BI-WEEKLY LATIN AMERICA SNAPSHOT

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Welcome to the first edition of the ***Bi-Weekly Latin America Snapshot*** providing insights into the most significant political and economic trends shaping the Western Hemisphere. In this edition, we take a closer look at the election in **Honduras**; we examine **Chile's** runoff election and the new center-right government in **Bolivia**. Meanwhile, **Brazilian** President Lula announces his intention to seek reelection. We also analyze the rising tensions in **U.S.-Colombia** relations as the U.S. intensifies its campaign against organized crime off the coast of **Venezuela**. On trade, we review a new slate of trade agreements between the U.S. and **El Salvador, Argentina, Ecuador, and Guatemala**. Finally, **Mexico's** President Claudia Sheinbaum commits additional funding amid a security crisis. We welcome your questions or comments at latinsnap@globalnexusdc.com.

Regional Snapshot

As of early December 1st and with 56 percent of votes counted, electoral authorities in **Honduras** are yet to declare a winner in Sunday's presidential election. So far, former Mayor of Tegucigalpa Nasry Asfura of the conservative National Party held a narrow lead of 40 percent to 39.8 percent for Salvador Nasralla of the libertarian Liberal Party. Meanwhile, Rixi Moncada, candidate for the ruling left-leaning Libre party and former Defense Minister under current President Xiomara Castro, was in third place with 19.2 percent of the vote. Just days ago, President Donald Trump publicly weighed in on Honduras' presidential election, endorsing Nasry Asfura and criticizing both Nasralla and Moncada in a series of social media posts.

Chile's runoff election signals a shift toward stability over transformation. Chile will hold its presidential runoff on December 14 between governing-coalition candidate Jeannette Jara and Republican Party leader José Antonio Kast. Early polling shows Kast with a decisive lead, *Cadem* polling places him at 58% to Jara's 42%, while *Criteria* polling shows a similar gap with Kast at 50% and Jara at 36%. The vote marks a clear inflection point in Chilean politics. Four years after leftist Gabriel Beric's victory and the rise of a reform-focused generation, voters are now prioritizing stability over structural change. The 2025 contest is unfolding in a more participatory, but also more skeptical, environment under compulsory voting. First-round results reflected less an ideological shift than a broad voter backlash against government performance and the lack of concrete solutions to everyday challenges. Chile's trajectory mirrors a wider regional pattern, in contexts of inflation, inequality, and insecurity, Latin American electorates increasingly favor order and economic predictability. A Kast victory would likely redirect Chile's foreign policy toward closer ties with the United States and a renewed focus on investment, free trade, and deeper engagement within the Pacific Alliance and other strategic partnerships.

Bolivia's political transition: Center-right former lawmaker Rodrigo Paz sets course for pragmatic reform and institutional renewal. Rodrigo Paz Pereira (Christian Democratic Party- PDC) won Bolivia's October 19 runoff with 54.96% of the vote, ending nearly 20 years of the leftist *Movimiento al Socialismo (MAS)* rule. Taking office on November 8, he pledged gradual economic stabilization, institutional renewal, and a recalibration of Bolivia's foreign policy, emphasizing improved ties with the United States. His administration faces challenging macroeconomic conditions, including annual inflation of more than 20 percent and hard-currency reserve levels sitting at less than 1 percent of gross domestic product, according to data from the International Monetary Fund and Bolivia's central bank. Five regional Heads of State attended Paz's inauguration: Argentina's Javier Milei, Chile's Gabriel Boric, Ecuador's Daniel Noboa, Paraguay's Santiago Peña and Uruguay's Yamandú Orsi. Deputy Secretary of State Christopher Landau led the U.S. Presidential Delegation, where he reaffirmed the US' commitment to deepen the relationship between both nations. The U.S. Drug Enforcement Administration (DEA) is set to return to Bolivia very soon, after being expelled in 2008, marking a significant shift in the country's counter-narcotics policy following the inauguration. President Paz will focus his first days in office to strengthening accountability and regulatory clarity to create investment opportunities in infrastructure, energy, and mining.

Lula confirms 2026 run, pushes for U.S.–Brazil tariff deal. Despite concerns about his age and political fatigue, President Luiz Inácio Lula da Silva confirmed his intention to seek a fourth non-consecutive term in the October 2026 election, positioning his candidacy as a defense of democracy and social progress. The announcement coincided with momentum toward a potential U.S.–Brazil trade accord following talks with President Trump. The Brazilian leader signaled his willingness to advance negotiations personally, indicating that he would call Trump after the 30th United Nations Climate Conference (COP30) if talks on tariffs stall. Lula emphasized his readiness to advance negotiations, indicating he would be willing to travel to Washington or New York to continue talks and expects reciprocal openness from the U.S. side. He emphasized that both governments should prioritize removing tariff barriers to create conditions for a "meaningful" trade framework, ensuring alignment with World Trade Organization (WTO) standards. Meanwhile, President Lula could have a political momentum from Washington's decision to lift the 40% tariffs on Brazilian agricultural products. The rollback, hailed in Brasília as a victory after months of pressure, removes barriers on key exports such as coffee and beef, easing tensions that had surged earlier this year. Lula's trade diplomacy with the U.S. is geared toward stability, seeking to preserve current export advantages and avert policy shocks in key sectors during an election-sensitive period.

U.S. - Colombia relations. Tensions between Bogota and Washington escalated last month after the U.S. Treasury sanctioned President Gustavo Petro, his family, and Interior Minister Armando Benedetti for alleged narcotrafficking ties. U.S. Secretary of State Marco Rubio underscored that the measures target individuals, not the Colombian state, reaffirming Washington's commitment to continued cooperation on counternarcotics and security. The move nonetheless highlights growing U.S. frustration with Petro's limited engagement in joint anti-drug initiatives.

U.S. military deployment near Venezuela shifts regional dynamics. Since late August 2025, the United States has maintained a sizable military deployment near Venezuela, led now by the *USS Gerald R. Ford* carrier group and supported by air and special operations assets. Officially framed as a counter-narcotics initiative targeting maritime networks tied to the *Tren de Aragua* criminal group, the deployment comes as the Trump administration also designates the *Cartel de los Soles* as a foreign terrorist organization, portraying both steps as part of a broader effort to curb drug flows into the U.S. These actions reflect Washington's wider objectives of reinforcing regional security, managing migration pressures, and countering the expanding influence of China and Russia in Latin America. Venezuela's vast ultra-heavy crude reserves and its geopolitical weight amplify the regional impact of this posture. The heightened U.S. engagement could lead to short-term market uncertainty, potential disruptions in regional trade routes, and renewed scrutiny of supply chains linked to Venezuelan crude and other products. At the same time, evolving regional dynamics could create opportunities for new commercial engagement, as regional governments adjust to shifting geopolitical and commercial conditions.

The U.S. sharpens Western Hemispheric trade strategy. The White House unveiled new trade agreements with El Salvador, Argentina, Ecuador, and Guatemala, tightening economic and security alignment with key partners in the Western Hemisphere. The deals aim to reinforce supply-chain resilience and expand U.S. commercial reach, opening opportunities for farmers, ranchers, manufacturers, fishers, and small businesses across Central and South America. El Salvador will streamline approvals for U.S. goods and ease agricultural restrictions; Argentina will broaden preferential access and advance long-delayed IP reforms; Guatemala will facilitate digital trade and strengthen labor protections; and Ecuador will boost environmental standards while cutting tariffs on priority U.S. exports. The agreements deepen Washington's regional footprint, create more reciprocal conditions for U.S industries, and signal a strategy that protects domestic production while securing meaningful new market access.

Sheinbaum's security strategy faces a major test. Mexican President Claudia Sheinbaum is facing a major test of her security policy countrywide but in the western state of Michoacan, where the recent assassination of a popular mayor has sparked protests. Sheinbaum has sent an additional 1,000 federal troops, bringing a deployment of over 10,000, and pledged USD $3 billion to boost security while also tackling poverty and other root causes of cartel power. Since taking office a year ago, Sheinbaum has pursued a harder line against cartels than her political patron and predecessor, in part because of heightened pressure from the Trump administration. Meanwhile, citizens signal broader public frustration over violence and corruption, while critics question whether the increased military presence and funding will meaningfully reduce cartel power. As part of the broader measures taken by Sheinbaum to tackle insecurity, Mexican Attorney General Alejandro Gertz Manero, resigned late November to become an ambassador. In his letter of resignation, he said "there is a need for much more coordination between state persecutors and the AG's office", Sheinbaum will likely replace him with somebody close to her inner circle. This position requires Senate confirmation.

Key Data

ECLAC revised its growth outlook for the region. The Economic Commission for Latin America and the Caribbean (ECLAC)projects GDP growth of 2.4% in 2025 and 2.3% in 2026.

- The 2025 forecast represents an upward adjustment from the 2.2% projection made on August 5. The revision reflects shifts in external conditions, including changes in international trade growth due to U.S. tariff announcements since April, as well as updated growth expectations for the region's main trading partners.

Source: ECLAC.

Recent policy rate announcements in key Latin American economies.

Country	Policy Rate Decision	Date	Nominal Interest Rate	Monetary Policy Outlook
Brazil	Rate held steady	11/05/2025	15.00%	According to the Central Bank of Brazil (BCB), since September, inflation risks have remained outside their usual range on both sides. This situation has led the BCB to consider keeping interest rates at their current level for an extended period to ensure inflation moves toward its target.
Mexico	25 bps cut	11/06/2025	7.25%	Financial analysts expect Mexico's Central Bank (BANXICO) to deliver a 25-bps rate cut in December, though this may depend on the outlook for U.S. monetary policy. BANXICO has also indicated room for further easing as inflationary pressures continue to decline.
Chile	Rate held steady	10/28/2025	4.75%	A 25-basis-point rate cut is expected in December, although this remains highly dependent on core inflation and the exchange rate.
Colombia	Rate held steady	10/31/2025	9.25%	Analysts expect no further rate cuts in 2025, amid solid growth, uncertainty over inflation, global volatility, and fiscal pressures.
Peru	Rate held steady	10/10/2025	4.25%	No changes are expected in the upcoming meeting of the Central Bank of Peru (BCRP), as the real interest rate (2.09%) remains close to the estimated neutral level (2.0%) and economic activity approaches its potential, placing monetary policy in a neutral zone.

**Graphics by Global Nexus using official central bank sources.*
**Argentina was excluded from the analysis since the Central Bank suspended its policy rate in 2024 and adopted a monetary aggregates framework instead.*