Throughout history Latin America's fortunes have been tightly linked with commodity prices cycles. It seems we are currently at the end of yet another commodity price cycle. Where does Latin America stand now and what is the outlook for the region?

**2003: Commodity super-cycle starts.**

- Export and public revenues increasingly dependent on commodities.
- Only limited productivity growth, except in the strong agriculture sector.
- Commodity prices start to fall.

**Until 2007: Global interest rates fall.**

- Decreasing poverty and income inequality contribute to political stability.
- (External) resilience increases, strong growth of FX reserves.
-ample liquidity

**Economic growth peaks in 2010.**

- Economic growth in the region accelerates
- Historically, strong link between economic growth in Latin America and commodity prices

**Decoupling?**

- Fast recovery after the crisis driven by large scale stimulus in China.
- Ultra loose monetary policies in the West push global interest rate down.

**Growth disappoints, year after year**

- Growth slows down.
- Vulnerabilities come to light.
- Political and social unrest?
- Currencies under pressure.

**Gradual normalisation of monetary policy in the West: waiting for first hike.**

**LATIN AMERICA AFTER THE COMMODITY BOOM**

**WHERE TO FROM HERE?**

**Brazil goes Investment-grade**

- Back to Square One?

**Brazil loses investment-grade from S&P**

**Large infrastructure deficit.**

- Insufficiently developed human capital and technology.

**Political and social unrest?**

- Vulnerabilities come to light.
- Currencies under pressure.

**FED**

- Only limited productivity growth, except in the strong agriculture sector.
- Commodity prices start to fall.

**Full report:** economics.rabobank.com