



GOBIERNO DEL
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MINISTERIO
DE ECONOMÍA
Y FINANZAS

Regional Outlook of Sovereign Ratings

December - 2025



Summary

Credit rating agencies offer a range of advisory services, one of which consists of issuing opinions on debt instruments and various securities issued by countries, corporations, and private or public sector entities. These financial instruments are assigned ratings based on the degree of risk that the instrument represents for investors. These ratings can be investment grade or speculative grade.

Furthermore, these agencies conduct country risk analyses, issuing an opinion known as a sovereign rating, which reflects the risk and capacity of the government to meet its obligations, classified as investment grade or speculative grade, according to the situation of the country assessed using various factors defined by each agency in its analysis. The rating has a real economic impact on international financial markets; in other words, the closer the rating is to investment grade, the more attractive it is to investors.

Recovery from the COVID-19 pandemic has been a priority for economies around the world. Certainly, economies have managed to improve their economic, health, social, and financial conditions during 2022. However, in the wake of several negative international events, the context of high uncertainty and multiple risks for the global economy persists. Credit rating agencies have made various rating changes and credit outlook modifications to emerging countries during 2023 to 2025.

The Latin American economies with an investment grade sovereign rating are: Chile, the country with the best sovereign rating in the region, followed by Uruguay, Mexico, and Peru. Colombia also has an investment grade rating from Moody's Investors Service (Moody's), and Paraguay has ratings from Moody's and Standard and Poor's (S&P). It is currently one notch below investment grade with a positive outlook from Fitch Ratings (Fitch).

Table 1: Comparison of sovereign ratings for Latin American countries, 2023–2025

Country	Rating Agency	Dec-2023				Dec-2024				Dec-2025*			
		Rating		Outlook		Rating		Outlook		Rating		Outlook	
		= Unchanged	↓ Rating / Outlook Downgrade	↑ Rating / Outlook Upgrade									
Paraguay	Moody's	Ba1	=	Positive	=	Baa3	↑	Stable	↓	Baa3	=	Stable	=
	S&P	BB	=	Stable	=	BB+	=	Stable	=	BBB-	↑	Stable	↓
	Fitch	BB+	=	Stable	=	BB+	=	Stable	=	BB+	=	Positive	↑
Brazil	Moody's	Ba2	=	Stable	=	Ba1	↑	Positive	=	Ba1	=	Stable	=
	S&P	BB	=	Stable	=	BB	=	Stable	=	BB	=	Stable	=
	Fitch	BB	=	Stable	=	BB	=	Stable	=	BB	=	Stable	=
Peru	Moody's	Baa1	=	Negative	=	Baa1	=	Stable	↑	Baa1	=	Stable	=
	S&P	BBB	=	Negative	↓	BBB-	↓	Stable	↑	BBB-	=	Stable	=
	Fitch	BBB	=	Negative	=	BBB	=	Stable	↑	BBB	=	Stable	=
Chile	Moody's	A2	=	Stable	=	A2	=	Stable	=	A2	=	Stable	=
	S&P	A	=	Negative	↓	A	=	Stable	=	A	=	Stable	=
	Fitch	A-	=	Stable	=	A-	=	Stable	=	A-	=	Stable	=
Bolivia	Moody's	Caa1	=	Negative	=	Caa3	↓	Stable	↑	Ca	↓	Stable	=
	S&P	CCC+	↓	Negative	=	CCC+	=	Negative	=	CCC-	↓	Negative	=
	Fitch	B-	=	Negative	↓	CCC	↓	-	-	CCC-	↓	-	=
Colombia	Moody's	Baa2	=	Stable	=	Baa2	=	Negative	↓	Baa3	↓	Stable	↑
	S&P	BB+	=	Stable	=	BB+	=	Negative	↓	BB	↓	Negative	=
	Fitch	BB+	=	Stable	=	BB+	=	Stable	=	BB	↓	Stable	=
Costa Rica	Moody's	B1	↑	Positive	↑	Ba3	↑	Positive	=	Ba2	↑	Stable	↓
	S&P	BB-	=	Stable	=	BB-	=	Positive	↑	BB	↑	Stable	↓
	Fitch	BB-	↑	Stable	=	BB	↑	Stable	=	BB	=	Positive	↑
Mexico	Moody's	Baa2	=	Stable	↑	Baa2	=	Negative	↓	Baa2	=	Negative	=
	S&P	BBB	=	Stable	=	BBB	=	Stable	=	BBB	=	Stable	=
	Fitch	BBB-	=	Stable	=	BBB-	=	Stable	=	BBB-	=	Stable	=
Argentina	Moody's	Ca	=	Stable	=	Ca	=	Stable	=	Caa1	↑	Stable	↓
	S&P	CCC-	↑	Negative	↓	CCC	↑	Stable	=	CCC+	↑	Stable	=
	Fitch	CC	↑	-	-	CCC	↑	-	-	CCC+	↑	-	-
Uruguay	Moody's	Baa2	=	Positive	↑	Baa1	↑	Stable	↓	Baa1	=	Stable	=
	S&P	BBB+	↑	Stable	=	BBB+	=	Stable	=	BBB+	=	Stable	=
	Fitch	BBB	↑	Stable	=	BBB	=	Stable	=	BBB	=	Stable	=
Ecuador	Moody's	Caa3	=	Stable	=	Caa3	=	Stable	=	Caa3	=	Stable	=
	S&P	B-	=	Stable	=	B-	=	Negative	=	B-	=	Stable	↑
	Fitch	CCC+	↓	-	-	CCC+	=	-	-	CCC+	=	-	=

Sources: Moody's, S&P and Fitch (2025).

Note: Data was collected up to December 31, 2025.

In December 2025, Moody's decides to confirm **Brazil's** Ba1 rating with a stable outlook. The country's credit profile reflects its large size and economic diversification, public debt structure with low currency exposure, high level of reserves, strong capital ratios, and liquidity in the banking system, while S&P and Fitch maintain their ratings and outlooks.

Chile has also managed to maintain its ratings and outlook with the three rating agencies, in addition to being the country with the highest rating in the region. Moody's highlights its solid institutional and fiscal position, backed by a long history of prudent macroeconomic and fiscal policies. For its part, S&P highlights its solid institutional framework, which is stronger than that of most of its regional peers, and the good performance of fiscal and monetary policy anchors, which also indicates its institutional stability. In the case of Fitch, it mentions Chile's economic and fiscal strength, robust and solid sovereign balance, solid governance indicators accompanied by a track record of credible macroeconomic policies, focused on an inflation targeting regime and a flexible exchange rate.

With regard to **Bolivia**, in June 2025, S&P decided to downgrade its sovereign rating to CCC-, maintaining a negative outlook. This was justified by the increase in debt servicing and political instability, which limits the government's ability to address macroeconomic challenges. For its part, in January 2025, Fitch decided to downgrade Bolivia's rating from CCC to CCC-, citing concerns about fiscal sustainability and low capacity to respond to potential economic shocks. In April 2025, Moody's decided to downgrade its rating to Ca from Caa3, maintaining a stable outlook, citing weak governance that increases the risk of a balance of payments crisis and sovereign default. In October, the rating agency confirmed the rating and outlook, based on a relatively favorable debt structure with moderate payment capacity and historically strong growth dynamics.

Costa Rica is one of the countries that has seen positive changes in its rating during 2023-2025. In September 2025, Moody's upgraded Costa Rica's sovereign rating from Ba3 to Ba2, changing the outlook to stable, reflecting effective debt management and sustained economic growth. Meanwhile, in October 2025, S&P upgraded Costa Rica's rating from BB- to BB, with a stable outlook, thanks to greater external liquidity. For its part, Fitch confirmed its BB rating in December 2025 and maintained its positive outlook, based on robust growth, progress in Costa Rica's external position, a declining debt trajectory, and the continuity of the primary surplus despite some relaxation in fiscal policy development.

With regard to **Argentina**, in December 2025, S&P decided to raise the country's rating to CCC+ while maintaining a stable outlook. Fitch, meanwhile, decided to raise the country's rating to CCC+ from CCC, while Moody's also decided to raise the country rating to Caa1, changing the outlook from positive to stable, reflecting its continued macroeconomic adjustment and the stabilization of its external finances as a result of adjustments in fiscal and monetary policies.

Uruguay is the second country in the region with an investment grade rating from all three rating agencies, after Chile. In August 2025, Moody's decided to confirm its Baa1 rating, maintaining a stable outlook. S&P and Fitch also maintained their ratings at BBB+ and BBB, respectively, with a stable outlook, which had been modified in April and June 2023, respectively, with a stable outlook. This reflects confidence in Uruguay's economic strength and high capacity to meet its financial obligations.

In the event of **Colombia**, Moody's has decided to confirm the Baa3 rating with a stable outlook. Colombia's credit profile is reflected by a history of predictable macroeconomic policies and reliable debt service, offset by a rigid expenditure structure, which limits fiscal management. As for S&P, in June 2025, the agency decided to downgrade the rating to BB and maintains its outlook as negative due to weaker fiscal performance. Similarly, Fitch decided to downgrade the rating to BB and changed the outlook from negative to stable in December 2025.

With regard to **Mexico**, Moody's confirmed its Baa2 rating with a negative outlook, reflecting the country's large size, diversification, and economic resilience in the face of crises. Fitch maintained its BBB- rating with a stable outlook, based on a prudent macroeconomic policy framework, solid external finances, and a large and diversified economy. S&P also confirmed its BBB rating with a stable outlook.

In August, **Ecuador** maintained its B- rating and its outlook changed from negative to stable with S&P, thanks to an increase in financing sources. Fitch reaffirmed its CCC+ rating, while Moody's confirmed its Caa3 rating with a stable outlook.

This regional perspective on country ratings provides an overview of the situation in the region, which is valuable information for investors to consider. However, it is important to bear in mind that country ratings are based on the opinion of each of the rating agencies. In this regard, although each rating will have an impact on decision-making, investors participating in the international market, according to their risk aversion, will manage risk in the way they consider most effective when deciding whether to invest in the securities of one country or another.

Paraguay's risk rating as of December 2025

Paraguay has demonstrated economic resilience, overcoming climatic and external challenges, and has even managed to maintain a trajectory of sustained growth and price stability in recent years.

In 2022, economic growth was affected by adverse climate challenges, which impacted agricultural production, resulting in modest economic growth. However, in 2023, it rebounded, becoming one of the fastest-growing countries in the region in 2024 and 2025 as well.

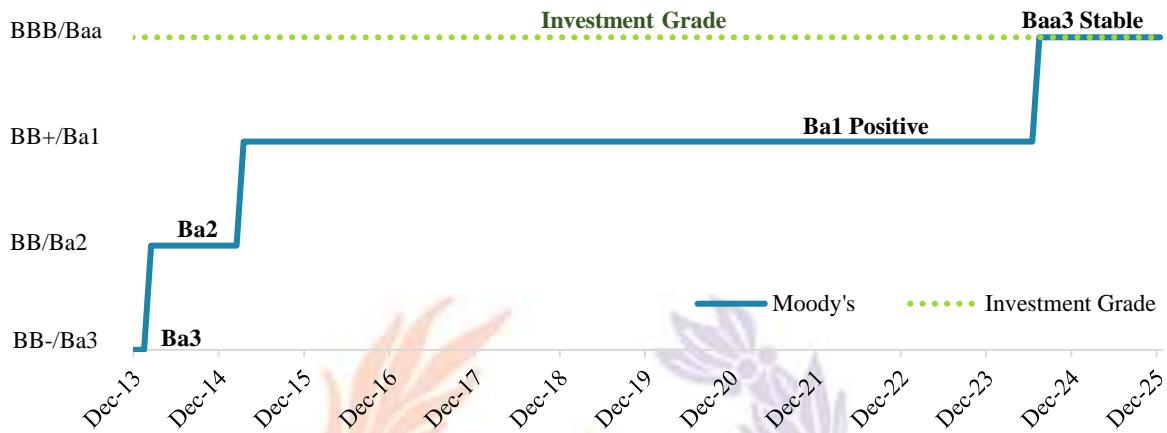
Meanwhile, the government, together with various institutions and sectors, has worked hard to diversify the economy in order to gradually improve Paraguay's economic dynamics and reduce its vulnerability to climate shocks.

In 2023, several institutional reforms were carried out, such as the creation of the National Tax Revenue Directorate, the Ministry of Economy and Finance, the Securities Superintendency, and most recently, the Superintendency of Retirement and Pensions, followed by several regulations enacted by the government during 2023-2025 that seek to ensure the proper functioning of institutions.

In its latest report dated July 30, 2025, **Moody's** has decided to maintain Paraguay's sovereign rating at Baa3, with a stable outlook, citing consistent macroeconomic stability, even in the face of external challenges, sound fiscal policy, maintaining low levels of public debt relative to GDP, prudent management of its resources. They also highlighted the improvement in the government's institutional capacity, particularly in the implementation of public policies, as well as a stable economic outlook with a sustainable fiscal framework. The rating agency also highlighted Paraguay's ability to attract foreign investment and maintain its long-term financial stability.

Chart 1: Moody's sovereign rating for Paraguay, 2013-2025 period.

A/A

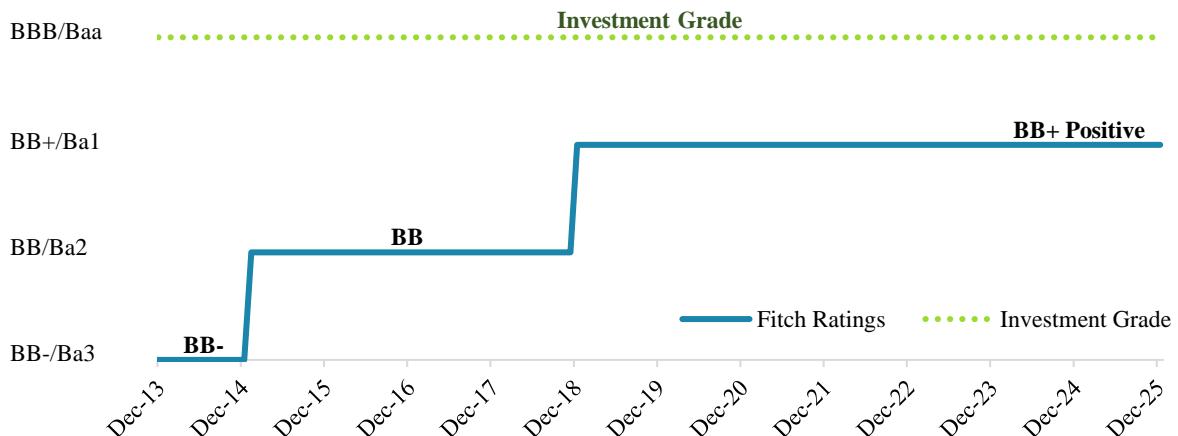


Source: Ministry of Economy and Finance (2025).

With regard to Fitch, in its annual rating review report dated October 6, 2025, Fitch decided to change the outlook from stable to positive, confirming Paraguay's BB+ rating. The factors supporting the positive outlook are based on robust economic growth, a solid investment portfolio, low fiscal deficits, and the gradual reduction of the proportion of foreign currency debt, the solid level of international reserves, and an active reform agenda.

Chart 2: Fitch sovereign rating for Paraguay, 2013-2025 period.

A/A

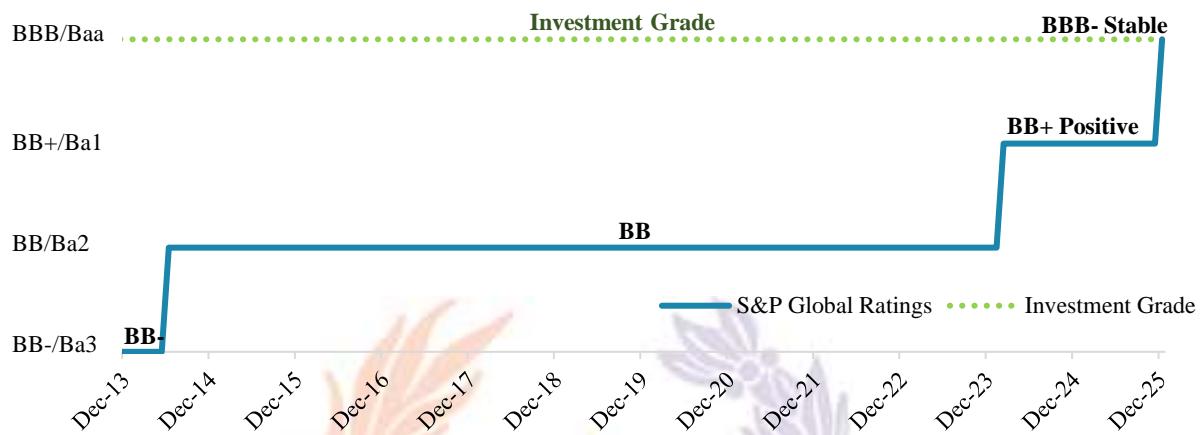


Source: Ministry of Economy and Finance (2025).

Finally, on December 17, 2025, **S&P** decided to raise the rating to BBB-, changing the outlook from positive to stable, thereby consolidating Paraguay's second investment grade, which reflects greater fiscal and monetary flexibility.

Chart 3: S&P sovereign rating for Paraguay, 2013-2025 period.

A/A



Source: Ministry of Economy and Finance (2025).

Furthermore, it is important to mention that, in its latest publication, Fitch maintains that Costa Rica, the Dominican Republic, Guatemala, and Paraguay are the four countries in the “BB” category that are candidates for investment grade status, considered in this report as “emerging stars¹.” Paraguay is the closest to achieving investment grade status, following the revision of its outlook from Stable to Positive.

The three rating agencies agree that Paraguay is a country with a solid macroeconomic foundation, highlighting its fiscal prudence, low public debt, and resilience in the face of external challenges. Currently, the country has investment grade status with Moody's and S&P. It is also one notch below investment grade with Fitch Ratings.

Table 2: Paraguay sovereign ratings 2025.

Rating Agency	Rating	Outlook	Last review
Standard & Poor's	BBB-	Stable	Dec-17-2025
Moody's	Baa3	Stable	Jul-30-2025
Fitch Ratings	BB+	Positive	Oct-06-2025

Source: Ministry of Economy and Finance (2025).

Sources consulted

<https://www.fitchratings.com/>

<https://www.moodys.com/>

<https://www.spglobal.com/ratings/en/>

¹ Latin America's 'BB' Rising Stars: Q&A: Assessing the Investment-Grade Prospects of Costa Rica, Guatemala, Dominican Republic and Paraguay. (November-25-2025)