CABEI

Central American Bank for Economic Integration

JULY 2023

MONTHLY ECONOMIC

SITUATION REPORT

Office of the Chief Economist

The monthly economic situation report presents an ad hoc analysis of the macroeconomic performance of the world in general and of Central America in particular, with information available as of August 10, 2023. The preparation of the document was led by Armando E. Navarrete, Chief Economist. The review was conducted by Pablo Flores, Principal Economist. The research and writing were carried out by Miguel Medina (Economist), Leily Mendoza (Economist), Fanny Vargas (Country Economist), Rodrigo Méndez (Country Economist), Jilber Urbina (Country Economist) and Clara Rivera (Junior Economist).

INDEX

OPINION

The global economy is exhibiting fewer downside risks compared to the beginning of the year. Advanced economies are currently performing economic expansion and a stable job situation, coinciding with inflationary indications deceleration, this due to the tightening of international financial conditions alongside diminished price levels for commodities.

Amidst a complex international environment, Central American countries have also managed to control inflation by implementing timely monetary policy measures and benefiting from the decrease in prices of major imported goods. In this context, some have started to lower their interest rates, resulting in less restrictive conditions for the local credit market.

The economic activity in the region is returning to a path similar to what was observed before the pandemic. Additionally, there is a continuous growth in formal employment over the past few months. These positive results contrast with the performance of the external sector, which shows declines in the trade of goods and services for most countries, as well as lower rates of growth in remittances, which could be related to the slowdown in local and international demand.

It's important for countries to continue implementing consistent monetary and fiscal policies, enabling governments to mitigate the effects of tighter financial conditions and have more flexibility in the face of potential negative shocks in the global economy. Finally, complementary efforts should continue to improve the business environment through modernizing regulatory frameworks, increased investment in infrastructure and logistics, as well as activities focused on attracting foreign direct investment; all of this aimed at achieving higher economic growth.

Armando E. Navarrete
Chief Economist

MONTHLY ECONOMIC SITUATION REPORT

I. US and Eurozone growth improved, and total inflation recorded mixed results

1. US reported a positive evolution in its economic indicators. Most recent estimates for third-quarter GDP show higher growth than expected the previous month, while the overall unemployment rate declined. FED raised the monetary policy rate at its last meeting. The restrictive financial conditions coupled with less pressure from international commodity prices combined to reaffirm the downward trend in inflation.

i. Real gross domestic product increased 2.4% in the second quarter of 2023 (2.0% in the previous quarter). The estimates mainly reflect increases in consumer spending, non-residential fixed investment, state, local and federal public spending, and private inventories, partly offset by declines in exports and residential fixed investment. Imports, which remain in the calculation of GDP, decreased.[1]

ii. Weekly economic index[2] grew 1.8% in the week ending July 29, the highest rate since December 24, 2022 (2.0%) and the 13-week moving average increased 1.1%, after 11 weeks reporting 1.0%.[3]

iii. GDPNow model estimated a real GDP increase of 3.9% for the third quarter of 2023 (as of August 1), which was higher than the initial estimate of 3.5% (July 28) and higher than the GDP growth of the second quarter (2.4%). Estimated growth was based on the release of purchasing managers' index and construction spending statistics.[4,5]

iv. Total unemployment rate decreased slightly to 3.5% in July 2023 (3.6% previous month[6], while Latino unemployment increased to 4.4% (4.3% in June). Meanwhile, total non-agricultural employment generated 187,000 jobs (185,000 the previous month); while the average hourly wage increased 4.4% in the last 12 months.[7]

v. Initial claims for unemployment benefits reached 227,000 in the week ending July 29, up 6,000 from the previous week.[8] For its part, the average number of requests for the last moving month decreased by -10.0% compared to the previous month and was higher by 14.4% compared to January 2023.

2. Headline inflation in the US recorded a rebound. This behavior was influenced by an increase in the prices of transport services and a smaller fall in fuel prices.

i. Year-over-year inflation was 3.2% in July 2023 (3.0% the previous month). The groups that registered the highest year-over-year increases were transportation services (9.0%), shelter (7.7%), food (4.9%), medical care commodities (4.1%) and new vehicles (3.5%), while fuels

[1] Bureau of Economic Analysis. Gross Domestic Product, Second Quarter 2023 (Advance Estimate). July 27, 2023.
[2] The Weekly Economic Index (WEI) is constructed using data available on a daily or weekly basis for 10 indicators of real economic activity related to the consumer, labor market, and production.
[3] Federal Reserve Bank of New York. Weekly Economic Index (WEI). August 3, 2023.
[4] GDPNow is not an official Atlanta Fed forecast. It is an estimate of seasonally adjusted real GDP growth based on the economic data available for the current quarter (nowcast).
[5] Federal Reserve Bank of Atlanta. GDP Now. Estimate for 2023: Q3. August 1, 2023.
[6] It has remained in a tight range between 3.4%-3.7% since March 2022.
[7] United States Bureau of Labor Statistics. Employment situation summary. August 4, 2023.
[8] United States Department of Labor. Unemployment insurance weekly claims, Seasonally Adjusted Data. August 3, 2023.

fell -20.3%. For its part, the total index minus food and energy grew 4.7% (4.8% in the previous month), the lowest since October 2021.[9]

ii. The Fed decided to raise the target range of the monetary policy rate by 25 bp to 5.25%-5.50% in July. This decision considered that inflation continues to be high, the growth of economic activity remained moderate, the increase in employment has been solid and the fact that the unemployment rate has remained low in recent months. Likewise, the Committee indicated that the US banking system is solid and resilient, and that the tightening of credit conditions for households and companies could affect economic activity, contracting and inflation. Finally, he asserted that will continue to reduce the holding of Treasury securities and agency debt backed by mortgages (quantitative tightening).[10]

3. Economic activity increased slightly in the Euro Zone while unemployment remained stable. According to preliminary data, GDP increased 0.3% in the second quarter of 2023 compared to the first quarter and 0.6% compared to the same quarter of 2022.[11] The volume of retail trade decreased -0.3% in June compared to the previous month,[12] while industrial production and construction increased 0.2% each in May compared to April.[13,14] Likewise, the unemployment rate was 6.4% in June, the same as that of April and May, being the lowest rate recorded in the history of the economic block.[15]

4. Consumer prices in the Euro Zone continued to slow down. Annual inflation in July decreased to 5.3%, being lower than that of the previous month (5.5%) and that of July 2022 (8.9%). The variation of the total price index that excludes energy, food, alcohol, and tobacco was estimated at 5.5% in July, the same as that of June and higher than that of July 2022 (4.0%). The prices of food, alcohol and tobacco presented the highest interannual rate with 10.8% (11.6% in June), while services increased 5.6% (5.4% in June) and non-energy industrial goods 5.0% (5.5% in June). Energy prices decreased -6.1% (-5.6% in June), after increasing 39.6% in July 2022.[16]

5. The European Central Bank continued with a restrictive monetary policy. The Board, determined that inflation return to its objective of 2.0% in the medium term, decided to increase the interest rate of the main financing operations, the marginal credit facility, and the deposit facility by 25 basis points up to 4.25%, 4.50% and 3.75%, respectively, as of August 2.[17]

6. Most CABEI's non-regional partner countries reported a slowdown in inflation levels. The Republic of Korea reduced its annual inflation in July compared to the previous month until reaching a rate of 2.30%, while Mexico, the Republic of China (Taiwan) and Colombia reduced their inflation in June to 5.06%, 1.75% and 12.13%, respectively. The monetary policy rates remained unchanged in July, only the European Central Bank applied increases that will be in force from August.

[9]US Bureau of Labor Statistics. Economic news release: Consumer Price Index Summary. August 10, 2023.
[10]Board of Governors of the Federal Reserve System. Federal Reserve issues FOMC statement. July 26, 2023.
[11] Eurostat. Preliminary flash estimate for the second quarter of 2023. GDP up by 0.3% in the euro area and stable in the EU. July 31, 2023.
[12]Eurostat. Volume of retail trade down by 0.3% in the euro area and by 0.2% in the EU. August 4, 2023.
[13]Eurostat. Industrial production up by 0.2% in the euro area and by 0.1% in the EU. July 13, 2023.
[14] Eurostat.Production in construction up by 0.2% in both the euro area and the EU. July 19, 2023.
[15]Eurostat. Euro area unemployment at 6.4%.1 August 2023.
[16]Eurostat. Flash estimate - July 2023. Euro area annual inflation down to 5.3%. July 31, 2023.
[17]European Central Bank. Monetary policy decisions. July 27, 2023.

7. Industrial production and unemployment fell in most CABEI's non-regional member countries. The production index decreased in the Republic of China (Taiwan), the Republic of Korea and Spain in June, as well as in Colombia in May. On the contrary, the index increased in Mexico and Argentina in May. Moreover, the greatest variation in the unemployment rate was registered by Spain in the second quarter in relation to the first one, decreasing -1.7 pp until reach 11.6%.

8. Fitch Ratings raised the rating of Argentina's long-term foreign currency issues from "C" to "CC", while S&P Global Ratings affirmed it at CCC-. The improvement applied by Fitch reflects that the entity no longer considers the country has initiated a new default process, given that the authorities have not demonstrated the intention to go ahead with the unilateral debt swap[18] announced in March 2023.[19] S&P confirmed the rating at CCC– and the negative outlook, given that significant changes in the country's conditions are not observed and the risks related to economic imbalances and uncertainties stemming from the 2023 national elections persist.[20]

9. Fitch Ratings downgraded the long-term debt rating of the United States from AAA to AA+. This action reflects the expected fiscal deterioration over the next three years, high and growing public debt burden, and the erosion of governance. The rating watch negative was removed, and a stable outlook assigned.[21]

10.The FAO Price Index rebounded slightly in July. It increased 1.3% compared to June, remaining 11.8% below July 2022. This increase was caused by the vegetable oil price index, which registered a month-on-month increase of 12.1%, which was partially offset by decreases in the sugar indices (-3.9%), cereals (-0.5%), dairy products (-0.4%) and meat (-0.3%). The change in the vegetable oils index represents the first increase after seven consecutive months of declines, due to the rise in world prices for sunflower, palm, soybean, and rapeseed oils.[22]

11. Most of the main commodities in the Central American region registered a monthly decrease in their prices. In July, the month-over-month price of Arabica coffee (-6.7%), sugar (-6.4%), shrimp (-5.4%), beef (-3.7%), and bananas (-2.7%) decreased; while, on the contrary, WTI oil (8.8%), palm oil (7.5%) and gold (0.4%) increased their prices. Likewise, shrimp (-30.2%), Arabica coffee (-24.4%) and WTI oil (-23.5%) registered the most significant year-over-year decreases, while gold (12.6%) and sugar (10.9%) the larger increases during the same period.[23]

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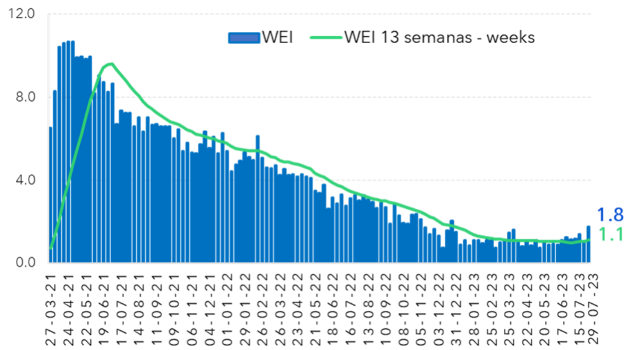
[18] The swap measure stipulated that certain non-financial public sector entities were required to exchange or sell their holdings of dollar-denominated bonds under the local and international law, for peso-denominated debt under the local law.
[19] Fitch Upgrades Argentina's FC IDR to 'CC'; Affirms LC IDR at 'CCC-'. June 13, 2023.
[20] S&P Global Ratings upgraded Argentina's long-term local currency sovereign rating to 'CCC-' after curing default; confirmed foreign currency rating of 'CCC-'. June 13, 2023.
[21] Fitch Rating. Fitch Downgrades the United States' Long-Term Ratings to 'AA+' from 'AAA'; Outlook Stable. August 1, 2023.
[22] Food and Agriculture Organization of the United Nations. FAO Food Price Index. August 4, 2023.
[23] The World Bank. Commodity Price Data. Updated August 2, 2023.

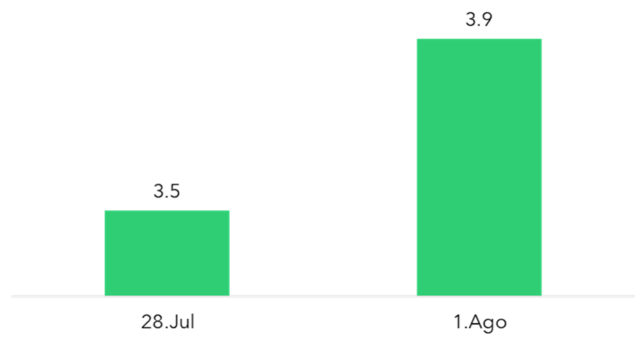
Panel 1 Selected US Macroeconomic Indicators

Graph 1. Weekly economic activity
(year-over-year percent change)



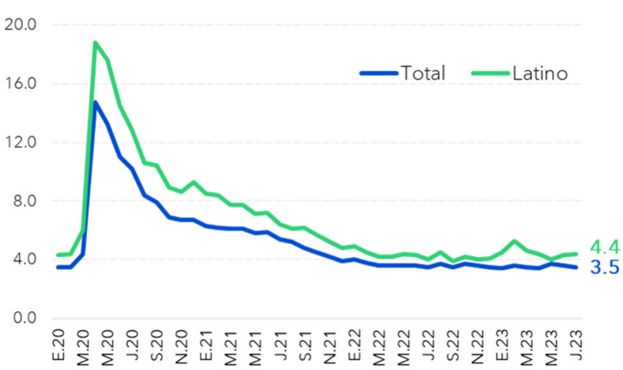
It grew 1.3% average in July (1.0% in June)

Graph 2. Third quarter 2023 real GDP estimate
(seasonally adjusted annualized rate, percent)



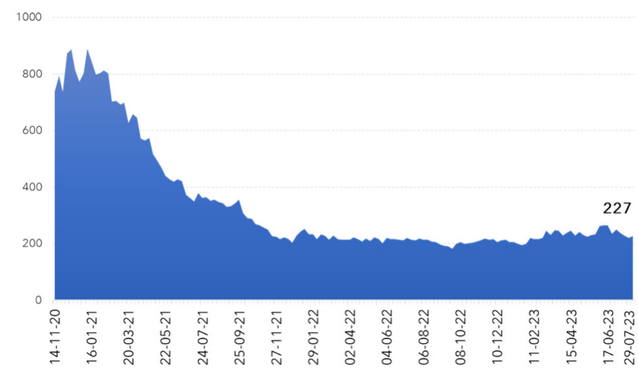
Grows at a higher rate than the second quarter (2.4%)

Graph 3. Unemployment rate (percent)



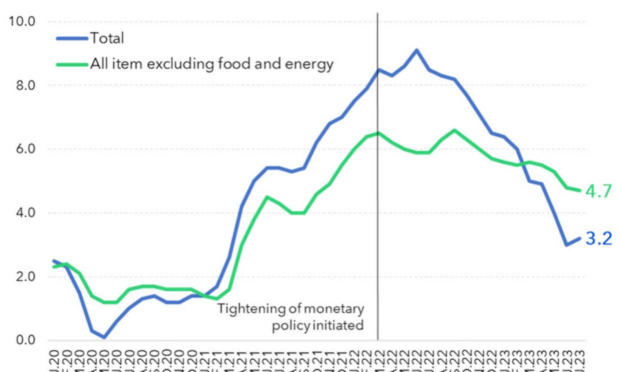
Total unemployment fell and that of Latinos increased

Graph 4. Initial subsidy claims (thousands)



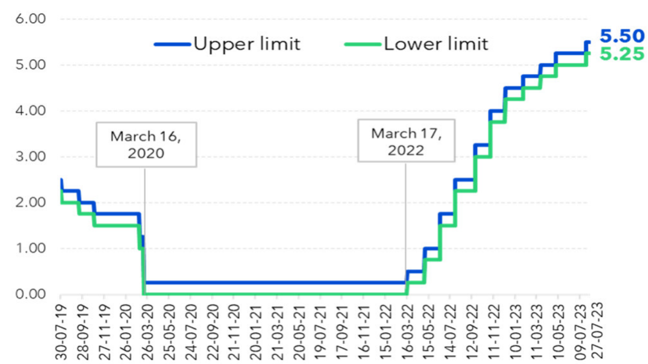
Average requests decreased in the last month

Graph 5. Inflation (year-over-year percent change)



Total inflation rebound slightly in July 2023

Graph 6. Federal funds interest (percent)

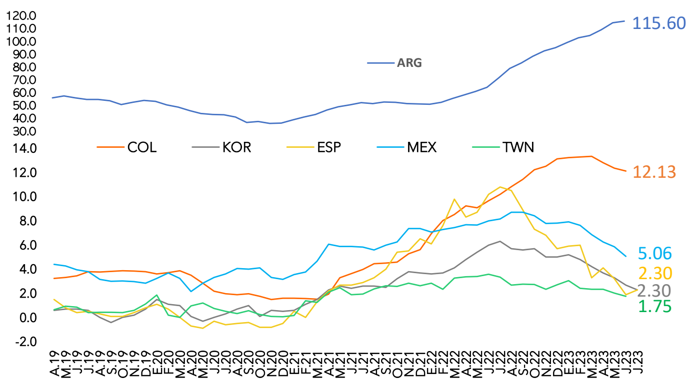


FED increased the rate by 25 bp in July 2023

Source: Office of the Chief Economist with information from the Federal Reserve Bank of New York. Federal Reserve Bank of Atlanta. Federal Reserve Bank of St.Louis. Bureau of Labor Statistics. Board of Governors of the Federal Reserve System. United States Department of Labor.

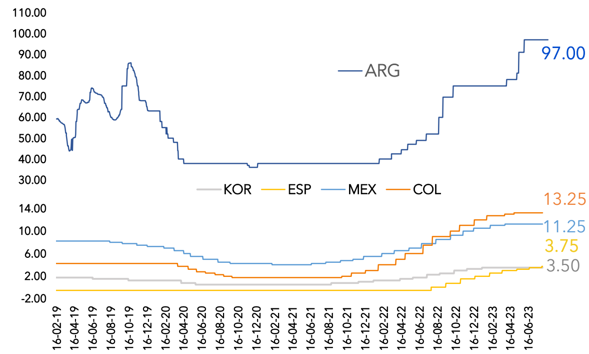
Panel 2 Selected macroeconomic indicators of non-regional CABEI member countries and commodity prices

Graph 7. Inflation (year-on-year change, percent)



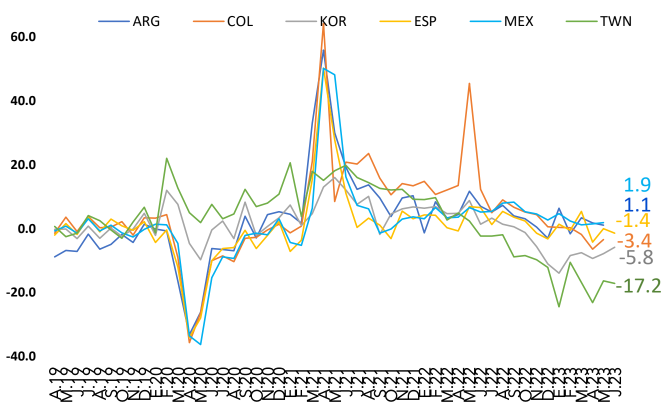
Inflationary pressures are reduced in most countries

Graph 8. Monetary Policy Rate (percent)



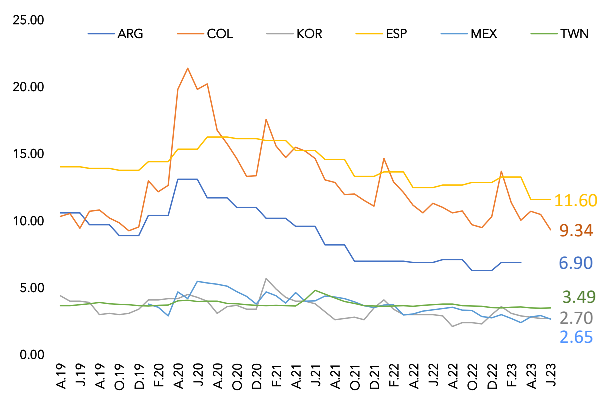
Restrictive monetary policy efforts continue

Graph 9. Industrial production index (year- over-year percent change)



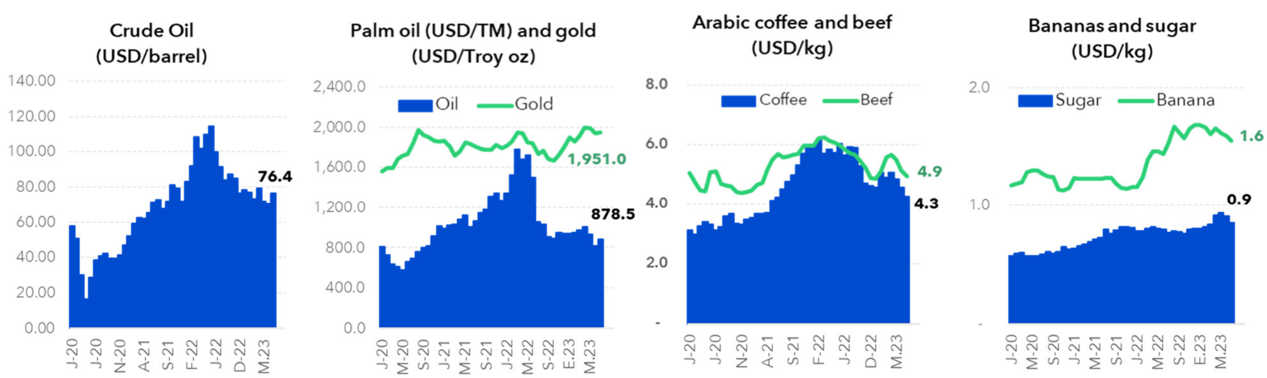
Industrial production decreased in most countries

Graph 10. Unemployment rate (percent)



Unemployment with slight variations

Graph 11. International prices of main commodities in the Central American region as of July 2023



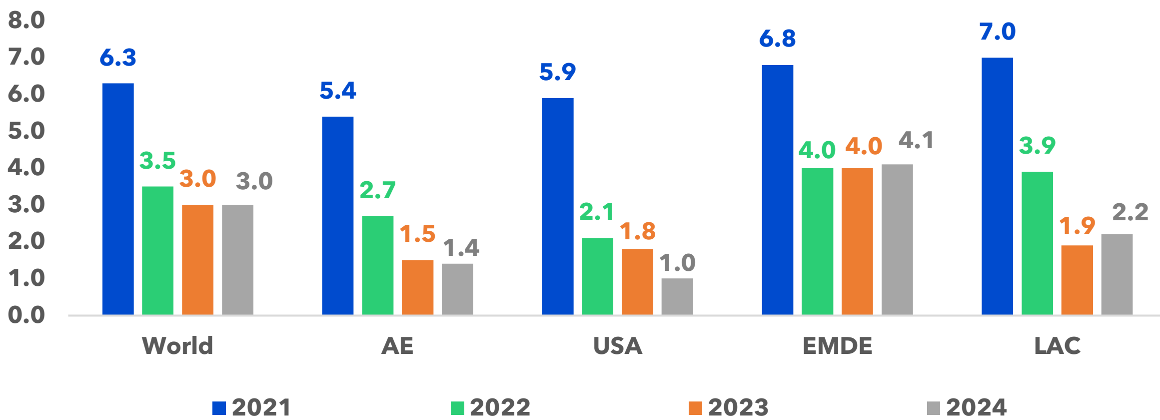
MoM price reduction in most major commodities

Source: Office of the Chief Economist with information from the statistics institutes, central banks of the extra-regional partner countries and the World Bank.

Box 1. Slowing economic growth and inflation deceleration.

Most recent estimates maintain lower world economic growth for 2023, although higher than previously expected. It would decrease from 3.5% in 2022 to 3.0% in 2023 and 2024, being below the historical annual average (2000–2019) of 3.8%. Compared to the April projections, growth has been revised up 0.2 percentage points for 2023 and remains unchanged for 2024.

Graph I: Economic growth forecast for 2023 and 2024 *(percentage)*



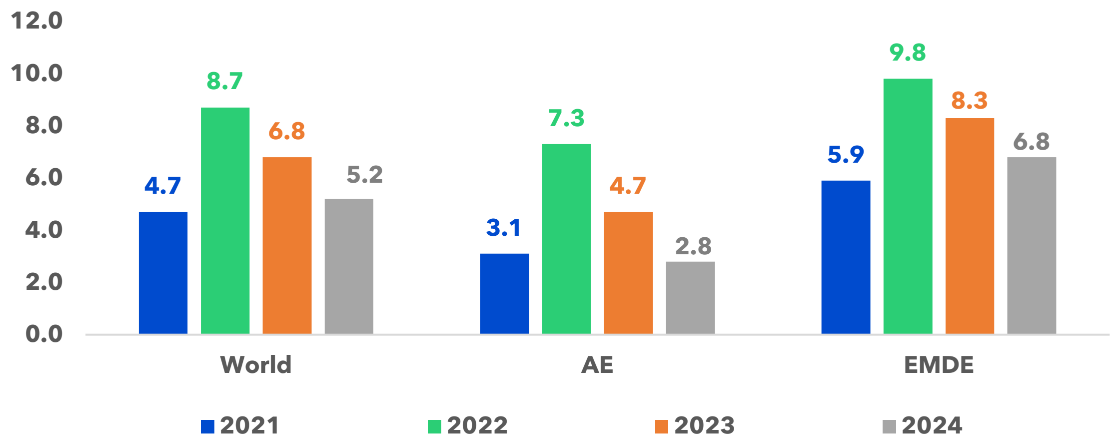
Note: AE: Advanced Economies. EMDE: Emerging Markets and Developing Economies. LAC: Latin America and the Caribbean.
Source: Office of the Chief Economist with data from the IMF WEO July 2023.

Some events that limited economic activity are dissipating. The World Health Organization announced in May that the COVID-19 pandemic no longer constitutes a global health emergency. In addition, supply chains have recovered, allowing shipping costs and merchandise delivery times to return to pre-pandemic levels. Concerns that arose at the beginning of the year about the health of the banking sector have also eased. Despite the foregoing, increases in monetary policy interest rates to combat inflation continue to affect economic activity.

Advanced economies are the main cause of the decline in global growth between 2022 and 2023. Its deceleration would be significant, going from 2.7% in 2022 to 1.5% in 2023, estimating that approximately 93.0% of these economies would register lower growth in 2023. On the other hand, in Latin America and the Caribbean, growth is expected to decrease from 3.9%. in 2022 to 1.9% in 2023 due to the moderation of economic activity after the reopening due to the pandemic, as well as the decrease in the prices of raw materials.

Inflation is ebbing in most countries but remains high. Globally, it is expected to decline from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024, above pre-pandemic levels of around 3.5% (2017–2019). The 2023 forecast was revised down by 0.2 pp mainly due to subdued levels of inflation in China, while the 2024 forecast was revised up by 0.3 pp due to higher-than-expected core inflation.

Graph II: Inflation projections for 2023 and 2024 *(percentage)*



Note: AE: Advanced Economies. EMDE: Emerging Markets and Developing Economies
Source: Office of the Chief Economist with data from the IMF WEO July 2023.

Average annual inflation is projected to decline in about three-quarters of the world's countries by 2023. Monetary tightening policies would be a key factor, as well as the decrease in international prices of raw materials. Differences in the rate of deceleration of inflation between countries are due to varying degrees of exposure to fluctuations in commodity and currency prices, as well as economic overheating.

Core inflation is persistent and will decline more gradually. It is expected to reduce from 6.5% in 2022 to 6.0% in 2023 and 4.7% in 2024. Likewise, it is expected that in approximately half of the countries it will be persistent in 2023, remaining above the inflation targets in 96.0% of the economies (89.0% in 2024).

References: International Monetary Fund. WEO, July 2023.

II.The Central American region grows at a slower rate

12. The economic dynamism continued with a stable evolution. The sustained growth of the IMAE in the region was 3.5% at the end of March, remaining stable since the last quarter of 2022, exceeding that registered in the pre-pandemic (March 2019 with 2.2%). This dynamic was driven by the activities of transportation, commerce, and tourism-related activities such as accommodation and food services.

13. Labor market was robust and growing. Although formal employment[24] increased throughout the region, the result of growth was at different rates. Thus, the year-over-year growth was 2.6% in the Dominican Republic in July, 0.0% in Nicaragua in June, 2.2% in Guatemala in May and 2.6% in El Salvador in March. Guatemala and the Dominican Republic are the ones that grew the most compared to their level in February 2020 with 16.8% and 10.7%, respectively.

14. Inflation continued to converge towards normalization. Less external inflationary pressures in combination with the response of the economy to the monetary policies adopted by the countries have contributed to stopping the inflationary escalation, reversing its trend, and directing it towards its pre-pandemic rates. The prices drop in Costa Rica to -1.04% was caused by the restrictive stance of monetary policy and the appreciation of the colon due to higher foreign currency earnings. For its part, Panama registered a deflation of -0.64% driven by the reduction of -13.8% in the transportation division.

15. Some countries have reduced their monetary policy rates; however, they remain at high levels. The Central Bank of the Dominican Republic lowered the rate to 7.75% in July 25 bp less than its previous level. For its part, the Central Bank of Costa Rica also reduced it to 6.50% during the same month, 50 bp lower than the previous level. While the Bank of Guatemala increased its policy rate by 25 basis points to 5.0% in April, the Central Bank of Nicaragua has maintained its rate at 7.0% since December 2022, while that of Honduras has been at 3.0% since November of 2020.

16. The central government's accumulated deficit increases. Most countries register positive variations in public revenues. In this regard, the Dominican Republic accumulated growth of 10.3% in April, Guatemala 9.6%, and Costa Rica 4.4% in May, while revenue contractions were observed for El Salvador in May (-2.0%) and Panama in March (-15.6%). However, expenditures grew in Guatemala (17.7%) in May, in Honduras (28.1%) and the Dominican Republic (20.0%) in April. As a result, the fiscal position deteriorated in all countries in relation to the previous month and year, but El Salvador, Honduras and Nicaragua still reported a surplus in their financial balance.

17. Foreign trade weakened compared to the previous year. Compared to the previous report, no significant changes were observed in the region's foreign trade. Thus, the year-over-year variation of the accumulated growth in exports ranged from -7.5% in El Salvador to 51.2% in Panama.[25]. Likewise, a variation in imports was observed from -9.2% in El Salvador to 17.3% in Costa Rica. In recent months there has been a change in the trend of imports and exports, where the former has slowed down more rapidly, which has led to an improvement in the trade

[24] Measured by the number of contributors to social security.
[25] To monitor the situation of exports and imports, the variations of the nominal values are estimated, since the values at constant prices are only calculated to compile the Gross Domestic Product (GDP) in the national accounts.

deficit of most countries in the region, and may also, contribute to the reduction of inflation through imported inflation.

18. Accumulated family remittances grew at a slower pace. Cumulative remittances' balances exhibited positive year-on-year variations, but excepting Nicaragua, growth normalized to rates similar to the pre-pandemic level. Accumulated income in April amounted to USD 7,796.7 million in Guatemala, USD 5,019.9 million in the Dominican Republic, USD 4,509.8 million in Honduras, USD 3,331.5 million in El Salvador and USD 1,394.6 million in Nicaragua.

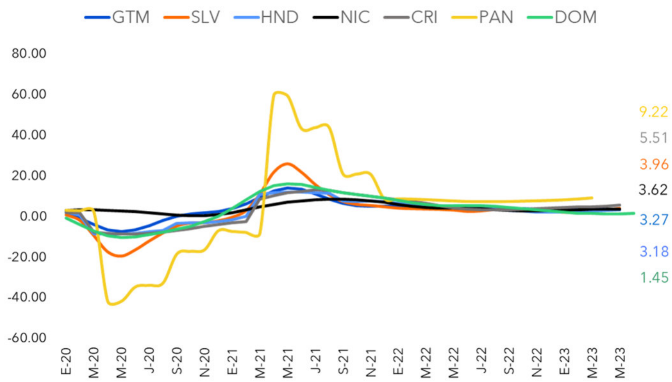
19. The exchange rate registered a slight depreciation in most countries. The interannual variation showed an appreciation for Costa Rica (-20.2%) in July, while the rest of the currencies exhibited a slight depreciation. The month-on-month variation registered moderate depreciation in the Dominican Republic (1.8%) and very minor depreciation in the rest of the countries. Both the performance of the foreign exchange receiving sectors and the interest rate differential from increases in the US monetary policy rate may explain part of the dynamics of this variable. Costa Rica and the Dominican Republic have begun to reverse their restrictive monetary policies, which may generate depreciatory pressures on the exchange rate. Additionally, the flow of remittances can be a factor that decreases the variability in the exchange rate in countries like Guatemala and Honduras.

20. Net international reserves presented a mixed performance. A year-on-year increase in NIRs was observed in most countries, led by Costa Rica (79.7%) and the Dominican Republic (12.0%) in June; on the other hand, they decreased in Panama (-32.5%), El Salvador (-25.9%) and Honduras (-5.3%). The increase in the FED rate increases the probability of capital outflows or a reduction in its flow to the region, which could be affecting the accumulation of reserves. Most countries have enough RIN to cover at least three months of their imports, in line with the minimum threshold defined by the IMF[26].

[26]Panama and El Salvador are excepted with 2.9 and 2.1 months, respectively.

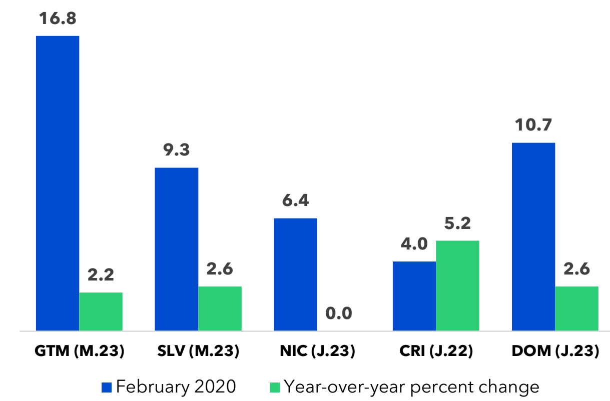
Panel 3 Central America: Selected macroeconomic indicators

Graph 12. IMAE (year-over-year percent change)



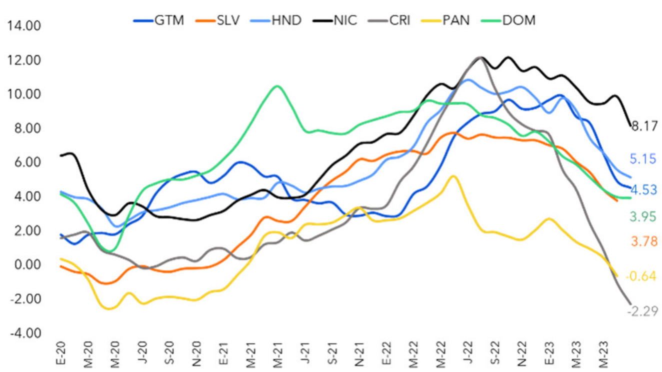
Convergence to pre-pandemic rates

Graph 13. Formal employment (variation, percentage)



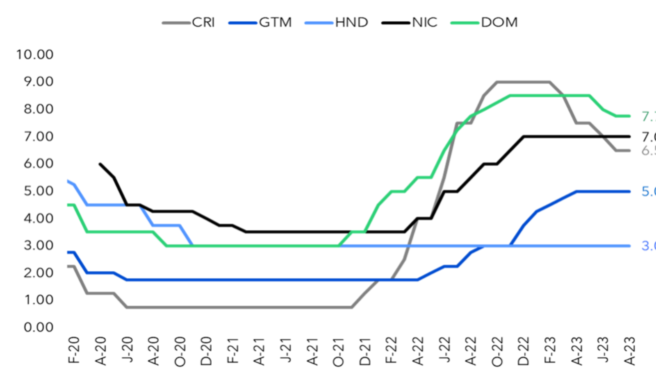
Economic dynamics have led to job growth

Graph 14. Inflation (year-over-year percent change)



Inflation subsides and continues towards normalization

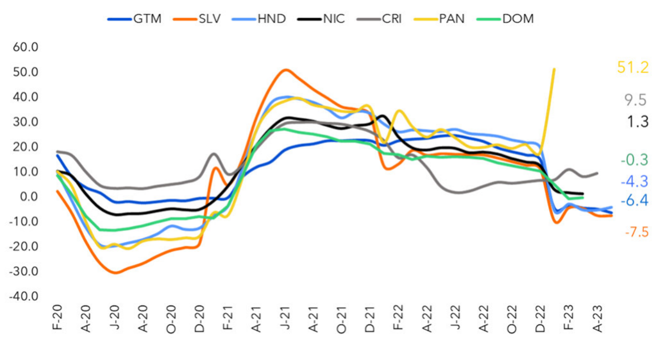
Graph 15. Monetary Policy Rate (percent)



Restrictive policies to counter inflation

Graph 16. Accumulated exports

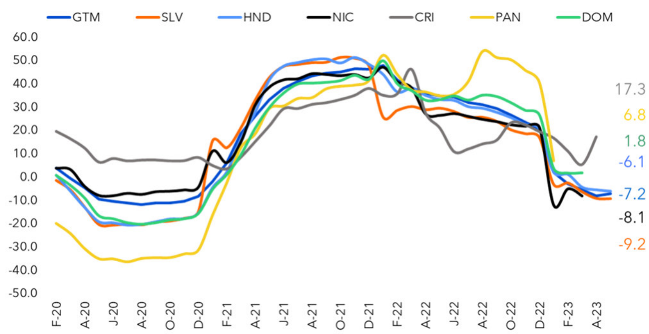
(year-over-year percent change)



Exports show signs of slowdown and, in some cases, a drop compared to the previous year

Graph 17. Accumulated imports

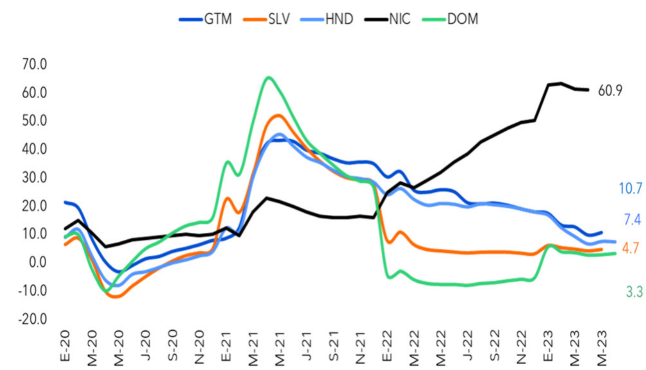
(year-over-year percent change)



Imports show a downward trend and, in some cases, drop compared to the previous year

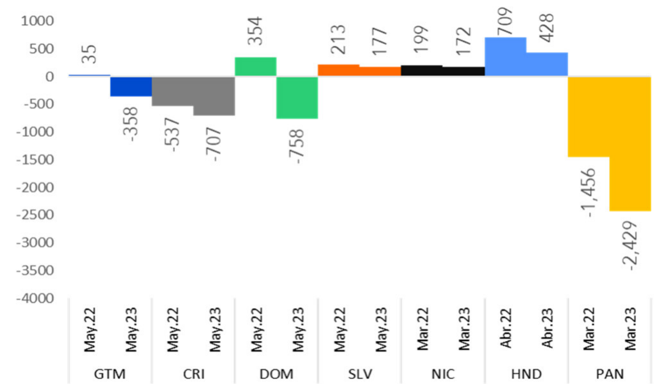
Source: Office of the Chief Economist with information from the SECMCA as of August 10.

Graph 18. Accumulated remittances received
(year-over-year percent change)



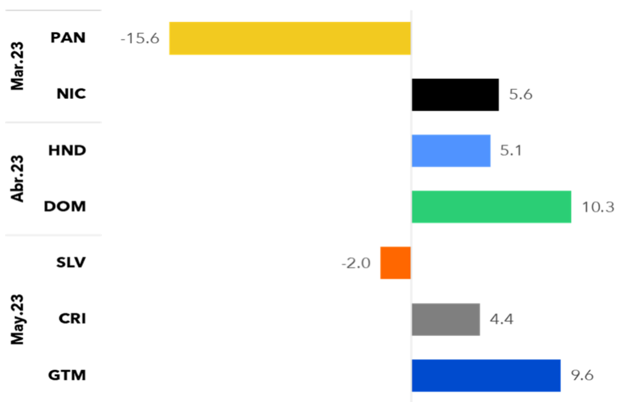
Accumulated balances continue growing at more moderate rates

Graph 19. Central government: accumulated financial balance
(USD millions)

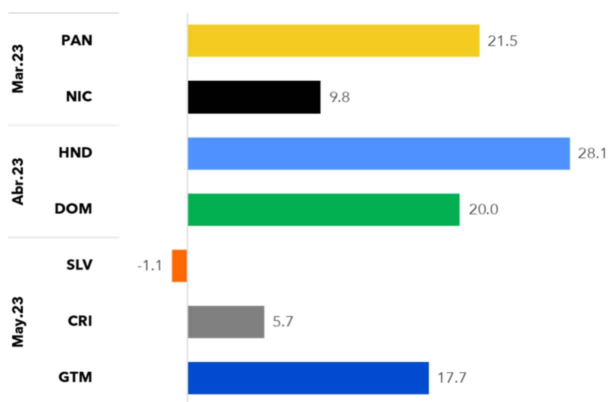


Deficit balances increase and fiscal surpluses fall

Graph 20. Central government: total accumulated revenue
(year-over-year percent change)

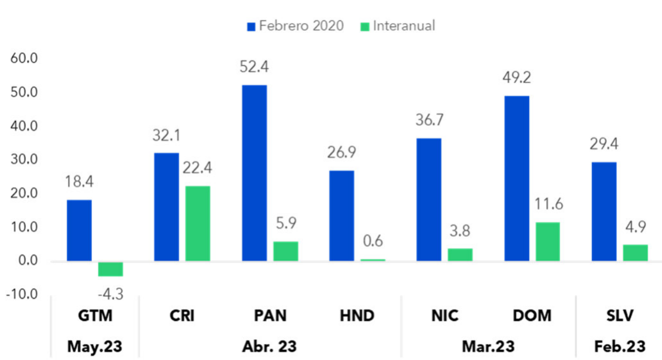


Graph 21. Central government: total accumulated expenditure (*year-over-year percent change*)

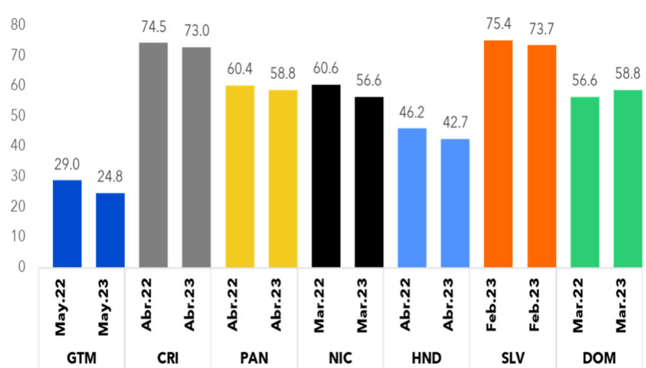


Expenditure growth outpaces revenue growth in most countries

Graph 22. Central government: total debt
(year-over-year percent change)



Graph 23. Total public debt
(as a percentage of GDP)



Public debt growth continues to moderate

Decreased due to lower deficits and GDP growth

Source: Office of the Chief Economist with information from the SECMCA as of August 10.

Annex 1. Long-term sovereign debt rating in foreign currency

Moody's Countries	Rating as of March 2020		Previous rating		Rating as of August, 4 2023	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Belize	Caa2	Stable	Caa3	Stable	Caa2	Stable
Guatemala	Ba1	Stable	Ba1	Stable	Ba1	Stable
El Salvador	B3	Stable	Caa3	Negative	Caa3	Stable
Honduras	B1	Stable	---	---	B1	Stable
Nicaragua	B3	Stable	---	---	B3	Stable
Costa Rica	B2	Stable	B2	Negative	B2	Stable
Panama	Baa1	Stable	Baa2	Stable	Baa2	Negative
Dominican Republic	Ba3	Stable	---	---	Ba3	Stable
Colombia	Baa2	Stable	Baa2	Negative	Baa2	Stable
Republic of China (Taiwan)	Aa3	Stable	Aa3	Positive	Aa3	Stable
Argentina	Caa2	En revisión	Ca	Negative	Ca	Stable
Mexico	A3	Negative	Baa1	Negative	Baa2	Stable

Standard & Poor's Countries	Rating as of March 2020		Previous rating		Rating as of August, 4 2023	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Belize	B-	Stable	SD	n.a.	B-	Stable
Guatemala	BB-	Stable	BB-	Positive	BB	Stable
El Salvador	B-	Stable	CCC+	Negative	CCC+	Stable
Honduras	BB-	Stable	---	---	BB-	Negative
Nicaragua	B-	Stable	B-	Stable	B	Stable
Costa Rica	B+	Negative	B	Stable	B+	Stable
Panama	BBB+	Stable	BBB	Stable	BBB	Negative
Dominican Republic	BB-	Stable	BB-	Stable	BB	Stable
Colombia	BBB-	Stable	BBB-	Negative	BB+	Stable
Republic of China (Taiwan)	AA-	Stable	AAu	Positive	AA+u	Stable
Argentina	CCC-	Negative	CCC+	Negative	CCC-	Negative
Mexico	BBB+	Negative	BBB	Negative	BBB	Stable

Fitch Ratings Countries	Rating as of March 2020		Previous rating		Rating as of August, 4 2023	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Belize	---	---	---	---	---	---
Guatemala	BB	Negative	BB-	Positive	BB	Stable
El Salvador	B-	Stable	CC	---	CCC+	---
Honduras	---	---	---	---	---	---
Nicaragua	B-	Stable	B-	Stable	B-	Positive
Costa Rica	B+	Negative	B	Stable	BB-	Stable
Panama	BBB	Negative	BBB-	Negative	BBB-	Stable
Dominican Republic	BB-	Stable	BB-	Stable	BB-	Stable
Colombia	BBB	Negative	BB+	Stable	BB+	Stable
Republic of China (Taiwan)	AA-	Stable	AA	Stable	AAu	Stable
Argentina	CC	n.a.	C	n.a.	CC	n.a.
Mexico	BBB	Stable	BBB	Stable	BBB-	Stable

Source: Office of the Chief Economist with information from Bloomberg.

CABEI

Central American Bank for Economic Integration