

**Recent developments:** In 2023, Latin America and the Caribbean experienced a significant economic slowdown, growing just 2.2 percent. This deceleration came in the context of heightened inflation and tight monetary conditions, weak global trade, and adverse weather events. Despite these challenges, growth in Brazil and Mexico exceeded previous forecasts. Brazil's positive performance was fueled by better-than-expected agricultural production, robust private consumption, and increasing exports in the first three quarters of the year. Similarly, Mexico witnessed stronger-than-projected growth in both private consumption and investment.

**Outlook:** The economic outlook for the region suggests a gradual recovery, with growth projected to increase to 2.3 percent in 2024 and 2.5 percent in 2025. While the lingering effects of previous monetary tightening will continue to influence near-term growth, their impact is expected to diminish. As inflation slows, central banks are expected to reduce interest rates, alleviating obstacles to investment growth.

Country-specific projections are mixed. For Brazil, growth is anticipated to slow in 2024 to 1.5 percent, but a recovery to 2.2 percent is forecast for 2025, underpinned by decreasing inflation and declining interest rates. Meanwhile, Mexico's growth is forecast to ease to 2.6 percent in 2024 and 2.1 percent in 2025, influenced by falling inflation and weaker external demand. Argentina's economy, on the other hand, is projected to rebound, expanding by 2.7 percent in 2024 and 3.2 percent in 2025, following the drought in 2023.

Colombia's growth trajectory is expected to firm from 1.2 percent in 2023 to 1.8 percent in 2024 and 3 percent in 2025. Growth in Chile is forecast to be 1.8 percent in 2024, then accelerate to 2.3 percent in 2025. Peru is projected to rebound from a contraction in 2023, growing 2.5 percent in 2024 and 2.3 percent in 2025, supported by increased mining production.

Excluding Guyana, which is experiencing a resource boom, Caribbean economies are expected to grow by 4.1 percent in 2024 and 3.9 percent in 2025, partly due to the ongoing expansion of the tourism sector. For Central America, steady growth is envisioned, with rates of 3.7 percent in 2024 and 3.8 percent in 2025. This outlook is supported by a moderate increase in remittances, particularly in 2024.

In the long term, the region faces persistent challenges. The potential for economic growth is declining amid a slowdown in total factor productivity and an aging population.

**Risks:** The projected modest regional expansion is beset by risks. Escalating geopolitical tensions, especially in the Middle East, could disrupt energy markets and cause oil prices to surge. Extreme weather events, intensified by climate change, present additional risks, particularly to climate-sensitive sectors such as agriculture, energy, and fishing.

External factors and global trends also contribute to the risk landscape. Persistent core inflation in advanced economies could be accompanied by persistently high global interest rates, constraining monetary and fiscal policies in the region. Furthermore, a sharper-than-expected slowdown in China's growth could have notable spillovers to external demand, impacting the region's commodity exports.

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TABLE 2.3.1 Latin America and the Caribbean forecast summary  
(Real GDP growth at market prices in percent, unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	Percentage point differences from June 2023 projections		
						2023e	2024f	2025f
EMDE LAC, GDP <sup>1</sup>	7.2	3.9	2.2	2.3	2.5	0.7	0.3	-0.1
GDP per capita (U.S. dollars)	6.4	3.2	1.6	1.5	1.8	0.8	0.2	-0.1
(Average including countries that report expenditure components in national accounts) <sup>2</sup>								
EMDE LAC, GDP <sup>2</sup>	7.2	3.8	2.2	2.1	2.5	0.8	0.1	0.0
PPP GDP	7.4	3.9	2.1	2.2	2.5	0.6	0.2	0.0
Private consumption	7.8	5.6	2.1	1.8	2.5	0.8	-0.7	-0.2
Public consumption	4.1	1.6	1.4	1.2	1.0	0.5	0.6	0.4
Fixed investment	16.8	4.8	0.9	2.4	3.6	0.9	0.0	0.9
Exports, GNFS <sup>3</sup>	8.3	7.7	1.1	4.5	4.0	-2.0	0.1	-0.5
Imports, GNFS <sup>3</sup>	17.9	7.4	-0.9	3.1	3.8	-2.2	-1.4	-0.6
Net exports, contribution to growth	-2.1	0.0	0.5	0.3	0.0	0.1	0.4	0.0
Memo items: GDP								
South America <sup>4</sup>	7.3	3.6	1.6	1.8	2.4	0.8	0.0	-0.1
Central America <sup>5</sup>	10.5	5.5	4.1	3.7	3.8	0.5	-0.1	-0.1
Caribbean <sup>6</sup>	9.8	8.6	4.6	7.6	5.4	-0.5	2.0	-1.3
Caribbean excluding Guyana	9.3	5.4	2.3	4.1	3.9	-1.0	0.2	-0.1
Brazil	5.0	2.9	3.1	1.5	2.2	1.9	0.1	-0.2
Mexico	5.8	3.9	3.6	2.6	2.1	1.1	0.7	0.1
Argentina	10.7	5.0	-2.5	2.7	3.2	-0.5	0.4	1.2

Source: World Bank.

Note: e = estimate; f = forecast; PPP = purchasing power parity; EMDE = emerging market and developing economy. 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 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.

1. GDP and expenditure components are measured in average 2010-19 prices and market exchange rates.

2. Aggregate includes all countries in notes 4, 5, and 6, plus Mexico, but excludes Antigua and Barbuda, Barbados, Dominica, Grenada, Guyana, Haiti, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Suriname.

3. Exports and imports of goods and nonfactor services (GNFS).

4. Includes Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, and Uruguay.

5. Includes Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

6. Includes Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Suriname.

TABLE 2.3.2 Latin America and the Caribbean country forecasts<sup>1</sup>  
(Real GDP growth at market prices in percent, unless indicated otherwise)

						Percentage point differences from June 2023 projections		
	2021	2022	2023e	2024f	2025f	2023e	2024f	2025f
Argentina	10.7	5.0	-2.5	2.7	3.2	-0.5	0.4	1.2
Bahamas, The	17.0	14.4	4.3	1.8	1.6	0.0	-0.2	-0.3
Barbados	-0.8	13.8	4.6	4.0	3.0	-0.3	0.1	-0.1
Belize	15.2	12.7	4.5	3.5	3.3	2.1	1.5	1.3
Bolivia	6.1	3.5	1.9	1.5	1.5	-0.6	-0.5	-0.5
Brazil	5.0	2.9	3.1	1.5	2.2	1.9	0.1	-0.2
Chile	11.7	2.4	-0.4	1.8	2.3	0.0	0.0	0.1
Colombia	11.0	7.3	1.2	1.8	3.0	-0.5	-0.2	-0.2
Costa Rica	7.8	4.3	5.2	3.9	3.6	2.3	0.9	0.4
Dominica	6.9	5.9	4.9	4.6	4.0	0.2	0.0	-0.2
Dominican Republic	12.3	4.9	2.5	5.1	5.0	-1.6	0.3	0.0
Ecuador	4.2	2.9	1.3	0.7	2.0	-1.3	-2.1	-0.8
El Salvador	11.2	2.6	2.8	2.3	2.3	0.5	0.2	0.2
Grenada	4.7	6.4	3.9	3.8	3.5	0.3	0.5	0.4
Guatemala	8.0	4.1	3.4	3.5	3.5	0.2	0.0	0.0
Guyana	20.1	63.4	29.0	38.2	15.2	3.8	17.0	-13.0
Haiti <sup>2</sup>	-1.8	-1.7	-2.5	1.3	2.2	-0.1	-0.4	-0.2
Honduras	12.5	4.0	3.2	3.2	3.4	-0.3	-0.5	-0.4
Jamaica	4.6	5.2	2.3	2.0	1.4	0.3	0.3	0.2
Mexico	5.8	3.9	3.6	2.6	2.1	1.1	0.7	0.1
Nicaragua	10.3	3.8	3.1	3.2	3.5	0.1	-0.2	0.0
Panama	15.8	10.8	4.9	4.6	5.3	-0.8	-1.2	-0.6
Paraguay	4.0	0.1	4.6	3.8	3.8	-0.2	-0.5	-0.5
Peru	13.4	2.7	-0.4	2.5	2.3	-2.6	-0.1	-0.5
St. Lucia	12.2	15.9	3.2	2.9	2.3	-0.4	-0.5	-0.2
St. Vincent and the Grenadines	0.8	4.9	6.0	4.8	3.7	0.4	0.0	0.2
Suriname	-2.4	2.4	2.0	2.6	3.0	-0.4	-0.6	-0.1
Uruguay	5.3	4.9	1.2	3.2	2.6	-0.6	0.4	0.2

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.

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.