

# LATINFOCUS CONSENSUS FORECAST

Bolivia • May 2023

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# Bolivia



## Outlook deteriorates

- As expected, GDP growth weakened in Q4. Private and public spending and fixed investment grew at weaker rates in Q4 than in Q3, while exports contracted. Activity was likely knocked by higher inflation and a weakening global economy. Turning to Q1, news has been mixed. Inflation was lower in Q1 than in Q4, supporting private spending. However, the currency peg came under attack in early March; excluding gold, international reserves equaled just USD 0.9 billion in February. That figure has likely fallen since, with the Central Bank forced to sell dollars to defend the peg. These events led all major credit agencies to downgrade Bolivia's debt rating. More positively, the attack on the peg has since abated, and in early May, the Senate passed a bill to let the Central Bank sell some of its USD 2.6 billion of gold reserves to buy dollars.
- GDP growth is expected to decline further below its pre-pandemic average this year. A tougher base effect and a weaker global economy will hit momentum. Commodity prices are a key factor to watch, 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 down by 0.4 percentage points 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	46.0	52.2
GDP per capita (USD):	3,380	3,794	4,131
GDP growth (%):	-0.1	2.8	2.7
Fiscal Balance (% of GDP):	-9.8	-6.6	-5.3
Public Debt (% of GDP):	72.9	84.4	86.8
Inflation (%):	1.2	2.8	3.4
Current Account (% of GDP):	-0.4	-1.1	-2.2
External Debt (% of GDP):	38.9	43.5	50.3

Matthew Cunningham

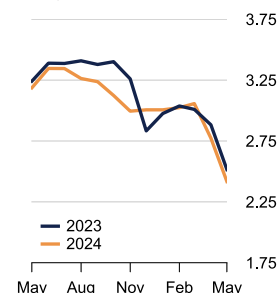
Economist

Economic Growth



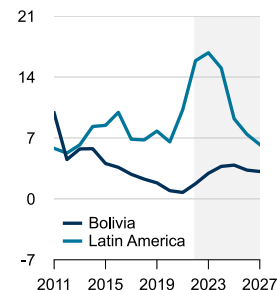
GDP, annual variation in %. Source: Instituto Nacional de Estadística (INE).

Change in GDP forecasts



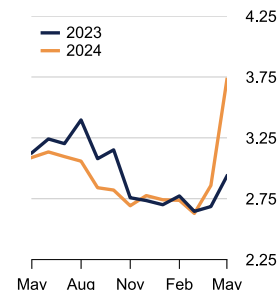
GDP, evolution of 2023 and 2024 forecasts during the last 12 months.

Inflation



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

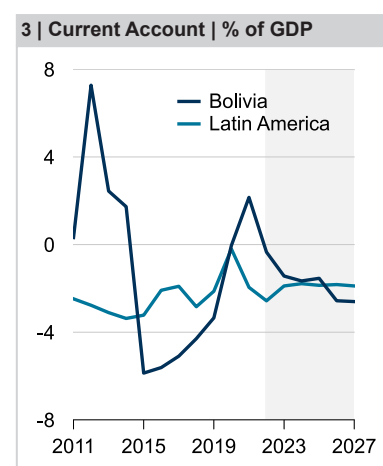
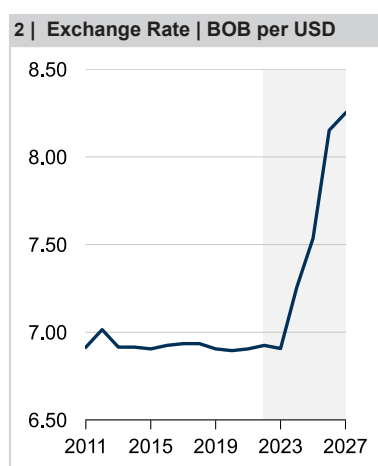
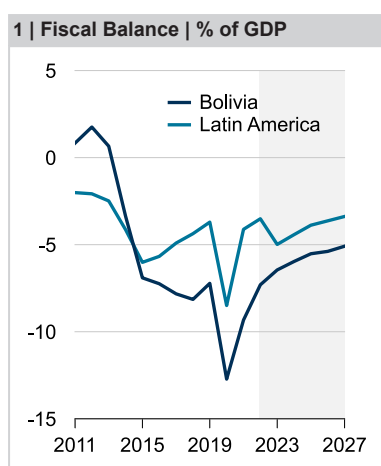
Change in inflation forecasts



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	3,793	3,904	4,071	4,086	4,235
GDP (USD bn)	40.2	40.8	36.7	40.4	44.1	46.0	48.0	50.7	51.6	54.3
GDP (BOB bn)	278	283	253	279	304	318	340	375	405	445
Economic Growth (Nominal GDP, ann. var. %)	7.4	1.5	-10.4	10.3	8.9	4.7	6.8	10.3	8.0	10.0
Economic Growth (GDP, ann. var. %)	4.2	2.2	-8.7	6.1	3.5	2.5	2.4	2.5	2.8	2.8
Private Consumption (ann. var. %)	4.3	3.7	-7.9	5.3	4.2	3.5	2.6	2.7	2.8	2.9
Government Consumption (ann. var. %)	5.1	3.8	-2.8	5.4	4.0	3.1	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	3.6	-
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	-6.5	-6.0	-5.5	-5.4	-5.1
Public Debt (% of GDP)	53.1	59.3	78.0	81.4	82.6	84.0	86.6	87.0	86.7	86.7
<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	3.4	4.3	3.7	3.2	3.1
Inflation (CPI, ann. var. %, aop)	2.3	1.8	0.9	0.7	1.7	2.9	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	6.91	7.26	7.53	8.15	8.25
Exchange Rate (BOB per USD, aop)	6.93	6.92	6.90	6.90	6.90	6.92	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	-1.4	-1.7	-1.5	-2.6	-2.6
Current Account Balance (USD bn)	-1.7	-1.4	0.0	0.9	-0.2	-0.7	-0.8	-0.8	-1.3	-1.4
Merchandise Trade Balance (USD bn)	-0.4	-0.3	0.6	2.2	1.5	1.2	1.5	0.8	0.5	0.4
Merchandise Exports (USD bn)	8.9	8.8	7.0	11.0	13.5	13.0	13.4	13.2	12.9	13.4
Merchandise Imports (USD bn)	9.3	9.1	6.4	8.8	11.9	11.8	11.9	12.4	12.4	13.0
Merchandise Exports (ann. var. %)	9.9	-1.3	-20.6	56.4	22.7	-3.4	3.1	-1.3	-2.6	3.8
Merchandise Imports (ann. var. %)	7.0	-2.1	-29.8	37.0	35.6	-1.2	1.2	4.3	-0.3	4.8
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	23.6	26.1	29.2
External Debt (% of GDP)	33.0	35.0	42.1	39.5	42.0	43.5	44.9	46.6	50.5	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 Refinitiv. 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: Refinitiv.

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

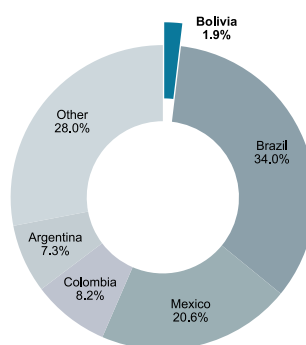
- Rich in natural resources
- Tourism potential
- Exchange rate and price stability

Weaknesses

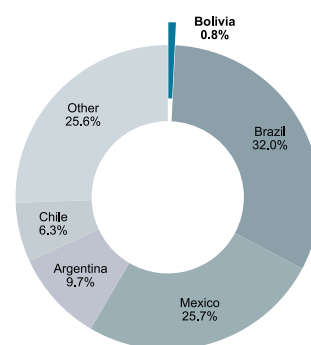
- Landlocked country
- Highly dependent on the hydrocarbon sector
- Elevated levels of poverty

Bolivia in the Region

Population | %-share in Latin America

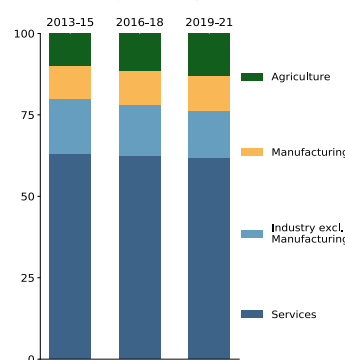


GDP | %-share in Latin America

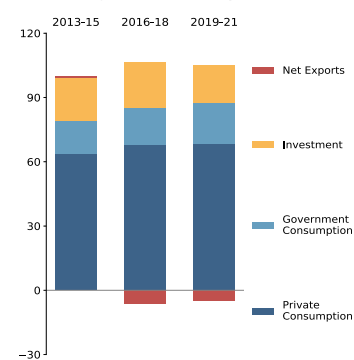


Economic Structure

GDP by Sector | share in %

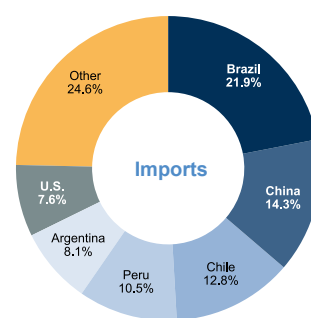
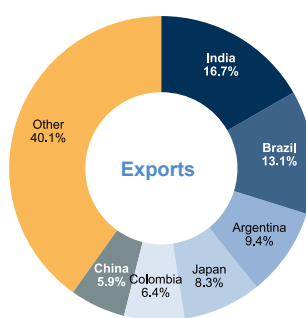


GDP by Expenditure | share in %

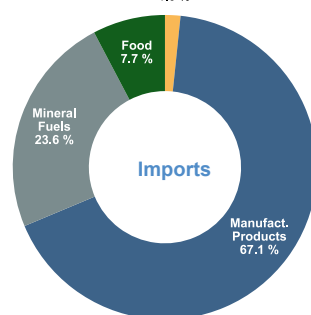
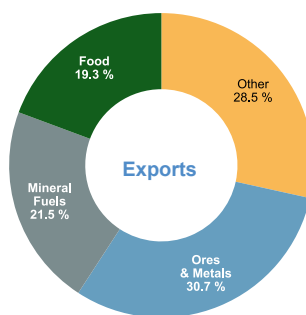


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

Date	Country	Event
15 May	Colombia	Q1 2023 National Accounts
	Colombia	March Economic Activity
16 May	Ecuador	March Economic Activity
	Uruguay	Central Bank Meeting
17 May	Peru	Q1 2023 National Accounts
18 May	Brazil	March Economic Activity
	Chile	Q1 2023 National Accounts
	Mexico	Central Bank Meeting
19 May	Argentina	March Economic Activity
	Argentina	April Merchandise Trade
	Peru	March Economic Activity
20 May	Argentina	May Consumer Confidence (E)
25 May	Mexico	April Merchandise Trade
26 May	Brazil	May Economic Sentiment (E)
29 May	Brazil	April Balance of Payments
1 June	Brazil	May S&P Global Manufacturing PMI
	Brazil	Q1 2023 National Accounts
	Chile	May Business Confidence (E)
	Chile	April Economic Activity
	Colombia	May Davivienda Manufacturing PMI
	Mexico	May IMEF PMI
	Peru	May Consumer Prices
2 June	Brazil	May S&P Global Services PMI
	Colombia	May Consumer Prices
	Colombia	May Merchandise Trade (E)
	Mexico	May Consumer Confidence
	Uruguay	May Consumer Prices
6 June	Ecuador	May Consumer Prices
7 June	Brazil	May Consumer Prices
	Colombia	May Consumer Confidence
8 June	Chile	May Consumer Prices
	Mexico	May Consumer Prices
9 June	Argentina	April Industrial Production
	Peru	Central Bank Meeting
	Peru	May Merchandise Trade

(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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