

# LATINFOCUS CONSENSUSFORECAST

Paraguay • February 2023

PARAGUAY	2
CALENDAR	5
NOTES	6

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# Paraguay



## Outlook stable

- Following Q3's rebound, high-frequency data suggests that the economy grew further in the fourth quarter of last year. Economic activity expanded on average in the period due to solid performances of the agricultural and energy sectors. Additionally, lower inflation and unemployment in the quarter should have boosted household spending. On the flip side, the external sector performed worse: Merchandise exports growth slowed, on average, during the period, hampered by the global economic slowdown. In other news, on 26 January, the U.S. applied economic sanctions on Horacio Cartes, former president and current leader of the ruling party, on the grounds of corruption. The move bodes ill for Partido Colorado's chances at the 30 April general elections.
- After a projected contraction in 2022, the economy is forecast to expand this year on a low base, and easing price pressures and interest rates. That said, a more challenging international backdrop will hamper the external sector. Extreme weather events, regional economic and political instability and April's general elections remain key factors to watch. FocusEconomics panelists foresee the economy expanding 4.2% in 2023, which is unchanged from last month's estimate, and 4.1% in 2024.
- Inflation declined to 7.8% in January from December's 8.1%. Price pressures have eased in recent months on the back of higher interest rates. Accordingly, on 24 January the Central Bank maintained its key rate at 8.50%. Inflation is forecast to decelerate further this year but is seen ending 2023 above the Bank's 4.0% target. FocusEconomics panelists see inflation ending 2023 at 4.9%, which is up 0.2 percentage points from last month's projection, and 2024 at 3.7%.

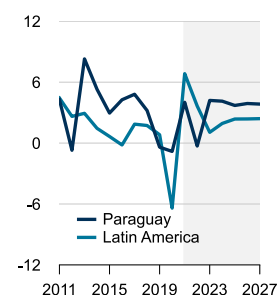
### LONG-TERM TRENDS | 3-year averages

	2019-21	2022-24	2025-27
Population (million):	7.3	7.6	7.9
GDP (USD bn):	37.8	44.8	52.8
GDP per capita (USD):	5,208	5,928	6,719
GDP growth (%):	0.9	2.7	3.8
Fiscal Balance (% of GDP):	-4.2	-2.3	-1.5
Public Debt (% of GDP):	33.5	39.1	36.5
Inflation (%):	3.1	5.7	3.9
Current Account (% of GDP):	1.0	-1.7	-0.1
External Debt (% of GDP):	49.7	-	-

Adrià Solanes

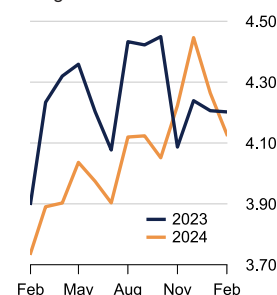
Economist

Economic Growth



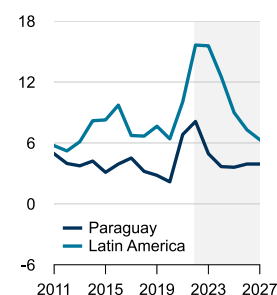
GDP, annual variation in %.  
Source: Banco Central del Paraguay (BCP).

Change in GDP forecasts



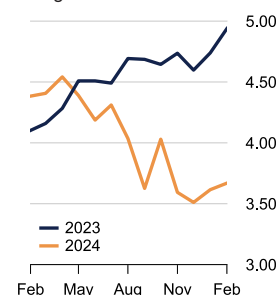
GDP, evolution of 2023 and 2024 forecasts during the last 12 months.

Inflation



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

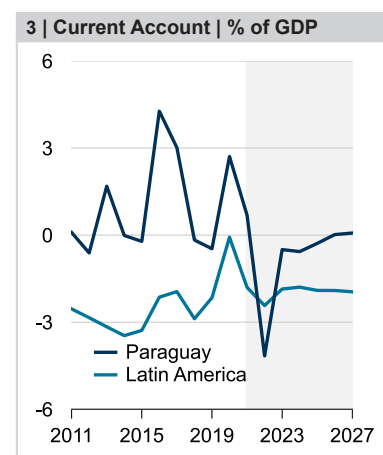
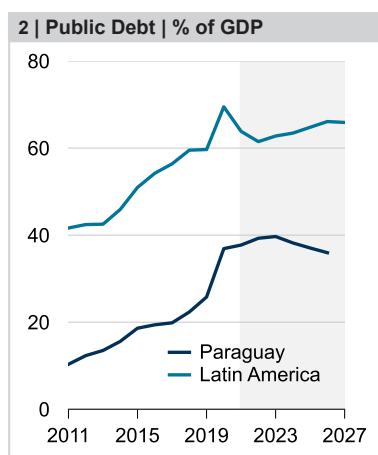
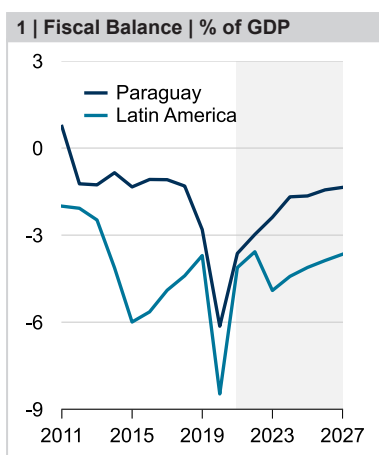
Change in inflation forecasts



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
<b>Real Sector</b>										
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	5,655	5,915	6,213	6,393	6,715	7,049
GDP (USD bn)	40.2	37.9	35.4	39.9	42.1	44.7	47.6	49.6	52.8	56.2
GDP (PYG bn)	230,576	236,681	239,915	270,634	294,328	327,339	351,549	374,755	410,249	446,179
Economic Growth (Nominal GDP, ann. var. %)	5.2	2.6	1.4	12.8	8.8	11.2	7.4	6.6	9.5	8.8
Economic Growth (GDP, ann. var. %)	3.2	-0.4	-0.8	4.0	-0.3	4.2	4.1	3.7	3.9	3.8
Domestic Demand (ann. var. %)	6.4	0.2	-2.8	10.1	3.5	2.8	3.5	4.0	4.0	3.9
Private Consumption (ann. var. %)	4.3	1.8	-3.6	6.1	1.7	3.8	3.7	4.2	4.3	4.1
Government Consumption (ann. var. %)	3.0	4.7	5.1	2.6	-3.7	2.2	2.4	4.3	4.2	3.7
Fixed Investment (ann. var. %)	6.9	-6.1	5.3	18.2	1.5	5.6	7.0	4.7	4.5	4.5
Exports (G&S, ann. var. %)	-0.4	-3.4	-9.0	2.1	-4.5	6.4	4.7	3.7	4.0	3.8
Imports (G&S, ann. var. %)	8.2	-2.0	-15.2	21.8	10.9	3.4	3.1	3.3	4.0	3.9
Unemployment (% of active population, eop)	5.6	5.7	7.2	6.8	6.6	6.6	-	-	-	-
Fiscal Balance (% of GDP)	-1.3	-2.8	-6.1	-3.6	-3.0	-2.4	-1.7	-1.7	-1.4	-1.4
Public Debt (% of GDP)	22.3	25.8	36.9	37.7	39.3	39.7	38.2	37.0	36.0	-
<b>Monetary and Financial Sector</b>										
Money (ann. var. of M2 %)	6.1	7.2	19.6	6.8	1.7	-	-	-	-	-
Inflation (CPI, ann. var. %, eop)	3.2	2.8	2.2	6.8	8.1	4.9	3.7	3.6	3.9	3.9
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	6.94	5.38	5.17	5.17	5.17
Exchange Rate (PYG per USD, eop)	5,961	6,453	6,907	6,877	7,331	7,320	7,460	7,653	7,889	8,003
Exchange Rate (PYG per USD, aop)	5,731	6,238	6,769	6,776	6,983	7,325	7,390	7,557	7,771	7,946
<b>External Sector</b>										
Current Account Balance (% of GDP)	-0.2	-0.5	2.7	0.7	-4.2	-0.5	-0.6	-0.3	0.0	0.1
Current Account Balance (USD bn)	-0.1	-0.2	1.0	0.3	-1.8	-0.2	-0.3	-0.1	0.0	0.0
Merchandise Trade Balance (USD bn)	0.8	0.5	1.5	0.9	-1.6	0.1	0.4	0.4	0.6	0.5
Merchandise Exports (USD bn)	13.7	12.7	11.5	14.0	13.2	15.0	15.7	15.6	16.5	17.4
Merchandise Imports (USD bn)	12.9	12.3	10.0	13.1	14.8	14.8	15.4	15.2	16.0	16.8
Merchandise Exports (ann. var. %)	2.5	-7.5	-9.5	22.1	-6.0	13.6	5.1	-0.7	5.9	5.0
Merchandise Imports (ann. var. %)	12.1	-5.2	-18.1	30.4	13.1	0.2	3.6	-1.2	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	10.7	-	-	-
International Reserves (months of imports)	7.4	7.5	11.3	9.1	8.0	8.2	8.4	-	-	-
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

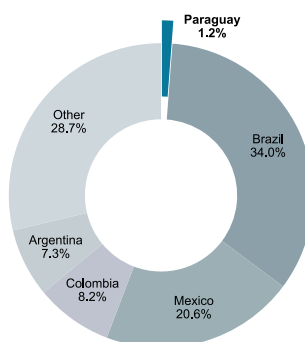
- Favorable conditions for agriculture
- Commitment to structural reforms
- Stable source of income from hydroelectric dams

Weaknesses

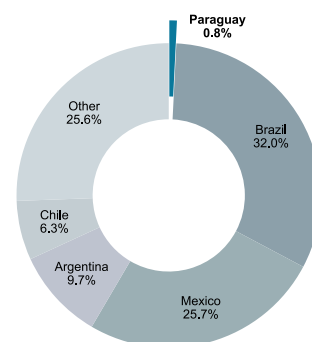
- Vulnerability to commodity price swings
- Dependence on neighboring economies

Paraguay in the Region

Population | %-share in Latin America

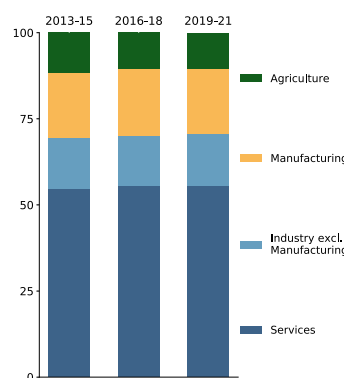


GDP | %-share in Latin America

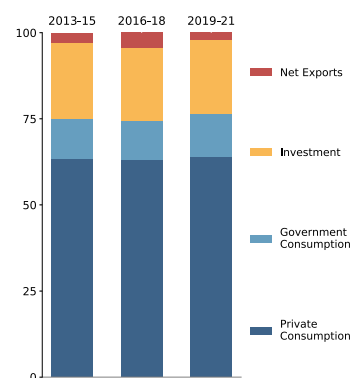


Economic Structure

GDP by Sector | share in %

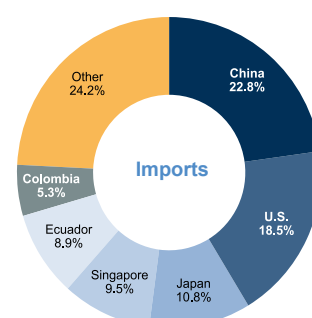
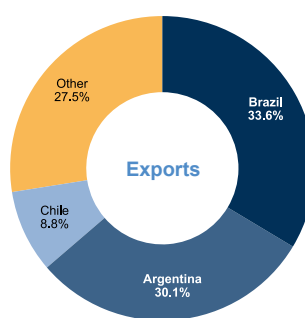


GDP by Expenditure | share in %

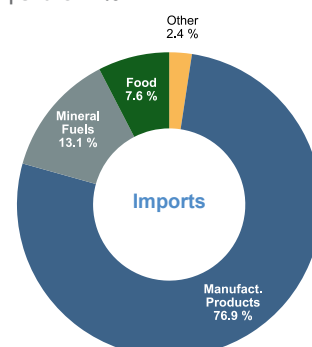
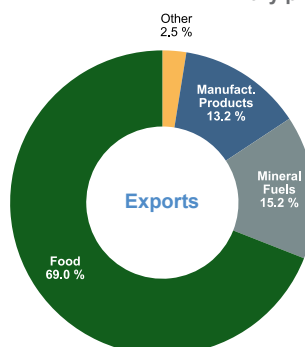


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

Date	Country	Event
13 February	Uruguay	December Industrial Production
14 February	Colombia	December Manufacturing Production
15 February	Argentina	January Consumer Prices
	Colombia	Q4 2022 National Accounts
	Colombia	December Economic Activity
	Ecuador	December Economic Activity
	Uruguay	Central Bank Meeting
16 February	Brazil	December Economic Activity
17 February	Peru	Q4 2022 National Accounts
	Peru	December Economic Activity
22 February	Argentina	January Merchandise Trade
23 February	Argentina	December Economic Activity
24 February	Brazil	January Balance of Payments
25 February	Brazil	February Consumer Confidence (E)
26 February	Brazil	February Business Confidence (E)
27 February	Mexico	January Merchandise Trade
1 March	Brazil	February S&P Global Manufacturing PMI
	Chile	January Economic Activity
	Chile	February Business Confidence (E)
	Colombia	February Davivienda Manufacturing PMI
	Mexico	February IMEF PMI
2 March	Brazil	Q4 2022 National Accounts
3 March	Peru	February Consumer Prices
	Uruguay	February Consumer Prices
4 March	Colombia	February Consumer Prices
5 March	Colombia	January Merchandise Trade (E)
6 March	Ecuador	February Consumer Prices
7 March	Colombia	February Consumer Confidence
	Mexico	February Consumer Confidence
8 March	Chile	February Consumer Prices
9 March	Argentina	January Industrial Production
	Mexico	February Consumer Prices
10 March	Brazil	February Consumer Prices
	Peru	Central Bank Meeting
	Peru	February 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, 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

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