

Bladex Weekly

LatAm Insight

November 9 to 13, 2026

BLADEX

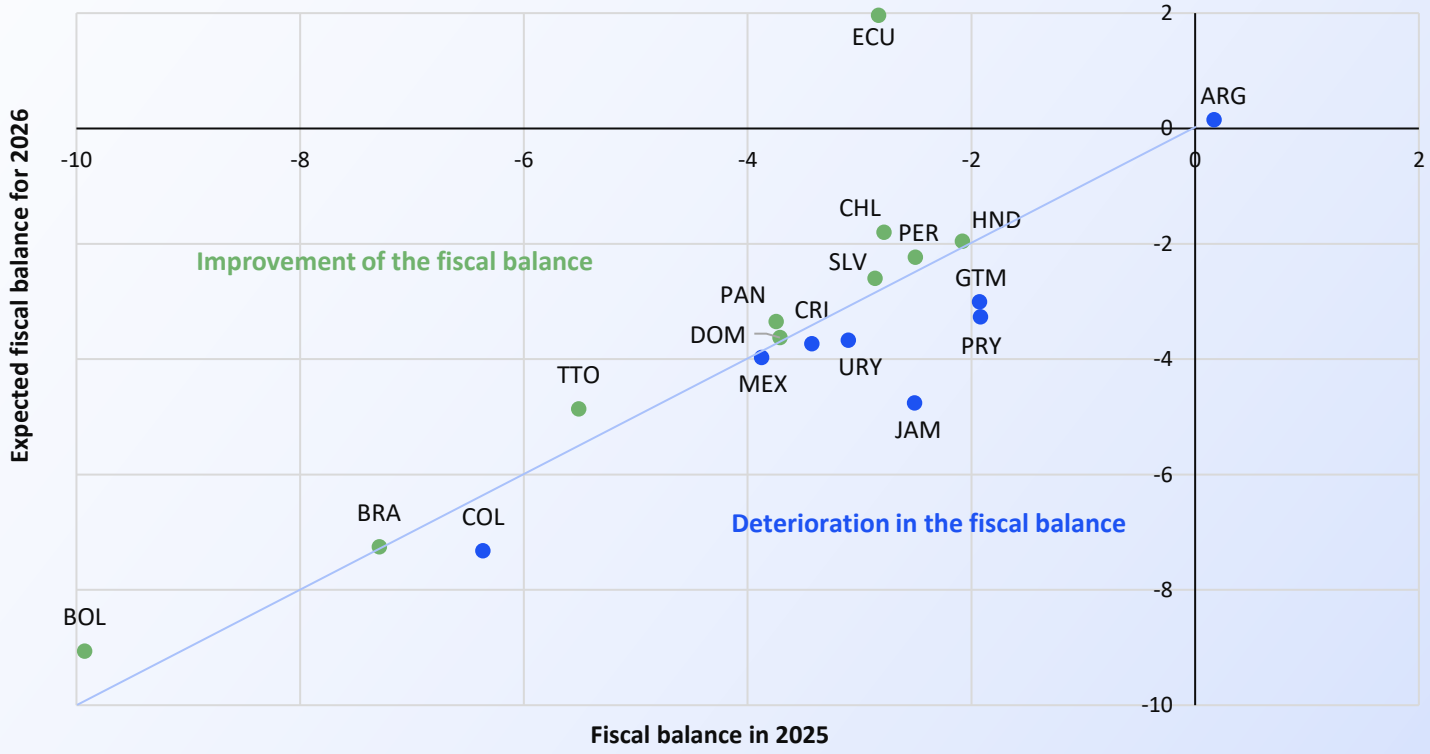
Macro Story of the Week: Persistent Deficits Keep Fiscal Consolidation a Key Challenge for the Region.

The fiscal outlook for year-end 2026 reveals significant heterogeneity across Latin America. While several economies are expected to improve relative to 2025, a substantial group of countries is projected to post wider fiscal deficits, underscoring that—as in much of the developed world—fiscal consolidation remains one of the region's main macroeconomic challenges. These differences reflect countries' varying ability to strengthen revenue, contain public spending, and absorb debt-servicing costs.

This dynamic is particularly relevant amid discussions over the 2027 budgets, which highlight tensions between the need for consolidation and growing spending demands. Panama is seeking to reduce operating expenditures while increasing public investment; Mexico is proposing a gradual reduction in its financing requirements; Brazil aims to contain spending to strengthen its primary balance; and Colombia faces greater constraints due to budget rigidities and debt-service obligations. These differences show that fiscal adjustment will depend both on implementation capacity and on whether projected revenues materialize.

However, the improvement in fiscal balances still falls short of fully addressing underlying imbalances. Although some economies are moving closer to balance, much of the region is expected to continue running deficits of between 2% and 5% of GDP in 2026, with Bolivia, Brazil, and Colombia projected to exceed 7%. Consequently, persistently high deficits will require continued fiscal policy efforts in the coming years to prevent further debt accumulation and additional pressure on sovereign borrowing costs.

Fiscal Balance : 2025 vs 2026e
(% of GDP)



Source: The EIU, Economic Research Bladex

Regional Highlights



Panama

Activity Accelerates, While El Niño Keeps Pressure on the Canal.

Economic activity grew 7.76% year over year in September, accelerating from 7.36% in August. Meanwhile, the Panama Canal saved 538 million cubic meters of water in 2026, which would allow it to sustain approximately 34 daily transits during the upcoming dry season. However, climate-related risks remain elevated: November began with exceptionally low rainfall, and El Niño could prolong the water deficit through June 2027, according to a report by Imhpa. Against this backdrop, the Panama Canal Authority (ACP) warned that efficiency measures would not provide a permanent solution, leaving the Río Indio reservoir as a key component of efforts to strengthen water security.



Honduras

Greater Exchange-Rate Flexibility and Engagement with Multilateral Institutions Seek to Bolster Confidence.

Honduras is moving toward greater openness in its foreign exchange market through a gradual return to an interbank FX system, reducing direct intervention by the Central Bank while seeking to enhance competitiveness and attract investment. Liberalization would proceed gradually, giving commercial banks a more prominent role. In parallel, President Nasry Asfura met with IDB and the IMF to discuss investment, macroeconomic stability, fiscal responsibility, and structural reforms, as well as to explore a new IMF-supported program for the current administration. Both developments point to efforts to strengthen confidence and improve access to capital..



Costa Rica

Construction Supports Economic Activity as Manufacturing Loses Momentum.

Economic activity grew 2.4% year over year in September, although growth slowed compared with the previous year. Construction led the expansion, growing 9.9% on the back of private-sector projects, road infrastructure, and public works, while services also continued to make a positive contribution. By contrast, manufacturing contracted 0.5%, weighed down by weaker results in the food, textile, and chemical industries. The performance points to an economy that remains in expansion but is increasingly reliant on construction and services.



El Salvador

Inflation Accelerates as Tourism Gains Economic Weight.

Annual inflation rose to 3.9% in October, its highest level since June 2023, driven by food and transportation prices, which increased 5.06% and 10.63%, respectively. These pressures reflect higher food and energy costs. By contrast, tourism continues to strengthen: 3.9 million visitors arrived between January and October, generating more than US$3.098 billion in foreign exchange earnings, up 12% year over year. The government expects to increase the tourism sector's share of the economy from approximately 10% to 14% of GDP.



Guatemala

Inflation Eases in October but Remains Above the Midpoint of the Target Range.

Annual inflation declined to 4.38% in October from 4.69% in September, although it remained above the Bank of Guatemala's 4% target midpoint for the second consecutive month. The main upward pressures came from onions, propane gas, potatoes, and intercity transportation, while gasoline and diesel prices helped moderate the index. The temporary fuel-tax exemption helped ease some of these pressures, although the central bank continues to closely monitor prices and inflation expectations.

Regional Highlights



Paraguay

Ueno Case Continues to Have a Limited Impact on the Financial System.

The Ueno Bank crisis moved forward with the repayment of deposits. As of the publication of this report, more than 93% had been repaid, while authorities and rating agencies have reiterated that this is an isolated case, with no signs of systemic repercussions. Fitch affirmed Paraguay's sovereign rating at BB+ but revised the outlook to negative, while S&P maintains its BB- rating with a stable outlook. The episode prompted institutional changes and greater scrutiny, while the authorities continue to reaffirm the financial system's soundness and work to recover outstanding public and private funds.



Mexico

Inflation, Tariffs, and the Budget Test the Economic Balance.

Annual inflation rose to 3.75% in October, exceeding expectations, while core inflation reached 3.80%, shortly after the policy rate was cut to 6.25%. Adding to the pressure, Donald Trump threatened to double tariffs unless Mexico halts new migrant caravans, heightening trade uncertainty. Meanwhile, the Chamber of Deputies approved a MXN 10.6 trillion budget for 2027, featuring substantial social spending, support for Pemex, and a gradual fiscal consolidation path aimed at sustaining growth.



Brazil

Fiscal Adjustment and High Interest Rates Seek to Contain Mounting Pressures.

The government unveiled a fiscal package expected to generate savings of R$50–60 billion in 2027, based on lower spending and cuts to tax benefits. The goal is to achieve a primary surplus of 0.5% of GDP. Meanwhile, the Central Bank released the minutes of its latest meeting, at which it held the Selic rate at 13.75%. The minutes warned that although economic activity is losing momentum, inflation and inflation expectations remain elevated, requiring monetary policy to stay restrictive.



Colombia

Persistent Inflation and Fiscal Constraints Return to the Forefront.

Annual inflation remained elevated at 6.30% in October, while year-end 2026 expectations stand at 6.7%–7.0%. Meanwhile, the government is reportedly negotiating an approximately US$15 billion program with the IMF to address its fiscal financing needs. The talks come as the deficit could reach 9.4% of GDP in 2027 without additional adjustments, reinforcing the need for fiscal consolidation as monetary policy continues to contend with inflationary pressures.



Peru

Rising rates and strong demand for sovereign debt.

The BCRP raised its policy rate from 4.25% to 4.50%, its first increase since 2023, after inflation rose to 5.3% in October, expectations remained above the target range, and domestic demand continued to show strong momentum. Although the move does not necessarily signal the start of a sustained hiking cycle, it reinforces a precautionary stance in response to El Niño risks and higher energy costs. Separately, Peru issued US$4.5 billion in sustainable bonds, attracting more than US$21 billion in demand and reflecting strong international investor appetite and favorable financing conditions despite the more restrictive monetary environment.



Suriname

S&P Upgrades the Sovereign Rating, but the Coming Oil Boom Calls for Greater Fiscal Discipline.

S&P upgraded Suriname's sovereign rating from CCC+ to B- with a stable outlook, supported by higher gold revenues and the country's oil prospects. The agency forecasts growth of 4.1% in 2026–2027, followed by an acceleration beginning in 2028. However, it cautioned that institutional weaknesses, debt management challenges, and the absence of fully operational fiscal rules continue to constrain the rating.

Key Global Developments



Inflation Reinforces the Fed's Hawkish Bias.

Inflation once again surprised to the upside: the CPI rose 0.4% month over month in October, above the 0.3% expected, while core inflation increased 0.3% for the third consecutive month, reflecting persistent services inflation. Fed officials Williams and Daly indicated that further policy tightening would be necessary, although Daly and Hammack emphasized a gradual approach, while Waller even opened the door to a 50-basis-point hike in December. The inflation data and the Fed's messaging are already reflected in market pricing, which now almost fully discounts a 25-basis-point increase in December and is beginning to price in another hike in January.



Lower Risk of an Immediate Escalation in the U.S.-Iran Conflict, but Uncertainty Persists.

Signals from Washington were mixed this week. On November 9, Trump said that further action against Iran was unnecessary "for now" and that he expected the conflict to end relatively soon. However, on November 12, he adopted a tougher tone, stating that the United States did not need an agreement and thereby reducing expectations of a diplomatic resolution. Markets reacted with significant volatility: Brent crude fell following the initial signs of de-escalation, rebounded after the subsequent remarks, and was trading near US$95 on Friday, although it remained on track for a second consecutive weekly decline. The prevailing viewpoints to a lower risk of an immediate escalation but continued high uncertainty over how the conflict will unfold.



AI Supports Growth While Energy Costs Maintain Pressure.

The UK economy grew 0.7% in the third quarter, accelerating from 0.5% in the previous quarter and driven primarily by services. Computer programming and consulting expanded 4.4%, reflecting stronger demand related to artificial intelligence and cloud computing. The strength of these activities helped offset a contraction in construction and the impact of higher energy costs associated with the conflict in the Middle East. It is worth noting that the Bank of England raised its policy rate to 4% the previous week and upgraded its growth forecasts for 2026 and 2027.

Regional Currencies

Currency	Spot	1 W	1 M	YTD	1 Y
BRL	5.66	2.65%	12.53%	3.34%	6.77%
CLP	1002.25	2.42%	1.71%	11.29%	7.91%
COP	3309.75	2.12%	3.98%	-12.39%	-11.65%
MXN	18.59	-0.16%	0.49%	3.21%	1.47%
PYG	6212.00	-3.16%	9.01%	-5.86%	-11.90%
PEN	3.40	-0.62%	-1.05%	1.19%	0.88%
UYU	40.63	0.39%	1.05%	4.30%	2.19%
CRC	446.34	-0.87%	-1.25%	-10.28%	-11.00%
DOP	60.57	-0.10%	-1.09%	-4.23%	-5.82%
DXY	103.28	0.96%	0.71%	5.04%	4.16%

Currency Appreciation Currency Depreciation

EMBI by Country in Latin America

Percentage Points

Country	5Y	3Y	1Y	YTD	1M	1W	12-Nov-26
Uruguay	1.33	0.93	0.71	0.68	0.75	0.85	0.77
Chile	1.46	1.55	1.00	0.89	0.93	1.04	0.94
Perú	1.73	1.83	1.26	1.35	1.13	1.21	1.14
Panamá	1.82	2.84	1.72	1.55	1.23	1.35	1.24
Paraguay	2.36	2.22	1.24	1.01	1.13	1.43	1.31
Guatemala	2.59	2.47	1.56	1.41	1.23	1.44	1.28
Costa Rica	4.70	2.48	1.69	1.41	1.38	1.59	1.42
Rep.Dominicana	3.65	3.00	1.83	1.69	1.79	1.94	1.78
Brasil	3.17	2.13	1.96	1.96	1.57	2.02	1.89
Honduras	3.65	4.00	3.10	2.34	1.73	2.11	1.91
México	3.50	3.78	2.23	2.22	2.07	2.27	2.18
Colombia	3.09	3.19	2.38	2.75	2.15	2.34	2.20
El Salvador	10.90	6.44	3.54	3.26	2.88	3.22	3.01
Bolivia	4.56	18.11	8.88	6.73	4.81	5.04	4.86
Ecuador	8.18	19.77	6.50	4.92	5.21	5.96	5.20
Argentina	17.34	24.96	6.05	5.61	5.99	9.26	8.31
Venezuela	325.73	181.25	136.77	127.41	41.30	50.56	48.77
LATAM EMBI*	4.62	5.37	2.50	2.41	2.21	2.79	2.58

Low relative to peers

High relative to peers

*EMBI Latam ex- Venezuela

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

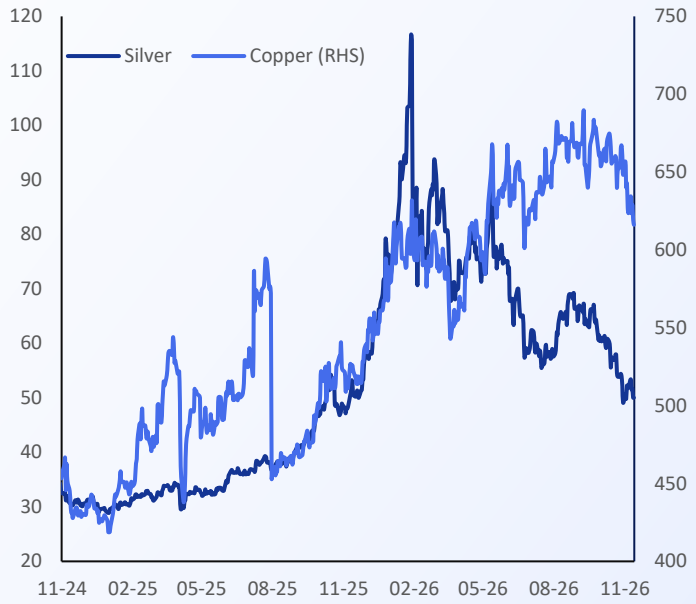
Commodities

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



	13-Nov-26	1 W	1 M	YTD	1 Y
Brent	**96.2**	-2.2%	-9.3%	58.1%	52.7%
WTI	**88.6**	-2.4%	-6.8%	54.4%	51.0%
Gold	**3891.4**	-4.4%	-5.2%	-9.9%	-6.7%

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



	13-Nov-26	1 W	1 M	YTD	1 Y
Copper	**616.2**	-1.2%	-7.5%	6.4%	17.3%
Silver	**50.0**	-3.6%	-10.0%	-30.2%	-4.3%

Interest rates

	13/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**	**3.89**	**3.88**	**3.76**	**4.00**
SOFR 1 M	**3.96**	**3.90**	**3.93**	**3.72**	**3.96**
SOFR 3 M	**4.16**	**4.05**	**4.06**	**3.69**	**3.85**
SOFR 6 M	**4.32**	**4.16**	**4.22**	**3.62**	**3.75**
SOFR 12 M	**4.53**	**4.34**	**4.51**	**3.47**	**3.57**

Source: Bloomberg, Economic Research Bladex

Calendar – November 16 to 20



Source: Bloomberg, Economic Research Bladex

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