



ATREVIATM

LATIN AMERICAN KEY HIGHLIGHTS

October 2025



Electoral Processes, Social Protests, and Donald Trump Dominate the Spotlight in Latin America

Over the past month, the region has witnessed **highly significant political, social, and diplomatic developments**, while the economy remained, overall, relatively stable.

Argentina regained a degree of financial calm following **Javier Milei's** victory in the **legislative elections**, a result that paves the way for U.S. financial aid previously conditioned by **Donald Trump** on this outcome. In contrast, Trump's relationship with Colombian **President Gustavo Petro** remains deeply strained, leading to Petro's inclusion on the Clinton List of **individuals linked to drug trafficking**. Meanwhile, the Colombian government has revived the idea of a **Constituent Assembly** to break the deadlock on key reforms.

In **Ecuador**, the possibility of moving toward a constitutional process is higher, depending on the outcome of the public **referendum** scheduled for November 16. The country also concluded a **31-day national strike** sparked by the elimination of the diesel subsidy.

Social unrest continues in **Peru** amid the political instability triggered by the **removal of Dina Boluarte** due to the security crisis. **José Jerí**, president of Congress, has assumed office as interim president until 2026. **Chile**, for its part, will also soon elect a new president, and according to polls, Communist candidate **Jeannette Jara** and far-right leader **José Antonio Kast** are likely to face off in a runoff set for December 14.

On the economic front, **inflation** in **Brazil** remains above the target range, with the **water crisis** now driving up energy prices. The benchmark interest rate has held steady **at 15%** since June. Similarly, inflation in **Mexico** continues to rise, and the Bank of Mexico has warned that newly approved taxes could add **further pressure**. The government also plans to **raise the minimum wage** by up to 14% in 2026.

In **Uruguay**, inflation remains within the Central Bank's target range, and the country has **cut interest rates** to accelerate monetary easing. It also made history by becoming the first nation in Latin America to legalize **euthanasia** through parliamentary approval. Meanwhile, **Paraguay's** economy continues to perform well, though **social protests** persist — particularly among young people denouncing corruption.

Finally, **Brussels** is preparing to sign the **EU–Mercosur** agreement on December 5, while also strengthening cooperation with **Latin America and the Caribbean** in science, innovation, and the fight against organized crime.



ARGENTINA

POLITICAL CONTEXT

Milei’s comeback in the legislative elections consolidates his power and paves the way for U.S. aid

The October 26 legislative elections marked a turning point for Javier Milei’s administration. La Libertad Avanza won 40.6% of the vote and secured 64 new seats in the Chamber of Deputies, along with 20 in the Senate. This outcome reversed the defeat suffered in the Buenos Aires provincial elections.

The ruling party’s victory in 15 of the country’s 24 constituencies — including Mendoza, Entre Ríos, San Luis, and Buenos Aires — strengthens Milei’s legislative position, although he will still need support from other political forces to achieve a majority in both chambers.

The result also carried international implications. U.S. President Donald Trump had previously tied a USD 40 billion aid package to Milei’s success in these elections. With the favorable outcome for the ruling coalition, U.S. financial support is now expected to materialize.

SOCIAL CONTEXT

Low voter turnout and debates over the social impact of government reforms

Voter turnout in the October elections reached 68%, the lowest since the return of democracy, reflecting growing public disengagement, particularly among young people and urban populations.

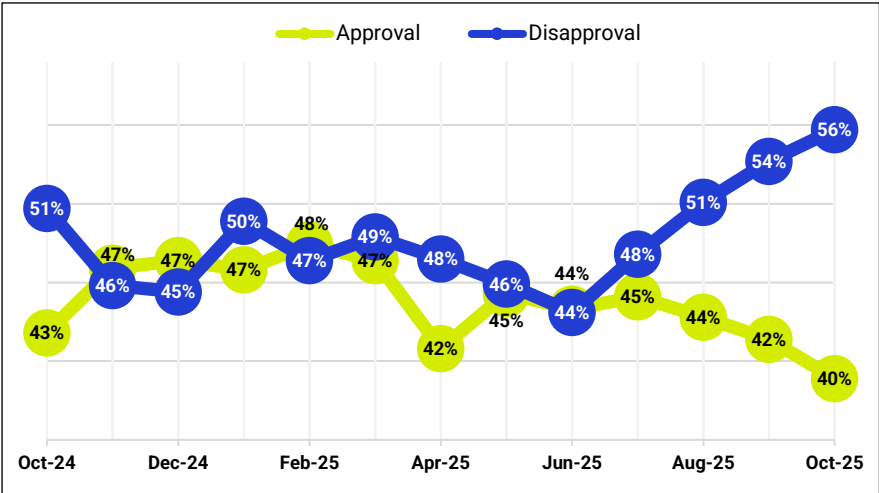
The strong performance of La Libertad Avanza in Buenos Aires, despite the scandal involving José Luis Espert, former minister and leading ruling-party candidate accused of alleged ties to drug trafficking, generated mixed reactions: supporters celebrated the government’s consolidation, while critics warned of power concentration and the potential social fallout of economic reforms.

At the same time, concerns persist over the social impact of fiscal tightening and cuts to welfare programs affecting the most vulnerable groups. Social organizations and unions have stepped up pressure to ensure access to education, healthcare, and basic assistance, while calls for greater transparency in public resource management continue to grow.



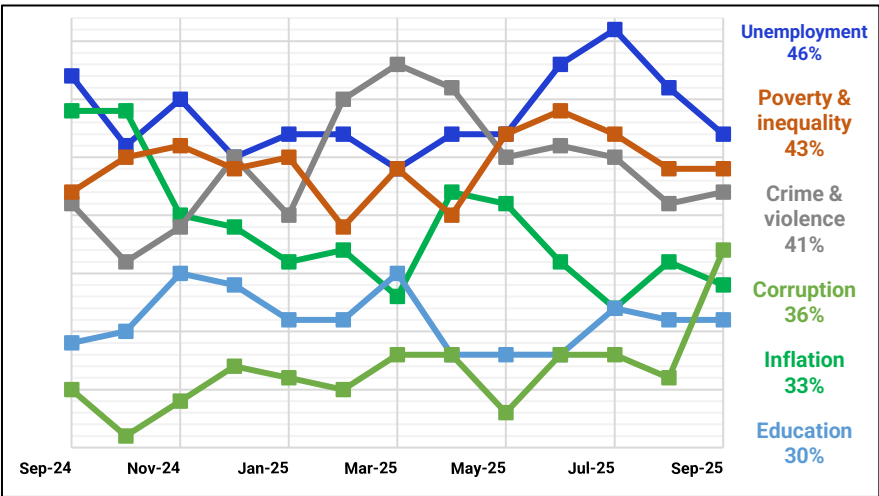
Javier Milei
Approval

President of Argentina



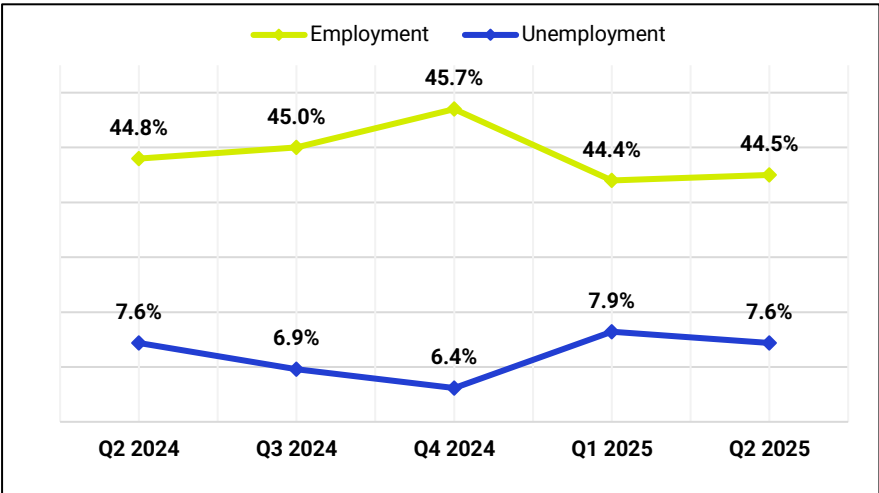
Source: Atlas Intel

Main Public Concerns



Source: IPSOS

Labor Market Trends



Source: INDEC



ARGENTINA

ECONOMIC CONTEXT

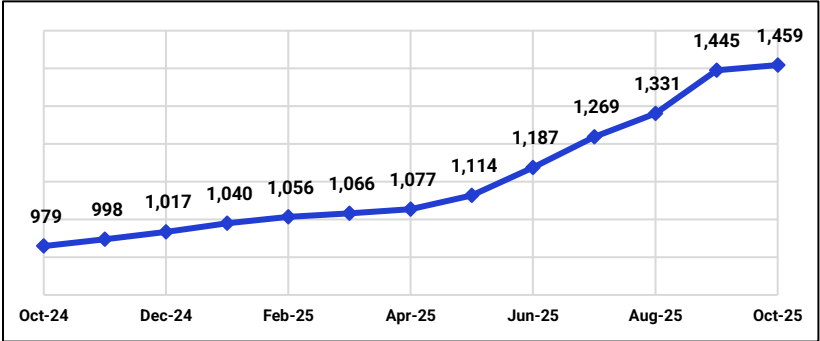
Inflation under control, stable exchange rate, and U.S. backing amid fiscal uncertainty

September inflation stood at 2.1% month-on-month, totaling 31.8% year-on-year, while core inflation remains driven by food and transport costs. The official exchange rate held steady thanks to the agreement with the United States, which includes a USD 40 billion financial assistance package previously conditioned on Javier Milei’s electoral success.

Markets reacted positively to the ruling party’s victory: Argentine stocks abroad rallied, and the country risk index declined, although concerns persist regarding external debt and fiscal sustainability.

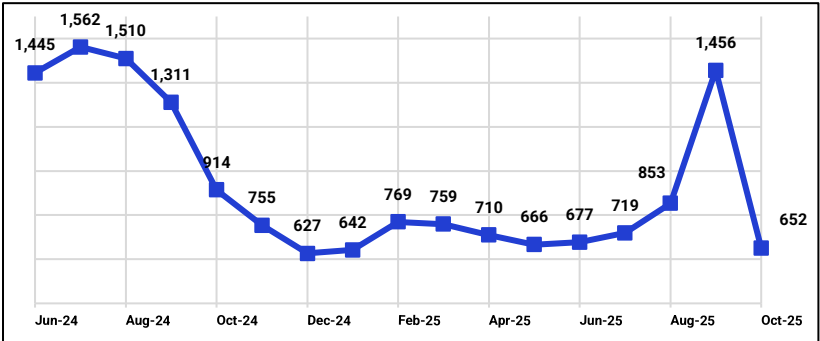
The government has implemented containment measures, such as the temporary suspension of export taxes on grains, as it seeks to bolster investor and public confidence. However, the combination of high inflation, fiscal deficit, and reliance on international aid continues to fuel medium-term economic uncertainty.

ARS/USD Exchange Rate



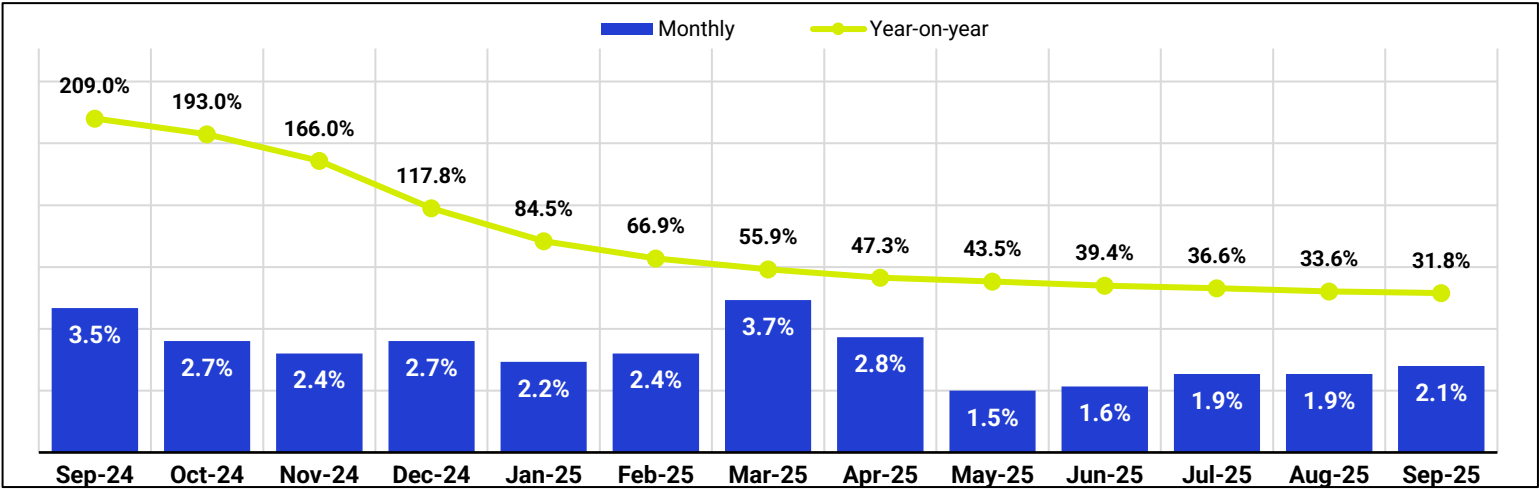
Source: BCRA

Country Risk



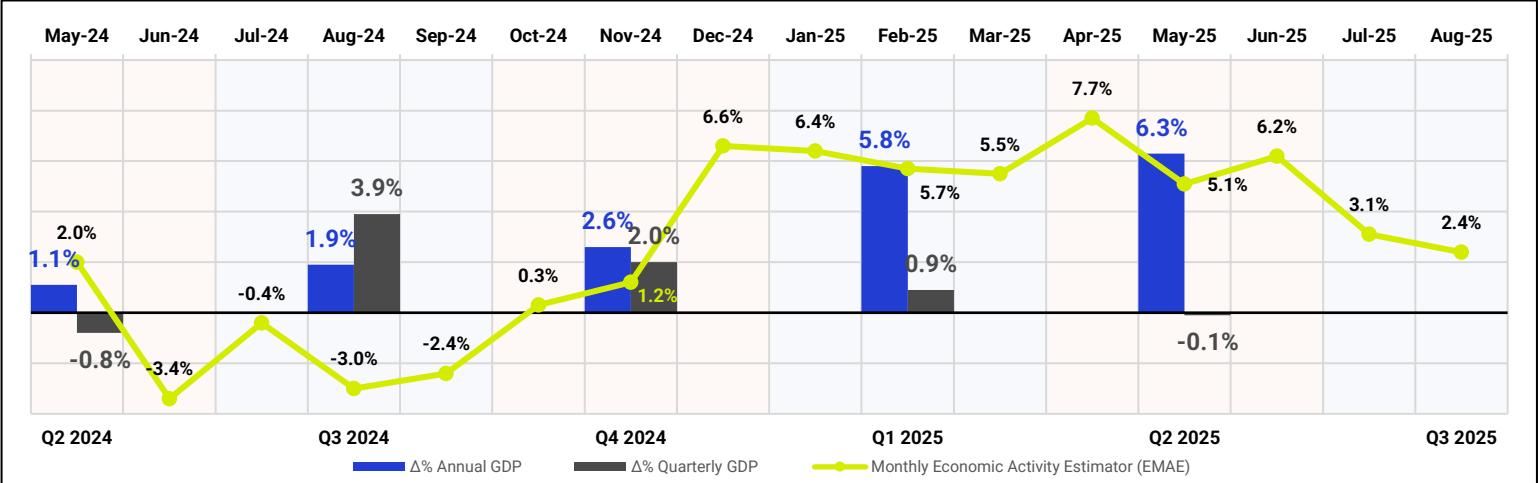
Source: JP Morgan, EMBI

Inflation Trend



Source: INDEC

Economic Trend



Expected GDP Growth by End-2025 (IMF) → +5.5%

Source: INDEC



POLITICAL CONTEXT

Tensions between branches of government in Congress and criticism of constitutional reform

President Lula da Silva’s administration is facing a challenging period in Congress following the repeal of the decree that increased the Tax on Financial Transactions (IOF). The move was widely interpreted as a sign of weakening support within his coalition and growing resistance from the opposition.

At the same time, the so-called “Shielding Constitutional Amendment Proposal” (PEC de Blindaje) is moving forward. It seeks to introduce secret votes to authorize judicial proceedings against members of Congress, a measure criticized by legal experts and social movements for representing a setback in terms of transparency.

In the judicial sphere, former president Jair Bolsonaro, currently under house arrest, was granted permission by the Federal Supreme Court to receive medical treatment at home. On the international stage, Lula highlighted Brazil’s removal from the FAO Hunger Map as a key achievement of his social policies and a symbol of the country’s national reconstruction efforts.

SOCIAL CONTEXT

Water crisis impacts households and energy generation

The country is experiencing a water crisis officially recognized by the National Water Agency until October 31, 2025, reflecting a sustained risk to water supply. Low rainfall has reduced reservoir levels used for hydroelectric generation, driving up electricity costs in a context of heavy dependence on the hydropower system.

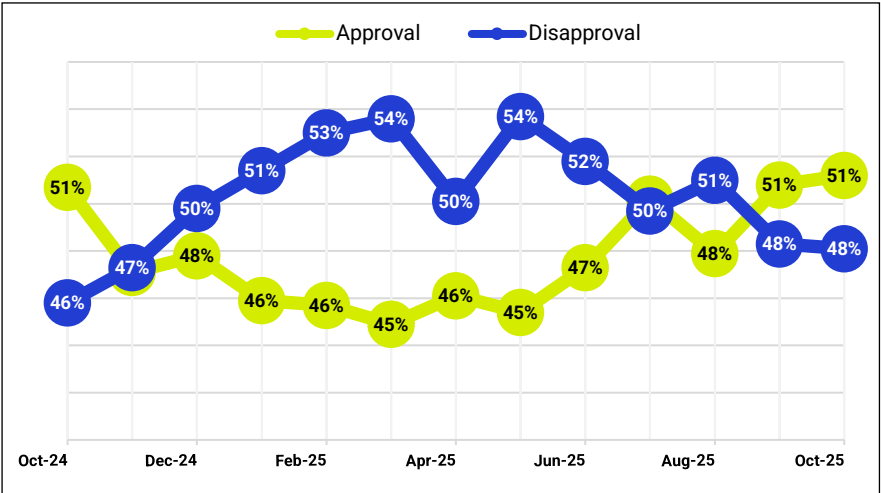
In major cities, distribution network losses have also worsened, reaching an average of 45.43% in 2023, according to the Sanitation Ranking.

The combination of persistent inflation, rising household expenses, and uncertainty regarding water access presents a worrying scenario for Brazilian families, who are struggling to balance their monthly budgets and adapt to an increasingly adverse climatic and economic environment.



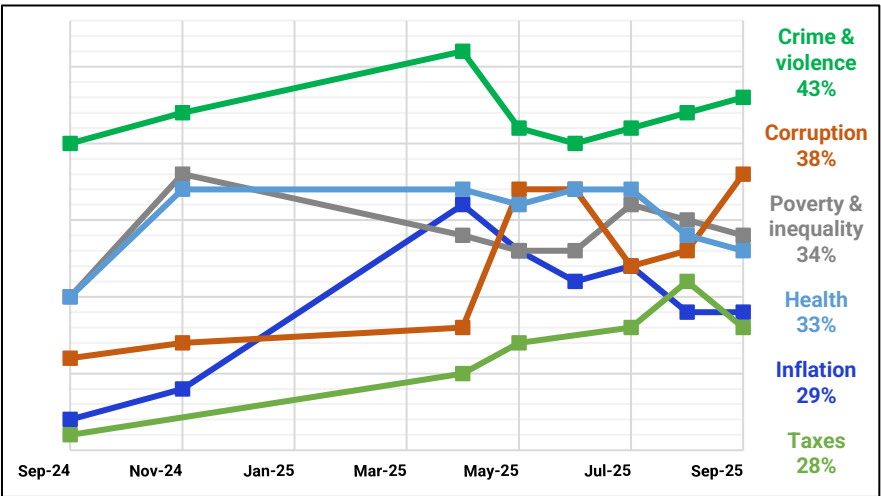
Lula da Silva Approval

President of Brazil



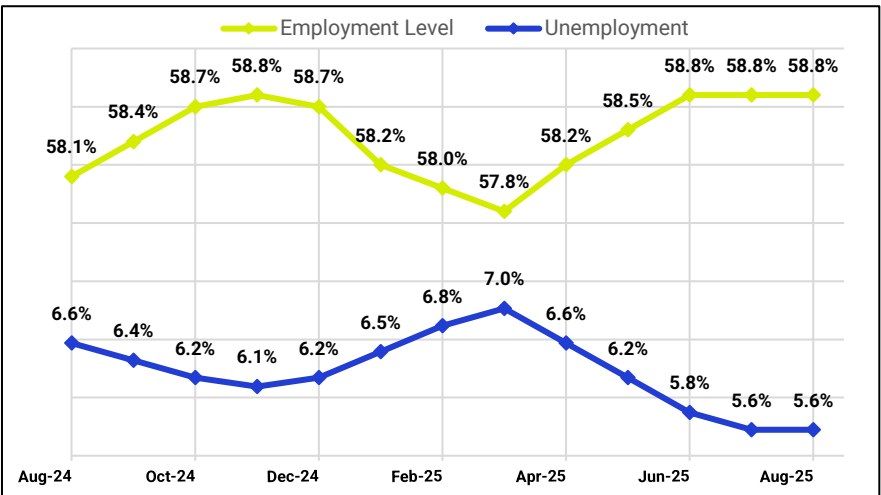
Source: Atlas Intel

Main Public Concerns



Source: IPSOS

Labor Market Trend



Source: IBGE



BRAZIL

ECONOMIC CONTEXT

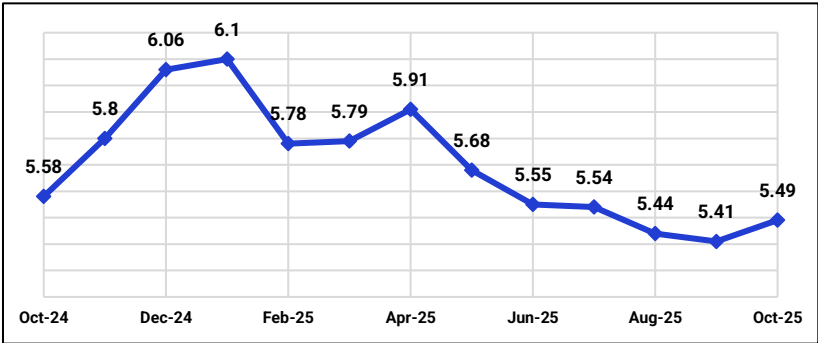
Moderate growth forecast and trade surplus

The World Bank projects Brazil’s economy to grow by 2.4% in 2025, a moderate pace but still above the Latin American average. However, the Central Bank revised its own forecast slightly downward, from 2.1% to 2.0%.

Inflation, measured by the IPCA index, is expected to end the year between 4.8% and 4.9%, above the official 4.5% target. As a result, monetary policy remains tight, with interest rates held at around 15% to contain persistent inflationary pressures.

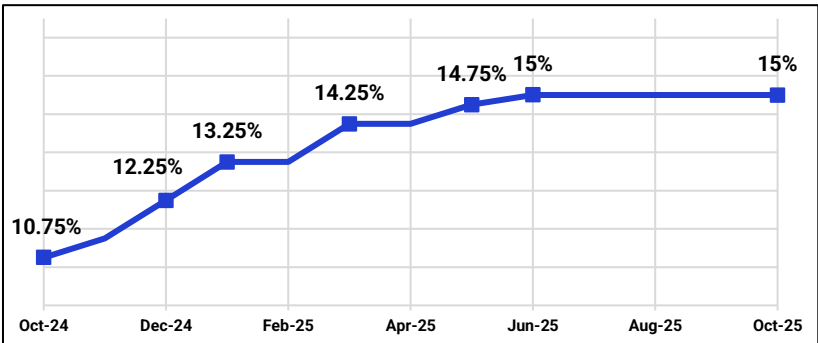
Externally, Brazil continues to post a trade surplus, about USD 45.5 billion accumulated through September, though lower than last year’s figure, as imports have grown faster than exports. Against this backdrop, Brazil faces fiscal challenges, external risks, and political tensions, requiring a delicate balance between stimulating growth and maintaining price stability.

BRL/USD Exchange Rate



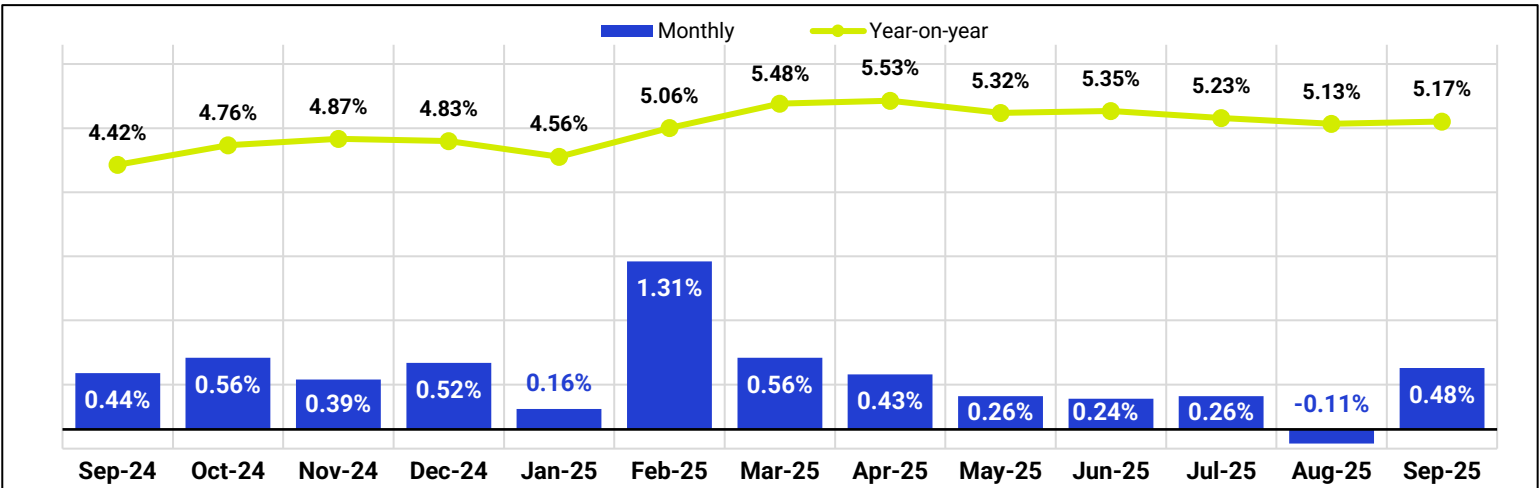
Source: BCB

Selic Rate



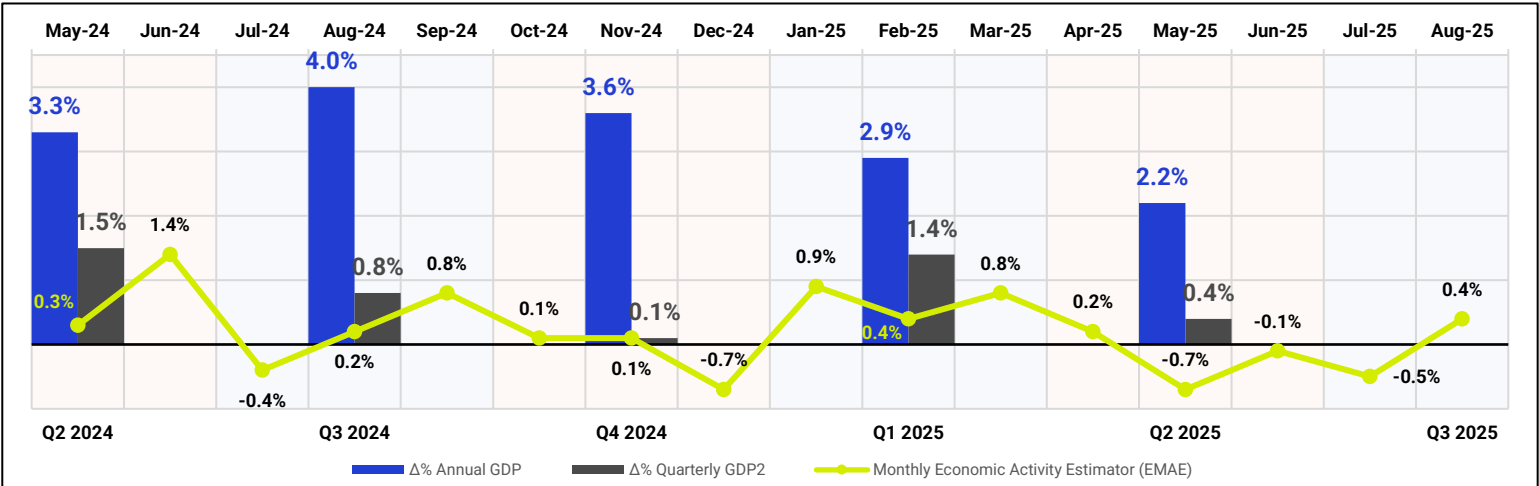
Source: BCB

Inflation Trend



Source: IBGE

Economic Trend



Expected GDP Growth by End-2025 (BCB - Relatório Focus) → +2.16%

Source: IBGE



POLITICAL CONTEXT

The country prepares for elections in a few weeks

The electoral campaign period began on September 15 and will run until November 13, ahead of the presidential and parliamentary elections. Eight candidates have been registered, and polls suggest a possible runoff between Jeannette Jara, representing the ruling coalition, and José Antonio Kast.

President Gabriel Boric submitted the 2026 Budget Bill to Congress, the last of his mandate. The opposition has announced that it will challenge programs deemed ineffective and push for spending adjustments. Controversy also arose over the approval of Congress’s own budget, which maintained salaries and allowances for former presidents, criticized even by some opposition legislators. Another focus of debate was the anticipated cuts to regional governments.

Former Energy Minister Diego Pardow faces a constitutional accusation over an error in electricity tariffs between 2024 and 2025 that affected millions of consumers, despite the government requesting his resignation.

SOCIAL CONTEXT

Commemoration of the 1973 coup and progress in digital legislation

During the commemoration of the 52nd anniversary of the 1973 coup, the Executive strengthened the National Plan for Truth and Justice, aimed at clarifying the fate of disappeared detainees, updating official records, and establishing the legal figure of “absent due to forced disappearance.”

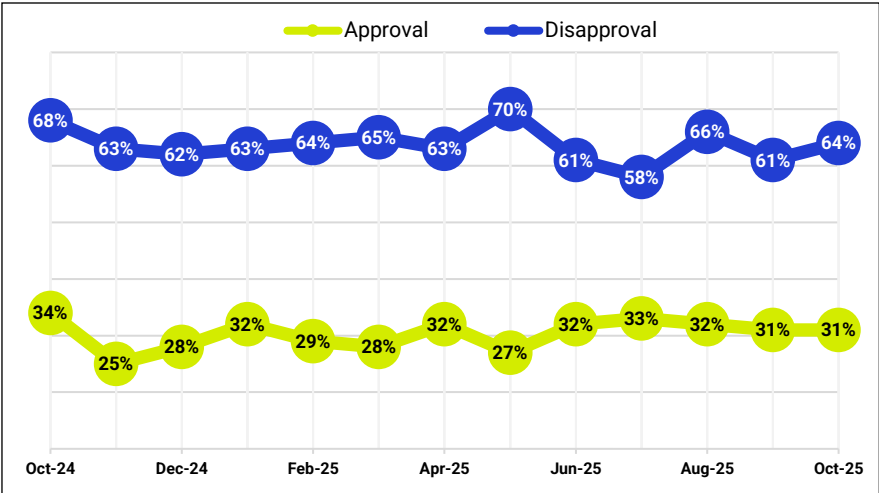
At the same time, progress was made on the bill addressing digital violence and digital political violence, establishing prison sentences and the possibility of preemptively removing degrading content. Debate also intensified over transparency in the use of mining royalty funds, with calls from citizens and political actors for municipalities to publicly report the allocation of these resources.

During the National Holidays (Fiestas Patrias), the country saw a rise in domestic tourism and consumption, accompanied by an increase in traffic accidents and road casualties.



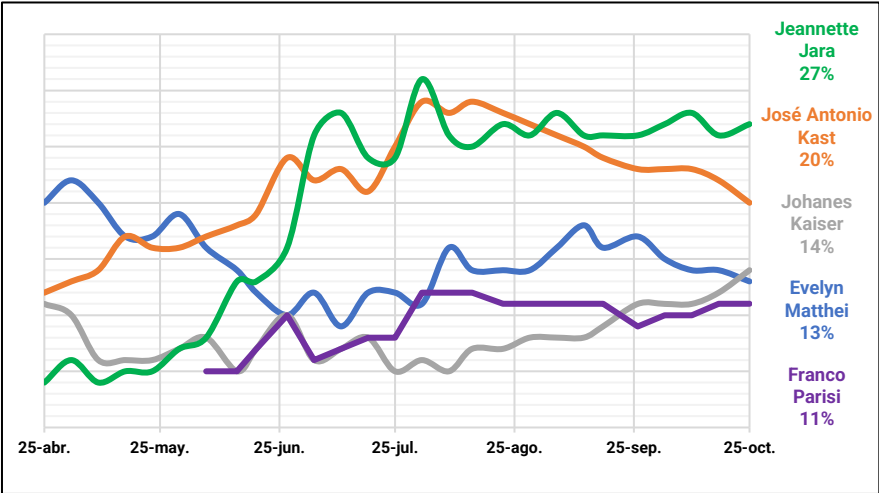
Gabriel Boric
Approval

President of Chile



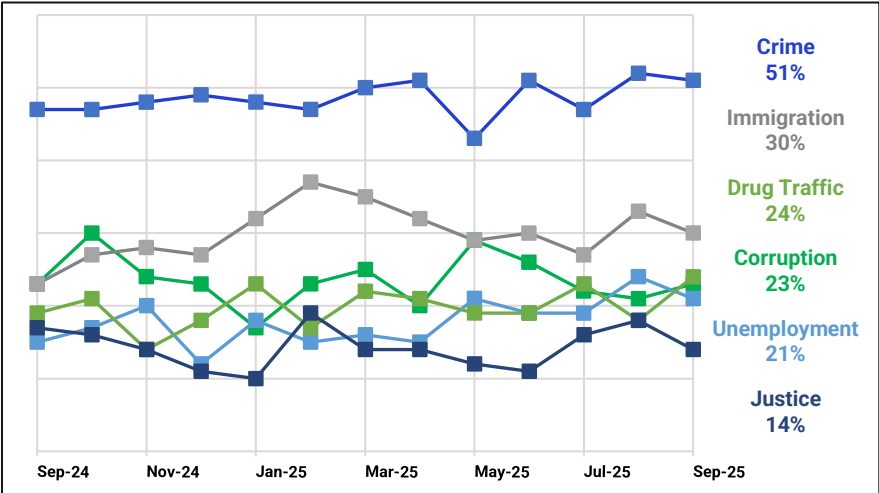
Source: Plaza Pública de Cadem

Electoral Preferences



Source: Plaza Pública de Cadem

Main Public Concerns



Source: Pulso Ciudadano de Activa



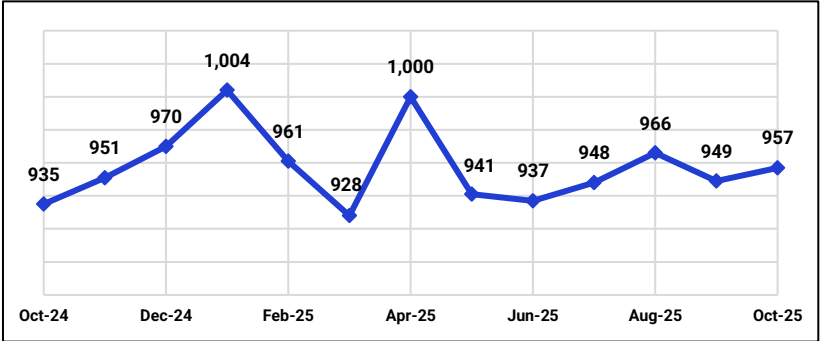
ECONOMIC CONTEXT

Inflation stability and efforts to achieve fiscal consolidation

In its latest Monetary Policy Report, the Central Bank reported that inflation continues to decline and that inflation expectations remain within the target range. Nevertheless, both the monetary authority and analysts warned of the risk that the budget proposal may overestimate fiscal revenues, which could affect the sustainability of public accounts in the medium term.

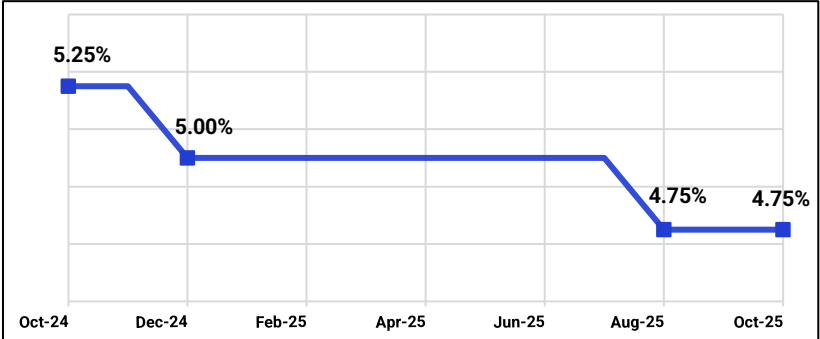
Finance Minister Nicolás Grau acknowledged that some ministries and regional governments will need to face cuts to meet the fiscal consolidation target. At the recent ENADE 2025 forum, Grau defended the need to redefine the relationship between the State and the private sector, aiming to generate strategic public goods and accelerate the transition toward a green economy. Within this framework, the budget foresees a 1.7% increase in spending compared to the previous year, while maintaining a structural deficit of -1.1% of GDP.

CLP/USD Exchange Rate



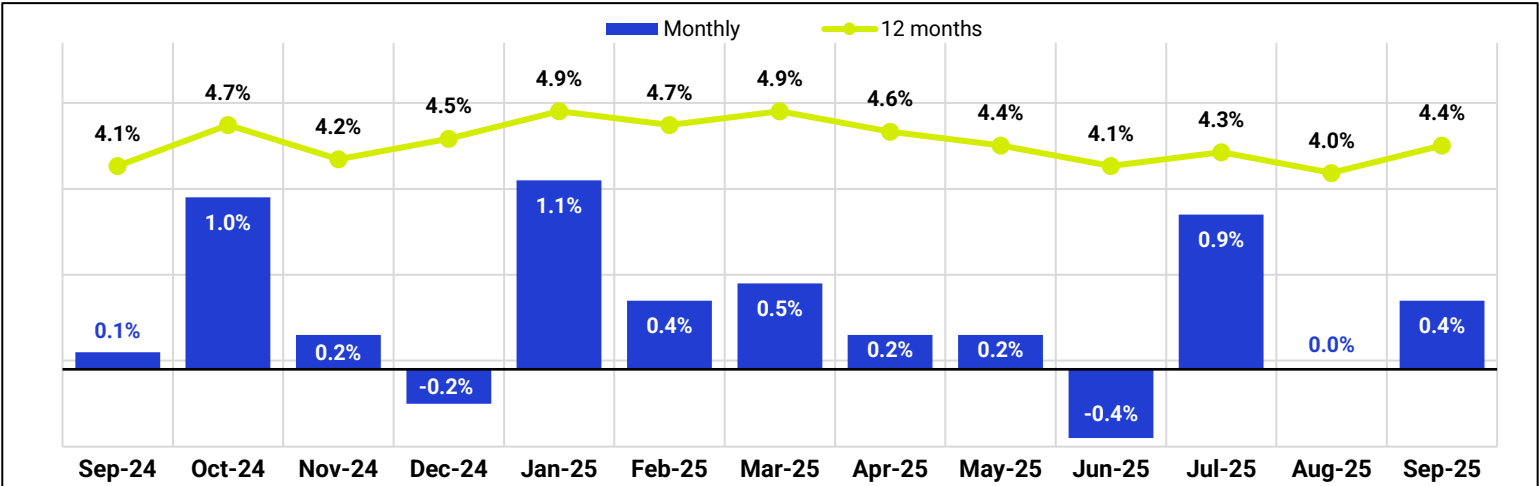
Source: SII

Monetary Policy Rate



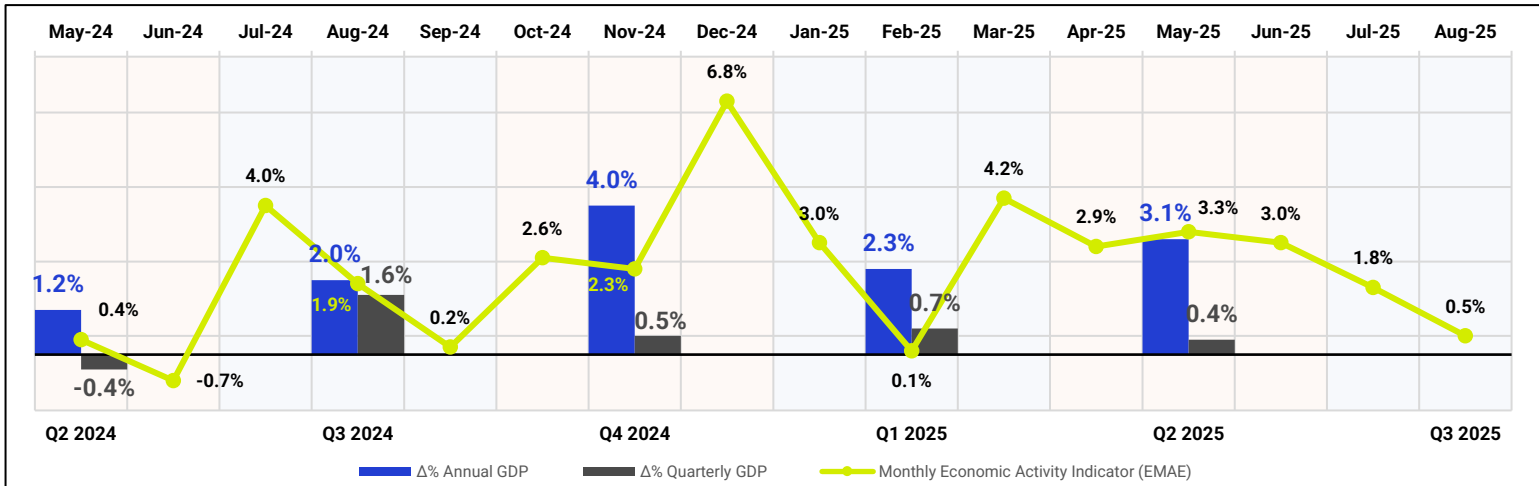
Source: BCCh

Inflation Trend



Source: INE

Economic Trend



Source: BCCh

Expected GDP Growth by End-2025 (BCCh) → +2.0%; +2.75%



COLOMBIA

POLITICAL CONTEXT

Petro revives the Constituent Assembly option amid stalled reforms

President Gustavo Petro presented a draft to convene a Constituent Assembly aimed at restarting blocked reforms, such as the health reform stalled in the Senate and the pension reform under review by the Constitutional Court. However, the initiative must still pass congressional approval and constitutional scrutiny, limiting its feasibility.

The 2026 General Budget was approved at COP \$546.9 trillion, following a COP 10 trillion reduction reached by consensus. The budget is expected to be accompanied by a tax reform to be presented soon, although it faces limited political support a year ahead of the presidential elections.

Ahead of the elections, the left has chosen Iván Cepeda as its candidate. On the right, the Centro Democrático will select its candidate on November 28, with María Fernanda Cabal as the frontrunner amid ongoing negotiations for an opposition coalition.

SOCIAL CONTEXT

Diplomatic crisis between Petro and Trump

Colombia–U.S. relations are at their most critical point in decades, marked by a constant exchange of accusations between Presidents Gustavo Petro and Donald Trump. After President Petro’s call in New York for U.S. military personnel to disobey the American president, Washington revoked his visa.

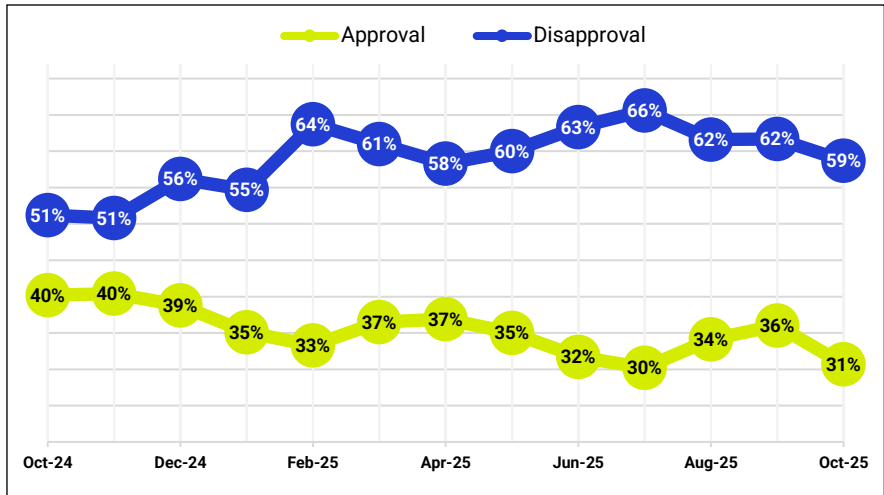
The crisis escalated further with Petro’s claims regarding U.S. attacks on vessels allegedly belonging to drug traffickers in Caribbean and Pacific waters, which he said violated national sovereignty and reportedly caused civilian casualties.

In response, Trump announced the complete suspension of U.S. economic aid to Colombia, threatened tariffs on Colombian exports, and, for the first time, placed a sitting president on the Clinton List, a U.S. Treasury Department registry that freezes assets and prohibits financial transactions for individuals or entities linked to drug trafficking.



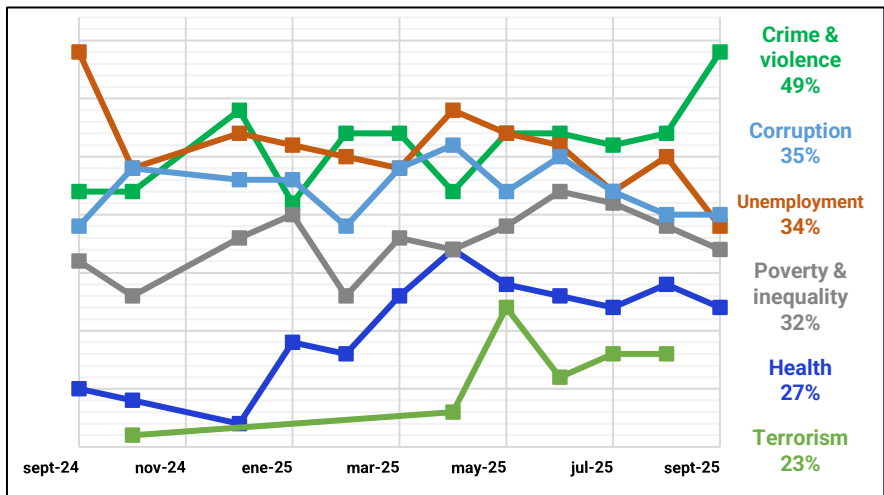
Gustavo Petro Approval

President of Colombia



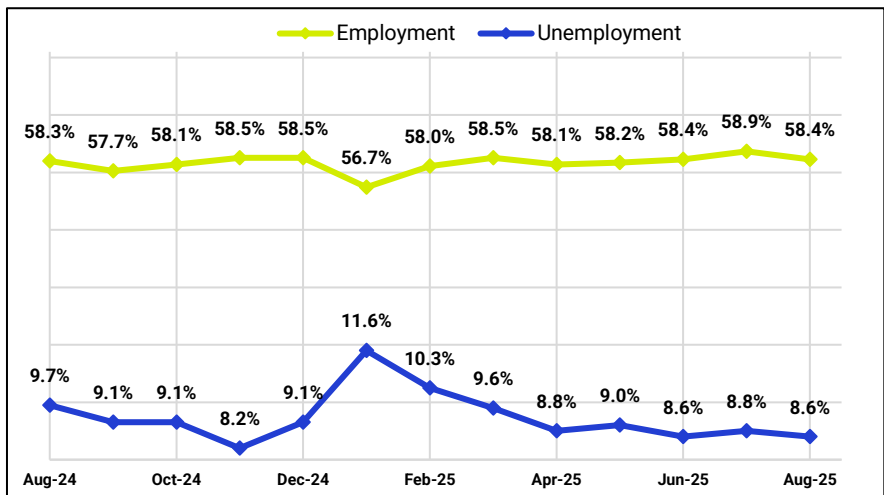
Source: Atlas Intel

Main Public Concerns



Source: IPSOS

Labor Market Trend



Source: DANE



COLOMBIA

ECONOMIC CONTEXT

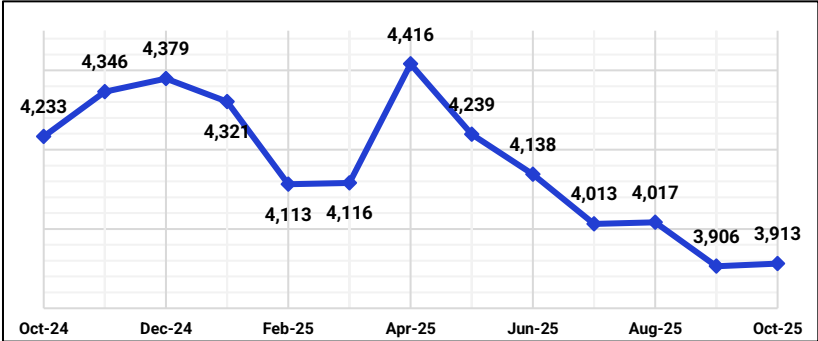
Contained inflation and controversy over digital payment tax

Annual inflation reached 5.18% in September, above market expectations. The Central Bank maintained the interest rate at 9.25%, warning that the 3% target will not be met in 2026. Unemployment fell to 8.6%, the lowest level since 2001, although labor informality remains high at 55.7%.

The government has proposed a 2026 minimum wage increase of 9–11%, above inflation, facing opposition from business associations.

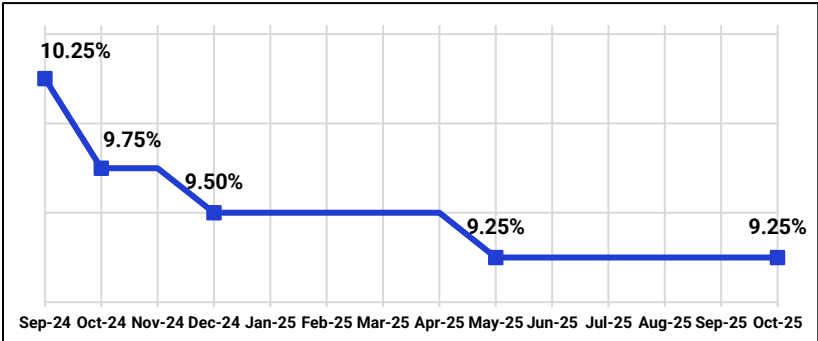
The Ministry of Finance submitted a draft decree proposing a 1.5% withholding tax on digital payments made through Nequi, Daviplata, PSE, and Bre-B. While the Executive argues that the measure aims to align tax treatment with credit and debit cards, experts warn it could affect small businesses and discourage financial inclusion.

COP/USD Exchange Rate



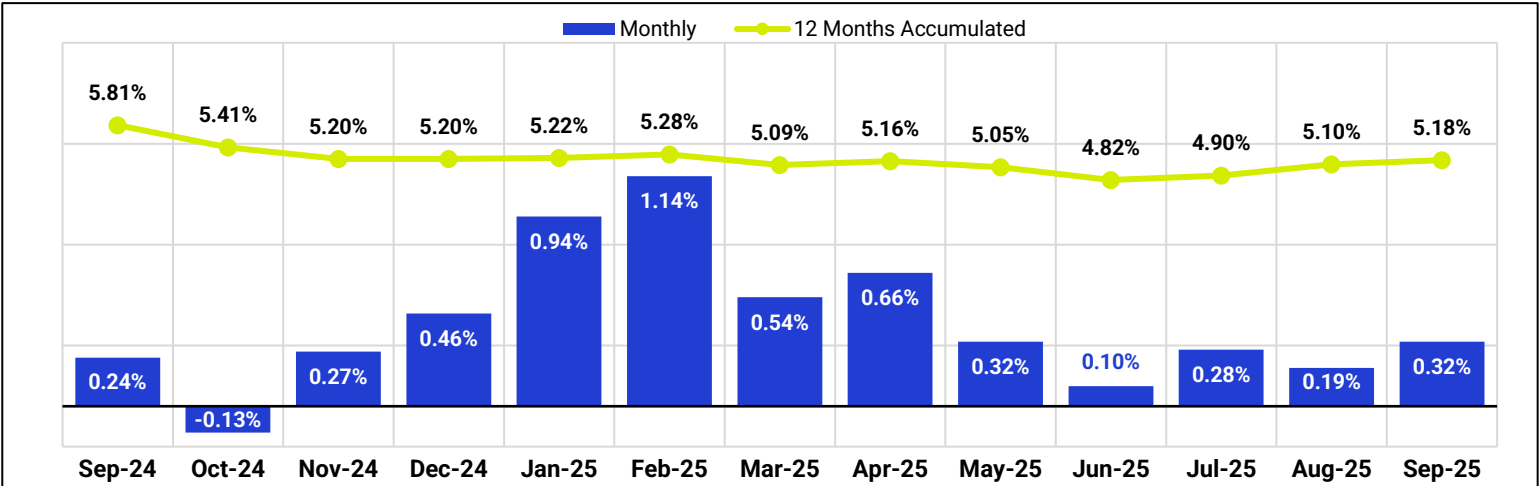
Source: BanRep

Intervention Rate



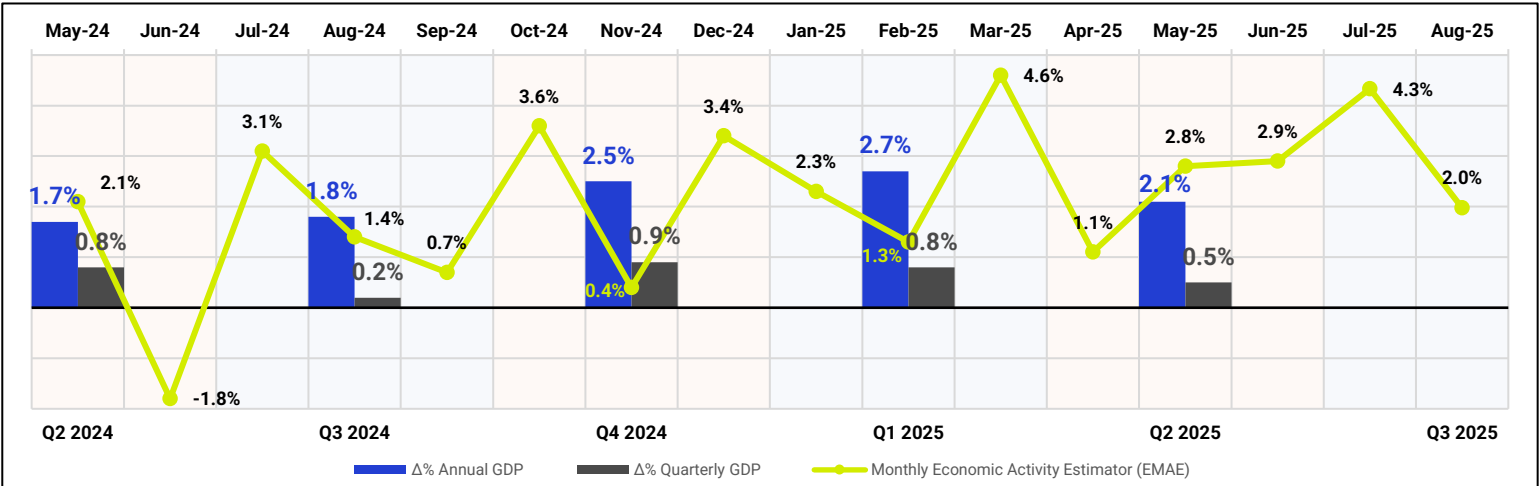
Source: BanRep

Inflation Trend



Source: DANE

Economic Trend



Expected GDP Growth by End-2025 (BanRep) → +2.6%

Source: DANE



ECUADOR

POLITICAL CONTEXT

Ecuador returns to calm after weeks of tension with referendum on the horizon

Ecuador experienced a 31-day social protest that caused 373 road closures across 51 cantons in 19 provinces, concentrated in Imbabura, northern Pichincha, and Carchi, following the elimination of the diesel subsidy. The mobilizations were led by the Confederation of Indigenous Nationalities of Ecuador (Conaie) and various social organizations, resulting in losses exceeding USD 128 million.

According to the Ministry of the Interior, 73 law enforcement officers were injured and 142 people were detained. The protest concluded with four demands from the indigenous movement and economic reactivation measures, including a USD 50 million plan and a temporary reduction of VAT to 8% in Imbabura.

President Daniel Noboa is promoting a referendum and popular consultation on November 16 with four questions: convening and establishing a Constituent Assembly, reducing the number of legislators, eliminating state funding for political parties, and the presence of foreign military bases in the country.

SOCIAL CONTEXT

State offensive targets criminal networks in the country

Ecuador is strengthening its national security strategy with a simultaneous offensive against illegal mining and organized crime, led by Daniel Noboa's government since September 2025. Through ARCOM and the Armed Forces, 50 operations have been carried out in Morona Santiago, Loja, Azuay, and Imbabura, destroying 700 mining pits controlled by the criminal organization Los Lobos.

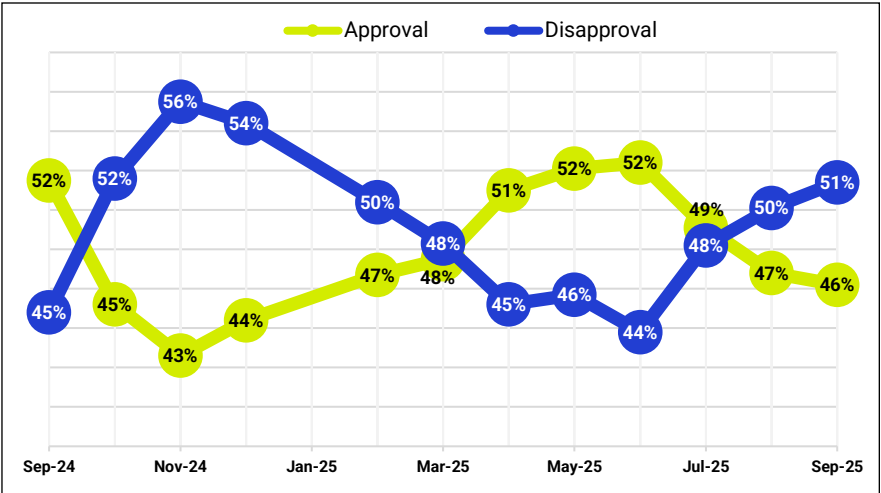
These actions aim to recover concessions suspended since 2019 and curb an illicit economy generating over USD 1 billion annually. Between January and September, ARCOM conducted 260 operations and seized 266 tons of gold-bearing material valued at USD 38.5 million.

In this context, the OAS expressed support for Ecuador and signed a memorandum of understanding to strengthen technical cooperation, while Secretary General Albert Ramdin emphasized the need for comprehensive responses to the expansion of transnational criminal networks.



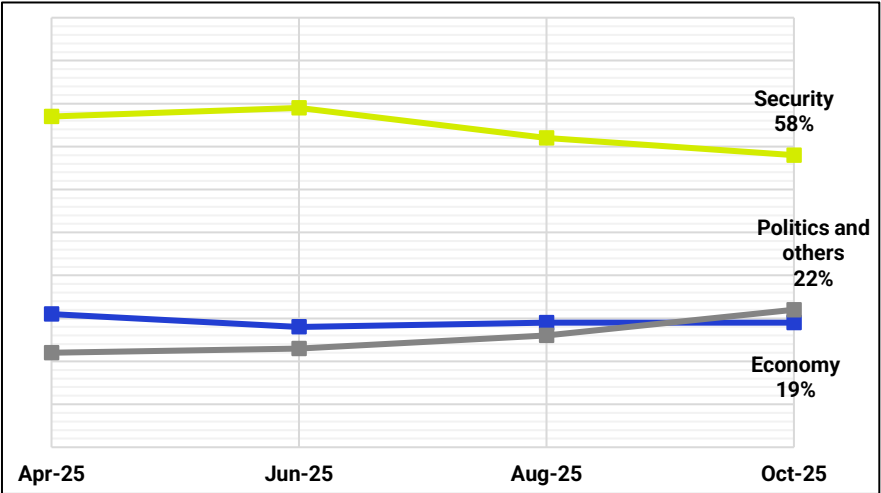
Daniel Noboa
Approval

President of Ecuador



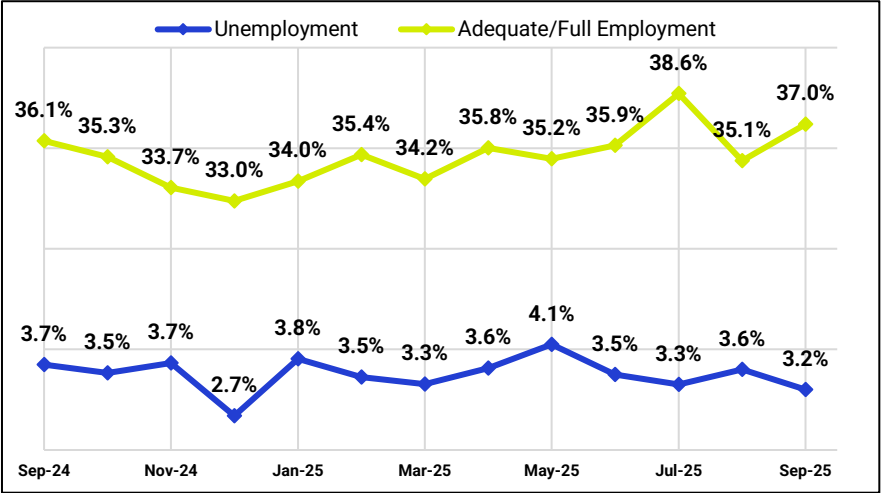
Source: CB Consultora Opinión Pública

Main Public Concerns



Source: Centro de Investigaciones y Estudios Especializados - CIEES

Labor Market Trend



Source: INEC



ECUADOR

ECONOMIC CONTEXT

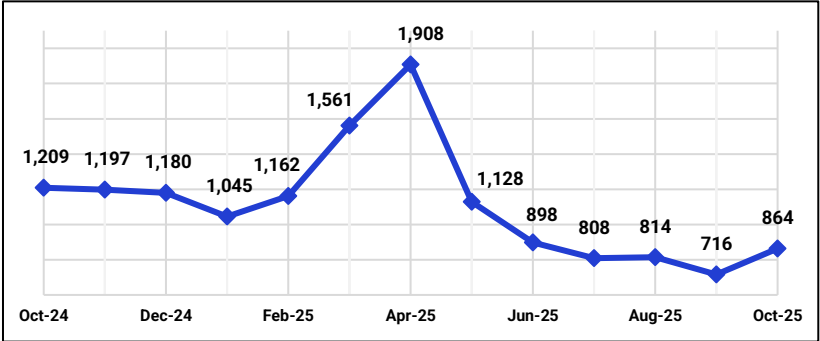
Economic recovery limited by fiscal deficit

The economy grew 3.8% in the first half of 2025, according to the Central Bank, although it has not yet fully recovered to pre-contraction levels seen at the end of 2023. Following a -2% decline in 2024 and losses of USD 1.916 billion due to the electricity crisis, the country shows signs of sustained recovery, driven by a rebound effect.

The fiscal deficit remains a challenge: the 2025 Budget requires USD 11.531 billion in financing, of which only 65% has been received. An additional USD 4 billion from multilateral organizations is still expected, including USD 600 million from the IMF before year-end.

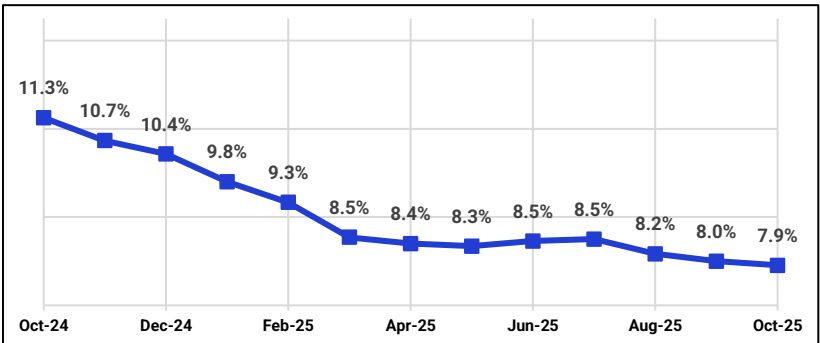
Although the Central Bank forecasts 3.8% growth, fiscal fragility, insecurity, and dependence on external aid could limit stable recovery in 2026.

Country Risk



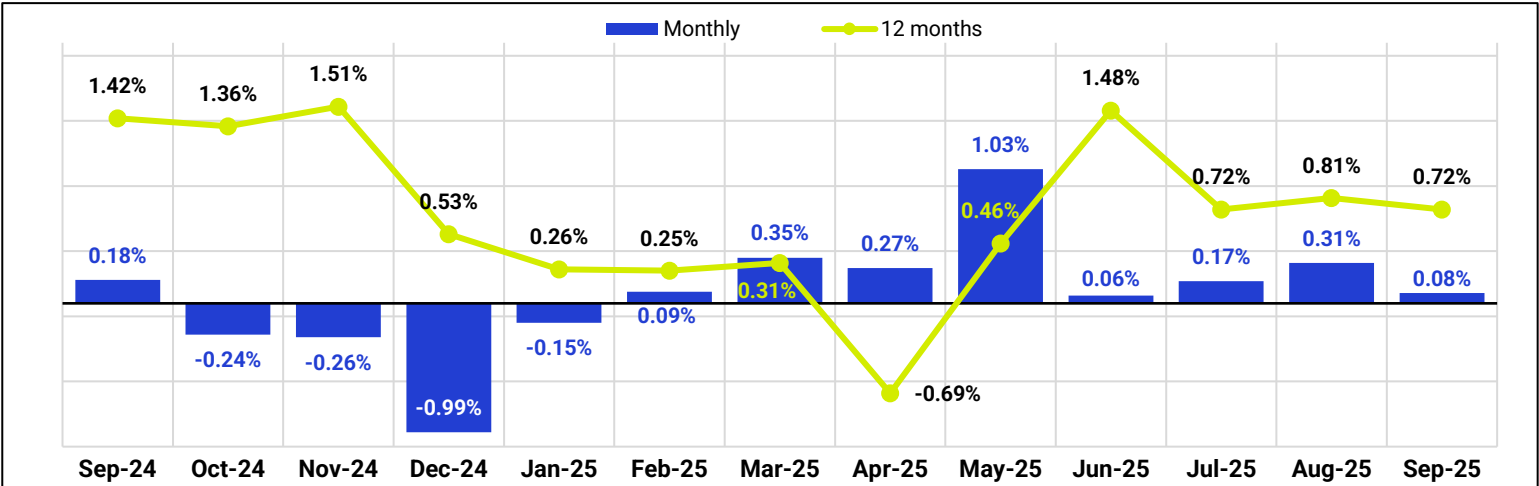
Source: BCE

Reference Lending Rate



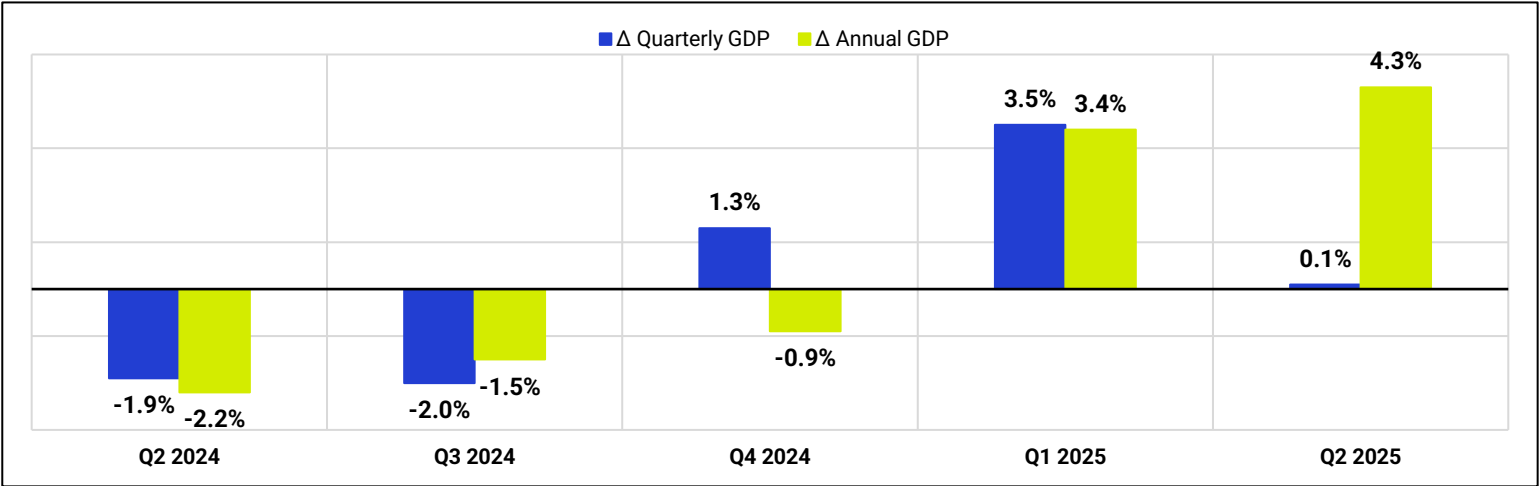
Source: BCE

Inflation Trend



Source: INEI

Economic Trend



Expected GDP Growth by End-2025 (BCE) → +3.8%

Source: BCE



POLITICAL CONTEXT

Plan México and new reforms set the country's economic and regulatory path

President Claudia Sheinbaum presented Plan México to business leaders from 17 countries during the World Economic Forum. The strategy aims to attract sustainable investment, strengthen energy infrastructure, accelerate the green transition, promote advanced manufacturing, and foster regional development.

Meanwhile, Foreign Minister Juan Ramón de la Fuente seeks a “constructive” relationship during the renegotiations of the USMCA regarding environmental and labor commitments, with positive expectations despite trade tensions with the United States and Canada. The Chamber of Deputies approved the new Customs Law, which will come into force on January 1, 2026. The law is aimed at modernizing operations, combating smuggling, and strengthening the SAT and ANAM.

The Amparo Law was reformed and approved, removing retroactivity and streamlining procedures through digital tools. Additionally, discussions continue on the General Water Law, which will include severe penalties for profiting from water resources.

SOCIAL CONTEXT

Sheinbaum pushes for wage increases and reduced workweek toward 2026

The government announced that the minimum wage could rise up to 14% in 2026, reaching approximately 312 pesos per day, 9,470.79 pesos monthly (≈USD 514), aiming to strengthen purchasing power and reduce inequality.

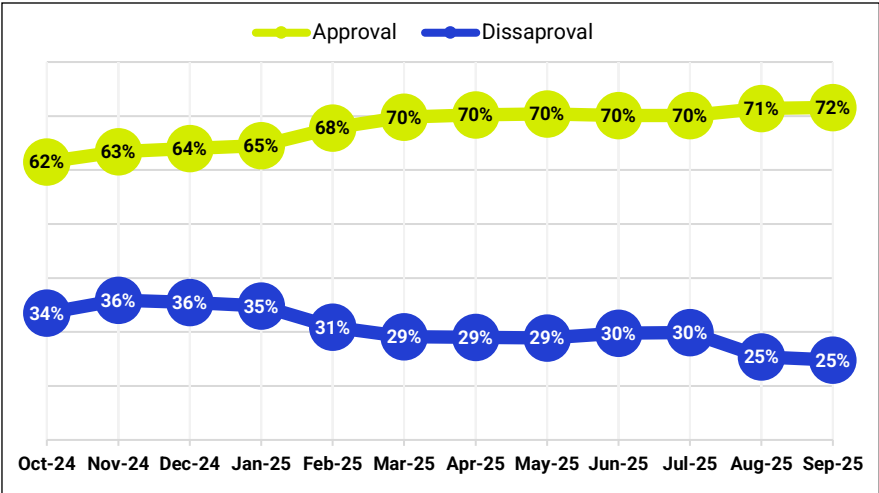
Additionally, President Sheinbaum announced that in November a proposal will be presented to reduce the workweek to 40 hours, supported by various political forces, including Movimiento Ciudadano, with gradual implementation planned through 2030. These measures have sparked broad debate over their potential effects on productivity and business costs.

In the health sector, the Federal Government launched the 2025–2026 winter vaccination campaign, including updated doses against Covid-19, influenza, and pneumococcus, reinforcing its prevention strategy. Implementation of the biometric CURP also continues, a key tool for digitalization and secure verification of citizens' identities.



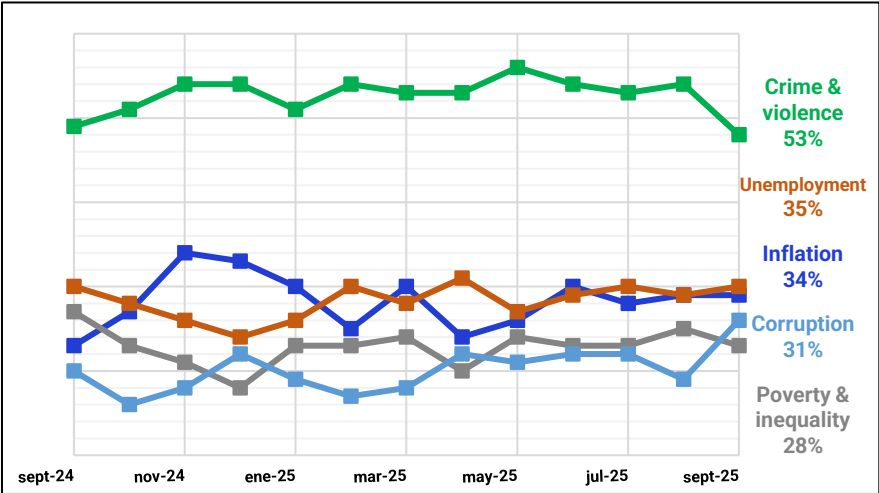
Claudia Sheinbaum
Approval

President of Mexico



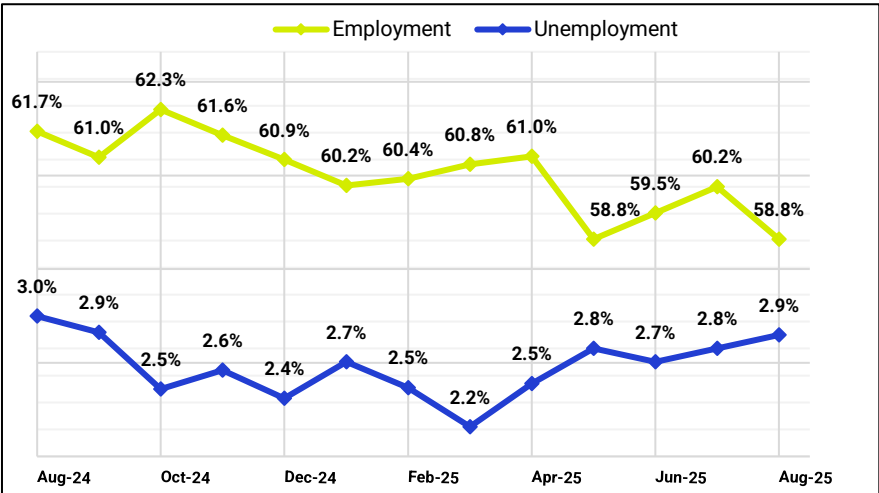
Source: Mitofsky

Main Public Concerns



Source: IPSOS

Labor Market Trend



Source: INEGI



ECONOMIC CONTEXT

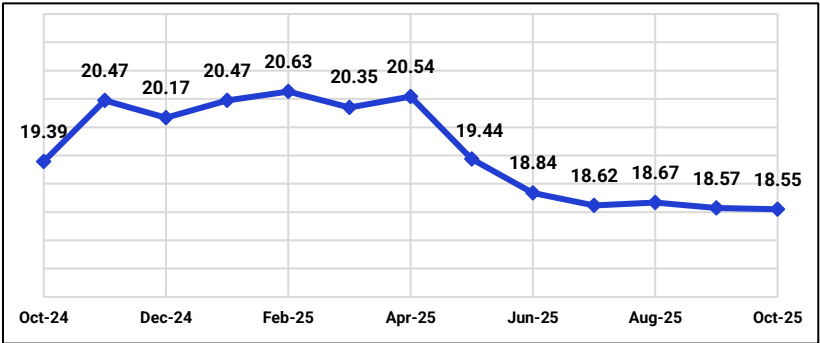
Banxico warns of inflationary risks from new 2026 Economic Package taxes

The Congress approved an increase in the Special Tax on Production and Services (IEPS) for soft drinks, from 1.64 to 3.08 pesos per liter, an 87% rise, and raised the levy on manufactured tobacco from 160% to 200%. New tariffs of up to 50% were also set on products from China.

As debate and approval of the remainder of the 2026 Economic Package continues, the Bank of Mexico warned of the inflationary risks associated with these measures. Annual inflation reached 3.76% in September, 0.19 percentage points higher than the previous month, affecting mainly food and services.

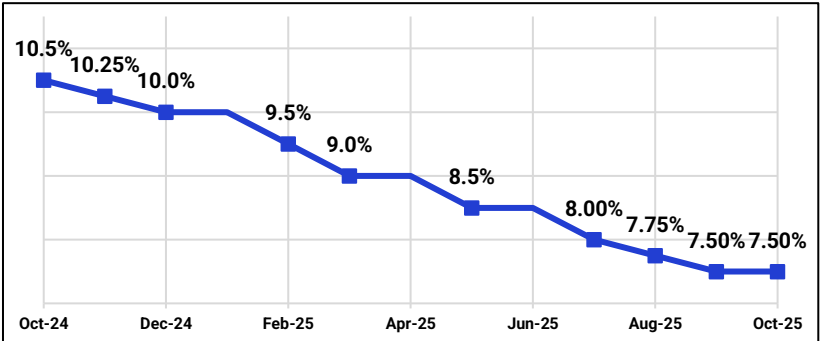
Meanwhile, the Ministry of Finance and Public Credit (SHCP) reported that public revenues grew 4.6% in real terms in 2025, driven by increased oversight and customs control.

MXN/USD Exchange Rate



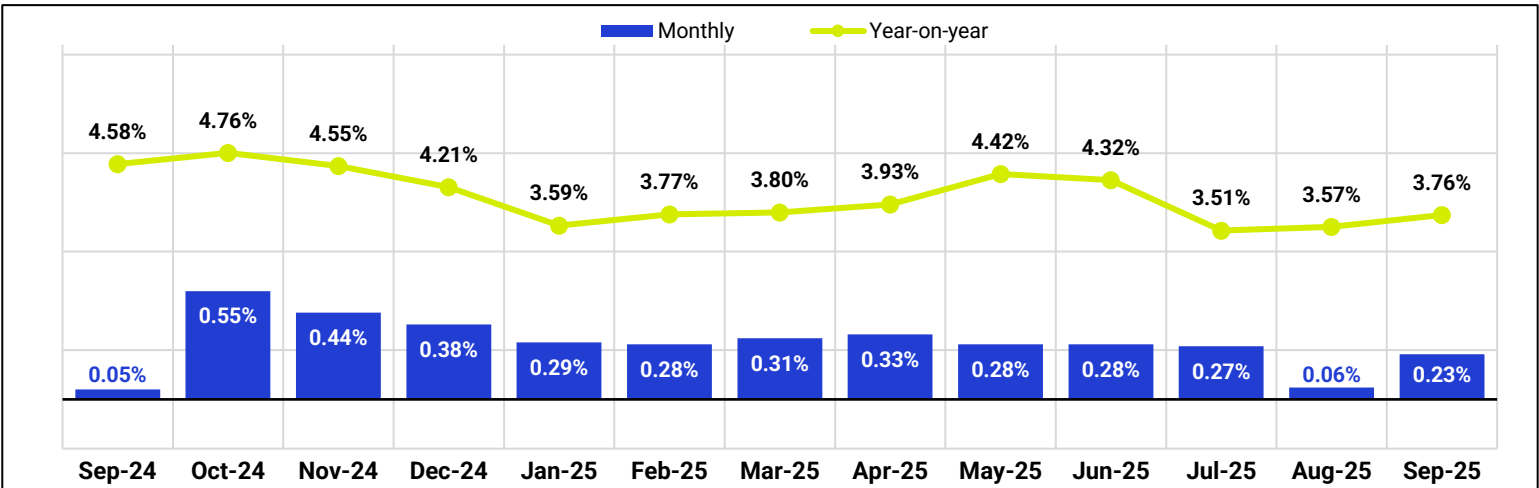
Source: Banxico

Reference Interest Rate



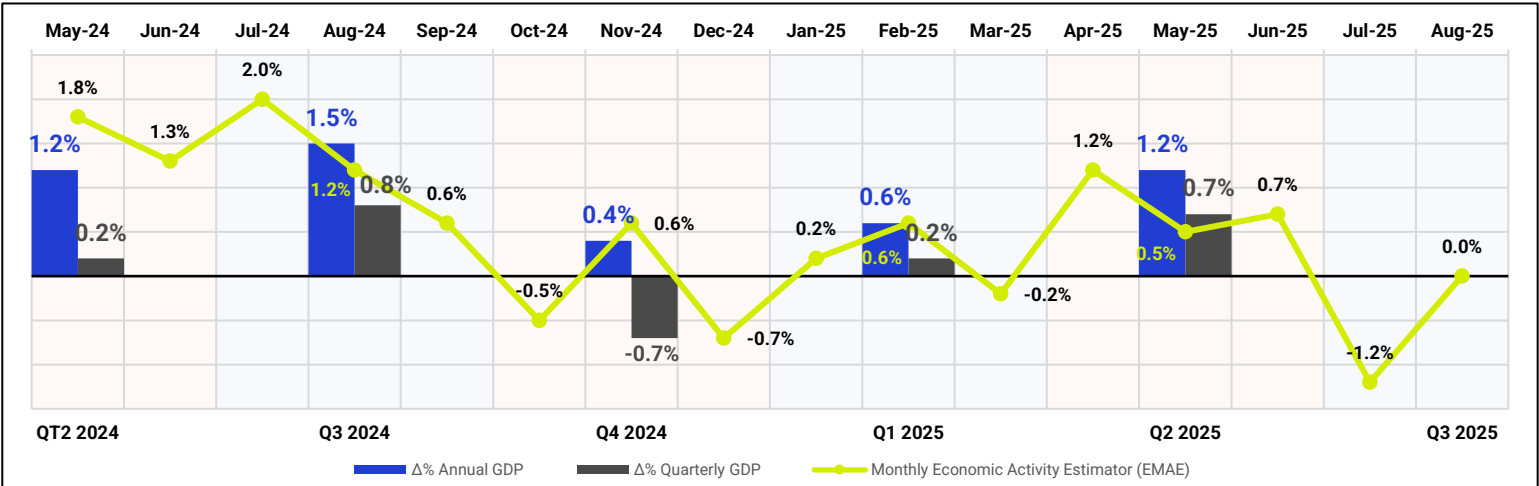
Source: Banxico

Inflation Trend



Source: Banxico

Economy Trend



Source: Banxico

Expected GDP Growth by End-2025 (Banxico) → +1.2%; +1.17%



PARAGUAY

POLITICAL CONTEXT

Paraguay stands out on the international stage

President Santiago Peña was the only Latin American leader present at the Peace Summit in Egypt, where a document was signed to end hostilities between Israel and Hamas. The president was invited by his U.S. counterpart, Donald Trump.

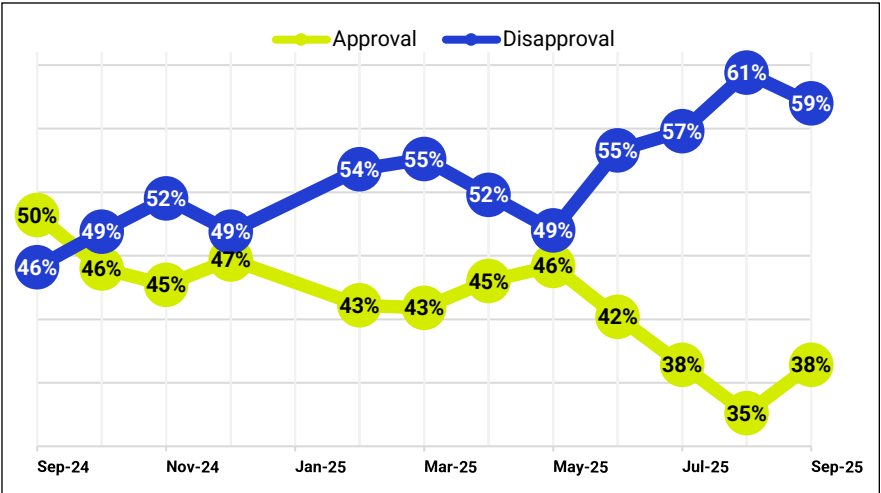
During the UN General Assembly, Paraguay reaffirmed its support for Taiwan (Republic of China), defending self-determination, state sovereignty, and the Asian country’s participation in the forum.

The U.S. Office of Foreign Assets Control (OFAC) removed former President Horacio Cartes from its list of blocked individuals, which had prevented U.S. citizens and companies from conducting business with him. The sanctions were imposed in 2022 following his designation as “significantly corrupt.”



Santiago Peña Approval

President of Paraguay



Source: CB Consultora Opinión Pública

SOCIAL CONTEXT

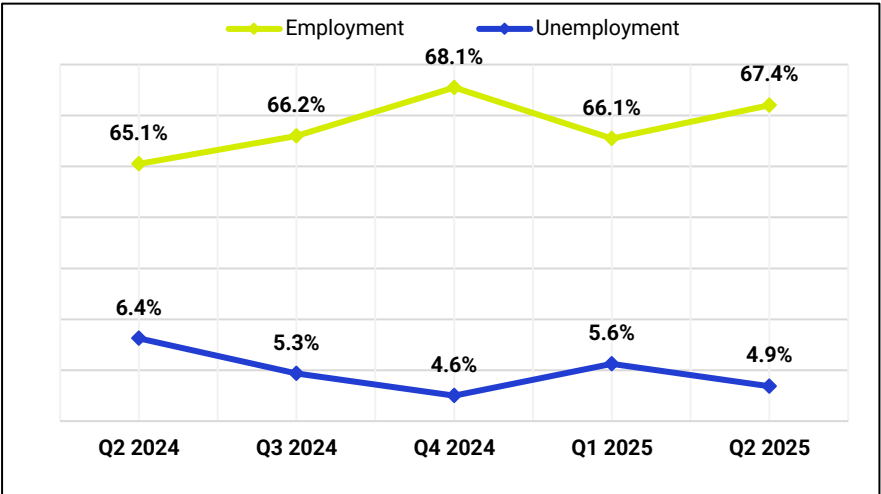
Youth and indigenous communities lead protests amid planned increase in social investment

On September 28, youth protests were held in Asunción and other cities under the banner “Generation Z Paraguay,” expressing concern over corruption, nepotism, impunity, and the lack of medicines in hospitals. Reports of police repression and assaults on protesters were recorded during the demonstrations.

At the same time, indigenous communities mobilized in opposition to the decision by the president of the Paraguayan Institute for Indigenous Affairs (INDI) to close its Asunción office, which led to the resignation of Juan Ramón Benegas as head of the institution.

The government projects an 8.4% increase in the 2026 budget allocated to social programs, such as subsidies for vulnerable elderly citizens and the Zero Hunger school feeding plan. Nevertheless, public dissatisfaction persists due to rising food costs and deficiencies in public transportation.

Labor Market Trend



Source: INE



ECONOMIC CONTEXT

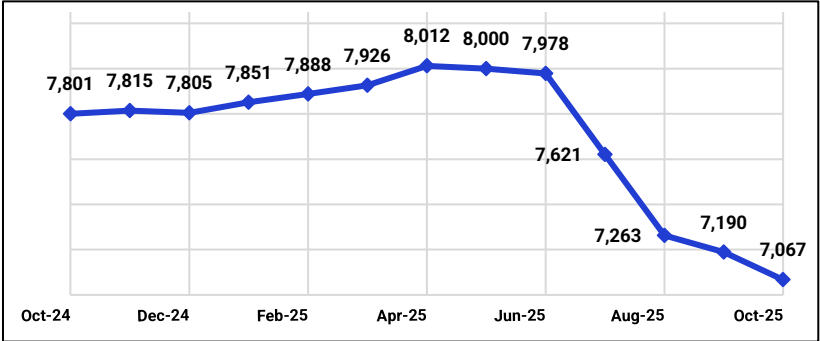
Strong growth data with fiscal deficit under control

Paraguay maintains a favorable economic pace. According to the Central Bank, the Business Activity Estimator grew 5% year-on-year, driven by expanding trade and production.

The Ministry of Economy and Finance projects GDP growth close to 5% for 2025, while ECLAC estimates around 4%. Both institutions agree that the country is consolidating its position among the fastest growing in the region, supported by macroeconomic stability and sustained domestic demand.

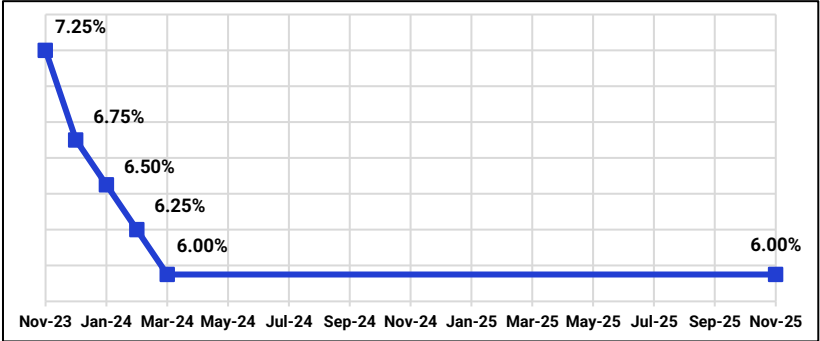
In fiscal terms, the deficit remains aligned with the 1.9% of GDP target set for this year. Meanwhile, the Bicameral Commission is reviewing the 2026 National Budget, focusing on optimizing public spending and strengthening investment in infrastructure and social programs.

PYG/USD Exchange Rate



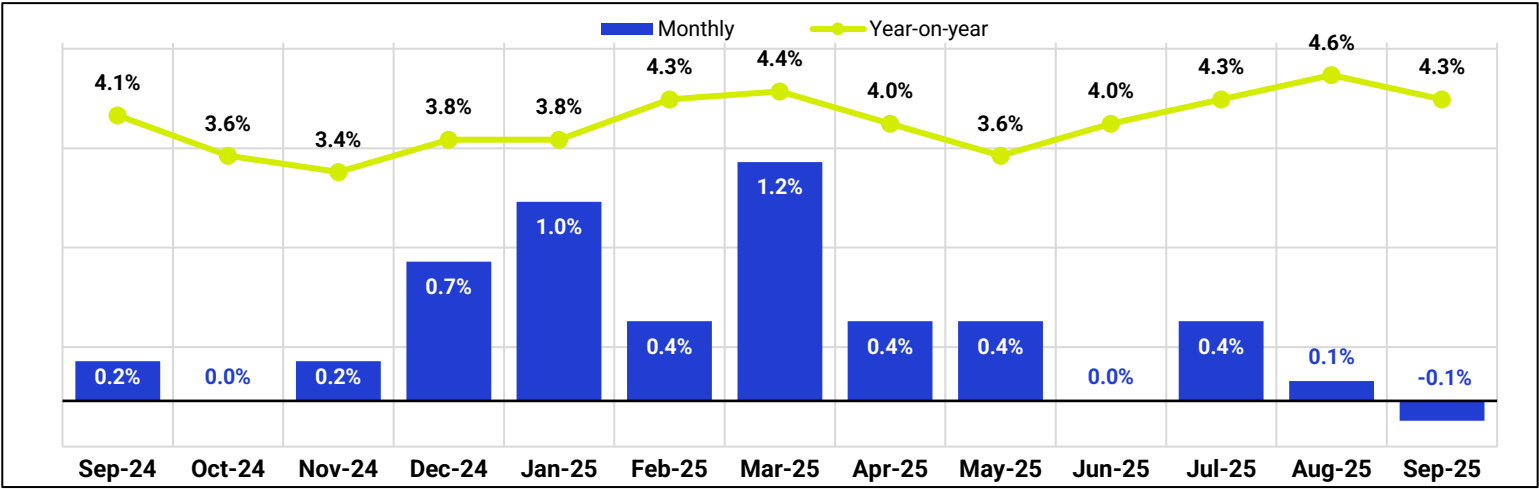
Source: BCP

Reference Interest Rate



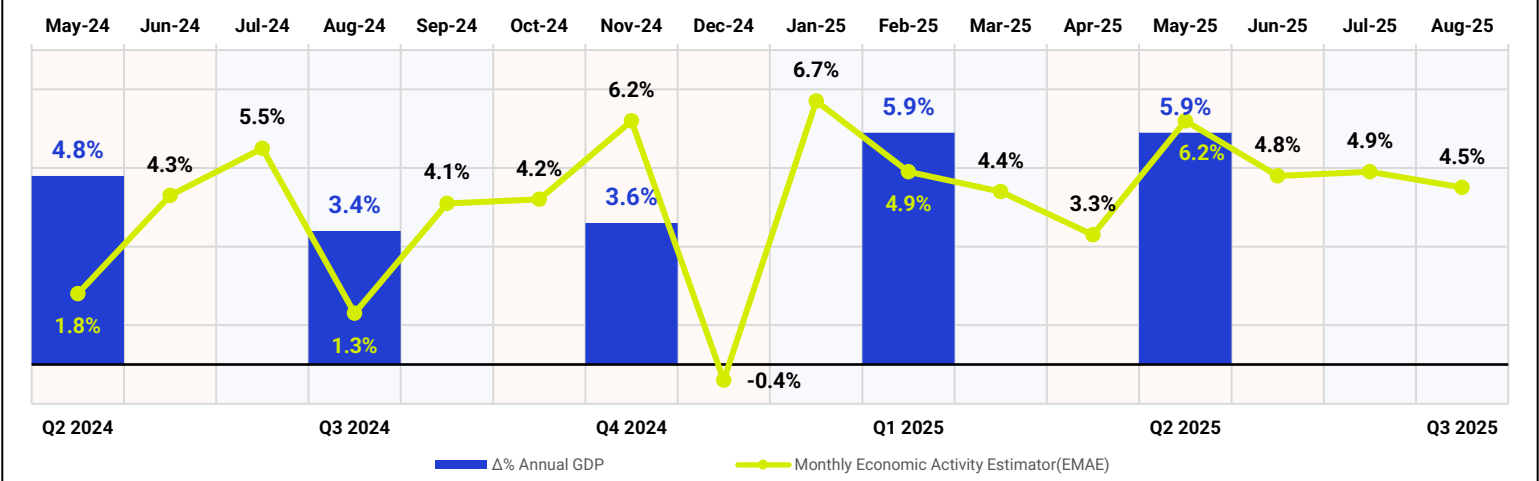
Source: BCP

Inflation Trend



Source: BCP

Economy Trend



Source: BCP

Expected GDP Growth by End-2025 (BCP) → +4.4%



POLITICAL CONTEXT

Dina Boluarte removed amid security crisis

Dina Boluarte was removed by Congress for moral incapacity in a unanimous decision. Her presidency collapsed following rising crime rates and corruption scandals, with the attack on a musical group serving as a catalyst. In December 2022, Congress had removed Pedro Castillo after his attempt to temporarily dissolve Parliament, which led Boluarte, then vice president, to assume the presidency.

José Jerí Oré, president of Congress, took office as interim president until 2026. Congress unanimously granted a vote of confidence to the cabinet of new Prime Minister Ernesto Álvarez, whose government plan prioritizes citizen security as a state policy, democratic transition, economic development, and social inclusion.

Several high-ranking officials resigned to run in the 2026 general elections, in accordance with the legally established deadline.

SOCIAL CONTEXT

Protests and state of emergency at the start of the new government

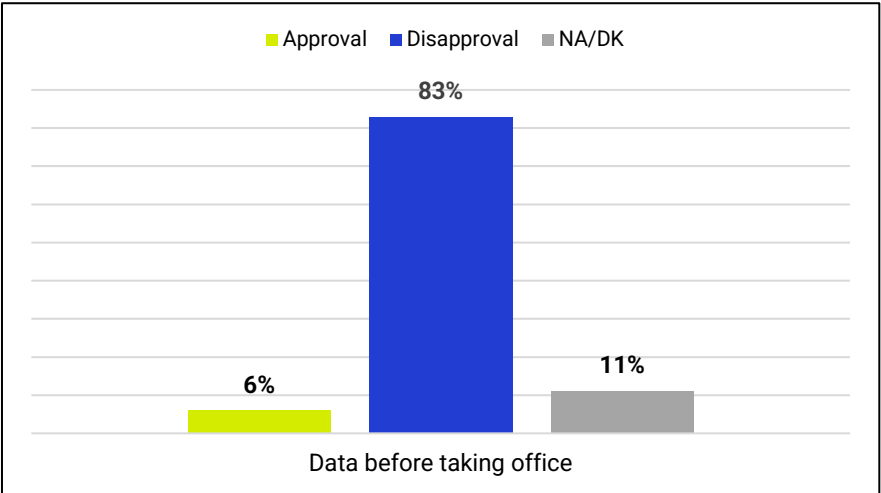
The swearing-in of José Jerí as interim president prompted a diverse citizen response. Broad sectors, especially Generation Z youth, artists, and social collectives, mobilized in Lima and other cities to express their opposition to the new government and Congress. Protests began peacefully but escalated into clashes with the police, while other groups marched for peace in defense of institutional stability. Citizens remain concerned about governance and demand attention to long-standing structural issues.

In response to rising crime, the government declared a 30-day state of emergency in Lima and Callao starting October 22. The measure includes intensive patrols, restrictions on rights, prison operations, and migration control. Additionally, the judicial system was reinforced, and public-private cooperation was promoted to strengthen security and citizen confidence.



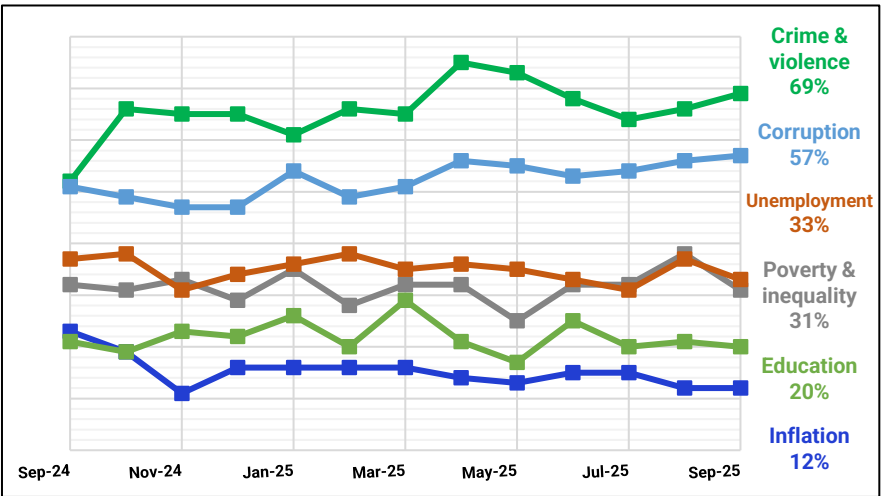
José Jerí Approval

President of Perú



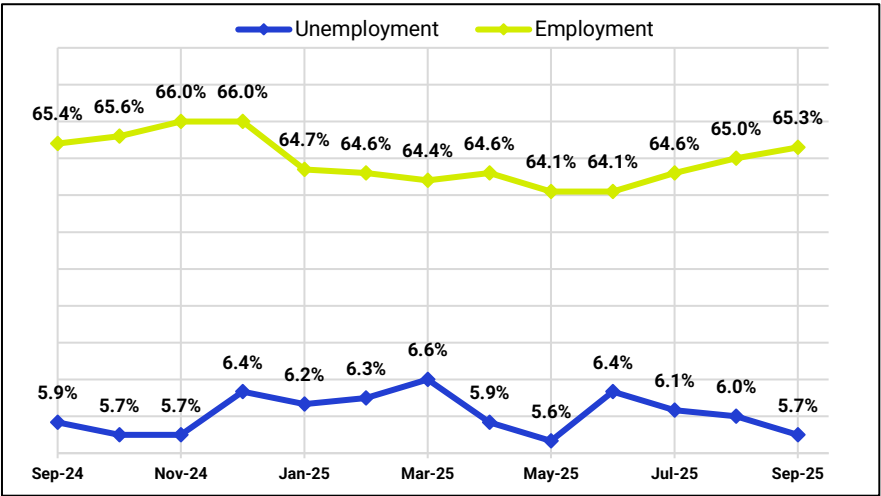
Source: Datum

Main Public Concerns



Source: IPSOS

Labor market Trend (Metropolitan Lima)



Source: INEI



ECONOMIC CONTEXT

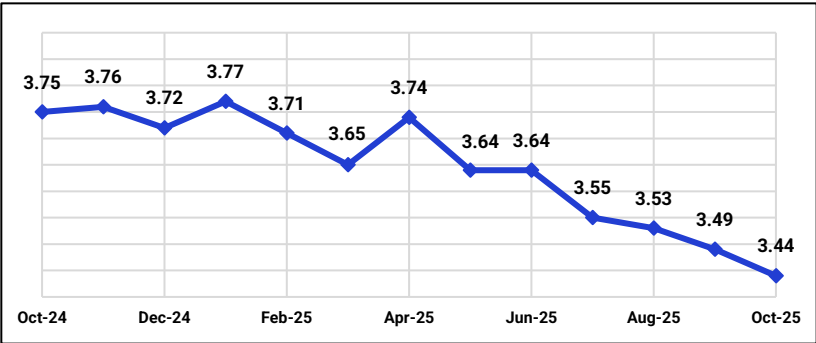
Economic uncertainty with limited market impact

The removal of Dina Boluarte has generated uncertainty, though it has not destabilized markets. The exchange rate remained under control, while investors adopted a cautious stance toward José Jerí’s interim government.

Business associations warned of potential effects on SMEs, employment, and investment, in a context marked by citizen insecurity, which generates annual losses exceeding PEN 19.8 billion.

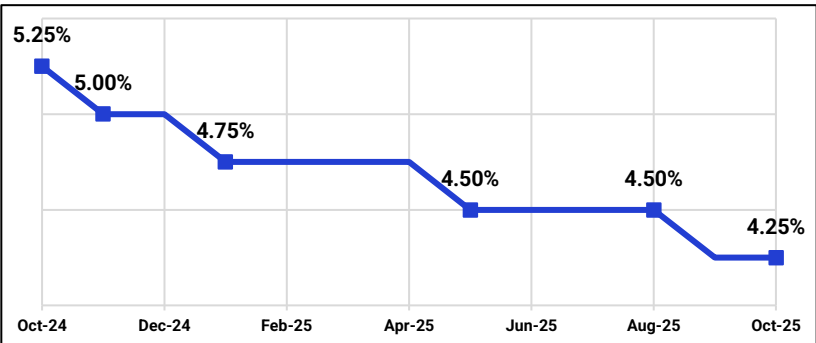
Minister Raúl Pérez Reyes presented the 2026 budget for the Economy sector, totaling PEN 53.301 billion. Of this amount, PEN 31.422 billion will be allocated to public debt service and PEN 8.206 billion to contingencies, municipal incentives, and investment. The plan also prioritizes strategic projects and support for pensioners. Additionally, Public-Private Partnerships and Asset Projects worth USD 11.698 billion are planned to strengthen infrastructure and stimulate the national economy.

PEN/USD Exchange Rate



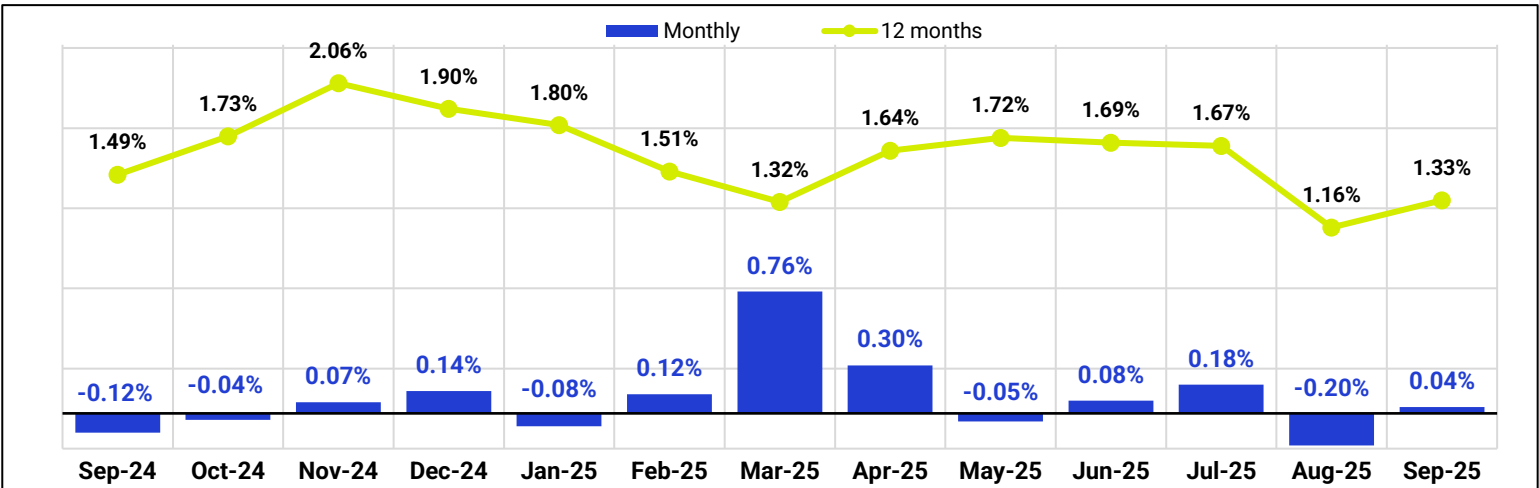
Source: Sunat

Reference Interest Rate



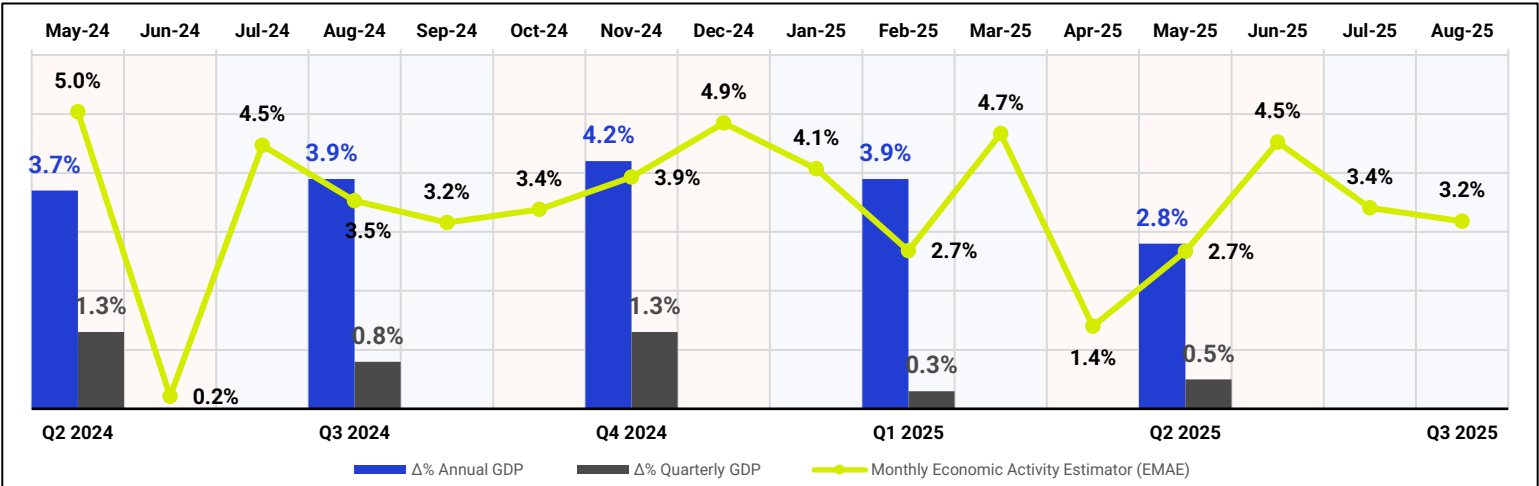
Source: BCRP

Inflation Trend



Source: INEI

Economy Trend



Source: INEI

Expected GDP Growth by End-2025 (INEI) → +3.0%



 URUGUAY

POLITICAL CONTEXT

Uruguay becomes the first Latin American country to regulate euthanasia

The legislature approved the “dignified death” law, which regulates euthanasia, making Uruguay the first Latin American country to do so through parliamentary legislation. The initiative passed with 20 votes in favor out of 30 in the Senate, receiving cross-party support from the ruling Frente Amplio and three opposition senators.

The appointment of former Vice Foreign Minister Carolina Ache as ambassador to Portugal sparked controversy and was approved solely with Frente Amplio votes. The opposition criticized the decision and recalled her 2022 resignation after it was revealed that she intervened to expedite the delivery of a Uruguayan passport to drug trafficker Sebastián Marset, who was fleeing justice.

The ruling party secured approval for a USD 30 million reallocation for Armed Forces salaries, in a key negotiation with the Cabildo Abierto party that allowed the necessary majority to advance tax adjustments.

SOCIAL CONTEXT

Pressure on household budgets increases

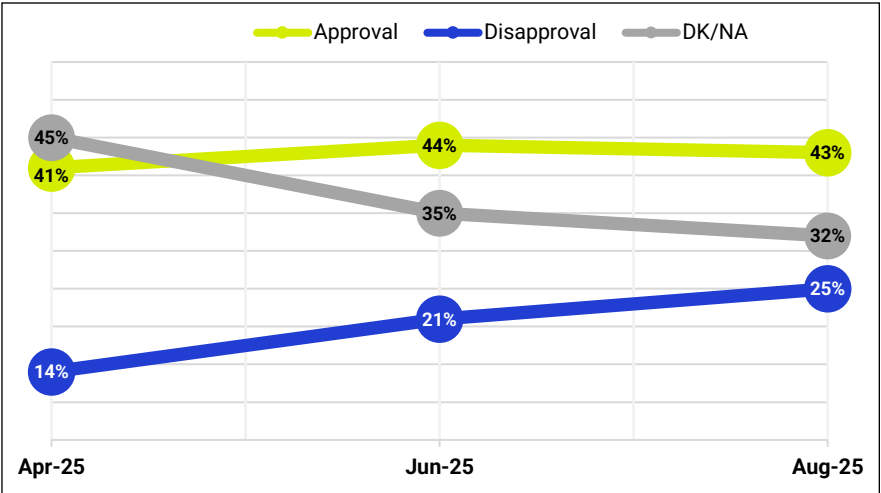
The social context is shaped by intense ethical debates and discussions on individual rights sparked by the recent approval of the euthanasia law, a topic that has captured public and media attention. The law allows adults with full mental capacity suffering from unbearable pain to access medically assisted death, placing Uruguay at the forefront of social progress in the region.

At the same time, the cost of living shows pressures on essential household expenses, with notable increases in food items such as meat (2.38%) and dairy products (0.94%). Urban bus fares rose 2.83%, directly impacting family budgets, while private health insurance premiums increased 2.65% during the month.



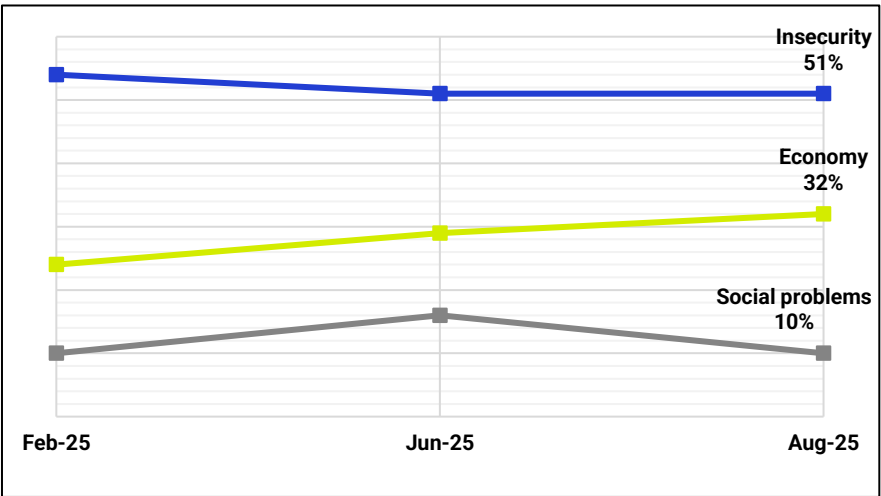
Yamandú Orsi
Approval

President of Uruguay



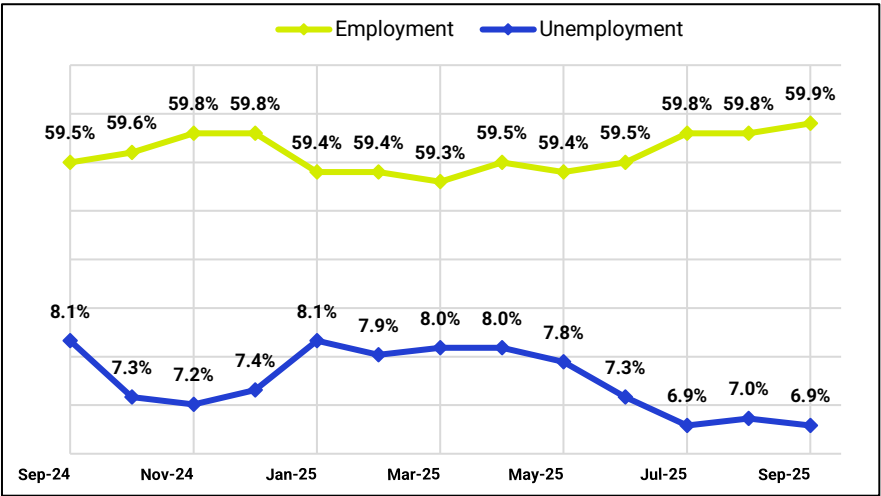
Source: Equipos Consultores

Main Public Concerns



Source: FACTUM

Labor market trend



Source: INE



ECONOMIC CONTEXT

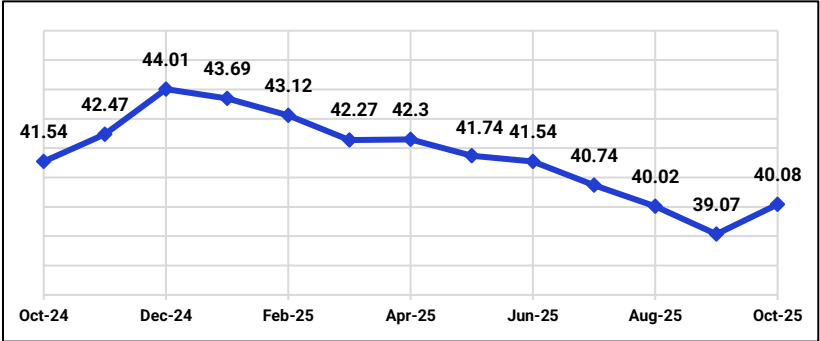
Inflation stability and interest rate cut

The Consumer Price Index (CPI) for September showed a monthly change of 0.42% and an annual rate of 4.25%, according to the National Institute of Statistics (INE). Inflation remains within the Central Bank of Uruguay's target range (3%–6%), with a midpoint objective of 4.5%, although pressures persist in categories such as Food and Non-Alcoholic Beverages (0.63%) and Housing (0.82%).

In this context, the Central Bank unexpectedly cut its benchmark interest rate by half a percentage point to 8.25%, accelerating monetary easing after the reductions in July and August. The decision reflects controlled inflation and declining price expectations, allowing progress toward a neutral level of monetary policy.

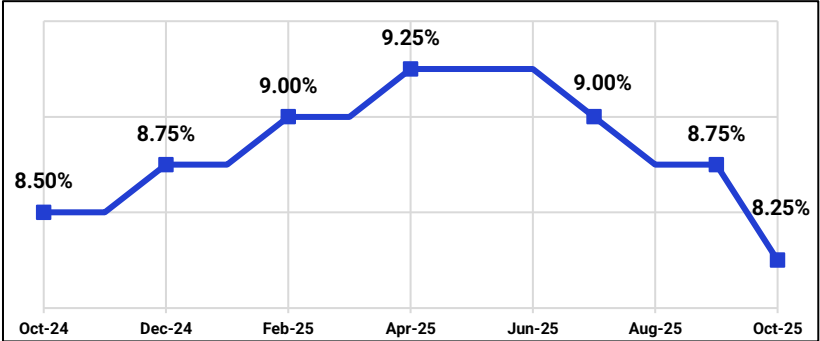
Exchange rate stability, with the interbank dollar at 39.8 pesos, reinforces a moderate price environment, according to local analysts.

UYU/USD Exchange Rate



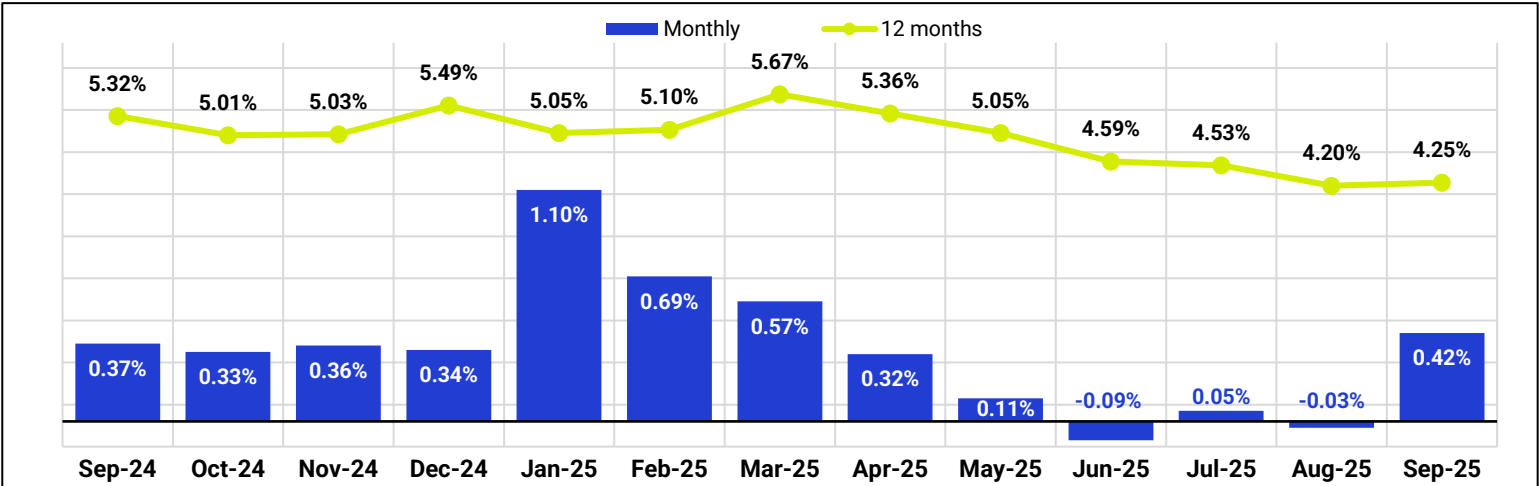
Source: BCU

Monetary Policy Rate



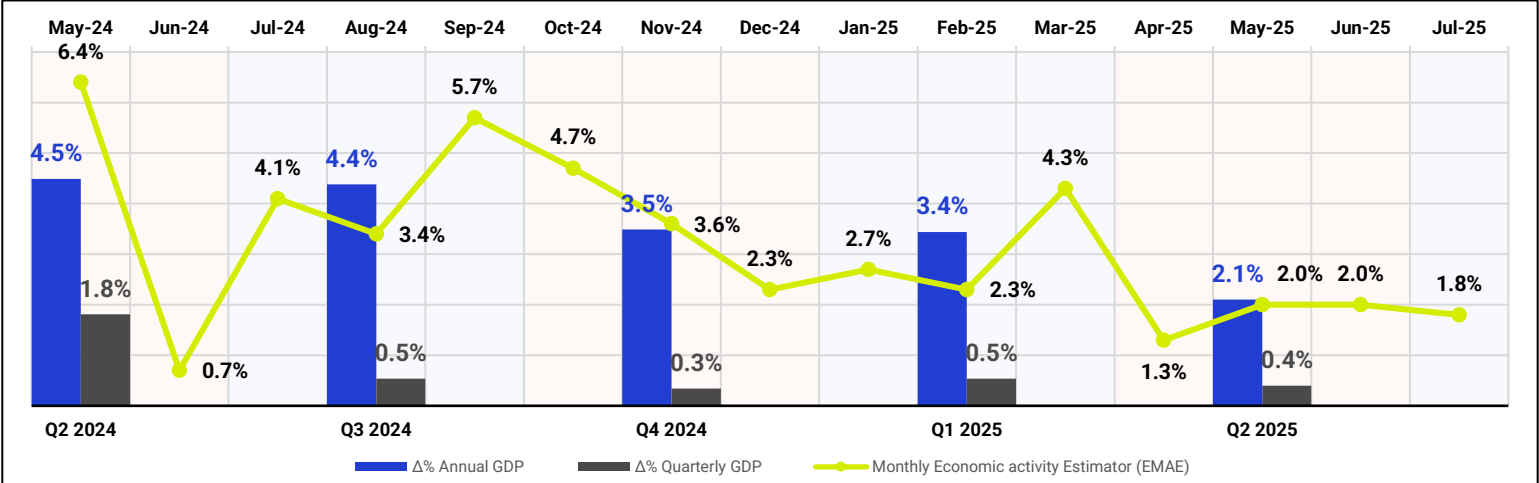
Source: BCU

Inflation Trend



Source: INE

Economy Trend



Source: BCU

Expected GDP Growth by End-2025 (BCU) → +2.5%



EUROPEAN PERSPECTIVE FOR LATIN AMERICA

Brussels prepares to sign the EU–Mercosur agreement and strengthens protection for European farmers

The European Commission is targeting December 5 as a possible date to sign the agreement with Mercosur in Brazil, a decisive step after years of negotiation. At the same time, Brussels has introduced regulations to protect European farmers, establishing monitoring mechanisms and rapid-response measures against potential negative impacts on sensitive sectors such as beef, poultry, rice, and ethanol.

The regulation provides that if a significant price drop or sudden surge in imports is detected, the Commission may activate safeguards within a maximum of 21 days, suspending the preferential tariffs for the affected products. The proposal must be approved by the European Parliament and the Council, aiming to ensure that the signing of the agreement does not compromise the stability of the European agricultural market.

EU and CELAC launch new joint agenda in science and innovation

The European Union and the Community of Latin American and Caribbean States (CELAC) adopted a new cooperation agenda in research and innovation, with shared priorities in health, climate, energy, and digitalization. At their first ministerial meeting in this area, co-chaired by the Commissioner for Start-ups, Research and Innovation Ekaterina Zaharieva, both regions agreed to establish thematic working groups and promote researcher mobility and open science.

EU and CELAC ministers will meet every two years to review progress and set new priorities, aiming to translate this collaboration into concrete benefits for society and the economy on both sides of the Atlantic.

European Parliament debates political strategy toward Latin America and the Caribbean

On October 7, the European Parliament debated the EU's strategy toward Latin America and the Caribbean, focusing on security, combating drug trafficking, and sustainability in supply chains. Commissioner Hadja Lahbib highlighted security as a shared priority and proposed an EU–LAC Alliance for Citizen Security, noting advances in judicial cooperation and the fight against organized crime.

MEP Evin Incir (Socialists & Democrats, Sweden) stressed that drug trafficking is a common threat for both regions, while Hermann Tertsch (Patriots for Europe, Spain) criticized the rise of “narco-socialism” in some countries. Several members of the European Parliament called for greater coordination with Washington in the international fight against drugs.

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