November 2025

Visa Business and Economic Insights

LAC Quarterly Economic Outlook

Key Points:

- LAC's two largest economies are slowing down, but for different reasons
- Low inflation and interest rates are supporting economic growth
- Labor market trends are starting to diverge

Latin America's economy is resilient, but stories diverge

Economic narratives play a key role in decision-making. However, high uncertainty and biases can cloud the picture. We rely on hard and soft data, historical evidence, and local insights to build a narrative of regional resilience with varied exposure to global trade, immigration, and geopolitics.

Recent data confirms that Latin America's economic story in 2025 is a mixed bag, but growth is happening across the board with household consumption leading the way in most countries. Low inflation and interest rates are playing out favorably in the region. Estimated regional GDP growth remains at 2 percent.

Brazil is cooling after a farm-driven boost, with investment and government spending slowing, though consumer spending and exports remain resilient. High interest rates and weak job growth weigh on momentum. Mexico is nearly stagnant due to weak demand and U.S. policy exposure.

In Central America and the Caribbean, Costa Rica and Guatemala's economies grow steadily, while Panama and the Dominican Republic slow amid trade and tourism headwinds. The Andean region benefits from low inflation and interest rates, with consumption growing in Colombia and Ecuador, while Peru slows. Argentina's economic recovery continues but momentum has been fading; meanwhile, Chile slows and Uruguay shows stable growth.

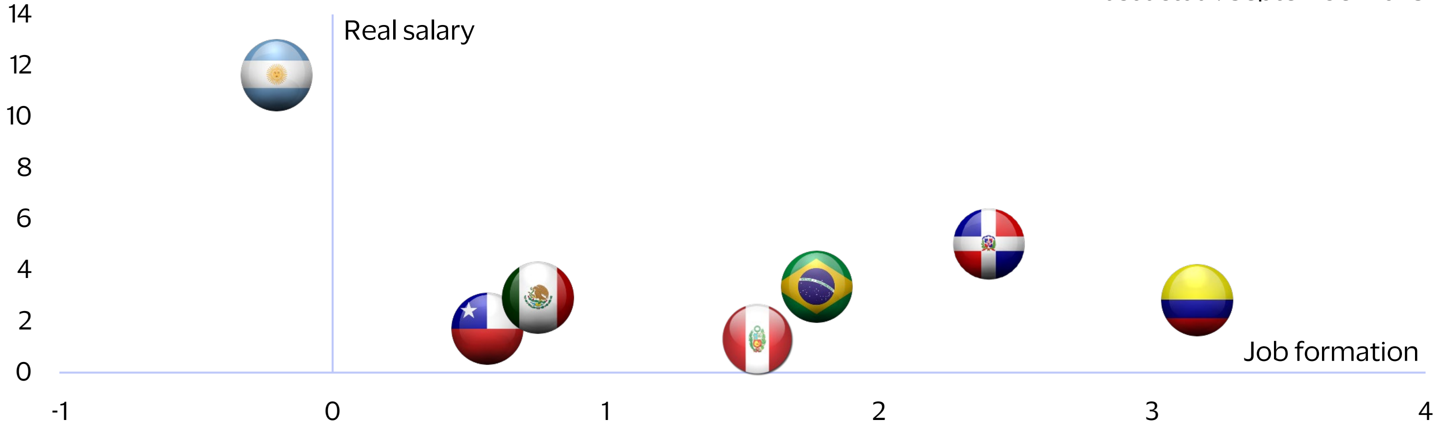
Looking ahead, we believe economic growth will be supported by the lagged effects of lower interest rates, tamed inflation, trade competitiveness, and easing uncertainty, which may help confidence.

In the payments sector, a strong local currency against the U.S. dollar may create an opportunity for businesses to invest in imported capital, upgrade systems, and adopt new technologies. Conversely, foreign card transactions may decline. Certain LAC currency pairs could favor cross-border transactions. Lower interest rates may reduce the cost of expansion and, along with low inflation, support transaction volumes. However, low rates can compress margins on revolving credit, while they help reduce the risk of card delinquencies.

Fig. 1: Household consumption determinants

(Annual change, percent, latest data)

Last actual: September 2025



Sources: Visa Business and Economic Insights and National Statistics Offices / Haver Analytics

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Brazil's economy resumes gradual cooling

The economy is gradually decelerating, led by weaker investment and government spending along with high interest rates. Consumption slows amid slower job creation, high financing costs, and low confidence. Inflation trends may support future lower interest rates.

Brazil's economy is in the midst of a multi-year slowdown with real GDP growth expected at 2.2 percent this year and 1.8 percent next year. The slowdown follows tighter monetary policy (with lagged effect), limited government spending, and ongoing global uncertainty. This environment is likely to encourage caution among both consumers and producers. Although interest rates are expected to decline next year, the support from lower interest rates will likely become tangible only in late 2026 through 2027.

As anticipated, Brazil's economy began to slow in Q2-2025, following the fading impact of strong harvests earlier in the year. Weaker private investment and reduced government spending added to the slowdown, while household consumption and exports have shown more resilience.

Early Q3 data suggest that the slowdown is continuing. Still, economic activity grew 3.1 percent from the start of the year through August, comparable to the 3.0 percent during the same period last year but occurring within a context of moderation.

Since peaking in April, annual retail sales growth has decelerated, growing 1.4 percent year-over-year (through August), down from 3.6 percent in 2024. August data on imports of consumer goods also suggest continued moderation in spending, as consumers failed to capitalize on a 16 percent appreciation of the Brazilian real against the U.S. dollar over the first nine months of 2025.

One of the largest contributors to retail sales (Fig. 2), job creation, has slowed since early this year. Workers without formal labor protections such as contracts, social security, or benefits, have been more affected than those with formal contracts, highlighting their vulnerability to economic shifts. Meanwhile, gains in purchasing power have contributed less than last year, mainly due to a rebound in inflation. Persistently high interest rates present an additional headwind.

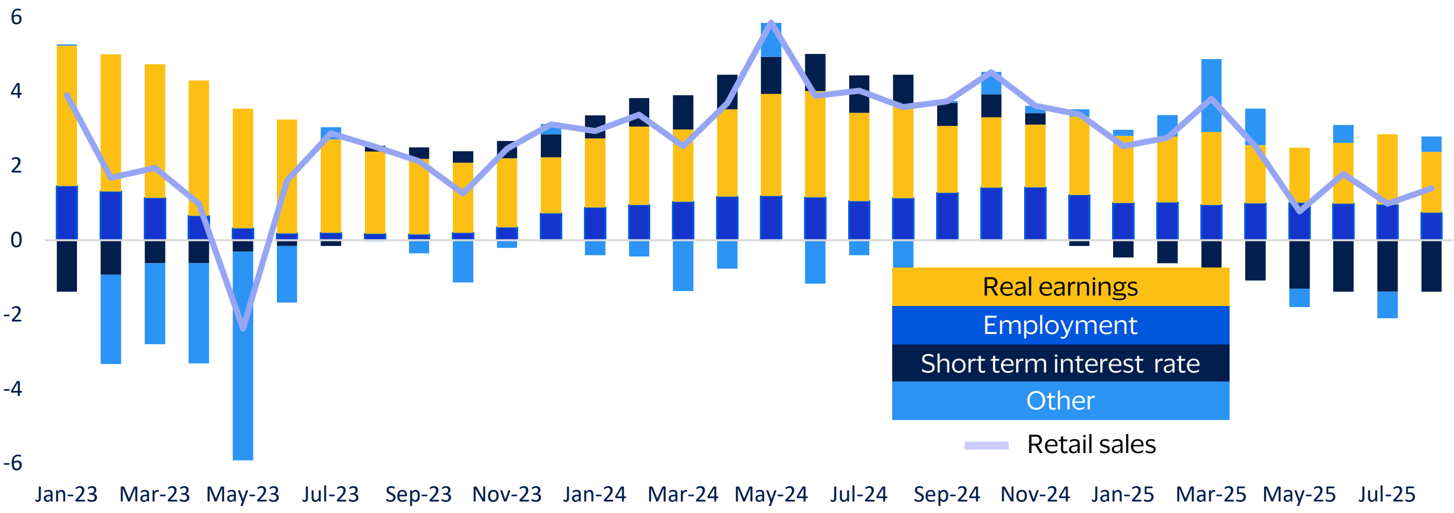
Businesses are also feeling the pressure, with a sharp drop in business confidence since spring. This likely reflects concerns over the U.S. decision to impose a 50 percent tariff on key Brazilian exports, announced in July and implemented in August. We expect this level to significantly decrease in the coming weeks, as negotiations between the U.S. and Brazil are already in progress.

On a more positive note, inflation—as measured by the Extended National Consumer Price Index (IPCA)—has continued to ease. Combined with falling producer prices and subdued economic activity, inflation could dip below 5 percent and approach 4 percent in the coming quarters. This may help support purchasing power and pave the way for lower interest rates.

Fig. 2: Retail sales determinants

(Annual change and contribution to change, percent)

Last actual: August 2025



Sources: Visa Business and Economic Insights own estimations with data from the National Statistics Office / Haver Analytics

Mexico stagnates amid external and local pressures

Mexico faces a mix of external challenges and internal weaknesses. While short-term prospects remain subdued, especially in consumer spending, monetary easing and trade dynamics could lay the groundwork for a gradual recovery.

Mexico's economy remains weak and nearly stagnant, shaped by its close ties to U.S. trade and immigration policies. These external pressures have combined with a prolonged decline in domestic demand—particularly in private consumption and investment—to weigh down growth for more than two years. Mexico should grow 0.5 percent in 2025, followed by a slight acceleration to 1.3 percent in 2026.

The forecast is in line with the weak growth impulse this year. From January to August 2025, economic activity grew just 0.3 percent compared to 1.7 percent during the same period last year. Still, stronger-than-expected performance in services and agriculture helped ease fears of a recession.

Annual change in consumer spending (Fig. 3) has been flat since fall 2023. Data through July 2025 shows no clear recovery, except for a modest rebound in non-oil consumer goods imports (June-July), likely supported by a stronger peso. Meanwhile, service spending has stayed stronger than goods, which have already contracted. Retail sales offer a slightly more positive view, with some improvement in August.

Labor markets, however, have weakened (Fig. 4). After months of marginal job gains, employment contracted in August. Yet the unemployment rate has held steady at around 2.6 percent, as more people enter the labor force, masking the drop in employment.

Meanwhile, remittances fell 10 percent year-over-year in August when measured in pesos. This decline reflects slower job growth for Mexicans in the U.S. and an 8 percent appreciation of the peso so far this year, which reduces the local value of dollar transfers. Similarly, inbound tourism spending declined by 8 percent in pesos from January to July, despite an increase in the number of visitors.

Despite ongoing global trade uncertainty and the upcoming USMCA renegotiation in 2026, there are signs of a possible recovery in 2026. Two factors may support this turnaround. First, the central bank has cut interest rates by nearly 4 percentage points since early 2023. These cuts could begin to stimulate credit and investment next year. Second, Mexico's export competitiveness may improve if tariffs on Asian competitors make Mexican goods more attractive in the U.S. Thus, GDP growth is expected to recover to over 1 percent from 0.5 percent last year.

Fig. 3: Private consumption
(Annual change, percent, 3-month mov. avg.)

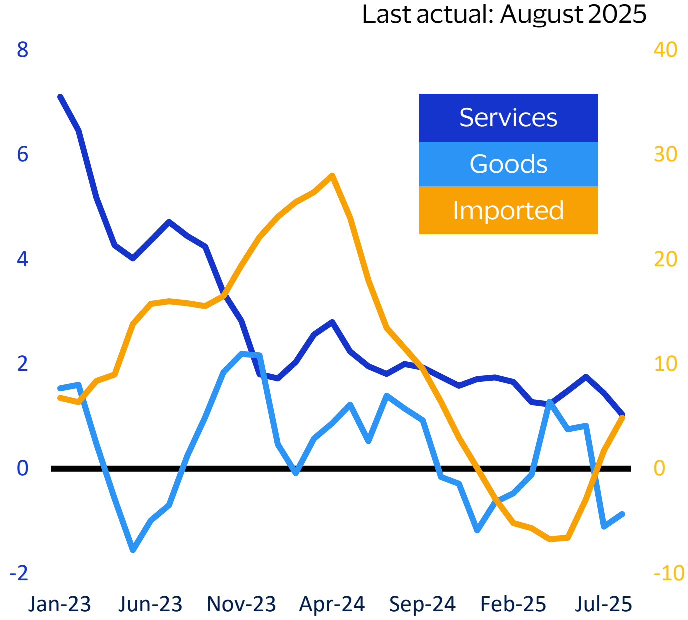
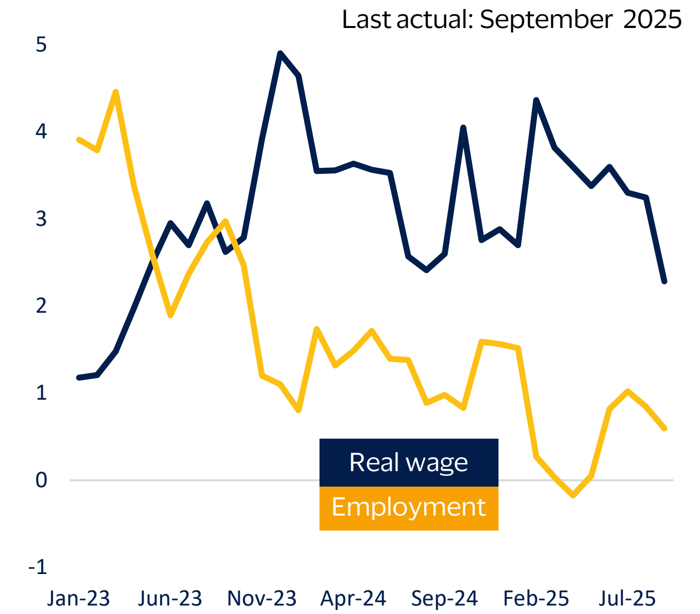


Fig. 4: Labor market
(Annual change, percent, 3-month mov. avg.)



Sources for fig. 3-4: Visa Business and Economic Insights and National Statistics Office/Haver Analytics

Southern Cone: Resilient overall, but for varying reasons

The region continues to expand despite global trade uncertainty. Argentina still leads the region, although its recovery has started to lose momentum, as Uruguay grows on strong domestic demand while Chile is poised to benefit from lower interest rates.

Chile and Uruguay should see economic growth above 2 percent this year and next as price stability, fading global uncertainty, and the lagged effects of easing interest rates start to take hold. Recovery in Argentina remains highly conditioned to reforms and economic programs.

As expected, the subregion has remained relatively resilient to high global trade uncertainty and the effects of tariffs—printing year-to-August economic growth at or above 2.4 percent. Argentina may be the most vulnerable, but this is mainly due to internal developments and the evolution of its stabilization programs. Meanwhile, Chile is well positioned to benefit from the delayed effects of recent central bank interest rate cuts and Uruguay still exhibits a domestic demand in good shape.

Argentina extended its economic recovery through Q2 and Q3, though at a slower pace, supported by its stabilization program and advantageous annual comparison. The country posted cumulative growth of 5.4 percent from January to August, in contrast to the 3.0 percent contraction during the same period last year. Also, inflation has continued to trend downward, reaching 32 percent in September after peaking at 285 percent in April 2024.

Sharp drops in supermarket and shopping center sales over the summer suggest that consumers are becoming more cautious, cutting back not only on discretionary spending but also on everyday purchases (explained by smaller gains in real wages, declining employment, and low consumer confidence). Implementing reforms and achieving sustainable economic growth remain the main challenges ahead.

The Chilean economy has also experienced a gradual slowdown since late spring, with annual growth rates falling from 4 percent in May to just above 2 percent in September. The main contributors to this slowdown have been the mining sector, along with ongoing fiscal consolidation. However, the continued easing of inflation and the delayed effects of lower interest rates may help support economic growth through increased private consumption and investment in the coming quarters.

Consumer confidence is now above its four-year average, driven by current economic conditions and optimism about the future. This may imply a more constructive environment for household spending.

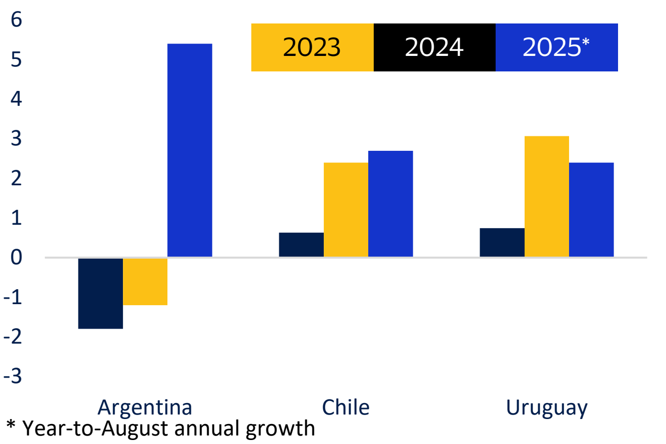
In Uruguay, the economy has shown stable annual growth of around 2.7 percent, with private consumption outperforming public spending, overall investment, and exports. This is due to a resilient labor market and further gains in purchasing power, supported by a sustained decline in inflation.

Unlike other countries in the region, Uruguay's strong domestic demand and other factors may prevent inflation from falling below 4 percent in the coming months. This could limit the room and pace for further central bank interest rate cuts.

Fig. 5: Real GDP

(Annual change, percent)

Last actual: August 2025

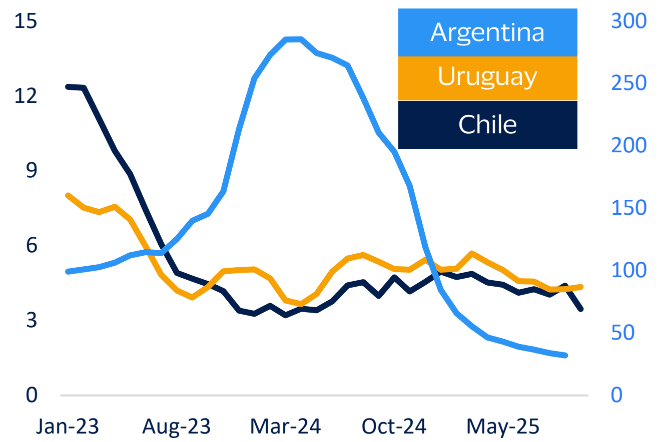


* Year-to-August annual growth

Fig. 6: Inflation

(Annual change, percent)

Last actual: October 2025



Sources: Visa Business and Economic Insights and National Statistics Office/Haver Analytics

Andean: Balancing recovery and external risks

Economic growth in Colombia, Peru, and Ecuador is supported by low inflation and interest rates, but faces mixed global commodity trends, fiscal consolidation pressures, and external vulnerabilities tied to major trade partners.

The region remains highly dependent on global demand, particularly from the U.S. and China, which influences local economies through commodity prices. While global demand is not expected to rebound sharply in the coming quarters, low interest rates and low inflation, which support real wages, may continue to facilitate growth. The international price of precious metals appears to serve as a hedge against uncertainty.

Regional performance has been mixed during the first three quarters of 2025. International prices for industrial and precious metals have shown signs of recovery, while grains and oil have declined.

On the fiscal side, expansionary public spending is unlikely to be implemented, as most countries in the region are undergoing varying degrees of fiscal consolidation. In contrast, one of the region's key advantages is its relatively low inflation and interest rates, which continue to support consumption.

Colombia's economy has gained momentum in 2025, with economic activity expanding by 2.6 percent year-to-August, up from 1.3 percent during the same period last year. Such momentum has been mainly driven by the service sector, a labor-intensive activity, in contrast to the weaker farming and industrial sectors. On the spending side, private consumption has noticeably improved, partially offsetting weaker investment.

Consumer spending has been supported by lower interest rates, rising real wages, and stable inflation. Still, slower job creation and slightly higher unemployment may limit the pace of spending growth.

Peru recorded economic growth of 3.3 percent year-to-July, compared to 2.9 percent during the same period last year. Despite this, the economy has shown signs of gradual deceleration, particularly in the commerce sector, likely reflecting slower job creation. This trend persists despite falling inflation, lower inflation expectations, and rising real wages. On the external front, Peru continues to benefit from strong mining exports but remains vulnerable to fluctuations in global commodity prices and demand, especially from China. Looking forward, the delayed effects of lower interest rates may continue to support consumption and overall activity.

In Ecuador, low inflation and a slight rise in consumer confidence have driven improvements in employment and purchasing power. This suggests the recovery in private consumption observed in Q1 (the latest available data) may have extended into Q2 and Q3. However, risks remain, particularly due to ongoing fiscal consolidation and significant external vulnerabilities tied to oil exports. The economic performance of the U.S., China, and the EU is also crucial for Ecuador, given their roles as major importers.

Fig. 7: Commodity prices

(Price Index, Q4-24 = 100)

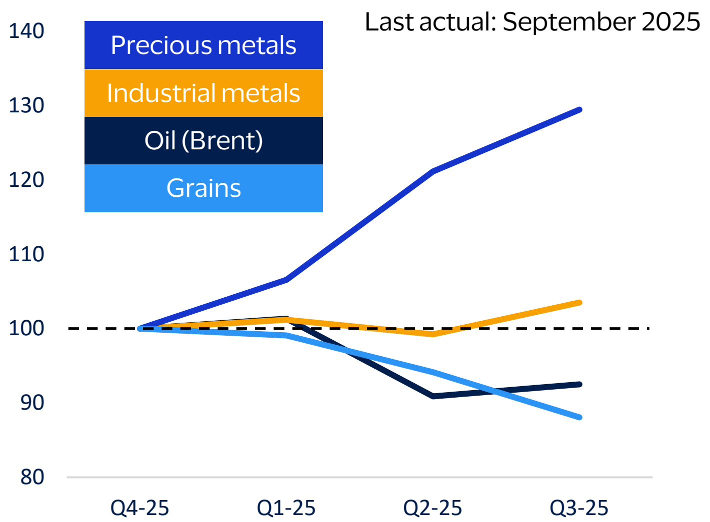
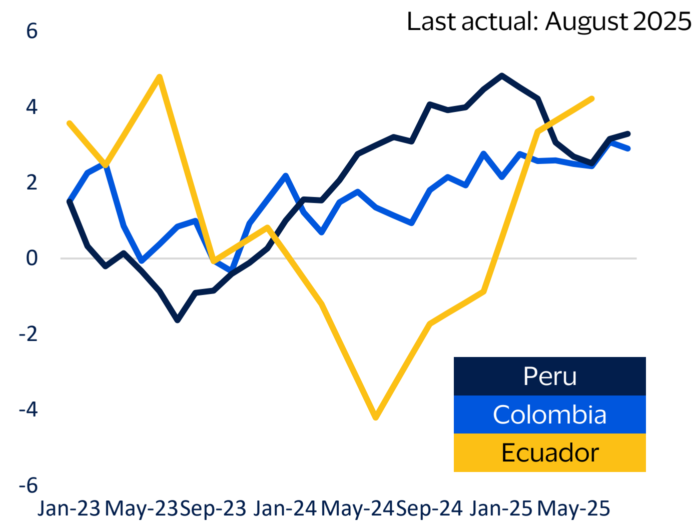


Fig. 8: Economic activity

(Annual change, percent, 3-month mov. avg.)



Sources: Visa Business and Economic Insights, World Bank, and National Statistics Office/Haver Analytics

Central America and the Caribbean show mixed signals

The region shows varied growth speeds amid U.S. policy shifts and recent global and local developments, with Costa Rica and Guatemala outperforming while Panama and the Dominican Republic slow down.

Central America and the Caribbean may show uneven economic growth through the rest of 2025 and into 2026, amid a challenging global environment characterized by weaker demand from the U.S. and China and persistent global trade tensions. Remittances and tourism may provide some resilience, but the region remains vulnerable to external shocks and climate risks.

The region remains among the most vulnerable to shifts in U.S. trade and immigration policy, due to its reliance on global trade and remittances. Inbound tourism also represents a key channel through which global uncertainty, a weaker U.S. dollar, and immigration procedures at ports of entry can affect the region.

Costa Rica and Guatemala posted solid growth in Q2 and Q3, while Panama and the Dominican Republic experienced a steady slowdown. As of August, Costa Rica and Guatemala reported cumulative growth of around 5 percent and 4 percent, respectively. Costa Rica's strength is linked to its innovative, high-value-added manufacturing sector, while Guatemala's growth appears driven by construction and commerce.

Low inflation has boosted purchasing power and, in turn, supported household consumption. However, job creation remains a key factor to watch—Costa Rica has already reported slower employment gains.

Remittances have also contributed positively: Costa Rica and Guatemala saw year-to-September increases of 7.5 percent and 20 percent in local currency, respectively, despite currency appreciation against the U.S. dollar.

In contrast, Panama and the Dominican Republic (more exposed to global trade and tourism) have seen a gradual cooling in activity. Still, Panama recorded a strong 4.6 percent growth from January to September, up from 2.1 percent in the same period last year, partly due to a modest rebound in Panama Canal traffic and revenues in Q3.

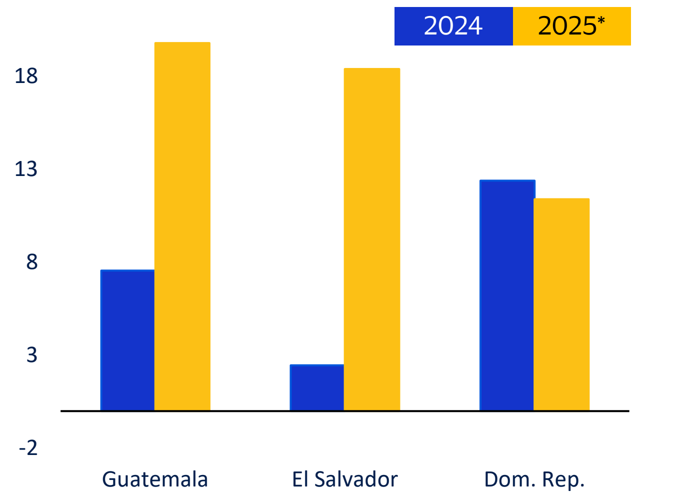
The Dominican Republic, however, saw a sharper slowdown, with growth falling to 2.3 percent from 5.2 percent last year. Early-year data showed Panama's household consumption growing 3.3 percent annually in Q1, but consumer goods imports suggest a dip in Q2 followed by a recovery in Q3, helped by ongoing deflation.

Meanwhile, consumer spending in the Dominican Republic started weak, with just 0.9 percent quarterly growth in Q1, down from 2 percent in Q4-2024. A 15 percent year-to-August increase in remittances and a 2 percent rise in tourist arrivals may have helped offset a slight uptick in inflation (from 4 percent to 4.3 percent by September), supporting consumption.

Fig. 9: Remittances

(Local currency, annual change)

Last actual: September 2025

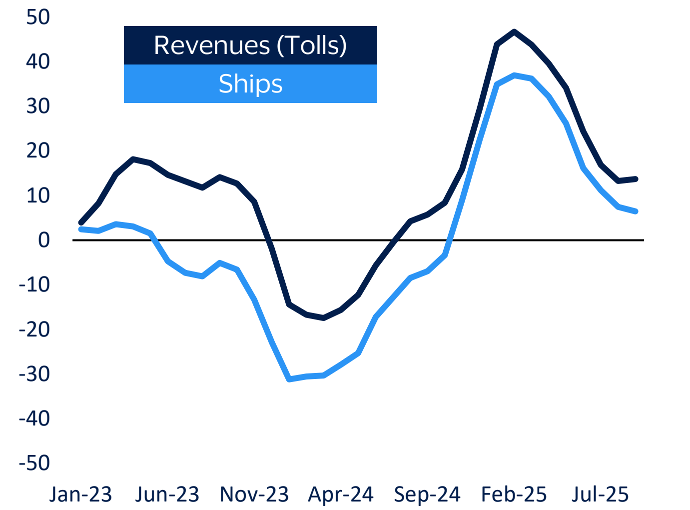


* Year-to-September annual growth

Fig. 10: Panama Canal activity

(Annual change, percent)

Last actual: September 2025



Sources: Visa Business and Economic Insights and National Statistics Office/Haver Analytics

Accessibility notes

Fig. 1: A scatterplot illustrates annual changes in household consumption determinants for seven Latin American countries, using data from September 2025 . Each country is depicted by its flag in a bubble shape. The vertical axis represents real salary, while the horizontal axis shows job formation, both measured as annual percentage changes. Argentina records a 12% increase in real salary and a -0.2 percent change in job formation. Chile, Mexico, Peru, Brazil, Panama and Colombia follow, with respective values of 2 percent and 1 percent for Chile, 3 and 1 percent for Mexico, 2 percent and 2 percent for Peru, 3 percent and 2 percent for Brazil, 5 percent and 2 percent for Panama, and 3 percent and 3 percent for Colombia.

Fig. 2: A grouped bar chart presents the annual change and contribution to retail sales growth in Brazil, covering January 2023 to July 2025. The stacked columns break down contributions from real earnings, employment, short-term interest rates and other factors, with each bar reflecting the percent change or contribution for a given month. The chart begins with retail sales rising by 3.9 percent, explained by a 3.8 percent contribution from earnings, 1.45 percent from employment, 0.04 percent from other factors and offset by a -1.39 percent impact from monetary policy rates. In 2024, retail sales accelerate from 2.9 percent in January to 5.8 percent in May, with the short-term rate's positive contribution increasing from 0.6 percent to 1 percent, earnings remaining near 2.5 percent, and employment around 1.1 percent. In 2025, retail sales slow from 2.5 percent in January to 0.8 percent in July, while the interest rate's contribution turns negative, moving from -0.5 percent to -1.4 percent. Earnings and employment contributions remain relatively stable at approximately 1.7 percent and 1 percent.

Fig. 3: A line chart tracks private consumption trends in Mexico, showing annual percent changes as a three-month moving average from January 2023 to August 2025. The chart features lines for services, goods and imported goods (right-hand scale). Consumption in services follows a gradual downward path, declining from 7.1 percent to 1.4 percent. Imported goods display greater volatility, forming an inverse "v-shaped" curve that starts at 6.7 percent, peaks at 28 percent in April 2024, bottoms out at -7percent in April 2025, and rebounds to 1.6 percent by July 2025. Consumption of goods fluctuates around a 0 percent median, with peaks at 2.2 percent, 1 percent, and 0.7 percent in December 2023, September 2024 and May 2025, and minimums at -1.6 percent, -1.2 percent, and -1.2 percent in May 2023, December 2024 and July 2025.

Fig. 4: A line chart displays labor market trends in Mexico, using annual percent changes as a three-month moving average for real income and employment from January 2023 to September 2025. Two lines represent these indicators, showing contrasting movements over time. Real income rises from 1.2 percent in January 2023 to 3.4 percent in August 2025, while employment declines from 3.9 percent to 0.8percent over the same period.

Fig. 5: A bar chart compares real GDP annual change (percent) for Argentina, Chile and Uruguay across 2023, 2024 and 2025. Each country is shown with three bars, one for each year. Argentina posts -1.8 percent in 2023, -1.2 percent in 2024 and a strong rebound to 5.4 percent in 2025. Uruguay and Chile both show positive growth throughout, with Uruguay moving from 0.7 percent to 3.1 percent and then 2.7 percent, and Chile recording 0.6 percent, 2.4 percent and 2.7 percent for the respective years.

Fig. 6: A line chart presents inflation rates for Argentina, Uruguay and Chile from January 2023 to September 2025. Each country's line shows monthly inflation. Argentina's rate starts at 99 percent in January 2023, peaks at 285 percent in April 2024 and then declines to 33.9 percent by August 2025. Chile's inflation fluctuates but generally trends downward from 12.4 percent to 4.2 percent. Uruguay follows a similar pattern, decreasing from 7.5 percent to 4.3 percent over the same period.

Fig. 7: A line chart depicts the movement of commodity prices from the fourth quarter of 2024 to the third quarter of 2025. Precious metals, industrial metals, oil and grains are shown as indices starting at 100 in Q4 2024. Precious metals rise to 129, industrial metals remain relatively flat at 104, while oil and grains decline to 92 and 88, respectively.

Fig. 8: A line graph illustrates economic activity, measured as a three-month moving average of annual growth rates, for Peru, Colombia and Ecuador from January 2023 to August 2025 . Ecuador's activity forms a "V-shaped" curve, starting at 3 percent, dipping to -4.2 percent in June 2024, and recovering to 3.4 percent in March 2025. Peru and Colombia both begin at 1.5 percent and end at 3.2 percent in August 2025, showing steady upward trends.

Fig. 9: A bar chart shows annual changes in remittances (local currency) for Guatemala, El Salvador and the Dominican Republic, with two bars per country for 2024 and 2025. Guatemala's remittances grow by 7.6 percent in 2024 and 18.5 percent in 2025. El Salvador records 2.5 percent and 18.4 percent, while the Dominican Republic posts 12.4 percent and 14.9 percent for the respective years.

Fig. 10: A line chart illustrates the three-month moving average of annual growth rates for revenues and ship traffic through the Panama Canal. Both lines start at 4 percent, bottom out at -17.5 percent (revenues, March) and -30.5 percent (ships, February), then rebound to peaks of 46.6 percent and 36.9 percent in February 2025. The latest values show a gradual slowdown, with revenues at 13.2 percent and ship traffic at 7.4 percent.

Forward Looking Statements

This report may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are generally identified by words such as "outlook", "forecast", "projected", "could", "expects", "will" and other similar expressions. Examples of such forward-looking statements include, but are not limited to, statements we make about Visa's business, economic outlooks, population expansion and analyses. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

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