

LATINFOCUS CONSENSUS FORECAST

Paraguay • June 2023

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Paraguay



Outlook stable

- Available data for Q1 suggests that the economy gathered steam. Growth in the economic activity index accelerated noticeably in Q1 compared with Q4, thanks to higher output in the agriculture and services sectors. In addition, external sector data hints that domestic and foreign demand strengthened; both merchandise imports and exports rebounded in the period. Shifting to Q2, an upbeat economic activity reading in April indicates that momentum remained healthy. Improved weather conditions boosted agricultural and energy exports in April, while lower inflation in April–May relative to Q1’s average likely buttressed private spending. In politics, after Peña’s victory in the presidential election on 30 April, protests erupted amid claims that the result was fraudulent. While international election observers found no irregularities, the protests point to governability risks.
- The economy is seen expanding at a brisker pace this year, thanks to a favorable base, as well as lower inflation and interest rates. A stronger harvest amid more favorable weather conditions will provide further impetus. Key factors to watch include regional economic and political stability and extreme weather events. FocusEconomics panelists see GDP expanding 4.2% in 2023, which is unchanged from one month ago, and expanding 4.0% in 2024.
- Inflation ticked down to 5.1% in May from 5.3% in April. The decline was driven by softer price pressures for transportation and accommodation. Meanwhile, on 23 May, the Central Bank maintained its key rate at 8.50%. Inflation is forecast to average around its current level this year, slightly above the Bank’s 4.0% target. FocusEconomics panelists see consumer prices rising 5.4% on average in 2023, which is unchanged from one month ago, and rising 4.0% on average in 2024.

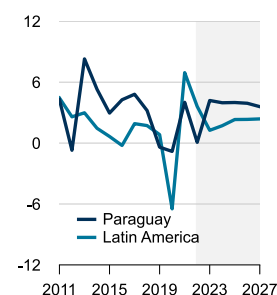
LONG-TERM TRENDS | 3-year averages

	2019-21	2022-24	2025-27
Population (million):	7.3	7.6	7.9
GDP (USD bn):	37.7	44.5	53.1
GDP per capita (USD):	5,195	5,892	6,745
GDP growth (%):	0.9	2.7	3.8
Fiscal Balance (% of GDP):	-4.2	-2.4	-1.5
Public Debt (% of GDP):	33.4	40.6	-
Inflation (%):	3.1	6.4	3.9
Current Account (% of GDP):	0.2	-2.9	-1.1
External Debt (% of GDP):	49.8	-	-

Adrià Solanes

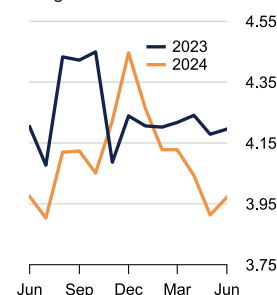
Economist

Economic Growth



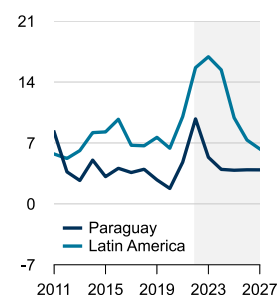
GDP, annual variation in %. Source: Banco Central del Paraguay (BCP).

Change in GDP forecasts



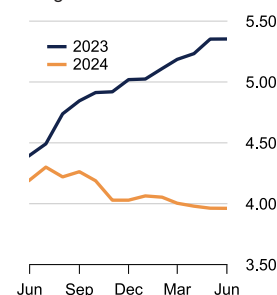
GDP, evolution of 2023 and 2024 forecasts during the last 12 months.

Inflation



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

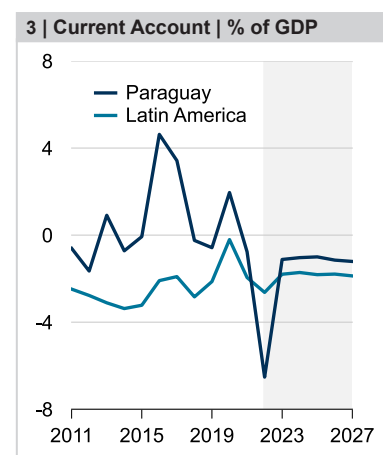
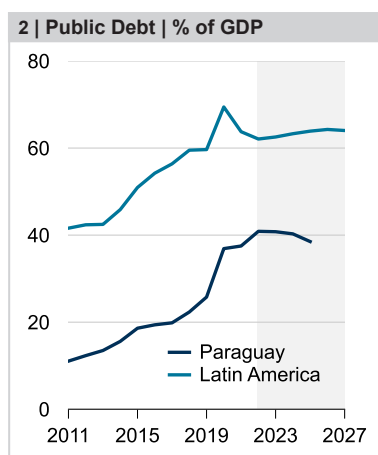
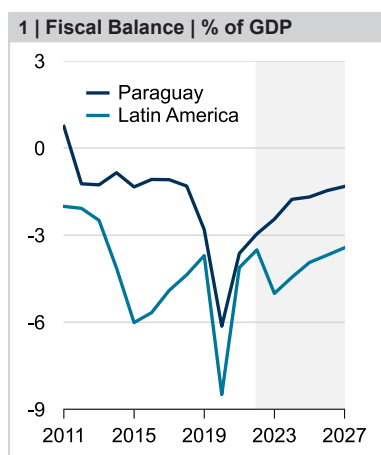
Change in inflation forecasts



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	5,298	4,873	5,414	5,579	5,883	6,213	6,427	6,749	7,059
GDP (USD bn)	40.1	37.9	35.3	39.8	41.6	44.4	47.6	49.9	53.1	56.2
GDP (PYG bn)	230,576	236,681	239,915	270,634	291,336	326,501	350,565	372,547	402,524	432,589
Economic Growth (Nominal GDP, ann. var. %)	5.2	2.6	1.4	12.8	7.6	12.1	7.4	6.3	8.0	7.5
Economic Growth (GDP, ann. var. %)	3.2	-0.4	-0.8	4.0	0.1	4.2	4.0	4.0	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	2.6	3.3	3.5	4.0	3.5
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	40.8	40.3	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	4.7	3.7	3.8	3.9	3.8
Inflation (CPI, ann. var. %, aop)	4.0	2.8	1.8	4.8	9.8	5.4	4.0	3.9	3.9	3.9
Policy Interest Rate (% eop)	5.25	4.00	0.75	5.25	8.50	7.10	5.55	5.17	5.17	5.17
Exchange Rate (PYG per USD, eop)	5,960	6,464	6,897	6,906	7,366	7,327	7,412	7,530	7,641	7,746
Exchange Rate (PYG per USD, aop)	5,746	6,246	6,788	6,798	7,005	7,347	7,370	7,471	7,586	7,693
External Sector										
Current Account Balance (% of GDP)	-0.2	-0.6	2.0	-0.8	-6.5	-1.1	-1.0	-1.0	-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	0.1	-0.1	-0.1	0.0	0.0
Merchandise Exports (USD bn)	13.2	12.1	11.0	13.2	12.8	14.7	15.5	15.4	16.4	17.3
Merchandise Imports (USD bn)	12.6	11.9	9.7	12.6	14.7	14.7	15.6	15.5	16.4	17.3
Merchandise Exports (ann. var. %)	1.5	-8.1	-9.6	20.7	-3.1	15.0	5.2	-0.8	6.5	5.4
Merchandise Imports (ann. var. %)	11.6	-5.5	-18.3	29.4	16.9	-0.4	6.7	-1.1	5.8	5.7
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	10.0	10.8	-	-	-
International Reserves (months of imports)	7.6	7.7	11.7	9.5	8.0	8.2	8.3	-	-	-
External Debt (USD bn)	16.4	16.7	19.4	20.1	-	-	-	-	-	-
External Debt (% of GDP)	40.8	44.1	54.9	50.4	-	-	-	-	-	-



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

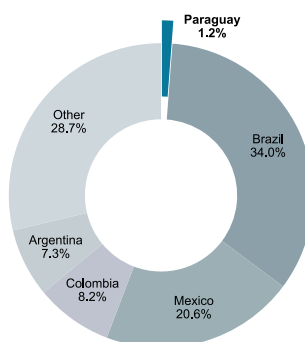
- Favorable conditions for agriculture
- Commitment to structural reforms
- Stable source of income from hydroelectric dams

Weaknesses

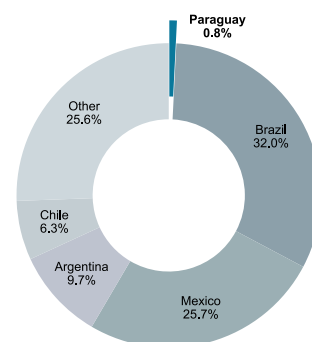
- Vulnerability to commodity price swings
- Dependence on neighboring economies

Paraguay in the Region

Population | %-share in Latin America

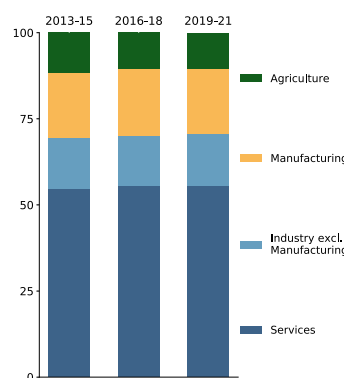


GDP | %-share in Latin America

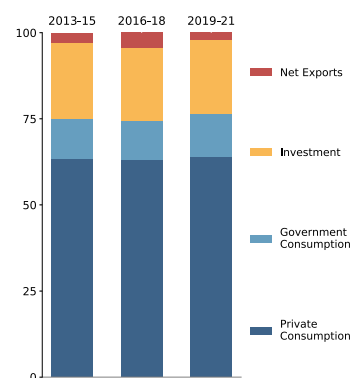


Economic Structure

GDP by Sector | share in %

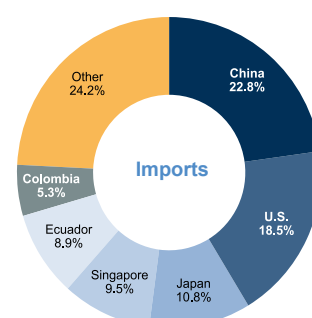
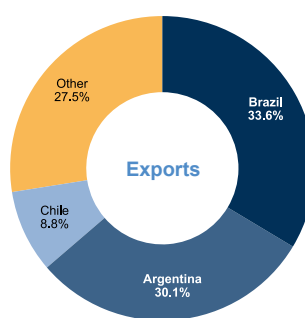


GDP by Expenditure | share in %

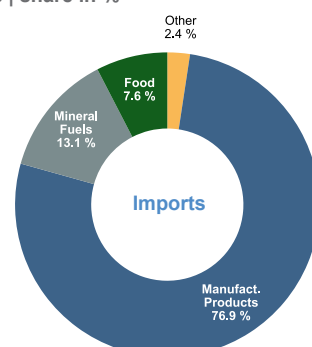
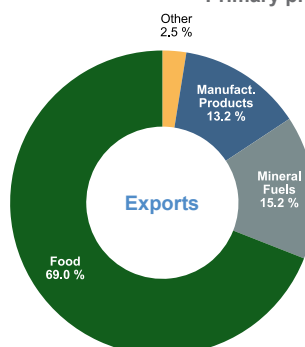


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

Date	Country	Event
12 June	Uruguay	April Industrial Production
14 June	Argentina	May Consumer Prices
15 June	Ecuador	April Economic Activity
16 June	Brazil	April Economic Activity
	Peru	April Economic Activity
19 June	Chile	Central Bank Meeting
20 June	Argentina	June Consumer Confidence (E)
	Colombia	April Economic Activity
21 June	Brazil	Central Bank Meeting
	Mexico	Q1 2023 National Accounts (by expenditure)
22 June	Argentina	Q1 2023 National Accounts
	Mexico	Central Bank Meeting
23 June	Uruguay	Q1 2023 National Accounts
25 June	Brazil	June Economic Sentiment (E)
26 June	Brazil	May Balance of Payments
	Mexico	April Economic Activity
27 June	Mexico	May Merchandise Trade
28 June	Argentina	May Merchandise Trade
30 June	Argentina	April Economic Activity
	Colombia	Central Bank Meeting
	Ecuador	Q1 2023 National Accounts
1 July	Chile	June Business Confidence (E)
3 July	Brazil	June S&P Global Manufacturing PMI
	Chile	May Economic Activity
	Mexico	June IMEF PMI
4 July	Colombia	June Davivienda Manufacturing PMI
5 July	Brazil	June S&P Global Services PMI
	Colombia	June Consumer Prices
	Colombia	June Merchandise Trade (E)
	Mexico	June Consumer Confidence
	Uruguay	June Consumer Prices
6 July	Ecuador	June Consumer Prices
	Uruguay	Central Bank Meeting
7 July	Argentina	May Industrial Production
	Chile	June Consumer Prices
	Colombia	June Consumer Confidence
	Mexico	June Consumer Prices
	Peru	Central Bank Meeting
	Peru	June Consumer Prices

(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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