

LATINFOCUS CONSENSUS FORECAST

Paraguay • May 2023

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Paraguay



Outlook stable

- After decelerating in Q4, the economy seemingly gathered steam in the first quarter of the year. Growth in the economic activity index accelerated markedly in Q1 compared with Q4, thanks to higher outturns in the agriculture and services sectors. Additionally, external sector data points to stronger domestic and foreign demand; both merchandise imports and exports rebounded in the quarter. In politics, on 30 April, the ruling right-wing Partido Colorado—led by Santiago Peña—won the presidential election by a large margin. Accordingly, risks to political stability are limited. Under Peña, the country is set to maintain economic orthodoxy, a pro-business stance, prudent fiscal policies as well as its allegiance to Taiwan. The Peña administration will begin its five-year tenure on 15 August.
- Growth is seen accelerating this year on lower inflation and interest rates. A stronger harvest amid more favorable weather conditions will provide further impetus. That said, the global economic slowdown will constrain the external sector. 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 3.9% in 2024.
- Inflation declined to 5.3% in April (March: 6.4%). The fall was driven by softer price pressures for transportation, and housing and utilities. On the flip side, food inflation ticked up. Meanwhile, on 21 April, 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% in 2023, which is up by 0.2 percentage points from one month ago, and rising 4.0% in 2024.

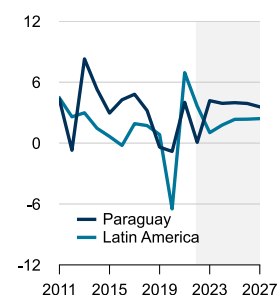
LONG-TERM TRENDS | 3-year averages

	2019-21	2022-24	2025-27
Population (million):	7.3	7.6	7.9
GDP (USD bn):	37.7	44.5	52.9
GDP per capita (USD):	5,195	5,885	6,722
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	39.3
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

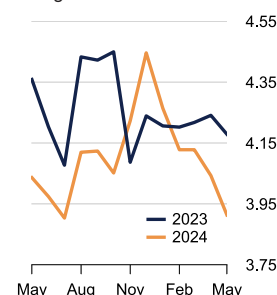
Economist

Economic Growth



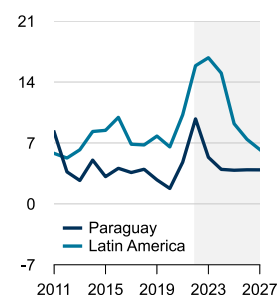
GDP, annual variation in %. Source: Banco Central del Paraguay (BCP).

Change in GDP forecasts



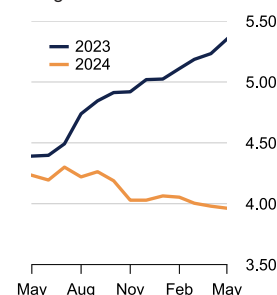
GDP, evolution of 2023 and 2024 forecasts during the last 12 months.

Inflation



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

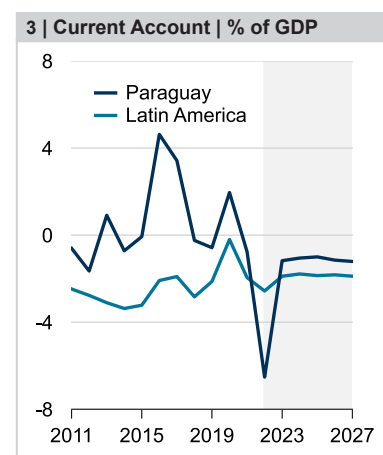
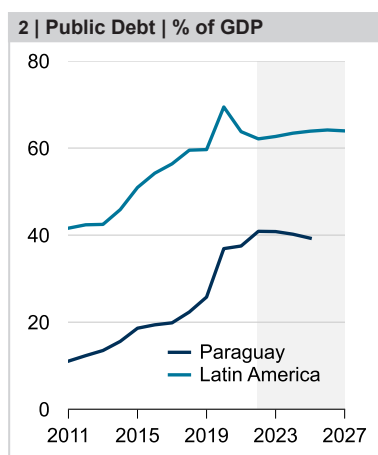
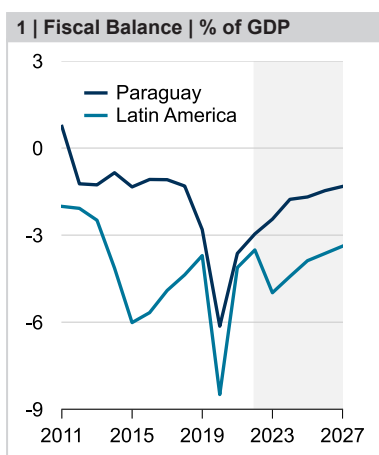
Change in inflation forecasts



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	5,874	6,201	6,407	6,727	7,032
GDP (USD bn)	40.1	37.9	35.3	39.8	41.6	44.4	47.5	49.7	52.9	56.0
GDP (PYG bn)	230,576	236,681	239,915	270,634	291,336	326,044	349,902	371,382	401,174	430,973
Economic Growth (Nominal GDP, ann. var. %)	5.2	2.6	1.4	12.8	7.6	11.9	7.3	6.1	8.0	7.4
Economic Growth (GDP, ann. var. %)	3.2	-0.4	-0.8	4.0	0.1	4.2	3.9	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	3.2	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	6.3	4.1	5.2	4.9	4.3
Imports (G&S, ann. var. %)	8.2	-2.0	-15.2	21.8	5.6	2.6	4.1	4.2	4.5	4.4
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	40.2	39.3	-	-
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	-1.2	-1.1	-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	14.6	15.4	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	-0.7	5.6	0.3	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	10.1	10.8	-	-	-
International Reserves (months of imports)	7.6	7.7	11.7	9.5	8.0	8.3	8.4	-	-	-
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.

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:	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

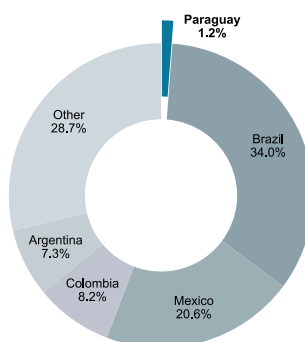
- Favorable conditions for agriculture
- Commitment to structural reforms
- Stable source of income from hydroelectric dams

Weaknesses

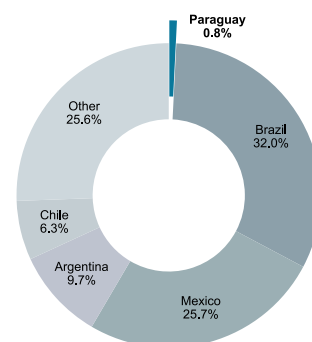
- Vulnerability to commodity price swings
- Dependence on neighboring economies

Paraguay in the Region

Population | %-share in Latin America

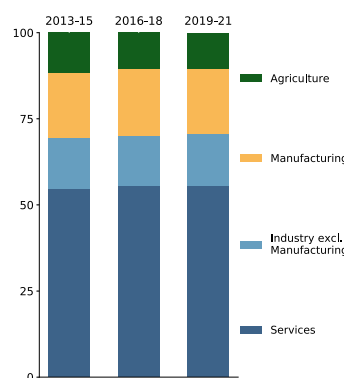


GDP | %-share in Latin America

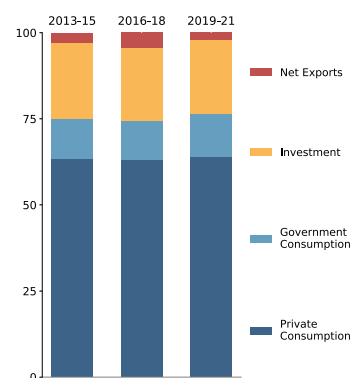


Economic Structure

GDP by Sector | share in %

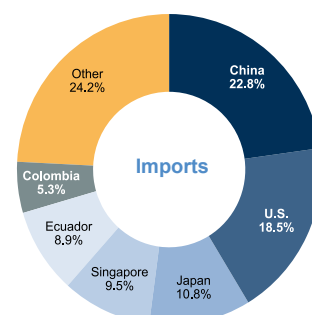
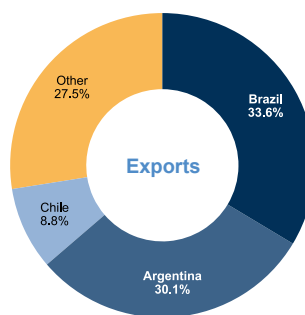


GDP by Expenditure | share in %

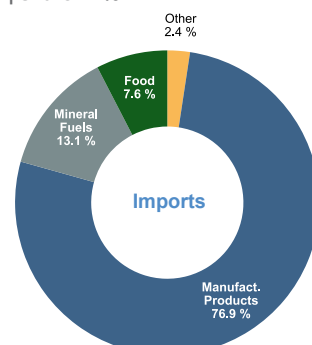
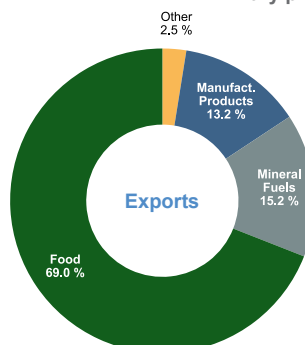


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

Date	Country	Event
15 May	Colombia	Q1 2023 National Accounts
	Colombia	March Economic Activity
16 May	Ecuador	March Economic Activity
	Uruguay	Central Bank Meeting
17 May	Peru	Q1 2023 National Accounts
18 May	Brazil	March Economic Activity
	Chile	Q1 2023 National Accounts
	Mexico	Central Bank Meeting
19 May	Argentina	March Economic Activity
	Argentina	April Merchandise Trade
	Peru	March Economic Activity
20 May	Argentina	May Consumer Confidence (E)
25 May	Mexico	April Merchandise Trade
26 May	Brazil	May Economic Sentiment (E)
29 May	Brazil	April Balance of Payments
1 June	Brazil	May S&P Global Manufacturing PMI
	Brazil	Q1 2023 National Accounts
	Chile	May Business Confidence (E)
	Chile	April Economic Activity
	Colombia	May Davivienda Manufacturing PMI
	Mexico	May IMEF PMI
	Peru	May Consumer Prices
2 June	Brazil	May S&P Global Services PMI
	Colombia	May Consumer Prices
	Colombia	May Merchandise Trade (E)
	Mexico	May Consumer Confidence
	Uruguay	May Consumer Prices
6 June	Ecuador	May Consumer Prices
7 June	Brazil	May Consumer Prices
	Colombia	May Consumer Confidence
8 June	Chile	May Consumer Prices
	Mexico	May Consumer Prices
9 June	Argentina	April Industrial Production
	Peru	Central Bank Meeting
	Peru	May 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, 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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