



# Latin American Spotlight - Update

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Dresdner Bank Lateinamerika AG  
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# LATIN AMERICA: WINDFALL PROFITS



## ANNUAL FIGURES AND FORECASTS

LATIN AMERICA (20 countries)		2001	2002	2003	2004f	2005f
<b>DOMESTIC ECONOMY</b>						
GDP change (real)	%	0.5	-0.1	1.1	3.6	3.3
GDP	US\$ bn	1894	1653	1689	1823	1861
Inflation (year-end)	%	5.6	11.0	6.6	6.2	5.6
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	348	351	381	414	429
Merchandise imports	US\$ bn	352	330	341	375	403
Trade balance	US\$ bn	-4.2	20.9	39.7	39.1	26.2
Current account balance	US\$ bn	-53.1	-14.9	6.4	1.4	-15.7
Current account balance	% GDP	-2.8	-0.9	0.4	0.1	-0.8
Net direct investment ***	US\$ bn	69.1	42.6	30.7	38.4	39.3
Foreign exchange reserves, year-end	US\$ bn	167	151	194	215	224
Import cover **	months	4.1	4.0	5.0	5.0	4.8
<b>FOREIGN DEBT</b>						
Gross foreign debt	US\$ bn	742	746	768	763	754
Foreign debt	% exports**	176	179	176	159	150
Short-term foreign debt	US\$ bn	114	117	138	148	152
Foreign debt amortization	US\$ bn	98	95	124	119	92
Foreign debt service	US\$ bn	151	143	169	164	142
Foreign debt service	% exports**	36	34	39	34	28
<b>FINANCIAL MARKETS (year-end)</b>						
IFCI stock index (US\$ based, 2004: 04/15)		520	516	676	708	
Bond market yield spread (2004: 04/15)*	bps	692	823	431	490	

\*JPM Latin America-Eurobond-Portfolio \*\*goods & services \*\*\*Mexico & Brazil: only foreign direct investment; e=estimate; f=forecast

Latin America's dependency on primary goods is often seen as a handicap. Given the current price cycle of primary goods, however, the orientation toward commodities and agricultural products is generating high windfall profits, proving to be beneficial to the current economic upturn and the region's macro-economic stabilization. We assume that prices will not fall in the near future since the strong demand from Asia, particularly China, is likely to continue for the time being and the economic upturn of the other driving force in the global economy, the U.S., seems to have stabilized. The political uncertainty in Iraq and Venezuela is another contributing factor to the rise in crude oil prices.

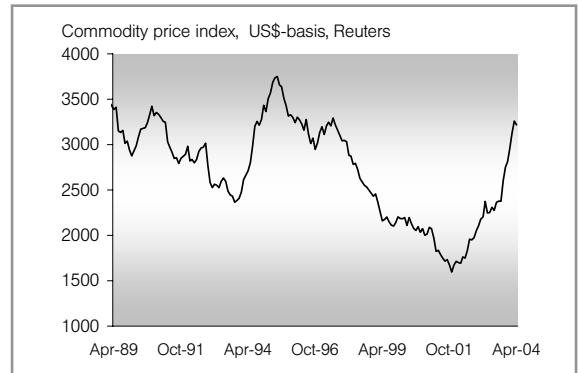
As a rule, most Latin American countries benefit from three effects of the high prices of primary goods: a) export revenues are rising and provide relief to the current account; the foreign currency liquidity situation of the countries is improving. Examples of this are Argentina (crude oil and soya), Brazil (soya and other agricultural produce) as well as Venezuela and Mexico (crude oil). All of these countries stockpiled their foreign-currency reserves, making their economies less vulnerable to external shocks in the process. b) The additional income from export revenues provides an incentive to consumption and investments, thus generating substantial growth impetus. In Chile, for example, (the world's key copper exporter) the copper price trend and GDP growth are evidently in sync (see chart). c) In many cases, public finances ultimately depend on revenues from primary goods, particularly crude oil. In Mexico, revenues generated from crude oil production account for approx. 30% of total government revenues. 50% of Venezuela's budget is financed by the crude oil sector while in Ecuador this amounts to 20% and in Colombia to approx. 10%. This not only provides the governments with a greater scope for spending but above all with the opportunity to reduce their public debt, which is frequently the source of macro-economic instability. Some governments are taking advantage of the favorable climate in the global economy to implement additional structural reforms in order to stabilize their local economies and strengthen their competitiveness. Colombia, for instance, is continuing its efforts to place public finances on a more solid footing (pension and tax reforms are being planned), a comprehensive tax reform remains on Brazil's agenda and Ecuador is likewise making efforts in cooperation with the IMF to strengthen the country's institutions.

But not all of them are taking advantage of the propitious moment: Argentina continues to tackle major problems (the banking sector, debt rescheduling, the energy sector) only with great hesitation. And in Mexico the opposition continues to block crucial reforms; the standstill in reforms that is now in its second year is likely to continue until 2006 (presidential elections).

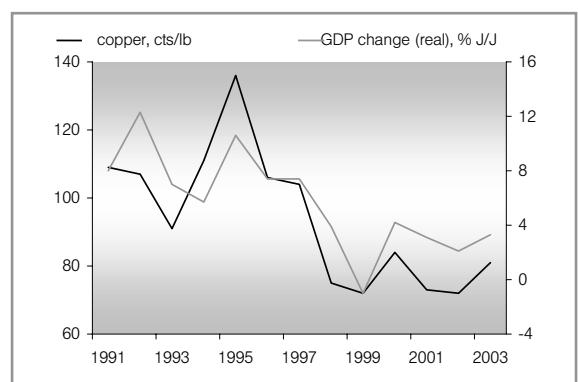
All in all, Latin America's GDP is set to rise by 3.6% with the largest growth contributions coming from Brazil (3.5%), Argentina (6.5%) and Venezuela (6%). Mexico's economic growth rate will most probably remain below average, at 2.8%.

Dr. Cyrus de la Rubia +49 40 3595 3889

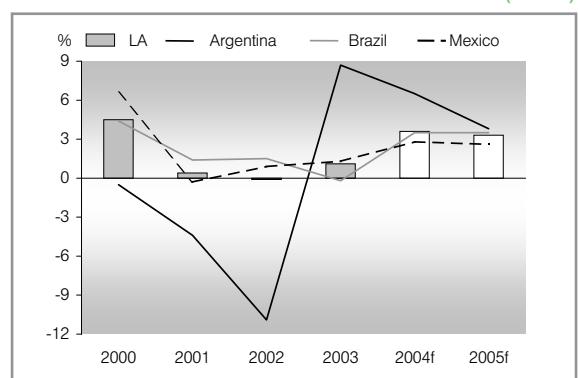
### COMMODITY PRICES



### CHILE GDP CHANGE & COPPER PRICES



### GDP CHANGE (REAL)



# LATIN AMERICA AT A GLANCE

DOMESTIC ECONOMY	GDP change			Inflation			Budget balance		
	in % (real)			in % (year-end)			in % of GDP		
	2003e	2004f	2005f	2003e	2004f	2005f	2003e	2004f	2005f
Argentina	8.7	6.5	3.8	3.7	8.0	8.0	1.2	1.6	1.5
Bolivia	2.3	2.0	3.0	3.9	3.0	4.5	-9.0	-8.0	-6.0
Brazil	-0.2	3.5	3.5	9.3	6.4	5.2	-5.2	-2.6	-2.3
Chile	3.3	4.8	4.5	1.1	2.1	3.0	-1.0	0.2	0.4
Colombia	3.7	4.0	3.7	6.5	6.0	6.5	-2.8	-2.8	-2.5
Costa Rica	5.6	4.8	4.5	9.9	9.5	8.5	-4.5	-3.8	-3.5
Dominican Republic	-0.4	0.2	2.5	42.8	18.0	10.0	-3.5	-2.4	-1.0
Ecuador	2.7	4.8	2.9	6.1	4.2	0.9	1.1	1.5	-0.7
El Salvador	1.8	2.9	2.4	2.5	2.2	2.4	-1.3	-1.7	-1.4
Guatemala	2.1	2.8	2.5	5.9	6.0	5.0	-2.2	-2.0	-1.5
Honduras	3.2	3.4	3.9	6.8	6.8	6.3	-4.7	-3.6	-2.7
Jamaica	2.0	1.5	1.5	13.0	11.0	15.0	-8.0	-6.0	-6.0
Mexico	1.3	2.8	2.6	4.0	3.9	3.5	-0.6	-0.3	-0.3
Nicaragua	2.3	3.4	3.6	6.5	4.5	4.3	-13.5	-11.0	-9.0
Panama	4.1	3.5	2.3	1.4	1.7	1.0	-2.8	-2.7	-2.5
Paraguay	2.6	2.5	2.5	15.0	5.0	4.5	-2.9	-1.8	-2.0
Peru	4.0	3.8	3.7	1.8	2.3	2.2	-1.9	-1.8	-2.1
Trinidad & Tobago	3.4	5.0	6.0	3.5	4.5	4.0	0.7	-0.5	-0.5
Uruguay	2.5	6.5	3.5	10.4	6.5	7.0	-3.3	-3.0	-2.8
Venezuela	-9.2	6.0	5.0	27.1	30.0	27.8	-3.6	-4.5	-3.2
Latin America (20 countries)	1.1	3.6	3.3	6.6	6.2	5.6			
EXTERNAL SECTOR	Current account balance			Import cover			Gross foreign debt		
FOREIGN DEBT	in % of GDP			in months*			in % of exports*		
	2003e	2004f	2005f	2003e	2004f	2005f	2003e	2004f	2005f
Argentina	6.2	2.2	1.1	5.8	5.6	5.6	410	374	363
Bolivia	-2.3	-2.0	-1.1	3.7	3.5	3.4	287	269	259
Brazil	0.8	0.6	0.1	7.2	7.1	7.4	264	237	220
Chile	-0.8	1.6	-1.6	6.9	6.2	6.0	164	135	143
Colombia	-1.8	-1.3	-1.7	6.4	6.3	6.2	251	228	212
Costa Rica	-5.5	-5.8	-4.9	2.2	2.0	2.1	65	58	58
Dominican Republic	5.9	10.2	6.0	0.3	0.6	0.6	71	74	73
Ecuador	-1.7	-2.0	-2.0	1.0	1.2	0.9	233	226	208
El Salvador	-5.2	-4.9	-4.0	3.4	3.0	2.8	159	153	150
Guatemala	-4.1	-4.8	-4.6	4.7	4.6	4.6	109	109	109
Honduras	-3.8	-6.1	-5.2	4.2	3.9	3.9	204	195	167
Jamaica	-12.6	-12.2	-10.4	2.4	2.4	2.1	142	138	135
Mexico	-1.5	-1.8	-2.4	3.4	3.5	3.3	89	83	80
Nicaragua	-34.3	-31.6	-29.7	2.7	3.1	3.8	632	231	213
Panama	-0.9	-1.5	-1.4	1.3	1.2	1.1	97	96	97
Paraguay	8.9	6.6	2.9	2.8	2.8	3.2	87	85	85
Peru	-1.5	0.0	0.3	9.7	9.4	9.3	256	238	204
Trinidad & Tobago	9.9	8.8	7.1	6.1	6.6	6.8	46	45	46
Uruguay	1.2	1.0	1.1	7.7	7.6	8.6	325	296	288
Venezuela	11.6	10.3	4.7	11.7	11.5	9.8	124	122	124
Latin America (20 countries)	0.4	0.1	-0.8	5.0	5.0	4.8	176	159	150

\* goods and services

f=forecast

# ARGENTINA

Over the past years Argentina has not invested enough to maintain its capital stock. Bottlenecks of the kind currently experienced in the energy sector will therefore dampen the pace of economic growth in the course of the year. However, as the production level is still very low, corresponding roughly to that of 1997, GDP should nevertheless rise by 6.5% for the year as a whole following +8.7% in 2003. Due to bottlenecks and the monetary expansion (resulting from interventions in the forex market to stop the appreciation of the peso) the inflation rate is set to rise from just over 2% (year-on-year) at present to approx. 8% at the end of 2004. In spite of the very relaxed budget situation the Argentinean government does not seem to be willing to make compromises regarding the debt rescheduling of government bonds. Talks with bondholder groups initiated in April are likely to lead only to small progress.

## ANNUAL FIGURES AND FORECASTS

ARGENTINA		2001	2002	2003	2004f	2005f
<b>DOMESTIC ECONOMY</b>						
GDP change (real)	%	-4.4	-10.9	8.7	6.5	3.8
GDP	US\$ bn	269	99	127	147	156
Inflation (year-end)	%	-1.5	41.0	3.7	8.0	8.0
Inflation (average)	%	-1.1	25.9	13.4	5.0	8.5
<b>PUBLIC SECTOR</b>						
Budget balance, central government	% GDP	-3.2	-1.4	0.6	1.0	0.9
Budget balance, public sector	% GDP	-5.4	-1.8	1.2	1.6	1.5
Public debt*	% GDP	54	139	140	150	168
Amortization*	US\$ bn	11.9	17.9	19.8	19.8	14.2
Gross financing needs	US\$ bn	20.4	19.2	19.1	18.2	12.8
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	26.7	25.7	29.4	31.7	33.3
Merchandise imports	US\$ bn	19.1	9.5	14.6	20.3	23.3
Trade balance	US\$ bn	7.6	16.2	14.7	11.5	10.0
Current account balance****	US\$ bn	-4.0	9.6	7.9	3.3	1.7
Current account balance****	% GDP	-1.5	9.7	6.2	2.2	1.1
Net direct investment	US\$ bn	4.1	1.7	-0.3	0.0	1.5
Foreign exchange reserves, year-end	US\$ bn	14.6	10.5	14.1	17.0	18.5
Import cover **	months	4.3	5.6	5.8	5.6	5.6
US\$ exchange rate, year-end	Pesos	1.00	3.37	2.93	2.95	3.15
US\$ exchange rate, average	Pesos	1.00	3.15	2.95	2.86	3.04
<b>FOREIGN DEBT *</b>						
Gross foreign debt	US\$ bn	140	134	146	148	150
Foreign debt	% exports**	385	421	410	374	363
Short-term foreign debt	US\$ bn	16.8	23.8	39.7	45.0	48.0
Foreign debt amortization	US\$ bn	22.3	19.7	30.5	22.5	16.5
Foreign debt service	US\$ bn	36.5	29.6	40.1	32.3	26.5
Foreign debt service	% exports**	100	93	113	82	64
<b>FINANCIAL MARKETS (year-end)</b>						
Interbank interest rate, overnight	%	340.0	7.5	2.0	4.0	5.0
Merval stock index (peso based, 2004: 04/15)		209	525	922	1176	
IFCI stock index (US\$ based, 2004: 04/15)		379	265	502	708	
Bond market yield spread (2004: 04/15)***	bps	4404	6229	6463	4712	

\* without rescheduling \*\*goods and services \*\*\*EMBI+ \*\*\*\*incl. interest payment due

e=estimate f=forecast

**Domestic policy:** The party congress held at the beginning of April once again exposed the discord prevailing within the ruling Peronist party. While president Kirchner did not attend the congress, some of his opponents were elected to fill key party positions. All in all, however, we do not think that Kirchner's position has weakened on a permanent basis since he continues to enjoy the support from influential provincial governors and his popularity among the population remains high. This is unlikely to change for the time being since we expect economic growth to remain high and the government's hard-line stance towards the IMF and the country's bond creditors to continue, which has met with high approval ratings among the population. Likewise, the dissatisfaction with the high crime rate resulting in mass protests has thus far been primarily directed at the administration (police and the courts) and not so much at the government itself.

**Public finances:** In the first quarter of 2004, tax revenues rose by 35.7% (year-on-year). Thus the primary surplus target of 1.1 billion pesos agreed with the IMF was already substantially exceeded with a figure of 2.6 billion pesos in the first two months of this year. Argentina's government, however, continues to reject an increase of fiscal targets. Instead, it is likely to implement further tax reliefs and increase public spending. We continue to believe that the talks being held with bondholder groups are unlikely to yield tangible results. Argentina now intends to present a revised debt rescheduling proposal in August 2004 at the latest. GDP-linked bonds, whose interest rate varies in line with the country's economic growth, are to play a key role in this offer.

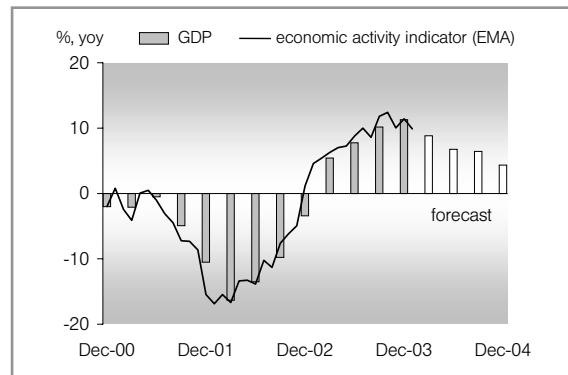
**Economic activity:** The energy crisis is hardly surprising: it is attributable to bottlenecks which, in turn, were caused by the lack of investments due to the price freeze imposed. These and other bottlenecks are bound to slow down economic growth in the course of the year. Nevertheless, due to the unexpectedly dynamic growth in Q4 of 2003 and given our projected economic cycle in 2004, we have revised our growth forecast for 2004 upward from 5.5% to 6.5%.

**Monetary sector:** First signs of an accelerating inflation emerged in March when prices increased 0.6% month-on-month (2.3%, year-on-year). Production bottlenecks, increases in regulated prices and the monetary expansion will cause the inflation rate to rise to approx. 8% in the course of the year.

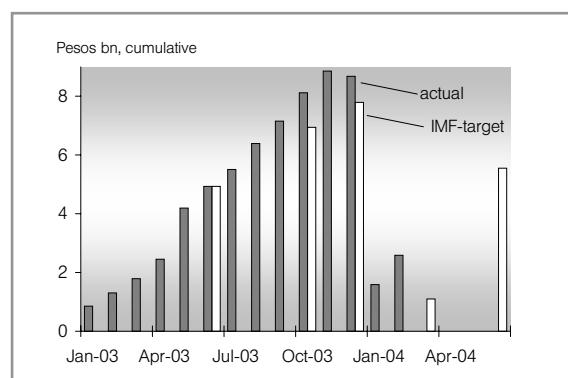
**External sector:** In mid-April, the central bank and the state-owned Banco Nación increasingly intervened in the forex market once again to prevent a further appreciation of the peso. We assume that for the time being the two institutions will succeed in stabilizing the peso at its current level of approx. 2.80 pesos/US\$. This will entail the purchase of more US dollars since export surpluses will remain high until July due to seasonal factors. The sharp growth in imports will also contribute to a decrease in trade surpluses in the second half of the year. We expect a slight depreciation of the peso to 2.95 pesos/US\$ at year-end.

Günter Köhne +49 40 3595 3484

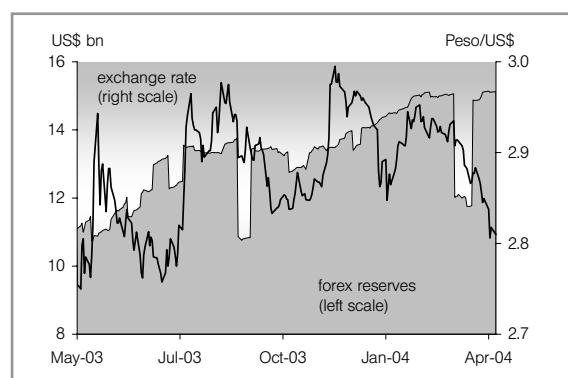
### GDP CHANGE (REAL) AND EMA



### PRIMARY SURPLUS AND IMF TARGETS



### EXCHANGE RATE AND FOREX RESERVES



## MONTHLY AND QUARTERLY FIGURES

ARGENTINA: MONTHLY INDICATORS		Dec-03	Jan-04	Feb-04	Mar-04	next/latest
<b>DOMESTIC ECONOMY</b>						
Economic activity indicator, EMA	% yoy	11.4	<b>9.9</b>			20-Apr
Economic activity indicator, EMA (season. adjust.)	% mom	0.0	<b>0.5</b>			20-Apr
Industrial production	% yoy	12.6	12.2	<b>14.2</b>		19-Apr
Industrial production (seasonally adjusted)	% mom	-2.7	3.2	<b>0.9</b>		19-Apr
Construction	% yoy	31.8	28.3	<b>32.5</b>		27-Apr
Construction (seasonally adjusted)	% mom	-2.3	4.4	<b>3.1</b>		27-Apr
Supermarket sales (real, seasonally adjusted)	% yoy	6.0	<b>5.6</b>	<b>7.6</b>		28-Apr
Supermarket sales (real, seasonally adjusted)	% mom	1.5	<b>-0.4</b>	<b>1.1</b>		28-Apr
Tax revenues	% yoy	40.3	27.8	<b>38.0</b>	<b>39.5</b>	3-May
Budget balance	Pesos mn	-564	<b>1364</b>	<b>-26.1</b>		30-Apr
Primary balance	Pesos mn	-175	<b>1588</b>	<b>996.2</b>		30-Apr
Consumer prices	% yoy	3.7	2.7	<b>2.3</b>	<b>2.3</b>	5-May
Consumer prices	% mom	0.2	0.4	<b>0.1</b>	<b>0.6</b>	5-May
Wholesale prices	% yoy	1.7	-0.3	<b>1.4</b>	<b>0.6</b>	5-May
Overnight peso rate (month-end; latest: 04/15)	%	1.5	1.4	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>
Peso deposits (month-end; latest: 04/07)*	Peso bn	87.0	90.1	<b>90.4</b>	<b>90.3</b>	<b>90.2</b>
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ mn	2409	2279	<b>2386</b>		30-Apr
Merchandise exports	% yoy	21	5	<b>12</b>		30-Apr
Merchandise imports, cif	US\$ mn	1503	1599	<b>1349</b>		30-Apr
Merchandise imports	% yoy	91	100	<b>74</b>		30-Apr
Trade balance	US\$ mn	906	680	<b>1037</b>		30-Apr
Foreign exchange reserves (latest: 04/13)	US\$ bn	14.1	14.9	<b>15.0</b>	<b>15.0</b>	<b>15.1</b>
US\$ exchange rate (latest: 04/15)	Pesos	2.93	2.93	<b>2.92</b>	<b>2.87</b>	<b>2.81</b>
ARGENTINA: QUARTERLY INDICATORS		Q1 03	Q2 03	Q3 03	Q4 03	next /latest
<b>DOMESTIC ECONOMY</b>						
GDP (seasonally adjusted)	% qoq	2.5	2.0	2.8	<b>5.0</b>	17-Jun
GDP	% yoy	5.4	7.7	10.2	<b>11.3</b>	17-Jun
Private consumption	% yoy	3.2	7.0	10.4	<b>11.8</b>	17-Jun
Public consumption	% yoy	-0.2	3.7	1.8	<b>0.3</b>	17-Jun
Private and public investment	% yoy	21.7	33.1	44.9	<b>48.8</b>	17-Jun
Domestic demand	% yoy	6.2	9.5	13.4	<b>14.7</b>	17-Jun
Export (goods and services)	% yoy	5.1	7.9	5.4	<b>7.4</b>	17-Jun
Import (goods and services)	% yoy	15.0	36.2	46.2	<b>52.0</b>	17-Jun
Budget balance, central government	Pesos mn	-198	1622	382	-1	30-Apr
Public debt***	US\$ bn	145.5	152.6	<b>169.6</b>	<b>178.8</b>	30-Apr
<b>EXTERNAL SECTOR</b>						
Current account balance	US\$ bn	2.2	3.0	1.7	<b>1.0</b>	23-Jun
Net foreign direct investment	US\$ bn	0.0	-0.7	-0.1	<b>0.5</b>	23-Jun
Net portfolio investment	US\$ bn	-2.1	-2.2	-0.7	<b>-2.6</b>	23-Jun
Capital account**	US\$ bn	-2.1	-1.4	-0.5	<b>-0.3</b>	23-Jun
Change in foreign reserves	US\$ bn	0.1	1.7	1.2	<b>0.6</b>	23-Jun
Gross foreign debt	US\$ bn	137.0	140.4	<b>140.6</b>	<b>145.6</b>	30-Apr
Short-term foreign debt	US\$ bn	26.7	31.6	<b>35.7</b>	<b>39.7</b>	30-Apr

\* bank deposits of private sector; \*\* incl. residual items \*\*\*without overdue interest and amortization payments

# BRAZIL

While the ongoing boom in exports and the stabilization of direct investments are helping to ensure macro-economic stability, the domestic situation is easing very slowly in the wake of the political scandal (a close aide of the Cabinet's Chief of Staff, Dirceu, apparently having been involved in a donation scandal). The key issue in the months ahead will be whether the hitherto still relatively fragile economic upturn (industrial production in particular has recently shown a disappointing performance) will finally make an impact on the labor market. Otherwise the population's support for the government will continue to crumble, which will have an adverse impact on the reform process. However, there are good reasons for a positive response from the labor market: the decline in domestic interest rates (by 10.5 percentage points since June 2003) is likely to continue; global economic conditions appear to be stabilizing, and commodity prices remain high. We forecast a GDP growth rate of 3.5 % for this year (2003: -0.2%).

## ANNUAL FIGURES AND FORECASTS

BRAZIL		2001	2002	2003	2004f	2005f
<b>DOMESTIC ECONOMY</b>						
GDP change (real)	%	1.4	1.5	-0.2	3.5	3.5
GDP	US\$ bn	505	452	492	559	560
Inflation (year-end)	%	7.7	12.5	9.3	6.4	5.2
Inflation (average)	%	6.8	8.5	14.7	6.0	5.6
<b>PUBLIC SECTOR</b>						
Budget balance, central government	% GDP	-2.1	-0.8	-3.4	-2.0	-1.9
Budget balance, public sector	% GDP	-3.6	-4.7	-5.2	-2.6	-2.3
Public debt (gross)	% GDP	71.4	72.4	82.6	78.6	74.4
Amortization external debt	US\$ bn	n.a.	8.6	22.1	14.1	16.1
Amortization domestic federal debt*	US\$ bn	84	53	72	67	56
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	58.2	60.4	73.1	79.2	83.6
Merchandise imports	US\$ bn	55.6	47.2	48.2	52.8	58.1
Trade balance	US\$ bn	2.6	13.2	24.8	26.3	25.4
Current account balance	US\$ bn	-23.2	-7.7	4.1	3.3	0.5
Current account balance	% GDP	-4.6	-1.7	0.8	0.6	0.1
Net foreign direct investment	US\$ bn	22.6	16.6	10.1	13.0	15.0
Foreign exchange reserves, year-end	US\$ bn	35.7	37.8	50.0	54.2	61.5
Import cover **	months	4.5	5.4	7.2	7.1	7.4
US\$ exchange rate, year-end	Reais	2.32	3.53	2.88	3.10	3.35
US\$ exchange rate, average	Reais	2.33	2.90	3.08	2.97	3.24
<b>FOREIGN DEBT</b>						
Gross foreign debt	US\$ bn	226	225	228	220	207
Foreign debt	% exports**	319	307	264	237	220
Short-term foreign debt	US\$ bn	27.6	22.8	25.0	27.0	26.0
Foreign debt amortization	US\$ bn	35.2	38.9	45.1	48.7	40.6
Foreign debt service	US\$ bn	52.8	54.2	60.8	64.0	55.4
Foreign debt service	% exports**	75	74	71	69	57
<b>FINANCIAL MARKETS (year-end)</b>						
Interbank interest rate, overnight	%	19.0	24.9	16.5	14.0	13.0
Bovespa stock index (real based, 2004: 04/15)		13577	11268	22236	21739	
IFCI stock index (US\$ based, 2004: 04/15)		288	214	439	423	
Bond market yield spread (2004: 04/15)***	bp	870	1439	463	609	

\* incl. short term debt \*\* goods and services \*\*\* EMBI+

e=estimate f=forecast

**Domestic policy:** Even though the political scandal involving a former aide of the cabinet's chief of staff, Dirceu, has now abated, it has weakened the government nonetheless. Dirceu no longer enjoys the same authority as he did in the past. In addition, the weak trend in the labor market is causing increasing dissatisfaction that is also reflected in the government's declining popularity ratings in opinion polls. The opposition is taking advantage of the government's weakness particularly since mayoral elections are scheduled to be held in October.

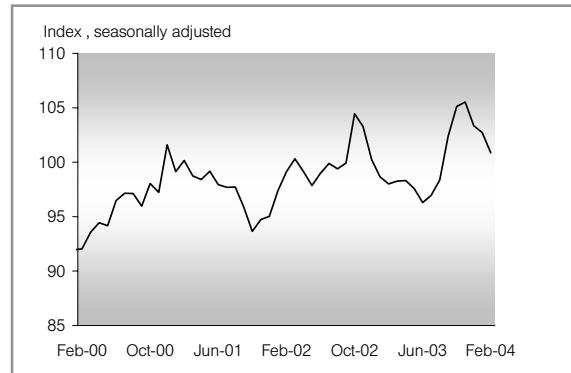
**Fiscal policy:** A decision on the increase in minimum wages currently amounting to BRL 240 should be reached within the next several weeks. We project an increase of BRL 40 (BRL 30 have hitherto been budgeted), which is likely to have a negative impact on the central government budget to the tune of approx. BRL 6 bn or 0.5% of GDP when taking the indirect effects (e.g. on pension payments) into account. Political pressure is likely to prevent a lower wage hike. This additional expenditure should pose no risk to meeting the primary surplus target of 4.25% of GDP for the consolidated public sector.

**Economic activity:** The economic upturn appears to be more fragile than we had previously assumed. According to the recent (revised) figures, industrial production declined by 4.5% between December and February (see chart). On the other hand, it should be noted that automobile production rose sharply in March and that the retail sector is undergoing a further recovery which, following the interest rate cuts still to be expected, is likely to continue. Moreover, external conditions are more favorable now than they have been for a long time. Some commodity prices keep rising, long-term interest rates are still at a low level in spite of the recent hike and the global economic upturn appears to be increasingly gaining momentum. We therefore reaffirm our growth forecast of 3.5%.

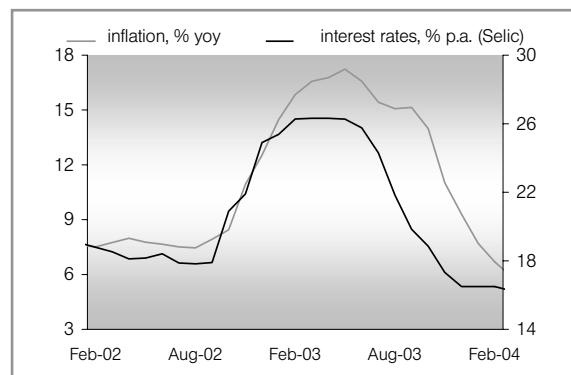
**Monetary sector:** The central bank cut the key lending rate by 25 basis points to 16% for the second time in succession this year. This cautious move must be seen in the light of the core inflation rate of the IPCA index, which rose 0.76% month-on-month in March. We anticipate further cautious interest rate cuts in the forthcoming months and project the key lending rate to stand at 14% by the end of the year. At end-2004, the inflation rate should amount to 6.4%, remaining within the bandwidth of 5.5% +/- 2 percentage points targeted by the central bank.

**External sector:** Exports rose by 16% in the first quarter, last year's boom thus continuing almost unabated. Meanwhile we have raised our forecast for the trade surplus by US\$ 2 billion, to US\$ 26.3 billion, which has also resulted in a revised forecast for the current account surplus (US\$ 3.3 billion; previously US\$ 1.3 billion).

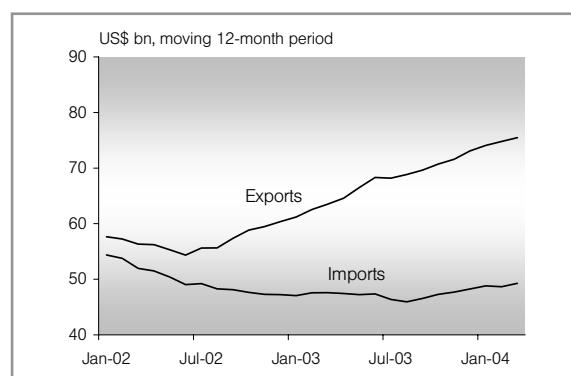
### INDUSTRIAL PRODUCTION



### INFLATION AND INTEREST RATES



### EXTERNAL TRADE



## MONTHLY AND QUARTERLY FIGURES

BRAZIL: MONTHLY INDICATORS		Dec-03	Jan-04	Feb-04	Mar-04	next/latest
<b>DOMESTIC ECONOMY</b>						
Public sector primary balance (ytd)	% of GDP	4.3	5.3	<b>4.0</b>		23-Apr
Public sector balance (ytd)	% of GDP	-5.2	-3.0	<b>-4.2</b>		23-Apr
Central government tax revenues	% yoy	8.7	1.7	4.0	<b>15.6</b>	14-May
Capacity utilization (CNI)	%	80.3	80.4	<b>80.4</b>		27-Apr
Industrial production (IBGE)	% yoy	4.6	3.7	<b>1.8</b>		11-May
Retail sales (IBGE)	% yoy	3.2	<b>6.1</b>			20-Apr
Unemployment rate (IBGE)	%	10.9	11.7	<b>12.0</b>		27-Apr
Consumer prices IPCA	% yoy	9.3	7.7	6.7	<b>5.9</b>	7-May
Consumer prices IPCA	% mom	0.5	0.8	0.6	<b>0.5</b>	7-May
Interbank interest rate (latest: 04/15)*	%	16.5	16.5	16.5	<b>16.3</b>	<b>16.0</b>
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ mn	6748	5800	5722	<b>5920</b>	3-May
Merchandise exports	% yoy	28.7	20.7	14.4	<b>13.0</b>	3-May
Merchandise imports	US\$ mn	3989	4212	3740	<b>4298</b>	3-May
Merchandise imports	% yoy	15.9	15.4	-3.8	<b>16.2</b>	3-May
Trade balance	US\$ mn	2759	1588	1982	<b>1622</b>	3-May
Current account balance	US\$ mn	349	669	<b>196</b>		27-Apr
Net foreign direct investment	US\$ mn	1409	993	<b>1024</b>		27-Apr
Foreign exchange reserves (latest:04/15)*	US\$ bn	49.3	53.3	53.0	<b>51.2</b>	<b>53.0</b>
US\$ exchange rate (latest: 04/15)*	Reais	2.88	2.85	2.90	<b>2.90</b>	<b>2.96</b>
BRAZIL: QUARTERLY INDICATORS		Q1 03	Q2 03	Q3 03	Q4 03	next/latest
<b>DOMESTIC ECONOMY</b>						
GDP	% yoy	1.9	-1.1	-1.5	<b>-0.1</b>	27-May
GDP (s.a.)	% qoq	-0.8	-0.9	0.1	<b>1.5</b>	27-May
Private consumption	% yoy	-3.0	-6.0	-3.7	<b>-0.4</b>	27-May
Public consumption	% yoy	-0.1	1.1	0.9	<b>1.2</b>	27-May
Private and public investment	% yoy	-1.7	-10.5	-9.1	<b>-6.4</b>	27-May
Exports of goods and services	% yoy	18.4	29.9	3.7	<b>6.2</b>	27-May
Imports of goods and services	% yoy	-5.8	-6.0	-5.5	<b>-4.0</b>	27-May
Agriculture	% yoy	-1.7	-10.5	-9.1	<b>-6.4</b>	27-May
Industry	% yoy	18.4	29.9	3.7	<b>6.2</b>	27-May
Services	% yoy	-5.8	-6.0	-5.5	<b>-4.0</b>	27-May
Public debt (gross)	% of GDP	73.2	75.4	79.7	<b>78.2</b>	23-Apr
<b>EXTERNAL SECTOR</b>						
Current account balance	US\$ bn	0.1	0.4	3.3	<b>0.3</b>	27-Apr
Net foreign direct investment	US\$ bn	2.0	1.5	3.0	<b>3.7</b>	27-Apr
Portfolio investment	US\$ bn	1.0	2.5	-0.3	<b>1.7</b>	27-Apr
Capital account **	US\$ bn	3.9	4.0	0.9	<b>-5.0</b>	27-Apr
Change in foreign exchange reserves	US\$ bn	4.0	4.4	4.2	<b>-4.7</b>	27-Apr
Gross foreign debt	US\$ bn	215.3	237	238	<b>235</b>	23-Jun
Short-term foreign debt	US\$ bn	23.6	21.2	18.9	<b>20.2</b>	23-Jun
* month-end	** incl. residual items					

# CHILE

The strong upturn anticipated has evidently materialized: high monthly growth rates of the IMACEC economic indicator in January and February confirm our expectations of a substantial acceleration of GDP growth in the first quarter, with continued low interest rates, high consumer confidence and robust foreign demand indicating that our growth forecast of 4.8% for the current year appears increasingly conservative. Even the uncertainty arising from the reduction of Argentinean gas exports to Chile, which we consider temporary in nature, should not change that (Argentina supplies approx. 90% of the natural gas utilized in Chile). The positive picture is also complemented by the fact that Chile is likely to generate a record trade surplus of US\$ 5.8 billion (6.6% of GDP) in the current year, mainly thanks to copper prices, which will presumably rise by an average of 50% year-on-year.

## ANNUAL FIGURES AND FORECASTS

CHILE		2001	2002	2003	2004f	2005f
<b>DOMESTIC ECONOMY</b>						
GDP change (real)	%	3.4	2.2	3.3	4.8	4.5
GDP	US\$ bn	68.3	67.3	72.2	87.8	91.1
Inflation (year-end)	%	2.6	2.8	1.1	2.1	3.0
Inflation (average)	%	3.6	2.5	2.8	0.4	3.0
<b>PUBLIC SECTOR</b>						
Budget balance, central government	% GDP	-0.3	-0.8	-0.8	0.0	0.3
Budget balance, public sector	% GDP	-0.6	-1.6	-1.0	0.2	0.4
Public debt	% GDP	15.2	15.9	15.5	14.4	13.9
Amortization	US\$ bn	0.8	0.9	0.8	0.8	1.2
Gross financing needs, central government	US\$ bn	1.0	1.4	1.4	0.8	0.9
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	18.3	18.2	21.0	27.1	26.1
Merchandise imports	US\$ bn	16.4	15.9	18.0	21.3	22.4
Trade balance	US\$ bn	1.8	2.2	3.0	5.8	3.7
Current account balance	US\$ bn	-1.1	-0.9	-0.6	1.4	-1.4
Current account balance	% GDP	-1.6	-1.3	-0.8	1.6	-1.6
Net foreign direct investment	US\$ bn	3.0	1.1	1.6	1.5	1.0
Foreign exchange reserves, year-end	US\$ bn	14.4	15.4	15.9	16.6	17.0
Import cover **	months	6.8	7.5	6.9	6.2	6.0
US\$ exchange rate, year-end	Pesos	661	720	593	600	630
US\$ exchange rate, average	Pesos	635	689	691	598	620
<b>FOREIGN DEBT</b>						
Gross foreign debt	US\$ bn	38.5	41.0	43.4	44.5	46.0
Foreign debt	% exports**	161	176	164	135	143
Short-term foreign debt	US\$ bn	5.3	5.8	7.6	8.0	8.5
Foreign debt amortization	US\$ bn	4.1	4.7	6.2	5.6	4.9
Foreign debt service	US\$ bn	5.3	6.0	7.4	6.9	6.3
Foreign debt service	% exports**	22	26	28	21	19
<b>FINANCIAL MARKETS (year-end)</b>						
Base rate, 90 days (PDBC)	%	6.2	2.9	2.3	2.8	4.0
IPSA stock index (peso based, 2004: 4/15)		1183	1000	1405	1459	
IFCI stock index (US\$ based, 2004: 4/15)		479	406	654	716	
Bond market yield spread (2004: 4/15)*	bp	180	193	93	59	

\* 6 7/8 % US\$-Bond (2009)

\*\*goods and services

e=estimate f=forecast

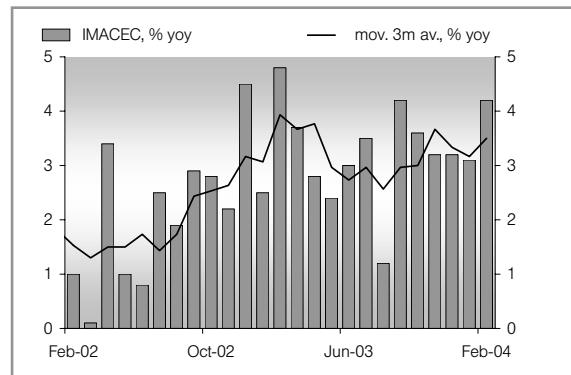
**Fiscal policy:** By substantially reducing investment expenditure and raising the value added tax rate in October, the government was able to confine the central government budget deficit to 0.8% of GDP last year. Due to the positive economic trend, the budget is likely to balance in the current year. This impression is confirmed by the positive budget performance in the first two months of the year.

**Economic activity:** Following a moderate (seasonally adjusted) quarter-on-quarter growth rate of 0.9% in the fourth quarter of 2003, we expect growth to accelerate appreciably in the first quarter of 2004 (forecast: 1.7% quarter-on-quarter, seasonally adjusted). This is suggested by the strong seasonally adjusted growth of the economic indicator IMACEC, which rose by 0.6% and 1.2% in January and February, respectively (month-on-month). Growth is likely to rise year-on-year to 4.2% in the first quarter (Q4 2003: 3.3%). The economic upturn is being underpinned by both domestic (retail sales January/February 2004: +4.6% and +7.4%, respectively, year-on-year) and foreign demand (see below). The conditions for a sustained growth impetus are favorable: foreign demand should remain high and domestic demand is being boosted by a high degree of consumer confidence and favorable labor market trends – the unemployment rate came to 7.4% in February, 0.5 percentage points down on February 2003. We project 4.8 % growth for the year as a whole. The reduction in natural gas imports from Argentina should not jeopardize the situation even though 90% of Chilean gas imports come from Argentina and 40% of electricity is generated from gas. The reduction will be limited for technical reasons, and substitute fuels are available as well.

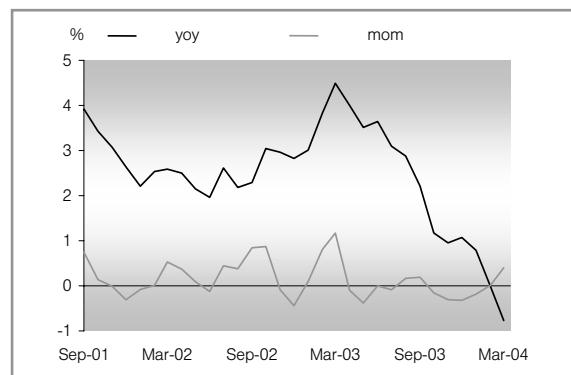
**Monetary sector:** The upturn is not likely to be restricted by monetary policy either for the time being. We expect the central bank to maintain its current key lending rate level of 1.75% until the fourth quarter. While the annual inflation rate, at 0.7%, was negative in March and should only return to positive territory in July, for the first time in six months prices saw a slight month-on-month rise in March (+0.4%). We expect this trend to continue in the forthcoming months not least due to the rationing of gas (December 2004: +2.1%, year-on-year).

**External sector:** On the back of very high copper prices (January-March 2004: +60% year-on-year), exports rose more than one third year-on-year in the first three months. However, non-copper exports grew substantially as well; accordingly, we project a record trade surplus of US\$ 5.8 billion for the year as a whole despite a considerable increase in imports (+18% year-on-year). This should stabilize the peso, which has been trading in a range between 590 and 620 CLP/US\$ in the last several weeks, at its current level in the forthcoming months in spite of the continuing high foreign investments of Chilean corporations and pension funds.

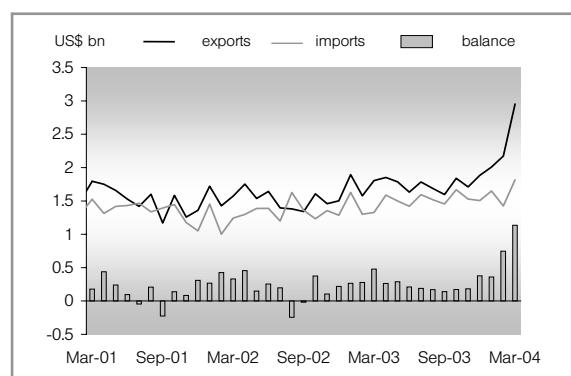
### ECONOMIC ACTIVITY



### INFLATION



### EXTERNAL TRADE



Thomas Pohl +49 40 3595 3481

## MONTHLY AND QUARTERLY FIGURES

CHILE: MONTHLY INDICATORS		Dec-03	Jan-04	Feb-04	Mar-04	next/latest
<b>DOMESTIC ECONOMY</b>						
IMACEC	% yoy	3.2	<b>3.0</b>	<b>4.2</b>		5-May
Industrial production (INE)	% yoy	1.2	<b>1.8</b>	<b>8.0</b>		28-Apr
Mining production	% yoy	-2.3	<b>-2.2</b>	<b>0.2</b>		28-Apr
Retail sales	% yoy	4.0	<b>4.6</b>	<b>7.4</b>		28-Apr
Unemployment rate	%	7.4	<b>7.4</b>	<b>7.4</b>		28-Apr
Employment	mn	5.68	<b>5.68</b>	<b>5.66</b>		28-Apr
Labour cost index	% yoy	0.9	<b>0.2</b>	<b>0.2</b>		4-May
Consumer prices	% yoy	1.1	0.8	<b>0.0</b>	<b>-0.7</b>	4-May
Consumer prices	% mom	-0.3	-0.2	<b>0.0</b>	<b>0.4</b>	4-May
Wholesale prices	% yoy	-1.0	-4.9	<b>-6.7</b>	<b>-6.7</b>	4-May
Wholesale prices	% mom	-1.2	-1.1	<b>0.9</b>	<b>2.2</b>	4-May
Money supply M1	% yoy	17.9	15.7	<b>15.3</b>	<b>7.1</b>	7-May
Base rate, 90 days PDDBC (month-avrg., latest: 4/13)	%	2.58	1.80	<b>1.58</b>	<b>1.57</b>	<b>1.49</b>
Loan rate (average)	%	13.0	12.0	<b>10.8</b>	<b>10.3</b>	7-May
Deposit rate (average)	%	3.0	2.5	<b>2.2</b>	<b>2.0</b>	7-May
Lending to private sector	% yoy	-0.1	<b>-0.5</b>	<b>-2.5</b>		23-Apr
Total financial savings (M7)	% mom	0.6	-0.7	<b>1.3</b>	<b>0.8</b>	7-May
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ mn	1881	2068	<b>2172</b>	<b>2953</b>	7-May
Merchandise exports	% yoy	25.1	9.2	<b>37.8</b>	<b>63.5</b>	7-May
Merchandise imports	US\$ mn	1505	1648	<b>1426</b>	<b>1816</b>	7-May
Merchandise imports	% yoy	14.2	1.3	<b>9.7</b>	<b>36.8</b>	7-May
Trade balance	US\$ mn	376	420	<b>746</b>	<b>1137</b>	7-May
Net foreign direct investment	US\$ mn	-15.9	<b>322.9</b>	<b>730.0</b>		7-May
Portfolio investment (net)	US\$ mn	-622.7	<b>89.8</b>	<b>-284.7</b>		7-May
Copper price (monthly average, latest: 4/15)	US\$ c/lb	99.8	109.9	<b>125.2</b>	<b>134.2</b>	<b>129.1</b>
Foreign exchange reserves*	US\$ bn	15.9	16.0	<b>16.1</b>	<b>16.0</b>	7-May
US\$ exchange rate (latest: 4/15)	CLP	592.6	582.7	<b>591.2</b>	<b>612.4</b>	<b>604.1</b>
CHILE: QUARTERLY INDICATORS		Q1 03	Q2 03	Q3 03	Q4 03	next/latest
<b>DOMESTIC ECONOMY</b>						
GDP	% yoy	3.7	3.0	3.1	<b>3.3</b>	24-May
GDP seasonally adjusted	% qoq	0.7	0.4	1.0	<b>0.9</b>	24-May
Total consumption + change in stocks	% yoy	2.8	4.1	0.1	<b>5.6</b>	24-May
Private and public investment	% yoy	2.9	8.7	2.2	<b>5.5</b>	24-May
Domestic demand	% yoy	2.8	5.2	0.6	<b>5.5</b>	24-May
Exports (goods and services)	% yoy	9.4	2.2	13.9	<b>6.3</b>	24-May
Imports (goods and services)	% yoy	7.5	9.1	5.0	<b>13.9</b>	24-May
Budget balance, central government	Pesos bn	112.9	-269.0	-277.0	15.9	17-May
<b>EXTERNAL SECTOR</b>						
Current account balance	US\$ bn	0.27	-0.17	-0.38	-0.32	24-May
Net foreign direct investment	US\$ bn	0.29	0.73	0.33	0.24	24-May
Portfolio investment	US\$ bn	0.52	-1.38	-1.51	-1.24	24-May
Capital account**	US\$ bn	0.70	-1.11	0.43	0.20	24-May
Change in foreign exchange reserves	US\$ bn	0.97	-1.28	0.06	-0.11	24-May
Gross foreign debt	US\$ bn	41.4	41.6	42.4	43.4	24-May
Short-term foreign debt	US\$ bn	6.02	6.39	6.60	7.59	24-May
* month-end	** incl. residual items					

# COLOMBIA

Recently, positive news concerning economic trends in Colombia predominated, with private consumption delivering the major economic stimulus. The increased confidence in the security situation as well as rising employment numbers are likely to play a decisive role in the recovery of domestic demand. In addition, the already upbeat sentiment is being buoyed further by the favorable external economic conditions (high oil prices and growing exports to Venezuela). The risk spreads on Colombian foreign currency bonds recently dropped once again to below 400 basis points. We expect the government to take advantage of the favorable financing conditions to proactively manage the country's debt (prolongation of terms, intensified use of the domestic market). We have raised our growth forecast for this year and next year somewhat and expect the current account deficit to be slightly lower than in the past.

## ANNUAL FIGURES AND FORECASTS

COLOMBIA		2001	2002	2003	2004f	2005f
<b>DOMESTIC ECONOMY</b>						
GDP change (real)	%	1.4	1.6	3.7	4.0	3.7
GDP	US\$ bn	81.7	81.5	78.1	91.7	95.9
Inflation (year-end)	%	7.7	7.0	6.5	6.0	6.5
Inflation (average)	%	8.0	6.3	7.1	6.2	6.3
<b>PUBLIC SECTOR</b>						
Budget balance, central government	% GDP	-4.6	-6.1	-5.4	-4.8	-4.5
Budget balance, public sector	% GDP	-3.4	-3.6	-2.8	-2.8	-2.5
Public debt	% GDP	60	60	63	61	61
Amortization	US\$ bn	6.1	6.7	6.2	5.3	6.8
Gross financing needs	US\$ bn	8.9	9.6	8.4	7.9	9.2
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	12.8	12.3	13.5	15.4	16.8
Merchandise imports	US\$ bn	12.3	12.1	13.3	14.4	16.2
Trade balance	US\$ bn	0.6	0.2	0.3	0.9	0.7
Current account balance	US\$ bn	-1.2	-1.5	-1.4	-1.2	-1.7
Current account balance	% GDP	-1.5	-1.8	-1.8	-1.3	-1.7
Net direct investment	US\$ bn	2.5	1.2	0.8	2.0	1.5
Foreign exchange reserves, year-end	US\$ bn	10.2	10.7	10.9	11.5	11.3
Import cover ***	months	6.3	6.8	6.4	6.3	6.2
US\$ exchange rate, year-end	Pesos	2291	2867	2780	2800	2900
US\$ exchange rate, average	Pesos	2300	2507	2878	2680	2850
<b>FOREIGN DEBT</b>						
Gross foreign debt	US\$ bn	39.1	37.8	39.5	39.9	40.2
Foreign debt	% exports***	255	264	251	228	212
Short-term foreign debt	US\$ bn	3.3	3.8	4.3	4.2	4.0
Foreign debt amortization	US\$ bn	5.2	5.9	5.7	5.6	5.6
Foreign debt service	US\$ bn	7.8	10.3	8.6	9.1	10.0
Foreign debt service	% exports***	51	72	55	52	53
<b>FINANCIAL MARKETS (year-end)</b>						
Deposit rate (DTF, 90 days)	%	11.4	8.0	7.9	7.5	8.5
IBB stock index (peso based, 2004: 04/15)*		1071*	1474	2334	3379	
IFCG stock index (US\$ based, 2004: 04/15)		561	615	783	1179	
Bond market yield spread (2004: 04/15)**	bp	516	736	431	377	

\* as of July 2001: IGBC \*\* EMBI+ \*\*\*goods and services

e=estimate f=forecast

**Domestic policy:** The government will attempt to implement the tax and pension reforms by taking advantage of the President's continued high popularity. We assume, however, that the relevant debates could possibly take several months. In addition to the reform package, a constitutional reform is planned to facilitate president Uribe's re-election; in our view, however, this is likely to fail due to legislative hurdles.

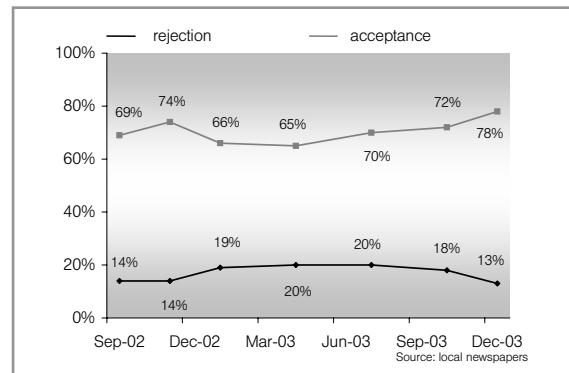
**Public finances:** Although the referendum failed, in 2003 the government nevertheless managed to meet the revised budget deficit ceiling of 2.8% of GDP agreed with the IMF. Within the scope of the third revision of the current agreement an IMF representative praised the consolidation of public finances and expressed strong confidence in future trends. However, we project that the budget deficit ceiling (2.5% of GDP) will not be met in 2004.

**Economic activity:** Details on the structure of GDP growth in the fourth quarter convey a positive picture. In particular, the vigorous recovery of private consumption (3.5% year-on-year) came as a surprise, but investments continued to rise sharply as well (14% year-on-year). Overall, GDP grew by 3.7% (revised figure) last year, the strongest reading since 1995. Disregarding the decline in drug cultivation estimated at around 32% according to the Bureau of Statistics, Colombia's economic output even rose by just over 4% in 2003. In addition to recent positive economic data, both current sentiment indicators and the positive external economic conditions suggest continued strong growth in economic performance. For this year, we forecast a growth rate of 4% which is bound to decelerate to 3.7% next year mainly due to weakening growth of the industrialized countries.

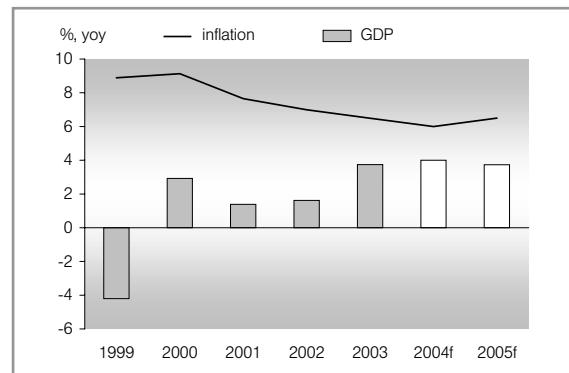
**Monetary sector:** For the second time this year, in March the central bank cut the key lending rate by 25 basis points. Although the inflation rate recently has only dropped slightly, the comparatively broad target corridor (5.5% year-on-year +/- 2 percentage points) continues to provide the central bank with enough scope in terms of monetary policy. We nevertheless consider a further interest rate cut in the near future unlikely. If anything, the central bank will most probably inject liquidity into the economy through interventions in the forex market in order to take advantage of the sustained upward pressure on the peso to accumulate foreign currency reserves.

**External sector:** High commodity prices and the recovery of exports to Venezuela have caused exports to climb significantly recently (January 27% year-on-year). The rise in exports is likely to exceed the increase in imports this year, which means that the trade surplus should amount to approx. US\$ 500 million (2003: -US\$ 100 million). The strong demand for exports should also be reflected in an appreciable decrease in the current account deficit.

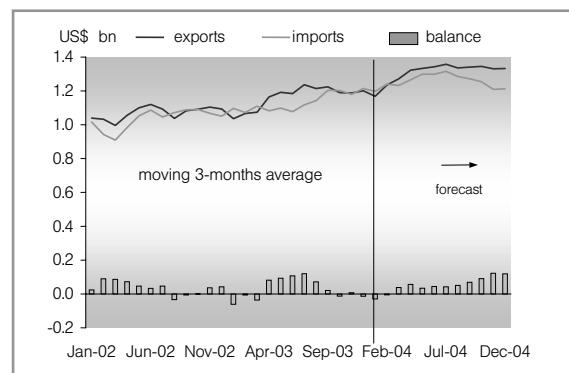
### POPULARITY OF PRESIDENT URIBE



### GDP CHANGE (REAL) AND INFLATION



### EXTERNAL TRADE



## MONTHLY AND QUARTERLY FIGURES

COLOMBIA: MONTHLY INDICATORS		Dec-03	Jan-04	Feb-04	Mar-04	next/latest
<b>DOMESTIC ECONOMY</b>						
Industrial production (not incl. coffee)	% yoy	3.9				22-Apr
Industrial sales (not incl. coffee)	% yoy	3.7				22-Apr
Retail sales (excl. fuel)	% yoy	3.8	8.9			22-Apr
Unemployment rate (urban)	%	14.7	<b>18.1</b>	<b>17.1</b>		5-May
Consumer prices	% yoy	6.5	6.2	<b>6.3</b>	<b>6.2</b>	6-May
Consumer prices	% mom	0.6	0.9	<b>1.1</b>	<b>1.0</b>	6-May
Producer prices	% yoy	5.7	5.3	<b>5.0</b>	<b>4.6</b>	10-May
Producer prices	% mom	0.3	0.7	<b>1.0</b>	<b>0.5</b>	10-May
Monetary base (month-end, latest 04/14)	% yoy	17.8	16.4	<b>17.3</b>	<b>20.6</b>	<b>9.8</b>
Money supply M1 (month-end, latest 04/14)	% yoy	15.6	16.9	<b>17.3</b>	<b>14.6</b>	<b>15.1</b>
Money supply M3 (month-end)	% yoy	15.5	12.3	<b>11.6</b>	<b>12.6</b>	5-May
Lending rate (month-end)	%	15.9	15.4	<b>15.5</b>	<b>15.1</b>	5-May
Deposit rate (DTF, 90 days, month-end, latest 04/14)	%	7.92	7.36	<b>7.08</b>	<b>6.92</b>	<b>7.77</b>
Treasury bills (local index, month-end, latest 04/15)	%	103.0	103.6	<b>106.0</b>	<b>107.5</b>	<b>108.0</b>
Treasury bills (TES 08/08, month-end, latest 04/15)			13.2	12.9	<b>11.8</b>	<b>11.1</b>
Interbank interest rate (month-end, latest 04/14)	%	7.46	7.36	<b>7.08</b>	<b>6.92</b>	<b>6.97</b>
Credit volume (month-end)	% yoy	7.1	7.2	<b>7.1</b>	<b>5.6</b>	5-May
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ mn	1070	<b>1166.4</b>			22-Apr
Merchandise exports	% yoy	4.7	<b>26.8</b>			22-Apr
Merchandise imports	US\$ mn	<b>1243.0</b>	<b>1118.7</b>			3-May
Merchandise imports	% yoy	<b>25.5</b>	<b>-2.5</b>			3-May
Trade balance	US\$ mn	<b>-173</b>	<b>48</b>			3-May
Foreign exchange reserves (month-end)	US\$ mn	10908	11245	<b>11291</b>	<b>11332</b>	5-May
US\$ exchange rate (month-end, latest 04/15)	pesos	2780	2741	<b>2669</b>	<b>2678</b>	<b>2632</b>
COLOMBIA: QUARTERLY INDICATORS		Q1 03	Q2 03	Q3 03	Q4 03	next/latest
<b>DOMESTIC ECONOMY</b>						
GDP	% yoy	4.1	2.2	4.1	<b>4.5</b>	15-Jun
GDP, seasonally adjusted	% qoq	1.1	0.6	1.9	<b>0.8</b>	15-Jun
Private consumption	% yoy	1.9	1.5	2.6	<b>3.5</b>	15-Jun
Public consumption	% yoy	0.5	0.8	0.0	<b>4.1</b>	15-Jun
Domestic consumption	% yoy	1.6	1.3	1.9	<b>3.6</b>	15-Jun
Domestic investment	% yoy	47.2	5.2	16.0	<b>13.7</b>	15-Jun
Domestic demand	% yoy	7.4	1.9	4.3	<b>5.4</b>	15-Jun
Exports (goods and services)	% yoy	0.3	2.6	10.2	<b>3.9</b>	15-Jun
Imports (goods and services)	% yoy	18.9	1.0	10.6	<b>8.6</b>	15-Jun
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	3.10	3.45	3.42	<b>3.36</b>	8-Jun
Merchandise imports	US\$ bn	3.21	3.15	3.43	<b>3.47</b>	8-Jun
Trade balance	US\$ bn	-0.11	0.30	-0.02	<b>-0.12</b>	8-Jun
Current account balance	US\$ bn	-0.67	-0.14	-0.37	<b>-492</b>	8-Jun
Net foreign direct investment	US\$ bn	0.25	0.62	0.55	<b>-0.51</b>	8-Jun
Portfolio investment	US\$ bn	0.03	-0.40	0.97	<b>0.38</b>	8-Jun
Capital account*	US\$ bn	0.37	-0.09	0.70	<b>0.15</b>	8-Jun
Change in foreign exchange reserves	US\$ bn	-0.27	-0.20	0.33	<b>-0.04</b>	8-Jun

\*incl. residual items

# MEXICO

The key issues (tax reform, etc) seem to have been placed on the back burner of Mexico's policy since the mutual attacks against political opponents in the run-up to the 2006 presidential elections have already begun. This is neither conducive to the political parties' acceptance – and, therefore, the consolidation of Mexico's democracy – nor is it beneficial to the economy. The current impetus generated by the demand in exports is likely to lose momentum as early as in the second half of the year. Since, in addition, interest rates are expected to rise slightly, economic growth will turn out below 3% in 2004. A renewed economic downturn should also impact on the foreign currency market. We therefore expect the peso to weaken in the second half of 2004 and to trade at MXN/US\$ 11.90 at the end of the year.

## ANNUAL FIGURES AND FORECASTS

MEXICO		2001	2002	2003	2004f	2005f
<b>DOMESTIC ECONOMY</b>						
GDP change (real)	%	-0.3	0.9	1.3	2.8	2.6
GDP	US\$ bn	624.4	636.6	614.2	617.9	628.2
Inflation (year-end)	%	4.4	5.7	4.0	3.9	3.5
Inflation (average)	%	6.4	5.0	4.5	4.0	3.8
<b>PUBLIC SECTOR</b>						
Budget balance, central government	% GDP	-1.0	-1.0	-0.8	-0.6	-0.6
Budget balance, public sector	% GDP	-0.7	-1.4	-0.6	-0.3	-0.3
Public debt	% GDP	26	28	28	28	28
Amortization (Cetes excl.)	Pesos bn	194	222	250	338	325
Gross financing needs (Cetes excl.)	Pesos bn	236	298	283	359	348
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	158.4	160.7	165.4	175.1	182.9
Merchandise imports	US\$ bn	168.4	168.7	171.0	182.9	194.8
Trade balance	US\$ bn	-10.0	-8.0	-5.6	-7.8	-11.9
Current account balance	US\$ bn	-17.9	-14.1	-9.2	-11.0	-15.3
Current account balance	% GDP	-2.9	-2.2	-1.5	-1.8	-2.4
Net foreign direct investment	US\$ bn	25.3	14.4	10.7	14.0	12.0
Foreign exchange reserves, year-end	US\$ bn	44.7	50.7	59.0	65.0	63.5
Import cover **	months	2.6	3.0	3.4	3.5	3.3
US\$ exchange rate, year-end	Pesos	9.17	10.46	11.24	11.90	12.00
US\$ exchange rate, average	Pesos	9.34	9.66	10.79	11.47	11.93
<b>FOREIGN DEBT</b>						
Gross foreign debt	US\$ bn	159.2	161.0	163.5	161.0	162.0
Foreign debt	% exports**	90	91	89	83	80
Short-term foreign debt	US\$ bn	40.2	41.5	43.1	45.0	46.5
Foreign debt amortization	US\$ bn	17.7	13.0	20.8	21.7	12.5
Foreign debt service	US\$ bn	30.3	25.0	32.3	33.3	24.5
Foreign debt service	% exports**	17	14	18	17	12
<b>FINANCIAL MARKETS (year-end)</b>						
Interest rates (Cetes, 28 days)	%	7.4	7.6	6.0	6.5	5.8
IPC stock index (peso based, 2004: 04/15)		6372	6127	8795	9927	
IFCI stock index (US\$ based, 2004: 04/15)		761	637	830	949	
Bond market yield spread (2004: 04/15)*	bp	308	324	199	189	

\* EMBI+ \*\* goods and services

e=estimate f=forecast

**Domestic policy:** Well before the presidential elections in the year 2006, the parties were already making every attempt to discredit potential candidates and opponents. Apart from Martha Sahagun, wife of the current president Fox and possible candidate of the PAN, and Jorge Gonzales, leader of the "Green Party", allegations of management errors and corruption were leveled in particular against the popular mayor of Mexico City, Manuel Lopez-Obrador (PRD). The mutual attacks will most probably further diminish the acceptance of the political parties. Moreover, the already poor prospects of structural reforms (tax reform, opening of the energy sector) are fading in the process since this calls for bipartisan, cross-party cooperation in congress.

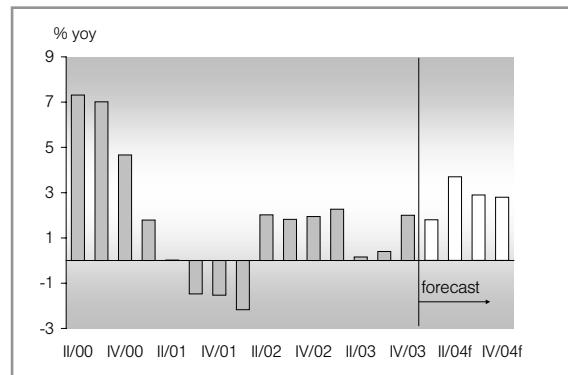
**Public finances:** The seasonally induced public-sector budget surplus doubled in February, to 8.1 billion pesos year-on-year. In view of the further increase in oil prices, the positive budget situation does not come as a surprise. Should the oil prices remain at their high level, the government will have no problem in meeting its target to confine the public-sector deficit to 0.3% of GDP in 2004.

**Economic activity:** Various indicators for the first quarter confirm the upbeat economic trend, which is mainly due to strong growth in demand from the U.S. However, we still expect the upturn to lose momentum again as early as the second half of the year due to rising interest rates and weaker growth in demand from the U.S. (DBLA forecast GDP for 2004: +2.8%).

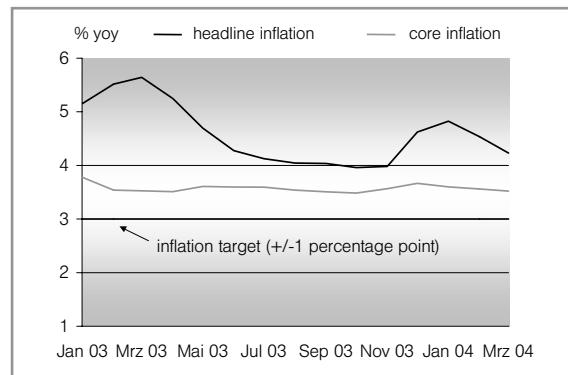
**Monetary sector:** In March, inflation decelerated slightly to 0.3%, with the yoy inflation rate falling from 4.5% to 4.2%. This is still a long way off the central bank's inflation target of 3%, however. The central bank had already tightened its monetary policy in February on account of the high inflation rate and rising inflationary expectations. We do not expect any further tightening of monetary policy between April and July since the price increase in those months is usually relatively low for seasonal reasons. After that, however, we project further „corto“ hikes.

**Exchange rate:** Since the beginning of this year, the peso has been trading in a range between MXN/US\$ 10.80 and 11.30, which is unlikely to change in the short term. It is being underpinned by high oil prices, the recent tightening of monetary policy, an increase in money transfers from immigrant workers and mounting signs of growth accelerating. However, we expect the peso to come under devaluation pressure in the second semester since the economy is losing momentum (declining growth in demand from the U.S.) and the US dollar is also set to weaken (high correlation). For the end of the year, we forecast an exchange rate of MXN/US\$ 11.90, which corresponds to a depreciation of approx. 7% in the course of the year.

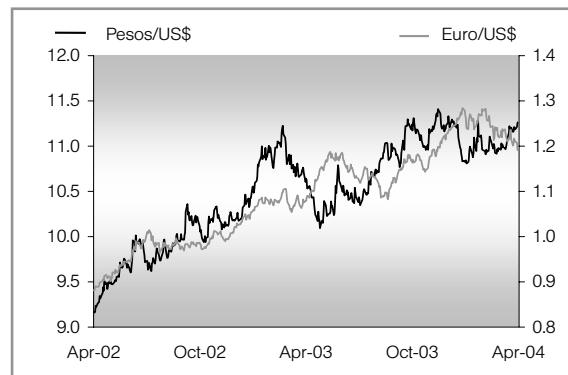
### GDP CHANGE (REAL)



### INFLATION



### EXCHANGE RATE



Thorsten Rülle, Miami +1 305 810 3855

## MONTHLY AND QUARTERLY FIGURES

MEXICO: MONTHLY INDICATORS		Dec-03	Jan-04	Feb-04	Mar-04	next/latest
<b>DOMESTIC ECONOMY</b>						
Economic activity index (IGAE)	% yoy	3.9	<b>2.1</b>			4-May
IGAE index (seasonally adjusted)	% mom	0.8	<b>-0.6</b>			4-May
Industrial production	% yoy	2.4	0.7	<b>2.2</b>		12-May
Manufacturing, in-bond industry	% yoy	2.5	3.8	<b>1.4</b>		12-May
Manufacturing (excluding in-bond industry)	% yoy	2.4	-0.6	<b>1.1</b>		12-May
Construction	% yoy	3.7	3.1	<b>5.4</b>		12-May
Gross fixed capital formation	% yoy	3.1	<b>1.7</b>			7-May
Consumer confidence (January 2003=100)	Index	96.0	95.9	95.5	<b>96.4</b>	3-May
Retail sales	% yoy	4.1	<b>3.0</b>			22-Apr
Wholesale sales	% yoy	4.7	<b>0.6</b>			22-Apr
Unemployment rate	%	3.0	3.8	<b>3.9</b>		21-Apr
Employees (social insurance)	% yoy	1.5	2.1	<b>2.2</b>		
Real wages per employee, manufacturing	% yoy	0.2	<b>1.0</b>			28-Apr
Budget balance, public sector	Pesos bn	-94.6	25.9	<b>8.1</b>		4-May
Public domestic debt	Pesos bn	1012	999	<b>1011</b>		4-May
Public external debt	US\$ bn	79.3	82.2	<b>82.2</b>		4-May
Consumer prices	% yoy	4.0	4.2	4.5	<b>4.2</b>	7-May
Consumer prices	% mom	0.4	0.6	0.6	<b>0.3</b>	7-May
Treasury bills, Cetes 28d (latest: 04/13)	%	6.0	4.7	6.2	<b>6.1</b>	<b>6.0</b>
Comercial bank lending (excl. restructuring)	% yoy	8.1	6.5	<b>6.9</b>		30-Apr
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ mn	14879	12680	<b>14024</b>		23-Apr
Merchandise exports	% yoy	11.2	1.6	<b>9.0</b>		23-Apr
Merchandise imports	US\$ mn	16065	12873	<b>14076</b>		23-Apr
Merchandise imports	% yoy	10.2	2.0	<b>11.9</b>		23-Apr
Trade balance	US\$ mn	-1206	-193	<b>-52</b>		23-Apr
Foreign exchange reserves (latest: 04/07)	US\$ bn	59.0	63.0	<b>0.1</b>		<b>61.0</b>
US\$ exchange rate (latest: 04/15)	Pesos	11.24	11.06	11.07	<b>11.13</b>	<b>11.27</b>
MEXICO: QUARTERLY INDICATORS		Q1 03	Q2 03	Q3 03	Q4 03	next/latest
<b>DOMESTIC ECONOMY</b>						
GDP	% yoy	2.5	0.1	0.6	2.0	17-May
Private consumption	% yoy	3.7	0.8	4.3	<b>3.2</b>	15-Jun
Public consumption	% yoy	1.4	3.1	2.6	<b>2.8</b>	15-Jun
Private and public investment	% yoy	-4.8	-7.6	-13.3	<b>-6.9</b>	15-Jun
Domestic demand	% yoy	1.5	-0.7	0.3	<b>1.1</b>	15-Jun
Exports (goods and services)	% yoy	3.9	-3.1	-0.7	<b>4.6</b>	15-Jun
Imports (goods and services)	% yoy	0.8	-5.2	-1.4	<b>2.0</b>	15-Jun
<b>EXTERNAL SECTOR</b>						
Current account balance	US\$ bn	-2.1	-1.6	-2.2	-3.3	26-May
Net foreign direct investment	US\$ bn	2.6	3.6	2.3	2.2	26-May
Net foreign portfolio investment (incl. bonds)	US\$ bn	3.2	-0.7	-1.8	3.2	26-May
Capital account **	US\$ bn	7.4	3.0	0.9	<b>8.6</b>	26-May
Change in foreign exchange reserves*	US\$ bn	4.0	1.4	-1.3	<b>5.3</b>	26-May

\* balance of payments \*\* incl. residual items

# VENEZUELA

President Chavez' chances of remaining in office are growing stronger each day. Due to conflicts of competence between various constitutional organs, the referendum to oust the president sought by the opposition has become increasingly remote. The government is taking advantage of the delay to strengthen its position, for instance by implementing very effective programs in political terms to gain support from the electorate. The high oil price, a strong growth in tax revenues as well as operations aimed at extending domestic maturities and procuring funds for budget financing by means of a US dollar bond issue are giving the government the necessary financial scope. Despite the high level of growth in public-sector spending, the domestic economy seems to be picking up very slowly. In contrast, the external sector managed to set up a new record, with the country's foreign currency reserves exceeding the US\$ 23 billion mark.

## ANNUAL FIGURES AND FORECASTS

VENEZUELA		2001	2002	2003	2004f	2005f
<b>DOMESTIC ECONOMY</b>						
GDP change (real)	%	2.8	-8.9	-9.2	6.0	5.0
GDP	US\$ bn	126.1	95.2	82.0	87.0	83.1
Inflation (year-end)	%	12.3	31.2	27.1	30.0	27.8
Inflation (average)	%	12.5	22.4	31.1	26.1	28.8
<b>PUBLIC SECTOR</b>						
Budget balance, central government	% GDP	-4.2	-3.5	-4.6	-5.4	-4.1
Budget balance, public sector	% GDP	-4.5	-1.0	-3.6	-4.5	-3.2
Public debt	% GDP	30	42	42	47	47
Amortization	US\$ bn	7.3	10.8	4.7	6.1	3.8
Gross financing needs	US\$ bn	12.9	11.8	7.7	10.0	6.4
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	26.3	26.7	25.8	28.8	26.6
Merchandise imports	US\$ bn	18.7	13.6	10.7	14.4	16.7
Trade balance	US\$ bn	7.6	13.0	15.0	14.4	9.9
Current account balance	US\$ bn	2.1	7.6	9.5	8.9	3.9
Current account balance	% GDP	1.6	8.0	11.6	10.3	4.7
Net direct investment	US\$ bn	3.5	-0.3	1.4	1.4	2.0
Foreign exchange reserves, year-end **	US\$ bn	15.5	11.4	16.7	20.6	21.2
Import cover **) ***)	months	6.6	6.4	11.7	11.5	9.8
US\$ exchange rate, year-end	VEB	758	1387	1598	2400	3200
US\$ exchange rate, average	VEB	724	1160	1611	2025	2867
<b>FOREIGN DEBT</b>						
Gross foreign debt	US\$ bn	32.9	34.4	33.2	34.2	35.5
Foreign debt	% exports ***	109	117	124	122	124
Short-term foreign debt	US\$ bn	3.9	3.6	2.8	2.2	2.4
Foreign debt amortization	US\$ bn	2.9	2.3	3.2	2.5	2.6
Foreign debt service	US\$ bn	5.5	4.3	5.6	5.0	5.1
Foreign debt service	% exports ***	18	15	21	18	18
<b>FINANCIAL MARKETS (year-end)</b>						
Deposit rate, 90 days	%	19.5	26.1	14.2	15.0	13.0
ICB stock index (VEB based, 2004: 4/15)		6570	8015	22204	26205	
IFCG stock index (US\$ based, 2004: 4/15)		246	159	182	210	
Bond market yield spread (2004: 4/15)*	bp	1130	1127	634	625	

\* EMBI+ \*\* Central bank and FEM, Gold excl. \*\*\* goods and services

e=estimate f=forecast

**Domestic policy:** Conflicts of competence between various constitutional organs are constantly causing new delays in the decision-making process regarding the referendum against President Chavez. The wrangling shows that the country's institutions have already been drawn deeply into political dependency. Meanwhile, it is doubtful whether a referendum will be held at all, and time is running out for the opposition. If a referendum is only held after August 19, it would not result in a change of government even in the event of Chavez' defeat since his ally, Vice President Rangel, would automatically become his successor.

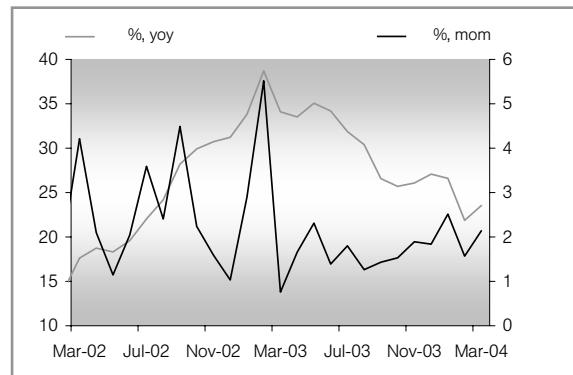
**Fiscal policy:** By means of funding schemes for the development of the social and agricultural sectors, the government is attempting to secure support among the population, which is needed to stay in power. In spite of the strong growth in tax revenues (due to the campaign against tax evasion, among other factors) and substantial profits expected from the central bank and the state-owned oil company PDVSA, the revenues do not appear to be sufficient to finance such expenditure. The finance ministry is therefore making every effort to improve the situation by intensifying debt management. In March, the maturity structure of the country's public-sector debt was extended again: domestic debt instruments equivalent in value to US\$ 1.2 billion were prematurely redeemed on the market by using funds raised by two new bond issues (consisting of dollar and bolivar instruments). In addition, in April Venezuela's government launched a US\$ bond on the domestic market (US\$ 1.0 billion, 7-year term, variable interest rate), the proceeds of which are to be used to finance the budget.

**Economic activity:** Statistical data on economic trends in the current year remain extremely scarce. However, the low level of recovery that followed the general strike in 2003 will most probably have continued in the first quarter of this year. The trend in new car sales seems to confirm this (Q1 2004: +82% year-on-year). We still project a 6% growth rate for 2004, but due to the government's higher level of spending, slightly higher GDP growth meanwhile is also conceivable.

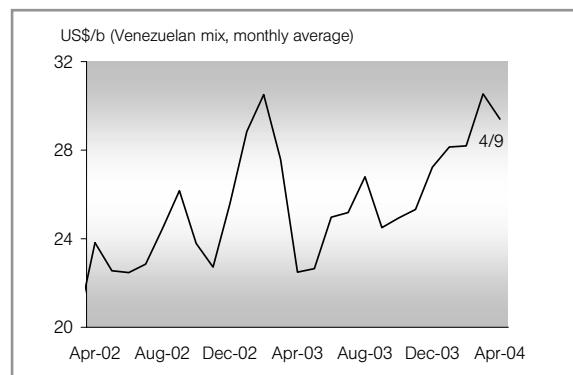
**Monetary sector:** Due to the depreciation of the bolívar in February, consumer prices in March rose by 2.1% month-on-month (23.6% year-on-year) in spite of price regulations. We forecast that further adjustments of regulated prices will be needed over the next few months in order to ensure reliable supplies (DBLA forecast 2004: 30%).

**External sector:** Due to unexpectedly high oil prices and continuing foreign exchange controls, foreign currency reserves have meanwhile already exceeded the US\$ 23 billion mark. The expected revitalization of the economy, growing demand in imports and oil prices receding again are likely to slightly decelerate the increase in the course of the year (DBLA year-end forecast: US\$ 25.6 billion incl. gold and equalization fund FEM).

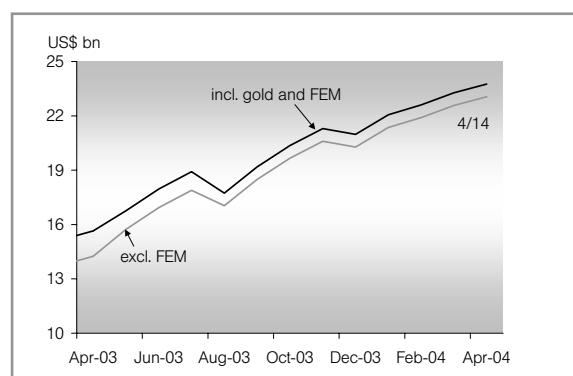
## INFLATION



## OIL PRICES



## FOREX RESERVES



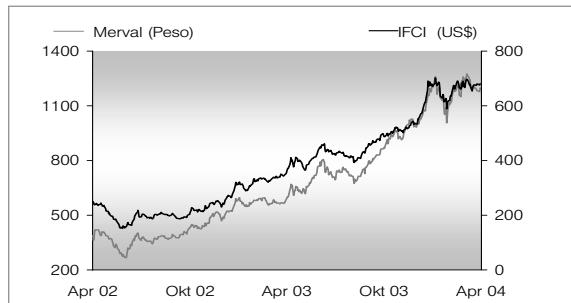
## MONTHLY AND QUARTERLY FIGURES

VENEZUELA: MONTHLY INDICATORS		Dec-03	Jan-04	Feb-04	Mar-04	next/latest
<b>DOMESTIC ECONOMY</b>						
Industrial production (private sector)	% yoy	<b>179.9</b>	<b>100.4</b>			May 5-10
Car sales	% yoy	339.6	85.2	<b>46.7</b>	<b>113.4</b>	May 5-10
Retail sales	% yoy	<b>28.2</b>	<b>41.3</b>			May 5-10
Wholesale sales	% yoy	<b>50.7</b>	<b>58.7</b>			May 5-10
Crude oil production	1000 bpd	2535	2529	<b>2469</b>		16-Apr
Consumer prices	% yoy	27.1	26.6	<b>21.9</b>	<b>23.5</b>	1-May
Consumer prices	% mom	1.8	2.5	<b>1.6</b>	<b>2.1</b>	1-May
Producer prices	% yoy	33.8	28.4	<b>25.4</b>	<b>28.4</b>	1-May
Producer prices	% mom	1.2	1.7	<b>4.9</b>	<b>5.6</b>	1-May
Money supply M2 *	% yoy	59.3	61.4	<b>67.0</b>	<b>63.0</b>	20-Apr
Lending rate (monthly average, latest: 04/09)*	%	19.5	18.4	<b>18.1</b>	<b>17.6</b>	<b>16.8</b>
Deposit rate (monthly average, latest: 04/09)*	%	14.2	11.8	<b>10.8</b>	<b>12.8</b>	<b>11.6</b>
Interbank interest rate (month-av., until: 04/15)*	%	10.8	1.2	<b>0.7</b>	<b>4.2</b>	<b>1.4</b>
Credit volume *	% yoy	10.1	7.6	<b>14.2</b>	<b>30.6</b>	20-Apr
Deposits *	% yoy	59.6	67.6	<b>69.1</b>	<b>50.4</b>	20-Apr
<b>EXTERNAL SECTOR</b>						
Oil price (Venezuelan exports, latest: 04/16)	US\$/barrel	27.2	28.1	<b>28.2</b>	<b>30.5</b>	<b>30.5</b>
Oil price (Venezuelan exports, latest: 04/16)	% yoy	6.5	-2.4	<b>-7.6</b>	<b>10.7</b>	<b>6.0</b>
Foreign exchange reserves (CB, latest: 04/1)***	US\$ bn	16.0	17.0	<b>17.3</b>	<b>17.9</b>	<b>18.3</b>
Forex reserves (FEM**, latest: 04/13)*	US\$ bn	0.7	0.7	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
US\$ exchange rate (latest: 04/15)*	VEB	1598	1598	1918	<b>1918</b>	<b>1918</b>
VENEZUELA: QUARTERLY INDICATORS		Q1 03	Q2 03	Q3 03	Q4 03	next/latest
<b>DOMESTIC ECONOMY</b>						
GDP	% yoy	-27,9	-9,6	-7,2	9,0	20. Aug
GDP, private sector	% yoy	-24,2	-11,8	-6,5	6,0	20. Aug
GDP, public sector	% yoy	-34,0	-5,5	-8,4	14,8	20. Aug
Oil sector	% yoy	-47,0	-3,2	-9,1	25,0	20. Aug
Manufacturing industry	% yoy	-31,1	-13,8	-9,9	15,7	20. Aug
Financial services and real estate	% yoy	-11,2	-6,3	-4,0	2,5	20. Aug
Commerce	% yoy	-30,5	-17,4	-10,0	12,2	20. Aug
Budget balance, public sector	VEB bn	-505	324			
<b>EXTERNAL SECTOR</b>						
Merchandise exports	US\$ bn	4,32	6,58	7,17	7,68	20. Aug
Exports of oil and derivatives	US\$ bn	3,37	5,35	5,72	6,39	20. Aug
Merchandise imports	US\$ bn	2,22	2,10	2,81	3,58	20. Aug
Trade balance	US\$ bn	2,10	4,48	4,36	4,11	20. Aug
Current account balance balance	US\$ bn	0,79	3,22	2,91	2,71	20. Aug
Net foreign direct investment	US\$ bn	0,56	0,54	0,34	-0,05	20. Aug
Portfolio investment	US\$ bn	0,04	-0,39	-0,86	0,15	20. Aug
Capital account***	US\$ bn	-0,80	-0,56	-1,77	-1,05	20. Aug
Change in foreign exchange reserves (Centr.B.)	US\$ bn	1,45	3,04	1,46	1,66	20. Aug
Change in foreign exchange reserves (FIM)**	US\$ bn	-1,46	-0,38	-0,33	0,00	20. Aug

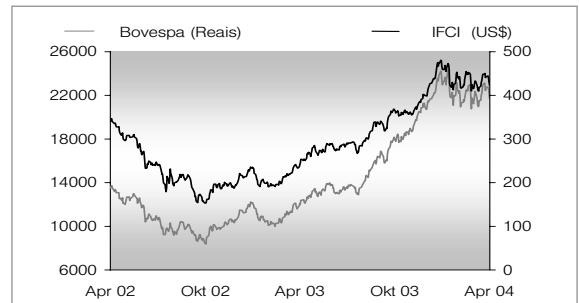
\*month-end \*\*macroeconomic stabilization fund \*\*\* incl. residual items \*\*\*\* Gold excluded (latest: US\$ 4.6bn)

# FINANCIAL MARKETS: LATIN AMERICAN STOCK MARKET INDICES

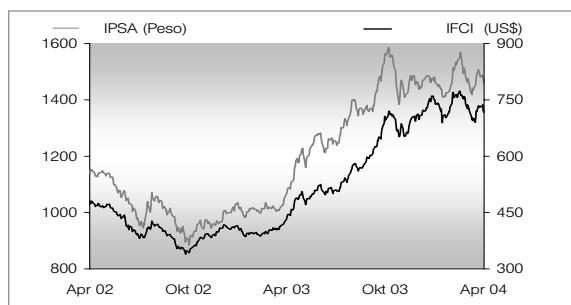
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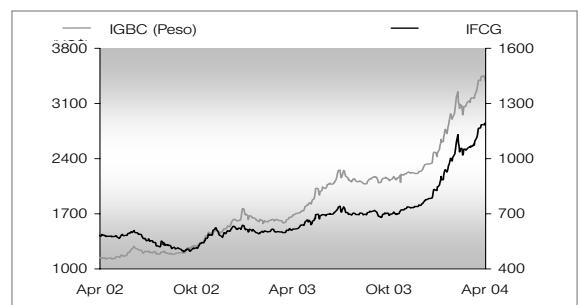
## BRAZIL



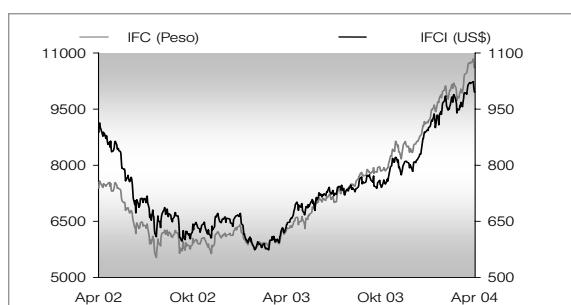
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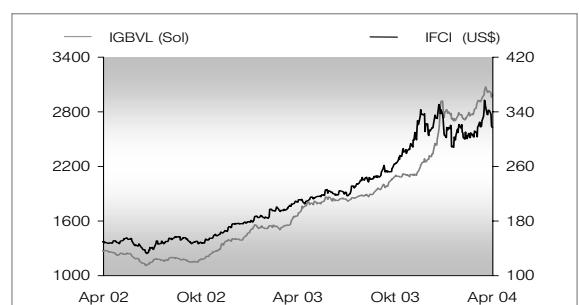
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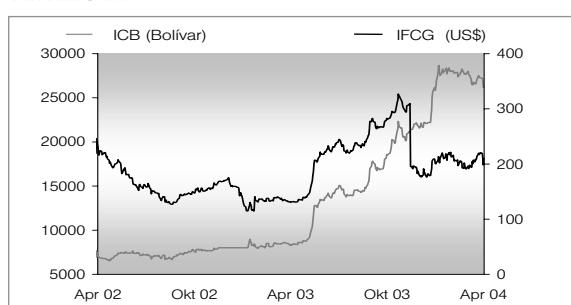
## MEXICO



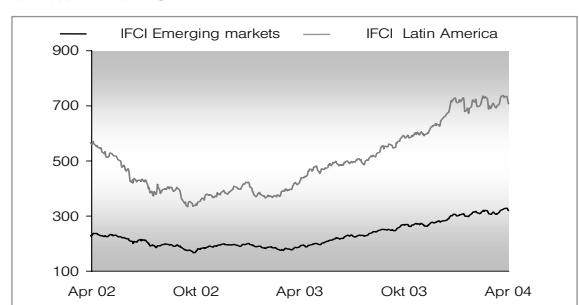
## PERU



## VENEZUELA

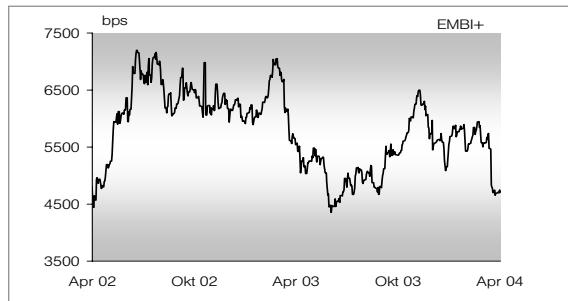


## LATIN AMERICA

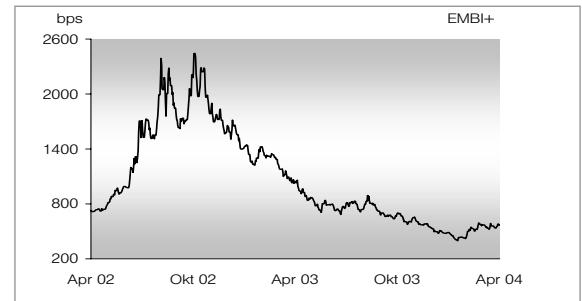


## FINANCIAL MARKETS: LATIN AMERICAN BOND YIELD SPREADS

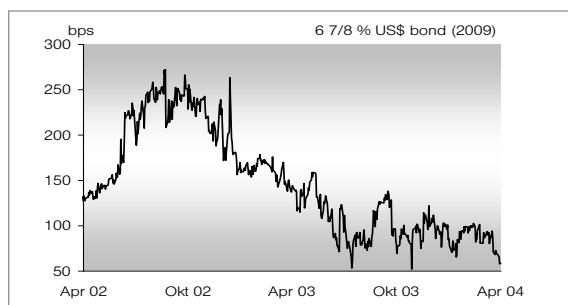
ARGENTINA



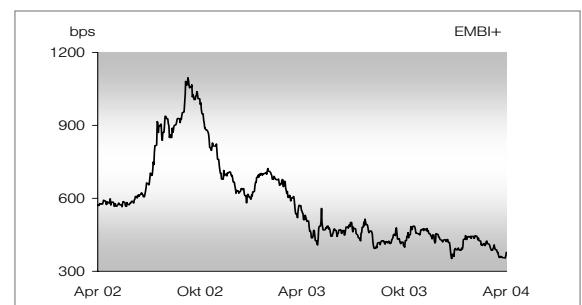
BRAZIL



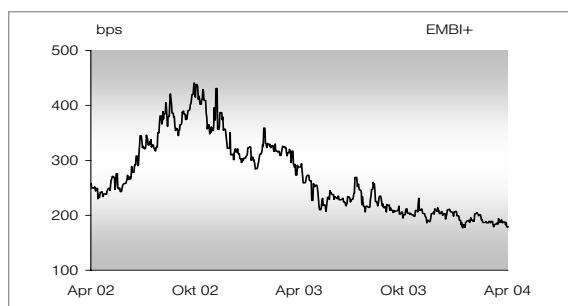
CHILE



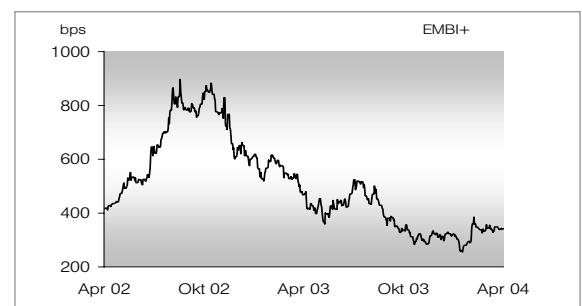
COLOMBIA



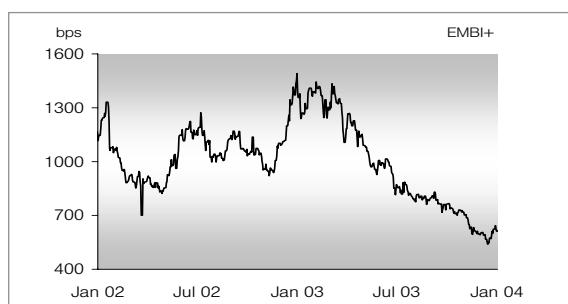
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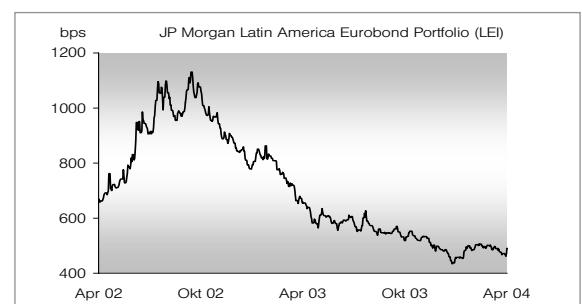
PERU



VENEZUELA



LATIN AMERICA



## GLOBAL ECONOMY - FIGURES AND FORECASTS

		2002	2003	4/15/2004	2004f	2005f
<b>REAL GDP CHANGE *</b>						
Industrialized countries	% yoy	1.5	2.1		2.8	2.6
USA	% yoy	2.4	3.1		3.8	3.3
Euro area	% yoy	0.8	0.4		1.8	2.1
Germany	% yoy	0.2	-0.1		2.0	1.8
Japan	% yoy	0.2	2.7		2.5	1.8
<b>INTEREST RATES, YEARLY AVERAGE*</b>						
USA, 3m money market rate	%	1.8	1.2	<b>1.2</b>	1.4	2.8
USA, 10yr government bond yield	%	4.5	3.9	<b>4.4</b>	4.6	5.6
Euro area, 3m money market rate	%	3.3	2.3	<b>2.1</b>	2.2	3.0
Euro area, 10yr gov. bond yield	%	4.8	4.1	<b>4.1</b>	4.4	5.1
Japan, 3m money market rate	%	0.1	0.1	<b>0.0</b>	0.1	0.1
Japan, 10yr government bond yield	%	1.2	1.0	<b>1.5</b>	1.6	1.8
<b>EXCHANGE RATES, YEARLY AVERAGE *</b>						
US\$/ Euro	US\$	0.95	1.13	<b>1.20</b>	1.28	1.27
Yen/ US\$	YEN	125	116	<b>108</b>	103	104
Yen/ Euro	YEN	118	131	<b>130</b>	132	131
<b>COMMODITY PRICES, YEARLY AVERAGE</b>						
Coffee (other milds)	c/lb, NY	60.3	64.1	<b>74.4</b>	75.0	75.0
Soybeans	c/bushel	505	627	<b>1000</b>	850	800
Copper	c/lb, LME	72.0	81.0	<b>130.0</b>	120.0	105.0
Crude oil (WTI)	US\$/b	26.1	31.0	<b>37.6</b>	32.5	28.5
Crude oil (Brent)	US\$/b	25.1	28.8	<b>33.9</b>	30.0	27.0
Gold	US\$/ounce	310	364	<b>398</b>	420	410

\* Source: Dresdner Bank AG

f=forecast

# DBLA - AN OVERVIEW

## Chairman of the Supervisory Board:

Jan Eric Kvarnström

## Board of Managing Directors:

Wolfgang Dambmann, Chairman  
H. Michael Blum  
Horst Herrmann  
Richard Voswinckel

## Head Office:

Neuer Jungfernstieg 16  
20354 Hamburg, Germany  
Postfach 30 12 46, 20305 Hamburg

Tel.: (+49 40) 3595-0  
Fax: (+49 40) 3595 3314  
Telex: 41524-140 dr d  
S.W.I.F.T. DRES DE HL  
<http://www.dbla.com>

## Corporate & Correspondent Banking:

Karsten Reinhard, Hamburg  
Tel.: (+49 40) 3595 3473  
Fax: (+49 40) 3595 3077

## Global Markets:

Wolfgang-Peter von Tronchin  
Tel.: (+49 40) 3595 1550  
Fax: (+49 40) 3595 3644

## Private Banking International - The Americas

Bernd Bertram, Hamburg  
Tel.: (+49 40) 3595 3231  
Fax: (+49 40) 3595 3868

## Argentina:

**Representative Office Buenos Aires  
(for Argentina, Paraguay and Uruguay)**

Torre Alem Plaza  
Avenida Leandro N. Alem 855, piso 22  
1001 Buenos Aires  
Casilla 574, 1000 Buenos Aires  
Tel.: (+54 11) 4590 7900  
Fax: (+54 11) 4590 7910  
E-Mail: [Buenos-Aires@dbla.com](mailto:Buenos-Aires@dbla.com)  
Country Manager and Regional Representative:  
Christian Grimm  
Country Managers: Daniel Currado  
Susana Serreck

## Brazil:

**Dresdner Bank Brasil  
Dresdner Bank Lateinamerika AG, São Paulo Branch  
Dresdner Bank Brasil S.A. Banco Múltiplo**

Management: Martin Duisberg  
Luciano Fantín  
André Weber  
Corporate Banking: Ricardo Cohen  
Correspondent Banking:  
Klaus vom Bauer

## São Paulo:

Centro Empresarial Transatlântico  
Rua Verbo Divino, 1488 - 1º e 2º andares  
Chácara Santo Antônio  
04719-904 São Paulo-SP  
Caixa Postal 3641, 01060-970 São Paulo-SP  
Tel.: (+55 11) 5188 6700  
Fax: (+55 11) 5188 6900  
Telex: 11 53 207 dbla br, 11 53 208 dbla br  
S.W.I.F.T. DRES BR SP, DBBM BR SP  
E-Mail: [Sao-Paulo@dbla.com](mailto:Sao-Paulo@dbla.com)  
Corporate Banking: Maria do Carmo C.A. Silva  
Corporate Banking: Ana Paula Bacaltchuc  
(Rio de Janeiro)  
Tel.: (+55 21) 2287 9242  
Fax: (+55 21) 2521 6139  
E-Mail: [Ana.Bacaltchuc@dbla.com](mailto:Ana.Bacaltchuc@dbla.com)

### **Belo Horizonte**

Rua Paraíba, 1000 - 6º andar  
Edifício Asamar  
30130-141 Belo Horizonte-MG  
Tel.: (+55 31) 3261 7737  
Fax: (+55 31) 3261 3667  
E-Mail: Lucio.Vieira@dbla.com  
Corporate Banking: Lúcio Antônio Vieira

### **Curitiba**

Edifício Curitiba Trade  
Av. Dr. Carlos de Carvalho, 417 - 13º andar  
sala 1303, Centro  
80410-180 Curitiba-PR  
Tel.: (+55 41) 324 4221  
Fax: (+55 41) 324 4697  
E-Mail: Raul.Ribas@dbla.com  
Corporate Banking: Raul Ribas

### **Dresdner Brasil Representações Ltda. (formerly Sudamero Consultoria Ltda.)**

Centro Empresarial Transatlântico  
Rua Verbo Divino, 1488 - 2º andar  
04719-904 São Paulo-SP  
Caixa Postal 1665  
01064-970 São Paulo-SP  
Tel.: (+55 11) 5188 6982  
Fax: (+55 11) 5188 6980  
E-Mail: Brazil.Rep-Office@dresdner-bank.com  
Corporate Banking: Klaus vom Bauer

### **Cayman Islands:**

#### **Grand Cayman Branch**

Anderson Square Building  
P.O. Box 714 GT  
Grand Cayman, Cayman Is., B.W.I.  
Tel.: (+1 345) 949 8888  
Fax: (+1 345) 949 8899  
Telex: 4 285 dl cp  
S.W.I.F.T. DRES KY KX  
E-Mail: Grand-Cayman@dbla.com  
Management: Bor Alexander van der Weerden  
Senior Trust Manager:  
Roy Towne

### **Chile:**

#### **Dresdner Bank Lateinamerika**

Huérfanos 1219  
Casilla 10492  
Santiago de Chile  
Tel.: (+56 2) 731 4444  
Fax: (+56 2) 671 3307  
Telex: 64 53 47 dres bk cl  
S.W.I.F.T: DRES CL RM  
E-Mail: info@dbla.cl  
Management: Roland Jacob  
Rolf-Otto Ladde  
Corporate Banking: Miguel Angel Delpín  
Alfonso Píriz

### **Representative Office Santiago de Chile (for Chile, Bolivia and Peru)**

Huérfanos 1219, Entrepiso  
Casilla 9972  
Santiago de Chile  
Tel.: (+56 2) 688 0411  
Fax: (+56 2) 688 0422  
E-Mail: Santiago@dbla.com  
Country Manager and Regional Representative:  
Bernhard Kaeser  
Country Manager and Assistant Representative:  
Jan von Dobbeler  
Country Manager: Marco Baff

### **Dresdner Lateinamerika S.A. Corredores de Bolsa**

Huérfanos 1219, 5º piso  
Santiago de Chile  
Tel.: (+56 2) 696 0096  
Fax: (+56 2) 699 5083  
E-Mail: corredora@dbla.cl  
General Manager: Sergio Anguita G.

**Colombia:**

**Representative Office Bogotá, D.C.  
(for Colombia, Ecuador, Venezuela and Trinidad & Tobago)**

Calle 100 No. 7-33, Oficina 1802  
Edificio Capital Tower - Torre 1  
Bogotá, D.C.  
Apartado Aéreo 59303, Bogotá, D.C. 2  
Tel.: (+57 1) 655 6990, 524 7868  
Fax: (+57 1) 524 7907, 524 7881  
E-Mail: Bogota@dbla.com  
Country Manager and Regional Representative:  
Stefan Zurawka  
Country Manager and Assistant Representatives:  
Jesús A. Vaca Murcia  
Marc Czabanski

**Guatemala:**

**Representative Office Guatemala  
(for Central America and Caribbean)**

5<sup>a</sup> Avenida 15-45, Zona 10  
Edificio Centro Empresarial  
Torre II, 10<sup>o</sup> piso, Of. 1001-8  
01010 Guatemala  
Apartado 57-F, 01901 Guatemala  
Tel.: (+502) 333 7205-07, 363 2550, 363 2553, 363  
2560  
Fax: (+502) 333 7208, 363 2556  
E-Mail: Guatemala@dbla.com  
Senior Country Manager and Regional Representative:  
Thomas Spang  
Country Manager and Assistant Representatives:  
Bertram Heyd  
Christian Novy  
Horacio Vivas  
Zenobia de Fuentes  
(based in Panama)  
Country Managers: Jörg Dittmer  
Mathias Göhe  
Kai Kailuweit  
Carlos Lemos

**Mexico:**

**Representative Office México, D.F.**

Bosque de Alisos 47-A, 4<sup>o</sup> piso  
Col. Bosques de las Lomas  
05120 México, D.F.  
Tel.: (+52 55) 5258 3170  
Fax: (+52 55) 5258 3199  
E-Mail: Mexico@dbla.com  
Senior Country Manager and Regional Representative:  
Christian Sommerhalder  
Senior Country Manager and Representative:  
Stephen Lloyd  
Country Manager and Assistant Representatives:  
John Viault  
Sören Kruse  
Christina Teuchert  
Country Managers: Rainer Hensel  
Florian Fischer

**Panama:**

**Panama Branch**

Torre Dresdner Bank  
Calle 50 y Calle 55 Este  
Panamá 7, R.P.  
Apartado 5400, Panamá 5, R.P.  
Tel.: (+507) 206 8100  
Fax: (+507) 206 8109  
Telex: 3 106 dl pg, 2 244 dl pg, 2 420 dl pg  
S.W.I.F.T. DRES PA PA  
E-Mail: Panama@dbla.com  
Management: Henning Hoffmeyer  
Corporate Banking: Zenobia de Fuentes  
Personal Banking: Corinna Wild

**USA:****Dresdner Lateinamerika Financial Advisors LLC (DLFA)**

801 Brickell Avenue, 7<sup>th</sup> floor  
Miami, Florida 33131/USA  
P.O. Box 310310, Miami, Florida 33231-0310/USA  
Tel.: (+1 305) 379 1400  
Fax: (+1 305) 810 3750  
E-Mail: [info@dlfa.com](mailto:info@dlfa.com)

**Executive Management:**

Jacobo Gadala-Maria (CEO)

Nicolás Bergengruen

Private Banking: Thomas Goessele

Patrick Harms

Professional Clients: Guillermo Argumedo

Operations: Noemi Schaefer

Investments: Hans Abate

Should you have any further questions, please contact:

Dresdner Bank Lateinamerika AG  
Public Relations  
Neuer Jungfernstieg 16  
20354 Hamburg  
Tel.: (+49 40) 3595 3491/3496  
Fax: (+49 40) 3595 3071  
E-Mail: [public-relations@dbla.com](mailto:public-relations@dbla.com)

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Economics/Public Relations Dept.

Chief economist: Dr. Heinz Mewes

Editing: Dr. Cyrus de la Rubia, Thorsten Rülle (Miami), Walter Schäfer

Tel.: (+49 40) 3595 3494

Fax: (+49 40) 3595 3497

E-Mail: [economics@dbla.com](mailto:economics@dbla.com)

<http://www.dbla.com>

Coordination: Thomas Pohl, Kai Stefani

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