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## Abstract

This paper proposes comprehensive measures of the Latin American business cycle that help to infer the expected deepness of recessions, and strength of expansions, as they unfold in real time. These measures are based on the largest country economies in the region by accounting for intrinsic features of real activity, such as comovement, nonlinearities, asymmetries, and are also robust to unprecedented shocks, like the COVID-19 pandemics.

The proposed measures provide timely updates on (i) inferences on the state of the regional economy and (ii) the underlying momentum embedded in short-term fluctuations of real activity. We evaluate as well the time-varying effects of U.S. financial conditions on the Latin American economy by employing the proposed measures and identify periods of

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persistent international spillovers. Keywords: Business Cycles, Factor Model, Nonlinear, Latin America. JEL codes: E32, C22, E27. \*We would like to thank David Argente, Javier Pérez, Enrique Martínez, Agustín Casas and seminar participants at the 2021 Joint Research Program: Macroeconomic Policy Responses to COVID-19 (CEMLA), Banco de la República de Colombia, LACEA 2021 Annual Meeting, the IV Workshop of the Spanish Macroeconomics Network at Universidad de Alicante and the Workshop on Macroeconomic Research 2021 at Cracow University. We appreciate the comments made by an anonymous referee. The views expressed in this paper are those of the authors and are in no way the responsibility of the European Central Bank, the Eurosystem or the Banco de la República. †CONICET-Instituto Interdisciplinario de Economía Política, Facultad de Ciencias Económicas, Universidad de Buenos Aires. luciano.campos@economicas.uba.ar ‡European Central Bank. Danilo.Leiva-Leon@ecb.europa.eu §Banco de la República. szapatal@banrep.gov.co