Latin America & the Caribbean Region

Overview: Economic growth in Latin America and the Caribbean region slowed sharply in 2012, making the region the second slowest performer, after developing Europe and Central Asia, amongst all developing regions of the world. A weak external environment and a contraction in domestic demand were largely responsible for a tepid regional GDP growth estimated at 3 percent in 2012 (4.3 percent in 2011). Growth in Brazil, the region's largest economy, decelerated markedly to an estimated 0.9 percent in 2012, from an already-modest 2.7 percent in 2011, while Argentina's economic growth contracted to 2 percent, from 8.9 percent the previous year. The slowdown was modest in Central America and the Caribbean, while growth in Mexico, the region's second largest economy, remained robust expanding by an estimated 4 percent in 2012 despite its strong links to the fledgling US economy. Elsewhere in the region, growth was relatively buoyant, albeit weaker than 2011. Chile posted a brisk performance with growth estimated at 5.8 percent in 2012, as did Panama (10 percent), and Peru (6.3 percent).

Economic activity in the region provided a mixed picture in 2012. Industrial production slowed, though not uniformly, in the first half of the year but rebounded in 3Q 2012 with signs of weakness reappearing in 4Q again. Growth of remittances decelerated due to weak labor market conditions in the main migrant destinations of the US and Europe, while the region received the largest share of gross capital flows (international bond issuance, cross-border syndicated bank loans, and equity placements) to developing countries, accounting for 33 percent of the $412 billion global gross capital flows in the first 10 months of 2012.

Outlook: Regional growth is expected to accelerate to 3.5 percent in 2013 and average about 3.9 percent over the 2014-2015 period, mainly due to a more accommodative policy environment in some of the larger economies in the region, supported by stronger external demand and robust domestic demand. Growth in Brazil is forecast to accelerate to 3.4 percent in 2013, boosted by accommodative monetary and fiscal policies whose full effects are yet to be felt. Growth in Mexico is forecast to slow to 3.3 percent in 2013, in part, due to slower US growth. Energy exporters Bolivia, Venezuela and Ecuador will see growth slow, as will Central America. The Caribbean will strengthen slightly mostly on account of the Dominican Republic.

Risks and vulnerabilities: The region remains vulnerable to an uncertain external environment, an increased exposure to East Asia, and to country-specific factors.

Euro Area and the US fiscal paralysis. Should either of these scenarios materialize, the ensuing weak global demand and demand for commodities would negatively impact commodity prices, incomes, fiscal balances and GDP growth in the region, in particular for commodity exporting countries. Countries with fewer macroeconomic buffers could be particularly vulnerable in case of a significant weakening in global demand.

Looking East. As the region, notably South America, is becoming increasingly reliant on exports to East Asia, particularly China, the risk of a stronger-than-expected deceleration in China is a downside risk for commodity exporting countries in particular.

Policy Errors. Domestic imbalances and/or policy errors could also be detrimental to growth in selected economies in the region. In the Caribbean countries, with weak financial systems, a sharp slowdown in growth would result in a marked deterioration in credit quality that could further impair growth.

Hot Money. In the short-run, a possible return of hot money may complicate policy-making in financially integrated economies in the region, resulting in currency appreciations. Over the medium term, however, expectations of costlier capital could limit investment and growth.

Recent economic developments

Economic growth decelerated in Latin America and the Caribbean during 2012, although performance was mixed across economies in the region

Growth in Latin America and the Caribbean (LAC) slowed from 4.3 percent in 2011 to an estimated 3 percent in 2012, largely due to a weaker global environment, but also to a marked slowdown in domestic demand in some of the larger economies in the region (e.g. Brazil) and country-specific factors (e.g. Argentina) (table LAC.1). Growth decelerated to a 1.9 percent seasonally adjusted annualized rate (saar) in the third quarter of 2012, from close to 3.2 percent in the first quarter of the year and around 4 percent in the first half of 2011. Apart from Europe and Central Asia, where growth slowed by 2.6 percentage points in 2012 versus 2011, Latin America and the Caribbean experienced the sharpest growth deceleration (1.3 percentage points) among developing regions in 2012.

Slowdown during the latter half of 2012 was particularly sharp in Brazil, where annual GDP growth is estimated to have fallen to 0.9 percent, compared to the 2.9 percent expected as of mid-year. The slowdown was much more moderate in the Central American sub-region, where growth expanded by 0.1 percent in 2012, and in the Caribbean economies, where growth decelerated by 1.4 percentage points. On the other hand, despite its strong links to the relatively weak US economy, growth in Mexico (the second-largest economy in LAC), held up well, expanding by an estimated 4 percent in 2012.

Elsewhere in the region, growth remained relatively buoyant, with the economies of Colombia, Chile, Panama, and Peru continuing to expand briskly, albeit at a slightly lower rate than in 2011. Paraguay stood out as a poor performer in 2012, contracting by an estimated 1 percent (following 4 percent growth in 2011) on account of a severe drought as well as weaker growth in major trading partners such as Argentina and Brazil. In Colombia, tourist arrivals performed well despite subdued global growth in the first half of 2012; tourist arrivals in the Caribbean and Central America were up in 2012 as well, by 5.2 and 6.8 percent, respectively.

Industrial production exhibited similar patterns as regional GDP growth in the first and second

Table LAC.1 Latin America and the Caribbean summary forecast

(annual percent change unless indicated otherwise)	00-09[a]	2010	2011	Est. 2012	Forecast 2013	2014	2015
GDP at market prices [b]	2.6	6.0	4.3	3.0	3.5	3.9	3.9
	(Sub-region totals-- countries with full NIA + BOP data) [c]						
GDP at market prices [c]	2.6	6.1	4.4	3.0	3.6	3.9	3.9
GDP per capita	1.4	4.9	3.2	1.8	2.4	2.8	2.8
PPP GDP	2.7	6.1	4.5	2.9	3.6	4.0	3.9
Private consumption	2.9	6.0	5.2	3.0	3.5	3.8	3.9
Public consumption	2.6	4.1	2.7	2.5	2.5	2.5	2.5
Fixed investment	3.6	10.9	7.8	4.2	5.3	6.0	6.1
Exports, GNFS [d]	2.8	11.6	5.9	3.8	5.4	6.3	6.7
Imports, GNFS [d]	3.7	22.4	9.8	4.7	5.6	6.2	7.0
Net exports, contribution to growth	-0.2	-2.7	-1.3	-0.4	-0.3	-0.3	-0.4
Current account bal/GDP (%)	-0.3	-1.2	-1.3	-1.7	-1.5	-1.6	-1.6
GDP deflator (median, LCU)	6.3	5.1	7.0	5.5	5.8	5.4	5.8
Fiscal balance/GDP (%)	-2.4	-3.0	-2.2	-2.8	-2.6	-2.4	-2.4
Memo items: GDP							
LAC excluding Argentina	2.5	5.8	4.0	3.1	3.6	3.9	3.9
Central America [e]	1.5	5.4	4.0	4.1	3.4	3.7	3.7
Caribbean [f]	3.4	4.7	3.8	2.4	3.8	3.9	4.2
Brazil	2.9	7.5	2.7	0.9	3.4	4.1	4.0
Mexico	1.2	5.6	3.9	4.0	3.3	3.6	3.6
Argentina	3.4	9.2	8.9	2.0	3.4	4.1	4.0

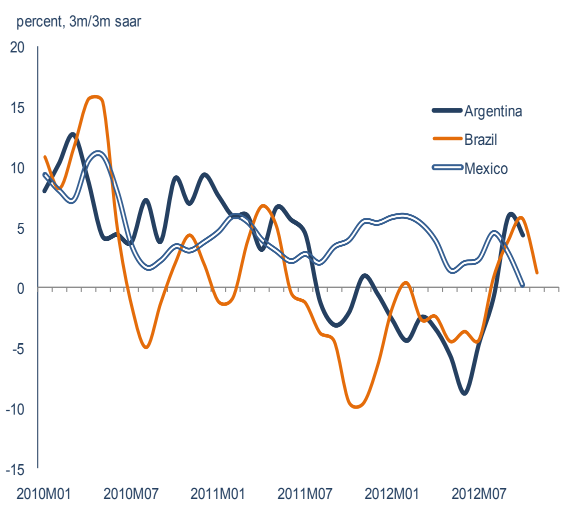
a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.
b. GDP at market prices and expenditure components are measured in constant 2005 U.S. dollars.
c. Sub-region aggregate excludes Cuba and Grenada, 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. Central America: Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama, El Salvador.
f. Caribbean: Antigua and Barbuda, Belize, Dominica, Dominican Republic, Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines, and Suriname.

Source: World Bank.

quarters of 2012, slowing to 1.9 and -1.1 percent (saar), respectively. In contrast to regional GDP growth, which was weak in the third quarter, industrial production in LAC economies rebounded, reaching 3.4 percent in the third quarter. However, this rebound in industrial production has not been uniform across the region and the signs of a new slowdown towards the end of 2012 are evident. For example, Mexican industrial production growth held up well during most of 2012 and has only started to slow recently. Argentina and Brazil, on the other hand, experienced strong industrial production growth in the third quarter, after registering weak performance in the first half of the year, but have started slowing down again in the fourth quarter (figure LAC.1). In Central American countries, industrial production trends have been similar to those observed in Argentina and Brazil – i.e., it troughed at around -1.5 percent in May, and have accelerated to around 4.9 percent by September and have slowed down recently to 3.4 percent in November.

The industrial production growth patterns are also reflected in export volumes with Argentinean and Brazilian exports volumes on the rise in recent months after bottoming out in June, whereas Mexican export volumes appears to have peaked in July and has been declining in recent months. In Central American countries export volumes have been under significant pressure since peaking at 23.7 percent in February and have declined at a 13.2 percent annualized pace in November. Overall, regional import growth (+9.5 percent annualized in November) has recovered from five months of decline – supportive of a modest improvement in domestic demand. But exports remains weak, with export volumes growing at only 3.8 percent annualized pace in November, largely on account of weak import demand from the US and the Euro Area.

Figure LAC.1 Industrial production



Source: World Bank.

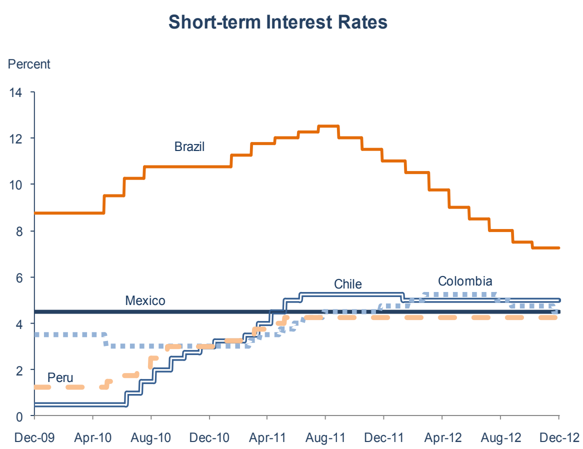
The pace of growth of remittance flows in nominal US dollar terms to the Latin America and the Caribbean region decelerated to estimated 2.9 percent in 2012 from 7.3 percent in 2011, as weak labor markets and subdued income growth in the main migrant destinations in North America and Europe affected the ability of migrants to send money home. Notwithstanding a gradual recovery in the US labor market and an upturn in the housing sector in the second half of the year, flows to the largest regional remittance recipient Mexico remained broadly stable, declining by estimated 0.3 percent to $23.5 billion in 2012, compared with a 6.8 percent increase the previous year. Several remittance-dependent economies, and in particular in countries with large migrant population to the U.S. such as Honduras and Jamaica (where these flows are 16.7 percent and 14.1 percent of GDP, respectively), have seen a steep deceleration in estimated growth of nominal remittance inflows to 1.7 and 2.3 percent, respectively in 2012. The sharp economic downturn and high unemployment in Spain and other European remittance sources has weighted negatively on the overall remittance volumes in Latin America as well.

Inflation in the Latin America and the Caribbean region dropped to 4.8 percent annualized pace in the second quarter of 2012 (down from a 7.1 percent pace in 2011) reflecting the weakening of global activity and the lagged impact of relatively tight monetary policy stance (earlier on) in the region. After the monetary policy tightening cycle that started in mid-2010 most inflation-targeting central banks paused in mid-2011, or have made very minor adjustments, except of Brazil which has lowered policy rates aggressively (commutative 525 basis point cut) to support the weakening economic activity (figure LAC.2).

Inflation started picking up again during the third quarter in reaction to the considerable global policy easing, while higher food and oil prices also contributed to price pressures during a temporary US drought related grain price uptick. Latin America registered some of the sharpest increases in real domestic maize prices affecting food price inflation and contributing to a temporary acceleration of the headline inflation in the third quarter of 2012 to 7 percent. The headline inflation in Uruguay accelerated to 7.5 percent (y/y) in December well above the central bank's 4-6 percent targeted range prompting the central bank to increase the policy rates to 9.25 percent and the government to implement a set of administrative and fiscal measures (e.g. seek an agreement with the country's supermarkets to reduce the price of 200 basic staples by 10 percent and to consider lowering tariffs and taxes on basic foodstuff) to contain the price hike.

Peru managed to achieve strong growth and low inflation (2.7 percent y/y in December - within the Central Bank's target band of 1-3 percent). Chile and Columbia have been successful in maintaining relatively low inflation during the recent volatile economic cycle due to effective counter-cyclical policies. Moderate price pressures allowed Columbia to cut the policy rates in November and late December to provide additional stimulus to the economy. Inflation remains high in Venezuela and Argentina reflecting expansionary policies.

Figure LAC.2 Monetary policy has been on hold in several countries



Sources: World Bank, Bloomberg, and Datastream.

Capital flows return were buoyant in the second half of 2012

Overall capital flows to the region have remained strong helped by intensifying search for higher yields, renewed prospects of appreciation of select local currencies, and still favorable commodity prices. Net private capital inflows rose slightly to an estimated $321 billion in 2012 (or 6.1 percent of GDP), up 7.2 percent from 2011, with net bond financing climbing 11.7 percent to $95 billion (or 1.8 percent of GDP) (table LAC.2). There was a slight increase in FDI inflows as they reached about $167 billion, 5.7 percent above the $158 billion registered in 2011. FDI continues to be the most significant source of financing for the current account in many countries, with Brazil remaining the favored destination of FDI investors in the region—and is the second only to China among developing countries. Short-term debt flows showed some signs of rebound, posting positive net flows of $4.3 billion, but they remain well below a peak of $43.8 billion in 2010. Net portfolio equity inflows rose to $12.2 billion in 2012, after dropping sharply to $7.4 billion in 2011, while net bank lending declining slightly to $41 billion.

Latin America received the largest share of gross capital flows (international bond issuance, cross-border syndicated bank loans, and equity placements) to developing countries this year, accounting for 33 percent of the $412 billion registered in the first ten months of 2012. The robust flows underlined a record pace of bond issuance by region's borrowers, which rose to $91 billion, up about 22 percent year-on-year basis. In fact, Latin American borrowers have dominated the developing-country corporate bond market, constituting nearly half of the total market volume ($158 billion), as they have taken full advantage of the low funding costs and

Table LAC.2 Net capital flows to Latin America and the Caribbean region ($ billions)

	2008	2009	2010	2011	2012e	2013f	2014f	2015f
Capital Inflows	186.0	179.6	328.5	303.9	322.4	326.2	327.1	342.3
Private inflows, net	179.3	161.6	306.1	299.1	320.5	327.1	327.8	344.7
Equity Inflows, net	127.5	126.5	166.6	165.6	179.5	198.0	200.8	214.5
Net FDI inflows	137.2	84.9	125.3	158.3	167.3	182.4	176.3	184.2
Net portfolio equity inflows	-9.7	41.6	41.3	7.4	12.2	15.6	24.5	30.3
Private creditors. Net	51.8	35.1	139.5	133.4	141.0	129.1	127.0	130.2
Bonds	8.9	45.9	72.9	85.2	95.1	72.2	57.7	60.2
Banks	40.8	-1.7	21.7	51.7	41.4	42.7	45.2	51.4
Short-term debt flows	2.6	-8.6	43.8	-3.0	4.3	12.7	23.4	16.5
Other private	-0.5	-0.5	1.1	-0.4	0.2	1.5	0.7	2.1
Official inflows, net	6.7	18.0	22.5	4.8	1.9	-0.9	-0.7	-2.4
World Bank	2.4	6.6	8.3	-2.9	0.4			
IMF	0.0	0.4	1.3	0.2	0.1			
Other official	4.3	11.0	12.9	7.5	1.4			

Note: e = estimate, f = forecast

/a Combination of errors and omissions, unidentifed capital inflows to and outflows from developing countries.

Source: World Bank.

unprecedented investor demand. In terms of sectoral distribution, banks and oil & gas are especially over-represented with a combined share of about 60 percent. For example, Brazilian oil company Petrobras has raised more than $10 billion through two bond offerings in February and September. In contrast, bank lending and equity issuance fell sharply this year as companies continued to move away from the higher borrowing costs in the bank markets (and turned to the bond market instead), and region's stocks markets remained fragile following global equity-market sell-offs in 2011.

Economic outlook

Growth is accelerating starting with the final quarter of 2012

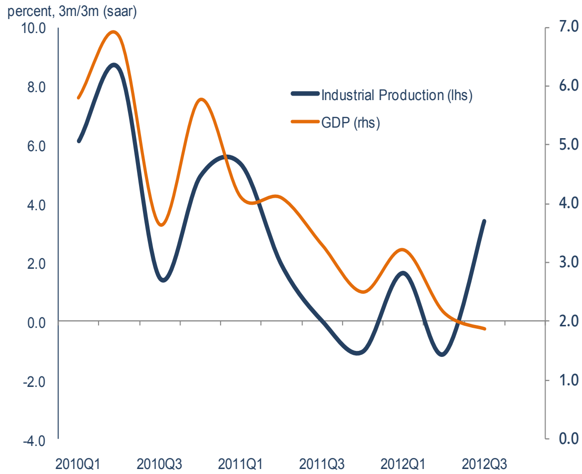
Overall growth in the region is expected to accelerate to 3.5 percent in 2013 and average about 3.9 percent over the 2014-15 period.

Already there are indications that growth has bottomed-out in the second/third quarter of the year. Historically there has been a strong correlation between industrial production and GDP growth rates (figure LAC.3). With industrial production growth increasing from -1.3 percent in the second quarter to 3.4 percent in the third quarter – the highest industrial production growth rate in 6 quarters – a (modest) rebound in GDP growth is expected.

Furthermore, a more accommodative environment in some of the larger economies in the region in conjunction with stronger external demand should lift growth in 2013, while sound macroeconomic policies, robust domestic demand and stronger external demand should support growth over the medium term. Particularly in Brazil, the benefits of lower interest rates are expected to start kicking-in during the course of the year, which should underpin stronger domestic demand growth.

However, this will to some extend be countered by the reshaping of demand in China away from investments and exports towards domestic consumption and manufacturing, and will affect commodity exporters in the region that rely on Chinese demand as the main growth engine. Most commodity prices are expected to decline marginally in 2013, due to weaker demand, and in some cases improved efficiency, lower intensity of use and substitution. On an annual basis, oil prices are an exception, as it is expected to remain relatively stable at high levels. Non-oil commodity prices are forecast to decline, while manufacturing prices are expected to recover somewhat after declining in 2012. This means that, on one hand, the terms of trade

Figure LAC.3 GDP growth to follow revival in industrial production



Source: World Bank.

for non-oil commodity exporters will deteriorate while, on other hand, the terms of trade will improve for their non-commodity sectors as their currencies depreciate. Marginal improvements in terms of trade for oil exporters and manufacturing exporters could be expected as well (see Commodity Annex).

Growth in Brazil is forecast to accelerate to 3.4 percent in 2013, boosted by stimulative monetary and fiscal policies whose full effects have not yet been felt (table LAC.3). Growth will also benefit from 2012-second half carryover effects. The slowdown of credit growth is expected to subtract from growth however, as will a slightly less favorable terms of trade.

Lower interest rates should reduce interest payments releasing resources for countercyclical measures over the medium term. Efforts by the government to improve the efficiency of the economy by reducing Custo Brazil (high input costs and tax burden, heavy bureaucracy and inadequate infrastructure) should support potential GDP over the medium term notwithstanding a deceleration in labor force growth.

The end of tax exemptions and the lagged pass-through of past depreciations will put upward pressure on core inflation in 2013 in Brazil. But this should be countered by cuts in electricity tariffs (while also helping support to the manufacturing sector as tariffs will be cut 28 percent for industrial users). Also, the somewhat below potential growth will also help curtail inflationary pressures.

Growth in Mexico is also forecast to slow to from an estimated 4 percent in 2012 to 3.3 percent in 2013, primarily due to negative 2012 base effects (i.e., exceptionally strong growth in the first part of 2012), but also as the economy is impacted by still sluggish US growth. On the other hand, the approval of labor reforms is expected to support growth by lowering the cost of hiring and firing, encouraging job creation including temporary and part-time jobs that could lead to an increase in participation rate. The ministry of Labor estimates 400,000 jobs would be created yearly as a result of labor market reform. Growth in other countries with strong macroeconomic frameworks and competitive economies is expected to exceed the regional average, with Colombia and Chile growing in around 4 percent or more, with domestic demand showing strong dynamism, in particular private investment.

Growth performance among other commodity exporters will be mixed. In Argentina expectations of a record harvest next season and high international prices for its soft commodities exports, along with a recovery in Brazil's domestic demand are expected to support growth of 3.4 percent in 2013, while continued weakness in consumer and business sentiment and policy uncertainties will constrain growth. Over the medium term Argentina's economic performance is likely to be affected by interventionist policies, weaker business environment and consumer sentiment, as well as growing imbalances. Changes to the Central Bank Charter in March 2012 increased the limit on Central Bank credits to fiscal authorities, in effect increasing the ability of the Central Bank to monetize government's deficits. The deterioration in fiscal balances and external accounts is limiting Argentina's ability (policy room) to respond to global or domestic shocks in a countercyclical manner. Difficulties in financing government deficits at both federal and state level are expected to lead to a tightening of fiscal spending in coming years, especially if prices of soft commodities decline. Paraguay's economy is expected to recover from the 2012 recession, as agricultural output improves sharply and as Brazilian demand recovers. GDP is expected to continue to slow in energy exporters such as Bolivia, Venezuela, and Ecuador as government spending growth eases. In Peru, growth will remain relatively steady at around 6 percent over the forecast period.

The expansion in Central America is expected to slow somewhat due to relatively weak performance in the U.S., notwithstanding a more expansionary fiscal stance in some of the economies. An incipient modest recovery in the U.S. housing sector will provide some support to remittances although sluggish improvement in labor markets and lower net migration to the U.S. will keep remittances growth subdued. Private consumption will also be affected by higher food and energy prices. Panama is forecast to remain the fastest growing economy in Latin America, expanding 7.5 percent in 2013, with growth driven by the expansion of the Panama Canal and several other large investment projects, including the Panama City project.

Growth in the Caribbean is expected to strengthen slightly to 3.8 percent in 2013, mostly on account of improving performance in the Dominican Republic. Growth in other countries in the sub-region will continue to be constrained by high debt levels, and relatively weak remittances and tourism revenues, despite a pick-up in tourist arrivals. Large debt and current account deficits will continue to constrain growth in the sub-region.

Current account balances are expected to deteriorate in the region overall as terms of trade deteriorate for some of the larger economies in the region, while stronger domestic demand and a loss of competitiveness fuel imports.

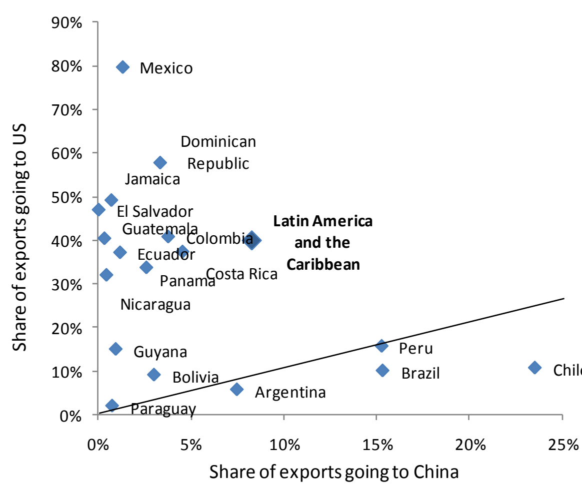
Risks and vulnerabilities

The region remains vulnerable to an uncertain external environment, an increased exposure to East Asia, and to country-specific factors.

A main risk to the global economy is still posed by the possibility of a marked deterioration in conditions in Euro area, although this scenario is less likely than only a few months ago. In such a scenario, global demand and demand for commodities would be significantly weaker than in the baseline, negatively affecting commodity prices, incomes, fiscal balances and GDP in particular in commodity exporting countries. If it unfolds this risk could cut Latin America and the Caribbean regional growth by 1.2 percent in 2013 and 0.8 percent in 2014 (see discussion in main text).

The US fiscal policy paralysis is another imminent risk for countries in this region. Failure to address fiscal problems in the US would result into a sharp 1.8 cut in the US growth in 2013 relative to the baseline through a considerable fiscal drag on the US economy. Direct impact of such scenario is as strong (an estimated reduction of 1.2 percent of GDP in 2013 and 0.4 percent in 2013), with regional oil and metal exporters hit harder due to weaker commodity prices as well as economies dependent remittances from the US.

Figure LAC.4 Region's trade exposure to the US and China (average 2009-2011)



Source: UN Comtrade and World Bank.

As the region, particularly South America, has become increasingly reliant on exports to East Asia, prospects in that region and China in particular are increasingly important (figure LAC.4). The risk of a stronger-than-expected deceleration in China is another downside risk for commodity exporting countries in particular.

Domestic imbalances and/or policy errors could also be detrimental to growth in selected economies in the region. In the Caribbean countries with weak financial systems a sharp slowdown in growth would result in a marked deterioration in credit quality that could further impair growth.

A possible return of hot money to the region may complicate the fine-tuning of policy in financially integrated economies in the region, resulting in currency appreciation. Over the medium term expectations of costlier capital could limit investment and growth (Global Economic Prospects 2010).

Table LAC.3 Latin America and the Caribbean country forecasts

				Est.	Forecast		
	00-09[a]	2010	2011	2012	2013	2014	2015
Argentina							
GDP at market prices (% annual growth) [b]	3.4	9.2	8.9	2.0	3.4	4.1	4.0
Current account bal/GDP (%)	2.7	0.8	0.0	1.1	0.3	-0.1	-0.5
Antigua and Barbuda							
GDP at market prices (% annual growth) [b]	3.4	-8.9	-5.5	1.0	1.5	3.2	3.4
Current account bal/GDP (%)	-15.4	-12.8	-10.7	-11.4	-12.2	-14.6	-16.2
Belize							
GDP at market prices (% annual growth) [b]	3.6	2.9	2.0	4.0	2.8	2.6	2.9
Current account bal/GDP (%)	-12.9	-2.9	-2.5	-2.3	-2.4	-2.6	-2.8
Bolivia							
GDP at market prices (% annual growth) [b]	3.4	4.1	5.2	4.7	4.4	4.1	3.9
Current account bal/GDP (%)	3.7	4.9	2.7	4.3	3.7	3.2	2.4
Brazil							
GDP at market prices (% annual growth) [b]	2.9	7.5	2.7	0.9	3.4	4.1	4.0
Current account bal/GDP (%)	-0.7	-2.2	-2.1	-2.5	-2.6	-2.8	-3.1
Chile							
GDP at market prices (% annual growth) [b]	3.3	6.1	6.0	5.8	5.1	4.5	4.7
Current account bal/GDP (%)	0.7	1.5	-1.3	-2.9	-2.8	-2.8	-2.7
Colombia							
GDP at market prices (% annual growth) [b]	3.7	4.0	5.9	3.5	3.8	4.1	4.2
Current account bal/GDP (%)	-1.4	-3.1	-2.9	-4.2	-4.4	-4.1	-3.0
Costa Rica							
GDP at market prices (% annual growth) [b]	3.8	4.7	4.2	4.6	4.0	4.3	4.4
Current account bal/GDP (%)	-5.0	-3.5	-5.3	-5.5	-5.3	-5.2	-5.4
Dominica							
GDP at market prices (% annual growth) [b]	2.4	0.1	0.9	0.4	1.2	1.5	1.7
Current account bal/GDP (%)	-18.2	-20.8	-16.0	-13.3	-13.7	-13.8	-14.1
Dominican Republic							
GDP at market prices (% annual growth) [b]	4.5	7.8	4.5	3.0	4.3	4.5	4.8
Current account bal/GDP (%)	-2.6	-8.6	-8.1	-7.2	-6.5	-5.9	-5.9
Ecuador							
GDP at market prices (% annual growth) [b]	4.2	3.3	8.0	4.5	3.9	3.3	3.3
Current account bal/GDP (%)	1.0	-2.4	-0.3	-0.4	2.6	-0.6	-2.9
El Salvador							
GDP at market prices (% annual growth) [b]	1.7	1.4	1.5	1.8	2.3	2.9	2.8
Current account bal/GDP (%)	-3.8	-3.1	-5.4	-5.0	-4.4	-3.7	-3.4
Guatemala							
GDP at market prices (% annual growth) [b]	3.0	2.8	3.9	3.3	3.5	3.4	3.6
Current account bal/GDP (%)	-4.8	-1.5	-3.2	-3.5	-3.6	-3.8	-3.8
Guyana							
GDP at market prices (% annual growth) [b]	2.1	3.6	5.2	4.2	4.8	4.6	4.5
Current account bal/GDP (%)	-9.0	-7.2	-8.6	-14.0	-15.8	-17.1	-18.2
Honduras							
GDP at market prices (% annual growth) [b]	3.8	2.8	3.4	3.3	3.7	3.9	3.7
Current account bal/GDP (%)	-6.4	-6.2	-8.7	-9.4	-9.3	-8.9	-8.5
Haiti							
GDP at market prices (% annual growth) [b]	0.6	-5.4	5.6	2.2	6.0	4.2	4.2
Current account bal/GDP (%)	-20.7	-2.5	-4.6	-4.2	-5.2	-5.0	-4.7

	00-09[a]	2010	2011	Est. 2012	Forecast 2013	2014	2015
Jamaica							
GDP at market prices (% annual growth) [b]	1.0	-1.5	1.3	-0.3	1.0	1.6	1.6
Current account bal/GDP (%)	-10.3	-6.9	-14.1	-12.0	-11.6	-12.1	-10.2
Mexico							
GDP at market prices (% annual growth) [b]	1.2	5.6	3.9	4.0	3.3	3.6	3.6
Current account bal/GDP (%)	-1.5	-0.4	-1.0	-1.3	-1.0	-0.6	-0.6
Nicaragua							
GDP at market prices (% annual growth) [b]	2.8	3.1	5.1	4.0	4.2	4.4	4.6
Current account bal/GDP (%)	-17.5	-10.5	-14.2	-17.6	-15.7	-13.7	-11.8
Panama							
GDP at market prices (% annual growth) [b]	5.6	7.5	10.6	10.0	7.5	7.0	6.5
Current account bal/GDP (%)	-4.8	-10.8	-11.3	-9.8	-10.6	-10.7	-10.5
Peru							
GDP at market prices (% annual growth) [b]	4.8	8.8	6.9	6.3	5.8	6.0	6.0
Current account bal/GDP (%)	-0.7	-2.5	-1.9	-3.9	-4.1	-3.8	-4.0
Paraguay							
GDP at market prices (% annual growth) [b]	2.5	15.0	4.0	-1.0	8.5	4.6	4.7
Current account bal/GDP (%)	0.2	-3.6	-1.2	-2.5	-1.3	-1.6	-1.4
St. Lucia							
GDP at market prices (% annual growth) [b]	2.1	3.4	1.2	0.7	1.2	1.7	2.0
Current account bal/GDP (%)	-19.6	-13.7	-23.2	-24.1	-20.8	-19.2	-18.7
St. Vincent and the Grenadines							
GDP at market prices (% annual growth) [b]	2.8	-1.8	0.0	1.2	1.5	2.5	3.0
Current account bal/GDP (%)	-18.9	-31.6	-30.1	-27.2	-25.9	-23.8	-20.5
Suriname							
GDP at market prices (% annual growth) [b]	4.2	4.1	4.7	4.0	4.5	4.5	5.0
Current account bal/GDP (%)	9.9	6.4	5.5	-0.1	-2.1	-4.1	-1.3
Uruguay							
GDP at market prices (% annual growth) [b]	2.1	8.9	5.7	4.0	4.0	4.0	4.0
Current account bal/GDP (%)	-1.3	-1.9	-2.8	-4.5	-4.7	-2.7	-2.6
Venezuela, RB							
GDP at market prices (% annual growth) [b]	3.3	-1.5	4.2	5.2	1.8	2.0	2.0
Current account bal/GDP (%)	10.0	3.1	8.7	5.3	6.4	6.1	6.0

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. GDP measured in constant 2005 U.S. dollars.

Source: World Bank.