

MACROECONOMIC OUTLOOK OF PARAGUAY 2024



MINISTRY OF ECONOMY AND FINANCE

Vice-ministry of Economy and Planning
General Directorate of Debt Policy
Investor Relations Office.





January

Macroeconomic Outlook of Paraguay

World Economic Scenario.

According to the report on World Economic Perspectives of the World Bank, a 2.4% growth has been estimated by 2.4%, being this the third consecutive year of deceleration. “Projections show that monetary policies, restrictive credit conditions, the low trade level and the world investments have an impact on growth”. Among the main risks, we may emphasize: the recent conflict in the Middle East, financial strains, inflation persistence, world trade fragmentation and disasters related to the weather.

Table 1: World Growth, annual variation

	2022	2023e	2024f
World	3.0	2.6	2.4
Advanced Economies	2.5	1.5	1.2
United States	1.9	2.5	1.6
Eurozone	3.4	0.4	0.7
(MEED)	3.7	4	3.9
China	3	5.2	4.5
Latin America and the Caribbean (ALC)	3.9	2.2	2.3
Brazil	2.9	3.1	1.5
Argentina	5	-2.5	2.7

Source: World Bank.



World Economic Outlook

Regional Economic Scenario.

A 1.2% growth is foreseen for advanced economies in 2024, in line with the USA growth. A slight growth increase is foreseen for the Eurozone as the lower inflation fosters real salaries.

Growth in Emerging and Developing Economies (EMEDs) is expected to reach 3.9% between 2024 and 2025. For China, a growth deceleration is estimated. Excluding China, EMEDs growth is projected by 3.5% this year and a 3.8% increase in 2025. This reflects a trade recovery and an improvement of the domestic demand in various sizeable economies, as inflation keeps on decelerating.

ALC Economic Overview.

Latin America and the Caribbean have experienced a significant economic deceleration, having a 2.2% growth in 2023. This deceleration has taken place within a high inflation context, as well as restrictive monetary conditions, a world trade weakness and adverse weather phenomena. The region economy overview foresees a 2.3% growth for 2024.



**Latin American and Caribbean
highlights -- Spanish**

Macroeconomic Overview in Paraguay.

The growth overview for the domestic economy has been placed among the most positive of the region for 2024.

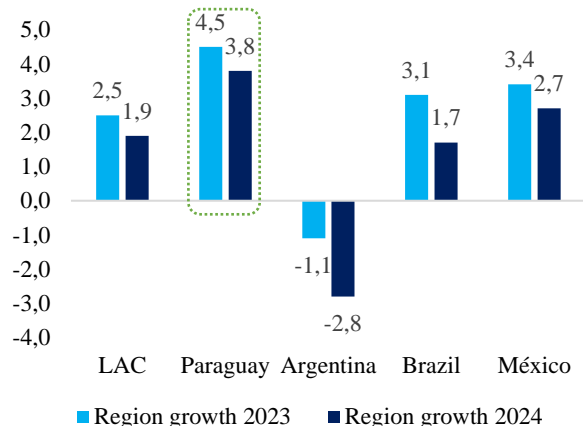
According to projections of the Central Bank of Paraguay (BCP), the growth expectation of Paraguay is 3.8% for 2024, due to the expansion of the three economic sectors. This keeps on being one of the most positive expectations among the region countries.



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Chart 1: Growth in the region, percentage variation. 2023-2024.



Source: SITUFIN - Ministry of Economy and Finance

Concerning the **primary sector**, a 4.2% perspective is foreseen, especially explained by the positive expectations as to the weather, which would favor the agricultural production. On the other hand, a 1.6% growth is expected for livestock, in line with improvement projections in this sector, after the United States' market opening, as well as the recent uncertainty reduction as to the overseas demand.

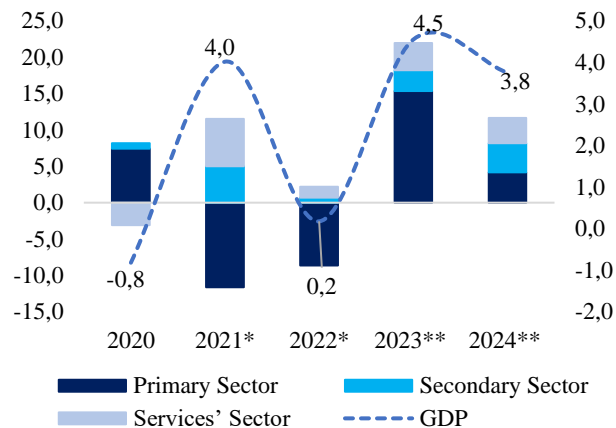
Concerning the **secondary sector**, a 4.7% construction recovery is expected, mainly fostered by the private sector. The positive expected performance in construction and the primary sector, would also contribute in the manufacturing industry with an expected growth of 3.6%. Likewise, good expectations concerning the weather with the Niño phenomenon in the hydrological flow of the Parana River, foresee a good performance as to energy production.

For the **tertiary sector or services**, a 3.5% growth is expected, mainly explained by the positive dynamics of trade.

Concerning the expense, a domestic demand increase is projected, and supported by the private consumption growth of 3.6% and a 5.0% increase of gross fixed capital formation; on the

other hand, exports and imports have increased by 3.0% and 2.8% respectively.

Chart 2: Growth by economic sectors. 2020-2024.



Source: Statistic Schedule of the Central Bank of Paraguay.



Central Bank of Paraguay

Public Debt

Debt levels and structures of the Total Public Sector.

The Law 1535/2000 on the "Financial Administration of the State", in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

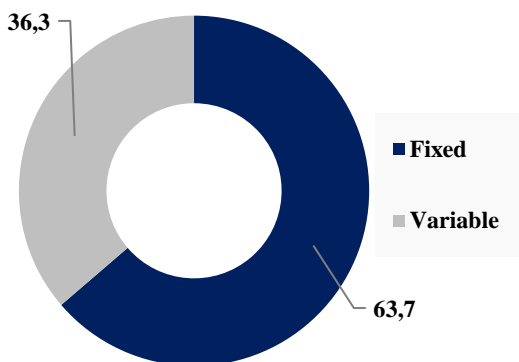
As of January, a debt level of the Total Public Sector has been registered by 36.4% of the GDP, which is considered sustainable for the country's public finances and is one of the lowest debt levels in the region.



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According the **debt classification of the total public sector debt, per kind of rate as of January, 2024**, it has been observed that 63.7% is at a fixed rate and 36.3% at a variable rate.

Figure 1: Total Public Debt Balance per rate of interest.

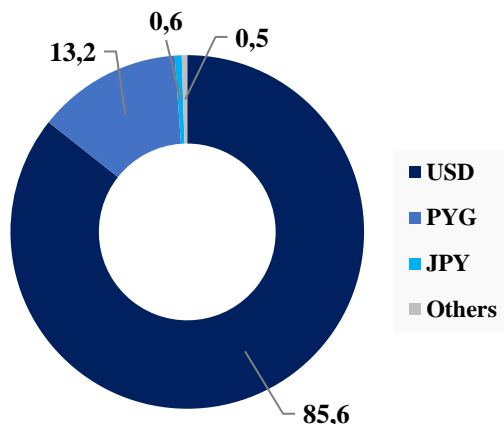


Source: Vice-ministry of Economy and Planning.

On the other hand, the public debt structure per currency as of January, keeps a greater proportion in USD (85.6%) together with PYG (13.2%), JPY (0.6%) and other currencies in (0.5%).

It is worth pointing out that, the greatest debt proportion in Dollars does not represent a risk for the country, because Paraguay perceives income in Dollars as annual royalties for usage of the hydraulic potential of the Parana River for the electric energy production, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage.



Source: Vice-ministry of Economy and Planning.



According to the Debt Maturity average.

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*).

Central Administration			
Years	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP

Source: Vice-ministry of Economy and Planning



Fiscal policy

Financial Situation as of January 2024

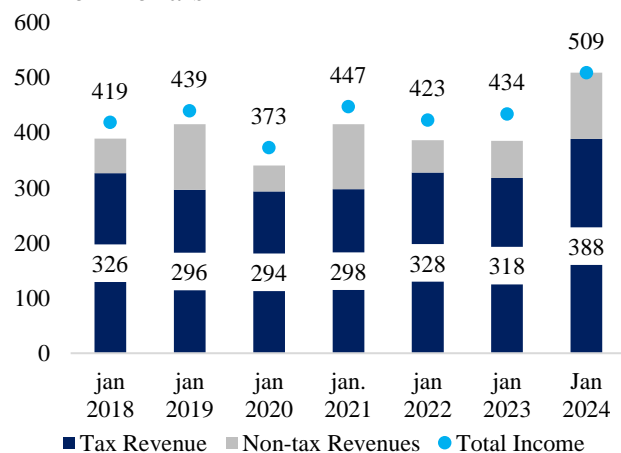
The annualized deficit was 3.46% of the GDP, showing a relative improvement concerning the closing of the fiscal year of 2023, having a deficit of 4.13%, as a consequence of a lower dynamics in the execution of expenses and in the investment registered as of the first month of 2024.

Income

As of 2024, total income registered an increase of 20.3%.

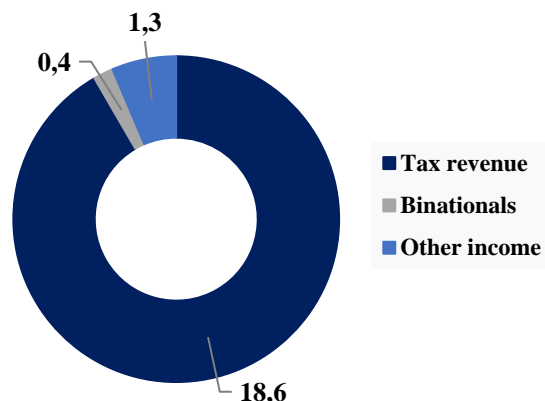
Total income as of the first year of the year, have reached USD 509 million, mainly explained by the good dynamics of tax revenues, being the tax collection emphasized by domestic and foreign taxes, represented by an 18.6% participation within the total income variation.

Chart 3: Income accrued as of January 2024, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage.



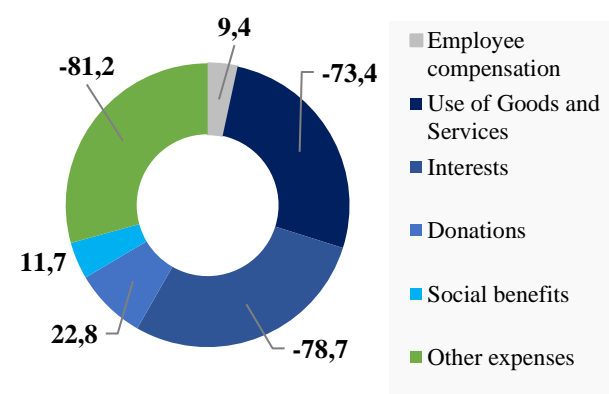
Source: SITUFIN– Ministry of Economy and Finance.

Public Expenditure

The total expense presented a 9.6% reduction as of the first month of the year.

As of January 2024, the total expense presented an inter-annual variation downwards of 9.6% due to a reduction as Payment of Interests and Use of Goods and Services.

Figure 4: Variation Arrangement of accrued expenses in percentage.



Source: SITUFIN– Ministry of Economy and Finance.

Public investment

National System of Public Investment SNIP.

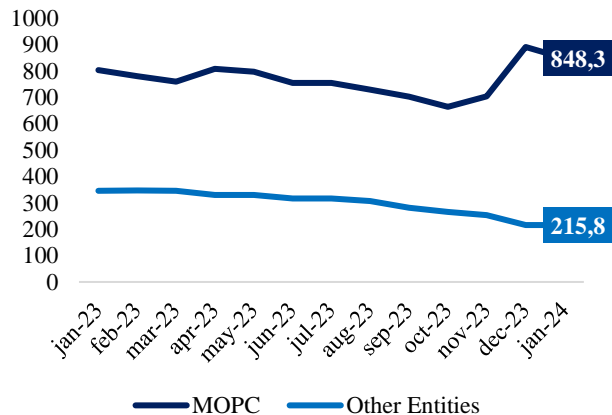
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of January, 2024.

Concerning the public investment as of the first month of the year, a level has been presented that is kept in line with the fiscal convergence path.

This consists of: USD 848.3 million, representing 1.87% of the GDP corresponding to the Ministry of Public Works and Communications; and; by USD 215.8 million, corresponding to other entities, equivalent to 0.47% of the GDP.

Chart 4: Accrued Investment, in million Dollars

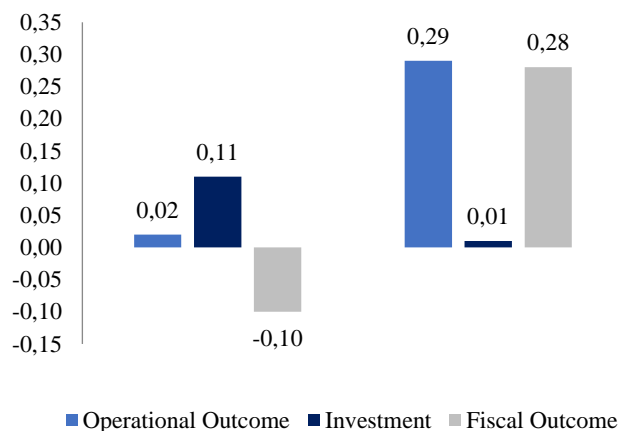


Source: SITUFIN – Ministry of Economy and Finance.

Fiscal indicators in GDP percentage, January 2024.

January has closed with an accrued fiscal outcome of USD 128.8 million representing 0.28% of the GDP. Likewise, it registered a positive operational outcome of USD 133.8 million that is equivalent to 0.29% of the GDP.

Chart 5: Fiscal Indicators in GDP percentage



Source: SITUFIN - Ministry of Economy and Finance.



Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

Inflation

International Context

Concerning the **United States** in inter-annual terms, the Consumer Price Index (CPI) presented a 3.1% increase; likewise, the monthly inflation measured by the CPI and the PPI stood at 0.3% as of January.

In the **Eurozone**, the inter-annual inflation has been 2.8% pursuant to what has been expected; however, lower than 2.9% of the previous month.

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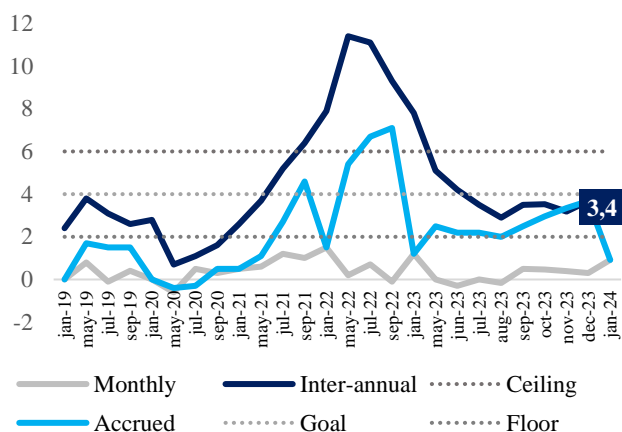
The core inflation has also decelerated being from 3.4% to 3.3% in January.

Domestic Context

In Paraguay, the inflation goal, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which allows that the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

As of January 2024, the inflation inter-annual variation has been 3.4%, whereas the accrued variation as of the first month of the year presents a 0.9% figure.

Chart 6: Inflation as of January 2024, in percentage.



Source: Central Bank of Paraguay

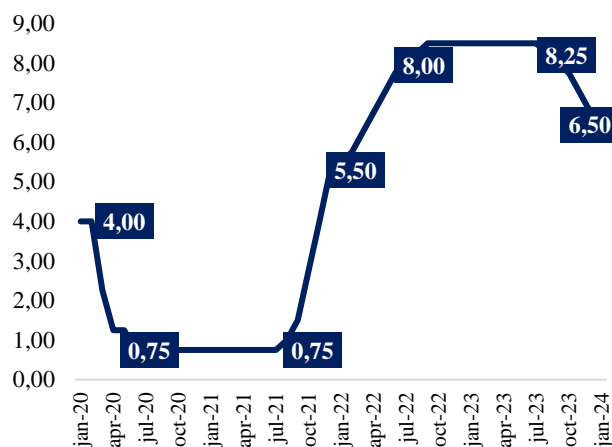
Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

Monetary Policy Rate (TPM) as of January 2024

The Monetary Policy Committee (CPM) has decided to reduce the Monetary Policy Rate (TPM) from 6.75% to 6.50%. Concerning this TPM, the Committee points out that, according to the last decisions, it is close to the neutral range.

Chart 7: Monetary Policy Rate (2020-2024)



Source: Central Bank of Paraguay



CPM's Minutes of Meetings

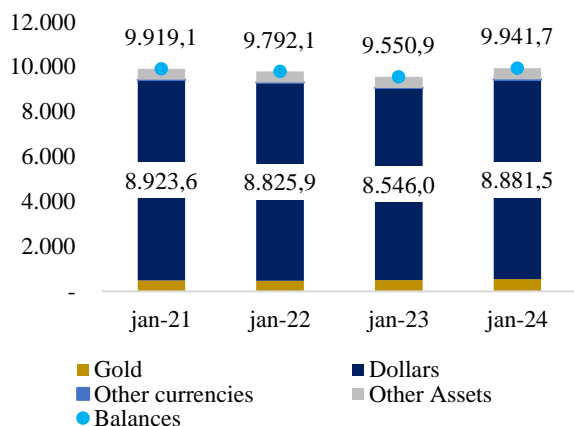
Net International Reserves

The Net International Reserves stock as of January 2024, has achieved a USD 9,941.71 million balance, consisting of USD 541.06 million corresponding to Gold; USD 8,881.53 million Dollars; USD 20.84 million in other currencies and USD 498.28 concerning other assets.



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Chart 8: RIN composition, in USD million



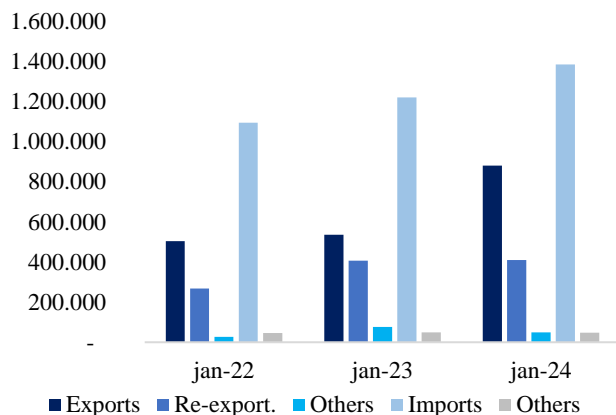
Source: Central Bank of Paraguay.

Balance of Trade

In January 2024, foreign trade figures (Exports plus Imports) represented USD 2,770,239 million.

Total exports as of January 2024, were USD 1,339,073 million. On the other hand, total imports as of January 2024, have been USD 1,431,166 million; finally, the balance of trade has been USD 92,093 million, in favor of imports.

Chart 9: Balance of Trade, in thousands of Dollars.



Source: Central Bank of Paraguay.

Credit Perspective of Paraguay

Sovereign rating history

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving the stable perspective to positive with Moody's Investors Service (Moody's) in 2022. In view of context, it is worth pointing out that **Fitch Ratings considering its review in November 2023 increased the Country Ceiling of Paraguay to BBB- (investment grade) from BB+.**

Table 3: Sovereign Risk Ratings 2024.

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB	Stable	29-mar-2023
Moody's	Ba1	Positive	05-dec-2023
Fitch	BB+	Stable	01-nov-2023

Source: Vice-ministry of Economy and Planning.



Country Ceiling

The Country Ceiling increase implies that in Paraguay, private issuers may go to the international market and fulfill their respective obligations. This occurs because risks in exchange rate controls are mitigated with sound external liquidity, a floating exchange rate, sound policies and macroeconomic institutions and efforts to diversify the economy and attract Foreign Direct Investment.

On **December 5, 2023**, **Moody's** in its rating review report confirms Paraguay's rating at Ba1 with a positive outlook. The rating agency highlights aspects that influence the country's credit strength, among them the low burden of public debt supported by the history of

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compliance with goals established in the Fiscal Responsibility Law, it also highlights that Paraguay registers greater growth of the GDP in relation to its peers with the same rating, with a growing potential for economic growth and diversification of the economy.

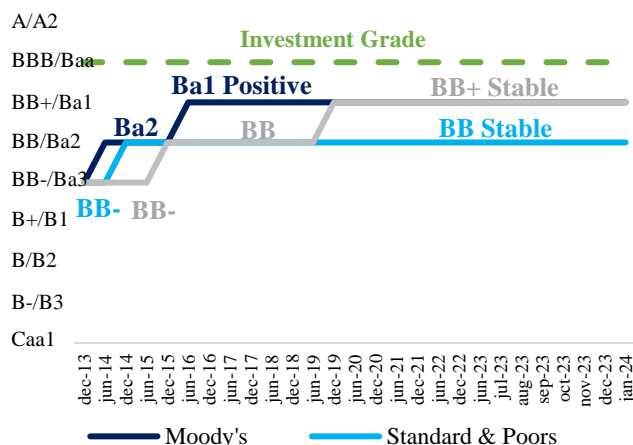
In addition, they highlight that tax administration and the boost in revenue collection have been improved in recent years and reforms have been proposed to the pension system and the Government's commitment to public investment in order to improve the country's road infrastructure.

The rating agency mentions that the positive outlook reflects a history of solid growth and prudent fiscal policy, reflected in the low debt burden comparable to Baa-rated sovereigns. In addition, it is worth mentioning that this implies progress towards the Investment Grade of the country's Sovereign Rating.

Likewise, in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had variations in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

Currently, Paraguay is at one step of the investment grade with Moody's and Fitch and at two steps with S&P.

Chart 10: Sovereign Risk Rating of Paraguay
Period 2013 – 2024



Source: Vice-Ministry of Economy and Planning.



Annual Reports on Risk Rating




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Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7,252.7	7,353.0	7,453.7	7,554.8	7,656.2
GDP (USD million)	36,145.8	40,284.1	42,093.1	43,389.2	45,536.9
GDP per capita (USD)	4,983.8	5,478.6	5,647.3	5,743.3	5,947.7
GDP (annual variation in %)	-0.8	4.0	0.2	4.5	3.8
Total Consumption (annual variation in %)	-2.2	5.5	1.6	3.6	3.0
Capital Investment (annual variation in %)	5.3	18.2	-1.8	-3.0	5.0
Unemployed Rate (open unemployment)	7.9	6.8	5.7	6.5	nd
Economy Structure					
In view of Supply					
(percentage change)					
Primary Sector	-3.1	7.4	-11.6	-8.6	15.3
Agriculture	-4.4	9.0	-18.2	-12.5	22.5
Livestock	1.2	4.4	6.2	-0.3	0.0
Others	-1.1	0.9	6.8	-0.7	7.3
Secondary Sector	-3.0	0.7	5.0	0.7	2.9
Industry	-1.1	-1.3	6.9	-0.1	2.3
Construction	2.5	10.5	12.8	-3.2	-5.7
Binationals	-11.5	-2.3	-7.6	7.8	13.8
Tertiary Sector	2.4	-3.1	6.5	1.5	3.8
General Government	4.3	6.4	-3.4	-0.7	4.5
Trade	-1.2	-8.1	14.3	3.4	5.2
Communications	4.6	6.1	4.5	-2.4	0.0
Other Services	3.0	-5.7	7.7	2.1	3.5
Taxes	-2.7	-5.1	9.0	1.1	4.0
In view of Demand					
(Thousands of USD)					
Total Investment	5,737.84	6,912.80	6,390.53	6,117.22	6,469.13
Total Consumption	22,548.42	24,240.20	23,181.73	23,711.20	24,603.67
Exports	9,844.63	10,236.77	9,536.16	12,335.46	12,796.61
Imports	8,630.26	10,710.55	11,037.34	12,231.79	12,664.43
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6,944.0	6,815.5	7,238.7	7,335.2	7,283.0
Inflation (CPI, annual variation in %, Average, last 12 months)	2.8	2.6	7.9	7.8	3.4
Inter-banking rate of interest (% , fdp)	3.86	0.55	5.15	8.42	6.56
Monetary Aggregates (annual variation of M2 in %)	6.9	20.7	6.3	2.1	10.4
Dollarization Ratio (% of banking deposits in ME)	43.7	42.9	44.8	44.7	-
Banking sector credits granted to the private sector (% of GDP)	8.1	11.9	12.7	8.5	-
Real Salary (annual variation, %)	1.1	5.5	6.9	6.5	-

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External Sector					
(Thousands of USD)					
Exports	898,350.4	770,734.4	797,709.1	1,017,577.6	1,339,072.7
Inter-annual variation in %	-7.8	-14.2	3.5	27.6	31.6
Imports	1,050,337.4	804,339.0	1,141,360.7	1,268,807.4	1,431,165.9
Inter-annual variation in %	8.6	-23.4	41.9	11.2	12.8
Trade Balance	-151,987.1	-33,604.6	-343,651.7	-251,229.8	-92,093.2
% of GDP	-0.4	-0.1	-0.8	-0.6	-0.2
(Million of USD)					
Current Account	669.2	-347.4	-2,993.1	266.6	-
% of GDP	1.9	-0.9	-7.1	0.6	-
Capital and Financial Account	283.8	-299.5	-2,691.2	47.9	-
% of GDP	0.8	-0.7	-6.4	0.1	-
Direct Foreign Investment	7,909.4	8,345.1	8,664.9	8,975.1	-
% of GDP	21.9	20.7	20.6	20.7	-
International Reserves	8,068.5	9,919.1	9,792.1	9,550.9	9,941.7
% of GDP	22.3	24.6	23.3	22.0	21.8
Public Sector					
(% of GDP)					
Income	13.5	13.7	14.0	13.9	1.1
Which: Taxation Income represents	9.5	9.8	10.2	10.1	0.9
Expenses	19.7	17.3	17.0	18.0	0.8
Which: Payment of interests represents	1.1	1.1	1.2	1.7	0.0
Primary Outcome	-5.1	-2.5	-1.8	-2.5	0.3
Fiscal Outcome	-6.1	-3.6	-2.9	-4.1	0.3
Total Debt of the Public Sector	33.8	33.8	35.8	38.2	36.4
Deuda Externa Pública	29.0	29.3	31.7	32.9	31.5
% of the Total Public Debt	85.9	86.7	88.5	87.9	86.6
Domestic Public Debt	4.8	4.5	4.1	4.5	4.9
% of the Total Public Debt	14.1	13.3	11.5	12.1	13.4
Service of the Domestic Public Debt	1.6	1.6	1.8	3.0	0.0

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References:

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of March 12, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of January 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M12: December); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of January 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to January of the mentioned year. (2024, M1).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of January 2024 (Jan 2024/Jan, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of January 2024, concerning the same period of the year 2023.

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February

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World Economic Scenario

World growth projections for 2024 are at 3.1% and for 2025 at 3.2% according to the “World Economic Outlook Update” of the International Monetary Fund (IMF). This result is attributed to China’s fiscal stimulus, as well as greater resilience in the United States, including emerging markets and developing economies.

Regional Economic Scenario

For advanced economies, a downward adjustment in growth is expected, going from 1.6% in 2023 to 1.5% in 2024, with a recovery of 1.8 in 2025. In the United States, growth would decline from 2.5% in 2023 to 2.1% in 2024. On the other hand, in the Eurozone, affected by the conflicts in Ukraine, a recovery is expected from 0.5% in 2023 to 0.9% in 2024.

China’s growth is adjusted by 0.4 percentage points for 2024 with respect to the October 2023 WEO report, thus remaining at 4.6% for 2024 and 4.1% for 2025.



World Economic Outlook (IMF)

Table 1: Overview of World Economic Outlook projections

	2023	2024*	2025**
World	3,1	3,1	3,2
Advanced Economies	1,6	1,5	1,8
United States	2,5	2,1	1,7
Eurozone	0,5	0,9	1,7
MEED	4,1	4,1	4,2
China	5,2	4,6	4,1
Latin America and the Caribbean	2,5	1,9	2,5
Brazil	3,1	1,7	1,9
México	3,4	2,7	1,5

Source: International Monetary Fund

ALC Economic Outlook

Regarding Latin America and the Caribbean, a decrease in growth is projected from 2.5% in 2023 to 1.9% in 2024. This forecast is affected by Argentina’s negative growth in its economic policy adjustments, mainly with regard to the reestablishment of its macroeconomic stability.

For Brazil and Mexico, improvements of 0.2 and 0.6 percentage points respectively are projected, motivated by a boost in domestic demand and higher-than-expected growth in the main trading partners.



World Economic Outlook

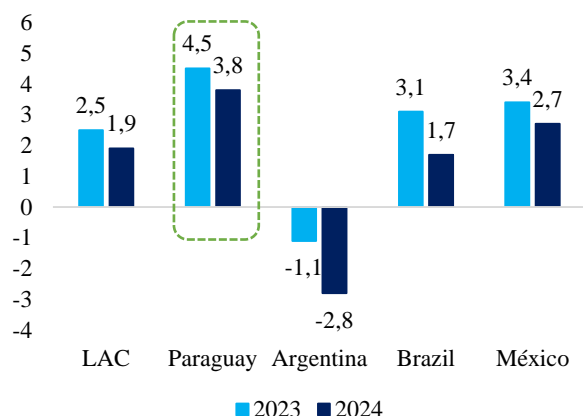


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Growth outlook in Paraguay

According to the GDP Growth Review prepared by the Central Bank of Paraguay (BCP), the growth projection for the year 2024 stood at 3.8% driven by the growth of the three sectors within the economy.

Chart 1: Growth in the region, percentage variation 2023-2024.



Source: SITUFIN – Ministry of Economy and Finance

Concerning the **primary sector**, a 4.2% perspective is foreseen, especially explained by the positive expectations as to the weather, which would favor the agricultural production. On the other hand, a 1.6% growth is expected for livestock, in line with improvement projections in this sector, after the United States' market opening, as well as the recent uncertainty reduction as to the overseas demand.

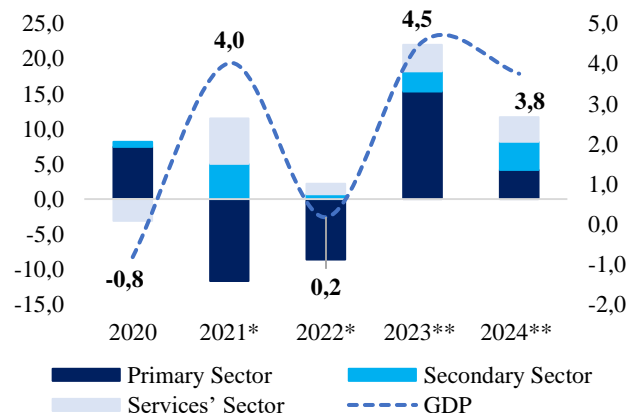
Concerning the **secondary sector**, a 4.7% construction recovery is expected, mainly fostered by the private sector. The positive expected performance in construction and the primary sector, would also contribute in the manufacturing industry with an expected growth of 3.6%. Likewise, good expectations concerning

the weather with the Niño phenomenon in the hydrological flow of the Parana River, foresee a good performance as to energy production.

For the tertiary **sector or services**, a 3.5% growth is expected, mainly explained by the positive dynamics of trade.

Concerning the expense, a domestic demand increase is projected and supported by the private consumption growth of 3.6%, a 5.0% increase of gross fixed capital formation; on the other hand, exports, and imports have increased by 3.0% and 2.8% respectively.

Chart 1: Growth by economic sectors. 2020-2024.



Source: Statistic Schedule of the Central Bank of Paraguay



Public Debt

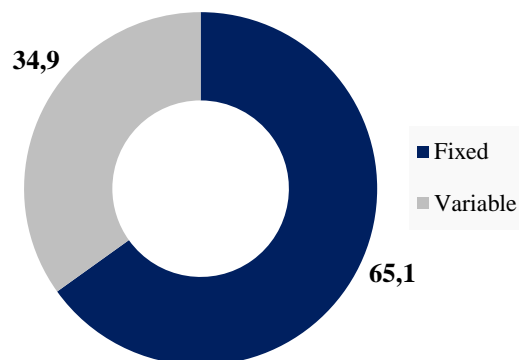
Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

As of February, a debt level of the Total Public Sector has been registered by 38.3% of the GDP, which is considered sustainable for the country's public finances and is one of the lowest debt levels in the region.

According the debt classification of the total public sector debt, per kind of rate as of February, 2024, it has been observed that 65.1% is at a fixed rate and 34.9% at a variable rate.

Figure 1: Total Public Debt Balance per rate of interest.

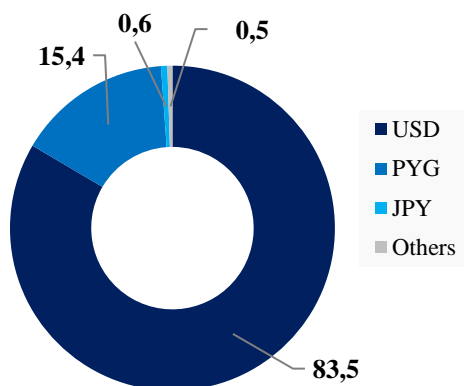


Source: Vice-ministry of Economy and Planning

On the other hand, the public debt structure per currency as of February, keeps a greater proportion in USD (83.5%) together with PYG (15.4%), JPY (0.6%) and other currencies in (0.5%).

It is worth pointing out that, the greatest debt proportion in Dollars does not represent a risk for the country, because Paraguay perceives income in Dollars as annual royalties for usage of the hydraulic potential of the Parana River for the electric energy production, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage.



Source: Vice-ministry of Economy and Planning



Debt statistics

According to the Debt Maturity average

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*)

Years	Central Administration		
	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



Strategic Guidelines

Fiscal policy

Financial Situation as of February 2024

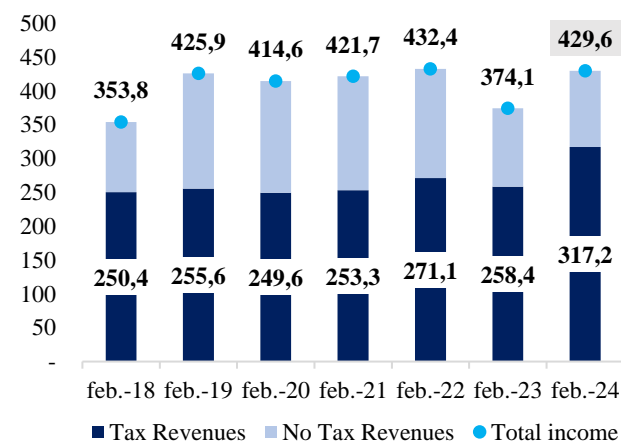
As of February, the accrued fiscal outcome was USD 17.6 million which represents 0.04% of the GDP. Likewise, a positive operational outcome of USD 38.7 million was registered, representing 0.08% of the GDP. In addition, the annualized deficit as of February was 3.34% of the GDP, showing a better outcome concerning the closing of 2023 of 4.1%.

Income

As of February 2024, total income increased by 17.1%.

Total income as of the second month of the year, have reached USD 429.6 million. The income increase is mainly due to the positive evolution of tax revenues were presented a nominal variation of 25.3%.

Chart 2: Income accrued as of February 2024, in million Dollars.

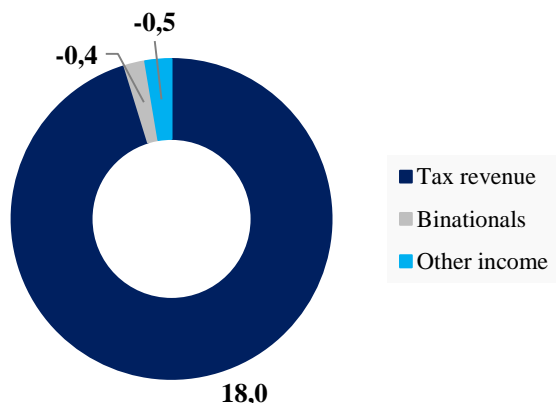


Source: SITUFIN – Ministry of Economy and Finance.



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Figure 3: Income components in percentage.



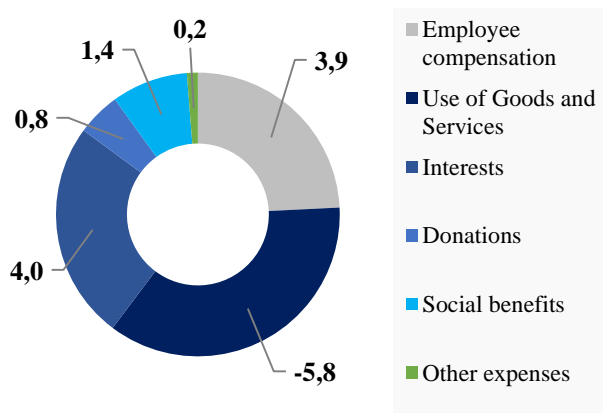
Source: SITUFIN – Ministry of Economy and Finance.

Public Expenditure

The total expense presented an accrued increase of 4.5%.

The outcome is mainly explained by the payment of interests and the increase in remunerations for the Ministry of Education and Culture (MEC), the Ministry of Public Health and Social Welfare (MSPBS) and the Law Enforcement Officers (FFPP). This increase was accompanied by a slowdown in primary current spending.

Figure 4: Variation Arrangement of accrued expenses in percentage.



Source: SITUFIN – Ministry of Economy and Finance.

Public Investment

National System of Public Investment SNIP.

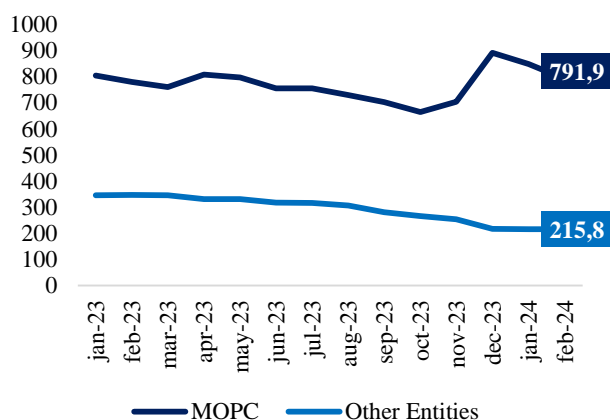
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of February, 2024

In the second month of the year, the level of public investment is in line with the path of fiscal convergence.

The investment as of February was: USD 1,007.2 million which consists of USD 791.9 million corresponding to the Ministry of Public Works and Communications and USD 215.3 million to other entities.

Chart 3: Accrued Investment, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finance.



Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

Inflation

International Context

In the **United States**, the monthly inflation rate as of February measured by the CPI was 0.4%, in line with expectations, but higher than what was observed in January, of 0.3%. Monthly inflation measured by the IPP was 0.6%, a result higher than the expected 0.3%.

In the **Eurozone**, inflation slowed down in February, although it was above the expected rate. The interannual inflation was 2.6% in February, slightly above the expected 2.5%, but lower than the month of January, which was 2.8% while core inflation slowed down from 3.3% to 3.1% in the same period.

Domestic Context

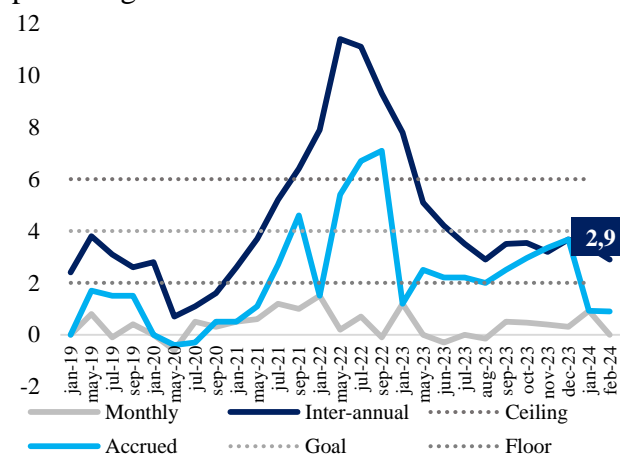
In Paraguay, the inflation goal, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which allows that the inflation fluctuate within the goal

range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

As of February 2024, the monthly inflation of the CPI was 0%, presenting price increases of services and a reversion of some volatile prices of the family shopping basket.

Interannual inflation stood at 2.9%, IPCSAE inflation was 0.4% monthly and 3.5% interannual.

Chart 4: Inflation as of February 2024, in percentage.



Source: Central Bank of Paraguay.

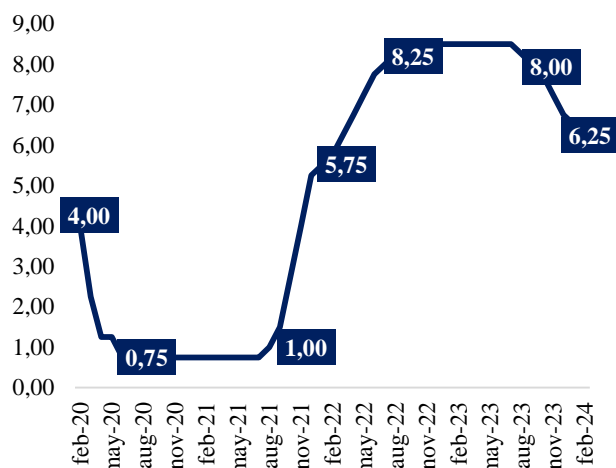
Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

Monetary Policy Rate (TPM) as of January 2024.

The Monetary Policy Committee (CPM) has decided to reduce the Monetary Policy Rate (TPM) by 25 percentage points from 6.50% to 6.25%.

Chart 5: Monetary Policy Rate (2020-2024)



Source: Central Bank of Paraguay.

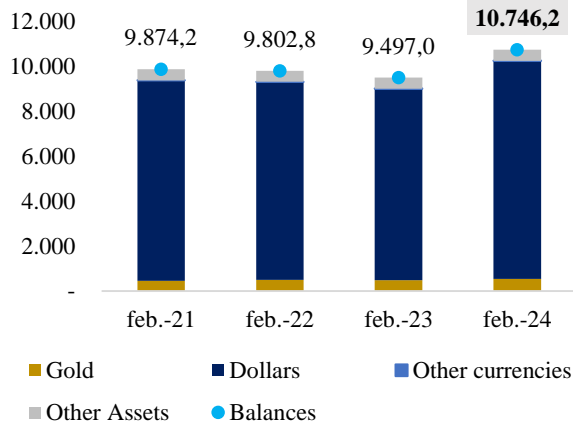


CPM's Minutes of Meetings

Net International Reserves

The Net International Reserves' stock as of February 2024, has achieved a USD 10,746.19 million balance, consisting of USD 539.87 million corresponding to Gold; USD 9,697.76 million in Dollars; USD 10.13 million in other currencies and USD 498.43 concerning other assets.

Chart 6: RIN composition, in million Dollars.



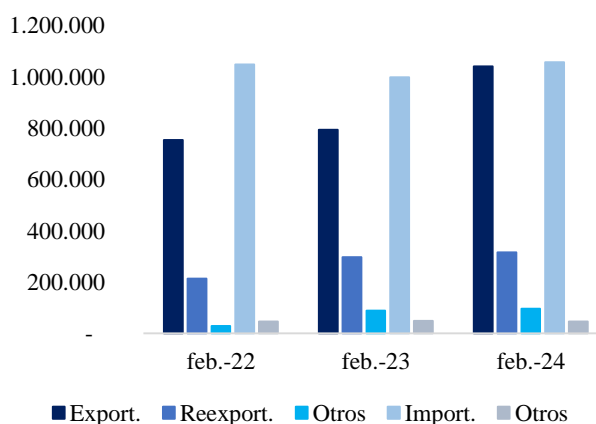
Source: Central Bank of Paraguay

Balance of Trade

In February, 2024, foreign trade figures (Exports plus Imports) represented USD 2,557.5 million.

Total exports as of February, 2024, were USD 1,453.3 million. On the other hand, total imports as of February, 2024, have been USD 1,104.3 million; and finally, the balance of trade has been USD 349.0 million, in favor of exports.

Chart 7: Balance of Trade, in thousands of Dollars.



Source: Central Bank of Paraguay



BCP Statistical Schedule



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Credit Perspective of Paraguay

Sovereign Risk Rating Record

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Fitch and Standard & Poor's (S&P). It is worth pointing out that Fitch Ratings in view of its review of November, 2023, increased Paraguay's Country Ceiling to BBB- (investment grade) from BB+.

Table 3: Sovereign Risk Ratings 2024.

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Stable	01-feb-2024
Moody's	Ba1	Positive	05-dic-2023
Fitch	BB+	Stable	01-nov-2023

Source: Vice-ministry of Economy and Planning

The Country Ceiling increase implies that in Paraguay, private issuers may go to the international market and fulfill their respective obligations. This occurs because risks in exchange rate controls are mitigated with sound external liquidity, a floating exchange rate, sound policies and macroeconomic institutions and efforts to diversify the economy and attract Foreign Direct Investment.

In December 5, 2023, Moody's, in its rating review report confirms Paraguay's rating at Ba1 with a positive outlook. The risk rating agency highlights aspects that influence the country's credit strength, among them, the low burden of public debt supported by the compliance records of goals established in the Fiscal Responsibility Law. Likewise, it stands out that Paraguay registers a greater GDP growth in relation to its peers with the same rating, having a growing

potential for economic growth and diversification of the economy. In addition, they highlight that tax administration and the boost in revenue collection have been improved in recent years and reforms have been proposed to the pension system and the Government's commitment to public investment in order to improve the country's road infrastructure.

The risk-rating agency mentions that the positive outlook is based on a solid growth record and a prudent fiscal policy, reflected in the low debt burden that has allowed Paraguay to be one of the few countries that has not seen its credit rating affected.

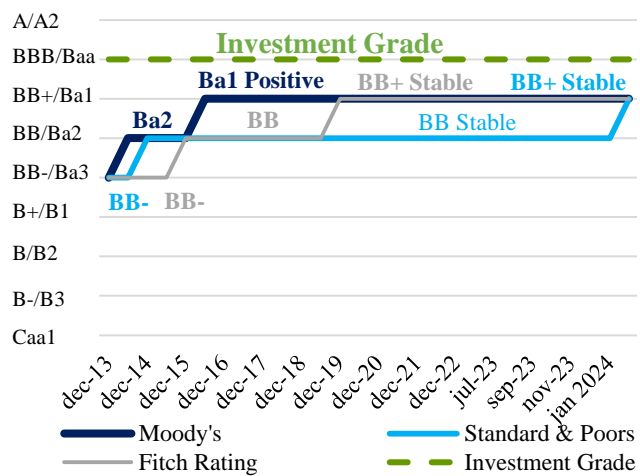
On February 1, 2024, Standard and Poor's, after 10 years, has decided to increase Paraguay's rating from BB to BB+, keeping the stable outlook. The report from the aforementioned risk rating agency emphasizes that the country's government institutions have gradually matured in recent years, with greater predictability and continuity in Economic Policies through changes in the administration; it emphasizes that the approval of the laws that create institutions such as the Directorate of National Tax Revenues, the Ministry of Economy and Finance, the Superintendency of Securities and the most recent, the Superintendency of Pensions are key to guaranteeing the efficient operation of institutions.

Currently, Paraguay is at one step of the investment grade with the three most important risk rating agencies; Moody's, Fitch Ratings and Standard and Poor's.

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

Chart 8: Sovereign Risk Rating of Paraguay

Period 2013 – 2024.



Source: Vice-Ministry of Economy and Planning.



Report on Regional Outlook



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Other accesses of interest



Please click on the text to address to the Web Site

Monetary Policy Reports



**National Accounts Report (Fiscal
Quarters)**



**Statistic Schedule of the Economic
Report**



**Foreign Trade Report (Fiscal
Quarters)**



Direct Investment



Monetary Policy

ODS



Sustainable Paraguay



**Sustainable Development Objectives
(ODS))**

Ministry of Industry and Trade



MyPIMES



Maquila



Programs and Projects for S&MEs

Environmental Actions



**Legal Provisions on environmental
policies and actions**



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General Directorate of Debt Policy

Ministry of Economy and Finance

➤ **General Budget of the Nation**

➤ **Public Investments**

➤ **SITUFIN**

➤ **Rendering of Accounts**

➤ **Statistics on Public Debt**

➤ **Debt Monthly Reports**

➤ **Monthly Financial Management of
the General Budget of the Nation**

➤ **Report on Foreign Trade (RCE)**

➤ **Planning System according to
Outcomes**

➤ **General Directorate of Cooperation
for Development**

➤ **Estadísticas de las Recaudaciones**

➤ **Por qué invertir en Paraguay**

➤ **Control Financiero y Evaluación
Presupuestaria**

➤ **Perfil Económico y Comercial**

➤ **BIDI (Boletín Informativo de la
Dirección de Integración)**

➤ **Becal**

➤ **News**

Financial Agency of Development

➤ **Products**

➤ **Investors**

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Vice-ministry of Economy and Planning
General Directorate of Debt Policy



Schedule



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Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7.252,7	7.353,0	7.453,7	7.554,8	7.656,2
GDP (USD million)	36.145,8	40.284,1	42.093,1	43.389,2	45.536,9
GDP per capita (USD)	4.983,8	5.478,6	5.647,3	5.743,3	5.947,7
GDP (annual variation in %)	-0,8	4,0	0,2	4,5	3,8
Total Consumption (annual variation in %)	-2,2	5,5	1,6	3,6	3,0
Capital Investment (annual variation in %)	5,3	18,2	-1,8	-3,0	5,0
Unemployed Rate (open unemployment)	7,9	6,8	5,7	6,5	nd
Economy Structure					
In view of Supply					
(percentage change)					
Primary Sector	7,4	-11,6	-8,6	15,3	4,2
Agriculture	9,0	-18,2	-12,5	22,5	4,9
Livestock	4,4	6,2	-0,3	0,0	1,6
Others	0,9	6,8	-0,7	7,3	4,2
Secondary Sector	0,7	5,0	0,7	2,9	4,0
Industry	-1,3	6,9	-0,1	2,3	3,6
Construction	10,5	12,8	-3,2	-5,7	4,7
Binationals	-2,3	-7,6	7,8	13,8	4,3
Tertiary Sector	-3,1	6,5	1,5	3,8	3,5
General Government	6,4	-3,4	-0,7	4,5	3,4
Trade	-8,1	14,3	3,4	5,2	3,4
Communications	6,1	4,5	-2,4	0,0	1,5
Other Services	-5,7	7,7	2,1	3,5	3,8
Taxes	-5,1	9,0	1,1	4,0	3,7
In view of Demand					
(Thousands of USD)					
Total Investment	5.737,8	6.912,8	6.390,5	6.117,2	6.467,3
Total Consumption	22.548,4	24.240,2	23.181,7	23.711,2	24.596,7
Exports	9.844,6	10.236,8	9.536,2	12.335,5	12.793,0
Imports	8.630,3	10.710,6	11.037,3	12.231,8	12.660,9
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6.944,0	6.815,5	7.238,7	7.335,2	7.285,0
Inflation (CPI, annual variation in %, Average, last 12 months)	2,4	2,5	9,3	6,9	2,9
Inter-banking rate of interest (% , fdp)	3,79	0,47	5,46	8,56	6,25
Monetary Aggregates (annual variation of M2 in %)	5,6	21,0	5,7	2,7	10,4
Dollarization Ratio (% of banking deposits in ME)	43,9	42,3	45,2	45,3	44,8
Banking sector credits granted to the private sector (% of GDP)	8,0	10,5	14,5	8,5	12,5
Real Salary (annual variation, %)	1,1	5,5	6,9	6,5	-

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

External Sector					
(Thousands of USD)					
Exports	1.033.060,5	844.843,8	996.848,4	1.179.868,7	1.453.278,8
Inter-annual variation in %	-3,3	-18,2	18,0	18,4	23,2
Imports	895.309,0	893.464,0	1.095.605,6	1.047.502,1	1.104.251,8
Inter-annual variation in %	-5,4	-0,2	22,6	-4,4	5,4
Trade Balance	137.751,5	-48.620,2	-98.757,2	132.366,7	349.027,0
% of GDP	0,4	-0,1	-0,2	0,3	0,8
(Million of USD)					
Current Account	669,2	-347,4	-2.993,1	266,6	-
% of GDP	1,9	-0,9	-7,1	0,6	-
Capital and Financial Account	283,8	-299,5	-2.691,2	47,9	-
% of GDP	0,8	-0,7	-6,4	0,1	-
Direct Foreign Investment	7.909,4	8.345,1	8.664,9	8.975,1	-
% of GDP	21,9	20,7	20,6	20,7	-
International Reserves	8.215,0	9.874,2	9.802,8	9.497,0	10.746,2
% of GDP	22,7	24,5	23,3	21,9	23,6
Public Sector					
(% of GDP)					
Income	13,5	13,7	14,0	13,9	2,0
Which: Taxation Income represents	9,5	9,8	10,2	10,1	1,5
Expenses	19,7	17,3	17,0	18,0	2,0
Which: Payment of interests represents	1,1	1,1	1,2	1,7	0,2
Primary Outcome	-5,1	-2,5	-1,8	-2,5	0,2
Fiscal Outcome	-6,1	-3,6	-2,9	-4,1	0,0
Total Debt of the Public Sector	33,8	33,8	35,8	38,2	38,3
Deuda Externa Pública	29,0	29,3	31,7	33,0	33,5
% of the Total Public Debt	85,9	86,7	88,5	86,6	87,3
Domestic Public Debt	4,8	4,5	4,1	5,1	4,9
% of the Total Public Debt	14,1	13,3	11,5	13,4	12,7
Service of the Domestic Public Debt	1,6	1,6	1,8	3,0	0,4

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

References:

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of March 12, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of February 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M2: February); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of February 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to February of the mentioned year. (2024, M2).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of February 2024 (Feb 2024/Feb, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of February 2024, concerning the same period of the year 2023.

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March

Macroeconomic Outlook of Paraguay

World Economy

The world economy is constant but slow; there are differences between regions.

The world economy keeps on showing an amazing resilience; after a series of negative events, growth has been constant.

In view of the world context, the economy shall keep growing by 3.2% in 2024, according to the International Monetary Fund (IMF), at the same pace as in 2023. The growth resilience is explained by a favorable evolution of the supply, particularly due to the dissipation of shocks concerning the energy costs and the remarkable increase of the labor supply that have contributed to the significant migratory flows in advanced economies.



**World Economic
Scenario (IMF)**

Regional Context

In the advanced economies, such as the United States, expectations show a good economy performance, with a GDP growth projection of 2.7% for 2024.

A GDP growth of 0.8% and 4.6% are expected for the Eurozone and China, respectively.

Table 1: World Economy Overview

	2023	2024*	2025**
World	3,2	3,2	3,2
Advanced Economies	1,6	1,7	1,8
United States	2,5	2,7	1,9
Eurozone	0,4	0,8	1,5
MEED	4,3	4,2	4,2
China	5,2	4,6	4,1
Latin America and the Caribbean	2,3	2,0	2,5
Brazil	2,9	2,2	2,1
México	3,2	2,4	1,4

Source: International Monetary Fund



WEO Outlook Table (IMF)

Latin America and the Caribbean

For Brazil, the growth outlook is 2.2% for 2024 and 2.1% for 2025. On the other hand, for Mexico, a 2.4% growth is expected for 2024, and 1.4% for 2025.



**World Economic
Outlook (IMF)**

Macroeconomic Overview in Paraguay

The economic activity has shown a good performance throughout the last months.

Growth has shown an interannual variation of 4.9%, in the last quarter of 2023; (0.8% quarter-on-quarter growth), explained by the positive dynamics of services, manufacturing industries, livestock, electricity and water. The GDP without agriculture and binationals registered an interannual variation of 5.8% (1.1% quarter-on-quarter growth).

Concerning the expense, net exports and private consumption showed a positive behavior; however, public consumption and the growth formation of fixed capital, registered a reduction in interannual terms. As a result, the GDP accrued a 4.7% growth and the GDP without agriculture and binationals showed a 2.8% increase as of the closing of 2023.

According to the Monthly Indicator of Economic Activity (IMAEP), during the second quarter of the year, a positive dynamics shall continue to be observed, fostered by services and manufacturing sectors.

On the other hand, the GDP growth projection for this year is kept by 3.8%; however, certain adjustments have been performed in the internal arrangements.



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Vice-ministry of Economy and Planning
General Directorate of Debt Policy

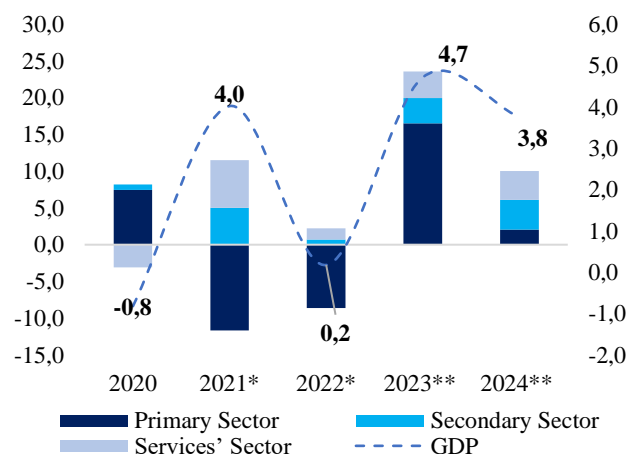
For the agricultural sector, a slight downwards variation from 4.2% to 2.0% has been registered, explained by the adverse weather conditions observed in the first months, that caused a reduction in the production of certain crops.

Concerning the secondary sector, the industry shows an upwards variation from 3.6% to 4.1%, represented by the dynamism observed in the different areas of manufacturing.

Concerning the tertiary sector or services, a better dynamics than the foreseen one has been shown, having a positive variation of 0.8 p.p, remaining in 4.3% for 2024.

Report on Monetary Policy

Chart 1: GDP Growth by economic sectors 2024.



Source: Central Bank of Paraguay

Statistic Schedule of the Economic Report. BCP

Debt levels and structures of the Total Public Sector

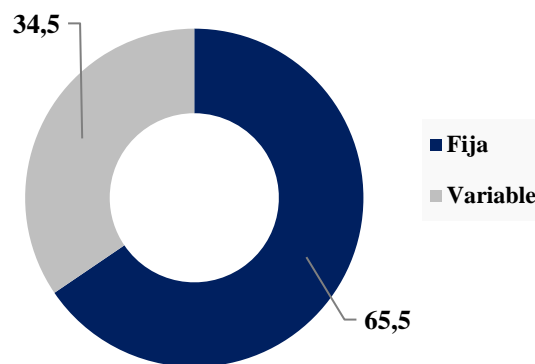
The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central

Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

As of March, a debt level of the Total Public Sector has been registered by 38.5% of the GDP, which is considered sustainable for the country's public finances and is one of the lowest debt levels in the region.

According the debt classification of the total public sector debt, per kind of rate as of March, 2024, it has been observed that 65.5% is at a fixed rate and 34.5% at a variable rate.

Figure 1: Total Public Debt Balance per rate of interest



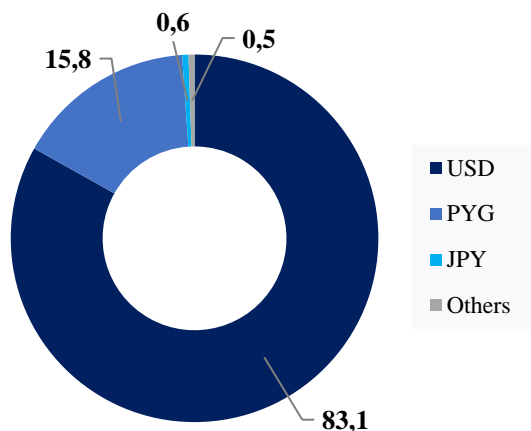
Source: Vice-ministry of Economy and Planning

On the other hand, the public debt structure per currency as of March, keeps a greater proportion in USD (83.1%) together with PYG (15.8%), JPY (0.6%) and other currencies in (0.5%).

It is worth pointing out that, the greatest debt proportion in Dollars does not represent a risk for the country, because Paraguay perceives income in Dollars as annual royalties for usage of the hydraulic potential of the Parana River for the

electric energy production, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice-ministry of Economy and Planning



Debt Statistic

According to the Debt Maturity average

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*)

Central Administration			
Years	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



Strategic Guidelines

Fiscal Policy

Financial Situation as of March 2024

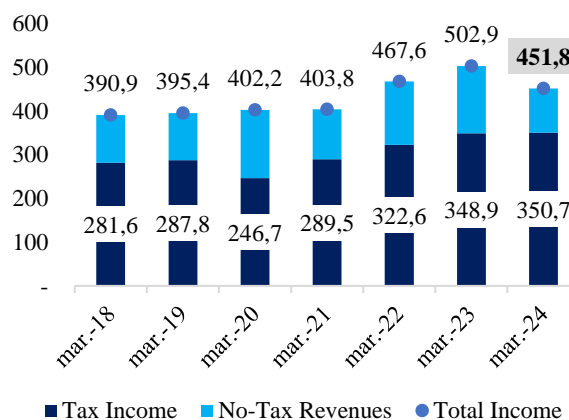
March has closed with an accrued fiscal deficit of USD 265.3 million, equivalent to -0.6% of the GDP. Concerning the annualized fiscal deficit, it has shown an improvement related to the fiscal closing of 2023, of 3.6% of the GDP, due to a lower dynamics in the execution of expenses and investment, as well as a good performance of tax revenues.

Income

As of March, 2024, total income increased by 9.4%.

Total income as of the third month of 2024, have reached USD 451.8 million, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.

Chart 2: Income accrued as of March 2024, in million Dollars.

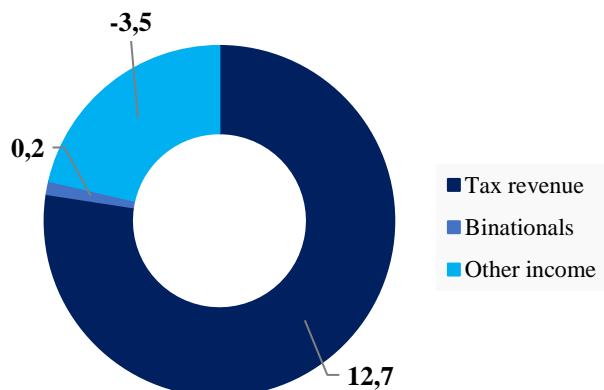


Source: SITUFIN – Ministry of Economy and Finance.



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Figure 3: Income components in percentage (accrued variation)



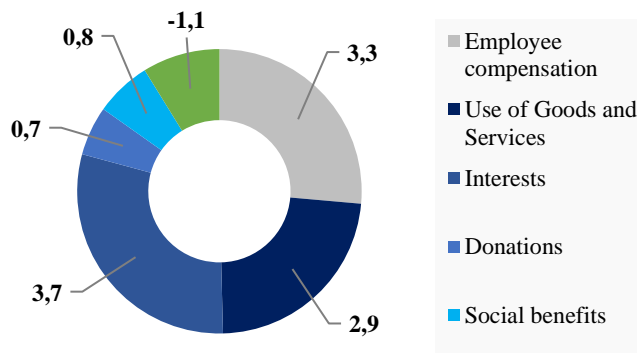
Source: SITUFIN – Ministry of Economy and Finance.

Public Expenditure

The total expense showed an accrued increase of 10.2%, as of March.

The outcome is mainly explained by a deceleration of the primary current expenditure, aiming a lower percentage of tax revenues at financing personal services expenses of the Public Sector.

Figure 4: Variation Arrangement of accrued expenses in percentage



Source: SITUFIN – Ministry of Economy and Finance.

Public Investment

National System of Public Investment SNIP.

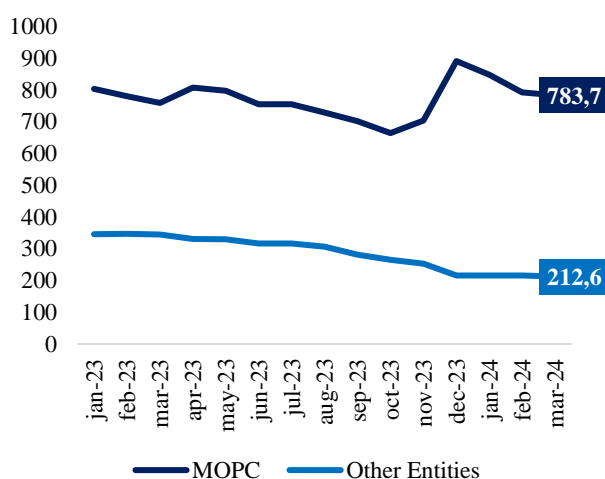
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of March, 2024

As of March, the level of public investment is in line with the path of fiscal convergence.

The total public investment as of March was USD 996.3 million, which represents 2.2% of the GDP. This consists of USD 783.7 million corresponding to the Ministry of Public Works and Communications, and USD 212.6 million corresponding to other entities.

Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance.



SITUFIN 2024

Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the

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Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

Inflation

International Context

The global economy has kept resilient in a scenery characterized by a moderate reduction of inflation, that is to say, inflation rates have been reducing, but at a lower pace.

In the **United States**, inflation has continued to decelerating during the first months of the year, the monthly inflation rate as of March measured by the CPI was 0.4%, whereas the interannual inflation was 3.5% in the same month.

In the **Eurozone**, the interannual inflation was 2.4% in March; the core inflation has slowed down from 3.1% to 2.9% interannual in the same period.

Domestic Context

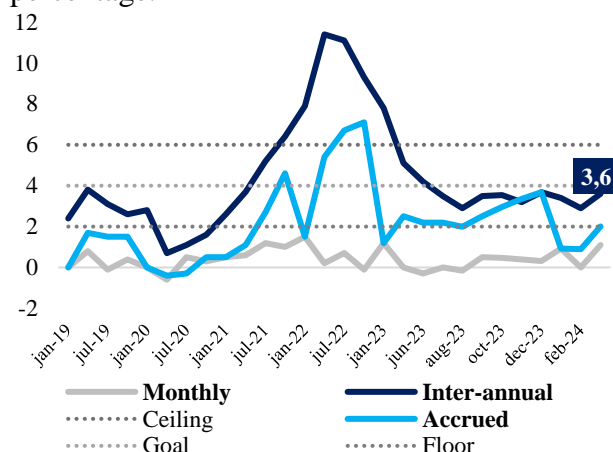
In **Paraguay**, the inflation goal, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which allows that the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

Concerning the local context, inflation expectations are in line with the goal of 4%.

As of March, 2024, the monthly inflation of the CPI has shown a variation of 1.1%, explained by price increases in certain food prices, especially the volatile components (fruit and vegetables), as well as fuels, that increased in March.

Inflation excluding food and energy costs (IPCSAE) was 0.1% in March. In view of inter-annual terms, CPI and IPCSAE variations were 3.6% and 3.4%, respectively.

Chart 4: Inflation as of March, 2024, in percentage.



Source: Central Bank of Paraguay.

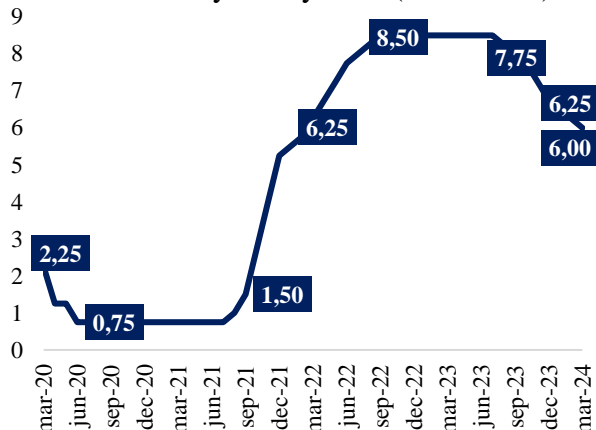
Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

Monetary Policy Rate (TPM) as of March, 2024

The Monetary Policy Committee (CPM) has decided to reduce the Monetary Policy Rate (TPM) from 6.25% to 6.00%.

Chart 5: Monetary Policy Rate (2020-2024)



Source: Central Bank of Paraguay.

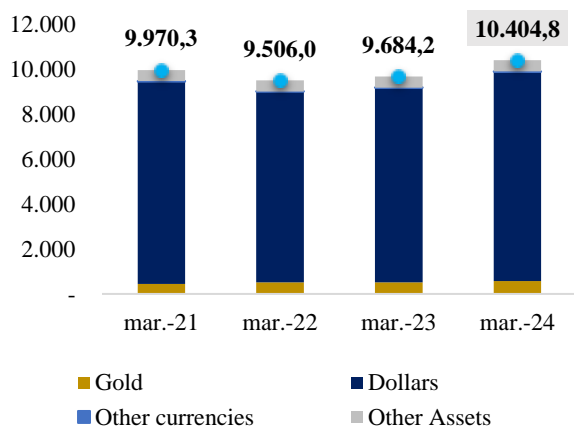


CPM's Minutes of Meetings

Net International Reserves

The Net International Reserves' stock as of March 2024, has achieved a USD 10,404.77 million balance, consisting of USD 573.27 million corresponding to Gold; USD 9,330.54 millions in Dollars; USD 2.79 millions in other currencies and USD 498.17 concerning other assets.

Chart 6: RIN composition, in million Dollars.



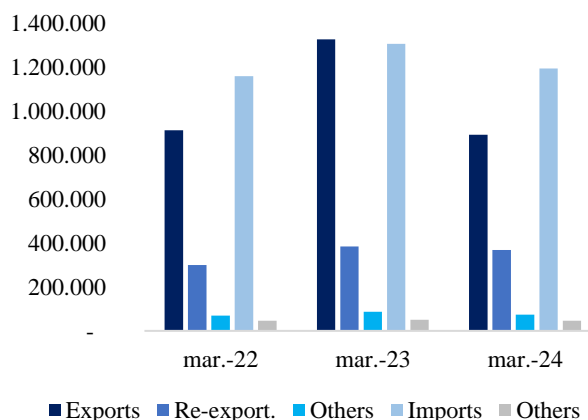
Source: Central Bank of Paraguay.

Balance of Trade

In March, 2024, foreign trade figures (Exports plus Imports) represented USD 2,574.5 million.

Total exports as of March, 2024, were USD 1,334.9 million. On the other hand, total imports as of March, 2024, have been USD 1,239.5 millions; and finally, the balance of trade has been USD 95.4 million, in favor of exports.

Chart 7: Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay.



Statistic Schedule of the Economic Report. BCP

Credit Perspective of Paraguay

Sovereign Risk Rating Record

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Fitch and Moody's. It is worth pointing out that Fitch Ratings considering its review of November, 2023, increased Paraguay's Country Ceiling to BBB- (investment grade) from BB+.



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Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Stable	01-feb-2024
Moody's	Ba1	Positive	05-dec-2023
Fitch	BB+	Stable	01-nov-2023

Source: Vice-ministry of Economy and Planning.



Annual Reports on Risk Rating

Country Ceiling

The Country Ceiling increase implies that in Paraguay, private issuers may go to the international market and fulfill their respective obligations. This occurs because risks in exchange rate controls are mitigated with sound external liquidity, a floating exchange rate, sound policies and macroeconomic institutions and efforts to diversify the economy and attract Foreign Direct Investment.

In December 5, 2023, Moody's, in its rating review report confirms Paraguay's rating at Ba1 with a positive outlook. The risk rating agency highlights aspects that influence the country's credit strength, among them, the low burden of public debt supported by the compliance records of goals established in the Fiscal Responsibility Law. Likewise, it stands out that Paraguay registers a greater GDP growth in relation to its peers with the same rating, having a growing potential for economic growth and diversification of the economy.

In addition, they highlight that tax administration and the boost in revenue collection have been improved in recent years and reforms have been proposed to the pension system and the Government's commitment to public investment in order to improve the country's road infrastructure.

The risk rating agency mentions that the positive outlook is based on a solid growth record and a prudent fiscal policy, reflected in the low debt burden that has allowed Paraguay to be one of the few countries that has not seen its credit rating affected.

On February 1, 2024, Standard and Poor's, after 10 years, has decided to increase Paraguay's rating from BB to BB+, keeping the stable outlook. The report from the aforementioned risk rating agency emphasizes that the country's government institutions have gradually matured in recent years, with greater predictability and continuity in Economic Policies through changes in the administration; it emphasizes that the approval of the laws that create institutions such as the Directorate of National Tax Revenues, the Ministry of Economy and Finance, the Superintendency of Securities and the most recent, the Superintendency of Pensions are key to guaranteeing the efficient operation of institutions.

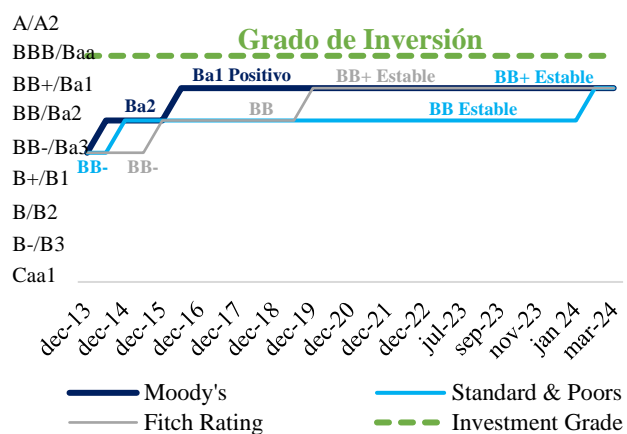
Currently, Paraguay is at one step of the investment grade with the three most important risk rating agencies; Moody's, Fitch Ratings and Standard and Poor's.



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Chart 8: Sovereign Risk Rating of Paraguay
Period 2013 – 2024.



Source: Vice-Ministry of Economy and Planning



Report on Regional Outlook





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Other accesses of interest




Please click on the text to address to the Web Site

Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

Ministry of Economy and Finance

➤ **General Budget of the Nation**

➤ **Public Investments**

➤ **SITUFIN**

➤ **Rendering of Accounts**

➤ **Statistics on Public Debt**

➤ **Debt Monthly Reports**

➤ **Monthly Financial Management of
the General Budget of the Nation**

➤ **Report on Foreign Trade (RCE)**

➤ **Planning System according to
Outcomes**

➤ **General Directorate of Cooperation
for Development**

➤ **Estadísticas de las Recaudaciones**

➤ **Por qué invertir en Paraguay**

➤ **Control Financiero y Evaluación
Presupuestaria**

➤ **Perfil Económico y Comercial**

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Dirección de Integración)**

➤ **Becal**

➤ **News**

Financial Agency of Development

➤ **Products**

➤ **Investors**

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Vice-ministry of Economy and Planning
General Directorate of Debt Policy



Schedule



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Vice-ministry of Economy and Planning
General Directorate of Debt Policy

Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7.252,7	7.353,0	7.453,7	7.554,8	7.656,2
GDP (USD million)	36.145,8	40.284,1	42.093,1	43.009,2	45.323,8
GDP per capita (USD)	4.983,8	5.478,6	5.647,3	5.693,0	5.919,9
GDP (annual variation in %)	-0,8	4,0	0,2	4,7	3,8
Total Consumption (annual variation in %)	-2,2	5,5	1,6	2,9	3,2
Capital Investment (annual variation in %)	5,3	18,2	-1,8	-3,5	5,0
Unemployed Rate (open unemployment)	7,9	6,8	5,7	6,5	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	7,4	-11,6	-8,6	16,5	2,0
Agriculture	9,0	-18,2	-12,5	23,3	1,8
Livestock	4,4	6,2	-0,3	0,5	1,6
Others	0,9	6,8	-0,7	12,5	4,2
Secondary Sector	0,7	5,0	0,7	3,4	4,0
Industry	-1,3	6,9	-0,1	3,1	4,1
Construction	10,5	12,8	-3,2	-7,5	4,7
Binationals	-2,3	-7,6	7,8	16,0	3,1
Tertiary Sector	-3,1	6,5	1,5	3,6	3,9
General Government	6,4	-3,4	-0,7	3,4	3,4
Trade	-8,1	14,3	3,4	4,4	3,4
Communications	6,1	4,5	-2,4	-0,8	2,4
Other Services	-5,7	7,7	2,1	4,0	4,5
Taxes	-5,1	9,0	1,1	3,3	3,7
In view of Demand (Thousands of USD)					
Total Investment	5.737,8	6.912,8	6.390,5	6.084,5	6.404,1
Total Consumption	22.548,4	24.240,2	23.181,7	23.533,9	24.355,6
Exports	9.844,6	10.236,8	9.536,2	12.864,6	13.210,2
Imports	8.630,3	10.710,6	11.037,3	12.428,2	12.806,9
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6.943,98	6.815,54	7.238,66	7.335,21	7.317,59
Inflation (CPI, annual variation in %, Average, last 12 months)	2,5	2,4	10,1	6,4	3,6
Inter-banking rate of interest (% , fdp)	3,41	0,55	5,90	8,63	5,73
Monetary Aggregates (annual variation of M2 in %)	5,8	20,7	3,1	5,3	12,2
Dollarization Ratio (% of banking deposits in ME)	44,9	43,4	45,9	46,5	44,7
Banking sector credits granted to the private sector (% of GDP)	6,3	9,1	15,9	7,5	11,8
Real Salary (annual variation, %)	1,1	5,5	6,9	6,5	-

Vice-ministry of Economy and Planning
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External Sector					
(Thousands of USD)					
Exports	1.063.679	1.496.262	1.283.123	1.796.504	1.334.982
Inter-annual variation in %	-8,1	40,7	-14,2	40,0	-25,7
Imports	796.051	1.004.488	1.205.468	1.357.142	1.239.542
Inter-annual variation in %	-19,5	26,2	20,0	12,6	-8,7
Trade Balance	267.628	491.774	77.654	439.362	95.439
% of GDP	0,7	1,2	0,2	1,0	0,2
(Million of USD)					
Current Account	669,2	-347,4	-2.993,5	109,6	-
% of GDP	1,9	-0,9	-7,1	0,3	
Capital and Financial Account	283,8	-299,5	-2.691,2	-436,1	-
% of GDP	0,8	-0,7	-6,4	-1,0	
Direct Foreign Investment	7.909,4	8.345,1	8.664,9	8.905,6	-
% of GDP	21,9	20,7	20,6	20,5	
International Reserves	8.241,1	9.970,3	9.506,0	9.684,2	10.404,8
% of GDP	22,8	24,7	22,6	22,3	22,8
Public Sector					
(% of GDP)					
Income	13,5	13,7	14,0	14,0	3,1
Which: Taxation Income represents	9,5	9,8	10,2	10,1	2,4
Expenses	19,7	17,3	17,0	18,1	3,7
Which: Payment of interests represents	1,1	1,1	1,2	1,7	0,5
Primary Outcome	-5,1	-2,5	-1,8	-2,5	-0,2
Fiscal Outcome	-6,1	-3,6	-2,9	-4,2	-0,6
Total Debt of the Public Sector	33,8	33,8	35,8	38,5	38,5
Deuda Externa Pública	29,0	29,3	31,7	33,3	33,4
% of the Total Public Debt	85,9	86,7	88,5	86,6	86,8
Domestic Public Debt	4,8	4,5	4,1	5,2	5,1
% of the Total Public Debt	14,1	13,3	11,5	13,4	13,2
Service of the Domestic Public Debt	1,6	1,6	1,8	3,1	0,9

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

References:

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of April 17, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of March 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M3: March); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of March 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to March of the mentioned year. (2024, M3).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of March 2024 (Mar 2024/Mar, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of March 2024, concerning the same period of the year 2023.

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April

Macroeconomic Outlook of Paraguay

World Economy

The world recovery is constant but slow; there are differences between regions.

The world economy keeps on showing an amazing resilience; after a series of negative events, growth has been constant.

In view of the world context, recent projections assert that the world economy shall be growing at a similar pace as the one of 2023 during 2024-25. This shall be together with a constant stabilization of the general and basic inflation.



Regional Context

In the advanced economies, such as the United States, expectations show a good economy performance, with a GDP growth projection of 2.7% for 2024 and 1.9% for 2025, respectively.

A GDP growth of 0.8% and 4.6% are expected for the Eurozone and China, respectively.

Table 1: Projections' Overview of the World Economy Perspectives.

	2023	2024*	2025**
World	3,2	3,2	3,2
Advanced Economies	1,6	1,7	1,8
United States	2,5	2,7	1,9
Eurozone	0,4	0,8	1,5
MEED	4,3	4,2	4,2
China	5,2	4,6	4,1
Latin America and the Caribbean	2,3	2,0	2,5
Brazil	2,9	2,2	2,1
Mexico	3,2	2,4	1,4

Source: International Monetary Fund



Latin America and the Caribbean

For Brazil, the growth outlook is 2.2% for 2024 and 2.1% for 2025. On the other hand, for Mexico, a 2.4% growth is expected for 2024, and 1.4% for 2025.



Domestic Situation in Paraguay

The economic activity has shown a good performance throughout the last months.

Growth has shown an interannual variation of 4.9%, in the last quarter of 2023; (0.8% quarter-on-quarter growth), explained by the positive dynamics of services, manufacturing industries, livestock, electricity and water. The GDP without agriculture and binationals registered an interannual variation of 5.8% (1.1% quarter-on-quarter growth).

Concerning the expense, net exports and private consumption showed a positive behavior; however, public consumption and the gross

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formation of fixed capital, registered a reduction in interannual terms. As a result, the GDP accrued a 4.7% growth and the GDP without agriculture and binationals showed a 2.8% increase as of the closing of 2023.

According to the Monthly Indicator of Economic Activity (IMAEP), during the first quarter of the year, positive dynamics shall continue to be observed, fostered by services and manufacturing sectors.

On the other hand, the GDP growth projection for this year is kept by 3.8%; however, certain adjustments have been performed in the internal arrangements.

For the **agricultural sector**, a slight downwards variation from 4.2% to 2.0% has been registered, explained by the adverse weather conditions observed in the first months, that caused a reduction in the production of certain crops.

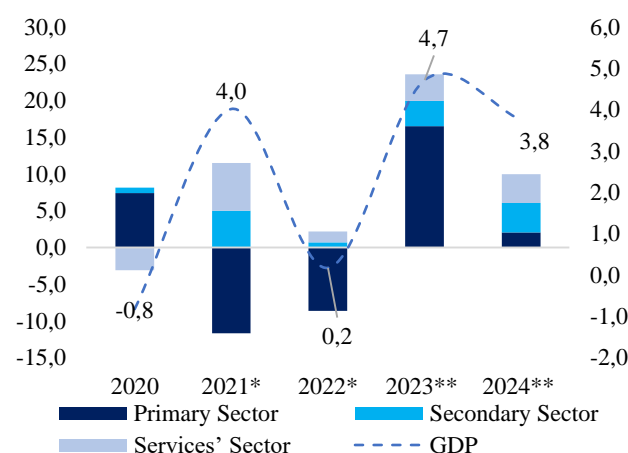
Concerning the **secondary sector**, the industry shows an upwards variation from 3.6% to 4.1%, represented by the dynamism observed in the different areas of manufacturing.

Concerning other **services**, better dynamics than the foreseen one has been shown, having a positive variation of 0.8 p.p., remaining in 4.3% for 2024.



Report on Monetary Policy

Chart 1: GDP Growth by economic sectors 2024.



Source: Central Bank of Paraguay



Statistic Schedule of the
Economic Report. BCP

Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

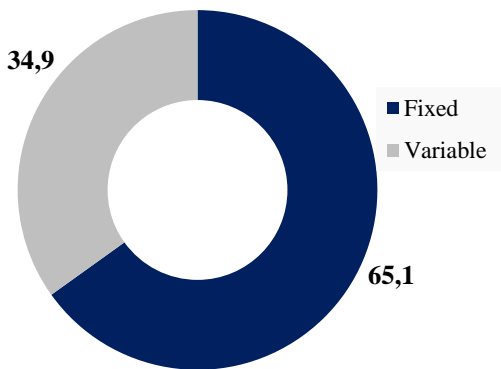
As of April, a debt level of the Total Public Sector has been registered by 38.4% of the GDP, which is considered sustainable for the country’s public finances and is one of the lowest debt levels in the region.



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According the debt classification of the total public sector debt, per kind of rate as of April, 2024, it has been observed that 65.1% is at a fixed rate and 34.9% at a variable rate.

Figure 1: Total Public Debt Balance per rate of interest

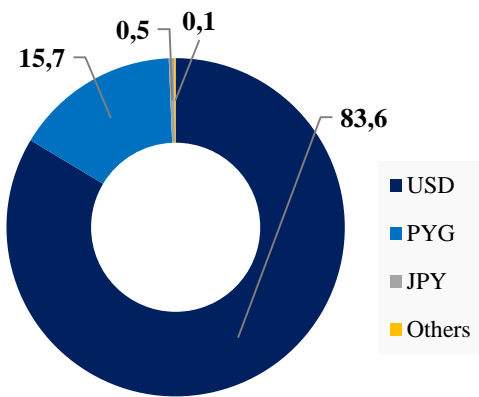


Source: Vice-ministry of Economy and Planning

On the other hand, the public debt structure per currency as of April, keeps a greater proportion in **USD (83.6%)** together with **PYG (15.7%)**, **JPY (0.5%)** and **other currencies in (0.1%)**.

It is worth pointing out that, the greatest debt proportion in Dollars does not represent a risk for the country, because Paraguay perceives income in Dollars as annual royalties for usage of the hydraulic potential of the Parana River for the electric energy production, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice-ministry of Economy and Planning.



According to the Debt Maturity average

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*)

Years	Administración Central		Total Debt
	External Debt	Domestic Debt	
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning.



Fiscal Policy

Financial Situation as of April 2024

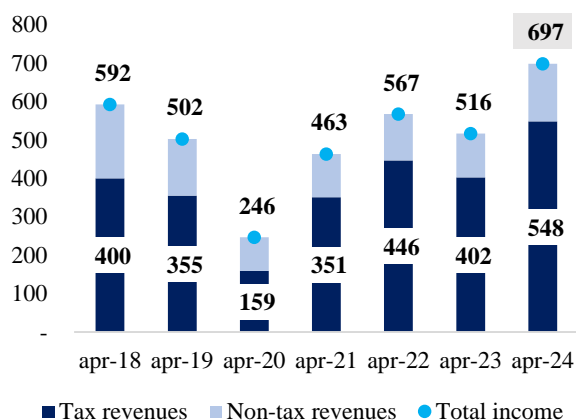
April has closed with an accrued fiscal deficit of USD 212.4 million, equivalent to -0.5% of the GDP. The annualized fiscal deficit as of April, 2024 was 3.4% of the GDP, showing a relative improvement concerning the fiscal closing of 2023, in which the fiscal deficit was 4.1% of the GDP. This is explained, partly, because of the good performance of tax revenues¹.

Income

As of April, 2024, total income shows an accrued growth of 17.4%.

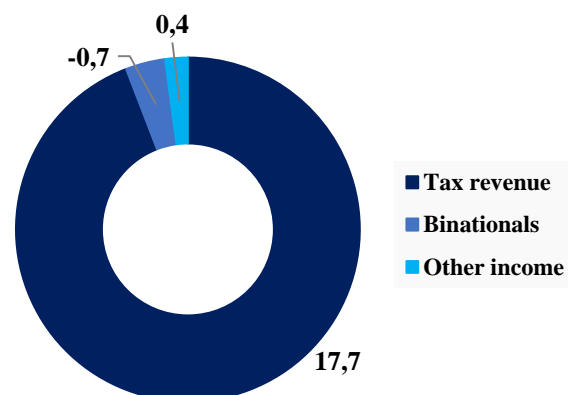
Total income in April, 2024, were USD 697.3 millions, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.

Chart 2: Income accrued as of April 2024, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage (accrued variation).



Source: SITUFIN – Ministry of Economy and Finance.

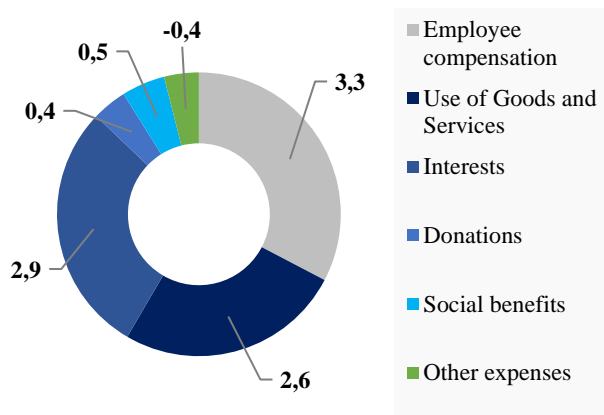
Public Expenditure

The total expense showed an accrued increase of 9.4%, as of April.

This outcome is mainly explained by remunerations, interests, use of goods and services. It is worth pointing out that 65.8% of expenses are aimed at Health, Education, Security, Retirement and Pension benefits.

¹ SITUFIN – Ministry of Economy and Finance. Obtained from: <https://www.mef.gov.py/situfin/>

Figure 4: Variation Arrangement of accrued expenses in percentage



Source: SITUFIN – Ministry of Economy and Finance

Public Investment

National System of Public Investment SNIP.

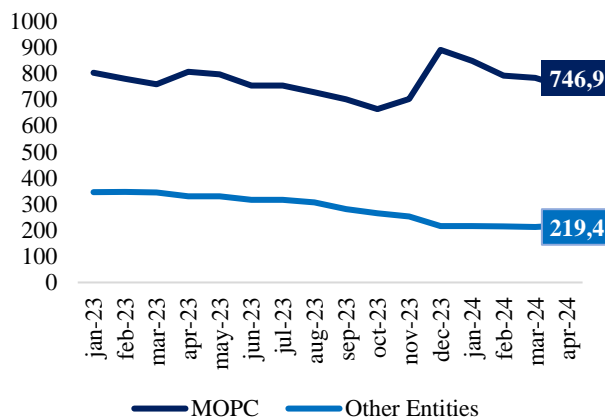
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of April, 2024

As of April, the public investment level is in line with the path of fiscal convergence, as well as the economic growth dynamics.

The total public investment as of April was USD 966.3 million, which represents 2.3% of the GDP. This consists of USD 746.9 million corresponding to the Ministry of Public Works and Communications, and USD 219.4 million corresponding to other entities.

Chart 3: Accrued Investment, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finance.



Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

Inflation

International Context

In view of the international context, oil costs as well as their by-products have been reduced due to geopolitical strains in the Middle East. On the other hand, food commodities have shown an upturn mainly caused by adverse weather conditions in the producers' regions.

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In the United States, inflation has been placed below the market expectations.

Domestic Context

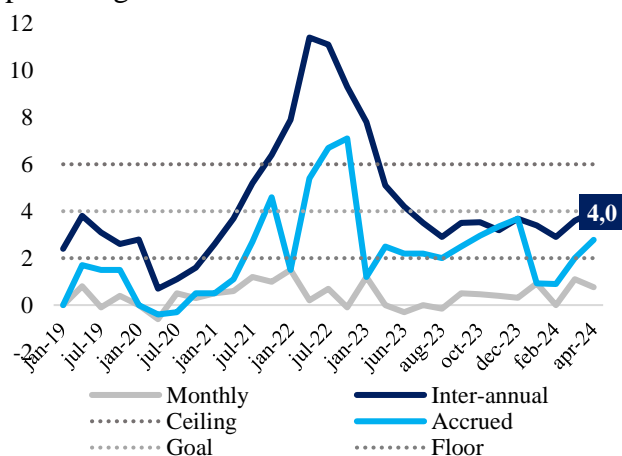
In Paraguay, the inflation goal, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which allows that the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

Concerning the local context, inflation expectations are in line with the goal of 4%.

As of April, 2024, the monthly inflation of the CPI was 0.8%, as a consequence of the prices' increase of volatile components of the basic food basket (fruit and vegetables).

Inflation excluding food and energy costs (IPCSAE) was 0.2% in April. In view of inter-annual terms, CPI and IPCSAE variations were 4.0% and 3.4%, respectively.

Chart 4: Inflation as of April, 2024, in percentage.



Source: Central Bank of Paraguay

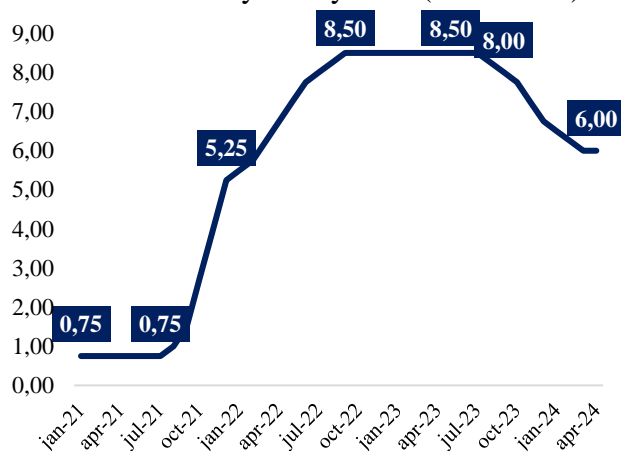
Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

Monetary Policy Rate (TPM) as of April 2024

The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) by 6.00% in April of the present year.

Chart 5: Monetary Policy Rate (2021-2024)



Source: Central Bank of Paraguay.



CPM's Minutes of Meetings

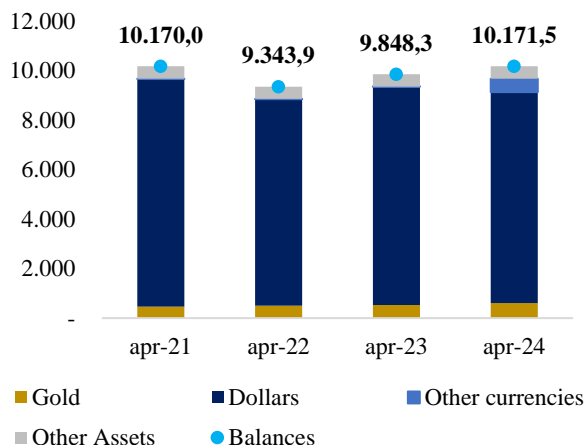
Net International Reserves

The Net International Reserves' stock as of April 2024, has achieved a USD 10,171.5 million balance, consisting of USD 604.88 million corresponding to Gold; USD 8,527.64 millions in Dollars; USD 541.24 millions in other currencies and USD 497.27 concerning other assets.



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Chart 6: RIN composition, in million Dollars.



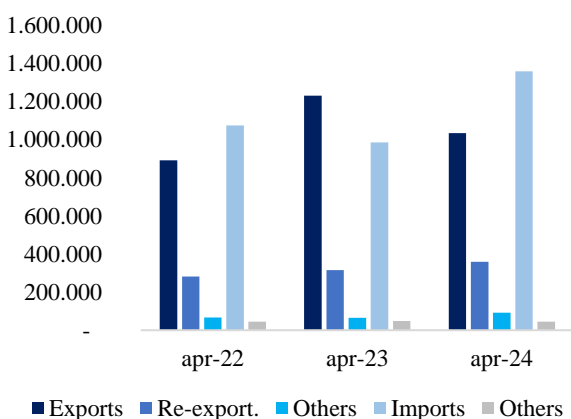
Source: Central Bank of Paraguay

Balance of Trade

In April, 2024, foreign trade figures (Exports plus Imports) represented USD 2,890.0 million.

Total exports as of April, 2024, were USD 1,485.8 million. On the other hand, total imports as of April, 2024, have been USD 1,404.2 millions; and finally, the balance of trade has been USD 81.6 million, in favor of exports.

Chart 7: Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay

BCP Statistic Schedule

Credit Perspective of Paraguay

Sovereign Risk Rating Record

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Fitch and Moody's. It is worth pointing out that Fitch Ratings considering its review of November, 2023, increased Paraguay's Country Ceiling to BBB- (investment grade) from BB+.

Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Estable	01-feb-2024
Moody's	Ba1	Positiva	05-dic-2023
Fitch	BB+	Estable	01-nov-2023

Source: Vice-ministry of Economy and Planning.

Annual Reports on Risk Rating

Country Ceiling

The Country Ceiling increase implies that in Paraguay, private issuers may go to the international market and fulfill their respective obligations. This occurs because risks in exchange rate controls are mitigated with sound external liquidity, a floating exchange rate, sound policies and macroeconomic institutions and efforts to diversify the economy and attract Foreign Direct Investment.

In December 5, 2023, Moody's, in its rating review report confirms Paraguay's rating at Ba1 with a positive outlook. The risk rating agency highlights aspects that influence the country's credit strength, among them, the low burden of public debt supported by the compliance records of goals established in the Fiscal Responsibility Law. Likewise, it stands out that Paraguay registers a greater GDP growth in relation to its

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peers with the same rating, having a growing potential for economic growth and diversification of the economy.

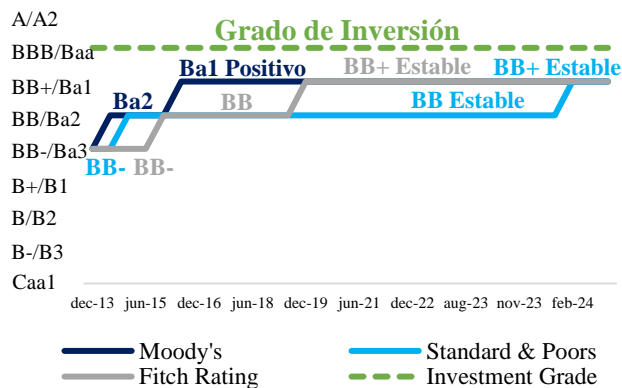
In addition, they highlight that tax administration and the boost in revenue collection have been improved in recent years and reforms have been proposed to the pension system and the Government's commitment to public investment in order to improve the country's road infrastructure.

The risk rating agency mentions that the positive outlook is based on a solid growth record and a prudent fiscal policy, reflected in the low debt burden that has allowed Paraguay to be one of the few countries that has not seen its credit rating affected.

On February 1, 2024, Standard and Poor's, after 10 years, has decided to increase Paraguay's rating from BB to BB+, keeping the stable outlook. The report from the aforementioned risk rating agency emphasizes that the country's government institutions have gradually matured in recent years, with greater predictability and continuity in Economic Policies through changes in the administration; it emphasizes that the approval of the laws that create institutions such as the Directorate of National Tax Revenues, the Ministry of Economy and Finance, the Superintendency of Securities and the most recent, the Superintendency of Pensions are key to guaranteeing the efficient operation of institutions.

Currently, Paraguay is at one step of the investment grade with the three most important risk rating agencies; Moody's, Fitch Ratings and Standard and Poor's.

Chart 8: Sovereign Risk Rating of Paraguay
Period 2013 – 2024



Source: Vice-ministry of Economy and Planning



Report on Regional Outlook




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Other accesses of interest




Please click on the text to address to the Web Site

Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

Ministry of Economy and Finance

➤➤ **General Budget of the Nation**

➤➤ **Public Investments**

➤➤ **SITUFIN**

➤➤ **Rendering of Accounts**

➤➤ **Statistics on Public Debt**

➤➤ **Debt Monthly Reports**

➤➤ **Monthly Financial Management of
the General Budget of the Nation**

➤➤ **Report on Foreign Trade (RCE)**

➤➤ **Planning System according to
Outcomes**

➤➤ **General Directorate of Cooperation
for Development**

➤➤ **Estadísticas de las Recaudaciones**

➤➤ **Por qué invertir en Paraguay**

➤➤ **Control Financiero y Evaluación
Presupuestaria**

➤➤ **Perfil Económico y Comercial**

➤➤ **BIDI (Boletín Informativo de la
Dirección de Integración)**

➤➤ **Becal**

➤➤ **News**

Financial Agency of Development

➤➤ **Products**

➤➤ **Investors**

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Schedule



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Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7.252,7	7.353,0	7.453,7	7.554,8	7.656,2
GDP (USD million)	36.145,8	40.284,1	42.093,1	43.009,2	45.323,8
GDP per capita (USD)	4.983,8	5.478,6	5.647,3	5.693,0	5.919,9
GDP (annual variation in %)	-0,8	4,0	0,2	4,7	3,8
Total Consumption (annual variation in %)	-2,2	5,5	1,6	2,9	3,2
Capital Investment (annual variation in %)	5,3	18,2	-1,8	-3,5	5,0
Unemployed Rate (open unemployment)	7,9	6,8	5,7	6,5	nd
Economy Structure					
In view of Supply					
(percentage change)					
Primary Sector	7,4	-11,6	-8,6	16,5	2,0
Agriculture	9,0	-18,2	-12,5	23,3	1,8
Livestock	4,4	6,2	-0,3	0,5	1,6
Others	0,9	6,8	-0,7	12,5	4,2
Secondary Sector	0,7	5,0	0,7	3,4	4,0
Industry	-1,3	6,9	-0,1	3,1	4,1
Construction	10,5	12,8	-3,2	-7,5	4,7
Binationals	-2,3	-7,6	7,8	16,0	3,1
Tertiary Sector	-3,1	6,5	1,5	3,6	3,9
General Government	6,4	-3,4	-0,7	3,4	3,4
Trade	-8,1	14,3	3,4	4,4	3,4
Communications	6,1	4,5	-2,4	-0,8	2,4
Other Services	-5,7	7,7	2,1	4,0	4,5
Taxes	-5,1	9,0	1,1	3,3	3,7
In view of Demand					
(Thousands of USD)					
Total Investment	5737,8	6912,8	6390,5	6084,5	6328,2
Total Consumption	22548,4	24240,2	23181,7	23533,9	24066,8
Exports	9844,6	10236,8	9536,2	12864,6	13053,6
Imports	8630,3	10710,6	11037,3	12428,2	12655,1
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6943,98	6815,54	7238,66	7335,21	7405,41
Inflation (CPI, annual variation in %, Average, last 12 months)	2,0	2,5	11,8	5,3	4,0
Inter-banking rate of interest (% , fdp)	1,57	0,55	6,47	8,67	5,86
Monetary Aggregates (annual variation of M2 in %)	12,2	15,3	2,4	8,2	13,3
Dollarization Ratio (% of banking deposits in ME)	43,7	44,8	45,5	46,5	45,0
Banking sector credits granted to the private sector (% of GDP)	5,2	12,1	13,6	7,9	14,0
Real Salary (annual variation, %)	1,1	5,5	6,9	6,5	-

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External Sector					
(Thousands of USD)					
Exports	684.614	1.196.820	1.238.862	1.611.371	1.485.824
Inter-annual variation in %	-40,8	74,8	3,5	30,1	-7,8
Imports	498.434	946.348	1.120.075	1.034.756	1.404.218
Inter-annual variation in %	-49,6	89,9	18,4	-7,6	35,7
Trade Balance	186.180	250.473	118.787	576.615	81.606
% of GDP	0,5	0,6	0,3	1,3	0,2
(Million of USD)					
Current Account	669,2	-347,4	-2.993,5	109,6	-
% of GDP	1,9	-0,9	-7,1	0,3	-
Capital and Financial Account	283,8	-299,5	-2.691,2	-436,1	-
% of GDP	0,8	-0,7	-6,4	-1,0	-
Direct Foreign Investment	7.909,4	8.345,1	8.664,9	8.905,6	-
% of GDP	21,9	20,7	20,6	20,5	-
International Reserves	9.257,6	10.170,0	9.343,9	9.848,3	10.171,5
% of GDP	25,6	25,2	22,2	22,7	22,3
Public Sector					
(% of GDP)					
Income	13,5	13,7	14,0	14,0	4,7
Which: Taxation Income represents	9,5	9,8	10,2	10,1	3,6
Expenses	19,7	17,3	17,0	18,1	4,8
Which: Payment of interests represents	1,1	1,1	1,2	1,7	0,6
Primary Outcome	-5,1	-2,5	-1,8	-2,5	0,1
Fiscal Outcome	-6,1	-3,6	-2,9	-4,2	-0,5
Total Debt of the Public Sector	33,8	33,8	35,8	38,5	38,4
Deuda Externa Pública	29,0	29,3	31,7	33,3	33,4
% of the Total Public Debt	85,9	86,7	88,5	86,6	86,8
Domestic Public Debt	4,8	4,5	4,1	5,2	5,1
% of the Total Public Debt	14,1	13,3	11,5	13,4	13,2
Service of the Domestic Public Debt	1,6	1,6	1,8	3,1	1,2

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References:

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of May 10, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of April 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M4: April); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of April 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to April of the mentioned year. (2024, M4).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of April 2024 (April 2024/April, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of April 2024, concerning the same period of the year 2023.

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May

Macroeconomic Outlook of Paraguay

World Economy

The global economy is expected to stabilize for the first time during 2024 after several years of negative shocks.

The world economy shall stabilize but at a weak level compared to recent historical parameters.

Likewise, global growth shall remain stable at 2.6% during 2024 until reaching an average of 2.7% in the period 2025-2026, which is lower than the average of 3.1% of the decade prior to COVID-19.

World Economic Perspectives (WB)

Regional Context

In the United States, growth could be stronger than expected due to continued strong labor supply dynamics driven by an absorption of working-age immigrants and rising labor force participation.

Weaker-than-expected growth is expected for China, caused, for example, by a longer and deeper slowdown in the real estate sector that directly impacts investment and has spillover effects.

Table 1: Projections' Overview of the World Economy Perspectives

	2023	2024*	2025**
World	2,6	2,6	2,7
Advanced Economies	1,5	1,5	1,7
United States	2,5	2,5	1,8
Eurozone	0,5	0,7	1,4
MEED	4,2	4,0	4,0
China	5,2	4,8	4,1
Latin America and the Caribbean	2,2	1,8	2,7
Brazil	2,9	2,0	2,2
Mexico	3,2	2,3	2,1

Source: World Economic Perspectives (WB).

Projections' Table (WB)

Latin America and the Caribbean

A slowdown in growth is foreseen for Latin America and the Caribbean from 2.2% in 2023 to 1.8% in 2024, and, in addition, a recovery is expected for 2025, reaching 2.7%.

For the Brazilian economy, a moderate growth of 2% is projected for 2024 and 2.2% for 2025.

Concerning Mexico, growth would also present a deceleration, remaining at 2.3% for 2024 and 2.1% for 2025.

World Economic Outlook (WB)

Domestic Situation

The economic activity has shown a good performance throughout the last months.

Growth has shown an interannual variation of 4.9%, in the last quarter of 2023; (0.8% quarter-on-quarter growth), explained by the positive dynamics of services, manufacturing industries, livestock, electricity and water. The GDP

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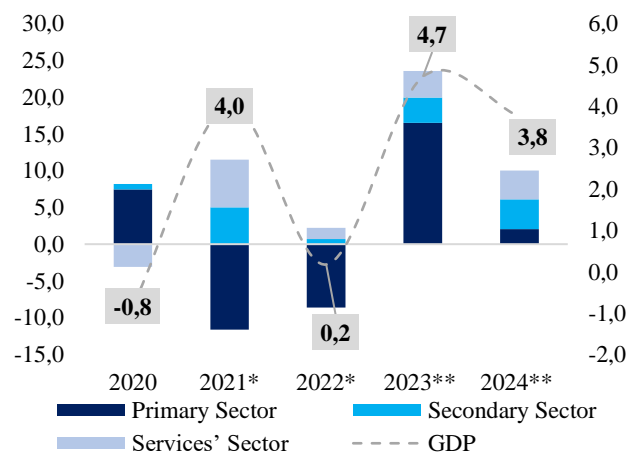
without agriculture and binationals registered an interannual variation of 5.8% (1.1% quarter-on-quarter growth).

Concerning the expense, net exports and private consumption showed a positive behavior; however, public consumption and the gross formation of fixed capital, registered a reduction in interannual terms. As a result, the GDP accrued a 4.7% growth and the GDP without agriculture and binationals showed an increase as of the closing of 2023.

On the other hand, the GDP growth projection for this year is kept by 3.8%; however, certain adjustments have been performed in the internal arrangements.

Report on Monetary Policy

Chart 1: GDP Growth by economic sectors 2024.



Source: Central Bank of Paraguay

Statistic Schedule of the Economic Report. BCP

It is worth pointing out that the Monthly Indicator of Economic Activity (IMAEP), as of April registered an interannual growth of 7.8%. With this result, a growth of 4.8% was accumulated in the first quarter of 2024.

IMAEP (April, 2024) - BCP

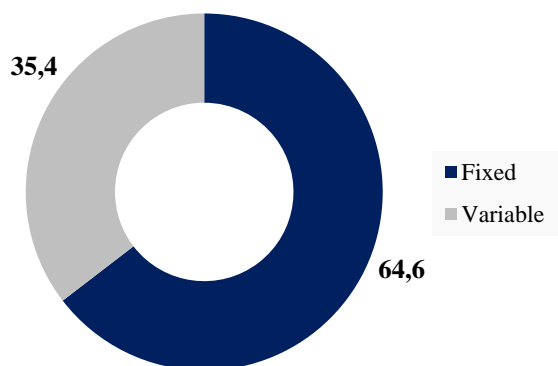
Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

As of May, a debt level of the Total Public Sector has been registered by 38.9% of the GDP, which is considered sustainable for the country’s public finances and is one of the lowest debt levels in the region.

According the debt classification of the total public sector debt, per kind of rate as of May, 2024, it has been observed that 64.6% is at a fixed rate and 35.4% at a variable rate.

Figure 1: Total Public Debt Balance per rate of interest

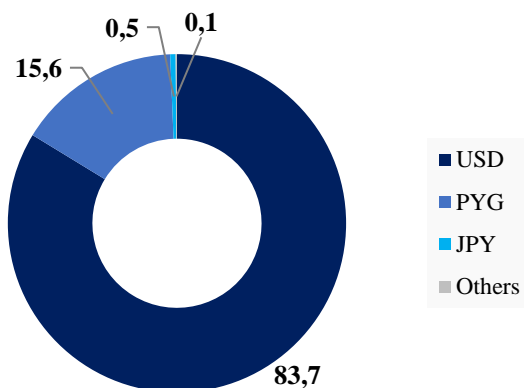


Source: Vice-ministry of Economy and Planning

On the other hand, **the public debt structure per currency as of May**, keeps a greater proportion in USD (83.7%) together with PYG (15.6%), JPY (0.5%) and other currencies in (0.1%).

It is worth pointing out that, the greatest debt proportion in Dollars does not represent a risk for the country, because Paraguay perceives income in Dollars as annual royalties for usage of the hydraulic potential of the Parana River for the electric energy production, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice-ministry of Economy and Planning



Debt Statistic

According to the Debt Maturity average

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*)

Years	Administración Central		
	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



Strategic Guidelines



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Fiscal Policy

Financial Situation as of May 2024

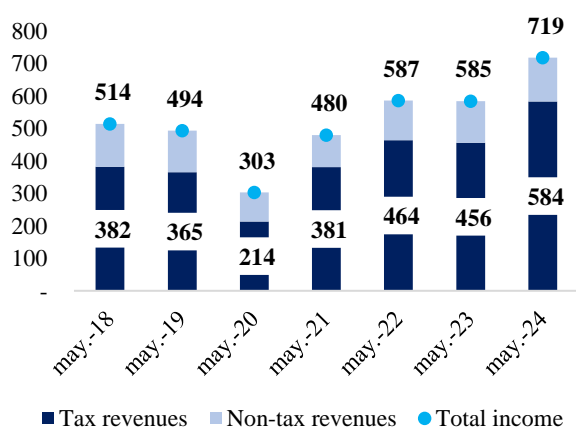
May has closed with an accrued fiscal deficit of USD 116.7 million, equivalent to -0.2% of the GDP. The annualized fiscal deficit as of May, 2024 was 3.2% of the GDP, showing a relative improvement concerning the fiscal closing of 2023, in which the fiscal deficit was 4.1% of the GDP. This is explained, partly, because of the good performance of tax revenues¹.

Income

As of May 2024, total income shows an accrued growth of 20.3%.

Total income in May 2024, were USD 718.9 millions, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.

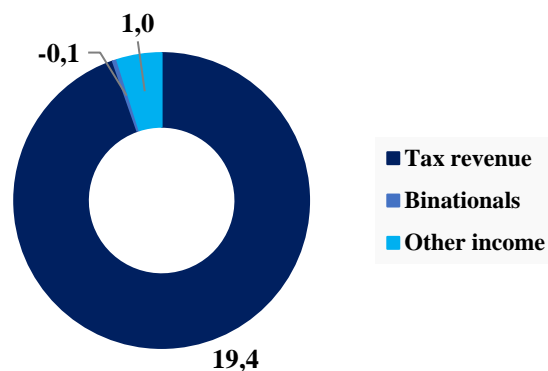
Chart 2: Income accrued as of May 2024, in million Dollars.



Source: SITUFIN ²– Ministry of Economy and Finance

² SITUFIN — Ministry of Economy and Finance.
Obtained <https://www.mef.gov.py/situfin/>

Figure 3: Income components in percentage (accrued variation)



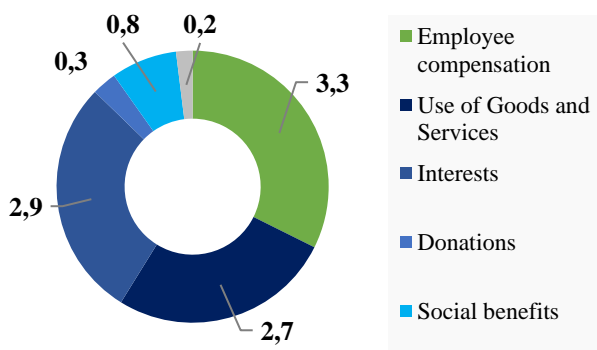
Source: SITUFIN – Ministry of Economy and Finance

Public Expenditure

The total expense showed an accrued increase of 10.2%, as of May.

This outcome is mainly explained by remunerations, interests, use of goods and services. It is worth pointing out that there has been an increase in the execution of expenses in the strategic sectors of the national government such Health, Education, Security, promotion and social action.

Figure 4: Variation Arrangement of accrued expenses in percentage



Source: SITUFIN – Ministry of Economy and Finance

Public Investment

National System of Public Investment SNIP.

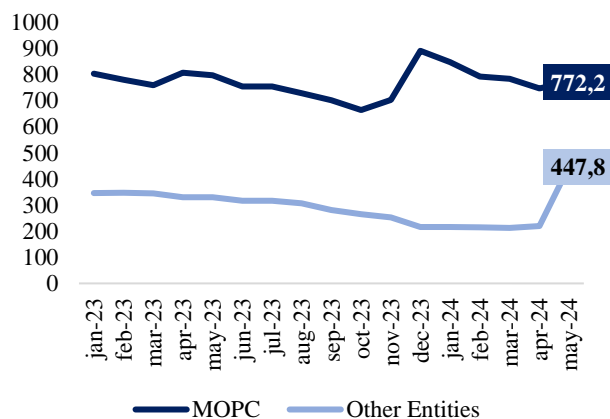
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of May, 2024

As of May, the public investment level is in line with the path of fiscal convergence, as well as the economic growth dynamics.

The total public investment as of May was USD 1220.0 million, which represents 2.3% of the GDP. This consists of USD 772.2 million corresponding to the Ministry of Public Works and Communications, and USD 447.8 million corresponding to other entities.

Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance



Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

Inflación

International Context

In view of the international context, oil costs have increased slightly to around USD 85 per barrel while agricultural commodity prices have decreased because of improvements in weather conditions.

In the **United States**, inflation has been placed below the market expectations while the labor market was mixed.

Domestic Context

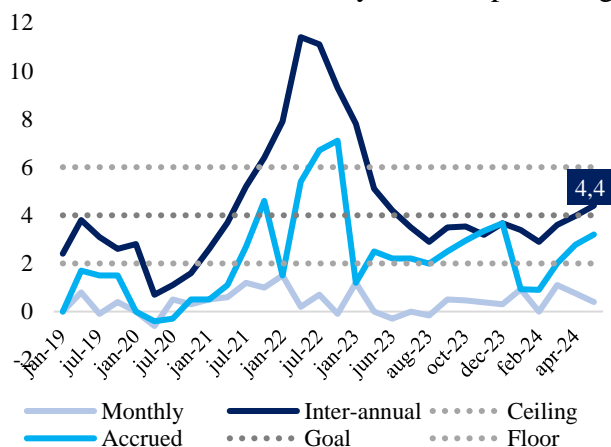
In Paraguay, the inflation goal, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which allows that the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

Concerning the local context, inflation expectations are in line with the goal of 4%.

As of May, 2024, the monthly inflation of the CPI was 0.4%, as a consequence of the prices' increase of volatile components of the basic food basket (fruit and vegetables) and some durable goods.

On the other hand, excluding food and energy costs (IPCSAE), monthly inflation was 0.3%. In view of inter-annual terms, CPI and IPCSAE variations were 4.4% and 3.5%, respectively. Core inflation stood at 0.2% monthly and 3.2% year-on-year.

Chart 4: Inflation as of May 2024, in percentage



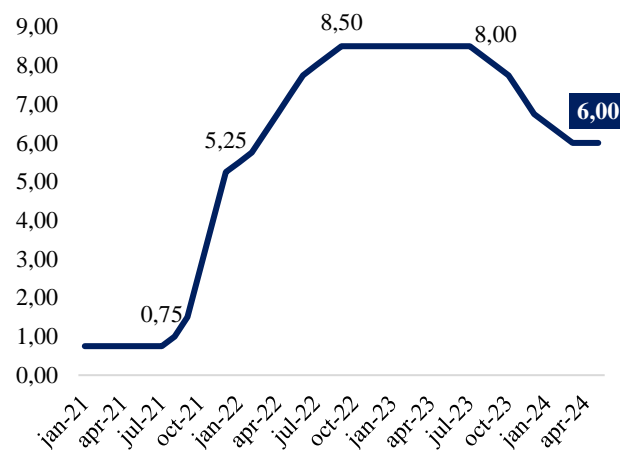
Source: Central Bank of Paraguay

Monetary Policy Rate

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

Monetary Policy Rate (TPM) as of May, 2024 The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) by 6.0% in May of the present year.

Chart 5: Monetary Policy Rate (2020-2024)



Source: Central Bank of Paraguay.



CPM's Minutes of Meetings

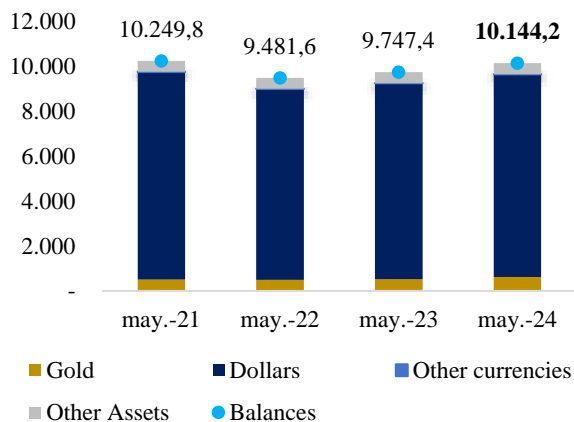
Net International Reserve

The Net International Reserves' stock as of May 2024, has achieved a USD 10,144.2 million balance, consisting of USD 614.0 million corresponding to Gold; USD 9,029.2 millions in Dollars; USD 2.3 millions in other currencies and USD 498.7 millions concerning other assets.



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Chart 6: RIN composition, in million Dollars.



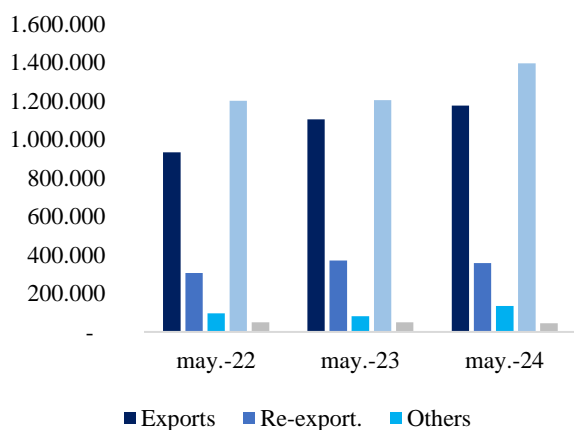
Source: Central Bank of Paraguay

Balance of Trade

In May, 2024, foreign trade figures (Exports plus Imports) represented USD 3,109.9 million.

Total exports as of May, 2024, were USD 1,669.2 million. On the other hand, total imports as of May, 2024, have been USD 1,440.7 million; and finally, the balance of trade has been USD 228.4 million, in favor of exports.

Chart 7: Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay



BCP Statistic Schedule

Credit Perspective of Paraguay

Sovereign Risk Rating Record

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Fitch and Moody's. It is worth pointing out that Fitch Ratings considering its review of November, 2023, increased Paraguay's Country Ceiling to BBB- (investment grade) from BB+.

Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Estable	01-feb-2024
Moody's	Ba1	Positiva	05-dic-2023
Fitch	BB+	Estable	01-nov-2023

Source: Vice-ministry of Economy and Planning



Annual Reports on Risk Rating

Country Ceiling

The Country Ceiling increase implies that in Paraguay, private issuers may go to the international market and fulfill their respective obligations. This occurs because risks in exchange rate controls are mitigated with sound external liquidity, a floating exchange rate, sound policies and macroeconomic institutions and efforts to diversify the economy and attract Foreign Direct Investment.

In December 5, 2023, Moody's, in its rating review report confirms Paraguay's rating at Ba1 with a positive outlook. The risk rating agency highlights aspects that influence the country's credit strength, among them, the low burden of public debt supported by the compliance records of goals established in the Fiscal Responsibility Law. Likewise, it stands out that Paraguay registers a greater GDP growth in relation to its



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General Directorate of Debt Policy

peers with the same rating, having a growing potential for economic growth and diversification of the economy.

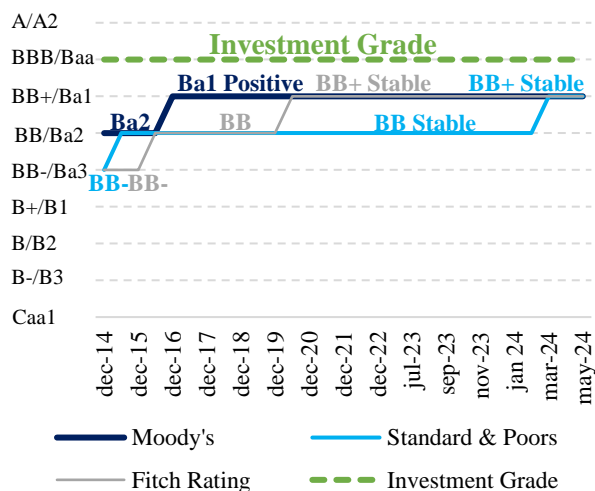
In addition, they highlight that tax administration and the boost in revenue collection have been improved in recent years and reforms have been proposed to the pension system and the Government's commitment to public investment in order to improve the country's road infrastructure.

The risk rating agency mentions that the positive outlook is based on a solid growth record and a prudent fiscal policy, reflected in the low debt burden that has allowed Paraguay to be one of the few countries that has not seen its credit rating affected.

On February 1, 2024, Standard and Poor's, after 10 years, has decided to increase Paraguay's rating from BB to BB+, keeping the stable outlook. The report from the aforementioned risk rating agency emphasizes that the country's government institutions have gradually matured in recent years, with greater predictability and continuity in Economic Policies through changes in the administration; it emphasizes that the approval of the laws that create institutions such as the Directorate of National Tax Revenues, the Ministry of Economy and Finance, the Superintendency of Securities and the most recent, the Superintendency of Pensions are key to guaranteeing the efficient operation of institutions.

Currently, Paraguay is at one step of the investment grade with the three most important risk rating agencies; Moody's, Fitch Ratings and Standard and Poor's.

Chart 8: Sovereign Risk Rating of Paraguay
Period 2013 – 2024



Source: Vice-ministry of Economy and Planning



Regional Perspective Report





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Other accesses of interest



Please click on the text to address to the Web Site

Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

Ministry of Economy and Finance

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➤ **Public Investments**

➤ **SITUFIN**

➤ **Rendering of Accounts**

➤ **Statistics on Public Debt**

➤ **Debt Monthly Reports**

➤ **Monthly Financial Management of
the General Budget of the Nation**

➤ **Report on Foreign Trade (RCE)**

➤ **Planning System according to
Outcomes**

➤ **General Directorate of Cooperation
for Development**

➤ **Estadísticas de las Recaudaciones**

➤ **Por qué invertir en Paraguay**

➤ **Control Financiero y Evaluación
Presupuestaria**

➤ **Perfil Económico y Comercial**

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Financial Agency of Development

➤ **Products**

➤ **Investors**

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Schedule



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Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7,252.7	7,353.0	7,453.7	7,554.8	7,656.2
GDP (USD million)	36,145.8	40,284.1	42,093.1	43,009.2	45,323.8
GDP per capita (USD)	4,983.8	5,478.6	5,647.3	5,693.0	5,919.9
GDP (annual variation in %)	-0.8	4.0	0.2	4.7	3.8
Total Consumption (annual variation in %)	-2.2	5.5	1.6	2.9	3.2
Capital Investment (annual variation in %)	5.3	18.2	-1.8	-3.5	5.0
Unemployed Rate (open unemployment)	7.9	6.8	5.7	6.5	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	7.4	-11.6	-8.6	16.5	2.0
Agriculture	9.0	-18.2	-12.5	23.3	1.8
Livestock	4.4	6.2	-0.3	0.5	1.6
Others	0.9	6.8	-0.7	12.5	4.2
Secondary Sector	0.7	5.0	0.7	3.4	4.0
Industry	-1.3	6.9	-0.1	3.1	4.1
Construction	10.5	12.8	-3.2	-7.5	4.7
Binationals	-2.3	-7.6	7.8	16.0	3.1
Tertiary Sector	-3.1	6.5	1.5	3.6	3.9
General Government	6.4	-3.4	-0.7	3.4	3.4
Trade	-8.1	14.3	3.4	4.4	3.4
Communications	6.1	4.5	-2.4	-0.8	2.4
Other Services	-5.7	7.7	2.1	4.0	4.5
Taxes	-5.1	9.0	1.1	3.3	3.7
In view of Demand (Thousands of USD)					
Total Investment	5,737.8	6,912.8	6,390.5	6,084.5	6,242.6
Total Consumption	22,548.4	24,240.2	23,181.7	23,533.9	23,741.2
Exports	9,844.6	10,236.8	9,536.2	12,864.6	12,877.0
Imports	8,630.3	10,710.6	11,037.3	12,428.2	12,483.9
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6,944.0	6,815.5	7,238.7	7,335.2	7,507.0
Inflation (CPI, annual variation in %, Average, last 12 months)	0.7	3.7	11.4	5.1	4.4
Inter-banking rate of interest (% , fdp)	0.81	0.55	7.00	8.68	5.95
Monetary Aggregates (annual variation of M2 in %)	18.2	11.6	1.3	8.8	10.5
Dollarization Ratio (% of banking deposits in ME)	43.7	46.0	45.9	46.9	45.9
Banking sector credits granted to the private sector (% of GDP)	6.8	12.1	13.8	7.7	15.7
Real Salary (annual variation, %)	1.1	5.5	6.9	4.7	-

Vice-ministry of Economy and Planning
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External Sector					
(Thousands of USD)					
Exports	809,462	1,284,940	1,336,478	1,558,273	1,669,222
Inter-annual variation in %	-26.0	58.7	4.0	16.6	7.1
Imports	656,732	958,703	1,251,139	1,254,843	1,440,775
Inter-annual variation in %	-31.7	46.0	30.5	0.3	14.8
Trade Balance	152,730	326,238	85,339	303,431	228,448
% of GDP	0.4	0.8	0.2	0.7	0.5
(Million of USD)					
Current Account	669.2	-347.4	-2,993.5	109.6	-
% of GDP	1.9	-0.9	-7.1	0.3	-
Capital and Financial Account	283.8	-299.5	-2,691.2	-436.1	-
% of GDP	0.8	-0.7	-6.4	-1.0	-
Direct Foreign Investment	7,909.4	8,345.1	8,664.9	8,905.6	-
% of GDP	21.9	20.7	20.6	20.7	-
International Reserves	9,382.0	10,249.8	9,481.6	9,747.4	10,144.2
% of GDP	26.0	25.4	22.5	22.7	22.4
Public Sector					
(% of GDP)					
Income	13.5	13.7	14.0	14.0	6.3
Which: Taxation Income represents	9.5	9.8	10.2	10.1	4.9
Expenses	19.7	17.3	17.0	18.1	6.6
Which: Payment of interests represents	1.1	1.1	1.2	1.7	0.8
Primary Outcome	-5.1	-2.5	-1.8	-2.4	0.6
Fiscal Outcome	-6.1	-3.6	-2.9	-4.1	-0.2
Total Debt of the Public Sector	33.8	33.8	35.8	38.5	38.9
Deuda Externa Pública	29.0	29.3	31.7	33.3	33.8
% of the Total Public Debt	85.9	86.7	88.5	86.6	86.8
Domestic Public Debt	4.8	4.5	4.1	5.2	5.1
% of the Total Public Debt	14.1	13.3	11.5	13.4	13.2
Service of the Domestic Public Deb	1.6	1.6	1.8	3.1	1.5

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

References:

Remarks and Sources: Chart prepared by the General Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of June 21, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of May, 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M5: May); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of May, 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to May of the mentioned year. (2024, M5).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of May, 2024 (May, 2024/May, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of May, 2024, concerning the same period of the year 2023.

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June

Macroeconomic Overview of Paraguay

World Economy

Projected global growth remains in line with that projected by the WEO-April of this year.

At the beginning of 2024, global activity and international trade have strengthened. It is worth pointing out that exports from Asia have promoted trade, especially the technology sector.

Concerning the growth behavior, this had a positive dynamic in several countries, but not in Japan and the United States, where negative scenarios were surprising. As far as Japan is concerned, due to temporary interruptions linked to the closure of a major automobile factory. For the United States, after a sustained period of high dynamism, the deceleration was sharper than expected as a consequence of the consumption moderation and the negative contribution of net trade.

However, concerning global growth projections for 2024, they are expected to remain stable for this year, being 3.2% for 2024 and 3.3% for 2025.



**Global Economic Outlook Update
(IMF – Jul 2024)**

Regional Context

Concerning the growth of advanced economies, convergence is expected in the coming quarters. For the **United States** growth is projected downward to 2.6% by 2024, as a result of a slower than expected start to the year. By 2025,

growth is estimated to slow down, reaching 1.9%.

For the **Eurozone**, economic activity has apparently bottomed out in line with projections from April of this year; a small rebound of 0.9% is expected for 2024, driven mainly by the good dynamics of services and an increase that exceeded expectations in net exports during the first half of this year.

However, growth of 1.5% is expected for 2024, mainly explained by greater strength in consumption due to the growth of real wages, as well as greater investment explained by more favorable financial conditions. On the other hand, a slower recovery is expected in countries like Germany, due to the continued weakness of manufacturing.

For emerging markets and developing economies, an upward revision is expected, mainly driven by increased activity in Asia, particularly China and India. For **China**, a growth forecast of up to 5% is revised for 2024, mainly explained by an increase in private consumption and the strength of exports presented in the first quarter of this year.

Concerning 2025, a slowdown in GDP of up to 4.5% is expected, and the slowdown is expected to continue in the medium term, as a consequence of the aging of the population and the slowdown in productivity growth.



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Table 1: Projections' Overview of the World Economy Perspectives

	2023	2024*	2025**
World	3,3	3,2	3,3
Advanced Economies	1,7	1,7	1,8
United States	2,5	2,6	1,9
Eurozone	0,5	0,9	1,5
MEED	4,4	4,3	4,3
China	5,2	5,0	4,5
Latin America and the Caribbean	2,3	1,9	2,7
Brazil	2,9	2,1	2,4
Mexico	3,2	2,2	1,6

Source: WEO – IMF July 2024



Global Economic Outlook Update
(IMF – Jul 2024)

Latin America and the Caribbean

Concerning Latin America and the Caribbean, the region's growth was observed to decline this year. In Brazil, explained by the short-term impact of floods and in Mexico due to moderations in demand. By 2025, upward growth is expected for the Brazilian economy, because of the reconstruction after the floods, and favorable structural factors, especially the acceleration in hydrocarbon production.



Global Economic Outlook Update
(IMF – Jul 2024)

Domestic Situation

Concerning the local economy scenario, Paraguay is one of the countries that has shown one of the most positive growth in the region, both in 2023 and so far this year.

It has been quite positive in the first quarter; GDP growth of 4.3% year-on-year was observed, explained by the positive performance of the services sector, manufacturing, livestock, electricity and water, and to a lesser extent by

agriculture. It is worth pointing out that GDP without agriculture or binationals showed a 5.6% growth in interannual terms.

The agricultural sector presented an increase of 0.4% in the first quarter of 2024, explained by the higher estimated production levels for corn, sugar cane, cotton, beans, canola and yerba mate.

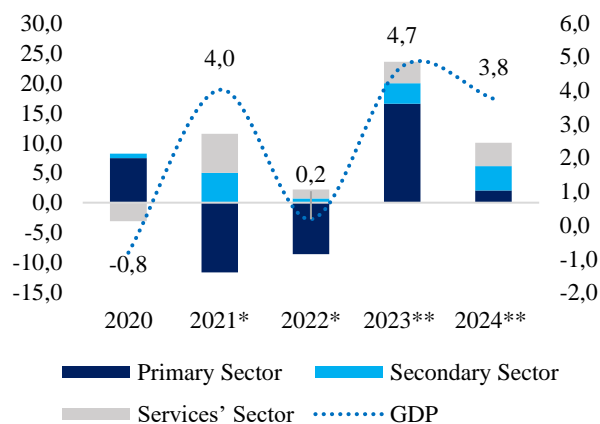
Concerning the spending, an increase was observed in terms of internal demand, in which private and public consumption are emphasized, as well as the Gross Fixed Capital Formation and net exports. On the other side, it is worth pointing out that the Monthly Index of Economic Activity of Paraguay (IMAEP) predicts a favorable growth behavior, mainly driven by services and the manufacturing industry.

Concerning the growth perspective for 2024, it remains at 3.8%, although some rearrangements were made on the production side and on the spending side.



Report on Monetary Policy

Chart 1: GDP Growth by economic sectors 2024.



Source: Central Bank of Paraguay



Statistic Schedule of the Economic Report. BCP



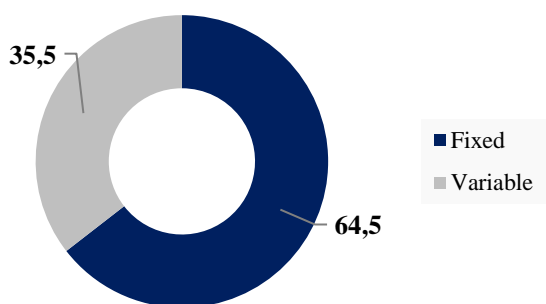
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Debt levels and structures of the Total Public Sector.

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

As of June, a debt level of the Total Public Sector has been registered by 39.3% of the GDP, which is considered sustainable for the country’s public finances and is one of the lowest debt levels in the region.

Figure 1: Total public debt balance by interest rate.



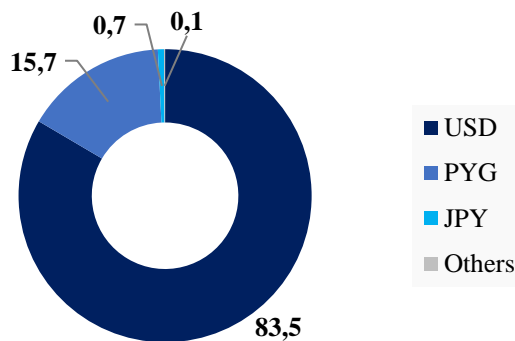
Source: Vice-ministry of Economy and Planning

The classification of total public sector debt, by rate type as of June 2024, showed that 64.5% is at a fixed rate and 35.5% at a variable rate.

On the other side, the public debt structure by currency in June, keeps a greater ratio in USD (83.5%), together with PYG (15.7%), JPY (0.7%) and other currencies at (0.1%).

It is worth pointing out that the highest ratio of debt in dollars does not represent a risk for the country, because Paraguay receives income in dollars as annual royalties for the use of the hydraulic potential of the Parana River for the production of electrical energy, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice-ministry of Economy and Planning



Debt Statistic

According to the Debt Maturity average

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.



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Vice-ministry of Economy and Planning
General Directorate of Debt Policy

Table 2: Debt Average Maturity (Years*)

Administración Central			
Years	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



Strategic Guidelines

Fiscal Policy

Financial Situation as of June 2024

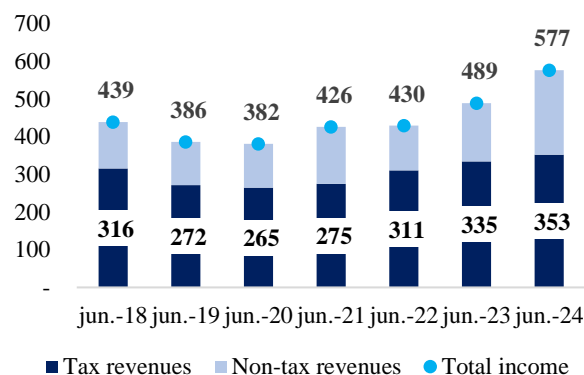
At the end of June, an accumulated fiscal deficit of USD 127 million was recorded, equivalent to - 0.3% of GDP. The annualized fiscal deficit as of June 2024 was 3.2% of the GDP, around the lowest levels recorded in the last 12 months. This is explained, in part, by the robust performance of tax revenues throughout the year.

Income

At the end of the sixth month of 2024, total income shows an accumulated growth of 20.6%

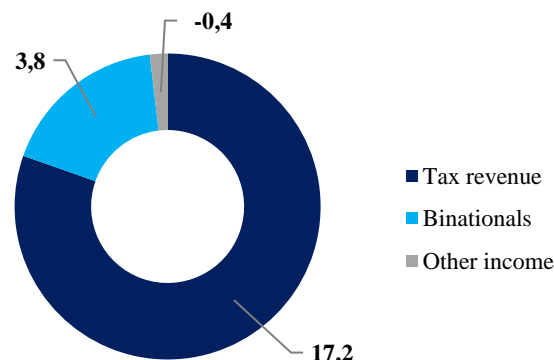
Total income in June, 2024, was USD 576.7 million, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.

Chart 2: Total Income in June 2024, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage (accrued variation)



Source: SITUFIN – Ministry of Economy and Finance

Public Expenditure

The total expense showed an accrued increase of 11.8%, as of June.

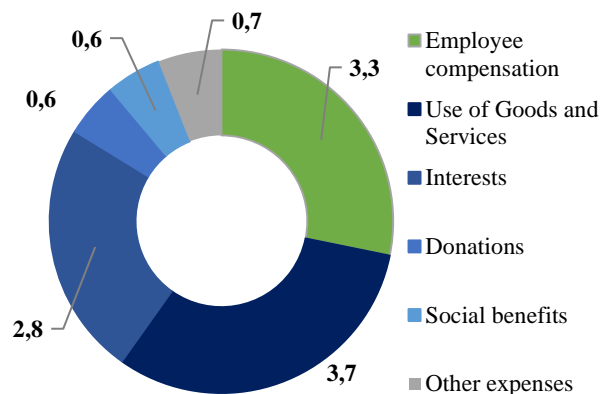
This outcome is mainly explained by use of goods and services, remunerations and debt interests. Likewise, it is worth pointing out that there has been an increase in the execution of expenses in the strategic sectors of the national government such Health, Education, Security, promotion and social action, as well as a



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reduction in expenses related to the governmental administration.

Figure 4: Variation Arrangement of accrued expenses in percentage



Source: SITUFIN – Ministry of Economy and Finance

Public Investment

National System of Public Investment SNIP.

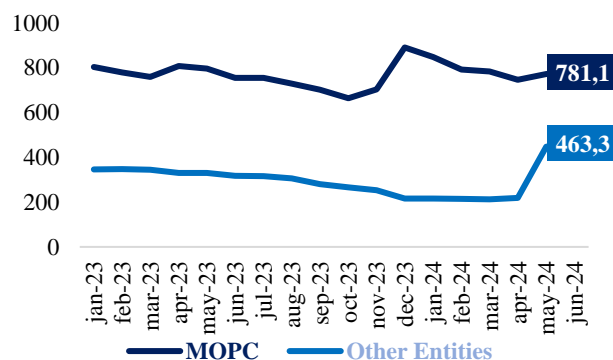
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of June, 2024

As of June, the level of public investment has shown a rebound since March, thus placing it around pre-pandemic levels and in line with the path of fiscal convergence, as well as the dynamics of economic growth.

The total public investment as of June was USD 1,244.4 million, which represents 2.3% of the GDP. This consists of USD 781.1 million corresponding to the Ministry of Public Works and Communications, and USD 463.3 million corresponding to other entities.

Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance



SITUFIN 2024

Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

Inflation

International Context

In view of the international context, oil costs remained at levels similar to the previous review, while agricultural commodity prices have decreased reflecting improvements in supply prospects due to more favorable weather conditions in the main productive regions.



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In the United States, monthly inflation measured by the CPI was -0.1% in June, lower than expectations (+0.1%) and, in year-on-year terms, slowed down to 3.0% (3.3% in May).

Domestic Context

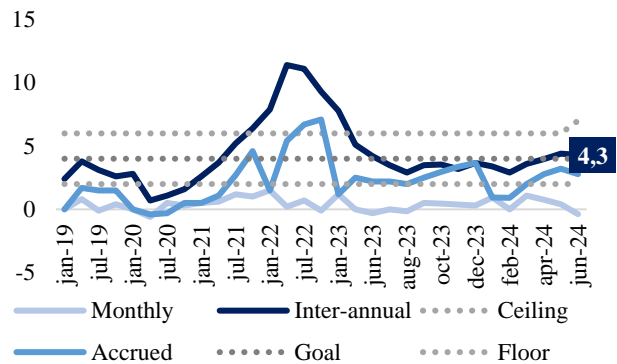
In Paraguay, the inflation goal, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which allows that the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

Concerning the local context, inflation expectations are in line with the goal of 4%.

As of June, 2024, the CPI was -0.4%, due to the reduction in the prices of volatile components of the basic food basket (fruit and vegetables) and beef. This decrease was mitigated by the increase in the prices of some durable goods and services.

On the other hand, excluding food and energy costs (IPCSAE), monthly inflation was 0.3%. In view of inter-annual terms, CPI and IPCSAE variations were 4.3% and 3.5%, respectively. Core inflation stood at 0.1% monthly and 3.1% year-on-year.

Chart 4: Inflation as of June, 2024, in percentage



Source: Central Bank of Paraguay



CPM's Minutes of Meetings

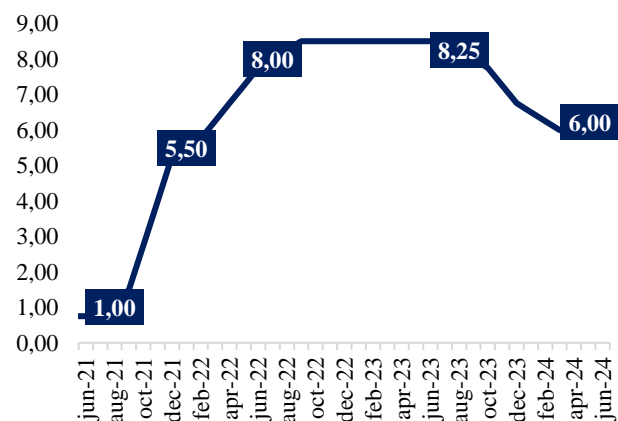
Monetary Policy Rate

It is an instrument of Monetary Policy through which liquidity and market interest rates are influenced, which can affect part of the economic activity and influence inflation.

Monetary Policy Rate (TPM) as of June 2024

The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) by 6.0% in June of the present year.

Chart 5: Monetary Policy Rate (2020-2024)



Source: Central Bank of Paraguay.



Monetary Policy Statement

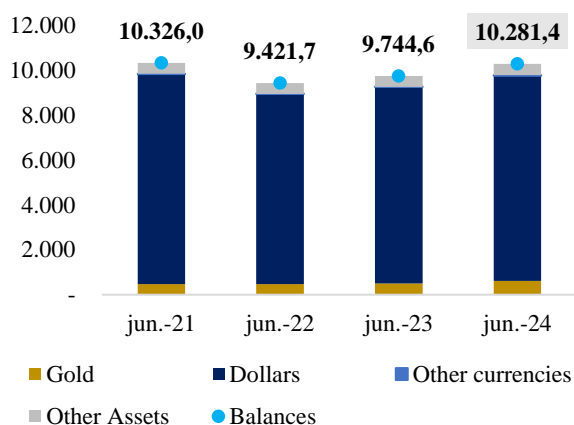


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Net International Reserves

The Net International Reserves stock as of June 2024, has achieved a USD 10,281.4 million balance, consisting of USD 613.5 million corresponding to Gold; USD 9,139.7 million in Dollars; USD 30.4 million in other currencies and USD 497.6 million concerning other assets.

Chart 8: RIN composition, in million Dollars.



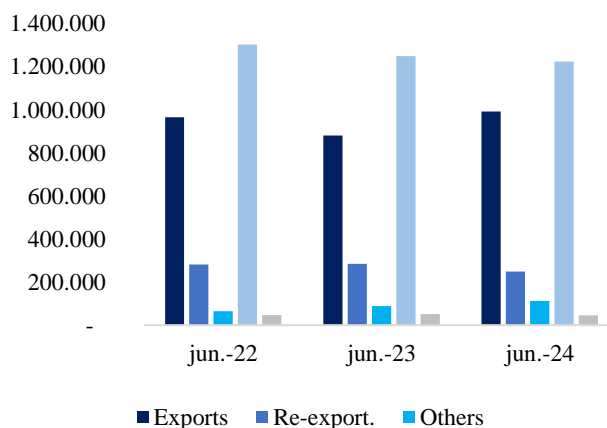
Source: Central Bank of Paraguay

Balance of Trade

In June, 2024, foreign trade figures (Exports plus Imports) represented USD 2,623.9 million.

Total exports as of June, 2024, were USD 1,353.7 million. On the other hand, total imports as of June, 2024, have been USD 1,270.2 million. Finally, the balance of trade has been USD 83.45 million, in favor of exports.

Chart 9: Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay



BCP Statistic Schedule

Credit Perspective of Paraguay

Sovereign Risk Rating Record

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Fitch and Moody's. It is worth pointing out that Fitch Ratings considering its review of November, 2023, increased Paraguay's Country Ceiling to BBB- (investment grade) from BB+.

Table 2: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Estable	01-feb-2024
Moody's	Ba1	Positiva	05-dic-2023
Fitch	BB+	Estable	01-nov-2023

Source: Vice-ministry of Economy and Planning



Annual Reports on Risk Rating



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Vice-ministry of Economy and Planning
General Directorate of Debt Policy

Country Ceiling

The Country Ceiling increase implies that in Paraguay, private issuers may go to the international market and fulfill their respective obligations. This occurs because risks in exchange rate controls are mitigated with sound external liquidity, a floating exchange rate, sound policies and macroeconomic institutions and efforts to diversify the economy and attract Foreign Direct Investment.

In December 5, 2023, Moody's, in its rating review report confirms Paraguay's rating at Ba1 with a positive outlook. The risk rating agency highlights aspects that influence the country's credit strength, among them, the low burden of public debt supported by the compliance records of goals established in the Fiscal Responsibility Law. Likewise, it stands out that Paraguay registers a greater GDP growth in relation to its peers with the same rating, having a growing potential for economic growth and diversification of the economy.

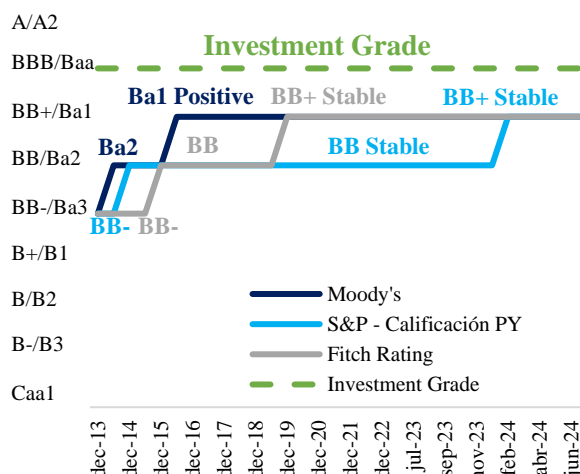
In addition, they highlight that tax administration and the boost in revenue collection have been improved in recent years and reforms have been proposed to the pension system and the Government's commitment to public investment in order to improve the country's road infrastructure.

The risk rating agency mentions that the positive outlook is based on a solid growth record and a prudent fiscal policy, reflected in the low debt burden that has allowed Paraguay to be one of the few countries that has not seen its credit rating affected.

On February 1, 2024, Standard and Poor's, after 10 years, has decided to increase Paraguay's rating from BB to BB+, keeping the stable outlook. The report from the aforementioned risk rating agency emphasizes that the country's government institutions have gradually matured in recent years, with greater predictability and continuity in Economic Policies through changes in the administration; it emphasizes that the approval of the laws that create institutions such as the Directorate of National Tax Revenues, the Ministry of Economy and Finance, the Superintendency of Securities and the most recent, the Superintendency of Pensions are key to guaranteeing the efficient operation of institutions.

Currently, Paraguay is at one step of the investment grade with the three most important risk rating agencies; Moody's, Fitch Ratings and Standard and Poor's.

Chart 7: Sovereign Risk Rating of Paraguay
Period 2013 – 2024



Source: Vice-Ministry of Economy and Planning



Report on Regional Outlook





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Other accesses of interest




Please click on the text to address to the Web Site

Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

Ministry of Economy and Finance

➤ **General Budget of the Nation**

➤ **Public Investments**

➤ **SITUFIN**

➤ **Rendering of Accounts**

➤ **Statistics on Public Debt**

➤ **Debt Monthly Reports**

➤ **Monthly Financial Management of
the General Budget of the Nation**

➤ **Report on Foreign Trade (RCE)**

➤ **Planning System according to
Outcomes**

➤ **General Directorate of Cooperation
for Development**

➤ **Estadísticas de las Recaudaciones**

➤ **Por qué invertir en Paraguay**

➤ **Control Financiero y Evaluación
Presupuestaria**

➤ **Perfil Económico y Comercial**

➤ **BIDI (Boletín Informativo de la
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➤ **Products**

➤ **Investors**

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Viceministerio de Economía y Planificación
Dirección General de Política de Endeudamiento



Viceministerio de Economía y Planificación
Dirección General de Política de Endeudamiento

Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7,252.7	7,353.0	7,453.7	7,554.8	7,656.2
GDP (USD million)	36145.8	40284.1	42093.1	43009.2	45323.8
GDP per capita (USD)	4983.8	5478.6	5647.3	5693.0	5919.9
GDP (annual variation in %)	-0.8	4.0	0.2	4.7	3.8
Total Consumption (annual variation in %)	-2.2	5.5	1.6	2.9	3.2
Capital Investment (annual variation in %)	5.3	18.2	-1.8	-3.5	5.0
Unemployed Rate (open unemployment)	7.9	6.8	5.7	6.5	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	7.4	-11.6	-8.6	16.5	2.0
Agriculture	9.0	-18.2	-12.5	23.3	1.8
Livestock	4.4	6.2	-0.3	0.5	1.6
Others	0.9	6.8	-0.7	12.5	4.2
Secondary Sector	0.7	5.0	0.7	3.4	4.0
Industry	-1.3	6.9	-0.1	3.1	4.1
Construction	10.5	12.8	-3.2	-7.5	4.7
Binational	-2.3	-7.6	7.8	16.0	3.1
Tertiary Sector	-3.1	6.5	1.5	3.6	3.9
General Government	6.4	-3.4	-0.7	3.4	3.4
Trade	-8.1	14.3	3.4	4.4	3.4
Communications	6.1	4.5	-2.4	-0.8	2.4
Other Services	-5.7	7.7	2.1	4.0	4.5
Taxes	-5.1	9.0	1.1	3.3	3.7
In view of Demand (Thousands of USD)					
Total Investment	5737.84	6912.80	6390.53	6084.50	6223.75
Total Consumption	22548.42	24240.20	23181.73	23533.93	23669.68
Exports	9844.63	10236.77	9536.16	12864.58	12838.17
Imports	8630.26	10710.55	11037.34	12428.19	12446.26
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6943.98	6815.54	7238.66	7335.21	7529.65
Inflation (CPI, annual variation in %, Average, last 12 months)	0.5	4.5	11.5	4.2	4.3
Inter-banking rate of interest (% , fdp)	0.78	0.56	7.51	8.70	5.97
Monetary Aggregates (annual variation of M2 in %)	18.4	11.4	0.8	9.9	10.5
Dollarization Ratio (% of banking deposits in ME)	44.2	46.1	45.7	46.7	45.9
Banking sector credits granted to the private sector (% of GDP)	8.7	10.1	15.1	7.8	15.7
Real Salary (annual variation, %)	1.1	5.5	6.9	4.7	-

Viceministerio de Economía y Planificación
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External Sector					
(Thousands of USD)					
Exports	917.909	1.368.618	1.312.445	1.253.729	1.353.664
Inter-annual variation in %	-2,4	49,1	-4,1	-4,5	8,0
Imports	819.346	1.055.761	1.350.146	1.300.862	1.270.214
Inter-annual variation in %	2,3	2,6	3,2	3,0	2,8
Trade Balance	98.562	312.858	-37.702	-47.133	83.450
% of GDP	0,3	0,8	-0,1	-0,1	0,2
(Million of USD)					
Current Account	669,2	-347,4	-2.993,5	104,8	-202,9
% of GDP	1,9	-0,9	-7,1	0,2	-0,4
Capital and Financial Account	283,8	-299,5	-2.691,2	-436,1	-338,3
% of GDP	0,8	-0,7	-6,4	-1,0	-0,7
Direct Foreign Investment	7.909,4	8.345,1	8.664,9	8.905,6	9.127,2
% of GDP	21,9	20,7	20,6	20,7	20,1
International Reserves	9.238,4	10.326,0	9.421,7	9.744,6	10.281,4
% of GDP	25,6	25,6	22,4	22,7	22,7
Public Sector					
(% of GDP)					
Income	13.5	13.7	14.0	14.0	7.6
Which: Taxation Income represents	9.5	9.8	10.2	10.1	5.7
Expenses	19.7	17.3	17.0	18.1	7.9
Which: Payment of interests represents	1.1	1.1	1.2	1.7	0.9
Primary Outcome	-5.1	-2.5	-1.8	-2.4	0.6
Fiscal Outcome	-6.1	-3.6	-2.9	-4.1	-0.3
Total Debt of the Public Sector	33.8	33.8	35.8	38.5	39.3
Deuda Externa Pública	29.0	29.3	31.7	33.3	34.0
% of the Total Public Debt	85.9	86.7	88.5	86.6	86.7
Domestic Public Debt	4.8	4.5	4.1	5.2	5.1
% of the Total Public Debt	14.1	13.3	11.5	13.4	13.3
Service of the Domestic Public Deb	1.6	1.6	1.8	3.1	1.6

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References:

Remarks and Sources: Chart prepared by the General Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of July 15, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of June, 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M6: June); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of June, 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to June of the mentioned year. (2024, M6).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of June, 2024 (June, 2024/June, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of June, 2024, concerning the same period of the year 2023.

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July

Macroeconomic Outlook of Paraguay

World Economy

Projected global growth remains in line with that projected by the WEO-April of this year

At the beginning of 2024, global activity and international trade have strengthened. It is worth pointing out that exports from Asia have promoted trade, especially the technology sector.

Concerning the growth behavior, this had a positive dynamic in several countries, but not in Japan and the United States, where negative scenarios were surprising. As far as Japan is concerned, due to temporary interruptions linked to the closure of a major automobile factory. For the United States, after a sustained period of high dynamism, the deceleration was sharper than expected as a consequence of the consumption moderation and the negative contribution of net trade.

However, concerning global growth projections for 2024, they are expected to remain stable for this year, being 3.2% for 2024 and 3.3% for 2025.



**Global Economic Outlook Update
(IMF – Jul 2024)**

Regional Context

Concerning the growth of advanced economies, convergence is expected in the coming quarters. For the United States, growth is projected downward to 2.6% by 2024, as a result of a slower than expected start to the year. By 2025, growth is estimated to slow down, reaching 1.9%.

For the **Eurozone**, economic activity has apparently bottomed out in line with projections from April of this year; a small rebound of 0.9% is expected for 2024, driven mainly by the good dynamics of services and an increase that exceeded expectations in net exports during the first half of this year. However, growth of 1.5% is expected for 2024, mainly explained by greater strength in consumption due to the growth of real wages, as well as greater investment explained by more favorable financial conditions. On the other hand, a slower recovery is expected in countries like Germany, due to the continued weakness of manufacturing.

For emerging markets and developing economies, an upward revision is expected, mainly driven by increased activity in Asia, particularly China and India. For **China**, a growth forecast of up to 5% is revised for 2024, mainly explained by an increase in private consumption and the strength of exports presented in the first quarter of this year. Concerning 2025, a slowdown in GDP of up to 4.5% is expected, and the slowdown is expected to continue in the medium term, as a consequence of the aging of the population and the slowdown in productivity growth.



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Table 1: Projections' Overview of the World Economy Perspectives

	2023	2024*	2025**
World	3,3	3,2	3,3
Advanced Economies	1,7	1,7	1,8
United States	2,5	2,6	1,9
Eurozone	0,5	0,9	1,5
MEED	4,4	4,3	4,3
China	5,2	5,0	4,5
Latin America and the Caribbean	2,3	1,9	2,7
Brazil	2,9	2,1	2,4
Mexico	3,2	2,2	1,6

Source: WEO – IMF July 2024.



Outlook Update for the World Economy (IMF – Jul 2024)

Latin America and the Caribbean

Concerning Latin America and the Caribbean, the region's growth was observed to decline this year. In Brazil, explained by the short-term impact of floods and in Mexico due to moderations in demand. By 2025, upward growth is expected for the Brazilian economy, because of the reconstruction after the floods, and favorable structural factors, especially the acceleration in hydrocarbon production.

Domestic Situation

Concerning the local economy scenario, Paraguay Is one of the countries that has shown one of the most positive growth in the region, both in 2023 and so far this year.

It has been quite positive in the first quarter; GDP growth of 4.3% year-on-year was observed, explained by the positive performance of the services sector, manufacturing, livestock, electricity and water, and to a lesser extent by agriculture. It is worth pointing out that GDP without agricultures or binationals showed a 5.6% growth in interannual terms.

The agricultural sector presented an increase of 0.4% in the first quarter of 2024, explained by the higher estimated production levels for corn, sugar cane, cotton, beans, canola and yerba mate.

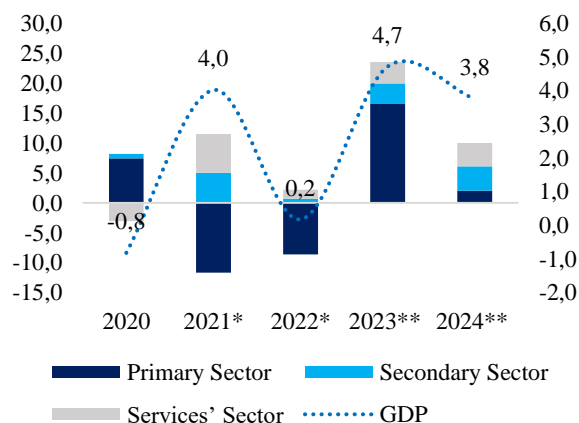
Concerning the spending, an increase was observed in terms of internal demand, in which private and public consumption are emphasized, as well as the Gross Fixed Capital Formation and net exports. On the other side, it is worth pointing out that the Monthly Index of Economic Activity of Paraguay (IMAEP) predicts a favorable growth behavior, mainly driven by services and the manufacturing industry.

Concerning the growth perspective for 2024, it remains at 3.8%, although some rearrangements were made on the production side and on the spending side.



Report on Monetary Policy

Chart 1: GDP Growth by economic sectors 2024



Fuente: Banco Central del Paraguay.



Statistical Annex of the Economic Report



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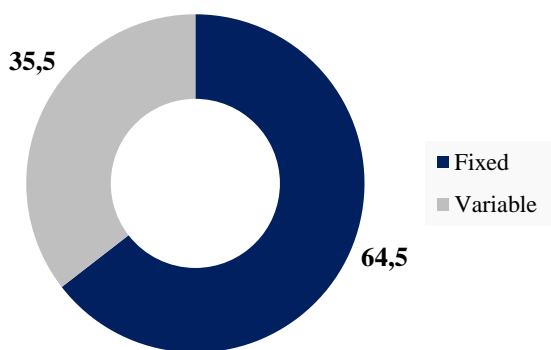
Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

As of July, a debt level of the Total Public Sector has been registered by 39.4% of the GDP, which is considered sustainable for the country’s public finances and is one of the lowest debt levels in the region.

Concerning the classification of the total public sector debt, by type of rate as of July, 2024, it was observed that 64.5% is at a fixed rate and 35.5% at a variable rate.

Figure 1: Total Public Debt Balance per rate of interest

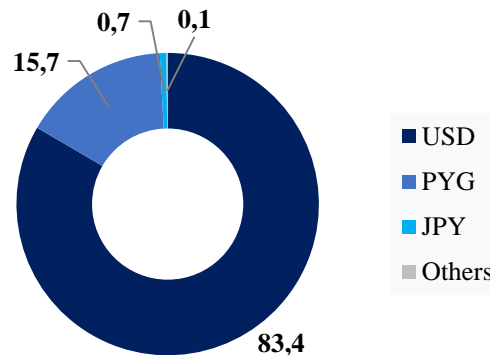


Source: Vice Ministry of Economy and Planning.

On the other side, the public debt structure by currency in July, keeps a greater ratio in USD (83.4%), together with PYG (15.7%), JPY (0.7%) and other currencies at (0.1%).

It is worth pointing out that the highest ratio of debt in dollars does not represent a risk for the country, because Paraguay receives income in dollars as annual royalties for the use of the hydraulic potential of the Parana River for the production of electrical energy, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice Ministry of Economy and Planning.



Debt statistics

According to the Debt Maturity average

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.



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Table 2: Debt Average Maturity (Years*)

Central Administration			
Years	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

Source: Vice Ministry of Economy and Planning.

* Does not include perpetual debt with the BCP.



Strategic Guidelines

Fiscal Policy

Financial Situation as of July 2024

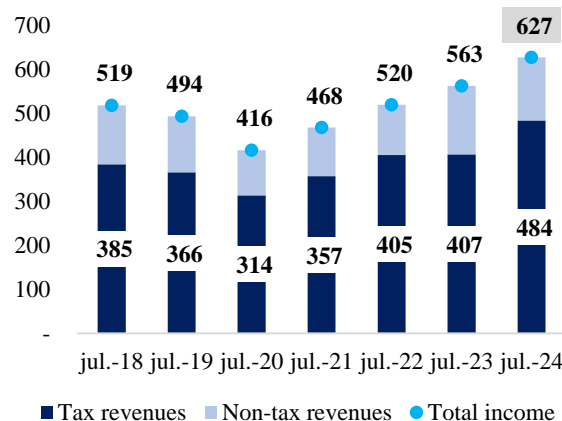
At the end of July, an accumulated fiscal deficit of USD 186 million was recorded, equivalent to 0.4% of GDP. The annualized fiscal deficit as of July 2024 was 3.3% of the GDP, around the lowest levels recorded in the last 12 months. This is explained, in part, by the robust performance of tax revenues throughout the year.

Income

At the end of July of 2024, total income shows an accumulated growth of 20.0%

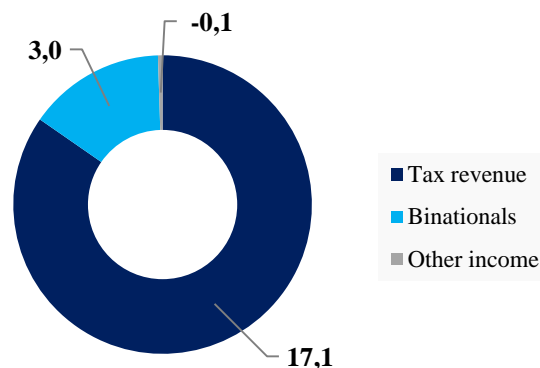
Total income in July, 2024, was USD 672.2 million, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.

Chart 2: Total Income in July 2024, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage (accrued variation)



Source: SITUFIN – Ministry of Economy and Finance



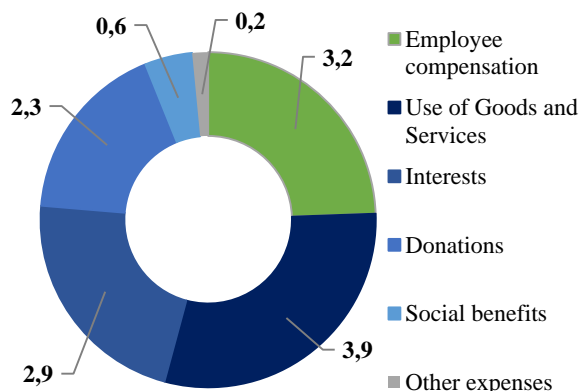
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Public Expenditure

The total expense showed an accrued increase of 13.1%, as of July

This outcome is mainly explained by use of goods and services, remunerations and debt interests. Likewise, it is worth pointing out that there has been an increase in the execution of expenses in the strategic sectors, whereas expenses related to the governmental administration have been reduced.

Figure 4: Variation Arrangement of accrued expenses in percentage



Source: SITUFIN – Ministry of Economy and Finance

Public Investment

National System of Public Investment SNIP

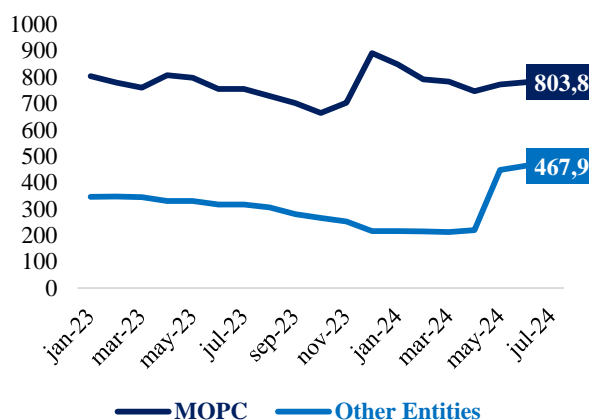
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of July, 2024

As of July, the level of public investment has shown a rebound since March, thus placing it around pre-pandemic levels and in line with the path of fiscal convergence, as well as the dynamics of economic growth.

The total public investment as of July was USD 1,271.7 million, which represents 2.4% of the GDP. This consists of USD 803.8 million corresponding to the Ministry of Public Works and Communications, and USD 467.9 million corresponding to other entities.

Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance



SITUFIN 2024

Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.



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Inflation

International Context

In view of the international context, oil costs have been reduced concerning the previous review, while agricultural commodity prices have decreased reflecting improvements in supply prospects perspectives and a more weakened demand.

In the United States, a lower dynamism has been observed in employment and the year-on-year annual inflation has decelerated to 2.9% by July, lower than the expected rate (3.0%).

Domestic Context

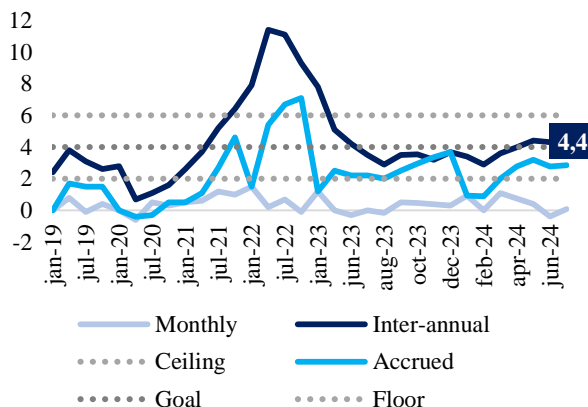
In Paraguay, the inflation goal, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which allows that the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

Concerning the local context, inflation expectations are in line with the goal of 4%.

As of July 2024, the CPI was 0.1%, due to the price increase of some services, although mitigated by lower prices of volatile components of the basic food basket (fruit and vegetables) and beef.

On the other hand, excluding food and energy costs (IPCSAE), monthly inflation was 0.4%. In view of year-on-year terms, CPI and IPCSAE variations were 4.4% and 8.4%, respectively. Core inflation stood at 0.2% monthly and 3.2% year-on-year.

Chart 4: Inflation as of July 2024, in percentage



Source: Central Bank of Paraguay



**Statistical Annex of the
Economic Report**

Monetary Policy Rate

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

Monetary Policy Rate (TPM) as of July, 2024

The Monetary Policy Committee (CPM) decided to maintain the Monetary Policy Rate (TPM) at 6.0% in July of this year. Likewise, the inflation projection for 2024 remains at 4%.



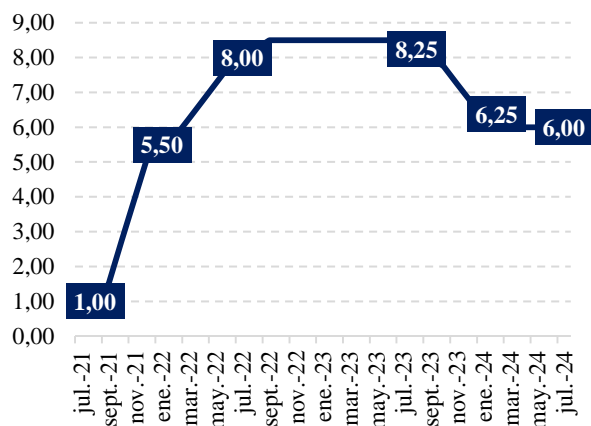
Monetary Policy Statement



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Chart 5: Monetary Policy Rate 2024



Fuente: Banco Central del Paraguay.



Minutes of Meetings of the CPM

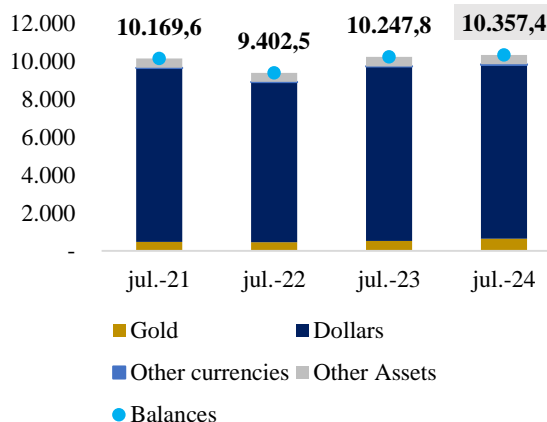
Net International Reserves

The Net International Reserves' stock as of July 2024, has achieved a USD 10,357.4 million balance, consisting of USD 638.4 million corresponding to Gold; USD 9,185.4 million in Dollars; USD 33.9 million in other currencies and USD 499.5 million concerning other assets.



**Statistical Annex of the
Economic Report**

Chart 6: RIN composition, in million Dollars



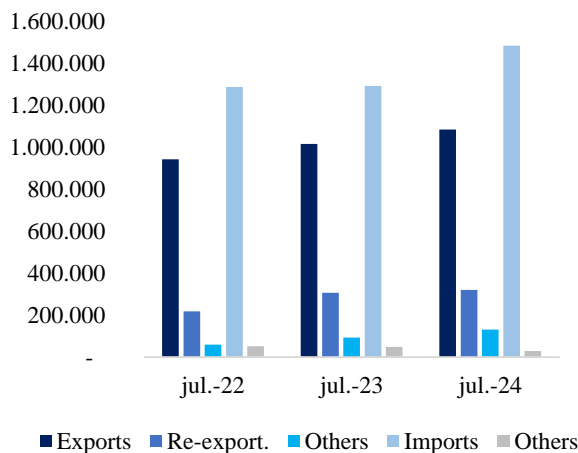
Source: Central Bank of Paraguay

Balance of Trade

In July, 2024, foreign trade figures (Exports plus Imports) represented USD 3,048.9 million

Total exports as of July, 2024, were USD 1,536.2 million. On the other hand, total imports as of July, 2024, have been USD 1,512.7 million. Finally, the balance of trade has been USD 23.5 million, in favor of exports.

Chart 7: Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay



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Credit Perspective of Paraguay

Sovereign Risk Rating Record

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Moody's, Fitch and Standard and Poor's, in spite of adverse conditions, such as external shocks, a pandemic, armed conflicts, and internal shocks such as drought and other weather situations.

It is worth pointing out that at the beginning of 2024, Standard and Poor's has decided increase the sovereign risk rating from BB+ to BB having a stable perspective, emphasizing that the macroeconomic strength, as well as prudent and efficient fiscal and monetary policies has contributed to the economic resilience.

Likewise, Moody's risk rating agency has recently decided to improve Paraguay's risk rating from Ba1 to Baa3, placing the country in the investment grade position.

Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Stable	01-feb-2024
Moody's	Baa3	Stable	26-jul-2024
Fitch	BB+	Stable	01-nov-2023

Source: Vice Ministry of Economy and Planning.



Informes Anuales de Calificación

Paraguay has reached the "Investment Grade"

In response to all the efforts to strengthen economic growth through better dynamics between sectors, working for greater economic diversification, such as policies, laws and reforms; Moody's rating agency decided to raise Paraguay's sovereign rating from Ba1, after approximately 9 years, to Baa3. Likewise,

Paraguay has a Country Ceiling of A2, four positions above the country rating, which favors private companies that are in a position to access more advantageous financing.

In addition, reforms are being promoted to improve the efficiency of institutions and the quality of public services. Likewise, laws that favor the most vulnerable sectors are being passed, in order to gradually improve the quality of life of the inhabitants.

This extremely important event for the country reflects the confidence of international investors in the country's ability to meet its obligations. This shall bring with it many benefits, for example, the reduction of financing costs, an increase in foreign investments, together with a greater economic stability, generating more sources of employment. This shall also be beneficial for local investors since, with greater access to favorable markets, it shall allow them to fund projects that shall drive them to positive development in their respective businesses.

It also generates a positive impact on the local currency, which shall contribute to keeping inflation targets and favorable conditions in terms of the purchasing power of the population.

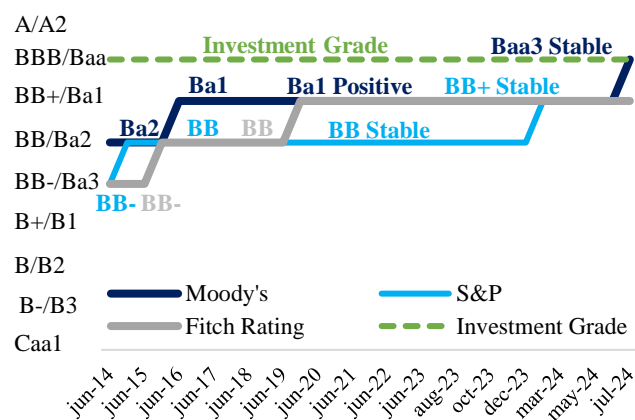
Currently, Paraguay is in an investment grade position with Moody's risk rating agency and one step higher with Fitch and Standard and Poor's.



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Chart 8: Sovereign Risk Rating of Paraguay
Period 2013 – 2024



Source: Vice-Ministry of Economy and Planning



Regional Outlook Report





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Other accesses of interest




Please click on the text to address to the Web Site

Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

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➤➤ **General Budget of the Nation**

➤➤ **Public Investments**

➤➤ **SITUFIN**

➤➤ **Rendering of Accounts**

➤➤ **Statistics on Public Debt**

➤➤ **Debt Monthly Reports**

➤➤ **Monthly Financial Management of
the General Budget of the Nation**

➤➤ **Report on Foreign Trade (RCE)**

➤➤ **Planning System according to
Outcomes**

➤➤ **General Directorate of Cooperation
for Development**

➤➤ **Statistics on Collections**

➤➤ **Why to invest in Paraguay**

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Evaluation**

➤➤ **Economic and Commercial Profile**

➤➤ **BIDI (Informative Report of
Directorate of Information)**

➤➤ **Becal**

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➤➤ **Investors**

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Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7.252,7	7.353,0	7.453,7	7.554,8	7.656,2
GDP (USD million)	36145,8	40284,1	42093,1	43008,2	45217,0
GDP per capita (USD)	4983,8	5478,6	5647,3	5692,8	5905,9
GDP (annual variation in %)	-0,8	4,0	0,2	4,7	3,8
Total Consumption (annual variation in %)	-2,2	5,5	1,6	2,9	3,8
Capital Investment (annual variation in %)	5,3	18,2	-1,8	-3,5	5,0
Unemployed Rate (open unemployment)	7,9	6,8	5,7	6,5	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	7,4	-11,6	-8,6	16,5	2,0
Agriculture	9,0	-18,2	-12,5	23,3	1,8
Livestock	4,4	6,2	-0,3	0,5	1,6
Others	0,9	6,8	-0,7	12,5	4,2
Secondary Sector	0,7	5,0	0,7	3,4	2,5
Industry	-1,3	6,9	-0,1	3,1	4,4
Construction	10,5	12,8	-3,2	-7,5	3,0
Binationals	-2,3	-7,6	7,8	16,0	-2,8
Tertiary Sector	-3,1	6,5	1,5	3,6	4,5
General Government	6,4	-3,4	-0,7	3,4	3,4
Trade	-8,1	14,3	3,4	4,4	4,9
Communications	6,1	4,5	-2,4	-0,8	2,4
Other Services	-5,7	7,7	2,1	4,0	5,0
Taxes	-5,1	9,0	1,1	3,3	6,8
In view of Demand (Thousands of USD)					
Total Investment	5737,84	6912,80	6390,53	6084,50	6203,13
Total Consumption	22548,42	24240,20	23181,73	23533,93	23715,56
Exports	9844,63	10236,77	9536,16	12864,58	12678,23
Imports	8630,26	10710,55	11037,34	12428,19	12441,23
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6943,98	6815,54	7238,66	7335,21	7554,68
Inflation (CPI, annual variation in %, Average, last 12 months)	1,1	5,2	11,1	3,5	4,4
Inter-banking rate of interest (% , fdp)	0,44	0,58	7,73	8,68	5,99
Monetary Aggregates (annual variation of M2 in %)	16,4	12,9	1,0	9,9	9,9
Dollarization Ratio (% of banking deposits in ME)	45,5	46,3	46,0	46,4	46,0
Banking sector credits granted to the private sector (% of GDP)	10,2	10,3	12,6	10,2	15,4
Real Salary (annual variation, %)	1,1	5,5	6,9	4,7	-

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External Sector					
(Thousands of USD)					
Exports	1.042.266	1.390.831	1.221.599	1.417.219	1.536.203
Inter-annual variation in %	-13,4	33,4	-12,2	16,0	8,4
Imports	867.214	1.107.620	1.338.842	1.340.393	1.512.697
Inter-annual variation in %	-25,5	27,7	20,9	0,1	12,9
Trade Balance	175.052	283.211	-117.244	76.826	23.506
% of GDP	0,5	0,7	-0,3	0,2	0,1
(Million of USD)					
Current Account	669,2	-347,4	-2.993,5	104,8	-224,5
% of GDP	1,9	-0,9	-7,1	0,2	-0,5
Capital and Financial Account	283,8	-299,5	-2.691,2	-436,1	-338,3
% of GDP	0,8	-0,7	-6,4	-1,0	-0,7
Direct Foreign Investment	7.909,4	8.345,1	8.664,9	8.905,6	9.127,2
% of GDP	21,9	20,7	20,6	20,7	20,2
International Reserves	9.001,2	10.169,6	9.402,5	10.247,8	10.357,4
% of GDP	24,9	25,2	22,3	23,8	22,9
Public Sector					
(% of GDP)					
Income	13,5	13,7	14,0	14,0	9,1
<i>Which: Taxation Income represents</i>	9,5	9,8	10,2	10,1	6,8
Expenses	19,7	17,3	17,0	18,1	9,5
<i>Which: Payment of interests represents</i>	1,1	1,1	1,2	1,7	1,0
Primary Outcome	-5,1	-2,5	-1,8	-2,4	0,6
Fiscal Outcome	-6,1	-3,6	-2,9	-4,1	-0,4
Total Debt of the Public Sector	33,8	33,8	35,8	38,5	39,4
Deuda Externa Pública	29,0	29,3	31,7	33,3	34,1
% of the Total Public Debt	85,9	86,7	88,5	86,6	86,6
Domestic Public Debt	4,8	4,5	4,1	5,2	5,3
% of the Total Public Debt	14,1	13,3	11,5	13,4	13,4
Service of the Domestic Public Deb	1,6	1,6	1,8	3,1	1,7

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References:

Remarks and Sources: Chart prepared by the General Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of 19/08/2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of July, 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M7: July); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of July, 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to July of the mentioned year. (2024, M7).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of July, 2024 (July, 2024/July, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of July, 2024, concerning the same period of the year 2023.

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August

Macroeconomic Outlook of Paraguay

World Economy

Projected global growth remains in line with that projected by the WEO-April of this year

At the beginning of 2024, global activity and international trade have strengthened. It is worth pointing out that exports from Asia have promoted trade, especially the technology sector.

Concerning the growth behavior, this had a positive dynamic in several countries, but not in Japan and the United States, where negative scenarios were surprising. As far as Japan is concerned, due to temporary interruptions linked to the closure of a major automobile factory. For the United States, after a sustained period of high dynamism, the deceleration was sharper than expected as a consequence of the consumption moderation and the negative contribution of net trade.

However, concerning global growth projections for 2024, they are expected to remain stable for this year, being 3.2% for 2024 and 3.3% for 2025.



**Global Economic Outlook Update
(IMF – Jul 2024)**

Regional Context

Concerning the growth of advanced economies, convergence is expected in the coming quarters. For the United States, growth is projected downward to 2.6% by 2024, as a result of a slower than expected start to the year. By 2025, growth is estimated to slow down, reaching 1.9%.

For the **Eurozone**, economic activity has apparently bottomed out in line with projections from April of this year; a small rebound of 0.9% is expected for 2024, driven mainly by the good dynamics of services and an increase that exceeded expectations in net exports during the first half of this year. However, growth of 1.5% is expected for 2024, mainly explained by greater strength in consumption due to the growth of real wages, as well as greater investment explained by more favorable financial conditions. On the other hand, a slower recovery is expected in countries like Germany, due to the continued weakness of manufacturing.

For emerging markets and developing economies, an upward revision is expected, mainly driven by increased activity in Asia, particularly China and India. For **China**, a growth forecast of up to 5% is revised for 2024, mainly explained by an increase in private consumption and the strength of exports presented in the first quarter of this year. Concerning 2025, a slowdown in GDP of up to 4.5% is expected, and the slowdown is expected to continue in the medium term, as a consequence of the aging of the population and the slowdown in productivity growth.



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Table 1: Projections' Overview of the World Economy Perspectives

	2023	2024*	2025**
World	3,3	3,2	3,3
Advanced Economies	1,7	1,7	1,8
United States	2,5	2,6	1,9
Eurozone	0,5	0,9	1,5
MEED	4,4	4,3	4,3
China	5,2	5,0	4,5
Latin America and the Caribbean	2,3	1,9	2,7
Brazil	2,9	2,1	2,4
Mexico	3,2	2,2	1,6

Source: WEO – IMF July 2024.



Outlook Update for the World Economy (IMF – Jul 2024)

Latin America and the Caribbean

Concerning Latin America and the Caribbean, the region's growth was observed to decline this year. In Brazil, explained by the short-term impact of floods and in Mexico due to moderations in demand. By 2025, upward growth is expected for the Brazilian economy, because of the reconstruction after the floods, and favorable structural factors, especially the acceleration in hydrocarbon production.

Domestic Situation

Concerning the local economy scenario, Paraguay is one of the countries that has shown one of the most positive growth in the region, both in 2023 and so far this year.

It has been quite positive in the first quarter; GDP growth of 4.3% year-on-year was observed, explained by the positive performance of the services sector, manufacturing, livestock, electricity and water, and to a lesser extent by agriculture. It is worth pointing out that GDP without agricultures or binationals showed a 5.6% growth in interannual terms.

The agricultural sector presented an increase of 0.4% in the first quarter of 2024, explained by the higher estimated production levels for corn, sugar cane, cotton, beans, canola and yerba mate.

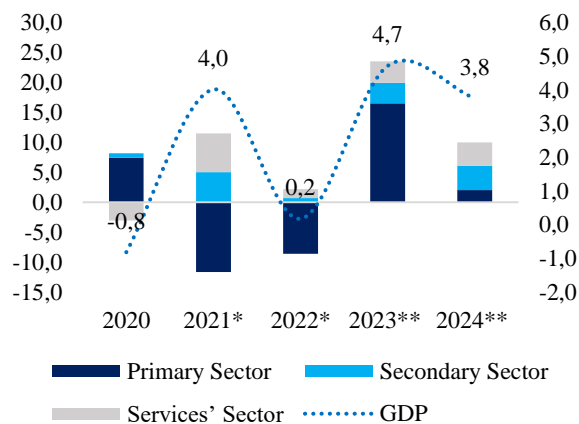
Concerning the spending, an increase was observed in terms of internal demand, in which private and public consumption are emphasized, as well as the Gross Fixed Capital Formation and net exports. On the other side, it is worth pointing out that the Monthly Index of Economic Activity of Paraguay (IMAEP) predicts a favorable growth behavior, mainly driven by services and the manufacturing industry.

Concerning the growth perspective for 2024, it remains at 3.8%, although some rearrangements were made on the production side and on the spending side.



Report on Monetary Policy

Chart 1: GDP Growth by economic sectors 2024



Fuente: Banco Central del Paraguay.



Statistical Annex of the Economic Report

Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the "Financial Administration of the State", in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration



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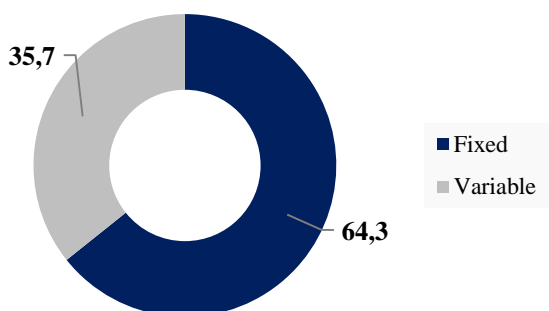
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is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

As of August, a debt level of the Total Public Sector has been registered by 39.4% of the GDP, which is considered sustainable for the country's public finances and is one of the lowest debt levels in the region.

Concerning the classification of the total public sector debt, by type of rate as of August, 2024, it was observed that 64.3% is at a fixed rate and 35.7% at a variable rate.

Figure 1: Total Public Debt Balance per rate of interest



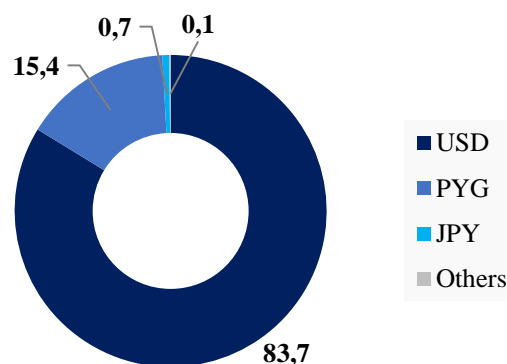
Source: Vice Ministry of Economy and Planning.

On the other side, the public debt structure by currency in August, keeps a greater ratio in USD (83.7%), together with PYG (15.4%), JPY (0.7%) and other currencies at (0.1%).

It is worth pointing out that the highest ratio of debt in dollars does not represent a risk for the country, because Paraguay receives income in dollars as annual royalties for the use of the

hydraulic potential of the Parana River for the production of electrical energy, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice Ministry of Economy and Planning.



Debt statistics

According to the Debt Maturity average

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*)

Years	Central Administration		Total Debt
	External Debt	Domestic Debt	
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

Source: Vice Ministry of Economy and Planning.

* Does not include perpetual debt with the BCP.



Strategic Guidelines



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Fiscal Policy

Financial Situation as of August 2024

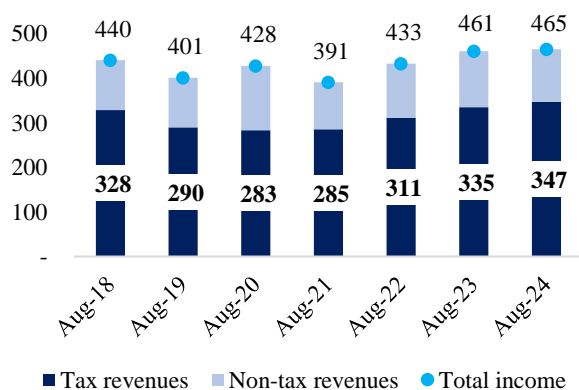
At the end of August, an accumulated fiscal deficit of USD 378 million was recorded, equivalent to -0.8% of GDP. The annualized fiscal deficit as of August 2024 was 3.6% of the GDP, falling below the figure recorded at the end of 2023. This is explained, in part, by the robust performance of tax revenues throughout the year³.

Income

At the end of August of 2024, total income shows an accumulated growth of 18.3%

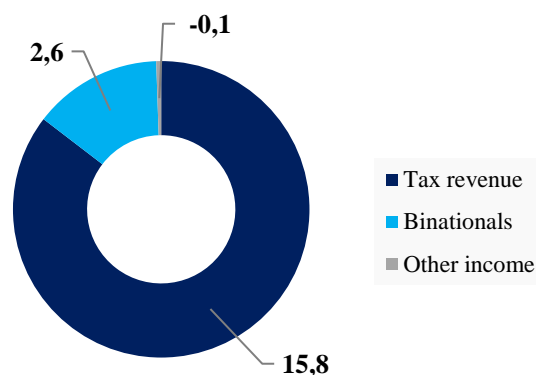
Total income in August, 2024, was USD 464.7 million, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.

Chart 2: Total Income in August 2024, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage (accrued variation)



Source: SITUFIN – Ministry of Economy and Finance

Public Expenditure

The total expense showed an accrued increase of 14.4%, as of August

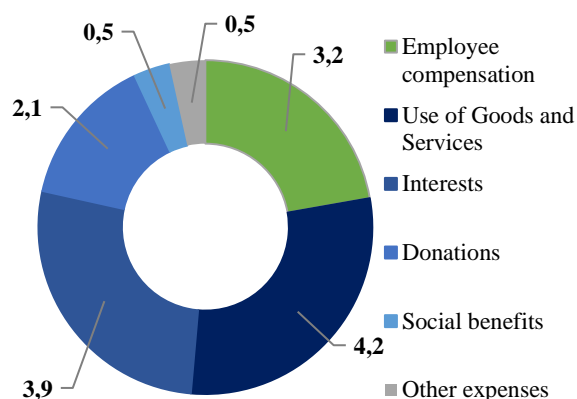
This outcome is mainly explained by use of goods and services, remunerations and debt interests. Likewise, it is worth pointing out that there has been an increase in the execution of expenses in the strategic sectors, whereas expenses related to the governmental administration have been reduced.

³ SITUFIN August – 2024. Ministry of Economy and Finance. Obtained from:

<https://www.economia.gov.py/index.php/datos-economicos/situacion-financiera-del-paraguay-situfin>

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Figure 4: Variation Arrangement of accrued expenses in percentage



Source: SITUFIN – Ministry of Economy and Finance

Public Investment

National System of Public Investment SNIP

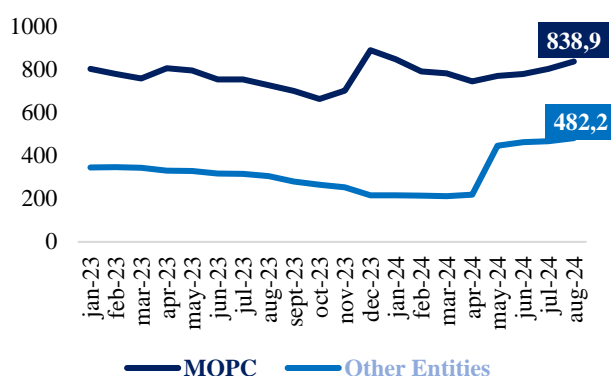
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of August, 2024

As of August, the level of public investment has shown a rebound since March, thus placing it around pre-pandemic levels and in line with the path of fiscal convergence, as well as the dynamics of economic growth.

The total public investment as of August was USD 1,321.1 million, which represents 2.5% of the GDP. This consists of USD 838.9 million corresponding to the Ministry of Public Works and Communications, and USD 482.2 million corresponding to other entities.

Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance



Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

Inflation

International Context

In view of the international context, oil costs have been reduced concerning the previous review, while agricultural commodity prices have increased as a result of adverse weather conditions in the main producing regions.

In the United States, economic activity indicators performed well. Inflation has slowed, but remains above 2%. It is also important to note that the Federal Reserve decided to reduce the

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target range of the federal funds rate by 50 basis points, to 4.75% - 5.00% per year.

Domestic Context

In Paraguay, the inflation goal, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which allows that the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

Concerning the local context, inflation expectations are in line with the goal of 4%.

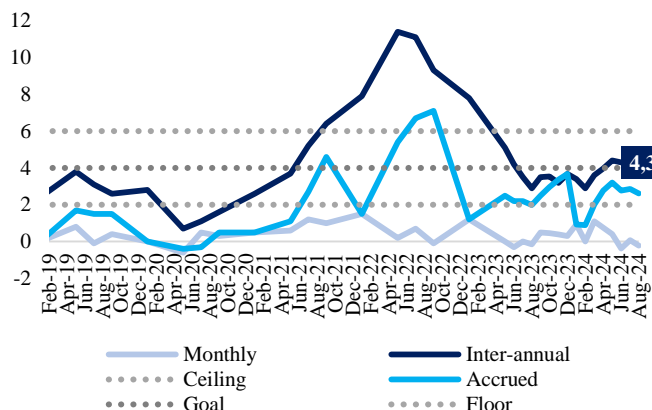
As of August 2024, the CPI was -0.2%, due the reduction in the prices of some foods, especially the volatile components of the basket. Meanwhile, fuels, services and durable goods showed increases in their prices.

On the other hand, excluding food and energy costs (IPCSAE), an increase of 0.3% monthly and 3.5% year-on-year. As regards inflation measured by the CPI, in year-on-year terms, it was 4.3% in August.



Monetary Policy Statement

Chart 4: Inflation as of August, 2024, in percentage



Source: Central Bank of Paraguay



Statistical Annex of the Economic Report

Monetary Policy Rate

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

Monetary Policy Rate (TPM) as of August, 2024

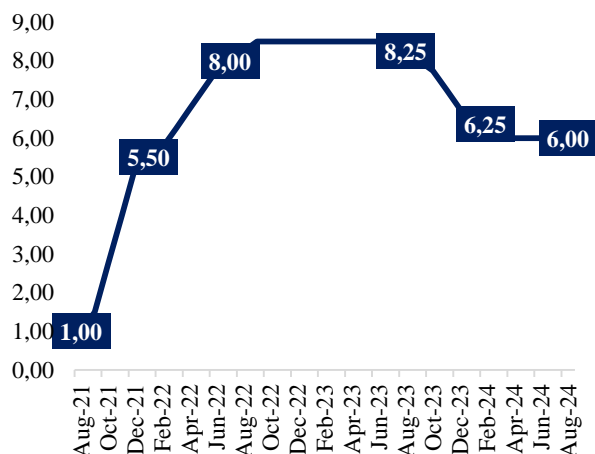
The Monetary Policy Committee (CPM) decided to maintain the Monetary Policy Rate (TPM) at 6.0%, as of August of this year. Likewise, the inflation projection for 2024 remains at 4%.



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Chart 5: Monetary Policy Rate 2024



Fuente: Banco Central del Paraguay.



Minutes of Meetings of the CPM

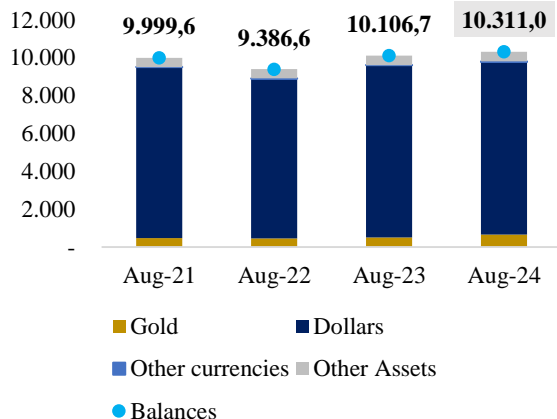
Net International Reserves

The Net International Reserves' stock as of August 2024, has achieved a USD 10,311.0 million balance, consisting of USD 659.5 million corresponding to Gold; USD 9,117.0 million in Dollars; USD 34.0 million in other currencies and USD 500.2 million concerning other assets.



Statistical Annex of the
Economic Report

Chart 6: RIN composition, in million Dollars



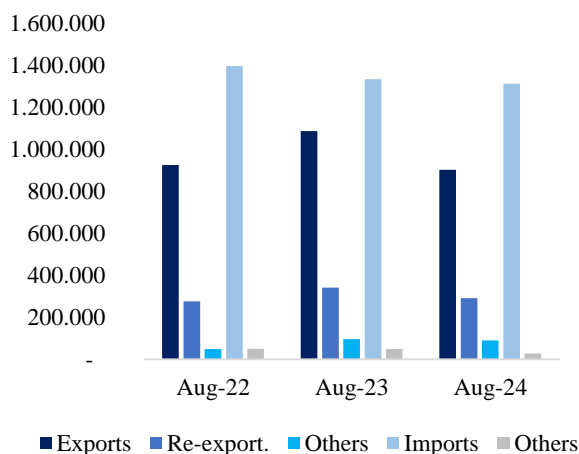
Source: Central Bank of Paraguay

Balance of Trade

In August, 2024, foreign trade figures (Exports plus Imports) represented USD 2,624.7 million

Total exports as of August, 2024, were USD 1,283.9 million. On the other hand, total imports as of August, 2024, have been USD 1,340.8 million. Finally, the balance of trade has been USD 56.9 million, in favor of imports.

Chart 7: Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay



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Credit Perspective of Paraguay

Sovereign Risk Rating Record

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Moody's, Fitch and Standard and Poor's, in spite of adverse conditions, such as external shocks, a pandemic, armed conflicts, and internal shocks such as drought and other weather situations.

It is worth pointing out that at the beginning of 2024, Standard and Poor's has decided increase the sovereign risk rating from BB+ to BB having a stable perspective, emphasizing that the macroeconomic strength, as well as prudent and efficient fiscal and monetary policies has contributed to the economic resilience.

Likewise, Moody's risk rating agency has recently decided to improve Paraguay's risk rating from Ba1 to Baa3, placing the country in the investment grade position.

Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Stable	01-feb-2024
Moody's	Baa3	Stable	26-jul-2024
Fitch	BB+	Stable	01-nov-2023

Source: Vice Ministry of Economy and Planning.



Informes Anuales de Calificación

Paraguay has reached the "Investment Grade"

In response to all the efforts to strengthen economic growth through better dynamics between sectors, working for greater economic diversification, such as policies, laws and reforms; Moody's rating agency decided to raise Paraguay's sovereign rating from Ba1, after approximately 9 years, to Baa3. Likewise,

Paraguay has a Country Ceiling of A2, four positions above the country rating, which favors private companies that are in a position to access more advantageous financing.

In addition, reforms are being promoted to improve the efficiency of institutions and the quality of public services. Likewise, laws that favor the most vulnerable sectors are being passed, in order to gradually improve the quality of life of the inhabitants.

This extremely important event for the country reflects the confidence of international investors in the country's ability to meet its obligations. This shall bring with it many benefits, for example, the reduction of financing costs, an increase in foreign investments, together with a greater economic stability, generating more sources of employment. This shall also be beneficial for local investors since, with greater access to favorable markets, it shall allow them to fund projects that shall drive them to positive development in their respective businesses.

It also generates a positive impact on the local currency, which shall contribute to keeping inflation targets and favorable conditions in terms of the purchasing power of the population.

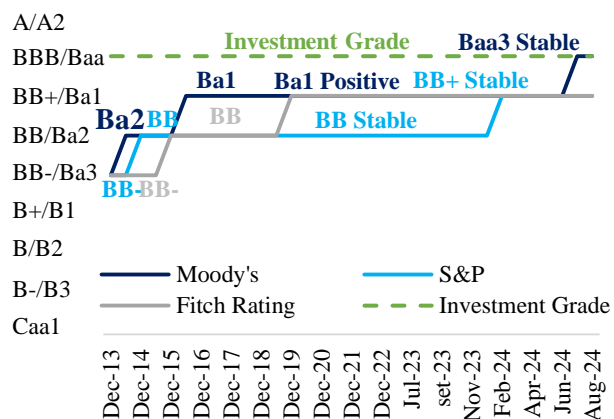
Currently, Paraguay is in an investment grade position with Moody's risk rating agency and one step higher with Fitch and Standard and Poor's.



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Chart 8: Sovereign Risk Rating of Paraguay
Period 2013 – 2024



Source: Vice-Ministry of Economy and Planning



Regional Outlook Report





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Other accesses of interest




Please click on the text to address to the Web Site

Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

Ministry of Economy and Finance

➤➤ **General Budget of the Nation**

➤➤ **Public Investments**

➤➤ **SITUFIN**

➤➤ **Rendering of Accounts**

➤➤ **Statistics on Public Debt**

➤➤ **Debt Monthly Reports**

➤➤ **Monthly Financial Management of
the General Budget of the Nation**

➤➤ **Report on Foreign Trade (RCE)**

➤➤ **Planning System according to
Outcomes**

➤➤ **General Directorate of Cooperation
for Development**

➤➤ **Statistics on Collections**

➤➤ **Why to invest in Paraguay**

➤➤ **Financial Control and Budget
Evaluation**

➤➤ **Economic and Commercial Profile**

➤➤ **BIDI (Informative Report of
Directorate of Information)**

➤➤ **Becal**

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➤➤ **Investors**

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Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7.252,7	7.353,0	7.453,7	7.554,8	7.656,2
GDP (USD million)	36145,8	40284,1	42093,1	43008,2	45217,0
GDP per capita (USD)	4983,8	5478,6	5647,3	5692,8	5905,9
GDP (annual variation in %)	-0,8	4,0	0,2	4,7	3,8
Total Consumption (annual variation in %)	-2,2	5,5	1,6	2,9	3,8
Capital Investment (annual variation in %)	5,3	18,2	-1,8	-3,5	5,0
Unemployed Rate (open unemployment)	7,9	6,8	5,7	6,5	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	7,4	-11,6	-8,6	16,5	2,0
Agriculture	9,0	-18,2	-12,5	23,3	1,8
Livestock	4,4	6,2	-0,3	0,5	1,6
Others	0,9	6,8	-0,7	12,5	4,2
Secondary Sector	0,7	5,0	0,7	3,4	2,5
Industry	-1,3	6,9	-0,1	3,1	4,4
Construction	10,5	12,8	-3,2	-7,5	3,0
Binationals	-2,3	-7,6	7,8	16,0	-2,8
Tertiary Sector	-3,1	6,5	1,5	3,6	4,5
General Government	6,4	-3,4	-0,7	3,4	3,4
Trade	-8,1	14,3	3,4	4,4	4,9
Communications	6,1	4,5	-2,4	-0,8	2,4
Other Services	-5,7	7,7	2,1	4,0	5,0
Taxes	-5,1	9,0	1,1	3,3	6,8
In view of Demand (Thousands of USD)					
Total Investment	5737,84	6912,80	6390,53	6084,50	6170,95
Total Consumption	22548,42	24240,20	23181,73	23533,93	23592,53
Exports	9844,63	10236,77	9536,16	12864,58	12612,45
Imports	8630,26	10710,55	11037,34	12428,19	12376,68
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6943,98	6815,54	7238,66	7335,21	7594,08
Inflation (CPI, annual variation in %, Average, last 12 months)	1,6	5,6	10,5	2,9	4,3
Inter-banking rate of interest (% , fdp)	0,63	0,62	7,98	8,36	6,04
Monetary Aggregates (annual variation of M2 in %)	16,2	12,5	0,7	11,2	10,5
Dollarization Ratio (% of banking deposits in ME)	45,7	46,3	46,1	45,9	45,9
Banking sector credits granted to the private sector (% of GDP)	8,3	11,1	12,1	10,5	15,0
Real Salary (annual variation, %)	1,1	5,5	6,9	4,7	-

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External Sector					
(Thousands of USD)					
Exports	962.419	1.192.662	1.250.834	1.525.331	1.283.874
Inter-annual variation in %	-5,8	23,9	4,9	21,9	-15,8
Imports	859.916	1.146.868	1.447.802	1.383.463	1.340.837
Inter-annual variation in %	-21,7	33,4	26,2	-4,4	-3,1
Trade Balance	102.503	45.794	-196.968	141.868	-56.963
% of GDP	0,3	0,1	-0,5	0,3	-0,1
(Million of USD)					
Current Account	669,2	-347,4	-2.993,5	104,8	-224,5
% of GDP	1,9	-0,9	-7,1	0,2	-0,5
Capital and Financial Account	283,8	-299,5	-2.691,2	-436,1	-338,3
% of GDP	0,8	-0,7	-6,4	-1,0	-0,7
Direct Foreign Investment	7.909,4	8.345,1	8.664,9	8.905,6	9.127,2
% of GDP	21,9	20,7	20,6	20,7	20,2
International Reserves	9.003,2	9.999,6	9.386,6	10.106,7	10.311,0
% of GDP	24,9	24,8	22,3	23,5	22,8
Public Sector					
(% of GDP)					
Income	13,5	13,7	14,0	14,0	10,1
<i>Which: Taxation Income represents</i>	9,5	9,8	10,2	10,1	7,6
Expenses	19,7	17,3	17,0	18,1	11,0
<i>Which: Payment of interests represents</i>	1,1	1,1	1,2	1,7	1,2
Primary Outcome	-5,1	-2,5	-1,8	-2,4	0,3
Fiscal Outcome	-6,1	-3,6	-2,9	-4,1	-0,8
Total Debt of the Public Sector	33,8	33,8	35,8	38,5	39,4
Deuda Externa Pública	29,0	29,3	31,7	33,3	34,2
% of the Total Public Debt	85,9	86,7	88,5	86,6	86,9
Domestic Public Debt	4,8	4,5	4,1	5,2	5,2
% of the Total Public Debt	14,1	13,3	11,5	13,4	13,1
Service of the Domestic Public Deb	1,6	1,6	1,8	3,1	1,8

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References:

Remarks and Sources: Chart prepared by the General Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of 20/09//2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of August, 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M8: August); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of August, 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to August of the mentioned year. (2024, M8).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of August, 2024 (August, 2024/ August, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of August, 2024, concerning the same period of the year 2023.

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September

Macroeconomic Overview of Paraguay

World Economy

According to the International Monetary Fund's global macroeconomic outlook, global growth is expected to remain stable.

The growth projections, which stand at 3.2% for 2024 and 2025, have practically not changed compared to the updates of the global economic outlook in July 2024 and those in April 2024.

Favorable reviews have been made for the United States that have offset the reductions in other advanced economies, particularly those of European countries.

Likewise, in emerging and developing economies, disruptions to production, raw materials transportation, war and extreme weather events have led to downward reviews to the outlook for the Middle East, East Asia and sub-Saharan Africa. On the other hand, there are positive expectations for emerging Asia, where demand for semiconductors and electronic products is growing, driven by significant investments in artificial intelligence.

In this context, within five years, the world economy should achieve growth of 3.1%, well below the levels observed before the pandemic.



Update of outlook for the world economy (IMF – Oct 2024)

Regional Context

For the **United States**, growth has been revised upward to 2.8% by 2024 on the back of strong and solid performance in consumption and nonresidential investment. The resilience of



Report on Monetary Policy

consumption is largely due to strong real wage growth and wealth effects.

For the **Eurozone**, growth rebound of 0.8% expected by 2024 due to improved export performance. By 2025, higher growth is expected at 1.2%, explained by a stronger domestic demand.

As for **Emerging Market and Developing Economies**, they shall behave stable for the next two years, around 4.2% and stabilizing at 3.9% by 2029. For **China**, a gradual slowdown is projected caused by continued weakness in the real estate sector and low consumer confidence. In that sense, growth is expected to be at 4.8% by 2024 because of net exports.

Table 1: Projections' Overview of the World Economy Perspectives

	2023	2024*	2025**
World	3.3	3.2	3.2
Advanced Economies	1.7	1.8	1.8
United States	2.9	2.8	2.2
Eurozone	0.4	0.8	1.2
MEED	4.4	4.2	4.2
China	5.2	4.8	4.5
Latin America and the Caribbean	2.2	2.1	2.5
Brazil	2.9	3.0	2.2
Mexico	3.2	1.5	1.3

Source: WEO – IMF October 2024.



Update of outlook for the world economy (IMF – Oct 2024)

Latin America and the Caribbean

Concerning **Latin America and the Caribbean**, growth is expected to decrease to 2.1% by 2024 compared to 2.2% in 2023 and then recover in 2025 at 2.5%.



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In **Brazil**, a growth of 3.0% is projected in 2024 and 2.2% for 2025. The increase of 0.9 percentage points for 2024, compared to the July projections, is due to higher private consumption and investment in the first semester as a result of a tight labor market, government transfers, and smaller-than-expected disruptions from flooding.

Finally, growth of 1.5% is expected for **Mexico** in 2024, which shall then decline to 1.3% in 2025 due to a more restrictive fiscal stance.



Update of outlook for the world economy (IMF – Oct 2024)

Domestic Situation

Paraguay's GDP growth projection has been adjusted upward from 3.8% to 4.0% according to the projections of the Central Bank of Paraguay.

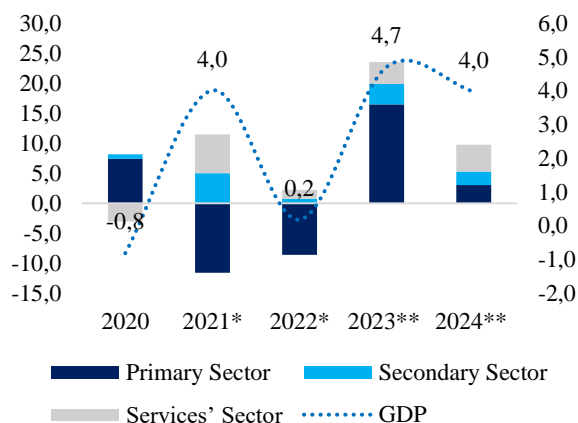
This is due to an improvement in the projection of the **commerce sector**, going from 4.9% to 5.1%. On the other hand, the **livestock sector** also registered an adjustment, going from 1.6% to 5.4% due to the higher slaughter rate.

The **electricity and water sectors** were reviewed downwards from -2.8% to -4.0% caused by lower production of electric energy by the binationals while the **agricultural sector** continues to keep the 1.8% growth of the previous review since lower corn production was offset by higher wheat production.

The manufacturing, construction, general government and other services sectors performed in accordance with the forecasts made and, therefore, their prospects have not had modifications.

Taxes on products showed greater growth than expected, going from 6.8% to 9.5%.

Chart 1: GDP Growth by economic sectors 2024.



Source: Central Bank of Paraguay.



Statistical Annex of the Economic Report. (CBP)

Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

As of September, a debt level of the Total Public Sector has been registered by 40.0% of the GDP, which is considered sustainable for the country's public finances and is one of the lowest debt levels in the region.

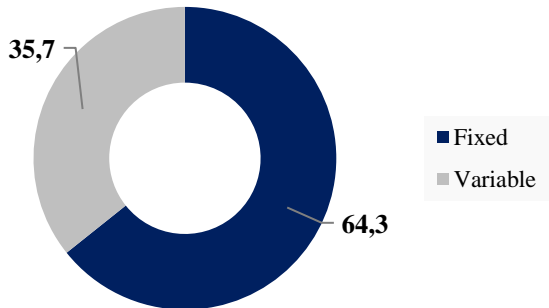
Concerning the **classification of the total public sector debt, by type of rate** as of September, 2024, it was observed that **64.3%** is at a **fixed rate** and **35.7%** at a **variable rate**.



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Figure 1: Total Public Debt Balance per rate of interest

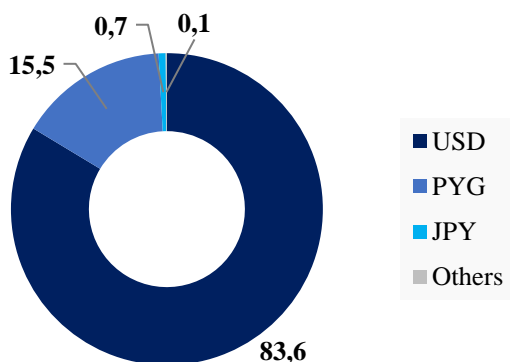


Source: Vice Ministry of Economy and Planning.

On the other side, the public debt structure by currency in September, keeps a greater ratio in USD (83.6%), together with PYG (15.5%), JPY (0.7%) and other currencies at (0.1%).

It is worth pointing out that the highest ratio of debt in dollars does not represent a risk for the country, because Paraguay receives income in dollars as annual royalties for the use of the hydraulic potential of the Parana River for the production of electrical energy, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Fuente: Viceministerio de Economía y Planificación.

According to the Debt Maturity average

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*)

Years	Central Administration		
	External Debt	Domestic Debt	Total Debt
2017	11.5	2.4	10.9
2018	12.7	3.4	12
2019	13.3	3.4	12.6
2020	14.9	4.8	14.3
2021	12.6	7.6	12.3
2022	11.58	7.12	11.37

Source: Vice Ministry of Economy and Planning.

* Does not include perpetual debt with the BCP.



Strategic Guidelines

Fiscal Policy

Financial Situation as of September 2024

At the end of September, an accumulated fiscal deficit of USD 469 million was recorded, equivalent to -1.1% of GDP. The annualized fiscal deficit as of September 2024 was 3.6% of the GDP, below the recorded at the end of 2023. This is explained, in part, by the robust performance of tax revenues throughout the year.

Income

At the end of September of 2024, total income shows an accumulated growth of 17.4%

Total income in September, 2024, was USD 562.3 million, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.



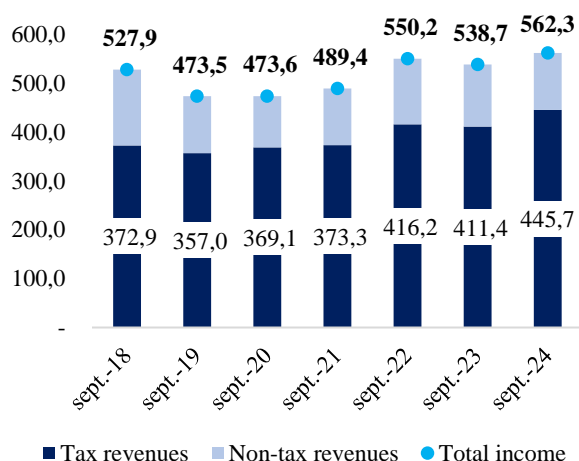
Debt statistics



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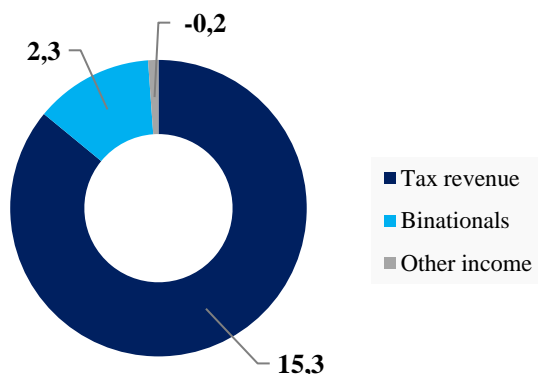
Viceministerio de Economía y Planificación
Dirección General de Política de Endeudamiento

Chart 2: Total Income in September 2024, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage (accrued variation)



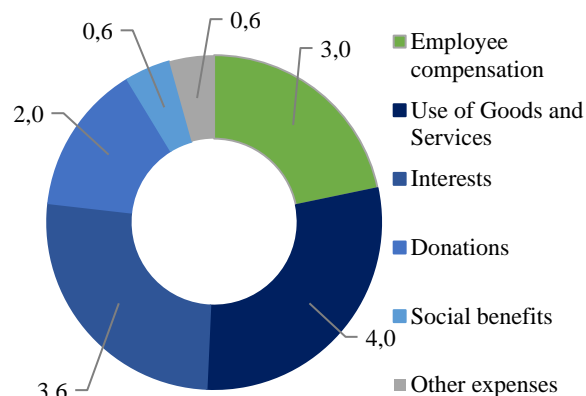
Source: SITUFIN – Ministry of Economy and Finance

Public Spending

Total spending showed a cumulative increase of 13.8% at the end of September

This result is mainly explained by the use of goods and services, wages and debt interest. It is also important to mention that an increase was observed in the execution of expenditure in strategic sectors, while expenditure related to government administration decreased.

Figure 4: Composition of the variation in accumulated expenses in percentage terms



Source: SITUFIN – Ministry of Economy and Finance

Public Investment

National System of Public Investment SNIP

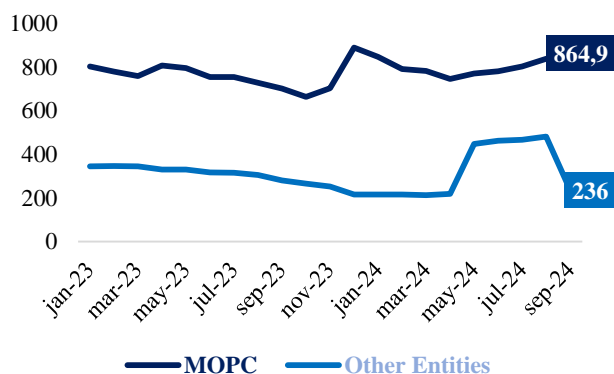
Is the set of standards and instruments aimed at arranging the Public Investment process in order to optimize the use of resources in financing more profitable investment projects from a socio-economic point of view. (PGN 2024)

Investment as of August, 2024

Total public investment as of September was USD 1,100.9 million, which represents 2.5% of GDP. It is made up of USD 864.9 million that corresponds to the Ministry of Public Works and Communications; and, USD 236.0 million corresponding to other entities.

Viceministerio de Economía y Planificación
Dirección General de Política de Endeudamiento

Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance



Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

Inflation

International Context

In the international context, oil prices fell slightly, in a context of greater uncertainty. Regarding agricultural product prices, soybean prices have fallen, while wheat and corn prices have increased.

In the **United States**, the unemployment rate fell to 4.1% in September. Inflation, on the other hand, has slowed, although more slowly. In this context, the market expects the Federal Reserve's

pace of interest rate adjustment to be more gradual in the coming months.

Domestic Context

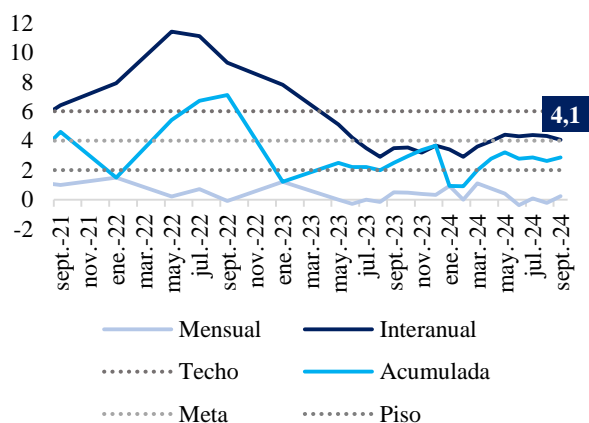
In Paraguay, the inflation target, measured by the variation of the Consumer Price Index, is 4.0% with a tolerance range of 2 points above and 2 points below. This allows inflation to fluctuate within the target range, considering the Paraguayan economy's exposure to external shocks, given the characteristics of a small and open economy.

In terms of the local context, inflation expectations are in line with the 4% target.

As of September, the CPI stood at 0.2%, due to the reduction in the prices of some foods, especially the volatile components of the basket. Meanwhile, services and durable goods showed increases in their prices.

On the other hand, the CPI excluding food and energy prices (CPI-AE) was 0.4% monthly and 3.6% year-on-year. As regards inflation measured by the CPI, in year-on-year terms, it was 4.1% in September.

Chart 4: Inflation as of September 2024, in percentage



Source: Central Bank of Paraguay.

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Monetary Policy Rate

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

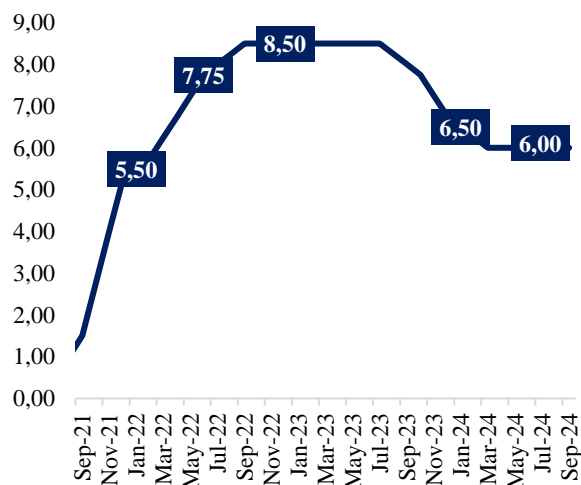
Monetary Policy Rate (TPM) as of September, 2024

The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) by 6.0% in September of the present year. Likewise, the inflation projection for 2024 is kept by 4%.



**Statistical Annex of the
Economic Report. (CBP)**

Chart 5: Monetary Policy Rate 2024



Source: Central Bank of Paraguay.



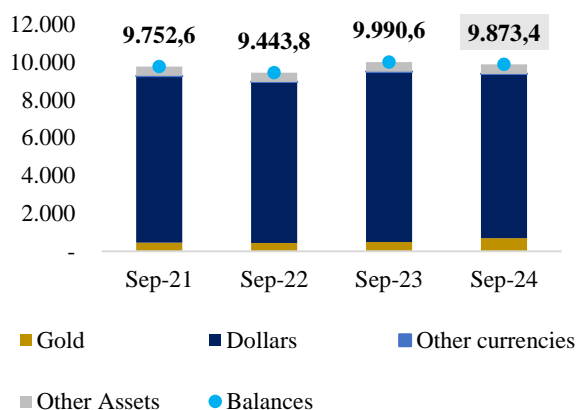
Minutes of Meetings of the CPM

Net International Reserves

The Net International Reserves' stock as of September 2024, has achieved a USD 9,873.4 million balance, consisting of USD 697.8 million corresponding to Gold; USD 8,673.1 million in

Dollars; USD 1.0 million in other currencies and USD 501.4 million concerning other assets.

Chart 6: RIN composition, in million Dollars.



Source: Central Bank of Paraguay.

Balance of Trade

In September, 2024, foreign trade figures (Exports plus Imports) represented USD 2,439.3 million.

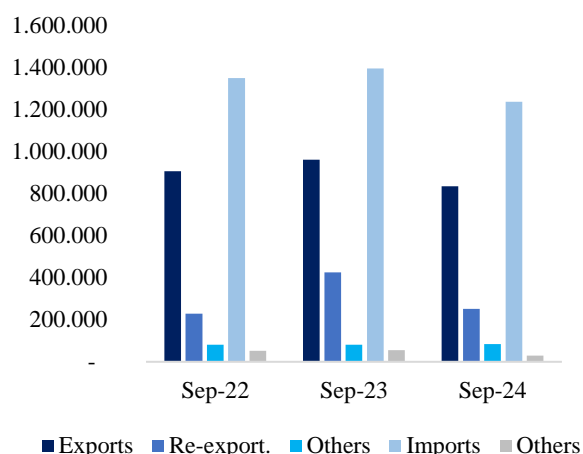
Total exports as of September, 2024, were USD 1,171.6 million. On the other hand, total imports as of September, 2024, have been USD 1,267.7 million. Finally, the balance of trade has been USD 96.1 million, in favor of exports.



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Chart 7: Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay.



BCP's Statistical Schedule

Credit Perspective of Paraguay

Sovereign Risk Rating Record

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Moody's, Fitch and Standard and Poor's, in spite of adverse conditions, such as external shocks, a pandemic, armed conflicts, and internal shocks such as drought and other weather situations.

It is worth pointing out that at the beginning of 2024, Standard and Poor's has decided increase the sovereign risk rating from BB+ to BB having a stable perspective, emphasizing that the macroeconomic strength, as well as prudent and efficient fiscal and monetary policies has contributed to the economic resilience.

Likewise, Moody's risk rating agency has recently decided to improve Paraguay's risk rating from Ba1 to Baa3, placing the country in the investment grade position.

Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Stable	01-feb-2024
Moody's	Baa3	Stable	26-jul-2024
Fitch	BB+	Stable	01-nov-2023

Source: Vice Ministry of Economy and Planning.

Paraguay has reached the "Investment Grade"

In response to all the efforts to strengthen economic growth through better dynamics between sectors, working for greater economic diversification, such as policies, laws and reforms; Moody's rating agency decided to raise Paraguay's sovereign rating from Ba1, after approximately 9 years, to Baa3. Likewise, Paraguay has a Country Ceiling of A2, four positions above the country rating, which favors private companies that are in a position to access more advantageous financing.

In addition, reforms are being promoted to improve the efficiency of institutions and the quality of public services. Likewise, laws that favor the most vulnerable sectors are being passed, in order to gradually improve the quality of life of the inhabitants.

This extremely important event for the country reflects the confidence of international investors in the country's ability to meet its obligations. This shall bring with it many benefits, for example, the reduction of financing costs, an increase in foreign investments, together with a greater economic stability, generating more sources of employment. This shall also be beneficial for local investors since, with greater access to favorable markets, it shall allow them to fund projects that shall drive them to positive development in their respective businesses.



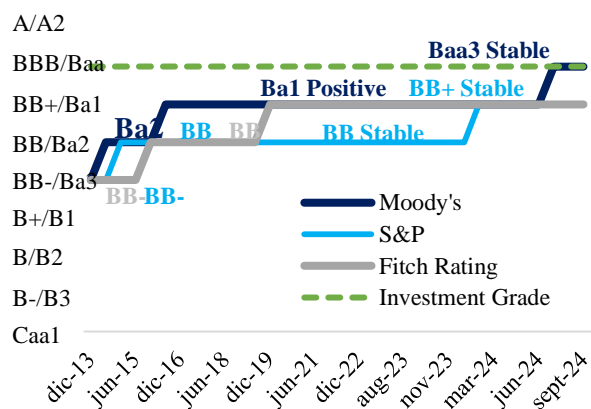
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It also generates a positive impact on the local currency, which shall contribute to keeping inflation targets and favorable conditions in terms of the purchasing power of the population.

Currently, Paraguay is in an investment grade position with Moody's risk rating agency and one step higher with Fitch and Standard and Poor's.

Chart 8: Sovereign Risk Rating of Paraguay
Period 2013 - 2024



Fuente: Viceministerio de Economía y Planificación.



Regional Outlook Report





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Other accesses of interest




Please click on the text to address to the Web Site

Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**


Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

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Ministry of Economy and Finance

 **General Budget of the Nation**


 **Public Investments**

 **SITUFIN**

 **Rendering of Accounts**

 **Statistics on Public Debt**

 **Debt Monthly Reports**

 **Monthly Financial Management of
the General Budget of the Nation**


 **Report on Foreign Trade (RCE)**

 **Planning System according to
Outcomes**


 **General Directorate of Cooperation
for Development**

 **Statistics on Collections**

 **Why to invest in Paraguay**

 **Financial Control and Budget
Evaluation**

 **Economic and Commercial Profile**

 **BIDI (Informative Report of
Directorate of Information)**

 **Becal**

 **News**

Financial Agency of Development

 **Products**

 **Investors**

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Dirección General de Política de Endeudamiento



Schedule



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Dirección General de Política de Endeudamiento

Economic Indicators / 2020 – 2024					
	2020	2021	2022	2023(*)	2024(**)
Real Sector					
Population (million)	7.252,7	7.353,0	7.453,7	7.554,8	7.656,2
GDP (USD million)	36145,8	40284,1	42093,1	43008,2	44505,0
GDP per capita (USD)	4983,8	5478,6	5647,3	5692,8	5812,9
GDP (annual variation in %)	-0,8	4,0	0,2	4,7	4,0
Total Consumption (annual variation in %)	-2,2	5,5	1,6	2,9	4,7
Capital Investment (annual variation in %)	5,3	18,2	-1,8	-3,5	5,8
Unemployed Rate (open unemployment)	7,9	6,8	5,7	6,5	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	7,4	-11,6	-8,6	16,5	3,0
Agriculture	9,0	-18,2	-12,5	23,3	1,8
Livestock	4,4	6,2	-0,3	0,5	5,4
Others	0,9	6,8	-0,7	12,5	6,0
Secondary Sector	0,7	5,0	0,7	3,4	2,2
Industry	-1,3	6,9	-0,1	3,1	4,4
Construction	10,5	12,8	-3,2	-7,5	3,0
Binationals	-2,3	-7,6	7,8	16,0	-4,0
Tertiary Sector	-3,1	6,5	1,5	3,6	4,5
General Government	6,4	-3,4	-0,7	3,4	3,4
Trade	-8,1	14,3	3,4	4,4	5,1
Communications	6,1	4,5	-2,4	-0,8	0,7
Other Services	-5,7	7,7	2,1	4,0	5,2
Taxes	-5,1	9,0	1,1	3,3	9,5
In view of Demand (Thousands of USD)					
Total Investment	5737,84	6912,80	6390,53	6084,50	6081,43
Total Consumption	22548,42	24240,20	23181,73	23533,93	23282,34
Exports	9844,63	10236,77	9536,16	12864,58	12201,82
Imports	8630,26	10710,55	11037,34	12428,19	12222,32
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6943,98	6815,54	7238,66	7335,21	7764,57
Inflation (CPI, annual variation in %, Average, last 12 months)	1,6	6,4	9,3	3,5	4,1
Inter-banking rate of interest (% , fdp)	0,55	0,95	8,26	8,04	6,01
Monetary Aggregates (annual variation of M2 in %)	17,9	11,4	1,3	10,6	10,5
Dollarization Ratio (% of banking deposits in ME)	45,4	46,3	46,1	45,9	46,2
Banking sector credits granted to the private sector (% of GDP)	7,7	11,9	12,6	10,1	16,4
Real Salary (annual variation, %)	1,1	5,5	6,9	4,7	4,4

Viceministerio de Economía y Planificación
Dirección General de Política de Endeudamiento

External Sector					
(Thousands of USD)					
Exports	1.000.954	1.182.556	1.217.274	1.469.814	1.171.619
Inter-annual variation in %	0,4	18,1	2,9	20,7	-20,3
Imports	851.150	1.210.205	1.403.545	1.450.889	1.267.766
Inter-annual variation in %	-19,9	42,2	16,0	3,4	-12,6
Trade Balance	149.804	-27.650	-186.271	18.925	-96.146
% of GDP	0,4	-0,1	-0,4	0,0	-0,2
(Million of USD)					
Current Account	669,2	-347,4	-2.993,5	104,8	-187,4
% of GDP	1,9	-0,9	-7,1	0,2	-0,4
Capital and Financial Account	283,8	-299,5	-2.691,2	-436,1	-470,2
% of GDP	0,8	-0,7	-6,4	-1,0	-1,1
Direct Foreign Investment	7.909,4	8.345,1	8.664,9	8.905,6	9.095,6
% of GDP	21,9	20,7	20,6	20,7	20,4
International Reserves	8.954,4	9.752,6	9.443,8	9.990,6	9.873,4
% of GDP	24,8	24,2	22,4	23,2	22,2
Public Sector					
(% of GDP)					
Income	13,5	13,7	14,0	14,0	11,5
<i>Which: Taxation Income represents</i>	9,5	9,8	10,2	10,1	8,7
Expenses	19,7	17,3	17,0	18,1	12,5
<i>Which: Payment of interests represents</i>	1,1	1,1	1,2	1,7	1,5
Primary Outcome	-5,1	-2,5	-1,8	-2,4	0,4
Fiscal Outcome	-6,1	-3,6	-2,9	-4,1	-1,1
Total Debt of the Public Sector	33,8	33,8	35,8	38,5	40,0
Deuda Externa Pública	29,0	29,3	31,7	33,3	34,7
% of the Total Public Debt	85,9	86,7	88,5	86,6	86,7
Domestic Public Debt	4,8	4,5	4,1	5,2	5,3
% of the Total Public Debt	14,1	13,3	11,5	13,4	13,3
Service of the Domestic Public Deb	1,6	1,6	1,8	3,1	2,4

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

References:

Remarks and Sources: Chart prepared by the General Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of October 17, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of September, 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M9: September); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of September, 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to September of the mentioned year. (2024, M9).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of September, 2024 (September, 2024/September, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of September, 2024, concerning the same period of the year 2023.



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Vice-ministry of Economy and Planning
General Directorate of Debt Policy

A graphic of a calendar page for the month of October. The page is white with a dashed border and a large arrow pointing to the right. The word "October" is written in a large, white, serif font in the center. The background of the entire page is a dark blue image of the National Congress of Paraguay building, with a large Paraguayan flag in the foreground.

October

Macroeconomic outlook for Paraguay

Global Economy

The International Monetary Fund's World Macroeconomic Outlook expects global growth to remain stable.

The growth forecasts, at 3.2% for 2024 and 2025, are virtually unchanged from the July 2024 and April 2024 World Economic Outlook updates.

While favorable revisions have been made for the United States, offsetting downgrades in other advanced economies, particularly European countries.

Likewise, in emerging and developing economies, disruptions in production, raw material transportation, war and extreme weather events have led to downward revisions in the outlook for the Middle East, East Asia and Sub-Saharan Africa. On the other hand, there are positive expectations for emerging Asia, where demand for semiconductors and electronics is growing, driven by significant investments in artificial intelligence.

In this context, over the next five years the world economy is expected to grow by 3.1%, well below the levels observed before the pandemic.



**World Economic Outlook Update
(IMF - Oct 2024)**

Regional Context

For the **United States**, growth has been revised upward to 2.8% by 2024 on the back of a strong and solid performance in consumption and nonresidential investment. The resilience of consumption is largely due to strong real wage growth and wealth effects.

For the **Eurozone**, growth is expected to rebound to 0.8% in 2024 due to improved exports. As for 2025, higher growth of 1.2% is estimated, explained by stronger domestic demand.

As for **Emerging Market And Developing Economies**, they will be stable over the next two years at around 4.2%, stabilizing at 3.9% in 2029. As for **China**, a gradual slowdown is expected, caused by continued weakness in the real estate sector and low consumer confidence. In this regard, growth is expected to stand at 4.8% in 2024 due to net exports.

Table 1: Overview of World Economic Outlook projections.

	2023	2024*	2025**
World	3,3	3,2	3,2
Advanced Economies	1,7	1,8	1,8
United States	2,9	2,8	2,2
Eurozone	0,4	0,8	1,2
MEED	4,4	4,2	4,2
China	5,2	4,8	4,5
Latin America and the Caribbean	2,2	2,1	2,5
Brazil	2,9	3,0	2,2
Mexico	3,2	1,5	1,3

Source: WEO-IMF October 2024.



**World Economic Outlook Update
(IMF - Oct 2024)**

Latin America & Caribbean

For **Latin America and the Caribbean**, growth is expected to slow to 2.1% in 2024 from 2.2% in 2023, before recovering to 2.5% in 2025.

In **Brazil**, growth is projected at 3.0% in 2024 and 2.2% in 2025. The 0.9 percentage point increase for 2024, compared to July's projections, is due to higher private consumption and investment in the first half of the year as a result of a tight labor market, government transfers and lower than expected flood disruptions.



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Finally, 1.5% growth is expected for **Mexico** in 2024, reducing to 1.3% in 2025 due to a more restrictive fiscal policy.



World Economic Outlook Update (IMF - Oct 2024)

Domestic Situation

Paraguay's GDP growth projection has been adjusted upward from 3.8% to 4.0%, based on estimates from the Central Bank of Paraguay.

This is explained by an improvement in the **trade sector** projection, from 4.9% to 5.1%. The **livestock sector** also recorded an adjustment from 1.6% to 5.4% thanks to an increase in the slaughtering rate.

The **electricity and water sector** was revised downward, from -2.8% to -4.0%, due to lower electricity production by the binationals, while the **agricultural sector** continues to maintain growth of 1.8% over the previous revision, as lower corn production was balanced by higher wheat production.

The **manufacturing, construction, general government and other services sectors** performed in line with forecasts and, therefore, their outlook has not changed.

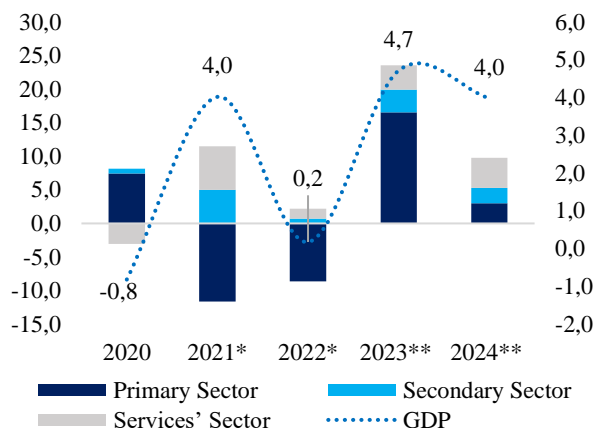
Taxes on products showed greater growth than expected, going from 6.8% to 9.5%.

The **GDP estimation without agriculture and the binationals** have been reviewed upward from 4.5% to 4.9%.



Monetary Policy Report

Chart 1: GDP growth by economic sector 2024.



Source: Central Bank of Paraguay



Economic Report Statistic Schedule (BCP)

Total Public Sector Debt Levels and Structures.

Under article 42 of Law 1535/2000 on “Financial Administration of the State”, public debt is classified as internal and external, direct and indirect. The direct public debt of the Central Administration is the debt assumed by the Central Administration as principal debtor; on the other hand, the indirect debt of the Central Administration is the debt constituted by any individual or legal entity, public or private, other than the Central Administration, but which has the corresponding guarantee, surety or collateral, duly authorized by law (public companies, second-tier banks, etc.).

In October, the level of **Total Public Sector** indebtedness stood at **40.4% of GDP**, considered sustainable for the country's public finances, thus representing one of the lowest levels of indebtedness in the region.

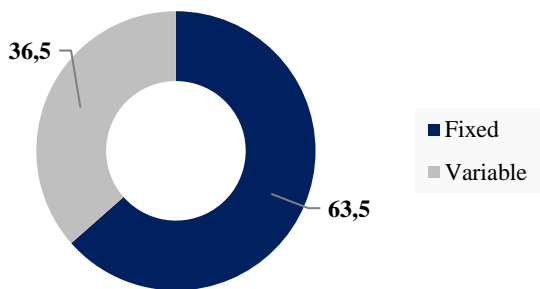
Regarding the **classification of Total Public Sector debt by type of rate as of the tenth month of 2024**, it was observed that **63.5%** is at a fixed rate and **36.5%** at a variable rate.



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Vice-ministry of Economy and Planning
General Directorate of Debt Policy

Figure 1: Total public debt stock by interest rate.

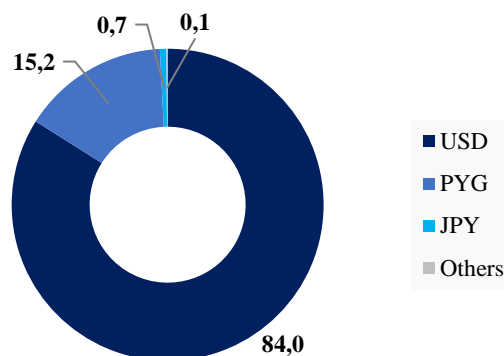


Source: Vice-ministry of Economy and Planning

The structure of public debt by currency in October, maintains a higher proportion in USD (84.0%), accompanied by PYG (15.2%), JPY (0.7%) and other currencies in (0.1%).

It should be noted that the higher proportion of debt in dollars does not represent a risk for the country, since Paraguay receives income in dollars as annual royalties for the use of the hydraulic potential of the Paraná River for the production of electricity from the binational entities (Itaipú and Yacyretá).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice-ministry of Economy and Planning



Debt Statistics

In relation to the average maturity of the Debt.

Due to placements in international markets at longer maturities than those in domestic markets, it was possible to increase the average maturity of the Central Government Debt (ATM) from 10.9 years (2017) to 11.37 years (2022). This allows greater room for maneuverability of public debt.

Table 2: Debt Average Maturity (Years*)

Years	Administración Central		
	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



Strategic Guidelines



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Fiscal Policy

Financial Situation as of October 2024.

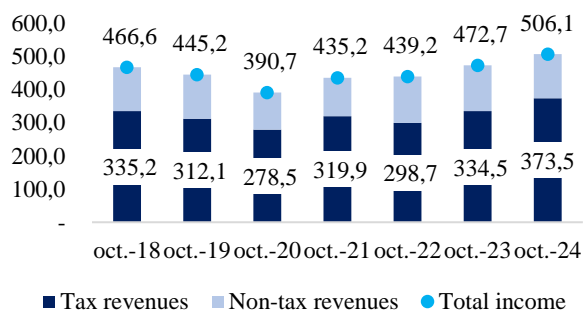
At the end of October, an accumulated fiscal deficit of USD 577 million was recorded, equivalent to -1.3% of GDP. In annualized terms as of October 2024, it was 3.6% of GDP, below the figure recorded at the end of 2023. This is explained, in part, by the solid performance of tax revenues over the course of the year.

Income

In October 2024, total revenues recorded an accumulated growth of 17.4%.

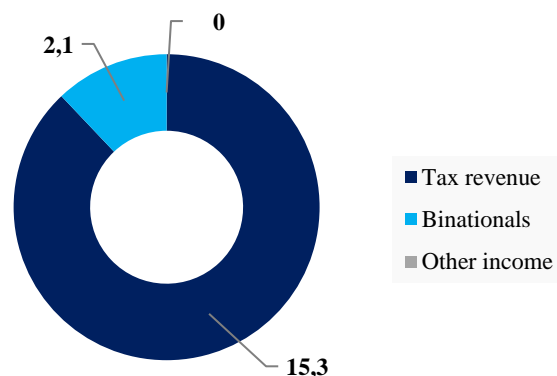
Total revenues amounted to USD 506.1 million, mainly explained by the good dynamics of tax revenues, from both internal and external tax collection.

Chart 2: Total Income in October 2024, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage (accrued variation)



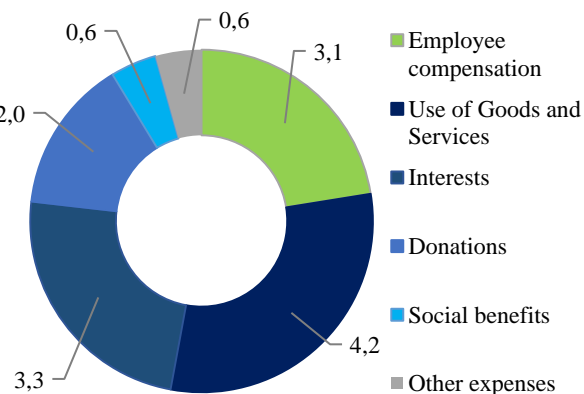
Source: SITUFIN – Ministry of Economy and Finance

Public Expenditures

Total expenditure presented a cumulative increase of 13.8% at the end of October.

This result is mainly explained by the use of goods and services, remunerations and interest on debt. It is also important to mention that there was an increase in the execution of spending in strategic sectors, while spending related to government administration decreased.

Figure 4: Composition of the variation of cumulative expenses in percentage terms



Source: SITUFIN – Ministry of Economy and Finance

Public Investment

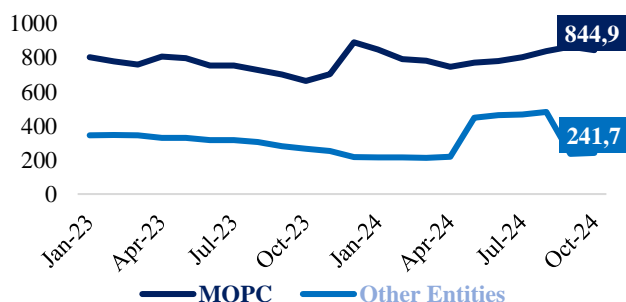
National Public Investment System SNIP (Spanish acronym)

It is the set of rules and instruments designed to organize the Public Investment process, to rationalize the use of resources in the financing of investment projects that are more profitable from the socioeconomic point of view (PGN 2024).

Investment in October 2024

Total public investment as of October was USD 1,086.6 million, representing 2.5% of GDP in annualized terms. It is distributed as follows: USD 844.9 million corresponding to the Ministry of Public Works and Communications; and USD 241.7 million to other entities.

Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance



Monetary Policy

The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation targeting scheme, officially starting in 2011. Under this targeting scheme, the main objective of the Monetary Policy according to Law No. 6104, which amends and extends Law No. 489/95 Organic Law of the BCP, is to preserve and ensure the stability of the value of the currency by providing a framework of nominal predictability for the Paraguayan economy, on

which economic agents can base their consumption and investment decisions.

Inflation

International context

In the international context, oil prices fell because of expectations of a further weakening of global demand and an increase in supply. On the agricultural commodities front, soybean and corn prices rose.

In the **United States**, the unemployment rate remained at 4.1% in October. Year-on-year inflation rose by 2.6%, in line with expectations. In this context, the Federal Reserve decided to reduce the target range for the federal funds rate by 25 basis points at its November meeting, setting it at 4.50% to 4.75%.

Local Context.

In Paraguay, the inflation target, measured by the variation of the Consumer Price Index (CPI), is 4.0% with a tolerance range of 2% above and 2% below. This allows inflation to fluctuate within the target range, considering the exposure of the Paraguayan economy to external shocks, given the characteristics of a small and open economy.

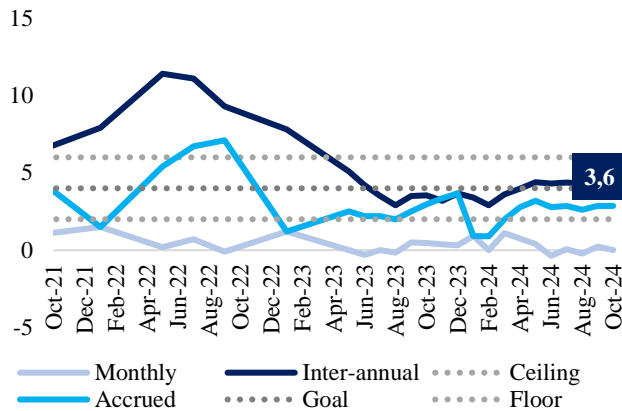
At the local level, inflation expectations are in line with the 4% target.

During the month of October, the CPI stood at around 0.0%, due to the reduction in the prices of certain foods, especially the volatile components of the basket. At the same time, services and durable goods registered price increases.

In turn, the CPI excluding food and energy prices (IPCSAE), stood at 0.3% monthly and 3.6% year-on-year. CPI inflation, in year-on-year terms, was 3.6% in October.

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

Chart 4: Inflation as of October 2024, in percentages



Source: Central Bank of Paraguay

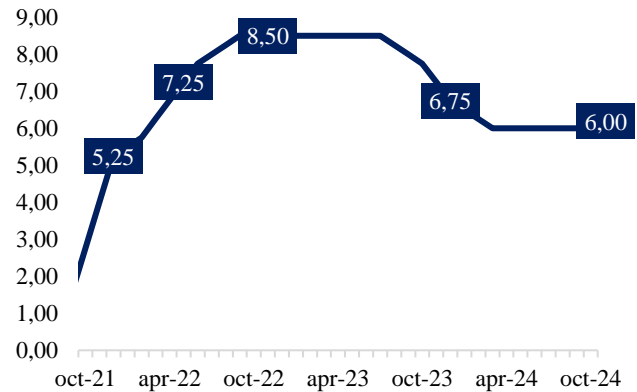
Tasa de Política Monetaria

It is an instrument of monetary policy through which influence is exerted on liquidity and market interest rates that eventually affects part of the economic activity and has an effect on inflation.

Monetary Policy Rate (MPR) to October 2024

The Monetary Policy Committee (MPC) decided to maintain the Monetary Policy Rate (MPR) at 6% at its October meeting this year. Likewise, the inflation estimate for 2024 remains at 4%.

Chart 5: Monetary Policy Rate 2024



Source: Central Bank of Paraguay.

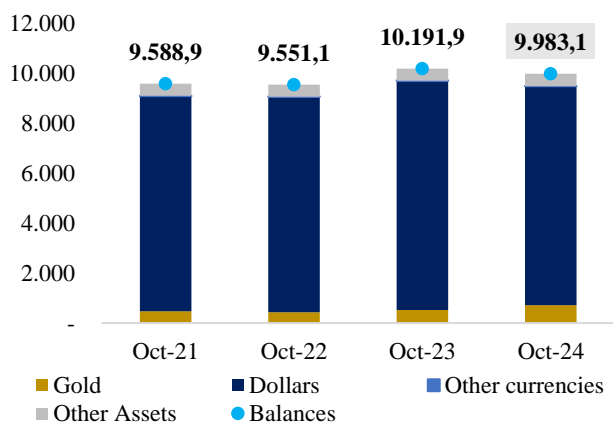


Minutes of Meetings of the CPM

Net International Reserves

The Net International Reserves' stock as of October 2024, has achieved a USD 9,983.1 million balance, consisting of USD 721.4 million corresponding to Gold; USD 8,760.4 million in Dollars; USD 0.5 million in other currencies and USD 500.6 million concerning other assets.

Chart 6: Composition of NIR, in millions of dollars



Source: Central Bank of Paraguay



BCP's Statistical Schedule



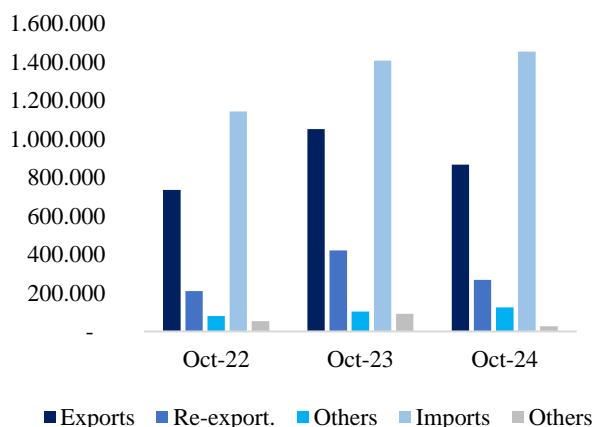
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Trade Balance

In October 2024, foreign trade figures (Exports plus Imports) represented USD 2,744.2 million.

Total exports as of October 2024 amounted to USD 1,261.1 million. Total imports as of October 2024 amounted to USD 1,483.1 million. Finally, the trade balance was USD -221.9 million, in favor of imports.

Chart 7: Trade Balance, in thousands of dollars



Source: Central Bank of Paraguay



Paraguay's Credit Outlook

Sovereign rating history

Paraguay has managed to maintain a positive trajectory in the evolution of its sovereign rating with the rating agencies Moody's, Fitch and Standard and Poor's, despite adverse conditions, such as external shocks, a pandemic, war conflicts, and internal shocks such as droughts and other climatic situations.

In this context, Standard and Poor's has decided in early 2024 to upgrade the sovereign rating from BB+ to BB with a stable outlook, noting that both macroeconomic strength and prudent and efficient fiscal and monetary policies have contributed to economic resilience.

Moody's rating agency has also recently decided to upgrade Paraguay's rating from Ba1 to Baa3, placing the country at investment grade.

Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Stable	Feb-01-2024
Moody's	Baa3	Stable	Jul-26-2024
Fitch	BB+	Stable	Oct-22-2024

Source: Vice Ministry of Economy and Planning.



Annual Reports on Risk Rating

Paraguay has reached the "Investment Grade".

In response to all the efforts to strengthen economic growth through better dynamics between sectors, working for greater economic diversification, such as policies, laws and reforms; Moody's rating agency decided to raise Paraguay's sovereign rating from Ba1, after approximately 9 years, to Baa3. Likewise, Paraguay has a Country Ceiling of A2, four positions above the country rating, which favors private companies that are in a position to access more advantageous financing.

In addition, reforms are being promoted to improve the efficiency of institutions and the quality of public services. Likewise, laws that favor the most vulnerable sectors are being passed, in order to gradually improve the quality of life of the inhabitants.

This extremely important event for the country reflects the confidence of international investors in the country's ability to meet its obligations.

This shall bring with it many benefits, for example, the reduction of financing costs, an increase in foreign investments, together with a greater economic stability, generating more sources of employment. This shall also be



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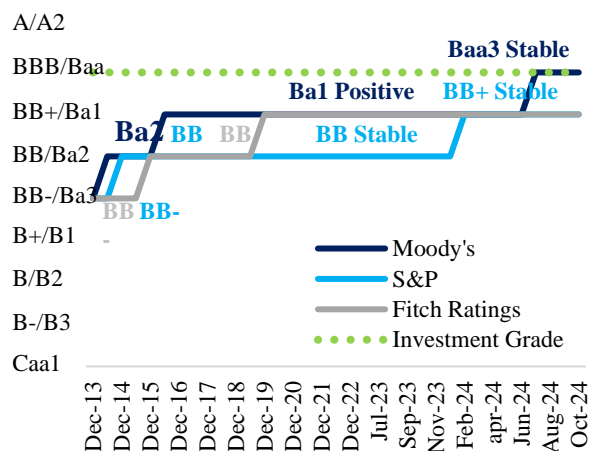
beneficial for local investors since, with greater access to favorable markets, it shall allow them to fund projects that shall drive them to positive development in their respective businesses.

It also generates a positive impact on the local currency, which shall contribute to keeping inflation targets and favorable conditions in terms of the purchasing power of the population.

Recently, Fitch Ratings Agency confirmed Paraguay's rating at BB+ with a stable outlook, based on its latest report that is based on prudent and consistent macroeconomic policies, as well as a remarkable economic situation among the countries of the region in view of one of the greatest growth prospects, low levels of indebtedness and the government's efforts to implement reforms that improve efficiency in terms of institutionality and governance.

To sum up, Paraguay is currently in an investment grade position with Moody's risk rating agency and one step higher with Fitch and Standard and Poor's.

Chart 8: Paraguay's Country Rating 2013-2024



Fuente: Viceministerio de Economía y Planificación.



Regional Outlook Report





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Other accesses of interest




Please click on the text to address to the Web Site

Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

Ministry of Economy and Finance

➤➤ **General Budget of the Nation**

➤➤ **Public Investments**

➤➤ **SITUFIN**

➤➤ **Rendering of Accounts**

➤➤ **Statistics on Public Debt**

➤➤ **Debt Monthly Reports**

➤➤ **Monthly Financial Management of
the General Budget of the Nation**

➤➤ **Report on Foreign Trade (RCE)**

➤➤ **Planning System according to
Outcomes**

➤➤ **General Directorate of Cooperation
for Development**

➤➤ **Statistics on Collections**

➤➤ **Why to invest in Paraguay**

➤➤ **Financial Control and Budget
Evaluation**

➤➤ **Economic and Commercial Profile**

➤➤ **BIDI (Informative Report of
Directorate of Information)**

➤➤ **Becal**

➤➤ **News**

Financial Agency of Development

➤➤ **Products**

➤➤ **Investors**

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General Directorate of Debt Policy



Schedule



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Vice-ministry of Economy and Planning
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Economic Indicators / 2020 - 2024					
	2020	2021	2022(*)	2023(**)	2024(**)
Real Sector					
Population (millions)	7,252.7	7,353.0	7,453.7	7,554.8	7,656.2
GDP (USD million)	36,145.8	40,284.1	42,093.1	43,008.2	44,505.0
GDP per capita (USD)	4,983.8	5,478.6	5,647.3	5,692.8	5,812.9
GDP (annual % change)	-0.8	4.0	0.2	4.7	4.0
Total Consumption (annual change in %)	-2.2	5.5	1.6	2.9	4.7
Capital Investment (annual % change)	5.3	18.2	-1.8	-3.5	5.8
Unemployment Rate (Open Unemployment)	7.9	6.8	5.7	6.5	nd
Estructura de la Economía					
On the supply side (percentage change)					
Primary Sector					
	7.4	-11.6	-8.6	16.5	3.0
Agriculture	9.0	-18.2	-12.5	23.3	1.8
Livestock	4.4	6.2	-0.3	0.5	5.4
Others	0.9	6.8	-0.7	12.5	6.0
Secondary Sector					
	0.7	5.0	0.7	3.4	2.2
Industry	-1.3	6.9	-0.1	3.1	4.4
Construction	10.5	12.8	-3.2	-7.5	3.0
Binationals	-2.3	-7.6	7.8	16.0	-4.0
Service Sector					
	-3.1	6.5	1.5	3.6	4.5
General Government	6.4	-3.4	-0.7	3.4	3.4
Commerce	-8.1	14.3	3.4	4.4	5.1
Communications	6.1	4.5	-2.4	-0.8	0.7
Other Services	-5.7	7.7	2.1	4.0	5.2
Taxes	-5.1	9.0	1.1	3.3	9.5
On the Demand Side (Thousands of USD)					
Total Investment	5,737.8	6,912.8	6,390.5	6,084.5	6,002.5
Total Consumption	22,548.4	24,240.2	23,181.7	23,533.9	22,980.1
Exports	9,844.6	10,236.8	9,536.2	12,864.6	12,043.4
Imports	8,630.3	10,710.6	11,037.3	12,428.2	12,063.7
Monetary and Financial Sector					
Exchange rate (PYG per USD, fdp)	6,943.98	6,815.54	7,238.66	7,335.21	7,764.57
Inflation (CPI, annual var. in %, average last 12 months)	1.7	7.6	8.1	3.5	3.6
Interbank Interest Rate (% , monthly average TIB)	0.56	1.73	8.44	7.81	6.17
Monetary aggregate (M2 annual var. in %)	19.1	10.0	1.6	10.1	11.5
Dollarization Ratio (% of bank deposits in EM)	45.6	46.3	46.5	46.4	46.4

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

Banking sector loans to the private and public sector (% var.)	9.0	12.3	11.7	10.4	16.7
Real wages (annual change, %)	1.1	5.5	6.9	4.7	4.4
External Sector					
(Thousands of USD)					
Exports	987,766	1,179,944	1,026,855	1,577,031	1,261,152
Year-on-year % change	-4.8	19.5	-13.0	53.6	-20.0
Imports	842,620	1,295,675	1,196,416	1,500,637	1,483,096
Year-on-year % change	-23.2	53.8	-7.7	25.4	-1.2
Trade balance	145,146	-115,731	-169,561	76,394	-221,944
% of GDP	0.4	-0.3	-0.4	0.2	-0.5
(USD millions)					
Current Account	669.2	-347.4	-2,995.1	104.8	-187.4
% of GDP	1.9	-0.9	-7.1	0.2	-0.4
Capital and Financial Account	283.8	-299.5	-2,691.2	-436.1	-470.2
% of GDP	0.8	-0.7	-6.4	-1.0	-1.1
Foreign Direct Investment	7,909.4	8,345.1	8,664.9	8,905.6	9,095.6
% of GDP	21.9	20.7	20.6	20.7	20.4
International Reserves	9,024.0	9,588.9	9,551.1	10,191.9	9,983.1
of GDP	25.0	23.8	22.7	23.7	22.4
Public Sector					
(% of GDP)					
Revenues	13.5	13.7	14.0	14.0	12.7
Of which Tax Revenues	9.5	9.8	10.2	10.1	9.5
Expenses	19.7	17.3	17.0	18.1	14.0
Of which: Interest payments	1.1	1.1	1.2	1.7	1.6
Primary Income	-5.1	-2.5	-1.8	-2.4	0.3
Fiscal Outcome	-6.1	-3.6	-2.9	-4.1	-1.3
Total Public Sector Debt	33.8	33.8	35.8	38.5	40.4
External Public Debt	29.0	29.3	31.7	33.3	35.1
% of Total Public Debt	85.9	86.7	88.5	86.6	86.9
Domestic Public Debt	4.8	4.5	4.1	5.2	5.3
of Total Public Debt	14.1	13.3	11.5	13.4	13.1
External Public Debt Service (% of GDP)	1.6	1.6	1.8	3.1	2.6

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

References:

Remarks and Sources: Chart prepared by the General Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of November 21, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of October 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M10: October); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of October 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to October of the mentioned year. (2024, M10).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of October 2024 (October 2024/October, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of October 2024, concerning the same period of the year 2023.



November

Macroeconomic outlook for Paraguay

Global Economy

According to the International Monetary Fund's global macroeconomic outlook, global growth is expected to remain stable.

The growth projections, which stand at 3.2% for 2024 and 2025, have practically not changed compared to the updates of the global economic outlook in July 2024 and those of April 2024.

Favorable reviews have been made for the United States that have offset the reductions in other advanced economies, particularly those of European countries.

Likewise, in emerging and developing economies, disruptions in production, raw material transportation, war and extreme weather events have led to downward revisions in the outlook for the Middle East, East Asia and Sub-Saharan Africa. On the other hand, there are positive expectations for emerging Asia, where demand for semiconductors and electronics is growing, driven by significant investments in artificial intelligence.

In this context, over the next five years the world economy is expected to grow by 3.1%, well below the levels observed before the pandemic.



World Economic Outlook Update
(IMF - Oct 2024)

Regional Context

For the **United States**, growth has been revised upward to 2.8% by 2024 on the back of a strong and solid performance in consumption and nonresidential investment. The resilience of consumption is largely due to strong real wage growth and wealth effects.

For the **Eurozone**, growth rebound of 0.8% is expected for 2024 due to improved export performance. For 2025, higher growth is expected at 1.2%, explained by a stronger domestic demand.

As for **Emerging Markets and Developing Economies**, they shall behave stable for the next two years, around 4.2% and stabilizing at 3.9% by 2029. For **China**, a gradual slowdown is projected caused by a continued weakness in the real estate sector and a low consumer confidence. In that sense, growth is expected to be at 4.8% in 2024 because of net exports.

Table 1: Overview of World Economic Outlook projections

	2023	2024*	2025**
World	3,3	3,2	3,2
Advanced Economies	1,7	1,8	1,8
United States	2,9	2,8	2,2
Eurozone	0,4	0,8	1,2
MEED	4,4	4,2	4,2
China	5,2	4,8	4,5
Latin America and the Caribbean	2,2	2,1	2,5
Brazil	2,9	3,0	2,2
Mexico	3,2	1,5	1,3

Source: WEO-IMF October 2024.



World Economic Outlook Update
(IMF - Oct 2024)

Latin America & Caribbean

Concerning **Latin America and the Caribbean**, growth is expected to decrease to 2.1% by 2024 compared to 2.2% in 2023 and then recover in 2025 at 2.5%.

In **Brazil**, a 3.0% growth is projected in 2024 and 2.2% for 2025. The increase of 0.9 percentage points for 2024, compared to the July projections, is due to higher private consumption and investment in the first semester as a result of a



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tight labor market, government transfers, and smaller-than-expected disruptions from flooding.

Finally, 1.5% growth is expected for **Mexico** in 2024, which shall then decline to 1.3% in 2025 due to a more restrictive fiscal stance.



World Economic Outlook Update (IMF - Oct 2024)

Domestic Situation

Paraguay's GDP growth projection has been adjusted upward from 3.8% to 4.0%, based on estimates from the Central Bank of Paraguay.

This is explained by an improvement in the **trade sector** projection, from 4.9% to 5.1%. The **livestock sector** also recorded an adjustment from 1.6% to 5.4% thanks to an increase in the slaughtering rate.

The **electricity and water sector** was revised downward, from -2.8% to -4.0%, due to lower electricity production by the binationals, while the **agricultural sector** continues to maintain growth of 1.8% over the previous revision, as lower corn production was balanced by higher wheat production.

The **manufacturing, construction, general government and other services sectors** performed in line with forecasts and, therefore, their outlook has not changed.

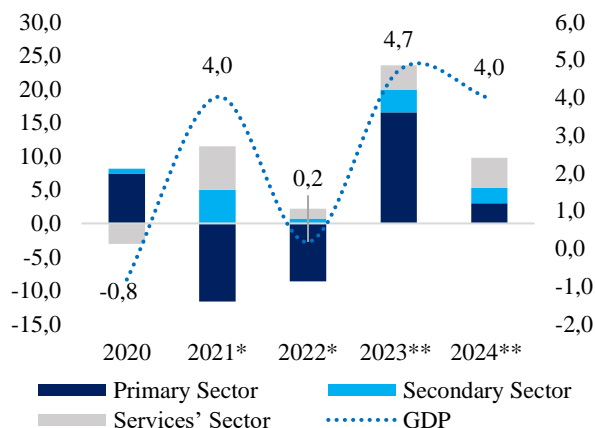
Taxes on products showed greater growth than expected, going from 6.8% to 9.5%.

The **GDP estimation without agriculture and the binationals** have been reviewed upward from 4.5% to 4.9%.



Monetary Policy Report

Chart 1: GDP growth by economic sector 2024.



Source: Central Bank of Paraguay



Economic Report Statistic Schedule (BCP)

Total Public Sector Debt Levels and Structures.

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

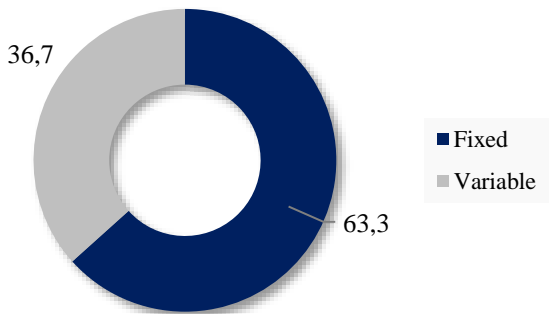
In November, the debt level of the **Total Public Sector** has been registered by **40.5%** of the GDP, which is considered sustainable for the country's public finances representing one of the lowest debt levels in the region.

Concerning the classification of the **Total Public Sector Debt, by Type of Rate** as of November, 2024, it was observed that **63.3%** is at a **fixed** rate and **36.7%** at a **variable** rate.



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Figure 1: Total public debt stock by interest rate.

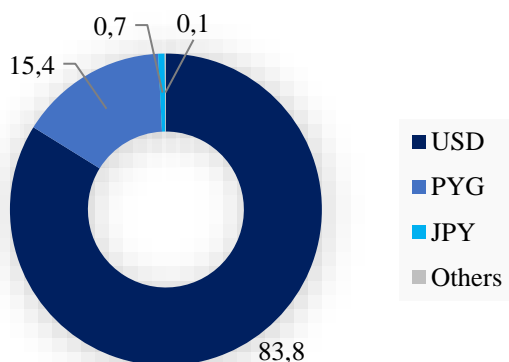


Source: Vice-ministry of Economy and Planning

The public debt structure by currency in November, keeps a greater ratio in USD (83.8%), together with PYG (15.4%), JPY (0.7%) and other currencies at (0.1%).

It is worth pointing out that the highest ratio of debt in dollars does not represent a risk for the country, because Paraguay receives income in dollars as annual royalties for the use of the hydraulic potential of the Parana River for the production of electrical energy, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice-ministry of Economy and Planning

In relation to the average maturity of the Debt.

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*)

Administración Central			
Years	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



Strategic Guidelines

Fiscal Policy

Financial Situation as of November 2024.

At the end of November, an accrued fiscal deficit of USD 788 million was recorded, equivalent to -1.8% of GDP. The annualized fiscal deficit as of November 2024 was 3.8% of the GDP, below the recorded at the end of 2023. This is explained, partly, by the robust performance of tax revenues throughout the year.

Income

In November of 2024, total income shows an accumulated growth of 16.8%.

Total income in November, 2024, was USD 571.1 million, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.



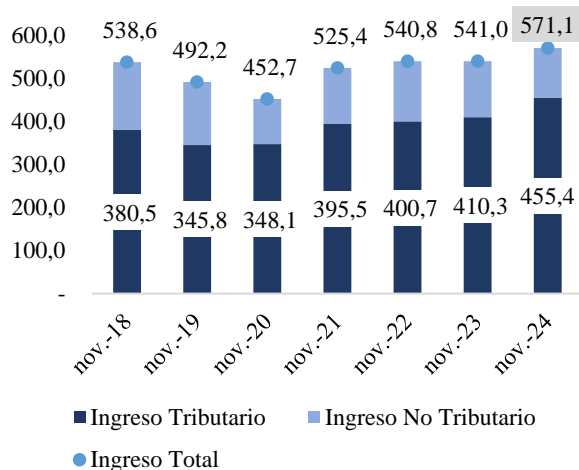
Debt Statistics



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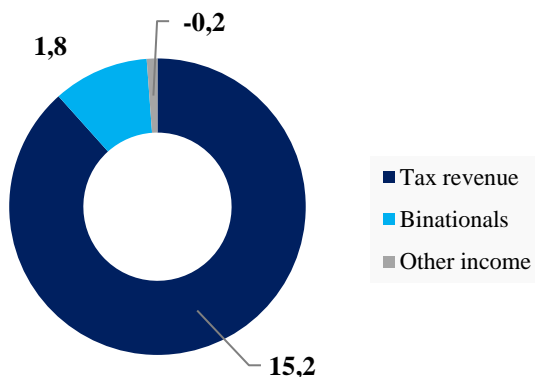
Vice-ministry of Economy and Planning
General Directorate of Debt Policy

Chart 2: Total Income in November 2024, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage (accrued variation)



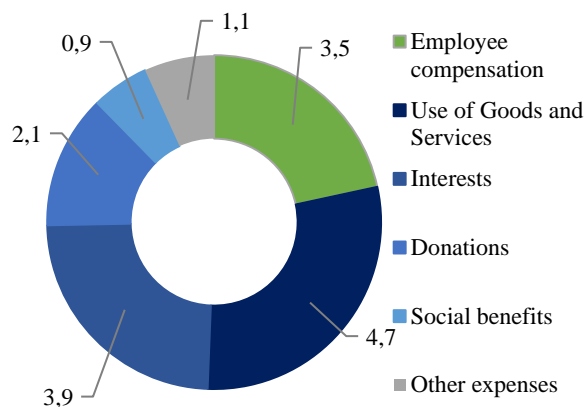
Source: SITUFIN – Ministry of Economy and Finance

Public Spending

Total spending showed an accrued increase of 16.2% at the end of November.

This outcome is mainly explained by the use of goods and services, wages and debt interest. Likewise, it is worth pointing out that an increase was observed in the execution of expenditure in strategic sectors, while expenditure related to government administration decreased.

Figure 4: Composition of the variation of cumulative expenses in percentage terms



Source: SITUFIN – Ministry of Economy and Finance

Public Investment

National Public Investment System SNIP (Spanish acronym)

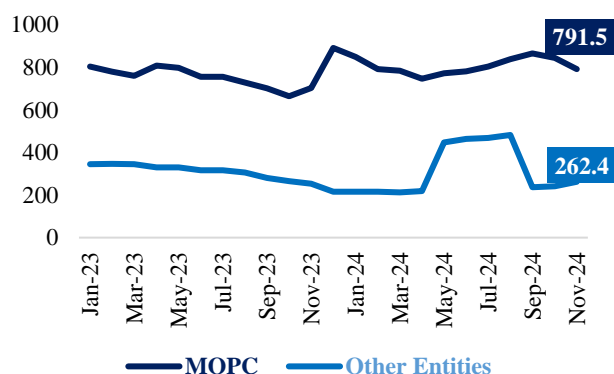
It is the set of rules and instruments designed to organize the Public Investment process, to rationalize the use of resources in the financing of investment projects that are more profitable from the socioeconomic point of view (PGN 2024).

Investment in November 2024

Total public investment as of November was USD 1,053.9 million, which represents 2.4% of GDP, in annualized terms. It is made up of USD 791.5 million that corresponds to the Ministry of Public Works and Communications; and, USD 262.4 million corresponding to other entities.

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Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance



Monetary Policy

The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation targeting scheme, officially starting in 2011. Under this targeting scheme, the main objective of the Monetary Policy according to Law No. 6104, which amends and extends Law No. 489/95 Organic Law of the BCP, is to preserve and ensure the stability of the value of the currency by providing a framework of nominal predictability for the Paraguayan economy, on which economic agents can base their consumption and investment decisions.

Inflation

International context

In the international context, oil prices fluctuated around USD 71 per barrel (ETI-Brent average). It is worth pointing out that the crude oil price keeps with downward pressures as a consequence of the Federal Reserve announcement on the reduction in the cutting pace of their rates of interest and on the persistent uncertainty concerning the China recovery demand. Concerning agricultural product prices, soybean and wheat quotations have presented a reduction of 3.6% and 3.0%, respectively. The

corn price increased by 3.2% during the same period.

In the **United States**, the unemployment rate increased by 4.2% in November. Year-on-year inflation rose by 2.7%, in line with the expectations. In this context, the Federal Reserve decided to reduce the target range of the federal funds rate by 25 basis points at its November meeting, setting it at 4.25% to 4.50%.

Domestic Context

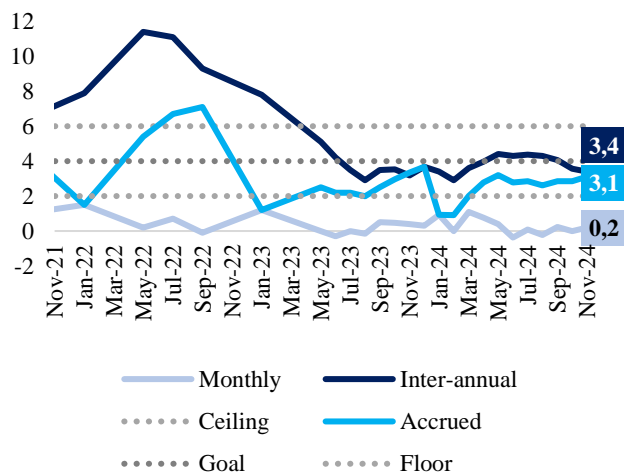
In Paraguay, the Board of Directors of the Central Bank of Paraguay, has recently decided to reduce the inflation target, measured by the variation of the Consumer Price Index (IPC), adjusting it from 4.0% to 3.5% and keeping the tolerance range of 2% above and 2% below. This decision is based on key factors, such as the favorable inflation evolution according to the goals scheme, which has generally remained below the established objectives, the parent bank credibility in the direction of expectations of the economic agents. A lower inflation goal contributes to protect the purchasing power of the population, particularly of the lower income households. Likewise, a lower and stable inflation is a key element for the long term planning.

As of November, the IPC stood at 0.2% due to the reduction in the prices of some food, especially the volatile components of the family shopping basket. Meanwhile, services and durable goods showed increases in their price.

On the other hand, the IPC excluding food and energy prices (IPCSEAE) was 0.3% monthly and 3.7% year-on-year. As regards inflation measured by the IPC, in year-on-year terms was 3.4% in November.

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General Directorate of Debt Policy

Chart 4: Inflation as of November 2024, in percentages



Source: Central Bank of Paraguay

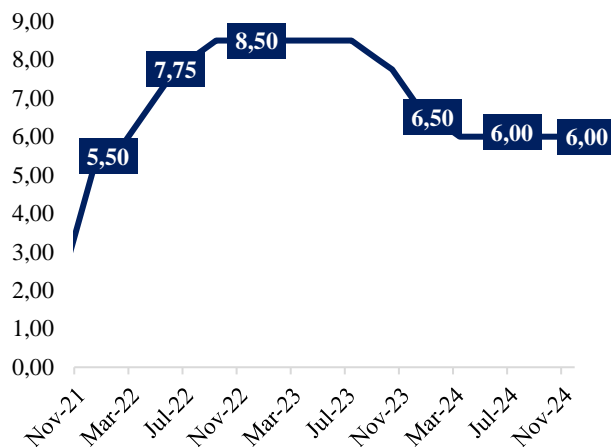
Tasa de Política Monetaria

It is an instrument of monetary policy through which influence is exerted on liquidity and market interest rates that eventually affects part of the economic activity and has an effect on inflation.

Monetary Policy Rate (TPM) as of November, 2024

The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) by 6% in their meeting of the present year.

Chart 5: Monetary Policy Rate 2024



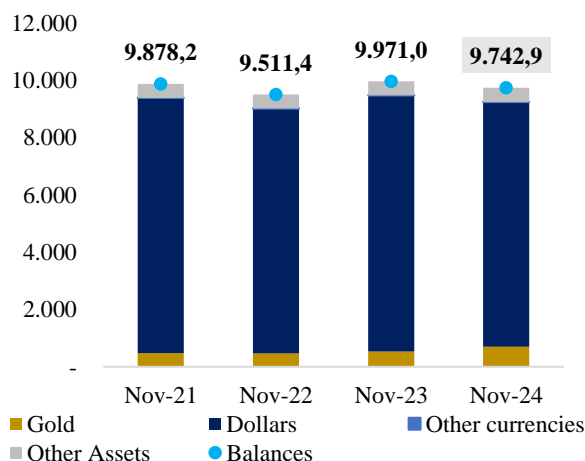
Source: Central Bank of Paraguay.

Minutes of Meetings of the CPM

Net International Reserves

The Net International Reserves' stock as of November 2024, has achieved a USD 9,742.9 million balance, consisting of USD 698.6 million corresponding to Gold; USD 8,546.7 million in Dollars; USD 0.7 million in other currencies and USD 496.7 million concerning other assets.

Chart 6: Composition of NIR, in millions of dollars



Source: Central Bank of Paraguay

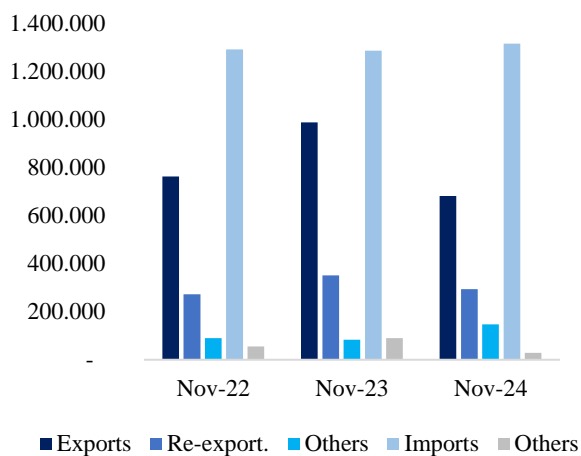
BCP's Statistical Schedule

Trade Balance

In November, 2024, foreign trade figures (Exports plus Imports) represented USD 2,469.3 million.

Total exports as of November, 2024, were USD 1,124.4 million. On the other hand, total imports as of November, 2024, have been USD 1,344.9 million. Finally, the balance of trade has been USD -220.6 million, in favor of imports.

Chart 7: Trade Balance, in thousands of dollars



Source: Central Bank of Paraguay



BCP's Statistical Schedule

Paraguay's Credit Outlook

Sovereign rating history

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Moody's, Fitch and Standard and Poor's, in spite of adverse conditions, such as external shocks, a pandemic, armed conflicts, and internal shocks such as drought and other weather situations.

Within this context, at the beginning of 2024, Standard and Poor's has decided to increase the sovereign risk rating from BB to BB+ having a stable perspective, emphasizing that the macroeconomic strength, as well as prudent and

efficient fiscal and monetary policies has contributed to the economic resilience.

Likewise, Moody's risk rating agency has recently decided to improve Paraguay's risk rating from Ba1 to Baa3, placing the country in the investment grade position.

Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Stable	Feb-01-2024
Moody's	Baa3	Stable	Jul-26-2024
Fitch	BB+	Stable	Oct-22-2024

Source: Vice Ministry of Economy and Planning.



Annual Reports on Risk Rating

Paraguay has reached the "Investment Grade".

In response to all the efforts to strengthen economic growth through better dynamics between sectors, working for greater economic diversification, such as policies, laws and reforms; Moody's rating agency decided to raise Paraguay's sovereign rating from Ba1, after approximately 9 years, to Baa3. Likewise, Paraguay has a Country Ceiling of A2, four positions above the country rating, which favors private companies that are in a position to access more advantageous financing.

In addition, reforms are being promoted to improve the efficiency of institutions and the quality of public services. Likewise, laws that favor the most vulnerable sectors are being passed, in order to gradually improve the quality of life of the inhabitants.

This extremely important event for the country reflects the confidence of international investors in the country's ability to meet its obligations.



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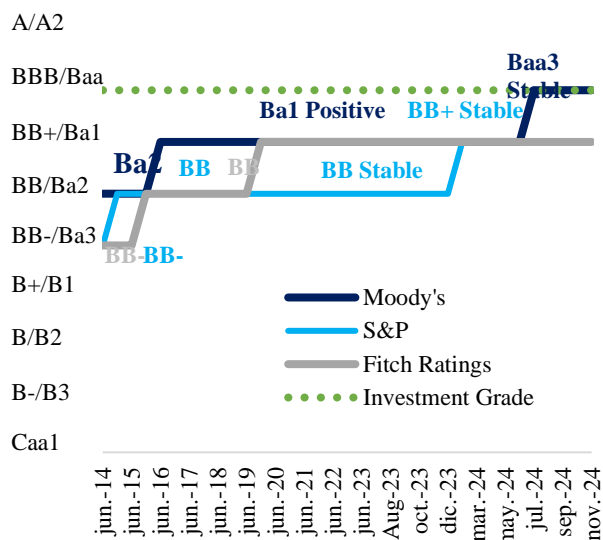
This shall bring with it many benefits, for example, the reduction of financing costs, an increase in foreign investments, together with a greater economic stability, generating more sources of employment. This shall also be beneficial for local investors since, with greater access to favorable markets, it shall allow them to fund projects that shall drive them to positive development in their respective businesses.

It also generates a positive impact on the local currency, which shall contribute to keeping inflation targets and favorable conditions in terms of the purchasing power of the population.

Recently, Fitch Ratings Agency confirmed Paraguay's rating at BB+ with a stable outlook, based on its latest report that is based on prudent and consistent macroeconomic policies, as well as a remarkable economic situation among the countries of the region in view of one of the greatest growth prospects, low levels of indebtedness and the government's efforts to implement reforms that improve efficiency in terms of institutionality and governance.

To sum up, Paraguay is currently in an investment grade position with Moody's risk rating agency and one step higher with Fitch and Standard and Poor's.

Chart 8: Paraguay's Country Rating 2013-2024



Fuente: Viceministerio de Economía y Planificación.



Regional Outlook Report





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Other accesses of interest




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Monetary Policy Reports

 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

 **Maquila**

 **Programs and Projects for S&MEs**

Environmental Actions

 **Legal Provisions on environmental policies and actions**

Ministry of Economy and Finance

➤➤ **General Budget of the Nation**

➤➤ **Public Investments**

➤➤ **SITUFIN**

➤➤ **Rendering of Accounts**

➤➤ **Statistics on Public Debt**

➤➤ **Debt Monthly Reports**

➤➤ **Monthly Financial Management of
the General Budget of the Nation**

➤➤ **Report on Foreign Trade (RCE)**

➤➤ **Planning System according to
Outcomes**

➤➤ **General Directorate of Cooperation
for Development**

➤➤ **Statistics on Collections**

➤➤ **Why to invest in Paraguay**

➤➤ **Financial Control and Budget
Evaluation**

➤➤ **Economic and Commercial Profile**

➤➤ **BIDI (Informative Report of
Directorate of Information)**

➤➤ **Becal**

➤➤ **News**

Financial Agency of Development

➤➤ **Products**

➤➤ **Investors**

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Schedule



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Vice-ministry of Economy and Planning
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<u>Economic Indicators / 2020 - 2024</u>					
	2020	2021	2022(*)	2023(**)	2024(**)
Real Sector					
Population (millions)	7,252.7	7,353.0	7,453.7	7,554.8	7,656.2
GDP (USD million)	36,145.8	40,284.1	42,093.1	43,008.2	44,505.0
GDP per capita (USD)	4,983.8	5,478.6	5,647.3	5,692.8	5,812.9
GDP (annual % change)	-0.8	4.0	0.2	4.7	4.0
Total Consumption (annual change in %)	-2.2	5.5	1.6	2.9	4.7
Capital Investment (annual % change)	5.3	18.2	-1.8	-3.5	5.8
Unemployment Rate (Open Unemployment)	7.9	6.8	5.7	6.5	nd
Estructura de la Economía					
On the supply side (percentage change)					
Primary Sector					
Agriculture	7.4	-11.6	-8.6	16.5	3.0
Livestock	9.0	-18.2	-12.5	23.3	1.8
Others	4.4	6.2	-0.3	0.5	5.4
Others	0.9	6.8	-0.7	12.5	6.0
Secondary Sector					
Industry	0.7	5.0	0.7	3.4	2.2
Construction	-1.3	6.9	-0.1	3.1	4.4
Binationals	10.5	12.8	-3.2	-7.5	3.0
Binationals	-2.3	-7.6	7.8	16.0	-4.0
Service Sector					
General Government	-3.1	6.5	1.5	3.6	4.5
General Government	6.4	-3.4	-0.7	3.4	3.4
Commerce	-8.1	14.3	3.4	4.4	5.1
Communications	6.1	4.5	-2.4	-0.8	0.7
Other Services	-5.7	7.7	2.1	4.0	5.2
Taxes	-5.1	9.0	1.1	3.3	9.5
On the Demand Side (Thousands of USD)					
Total Investment	5,737.8	6,912.8	6,390.5	6,084.5	6,049.9
Total Consumption	22,548.4	24,240.2	23,181.7	23,533.9	23,161.5
Exports	9,844.6	10,236.8	9,536.2	12,864.6	12,138.5
Imports	8,630.3	10,710.6	11,037.3	12,428.2	12,158.9
Monetary and Financial Sector					
Exchange rate (PYG per USD, fdp)	6,943.98	6,815.54	7,238.66	7,335.21	7,805.08
Inflation (CPI, annual var. in %, average last 12 months)	2.2	7.4	8.3	3.2	3.4
Interbank Interest Rate (% , monthly average TIB)	0.6	3.0	8.5	7.5	6.2
Monetary aggregate (M2 annual var. in %)	19.1	10.0	1.6	10.1	11.5
Dollarization Ratio (% of bank deposits in EM)	45.6	46.3	46.5	46.4	46.4

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Banking sector loans to the private and public sector (% var.)	9.8	12.1	10.7	10.7	17.2
Real wages (annual change, %)	1.1	5.5	6.9	4.7	4.4
External Sector					
(Thousands of USD)					
Exports	1,007,625	1,208,979	1,126,943	1,423,818	1,124,372
Year-on-year % change	-2.9	20.0	-6.8	26.3	-21.0
Imports	871,845	1,356,633	1,348,454	1,378,385	1,344,961
Year-on-year % change	-18.7	55.6	-0.6	2.2	-2.4
Trade balance	135,780	-147,654	-221,511	45,433	-220,589
% of GDP	0.4	-0.4	-0.5	0.1	-0.5
(USD millions)					
Current Account	669.2	-347.4	-2,995.1	104.8	-187.4
% of GDP	1.9	-0.9	-7.1	0.2	-0.4
Capital and Financial Account	283.8	-299.5	-2,691.2	-436.1	-470.2
% of GDP	0.8	-0.7	-6.4	-1.0	-1.1
Foreign Direct Investment	7,909.4	8,345.1	8,664.9	8,905.6	9,095.6
% of GDP	21.9	20.7	20.6	20.7	20.4
International Reserves	8,915.1	9,878.2	9,511.4	9,971.0	9,742.9
of GDP	24.7	24.5	22.6	23.2	21.9
Public Sector					
(% of GDP)					
Revenues	13.5	13.7	14.0	14.0	14.0
Of which Tax Revenues	9.5	9.8	10.2	10.1	10.6
Expenses	19.7	17.3	17.0	18.1	15.8
Of which: Interest payments	1.1	1.1	1.2	1.7	1.9
Primary Income	-5.1	-2.5	-1.8	-2.4	0.1
Fiscal Outcome	-6.1	-3.6	-2.9	-4.1	-1.8
Total Public Sector Debt	33.8	33.8	35.8	38.5	40.5
External Public Debt	29.0	29.3	31.7	33.3	35.1
% of Total Public Debt	85.9	86.7	88.5	86.6	86.8
Domestic Public Debt	4.8	4.5	4.1	5.2	5.3
of Total Public Debt	14.1	13.3	11.5	13.4	13.2
External Public Debt Service (% of GDP)	1.6	1.6	1.8	3.1	3.1

Vice-ministry of Economy and Planning
General Directorate of Debt Policy

References:

Remarks and Sources: Chart prepared by the General Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of December 17, 2024) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of November 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M11: November); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of November 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to November of the mentioned year. (2024, M11).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of November 2024 (November 2024/November, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of November 2024, concerning the same period of the year 2023.



December

Macroeconomic outlook for Paraguay

Global Economy

According to the International Monetary Fund's global macroeconomic outlook, global growth is expected to remain stable.

The growth projections, which stand at 3.2% for 2024 and 2025, have practically not changed compared to the updates of the global economic outlook in July 2024 and those of April 2024.

Favorable reviews have been made for the United States that have offset the reductions in other advanced economies, particularly those of European countries.

Likewise, in emerging and developing economies, disruptions in production, raw material transportation, war and extreme weather events have led to downward revisions in the outlook for the Middle East, East Asia and Sub-Saharan Africa. On the other hand, there are positive expectations for emerging Asia, where demand for semiconductors and electronics is growing, driven by significant investments in artificial intelligence.

In this context, over the next five years the world economy is expected to grow by 3.1%, well below the levels observed before the pandemic.



World Economic Outlook Update
(IMF - Oct 2024)

Regional Context

For the **United States**, growth has been revised upward to 2.8% by 2024 on the back of a strong and solid performance in consumption and nonresidential investment. The resilience of consumption is largely due to strong real wage growth and wealth effects.

For the **Eurozone**, growth rebound of 0.8% is expected for 2024 due to improved export performance. For 2025, higher growth is expected at 1.2%, explained by a stronger domestic demand.

As for **Emerging Markets and Developing Economies**, they shall behave stable for the next two years, around 4.2% and stabilizing at 3.9% by 2029. For **China**, a gradual slowdown is projected caused by a continued weakness in the real estate sector and a low consumer confidence. In that sense, growth is expected to be at 4.8% in 2024 because of net exports.

Table 1: Overview of World Economic Outlook projections

	2023	2024*	2025**
World	3.3	3.2	3.2
Advanced Economies	1.7	1.8	1.8
United States	2.9	2.8	2.2
Eurozone	0.4	0.8	1.2
MEED	4.4	4.2	4.2
China	5.2	4.8	4.5
Latin America and the Caribbean	2.2	2.1	2.5
Brazil	2.9	3.0	2.2
Mexico	3.2	1.5	1.3

Source: WEO-IMF October 2024.



World Economic Outlook Update
(IMF - Oct 2024)

Latin America & Caribbean

Concerning **Latin America and the Caribbean**, growth is expected to decrease to 2.1% by 2024 compared to 2.2% in 2023 and then recover in 2025 at 2.5%.

In **Brazil**, a 3.0% growth is projected in 2024 and 2.2% for 2025. The increase of 0.9 percentage points for 2024, compared to the July projections, is due to higher private consumption and investment in the first semester as a result of a



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tight labor market, government transfers, and smaller-than-expected disruptions from flooding.

Finally, 1.5% growth is expected for **Mexico** in 2024, which shall then decline to 1.3% in 2025 due to a more restrictive fiscal stance.



World Economic Outlook Update (IMF - Oct 2024)

Domestic Situation

Paraguay's GDP growth projection has been kept at 4.0% according to the estimations of the Central Bank of Paraguay, but with internal restructuring.

The livestock sector registered an adjustment, going from 5.4% to 6.2% due to the higher slaughter rate. The construction sector presented an adjustment of 3% to 4.8%, due to the greater execution of public and private works.

The electricity and water sector were reviewed downwards, from -4% to -4.9%, due to the lower production of electricity by the binationals, affected by the low level of the water flow of the Parana River.

As for the manufacturing industry, it was adjusted downwards, from 4.4% to 4.1%, mainly explained by lower oil production.

On the demand side, public consumption showed changes, from 4.4% to 6.8%, due to the good dynamics of purchases of goods and services by the Central Government.

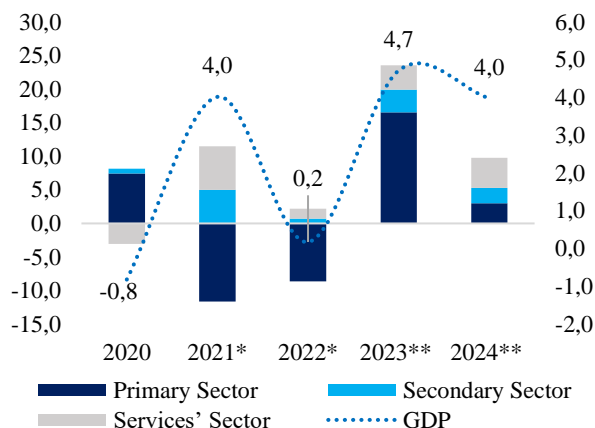
The GDP estimation without agriculture and the binationals has been 5.4%.

The GDP growth projection is 3.8% for 2025.



Monetary Policy Report

Chart 1: GDP growth by economic sector 2024.



Source: Central Bank of Paraguay



Economic Report Statistic Schedule (BCP)

Total Public Sector Debt Levels and Structures.

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

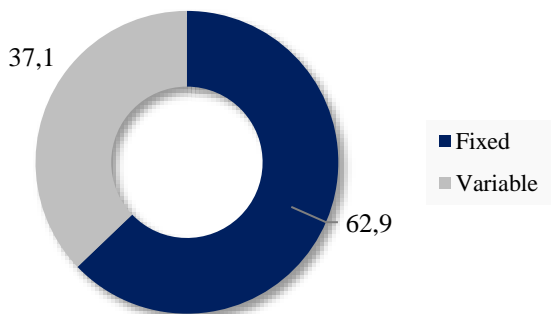
In December, the debt level of the **Total Public Sector** has been registered by **40.7%** of the GDP, which is considered sustainable for the country's public finances representing one of the lowest debt levels in the region.

Concerning the classification of the **Total Public Sector Debt, by Type of Rate** as of December, 2024, it was observed that **62.9%** is at a **fixed** rate and **37.1%** at a **variable** rate.



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Figure 1: Total public debt stock by interest rate.

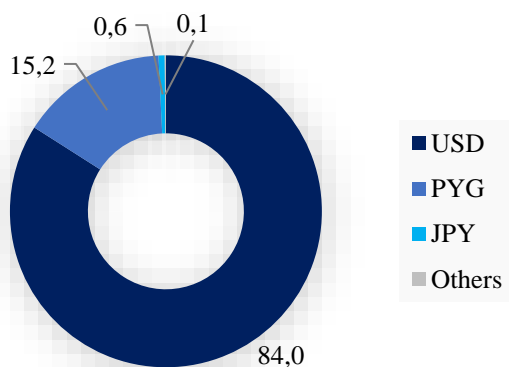


Source: Vice-ministry of Economy and Planning

The public debt structure by currency in December, keeps a greater ratio in USD (84%), together with PYG (15.2%), JPY (0.6%) and other currencies at (0.1%).

It is worth pointing out that the highest ratio of debt in dollars does not represent a risk for the country, because Paraguay receives income in dollars as annual royalties for the use of the hydraulic potential of the Parana River for the production of electrical energy, coming from the binational entities (Itaipu and Yacyreta).

Figure 2: Total Public Debt Balance per currency in percentage



Source: Vice-ministry of Economy and Planning



Debt Statistics

In relation to the average maturity of the Debt.

Due to placements in international markets in longer terms than those of the domestic markets, the average deadline of the Central Administration (ATM) has been increased from 10.9 years (2017) to 11.37 years (2022). This allows a greater public debt maneuverability.

Table 2: Debt Average Maturity (Years*)

Years	Administración Central		
	External Debt	Domestic Debt	Total Debt
2017	11,5	2,4	10,9
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3
2022	11,58	7,12	11,37

* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



Strategic Guidelines



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Fiscal Policy

Financial Situation as of December 2024.

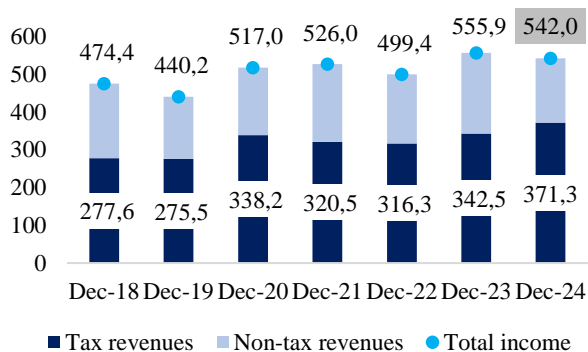
At the end of December 2024, the fiscal deficit was -2.6% of GDP equivalent to USD 1,122 million, falling below what was recorded at the end of 2023. This is explained, partly, by the solid performance of tax revenues throughout the year⁴.

Income

In December of 2024, total income shows an accumulated growth of 15.7%.

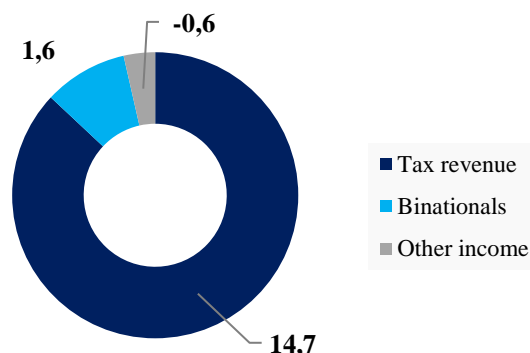
Total income in December, 2024, was USD 542 million, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection.

Chart 2: Total Income in December 2024, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance

Figure 3: Income components in percentage (accrued variation)



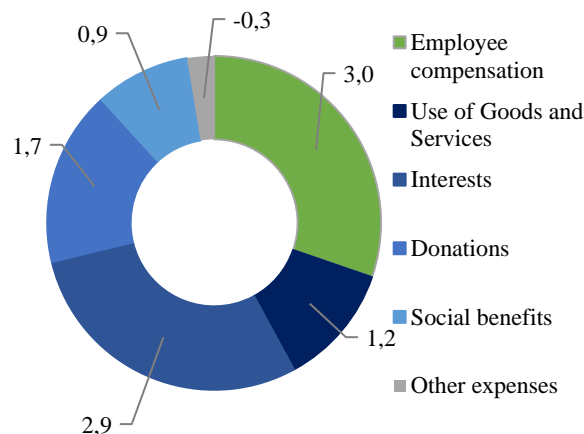
Source: SITUFIN – Ministry of Economy and Finance

Public Spending

Total spending showed an accrued increase of 9.5% at the end of December.

This outcome is mainly explained by the use of goods and services, wages and debt interest. Likewise, it is worth pointing out that an increase was observed in the execution of expenditure in strategic sectors, while expenditure related to government administration decreased.

Figure 4: Composition of the variation of cumulative expenses in percentage terms



Source: SITUFIN – Ministry of Economy and Finance

⁴ SITUFIN December – 2024. Ministry of Economy and Finance. Obtained from

<https://www.economia.gov.py/index.php/datos-economicos/situacion-financiera-del-paraguay-situfin>

Public Investment

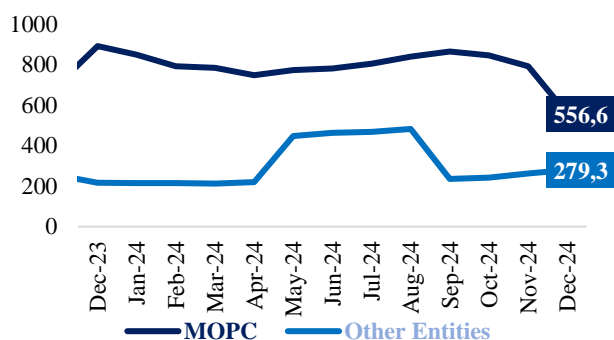
National Public Investment System SNIP (Spanish acronym)

It is the set of rules and instruments designed to organize the Public Investment process, to rationalize the use of resources in the financing of investment projects that are more profitable from the socioeconomic point of view (PGN 2024).

Investment in December 2024

Total public investment as of December was USD 835.8 million, which represents 1.9% of GDP, in annualized terms. It is made up of USD 556.6 million that corresponds to the Ministry of Public Works and Communications; and, USD 279.3 million corresponding to other entities.

Chart 3: Accrued Investment, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance



SITUFIN 2024

Monetary Policy

The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation targeting scheme, officially starting in 2011. Under this targeting scheme, the main objective of the Monetary Policy according to Law No. 6104, which amends and extends Law No. 489/95 Organic Law of the BCP, is to preserve and ensure the stability of the value of the currency by providing a framework of nominal

predictability for the Paraguayan economy, on which economic agents can base their consumption and investment decisions.

Inflation

International context

International oil prices have increased; these were driven in part due to new United States sanctions on the energy sector in Russia. Regarding agricultural products, the prices of soybeans, corn and wheat have registered increases, due to adverse weather conditions in the main producing regions.

In the **United States**, the unemployment rate has been reduced to 4.1% in December with a 0.1% variation. Year-on-year inflation rose from 2.7% to 2.9%, in line with the expectations. In this context, the market continues to estimate fewer adjustments in the Federal Reserve's target range of interest rates, compared to what was expected in previous months.

Domestic Context

In Paraguay, the Board of Directors of the Central Bank of Paraguay, has recently decided to reduce the inflation target, measured by the variation of the Consumer Price Index (IPC), adjusting it from 4.0% to 3.5% and keeping the tolerance range of 2% above and 2% below. This decision is based on key factors, such as the favorable inflation evolution according to the goals scheme, which has generally remained below the established objectives, the parent bank credibility in the direction of expectations of the economic agents. A lower inflation goal contributes to protect the purchasing power of the population, particularly of the lower income households. Likewise, a lower and stable



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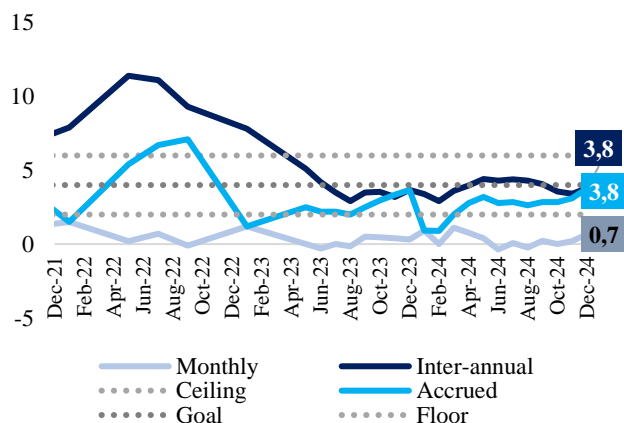
Vice-ministry of Economy and Planning
General Directorate of Debt Policy

inflation is a key element for the long term planning⁵.

As of December, monthly inflation according to the IPC reached 0.7%, mainly explained by the increase of food prices and to a lesser extent of some services.

On the other hand, monthly inflation excluding food and energy prices (IPCSAE) was 0.2%; however, total inflation was 3.8% year-on-year. As regards inflation measured by the IPCSAE, it was 3.4% in December.

Chart 4: Inflation as of December 2024, in percentages



Source: Central Bank of Paraguay

Tasa de Política Monetaria

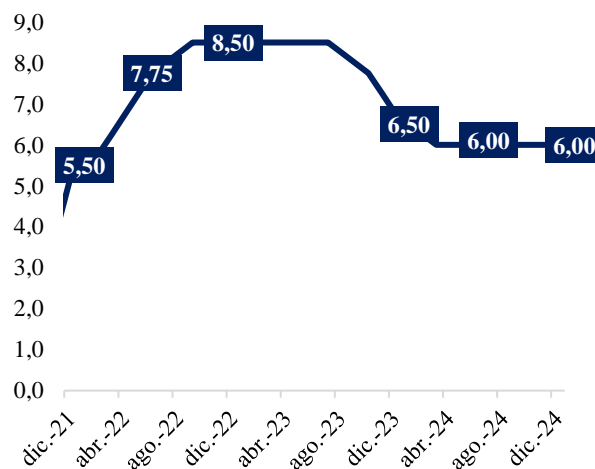
It is an instrument of monetary policy through which influence is exerted on liquidity and market interest rates that eventually affects part of the economic activity and has an effect on inflation.

⁵ Minutes of the Meeting of the Monetary Policy Committee (Dec, 2024). Obtenido de:

Monetary Policy Rate (TPM) as of December, 2024

The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) by 6% in their meeting of the present year.

Chart 5: Monetary Policy Rate 2024



Source: Central Bank of Paraguay.



Minutes of Meetings of the CPM

Net International Reserves

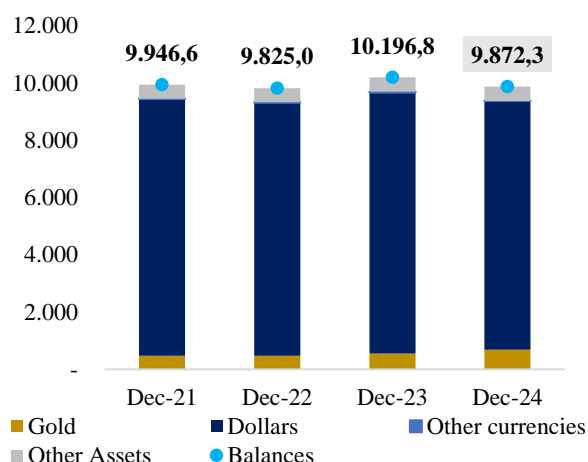
The Net International Reserves' stock as of December 2024, has achieved a USD 9,872.3 million balance, consisting of USD 687.4 million corresponding to Gold; USD 8,686.5 million in Dollars; USD 0.9 million in other currencies and USD 497.2 million concerning other assets.

<https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444>



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Chart 6: Composition of NIR, in millions of dollars



Source: Central Bank of Paraguay

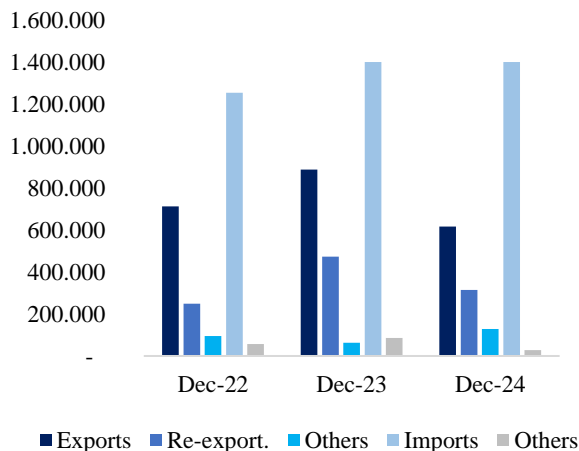
[BCP's Statistical Schedule](#)

Trade Balance

In December, 2024, foreign trade figures (Exports plus Imports) represented USD 2,484.7 million.

Total exports as of December, 2024, were USD 1,057.9 million. On the other hand, total imports as of December, 2024, have been USD 1,426.8 million. Finally, the balance of trade has been USD -368.8 million, in favor of imports.

Chart 7: Trade Balance, in thousands of dollars



Source: Central Bank of Paraguay

[BCP's Statistical Schedule](#)

Paraguay's Credit Outlook

Sovereign rating history

Paraguay has managed to keep the country risk rating and the perspectives with the credit rating agencies Moody's, Fitch and Standard and Poor's, in spite of adverse conditions, such as external shocks, a pandemic, armed conflicts, and internal shocks such as drought and other weather situations.

Within this context, at the beginning of 2024, Standard and Poor's has decided to increase the sovereign risk rating from BB to BB+ having a stable perspective, emphasizing that the macroeconomic strength, as well as prudent and efficient fiscal and monetary policies has contributed to the economic resilience.

Likewise, Moody's risk rating agency has recently decided to improve Paraguay's risk rating from Ba1 to Baa3, placing the country in the investment grade position.

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General Directorate of Debt Policy

Table 3: Sovereign Risk Ratings 2024

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB+	Stable	Feb-01-2024
Moody's	Baa3	Stable	Jul-26-2024
Fitch	BB+	Stable	Oct-22-2024

Source: Vice Ministry of Economy and Planning.



Annual Reports on Risk Rating

Paraguay has reached the “Investment Grade”.

In response to all the efforts to strengthen economic growth through better dynamics between sectors, working for greater economic diversification, such as policies, laws and reforms; Moody's rating agency decided to raise Paraguay's sovereign rating from Ba1, after approximately 9 years, to Baa3. Likewise, Paraguay has a Country Ceiling of A2, four positions above the country rating, which favors private companies that are in a position to access more advantageous financing.

In addition, reforms are being promoted to improve the efficiency of institutions and the quality of public services. Likewise, laws that favor the most vulnerable sectors are being passed, in order to gradually improve the quality of life of the inhabitants.

This extremely important event for the country reflects the confidence of international investors in the country's ability to meet its obligations.

This shall bring with it many benefits, for example, the reduction of financing costs, an increase in foreign investments, together with a greater economic stability, generating more sources of employment. This shall also be beneficial for local investors since, with greater access to favorable markets, it shall allow them to fund projects that shall drive them to positive development in their respective businesses.

It also generates a positive impact on the local currency, which shall contribute to keeping inflation targets and favorable conditions in terms of the purchasing power of the population.

Recently, Fitch Ratings Agency confirmed Paraguay's rating at BB+ with a stable outlook, based on its latest report that is based on prudent and consistent macroeconomic policies, as well as a remarkable economic situation among the countries of the region in view of one of the greatest growth prospects, low levels of indebtedness and the government's efforts to implement reforms that improve efficiency in terms of institutionality and governance.

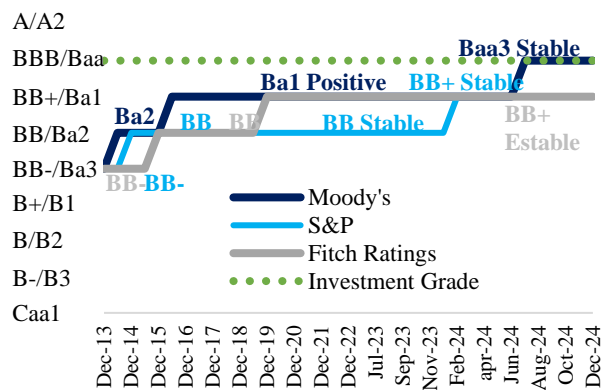
To sum up, Paraguay is currently in an investment grade position with Moody's risk rating agency and one step higher with Fitch and Standard and Poor's.



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Chart 8: Paraguay's Country Rating 2013-2024



Source: Vice Ministry of Economy and Planning



Regional Outlook Report





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Other accesses of interest




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 **National Accounts Report (Fiscal Quarters)** 

 **Statistic Schedule of the Economic Report**

 **Foreign Trade Report (Fiscal Quarters)**

 **Direct Investment**

 **Monetary Policy**

ODS

 **Sustainable Paraguay**

 **Sustainable Development Objectives (ODS))**

Ministry of Industry and Trade

 **MyPIMES**

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 **Legal Provisions on environmental policies and actions**

Ministry of Economy and Finance

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➤➤ **Public Investments**

➤➤ **SITUFIN**

➤➤ **Rendering of Accounts**

➤➤ **Statistics on Public Debt**

➤➤ **Debt Monthly Reports**

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➤➤ **Statistics on Collections**

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➤➤ **Financial Control and Budget
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➤➤ **News**

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➤➤ **Products**

➤➤ **Investors**

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Schedule



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<u>Economic Indicators / 2020 - 2024</u>					
	2020	2021	2022(*)	2023(**)	2024(**)
Real Sector					
Population (millions)	7,252.7	7,353.0	7,453.7	7,554.8	7,656.2
GDP (USD million)	36,145.8	40,284.1	42,093.1	43,171.2	44,435.9
GDP per capita (USD)	5,827.6	6,447.6	6,698.4	6,823.5	6,972.9
GDP (annual % change)	-0.8	4.0	0.2	5.0	4.0
Total Consumption (annual change in %)	-2.2	5.5	1.6	3.5	5.0
Capital Investment (annual % change)	5.3	18.2	-1.8	-2.8	5.8
Unemployment Rate (Open Unemployment)	7.9	6.8	5.7	6.5	nd
Estructura de la Economía					
On the supply side (percentage change)					
Primary Sector					
Agriculture	7.4	-11.6	-8.6	15.9	3.2
Livestock	9.0	-18.2	-12.5	23.4	1.8
Others	4.4	6.2	-0.3	0.5	6.2
Others	0.9	6.8	-0.7	5.7	6.0
Secondary Sector					
Industry	0.7	5.0	0.7	4.0	2.2
Construction	-1.3	6.9	-0.1	4.2	4.1
Binationals	10.5	12.8	-3.2	-7.1	4.8
Binationals	-2.3	-7.6	7.8	15.5	-4.9
Service Sector					
General Government	-3.1	6.5	1.5	3.5	4.5
Commerce	6.4	-3.4	-0.7	3.0	3.4
Commerce	-8.1	14.3	3.4	4.9	5.1
Communications	6.1	4.5	-2.4	-0.8	-0.2
Other Services	-5.7	7.7	2.1	3.8	5.3
Taxes	-5.1	9.0	1.1	5.6	9.5
On the Demand Side (Thousands of USD)					
Total Investment	5,737.8	6,912.8	6,390.5	6,131.7	6,092.8
Total Consumption	22,548.4	24,240.2	23,181.7	23,674.7	23,353.0
Exports	9,844.6	10,236.8	9,536.2	12,708.6	11,983.4
Imports	8,630.3	10,710.6	11,037.3	11,918.9	11,652.9
Monetary and Financial Sector					
Exchange rate (PYG per USD, fdp)	6,943.98	6,815.54	7,238.66	7,335.21	7,810.24
Inflation (CPI, annual var. in %, average last 12 months)	2.2	6.8	8.1	3.7	3.8
Interbank Interest Rate (% , monthly average TIB)	0.6	4.3	8.5	7.0	6.2
Monetary aggregate (M2 annual var. in %)	18.7	8.2	3.2	9.5	11.5
Dollarization Ratio (% of bank deposits in EM)	44.3	44.9	45.0	45.0	46.4

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Banking sector loans to the private and public sector (% var.)	9.7	13.2	10.2	11.8	17.8
Real wages (annual change, %)	1.1	5.5	5.5	4.7	4.4
External Sector					
(Thousands of USD)					
Exports	1,085,960	973,200	1,057,284	1,423,490	1,057,951
Year-on-year % change	3.0	2.4	2.5	3.3	2.4
Imports	1,026,197	1,305,900	1,311,281	1,485,581	1,426,754
Year-on-year % change	2.8	3.2	3.1	3.4	3.2
Trade balance	59,763	-332,700	-253,997	-62,091	-368,804
% of GDP	0.2	-0.8	-0.6	-0.1	-0.8
(USD millions)					
Current Account	663.6	-442.8	-3,001.9	-286.9	-709.8
% of GDP	1.8	-1.1	-7.1	-0.7	-1.6
Capital and Financial Account	206.8	-401.6	-2,769.7	-433.3	-927.5
% of GDP	0.6	-1.0	-6.6	-1.0	-2.1
Foreign Direct Investment	8,390.9	8,862.8	9,231.2	9,829.3	9,966.6
% of GDP	23.2	22.0	21.9	22.8	22.4
International Reserves	9,490.1	9,946.6	9,825.0	10,196.8	9,872.3
of GDP	26.3	24.7	23.3	23.6	22.2
Public Sector					
(% of GDP)					
Revenues	13.5	13.7	14.0	14.0	15.3
Of which Tax Revenues	9.5	9.8	10.2	10.1	11.5
Expenses	19.7	17.3	17.0	18.1	17.9
Of which: Interest payments	1.1	1.1	1.2	1.7	2.0
Primary Income	-5.1	-2.5	-1.8	-2.4	-0.6
Fiscal Outcome	-6.1	-3.6	-2.9	-4.1	-2.6
Total Public Sector Debt	33.8	33.8	35.8	38.4	40.7
External Public Debt	29.0	29.3	31.7	33.2	35.4
% of Total Public Debt	85.9	86.7	88.5	86.6	86.9
Domestic Public Debt	4.8	4.5	4.1	5.2	5.3
of Total Public Debt	14.1	13.3	11.5	13.4	13.1
External Public Debt Service (% of GDP)	1.6	1.6	1.8	3.1	3.2

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References:

Remarks and Sources: Chart prepared by the General Directorate of Indebtedness Policy (DGPE, Ministry of Economy and Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of January 14, 2025) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of December 2024 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M12: December); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (*) means preliminary data subject to changes and (**) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of December 2024 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2024 correspond to December of the mentioned year. (2024, M12).
12. Exports include reexports and other exports. The inter-annual variation of exports/imports as of December 2024 (December 2024/December, 2023) obtains the accrued variation of exports/imports of the total exports and imports accrued of December 2024, concerning the same period of the year 2023.