

# Latin America Economic Outlook 2019

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# Speakers



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Jesse Rogers is an economist at Moody's Analytics covering the economies of Peru and Chile as well as international trade.

# Moderator



Dr. Anamaría Pieschacón is a senior economist and global head of model validation for consumer credit risk at Moody's Analytics.



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# Agenda

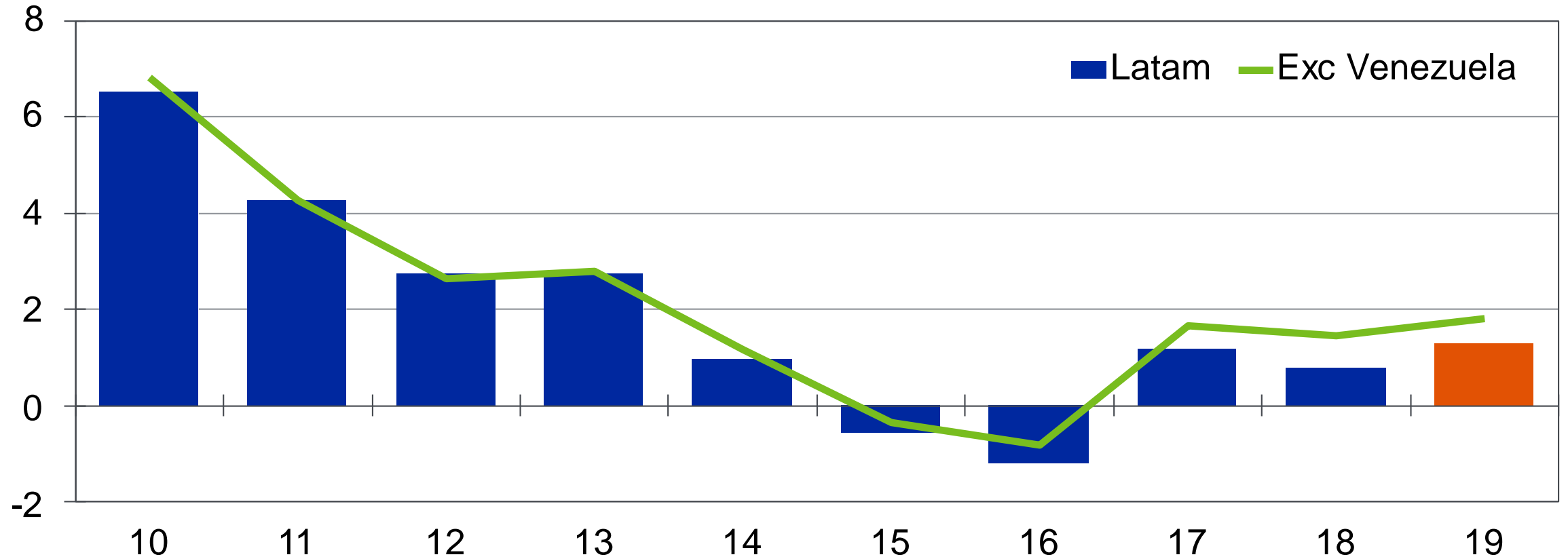
1. Latin America Economic Outlook 2019
2. Key Risks
3. Stress Scenarios



# Outlook

# Latin America's Recovery Enters its Third Year

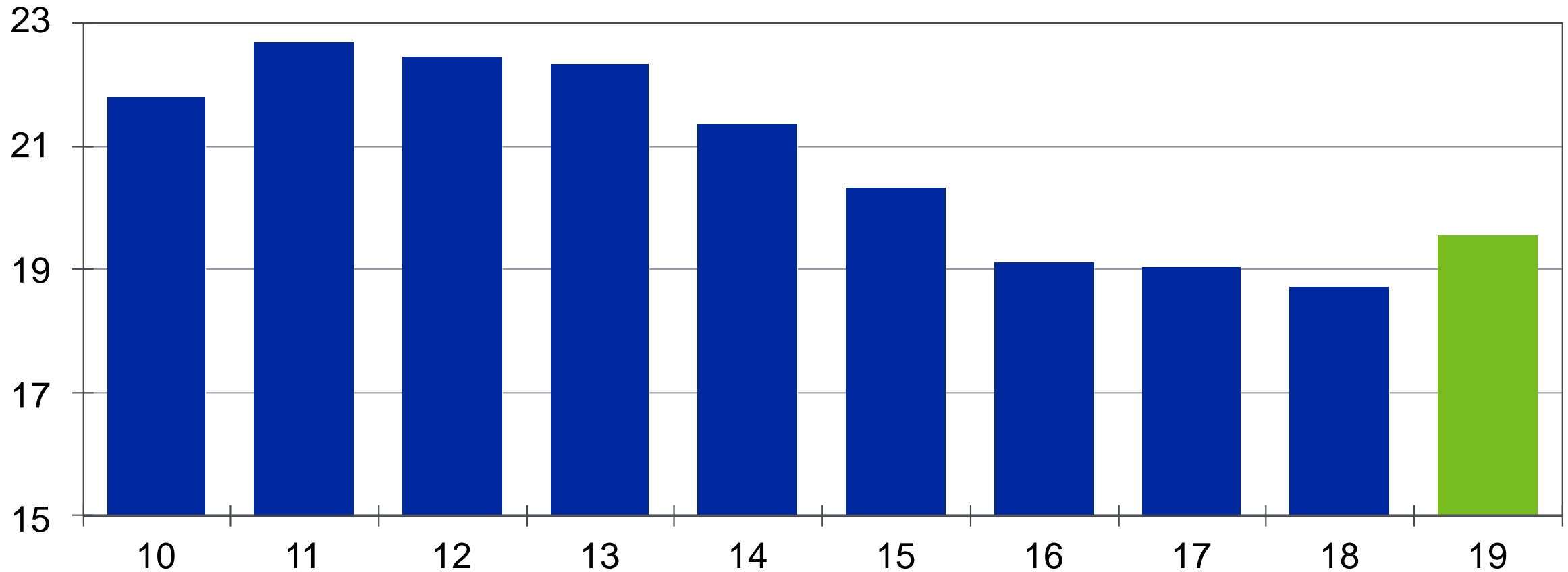
Real GDP, % change



Source: Moody's Analytics

# Investment Rebound Will Drive Growth

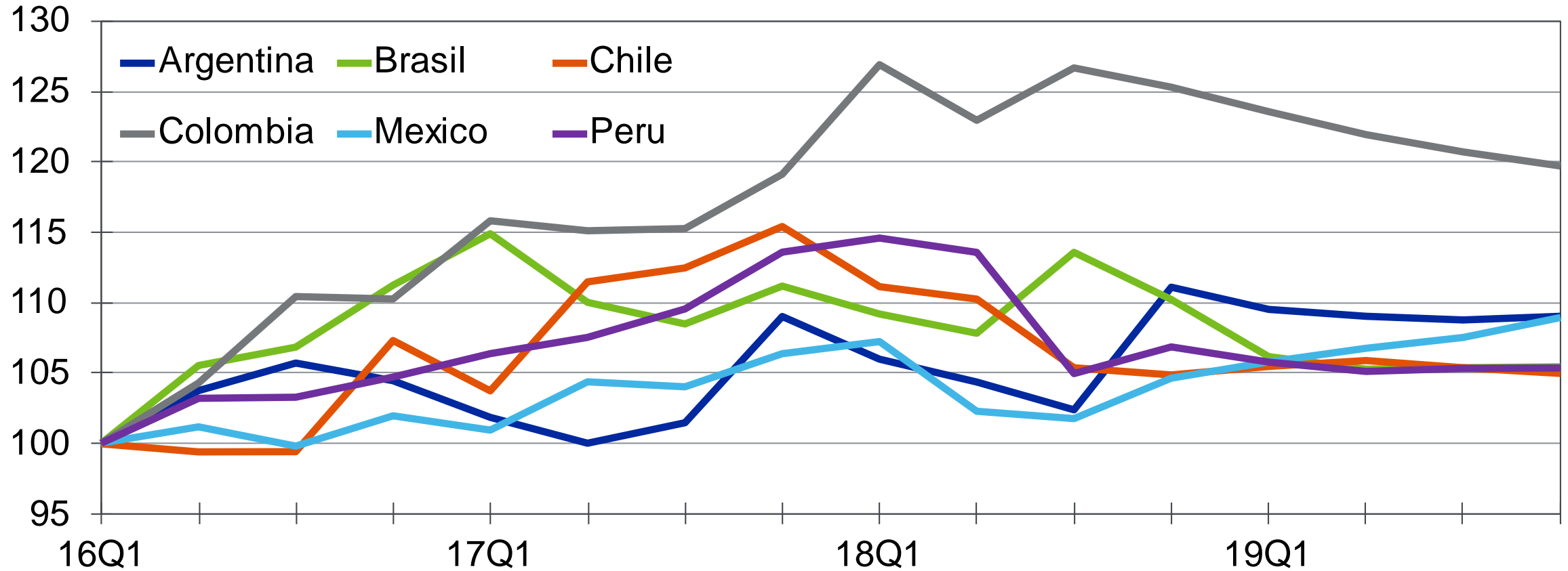
Real fixed investment, % of GDP



Source: Moody's Analytics

# External Sector Provides Less Support

Export Prices/Import Prices, 2016Q1=100

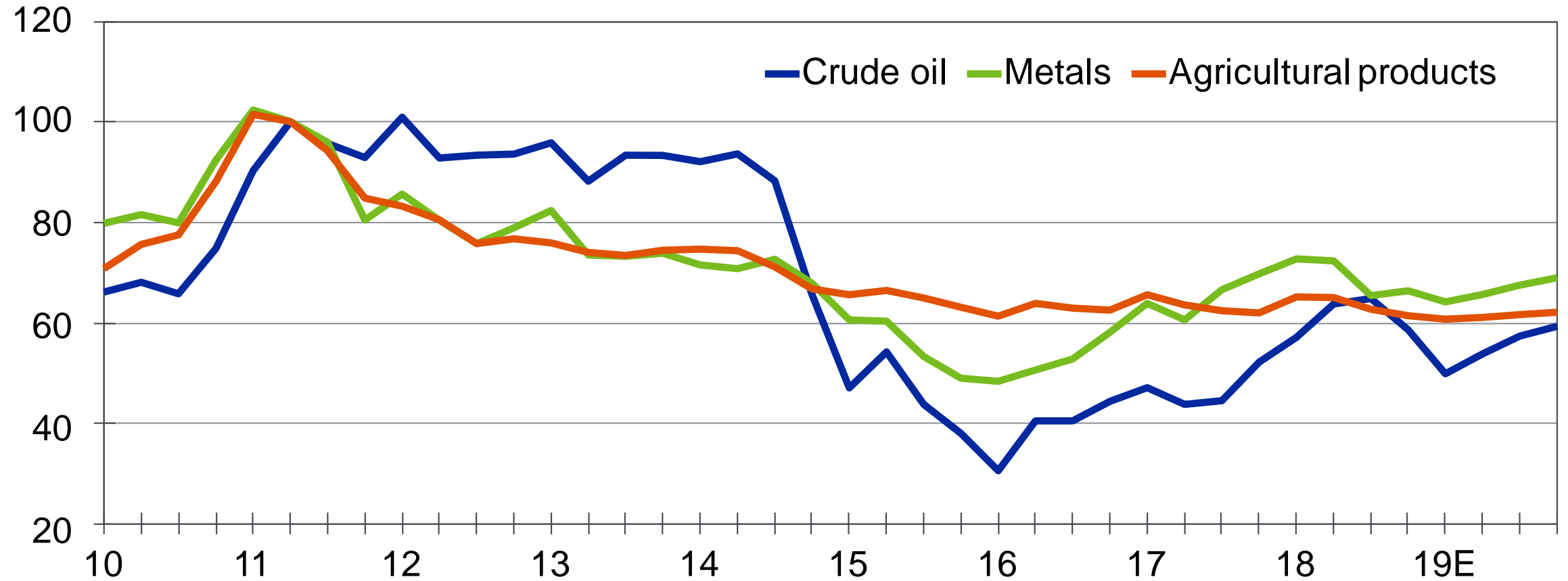


Source: Moody's Analytics



# Oil, Commodities Poised for Slight Rebound

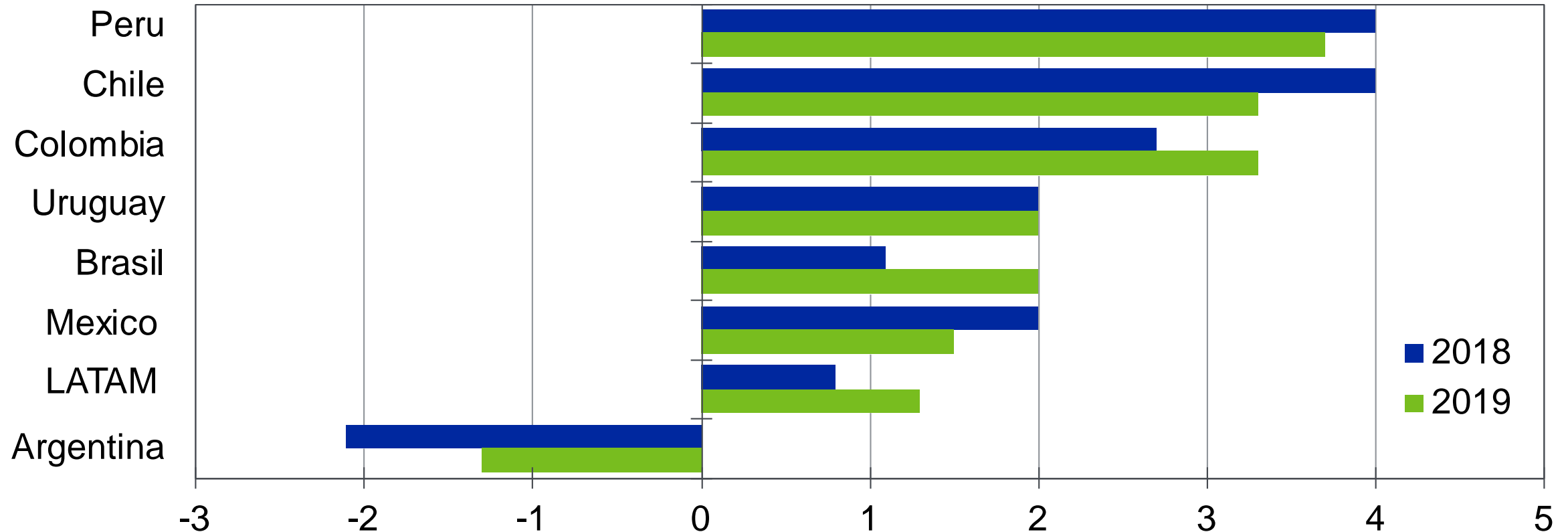
Commodity prices, 2011Q2=100



Source: Moody's Analytics

# South America Leads the Recovery...

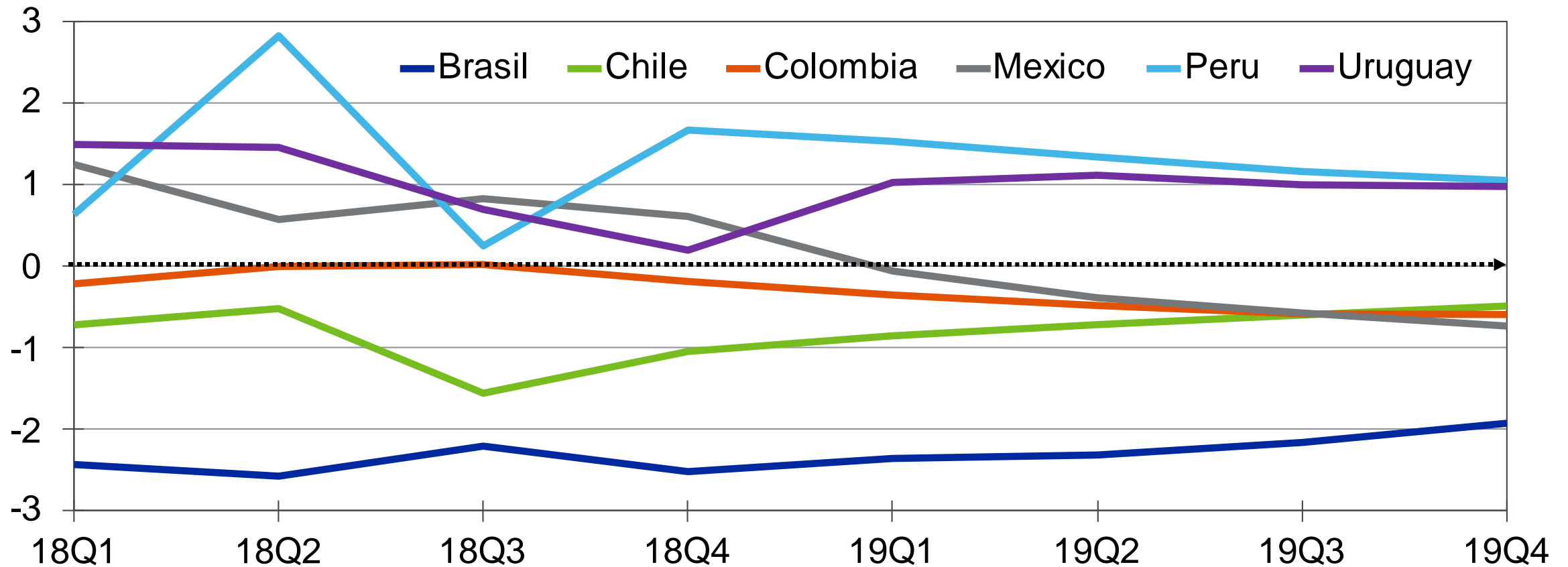
Real GDP, % change



Source: Moody's Analytics

# ...But Demand Pressures Are Largely Absent

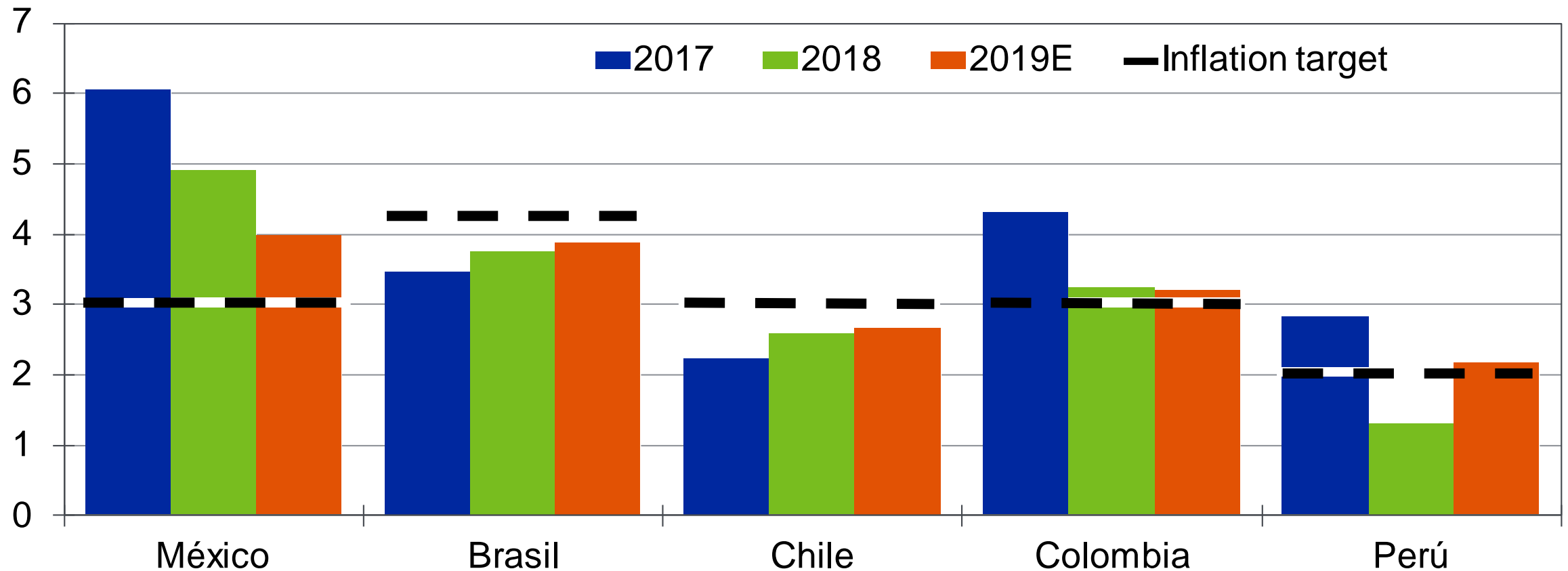
Output gap, % of potential GDP



Source: Moody's Analytics

# Price Pressures Remain Moderate

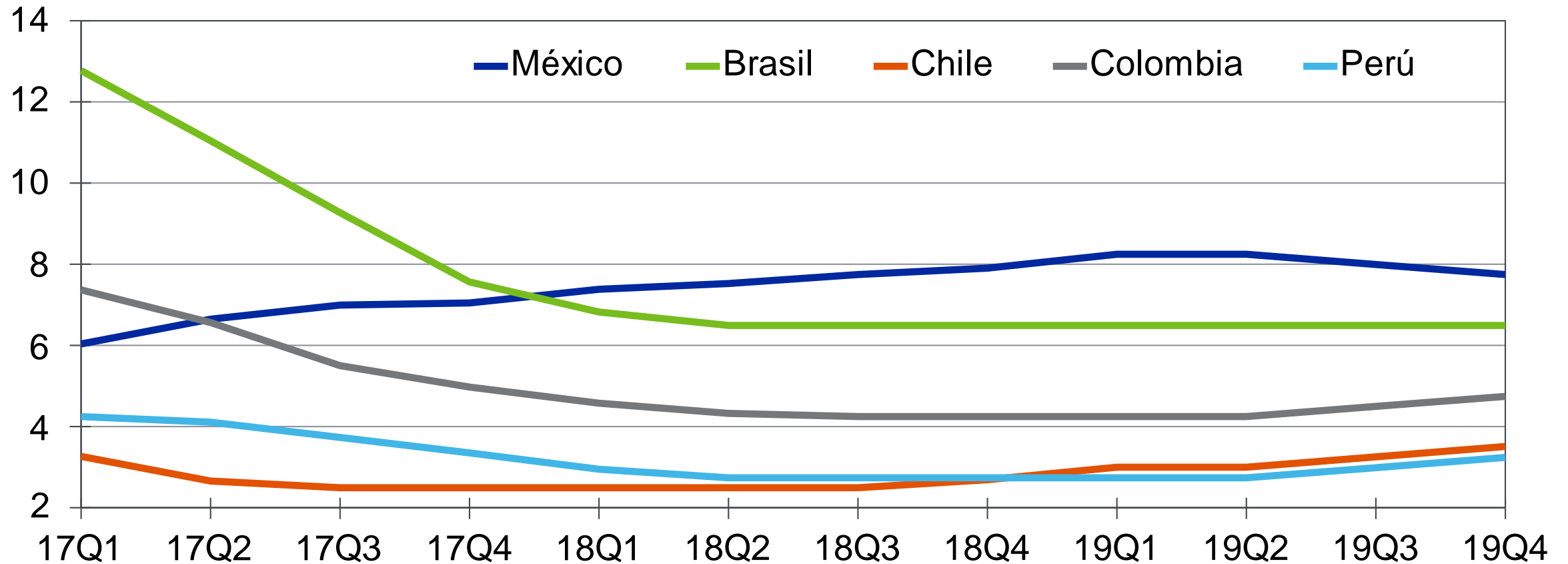
Consumer price index, % change



Sources: Central banks, Moody's Analytics

# Monetary Policy on Path to Normalization

Monetary policy target rate, %



Sources: Central banks, Moody's Analytics

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Risks

# Key Risks for Latin America in 2019

## External:

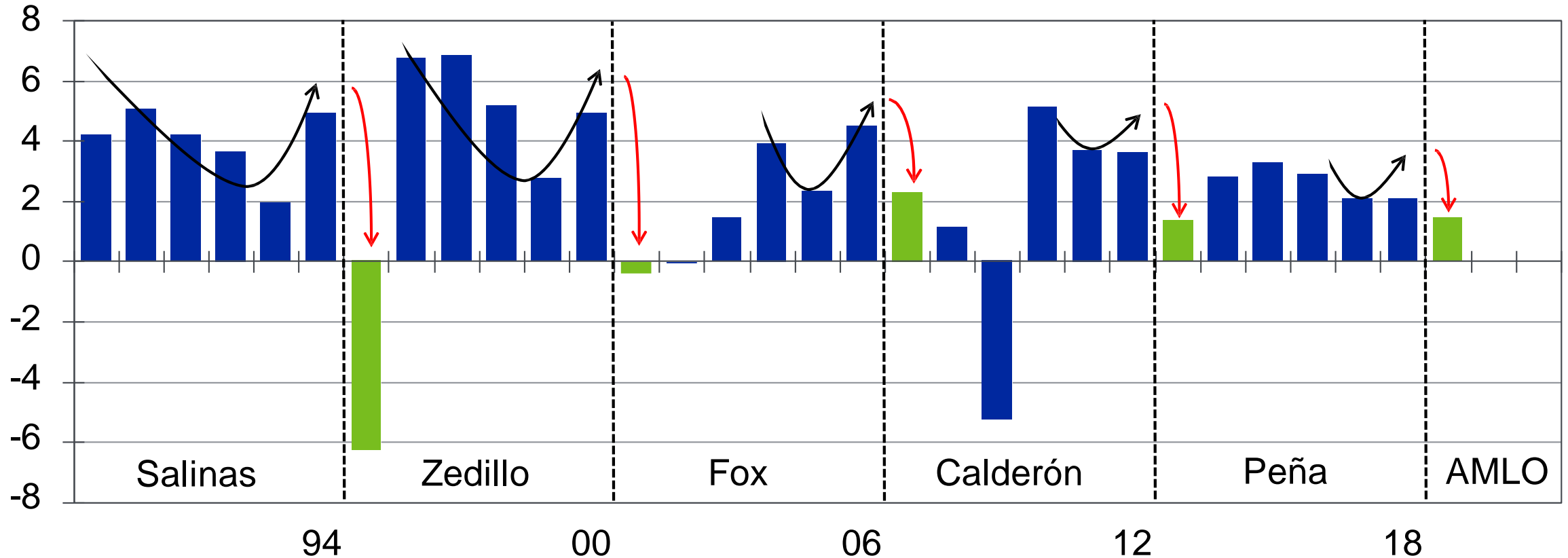
- » Global recession
  - Sharp decline in commodity prices
  - Financial volatility
- » Global trade threats

## Internal:

- » Political risks are contained, with certain exceptions:
  - Venezuela, Argentina, Mexico

# Mexico's Political Business Cycle

Real GDP, % change

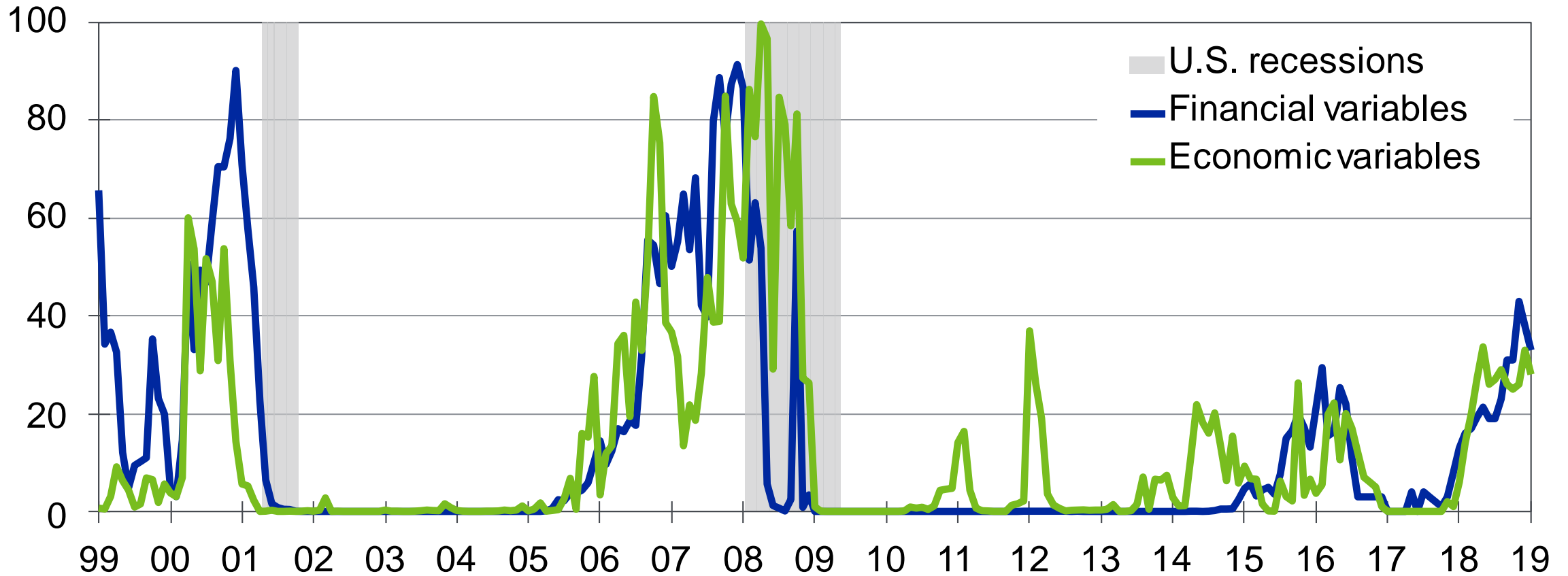


Source: Moody's Analytics



# For U.S. Economy, Recession Risks Rising

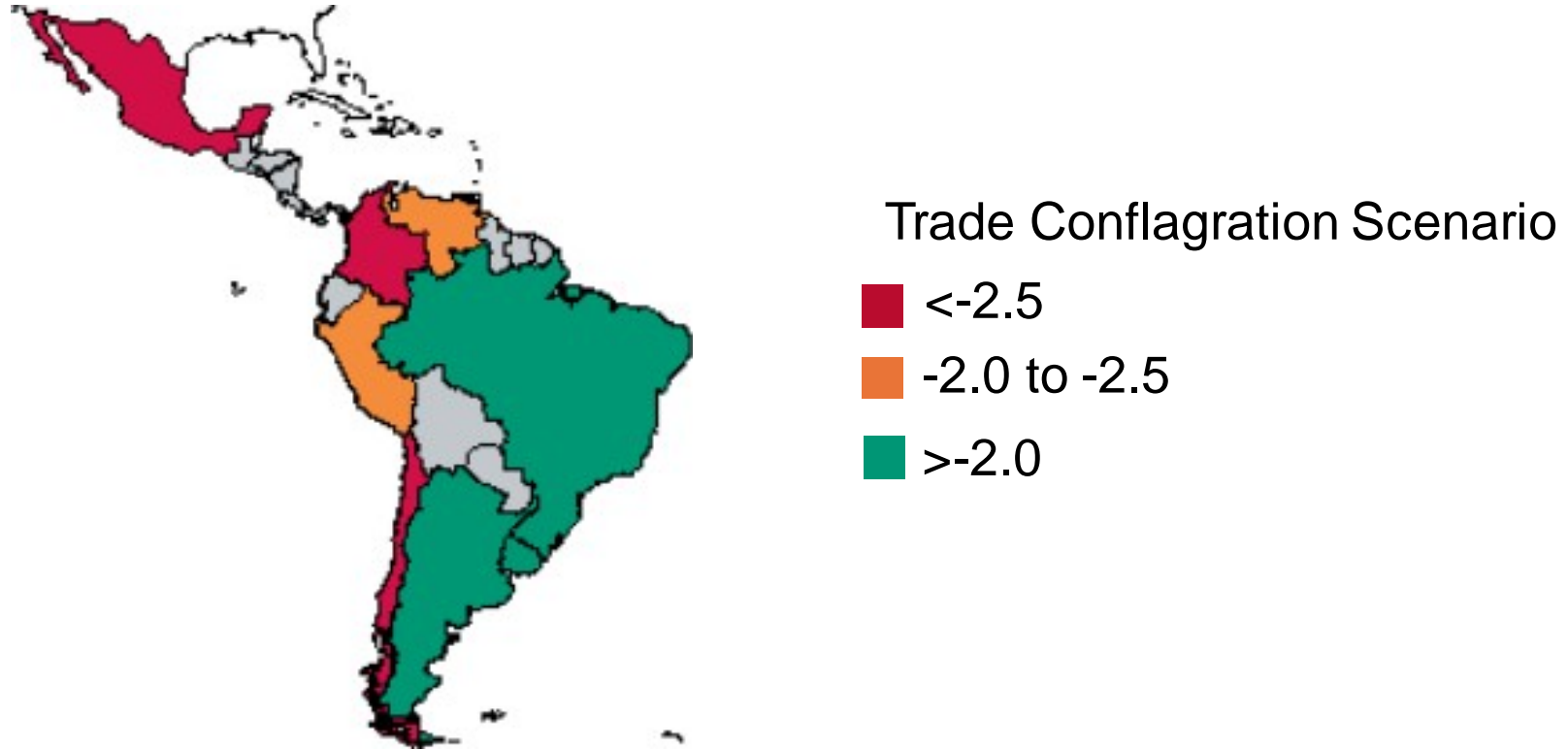
United States, probability of recession in 12 months, based on...



Source: Moody's Analytics

# Mexico, Andes Fare Worse in a Trade War

Real GDP, % below baseline



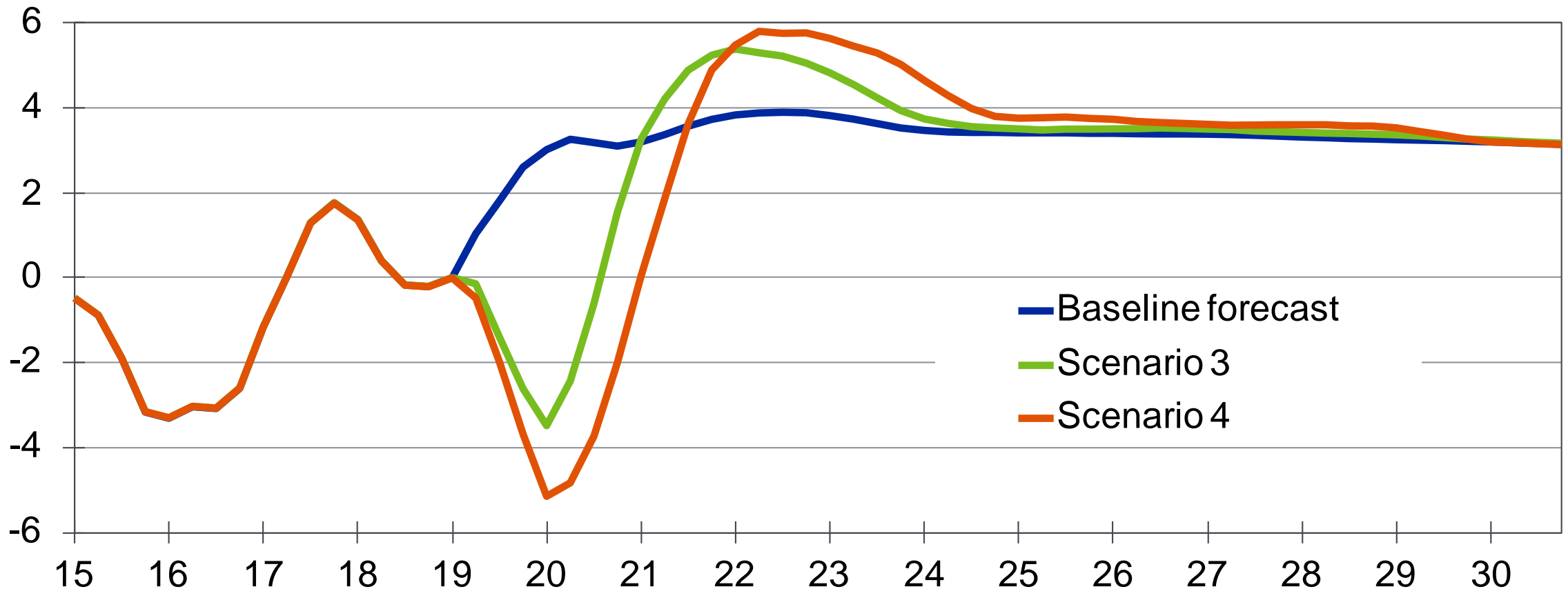
Source: Moody's Analytics

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## Stress Scenarios

# South America Falls into Recession in Stress Scenarios

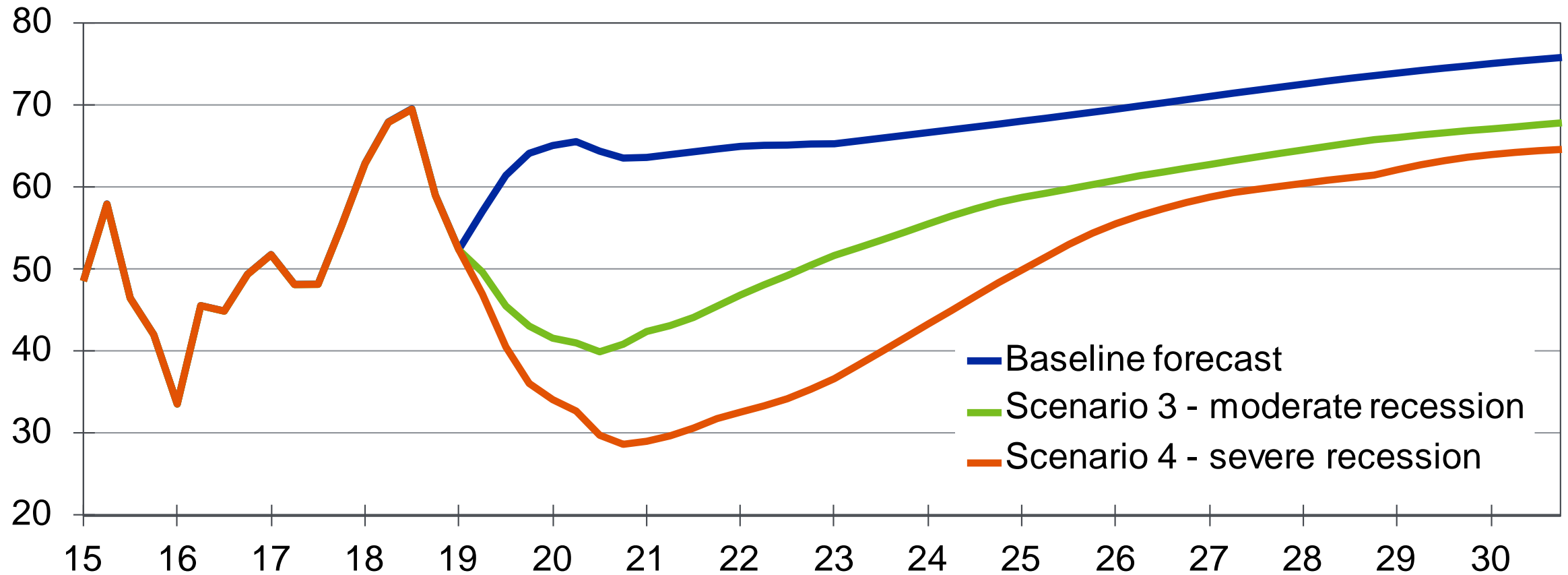
Real GDP, 7 largest economies in South America, % change yr ago



Source: Moody's Analytics

# Oil Prices Tumble in Stress Scenarios

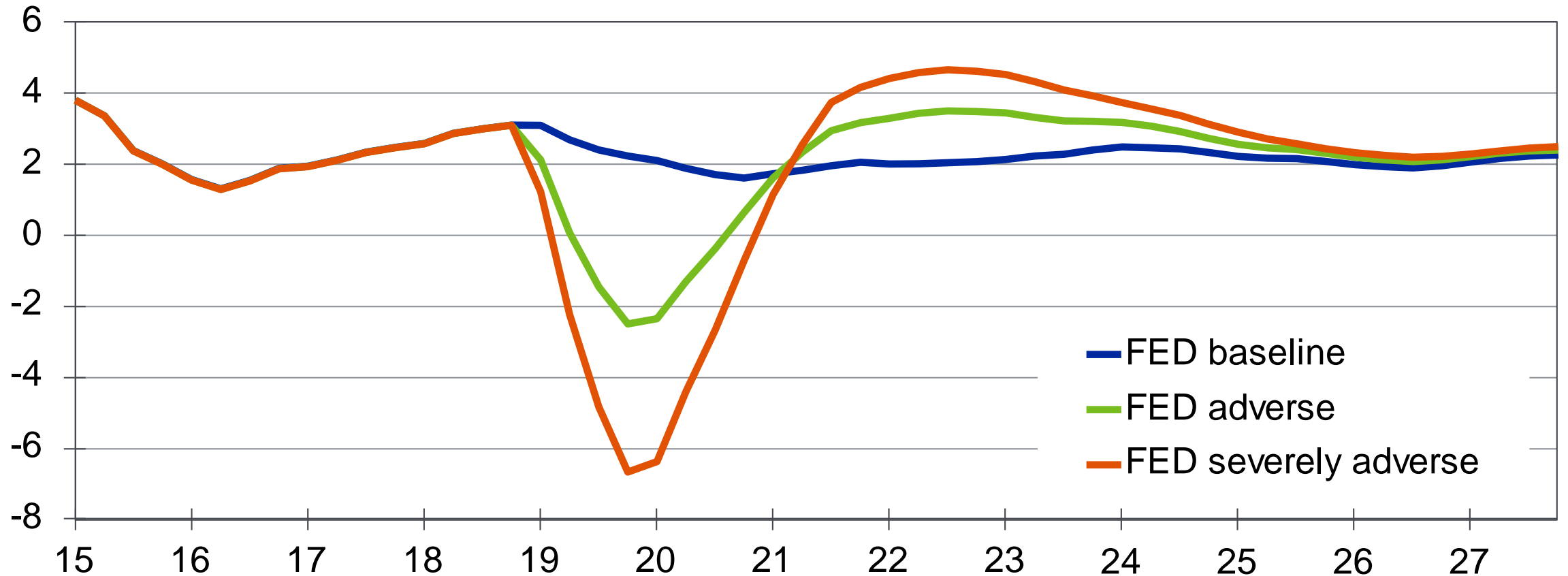
West Texas Intermediate, dollars per barrel



Source: Moody's Analytics

# Federal Reserve CCAR Scenarios

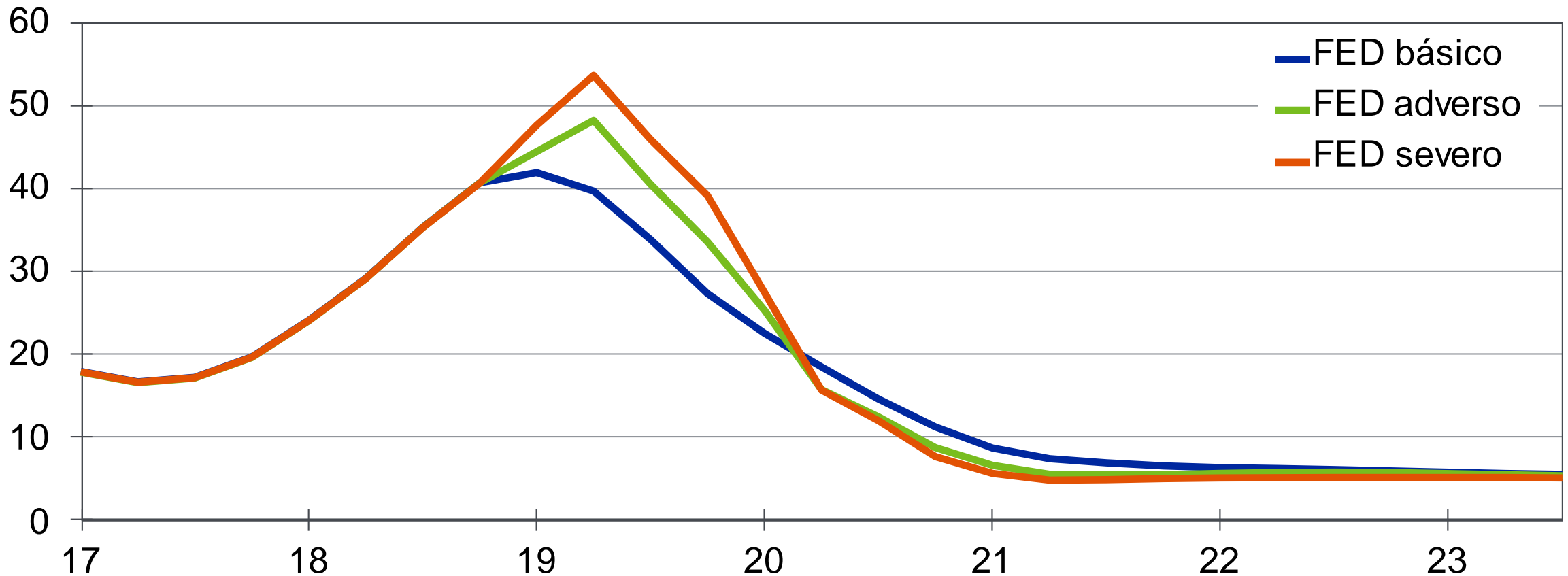
U.S. Real GDP, % change yr ago



Source: Moody's Analytics

# Initial Inflation Spike in Stress Scenarios

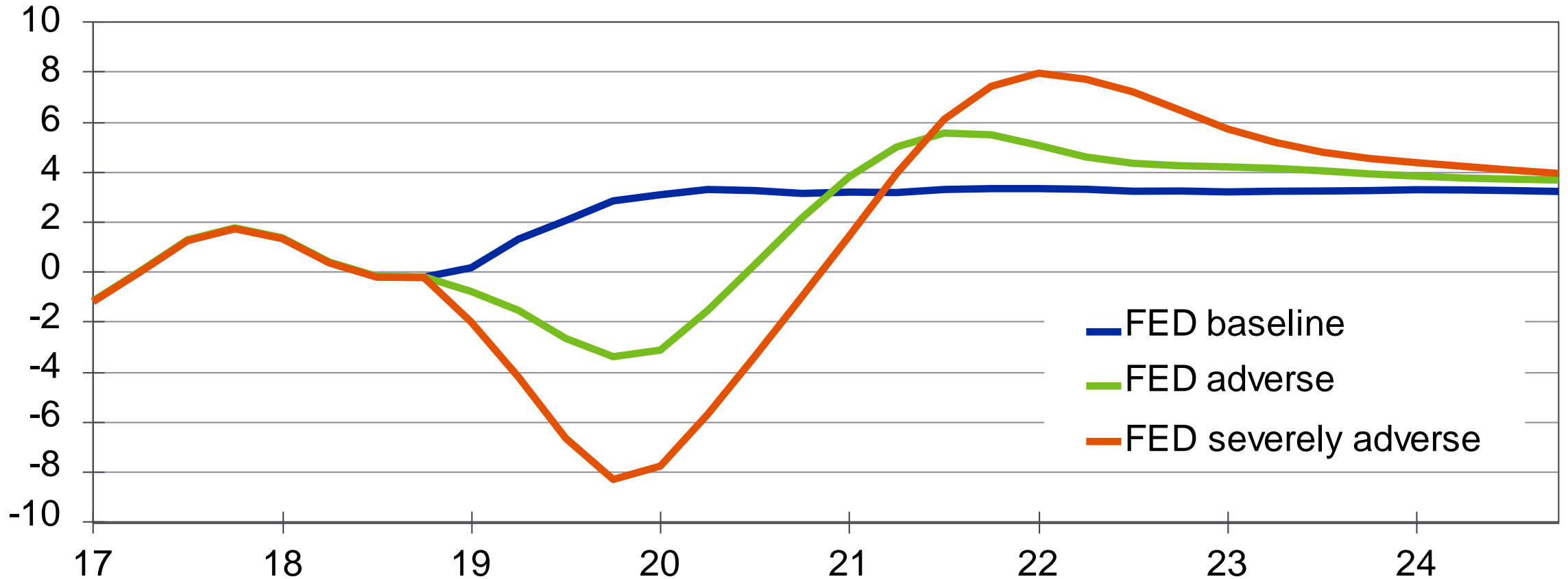
Consumer prices, 7 Largest South American economies, % change yr ago



Source: Moody's Analytics

# Larger Recession in South America in CCAR Scenarios

Real GDP, 7 largest South American economies, % change yr ago



Source: Moody's Analytics



# Q&A

Questions? Contact us: [help@economy.com](mailto:help@economy.com)

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