LATIN AMERICA
PACIFIC ALLIANCE
SEPTEMBER 2014

Bloomberg BRIEF

EDITOR'S NOTE

As Brazil slipped into recession this year, Chile, Colombia, Mexico and Peru emerged as the backbone of a region that has often disappointed investors.

Unlike Argentina and Venezuela, the four Pacific Alliance countries embraced reforms, foreign investors and orthodox monetary and fiscal policy.

Unlike Brazil, a hands-off policy with the private sector helped Chile, Colombia, Mexico and Peru grow faster than the U.S. or Europe.

Mexico has advanced on political change, oil sector overhaul and strong ties to an improving U.S. economy. Peru, Chile and Colombia forged closer links through MILA, an equity market alliance that – with the help of Mexico – may even compete with Brazil's Bovespa for regional trading prominence.

Demographics and natural resources are on the side of the Pacific Alliance, which aims to boost competitiveness and has the potential to expand by combining with Central America. They will benefit from the inclusion in the bloc of influential observers like Australia, Canada, France, Japan, China, South Korea and the U.S.

Over-reliance on commodities, a rise in drug-related violence – particularly in Mexico – and China's economic slowdown are just some of the risks for investors who already worry about lack of liquidity in these markets. Income inequality, corruption, rule of law and infrastructure bottlenecks add to a long list of challenges for policy makers hoping to keep these countries flourishing.

— James Crombie

INSIDE

Bloomberg Brief
Latin America Pacific Alliance

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Pacific Alliance Confidence Menaced by Rising U.S. Rates

MICHAEL MCDONOUGH,
BLOOMBERG CHIEF ECONOMIST

The Bloomberg aggregate consensus forecast for Latin America's 2014 growth rate has plunged to 1.2 percent, down almost 300 basis points since the start of last year.

The growth outlook was revised lower after U.S. rates surged when then Chairman **Ben Bernanke** indicated on May 22, 2013 that the Federal Reserve may begin tapering.

Many Latin American countries maintain large current account deficits, making them susceptible to higher U.S. rates and tighter global monetary conditions.

The outlook for Peru, Mexico and Chile declined less than the regional aggregate. Colombia was the only country to maintain its growth forecast. All of them have a current account deficit.

Not only has Colombia's outlook been one of the most stable of the major Latin American economies, it maintains the highest forecasted 2014 growth rate at 5.0 percent, followed by 4.8 percent next year, according to surveys conducted by Bloomberg.

In August, Colombia's central bank increased its benchmark interest rate for a fifth consecutive month in response to strong economic growth and inflationary pressure. The IMF forecasts that Colombia will run a current account deficit of 3.3 percent this year, meaning the external sector may face some pressure as the Fed eventually begins to tighten.

While what many economists expected would be a strong Mexican economic recovery never materialized, growth appears sustainable, albeit at a modest pace.

Nearly three quarters of Mexico's exports go to the U.S., which also experienced a slower-than-anticipated recovery – a likely cause for Mexico's disappointing expansion. The consensus survey forecasts 2014 growth of 2.6 percent, down from 3.9 percent at the start of last year.

Peru faces decelerating growth on the back of diminished mining investment. The external sector is enlarging the country's current account deficit, increasing potential sensitivity to Fed tightening.

About one fourth of Peru's exports go to China, which faces its own growth slowdown that may hamper demand, especially for metals.

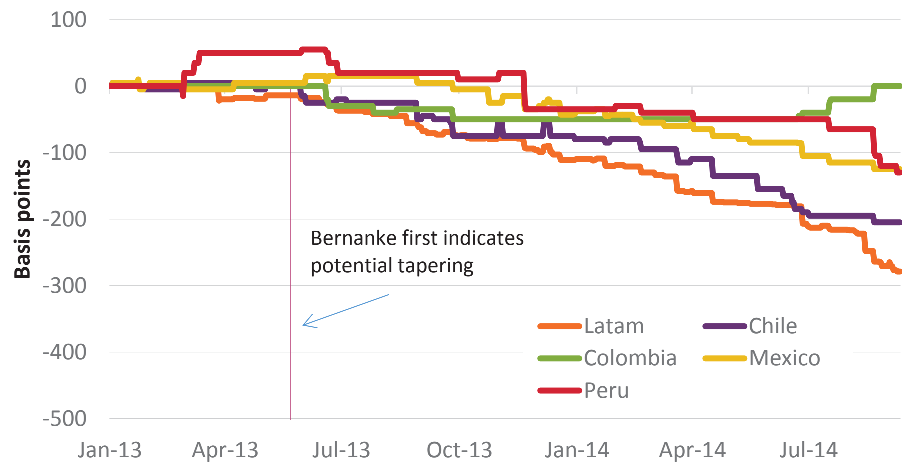
U.S. rates jumped between May and August 2013 following Bernanke's first indication the Fed was considering tapering.

Between May 21, 2013, and August 15, 2013, the Chilean peso and Peruvian sol weakened by more than 5 percent.

Both the Colombian and Mexican peso depreciated by 2.9 percent and 3.8 percent, respectively.

Many Latin American countries may have learned an important lesson during last year's rates spike. Recently low volatility and investors' risk-on attitude creates a temporary reprieve. It also may provide a false sense of confidence that will likely pop as the Fed starts to tighten.

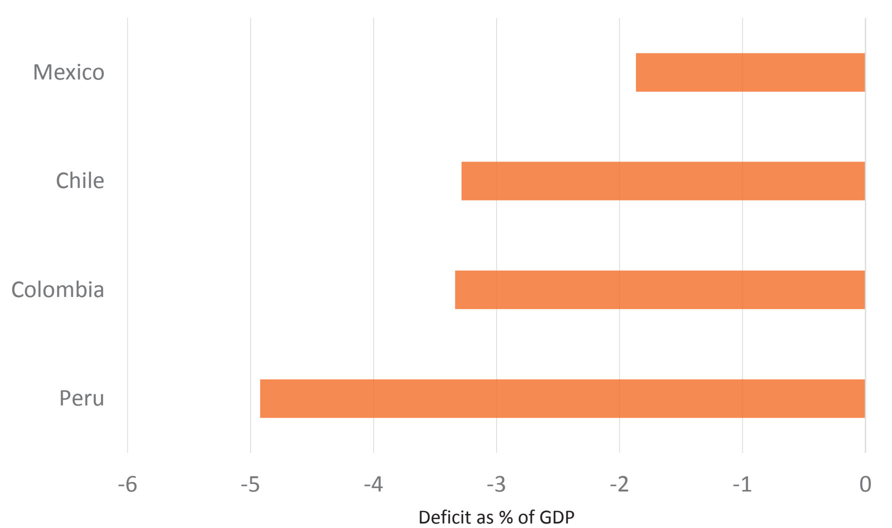
Colombia Growth Outlook Intact, Others Knocked by Taper Tantrum



Change in 2014 Bloomberg Consensus GDP Forecasts from 1/1/13

Source: *Bloomberg LP* ECFC <GO> BloombergBriefs.com

Peru Runs Biggest Deficit, Most Exposed to Fed Tightening



Source: *IMF, Bloomberg LP* BloombergBriefs.com

MEXICO

Mexico Sets Standard for Borrowers 20 Years After Tequila Crisis

BY BEN BAIN AND ERIC MARTIN

Mexico is close to rivaling Chile as a Latin American standard for creditworthiness as more investors anticipate that President **Enrique Pena Nieto** will deliver on his promises for economic growth.

Their conviction stems from the constitutional changes pushed through by the 48-year-old president, from opening Mexico's oil industry to private investment to spurring competition in a telecommunications industry dominated by billionaire **Carlos Slim**.

Now, two decades after the country needed a $50 billion U.S.-led bailout to avoid defaulting, the cost to insure the nation's debt against non-payment is tumbling. Credit-default swaps dropped below Chile, the region's highest-rated sovereign, for the first time ever in June.

Credit-default swaps dropped below Chile, the region's highest-rated sovereign, for the first time ever in June.

"Mexico is truly a benchmark right now," **Gerardo Rodriguez**, a former deputy finance minister and now a portfolio manager and investment strategist at **BlackRock Inc.**, said in a telephone interview from San Francisco. "Mexico is probably right there at the top of a very small list of countries that have shown willingness to reform."

In his first two years in office, Pena Nieto pushed through the biggest economic overhaul since the North American Free Trade Agreement took effect in 1994. Allowing companies including **Exxon Corp**. and **Chevron Corp.** to produce crude on their own for the first time since the 1930s will help lift annual growth to about 5 percent, a level not seen since 2010, by the end of Pena Nieto's six-year term in 2018, the government estimates.

Tumbling Bond Risk

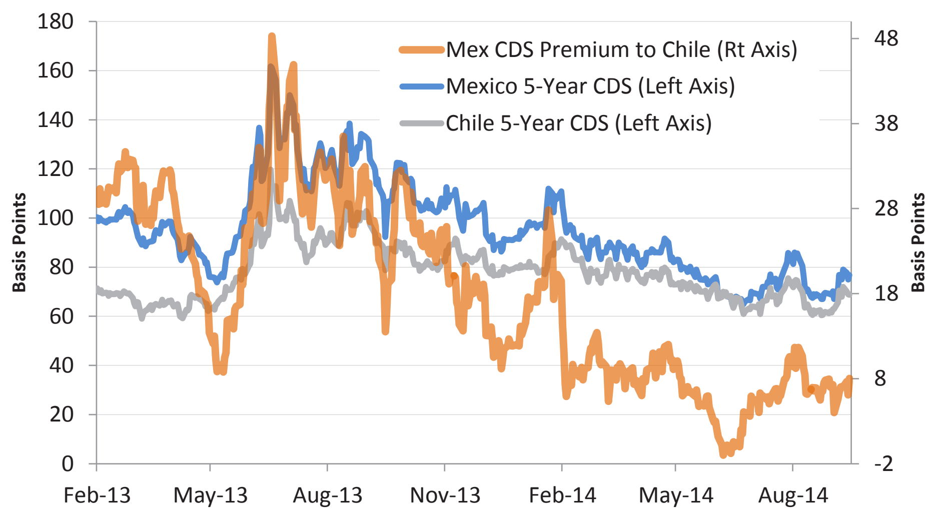
The cost to protect Mexico's debt with five-year default swaps has dropped 24 basis points since Pena Nieto took office on Dec. 1, 2012, to 77 basis points on Sept. 18, data compiled by Bloomberg show. Similar contracts for Chile cost 69 basis points.

The drop in Mexico's bond risk during the first third of Pena Nieto's term continues a trend from the end of **Felipe Calderon**'s presidency, when swaps tumbled from a record-high of 601 basis points amid the financial crisis in October 2008.

While **Moody's Investors Service** raised the nation's credit grade to an unprecedented A3 after the legal changes were passed, the country needs to generate faster growth and bolster confidence in the government before the nation will receive another boost, according to analyst **Mauro Leos**, who is based in Mexico City.

Latin America's second-biggest economy is forecast to grow by 2.5 percent this year after expanding just 1.4 percent in 2013, about a third of the pace of Chile last year. Moody's rates the South American country three steps higher at Aa3, in line with Japan and Belgium.

Sovereign CDS Narrows Gap With Higher-Rated Chile



Source: *Bloomberg LP*

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Keeping a Lid on Spending

"We need tangible evidence of an improvement in terms of Mexico's institutions, the legal framework, transparency, the rule of law," Leos said in an interview on Sept. 10.

Alejandro Diaz de Leon, Mexico's head of public debt, said macroeconomic policies that the government has had in place for many years combined with structural changes to the economy are helping boost investors' perceptions of the country.

Mexico has "prudent management of public finances, monetary policy and appropriate regulation of financial markets," he said in a Sept. 9 telephone interview.

Mexico's drive to keep spending under control has its origins in the Tequila Crisis of the mid-1990s. In 1994, U.S. interest-rate increases helped spark a peso devaluation that fueled capital flight. The recession the following year, when the economy contracted 6.2 percent, was among the worst since the 1930s. The government cut spending in 1996 as the economy returned to growth.

The nation's gross debt as a percentage of gross domestic product will be 48 percent this year, compared with 67 percent for Brazil, Latin America's biggest economy, and a 53 percent average for the region, according to projections from the **International Monetary Fund**.

'Leader in the Region'

Pena Nieto enacted bylaws to break Mexico's seven-decade oil monopoly on Aug. 11, a legal change that he estimates will help bring an extra $250 billion in foreign investment. He has called it the centerpiece of his presidency, winning debt-market advocates including BlackRock Chief Executive Officer **Laurence D. Fink** and **Pacific Investment Management Co.**, the world's largest bond manager.

"Mexico is a leader in the region, both in terms of the open architecture of its capital markets and its leadership in undertaking significant and positive structural reforms," **Michael Gomez**, the head of Pimco's emerging-markets portfolio management team, said in a Sept. 17 e-mail.

MEXICO

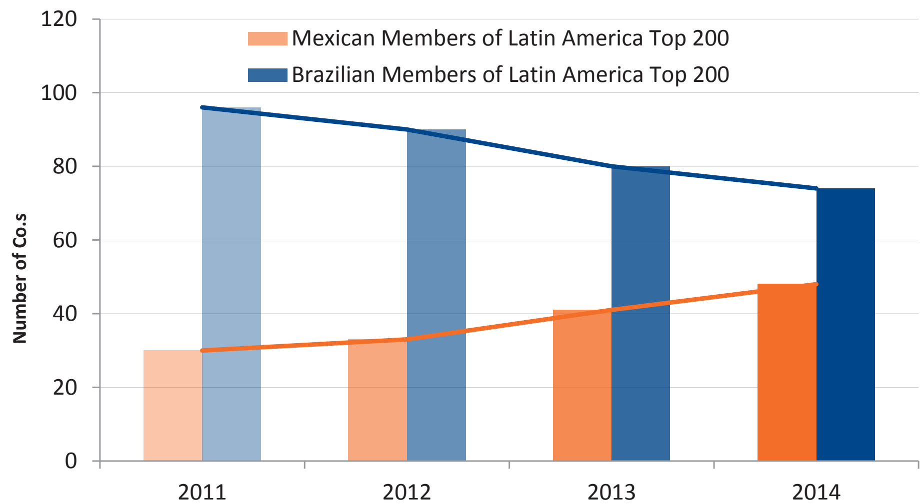
Mexican Companies Displacing Brazilians in Region's Top 200

As Mexican economic growth picked up pace, the nation's consumer product makers have displaced Brazilian peers from the ranks of Latin America's biggest private companies.

There are 48 Mexican companies in the regional top 200 – ranked by market capitalization – up from 40 a year ago and 30 in 2011.

Most of the new entrants are focused on the Mexican consumer. They include Alsea, an owner of restaurant chains, Concentradora Fibra Danhos, a real estate investment trust that owns shopping malls and office buildings, and Grupo Gigante, the owner of supermarkets and other retail chains. Also on the list are Grupo Lala and Industrias Bachoco, makers of food products for the domestic market.

– Deirdre Fretz, Bloomberg Brief Editor



Source: *Blomberg LP*

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Mexico's Shale Gas Resources Rank Among Top 10 Globally

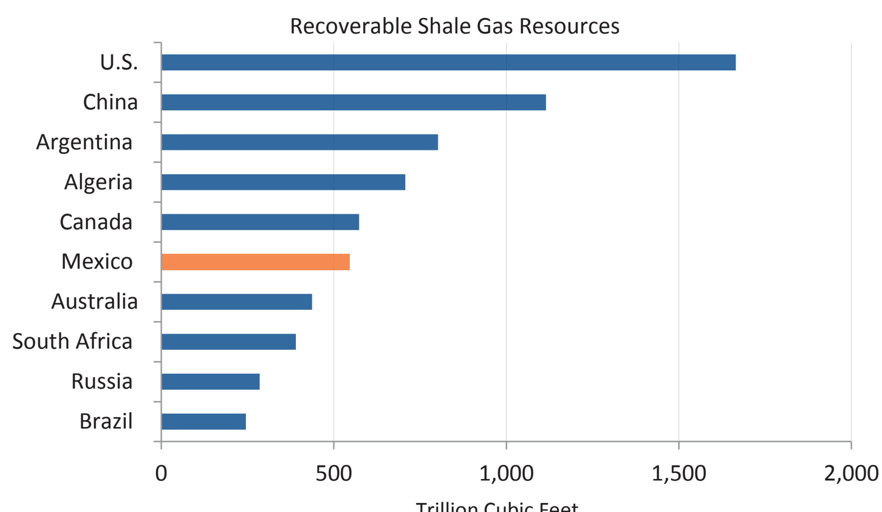
Opening Mexico's energy market to foreign investment may revitalize production after declining oil output over the past decade. Reforms may also spur an increase in natural gas production.

New laws will encourage investment in the nation's shale gas reserves, estimated by the U.S. Energy Information Administration to be among the top 10 recoverable resources in the world.

State-owned Pemex has already begun to tap its shale gas resources. This is being done at higher cost than producers in the adjacent U.S. Eagle Ford formation.

Foreign investment in Mexico's oil and gas sectors will have to overcome political and social complexities.

– Vincent G Piazza and Gurpal Dosanjh, Bloomberg Intelligence Analysts



Source: *EIA*

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COLOMBIA

Billionaire Banker's Acquisitions Extend Lenders' Reach

BY CHRISTINE JENKINS

To see how far Colombia has come in the past 15 years, just take a look at its banking industry.

Grupo Aval Acciones y Valores SA, controlled by billionaire **Luis Carlos Sarmiento Angulo**, has overtaken lenders including Mexico's **Grupo Financiero Banorte SAB** to become Spanish-speaking Latin America's biggest banking group by assets. Colombian lenders from **Bancolombia SA** to **Banco Davivienda SA** have spent $10 billion expanding abroad since 2007, more than triple that of Chilean lenders, picking up assets from European banks looking to raise capital in the aftermath of the global credit crisis.

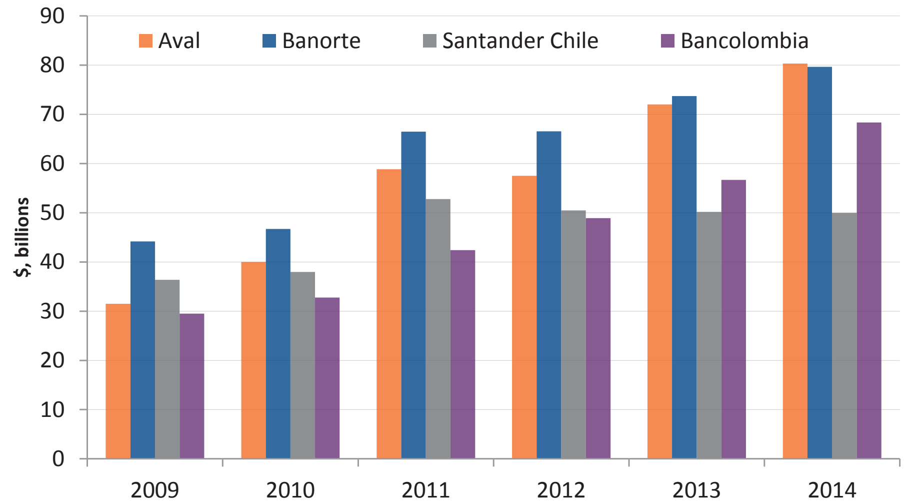
The growth in financial services is a testament to the success that President **Juan Manuel Santos**, and his predecessor Alvaro Uribe, have had turning the tide in a 50-year war with Marxist rebels, bolstering economic growth and regaining the investment-grade rating the country lost in 1999.

Financial services now account for a fifth of Colombia's $380 billion economy, marking a stark turnaround from the beginning of the century, when lenders needed a bailout after a recession and high unemployment lead to defaults on loans.

"A country's economy and its financial system go hand in hand," **Munir Jalil**, chief economist for Colombia and Venezuela at **Citigroup Inc**. in Bogota, said in a telephone interview. "It's a success story that's tied to economic growth."

With growth exceeding the Latin American average by 1.1 percentage points over the past seven years and the share of Colombian adults using banks surging, lenders turned to Central America to accelerate their expansions.

Grupo Aval Assets Surge to Highest in LatAm Ex-Brazil



Source: *Bloomberg LP* BloombergBriefs.com

Expanding Into Central America

Bancolombia, which closed its purchase of **HSBC Holdings Plc**'s Panamanian unit last year, has spent more than $3 billion in Central America since 2007, buying stakes in lenders from Guatemala to El Salvador. Grupo Aval has spent about $3 billion on acquisitions in the region since 2010, including the purchase of **Banco Bilbao Vizcaya Argentaria SA**'s Panama subsidiary in 2013.

The banks have invested more than $10 billion outside the nation since 2007 and have spread to 21 countries in Latin America and the Caribbean, according to a 2013 report from Colombia's banking association.

While assets at Grupo Aval and rival Bancolombia have surged, profitability at both lenders is still about half the 3.5 percent average return on assets posted by financial companies in the region, according to data compiled by Bloomberg.

'Easy to Surprise on Upside'

"Expectations for Colombia were so low for so long that it was easy to surprise on the upside when things weren't as bad as people expected," **Adam Kutas**, who helps manage about $1.5 billion in equities at **Fidelity Investments** in Boston, said in a telephone interview.

"What they need to do now is show the profitability of all the acquisitions. They spent a lot of capital getting their footprint in there."

Aval now plans to raise $1.1 billion by selling shares in New York for the first time, a goal it has had since its Colombian initial public offering 15 years ago. The proceeds will help raise capital at its subsidiaries, including **Banco de Bogota SA**, through which most of its acquisitions were made.

Colombia still has comparatively low usage levels of banking services, signaling an opportunity for lenders to keep growing at home, according to Citigroup's Jalil.

While the percentage of adults with at least one financial product increased to 71.5 percent in 2013 from 62.2 percent three years earlier, only 43 percent of Colombians have an active savings account, according to the banking association.

"Banking penetration has improved a lot, and having less risk in the country, combined with the growth of the middle class, the cake increases a lot," **Eric Conrads**, who helps oversee about $500 million in Latin American stocks as a money manager at **ING Groep NV** in New York, said in a telephone interview. "The future is looking good for banks in Colombia."

COLOMBIA

GDP Growth Rate Leads Region After Surge in 2010-2013

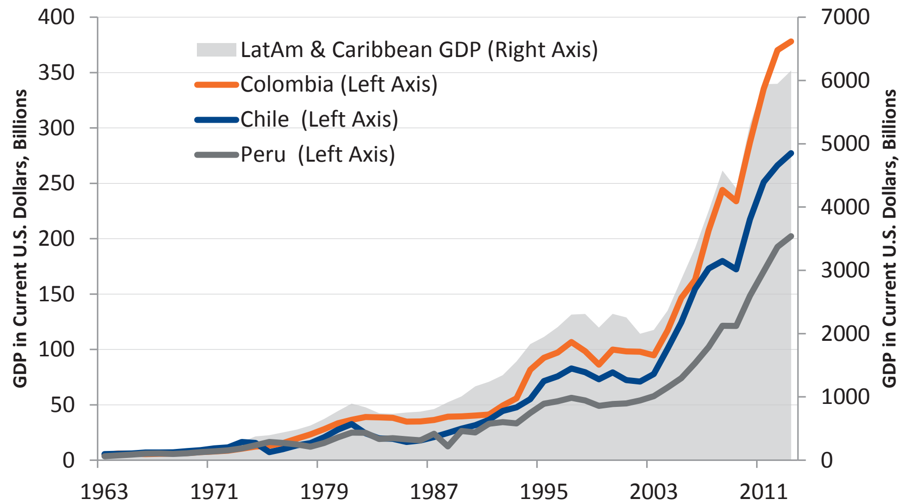
Colombia is Latin America's fastest-growing major economy.

In the second quarter, GDP expanded 4.3 percent from a year earlier, down from a revised 6.5 percent in the first three months of the year, the national statistics agency said. The gain compares with the 4.6 percent median forecast of 28 analysts surveyed by Bloomberg.

GDP expanded by 62 percent in U.S. dollar terms during the 2010-2013 period, World Bank data show. This followed a 4 percent contraction in 2009.

Production of oil, Colombia's biggest export, will fall for the first time since 2005 amid damage to pipelines caused by Marxist guerrillas, according to the government. The Finance Ministry estimates growth could quicken to as fast as 7 percent if the 50-year-old war against the rebels ends.

– Oscar Medina and Andrew Willis, Bloomberg News



Source: *World Bank*

BloombergBriefs.com

Consolidation Potential Limited in Booming Colombian Banking Market

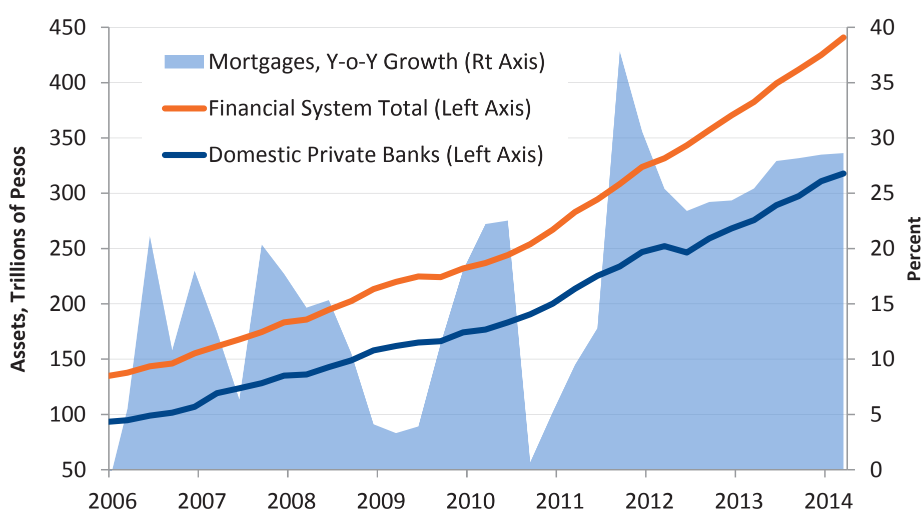
Colombia's banking system is highly concentrated yet still has room for growth. Only a third of the population currently has access to banks, according to the International Monetary Fund.

Lenders increasingly focus on organic expansion, with mortgages providing some of the fastest growth earlier this year.

The top three private banks – Bancolombia, Banco de Bogota and Banco Davivienda – accounted for 67 percent of financial system assets during the first quarter.

This compares with 51 percent for the three largest private lenders in Mexico at year-end and 35 percent in Brazil.

– Jonathan Tyce and Arjun Bowry, Bloomberg Intelligence Analysts



Source: *Superintendencia Financiera de Colombia*

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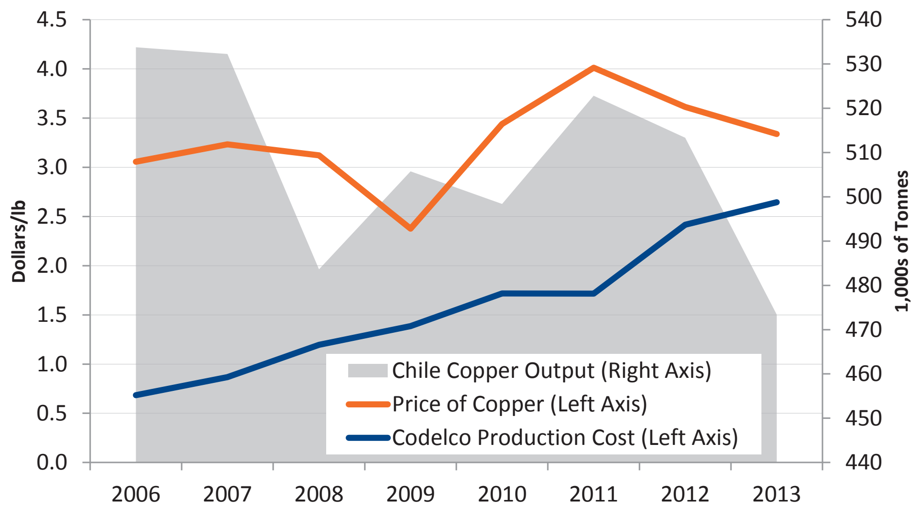
Century-Old Copper Mines Spur Race to Save Cash Cow

Codelco Margins Squeezed by Rising Cost, Lower Copper Price



Source: *Bloomberg LP/Codelco* BloombergBriefs.com

BY MATT CRAZE

Chilean President **Michelle Bachelet** rolled to victory last year on pledges to ramp up spending on education. Now she's in a race against time to revive the government's biggest source of revenue, copper producer **Codelco**.

With executives of the state-owned company warning that output could drop by almost half in six years, Bachelet's given clearance for Codelco to spend $23.5 billion to revamp century-old mines that are running out of profitable ore, and has pledged to sell $4 billion of bonds for additional funding.

While Bachelet is pushing through $8.2 billion of tax increases to pay for an initial boost in education outlays, ensuring Codelco's viability is crucial to her spending plans, which seek to address a growing middle class's demands for better public services in Latin America's wealthiest country. Copper generates 20 percent of government revenue and 60 percent of all Chilean exports.

"The government is taking on a significant bet that will be important for Chile and its fiscal revenue," **Santiago Gonzalez**, a former mining minister and vice-rector of the **Universidad Central in Santiago**, said in a telephone interview. "If Codelco doesn't make these investments, production will fall."

Copper Ignites Protest

Gonzalez served as Chile's mining minister between 2008 and 2010, during Bachelet's first term, amid the height of a global commodities boom that was delivering windfall profits for Codelco. Copper prices more than quadrupled in the decade through 2010 as part of a so-called supercycle as Chinese demand for everything from power cables to pipes surged.

The South American country's copper boon became a focal point for unrest during the government of President **Sebastian Pinera** between 2010 and 2014, when thousands of protesting students demanded the government tap $23.7 billion of sovereign wealth savings to provide free education for all Chileans.

Bachelet was re-elected to govern for a second term in December 2013 on pledges to reduce inequality that ranks the highest among the Organization for Economic Co-operation and Development's 34 nations.

This time around, copper prices are slumping while Codelco's costs have more than doubled over five years as the company runs out of profitable ore to mine. Fiscal revenue from the company fell 1.8 percent in the first half of the year to 438 billion pesos ($741 million), according to a July 30 budget report. The government cut its 2014 economic growth forecast on July 14 to 3.2 percent from a previous estimate of 3.4 percent.

The magnitude of Codelco's planned overhaul is already evident at century-old Chuquicamata, the biggest open pit copper mine, where the company has begun work on an 11-meter (36-foot) wide, 900-meter deep ventilation hole that will be the world's largest, **Gerhard Von Borries**, head of projects at Codelco, said in an interview in Santiago.

'Undeniable Riches'

Codelco will invest about $4.7 billion a year between 2014 and 2018 with the aim of helping the company produce 2 million tons a year for the first time ever in 2023, Von Borries said.

"These works are unparalleled, at least in the underground mining industry," he said. Without the investment, production would slump to 1 million metric tons a year from about 1.7 million tons now, he said.

Bachelet sent Codelco's multi-year funding bill to congress last month for approval.

"We have undeniable riches," she told the annual dinner of Sonami, a 131-year mining lobby group, on Aug. 29 in Santiago. "It's a beautiful and challenging vocation, it is part of our identity, and it is also essential for our future."

CHILE

Central Bank Cut Rates to Lowest in Three Years After Mining Slump

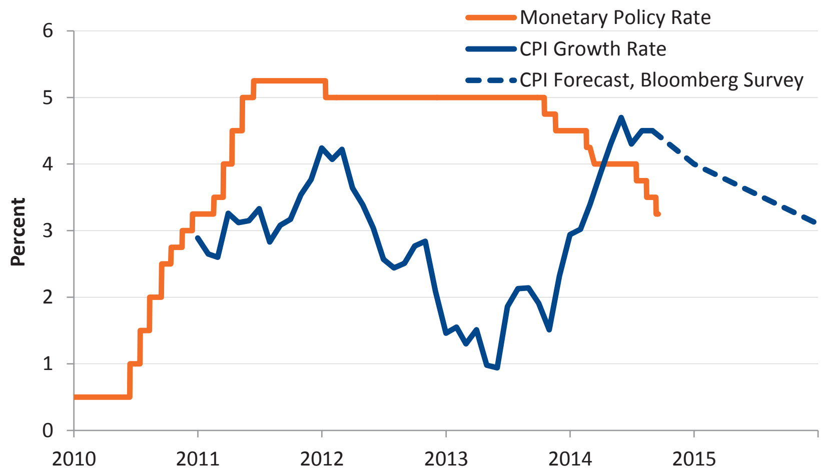
Chile reduced borrowing costs to the lowest in three years on Sept. 11, seeking to stimulate growth after the economy expanded at the slowest pace in at least four years. The central bank also signaled that the pace of interest-rate cuts will slow.

Chile in the second quarter posted the slowest economic growth since late 2009, as falling copper prices halted a mining industry investment boom.

Banco Central de Chile cut its 2014 growth forecast for the fourth consecutive quarter, citing weaker-than-expected domestic demand.

Growth will pick up in 2015 and inflation will slow "rapidly" back to the target range, policy makers said.

– Javiera Quiroga and John Quigley, Bloomberg News



Source: *Bloomberg LP*

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Chile Plans Largest Ever Expansion of Desalinated Seawater for Mining

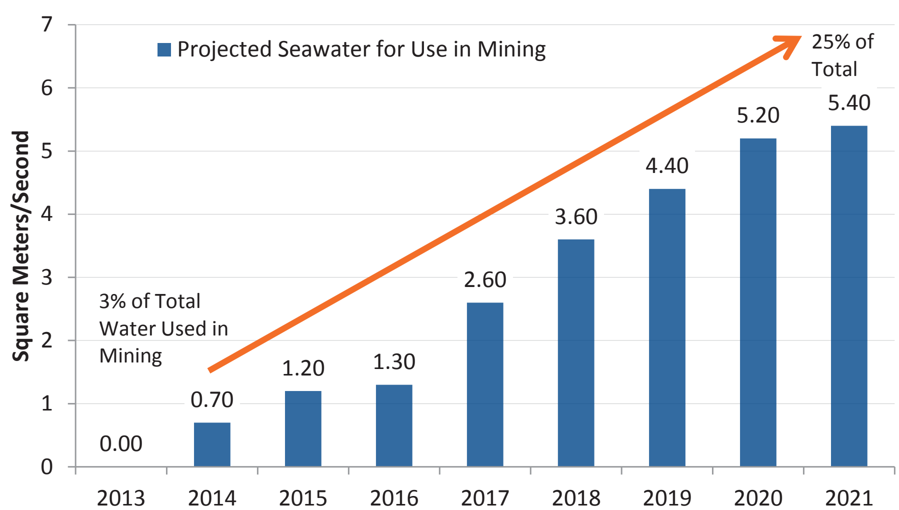
Chile, the producer of about 28 percent of the world's copper, is one of the most arid countries in the world.

Efforts to manage fresh water resources have led to new regulations for mining companies. These include requirements that will prompt the Chilean copper industry to undertake the world's largest expansion of ocean water desalination over the next several years.

Chilean mining operations are expected to obtain 25 percent of the water they use for production from seawater by 2021, up from 3 percent in 2014, according to the Chilean Copper Commission.

From 2009 to 2013, Chilean copper production has already become slightly less water-intensive. Copper production rose by 7 percent in the period, while water usage increased by just 2 percent.

– Gregory Larkin, Bloomberg Intelligence Analyst



Source: *Chilean Copper Commission*

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PERU

DoubleLine Seizes on Peru's Bond Emergence to Best Rivals

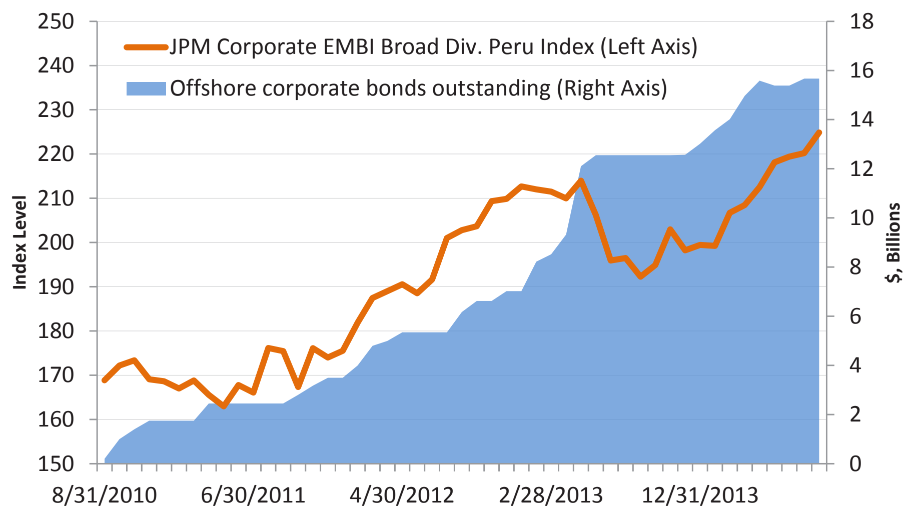
BY JOHN QUIGLEY AND ANDREA JARAMILLO

DoubleLine Capital's **Luz Padilla** has a secret weapon that's helping her emerging-market bond fund beat 97 percent of its rivals: Peru.

The Andean nation's corporate bond market is booming, having swelled to $16 billion of dollar debt from just $200 million in 2010 while handing investors the highest returns in emerging markets this year. The growth in company borrowing mirrors that of the economy, which expanded at the fastest pace among Latin America's biggest nations over the past four years as President **Ollanta Humala** followed his predecessors' lead by delivering budget surpluses that bolstered investor confidence and buoyed consumer spending.

"It's a country that's coming into its own," Padilla, who manages DoubleLine's Emerging Markets Fixed Income Bond Fund, said in a telephone interview. "The trajectory of the Peruvian credit is providing a pretty decent environment for its corporates, allowing them to flourish."

Offshore Corporate Issuance Surged Since 2010, Index Jumped



Source: *BAML, JPMorgan*

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12 Percent Return

Padilla's $665 million fund has scooped up almost as much corporate debt from the Andean nation as it has from Mexico and Brazil, bond markets that are at least six times Peru's size. Peruvian securities have returned 12 percent this year, compared with an average 6.5 percent for developing nation corporate debt globally, according to **JPMorgan Chase & Co.** indexes.

Peru chalked up record foreign investment last year as companies including **Freeport-McMoRan Inc.** and **Chinalco Mining Corp. International** stepped up work on new copper mines that are set to double output in the third-biggest producer of the metal. The value of Peru's exports tripled in the past decade on rising copper and gold revenue, fueling a construction and retail boom and reducing unemployment to a record low.

Humala plans to cut foreign debt to 8.2 percent of GDP this year, the lowest since at least 1970 and down from 11 percent when he took office in 2011, while tapping a budget surplus to fund fiscal stimulus. **Moody's** raised Peru's rating two levels in July to A3, in line with Mexico.

After expanding 6.4 percent a year in the past decade, the fastest pace in South America, Peru's growth will slow to about 4 percent this year, the central bank estimates. The slowdown comes amid a slump in mining investment after copper prices fell 19 percent in the past two years and gold sank 31 percent.

Bond Allure Fading

The allure of Peru's debt is fading after the decline in bond yields, according to **Jason Trujillo**, who helps manage about $2 billion in emerging-market securities as a fixed-income analyst at **Invesco Ltd**.

Average yields on the country's offshore corporate bonds have fallen 1.87 percentage points over the past five years to 5.31 percent, JPMorgan indexes show.

"Peru is still an interesting market, but things are looking more and more fully valued," Trujillo said in a telephone interview. "We've cut back a bit, but Peru is still a key overweight for us in Latin America."

Humala's drive to attract foreign investment and deepen pro-market policies introduced by the government of **Alberto Fujimori** in the 1990s marks a reversal of his stance in years past. During an unsuccessful 2006 presidential bid, Humala accused foreign companies of looting the country's mineral wealth and vowed to rewrite contracts he viewed as too generous.

Since taking office, his administration signed $16 billion of contracts for companies to build and operate infrastructure projects, began free-trade talks with India and quelled protests against **Newmont Mining Corp**.'s $5 billion Conga gold mine project. In July, he signed a law to streamline bureaucracy and published a plan to boost growth rates to 7 percent in the medium term.

Transportadora de Gas del Peru, which is expanding the country's main natural gas pipeline, sold $850 million of notes last year in the country's biggest-ever corporate issue. Fishmeal and tin producers, pasta makers and port operators are among Peruvian companies that debuted in the overseas debt market in the past two years as borrowing costs tumbled.

"These are credits that are on an improving trajectory," Padilla said. "They can mature, come back to market and pay lower rates that are commensurate with their rating."

The companies are tapping into growth that will accelerate to about 5.5 percent annually in coming years, fueled by infrastructure projects including Lima's first subway line, according to **Jaime Reusche**, an analyst at **Moody's**. "They're interested in expanding operations and betting on future growth of the Peruvian economy," Reusche said.

Political Risk Weighs on Above-Average Financial, Economic Strength

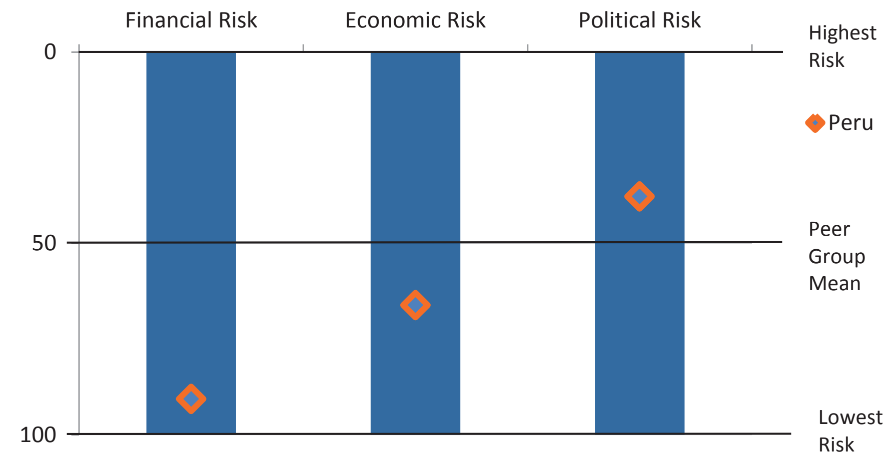
Peru outperformed all countries in Latin America during the second quarter with the best aggregate country risk score, as calculated by Bloomberg's Country Risk Model.

Peru's overall score of 70.89 jumped 34 percent – the biggest increase in the region – putting it ahead of Chile (70.31), Colombia (51.30) and Mexico (69.17).

The country's equity index scored in the 98th percentile relative to a peer group of 83 countries, driven predominately by mining companies. This boosted the financial score. Peru also benefits from low external debt and strong currency reserves.

Political risk continues to be a concern, with a below-average score of 37.13. The World Bank's governance indicators highlight concerns about corruption and rule of law, as well as allegations of graft.

– Emily Howells, Bloomberg Application Specialist



Source: *Bloomberg LP*

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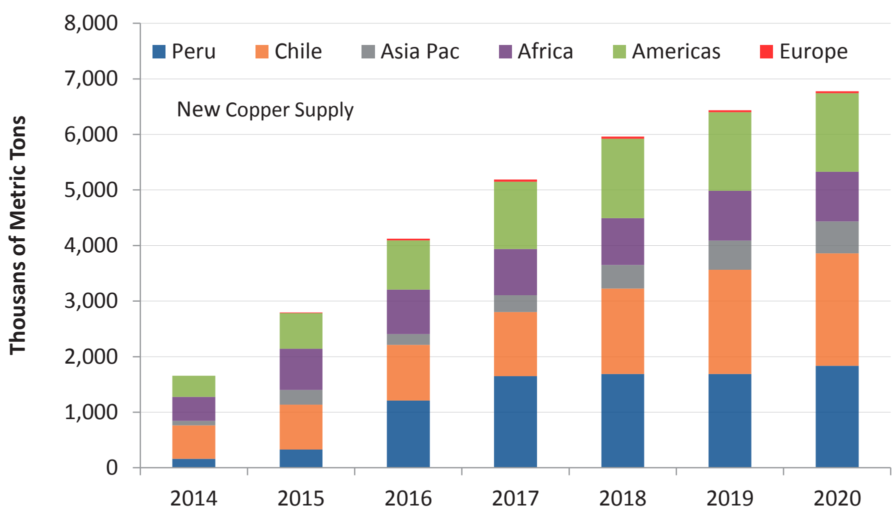
Peru, Chile to Dominate New Copper Supply as Africa, Asia Trail

About half of the value of Peru's exports are made up of the sale of minerals and metals – $1.4 billion of a total $2.9 billion in July. A new wave of copper production is anticipated in the next six years. Almost 60 percent of new copper supply will come from Peru and Chile by 2020. Peru will contribute 1.8 million metric tons (27 percent of new supply), while Chile will add 2 million metric tons (30 percent of new capacity).

Another 18 confirmed projects across the Americas will contribute a further 21 percent, with North America favoring smaller-capacity projects.

Africa may add more than 1.1 million metric tons, though this may be at risk from electricity shortages, particularly in the Congo.

– Kenneth Hoffman and Oliver Nugent, Bloomberg Intelligence Analysts



Source: *Company Filings, Bloomberg LP*

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