

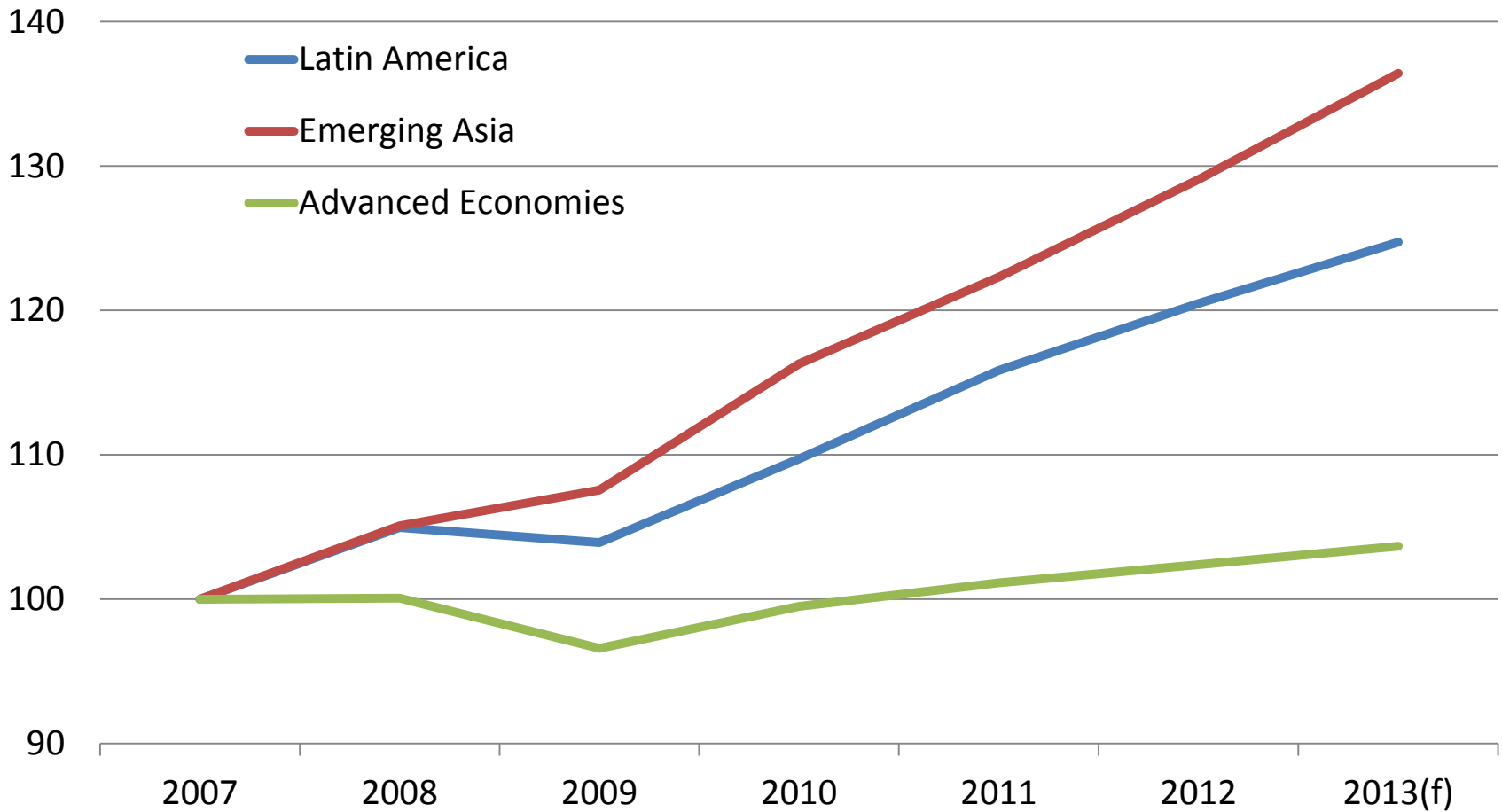
# Latin America: Between Internal Constraints and External Tapering

José De Gregorio  
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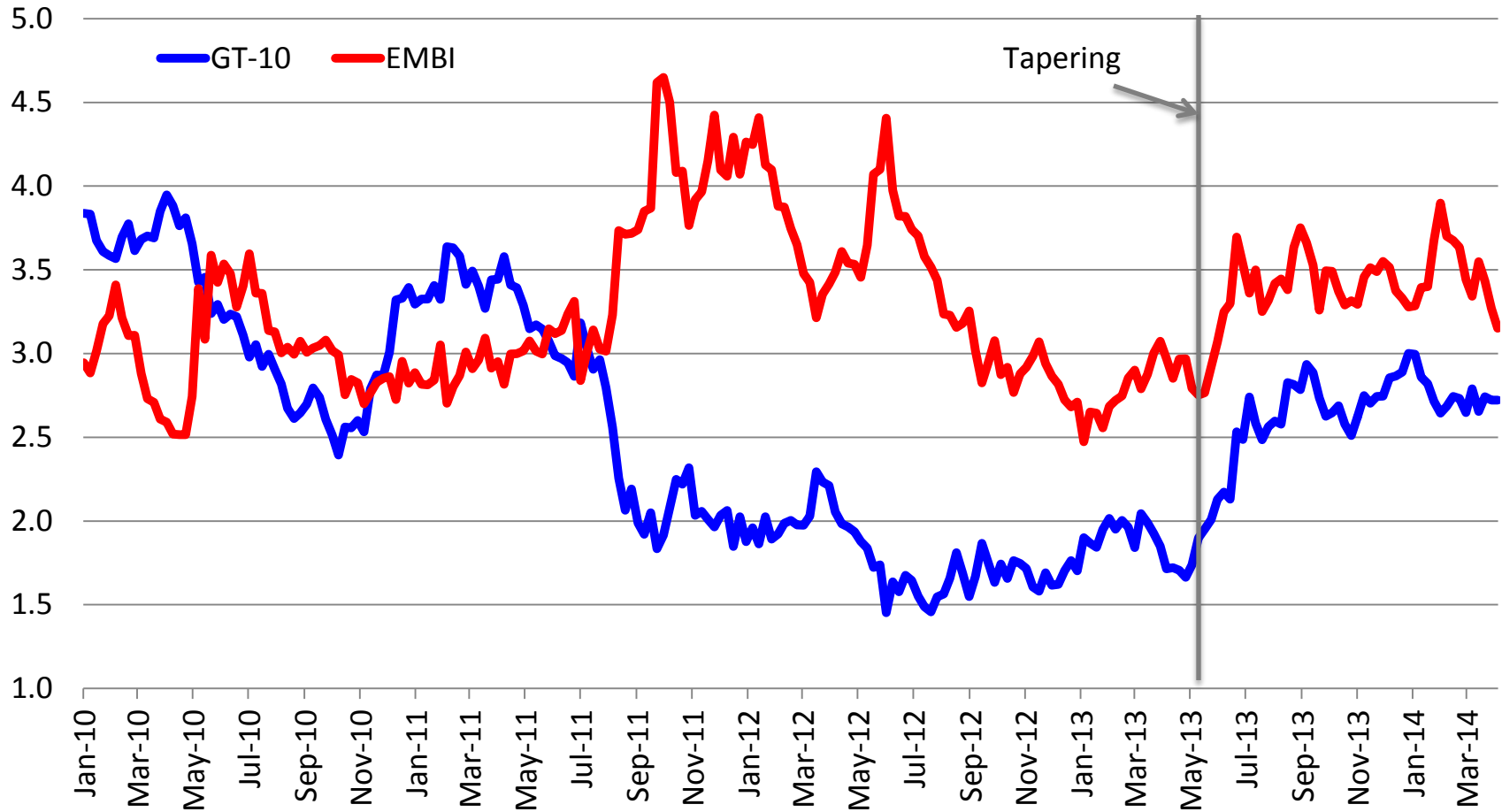
# Agenda

1. The global environment: tapering and emerging markets
2. Regional outlook
3. Concluding remarks

# GDP in the recent crisis



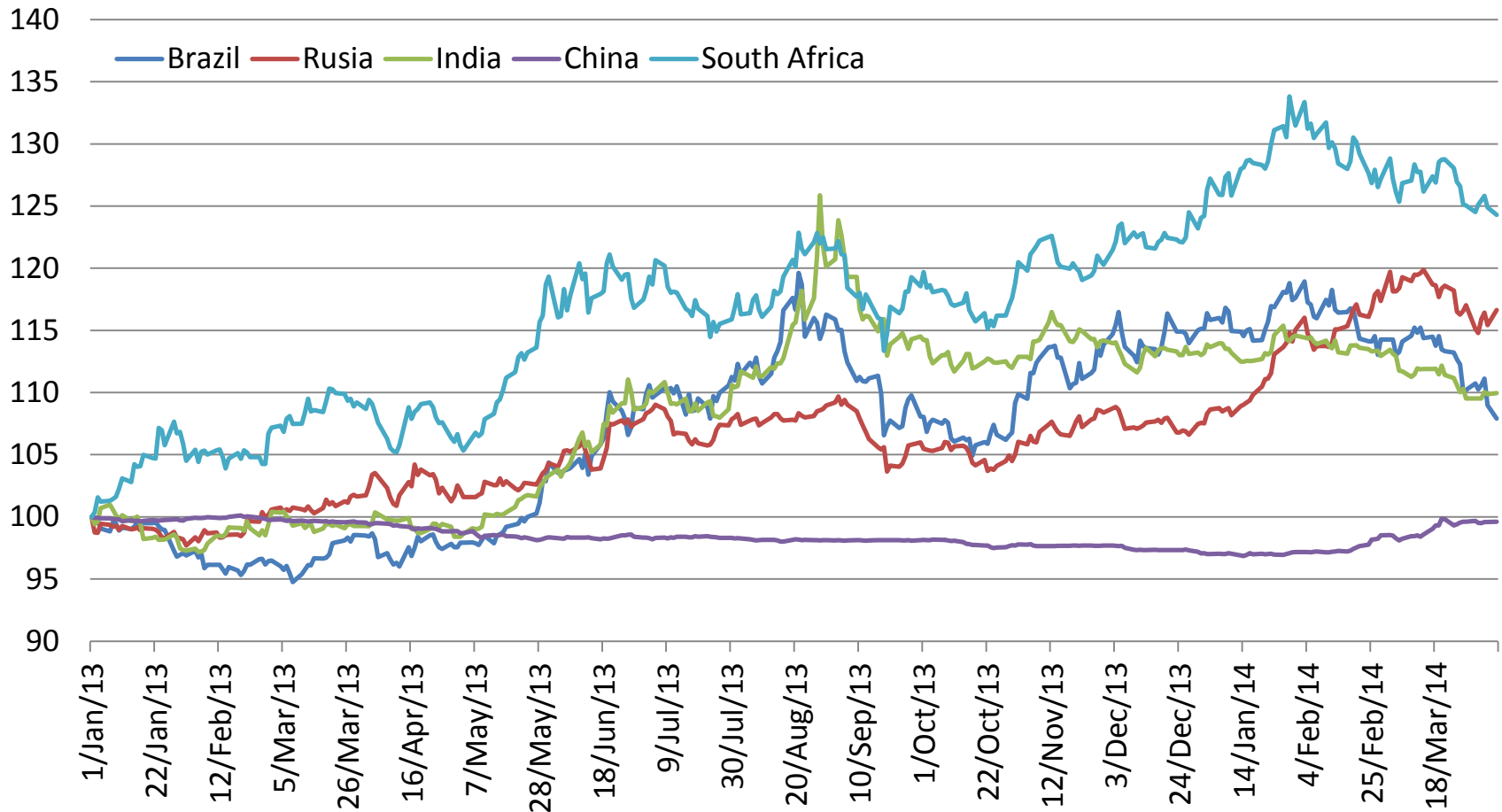
# US GT-10y - EMBI



Fuente: Bloomberg.

# EMEs exchange rates, BRICS

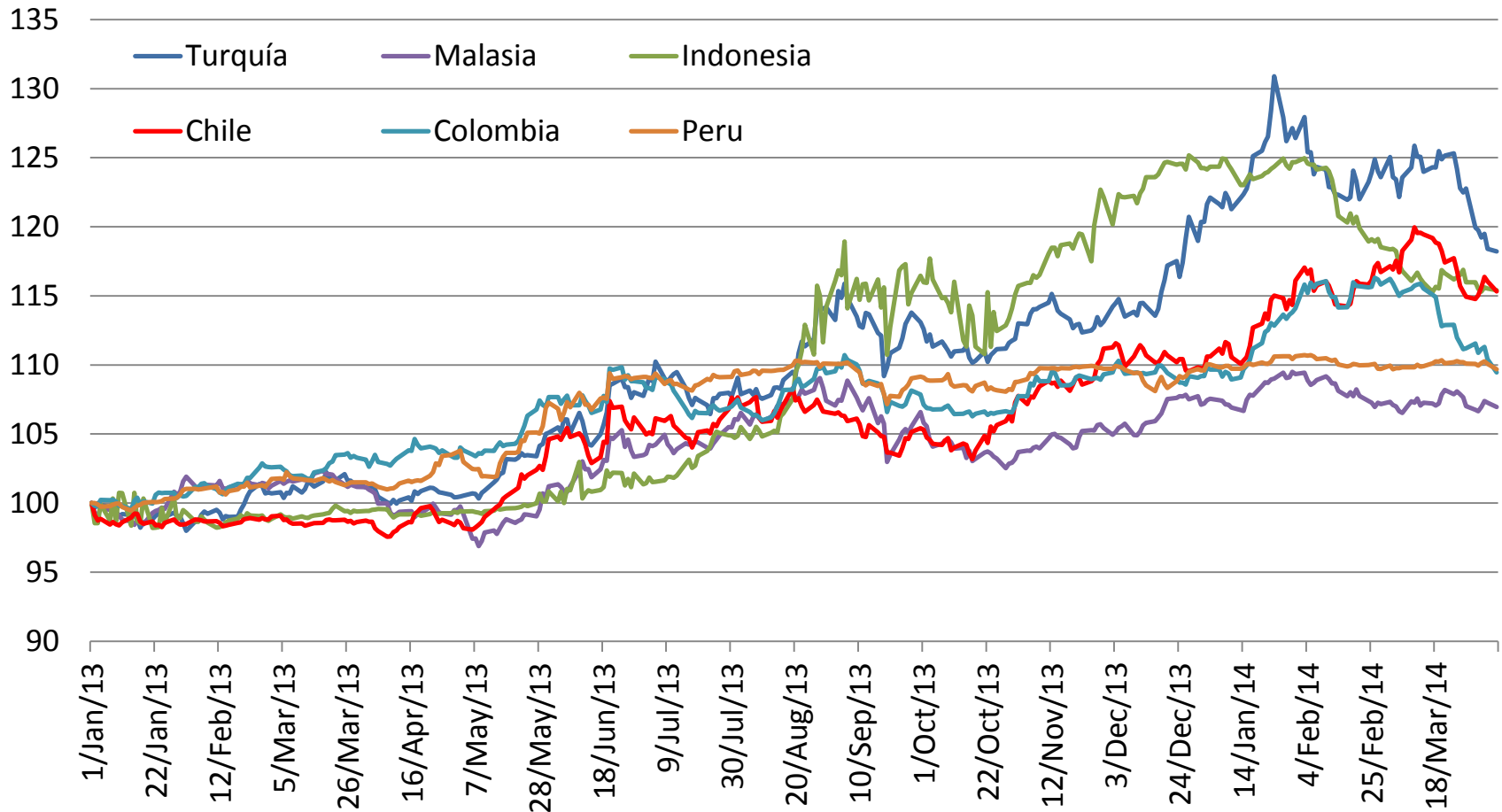
(domestic currency per US dollar, 171/13=100)



Fuente: Bloomberg.

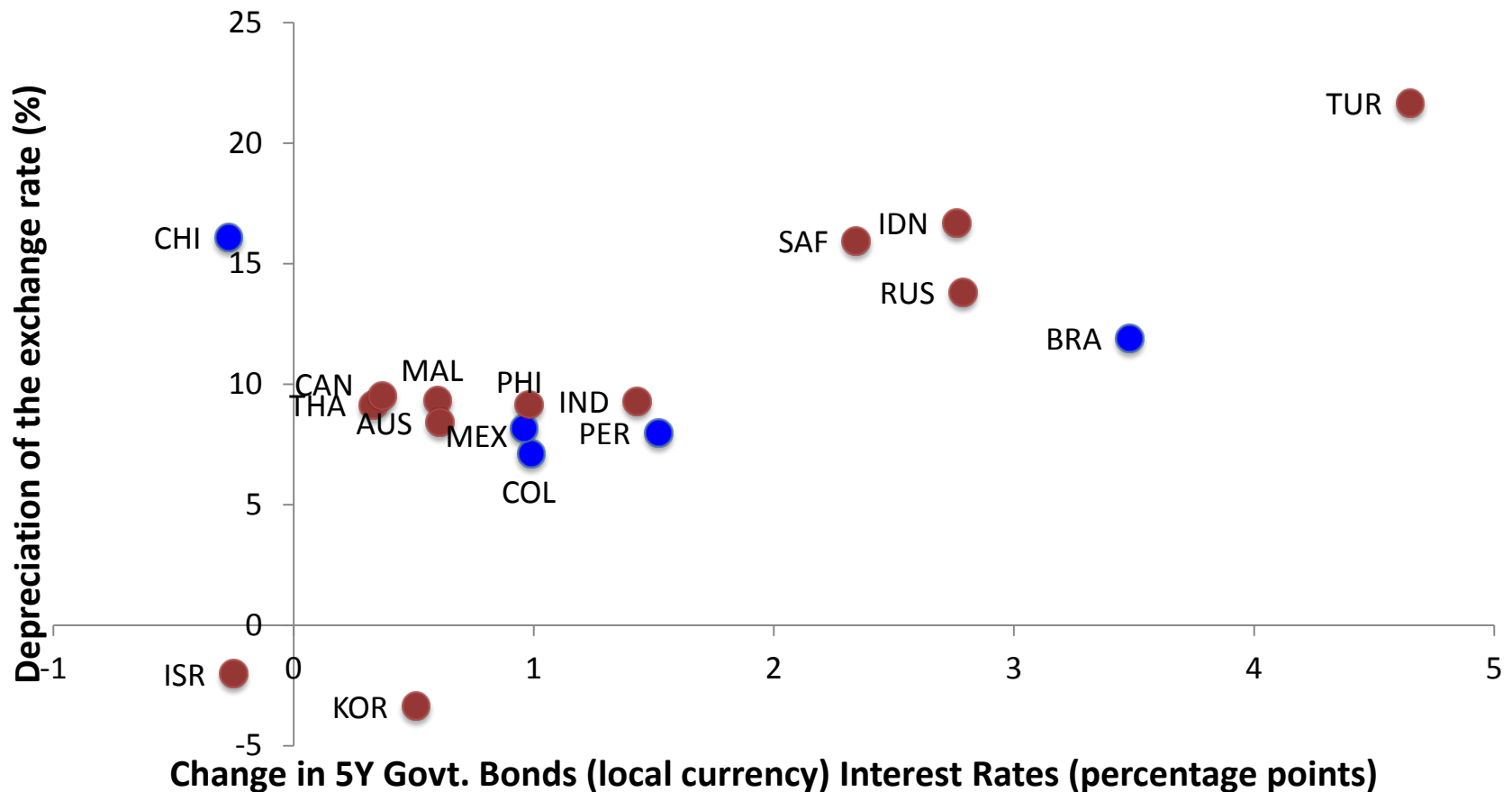
# EMEs exchange rates, others

(domestic currency per US dollar, 171/13=100)



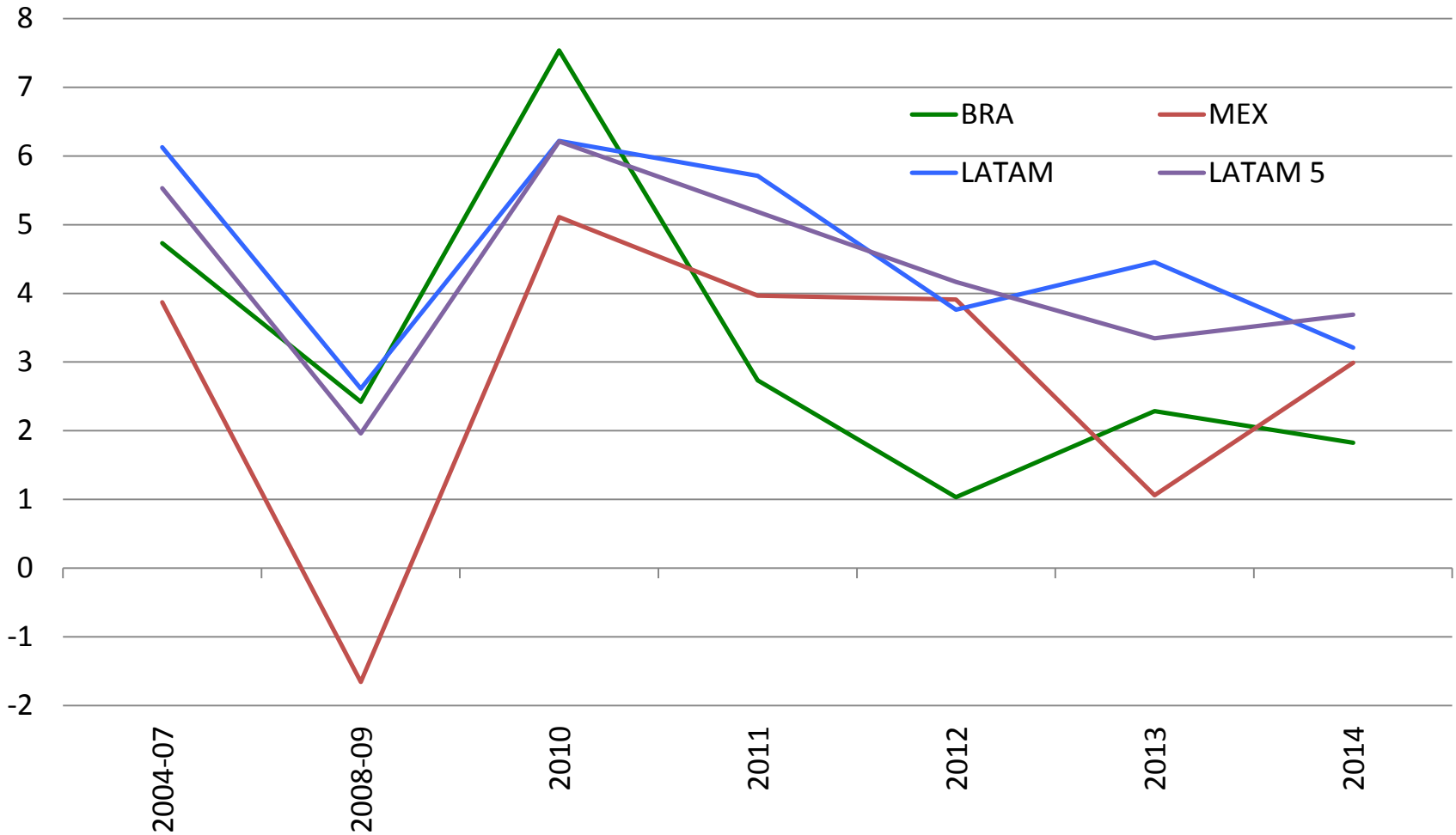
Fuente: Bloomberg.

# Depreciation and changes in 5y government rates since May 2013



Fuente: Bloomberg.

# Recent Growth in LATAM



Source: WEO, April 2014. LATAM: Argentina, Bolivia, Brazil Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.



# Latin America Recent Growth and Forecast

	2004-07	2008-09	2010	2011	2012	2013	2014f
Argentina	8.8	3.8	9.2	8.9	1.9	3.0	0.5
Bolivia	4.5	4.8	4.1	5.2	5.2	6.8	5.1
Brazil	4.7	2.4	7.5	2.7	1.0	2.3	1.8
Chile	6.0	1.1	5.7	5.7	5.4	4.1	3.6
Colombia	5.9	2.6	4.0	6.6	4.2	4.3	4.5
Ecuador	5.0	3.5	3.5	7.8	5.1	4.2	4.2
Mexico	3.9	-1.7	5.1	4.0	3.9	1.1	3.0
Paraguay	4.1	1.2	13.1	4.3	-1.2	13.0	4.8
Peru	7.1	5.3	8.8	6.9	6.3	5.0	5.5
Uruguay	5.5	4.7	8.9	6.5	3.9	4.2	2.8
Venezuela	11.8	1.0	-1.5	4.2	5.6	1.0	-0.5
<b>LATAM</b>	<b>6.1</b>	<b>2.6</b>	<b>6.2</b>	<b>5.7</b>	<b>3.8</b>	<b>4.5</b>	<b>3.2</b>
<b>LATAM 5</b>	<b>5.5</b>	<b>2.0</b>	<b>6.2</b>	<b>5.2</b>	<b>4.2</b>	<b>3.3</b>	<b>3.7</b>

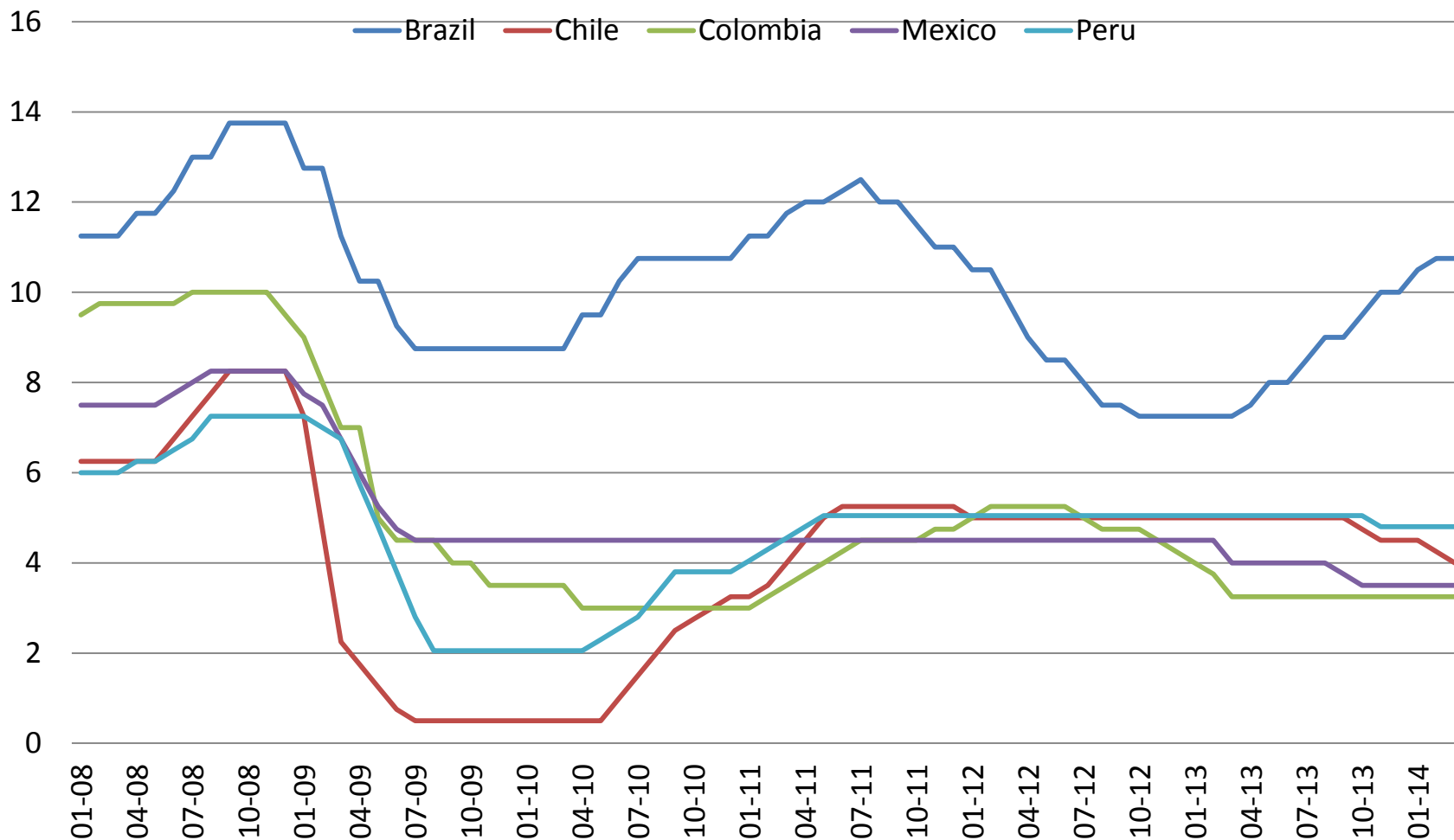
Source: IMF, WEO April 2014

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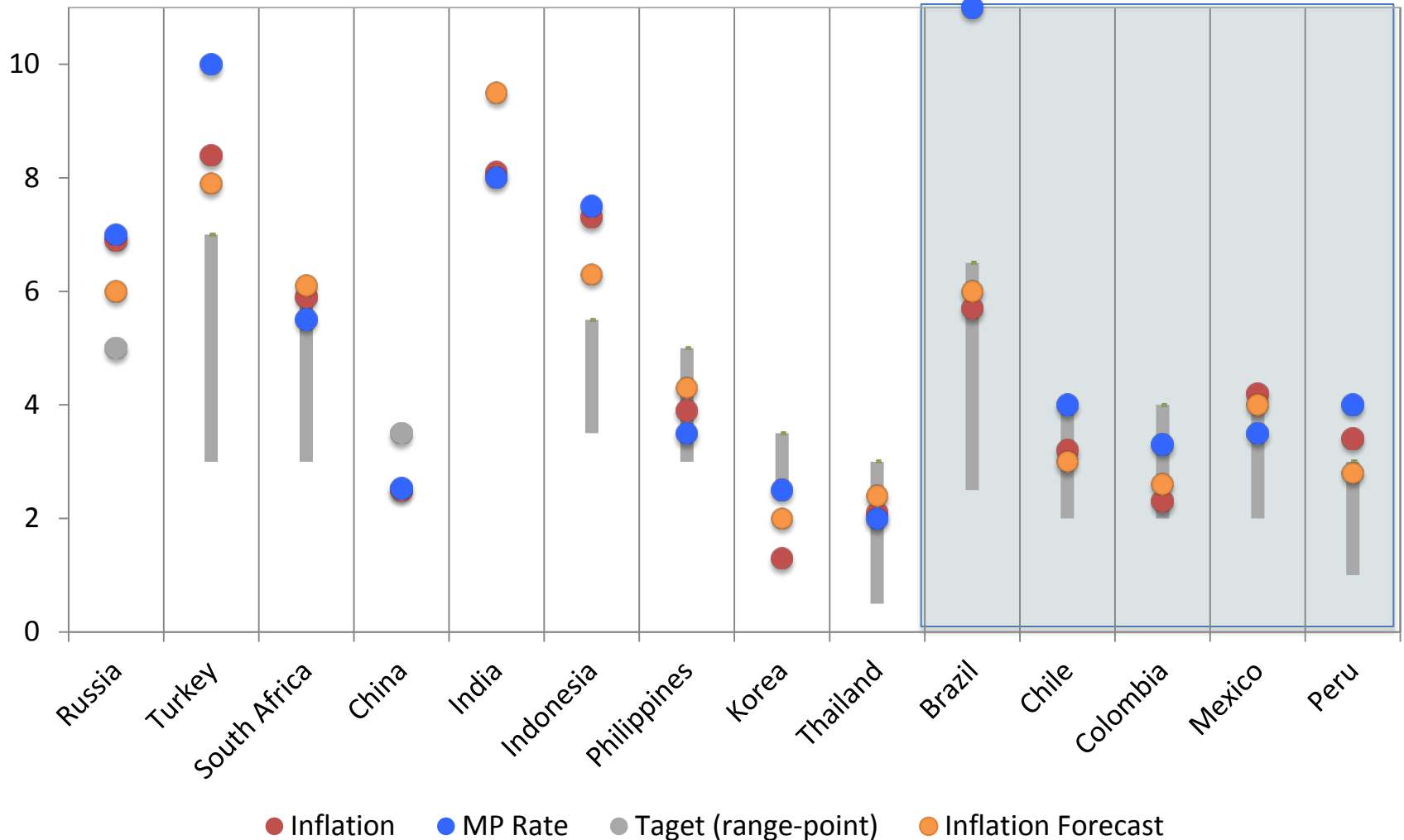
Source: IMF, WEO April 2014

# Monetary policy in Latin America (%)



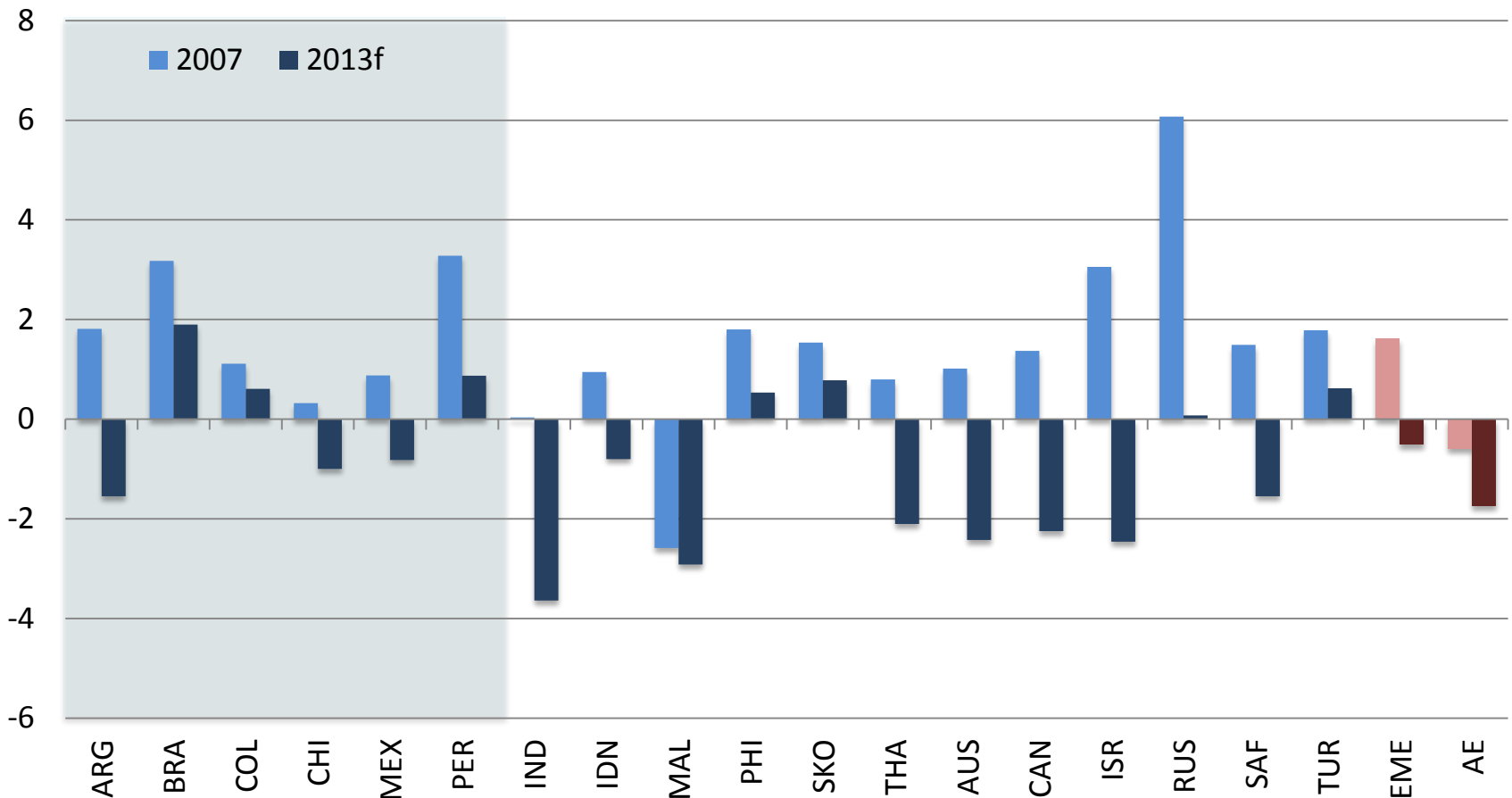
Sources: Bloomberg.

# The Stance of Monetary Policy (%)



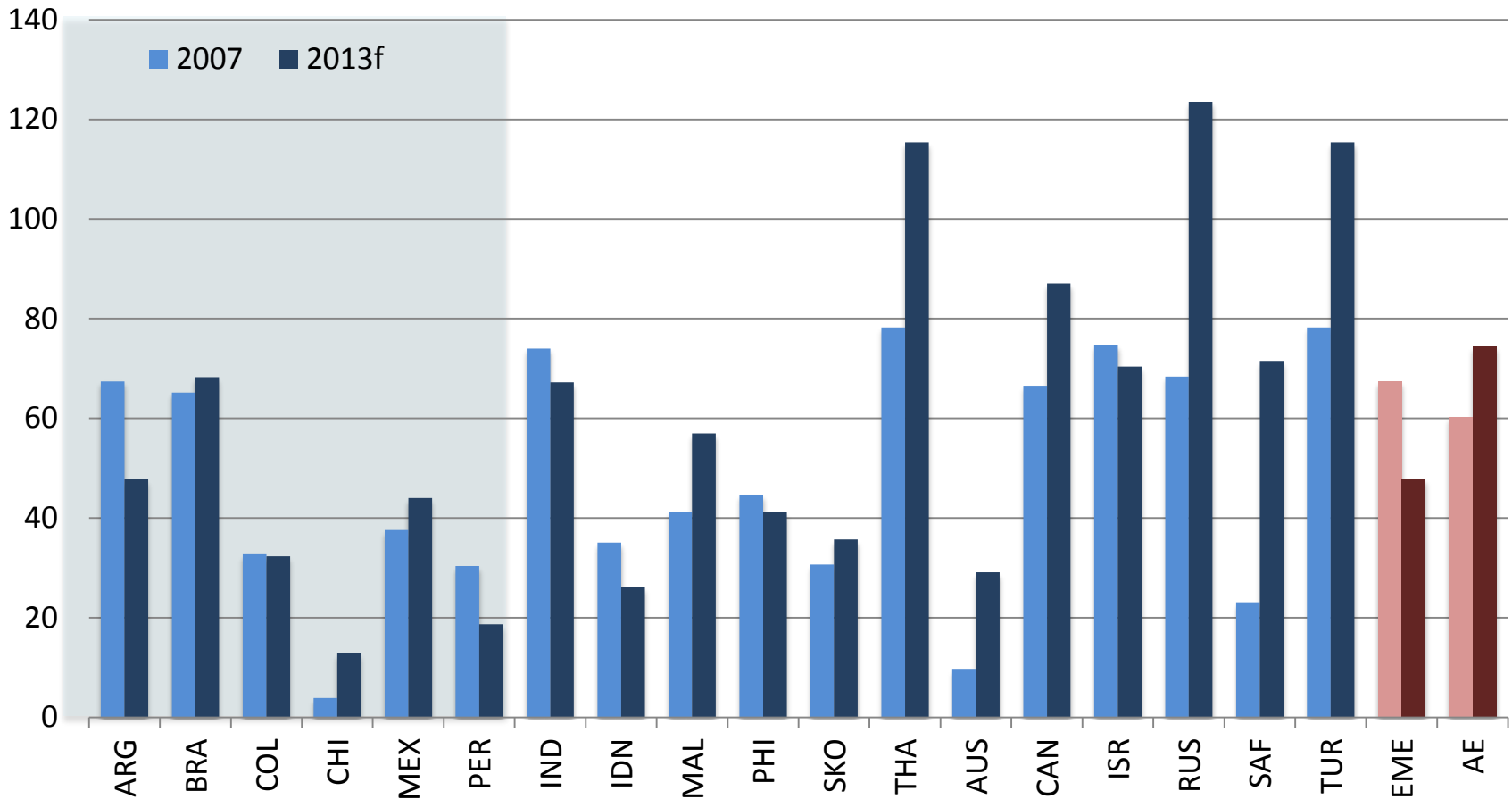
Fuente: Bloomberg.

# Cyclically Adjusted Primary Fiscal Balance (% of potential GDP)



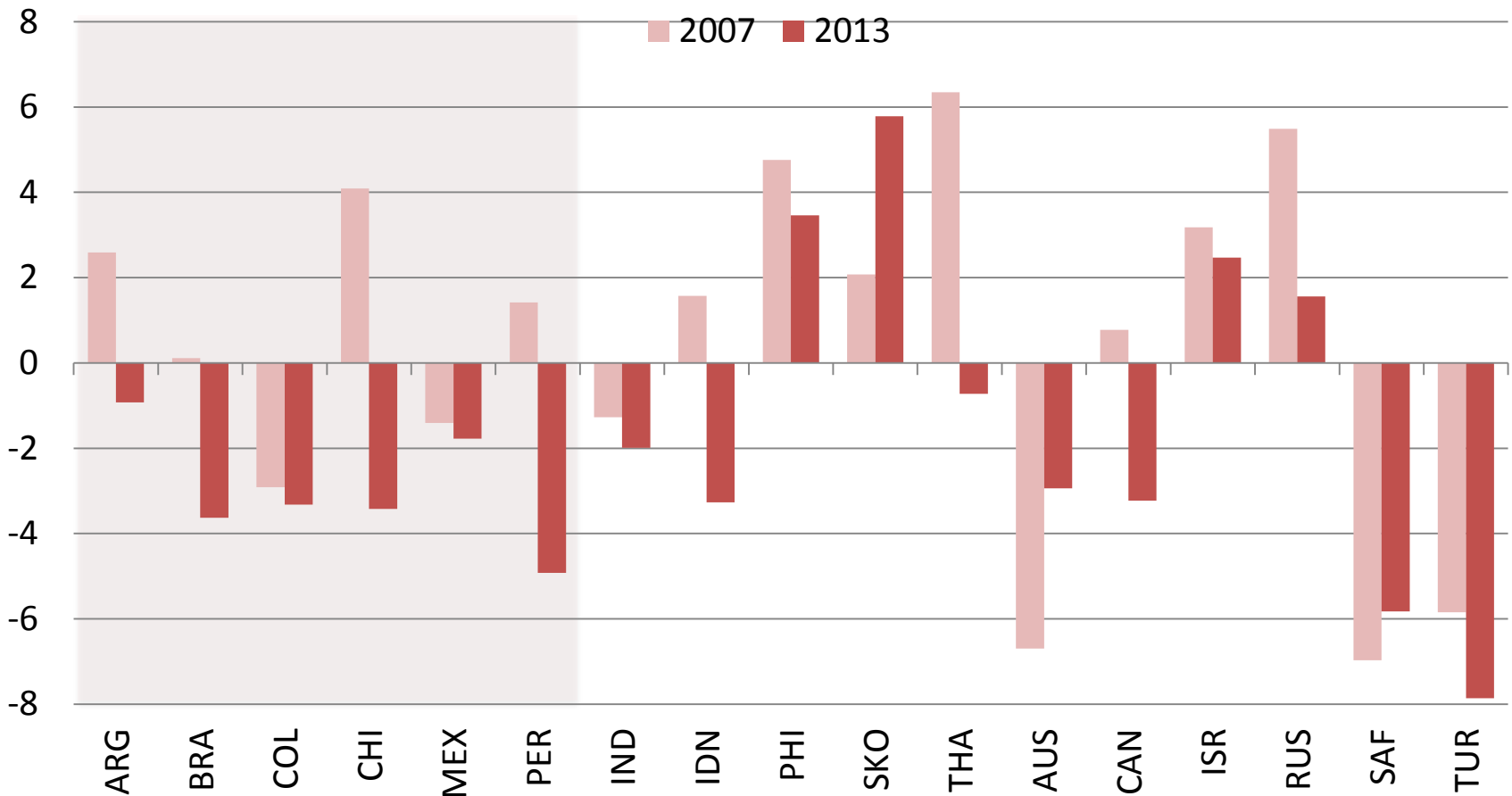
Source: IMF Fiscal Monitor October 2013.

# Public Debt (% of GDP)



Source: IMF Fiscal Monitor October 2013.

# Current account balance (% of GDP)



Source: IMF Fiscal Monitor April 2014.

# Concluding remarks

1. Slowdown is cyclical and weaker external conditions for EMEs.
2. But, long term growth in Latin America is not high.
3. Need to foster productivity growth.
4. Strengthen macro.
5. Tackle inequalities without populism.