



## **Latin America - Market Update – Q4 2023**

### **BRAZIL**

- The Brazilian Aviation department ANAC announced the international aviation in Brazil has increased and achieved higher volume since the pre pandemic. In October, 1,9 million passengers (about the population of New York) travelled, registering a 2,3% increase compared with October 2019. The top 5 airlines are Latam, TAP, Azul, Gol and Air France.
- Both services and the manufacturing PMIs were in contractionary territory on average in Q3. Meanwhile, monthly retail sales expanded marginally in July-August: Average inflation was higher in Q3 than in Q2, which limited the support lent to household spending from a falling unemployment rate, lower interest rates and fiscal stimulus—including higher Bolsa Familia payments. In addition, the economy is expected to post another sequential decline in Q4, led by a slowdown in the all-important services sector.
- Brazil has increased the numbers of millionaires from 293 million in 2021 to 413 million in 2022. It is one of the highest index in the world, being followed by Iran, Norway, Mexico and Russia. The United States has decreased 15%.
- In a age of DIY(DO-IT-YOURSELF) online research and booking, high-end travelers are turning the clock back. Brazilian luxury travel agents serve as one-stop curators of unique, hassle-free travel experiences. A full 85% of luxury travelers surveyed view them as the best way to book personalized luxury travel, while 74% say that travel advisers can create a truly “luxury experience”. Travel advisers can also bring practical advice to the table, with detailed knowledge of travel restrictions and health and safety guidelines, along with easy, secure payment and on-call troubleshooting before, during, and after a trip.

### **ARGENTINA**

- Javier Milei, a volatile far-right libertarian who has vowed to “exterminate” inflation and take a chainsaw to the state, has been elected president of Argentina, catapulting South America’s second largest economy into an unpredictable and potentially turbulent future. With more than 99% of votes counted, the Mick Jagger impersonating TV celebrity-turned politician, who is often compared to Donald Trump, had secured 55.69% of the vote compared with 44.3% for his rival, the center-left finance minister Sergio Massa.
- Inflation soared to 138.3% in September from 124.4% in August, marking the highest rate in the current series. Inflation will average higher in 2024 than this year, driven up by a collapsing peso amid unbridled monetary financing of the fiscal deficit. Post-electoral fiscal tightening poses the main downside risk.
- Latin America has a younger wealthy population with an average of 48 years old. It is the same number as Asia Pacific. In North America and Europe, the average age starts at 52 years old.

- ITA Airways has started their activities in Argentina in June of 2022, and they have a daily flight from Buenos Aires to Rome and the flight is almost full every day. Approximately 70% of their business comes from travel agencies and tour operators.

## **CHILE**

- Flash data computed from monthly economic activity readings suggests that the economy expanded 0.3% quarter on quarter in Q3, buoyed by a sharp rebound in mining output and a more modest return to growth in the services sector. Moreover, GDP should have recorded year-on-year growth in Q3 for the first time since Q4 last year. Turning to the final quarter of 2023, economic activity likely continues to improve thanks to easing inflation and interest rates. In politics, on 30 October, the Constitutional Council finalized its proposal for a new constitution. The text will be submitted to voters in a December referendum. If approved, the constitution would secure the private sector's dominant role in the economy. However, the latest polls suggest that the text will be rejected due to its right-leaning nature, which would prolong institutional uncertainty and likely weigh on investment.
- A recent study stated the following destinations for Chileans high end travelers: Bal Harbour, St. Pete / Clearwater Beach, Riveira Maya and Playa del Carmen, Cataluña Spain, Maldives and South Africa. They will be also looking for the following trends to travel in 2024: Gourmet Travel, Large Events (concerts and sports), Sustainable destinations, personalized travel (specially Millennials and Z generation) and business travel.

## **COLOMBIA**

- GDP was up 1.7% year on year in the first half of this year, with the economy cooling after blockbuster growth in 2021 and 2022. Economic activity grew just 0.6% year on year in July–August, with the industrial sector contracting. In other news, allies of the President lost control over all of the country's major cities in recent elections. These losses, which will likely stymie the President's agenda, were followed by a rally in both the peso and bond prices.
- Colombia is ranked the number one country in South America recovering from the pandemic, surpassing Brazil, Argentina, Chile and Peru. The number of tourists arrivals have increased 5% and ProColombia is celebrating a very nice 2023.

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