



Latin American Spotlight - Update

April 2005



Dresdner Bank Lateinamerika AG
formerly Deutsch-Südamerikanische Bank AG





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LATIN AMERICA: NO REASON FOR EUPHORIA



ANNUAL FIGURES AND FORECASTS

LATIN AMERICA (20 countries)		2002	2003	2004	2005f	2006f
DOMESTIC ECONOMY						
GDP change (real)	%	-0.2	1.6	5.7	4.1	4.0
GDP	US\$ bn	1662	1712	1938	2169	2283
Inflation (year-end)	%	11.8	6.8	6.5	5.9	5.2
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	351	382	471	499	519
Merchandise imports	US\$ bn	329	339	411	452	484
Trade balance	US\$ bn	22.5	42.5	60.3	47.7	35.1
Current account balance	US\$ bn	-14.0	7.4	18.8	4.1	-8.3
Current account balance	% GDP	-0.8	0.4	1.0	0.2	-0.4
Net direct investment ***	US\$ bn	44.4	31.6	50.0	43.0	48.7
Foreign exchange reserves, year-end	US\$ bn	162	195	220	233	246
Import cover **	months	5.7	5.4	5.0	5.1	5.1
FOREIGN DEBT						
Gross foreign debt	US\$ bn	770	801	799	794	804
Foreign debt	% exports**	224	184	152	144	139
Short-term foreign debt	US\$ bn	114	130	153	141	149
Foreign debt amortization	US\$ bn	97	125	128	97	87
Foreign debt service	US\$ bn	141	167	172	147	140
Foreign debt service	% exports**	41	38	33	27	24
FINANCIAL MARKETS (year-end)						
IFCI stock index (US\$ based, 2005: 04/14)		397	676	915	898	
Bond market yield spread (2005: 04/14)*	bps	843	472	399	438	

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

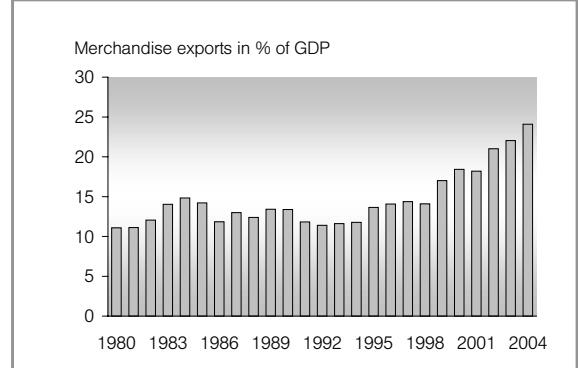
Following the disastrous year 2002, which saw Argentina default on its foreign debt service and Brazil plunge into a deep crisis of confidence, 2003 was the year of stabilization and 2004 the year of high economic growth. Brazil, Peru and Chile recorded growth rates of 5% and more. Argentina's GDP expanded by almost 10%, and Venezuela's even more so, by 17%. A dramatic increase in direct investments, an unprecedented export boom as well as unusually low yields on Latin American bonds were observed at the same time.

A sober assessment of the situation shows that although there have been quite a few changes for the better over the past few years, there is still much to be desired, however. On a positive note, foreign debt now stands at a mere 150% of visible and invisible exports – a decline by 30 percentage points in just one year and a key element of sustained macroeconomic stability in the region. Merchandise exports now account for 24% of Latin American GDP, a sign of increasing readiness to benefit from the advantages of the international division of labor.

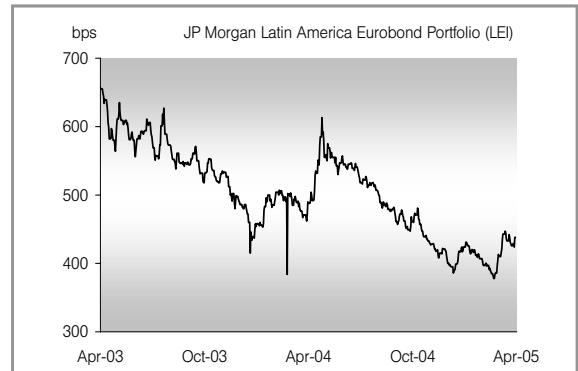
At the same time, it can be observed in countries such as Venezuela and Argentina that the danger of reverting to "old recipes" such as state intervention and opportunistic disregard of agreements still persists. The political unrest in Bolivia, protests against the government in Ecuador as well as the dissatisfaction among the Peruvian population with previous results of economic policy also suggest that stable macroeconomic figures alone will not be sufficient to generate sustained development with positive beneficial effects for the whole population. In countries such as Brazil and Mexico, it is quite evident that key structural changes and institutional reforms implemented over the past 10 years are now being followed by reform weariness once again, which might lead to a setback in economic growth in these countries in the medium term.

Our outlook for this year is still optimistic, however. Brazil and Mexico should record economic growth rates of roughly 4%. A similar picture is shown by Colombia and Ecuador. We forecast a slight slowdown in Chile's growth rate to 5.3%, while Argentina and Venezuela are still recovering from the deep recession in 2002/2003 and will grow by roughly 6%. We forecast that Latin America's economy will grow by some 4% this year.

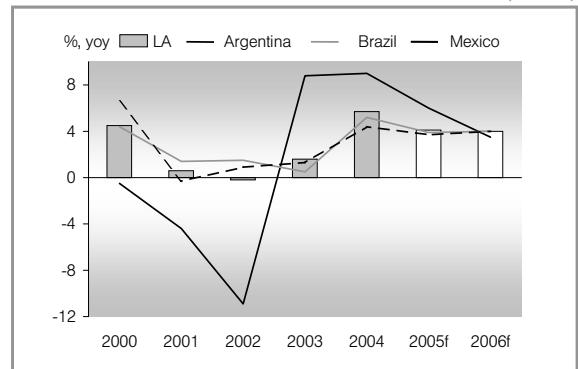
EXPORT RATIO LATIN AMERICA



BOND YIELD SPREAD LATIN AMERICA



GDP CHANGE (REAL)



LATIN AMERICA AT A GLANCE

DOMESTIC ECONOMY	GDP change in % (real)			Inflation in % (year-end)			Public sector debt in % of GDP		
	2004	2005f	2006f	2004	2005f	2006f	2004	2005f	2006f
	Argentina	9.0	6.0	3.5	6.1	12.5	8.7	121	107
Bolivia	3.5	4.5	4.0	4.6	5.5	6.0	77	75	77
Brazil	5.2	3.9	4.0	7.6	6.7	4.9	52	51	50
Chile	6.1	5.3	5.0	2.4	2.5	3.1	12	10	10
Colombia	4.0	4.0	3.8	5.5	5.6	5.5	58	55	56
Costa Rica	3.7	2.5	3.5	10.2	11.3	10.5	60	62	63
Dominican Republic	2.0	2.4	3.0	28.7	11.8	9.4	52	49	46
Ecuador	7.0	3.5	3.0	1.9	1.5	1.5	48	46	45
El Salvador	1.5	1.9	2.4	5.8	4.5	3.7	36	35	36
Guatemala	2.5	2.5	2.7	8.3	6.5	6.0	25	25	24
Honduras	4.6	3.9	4.3	9.2	8.5	7.5	63	60	58
Jamaica	2.5	2.4	3.0	13.7	9.0	10.0	138	132	140
Mexico	4.4	3.7	4.0	5.2	3.7	3.8	27	26	26
Nicaragua	4.0	3.4	3.5	9.3	8.2	7.0	110	107	103
Panama	5.2	3.5	4.2	3.0	2.2	2.8	70	70	69
Paraguay	3.0	2.5	3.0	5.4	4.5	5.3	43	43	44
Peru	5.0	4.7	4.8	3.5	3.0	2.5	46	41	50
Trinidad & Tobago	6.0	7.0	7.0	4.5	4.8	4.0	28	24	22
Uruguay	12.3	6.5	4.0	7.4	6.5	6.0	89	80	75
Venezuela	17.3	6.0	4.0	19.2	15.2	15.7	37	33	31
Latin America (20 countries)	5.7	4.1	4.0	6.5	5.9	5.2			
EXTERNAL SECTOR	Current account balance in % of GDP			Import cover in months*			Gross foreign debt in % of exports*		
FOREIGN DEBT	2004	2005f	2006f	2004	2005f	2006f	2004	2005f	2006f
Argentina	2.0	0.4	-0.2	5.8	5.7	5.7	404	380	378
Bolivia	3.2	-0.5	-1.2	7.2	6.1	5.9	216	228	220
Brazil	2.0	1.3	0.7	6.2	6.5	6.8	203	178	171
Chile	1.5	-0.7	-0.4	5.6	4.7	4.5	145	112	105
Colombia	-1.3	-1.7	-2.2	6.8	6.6	6.1	228	220	218
Costa Rica	-7.3	-6.5	-5.5	1.8	1.6	1.5	71	70	72
Dominican Republic	7.0	4.5	3.3	1.0	0.9	0.9	83	84	88
Ecuador	0.5	-2.3	-2.5	1.3	0.9	0.9	199	211	215
El Salvador	-4.0	-2.8	-1.7	2.9	2.8	2.6	164	160	158
Guatemala	-4.9	-4.9	-4.6	4.7	4.0	3.7	141	137	140
Honduras	-5.2	-6.3	-4.5	5.0	5.1	5.2	201	168	162
Jamaica	-10.7	-10.8	-10.2	3.9	3.5	3.0	107	103	102
Mexico	-1.4	-1.7	-1.6	3.2	3.2	3.0	79	76	73
Nicaragua	-19.0	-17.6	-15.8	2.7	2.9	3.3	220	208	209
Panama	-3.1	-5.7	-4.6	1.4	1.5	1.4	96	95	94
Paraguay	0.5	-1.4	-2.5	3.8	3.8	4.3	99	101	88
Peru	0.1	-0.1	0.0	9.8	9.1	9.3	199	190	182
Trinidad & Tobago	18.1	18.6	20.8	5.9	6.3	7.1	69	64	51
Uruguay	-0.3	-2.0	-3.1	7.3	7.3	7.5	284	277	264
Venezuela	14.0	10.6	4.8	9.0	9.1	8.4	83	92	96
Latin America (20 countries)	1.0	0.2	-0.4	5.0	5.1	5.1	152	144	139

* goods and services

f=forecast

ARGENTINA

After 76% of bond creditors had accepted the government's swap offer, holders of Argentine bonds who rejected the offer managed to delay the bond swap by instituting legal action in a New York court. Although the court of first instance ruled against them, the bond swap operation is nevertheless on hold until the court of appeal ruling expected to be announced by the end of April of this year. Argentina's uncompromising stance against bond holders having rejected the swap is likely to weigh on the forthcoming negotiations with the IMF. On the domestic front, rising inflation is quite rightly giving cause for concern. Since the economics ministry might only permit a moderately restrictive central bank policy, the December inflation rate of 12.5% (year-on-year) will presumably be twice as high as at end-2004. As expected, economic growth is currently slowing down yet is likely to remain at a high level (forecast 2005: 6%).



ANNUAL FIGURES AND FORECASTS

ARGENTINA		2002	2003	2004	2005f	2006f
DOMESTIC ECONOMY						
GDP change (real)	%	-10.9	8.8	9.0	6.0	3.5
GDP	US\$ bn	99.1	127.3	152.1	176.3	191.4
Inflation (year-end)	%	41.0	3.7	6.1	12.5	8.7
Inflation (average)	%	25.9	13.4	4.4	10.1	9.8
PUBLIC SECTOR						
Budget balance, central government	% GDP	-1.4	0.6	2.4	2.1	1.0
Budget balance, public sector	% GDP	-1.8	1.3	4.2	2.9	1.9
Public debt*	% GDP	139	140	121	107	102
Amortization*	US\$ bn	17.9	19.8	19.8	14.2	11.8
Gross financing needs	US\$ bn	19.2	19.1	16.1	10.6	9.8
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	25.7	29.6	34.5	37.2	38.8
Merchandise imports	US\$ bn	8.5	13.0	21.1	26.4	29.6
Trade balance	US\$ bn	17.2	16.5	13.3	10.7	9.2
Current account balance****	US\$ bn	9.6	7.9	3.0	0.7	-0.4
Current account balance****	% GDP	9.7	6.2	2.0	0.4	-0.2
Net direct investment	US\$ bn	1.7	-0.3	-0.7	0.0	1.0
Foreign exchange reserves, year-end	US\$ bn	10.5	14.1	19.6	21.5	23.0
Import cover **	months	5.6	5.8	5.8	5.7	5.7
US\$ exchange rate, year-end	Pesos	3.37	2.93	2.97	3.02	3.07
US\$ exchange rate, average	Pesos	3.15	2.95	2.94	2.96	3.05
FOREIGN DEBT *						
Gross foreign debt	US\$ bn	156.9	165.0	169.0	173.0	178.0
Foreign debt	% exports**	494	450	404	380	378
Short-term foreign debt	US\$ bn	23.8	39.7	60.0	47.5	55.0
Foreign debt amortization	US\$ bn	19.7	30.5	22.5	19.4	14.5
Foreign debt service	US\$ bn	29.6	40.1	32.3	29.4	24.5
Foreign debt service	% exports**	93	109	77	65	52
FINANCIAL MARKETS (year-end)						
Interbank interest rate, overnight	%	7.5	2.0	3.0	5.0	5.0
Merval stock index (peso based, 2005: 04/14)		525	922	1375	1326	
IFCI stock index (US\$ based, 2005: 04/14)		265	502	763	788	
Bond market yield spread (2005: 04/14)***	bps	6229	6463	4707	5536	

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

f=forecast

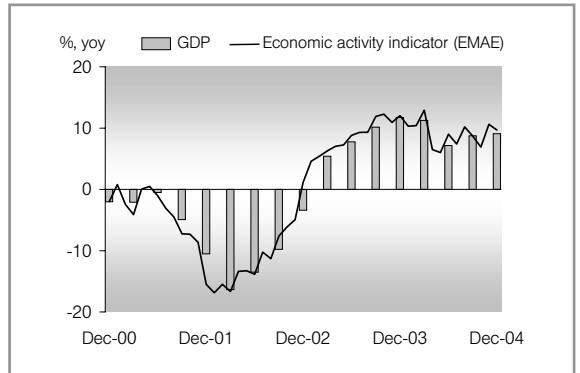
Public finances: Even though accepted by 76% of creditors, the bond swap has come to a standstill. Bond holders who continue to demand full payment of their claims are seeking to obtain an attachment order from a New York court for the bonds due to be swapped. The court of first instance rejected the application. The appellate court is expected to announce its ruling at the end of April. Should the court of appeal ruling turn out to be in favor of Argentina, the implementation of the bond swap originally planned for April 1 of this year would go ahead. Those bond holders who refused to accept a net present value loss of about 70% and rejected the swap, which involves a volume of US\$ 19.5 billion (including interest arrears of approx. US\$ 25 billion), are being given the cold shoulder by the Kirchner government. President Kirchner ruled out any further offers or even reopening the swap offer during his presidential term (ending in October 2007). This stance will be a source of friction during the forthcoming negotiations with the IMF. Nevertheless, we assume that as in the past the IMF will ultimately refrain from taking a tough stance and therefore a new agreement will be reached after all.

Economic activity: Economic growth in Q4-04, at 2.7% quarter-on-quarter, seasonally adjusted (9.1% year-on-year), exceeded our expectations once again. This results in a GDP growth rate of 9.0% for the year as a whole. With gains of 9.4%, private consumption provided the largest contribution to growth. Underpinned by public construction projects, the substantial growth in investments (+34.5%) was also responsible for this to a considerable degree. Economic figures of the first two months of 2005 confirm our view that economic growth is likely to slow down to 6% in the course of the year. Both industrial production (-0.7%) and supermarket sales (-0.4%) showed a seasonally adjusted month-on-month decline in February.

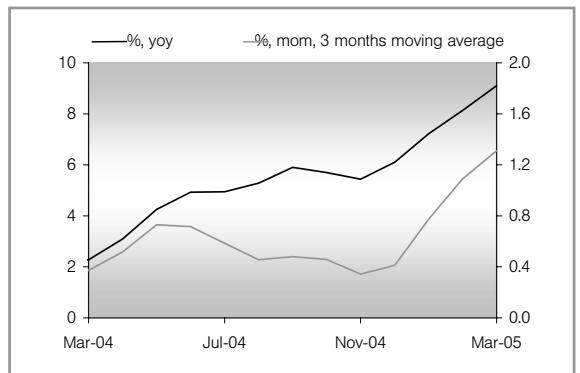
Monetary sector: Inflation has accelerated significantly since the beginning of 2005. The average monthly inflation rate rose from 0.5% in the second half of 2004 to 1.3% in the first quarter of 2005. We assume that the central bank will not meet its target of an annualized inflation rate between 5% and 8%, and we project a rise from 9.1% in March of this year to 12.5% in December.

External sector: The first two months of the year saw a 14% year-on-year growth in exports despite a 5% drop in prices (year-on-year). Imports were up 27% year-on-year; following a 10% price increase, the volume of imports grew by 15%. The trade surplus (imports cif) declined from US\$ 1.74 billion in the first two months of 2004 to US\$ 1.58 billion in the same period of the current year. With further reductions in trade surpluses, we expect the central bank to continue its intervention in the forex market – albeit to a lesser extent – to stop the peso from appreciating. As a result, foreign currency reserves should likewise continue to increase.

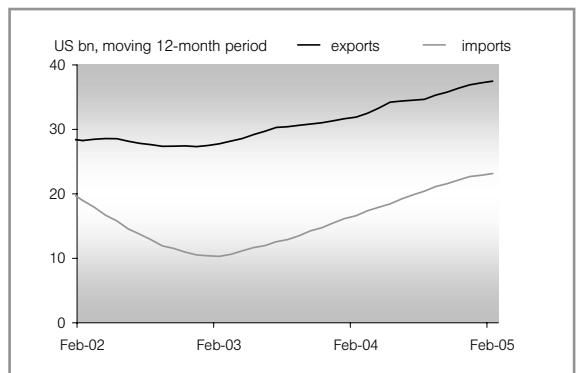
GDP -CHANGE (REAL)



INFLATION



EXTERNAL TRADE



MONTHLY AND QUARTERLY FIGURES

ARGENTINA: MONTHLY INDICATORS		Dec-04	Jan-05	Feb-05	Mar-05	next/latest
DOMESTIC ECONOMY						
Economic activity indicator, EMA	% yoy	9.7	9.1			19-Apr
Economic activity indicator, EMA (season. adjust.)	% mom	0.7	0.4			19-Apr
Industrial production	% yoy	9.7	7.1	5.4		18-Apr
Industrial production (seasonally adjusted)	% mom	1.9	0.4	-0.7		18-Apr
Construction	% yoy	14.9	7.0	6.3		27-Apr
Construction (seasonally adjusted)	% mom	2.6	-0.2	-1.3		27-Apr
Consumer confidence (UTDT)	% mom	9.2	-1.5	9.2	-10.5	12-May
Supermarket sales (real, seasonally adjusted)	% yoy	9.4	9.2	6.1		28-Apr
Supermarket sales (real, seasonally adjusted)	% mom	3.8	-0.6	-0.4		28-Apr
Tax revenues	% yoy	36.0	23.0	32.5		2-May
Budget balance	Pesos mn	-2377	1455	184		29-Apr
Primary balance	Pesos mn	-2067	1640	1370		29-Apr
Consumer prices	% yoy	6.1	7.2	8.1	9.1	4-May
Consumer prices	% mom	0.8	1.5	1.0	1.5	4-May
Wholesale prices	% yoy	0.9	-1.0	1.0	2.1	4-May
Overnight peso rate (month-end; latest: 04/13)	%	2.3	2.3	2.3	2.4	2.7
Peso deposits (month-end, latest: 04/08)*	Peso bn	103.0	106.3	105.3	106.3	105.3
EXTERNAL SECTOR						
Merchandise exports	US\$ mn	2962	2759	2578		28-Apr
Merchandise exports	% yoy	21	19	8		28-Apr
Merchandise imports, cif	US\$ mn	2095	1890	1862		28-Apr
Merchandise imports	% yoy	39	18	37		28-Apr
Trade balance	US\$ mn	867	869	716		28-Apr
Foreign exchange reserves (latest: 04/13)	US\$ bn	19.6	20.1	20.8	20.3	20.6
US\$ exchange rate (latest: 04/13)	Pesos	2.97	2.92	2.94	2.92	2.87
ARGENTINA: QUARTERLY INDICATORS		Q1 04	Q2 04	Q3 04	Q4 04	next /latest
DOMESTIC ECONOMY						
GDP (seasonally adjusted)	% qoq	1.5	0.5	1.5	1.0	16-Jun
GDP	% yoy	11.3	7.1	8.7	9.1	16-Jun
Private consumption	% yoy	11.7	8.3	8.9	9.1	16-Jun
Public consumption	% yoy	0.8	-0.8	4.1	6.5	16-Jun
Private and public investment	% yoy	50.3	36.8	33.6	23.9	16-Jun
Domestic demand	% yoy	15.3	11.0	11.3	9.8	16-Jun
Export (goods and services)	% yoy	7.7	-0.2	9.2	16.8	16-Jun
Import (goods and services)	% yoy	55.8	42.5	38.2	27.8	16-Jun
Unemployment rate (EPH)	%	14.4	14.8	13.8	12.1	16-Jun
Budget balance, central government	Pesos mn	3982	6667	3371	-762	31-May
Public debt***	US\$ bn	180.0	181.2	182.5		30-Jun
EXTERNAL SECTOR						
Current account balance	US\$ bn	0.4	1.7	0.5	0.5	22-Jun
Net foreign direct investment	US\$ bn	-0.1	-0.2	-0.2	-0.2	22-Jun
Net portfolio investment	US\$ bn	-3.8	-1.1	-2.0	-2.0	22-Jun
Capital account**	US\$ bn	0.5	0.9	0.2	0.7	22-Jun
Change in foreign reserves #	US\$ bn	-0.9	-2.6	-0.7	-1.1	22-Jun
Gross foreign debt	US\$ bn	164.3	165.4	167.2		22-Jun
Short-term foreign debt	US\$ bn	45.5	n.a.	47.5		22-Jun

* bank deposits of private sector; ** incl. residual items ***without overdue interest and amortization payments # - = increase



BRAZIL

Brazil is currently sailing in relatively safe waters. On the other hand, there is hardly any scope for pleasant surprises either. Economic growth is slowing down, as expected. At the political level, the government is showing clear signs of fatigue while the opposition parties are using every opportunity to improve their chances at next year's general elections. Our confidence that this scenario will not turn into a crisis is based on the improved macroeconomic data. Foreign currency reserves continue to grow, foreign debt (for the first time since the mid-seventies) is now below 200% of visible and invisible exports and public debt dropped to 51% of GDP.

ANNUAL FIGURES AND FORECASTS

BRAZIL		2002	2003	2004	2005f	2006f
DOMESTIC ECONOMY						
GDP change (real)	%	1.5	0.5	5.2	3.9	4.0
GDP	US\$ bn	452	495	584	691	740
Inflation (year-end)	%	12.5	9.3	7.6	6.7	4.9
Inflation (average)	%	8.5	14.7	6.6	7.2	5.6
PUBLIC SECTOR						
Budget balance, central government	% GDP	-0.8	-4.0	-2.0	-2.1	-1.8
Budget balance, public sector	% GDP	-4.7	-5.2	-2.7	-3.0	-2.6
Public debt (net)	% GDP	57	56	52	51	50
Amortization external debt	US\$ bn	8.6	22.1	14.1	16.1	16.1
Amortization domestic federal debt*	US\$ bn	53.4	72.1	68.4	130.4	76.5
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	60.4	73.1	96.5	105.7	110.4
Merchandise imports	US\$ bn	47.2	48.3	62.7	73.0	80.3
Trade balance	US\$ bn	13.2	24.8	33.7	32.6	30.1
Current account balance	US\$ bn	-7.7	4.1	11.7	9.2	5.2
Current account balance	% GDP	-1.7	0.8	2.0	1.3	0.7
Net foreign direct investment	US\$ bn	16.6	10.1	18.2	13.0	16.0
Foreign exchange reserves, year-end	US\$ bn	37.8	49.0	52.9	62.0	70.7
Import cover **	months	5.4	6.9	6.2	6.5	6.8
US\$ exchange rate, year-end	Reais	3.53	2.89	2.66	2.85	2.91
US\$ exchange rate, average	Reais	2.90	3.08	2.92	2.75	2.82
FOREIGN DEBT						
Gross foreign debt	US\$ bn	228	235	225	216	216
Foreign debt	% exports**	311	271	203	178	171
Short-term foreign debt	US\$ bn	22.8	25.0	27.0	26.0	25.0
Foreign debt amortization	US\$ bn	39.0	44.0	50.3	34.5	30.0
Foreign debt service	US\$ bn	54.3	59.7	65.6	49.3	45.0
Foreign debt service	% exports**	74.2	68.7	59.1	40.8	35.6
FINANCIAL MARKETS (year-end)						
Interbank interest rate, overnight	%	24.9	16.3	17.8	17.8	15.0
Bovespa stock index (real based, 2005: 04/14)		11268	22236	26196	24984	
IFCI stock index (US\$ based, 2005: 04/14)		214	439	587	579	
Bond market yield spread (2005: 04/14)***	bp	1439	463	383	465	

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

f=forecast

Domestic policy: The government is currently fighting on several fronts. For instance, central bank president Meirelles has come under fire following allegations of operating illegal bank accounts. The question arising from this dispute, namely whether Meirelles enjoys ministerial status which would momentarily render him immune from criminal prosecution, will be decided in a court of law. A decision in this regard is expected at the end of April. At the same time, the populist demands made by the new president of the house of deputies, Cavalcanti, are causing disharmony. Furthermore, the PMDB – although having officially left the coalition government – is demanding more ministerial positions. In a surprise move, the state president responded to this pressure by calling off the long-awaited cabinet reshuffle. We consider it unlikely that the key reform projects (including tax reform and the operational independence of the central bank) can still be implemented in the current legislative period, which will last until end-2006.

Public finances: The government remains on course with regard to public finances. In the 12-month period up to end-February of this year, the public sector's primary surplus reached 4.8% of GDP, while the deficit was in the region of 2.5% of GDP. Public debt continues to decline (51.3% of GDP as at end-February). These relatively good figures reflect a continued favorable revenue situation, among other things. For instance, tax revenues in January and February increased 4% year-on-year on average (in real terms). The government did not renew its financial agreement with the IMF, which expired in March. On the domestic front, this step was welcomed. However, we consider this step premature since the possibility of major capital outflows cannot be ruled out. An agreement with the IMF would have provided more security in this regard.

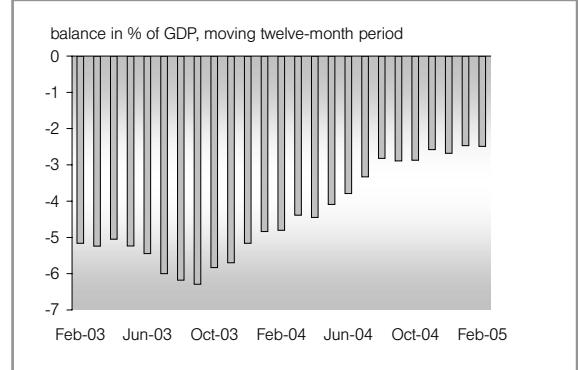
Economic activity: As expected, growth slowed down in the last few months. The February growth rate of industrial production was down to just 4.4% year-on-year (December 2004: 8.3%). Retail sales are likewise growing more slowly (February: 1.3% after 11% in December). For the first quarter, we forecast GDP growth of 0.7% (seasonally adjusted), which would still equate to year-on-year growth above 5%, and an economic growth rate of 3.9% for the year as a whole.

Monetary policy: The central bank first wants to await the impact recent interest rate hikes might have on prices; at least, this is how we interpret the central bank's statements. Both inflation (IPCA March: 7.5%) and inflationary expectations for the end of the year (almost 6%) currently are well above the inflation target of 5.1%. The central bank would lose a great deal of credibility especially if the inflation rate were to exceed the programmed inflation corridor of 7% at year-end, which we do not anticipate, however.

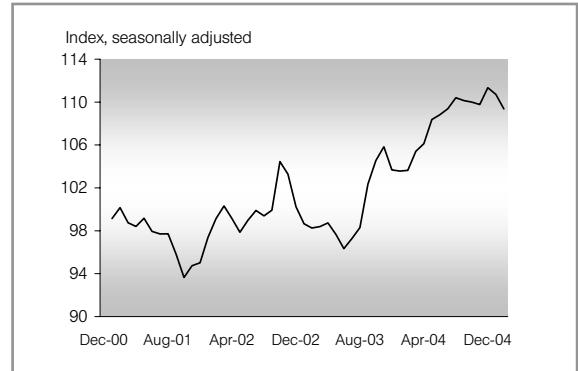
External sector: Exports continue to grow unabated (Q1: +26% year-on-year), which is more or less equally attributable to volume and price trends. Persistently high trade surpluses enable the central bank to buy dollars on the forex market and build up foreign currency reserves, the latter meanwhile amounting to US\$ 62 billion, i.e. equivalent to roughly 7 months' import cover.

Dr. Cyrus de la Rubia, +49 40 3595 3889

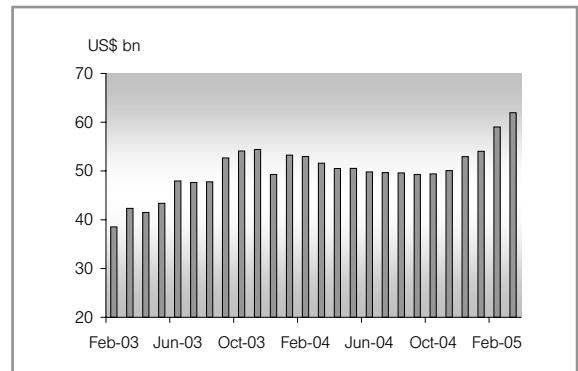
PUBLIC SECTOR BUDGET BALANCE



INDUSTRIAL PRODUCTION



FOREIGN EXCHANGE RESERVES



MONTHLY AND QUARTERLY FIGURES

BRAZIL: MONTHLY INDICATORS		Dec-04	Jan-05	Feb-05	Mar-05	next/latest
DOMESTIC ECONOMY						
Public sector primary balance (ytd)	% of GDP	4.6	7.4	5.2		29-Apr
Public sector balance (ytd)	% of GDP	-2.7	-0.6	-2.9		29-Apr
Central government tax revenues	% yoy	17.4	5.7	3.0		16-May
Capacity utilization (CNI)	%	83.1	81.9	82.0		27-Apr
Industrial production (IBGE)	% yoy	8.3	5.9	4.4		6-May
Retail sales (IBGE)	% yoy	11.4	6.2	1.3		12-May
Unemployment rate (IBGE)	%	9.6	10.2	10.6		27-Apr
Consumer prices IPCA	% yoy	7.6	7.4	7.4	7.5	11-May
Consumer prices IPCA	% mom	0.86	0.58	0.59	0.61	11-May
Interbank interest rate (latest: 04/14)*	%	17.75	18.25	18.75	19.25	19.25
EXTERNAL SECTOR						
Merchandise exports	US\$ mn	9194	7444	7756	9251	2-May
Merchandise exports	% yoy	36.2	28.4	35.5	16.7	2-May
Merchandise imports	US\$ mn	5684	5261	4970	5902	2-May
Merchandise imports	% yoy	42.3	24.8	32.8	10.7	2-May
Trade balance	US\$ mn	3510	2183	2786	3349	2-May
Current account balance	US\$ mn	1211	818	117		25-Apr
Net foreign direct investment	US\$ mn	3150	1218	869		25-Apr
Foreign exchange reserves (latest: 04/13)*	US\$ bn	52.9	54.0	59.0	62.0	61.8
US\$ exchange rate (latest: 04/14)*	Reais	2.66	2.61	2.59	2.68	2.57
BRAZIL: QUARTERLY INDICATORS		Q1 04	Q2 04	Q3 04	Q4 04	next/latest
DOMESTIC ECONOMY						
GDP	% yoy	4.0	5.7	6.1	4.9	31-May
GDP (s.a.)	% qoq	1.8	1.4	1.1	0.4	31-May
Private consumption	% yoy	1.0	4.5	5.8	5.4	31-May
Public consumption	% yoy	1.3	0.8	0.3	0.8	31-May
Private and public investment	% yoy	2.0	13.4	19.2	9.3	31-May
Exports of goods and services	% yoy	19.5	17.6	18.2	16.2	31-May
Imports of goods and services	% yoy	11.2	14.2	17.7	12.8	31-May
Agriculture	% yoy	6.4	6.0	5.9	2.9	31-May
Industry	% yoy	2.9	6.3	7.0	6.0	31-May
Services	% yoy	1.2	4.2	4.4	3.8	31-May
Public debt (net)	% of GDP	57.4	56.0	53.7	52.0	29-Apr
EXTERNAL SECTOR						
Current account balance	US\$ bn	1.7	2.8	5.3	2.0	25-Apr
Net foreign direct investment	US\$ bn	2.7	1.3	8.3	5.8	25-Apr
Portfolio investment	US\$ bn	2.4	-6.1	-0.5	-0.5	25-Apr
Capital account **	US\$ bn	0.9	-4.1	-6.1	-0.3	25-Apr
Change in foreign exchange reserves #	US\$ bn	-2.6	1.3	0.8	-1.7	25-Apr
Gross foreign debt	US\$ bn	234	224	220	220	21-Jun
Short-term foreign debt	US\$ bn	20.2	21.2	18.6	18.7	21-Jun

* month-end ** incl. Residual items # - = increase

CHILE

The recent turmoil on the international financial markets left Chilean bonds and the external value of the peso unperturbed. The risk spread on Chilean bonds remained virtually unchanged in the last few weeks whereas Mexico – another investment grade debtor in Latin America – had to contend with a significantly higher risk spread. The confidence shown by market players and the rating agencies – Fitch upgraded Chile's foreign currency rating at the end of March – is primarily based on the country's responsible fiscal policy and a solid economic upturn. GDP is likely to expand by more than 5% this year. This will enable the central bank to consistently pursue its policy of gradually tightening the monetary reins, although interest rates remain at a relatively low level. The key lending rates were raised by 25 basis points to 3% in April and should stand at 4% by year-end. Potential inflationary risks resulting from a persistently high oil price will thus be nipped in the bud at an early stage.

ANNUAL FIGURES AND FORECASTS

CHILE		2002	2003	2004	2005f	2006f
DOMESTIC ECONOMY						
GDP change (real)	%	2.2	3.7	6.1	5.3	5.0
GDP	US\$ bn	67.2	73.5	94.1	106.6	105.8
Inflation (year-end)	%	2.8	1.1	2.4	2.5	3.1
Inflation (average)	%	2.5	2.8	1.1	2.2	3.2
PUBLIC SECTOR						
Budget balance, central government	% GDP	-0.8	-0.4	2.2	2.0	1.3
Budget balance, public sector	% GDP	-1.6	-0.4	2.4	2.3	1.4
Public debt	% GDP	16	13	12	10	10
Amortization	US\$ bn	0.9	0.8	0.8	0.6	0.7
Gross financing needs, central government	US\$ bn	1.4	1.1	-1.2	-1.5	-0.7
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	18.2	21.0	31.9	36.0	37.5
Merchandise imports	US\$ bn	15.8	18.0	23.0	29.3	30.0
Trade balance	US\$ bn	2.4	3.0	9.0	6.7	7.5
Current account balance	US\$ bn	-0.7	-1.1	1.4	-0.7	-0.5
Current account balance	% GDP	-1.1	-1.5	1.5	-0.7	-0.4
Net foreign direct investment	US\$ bn	2.2	2.5	6.7	4.8	4.4
Foreign exchange reserves, year-end	US\$ bn	15.4	15.9	16.0	15.7	15.7
Import cover **	months	7.7	6.8	5.6	4.7	4.5
US\$ exchange rate, year-end	Pesos	720	593	556	580	640
US\$ exchange rate, average	Pesos	689	691	609	577	630
FOREIGN DEBT						
Gross foreign debt	US\$ bn	40.7	43.4	49.8	43.0	42.0
Foreign debt	% exports**	179	166	145	112	105
Short-term foreign debt	US\$ bn	5.8	7.5	7.7	8.0	8.2
Foreign debt amortization	US\$ bn	4.7	3.8	5.9	6.4	4.5
Foreign debt service	US\$ bn	6.0	5.2	7.2	7.8	5.9
Foreign debt service	% exports**	26	20	21	20	15
FINANCIAL MARKETS (year-end)						
Base rate, 90 days (PDBC)	%	2.9	2.3	2.3	4.0	4.8
IPSA stock index (peso based, 2005: 04/14)		1000	1405	1797	1976	
IFCI stock index (US\$ based, 2005: 04/14)		406	654	861	879	
Bond market yield spread (2005: 04/14)*	bp	176	90	64	70	

* EMBIG

**goods and services

f=forecast

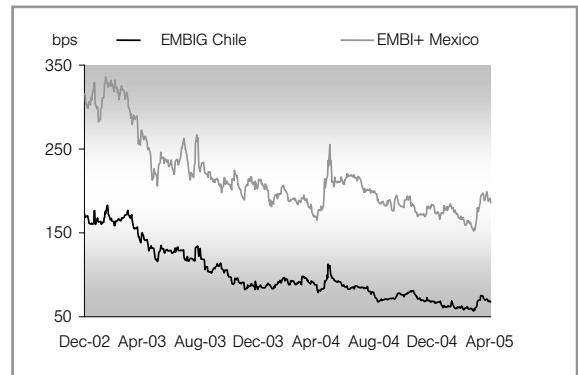
Public finances: Despite the currently upbeat economy, the finance ministry is continuing its responsible fiscal policy course: expenditure, for instance, saw a year-on-year increase of only about 3% (in nominal terms) in the first two months of the year, although revenues simultaneously rose by almost 29% and a budget surplus of 2.2% of GDP was recorded in 2004. We forecast a budget surplus of a similar extent for 2005 as a whole. In recognition of Chile's solid financial policy, declining public debt and robust economic growth, Fitch upgraded its risk assessment of the country's foreign currency debt to "A", rating Chile – just as S&P did – two notches higher than Moody's. Chile's stable economic situation is also reflected in the fact that the risk spread on Chilean bonds, unlike in Mexico's case, remained virtually unchanged in recent weeks (see graph). Likewise, the peso/US\$ exchange rate hardly responded to the increased skittishness in the international financial markets.

Economic activity: The IMACEC economic indicator recorded year-on-year growth of 5.6% in February. Chile's economy thus remains set on last year's dynamic expansionary course (+6.1%). The sharp rise in investments in the final quarters (Q3 2004: +15.6% year-on-year, Q4 2004: +20.6%) suggests a sustained economic upturn. In addition, domestic demand is being underpinned by continuing favorable financing terms and an increasingly revitalized labor market. Employment rose by 3.2% year-on-year over the three preceding months to February, which is a significant improvement on last year's average (+1.8%, year-on-year). Against this backdrop, our 5.3% growth forecast for the year as a whole could even be exceeded.

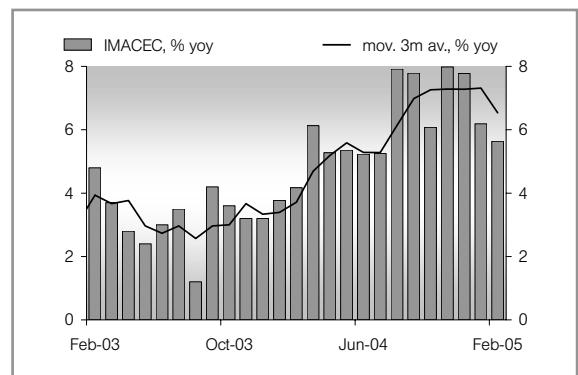
Monetary sector: As expected, inflation picked up in March (+0.6%). At only 2.4%, the annualized inflation rate remains at the bottom end of the central bank's target corridor (2-4%), however. In spite of this, during its early-April session the central bank raised the key lending rate by 25 basis points, to 3%. This is based on the assumption that the highly dynamic economic performance makes a further monetary policy stimulus unnecessary. We expect the central bank to continue its policy of gradually tightening its monetary reins in the course of the year, with the key lending rate likely to stand at 4% at the end of 2005. This will limit potential inflationary risks that might result from a persistently high oil price.

External sector: Despite the meanwhile high statistical basis of comparison, export growth, at 24.3% year-on-year in the first quarter, continues unabated. Since cyclical trends have also led to a sharp rise in imports, the trade surplus amounts to roughly US\$ 2.5 billion. For the year as a whole, we forecast a slightly lower year-on-year surplus, which still remains very high at 6% of GDP.

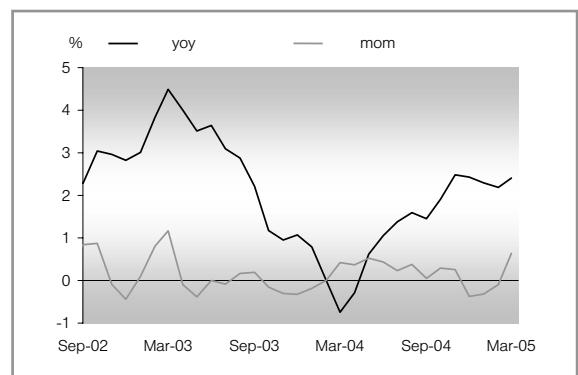
YIELD SPREADS CHILE AND MEXICO



ECONOMIC ACTIVITY



INFLATION



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MONTHLY AND QUARTERLY FIGURES

CHILE: MONTHLY INDICATORS		Dec-04	Jan-05	Feb-05	Mar-05	next/latest
DOMESTIC ECONOMY						
IMACEC	% yoy	7.8	6.2	5.6		5-May
Industrial production (INE)	% yoy	10.2	5.3	3.5		28-Apr
Mining production	% yoy	12.2	11.8	-3.8		28-Apr
Retail sales	% yoy	6.2	2.5	6.6		21-Apr
Unemployment rate	%	7.8	7.5	7.6		28-Apr
Employment	mn	5.86	5.87	5.85		28-Apr
Labor cost index	% yoy	0.8	0.7	0.7		5-May
Consumer prices	% yoy	2.4	2.3	2.2	2.4	5-May
Consumer prices	% mom	-0.4	-0.3	-0.1	0.6	5-May
Wholesale prices	% yoy	7.8	8.8	8.7	8.5	5-May
Wholesale prices	% mom	-3.0	-0.1	0.8	2.0	5-May
Money supply M1	% yoy	21.1	20.7	20.2	12.1	7-May
Base rate, 90d PDBC (month-avrg., latest: 04/12)	%	2.3	2.5	3.0	2.8	2.99
Loan rate (average)	%	10.8	11.5	12.6	12.6	7-May
Deposit rate (average)	%	3.4	3.5	3.5	3.7	7-May
Lending to private sector	% yoy	13.6	8.3	8.6		25-Apr
Total financial savings (M7, seasonally adjusted)	% mom	0.3	-0.1	0.4	0.8	7-May
EXTERNAL SECTOR						
Merchandise exports	US\$ mn	3316	2969	2590	3651	7-May
Merchandise exports	% yoy	76.1	36.8	16.6	21.0	7-May
Merchandise imports	US\$ mn	2209	2137	2005	2598	7-May
Merchandise imports	% yoy	46.9	27.0	39.6	38.9	7-May
Trade balance	US\$ mn	1107	832	585	1053	7-May
Net foreign direct investment	US\$ mn	186.3	376.2	468.0		7-May
Portfolio investment (net)	US\$ mn	50.1	-259.5	-141.2		7-May
Copper price (monthly average, latest: 04/14)	US\$ c/lb	142.7	143.8	147.6	153.3	142.2
Foreign exchange reserves*	US\$ bn	16.0	15.6	15.5	15.4	7-May
US\$ exchange rate (latest: 04/14)	CLP	555.8	581.5	577.5	586.5	577.3
CHILE: QUARTERLY INDICATORS		Q1 04	Q2 04	Q3 04	Q4 04	next/latest
DOMESTIC ECONOMY						
GDP	% yoy	4.7	5.3	7.0	7.3	24-May
GDP seasonally adjusted	% qoq	2.6	1.7	1.8	1.4	24-May
Private and public consumption	% yoy	4.8	5.3	5.4	5.4	24-May
Private and public investment	% yoy	6.3	7.9	15.6	20.6	24-May
Domestic demand	% yoy	6.1	5.6	9.5	10.4	24-May
Exports (goods and services)	% yoy	8.8	11.4	15.7	15.5	24-May
Imports (goods and services)	% yoy	13.6	12.5	23.0	24.8	24-May
Budget balance, central government	Pesos bn	242.9	441.5	206.6	386.4	16-May
EXTERNAL SECTOR						
Current account balance	US\$ bn	0.69	0.79	-0.25	0.16	24-May
Net foreign direct investment	US\$ bn	1.84	0.57	3.17	1.08	24-May
Portfolio investment	US\$ bn	-0.31	-1.45	-1.09	-0.59	24-May
Capital account**	US\$ bn	-0.60	-0.77	-0.39	-0.33	24-May
Change in foreign exchange reserves	US\$ bn	-0.09	-0.02	0.14	0.17	24-May
Gross foreign debt	US\$ bn	43.5	43.6	43.9	43.8	24-May
Short-term foreign debt	US\$ bn	7.33	8.21	8.54	7.71	24-May

* month-end ** incl. Residual items # - = increase

COLOMBIA

Thanks to president Uribe's successful security policy, he succeeded in restoring confidence in Colombia's economy both at home and abroad. This is evident above all in an increase in domestic consumption, in the investment and the savings ratios and in foreign direct investments; accordingly an economic growth rate of 4% can be anticipated once again this year. Presidential elections are scheduled for May 2006, and it is doubtful whether a new president would be in a position to maintain Uribe's policy course. For this reason, there is a great deal of excitement regarding the decision of the constitutional court on the bill to allow the state president's re-election; a ruling is only expected to be handed down in the third quarter, however.



ANNUAL FIGURES AND FORECASTS

COLOMBIA		2002	2003	2004	2005f	2006f
DOMESTIC ECONOMY						
GDP change (real)	%	1.9	4.0	4.0	4.0	3.8
GDP	US\$ bn	76.9	78.7	97.5	119.1	128.6
Inflation (year-end)	%	7.0	6.5	5.5	5.6	5.5
Inflation (average)	%	6.3	7.1	5.9	5.2	5.6
PUBLIC SECTOR						
Budget balance, central government	% GDP	-6.1	-5.4	-5.6	-6.1	-6.0
Budget balance, public sector	% GDP	-3.7	-2.7	-1.2	-2.8	-2.7
Public debt	% GDP	64	62	58	55	56
Amortization	US\$ bn	12.5	10.6	10.0	5.5	6.0
Gross financing needs	US\$ bn	15.3	12.7	11.2	8.8	9.5
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	12.3	13.5	16.9	17.9	18.3
Merchandise imports	US\$ bn	12.1	13.3	15.9	17.6	18.6
Trade balance	US\$ bn	0.2	0.3	1.0	0.3	-0.3
Current account balance	US\$ bn	-1.5	-1.4	-1.2	-2.1	-2.9
Current account balance	% GDP	-1.8	-1.8	-1.3	-1.7	-2.2
Net direct investment	US\$ bn	1.2	0.8	2.6	2.0	1.5
Foreign exchange reserves, year-end	US\$ bn	10.7	10.9	13.4	14.0	13.5
Import cover	months*	6.8	6.4	6.8	6.6	6.1
US\$ exchange rate, year-end	Pesos	2867	2780	2353	2388	2417
US\$ exchange rate, average	Pesos	2507	2877	2628	2369	2402
FOREIGN DEBT						
Gross foreign debt	US\$ bn	37.4	38.5	38.6	39.4	39.9
Foreign debt	% exports*	304	285	228	220	218
Short-term foreign debt	US\$ bn	3.6	4.0	4.3	4.7	5.0
Foreign debt amortization	US\$ bn	6.5	6.7	4.6	4.3	4.1
Foreign debt service	US\$ bn	8.9	9.2	7.3	7.1	7.0
Foreign debt service	% exports*	73	68	43	39	38
FINANCIAL MARKETS (year-end)						
Deposit rate (DTF, 90 days)	%	8.0	7.9	7.7	7.5	8.0
IBB stock index (peso based, 2005: 04/14)		1474	2334	4346	4827	
IFCG stock index (US\$ based, 2005: 04/14)		615	783	1686	1915	
Bond market yield spread (2005: 04/14)	bp**	736	431	333	430	

*goods and services

** EMBI+

f=forecast, e=estimate

Domestic policy: The bill to allow the president to be re-elected is currently being reviewed by the constitutional court. Due to the time-consuming procedural rules involved, we only expect a ruling in the third quarter of this year. Should the decision turn out positive, then president Uribe might stand a good chance of winning the May 2006 election in view of the high popularity he enjoys among the population.

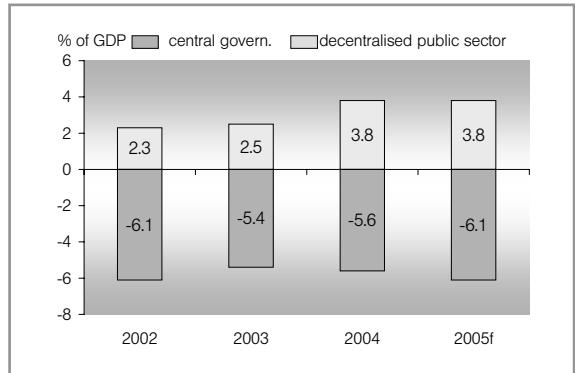
Fiscal policy: Following a relatively low budget deficit of 1.2% of GDP 2004, we forecast a higher deficit of 2.8% for this year. In particular, higher pension payments of 5.1% of GDP (2004: 3.6%) represent a burden on the central government budget, which this year is set to record a deficit of 6.1% of GDP (2004: 5.6%). Any improvement in public finance would require a structural tax reform and a strict clampdown on expenses. Neither of these measures will be realized before the 2006 elections, however.

Economic activity: After industrial production had already been up by 5.2% in the previous year, the positive trend continued in January (+2% year-on-year). Likewise, the significant 8.7% surge in retail sales in January suggests that consumption – in particular of durable goods – seems to have gradually recovered from the 1999 crisis. The country's improved security situation triggered a sharp rise in investments, primarily underpinned by the domestic private sector (see graph). Foreign investor confidence has increased; last year saw foreign net direct investment to the tune of US\$ 2.59 billion (2003: US\$ 0.85 billion) flow into the country.

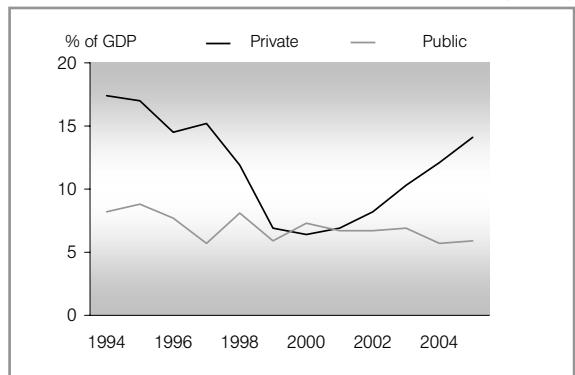
Monetary sector: We expect the peso to depreciate during the course of the year, which together with the VAT hike from 7% to 10% coming into force, higher rates of public utilities as well as the oil price hike at year-end will cause the inflation rate to rise to 5.6%. Inflation in March stood at 5% (year-on-year).

Exchange rate: The central bank will continue to intervene against the strong peso. Given the strong fundamentals, we only expect the peso to depreciate slightly, however. Confidence in Colombia's economy and the peso very much depends on president Uribe. Should the constitutional court reject the presidential re-election bill, confidence in the peso might weaken significantly and lead to a stronger depreciation.

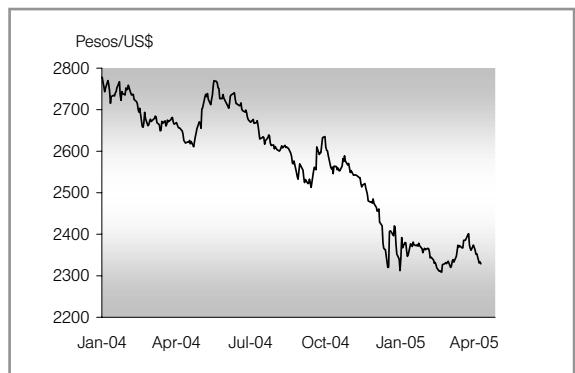
PUBLIC SECTOR BUDGET BALANCE



GDP-CHANGE (REAL)



EXCHANGE RATE



MONTHLY AND QUARTERLY FIGURES

COLOMBIA: MONTHLY INDICATORS		Dec-04	Jan-05	Feb-05	Mar-05	next/latest
DOMESTIC ECONOMY						
Industrial production (not incl. coffee)	% yoy	5.2	2.0			2-May
Retail sales (excl. fuel)	% yoy	6.3	8.7			2-May
Unemployment rate (urban)	%	13.0	16.1	16.1		2-May
Consumer prices	% yoy	5.5	5.3	5.3	5.0	5-May
Consumer prices	% mom	0.3	0.8	1.0	0.8	5-May
Producer prices	% yoy	4.6	4.4	4.3	4.9	2-May
Producer prices	% mom	-0.5	0.5	0.8	1.1	2-May
Monetary base (month-end)	% yoy	17.1	13.9	12.8	14.4	6-May
Money supply M1 (month-end + 04/14)	% yoy	16.8	13.0	11.3	10.6	17.4
Money supply M3 (month-end + 04/14)	% yoy	16.3	18.1	16.9	18.4	23.6
Lending rate (month-end)	%	14.9	14.9	15.8	15.8	6-May
Deposit rate (DTF, 90 days, month-end + 04/14)	%	7.7	7.6	7.4	7.4	7.3
Treasury bills (local index, month-end + 04/14)	%	107.2	107.8	107.9	106.0	106.6
Treasury bills (yield, TES Aug. 08, month-end)		10.8	10.2	10.0	10.5	6-May
Interbank interest rate (month-end + 04/14)	%	6.6	6.4	6.4	6.3	6.3
Credit volume (month-end)	% yoy	11.2	11.5	12.0	14.6	6-May
EXTERNAL SECTOR						
Merchandise exports	US\$ mn	1512				25-Apr
Merchandise exports	% yoy	31.2				25-Apr
Merchandise imports	US\$ mn	1644				9-May
Merchandise imports	% yoy	32.9				9-May
Trade balance	US\$ mn	-132.4				9-May
Foreign exchange reserves (month-end)	US\$ mn	13539	13743	13843	12784	6-May
US\$ exchange rate (month-end + 04/14)	pesos	2354	2366	2324	2376	2346
COLOMBIA: QUARTERLY INDICATORS		Q1 04	Q2 04	Q3 04	Q4 04	next/latest
DOMESTIC ECONOMY						
GDP	% yoy	4.0	4.3	2.9	4.3	30-Jun
GDP, seasonally adjusted	% qoq	0.6	1.5	0.3	1.9	30-Jun
Private consumption	% yoy	4.4	4.1	3.2	3.8	30-Jun
Public consumption	% yoy	2.3	4.3	3.1	3.3	30-Jun
Domestic consumption	% yoy	3.9	4.1	3.2	3.6	30-Jun
Domestic investment	% yoy	5.4	18.1	11.0	19.4	30-Jun
Domestic demand	% yoy	4.4	6.4	4.3	6.5	30-Jun
Exports (goods and services)	% yoy	4.9	9.5	10.1	12.3	30-Jun
Imports (goods and services)	% yoy	8.0	18.3	16.7	23.2	30-Jun
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	3.29	3.92	4.48	4.53	6-Jul
Merchandise imports	US\$ bn	3.30	3.72	3.90	4.41	6-Jul
Trade balance	US\$ bn	-0.01	0.19	0.59	0.12	6-Jul
Current account balance	US\$ bn	-0.63	-0.24	0.06	-0.31	6-Jul
Net foreign direct investment	US\$ bn	0.54	0.71	0.70	0.64	6-Jul
Portfolio investment*	US\$ bn	0.07	-0.05	0.48	0.26	6-Jul
Capital account**	US\$ bn	1.05	0.62	0.44	1.55	6-Jul
Change in foreign exchange reserves #	US\$ bn	0.42	0.38	0.50	1.24	6-Jul

*incl. foreign credit

**incl. residual items

- = increase

MEXICO

Despite a sharp rise in domestic interest rates, the outlook for Mexico's economy remains favorable. This is attributable to persistently dynamic growth in demand from the U.S. The heavy political clashes (in the Lopez-Obrador affair) have so far had no detrimental impact on consumer and corporate sentiment. We have therefore raised our 2005 growth forecast from 3.3% to 3.7%. The central bank is well on its way to winning the fight against inflation; however, it seems that Banxico will have to tighten its monetary reins once or twice in the forthcoming months in order to push the annualized inflation rate well below 4%. The high differential between the domestic and U.S. interest rates, which is currently making the peso relatively attractive as an investment currency, will become narrower in the course of the year, however. Hence, the peso will presumably depreciate to 12 pesos per US dollar by the end of the year.

ANNUAL FIGURES AND FORECASTS

MEXICO		2002	2003	2004	2005f	2006f
DOMESTIC ECONOMY						
GDP change (real)	%	0.7	1.3	4.4	3.7	4.0
GDP	US\$ bn	648	626	656	686	731
Inflation (year-end)	%	5.7	4.0	5.2	3.7	3.8
Inflation (average)	%	5.0	4.5	4.7	4.5	3.7
PUBLIC SECTOR						
Budget balance, central government	% GDP	-1.0	-0.8	-0.6	-0.6	-0.3
Budget balance, public sector	% GDP	-1.4	-0.6	-0.3	-0.3	-0.1
Public debt	% GDP	28	28	27	26	26
Amortization (Cetes excl.)	Pesos bn	222	250	336	324	371
Gross financing needs (Cetes excl.)	Pesos bn	298	283	359	348	394
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	161	165	189	200	214
Merchandise imports	US\$ bn	169	171	197	210	226
Trade balance	US\$ bn	-7.9	-5.7	-8.0	-10.5	-12.3
Current account balance	US\$ bn	-13.8	-8.5	-8.7	-11.3	-11.9
Current account balance	% GDP	-2.1	-1.4	-1.4	-1.7	-1.6
Net foreign direct investment	US\$ bn	14.8	10.8	15.0	14.0	16.0
Foreign exchange reserves, year-end	US\$ bn	51	59	64	65	67
Import cover **	months	3.0	3.5	3.2	3.2	3.0
US\$ exchange rate, year-end	Pesos	10.46	11.24	11.15	12.00	11.80
US\$ exchange rate, average	Pesos	9.66	10.79	11.32	11.73	11.90
FOREIGN DEBT						
Gross foreign debt	US\$ bn	159	160	163	166	169
Foreign debt	% exports**	90	88	79	76	73
Short-term foreign debt	US\$ bn	36	35	34	34	34
Foreign debt amortization	US\$ bn	13	21	25	18	21
Foreign debt service	US\$ bn	25	33	37	32	36
Foreign debt service	% exports**	14	18	18	15	16
FINANCIAL MARKETS (year-end)						
Interest rates (Cetes, 28 days)	%	7.6	6.0	8.6	9.5	9.2
IPC stock index (peso based, 2005: 04/14)		6127	8795	12918	12233	
IFCI stock index (US\$ based, 2005: 04/14)		637	830	1227	1170	
Bond market yield spread (2005: 04/14)*	bp	324	199	167	192	

* EMBI+ ** goods and services

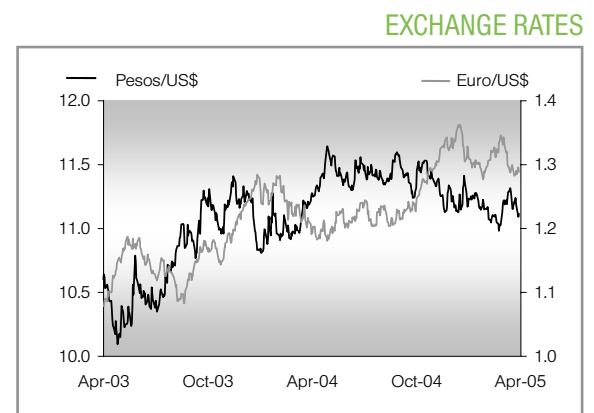
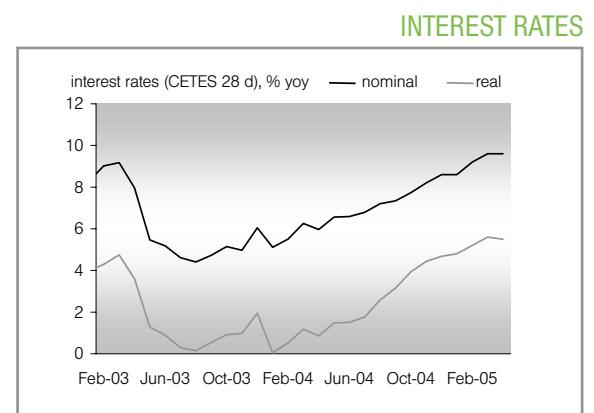
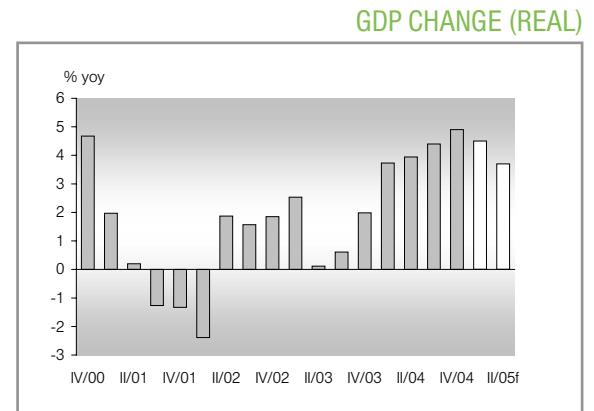
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Domestic policy: The house of deputies stripped Mexico City mayor Manuel Lopez-Obrador of his immunity. Lopez-Obrador, the left-wing PRD's presidential candidate, is clearly leading the current opinion polls on the mid-2006 elections by a wide margin. The suspension of immunity from prosecution would not automatically mean the end of Lopez-Obrador's ambitions. So far, this political conflict has neither resulted in any violent social protests nor in a destabilization of the financial markets. If anything, the affair seems to have increased Lopez-Obrador's popularity even further until now. It is therefore quite possible that the government will fairly soon embark on a course of appeasement.

Economic activity: Benefiting from continued dynamic growth in domestic demand from the U.S., Mexico's economy expanded substantially in the first quarter as well. So far, domestic demand has hardly been impeded by the country's restrictive monetary policy. For this reason, we have revised our growth forecast for 2005 upward from 3.3% to 3.7%. The main risks for the economy in the second semester include an economic slowdown in the U.S., a substantial drop in oil prices (because of negative effects on public expenditure) and a deterioration of the currently good corporate and consumer sentiment due to mounting political clashes in the run-up to the 2006 presidential elections (see above).

Monetary sector: March saw consumer prices rise by 0.5%. The annualized inflation rate increased slightly from 4.3% to 4.4%, remaining above the central bank's upper tolerance level of 4% in the process. Although private analysts forecast a modest decline to less than 4%, Banxico is unlikely to be content with this. A further "corto" hike at end-April and also in May therefore remains likely. Money-market interest rates (cetes, 28 days) have remained at their cyclical high of 9.6% since end-March. With another tightening of monetary policy and a further interest rate hike in the U.S. in May, a short-term increase to almost 10% cannot be ruled out. Interest rates should fall back to the current level of 9.5% by year-end, however.

Exchange rate: The Mexican peso continues to benefit from the high differential between domestic and U.S. interest rates, making investments in the Mexican money market interesting both for Mexican and international investors. However, the interest differential is probably close to peaking by now and likely to decline significantly in the course of the year. In addition, the slightly weaker economy and mounting "political noise" in the wake of the approaching presidential elections in July 2006 are likely to exert downward pressure on the peso. We expect the Mexican peso to depreciate to 12 pesos per US dollar by the end of 2005.



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MONTHLY AND QUARTERLY FIGURES

MEXICO: MONTHLY INDICATORS		Dec-04	Jan-05	Feb-05	Mar-05	next/latest
DOMESTIC ECONOMY						
Economic activity index (IGAE)	% yoy	4.4	4.0			26-Apr
IGAE index (seasonally adjusted)	% mom	0.6	0.2			26-Apr
Industrial production	% yoy	3.9	2.6	2.8		12-May
Manufacturing, in-bond industry	% yoy	11.1	5.2	8.0		12-May
Manufacturing (excluding in-bond industry)	% yoy	3.7	2.4	2.4		12-May
Construction	% yoy	6.0	5.2	0.7		12-May
Gross fixed capital formation	% yoy	11.9	10.2			10-May
Consumer confidence (January 2003=100)	Index	102.8	105.2	107.9	105.7	3-May
Retail sales	% yoy	6.2				21-Apr
Wholesale sales	% yoy	4.3				21-Apr
Unemployment rate	%	3.0	4.1	3.8		27-Apr
Employees (social insurance)	% yoy	3.3				
Real wages per employee, manufacturing	% yoy	-0.5				28-Apr
Budget balance, public sector	Pesos bn	-89.9	1.2	-0.7		2-May
Public domestic debt	Pesos bn	1099	1106	1100		2-May
Public external debt	US\$ bn	79.2	81.2	80.2		2-May
Consumer prices	% yoy	5.2	4.5	4.3	4.4	9-May
Consumer prices	% mom	0.2	0.0	0.3	0.5	9-May
Treasury bills, Cetes 28d (latest: 04/12)	%	8.6	8.6	9.2	9.6	9.6
EXTERNAL SECTOR						
Merchandise exports	US\$ mn	15957	14108	15481		22-Apr
Merchandise exports	% yoy	6.1	10.8	11.5		22-Apr
Merchandise imports	US\$ mn	18313	15272	15985		22-Apr
Merchandise imports	% yoy	14.0	18.6	13.6		22-Apr
Trade balance	US\$ mn	-2356	-1164	-503		22-Apr
Foreign exchange reserves	US\$ bn	64.2	61.8			
US\$ exchange rate (latest: 04/14)	Pesos	11.15	11.19	11.09	11.17	11.09
MEXICO: QUARTERLY INDICATORS		Q1 04	Q2 04	Q3 04	Q4 04	next/latest
DOMESTIC ECONOMY						
GDP	% yoy	3.7	3.9	4.4	4.9	15-May
Private consumption	% yoy	3.7	5.4	5.7	7.0	16-Jun
Public consumption	% yoy	-0.3	-5.0	-4.9	-0.9	16-Jun
Private and public investment	% yoy	2.9	-1.5	8.5	10.9	16-Jun
Exports (goods and services)	% yoy	10.4	14.4	12.1	10.3	16-Jun
Imports (goods and services)	% yoy	8.5	11.1	10.9	11.9	16-Jun
EXTERNAL SECTOR						
Current account balance	US\$ bn	0.0	-0.6	-1.8	-4.6	25-May
Net foreign direct investment	US\$ bn	7.4	2.5	2.6	2.9	25-May
Net foreign portfolio investment (incl. bonds)	US\$ bn	0.0	-2.6	5.7	7.6	25-May
Capital account **	US\$ bn	0.0	0.6	0.6	7.7	25-May
Change in foreign exchange reserves*	US\$ bn	-1.6	-0.1	1.5	-3.8	25-May

* balance of payments, - = increase ** incl. residual items

VENEZUELA

The government continued to radicalize its economic policy course in the last few weeks. This did not only lead to the first expropriations of big landowners, but government officials now seem to be targeting mining companies as well. The government's planned capping of the accumulation of foreign currency reserves by reforming the central bank's legislation is an attempt to take greater control over the last formally independent public institution. In spite of such alarming developments, the economy seems to be relatively robust thanks to lavish public spending and a recovery stimulus after the deep recession in 2002/2003. Even if this means that economic growth will reach around 6% in the current year, one should not overlook the fact that due to the lack of investments, growth prospects are gloomy in the medium term.



ANNUAL FIGURES AND FORECASTS

VENEZUELA		2002	2003	2004	2005f	2006f
DOMESTIC ECONOMY						
GDP change (real)	%	-8.9	-7.7	17.3	6.0	4.0
GDP	US\$ bn	95.5	85.3	104.1	115.5	122.8
Inflation (year-end)	%	31.2	27.1	19.2	15.2	15.7
Inflation (average)	%	22.4	31.1	21.7	15.7	15.2
PUBLIC SECTOR						
Budget balance, central government	% GDP	-3.5	-2.2	-2.1	-4.2	-5.1
Budget balance, public sector	% GDP	-1.0	0.2	0.0	-1.0	-1.6
Public debt	% GDP	42	45	37	33	31
Amortization	US\$ bn	7.3	10.8	9.0	7.3	6.5
Gross financing needs	US\$ bn	8.2	10.7	9.0	8.5	24.0
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	26.8	27.2	39.4	38.3	33.5
Merchandise imports	US\$ bn	13.4	10.7	17.3	18.3	19.6
Trade balance	US\$ bn	13.4	16.5	22.1	20.0	13.9
Current account balance	US\$ bn	8.0	11.2	14.6	12.2	5.9
Current account balance	% GDP	8.4	13.1	14.0	10.6	4.8
Net direct investment	US\$ bn	-0.3	1.4	1.3	2.5	2.4
Foreign exchange reserves, year-end **	US\$ bn	11.4	16.7	19.0	21.0	20.0
Import cover **) ***)	months	6.5	10.9	9.0	9.1	8.4
US\$ exchange rate, year-end	Bolívar	1387	1598	1918	2150	2400
US\$ exchange rate, average	Bolívar	1160	1611	1885	2082	2348
FOREIGN DEBT						
Gross foreign debt	US\$ bn	34.1	35.1	32.3	32.8	32.5
Foreign debt	% exports ***	116	125	83	92	96
Short-term foreign debt	US\$ bn	3.5	3.0	3.1	3.4	3.6
Foreign debt amortization	US\$ bn	2.9	5.4	5.3	2.7	3.0
Foreign debt service	US\$ bn	4.9	7.9	8.3	5.3	5.5
Foreign debt service	% exports ***	17	28	21	15	16
FINANCIAL MARKETS (year-end)						
Deposit rate, 90 days	%	26.1	14.2	14.5	11.0	10.0
ICB stock index (Bolívar based, 2005: 04/14)		8015	22204	29952	27079	
IFCG stock index (US\$ based, 2005: 04/14)		159	182	274	252	
Bond market yield spread (2005: 04/14)*	bp	1127	469	412	483	

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

f=forecast

Domestic policy: The government is increasingly radicalizing its political course. Recent weeks saw the first round of expropriations of big landowners and a provincial governor has announced the expropriation of all mining companies in his province. At the same time, the government plans to reform the central bank's legislation, aimed at capping the accumulation of foreign currency reserves. This seemingly arbitrary actions should increasingly deter domestic and foreign investors alike from investing in Venezuela.

Fiscal policy: The still unabated copious flow of oil revenues and the short-term upbeat economic situation have resulted in a 79% year-on-year increase in public revenues in the first two months of 2005. While this favorable trend is likely to continue in the forthcoming months, in view of the impending municipal elections in mid-year and the parliamentary elections scheduled for December, we forecast a central government deficit of 4.2% of GDP for the year as a whole. Cover of financing requirements has already been secured at this point, however. In March, the government issued a bond amounting to EUR 1 billion and in early April a global bond with a volume of US\$ 1.6 billion, which was sold to residents in local currency at the official exchange rate.

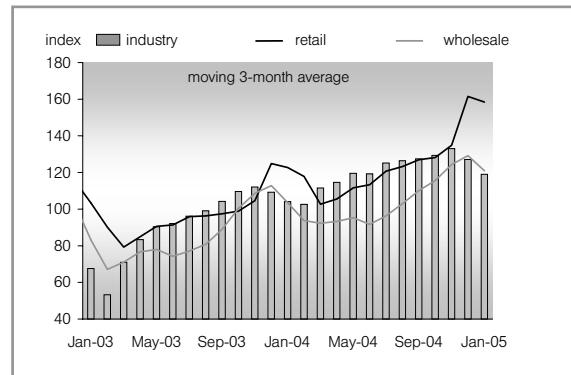
Economic activity: The very dynamic growth in 2004 should slow down in the current year. Considering an environment characterized by expropriations, foreign exchange allocation, regulated lending, price controls and political uncertainty, the relatively robust economic upturn comes as a surprise, however. January saw industrial production grow by 8.9% and retail sales by roughly 26% (compared with January 2004). Car sales were 82% higher than in the corresponding pre-year period. We assume, however, that virtually no investments are taking place at present, therefore making it unlikely to sustain growth beyond the current year.

Monetary sector: Consumer prices rose by 1.2% in March following a small marginal increase in February (0.2%). This is attributable to price hikes in response to the bolívar's depreciation in early March. Despite the high monthly growth rate, the annual inflation rate, at 15.8%, was down by almost 8 percentage points on the same month of the previous year. We expect this trend to continue and forecast a year-end inflation rate of 15.2%.

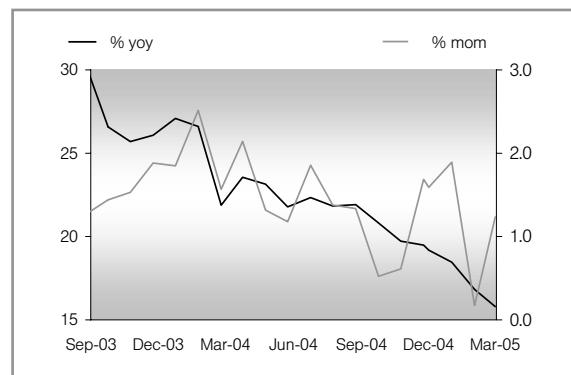
Exchange rate: As expected, the official bolívar/US\$ exchange rate of 1920 VEB/US\$ was adjusted to 2150 VEB/US\$ in early March. This corresponds to the annual average rate applied to the budget. Even if the actual average rate remains below target, the abundant flow of public revenues should render any further devaluation unnecessary. The parallel market followed suit with the adjustment of the official exchange rate in the short term; in mid-April the rate had stabilized at 2700 VEB/US\$, however. The value of the bolívar on the parallel market is likely to drop in the forthcoming months since congress is currently debating legislation which would make black market transactions a criminal offence punishable by heavy fines and/or imprisonment.

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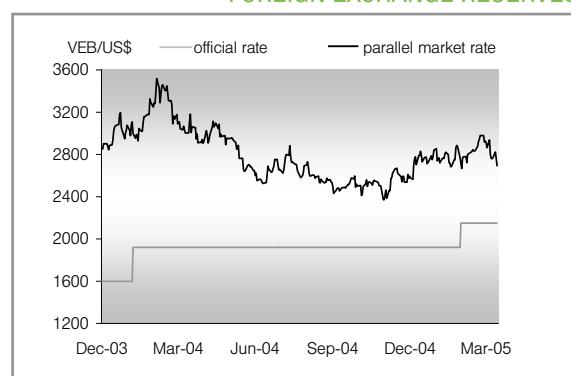
PRODUCTION AND SALES



INFLATION



FOREIGN EXCHANGE RESERVES



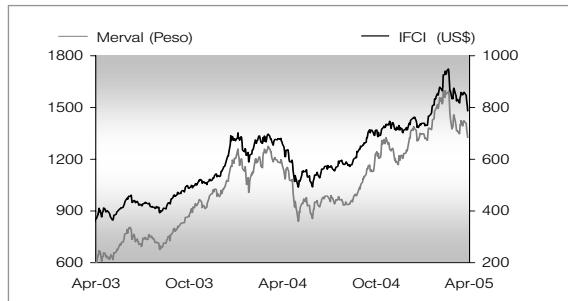
MONTHLY AND QUARTERLY FIGURES

VENEZUELA: MONTHLY INDICATORS		Dec-04	Jan-05	Feb-05	Mar-05	next/latest
DOMESTIC ECONOMY						
Industrial production (private sector)	% yoy	11.8	8.9			May 5-10
Car sales	% yoy	130.2	56.3	127.8	69.3	May 5-10
Retail sales	% yoy	32.6	25.7			May 5-10
Wholesale sales	% yoy	18.5	9.9			May 5-10
Crude oil production	1000 bpd	2750	2750	2770	2750	16-May
Unemployment rate	%	10.9	15.5	14.0		28-Apr
Consumer prices	% yoy	19.2	18.5	16.8	15.8	2-May
Consumer prices	% mom	1.6	1.9	0.2	1.2	2-May
Producer prices	% yoy	26.9	25.9	20.3	14.5	2-May
Producer prices	% mom	0.7	1.0	0.2	0.7	2-May
Money supply M2 *	% yoy	50.4	52.7	46.1		16-May
Lending rate (monthly average and 04/08)*	%	16.0	16.3	16.0	16.5	15.5
Deposit rate (monthly average and 04/08)*	%	4.7	4.8	5.1	5.2	5.2
Interbank interest rate (month-average)*	%	7.2	0.4	2.2	0.6	3-May
Credit volume *	% yoy	124	127	108		21-May
Deposits *	% yoy	52	51	49		21-May
EXTERNAL SECTOR						
Oil price (Venezuelan exports, latest: 04/08)	US\$/barrel	32.4	36.2	38.0	45.1	35.5
Oil price (Venezuelan exports, latest: 04/08)	% yoy	19.1	28.7	34.9	47.5	55.1
Foreign exchange reserves (CB, latest: 04/14)****	US\$ bn	17.9	18.3	19.1	20.0	20.6
Forex reserves (FEM**; latest: 04/14)*	US\$ bn	0.7	0.7	0.7	0.7	0.7
US\$ exchange rate (latest: 04/14)*	Bolívar	1920	1920	1920	2150	2150
VENEZUELA: QUARTERLY INDICATORS		Q1 04	Q2 04	Q3 04	Q4 04	next/latest
DOMESTIC ECONOMY						
GDP	% yoy	34.0	14.0	14.1	11.2	19-May
GDP, private sector	% yoy	30.6	17.5	16.6	12.3	19-May
GDP, public sector	% yoy	28.8	5.7	7.8	6.3	19-May
Oil sector	% yoy	64.7	0.6	-1.9	-5.9	19-May
Manufacturing industry	% yoy	50.9	25.2	18.2	15.6	19-May
Financial services	% yoy	32.1	30.6	25.9	19.8	19-May
Commerce	% yoy	33.5	25.2	22.0	23.1	19-May
EXTERNAL SECTOR						
Merchandise exports	US\$ bn	8.56	9.47	10.50	10.85	19-May
Exports of oil and derivatives	US\$ bn	7.11	7.95	8.65	8.83	19-May
Merchandise imports	US\$ bn	3.19	3.84	4.86	5.43	19-May
Trade balance	US\$ bn	5.37	5.63	5.64	5.42	19-May
Current account balance	US\$ bn	3.67	3.37	3.65	3.89	19-May
Net foreign direct investment	US\$ bn	0.20	0.40	0.01	0.69	19-May
Portfolio investment	US\$ bn	0.46	0.28	-2.77	-0.21	19-May
Capital account***	US\$ bn	-1.99	-3.15	-5.26	-2.29	19-May
Change in foreign exchange reserves (C.B.)#	US\$ bn	0.00	-0.22	1.61	-1.60	19-May
Change in foreign exchange reserves (FEM)**#	US\$ bn	0.00	0.00	0.00	0.00	19-May

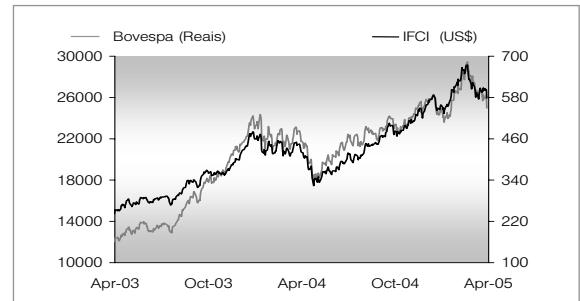
*month-end **macroeconomic stabilization fund *** incl. residual items **** Gold excluded (latest: US\$ 5.1bn) # - = increase

FINANCIAL MARKETS: LATIN AMERICAN STOCK MARKET INDICES

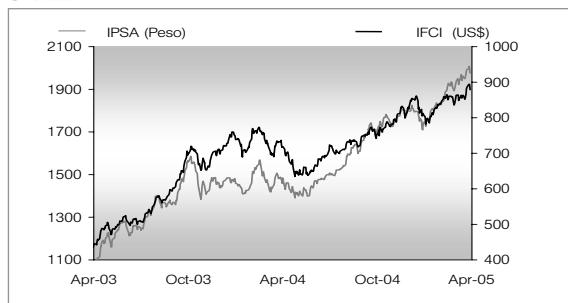
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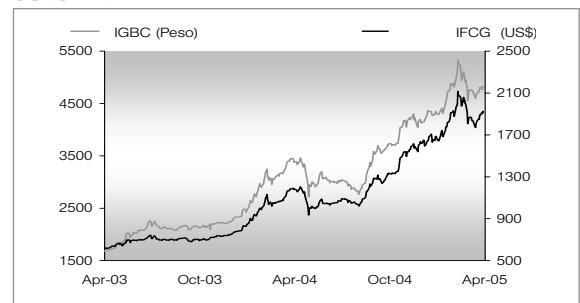
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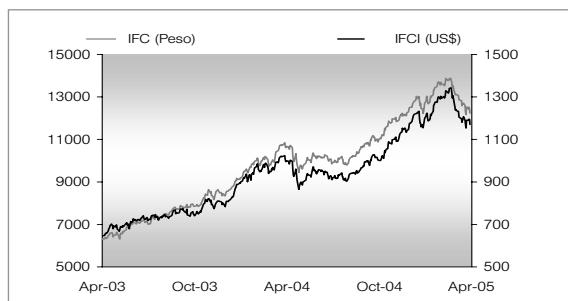
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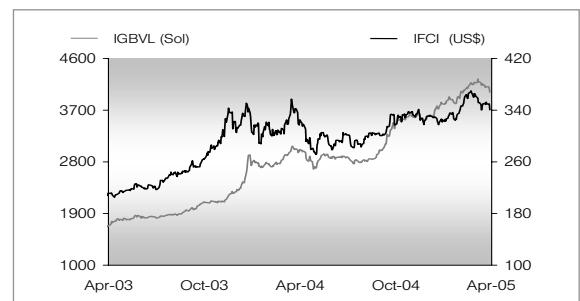
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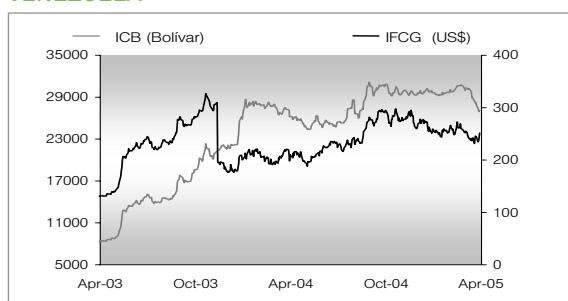
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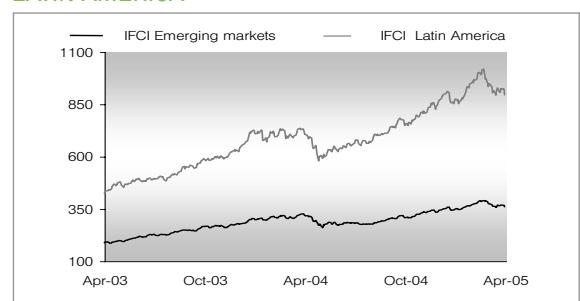
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VENEZUELA

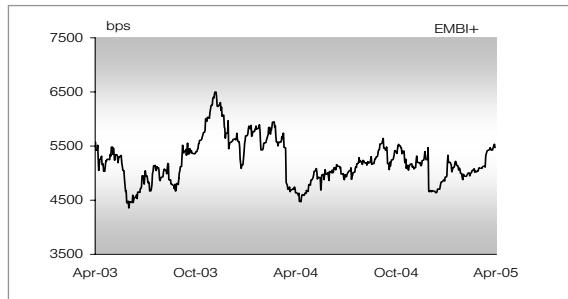


LATIN AMERICA

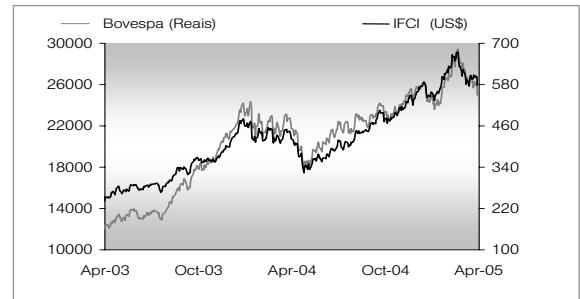


FINANCIAL MARKETS: LATIN AMERICAN BOND YIELD SPREADS

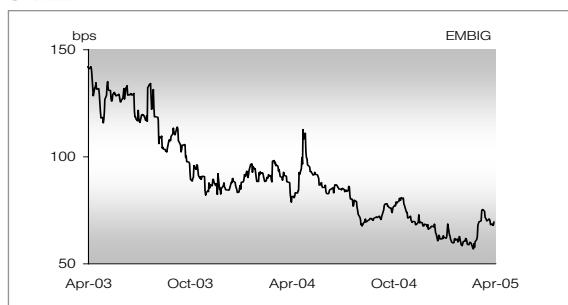
ARGENTINA



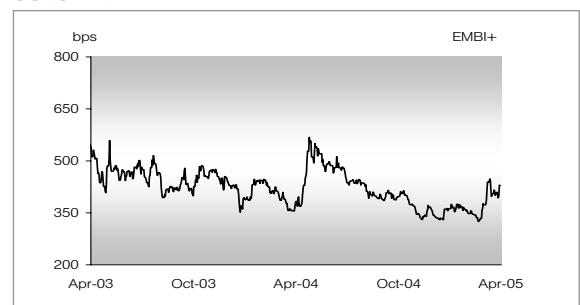
BRAZIL



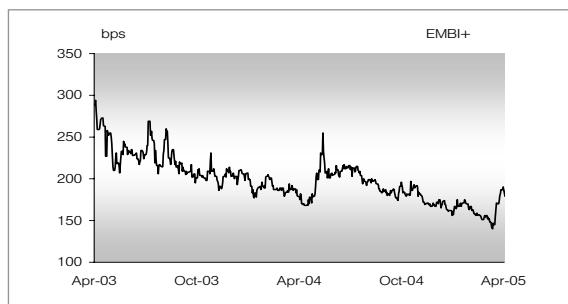
CHILE



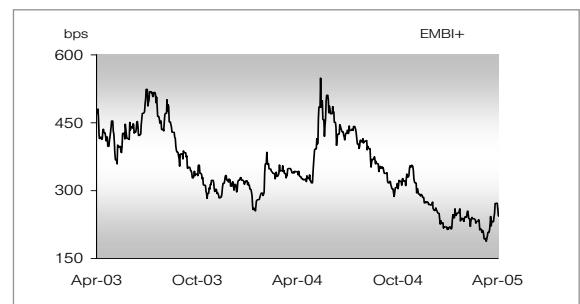
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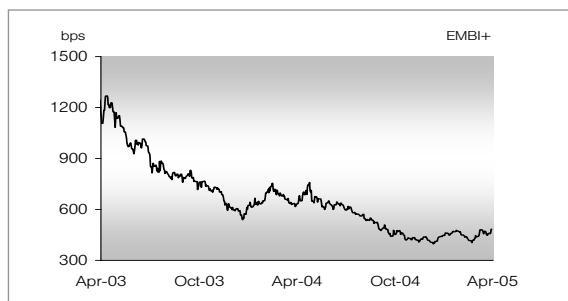
MEXICO



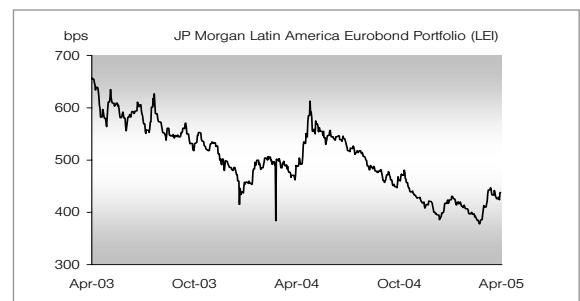
PERU



VENEZUELA



LATIN AMERICA



GLOBAL ECONOMY - FIGURES AND FORECASTS

		2003	2004	4/15/05	2005f	2006f
REAL GDP CHANGE *						
Industrialized countries	% yoy	2.1	3.2		2.2	2.6
USA	% yoy	3.0	4.4		3.5	3.4
Euro area	% yoy	0.5	1.8		1.7	2.2
Germany	% yoy	-0.1	1.7		1.0	2.0
Japan	% yoy	2.4	2.0		1.0	1.7
INTEREST RATES, YEARLY AVERAGE*						
USA, 3m money market rate	%	1.2	1.7	3.2	3.4	4.3
USA, 10yr government bond yield	%	3.9	4.2	4.3	4.8	5.5
Euro area, 3m money market rate	%	2.3	2.1	2.1	2.3	2.9
Euro area, 10yr gov. bond yield	%	4.1	4.1	3.5	3.9	4.6
Japan, 3m money market rate	%	0.1	0.1	0.1	0.1	0.1
Japan, 10yr government bond yield	%	1.0	1.5	1.3	1.6	2.0
EXCHANGE RATES, YEARLY AVERAGE *						
US\$/ Euro	US\$	1.13	1.24	1.29	1.4	1.3
Yen/ US\$	YEN	116	108	108	101	103
Yen/ Euro	YEN	131	134	139	138	135
COMMODITY PRICES, YEARLY AVERAGE						
Coffee (other milds)	c/lb, NY	64	79	122	105	100
Soybeans	c/bushel	627	750	600	550	500
Copper	c/lb, LME	81	130	145	120	110
Crude oil (WTI)	US\$/b	31	42	50	40	37
Crude oil (Brent)	US\$/b	29	39	50	37	34
Gold	US\$/ounce	364	405	426	440	450

* Source: Dresdner Bank AG

f=forecast

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CEO = Chief Executive Officer
CIO = Chief Investment Officer

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PUBLISHED BY:

Dresdner Bank Lateinamerika AG
Neuer Jungfernstieg 16
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Technical management: Thomas Pohl
Translation: bromberg & friends GbR, Hamburg
Data sources among others: Thomson Financial Datastream and Bloomberg
Layout: Friederike Niemeyer, Hamburg
Closing date: April 14, 2005

“Latin American Spotlight Update“ is published in supplementation of our quarterly “Latin American Spotlight“ in German and English. Annual subscriptions are available for the full series of publications (195,- euros). Should you have any further questions about our publications or our distribution service, please do not hesitate to call (+49 40 3595 3496) or send us an e-mail (publications@dbla.com).
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