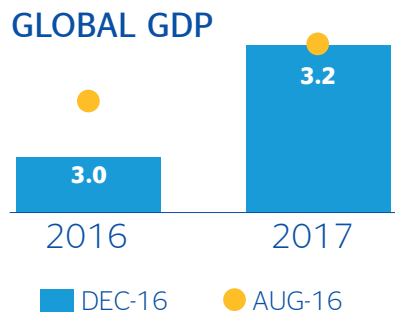


# Latin America Economic Outlook 4Q16

## 1. GLOBAL



- Downward revision of expected **global** growth, due to USA
- China corrected slightly upwards



- Increased volatility in emerging markets after the US election

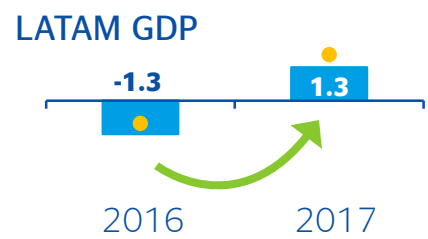
## 2. LATIN AMERICA



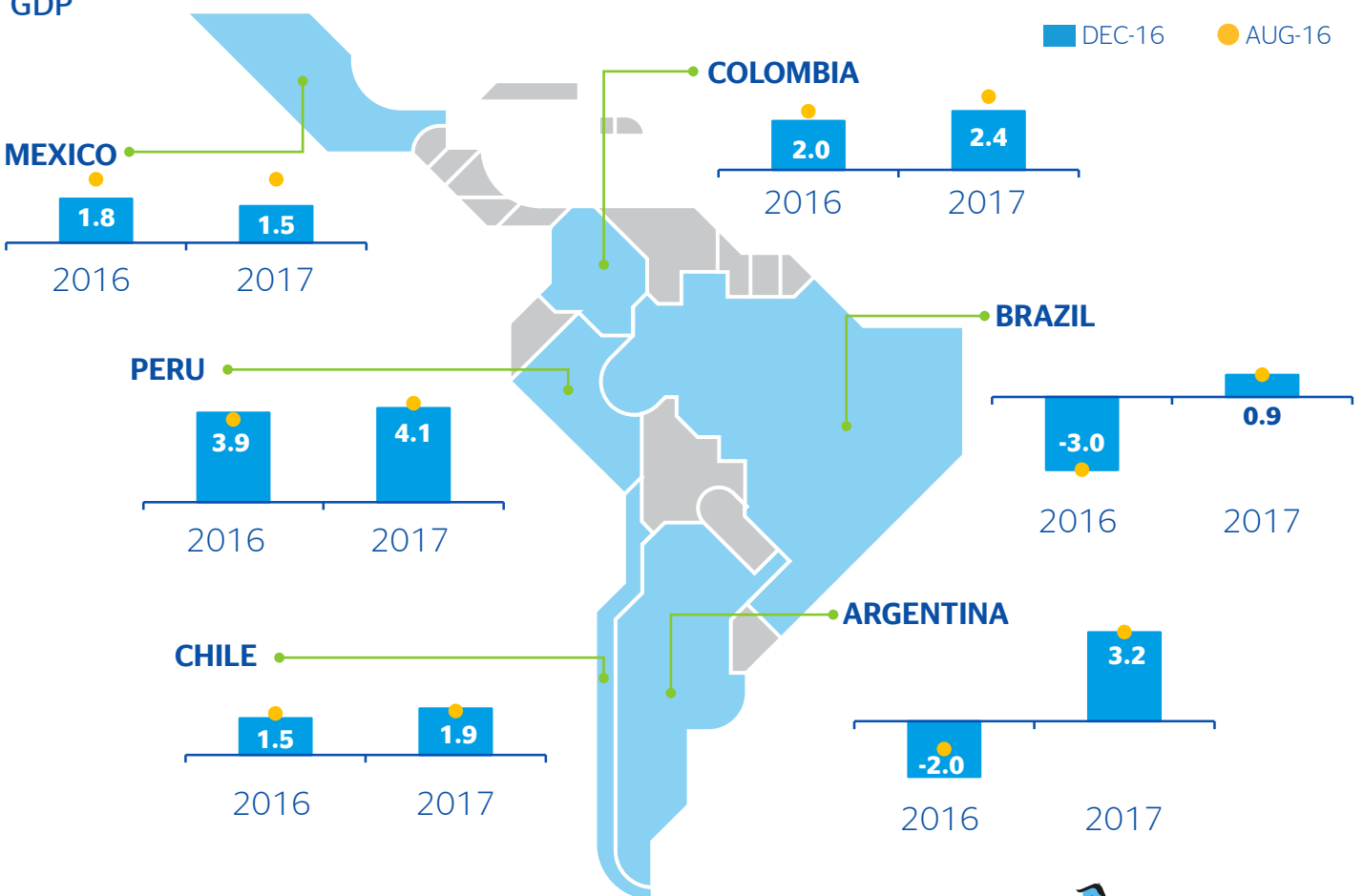
### • GDP: an inflection point in 2017

Signs of recovering confidence, especially in Brazil and Peru

Growth set to increase in most countries in 2017, but still below potential



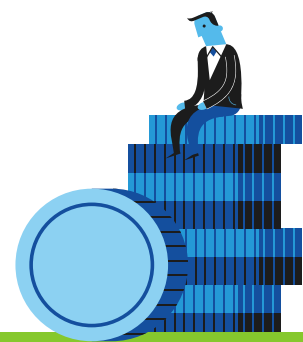
### GDP



### • Volatility returns to Latin American markets

Calm and gains until the US elections

Followed by volatility, Mexico was particularly affected, together with Argentina and Brazil



## 3. INFLATION AND MONETARY POLICY



### • Inflation

Tending to ease in South America, but rising in Mexico

### • Exchange rates

Prospects for stability or slight depreciation in 2017, depending on the country

### • Interest rates

Lower inflation will allow further rate cuts in South America

In Mexico, Banxico will continue with hikes more intensely than the Fed

### INFLATION

