



**WESTERN HEMISPHERE
DEPARTMENT**

Regional Briefing

APRIL 2026

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Director

Outline

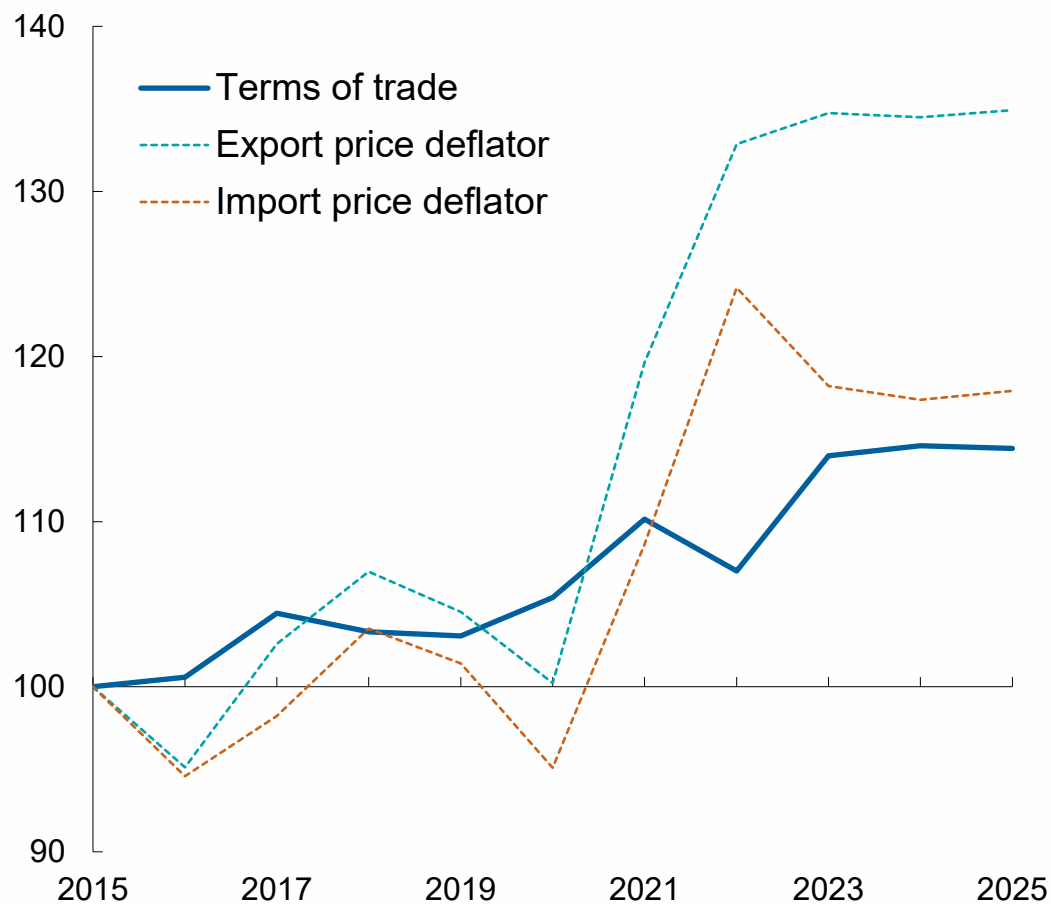
- **EXTERNAL ENVIRONMENT**
- **IMPACT OF THE MIDDLE EAST WAR**
- **ACTIVITY**
- **INFLATION**
- **TRADE**
- **POLICY ISSUES**



External Environment

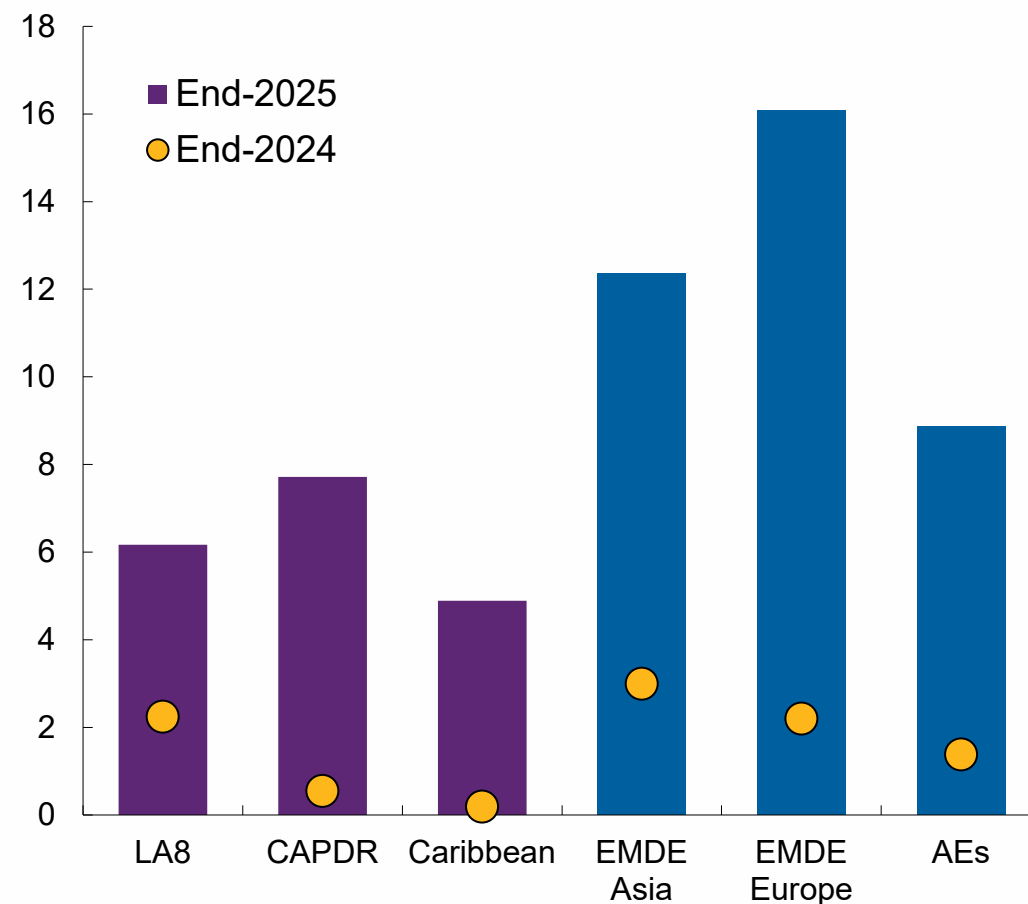
The region is benefiting from a favorable terms of trade with U.S. trade policies less disruptive than had been feared

LAC: Terms of Trade
(Index: 2015 = 100)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: LAC = Latin America and the Caribbean.

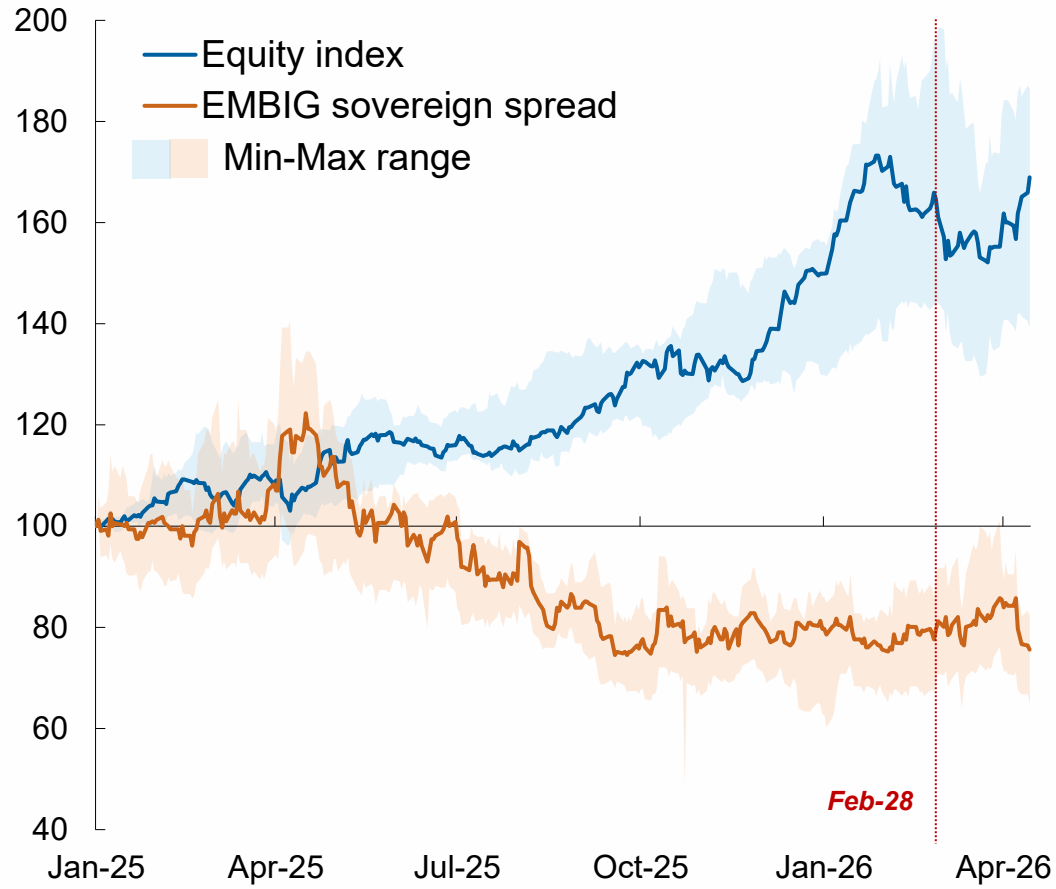
Effective Tariff Rates
(Percent)



Sources: WTO-IMF Tariff Tracker; and IMF staff calculations.
Note: The effective tariff rate is calculated as (total duties paid)/(total imports) from the US Census Bureau's Import Statistics. This can differ from the statutory rate due to shipping lags, product and country exemptions, USMCA compliance, etc. Aggregates are simple averages. AE = advanced economies; CAPDR = Central America, Panama, and the Dominican Republic; EMDE = emerging markets and developing economies; LA8 = Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

Until the Middle East war, financial conditions were supportive with a strong appetite for LAC debt

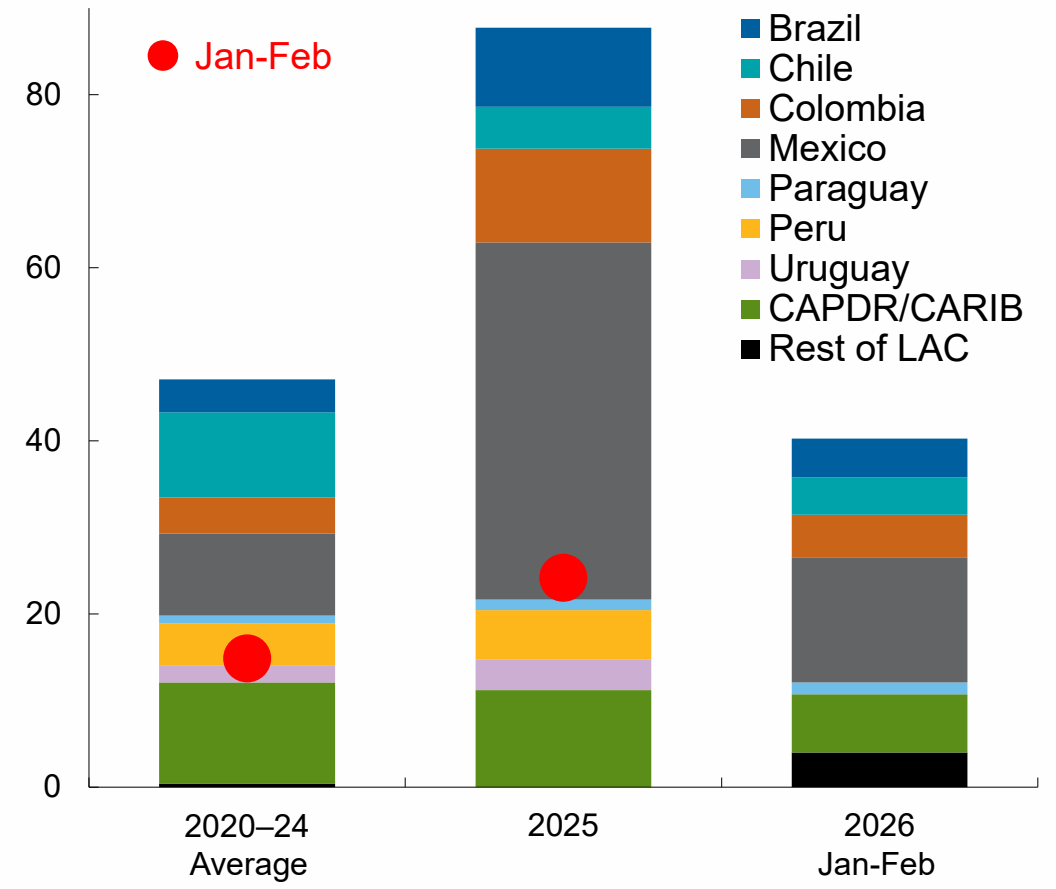
LA7: Equity Index and EMBIG Sovereign Spread
(Index: January 1, 2025 = 100)



Sources: Bloomberg Finance L.P.; and IMF staff calculations.

Note: LA7 is median. Equity index excludes Paraguay and Uruguay due to data limitations. LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

LAC: International Sovereign Bond Issuance
(Billions of US dollars)

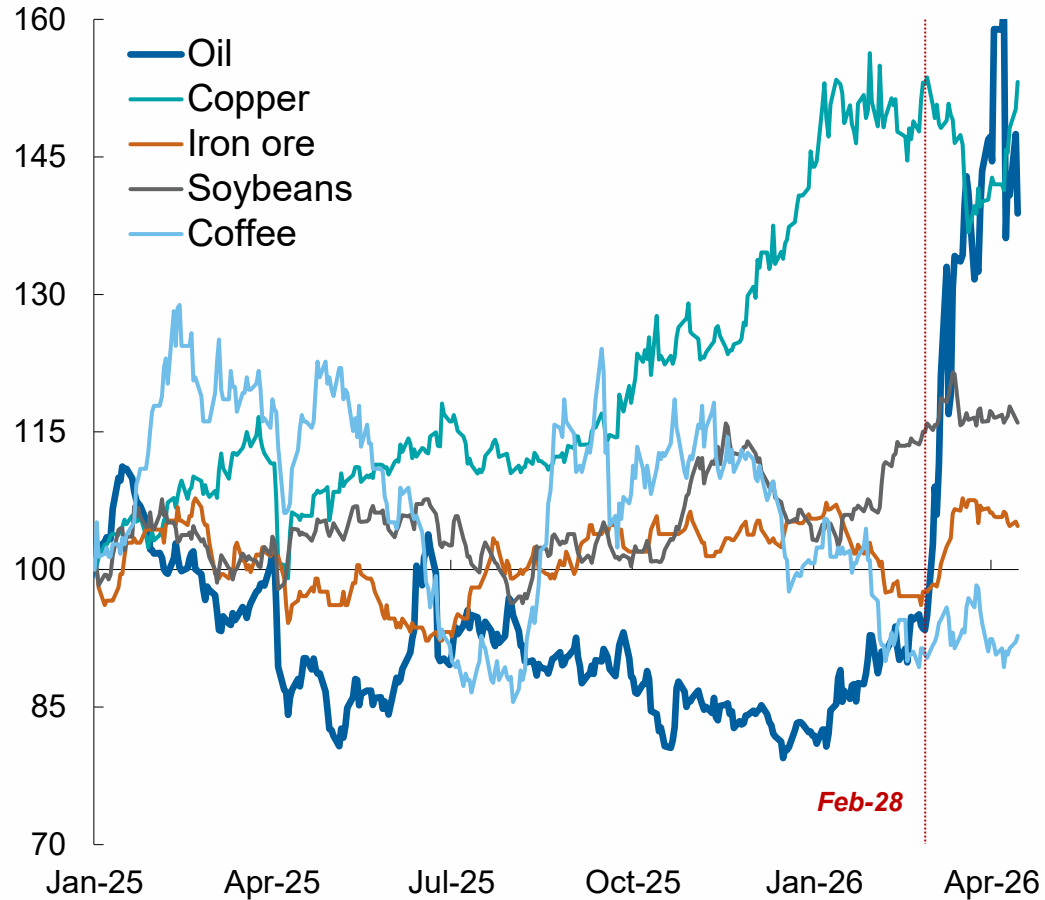


Sources: Bond Radar; and IMF staff calculations.

Note: Data as of March 3, 2026. CAPDR = Central America and the Dominican Republic; CARIB = Caribbean; LAC = Latin America and the Caribbean.

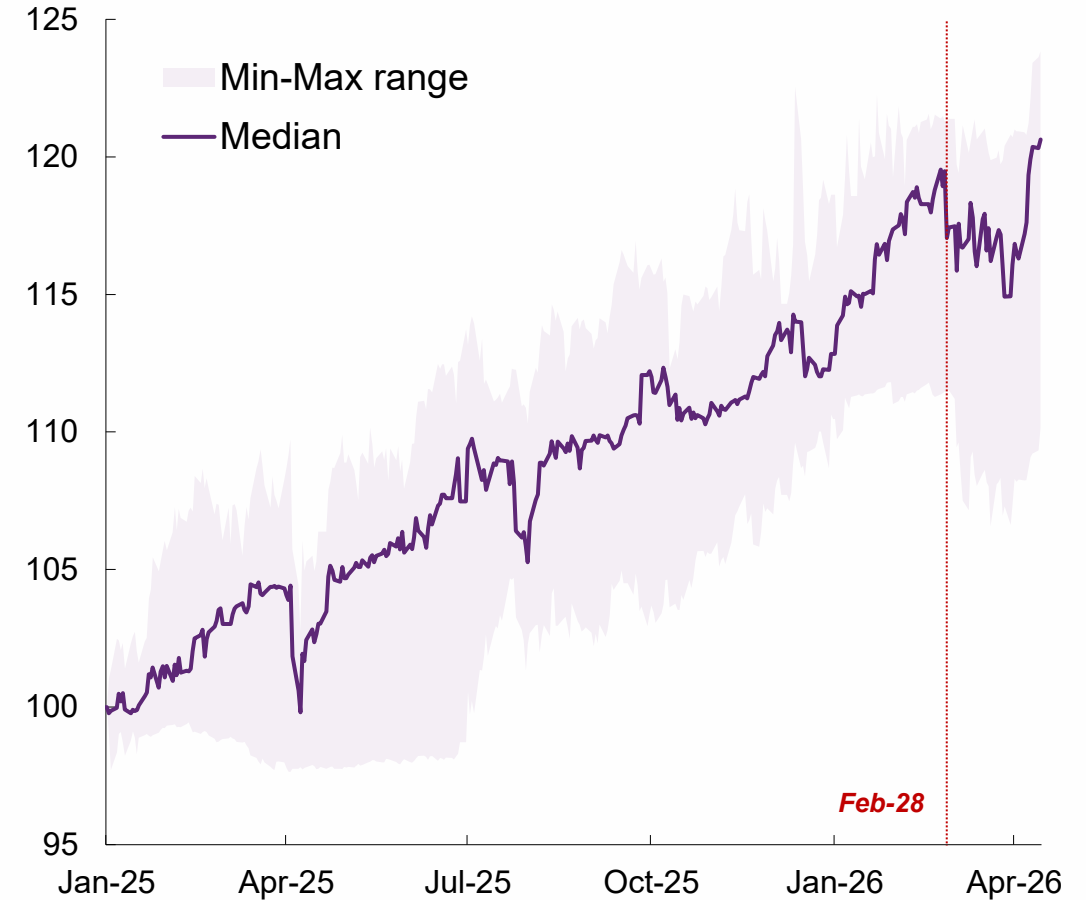
The region now faces a sharp increase in oil prices; exchange rates have depreciated only modestly

Commodity Prices
(Index: January 1, 2025 = 100)



Sources: Bloomberg Finance L.P.; and IMF staff calculations.
Note: Oil is the average petroleum spot price. Copper is from the London Metal Exchange. Iron ore is Shanghai SteelHome E-Commerce. Soybeans is from the Chicago Board of Trade. Coffee refers to the international coffee composite indicator price. Gas is the Henry Hub price.

LA7: Exchange Rates Against the US Dollar
(Index: January 1, 2025 = 100; increase = appreciation)

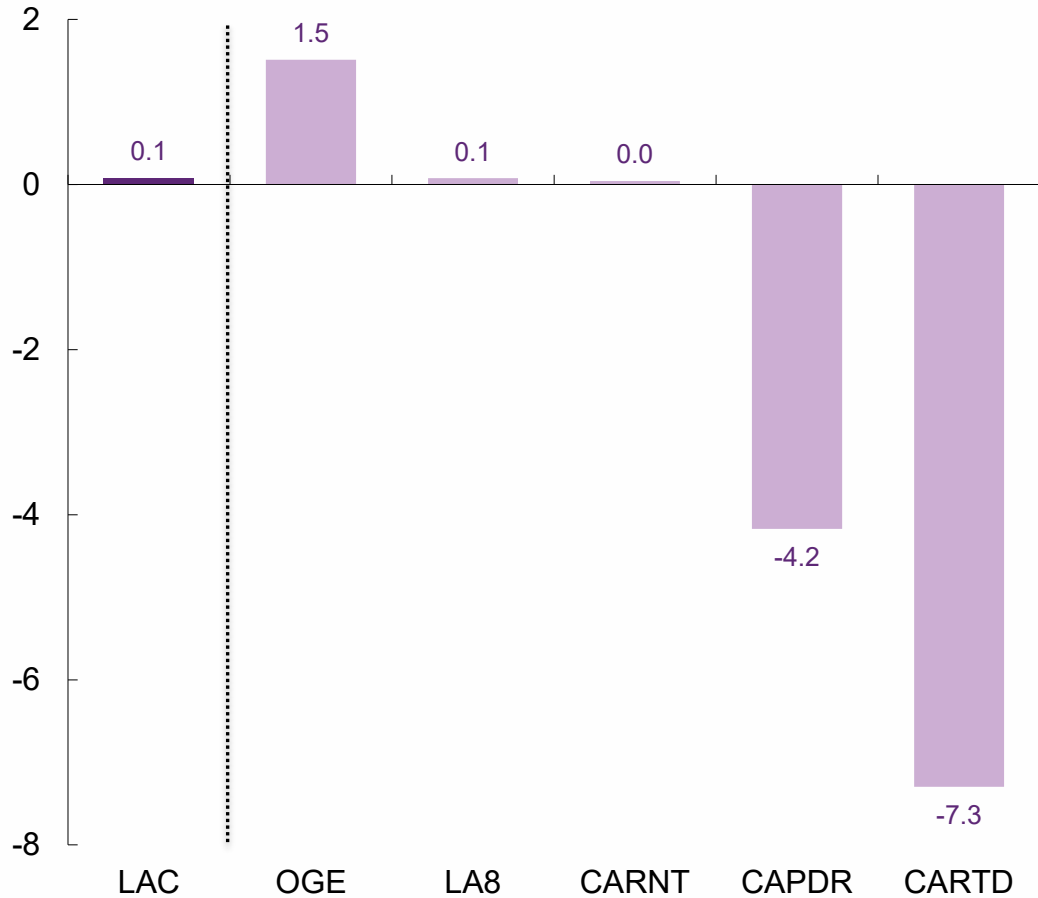


Sources: Bloomberg Finance L.P.; and IMF staff calculations.
Note: LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

IMPACT OF THE MIDDLE EAST WAR

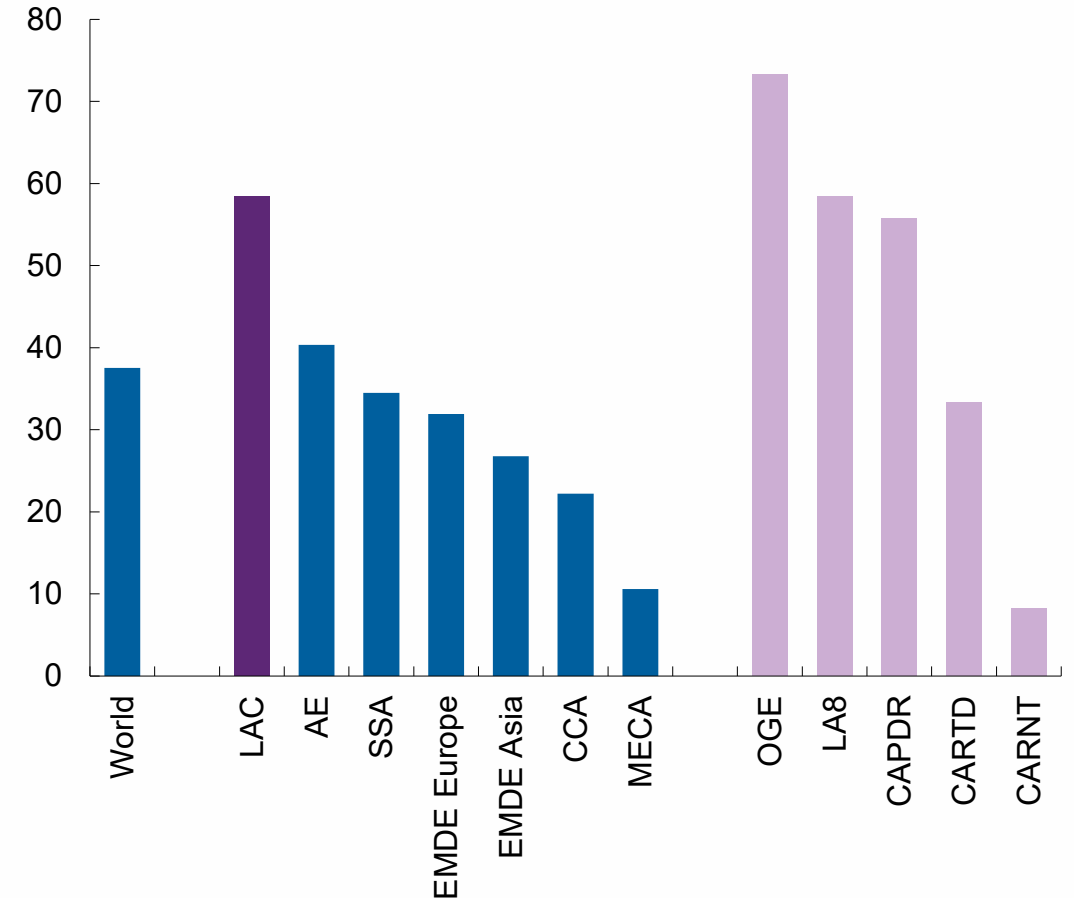
CAPDR and tourism dependent Caribbean most exposed; there is a high use of renewables in the region

LAC: Net Oil Exports, 2023–25
(Percent of GDP)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
 Note: Regional aggregates are nominal US dollar GDP-weighted averages. CAPDR = Central America, Panama, and the Dominican Republic; CARNT = Caribbean: Non-tourism dependent (excl. GUY); CARTD = Caribbean: Tourism dependent; LAC = Latin America and the Caribbean; LA8 = Latin America 8 (ARG, BRA, CHL, COL, MEX, PRY, PER, URY); OGE = oil/gas exporters (ARG, BOL, BRA, COL, ECU, TTO, VEN).

Share of Electricity Generated by Renewables, 2023–25
(Percent of total electricity produced in the region)



Sources: Ember (2026); Energy Institute - Statistical Review of World Energy (2025); Our World in Data; and IMF staff calculations.
 Note: PPP-weighted averages. Renewables include solar, wind, hydropower, bioenergy, geothermal, wave, and tidal sources. Data for 2025 are not available for some regions. AE = advanced economies; CCA = Caucus and Central Asia; EMDE = emerging markets and developing economies; LAC = Latin America and the Caribbean; MECA = Middle East and Central Asia; SSA = Sub-Saharan Africa.

Energy importers face the largest 2026 growth effects but with higher inflation for the whole region

LAC: Difference in Real GDP Growth Projections, Before and After the Middle East War
(Percentage points)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.

Note: "After" refers to the reference forecasts. Purchasing-power-parity GDP-weighted averages. CAPDR = Central America, Panama, and the Dominican Republic; CARNT = Caribbean: Non-tourism dependent (excl. GUY); CARTD = Caribbean: Tourism dependent (excl. JAM); LAC = Latin America and the Caribbean; LA8 = Latin America 8 (ARG, BRA, CHL, COL, MEX, PRY, PER, URY); SA = South America.

LAC: Difference in End-of-period Inflation Projections, Before and After the Middle East War
(Percentage points)

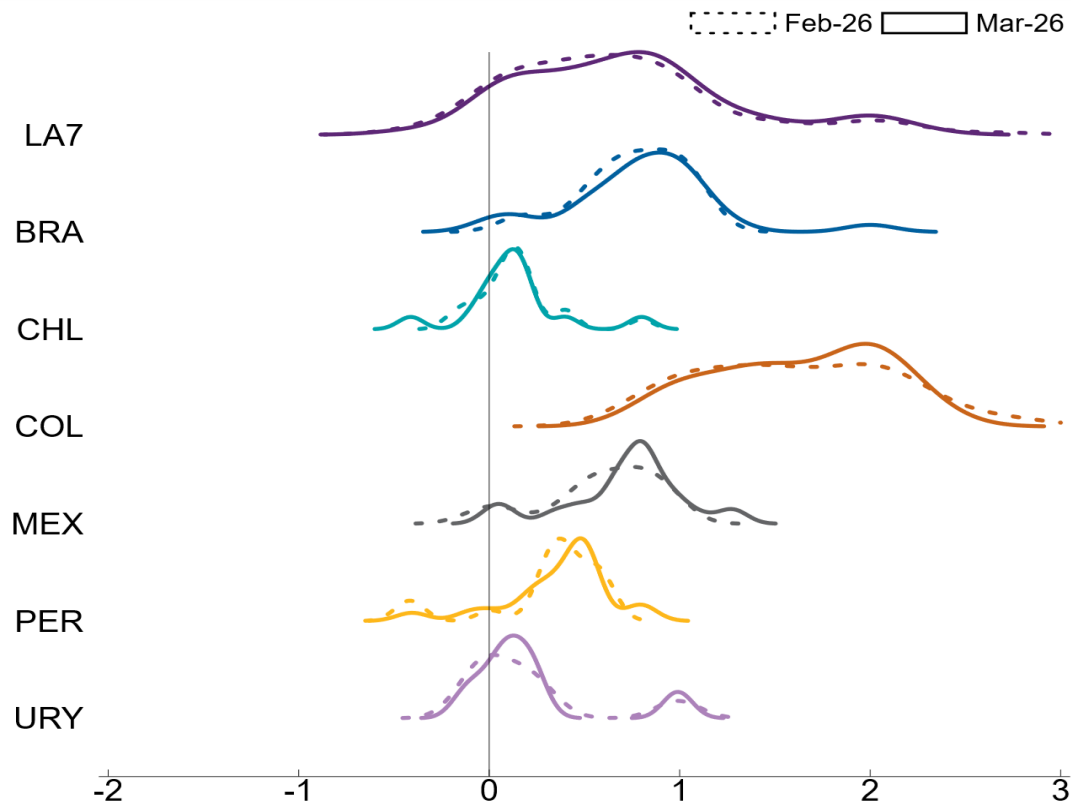


Sources: IMF, World Economic Outlook database; and IMF staff calculations.

Note: "After" refers to the reference forecasts. Purchasing-power-parity GDP geometric averages. VEN is excluded from all inflation aggregates. CAPDR = Central America, Panama, and the Dominican Republic; CARNT = Caribbean: Non-tourism dependent (excl. GUY); CARTD = Caribbean: Tourism dependent (excl. JAM); LAC = Latin America and the Caribbean; LA8 = Latin America 8 (ARG, BRA, CHL, COL, MEX, PRY, PER, URY); SA = South America.

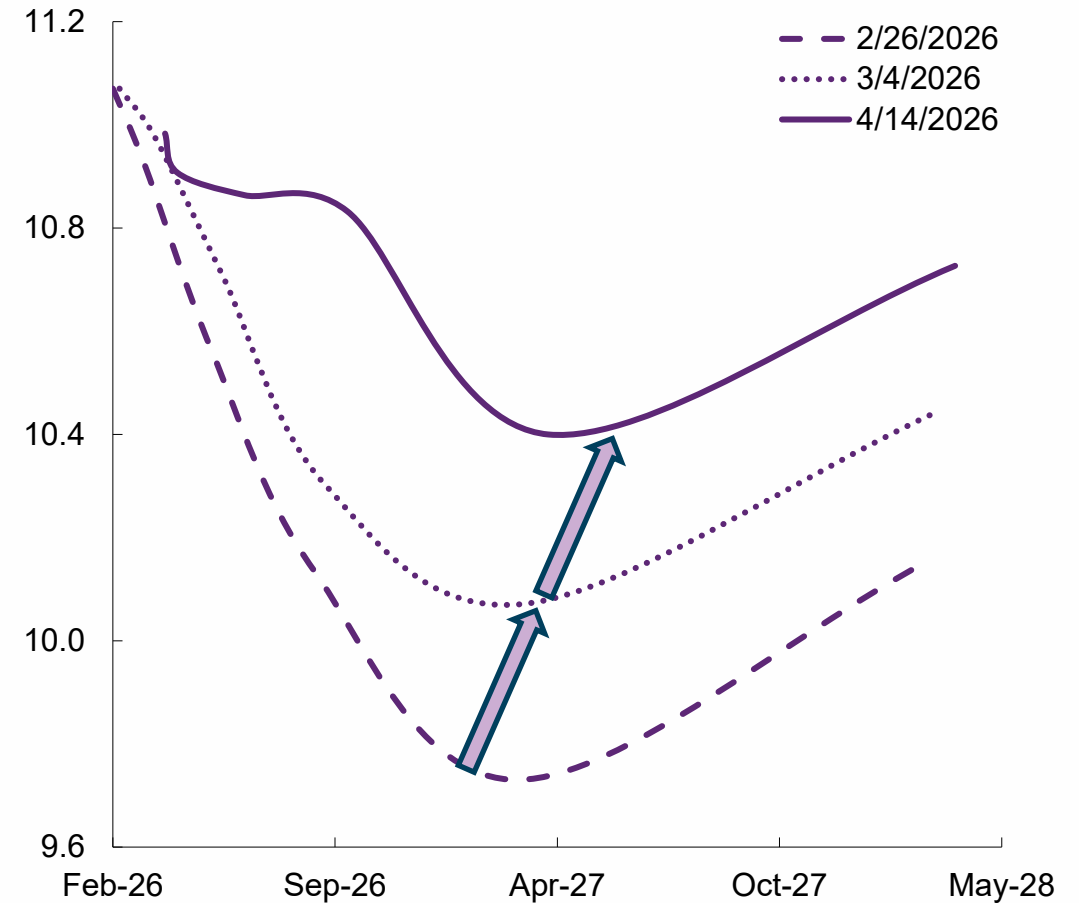
Inflation expectations have moved modestly so far but monetary policy is expected to be tighter

LA7: Distribution of One-Year Ahead Inflation Expectations by Forecasters
(Percentage points; deviation from target)



Sources: Bloomberg Finance L.P.; Consensus Economics; Haver Analytics; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Density plots of one-year year-ahead (December-over-December) inflation forecast deviation from inflation targets by Consensus Forecasts vintage. The one-year-ahead horizon corresponds to end-2027 inflation. Excludes Paraguay due to data availability. LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

LA4: Market-Implied Policy Rates
(Percent)

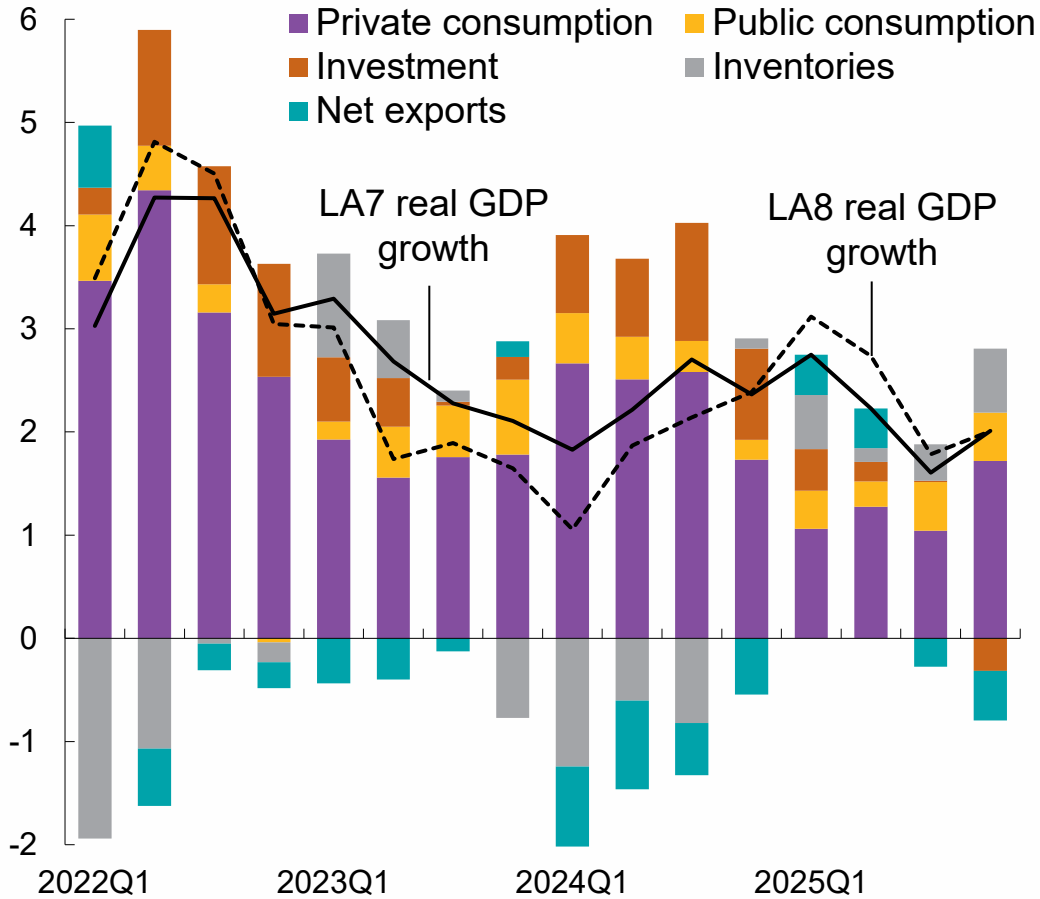


Sources: Bloomberg Finance L.P.; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Purchasing-power-parity GDP-weighted average. LA4 = Brazil, Chile, Colombia, Mexico.

Activity

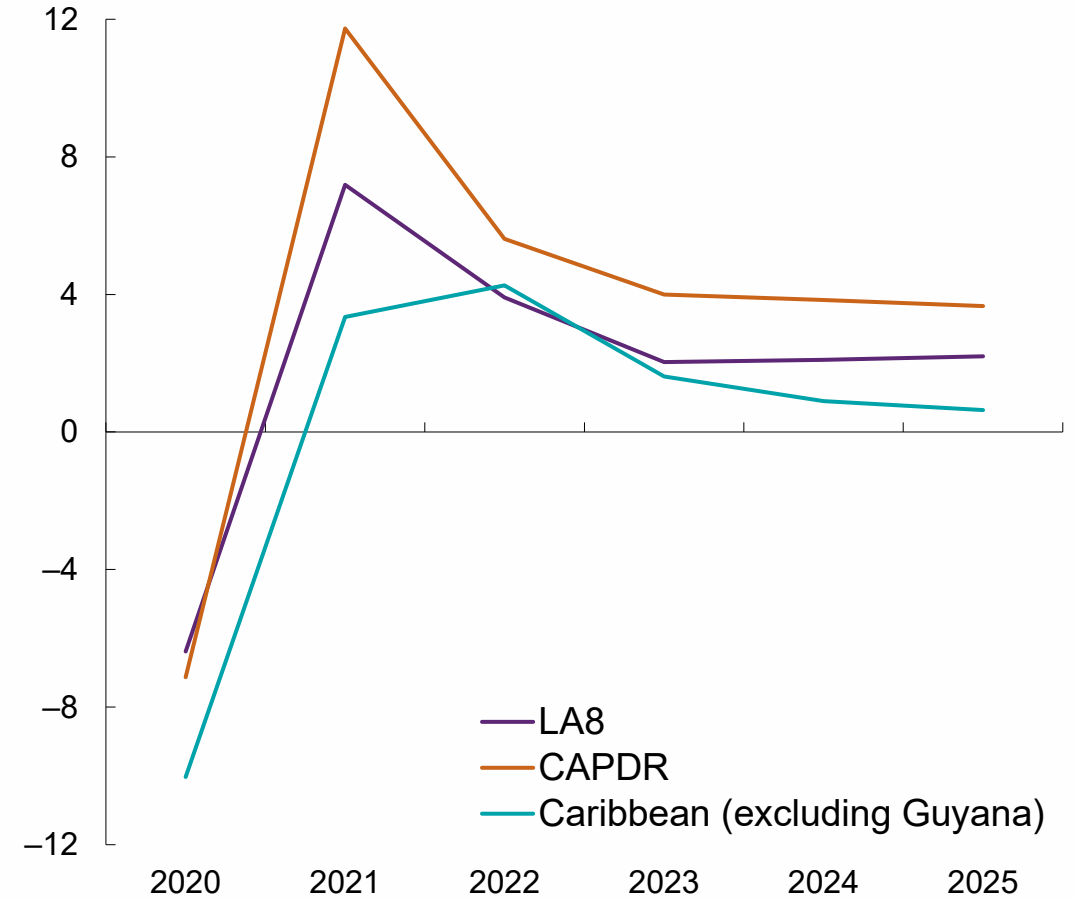
Regional growth has remained broadly in line with potential

LA7: Contributions to Real GDP Growth
(Year-over-year percent change)



Sources: Haver Analytics; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Seasonally adjusted. Purchasing-power-parity GDP-weighted average. Inventories include statistical discrepancies. LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay; LA8 = LA7 plus Argentina.

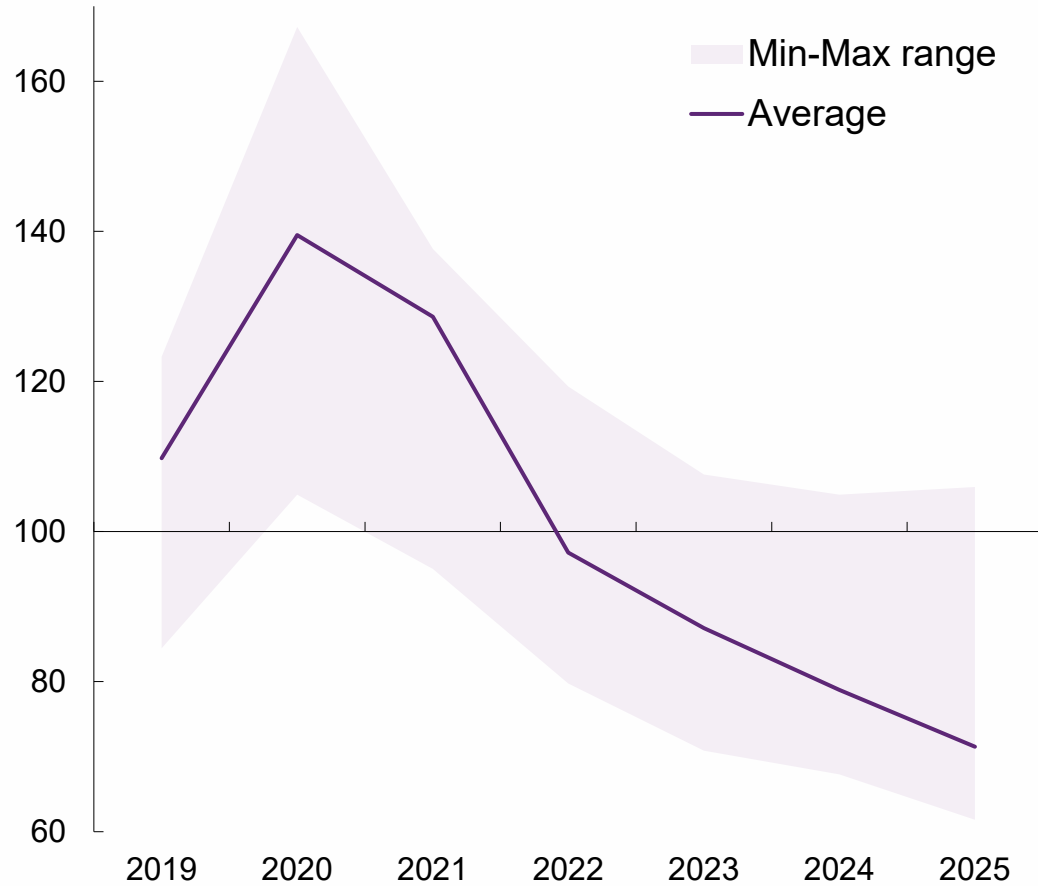
Real GDP Growth by Subregion
(Year-over-year percent change)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted average. CAPDR = Central America, Panama, and the Dominican Republic; LA8 = Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

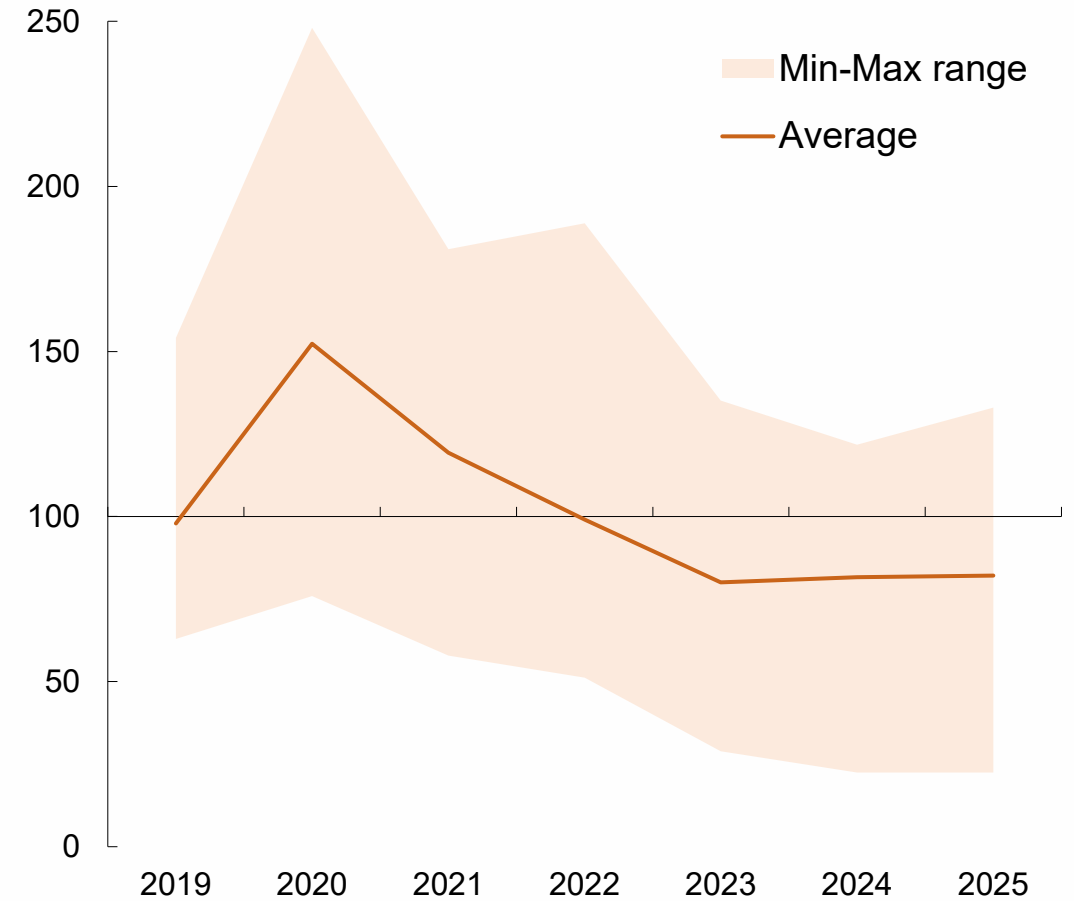
With labor markets close to full employment

LA7: Unemployment Rate
(Index: 2000–19 = 100)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregate is purchasing-power-parity GDP-weighted average. LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.







CAPDR and CARIB: Unemployment Rate
(Index: 2000–19 = 100)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregate is purchasing-power-parity GDP-weighted average. Not all countries are included due to data limitations. CAPDR = Central America, Panama, and the Dominican Republic; CARIB = Caribbean.

The growth outlook reflects both the impact of the war and other developments

Latin America and the Caribbean: Real GDP Growth (Year-over-year percent change)

	 Latin America and the Caribbean	 Latin America 8 (LA8)	 Latin America 7 (LA7)	 CAPDR	 Caribbean: Tourism dependent	 Caribbean: Non-tourism dependent
2025	2.4	2.2	1.9	3.7	1.8	8.3
Difference from October 2025	0.0	-0.1	-0.1	0.3	-0.5	4.1
2026	2.3	2.2	2.0	3.7	0.9	7.9
Difference from October 2025	0.0	0.0	0.1	-0.1	-1.1	-3.3
2027	2.7	2.4	2.2	4.0	2.5	11.3
Difference from October 2025	0.1	-0.1	0.0	0.0	0.6	-0.5

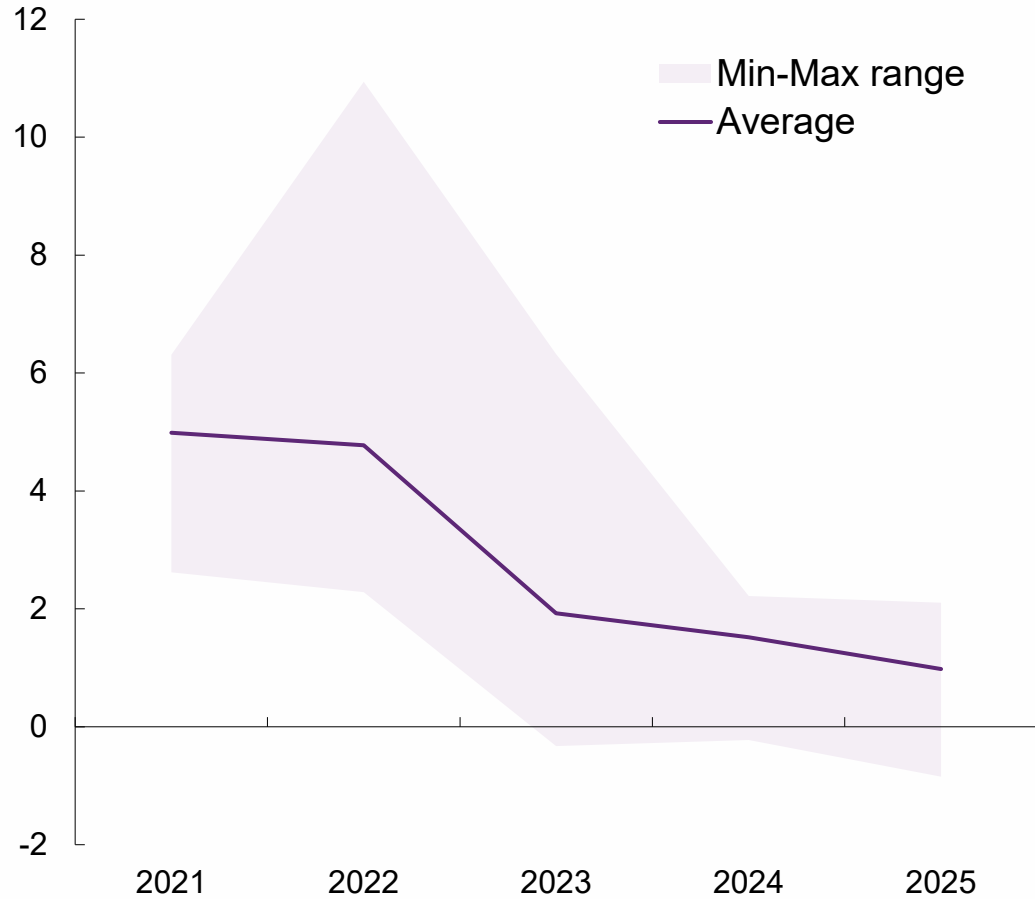
Sources: IMF, World Economic Outlook database; and IMF staff calculations.

Note: Numbers show the reference forecasts. Aggregates are PPP GDP-weighted averages. Difference based on rounded figures for the April 2026 and October 2025 WEO vintages. LA8 includes Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, and Uruguay. LA7 is LA8 excluding Argentina. CAPDR includes Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Caribbean: Tourism dependent encompasses the rest of the Caribbean countries not included in the Caribbean: Non-tourism dependent group, which includes Commodity Exporters (Guyana, Suriname, Trinidad and Tobago) and Haiti.

Inflation

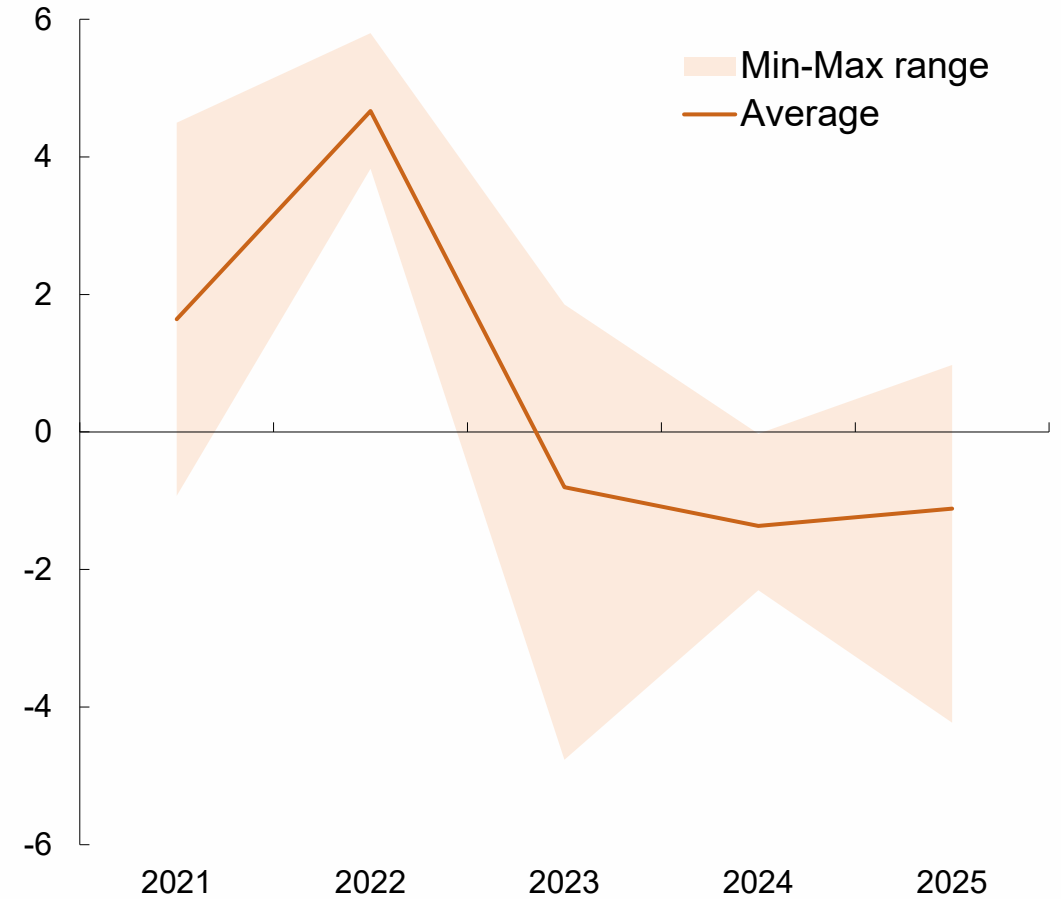
Prior to the war, inflation had been converging to target

LA7: Inflation Gap
(Percentage points)



Sources: Haver Analytics; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Inflation gap is the deviation of end-of-period inflation from the inflation target. Aggregate is purchasing-power-parity GDP-weighted average. LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.







CAPDR and CARIB: Inflation Gap
(Percentage points)



Sources: Haver Analytics; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Inflation gap is the deviation of end-of-period inflation from the inflation target. Aggregate is purchasing-power-parity GDP-weighted average. Includes Costa Rica, Dominican Republic, Guatemala, Honduras, and Jamaica. CARIB = Caribbean; CAPDR = Central America, Panama, and the Dominican Republic.

But most of the region now faces an upswing in near-term inflation due to the war

Latin America and the Caribbean: End-of-period Inflation (Year-over-year percent change)

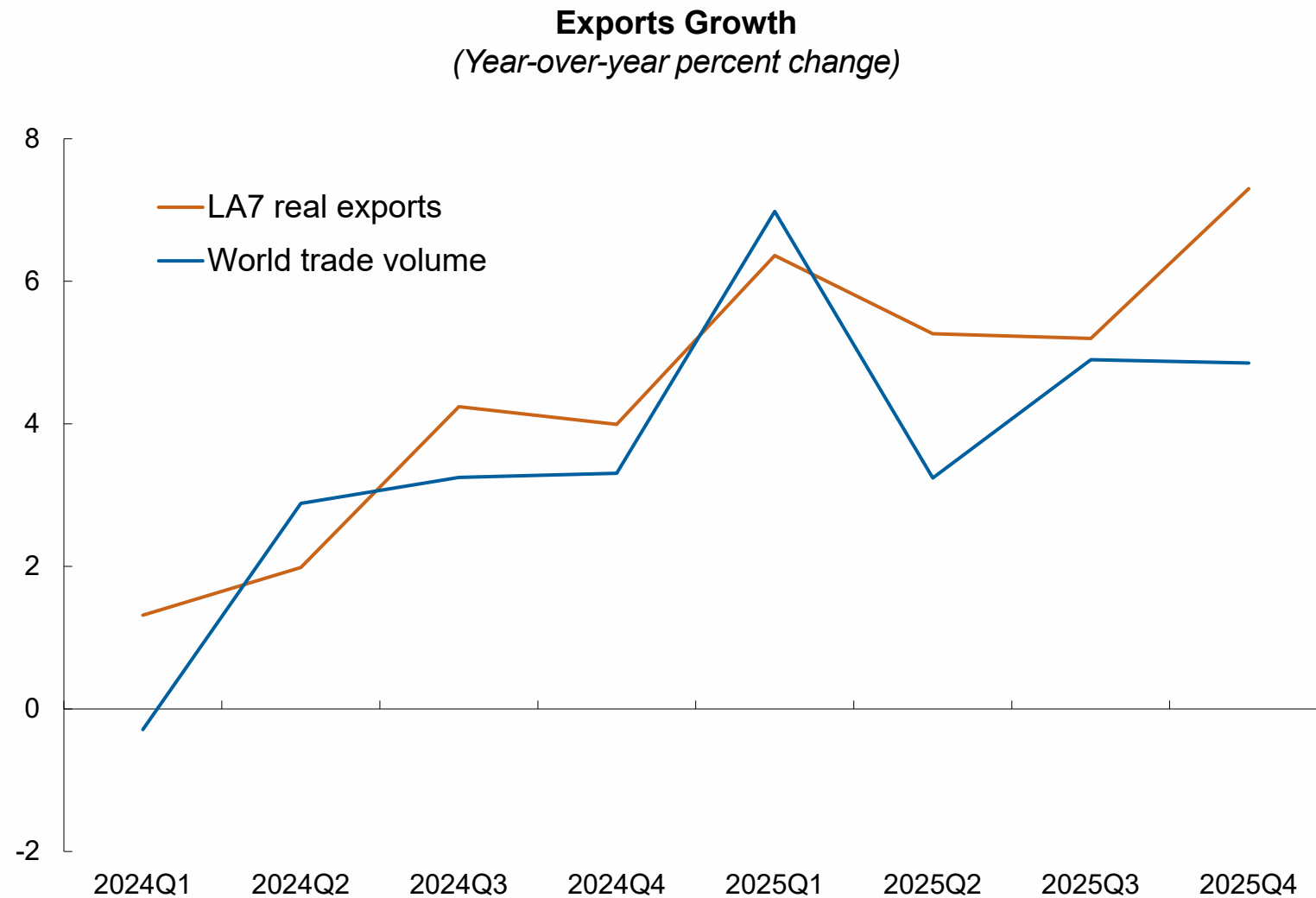
	 Latin America and the Caribbean	 Latin America 8 (LA8)	 Latin America 7 (LA7)	 CAPDR	 Caribbean: Tourism dependent	 Caribbean: Non-tourism dependent
2025	6.5	6.9	3.9	2.1	2.4	7.9
Difference from October 2025	0.0	0.1	-0.3	-0.1	-0.4	-1.1
2026	6.6	6.8	4.2	3.3	3.0	8.4
Difference from October 2025	2.4	2.7	0.9	0.0	0.0	0.8
2027	4.2	4.2	3.1	3.2	3.1	6.2
Difference from October 2025	0.6	0.7	0.1	-0.1	-0.2	-0.4

Sources: IMF, World Economic Outlook database; and IMF staff calculations.

Note: Numbers show the reference forecasts. Aggregates are PPP GDP-weighted geometric averages. *All inflation aggregates exclude Venezuela.* Difference based on rounded figures for the April 2026 and October 2025 WEO vintages. LA8 includes Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, and Uruguay. LA7 is LA8 excluding Argentina. CAPDR includes Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Caribbean: Tourism dependent encompasses the rest of the Caribbean countries not included in the Caribbean: Non-tourism dependent group, which includes Commodity Exporters (Guyana, Suriname, Trinidad and Tobago) and Haiti.

Trade

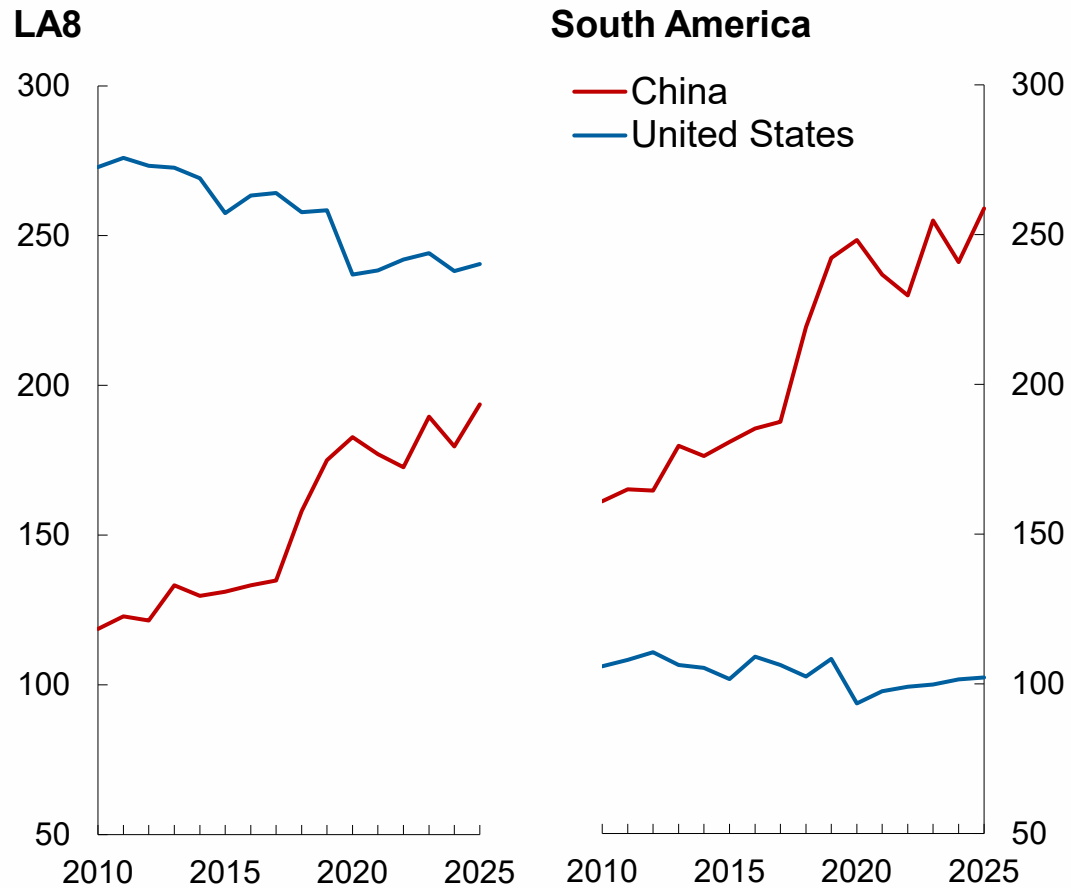
So far, the region seems to be benefiting from the ongoing reshaping of global trade



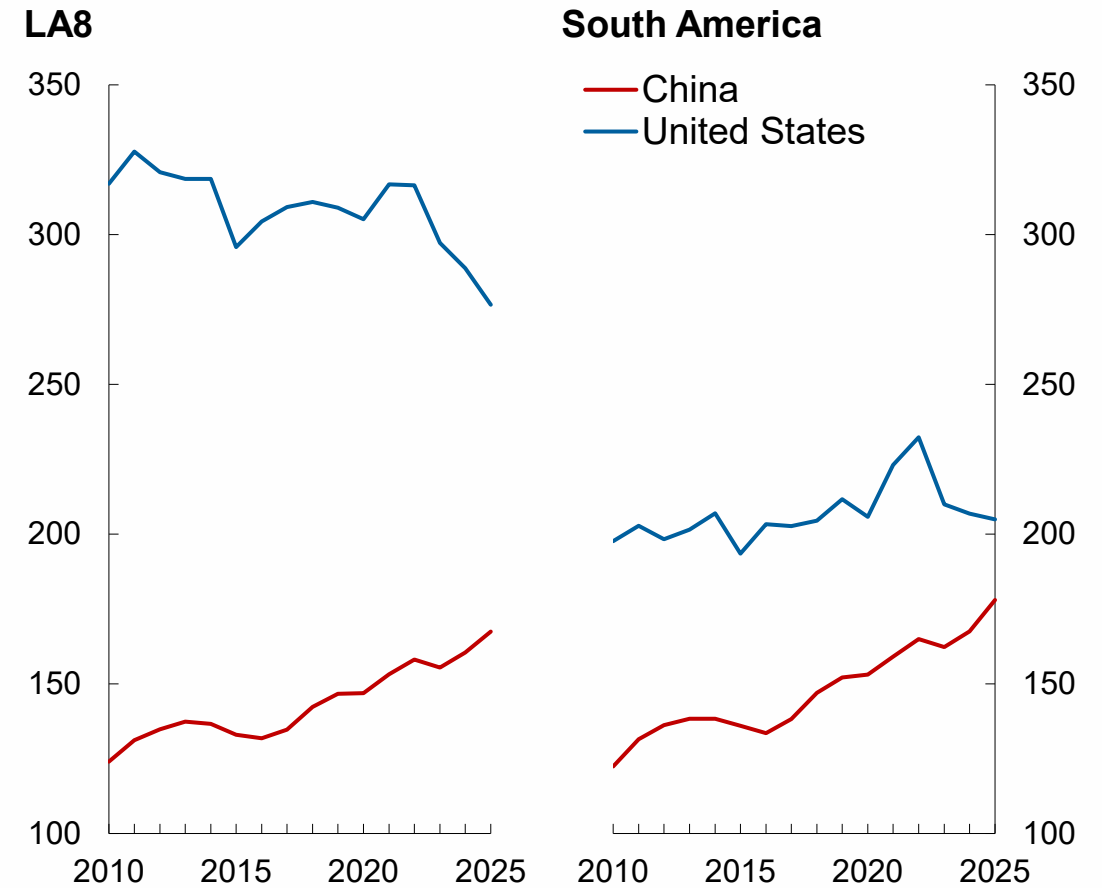
Sources: CPB Netherlands Bureau for Economic Policy Analysis; Haver Analytics; national authorities; and IMF staff calculations.
Note: Real exports growth is PPP GDP-weighted average. LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

With Asia continuing to increase in importance as trading partner

Export Intensity Index by Trading Partners (Points)



Import Intensity Index by Trading Partners (Points)

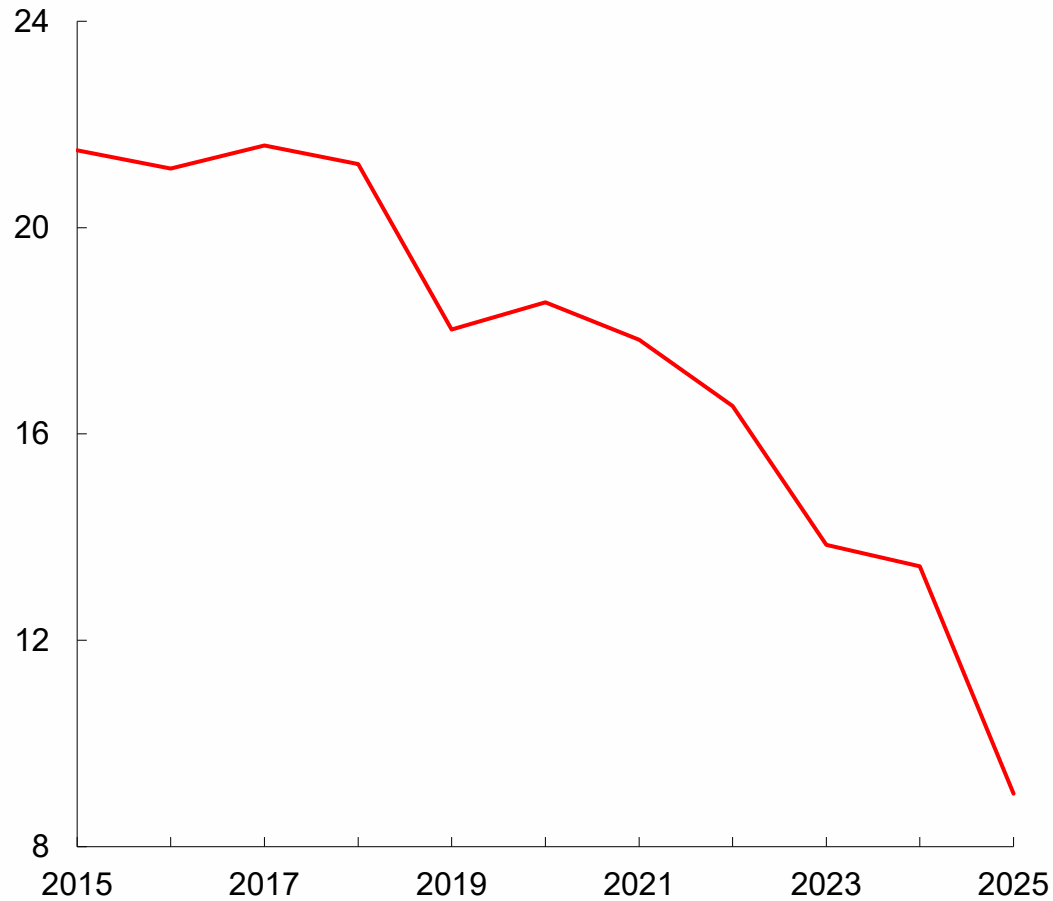


Sources: IMF, International Merchandise Trade Statistics (IMTS); and IMF staff calculations.
 Note: The export intensity index indicates whether a country exports more to a partner than the world does on average (both measured as percentage of respective total exports). For instance, a value of 200 for China indicates that LA8 countries export twice as much to China, as a percentage of their exports, compared to the rest of the world. Purchasing-power-parity GDP-weighted average. LA8 = Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

Sources: IMF, International Merchandise Trade Statistics (IMTS); and IMF staff calculations.
 Note: The import intensity index indicates whether a country imports more from a partner than the world does on average (both measured as percentage of respective total imports). For instance, a value of 200 for China would indicate that LA8 countries import twice as much from China, as a percentage of their imports, compared to the rest of the world. Purchasing-power-parity GDP-weighted average. LA8 = Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

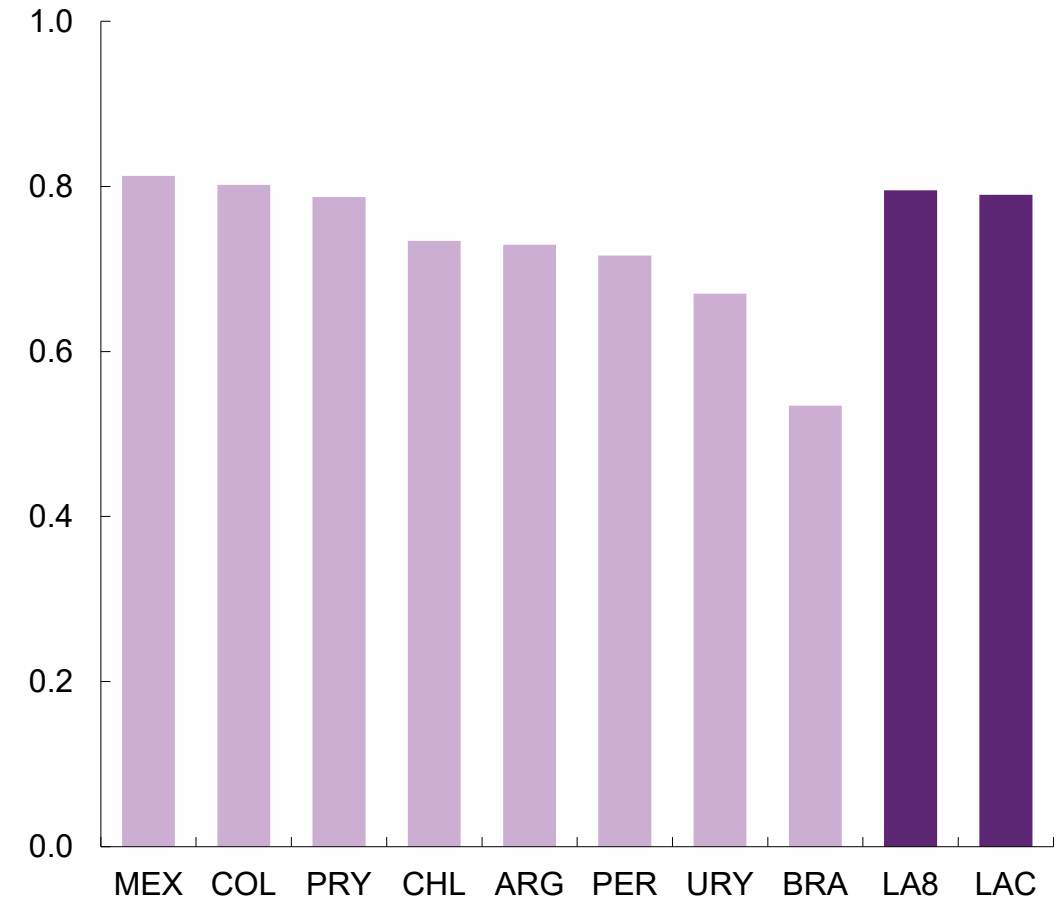
LAC imports similar products from China as the U.S., creating the potential for increased import competition

China's Share of US Goods Imports
(Percent of total goods imports)



Sources: IMF, International Merchandise Trade Statistics; and IMF staff calculations.

Import Similarity with the US for Chinese Products
(Correlations with US industry import shares from China)



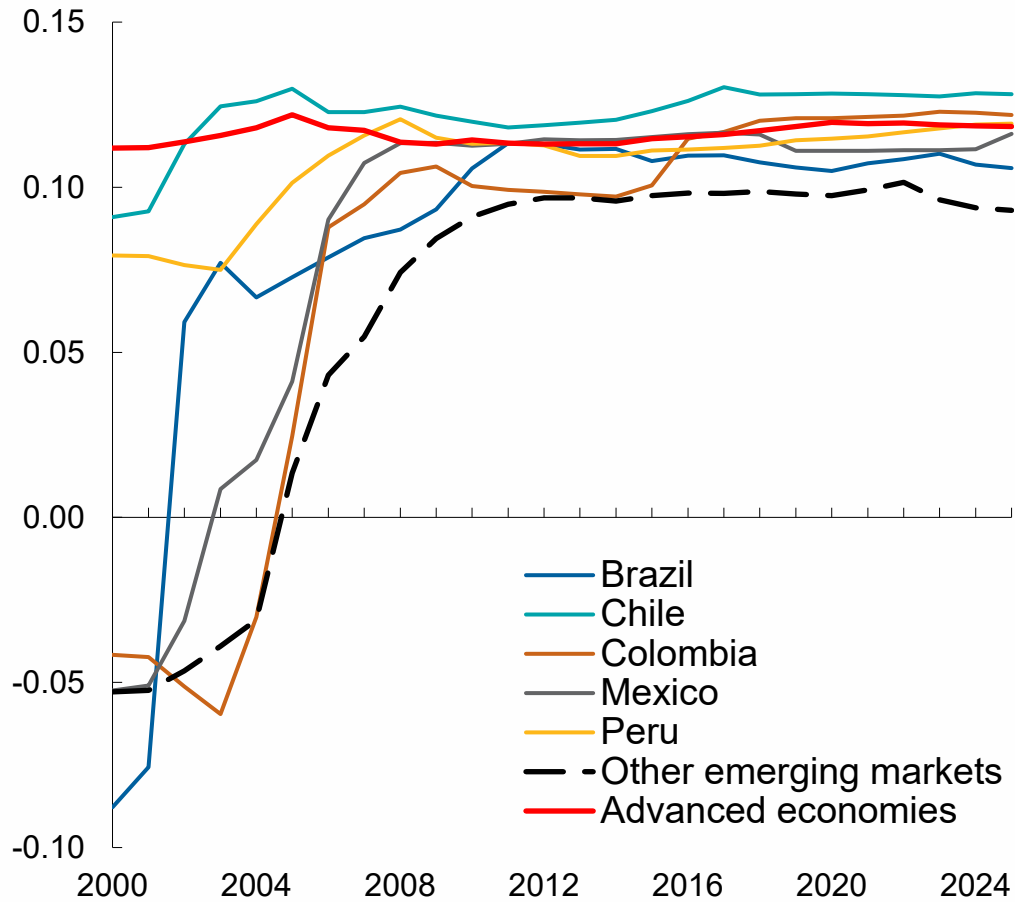
Sources: World Bank, World Integrated Trade Solution; and IMF staff calculations.

Note: LAC = Latin America and the Caribbean; LA8 = Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

Policy

Better anchored inflation expectations will help, reducing exchange rate pass-through...

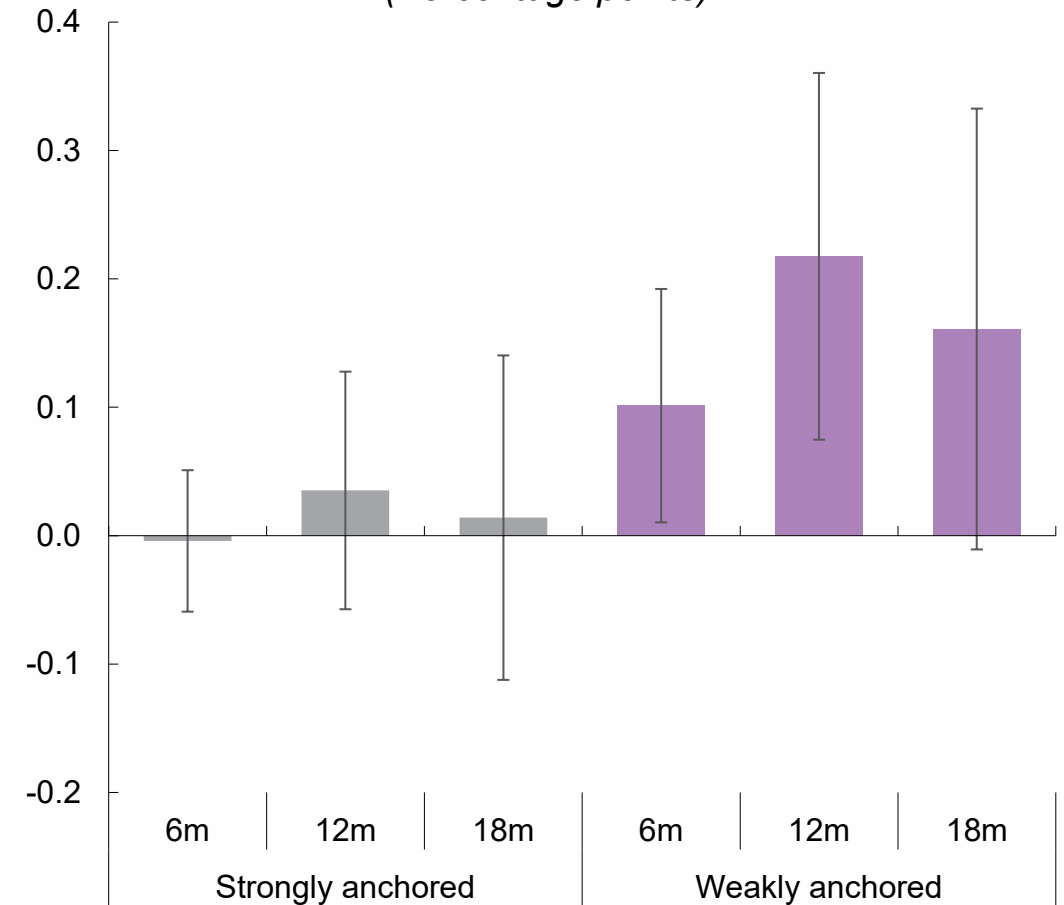
Index of Inflation Expectations Anchoring
(Index)



Sources: Barrett and others (forthcoming); Bems and others (2021); IMF, October 2025 *Regional Economic Outlook: Western Hemisphere*; and IMF staff calculations.

Note: These metrics are derived from survey-based long-term inflation forecasts (three-year-ahead horizon). The index is composed of deviations from target, variability over time, and dispersion across forecasters.

LAC: Exchange Rate Pass-through Coefficients
by Anchoring Level
(Percentage points)

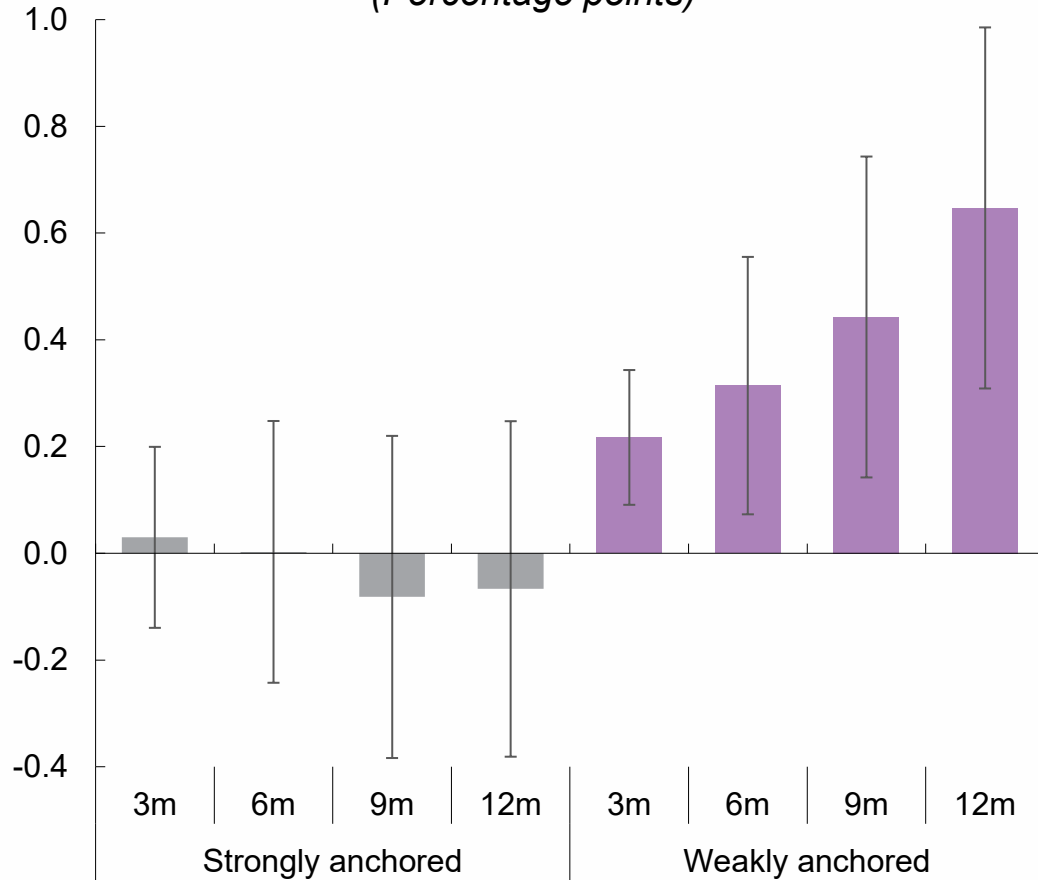


Sources: Barrett and others (forthcoming); Bems and others (2021); IMF, October 2025 *Regional Economic Outlook: Western Hemisphere*; and IMF staff calculations.

Note: Cumulative response of headline consumer prices (in percentage points) to a one-percent innovation in the nominal effective exchange rate. Each country-year is classified as strongly (weakly) anchored when it is in the top (bottom) 25 percent of the observations of the anchoring index within the country. Error bars denote 90 percent confidence intervals.

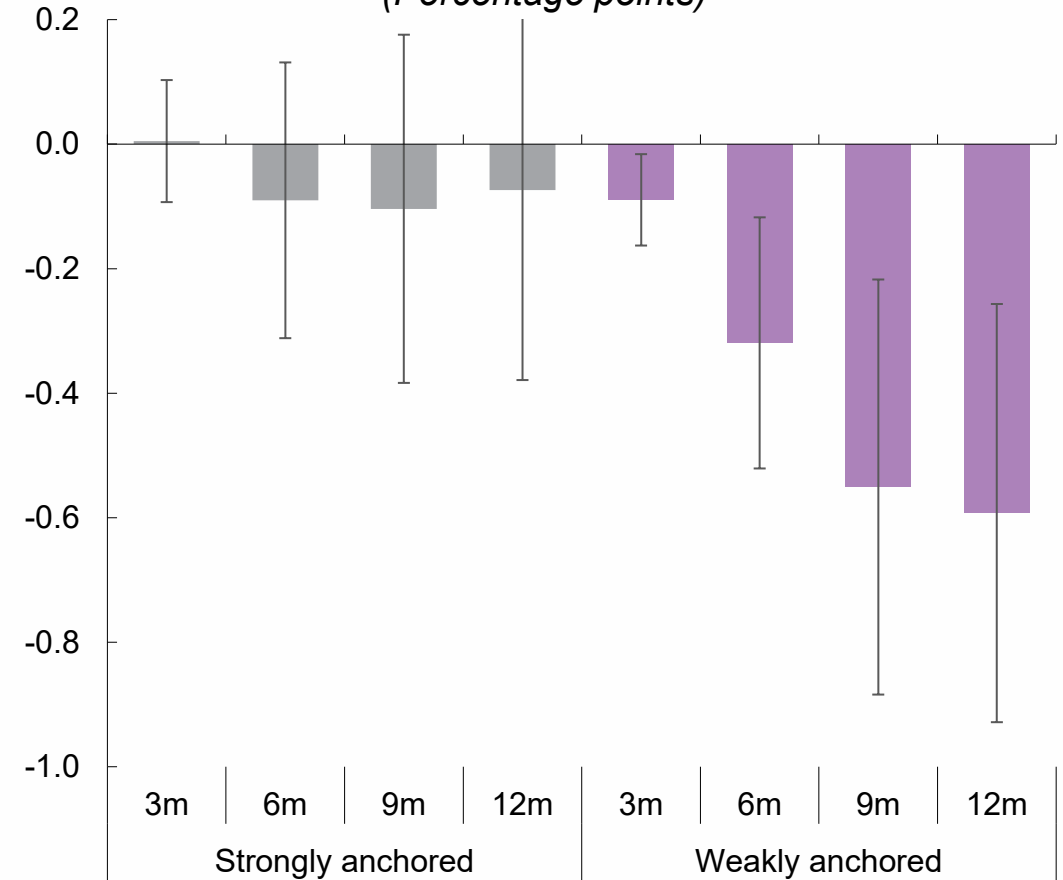
.... and making both inflation and growth more robust to terms of trade shocks

Inflation Response to Terms-of-Trade Shock by Anchoring Level
(Percentage points)



Sources: Barrett and others (forthcoming); Bems and others (2021); and IMF staff calculations.
 Note: Cumulative response of headline consumer prices (in percentage points) to month-on-month percentage change in the commodity terms-of-trade index (Gruss & Kebhaj, 2019). Each country-year is classified as strongly (weakly) anchored when it is in the top (bottom) 25 percent of the observations of the anchoring index. Error bars denote 90 percent confidence intervals.

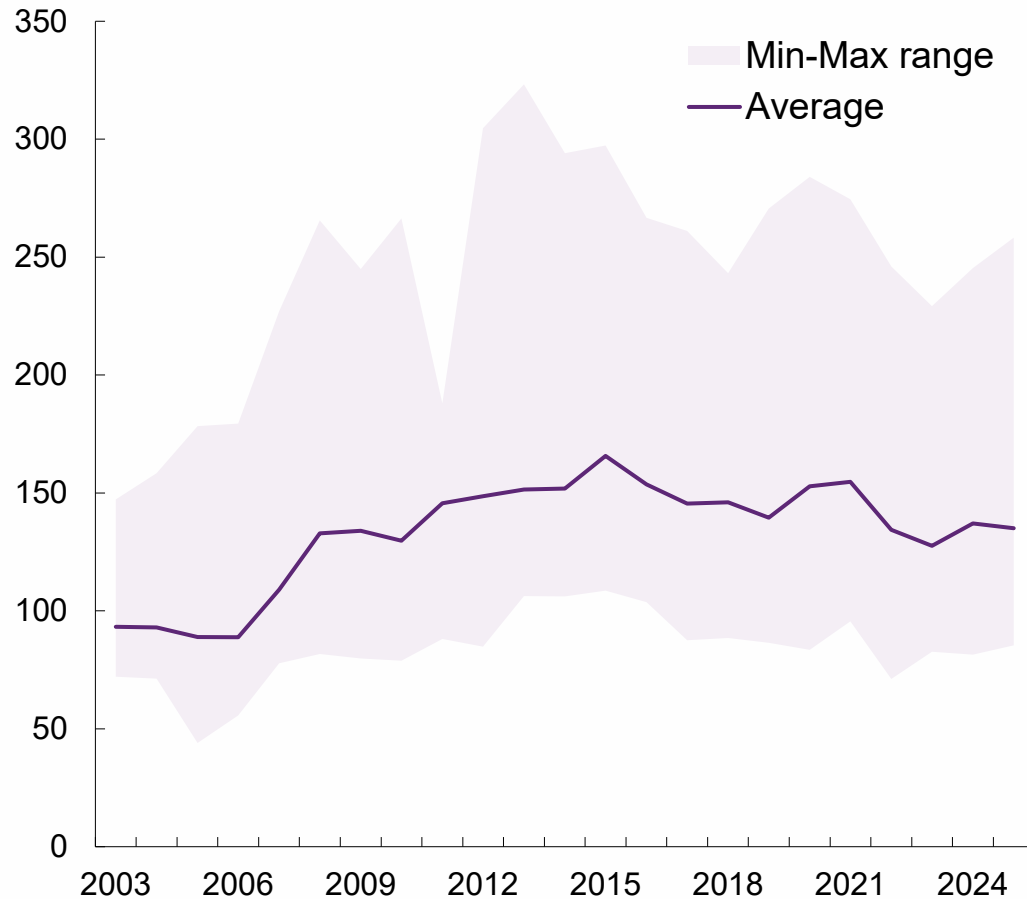
Consumption Response to Terms-of-Trade Shock by Anchoring Level
(Percentage points)



Sources: Barrett and others (forthcoming); Bems and others (2021); and IMF staff calculations.
 Note: Cumulative response of consumption (in percentage points) to month-on-month percentage change in the commodity terms-of-trade index (Gruss and Kebhaj 2019). Each country-year is classified as strongly (weakly) anchored when it is in the top (bottom) 25 percent of the observations of the anchoring index. Error bars denote 90 percent confidence intervals.

LAC has reserves buffers to mitigate disorderly market conditions but, for most, fiscal space is limited

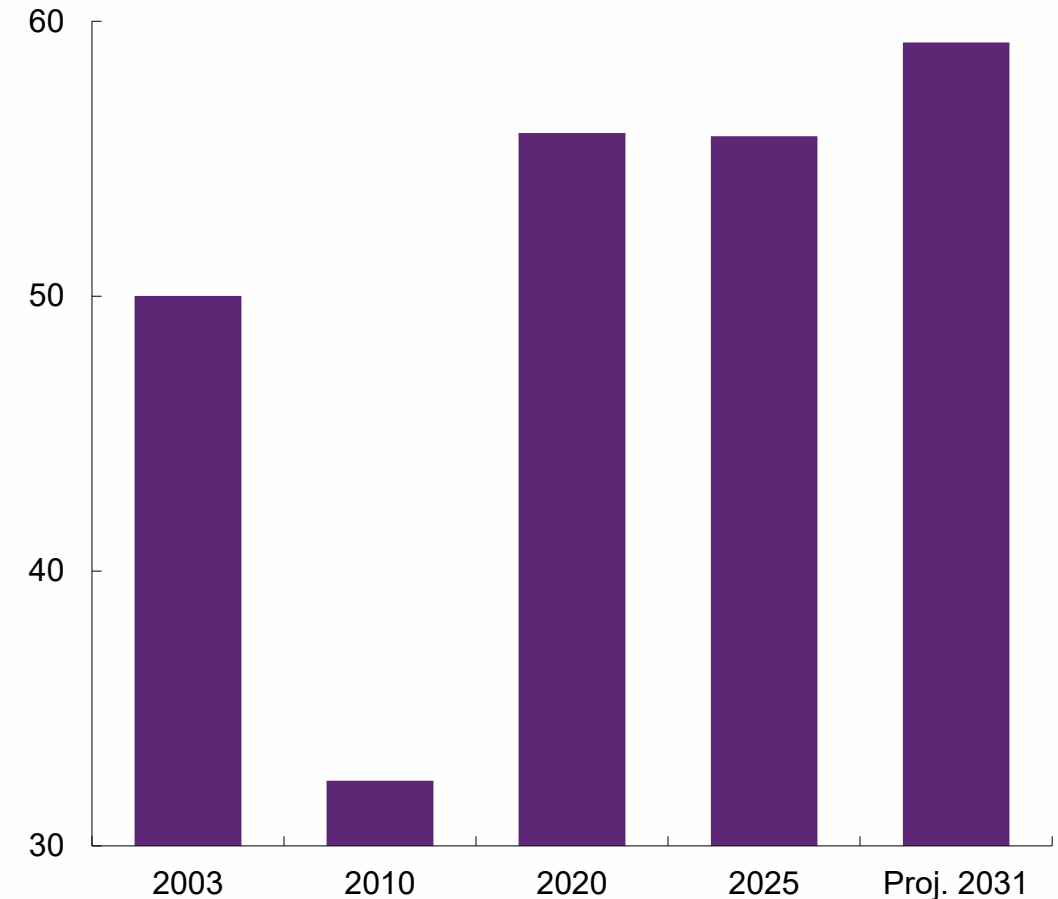
LA7: Reserves
(Percent of ARA metric)



Sources: Assessing Reserve Adequacy (October 2025); IMF, World Economic Outlook database; and IMF staff calculations.

Note: Reserves within 100–150 of the ARA metric are considered adequate. Aggregate is purchasing-power-parity GDP-weighted average. ARA = assessing reserves adequacy; LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

LA7: General Government Gross Debt
(Percent of GDP)

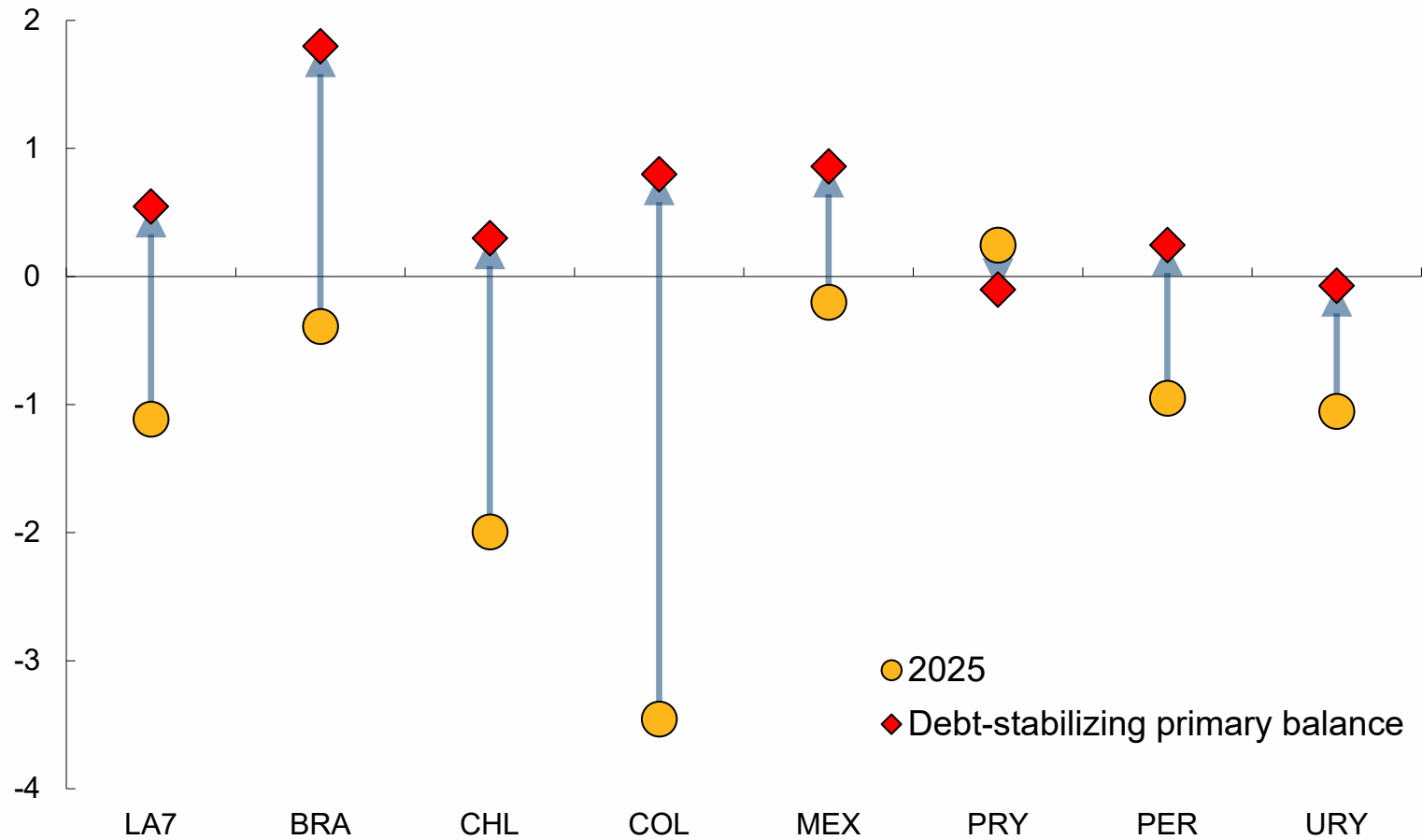


Sources: IMF, World Economic Outlook database; and IMF staff calculations.

Note: LA7 is simple average. LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

There is still a pressing need for fiscal consolidation

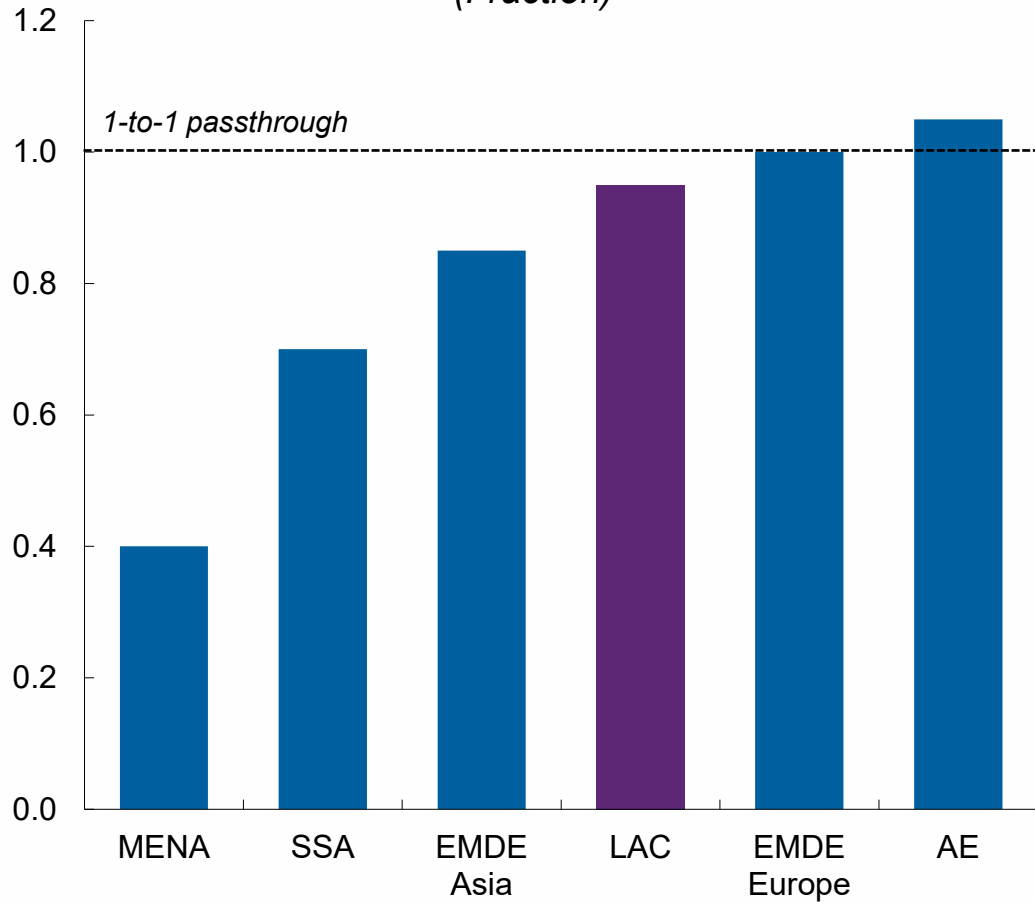
LA7: General Government Primary Balance
(Percent of GDP)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: LA7 is simple average. LA7 = Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay.

Higher global energy prices should pass through, but safety net coverage could be improved

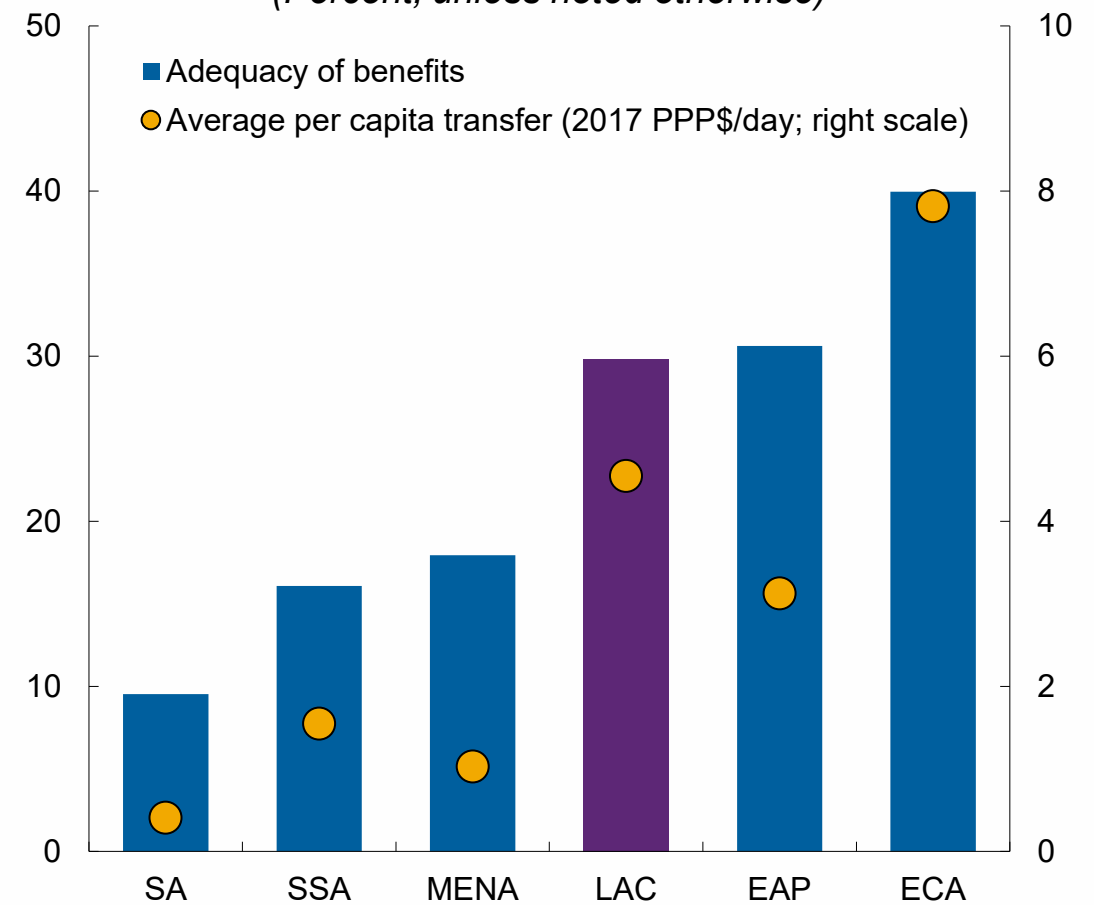
12-Month Ahead Passthrough from Global to Domestic Gasoline Prices
(Fraction)



Source: Nguyen and Thévenot (forthcoming).

Note: Passthrough refers to the responses of domestic retail product prices to changes in the corresponding international market prices. AE = advanced economies; EMDE = emerging markets and developing economies; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SSA = Sub-Saharan Africa.

Adequacy of All Social Protection and Labor Benefits in Total Population
(Percent; unless noted otherwise)



Source: World Bank, ASPIRE database.

Note: Adequacy is defined as the total transfer amount received by beneficiary households from social protection and labor programs as a share of their total income or consumption. Average per capita transfer is among program beneficiaries. Weighted average of country's most recent value between 2010 and 2020. EAP = East Asia & Pacific; ECA = Europe & Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SA = South Asia; SSA = Sub-Saharan Africa.



Thank You