

# **How Latin America Weathered The Global Financial Crisis**

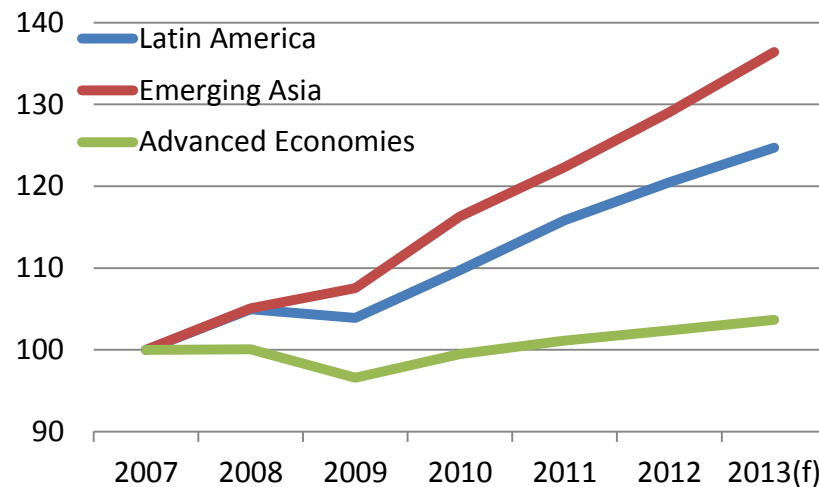
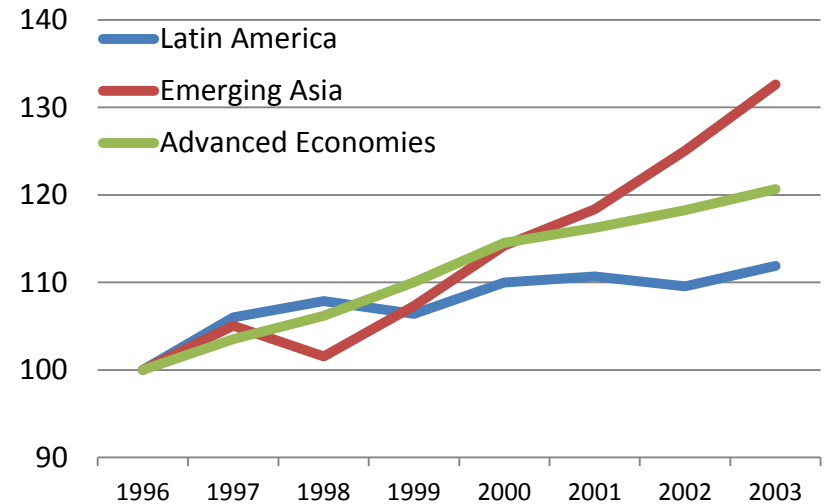
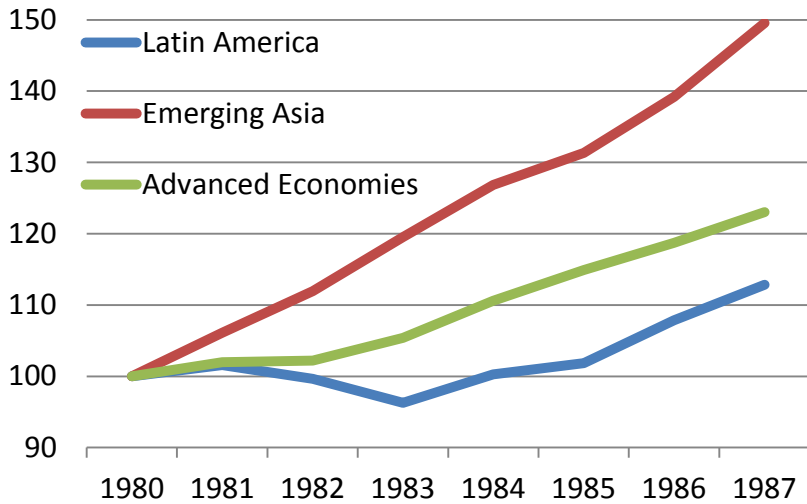
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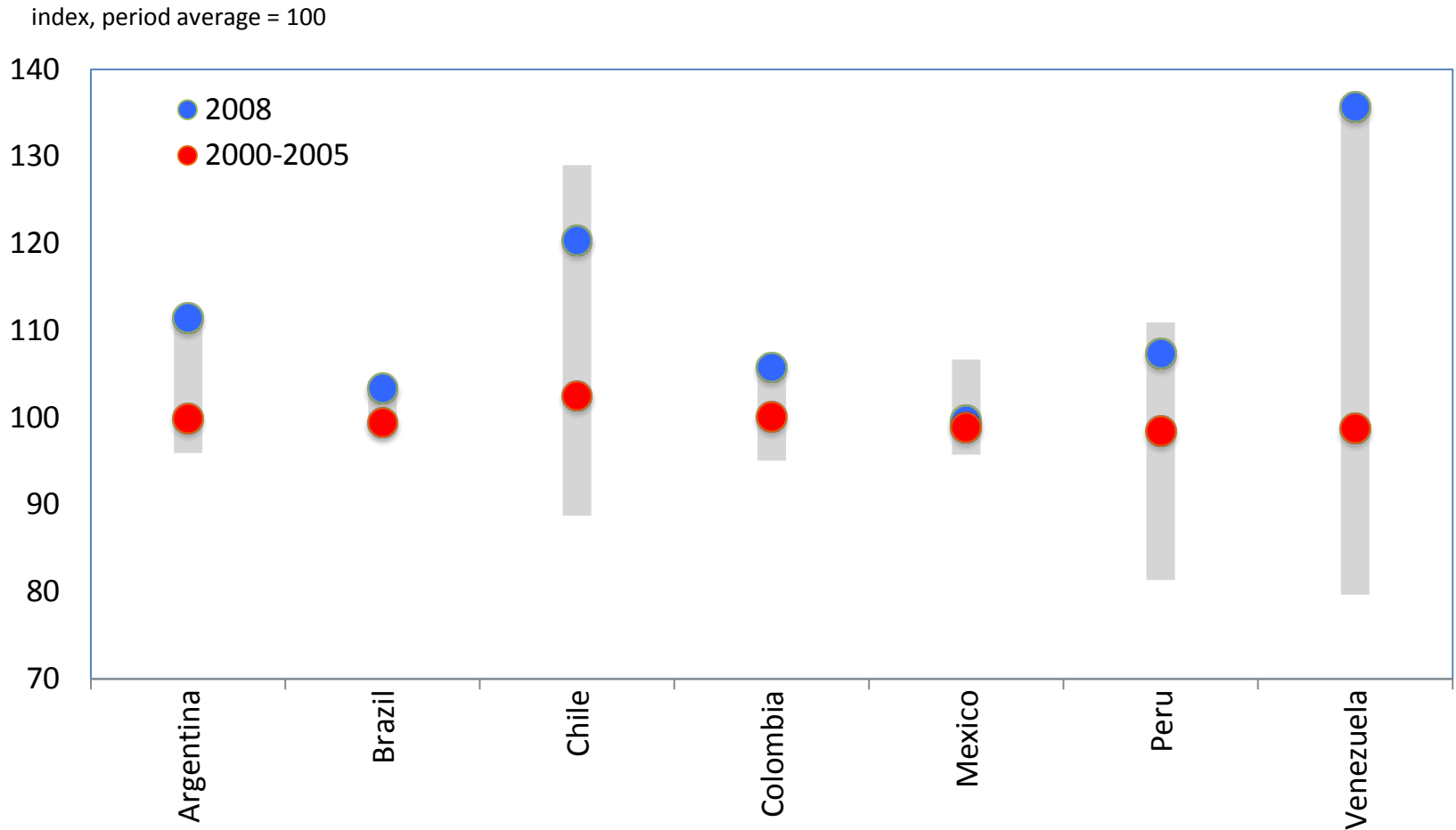
January 2004

# GDP in three recessions: The debt crisis – the Asian crisis and the Global Financial crisis (index two years before the crisis=100)



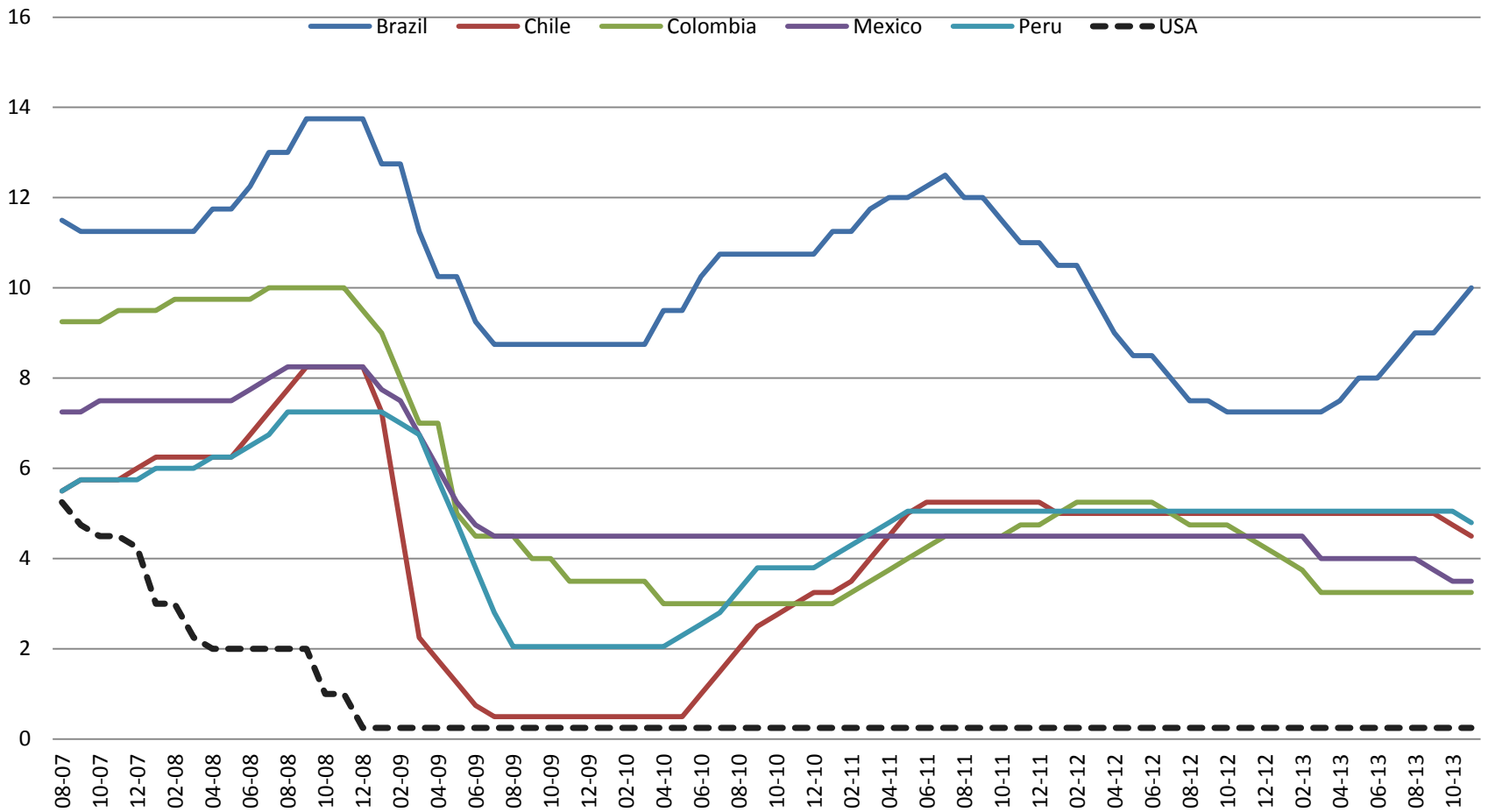
# Terms of trade, Latin America, 1980-2010

(index, period average=100)



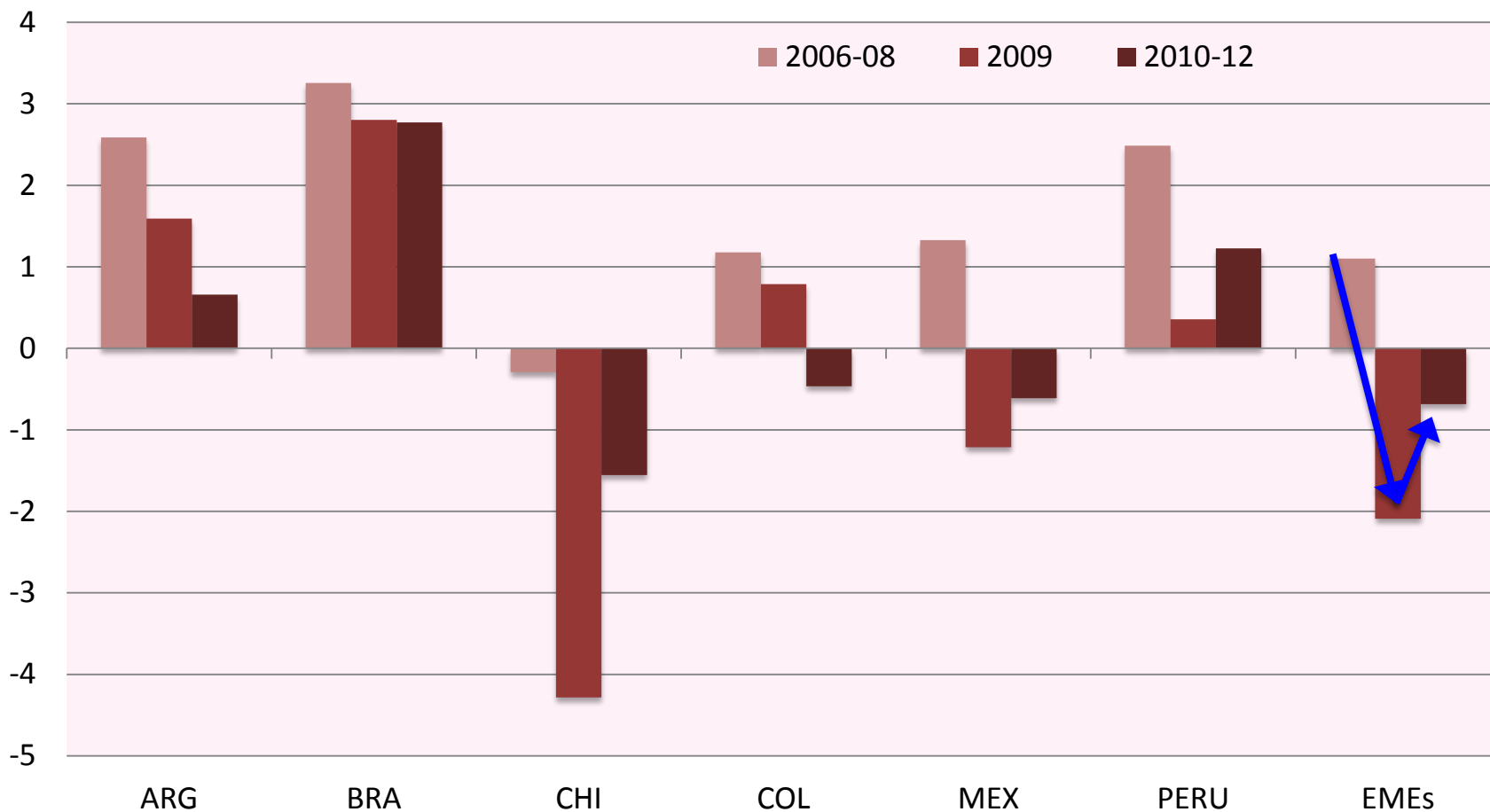
Source: International Monetary Fund, World Economic Outlook database.

# Monetary Policy Rates in Latin America (%)



Sources: Bloomberg.

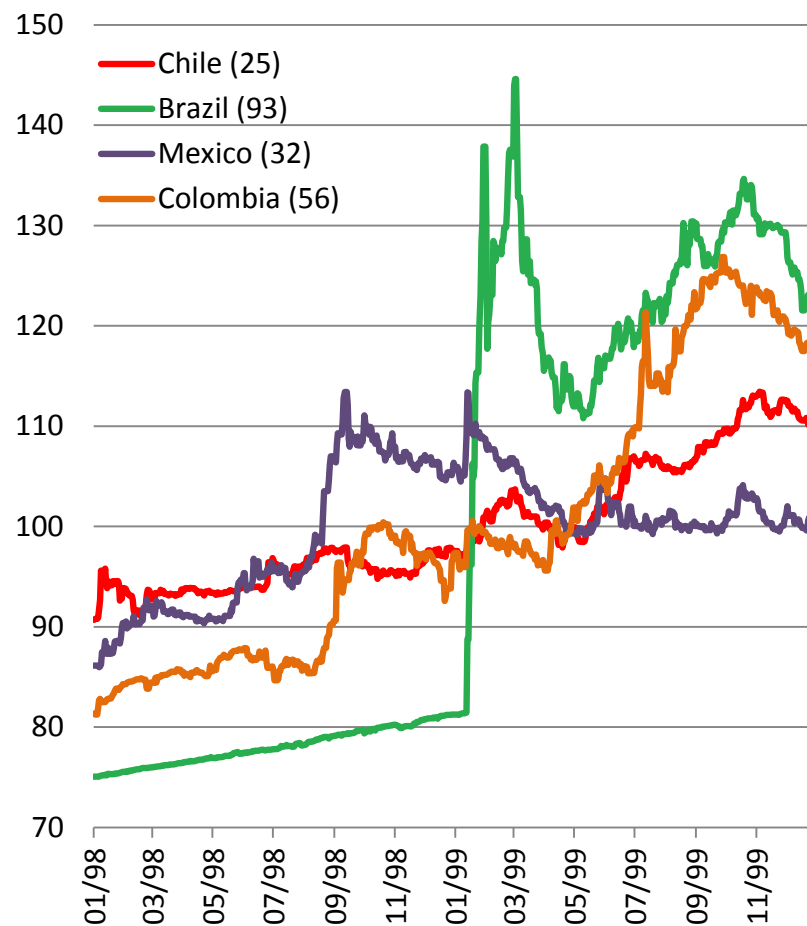
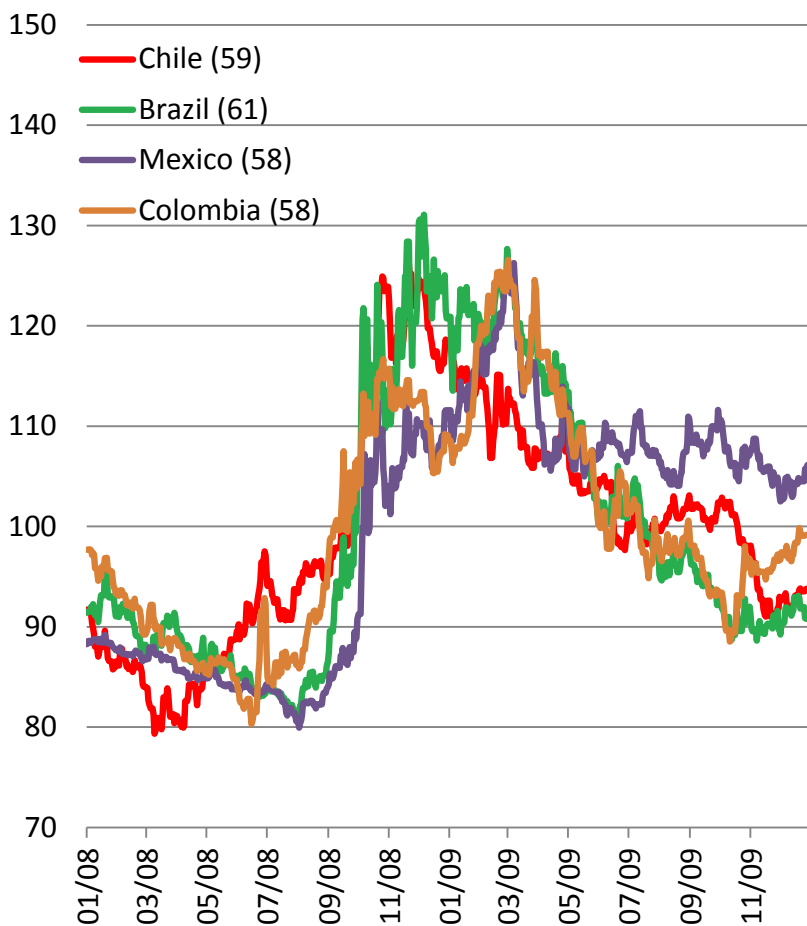
# Fiscal expansions: Cyclically adjusted primary balance (% GDP)



Source: Fiscal Monitor, IMF, April 2012.

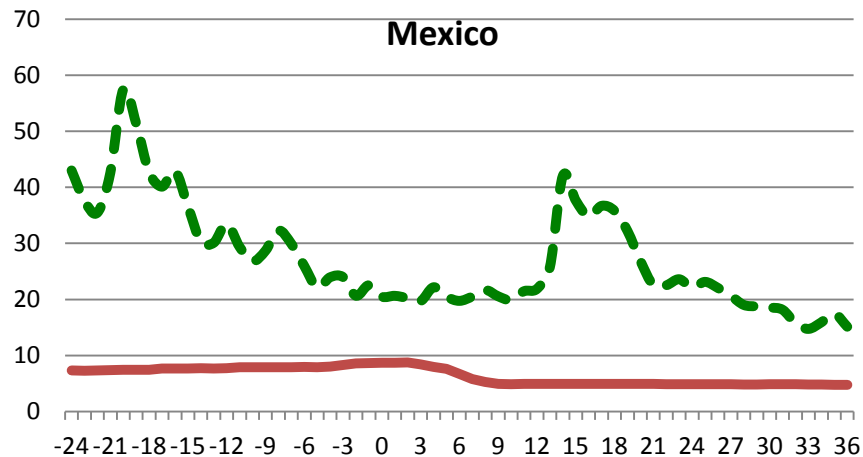
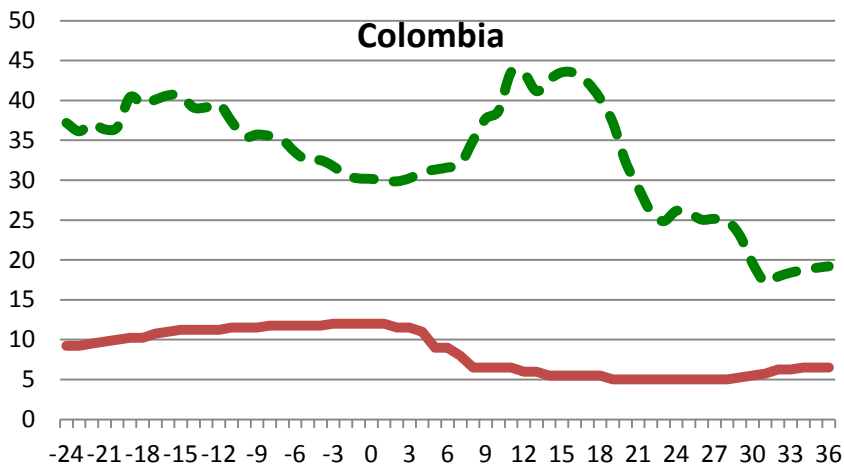
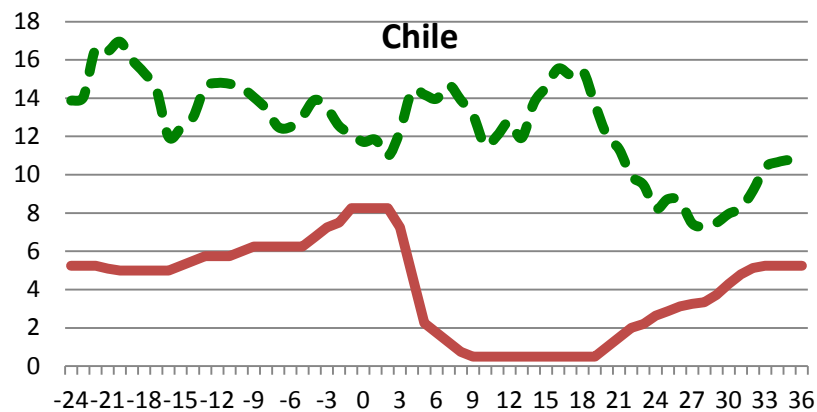
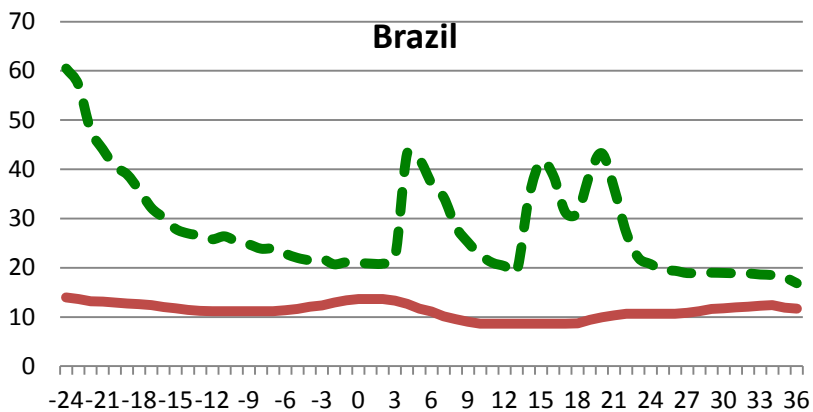
# Exchange Rates during the Asian and the Global Financial Crisis

(domestic currency per USD, period average=100)



Source: Bloomberg. Figures in brackets indicates depreciation from bottom to top. An increase indicates a depreciation of the currency.

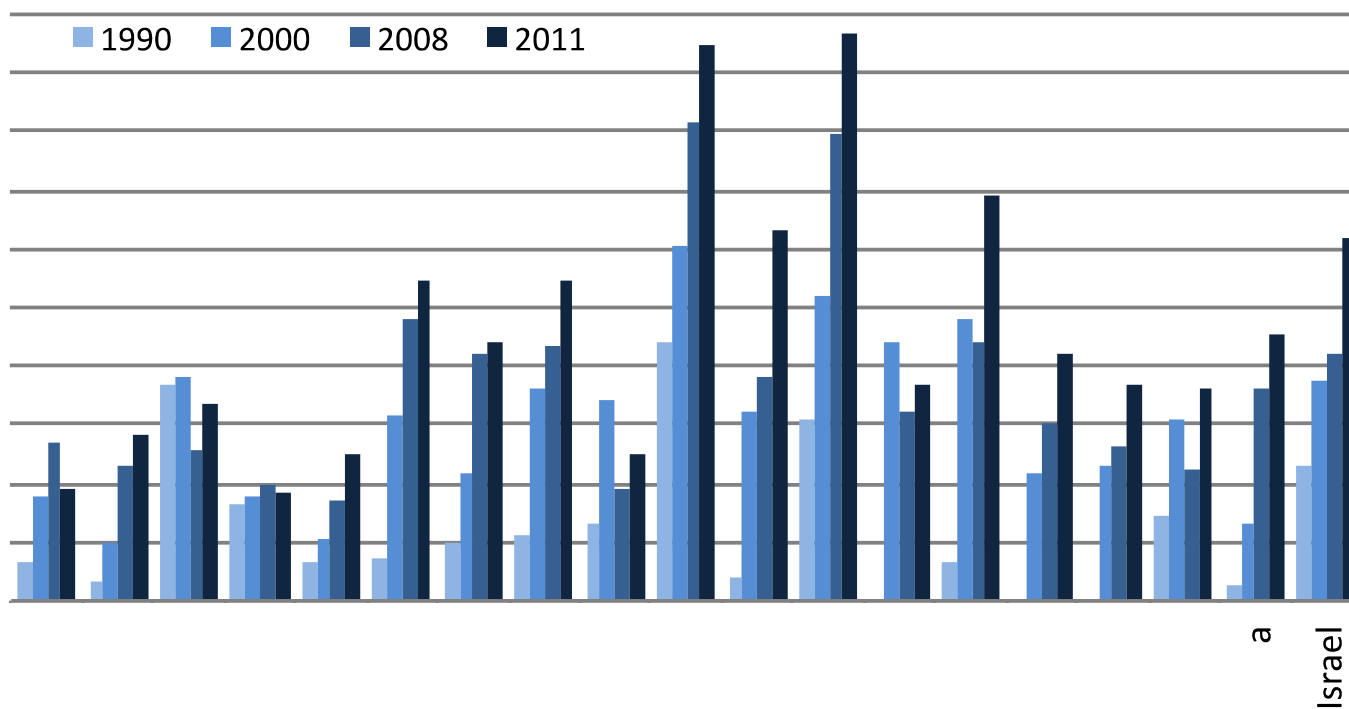
# Monetary policy rates: Asian and Global Financial Crisis (%)



Note: the green dashed line corresponds to the Asian crisis and the red line the global financial crisis.

Source: IFS.

# International Reserves (% of GDP)



Source: IMF-IFS and WEO.



# Maximum decline in reserves (percent)

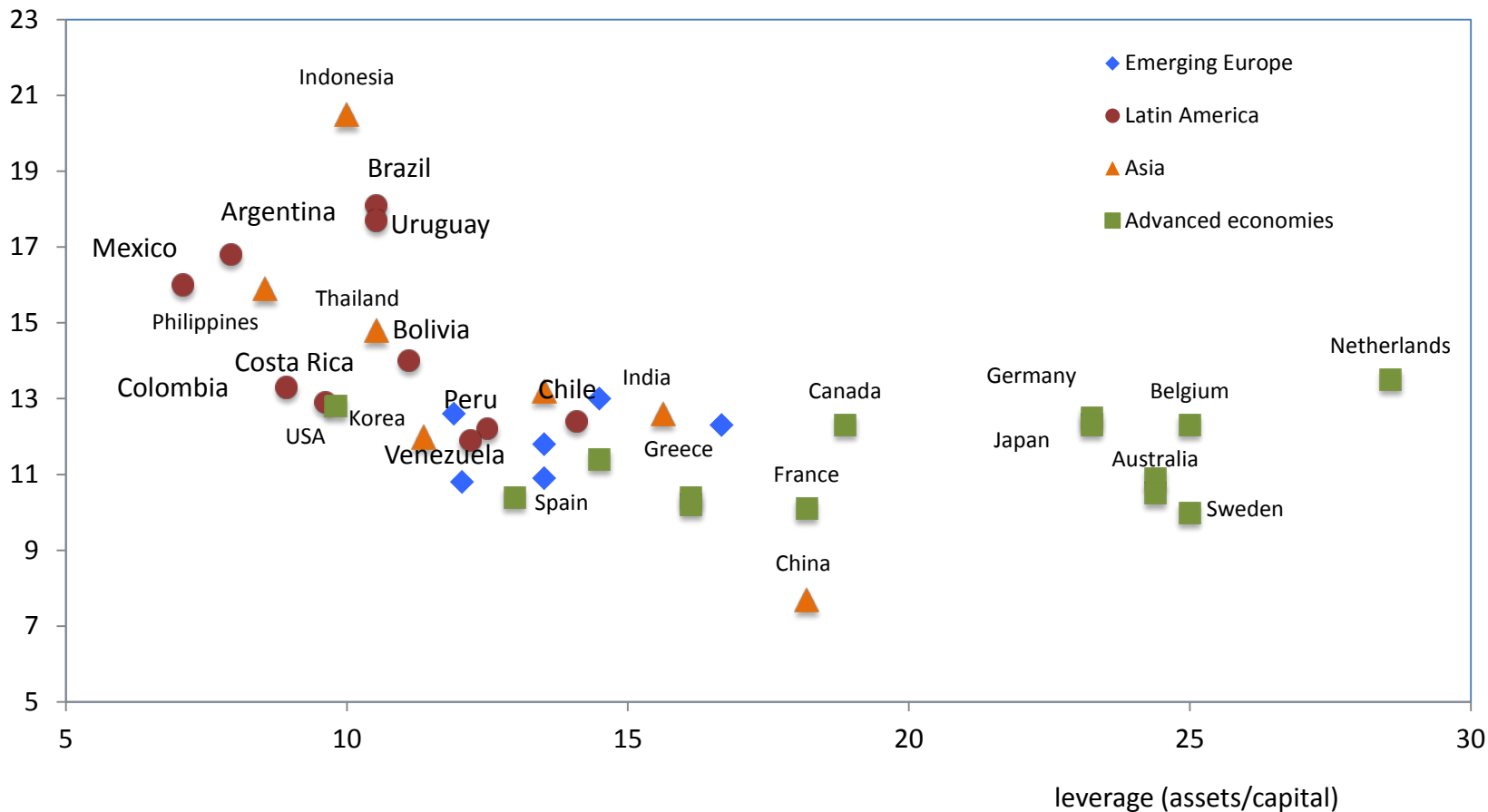
Country	Asian crisis		Global financial crisis	
	12-months (1)	Pre-Post (2)	12-months (3)	Pre-Post (4)
<b>Latin American countries</b>				
Argentina	-9.2	-2.4	-7.9	-10.9
Brazil	-53.5	-49.4	-3.1	-9.6
Chile	-17.4	-20.2	4.2	-9.8
Colombia	-16.2	-22.7	1.7	-3.3
Mexico	-0.1	-4.9	-14.1	-14.9
Peru	-17.9	-21.0	-13.9	-18.5
Venezuela	-32.3	-33.6	-34.4	-38.9
<i>Average</i>	<i>-20.9</i>	<i>-22.0</i>	<i>-9.7</i>	<i>-15.1</i>
<i>Median</i>	<i>-17.6</i>	<i>-21.5</i>	<i>-8.8</i>	<i>-12.9</i>
<b>Emerging Asian countries</b>				
China	3.8	2.8	8.5	-1.4
India	-7.6	-9.2	-20.4	-21.6
Indonesia	-18.4	-23.9	-11.9	-17.4
Korea	-40.2	-40.2	-23.5	-24.1
Malaysia	-28.5	-28.9	-29.6	-30.4
Philippines	-27.4	-31.6	3.0	-2.2
Thailand	-34.9	-32.0	-7.4	-5.8
<i>Average</i>	<i>-21.9</i>	<i>-23.3</i>	<i>-11.6</i>	<i>-14.7</i>
<i>Median</i>	<i>-24.7</i>	<i>-26.4</i>	<i>-11.7</i>	<i>-16.1</i>

Source: International Monetary Fund, International Financial Statistics Database.

# Regulatory capital and leverage ratios in 2008

(times and percent)

capital adequacy ratio (tier 2/risk weighted assets)



Note: Only commercial data are used for the United States.

Source: IMF (2008, GFSR), statistical appendix tables 22 and 23.

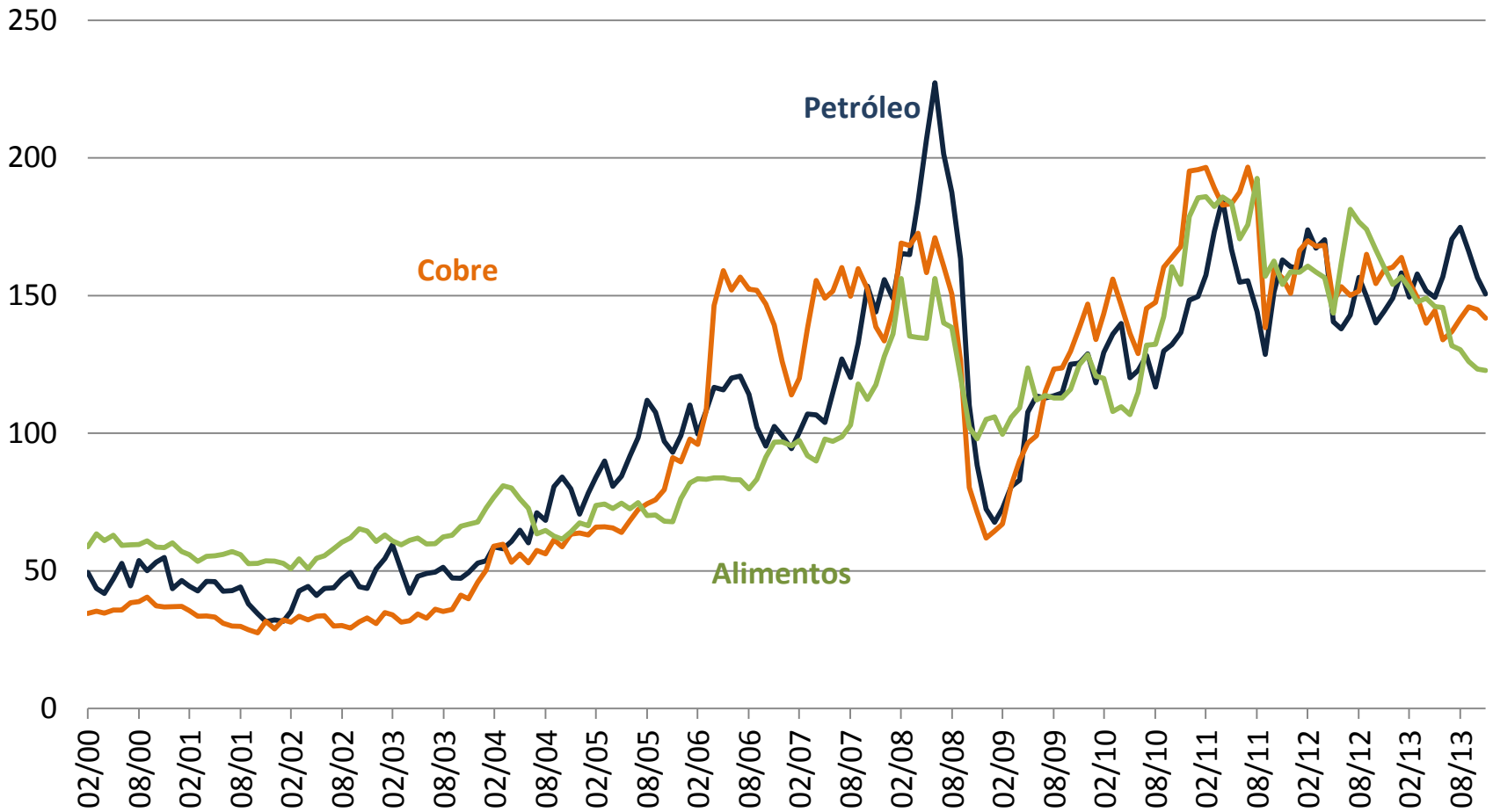
# Surges of capital inflows, 1990s and 2000s (percent of GDP)

Region/period	Net capital inflows	Current account	Change in reserves
<b>Latin America</b>			
1990s	7.5	-4.6	2.5
2000s	6.7	-1.7	4.2
<b>Asia</b>			
1990s	7.6	-4.8	2.8
2000s	3.7	3.2	5.6
<b>Europe</b>			
1990s	11.0	-6.4	4.4
2000s	17.3	-10.5	3.1

Sources: Ghosh et al. (2012) for net capital inflows; International Monetary Fund, International Financial Statistics, for current account and reserve accumulation.

# Commodity Prices

(index 2005-2012=100)



Source: Bloomberg. Food is the average of wheat, sugar, soybean, coffee and corn.

# GDP Growth (percent)

Country	2009	2010	2011-13	2014f
Argentina	0.9	9.2	2.6	2.2
Brazil	-0.3	7.5	2.5	2.5
Chile	-1.0	5.8	4.3	4.3
Colombia	1.7	4.0	4.2	4.5
Mexico	-6.0	5.3	2.5	3.4
Peru	0.9	8.8	5.7	5.8
Venezuela	-3.2	-1.5	1.3	1.5

f = forecast

Sources: International Monetary Fund, *World Economic Outlook, October 2013*; JPMorgan; consensus forecast; surveys of national central banks.

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