



## **Latin America - Market Update – Q2 2024**

### **BRAZIL**

- GDP grew 0.8% quarter on quarter in Q1, the strongest expansion since Q2 2023, reflecting stronger readings for private consumption, fixed investment and exports. In Q2, our Consensus is that GDP growth roughly halved in sequential terms. This is partly as Q1's reading was artificially boosted by court-ordered debt payments, but also because floods in the southern state of Rio Grande do Sul will have harmed momentum. Available data for Q2 is downbeat: In April, economic activity stalled, industrial production fell, and retail sales undershot market expectations. In addition, industrial output clocked a further sharp decline in May. In late-June, the government changed the Central Bank's inflation targeting system to an indefinite 3% target, from the current system of updating the target each year; this bodes well for the anchoring of inflation expectations.
- Heavy rains which caused widespread flooding in the southern Brazilian state of Rio Grande do Sul have left hundreds of towns under water. At least 182 people died in the floods and about 150,000 have been displaced from their homes. Salgado Filho International Airport in Porto Alegre remains closed indefinitely. Air travel is occurring to and from Canoas Airport military base (about 6 km north).
- Of the 430 travel agencies participating in ILTM Latin America 2024, which took place in May in Sao Paulo, 29% are newcomers to the event, reaching a total of 430 exhibitors from all over the world. These participants come from more than 50 cities around the globe and 20 in Brazil. The luxury fair adopts the same number of exhibitors and travel agents precisely to maintain control of pre-individual meetings. The fair had an annual growth of 23%, which puts the current edition at the highest level: it was the largest ILTM Latin America in history. There were 13 countries represented, the main ones being Brazil, Mexico, Argentina and Peru.
- Sao Paulo is attracting new luxury hotels and reinforces its appeal as a new leisure hub in Sao Paulo. Pulso Hotel, recently opened by the holding company Estancorp and affiliated with Preferred Hotels & Resorts, is a new representative of a segment that expands beyond the Itaim, Jardins and Berrini neighborhoods; Faena group will have its first unit in the country in the region, as well as W Hotels. The supply of luxury hotels in the region has grown in recent years with the arrival of Rosewood, in the Cidade Matarazzo complex, near Avenida Paulista.
- Brazil welcomed over 3.6 million international tourists in the 1<sup>st</sup> half of 2024. It represents a growth of 9.7% compared to the same period in 2023 and is 1.9% above that recorded in 2019. The data are from the Ministry of Tourism, Embratur (Brazil's tourism board) and the Federal Police. The government's expectation is to reach 7 million visitors by the end of the year and surpass the record of 6.6 million, achieved in 2018.

- Brazil has delayed the return of a visa requirement for tourists from the United States, Australia and Canada until April 2025, per a decree signed by President Luiz Inácio Lula da Silva. This marks the second postponement of the requirement this year, which originally was supposed to begin in January but was pushed back that month to April. The visa requirement for the three countries is returning as their waiver expires, a result of them not establishing a reciprocal visa waiver agreement for visitors from Brazil. Brazil's tourism board noted that the U.S. was the second-largest source of international travel for Brazil in 2023 and that arrivals of Americans to Brazil in the first two months of 2024 was up 11% year over year.

## ARGENTINA

- Argentina GDP declined by 5.1% year on year in Q1, marking the steepest drop since Q2 2023. Sky-high inflation and government austerity led to slumps in household and public consumption, fixed investment and imports. In April, economic activity fell by 1.7% year on year, better than market forecasts, on less severe declines in the manufacturing and construction sectors and a booming agricultural sector. In politics, in late June, Congress gave final approval to the government's reform package, which is aimed at liberalizing the economy and encouraging investment.
- Aerolíneas Argentinas increased the flights to Brazil during the winter season and will totalize 330 daily flights with 5% increase from last year's demand. According to Anac, the airline increased 2,5% flights compared with 2019.
- The new president in Argentina Javier Milei has made economic changes and the dollar quote is more stable. Due to that, Argentinians are travelling more international and have registered a 16% increase on the travel demand. Their top destinations are Caribbean, Cancun area, Miami, Spain and Greece.

## CHILE

- Chile quarterly GDP growth rose to 1.9% in Q1 from 0.1% in Q4 2023, hitting a two-year high. Activity was underpinned by lower inflation, reduced interest rates, and increased copper production thanks to a new plant and better ore grades. Heading into Q3, an increase in electricity tariffs from July could be taking the edge off private spending; the government recently announced plans to increase fiscal handouts to low-income handouts to offset these higher electricity costs.
- The Chilean airline SKY announces a direct flight to Rio de Janeiro to Montevideo and the idea is to connect a flight of 3 hours, two very important cities and is expected to achieve 5 thousand passengers a month.
- According to GBTA, considering the total o 2024, Latin America contributed for corporate travel with 3,6% in a global scale. Meanwhile, Asia-Pacific represented 41,3%, North America 26,7%, Europe 26,4% and Middle East and Africa with 2%.

## **COLOMBIA**

- Economic activity expanded at the sharpest annual clip in nearly two years in April on a rebounding industrial sector plus faster increases in agricultural and services output. Additionally, goods exports returned to growth in April after falling in Q1. That said, sticky inflation in April–May and deteriorating consumer sentiment bode ill for private spending; retail sales dropped at a faster rate in April than in Q1. In other news, after temporarily freezing budgets in mid-June, the country recently took further measures to combat the deteriorating fiscal outlook. Congress approved an increase in the national debt ceiling by USD 17.6 billion, and the government vowed to trim its budget by nearly USD 5 billion.
- Colombia is ranked the number one country with the highest air traffic demand in the region. For two consecutive months (April and May) a 20% increase in demand was registered and part of it is due to the increase of 9% to travel to Europe.
- Corporate TMC's in Colombia are producing very well and have registered a 23% increase in business compared to 2023. Main destinations are within Latin America. Mexico and USA.

**Contact for this market are Simone Mariote, Fernanda Carvalho and Guilherme Ferreira  
based in São Paulo, Brazil**  
[smariote@preferredhotels.com](mailto:smariote@preferredhotels.com) | [fcarvalho@preferredhotels.com](mailto:fcarvalho@preferredhotels.com) | [gferreira@preferredhotels.com](mailto:gferreira@preferredhotels.com)