

Bladex Weekly

LatAm Insight

November 2 to 6, 2026

BLADEX

Macro Story of the Week:

Oil as a Geopolitical Barometer.

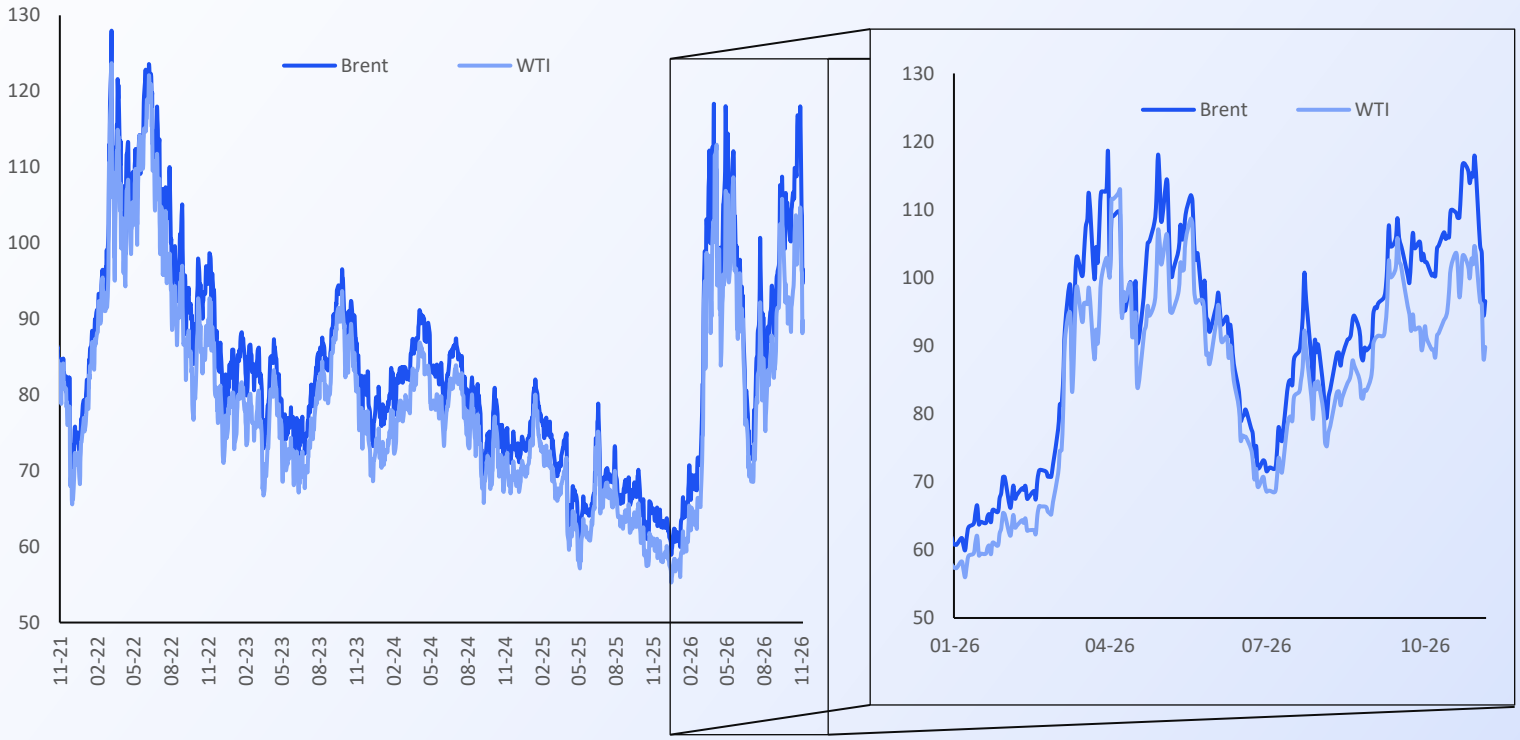
Oil began 2026 at around US$60 per barrel, weighed down by ample supply and moderate demand growth. However, that backdrop shifted rapidly in February, as escalating tensions between the United States and Iran drove up the geopolitical risk premium. Following the start of military operations late in the month and the disruption of transit through the Strait of Hormuz, Brent crude rose above US$100 per barrel and closed the first quarter at US$118.

As the months passed, the market learned to operate amid the conflict. Alternative routes, U.S. protection, and ship-to-ship transfers enabled Persian Gulf oil flows to temporarily exceed pre-conflict levels in October. However, this resilience came with substantially higher freight, insurance, and logistics costs, while the geopolitical risk premium also helped keep prices elevated.

The latest shift came after the November 3 U.S. midterm elections. Republicans' loss of control of Congress reinforced expectations of greater pressure to negotiate with Tehran, causing Brent prices to fall 18% relative to the week before the elections. Nevertheless, talks between the two sides remain far from guaranteeing a lasting resolution, as previous diplomatic efforts have already shown. Against this backdrop, the outlook for price stability remains uncertain, and volatility could stay elevated as long as the geopolitical conflict remains unresolved.

Oil Price Performance

(USD/b)



Source: Bloomberg, Economic Research Bladex

Regional Highlights



Dominican Republic

Fitch Moves the Country Closer to Investment Grade.

Fitch Ratings upgraded the Dominican Republic's sovereign credit rating from BB- to BB, with a stable outlook, supported by economic growth, external resilience, and tax reform. The agency forecasts 4.5% growth in 2026 but highlighted fiscal vulnerabilities, including interest payments equivalent to 21.9% of government revenue, electricity-sector losses of nearly 40%, and a fiscal deficit of 3.7% of GDP. Fitch also noted that further rating improvements will depend on sustained fiscal consolidation and higher government revenue.



Honduras

Staff-Level Agreement Paves the Way for IMF Financing.

Honduras and the IMF reached a staff-level agreement to complete the sixth and final reviews under the Extended Credit Facility and Extended Fund Facility arrangements. The IMF Executive Board is expected to consider the reviews in late December 2026. If approved, Honduras would gain access to approximately US$120 million. The IMF described the country's performance as broadly favorable but recommended maintaining fiscal discipline, strengthening tax administration, advancing energy-sector and governance reforms, and safeguarding monetary, exchange-rate, and external stability.



Panama

Panama Moves Forward with Reconstruction and Finalizes Its 2027 Budget.

Panama is advancing both post-earthquake reconstruction and fiscal planning. Banco Nacional de Panamá will disburse funds for every five homes built through a trust fund initially capitalized at US$100 million, while total damage could amount to between US$200 million and US$300 million. In parallel, President José Raúl Mulino signed the 2027 national budget into law, totaling US$35.11 billion. Of that amount, 63.4% will fund operating expenditures and 36.6% will go toward public investment, including infrastructure, healthcare, and education projects.



Guatemala

Guatemala Appoints New Central Bank Leadership and Approves Congressional Budget.

Guatemala moved forward with two institutional decisions. President Bernardo Arévalo appointed economist Eddy Roberto Carpio Sam to head the Bank of Guatemala and the Monetary Board, following the court-ordered suspension of Jonathan Menkos due to legislative incompatibility. Carpio Sam has more than 25 years of professional experience. Separately, Congress approved its 2027 budget of Q1.53 billion, with 83 votes in favor, 31 against, and 46 lawmakers absent.



Costa Rica

Spending Cuts Intensify the Budget Debate.

The Legislative Assembly began discussing the 2027 Ordinary Budget, totaling CRC12.4 trillion, amid criticism from the democratic bloc over spending cuts proposed by President Laura Fernández's administration. Concerns centered on funding constraints for the Judiciary, an CRC8.05 billion reduction in funding for the Special Fund for Higher Education, and cuts to social programs, housing, and nutrition. The law establishes November 27 as the deadline for the first debate and November 29 for the second.

Regional Highlights



Paraguay

Ueno Bank Enters Resolution, Heightening Political Tensions.

The Central Bank of Paraguay initiated the resolution of Ueno Bank after determining that its solvency had fallen below 50% of the regulatory minimum. The bank accounts for approximately 9% of banking-system assets, while around 97% of its depositors would be covered by the Deposit Guarantee Fund. The crisis led to Carlos Carvallo's departure from the BCP, as well as President Santiago Peña's resignation amid impeachment proceedings backed by Horacio Cartes, leader of the ruling Colorado Party. The crisis weighed on financial markets: Paraguayan bonds declined, while the guaraní depreciated by 5.2% to 6,525 per U.S. dollar. Peña said he had decided to step down to preserve stability, social peace, and democracy. However, his resignation must be approved by Congress.



Brazil

Rate-Cutting Cycle Paused Amid Renewed Inflationary Pressures.

The Central Bank of Brazil held its benchmark interest rate at 13.75% after five consecutive cuts that began in March, when the rate stood at 15%. Inflation reached 4.58%, exceeding the upper bound of the official target range. The depreciation of the Brazilian real, an asset selloff, and fiscal uncertainty pushed inflation expectations higher, while economic activity slowed more sharply. Although the pause was widely expected, the future path of monetary policy will depend on financial stability, inflation developments, and the government's fiscal decisions.



Mexico

Banxico Cuts Rates as Exports Reach a Record High.

Banxico surprised markets by cutting its policy rate by 25 basis points to 6.25% in a split decision that it described as a one-off adjustment. The central bank indicated that it expects to keep the rate at that level for an extended period, given the continued disinflation process and the absence of demand-side pressures. Meanwhile, Mexican exports to the United States reached a record US$62.2 billion in September, rising 40% year over year and accounting for 17.6% of total U.S. imports.



Colombia

Spending Rises as the Economic Outlook Weakens.

The Joint Economic Committees approved, in a first-round vote, a supplemental appropriation that would increase the 2026 budget by COP3.8 trillion to COP547 trillion. The additional funds would support reconstruction, the energy sector, and the Colombia Mayor program without increasing net borrowing. Meanwhile, Banco de la República raised its inflation forecasts to 7.1% for 2026 and 4.8% for 2027, while lowering its growth projections to 2.0% and 1.7%, respectively. The forecasts incorporate the effects of the earthquake, a cooling labor market, and the El Niño phenomenon.



Ecuador

Budget Prioritizes Social Investment and a Narrower Deficit.

Ecuador presented its proposed 2027 budget, totaling US$50,213 billion, with security, healthcare, education, infrastructure, and social protection identified as key priorities. The proposal allocates US$4,251 billion to security, US$5,855 billion to healthcare, and US$6,681 billion to education. It also earmarks US$4,346 billion for local governments and US$1,470 billion for social benefits. The plan forecasts economic growth of 2.5% and inflation of 2.2%, while reducing the fiscal deficit by US$1,002 billion relative to 2026, bringing it to 3.1% of GDP in 2027.

Key Global Developments



Democratic Wave Could Stall Trump's Agenda.

Democrats regained control of both the House and Senate, making gains even in traditionally Republican states such as Texas, South Carolina, Ohio, and Kansas. The result narrows Donald Trump's legislative room for maneuver during his final two years in office and increases political pressure over his handling of the economy and the war with Iran. Trump, for his part, said he is in no rush to order additional strikes and that indirect talks with Tehran are continuing, while leaving open the possibility of military action if negotiations fail.



The Economy Retains Momentum as the Labor Market Remains Resilient.

U.S. data released during the week pointed to an economy that remains on firm footing. The ISM Manufacturing Index rose to 55.5 in October, while the Services Index eased to 54.5, with both remaining in expansionary territory. Meanwhile, JOLTS job openings increased to 7.52 million, exceeding expectations, while ADP reported 86,000 new private-sector jobs, although the pace of hiring has moderated. Labor productivity also rose 3.6% in the third quarter, while unit labor costs fell 0.7%, a combination that supports growth without adding significant inflationary pressure. Overall, the data point continued resilience in both the economy and the labor market despite tighter monetary policy.



Bank of England Resumes Rate Hikes Amid Energy-Price Pressures.

The Bank of England raised its benchmark interest rate by 25 basis points to 4%, marking its first increase since August 2023. The decision, approved by an eight-to-one vote, reflected rising energy costs associated with the war with Iran. The central bank expects inflation, which stood at 3.5% in September, to approach 5% by mid-2027 before easing. The move was widely anticipated by markets, which are pricing in another potential rate hike in December.

Regional Currencies

Currency	Spot	1 W	1 M	YTD	1 Y
BRL	5.46	1.56%	9.67%	-0.20%	2.00%
CLP	968.65	-2.26%	-0.54%	7.56%	2.58%
COP	3218.70	1.54%	-0.70%	-14.80%	-16.06%
MXN	18.59	-1.44%	3.39%	3.24%	-0.04%
PYG	6265.00	5.16%	7.33%	-5.06%	-11.40%
PEN	3.44	-0.48%	0.29%	2.44%	2.18%
UYU	40.23	0.18%	0.16%	3.29%	1.07%
CRC	451.74	-0.09%	-1.21%	-9.19%	-10.23%
DOP	60.49	-0.12%	-0.20%	-4.37%	-6.00%
DXY	101.57	-0.46%	-0.26%	3.30%	1.36%

Currency Appreciation Currency Depreciation

EMBI by Country in Latin America

Percentage Points

Country	5Y	3Y	2Y	1Y	YTD	1M	1W	4-Nov-26
Uruguay	1.44	0.81	0.87	0.72	0.68	0.77	0.79	0.83
Chile	1.60	1.49	1.17	0.98	0.89	0.95	0.99	1.02
Perú	1.82	1.74	1.57	1.27	1.35	1.13	1.17	1.19
Panamá	1.93	2.61	2.72	1.63	1.55	1.29	1.29	1.32
Paraguay	2.46	2.03	1.58	1.22	1.01	1.20	1.19	1.37
Guatemala	2.68	2.34	2.10	1.47	1.41	1.30	1.36	1.41
Costa Rica	4.89	2.39	2.13	1.67	1.41	1.44	1.50	1.54
Rep.Dominicana	3.70	2.79	2.13	1.83	1.69	1.88	1.88	1.90
Brasil	3.31	2.02	2.05	1.90	1.96	1.58	1.83	1.95
Honduras	3.92	3.88	3.36	3.02	2.34	1.76	1.93	2.03
México	3.62	3.61	3.08	2.21	2.22	2.12	2.21	2.22
Colombia	3.13	2.99	3.43	2.57	2.75	2.33	2.24	2.30
El Salvador	10.17	6.86	5.31	3.56	3.26	2.84	3.06	3.15
Bolivia	4.77	17.12	19.11	11.84	6.73	5.04	4.88	4.90
Ecuador	8.52	17.59	12.73	7.48	4.92	5.24	5.76	5.82
Argentina	17.26	25.26	9.55	6.64	5.61	6.00	7.60	8.46
Venezuela	322.21	162.23	198.33	131.19	127.41	44.41	43.25	48.08
LATAM EMBI*	**4.72**	**5.23**	**3.45**	**2.58**	**2.41**	**2.25**	**2.52**	**2.66**

Low relative to peers

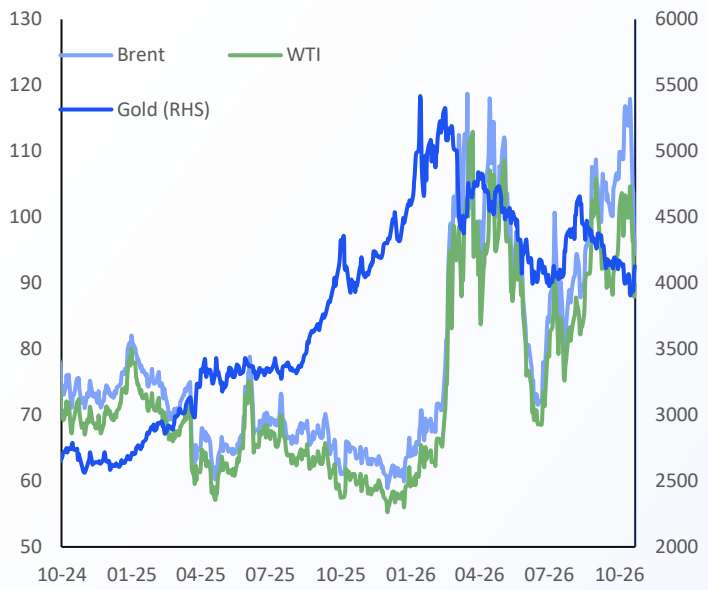
High relative to peers

*EMBI Latam ex- Venezuela

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

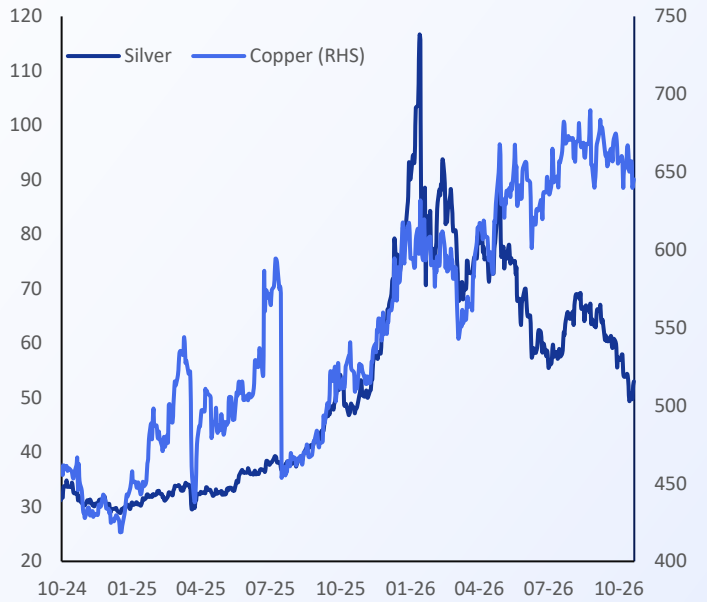
Commodities

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



	5-Nov-26	1 W	1 M	YTD	1 Y
Brent	**96.6**	-15.9%	-4.0%	58.7%	52.0%
WTI	**89.8**	-11.9%	0.4%	56.4%	50.7%
Gold	**4128.6**	2.7%	-0.9%	-4.4%	3.7%

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



	5-Nov-26	1 W	1 M	YTD	1 Y
Copper	**645.3**	-2.3%	-3.0%	11.4%	25.8%
Silver	**53.0**	1.7%	-13.6%	-26.0%	10.4%

Interest rates

	5/Nov/2026	1 W	1 M	YTD	1 Y
FED Effective Rate	**3.88**	**3.88**	**3.88**	**3.64**	**3.87**
SOFR 1 D	**3.97**	**3.94**	**3.90**	**3.76**	**3.91**
SOFR 1 M	**3.90**	**3.91**	**3.92**	**3.72**	**3.99**
SOFR 3 M	**4.07**	**4.07**	**4.03**	**3.69**	**3.87**
SOFR 6 M	**4.19**	**4.22**	**4.19**	**3.62**	**3.77**
SOFR 12 M	**4.40**	**4.49**	**4.50**	**3.47**	**3.59**

Source: Bloomberg, Economic Research Bladex

Calendar | November 9 to 13

Monday 9

Trade Balance	P: $2047m	S: --	Oct
CPI MoM	P: 0.4%	S: --	Oct
CPI YoY	P: 3.5%	S: --	Oct
CPI Core MoM	P: 0.20%	S: --	Oct
CPI Core YoY	P: 3.75%	S: --	Oct
CPI MoM	P: 0.4%	S: --	Oct
CPI YoY	P: 6.3%	S: --	Oct
CPI Core MoM	P: 0.27%	S: --	Oct
CPI Core YoY	P: 6.18%	S: --	Oct
CPI MoM	P: 1.18%	S: --	Oct
CPI YoY	P: 3.60%	S: --	Oct
Wholesale Trade Sales MoM	P: 1.8%	S: --	Sep

Tuesday 10

Central Bank Meeting Minutes	P:	S:	Oct
Central Bank Economist Survey	P:	S:	
CPI MoM	P: 0.6%	S: --	Oct
Core CPI MoM	P: 0.3%	S: --	Oct

Wednesday 11

Economic Activity YoY	P: 2.2%	S: --	Sep

Thursday 12

National CPI MoM	P: 1.9%	S: --	Oct
National CPI YoY	P: 33.4%	S: --	Oct
Greater Buenos Aires CPI MoM	P: 2.0%	S: --	Oct
Greater Buenos Aires CPI YoY	P: 33.5%	S: --	Oct
Reference Rate	P: 4.3%	S: --	
Trade Balance	P: -$1900m	S: --	Sep

Friday 13

Central Bank Traders Survey	P:	S:	
Retail Sales YoY	P: 0.4%	S: --	Sep
Retail Sales YoY	P: 7.3%	S: --	Sep
Manufacturing Production YoY	P: -3.7%	S: --	Sep
Trade Balance	P: 211.0m	S: --	Sep
Economic Activity Index NSA YoY	P: 7.4%	S: --	Sep
PPI Ex Food and Energy MoM	P: 0.70%	S: --	Oct
PPI Final Demand YoY	P: 6.3%	S: --	Oct

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

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