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## SOVEREIGN RATING REPORTS

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### Latin America & Caribbean Region

- Fitch: "[Mid-tier Latin American Banks – 2024 Peer Review](#)" (Dec 20)
- Fitch: "[Latin American Banks Outlook 2025](#)" (Dec 09)
- Fitch: "[North American Sovereigns Outlook 2025](#)" (Dec 10)
- Fitch: "[Latin American Banks Outlook 2025](#)" (Dec 09)
- Fitch: "[Fitch in Five: Latin America Banking Developments: Basel III Capital Updates](#)" (Feb 07)
- Fitch: "[Fitch Ratings: Threat and Uncertainty of US Tariffs Both Pose Risks to Mexico](#)" (Feb 10)
- Fitch: "[Fitch Ratings: Canada's Credit Strengths Provide Cushion from Potential Tariff Shock](#)" (Feb 10)
- Moody's: "Sovereigns – Latin America & Caribbean: 2025 Outlook - Stable as Policy Efficacy Offsets Costly Debt and External Risks" (Jan 16)

- Moody's: "US Elections – Latin America & Caribbean: Trade, Immigration, Clean Energy, Crime Loom in Region's View of Next US President" (Sep 25)
- Moody's: "Data Centers – Latin America & Caribbean: Policy and Water Risks Limit Data Center Boom despite Abundant Renewable Energy" (Feb 06)
- Moody's: "Emerging Markets – Latin America & Caribbean: Brazil's Monetary Policy Will Tighten Margins and Delay Growth for Companies and Banks" (Feb 06)
- Moody's: "Banks – 2024 Q3 Update Latin America: Drop in Provisions and Higher Fees Supported Slightly Better Earnings Amid Slowing Lending" (Dec 12)
- S&P: "A 25% Tariff Would Create New Trade Challenges for Mexican Corporations" (Feb 03)
- S&P: "Americas Sovereign Rating Trends 2025: Average Credit Quality Hits Highest Point Since 2017" (Dec 18)
- S&P: "Latin American Electric Utility Regulatory Framework: Signs of Increased Political Interference" (Jan 09)

## **Caribbean I-III**

- Moody's: "Government of Barbados – B3 Stable: Regular Update" (Jan 30)
- S&P: "Research Update: Barbados Long-Term Sovereign Ratings Raised To 'B' From 'B-' On Fiscal Reforms; Outlook Is Positive" (Nov 05)
- Moody's: "Government of Belize – Caa1 Stable: Update Following Upgrade to Caa1, Outlook Remains Stable" (Oct 24)
- Moody's: "Government of Jamaica – B1 Positive: Regular Update" (Oct 23)
- S&P: "Research Update: Jamaica Outlook Revised to Positive from Stable on Institutional Strengthening" (Sep 24)
- Moody's: "Government of St. Vincent and the Grenadines – B3 Stable: Regular Update" (Dec 20)
- Moody's: "Government of Suriname – Caa1 Positive: Update Following Upgrade to Caa1, Change in Outlook to Positive" (Oct 31)
- Moody's: "Government of Bahamas: Bahamas Debt-for-nature Swap Improves Maturity Profile" (Nov 25)
- S&P: "Research Update: The Commonwealth of The Bahamas 'B+' Long-Term Ratings Affirmed; Outlook Remains Stable" (Sep 25)

- Moody's: "Government of Trinidad & Tobago – Ba2 Stable: Regular Update" (Dec 16)
- S&P: "Research Update: Trinidad and Tobago 'BBB-/A-3' Rating Affirmed; Outlook Is Stable" (Sep 06)

## Central America

- Moody's: "Government of Costa Rica – Ba3 Positive: Update Following Upgrade to Ba3, Outlook Unchanged" (Sep 20)
- S&P: "Research Update: Costa Rica Outlook Revised to Positive on Potential Improvement in External Profile; 'BB-/B' Ratings Affirmed" (Oct 22)
- Fitch: ["El Salvador Rating Report"](#) (Jan 24)
- Moody's: "Government of El Salvador – B3 Stable: Updating Following Upgrade to B3, Outlook Unchanged" (Dec 03)
- S&P: "Research Update: El Salvador 'B-/B' Ratings Affirmed on Repurchase Offer and \$1 Billion External Issuance; Outlook Remains Stable" (Nov 15)
- Fitch: ["Fitch Revises Guatemala's Outlook to Positive; Affirms Rating"](#) (Feb 07)
- Moody's: "Government of Guatemala – Ba1 Stable: Regular Update" (Jan 22)
- Moody's: "Government of Honduras: Government Budget Targets Moderate Deficit, But Highlights Deep Political Divisions" (Feb 10)
- S&P: "Second Party Opinion: Honduras' Framework for Green, Social, And Sustainable Thematic Bonds" (Nov 19)

## Latin Caribbean

- S&P: "Second Party Opinion: Honduras' Framework for Green, Social, and Sustainable Thematic Bonds" (Nov 19)
- Fitch: ["Dominican Republic Rating Report"](#) (Dec 09)
- Moody's: "Government of Dominican Republic: Withdrawal of Fiscal Modernization Law Limits Prospect of Credit Positive Revenue Reforms" (Oct 24)
- Fitch: ["Nicaragua Rating Report"](#) (Dec 20)
- Moody's: "Government of Nicaragua – B2 Stable: Regular Update" (Sep 25)
- S&P: "Research Update: Nicaragua Long-Term Ratings Raised To 'B+' On Fiscal and External Strengthening; Outlook Stable" (Oct 23)

- Fitch: "[Panama Rating Report](#)" (Dec 31)
- Moody's: "Government of Panama – Baa3 Negative: Update Following Rating Affirmation, Outlook Changed to Negative" (Dec 03)

## North America

- Fitch: "[Fitch Ratings: Canada's Deteriorating Federal Finances Face Additional Risks](#)" (Dec 19)
- Moody's: "Government of Canada – AAA Stable: Regular Update" (Oct 25)
- S&P: "Canada Full Analysis" (Oct 30)
- Moody's: "Government of Mexico: Authorities Will Face Increasing Pressures Following Fiscal Deterioration in 2024" (Feb 06)
- S&P: "Government of Mexico: Second Party Opinion Update – SDG Sovereign Bond Framework Remains SQS1" (Jan 24)
- Fitch: "[Fitch Ratings: US Faces Several Fiscal Policy Challenges in 2025](#)" (Jan 07)
- Moody's: "Government of the United States – AAA Negative: Regular Update" (Sep 11)

## Southern I-III

- Fitch: "[Argentina Rating Report](#)" (Dec 04)
- Moody's: "Government of Argentina – Caa3 Positive: Update Following Upgrade to Caa3, Outlook Changed to Positive" (Jan 29)
- Fitch: "[Bolivia Rating Report](#)" (Feb 10)
- Moody's: "Government of Bolivia – Caa3 Stable: Regular Update" (Oct 31)
- S&P: "Research Update: Bolivia 'CCC+/C' Ratings Affirmed; Outlook Remains Negative" (Oct 04)
- Fitch: "[Fitch Ratings: Brazil's Fiscal, Monetary Tensions Create Negative Feedback Loop](#)" (Dec 20)
- Moody's: "Government of Brazil – Ba1 Positive: Update Following Upgrade to Ba1, Outlook Positive" (Oct 04)
- Fitch: "[Fitch Affirms Chile at 'A-'; Outlook Stable](#)" (Jan 23)
- Moody's: "Government of Chile – A2 Stable: Regular Update" (Nov 25)

- S&P: "Research Update: Chile Outlook Revised to Stable on Improved Fiscal Trajectory; 'A/A-1' Foreign Currency Ratings Affirmed" (Oct 15)
- Fitch: "[Colombia Rating Report](#)" (Dec 09)
- Moody's: "Government of Colombia – Baa2 Negative: Regular Update" (Dec 19)
- Moody's: "Government of Ecuador: Political Gridlock, Likely to Persist through Elections, Risks Hampering Policymaking" (Feb 10)
- Fitch: "[Paraguay Rating Report](#)" (Nov 25)
- Moody's: "Government of Paraguay – Baa3 Stable: Regular Update" (Jan 30)
- Fitch: "[What Investors Want to Know: Peru](#)" (Dec 13)
- Moody's: "Government of Peru – Baa1 Stable: Update Following Change in Outlook to Stable" (Sep 20)
- Fitch: "[Uruguay Rating Report](#)" (Jan 16)
- Moody's: "Government of Uruguay: Presidential Election Headed to a Runoff; Pension Reform Plebiscite Rejected" (Oct 31)
- S&P: "Research Update: Uruguay 'BBB+/A-2' Ratings Affirmed; Outlook Remains Stable" (Nov 06)

## BOOKS

### [Innovation, Competitiveness, and Development in Latin America: Lessons from the Past and Perspectives for the Future](#)

Amann, Edmund, and Paulo N. Figueiredo, editors

This book concerns itself with the key puzzle of the postwar political economy of Latin America: why has the pursuit of development and catch-up with the advanced economies proved so elusive? Specifically, the volume seeks to explore the key factors comprising Latin America's middle technology and income trap and what steps which might be taken to help the region escape it. Engaging with this central question and determining ways forward, this volume emphasizes the role of policy. It aims to establish what has worked, what has failed, and what needs to be done.

### [Odious Debt: Bankruptcy, International Law, and the Making of Latin America](#)

Jones Corredera, Edward

This book is the first history of odious debt. This five-hundred-year history shows that the origins of debates on legitimate and illegitimate state debts date back to Hugo Grotius' moral critique of the Spanish Empire. Latin American rebels and rulers harnessed these ideas as they sought to establish what their nations owed the Spanish Crown. Commutative debt continued to shape relations in the Catholic Spanish Empire while contracts became the law of the land in Protestant Europe and North America. With a focus on Mexico, Colombia, and Argentina, this book draws on archival sources in seven countries, overlooked congressional debates, and understudied thinkers.

### **[Revenue Statistics in Latin America and the Caribbean 2024](#)**

OECD

This report compiles comparable tax revenue statistics over the period 1990-2022 for 27 Latin American and Caribbean (LAC) countries. It provides harmonized data on the level and structure of tax revenues based on the OECD classification of taxes, thereby enabling comparison of national tax systems on a consistent basis, both across the region and with other economies globally. The report includes two special features: one examines fiscal revenues from non-renewable natural resources in the LAC region in 2022 and 2023, while the second calculates equivalent fiscal pressure in the LAC region. The publication is jointly undertaken by the OECD Centre for Tax Policy and Administration, the OECD Development Centre, the Inter-American Center of Tax Administrations (CIAT), the Economic Commission for Latin America and the Caribbean (UN-ECLAC), and the Inter-American Development Bank (IDB).

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## **WORKING PAPERS**

### [Trading with Intelligence: How AI Shapes and Is Shaped by International Trade](#) (World Trade Organization)

Artificial intelligence (AI) is revolutionizing our lives, work, production, and trade. As AI advances, it promises significant economic and societal benefits but also poses risks and challenges. This report explores AI's impact on international trade, including reduced trade costs, improved productivity, and enhanced comparative advantages. Key trade policy issues include addressing the AI divide, data governance, and

intellectual property. The report highlights the importance of trustworthy AI, government initiatives to regulate AI, and the risk of regulatory fragmentation. It also underscores the WTO's role in facilitating AI-related trade and addressing emerging trade tensions.

### **World Tariff Profiles 2024** (World Trade Organization)

World Tariff Profiles 2024 provides comprehensive information on the tariffs and non-tariff measures imposed by over 170 countries and customs territories. The publication starts with a breakdown of the tariffs imposed by these economies. Tariff data are presented in comparative tables and in one-page profiles for each economy. A summary table on selected indicators on the imports and exports profile for these economies is also presented. Statistics on non-tariff measures by economy and by product group complement the data on tariffs. This special topic deals with “Tariffs on critical minerals in the electric vehicle value chain”. The publication is jointly prepared by the World Trade Organization, the UN Trade and Development (UNCTAD) and the International Trade Centre (ITC).

### **Trade Trends Estimates: Latin America and the Caribbean. 2025 Edition** (Inter-American Development Bank)

This report provides estimates of Latin America and the Caribbean's international trade flows for 2024. It was prepared by the Productivity, Trade, and Innovation Sector (PTI) at the Inter-American Development Bank (IDB).

### **Productivity Spillovers through Trade Integration in Central America** (IDB Technical Note; 3085, Inter-American Development Bank)

Central America is a highly trade-integrated region. However, there has been little analysis of the effects such integration has had on macroeconomic aggregates. This study explores how spillovers from country-specific productivity shocks would spread across the countries that comprise the region. To do so, it employs a computable general equilibrium model calibrated to replicate the bilateral trade relationships within the region. As expected, the results show that countries that are more integrated within it would benefit more from idiosyncratic positive productivity shocks. In addition, the analysis enables the identification of spillovers across countries through the trade channel and estimates the beneficial effect of economic integration on economic growth compared to that of autarky.



**Massive Regularization for Effective Tax Payment: Evidence from Brazil** (IDB Working Paper Series; 1621, Inter-American Development Bank)

In recent years, tax administrations globally have used digital transformation to improve processes and services, enhancing tax compliance. Self-regularization platforms identify noncompliant taxpayers, notify them of inconsistencies, and allow them to correct their status. A study in Brazil's State of Para showed these platforms increased taxes paid by 12.78 times and compliance probability by 236 percent. They are 60 percent more effective than traditional audits in recovering evaded taxes. Given their low cost, these platforms offer a significant opportunity to improve tax compliance and revenue.

**Violent Crime and Insecurity in Latin America and the Caribbean: A Macroeconomic Perspective** (Departmental Paper No. 2024/009, International Monetary Fund)

Violent crime and insecurity hinder prosperity in Latin America and the Caribbean, which has a third of the world's homicides despite only 8% of the global population. This paper examines how insecurity affects economic growth, business climate, and public finances. Higher homicide rates correlate with lower economic activity, and crime-related news reduces industrial production. Firms face crime costs of about 7% of annual sales, higher in areas with gangs and drug trafficking. Crime rises with economic instability, inequality, and governance issues. The paper suggests improving data collection, addressing crime's root causes, strengthening rule of law, and enhancing regional cooperation.

**Climate News and Asset Valuations: Insights from Latin America** (Working Paper No. 2025/037, International Monetary Fund)

We study the impact of climate-related news on asset prices in eight Latin American countries. We use both newspapers and official announcements to construct daily, country-specific indices via textual analysis, reflecting media coverage of transition risks, climate opportunities, regulatory actions, and physical risks. Leveraging an unbalanced daily panel data set of 628 firms from 2000 to 2023, we find a significant and robust climate risk premium in Latin America, which is higher for "brownier" firms and has increased in more recent years. Focusing on major climate policies announced in official gazettes after the legislative process has been completed, we show that the

publication of the laws is associated with a protracted decline in the relative stock prices of high-emission firms.

### **Firm Performance, Business Supports and Zombification over the Pandemic** (Working Paper No. 2025/029, International Monetary Fund)

Did the COVID-19 pandemic zombify the economy? Commentators have pointed to the pandemic and related business support measures potentially fueling zombification. Using administrative data covering the universe of Canadian firms, we find a broad-based decline in the share of zombie firms across industries relative to pre-pandemic levels. Whereas business support measures kept firms alive and operating as non-zombie firms, the decline in the zombie firm share was caused by would-be zombie firms exiting, indicative of the pandemic's cleansing effects. As a consequence, while aggregate labour productivity worsened in Canada over the pandemic, it was not driven by zombie firms.

### **Carbon Pricing at Export Markets: Trade-Related Implications in Trinidad and Tobago** (Working Paper No. 2025/028, International Monetary Fund)

This paper explores the impact of border carbon adjustments on Trinidad and Tobago's exports. Despite its small contribution to global emissions, the country's high carbon intensity poses economic risks. The paper highlights the need for actions to maintain export competitiveness, diversify the economy, support balance of payments stability, and finance a green transition. Recommendations include integrating transition risks into development strategies, reducing carbon intensity, gathering relevant data, and exploring innovative emissions reduction methods like carbon pricing.

### **Foreign Aid and Conflicts: The Effects of 9/11 on Donor Behavior** (Working Paper No. 2025/016, International Monetary Fund)

We explore the changing relationship between armed conflicts and non-military foreign aid. We find that the sign of the relationship linking (bilateral) aid commitments to the onset of armed conflicts in aid recipient countries is statistically significant and goes from negative to positive after the year 2001. We also find that our results are driven by grants rather than loans and by aid for health and humanitarian purposes. The results are robust to a myriad of checks including substituting armed conflicts with terror attacks, accounting for debt relief initiatives and using different estimators. We interpret our results as stemming from a shift in donors' preferences induced by 9/11 attacks

toward supporting conflict affected countries, confirming the primacy of donors' interests over recipient needs.

**New Evidence on the US Excess Return on Foreign Portfolios** (Working Paper No. 2024/241, International Monetary Fund)

We provide new estimates of the return on US external claims and liabilities using confidential, high-quality, security-level data. The excess return is positive on average, since claims are tilted toward higher return equities. The excess return is large and positive in normal times but large and negative during global crises, reflecting the global insurance role of the US external balance sheet. Controlling for issuer's nationality, we find that US investors have a larger exposure to equity issued by Asia-headquartered corporations than reported in the aggregate statistics. Finally, equity portfolios are concentrated in 'superstar' firms, but for US liabilities foreign holdings are less concentrated than the overall market.

**The Dynamics of Trade Integration and Fragmentation in LAC** (Working Paper No. 2024/253, International Monetary Fund)

Trade barriers and poor infrastructure limit trade integration in Latin America and the Caribbean (LAC). Closing half the infrastructure gap with advanced economies could boost exports by 30%. Reducing import tariffs could help, but LAC's trade responsiveness is lower due to its focus on agricultural exports with inelastic demand and supply constraints. LAC can withstand mild trade fragmentation but faces significant output losses in extreme scenarios where global trade splits into competing blocs. Boosting regional trade could lift growth and mitigate fragmentation risks.

**Trade Policy and Jobs in Vietnam: The Unintended Consequences of US-China Trade Tensions** (Working Paper No. 2024/263, International Monetary Fund)

We use the US-China tariffs of 2018-19 as an exogenous shock to export opportunities in Vietnam to identify how trade policy affects job creation. Using a difference-in-differences framework, we first show that US tariffs on China increased the range of products exported by Vietnam to the US in the two years after the hikes. We then show using firm level data that this expansion in export opportunities led to job creation. Around 5% extra jobs were created in firms hit with average tariffs above 15%. Results point towards this effect being driven mostly by female employment.

**The Macroeconomic Impact of Droughts in Uruguay: A General Equilibrium Analysis Using the Soil Moisture Deficit Index** (Working Paper No. 2025/004, International Monetary Fund)

Uruguay recently faced a severe drought, impacting key agricultural areas and causing significant losses in soybean production and cattle farming. From October 2022 to April 2023, rainfall was 47% below average, reducing agricultural output and GDP growth. Frequent climate shocks and rich climate data make Uruguay ideal for studying weather shocks' impact on business cycles. Using Gallic and Vermandel's (2020) framework, we document the significant role of weather shocks in Uruguay's business cycle dynamics.

**Immigration and Local Inflation** (Working Paper No. 2025/005, International Monetary Fund)

We use a shift-share approach to estimate the impact of inward immigration on local inflation in the U.S. Higher immigration reduces inflation by 0.1 to 0.2 percentage points, lowers local goods inflation, and increases housing and utilities inflation. The effects are larger for working-age and low-education immigrants. More educated immigrants do not significantly impact overall inflation but increase local housing inflation. These results align with a general equilibrium model where capital is fixed in the short run.

**Domestic Market Integration and Regional Growth: The Case of Mexico** (Working Paper No. 2025/021, International Monetary Fund)

Per capita growth in Mexico has lagged behind G20 peers, with disparities between the north and south. This paper examines the impact of domestic market integration on regional growth using micro-level price data. Findings show that market integration is strongly linked to regional growth and spillovers, along with human capital and infrastructure. Neighboring states' income levels and their integration into the national economy positively correlate with a state's growth, indicating cross-state spillover effects and regional clustering.

## ARTICLES

**Elite Dynamics and China's Influence in Latin America** (Development and Change 55, 1206-1229)

This study assesses energy intensity trends in the Latin America and Caribbean region, identifies key regional drivers for energy efficiency improvements, and proposes policy recommendations using a rich panel dataset of 25 Latin American countries over the last 20 years. The results of the Fisher Ideal Index Decomposition, followed by the regression analysis, demonstrate that sectoral energy efficiency improvements account for most of the historical energy intensity declines in the region, also highlighting the importance of energy prices and regulatory policies.

**Assessing the Potential for Energy Efficiency Improvements in Latin America and Caribbean** (Energy Policy 192, 114224)

This study examines energy intensity trends in Latin America and the Caribbean, identifying key drivers for energy efficiency improvements and proposing policy recommendations. Using data from 25 countries over 20 years, it finds that sectoral energy efficiency improvements are the main contributors to historical declines in energy intensity. The study highlights the importance of energy prices and regulatory policies. Simulations suggest significant improvements by eliminating fossil fuel subsidies, enhancing national planning, strengthening governance, and improving access to energy efficiency financing.

**Fiscal Consolidation and Debt Sustainability in Latin America and the Caribbean: Evidence from a Panel Threshold Logit Model** (Journal of the Knowledge Economy 024, 025281)

The rising public debt in Latin American and Caribbean (LAC) countries has highlighted concerns about debt sustainability and fiscal consolidation. This study estimates fiscal reaction functions for 9 LAC countries from 2000 to 2016 using logistic regression and the Panel Threshold Logit Model. Results indicate that public debt has been sustainable in a linear model, with successful fiscal adjustments more likely during debt increases. However, fiscal behavior becomes unsustainable beyond certain debt thresholds, suggesting the need for prudent fiscal policies and diversified funding sources to improve fiscal balance.

**Do Taxes and Transfers Stimulate Development in Latin America?** (Public Finance Review 53(2), 200225)

This study examines the relationship between fiscal redistribution and human development in 12 Latin American countries from 2000 to 2021. Using quantile regression, it finds that greater redistribution is linked to higher development, though the effect weakens in the latter half of the distribution. Redistribution impacts health, education, and the economy, with significant effects at both ends of the distribution. Robustness analyses confirm these findings, though the positive link weakens when controlling for socio-economic factors. Education is most affected by redistribution increases. Despite COVID-19, the positive association holds for both pre-pandemic and subsequent years.

**Are Latin American stock markets connected? Exploring spillovers and the impact of risk factors** (Emerging Markets Review 65, 101253)

This paper examines the connectedness among equity markets in Latin America (Argentina, Brazil, Chile, Colombia, Mexico, and Peru) and the impact of fundamental risk factors. Using TVP-VAR and Q-VAR models on daily returns from February 2016 to May 2023, it finds low total connectedness, intensified in extreme conditions. Each market contributes to its variation and mildly affects others. Dynamic spillover effects are driven by uncertainty measures, mainly influenced by COVID-19 and the Russia-Ukraine conflict.

**Fiscal Austerity and Informality: Twin Deficits as a Cushion in Latin American Countries** (Economics Letters 246, 112069)

This paper reveals a new channel through which fiscal policy impacts economies with high informality. Analyzing fiscal consolidations in 14 Latin American and Caribbean countries (1989–2016), it supports the twin deficits hypothesis in these economies. Real exchange rate depreciation and current account improvements mitigate the negative effects of fiscal consolidation. However, in economies with smaller informal sectors, this effect is absent, leading to significant output contractions. These findings highlight how informality influences the macroeconomic outcomes of fiscal policy, providing valuable insights for policymakers in emerging and developing countries.

**Learning to Use Trade Agreements** (Journal of Development Economics 174, 103424)

Meeting Rules of Origin (ROOs) for lower tariffs in a Preferential Trading Area (PTA) incurs production and documentation costs. Using a model-based approach and a unique dataset from Latin American countries, we find that these costs decrease with exporters' experience, especially with the same product and partner, indicating

learning. A natural experiment shows that newly covered products experience more learning.

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