

Bank of America Forecasting 1.3% Growth for Brazil This Year

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The economies of Latin America are forecasted to expand 0.7% this year, well below the 4.2% of 2008, but a surprising performance, if proved right, when all major economies face negative estimates.

A report from the Bank of America-Merrill Lynch says this would be the lowest expansion of the region since the credit crisis of 2002, which saw the melting of the Argentine economy and contagion expand to neighboring countries.

Regional growth will be led by Peru, with an estimated expansion of 4.1% in 2009, while in the other end Mexico is expected to undergo a contraction of 1.5%, according to economist Felipe Llanes from Merrill Lynch Latinamerica.

Brazilian GDP is expected to expand 1.3% this year while Argentina and Chile will grow 1.6% and Colombia 2%.

"Annual growth in most countries of the region will bottom out in the third quarter of 2009, although for a few it will extend until the fourth quarter," said the report.

Nevertheless, "we don't see a gradual recovery until 2010, with regional growth reaching 3.1%, which is still below its potential," added the report from Llanes.

Regarding inflation, consumer prices in the region are estimated to average 4.3% in 2009 and again 4.3% in 2010, which is considerably modest compared to the 6.6% of 2008.

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