

Bladex Weekly

LatAm Insight

November 23 to 27, 2026

BLADEX

Macro Story of the Week:

A market more aligned with credit ratings.

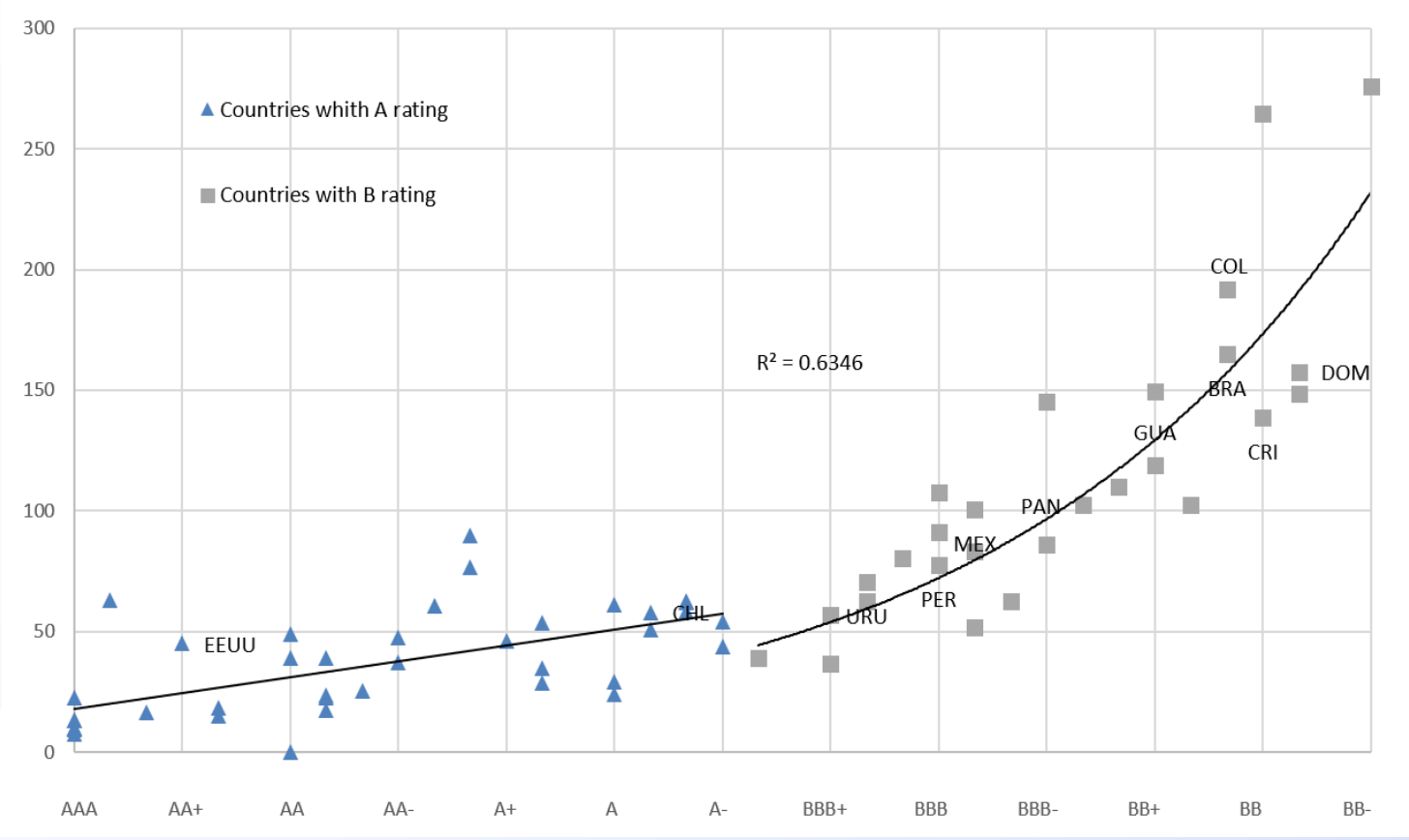
Markets tend to adjust their risk perceptions more quickly than rating agencies. In recent years, markets had maintained a relatively more favorable view of Latin American sovereign risk than rating agencies, supported by improved perceptions of factors such as stronger economic momentum, institutional progress, the consolidation of inflation-targeting frameworks, fiscal-adjustment processes, and a substantial improvement in external profiles.

Against this backdrop, market prices came to reflect risk levels consistent with higher sovereign ratings across much of the region, although with significant exceptions such as Colombia and Brazil.

However, the correction observed in recent weeks has narrowed the gap between markets and rating agencies (see chart), bringing the risk perception implied by credit default swaps (CDS) closer to the average of current sovereign ratings. Nevertheless, two significant divergences persist.

On the one hand, the Dominican Republic continues to reflect a more favorable risk perception than its sovereign rating, with CDS levels consistent with an implied rating close to BB+. In contrast, Colombia remains at the opposite end of the spectrum, with a more cautious market perception and an implied rating close to BB-.

Average credit rating vs. Credit Default Swap (CDS)



Source: Bloomberg, S&P, Fitch, Moody's, Economic Research Bladex

Regional Highlights



Panama

Colón Free Zone Activity Accelerates; Donoso Mine Enters Consultation Phase.

The Colón Free Zone handled US$23.166 billion between January and October, a 20.5% year-on-year increase, driven by re-exports, which rose 33.6%. Meanwhile, the government launched a public consultation on the future of the Donoso mine. Spektrum Development will conduct the process under the Escazú Agreement. Authorities estimate that the consultation could extend through the first quarter of 2027 and said they will await its conclusion before beginning formal negotiations with Minera Panamá.



Dominican Republic

Growth Gains Momentum, but Fiscal Pressures Require Adjustments.

Economic activity grew 5.4% year-on-year in October and posted average growth of 4.7% between January and October, driven by construction, manufacturing, and services. The IMF praised the performance but recommended reducing subsidies and fully reinstating the fiscal rule in 2027. The warning is particularly relevant following approval of the 2026 supplementary budget, which increases spending by RD$54.1 billion, raises the deficit from 3.24% to 4.2% of GDP, and temporarily suspends a provision of the Fiscal Responsibility Law.



Guatemala

Leaner Budget and Steady Policy Rate Mark the End of 2026.

Congress approved the 2027 budget at Q172.42 billion, 2.1% above the current 2026 budget but nearly Q20 billion below the executive branch's original proposal, with significant cuts to infrastructure, social development, and healthcare. The plan includes Q31.394 billion in domestic bonds and Q2.869 billion in external loans. Meanwhile, the Monetary Board unanimously kept the benchmark interest rate at 3.50%, amid October inflation of 4.38% and still-contained external risks.



Costa Rica

BCCR Cuts Policy Rate Despite Inflation Risks.

The Central Bank cut its Monetary Policy Rate from 3% to 2.75% after four months without changes. The decision reflected lower international grain and fuel prices, ample liquidity, and slightly expansionary financial conditions. Annual inflation stood at just 0.55% in October, still well below the 3% target. Although the BCCR expects inflation to pick up between late 2026 and early 2027 due to oil prices and El Niño, it projects a gradual convergence toward levels close to, but below, the target.



El Salvador

Stronger Economic Momentum Accompanies a Growing Trade Deficit.

El Salvador's exports reached US$5.67 billion between January and October, up 4% year-on-year, while imports rose 10.9% to US$16.371 billion, widening the trade deficit by 15% to US$10.701 billion. According to a Bloomberg report, improved security conditions appear to be supporting stronger investment, construction, and tourism. The IMF forecasts 4.5% growth in 2026, the highest rate since 1990, excluding 2021. However, high public debt, labor informality, and infrastructure gaps continue to limit the country's potential.

Regional Highlights



Argentina

Weakening Activity, Financial Backing, and Institutional Changes Reshape the Outlook for 2027.

Economic activity rose 1.1% month-on-month in September but fell 1.2% year-on-year, while the third quarter likely ended with a contraction of about 1.8%, confirming a technical recession. The government outlined plans to cover US$4.37 billion in January 2027 maturities through multilateral disbursements, CAF/Fonplata financing, the sale of AySA, and foreign-currency purchases from the BCRA. It also asked China to make US$5 billion from the swap line available as a backstop against potential refinancing difficulties. Congress gave final approval to reforms of the BCRA's charter limiting monetary financing of the Treasury, while the Senate approved the suspension of the PASO primaries for 2027 in a first-round vote. The bill will now move to the lower house.



Brazil

Lula Seeks to Strengthen Fiscal Credibility as Trade Tensions with the U.S. Rise.

Lula confirmed Luiz Carlos Trabuco, chairman of Bradesco, as finance minister beginning in 2027, in a move aimed at strengthening confidence amid fiscal deterioration and elevated public debt. The market welcomed the announcement, with the currency appreciating by nearly 3%. Meanwhile, Brazil rejected the United States' latest tariff offensive and warned that it could respond with reciprocal measures, although it will keep negotiation channels open.



Ecuador

IMF Expands Financial Support as El Niño Raises Risks.

The IMF approved an 18-month, US$703 million arrangement under the Resilience and Sustainability Facility, aimed at strengthening macroeconomic capacity and resilience to climate shocks. It also completed the sixth review of the existing program, unlocking an immediate US$377 million disbursement. The Fund projects economic growth of 2.7% in 2026 but warns that an intense El Niño remains one of the economy's main risks, particularly because of its potential effects on infrastructure, energy, and productive activity.



Peru

Investment Drives Growth but Exposes Public-Works Failures.

Peru's economy grew 3.1% year-on-year in the third quarter, driven by domestic demand: private investment rose 12.4%, public investment increased 4.7%, and household consumption grew 3.5%. However, Minister Elmer Cuba warned that around 40% of public works are stalled. He said the MEF is preparing a new public-investment law to improve project prioritization and implementation without returning to the former SNIP system. Meanwhile, President Keiko Fujimori rejected extending REINFO and urged Congress to approve the MAPE Law, which seeks to formalize and regulate artisanal and small-scale mining.

Key Global Developments



Economic Strength and Persistent Inflation Keep Pressure on the Fed.

The second estimate of third-quarter GDP raised annualized growth from 3.4% to 4.3%, driven by upward revisions to consumption and investment. October PCE inflation accelerated from 3.6% to 3.8% year-on-year, while core inflation rose from 3.1% to 3.3%, despite moderating household spending. Consumer confidence climbed from 91.9 to 103.3 points in November, its highest level since January 2025. Meanwhile, the Fed's Beige Book reported slight-to-moderate growth in eight of twelve districts, limited hiring, and persistent price and wage pressures. Overall, the data reinforce expectations of another rate hike in December.



New U.S. Tariffs Rekindle Tensions with Major Trading Partners.

The United States proposed new tariffs on 14 economies under Section 301, seeking to rebuild part of its trade agenda after the Supreme Court invalidated earlier duties. China faces a rate of up to 20%, potentially doubling to 40% if the trade truce collapses, while Japan, South Korea, and the EU would face tariffs of around 15%. China and Europe have kept retaliation as an option, although several economies are prioritizing negotiations. The measures remain subject to consultations and a January 25 hearing, but create fresh uncertainty for global supply chains, inflation, and investment decisions.



Hernández de Cos to Succeed Lagarde at a Pressured ECB.

Former Bank of Spain Governor Pablo Hernández de Cos will assume the ECB presidency on February 7, 2027, becoming the first Spaniard to lead the institution. His arrival comes amid still-elevated inflation, moderate growth, and increasing fiscal tensions across several European economies. With a technical profile and a relatively moderate monetary-policy stance, he will need to balance price stability against economic activity while addressing risks arising from high sovereign debt and potential episodes of stress in bond markets.

Regional Currencies

Currency	Spot	1 W	1 M	YTD	1 Y
BRL	5.58	-6.06%	4.31%	1.93%	4.23%
CLP	1036.69	1.32%	4.90%	15.11%	11.60%
COP	3500.00	-0.13%	10.63%	-7.35%	-6.51%
MXN	19.68	2.68%	5.58%	9.26%	7.20%
PYG	6398.80	-0.36%	8.96%	-3.03%	-8.43%
PEN	3.46	0.14%	0.26%	2.94%	2.85%
UYU	40.60	-0.12%	1.23%	4.24%	3.10%
CRC	443.57	-0.12%	-1.89%	-10.83%	-10.13%
DOP	60.67	1.50%	0.28%	-4.08%	-3.67%
DXY	103.88	0.07%	1.65%	5.65%	4.36%

Currency Appreciation Currency Depreciation

EMBI by Country in Latin America

Percentage Points

Country	5Y	3Y	1Y	YTD	1M	1W	25-Nov-26
Uruguay	1.56	0.85	0.75	0.68	0.84	0.90	0.94
Chile	1.70	1.37	1.02	0.89	1.03	1.08	1.18
Perú	2.03	1.66	1.30	1.35	1.22	1.28	1.39
Panamá	2.14	2.66	1.82	1.55	1.32	1.38	1.46
Paraguay	2.67	2.08	1.31	1.01	1.26	1.41	1.47
Guatemala	2.88	2.55	1.64	1.41	1.40	1.46	1.59
Costa Rica	5.27	2.31	1.74	1.41	1.55	1.56	1.73
Rep.Dominicana	3.99	2.81	1.93	1.69	1.93	1.91	2.13
Brasil	3.53	2.01	2.03	1.96	1.83	2.08	2.14
Honduras	3.85	3.92	2.63	2.34	1.99	2.01	2.18
México	3.92	3.60	2.34	2.22	2.27	2.33	2.49
Colombia	3.58	3.09	2.83	2.75	2.33	2.40	2.67
El Salvador	12.64	6.83	3.58	3.26	3.12	3.23	3.47
Bolivia	5.00	19.60	7.33	6.73	5.01	5.45	6.03
Ecuador	8.80	19.15	5.95	4.92	5.97	5.54	6.44
Argentina	18.72	19.57	6.54	5.61	7.72	8.50	10.66
Venezuela	312.66	184.67	125.56	127.41	43.91	51.02	44.53
LATAM EMBI*	**5.11**	**4.72**	**2.61**	**2.41**	**2.57**	**2.76**	**3.10**

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

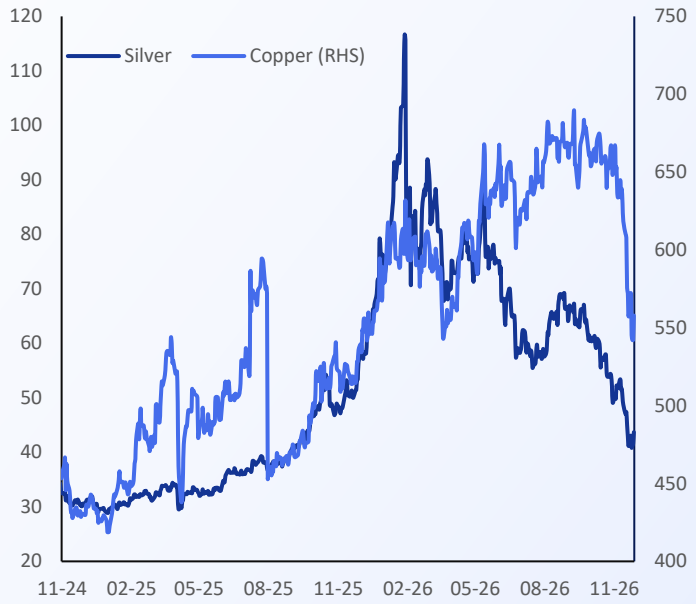
(USD/b , USD/oz)



	27-Nov-26	1 W	1 M	YTD	1 Y
Brent	95.4	3.1%	-17.2%	56.8%	50.7%
WTI	84.1	0.1%	-18.2%	46.5%	43.4%
Gold	3640.9	2.9%	-10.5%	-15.7%	-12.4%

Silver & Copper Prices

(USD/oz, US¢/lb)



	27-Nov-26	1 W	1 M	YTD	1 Y
Copper	557.9	0.1%	-16.4%	-3.7%	5.6%
Silver	43.7	6.2%	-19.0%	-39.0%	-18.1%

Interest rates

	27/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	3.95	3.92	3.94	3.76	4.05
SOFR 1 M	4.10	4.04	3.93	3.72	3.87
SOFR 3 M	4.22	4.21	4.06	3.69	3.79
SOFR 6 M	4.38	4.38	4.22	3.62	3.70
SOFR 12 M	4.56	4.62	4.48	3.47	3.50

Calendar | November 30 to December 04

Monday 30

Retail Sales YoY	P: 4.4% S: 4.7%	Oct
Manufacturing Production YoY	P: 2.0% S: -0.8%	Oct
National Unemployment Rate	P: 8.0% S: --	Oct
Overnight Rate	P: 5.50% S: --	46356
Economic Activity YoY	P: 4.6% S: --	Sep

Tuesday 1

Economic Activity MoM	P: 1.9% S: --	Oct
Economic Activity YoY	P: 0.2% S: --	Oct
S&P Global Brazil Manufacturing PMI	P: 46.1 S: --	Nov
Lima CPI YoY	P: 5.3% S: --	Nov
Lima CPI MoM	P: 0.6% S: --	Nov
Davivienda Colombia PMI Mfg	P: 51.7 S: --	Nov
S&P Global Mexico Manufacturing PMI	P: 49.5 S: --	Nov
Central Bank Economist Survey	P: S:	
IMEF Manufacturing Index SA	P: 49.8 S: --	Nov
CPI YoY	P: 7.0% S: --	Nov
S&P Global US Manufacturing PMI	P: 54.5 S: --	Nov F
JOLTS Job Openings	P: 7523k S: 7450k	Oct
ISM Manufacturing	P: 55.5 S: 55	Nov

Wednesday 2

GDP 4Qtrs Accumulated	P: 1.9% S: 1.7%	3Q
GDP QoQ	P: 0.5% S: -0.3%	3Q
GDP YoY	P: 2.0% S: 1.2%	3Q
CPI MoM	P: -0.1% S: --	Nov
CPI YoY	P: 1.7% S: --	Nov
CPI MoM	P: 0.6% S: --	Nov
CPI YoY	P: 5.1% S: --	Nov
ADP Employment Change	P: 86k S: 80k	Nov

Thursday 3

S&P Global Brazil Composite PMI	P: 44.4 S: --	Nov
S&P Global Brazil Services PMI	P: 44.5 S: --	Nov
CPI MoM	P: 0.6% S: --	Nov
CPI YoY	P: 4.9% S: --	Nov
CPI YoY	P: 7.1% S: --	Nov
CPI MoM	P: 2.1% S: --	Nov
S&P Global US Services PMI	P: 54.7 S: --	Nov F
S&P Global US Composite PMI	P: 54.6 S: --	Nov F
ISM Services Index	P: 54.5 S: 54.5	Nov

Friday 4

Change in Nonfarm Payrolls	P: 165k S: 90k	Nov
Change in Private Payrolls	P: 159k S: 90k	Nov
Unemployment Rate	P: 4.1% S: 4.1%	Nov

Source: Bloomberg, Economic Research Bladex

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