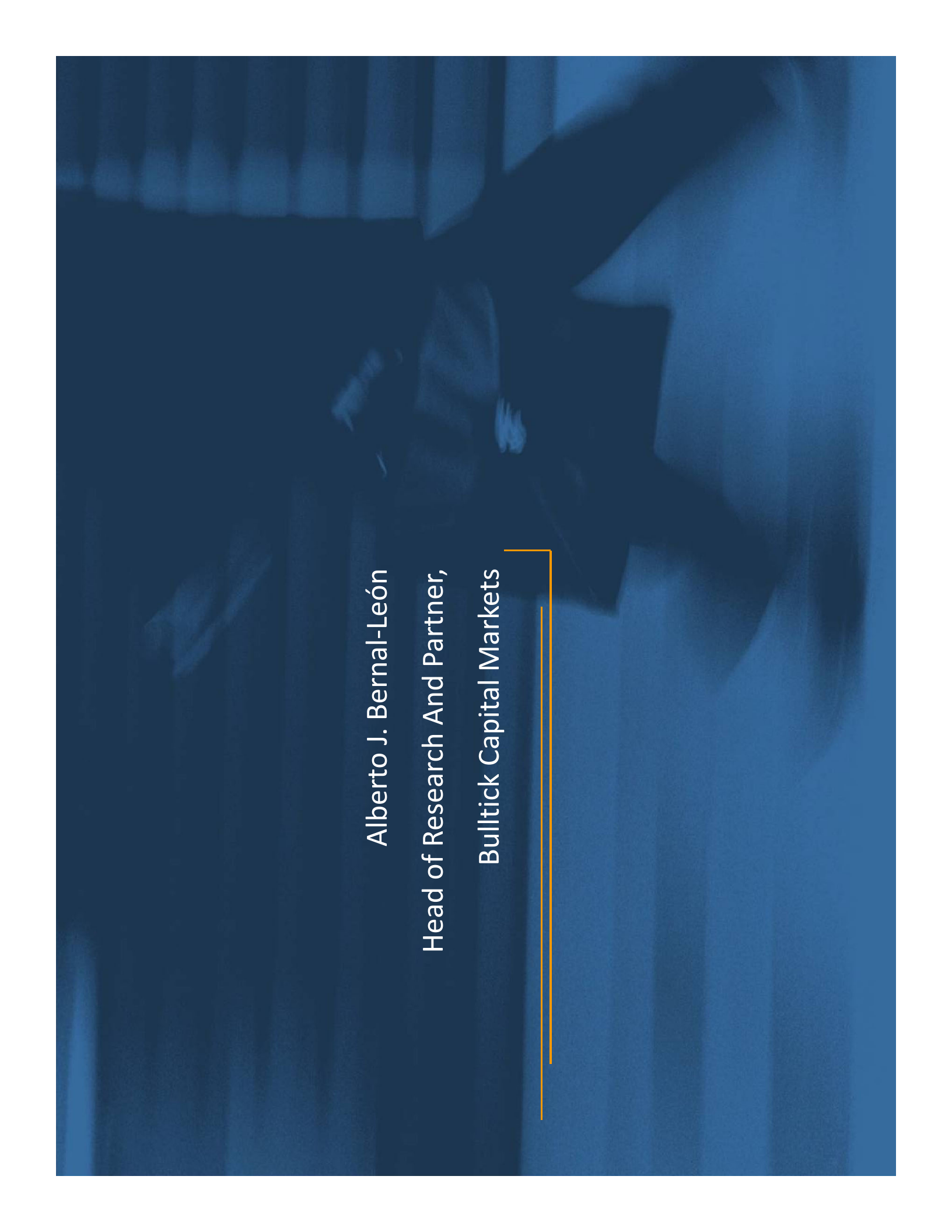




China Y Latinoamérica. Apreciación Cambiaria, Salarios Y Profundización Financiera

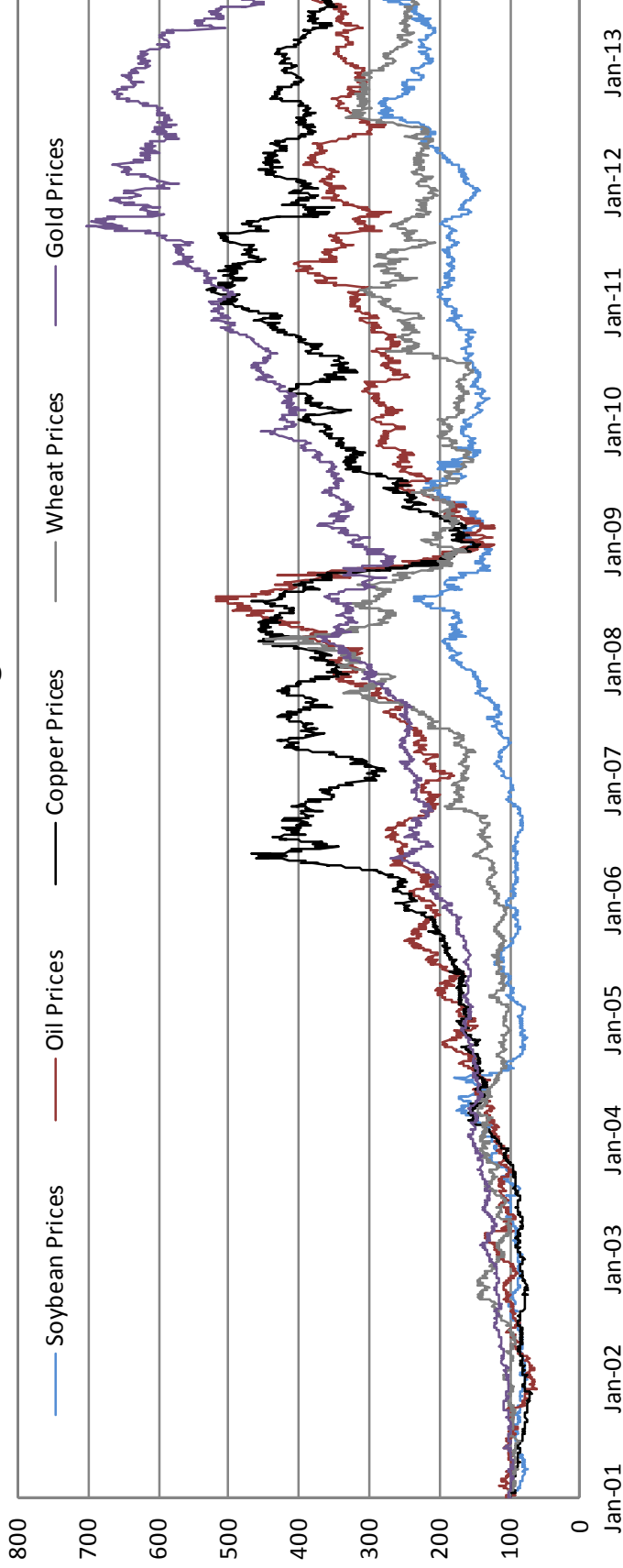
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Alberto J. Bernal-León
Head of Research And Partner,
Bulltick Capital Markets

The Inclusion Of China Into The World Trade Organization In 2001 Coincides With The Initiation Of The Current Commodities Mega-Boom

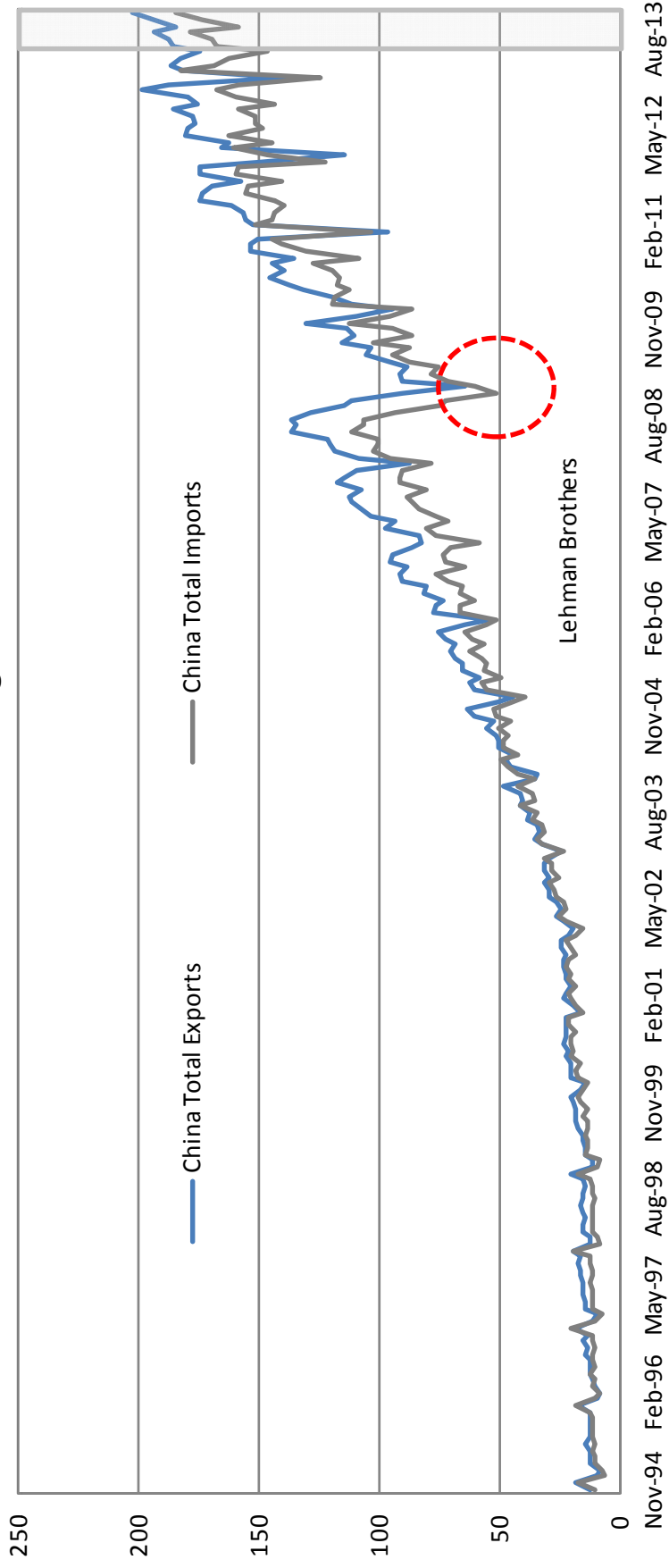
Commodity Price Index (January 2001, 100). Sources: Bulltck Capital Markets, Bloomberg



China Now Is, Literally, “A Giant Sucking Machine”

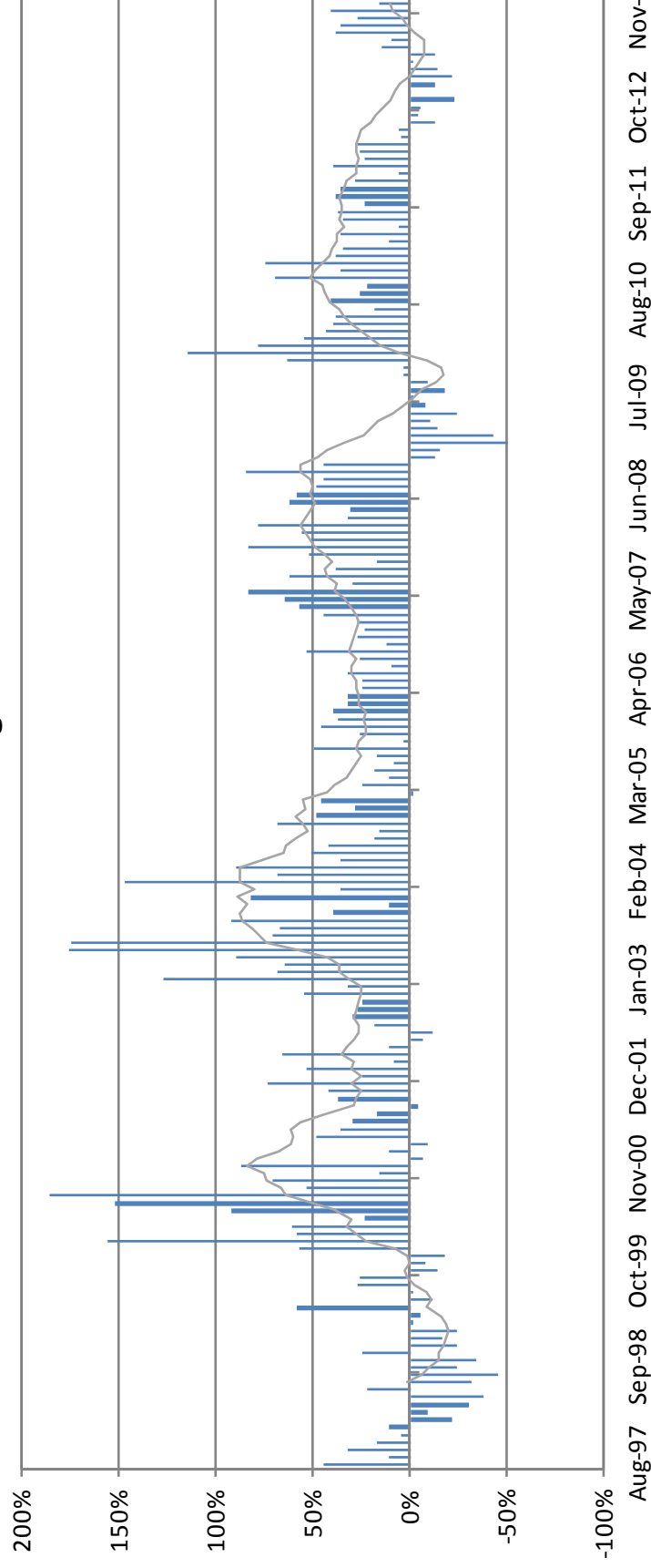
CHINA--Total Monthly Imports and Exports (In USD Billions). Fcast In Square.

Sources: Bloomberg, Bulltick



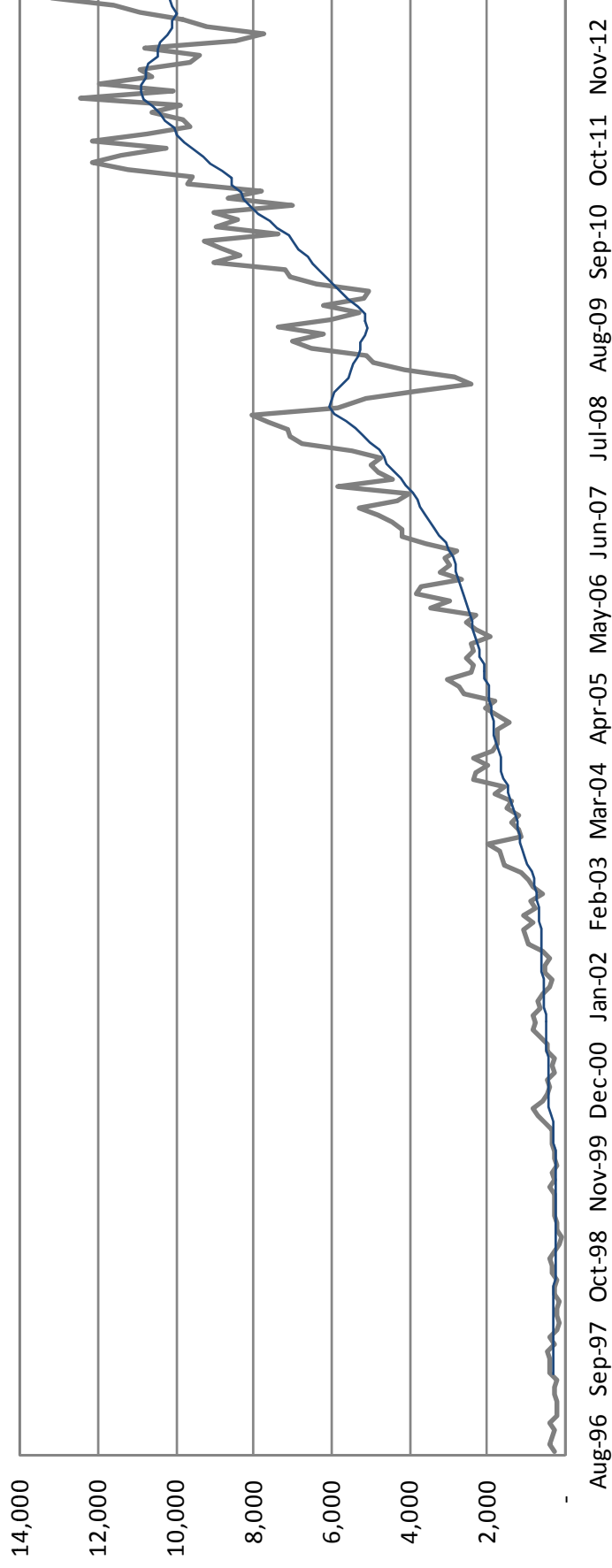
“A Giant Sucking Machine” Of Latam Products

CHINA--Imports From LatAm, Monthly Change Year-Over-Year. Source: Bloomberg



"A Giant Sucking Machine" Of Latam Products

CHINA--Monthly Latam Imports From China And 12-Month Moving Average, In USD Millions. Source: Bloomberg, Bulltck Capital Markets



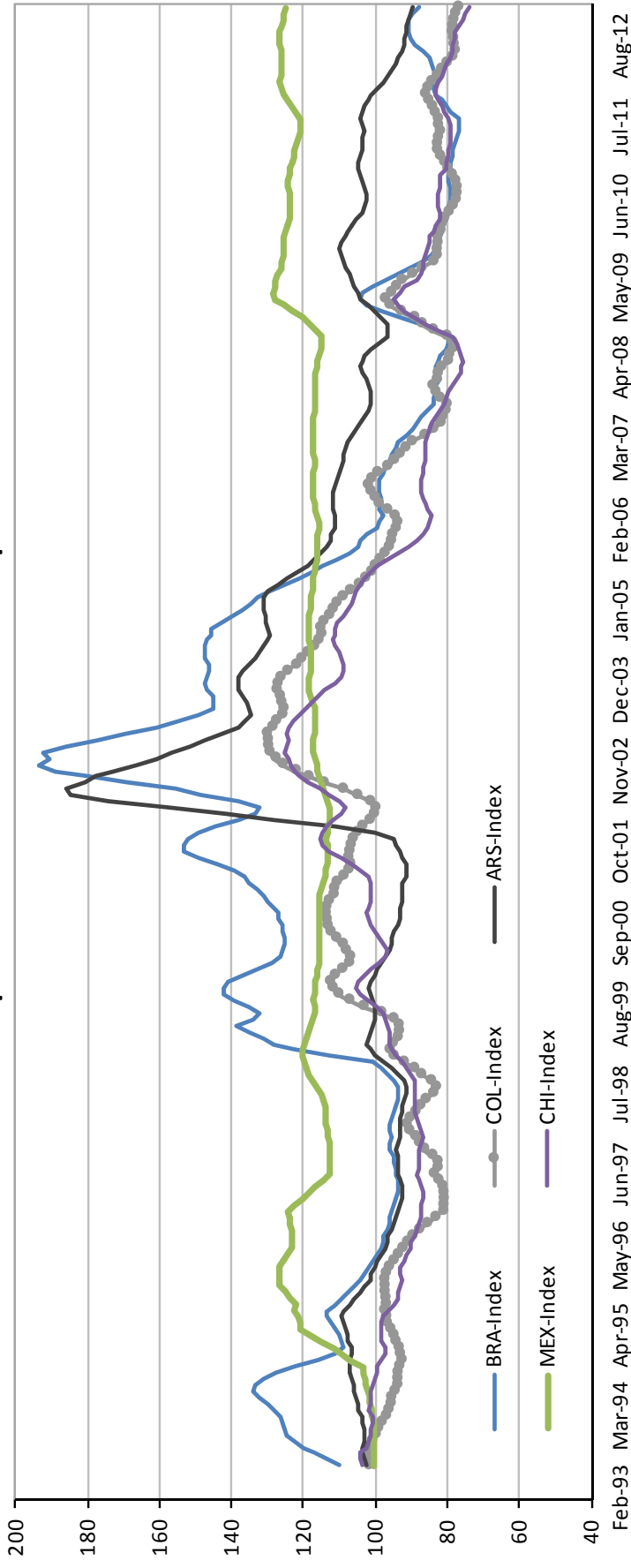
“A Giant Sucking Machine” Of Latam Products

ACCORDING TO A RECENT JP MORGAN STUDY:

- SINCE 2005, CHILEAN EXPORTS TO CHINA HAVE INCREASED FROM 11.4% OF TOTAL EXPORTS TO THE CURRENT 22.7%.
- IN THE CASE OF BRAZIL, THE DEPENDENCE OF TOTAL EXPORTS TO CHINA HAS INCREASED FROM 5.8% IN 2005 TO THE CURRENT 17.8% LEVEL.
- FOR LATAM AS A WHOLE, THE CURRENT DEPENDENCE OF TOTAL REGIONAL EXPORTS TO CHINA NOW AMOUNTS TO 11.8%.
- CHINA'S PURCHASES REMAIN MOSTLY RELATED TO AGRICULTURAL COMMODITIES AND MINERALS.

China's Membership In The WTO Has Meant An Impressive Change In Regional Terms Of Trade, And A Consequent Material Appreciation Of The Respective RER's

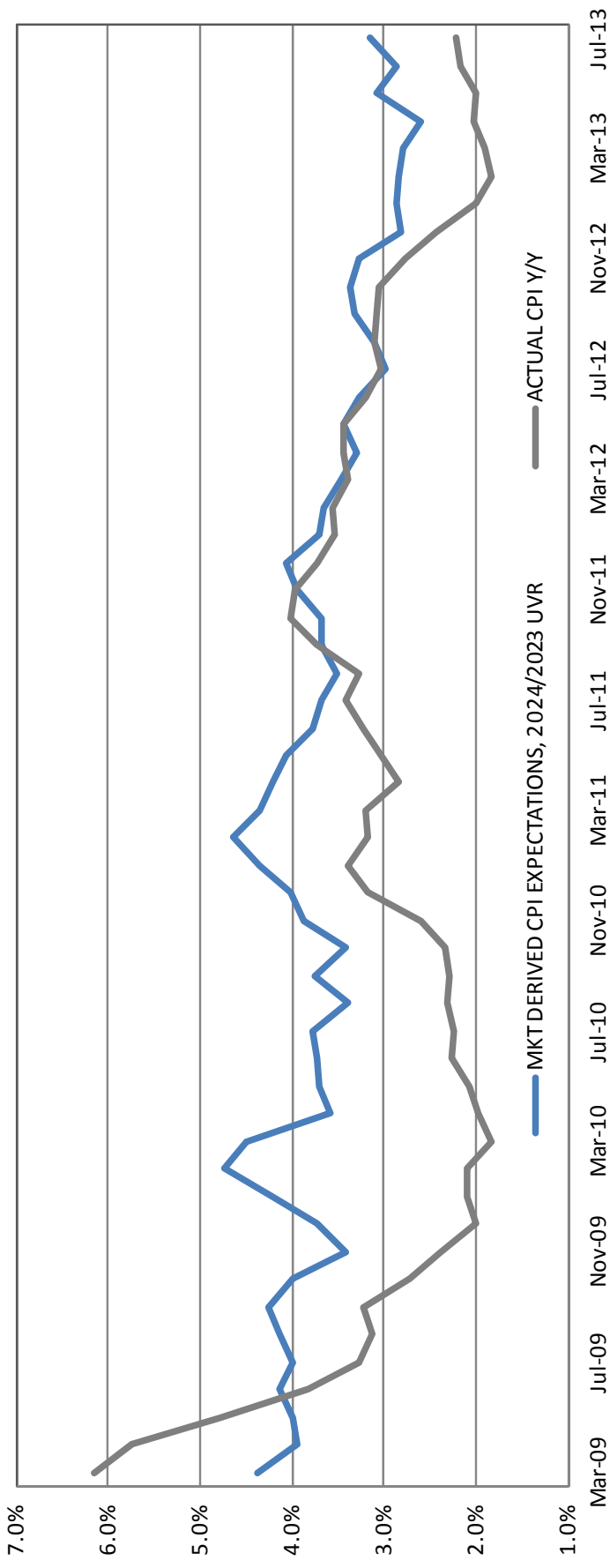
LATAM--Real Exchange Rate. (Rolling Average 1992,2004=100). Higher Values Imply Increased Competitiveness. Source: Bullitck Capital Markets



Much Stronger Currencies Have Increased Investment/GDP Levels. Higher Productivity Levels Have Reduced Inflation Expectations

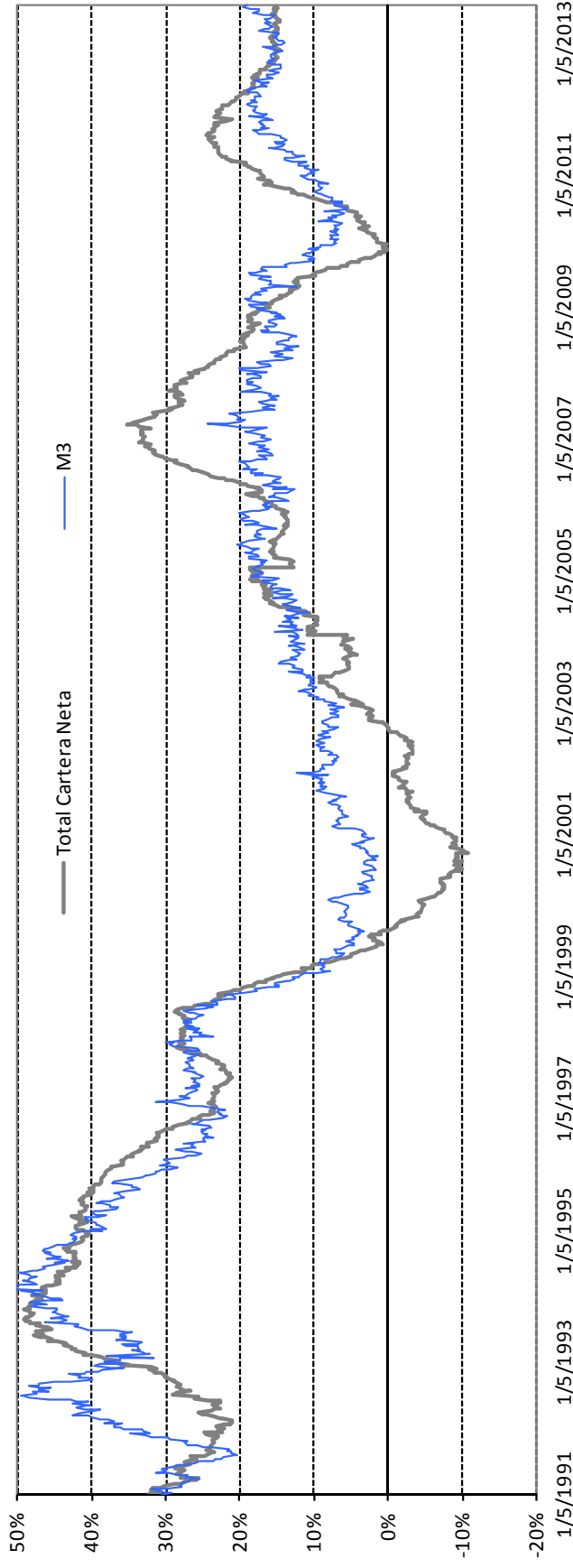
COLOMBIA--LT Market Derived Inflation Expectations And Actual Headline Inflation.

Source: Bulltlick, Bloomberg



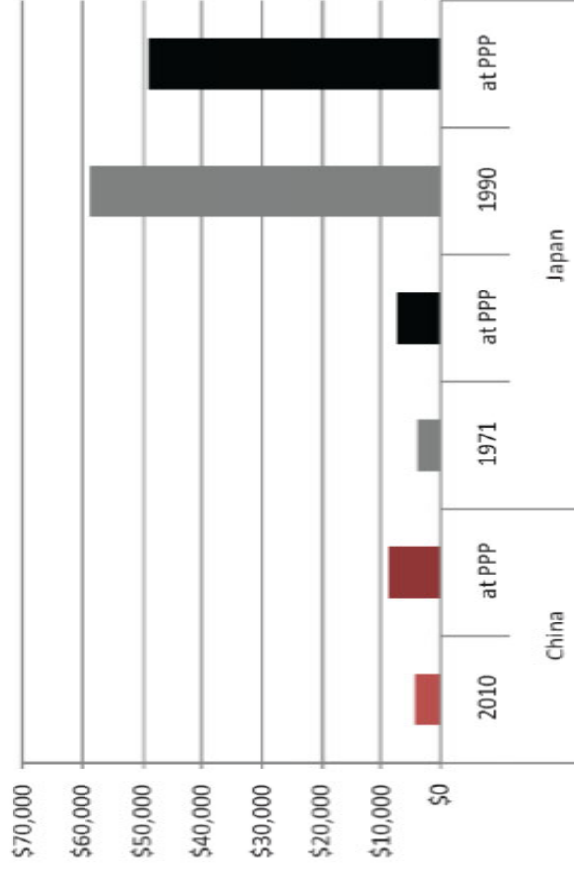
Lower Inflation Expectations Have Reduced Lending Rates And Have Helped To Increase The Rate Of Growth Of The Loan Portfolio

COLOMBIA--Y/Y Growth Loan Portfolio, M3. Weekly Data. Source: Central Bank, Bulltck

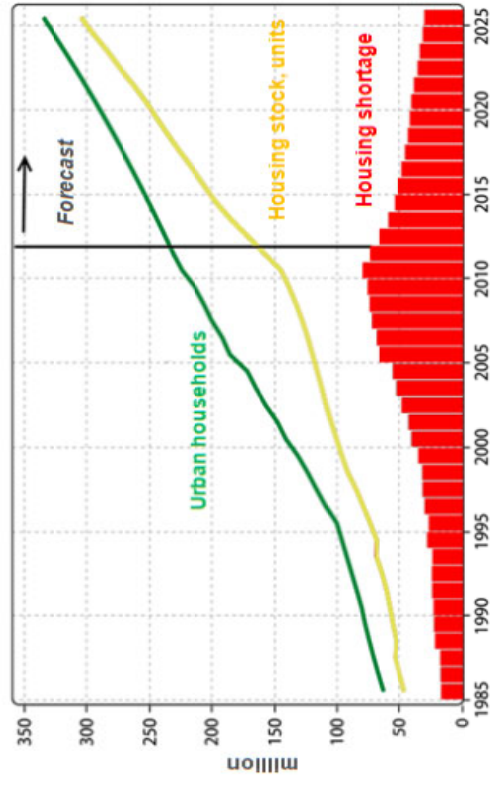


The Really Good News Is That This Development Story Is Far From Over.....

Capital stock per capita in China and Japan
US\$ at constant 1990 prices



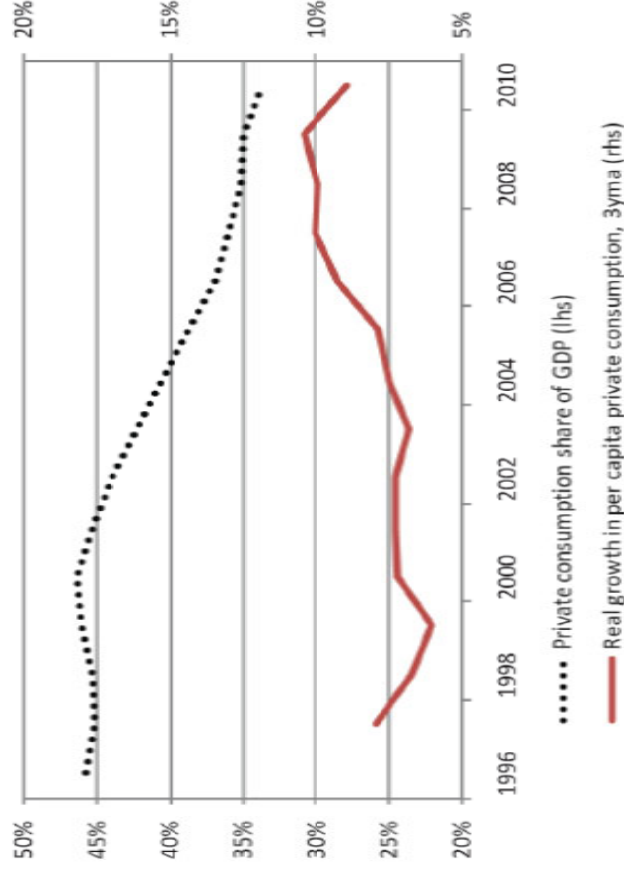
Upgrading of existing poor quality housing and the alleviation of housing shortage are other important sources of growth



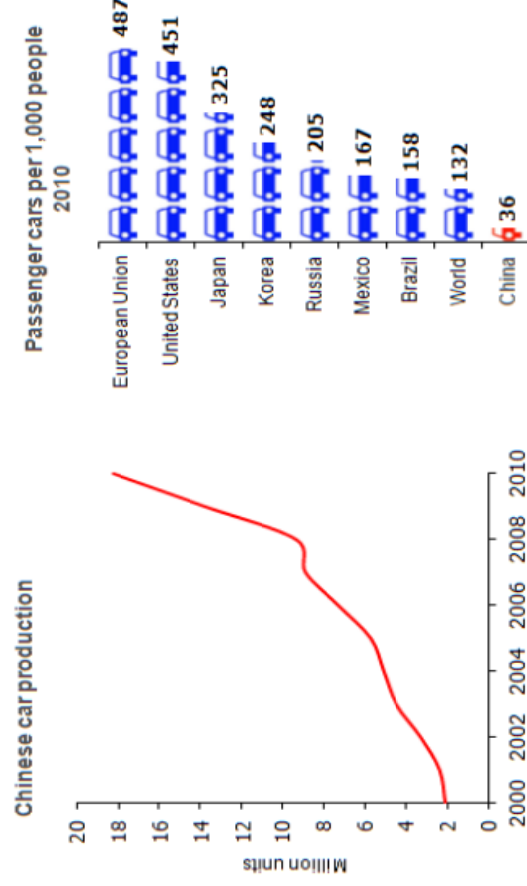
Source: [CapitalCity](#)

The Really Good News Is That This Development Story Is Far From Over.....

China's consumption paradox



China became the world's largest car manufacturer, the most metal intensive consumer good¹, but the penetration is still low



¹ Steel represents around 70% of light vehicle weight and only 2% of its cost.
Sources: CEC and Haver Analytics

Source: World Bank



A person in a dark suit is bowing deeply on a stage. The background is a solid blue color. The text 'Muchas Gracias' is written in orange on the left side of the image, and 'Thank You' is written in orange on the right side of the image.

Muchas Gracias

Thank You

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