

LATINFOCUS CONSENSUSFORECAST

Paraguay • December 2022

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Paraguay



Outlook improves

- Available data for Q3 suggests that the economy is recovering from H1's downturn. Following six successive months of contraction, annual economic activity expanded strongly in August and September, boosted by rebounds in agricultural output thanks to more favorable weather conditions. In addition, easing producer price pressures enhanced manufacturing production growth, while the downtrend of consumer prices and unemployment supported the services sector. Turning to the current quarter, domestic demand should be healthy as consumer confidence ticked up in October and inflation decelerated further in October–November. In other news, on 22 November, Fitch Ratings affirmed the country's 'BB+' rating with a stable outlook. The agency detailed prudent and consistent macroeconomic policies but also vulnerability to climate shocks.
- Following this year's projected contraction, the economy is seen rebounding in 2023. Domestic activity will benefit from lower inflation and interest rates. That said, a more challenging international backdrop will take a toll on the external sector. Key factors to watch are extreme weather events and regional political and economic instability. FocusEconomics panelists foresee the economy expanding 4.2% in 2023, which is up 0.1 percentage points from last month's estimate, and 4.4% in 2024.
- Inflation came in at 8.3% in November, up from October's 8.1%. Inflation had eased in the four previous months. Meanwhile, on 22 November, the Central Bank maintained its key rate at 8.50%. In 2023, price pressures are seen decelerating but ending the year above the Central Bank's 4.0% target. FocusEconomics panelists see inflation ending 2023 at 4.6%, which is down 0.1 percentage points from last month's projection, and 2024 at 3.5%.

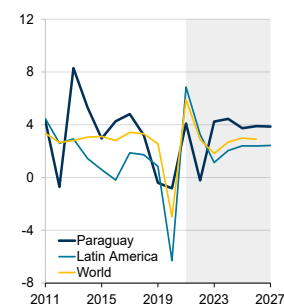
LONG-TERM TRENDS | 3-year averages

	2019-21	2022-24	2025-27
Population (million):	7.3	7.6	7.9
GDP (USD bn):	37.6	45.4	53.9
GDP per capita (USD):	5,187	6,002	6,852
GDP growth (%):	1.0	2.8	3.8
Fiscal Balance (% of GDP):	-4.2	-2.4	-1.5
Public Debt (% of GDP):	33.5	38.8	36.5
Inflation (%):	3.1	5.7	3.9
Current Account (% of GDP):	1.0	-1.4	-0.1
External Debt (% of GDP):	49.9	-	-

Adrià Solanes

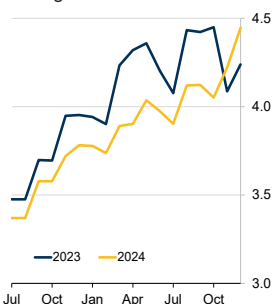
Economist

Economic Growth



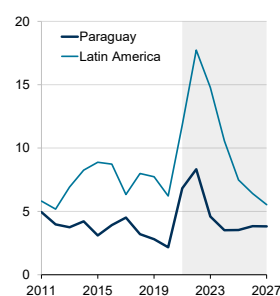
GDP, annual variation in %.
Source: Banco Central del Paraguay (BCP).

Change in GDP forecasts



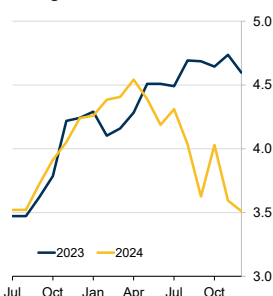
GDP, evolution of 2023 and 2024 forecasts during the last 18 months.

Inflation



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

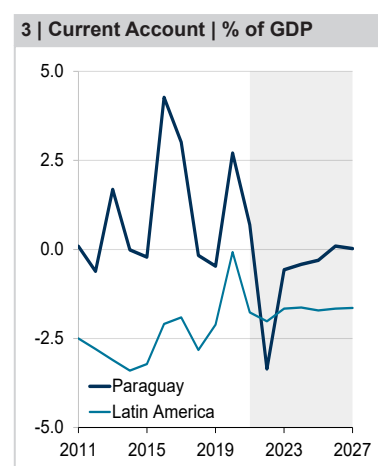
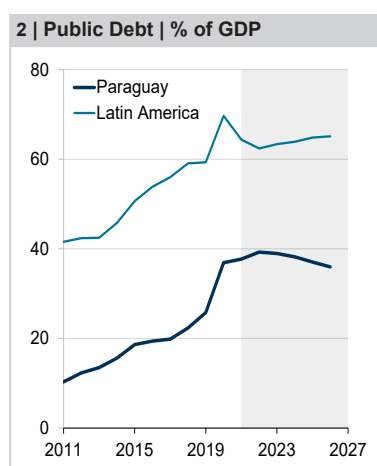
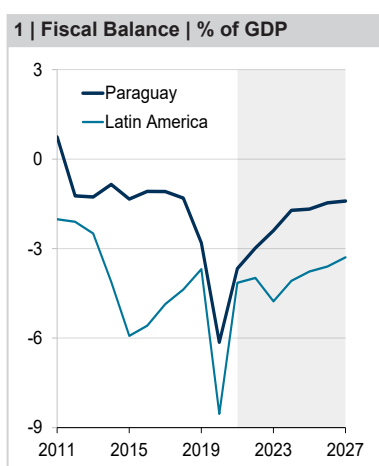
Change in inflation forecasts



Inflation, evolution of 2023 and 2024 forecasts during the last 18 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	5,370	5,678	6,011	6,318	6,527	6,851	7,179
GDP (USD bn)	40.2	37.9	35.4	39.5	42.3	45.4	48.4	50.6	53.9	57.2
GDP (PYG bn)	230,576	236,681	239,915	267,548	296,480	323,608	347,617	369,220	402,228	438,246
Economic Growth (Nominal GDP, ann. var. %)	5.2	2.6	1.4	11.5	10.8	9.2	7.4	6.2	8.9	9.0
Economic Growth (GDP, ann. var. %)	3.2	-0.4	-0.8	4.1	-0.2	4.2	4.4	3.7	3.9	3.9
Domestic Demand (ann. var. %)	6.4	0.2	-2.8	10.0	2.8	3.0	3.5	4.1	4.0	3.9
Private Consumption (ann. var. %)	4.4	1.8	-3.6	5.7	1.9	3.6	3.9	4.0	4.0	3.8
Government Consumption (ann. var. %)	3.0	4.7	5.1	5.3	-4.3	1.4	2.9	4.5	4.2	3.7
Fixed Investment (ann. var. %)	6.9	-6.1	5.3	18.6	3.2	5.8	5.6	5.0	4.7	4.6
Exports (G&S, ann. var. %)	-0.4	-3.4	-9.0	2.2	-5.3	5.7	4.5	3.6	4.0	3.8
Imports (G&S, ann. var. %)	8.3	-2.0	-15.2	21.4	6.5	3.3	2.3	3.3	4.0	3.9
Unemployment (% of active population, eop)	5.6	5.7	7.2	6.8	6.6	6.6	7.0	7.0	7.0	-
Fiscal Balance (% of GDP)	-1.3	-2.8	-6.1	-3.7	-3.0	-2.4	-1.7	-1.7	-1.5	-1.4
Public Debt (% of GDP)	22.3	25.8	36.9	37.7	39.3	39.0	38.2	37.0	36.0	-
Monetary and Financial Sector										
Money (ann. var. of M2 %)	6.1	7.2	19.6	6.8	-	-	-	-	-	-
Inflation (CPI, ann. var. %, eop)	3.2	2.8	2.2	6.8	8.3	4.6	3.5	3.5	3.8	3.8
Inflation (CPI, ann. var. %, aop)	4.0	2.8	1.8	4.8	9.8	3.6	3.7	3.9	3.9	4.0
Policy Interest Rate (% eop)	5.25	4.00	0.75	5.25	8.50	6.50	5.17	5.17	5.17	5.17
Exchange Rate (PYG per USD, eop)	5,961	6,453	6,907	6,877	7,132	7,121	7,252	7,331	7,604	7,723
Exchange Rate (PYG per USD, aop)	5,731	6,238	6,769	6,776	7,004	7,126	7,186	7,291	7,467	7,664
External Sector										
Current Account Balance (% of GDP)	-0.2	-0.5	2.7	0.7	-3.4	-0.6	-0.4	-0.3	0.1	0.0
Current Account Balance (USD bn)	-0.1	-0.2	1.0	0.3	-1.4	-0.3	-0.2	-0.2	0.0	0.0
Merchandise Trade Balance (USD bn)	0.8	0.5	1.5	0.9	-1.2	0.0	0.5	0.4	0.6	0.5
Merchandise Exports (USD bn)	13.7	12.7	11.5	14.0	13.1	14.6	15.3	15.7	16.7	17.6
Merchandise Imports (USD bn)	12.9	12.3	10.0	13.1	14.3	14.5	14.8	15.3	16.1	17.2
Merchandise Exports (ann. var. %)	2.5	-7.5	-9.5	22.1	-6.7	11.2	4.9	3.0	6.2	5.4
Merchandise Imports (ann. var. %)	12.1	-5.2	-18.1	30.4	9.2	1.7	1.9	3.4	5.4	6.3
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	9.6	10.3	-	-	-	-
International Reserves (months of imports)	7.4	7.5	11.3	9.1	8.1	8.5	-	-	-	-
External Debt (USD bn)	16.4	16.7	19.4	20.1	-	-	-	-	-	-
External Debt (% of GDP)	40.7	44.0	54.8	50.8	-	-	-	-	-	-



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:	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

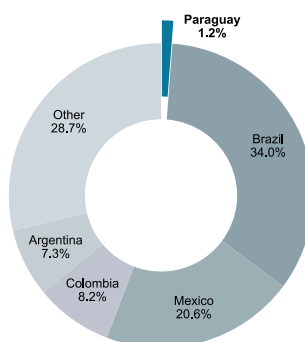
- Favorable conditions for agriculture
- Commitment to structural reforms
- Stable source of income from hydroelectric dams

Weaknesses

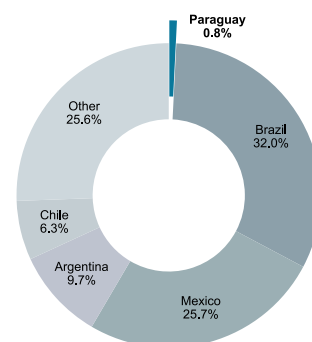
- Vulnerability to commodity price swings
- Dependence on neighboring economies

Paraguay in the Region

Population | %-share in Latin America

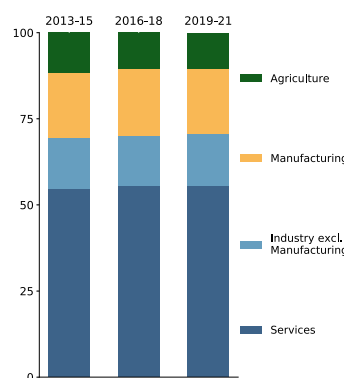


GDP | %-share in Latin America

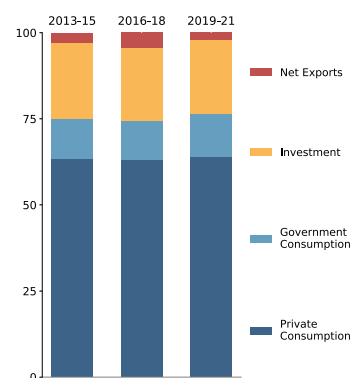


Economic Structure

GDP by Sector | share in %

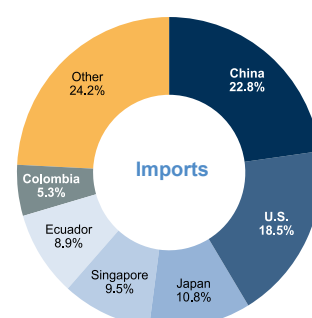
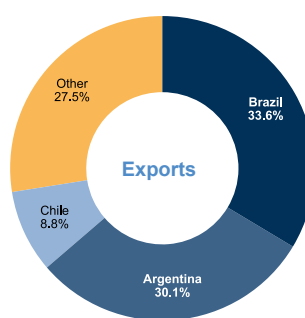


GDP by Expenditure | share in %

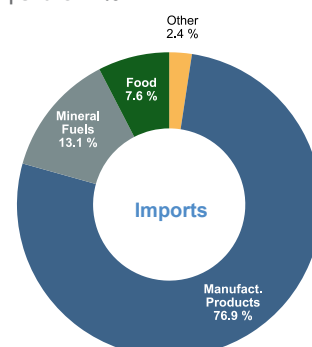
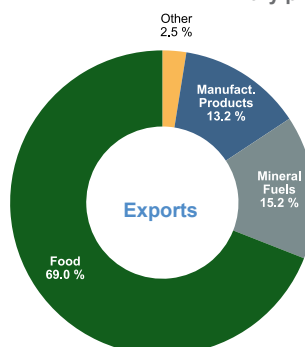


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

Date	Country	Event	
5 December	Colombia	October Merchandise Trade	
	Colombia	November Consumer Prices	
	Mexico	November Consumer Confidence	
	Uruguay	November Consumer Prices	
6 December	Chile	Central Bank Meeting	
	Ecuador	November Consumer Prices	
7 December	Argentina	October Industrial Production	
	Brazil	Central Bank Meeting	
	Chile	November Consumer Prices	
	Colombia	November Consumer Confidence	
	Peru	Central Bank Meeting	
8 December	Brazil	October Retail Sales	
	Peru	November Merchandise Trade	
9 December	Brazil	November Consumer Prices	
11 December	Mexico	November Consumer Prices	
12 December	Uruguay	October Industrial Production	
14 December	Brazil	October Economic Activity	
15 December	Argentina	November Consumer Prices	
	Argentina	Q3 2022 National Accounts	
	Chile	November Consumer Confidence (E)	
	Colombia	October Manufacturing Production	
	Mexico	Central Bank Meeting	
	Peru	October Economic Activity	
	Uruguay	Q3 2022 National Accounts	
	16 December	Colombia	Central Bank Meeting
	19 December	Argentina	November Merchandise Trade
Ecuador		October Economic Activity	
20 December	Argentina	December Consumer Confidence (E)	
21 December	Argentina	October Economic Activity	
	Mexico	Q3 2022 National Accounts (by expenditure)	
23 December	Brazil	December Business Confidence (E)	
	Brazil	December Consumer Confidence (E)	
	Mexico	November Merchandise Trade	
	Mexico	October Economic Activity	
24 December	Brazil	November Balance of Payments	
30 December	Colombia	November Merchandise Trade	
	Ecuador	Q3 2022 National Accounts (E)	
	Uruguay	Central Bank Meeting	
2 January	Brazil	December Manufacturing PMI	
	Colombia	December Davivienda Manufacturing PMI	
	Mexico	December IMEF PMI	
5 January	Brazil	November Industrial Production	
10 January	Brazil	December Consumer Prices	

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

Economic Release Calendar

Date	Country	Event
11 January	Brazil	November Retail Sales

(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, 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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