



Bladex Weekly

LatAm Insight

October 12 to 16/ 2026

BLADEX

Macro Story of the Week:

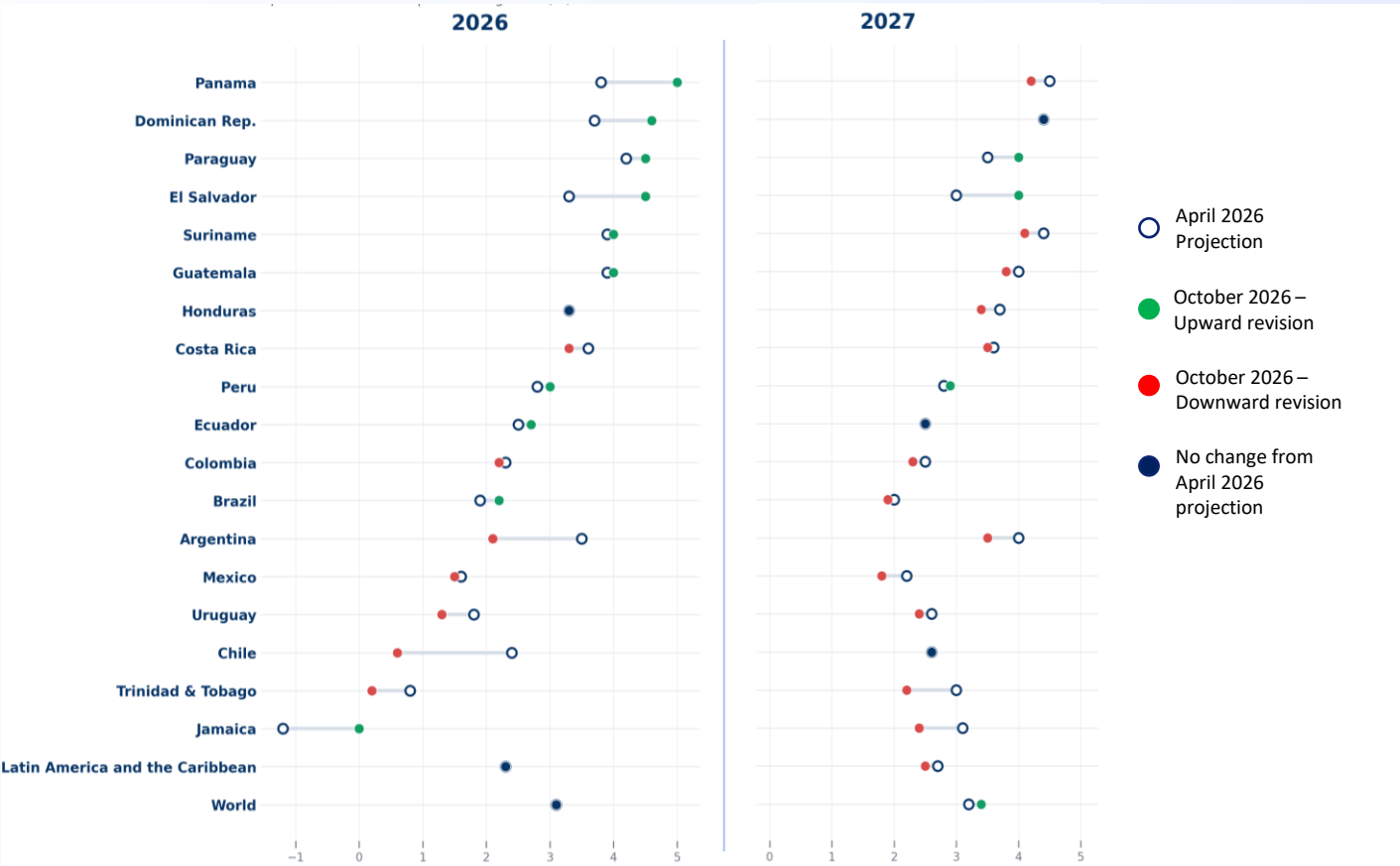
Global Growth Remains Resilient Despite Recurring External Shocks.

Since the post-pandemic period, the global economy has faced a succession of shocks that have repeatedly introduced downside risks to growth. Yet the increasing ability of households, businesses, and supply chains to adapt has strengthened economic resilience, allowing activity to remain on a positive trajectory despite a highly challenging environment. The year 2026 has been no exception. Persistent trade tensions, escalating geopolitical conflicts, renewed inflationary pressures linked to higher energy prices, and climate-related disruptions have contributed to elevated uncertainty, albeit without derailing the global expansion.

Against this backdrop, the IMF expects global growth to moderate from 3.5% in 2025 to 3.1% in 2026, before recovering to 3.4% in 2027. This underscores the resilience of the global economy in the face of the shocks, supported by technology investment and the ability of businesses and supply chains to adapt.

In Latin America and the Caribbean, the IMF maintained its 2026 growth forecast at 2.3%, while modestly lowering its 2027 projection to 2.5% (-0.2 pp). Even so, both figures remain broadly aligned with the region's historical average. Beneath this apparent stability, however, significant differences persist across countries. For 2026, the most favorable forecast revisions were concentrated in Panama, the Dominican Republic, and El Salvador, while Argentina and Chile registered the largest downward adjustments. Despite these divergences, the IMF does not anticipate any economy in the region entering recession in 2026, except for Bolivia.

Economic Growth Projections (WEO)
(October 2026 vs April 2026)



*Bolivia is not included due to a lack of information in the projections.
Source: IMF, Economic Research Bladex

Regional Highlights



Panama

Economic Momentum Shows No Signs of Slowing, While Inflation Picks Up.

The Monthly Economic Activity Index (IMAE) grew 7.4% year over year in August, driven primarily by commerce, transportation, manufacturing, hotels and restaurants, and agriculture. Stronger economic activity has reinforced a more favorable growth outlook, with forecasts recently being revised upward. Meanwhile, inflation rose 0.5% month over month in September and reached 2.8% year over year, with the strongest pressures coming from transportation, electricity, and food.



Costa Rica

Free-Trade Zones Weigh on Economic Growth.

The Monthly Economic Activity Index (IMAE) grew 2.2% year over year in August, underperforming the same month of the previous year as growth in the special regimes—primarily free-trade zones—slowed to just 0.7%. In contrast, the definitive regime expanded by 3.2% and accounted for 95.3% of the increase in output, supported by construction, professional services, commerce, and financial activities. The Central Bank of Costa Rica (BCCR) expects the special regimes to recover in the final quarter of 2026.



El Salvador

The Country Delivers on IMF Commitments and Strengthens Liquidity Buffers.

The banking system's liquidity reserve reached 17.3% of deposits in August, exceeding the 15% target established for June 2026. This progress strengthens the financial system's capacity to withstand potential external shocks or deposit outflows. Meanwhile, net international reserves remain above US\$5.0 billions, although the IMF has indicated that efforts to reinforce the country's financial buffers will continue.



Dominican Republic

Record Remittances Contrast with Mounting Pressures from Electricity Sector.

Remittances reached US\$9.5 billions between January and September, representing a 6.5% year-over-year increase despite global and migration-related uncertainty. The Central Bank projects that remittances will exceed US\$12.2 billions in 2026, setting a record. On the other side, electricity distribution companies recorded losses of 44% between January and July, according to the Cash Recovery Index (CRI), an increase of 14.1pp relative to 2019. The sector's continued operational deterioration is putting additional pressure on public finances, with the electricity subsidy potentially reaching RD\$118 billions in 2026.



Honduras

FDI Rebounds, but It Is Not New Capital.

Foreign Direct Investment reached US\$468.3 millions in second quarter, its highest level for that period since 2015. However, much of these inflows came from companies already operating in the country: during the first half of the year, US\$290.2 millions consisted of reinvested earnings, while only US\$14.8 millions represented new capital. The main challenge remains attracting new investors in an environment constrained by legal uncertainty, infrastructure limitations, and high energy costs.

Regional Highlights



Argentina

Closing the Door on a Return to International Capital Markets.

Inflation accelerated to 1.9% month over month in September, up from 1.7% in August. Annual inflation stood at 33.4%, while monthly core inflation came in at 1.7%, below the previous month's 1.8%. Meanwhile, the government paused local U.S. dollar-denominated debt issuances after yields rose above 12%. The decision adds further pressure amid approximately US\$25 billions in maturities in 2027, prompting the government to assess alternative financing options, including the swap line with China. In addition, country risk has climbed back above 600bps, reducing the likelihood of Argentina returning to international capital markets.



Brazil

Lula Secures a Late Political Victory with the Approval of the Labor Reform.

The Senate approved a reduction in the workweek from 44 to 40 hours without a corresponding pay cut, an initiative backed by Lula that could benefit more than 37 millions workers. The measure comes amid a closely contested election against Flávio Bolsonaro, who won the first round and leads the Atlas Intel/Bloomberg poll with 51.1%, compared with Lula's 45.7%, ahead of the runoff election scheduled for October 25.



Ecuador

Low Water Levels Strain the Power System, Bringing Blackouts Back into Focus.

Several cities, including Quito, Guayaquil, and Samborondón, experienced power outages as water flows feeding the country's main hydroelectric facilities declined. The Amaluza reservoir fell below its minimum operating level, and the Paute power plant remained offline. The government attributed the situation to weather conditions and ordered power disconnections for medium- and high-consumption businesses.



Uruguay

The Government Proposes Easing Access to Retirement from Age 60.

The Executive Branch will submit a bill to Congress that would allow workers to retire at age 60 after 30 years of contributions, compared with the current minimum retirement age of 65. The initiative is intended to benefit lower-income workers and those with more physically demanding career paths. According to the government, the measure would not compromise the sustainability of the pension system, although it would have an estimated maximum cost of 0.16% of GDP per year between 2040 and 2045, declining thereafter.



Chile

Pension Funds Face Heavy Losses as the U.S. Interest-Rate Cycle Shifts.

Pension fund administrators (AFPs) recorded US\$7.7 billions in losses on their foreign interest-rate derivative positions through September, compared with gains of US\$1.4 billions one year earlier. Higher U.S. Treasury yields and the shift in the monetary policy cycle have adversely affected these positions, while new regulations require funds to reduce their exposure. The most conservative funds have been the hardest hit, increasing risks to the performance of the pension system.

Key Global Developments



Energy Reignites Inflation and Keeps the Fed Under Pressure.

Inflation accelerated to 0.6% month over month and 3.7% year over year in September, driven by a sharp increase in fuel prices, while core inflation rose 0.3% month over month. These pressures also carried over to producers: the Producer Price Index (PPI) increased 1.3% month over month and 6.3% year over year, its strongest increase in more than four years, with energy prices surging 10.8%. Meanwhile, the Federal Reserve's Beige Book confirmed cost pressures associated with energy, raw materials, tariffs, and insurance. The resurgence in inflation reinforces the Federal Reserve's cautious stance and supports the prospect of further rate hikes in the coming months.



Corporate Earnings Season Begins with Mixed Signals.

Third-quarter 2026 earnings reflected uneven performance across companies. Goldman Sachs was the standout, reporting a 29% increase in net income to US\$5.29 billion, driven by a 72% surge in equity trading revenue. Citigroup and Morgan Stanley also exceeded expectations, while JPMorgan and Bank of America disappointed the market, with the latter affected by a US\$1.2 billion regulatory fine. Outside the financial sector, UnitedHealth raised its 2026 earnings guidance, while Johnson & Johnson reported a 95.9% decline in net income due to extraordinary charges, primarily related to litigation.



In China, Producer Prices Accelerate, but Weak Domestic Demand Keeps Consumer Inflation Contained.

The Producer Price Index (PPI) rose 5.0% year over year in September, its strongest increase since June 2022, driven by higher fuel and coal costs. In contrast, consumer inflation stood at 0.9% year over year, slightly below expectations, while core inflation reached 1.0%. This divergence reflects mounting cost pressures in the production sector, while the recovery in domestic demand remains more gradual.



BoJ Reaffirms Low Tolerance for Inflation and Keeps the Door Open for Further Tightening.

The Governor of the Bank of Japan (BoJ), Kazuo Ueda, reiterated concerns over underlying inflation dynamics, stating that the central bank cannot allow core inflation to become entrenched above its 2.0% target, even though current readings remain close to that threshold. Ueda also reaffirmed that the pace of monetary policy normalization will continue to depend on incoming economic and inflation data. Despite the hawkish tone, market participants do not anticipate a rate hike at the October meeting, with expectations continuing to favor the next increase in December.

Regional Currencies

Currency	Spot	1 W	1 M	YTD	1 Y
BRL	5.08	1.84%	-1.43%	-7.23%	-6.72%
CLP	980.94	0.30%	2.32%	8.92%	2.61%
COP	3168.63	-0.64%	1.33%	-16.12%	-17.58%
MXN	18.42	0.00%	6.78%	2.26%	-0.11%
PYG	5750.00	0.82%	-2.88%	-12.86%	-19.09%
PEN	3.42	-0.81%	1.41%	1.61%	0.86%
UYU	40.09	-0.24%	-0.32%	2.92%	0.28%
CRC	449.82	-0.84%	0.99%	-9.58%	-10.43%
DOP	61.46	0.25%	4.27%	-2.83%	-2.89%
DXY	101.63	-0.58%	1.37%	3.36%	3.34%



Currency Appreciation



Currency Depreciation

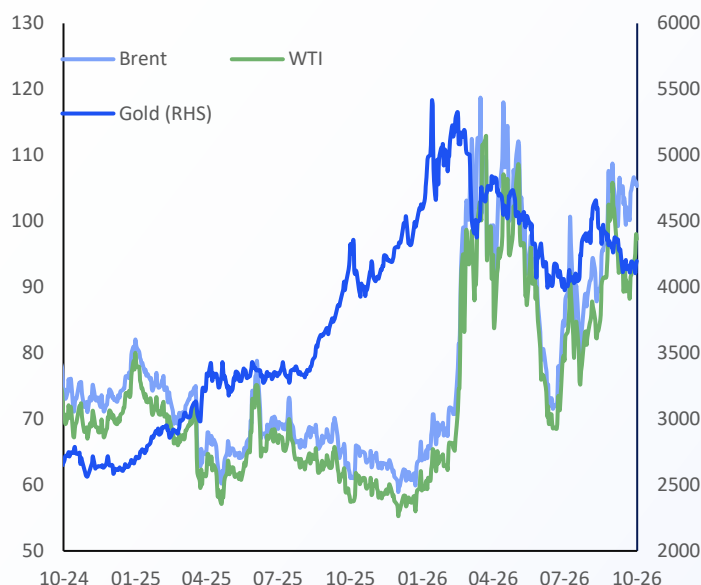
EMBI by Country in Latin America

Percentage Points

Country	5Y	3Y	1Y	YTD	1M	1W	14-Oct-26	
Uruguay	1.36	0.92	0.78	0.68	0.68	0.75	0.77	Low relative to peers
Chile	1.58	1.55	1.06	0.89	0.88	0.93	0.96	
Perú	1.70	1.81	1.31	1.35	1.07	1.11	1.16	
Paraguay	2.42	2.30	1.31	1.01	1.07	1.16	1.18	
Panamá	1.88	2.30	1.94	1.55	1.22	1.23	1.26	High relative to peers
Guatemala	2.63	2.54	1.60	1.41	1.14	1.24	1.28	
Costa Rica	4.93	2.68	1.80	1.41	1.29	1.38	1.44	
Brasil	3.00	2.05	2.07	1.96	1.62	1.57	1.61	
Honduras	3.72	3.68	2.88	2.34	1.53	1.71	1.80	
Rep.Dominicana	3.51	3.31	1.91	1.69	1.61	1.81	1.84	
México	3.53	3.80	2.29	2.22	1.97	2.06	2.12	
Colombia	2.87	3.50	2.77	2.75	2.02	2.25	2.16	
El Salvador	9.63	7.82	3.92	3.26	2.60	2.84	2.93	
Bolivia	4.73	17.45	13.75	6.73	4.73	4.99	5.00	
Ecuador	7.95	18.39	8.26	4.92	4.39	5.20	5.25	
Argentina	16.29	25.08	10.26	5.61	4.95	5.89	6.16	
Venezuela	320.83	396.59	160.66	127.41	41.38	42.10	41.68	
LATAM EMBI*	4.45	5.36	3.07	2.41	2.06	2.20	2.26	

Commodities

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



	16-Oct-26	1 W	1 M	YTD	1 Y
Brent	105.3	0.6%	-0.5%	73.1%	72.5%
WTI	97.3	5.9%	-5.0%	69.4%	69.3%
Gold	4197.7	0.1%	-1.5%	-2.8%	-3.0%

Silver & Copper Prices
(USD/oz, US\$/lb)



	16-Oct-26	1 W	1 M	YTD	1 Y
Copper	660.7	-1.3%	1.5%	14.1%	28.6%
Silver	57.9	-4.8%	-8.1%	-19.2%	6.7%

Interest rates

	16/Oct/2026	1 W	1 M	YTD	1 Y
FED Effective Rate	3.88	3.88	3.63	3.64	4.11
SOFR 1 D	3.89	3.87	3.62	3.76	4.30
SOFR 1 M	3.97	3.92	3.89	3.72	4.03
SOFR 3 M	4.12	4.04	3.98	3.69	3.88
SOFR 6 M	4.30	4.19	4.14	3.62	3.73
SOFR 12 M	4.59	4.47	4.40	3.47	3.51

Calendar – October 19 to 23

Monday 19		Tuesday 20		Wednesday 21	
	Economic Activity NSA YoY P: 1.1% S: --		Economic Activity YoY P: 6.6% S: --		Retail Sales YoY P: 1.8% S: --
	Trade Balance P: \$2187m S: --				Trade Balance P: -\$2797.8r S: --
					Imports CIF Total P: \$7968.1m S: --
					Economic Activity Index YoY P: -1.4% S: --

Thursday 22		Friday 23	
	Central Bank Traders Survey P: -- S: --		Unemployment Rate P: 7.2% S: --
	Unemployment Rate P: 3.0% S: --		Monetary Policy Rate P: 5.5% S: --
			S&P Global US Manufacturing PMI P: 55.9 S: --
			S&P Global US Services PMI P: -- S: --
			S&P Global US Composite PMI P: -- S: --

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