

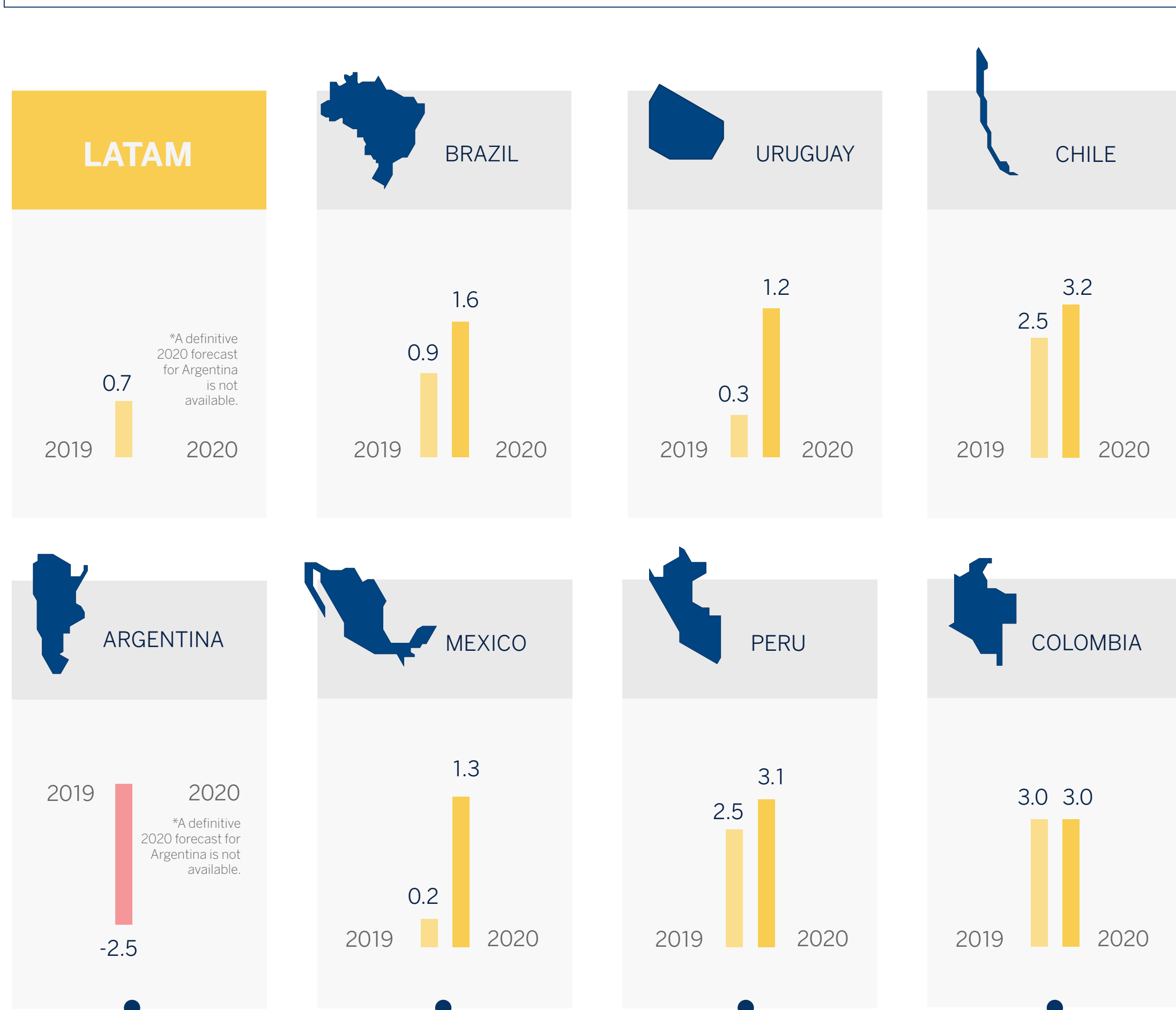
LatAm Economic Outlook

4Q19

Latin American GDP will grow **0.7% in 2019**, less than expected three months ago and below the rate observed in the previous two years

Growth will **rebound moderately in 2020**, but will remain below world growth

GDP GROWTH

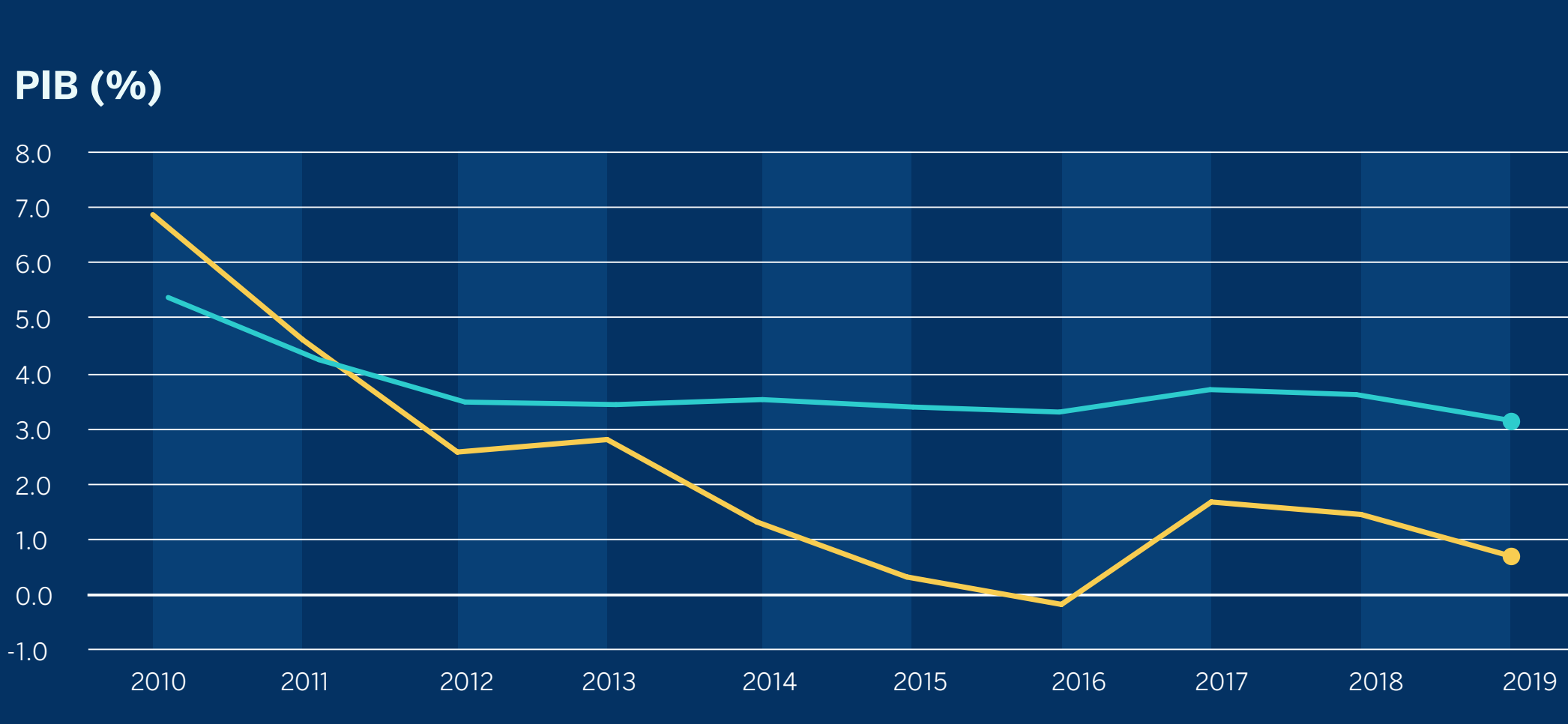


In **Argentina, Mexico and Peru**, local factors, such as uncertainty on both political uncertainty and economic policies also weigh negatively, mainly on investment prospects.

Colombia shows some resilience: growth to converge to 3% in 2019-2020.

GDP: WORLD GROWTH AND LATAM (%)

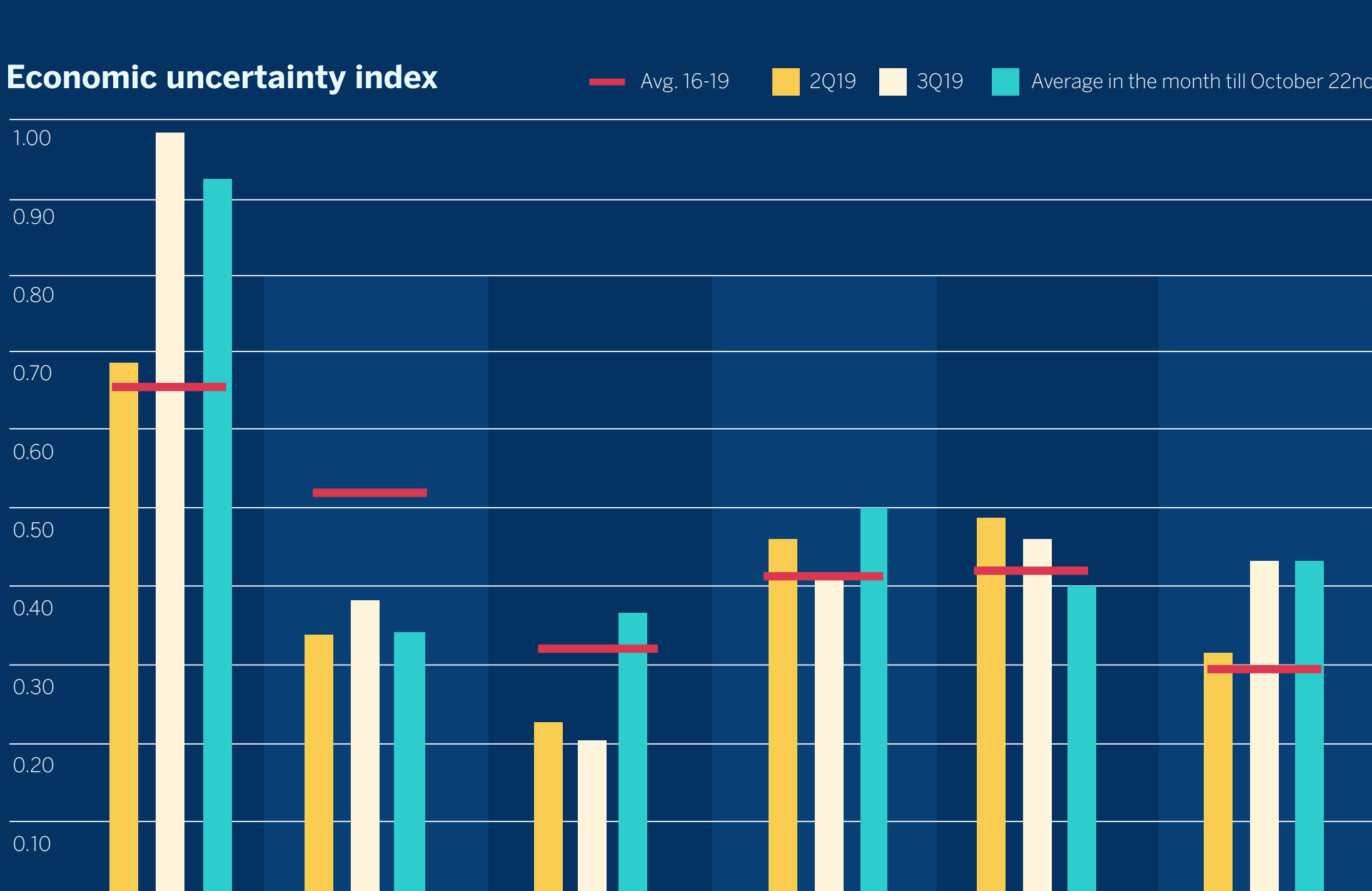
The low growth and the downward revision of the forecasts is due, to some extent, to the **less favorable global environment...**



Source: BBVA Research

LATAM: ECONOMIC UNCERTAINTY INDEX

... In addition to the global context, uncertainty about economic policy and political tensions are **weighing negatively** in some countries



* Tone of the news on economic uncertainty in the local press, weighted by media coverage. Data for oct-19 refers to the average in the month till October 22nd

Source: BBVA Research

INFLATION AND MONETARY POLICY

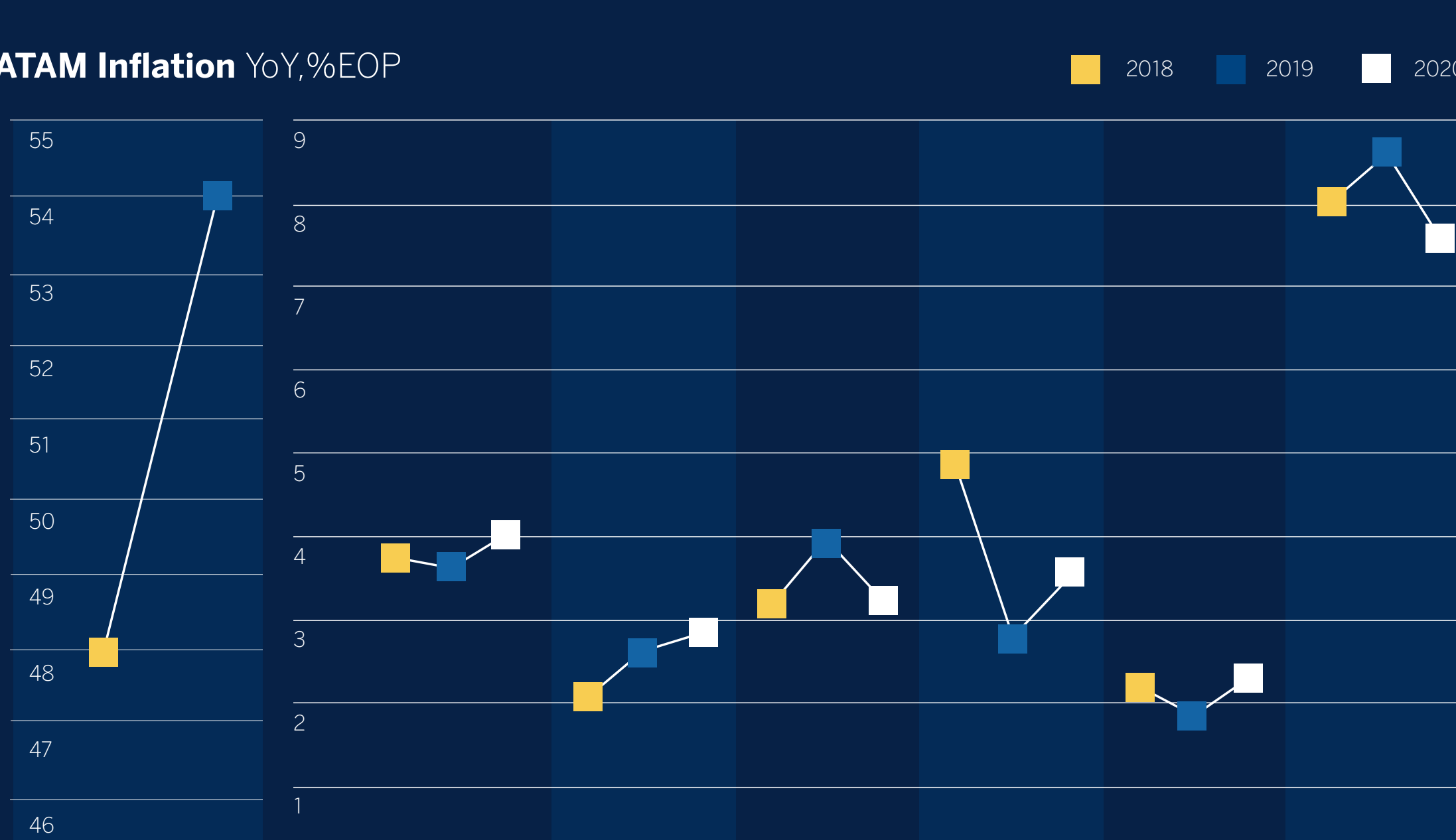
Inflationary pressures are mostly contained, mostly due to the weakness of domestic demand and low global inflation.

Interest rate cuts in the US have created room for new monetary stimuli.

Most central banks will cut interest rates beyond previous expectations.

Global uncertainty has weighed on regional currencies, which will likely remain at more depreciated levels than expected.

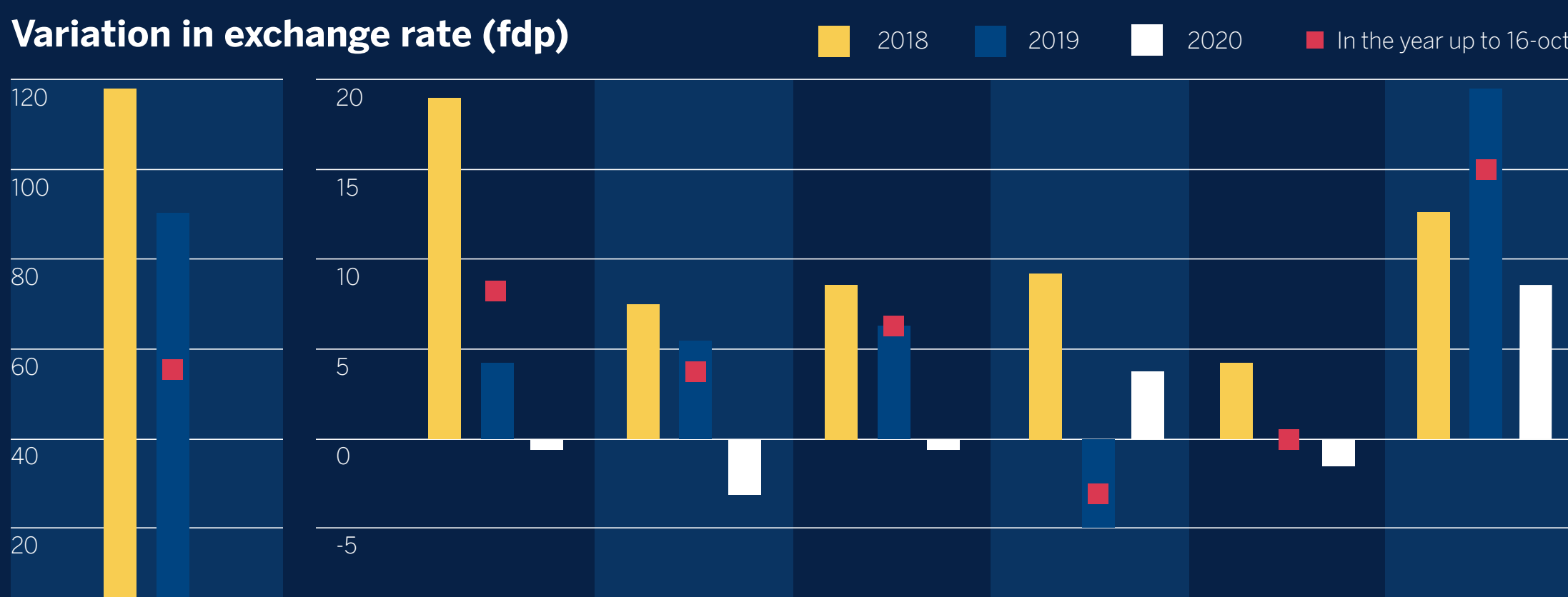
LATAM Inflation YoY,%EOP



*A definitive 2020 forecast for Argentina is not available.

Source: BBVA Research

Variation in exchange rate (fdp)



*A definitive 2020 forecast for Argentina is not available.

Source: BBVA Research

GLOBAL AND DOMESTIC RISKS

GLOBAL

- Escalation in **trade war** (protectionism)
- Recession in **USA**
- Sharp slowdown in **China**
- Increase in **global financial tensions**

INTERNAL

- Local economic **uncertainty** (ARG, BRA, MEX)
- Political tensions** (ARG, PER)
- Fiscal and external **imbalances** (ARG, COL, BRA, MEX)