Presentation Outline

I. Recent Developments

II. Outlook and Risks
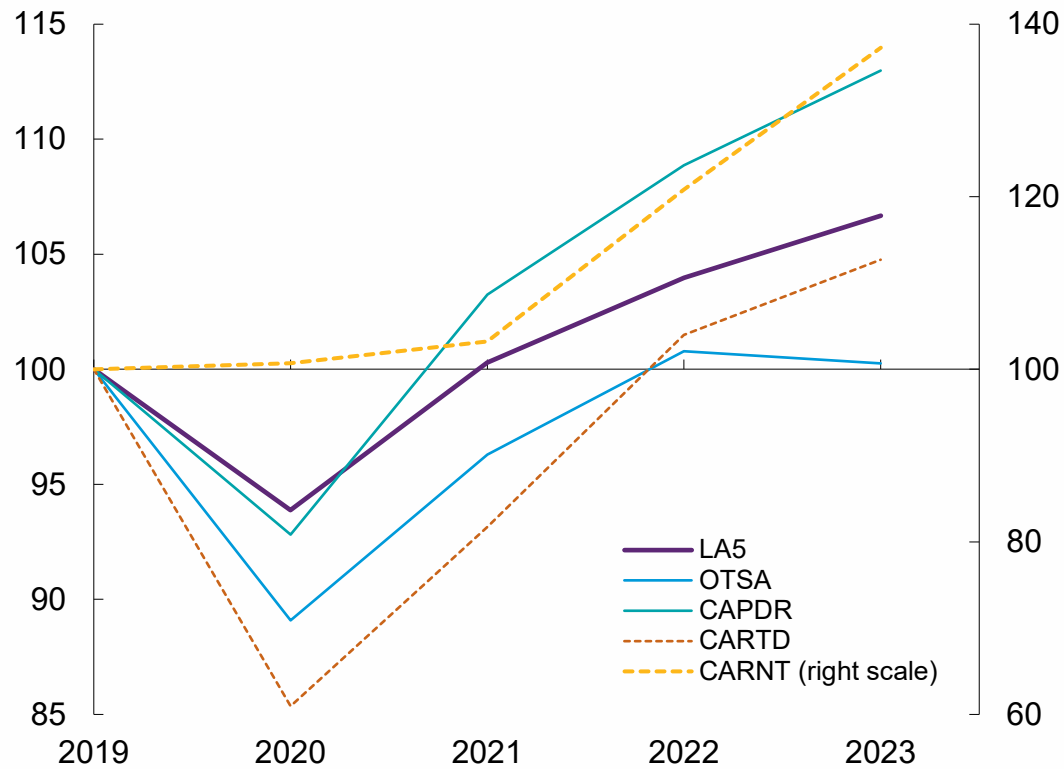
III. Policy Priorities

Recent Developments

After a strong rebound, output growth is decelerating...
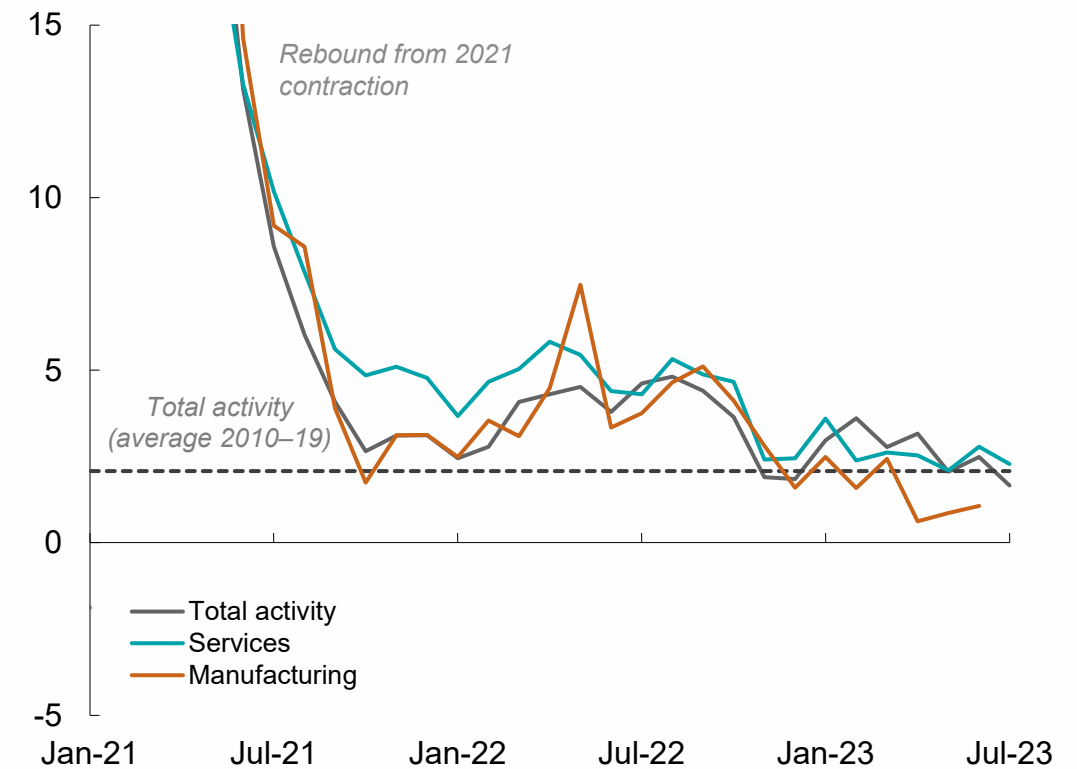
LAC's growth is decelerating after a strong recovery from the pandemic…   *… driven mainly by a weakening in manufacturing*

LAC: Real GDP
(Index 2019 = 100)

Legend:
- LA5
- OTSA
- CAPDR
- CARTD
- CARNT (right scale)

LA5: Economic Activity Indicator
(Index)

Rebound from 2021 contraction

Total activity (average 2010–19)

Legend:
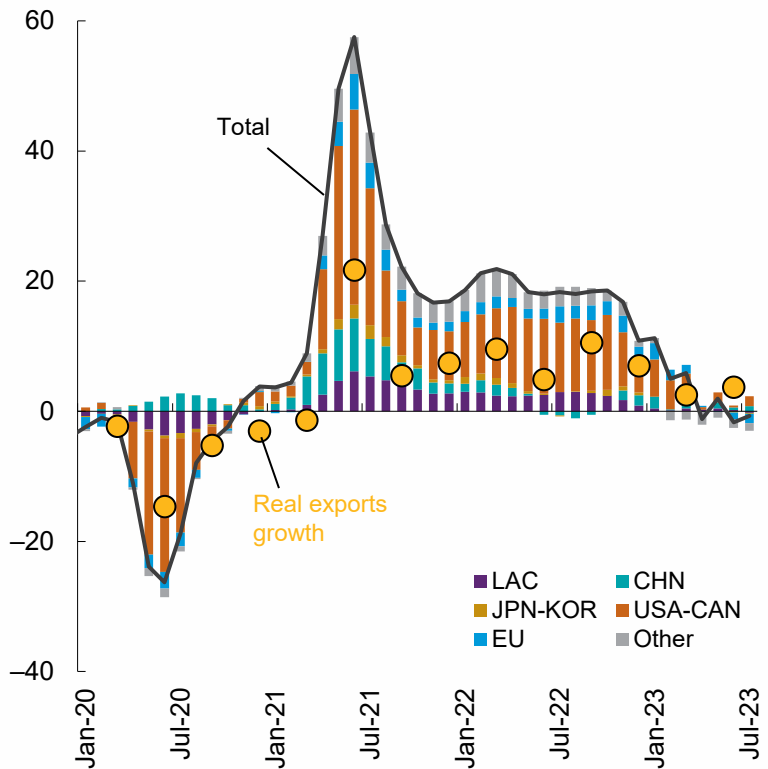- Total activity
- Services
- Manufacturing

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted averages. CAPDR = Central America, Panama, and the Dominican Republic; CARNT = Caribbean: non-tourism dependent; CARTD = Caribbean: tourism dependent; LA5 = Brazil, Chile, Colombia, Mexico, Peru; Other SA = other South America.

Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted averages.

... partly reflecting weakening external conditions

The region's exports have lost momentum in 2023, …   *… partly due to weakening commodity prices…*   *… while financial conditions have remained tight*

Contributions to Merchandise Nominal Exports Growth
(3-month moving sum; year-over-year percent change)

Total

Real exports growth

- LAC
- JPN-KOR
- EU
- CHN
- USA-CAN
- Other

Prices of LAC Key Commodity Exports
(3-month moving average; year-over-year percent change)

- Oil
- Copper
- Soybeans

LA5: Ten-year Sovereign Bond Yields
(Percent)

- Foreign currency-denominated
- Local currency-denominated (right scale)

Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Real exports growth is purchasing-power-parity GDP-weighted average.
Includes Brazil, Chile, Colombia, and Mexico.
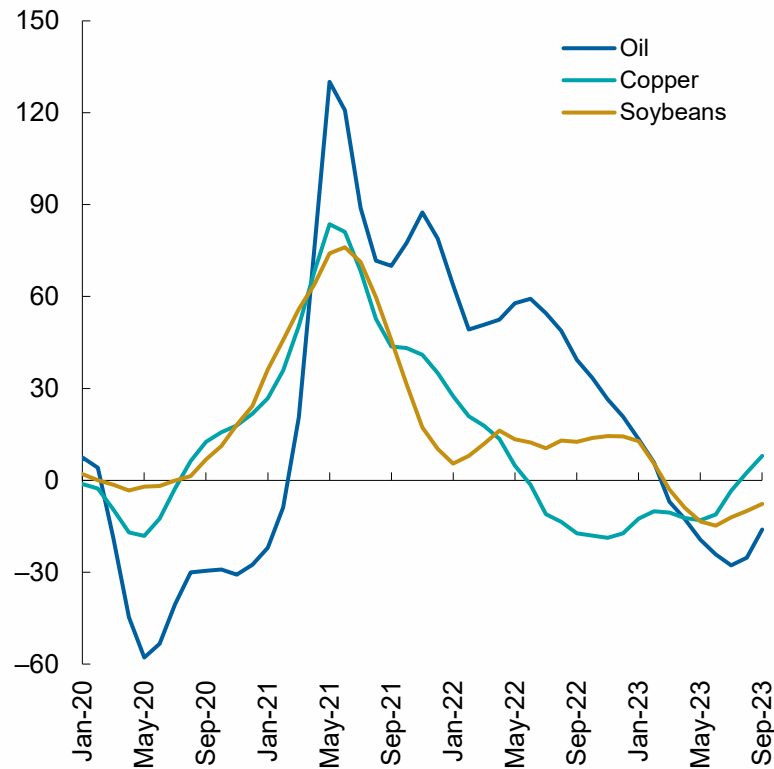
Sources: Bloomberg Finance L.P.; and IMF staff calculations.
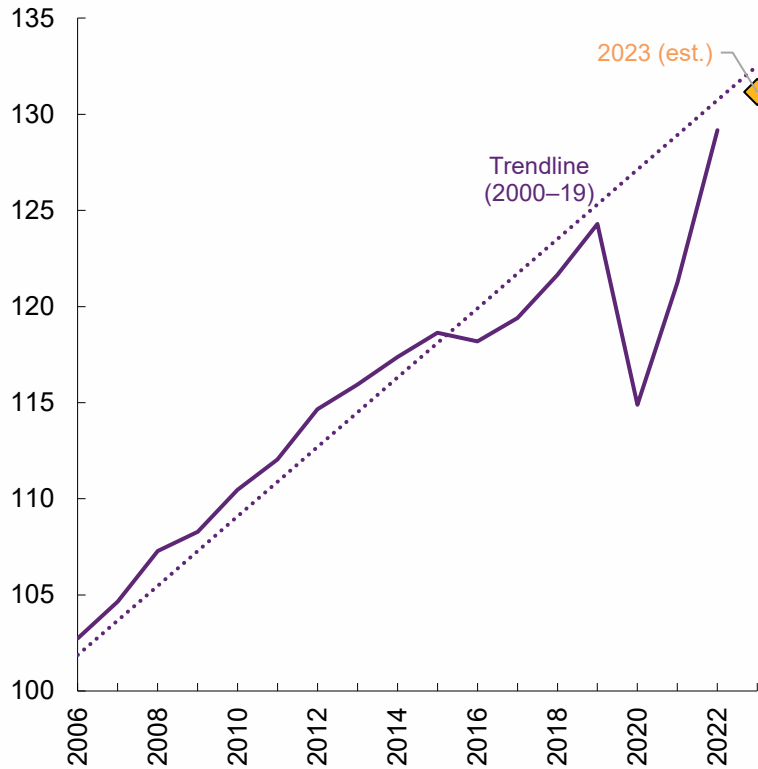Note: Oil refers to the average of Brent, West Texas Intermediate, and Dubai Fateh petroleum spot prices.

Sources: Bloomberg Finance L.P.; and IMF staff calculations.
Note: Median of LA5 countries (Brazil, Chile, Colombia, Mexico, Peru).
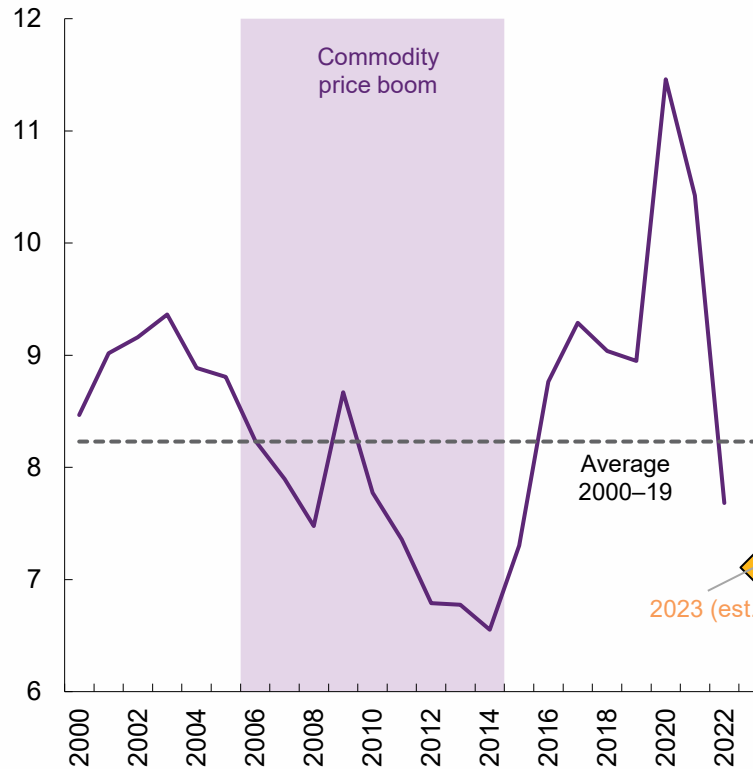
Labor markets in the region are strong

Employment has returned close to the pre-pandemic trend…

… and unemployment has fallen sharply…

... as labor force participation has plateaued at a lower level

LA5: Employment
(Left scale: index: 2005 = 100)

2023 (est.)

Trendline (2000–19)

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Labor force-weighted average. LA5 = Brazil, Chile, Colombia, Mexico, Peru.

LA5: Unemployment Rate
(Percent)

Commodity price boom

Average 2000–19

2023 (est.)

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Labor force-weighted average. LA5 = Brazil, Chile, Colombia, Mexico, Peru.

LA5: Decomposition of Participation Rate
(Percentage points change since 2019)
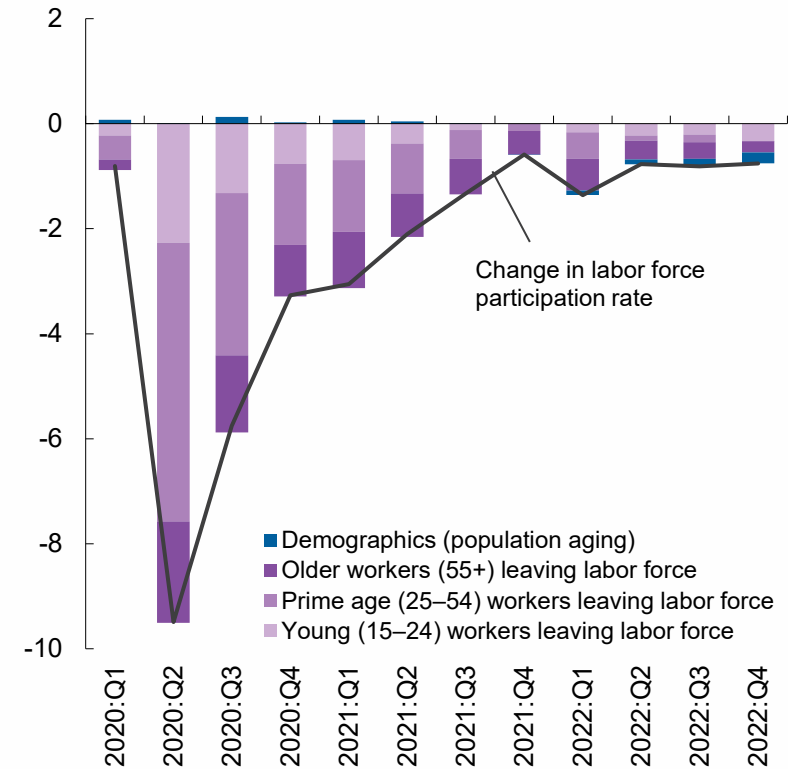
Change in labor force participation rate

- Demographics (population aging)
- Older workers (55+) leaving labor force
- Prime age (25–54) workers leaving labor force
- Young (15–24) workers leaving labor force

Sources: International Labour Organization (ILOSTAT); and IMF staff calculations.
Note: Aggregates are sums. LA5 = Brazil, Chile, Colombia, Mexico, Peru.

Headline inflation is declining...

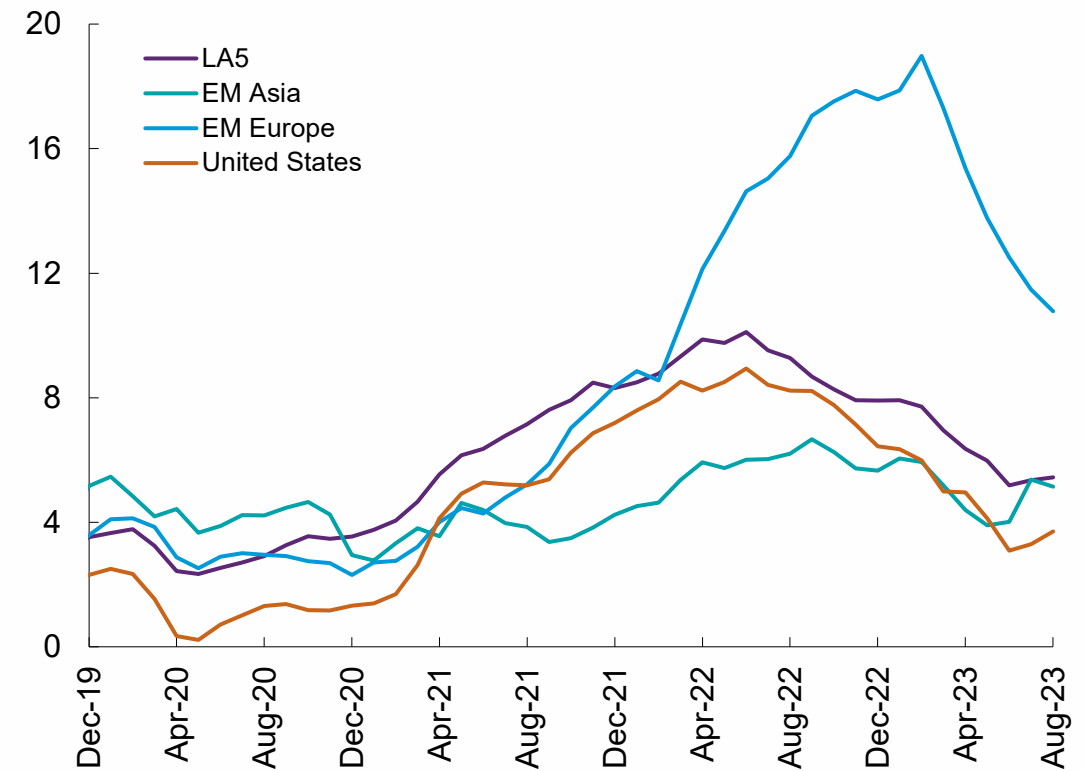*Headline inflation has fallen across the region…*   *… in line with the global trends*

LAC: Headline Consumer Price Inflation
(Quarterly average; year-over-year percent change)
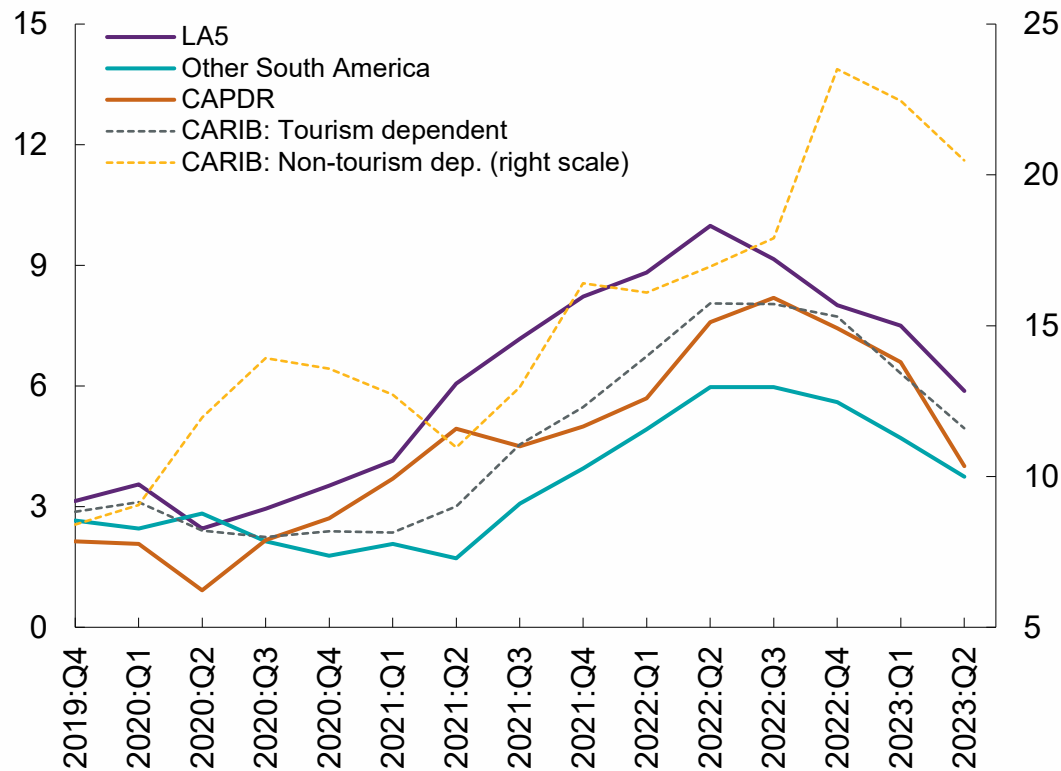
Legend:
- LA5
- Other South America
- CAPDR
- CARIB: Tourism dependent
- CARIB: Non-tourism dep. (right scale)

LA5 and Peer Groups: Headline Consumer Price Inflation
(Year-over-year percent change)

Legend:
- LA5
- EM Asia
- EM Europe
- United States

Sources: Haver Analytics; IMF, International Financial Statistics database; IMF, World Economic Outlook database; national authorities; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted averages. CAPDR = Central America, Panama, and the Dominican Republic; CARIB: Non-tourism dep. = Caribbean: Non-tourism dependent; CARIB: Tourism dep. = Caribbean: Tourism dependent; LA5 = Brazil, Chile, Colombia, Mexico, Peru; Other SA = Other South America (excludes Argentina and Venezuela).
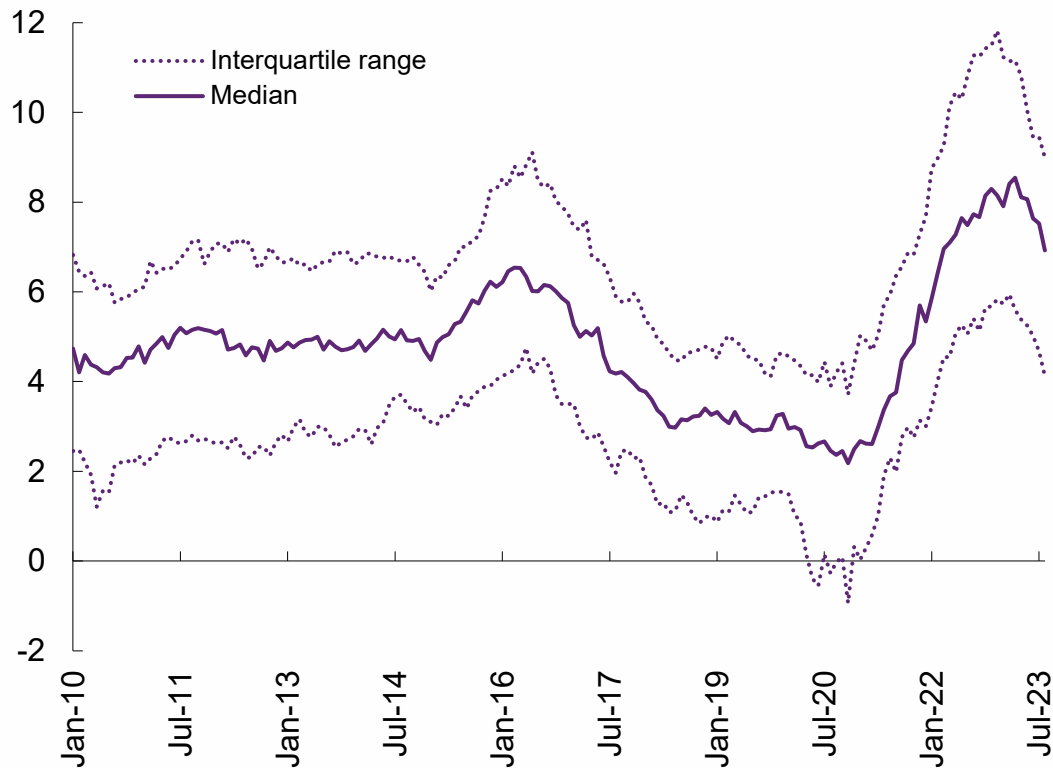
Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted averages. EM Asia = emerging markets Asia (India, Indonesia, Malaysia, Philippines, Thailand, Vietnam); EM Europe = emerging markets Europe (Hungary, Poland, Romania, Serbia); LA5 = Latin America 5 (Brazil, Chile, Colombia, Mexico, Peru).

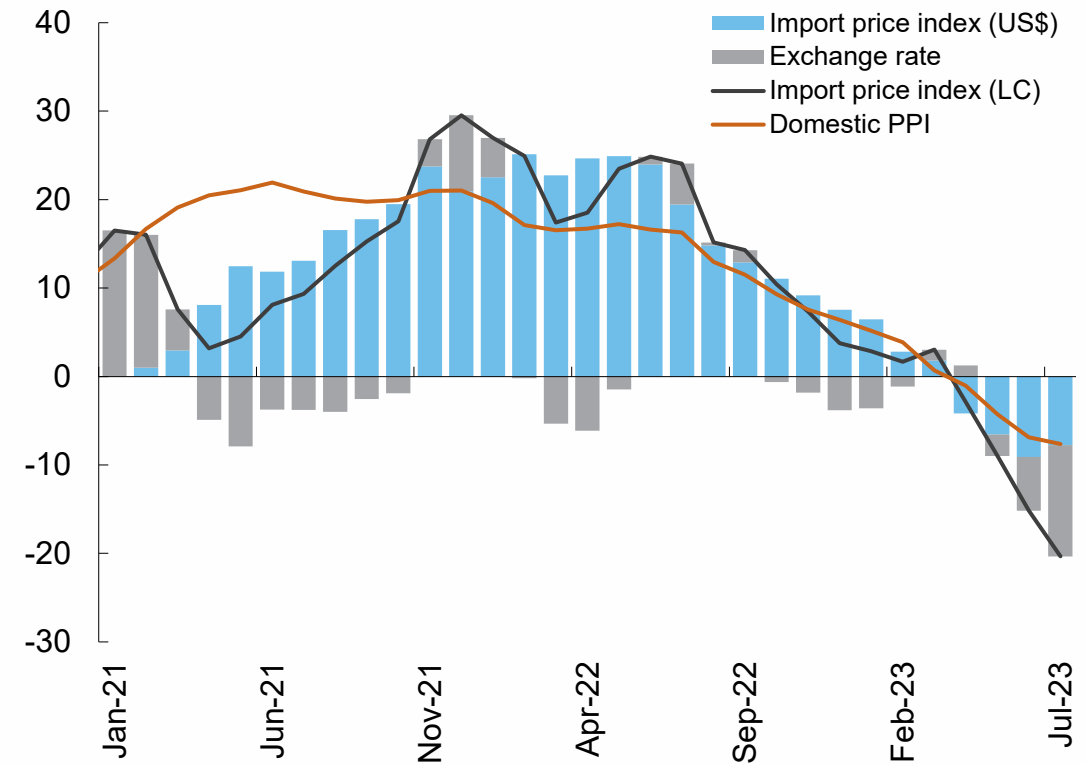*Core price pressures are starting to recede…*

… helped by falling import prices and currency appreciation

Selected LA5 Economies: Core Inflation Distribution
(Year-over-year percent change)

Selected LA5 Economies: Imported Inflation
(Year-over-year percent change)

Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Core goods exclude food, transport, and housing items. Core services exclude transport and housing items. Interquartile range refers to item-level annual inflation. Includes Brazil, Chile, Colombia, and Mexico.
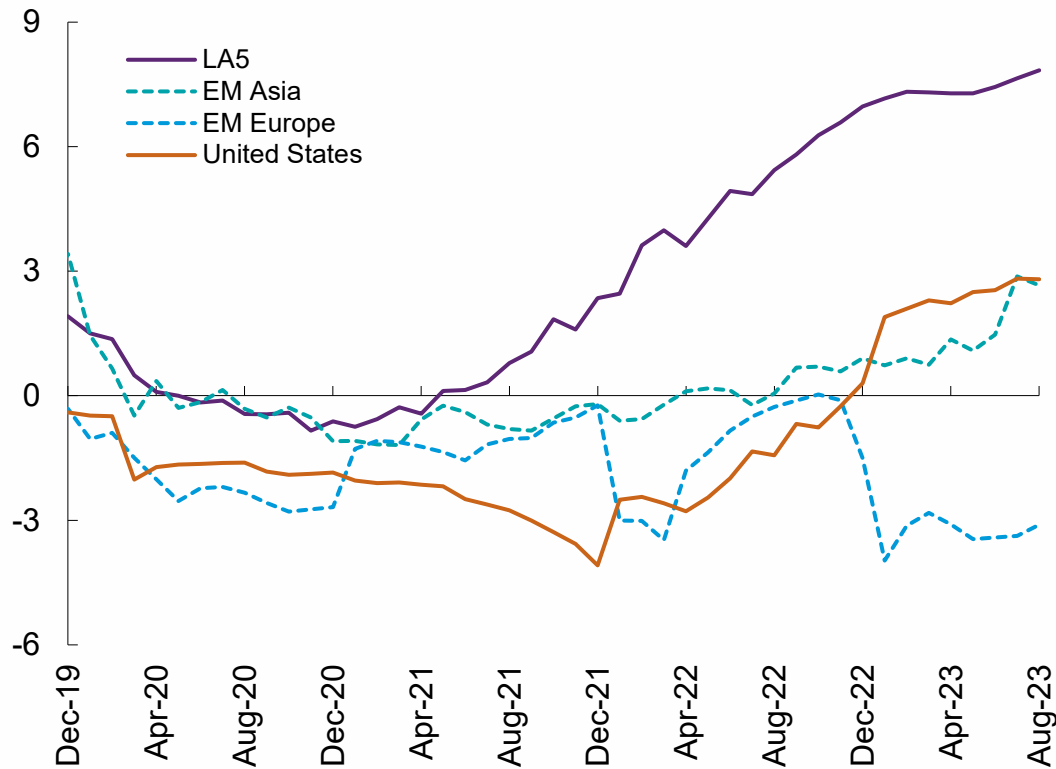
Sources: Haver Analytics; IMF, World Economic Outlook database; national authorities; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted average. Includes Brazil, Colombia, Mexico, and Peru. Excludes Chile due to data availability.
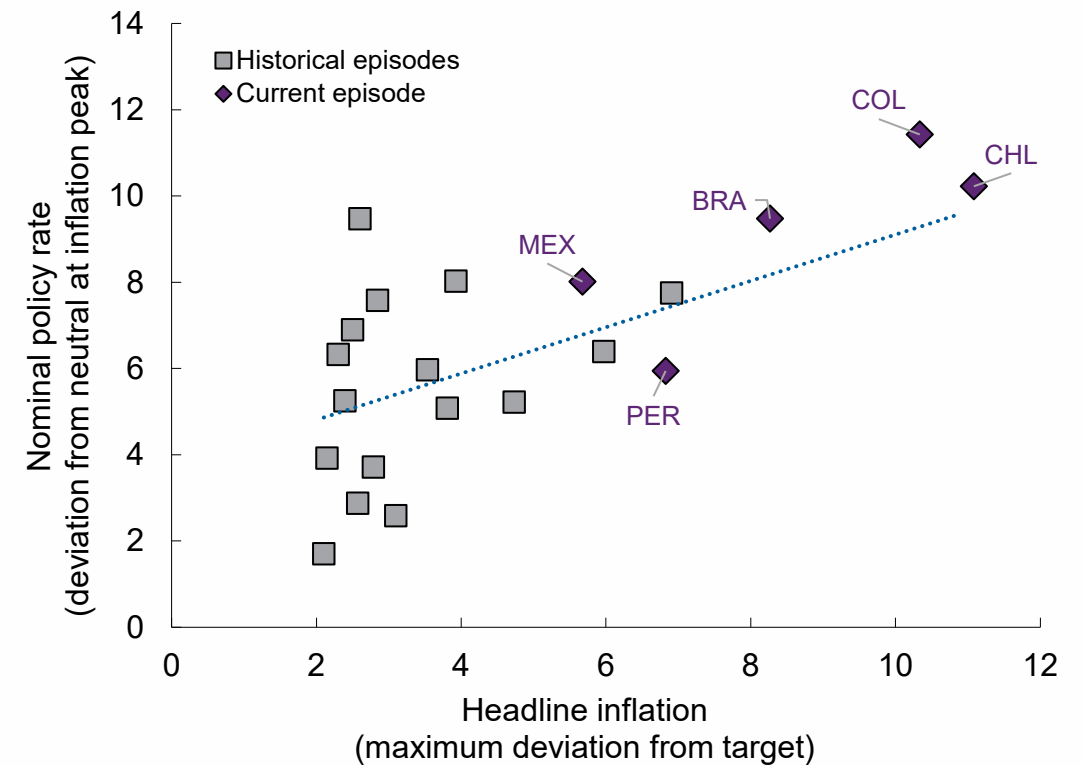
Real policy rates have risen sharply, including relative to other economies…

… commensurate with the magnitude of the inflationary shock

LA5 and Peer Economies: Real Monetary Policy Rates
(Percent)

LA5: Headline Inflation and Monetary Policy Rate
(Percentage points)

Sources: Consensus Economics; Haver Analytics; national authorities; and IMF staff calculations.
Note: Ex ante real policy rate (the difference between nominal policy rate and one-year ahead inflation expectations) are reported. Aggregates are purchasing-power-parity GDP-weighted averages. EM Asia = India, Indonesia, Malaysia, Philippines, Thailand, Vietnam; EM Europe = Hungary, Poland, Romania, Serbia; LA5 = Brazil, Chile, Colombia, Mexico, Peru.
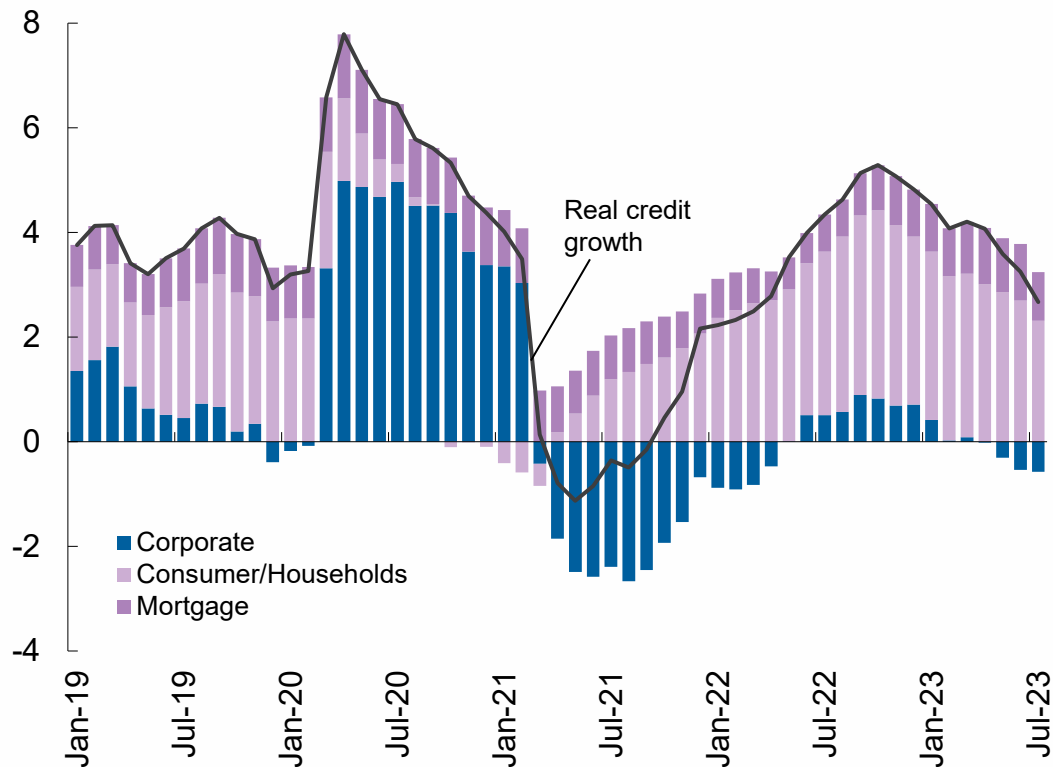
Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Historical episodes are defined as periods when headline inflation rises above the target by 2 percentage points and also returns within 2 percentage points in under 2 years. Neutral policy rates are estimated using an average of four univariate smoothing methods.

Consumer credit growth is slowing and corporate credit is contracting…

… due to both tighter lending conditions and weaker demand for credit

LA5: Real Credit Growth
(Year-over-year percent change)

Real credit growth

- Corporate
- Consumer/Households
- Mortgage

Selected LA5 Economies: Credit Conditions Index
(Increase denotes tighter supply / weaker demand)

— Credit supply (higher = tighter)
— Credit demand (higher = less demand)
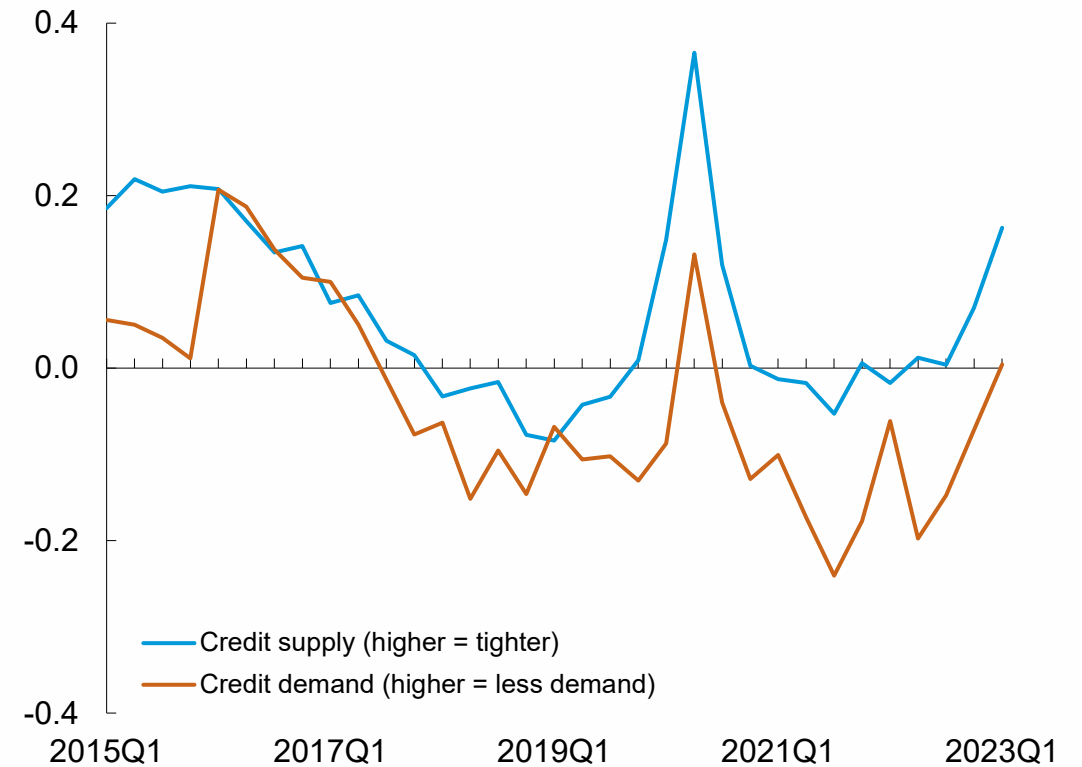
Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Credit aggregates are purchasing-power-parity GDP-weighted averages. LA5 = Brazil, Chile, Colombia, Mexico, Peru.

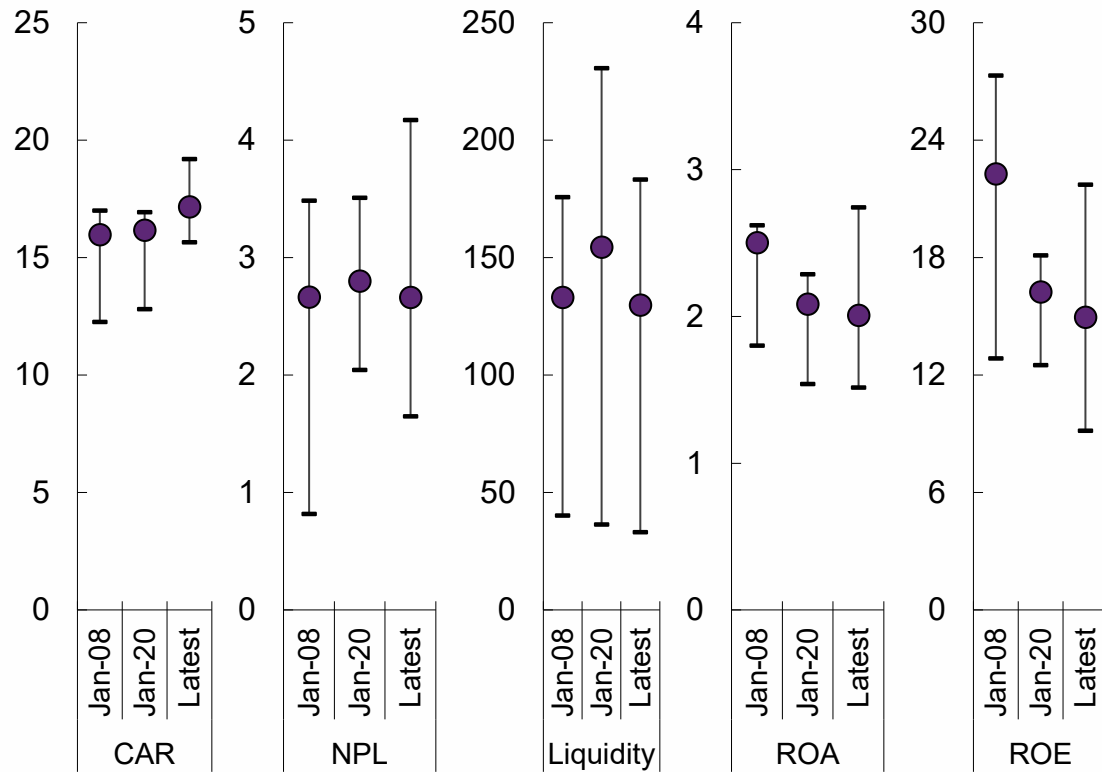Sources: Haver Analytics; national authorities (Loan Officer Opinion Surveys); and IMF staff calculations.
Note: Index captures quarterly shifts in loan officers' perceptions of their lending willingness (credit supply conditions) and the observed demand from households and companies (credit demand conditions). Aggregates are purchasing-power-parity GDP-weighted averages of Brazil, Chile, Colombia, and Mexico.

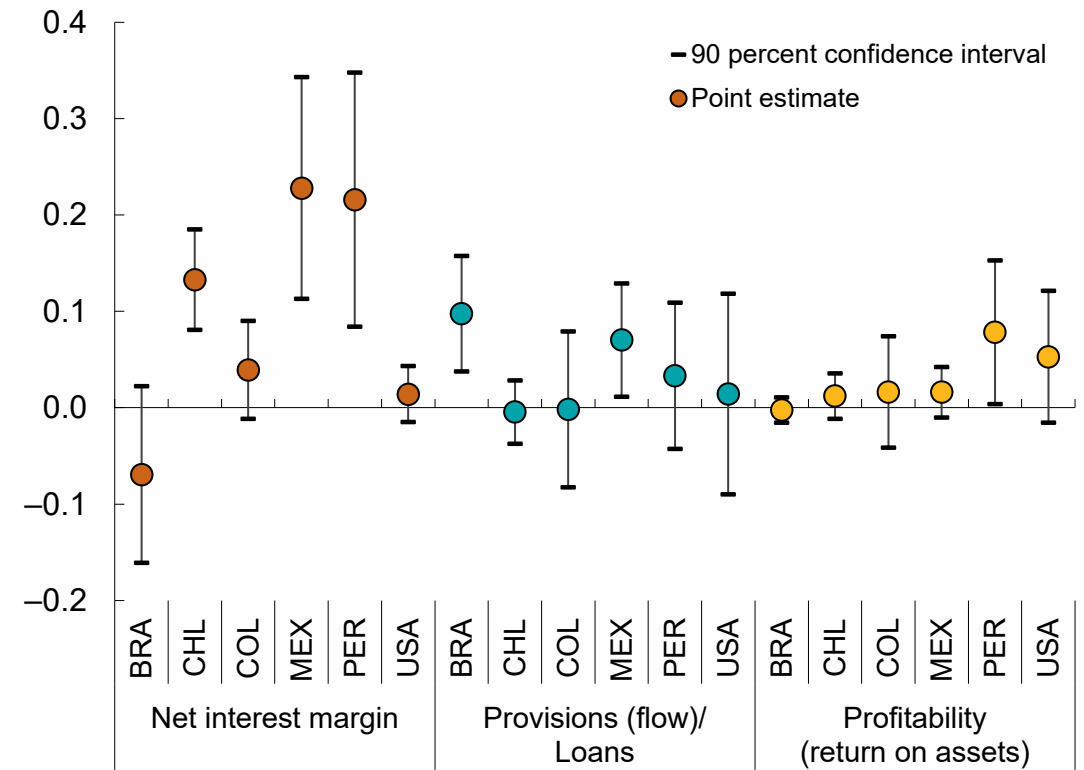# Banks remain healthy, weathering high interest rates well

Banks have remained liquid, well capitalized, and profitable…

… weathering the rise in interest rates well

LA5: Financial Soundness Indicators
(Percent)

Historical Impact of Monetary Policy Rate Changes on Bank Profitability
(Effect from one percent increase in policy rate; percent)

Sources: Haver Analytics; IMF, Financial Soundness Indicators database; national authorities; and IMF staff calculations.
Note: Markers are purchasing-power-parity GDP-weighted averages; whiskers are the minimum-maximum range. Chile is excluded from liquidity due to data limitations. CAR = capital adequacy ratio; LA5 = Brazil, Chile, Colombia, Mexico, Peru; liquidity = liquid assets to short-term liabilities; NPL = nonperforming loans to total loans; ROA = return on assets; ROE = return on equity.

Sources: IMF, Financial Soundness Indicators database; IMF, International Financial Statistics database; IMF, World Economic Outlook database; and IMF staff calculations.

Timely fiscal withdrawal also helped contain price pressures

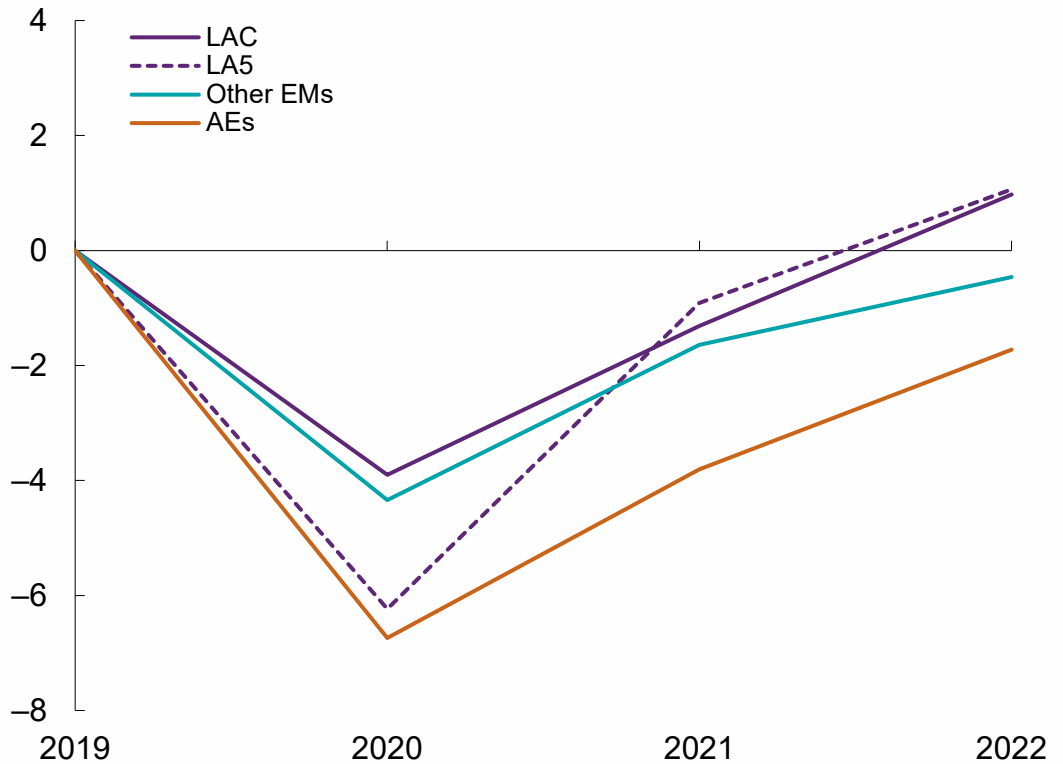*LAC's pandemic-related fiscal stimulus has been unwound…*

… faster than in other EMs and AEs

LAC Subregions: General Government Primary Balance
(Cumulative changes; percentage points of GDP)
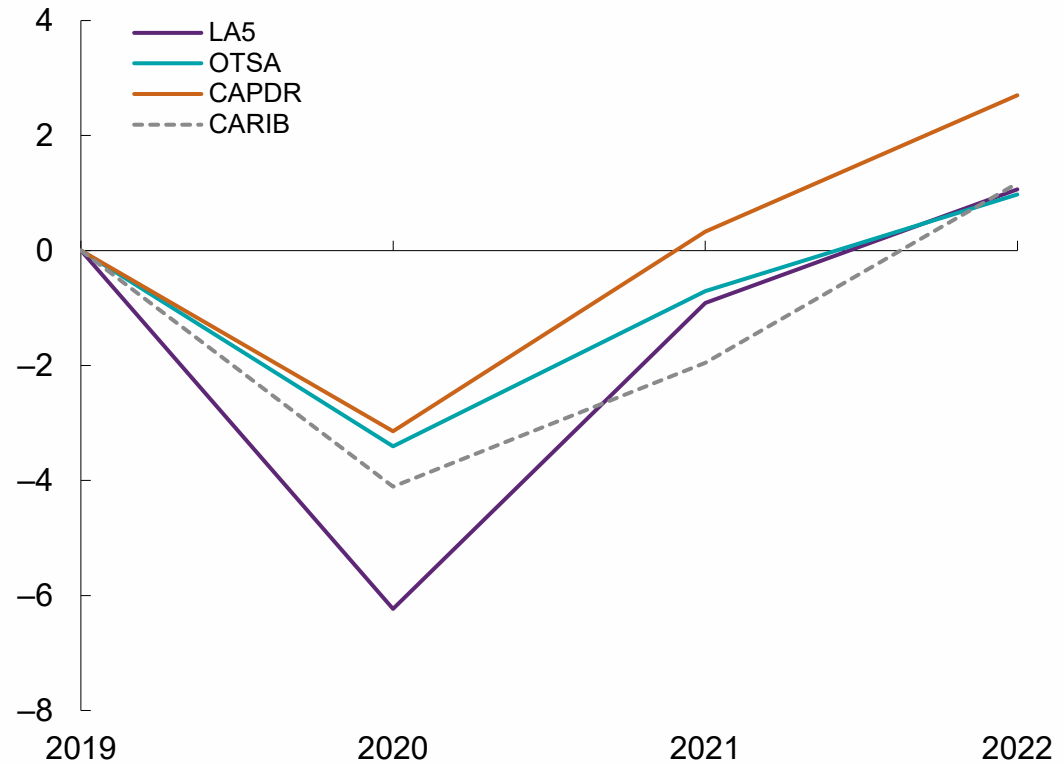
LAC and Other Economies: General Government Primary Balance
(Cumulative changes; percentage points of GDP)

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are medians. CAPDR = Central America, Panama, and the Dominican Republic; CARIB = Caribbean; LAC = Latin America and the Caribbean; LA5 = Brazil, Chile, Colombia, Mexico, Peru; OTSA = other South America (Bolivia, Ecuador, Paraguay, Uruguay).

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are medians. AEs = advanced economies; LAC = Latin America and the Caribbean (excl. Argentina/Venezuela); LA5 = Brazil, Chile, Colombia, Mexico, Peru; Other EMs = emerging markets (excl. LAC/China).

Outlook and Risks

Slowing growth, declining inflation

Western Hemisphere: Real GDP Growth and Inflation
(Year-over-year percent change)

	Real GDP Growth				Headline Inflation, end of period			
			Projections				Projections	
	2021	**2022**	**2023**	**2024**	**2021**	**2022**	**2023**	**2024**
United States	5.9	2.1	2.1	1.5	7.4	6.4	3.0	2.6
Canada	5.0	3.4	1.3	1.6	4.7	6.6	2.7	2.1
Latin America and the Caribbean (LAC)	**7.3**	**4.1**	**2.3**	**2.3**	**11.5**	**14.6**	**13.6**	**8.8**
LAC excluding Argentina and Venezuela	7.1	4.0	2.8	2.2	7.8	7.8	5.0	3.6
South America	7.5	3.8	1.6	2.0	14.1	18.3	19.1	11.9
CAPDR	11.2	5.4	3.8	3.9	5.1	7.3	3.4	3.5
Caribbean								
Tourism Dependent	9.1	9.0	3.2	2.3	5.2	7.4	4.1	3.5
Non-Tourism Dependent	2.5	17.1	13.6	11.6	11.8	20.4	13.0	7.4
Of which: Commodity Exporters	4.8	25.4	19.3	15.0	11.1	13.0	7.2	5.6
Memorandum items:								
LA5	6.8	3.7	2.6	1.9	8.3	7.8	5.1	3.6
Brazil	5.0	2.9	3.1	1.5	10.1	5.8	4.9	3.9
Chile	11.7	2.4	−0.5	1.6	7.1	12.8	4.5	3.0
Colombia	11.0	7.3	1.4	2.0	5.6	13.1	8.8	4.5
Mexico	5.8	3.9	3.2	2.1	7.4	7.8	4.5	3.2
Peru	13.3	2.7	1.1	2.7	6.4	8.5	4.2	2.2

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are PPP GDP-weighted averages. For **growth**, green/red denotes upward/downward revision compared with the April 2023 WEO forecasts. For **inflation**, red/green denotes upward/downward revision compared with the April 2023 WEO forecasts. All inflation aggregates exclude Venezuela. WEO data as of September 26, 2023. CAPR 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. LA5 includes Brazil, Chile, Colombia, Mexico, and Peru.
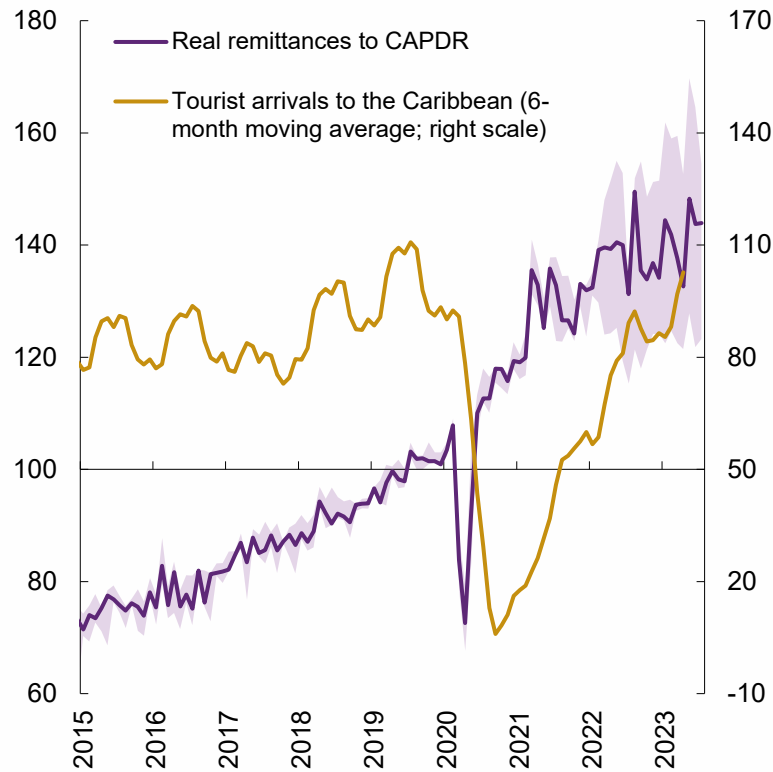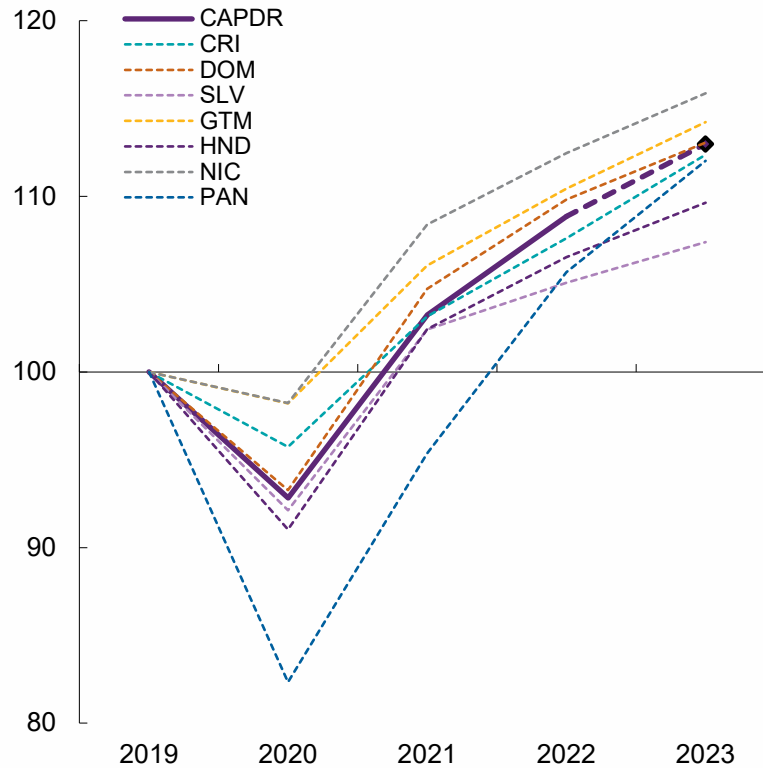
Robust remittances and tourism…

… continue supporting growth in CAPDR...

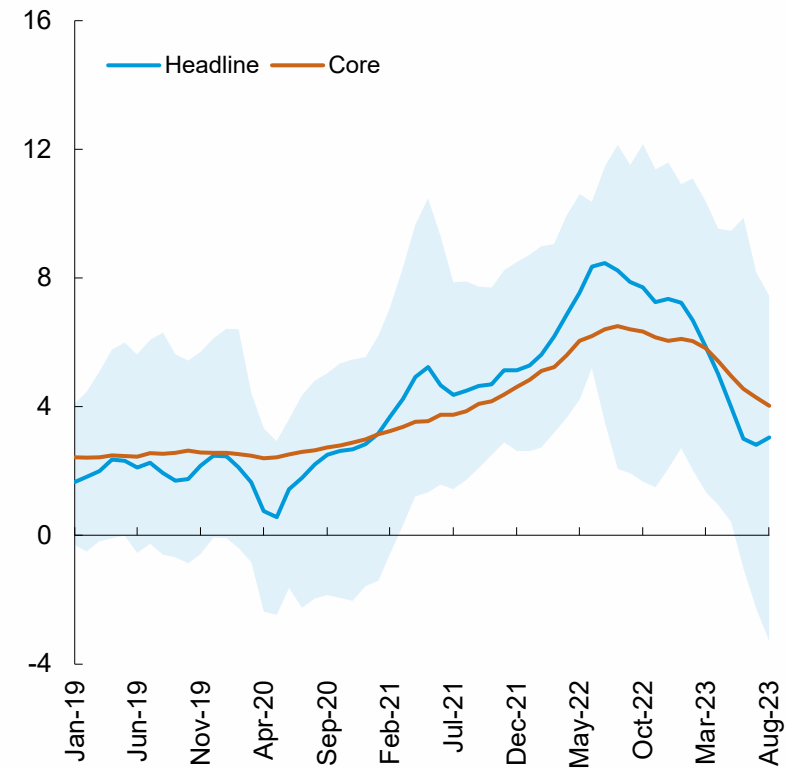*… while inflation is falling rapidly*

CAPDR Real Remittances and Caribbean Tourist Arrivals
(Index: 2019=100)

CAPDR: Real GDP Levels
(Index 2019 = 100)

CAPDR: Headline and Core Inflation
(Year-over-year percent change)

Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Real remittances is the median of remittances deflated by US consumer price index (includes Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua). Shaded area refers to the interquartile range of real remittances. Tourist arrivals includes Caribbean countries only.

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: CAPDR is purchasing-power-parity GDP-weighted average. CAPDR = Central America, Panama, and the Dominican Republic.
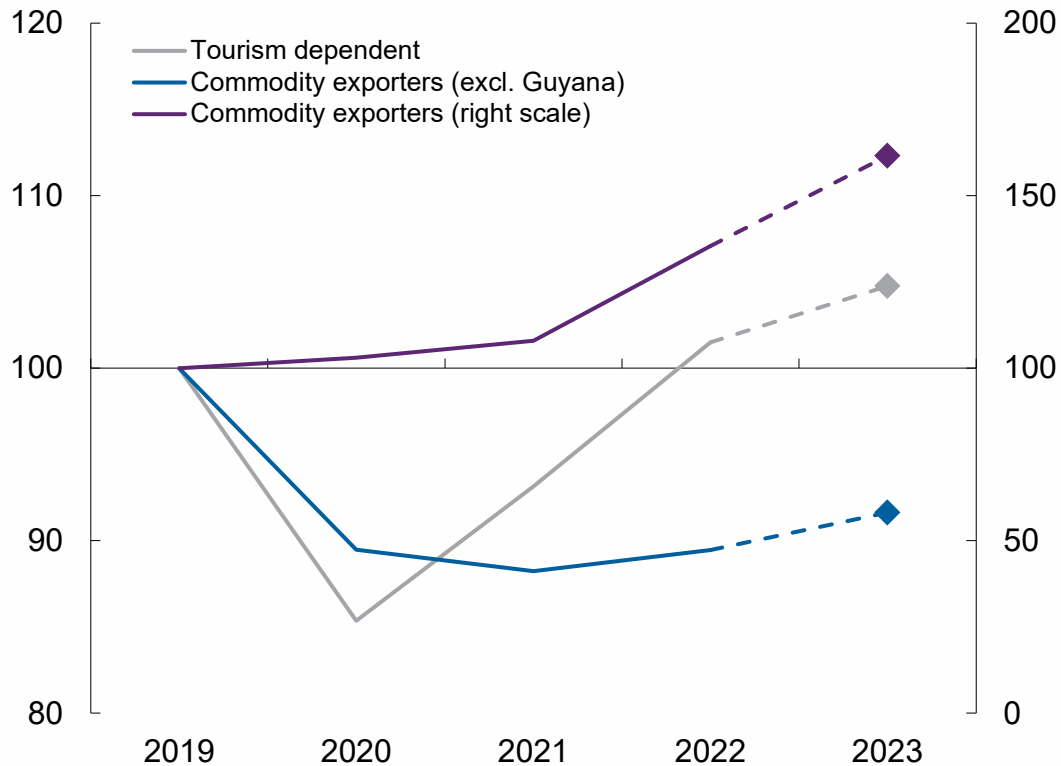
Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted averages. Shaded area refers to the min-,max range of headline inflation. Core inflation excludes Panama due to data limitations. CAPDR = Central America, Panama, and the Dominican Republic.

Economic activity was strong but is moderating

*The sharp rise in inflation since 2021 was mostly driven by global factors*

The Caribbean: Real GDP Levels
(Index 2019 = 100)

Legend:
- Tourism dependent
- Commodity exporters (excl. Guyana)
- Commodity exporters (right scale)

The Caribbean: Contributions to Headline Inflation
(Percent)

Peg

Legend:
- Global
- Idiosyncratic
- Inflation

Float

Legend:
- Global
- Idiosyncratic
- Inflation

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted averages. IMF staff forecasts for 2023.
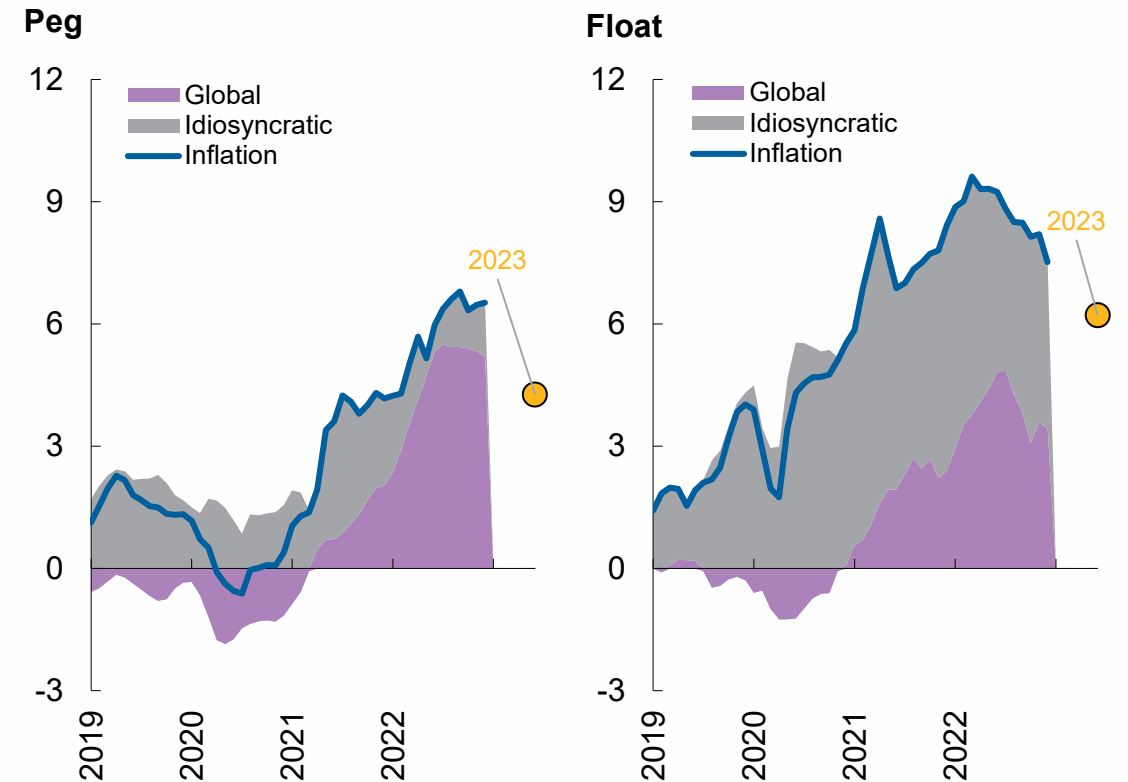
Sources: Guajardo et al. 2023; IMF, World Economic Outlook database; national authorities; and IMF staff calculations.
Note: Global and country-specific components of average monthly year-over-year headline inflation from Guajardo et al. (2023). IMF staff forecasts for 2023. Sample includes Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

Risks are more balanced but still tilted to the downside

- Lower growth in key trading partners
- Greater commodity price volatility
- New bouts of global inflationary pressures
- Renewed financial market turbulence
- Climate-related shocks
- Monetary and fiscal policy slippages
- Increased crime and social tensions

- A more benign global environment
- Inflation declines faster than anticipated
- Lower scarring from recent shocks
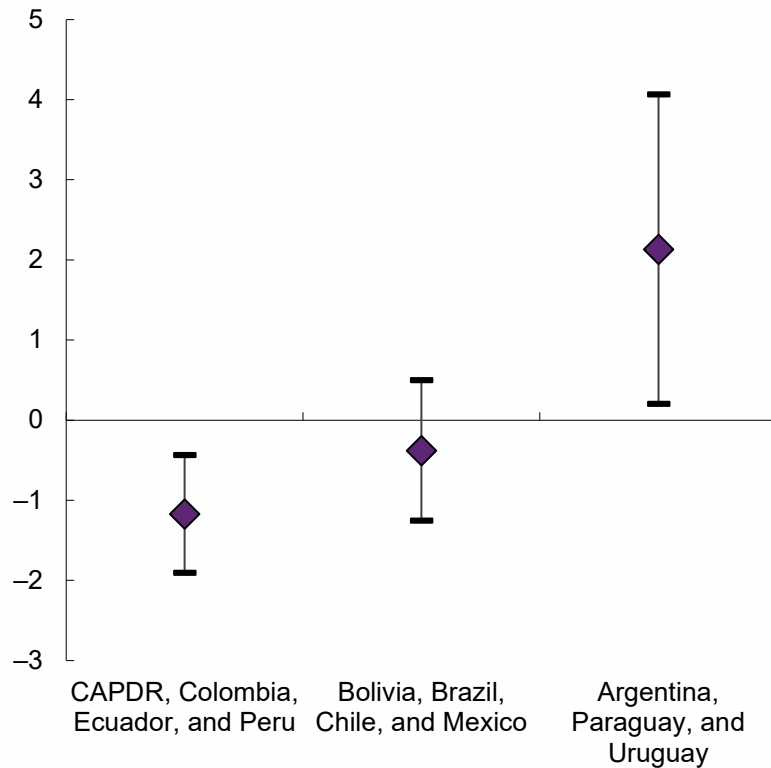- Abundance of "green metals"

Climate-related shocks pose notable risks

In the short run, El Niño could negatively affect economic activity in some countries

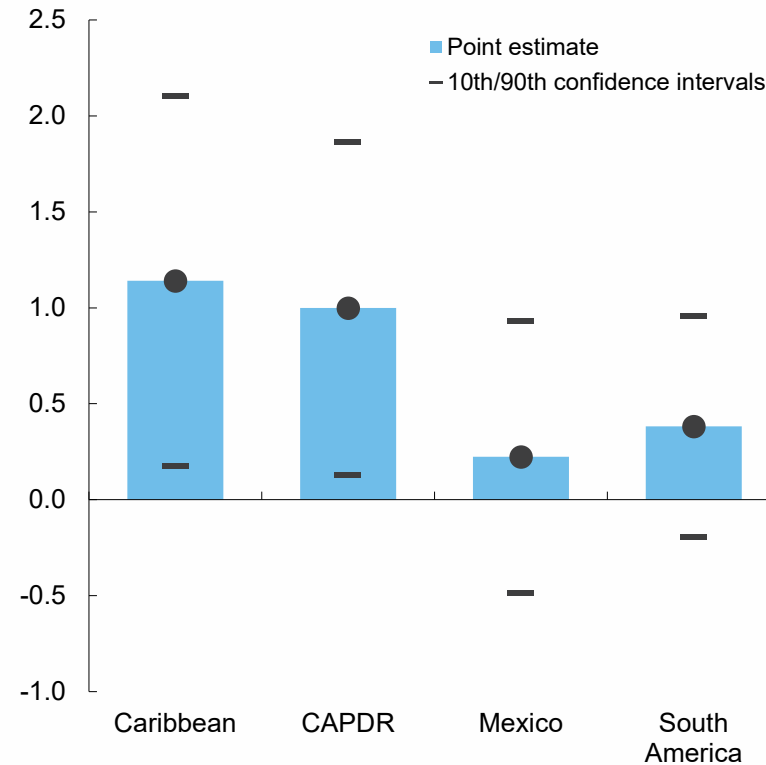*In the medium-term, climate-related shocks pose risks through the impact on migration, …*

… which can lead to reduced agricultural output that could be partially offset by the increase in remittances

Impact of El Niño on Output
(Percent; cumulative impact; Quarter 6)

Impact of Climate Disasters on Migration
(Impact of one-standard deviation in frequency of climate disasters; percent of initial population)

Impact of Climate on Economic Outcomes
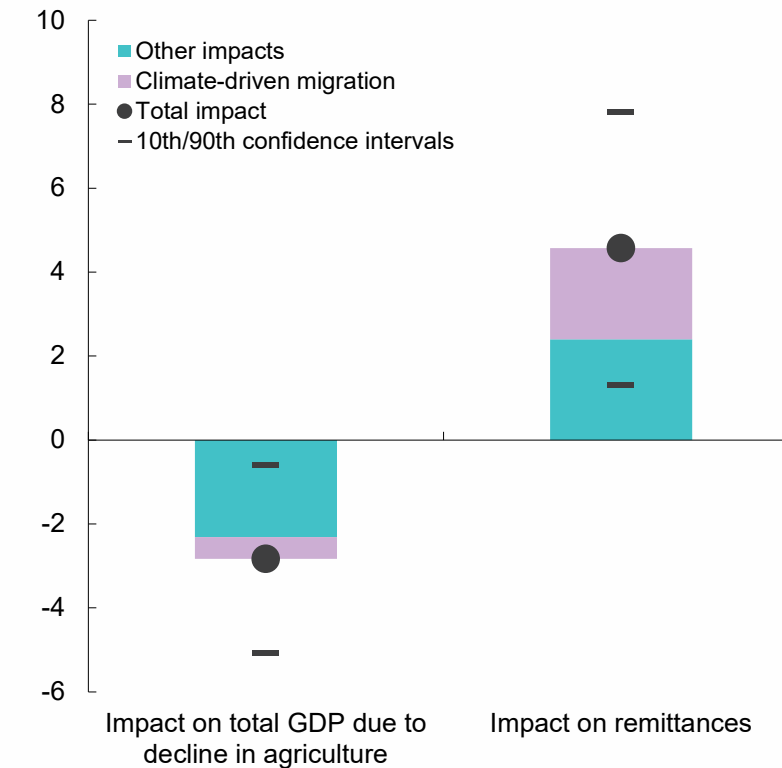*(Percent of total GDP)*

Source: IMF staff calculations.
Note: Shows the estimated impact of El Niño events on GDP using the local projection method in a cross-country panel. 10th/90th percentile confidence intervals shown.

Sources: EM-DAT International Disaster database; United Nations Population Division Global Migration database; World Bank, World Development Indicators database; and IMF staff calculations.
Note: This figure presents results from specifications regressing the identified origin factors of migration outflows on natural disasters. Origin factors are estimated using the method proposed in Amiti and Weinstein (2018) and measured as percent of the initial population.

Sources: EM-DAT International Disaster database; United Nations Population Division Global Migration database; World Bank, World Development Indicators database; and IMF staff calculations.
Note: This figure depicts the impact of natural disasters on selected macroeconomic variables for CAPDR and the Caribbean. The dependent variables are agricultural GDP and remittances measured as percent of total GDP.

Policy Priorities

*Absent new shocks, monetary easing is expected to proceed at a gradual pace, …*

… as near-term inflation expectations remain elevated…
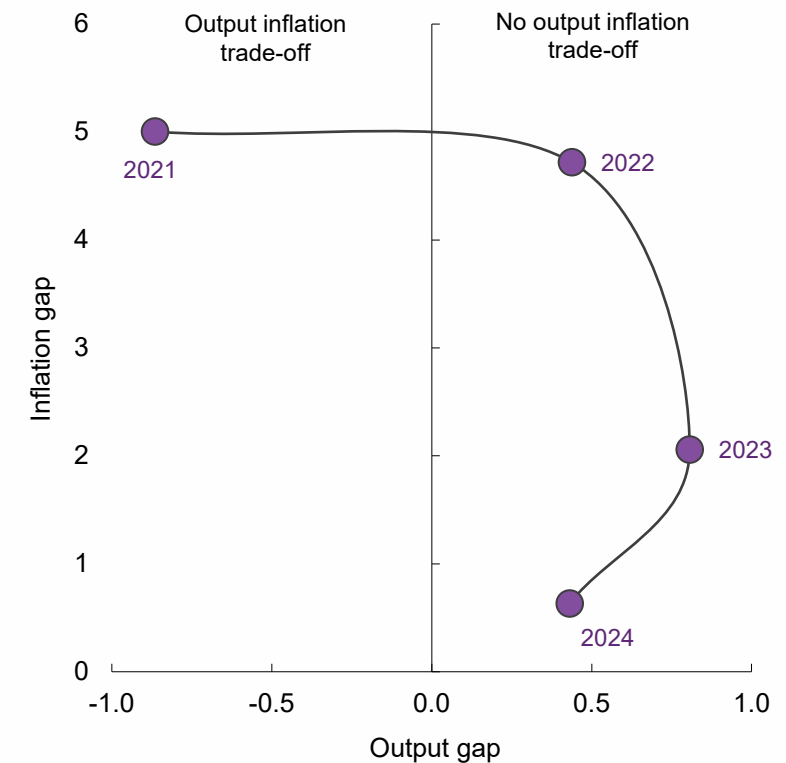
… and most economies are operating above potential

LA5: Monetary Policy Rate and Inflation
(Percentage points; deviation from neutral rate and inflation target)

Legend:
- Monetary policy rate (historical)
- Monetary policy rate (IMF baseline)
- Monetary policy rate (Bloomberg)
- Inflation
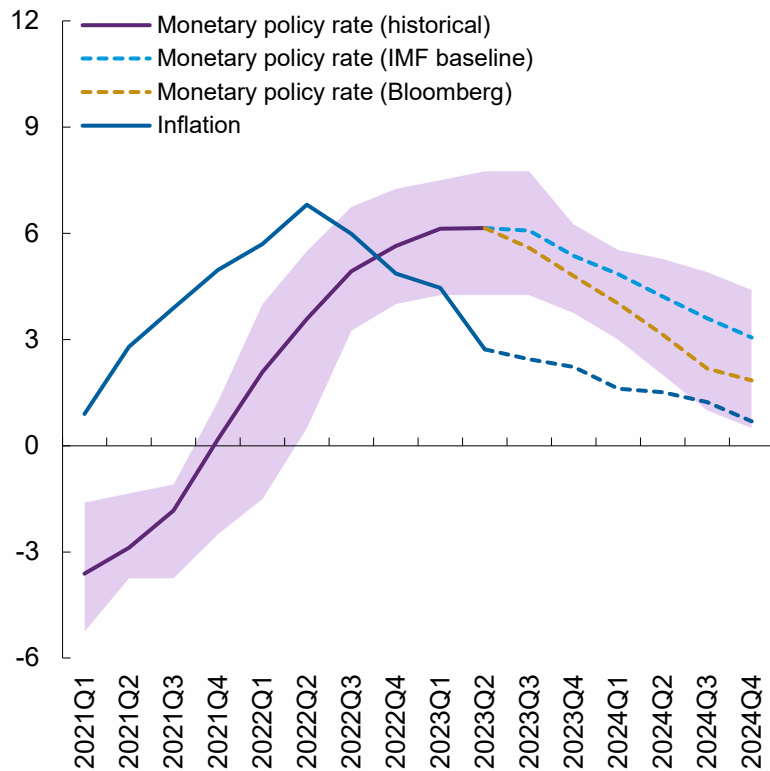
Distribution of Headline Inflation Expectation, 2024
(Deviation from inflation target; percentage points)

Legend:
- Consensus forecasts (interquartile range)
- Consensus forecasts (median)
- IMF desk
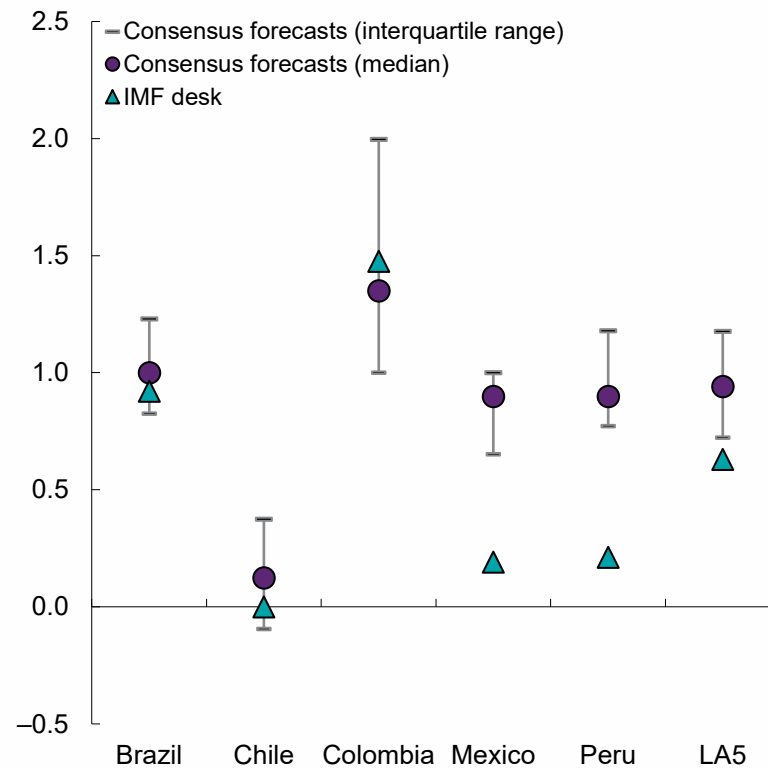
LA5: Inflation Gap and Output Gap
(Percent)

Sources: Bloomberg Finance L.P.; Haver Analytics; IMF, World Economic Outlook database; national authorities; and IMF staff calculations.
Note: Purchasing-power-parity GDP-weighted average. Monetary policy rates are in deviation from neutral. Inflation is in deviation from target. Shaded area refers to the min-max range of IMF baseline. LA5 = Brazil, Chile, Colombia, Mexico, Peru.

Sources: Consensus Economics; and IMF staff calculations.
Note: LA5 is purchasing-power-parity GDP-weighted average. Projections for end-2024. Consensus forecasts taken from the August 2023 survey. IMF desk projections from October 2023 WEO.
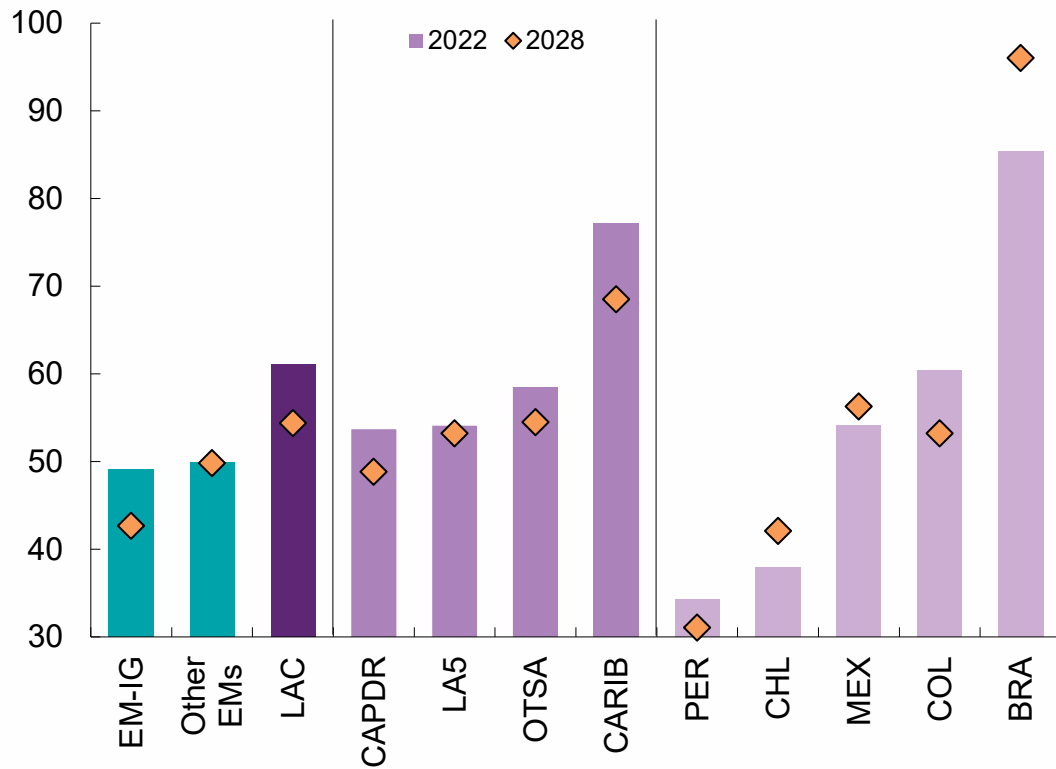
Source: IMF staff calculations.
Note: Inflation gap is the deviation of end-of period inflation from the inflation target.
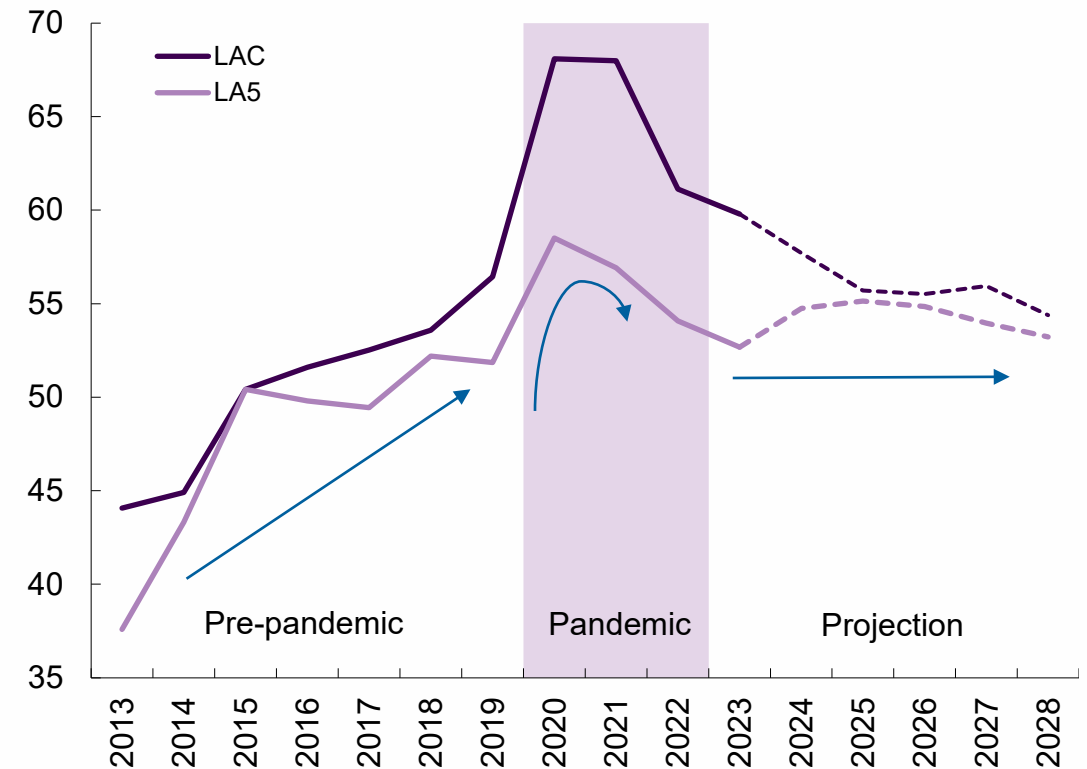
Public debt is high relative to peer economies…   *… and is projected to decline only gradually*

General Government Gross Debt
(Percent of GDP)

Legend: ■ 2022 ◆ 2028

LAC and LA5: General Government Gross Debt
(Percent of GDP)

Legend: LAC, LA5

Pre-pandemic — Pandemic — Projection

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are medians. CAPDR = Central America, Panama, and the Dominican Republic; CARIB = Caribbean; EM-IG = emerging markets investment grade; LAC = Latin America and the Caribbean (excl. ARG/VEN); LA5 = BRA, CHL, COL, MEX, PER; Other EMs = emerging markets (excl. LAC/China); OTSA = other South America (Bolivia, Ecuador, Paraguay, Uruguay).

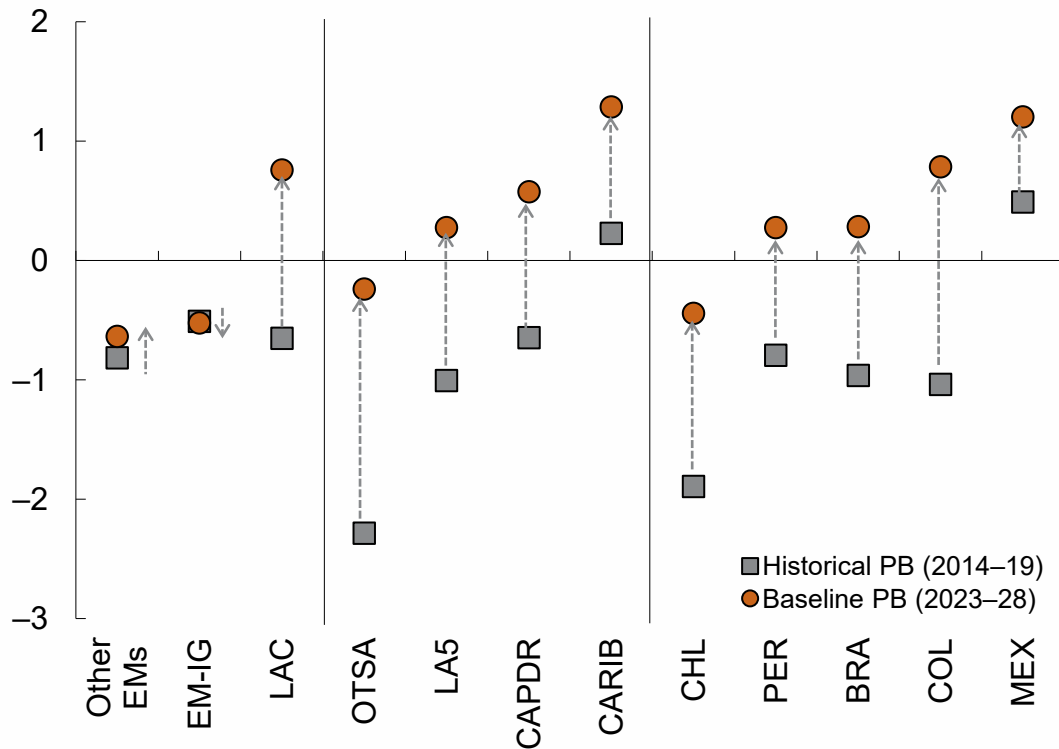Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are medians. LAC = Latin America and the Caribbean (excl. ARG/VEN); LA5 = Brazil, Chile, Colombia, Mexico, Peru.
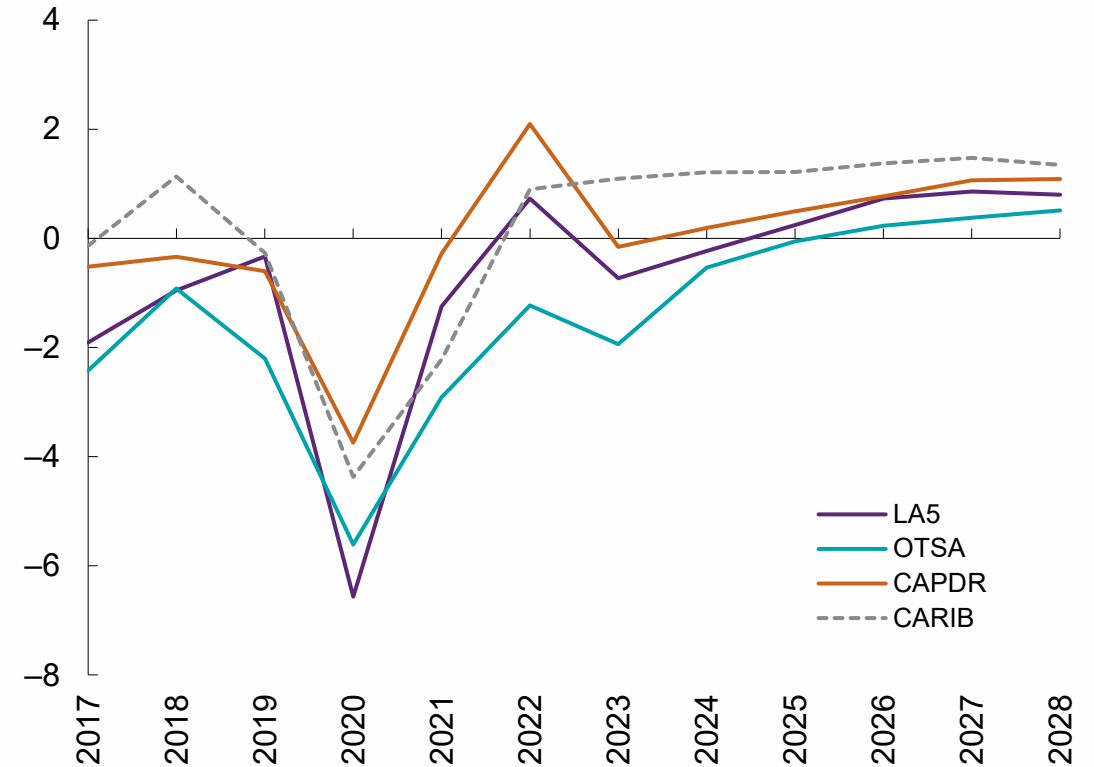
... despite ambitious fiscal consolidation plans

Fiscal plans are ambitious by historical standards…

… with primary balances expected to improve somewhat from 2024 on

General Government Primary Balance
(Percent of GDP)

Legend:
- ■ Historical PB (2014–19)
- ● Baseline PB (2023–28)

X-axis categories: Other EMs, EM-IG, LAC, OTSA, LA5, CAPDR, CARIB, CHL, PER, BRA, COL, MEX

LAC Subregions: Primary Balance
(Percent of GDP)

Legend:
- LA5
- OTSA
- CAPDR
- CARIB

X-axis years: 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are medians. CAPDR = Central America, Panama, and the Dominican Republic; CARIB = Caribbean; LAC = Latin America and the Caribbean (excl. ARG/VEN); LA5 = BRA, CHL, COL, MEX, PER; Other EMs = emerging markets (excl. LAC/China); OTSA = other South America (Bolivia, Ecuador, Paraguay, Uruguay).

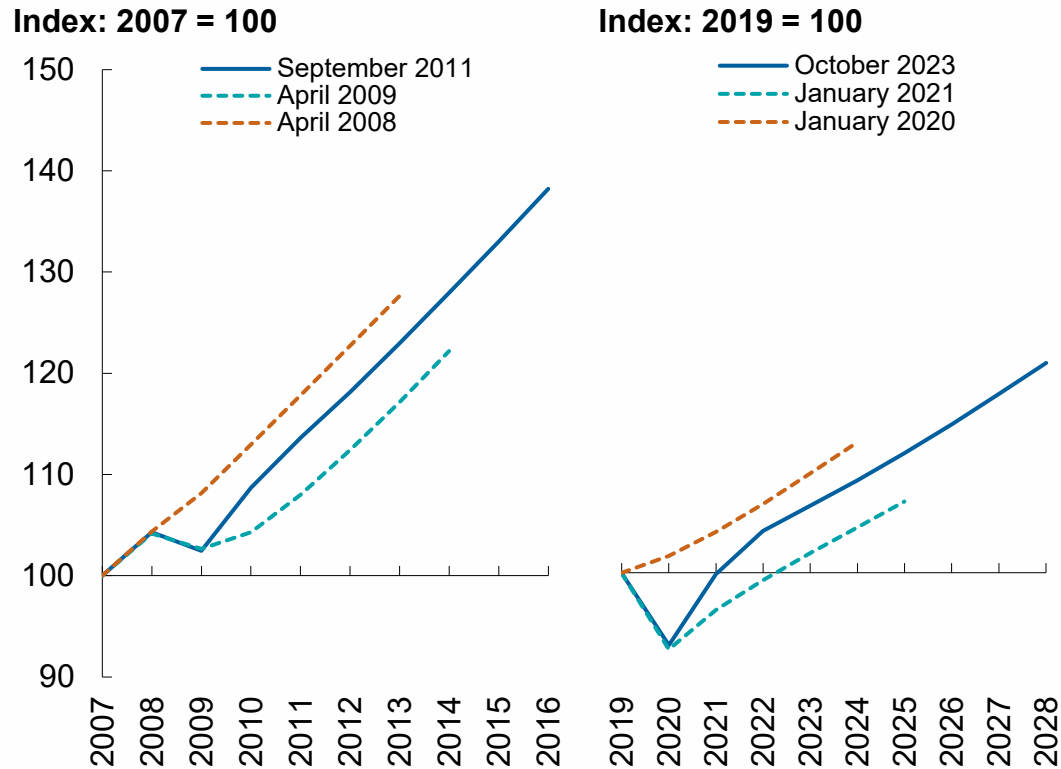Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are medians. CAPDR = Central America, Panama, and the Dominican Republic; CARIB = Caribbean; LA5 = BRA, CHL, COL, MEX, PER; OTSA = other South America (Bolivia, Ecuador, Paraguay, Uruguay).

While pandemic scarring has been smaller than originally expected…

… growth prospects remain subdued and income convergence elusive

LAC: Real GDP by WEO Vintage

Index: 2007 = 100

- September 2011
- April 2009
- April 2008

Index: 2019 = 100

- October 2023
- January 2021
- January 2020

Real Gross Domestic Product per Capita
(Logs; thousands of PPP 2017 international dollars)

- United States
- Latin America and the Caribbean
- EMDE Asia
- EMDE Europe

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: LAC is purchasing-power-parity GDP-weighted average. LAC = Latin America and the Caribbean.
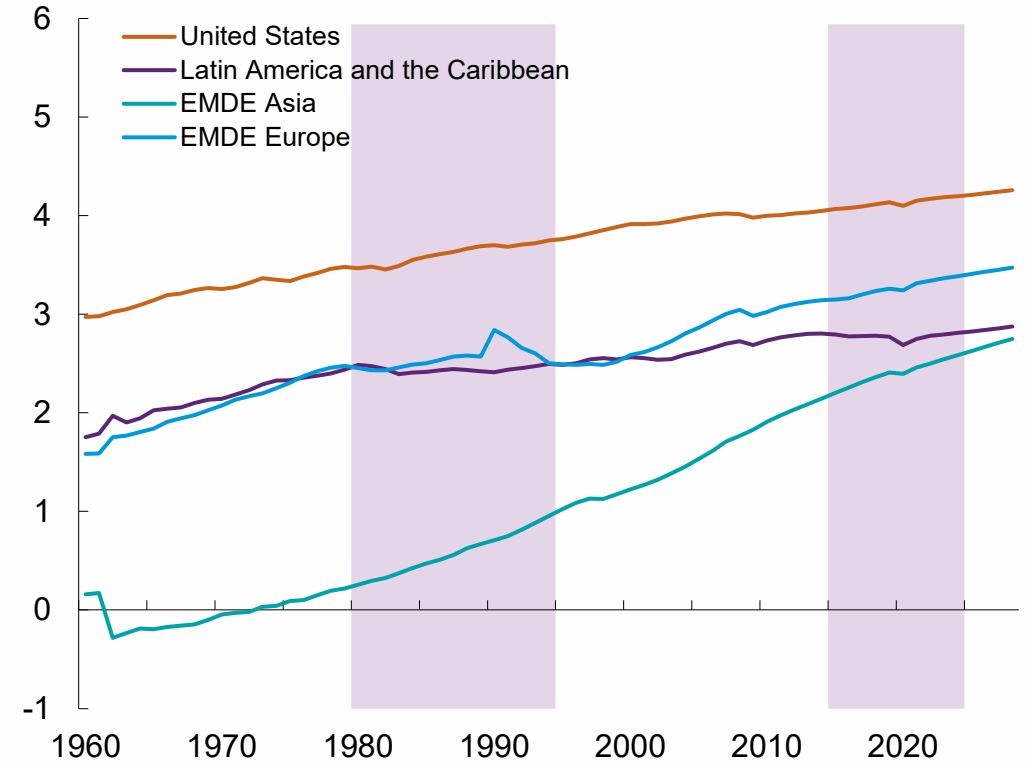
Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Shaded areas (1980–94, 2015–24) refer to Latin America and the Caribbean's lost decades. EMDE = emerging market and developing economies; PPP = purchasing power parity.

LAC countries face multiple structural challenges

➢ **Long-standing structural challenges**

- ▪ *Lackluster productivity and low investment*

- ▪ *Low international trade, including intra regional*

- ▪ *Labor market rigidities and high informality*
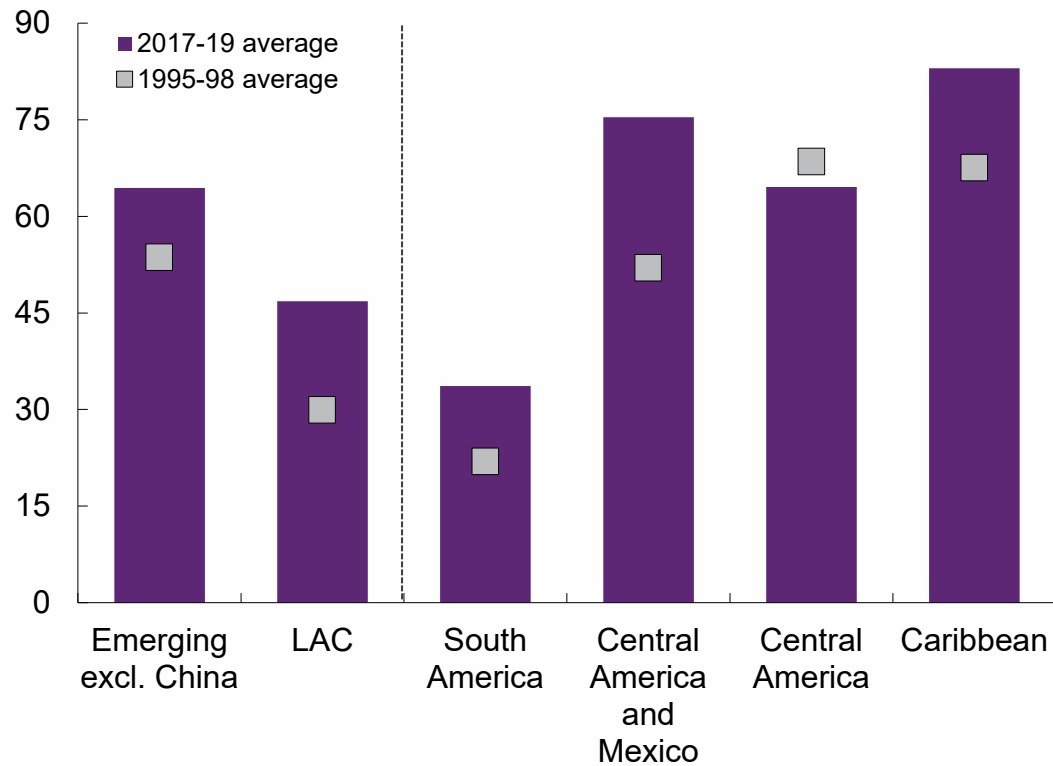
- ▪ *High poverty and inequality*

➢ **New challenges**

- ▪ *Climate change*

- ▪ *Impact of new digital technologies*

LAC's trade openness lags that of peer regions

*Closing infrastructure gaps would boost trade and growth*

Trade Integration
(Total trade of goods and services; percent of GDP)

- 2017-19 average
- 1995-98 average

Output Gains from Closing Infrastructure Gap
(Percent increase in output relative to baseline)

- 10 percent catch-up
- 20 percent catch-up
- 50 percent catch-up

Sources: IMF, Balance of Payments Statistics database; and IMF staff calculations.
Note: Includes intraregional trade.
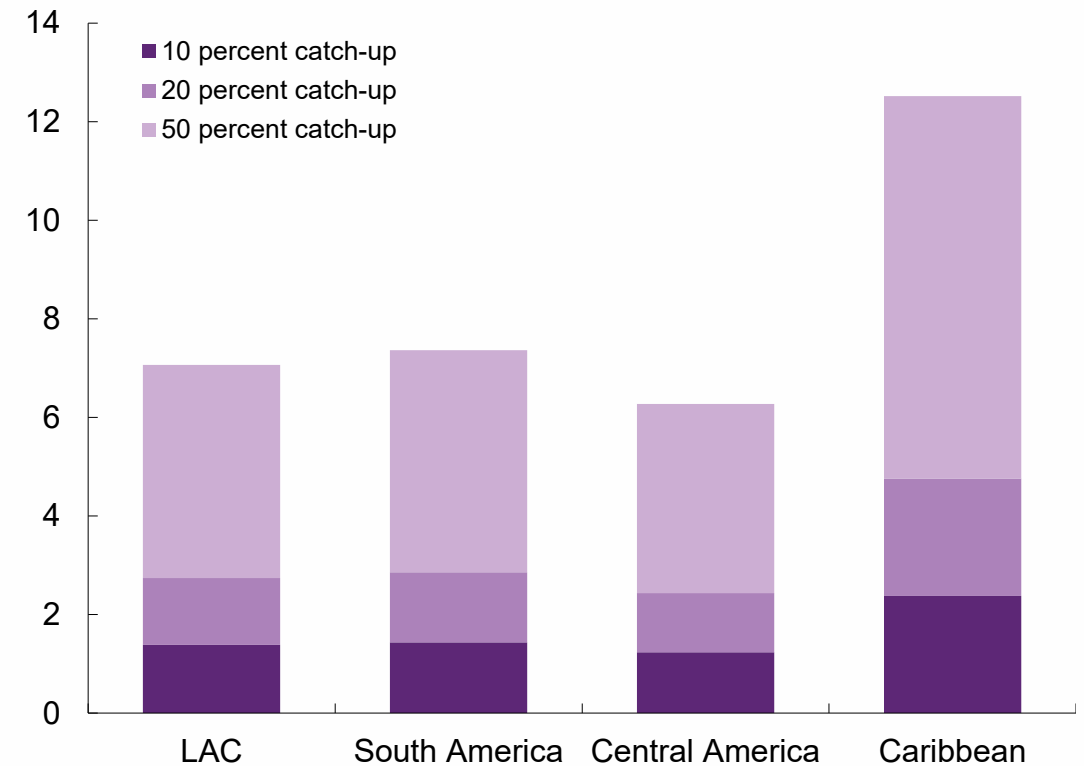
Source: IMF staff calculations.
Note: Results based on a general equilibrium Armington trade model where infrastructure improvements reduce trade costs, increasing trade and output relative to baseline. Central America includes Mexico; LAC = Latin America and the Caribbean.
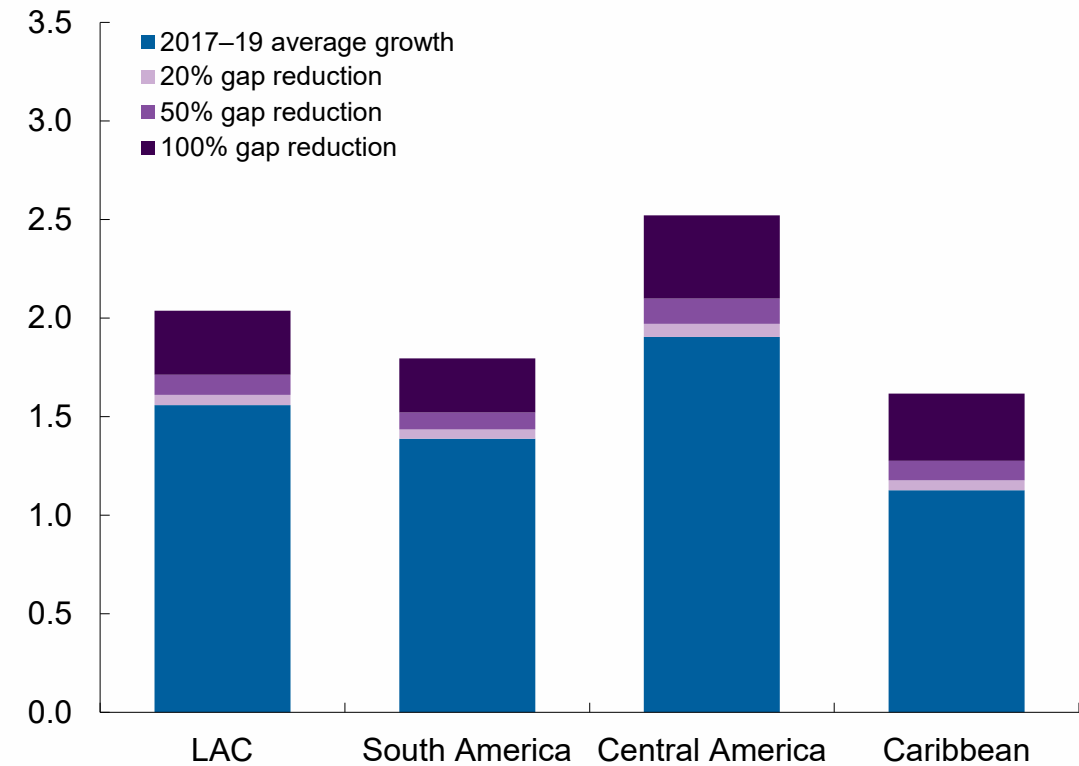
Crime and insecurity have become widespread in LAC…

… and are detrimental to growth

Crime across Regions/Countries
(Homicide rate per 100,000 people; 2017–19 average)
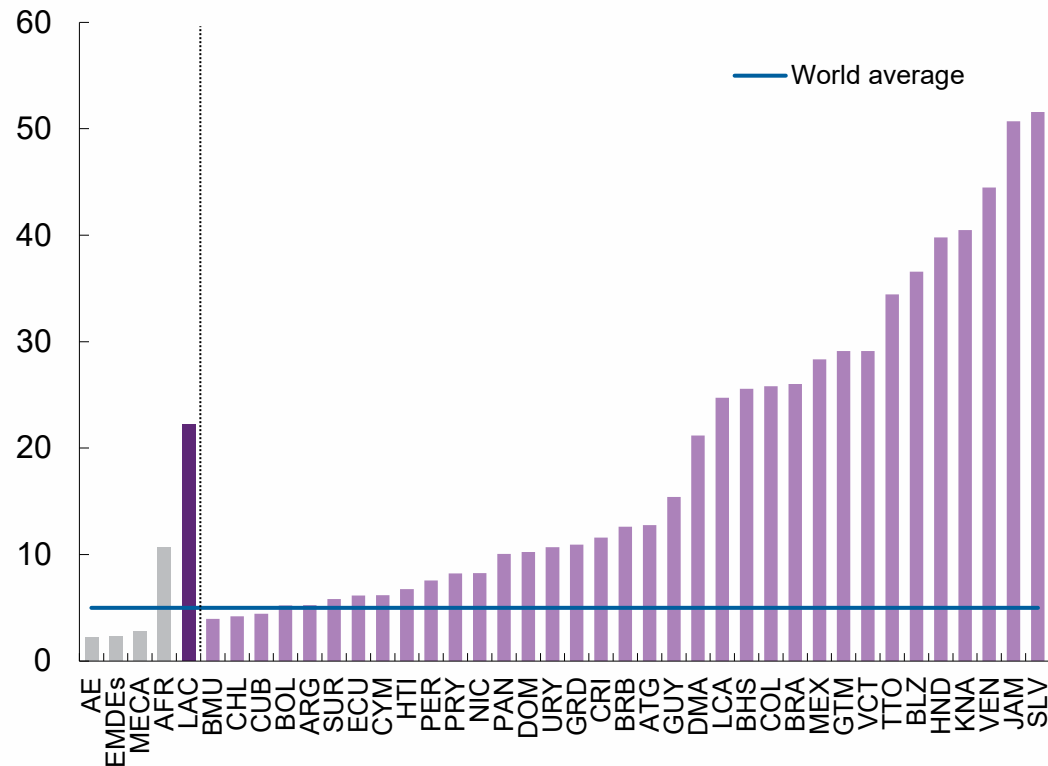
Gains from Closing the Region's Security Gaps Relative to the World Average
(Percentage points of GDP growth)

Sources: United Nations Office on Drugs and Crime; World Bank, World Development Indicators; and IMF staff calculations.
Note: LAC = Latin America and the Caribbean; AE = advanced economies, AFR = North and Sub-Saharan Africa; EMDEs = Asian and European emerging markets and developing economies, MECA = Middle East and Central Asia.
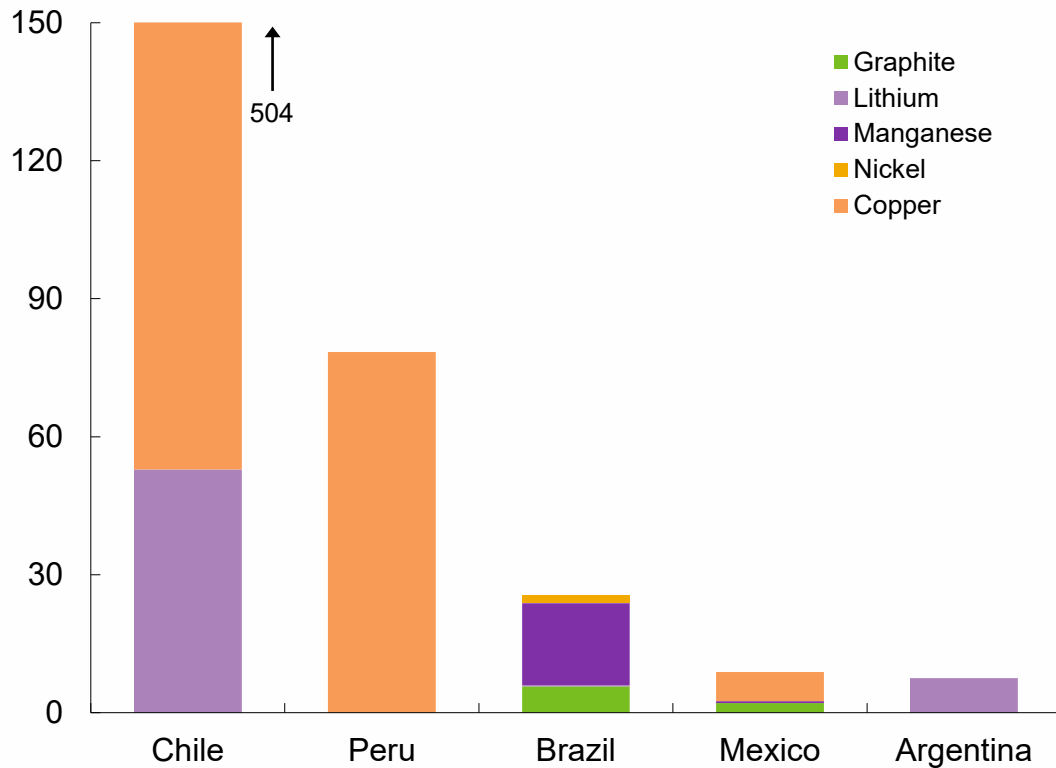
Source: IMF staff calculations.
Note: Estimates of the impact on GDP growth from reducing the gap in crime rates relative to the world (by 20, 50 and 100 percent) are reported. A 20 percent gap reduction means that the distance between each country's 2017–19 average homicide rate and the world average is reduced by 20 percent.

Adapting to ongoing transitions requires investment

*The energy transition is an opportunity for some countries*

Adopting new technologies requires high quality education

Reserves of Selected Critical Metals
(Percent of GDP)

Legend:
- Graphite
- Lithium
- Manganese
- Nickel
- Copper

Digital Adoption Index versus Schooling
(Latest available)

Legend:
- Advanced
- Emerging markets
- SA and MEX
- CAPDR
- CARIB

Sources: UN Comtrade; United States Geological Survey 2023; and IMF staff calculations.
Note: Metal reserves to GDP ratios are calculated using metal prices inferred from country-level exports data.
For Mexico, manganese export prices of Brazil are used due to lack of data.
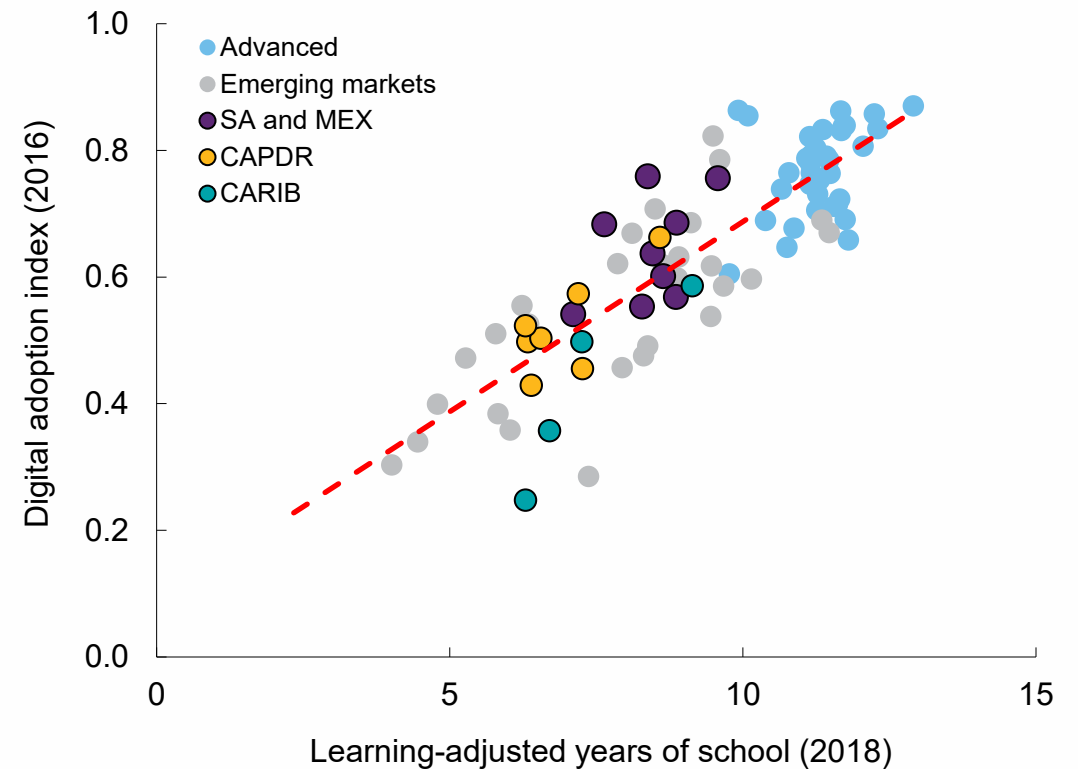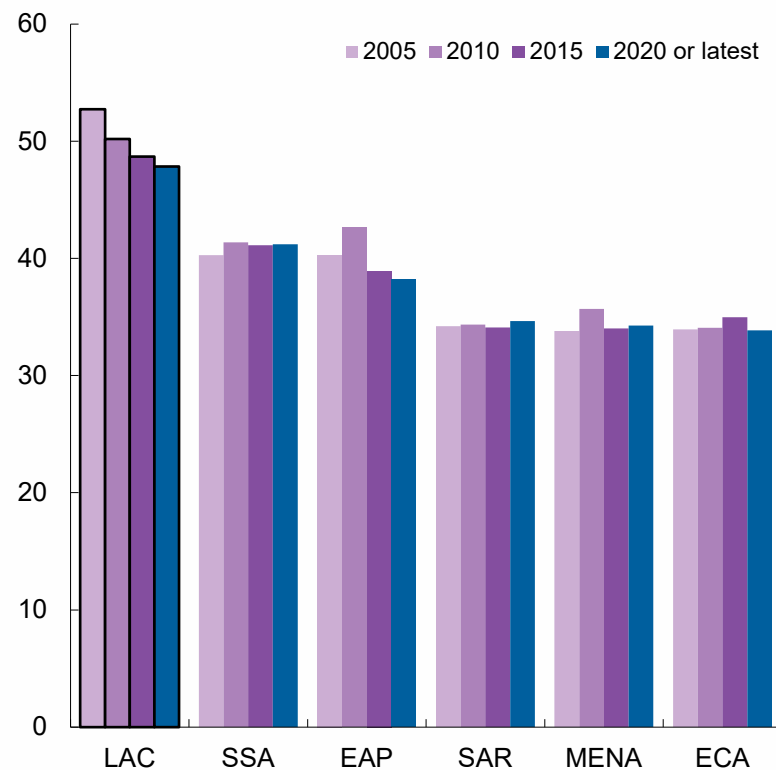
Sources: World Bank, Digital Adoption Index database; World Bank, Human Capital Project database; and IMF staff calculations.
Note: CAPDR = Central America, Panama, and the Dominican Republic; CARIB = Caribbean; SA and MEX = South America and Mexico.

Inequality has fallen, but remains high relative to other regions

Aggregate income volatility has fallen—in part due to better policies…

… but individual income volatility is high and generally not mitigated by social transfers for those in the LF

Gini Index
(Population-weighted average)

Legend: 2005, 2010, 2015, 2020 or latest

Categories: LAC, SSA, EAP, SAR, MENA, ECA

Latin America: Aggregate Income Volatility
(Percent)

Legend: Pre-2000, Post 2000

Categories: Total variance, Domestic component, External component

Fraction of Each Group with Large Income Losses
(Percent)

Legend: Before social transfers, After social transfers

Categories: Male, Older, Less educated, Informal, Poor, Receiving social transfers
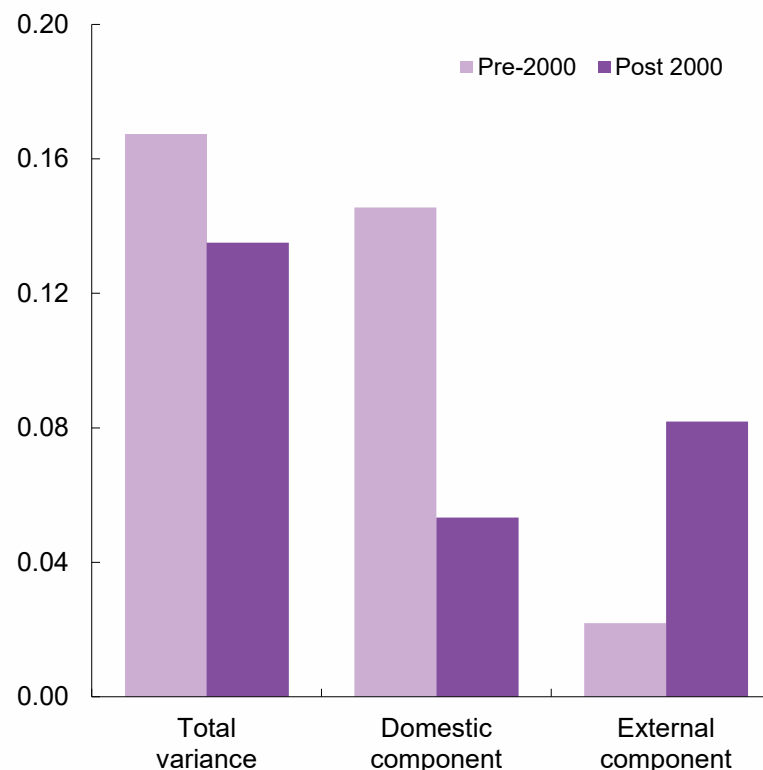
Sources: IMF, World Economic Outlook database; World Bank, World Development Indicators database; and IMF staff calculations.
Note: EAP = East Asia Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia; SSA = sub-Saharan Africa.

Sources: Haver Analytics; IMF, International Financial Statistics database; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Decomposition of the variance of detrended real GDP is reported.

Sources: National authorities (labor market surveys); and IMF staff calculations.
Note: Large income changes are defined as changes in real income greater than 25 percent in absolute value. Values are purchasing-power-parity GDP-weighted averages of Argentina, Brazil, Chile, and Peru.

Main messages

❑ After a strong rebound from the pandemic, LAC's growth is slowing

❑ The slowdown reflects tighter policies to contain inflation and weakening external conditions

❑ Inflation is easing and projected to converge gradually to central banks' targets

❑ Monetary easing should proceed, mindful of risks

❑ Fiscal consolidation plans are ambitious—as needed and in line with Fund advice

❑ Boosting growth requires addressing long-standing structural challenges, adapting to new ones, and enhancing social cohesion

- Boosting trade, including intra-regional

- Strengthening domestic security

- Developing frameworks to foster investment in green minerals

- Enhancing the quality of education

- Strengthening social protection mechanisms

Thank You