

# Regional Economic Outlook

## Western Hemisphere

### Taking Advantage of Tailwinds

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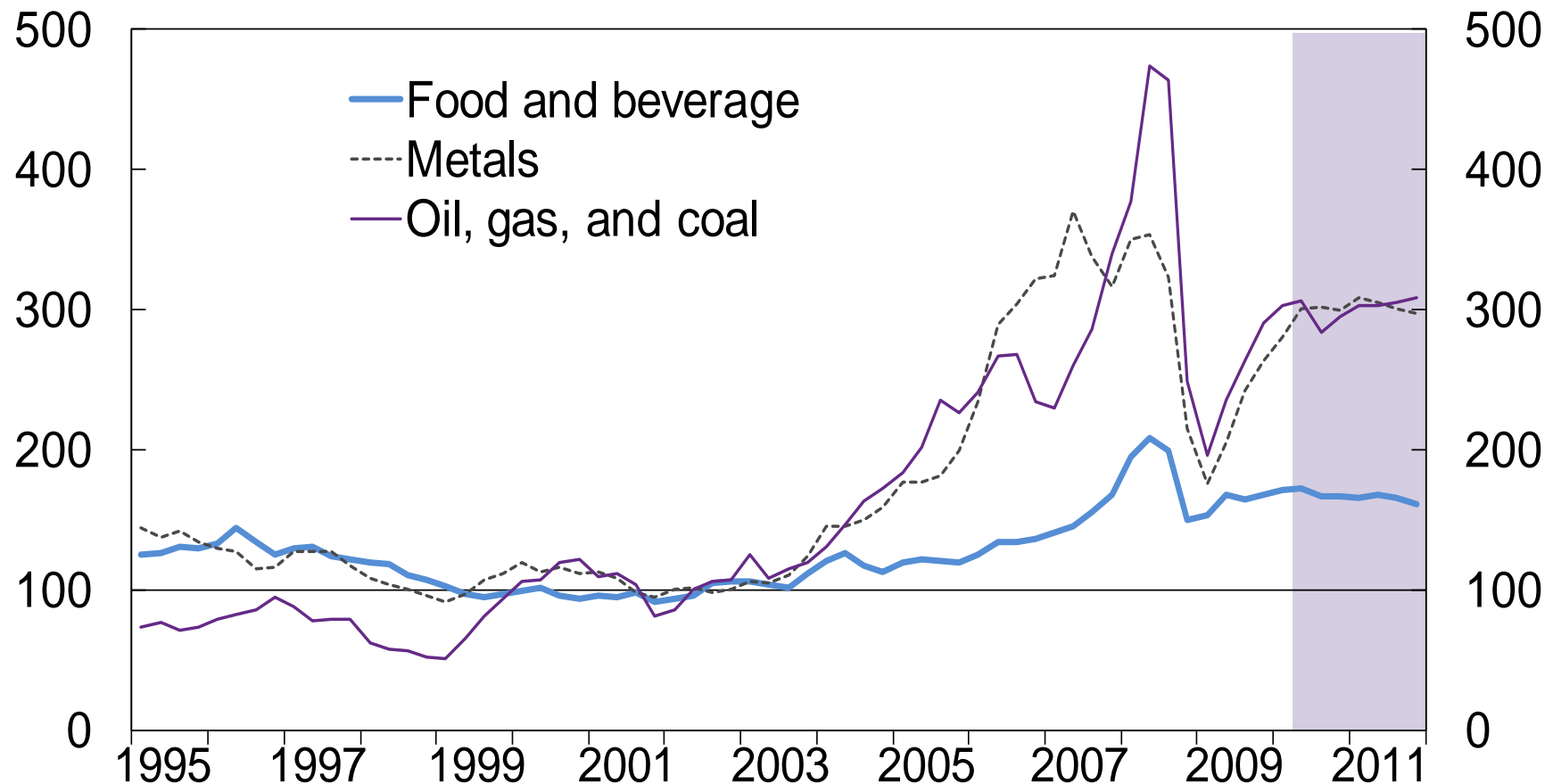
<http://www.imf.org/LatAm>



# Global recovery in 2010 is “multi-speed”

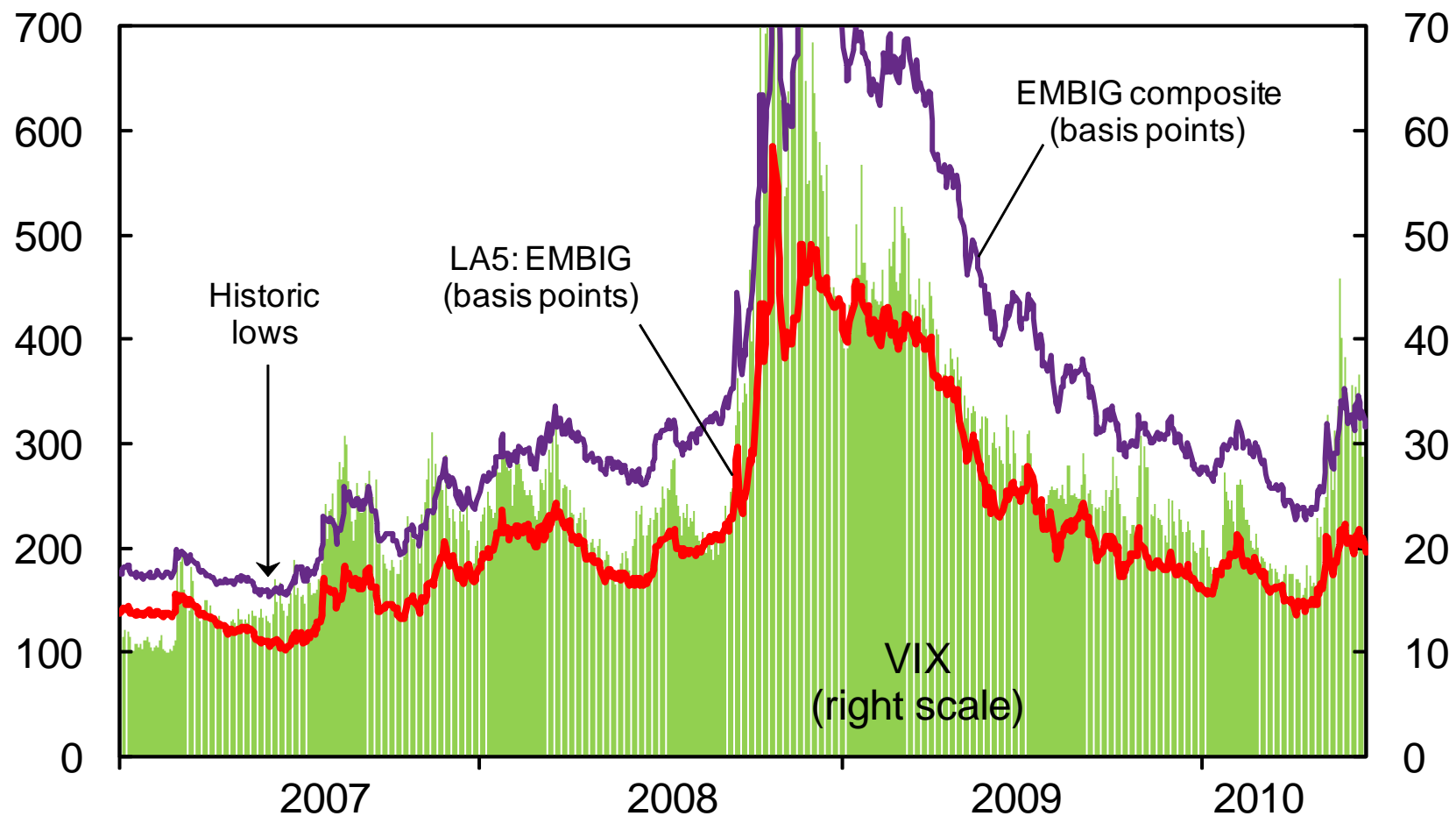
# A mixed global economic recovery has been strong enough to boost commodity prices

Index, 2002 = 100

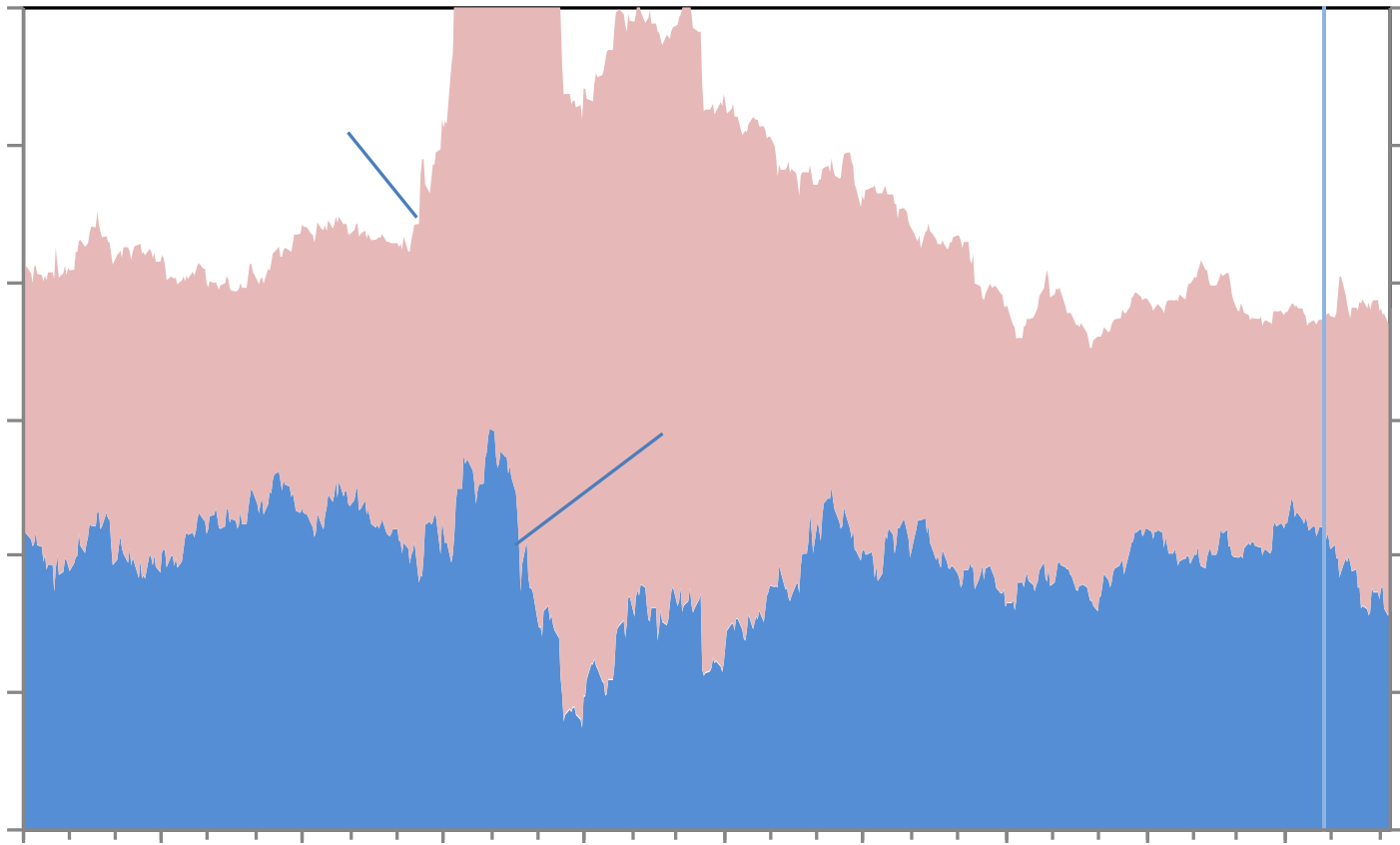


# Declining global risk aversion means lower cost of financing to emerging market countries

## Risk aversion (proxied by VIX) and EM bond spreads



Amid recent financial troubles in Europe, borrowing costs for LA5 countries have been stable



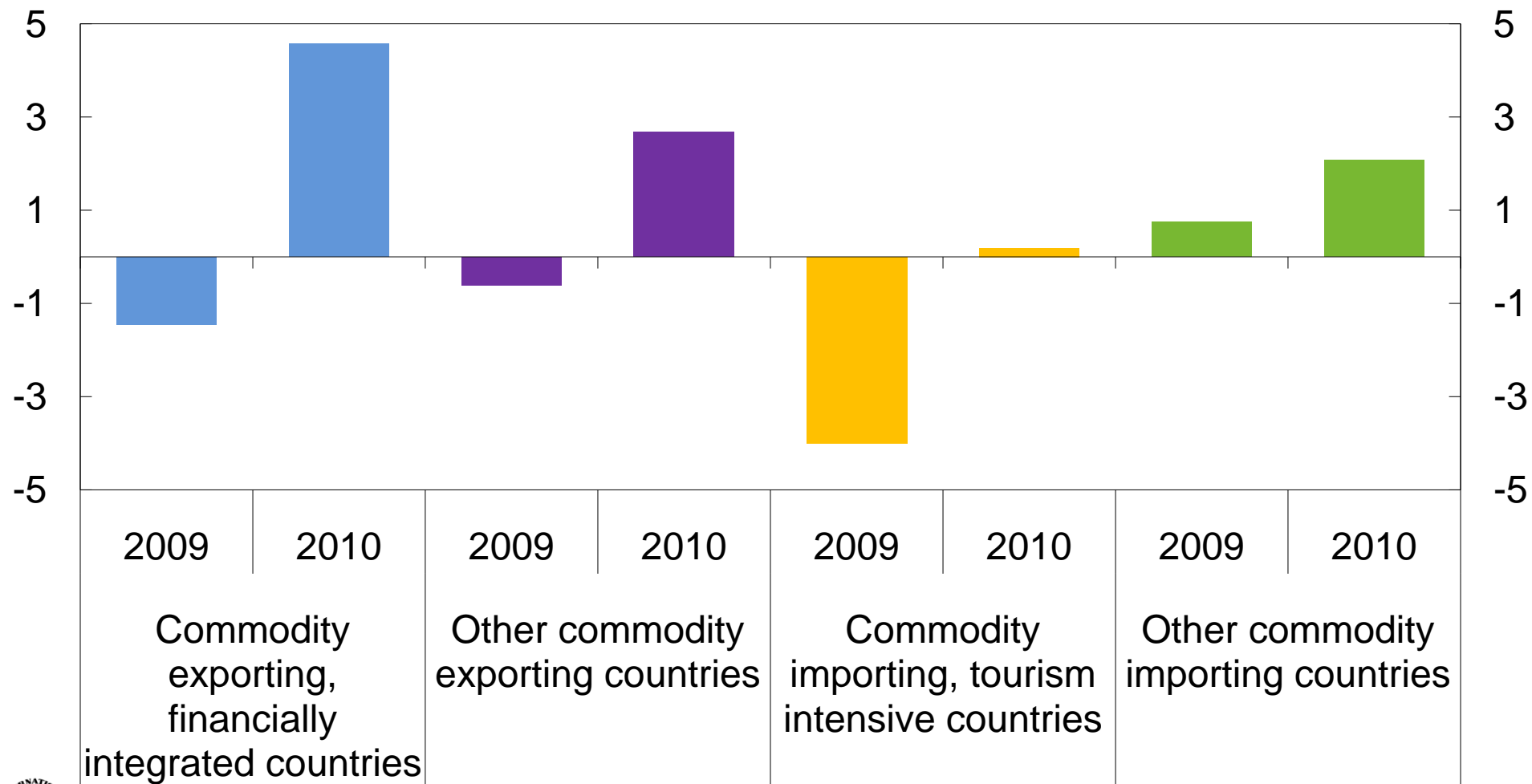
# Analysis of LAC in 4 Country Groupings

## 4 country groups:

- Financially integrated commodity exporters
- Other commodity exporters
- Tourism-intensive importers of commodities
- Other net importers of commodities



# The 2010 growth outlook varies widely within LAC



# Financially integrated commodity exporters (“LA5”)

Facing a very favorable external environment means:

- Back to the challenge of managing “good times”
- Watch out for rapid demand growth, overheating, a credit boom





# Analysis: LA's domestic demand is more sensitive to easy global financial conditions

