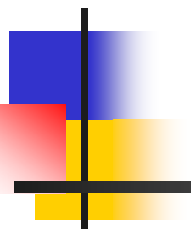


# 9<sup>th</sup> Annual Structure Trade & Export Finance in the Americas Conference

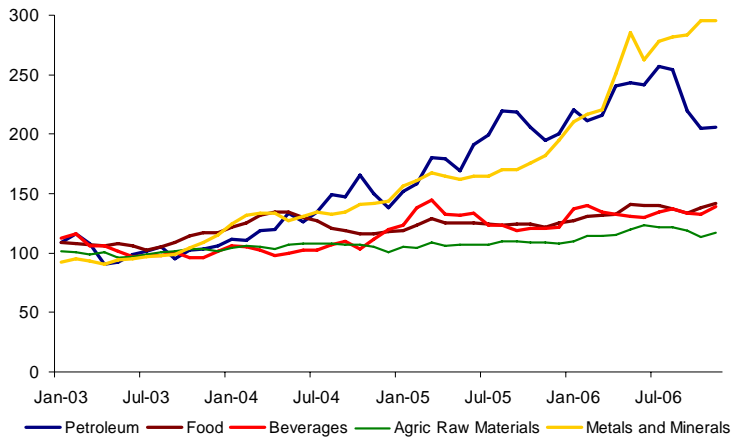


**Guillermo Perry**  
**Chief Economist**

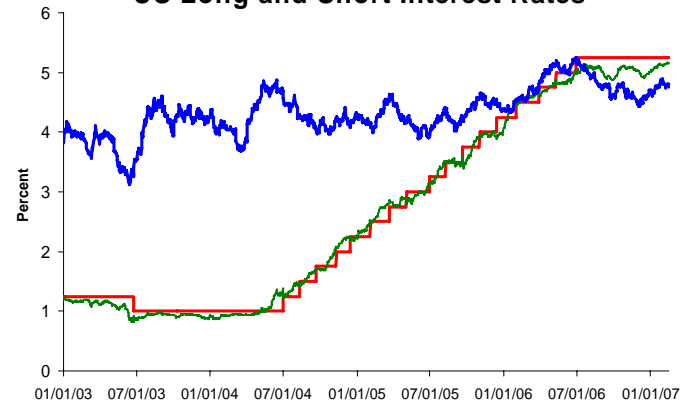
**Latin American and the Caribbean Region**  
**The World Bank**

# A Supportive External Environment

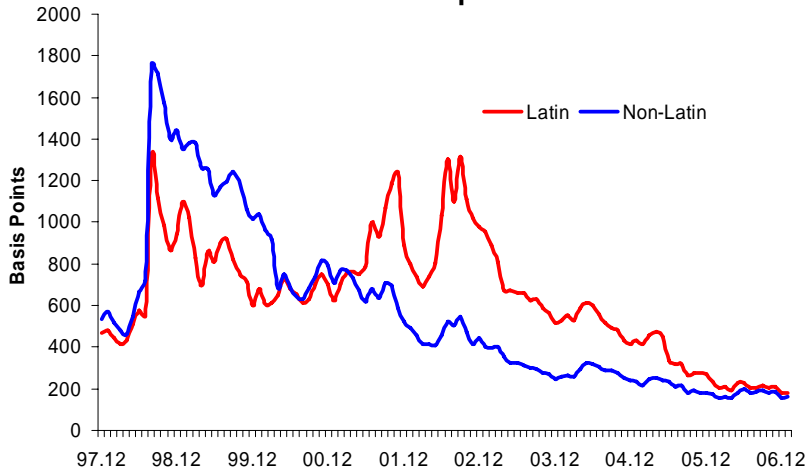
**Weighted Index of Commodity Prices**



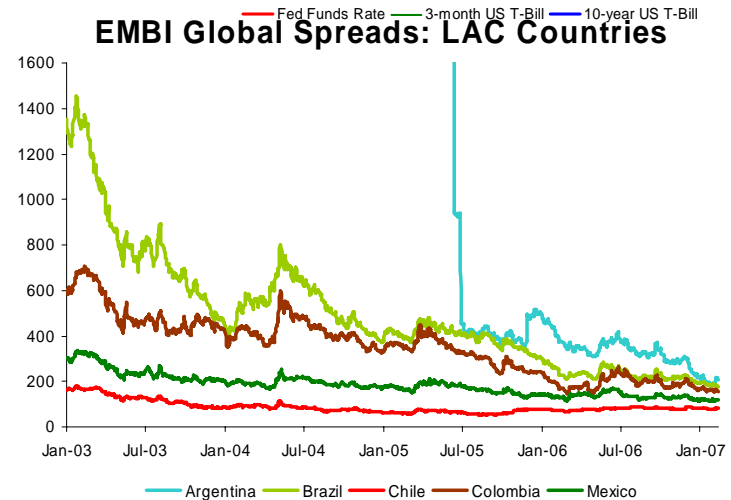
**US Long and Short Interest Rates**



**EMBI Global Spreads**

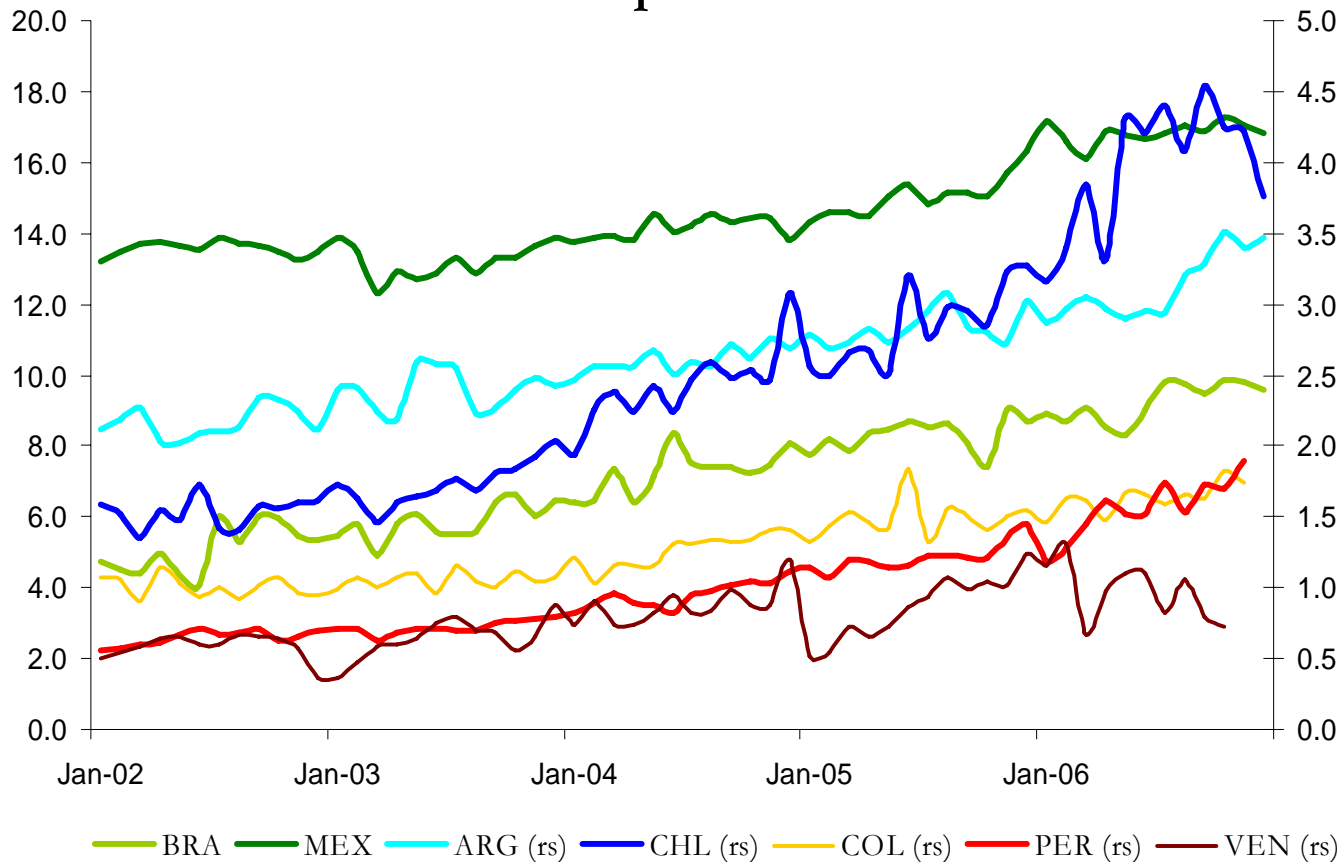


**EMBI Global Spreads: LAC Countries**



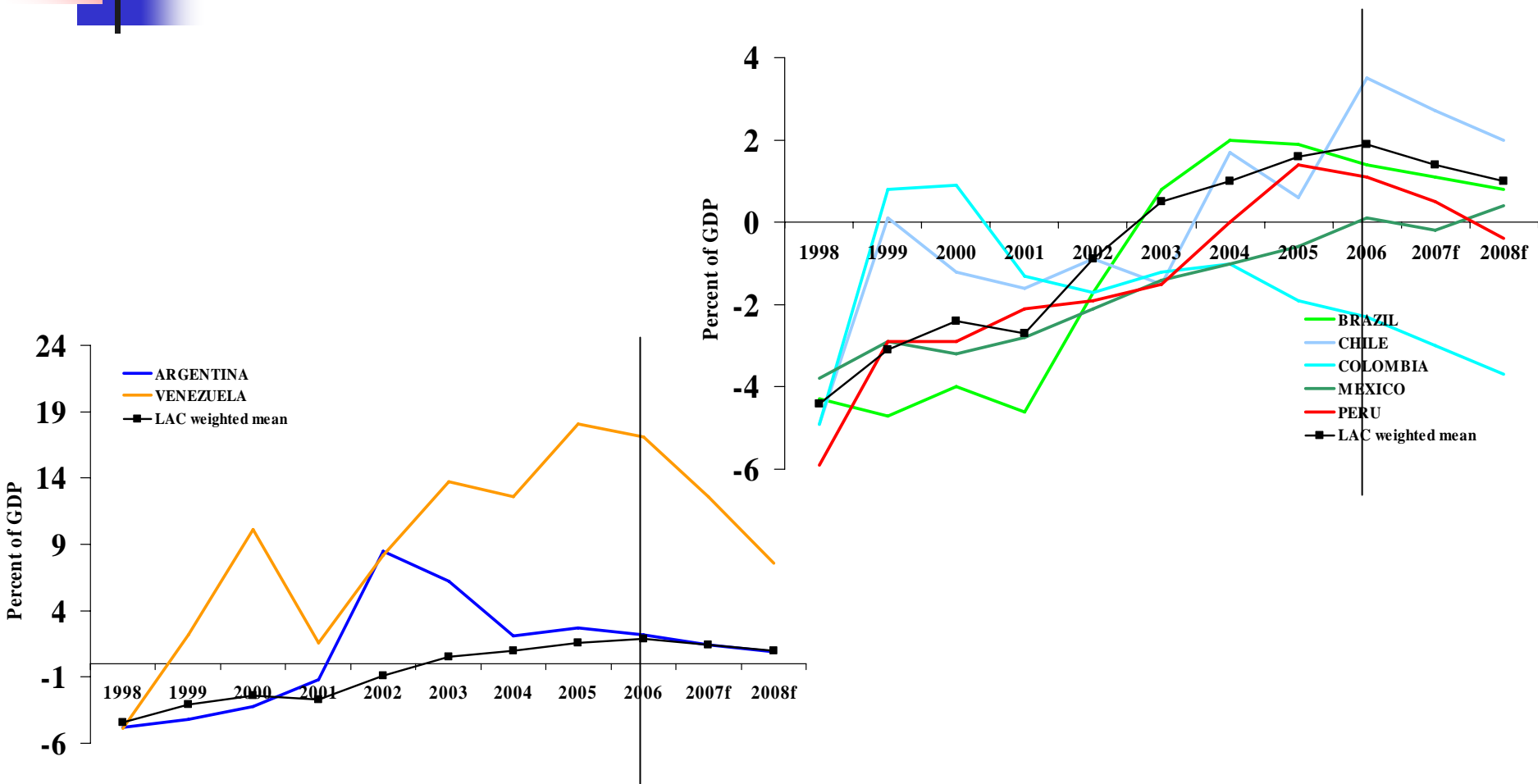
# Exports Continue to Perform Well

## Real Export Values



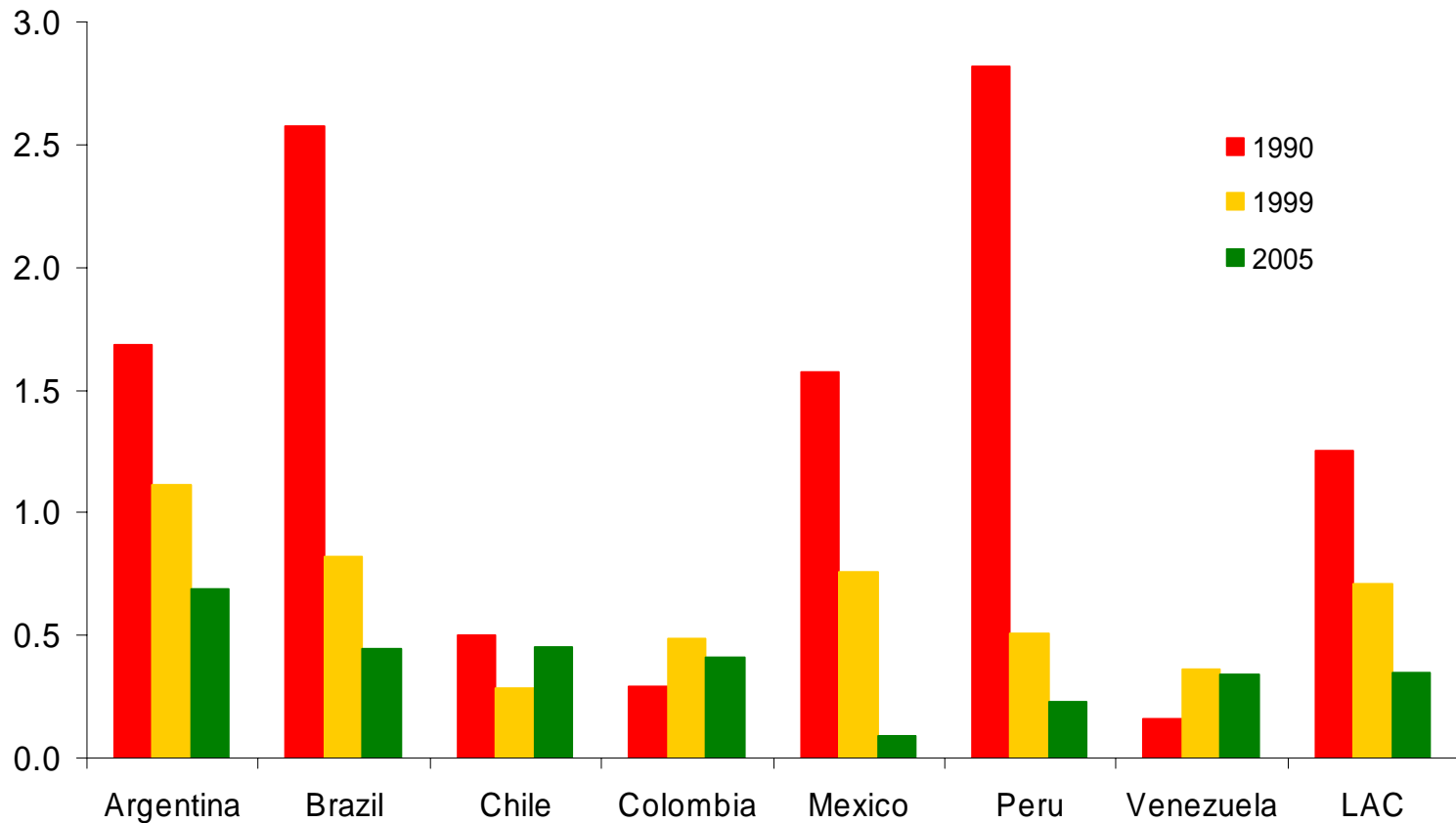
Export values in billions of US\$ at 2000 prices (deflated by the US wholesale price index from IMF IFS).  
Data from domestic sources via Haver database.

# Current Account Balances still Healthy



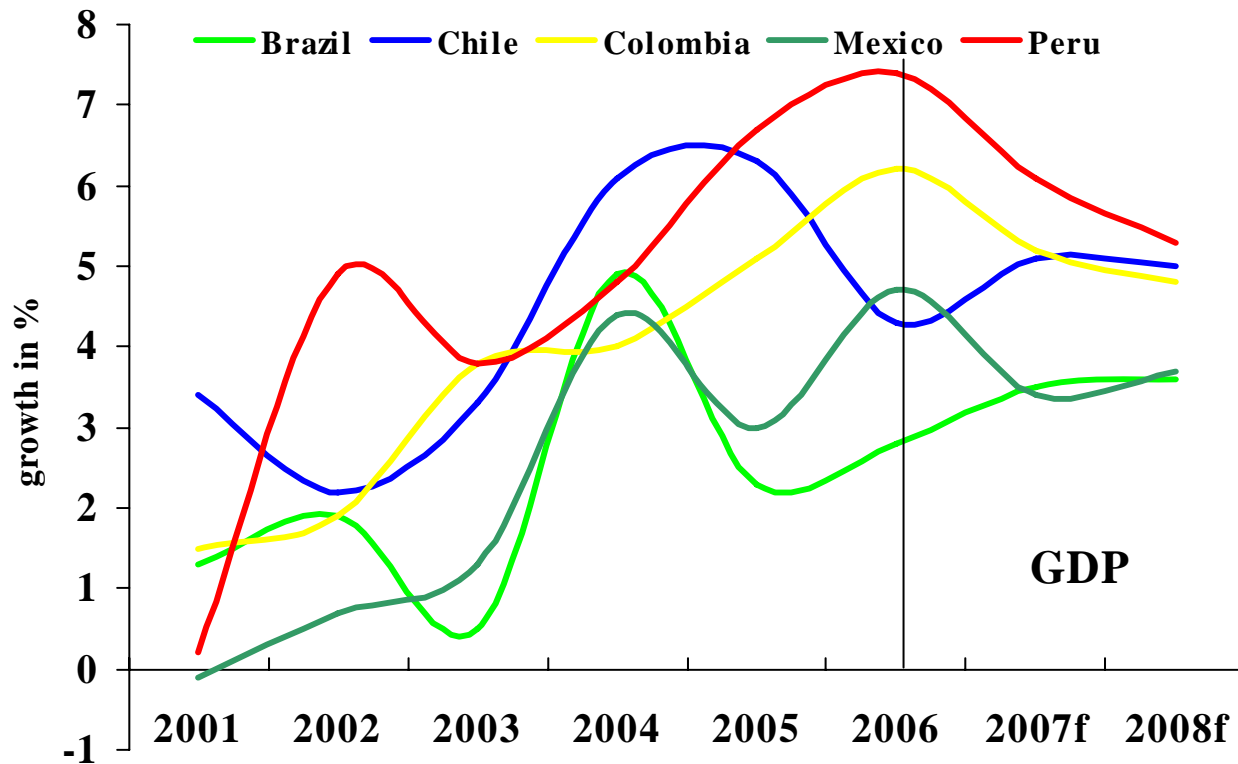
# External Liquidity is High

## Short-Term Debt / Reserves



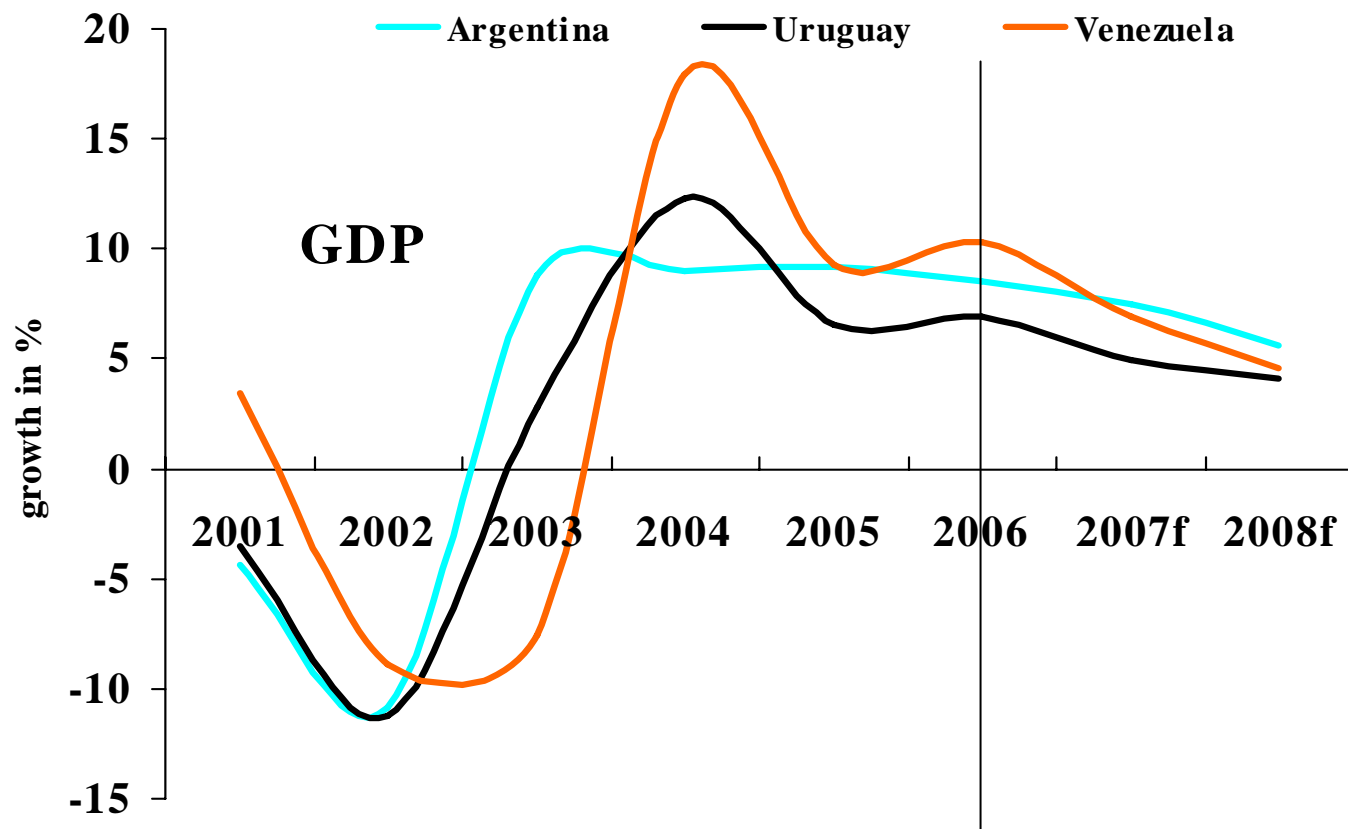
Source: GDF.

# Domestic Economic Activity: Slowing down? Market Forecasts..



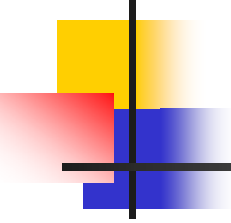
Source: Consensus Forecast, July 2007.

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



Source: Consensus Forecast, January 2007.

# Market Forecasts underestimate actual GDP growth in the LAC region

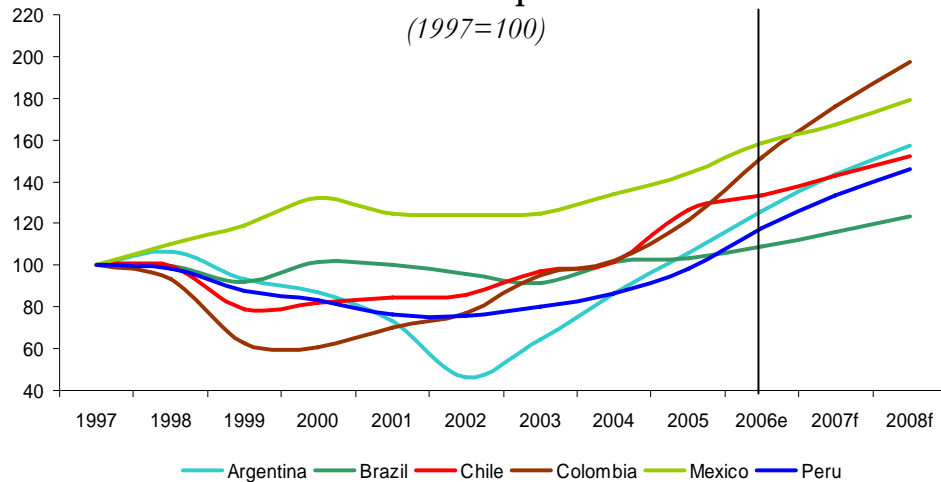


Country	2005		2006	
	Forecast	Actual	Forecast	Actual
Argentina	5.1	9.0	5.9	9.2
Brazil	3.7	4.9	3.4	2.3
Chile	5.4	6.2	5.5	6.3
Colombia	3.8	4.8	4.2	5.1
Ecuador	3.4	7.6	3.3	3.9
Mexico	3.7	4.1	3.5	3.0
Peru	4.2	4.8	4.8	6.7
Uruguay	4.8	11.9	4.3	6.5
Venezuela, RB	4.6	17.9	6.4	9.3
<b>Latin America</b>	<b>4.1</b>	<b>4.5</b>	<b>4.0</b>	<b>5.0</b>

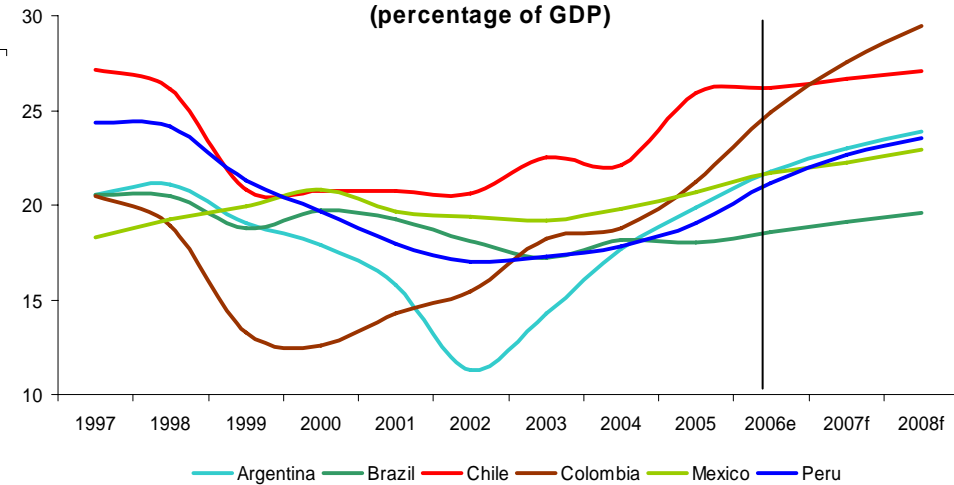
Source: DECPG, Consensus Forecasts, December 2004 and December 2005

# Investment levels continue to recover

**Real Gross Fixed Capital Formation**  
(1997=100)



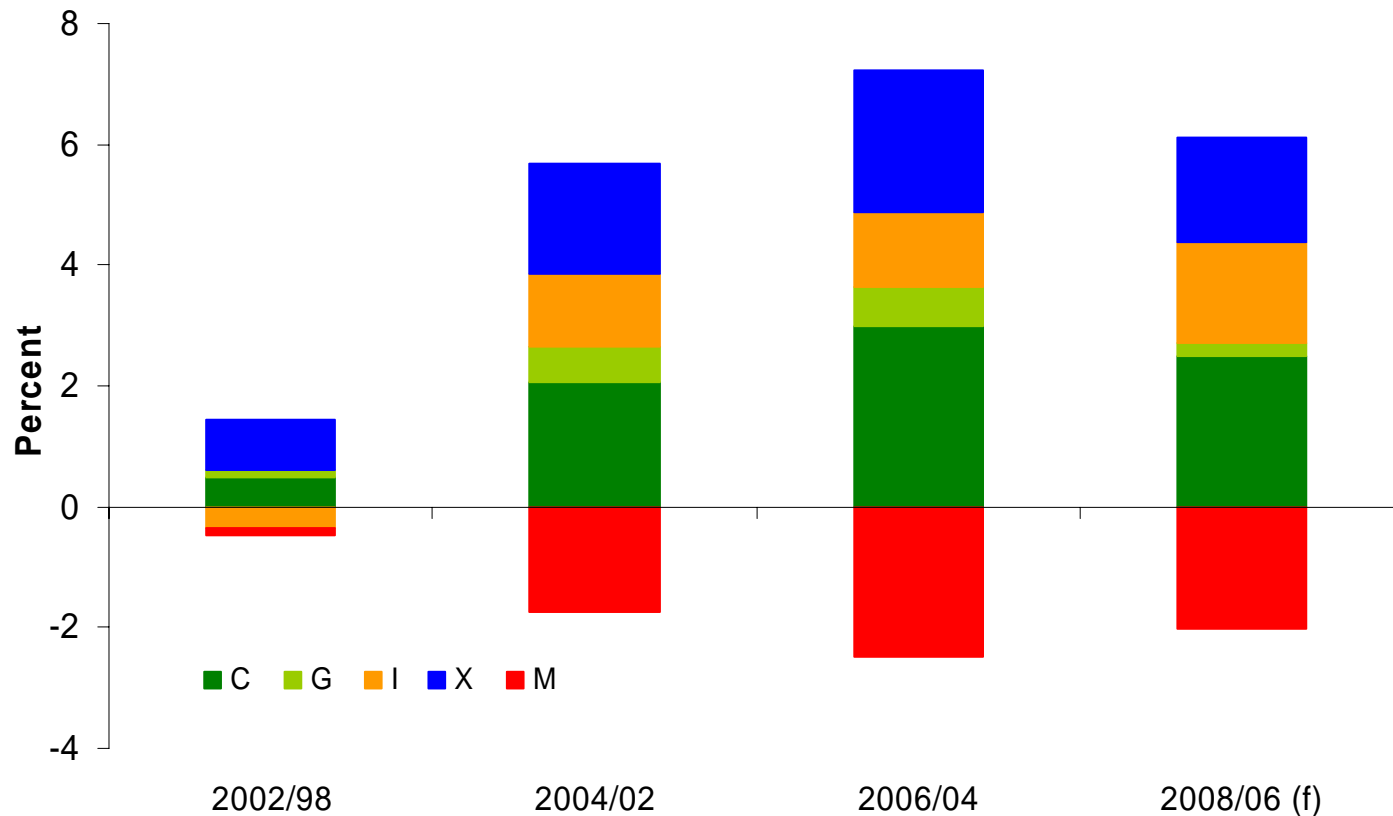
**Gross Fixed Capital Formation (percentage of GDP)**



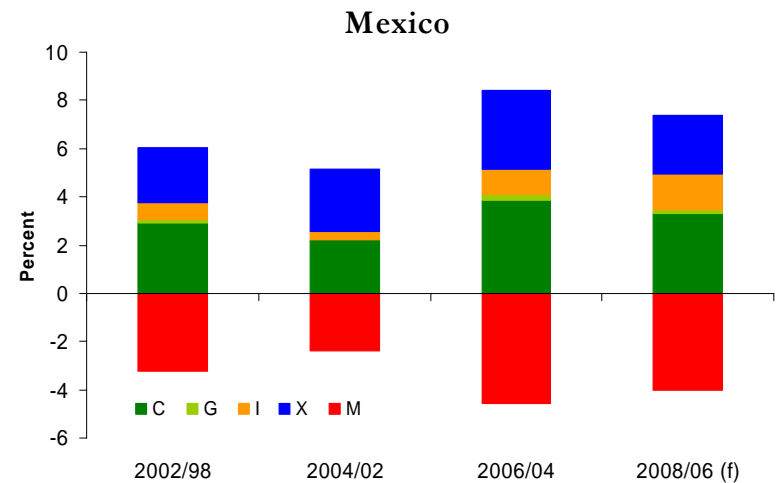
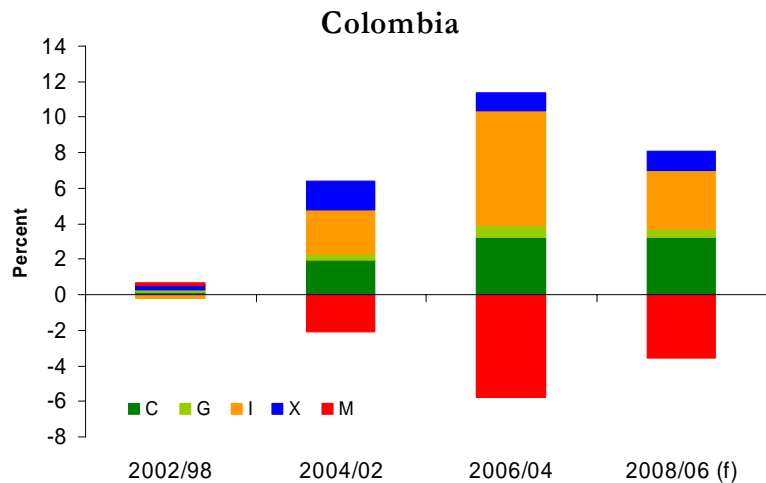
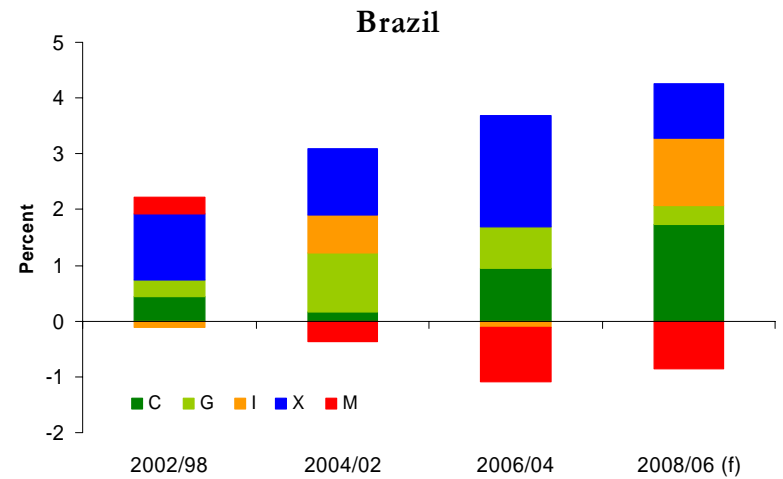
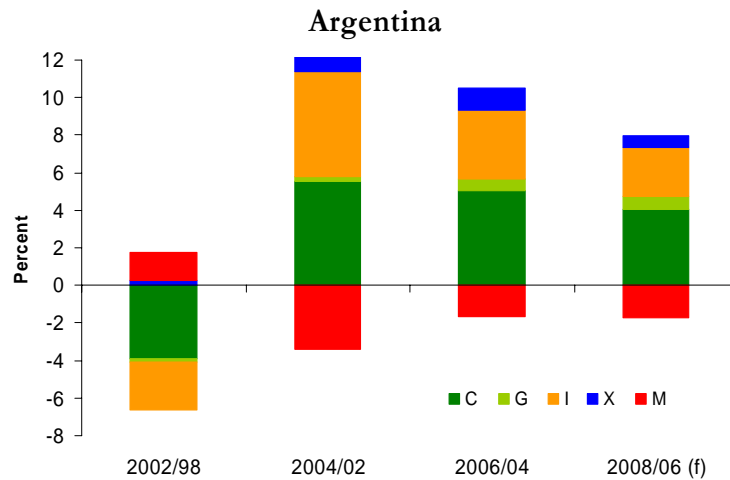
Source: Consensus Forecasts, January 2007

# From export-led to domestic demand driven growth

## Latin America and the Caribbean

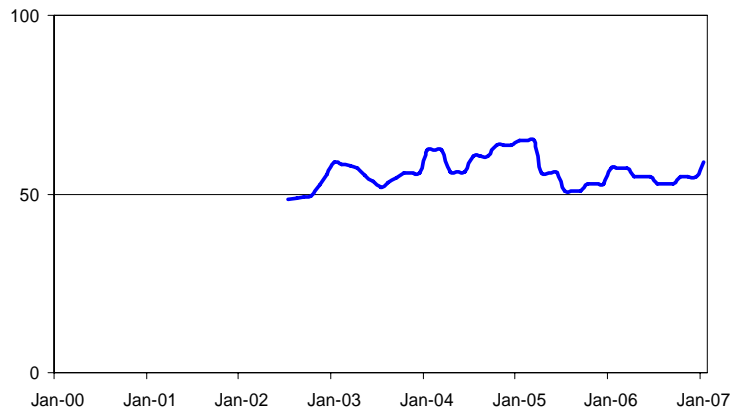


# From export-led to domestic demand driven growth

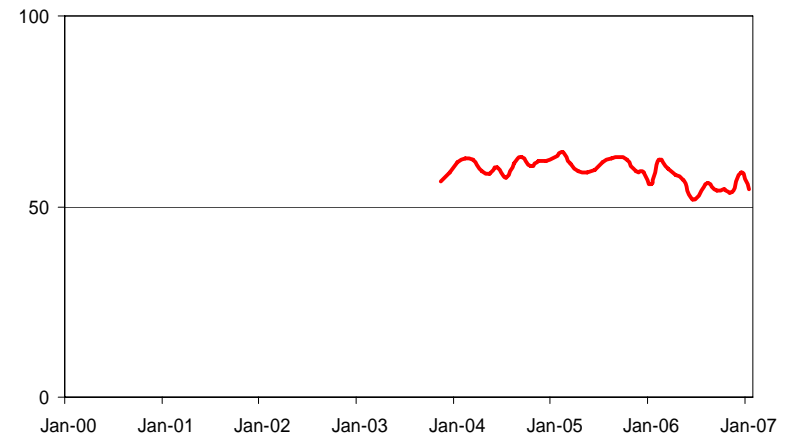


# Business Confidence: Positive in most Countries

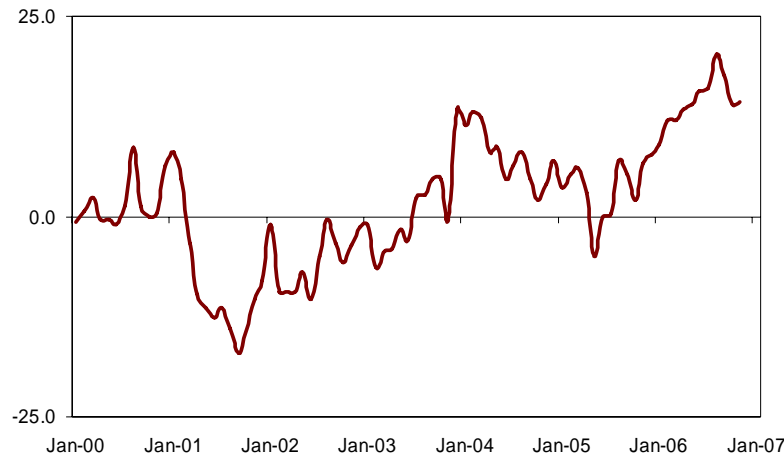
**BRAZIL: Business Confidence Index**



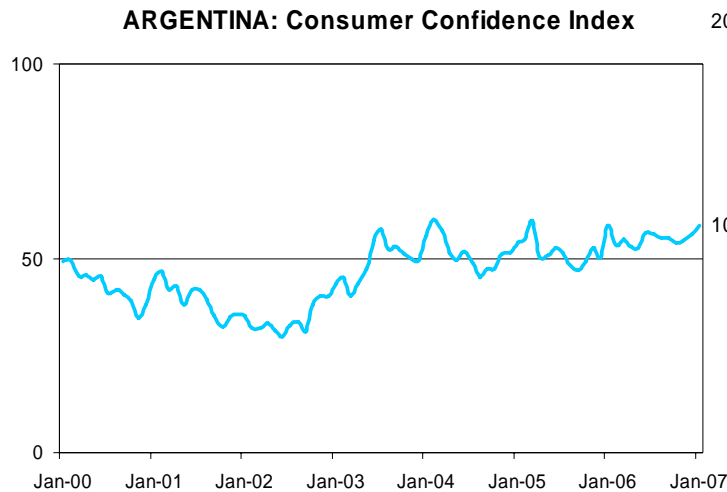
**CHILE: Business Confidence Index**



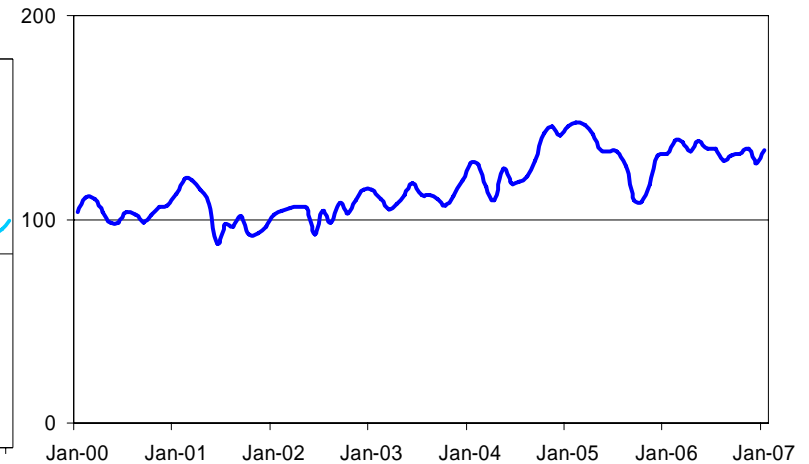
**Colombia: Industrial Business Confidence Index**



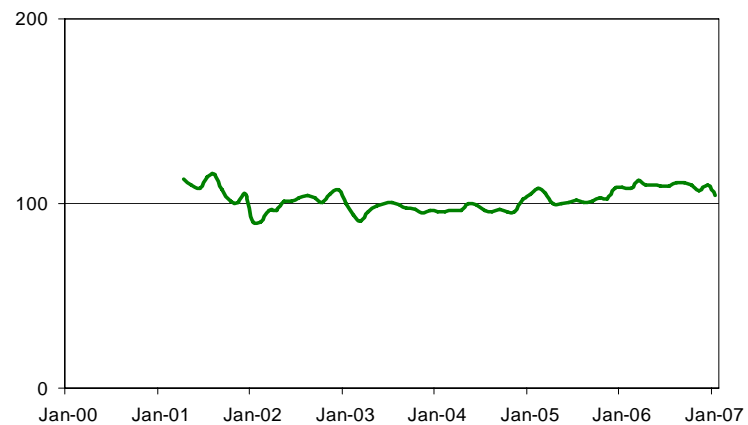
# Consumer Confidence: Also Positive in most Countries



**BRAZIL: Consumer Confidence Index**



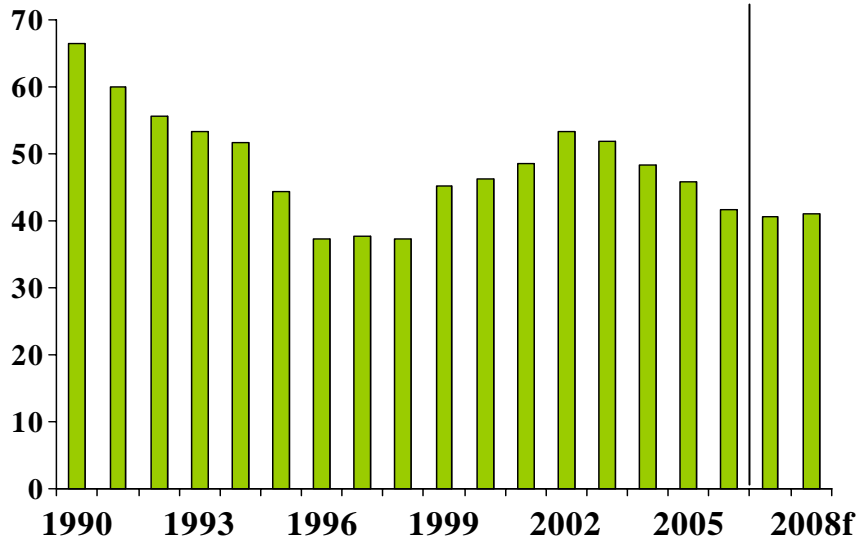
**MEXICO: Consumer Confidence Index**



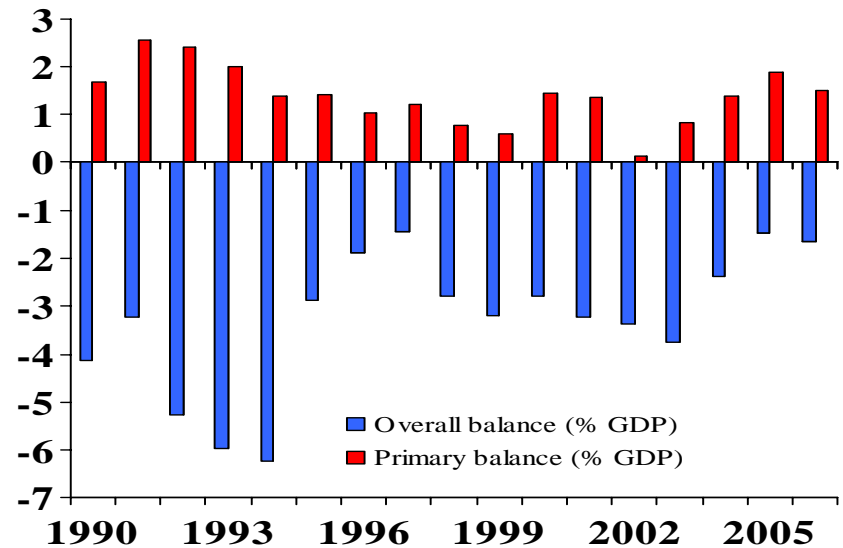
# A remaining concern?

## Public Debt and Fiscal Balances

Public Debt/GDP

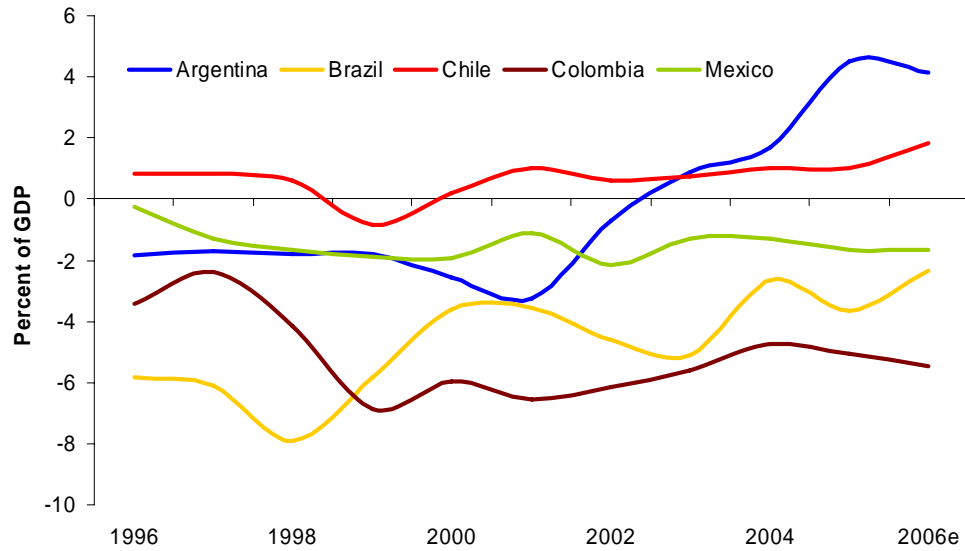


Fiscal Balances/GDP

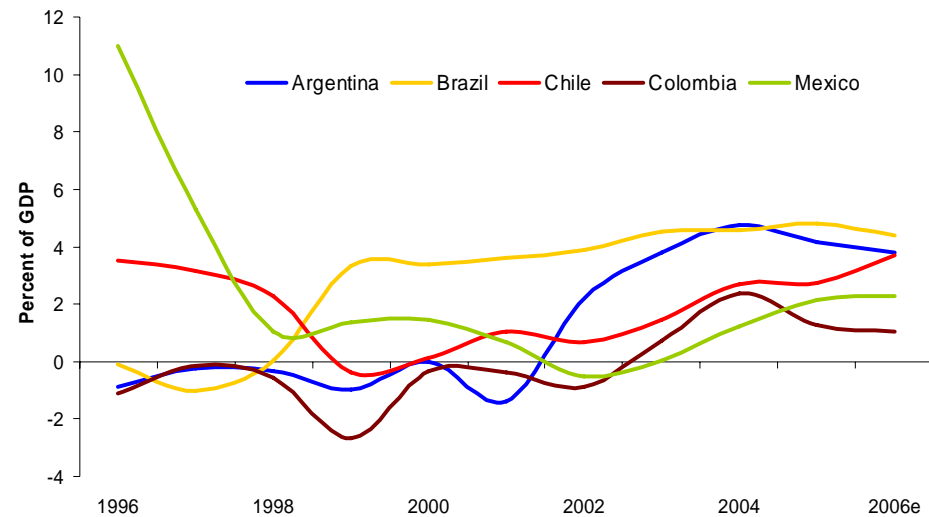


# Structural primary balances: improving, but strong enough?

**General Government Structural Overall Balance**

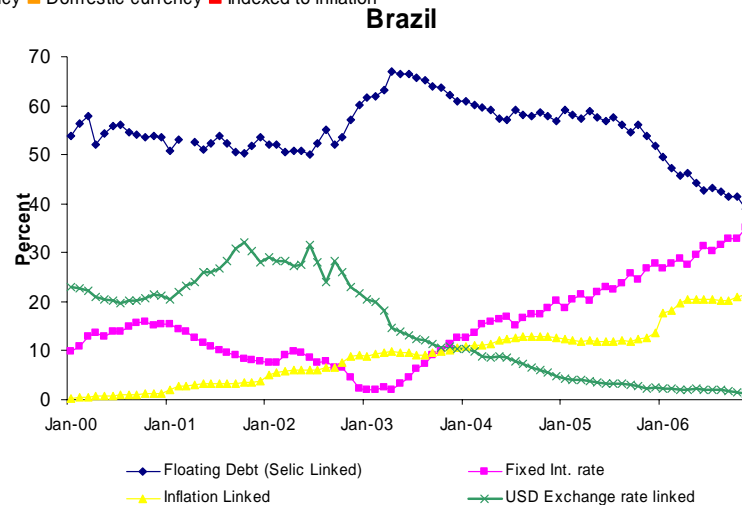
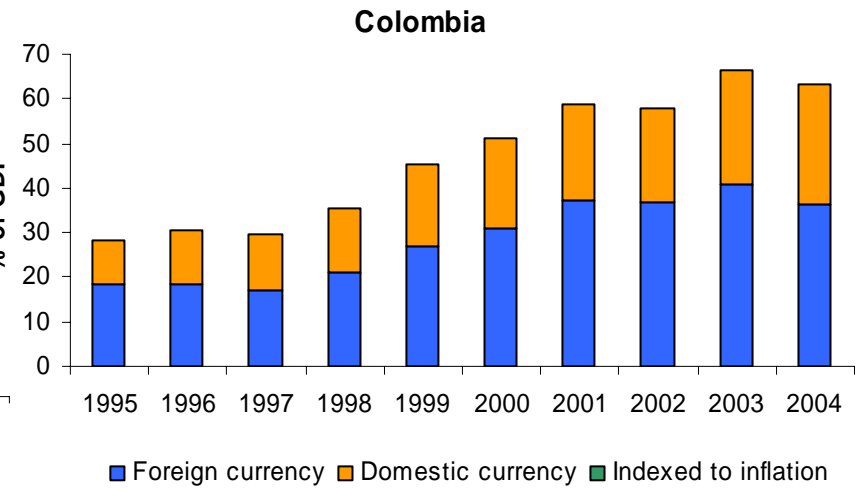
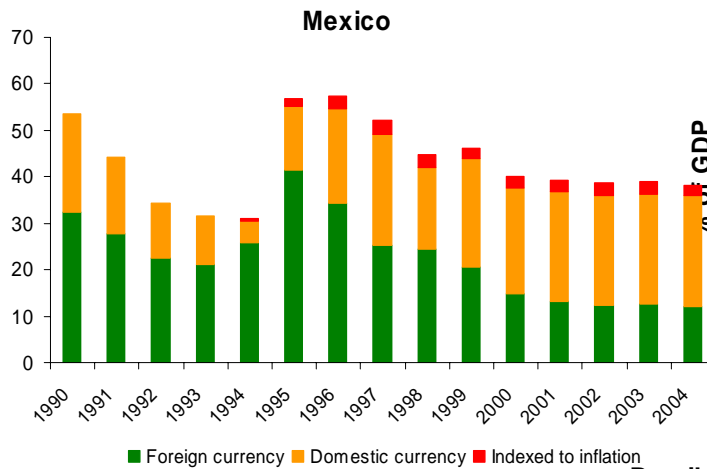


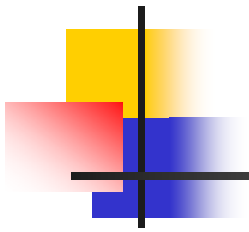
**General Government Structural Primary Balance**



Source: WEO, Staff calculations.

# Reducing Vulnerabilities: Currency Risk





END