Latin America: From Recovery to Slowdown

José De Gregorio
Universidad de Chile
Peterson Institute for International Economics
May 2015
How the world has changed (nominal GDP in USD)

1990
- USA: 27%
- EU: 31%
- LATAM: 5%
- Rest: 21%
- Japan: 14%
- China: 2%

2014
- USA: 27%
- EU: 24%
- LATAM: 7%
- Rest: 23%
- Japan: 6%
- China: 13%

Source: IMF-WEO
Are advanced economies fully recovered? GDP per capita (index 2008=100)

Economic growth 20012-2016(%)
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Per capita GDP (index 2008=100, based on PPP forecast)

Source: IMF-WEO
Growth 2014-2016, Regional Deceleration (%), IMF, WEO

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>-3.9</td>
<td>-2.5</td>
<td>-1.4</td>
</tr>
<tr>
<td>Chile</td>
<td>-2.8</td>
<td>-1.9</td>
<td>-0.9</td>
</tr>
<tr>
<td>Colombia</td>
<td>-0.1</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>-1.3</td>
<td>-3.6</td>
<td>-2.3</td>
</tr>
<tr>
<td>Peru</td>
<td>5.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Growth 2014-2016, Regional Deceleration (%, IMF, WEO)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>-1.0</td>
<td>1.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>2.7</td>
<td>3.5</td>
<td>-0.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Colombia</td>
<td>3.4</td>
<td>3.0</td>
<td>-0.4</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>3.0</td>
<td>3.0</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>3.8</td>
<td>3.8</td>
<td>0.0</td>
<td></td>
</tr>
</tbody>
</table>
Growth 2014-2016, Regional Deceleration (%, IMF, WEO)
Growth surprises 2014, Emerging and Developing economies April 2013 vs. April 2015 (%, IMF, World Economic Outlook)

Source: IMF-WEO, considers economies with more than 2 million people and per capita income in 2014 above 2,000 dollars.
Investment in Mining Chile and Peru (% of GDP)

Sources: Chile, Central Bank of Chile and Cochilco. Peru, Ministerio de Energía y Minas and Sociedad Nacional de Minería, Petróleo y Energía.
Unemployment

Source: Brazil, Colombia and Peru, Bloomberg. Chile and Colombia, OECD, harmonized unemployment rates. Data for Colombia and Peru were adjusted by seasonality. For Chile and Mexico, OECD harmonized data. Data for Colombia and Peru were adjusted by seasonality. Latest available for Chile is December and for Mexico is January. The figures were completed extrapolating official statistics.
Inflation

Source: Bloomberg. Dashed lines correspond to current inflation target. Brazil is 4.5 percent, Chile, Colombia and Mexico 3 percent and Peru 2 percent.
Monetary policy

Source: Bloomberg
Exchange rates (domestic currency per USD)

Source: Bloomberg
Current account adjustment? (% of GDP)

Source: IMF-WEO
Public debt

Source: IMF Fiscal Monitor
Export Destination LATAM

Argentina 2013-14
Argentina 1993-94
Brazil 2012-2014
Brazil 1990-94
Chile 2012-13
Chile 1990-94
Colombia 2012-13
Colombia 1991-94
Mexico 2012-13
Mexico 1990-94
Peru 2012-13
Peru 1990-94

Source: Comtrade
Change in interest rates and depreciation after tapering (May 2013-November 2013)

Source: Bloomberg
Index of corruption 2013 (index 0 to 100, high is low corruption)

Source: Transparency international. The Index scores 177 countries and territories on a scale from 0 (highly corrupt) to 100 (very clean).
Crime rate 2012 (number per thousand people)

Source: UNODC. Intentional homicide count per 100,000 population. Data for 2012 or closest year for the latest data.
Inequality

Source: World Bank