

LATINFOCUS CONSENSUS FORECAST

Paraguay • April 2023

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Paraguay



Outlook stable

- Annual economic growth eased to 1.7% in Q4 from 2.9% in Q3 due to sharper contractions in fixed investment and public spending. That said, private consumption growth accelerated. Shifting to the current year, momentum is picking up: Growth in the economic activity index accelerated markedly in January–February compared with Q4, on stronger performances in the agriculture and services sectors. In politics, the country will hold a general election on 30 April. Polls indicate a tight contest between the ruling right-wing Partido Colorado, which is led by Santiago Peña, and Concertación, a coalition of opposition parties led by Efraín Alegre. A Peña administration would maintain economic orthodoxy and a pro-business stance, while an Alegre government would likely favor higher spending on welfare programs.
- After stagnating in 2022, economic growth is seen accelerating this year on a low base effect, as well as lower inflation and interest rates. On the flip side, the global economic slowdown is set to constrain the external sector. Key factors to watch include April's general elections, regional economic and political stability and weather conditions. FocusEconomics panelists foresee the economy expanding 4.2% in 2023, which is unchanged from last month's estimate, and 4.0% in 2024.
- Inflation declined for the fourth consecutive month in March, coming in at 6.4% from February's 6.9% on softer price pressures for transportation and housing and utilities. Meanwhile, on 22 March the Central Bank maintained its key rate at 8.50%. Inflation is forecast to decline further this year but is still seen averaging above the Bank's 4.0% target. FocusEconomics panelists see inflation averaging 5.2% in 2023, which is unchanged from last month's projection, and 4.0% in 2024.

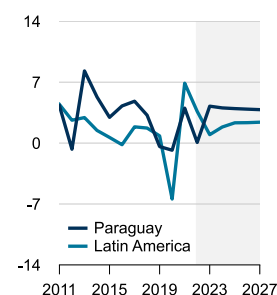
LONG-TERM TRENDS | 3-year averages

	2019-21	2022-24	2025-27
Population (million):	7.3	7.6	7.9
GDP (USD bn):	37.8	44.6	53.1
GDP per capita (USD):	5,208	5,898	6,748
GDP growth (%):	0.9	2.8	3.9
Fiscal Balance (% of GDP):	-4.2	-2.4	-1.5
Public Debt (% of GDP):	33.4	40.1	38.6
Inflation (%):	3.1	6.3	3.8
Current Account (% of GDP):	0.2	-2.8	-0.5
External Debt (% of GDP):	49.7	-	-

Adrià Solanes

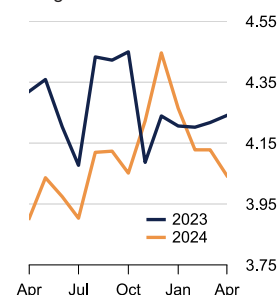
Economist

Economic Growth



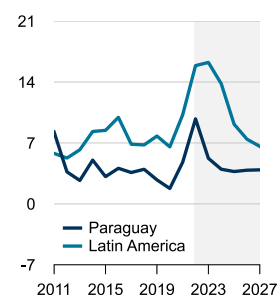
GDP, annual variation in %. Source: Banco Central del Paraguay (BCP).

Change in GDP forecasts



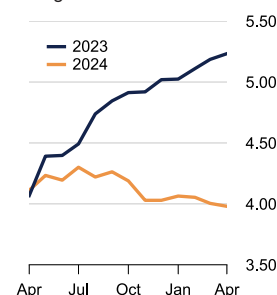
GDP, evolution of 2023 and 2024 forecasts during the last 12 months.

Inflation



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

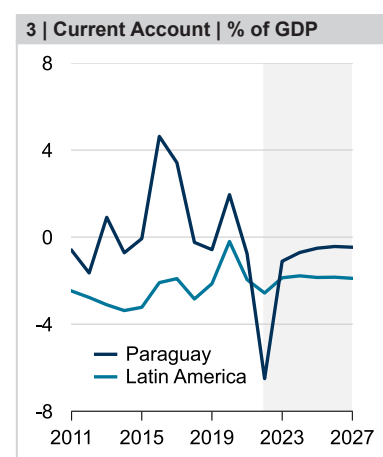
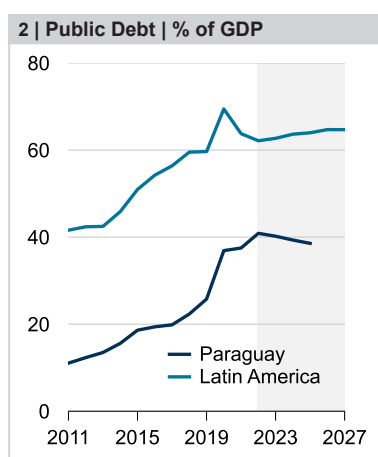
Change in inflation forecasts



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
Real Sector										
Population (million)	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8	7.9	8.0
GDP per capita (USD)	5,705	5,304	4,887	5,432	5,597	5,877	6,221	6,423	6,745	7,077
GDP (USD bn)	40.2	37.9	35.4	39.9	41.7	44.4	47.6	49.8	53.0	56.4
GDP (PYG bn)	230,576	236,681	239,915	270,634	291,336	325,329	351,119	372,870	402,680	433,722
Economic Growth (Nominal GDP, ann. var. %)	5.2	2.6	1.4	12.8	7.6	11.7	7.9	6.2	8.0	7.7
Economic Growth (GDP, ann. var. %)	3.2	-0.4	-0.8	4.0	0.1	4.2	4.0	4.0	3.9	3.8
Domestic Demand (ann. var. %)	6.4	0.2	-2.8	10.1	2.5	2.8	3.5	4.0	4.0	3.9
Private Consumption (ann. var. %)	4.3	1.8	-3.6	6.1	2.2	2.7	3.5	3.8	3.8	3.5
Government Consumption (ann. var. %)	3.0	4.7	5.1	2.6	-5.7	2.8	2.1	3.8	4.2	3.7
Fixed Investment (ann. var. %)	6.9	-6.1	5.3	18.2	-2.3	5.2	7.2	5.3	4.5	4.5
Exports (G&S, ann. var. %)	-0.4	-3.4	-9.0	2.1	-1.6	6.5	4.7	4.4	4.0	3.8
Imports (G&S, ann. var. %)	8.2	-2.0	-15.2	21.8	5.6	3.2	2.9	4.0	4.0	3.9
Unemployment (% of active population, eop)	5.6	5.7	7.2	6.8	5.7	-	-	-	-	-
Fiscal Balance (% of GDP)	-1.3	-2.8	-6.1	-3.6	-3.0	-2.5	-1.7	-1.7	-1.5	-1.4
Public Debt (% of GDP)	22.3	25.8	36.9	37.5	40.9	40.2	39.3	38.6	-	-
Monetary and Financial Sector										
Money (ann. var. of M2 %)	6.2	7.2	19.1	6.8	3.0	-	-	-	-	-
Inflation (CPI, ann. var. %, eop)	3.2	2.8	2.2	6.8	8.1	4.7	3.7	3.6	3.9	3.8
Inflation (CPI, ann. var. %, aop)	4.0	2.8	1.8	4.8	9.8	5.2	4.0	3.7	3.9	3.9
Policy Interest Rate (% eop)	5.25	4.00	0.75	5.25	8.50	6.95	5.40	5.17	5.17	5.17
Exchange Rate (PYG per USD, eop)	5,961	6,453	6,907	6,877	7,331	7,324	7,422	7,544	7,643	7,744
Exchange Rate (PYG per USD, aop)	5,731	6,238	6,769	6,776	6,983	7,327	7,373	7,483	7,594	7,693
External Sector										
Current Account Balance (% of GDP)	-0.2	-0.6	2.0	-0.8	-6.5	-1.1	-0.7	-0.5	-0.4	-0.5
Current Account Balance (USD bn)	-0.1	-0.2	0.7	-0.3	-2.7	-0.5	-0.3	-0.3	-0.2	-0.3
Merchandise Trade Balance (USD bn)	0.6	0.2	1.2	0.6	-1.9	0.2	0.4	0.4	0.6	0.5
Merchandise Exports (USD bn)	13.2	12.1	11.0	13.2	12.8	15.0	15.7	15.6	16.5	17.4
Merchandise Imports (USD bn)	12.6	11.9	9.7	12.6	14.7	14.8	15.3	15.2	16.0	16.8
Merchandise Exports (ann. var. %)	1.5	-8.1	-9.6	20.7	-3.1	16.9	5.1	-0.7	5.9	5.0
Merchandise Imports (ann. var. %)	11.6	-5.5	-18.3	29.4	16.9	0.4	3.6	-0.9	5.2	5.4
Foreign Direct Investment (USD bn)	0.2	0.2	0.1	0.1	-	-	-	-	-	-
International Reserves (USD bn)	8.0	7.7	9.5	9.9	9.8	10.1	10.9	-	-	-
International Reserves (months of imports)	7.6	7.7	11.7	9.5	8.0	8.2	8.5	-	-	-
External Debt (USD bn)	16.4	16.7	19.4	20.1	-	-	-	-	-	-
External Debt (% of GDP)	40.7	44.0	54.8	50.2	-	-	-	-	-	-



Notes and sources

Note: FocusEconomics Consensus Forecasts are highlighted in grey.

Long-term chart period from 2011 to 2027 unless otherwise stated. The Latin America regional aggregate excludes Venezuela. All data are from Central Bank of Paraguay (BCP, *Banco Central del Paraguay*), the International Monetary Fund (IMF) and Ministry of the Treasury (MH, *Ministerio de Hacienda*). Forecasts based on FocusEconomics Consensus Forecast.

1 Balance of central government as % of GDP. Source: MH.

2 Public sector debt as % of GDP. Source: IMF.

3 Current account as % of GDP. Source: BCP.

Fact Sheet

General Data

Official name:	Republic of Paraguay
Capital:	Asunción (3.2m)
Other cities:	Ciudad del Este (0.2m) Pedro Juan Caballero (0.1m)
Area (km2):	406,752
Population (million, 2019 est.):	7.4
Population density (per km2, 2019):	18.1
Population growth rate (% , 2019 est.):	1.2
Life expectancy (years, 2019 est.):	77.9
Illiteracy rate (% , 2018):	6.0
Language:	Spanish, Guaraní
Measures:	Metric system
Time:	GMT-4

Economic Infrastructure

Telecommunication (2018)

Telephones - main lines (per 100 inhabitants):	4.4
Telephones - mobile cellular (per 100 inhabit.):	107
Internet Users (per 100 inhabitants):	65.0
Broadband Subscriptions (per 100 inhabitants):	4.6

Energy (2017)

Primary Energy Production (trillion Btu):	546
Primary Energy Consumption (trillion Btu):	518
Electricity Generation (billion kW-h):	59.2
Electricity Consumption (billion kW-h):	11.6
Oil Consumption (thousand bpd):	60.1
CO2 Emissions (million metric tons):	7.2

Transportation (2018)

Airports:	799
Railways (km):	30.0
Roadways (km):	74,676
Waterways (km):	3,100
Chief Ports:	Asunción

Political Data

President:	Mario Abdo Benítez
Last elections:	22 April 2018
Next elections:	30 April 2023
Central Bank President:	José Cantero Sienna

Long-term Foreign Currency Ratings

Agency	Rating	Outlook
Moody's:	Ba1	Positive
S&P Global Ratings:	BB	Stable
Fitch Ratings:	BB+	Stable

Strengths

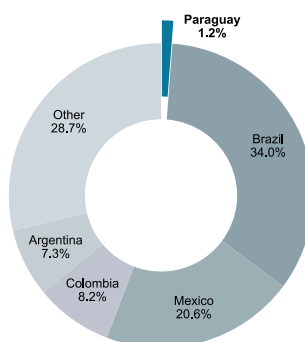
- Favorable conditions for agriculture
- Commitment to structural reforms
- Stable source of income from hydroelectric dams

Weaknesses

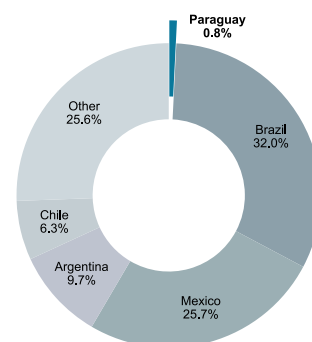
- Vulnerability to commodity price swings
- Dependence on neighboring economies

Paraguay in the Region

Population | %-share in Latin America

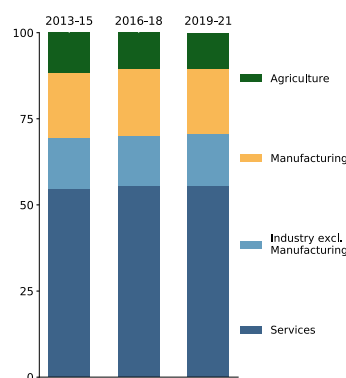


GDP | %-share in Latin America

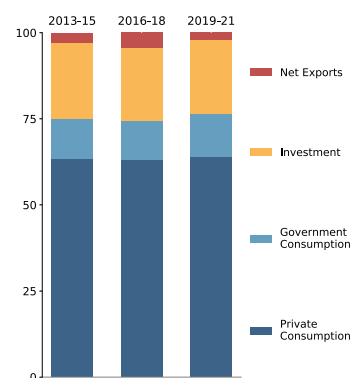


Economic Structure

GDP by Sector | share in %

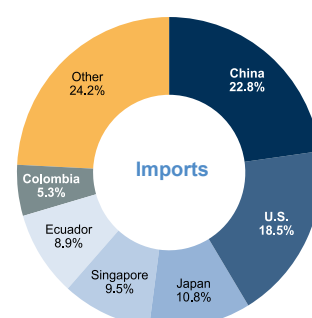
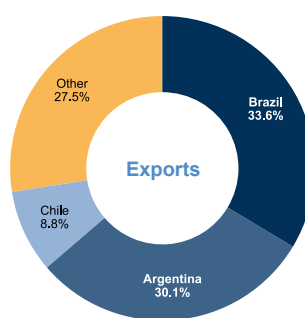


GDP by Expenditure | share in %

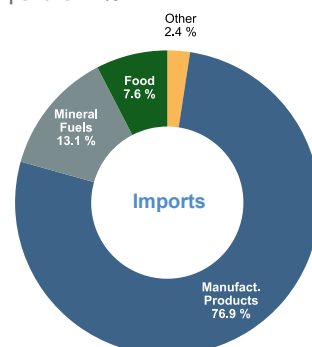
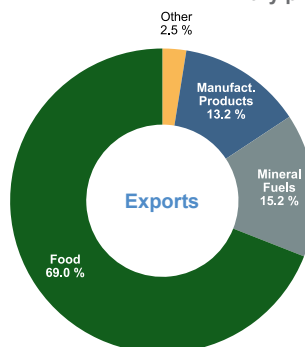


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

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

(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

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