

# MACROECONOMIC IMPACTS ON BUSINESSES IN EMERGING ECONOMIES

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Leadership Lecture Series*

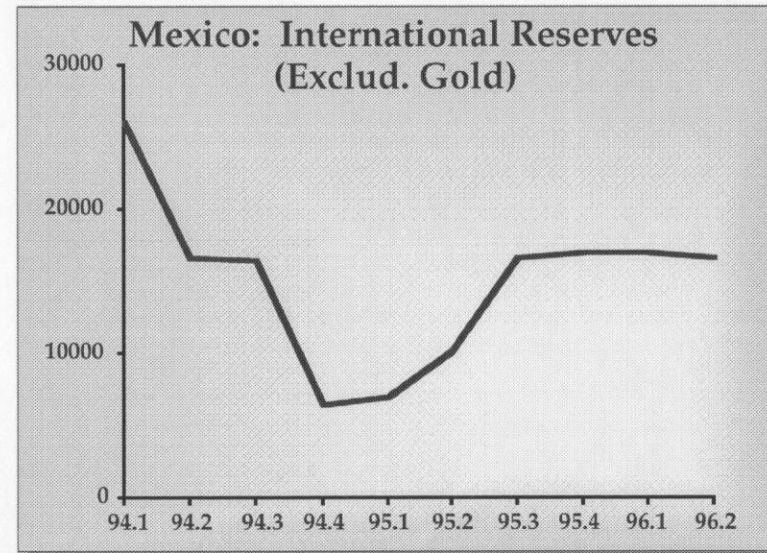
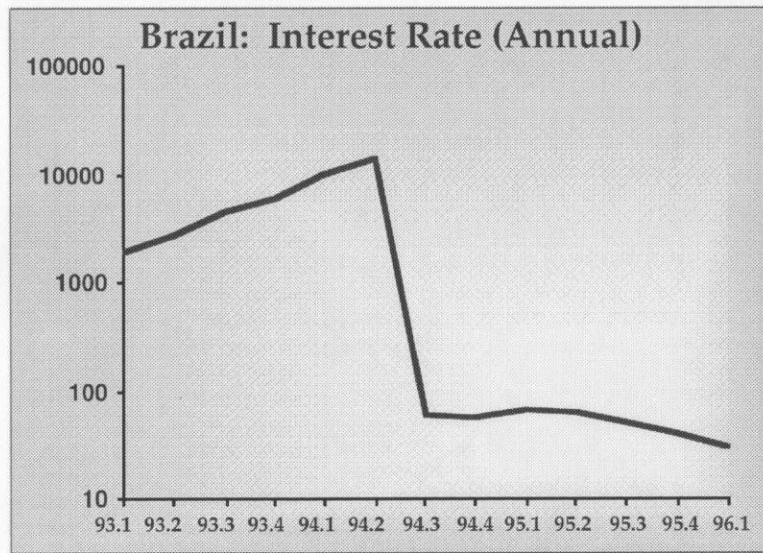
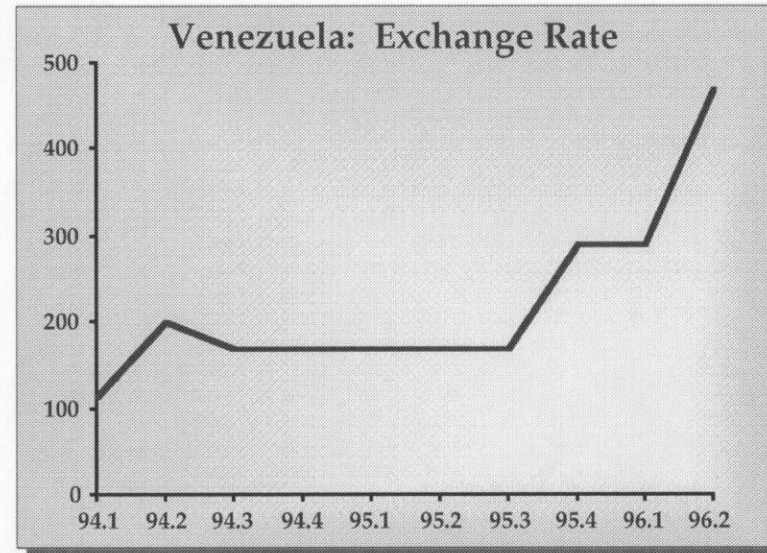
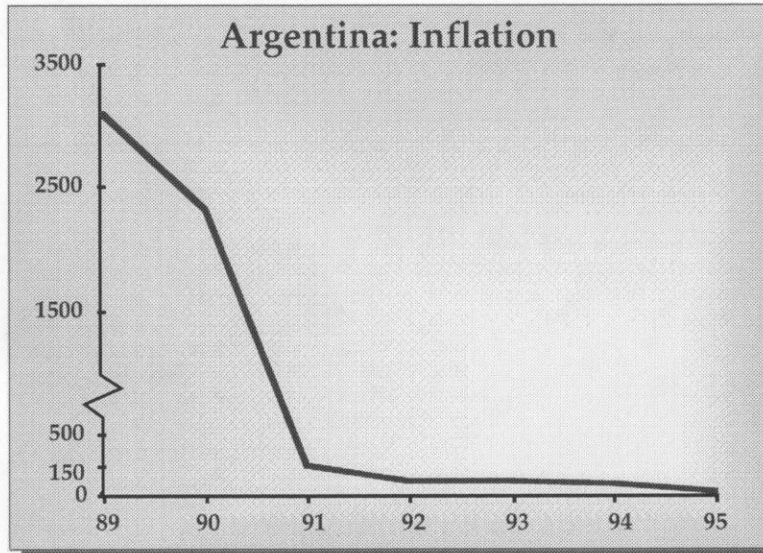
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*Philadelphia*

# THE BEHAVIOR OR THE EXPECTED EVOLUTION OF SEVERAL KEY MACROECONOMIC VARIABLES HAS DIRECT REPERCUSSIONS ON BUSINESSES

- Exchange Rates
- Interest rates
  - Local
  - Foreign
- Government intervention
  - Price controls
  - Exchange controls
  - Subsidies
  - Import restrictions
- Inflation
- Economic Policy Measures
  - Monetary Policy
  - Fiscal Policy
  - Commercial Policy
  - Exchange Policy
- Wages and Labor Conditions

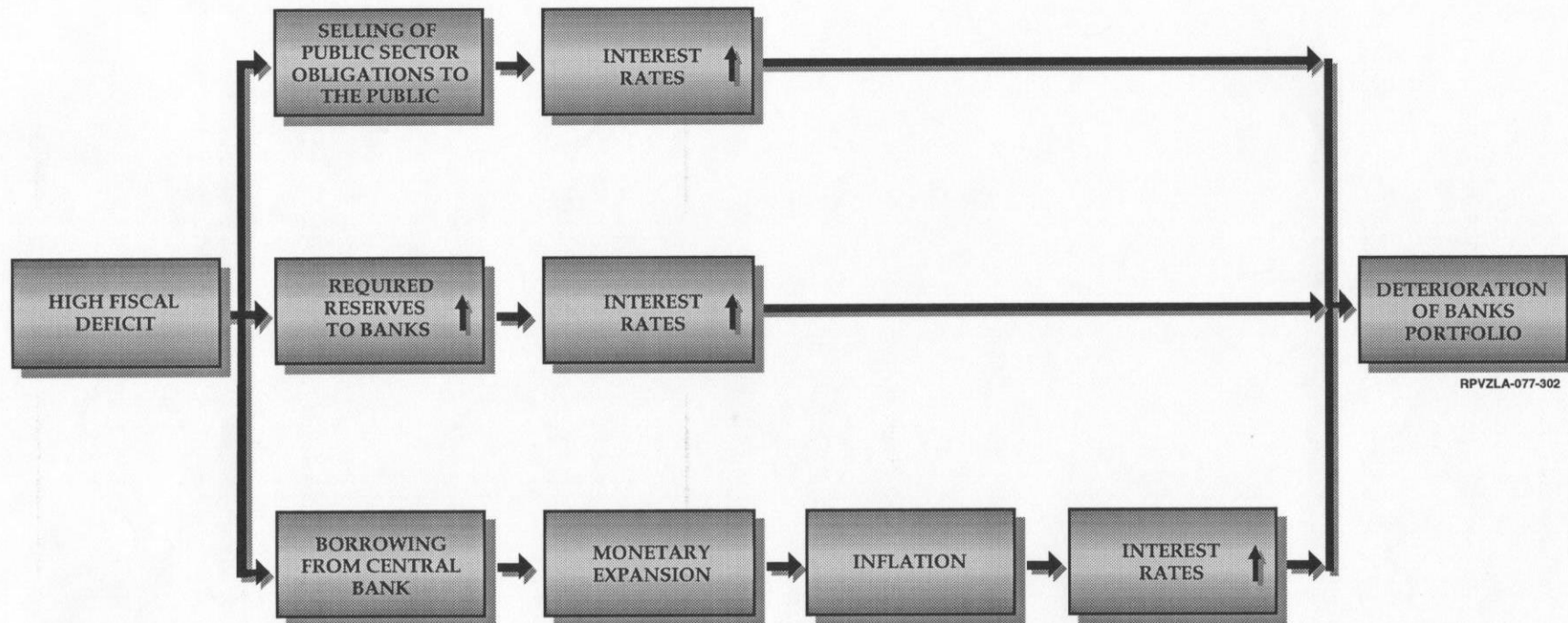
**THIS IS PARTICULARLY CRITICAL IN EMERGING ECONOMIES  
WHERE ECONOMIC DYNAMISM & DISRUPTIONS ARE HIGH**



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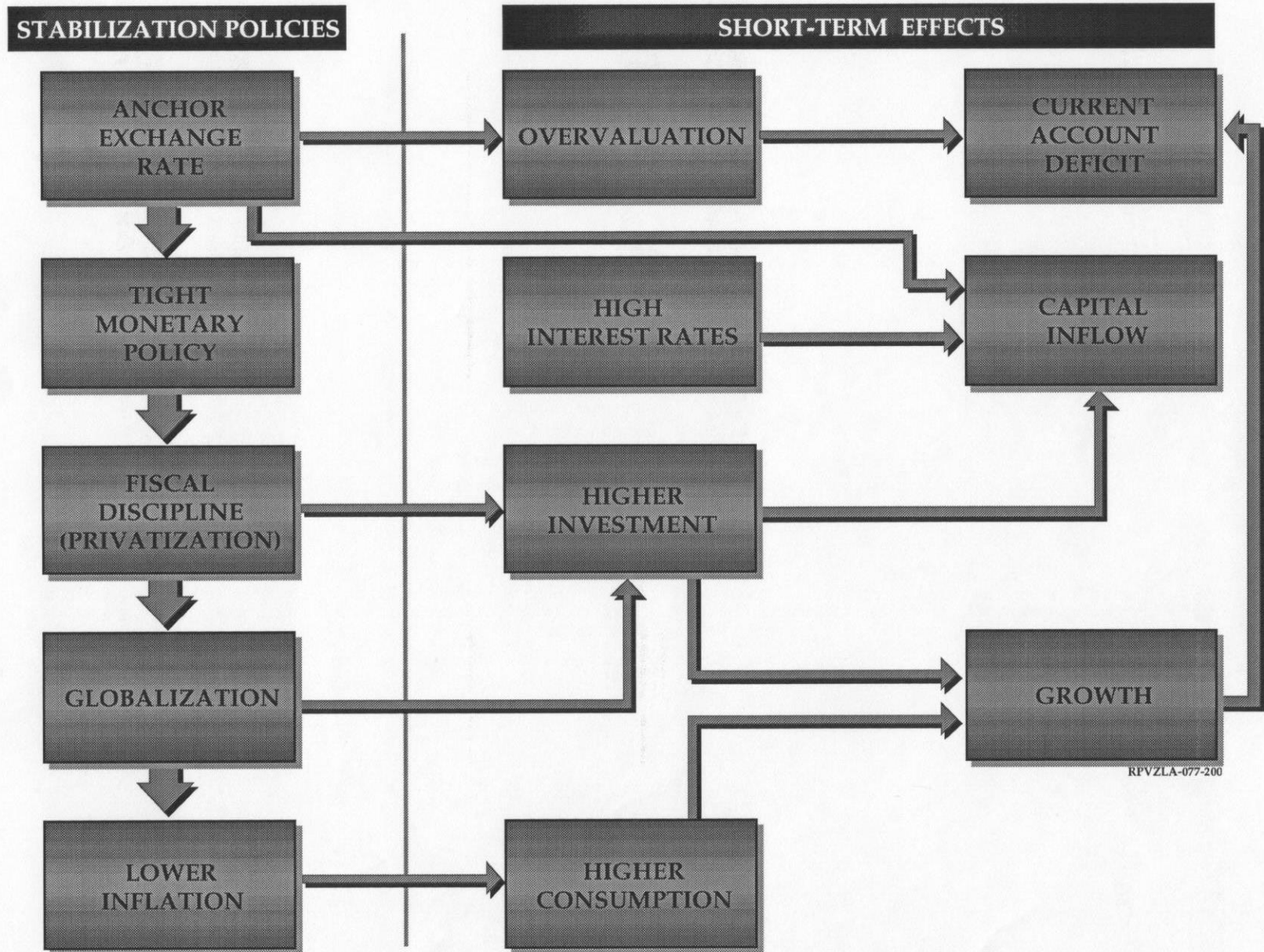


**ONE OF THE SECTORS THAT IS HARDLY HIT BY HIGH INFLATION IS THE BANKING ONE...**

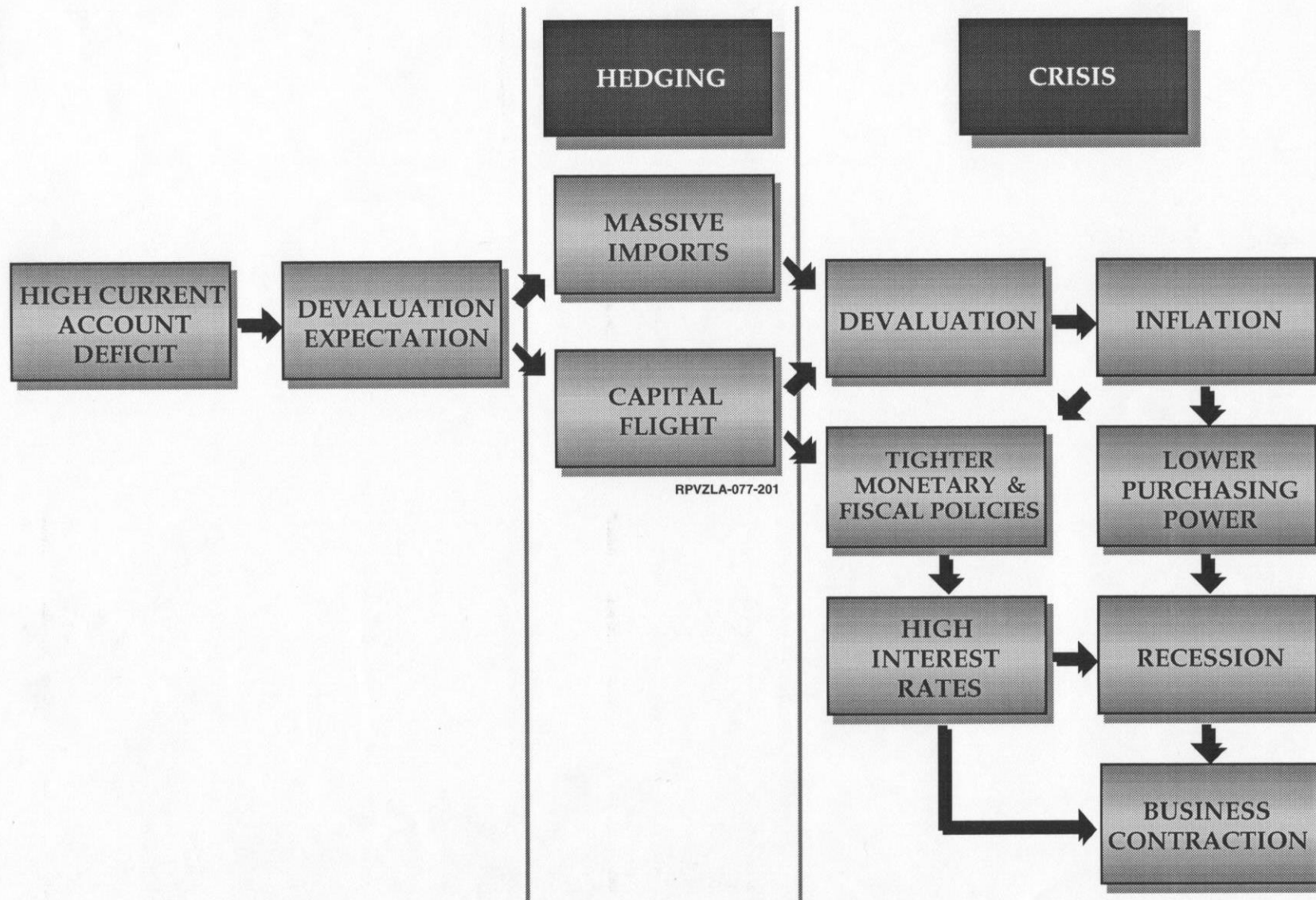


**... VERY HIGH POSITIVE REAL INTEREST RATES ALSO AFFECT DEMAND AND PRODUCTION ACTIVITIES**

# STABILIZATION POLICIES HAVE IMPORTANT EFFECTS...

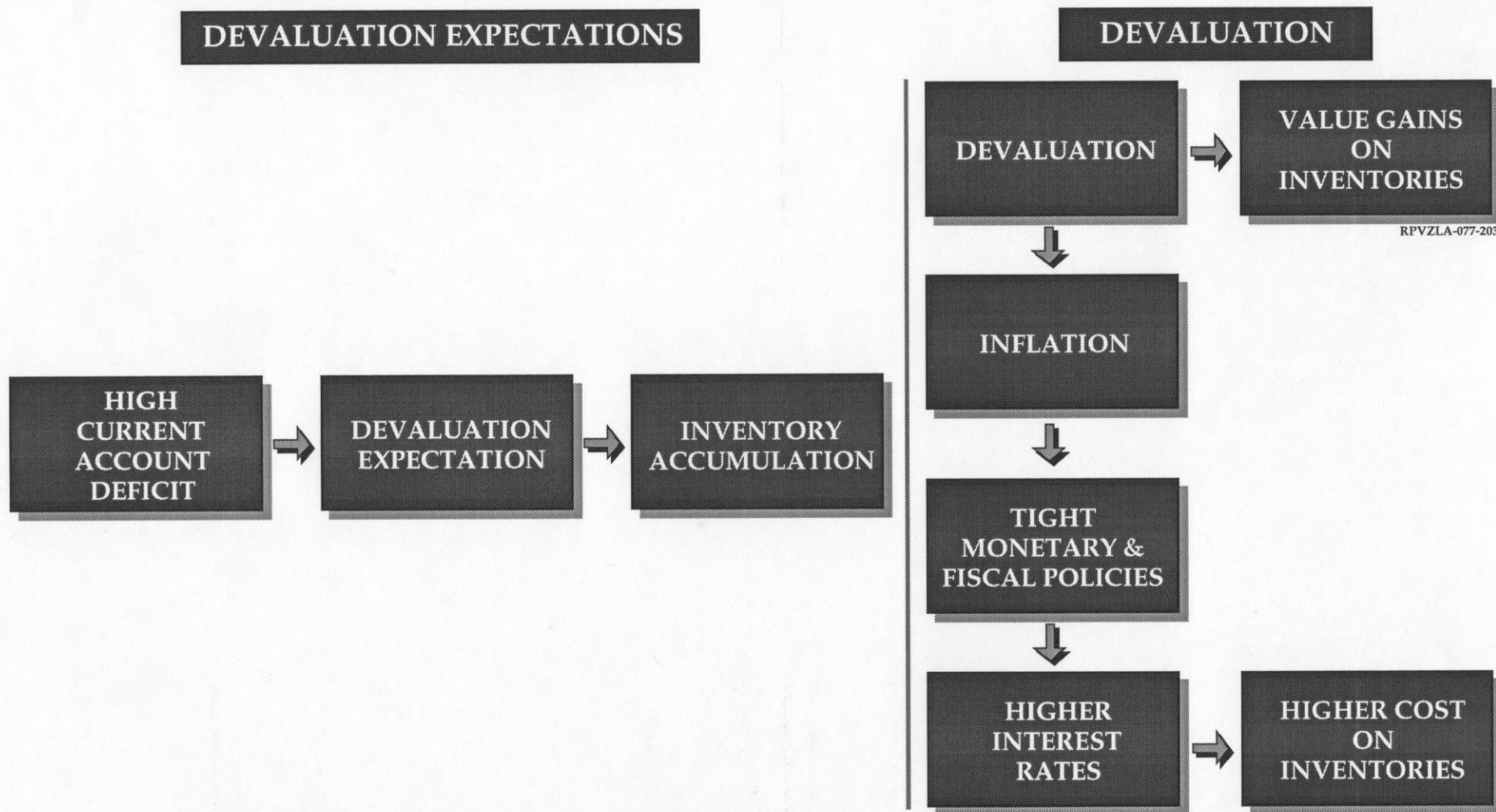


**... BUT, IN SOME CASES THE DEVELOPMENT OF DEEP DISEQUILIBRIA  
CAUSES SEVERE CONSEQUENCES IN THE MID-TERM**



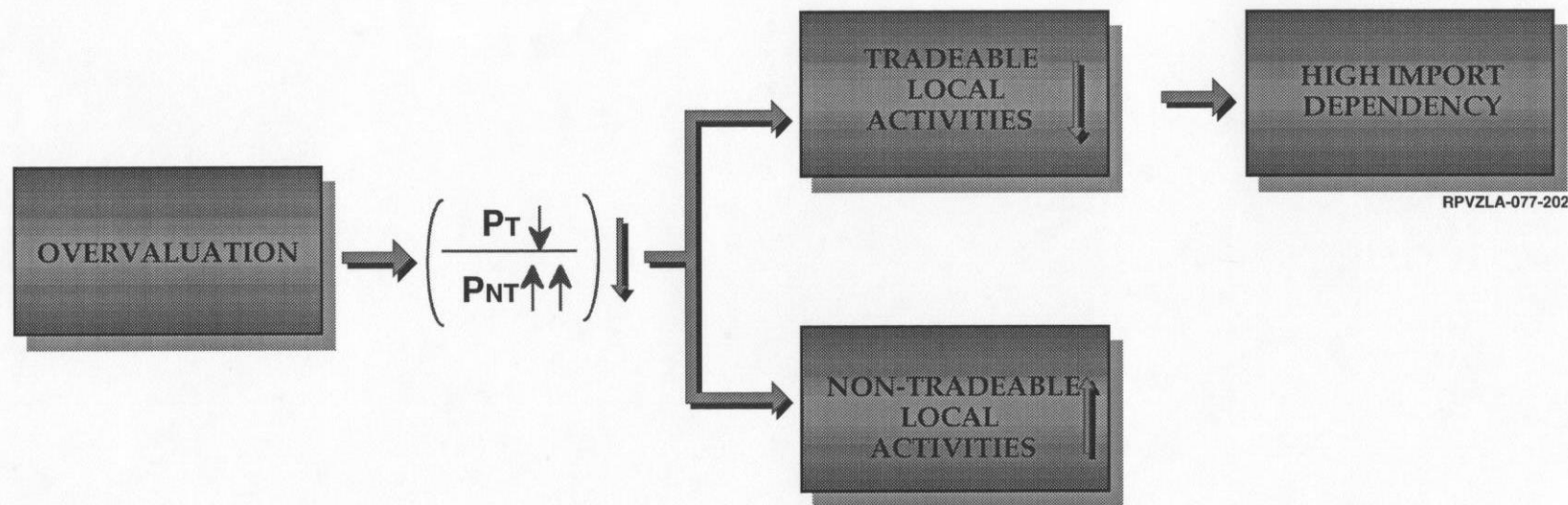


# INVENTORY ACCUMULATION TO HEDGE AGAINST EXPECTED DEVALUATION COULD BE HAZARDOUS



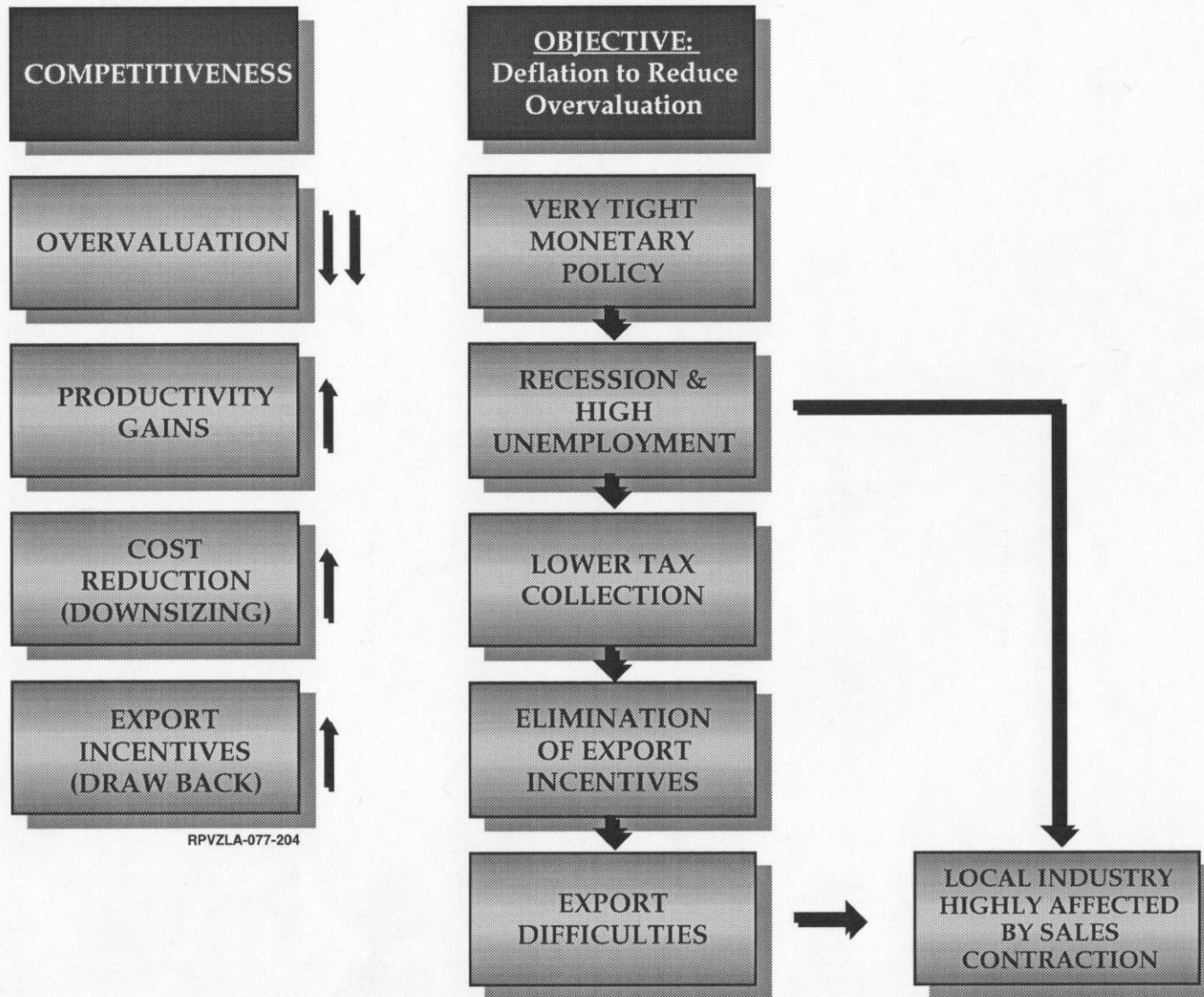
THE SITUATION BECOMES PARTICULARLY CRITICAL IF INVENTORY ACCUMULATION IS FINANCED THROUGH LOCAL BORROWING

# PERSISTENT OVERVALUATION ALSO CAUSES THE "TRADEABLE / NON-TRADEABLE MODEL" TO MATERIALIZE

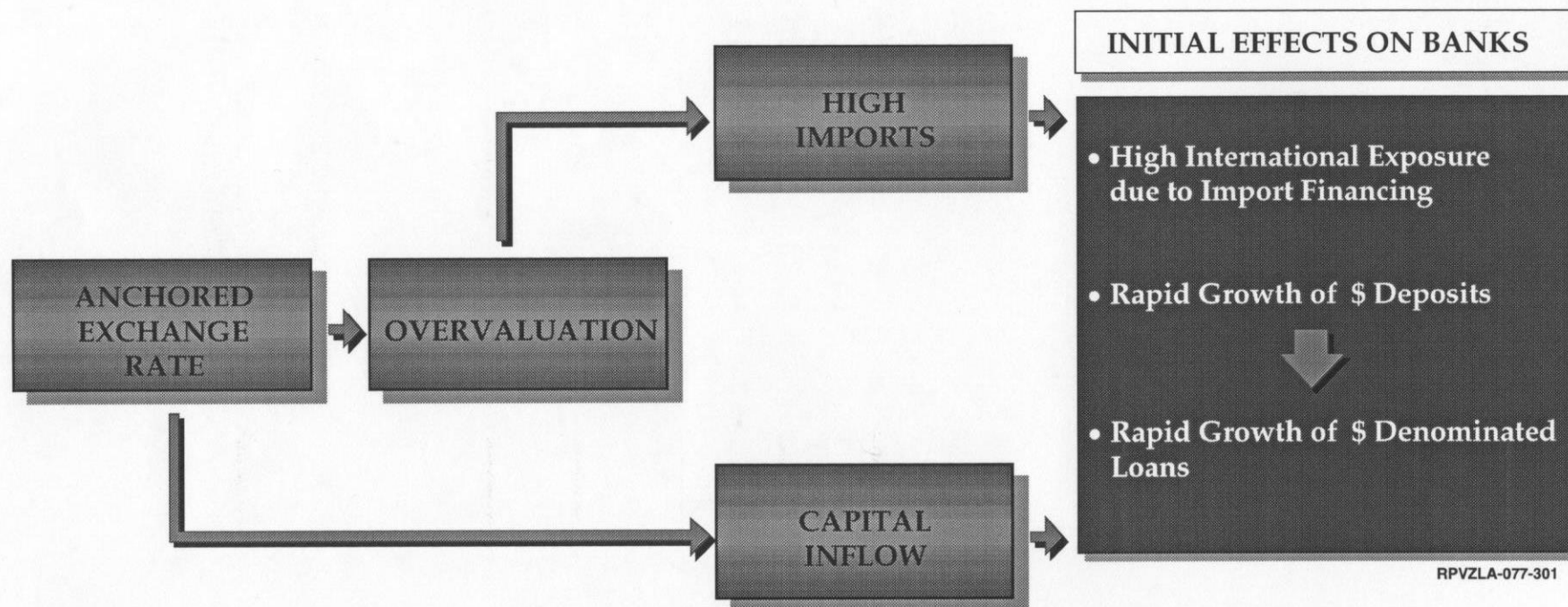




# EXPORTING CAN OFFSET RECESSIONARY EFFECTS ON COMPANIES, BUT IN A FIXED EXCHANGE RATE ECONOMY THINGS CAN BECOME DIFFICULT



# IF THE EXCHANGE RATE IS ANCHORED AS PART OF A STABILIZATION POLICY, THE FINANCIAL SECTOR IS AUTOMATICALLY AFFECTED



# ... BUT WHEN THE INEVITABLE ADJUSTMENT COMES, THE BANKS ARE DEEPLY AFFECTED

