

# EXECUTIVE LEADERSHIP IN PRACTICE - MACROECONOMIC VOLATILITY, INFLATION, FOREIGN EXCHANGE PRESSURE, AND CAPITAL CONTROLS IN LATAM

**For board directors and C-suite executives with LATAM exposure.** Four years of low growth, rising inflation, currency pressure, and shifting capital controls demand a recalibration of LATAM strategy.

**By the end of this briefing, you will be able to assess how macroeconomic volatility, inflation, FX pressure, and capital controls in Latin America affect your capital allocation, operating model, risk governance decisions.**

# Four Converging Pressures Are Reshaping LATAM Risk



Regional GDP growth stuck at 2.1-2.3% for four straight years, with 24 of 33 countries decelerating in 2026 (ECLAC).



US tariffs of 10-50% hitting the region while oil prices surged 74% since December 2025.



Central bank policy divergence: Brazil at 15% while Mexico cuts to 7.75% and Colombia hikes after a 23% minimum wage increase.

# The Leadership Problem

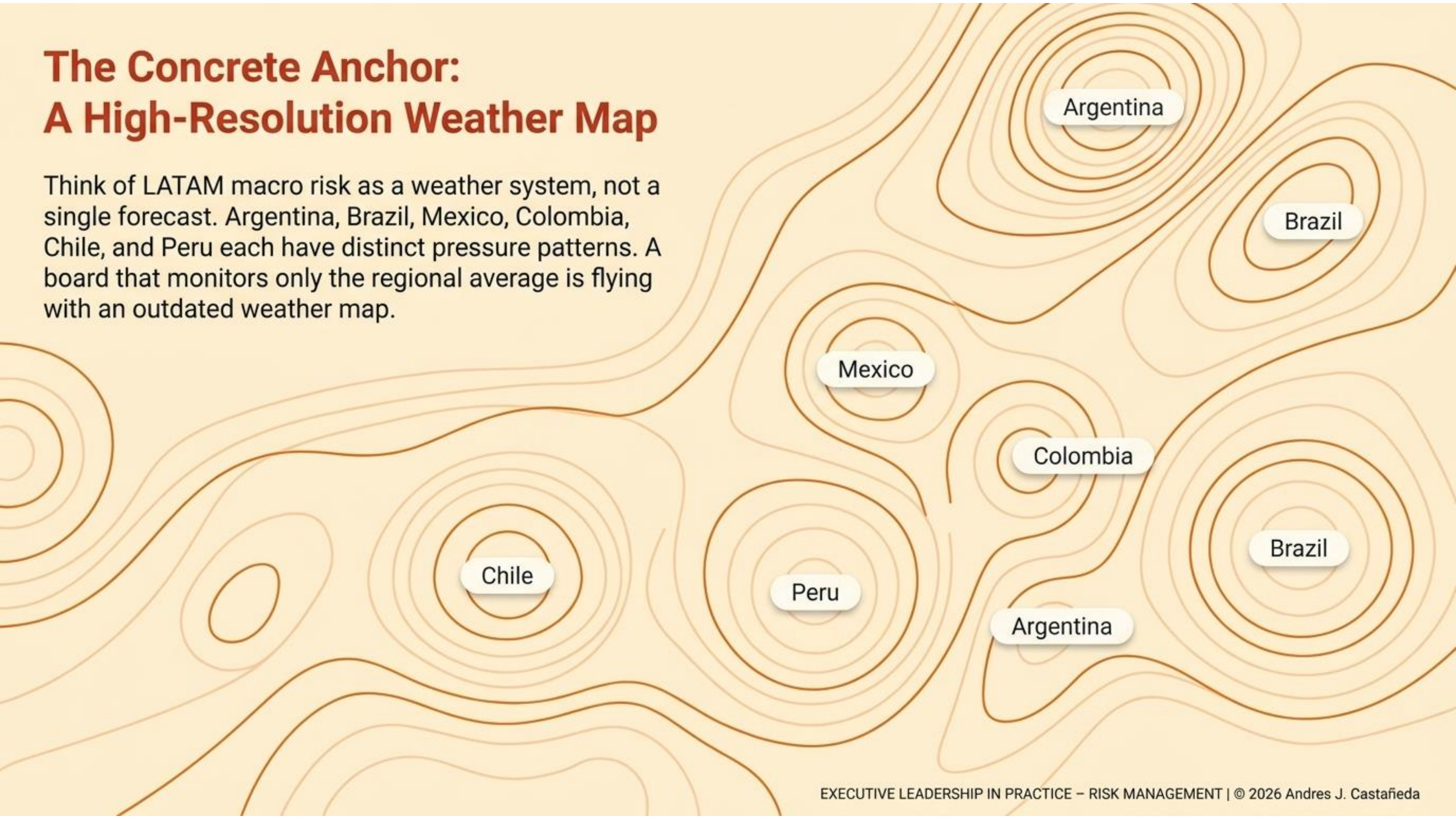
**Macro indicators are volatile but manageable.**

**Continue treating LATAM as a single risk category, or invest in granular country-level monitoring and scenario planning?**

**Regional averages mask country-level divergence that can trap capital, erode margins, and surprise boards.**

# The Concrete Anchor: A High-Resolution Weather Map

Think of LATAM macro risk as a weather system, not a single forecast. Argentina, Brazil, Mexico, Colombia, Chile, and Peru each have distinct pressure patterns. A board that monitors only the regional average is flying with an outdated weather map.



# What Leaders Need to Know

## Argentina

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Argentina's partial cepo removal created a managed float (1000-1400 peso band) but pent-up dollar demand remains a risk.

## Brazil

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Brazil's 15% policy rate reflects persistent inflation and fiscal loosening, squeezing corporate margins.

## Mexico

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Mexico's 0.6% GDP growth in 2025 was the weakest since the pandemic, driven by austerity and tariff uncertainty.

## Andean Region

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Andean economies (Peru, Chile) are outperforming on commodity tailwinds, especially gold and copper.

## Treasury Operations

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Corporate treasurers are shifting from passive to active FX management as hedging costs rise.

# Evidence That Matters

**2.1-2.3%**

Regional GDP  
(ECLAC, World Bank)

**15%**

Brazil Selic Rate

**1000-1400**

Argentina Peso Band per USD  
(backed by \$20B IMF package)

**50%**

US Tariffs on Brazil exports  
(with carve-outs)

**\$30.9B**

Mexico FDI through Q3 2025  
despite policy uncertainty

**100bp**

Colombia rate hike following a  
23% minimum wage increase

# Strategic Implications

## **Reassess Capital Allocation**

Regional growth assumptions built on pre-tariff, pre-divergence conditions may overstate returns.

## **Review FX and Treasury Exposure**

Currency depreciation, trapped cash (especially in Argentina), and hedging cost increases require board-level visibility.

## **Strengthen Country-Level Risk Monitoring**

The gap between best-performing (Peru, Chile) and worst-performing (Mexico, Argentina) economies is widening.

# Leadership Actions

## 60 Days

Stress-test LATAM revenue and cost projections under at least three FX and tariff scenarios within 60 days.

## 90 Days

Conduct a treasury review of hedging coverage, trapped cash positions, and repatriation constraints across all LATAM operations within 90 days.

## Quarterly

Establish quarterly board-level reporting on LATAM country risk, trade policy developments, and capital control changes.

# Questions Leaders Should Ask

1

Are we pricing LATAM macro risk into our capital allocation decisions with sufficient country-level granularity?

2

What is our current FX exposure by country, and how much of it is hedged versus unhedged?

3

Do we have trapped cash in any LATAM market, and what is our plan to repatriate or redeploy it?

4

How would a 20% currency depreciation in our largest LATAM market affect our P&L and cash flow?

5

Are our LATAM growth assumptions still valid given four years of sub-2.5% regional GDP growth?

# Contributions

## **What this briefing clarified:**

The macro risk environment in LATAM has shifted from cyclical volatility to structural divergence.

## **What leaders can now do:**

Make country-specific capital allocation decisions, review treasury exposure, and establish board-level monitoring.

## **Next leadership move:**

**Commission a 60-day LATAM stress test across FX, tariff, and inflation scenarios.**

## CONTACT

# Let's continue the conversation.



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