



Latin America: Growth slowdown in 2024 and challenges ahead

ALACERO

Lucas Ferro
Chief Economist



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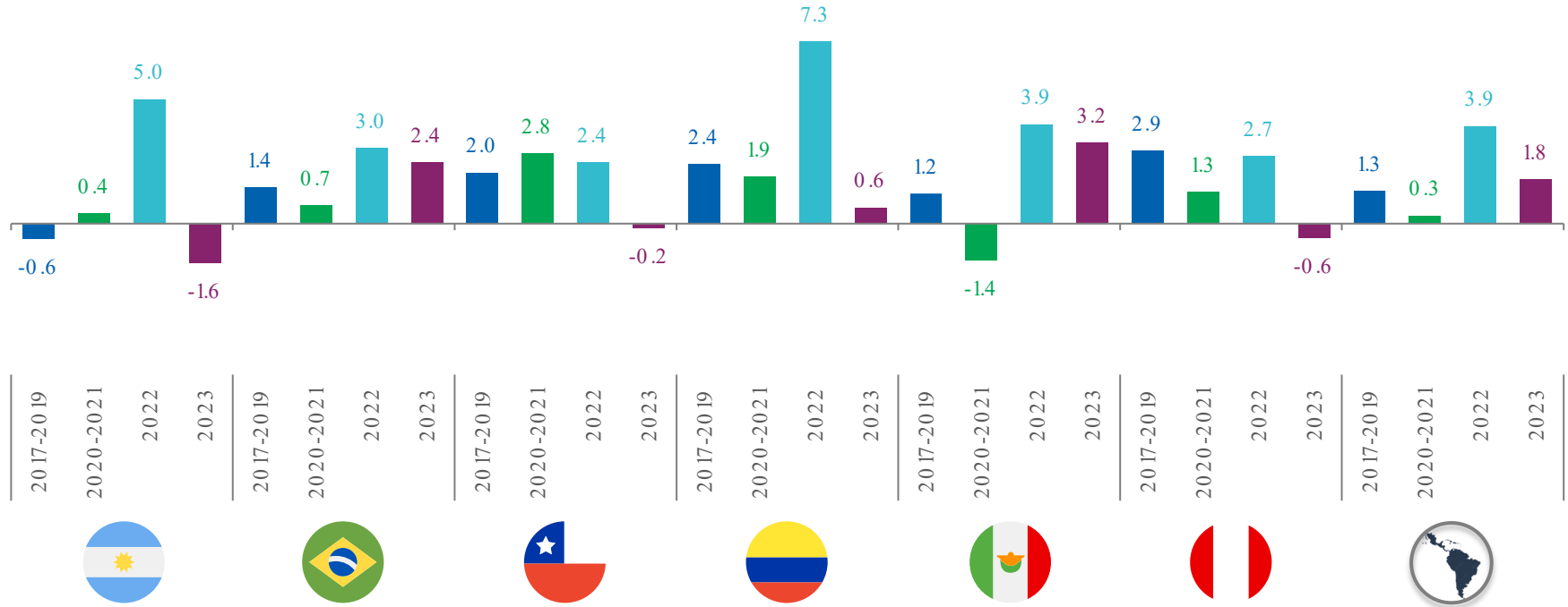
AGENDA



- Regional expansion lost momentum in 2023.
- Monetary easing will help boost growth this year, but a further deceleration in economic activity is expected.
- Political look at current governments .
- Demand for Steel and current expectations.
- Latin America's Strategic Role in Global Clean Energy Transition.
- Conclusions.

During 2023 the region continued to grow, but at lower rates. Argentina and Peru suffered contractions.

GDP PER COUNTRY YoY % change.

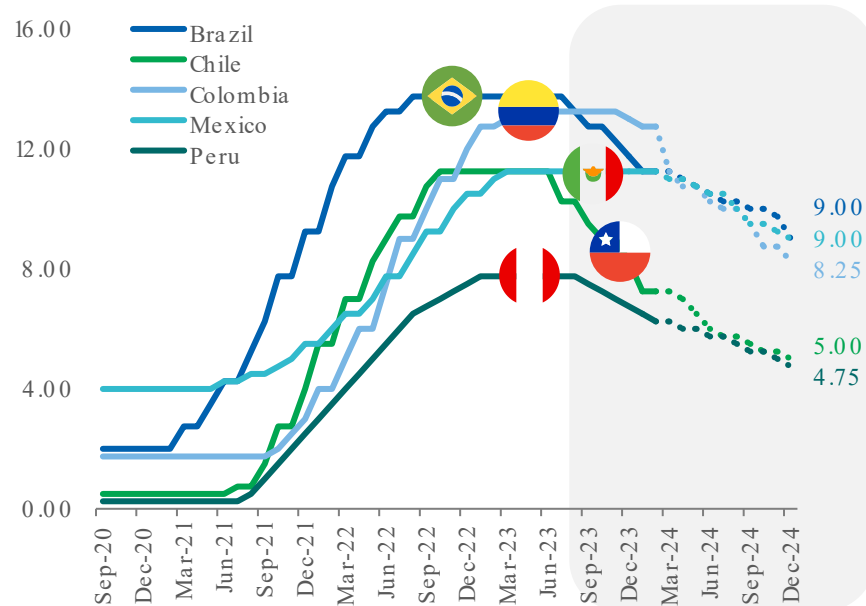


*LAC6: weighted average real growth rate of the 6 main Latin American economies (Argentina, Brazil, Chile, Colombia, Mexico and Peru)

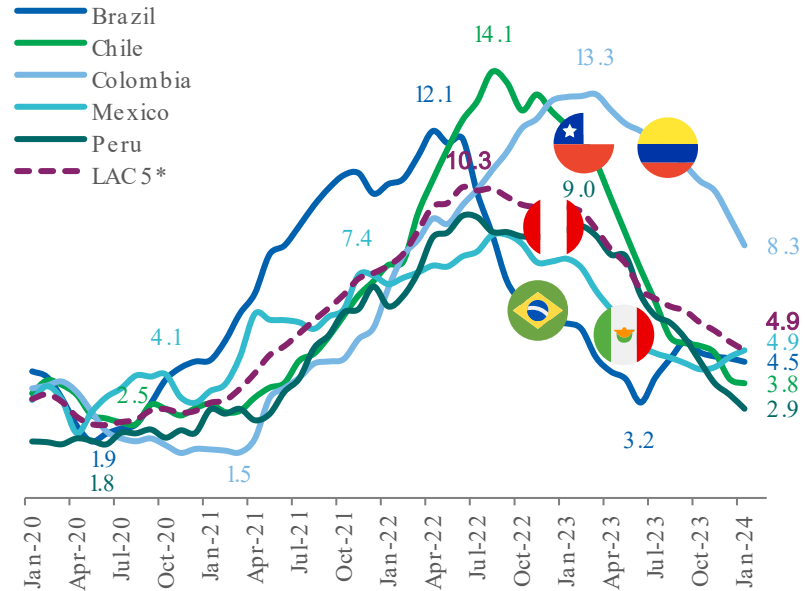
Source: Central Banks..

Going forward, monetary policy should continue to support growth, in a context of inflation “normalization”

MONETARY POLICY RATE Annual %.



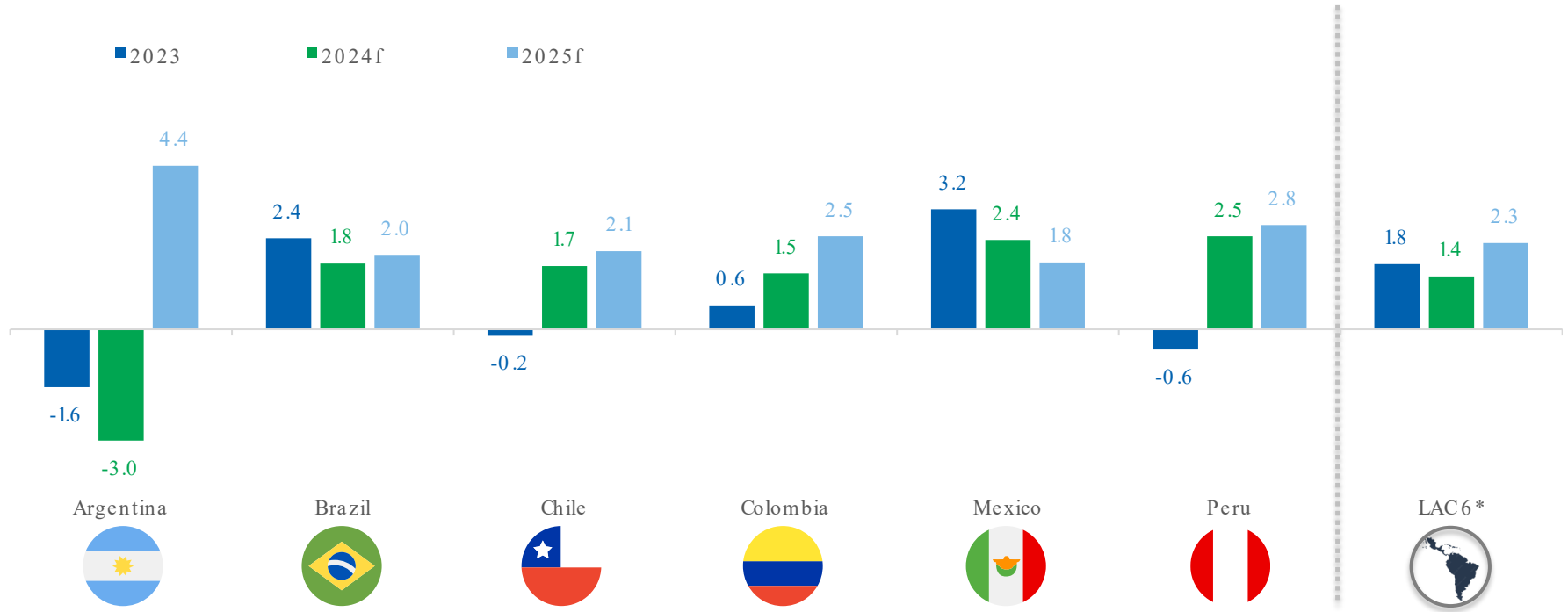
RETAIL INFLATION. YoY % change.



*LAC6: weighted average real growth rate of the 6 main Latin American economies (Argentina, Brazil, Chile, Colombia, Mexico and Peru). *LAC5 CPI is the simple average of the CPI of the 5 main Latin American economies (Brazil, Chile, Colombia, Mexico and Peru); Argentina is excluded as it is considered a country with chronic inflation. Source: Central Bank and/or National Statistics Institute of each country.

All in all, the region would slow down in 2024, dragged down by the weak performance of Brazil and Mexico, and a new contraction of Argentina

GROWTH FORECASTS, BY COUNTRY Δ Y % change.



*LAC 6: weighted average real growth rate of the 6 main Latin American economies (Argentina, Brazil, Chile, Colombia, Mexico and Peru).

Source: Central Banks.

The political weakness of current governments is a common feature in the region



Presidential and legislative elections in June 2024. Claudia Sheinbaum (from the ruling party) leads in the polls.



Weakened political project. Low presidential approval. Unfavorable results for the ruling party in recent regional elections. Support of the health reform proposed by Petro (Senate vote pending).



Presidential elections in April 2026. High political uncertainty due to low presidential approval ratings, high congressional fragmentation, and political tensions between the Executive and Congress.



Recent setbacks in international affairs. Diplomatic challenges and friction within the government over Lula's statements on the Gaza-Israel conflict. Hostile Congress with a conservative majority.








Uncertainty. Doubts about the capacity of the Milei Administration to carry out a stabilization plan, both from a political and social point of view.



Second rejection of new Constitution draft. Another vote on a new constitution seems highly unlikely at least until 2025. The ruling party has a minority representation in an increasingly fragmented Congress.

ASU growth forecast for 2024 has improved, due to better estimations for Brazil and Mexico

APPARENT STEEL USE (ASU) BY COUNTRY Million tons and YoY % change. ▼▲ shows changes against SRO Sep-23.

Country		ASU SRO MAR 2024							
		2023		2024(e)		2025(f)		2024(e) vs 2017-2019 avg	2025(f) vs 2017-2019 avg
		MTn	YoY change	MTn	YoY change	MTn	YoY change	YoY change	YoY change
	Brazil	23.9	▲ 1.5%	24.1	▲ 1.0%			17.2%	
	Mexico	28.5	▲ 14.0%	28.8	▲ 1.2%	29.3	▲ 1.6%	14.5%	16.3%
	Argentina	5.0	▲ -1.9%	4.2	▼ -14.8%	4.8	▲ 11.8%	-6.7%	4.3%
	Colombia	3.3	▼ -7.5%	3.4	▼ 1.1%	3.5	▲ 4.0%	-5.0%	-1.2%
	<i>Rest</i>	12.4	▲ 2.7%	12.7	▲ 2.2%	12.9	1.9%	1.6%	3.5%
	LATAM	73.1	▲ 5.5%	73.2	▲ 0.2%			10.4%	
	LATAM w/o Bra	49.2	▲ 7.6%	49.1	▲ -0.2%	50.4	▲ 2.7%	7.3%	10.2%

Source: Alacero (e): estimated (f): Forecast

The region's ample reserves of critical minerals and non-conventional hydrocarbons place it in a pole position to expand production and supply the needs of the global clean energy transition

Mexico

Net exporter of energy

- **19% of renewables** in electricity generation.
 - **#11 oil producer** worldwide.
- Stable on **oil related energy** production.
 - No major reinvestment prospects.



Net exporter of energy

Colombia

- **78% of renewables** in electricity generation.
- **#6 coal exporter** and **#8 largest e-bus fleet** worldwide.



Net exporter of energy

Brazil

- **88% of renewables** in electricity generation.
- **#2 biofuels producer** and **hydropower producer** worldwide.
- Stands out for its **solar and eolic offshore energy potential** (new projects).
- Investment concentrated in Pre-salt (Oil).



Peru

Net exporter of energy

- **62% of renewables** in electricity generation.



Chile

Net importer of energy

- **59% of renewables** in electricity generation.
 - **#1 copper** and **#2 lithium producer** worldwide.
- Stands out for its **potential in solar energy and lithium battery production**.
- **Accelerated energetic transition** (decarbonization plan).



Net exporter of energy

Argentina

- **33% of renewables** in electricity generation.
- **#1 natural gas** and **#2 lithium producer** in LATAM.
- **#2 shale gas deposit** worldwide (Vaca Muerta).
- **#6 largest CNG vehicle fleet in the world**.
- Stands out for its **eolic and solar energy potential**.





Conclusions

Key messages

Recent developments and prospects

- Slow down in economic activity and inflationary moderation.
- Multiple risks, both in economic and political terms.
- ASU stable in 2024 (forecast has improved, over high levels) , led by Mexico.
- Latin American importance in the transition to clean energy: providing essential materials.

Lucas Ferro

lferro@alacero.org

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