Bladex Weekly

LatAm Insight

September 14 to 18, 2026

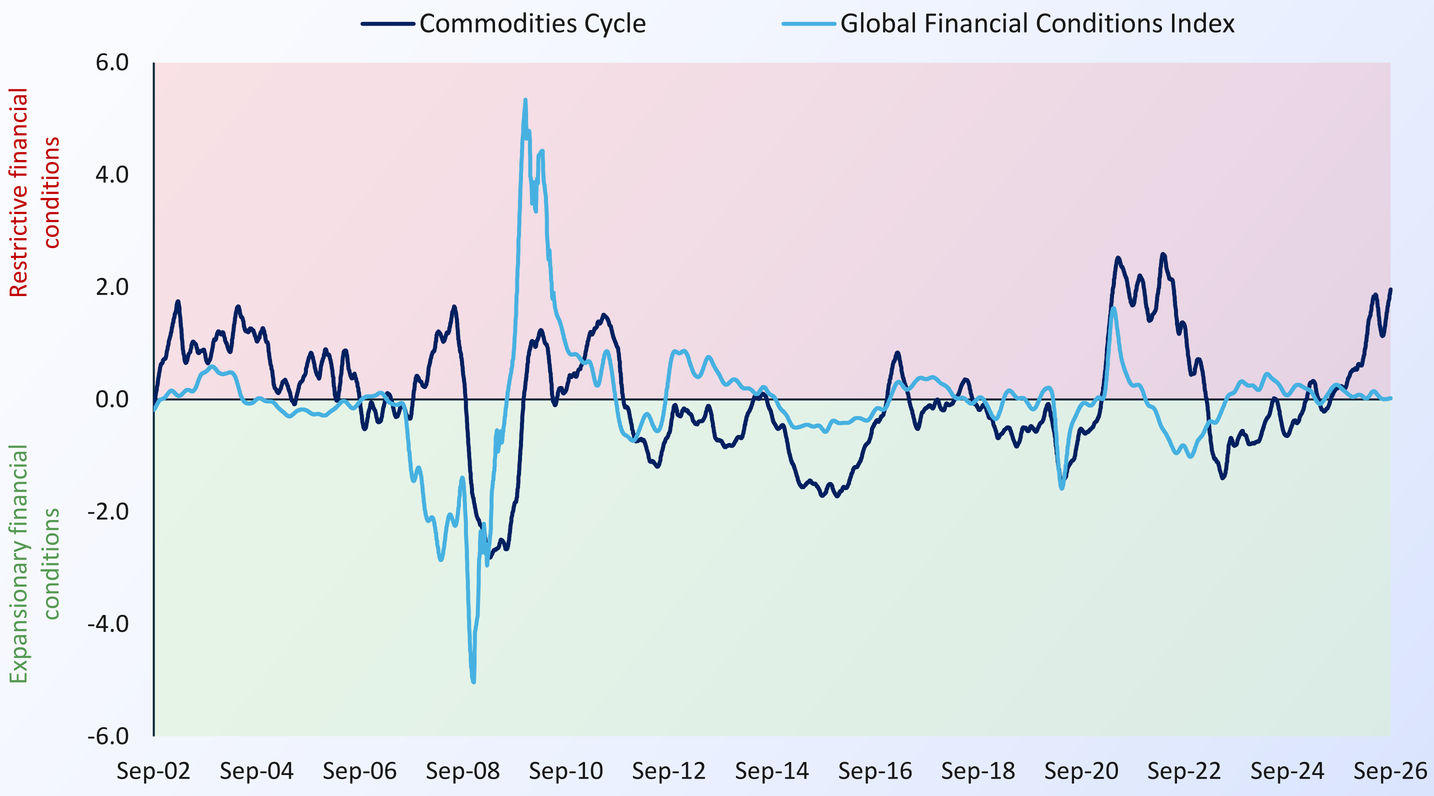
BLADEX

Macro Story of the Week:
Oil: the new fuel for higher rates for longer.

Commodity prices are showing signs of entering a new upward cycle, driven primarily by rising energy and metals prices. This environment not only benefits countries and sectors linked to these commodities but also carries important implications for global financial conditions. Historically, periods of higher oil prices have tended to generate inflationary pressures which, over time, have required a more restrictive response from central banks. As a result, interest rates tend to remain elevated for longer and liquidity conditions across financial markets generally become less accommodative.

Recent rate hikes by the **Federal Reserve** (Fed), the **European Central Bank** (ECB), and the **Bank of Japan** (BoJ) suggest that this dynamic remains in place. Against this backdrop, the rebound in commodity prices reinforces expectations of a higher-for-longer interest rate environment and even increases the likelihood of additional tightening in some advanced economies. Should this scenario materialize, global financial conditions could become more restrictive, reducing international liquidity and increasing funding costs for governments, corporations, and households.

Commodities Cycle vs. Global Financial Conditions
(Standard deviations)



Source: Bloomberg, FRED Economic Research Bladex

Regional Highlights

Panama

Economic momentum strengthens on the back of logistics and trade.

Panama’s economy expanded 6.4% year-over-year in the second quarter, accelerating from 4.8% in the first quarter and bringing cumulative growth for the first half of the year to 5.5%. The expansion was driven primarily by transportation, trade, and other externally oriented activities. Transportation grew 12.8%, while trade increased 11.6%. In addition, according to the Monthly Index of Economic Activity (IMAE), the economy grew 8.5% year-over-year in July, marking a second consecutive month of growth above 8%. Inflation edged up to 2.2% year-over-year in August from 2.0% in July but remains well contained.

Dominican Republic

The 2027 budget prioritizes investment while preserving the fiscal anchor.

The government approved a RD$2.04 trillion budget for 2027, with revenues of RD$1.51 trillion and expenditures of RD$1.84 trillion. The proposal increases capital spending by 19.7%, outpacing growth in current expenditures, and prioritizes infrastructure, education, healthcare, and social protection. The fiscal framework assumes GDP growth of 4.75% and inflation of 4.5% in 2027, aiming to sustain public investment without compromising fiscal sustainability.

Guatemala

Congress seeks to cushion the impact of higher fuel prices.

With diesel prices above Q49 per gallon, regular gasoline above Q42, and premium gasoline above Q44, Congress is evaluating several initiatives aimed at limiting the impact on households and businesses. Proposed measures include subsidies, temporary reductions or suspensions of VAT and fuel taxes, and the establishment of reference prices. The most advanced proposal is Decree 21-2026, which would cap diesel and regular gasoline prices at Q39 per gallon and premium gasoline at Q41 through December. However, implementation remains stalled due to a legislative objection.

Jamaica

Inflation moves further above target, increasing pressure on the central bank.

Annual inflation rose to 7.9% in August, up from 7.5% in July, marking three consecutive months of acceleration and remaining above the Bank of Jamaica's 4%-6% target range. Food prices increased 10.2% year-over-year, while transportation costs rose 14.6%, serving as the primary drivers of inflation. Despite these pressures, the BOJ kept its policy rate unchanged at 5.50%, expecting part of the shock to be temporary.

Honduras

A larger budget amid weak execution and growing dependence on remittances.

The government projects a 2027 budget of L455.4 billion, approximately L11 billion higher than in 2026, even though execution of the current budget had reached only 57% by mid-September. Meanwhile, remittance inflows totaled nearly USD 9 billion between January and August, compared with roughly USD 8 billion during the same period in 2025 and only USD 3.5 billion in 2019. Remittances now account for approximately 30% of GDP, a figure that contrasts sharply with foreign direct investment, which represents only around 2.2% of GDP, highlighting the country's heavy dependence on these external flows.

Source: Bloomberg, Economic Research Bladex

Regional Highlights

Brazil

Lower rates, cooling activity, and rising electoral pressures.

The central bank cut the Selic rate for the fifth consecutive meeting, bringing it to 13.75%, supported by inflation of 4.22%, although it maintained a cautious tone due to fiscal and external risks. Meanwhile, economic activity declined 0.2% m/m in July, marking a second consecutive contraction amid weakness in agriculture and industry. At the same time, President Lula approved a 15% increase in Bolsa Família benefits, raising the minimum monthly payment from BRL 600 to BRL 691 just weeks ahead of elections. The latest AtlasIntel/Bloomberg poll shows a statistical tie in a potential runoff election, with Bolsonaro at 47.2% and Lula at 46.8%.

Argentina

GDP loses momentum as domestic demand weakens, while the government tests its political negotiating capacity.

The economy contracted 0.6% q/q in the second quarter, ending seven consecutive quarters of expansion. The decline was driven primarily by a 2.4% drop in private consumption and a 0.8% decrease in investment. Exports grew 2.5%, partially offsetting the slowdown but not enough to fully compensate for weak domestic demand. On a y/y basis, GDP expanded 2.0%. Separately, the government submitted a ARS 202 trillion budget proposal for 2027, while the Senate resumed discussions on political reform. However, the lack of consensus on eliminating the PASO primary system highlighted the challenges the administration faces in securing legislative support.

Peru

Growth surprises to the upside, though performance remains uneven.

Peru's economy expanded 3.6% y/y in July, exceeding expectations of 2.2%, supported by domestic demand and non-primary sectors, which grew 4.3%. Construction (+9.8%) and trade (+6.8%) led growth. In contrast, primary GDP declined 1.1%, affected by weakness in fishing and agriculture due to weather-related disruptions associated with the Coastal El Niño phenomenon. Separately, the Senate confirmed Julio Velarde as Governor of the Central Bank, a role he has held since 2006.

Uruguay

Drought weighs on GDP and slows economic activity.

Uruguay's economy contracted 0.5% y/y and 0.8% q/q in the second quarter, mainly due to a 22.2% decline in agriculture, fishing, and mining. The downturn was largely driven by drought conditions that sharply reduced soybean yields, with production falling nearly 50% relative to the previous harvest. On the positive side, construction (+4.2%), trade (+2.8%), and manufacturing (+1.9%) helped mitigate the decline. The government lowered its 2026 growth forecast from 2.1% to 1.6%.

Colombia

Congress approves the size of the 2027 budget. July's economic activity is driven by the services sector.

Congressional economic committees approved a COP 634.9 trillion National Budget for 2027, allowing discussions to move forward on sectoral and territorial spending allocations. Of the total, COP 86.9 trillion corresponds to public investment, COP 392.6 trillion to operating expenditures, and COP 155 trillion to debt servicing. Meanwhile, according to the ISE, economic activity expanded 1.11% y/y in July, with contractions of 3.72% in primary activities and 2.29% in secondary sectors (manufacturing and construction), partially offset by 2.59% growth in services.

Source: Bloomberg, Economic Research Bladex

Key Global Developments

The Fed hikes rates again and signals further monetary tightening.

The Federal Reserve unanimously raised its policy rate by 25 basis points to 3.75%-4.00%, marking its first increase since July 2023. The move reflects persistently elevated inflation, with PCE inflation running at 3.7% y/y, well above the Fed's 2% target. The meeting was accompanied by updated economic projections and the publication of the Dot Plot. The Fed revised growth and labor market expectations upward while increasing its inflation projections. According to the Dot Plot, 12 members expect one additional rate hike this year, four foresee two further increases, and two project no additional changes through the remainder of 2026.

The Bank of Japan accelerates tightening and pushes rates to a three-decade high.

The Bank of Japan raised its policy rate by 25 basis points to 1.25%, the highest level since 1995, in a 7-2 vote. The decision reflects rising core inflation driven by higher corporate costs, wage growth, elevated oil prices, and yen weakness. Governor Kazuo Ueda left the door open to further rate increases, though future decisions will remain data dependent. Separately, the government is considering raising defense spending to 3.5% of GDP over the medium term, up from around 2% currently, as part of a broader review of its national security strategy amid growing pressure from Washington on its Asian allies.

Europe avoids an overreaction to energy-related tensions.

The Bank of England left its policy rate unchanged at 3.75%, although it warned that rates could move higher if Middle East tensions prolong energy-driven inflation pressures. At the same time, the European Central Bank sought to temper expectations of aggressive tightening, emphasizing that it will not respond mechanically to higher oil and gas prices. While euro area inflation could approach 4% by year-end, both central banks continue to stress a gradual, data-dependent policy response.

A proposal that triggered trade tensions.

The European Union offered Canada the possibility of becoming its first "associate member" to deepen cooperation in defense, energy, critical minerals, artificial intelligence, and trade. Canada is seeking to diversify its international partnerships amid tensions with the United States, while Australia and New Zealand are reportedly monitoring similar opportunities. The proposal prompted a strong reaction from Donald Trump, who indicated that he could view the move as a "hostile act" and threatened potential tariffs on the EU or restrictions on bilateral trade. Brussels, for its part, stressed that the initiative is not directed against any country.

Source: Bloomberg, Economic Research Bladex

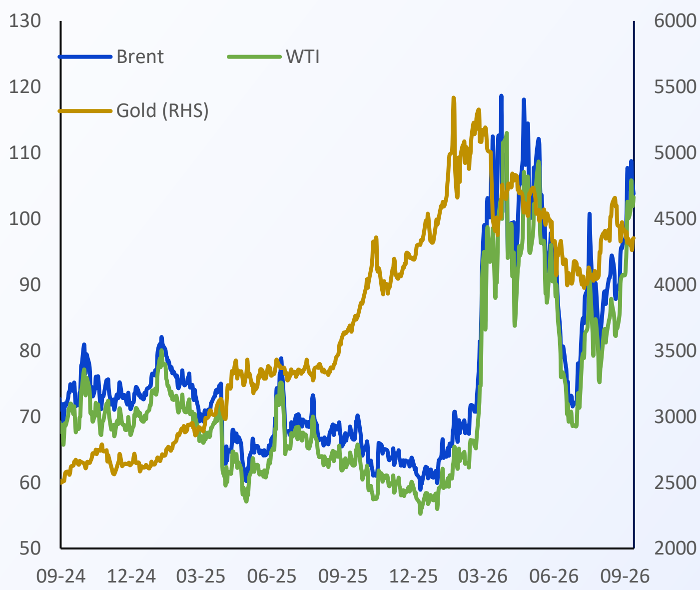
Regional Currencies

Currency	Spot	1 W	1 M	YTD	1 Y
BRL	5.15	0.59%	-0.49%	-5.91%	-3.06%
CLP	960.50	1.92%	4.23%	6.65%	0.89%
COP	3191.41	3.47%	5.04%	-15.52%	-18.06%
MXN	17.19	1.33%	1.46%	-4.53%	-6.36%
PYG	5957.50	-0.71%	-0.99%	-9.72%	-16.80%
PEN	3.36	-0.17%	0.07%	-0.16%	-3.64%
UYU	40.18	-0.08%	-0.12%	3.15%	0.76%
CRC	445.49	-0.53%	-0.92%	-10.45%	-11.58%
DOP	58.97	0.07%	0.28%	-6.76%	-4.74%
DXY	100.48	1.37%	1.67%	2.20%	3.22%

Currency Appreciation   Currency Depreciation

Commodities

Oil & Gold Prices
(USD/b , USD/oz)



	18-Sep-26	1 W	1 M	YTD	1 Y
Brent	103.8	-0.8%	13.3%	70.6%	53.9%
WTI	103.3	3.2%	20.3%	79.9%	62.5%
Gold	4353.0	0.1%	-3.6%	0.8%	19.4%

Silver & Copper Prices
(USD/oz, USD/lb)

	18-Sep-26	1 W	1 M	YTD	1 Y
Copper	666.0	1.7%	1.0%	15.0%	40.8%
Silver	66.4	2.9%	-0.9%	-7.4%	58.7%

Source: Bloomberg, Economic Research Bladex

Calendar – September 21 to 25

Monday 21

Event	Period	P	S
Trade Balance	Jul	$2161.0m	$2669.2m
Imports CIF Total	Jul	$6775.8m	--
Monetary Policy Rate	46286	5.5%	--

Tuesday 22

Event	Period	P	S
Central Bank Meeting Minutes	0	--	--
Retail Sales YoY	Sep	2.7%	1.9%

Wednesday 23

Event	Period	P	S
Leading Interest Rate	Sep-26	3.5%	--
S&P Global US Manufacturing PMI	Sep P	53.9	53.6
S&P Global US Services PMI	Sep P	56.5	56.0
S&P Global US Composite PMI	Sep P	56.0	--

Thursday 24

Event	Period	P	S
Central Bank Traders Survey	0	--	--
Unemployment Rate	Aug	7.0%	--
Overnight Rate	Sep	6.5%	6.5%
Economic Activity Index YoY	Jul	2.7%	--
Benchmark Interest Rate	Sep	3.0%	--

Friday 25

Event	Period	P	S
GDP NSA YoY	2Q	5.8%	--
Bloomberg Sept. Brazil Economic Survey	–	--	--
Bloomberg Sept. Mexico Economic Survey	–	--	--
Bloomberg Sept. Chile Economic Survey	–	--	--
Bloomberg Sept. Colombia Economic Survey	–	--	--
Bloomberg Sept. Argentina Economic Survey	–	--	--
Bloomberg Sept. Ecuador Economic Survey	–	--	--
Bloomberg Sept. Peru Economic Survey	–	--	--
GDP QoQ	2Q	1.0%	--
GDP YoY	2Q	2.1%	--

Source: Bloomberg, Economic Research Bladex

Economic
Research Team

Sergio Olarte
Chief Economist
solarte@bladex.com

Gustavo Acero
Senior Economist
gacero@bladex.com

Daniela Silva
Economist
dsilva@bladex.com

Mailbox Economic Research Team
EstudiosEconomicos@bladex.com

BLADEX