

LATINFOCUS CONSENSUSFORECAST

Paraguay • September 2023

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Paraguay



Outlook stable

- Last year, GDP stagnated, making the country Latin America's worst-performing economy. In Q1 of this year, year-on-year GDP growth sped up sharply to 5.2% thanks to stronger exports plus private and government spending and a softer decline in fixed investment. In Q2, GDP growth likely remained robust, with economic activity expanding at a faster year-on-year pace than in the prior quarter. Output in agriculture, electricity, manufacturing and services supported activity in the quarter, according to the statistics office. In other news, Santiago Peña took office as prime minister on 15 August. He will face a host of challenges ahead: Rising crime, juggling ties with both China and Taiwan, a U.S. probe into his political mentor and the risk to agricultural output posed by the El Niño weather pattern.
- Paraguay will be among LATAM's fastest-growing economies this year, but this will be largely due to the low base of comparison created by last year's stagnation. That said, underlying activity should be aided by lower inflation and better weather after last year's drought. El Niño is a key risk—agriculture would be boosted by moderate rainfall but hurt by heavy rainfall. FocusEconomics panelists see GDP expanding 4.3% in 2023, which is unchanged from one month ago, and expanding 3.9% in 2024.
- Inflation slowed for the seventh consecutive month to 2.9% in August (July: 3.5%), below the Central Bank's 4.0% target. Average inflation should remain roughly stable for the rest of the year before rising in 2024. Declining inflation led the Central Bank to cut its policy rate for the first time in more than three years on 23 August—by 25 basis points to 8.25%. FocusEconomics panelists see consumer prices rising 5.0% on average in 2023, which is down by 0.2 percentage points from one month ago, and rising 3.7% on average in 2024.

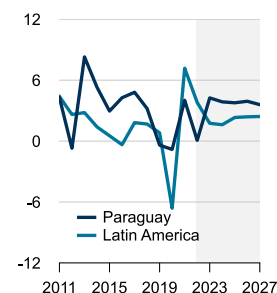
LONG-TERM TRENDS | 3-year averages

	2019-21	2022-24	2025-27
Population (million):	7.3	7.6	7.9
GDP (USD bn):	37.7	44.3	52.9
GDP per capita (USD):	5,195	5,855	6,721
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	6.2	3.8
Current Account (% of GDP):	0.2	-2.9	-1.2
External Debt (% of GDP):	50.9	-	-

Matthew Cunningham

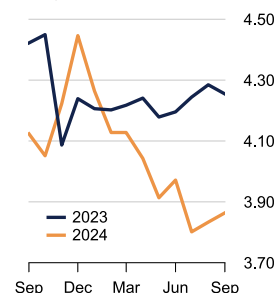
Economist

Economic Growth



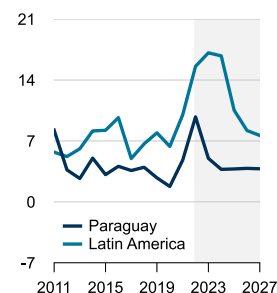
GDP, annual variation in %. Source: Banco Central del Paraguay (BCP).

Change in GDP forecasts



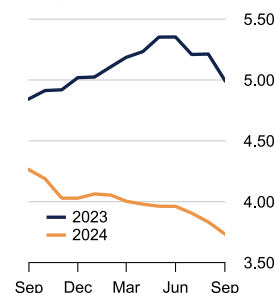
GDP, evolution of 2023 and 2024 forecasts during the last 12 months.

Inflation



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

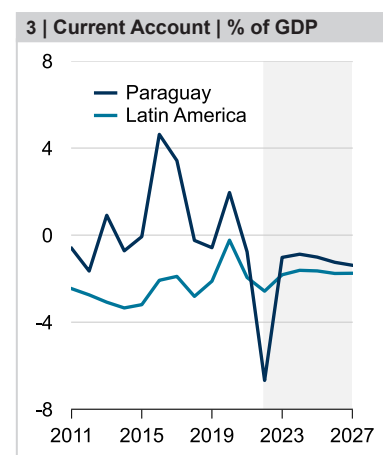
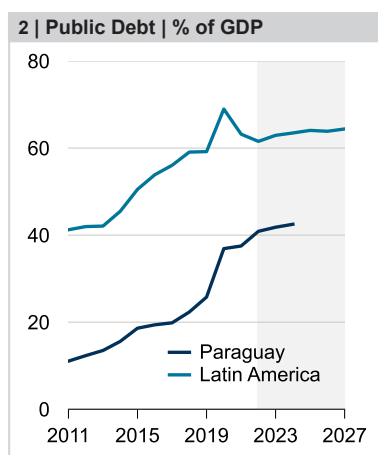
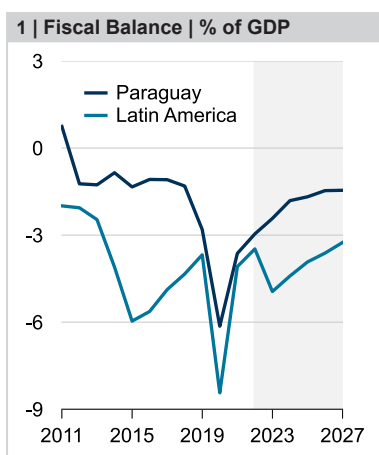
Change in inflation forecasts



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	5,831	6,156	6,419	6,720	7,023
GDP (USD bn)	40.1	37.9	35.3	39.8	41.6	44.1	47.1	49.8	52.8	55.9
GDP (PYG bn)	230,576	236,681	239,915	270,634	291,336	323,430	346,229	371,129	399,684	428,199
Economic Growth (Nominal GDP, ann. var. %)	5.2	2.6	1.4	12.8	7.6	11.0	7.0	7.2	7.7	7.1
Economic Growth (GDP, ann. var. %)	3.2	-0.4	-0.8	4.0	0.1	4.3	3.9	3.8	3.9	3.6
Domestic Demand (ann. var. %)	6.4	0.2	-2.8	10.1	2.5	0.5	4.4	3.8	3.9	3.5
Private Consumption (ann. var. %)	4.3	1.8	-3.6	6.1	2.2	2.5	3.2	3.5	4.0	3.5
Government Consumption (ann. var. %)	3.0	4.7	5.1	2.6	-5.7	4.3	2.7	3.5	4.1	3.4
Fixed Investment (ann. var. %)	6.9	-6.1	5.3	18.2	-2.3	0.5	6.4	6.3	4.9	3.6
Exports (G&S, ann. var. %)	-0.4	-3.4	-9.0	2.1	-1.6	9.3	4.4	3.6	-	-
Imports (G&S, ann. var. %)	8.2	-2.0	-15.2	21.8	5.6	4.1	4.1	3.1	-	-
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	-1.5
Public Debt (% of GDP)	22.3	25.8	36.9	37.5	40.9	41.8	42.5	-	-	-
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	4.3	3.6	3.7	3.8	3.7
Inflation (CPI, ann. var. %, aop)	4.0	2.8	1.8	4.8	9.8	5.0	3.7	3.8	3.9	3.8
Policy Interest Rate (% eop)	5.25	4.00	0.75	5.25	8.50	6.90	5.30	5.17	5.17	5.17
Exchange Rate (PYG per USD, eop)	5,960	6,464	6,897	6,906	7,366	7,317	7,376	7,528	7,601	7,707
Exchange Rate (PYG per USD, aop)	5,746	6,246	6,789	6,798	7,006	7,342	7,347	7,452	7,565	7,654
External Sector										
Current Account Balance (% of GDP)	-0.2	-0.6	2.0	-0.8	-6.7	-1.0	-0.9	-1.0	-1.2	-1.4
Current Account Balance (USD bn)	-0.1	-0.2	0.7	-0.3	-2.8	-0.5	-0.4	-0.5	-0.7	-0.8
Merchandise Trade Balance (USD bn)	0.6	0.2	1.2	0.6	-1.9	0.1	0.1	0.1	0.1	0.0
Merchandise Exports (USD bn)	13.2	12.1	11.0	13.2	12.8	14.6	15.4	15.8	16.4	17.3
Merchandise Imports (USD bn)	12.6	11.9	9.7	12.6	14.7	14.5	15.4	15.6	16.3	17.3
Merchandise Exports (ann. var. %)	1.5	-8.1	-9.6	20.7	-3.1	13.9	5.6	2.3	3.7	5.7
Merchandise Imports (ann. var. %)	11.6	-5.5	-18.3	29.4	17.1	-1.7	6.0	1.8	3.9	6.2
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	9.9	10.6	-	-	-
International Reserves (months of imports)	7.6	7.7	11.7	9.5	8.0	8.2	8.3	-	-	-
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 the Central Bank of Paraguay (BCP, *Banco Central del Paraguay*), the International Monetary Fund (IMF) and Ministry of the Treasury (MH, *Ministerio de Hacienda*). See below for details. 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:	Santiago Peña
Last elections:	30 April 2023
Next elections:	2028
Central Bank President:	José Cantero Sienra

Long-term Foreign Currency Ratings

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

Strengths

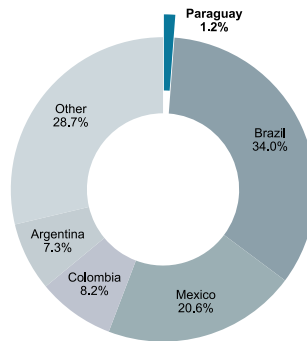
- Favorable conditions for agriculture
- Commitment to structural reforms
- Stable source of income from hydroelectric dams

Weaknesses

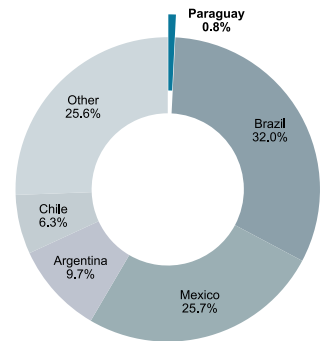
- Vulnerability to commodity price swings
- Dependence on neighboring economies

Paraguay in the Region

Population | %-share in Latin America

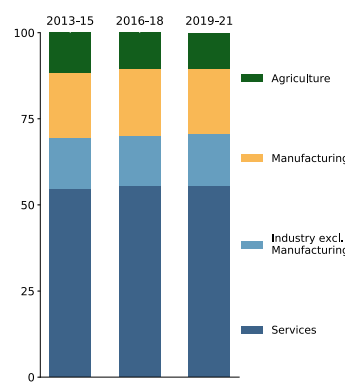


GDP | %-share in Latin America

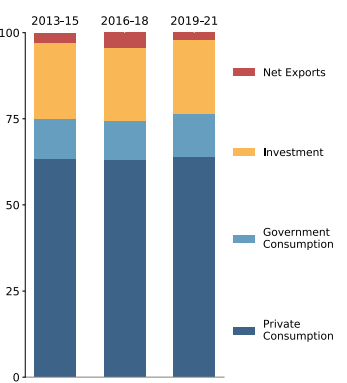


Economic Structure

GDP by Sector | share in %

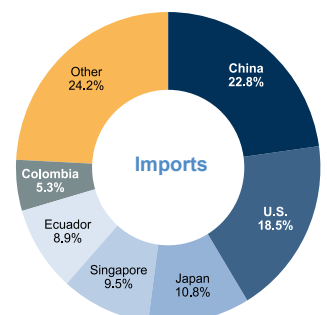


GDP by Expenditure | share in %

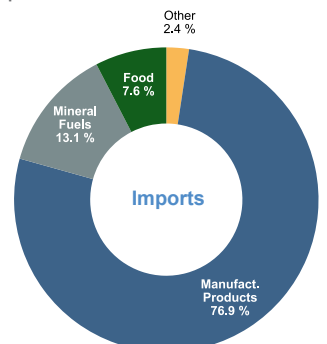
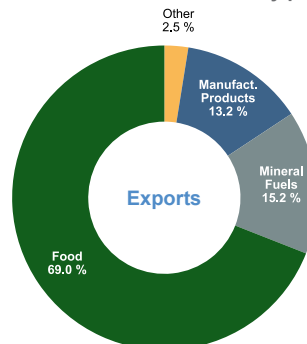


Trade Structure

Primary markets | share in %



Primary products | share in %



Economic Release Calendar

Date	Country	Event
8 September	Chile	August Consumer Prices
	Peru	August Merchandise Trade
11 September	Uruguay	July Industrial Production
12 September	Brazil	August Consumer Prices
	Peru	Central Bank Meeting
14 September	Argentina	August Consumer Prices
	Uruguay	Q2 2023 National Accounts
15 September	Ecuador	July Economic Activity
	Peru	July Economic Activity
18 September	Brazil	July Economic Activity
	Colombia	July Economic Activity
	Mexico	Q2 2023 National Accounts (by expenditure)
20 September	Argentina	September Consumer Confidence (E)
	Argentina	Q2 2023 National Accounts
	Brazil	Central Bank Meeting
21 September	Argentina	August Merchandise Trade
22 September	Mexico	July Economic Activity
25 September	Brazil	August Balance of Payments
26 September	Argentina	July Economic Activity
27 September	Mexico	August Merchandise Trade
28 September	Brazil	September Economic Sentiment (E)
	Mexico	Central Bank Meeting
29 September	Colombia	Central Bank Meeting
	Ecuador	Q2 2023 National Accounts
1 October	Chile	September Business Confidence (E)
2 October	Brazil	September S&P Global Manufacturing PMI
	Chile	August Economic Activity
	Colombia	September Davivienda Manufacturing PMI
	Mexico	September IMEF PMI
4 October	Brazil	September S&P Global Services PMI
5 October	Colombia	September Consumer Prices
	Colombia	September Merchandise Trade (E)
	Ecuador	September Consumer Prices
	Mexico	September Consumer Confidence
	Uruguay	Central Bank Meeting
6 October	Uruguay	September Consumer Prices
	Argentina	August Industrial Production
	Chile	September Consumer Prices
	Peru	Central Bank Meeting
	Peru	September Consumer Prices
7 October	Colombia	September Consumer Confidence

(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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