

**Recent developments:** In the latter part of 2023, Latin America and the Caribbean (LAC) experienced a slowdown in economic growth due to the lingering effects of monetary tightening. While early 2024 showed some signs of economic firming, the recovery has been uneven across the region. Brazil and Mexico have maintained positive business confidence, with some countries like Colombia showing improvement, whereas Argentina has seen a strong economic contraction. Inflation rates are generally decreasing, and central banks have started to reduce policy interest rates from their high levels in 2023.

**Outlook:** Growth in LAC is projected to further decline to 1.8 percent in 2024 before picking up to 2.7 percent in 2025 as 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 moderate to 2.0 percent in 2024 and 2.2 percent in 2025, supported by policy rate cuts and a recovery in private consumption and investment. Mexico's projected growth will slow to 2.3 percent in 2024 and 2.1 percent in 2025, constrained by tight monetary policy despite anticipated reductions in inflation and interest rates. Argentina is expected to contract by 3.5 percent in 2024 but rebound with 5.0 percent growth in 2025 as economic imbalances are addressed and inflation decreases. Colombia's growth is expected to increase to 1.3 percent in 2024 and 3.2 percent in 2025, driven by recovering private consumption and exports. Chile's forecasted growth of 2.6 percent in 2024 and 2.2 percent in 2025 will be supported by strong external demand for green energy commodities and interest rate cuts. Peru is projected to grow by 2.9 percent in 2024 and 2.6 percent in 2025, with inflation decline and policy rate cuts bolstering private consumption.

The Caribbean's growth is expected to strengthen to 7.1 percent in 2024, with robust performance continuing in 2025 at 5.7 percent. Excluding Guyana, growth is forecast at 3.9 percent in 2024 and 4 percent in 2025, driven by moderate tourism recovery and remittances. Central America's growth is projected to weaken to 3.2 percent in 2024, recovering to 3.5 percent in 2025 with faster remittance growth.

**Risks:** The forecast is subject to several risks, predominantly to the downside. These include potential tighter global financial conditions, elevated local debt levels, and a slowdown in China's growth affecting LAC's exports. Climate change-related extreme weather events also present a risk. Conversely, stronger economic activity in the United States could positively impact Central America and the Caribbean.

In conclusion, while facing economic headwinds in 2024, LAC is expected to see a gradual recovery in 2025, 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.

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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)

	2021	2022	2023e	2024f	2025f	2026f	Percentage point differences from January 2024 projections	
							2024f	2025f
Argentina	10.7	5.0	-1.6	-3.5	5.0	4.5	-6.2	1.8
Bahamas, The	15.4	10.8	2.6	2.3	1.8	1.6	0.5	0.2
Barbados	-1.2	13.5	4.4	3.7	2.8	2.3	-0.3	-0.2
Belize	17.9	8.7	4.7	3.4	2.5	2.5	-0.1	-0.8
Bolivia	6.1	3.6	3.1	1.4	1.5	1.5	-0.1	0.0
Brazil	4.8	3.0	2.9	2.0	2.2	2.0	0.5	0.0
Chile	11.3	2.1	0.2	2.6	2.2	2.2	0.8	-0.1
Colombia	10.8	7.3	0.6	1.3	3.2	3.1	-0.5	0.2
Costa Rica	7.9	4.6	5.1	3.9	3.7	3.7	0.0	0.1
Dominica	6.9	5.6	4.9	4.6	4.2	3.0	0.0	0.2
Dominican Republic	12.3	4.9	2.4	5.1	5.0	5.0	0.0	0.0
Ecuador	9.8	6.2	2.4	0.3	1.6	2.2	-0.4	-0.4
El Salvador	11.9	2.8	3.5	3.2	2.7	2.5	0.9	0.4
Grenada	4.7	7.3	4.8	4.3	3.8	3.2	0.5	0.3
Guatemala	8.0	4.1	3.5	3.0	3.5	3.5	-0.5	0.0
Guyana	20.1	63.3	33.0	34.3	16.8	18.2	-3.9	1.6
Haiti <sup>2</sup>	-1.8	-1.7	-1.9	-1.8	1.9	2.0	-3.1	-0.3
Honduras	12.5	4.0	3.6	3.4	3.3	3.4	0.2	-0.1
Jamaica	4.6	5.2	2.6	2.0	1.6	1.6	0.0	0.2
Mexico	6.0	3.7	3.2	2.3	2.1	2.0	-0.3	0.0
Nicaragua	10.3	3.8	4.3	3.7	3.5	3.5	0.5	0.0
Panama	15.8	10.8	6.5	2.5	3.5	4.0	-2.1	-1.8
Paraguay	4.0	0.2	4.7	3.8	3.6	3.6	0.0	-0.2
Peru	13.4	2.7	-0.6	2.9	2.6	2.4	0.4	0.3
St. Lucia	12.2	18.1	3.2	2.9	2.4	1.8	0.0	0.1
St. Vincent and the Grenadines	0.8	7.2	6.5	5.0	3.9	3.7	0.2	0.2
Suriname	-2.4	2.4	2.1	3.0	3.0	3.0	0.4	0.0
Uruguay	5.6	4.7	0.4	3.2	2.6	2.6	0.0	0.0

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.