

Macroeconomic Outlook of Paraguay. 2025

January

February

March

April

May

June

July

August

September

October

November

December

January - 2025

Word Economy

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

The growth projections, which stand at 3.3% for 2025 and 2026, have practically not changed compared to the updates of the global economic outlook in October 2024.

Favorable reviews have been made for the United States that have offset the reductions in other advanced economies.

Regional Context

For the **United States**, growth is projected at 2.7% in 2025, up 0.5 percentage points from the WEO's October 2024 revision. Growth is also expected to fluctuate moderately to reach potential growth in 2026.

For the **Eurozone**, growth is expected to pick up, but at a more gradual pace than previously forecast, as geopolitical tensions continue to weigh on confidence, due to the level of uncertainty in the market. The revision was downward to 1% in 2025 and by 2026, growth is expected to increase by 1.4%, explained by stronger domestic demand.

For **Emerging Market and Developing Economies**, growth performance in 2025 and 2026 is estimated to be broadly in line with the October 2024 projections.

China is expected to grow by 0.1% to 4.6% in 2025, mainly due to the fiscal package announced in November, which offsets the negative impact of trade policy and the housing market. By 2026, growth of 4.5% is forecast, as the effects of trade policy uncertainty dissipate and the increase in the retirement age slows the decline in labor supply.

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

	2024*	2025**	2026
World	3.2	3.3	3.3
Advanced Economies	1.7	1.9	1.8
United States	2.8	2.7	2.1
Eurozone	0.8	1.0	1.4
MEED	4.2	4.2	4.3
China	4.8	4.6	4.5
Latin America and the Caribbean	2.4	2.5	2.7
Brazil	3.7	2.2	2.2
Mexico	1.8	1.4	2.0

Source: WEO – IMF January 2025.



**World Economic Outlook Update
(IMF-Jan 2025)**

Latin America and the Caribbean

For **Latin America and the Caribbean**, growth is expected to accelerate slightly in 2025 to 2.5%, despite a projected slowdown in the region's largest economies.

In **Brazil**, growth of 2.2% is projected for 2025 and is expected to be maintained by 2026.

Finally, growth of 1.4% is estimated for **Mexico** in 2025, and an increase to 2% by 2026.



**World Economic Outlook Update
(IMF-Jan 2025)**



Domestic Situation

Paraguay's GDP growth projection was maintained at 4.0% for 2024, based on the estimates of the Central Bank of Paraguay, but with internal readjustments. The estimate for GDP excluding agriculture and binationals was 5.4%.

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 3.0% to 4.8%, due to the greater execution of public and private works.

The **electricity and water sector** were reviewed downwards, from -4.0% 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.

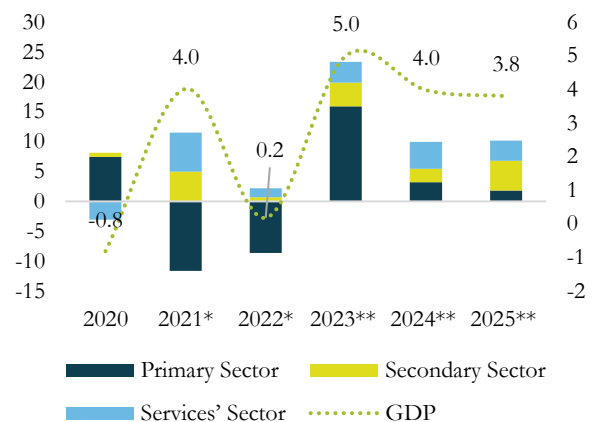
On the demand side, public consumption showed changes, from 4.4% to 6.8%, due to the good dynamics of purchases of goods and services by the Central Government.

For 2025, GDP growth is projected at 3.8%, mostly explained by a positive dynamic in the **services sector**, mainly emphasized in the branches of commerce, services to households and financial intermediation. As for the **secondary sector**, a positive performance is expected, especially in the manufacturing industry and construction, as well as a positive dynamic in energy production. The **primary sector** expects a positive performance, explained by an expansion of agriculture, livestock and other activities of the sector.



Monetary Policy Report

Chart 1: GDP Growth by economic sectors 2025.



Source: Central Bank of Paraguay

* Preliminary figures ** Projection



Economic Report Statistic
Schedule (BCP)

Debt levels and structures of the Total Public Sector

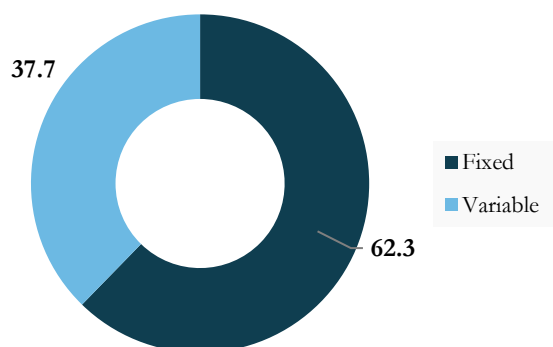
The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the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

In January, the 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 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 January, 2025**, it was observed that **62.3%** is at a **fixed rate** and **37.7%** at a **variable rate**.

Figure 1: Total Public Debt Balance per rate of interest

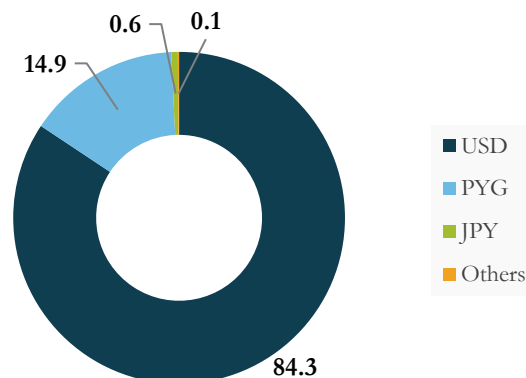


Source: Vice-ministry of Economy and Planning

The public debt structure by currency in January, keeps a greater ratio in **USD** (84.3%), together with **PYG** (14.9%), **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

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	Internal 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 Guideline

Fiscal Policy

Financial Situation as of January 2025

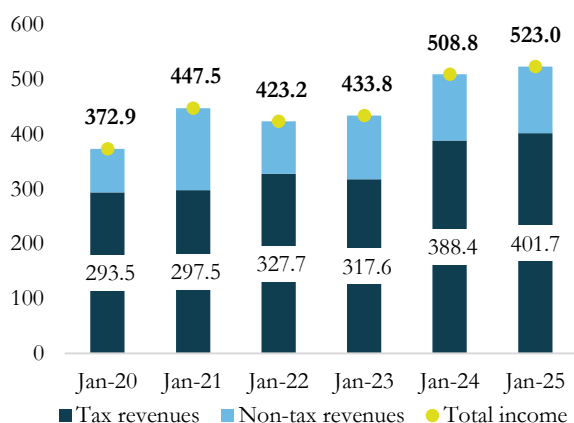
At the end of January 2025, the fiscal deficit was -0.1% of GDP equivalent to USD 28.6 million. Likewise, an operational superavit equivalent to USD 19.5 million registered¹.

Income

In January 2025, total revenues registered a cumulative growth of 8.5%.

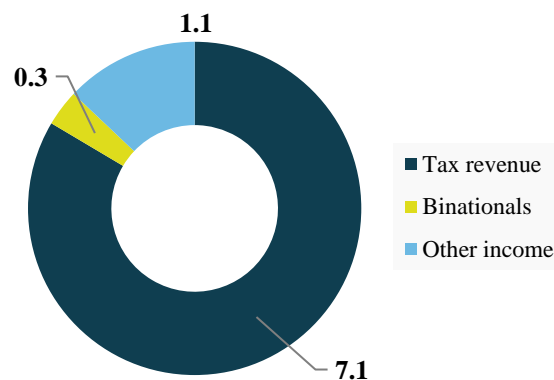
Total revenue as of January was USD 523 million, mainly explained by the positive dynamics of tax revenues, derived from both domestic and foreign tax collection.

Chart 2: Total Income in January 2025, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance.

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

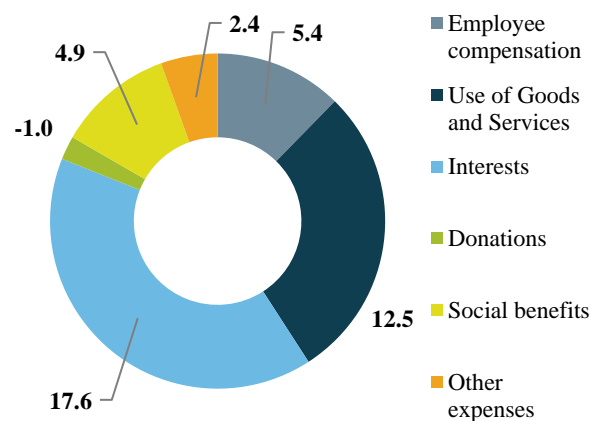


Source: SITUFIN – Ministry of Economy and Finance.

Public Spending

Total spending showed a year-over-year increase of 41.8% at the end of January. This result is mainly explained by interest payments, the use of goods and services, and social benefits.

Chart 4: Composition of the variation in accrued expenses in percentage terms



Source: SITUFIN – Ministry of Economy and Finance.

¹ SITUFIN January - 2025. Ministry of Economy and Finance. Obtained from:

Public Investment

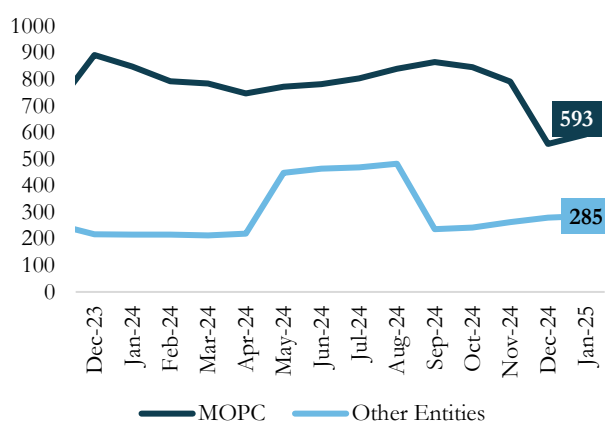
National Public Investment System SNIP

It is the set of rules and instruments aimed at organizing the Public Investment process, to streamline the use of resources in the financing of investment projects for the country, and that they generate positive impacts in society².

Investment as of January 2025

Total public investment as of January amounted to USD 878.1 million, representing 2.0% of GDP in annualized terms. It is distributed as follows: USD 593.0 million corresponding to the Ministry of Public Works and Communications; and USD 285.1 million to other entities.

Chart 3: Annualized Investment, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finance.



SITUFIN 2025

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

International prices for both energy and agricultural commodities have risen. Oil prices also rose, driven by concerns about new US sanctions on the Russian energy sector.

In the **United States**, the unemployment rate has been reduced to 4.0% in January with a 0.1% variation. Year-on-year inflation rose to 3%, exceeding the expectations. In this context, the Federal Reserve decided to keep the interest rates of the federal funds within the target range of 4.25 – 4.50, according to what has been expected.

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*

² Obtained from:

<https://economia.gov.py/index.php/dependencias/direccion-general-de-inversion-publica>

General Directorate of Debt Policy

www.mef.gov.py

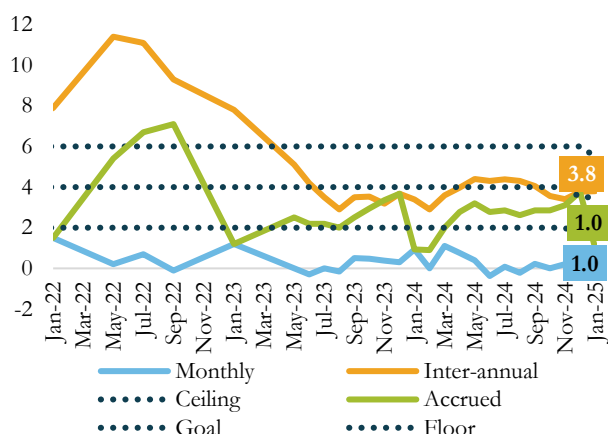
stable inflation is a key element for the long-term planning³.

As of January, monthly inflation according to the IPC reached 1.0%, 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 0.6%; however, total inflation was 3.8% year-on-year. As regards inflation measured by the IPCSAE, it was 3.9% in January.

Inflation expectations for the next 12 months are 3.7% and for the monetary policy horizon, they have kept in 3.5%.

Chart 4: Inflation as of January 2025, in percentage



Source: Central Bank of Paraguay.

Minutes of CPM Meetings

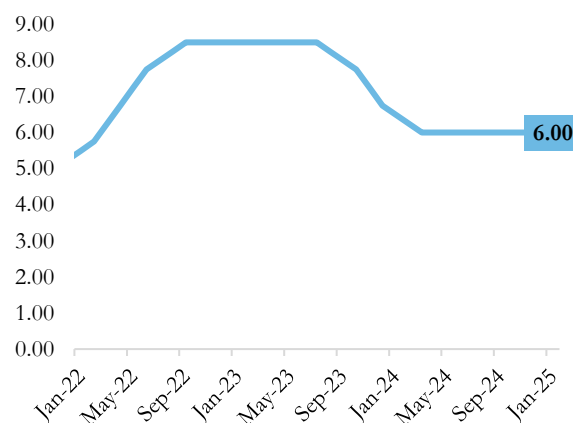
Monetary Policy Rate

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 (MPR) to January 2025

The Monetary Policy Committee (MPC) decided to maintain the Monetary Policy Rate (MPR) at 6% in its January meeting this year, mainly explained by the continued positive performance of domestic economic conditions, however, greater caution is expected regarding external conditions such as the pace of interest rate adjustments by the Federal Reserve in 2025, such as the upward behavior of the price of agricultural commodities and oil in January.

Chart 5: Monetary Policy Rate 2025



Source: Central Bank of Paraguay.

Minutes of CPM Meetings

³ Minutes of the Monetary Policy Committee Meeting

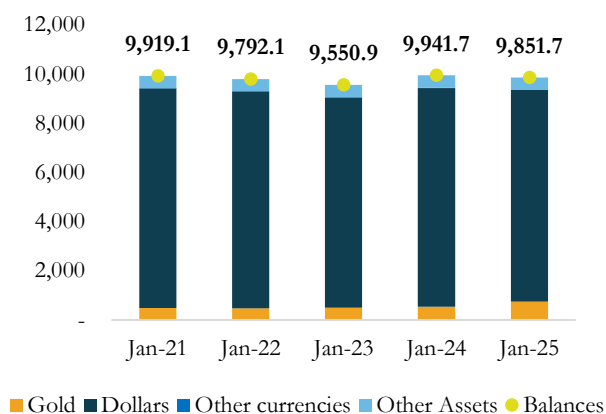
(December 19, 2024). Retrieved from:
<https://www.bcp.gov.py/minutas-de-reuniones-del-cpmi444>



Net International Reserves

The Net International Reserves' stock as of January 2025, has registered a USD 9,851.7 million balance, consisting of USD 741.1 million corresponding to Gold; USD 8,612.2 million in Dollars; USD 0.9 million in other currencies and USD 497.1 million concerning other assets.

Chart 6: RIN composition, in million Dollars.



Source: Central Bank of Paraguay.



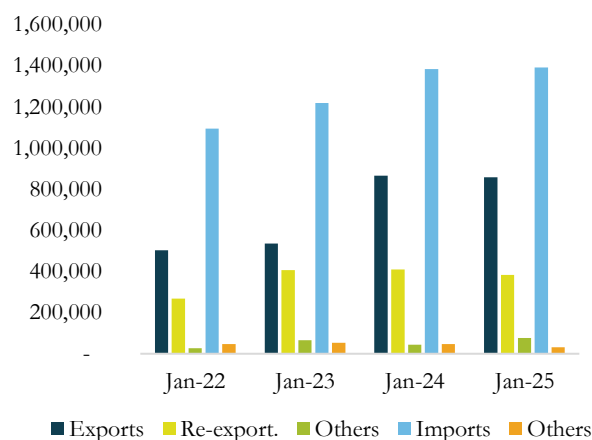
BCP's Statistical Schedule

Balance of Trade

In January, 2025, foreign trade figures (Exports plus Imports) represented USD 2,741.1 million.

Total exports as of January 2025 have been USD 1,318.1 million. On the other hand, total imports as of January 2025 represent an amount of USD 1,423.0 million. Finally, the trade balance registered a variation of USD -104.9 million, in favor of imports.

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.

In October, 2024, Fitch Ratings agency, confirms Paraguay's rating in BB+ with a stable outlook, backed in its last report that it is based on prudent and consistent macroeconomic policies, as well as a remarkable scenario between the regional countries, as one of the greatest growth outlook, low indebtedness levels and efforts of the government to implement reforms that improve the efficiency concerning institutionality and governance

On the other hand, in January, 2025, Standard and Poor's has decided to keep the sovereign risk rating of Paraguay in BB+, changing the stable to positive outlook, explained by prudent macroeconomic policies implemented by the government and moderate public debt. They also emphasized that the reforms implemented in the



Back to top

last decade have strengthened the credibility of economic institutions.

Table 3: Sovereign Risk Ratings 2025

Rating Agency	Rate	Perspective	Last revision
S&P	BB+	Positive	Jan-08-2025
Moody's	Baa3	Stable	Jan-30-2025
Fitch	BB+	Stable	Oct-22-2024

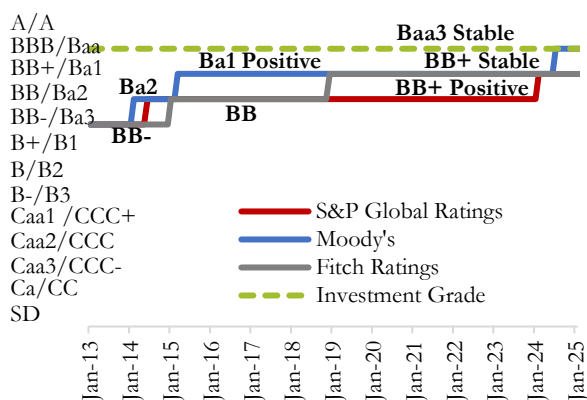
Source: Vice-Ministry of Economy and Planning.

Annual Reports on Risk Rating

Likewise, Moody's, in its review (**credit opinion**) of January 30, 2025, decided to maintain the rating at Baa3 with a stable outlook. Its report highlights solid growth, improving institutions, and limited external vulnerability.

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: Sovereign Risk Rating of Paraguay
Period 2013 – 2025



Source: Vice-Ministry of Economy and Planning

Regional Outlook Report




Other accesses of interest

Click on the text to go 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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Schedule

Economic Indicators / 2020 – 2025

	2021	2022	2023(*)	2024(**)	2025(**)
Real Sector					
Population (million)	6,247.9	6,284.0	6,326.8	6,372.6	6,417.1
GDP (USD million)	40,284.1	42,093.1	43,171.2	44,435.9	45,478.8
GDP per capita (USD)	6,447.6	6,698.4	6,823.5	6,972.9	7,087.2
GDP (annual variation in %)	4.0	0.2	5.0	4.0	3.8
Total Consumption (annual variation in %)	5.5	1.6	3.5	5.0	3.3
Capital Investment (annual variation in %)	18.2	-1.8	-2.8	5.8	3.9
Unemployed Rate (open unemployment)	6.8	5.7	6.5	4.6	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	-11.6	-8.6	15.9	3.2	1.8
Agriculture	-18.2	-12.5	23.4	1.8	2.0
Livestock	6.2	-0.3	0.5	6.2	0.3
Others	6.8	-0.7	5.7	6.0	3.8
Secondary Sector	5.0	0.7	4.0	2.2	5.0
Industry	6.9	-0.1	4.2	4.1	3.9
Construction	12.8	-3.2	-7.1	4.8	4.3
Binational	-7.6	7.8	15.5	-4.9	8.7
Tertiary Sector	6.5	1.5	3.5	4.5	3.4
General Government	-3.4	-0.7	3.0	3.4	2.4
Trade	14.3	3.4	4.9	5.1	3.3
Communications	4.5	-2.4	-0.8	-0.2	-0.9
Other Services	7.7	2.1	3.8	5.3	4.3
Taxes	9.0	1.1	5.6	9.5	3.7
In view of Demand					
(Thousands of USD)					
Total Investment	6912.8	6390.5	6131.7	6092.8	6264.0
Total Consumption	24240.2	23181.7	23674.7	23353.0	23881.1
Exports	10236.8	9536.2	12708.6	11983.4	12272.7
Imports	10710.6	11037.3	11918.9	11652.9	11807.5
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6815.54	7238.66	7335.21	7810.24	7893.0
Inflation (CPI, annual variation in %)	6.8	8.1	3.7	3.8	-
Inter-banking rate of interest (% fdp)	4.3	8.5	7.0	6.2	-
Monetary Aggregates (annual variation of M2 in %)	8.2	3.2	9.5	12	-
Dollarization Ratio (% of banking deposits in ME)	44.9	45.0	45.0	45.6	-
Banking sector credits granted to the private sector (% of GDP)	13.2	10.2	11.8	17.8	-
Wage and Salary Index (annual variation, %)	5.5	6.9	4.7	4.4	-
External Sector					
(Thousands of USD)					
Exports	770,734	797,709	1,007,677	1,318,617	1,318,126
Inter-annual variation in %	-14.2	3.5	26.3	30.9	0.0
Imports	804,339	1,141,361	1,272,474	1,431,510	1,423,006
Inter-annual variation in %	-23.4	41.9	11.5	12.5	-0.6



Trade Balance	-33,605	-343,652	-264,797	-112,892	-104,880
% of GDP	-0.1	-0.8	-0.6	-0.3	-0.2
(USD Millions)					
Current Account	-442.8	-3,001.9	-243.3	-709.8	-
% of GDP	-1.1	-7.1	-0.6	-1.6	-
Capital and Financial Account	-401.6	-2,769.7	-433.3	-927.5	-
% of GDP	-1.0	-6.6	-1.0	-2.1	-
Inversión Extranjera Directa	8,862.8	9,231.2	9,829.3	9,966.6	-
% of GDP	22.0	21.9	22.8	22.4	-
International Reserves	9,919.1	9,792.1	9,550.9	9,941.7	9,852
% of GDP	24.6	23.3	22.1	22.4	21.7
Public Sector					
(% of GDP)					
Income	13.7	14.0	14.0	15.3	1.2
<i>Which: Taxation Income represents</i>	9.8	10.2	10.1	11.5	0.9
Expenses	17.3	17.0	18.1	17.9	1.2
<i>Which: Payment of interests represents</i>	1.1	1.2	1.7	2.0	0.2
Primary Outcome	-2.5	-1.8	-2.4	-0.6	0.1
Fiscal Outcome	-3.6	-2.9	-4.1	-2.6	-0.1
Total Debt of the Public Sector	33.8	35.8	38.4	40.7	40.0
Public External Debt	29.3	31.7	33.2	35.4	34.9
% of the Total Public Debt	86.7	88.5	86.6	86.9	87.2
Domestic Public Debt	4.5	4.1	5.2	5.3	5.1
% of the Total Public Debt	13.3	11.5	13.4	13.1	12.8
Service of the Domestic Public Debt	1.6	1.8	3.1	3.2	0.1

Referencies:

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 February 25, 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 January 2025 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 2025 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 2025 correspond to January of the mentioned year. (2025, M1). Exports include reexports and other exports. The inter-annual variation of exports/imports as of January 2025 (January 2025/January, 2024) obtains the accrued variation of exports/imports of the total exports and imports accrued of January 2025, concerning the same period of the year 2024.



February 2025

World Economy

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For the **Eurozone**, growth is expected to pick up, but at a more gradual pace than previously forecast, as geopolitical tensions continue to weigh on confidence, due to the level of uncertainty in the market. The revision was downward to 1% in 2025 and by 2026, growth is expected to increase by 1.4%, explained by stronger domestic demand.

For **Emerging Market and Developing Economies**, growth performance in 2025 and 2026 is estimated to be broadly in line with the October 2024 projections.

China is expected to grow by 0.1% to 4.6% in 2025, mainly due to the fiscal package announced in November, which offsets the negative impact of trade policy and the housing market. By 2026, growth of 4.5% is forecast, as the effects of trade policy uncertainty dissipate and the increase in the retirement age slows the decline in labor supply.

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

	2024*	2025**	2026
World	3,2	3,3	3,3
Advanced Economies	1,7	1,9	1,8
United States	2,8	2,7	2,1
Eurozone	0,8	1,0	1,4
MEED	4,2	4,2	4,3
China	4,8	4,6	4,5
Latin America and the Caribbean	2,4	2,5	2,7
Brazil	3,7	2,2	2,2
Mexico	1,8	1,4	2,0

Source: WEO – IMF January 2025.



**World Economic Outlook Update
(IMF-Jan 2025)**

Latin America and the Caribbean

For **Latin America and the Caribbean**, growth is expected to accelerate slightly in 2025 to 2.5%, despite a projected slowdown in the region's largest economies.

In **Brazil**, growth of 2.2% is projected for 2025 and is expected to be maintained by 2026.

Finally, growth of 1.4% is estimated for **Mexico** in 2025, and an increase to 2% by 2026.



**World Economic Outlook Update
(IMF-Jan 2025)**

Domestic Situation

Paraguay's GDP growth projection was maintained at 4.0% for 2024, based on the estimates of the Central Bank of Paraguay, but with internal readjustments. The estimate for GDP excluding agriculture and binationals was 5.4%.

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.

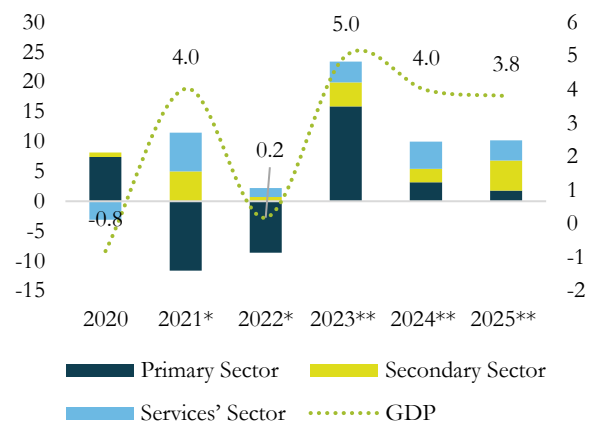
On the demand side, **public consumption** showed changes, from 4.4% to 6.8%, due to the good dynamics of purchases of **goods and services** by the Central Government.

For 2025, GDP growth is projected at 3.8%, mostly explained by a positive dynamic in the **services sector**, mainly emphasized in the branches of commerce, services to households and financial intermediation. As for the **secondary sector**, a positive performance is expected, especially in the manufacturing industry and construction, as well as a positive dynamic in energy production. The **primary sector** expects a positive performance, explained by an expansion of agriculture, livestock and other activities of the sector.



Monetary Policy Report

Chart 1: GDP Growth by economic sectors 2025.



Source: Central Bank of Paraguay

* Preliminary figures ** Projection



Economic Report Statistic Schedule (BCP)

Debt levels and structures of the Total Public Sector

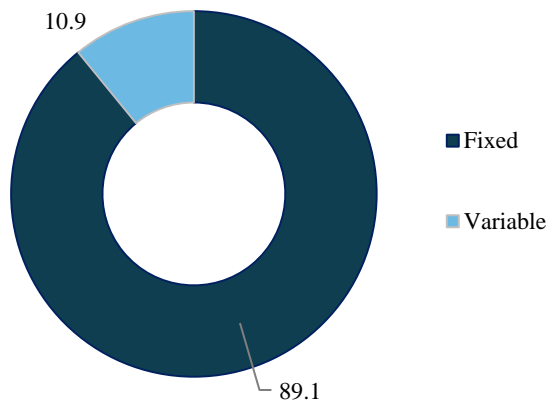
The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the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

In February, the debt level of the **Total Public Sector** has been registered by 40.1% 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 February, 2025**, it was observed that **89.1%** is at a fixed rate and **10.9%** at a variable rate.



Figure 1: Total Public Debt Balance per rate of interest

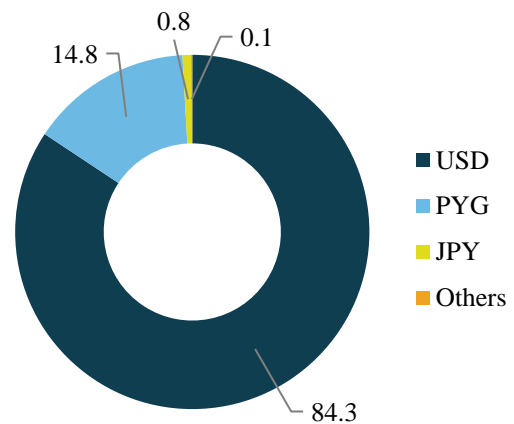


Source: Vice-ministry of Economy and Planning

The **public debt structure by currency in February**, keeps a greater ratio in USD (84.3%), together with PYG (14.8%), JPY (0.8%) 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		
	External Debt	Internal 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 Guideline

Fiscal Policy

Financial Situation as of February 2025

At the end of February 2025, the fiscal deficit was -0.4% of GDP equivalent to USD 173.5 million. In annualized terms, the overall result was -3.0% of GDP, explained by a higher demand for medicines, school meals and interest, and by efforts to maintain a balanced execution of public investment throughout the year⁴.

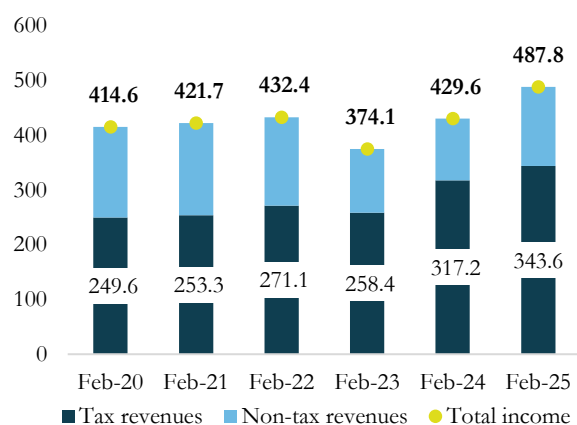
Income

In February 2025, total income showed an accrued growth of 13.7%

Total income in February, 2025, was USD 487.8 million, mainly explained by the good dynamics of tax revenues, coming from domestic and foreign taxes' collection, mainly those coming from the Business Income Tax (IRE), the Value Added Tax (VAT) and duties.

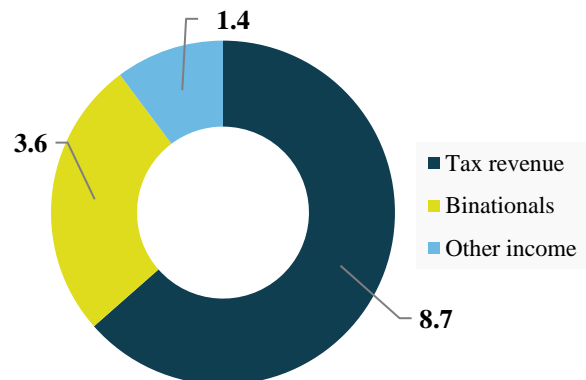
Likewise, it is worth pointing out the good dynamics of non-tax revenues, which registered a 20.1% growth, explained by the greater dynamics of the binational companies.

Chart 2: Total Income in February 2025, in million Dollars



Source: SITUFIN – Ministry of Economy and Finance.

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

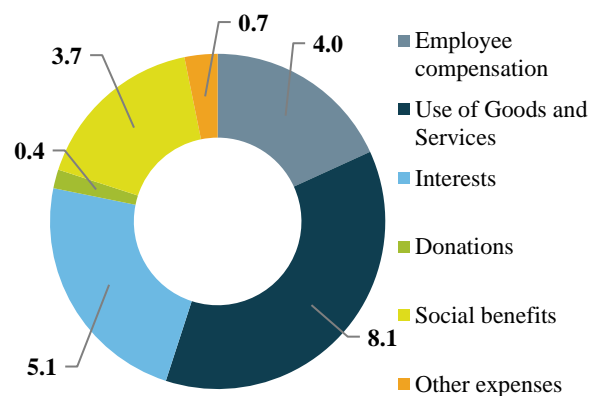


Source: SITUFIN – Ministry of Economy and Finance.

Public Spending

Total expenses presented an accumulated increase of 22.0% at the end of February. This result is mainly explained by the use of goods and services, interest payments and remuneration of strategic sectors.

Chart 4: Composition of the variation in accrued expenses in percentage terms



Source: SITUFIN – Ministry of Economy and Finance.

⁴ SITUFIN February – 2025. Ministry of Economy and

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



Public Investment

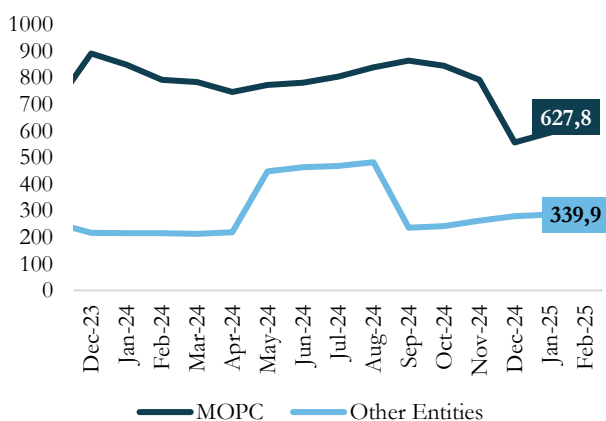
National Public Investment System SNIP

It is the set of rules and instruments aimed at organizing the Public Investment process, to streamline the use of resources in the financing of investment projects for the country, and that they generate positive impacts in society⁵.

Investment as of February, 2025

Total public investment as of February was USD 967.7 million, which represents 2.2% of GDP, in annualized terms. It is made up of USD 627.8 million that corresponds to the Ministry of Public Works and Communications; and, USD 339.9 million corresponding to other entities.

Chart 3: Annualized 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

International prices have slowed compared to those reported in January 2025. Regarding agricultural commodities, wheat and corn prices have increased in response to adverse weather conditions. However, soybean prices have decreased in a context of increased supply driven by a favorable harvest in Brazil, as well as higher-than-estimated stocks in the United States.

In the **United States**, the unemployment rate has been increased to 4.1% in February with a 0.1% variation. Year-on-year inflation has been reduced to 2.8%, below the market expectations. In this context, the Federal Reserve decided to keep the interest rates of the federal funds within the target range of 4.25 – 4.50, according to what has been expected.

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 that has generally remained below the established objectives, the parent bank credibility in the direction of expectations of the

⁵ Obtained from:

<https://economia.gov.py/index.php/dependencias/direccion-general-de-inversion-publica>

General Directorate of Debt Policy
www.mef.gov.py



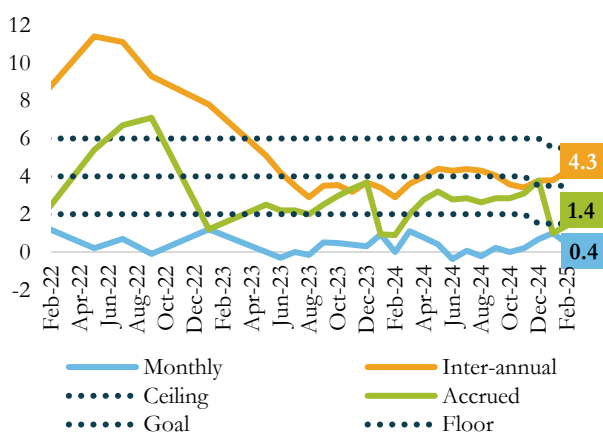
economic agents. A lower inflation goal contributes to protect the purchasing power of the population, particularly of the lower income households. Likewise, a lower and stable inflation is a key element for the long-term planning⁶.

As of February, monthly inflation according to the IPC reached 0.4%, mainly explained by the increase of fuels and services.

Monthly inflation excluding food and energy prices (IPCSAE) was 0.5%; however, total inflation was 4.3% year-on-year. As regards inflation measured by the IPCSAE, it was 4.1% in February.

Inflation expectations for the next 12 months are 3.7% and for the monetary policy horizon, they have kept in 3.5%.

Chart 4: Inflation as of January 2025, in percentage



Source: Central Bank of Paraguay.



Minutes of CPM Meetings

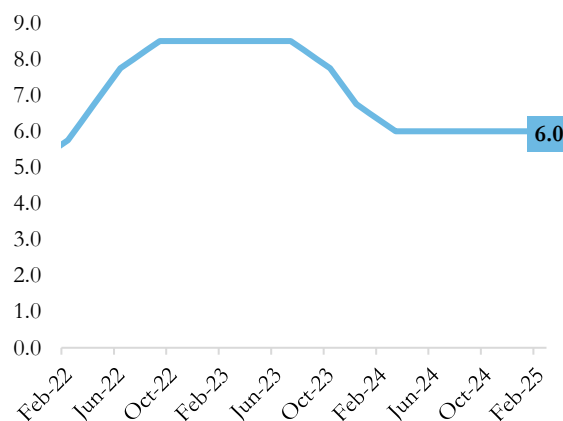
Monetary Policy Rate

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 February 2025

The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) by 6% in their meeting of February of the present year, mainly explained by the continued positive performance of domestic economic conditions; however, greater caution is expected regarding external conditions such as the pace of adjustments in interest rates by the Federal Reserve in 2025, as well as the behavior of the price of agricultural commodities and oil.

Chart 5: Monetary Policy Rate 2025



Source: Central Bank of Paraguay.



Minutes of CPM Meetings

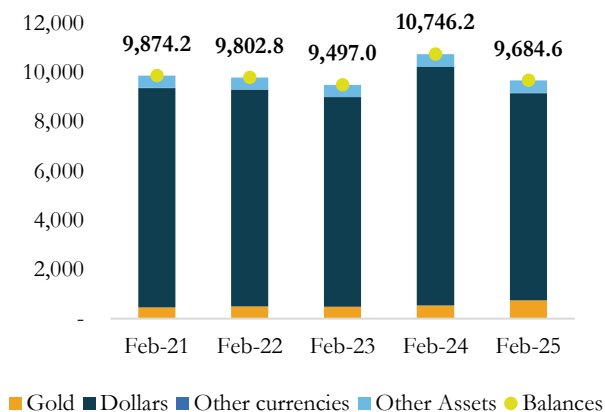
⁶ Minutes of the Monetary Policy Committee Meeting

(19-Dec-2024). Retrieved from:
<https://www.bcp.gov.py/minutas-de-reuniones-del-cpmi444>

Net International Reserves

The Net International Reserves' stock as of February 2025, has registered a USD 9,684.6 million balance, consisting of USD 747.0 million corresponding to Gold; USD 8,417.8 million in Dollars; USD 21.1 million in other currencies and USD 498.4 million concerning other assets.

Chart 6: RIN composition, in million Dollars.



Source: Central Bank of Paraguay.



Balance of Trade

In February, 2025, foreign trade figures (Exports plus Imports) represented USD 2,633.3 million.

Total exports as of February, 2025, were USD 1,377.5 million. On the other hand, total imports as of February, 2025, have been USD 1,255.8 million. Finally, the balance of trade registered a USD 121,649 million, in favor of exports.

Chart 7: Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay.



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.

In October, 2024, Fitch Ratings agency, confirms Paraguay's rating in BB+ with a stable outlook, backed in its last report that it is based on prudent and consistent macroeconomic policies, as well as a remarkable scenario between the regional countries, as one of the greatest growth outlook, low indebtedness levels and efforts of the government to implement reforms that improve the efficiency concerning institutional and governance.

On the other hand, Standard and Poor's, on their report dated January 8, 2025, has decided to keep the sovereign risk rating of Paraguay in BB+, changing the stable to positive outlook, explained by prudent macroeconomic policies implemented by the government, and a moderated public debt. Likewise, they highlight that the reforms implemented in the last decade

General Directorate of Debt Policy
www.mef.gov.py



have strengthened the credibility of economic institutions.

Table 3: Sovereign Risk Ratings 2025

Rating Agency	Rate	Perspective	Last revision
S&P	BB+	Positive	Jan-08-2025
Moody's	Baa3	Stable	Jan-30-2025
Fitch	BB+	Stable	Oct-22-2024

Source: Vice-Ministry of Economy and Planning.

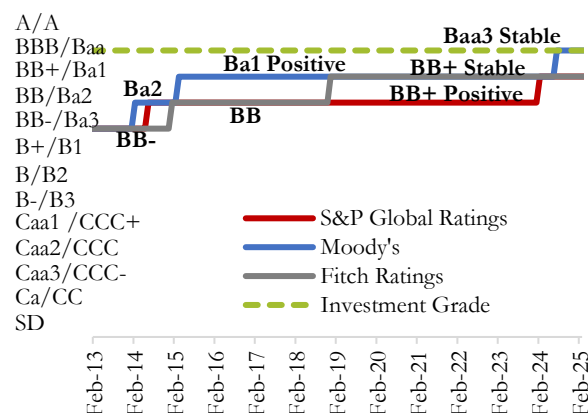


Annual Reports on Risk Rating

Likewise, Moody's Risk Rating Agency has decided to keep its Baa3 rating with a stable outlook. The rating highlights solid growth, improved institutions, and limited external vulnerability.

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: Sovereign Risk Rating of Paraguay Period 2013 – 2025



Source: Vice-Ministry of Economy and Planning




Regional Outlook Report

Other accesses of interest

Click on the text to go 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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<https://economia.gov.py/index.php/paraguay-y-el-mundo/calificacion-pais>

»» Schedule

Economic Indicators / 2020 – 2025

	2021	2022	2023(*)	2024(**)	2025(**)
Real Sector					
Population (million)	6,247.9	6,284.0	6,326.8	6,372.6	6,417.1
GDP (USD million)	40,284.1	42,093.1	43,171.2	44,435.9	45,478.8
GDP per capita (USD)	6,447.6	6,698.4	6,823.5	6,972.9	7,087.2
GDP (annual variation in %)	4.0	0.2	5.0	4.0	3.8
Total Consumption (annual variation in %)	5.5	1.6	3.5	5.0	3.3
Capital Investment (annual variation in %)	18.2	-1.8	-2.8	5.8	3.9
Unemployed Rate (open unemployment)	6.8	5.8	5.2	4.6	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	-11.6	-8.6	15.9	3.2	1.8
Agriculture	-18.2	-12.5	23.4	1.8	2.0
Livestock	6.2	-0.3	0.5	6.2	0.3
Others	6.8	-0.7	5.7	6.0	3.8
Secondary Sector	5.0	0.7	4.0	2.2	5.0
Industry	6.9	-0.1	4.2	4.1	3.9
Construction	12.8	-3.2	-7.1	4.8	4.3
Binational	-7.6	7.8	15.5	-4.9	8.7
Tertiary Sector	6.5	1.5	3.5	4.5	3.4
General Government	-3.4	-0.7	3.0	3.4	2.4
Trade	14.3	3.4	4.9	5.1	3.3
Communications	4.5	-2.4	-0.8	-0.2	-0.9
Others Serves	7.7	2.1	3.8	5.3	4.3
Taxes	9.0	1.1	5.6	9.5	3.7
In view of Demand					
(Thousands of USD)					
Total Investment	6,912.8	6,390.5	6,131.7	6,092.8	6,260.5
Total Consumptions	24,240.2	23,181.7	23,674.7	23,353.0	23,867.5
Exports	10,236.8	9,536.2	12,708.6	11,983.4	12,265.8
Imports	10,710.6	11,037.3	11,918.9	11,652.9	11,800.7
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6,815.5	7,238.7	7,335.2	7,810.2	7,897.5
Inflation (CPI, annual variation in %)	6.8	8.1	3.7	3.8	4.3
Inter-banking rate of interest (% fdp)	4.3	8.5	7.0	6.2	6.0
Monetary Aggregates (annual variation of M2 in %)	8.2	3.2	9.5	12.0	12.3
Dollarization Ratio (% of banking deposits in ME)	44.9	45.0	45.0	45.6	46.1
Banking sector credits granted to the private sector (% of GDP)	13.2	10.2	11.8	17.8	19.5
Wage and Salary Index (annual variation, %)	5.5	6.9	4.7	4.4	-
External Sector					
(Thousands of USD)					
Exports	844,844	996,848	1,168,660	1,410,048	1,377,466
Inter-annual variation in %	-18.2	18.0	17.2	20.7	-2.3
Imports	893,464	1,095,606	1,051,169	1,216,410	1,255,817
Inter-annual variation in %	-0.2	22.6	-4.1	15.7	3.2



Trade Balance	-48,620	-98,757	117,491	193,638	121,649
% of GDP	-0.1	-0.2	0.3	0.4	0.3
(Millones de USD)					
Current Account	-442.8	-3,001.9	-243.3	-709.8	-
% of GDP	-1.1	-7.1	-0.6	-1.6	-
Capital and Financial Account	-401.6	-2,769.7	-433.3	-927.5	-
% of GDP	-1.0	-6.6	-1.0	-2.1	-
Inversión Extranjera Directa	8,862.8	9,231.2	9,829.3	9,966.6	-
% of GDP	22.0	21.9	22.8	22.4	-
International Reserves	9,874.2	9,802.8	9,497.0	10,746.2	9,685
% of GDP	24.5	23.3	22.0	24.2	21.3
Public Sector					
(% of GDP)					
Income	13.7	14.0	14.0	15.3	2.2
<i>Which: Taxation Income represents</i>	9.8	10.2	10.1	11.5	1.6
Expenses	17.3	17.0	18.1	17.9	2.6
<i>Which: Payment of interests represents</i>	1.1	1.2	1.7	2.0	0.3
Primary Outcome	-2.5	-1.8	-2.4	-0.6	-0.1
Fiscal Outcome	-3.6	-2.9	-4.1	-2.6	-0.4
Total Debt of the Public Sector	33.8	35.8	38.4	40.7	40.1
Public External Debt	29.3	31.7	33.2	35.4	35.0
% of the Total Public Debt	86.7	88.5	86.6	86.9	87.3
Domestic Public Debt	4.5	4.1	5.2	5.3	5.1
% of the Total Public Debt	13.3	11.5	13.4	13.1	12.7
Service of the Domestic Public Debt	1.6	1.8	3.1	3.2	0.2

Referencies:

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 March 24, 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 February 2025 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 2025 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 2025 correspond to February of the mentioned year. (2025, M2). Exports include reexports and other exports. The inter-annual variation of exports/imports as of February 2025 (February 2025/February, 2024) obtains the accrued variation of exports/imports of the total exports and imports accrued of February 2025, concerning the same period of the year 2024.



March 2025

World Economy

According to the International Monetary Fund's World Macroeconomic Outlook, global growth is expected to remain stable.

Global growth projections, at 3.3% for 2025 and 2026, are virtually unchanged from the October 2024 World Economic Outlook update.

Because favorable revisions for the United States have been offset by downgrades in other major economies.

Regional Context

For the **United States**, growth is forecast at 2.7% in 2025, 0.5 percentage points higher than in the October 2024 WEO revision. Growth is also projected to fluctuate moderately to potential growth in 2026.

For the **Eurozone**, growth is expected to pick up, but at a more gradual pace than previously forecast, as geopolitical tensions continue to weigh on confidence, due to the level of uncertainty in the market. The revision was downward to 1% in 2025 and by 2026, growth is expected to increase by 1.4%, explained by stronger domestic demand.

For **Emerging Market and Developing Economies**, growth performance in 2025 and 2026 is estimated to be broadly in line with the October 2024 projections.

Regarding **China**, for 2025, a 0.1% increase to 4.6% is expected, mainly explained by the fiscal package announced in November, which offsets the negative effect of trade policy and the real estate market. By 2026, growth of 4.5% is forecast, as the effects of trade policy uncertainty dissipate and the rising retirement age slows the decline in labor supply.

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Brazil	3,7	2,2	2,2
Mexico	1,8	1,4	2,0

Source: WEO-FMI January 2025.



**World Economic Outlook Update
(IMF-Jan 2025)**

Latin America and the Caribbean

For **Latin America and the Caribbean**, growth is expected to accelerate slightly in 2025 to 2.5%, although a slowdown is anticipated in the region's largest economies.

In **Brazil**, growth is projected at 2.2% for 2025 and is expected to remain stable through 2026.

Finally, growth is estimated at 1.4% for **Mexico** in 2025, increasing to 2% by 2026.



**World Economic Outlook Update
(IMF-Jan 2025)**

Domestic Situation

Paraguay's GDP growth projection showed an upward adjustment from 3.8% to 4.0% for 2025. This growth would be primarily explained by the services sector, whose forecast was revised from 3.4% to 4.0%.

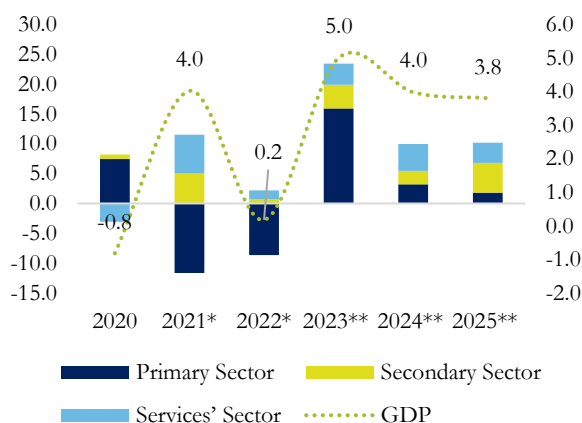
Regarding the **primary sector**, agriculture was revised downward from 2.0% to 0.6%, mainly due to lower soybean production compared to previous estimates, as a result of adverse weather conditions in recent months.

Likewise, the **secondary sector** is expected to see a positive variation, from 4.3% to 4.9%, as a result of increased execution of public and private works observed in recent months.

The electricity and water sectors, as well as the manufacturing industry, remain unchanged from the previous revision.

On the spending side, domestic demand is expected to become more dynamic, reflecting an upward revision in private **consumption** from 3.6% to 4.3%, as well as an upward revision in gross fixed capital formation from 3.9% to 4.5%.

Chart 1: GDP growth by economic sector in 2025.



Source: Central Bank of Paraguay.
*Preliminary figures. **Projection.



Statistical Schedule of the Economic Report. (BCP)

Total Public Sector Debt Levels and Structures

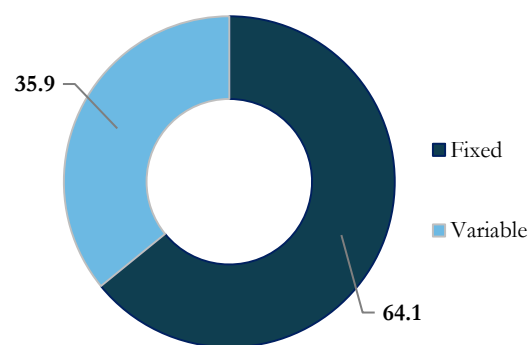
Article 42 of Law 1535/2000 on "State Financial Administration" establishes that public debt shall be classified as domestic and foreign, and direct and indirect. Direct public debt of the Central Administration is that assumed by the Central Administration as the principal debtor. In contrast, indirect debt of the Central Administration is that constituted by any natural or legal person, public or private, other than the Central Administration, but which has the

corresponding guarantor, bond, or guarantee, duly authorized by law (public companies, second-tier banks, etc.).

In March, the **Total Public Sector debt** level stood at 41.2% of GDP, considered sustainable for the country's public finances, thus representing one of the lowest debt levels in the region.

Regarding the **classification of total public sector debt by interest rate as of March 2025**, **64.1%** was at a fixed rate and **35.9%** at a variable rate.

Figure 1: Total public debt balance by interest rate.



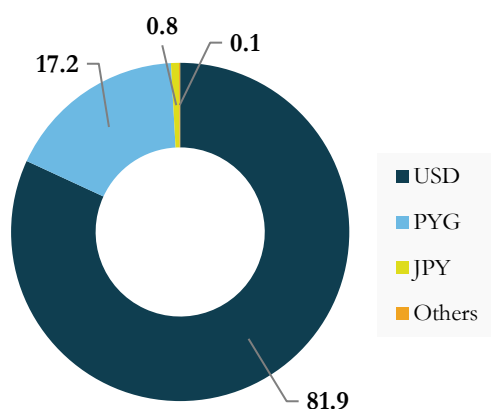
Source: Vice Ministry of Economy and Planning

The structure of public debt by currency in March maintained a higher proportion in USD (81.9%), accompanied by **PYG (17.2%)**, **JPY (0.8%)**, and **other currencies (0.1%)**.

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



Figure 2: Total Public Debt Balance by Currency in Percentage



Source: Vice Ministry of Economy and Planning



Debt statistics

Regarding the average debt maturity

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

Table 2: Average Debt 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

Source: Deputy Ministry of Economy and Planning

*Does not include perpetual debt with BCP.



Strategic Guideline

Fiscal Policy

Financial Situation as of March 2025.

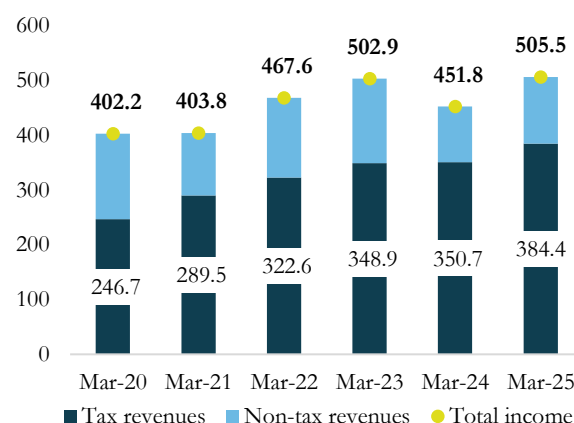
At the end of March 2025, the accumulated fiscal deficit was -0.8% of GDP, equivalent to USD 356.9 million. In annualized terms, the overall deficit was -2.8% of GDP, explained by stronger spending on medicines, school meals, and interest, and by efforts to maintain a balanced execution of public investment throughout the year.⁷

Revenues

In March 2025, total revenue registered a cumulative growth of 14.8%.

Total revenue through March was USD 505.5 million, mainly explained by the positive momentum in tax revenues, derived from both domestic and foreign tax collection, primarily from the Corporate Income Tax (IRE), the Value Added Tax (VAT), and tariffs. It is also important to note the positive momentum in non-tax revenues, which registered a growth of 22.3%, represented by the increased momentum of binational corporations.

Chart 2: Total revenue in March 2025, in millions of dollars



Source: SITUFIN – Ministry of Economy and Finance.

⁷ SITUFIN February - 2025. Ministry of Economy and Finance. Retrieved from

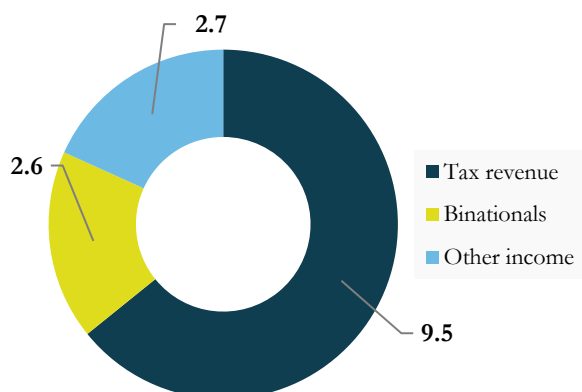
<https://www.economia.gov.py/index.php/datos-economicos/situacion-financiera-del-paraguay-situfin>

General Directorate of Debt Policy

www.mef.gov.py



Figure 3: Income components in percentage terms (cumulative variation).

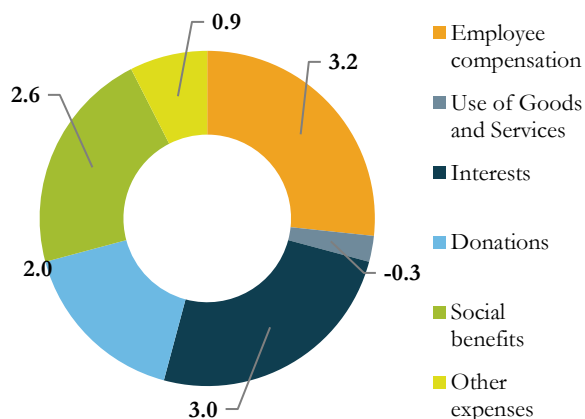


Source: SITUFIN – Ministry of Economy and Finance

Public Spending

Total spending showed a cumulative increase of 11.4% at the end of March. This result is primarily explained by the use of goods and services, interest payments, and salaries from strategic sectors.

Figure 4: Composition of the cumulative expenditure change in percentage terms



Source: SITUFIN – Ministry of Economy and Finance.

Public Investment

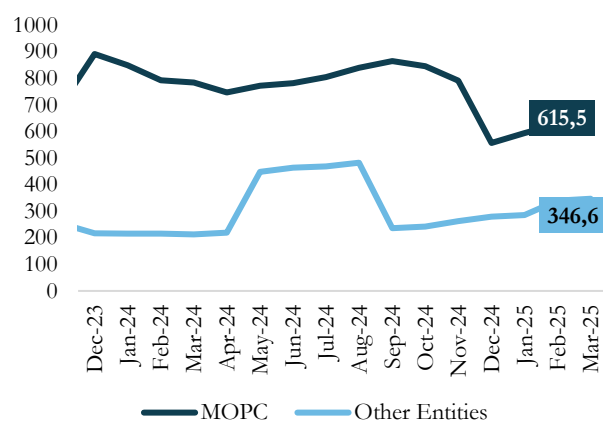
National Public Investment System (SNIP).

This is the set of rules and instruments that aim to regulate the Public Investment process, optimize the use of resources in financing investment projects for the country, and ensure that these generate positive impacts on society.⁸

Investment in March 2025

Total public investment, as of March, was USD 962.1 million, distributed as follows: USD 615.5 million corresponding to the Ministry of Public Works and Communications; and USD 346.6 million to other entities.

Chart 3: Annualized Investment, in millions of dollars.



Source: SITUFIN – Ministry of Economy and Finance.



⁸ Obtained from:
<https://economia.gov.py/index.php/dependencias/direccion-general-de-inversion-publica>



Monetary Policy

The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation targeting scheme, officially adopted in 2011. Under this regime the main objective of Monetary Policy, in accordance with Law No. 6104 that modifies and expands 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 decisions on both consumption and investment.

Inflation

International Context

International prices for oil and key agricultural commodities have slowed in the last month, driven by improved supply prospects and the forecast of lower global demand as a result of increased restrictions on international trade. Meanwhile, wheat prices showed a slight increase, explained by adverse weather conditions in the main producing areas.

In the United States, the unemployment rate rose to 4.2% in March, a 0.1% change. Year-on-year inflation was 2.4%, below market expectations.

Domestic Context

The Board of Directors of the Central Bank of Paraguay recently decided to reduce the inflation target, measured by the change in the Consumer Price Index (CPI), adjusting it from 4.0% to 3.5% and maintaining the tolerance range of 2% above and 2% below. *This decision is based on several key factors, such as the favorable evolution of inflation under the targeting scheme, which has generally remained below established objectives, the effectiveness of monetary policy, and the credibility of the central bank in guiding the expectations of economic agents. A lower inflation target contributes to protecting the purchasing power of the population, particularly that of lower-income households. Furthermore, lower and more stable inflation is a fundamental element for long-term planning.*⁹

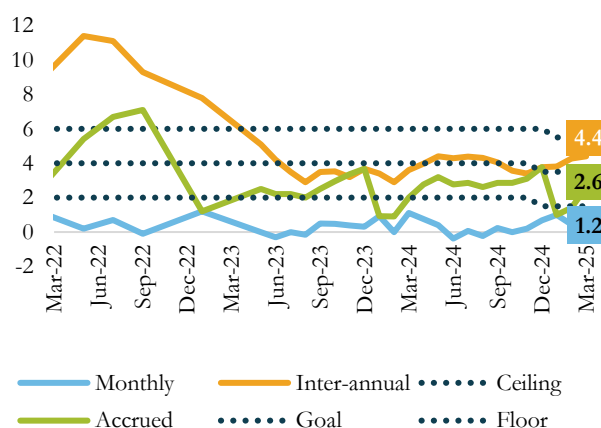
⁹ Minutes of the Monetary Policy Committee Meeting (December 19, 2024). Retrieved from:

In March, monthly inflation was 1.2%, explained by variations in volatile components and, to a lesser extent, by other food products.

Monthly inflation excluding food and energy (IPCSAE) was 0.2%; however, in year-on-year terms, total inflation was 4.4%, while IPCSAE inflation was 4.2%.

Likewise, inflation expectations for 2025 have increased from 3.8% to 4.0%, while for the next 12 months and for the monetary policy horizon they remained at 3.7% and 3.5%, respectively.

Chart 4: Inflation as of March 2025, in percentage



Fuente: Banco Central del Paraguay.



Minutes of CPM Meetings

Monetary Policy Rate

It is a monetary policy instrument that influences market liquidity and interest rates, eventually affecting part of economic activity and impacting inflation.

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

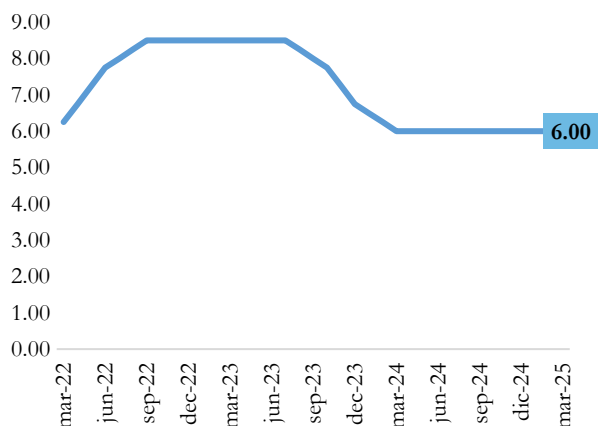
General Directorate of Debt Policy
www.mef.gov.py



Monetary Policy Rate (MPR) as of March 2025

At its March meeting, the Monetary Policy Committee (MPC) decided to maintain the MPR at 6%, mainly due to volatile commodity prices, although a possible reversal is expected in the coming months.

Chart 5: 2025 Monetary Policy Rate.



Source: Central Bank of Paraguay.

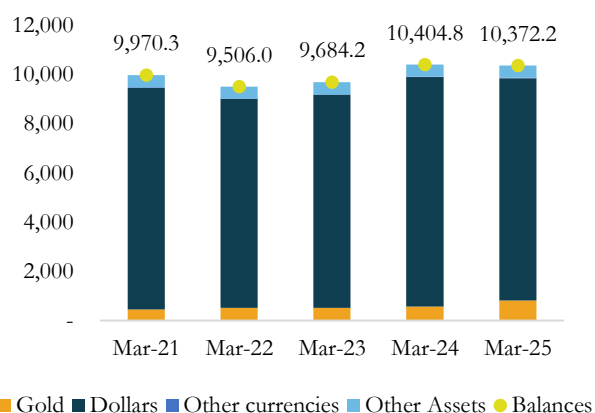


Minutes of CPM Meetings

Net International Reserves

The Net International Reserves stock in March 2025 recorded a balance of USD 10,372.2 million, comprised of USD 809.3 million in gold; USD 9,038.8 million in dollars; USD 22.4 million in other currencies; and USD 501.3 million in other assets.

Chart 6: Composition of NIRs, in millions of dollars



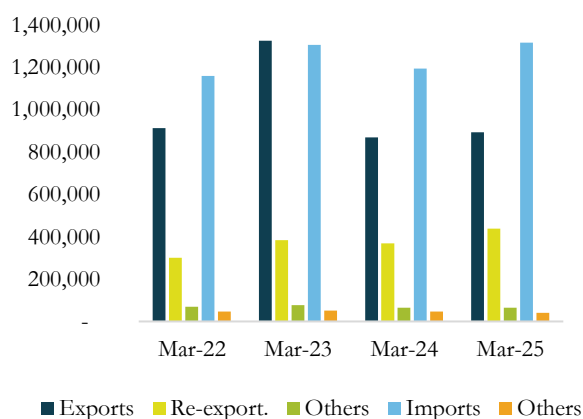
Source: Central Bank of Paraguay.

Trade Balance

In March 2025, foreign trade figures (exports plus imports) amounted to USD 2,753.1 million.

Total exports for March 2025 were USD 1,396.1 million. Total imports for February 2025 amounted to USD 1,356.9 million. Finally, the trade balance registered a change of USD 39.2 million, in favor of exports.

Chart 7: Trade Balance, in thousands of dollars



Source: Central Bank of Paraguay.



Statistical Schedule of the Economic Report. (BCP)

Paraguay's Credit Outlook

Sovereign Rating History

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

In October 2024, Fitch Ratings confirmed Paraguay's BB+ rating with a stable outlook. The latest report, based on its prudent and consistent macroeconomic policies, as well as a notable economic situation among countries in the region, including one of the strongest growth prospects, low debt levels, and the government's efforts to implement reforms that improve efficiency in terms of institutions and governance.

For its part, Standard & Poor's, in its January 8, 2025, report, decided to maintain Paraguay's credit rating at BB+, changing the outlook from stable to positive, due to prudent macroeconomic policies implemented by the government and moderate public debt. It also highlights that the reforms implemented in the last decade have strengthened the credibility of economic institutions.

Table 3: Country risk ratings 2025.

Rating Agency	Rating	Perspective	Last revision
S&P	BB+	Positive	Jan-08-2025
Moody's	Baa3	Stable	Jan-30-2025
Fitch	BB+	Stable	Oct-22-2024

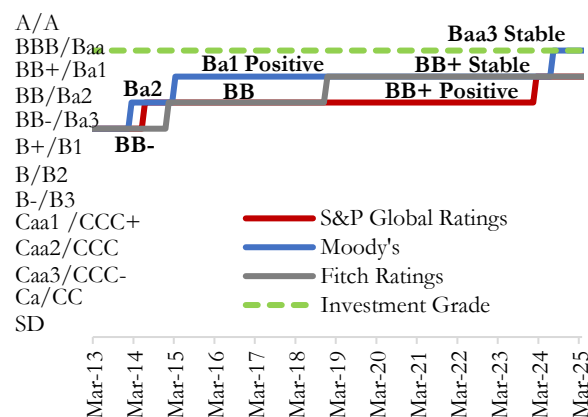
Source: Vice Ministry of Economy and Planning.

Annual Reports on Risk Rating

Likewise, Moody's, in its credit opinion report of January 30, 2025, decided to maintain the rating at Baa3 with a stable outlook. The report highlights solid growth, improved institutions, and limited external vulnerability.

In summary, Paraguay is currently in an investment-grade position with Moody's and one notch behind with Fitch Ratings and Standard & Poor's.

Chart 8: Paraguay's country rating for the period 2013-2025



Source: Vice Ministry of Economy and Planning.


Regional Outlook Report

Other resources of interest

Click the text to visit 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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Schedule

Economic Indicators / 2020 – 2025

	2021	2022	2023(*)	2024(**)	2025(**)
Real Sector					
Population (million)	6,247.9	6,284.0	6,326.8	6,372.6	6,417.1
GDP (USD million)	40,284.1	42,093.1	43,171.2	44,435.9	45,478.8
GDP per capita (USD)	6,447.6	6,698.4	6,823.5	7,051.6	7,197.5
GDP (annual variation in %)	4.0	0.2	5.0	4.2	4.0
Total Consumption (annual variation in %)	5.5	1.6	3.5	5.5	3.9
Capital Investment (annual variation in %)	18.2	-1.8	-2.8	8.3	4.5
Unemployed Rate (open unemployment)	6.8	5.8	5.2	4.6	nd
Economy Structure					
In view of Supply (percentage change)					
Primary Sector	-11.6	-8.6	15.9	3.9	1.1
Agriculture	-18.2	-12.5	23.4	2.8	0.6
Livestock	6.2	-0.3	0.5	7.3	2.3
Others	6.8	-0.7	5.7	4.3	2.6
Secondary Sector	5.0	0.7	4.0	2.2	5.1
Industry	6.9	-0.1	4.2	4.4	3.9
Construction	12.8	-3.2	-7.1	5.3	4.9
Binational	-7.6	7.8	15.5	-6.2	8.7
Tertiary Sector	6.5	1.5	3.5	4.8	4.0
General Government	-3.4	-0.7	3.0	3.2	2.4
Trade	14.3	3.4	4.9	6.0	4.2
Communications	4.5	-2.4	-0.8	-0.9	-0.3
Others Serves	7.7	2.1	3.8	5.6	5.0
Taxes	9.0	1.1	5.6	10.1	3.7
In view of Demand					
(Thousands of USD)					
Total Investment	6,912.8	6,390.5	6,131.7	6,238.6	6,394.4
Total Consumptions	24,240.2	23,181.7	23,674.7	23,461.9	23,917.4
Exports	10,236.8	9,536.2	12,708.6	11,695.6	11,815.5
Imports	10,710.6	11,037.3	11,918.9	11,659.9	11,754.4
Monetary and Financial Sector					
Rate of Exchange (PYG per USD, fdp)	6,815.5	7,238.7	7,335.2	7,810.2	7,962.9
Inflation (CPI, annual variation in %)	2.4	10.1	6.4	3.6	4.4
Inter-banking rate of interest (% fdp)	0.6	5.9	8.6	6.0	5.9
Monetary Aggregates (annual variation of M2 in %)	20.8	3.0	5.3	13.1	11.1
Dollarization Ratio (% of banking deposits in ME)	43.9	46.4	46.7	44.9	46.4
Banking sector credits granted to the private sector (% of GDP)	8.8	16.0	8.2	13.2	20.4
Wage and Salary Index (annual variation, %)	5.5	6.9	4.7	4.4	-
External Sector					
(Thousands of USD)					
Exports	1,496,262	1,283,123	1,786,522	1,302,850	1,396,127
Inter-annual variation in %	3.7	3.0	4.1	2.9	3.0
Imports	1,004,488	1,205,468	1,357,142	1,240,314	1,356,956



Inter-annual variation in %	2.5	2.9	3.1	2.8	2.9
Trade Balance	491,774	77,654	429,380	62,537	39,171
% of GDP	1.2	0.2	1.0	0.1	0.1
(Millones de USD)					
Current Account	-429.5	-2,948.4	-176.6	-1,666.0	0
% of GDP	-1.1	-7.0	-0.4	-3.7	0.0
Capital and Financial Account	-401.6	-2,769.7	-433.3	-1,945.1	0
% of GDP	-1.0	-6.6	-1.0	-4.3	0.0
Inversión Extranjera Directa	8,862.8	9,231.2	9,829.3	10,229.3	0.0
% of GDP	22.0	21.9	22.8	22.8	0.0
International Reserves	9,970.3	9,506.0	9,684.2	10,404.8	10,372
% of GDP	24.7	22.6	22.4	23.2	22.5
Public Sector					
(% of GDP)					
Income	13.7	14.0	14.0	15.1	3.3
<i>Which: Taxation Income represents</i>	9.8	10.2	10.1	11.4	2.5
Expenses	17.3	17.0	18.1	17.7	4.1
<i>Which: Payment of interests represents</i>	1.1	1.2	1.7	2.0	0.5
Primary Outcome	-2.5	-1.8	-2.4	-0.6	-0.3
Fiscal Outcome	-3.6	-2.9	-4.1	-2.6	-0.8
Total Debt of the Public Sector	33.8	35.8	38.4	40.2	41.2
Public External Debt	29.3	31.7	33.2	35.0	36.2
% of the Total Public Debt	86.7	88.5	86.6	86.9	87.9
Domestic Public Debt	4.5	4.1	5.2	5.3	5.0
% of the Total Public Debt	13.3	11.5	13.4	13.1	12.1
Service of the Domestic Public Debt	1.6	1.8	3.1	3.1	1.4

Referencias:

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 April 21, 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 March 2025 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 2025 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 2025 correspond to March of the mentioned year. (2025, M3). Exports include reexports and other exports. The inter-annual variation of exports/imports as of March 2025 (March 2025/ March, 2024) obtains the accrued variation of exports/imports of the total exports and imports accrued of March 2025, concerning the same period of the year 2024.

