



Bladex Weekly

LatAm Insight

September 28 to October 2/ 2026

BLADEX

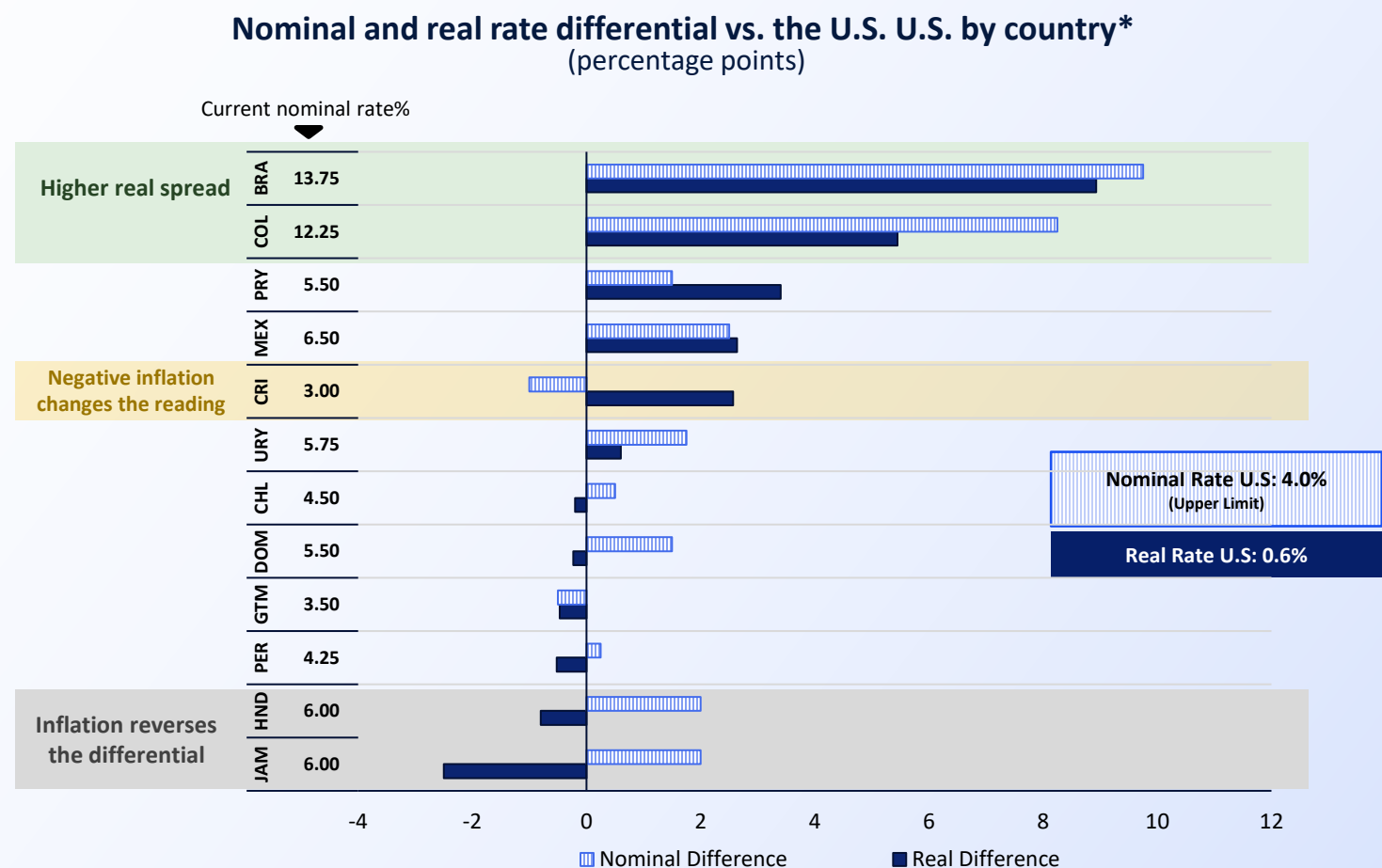
Macro Story of the Week:

Higher Interest Rates Do Not Necessarily Translate into Higher Real Returns.

The relative attractiveness of interest rates across the region cannot be evaluated solely on the basis of nominal spreads over the United States. Once inflation is taken into account, the picture changes considerably. Brazil and Colombia exhibit the largest real interest rate differentials in the sample, underscoring relatively tighter monetary conditions and a substantially wider premium over the U.S. real policy rate.

Costa Rica stands out as a special case: although it records a negative nominal differential, negative inflation (-0.17% y/y in August) lifts its real rate differential into positive territory. By contrast, in Jamaica and Honduras, higher inflation completely offsets the nominal advantage of local interest rates, pushing real rate differentials into negative territory.

Looking ahead, the regional outlook will depend on the interaction between inflation and monetary policy in each economy, as well as on decisions by the Federal Reserve. Ultimately, the true appeal will not lie in which country offers the highest nominal rate, but rather in which economies are able to preserve the highest real return.



Approximate real policy rate calculated as the reference interest rate minus the latest observed inflation reading. The United States serves as the benchmark (=0)
Source: Bloomberg, Economic Research Bladex

Regional Highlights



Panama

Canal budget approved. Government evaluates recommendations regarding Cobre Panamá.

The National Assembly approved the 2027 Panama Canal budget at USD 5.555 billion, with estimated transfers to the Treasury of USD 3.608 billion, an increase of USD 414 million (12.9%), while maintaining current toll rates. At the same time, the government is evaluating recommendations regarding the future of the Cobre Panamá mine. One proposal involves reopening and operating the site with the objective of achieving an orderly closure financed by the project itself, a process that could extend for decades. A ministerial committee has recommended negotiating with First Quantum as part of a potential reactivation of the mine under its operation.



Guatemala

Renewal of the economic leadership team.

President Bernardo Arévalo reshuffled the country's economic leadership, appointing Jonathan Menkos as Chairman of the Monetary Board and President of the Bank of Guatemala, while José Alfredo Blanco Valdés was confirmed as Vice President of the central bank. In addition, Juan Carlos Catalán Herrera will assume the role of Superintendent of Banks for the term running from October 1 through September 30, 2030. Meanwhile, Débora Alvarado will succeed Jonathan Menkos as Minister of Public Finance.



El Salvador

The country adjusts its crypto strategy as economic growth gains momentum.

The administration of Nayib Bukele is developing Sivar, an application that will enable users to send and store digital dollars through stablecoins. The shift comes after the limited adoption of Bitcoin and following reforms associated with the IMF's USD 1.4 billion program, which in 2025 scaled back government support for Bitcoin and eliminated its mandatory acceptance. Meanwhile, the economy expanded 5.1% y/y in the second quarter, led by construction (+11.2%), healthcare (+8.7%), and electricity (+8.1%). In contrast, agriculture contracted 0.9%, while personal services declined 0.5%.



Jamaica

Central bank responds to mounting inflationary pressures.

The Bank of Jamaica unanimously raised its policy rate by 50 basis points to 6.0%. The decision reflects more persistent inflationary pressures stemming from higher commodity prices, El Niño, and rising agricultural costs. Headline inflation reached 7.9% in August, while core inflation stood at 5.2%. The central bank expects inflation to return to its target range by mid-2027.



Dominican Republic

A monetary shift amid continued economic momentum.

The central bank raised its policy rate by 25 basis points to 5.5%, marking the first increase since October 2022, in response to heightened inflation risks. Inflation reached 5.13% in August. At the same time, economic activity expanded 4.5% between January and August, well above the 2.3% recorded during the same period of 2025. In August alone, activity grew 3.8%, supported by construction (7.9%), services (4.1%), and free-zone manufacturing (3.4%).

Regional Highlights



Colombia

IMF engagement advances. Rates move higher and labor market conditions soften.

The government requested the initiation of an IMF Article IV Consultation and opened discussions aimed at addressing the fiscal situation. Among the options under consideration is a potential IMF Precautionary and Liquidity Line (PLL), although there is no official confirmation regarding the instrument, its approval, or its size. Meanwhile, the Banco de la República (Central Bank) raised its policy rate by 25 basis points to 12.25%, citing persistent inflation and emerging risks associated with El Niño. Elsewhere, unemployment rose to 9.4% in August, up from 8.6% a year earlier.



Bolivia

The country moves higher on the credit ratings map with a sovereign upgrade.

Moody's upgraded Bolivia's sovereign rating from Caa3 to Caa2 while maintaining a positive outlook, reflecting lower credit risk. The agency highlighted liability management efforts, renewed access to international markets, progress under the USD 1.9 billion IMF program, and improved external liquidity. Nevertheless, Moody's warned that significant default risk remains, alongside low foreign exchange reserves, high public debt, and institutional weaknesses.



Paraguay

Fiscal discipline keeps investment grade within reach.

Fitch Ratings affirmed Paraguay's BB+ rating with a positive outlook, citing economic growth, low public debt, and macroeconomic stability. However, payment arrears totaling USD 1.3 billion, equivalent to 2% of GDP, together with repeated deviations from the fiscal rule and institutional weaknesses, prevented an upgrade. The government also postponed its return to a fiscal deficit target of 1.5% of GDP until 2028.



Chile

Mining weakness cools economic activity.

Chile's economy contracted 1.0% y/y in August, weighed down by a 17.4% y/y decline in mining activity, particularly copper production. Goods-producing sectors fell 4.9% y/y, while trade and services grew 2.2% y/y and 0.8% y/y, respectively. The result marked the sixth monthly contraction between January and August. In its latest Monetary Policy Report, the Central Bank of Chile lowered its 2026 growth forecast to a range of 0.25% to 0.75%.



Peru

Inflation is reaccelerating and could put upward pressure on rates.

Annual inflation in Lima accelerated to 4.55% in September, from 4.44% in August, marking seven consecutive months above the central bank's 1%-3% target range. Higher fuel prices were the primary driver. In light of the recent pickup in inflation and pressures linked to El Niño, the central bank has indicated that it does not rule out raising its policy rate, which has remained at 4.25% for the past twelve months. The institution expects inflation to end 2026 at 4.2% and return to target during 2027.

Key Global Developments



A packed week of macroeconomic data tempers expectations for another rate hike.

The PCE price index remained at 3.4% y/y in August, while core PCE held steady at 3.0% y/y, both readings coming in below expectations. In contrast, consumer spending increased 0.9% y/y, and second-quarter growth was revised upward to an annualized rate of 2.2%. Meanwhile, the labor market lost momentum, with 29,000 nonfarm jobs added in September, well below the 89,000 expected and the 133,000 recorded in the previous month. The unemployment rate also rose to 4.2% from 4.1%. The data reduced expectations of a Fed rate hike in October, with markets assigning a probability above 80% that rates will remain unchanged at 3.75%-4.00%.



The United States and China dismantle part of their tariff offensive.

The United States and China agreed to reduce tariffs on USD 60 billion worth of non-sensitive products, split evenly between the two countries. The agreement covers U.S. agricultural products such as corn, wheat, meat, and dairy products, as well as Chinese household appliances, toys, and bedding products. Additionally, the two countries extended their trade truce by another two months, until January 10, and agreed to establish an agricultural working group. China also committed to importing 10 million tons of U.S. coal annually during 2027 and 2028.



Diesel under scrutiny: a restriction with cross-market implications.

President Donald Trump is evaluating a ban on U.S. diesel exports to lower domestic prices, although the measure could lead to higher gasoline prices. The United States currently exports roughly 1.7 million barrels per day, with Mexico, Brazil, and Chile among the potentially affected markets. The administration is also considering alternative measures while expecting fuel prices to ease in the coming weeks. Oil industry executives have warned that restricting exports could simultaneously reduce diesel and gasoline production.



Global bonds remain under pressure.

Sovereign debt selling intensified throughout the week, pushing the 10-year U.S. Treasury yield to 5.34%, its highest level since 2002. The move spilled over into bond markets in France, the United Kingdom, and Japan. Rising concerns about fiscal deficits, persistent inflation, higher interest rates, and the impact of the conflict with Iran on oil prices have contributed to the selloff. By the end of the week, Treasury yields had eased to 5.2% following a more favorable set of macroeconomic releases. Nevertheless, geopolitical tensions are likely to keep market volatility elevated.

Regional Currencies

Currency	Spot	1 W	1 M	YTD	1 Y
BRL	5.21	0.64%	2.42%	-4.76%	-2.32%
CLP	981.98	2.08%	4.62%	9.04%	2.10%
COP	3313.75	0.13%	4.86%	-12.28%	-14.72%
MXN	18.21	2.99%	7.30%	1.13%	-1.17%
PYG	5835.30	-0.75%	-2.16%	-11.57%	-16.92%
PEN	3.45	1.05%	2.65%	2.66%	-0.66%
UYU	40.45	0.26%	0.55%	3.85%	1.36%
CRC	457.91	1.36%	1.89%	-7.95%	-9.11%
DOP	59.90	0.77%	1.89%	-5.30%	-4.34%
DXY	101.89	0.91%	2.31%	3.63%	4.14%

● Currency Appreciation

● Currency Depreciation

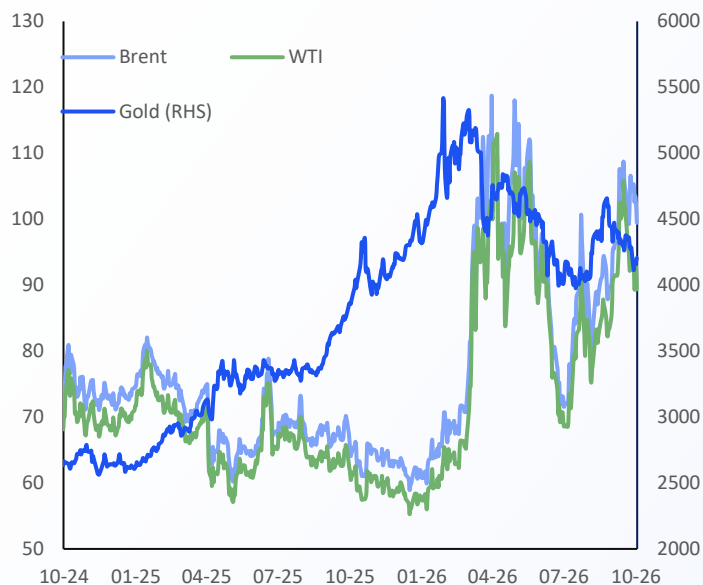
EMBI by Country in Latin America

Percentage Points

Country	5Y	3Y	1Y	YTD	1M	1W	30-Sep-26	
Uruguay	1.43	0.98	0.70	0.68	0.65	0.66	0.78	Low relative to peers
Chile	1.55	1.35	0.96	0.89	0.87	0.86	0.96	
Perú	1.86	1.74	1.19	1.35	1.06	1.03	1.13	
Paraguay	2.36	2.12	1.18	1.01	1.07	1.04	1.15	
Guatemala	2.67	2.28	1.53	1.41	1.10	1.10	1.24	
Panamá	1.92	2.21	1.76	1.55	1.19	1.17	1.34	High relative to peers
Costa Rica	4.99	2.47	1.71	1.41	1.27	1.24	1.37	
Honduras	3.48	3.55	2.57	2.34	1.49	1.53	1.66	
Brasil	3.09	2.06	1.84	1.96	1.74	1.59	1.71	
Rep.Dominicana	3.63	3.19	1.75	1.69	1.58	1.58	1.76	
México	3.63	3.78	2.13	2.22	1.96	1.94	2.13	
Colombia	3.02	3.35	2.63	2.75	1.89	2.04	2.26	
El Salvador	10.57	7.37	3.76	3.26	2.71	2.54	2.73	
Bolivia	4.75	14.63	13.94	6.73	3.96	4.23	4.83	
Ecuador	8.59	17.89	7.77	4.92	4.10	4.32	4.88	
Argentina	16.11	25.39	12.22	5.61	5.14	5.67	6.06	
Venezuela	321.32	389.12	161.90	127.41	63.89	44.46	45.34	
LATAM EMBI*	4.53	5.32	3.10	2.41	2.09	2.10	2.28	

Commodities

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



	2-Oct-26	1 W	1 M	YTD	1 Y
Brent	99.5	-4.7%	4.0%	63.4%	55.1%
WTI	89.4	-3.3%	-1.8%	55.6%	47.7%
Gold	4206.2	-1.8%	-4.0%	-2.6%	9.1%

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



	2-Oct-26	1 W	1 M	YTD	1 Y
Copper	657.3	-2.9%	-0.3%	13.5%	29.7%
Silver	61.4	-4.5%	-6.0%	-14.3%	30.7%

Interest rates

	2/Oct/2026	1 W	1 M	YTD	1 Y
FED Effective Rate	3.88	3.88	3.63	3.64	4.09
SOFR 1 D	3.87	3.90	3.65	3.76	4.20
SOFR 1 M	3.92	3.90	3.74	3.72	4.11
SOFR 3 M	4.05	4.08	3.84	3.69	3.93
SOFR 6 M	4.23	4.26	3.98	3.62	3.79
SOFR 12 M	4.54	4.57	4.17	3.47	3.58

Calendar – October 5 to 9

Monday 5			Tuesday 6			Wednesday 7		
	S&P Global PMI Composite P: 49.1 S: --	Sep		Central Bank Survey P: -- S: --			Trade Balance P: \$1688m S: --	Sep
	S&P Global Brazil Services PMI P: 50.5 S: --	Sep		Trade Balance P: -\$88.6b S: -\$89.8b	Aug		Reference Rate P: 4.3% S: --	
	CPI MoM P: 0.2% S: --	Sep		Imports MoM P: 2.8% S: --	Aug		CPI MoM P: 0.6% S: --	Sep
	CPI YoY P: 4.6% S: --	Sep		Exports MoM P: -2.1% S: --	Aug		CPI YoY P: 3.2% S: --	Sep
	Colombia Monetary Policy Minutes P: -- S: --						CPI MoM P: -0.1% S: --	Sep
	CPI YoY P: 5.0% S: --	Sep					CPI YoY P: -0.2% S: --	Sep
	CPI MoM P: 1.1% S: --	Sep					FOMC Meeting Minutes P: -- S: --	
	CPI MoM P: 0.38% S: --	Sep						
	S&P Global US Services PMI P: 58.7 S: 58.7	Sep F						
	S&P Global US Composite PMI P: 58.4 S: --	Sep F						
	ISM Services Index P: 55.4 S: 55.2	Sep						
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