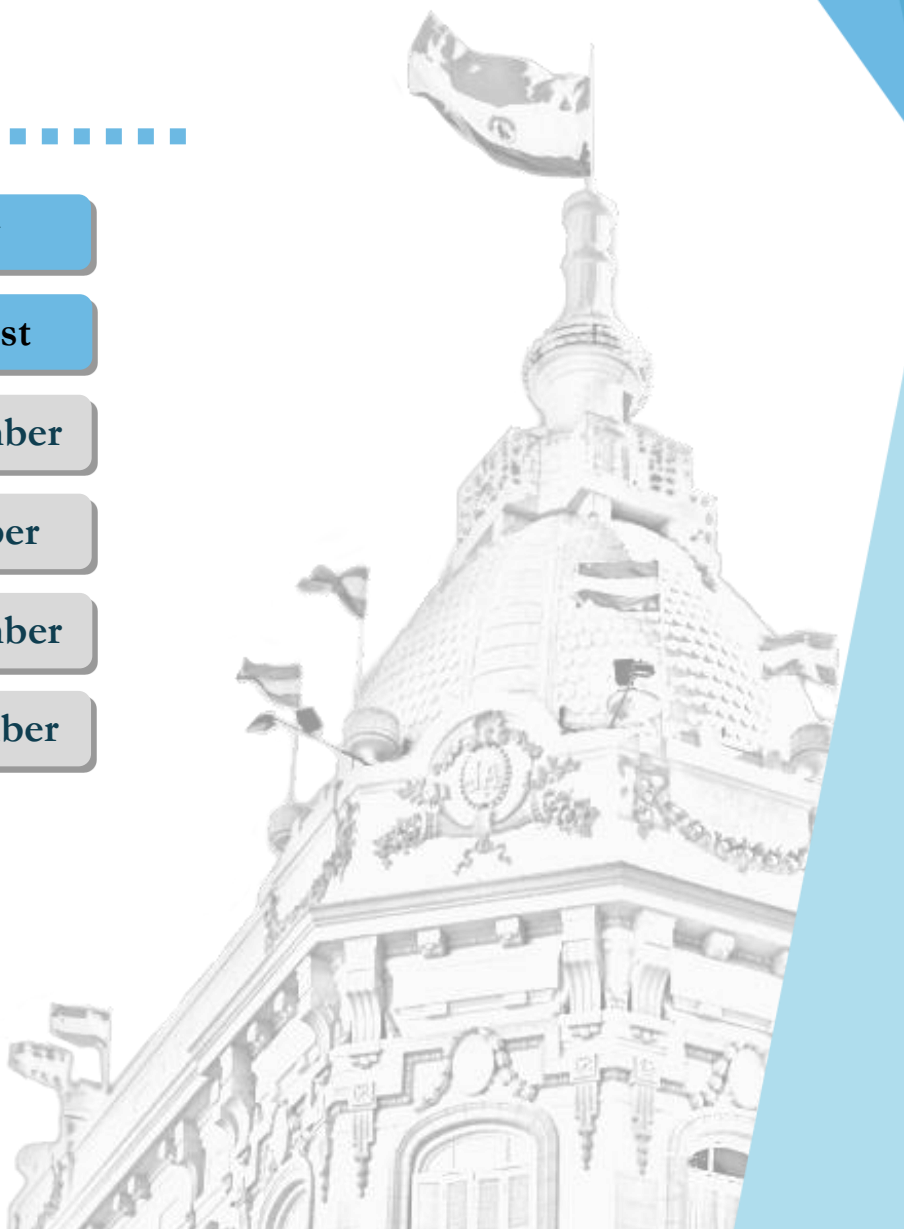
# Macroeconomic Outlook of Paraguay, 2026

January
February
March
April
May
June
July
August
September
October
November
December



# January 2026

## World Economy

**"An economy standing firm in the face of divergent forces"**

According to the International Monetary Fund's World Economic Outlook (WEO) report, global economic growth is forecast to be 3.3% in 2026 and 3.2% in 2027. There was a slight upward revision for 2026 and no change in the forecast for 2027 compared to the October 2025 WEO.

The outlook for the global economy remains vulnerable to adverse factors such as the effects of changes in trade policy, but these were mitigated by increased investment in technology.

## Regional Context

For the United States, growth of 2.4% is projected for 2026, supported by fiscal policy and lower monetary policy interest rates, as well as the gradual dissipation of the effects of trade barriers.

The Euro Area is expected to remain stable at 1.3% by 2026, with the moderate growth rate mainly explained by unresolved structural obstacles.

Growth in Emerging and Developing Market Economies is expected to remain above 4.0% by 2026.

For China, growth of 4.5% is forecast for 2026, in line with the October 2025 WEO forecast, explained by the strong performance of tariff and trade policies.

**Table 1:** Overview of global economic outlook projections.

| | 2025 | 2026 | 2027 |
|---|---|---|---|
| **World** | **3.3** | **3.3** | **3.2** |
| **Advanced economies** | **1.7** | **1.8** | **1.7** |
| United States | 2.1 | 2.4 | 2.0 |
| Eurozone | 1.4 | 1.3 | 1.4 |
| **EDME** | 4.4 | 4.2 | 4.1 |
| **China** | 5.0 | 4.5 | 4.0 |
| **LAC** | 2.4 | 2.2 | 2.7 |
| Brazil | 2.5 | 1.6 | 2.3 |
| Mexico | 0.6 | 1.5 | 2.1 |

**Source:** WEO – FMI January 2026

**WEO-IMF**

## Latin America and the Caribbean

As for projections for the region, growth of 2.2% is expected for 2026 and an increase to 2.7% for 2027, as countries approach their potential levels from different cyclical scenarios.

Brazil expects growth of 1.6% for 2026, with an increase to 2.3% for 2027. Mexico, for its part, expects growth of 1.5% for 2026 and 2.1% for 2027.

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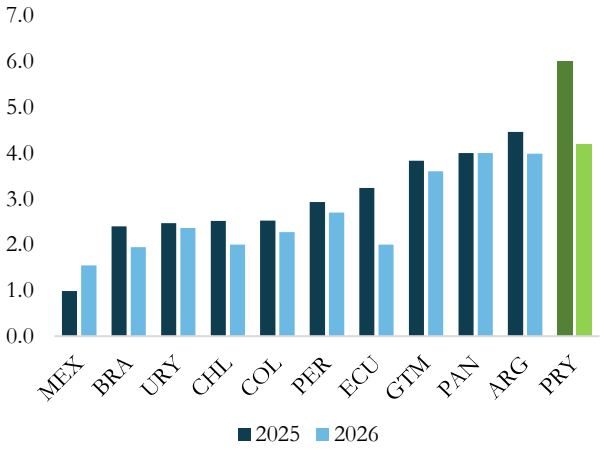
**Chart 1:** Economic growth of countries in the region.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay (WEO Jan-2026).
Note: BCP data for Paraguay, WEO data for other countries. *Estimated data.

**WEO-IMF**

## Domestic Situation

In 2026, GDP growth of 4.2% is expected, according to the GDP Projections report by the Central Bank of Paraguay (BCP), reflecting expansion in the three sectors of the economy: construction, energy production, and water production.

In the primary sector, growth of 2.4% is estimated, due to the expected expansion in agriculture, livestock, and other activities.

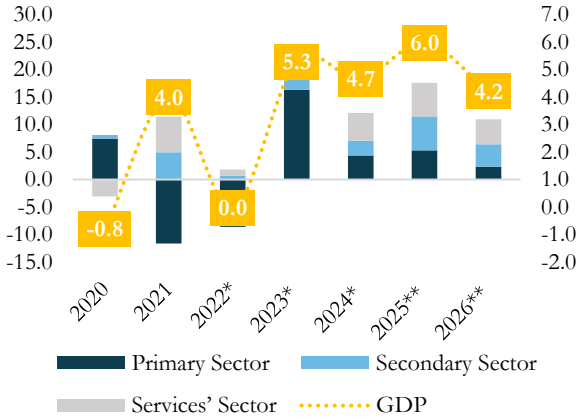
In the secondary sector, growth of 4.0% is forecast, explained by the strong performance expected for manufacturing industries.

For the services sector, a variation of 4.6% is expected, supported by the positive dynamics expected for trade and the "other services" component.

From the demand perspective, this is mainly explained by total consumption, with a variation of 4.0%, reflecting the projected increase in growth for both private and public consumption. Gross fixed capital formation is also expected to expand, reflecting the positive outlook for construction and investment in machinery. Exports and imports also show good growth projections.

**GDP Projection**

**Chart 2:** GDP growth by economic sector.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay.

**BCP Statistical Annex**

## Fiscal Policy

### Financial Situation as of January 2026

In the first month of 2026, the cumulative fiscal deficit stood at -0.2%[1] of GDP, equivalent to USD 94.2 million.

## Income

**As of January 2026, total income registered a moderate contraction.**

Total revenue showed a year-over-year change of –0.5%; the decline in external taxes was offset by internal taxes, and fewer funds were received from binational entities.

[1] SITUFIN (Jan. 2026), obtained from: https://www.mef.gov.py/es/situfin

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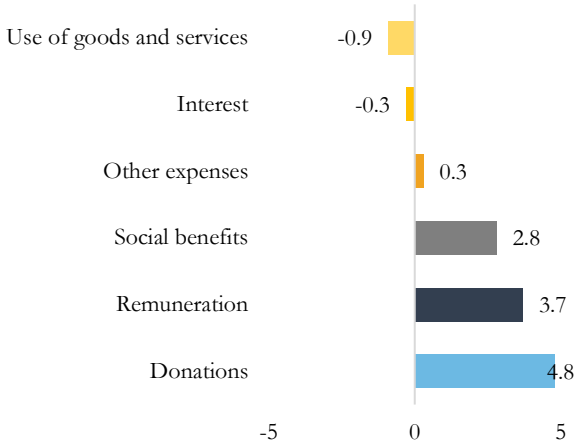
## Public Spending

Total cumulative spending was 10.4% in January. In this regard, increases in donations, remuneration, and social benefits allocated to strategic sectors drove spending growth.

**Chart 4:** Composition of expenditure.




**Source:** Vice Ministry of Economy and Planning. *Preliminary data

**SITUFIN 2026**

## Public Debt

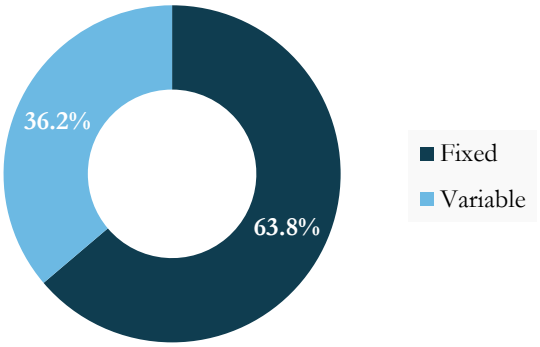
### Debt levels and structures of the Total Public Sector

The Law 1535/1999 on "State Financial Administration," in Article No. 42, establishes that public debt shall be classified as internal and external, and direct and indirect. Direct public debt of the Central Administration is that assumed by the latter as the principal debtor. Indirect debt of the Central Administration, on the other hand, is that constituted by any natural or legal person, public or private, other than the Central Administration, but which has the corresponding guarantee, bond, or surety, duly authorized by law (public companies, second-tier banks, etc.).

In January, *total public sector debt* stood at **36.4%** of **GDP**, which is considered sustainable for the country's public finances, representing one of the lowest debt levels in the region.

As for the *classification of total public sector debt by type of rate* as of January 2026, it was observed that **63.8%** is at a fixed rate and **36.2%** at a variable rate.

**Figure 1:** Total public debt balance by interest rate.




**Source:** Vice Ministry of Economy and Planning. *Preliminary data

The *structure of public debt by currency in January* shows that USD continues to account for the largest share at 77.1%, followed by PYG at 20.6%, JPY at 0.7%, XDR at 1.6%, and other currencies at 0.0%.

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 in the form of annual royalties for the use of the Paraná River's hydraulic potential for electricity production by binational entities (Itaipú and Yacyretá).

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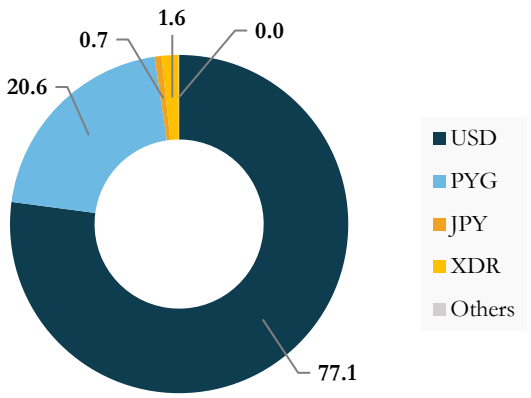
**Figure 2:** Total Public Debt Balance by Currency as a Percentage




**Source:** Vice Ministry of Economy and Planning. *Preliminary data

## Debt statistics

### Regarding the average maturity of debt.

Due to placements in international markets with longer terms than those in domestic markets, the average maturity of the Central Government Debt (ATM) was maintained at 10.9 years (2017) to 10.0 years (2024).

**Table 2:** Average Debt 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 |
| **2023** | 11.0 | 6.4 | 10.6 |
| **2024** | 10.3 | 6.0 | 10.0 |

**Source:** Vice Ministry of Economy and Planning
*Does not include perpetual debt with the Central Bank of Paraguay.

## Strategic Guideline

## Monetary Policy

*The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation targeting framework, officially since 2011. Under this framework, the main objective of monetary policy, in accordance with Law No. 6104, which modifies and expands Law No. 489/95, the Organic Law of the BCP, is to preserve and ensure the stability 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

The unemployment rate in the United States fell from 4.4% to 4.3% in January. Meanwhile, inflation for the same month was 2.4%, lower than estimated (2.5%).[2]

### Domestic context

*The Board of Directors of the Central Bank of Paraguay recently decided to reduce the inflation target, measured by the variation 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 key factors, such as the favorable evolution of inflation under the targeting regime, which has generally remained below the established targets, the effectiveness of monetary policy, and the credibility of the central bank in guiding the expectations of economic agents. A lower inflation target helps protect the purchasing power of the population, particularly lower-income households. Likewise, lower and more stable inflation is a fundamental element for long-term planning*[3].

In January, inflation measured by the monthly Consumer Price Index (CPI) was 0.6%, lower than the 1% recorded in January 2025. This is the result of price increases in food, mainly in volatile items and meat, as well as in services. Meanwhile, CPI inflation excluding food and energy (IPCSAE) was 0.2% in January.

[2] Monetary Policy Statement. (February 23, 2026). Retrieved from: https://www.bcp.gov.py/web/institucional/comunicados-del-cpm

[3] Minutes of the Monetary Policy Committee Meeting (December 19, 2024). Retrieved from: https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444

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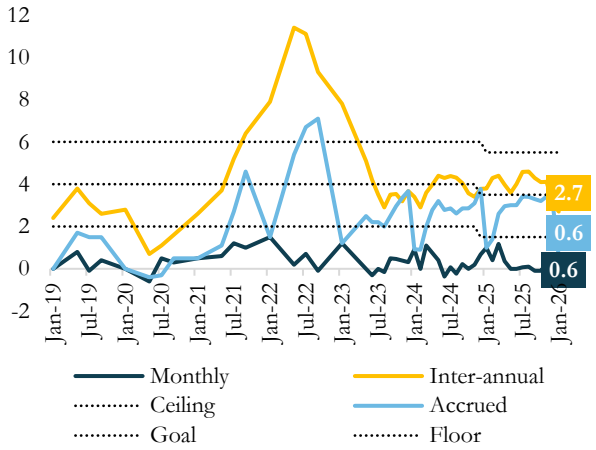
In year-on-year terms, total inflation was 2.7%, while year-on-year CPI inflation was 1.9%.[4]

Inflation expectations for the next twelve months and for the monetary policy horizon stood at 3.5%.

**Chart 5:** Inflation as of January 2026, in percentage.




**Source:** Central Bank of Paraguay.

Minutes of CPM Meetings

## Monetary Policy Rate

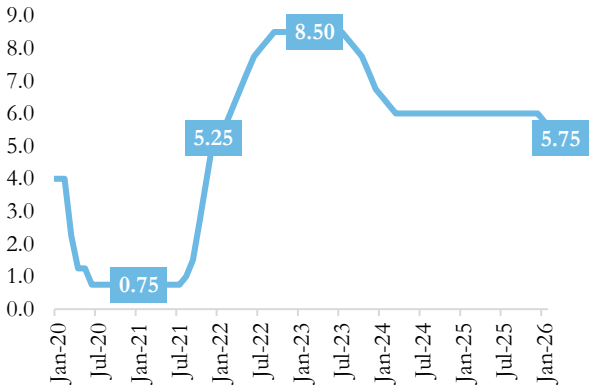
*It is a monetary policy instrument used to influence market liquidity and interest rates, which ultimately affects part of economic activity and influences inflation.*

### Monetary Policy Rate (TPM) as of January 2026

The Monetary Policy Committee (MPC) decided to lower the ***Monetary Policy Rate (MPR)*** by 5.75% from 6.0% at its first meeting this year, mainly due to the continued positive performance of domestic economic conditions, which led to a further adjustment in the GDP growth forecast.

With regard to the ***external sector***, in January 2025, the United States decided to maintain the target range for the federal funds rate at 3.50%–3.75%.

**Chart 6:** Monetary Policy Rate 2026.



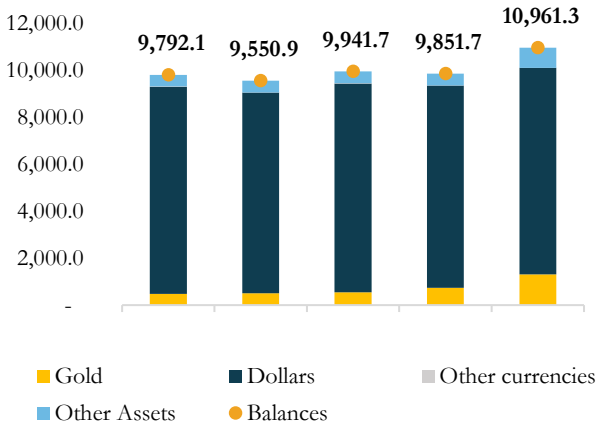

**Source:** Central Bank of Paraguay.

Minutes of CPM Meetings

## Net International Reserves

Net international reserves in January 2026 stood at USD 10,961.3 million, comprising USD 1,315.6 million in gold, USD 8,775.8 million in dollars, USD 6.9 million in other currencies in demand accounts, and USD 861.8 million in other assets.

**Chart 7:** Composition of NIRs, in millions of dollars.




**Source:** Central Bank of Paraguay. (Preliminary Data)

[4] Table 14b of the Statistical Annex to the Economic Report of the Central Bank of Paraguay

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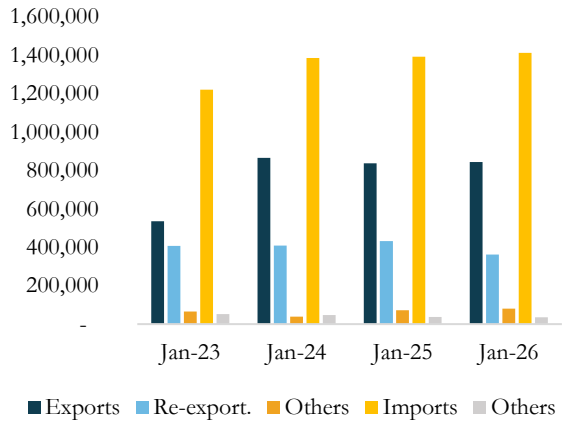
## Balance of Trade

**In January 2026, foreign trade figures (exports plus imports) amounted to USD 2,735.1 million.**

*Total exports* in January 2026 amounted to USD 1,286.4[5] million. ***Total imports***, meanwhile, amounted to USD 1,448.6 million. Finally, the trade balance recorded a ***surplus*** of USD 162.2 million in favor of imports.

**Chart 8:** Trade balance, in thousands of dollars.




**Source:** Central Bank of Paraguay. (Preliminary Data)

**BCP Statistical Annex**

## Credit Perspective of Paraguay

### Sovereign rating history

Paraguay has managed to maintain a positive trajectory in the evolution of its sovereign rating with ***Moody's, Fitch,*** and ***Standard and Poor's*** rating agencies, despite adverse conditions in recent years, such as external shocks, a pandemic, armed conflicts, internal shocks such as droughts, and the recent uncertainty surrounding international tariff policies.

In its regular update report dated January 23, 2026, ***Moody's*** rating agency confirmed the Baa3 rating and maintained a stable outlook. The report highlights solid growth, institutional improvements, and limited external vulnerability.

For its part, ***Standard & Poor's*** changed its outlook from stable to positive in January 2025. Likewise, in its report of December 17 of the same year, it decided to raise the rating to BBB-, changing the outlook from positive to stable, highlighting mainly greater fiscal and monetary flexibility. In this way, Paraguay consolidated its second investment grade.

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

**Table 3:** Country risk ratings for 2026.

| Agency | Rating | Perspective | Last revision |
|---|---|---|---|
| ***S&P*** | BBB- | Stable | Dec-17- 2025 |
| **Moody's** | Baa3 | Stable | Jan-23-2026 |
| **Fitch** | BB+ | Positive | Oct-06-2025 |

**Source:** Vice Ministry of Economy and Planning.

**Annual Rating Reports**

In summary, Paraguay closes 2025 with significant achievements in its credit ratings, reaching its second investment grade with S&P (BBB- Stable) and confirming its rating with Moody's (Baa3 Stable). It is also one step away from investment grade with Fitch Ratings (BB+) with an optimistic outlook explained by its positive outlook.

[5] Data from the BCP Statistical Annex as of January 2026.

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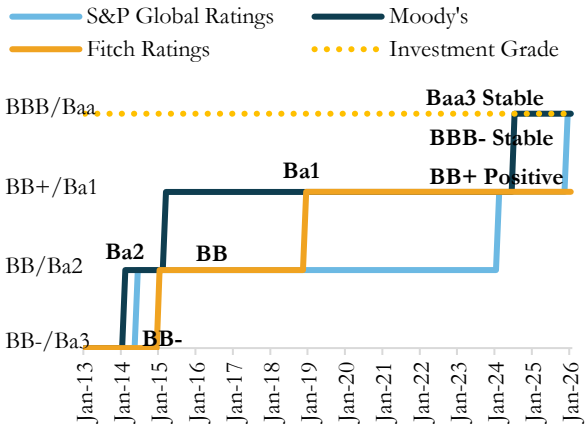
**Chart 9:** Country rating for Paraguay for the period 2013-2026.




**Source:** Vice Ministry of Economy and Planning.



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| Economic Indicators / 2022 - 2026 | 2022 | 2023 | 2024(*) | 2025(*) | 2026(**) |
|---|---|---|---|---|---|
| **Sector Real** | | | | | |
| Population (Thousands) | 6,284.00 | 6,326.00 | 6,372.00 | 6,417.00 | 6,460.00 |
| GDP (USD million) | 41,981.03 | 43,193.66 | 45,220.99 | 49,487.65 | 56,456.41 |
| GDP per capita (USD) | 6,680.60 | 6,827.07 | 7,096.14 | 7,711.87 | 8,739.17 |
| Real GDP (y-o-y change in %) | 0.0 | 5.3 | 4.7 | 6.0 | 4.2 |
| Total consumption (y-o-y change in %) | 1.3 | 3.3 | 5.5 | 4.0 | 4.0 |
| Capital investment (FBKF) (y-o-y change in %) | -1.8 | -2.8 | 9.6 | 14.5 | 3.6 |
| Unemployed Rate (open unemployment) | 5.8 | 5.2 | 4.5 | 4.9 | n.d. |
| **Economy Structure** | | | | | |
| **In view of Supply (percentage change)** | | | | | |
| **Primary Sector** | **-8.6** | **16.3** | **4.4** | **5.3** | **2.4** |
| Agriculture | -12.5 | 23.4 | 2.2 | 5.6 | 2.2 |
| Livestock | -0.3 | 0.5 | 6.7 | 5.0 | 1.8 |
| Others | -0.7 | 9.3 | 14.9 | 3.9 | 4.5 |
| **Secundary Sector** | **0.7** | **4.0** | **2.7** | **6.2** | **4.0** |
| Industry | -0.1 | 4.1 | 4.5 | 5.3 | 3.7 |
| Construction | -3.2 | -7.1 | 5.9 | 5.4 | 3.5 |
| Electricity and Water | 7.8 | 15.5 | -4.9 | 9.4 | 5.7 |
| **Services Sector** | **1.1** | **4.0** | **5.1** | **6.1** | **4.6** |
| Government Services | -2.9 | 2.7 | 2.8 | 3.8 | 2.6 |
| Trade | 3.4 | 4.9 | 6.1 | 8.0 | 4.0 |
| Telecommunications | -2.4 | 6.7 | 1.0 | 0.1 | 3.0 |
| Other Services | 2.1 | 3.8 | 6.1 | 7.0 | 5.6 |
| Taxes on products | 1.1 | 5.6 | 11.2 | 5.2 | 5.0 |
| **In view of Demand** | | | | | |
| **(Thousands of USD)** | | | | | |
| Capital Investment (FBKF) | 6,390.53 | 6,131.71 | 6,312.51 | 8,394.21 | 8,745.48 |
| Total Consumptions | 23,120.76 | 23,562.73 | 23,354.51 | 28,211.79 | 29,505.75 |
| Exports of goods and services | 9,530.19 | 12,337.13 | 11,409.08 | 13,806.71 | 14,231.75 |
| Imports of goods and services | 11,037.34 | 11,918.87 | 11,690.05 | 14,825.55 | 15,311.77 |
| **Monetary and Financial Sector** | | | | | |
| Exchange rate (PYG per USD, fdp) | 7,238.66 | 7,335.21 | 7,810.24 | 6,725.00 | 6,687.26 |
| Inflation (CPI, y-o-y change in %) | 7.9 | 7.8 | 3.4 | 3.8 | 2.7 |
| Interbank interest rate (%, average monthly TIB) | 5.2 | 8.4 | 6.6 | 6.1 | 5.9 |
| Monetary aggregate (y-o-y change in M2 in %) | 6.2 | 1.9 | 10.3 | 12.5 | 12.6 |
| Dollarization Ratio (% of banking deposits in ME) | 45.2 | 44.9 | 44.7 | 46.1 | n.d. |
| Banking sector credits granted to the private sector ( % of GDP) | 11.3 | 8.7 | 10.8 | 19.5 | n.d. |
| Real wage index (y-o-y change, %) | 6.9 | 4.7 | 4.0 | 4.4 | n.d. |

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| External Sector | | | | | |
|---|---|---|---|---|---|
| (Thousands of USD) | | | | | |
| **Goods exports** | 797,709.05 | 1,007,677.39 | 1,313,125.41 | 1,342,825.24 | 1,286,419.64 |
| % of GDP | 1.9 | 2.3 | 2.9 | 2.7 | 2.3 |
| **Goods imports** | 1,141,360.74 | 1,272,474.44 | 1,431,509.74 | 1,428,559.00 | 1,448,636.23 |
| % of GDP | 2.7 | 2.9 | 3.2 | 2.9 | 2.6 |
| **Trade Balance of Goods** | -343,651.69 | -264,797.05 | -118,384.32 | -85,733.76 | -162,216.58 |
| % of GDP | -0.8 | -0.6 | -0.3 | -0.2 | -0.3 |
| (Millions of USD) | | | | | |
| **Current Account** | -2,699.52 | 61.04 | -1,521.68 | -902.54 | - |
| % of GDP | -6.4 | 0.1 | -3.4 | -1.8 | 0.0 |
| **Capital and Financial Account** | -2,257.23 | -799.94 | -2,385.78 | -1,200.20 | - |
| % of GDP | -5.4 | -1.9 | -5.3 | -2.4 | 0.0 |
| **Foreign Direct Investment** | 10,260.26 | 11,430.56 | 11,980.35 | 12,821.24 | - |
| % of GDP | 24.4 | 26.5 | 26.5 | 25.9 | 0.0 |
| **International Reserves** | 9,825.00 | 10,196.77 | 9,872.26 | 11,000.84 | 10,961.33 |
| % of GDP | 23.4 | 23.6 | 21.8 | 22.2 | 19.4 |
| **Public Sector [1]** | | | | | |
| (% del GDP) | | | | | |
| **Income** | **14.1** | **14.0** | **15.0** | **14.3** | **1.0** |
| *Which: Taxation Income represents* | 10.3 | 10.1 | 11.3 | 11.2 | 0.8 |
| **Expenses and investments** | **17.0** | **18.1** | **17.6** | **16.3** | **1.2** |
| *Which: Payment of interests represents* | 1.2 | 1.7 | 2.0 | 1.9 | 0.1 |
| **Primary Outcome** | **-1.8** | **-2.4** | **-0.6** | **-0.1** | **0.0** |
| **Fiscal Outcome** | -3.0 | -4.1 | -2.5 | -2.0 | -0.2 |
| **Total Debt of the Public Sector** | **35.9** | **38.4** | **40.0** | **41.3** | **36.4** |
| **Public External Debt** | **31.7** | **33.2** | **34.8** | **35.1** | **31.0** |
| % of the Total Public Debt | 88.5 | 86.6 | 86.9 | 85.0 | 85.3 |
| **Domestic Public Debt** | **4.1** | **5.2** | **5.2** | **6.2** | **5.4** |
| % of the Total Public Debt | 11.5 | 13.4 | 13.1 | 15.0 | 14.7 |
| **Service of the Domestic Public Debt** | **1.8** | **3.0** | **3.1** | **3.4** | **0.1** |

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## References:

Observations and Sources: Table prepared by the General Directorate of Debt Policy (DGPE, Ministry of Economy and Finance), with data from the Central Bank of Paraguay (BCP, Statistical Annex as of 03/03/2026) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to that of the last business day of the year.
2. Income and Expenses as of January 2026 are preliminary.
3. M: Month (example: M1: January); T: Quarter (example: T01: Quarter 1); n/d: not available; ME: Foreign Currency; fdp: end of period.
4. (*) indicates preliminary data subject to change, and (**) indicates projections.
5. Data after 2012 are preliminary and may be subject to revision.
6. The Economic Structure section contains data in constant guaranies as of 2014. Historical data and projections are provided by the Central Bank of Paraguay (BCP).
7. Inflation as of January 2026 corresponds to the inflation target set by the BCP.
8. Other services include: transportation; financial intermediation; business services; Hotels, restaurants, and household services.
9. Binational revenues are understood to be foreign currency income from Paraguay's transfer of energy to Argentina and Brazil, corresponding to the Yacyreta and Itaipu hydroelectric dams. The projections for the Real Sector and the Structure of the Economy are figures prepared by the Central Bank of Paraguay (BCP).
10. Public Sector data are figures prepared by the Ministry of Economy and Finance. Starting in 2015, a migration to the methodology outlined in the 2001 Public Finance Statistics Manual (MEFP 2001) was implemented.
11. Exports and imports for the year 2026 correspond to the month of January of that year (2026, M1). Exports include re-exports and other exports. The year-on-year change in exports/imports January 2026 (January 2026/January 2025) captures the cumulative change in exports/imports of the total accumulated exports and imports for January 2026, in relation to the same period of the previous year.

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# February 2026

## World Economy

**"An economy standing firm in the face of divergent forces"**

According to the International Monetary Fund's World Economic Outlook (WEO) report, global economic growth is forecast to be 3.3% in 2026 and 3.2% in 2027. There was a slight upward revision for 2026 and no change in the forecast for 2027 compared to the October 2025 WEO.

The outlook for the global economy remains vulnerable to adverse factors such as the effects of changes in trade policy, but these were mitigated by increased investment in technology.

## Regional Context

For the United States, growth of 2.4% is projected for 2026, supported by fiscal policy and lower monetary policy interest rates, as well as the gradual dissipation of the effects of trade barriers.

The Euro Area is expected to remain stable at 1.3% by 2026, with the moderate growth rate mainly explained by unresolved structural obstacles.

Growth in Emerging and Developing Market Economies is expected to remain above 4.0% by 2026.

For China, growth of 4.5% is forecast for 2026, in line with the October 2025 WEO forecast, explained by the strong performance of tariff and trade policies.

**Table 1:** Overview of global economic outlook projections.

| | 2025 | 2026 | 2027 |
|---|---|---|---|
| **World** | **3.3** | **3.3** | **3.2** |
| **Advanced economies** | **1.7** | **1.8** | **1.7** |
| United States | 2.1 | 2.4 | 2.0 |
| Eurozone | 1.4 | 1.3 | 1.4 |
| **EDME** | 4.4 | 4.2 | 4.1 |
| **China** | 5.0 | 4.5 | 4.0 |
| **LAC** | 2.4 | 2.2 | 2.7 |
| Brazil | 2.5 | 1.6 | 2.3 |
| Mexico | 0.6 | 1.5 | 2.1 |

**Source:** WEO – FMI January 2026

**WEO-IMF**

## Latin America and the Caribbean

As for projections for the region, growth of 2.2% is expected for 2026 and an increase to 2.7% for 2027, as countries approach their potential levels from different cyclical scenarios.

Brazil expects growth of 1.6% for 2026, with an increase to 2.3% for 2027. Mexico, for its part, expects growth of 1.5% for 2026 and 2.1% for 2027.

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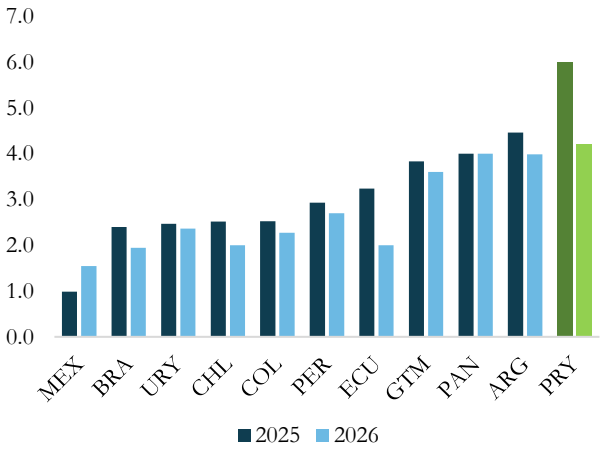
**Chart 1:** Economic growth of countries in the region.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay (WEO Jan-2026).
*Note: BCP data for Paraguay, WEO data for other countries. *Estimated data.

**WEO-IMF**

## Domestic Situation

In 2026, GDP growth of 4.2% is expected, according to the GDP Projections report by the Central Bank of Paraguay (BCP), reflecting expansion in the three sectors of the economy: construction, energy production, and water production.

In the primary sector, growth of 2.4% is estimated, due to the expected expansion in agriculture, livestock, and other activities.

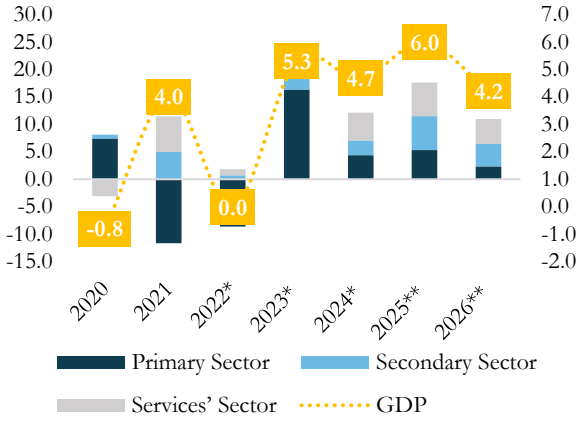
In the secondary sector, growth of 4.0% is forecast, explained by the strong performance expected for manufacturing industries.

For the services sector, a variation of 4.6% is expected, supported by the positive dynamics expected for trade and the "other services" component.

From the demand perspective, this is mainly explained by total consumption, with a variation of 4.0%, reflecting the projected increase in growth for both private and public consumption. Gross fixed capital formation is also expected to expand, reflecting the positive outlook for construction and investment in machinery. Exports and imports also show good growth projections.

**GDP Projection**

**Chart 2:** GDP growth by economic sector.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay.

**BCP Statistical Annex**

## Fiscal Policy

### Financial Situation as of February 2026

In the second month of 2026, the cumulative fiscal deficit stood at -0.5%[6] of GDP, equivalent to USD 316.5 million.

[6] SITUFIN (Feb. 2026), obtained from: https://www.mef.gov.py/es/situfin

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## Income

**At February 2026, total revenue showed a moderate decline.**

Total revenue fell by 5.1%, due to a decline in tax and non-tax revenues, as well as revenue from binational entities, and the impact of currency appreciation.

## Public Spending

*Total cumulative spending* stood at 11.1% as of February. In this regard, increases in wages and benefits for strategic sectors drove the growth in spending.

**SITUFIN 2026**

## Public Debt

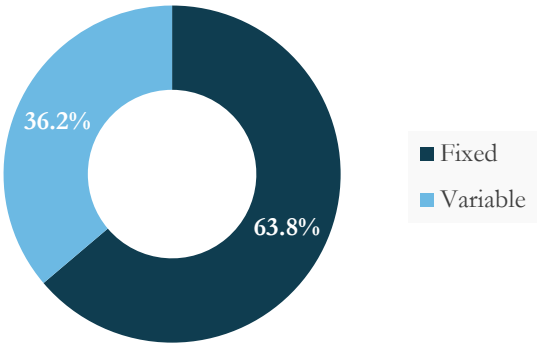
### Debt levels and structures of the Total Public Sector

The Law 1535/1999 on "State Financial Administration," in Article No. 42, establishes that public debt shall be classified as internal and external, and direct and indirect. Direct public debt of the Central Administration is that assumed by the latter as the principal debtor. Indirect debt of the Central Administration, on the other hand, is that constituted by any natural or legal person, public or private, other than the Central Administration, but which has the corresponding guarantee, bond, or surety, duly authorized by law (public companies, second-tier banks, etc.).

In February, the *total public sector debt* to GDP ratio stood at 36.7%, a level considered sustainable for the country's public finances, making it one of the lowest debt levels in the region.

With regard to the *breakdown of total public sector debt by interest rate type* as of February 2026, it was found that 63.8% is at a fixed rate and 36.2% at a variable rate.

**Figure 1:** Total public debt balance by interest rate.




**Source:** Vice Ministry of Economy and Planning. *Preliminary data

The *breakdown of public debt by currency* in February shows that the largest share is in **USD (76.7%)**, followed by **PYG (21.0%), JPY (0.7%), XDR** (1.6%), and **other currencies (0.0%).**

It should be noted that the higher proportion of dollar-denominated debt does not pose a risk to the country, since Paraguay receives revenue in dollars in the form of annual royalties for the use of the Paraná River's hydropower potential by the binational entities (Itaipú and Yacyretá) for the production of electricity.

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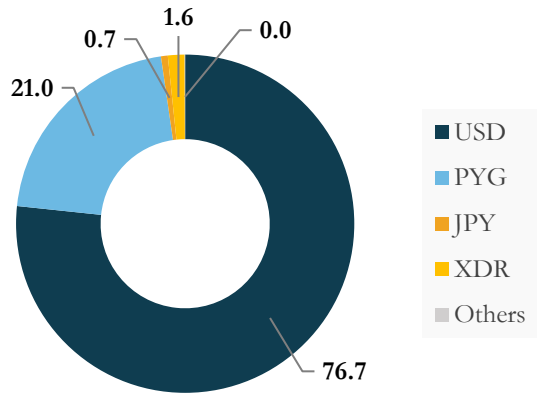
**Figure 2:** Total Public Debt Balance by Currency as a Percentage




**Source:** Vice Ministry of Economy and Planning. *Preliminary data

**Debt statistics**

**Regarding the average maturity of debt.**
Due to placements in international markets with longer terms than those in domestic markets, the average maturity of the Central Government Debt (ATM) was maintained at 10.9 years (2017) to 10.0 years (2024).

**Table 2:** Average Debt 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 |
| **2023** | 11.0 | 6.4 | 10.6 |
| **2024** | 10.3 | 6.0 | 10.0 |

**Source:** Vice Ministry of Economy and Planning
*Does not include perpetual debt with the Central Bank of Paraguay.

**Strategic Guideline**

## Monetary Policy

*The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation targeting framework, officially since 2011. Under this framework, the main objective of monetary policy, in accordance with Law No. 6104, which modifies and expands Law No. 489/95, the Organic Law of the BCP, is to preserve and ensure the stability 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

The unemployment rate in the United States rose from 4.3% to 4.4% in February. Meanwhile, inflation for the same month remained at 2.4%, in line with estimates. [7]

[7] Monetary Policy Statement. (March 20, 2026).

Retrieved from:
https://www.bcp.gov.py/web/institucional/comunicados-del-cpm

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## Domestic context

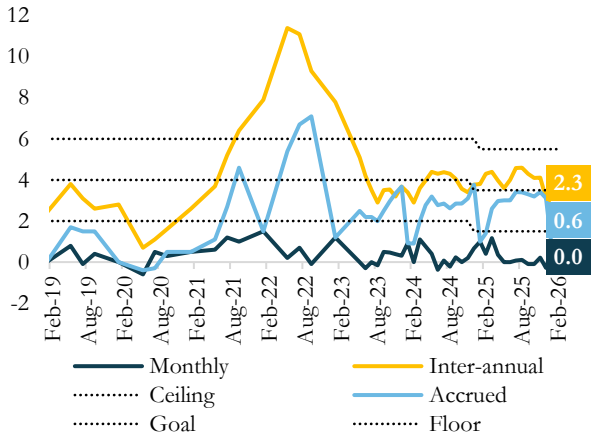
*The Board of Directors of the Central Bank of Paraguay recently decided to lower the inflation target—measured by the change in the Consumer Price Index (CPI)—from 4.0% to 3.5%, while maintaining the tolerance band of 2% above and 2% below that level.*

*This decision is based on key factors, such as the favorable trend in inflation under the inflation-targeting framework—which has generally remained below the established targets—the effectiveness of monetary policy, and the central bank's credibility in guiding the expectations of economic agents. A lower inflation target helps protect the purchasing power of the population, particularly lower-income households. Likewise, lower and more stable inflation is a fundamental element for long-term planning*[8].

In February, inflation as measured by the monthly Consumer Price Index (CPI) stood at 0.0%, driven by increases in specific services (primarily education expenses) and vegetables, offset by declines in food and fuel prices. Meanwhile, inflation as measured by the CPI excluding food and energy (IPCSAE) was 0.7%. Year-over-year, overall inflation stood at 2.3%, while year-over-year CPI inflation was 2.1%.[9]

Inflation expectations for the next twelve months and for the monetary policy horizon stood at 3.5%.

**Chart 5:** Inflation as of February 2026, in percentage.




**Source:** Central Bank of Paraguay.

## Minutes of CPM Meetings

## Monetary Policy Rate

*It is a monetary policy instrument used to influence market liquidity and interest rates, which ultimately affects part of economic activity and influences inflation.*

### Monetary Policy Rate (MPR) as of February 2026

The Monetary Policy Committee (MPC) decided to lower the ***Monetary Policy Rate (MPR)*** to 5.50% from 5.75% at its second meeting of the year, a decision driven primarily by the continued positive performance of domestic economic conditions, which led to a further upward revision of the GDP growth forecast.

With regard to the ***external sector***, in February 2026, the United States decided to maintain the target range for the federal funds rate at 3.50%–3.75%.

[8] Minutes of the Monetary Policy Committee Meeting (December 19, 2024). Retrieved from: https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444

[9] Table 14b of the Statistical Annex to the Economic Report of the Central Bank of Paraguay

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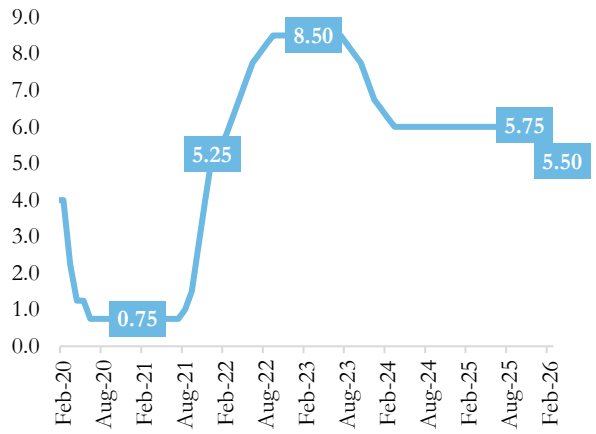
**Chart 6:** Monetary Policy Rate 2026.



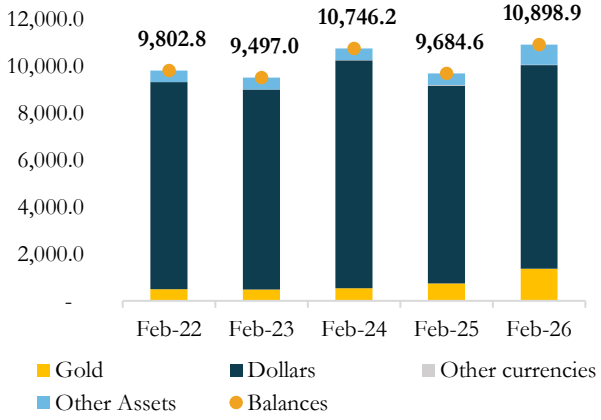

**Source:** Central Bank of Paraguay.

**Minutes of CPM Meetings**

## Net International Reserves

*Net international reserves* stood at USD 10,898.9 million in February 2026, consisting of USD 1,361.5 million in gold; USD 8,674.1 million in U.S. dollars; USD 4.6 million in other currencies held in demand deposit accounts; and USD 858.5 million in other assets.

**Chart 7:** Composition of NIRs, in millions of dollars.



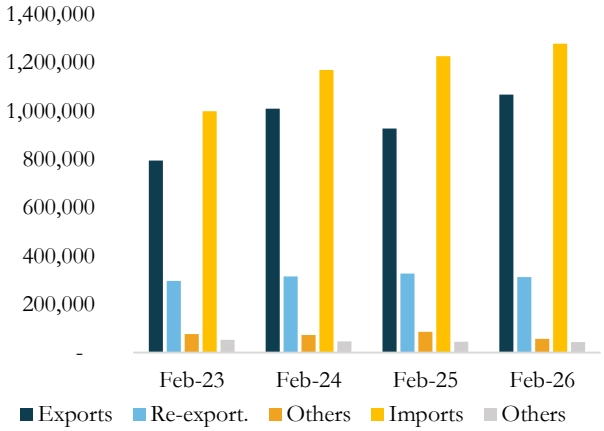

**Source:** Central Bank of Paraguay. (Preliminary Data)

## Balance of Trade

**In February 2026, foreign trade figures (exports plus imports) totaled USD 2,757.2 billion**

*Total exports* in February 2026 amounted to USD 1,436.2 million. *Total imports*, meanwhile, amounted to USD 1,321.0 million. Finally, the *trade balance* showed a surplus of USD 115.2 million in favor of exports.

**Chart 8:** Trade balance, in thousands of dollars.




**Source:** Central Bank of Paraguay. (Preliminary Data)

**BCP Statistical Annex**

## Credit Perspective of Paraguay

### Sovereign rating history

Paraguay has managed to maintain a positive trend in its sovereign credit rating with the rating agencies *Moody's*, *Fitch,* and *Standard & Poor's*, despite adverse conditions in recent years, such as external shocks, a pandemic, armed conflicts, internal shocks like droughts, and the recent uncertainty surrounding international trade policies.

In its report (regular update) dated January 23, 2026, the rating agency *Moody's* confirmed the Baa3 rating and maintained a stable outlook. The report highlights solid growth, institutional improvements, and limited external vulnerability.

For its part, *Standard & Poor's* upgraded the outlook from stable to positive in January 2025. Furthermore, in its report dated December 17 of

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that same year, the agency decided to raise the rating to BBB- and change the outlook from positive to stable, citing primarily greater fiscal and monetary flexibility; as a result, Paraguay secured its second investment-grade rating.

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

**Table 3:** Country risk ratings for 2026.

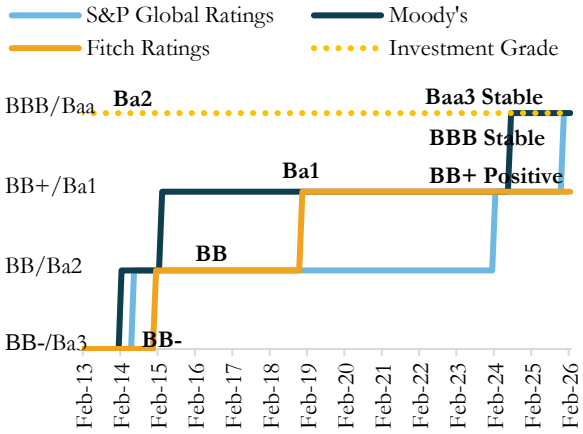
| Agency | Rating | Perspective | Last revision |
|---|---|---|---|
| ***S&P*** | BBB- | Stable | Dec-17- 2025 |
| **Moody's** | Baa3 | Stable | Jan-23-2026 |
| **Fitch** | BB+ | Positive | Oct-06-2025 |

**Source:** Vice Ministry of Economy and Planning.

**Annual Rating Reports**

In summary, Paraguay ends 2025 having achieved significant milestones in its credit ratings, attaining its second investment-grade rating from S&P (BBB- Stable) and confirming its rating with Moody's (Baa3 Stable). It is also one notch away from investment grade with Fitch Ratings (BB+), with an optimistic outlook due to its positive outlook.

**Chart 9:** Country rating for Paraguay for the period 2013-2026.




**Source:** Vice Ministry of Economy and Planning.

**Regional Outlook Report**

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| Economic Indicators / 2022 - 2026 | 2022 | 2023 | 2024(*) | 2025(*) | 2026(**) |
|---|---|---|---|---|---|
| **Sector Real** | | | | | |
| Population (Thousands) | 6,284.00 | 6,326.00 | 6,372.00 | 6,417.00 | 6,460.00 |
| GDP (USD million) | 41,981.03 | 43,193.66 | 45,220.99 | 49,487.65 | 56,456.41 |
| GDP per capita (USD) | 6,680.60 | 6,827.07 | 7,096.14 | 7,711.87 | 8,739.17 |
| Real GDP (y-o-y change in %) | 0.0 | 5.3 | 4.7 | 6.0 | 4.2 |
| Total consumption (y-o-y change in %) | 1.3 | 3.3 | 5.5 | 4.0 | 4.0 |
| Capital investment (FBKF) (y-o-y change in %) | -1.8 | -2.8 | 9.6 | 14.5 | 3.6 |
| Unemployed Rate (open unemployment) | 5.8 | 5.2 | 4.5 | 4.9 | n.d. |
| **Economy Structure** | | | | | |
| **In view of Supply (percentage change)** | | | | | |
| **Primary Sector** | **-8.6** | **16.3** | **4.4** | **5.3** | **2.4** |
| Agriculture | -12.5 | 23.4 | 2.2 | 5.6 | 2.2 |
| Livestock | -0.3 | 0.5 | 6.7 | 5.0 | 1.8 |
| Others | -0.7 | 9.3 | 14.9 | 3.9 | 4.5 |
| **Secundary Sector** | **0.7** | **4.0** | **2.7** | **6.2** | **4.0** |
| Industry | -0.1 | 4.1 | 4.5 | 5.3 | 3.7 |
| Construction | -3.2 | -7.1 | 5.9 | 5.4 | 3.5 |
| Electricity and Water | 7.8 | 15.5 | -4.9 | 9.4 | 5.7 |
| **Services Sector** | **1.1** | **4.0** | **5.1** | **6.1** | **4.6** |
| Government Services | -2.9 | 2.7 | 2.8 | 3.8 | 2.6 |
| Trade | 3.4 | 4.9 | 6.1 | 8.0 | 4.0 |
| Telecommunications | -2.4 | 6.7 | 1.0 | 0.1 | 3.0 |
| Other Services | 2.1 | 3.8 | 6.1 | 7.0 | 5.6 |
| Taxes on products | 1.1 | 5.6 | 11.2 | 5.2 | 5.0 |
| **In view of Demand** | | | | | |
| **(Thousands of USD)** | | | | | |
| Capital Investment (FBKF) | 6,390.53 | 6,131.71 | 6,312.51 | 8,394.21 | 8,962.04 |
| Total Consumptions | 23,120.76 | 23,562.73 | 23,354.51 | 28,211.79 | 30,236.40 |
| Exports of goods and services | 9,530.19 | 12,337.13 | 11,409.08 | 13,806.71 | 14,584.16 |
| Imports of goods and services | 11,037.34 | 11,918.87 | 11,690.05 | 14,825.55 | 15,690.93 |
| **Monetary and Financial Sector** | | | | | |
| Exchange rate (PYG per USD, fdp) | 7,238.66 | 7,335.21 | 7,810.24 | 6,725.00 | 6,525.67 |
| Inflation (CPI, y-o-y change in %) | 9.3 | 6.9 | 2.9 | 4.3 | 2.3 |
| Interbank interest rate (%, average monthly TIB) | 5.5 | 8.6 | 6.3 | 6.0 | 5.6 |
| Monetary aggregate (y-o-y change in M2 in %) | 5.6 | 2.6 | 12.1 | 12.3 | 12.6 |
| Dollarization Ratio (% of banking deposits in ME) | 45.6 | 45.5 | 44.5 | 46.4 | n.d |
| Banking sector credits granted to the private sector ( % of GDP) | 14.7 | 9.2 | 11.3 | 20.4 | n.d. |

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| | | | | | |
|---|---|---|---|---|---|
| Real wage index (y-o-y change, %) | 6.9 | 4.7 | 4.0 | 4.4 | n.d. |
| **External Sector** | | | | | |
| **(Thousands of USD)** | | | | | |
| **Goods exports** | 996,848.43 | 1,168,660.47 | 1,397,065.46 | 1,340,978.83 | 1,436,190.53 |
| % of GDP | 2.4 | 2.7 | 3.1 | 2.7 | 2.5 |
| **Goods imports** | 1,095,605.65 | 1,051,169.07 | 1,216,409.67 | 1,270,202.40 | 1,321,033.42 |
| % of GDP | 2.6 | 2.4 | 2.7 | 2.6 | 2.3 |
| **Trade Balance of Goods** | - 98,757.22 | 117,491.40 | 180,655.79 | 70,776.43 | 115,157.11 |
| % of GDP | -0.2 | 0.3 | 0.4 | 0.1 | 0.2 |
| **(Millions of USD)** | | | | | |
| **Current Account** | -2,699.52 | 61.04 | -1,521.68 | - 902.54 | - |
| % of GDP | -6.4 | 0.1 | -3.4 | -1.8 | 0.0 |
| **Capital and Financial Account** | -2,257.23 | -799.94 | -2,385.78 | -1,200.20 | - |
| % of GDP | -5.4 | -1.9 | -5.3 | -2.4 | 0.0 |
| **Foreign Direct Investment** | 10,260.26 | 11,430.56 | 11,980.35 | 12,821.24 | - |
| % of GDP | 24.4 | 26.5 | 26.5 | 25.9 | 0.0 |
| **International Reserves** | 9,825.00 | 10,196.77 | 9,872.26 | 11,000.84 | 10,898.90 |
| % of GDP | 23.4 | 23.6 | 21.8 | 22.2 | 19.3 |
| **Public Sector [1]** | | | | | |
| **(% del GDP)** | | | | | |
| **Income** | **14.1** | **14.0** | **15.0** | **14.3** | **1.9** |
| *Which: Taxation Income represents* | 10.3 | 10.1 | 11.3 | 11.2 | 1.5 |
| **Expenses and investments** | **17.0** | **18.1** | **17.6** | **16.3** | **2.4** |
| *Which: Payment of interests represents* | 1.2 | 1.7 | 2.0 | 1.9 | 0.3 |
| **Primary Outcome** | **-1.8** | **-2.4** | **-0.6** | **-0.1** | **-0.2** |
| **Fiscal Outcome** | -3.0 | -4.1 | -2.5 | -2.0 | -0.5 |
| **Total Debt of the Public Sector** | **35.9** | **38.4** | **40.0** | **41.3** | **36.7** |
| **Public External Debt** | 31.7 | 33.2 | 34.8 | 35.1 | 31.1 |
| % of the Total Public Debt | 88.5 | 86.6 | 86.9 | 85.0 | 85.0 |
| **Domestic Public Debt** | **4.1** | **5.2** | **5.2** | **6.2** | **5.5** |
| % of the Total Public Debt | 11.5 | 13.4 | 13.1 | 15.0 | 15.0 |
| **Service of the Domestic Public Debt** | **1.8** | **3.0** | **3.1** | **3.4** | **0.3** |

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## References:

Observations and Sources: Table prepared by the General Directorate of Debt Policy (DGPE, Ministry of Economy and Finance), with data from the Central Bank of Paraguay (BCP, Statistical Annex as of 03/23/2026) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to that of the last business day of the year.
2. Income and Expenses as of February 2026 are preliminary.
3. M: Month (example: M2: February); T: Quarter (example: T01: Quarter 1); n/d: not available; ME: Foreign Currency; fdp: end of period.
4. (*) indicates preliminary data subject to change, and (**) indicates projections.
5. Data after 2012 are preliminary and may be subject to revision.
6. The Economic Structure section contains data in constant guaranies as of 2014. Historical data and projections are provided by the Central Bank of Paraguay (BCP).
7. Inflation as of February 2026 corresponds to the inflation target set by the BCP.
8. Other services include: transportation; financial intermediation; business services; Hotels, restaurants, and household services.
9. Binational revenues are understood to be foreign currency income from Paraguay's transfer of energy to Argentina and Brazil, corresponding to the Yacyreta and Itaipu hydroelectric dams. The projections for the Real Sector and the Structure of the Economy are figures prepared by the Central Bank of Paraguay (BCP).
10. Public Sector data are figures prepared by the Ministry of Economy and Finance. Starting in 2015, a migration to the methodology outlined in the 2001 Public Finance Statistics Manual (MEFP 2001) was implemented.
11. Exports and imports for the year 2026 correspond to the month of February of that year (2026, M2). Exports include re-exports and other exports. The year-on-year change in exports/imports February 2026 (February 2026/February 2025) captures the cumulative change in exports/imports of the total accumulated exports and imports for February 2026, in relation to the same period of the previous year.

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GOBIERNO DEL PARAGUAY | MINISTERIO DE ECONOMÍA Y FINANZAS

# March 2026

## World Economy

**"A resilient economy in the face of conflicting forces"**

According to the International Monetary Fund's World Economic Outlook (WEO) report, global economic growth is projected to reach 3.3% in 2026 and 3.2% in 2027. There was a slight upward revision for 2026, and no change to the forecast for 2027, compared to the October 2025 WEO.

Outlooks for the global economy remain vulnerable to adverse factors such as the effects of changes in trade policy; however, these were mitigated by increased investment in technology.

## Regional Context

For the **United States**, growth of 2.4% is projected for 2026, supported by fiscal policy and lower monetary policy interest rates, as well as the gradual easing of trade barriers.

As for the **Eurozone,** growth is expected to remain stable at 1.3% through 2026; this moderate growth rate is primarily due to unresolved structural obstacles.

As for **Emerging and Developing Market Economies**, growth is expected to remain above 4.0% through 2026.

Growth of 4.5% is projected for **China** in 2026, in line with the forecast in the October 2025 WEO, driven by the strong performance of tariff and trade policies.

**Table 1:** Overview of projections for the global economy.

| | 2025 | 2026 | 2027 |
|---|---|---|---|
| **World** | **3.3** | **3.3** | **3.2** |
| Advanced Economies | 1.7 | 1.8 | 1.7 |
| United States | 2.1 | 2.4 | 2.0 |
| Eurozone | 1.4 | 1.3 | 1.4 |
| EDME | 4.4 | 4.2 | 4.1 |
| China | 5.0 | 4.5 | 4.0 |
| LAC | 2.4 | 2.2 | 2.7 |
| Brazil | 2.5 | 1.6 | 2.3 |
| Mexico | 0.6 | 1.5 | 2.1 |

**Source:** WEO – FMI January 2026

**WEO-IMF**

## Latin America and the Caribbean

As for the projections for the region, growth of 2.2% is expected for 2026 and an increase to 2.7% for 2027, as countries gradually approach their potential levels across various cyclical scenarios.

**Brazil** expects growth of 1.6% in 2026, rising to 2.3% in 2027. **Mexico**, for its part, expects growth of 1.5% in 2026 and 2.1% in 2027.

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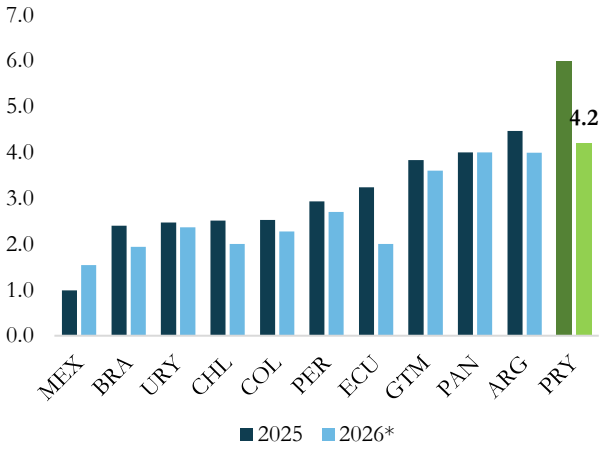
**Chart 1:** Economic growth in countries in the region.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay. WEO Jan-2026.
*Note: Data from the BCP for Paraguay; data from the WEO for the other countries. *Estimated data.

**WEO-IMF**

## Local Economy

In 2026, GDP growth of 4.2% is expected, according to the **Monetary Policy Report (IPoM)** issued by the Central Bank of Paraguay (BCP), reflecting growth in all three sectors of the economy: construction, and energy and water production.

As for the **primary sector,** growth is projected to rise from 2.4% to 3.1%, driven by the expected expansion in agriculture, while livestock production is expected to maintain its current growth rate.

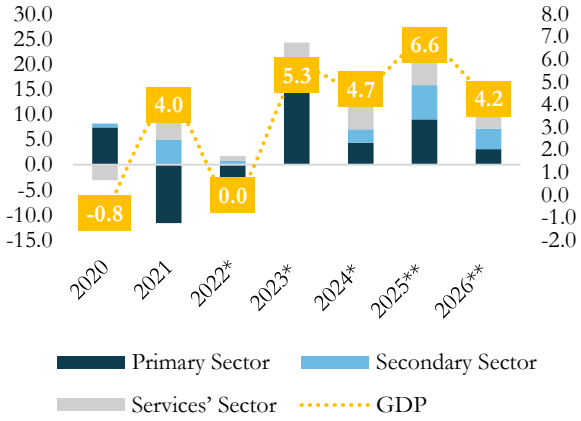
In the **secondary sector,** growth is expected to rise slightly from 4.0% to 4.1%, driven by the strong performance anticipated in the manufacturing sector.

For the **services sector,** a 4.5% change is expected, driven by the positive momentum anticipated for the "other services" component.

From the demand side, this is primarily explained by total consumption, which declined by 3.8%, reflecting a change in public consumption, while private consumption remained unchanged compared to the previous IPoM.

**Monetary Policy Report**

**Chart 2:** GDP growth by economic sector.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay.

**Statistical Annex of the BCP**

## Fiscal Policy

### Financial Position as of March 2026

In the third month of 2026, the cumulative **fiscal deficit** stood at -0.8%[10] of GDP, equivalent to USD 494.9 million.

[10] SITUFIN (Mar – 2026), source: https://www.mef.gov.py/es/situfin

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## Income

**As of March 2026, total revenue showed a slight decline.**

Total revenue fell by 1.5%, driven by an increase in tax revenue, which was offset by a decline in non-tax revenue, primarily due to a decrease in revenue from binational companies and currency appreciation.

## Public Expenditure

*Total cumulative spending* stood at 7.0% as of March. This was primarily driven by wages in strategic sectors, social programs, and transfers to decentralized entities.

**SITUFIN 2026**

## Public Debt

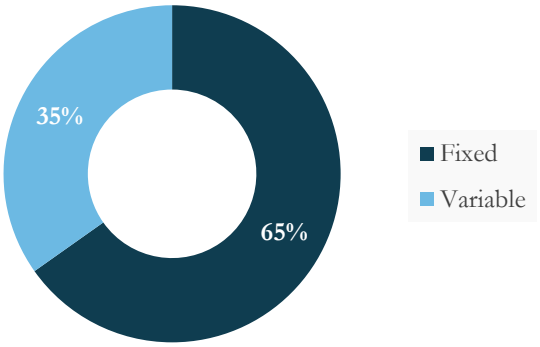
**Total Public Sector Debt Levels and Structures.**

Law No. 1535/1999 on "State Financial Management," in Article 42, establishes that public debt shall be classified as internal and external, and direct and indirect. With regard to the Central Government's direct public debt, this is the debt it assumes as the principal debtor; conversely, the Central Government's indirect public debt consists of debt incurred by any natural or legal person, public or private, other than the Central Government itself, but which is backed by a corresponding guarantee, surety, or security, duly authorized by law (public enterprises, second-tier banks, etc.).

In March, the *total public sector debt-to-GDP ratio* stood at **35.5%**, a level considered sustainable for the country's public finances, making it one of the lowest debt levels in the region.

With regard to the *breakdown of total public sector debt by interest rate type* as of March 2026, it was found that 65.2% is fixed-rate debt and 34.8% is variable-rate debt.

**Figure 1:** Total public debt outstanding by interest rate.




**Source:** Vice Ministry of Economy and Planning. *Preliminary data.

The *breakdown of public debt by currency in March* shows that the largest share is in **USD (72.9%)**, followed by **PYG (25.0%)**, **JPY (0.6%)**, **XDR (1.5%)**, and **other currencies (0.0%).**

It should be noted that the higher proportion of dollar-denominated debt does not pose a risk to the country, as Paraguay receives revenue in dollars in the form of annual royalties for the use of the Paraná River's hydropower potential by the binational entities (Itaipú and Yacyretá) for the production of electricity.

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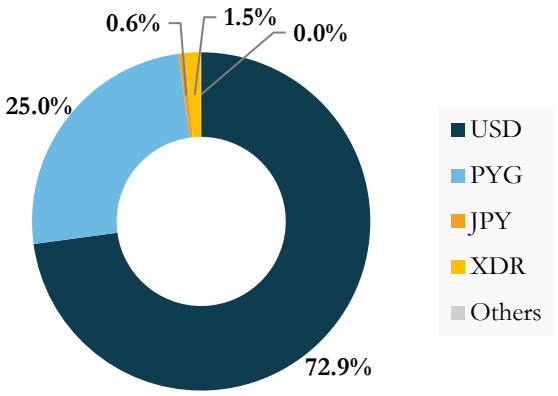
**Figure 2:** Total Public Debt Balance by Currency (Percentage)




**Source:** Vice Ministry of Economy and Planning. *Preliminary data

## Debt Statistics

### Regarding the average maturity of the debt.

Because of the issuance of longer-term debt in international markets compared to domestic markets, the average maturity of the central government debt (ATM) was maintained at 10.9 years (2017) and 10.0 years (2024).

**Table 2:** Average Maturity of Debt. (Years*)

| | Central Administration | | |
|---|---|---|---|
| Year | External Debt | Domestic Debt | Total Debt |
| **2017** | 11.5 | 2.4 | 10.9 |
| **2018** | 12.7 | 3.4 | 12.0 |
| **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 |
| **2023** | 11.0 | 6.4 | 10.6 |
| **2024** | 10.3 | 6.0 | 10.0 |

**Source:** Vice Ministry of Economy and Planning
*Does not include perpetual debt with the BCP.

## Strategic Guidelines

# Monetary Policy

*The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation-targeting framework, officially since 2011. Under this framework, the primary objective of monetary policy, in accordance with Law No. 6104, which amends and expands Law No. 489/95 (the Organic Law of the BCP), is to preserve and ensure the stability of the currency's value by providing a framework of nominal predictability for the Paraguayan economy, upon which economic agents can rely when making decisions regarding both consumption and investment.*

# Inflation

### International context

The unemployment rate in the United States fell from 4.4% to 4.3% in March. Meanwhile, inflation for the same month rose from 2.4% to 3.3%, driven by higher energy prices.[11]

[11] Monetary Policy Statement (April 21, 2026). Retrieved from: https://www.bcp.gov.py/web/institucional/comunicados-del-cpm

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## Domestic context

*The Board of Directors of the Central Bank of Paraguay recently decided to lower the inflation target—measured by the change in the Consumer Price Index (CPI)—from 4.0% to 3.5%, while maintaining the tolerance band of 2% above and 2% below that target.*

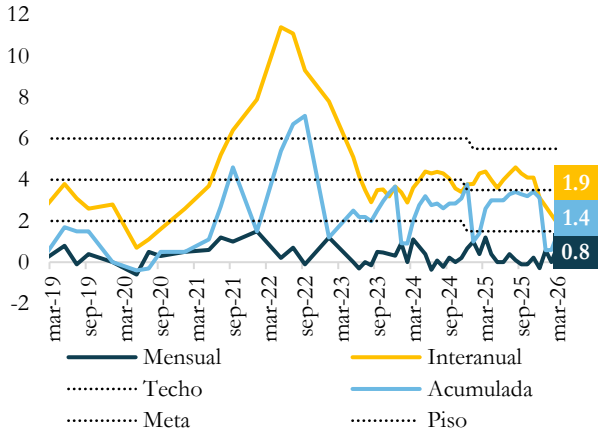
*This decision is based on key factors, such as the favorable trend in inflation under the inflation-targeting framework—which has generally remained below the established targets—the effectiveness of monetary policy, and the central bank's credibility in guiding the expectations of economic agents. A lower inflation target helps protect the purchasing power of the population, particularly lower-income households. Likewise, lower and more stable inflation is a fundamental element for long-term planning*[12].

In March, inflation as measured by the monthly Consumer Price Index (CPI) stood at 0.8%, driven primarily by rising fuel prices. Price fluctuations were also observed in volatile categories such as fruits and vegetables, as well as in other specific services. Meanwhile, inflation as measured by the CPI excluding food and energy (IPCSAE) was -0.1% in March.

Year-over-year, overall inflation stood at 1.9%, while year-over-year inflation for the CPI-AE was 1.8%.[13]

Inflation expectations for the next twelve months and for the monetary policy horizon stood at 3.5%.

**Chart 3:** Inflation as of March 2026, in percent.




**Source:** Central Bank of Paraguay.

## Monetary Policy Rate

*It is a monetary policy tool used to influence market liquidity and interest rates, which in turn affects certain aspects of economic activity and influences inflation.*

### Monetary Policy Rate (MPR) as of March 2026

The Monetary Policy Committee (MPC) decided to keep the ***Monetary Policy Rate (MPR)*** at 5.50% at its third meeting this year, a decision driven primarily by the continued positive performance of domestic economic conditions, which led to a further upward revision of the GDP growth forecast.

With regard to the ***external sector***, in March 2026, the United States decided to maintain the target range for the federal funds rate at 3.50% – 3.75%.

**Minutes of CPM Meetings**

[12] Minutes of the Monetary Policy Committee Meeting (Dec. 19, 2024). Retrieved from: https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444

[13] Table 14b of the Statistical Annex to the Economic Report of the Central Bank of Paraguay

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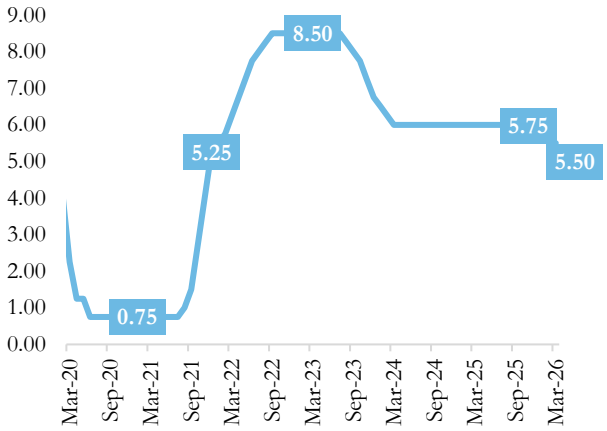
**Chart 4:** Monetary Policy Rate 2026



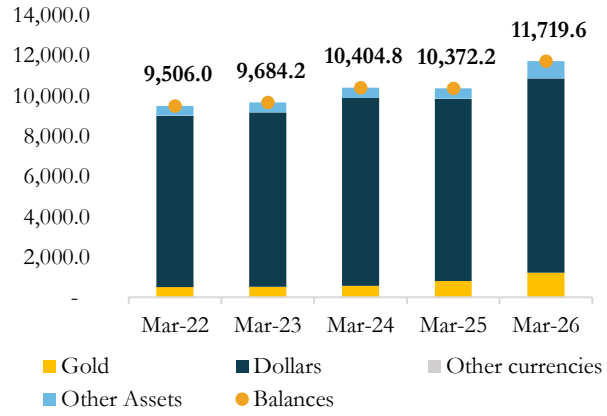

**Source:** Central Bank of Paraguay

**Minutes of CPM Meetings**

## Net International Reserves

*Net international reserves* stood at USD 11,719.6 million in March 2026, consisting of USD 1,214.7 million in gold; USD 9,648.5 million in U.S. dollars; USD 4.7 million in other currencies held in demand deposit accounts; and USD 851.2 million in other assets.

**Chart 5:** Breakdown of RINs, in millions of dollars



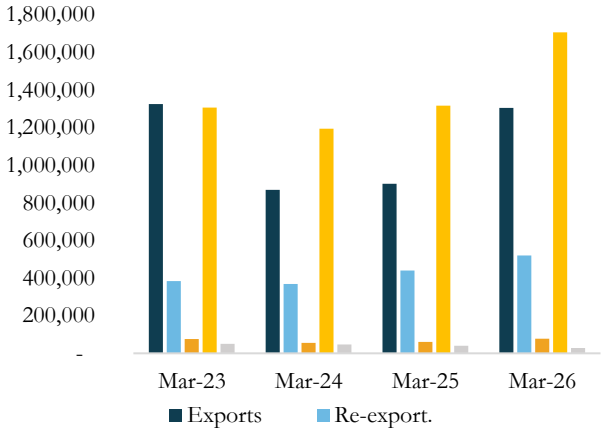

**Source:** Central Bank of Paraguay. (Preliminary data)

## Trade Balance

**In March 2026, foreign trade figures (exports plus imports) totaled USD 3.6383 billion**

*Total exports* in March 2026 amounted to USD 1,902.5 million[14]. *Total imports*, meanwhile, amounted to USD 1,735.8 million. Finally, the trade balance showed a *surplus* of USD 166.8 million in favor of exports.

**Chart 6:** Trade Balance, in thousands of dollars




**Source:** Central Bank of Paraguay. (Preliminary data)

**Statistical Annex of the BCP**

## Paraguay's Credit Outlook

### History of the sovereign rating

Paraguay has managed to maintain a positive trend in its sovereign credit rating with the rating agencies *Moody's*, *Fitch*, and *Standard & Poor's*, despite adverse conditions in recent years, such as external shocks, a pandemic, armed conflicts, internal shocks like droughts, and the recent uncertainty surrounding international trade policies.

In its report (regular update) dated January 23, 2026, the rating agency *Moody's* confirmed the Baa3 rating and maintained a stable outlook. The report highlights solid growth, institutional improvements, and limited external vulnerability.

[14] Data from the BCP Statistical Annex as of March 2026.

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For its part, ***Standard & Poor's*** upgraded the outlook from stable to positive in January 2025. Furthermore, in its report dated December 17 of that same year, the agency decided to raise the rating to BBB- and change the outlook from positive to stable, citing primarily greater fiscal and monetary flexibility; as a result, Paraguay secured its second investment-grade rating.

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

**Table 3:** Country Risk Ratings for 2026.

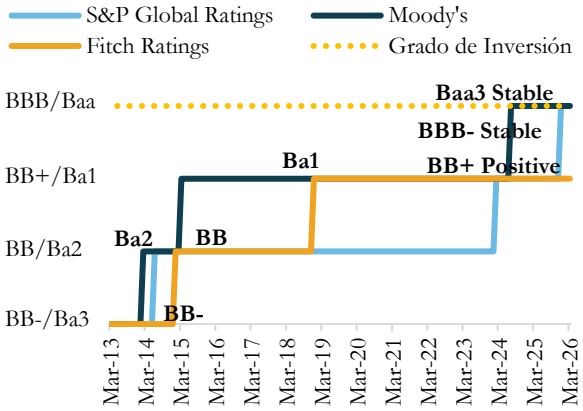
| Rating Agency | Rating | Perspective | Last update |
|---|---|---|---|
| ***S&P*** | BBB- | Stable | Dec-17-2025 |
| **Moody's** | Baa3 | Stable | Jan-23-2026 |
| **Fitch Ratings** | BB+ | Positive | Oct-06-2025 |

**Source:** Vice Ministry of Economy and Planning.

**Annual Rating Reports**

In summary, Paraguay ends 2025 with significant achievements in its credit ratings, attaining its second investment-grade rating from S&P (BBB-Stable) and confirming its rating with Moody's (Baa3 Stable). It is also one notch away from investment grade with Fitch Ratings (BB+), with an optimistic outlook due to its positive outlook.

**Chart 7:** Paraguay's country rating for the period 2013-2026




**Source:** Vice Ministry of Economy and Planning.

**Regional Outlook Report**

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| Economic Indicators / 2022 - 2026 | | | | | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024(*) | 2025(*) | 2026(**) |
| **Sector Real** | | | | | |
| Population (Thousands) | 6,284.00 | 6,326.00 | 6,372.00 | 6,417.00 | 6,460.00 |
| GDP (USD million) | 41,981.03 | 43,193.66 | 45,220.99 | 49,717.36 | 60,237.96 |
| GDP per capita (USD) | 6,680.60 | 6,827.07 | 7,096.14 | 7,747.67 | 9,324.53 |
| Real GDP (y-o-y change in %) | 0.0 | 5.3 | 4.7 | 6.6 | 4.2 |
| Total consumption (y-o-y change in %) | 1.3 | 3.3 | 5.5 | 4.0 | 3.8 |
| Capital investment (FBKF) (y-o-y change in %) | -1.8 | -2.8 | 9.6 | 12.2 | 2.2 |
| Unemployed Rate (open unemployment) | 5.8 | 5.2 | 4.5 | 3.6 | n.d |
| **Economy Structure** | | | | | |
| **In view of Supply (percentage change)** | | | | | |
| **Primary Sector** | **-8.6** | **16.3** | **4.4** | **9.0** | **3.1** |
| Agriculture | -12.5 | 23.4 | 2.2 | 10.5 | 3.2 |
| Livestock | -0.3 | 0.5 | 6.7 | 6.2 | 1.8 |
| Others | -0.7 | 9.3 | 14.9 | 5.7 | 5.2 |
| **Secundary Sector** | **0.7** | **4.0** | **2.7** | **6.9** | **4.1** |
| Industry | -0.1 | 4.1 | 4.5 | 5.6 | 3.7 |
| Construction | -3.2 | -7.1 | 5.9 | 6.2 | 3.5 |
| Electricity and Water | 7.8 | 15.5 | -4.9 | 10.9 | 5.7 |
| **Services Sector** | **1.1** | **4.0** | **5.1** | **6.3** | **4.5** |
| Government Services | -2.9 | 2.7 | 2.8 | 4.5 | 2.6 |
| Trade | 3.4 | 4.9 | 6.1 | 8.0 | 3.4 |
| Telecommunications | -2.4 | 6.7 | 1.0 | -1.0 | 3.0 |
| Other Services | 2.1 | 3.8 | 6.1 | 7.1 | 5.7 |
| Taxes on products | 1.1 | 5.6 | 11.2 | 5.0 | 5.0 |
| **In view of Demand** | | | | | |
| **(Thousands of USD)** | | | | | |
| Capital Investment (FBKF) | 6,390.53 | 6,131.71 | 6,312.51 | 8,228.39 | 8,694.66 |
| Total Consumptions | 23,120.76 | 23,562.73 | 23,354.51 | 28,212.47 | 30,283.22 |
| Exports of goods and services | 9,530.19 | 12,337.13 | 11,409.08 | 13,745.59 | 14,581.36 |
| Imports of goods and services | 11,037.34 | 11,918.87 | 11,690.05 | 14,785.95 | 15,470.95 |
| **Monetary and Financial Sector** | | | | | |
| Exchange rate (PYG per USD, fdp) | 7,238.66 | 7,335.21 | 7,810.24 | 6,725.00 | 6,504.37 |
| Inflation (CPI, y-o-y change in %) | 10.1 | 6.4 | 3.6 | 4.4 | 1.9 |
| Interbank interest rate (%, average monthly TIB) | 5.9 | 8.6 | 6.0 | 5.9 | 5.3 |
| Monetary aggregate (y-o-y change in M2 in %) | 3.0 | 5.3 | 13.1 | 11.1 | 13.4 |
| Dollarization Ratio (% of banking deposits in ME) | 46.4 | 46.7 | 44.9 | 47.0 | 42.4 |
| Banking sector credits granted to the private sector ( % of GDP) | 16.0 | 8.2 | 13.2 | 21.1 | 6.4 |

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| | | | | | |
|---|---|---|---|---|---|
| Real wage index (y-o-y change, %) | 6.9 | 4.7 | 4.0 | 4.4 | n.d. |
| **External Sector** | | | | | |
| **(Thousands of USD)** | | | | | |
| **Goods exports** | 1,283,122.80 | 1,786,522.25 | 1,293,334.03 | 1,403,705.32 | 1,902,524.39 |
| % of GDP | 3.1 | 4.1 | 2.9 | 2.8 | 3.2 |
| **Goods imports** | 1,205,468.3 | 1,357,142.0 | 1,240,313.8 | 1,356,955.9 | 1,735,755.7 |
| % of GDP | 2.9 | 3.1 | 2.7 | 2.7 | 2.9 |
| **Trade Balance of Goods** | 77,654.5 | 429,380.3 | 53,020.2 | 46,749.4 | 166,768.7 |
| % of GDP | 0.2 | 1.0 | 0.1 | 0.1 | 0.3 |
| **(Millions of USD)** | | | | | |
| **Current Account** | **-2,699.5** | **122.8** | **-1,454.2** | **-1,567.3** | **0.0** |
| % of GDP | -6.4 | 0.3 | -3.2 | -3.2 | 0.0 |
| **Capital and Financial Account** | **-2,257.2** | **-799.9** | **-2,385.8** | **-1,398.6** | **0.0** |
| % of GDP | -5.4 | -1.9 | -5.3 | -2.8 | 0.0 |
| **Foreign Direct Investment** | **10,260.3** | **11,430.6** | **11,980.3** | **13,160.7** | **0.0** |
| % of GDP | 24.4 | 26.5 | 26.5 | 26.5 | 0.0 |
| **International Reserves** | **9,825.0** | **10,196.8** | **9,872.3** | **11,000.8** | **11,719.6** |
| % of GDP | 23.4 | 23.6 | 21.8 | 22.1 | 19.5 |
| **Public Sector [1]** | | | | | |
| **(% del GDP)** | | | | | |
| **Income** | **14.1** | **14.0** | **15.0** | **14.3** | **2.9** |
| *Which: Taxation Income represents* | 10.3 | 10.1 | 11.3 | 11.2 | 2.3 |
| **Expenses and investments** | **17.0** | **18.1** | **17.6** | **16.3** | **3.8** |
| *Which: Payment of interests represents* | 1.2 | 1.7 | 2.0 | 1.9 | 0.5 |
| **Primary Outcome** | **-1.8** | **-2.4** | **-0.6** | **-0.1** | **-0.3** |
| **Fiscal Outcome** | -3.0 | -4.1 | -2.5 | -2.0 | -0.8 |
| **Total Debt of the Public Sector** | **35.9** | **38.4** | **40.0** | **41.1** | **35.5** |
| **Public External Debt** | 31.7 | 33.2 | 34.8 | 35.0 | 30.3 |
| % of the Total Public Debt | 88.5 | 86.6 | 86.9 | 85.0 | 85.5 |
| **Domestic Public Debt** | **4.1** | **5.2** | **5.2** | **6.2** | **5.2** |
| % of the Total Public Debt | 11.5 | 13.4 | 13.1 | 15.0 | 14.5 |
| **Service of the Domestic Public Debt** | **1.8** | **3.0** | **3.1** | **3.4** | **1.5** |

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## References:

Observations and Sources: Table prepared by the General Directorate of Debt Policy (DGPE, Ministry of Economy and Finance), with data from the Central Bank of Paraguay (BCP, Statistical Annex as of 04/20/2026) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to that of the last business day of the year.
2. Income and Expenses as of March 2026 are preliminary.
3. M: Month (example: M3: March); T: Quarter (example: T01: Quarter 1); n/d: not available; ME: Foreign Currency; fdp: end of period.
4. (*) indicates preliminary data subject to change, and (**) indicates projections.
5. Data after 2012 are preliminary and may be subject to revision.
6. The Economic Structure section contains data in constant guaranies as of 2014. Historical data and projections are provided by the Central Bank of Paraguay (BCP).
7. Inflation as of March 2026 corresponds to the inflation target set by the BCP.
8. Other services include: transportation; financial intermediation; business services; Hotels, restaurants, and household services.
9. Binational revenues are understood to be foreign currency income from Paraguay's transfer of energy to Argentina and Brazil, corresponding to the Yacyreta and Itaipu hydroelectric dams. The projections for the Real Sector and the Structure of the Economy are figures prepared by the Central Bank of Paraguay (BCP).
10. Public Sector data are figures prepared by the Ministry of Economy and Finance. Starting in 2015, a migration to the methodology outlined in the 2001 Public Finance Statistics Manual (MEFP 2001) was implemented.
11. Exports and imports for the year 2026 correspond to the month of March of that year (2026, M3). Exports include re-exports and other exports. The year-on-year change in exports/imports March 2026 (March 2026/March 2025) captures the cumulative change in exports/imports of the total accumulated exports and imports for March 2026, in relation to the same period of the previous year.

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GOBIERNO DEL PARAGUAY | MINISTERIO DE ECONOMÍA Y FINANZAS

# April 2026

## Global Economy

**"The global economy is once again being put to the test"**

According to the International Monetary Fund's World Economic Outlook (WEO) report, global economic growth is projected to reach 3.1% in 2026 and 3.2% in 2027. A slight downward revision was recorded from the previously forecast 3.4% for 2024–2025. The forecast for 2026 was revised downward by 0.2 percentage points, while the forecast for 2027 remains unchanged, as projected in the January 2026 WEO.

The IMF notes that the global economy faces a scenario of uncertainty due to the duration, intensity, and scope of armed conflicts, which are inherently unpredictable.

## Regional Context

For the **United States**, growth of 2.3% is projected for 2026, with a slight slowdown to 2.1% in 2027.

As for the **Eurozone**, growth of 1.1% is expected for 2026, with a slight increase to 1.2% in 2027.

With regard to **Emerging and Developing Market Economies**, growth is expected to slow to 3.9% by 2026 and pick up to 4.2% by 2027.

For **China**, growth of 4.4% is projected for 2026 and a decline to 4.0% for 2027

**Table 1:** Outlook for the global economy:

| | 2025 | 2026 | 2027 |
|---|---|---|---|
| **World** | **3.4** | **3.1** | **3.2** |
| Advanced Economies | 1.9 | 1.8 | 1.7 |
| United States | 2.1 | 2.3 | 2.1 |
| Eurozone | 1.4 | 1.1 | 1.2 |
| EDME | 4.4 | 3.9 | 4.2 |
| China | 5.0 | 4.4 | 4.0 |
| LAC | 2.4 | 2.3 | 2.7 |
| Brazil | 2.3 | 1.9 | 2.0 |
| Mexico | 0.6 | 1.6 | 2.2 |

**Source:** WEO – IMF April 2026

**WEO-FMI**

## Latin America and the Caribbean

As for the projections to the region, growth of 2.3% is expected for 2026 and an increase to 2.7% for 2027, as countries move closer to their potential levels across the various cyclical scenarios.

**Brazil** expects growth of 1.9% in 2026, rising to 2.0% in 2027. **Mexico**, for its part, expects growth of 1.6% in 2026 and 2.2% in 2027.

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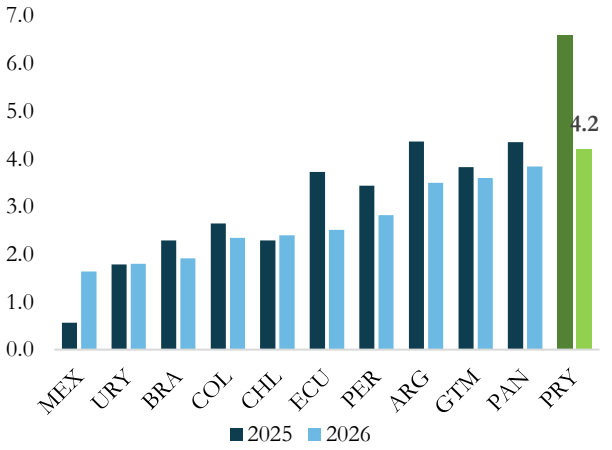
**Graph 1:** Economic growth in countries in the region.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay. WEO Apr-2026.
*Note: Data from the BCP for Paraguay; data from the WEO for the other countries. *Estimated data.

**WEO-IMF**

## Local Economy

In 2026, GDP growth of 4.2% is expected, according to the **Monetary Policy Report (IPoM)** issued by the Central Bank of Paraguay (BCP), reflecting growth in all three sectors of the economy: construction, and energy and water production.

As for the **primary sector**, growth is projected to rise from 2.4% to 3.1%, driven by the expected expansion in agriculture, while livestock production is expected to maintain its current growth rate.

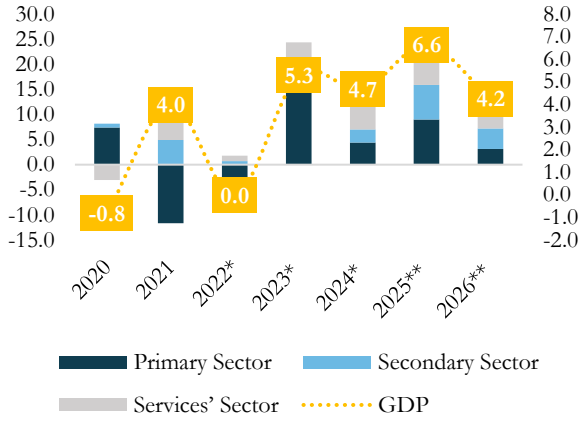
In the **secondary sector**, growth is expected to rise slightly from 4.0% to 4.1%, driven by the strong performance forecast for the manufacturing industries.

For the **services sector**, a 4.5% change is expected, driven by the positive momentum anticipated for the "other services" component.

From the **demand side**, this is primarily explained by total consumption, which fell by 3.8%, reflecting a change in public consumption, while private consumption remained constant, according to the latest IPoM.

**Monetary Policy Report**

**Graph 2:** GDP growth by economic sector.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay.

**CBP Statistical Annex**

## Fiscal Policy

### Financial Position as of April 2026

In the fourth month of 2026, the cumulative **fiscal deficit** stood at -0.8% of GDP, equivalent to USD 485.3 million.

## Income

### As of April 2026, total revenue showed a slight increase.

**Total revenue** saw a slight increase of 1.9%, driven by growth in tax revenue but offset by a decline in non-tax revenue, primarily due to a decrease in revenue from binational companies and currency appreciation.

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## Public Expenditure

**Total cumulative spending** stood at 10.6% as of April. This was primarily driven by wages in strategic sectors, social programs, and transfers to decentralized entities.

**SITUFIN 2026**

## Public Debt

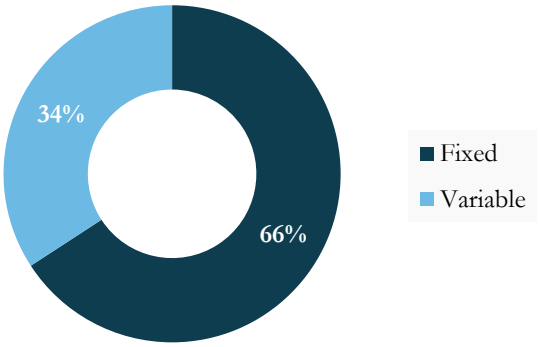
**Total Public Sector Debt Levels and Structures.**

Law No. 1535/1999 on "State Financial Management," in Article 42, establishes that public debt shall be classified as internal and external, and direct and indirect. With regard to the Central Government's direct public debt, this is the debt it assumes as the principal debtor; conversely, the Central Government's indirect public debt consists of debt incurred by any natural or legal person, public or private, other than the Central Government itself, but which is backed by a corresponding guarantee, surety, or security, duly authorized by law (public enterprises, second-tier banks, etc.).

In April, the ***total public sector debt***-to-GDP ratio stood at 36.2%, a level considered sustainable for the country's public finances, making it one of the lowest debt levels in the region.

As for the breakdown of ***total public sector debt by interest rate type as of April 2026***, 65.8% was fixed-rate debt and 34.2% was variable-rate debt.

**Figure 1:** Total public debt outstanding by interest rate.




**Source:** Vice Ministry of Economy and Planning. *Preliminary data.

The ***breakdown of public debt by currency in april*** shows that the largest share is in **USD (70.8%)**, followed by **PYG (27.0%), JPY (0.6%)**, **XDR (1.5%),** and **other currencies (0.0%).**

It should be noted that the higher proportion of dollar-denominated debt does not pose a risk to the country, as Paraguay receives revenue in dollars in the form of annual royalties for the use of the Paraná River's hydropower potential by the binational entities (Itaipú and Yacyretá) for the production of electricity.

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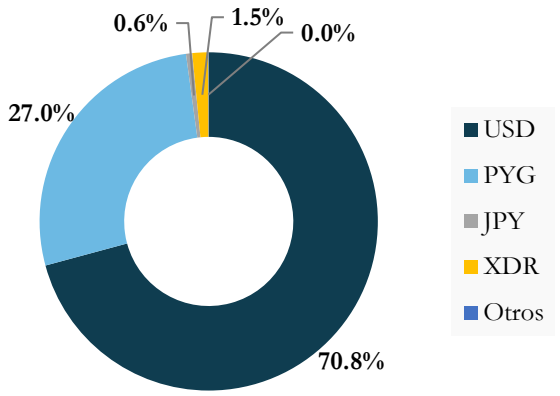
**Figure 2:** Total Public Debt Balance by Currency (Percentage)




**Source:** Vice Ministry of Economy and Planning. *Preliminary data.

## Debt Statistics

### Regarding the average maturity of the debt.

Because of the issuance of longer-term debt in international markets compared to domestic markets, the average maturity of the central government debt (ATM) was maintained at 10.9 years (2017) and 10.0 years (2024).

**Table 2:** Average Maturity of Debt (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 |
| **2023** | 11.0 | 6.4 | 10.6 |
| **2024** | 10.3 | 6.0 | 10.0 |

**Source:** Vice Ministry of Economy and Planning
*Does not include perpetual debt with the BCP.

## Strategic Guidelines

# Monetary Policy

*The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation-targeting framework, officially since 2011. Under this framework, the primary objective of monetary policy, in accordance with Law No. 6104, which amends and expands Law No. 489/95 (the Organic Law of the BCP), is to preserve and ensure the stability of the currency's value by providing a framework of nominal predictability for the Paraguayan economy, upon which economic agents can rely when making decisions regarding both consumption and investment.*

# Inflation

### International context

Job creation in the United States exceeded estimates, keeping the unemployment rate at 4.3% in April. Meanwhile, inflation for the same month rose from 3.3% to 3.8%.

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## Domestic context

*The Board of Directors of the Central Bank of Paraguay recently decided to lower the inflation target—measured by the change in the Consumer Price Index (CPI)—from 4.0% to 3.5%, while maintaining the tolerance band of 2% above and 2% below that target.*

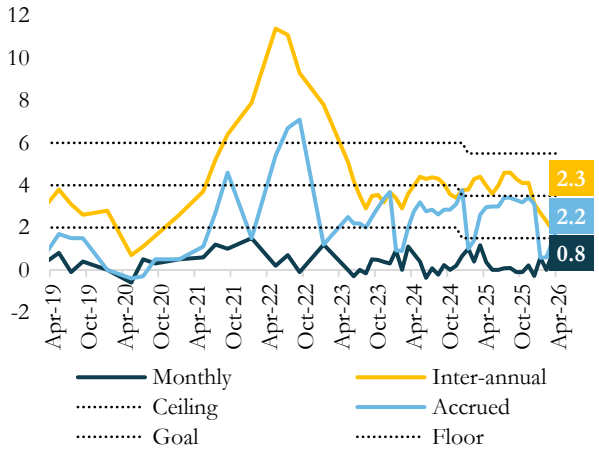
*This decision is based on key factors, such as the favorable trend in inflation under the inflation-targeting framework—which has generally remained below the established targets—the effectiveness of monetary policy, and the central bank's credibility in guiding the expectations of economic agents. A lower inflation target helps protect the purchasing power of the population, particularly lower-income households. Likewise, lower and more stable inflation is a fundamental element for long-term planning*[15].

In April, inflation as measured by the monthly Consumer Price Index (CPI) rose by 0.8%, driven primarily by higher fuel prices. While there were also increases in the prices of certain specific services, the decline in the prices of certain food items and some goods mitigated the impact of monthly inflation. Meanwhile, CPI inflation excluding food and energy (IPCSAE) stood at 0.1% in April.

Year-over-year, overall inflation stood at 2.3%, while year-over-year inflation for the CPI-AE was 1.5%.[16]

Inflation expectations for the next twelve months and for the monetary policy horizon stood at 3.5%.

**Graph 3:** Inflation as of April 2026, in percent.




**Source:** Central Bank of Paraguay.

## Monetary Policy Rate

*It is a monetary policy tool used to influence market liquidity and interest rates, which in turn affects certain aspects of economic activity and influences inflation.*

### Monetary Policy Rate (MPR) as of April 2026

The Monetary Policy Committee (MPC) decided to keep the ***Monetary Policy Rate (MPR)*** at 5.50% at its fourth meeting this year, a decision driven primarily by the continued positive performance of domestic economic conditions.

With regard to the ***external sector***, in April 2026, the United States decided to maintain the target range for the federal funds rate at 3.50%–3.75%.[17]

**Minutes of CPM Meetings**

[15] Minutes of the Monetary Policy Committee Meeting (Dec. 19, 2024). Retrieved from: https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444

[16] Table 14b of the Statistical Annex to the Economic Report of the Central Bank of Paraguay.

[17] The FOMC's target range for the federal funds rate: https://www.federalreserve.gov/aboutthefed/fedexplained/accessible-version.htm

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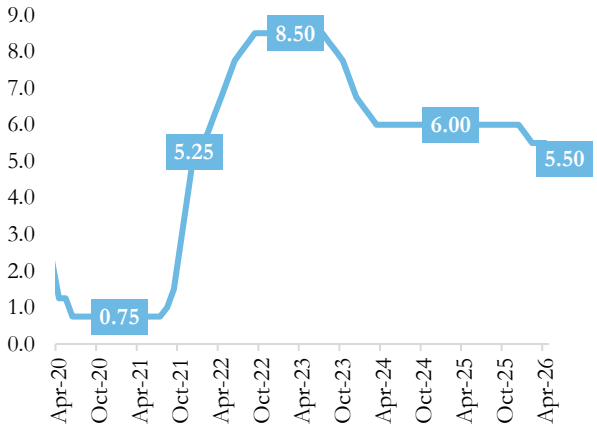
**Graph 4:** Monetary Policy Rate 2026



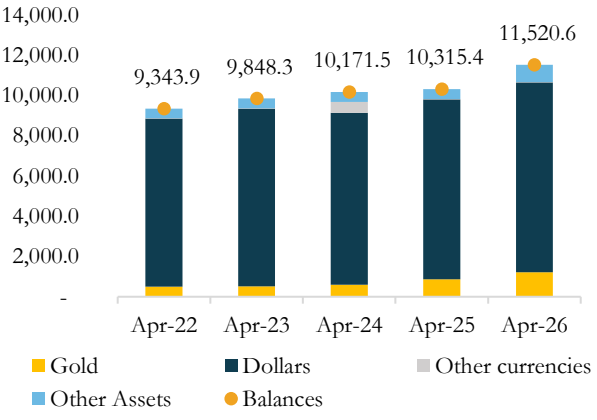

**Source:** Central Bank of Paraguay.

**Minutes of CPM Meetings**

## Net International Reserves

*Net international reserves* stood at USD 11,520.6 million in April 2026, consisting of USD 1,217.4 million in gold; USD 9,430.5 million in U.S. dollars; USD 15.0 million in other currencies held in demand deposit accounts; and USD 857.2 million in other assets.

**Graph 5:** Breakdown of RINs, in millions of dollars



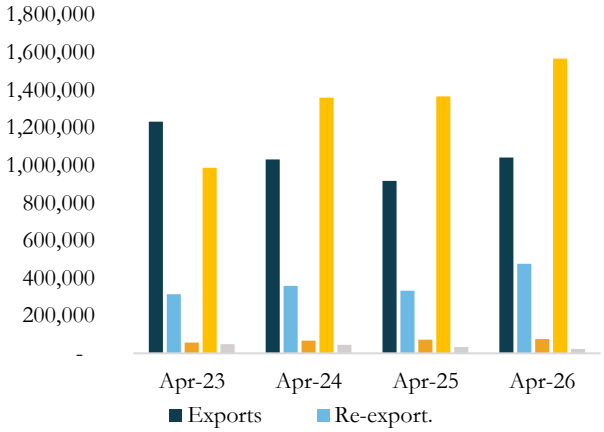

**Source:** Central Bank of Paraguay. (Preliminary data)

## Trade Balance

**In April 2026, foreign trade figures (exports plus imports) totaled $3.1824 billion**

*Total exports* in April 2026 amounted to USD 1,592.6 million. *Total imports*, meanwhile, amounted to USD 1,589.9 million. Finally, the *trade balance showed* a surplus of USD 2,682.1 million in favor of exports.

**Graph 6:** Trade Balance, in thousands of dollars




**Source:** Central Bank of Paraguay. (Preliminary data)

**CBP Statistical Annex**

## Paraguay's Credit Outlook

### History of the sovereign rating

Paraguay has managed to maintain a positive trend in its sovereign credit rating with the rating agencies *Moody's*, *Fitch*, and *Standard & Poor's*, despite adverse conditions in recent years, such as external shocks, a pandemic, armed conflicts, internal shocks like droughts, and the recent uncertainty surrounding international trade policies.

In its report (regular update) dated January 23, 2026, the rating agency *Moody's* confirmed the Baa3 rating and maintained a stable outlook. The report highlights solid growth, institutional improvements, and limited external vulnerability.

For its part, *Standard & Poor's* upgraded the outlook from stable to positive in January 2025. Furthermore, in its report dated December 17 of

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that same year, the agency decided to raise the rating to BBB- and change the outlook from positive to stable, citing primarily greater fiscal and monetary flexibility; as a result, Paraguay secured its second investment-grade rating.

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

**Table 3:** Country Risk Ratings 2026.

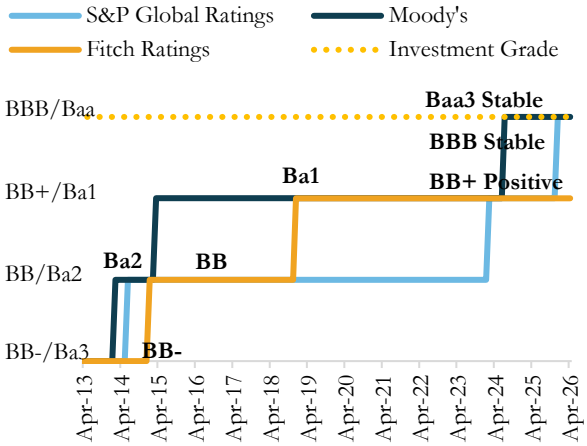
| Rating Agency | Rating | Perspective | Last revision |
|---|---|---|---|
| ***S&P*** | BBB- | Stable | Dec-17-2025 |
| **Moody's** | Baa3 | Stable | Jan-23-2026 |
| **Fitch Ratings** | BB+ | Positive | Oct-06-2025 |

**Source:** Vice Ministry of Economy and Planning.

## Annual Rating Reports

In summary, Paraguay ends 2025 with significant achievements in its credit ratings, attaining its second investment-grade rating from S&P (BBB-Stable) and confirming its rating with Moody's (Baa3 Stable). It is also one notch away from investment grade with Fitch Ratings (BB+), with an optimistic outlook due to its positive outlook.

**Graph 7:** Paraguay's country rating for the period 2013–2026




**Source:** Vice Ministry of Economy and Planning.

## Regional Outlook Report

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| Economic Indicators / 2022 - 2026 | | | | | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024(*) | 2025(*) | 2026(**) |
| **Sector Real** | | | | | |
| Population (Thousands) | 6,284.0 | 6,326.0 | 6,372.0 | 6,417.0 | 6,460.0 |
| GDP (USD million) | 41,981.0 | 43,193.7 | 45,221.0 | 49,717.4 | 60,238.0 |
| GDP per capita (USD) | 6,680.6 | 6,827.1 | 7,096.1 | 7,747.7 | 9,324.5 |
| Real GDP (y-o-y change in %) | 0.0 | 5.3 | 4.7 | 6.6 | 4.2 |
| Total consumption (y-o-y change in %) | 1.3 | 3.3 | 5.5 | 4.0 | 3.8 |
| Capital investment (FBKF) (y-o-y change in %) | -1.8 | -2.8 | 9.6 | 12.2 | 2.2 |
| Unemployed Rate (open unemployment) | 5.8 | 5.2 | 4.5 | 3.6 | n.d. |
| **Economy Structure** | | | | | |
| **In view of Supply (percentage change)** | | | | | |
| **Primary Sector** | **-8.6** | **16.3** | **4.4** | **9.0** | **3.1** |
| Agriculture | -12.5 | 23.4 | 2.2 | 10.5 | 3.2 |
| Livestock | -0.3 | 0.5 | 6.7 | 6.2 | 1.8 |
| Others | -0.7 | 9.3 | 14.9 | 5.7 | 5.2 |
| **Secundary Sector** | **0.7** | **4.0** | **2.7** | **6.9** | **4.1** |
| Industry | -0.1 | 4.1 | 4.5 | 5.6 | 3.7 |
| Construction | -3.2 | -7.1 | 5.9 | 6.2 | 3.5 |
| Electricity and Water | 7.8 | 15.5 | -4.9 | 10.9 | 5.7 |
| **Services Sector** | **1.1** | **4.0** | **5.1** | **6.3** | **4.5** |
| Government Services | -2.9 | 2.7 | 2.8 | 4.5 | 2.6 |
| Trade | 3.4 | 4.9 | 6.1 | 8.0 | 3.4 |
| Telecommunications | -2.4 | 6.7 | 1.0 | -1.0 | 3.0 |
| Other Services | 2.1 | 3.8 | 6.1 | 7.1 | 5.7 |
| Taxes on products | 1.1 | 5.6 | 11.2 | 5.0 | 5.0 |
| **In view of Demand** | | | | | |
| **(Thousands of USD)** | | | | | |
| Capital Investment (FBKF) | 6,390.53 | 6,131.71 | 6,312.51 | 8,228.39 | 8,908.52 |
| Total Consumptions | 23,120.76 | 23,562.73 | 23,354.51 | 28,212.47 | 31,028.07 |
| Exports of goods and services | 9,530.19 | 12,337.13 | 11,409.08 | 13,745.59 | 14,940.00 |
| Imports of goods and services | 11,037.34 | 11,918.87 | 11,690.05 | 14,785.95 | 15,851.47 |
| **Monetary and Financial Sector** | | | | | |
| Exchange rate (PYG per USD, fdp) | 7,238.66 | 7,335.21 | 7,810.24 | 6,725.00 | 6,348.23 |
| Inflation (CPI, y-o-y change in %) | 11.8 | 5.3 | 4.0 | 4.0 | 2.3 |
| Interbank interest rate (%, average monthly TIB) | 6.5 | 8.7 | 5.9 | 6.0 | 5.4 |
| Monetary aggregate (y-o-y change in M2 in %) | 2.3 | 8.2 | 10.8 | 11.1 | 14.1 |
| Dollarization Ratio (% of banking deposits in ME) | 46.0 | 46.4 | 45.5 | 47.5 | 43.0 |
| Banking sector credits granted to the private sector ( % of GDP) | 13.7 | 8.3 | 16.0 | 18.6 | 6.8 |

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| | | | | | |
|---|---|---|---|---|---|
| Real wage index (y-o-y change, %) | 6.9 | 4.7 | 4.0 | 4.4 | n.d. |
| **External Sector** | | | | | |
| **(Thousands of USD)** | | | | | |
| **Goods exports** | **1,238,862.1** | **1,603,502.2** | **1,458,507.9** | **1,322,069.3** | **1,592,560.5** |
| % of GDP | 3.0 | 3.7 | 3.2 | 2.7 | 2.6 |
| **Goods imports** | **1,120,075.0** | **1,034,756.2** | **1,404,102.2** | **1,398,678.2** | **1,589,878.4** |
| % of GDP | 2.7 | 2.4 | 3.1 | 2.8 | 2.6 |
| **Trade Balance of Goods** | **118,787.1** | **568,746.1** | **54,405.7** | **-76,609.0** | **2,682.1** |
| % of GDP | 0.3 | 1.3 | 0.1 | -0.2 | 0.0 |
| **(Millions of USD)** | | | | | |
| **Current Account** | **-2,699.5** | **122.8** | **-1,454.2** | **-1,567.3** | **-** |
| % of GDP | -6.4 | 0.3 | -3.2 | -3.2 | - |
| **Capital and Financial Account** | **-2,257.2** | **-799.9** | **-2,385.8** | **-1,398.6** | **-** |
| % of GDP | -5.4 | -1.9 | -5.3 | -2.8 | - |
| **Foreign Direct Investment** | **10,260.3** | **11,430.6** | **11,980.3** | **13,160.7** | **-** |
| % of GDP | 24.4 | 26.5 | 26.5 | 26.5 | - |
| **International Reserves** | **9,825.0** | **10,196.8** | **9,872.3** | **11,000.8** | **11,520.6** |
| % of GDP | 23.4 | 23.6 | 21.8 | 22.1 | 19.1 |
| **Public Sector [1]** | | | | | |
| **(% del GDP)** | | | | | |
| **Income** | **14.10** | **14.00** | **15.00** | **14.30** | **4.40** |
| *Which: Taxation Income represents* | 10.30 | 10.10 | 11.30 | 11.20 | 3.50 |
| **Expenses and investments** | **17.00** | **18.10** | **17.60** | **16.30** | **5.20** |
| *Which: Payment of interests represents* | 1.20 | 1.70 | 2.00 | 1.90 | 0.60 |
| **Primary Outcome** | **-1.80** | **-2.40** | **-0.60** | **-0.10** | **-0.20** |
| **Fiscal Outcome** | **-3.00** | **-4.10** | **-2.50** | **-2.00** | **-0.80** |
| **Total Debt of the Public Sector** | **35.9** | **38.4** | **40.0** | **41.1** | **36.2** |
| **Public External Debt** | 31.7 | 33.2 | 34.8 | 35.0 | 30.4 |
| % of the Total Public Debt | 88.5 | 86.6 | 86.9 | 85.0 | 84.1 |
| **Domestic Public Debt** | **4.1** | **5.2** | **5.2** | **6.2** | **5.7** |
| % of the Total Public Debt | 11.5 | 13.4 | 13.1 | 15.0 | 15.9 |
| **Service of the Domestic Public Debt** | **1.8** | **3.0** | **3.1** | **3.4** | **1.9** |

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## References:

Observations and Sources: Table prepared by the General Directorate of Debt Policy (DGPE, Ministry of Economy and Finance), with data from the Central Bank of Paraguay (BCP, Statistical Annex as of 05/25/2026) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to that of the last business day of the year.
2. Income and Expenses as of April 2026 are preliminary.
3. M: Month (example: M4: April); T: Quarter (example: T02: Quarter 2); n/d: not available; ME: Foreign Currency; fdp: end of period.
4. (*) indicates preliminary data subject to change, and (**) indicates projections.
5. Data after 2012 are preliminary and may be subject to revision.
6. The Economic Structure section contains data in constant guaranies as of 2014. Historical data and projections are provided by the Central Bank of Paraguay (BCP).
7. Inflation as of April 2026 corresponds to the inflation target set by the BCP.
8. Other services include: transportation; financial intermediation; business services; Hotels, restaurants, and household services.
9. Binational revenues are understood to be foreign currency income from Paraguay's transfer of energy to Argentina and Brazil, corresponding to the Yacyreta and Itaipu hydroelectric dams. The projections for the Real Sector and the Structure of the Economy are figures prepared by the Central Bank of Paraguay (BCP).
10. Public Sector data are figures prepared by the Ministry of Economy and Finance. Starting in 2015, a migration to the methodology outlined in the 2001 Public Finance Statistics Manual (MEFP 2001) was implemented.
11. Exports and imports for the year 2026 correspond to the month of April of that year (2026, M4). Exports include re-exports and other exports. The year-on-year change in exports/imports April 2026 (April 2026/April 2025) captures the cumulative change in exports/imports of the total accumulated exports and imports for April 2026, in relation to the same period of the previous year.

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GOBIERNO DEL PARAGUAY | MINISTERIO DE ECONOMÍA Y FINANZAS

# May 2026

## Global Economy

**"The global economy is once again being put to the test"**

According to the International Monetary Fund's World Economic Outlook (WEO) report, global economic growth is projected to reach 3.1% in 2026 and 3.2% in 2027. A slight downward revision was recorded from the previously forecast 3.4% for 2024–2025. The forecast for 2026 was revised downward by 0.2 percentage points, while the forecast for 2027 remains unchanged, as projected in the January 2026 WEO.

The IMF notes that the global economy faces a scenario of uncertainty due to the duration, intensity, and scope of armed conflicts, which are inherently unpredictable.

## Regional Context

For the **United States**, growth of 2.3% is projected for 2026, with a slight slowdown to 2.1% in 2027.

As for the **Eurozone**, growth of 1.1% is expected for 2026, with a slight increase to 1.2% in 2027.

With regard to **Emerging and Developing Market Economies**, growth is expected to slow to 3.9% by 2026 and pick up to 4.2% by 2027.

For **China**, growth of 4.4% is projected for 2026 and a decline to 4.0% for 2027

**Table 1:** Outlook for the global economy:

| | 2025 | 2026 | 2027 |
|---|---|---|---|
| **World** | **3.4** | **3.1** | **3.2** |
| Advanced Economies | 1.9 | 1.8 | 1.7 |
| United States | 2.1 | 2.3 | 2.1 |
| Eurozone | 1.4 | 1.1 | 1.2 |
| EDME | 4.4 | 3.9 | 4.2 |
| China | 5.0 | 4.4 | 4.0 |
| LAC | 2.4 | 2.3 | 2.7 |
| Brazil | 2.3 | 1.9 | 2.0 |
| Mexico | 0.6 | 1.6 | 2.2 |

**Source:** WEO – IMF April 2026

**WEO-FMI**

## Latin America and the Caribbean

As for the projections to the region, growth of 2.3% is expected for 2026 and an increase to 2.7% for 2027, as countries move closer to their potential levels across the various cyclical scenarios.

**Brazil** expects growth of 1.9% in 2026, rising to 2.0% in 2027. **Mexico**, for its part, expects growth of 1.6% in 2026 and 2.2% in 2027.

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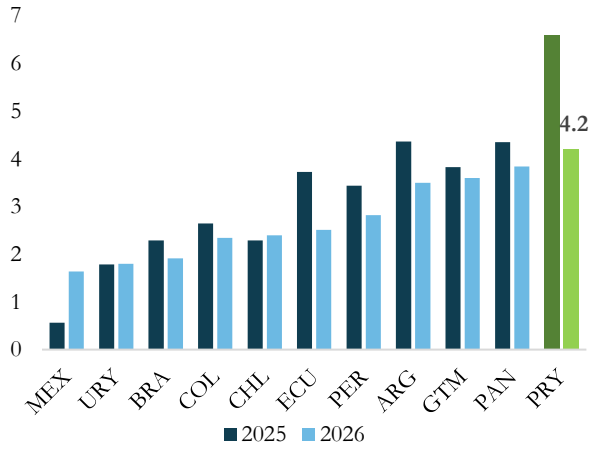
**Graph 1:** Economic growth in countries in the region.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay. WEO Apr-2026.
*Note: Data from the BCP for Paraguay; data from the WEO for the other countries. *Estimated data.

**WEO-IMF**

## Local Economy

In 2026, GDP growth of 4.2% is expected, according to the Monetary Policy Report (IPoM) issued by the Central Bank of Paraguay (BCP), reflecting growth in all three sectors of the economy: construction, and energy and water production.

As for the primary sector, growth is projected to rise from 2.4% to 3.1%, driven by the expected expansion in agriculture, while livestock production is expected to maintain its current growth rate.

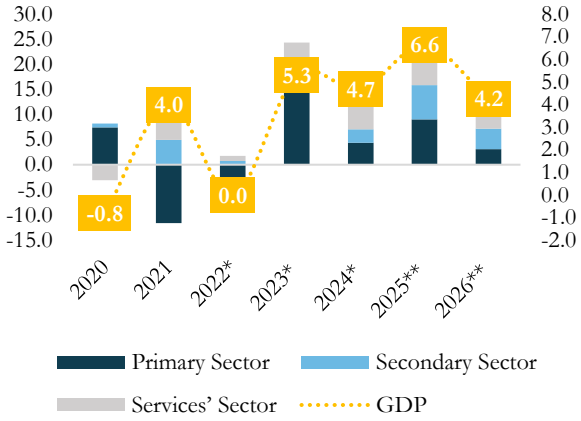
In the secondary sector, growth is expected to rise slightly from 4.0% to 4.1%, driven by the strong performance forecast for the manufacturing industries.

For the services sector, a 4.5% change is expected, driven by the positive momentum anticipated for the "other services" component.

From the demand side, this is primarily explained by total consumption, which fell by 3.8%, reflecting a change in public consumption, while private consumption remained constant, according to the latest IPoM.

**Monetary Policy Report**

**Graph 2:** GDP growth by economic sector.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay.

**CBP Statistical Annex**

## Fiscal Policy

### Financial Position as of May 2026

In the fifth month of 2026, the cumulative fiscal deficit stood at -0.9%[18] of GDP, equivalent to USD 527.2 million.

## Income

### As of May 2026, total revenue showed a slight increase.

Total revenue posted a slight increase of 1.2%, driven by the rise in tax revenue but offset by the decline in non-tax revenue, which was primarily due to revenue from binational companies and the appreciation of the currency.

[18] SITUFIN (May – 2026), obtained from: https://www.mef.gov.py/es/situfin

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## Public Expenditure

**Total cumulative spending** stood at 11.7% as of May, driven primarily by wages in strategic sectors, social programs, and transfers to decentralized entities.

**SITUFIN 2026**

## Public Debt

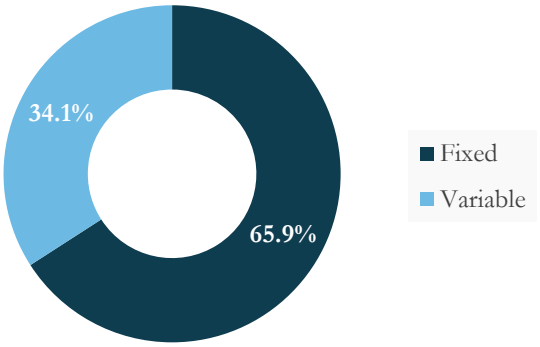
**Total Public Sector Debt Levels and Structures.**

Law No. 1535/1999 on "State Financial Management," in Article 42, establishes that public debt shall be classified as internal and external, and direct and indirect. With regard to the Central Government's direct public debt, this is the debt it assumes as the principal debtor; conversely, the Central Government's indirect public debt consists of debt incurred by any natural or legal person, public or private, other than the Central Government itself, but which is backed by a corresponding guarantee, surety, or security, duly authorized by law (public enterprises, second-tier banks, etc.).

In May, the ***total public sector debt***-to-GDP ratio stood at 36.2%, a level considered sustainable for the country's public finances, making it one of the lowest debt levels in the region.

With regard to the ***breakdown of total public sector debt by interest rate type*** as of May 2026, it was found that 65.9% is at a fixed rate and 34.1% at a variable rate.

**Figure 1:** Total public debt outstanding by interest rate.




**Source:** Vice Ministry of Economy and Planning. *Preliminary data.

The breakdown of ***public debt by currency*** in May shows that the largest share is in **USD** (70.6%), followed by **PYG** (27.3%), JPY (0.6%), **XDR** (1.5%), and **other currencies** (0.0%).

It should be noted that the higher proportion of dollar-denominated debt does not pose a risk to the country, since Paraguay receives revenue in dollars in the form of annual royalties for the use of the Paraná River's hydropower potential by the binational entities (Itaipú and Yacyretá) to generate electricity.

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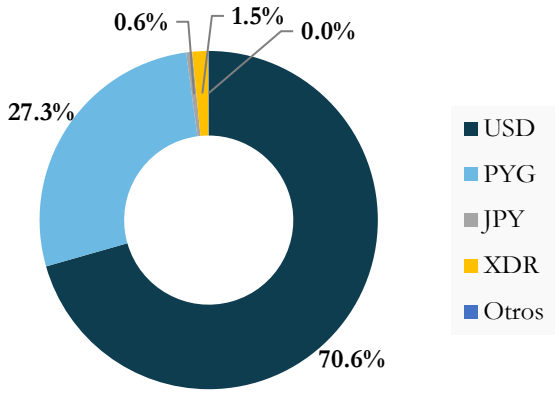
**Figure 2:** Total Public Debt Balance by Currency (Percentage)




**Source:** Vice Ministry of Economy and Planning. *(Preliminary data).

## Debt Statistics

### Regarding the average maturity of the debt.

Because of the issuance of longer-term debt in international markets compared to domestic markets, the average maturity of the central government debt (ATM) was maintained at 10.9 years (2017) and 10.0 years (2024).

**Table 2:** Average Maturity of Debt (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 |
| **2023** | 11.0 | 6.4 | 10.6 |
| **2024** | 10.3 | 6.0 | 10.0 |

**Source:** Vice Ministry of Economy and Planning
*Does not include perpetual debt with the BCP.

## Strategic Guidelines

# Monetary Policy

*The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation-targeting framework, officially since 2011. Under this framework, the primary objective of monetary policy, in accordance with Law No. 6104, which amends and expands Law No. 489/95 (the Organic Law of the BCP), is to preserve and ensure the stability of the currency's value by providing a framework of nominal predictability for the Paraguayan economy, upon which economic agents can rely when making decisions regarding both consumption and investment.*

# Inflation

### International context

Job creation in the ***United States*** exceeded estimates, while the unemployment rate remained steady at 4.3% in May. Meanwhile, inflation for the same month rose from 3.8% to 4.2%[19].

[19] Monetary Policy Statement (May 22, 2026). Retrieved from: https://www.bcp.gov.py/web/institucional/comunicados-del-cpm

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### Domestic context

*The Board of Directors of the Central Bank of Paraguay recently decided to lower the inflation target—measured by the change in the Consumer Price Index (CPI)—from 4.0% to 3.5%, while maintaining the tolerance band of 2% above and 2% below that target.*

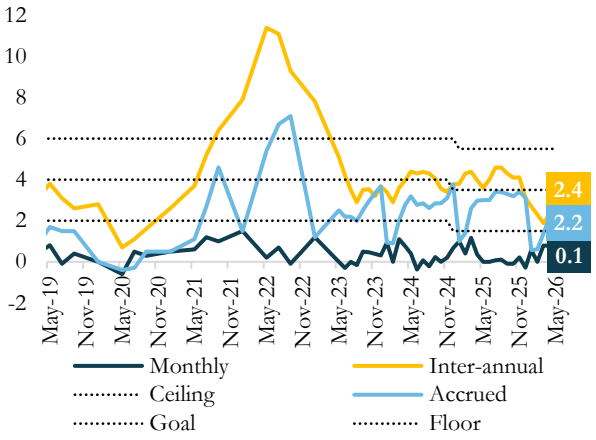
*This decision is based on key factors, such as the favorable trend in inflation under the inflation-targeting framework—which has generally remained below the established targets—the effectiveness of monetary policy, and the central bank's credibility in guiding the expectations of economic agents. A lower inflation target helps protect the purchasing power of the population, particularly lower-income households. Likewise, lower and more stable inflation is a fundamental element for long-term planning*[20].

In May, inflation as measured by the monthly Consumer Price Index (CPI) showed a 0.1% change, driven mainly by rising prices for some services and certain food items—particularly beef and fuel—while a slight decline in the prices of fruits and durable goods tempered the impact of monthly inflation. Meanwhile, inflation as measured by the CPI excluding food and energy (IPCSAE) stood at -0.1% in May.

On a year-over-year basis, inflation as measured by the total CPI was 2.4%, while year-over-year inflation as measured by the CPI-SAE was 1.1%.[21]

Inflation expectations for the next twelve months and for the monetary policy horizon stood at 3.5%.

**Graph 3:** Inflation as of May 2026, in percent.




**Source:** Central Bank of Paraguay.

## Monetary Policy Rate

*It is a monetary policy tool used to influence market liquidity and interest rates, which in turn affects certain aspects of economic activity and influences inflation.*

### Monetary Policy Rate (MPR) as of May 2026

The Monetary Policy Committee (MPC) decided to keep the ***Monetary Policy Rate*** (MPR) at 5.50% at its fifth meeting this year, a decision driven primarily by the continued positive performance of domestic economic conditions.

With regard to the external sector, in May 2026, the United States decided to maintain the target range for the federal funds rate at 3.50%–3.75%.[22]. However, they note that the target range could increase early next year.

**Minutes of CPM Meetings**

[20] Minutes of the Monetary Policy Committee Meeting (Dec. 19, 2024). Retrieved from: https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444

[21] Table 14b of the Statistical Annex to the Economic Report of the Central Bank of Paraguay.

[22]The FOMC's target range for the federal funds rate: https://www.federalreserve.gov/aboutthefed/fedexplained/accessible-version.htm

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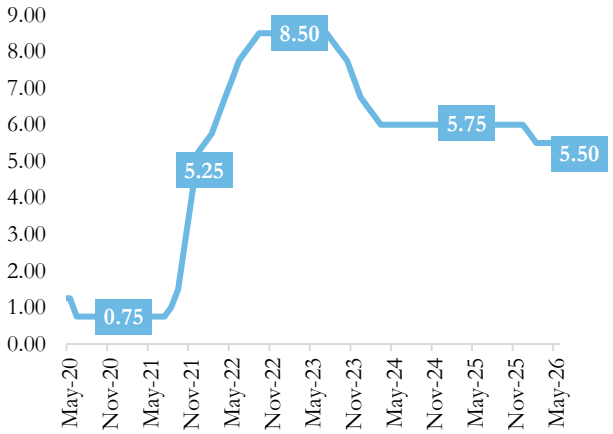
**Graph 4:** Monetary Policy Rate 2026



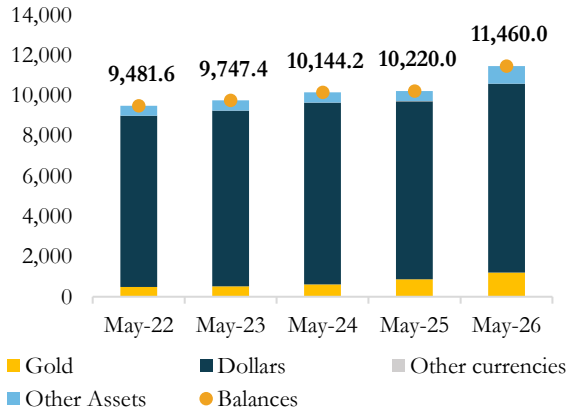

**Source:** Central Bank of Paraguay.

**Minutes of CPM Meetings**

## Net International Reserves

*Net international reserves* in May 2026 totaled USD 11,460.0 million, consisting of USD 1,206.5 million in gold; USD 9,365.3 million in U.S. dollars; USD 14.2 million in other currencies held in demand deposit accounts; and USD 873.9 million in other assets.

**Graph 5:** Breakdown of RINs, in millions of dollars



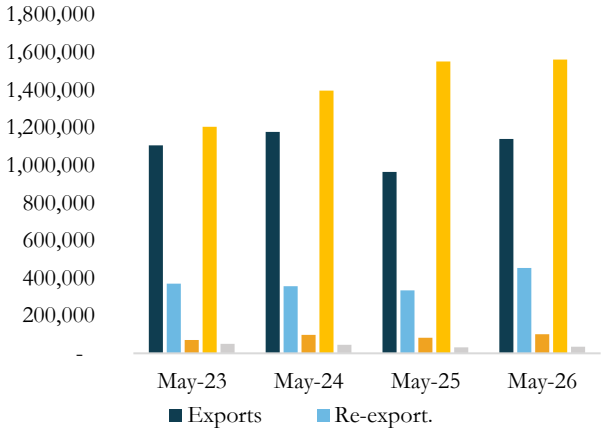

**Source:** Central Bank of Paraguay. (Preliminary data)

## Trade Balance

**In May 2026, foreign trade figures (exports plus imports) totaled USD 3,292.5 million**

*Total exports* for May 2026 amounted to USD 1,695.3[23] million. Total imports, meanwhile, amounted to USD 1,597.2 million. Finally, the trade balance showed a surplus of USD 98,099.1 million in favor of exports.

**Graph 6:** Trade Balance, in thousands of dollars




**Source:** Central Bank of Paraguay. (Preliminary data)

**CBP Statistical Annex**

## Paraguay's Credit Outlook

### History of the sovereign rating

Paraguay has managed to maintain a positive trend in its sovereign credit rating with the rating agencies *Moody's*, *Fitch*, and *Standard & Poor's*, despite adverse conditions in recent years, such as external shocks, a pandemic, armed conflicts, internal shocks like droughts, and the recent uncertainty surrounding international trade policies.

In its report (regular update) dated January 23, 2026, the rating agency *Moody's* confirmed the Baa3 rating and maintained a stable outlook. The report highlights solid growth, institutional improvements, and limited external vulnerability.

For its part, *Standard & Poor's* upgraded the outlook from stable to positive in January 2025.

[23] Data from the BCP Statistical Annex as of May 2026.

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Furthermore, in its report dated December 17 of that same year, the agency decided to raise the rating to BBB- and change the outlook from positive to stable, citing primarily greater fiscal and monetary flexibility; as a result, Paraguay secured its second investment-grade rating.

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

**Table 3:** Country Risk Ratings 2026.

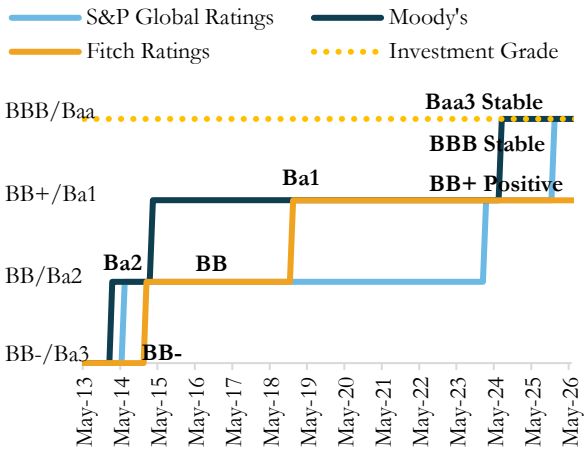
| Rating Agency | Rating | Perspective | Last revision |
|---|---|---|---|
| ***S&P*** | BBB- | Stable | Dec-17-2025 |
| **Moody's** | Baa3 | Stable | Jan-23-2026 |
| **Fitch Ratings** | BB+ | Positive | Oct-06-2025 |

**Source:** Vice Ministry of Economy and Planning.

## Annual Rating Reports

In summary, Paraguay ends 2025 with significant achievements in its credit ratings, attaining its second investment-grade rating from S&P (BBB-Stable) and confirming its rating with Moody's (Baa3 Stable). It is also one notch away from investment grade with Fitch Ratings (BB+), with an optimistic outlook due to its positive outlook.

**Graph 7:** Paraguay's country rating for the period 2013–2026




**Source:** Vice Ministry of Economy and Planning.

## Regional Outlook Report

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# Schedule

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| Economic Indicators / 2022 - 2026 | 2022 | 2023 | 2024(*) | 2025(*) | 2026(**) |
|---|---|---|---|---|---|
| **Sector Real** | | | | | |
| Population (Thousands) | 6,284.0 | 6,326.0 | 6,372.0 | 6,417.0 | 6,460.0 |
| GDP (USD million) | 41,981.0 | 43,193.7 | 45,221.0 | 49,717.4 | 60,238.0 |
| GDP per capita (USD) | 6,680.6 | 6,827.1 | 7,096.1 | 7,747.7 | 9,324.5 |
| Real GDP (y-o-y change in %) | 0.0 | 5.3 | 4.7 | 6.6 | 4.2 |
| Total consumption (y-o-y change in %) | 1.3 | 3.3 | 5.5 | 4.0 | 3.8 |
| Capital investment (FBKF) (y-o-y change in %) | -1.8 | -2.8 | 9.6 | 12.2 | 2.2 |
| Unemployed Rate (open unemployment) | 5.8 | 5.2 | 4.5 | 3.6 | n.d. |
| **Economy Structure** | | | | | |
| **In view of Supply (percentage change)** | | | | | |
| **Primary Sector** | **-8.6** | **16.3** | **4.4** | **9.0** | **3.1** |
| Agriculture | -12.5 | 23.4 | 2.2 | 10.5 | 3.2 |
| Livestock | -0.3 | 0.5 | 6.7 | 6.2 | 1.8 |
| Others | -0.7 | 9.3 | 14.9 | 5.7 | 5.2 |
| **Secundary Sector** | **0.7** | **4.0** | **2.7** | **6.9** | **4.1** |
| Industry | -0.1 | 4.1 | 4.5 | 5.6 | 3.7 |
| Construction | -3.2 | -7.1 | 5.9 | 6.2 | 3.5 |
| Electricity and Water | 7.8 | 15.5 | -4.9 | 10.9 | 5.7 |
| **Services Sector** | **1.1** | **4.0** | **5.1** | **6.3** | **4.5** |
| Government Services | -2.9 | 2.7 | 2.8 | 4.5 | 2.6 |
| Trade | 3.4 | 4.9 | 6.1 | 8.0 | 3.4 |
| Telecommunications | -2.4 | 6.7 | 1.0 | -1.0 | 3.0 |
| Other Services | 2.1 | 3.8 | 6.1 | 7.1 | 5.7 |
| Taxes on products | 1.1 | 5.6 | 11.2 | 5.0 | 5.0 |
| **In view of Demand** | | | | | |
| **(Thousands of USD)** | | | | | |
| Capital Investment (FBKF) | 6,390.53 | 6,131.71 | 6,312.51 | 8,228.39 | 9,231.55 |
| Total Consumptions | 23,120.76 | 23,562.73 | 23,354.51 | 28,212.47 | 32,153.18 |
| Exports of goods and services | 9,530.19 | 12,337.13 | 11,409.08 | 13,745.59 | 15,481.74 |
| Imports of goods and services | 11,037.34 | 11,918.87 | 11,690.05 | 14,785.95 | 16,426.26 |
| **Monetary and Financial Sector** | | | | | |
| Exchange rate (PYG per USD, fdp) | 7,238.7 | 7,335.2 | 7,810.2 | 6,725.0 | 6,126.1 |
| Inflation (CPI, y-o-y change in %) | 11.4 | 5.1 | 4.4 | 3.6 | 2.4 |
| Interbank interest rate (%, average monthly TIB) | 7.0 | 8.7 | 5.9 | 6.2 | 5.4 |
| Monetary aggregate (y-o-y change in M2 in %) | 1.3 | 8.8 | 10.5 | 12.8 | 14.1 |
| Dollarization Ratio (% of banking deposits in ME) | 45.9 | 46.9 | 45.9 | 47.1 | 41.3 |
| Banking sector credits granted to the private sector ( % of GDP) | 13.8 | 7.7 | 15.7 | 19.7 | 3.9 |

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| | | | | | |
|---|---|---|---|---|---|
| Real wage index (y-o-y change, %) | 6.9 | 4.7 | 4.0 | 4.4 | n.d. |
| **External Sector** | | | | | |
| **(Thousands of USD)** | | | | | |
| **Goods exports** | **1,336,478.2** | **1,548,165.5** | **1,631,732.0** | **1,382,663.5** | **1,695,321.6** |
| % of GDP | 3.2 | 3.6 | 3.6 | 2.8 | 2.8 |
| **Goods imports** | **1,251,139.3** | **1,254,842.8** | **1,440,774.7** | **1,583,928.5** | **1,597,222.6** |
| % of GDP | 3.0 | 2.9 | 3.2 | 3.2 | 2.7 |
| **Trade Balance of Goods** | **85,338.9** | **293,322.8** | **190,957.3** | **-201,265.1** | **98,099.1** |
| % of GDP | 0.2 | 0.7 | 0.4 | -0.4 | 0.2 |
| **(Millions of USD)** | | | | | |
| **Current Account** | **-2,699.5** | **122.8** | **-1,454.2** | **-1,567.3** | **-** |
| % of GDP | -6.4 | 0.3 | -3.2 | -3.2 | - |
| **Capital and Financial Account** | **-2,257.2** | **-799.9** | **-2,385.8** | **-1,398.6** | **-** |
| % of GDP | -5.4 | -1.9 | -5.3 | -2.8 | - |
| **Foreign Direct Investment** | **10,260.3** | **11,430.6** | **11,980.3** | **13,160.7** | **-** |
| % of GDP | 24.4 | 26.5 | 26.5 | 26.5 | - |
| **International Reserves** | **9,481.6** | **9,747.4** | **10,144.2** | **10,220.0** | **11,460.0** |
| % of GDP | 22.6 | 22.6 | 22.4 | 20.6 | 19.0 |
| **Public Sector [1]** | | | | | |
| **(% del GDP)** | | | | | |
| **Income** | **14.1** | **14.0** | **15.0** | **14.3** | **5.7** |
| *Which: Taxation Income represents* | 10.3 | 10.1 | 11.3 | 11.2 | 4.6 |
| **Expenses and investments** | **17.0** | **18.1** | **17.6** | **16.3** | **6.6** |
| *Which: Payment of interests represents* | 1.2 | 1.7 | 2.0 | 1.9 | 0.7 |
| **Primary Outcome** | **-1.8** | **-2.4** | **-0.6** | **-0.1** | **-0.2** |
| **Fiscal Outcome** | -3.0 | -4.1 | -2.5 | -2.0 | -0.9 |
| **Total Debt of the Public Sector** | **35.9** | **38.4** | **40.0** | **41.1** | **36.2** |
| **Public External Debt** | 31.7 | 33.2 | 34.8 | 35.0 | 30.3 |
| % of the Total Public Debt | 88.5 | 86.6 | 86.9 | 85.0 | 83.8 |
| **Domestic Public Debt** | **4.1** | **5.2** | **5.2** | **6.2** | **5.9** |
| % of the Total Public Debt | 11.5 | 13.4 | 13.1 | 15.0 | 16.2 |
| **Service of the Domestic Public Debt** | **1.8** | **3.0** | **3.1** | **3.4** | **2.1** |

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## References:

Observations and Sources: Table prepared by the General Directorate of Debt Policy (DGPE, Ministry of Economy and Finance), with data from the Central Bank of Paraguay (BCP, Statistical Annex as of 06/26/2026) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to that of the last business day of the year.
2. Income and Expenses as of May 2026 are preliminary.
3. M: Month (example: M5: May); T: Quarter (example: T02: Quarter 2); n/d: not available; ME: Foreign Currency; fdp: end of period.
4. (*) indicates preliminary data subject to change, and (**) indicates projections.
5. Data after 2012 are preliminary and may be subject to revision.
6. The Economic Structure section contains data in constant guaranies as of 2014. Historical data and projections are provided by the Central Bank of Paraguay (BCP).
7. Inflation as of May 2026 corresponds to the inflation target set by the BCP.
8. Other services include: transportation; financial intermediation; business services; Hotels, restaurants, and household services.
9. Binational revenues are understood to be foreign currency income from Paraguay's transfer of energy to Argentina and Brazil, corresponding to the Yacyreta and Itaipu hydroelectric dams. The projections for the Real Sector and the Structure of the Economy are figures prepared by the Central Bank of Paraguay (BCP).
10. Public Sector data are figures prepared by the Ministry of Economy and Finance. Starting in 2015, a migration to the methodology outlined in the 2001 Public Finance Statistics Manual (MEFP 2001) was implemented.
11. Exports and imports for the year 2026 correspond to the month of May of that year (2026, M5). Exports include re-exports and other exports. The year-on-year change in exports/imports May 2026 (May 2026/May 2025) captures the cumulative change in exports/imports of the total accumulated exports and imports for May 2026, in relation to the same period of the previous year.

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GOBIERNO DEL PARAGUAY | MINISTERIO DE ECONOMÍA Y FINANZAS

# June 2026

## Global Economy

**"The global economy is once again being put to the test"**

According to the International Monetary Fund's (IMF) World Economic Outlook (WEO) report, the global economy is projected to grow by 3.1% in 2026 and 3.2% in 2027. These projections represent a slight downward revision from the previous estimate of 3.4% for the 2024–2025 period. Specifically, the growth projection for 2026 was revised downward by 0.2 percentage points, while the projection for 2027 remains unchanged from that in the January 2026 edition of the WEO.

The IMF notes that the global economy faces a scenario of uncertainty due to the duration, intensity, and scope of armed conflicts, which are inherently unpredictable and could affect economic growth.

## Regional Context

For the **United States**, growth of 2.3% is projected for 2026, with a slight slowdown to 2.1% in 2027.

As for the **Eurozone**, growth of 1.1% is expected in 2026, with a slight increase to 1.2% in 2027.

With regard to **Emerging and Developing Market Economies**, growth is expected to slow to 3.9% by 2026 and pick up to 4.2% by 2027.

For **China**, growth of 4.4% is projected for 2026 and a decline to 4.0% for 2027

**Table 1:** Outlook for the global economy:

| | 2025 | 2026 | 2027 |
|---|---|---|---|
| **World** | **3.4** | **3.1** | **3.2** |
| Advanced Economies | 1.9 | 1.8 | 1.7 |
| United States | 2.1 | 2.3 | 2.1 |
| Eurozone | 1.4 | 1.1 | 1.2 |
| EDME | 4.4 | 3.9 | 4.2 |
| China | 5.0 | 4.4 | 4.0 |
| LAC | 2.4 | 2.3 | 2.7 |
| Brazil | 2.3 | 1.9 | 2.0 |
| Mexico | 0.6 | 1.6 | 2.2 |

**Source:** WEO – IMF April 2026

**WEO-FMI**

## Latin America and the Caribbean

As for the projections to the region, growth of 2.3% is expected for 2026 and an increase to 2.7% for 2027, as countries move closer to their potential levels across the various cyclical scenarios.

**Brazil** expects growth of 1.9% in 2026, rising to 2.0% in 2027. **Mexico**, for its part, expects growth of 1.6% in 2026 and 2.2% in 2027.

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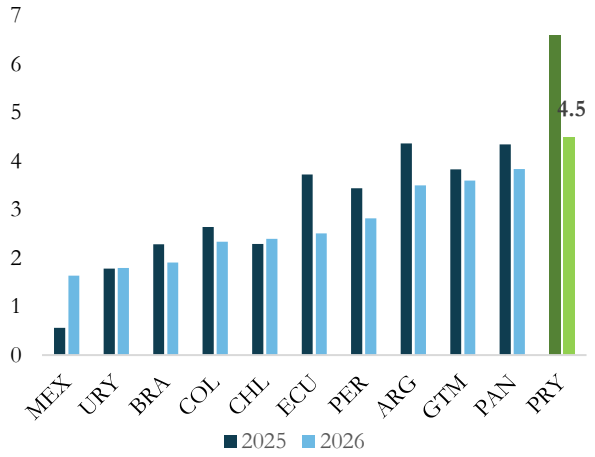
**Graph 1:** Economic growth in countries in the region.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay. WEO Apr-2026.
*Note: Data from the BCP for Paraguay; data from the WEO for the other countries. *Estimated data.

**WEO-IMF**

## Local Economy

The GDP growth forecast was revised upward from 4.2% to 4.5% for 2026, according to the **Monetary Policy Report (IPoM)** issued by the Central Bank of Paraguay (BCP), reflecting greater economic momentum and growth across all three sectors of the economy.

As for the **primary sector**, growth is projected to rise from 3.1% to 3.8%, driven by increased agricultural production, though this is offset by slower growth in the livestock sector.

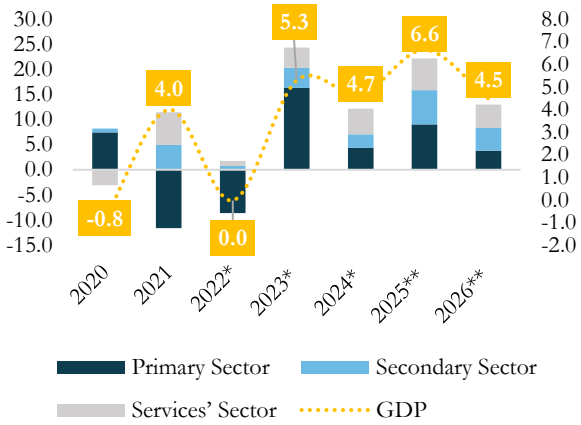
In the **secondary sector**, growth is expected to rise slightly from 4.1% to 4.6%, driven by the strong performance projected for the manufacturing, energy production, and construction industries.

For the **services sector**, growth is expected to range from 4.5% to 4.6%, driven by stronger growth in retail and "other services."

On the **expenditure** side, private consumption and external demand were revised upward, primarily due to private consumption, accompanied by strong economic performance. Gross fixed capital formation and public consumption remained constant. Finally, exports and imports also showed positive trends.

**Monetary Policy Report**

**Graph 2:** GDP growth by economic sector.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay.

**CBP Statistical Annex**

## Fiscal Policy

### Financial Position as of June 2026

In the sixth month of 2026, the cumulative **fiscal deficit stood** at -1.2%[24] of GDP, equivalent to USD 732.1 million.

[24] SITUFIN (June – 2026), obtained from: https://www.mef.gov.py/es/situfin

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## Income

**As of June 2026, total revenue showed a slight increase.**

Total revenue posted a slight increase of 0.5%, driven by the rise in tax revenue but offset by the decline in non-tax revenue, which was primarily due to lower revenue from binational companies and currency appreciation.

## Public Expenditure

Total cumulative spending stood at 11.7% as of June, driven primarily by wages in strategic sectors, social programs, and transfers to decentralized entities.

**SITUFIN 2026**

## Public Debt

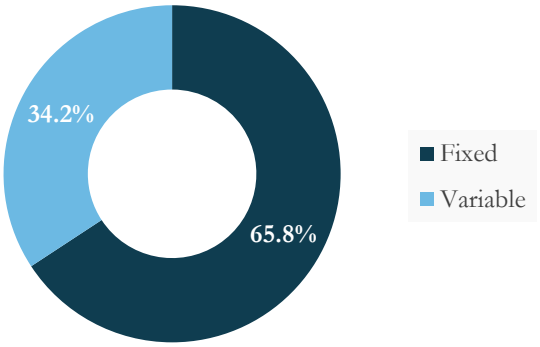
**Total Public Sector Debt Levels and Structures.**

Law No. 1535/1999 on "State Financial Management," in Article 42, establishes that public debt shall be classified as internal and external, and direct and indirect. With regard to the Central Government's direct public debt, this is the debt it assumes as the principal debtor; conversely, the Central Government's indirect public debt consists of debt incurred by any natural or legal person, public or private, other than the Central Government itself, but which is backed by a corresponding guarantee, surety, or security, duly authorized by law (public enterprises, second-tier banks, etc.).

In June, the *total public sector debt-to-GDP* ratio stood at 34.4%, a level considered sustainable for the country's public finances, making it one of the lowest debt levels in the region.

With regard to the *breakdown of total public sector debt by interest rate type* as of June 2026, it was found that 65.8% is at a fixed rate and 34.2% at a variable rate.

**Figure 1:** Total public debt outstanding by interest rate.




**Source:** Vice Ministry of Economy and Planning. *Preliminary data.

The *breakdown of public debt by currency* in June shows that the largest share is in USD (70.5%), followed by PYG (27.4%), JPY (0.6%), XDR (1.5%), and other currencies (0.0%).

It should be noted that the higher proportion of dollar-denominated debt does not pose a risk to the country, since Paraguay receives revenue in dollars in the form of annual royalties for the use of the Paraná River's hydropower potential by the binational entities (Itaipú and Yacyretá) for the production of electricity.

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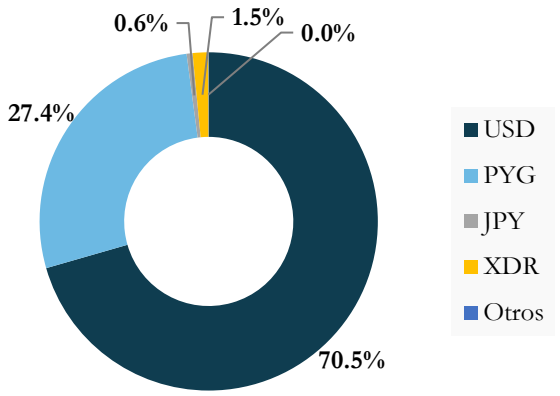
**Figure 2:** Total Public Debt Balance by Currency (Percentage)




**Source:** Vice Ministry of Economy and Planning. *(Preliminary data).

## Debt Statistics

### Regarding the average maturity of the debt.

Because of the issuance of longer-term debt in international markets compared to domestic markets, the average maturity of the central government debt (ATM) was maintained at 10.9 years (2017) and 10.0 years (2024).

**Table 2:** Average Maturity of Debt (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 |
| **2023** | 11.0 | 6.4 | 10.6 |
| **2024** | 10.3 | 6.0 | 10.0 |

**Source:** Vice Ministry of Economy and Planning
*Does not include perpetual debt with the BCP.

## Strategic Guidelines

### Monetary Policy

*The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation-targeting framework, officially since 2011. Under this framework, the primary objective of monetary policy, in accordance with Law No. 6104, which amends and expands Law No. 489/95 (the Organic Law of the BCP), is to preserve and ensure the stability of the currency's value by providing a framework of nominal predictability for the Paraguayan economy, upon which economic agents can rely when making decisions regarding both consumption and investment.*

### Inflation

#### International context

Job creation in the *United States* came in below estimates, while the unemployment rate fell slightly from 4.3% to 4.2% in June. Meanwhile, inflation for the same month declined from 4.2% to 3.5%[25].

[25] Monetary Policy Statement (June 23, 2026). Retrieved from: https://www.bcp.gov.py/web/institucional/comunicados-del-cpm

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## Domestic context

*The Board of Directors of the Central Bank of Paraguay recently decided to lower the inflation target—measured by the change in the Consumer Price Index (CPI)—from 4.0% to 3.5%, while maintaining the tolerance band of 2% above and 2% below that target.*

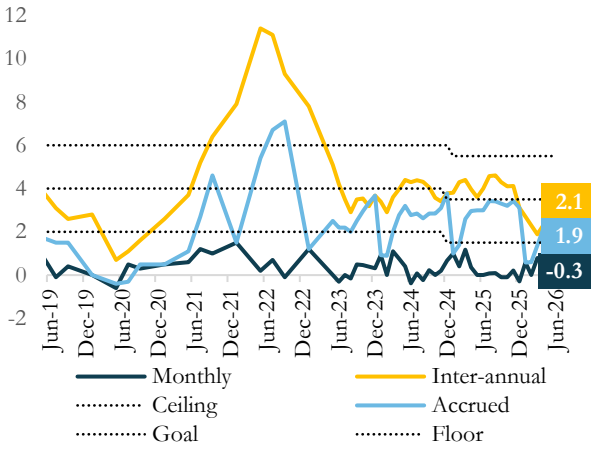
*This decision is based on key factors, such as the favorable trend in inflation under the inflation-targeting framework—which has generally remained below the established targets—the effectiveness of monetary policy, and the central bank's credibility in guiding the expectations of economic agents. A lower inflation target helps protect the purchasing power of the population, particularly lower-income households. Likewise, lower and more stable inflation is a fundamental element for long-term planning*[26].

In June, inflation as measured by the monthly Consumer Price Index (CPI) showed a change of -0.3%, driven mainly by a decline in the prices of food and certain meat products. Meanwhile, inflation as measured by the CPI excluding food and energy (IPCSAE) stood at 0.1% in June.

On a year-over-year basis, inflation as measured by the total CPI was 2.1%, while year-over-year inflation as measured by the CPI-SAE was 1.1%.[27]

Inflation expectations for the next twelve months, as well as for the monetary policy horizon, stood at 3.5%.

**Graph 3:** Inflation as of May 2026, in percent.




**Source:** Central Bank of Paraguay.

## Monetary Policy Rate

*It is a monetary policy tool used to influence market liquidity and interest rates, which in turn affects certain aspects of economic activity and influences inflation.*

### Monetary Policy Rate (MPR) as of June 2026

The ***Monetary Policy Committee (MPC)*** decided to keep the Monetary Policy Rate (MPR) at 5.50% at its June meeting this year, a decision driven primarily by the continued positive performance of domestic economic conditions.

With regard to the ***external sector***, in June 2026, the United States decided to maintain the target range for the federal funds rate at 3.50%–3.75%,[28] however, they note that the target range could increase early next year.

**Minutes of CPM Meetings**

[26] Minutes of the Monetary Policy Committee Meeting (Dec. 19, 2024). Retrieved from: https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444

[27] Table 14b of the Statistical Annex to the Economic Report of the Central Bank of Paraguay.

[28] The FOMC's target range for the federal funds rate: https://www.federalreserve.gov/aboutthefed/fedexplained/accessible-version.htm

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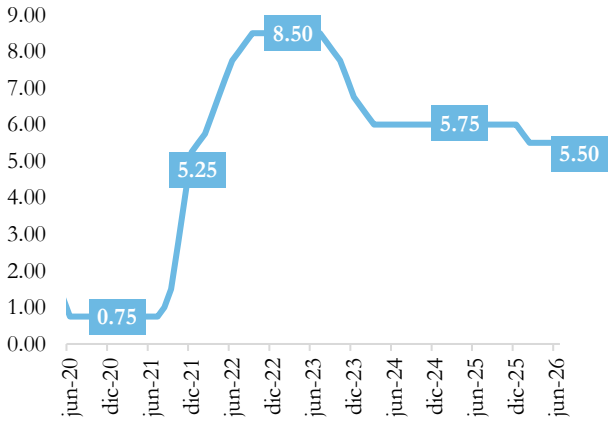
**Graph 4:** Monetary Policy Rate 2026



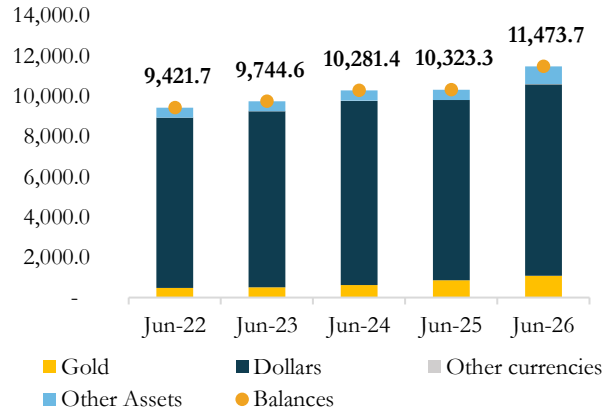

**Source:** Central Bank of Paraguay.

**Minutes of CPM Meetings**

## Net International Reserves

*Net international reserves* in June 2026 totaled USD 11,473.7 million, consisting of USD 1,074.8 million in gold; USD 9,515.1 million in U.S. dollars; USD 14.2 million in other currencies held in demand deposit accounts; and USD 869.0 million in other assets.

**Graph 5:** Breakdown of RINs, in millions of dollars



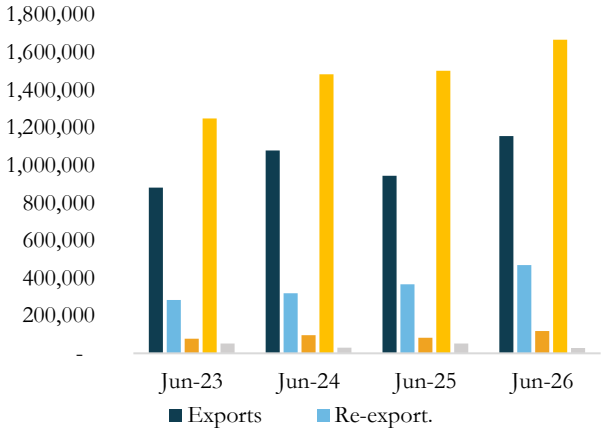

**Source:** Central Bank of Paraguay. (Preliminary data)

## Trade Balance

**In June 2026, foreign trade figures (exports plus imports) totaled USD 3,441.7 million**

*Total exports* for June 2026 amounted to USD 1,744.4[29] million. *Total imports*, meanwhile, amounted to USD 1,697.3 million. Finally, the *trade balance* showed a surplus of USD 47,087.1 million in favor of exports.

**Graph 6:** Trade Balance, in thousands of dollars




**Source:** Central Bank of Paraguay. (Preliminary data)

**CBP Statistical Annex**

## Paraguay's Credit Outlook

### History of the sovereign rating

Paraguay has managed to maintain a positive trend in its sovereign credit rating with the rating agencies *Moody's*, *Fitch*, and *Standard & Poor's*, despite adverse conditions in recent years, such as external shocks, a pandemic, armed conflicts, internal shocks like droughts, and the recent uncertainty surrounding international trade policies.

In its report (regular update) dated January 23, 2026, the rating agency *Moody's* confirmed the Baa3 rating and maintained a stable outlook. The report highlights solid growth, institutional improvements, and limited external vulnerability.

For its part, *Standard & Poor's* upgraded the outlook from stable to positive in January 2025.

[29] Data from the BCP Statistical Annex as of June 2026.

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Furthermore, in its report dated December 17 of that same year, the agency decided to raise the rating to BBB- and change the outlook from positive to stable, citing primarily greater fiscal and monetary flexibility; as a result, Paraguay secured its second investment-grade rating.

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

**Table 3:** Country Risk Ratings 2026.

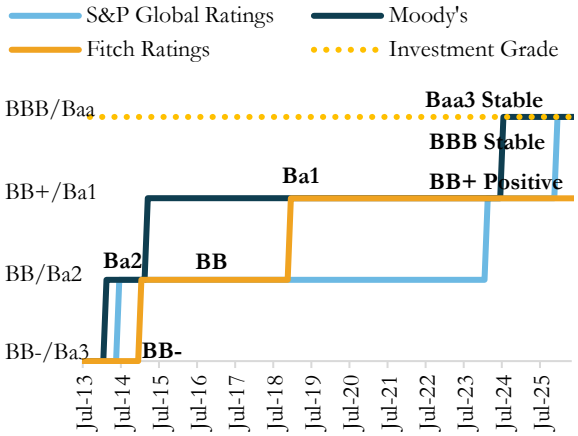
| Rating Agency | Rating | Perspective | Last revision |
|---|---|---|---|
| ***S&P*** | BBB- | Stable | Dec-17-2025 |
| **Moody's** | Baa3 | Stable | Jan-23-2026 |
| **Fitch Ratings** | BB+ | Positive | Oct-06-2025 |

**Source:** Vice Ministry of Economy and Planning.

## Annual Rating Reports

In summary, Paraguay ends 2025 with significant achievements in its credit ratings, attaining its second investment-grade rating from S&P (BBB-Stable) and confirming its rating with Moody's (Baa3 Stable). It is also one notch away from investment grade with Fitch Ratings (BB+), with an optimistic outlook due to its positive outlook.

**Graph 7:** Paraguay's country rating for the period 2013–2026




**Source:** Vice Ministry of Economy and Planning.

## Regional Outlook Report

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| Economic Indicators / 2022 - 2026 | | | | | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024(*) | 2025(*) | 2026(**) |
| **Sector Real** | | | | | |
| Population (Thousands) | 6,284.0 | 6,326.0 | 6,372.0 | 6,417.0 | 6,460.0 |
| GDP (USD million) | 41,981.0 | 43,193.7 | 45,221.0 | 49,717.4 | 63,813.6 |
| GDP per capita (USD) | 6,680.6 | 6,827.1 | 7,096.1 | 7,747.7 | 9,878.0 |
| Real GDP (y-o-y change in %) | 0.0 | 5.3 | 4.7 | 6.6 | 4.5 |
| Total consumption (y-o-y change in %) | 1.3 | 3.3 | 5.5 | 4.0 | 3.9 |
| Capital investment (FBKF) (y-o-y change in %) | -1.8 | -2.8 | 9.6 | 12.2 | 2.2 |
| Unemployed Rate (open unemployment) | 5.8 | 5.2 | 4.5 | 3.6 | n.d. |
| **Economy Structure** | | | | | |
| **In view of Supply (percentage change)** | | | | | |
| **Primary Sector** | **-8.6** | **16.3** | **4.4** | **9.0** | **3.8** |
| Agriculture | -12.5 | 23.4 | 2.2 | 10.5 | 4.7 |
| Livestock | -0.3 | 0.5 | 6.7 | 6.2 | 0.1 |
| Others | -0.7 | 9.3 | 14.9 | 5.7 | 5.2 |
| **Secundary Sector** | **0.7** | **4.0** | **2.7** | **6.9** | **4.6** |
| Industry | -0.1 | 4.1 | 4.5 | 5.6 | 3.9 |
| Construction | -3.2 | -7.1 | 5.9 | 6.2 | 3.5 |
| Electricity and Water | 7.8 | 15.5 | -4.9 | 10.9 | 7.4 |
| **Services Sector** | **1.1** | **4.0** | **5.1** | **6.3** | **4.6** |
| Government Services | -2.9 | 2.7 | 2.8 | 4.5 | 2.6 |
| Trade | 3.4 | 4.9 | 6.1 | 8.0 | 3.5 |
| Telecommunications | -2.4 | 6.7 | 1.0 | -1.0 | 3.0 |
| Other Services | 2.1 | 3.8 | 6.1 | 7.1 | 5.9 |
| Taxes on products | 1.1 | 5.6 | 11.2 | 5.0 | 4.4 |
| **In view of Demand** | | | | | |
| **(Thousands of USD)** | | | | | |
| Capital Investment (FBKF) | 6,390.53 | 6,131.71 | 6,312.51 | 8,228.39 | 9,247.68 |
| Total Consumptions | 23,120.76 | 23,562.73 | 23,354.51 | 28,212.47 | 32,235.98 |
| Exports of goods and services | 9,530.19 | 12,337.13 | 11,409.08 | 13,745.59 | 15,644.83 |
| Imports of goods and services | 11,037.34 | 11,918.87 | 11,690.05 | 14,785.95 | 16,487.48 |
| **Monetary and Financial Sector** | | | | | |
| Exchange rate (PYG per USD, fdp) | 7,238.7 | 7,335.2 | 7,810.2 | 6,725.0 | 6,115.4 |
| Inflation (CPI, y-o-y change in %) | 11.5 | 4.2 | 4.3 | 4.0 | 2.1 |
| Interbank interest rate (%, average monthly TIB) | 7.5 | 8.7 | 6.0 | 6.2 | 5.4 |
| Monetary aggregate (y-o-y change in M2 in %) | 0.8 | 9.8 | 9.9 | 12.6 | 14.1 |
| Dollarization Ratio (% of banking deposits in ME) | 45.7 | 46.7 | 46.0 | 46.4 | 41.6 |
| Banking sector credits granted to the private sector ( % of GDP) | 15.1 | 7.8 | 15.4 | 19.4 | 3.9 |

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| | | | | | |
|---|---|---|---|---|---|
| Real wage index (y-o-y change, %) | 6.9 | 4.7 | 4.0 | 4.4 | n.d |
| **External Sector** | | | | | |
| **(Thousands of USD)** | | | | | |
| **Goods exports** | **1,312,444.7** | **1,242,007.5** | **1,495,052.6** | **1,394,504.5** | **1,744,405.9** |
| % of GDP | 3.1 | 2.9 | 3.3 | 2.8 | 2.7 |
| **Goods imports** | **1,350,146.4** | **1,300,862.2** | **1,512,696.8** | **1,554,614.0** | **1,697,318.8** |
| % of GDP | 3.2 | 3.0 | 3.3 | 3.1 | 2.7 |
| **Trade Balance of Goods** | **-37,701.7** | **-58,854.7** | **-17,644.1** | **-160,109.5** | **47,087.1** |
| % of GDP | -0.1 | -0.1 | -0.0 | -0.3 | 0.1 |
| **(Millions of USD)** | | | | | |
| **Current Account** | **-2,699.5** | **122.8** | **-1,454.2** | **-1,244.5** | **96.6** |
| % of GDP | -6.4 | 0.3 | -3.2 | -2.5 | 0.2 |
| **Capital and Financial Account** | **-2,257.2** | **-799.9** | **-2,385.8** | **-1,831.6** | **339.6** |
| % of GDP | -5.4 | -1.9 | -5.3 | -3.7 | 0.5 |
| **Foreign Direct Investment** | **10,260.3** | **11,430.6** | **11,980.3** | **13,160.7** | **13,567.7** |
| % of GDP | 24.4 | 26.5 | 26.5 | 26.5 | 21.3 |
| **International Reserves** | **9,421.7** | **9,744.6** | **10,281.4** | **10,323.3** | **11,473.7** |
| % of GDP | 22.4 | 22.6 | 22.7 | 20.8 | 18.0 |
| **Public Sector [1]** | | | | | |
| **(% del GDP)** | | | | | |
| **Income** | **14.1** | **14.0** | **15.0** | **14.3** | **6.7** |
| *Which: Taxation Income represents* | 10.3 | 10.1 | 11.3 | 11.2 | 5.3 |
| **Expenses and investments** | **17.0** | **18.1** | **17.6** | **16.3** | **7.9** |
| *Which: Payment of interests represents* | 1.2 | 1.7 | 2.0 | 1.9 | 0.8 |
| **Primary Outcome** | **-1.8** | **-2.4** | **-0.6** | **-0.1** | **-0.4** |
| **Fiscal Outcome** | -3.0 | -4.1 | -2.5 | -2.0 | -1.2 |
| **Total Debt of the Public Sector** | **35.9** | **38.4** | **40.0** | **41.1** | **34.4** |
| **Public External Debt** | **31.7** | **33.2** | **34.8** | **35.0** | **28.7** |
| % of the Total Public Debt | 88.5 | 86.6 | 86.9 | 85.0 | 83.5 |
| **Domestic Public Debt** | **4.1** | **5.2** | **5.2** | **6.2** | **5.7** |
| % of the Total Public Debt | 11.5 | 13.4 | 13.1 | 15.0 | 16.5 |
| **Service of the Domestic Public Debt** | **1.8** | **3.0** | **3.1** | **3.4** | **2.1** |

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## References:

Observations and Sources: Table prepared by the General Directorate of Debt Policy (DGPE, Ministry of Economy and Finance), with data from the Central Bank of Paraguay (BCP, Statistical Annex as of 07/20/2026) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to that of the last business day of the year.
2. Income and Expenses as of June 2026 are preliminary.
3. M: Month (example: M6: Jun); T: Quarter (example: T02: Quarter 2); n/d: not available; ME: Foreign Currency; fdp: end of period.
4. (*) indicates preliminary data subject to change, and (**) indicates projections.
5. Data after 2012 are preliminary and may be subject to revision.
6. The Economic Structure section contains data in constant guaranies as of 2014. Historical data and projections are provided by the Central Bank of Paraguay (BCP).
7. Inflation as of June 2026 corresponds to the inflation target set by the BCP.
8. Other services include: transportation; financial intermediation; business services; Hotels, restaurants, and household services.
9. Binational revenues are understood to be foreign currency income from Paraguay's transfer of energy to Argentina and Brazil, corresponding to the Yacyreta and Itaipu hydroelectric dams. The projections for the Real Sector and the Structure of the Economy are figures prepared by the Central Bank of Paraguay (BCP).
10. Public Sector data are figures prepared by the Ministry of Economy and Finance. Starting in 2015, a migration to the methodology outlined in the 2001 Public Finance Statistics Manual (MEFP 2001) was implemented.
11. Exports and imports for the year 2026 correspond to the month of June of that year (2026, M6). Exports include re-exports and other exports. The year-on-year change in exports/imports June 2026 (June 2026/June 2025) captures the cumulative change in exports/imports of the total accumulated exports and imports for June 2026, in relation to the same period of the previous year.

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# July 2026

## Global Economy

### "The Global Economy Caught Between the Crosswinds of War and Technology"[30]

According to the International Monetary Fund's (IMF) World Economic Outlook (WEO) report, the global economy is projected to grow by 3.0% in 2026 and 3.4% in 2027. These projections represent a slight slowdown attributable to the greater impact of technology demand driven by advances in artificial intelligence (AI) and its adoption, which offset the effects of the war in the Middle East.

## Regional Context

For the **United States**, growth of 2.3% is projected for 2026, with a slight slowdown to 2.2% in 2027, in line with the April projections, which included a slight upward revision for 2027.

As for the **Eurozone**, growth of 0.9% is expected in 2026—lower than the April WEO projection—and a slight increase to 1.2% in 2027.

As for **emerging and developing market economies,** growth is projected to slow to 3.8% by 2026 and rebound to 4.5% by 2027.

Meanwhile, **China** is projected to grow by 4.6% in 2026, with growth slowing to 4.1% by 2027.

**Table 1:** Overview of projections for the global economy:

| | 2025 | 2026 | 2027 |
|---|---|---|---|
| **World** | **3.5** | **3.0** | **3.4** |
| Advanced Economies | 1.9 | 1.7 | 1.8 |
| United States | 2.1 | 2.3 | 2.2 |
| Eurozone | 1.4 | 0.9 | 1.2 |
| EDME | 4.5 | 3.8 | 4.5 |
| China | 5.0 | 4.6 | 4.1 |
| LAC | 2.4 | 2.4 | 2.7 |
| Brazil | 2.3 | 2.4 | 2.2 |
| Mexico | 0.5 | 1.2 | 1.9 |

**Source:** WEO – IMF July 2026

**WEO-IMF**

## Latin America and the Caribbean

As for the projections for the region, economic growth of 2.4% is expected for 2026 and 2.7% for 2027, with a slight upward revision to the 2026 projection.

As for **Brazil**, growth of 2.4% is projected for 2026 and 2.2% for 2027. Meanwhile, for **Mexico**, growth of 1.2% is expected for 2026, with a recovery to 1.9% in 2027.

[30] WEO July 2026

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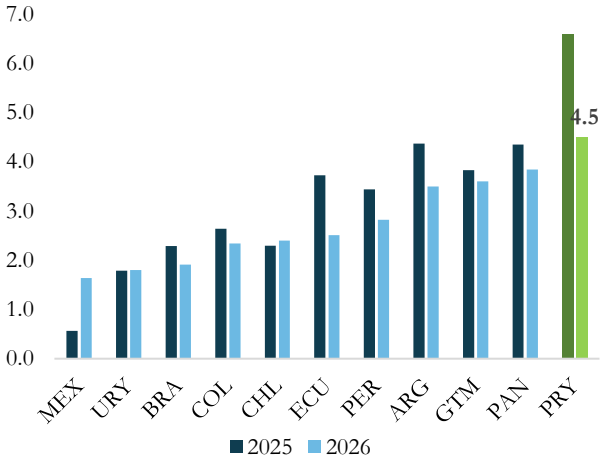
**Graph 1:** Economic Growth in Countries in the Region.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay. WEO Jul 2026.
*Note: Data from the BCP for Paraguay; data from the WEO for the other countries. *Estimated data.

**WEO-IMF**

## Domestic economy

The GDP growth forecast was revised upward from 4.2% to 4.5% for 2026, according to the **Monetary Policy Report (IPoM)** issued by the Central Bank of Paraguay (BCP), reflecting greater economic momentum and growth across all three sectors of the economy.

As for the **primary sector**, growth is projected to rise from 3.1% to 3.8%, driven by increased agricultural production, though this is offset by slower growth in the livestock sector.

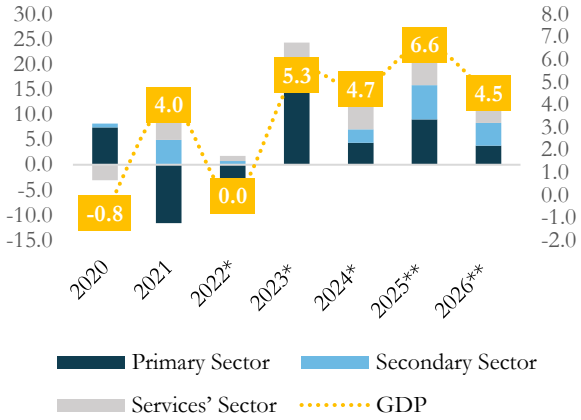
In the **secondary sector**, growth is expected to rise slightly from 4.1% to 4.6%, driven by the strong performance projected for the manufacturing, energy production, and construction industries.

For the **services sector**, growth is expected to range from 4.5% to 4.6%, driven by stronger growth in retail and "other services."

On the **expenditure** side, private consumption and external demand were revised upward, primarily due to private consumption, accompanied by strong economic performance. Gross fixed capital formation and public consumption remained constant. Finally, exports and imports also showed positive trends.

**Monetary Policy Report**

**Graph 2:** GDP Growth by Economic Sector.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay.

**CBP Statistical Annex**

## Fiscal Policy

### Financial Position as of July 2026

In the seventh month of 2026, the cumulative **fiscal deficit** stood at -1.2%[31] of GDP, equivalent to USD 736.3 million.

[31] SITUFIN (July – 2026), obtained by: https://www.mef.gov.py/es/situfin

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## Income

**As of July 2026, total revenue showed a slight increase.**

*Total revenue* posted a slight increase of 1.2%, driven by the rise in tax revenue but offset by the decline in non-tax revenue, which was primarily due to lower revenue from binational companies.

## Public Expenditures

*Total cumulative spending* stood at 9.7% as of July, driven primarily by wages in strategic sectors, social programs, and the settlement of outstanding obligations for medications.

**SITUFIN 2026**

## Public debt

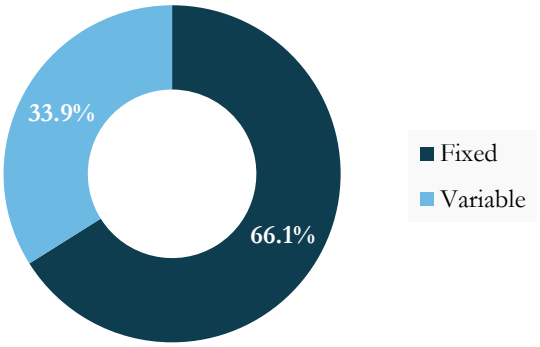
**Debt Levels and Structures of the Total Public Sector.**

Law N°. 1535/1999 on "State Financial Management," in Article 42, establishes that public debt shall be classified as internal and external, and direct and indirect. With regard to the Central Government's direct public debt, this is the debt it assumes as the principal debtor; conversely, the Central Government's indirect public debt consists of debt incurred by any natural or legal person, public or private, other than the Central Government itself, but which is backed by a corresponding guarantee, surety, or security, duly authorized by law (public enterprises, second-tier banks, etc.).

In July, the *total public sector debt-to-GDP ratio* stood at 34.8%, a level considered sustainable for the country's public finances, making it one of the lowest debt levels in the region.

With regard to the *breakdown of total public sector debt by interest rate type* as of July 2026, it was found that 66.1% is at a fixed rate and 33.9% at a variable rate.

**Figure 1:** Total Public Debt Balance by Interest Rate.




**Source:** Vice Ministry of Economy and Planning. *Preliminary figures

The breakdown of *public debt by currency* in July shows that the largest share is in **USD (69.8%)**, followed by **PYG (28.1%), JPY (0.6%), XDR (1.5%),** and **other currencies (0.0%).**

It should be noted that the higher proportion of dollar-denominated debt does not pose a risk to the country, since Paraguay receives revenue in dollars in the form of annual royalties for the use of the Paraná River's hydropower potential by the binational entities (Itaipú and Yacyretá) to generate electricity.

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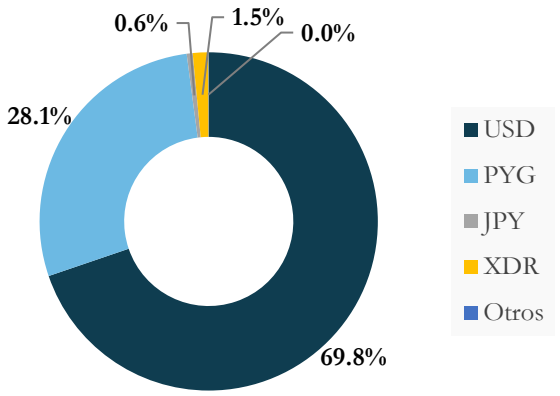
**Figure 2:** Total Public Debt Balance by Currency, in Percent




**Source:** Vice Ministry of Economy and Planning. *Preliminary figures

## Debt Statistics

### Regarding the average maturity of the debt.

Debido a las emisiones en los mercados internacionales con vencimientos más largos que los de los mercados nacionales, el vencimiento medio de la deuda del Gobierno central (ATM) se mantuvo entre los 10,9 años (2017) y los 10,0 años (2024).

**Table 2:** Average Maturity of Debt. (Years*)

| | Central Administration | | |
|---|---|---|---|
| Years | Foreign 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 |
| **2023** | 11.0 | 6.4 | 10.6 |
| **2024** | 10.3 | 6.0 | 10.0 |

**Source:** Vice Ministry of Economy and Planning
*Does not include perpetual debt with the BCP.

## Strategic Guidelines

## Política Monetaria

*The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation-targeting framework, which has been in official effect since 2011. Under this framework, the primary objective of monetary policy, as set forth in Law No. 6104—which amends and expands Law No. 489/95, the Organic Law of the BCP—is to preserve and ensure the stability of the currency's value by providing a framework of nominal predictability for the Paraguayan economy, upon which economic agents can rely when making decisions regarding both consumption and investment.*

## Inflation

### International Context

In the ***United States***, the unemployment rate fell slightly from 4.2% to 4.1% in July. Meanwhile, inflation for the same month declined slightly from 3.5% to 3.4%.[32]

[32] Monetary Policy Statement (August 25, 2026). Retrieved from: https://www.bcp.gov.py/web/institucional/comunicados-del-cpm

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### Domestic Context

*The Board of Directors of the Central Bank of Paraguay recently decided to lower the inflation target—measured by the change in the Consumer Price Index (CPI)—from 4.0% to 3.5%, while maintaining the tolerance range of 2% above and 2% below that target.*

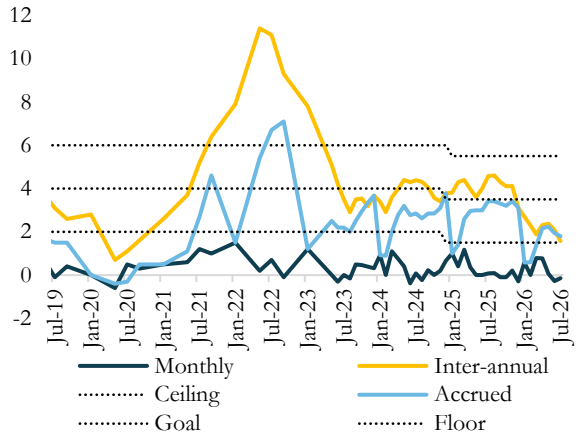
*This decision is based on key factors, such as the favorable trend in inflation under the inflation-targeting framework —which has generally remained below the established targets—the effectiveness of monetary policy, and the central bank's credibility in guiding the expectations of economic agents. A lower inflation target helps protect the purchasing power of the population, particularly lower-income households. Furthermore, lower and more stable inflation is a fundamental element for long-term planning*[33].

In July, inflation as measured by the monthly Consumer Price Index (CPI) showed a change of -0.1%, primarily driven by a decline in the prices of certain types of fuel and food. Meanwhile, inflation as measured by the CPI excluding food and energy (CPI-FEE) stood at 0.3% in July.

On a year-over-year basis, inflation as measured by the total CPI was 1.6%, while year-over-year inflation as measured by the CPI-SAE was 1.3%.[34]

Inflation expectations for the next twelve months and for the monetary policy horizon stood at 3.5%.

**Graph 3:** Inflation as of July 2026, in percent.




**Source: Central Bank of Paraguay.**

## Monetary Policy Rate

*It is a monetary policy tool used to influence market liquidity and interest rates, which in turn affects part of economic activity and influences inflation.*

### Monetary Policy Rate (MPR) as of July 2026

The Monetary Policy Committee (MPC) decided to keep the ***Monetary Policy Rate (MPR)*** at 5.50% at its July meeting this year, primarily due to the continued positive performance of domestic economic conditions.

With regard to the ***external sector***, in July 2026, the United States decided to maintain the target range for the federal funds rate at 3.50%–3.75%,[35] however, they note that the target range could increase early next year.

**Minutes of CPM Meetings**

[33] Minutes of the Monetary Policy Committee Meeting (Dec. 19, 2024). Retrieved from: https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444

[34] Table 14b of the Statistical Annex to the Economic Report of the Central Bank of Paraguay

[35] The FOMC's target range for the federal funds rate: https://www.federalreserve.gov/aboutthefed/fedexplained/accessible-version.htm

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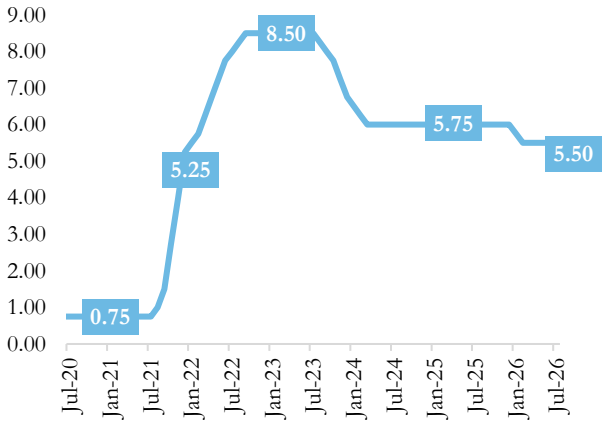
**Graph 4:** Monetary Policy Rate 2026



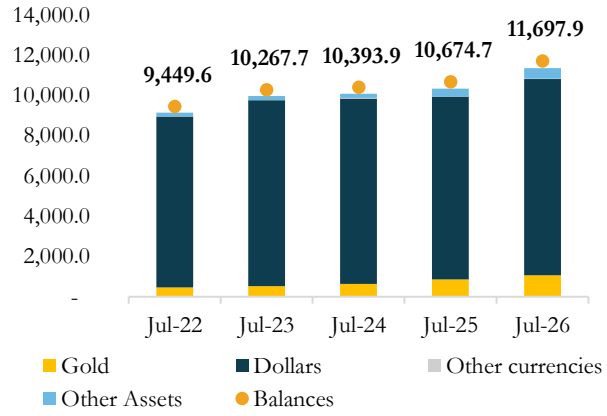

**Fuente:** Banco Central del Paraguay.

**Minutes of CPM Meetings**

## Net International Reserves

*Net international reserves* in July 2026 totaled USD 11,697.9 million, consisting of USD 1,066.9 million in gold; USD 9,740.8 million in U.S. dollars; USD 14.8 million in other currencies held in demand deposit accounts; and USD 520.5 million in other assets.

**Graph 5:** Breakdown of RINs, in millions of dollars



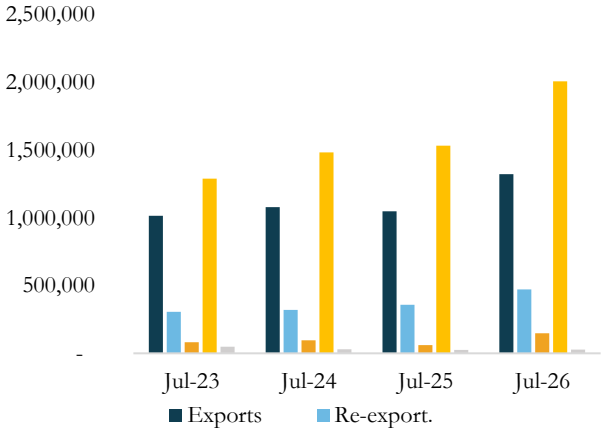

**Source:** Central Bank of Paraguay. (Preliminary figures)

## Trade Balance

**In July 2026, foreign trade figures (exports plus imports) totaled USD 3,980.9 million**

*Total exports* for July 2026 amounted to USD 1,942.4[36] million. *Total imports*, meanwhile, amounted to USD 2,038.4 million. Finally, the *trade balance* showed a *surplus* of USD 95,984.9 in favor of imports.

**Graph 6:** Trade Balance, in thousands of dollars




**Source:** Central Bank of Paraguay. (Preliminary figures)

**CBP Statistical Annex**

## Credit Outlook for Paraguay

### History of the Sovereign Rating

Paraguay has managed to maintain a positive trend in the evolution of its sovereign rating with the rating agencies *Moody's*, *Fitch*, and *Standard & Poor's*, despite adverse conditions in recent years, such as external shocks, a pandemic, armed conflicts, internal shocks like droughts, and the recent uncertainty surrounding international tariff policies.

In its report (regular update) dated July 17, 2026, the rating agency *Moody's* confirmed the Baa3 rating and maintained a stable outlook. The report highlights solid growth, supported by substantial capital investment and ongoing economic diversification, as well as a relatively low debt burden.

[36] Data from the BCP Statistical Annex as of July 2026.

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For its part, ***Standard & Poor's***, following an upgrade of the outlook from stable to positive in January 2025, decided in its report dated December 17 of that same year to raise the rating to BBB- and change the outlook from positive to stable, highlighting primarily greater fiscal and monetary flexibility. In this way, Paraguay consolidated its second investment-grade rating.

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

**Table 3:** Country Risk Ratings for 2026.

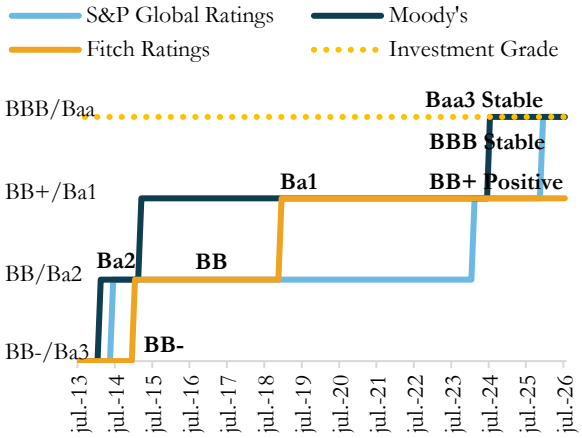
| Agency | Rating | Perspective | Last Reviewed |
|---|---|---|---|
| ***S&P*** | BBB- | Stable | Dic-17-2025 |
| **Moody's** | Baa3 | Stable | Jul-17-2026 |
| **Fitch Ratings** | BB+ | Positive | Oct-06-2025 |

**Source:** Vice Ministry of Economy and Planning.

## Annual Rating Reports

In summary, Paraguay managed to maintain its ratings and outlooks with all three rating agencies during the first half of 2026. It has held two investment-grade ratings—from Moody's (Baa3, stable) since July 2024 and from S&P (BBB-, stable) since December 2025—while it is one notch away from investment grade with Fitch Ratings (BB+), which has an optimistic outlook due to its positive rating outlook.

**Graph 7:** Paraguay's Country Rating for the 2013–2026 Period




**Source:** Vice Ministry of Economy and Planning

## Regional Outlook Report

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| Economic Indicators / 2022 - 2026 | | | | | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024(*) | 2025(*) | 2026(**) |
| **Sector Real** | | | | | |
| Population (Thousands) | 6,284.0 | 6,326.0 | 6,372.0 | 6,417.0 | 6,460.0 |
| GDP (USD million) | 41,981.0 | 43,193.7 | 45,221.0 | 49,717.4 | 63,813.6 |
| GDP per capita (USD) | 6,680.6 | 6,827.1 | 7,096.1 | 7,747.7 | 9,878.0 |
| Real GDP (y-o-y change in %) | 0.0 | 5.3 | 4.7 | 6.6 | 4.5 |
| Total consumption (y-o-y change in %) | 1.3 | 3.3 | 5.5 | 4.0 | 3.9 |
| Capital investment (FBKF) (y-o-y change in %) | -1.8 | -2.8 | 9.6 | 12.2 | 2.2 |
| Unemployed Rate (open unemployment) | 5.8 | 5.2 | 4.5 | 3.6 | 4.1 |
| **Economy Structure** | | | | | |
| **In view of Supply (percentage change)** | | | | | |
| **Primary Sector** | **-8.6** | **16.3** | **4.4** | **9.0** | **3.8** |
| Agriculture | -12.5 | 23.4 | 2.2 | 10.5 | 4.7 |
| Livestock | -0.3 | 0.5 | 6.7 | 6.2 | 0.1 |
| Others | -0.7 | 9.3 | 14.9 | 5.7 | 5.2 |
| **Secundary Sector** | **0.7** | **4.0** | **2.7** | **6.9** | **4.6** |
| Industry | -0.1 | 4.1 | 4.5 | 5.6 | 3.9 |
| Construction | -3.2 | -7.1 | 5.9 | 6.2 | 3.5 |
| Electricity and Water | 7.8 | 15.5 | -4.9 | 10.9 | 7.4 |
| **Services Sector** | **1.1** | **4.0** | **5.1** | **6.3** | **4.6** |
| Government Services | -2.9 | 2.7 | 2.8 | 4.5 | 2.6 |
| Trade | 3.4 | 4.9 | 6.1 | 8.0 | 3.5 |
| Telecommunications | -2.4 | 6.7 | 1.0 | -1.0 | 3.0 |
| Other Services | 2.1 | 3.8 | 6.1 | 7.1 | 5.9 |
| Taxes on products | 1.1 | 5.6 | 11.2 | 5.0 | 4.4 |
| **In view of Demand** | | | | | |
| **(Thousands of USD)** | | | | | |
| Capital Investment (FBKF) | 6,390.53 | 6,131.71 | 6,312.51 | 8,228.39 | 9,348.24 |
| Total Consumptions | 23,120.76 | 23,562.73 | 23,354.51 | 28,212.47 | 32,586.55 |
| Exports of goods and services | 9,530.19 | 12,337.13 | 11,409.08 | 13,745.59 | 15,814.96 |
| Imports of goods and services | 11,037.34 | 11,918.87 | 11,690.05 | 14,785.95 | 16,666.78 |
| **Monetary and Financial Sector** | | | | | |
| Exchange rate (PYG per USD, fdp) | 7,238.7 | 7,335.2 | 7,810.2 | 6,725.0 | 6,049.6 |
| Inflation (CPI, y-o-y change in %) | 11.1 | 3.5 | 4.4 | 4.3 | 1.6 |
| Interbank interest rate (%, average monthly TIB) | 7.7 | 8.7 | 6.0 | 6.2 | 5.4 |
| Monetary aggregate (y-o-y change in M2 in %) | 1.0 | 9.9 | 9.6 | 13.2 | 15.1 |
| Dollarization Ratio (% of banking deposits in ME) | 46.0 | 46.4 | 45.9 | 45.7 | 41.5 |
| Banking sector credits granted to the private sector ( % of GDP) | 12.6 | 10.2 | 15.0 | 16.7 | 5.1 |

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| | | | | | |
|---|---|---|---|---|---|
| Real wage index (y-o-y change, %) | 6.9 | 4.7 | 4.0 | 4.4 | n.d |
| **External Sector** | | | | | |
| **(Thousands of USD)** | | | | | |
| **Goods exports** | **1,221,598.6** | **1,405,483.2** | **1,495,052.6** | **1,471,268.7** | **1,942,437.9** |
| % of GDP | 2.9 | 3.3 | 3.3 | 3.0 | 3.0 |
| **Goods imports** | **1,338,842.2** | **1,340,392.7** | **1,512,696.8** | **1,560,337.6** | **2,038,422.8** |
| % of GDP | 3.2 | 3.1 | 3.3 | 3.1 | 3.2 |
| **Trade Balance of Goods** | **-117,243.6** | **65,090.5** | **-17,644.1** | **-89,069.0** | **-95,984.9** |
| % of GDP | -0.3 | 0.2 | -0.0 | -0.2 | -0.2 |
| **(Millions of USD)** | | | | | |
| **Current Account** | **-2,699.5** | **122.8** | **-1,454.2** | **-1,244.5** | **96.6** |
| % of GDP | -6.4 | 0.3 | -3.2 | -2.5 | 0.2 |
| **Capital and Financial Account** | **-2,257.2** | **-799.9** | **-2,385.8** | **-1,831.6** | **339.6** |
| % of GDP | -5.4 | -1.9 | -5.3 | -3.7 | 0.5 |
| **Foreign Direct Investment** | **10,260.3** | **11,430.6** | **11,980.3** | **13,160.7** | **13,567.7** |
| % of GDP | 24.4 | 26.5 | 26.5 | 26.5 | 21.3 |
| **International Reserves** | **9,449.6** | **10,267.7** | **10,393.9** | **10,674.7** | **11,697.9** |
| % of GDP | 22.5 | 23.8 | 23.0 | 21.5 | 18.3 |
| **Public Sector [1]** | | | | | |
| **(% del GDP)** | | | | | |
| **Income** | **14.1** | **14.0** | **15.0** | **14.3** | **8.0** |
| *Which: Taxation Income represents* | 10.3 | 10.1 | 11.3 | 11.2 | 6.4 |
| **Expenses and investments** | **17.0** | **18.1** | **17.6** | **16.3** | **9.2** |
| *Which: Payment of interests represents* | 1.2 | 1.7 | 2.0 | 1.9 | 0.8 |
| **Primary Outcome** | **-1.8** | **-2.4** | **-0.6** | **-0.1** | **-0.4** |
| **Fiscal Outcome** | -3.0 | -4.1 | -2.5 | -2.0 | -1.2 |
| **Total Debt of the Public Sector** | **35.9** | **38.4** | **40.0** | **41.1** | **34.8** |
| **Public External Debt** | 31.7 | 33.2 | 34.8 | 35.0 | 28.8 |
| % of the Total Public Debt | 88.5 | 86.6 | 86.9 | 85.0 | 82.8 |
| **Domestic Public Debt** | **4.1** | **5.2** | **5.2** | **6.2** | **6.0** |
| % of the Total Public Debt | 11.5 | 13.4 | 13.1 | 15.0 | 17.2 |
| **Service of the Domestic Public Debt** | **1.8** | **3.0** | **3.1** | **3.4** | **2.2** |

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## References:

Observations and Sources: Table prepared by the General Directorate of Debt Policy (DGPE, Ministry of Economy and Finance), with data from the Central Bank of Paraguay (BCP, Statistical Annex as of 08/19/2026) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to that of the last business day of the year.
2. Income and Expenses as of July 2026 are preliminary.
3. M: Month (example: M7: Jul); T: Quarter (example: T03: Quarter 3); n/d: not available; ME: Foreign Currency; fdp: end of period.
4. (*) indicates preliminary data subject to change, and (**) indicates projections.
5. Data after 2012 are preliminary and may be subject to revision.
6. The Economic Structure section contains data in constant guaranies as of 2014. Historical data and projections are provided by the Central Bank of Paraguay (BCP).
7. Inflation as of July 2026 corresponds to the inflation target set by the BCP.
8. Other services include: transportation; financial intermediation; business services; Hotels, restaurants, and household services.
9. Binational revenues are understood to be foreign currency income from Paraguay's transfer of energy to Argentina and Brazil, corresponding to the Yacyreta and Itaipu hydroelectric dams. The projections for the Real Sector and the Structure of the Economy are figures prepared by the Central Bank of Paraguay (BCP).
10. Public Sector data are figures prepared by the Ministry of Economy and Finance. Starting in 2015, a migration to the methodology outlined in the 2001 Public Finance Statistics Manual (MEFP 2001) was implemented.
11. Exports and imports for the year 2026 correspond to the month of July of that year (2026, M7). Exports include re-exports and other exports. The year-on-year change in exports/imports July 2026 (July 2026/July 2025) captures the cumulative change in exports/imports of the total accumulated exports and imports for July 2026, in relation to the same period of the previous year.

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# August 2026

## Global Economy

### "The Global Economy Caught Between the Crosswinds of War and Technology"[37]

According to the International Monetary Fund's (IMF) World Economic Outlook (WEO) report, the global economy is projected to grow by 3.0% in 2026 and 3.4% in 2027. These projections represent a slight slowdown attributable to the greater impact of technology demand driven by advances in artificial intelligence (AI) and its adoption, which offset the effects of the war in the Middle East.

## Regional Context

For the **United States**, growth of 2.3% is projected for 2026, with a slight slowdown to 2.2% in 2027, in line with the April projections, which included a slight upward revision for 2027.

As for the **Eurozone**, growth of 0.9% is expected in 2026—lower than the April WEO projection—and a slight increase to 1.2% in 2027.

As for **emerging and developing market economies,** growth is projected to slow to 3.8% by 2026 and rebound to 4.5% by 2027.

Meanwhile, **China** is projected to grow by 4.6% in 2026, with growth slowing to 4.1% by 2027.

**Table 1:** Overview of projections for the global economy:

| | 2025 | 2026 | 2027 |
|---|---|---|---|
| **World** | **3.5** | **3.0** | **3.4** |
| Advanced Economies | 1.9 | 1.7 | 1.8 |
| United States | 2.1 | 2.3 | 2.2 |
| Eurozone | 1.4 | 0.9 | 1.2 |
| EDME | 4.5 | 3.8 | 4.5 |
| China | 5.0 | 4.6 | 4.1 |
| LAC | 2.4 | 2.4 | 2.7 |
| Brazil | 2.3 | 2.4 | 2.2 |
| Mexico | 0.5 | 1.2 | 1.9 |

**Source:** WEO – IMF July 2026

**WEO-IMF**

## Latin America and the Caribbean

As for the projections for the region, economic growth of 2.4% is expected for 2026 and 2.7% for 2027, with a slight upward revision to the 2026 projection.

As for **Brazil**, growth of 2.4% is projected for 2026 and 2.2% for 2027. Meanwhile, for **Mexico**, growth of 1.2% is expected for 2026, with a recovery to 1.9% in 2027.

[37] WEO July 2026

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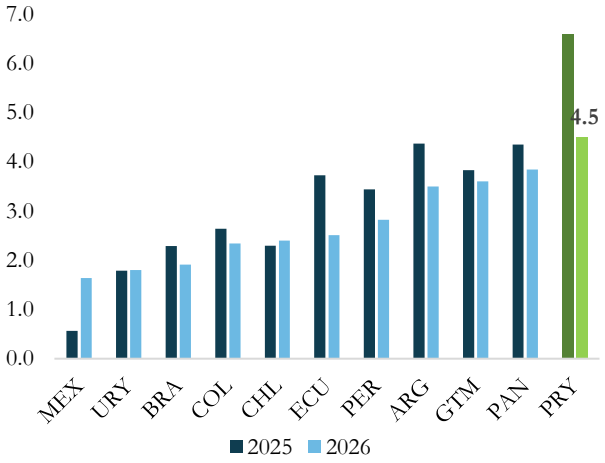
**Graph 1:** Economic Growth in Countries in the Region.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay. WEO Jul 2026.
*Note: Data from the BCP for Paraguay; data from the WEO for the other countries. *Estimated data.

**WEO-IMF**

## Domestic economy

The GDP growth forecast was revised upward from 4.2% to 4.5% for 2026, according to the **Monetary Policy Report (IPoM)** issued by the Central Bank of Paraguay (BCP), reflecting greater economic momentum and growth across all three sectors of the economy.

As for the **primary sector**, growth is projected to rise from 3.1% to 3.8%, driven by increased agricultural production, though this is offset by slower growth in the livestock sector.

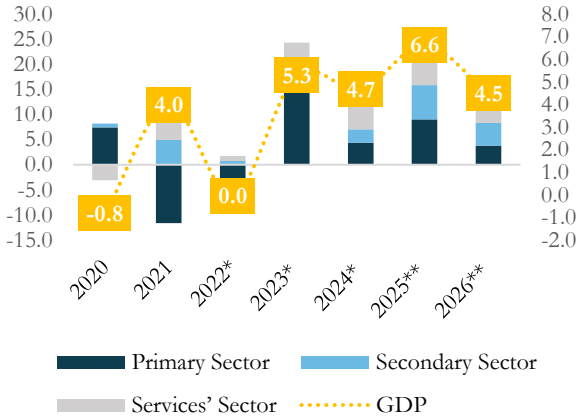
In the **secondary sector**, growth is expected to rise slightly from 4.1% to 4.6%, driven by the strong performance projected for the manufacturing, energy production, and construction industries.

For the **services sector**, growth is expected to range from 4.5% to 4.6%, driven by stronger growth in retail and "other services."

On the **expenditure** side, private consumption and external demand were revised upward, primarily due to private consumption, accompanied by strong economic performance. Gross fixed capital formation and public consumption remained constant. Finally, exports and imports also showed positive trends.

**Monetary Policy Report**

**Graph 2:** GDP Growth by Economic Sector.




**Source:** Statistical Annex to the Economic Report of the Central Bank of Paraguay.

**CBP Statistical Annex**

## Fiscal Policy

### Financial Position as of August 2026

In the eighth month of 2026, the cumulative **fiscal deficit** stood at -1.7%[38] of GDP, equivalent to USD 1,117.3 million.

[38] SITUFIN (August – 2026), obtained by: https://www.mef.gov.py/es/situfin

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## Income

**As of August 2026, total revenue showed a slight increase.**

*Total revenue* posted a slight increase of 1.2%, driven by the rise in tax revenue but offset by the decline in non-tax revenue, which was primarily due to lower revenue from binational companies.

## Public Expenditures

*Total cumulative spending* stood at 10.7% as of August, driven primarily by wages in strategic sectors, social programs, and the settlement of outstanding obligations for medications.

**SITUFIN 2026**

## Public debt

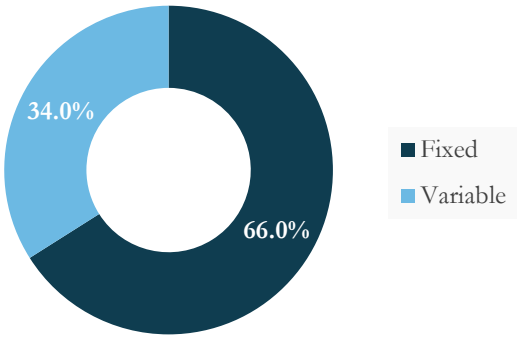
**Debt Levels and Structures of the Total Public Sector.**

Law N°. 1535/1999 on "State Financial Management," in Article 42, establishes that public debt shall be classified as internal and external, and direct and indirect. With regard to the Central Government's direct public debt, this is the debt it assumes as the principal debtor; conversely, the Central Government's indirect public debt consists of debt incurred by any natural or legal person, public or private, other than the Central Government itself, but which is backed by a corresponding guarantee, surety, or security, duly authorized by law (public enterprises, second-tier banks, etc.).

In August, the *total public sector debt-to-GDP ratio* stood at 35%, a level considered sustainable for the country's public finances, making it one of the lowest debt levels in the region.

With regard to the *breakdown of total public sector debt by interest rate type* as of August 2026, it was found that 66.0% is at a fixed rate and 34.0% at a variable rate.

**Figure 1:** Total Public Debt Balance by Interest Rate.




**Source:** Vice Ministry of Economy and Planning. *Preliminary figures

The breakdown of *public debt by currency* in August shows that the largest share is in **USD (69.6%)**, followed by **PYG (28.3%), JPY (0.6%), XDR (1.5%),** and **other currencies (0.0%).**

It should be noted that the higher proportion of dollar-denominated debt does not pose a risk to the country, since Paraguay receives revenue in dollars in the form of annual royalties for the use of the Paraná River's hydropower potential by the binational entities (Itaipú and Yacyretá) to generate electricity.

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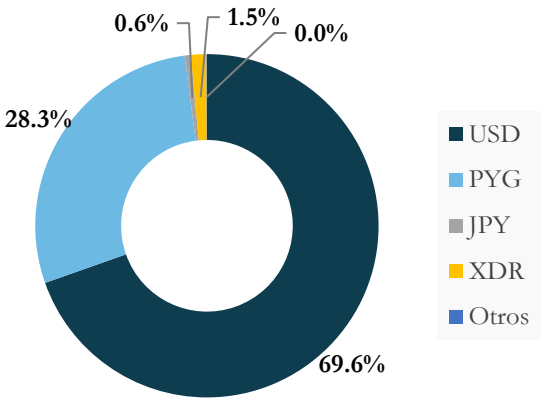
**Figure 2:** Total Public Debt Balance by Currency, in Percent




**Source:** Vice Ministry of Economy and Planning. *Preliminary figures

## Debt Statistics

### Regarding the average maturity of the debt.

Debido a las emisiones en los mercados internacionales con vencimientos más largos que los de los mercados nacionales, el vencimiento medio de la deuda del Gobierno central (ATM) se mantuvo entre los 10,9 años (2017) y los 10,0 años (2024).

**Table 2:** Average Maturity of Debt. (Years*)

| | Central Administration | | |
|---|---|---|---|
| Years | Foreign 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 |
| **2023** | 11.0 | 6.4 | 10.6 |
| **2024** | 10.3 | 6.0 | 10.0 |

**Source:** Vice Ministry of Economy and Planning
*Does not include perpetual debt with the BCP.

## Strategic Guidelines

## Política Monetaria

*The Central Bank of Paraguay (BCP) conducts monetary policy under an inflation-targeting framework, which has been in official effect since 2011. Under this framework, the primary objective of monetary policy, as set forth in Law No. 6104—which amends and expands Law No. 489/95, the Organic Law of the BCP—is to preserve and ensure the stability of the currency's value by providing a framework of nominal predictability for the Paraguayan economy, upon which economic agents can rely when making decisions regarding both consumption and investment.*

## Inflation

### International Context

In the United States, the ***unemployment rate*** remained at 4.1%. Meanwhile, year-over-year inflation also remained at 3.4% in August.[39]

[39] Monetary Policy Statement (September 25, 2026). Retrieved from: https://www.bcp.gov.py/web/institucional/comunicados-del-cpm

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## Domestic Context

*The Board of Directors of the Central Bank of Paraguay recently decided to lower the inflation target—measured by the change in the Consumer Price Index (CPI)—from 4.0% to 3.5%, while maintaining the tolerance range of 2% above and 2% below that target.*

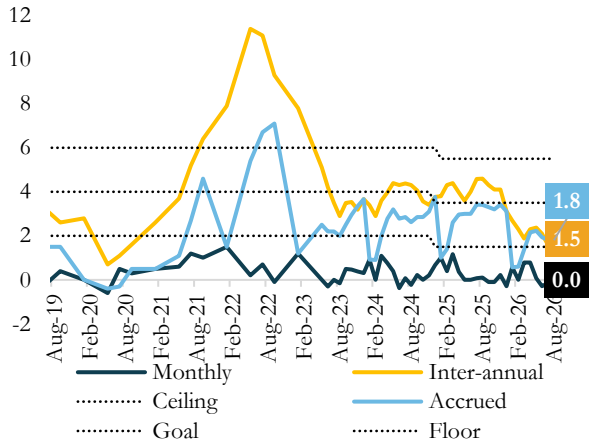
*This decision is based on key factors, such as the favorable trend in inflation under the inflation-targeting framework —which has generally remained below the established targets—the effectiveness of monetary policy, and the central bank's credibility in guiding the expectations of economic agents. A lower inflation target helps protect the purchasing power of the population, particularly lower-income households. Furthermore, lower and more stable inflation is a fundamental element for long-term planning*[40].

In August, inflation as measured by the monthly Consumer Price Index (CPI) showed a change of 0.0%, primarily driven by a decline in the prices of certain types of food. Meanwhile, inflation as measured by the CPI excluding food and energy (CPI-FEE) was 0.0% in August.

On a year-over-year basis, inflation as measured by the total CPI was 1.5%, while year-over-year CPI-ex-food-and-energy inflation was 1.3%.

Inflation expectations for the next twelve months, as well as for the monetary policy horizon, stood at 3.5%.

**Graph 3:** Inflation as of August 2026, in percent.




**Source: Central Bank of Paraguay.**

## Monetary Policy Rate

*It is a monetary policy tool used to influence market liquidity and interest rates, which in turn affects part of economic activity and influences inflation.*

### Monetary Policy Rate (MPR) as of August 2026

The Monetary Policy Committee (MPC) decided to keep the ***Monetary Policy Rate (MPR)*** at 5.50% at its August meeting this year, primarily due to the continued positive performance of domestic economic conditions.

With regard to the ***external sector***, in August 2026, the United States decided to raise the target range for the federal funds rate to 3.75%–4.00%.[41]

**Minutes of CPM Meetings**

[40] Minutes of the Monetary Policy Committee Meeting (Dec. 19, 2024). Retrieved from: https://www.bcp.gov.py/minutas-de-reuniones-del-cpm-i444

[41] The FOMC's target range for the federal funds rate: https://www.federalreserve.gov/aboutthefed/fedexplained/accessible-version.htm

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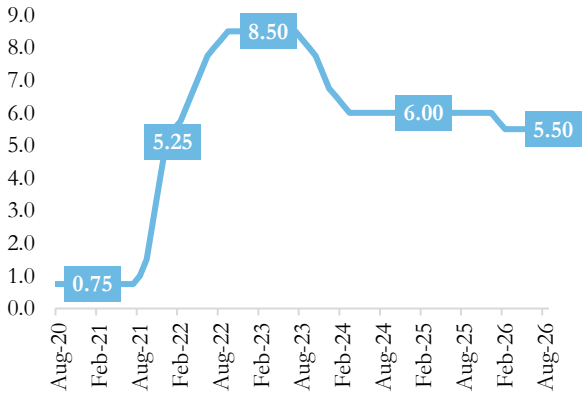
**Graph 4:** Monetary Policy Rate 2026



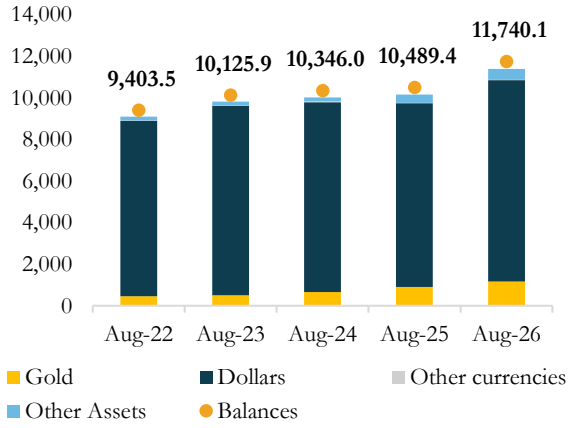

**Fuente:** Banco Central del Paraguay.

**Minutes of CPM Meetings**

## Net International Reserves

*Net international reserves* in August 2026 totaled USD 11,740.1 million, consisting of USD 1,167.0 million in gold; USD 9,683.3 million in U.S. dollars; USD 15.0 million in other currencies held in demand deposit accounts; and USD 519.9 million in other assets.

**Graph 5:** Breakdown of RINs, in millions of dollars



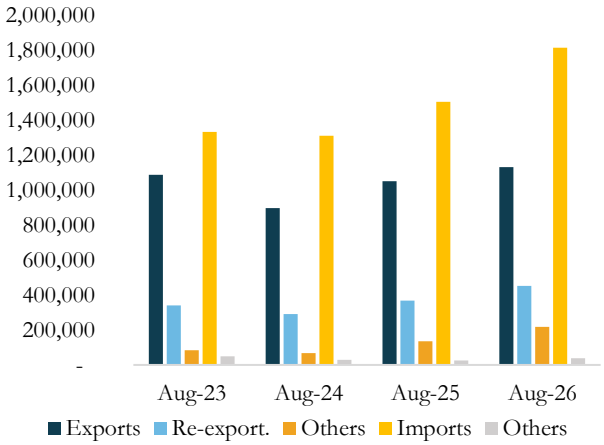

**Source:** Central Bank of Paraguay. (Preliminary figures)

## Trade Balance

**In August 2026, foreign trade figures (exports plus imports) totaled USD 3,656.7 million**

*Total exports* in August 2026 amounted to USD 1,802.9[42] million. *Total imports*, meanwhile, amounted to USD 1,853.8 million. Finally, the *trade balance* showed a *surplus* of USD 50,840.8 in favor of imports.

**Graph 6:** Trade Balance, in thousands of dollars




**Source:** Central Bank of Paraguay. (Preliminary figures)

**CBP Statistical Annex**

## Credit Outlook for Paraguay

### History of the Sovereign Rating

Paraguay has managed to maintain a positive trend in the evolution of its sovereign rating with the rating agencies *Moody's*, *Fitch*, and *Standard & Poor's*, despite adverse conditions in recent years, such as external shocks, a pandemic, armed conflicts, internal shocks like droughts, and the recent uncertainty surrounding international tariff policies.

In its report (regular update) dated July 17, 2026, the rating agency *Moody's* confirmed the Baa3 rating and maintained a stable outlook. The report highlights solid growth, supported by substantial capital investment and ongoing economic diversification, as well as a relatively low debt burden.

[42] Data from the BCP Statistical Annex as of September 2026.

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For its part, ***Standard & Poor's***, following an upgrade of the outlook from stable to positive in January 2025, decided in its report dated December 17 of that same year to raise the rating to BBB- and change the outlook from positive to stable, highlighting primarily greater fiscal and monetary flexibility. In this way, Paraguay consolidated its second investment-grade rating.

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

**Table 3:** Country Risk Ratings for 2026.

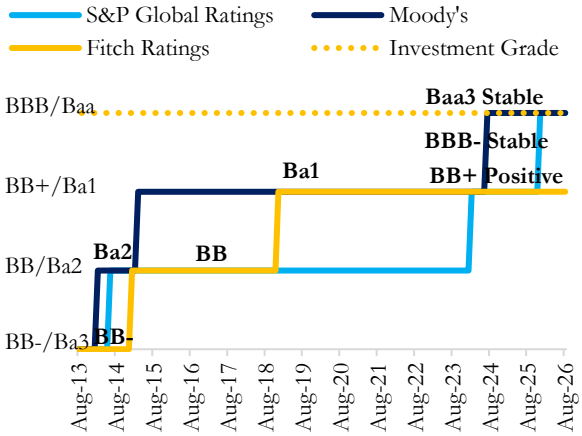
| Agency | Rating | Perspective | Last Reviewed |
|---|---|---|---|
| ***S&P*** | BBB- | Stable | Dic-17-2025 |
| **Moody's** | Baa3 | Stable | Jul-17-2026 |
| **Fitch Ratings** | BB+ | Positive | Oct-06-2025 |

**Source:** Vice Ministry of Economy and Planning.

## Annual Rating Reports

In summary, Paraguay managed to maintain its ratings and outlooks with all three rating agencies during the first half of 2026. It has held two investment-grade ratings—from Moody's (Baa3, stable) since July 2024 and from S&P (BBB-, stable) since December 2025—while it is one notch away from investment grade with Fitch Ratings (BB+), which has an optimistic outlook due to its positive rating outlook.

**Graph 7:** Paraguay's Country Rating for the 2013–2026 Period




**Source:** Vice Ministry of Economy and Planning

## Regional Outlook Report

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|---|---|---|---|---|---|
| | 2022 | 2023 | 2024(*) | 2025(*) | 2026(**) |
| **Sector Real** | | | | | |
| Population (Thousands) | 6,284.0 | 6,326.0 | 6,372.0 | 6,417.0 | 6,460.0 |
| GDP (USD million) | 41,981.0 | 43,193.7 | 45,221.0 | 49,717.4 | 63,813.6 |
| GDP per capita (USD) | 6,680.6 | 6,827.1 | 7,096.1 | 7,747.7 | 9,878.0 |
| Real GDP (y-o-y change in %) | 0.0 | 5.3 | 4.7 | 6.6 | 4.5 |
| Total consumption (y-o-y change in %) | 1.3 | 3.3 | 5.5 | 4.0 | 3.9 |
| Capital investment (FBKF) (y-o-y change in %) | -1.8 | -2.8 | 9.6 | 12.2 | 2.2 |
| Unemployed Rate (open unemployment) | 5.8 | 5.2 | 4.5 | 3.6 | 4.1 |
| **Economy Structure** | | | | | |
| **In view of Supply (percentage change)** | | | | | |
| **Primary Sector** | -8.6 | 16.3 | 4.4 | 9.0 | 3.8 |
| Agriculture | -12.5 | 23.4 | 2.2 | 10.5 | 4.7 |
| Livestock | -0.3 | 0.5 | 6.7 | 6.2 | 0.1 |
| Others | -0.7 | 9.3 | 14.9 | 5.7 | 5.2 |
| **Secundary Sector** | 0.7 | 4.0 | 2.7 | 6.9 | 4.6 |
| Industry | -0.1 | 4.1 | 4.5 | 5.6 | 3.9 |
| Construction | -3.2 | -7.1 | 5.9 | 6.2 | 3.5 |
| Electricity and Water | 7.8 | 15.5 | -4.9 | 10.9 | 7.4 |
| **Services Sector** | 1.1 | 4.0 | 5.1 | 6.3 | 4.6 |
| Government Services | -2.9 | 2.7 | 2.8 | 4.5 | 2.6 |
| Trade | 3.4 | 4.9 | 6.1 | 8.0 | 3.5 |
| Telecommunications | -2.4 | 6.7 | 1.0 | -1.0 | 3.0 |
| Other Services | 2.1 | 3.8 | 6.1 | 7.1 | 5.9 |
| Taxes on products | 1.1 | 5.6 | 11.2 | 5.0 | 4.4 |
| **In view of Demand** | | | | | |
| **(Thousands of USD)** | | | | | |
| Capital Investment (FBKF) | 6,390.5 | 6,131.7 | 6,312.5 | 8,228.4 | 9,465.8 |
| Total Consumptions | 23,120.8 | 23,562.7 | 23,354.5 | 28,212.5 | 32,996.2 |
| Exports of goods and services | 9,530.2 | 12,337.1 | 11,409.1 | 13,745.6 | 16,013.8 |
| Imports of goods and services | 11,037.3 | 11,918.9 | 11,690.0 | 14,786.0 | 16,876.3 |
| **Monetary and Financial Sector** | | | | | |
| Exchange rate (PYG per USD, fdp) | 7,238.7 | 7,335.2 | 7,810.2 | 6,725.0 | 5,974.5 |
| Inflation (CPI, y-o-y change in %) | 10.5 | 2.9 | 4.3 | 4.6 | 1.5 |
| Interbank interest rate (%, average monthly TIB) | 8.0 | 8.4 | 6.0 | 6.0 | 5.4 |
| Monetary aggregate (y-o-y change in M2 in %) | 0.7 | 11.2 | 10.5 | 12.2 | 15.2 |
| Dollarization Ratio (% of banking deposits in ME) | 46.1 | 45.9 | 46.2 | 45.7 | 41.8 |
| Banking sector credits granted to the private sector ( % of GDP) | 12.1 | 10.5 | 16.4 | 14.0 | 7.5 |
| Real wage index (y-o-y change, %) | 6.9 | 4.7 | 4.0 | 4.4 | n.d. |

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| External Sector | | | | | |
|---|---|---|---|---|---|
| (Thousands of USD) | | | | | |
| **Goods exports** | **1,250,833.8** | **1,512,641.3** | **1,255,962.1** | **1,556,173.8** | **1,802,927.9** |
| % of GDP | 3.0 | 3.5 | 2.8 | 3.1 | 2.8 |
| **Goods imports** | **1,447,801.9** | **1,383,463.2** | **1,340,836.6** | **1,531,055.3** | **1,853,768.7** |
| % of GDP | 3.4 | 3.2 | 3.0 | 3.1 | 2.9 |
| **Trade Balance of Goods** | **-196,968.1** | **129,178.1** | **-84,874.5** | **25,118.5** | **-50,840.8** |
| % of GDP | -0.5 | 0.3 | -0.2 | 0.1 | -0.1 |
| (Millions of USD) | | | | | |
| **Current Account** | **-2,699.5** | **122.8** | **-1,454.2** | **-1,244.5** | **96.6** |
| % of GDP | -6.4 | 0.3 | -3.2 | -2.5 | 0.2 |
| **Capital and Financial Account** | **-2,257.2** | **-799.9** | **-2,385.8** | **-1,831.6** | **339.6** |
| % of GDP | -5.4 | -1.9 | -5.3 | -3.7 | 0.5 |
| **Foreign Direct Investment** | **10,260.3** | **11,430.6** | **11,980.3** | **13,160.7** | **13,567.7** |
| % of GDP | 24.4 | 26.5 | 26.5 | 26.5 | 21.3 |
| **International Reserves** | **9,403.5** | **10,125.9** | **10,346.0** | **10,489.4** | **11,740.1** |
| % of GDP | 22.4 | 23.4 | 22.9 | 21.1 | 18.4 |
| **Public Sector [1]** | | | | | |
| (% del GDP) | | | | | |
| **Income** | **14.1** | **14.0** | **15.0** | **14.3** | **9.0** |
| *Which: Taxation Income represents* | 10.3 | 10.1 | 11.3 | 11.2 | 7.1 |
| **Expenses and investments** | **17.0** | **18.1** | **17.6** | **16.3** | **10.8** |
| *Which: Payment of interests represents* | 1.2 | 1.7 | 2.0 | 1.9 | 1.1 |
| **Primary Outcome** | **-1.8** | **-2.4** | **-0.6** | **-0.1** | **-0.6** |
| **Fiscal Outcome** | -3.0 | -4.1 | -2.5 | -2.0 | -1.7 |
| **Total Debt of the Public Sector** | **35.9** | **38.4** | **40.0** | **41.1** | **35.0** |
| **Public External Debt** | 31.7 | 33.2 | 34.8 | 35.0 | 28.9 |
| % of the Total Public Debt | 88.5 | 86.6 | 86.9 | 85.0 | 82.7 |
| **Domestic Public Debt** | **4.1** | **5.2** | **5.2** | **6.2** | **6.0** |
| % of the Total Public Debt | 11.5 | 13.4 | 13.1 | 15.0 | 17.3 |
| **Service of the Domestic Public Debt** | **1.8** | **3.0** | **3.1** | **3.4** | **2.3** |

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## References:

Observations and Sources: Table prepared by the General Directorate of Debt Policy (DGPE, Ministry of Economy and Finance), with data from the Central Bank of Paraguay (BCP, Statistical Annex as of 09/15/2026) and the Ministry of Economy and Finance.

1. The exchange rate corresponds to that of the last business day of the year.
2. Income and Expenses as of August 2026 are preliminary.
3. M: Month (example: M8: Aug); T: Quarter (example: T04: Quarter 4); n/d: not available; ME: Foreign Currency; fdp: end of period.
4. (*) indicates preliminary data subject to change, and (**) indicates projections.
5. Data after 2012 are preliminary and may be subject to revision.
6. The Economic Structure section contains data in constant guaranies as of 2014. Historical data and projections are provided by the Central Bank of Paraguay (BCP).
7. Inflation as of August 2026 corresponds to the inflation target set by the BCP.
8. Other services include: transportation; financial intermediation; business services; Hotels, restaurants, and household services.
9. Binational revenues are understood to be foreign currency income from Paraguay's transfer of energy to Argentina and Brazil, corresponding to the Yacyreta and Itaipu hydroelectric dams. The projections for the Real Sector and the Structure of the Economy are figures prepared by the Central Bank of Paraguay (BCP).
10. Public Sector data are figures prepared by the Ministry of Economy and Finance. Starting in 2015, a migration to the methodology outlined in the 2001 Public Finance Statistics Manual (MEFP 2001) was implemented.
11. Exports and imports for the year 2026 correspond to the month of August of that year (2026, M8). Exports include re-exports and other exports. The year-on-year change in exports/imports August 2026 (August 2026/ August 2025) captures the cumulative change in exports/imports of the total accumulated exports and imports for August 2026, in relation to the same period of the previous year.

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