

# MONTHLY ECONOMIC SITUATION REPORT



OFFICE OF THE  
CHIEF ECONOMIST

May 2021

The monthly economic outlook report presents an ad hoc analysis of the macroeconomic performance of the world in general and Central America in particular. The process to prepare this report was coordinated by Dr. Florencia Castro Leal, Chief Economist of CABEL. The research and drafting were the responsibility of Miguel Angel Medina Fonseca (Economist) and Fátima Velásquez (Junior Economist) and was reviewed by Armando Enrique Navarrete (Senior Economist). The English translation was done with the collaboration of CABEL's Administrative Services and Institutional Procurement Department and the revision of Carmen Elisa Méndez (Junior Economist).

The contents of this publication are the responsibility of the authors and do not necessarily reflect the official position of CABEL.

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## MONTHLY ECONOMIC SITUATION REPORT FOR MAY 2021

### I. COVID-19 INFECTIONS WORLDWIDE STARTED TO DECLINE IN MAY AS VACCINATION PLANS MOVE AT DIFFERENT SPEEDS

**1. New confirmed cases of COVID-19 decreased in the world in May, while in India the situation worsened registering a high number of deaths.** The virus has infected around 2.2% of the world's population, with a mortality rate of 2.1%. New daily cases decreased on average 15.8% during the last rolling month ending May 30<sup>1</sup>, reporting a decline in the last five weeks after consecutive increases were recorded in the previous 9 weeks. India was the country that had the greatest impact on increasing the global curve for new daily cases in April, and in the decrease observed during May. While new COVID-19 cases show decline in India since May 9. While new cases of COVID-19 show a decline in India since May 9, daily deaths remain high, in the last week they reached an average daily death of 3,626, with a maximum since the start of the pandemic of 4,529 daily deaths recorded on May 18. The second wave of COVID-19 has been devastating in this country, with major cities quarantined and hospitals collapsed. In addition, quarantine measures are beginning to spread to rural areas where access to COVID-19 treatments is scarce<sup>2</sup>.

**2. The trend of new infections shows mixed results among the most affected countries<sup>3</sup>.** Colombia, France, Russia, Chile, and Malaysia maintained upward trends in new confirmed cases of infection in the last week ending May 30. In contrast, India, Brazil, Argentina, the United States, and Iran registered a downward trend. In Central America, Costa Rica registered a maximum of new confirmed cases daily during the month of May with more than 2,000 people on average during the month. Likewise, in the Dominican Republic there has been an increase since May 4, reaching an average of more than 1,000 new cases in the last two weeks of the month. While Guatemala shows a reduction in new daily cases since the last week of April, after registering a maximum in the middle of that month. For its part, Honduras shows a slight decrease in the last week of May, with less than 700 new cases per day.

**3. Vaccination plans are progressing at different speeds around the world, with developed countries advancing rapidly.** Among the countries with the most significant advances in the application of full doses of the COVID-19 vaccine are Israel with 59.3% of the population, followed by Chile (41.6%), United States (40.4%) United Arab Emirates (38.8%), United Kingdom (37.3%), European Union (17.8%) and the World (5.5%). Among CABEL's partner countries, Spain (18.8%), Costa Rica (11.6%), El Salvador (11.0%), Mexico (9.6%), the Dominican Republic (9.6%), Panama (8.7%), Colombia (6.4%), and Argentina (6.1%). In contrast to these percentages, and for comparative purposes among all countries, Figure 2 shows one dose per 100 persons, cumulative over time, since the percentage of the total population that has received all the prescribed doses, according to the vaccination protocol, is not available for all countries.

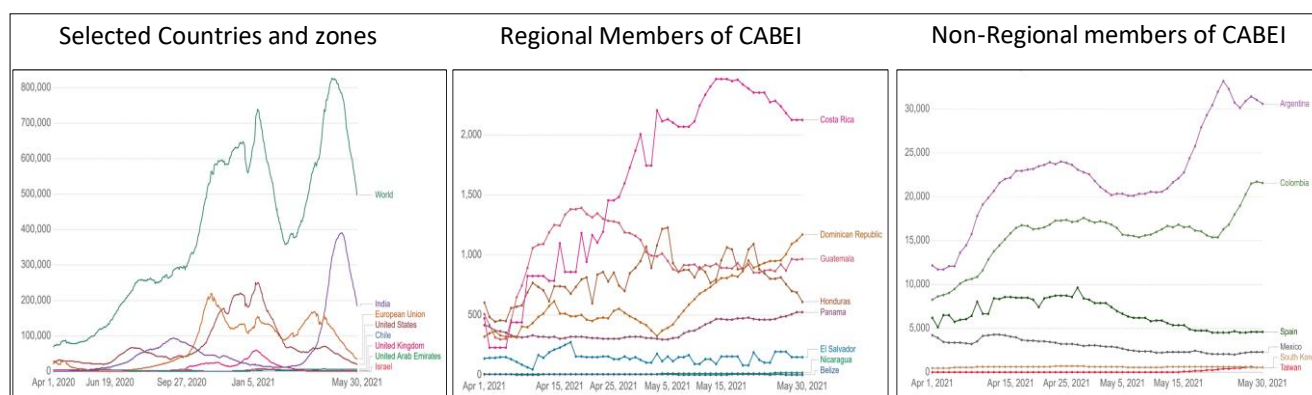
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<sup>1</sup>Office of the Chief Economist with Our World in Data Information. Coronavirus (COVID-19) Vaccines as of May 21.

<sup>2</sup> Deutsche Welle (DW).

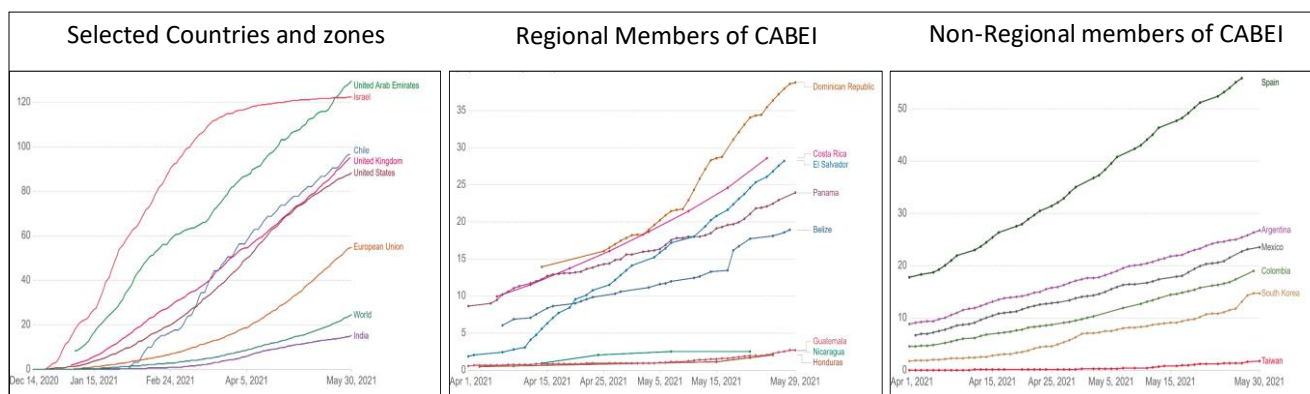
<sup>3</sup> Office of the Chief Economist with information from John Hopkins Coronavirus Resource Center and Woldometer as of May 21.

**Figure 1.** Evolution of new COVID-19 daily cases (7-day moving average)



Source: Our World in Data. Corona virus (COVID-19) Vaccinations, May 31, 2021.

**Figure 2.** Cumulative doses of COVID-19 vaccines administered per 100 persons<sup>1</sup>



Source: Our World in Data. Corona virus (COVID-19) Vaccinations, May 31, 2021.

**4. To further the advancement of vaccination worldwide, the U.S. government supports the waiver of pharmaceutical companies' intellectual property rights to produce COVID-19 vaccines.** The United States Trade Representative, Katherine Tai, announced the Biden administration's position on May 5. This decision is intended to allow vaccines to be produced in less developed countries that have the capacity to do so, thus ensuring faster access to vaccines for the world's population<sup>4</sup>. In response to this announcement, U.S. pharmaceutical researchers and manufacturers expressed their opposition. Among the U.S. pharmaceutical companies included in this group are AstraZeneca, Pfizer, and Johnson & Johnson Pharmaceuticals<sup>5</sup>. On the other hand, the United States President, announced that over the six weeks will send 80 million vaccine doses overseas. These include AstraZeneca, Pfizer, Moderna and Johnson & Johnson vaccines<sup>6</sup>.

**5. Deliveries of COVID-19 vaccines produced by the Serum Institute of India have been delayed or cancelled due to the accelerating pandemic in India.** The Serum Institute of India (SII) received rights to produce the

<sup>4</sup> New York Times.

<sup>5</sup> CNBC News.

<sup>6</sup> White House COVID-19 Response Team.

AstraZeneca vaccine for 64 low-income countries <sup>7</sup>under the World Health Organization (WHO) COVAX mechanism. However, SII exports have been postponed or canceled despite breaching previously established international commitments <sup>8</sup>, due to the upsurge of COVID-19 cases in that country, where priority is being given to supplying the local market and export restrictions have been imposed<sup>9</sup>. Likewise, the SII announced that it is unlikely that exports of vaccines to the beneficiary countries under the COVAX program will resume by the end of the year <sup>10</sup>.

**6. The government of Israel has withdrawn the obligation to wear a facemask outdoors.** The use of masks is no longer mandatory in open spaces since April 18, when more than 50% of the population had been vaccinated. Also, as of that date, the return of students to school was announced. The use of masks continues to be mandatory in closed spaces, such as schools, restaurants, supermarkets, among others.

**7. The Pfizer/BioNTech COVID-19 vaccine was authorized for use in adolescents between 12 and 15 years of age in the United States and Canada.** On May 5, the Canadian government authorized the application of this vaccine in adolescents (12-15 years of age), becoming the first country to authorize its use in this age group<sup>11</sup>. Likewise, on May 10, the U.S. government authorized the application of this vaccine in adolescents in that age range, according to the U.S. Food and Drug Administration. In addition, Pfizer/BioNTech is currently seeking approval from European Union regulators to apply its vaccine in people between 12 and 15 years old<sup>12</sup>.

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<sup>7</sup> BBC World News.

<sup>8</sup> BBC World News.

<sup>9</sup> Deutsche Welle (DW).

<sup>10</sup> Washington Post

<sup>11</sup> Pfizer.

<sup>12</sup> Deutsche Welle (DW).



## II. THE U.S. ECONOMY SHOWED MIXED SIGNS OF RECOVERY IN APRIL AND IN CABEI'S NON-REGIONAL MEMBERS THERE ARE POSITIVE SIGNS OF ECONOMIC ACTIVITY

**8. The Organisation for Economic Co-operation and Development (OECD) revised its global growth projections upward in May 2021.** It expects global economic growth to reach 5.8% in 2021, a sharp upward revision to the December 2020 Economic Outlook projection (4.2% for 2021). This improvement is explained by the progress of vaccination in many advanced economies, but also to the huge fiscal stimulus in the United States. Global GDP growth is also expected to stand at 4.4% in 2022, however, global income will still remain about three trillion dollars lower than expected before the crisis<sup>13</sup>.

**9. The United States revealed signs of economic recovery in May 2021<sup>14</sup>.** These changes have been driven by progress in the vaccination plan, the reopening of establishments and the continued government response related to the COVID-19 pandemic. Below are some economic indicators of the U.S. economy that show its situation in terms of economic recovery.

- The gross domestic product grew at an annualized rate of 6.4% in the first quarter of 2021 (4.3% in Q4 2020), driven by increases in personal and government consumption expenditures, nonresidential and residential fixed investment, which were partially offset by declines in private inventory investment and exports, and <sup>15</sup>
- The weekly economic index rose 10.8% in the week ending May 29, making a string of 11 consecutive weeks with positive variation. Likewise, the 13-week moving average reached 8.8%, chaining the last 9 weeks with growth <sup>16</sup>.
- Nominal personal disposable income decreased 14.6% and personal consumption increased 0.5% in April 2021 compared to March. The foregoing mainly reflected a decrease in public social benefits from the American Rescue Plan of 2021, and with a reduction in unemployment insurance due to lower payments from the unemployment compensation program due to the pandemic. The increase in consumption was associated with an increase in spending on durable goods (motor vehicles and their parts) and on services (recreational, food and accommodation), which were partially offset by a reduction in the consumption of non-durable goods (led by food and drinks).
- Total U.S. non-farm employment increased by 559,000 during May (278,000 in April). This performance led to a decrease in the overall and Latino unemployment rates, which registered 5.8% and 7.3% in May,

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<sup>13</sup> OECD Economic Outlook, May 2021. NO ORDINARY RECOVERY NAVIGATING THE TRANSITION.

<sup>14</sup> The United States is studied in detail because it is one of the most relevant economies worldwide, and in particular the main destination of exports (39% in 2018) and migrants (77.9% in 2017) from Central America, and therefore the most important country of origin of remittances.

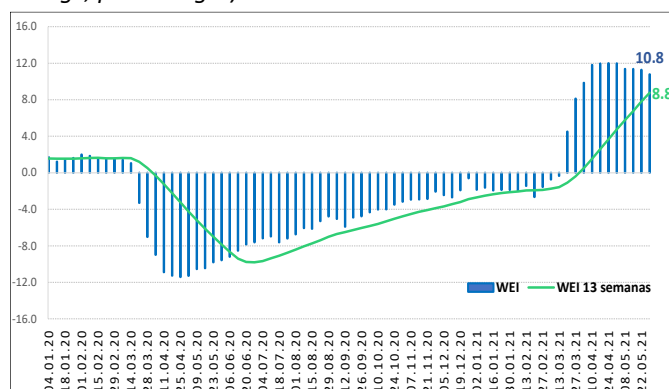
<sup>15</sup> U.S. Bureau of Economic Analysis. News release: Gross Domestic Product, First Quarter 2021 (Second Estimate).

<sup>16</sup> The Weekly Economic Index (WEI) is an index of ten daily and weekly indicators of actual economic activity, scaled to align with the four-quarter GDP growth rate. It represents the common component of a series covering consumer behavior, the labor market and production.

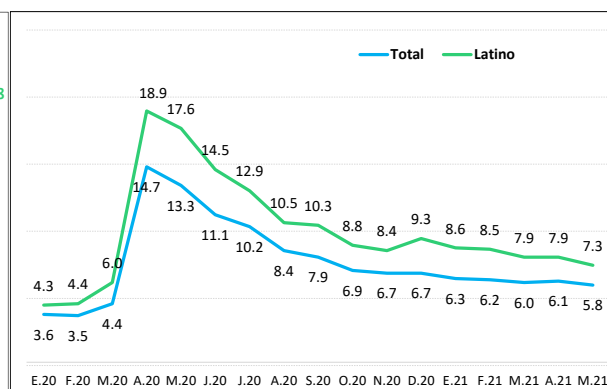
respectively. The sector that generated the most jobs was leisure and hospitality with 292,000, followed by public and private education (144,000), reflecting the continued resumption of in-person apprenticeship<sup>17</sup>.

- Meanwhile, initial jobless claims reached 385,000 in the week ending May 29, 2021 (down 20,000 from the previous week). This was the lowest level observed since March 14, 2020 (256,000 jobs)<sup>18</sup>.
- In this context, the United States Federal Reserve maintained its accommodative monetary policy, with no changes in the interest rate, which was between 0.0% and 0.25%<sup>19</sup>, despite the inflationary rebound in year-on-year inflation in April (4.2%), the which was driven by the rise in fuel and in the sale of used vehicles. The previous result was the highest inflation observed since September 2008 (4.9%)<sup>20</sup>.

**Figure 3.** U.S. Weekly Economic Index (year-over-year change, percentages)



**Figure 4.** U.S. Total and Latino unemployment (percent)



Source: Office of the Chief Economist with data from US Bureau of Labor Statistics, Federal Reserve Bank of St. Louis.

**10. Signs of insufficient supply are emerging around the world that could delay the post-pandemic economic recovery.** The lack of goods, services and people willing to work means that the growing demand is only partially being met. Nowhere is the shortage more acute than in the United States, where a boom is taking place. Consumer spending is growing at an annual rate of over 10%, funded by the more than USD 2 trillion in savings accumulated over the past year, coupled with the fact that more stimulus is still being delivered. The boom is creating two types of bottlenecks; the first related to supply chain shortages, while freight costs have tripled, and the second with the difficulty companies are experiencing to fill their job vacancies, which register all-time highs<sup>21</sup>.

**11. In CABEI's no-regional members countries, economic recovery strengthened, reflected in higher inflation, positive trends in industrial production and lower unemployment rates.** All countries recorded higher inflation than in the previous month, although it remained at low levels in most cases, which allowed monetary policy

<sup>17</sup> U.S. Bureau of Labor Statistics. Economic news release: Employment situation summary.

<sup>18</sup> United States Department of Labor. Unemployment insurance weekly claims, Seasonally Adjusted Data.

<sup>19</sup> The Federal Reserve System. Board of Governors of the Federal Reserve System. Recent Developments.

<sup>20</sup> U.S. Bureau of Labor Statistics. Economic news release: Employment situation summary. Consumer Price Index Summary.

<sup>21</sup> The Economist. The coming global economic boom could have a sting in the tail.



rates to remain low and stable, and to continue boosting aggregate demand. In this regard, inflation is currently considered by experts to be the clearest indicator of economic recovery. Industrial production indices grew in all countries, highlighting the fact that in Colombia (12 months) and Mexico (28 months) reported positive variations for the first time after several months falling consecutively, and in Spain after registering drops in 13 of the previous 14 months (except for December 2020, which grew 2.2%). Finally, unemployment fell in most countries, which is another sign of economic recovery.

**Table 1.** Selected economic indicators of CABEI's non-regional member countries

Variables	Unit of measure	Argentina	Δ	Colombia	Δ	Korea	Δ	Spain	Δ	Mexico	Δ	Taiwan	Δ
Inflation	interannual variation, percentage	Apr.2021		Apr.2021		Apr.2021		Apr.2021		Apr.2021		Apr.2021	
		46.30	+	1.95	+	2.30	+	2.20	+	6.08	+	2.09	+
Monetary Policy Rate	percentage	May.2021		May.2021		May.2021		May.2021		May.2021		May.2021	
		38.00	=	1.75	=	0.50	=	-0.50	=	4.00	=	n.d.	
Industrial Production Index	interannual variation, percentage	Mar.2021		Mar.2021		Apr.2021		Mar.2021		Mar.2021		Apr.2021	
		32.80	+	9.10	+	12.40	+	15.10	+	1.65	+	13.62	-
Unemployment	percentage	IV.T.2020		Apr.2021		Mar.2021		I.T.2021		Apr.2021		Apr.2021	
		11.00	-	15.10	+	4.30	-	15.98	-	5.72	+	3.64	-

**Note:** Spain's MPR is the Euro Zone deposit facility rate and in the Republic of Korea it corresponds to Base Rate. The symbol Δ is = if the variable remained unchanged, + if it increased and - if it decreased, all with respect to the value registered the previous month. n.a. is for not available. **Source:** Prepared by the Office of the Chief Economist with information from the central banks and statistical institutes of each country.

**12. The performance of the S&P 500 index reached new highs at the end of April 2021.** This behavior was associated with economic consolidation in the United States, which was reflected in higher growth and lower initial jobless claims during April. Also, positive expectations for variable income markets were reaffirmed, given that infrastructure and family assistance plans will be financed with new debt (rather than tax hikes), and by the Federal Reserve's message that it is not yet time to consider tapering the quantitative easing program<sup>22</sup>. Rising inflation in several European countries has generated uncertainty among investors, which has been reflected in the fall of stock market indexes such as the IBEX 35<sup>23</sup> in Spain and the DAX<sup>24</sup> in Germany at the end of May. This rebound in inflation is in addition to that already observed in the US in April, with markets awaiting the corresponding data for May. This could influence the actions that central banks may take regarding monetary policy rates.

**13. Fitch Ratings affirmed El Salvador's long-term foreign currency credit rating; Standard and Poor's downgraded those of Colombia and Belize; and Moody's reaffirmed that of Mexico.** Fitch affirmed El Salvador's

<sup>22</sup> Daily Fx. The USA economy grows 6.4% in the first quarter of 2021, the S&P 500 rises and breaks record.

<sup>23</sup> It is the main benchmark stock market index of the Spanish stock exchange, made up of the 35 most liquid companies listed on the Spanish Stock Exchange Interconnection System in the four Spanish stock exchanges (Madrid, Barcelona, Bilbao, and Valencia).

<sup>24</sup> It is the blue-chip stock index of the 30 largest German companies listed on the Frankfurt Stock Exchange.

rating at B- and maintained the negative outlook. The latter reflects deteriorating debt sustainability metrics, large fiscal deficits in 2020 and the one estimated for 2021, as well as, funding constraints stemming from higher reliance on short-term debt, limited scope for local market financing, and vulnerability to deteriorating external market financing conditions<sup>25</sup>. S&P Global Ratings for its part lowered Colombia's rating to BB+ (previously BBB-) with a stable outlook. The rating reduction was carried out after the withdrawal of a tax reform presented to Congress, which reduces the possibility of improving the fiscal position; the stable outlook reflects the expectation of economic recovery in 2021<sup>26</sup>. In addition, S&P Global Ratings lowered Belize's rating to selective default (SD), essentially associated with the default on its superbond, but coupled with severe fiscal and external imbalances and institutional fragility<sup>27</sup>. Finally, Moody's Investors Service reaffirmed Mexico's Baa1 rating with a negative outlook, considering that the deterioration in fiscal accounts has been limited, partly as a consequence of the fiscal austerity adopted during the crisis; in addition to the forecast that the decline in growth in 2020 will reverse in 2021 and that in the medium term, it will converge to its pre-crisis trend, supported by strong growth in the United States<sup>28</sup>.

**14. Oil prices fell, gold prices rose, and the prices of Central America's main export commodities registered mixed changes in April 2021.** The average price of oil fell by -1.0% with respect to the previous month to USD 61.7 in April, which reflects the expectation that the demand for this commodity could adjust downwards due to the rebound in cases of COVID-19, mainly in India, and in other countries of the world, which leads to business closures and the resurgence of travel restrictions. However, Brent oil, the benchmark for Europe, reached a price of USD 71.23 per barrel on Tuesday, June 1<sup>st</sup>, registering its highest value since March 2021. Likewise, the West Texas Intermediate (WTI) oil price, the reference for the United States, reached a price of USD 68.72 per barrel, the highest price since October 2018.<sup>29</sup> In this context, the Joint Ministerial Oversight Committee of OPEC and its allies (OPEC+) agreed, in its seventeenth meeting on the same June 1<sup>st</sup>, to maintain the plan to gradually increase crude production from May to July, considering the strengthening of market fundamentals that have contributed to increased demand for oil and reduced crude stocks in the OECD, as economic recovery and vaccination programs advance in much of the world<sup>30</sup>.

The average price of gold was USD 1,760.0, 4.6% higher than in March, influenced in part by a weaker dollar in some weeks of April<sup>31</sup>, a decline in 10-year U.S. government bond yields and higher inflation<sup>32</sup>. As for the average prices of Central America's main export products, there were mixed month-on-month variations, with bananas

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<sup>25</sup> Fitch Rating. Fitch Affirms El Salvador at 'B-'; Outlook Negative.

<sup>26</sup> S&P Global Ratings. Press release.

<sup>27</sup> S&P Global Ratings. Belize Foreign Currency Ratings Lowered To 'SD/SD' On Missed Coupon Payment and Risk of External Bond Restructuring.

<sup>28</sup> Moody's Investors Service. Rating Action.

<sup>29</sup> Investing.com. Crude Oil Futures Summary WTI and Brent.

<sup>30</sup> Organization of the Petroleum Exporting Countries. OPEC and non-OPEC Ministerial Meeting highlights importance of ongoing re-balancing efforts.

<sup>31</sup> Investing.com. Dollar Index futures.

<sup>32</sup> Reuters Agency. Gold price rises supported by decline in U.S. bond yields.

and shrimp decreasing, and the rest of the commodities increasing; it is worth noting that all items recorded increases when compared to the price of the same month of the previous year.

**Table 2.** International prices of main Central American goods

Product	Average Price April 2021	Unit of measure	Variation	
			Monthly	Interannual
Crude oil (WTI)	61.7	USD/barrel	-1.0	273.5
Gold	1,760.0	USD/troy ounces	2.4	4.6
Arabic coffee	3.7	USD/kg	0.7	8.9
Banana	1.2	USD/kg	0.0	-4.3
Beef	5.2	USD/kg	9.6	16.4
Palm oil	1,074.6	USD/mt <sup>1</sup>	4.2	76.5
Shrimp	12.5	USD/kg	1.7	-10.0
Sugar	0.7	USD/kg	2.6	20.1

**Note:** 1/ MT is metric ton. **Source:** Office of the Chief Economist with information from the World Bank.

### III. IN CENTRAL AMERICA, ECONOMIC ACTIVITY IS RECOVERING AND FISCAL REVENUES ARE INCREASING IN MOST COUNTRIES

**15. Economic activity in Central America registered a growth in all countries except for Panama.** The monthly index of economic activity (IMAE) by groups, shows in some countries a greater productive activity in communications and manufacturing industry according to the last available month; in contrast, service activities, such as hotels, transportation, restaurants, agriculture, among others, still show negative rates. At the aggregate level, the interannual variations of the IMAE of the Dominican Republic (8.9%), Honduras (7.7%), Guatemala (5.8%), Costa Rica (3.9%) and Nicaragua (2.7%) registered growth in March 2021, highlighting the first positive variation since February 2020 was observed in Honduras. For its part, El Salvador (1.6%) showed its first positive variation in February since January 2020, while Panama (-9.6%) fell at a lower rate, with respect to the previous month.

**16. The greater economic dynamism is beginning to permeate the labor market.** The annual variation in the number of contributors to social security in the Dominican Republic was 10.9% in April 2021 (-8.1% in March 2021)<sup>33</sup>, first growth since December 2019. Likewise, Costa Rica registered an increase of 2.2% in April 2021 (-1.8% in March 2021), for first time since April 2020. While the number of contributors to social security in Guatemala growth, for second consecutive month, 4.8% in March 2021 (3.5% in February 2021)<sup>34</sup>, and in El Salvador the number of contributors decreased -2.3% in the same month (-2.3% in February 2021)<sup>35</sup>. In Costa Rica, the general unemployment rate was 18.7% (18.5% in the previous moving quarter), with higher unemployment prevailing among the urban population (19.9%), young people aged 15 to 24 (43.8%) and among women (26.1%), during the first quarter of 2021<sup>36</sup>.

**17. The recent rebound in inflation rates was associated with increases in the prices of food and non-alcoholic beverages, as well as fuels, however, monetary authorities maintained their policy interest rates.** The region's central banks kept their monetary policy rates unchanged during the first three weeks of May 2021, despite a rebound in inflation in most countries. The interannual variation of the consumer price index was positive in all countries, for the second month in a row, in April 2021. Inflation rates in descending order were observed in the Dominican Republic (9.65%), Guatemala (5.20%), Nicaragua (4.40%), Honduras (3.96%), El Salvador (2.79%), Panama (1.71%) and Costa Rica (1.21%).

**18. Exports grew positively in most Central American countries.** The greater dynamism of international trade contributed to most countries in the region maintaining the positive momentum in their accumulated exports. In this respect, Costa Rica (12.7%) and El Salvador (10.1%) grew as of March 2021, as well as Guatemala (6.5%)

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<sup>33</sup> Superintendencia of Pensions of the Dominican Republic.

<sup>34</sup> Ministry of Economy of Guatemala

<sup>35</sup> Salvadoran Institute of Social Security (ISS).

<sup>36</sup> National Institute of Statistics and Census of Costa Rica. Continuous Employment Survey, mobile quarter December 2020 to February 2021.

as of February 2021. Exports decreased less in Honduras (-3.4%) but continued to fall in Panama (-7.4%) as of February 2021, due to a decrease in re-exports from the Colon Free Zone.

**19. The expected recovery of imports is already beginning to be observed, with positive variations in most countries in February and March.** Costa Rica (10.6%) and El Salvador (22.5%) in March, and Guatemala (6.2%), El Salvador (9.8%) and Honduras (5.3%) in February, registered positive year-on-year growth rates in accumulated imports, higher than those of the previous month. In the rest of the countries, the drop was lower than the previous month, in Panama (-2.5%) as of February, and in Nicaragua (-4.3%) and the Dominican Republic (-15.9%) as of December 2020. The economic recovery observed during the first quarter of the year has accelerated the demand for imports in most countries, which is reflected in higher trade deficits compared to the same period of the previous year, except for Nicaragua and the Dominican Republic with data available as of December 2020.

**20. Family remittances are growing at historic rates driven by the recovery of the U.S. economy, and their growth is magnified compared to their decline a year ago due to the onset of the pandemic.** Monthly remittances are growing at an interannual rate higher than 70.0% in Honduras and the Dominican Republic as of March and in Guatemala as of April 2021. Likewise, it should be noted that accumulated remittances, in millions of dollars, were higher than the same period of the year. above in all five countries.

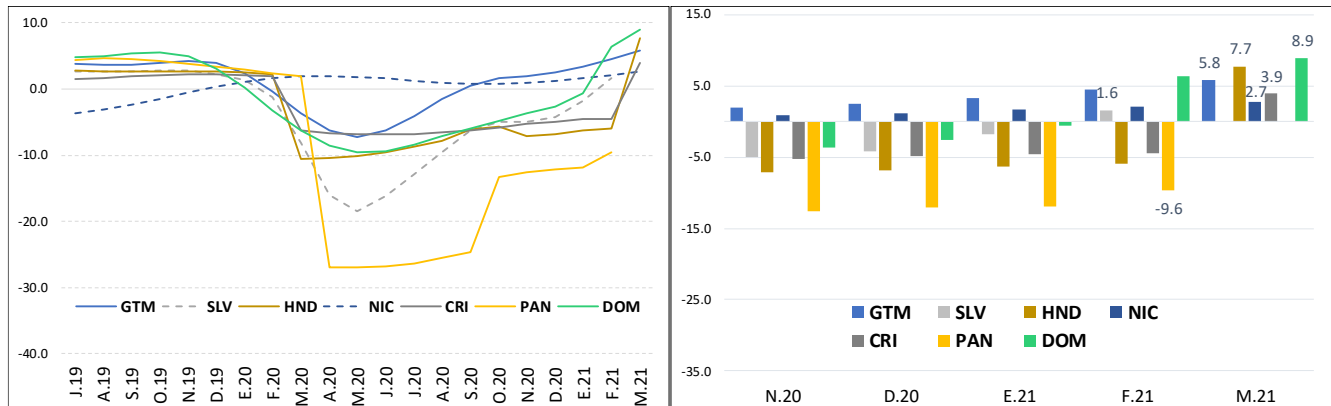
**21. Increased economic activity in the first quarter of the year contributed to an increase in government revenues in most countries.** The central governments of Costa Rica (27.2%), Guatemala (19.7%) and El Salvador (5.0%) saw their cumulative total revenues increase as of March 2021, compared to the same period last year; in Guatemala and Costa Rica were the third consecutive month with positive variations and in El Salvador its second month. Likewise, in Honduras, total revenues grew 14.7% for the second consecutive month as of February 2021. Regarding public expenditures, El Salvador and Costa Rica showed the highest growth as of March 2021 with respect to the same period of the previous year. In turn, new debt contracting has increased by double digits in all countries in the region, between 11.8% and 32.6% since December 2019.

**22. Net international reserves showed mixed performance in Central America.** Guatemala recorded a year-on-year growth in international reserves of 13.7% as of April 2021; while Costa Rica observed a drop of 16.8% as of the same month. On the other hand, Honduras (35.6%), Nicaragua (34.8%), the Dominican Republic (30.6%) and Panama (144.8%) registered positive variations as of March 2021. Regarding the measure of coverage of net international reserves to months of imports, Guatemala and Honduras have the capacity to cover eleven and nine months of imports, respectively, while El Salvador is the country with the lowest coverage, less than three months of imports.

**23. Costa Rica has formally become an OECD Member, the 38th country to do so in the Organization's 60-year history.** Costa Rica has now completed its domestic procedures for ratification of the OECD Convention and deposited its instrument of accession. This brings to a successful conclusion an accession process that began in

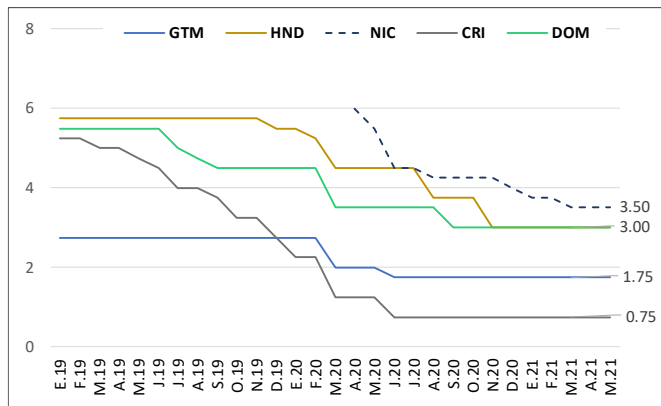
April 2015. It will be the fourth Member country from the Latin America and Caribbean region to join following Mexico, Chile, and Colombia<sup>37</sup>, and the first from Central America.

**Figure 5.** Inter-annual variation of the MAEI in Central American countries (*cycle trend, percentages*)

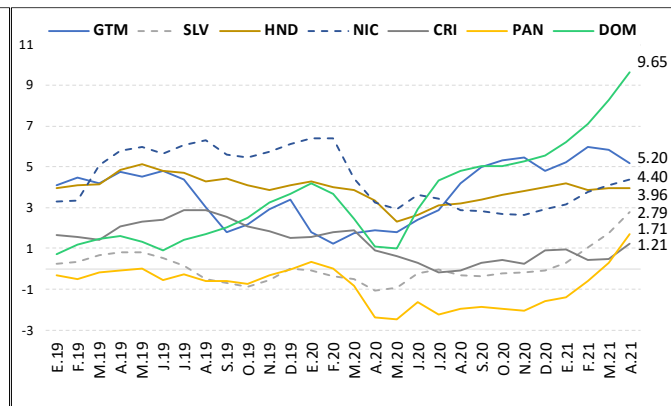


Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

**Figure 6.** Central banks TPM (*percentages*)



**Figure 7.** Inter-annual inflation (*percentages*)

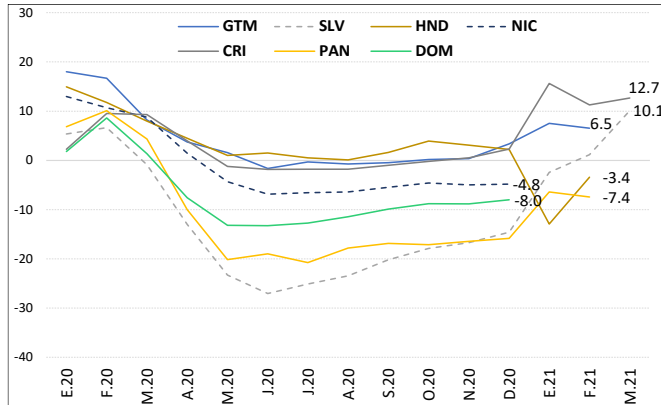


Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

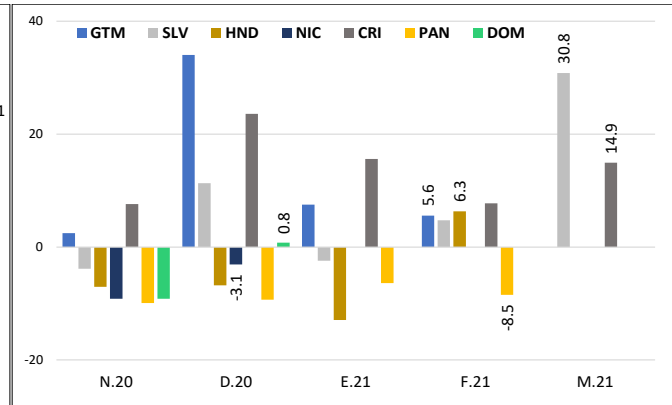
<sup>37</sup> Organisation for Economic Co-operation and Development. OECD welcomes Costa Rica as its 38th Member.



**Figure 8. Accrued Exports**  
(Inter-annual variation, percentages)

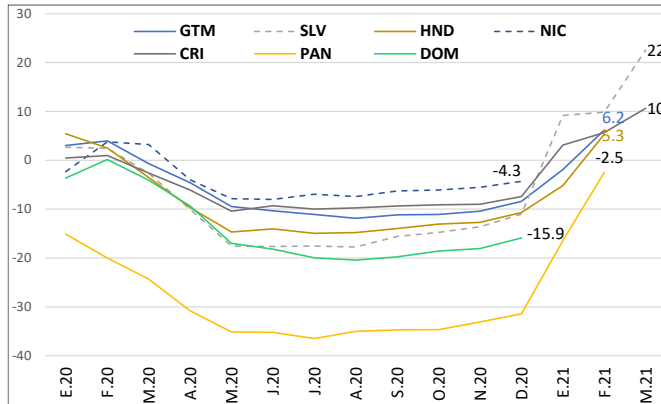


**Figure 9. Monthly exports**  
(Inter-annual variation, percentages)

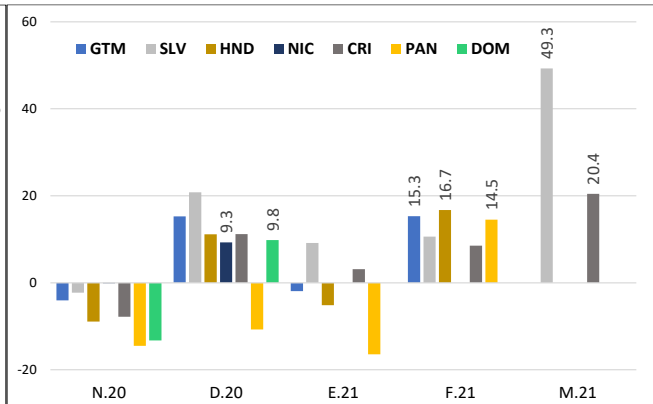


Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

**Figure 10. Accrued Imports**  
(Inter-annual variation, percentages)

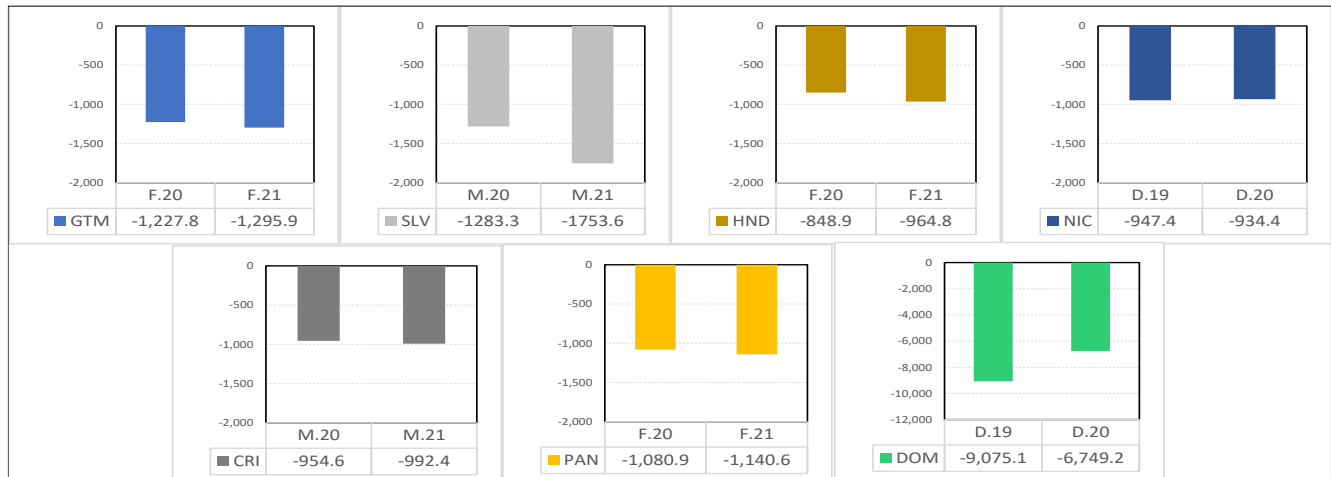


**Figure 11. Monthly imports**  
(Inter-annual variation, percentages)



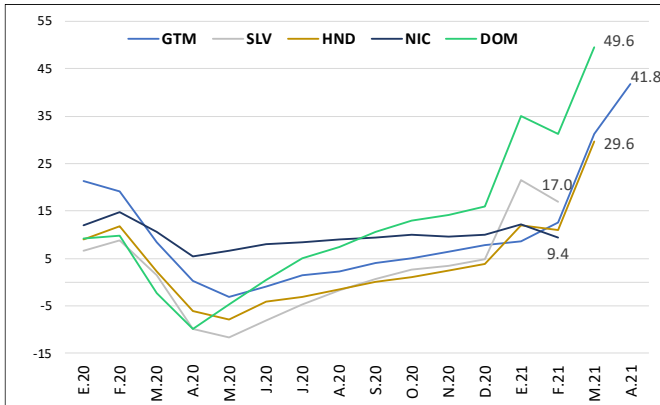
Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

**Figure 12. Accrued balance of trade (millions of dollars)**

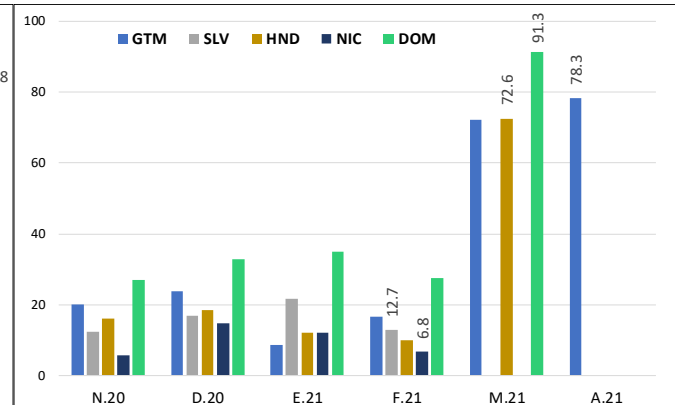


Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

**Figure 13. Accrued remittances**  
(Inter-annual variation, percentages)

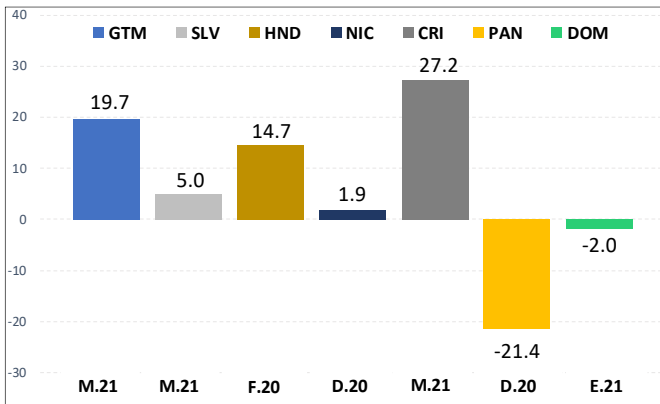


**Figure 14. Monthly remittances**  
(Inter-annual variation, percentages)

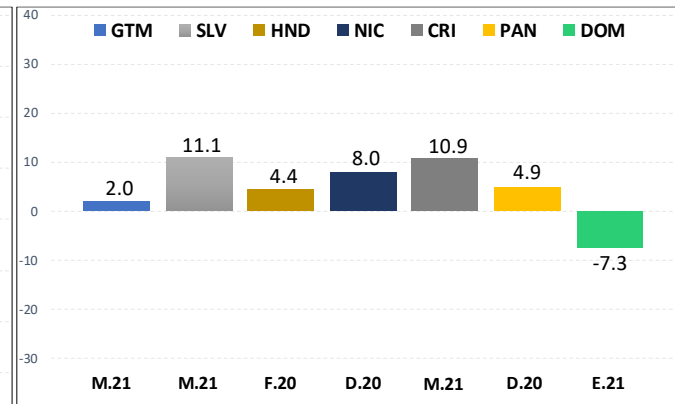


Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

**Figure 15. Central government: cumulative total revenues**  
(Inter-annual variation, percentages)

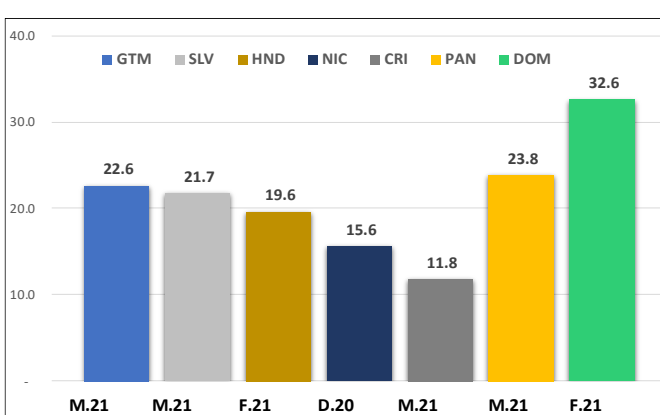


**Figure 16. Central government: cumulative total expenditures**  
(Inter-annual variation, percentages)

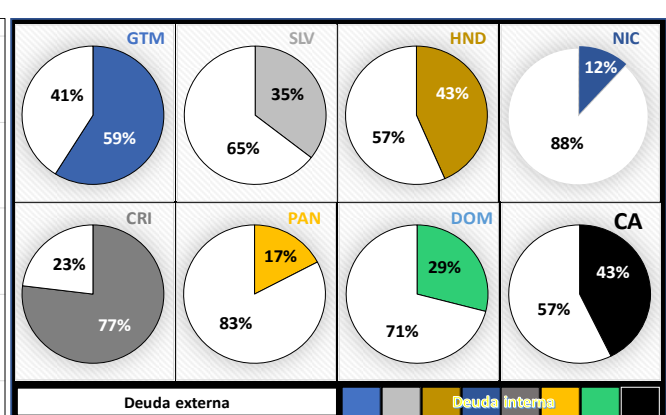


Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

**Figure 17. Central Government: total debt**  
(Inter-annual variation, percentages)



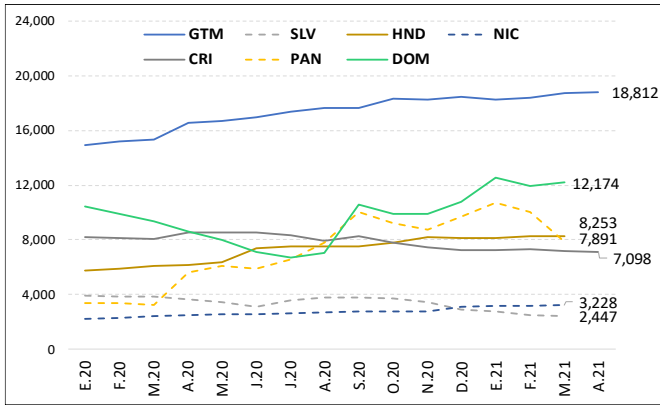
**Figure 18. Central government: total debt structure**  
(percentages)



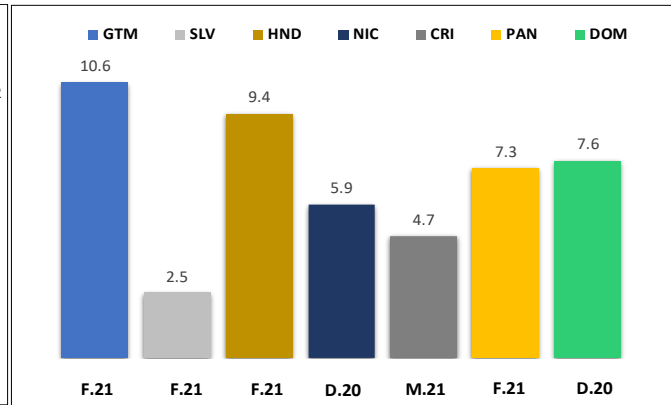
Note: The debt structure in Figure 18 refers to the latest available month detailed in Figure 17.

Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

**Figure 19.** Net international reserves (NIR)  
(millions of dollars)



**Figure 20.** NIR Coverage on imports  
(number of months of imports)



Source: Office of the Chief Economist with SECMCA information, as of June 1, 2021.

## ANNEX 1. LONG TERM FOREIGN CURRENCY SOVEREIGN DEBT RATING

### Moody's Rating Agency

Countries	Qualification prior to March 2020		Last pre-qualification		Qualification as of May 31, 2021	
	Rating	Perspective	Rating	Perspective	Rating	Perspective
Belize	Caa2	Stable	Caa1	Negative	Caa3	Stable
Guatemala	Ba1	Stable	Ba1	Stable	Ba1	Negative
El Salvador	B3	Stable	B3	Undereview	B3	Negative
Honduras	B1	Stable	---	---	---	---
Nicaragua	B3	Stable	---	---	---	---
Costa Rica	B2	Stable	B2	Stable	B2	Negative
Panama	Baa1	Stable	Baa1	Negative	Baa2	Stable
Dominican Republic	Ba3	Stable	---	---	---	---
Colombia	Baa2	Stable	Baa2	Stable	Baa2	Negative
Republic of China (Taiwan)	Aa3	Stable	Aa3	Stable	Aa3	Positive
México	A3	Negative	Baa1	Negative	<b>Baa1</b>	<b>Negative</b>

### Standard & Poor's Rating Agency

Countries	Qualification prior to March 2020		Last pre-qualification		Qualification as of May 31, 2021	
	Rating	Perspective	Rating	Perspective	Rating	Perspective
Belize	B-	Stable	CC	Negative	<b>SD</b>	<b>n.a.</b>
Guatemala	BB-	Stable	BB-	Negative Watch	BB-	Stable
El Salvador	B-	Stable	---	---	B-	Stable
Honduras	BB-	Stable	---	---	---	---
Nicaragua	B-	Stable	---	---	---	---
Costa Rica	B+	Negative	B+	Negative	B	Negative
Panama	BBB+	Stable	BBB+	Negative	BBB	Stable
Dominican Republic	BB-	Stable	BB-	Stable	BB-	Negative
Colombia	BBB-	Stable	BBB-	Negative	<b>BB+</b>	<b>Stable</b>
Republic of China (Taiwan)	AA-	Stable	AA-	Stable	AA	Positive
México	BBB+	Negative	BBB+	Negative	BBB	Negative

### Fitch Ratings Agency

Countries	Qualification prior to March 2020		Last pre-qualification		Qualification as of May 31, 2021	
	Rating	Perspective	Rating	Perspective	Rating	Perspective
Belize	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Guatemala	BB	Negative	BB-	Negative Watch	BB-	Stable
El Salvador	B-	Stable	B-	Negative	<b>B-</b>	<b>Negative</b>
Honduras	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Nicaragua	B-	Stable	B-	Stable	B-	Negative
Costa Rica	B+	Negative	B+	Negative	B	Negative
Panama	BBB	Negative	BBB	Negative	BBB-	Negative
Dominican Republic	BB-	Stable	BB-	Negative	BB-	Negative
Colombia	BBB	Negative	BBB	Negative	BBB-	Negative
Republic of China (Taiwan)	AA-	Stable	---	---	AA-	Stable
México	BBB	Stable	BBB	Stable	BBB-	Stable

**Note:** The rating updates for Colombia and Belize by S&P, and for Mexico by Moody's, were after the close of CABEL's April 2021 Operational Plan Monthly Performance Report. **Source:** Trading Economics.

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