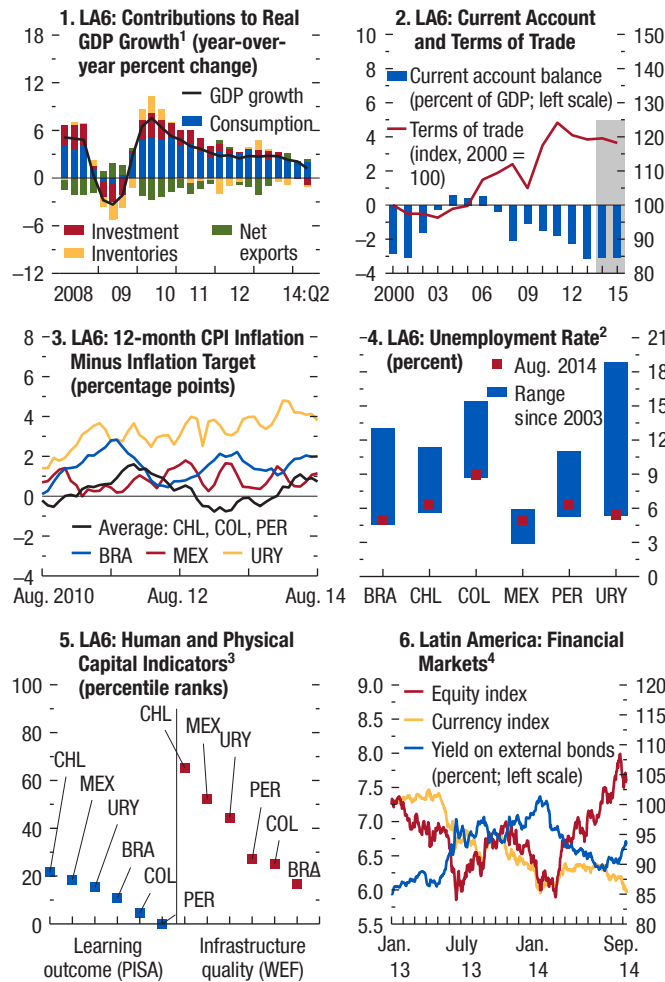


Figure 2.6. Latin America and the Caribbean: Still Losing Speed

Economic activity across Latin America and the Caribbean has continued to slow, reflecting less supportive external conditions and domestic policy uncertainties. Even so, spare capacity remains limited, as evidenced by above-target inflation, still-tight labor markets, and persistent external current account deficits. Meanwhile, financial markets have recovered from their January 2014 trough but remain vulnerable to new shocks.



Sources: Bloomberg, L.P.; Haver Analytics; IMF, International Financial Statistics database; national authorities; Organisation for Economic Co-operation and Development, 2012 *Programme for International Student Assessment (PISA)*; World Economic Forum (WEF), 2014–15 *Global Competitiveness Report*; and IMF staff estimates.

Note: CPI = consumer price index; LA6 = Brazil, Chile, Colombia, Mexico, Peru, Uruguay. Country group aggregates are weighted by purchasing-power-parity GDP as a share of group GDP unless noted otherwise. Data labels in the figure use International Organization for Standardization country codes.

¹Seasonally adjusted. Inventories include statistical discrepancies.

²Seasonally adjusted. Latest observation for Brazil is for April 2014.

³The scale reflects the percentile distribution for each respective survey; higher scores reflect higher performance.

⁴Yield on external bonds is J.P. Morgan Emerging Markets Bond Index Plus yield for Latin America. Equity index is MSCI Emerging Markets Latin America Index equity local net total return index. Currency index is Bloomberg J.P. Morgan Latin America Currency Index. The equity and currency indices are rebased to January 2, 2013 = 100. Data are through September 24, 2014.