

Recent developments: Growth in Latin America and the Caribbean (LAC) slowed to 2.2 percent in 2024, reflecting weaker consumption. Brazil showed robust performance, while Mexico experienced a sharp slowdown. Argentina began to recover in the second half of the year, supported by gains in agriculture and mining. Inflation remained somewhat persistent toward the second half of the year, with food prices rebounding and core inflation increasing slightly. Interest rates fell across most of the region but stayed high in Brazil and Mexico. Slowing demand from China weighed on exports, while Argentina's trade surplus grew due to lower imports.

Outlook: Growth in LAC is projected to accelerate to 2.5 percent in 2025 and 2.6 percent in 2026 as Argentina recovers, interest rates normalize, and inflation decreases. Commodity prices are expected to support LAC exports, although subdued growth in China could limit demand for key commodities.

Brazil's growth is forecast to slow to about 2.2 percent in both years, reflecting restrictive monetary policies and limited fiscal support. Mexico is expected to grow by an average of 1.5 percent, constrained by tight monetary policy and fiscal consolidation. Argentina is projected to recover approximately 4.8 percent annually after two years of recession. Colombia's growth is set to rise to 3.0 percent, supported by recovering private consumption and investment as inflation moderates. Chile's economy is expected to expand by 2.2 percent annually, benefiting from green energy exports despite weaker demand from China. Peru is projected to grow at 2.5 percent, supported by mining investments, although consumption growth is likely to moderate.

In the Caribbean, growth is forecast at 4.9 percent in 2025 and 5.7 percent in 2026, led by Guyana's oil sector expansion. Excluding Guyana, growth is expected at 3.8 percent annually on average for 2025 and 2026, driven by steady remittances and tourism. Central America's growth is projected at 3.5 percent in 2025 and 2026, underpinned by rising consumption and remittances.

Risks: The forecast is subject to several risks, predominantly to the downside. These include fiscal instability, persistent core inflation, and tighter monetary policies. Weak growth in China could lower commodity demand, especially for Chile and Peru. Trade restrictions under a revised United States-Mexico-Canada Agreement (USMCA) could reduce exports, while stricter migration policies may lower remittances, though the extent of these policy changes are not yet clear. Climate change, particularly La Niña-induced droughts, remains a significant threat to agriculture and infrastructure in vulnerable areas.

While facing economic headwinds in 2024, LAC is expected to recover in 2025 and 2026, supported by declining inflation and accommodative monetary policy. The region's economic performance will be influenced by a mix of domestic and international factors, with commodity prices and global demand playing moderate roles.

Download *Global Economic Prospects*: <https://www.worldbank.org/gep>.

Latin America and the Caribbean Country Forecasts¹

(Real GDP growth at market prices in percent, unless indicated otherwise)

	2022	2023	2024e	2025f	2026f
Argentina	5.3	-1.6	-2.8	5	4.7
Bahamas, The	14.4	4.3	2.3	1.8	1.6
Barbados	13.5	4.4	3.9	2.8	2.3
Belize	8.7	4.7	4.3	1.2	0.5
Bolivia	3.6	3.1	1.4	1.5	1.5
Brazil	3	2.9	3.2	2.2	2.3
Chile	2.1	0.2	2.4	2.2	2.2
Colombia	7.3	0.6	1.7	3	2.9
Costa Rica	4.6	5.1	4	3.5	3.4
Dominica	5.6	4.7	4.6	4.2	3.2
Dominican Republic	4.9	2.4	5.1	4.7	5
Ecuador	6.2	2.4	-0.7	2	2.2
El Salvador	2.8	3.5	2.9	2.7	2.5
Grenada	7.3	4.7	4.2	3.8	3.4
Guatemala	4.2	3.5	3.7	4	4
Guyana	63.3	33.8	43	12.3	15.7
Haiti²	-1.7	-1.9	-4.2	0.5	1.5
Honduras	4.1	3.6	3.7	3.6	3.6
Jamaica	5.2	2.6	0.8	2.2	1.6
Mexico	3.7	3.3	1.7	1.5	1.6
Nicaragua	3.8	4.6	3.6	3.5	3.6
Panama	10.8	7.3	2.6	3	3.5
Paraguay	0.2	4.7	4	3.6	3.6
Peru	2.8	-0.4	3.1	2.5	2.5
St. Lucia	20.4	2.2	3.7	2.8	2.3
St. Vincent and the Grenadines	7.2	6	5	3.5	2.9
Suriname	2.4	2.5	2.9	3	3.1
Uruguay	4.7	0.4	3.2	2.6	2.6

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.

1. Data are based on GDP measured in average 2010-19 prices and market exchange rates.

2. GDP is based on fiscal year, which runs from October to September of next year.