

Bladex Weekly

LatAm Insight

November 16 to 20, 2026

BLADEX

Macro Story of the Week:

Beyond inflation. The price level puts pressure on household budgets and on the Fed.

Price developments in the United States help explain why bringing inflation under control remains one of the Federal Reserve's (Fed) main challenges—and why further interest rate hikes may be necessary. However, it is important to monitor not only changes in prices (inflation), but also the price level itself. Over the past five years, U.S. inflation has persistently remained above the Fed's 2.0% target, pushing the cumulative increase in the price level since 2000 above 30% (see chart).

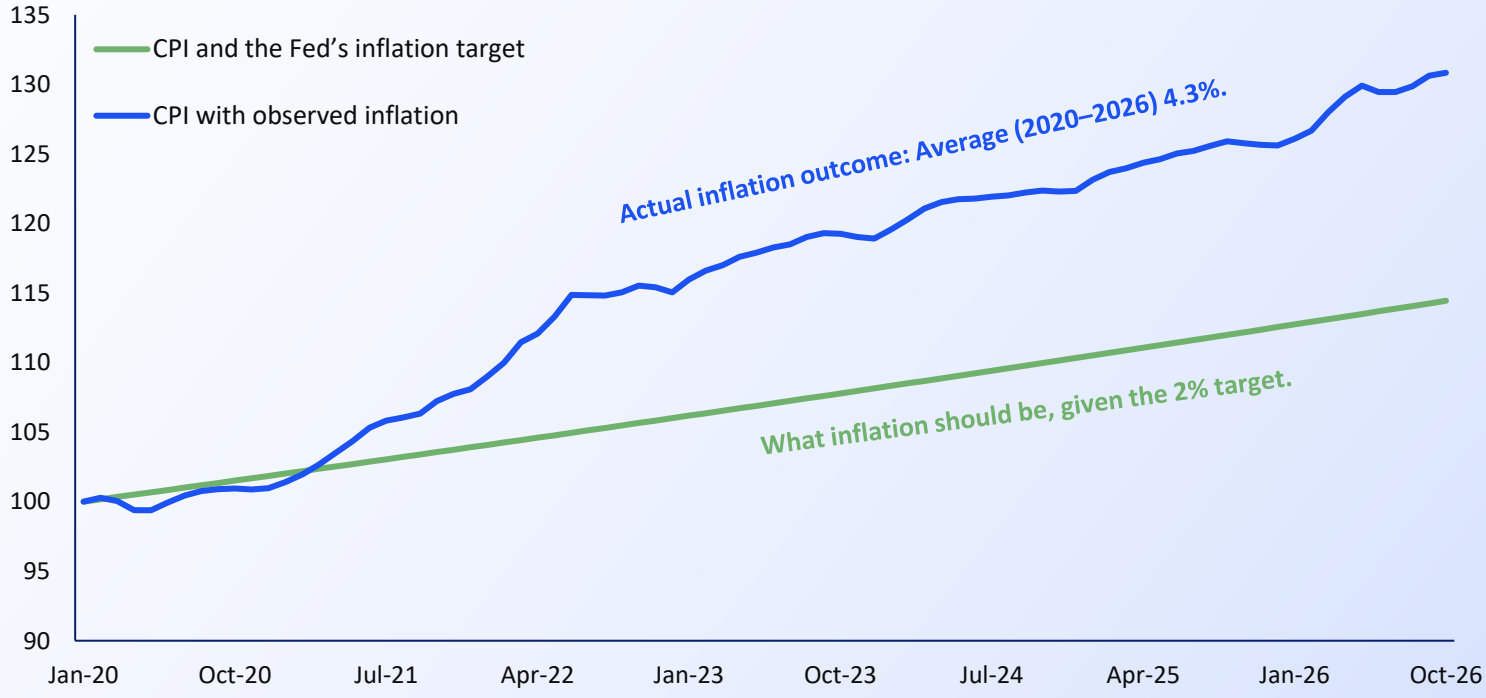
Average inflation over this period has been 4.3%, more than twice the Fed's target. This shows that the cost of the U.S. basket of consumer goods and services has risen at nearly twice the desired pace. Although these pressures have moderated over time, slowing inflation does not reverse the cumulative increase in prices. In other words, lower inflation does not mean that goods and services have become cheaper; it means that their prices continue to rise, albeit at a slower pace.

This cumulative increase also has implications for household purchasing power. Because incomes have not kept pace with prices, households' real disposable income has declined, reducing the amount of goods and services they can purchase on average. This helps explain why perceptions of a high cost of living may persist even as inflation falls. Compounding this challenge is the risk that inflation expectations remain near 3%, as some Fed officials have noted.

Against this backdrop, the challenge is to prevent further price increases from deepening the loss of purchasing power accumulated in recent years. For the Fed, this means bringing inflation sustainably back toward its 2% target and reinforcing the credibility of its commitment to monetary policy.

US Consumer Price Index (CPI): Observed vs. Fed's 2% Target

(Index 100 = January 2020)



Source: Bloomberg, Economic Research Bladex

Regional Highlights



Panama

Investment-Grade Rating Affirmed as Talks on the Mine Resume.

Moody's revised Panama's outlook to stable from negative and affirmed its Baa3 rating, supported by an improving fiscal position. The agency clarified that its decision does not depend on the restart of Cobre Panamá, although a negotiated solution would support exports, investment, and government revenue. Meanwhile, the government has opened talks with Cobre Panamá, a subsidiary of First Quantum Minerals, to explore a potential restart under new economic, labor, environmental, and legal terms.



Costa Rica

Fitch Upgrades Rating on Economic and External Strength.

Fitch upgraded Costa Rica's sovereign rating from BB to BB+, one notch below investment grade, while maintaining a stable outlook. The upgrade was supported by resilient growth, the accumulation of international reserves, and a stronger external position. For 2026, the rating agency forecasts growth of 3.2%, reserves above USD 20.4 billion, and a fiscal deficit of 3.9% of GDP. However, challenges remain, including a high interest burden, a gradual increase in public debt, and constraints on access to external financing.



Honduras

Economic Activity Remains Buoyant. Inflation Is Expected to End Above Target.

Economic activity grew by a cumulative 3.8% through September, driven by financial intermediation, construction, trade, and agriculture, although year-over-year growth slowed to 1.9% in September. Consumption, supported by remittance inflows, continued to underpin activity, while manufacturing contracted by a cumulative 1.1%. According to the latest BCH survey, analysts forecast growth of 3.6% and inflation of 5.95% in 2026. The inflation estimate is above the BCH's 4% ± 1 percentage point tolerance range, reflecting pressures from food, fuel, and imported raw materials.



Guatemala

El Niño Threatens Sugar Production and Power Generation.

El Niño is expected to affect the 2026–2027 harvest due to lower rainfall and higher temperatures. Asazgua forecasts a 7% decline in sugarcane production and a 5% drop in sugar output—equivalent to approximately 140,000 metric tons—while electricity generation from bagasse is expected to fall by 7%. Lower production would primarily affect exports, as domestic supply—which accounts for 40% of output—is assured.



Dominican Republic

Subsidies and Investment Needs Prompt Fiscal Recalibration.

The government requested that Congress amend the 2026 General Budget, which would raise the fiscal deficit from 3.24% to 4.2% of GDP and suspend the fiscal rule through December. The revision reflects higher spending on fuel, electricity, and transportation subsidies, as well as new investment needs. More than 60% of the additional financing would come from accumulated cash balances, while nonfinancial public sector debt is expected to end the year at 46.6% of GDP.



Jamaica

Inflation Eases, but Persistent Pressures Prompt Another Rate Hike.

Inflation eased to 8.2% year over year in October from 8.6% in September but remained above the 4%–6% target range. In response, the Bank of Jamaica raised its policy rate by 50 basis points to 6.5%, marking its second consecutive increase. The central bank expects inflation to peak in the first quarter of 2027 and remain above the target range through the end of that year.

Regional Highlights



Surinam

Fitch Joins S&P in Assigning a 'B-' Sovereign Rating.

Fitch assigned Suriname a B- rating with a positive outlook, supported by the favorable prospects for the oil sector beginning in 2028. The agency forecasts that growth will accelerate from 4% in 2026–2027 to 28% in 2028, while public debt is expected to decline from 105.3% of GDP in 2025 to 53.7% in 2028. The positive outlook reflects the anticipated improvement in the fiscal and external accounts, although challenges remain due to weak institutional capacity, high inflation, and the risk of excessive use of future oil revenues.



Argentina

Government Advances Political Reform Ahead of the 2027 Elections.

The ruling coalition secured the committee support needed to move forward in the Senate with the electoral reform proposed by President Javier Milei's administration. The bill would suspend the PASO primaries in 2027, introduce the Ficha Limpia initiative, and reduce public financing for political campaigns while allowing greater scope for private contributions. To secure sufficient support, La Libertad Avanza withdrew its proposal to reinstate multiple-candidate endorsement lists. The bill will now proceed to debate on the Senate floor.



Paraguay

Ueno Case Raises Risk of International Litigation.

The Central Bank of Paraguay (BCP) warned that the situation involving Ueno bank could expose Paraguay to international lawsuits, as the bonds issued in New York are governed by U.S. law and are not covered by the Deposit Guarantee Fund. The BCP currently estimates Ueno bank's shortfall at between USD 1.0 billion and USD 1.5 billion, based on the ongoing review of the institution's assets and liabilities.



Colombia

Economy Loses Momentum as Government Revises Fiscal Rescue Bill.

The economy grew 0.5% year over year in the third quarter of 2026, below expectations and marking its weakest expansion since the first quarter of 2024. The slowdown reflected weaker consumption, the effects of the August earthquake, and negative performances in the agricultural and industrial sectors. Cumulative growth through September stood at 2.1%. Meanwhile, the inaugural Milagro Week concluded with investment and financing announcements totaling USD 43.205 billion, more than double the initial target. The government continues to revise the Fiscal Rescue Bill, with the committee report for its first debate expected to be released in the first week of December.



Chile

Mining Deepens the Weakness in Economic Activity.

The economy contracted 1.1% year over year in the third quarter of 2026, weighed down by a 14.7% decline in mining activity. Copper production fell due to lower ore grades, maintenance work, and adverse weather conditions. Weaker investment also weighed on activity, while household consumption grew by 0.7% and non-mining activity continued to expand. Against this backdrop, the Central Bank forecasts growth of just 0.25%–0.75% for 2026.

Key Global Developments



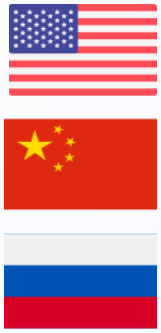
Fed Minutes Reinforce the Prospect of Further Rate Hikes

The October minutes showed that, although most participants supported keeping the policy rate at 3.75%–4.00%, nearly all believed that further increases would likely be appropriate if inflation remains elevated. Some even considered moves larger than 25 basis points in the event of unfavorable data. Meanwhile, AI emerged as a new area of focus: its expansion continues to support investment and economic activity, but is also boosting demand, technology-goods prices, and certain wage pressures. At the same time, the Fed warned about the rapid growth of debt linked to the sector and the use of complex financing structures, which could amplify losses if returns on these investments disappoint.



China's Two-Speed Economy: Strong Technology Sector, Weak Domestic Demand

October data showed a broader slowdown in the Chinese economy. Industrial production grew 4.8% year over year, down from 5.5% in September, while retail sales rose by just 0.4%. From January through October, fixed-asset investment fell 8.1% year over year, while real estate investment declined 21.6%, reflecting the sector's persistent weakness. In contrast, technology manufacturing remained strong, with high-tech output expanding 17.6% year over year. Overall, the data reinforce expectations of additional measures to support domestic demand.



China, the U.S., and Russia – Shenzhen Reopens Channels but Delivers Few Concrete Agreements

Xi Jinping, Donald Trump, and Vladimir Putin held the first in-person summit among the three leaders in Shenzhen. Their joint declaration reaffirmed that a nuclear war must never be fought and opened the door to dialogue on risk reduction but produced no formal arms-control agreements or substantial progress on Ukraine, Iran, or trade. Separately, Trump and Xi described their bilateral meeting as constructive and agreed to work toward a more stable relationship, while also strengthening coordination on artificial intelligence.

Regional Currencies

Currency	Spot	1 W	1 M	YTD	1 Y
BRL	5.94	4.94%	18.24%	8.50%	11.38%
CLP	1018.08	2.27%	3.90%	13.05%	9.53%
COP	3430.89	3.33%	7.53%	-9.18%	-8.85%
MXN	19.07	2.88%	2.07%	5.90%	3.73%
PYG	6387.50	2.80%	11.41%	-3.20%	-8.78%
PEN	3.45	1.36%	0.44%	2.59%	2.06%
UYU	40.61	0.06%	1.30%	4.26%	2.09%
CRC	445.15	-0.14%	-1.92%	-10.52%	-10.84%
DOP	60.10	-0.87%	-1.81%	-4.99%	-4.47%
DXY	103.75	0.33%	1.94%	5.52%	3.59%

Currency Appreciation Currency Depreciation

EMBI by Country in Latin America

Percentage Points

Country	5Y	3Y	1Y	YTD	1M	1W	19-Nov-26
Uruguay	1.36	0.87	0.69	0.68	0.80	0.77	0.93
Chile	1.55	1.46	0.95	0.89	0.98	0.94	1.11
Perú	1.77	1.76	1.20	1.35	1.17	1.14	1.32
Panamá	1.90	2.78	1.77	1.55	1.27	1.24	1.41
Paraguay	2.42	2.22	1.22	1.01	1.23	1.31	1.47
Guatemala	2.64	2.57	1.54	1.41	1.34	1.28	1.50
Costa Rica	4.96	2.48	1.64	1.41	1.49	1.42	1.60
Rep.Dominicana	3.64	2.91	1.84	1.69	1.89	1.78	1.98
Honduras	3.65	4.15	3.09	2.34	1.87	1.91	2.10
Brasil	3.19	2.06	1.97	1.96	1.64	1.89	2.20
México	3.52	3.69	2.26	2.22	2.23	2.18	2.40
Colombia	3.16	3.21	2.41	2.75	2.26	2.20	2.48
El Salvador	11.35	6.68	3.39	3.26	2.99	3.01	3.27
Bolivia	4.80	19.82	7.79	6.73	4.98	4.86	5.67
Ecuador	7.96	19.41	6.88	4.92	5.75	5.20	5.79
Argentina	17.50	22.46	6.01	5.61	6.73	8.31	9.36
Venezuela	299.34	180.74	124.08	127.41	43.34	48.77	50.70
LATAM EMBI*	**4.67**	**5.07**	**2.50**	**2.41**	**2.38**	**2.58**	**2.92**

Low relative to peers

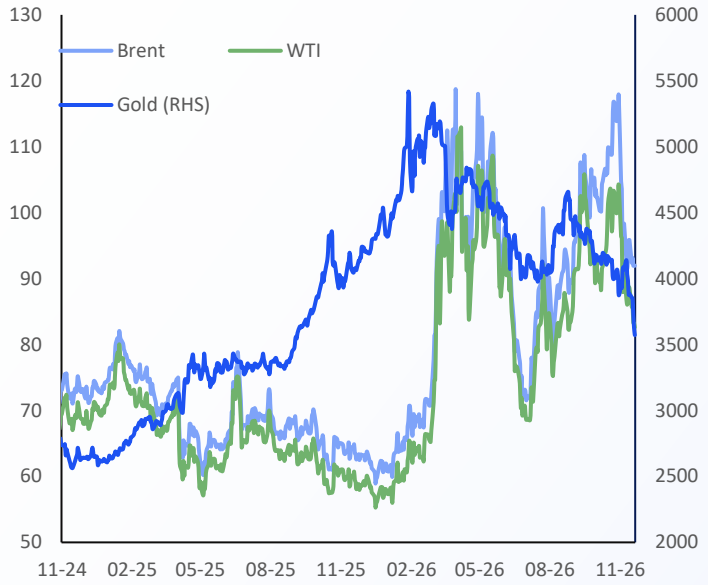
High relative to peers

*EMBI Latam ex- Venezuela

Source: Bloomberg, Banco Central de República Dominicana, Economic Research Bladex

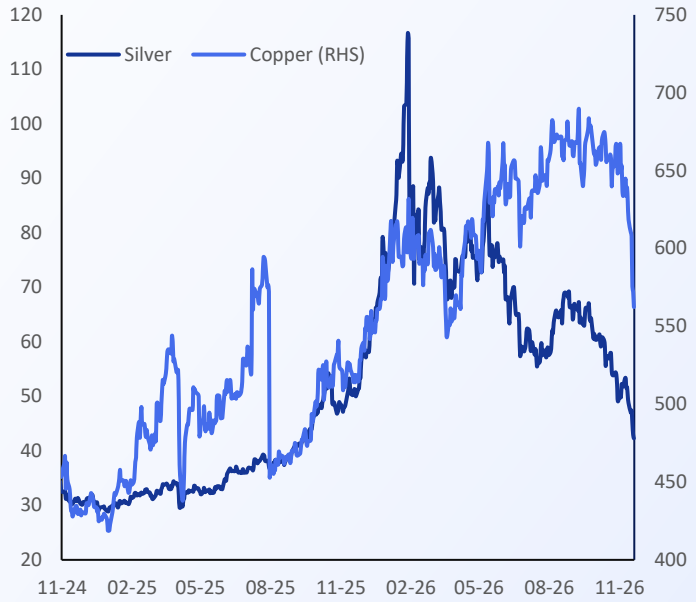
Commodities

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



	20-Nov-26	1 W	1 M	YTD	1 Y
Brent	**92.0**	-4.0%	-15.5%	51.1%	45.1%
WTI	**82.6**	-6.7%	-15.0%	43.9%	39.7%
Gold	**3571.8**	-8.0%	-13.7%	-17.3%	-12.4%

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



	20-Nov-26	1 W	1 M	YTD	1 Y
Copper	**562.4**	-9.1%	-14.5%	-2.9%	9.4%
Silver	**42.3**	-13.2%	-27.1%	-41.0%	-16.5%

Interest rates

	20/Nov/2026	1 W	1 M	YTD	1 Y
FED Effective Rate	**3.88**	**3.88**	**3.88**	**3.64**	**3.88**
SOFR 1 D	**3.90**	**3.90**	**3.88**	**3.76**	**3.91**
SOFR 1 M	**4.03**	**3.97**	**3.93**	**3.72**	**3.95**
SOFR 3 M	**4.20**	**4.17**	**4.07**	**3.69**	**3.88**
SOFR 6 M	**4.38**	**4.36**	**4.23**	**3.62**	**3.78**
SOFR 12 M	**4.60**	**4.62**	**4.50**	**3.47**	**3.58**

Source: Bloomberg, Economic Research Bladex

Calendar | November 23 to 27

Monday 23

GDP NSA YoY	3Q F	P: 3.2%	S: 3.1%
GDP SA QoQ	3Q F	P: 0.9%	S: 0.8%
Unemployment Rate	Oct	P: 7.1%	S: --
GDP YoY	3Q	P: 2.60%	S: 0.032
S&P Global US Manufacturing PMI	Nov P	P: 54.9	S: 54.5
S&P Global US Services PMI	Nov P	P: 56.1	S: 55.7
S&P Global US Composite PMI	Nov P	P: 55.9	S: --

Tuesday 24

Economic Activity Index YoY	Sep	P: -1.7%	S: --

Wednesday 25

Leading Interest Rate	Nov-26	P: 3.5%	S: --
PCE Price Index MoM	Oct	P: 0.5%	S: 0.3%
PCE Price Index YoY	Oct	P: 3.6%	S: 0.0
Core PCE Price Index MoM	Oct	P: 0.3%	S: 0.3%
Core PCE Price Index YoY		P: 3.1%	S: 3.2%
GDP Annualized QoQ		P: 3.4%	S: 3.5%
Personal Consumption		P: 3.8%	S: 3.9%
Core PCE Price Index QoQ		P: 2.5%	S: 2.5%
Fed Releases Beige Book		P:	S:

Thursday 26

Unemployment Rate		P: 2.9%	S: --
Benchmark Interest Rate		P: 3.0%	S: --

Friday 27

National Unemployment Rate	Oct	P: 5.2%	S: 5.1%
Trade Balance		P: -606.1m	S: --
Unemployment Rate		P: 9.8%	S: --

Source: Bloomberg, Economic Research Bladex

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