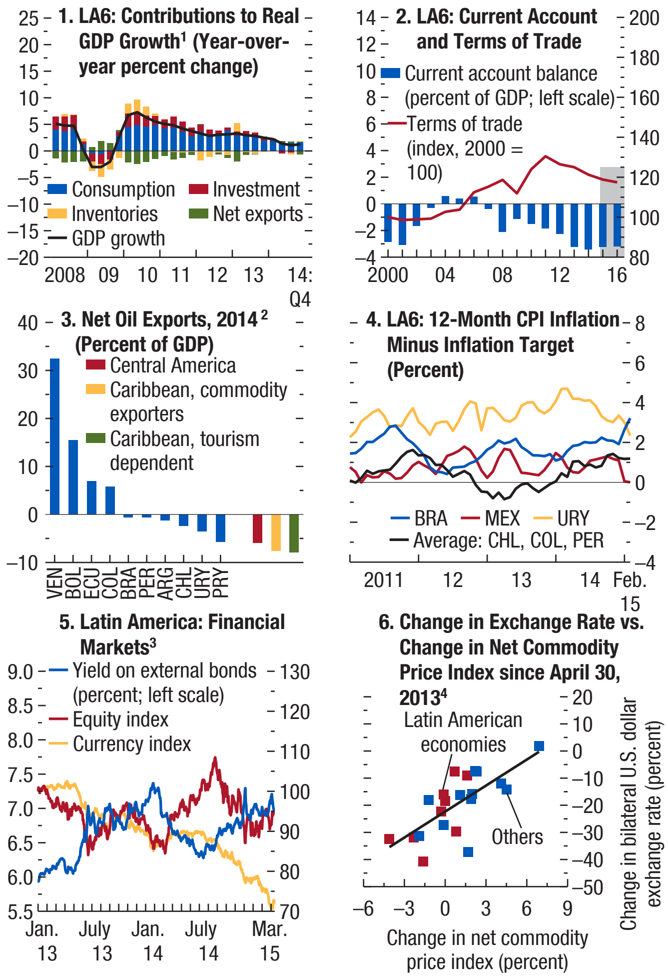
## Figure 2.6. Latin America and the Caribbean: Persistent Weakness

Growth in Latin America and the Caribbean has slowed further as falling commodity prices have hit the region's commodity exporters. External current account deficits have continued to widen in most countries in the region, although the recent collapse in oil prices has provided relief to net importers, notably in Central America and the Caribbean. Lower oil prices should also assist disinflation, but their effects will be partly offset by weaker exchange rates, which are playing a crucial role in facilitating external adjustment.




Sources: Bloomberg, L.P.; Haver Analytics; national authorities; 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 (ISO) country codes.

[1]Seasonally adjusted, purchasing-power-parity-weighted average. Inventories include statistical discrepancies.

[2]Data for Bolivia include natural gas exports. Simple average for Central America (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama); Caribbean, commodity exporters (Guyana, Suriname, Trinidad and Tobago); and Caribbean, tourism dependent (The Bahamas, Barbados, Eastern Caribbean Currency Union countries, Jamaica).

[3]Yield on external bonds is based on the J.P. Morgan Emerging Markets Bond Index for Latin America. Equity index is the MSCI Emerging Markets Latin America equity local net total return index. Currency index is the Bloomberg J.P. Morgan Latin America Currency Index. Both indices are rebased to January 2, 2013 = 100. Data are through March 26, 2015.

[4]Net commodity price index is based on Gruss 2014. Data are through the end of February 2015.