

# LATINFOCUS CONSENSUS FORECAST

Bolivia • June 2023

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# Bolivia



## Outlook stable

- Last year, the economy grew 3.5%, matching the average of the preceding decade. This year, available data paints a mixed picture. In Q1, inflation ticked down and the urban unemployment rate fell in annual terms, likely supporting private spending. However, in the same period, cement output grew at a weaker year-on-year rate of 3.2% (2022: +7.8% yoy), and natural gas production slumped at a slightly faster rate of 10.5% (2022: -9.2% yoy). In addition to this, the currency peg came under heavy pressure in early March, severely draining international reserves and leading all major credit agencies to downgrade the sovereign's debt rating. However, the attack on the peg has since abated, and in early May, the Senate greenlit a bill to allow the Central Bank to sell some of its USD 2.6 billion of gold reserves to purchase dollars.
- The economy is expected to grow less this year as the base effect toughens, the global economy weakens and natural gas output falls. Commodity prices are a key factor to monitor, with the recent decline in natural gas prices boding poorly for the external and fiscal balances. Social unrest and renewed pressure on the currency peg are downside risks. FocusEconomics panelists see GDP expanding 2.5% in 2023, which is unchanged from one month ago, and expanding 2.4% in 2024.

### LONG-TERM TRENDS | 3-year averages

	2019-21	2022-24	2025-27
Population (million):	11.6	12.1	12.6
GDP (USD bn):	39.3	46.1	52.4
GDP per capita (USD):	3,380	3,796	4,147
GDP growth (%):	-0.1	2.8	2.8
Fiscal Balance (% of GDP):	-9.8	-6.6	-5.3
Public Debt (% of GDP):	72.9	84.2	86.2
Inflation (%):	1.2	2.8	3.4
Current Account (% of GDP):	-0.4	-1.3	-2.2
External Debt (% of GDP):	38.9	43.5	50.2

Matthew Cunningham

Economist

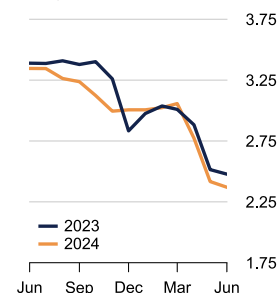
Economic Growth



GDP, annual variation in %.

Source: Instituto Nacional de Estadística (INE).

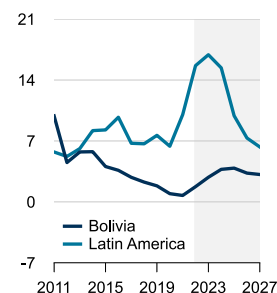
Change in GDP forecasts



GDP, evolution of 2023 and 2024 forecasts during the last 12 months.

- Inflation rose to 2.9% in May (April: 2.7%). The currency peg and government subsidies have kept a lid on inflation in recent years. Our panelists expect Bolivia to continue to have one of the region's lowest inflation rates in 2023 and 2024. Key factors to monitor include changes to the currency peg, government subsidies and export controls. FocusEconomics panelists see consumer prices rising 2.8% on average in 2023, which is down by 0.1 percentage points from one month ago, and rising 3.7% on average in 2024.

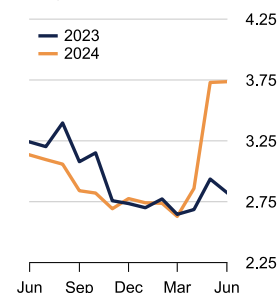
Inflation



Consumer Price Index (CPI), annual variation in %.

Source: INE.

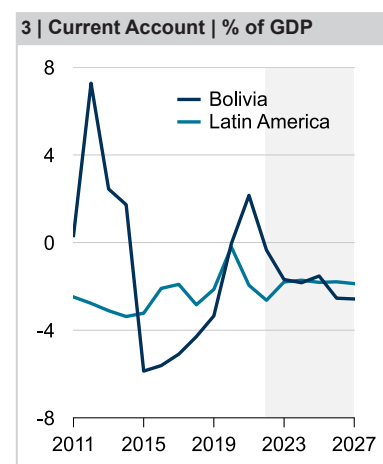
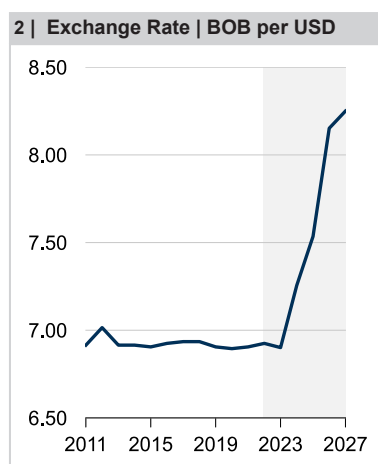
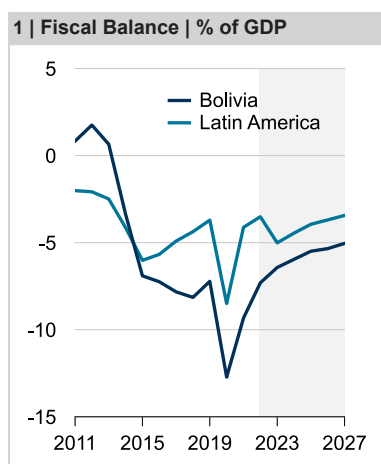
Change in inflation forecasts



Inflation, evolution of 2023 and 2024 forecasts during the last 12 months.

Economic Indicators | 2018 - 2027

Annual Data	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Real Sector</b>										
Population (million)	11.3	11.5	11.6	11.8	12.0	12.1	12.3	12.5	12.6	12.8
GDP per capita (USD)	3,552	3,559	3,153	3,428	3,685	3,797	3,908	4,082	4,103	4,255
GDP (USD bn)	40.2	40.8	36.7	40.4	44.1	46.1	48.0	50.8	51.8	54.6
GDP (BOB bn)	278	283	253	279	304	318	340	376	407	447
Economic Growth (Nominal GDP, ann. var. %)	7.4	1.5	-10.4	10.3	8.9	4.7	6.8	10.6	8.2	10.0
Economic Growth (GDP, ann. var. %)	4.2	2.2	-8.7	6.1	3.5	2.5	2.4	2.7	2.9	2.9
Private Consumption (ann. var. %)	4.3	3.7	-7.9	5.3	4.2	2.7	2.5	2.9	2.9	2.9
Government Consumption (ann. var. %)	5.1	3.8	-2.8	5.4	4.0	2.1	1.4	1.8	2.4	-
Fixed Investment (ann. var. %)	3.2	-3.5	-25.9	11.9	6.5	1.2	0.6	1.8	3.5	-
Exports (G&S, ann. var. %)	5.2	-1.8	-18.8	15.4	15.6	0.8	2.4	4.0	4.5	-
Imports (G&S, ann. var. %)	1.9	1.5	-25.0	15.7	7.6	2.4	0.8	2.8	3.3	-
Fiscal Balance (% of GDP)	-8.1	-7.2	-12.7	-9.3	-7.3	-6.4	-6.0	-5.5	-5.3	-5.0
Public Debt (% of GDP)	53.1	59.3	78.0	81.4	82.6	83.8	86.3	86.5	86.0	86.0
<b>Monetary and Financial Sector</b>										
Money (ann. var. of M2 %)	5.4	-7.5	14.1	6.6	4.0	-	-	-	-	-
Inflation (CPI, ann. var. %, eop)	1.5	1.5	0.7	0.9	3.1	3.2	4.3	3.7	3.2	3.1
Inflation (CPI, ann. var. %, aop)	2.3	1.8	0.9	0.7	1.7	2.8	3.7	3.9	3.3	3.1
Prime Lending Rate (% eop)	8.04	8.40	7.59	8.02	7.76	9.16	9.26	8.91	-	-
Exchange Rate (BOB per USD, eop)	6.93	6.91	6.89	6.91	6.93	6.90	7.26	7.53	8.15	8.25
Exchange Rate (BOB per USD, aop)	6.93	6.92	6.90	6.90	6.90	6.91	7.08	7.40	7.84	8.20
<b>External Sector</b>										
Current Account Balance (% of GDP)	-4.3	-3.3	0.0	2.2	-0.3	-1.7	-1.8	-1.5	-2.5	-2.6
Current Account Balance (USD bn)	-1.7	-1.4	0.0	0.9	-0.2	-0.8	-0.9	-0.8	-1.3	-1.4
Merchandise Trade Balance (USD bn)	-0.4	-0.3	0.6	2.2	1.5	0.8	1.4	0.8	0.5	0.4
Merchandise Exports (USD bn)	8.9	8.8	7.0	11.0	13.5	13.0	13.4	13.3	13.0	13.5
Merchandise Imports (USD bn)	9.3	9.1	6.4	8.8	11.9	12.3	12.0	12.5	12.5	13.1
Merchandise Exports (ann. var. %)	9.9	-1.3	-20.6	56.4	22.7	-3.3	3.1	-0.6	-2.5	3.9
Merchandise Imports (ann. var. %)	7.0	-2.1	-29.8	37.0	35.6	2.8	-2.3	4.6	-0.2	5.0
Foreign Direct Investment (USD bn)	0.3	-0.2	-1.1	0.6	-	-	-	-	-	-
International Reserves (USD bn)	7.2	4.4	2.7	2.2	1.3	1.5	1.9	2.2	2.4	-
International Reserves (months of imports)	9.2	5.7	5.0	3.1	1.3	1.5	1.9	2.1	2.3	-
External Debt (USD bn)	13.2	14.3	15.4	16.0	18.5	20.0	21.6	23.7	26.1	29.3
External Debt (% of GDP)	33.0	35.0	42.1	39.5	42.0	43.5	44.9	46.5	50.4	53.7



Notes and sources

Note: FocusEconomics Consensus Forecasts are highlighted in grey.

General: Long-term chart period from 2011 to 2027 unless otherwise stated. The Latin America regional aggregate excludes Venezuela. All data are from the Central Bank (BCB, *Banco Central de Bolivia*), the International Monetary Fund (IMF) and Macrobond Financial AB. See below for details. Forecasts based on LatinFocus Consensus Forecast.

- 1 General government balance as % of GDP. Source: IMF.
- 2 Exchange rate, BOB per USD (eop). Source: Macrobond Financial AB.
- 3 Current account as % of GDP. Source: BCB.

Fact Sheet

General Data

Official name:	Plurinational State of Bolivia
Capital (Administrative):	La Paz (1.8 m)
Capital (Judicial):	Sucre (0.2 m)
Other cities:	Cochabamba (1.2 m)
Area (km <sup>2</sup> ):	1,098,581
Population (million, 2019 est.):	11.8
Population density (per km <sup>2</sup> , 2019):	10.7
Population growth rate (% , 2019 est.):	1.4
Life expectancy (years, 2019 est.):	70.4
Illiteracy rate (% , 2015):	7.5
Language:	Spanish, Quechua and Aymara
Measures:	Metric system
Time:	GMT-4

Economic Infrastructure

Telecommunication (2018)

Telephones - main lines (per 100 inhabitants):	6.3
Telephones - mobile cellular (per 100 inhabit.):	100.8
Internet Users (per 100 inhabitants):	44.3
Broadband Subscriptions (per 100 inhabitants):	4.4

Energy (2017)

Primary Energy Production (trillion Btu):	852
Primary Energy Consumption (trillion Btu):	343
Electricity Generation (billion kW-h):	9.5
Electricity Consumption (billion kW-h):	8.3
Oil Supply (thousand bpd):	77.3
Oil Consumption (thousand bpd):	102.3
CO2 Emissions (million metric tons):	21.7

Transportation (2018)

Airports:	855
Railways (km):	3,960
Roadways (km):	90,568
Waterways (km):	10,000
Chief Ports:	Puerto Aguirre

Political Data

President:	Luis Arce
Last elections:	18 October 2020
Next elections:	October 2025
Central Bank President:	Roger Edwin Rojas Ulo

Long-term Foreign Currency Ratings

Agency	Rating	Outlook
Moody's:	Caa1	Under Review
S&P Global Ratings:	B-	Negative
Fitch Ratings:	B-	Negative

Strengths

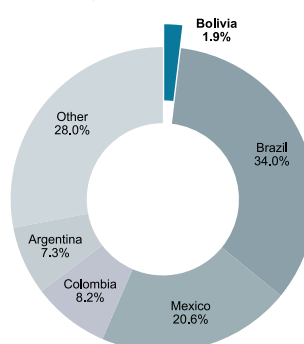
- Rich in natural resources
- Tourism potential
- Exchange rate and price stability

Weaknesses

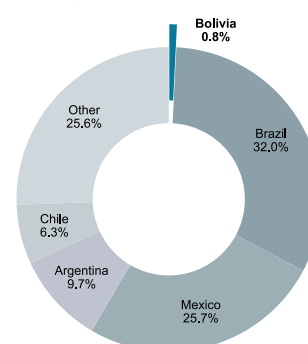
- Landlocked country
- Highly dependent on the hydrocarbon sector
- Elevated levels of poverty

Bolivia in the Region

Population | %-share in Latin America

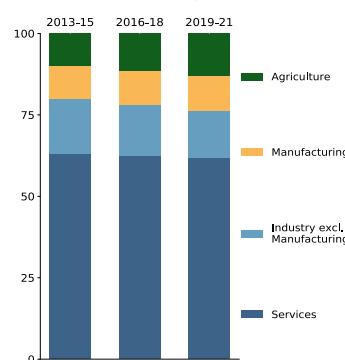


GDP | %-share in Latin America

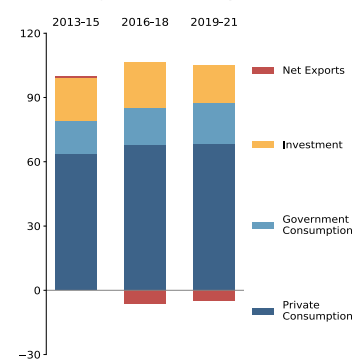


Economic Structure

GDP by Sector | share in %

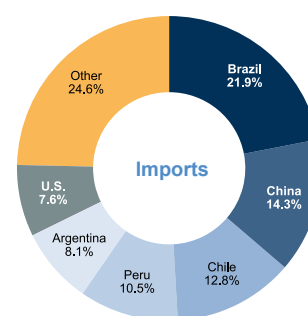
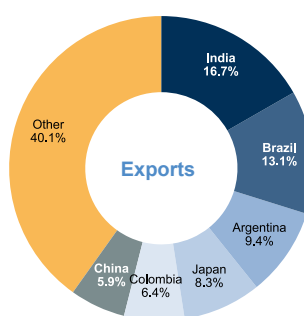


GDP by Expenditure | share in %

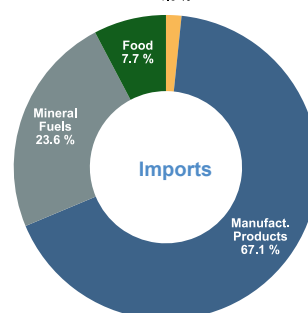
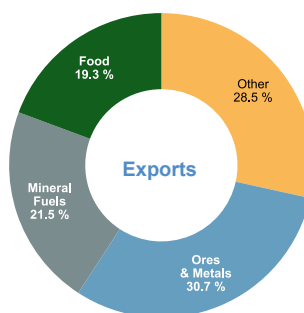


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

Date	Country	Event
12 June	Uruguay	April Industrial Production
14 June	Argentina	May Consumer Prices
15 June	Ecuador	April Economic Activity
16 June	Brazil	April Economic Activity
	Peru	April Economic Activity
19 June	Chile	Central Bank Meeting
20 June	Argentina	June Consumer Confidence (E)
	Colombia	April Economic Activity
21 June	Brazil	Central Bank Meeting
	Mexico	Q1 2023 National Accounts (by expenditure)
22 June	Argentina	Q1 2023 National Accounts
	Mexico	Central Bank Meeting
23 June	Uruguay	Q1 2023 National Accounts
25 June	Brazil	June Economic Sentiment (E)
26 June	Brazil	May Balance of Payments
	Mexico	April Economic Activity
27 June	Mexico	May Merchandise Trade
28 June	Argentina	May Merchandise Trade
30 June	Argentina	April Economic Activity
	Colombia	Central Bank Meeting
	Ecuador	Q1 2023 National Accounts
1 July	Chile	June Business Confidence (E)
3 July	Brazil	June S&P Global Manufacturing PMI
	Chile	May Economic Activity
	Mexico	June IMEF PMI
4 July	Colombia	June Davivienda Manufacturing PMI
5 July	Brazil	June S&P Global Services PMI
	Colombia	June Consumer Prices
	Colombia	June Merchandise Trade (E)
	Mexico	June Consumer Confidence
	Uruguay	June Consumer Prices
6 July	Ecuador	June Consumer Prices
	Uruguay	Central Bank Meeting
7 July	Argentina	May Industrial Production
	Chile	June Consumer Prices
	Colombia	June Consumer Confidence
	Mexico	June Consumer Prices
	Peru	Central Bank Meeting
	Peru	June Consumer Prices

(P) Preliminary estimate. (E) Approximate date.

## Notes and Statements

**PUBLICATION NOTE**

Consensus forecasts are mean averages of projections of economic forecasters surveyed by FocusEconomics for our monthly publication. Quarterly averages may not correspond to the annual figures due to different forecast panels.

The GDP-weighted averages for the regional aggregates and the world refer to economies surveyed by FocusEconomics on a monthly basis. Weights are based on Consensus Forecasts for nominal GDP (USD billion).

The regional aggregates include the following countries:

**Latin America (23 countries):** Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Trinidad and Tobago and Uruguay.

**Andean Community (4 countries):** Bolivia, Colombia, Ecuador and Peru.

**Central America and Caribbean (13 countries):** Belize, Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Panama, Puerto Rico and Trinidad and Tobago.

**Mercosur (4 countries):** Argentina, Brazil, Paraguay and Uruguay.

**World:** 131 countries, comprising around 98% of global output.

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## ECONOMIC FORECASTS FOR KEY INDICATORS IN 132 COUNTRIES IN 12 REGIONS

**MAJOR ECONOMIES & SWITZERLAND** G7 countries (United States, Canada, Japan, United Kingdom, Euro area, France, Germany & Italy), Switzerland and overview of the BRIC countries

**EURO AREA** Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

**NORDIC ECONOMIES** Denmark, Finland, Iceland, Norway and Sweden

**CENTRAL & EASTERN EUROPE** Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia

**CIS PLUS COUNTRIES** Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

**SOUTH-EASTERN EUROPE** Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Greece, Kosovo, North Macedonia, Montenegro, Romania, Serbia and Turkey

**EAST & SOUTH ASIA** Bangladesh, China, Hong Kong, India, Korea, Mongolia, Pakistan, Sri Lanka, Taiwan, Australia and New Zealand

**ASEAN ECONOMIES** Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, Australia and New Zealand

**LATIN AMERICA** Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela

**CENTRAL AMERICA & THE CARIBBEAN** Belize, Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Panama, Puerto Rico and Trinidad and Tobago

**MIDDLE EAST & NORTH AFRICA** Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, United Arab Emirates and Yemen

**SUB-SAHARAN AFRICA** Angola, Botswana, Cameroon, Côte d'Ivoire, DR Congo, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

**REAL SECTOR** GDP per capita, Economic Growth, Consumption, Investment, Industrial Production, Unemployment Rate, Fiscal Balance and Public Debt

**MONETARY & FINANCIAL SECTOR** Money, Inflation Rate, Policy Interest Rate, 10-Year Bond Yield and Exchange Rate

**EXTERNAL SECTOR** Current Account, Trade Balance, Exports, Imports, International Reserves and External Debt

## PRICE FORECASTS FOR 35 COMMODITIES IN 4 MAIN GROUPS

**ENERGY** Brent Crude Oil, WTI Crude Oil, Coking Coal, Gasoil (European market), Gasoline (U.S. benchmark), Natural Gas (Europe), Natural Gas (U.S.), Thermal Coal and Uranium

**BASE METALS** Alumina, Aluminium, Cobalt, Copper, Iron Ore, Lead, Molybdenum, Nickel, Steel (European and U.S. markets), Tin and Zinc

**PRECIOUS METALS** Gold, Silver, Palladium and Platinum

**AGRICULTURAL** Cocoa, Coffee, Corn, Cotton, Palm oil, Soybeans, Sugar, Rice, Wheat and Wool

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