

**Deloitte.**

Latin America  
Economic Outlook  
Is the emerging market  
boom retreating?



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# EXECUTIVE SUMMARY

For many years now, Deloitte Global has published a quarterly Global Economic Outlook and a monthly Asia Pacific Economic Outlook, both of which provide readers with an update on current economic conditions and a perspective on where the major economies are headed. The Global Economic Outlook covers the major developed economies, as well as the four so-called BRICs. The Asia Pacific report covers China, Japan, India, and a rotating group of East Asian countries that are critical players in today's global economy.

We have expanded our regional economic outlook series, and are pleased to introduce a new quarterly Latin America Economic Outlook. With the guidance of Martin Apaz, Director of Economics for the Deloitte LATCO member firm, based in Buenos Aires, this report provides an update and outlook on the economies of the major countries of Latin America.

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With GDP at roughly 9 percent of total world output, Latin America is increasingly a critical part of the global system.

The region has grown in importance for a variety of reasons, not the least of which has been the fact that economic growth is faster and inflation is lower than in the past. Investment into the region has accelerated, governance has mostly improved, and stability is greater given the higher level of foreign currency reserves, the relatively lower level of sovereign debt, and the more competitively valued currencies. As such, Latin America is now firmly on the radar screens of the world's biggest companies.

In this quarter's report, we examine the following: the recent financial instability in Argentina, the likelihood of recession in 2014, and the outlook for the longer term; the considerable economic slowdown in Brazil and the likely policy response; the weakening of growth in Chile and the likelihood that a weaker currency will boost export growth; the considerable strength of the Colombian economy and the positive outlook emanating from public policy and a weak currency; the current weakness of the Mexican economy and the more favorable longer term prospects. In addition, we offer a perspective on Ecuador, Peru, and Venezuela.

We hope that this report will prove useful to Deloitte's global clients who operate in Latin America, or are considering investments in the region.

# ARGENTINA

## Continuing challenges



**A turbulent quarter.** As a result of the sharp drop in international reserves in 2013 (USD 12.7 billion, or 29.3%) and decreased competitiveness in foreign markets, which slowed economic growth and inhibited job creation, the government decided late in January 2014 to devalue the peso. Consequently, the dollar surged, from AR\$/USD 6.72 on 1/14/2014 to AR\$/USD 8.01 on 1/23/2014, a 19.2% rise on the official exchange market. After initial instability, however, the rates stabilized on the domestic market, at around AR\$/USD 8.00.

Of course, in a context where retail prices had already been rising at an average annual rate of around 25%—and where the central bank had pushed interest rates up sharply (in just two days, rates in pesos jumped 1200 basis points, to 28% annually)—devaluation could not but aggravate inflation. According to unofficial statistics, inflation in January 2014 was 4.6% (relative to December 2013) and +4.3% in February 2014 (relative to January 2014), for a year-on-year variation of +34.4%.

**The key is salary negotiations.** After the devaluation and its consequences for domestic prices, the government has focused its efforts on trying to contain wages through joint discussions with the largest labor unions. The government's goal is for raises not to exceed 25%, on average, in 2014, a mark well below the demands of the various unions (including those closest to the governing party). Labor protests and restiveness are to be expected, and more forceful measures will likely be coming from the unions (as recently seen from those representing public school teachers).

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The most probable outcome is that wage increases for 2014 will average 30% for the year, 5–7 percentage points below the expected increase in domestic prices.

**Calm in the short term, uncertainty in the medium.**

The imminent arrival of a new crop of agricultural commodities (mainly soy and corn) for export, together with a recent central-bank regulation requiring commercial banks to sell off surplus dollars (and dollar-denominated financial assets), will help keep the financial system and foreign-exchange market steady during the first half of the year. In the coming months the dollar will likely remain around AR\$/USD 8.00 – AR\$/USD 8,30 on the official exchange market, while on the parallel (or “blue”) market the price hovers around AR\$/USD 11.00, with a 35–40% spread.

However, uncertainties remain concerning the second half of the year. The agro-industrial sector will have liquidated its exports, while demand for capital remains high because of continuing upward pressure on domestic prices. In light of this, most analysts believe that the dollar will start rising again in the second half, closing out 2014 at around AR\$/USD 9.70 on the official market and AR\$/USD 13.00 on the parallel market.

**Rate adjustment imminent.** Given recent statements by Minister of the Economy Axel Kicillof, it is expected that in the near future the authorities will announce a plan to raise prices for energy (primarily, electricity and gas) in the Buenos Aires metropolitan area. Unlike in several other provinces, energy rates in the metropolitan area have remained almost unchanged for the past 12 years. The downside of this policy has been the heavy subsidies, particularly to the energy sector.

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**In 2013, governmental subsidies to all sectors totaling 4.9% of GDP, no less than 3.0% of GDP went to energy.**

Even though, at this point, a rate adjustment is necessary, it is not clear that this move alone will be sufficient to redirect the growth in deficit spending (in 2013, the Argentine Treasury ended with a primary deficit equal to 0.7% of GDP and a financial imbalance equal to 2.0% of GDP) and thus lessen the need to issue more currency and draw on international reserves.

**Resolution of some long-standing issues a favorable sign.** The government decided in recent months to address a few matters, particularly with regard to foreign trade, that had remained unresolved for some time. Not only were disputes ended concerning debts pending at the ICSID (the World Bank's arbitration tribunal), but a settlement was also reached with Repsol to pay out the expropriation of the oil company YPF under Argentine Law N° 26,741, which took place at the outset of 2012 (Argentina agreed to pay USD 5 billion for 51% of expropriated shares, covered by an issue of sovereign bonds for up to USD 6 billion). Moreover, officials have commenced talks with the Paris Club, to which Argentina is indebted USD 10 billion (including interest). At the same time, the National Institute of Statistics published a new consumer price index much more in keeping with the figures that have been coming from private sources; it showed a 3.7% increase for January 2014 (vs. December 2013) and a 3.4% increase for February 2014 (vs. January 2014).

**A challenging year.** Economists' consensus is that Argentina will suffer a light recession in 2014 (GDP is expected to fall 1–2%). Despite this, annual inflation will be a step above that for 2013 (around 35% this year vs. 27.9% last year).

# BRAZIL

## Inflation and disappointing growth



### Weak expansion, despite a surprising final quarter.

The GDP of Latin America's largest economy grew 2.3% in 2013, the third consecutive year of moderate growth. On the supply side, the breakdown indicates that the sector that grew most was agriculture, with a year-on-year advance of 7.0%. On the demand side, household consumption increased 2.3%, government demand was up 1.9%, and gross fixed-capital formation—including investment in machinery, equipment, and civil construction—rose 6.3%.

Brazil, the world's seventh-largest economy, thus recorded lower growth than its gigantic emerging-economy peers—and lower even than its Latin American neighbors—although results were better than in 2012, when it managed only a 1.0% increase.

Results for the final quarter were nevertheless better than expected (0.7% over the preceding quarter, and 1.9% over the fourth quarter of 2012), which could boost performance in 2014. Solid growth in investments, the recovery of the service sector, and strong exports were the engines driving improvements in the final months of 2013.

### High inflation, the greatest vulnerability of economic policy.

Exceeding both market expectations (where estimates were for an uptick of around 5.7%) and the government's official target (4.0%, +/-2.0%), inflation averaged 6.2% in 2013, according to the Brazilian Institute of Geography and Statistics. Rising costs for naphtha and an increase in airfares in the final month of the year contributed to the high figure, which was above that for 2012, when prices increased 5.4% year-on-year. In January 2014 inflation slowed slightly, to 5.6% year-on-year.

Despite efforts by the national monetary authority to keep prices in check (through, for example, progressive increases in the benchmark interest rate, currently at 10.75%, a rise of 350 basis points since April 2013), inflation continues to drift above the official target, due to an expansionist domestic fiscal policy and the depreciation of the real attendant on the end of the exceptional policy of monetary stimulus in the United States.

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This year, according to a recent survey by the Central Bank of Brazil (BCB), inflation is expected to be a bit higher than last (6.2–6.3%).

The accelerated rise in the consumer price index is apparently related to difficulties in keeping managed prices as low as in 2013 and a still-weak currency.



**Ups and downs of industrial growth.** Industry saw a slight recovery in 2013, growing 1.1% relative to the previous year. Even though the manufacturing sector was challenged by competitiveness problems, higher taxes, increased labor costs, and an adverse international environment that depressed demand for Brazilian products, depreciation of the currency, and less volatile global conditions (especially in the more advanced economies) contributed to redirecting indicators toward a new phase of industrial recovery.

Nonetheless, earnings figures for December 2013 suggest a recent contraction in manufacturing (–2.3% year-on-year), revealing, perhaps, a lingering lack of confidence among business owners. In this context, expectations are for continued slow growth in manufacturing through 2014.

**Another rise in interest rates.** In an attempt to contain inflationary pressures while, at the same time, remaining cognizant of sluggish economic activity in recent months, the monetary authority recently approved the eighth consecutive increase to the Selic benchmark interest rate. Taking advantage of the moderation in inflation in January 2014, and hoping to minimize impact on economic activity, the authority was more moderate than in prior actions: a 25 basis-point rise, leaving the rate at 10.75%, its highest level in two years.

**First signs of checks on public spending.** In another effort to lower inflation and encourage more sustainable growth, the administration of President Dilma Rousseff recently announced spending cuts of USD 18.5 billion and likewise committed not to increase tax exemptions that have benefited numerous sectors in recent years. As a result, the primary surplus is expected to reach 1.9% of GDP in 2014.

Additionally, the authorities presented a new infrastructure investment plan worth USD 280 billion, with which they hope to restart economic growth; the plan calls for participation from both public and private sectors.

**Major revision of growth forecast.** In its latest announcements, the Brazilian government has significantly lowered its projected growth in GDP for 2014, from 3.8% to 2.5%. The revision was based primarily on expectations of a slow international recovery and high volatility in emerging markets, after the United States announced the gradual withdrawal of monetary stimulus from its economy. Even so, growth that matched the revised figure would mark moderate improvement over 2013.

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Market analysts, for their part, are less optimistic. According to a survey by the BCB, real GDP is expected to grow 1.7% this year.

Less global liquidity and lower commodity prices—the latter due to the slowdown in China, the largest buyer of raw materials—figured into the expectations of analysts, who express little faith in the government’s ability to reinvigorate the economy.

In any case, of all sectors, foreign trade is expected to contribute most this year to the economic recovery. The slowdown in both domestic demand and imports, along with a depreciated currency, ought to result in a greater trade surplus (forecast for USD 21.1 billion), with consequent positive impact on overall activity.

# CHILE

## Low growth and a disposition toward stability



**Slowdown in economic activity.** As in the first half of 2013, the Chilean economy continued to show signs of weakness in the months that followed. During the third quarter it grew slower than in 2012, expanding by 4.7% year-on-year (vs. 5.8% during the same period the previous year).

During the final quarter however, there was marginal improvement, with 2.7% growth year-on-year, according to figures from the central bank. If this data is confirmed, then the expansion of Chile's GDP for the year would have been 4.2% (1.4 percentage points lower than in 2012). This would be a disappointing performance in light of midyear forecasts, which called for a much more dynamic second half.

On the supply side, growth was led by mining, though its dynamism was offset somewhat by several other natural-resource sectors whose activity is more closely tied to domestic demand. Construction was off, while both communications and financial services recorded steep declines. For its part, industry performed poorly, with a slight year-on-year drop of 0.4% in 2013 (versus +2.2% in 2012), while trade performed quite well (+9.7% vs. +8.7%), according to retail-sales figures published by the National Statistics Institute of Chile (INE).

On the demand side, domestic spending slowed gradually throughout the year: after growing 7.2% during the first quarter, it then increased just 4.1% and 1.3% during the second and third quarters, respectively. The final figure for domestic demand in 2013 is expected to be about +4.5%.<sup>1</sup>

**Inflation within the target.** According to data published by INE, after recording one of the year's lowest monthly levels in October, inflation rose during the final months of 2013 to within the range desired by the monetary authority (3.0%, +/-1.0%). In January 2014 prices increased 2.8%, year-on-year. The return of prices to target levels was fostered by the recent depreciation of the currency, as well as increases for a few products, such as fuel, automobiles, and food.

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The forecast for this year and into 2015 is for stability, with inflation hovering around 3.0%.

<sup>1</sup> As of this writing, the central bank had not yet published national accounts data for the fourth quarter of 2013.

**New monetary stimulus.** Despite inflation remaining within the desired range in recent months, monetary authorities believe it necessary to add stimulus in order to ensure that the rate remains close to target. Additionally, the moderate dynamism of Chile's economy and the still ongoing recovery of foreign markets have prompted new modifications to monetary policy. In February 2014, the Council of the Central Bank of Chile (BCCh) made a 25-basis-point reduction to the interest rate, to an annual level of 4.25%.

**Currency depreciation.** Since the second half of 2013, Chile's currency has been steadily depreciating. The exchange rate, which was around C\$/USD 505 in July 2013, was C\$/USD 529 in December, after several consecutive months of depreciation (in December alone, year-on-year depreciation was 10.9%). The downward trend held through early 2014, with the average rate reaching C\$/USD 554 in February. The peso's depreciation is closely related to changes in the dollar's value worldwide and to continued volatility in international financial markets. For this year, the exchange rate is expected to remain unstable, especially in the first quarter, though it may end 2014 at around of C\$/USD 550, close to the first-quarter figure.

**Lower growth forecast.** Slowdowns in economic growth have led analysts to revise their forecasts downward. According to the latest expectation report published by BCCh, Chile's economy will expand 3.8% in 2014 and 4.3% in 2015. Even though the first few months of 2014 are expected to be as bad as the last few of 2013, gradual improvements are anticipated through the second half of the year, due to the favorable effects on exports of both economic growth among trading partners and the continued depreciation of the currency.

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The outlook is positive with respect to the performance of the new administration of President Michelle Bachelet, as her campaign raised expectations for greater attention to such issues as strengthening social protections and improving income distribution.

# COLOMBIA

Growth in the second quarter exceeds forecasts



**Solid growth in the second half of 2013.** With year-on-year growth of 5.1% in the third quarter of 2013, Colombia's economy started a recovery that it then consolidated in the fourth, when it expanded by 4.8%. Though final figures are not yet in, leading indicators point to a second half of the year much more dynamic than the first. Construction (residential and public), the main driver of the recovery, performed particularly well, rising 16.0% year-on-year in the second half versus 5.5% in the first. Other sectors contributing to the growth were agriculture and mining/energy.

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Colombia thus ended the year with an uptick in GDP of around 4.0%. The strong performance in the infrastructure sectors suggests continued growth throughout 2014.

**Industry hampered.** According to information from Colombia's National Administrative Department of Statistics (DANE), in 2013 the manufacturing sector's real output, excluding coffee production, fell by 1.9% relative to the previous year. It was the worst performance of the industrial sector since the global crisis of 2008–09 and the second straight year of contraction, one marked by lower output in the automotive, paper and packaging, and apparel industries. There was growth, however, in the food and beverage sector.

**Retail up.** The retail trade reversed the downward trend of 2012 and the first quarter of 2013, seeing a gradual recovery and finally a 4.0% increase for 2013, year-on-year. The most dynamic categories were textiles and footwear, furniture and home appliances, and food and beverages. Driving increased sales were higher employment, solid macroeconomic fundamentals, and an easing of credit (reflecting the market's low interest rates).

**A favorable labor market.** Labor figures were very good throughout 2013, with unemployment reaching historic lows of single-digit averages nationally (9.6%, vs. 10.4% in 2012). Increased economic activity in the second half of the year, particularly in labor-intensive industries like construction and commerce, contributed to the lower rate. In the months to come, unemployment is expected to fall yet lower.

**A gradual increase in prices.** Despite increased domestic demand during the second quarter of 2013, annual inflation was only around 1.9%, one of the lowest figures in recent years and slightly below the target (between 2.0% and 4.0%) set by Banco de la República (Banrep). A sharp drop in prices for food and regulated goods and services (like fuel and electricity) accounted for the low figure. The expectation for this year, however, is that the combination of a lower basis of comparison and a weakening of the local currency will put upward pressure on prices and drive inflation toward the target's midpoint.

**No change to monetary policy.** Lower-than-predicted inflation for 2013 resulted in Banrep deciding to leave the benchmark interest rate unchanged at 3.25% (where it has remained since March 2013). That rate is expected to hold until at least the second quarter of 2014, when the first signs of inflationary pressure may appear, in response to economic growth and depreciation of the Colombian peso.

Steadiness in this policy, together with continuation of the dollar-purchasing program, has been taken by analysts to show confidence on the part of the authorities in the ability of the economy to withstand external shocks.

**Leading indicators positive for 2014.** According to market consensus,<sup>2</sup> the growth outlook for 2014 and 2015 is 4.5% and 4.6%, respectively. Further weakening of the peso will contribute to growth in exports and a more competitive domestic market for locally produced goods.

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Significant new investment in housing and public works is expected, thanks to a policy of stimulus through improvements to transportation and infrastructure.

Finally, recovery in industry in the second half of the year is expected to translate into greater investment in this sector.

<sup>2</sup> Given that Banrep does not prepare a survey of market expectations, forecasts must be assembled from multiple private sources.

# ECUADOR

On the path to stable growth



**Less dynamic growth.** According to data published by the Central Bank of Ecuador (BCE), the economy grew 1.6% in the third quarter of 2013 relative to the previous quarter, and 4.9% compared to the same period of 2012. However, preliminary data gathered from the Relevant Economic Activity Index (IDEAC) show a clear slowdown during the final months of the year, and these same sources point to an annual growth of just 3.8%.

The recent slump is related to decelerating growth in consumption (both public and private), and less public spending.

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Despite slower expansion than in 2012, however, consumption and investment contributed most to economic growth in 2013.

**Prices performing well.** According to information from the National Institute of Statistics and the Census (INEC), retail prices were up an average of 2.7% in 2013 (2.7% year-on-year in December). Inflation slowed throughout the year; the year-on-year figure for January 2013 was 4.1%. The most recent information shows a monthly rise in prices of 0.7% in January 2014 and a year-on-year increase of 2.9%. For 2014, official forecasts are for a year-on-year variation in prices of +3.0%.

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In contrast to most countries in the region, Ecuador has done very well in managing inflation, demonstrating the importance of dollarization of the economy in this regard.

**Major increase in underemployment.** According to figures published by the INEC, the national unemployment rate was at 4.15% in December 2013, compared to 4.14% during the same period of 2012. Despite this small increase, unemployment has been trending down consistently over the past six years.

In contrast, however, underemployment has risen—in December 2013 to 51.7%. And even though the employment rate rose in 2013 (to 43.2%, from 42.7% in 2012), it has yet to exceed 50% of the economically active population. This situation creates a challenge for Ecuador's economy, which, given its positive return in terms of growth, should not be seeing paralysis in the labor market.

**Political stability and moderate growth.** The Ecuadorean economy is expected to experience moderate growth of around 4.5% in 2014 and 2015. The expansion will be driven by domestic demand and, on the supply side, growth of agriculture, the petroleum industry, and construction.

On the political front, it is very likely that current president Rafael Correa and his political alliance will continue to dominate, even beyond the 2017 elections. Although a third term would be unconstitutional, the idea of amending the constitution to allow for that possibility has recently been broached.

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Rafael Correa's broad popularity, especially among the poor, and the political stability that the country has lately been enjoying have boosted the president's standing and increased the likelihood of his remaining in office.

# MEXICO

Poor performance in 2013



**Slow growth.** According to data published by the National Institute of Statistics and Geography (INEGI), in the fourth quarter of 2013 the Mexican economy grew 0.7%, relative to the same period in 2012. This continued the poor performance in preceding quarters, and made for an average annual expansion of just 1.1%.

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The best performance was in tertiary activities, which improved by 2.1% year-on-year, while primary activities only grew by 0.3% and secondary activities actually contracted, by 0.7%.

On the demand side, growth was fueled by an uptick in public spending during the last quarter and a slight recovery of private consumption; these sectors continue to be offset, however, by low levels of investment.

**Prices climb beyond targets.** Retail prices rose by an average of 3.8% in 2013, with a year-on-year variation of +4.0% in December, at the upper limit of the target (3.0%, +/-1.0%) set by the Central Bank of Mexico (BANXICO). After a third quarter in which figures converged on the central bank's goal, increases accelerated in the final quarter due to unanticipated adjustments to public transportation rates and higher prices for certain agricultural products. Continuing the upward trend, in January 2014 there was a year-on-year increase of 4.5%.

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According to forecasts published by BANXICO, prices will rise 4.09% in 2014 and 3.59% in 2015.



**No immediate changes to monetary policy.** The exchange rate did not change significantly in 2013. Although in the first few months of the year the peso did appreciate slightly against the dollar, those gains were lost in the final months; the rate in December was Ps/USD 13.00 on average (versus Ps/USD 12.86 on average for December 2012, a 2.5% year-on-year depreciation).

Notwithstanding, BANXICO's benchmark interest rate has remained unchanged at 3.5% since October 2013, when it was lowered by 25 basis points. In its last policy report, however, the bank announced that it might change its monetary position in the months to come, hinting at an increase in the benchmark rate.

**A favorable forecast, somewhat dependent on trade.** According to a survey of expectations prepared by BANXICO, the Mexican economy is expected to grow 3.4% in 2014 and 4.0% in 2015, which would be a departure from the poor performance of 2013 and a return to the path of growth.

Factors that might hinder a recovery include compromised domestic security, instability in international financial markets, weak demand for exports, and the inhibiting effects of a new tax policy. An issue needing closer attention is trade: an impending update to the North American Free Trade Agreement (NAFTA) will deepen integration, but it is also necessary that Mexico seek new markets and diversify trading partners.

# PERU

Still on the path to growth



**Growth, but below potential.** According to data published by the National Institute of Statistics and Information (INEI), the Peruvian economy recorded year-on-year growth of 5.2% in the final quarter of 2013, which enabled it to close out the year with an annual increase of 5.0% (versus 6.3% the previous year).

This performance was fueled by strong domestic demand, with a year-on-year increase of 4.4% in the fourth quarter and 5.5% for the year, with growth in all subcomponents. Private consumption was up 5.1% relative to 2012; government consumption 5.6%; and investment 5.0%, driven mostly by construction.

On the supply side, a breakdown reveals that the sectors that contributed most to growth were fishing, mining, commerce, and construction.

Despite more than fifteen quarters of uninterrupted expansion, the Peruvian economy has experienced a continual slowdown in the past few years.

**Inflation expected to be on target.** According to reporting by the Central Reserve Bank of Peru (BCRP), prices rose an average of 2.8% in 2013 (2.9% year-on-year in December). Although inflation is thus within the target range set by the monetary authority (2.0%, +/-1.0%), since the final months of last year it has been fluctuating around the upper limit. The factors preventing a sustained move toward the middle of the range include high demand and depreciation of the local currency, which has put upward pressure on prices of imported products and services.

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According to analysts, in 2014 inflation is initially expected to remain near the upper limit of the target range but then start to fall, toward 2.0%. Forecasts thus assume an average increase in prices of around 2.6% for 2014 and 2.5% for 2015.

As for monetary policy, the BCRP decided to lower the benchmark interest rate by 25 basis points, to 4.0%, in November 2013. This move is consistent with expectations that inflation will converge on the 2.0% target and growth rates will be in keeping with those the economy has lately been recording.

**Slight depreciation of the local currency.** The Peruvian currency fell against the dollar by 2.5% on average in 2013. Viewing fluctuations during the year, however, one finds that through May there was year-on-year appreciation, at which point the trend reversed, to increasingly steep depreciation. The currency closed out the year at an average nominal exchange rate of Ns/USD 2.79, an 8.6% year-on-year fall in December. This trajectory is consistent with the weakening observed in the currencies of other emerging economies, especially given expectations of an earlier-than-expected withdrawal of the policy of quantitative easing by the U.S. Federal Reserve.

**Positive outlook for the coming months.** Peru faces, on the one hand, a global economic environment showing few signs of improvement, and on the other, a very uncertain domestic context. Nonetheless, forecasts are for 5.6% growth in 2014 and 6.0% in 2015. Domestic politics, however, has been a potentially unsettling factor for some time now: President Ollanta Humala's approval rating, for example, has been under 30% for the past six months. Any policy moves in the near future will be telling; especially welcome would be moves aimed at creating a good climate for investment and a greater level of confidence among economic actors.

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According to a survey prepared by the BCRP, 2014 is expected to close out with an exchange rate of Ns/USD 2.86, and 2015 will see more moderate depreciation, to Ns/USD 2.90.

# VENEZUELA

Political uncertainty and huge imbalances



**Slowed growth.** According to preliminary estimates from the local monetary authority (BCV), Venezuela had an annual growth rate of 1.6% in 2013, with 2.1% and 1.1% expansions in the nonpetroleum and petroleum sectors, respectively. These figures represent a decided slowdown in economic activity, after growth of 4.2% and 5.6% in 2011 and 2012, respectively.

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In a context marked by a sharp decline in exports and fixed levels of investment, Venezuela's GDP remained above ground thanks to reduced imports.

**Inflation and scarcity.** Inflation in January 2014 was 3.3% (5.63% year-on-year), well above the figure for the preceding month, due to a 3.5% increase to the prices of goods and a 3.0% rise in the cost of services. Among the categories that recorded upticks were leisure and culture, alcoholic beverages and tobacco, food and nonalcoholic beverages, and restaurants and hotels.

For 2013, annual inflation was above 44%, more than double figure for the year before. Rising prices were the result of a major devaluation of the currency and increasing difficulties with supply for certain products. The scarcity index stood at 28.0% in January 2014, up from 22.2% the month before.

Inflation thus continued its rapid climb, despite strict price controls imposed by the government in November 2013, when it also expropriated some home-appliance stores accused of speculating. Recently, it also enacted a special law designed to contain inflationary spikes and limit company earnings.

**Implicit devaluation and new exchange-rate controls.**

Venezuela's authorities modified the exchange-rate control mechanism in January 2014, creating a system of variable bands for a few sectors of the economy. Essential products (like food and medications) will be traded at a preferential exchange rate of B/USD 6.30, while capital for travel abroad, remittances to relatives, and online purchases will be traded at the exchange rate recorded on the Complementary Foreign-Exchange Administration System (SICAD), where in January the dollar was trading at B/USD 11.30. On the parallel market, however, the dollar was bringing in an average of 80 bolivars.

This new provision seeks to cut off the delivery of dollars to private individuals and companies, which demand greater quantities of foreign currency than those from the sale of oil. And it is the policy of controls put in place by the authorities that has destroyed Venezuela's productive apparatus, making imports more profitable. Meanwhile, new restrictions on exchanging foreign currency could cause a stoppage in the industrial and commercial sectors, which would reinforce the slow pace of growth of economic activity.

**Bigger problems in the near term.** Venezuela's economic crisis has been deepening every year, and most available indicators suggest that the country will face even greater difficulties in 2014. Price controls and currency-market restrictions (which will likely increase) will continue to diminish purchasing power and inhibit growth. Additionally, increasing scarcity of food and consumer goods, and greater dependence on imports, are expected to cause GDP to contract in 2014 (by 0.9%, according to market consensus<sup>3</sup>).

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Inflation is predicted to close out the year much higher than last, due to the implicit devaluation of the currency, the squeeze on foreign capital, and several fiscal problems faced by the government. Prices are expected to rise on average by 65.3% in 2014.

As of March 2014, Caracas and several other Venezuelan cities were experiencing a wave of protests against the government's social and economic policies. The situation is tense and has left the country in a state of virtual paralysis, with transportation routes blocked, incidences of looting, and temporary closings of businesses. In the coming months, all interest will be focused on how these conflicts play out and what their ramifications might be for the present administration.

<sup>3</sup> Given that BCV does not prepare a survey of market expectations, forecasts must be assembled from multiple private sources.

# Macroeconomic variables

## Argentina



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-4.2	8.0	5.1	-0.3	3.1	-1.4	-1.5
Inflation (Dec-Dec, in %)	14.9	26.4	23.2	25.2	27.9	37.1	34.8
Gross fixed invstmt (y/y var, in %)	-10.2	21.2	16.6	-4.9	5.6	-7.1	-1.0
FDI (in millions of USD)	4,000	7,800	10,700	12,100	10,500	5,000	8,900
Exports (in millions of USD)	55,751	68,134	83,950	80,927	83,026	83,690	82,770
Imports (in millions of USD)	38,771	56,502	73,937	68,508	74,002	69,932	67,764
Trade balance (in millions of USD)	16,980	11,632	10,013	12,419	9,024	13,758	15,006
Current account balance (% GDP)	3.6	0.8	0.0	0.1	-1.0	-0.2	0.2
Reserves (in millions of USD)	48,548	52,145	45,915	44,273	30,589	24,077	20,876
Total foreign debt (% GDP)	42.9	32.3	28.1	25.4	23.3	28.4	28.5
Total foreign debt (% Exports)	228.4	172.2	146.5	149.5	143.1	136.3	136.5
GDP (in millions of USD)	296,768	363,671	437,102	477,171	510,359	402,387	395,837
GDP per capita (in USD)	7,382	9,002	10,740	11,638	12,387	9,696	9,447
Exchange rate (AR\$/USD, average)	3.74	3.93	4.16	4.57	5.49	9.21	12.72

Source: Own estimates and EIU

## Bolivia



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	3.4	4.1	5.2	5.2	6.6	5.6	3.8
Inflation (Dec-Dec, in %)	0.3	7.2	6.9	4.5	5.7	6.3	6.5
Gross fixed invstmt (y/y var, in %)	2.9	7.5	23.7	1.5	10.5	9.5	4.0
Exports (in millions of USD)	4,710	6,129	8,175	11,110	11,348	12,098	12,940
Imports (in millions of USD)	4,144	5,007	7,126	7,694	8,330	9,492	10,531
Trade balance (in millions of USD)	566	1,122	1,049	3,416	3,018	2,606	2,409
Current account balance (% GDP)	4.7	4.6	2.3	7.9	5.0	3.0	1.9
Reserves (in millions of USD)	8,581	9,730	12,020	13,927	14,430a	14,982	15,282
Total foreign debt (% GDP)	35.0	31.0	27.2	25.7	25.3	23.6	22.0
Total foreign debt (% Exports)	127.8	98.7	79.2	62.2	67.4	66.2	63.8
GDP (in millions of USD)	17,217	19,504	23,775	26,841	30,267	33,938	37,581
GDP per capita (in USD)	1,722	1,912	2,308	2,556	2,829	3,114	3,386
Official exchange rate (B/USD, average)	7.07	7.07	6.99	6.96	6.96	6.97	6.95

Source: EIU

## Brazil



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-0.3	7.5	2.7	1.0	2.3	1.8	2.1
Inflation (Dec-Dec, in %)	4.3	5.9	6.5	5.8	5.9	5.8	5.7
Gross fixed invstmt (y/y var, in %)	-6.8	21.6	4.8	-4.0	5.0	1.0	3.0
FDI (in millions of USD)	25,900	48,500	66,700	65,300	64,000	60,000	62,100
Exports (in millions of USD)	152,995	201,915	256,040	242,578	242,179	256,084	286,974
Imports (in millions of USD)	127,705	181,769	226,247	223,184	239,621	245,028	273,560
Trade balance (in millions of USD)	25,290	20,146	29,793	19,394	2,558	11,056	13,414
Current account balance (% GDP)	-1.6	-2.3	-2.1	-2.4	-3.6	-3.7	-3.6
Reserves (in millions of USD)	238,539	288,575	352,010	373,147	358,806	365,550	380,573
Total foreign debt (% GDP)	17.4	16.5	16.3	19.6	21.7	24.5	25.4
Total foreign debt (% Exports)	184.1	174.5	157.8	181.6	201.0	204.6	196.4
GDP (in billions of USD)	1,622	2,142	2,474	2,247	2,242	2,137	2,218
GDP per capita (in USD)	8,381	10,956	12,530	11,281	11,155	10,539	10,844
Exchange rate (R\$/USD, average)	1.74	1.67	1.67	1.95	2.16	2.44	2.55

Source: EIU

## Chile



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-1.0	5.8	5.9	5.6	4.2	4.1	4.8
Inflation (Dec-Dec, in %)	-1.5	3.0	4.4	1.5	3.0	3.4	3.3
Gross fixed invstmt (y/y var, in %)	-12.1	12.2	14.7	12.3	7.0	6.1	6.6
FDI (in millions of USD)	12,900	15,400	22,900	30,300	21,400	23,000	23,500
Exports (in millions of USD)	55,463	71,109	81,455	78,277	76,924	82,177	89,395
Imports (in millions of USD)	40,102	55,474	70,911	74,856	74,874	78,992	85,575
Trade balance (in millions of USD)	15,361	15,635	10,544	3,421	2,050	3,185	3,820
Current account balance (% GDP)	2.6	1.9	-1.3	-3.5	-3.7	-4.1	-4.0
Reserves (in millions of USD)	25,292	27,828	41,944	41,649	41,093	40,878	42,537
Total foreign debt (% GDP)	40.6	37.4	38.3	43.6	46.4	51.6	52.8
Total foreign debt (% Exports)	126.0	114.5	118.2	149.3	168.9	169.4	166.4
GDP (in millions of USD)	172,300	217,600	251,200	268,300	280,200	270,000	281,900
GDP per capita (in USD)	10,195	12,725	14,605	15,420	15,920	15,254	15,749
Exchange rate (C\$/USD, average)	559.60	510.20	483.70	486.50	495.30	552.70	572.60

Source: EIU

## Colombia



	2009	2010	2011	2012	2013p	2014p	2015p
Real GDP (y/y var, in %)	1.7	4.0	6.6	4.2	4.3	4.7	4.6
Inflation (Dec-Dec, in %)	2.0	3.2	3.7	2.4	1.9	3.2	3.0
Gross fixed invstmt (y/y var, in %)	-1.3	4.9	18.7	7.6	5.1	6.0	7.0
FDI (in millions of USD)	7,140	6,750	13,410	15,650	17,350	17,660	18,190
Exports (in millions of USD)	32,556	39,511	56,681	59,848	57,987	58,927	60,903
Imports (in millions of USD)	30,503	37,348	50,519	54,640	54,743	55,849	57,805
Trade balance (in millions of USD)	2,053	2,163	6,162	5,208	3,244	3,078	3,098
Current account balance (% GDP)	-2.2	-3.1	-3.0	-3.2	-3.4	-3.5	-3.4
Reserves (in millions of USD)	24,991	28,077	31,910	36,998	43,158a	45,919	47,095
Total foreign debt (% GDP)	22.7	22.2	22.8	21.4	21.2	22.1	21.6
Total foreign debt (% Exports)	162.9	161.5	135.5	132.1	137.0	139.3	138.0
GDP (in millions of USD)	233,900	287,000	336,400	370,200	374,600	371,100	389,400
GDP per capita (in USD)	5,041	6,093	7,052	7,665	7,661	7,497	7,772
Exchange rate (C\$/USD, average)	2,158	1,899	1,848	1,798	1,869	2,011	2,070

Source: EIU

## Costa Rica



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-1.0	5.0	4.5	5.1	3.4	4.1	4.2
Inflation (Dec-Dec, in %)	4.0	5.8	4.7	4.6	3.7	5.3	5.2
Gross fixed invstmt (y/y var, in %)	-11.1	5.5	8.9	7.8	8.7	8.1	7.7
FDI (in millions of USD)	1,346	1,466	2,156	2,636	2,741	2,869	3,116
Exports (in millions of USD)	8,838	9,516	10,383	11,442	12,000	12,788	14,011
Imports (in millions of USD)	10,877	12,956	15,533	16,752	17,755	19,138	20,926
Trade balance (in millions of USD)	-2,039	-3,440	-5,150	-5,310	-5,755	-6,350	-6,915
Current account balance (% GDP)	-2.0	-3.5	-5.4	-5.2	-5.4	-5.5	-5.7
Reserves (in millions of USD)	4,066	4,627	4,756	6,857	7,331	8,116	8,615
Total foreign debt (% GDP)	27.8	23.6	26.0	31.9	32.4	33.3	33.2
Total foreign debt (% Exports)	92.4	89.9	103.3	126.4	134.7	135.9	134.2
GDP (in millions of USD)	29,383	36,298	41,237	45,375	49,828	52,156	56,648
GDP per capita (in USD)	6,388	7,723	8,774	9,453	10,169	10,431	11,330
Exchange rate (CRC/USD, average)	573.30	525.80	505.70	502.90	499.70	500.90	505.40

Source: EIU



## Dominican Republic



	2009	2010	2011	2012	2013p	2014p	2015p
Real GDP (y/y var, in %)	3.5	7.8	4.5	3.9	4.1	4.2	4.3
Inflation (Dec-Dec, in %)	5.8	6.2	7.8	3.9	3.9	4.1	4.3
Gross fixed invstmt (y/y var, in %)	-14.8	17.6	-2.7	4.3	-2.5	4.8	6.0
FDI (in millions of USD)	1,695	1,693	2,196	3,857	2,079	2,183	2,292
Exports (in millions of USD)	1,689	2,536	3,678	4,091	9,522	9,950	10,365
Imports (in millions of USD)	9,946	13,025	14,537	14,966	16,891	17,006	17,868
Trade balance (in millions of USD)	-8,257	-10,489	-10,859	-10,875	-7,369	-7,056	-7,503
Current account balance (% GDP)	-5.0	-8.6	-8.0	-6.9	-4.5	-3.4	-3.6
Reserves (in millions of USD)	3,580	3,874	4,114	3,579	4,703	5,003	5,103
Total foreign debt (% GDP)	24.7	26.4	27.8	28.6	31.2	32.7	30.9
Total foreign debt (% Exports)	680.3	531.0	419.4	411.9	196.2	202.4	194.8
GDP (in millions of USD)	46,485	50,980	55,433	58,898	59,905	61,611	65,254
GDP per capita (in USD)	4,998	5,423	5,774	6,072	6,113	6,161	6,461
Official exchange rate (DOP/USD, average)	36.03	36.88	38.11	39.34	41.81	43.76	44.98

Source: EIU

## Ecuador



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	0.6	3.5	7.8	5.1	4.3	4.5	4.9
Inflation (Dec-Dec, in %)	4.3	3.3	5.4	4.2	2.7	3.7	4.0
Gross fixed invstmt (y/y var, in %)	-3.6	10.2	16.1	11.0	5.9	6.1	6.1
FDI (in millions of USD)	320	170	640	590	590	700	850
Exports (in millions of USD)	14,412	18,137	23,083	24,569	24,963	27,511	30,627
Imports (in millions of USD)	14,268	19,641	23,243	24,532	26,040	28,936	31,704
Trade balance (in millions of USD)	144	-1,504	-160	37	-1,077	-1,425	-1,077
Current account balance (% GDP)	0.3	-2.8	-0.3	-0.2	-1.1	-1.2	-1.0
Reserves (in millions of USD)	3,792	2,622	2,958	2,483	4,352	3,003	3,216
Total foreign debt (% GDP)	21.2	21.5	20.7	19.3	19.5	18.9	18.7
Total foreign debt (% Exports)	92.0	82.5	71.5	68.9	73.1	69.7	66.4
GDP (in millions of USD)	62,500	69,600	79,800	87,500	93,500	101,300	108,800
GDP per capita (in USD)	4,464	4,800	5,429	5,872	6,192	6,621	7,019

Source: EIU

## El Salvador



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-3.1	1.4	2.0	1.6	1.4	1.8	2.0
Inflation (Dec-Dec, in %)	-0.2	2.1	5.0	0.8	1.2	2.4	2.7
Gross fixed invstmt (y/y var, in %)	-19.2	2.4	13.8	-1.1	3.5	4.0	4.8
FDI (in millions of USD)	366	99	420	516	244	506	583
Exports (in millions of USD)	3,930	4,577	5,401	5,447	5,130	5,510	6,039
Imports (in millions of USD)	7,038	8,107	9,647	9,912	10,042	10,737	11,674
Trade balance (in millions of USD)	-3,108	-3,530	-4,246	-4,465	-4,912	-5,227	-5,635
Current account balance (% GDP)	-1.5	-3.1	-5.4	-5.3	-5.5	-5.0	-4.7
Reserves (in millions of USD)	2,986	2,883	2,504	3,176	2,859	2,970	3,101
Total foreign debt (% GDP)	50.2	52.9	51.9	57.0	59.3	60.1	60.6
Total foreign debt (% Exports)	263.8	247.6	222.2	249.0	281.6	275.6	266.3
GDP (in millions of USD)	20,661	21,419	23,140	23,787	24,359	25,285	26,520
GDP per capita (in USD)	3,332	3,455	3,732	3,837	3,867	4,013	4,210

Source: EIU

## Guatemala



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	0.5	2.9	4.2	3.0	3.4	3.3	3.5
Inflation (Dec-Dec, in %)	-0.3	5.4	6.2	3.4	4.4	4.7	4.2
Gross fixed invstmt (y/y var, in %)	-13.1	-2.1	6.6	4.2	3.9	4.8	5.0
Exports (in millions of USD)	7,295	8,536	10,519	10,107	10,278	10,711	11,562
Imports (in millions of USD)	10,643	12,806	15,482	15,838	16,527	17,559	19,052
Trade balance (in millions of USD)	-3,348	-4,270	-4,963	-5,731	-6,249	-6,848	-7,490
Current account balance (% GDP)	-0.1	-2.1	-3.2	-3.0	-2.9	-3.1	-3.2
Reserves (in millions of USD)	5,209	5,950	6,184	6,694	7,260	7,533	7,824
Total foreign debt (% GDP)	39.3	36.4	34.2	25.3	28.4	27.8	25.9
Total foreign debt (% Exports)	203.2	176.2	154.8	148.2	151.2	153.5	142.2
GDP (in millions of USD)	37,734	41,338	47,689	59,236	54,803	59,059	63,507
GDP per capita (in USD)	2,695	2,891	3,244	3,923	3,536	3,738	3,920
Official exchange rate (Q/USD, average)	8.16	8.06	7.79	7.83	7.85	7.87	7.88

Source: EIU

## Honduras



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-2.4	3.7	3.8	3.9	2.4	3.1	3.4
Inflation (Dec-Dec, in %)	3.0	6.5	5.6	5.4	4.9	5.8	5.8
Gross fixed invstmt (y/y var, in %)	-35.4	1.4	16.9	4.2	1.8	6.4	7.0
Exports (in millions of USD)	4,827	6,111	7,800	7,931	7,687	8,127	8,812
Imports (in millions of USD)	7,372	8,907	10,994	11,179	10,963	11,457	12,239
Trade balance (in millions of USD)	-2,545	-2,796	-3,194	-3,248	-3,276	-3,330	-3,427
Current account balance (% GDP)	-3.6	-6.2	-8.6	-9.5	-9.7	-9.2	-8.7
Reserves (in millions of USD)	2,103	2,699	2,793	2,533	3,009	2,860	2,930
Total foreign debt (% GDP)	26.3	25.3	25.0	27.1	33.6	35.7	36.9
Total foreign debt (% Exports)	78.8	65.1	56.3	62.9	83.6	85.0	84.2
GDP (in millions of USD)	14,484	15,727	17,586	18,436	19,139	19,367	20,129
GDP per capita (in USD)	1,931	2,069	2,255	2,334	2,363	2,333	2,396
Exchange rate (HNL\$/USD, average)	19.03	19.03	19.05	19.64	20.49	21.29	22.30

Source: EIU

## Mexico



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-4.5	5.1	4.0	3.7	1.3	3.0	4.0
Inflation (Dec-Dec, in %)	3.6	4.4	3.8	3.6	4.0	3.4	3.4
Gross fixed invstmt (y/y var, in %)	-9.3	1.2	7.9	4.6	1.4	6.3	8.1
FDI (in millions of USD)	16,700	22,600	23,800	15,600	35,200	27,000	32,500
Exports (in millions of USD)	229,975	298,860	349,946	371,378	380,903	408,113	444,598
Imports (in millions of USD)	234,901	301,803	351,209	371,151	381,638	409,089	447,266
Trade balance (in millions of USD)	-4,926	-2,943	-1,263	227	-735	-976	-2,668
Current account balance (% GDP)	-0.7	-0.5	-0.8	-1.0	-1.7	-1.6	-1.5
Reserves (in millions of USD)	99,857	120,543	149,344	167,094	180,200a	178,638	187,579
Total foreign debt (% GDP)	22.3	23.2	24.5	30.0	30.0	30.1	29.1
Total foreign debt (% Exports)	86.9	81.5	81.8	95.6	101.0	99.7	96.6
GDP (in billions of USD)	895	1,051	1,169	1,184	1,281	1,350	1,478
GDP per capita (in USD)	8,044	9,341	10,275	10,292	11,026	11,489	12,437
Exchange rate (M\$/USD, average)	12.06	12.36	12.42	13.17	12.77	13.08	12.94

Source: EIU

## Nicaragua



	2009	2010	2011	2012	2013p	2014p	2015p
Real GDP (y/y var, in %)	-1.2	3.3	5.0	5.2	4.4	4.5	4.6
Inflation (Dec-Dec, in %)	0.9	9.2	8.0	6.6	5.5	6.6	7.2
Gross fixed invstmt (y/y var, in %)	-20.5	0.5	16.7	34.4	-4.0	-1.0	0.6
Exports (in millions of USD)	2,104	2,744	3,666	4,146	3,718	3,941	4,146
Imports (in millions of USD)	3,723	4,495	5,844	6,442	6,292	6,626	7,064
Trade balance (in millions of USD)	-1,619	-1,751	-2,178	-2,296	-2,574	-2,685	-2,918
Current account balance (% GDP)	-13.3	-14.9	-17.4	-17.4	-14.6	-14.2	-14.5
Reserves (in millions of USD)	1,573	1,799	1,892	1,887	1,890	1,905	1,965
Total foreign debt (% GDP)	72.5	82.6	87.1	85.6	86.8	88.0	87.7
Total foreign debt (% Exports)	277.7	253.7	221.4	217.0	260.1	261.1	263.0
GDP (in millions of USD)	8,062	8,427	9,317	10,508	11,140	11,695	12,436
GDP per capita (in USD)	1,260	1,277	1,391	1,523	1,569	1,602	1,658
Exchange rate (NIO/USD, average)	20.34	21.36	21.36	23.55	24.77	26.01	27.32

Source: EIU

## Panama



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	3.9	7.5	10.9	10.8	8.0	7.5	5.3
Inflation (Dec-Dec, in %)	1.9	4.9	6.3	4.6	3.8	4.0	3.6
Gross fixed invstmt (y/y var, in %)	-6.2	11.6	19.9	16.1	13.0	11.0	5.5
Exports (in millions of USD)	12,071	12,687	16,926	18,878	18,948	19,531	20,469
Imports (in millions of USD)	14,214	17,214	22,942	24,614	24,553	25,552	27,217
Trade balance (in millions of USD)	-2,143	-4,527	-6,016	-5,736	-5,605	-6,021	-6,748
Current account balance (% GDP)	-0.2	-11.0	-12.7	-9.7	-8.9	-8.9	-9.0
Reserves (in millions of USD)	3,028	2,715	2,304	2,466	2,666	2,866	3,016
Total foreign debt (% GDP)	46.5	42.1	40.2	37.7	34.2	33.0	31.6
Total foreign debt (% Exports)	93.1	89.7	74.3	71.8	79.9	83.3	83.2
GDP (in millions of USD)	24,163	27,053	31,316	35,938	44,292	49,371	53,850
GDP per capita (in USD)	6,712	7,312	8,464	9,457	11,357	12,659	13,463

Source: EIU

## Paraguay



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-4.0	13.1	4.3	-1.2	12.8	4.9	4.4
Inflation (Dec-Dec, in %)	1.9	7.2	4.9	4.0	3.8	4.6	4.4
Gross fixed invstmt (y/y var, in %)	-6.9	21.7	11.0	-7.7	21.0	8.0	7.0
Exports (in millions of USD)	7,693	10,367	12,520	11,904	14,285	14,720	15,377
Imports (in millions of USD)	6,603	9,545	11,685	11,056	11,941	12,028	13,520
Trade balance (in millions of USD)	1,090	822	835	848	2,344	2,692	1,857
Current account balance (% GDP)	0.3	-3.4	-2.4	-0.3	4.7	3.0	1.2
Reserves (in millions of USD)	3,862	4,167	4,983	4,994	5,949	6,179	6,419
Total foreign debt (% GDP)	25.9	25.3	24.0	24.6	25.0	24.7	24.0
Total foreign debt (% Exports)	53.7	49.0	48.0	50.9	49.3	50.6	50.9
GDP (in millions of USD)	15,934	20,048	25,100	24,595	28,179	30,156	32,605
GDP per capita (in USD)	2,490	3,084	3,803	3,671	4,144	4,370	4,592
Official exchange rate (PYG/USD, average)	4,965	4,735	4,176	4,191	4,308	4,465	4,546

Source: EIU

## Peru



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	0.9	8.8	6.9	6.3	5.0	5.6	5.9
Inflation (Dec-Dec, in %)	0.2	2.1	4.7	2.6	2.9	2.7	2.6
Gross fixed invstmt (y/y var, in %)	-9.2	23.2	4.8	14.8	6.8	7.5	8.0
FDI (in millions of USD)	6,431	8,455	8,233	12,244	10,037	9,661	10,047
Exports (in millions of USD)	26,961	35,565	46,269	46,228	41,826	44,230	49,046
Imports (in millions of USD)	21,010	28,815	36,967	41,113	42,190	43,400	46,629
Trade balance (in millions of USD)	5,951	6,750	9,302	5,115	-364	830	2,417
Current account balance (% GDP)	0.2	-1.5	-1.3	-3.6	-4.9	-4.8	-4.5
Reserves (in millions of USD)	33,230	44,213	48,929	64,167	65,212c	65,355	67,816
Total foreign debt (% GDP)	29.4	27.4	25.5	27.1	27.4	27.7	27.0
Total foreign debt (% Exports)	138.7	118.5	97.3	117.1	135.4	132.9	124.7
GDP (in millions of USD)	127,000	153,800	176,500	199,600	206,500	212,400	226,600
GDP per capita (in USD)	4,291	5,127	5,806	6,481	6,619	6,722	7,081
Exchange rate (Ns/USD, average)	3.01	2.83	2.75	2.64	2.70	2.83	2.86

Source: EIU

## Uruguay



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	2.2	8.9	6.5	3.9	4.0	3.0	3.4
Inflation (Dec-Dec, in %)	5.9	6.9	8.6	7.5	8.5	8.6	7.0
Gross fixed invstmt (y/y var, in %)	-5.7	13.3	5.5	19.4	5.0	3.2	5.0
Exports (in millions of USD)	6,392	8,031	9,274	9,917	10,265	11,194	11,919
Imports (in millions of USD)	6,896	8,558	10,704	12,277	12,267	12,669	13,617
Trade balance (in millions of USD)	-504	-527	-1,430	-2,360	-2,002	-1,475	-1,698
Current account balance (% GDP)	-0.3	-1.1	-1.9	-5.3	-5.4	-4.8	-4.8
Reserves (in millions of USD)	8,038	7,656	10,302	13,605	16,275	16,926	17,603
Total foreign debt (% GDP)	44.0	36.1	30.9	29.9	29.1	30.3	29.9
Total foreign debt (% Exports)	208.1	174.7	154.7	150.4	158.4	151.0	149.3
GDP (in millions of USD)	30,229	38,846	46,435	49,919	55,933	55,885	59,451
GDP per capita (in USD)	9,160	11,425	14,071	14,682	16,451	16,437	17,486
Official exchange rate (UYU/USD, average)	22.57	20.06	19.31	19.31	20.48	22.99	24.10

Source: EIU

## Venezuela



	2009	2010	2011	2012	2013e	2014p	2015p
Real GDP (y/y var, in %)	-3.2	-1.5	4.2	5.6	1.6	-1.8	0.2
Inflation (Dec-Dec, in %)	27.1	28.2	26.1	20.1	56.2	68.3	29.4
Gross fixed invstmt (y/y var, in %)	-8.3	-6.3	4.4	23.3	-9.2	-4.0	1.0
FDI (in millions of USD)	-2,600	1,900	3,900	2,200	4,100	1,900	2,800
Exports (in millions of USD)	57,599	65,741	92,807	97,336	88,971	86,045	90,222
Imports (in millions of USD)	41,165	38,507	46,781	59,305	51,415	49,769	51,308
Trade balance (in millions of USD)	16,434	27,234	46,026	38,031	37,556	36,276	38,914
Current account balance (% GDP)	2.6	5.8	8.6	2.9	3.3	1.7	1.2
Reserves (in millions of USD)	35,000	29,500	29,889	29,887	21,492	20,042	19,448
Total foreign debt (% GDP)	18.6	16.5	22.2	18.9	18.4	13.6	10.4
Total foreign debt (% Exports)	106.6	99.1	75.8	74.1	76.1	83.5	85.6
GDP (in millions of USD)	329,400	393,800	316,500	381,300	367,800	526,600	745,300
GDP per capita (in USD)	11,681	13,769	10,876	12,925	12,301	17,322	24,120
Official exchange rate (B/USD, average)	2.15	2.58	4.29	4.29	6.05	6.28	6.28
Parallel exchange rate (B/USD, average)	5.74	7.59	8.32	14.99	36.20	70.08	82.84

Source: EIU

# For more information



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