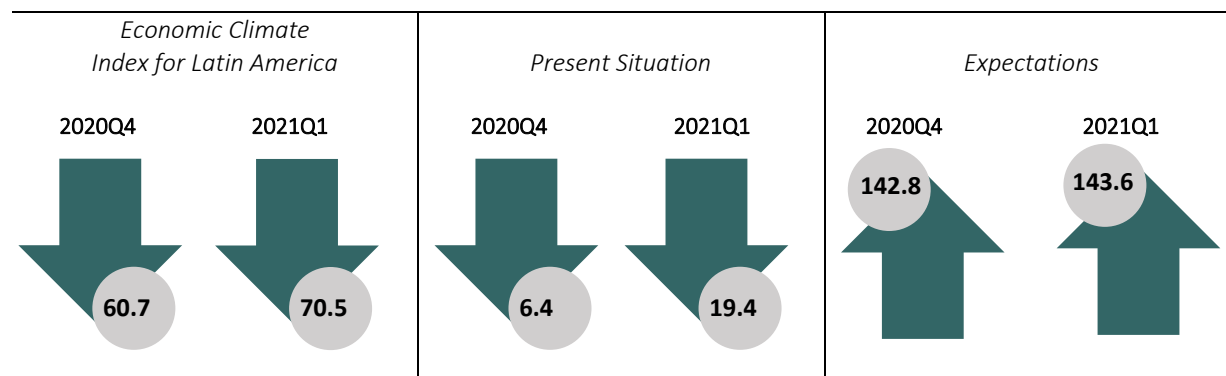


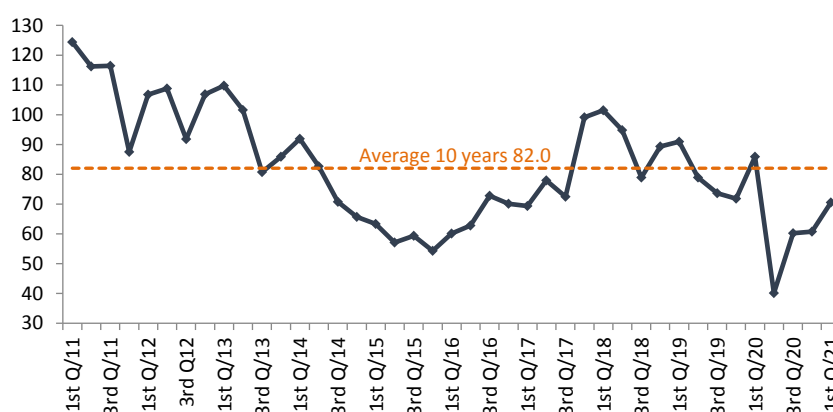
The economic climate in Latin America improves but remains unfavorable

For the first time since the impact of the COVID-19 pandemic, there has been an improvement in perceptions in relation to the current situation, which remains difficult in most countries. Regarding expectation, the result is extremely varied. See below for the aggregated results and for some of the main economies in the region.



The Economic Climate Index (ECI) for Latin America by the Getulio Vargas Foundation (FGV)¹ increased from 60.7 to 70.5 points between the fourth quarter of 2020 and the first quarter of 2021. Despite the 9.8-point improvement, the index remains in the adverse zone of the economic cycle with a combination of unfavorable evaluations regarding the present situation and optimistic expectations in relation to the near future.

Graph 1: Economic Climate Index for Latin America²



¹ Until October 2019, the Latin America Survey was produced by FGV in partnership with the German Ifo Institute. Since January 2020, the survey has been produced exclusively by FGV.

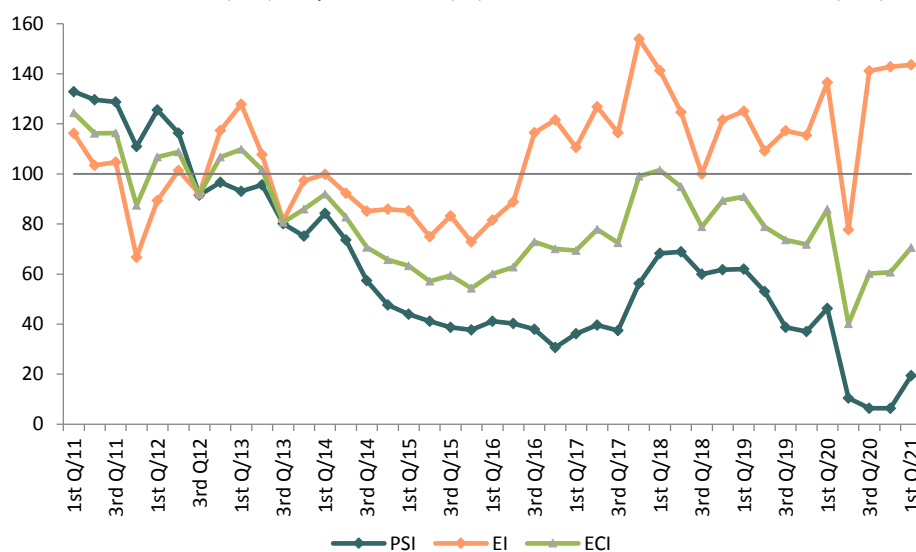
² From the first quarter of 2021 the summary indicators of the Latin American Survey will be published in the form of the balance of responses plus one hundred (balance + 100). See the Methodological Note at the end of this document for more details.

The ECI is the geometric mean between the Present Situation Index (PSI) and the Expectations Index (EI). The increase in the ECI in the first quarter of 2021 was influenced by the advance in the PSI, which rose 13 points (to 19.4 points) compared to the fourth quarter of 2020, when it recorded 6.4 points; its worst result since the series began in the first quarter of 2001. Nevertheless, this is still the third worst result of the PSI historical series for Latin America.

The EI remained practically stable in Q1 of 2021, with a slight increase from 142.8 to 143.6 points, remaining in the favorable zone of the cycle (above 100 points) for the third consecutive quarter.

The general result of the survey demonstrates that the specialists continue to evaluate the current situation unfavorably but are optimistic with the perspective of improvements in the coming months. Among the factors justifying this optimism is the launch of immunization programs against COVID-19 in the main economies of the world and in Latino countries, albeit with very different timetables and vaccine offers. The countries' results help clarify this behavior.

Graph 2: Present Situation Index (PSI), Expectations (EI) and Economic Climate Index (ECI) for Latin America



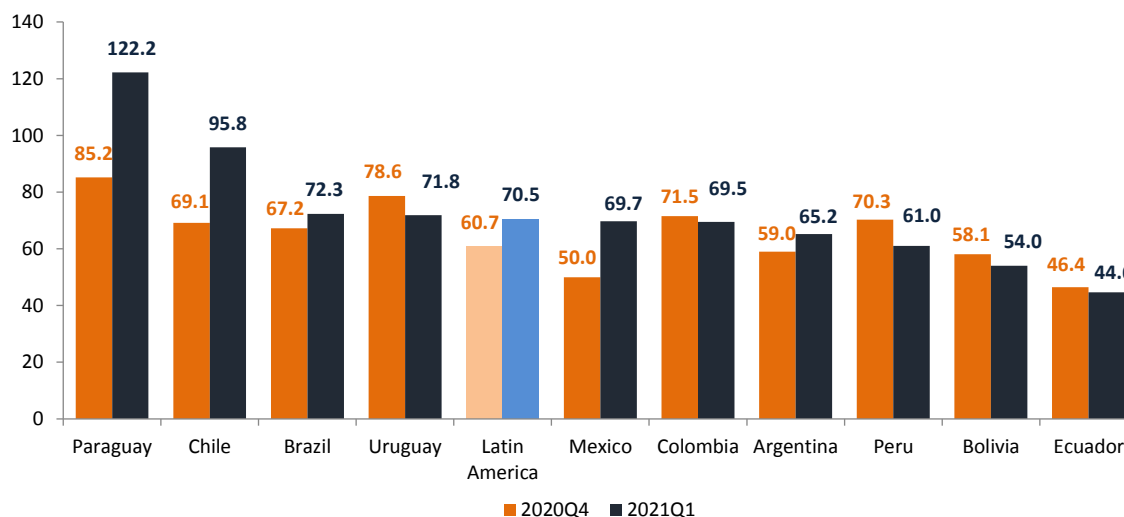
Economic climate Results by country

The Economic Climate improved in only half of the ten largest economies in the region followed by FGV IBRE, although the advances were more expressive than the losses.

There was an increase in the ECI in Argentina, Brazil, Chile, Mexico and Paraguay, especially in the cases of Paraguay (rise of 37.0 points on the ECI), Chile (26.7 points), and Mexico (19,7 points). In Brazil, the ECI advanced 5.1 points, from 67.2 to 72.3 points. In the opposite direction, Bolivia, Colombia, Ecuador, Peru and Uruguay all recorded a decrease in the ECI. The loses remained below 10 points, with the biggest drop, of 9.3 points, occurring in Peru. In the group of countries that improved the ECI, the PSI advanced in all cases, with Paraguay (+63.5 points), Chile (+23.3 points), Mexico (+20.0 points), and Brazil (+11.7 points) standing out. In the case of expectations, Brazil and Paraguay recorded decreases. In Brazil, the EI fell 9.2 points.

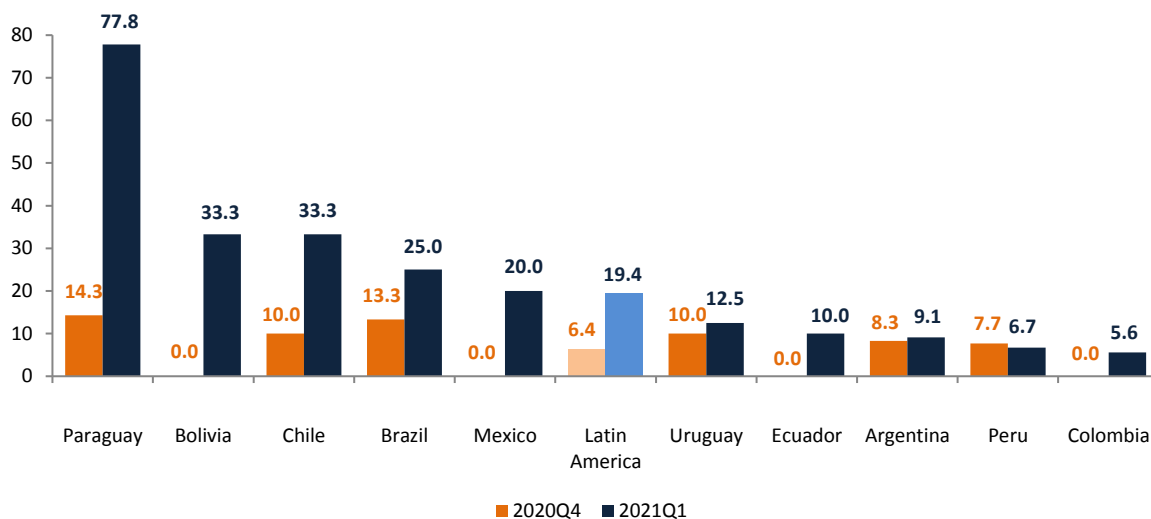
In the group of countries with a decrease in ECI, in all cases the expectations index retreated. The largest drop occurred in Bolivia (-72.2 points) and the smallest in Colombia (-21.9 points). With the exception of Peru, all the countries in this group recorded an increase in the PSI.

Graph 3: Economic Climate Index of selected countries



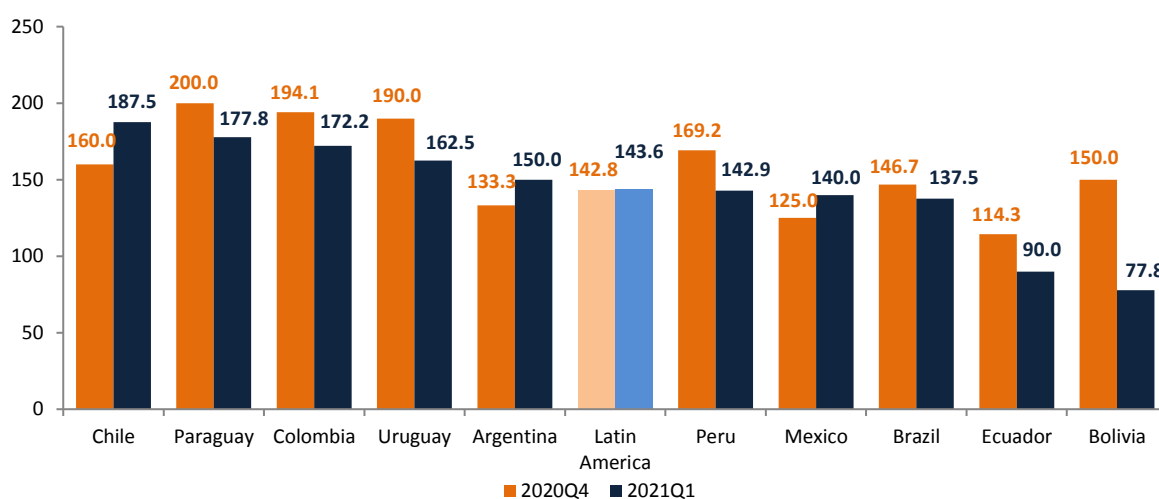
In summary, the PSI improved in all countries except Peru, which recorded a slight decrease of one point between the fourth quarter of 2020 and the first quarter of 2021. The highest index was that of Paraguay (77.8 points), followed by Bolivia and Chile, both with 33.3 points. Brazil recorded a PSI of 25.0 points. However, the level of the PSI remains low in all the countries, demonstrating that the region is still far from reaching a favorable phase of the economic cycle.

Graph 4: Present Situation Index of selected countries



The EI fell for all the countries, except Argentina, Chile and Mexico. In the other countries, although the EI decreased, it remained in the favorable zone, except in the cases of Bolivia and Ecuador. Among the countries with the EI in the favorable zone, Chile recorded the highest value (187.5 points), and Brazil the lowest (137.5 points).

Graph 5: Expectations Index of selected countries



Forecasts for growth in GDP for 2021

The forecasts of the analysts of the Latin American Economic Survey are described in Table 1. As would be expected, after the recession of 2020 associated with the shock to supply and demand brought about by COVID-19, recovery is projected for the Latin American economies. The fall in the GDP of the countries in 2020 is replaced by an increase in the product, although there is no guarantee of a return to the levels of 2019 in all countries.

Table 1 – GDP growth forecasts of the countries for 2021 (in %)

| <i>Country</i> | <i>What is your current forecast for GDP growth in 2021?</i> |
|----------------------|--|
| Argentina | 4.5 |
| Bolivia | 3.1 |
| Brazil | 3.0 |
| Chile | 4.9 |
| Colombia | 4.3 |
| Ecuador | 1.1 |
| Mexico | 3.3 |
| Paraguay | 3.9 |
| Peru | 8.4 |
| Uruguay | 3.0 |
| Latin America | 3.7 |

This recovery, however, is tempered by relative pessimism. The decrease in the expectations indicators is emphasized and Table 2 reflects this evaluation. In the last three months, 73.1% of those interviewed changed their projection for 2021, and, of these, 58.9% reduced the expected value for economic growth in their respective countries. Among the countries in which most of the consulted specialists revised their projection upwards are Argentina (57.1%); Bolivia (75.0%), Chile (100%), and Paraguay (75.0%). In the two largest economies in the region, most of the specialists revised their projections downwards: Brazil (66.7%) and Mexico (63.6%)

Table 2 – Perspectives on GDP by country for the end of 2021 (in %)

| Country | Have you changed your forecast for GDP growth in 2021 in the last three months? | | How did this change? | |
|----------------------|---|-------------|----------------------|-----------------|
| | Yes | No | It is now higher | It is now lower |
| Argentina | 58.3 | 41.7 | 57.1 | 42.9 |
| Bolivia | 88.9 | 11.1 | 75.0 | 25.0 |
| Brazil | 73.3 | 26.7 | 33.3 | 66.7 |
| Chile | 55.6 | 44.4 | 100.0 | 0.0 |
| Colombia | 83.3 | 16.7 | 40.0 | 60.0 |
| Ecuador | 60.0 | 40.0 | 50.0 | 50.0 |
| Mexico | 73.3 | 26.7 | 36.4 | 63.6 |
| Paraguay | 55.6 | 44.4 | 75.0 | 25.0 |
| Peru | 92.9 | 7.1 | 35.7 | 64.3 |
| Uruguay | 57.1 | 42.9 | 40.0 | 60.0 |
| Latin America | 73.1 | 26.9 | 41.1 | 58.9 |

What could have motivated the revisions in growth forecasts? Table 3 shows the weight that the specialists attribute to different factors in their revised GDP projections (upwards or downwards). A result of 100% means that in the table referring to factors for improvement, they all consider the item relevant. This same 100% in the table on factors for revising downwards, demonstrates that there is unanimity in the selected factor that led to downgrading GDP growth projections.

In the group of countries that revised GDP growth projections upwards, the weight of the factors varies. In Chile, the main factor was the arrival of the vaccine earlier than expected (100%), followed by better national (60%) and international (60%) macroeconomic conditions. In Bolivia, the main factor was the improved political environment (66.7%), followed by early arrival of the vaccine, national and international macroeconomic conditions and new stimulus measures, all with results of 50,0%. In Paraguay, early arrival of the vaccine and better national macroeconomic conditions, both with 66.7%, explain the result. In Argentina, where the difference between those that revised their projection upwards (57.1%) and those that revised their projection downwards (42.9%) was lower than that of the other countries in this group, international macroeconomic conditions stand out.

Brazil leads the ranking of the group of specialists that revised their GDP forecast downwards. In the case of Brazil, the second wave of COVID-19 (87.5%), the political environment (87.5%), and the delay in vaccination (75.0%) were highlighted. The second wave of COVID-19 also stands out in the cases of Colombia, Mexico, Peru, Ecuador and Uruguay.

New stimulus measures contributed little to improved GDP forecasts (only Bolivia, where the factor was cited by 50.0%) and the election of Biden only had a relevant repercussion in Mexico (100%), followed by Chile (40%).

In summary, the second wave of COVID-19 and the evaluation as to whether vaccination began earlier than expected or not, are the most relevant factors for the revisions in GDP forecast for 2021, followed by the political environment and macroeconomic conditions.

Table 3 – Factors affecting the revision of GDP forecasts for 2021 (in % of the total of each country)

| In the case that your projection is higher, which factor(s) affected your forecast? | | | | | | | | |
|---|--|---|---|--|--|-----------------------|---|-------------------|
| Country | COVID-19 vaccination will arrive (arrived) earlier than expected | Vaccination against COVID-19 will be more efficient than expected | National macroeconomic conditions have improved | International macroeconomic conditions have improved | The political environment has improved | New stimulus measures | The election of Biden as president of the USA | Others (specify): |
| Argentina | 25.0 | 0.0 | 25.0 | 50.0 | 0.0 | 0.0 | 0.0 | 50.0 |
| Bolivia | 50.0 | 0.0 | 50.0 | 50.0 | 66.7 | 50.0 | 0.0 | 16.7 |
| Brazil | 25.0 | 0.0 | 0.0 | 50.0 | 0.0 | 0.0 | 25.0 | 25.0 |
| Chile | 100.0 | 20.0 | 60.0 | 60.0 | 20.0 | 20.0 | 40.0 | 0.0 |
| Colombia | 33.3 | 16.7 | 50.0 | 66.7 | 0.0 | 0.0 | 33.3 | 0.0 |
| Ecuador | 66.7 | 66.7 | 66.7 | 66.7 | 0.0 | 0.0 | 33.3 | 0.0 |
| Mexico | 75.0 | 0.0 | 0.0 | 50.0 | 0.0 | 0.0 | 100.0 | 0.0 |
| Paraguay | 66.7 | 33.3 | 66.7 | 33.3 | 0.0 | 0.0 | 0.0 | 33.3 |
| Peru | 20.0 | 0.0 | 60.0 | 60.0 | 0.0 | 20.0 | 0.0 | 0.0 |
| Uruguay | 50.0 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Latin America | 46.6 | 5.7 | 17.3 | 52.4 | 1.7 | 2.5 | 43.4 | 14.9 |

| In the case that your projection is lower, which factor(s) affected your forecast? | | | | | | | | | |
|--|-------------------------|--|---|---|--|--|-----------------------|---|-------------------|
| Country | Second wave of COVID-19 | COVID-19 vaccination will arrive (arrived) later than expected | Vaccination against COVID-19 will be less efficient than expected | National macroeconomic conditions have worsened | International macroeconomic conditions have worsened | The political environment has worsened | New stimulus measures | The election of Biden as president of the USA | Others (specify): |
| Argentina | 100.0 | 33.3 | 33.3 | 33.3 | 0.0 | 66.7 | 66.7 | 0.0 | 0.0 |
| Bolivia | 100.0 | 100.0 | 0.0 | 50.0 | 0.0 | 50.0 | 100.0 | 0.0 | 0.0 |
| Brazil | 87.5 | 75.0 | 12.5 | 37.5 | 25.0 | 87.5 | 50.0 | 0.0 | 12.5 |
| Chile | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Colombia | 100.0 | 44.4 | 11.1 | 22.2 | 33.3 | 11.1 | 33.3 | 0.0 | 11.1 |
| Ecuador | 66.7 | 0.0 | 0.0 | 100.0 | 66.7 | 66.7 | 33.3 | 0.0 | 33.3 |
| Mexico | 85.7 | 57.1 | 28.6 | 71.4 | 28.6 | 57.1 | 28.6 | 0.0 | 14.3 |
| Paraguay | 0.0 | 100.0 | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Peru | 77.8 | 77.8 | 22.2 | 22.2 | 22.2 | 77.8 | 11.1 | 0.0 | 11.1 |
| Uruguay | 66.7 | 33.3 | 0.0 | 66.7 | 0.0 | 0.0 | 66.7 | 0.0 | 33.3 |
| Latin America | 82.5 | 55.7 | 18.5 | 43.4 | 24.1 | 60.2 | 42.0 | 0.0 | 11.0 |

Appendices

Appendix 1 – mean ECI of selected countries for the last four quarters

| Country | 2020Q4 | 2021Q1 |
|----------------------|-------------|-------------|
| Argentina | 55.4 | 57.4 |
| Bolivia | 51.6 | 45.8 |
| Brazil | 68.1 | 61.7 |
| Chile | 63.3 | 70.8 |
| Colombia | 73.0 | 64.6 |
| Ecuador | 23.5 | 24.3 |
| Mexico | 48.4 | 48.0 |
| Paraguay | 75.2 | 73.8 |
| Peru | 67.9 | 58.6 |
| Uruguay | 72.8 | 66.4 |
| Latin America | 61.7 | 57.9 |

Appendix 2 – Historical series of the indicators of selected countries

| PRESENT SITUATION INDEX | | | | | | | | | | |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|---------------------|
| PSI | 2019Q1 | 2019Q2 | 2019Q3 | 2019Q4 | 2020Q1 | 2020Q2 | 2020Q3 | 2020Q4 | 2021Q1 | Average 10 years |
| Latin America | 62.0 | 53.0 | 38.7 | 37.0 | 46.2 | 10.4 | 6.4 | 6.4 | 19.4 | 62.4 |
| Argentina | 21.4 | 7.7 | 15.4 | 0.0 | 11.1 | 22.2 | 9.1 | 8.3 | 9.1 | 56.4 |
| Bolivia | 142.9 | 100.0 | 112.5 | 100.0 | 71.4 | 25.0 | 14.3 | 0.0 | 33.3 | 108.1 |
| Brazil | 44.0 | 25.0 | 25.0 | 25.0 | 47.8 | 9.1 | 0.0 | 13.3 | 25.0 | 46.8 |
| Chile | 118.2 | 110.0 | 90.0 | 90.0 | 20.0 | 0.0 | 0.0 | 10.0 | 33.3 | 88.6 |
| Colombia | 93.7 | 106.7 | 83.3 | 66.7 | 123.1 | 13.3 | 6.7 | 0.0 | 5.6 | 102.2 |
| Ecuador | 25.0 | 25.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 10.0 | 67.7 |
| Mexico | 66.7 | 66.7 | 40.0 | 40.0 | 30.8 | 9.1 | 0.0 | 0.0 | 20.0 | 68.9 |
| Paraguay | 150.0 | 120.0 | 71.4 | 60.0 | 100.0 | 20.0 | 0.0 | 14.3 | 77.8 | 116.5 |
| Peru | 94.1 | 113.3 | 53.8 | 64.3 | 57.1 | 7.7 | 0.0 | 7.7 | 6.7 | 102.3 |
| Uruguay | 87.5 | 50.0 | 37.5 | 37.5 | 66.7 | 0.0 | 11.1 | 10.0 | 12.5 | 105.2 |

EXPECTATIONS INDEX

| EI | 2019Q1 | 2019Q2 | 2019Q3 | 2019Q4 | 2020Q1 | 2020Q2 | 2020Q3 | 2020Q4 | 2021Q1 | Average 10 years |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|---------------------|
| Latin America | 125.0 | 109.2 | 117.2 | 115.5 | 136.5 | 77.7 | 141.1 | 142.8 | 143.6 | 107.3 |
| Argentina | 135.7 | 100.0 | 176.9 | 109.1 | 122.2 | 44.4 | 172.7 | 133.3 | 150.0 | 110.4 |
| Bolivia | 85.7 | 71.4 | 75.0 | 50.0 | 83.3 | 37.5 | 71.4 | 150.0 | 77.8 | 76.7 |
| Brazil | 188.0 | 156.3 | 150.0 | 145.0 | 165.2 | 77.3 | 182.4 | 146.7 | 137.5 | 122.8 |
| Chile | 109.1 | 100.0 | 140.0 | 100.0 | 130.0 | 136.4 | 170.0 | 160.0 | 187.5 | 110.6 |
| Colombia | 125.0 | 126.7 | 133.3 | 116.7 | 84.6 | 106.7 | 153.3 | 194.1 | 172.2 | 113.7 |
| Ecuador | 100.0 | 100.0 | 50.0 | 125.0 | 100.0 | 0.0 | 12.5 | 114.3 | 90.0 | 73.1 |
| Mexico | 50.0 | 46.7 | 50.0 | 80.0 | 125.0 | 72.7 | 81.8 | 125.0 | 140.0 | 93.4 |
| Paraguay | 100.0 | 100.0 | 157.1 | 160.0 | 160.0 | 40.0 | 150.0 | 200.0 | 177.8 | 125.0 |
| Peru | 117.6 | 160.0 | 138.5 | 100.0 | 150.0 | 84.6 | 162.5 | 169.2 | 142.9 | 130.2 |
| Uruguay | 75.0 | 100.0 | 100.0 | 137.5 | 133.3 | 125.0 | 145.5 | 190.0 | 162.5 | 100.5 |

ECONOMIC CLIMATE INDEX

| EI | 2019Q1 | 2019Q2 | 2019Q3 | 2019Q4 | 2020Q1 | 2020Q2 | 2020Q3 | 2020Q4 | 2021Q1 | Average 10 years |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------|
| Latin America | 90.9 | 78.9 | 73.6 | 71.8 | 85.9 | 40.1 | 60.2 | 60.7 | 70.5 | 82.0 |
| Argentina | 69.2 | 46.8 | 78.8 | 44.6 | 57.1 | 32.8 | 72.5 | 59.0 | 65.2 | 78.1 |
| Bolivia | 112.4 | 85.1 | 92.8 | 73.2 | 77.3 | 31.1 | 40.0 | 58.1 | 54.0 | 90.1 |
| Brazil | 103.6 | 79.0 | 76.8 | 75.0 | 98.0 | 39.1 | 68.0 | 67.2 | 72.3 | 77.8 |
| Chile | 113.6 | 104.9 | 113.5 | 94.9 | 66.1 | 53.8 | 64.3 | 69.1 | 95.8 | 94.4 |
| Colombia | 108.8 | 116.5 | 106.8 | 90.1 | 102.9 | 53.0 | 64.4 | 71.5 | 69.5 | 104.4 |
| Ecuador | 58.1 | 58.1 | 22.5 | 50.0 | 41.4 | 0.0 | 6.1 | 46.4 | 44.6 | 67.3 |
| Mexico | 58.1 | 56.4 | 44.9 | 58.7 | 71.6 | 37.3 | 34.8 | 50.0 | 69.7 | 79.6 |
| Paraguay | 123.6 | 109.8 | 109.9 | 104.0 | 128.0 | 29.6 | 58.1 | 85.2 | 122.2 | 118.6 |
| Peru | 105.5 | 135.5 | 91.5 | 81.3 | 98.2 | 41.0 | 62.0 | 70.3 | 61.0 | 113.0 |
| Uruguay | 81.1 | 73.2 | 65.8 | 80.7 | 97.2 | 50.0 | 65.2 | 78.6 | 71.8 | 99.7 |

METHODOLOGICAL ASPECTS OF THE SURVEY

The Latin America Economic Survey aims to monitor and forecast economic trends, based on quarterly information supplied by specialists in the economy of their respective countries. The survey is simultaneously applied with the same methodology in all the countries in the region, which is a method that enables the construction of an agile and comprehensive picture of the economic situation in countries and economic blocks. In the 1st quarter of 2021, 146 economy specialists were consulted in 15 Latin American countries.

The survey generates information of both a qualitative and a quantitative nature. The Economic Climate Index (ECI), is the synthesis indicator, comprised of two items of a qualitative nature, the Present Situation Index (PSI) and the Expectations Index (EI), which deal, respectively, with the general economic situation in the country at the moment and for the upcoming six months.

Beginning with the edition for the 1st quarter of 2021, the Present Situation (PSI) and Expectations (EI) indexes for each country are expressed as a balance of responses of the respective qualitative items plus 100 (+100), as per the formula presented below:

$$ISA \text{ or } IE = \frac{([option]_+ - [option]_-) * 100}{n} + 100$$

$[option]_+$ = Favorable option;

$[option]_-$ = Unfavorable option; and

n = number of specialists who answered this question

The Economic Climate Index is constructed as the geometric mean of the PSI and the EI, as per the formula described below:

$$ECI = \sqrt{(PSI + 200) * (EI + 200)} - 200,$$

ECI = Economic Climate Index.

As such, the index scale varies from 0 (zero) to 200. One hundred (100) is the point of inflection.

To reach the figures of any cluster of countries, such as the total for Latin America, the indexes are aggregated by GDP corrected for Purchasing Power Parity (GDP, PPP, according to IMF data). The weights are modified annually.