Economic overview

The average forecasted growth for the region is 4%, showing a strong rebound to the effects of the economic crisis. Brazil and Peru show the strongest growth at 6%, whereas Mexico has re-bounded to the greatest extent, moving from a 6.5% contraction in ’09 to a growth prediction of almost 4% in 2010.

Export growth has resulted in a large trade surplus throughout most of Latin America. This, along with Government’s tight fiscal policies, have resulted in budget surpluses and declining public debt in many of these economies.

Commodities are an integral part of Latin American economies, which control a large proportion of the world’s natural resource reserves. The booming international commodity market will reinforce Latin America’s exports and help their future economic growth.

It is not just the export market which is set to grow, Latin America’s internal consumer market is burgeoning and as a result there is an increased demand for a variety of products and services. Brazil’s middle class is an emerging consumer group that has developed out of Brazil’s economic prosperity in recent years. This consumer group is investing considerable resources back into the country, most notably the stock market and service sector.

In comparison to other emerging markets, most Latin American EMs have a stable Government with a focus on economic growth.
### Reasons to invest

- Latin America has flourished under a favourable economic climate in the last few years
- Brazil is the world’s largest exporter of beef, producer of sugar, coffee and citrus juice
- Mexico is the 6th largest producer of oil
- Chile is the largest copper producer (35% of the world’s copper)
- Brazil is the world’s third largest mobile phone market and fourth largest computer market
- Brazil is the world’s largest manufacturer of commercial jets and has the second largest mining company in the world by market capitalisation
- Chile is South America’s most stable nation. Within the greater Latin American context, it leads in terms of competitiveness, political stability, globalisation, economic freedom, low perception of corruption and comparatively low poverty rates
- Each country of Latin America has a different catalyst driving its economy:
  - Venezuela and Bolivia – oil and natural gas
  - Peru – service sector
  - Chile – copper
  - Mexico – agriculture, oil and manufacturing
  - Argentina – ‘soft commodities’ such as sugar, coffee, cotton and beef
  - Brazil – the continent’s largest economy with strong industrial markets, a large manufacturing base and a wealth of ‘soft commodities’
Contact Details

Further information about HSBC’s emerging markets investment solutions can be found at [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com)

Alternatively, you can contact your local HSBC adviser in any HSBC branch.