



MASTERCARD ECONOMICS INSTITUTE

Economic outlook 2024

Latin America



In 2024, consumers and businesses around the globe will make difficult decisions about how to spend and invest, according to the Mastercard Economic Institute's [Economic Outlook 2024](#) report.

Resources will be carefully prioritized as interest rates, wages and prices remain high relative to pre-pandemic levels. However, moderating inflation, steady real economic growth and varied regional dynamics will sustain consumer empowerment.

Here's how the dynamics are playing out in Latin America.

Key takeaways for Latin America in 2024:



Latin America will benefit from stabilizing inflation, leading to a smooth slowdown in GDP growth.



Consumers are benefiting from strong labor markets, but consumer spending growth will moderate in 2024 compared to 2023.



Higher food prices remain a risk for Latin American economies

Headwinds & tailwinds to watch



2024 headwinds:

- Income-sensitive sectors are likely to lag as households control their expenses.
- Economic slowdown in China and the US could threaten Latin America's economic performance, impacting Southern Cone countries the hardest due to decreased demand for agricultural products and metals.
- An economic slowdown in the US could impact Central America and the Caribbean with weaker exports and lower remittances.
- El Niño, an oceanic and atmospheric phenomenon, could drive up food inflation. Droughts in particular regions and intense storms in others may affect agricultural production and transport.



2024 tailwinds:

- The policy rate cut cycle could provide relief to households throughout the region, whose debt service has climbed with high rates.
- The continued easing of monetary policy will help sustain consumer spend in interest-sensitive sectors.
- Labor reports will remain strong in the economies that have outperformed and turn the corner in the region's underperforming economies, with real wages expected to show modest and consistent growth.

Country breakdown



Economic trends to watch in Brazil

- Brazil will be one of the leaders in **reducing interest rates and inflation** with the Central Bank of Brazil slowly bringing down interest rates well into 2024 (not in report but believed to be accurate)
- 2024 forecast for Brazil:
 - Real consumer spending is expected to grow **1.9% YOY**
 - Consumer price inflation to increase by **4.1% YOY**
 - Central bank interest rate (end of period): **9%**
 - Real gross domestic product to increase by **1.6% YOY**
 - Unemployment rate: **8.1%**



Economic trends to watch in Mexico

- Mexico will stay behind in the policy rate cut cycle due to remarkable economic resilience. (taken from report)
- 2024 forecast for Mexico:
 - Real consumer spending is expected to grow **2% YOY**
 - Consumer price inflation to increase by **4.6% YOY**
 - Central bank interest rate (end of period): **7.56%**
 - Real gross domestic product to increase by **1.9% YOY**
 - Unemployment rate: **3.5%**



Economic trends to watch in Chile

- Rate cuts that started in mid-2023 will continue into 2024, providing a needed **boost to consumer spending** (not in report but believed to be accurate)
- 2024 forecast for Chile:
 - Real consumer spending is expected to grow **2.2% YOY**
 - Consumer price inflation to increase by **3.6% YOY**
 - Central bank interest rate (end of period): **5.05%**
 - Real gross domestic product to increase by **2.2% YOY**
 - Unemployment rate: **8.6%**



Economic trends to watch in Colombia

- Colombia will stay behind in the policy rate cut cycle due to sticky core and food inflation (taken from report)
 - Real consumer spending is expected to grow **2.6% YOY**
 - Consumer price inflation to increase by **6% YOY**
 - Central bank interest rate (end of period): **7.25%**
 - Real gross domestic product to increase by **2% YOY**
 - Unemployment rate: **9.3%**

Read the full [Economic outlook 2024 report](#) and learn more about the [Mastercard Economics Institute](#).

