BBVA | RESEARCH

Economic Outlook

Latin America

Second Quarter 2011
Economic Analysis

- **The global economy keeps growing fast,** driven by emerging economies.
- **Oil and other commodity prices will remain high in 2011 helping the region,** and their effect on global growth will be small.
- **Latin American growth will slow in 2011 to 4.6% backed** by a favorable external conditions and strong domestic demand.
- **Inflation rose in the region, but remains at levels acceptable to most Central Banks** due to currency appreciation which has channeled excess domestic demand into increased imports.
- **Central Banks have increased rates earlier and higher than we expected;** however, they have to go further up.
- **Higher risks in MENA taking oil prices to USD 150/barrel and falls in other commodity prices would have a negative impact on growth in LATAM, with higher inflation;** but would not cause a recession. There will be differences among countries in the region.

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Closing date: May 12, 2011

1. Global outlook: recovery, global shocks and vulnerabilities

The global economy will continue growing strongly, but risks are tilted to the downside

The global economy continues to grow at a robust pace, and is still expected to expand by 4.4% both in 2011 and 2012, supported primarily by emerging economies (Chart 1). However, the threat coming from high commodity prices (especially oil) increases the uncertainty and introduces a risk to growth and inflation in most regions, even to some of those that might benefit directly from high commodity export prices. At the same time, local risks identified in the previous issue of the Global Economic Outlook continue more or less unchanged. In particular, financial stress in Europe is likely to continue, especially for Greece, Portugal and Ireland. The political noise around proposals to finally start the process of fiscal consolidation in the US will only add to uncertainty in the markets, even as we think that some form of fiscal adjustment will take place in the end. Finally, overheating pressures in emerging markets continue, although going forward they will be more of a concern in South America, given tailwinds from commodity prices.

While high commodity prices pose risks they are unlikely to dent growth

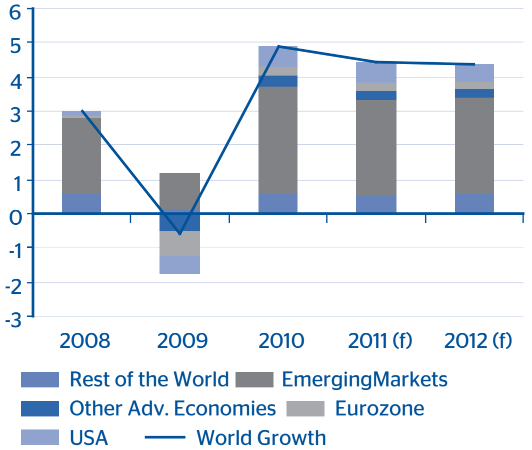
The greatest global risk stems from the rise in oil prices since the beginning of the year, caused mainly by political instability in the Middle East and North Africa (MENA). Although uncertainty is high and protests in the region are still unfolding, in our view, contagion to the point of disrupting oil production in other important oil producers beyond Libya will not occur. Thus, the geopolitical risk premia incorporated in oil prices will gradually be reduced, given ample OPEC spare capacity and OECD inventories, both above historical means. Nonetheless, oil prices may remain high at around US$110-120 per barrel during most of 2011, before receding gradually to around US$100 in 2012.

Given a rise in the price of other commodities such as food and metals as well, the main negatively affected regions will be the major developed countries and most of emerging Asia, the main importers of raw materials. On the other hand, the main beneficiaries of improved terms of trade would be the Middle East and Latin America, which will recycle part of this windfall revenue. However, a shock of this magnitude will be absorbed by the global economy without significantly affecting economic activity. This, together with relatively strong data in the first quarter of 2011, justifies relatively unchanged growth forecasts in most areas, as compared to our February Global Economic Outlook. The main exceptions are Mexico and South America, where strong data in the first quarter of 2011 and better terms of trade warrant a moderate upward revision of our growth forecasts for 2011. Core countries in Europe, as opposed to those in the periphery, will continue to grow, while risks to the U.S. forecasts shift from being biased upwards three months ago to be more balanced now because of higher oil prices.

High oil prices will push up headline inflation, necessitating earlier central bank interest rate increases in most regions

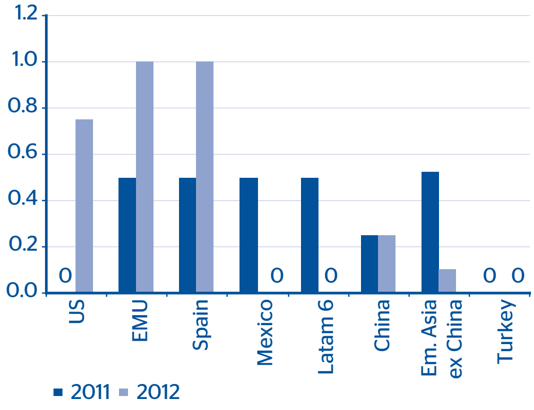
The main effect of the oil shock will be felt on prices. Higher inflation in most economies in 2011-12 will prompt monetary authorities to bring forward, and in some cases push for more aggressive, paths of interest rate increases (Chart 2). Nevertheless, there is still a wide heterogeneity in central bank approaches to the risks stemming from high oil and other commodity prices. In particular, in the US and euro zone, central banks are shifting—to varying degrees—their focus from supporting growth or preventing a tail risk scenario of very low growth and deflation, toward keeping inflation expectations well-anchored, particularly considering that the monetary policy stances are very accommodative. As a consequence, the balance of risks has tilted towards a higher probability of early hikes. The timing of the first hike depends on the perceived need to react to potential risks of second-round effects. The ECB's hawkish approach is to avoid any risk by being pre-emptive (and thus its first hike in April). On the other hand, the Fed, focusing more on the lack of sustainability in the recovery, prefers to wait and act only if risks materialize. Between these two approaches, emerging economies seem open to more front-loaded hikes if needed, but with an eye also on avoiding excessive capital inflows and exchange rate appreciation.

Chart 1
Global GDP growth and contributions



Source: BBVA Research and IMF

Chart 2
Changes in year-end expected official interest rates relative to February 2011



Source: BBVA Research

Financial tensions in the periphery of Europe will remain high

As long as doubts persist about the solvency of countries in difficulty, namely Greece, Ireland, and Portugal, and risk of debt restructurings linger, headwinds to private sector funding to these economies and high sovereign spreads and could spread to other countries. Thus, a comprehensive and carefully designed approach to debt resolution—one that does not risk contagion to the rest of Europe—is urgently needed.

In the US, fiscal consolidation will likely be achieved

In the U.S., the political process to reach a sustainable path for public debt involves difficult negotiations between two opposing approaches to deficit reduction. In the end, fiscal consolidation will have to come either from a reduction of entitlements or from higher tax revenues. In our opinion, both parties will reach an agreement that translates into lower deficits and a sustainable debt path, but the political process will be protracted.

Overheating concerns continue in emerging economies

Emerging economies continue to show risks of overheating, but with marked heterogeneity. Some countries are beginning to confront these risks through more restrictive monetary policy, for example, in the important cases of China and Brazil. We think overheating risks are manageable but, going forward, they may become more pronounced in South America, to the extent that commodity price increases are a tailwind, but act as a headwind for emerging Asia. In addition, doubts about the extent of the slowdown in Japan could weigh on economic activity in most of Asia, given extensive trade links and integrated production chains. Furthermore, current account surpluses in much of Asia provide a buffer for the region, as compared to South America.

2. Growth continues expanding quickly

Domestic demand in the lead

As official figures for year-end 2010 started to be released, it began to become clear that economic growth had been stronger than expected in the last quarter of the year. Short-term indicators pointed to strong growth continuing in the early months of the current year. The main driver of this was growth in domestic demand, led by an increase in investment (13% over the region as a whole), restocking and increased private consumption (5.7%). Increased public spending also played a part in some countries, such as Argentina, Brazil, Chile, Peru and Venezuela. Other factors which contributed to this growth include some supply-side events, such as favorable agricultural conditions resulting in high or record harvests in Argentina, Brazil, Paraguay and Uruguay, and currency appreciation resulting in increased purchasing power for the public.

As a result of the above, GDP in 2010 grew 6.3% in the region, two decimal points above our February estimate. Domestic demand increased by 8.3%, a couple of percentage points lower than we expected in February. Sector indicators point to a domestic demand increase of 6.5% in the first quarter, in line with our February forecast. By countries, on a quarterly basis, we find that domestic demand in Argentina, Venezuela and Peru was higher than expected, whilst in Brazil, Chile and Mexico it was slightly lower.

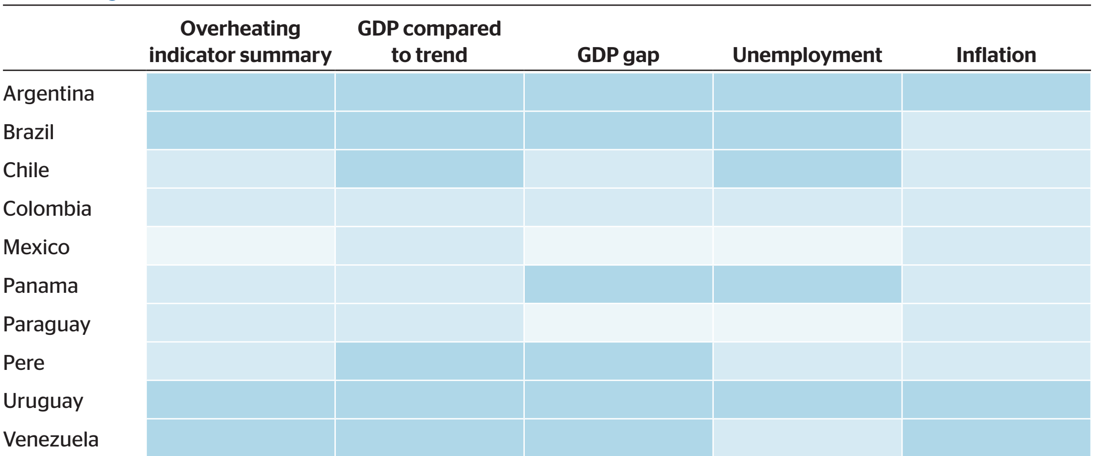
Whilst dollar exports increase significantly as a result of the generalized increase in commodity prices and foreign trade flows returning to normal during 2010, in general this made only a secondary contribution to growth, except in Argentina, Paraguay and Uruguay where there were record agricultural harvests; in Mexico where industrial exports were driven by the recovery in the United States; and Panama which benefited from increased traffic through the Canal as a result of the recovery in international trade. The strong and sustained increase in imports was due mainly to increased purchases from abroad resulting from the recovery in domestic demand at a time of currency appreciation; although higher oil and food prices also had an impact, this was secondary compared to the increase in volumes.

The increase in domestic demand also strengthened public finances, in a region where indirect taxes account for a large share of tax revenues. Furthermore, the high terms of trade played a very important role in the increase in revenues. As we said in February, public spending has not adjusted to the new reality in the economic cycle; even so, the aggregate fiscal deficit for the region fell from 5.9% of GDP in 2009 to 1.7% of GDP last year.

As a result of this, output gaps are closing more rapidly than expected, and there are increasing concerns about the possibility of "overheating" which might result in increased inflation and vulnerability to the impact of adverse changes in international economic conditions, particularly in the event of a fall in raw material prices.

As can be seen from Chart 3 which shows IMF overheating indicators for the largest countries in the region, only Mexico is currently not in danger, whilst Argentina, Brazil and Venezuela all show all the symptoms of the problem. To varying degrees, Chile, Colombia and Peru are also at risk, and changes to economic policy will be key to defining the future course of events.

Chart 3
Overheating risks



* Low Overheating → → High Overheating
Source: IMF and BBVA Research

It is therefore no surprise that the IMF highlighted the risks of overheating in the region in its latest "Economic Outlook" published in early May. Whilst we share the IMF's concerns, we consider that the adjustment process in domestic demand has already started, and we believe that the economic authorities of those countries with explicit inflation targets, and which are most exposed to international markets, will act decisively to avoid inflation becoming established at rates in excess of target levels. However, we agree that if they are slow to react, there is a potential risk that these economies will return to the cycle of sharp rises and falls we have seen over recent decades.

Inflation starts to be a concern

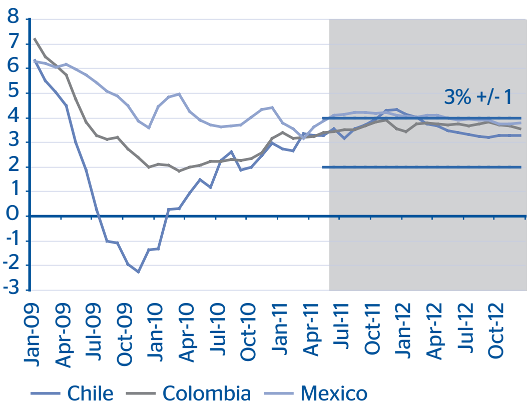
Consistent with the chart above, inflation has continued its rise, resulting in some upside surprises in almost all countries. As a result, we expect average annual inflation in the region to increase from 6.4% in 2010 to 6.9% this year (previously we expected 6.5%), before slowing slightly to 6.2% in 2012. The most noteworthy aspect is that we how expect higher inflation in all countries except Colombia and Venezuela than we did in February. Whilst it is a fact that these increases are very slight, the common pattern confirms that there is a trend which coincides with the generalized problem of overheating and higher international commodity prices.

However, it is worth noting that the forecasting errors in the first quarter explain almost all the expected change to annual inflation, except for Peru, where forecast inflation is the same as the effective rate. This is because we still maintain our expected inflation path into the future, which is based on the evidence that domestic demand has been developing in accordance with expectations, and that the economic authorities have reacted more strongly than we expected in February.

As a result, we consider that the risks of a major increase in inflation are limited in the countries which are pursuing inflation targets. Monetary authorities have begun to withdraw their stimuli rapidly, and some countries have already started to show some signals that the start of the withdrawal of the fiscal stimulus has started. However, the most important point is perhaps that currencies have appreciated significantly in nominal terms against the dollar, which is bound to offset inflationary pressures. As we stated in our February report, this does not mean that there is no risk of overheating, but rather that this is being conducted abroad through imports; this is something which is hardly noticed in foreign trade accounts due to the increased prices of the region's main exports.

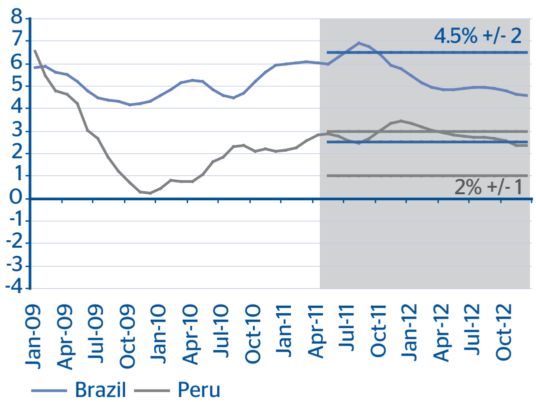
Finally, it is worth noting that the increases in inflation observed in several countries are related to specific factors which will gradually cease to have an impact, such as food price increases resulting from flooding in Colombia, Panama and Venezuela; the development of the meat market in Paraguay, Uruguay and Argentina; and increases in the international prices of basic products, such as foodstuffs and fuel in late 2010 and early 2011 which have begun to reverse.

Chart 4a
Inflation and tolerance bands in countries with inflation targets: Inflation and targets in Chile, Colombia and Mexico (% y/y)



Source: BBVA Research

Chart 4b
Inflation and tolerance bands in countries with inflation targets: Inflation and targets in Brazil and Peru (% y/y)

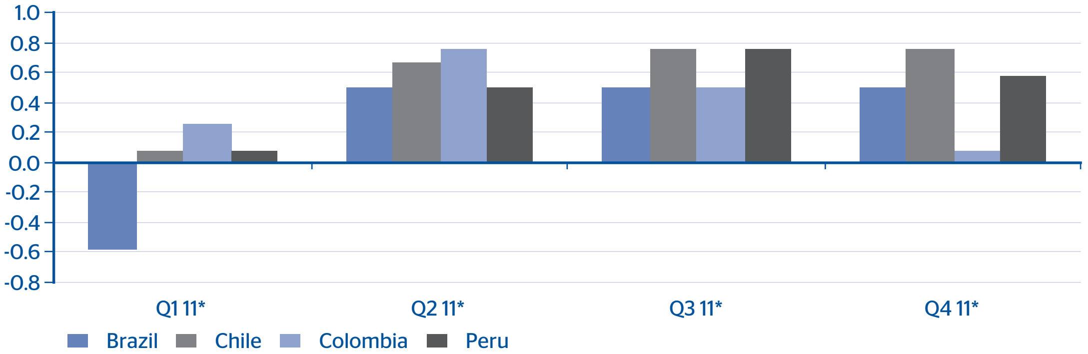


Source: BBVA Research

3. The authorities apply the brake

One common factor in the region is that following the hesitation shown by monetary authorities in late 2010 and early 2011 (depending on the country), since February they have started to give clear and decisive signals of their concern about inflation, and have tended to surprise the markets with larger and earlier increases than expected, with the exception of the timid 25 bp point increase by Brazil's Central Bank at the end of April. When we compare our forecasts of official interest rates at the beginning of the year with current rates, we note that all large countries with inflation targets have had earlier and/or larger increases, as can be seen in chart 5.

Chart 5
Changes in forecasts of reference interest rates



Source: BBVA Research

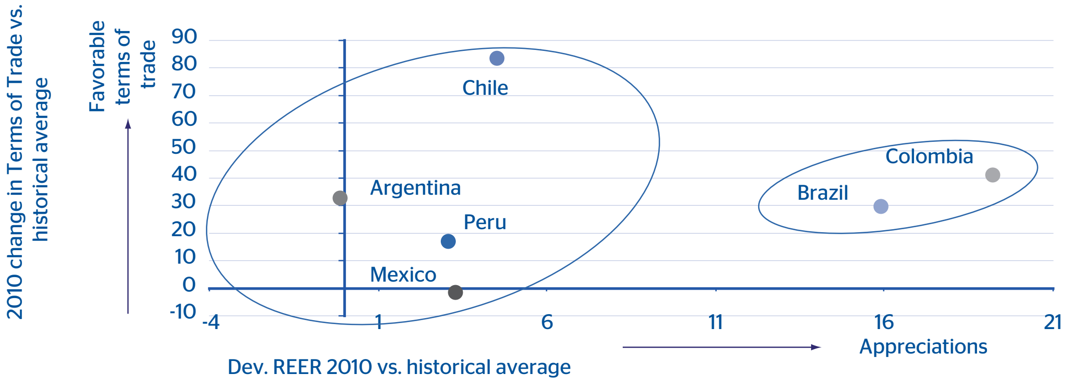
One new development in this area is that Central Banks have increased the range of instruments used to restrict liquidity and slowdown lending. In addition to the reference interest rate, there have also been increases in reserve requirements and other measures which can be grouped under the heading "macro – prudential" to minimize the impact on the exchange rate. Uruguay was the latest country to take such action, increasing its reserves ratio from 12 to 15%. Whilst it is difficult to calculate how these measures equate to interest rate increases, a survey carried out in Brazil suggested that the combined effect of this might have an impact slightly in excess of an additional 100 bp increase in the SELIC.

On the other hand, the Central Banks of Argentina and Venezuela have continued a more relaxed policy, with an eye on supporting growth in credit and domestic demand, and resorting to unconventional measures –such as price controls- to stabilize inflation.

One factor conditioning the application of tighter monetary policy has been fears of currency appreciation, which have resulted in nearly all of the countries in the region implementing intervention measures, ranging from the slightest and most conventional such as currency purchases to the introduction of taxes and additional capital requirements for capital inflows. In some cases, particularly the authorities in Brazil, there is a perception that the currency appreciation is highly conditioned by capital inflows, which should start to reverse as interest rates in developed countries return to normal; something which they believe will happen sooner rather than later. Given this, they have chosen to increase reserve requirements and to restrict credit through quantitative measures, surprising the markets which expected more intensive use of interest rates.

BBVA Research takes a different view, as we expect interest rate rises in developed countries to take some time. Furthermore, we estimate that high commodity and energy prices reflect real pressures which mean that these countries will continue to enjoy relatively favorable terms of trade, even following a slight change to these prices through 2011 and 2012. As can be seen from Chart 6, there is quite a clear relationship between changes in effective exchange rates from their trend level and changes in the terms of trade compared to their trend. To the extent that this continues, it will need to be reflected in exchange rates, which means that it is not a good idea to put anti-inflation credibility at risk. Most Central Banks seem to have recognized this and have accelerated the pace of interest rate changes.

Chart 6
Terms of trade and currency appreciation



Source: BBVA Research

As we stated in our report in February, the contribution of fiscal policy to the slowdown in the increase in domestic demand is still quite tenuous, and governments are not withdrawing the fiscal stimuli they implemented in 2008-09 to fight the recession, despite all, or nearly all, of the countries having closed or closing their available output gaps. Whilst Brazil and Chile have announced budget cuts (0.7% and 0.4% of GDP respectively) in 2011, the share of public spending in GDP is still far higher than it was before the recession. This is also reflected in fiscal balances, which in aggregate are more in deficit in 2011 than the average for 2003-11 despite expected commodity prices for this year being far in excess of those for the comparison period.

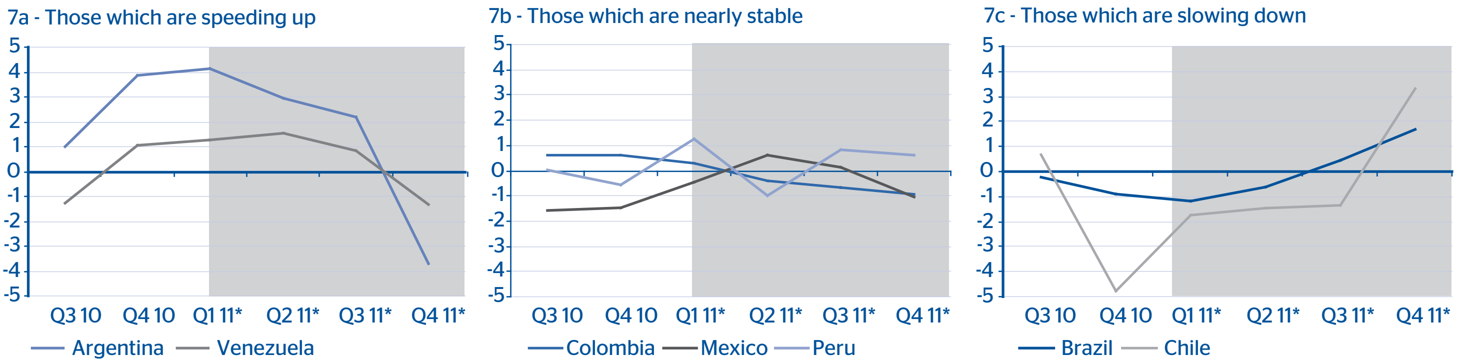
4. Good prospects for the future

The change is in line with expectations

Overall, the performance of the economies in the region is in line with expectations, particularly in those countries which are pursuing inflation targets and which have begun to withdraw their fiscal and monetary stimuli, such as Brazil and Chile. Domestic demand is increasing, but at a similar or even slightly lower rate than we forecast a few months ago, except in Argentina and Venezuela, where the greater flexibility generated by higher export prices has been used to increase public spending.

Chart 7 shows the differences between the growth we were expecting in domestic demand at the start of the year and our current forecasts; it can be seen from the chart that in Brazil and Chile the adjustment to domestic demand is occurring somewhat more rapidly than we expected, whilst the opposite is the case in Argentina and Venezuela. In both groups of countries we are also seeing that this translated into a reversal of the situation at the end of the period: in Brazil and Chile domestic demand grew by slightly more than we forecast as the adjustment occurred earlier than expected, whilst in Argentina and Venezuela the adjustment was sharper. Colombia, Mexico and Peru meanwhile are showing smaller deviations from the performance we expected: this is not a problem in the first two, where the GDP gaps are larger, but it is a cause for concern in the latter, where growth in domestic demand is much higher than the long-term trend, and where spare capacity is being absorbed rapidly. It should however be noted that in Peru the increased uncertainty which resulted from the elections may have an impact on expectations and company and household spending which is very difficult to evaluate at present, but which represents a bias towards a slowdown in private demand.

Chart 7
Changes in forecast growth in domestic demand

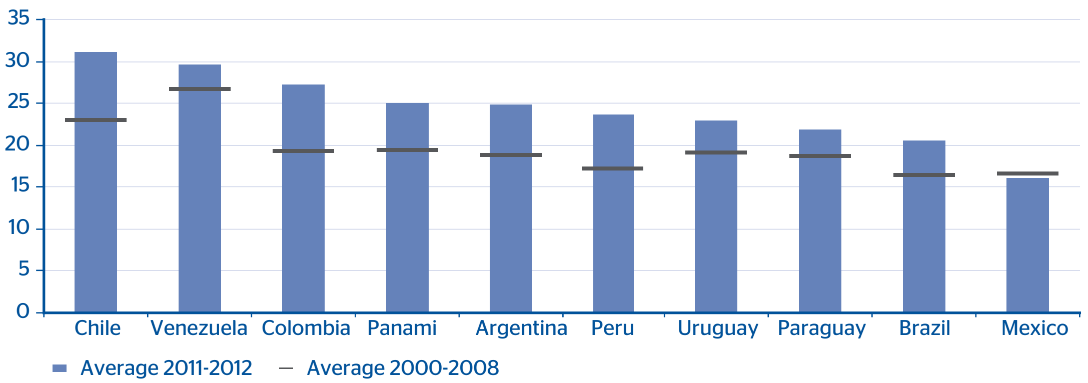


Source BBVA Research

With improving conditions for sustaining higher growth over the medium term

If domestic demand changes at the pace expected and inflation remains under control, the outlook for the region will be very positive, with economic growth close to medium and long-term potential. The positive signals include a major increase in investment in fixed capital in the region. As can be seen from chart 8, investment rates in most of the countries in the region are increasing significantly, even compared to the period prior to the crisis.

Chart 8
Fixed capital investment rates (GDP %)



Source: BBVA Research

Meanwhile, the current recovery has been somewhat atypical, in the sense that it has been accompanied by a significant increase in salaried and/or formal employment, and this is quite widespread throughout the region. Whilst very few countries have monthly surveys of regular employment, in four countries (Brazil, Chile, Colombia and Mexico) formal or salaried employment (depending on the case) at the end of 2010 was growing at annual rates in excess of 4%, and over 6.5% in Brazil. Likewise, in Chile and Colombia there were increases of over three percentage points in the rate of employment participation; this is very positive in terms of the outlook for increased household income, particularly in low and medium-income homes.

The combination of higher investment rates with increased formal employments supported by higher participation rates leads us to anticipate increased potential for GDP growth in most countries in the region over coming years.

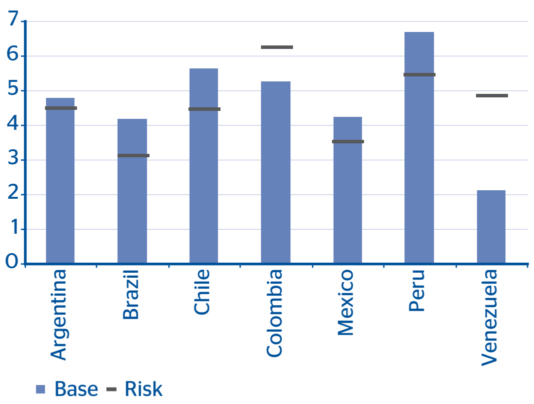
5. Risks from abroad

One major risk in our global scenario is the possibility of increased instability in countries in the Middle East resulting in higher oil prices, stabilizing at around USD 150/barrel. Whilst such prices would not be sufficient to unleash a global recession, they would damage the recovery in domestic demand in oil importing countries, reducing growth by about 1 percentage point compared to our base case. This would hit demand for other basic products, particularly industrial raw materials such as metals, the prices of which could fall by around 20% compared to our base scenario in 2012.

A new oil shock would have differing effects around the region

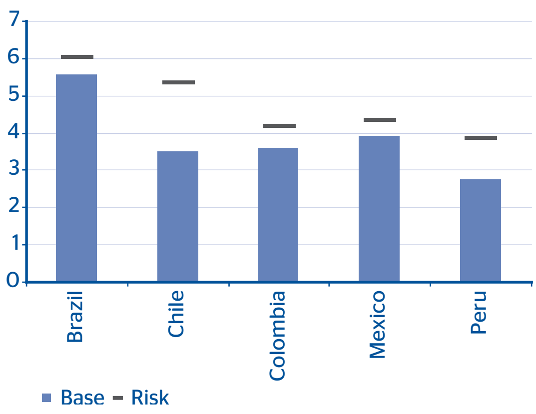
The dividing line for such a shock would depend on the composition of exports. The initial impact in oil-exporting countries would be positive, generating financial surpluses and greater scope for fiscal and monetary expansion. This would be the case for Colombia and Venezuela, which would see higher growth rates in 2012. However, whilst Mexico is also an oil exporter, the relative weight of oil compared to exports of manufactured goods to the United States is tiny, resulting in the net effect of a global shock being slightly negative.

Chart 9a
The impact of an oil shock on GDP (% y/y, average 2011-2012)



Source: BBVA Research

Chart 9b
The impact of an oil shock on inflation (% y/y, average 2011-2012)



Source: BBVA Research

As shown by charts 9a and b, the effects on growth in non-oil exporting countries ranges from very slight in Argentina to up to 1% of GDP in Brazil, Chile and Peru. Whilst these are significant numbers, they are far from being a crisis. The effect on inflation is also significant, although it will be transitory.

6. Tables

Table 1
Inflation (% y/y, average)

	2003-2008	2009	2010	2011*	2012*
Argentina	8.2	-2.1	8.7	5.5	4.0
Brazil	4.2	-0.2	7.6	4.0	4.4
Chile	4.7	-1.7	5.2	6.2	5.1
Colombia	5.2	1.5	4.3	5.0	5.5
Mexico	3.1	-6.1	5.5	4.7	3.8
Panama	8.3	3.2	7.5	7.7	7.8
Paraguay	4.6	-3.8	14.5	5.9	5.2
Peru	7.0	0.9	8.8	7.1	6.3
Uruguay	6.8	2.6	8.5	5.3	4.6
Venezuela	7.2	-3.1	-1.4	2.6	1.6
Latin America	**4.7**	**-2.2**	**6.3**	**4.6**	**4.2**

* Forecast
Source: BBVA Research.

Table 2
Inflation (% y/y, average)

	2003-2008	2009	2010	2011*	2012*
Argentina	9.5	6.3	10.4	9.9	9.8
Brazil	7.0	4.9	5.0	6.2	4.9
Chile	3.9	1.6	1.4	3.5	3.5
Colombia	5.8	4.2	2.3	3.5	3.7
Mexico	4.3	5.3	4.2	3.9	3.9
Panama	5.0	2.4	3.5	5.1	
Paraguay	8.9	2.6	4.6	10.9	9.1
Peru	2.9	3.0	1.5	2.7	2.8
Uruguay	9.4	7.1	6.7	7.7	6.0
Venezuela	22.1	28.6	29.1	27.8	24.7
Latin America	**7.1**	**6.4**	**6.4**	**6.9**	**6.2**

*Forecast
Source: BBVA Research.

Table 3
Exchange Rate (vs. USD, average)

	2003-2008	2009	2010	2011*	2012*
Argentina	3.03	3.73	3.91	4.15	4.70
Brazil	2.40	2.00	1.75	1.63	1.75
Chile	573	560	510	483	493
Colombia	2371	2158	1899	1819	1800
Mexico	10.99	13.51	12.50	12.00	12.49
Panama	1.00	1.00	1.00	1.00	1.00
Paraguay	5603	4967	4739	4146	4072
Peru	3.25	3.01	2.83	2.75	2.64
Uruguay	24.9	22.5	20.0	19.25	19.54
Venezuela	2.15	2.15	4.30	4.30	4.30

*Forecast.
Source: BBVA Research.

Table 4
Interest Rate (%, average)

	2003-2008	2009	2010	2011*	2012*
Argentina	8.6	12.38	10.11	11.88	14.28
Brazil	16.5	10.14	10.00	12.04	11.50
Chile	4.1	0.50	1.54	4.90	5.96
Colombia	7.6	5.29	3.13	4.06	5.25
Mexico	7.9	5.42	4.50	4.58	5.46
Panama**	3.1	2.9	2.7	2.22	
Paraguay					
Peru	4.0	3.25	2.06	4.42	5.00
Uruguay	7.0	8.7	6.3	7.10	7.25
Venezuela	13.1	15.57	14.53	14.51	14.51

*Forecast
** Interest rate on fixed rate deposits (3 months)
Source: BBVA Research.

Table 5
Private Consumption, Government Consumption and Investment (% y/y)

	Private Consumption (% y/y)					Government Consumption (% y/y)					Investment (% y/y)				
	2003-08	2009	2010	2011*	2012*	2003-08	2009	2010	2011*	2012*	2003-08	2009	2010	2011*	2012*
Argentina	7.9	-4.1	8.2	6.4	4.1	5.0	7.2	9.4	9.4	7.5	22.7	-10.2	21.2	9.0	5.2
Brazil	4.3	4.1	6.4	5.8	4.6	2.8	3.7	5.1	2.1	3.5	7.5	-10.0	21.2	10.0	10.4
Chile	6.2	0.9	10.4	7.1	5.3	4.7	7.5	3.3	4.1	3.9	12.1	-15.9	18.8	14.4	9.2
Colombia	4.7	0.9	4.3	5.0	5.5	5.8	6.9	5.5	9.9	3.1	14.8	-6.5	7.1	10.6	11.1
Mexico	4.0	-7.1	5.0	3.6	3.4	3.5	5.3	2.2	2.7	3.1	5.5	-16.8	2.8	8.5	6.1
Panama	1.1	-0.2	8.5	8.3	8.2	3.3	-6.5	12.7	9.5	6.0	27.6	6.4	6.0	4.3	3.0
Paraguay	4.9	-3.4	9.9	10.1	7.1	4.3	-11.9	21.4	16.1	6.3	7.1	13.7	14.7	7.5	6.5
Peru	5.8	2.4	6.0	6.4	5.2	7.9	16.5	10.6	6.3	4.0	15.9	-15.1	22.1	15.0	12.3
Uruguay	7.0	2.1	11.4	6.8	5.7	5.9	-6.3	14.4	14.9	10.0	16.1	3.9	2.2	1.0	1.0
Venezuela	11.3	-3.0	-2.4	3.6	3.3	8.8	2.3	2.6	4.5	4.2	17.2	-8.1	-4.4	4.6	-1.7
Latin America	**5.2**	**-1.0**	**5.7**	**5.2**	**4.3**	**4.1**	**5.1**	**4.9**	**4.1**	**3.9**	**10.3**	**-11.8**	**13.0**	**9.4**	**7.8**

*Forecast.
Source: BBVA Research.

Table 6
Fiscal Balance and Current Account (% GDP)

	Fiscal Balance (% GDP)					Current Account (% GDP)				
	2003-2008	2009	2010	2011*	2012*	2003-2008	2009	2010	2011*	2012*
Argentina	1.5	-0.6	0.2	-1.0	-1.8	3.3	3.7	0.9	0.5	-0.3
Brazil	-2.9	-3.3	-2.6	-2.8	-2.3	0.6	-5.5	-2.4	-2.9	-3.1
Chile	4.7	0.0	-0.4	1.0	0.2	1.7	1.6	1.9	0.2	-1.4
Colombia**	-3.3	-4.1	-3.9	-4.1	-3.7	-1.8	-2.1	-3.1	-2.7	-3.1
Mexico	-1.5	-0.7	-0.8	-0.7	-0.6	-0.8	-0.6	-1.2	-1.3	-1.7
Panama	-0.6	-1.0	-1.9	-1.5	-0.8	-6.3	-0.2	-11.0	-11.5	-10.8
Paraguay	1.5	0.1	1.1	1.5	1.7	0.1	0.1	-1.4	2.8	1.7
Peru	0.3	-1.9	-0.3	0.0	-0.5	0.1	0.1	-1.5	-2.8	-2.6
Uruguay	-1.2	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
Venezuela	-0.5	-5.1	-3.8	-2.6	-4.9	13.3	0.6	5.3	13.4	8.8
Latin America	**-1.4**	**-2.2**	**-1.7**	**-1.7**	**-1.8**	**1.1**	**-1.9**	**-1.1**	**-0.9**	**-1.6**

*Forecast.
** Central Government
Source: BBVA Research.

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