

LATIN AMERICA and the CARIBBEAN

GLOBAL
ECONOMIC
PROSPECTS

June
2014

Chapter 2



Activity in the Latin America and the Caribbean region has been weak reflecting stable or declining commodity prices, the drop in first quarter U.S. GDP growth and domestic challenges. Firming regional exports on the continued recovery among advanced countries and strong capital inflows should lift regional GDP growth from 1.9 percent in 2014, to 2.9 percent in 2015 and 3.5 percent in 2016. The region faces a major risk of slower longer term growth unless productivity enhancing reforms are stepped up.

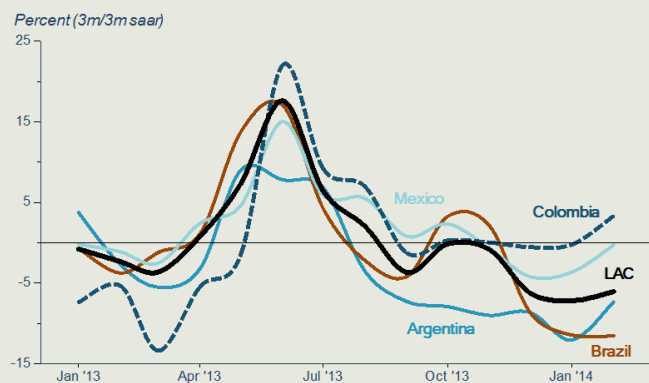
Recent developments

Growth remained broadly flat on average in 2013, with considerable cross-country divergence as soft export growth was offset to varying degrees by domestic demand growth. On average across the region, GDP growth edged down by 0.1 percentage point to 2.4 percent (y/y) in 2013, with diverging trends among the sub regions. Developing North and Central America experienced a sharp slowdown led by Mexico amid slower global demand and a downturn in the construction sector. On the other hand, led by Argentina, Brazil and Paraguay, growth in South America strengthened on bumper harvests and a rebound in investment. The Caribbean economies also saw growth accelerate modestly on the back of the U.S. recovery in the second half of 2013. Regional export growth in 2013 was weak, dampened by easing growth in China, falling commodity prices (Brazil, Colombia, Costa Rica, Jamaica, Mexico, Peru), and a growth slowdown in tourist arrivals (Caribbean and Central America). Monetary tightening in Brazil to contain inflationary pressures continued through the second half of 2013, and contributed to the ongoing slowdown and dampened growth in regional trading partners. In

many countries, fiscal and monetary policies remained accommodative in an effort to support growth. Nevertheless, regional growth slowed to 1.4 percent (q/q saar) in Q4 2013, and further to 0.9 percent in Q1 2014, reflecting weak Q1 readings in Brazil, Mexico and Peru amid a tax hike in Mexico, a more challenging export environment and increasingly binding supply side constraints, as the region overall was close to full employment in 2013.

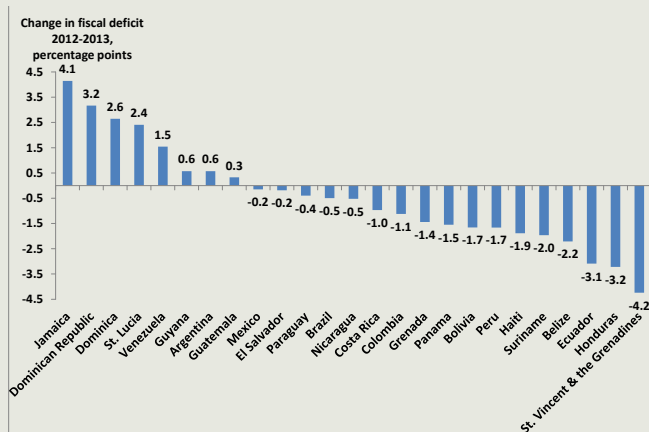
Export growth continues to be weak in early 2014 in much of the region. Weather related weakness in the U.S., a policy-induced slowdown in China, and weak growth in Argentina have continued to weigh on merchandise exports in a number of countries in the region. In Argentina, in particular, exports fell more than 50 percent (3m/3m saar) in the three months to March, partly reflecting a slowdown in China combined with a still overvalued real exchange rate. First quarter exports were also weak in Brazil, reflecting declining competitiveness as a result of rising costs and wages, and infrastructure bottlenecks. In contrast and as an exception in the region, Bolivian exports surged as a result of strong gas exports that have benefitted from stable prices and production increases amid firm demand from Argentina and Brazil.

Figure 2.11 Regional industrial production has picked up in recent months



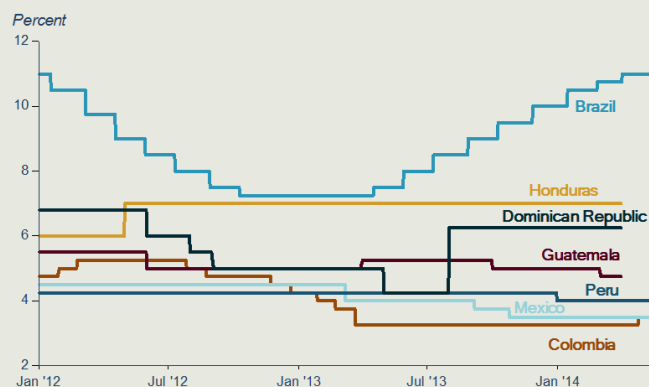
Source: Datastream, Haver Analytics.

Figure 2.12 Many countries loosened fiscal policy in 2013



Source: IMF 2014 WEO database.

Figure 2.13 Central bank policy rates have remained low



Source: Datastream, Haver Analytics.

Despite weak Q1 GDP outturns, industrial activity in early 2014 suggest a pickup in growth. Industrial production across the region has picked up modestly since end-2013 (figure 2.11). In a lagged response to the U.S. recovery in the second half of 2013, growth in industrial production in Mexico re-gained momentum following weakness in late 2013. Likewise, higher domestic demand growth raised industrial production in Colombia, which saw production grow in 40 of its 44 sectors.

Fiscal policy loosened in much of the region in 2013. With the majority of the countries in the region loosening in 2013, the fiscal deficit at the regional level widened from 3.6 percent in 2012 to around 4 percent of GDP in 2013. For example, Brazil’s fiscal deficit increased 0.5 percentage points to 3.3 percent of GDP in 2013 as the government implemented counter-cyclical measures such as tax breaks and an expansion of public lending to stem the growth slowdown (figure 2.12). Similarly, Ecuador saw its fiscal deficit widen by 3.1 percentage points to more than 4 percent of GDP on healthcare and education reforms. In contrast, a cyclical upturn and/or consolidation measures reduced deficits and improved fiscal sustainability in Argentina, Venezuela and several Caribbean countries (Dominica, Dominican Republic, Jamaica, St. Lucia). In particular, Jamaica saw the largest fiscal improvement in the region going from a deficit of more than 4 percent in 2012 to a surplus of 0.1 percent of GDP in 2013. Spending restraint, higher tax revenue, and lower interest and amortization payments on restructured domestic debt, together with assistance from multilaterals supported this remarkable fiscal improvement.

Monetary policy continues to be generally accommodative, with some notable exceptions. Regional central bank policy rates in most countries remained below 2 percent in real terms and below potential growth. In 2014, policy rates were cut further in both Peru and Guatemala to support economic growth (figure 2.13). In contrast, citing concerns about supply bottlenecks and inflation as a result of a drought, rapid minimum wage growth and pass-through of recent currency depreciation, the central bank of Brazil has been tightening, since April 2013 increasing the key Selic interest rate 375 basis points to 11.0 percent. Similarly to contain inflation in an improving economy, the central bank of Colombia increased the benchmark interest rate by 25 basis points to 3.5 percent in April 2014.

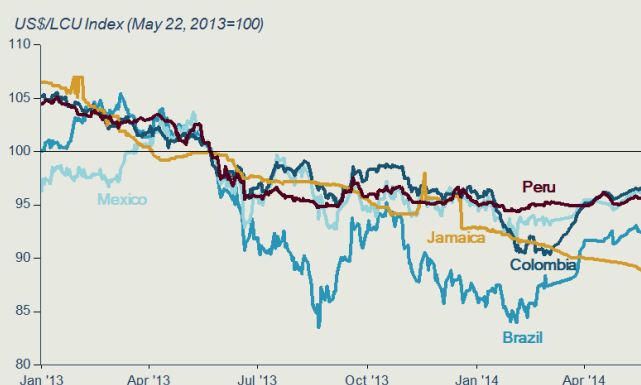
Currency depreciations in the wake of May 2013 tapering announcement have generally persisted. The first announcement of tapering intentions of asset purchases by the Federal Reserve Bank in May 2013 triggered

substantial depreciations across the region on a reassessment of growth prospects. These have generally persisted. To date, the Brazilian real, Colombian peso, Jamaican dollar, Mexican peso, and Peruvian Nuevo sol on average remained around 6 percent more depreciated than their levels in April 2013, with largest cumulative depreciations in Jamaica and Brazil as investors were concerned about rising external imbalances (figure 2.14). Giving way to mounting currency pressures as international reserves dwindled, Argentina devalued its currency in late January by 18 percent. In contrast, the announcement of budget cuts in February in conjunction with continued monetary tightening, along with political speculation, has generated some appreciation in Brazil.

Currency depreciation and accommodative fiscal and monetary policies have added to inflation pressures in some countries in the region. With the median at around 3.5 percent (y/y) in March, consumer price inflation in the region is generally low. However, inflation pressures have increased in several countries due to recent currency depreciations, accommodative fiscal and monetary policies and country-specific domestic factors (figure 2.15). For example, the weakened Jamaican dollar temporarily raised inflation to reach nearly 10 percent (y/y) in 2013, but pressures have since eased with inflation at around 4.5 percent (3m/3m saar) in the three months to April 2014. In Venezuela, inflation rates were near 50 percent in the three months to March, reflecting a rapidly growing money supply and acute shortages of essential foodstuffs and industry inputs. In contrast, fiscal and monetary tightening and softer imported commodity prices, helped contain inflation pressures in Colombia where inflation declined below 2 percent in late 2013.

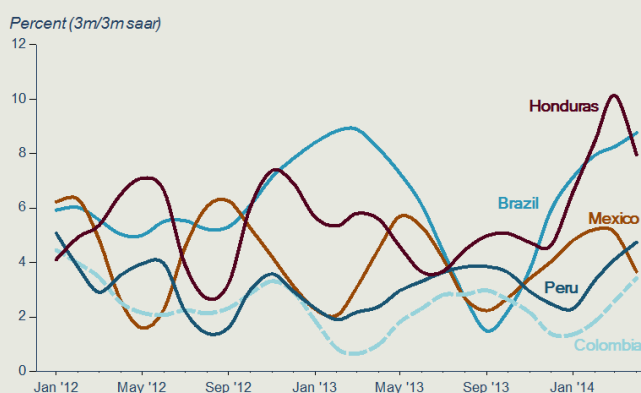
Capital flows to the region have been volatile but on average robust, especially into domestic bond markets. Despite volatility following May 2013 tapering concerns, gross capital flows to the region increased 18.8 percent (y/y) for 2013 as a whole (figure 2.16). Moreover, year-to-date flows have increased 15.8 percent over the same period in 2013. Although equity issuance and bank flows slowed in the second half of 2013 and early 2014, corporate bond issuance expanded sharply, especially in Brazil and Mexico. In Q1 2014 alone, corporate bond issuance in the region amounted to US\$ 43.4 billion. Just under half (46 percent) was issued by the oil and gas industry (compared to 14 percent in 2010). While energy prices are broadly stable in 2014, they are projected to decline 2.8 percent in 2015, which may present headwinds to continued issuance by these corporates.

Figure 2.14 Regional currencies remain depreciated below mid 2013 levels despite recent appreciation



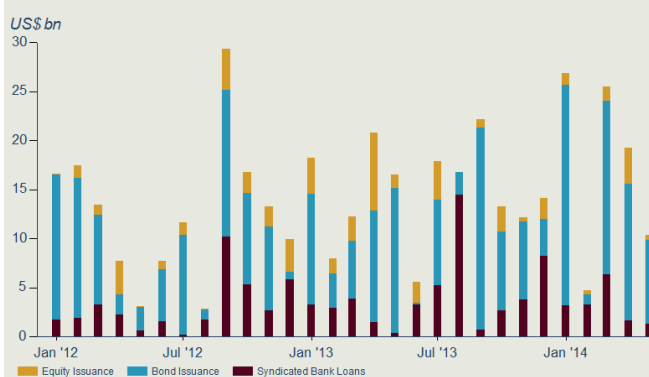
Source: Datastream, Haver Analytics.

Figure 2.15 Inflation pressures are rising in a number of countries



Source: Datastream, Haver Analytics.

Figure 2.16 Gross capital flows have rebounded in recent months after sliding in February



Source: World Bank.

Table 2.7 Latin America and the Caribbean forecast summary
(annual percent change unless indicated otherwise)

	00-09 ^a	2010	2011	2012	2013e	2014f	2015f	2016f
GDP at market prices^b	2.9	5.9	4.1	2.6	2.4	1.9	2.9	3.5
(Sub-region totals-- countries with full NIA + BOP data) ^c								
GDP at market prices^c	2.9	6.0	4.1	2.6	2.5	1.9	2.9	3.5
GDP per capita	1.7	4.7	3.0	1.5	1.3	0.8	1.9	2.4
PPP GDP	2.7	6.0	4.3	2.8	2.6	2.0	3.1	3.6
Private consumption	3.3	5.7	5.2	3.9	3.0	1.6	2.4	2.8
Public consumption	2.9	4.2	3.0	4.1	2.7	2.6	2.3	2.6
Fixed investment	3.8	11.7	8.2	2.1	2.7	1.2	4.1	5.0
Exports, GNFS ^d	2.0	9.5	7.1	3.1	1.1	1.9	4.4	5.5
Imports, GNFS ^d	3.8	21.8	11.1	4.8	2.6	1.4	3.1	4.1
Net exports, contribution to growth	-0.2	-1.9	-0.8	-0.4	-0.3	0.1	0.2	0.2
Current account bal/GDP (%)	-0.4	-1.4	-1.4	-1.7	-2.5	-2.7	-2.7	-2.5
GDP deflator (median, LCU)	6.6	5.0	6.8	4.4	2.4	3.8	3.6	3.7
Fiscal balance/GDP (%)	-2.5	-3.4	-3.0	-3.6	-4.1	-4.4	-4.3	-4.2
Memo items: GDP								
Broader geographic region (incl. recently high income countries) ^e	2.9	5.9	4.2	2.8	2.5	1.9	3.0	3.5
South America ^f	3.4	6.3	4.1	2.1	2.8	1.6	2.7	3.3
Developing Central and North America ^g	1.5	5.0	4.1	4.1	1.5	2.6	3.6	4.0
Caribbean ^h	3.2	4.4	3.9	3.0	3.3	3.4	3.6	3.9
Brazil	2.9	7.5	2.7	0.9	2.3	1.5	2.7	3.1
Mexico	1.3	5.1	4.0	4.0	1.1	2.3	3.5	4.0
Argentina ⁱ	2.9	9.1	8.6	0.9	3.0	0.0	1.5	2.8

Source: World Bank.

a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.

c. Sub-region aggregate excludes Cuba, Grenada, and Suriname, for which data limitations prevent the forecasting of GDP components or Balance of Payments details.

d. Exports and imports of goods and non-factor services (GNFS).

e. Recently high-income countries include Chile, Trinidad and Tobago, and Uruguay.

f. South America: Argentina, Bolivia, Brazil, Colombia, Ecuador, Guyana, Paraguay, Peru, Venezuela

g. Developing Central & North America: Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama, El Salvador.

h. Caribbean: Belize, Dominica, Dominican Republic, Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines.

i. Preliminary for long-term average. Data was recently rebased; missing data up to 2003 was spliced with the earlier data.

Declining commodity prices have weighed on current account and fiscal balances. Key commodity price indices, with the exception of energy, declined significantly in 2013, and are expected to ease further in 2014. The prices of agriculture products, metals and precious metals (in U.S. dollars) declined by 7.2, 5.5 and 16.9 percent, respectively, in 2013, and are expected to decline another 1.0, 5.1 and 11.4 percent in 2014. The resulting declines in export and tax revenues weakened current account among commodity exporters in 2013 (Belize, Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru). At the regional level, the current account deficit from 1.7 percent to 2.5 percent in 2013.

Outlook

With positive output gaps largely closed in 2013, regional growth will grow broadly in line with potential GDP over the medium term. Regional growth is expected to strengthen steadily from 1.9 percent in 2014, to 2.9 percent in 2015 and 3.5 percent in 2016 (table 2.7). While the recovery that is underway in advanced countries will increasingly support external demand growth in the region, tightening financing conditions (at least in 2014) and lower commodity prices will dampen domestic demand growth

Table 2.8 Net capital flows to Latin America and the Caribbean (\$billions)

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
Capital Inflows	153.5	166.7	342.0	299.4	294.6	323.6	334.5	355.5	371.5
Foreign direct investment	121.9	71.7	111.7	145.6	152.1	174.3	166.5	175.2	187.6
Portfolio investment	-5.1	67.0	129.0	71.4	118.0	105.2	106.8	110.8	110.5
Equity	-11.6	41.2	39.3	2.9	19.6	15.7	19.3	25.4	32.1
Debt instruments	6.5	25.8	89.8	68.5	98.4	89.5	87.5	85.4	78.4
Other investment*	36.7	28.0	101.3	82.5	24.5	44.1	61.2	69.5	73.4
o/w									
Bank lending	35.1	-4.7	19.2	45.6	37.7	35.2	34.8	37.3	42.1
Short-term debt flows	2.6	-7.9	45.9	-5.9	12.3	15.4	22.7	18.1	20.5
Official inflows	6.4	17.2	22.6	4.9	11.8	5.1	6.0	7.0	7.0
World Bank	2.5	6.2	8.3	-2.9	3.6	3.1	..	..	..
IMF	0	0.4	1.3	0.2	-0.1	-4	..	..	..
Other official	3.9	10.6	13	7.6	8.4	6	..	..	..
Memo items (as a percentage of GDP)									
Current account balance	-0.9	-0.8	-1.4	-1.4	-1.7	-2.5	-2.7	-2.7	-2.5
Capital inflows	3.7	4.3	7.1	5.5	5.4	5.9	5.8	5.8	5.5
Capital outflows	2.0	2.2	3.5	2.2	2.2	2.6	..	..	..

Source: World Bank.

* including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.

Note: e = estimate, f = forecast.

and keep growth around potential. With largely closed output gaps and limited excess capacity, there is little scope for sharp and sustained accelerations in growth without generating macroeconomic imbalances.

The recovery taking hold in advanced economies will strengthen export demand. While there are substantial compositional differences between the export baskets to China and to advanced countries, declines in Chinese demand for the region's exports will be partially offset by additional demand associated with recoveries in the advanced countries. More specifically, increased exports to the United States and the Euro Area, along with increased tourism receipts and remittances from these advanced economies, will support regional exports growth in the medium term. In addition, depreciated local currencies in much of the region may help countries gain markets share as global trade growth accelerates. Overall, regional export growth is projected to accelerate from 1.1 percent in 2013 to more than 5 percent in 2016. However, even with the significant projected acceleration, export growth will be still substantially below that during the commodity boom era of 2008 to 2012.

Capital flows are expected to slow initially as monetary tightening in the U.S. gets underway but are expected to resume their growth in 2015/16. Growth in net capital flows is expected to

slowdown to 3.6 percent in 2014 after surging 9.9 percent in 2013 (table 2.8). The unusually large increase in 2013 was due to a 14.6 percent surge in FDI, mainly due to the Belgian company Anheuser-Busch InBev's purchase of the Mexican brewery, Modelo, that contributed an additional \$13 billion flowing into Mexico. From 2015 onwards, however, sustained increases in foreign direct investment will lead net capital flows to the region to grow by 6.3 percent in 2015 and a further 4.5 percent in 2016. These flows will fuel regional domestic demand, especially fixed investment, which will grow 1.2 percent in 2014 and a further 5.0 percent in 2016.

Central banks in a handful of countries will tighten monetary policy to contain creeping inflationary pressures and will soften domestic demand growth. While regional inflation rates are still generally low, depreciated regional currencies, together with the continued loose policy environment will add some inflationary pressures in the region. Estimates of the pass-through of exchange rate depreciations to inflation are detailed in Special Topic; they suggest that recent currency depreciations ceteris paribus are likely to temporarily increase the regional inflation rate by around 1 percentage point in 2014, but these pressures will subside thereafter. As such, the baseline forecast assumes regional central banks, in particular those with noticeably depreciated currencies, will tighten monetary policies by

modestly raising interest rates this year to keep inflation in check, which will provide an additional drag on growth.

A continued decline especially in non-energy commodity prices will weigh on growth. With few exceptions, non-energy commodity prices are projected to continue their downward trend in the medium term, yielding negative terms-of-trade developments for the majority of the region's commodity exporters along with decreases in export and government revenue. Countries such as Guyana and Paraguay, where commodity exports make up a large share of total merchandise exports, will see a deterioration of export revenues and current account balances.

Performance across individual countries will vary. With the benefits of a stronger global economy being partially offset by softer domestic demand due to weak business confidence and tighter credit conditions, Brazil is expected to grow at 1.5 percent in 2014, but will accelerate to 2.7 percent and 3.1 percent for 2015 and 2016, respectively. However in the longer term, structural impediments to growth such as poor infrastructure, burdensome tax and labor regulations and an insufficiently skilled workforce will need to be addressed before Brazil can see a sustained level of higher growth. The Mexican economy is expected to increasingly benefit from the recovery in the U.S. and the increased investment resulting from recently implemented reforms. Growth is expected to average 3.3 percent over the 2014-2016 period. Increasing U.S. tourism is anticipated to strengthen growth in the Caribbean economies from 3.4 percent in 2014 to 3.9 percent in 2016. Similarly, driven by steady flow of foreign direct investment, large mining projects coming on stream and a broad public transportation investment program, Colombia, Peru and Panama, respectively, are projected to lift regional growth rates in the near and medium term. In contrast, as external and internal imbalances and economic distortions unwind, Venezuela is projected to undergo a period of low investment growth and weak GDP growth.

Risks

Disorderly slowdown in the region's largest economies. Venezuela is currently experiencing high inflation rates along with a number of other macroeconomic imbalances and microeconomic distortions, and could see investment contract and slow sharply. Argentina has an uncertain economic outlook but the recent agreements on Paris Club debt, settlement with Repsol, and efforts to

strengthen national statistics introduce upside risks to the outlook. From a more stable condition, Brazil, the region's largest economy, with its tighter credit conditions, weakened investor confidence and microeconomic structural impediments, is expected to remain in a low but still positive growth environment in the short-run. The baseline forecast assumes a soft slowdown in growth for these systemic economies this year, and a gradual improvement in 2015 and 2016. Given the systemic nature of these economies in the region, a sharper-than-expected slowdown in one or more of these three economies would have a ripple effect on growth across the region.

Sharper-than-expected decline in commodity prices. The baseline also assumes a moderate decline in commodity prices. Given that China accounts for 40 percent of global metals demand, a sharper-than-expected or protracted slowdown in China is likely to lead to more severe declines in commodity prices, which could further erode export and government revenues of regional commodity exporters, and potentially aggravating current account imbalances. Investment, notably into mining industries, would fall, providing an additional drag on overall economic growth.

Slower longer-term growth—the new normal? More than a cyclical downturn, the key concern for the region is that slower long-term growth – around 3 percent per annum – becomes the new normal. With the end of the double tailwind era of a booming commodity market supported by a surging China, and economies near or at full employment and domestic credit growing at slower rates, the region must turn to sustained productivity growth in order to boost long-term GDP growth. While the region has made great strides in enhancing macroeconomic stability and hence investor confidence, in investing more in infrastructure and in improving security, there still remains much to be done in terms of upgrading the quality of the workforce especially in the informal sector, fostering research and development and innovation, and nurturing a more competitive environment especially in the service sector. Even if the right policies are implemented today, raising productivity will take time before benefits can be realized. However, this is a necessary path if the region is to prevent mediocre growth from becoming the new normal, and maintain the remarkable social progress achieved during the last decade. According to World Bank estimates, the incidence of poverty in the region was more than halved from 2002 to 2010, whereby some 70 million Latin Americans left poverty. Such progress could stall and may even reverse in a longer-term low-growth environment.

Table 2.9

Latin America and the Caribbean country forecasts

	00-09 ^a	2010	2011	2012	2013e	2014f	2015f	2016f
Argentina^b								
GDP at market prices (% annual growth) ^c	2.9	9.1	8.6	0.9	3.0	0.0	1.5	2.8
Current account bal/GDP (%)	2.2	-0.2	-0.4	0.0	-0.7	-2.0	-2.2	-2.2
Belize								
GDP at market prices (% annual growth) ^c	3.7	3.9	2.3	5.3	0.7	2.5	3.7	4.1
Current account bal/GDP (%)	-13.0	-3.3	-1.3	-2.0	-3.6	-3.7	-3.5	-3.2
Bolivia								
GDP at market prices (% annual growth) ^c	3.4	4.1	5.2	5.2	6.5	5.3	4.3	3.9
Current account bal/GDP (%)	3.9	4.4	2.2	7.9	3.7	2.5	2.1	2.0
Brazil								
GDP at market prices (% annual growth) ^c	2.9	7.5	2.7	0.9	2.3	1.5	2.7	3.1
Current account bal/GDP (%)	-0.7	-2.2	-2.1	-2.4	-3.6	-3.9	-3.8	-3.6
Colombia								
GDP at market prices (% annual growth) ^c	3.7	4.0	6.6	4.1	4.3	4.6	4.5	4.4
Current account bal/GDP (%)	-1.4	-3.1	-2.9	-3.2	-3.4	-3.6	-3.7	-3.6
Costa Rica								
GDP at market prices (% annual growth) ^c	3.8	5.0	4.4	5.1	3.5	3.7	4.3	4.6
Current account bal/GDP (%)	-5.8	-3.5	-5.4	-5.3	-5.1	-5.2	-5.3	-5.3
Dominica								
GDP at market prices (% annual growth) ^c	3.1	1.0	-0.3	-1.7	0.8	1.7	2.6	2.9
Current account bal/GDP (%)	-18.6	-17.3	-14.7	-11.5	-17.2	-18.4	-19.2	-18.7
Dominican Republic								
GDP at market prices (% annual growth) ^c	4.5	7.8	4.5	3.9	4.1	4.0	4.2	4.5
Current account bal/GDP (%)	-3.1	-8.4	-7.9	-6.8	-4.2	-3.8	-3.4	-2.9
Ecuador^d								
GDP at market prices (% annual growth) ^c	3.8	3.5	7.8	5.1	4.5	4.3	4.2	5.1
Current account bal/GDP (%)	0.9	-2.4	-0.3	-0.2	-1.3	-1.5	-2.0	-1.0
El Salvador								
GDP at market prices (% annual growth) ^c	1.7	1.4	2.2	1.9	1.7	2.1	2.6	2.8
Current account bal/GDP (%)	-4.2	-2.7	-4.9	-5.3	-6.5	-5.9	-5.7	-5.5
Guatemala								
GDP at market prices (% annual growth) ^c	3.0	2.9	4.2	3.0	3.7	3.4	3.5	3.6
Current account bal/GDP (%)	-4.6	-1.5	-3.4	-2.6	-2.7	-2.6	-2.8	-2.8
Guyana								
GDP at market prices (% annual growth) ^c	1.0	4.4	5.4	4.8	4.9	4.4	3.5	3.6
Current account bal/GDP (%)	-10.0	-6.9	-14.5	-14.1	-17.8	-20.7	-20.2	-19.3
Honduras								
GDP at market prices (% annual growth) ^c	3.7	3.7	3.8	3.9	2.6	3.0	3.5	4.0
Current account bal/GDP (%)	-6.9	-4.3	-8.0	-8.6	-8.9	-7.5	-7.3	-7.0
Haiti								
GDP at market prices (% annual growth) ^c	0.6	-5.4	5.6	2.8	4.3	3.6	3.2	3.0
Current account bal/GDP (%)	1.0	-2.5	-4.1	-3.7	-6.0	-5.8	-5.6	-5.4
Jamaica								
GDP at market prices (% annual growth) ^c	0.7	-1.5	1.7	-0.5	0.2	1.1	1.3	1.7
Current account bal/GDP (%)	-10.2	-8.6	-13.3	-12.9	-10.0	-9.3	-8.0	-7.1
Mexico								
GDP at market prices (% annual growth) ^c	1.3	5.1	4.0	4.0	1.1	2.3	3.5	4.0
Current account bal/GDP (%)	-1.5	-0.4	-1.1	-1.3	-2.1	-2.0	-2.2	-2.2

	00-09 ^a	2010	2011	2012	2013e	2014f	2015f	2016f
Nicaragua^b								
GDP at market prices (% annual growth) ^c	2.5	3.3	5.7	5.0	4.6	4.5	4.4	4.4
Current account bal/GDP (%)	-13.1	-9.6	-12.8	-12.7	-11.4	-9.0	-7.8	-6.8
Panama								
GDP at market prices (% annual growth) ^c	5.6	7.5	10.8	10.7	8.0	6.8	6.2	6.4
Current account bal/GDP (%)	-4.8	-11.6	-15.9	-10.5	-11.2	-10.7	-10.5	-9.0
Peru^b								
GDP at market prices (% annual growth) ^c	4.6	8.5	6.5	6.0	5.8	4.0	5.6	6.0
Current account bal/GDP (%)	-0.7	-2.4	-1.9	-3.3	-4.5	-5.7	-5.6	-5.1
Paraguay								
GDP at market prices (% annual growth) ^c	2.2	13.1	4.3	-1.2	13.9	4.8	4.3	4.0
Current account bal/GDP (%)	1.7	-0.3	0.4	-0.9	2.1	1.8	0.9	0.1
St. Lucia								
GDP at market prices (% annual growth) ^c	2.2	0.4	1.3	0.5	-0.9	0.9	2.2	2.8
Current account bal/GDP (%)	-18.7	-16.8	-19.4	-14.9	-15.6	-15.0	-13.8	-12.9
St. Vincent and the Grenadines								
GDP at market prices (% annual growth) ^c	3.2	-2.8	0.1	2.3	2.1	1.7	2.8	3.9
Current account bal/GDP (%)	-18.8	-30.9	-28.9	-30.3	-30.0	-29.1	-28.5	-26.7
Venezuela, RB								
GDP at market prices (% annual growth) ^c	3.3	-1.5	4.2	5.6	1.3	0.0	1.0	1.9
Current account bal/GDP (%)	9.7	2.2	7.7	2.9	3.0	2.7	1.9	1.7

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time. Cuba, Grenada, St. Kitts and Nevis, are not forecast owing to data limitations.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. Preliminary for long-term average. Data was recently rebased; missing earlier data was spliced with the previous series.

c. GDP measured in constant 2010 U.S. dollars.

d. Ecuador's 2016 GDP growth in 2016 is expected to accelerate, and the current account to improve, as some of the ongoing hydroelectric and energy projects begin to come on stream.

	00-09 ^a	2010	2011	2012	2013e	2014f	2015f	2016f
Recently transitioned to high income countries^c								
Chile								
GDP at market prices (% annual growth) ^b	3.3	5.8	5.9	5.6	4.2	3.3	4.5	5.0
Current account bal/GDP (%)	0.8	1.5	-1.3	-3.5	-3.4	-3.3	-3.1	-2.9
Trinidad and Tobago								
GDP at market prices (% annual growth) ^b	5.6	0.2	-1.6	1.5	1.5	2.3	2.8	3.4
Current account bal/GDP (%)	16.0	20.2	12.3	16.0	14.5	13.8	13.0	12.7
Uruguay								
GDP at market prices (% annual growth) ^b	2.1	8.9	6.5	3.9	4.2	3.1	3.4	4.0
Current account bal/GDP (%)	-1.2	-1.9	-2.9	-5.3	-5.9	-6.3	-6.1	-5.7

Source: World Bank.

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a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. GDP measured in constant 2010 U.S. dollars.

c. The recently high-income countries are based on World Bank's country reclassification from 2004 to 2014.