

LATINFOCUS CONSENSUS FORECAST

Paraguay • July 2023

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Paraguay



Outlook stable

- Annual economic growth accelerated markedly to 5.2% in Q1 from 1.7% in Q4 2022. The improvement was broad-based: Private consumption and exports growth accelerated, while public spending rebounded and fixed investment contracted at a softer rate. In Q2, available data suggests that the economy retained its momentum. In April, economic activity growth came in around Q1's level, as agriculture, manufacturing and services remained supportive. Additionally, merchandise exports expanded at a sharper rate in April–May relative to Q1's average, while inflation declined throughout the quarter. In politics, president-elect Peña recently announced several cabinet appointments. Peña's picks showcase his commitment to orthodox economic policies but have the potential to cause intra-party rifts, which could jeopardize the stability of the government. Mr. Peña is set to take office on 15 August.
- The economy is seen among the fastest-growing in the region in 2023. Lower inflation should enhance investment activity and private spending. Key factors to watch include regional economic and political stability and the evolution of the El Niño weather phenomenon, which is likely to benefit Paraguayan crops. FocusEconomics panelists see GDP expanding 4.2% in 2023, which is unchanged from one month ago, and expanding 3.8% in 2024.
- Inflation decreased to 4.2% in June from May's 5.1%, edging closer to the Central Bank's 4.0% target. Softer price pressures for transportation, and food and non-alcoholic beverages spearheaded the decline. Meanwhile, on 23 June, the Central Bank maintained its key rate at 8.50%. This year, inflation is seen averaging above current levels. FocusEconomics panelists see consumer prices rising 5.2% on average in 2023, which is down by 0.2 percentage points from one month ago, and rising 3.9% on average in 2024.

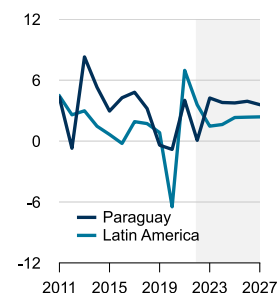
LONG-TERM TRENDS | 3-year averages

	2019-21	2022-24	2025-27
Population (million):	7.3	7.6	7.9
GDP (USD bn):	37.7	44.4	53.1
GDP per capita (USD):	5,195	5,877	6,747
GDP growth (%):	0.9	2.7	3.8
Fiscal Balance (% of GDP):	-4.2	-2.4	-1.5
Public Debt (% of GDP):	33.4	41.7	-
Inflation (%):	3.1	6.3	3.9
Current Account (% of GDP):	0.2	-2.9	-1.1
External Debt (% of GDP):	50.9	-	-

Adrià Solanes

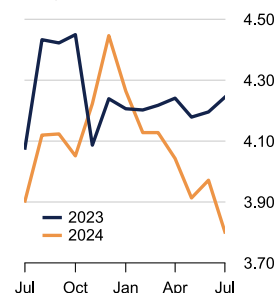
Economist

Economic Growth



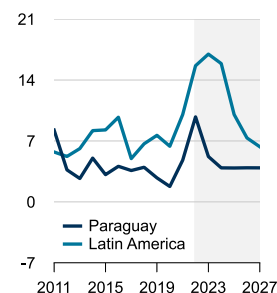
GDP, annual variation in %. Source: Banco Central del Paraguay (BCP).

Change in GDP forecasts



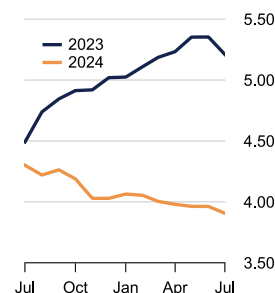
GDP, evolution of 2023 and 2024 forecasts during the last 12 months.

Inflation



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

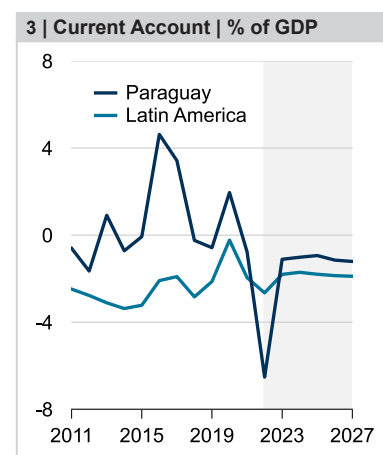
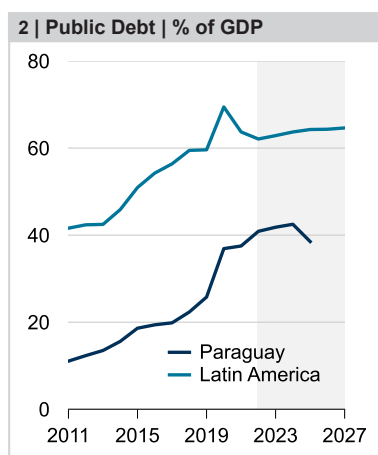
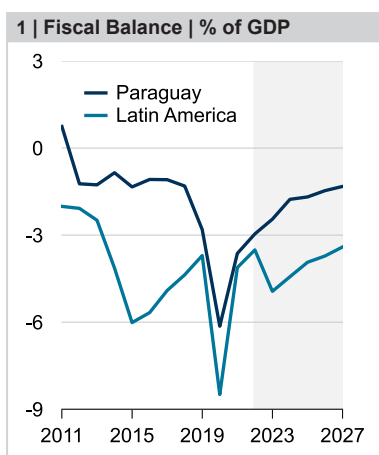
Change in inflation forecasts



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)	5,690	5,297	4,872	5,414	5,579	5,862	6,192	6,442	6,745	7,054
GDP (USD bn)	40.1	37.9	35.3	39.8	41.6	44.3	47.4	50.0	53.0	56.2
GDP (PYG bn)	230,576	236,681	239,915	270,634	291,336	324,927	348,223	373,094	402,738	432,327
Economic Growth (Nominal GDP, ann. var. %)	5.2	2.6	1.4	12.8	7.6	11.5	7.2	7.1	7.9	7.3
Economic Growth (GDP, ann. var. %)	3.2	-0.4	-0.8	4.0	0.1	4.2	3.8	3.8	3.9	3.6
Domestic Demand (ann. var. %)	6.4	0.2	-2.8	10.1	2.5	2.5	3.9	3.8	3.9	3.5
Private Consumption (ann. var. %)	4.3	1.8	-3.6	6.1	2.2	2.5	3.3	3.5	3.9	3.4
Government Consumption (ann. var. %)	3.0	4.7	5.1	2.6	-5.7	3.8	1.6	3.1	4.1	3.4
Fixed Investment (ann. var. %)	6.9	-6.1	5.3	18.2	-2.3	4.4	8.1	6.5	4.9	3.5
Exports (G&S, ann. var. %)	-0.4	-3.4	-9.0	2.1	-1.6	7.6	4.9	4.6	4.2	3.9
Imports (G&S, ann. var. %)	8.2	-2.0	-15.2	21.8	5.6	4.8	4.1	4.1	3.7	3.6
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	-2.4	-1.8	-1.7	-1.5	-1.3
Public Debt (% of GDP)	22.3	25.8	36.9	37.5	40.9	41.8	42.5	38.5	-	-
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	4.8	3.7	3.8	3.9	3.8
Inflation (CPI, ann. var. %, aop)	4.0	2.8	1.8	4.8	9.8	5.2	3.9	3.9	3.9	3.9
Policy Interest Rate (% eop)	5.25	4.00	0.75	5.25	8.50	7.20	5.55	5.17	5.17	5.17
Exchange Rate (PYG per USD, eop)	5,960	6,464	6,897	6,906	7,366	7,308	7,383	7,547	7,641	7,746
Exchange Rate (PYG per USD, aop)	5,746	6,246	6,789	6,798	7,006	7,337	7,346	7,465	7,594	7,693
External Sector										
Current Account Balance (% of GDP)	-0.2	-0.6	2.0	-0.8	-6.5	-1.1	-1.0	-0.9	-1.1	-1.2
Current Account Balance (USD bn)	-0.1	-0.2	0.7	-0.3	-2.7	-0.5	-0.5	-0.5	-0.6	-0.7
Merchandise Trade Balance (USD bn)	0.6	0.2	1.2	0.6	-1.9	0.2	-0.1	0.1	0.0	0.0
Merchandise Exports (USD bn)	13.2	12.1	11.0	13.2	12.8	14.9	15.7	15.8	16.4	17.3
Merchandise Imports (USD bn)	12.6	11.9	9.7	12.6	14.7	14.7	15.7	15.8	16.4	17.3
Merchandise Exports (ann. var. %)	1.5	-8.1	-9.6	20.7	-3.1	16.0	5.4	1.0	3.6	5.4
Merchandise Imports (ann. var. %)	11.6	-5.5	-18.3	29.4	16.9	-0.1	7.1	0.2	3.7	5.7
Foreign Direct Investment (USD bn)	0.2	0.3	0.1	0.2	0.5	-	-	-	-	-
International Reserves (USD bn)	8.0	7.7	9.5	9.9	9.8	10.0	10.8	-	-	-
International Reserves (months of imports)	7.6	7.7	11.7	9.5	8.0	8.2	8.2	-	-	-
External Debt (USD bn)	15.8	16.4	19.8	21.4	-	-	-	-	-	-
External Debt (% of GDP)	39.4	43.2	55.9	53.6	-	-	-	-	-	-



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 and BCP.

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

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

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:	30 April 2023
Next elections:	2028
Central Bank President:	José Cantero Sienra
*Santiago Peña is president-elect and will take office on 15 August.	

Long-term Foreign Currency Ratings

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

Strengths

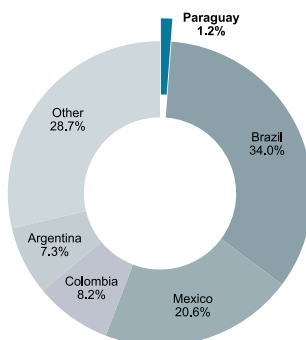
- Favorable conditions for agriculture
- Commitment to structural reforms
- Stable source of income from hydroelectric dams

Weaknesses

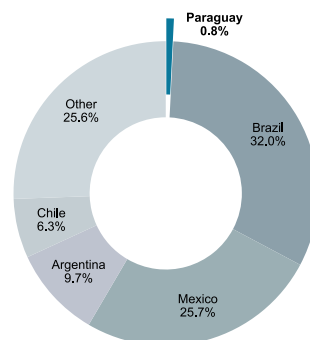
- Vulnerability to commodity price swings
- Dependence on neighboring economies

Paraguay in the Region

Population | %-share in Latin America

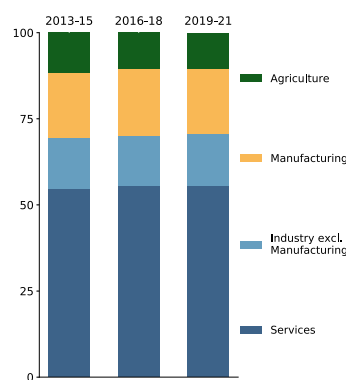


GDP | %-share in Latin America

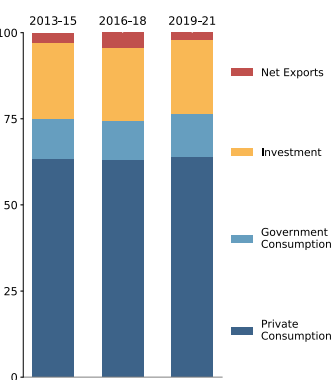


Economic Structure

GDP by Sector | share in %

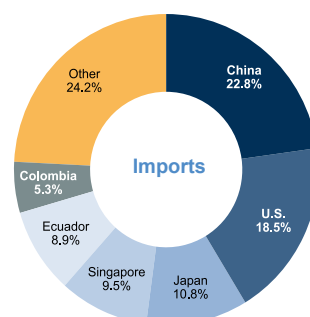
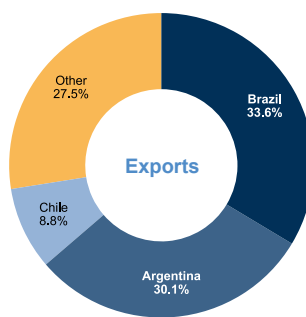


GDP by Expenditure | share in %

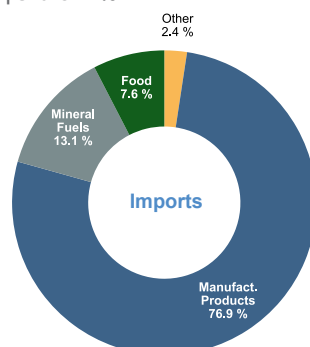
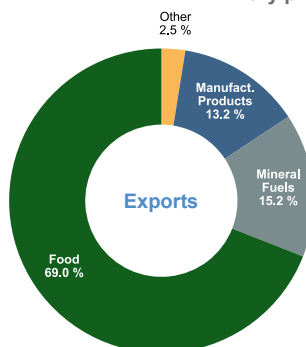


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

Date	Country	Event
11 July	Brazil	June Consumer Prices
12 July	Uruguay	May Industrial Production
14 July	Argentina	June Consumer Prices
	Peru	June Merchandise Trade
17 July	Brazil	May Economic Activity
	Ecuador	May Economic Activity
18 July	Colombia	May Economic Activity
20 July	Argentina	July Consumer Confidence (E)
	Argentina	May Economic Activity
	Argentina	June Merchandise Trade
21 July	Peru	May Economic Activity
25 July	Mexico	May Economic Activity
27 July	Brazil	June Balance of Payments
	Mexico	June Merchandise Trade
28 July	Brazil	July Economic Sentiment (E)
	Colombia	Central Bank Meeting
31 July	Mexico	Q2 2023 National Accounts (P)
1 August	Brazil	July S&P Global Manufacturing PMI
	Chile	June Economic Activity
	Chile	July Business Confidence (E)
	Colombia	July Davivienda Manufacturing PMI
	Mexico	July IMEF PMI
2 August	Brazil	Central Bank Meeting
3 August	Brazil	July S&P Global Services PMI
	Uruguay	July Consumer Prices
4 August	Ecuador	July Consumer Prices
	Peru	July Consumer Prices
5 August	Colombia	July Consumer Prices
	Colombia	July Merchandise Trade (E)

(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

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