LatAm Talking Points

Wednesday, January 11, 2012

Guilherme da Nóbrega +5511 3708-2715
Mauricio Oreng +5511 3708-2807
Luiz G. Cherman +5511 3708-2713
João Pedro Bumachar +5511 3708-2689
Ítalo Franca +5511 3708-2712
Luka Barbosa +5511 3708-8932

Click here to visit our digital research library

Activity in Mexico

A slower Q4

Click for Good Readings, Weekly Data Tracker and Forecast Tables

Talk of the Day

China's weaker-than-expected import growth in December led to speculation of more official support for growth. We do not believe those results would prompt a reaction beyond the selective easing already factored into our GDP growth forecast (7.8% this year). The negative surprise came after positive surprises in Oct and Nov. Moreover, commodity imports remained solid and the growth in imports volume was still substantial in Q4.

Accordingly, **Brazilian** exported quantities remained robust. In the fourth quarter, they grew a seasonally-adjusted 3.2%, thanks to a 11.8% increase in basic products exports.

Imports of intermediate goods, which are highly correlated to industrial production, are on an upward trend. They went up 1.8% in December, the third sequential rise, reinforcing our call of industrial production growth of about 1% in that month.

High frequency inflation data out this morning came in higher than we expected: the IPC-Fipe for the 1st week of January gained 0.75% (our call 0.66%), adding some upside risk to our January IPCA call (0.66%). The first preview of January's IGP-M came at -0.01% (our call -0.07%). Higher food inflation was the main surprise in both measures.

Chile's central bank survey of expectations showed that analysts still expect a 100-bp easing cycle this year, but the first cut is now expected for February (previously January), following the higher-than-expected CPI print in December.

Inflation expectations remain firmly anchored at 3.0%, both for 12 months (previously 2.9%) and 24 months ahead. We look for lower inflation, at 2.7% in 2012 and 2.5% in 2013.

GDP growth forecasts for 2011 stood flat at 6.2% (our estimate 6.1%). For 2012, they ticked down to 4.0%, from 4.2% (our call 4.2%). For 2013, they rose to 5.0%, from 4.8% (our call 4.0%).

Mexico's IGAE, a monthly GDP index, fell 0.6% seasonally-adjusted in October. After solid growth in Q3, IGAE's result signals a deceleration in the fourth quarter, as we discuss below. November industrial production (12pm, SP time) is today's key release. Consensus is for a 0.6% seasonally-adjusted gain, after a 0.5% drop in October.

According to a survey by Mitofvsky consulting, 33.4% of voters would like that Enrique Pena Nieto becomes the next president, followed by Lopes Obrador (11.9%) and Josefina Vázquez Mota (8.1%). However, his score for "positive image" fell to 37% in December from 40% a month earlier.

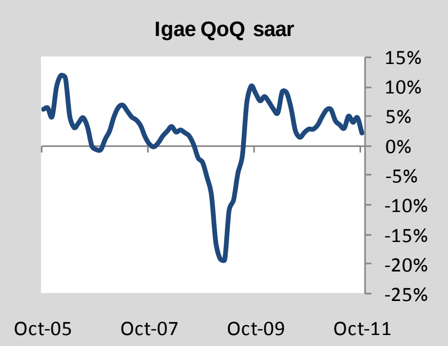
Starting in February, all imports of consumer goods into **Argentina** will have to pass through a new approval system created by the country's federal tax bureau. Though presented as an improvement in transparency and efficiency, the measure will likely further restrict imports, amid the government's effort to protect the trade surplus through administrative tools.

Please refer to the last page of this report for important disclosures, analyst and additional information. Itaú Unibanco or its subsidiaries may do or seek to do business with companies covered in this research report. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should not consider this report as the single factor in making their investment decision.

Activity in Mexico

A slower Q4

A monthly GDP proxy hints at decelerating activity



Source: INEGI, Itaú

- Mexico's monthly GDP proxy (Igae) fell 0.6% mom/sa in October, following a 1.0% rise in the previous month. The decline stemmed from a shrinking secondary sector (-0.5%), already known by industrial production data in October. A 5.9% drop in the volatile agricultural sector also contributed. Yet, services were also muted (no growth), after climbing 1.0% September.
- Igae's quarterly annualized growth slowed down significantly to 2.0%, from 4.7% in September.
- These numbers hint at a deceleration in Mexico's economy in fourth quarter GDP, after solid growth in Q3 (5.5% annualized).

Good Readings

Mohamed El-Erian: "Germany should beware of celebrating negative yields" – *FT*

"Another day and another previously unthinkable development becomes reality in Europe. Yet what on the surface appears to be good news for Germany – the record low yield at its latest government debt auction – is actually an indication of growing stress elsewhere in the region."

Gideon Rachman: "Why I'm feeling strangely Austrian" - *FT*

"Under normal conditions I would probably sign up with the social democratic tendency. The Tea Party is not my cup of tea. But I spent the weekend reading newspaper accounts of the ever more incredible figures that may have to be poured into the bail-outs for banks and countries in Europe. Then I turned the page to read of demands for more protectionism and regulation in the EU. For light relief, I then went to see The Iron Lady – the new film about Margaret Thatcher. The whole experience has left me feeling strangely Austrian."

Christophe Chamley: "Europe requires European bonds" - *Vox*

"Is it time for Eurobonds? This column argues that Eurobonds have always been the right solution. Every successful union throughout history has needed to create a proper financial instrument of sovereign debt – and the Eurozone is no different."

Thibault Fally: "Has production become more fragmented? International vs domestic perspectives" - *Vox*

"As the oft-cited iPhone example illustrates, production has become increasingly fragmented across countries. This column presents recent research, however, suggesting that this trend may be reversing for manufacturing plants in the US. It shows that intermediate goods account for a decreasing fraction of output value, while industries that are closer to the final consumer contribute to an increasing share of GDP."

This Week's Data Tracker

Country	Release	SP Time	Our Forecast	Consensus	Actual
Monday, January 9					
Brazil	**IGP-DI Inflation (Dec) MoM**	**8:00 AM**	**-0.07%**	**-0.22%**	**-0.16%**
Mexico	**CPI (Dec) MoM**	**12:00 PM**		**0.76%**	**0.82%**
Tuesday, January 10					
Mexico	**Monthly GDP IGAE (Oct) YoY**	**12:00 PM**		**3.80%**	
Mexico	**Gross Fixed Investment (Oct) YoY**	**12:00 PM**		**6.00%**	
Wednesday, January 11					
Mexico	**Industrial Production (Nov) MoM**	**12:00 PM**		**0.6%**	
Mexico	**AMIA Vehicle Production (Dec)**	**1:00 PM**			
Thursday, January 12					
Brazil	**Core Retail Sales (Nov) MoM**	**9:00 AM**	**0.6%**	**0.30%**	
Brazil	**Broad Retail Sales (Nov) MoM**	**9:00 AM**	**1.3%**	**N/A**	
Chile	**Monetary Policy Decision**	**7:00 PM**	**5.0%**	**5.0%**	
Peru	**Monetary Policy Decision**	**9:00 PM**	**4.25%**	**4.25%**	

Forecast Tables

World Economy

	2007	2008	2009	2010	2011F	2012F	2013F
GDP Growth							
World GDP growth - %	5.4	2.9	-0.5	5.0	**3.7**	**2.7**	**3.2**
USA - %	1.9	-0.3	-3.5	3.0	**1.7**	**1.8**	**1.5**
Euro Area - %	3.0	0.3	-4.2	1.8	**1.5**	**-1.1**	**0.3**
Japan - %	2.4	-1.2	-6.3	3.9	**-0.9**	**1.2**	**0.9**
China - %	14.2	9.6	9.1	10.3	**9.2**	**7.8**	**8.0**
Interest rates and currencies							
Fed Funds - %	4.2	0.2	0.1	0.2	**0.1**	**0.1**	**0.1**
USD/EUR eop	1.46	1.35	1.46	1.32	**1.34**	**1.30**	**1.30**
YEN/USD eop	112.5	91.3	90.0	83.3	**76.0**	**75.0**	**75.0**
DXY Index*	76.7	81.3	77.9	79.0	**79.7**	**79.5**	**79.5**
Commodities							
CRB Index - avg growth - %	19.3	6.3	-14.6	35.6	**10.8**	**-6.1**	**6.6**
ICI External prices - avg growth - %	20.0	14.6	-20.8	21.8	**24.7**	**-9.3**	**4.0**
Metals - avg growth - %	37.0	-13.0	-25.3	29.4	**12.2**	**-11.0**	**-**
Energy - avg growth - %	9.0	28.6	-39.4	21.0	**31.4**	**-0.4**	**-**
Agricultural - avg growth - %	18.2	25.3	-7.4	19.8	**29.2**	**-10.2**	**-**

Brazil

(For our *monthly* Brazil forecasts, click here.)

	2007	2008	2009	2010	2011F	2012F	2013F
Economic Activity							
Real GDP growth - %	6.1	5.2	-0.3	7.5	**2.8**	**3.5**	**5.4**
Nominal GDP - BRL bn	2,661	3,032	3,239	3,745	**4,105**	**4,481**	**4,965**
Nominal GDP - USD bn	1,367	1,651	1,626	2,128	**2,456**	**2,524**	**2,837**
Per Capita GDP - USD	7,427	8,871	8,629	11,154	**12,762**	**13,012**	**14,510**
Unemployment Rate - year avg	9.3	7.9	8.1	6.6	**6.1**	**6.7**	**6.7**
Inflation							
IPCA - %	4.5	5.9	4.3	5.9	**6.5**	**5.2**	**5.2**
IGP–M - %	7.8	9.8	-1.7	11.3	**5.1**	**4.5**	**5.0**
Interest Rate							
Selic - eop - %	11.25	13.75	8.75	10.75	**11.00**	**9.00**	**11.50**
Balance of Payments							
BRL / USD - eop	1.77	2.34	1.74	1.69	**1.84**	**1.75**	**1.75**
Trade Balance - USD bn	40.0	24.7	24.5	20.2	**29.8**	**15.0**	**-3.2**
Current Account - % GDP	0.1	-1.7	-1.5	-2.2	**-2.1**	**-3.0**	**-3.8**
Foreign Direct Investment - % GDP	2.5	2.7	1.6	2.3	**2.4**	**2.6**	**2.5**
International Reserves - USD bn	180	194	239	288	**358**	**408**	**441**
Public Finances							
Primary Balance - % GDP	3.3	3.4	2.1	2.8	**3.2**	**2.5**	**2.5**
Nominal Balance - % GDP	-2.7	-1.9	-3.3	-2.6	**-2.7**	**-3.1**	**-3.0**
Net Public Debt - % GDP	45.1	38.4	42.8	40.4	**37.8**	**36.9**	**35.1**

* The DXY is a leading benchmark for the international value of the U.S. dollar, measuring its performance against a basket of currencies that includes the euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona.

** The Itaú Commodity Index - External Prices is a proprietary index composed of those commodity prices, measured in U.S. dollars and traded in international exchanges that are relevant to Brazilian consumer inflation. Its sub-indexes are Metals, Energy and Agricultural.

Argentina

	2006	2007	2008	2009	2010	2011P	2012P	2013P
Economic Activity								
Real GDP growth (Private Estimates) - %	8.7	8.8	3.3	-4.1	8.2	**5.8**	**2.7**	**3.0**
Nominal GDP - USD bn	213.2	260.4	327.9	307.1	369.9	**464**	**533**	**608**
Per Capita GDP - USD	5,470	6,617	8,249	7,652	9,129	**11,341**	**12,907**	**14,594**
Unemployment Rate - year avg	10.2	8.5	7.9	8.7	7.8	**7.5**	**8.0**	**8.0**
Inflation								
CPI (Private Estimates) - %	9.8	22.3	20.3	14.9	26.4	**25.0**	**26.5**	**28.0**
Interest Rate								
BADLAR - eop - %	9.88	13.63	19.75	10.00	11.25	**20.00**	**22.00**	**24.00**
Balance of Payments								
ARS / USD - eop	3.08	3.12	3.18	3.75	3.92	**4.30**	**5.00**	**5.75**
Trade Balance - USD bn	12.3	11.1	12.6	16.9	11.6	**9.0**	**4.0**	**2.5**
Current Account - % GDP	3.6	2.7	2.1	3.6	0.8	**0.1**	**-0.8**	**-1.2**
Foreign Direct Investment - % GDP	2.6	2.5	3.0	1.3	1.9	**1.5**	**1.5**	**1.5**
International Reserves - USD bn	32.0	46.2	46.4	48.0	52.2	**46.0**	**35.0**	**30.0**
Public Finances								
Nominal Balance - % GDP	1.8	1.1	1.4	-0.6	0.2	**-0.2**	**-1.5**	**-1.5**
Gross Public Debt - % GDP	64.1	55.6	44.5	47.9	44.4	**38.4**	**35.5**	**32.8**

Chile

	2006	2007	2008	2009	2010	2011P	2012P	2013P
Economic Activity								
Real GDP growth - %	4.6	4.6	3.7	-1.7	5.2	**6.1**	**4.2**	**4.0**
Nominal GDP - USD bn	146.8	164.3	170.7	161.2	203.5	**233**	**244**	**264**
Per Capita GDP - USD	8,942	9,907	10,193	9,493	11,836	**13,406**	**13,869**	**14,829**
Unemployment Rate - year avg	8.0	7.0	7.8	10.0	7.1	**7.4**	**7.5**	**7.7**
Inflation								
CPI - %	2.6	7.8	7.1	-1.5	3.0	**3.6**	**2.7**	**2.5**
Interest Rate								
Monetary Policy Rate - eop - %	5.25	6.00	8.25	0.50	3.25	**5.25**	**3.75**	**4.50**
Balance of Payments								
CLP / USD - eop	534	496	629	506	468	**510**	**490**	**495**
Trade Balance - USD bn	22.8	23.9	8.5	14.1	15.9	**12.0**	**7.0**	**5.0**
Current Account - % GDP	4.9	4.6	-2.4	1.6	1.9	**-0.5**	**-1.7**	**-1.8**
Foreign Direct Investment - % GDP	5.0	7.6	8.9	8.0	7.4	**6.0**	**5.8**	**5.3**
International Reserves - USD bn	19.4	16.9	23.2	25.4	27.9	**40.0**	**41.0**	**42.0**
Public Finances								
Nominal Balance - % GDP	7.5	8.6	5.0	-4.6	-0.3	**1.0**	**0.7**	**0.8**
Net Public Debt - % GDP	-6.1	-13.4	-23.8	-12.9	-8.3	**-8.6**	**-8.7**	**-9.0**

Colombia

	2006	2007	2008	2009	2010	2011P	2012P	2013P
Economic Activity								
Real GDP growth - %	6.7	6.9	3.5	1.5	4.3	**5.5**	**4.3**	**4.2**
Nominal GDP - USD bn	162.7	207.4	244.8	235.6	288.7	**314**	**344**	**372**
Per Capita GDP - USD	3,749	4,723	5,507	5,239	6,344	**6,824**	**7,383**	**7,894**
Unemployment Rate - year avg	12.0	11.2	11.3	12.0	11.8	**10.0**	**10.0**	**9.0**
Inflation								
CPI - %	4.5	5.7	7.7	2.0	3.2	**3.6**	**3.2**	**3.0**
Interest Rate								
Monetary Policy Rate - eop - %	7.50	9.50	9.50	3.50	3.00	**4.75**	**4.75**	**6.00**
Balance of Payments								
COP / USD - eop	2239	2015	2244	2044	1914	**1900**	**1850**	**1870**
Trade Balance - USD bn	-1.8	-2.9	-2.0	0.0	-0.9	**1.4**	**0.8**	**0.5**
Current Account - % GDP	-1.8	-2.9	-2.8	-2.2	-3.1	**-3.0**	**-2.8**	**-2.6**
Foreign Direct Investment - % GDP	4.1	4.4	4.3	3.0	2.4	**2.8**	**2.6**	**2.8**
International Reserves - USD bn	15.4	20.9	24.0	25.4	28.5	**33.0**	**34.5**	**37.0**
Public Finances								
Nominal Balance - % GDP	-3.1	-2.8	-1.7	-3.7	-3.5	**-3.2**	**-3.0**	**-3.0**
Gross Public Debt - % GDP	37.5	32.9	33.2	34.7	34.7	**35.0**	**35.5**	**36.1**

Mexico

	2006	2007	2008	2009	2010	2011P	2012P	2013P
Economic Activity								
Real GDP growth - %	5.2	3.3	1.2	-6.1	5.4	**4.0**	**2.5**	**2.0**
Nominal GDP - USD bn	952.2	1,038.6	1,087.6	880.6	1,037.8	**1,099**	**1,149**	**1,222**
Per Capita GDP - USD	9,081	9,818	10,195	8,188	9,553	**10,020**	**10,365**	**10,918**
Unemployment Rate - year avg	3.6	3.7	4.0	5.5	5.4	**5.1**	**5.3**	**5.5**
Inflation								
CPI - %	4.1	3.8	6.5	3.6	4.4	**3.3**	**3.7**	**3.5**
Interest Rate								
Monetary Policy Rate - eop - %	7.02	7.57	8.25	4.50	4.50	**4.50**	**3.75**	**4.25**
Balance of Payments								
MXN / USD - eop	10.88	10.87	13.54	13.06	12.36	**13.20**	**12.80**	**13.00**
Trade Balance - USD bn	-6.1	-10.1	-17.3	-4.7	-3.0	**-1.0**	**-1.5**	**-1.7**
Current Account - % GDP	-0.5	-0.9	-1.5	-0.7	-0.6	**-0.8**	**-1.2**	**-1.3**
Foreign Direct Investment - % GDP	2.1	2.9	2.4	1.7	1.7	**1.8**	**2.0**	**2.0**
International Reserves - USD bn	67.7	78.0	85.4	90.8	113.6	**140.0**	**152.0**	**160.0**
Public Finances								
Nominal Balance - % GDP	0.1	0.0	-0.1	-2.3	-2.8	**-2.0**	**-2.5**	**-2.5**
Net Public Debt - % GDP	16.4	14.9	18.2	29.1	30.7	**30.5**	**31.2**	**32.1**

Peru

	2006	2007	2008	2009	2010	2011P	2012P	2013P
Economic Activity								
Real GDP growth - %	7.7	8.9	9.8	0.9	8.8	**7.0**	**5.0**	**5.2**
Nominal GDP - USD bn	92.4	107.2	126.6	127.0	153.6	**177**	**192**	**204**
Per Capita GDP - USD	3,344	3,799	4,419	4,365	5,197	**5,888**	**6,310**	**6,607**
Unemployment Rate - year avg	8.5	8.4	8.4	8.4	7.9	**7.5**	**7.8**	**7.8**
Inflation								
CPI - %	1.1	3.9	6.7	0.2	2.1	**4.6**	**2.6**	**2.0**
Interest Rate								
Monetary Policy Rate - eop - %	4.50	5.00	6.50	1.25	3.00	**4.25**	**3.25**	**3.75**
Balance of Payments								
PEN / USD - eop	3.20	3.00	3.14	2.89	2.81	**2.70**	**2.75**	**2.75**
Trade Balance - USD bn	9.0	8.5	2.6	6.0	6.7	**8.5**	**7.0**	**6.5**
Current Account - % GDP	3.0	1.3	-4.1	0.1	-1.5	**-1.8**	**-2.5**	**-2.8**
Foreign Direct Investment - % GDP	3.8	5.1	5.5	4.4	4.8	**4.5**	**4.5**	**4.7**
International Reserves - USD bn	17.3	27.7	31.2	33.1	44.1	**49.4**	**53.0**	**57.0**
Public Finances								
Nominal Balance - % GDP	1.5	1.8	2.2	-1.7	0.0	**1.0**	**0.5**	**0.2**
Gross Central Govt. Debt - % GDP	33.0	29.7	24.2	27.1	23.5	**20.0**	**18.0**	**16.6**

Macro Research at Itaú BBA

Ilan Goldfajn – Chief Economist

Artur Passos
Adriano Lopes
Aurelio Bicalho
Caio Megale
Darwin Dib
Felipe Salles

Giovanna Siniscalchi
Guilherme da Nóbrega
Guilherme Martins
Ítalo Franca
Laura Haralyi
Luiz G. Cherman

Luka Barbosa
João Pedro Bumachar
Juan Carlos Barboza
Mauricio Oreng
Natasha Daher
Roberto Prado

Click here to visit our digital research library.

Relevant information

1. This report has been produced by Banco Itaú BBA S.A ("Itaú BBA"), a subsidiary of Itaú Unibanco Holding S.A. ("Itaú Unibanco Holding"), and distributed by the companies, directly or indirectly, controlled by Itaú Unibanco Holding (altogether, "Itaú Unibanco Group").

2. This report is provided for informational purposes only and does not constitute or should not be construed as an offer to buy or sell or solicitation of an offer to buy or sell any financial instrument or to participate in any particular trading strategy in any jurisdiction. The information herein is believed to be reliable as of the date in which this report was issued and has been obtained from public sources believed to be reliable. Itaú Unibanco Group does not make any representation or warranty, express or implied, as to the completeness, reliability or accuracy of such information, nor is this report intended to be a complete statement or summary of the investment strategies, markets or developments referred to herein. Opinions, estimates, and projections expressed herein constitute the current judgment of the analyst responsible for the substance of this report as of the date on which it was issued and are therefore subject to change without notice. Prices and availability of financial instruments are indicative only and subject to change without notice. Itaú Unibanco Group has no obligation to update, modify or amend this report and inform the reader accordingly, except when terminating coverage of the issuer of the securities discussed in this report.

3. The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the subject issuers or securities and were prepared independently and autonomously, including from Itaú Unibanco Group. Because personal views of analysts may differ from one another, the companies of Itaú Unibanco Group may have issued or may issue reports that are inconsistent with, and/or reach different conclusions from, the information presented herein. The analyst responsible for the preparation of this report is not registered and/or qualified as a research analyst with the NYSE or FINRA, and is not associated with Itau BBA USA Securities Inc. and, therefore, may not be subject to Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

4. An analyst's compensation is determined based upon total revenues of Itaú BBA, a portion of which is generated through investment banking activities. Like all employees of Itaú BBA, its subsidiaries and affiliates, analysts receive compensation that is linked by overall profitability. For this reason, analyst's compensation can be considered to be indirectly related to this report. However, the analyst responsible for the content of this report hereby certifies that no part of his or her compensation was, is, or will be directly or indirectly related to any specific recommendation or views contained herein or linked to the pricing of any of the securities discussed herein. The analyst declares that (s)he does not maintain any relationship with any individual who has business of any nature with the companies and does not receive any compensation for services rendered to or have any commercial relationship with the companies or any individual or entity representing the interests of the companies. According to Itaú BBA's compliance policy, the analyst(s) and any member of his/her household do not hold, directly or indirectly, any securities issued by the companies analyzed in this report in his/her personal investment portfolio, nor is (s)he personally involved in the acquisition, sale or trading of such securities in the market. Neither the analyst nor any member of the analyst's household serves as an officer, director or advisory board member of the companies analyzed in this report. Itau Unibanco Group and the funds, portfolios and securities investment clubs managed by Itaú Unibanco Group may have direct or indirect stake equal to, or higher than, 1% (one percent) of the capital stock of the companies, and may have been involved in the acquisition, sale or trading of such securities in the market.

5. The financial instruments discussed in this report may not be suitable for all investors. This report does not take into account the investment objectives, financial situation or particular needs of any particular investor. Any investors wishing to purchase or otherwise deal in the securities covered in this report should obtain relevant documents from financial instruments and exchange institutions and confirm its contents. Investors should obtain independent financial advice based on their own particular circumstances before making an investment decision based on the information contained herein. Final decision on investments must be made by you considering various risks, fees and commissions. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from, the financial instrument, and the reader of this report assumes any currency risk. Income from financial instruments may vary, and their price or value, either directly or indirectly, may rise or fall. Past performance is not necessarily indicative of future results, and no representation or warranty, express or implied, is made herein regarding future performances. Itaú Unibanco Group does not accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its content.

6. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of Banco Itaú BBA S.A.~~,~~ Additional information on the financial instruments discussed in this report is available upon request. Additional Note to reports distributed in: (i) U.K. and European: Itau BBA UK Securities Limited, regulated by the Financial Services Authority (FSA), is distributing this report to investors who are Eligible Counterparties and Professional Clients, pursuant to FSA rules and regulations. If you do not, or cease to, fall within the definition of Eligible Counterparty or Professional Client, you should not rely upon the information contained herein and should notify Itau BBA UK Securities Limited immediately at Level 20 The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, UK. The information contained herein does not apply to, and should not be relied upon by, retail customers; (ii) U.S.: Itau BBA ~~-~~USA Securities Inc., a FINRA/SIPC member firm, is distributing this report and accepts responsibility for the content of this report. Any US Person receiving this report and wishing to effect any transaction in any security discussed in this report should do so with Itau BBA USA Securities Inc. at 767 Fifth Avenue, 50th Floor, New York, NY 10153; (iii) Asia: This report is distributed in Hong Kong by Itau Asia Securities Limited, which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) regulated activity. Itau Asia Securities Limited accepts all regulatory responsibility for the content of this report. In Hong Kong, any investors wishing to purchase or otherwise deal in the securities covered in this report should contact Itau Asia Securities Limited at 29th Floor, Two IFC, 8 Finance Street – Central, Hong Kong; (iv) Japan: This report is distributed in Japan by Itau Asia Securities Limited – Tokyo Branch, Registration Number (FIEO) 2154, Director, Kanto Local Finance Bureau, Association: Japan Securities Dealers Association; (v) Middle East: This information has been distributed by Itau Middle East Limited. Related financial products or services are only available to wholesale clients with liquid assets of over $1 million, and who have sufficient financial experience and understanding, to participate in financial markets in a wholesale jurisdiction. Itau Middle East Limited is regulated by the Dubai Financial Services Authority (DFSA). In Middle East, any investors wishing to purchase or otherwise deal in the securities covered in this report should contact Itau Middle East~~-~~ Limited, at Al Fattan Currency House, Suite 305, Level 3, DIFC, PO Box 65703, Dubai, United Arab Emirates; (vi) Brazil: Itaú Corretora de Valores S.A., a subsidiary of Itaú Unibanco S.A authorized by the Central Bank of Brazil and approved by the Securities and Exchange Commission of Brazil, is distributing this report. If necessary, contact the Client Service Center: 4004-3131* (capital and metropolitan areas) or 0800-722-3131 (other locations) (during business hours, from 9:00 a.m. to 8:00 p.m.). If you wish to revaluate the presented solution, after utilizing these channels, talk to Itaú's Corporate Complaints Office: 0800-570-0011 (on business days from 9:00 a.m. to 6:00 p.m.) or Caixa Postal 67.600, São Paulo-SP, CEP 03162-971.

* Cost of a local call.