Macroeconomic Outlook for Latin America

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A slowdown is expected for Latin America in 2024 due to its largest economies. GDP gaps with respect to pre-Covid levels are above previous expectations in Latin America.
The countries in the region have implemented significant adjustments to reduce the imbalances caused by the response to the pandemic. However, their debt ratios are expected to remain above pre-Covid levels.
After reaching inflation rates not seen in decades in 2022, headline and core rates have diminished significantly throughout 2023.
Medium-term inflation expectations have diminished and real interest rates increased.
Elections in the next 12 months

Argentina:
- First round: October 22, 2023
- Potential second round: November 19, 2023

*Milei, Massa and Bullrich fight it out as the economy descends into hyperinflation*

Ecuador:
- Second round: October 15, 2023

*The election moves on under the shadow of violent events*

Mexico:
- Only one round: June 2, 2024

*Claudia vs Xóchitl decide the future of the 4th Transformation*
The performance of Latin America in recent decades compares unfavorably to other regions.

**GDP**
Index 1980=100

**Per capita GDP**
Index 1980=100

**Total Factor Productivity**
Index 1980=100

Source: WEO

Source: OurWorldinData

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September 2023
Some considerations about the challenges that Latin America faces:

- Polarized societies
- Medium-income, low-growth, unequal countries find it hard to strike a balance to move forward
- Two positive aspects ahead:
  - Energy transition (although there can be winners and losers)
  - Nearshoring
Approval for democracy has been falling

Evolution 1995-2023

%  
58 63 60 59 57 59 57 63 58 58 58 57 56 48 48 48

By country 2020 vs 2023 %

Source: Latinbarómetro
Nearshoring and energy transition

The region has gone through important exporting booms that have not triggered a medium-term convergence to sustained high income levels.

**Exports of Latin America**

**Exports of Mexico**
1993-2000, US$bn

Source: IMF and IADB
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