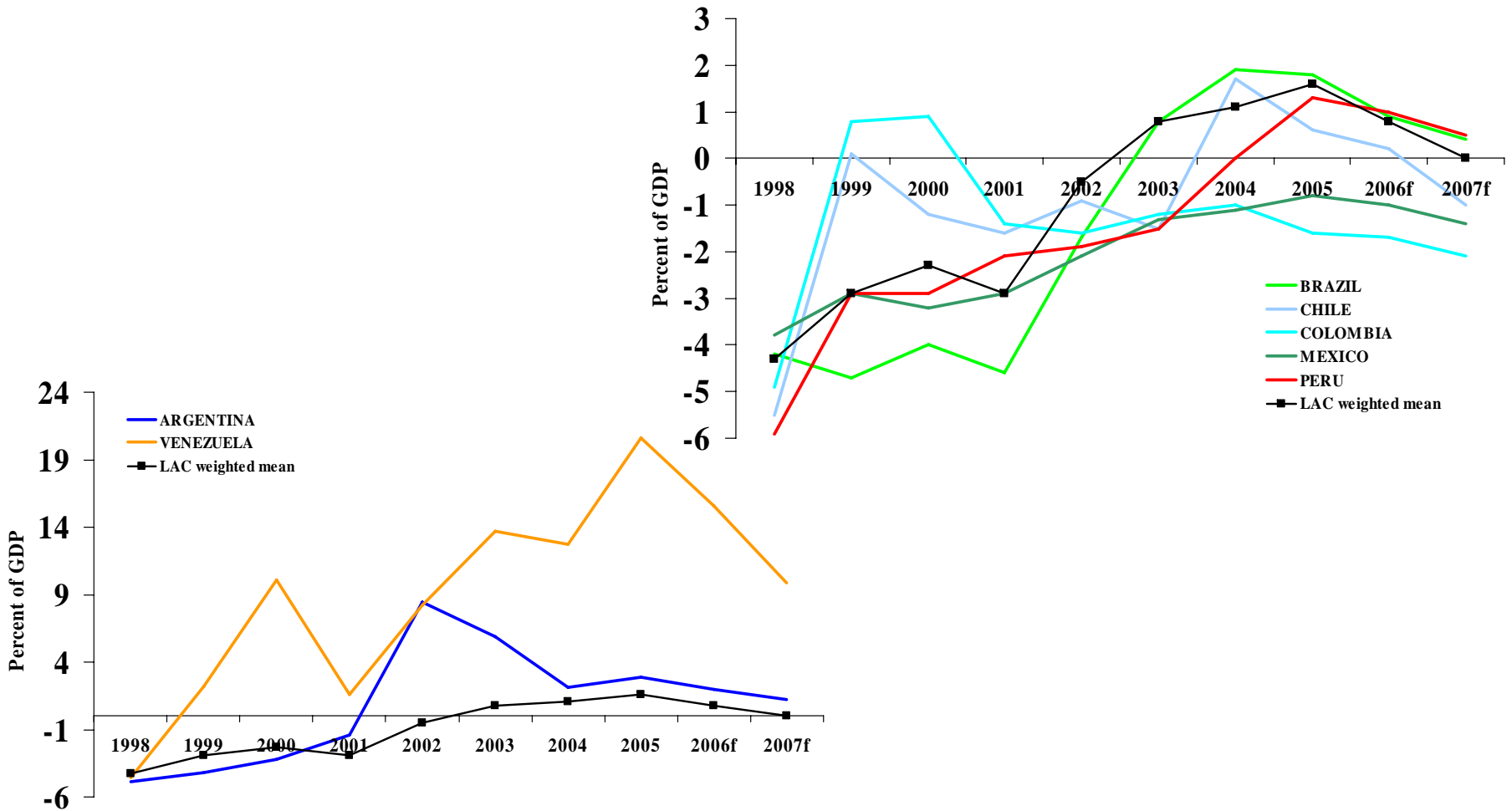
Spread EMBI+ and 3-month t-bill



EMBI Global Spreads

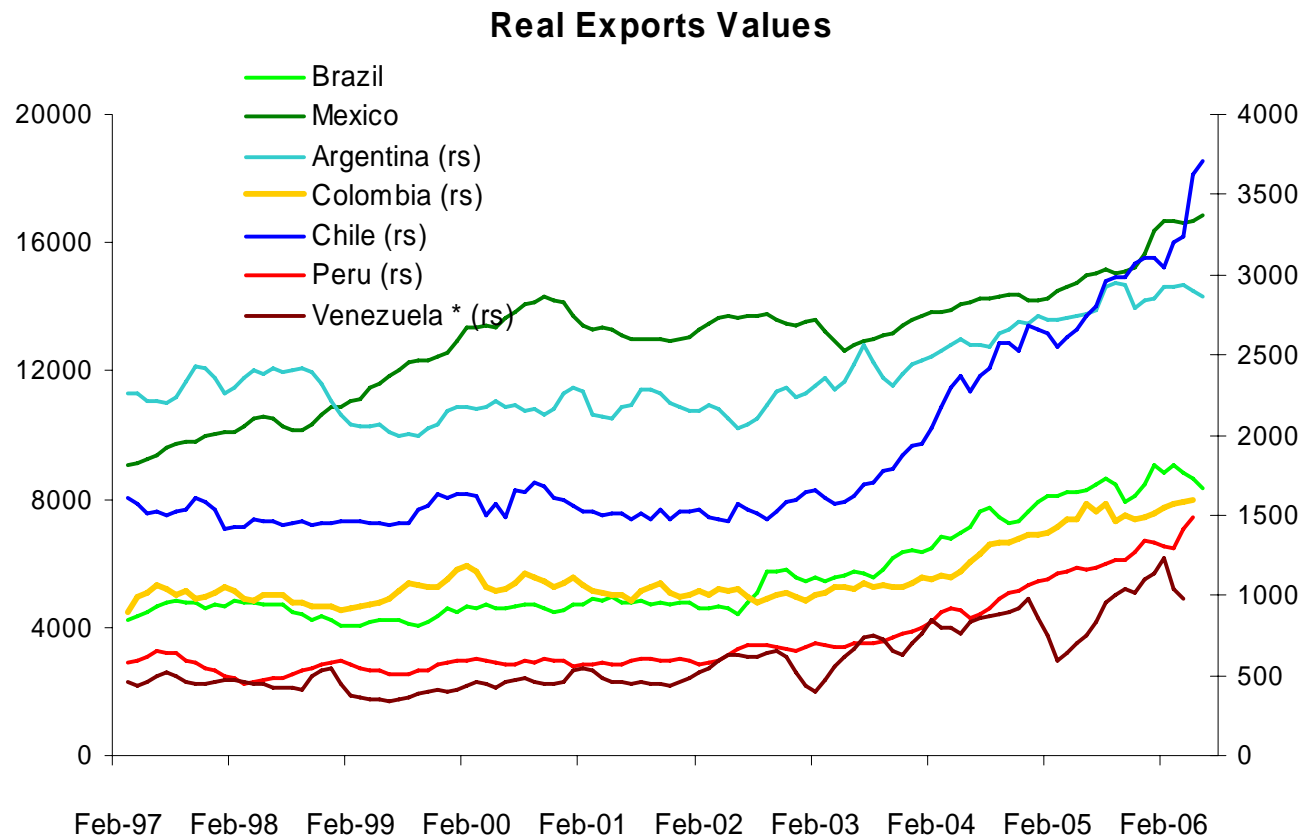


Current Account Balances still Healthy



Source: Consensus Forecast, May 2006.

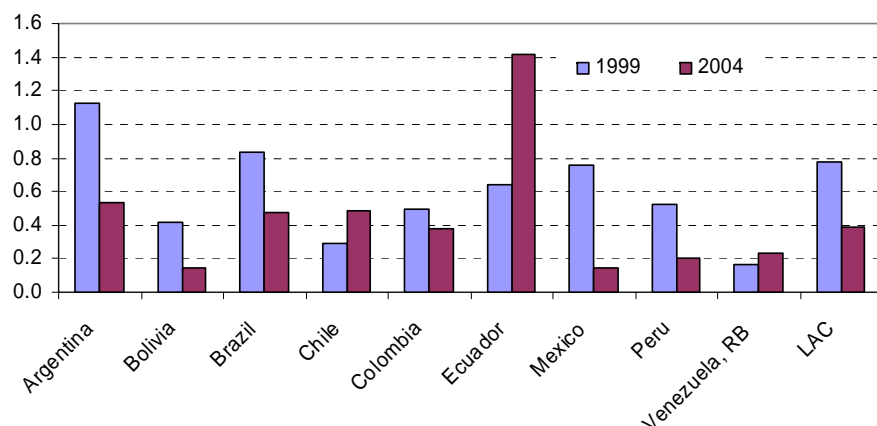
Exports Continue to Perform Well



Source: Export values in millions of US\$ from domestic sources via Haver database deflated by US Wholesale Price Index from IMF IFS..

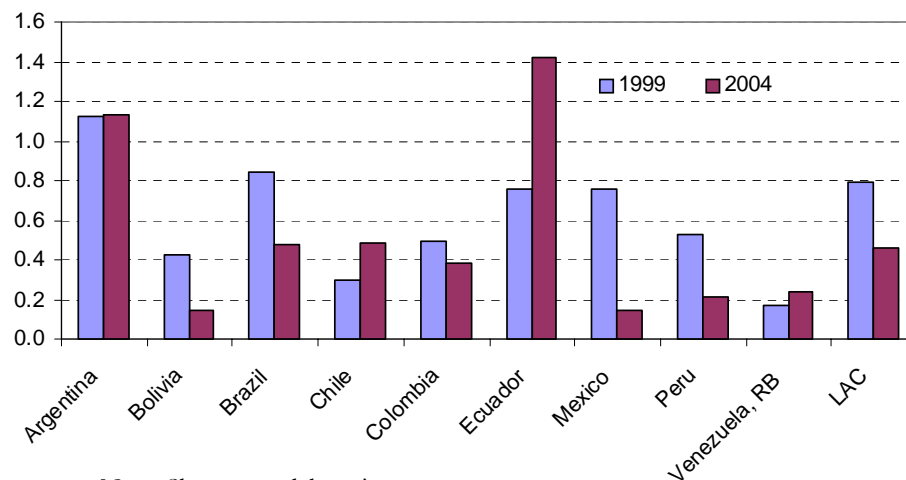
External Liquidity is High

Short-term Debt / Reserves



Note: Short term debt.

Short-term Debt / Reserves



Note: Short term debt + interest arrears.

W1

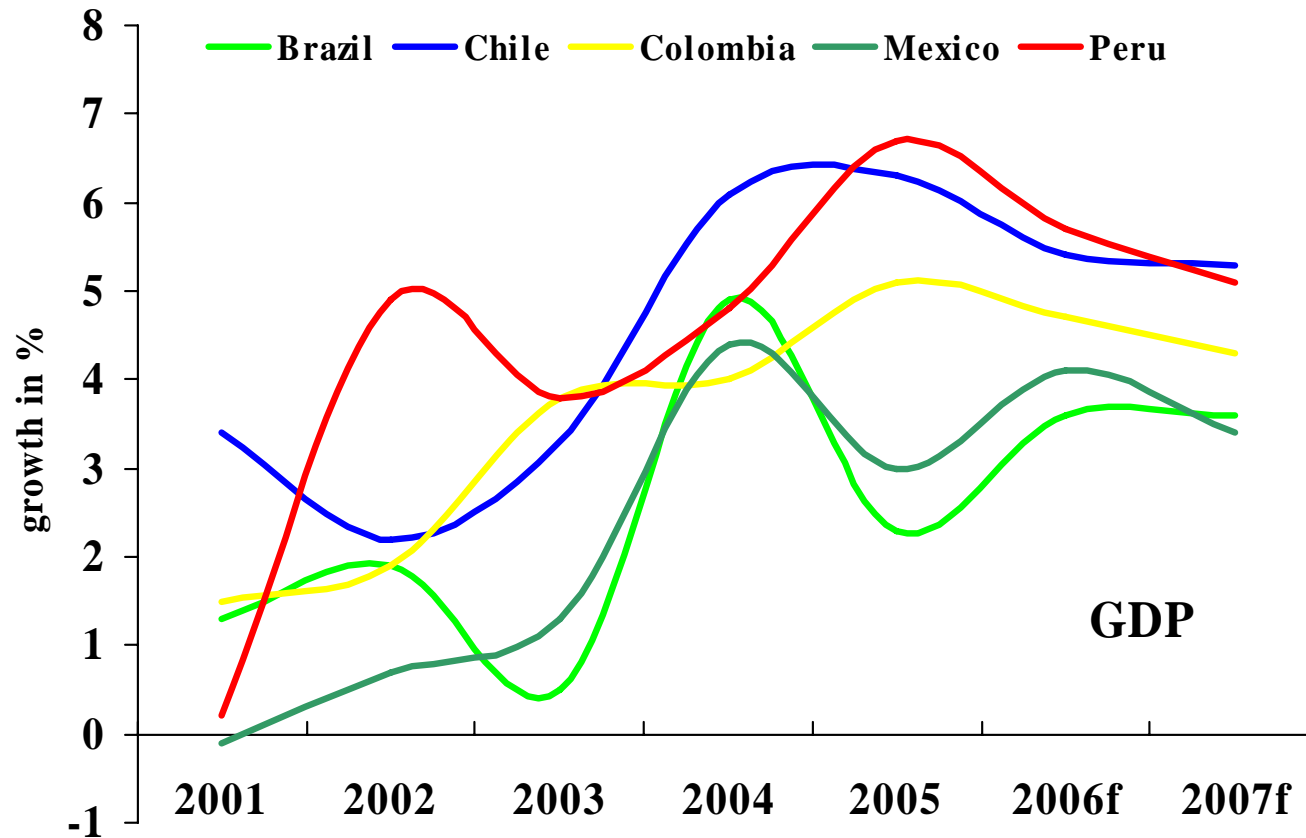
Cesar:

Why such high figures for Argentina and Ecuador?

Does it include domestic deposits in dollars?

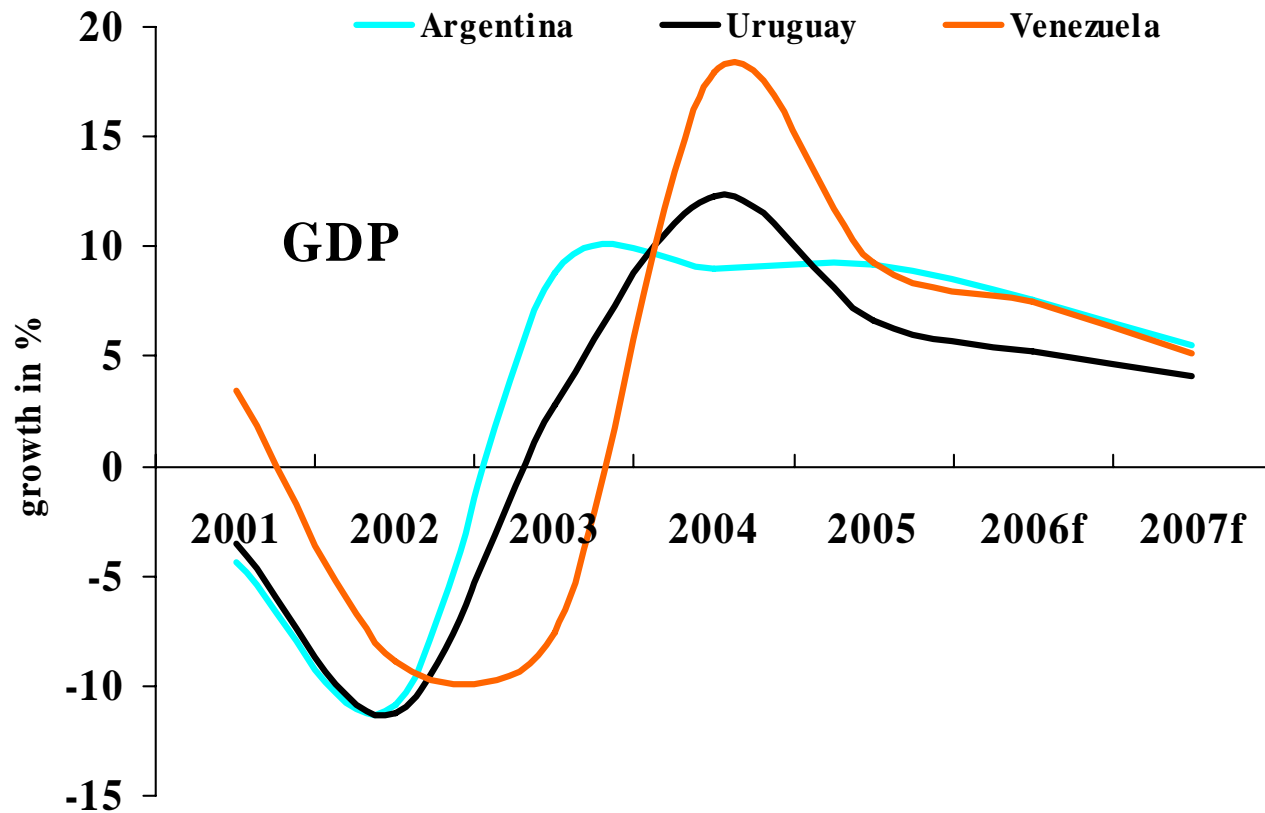
WB50006, 08/16/2006

Domestic Economic Activity: Slowing down? Market Forecasts..



Source: Consensus Forecast, July 2006.

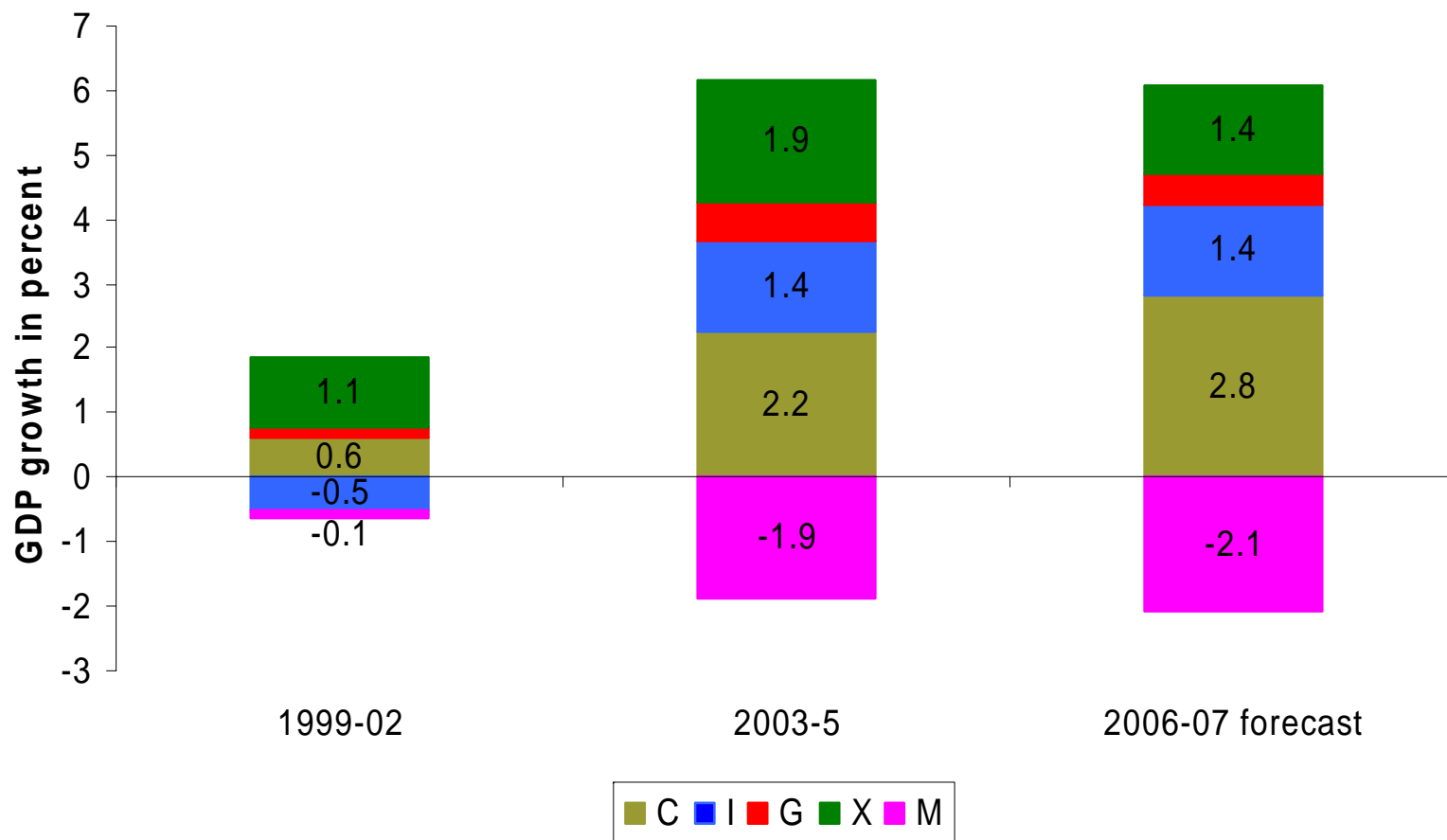
Domestic Economic Activity: Recoveries cooling off? Forecasts...



Source: Consensus Forecast, July 2006.

From export-led to domestic demand driven growth

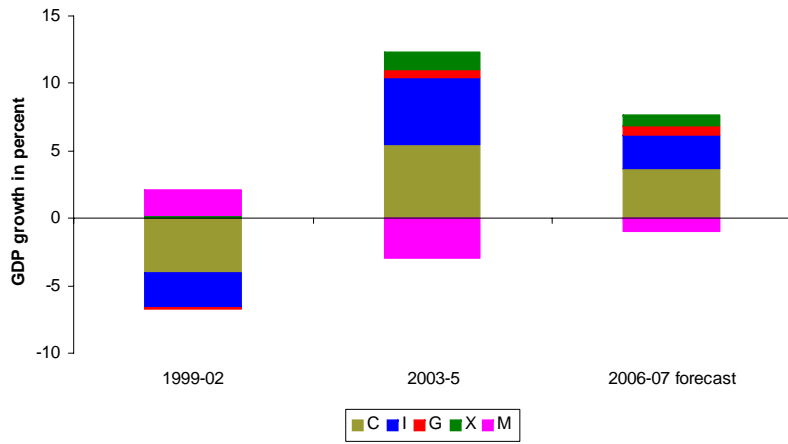
Latin America & Caribbean



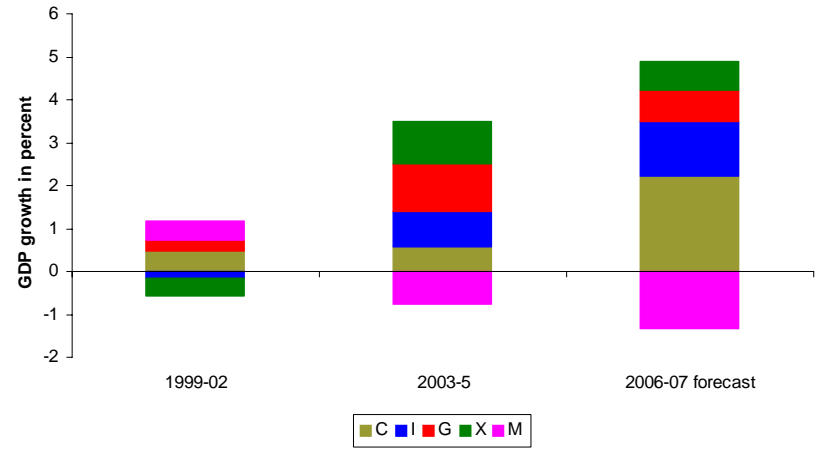
Source: Staff calculations based on data from WDI&GDF database, the World Bank, Consensus Forecasts and EIU.

From export-led to domestic demand driven growth

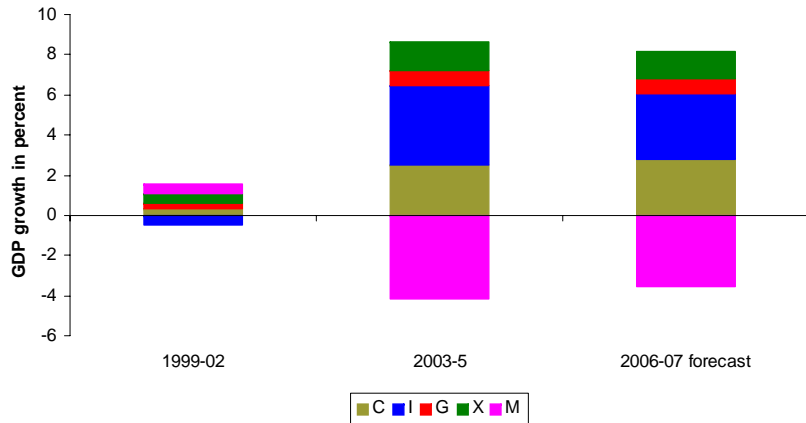
Argentina



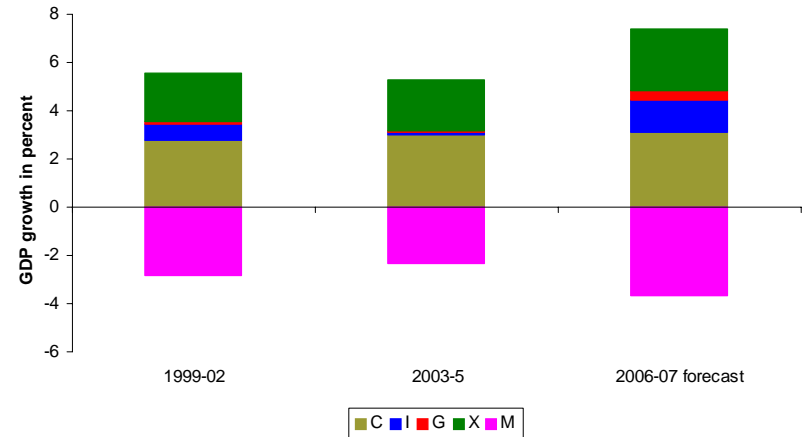
Brazil



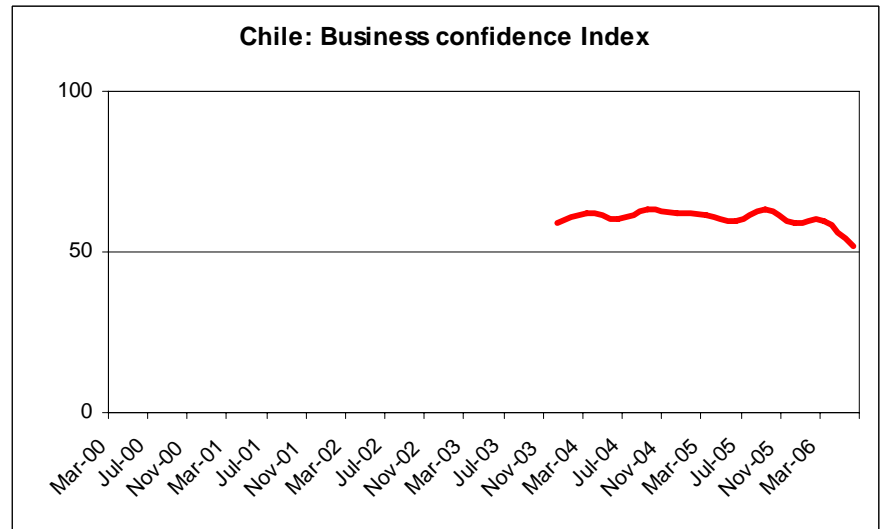
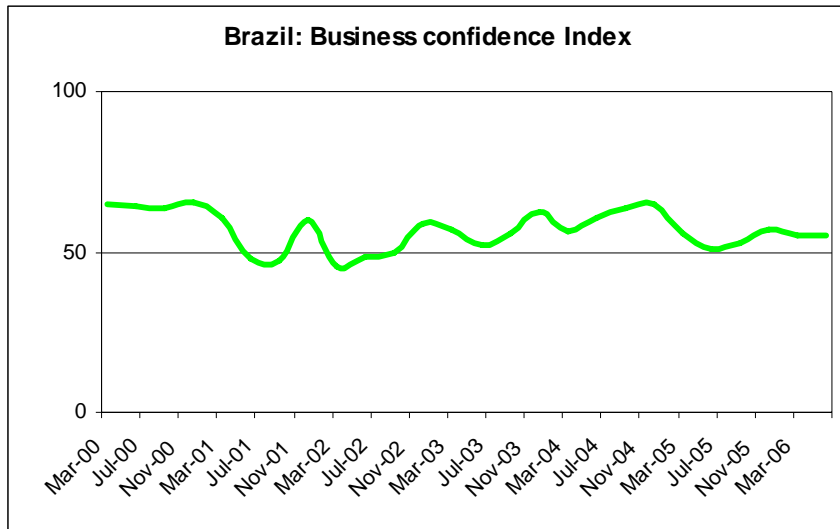
Colombia



Mexico

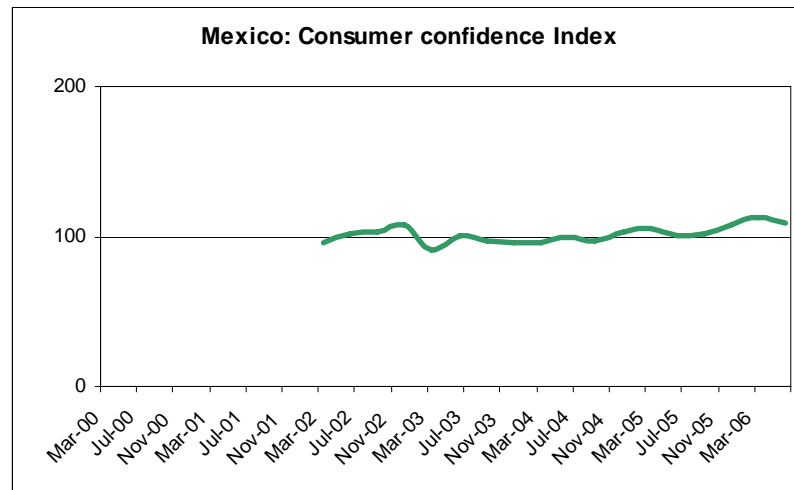
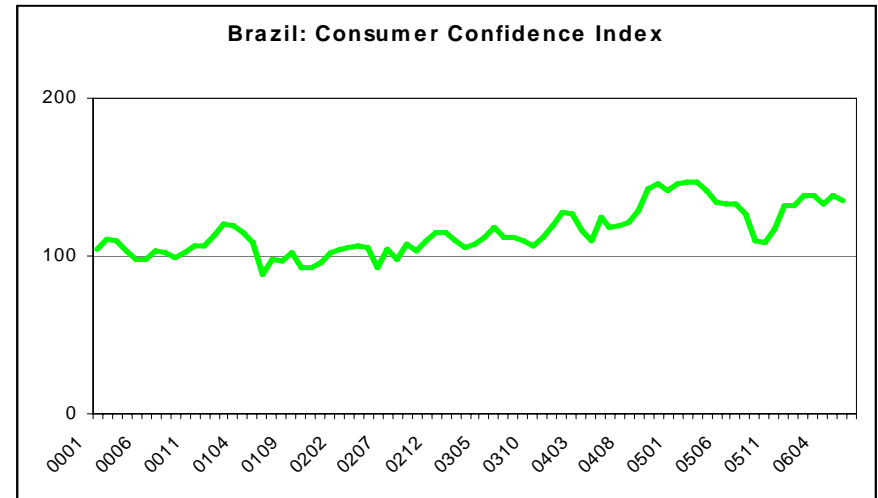
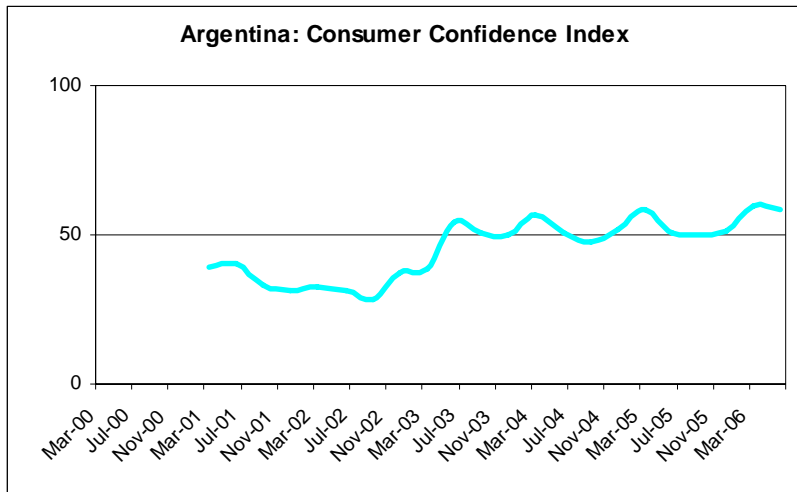


Business Confidence: Positive in most Countries



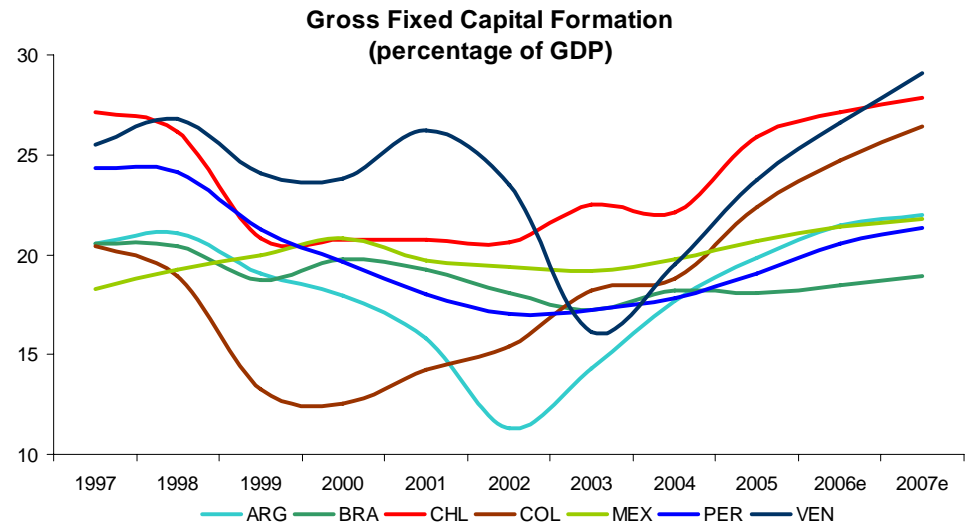
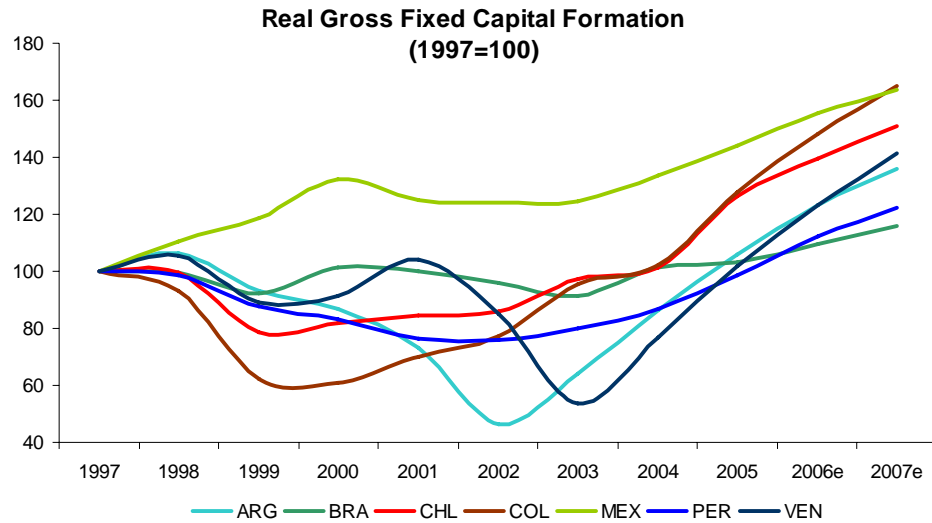
Source: Bloomberg, Fedesarrollo.

Consumer Confidence: Also Positive in most Countries



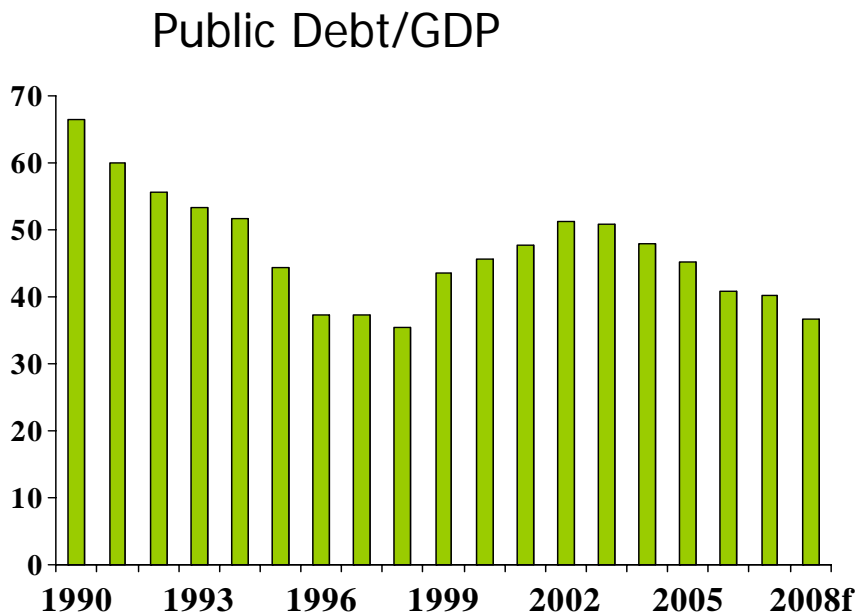
Source: Bloomberg, Haver database.

Investment levels continue to recover

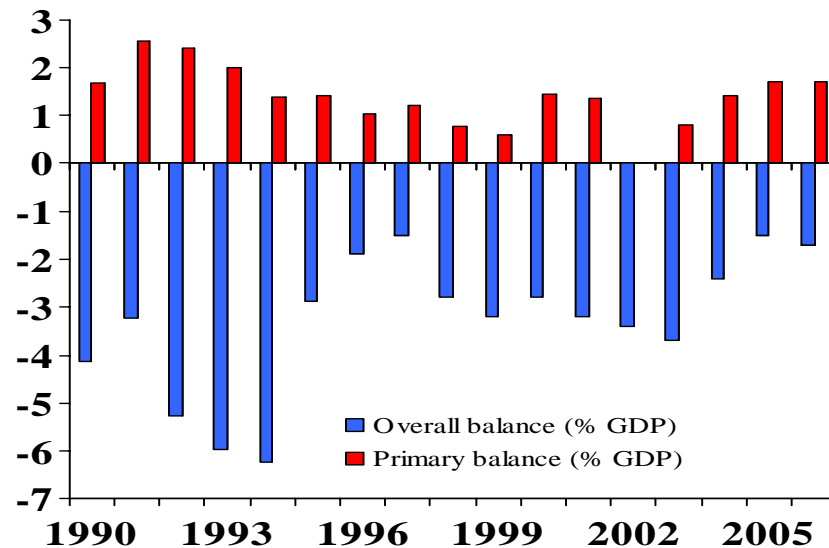


A remaining concern?

Public Debt and Fiscal Balances

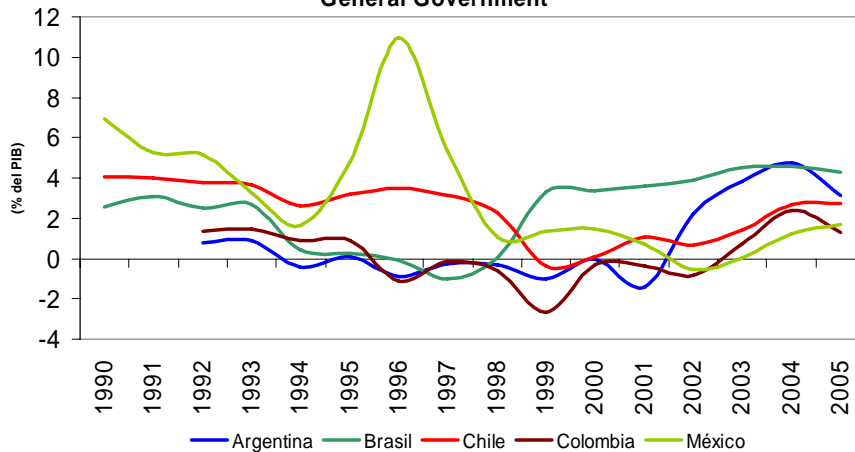


Fiscal Balances/GDP

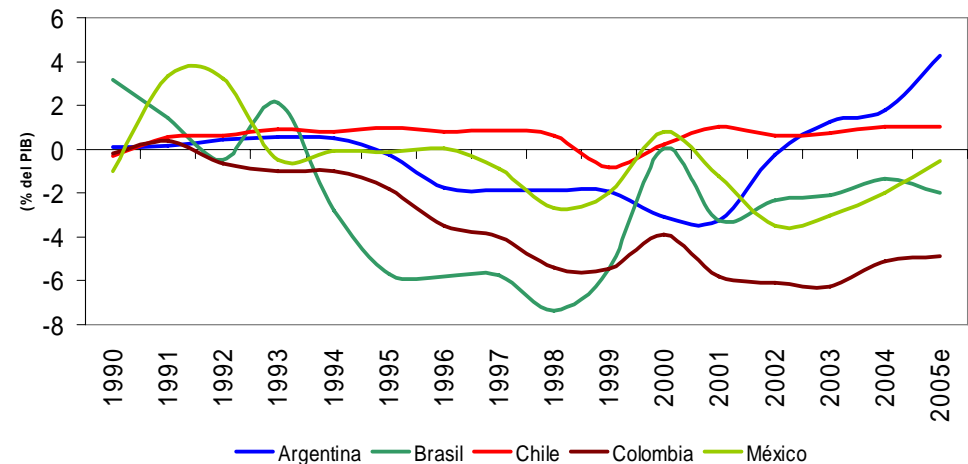


Structural primary balances: improving, but strong enough?

Structural Primary Balances in LAC, 1990-2005e
General Government



Structural Balances in LAC, Central Government 1990-2005e
(accounting for fluctuations in interest payments)



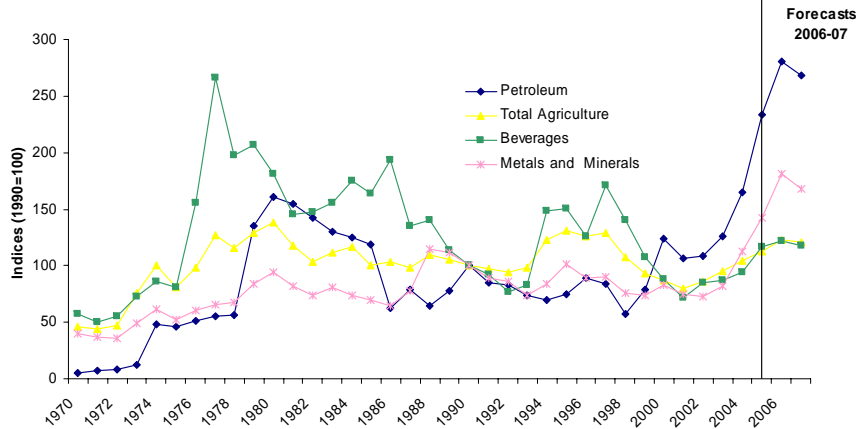


END

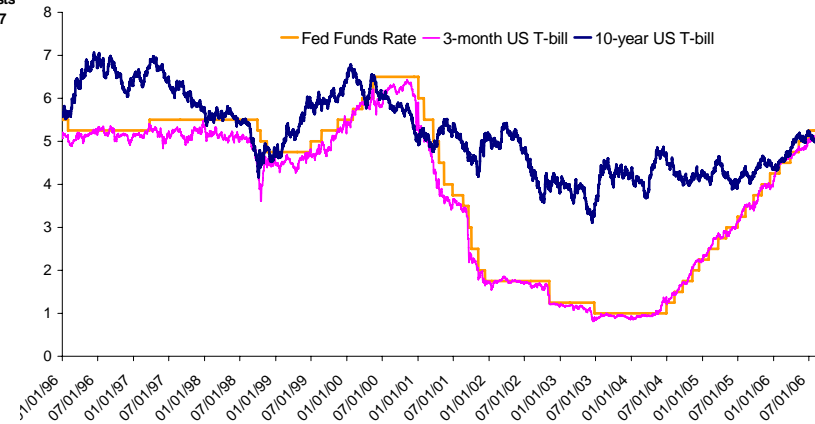


Outlook: External Sector

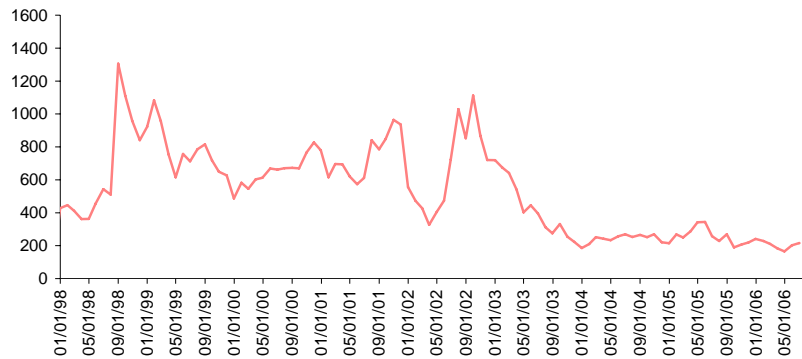
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