Recent developments: Economic activity in Latin America and the Caribbean (LAC) is estimated to have grown 2.2 percent in 2025. For 2025 as a whole, growth rates of private and public consumption, as well as investment, were estimated to be higher than anticipated in June. Stronger domestic demand was supported by import growth that exceeded expectations. Widening current account deficits were accompanied by a real exchange rate appreciation that was more pronounced than in other regions. In most LAC countries in 2025, inflation rates remained within central bank target ranges.

Outlook: Regional growth is projected to rise gradually over the next two years. In 2026, growth in LAC is expected to edge up slightly, to 2.3 percent, as trade tensions and related uncertainty remain elevated and domestic demand continues to be sluggish in some countries, partly offsetting the positive effect of easing financing conditions. Regional growth is then anticipated to firm to 2.6 percent in 2027, as trade flows recover and domestic demand improves.

Growth in Brazil is projected to moderate to 2.0 percent in 2026, before inching up to 2.3 percent in 2027, reflecting the impacts of high real interest rates, trade-related headwinds, and heightened global uncertainty. Mexico's economy is anticipated to expand 1.3 percent in 2026 and 1.8 percent in 2027, as it recovers from a spike in trade policy uncertainty and as firms adapt to the new trade environment. Argentina's growth is projected to moderate to 4.0 percent in 2026 and remain at 4.0 percent in 2027. Domestic policy uncertainty in late 2025 is expected to weigh on domestic demand and growth in 2026. Colombia's economy is projected to expand by 2.6 percent in 2026 and 2.8 percent in 2027, supported by resilient consumption and a gradual recovery in private investment. Chile's growth is forecast to slow to 2.2 percent in 2026 and 2.1 percent in 2027. Domestic demand is expected to recover gradually as the monetary policy rate converges to the neutral range. Peru's activity is projected to expand by 2.5 percent in 2026 and 2027, underpinned by copper and infrastructure investment.

In the Caribbean, subregional growth is set to increase to 5.2 percent in 2026 and 6.6 percent in 2027, driven by Guyana's ongoing oil boom. Excluding Guyana, the subregion is projected to grow by about 2.9 percent and 3.7 percent, supported by tourism and related services. In Central America, growth is projected to remain broadly stable at 3.6 percent in 2026 and 3.7 percent in 2027. Remittance flows are set to decline, adversely affecting economic activity. On the upside, the subregion is expected to continue benefiting from U.S. growth and resilient exports.

Risks: Risks to the regional outlook are tilted to the downside. Further tariff increases or a trade-restrictive outcome of the review of the United States-Mexico-Canada Agreement in 2026 would weigh on regional activity. Given its tight economic linkages with the United States, Mexico is particularly vulnerable. Weaker-than-expected global growth could also lead to a pronounced slump in commodity prices. Lower prices for key regional exports would then weigh on fiscal revenues and external balances. Tightening immigration policies could constrain remittance inflows in the Caribbean, Central America, and elsewhere, weighing on consumption growth and current account balances. Financial market volatility could amplify existing vulnerabilities. Elevated public debt levels in several economies leave the region exposed to sudden changes in global financial conditions. Climate change remains a significant source of risk for the region. A shift toward La Niña conditions, for example, would heighten the likelihood of droughts in southern South America.

On the upside, the adoption of artificial intelligence could boost productivity within the region, especially in countries with more educated labor forces, which are better positioned to harness the benefits of this emerging technology. Yet, the emergence of artificial intelligence may also cause disruptions in the region's labor markets.

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Latin America and the Caribbean Country Forecasts
(Annual percent change unless indicated otherwise)

	2023	2024	2025e	2026f	2027f
GDP at market prices (average 2010-19 US$)					
Argentina	-1.9	-1.3	4.6	4.0	4.0
Bahamas, The	3.0	3.4	2.3	2.1	1.8
Barbados	4.1	4.0	2.7	2.0	2.0
Belize	0.5	3.5	1.5	2.4	2.2
Bolivia	3.1	0.7	-0.5	-1.1	-1.5
Brazil	3.2	3.4	2.3	2.0	2.3
Chile	0.5	2.6	2.6	2.2	2.1
Colombia	0.7	1.6	2.6	2.6	2.8
Costa Rica	4.9	4.2	4.1	3.6	3.7
Dominica	3.7	2.1	3.1	3.0	2.9
Dominican Republic	2.2	5.0	2.5	4.5	4.5
Ecuador	2.0	-2.0	3.2	2.0	2.4
El Salvador	3.5	2.6	3.5	3.0	3.0
Grenada	4.5	3.7	4.4	3.3	3.0
Guatemala	3.5	3.7	4.0	3.7	3.7
Guyana	33.8	43.6	14.6	19.6	21.9
Haiti [a]	-1.9	-4.2	-2.0	2.0	2.5
Honduras	3.6	3.6	3.8	3.5	3.7
Jamaica	2.7	-0.5	-1.3	-2.3	3.7
Mexico	3.4	1.4	0.2	1.3	1.8
Nicaragua	4.4	3.6	3.1	3.0	3.0
Panama	7.4	2.9	3.9	4.1	4.1
Paraguay	5.3	4.7	5.5	3.9	3.9
Peru	-0.4	3.3	3.0	2.5	2.5
St. Lucia	2.2	3.9	1.8	2.0	2.1
St. Vincent and the Grenadines	5.3	4.1	4.0	2.9	2.7
Suriname	2.4	1.7	1.4	3.5	3.7
Trinidad and Tobago	1.5	2.5	1.4	0.3	2.5
Uruguay	0.7	3.1	2.3	2.2	2.2

Source: World Bank.
Note: e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time. The World Bank is currently not publishing economic output, income, or growth data for República Bolivariana de Venezuela owing to a lack of reliable data of adequate quality. República Bolivariana de Venezuela is excluded from cross-country macroeconomic aggregates.
a. GDP is based on fiscal year, which runs from October to September of next year.