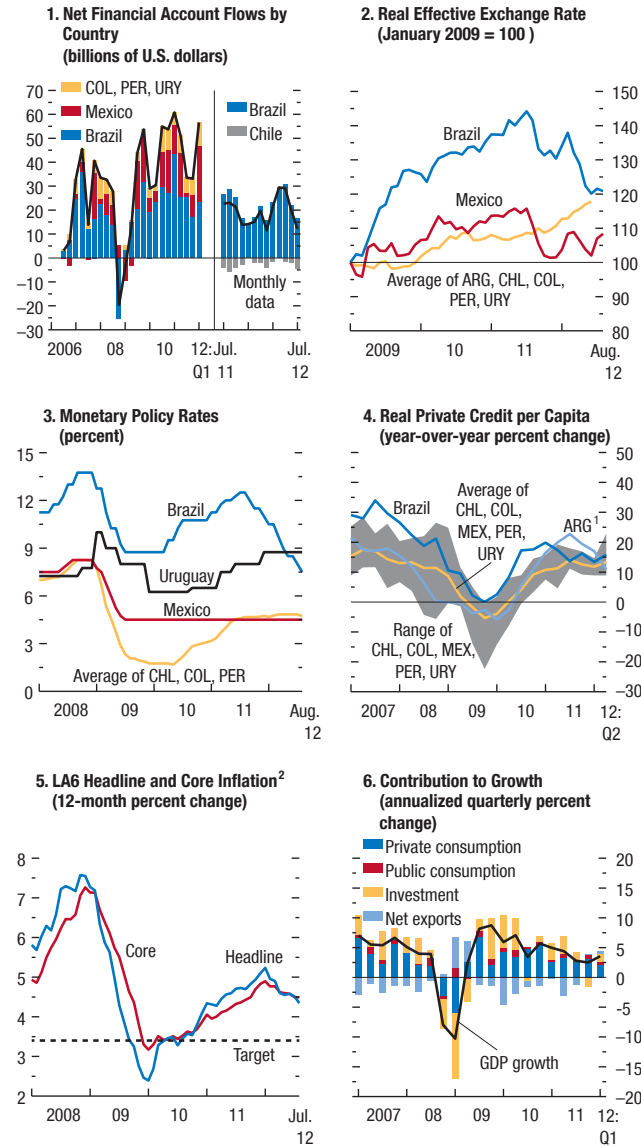


**Figure 2.11. Latin America: A Moderate Slowdown**

Private capital flows to Latin America remain strong despite increased global risk aversion and concerns about domestic strains. Inflation and overheating risks have declined, but with continued rapid credit growth and inflation above the midpoint of the target band in many economies in the region, the priority remains to rebuild macroeconomic policy space and build on progress in macroprudential regulation and supervision unless downside risks materialize.



Sources: Haver Analytics; and IMF staff calculations.

Note: ARG = Argentina; CHL = Chile; COL = Colombia; MEX = Mexico; PER = Peru; URY = Uruguay.

<sup>1</sup>Nominal variables for Argentina are deflated using IMF staff estimates of average provincial inflation.

<sup>2</sup>LA6: Brazil, Chile, Colombia, Mexico, Peru, and Uruguay.