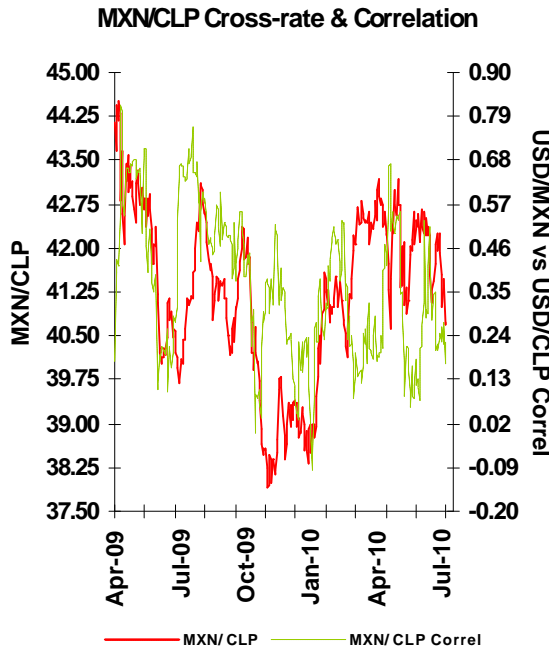




GRAPH OF THE DAY



Commentary: Surprisingly, the CLP has achieved a very good month of returns versus the greenback in July, with gains reaching 4.9% as of yesterday's close. Expectations of government-based Dollar inflows have been one of the primary sources of support for the CLP during this rally, aside from a moderate recovery in copper prices, both of which have allowed this currency to sidestep the minimal local rate offered when compared to other high-yield alternatives within the LATAM currency universe. On a cross basis, the MXN/CLP looks like an interesting pair when taking into account the advances of the CLP. This cross has recently broken support at 40.89, which has opened the field for gains to 40.72, which is where the market closed yesterday. The next target would appear to be the 40.12 low from early March of this year. However, in a climate with excess volatility linked to global recovery and sovereign risk, we reason that the advance of the CLP might sputter soon, leaving a reversal to be played back towards 41.50 or higher. Use this objective in playing long MXN/short CLP, while stopping if we test and break the 40.12 support previously mentioned.



IN TODAY'S EDITION

Market Re-Cap

More Volatility, Stronger LATAM

The pendulum swung to the side of risk accumulation during Thursday's trading session with the catalysts provided by both Europe and the US in the form of speculation related to Irish banks passing the infamous European stress tests, while the US side contributed more upbeat corporate earnings, particularly on the technology side, to enthruse equity buyers. Leftover sensation that US rates will remain low for a possible expanded period as a consequence of the less buoyant economic recovery described by FED Chair Ben Bernanke during his two day presentation before US Congress also favored LATAM debt paper as US long yields held below critical levels. With US equity gauges advancing 2% or more, and 30-year US yields holding below 4%, it wasn't difficult to generate added momentum in LATAM, particularly with a Dollar that again weakened to 1.2900 versus Euro.

Market Outlook

The bifurcation that is occurring between US equities and critical components of this economy, such as housing, remains a major theme for investors to monitor. US markets cheered that existing home sales in June had only fallen by 5.1% yesterday, less than the huge 8.1% decline expectation, but nonetheless a very poor showing. On the other hand, US equities are very concentrated on positive top line results and little else concerning expenditures and potential payroll expansions. What's interesting is the newfound rapid deterioration in US housing and the lack of influence that this feature is having on risk tolerance across asset classes, understanding that this area was ground zero for the credit crisis.

BRAZIL – Unemployment Accelerates Declining Trajectory

Unemployment numbers for the month of June in Brazil again described a very optimistic scenario on this plain. Headline figures for unemployment dropped to 7.00% in June, the lowest level in the survey provided by IBGE since March of 2002 and well below the 7.3% target drawn by the markets. It's important to note that comparatively, the June figure of 7.00% is a full 50 bps below the strongest employment level encountered during the pre-credit crisis boom times (7.50% in December 2007 and later in October 2008). Average income figures tabulated on a y/y basis were also solid, though less impressive in their level of overall growth.



EXTERNAL DEBT

Market Re-Cap

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LATAM MARKETS MONITOR

Equities	Last	1-Day		MTD	YTD
		Net Change	% Change	% Change	% Change
IPC (Mexico)	32720.76	611.77	1.91%	5.02%	1.87%
BOVESPA (Brazil)	65748.1	1271.26	1.97%	7.90%	-4.14%
MERVAL (Argentina)	2359.73	32.38	1.39%	8.00%	1.68%
IGPA (Chile)	19928.27	73.03	0.37%	5.73%	19.83%
IGBC (Colombia)	13235.18	17.25	0.13%	6.31%	14.08%
IGRA (Peru)	14049.7	229.63	1.66%	0.46%	-0.83%

Currencies	Bid	1-Day		MTD	YTD
		Net Change	% Change	% Change	% Change
MXN (Mexico)	12.7452	-0.1208	0.94%	1.51%	2.49%
BRL (Brazil)	1.7576	-0.0229	1.29%	2.56%	-0.87%
ARS (Argentina)	3.9305	0.0000	0.00%	-0.01%	-3.49%
CLP (Chile)	519.00	-4.0000	0.76%	4.91%	-2.33%
COP (Colombia)	1864.00	-3.0000	0.16%	2.63%	8.85%
PEN (Peru)	2.8230	-0.0010	0.04%	0.07%	2.25%
UYU (Uruguay)	21.00	0.0000	0.00%	-0.72%	-7.97%
DOP (Dominican Rep.)	36.75	0.0500	-0.14%	-0.14%	-3.09%
as of:	07/22/10				

LATAM CURRENCY CORNER

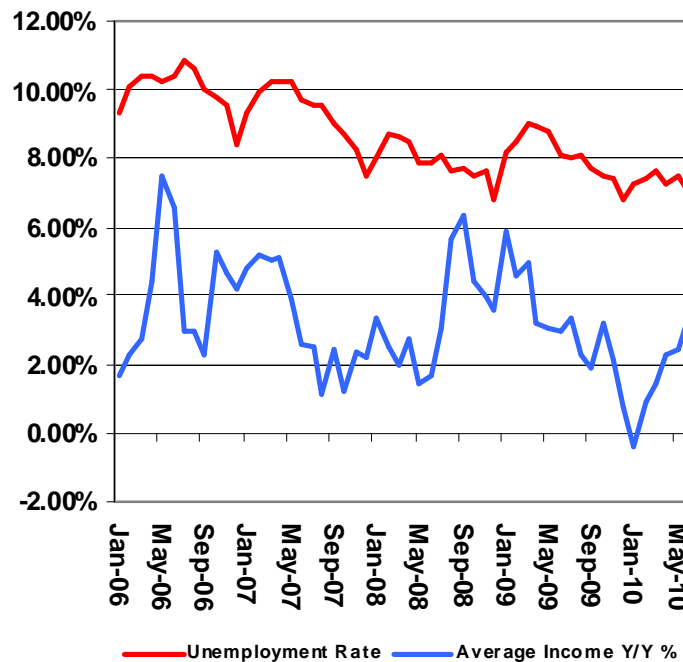
	LATAM Technicals - Currency Support /Resistance Matrix				
	USD/ARS	USD/BRL	USD/CLP	USD/COP	USD/MXN
Resistance 3	3.9750	1.8600	540.00	1907.0	13.1300
Resistance 2	3.9500	1.8170	535.00	1883.0	12.9700
Resistance 1	3.9440	1.8080	528.00	1879.0	12.9000
SPOT (Mid-market)	3.9315	1.7687	519.25	1866.5	12.7552
Support 1	3.9255	1.7495	517.00	1861.0	12.7200
Support 2	3.9025	1.7350	513.00	1835.0	12.6500
Support 3	3.8825	1.7205	508.00	1812.0	12.5800
1-Week Objective	3.9450	1.7525	513.00	1850.0	12.6500
4-Week Objective	3.9650	Neutral	Neutral	Neutral	Neutral



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BRAZIL - Unemployment Rate and Average Income



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