

# Informe Especial: Latin America Sovereign Credit Trends: Likely to Remain Positive

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Fitch Ratings published the following special report on 24 February: Latin America Sovereign Credit Trends: Likely to Remain Positive. Fitch Ratings has upgraded seven Latin American sovereign ratings since 2010, reflecting improvements in credit fundamentals throughout the region. With seven sovereign ratings currently on Positive Outlook, Fitch Ratings believes that sovereign credit trends in Latin America could improve further in 2011. After posting above-potential GDP growth in 2010 following the economic contraction in 2009, most regional economies are expected to slow towards their potential in 2011 due to the gradual withdrawal of expansionary economic policies throughout the region. However, economic growth will continue to proceed at multiple speeds. Inflation is expected to trend upwards in 2011 due to rising commodity prices, deteriorating inflation expectations and continued momentum in domestic demand in many of the regional economies. Fitch Ratings believes that the region's current account imbalances will remain modest and international reserves are expected to continue to increase this year, reducing the region's vulnerability to external shocks even further. Fitch Ratings notes that the key policy challenges for the region in 2011 are to proceed with fiscal consolidation and re-build the fiscal space in order to cope with future shocks, manage continued large capital inflows and take measures to prevent the "overheating" observed in some regional economies, as well as maintain the credibility of monetary and exchange rate frameworks by responding appropriately to rising inflationary pressures. Over the medium term, countries should implement measures to strengthen competitiveness to boost the business climate and investment. Additional information can be found on the Fitch Ratings web site, [www.fitchratings.com](http://www.fitchratings.com)