

Ministerio de Economía y Finanzas

Ecuador Macroeconomic Outlook

April 2022



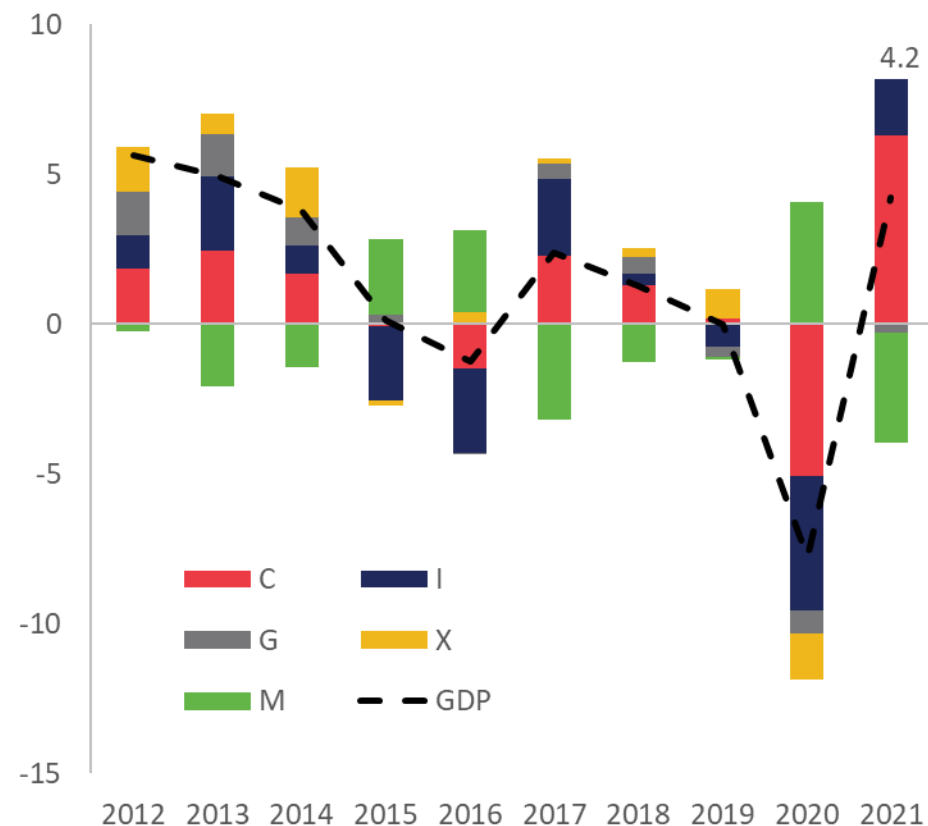
Juntos
lo logramos



The economy grew 4.2% in 2021, higher than originally expected. Growth in the last quarter of 2021 accelerated relative to Q3, and added positive momentum to start 2022.



■ Real GDP growth by component (%)



■ Real GDP growth (seasonally adjusted, % qoq)

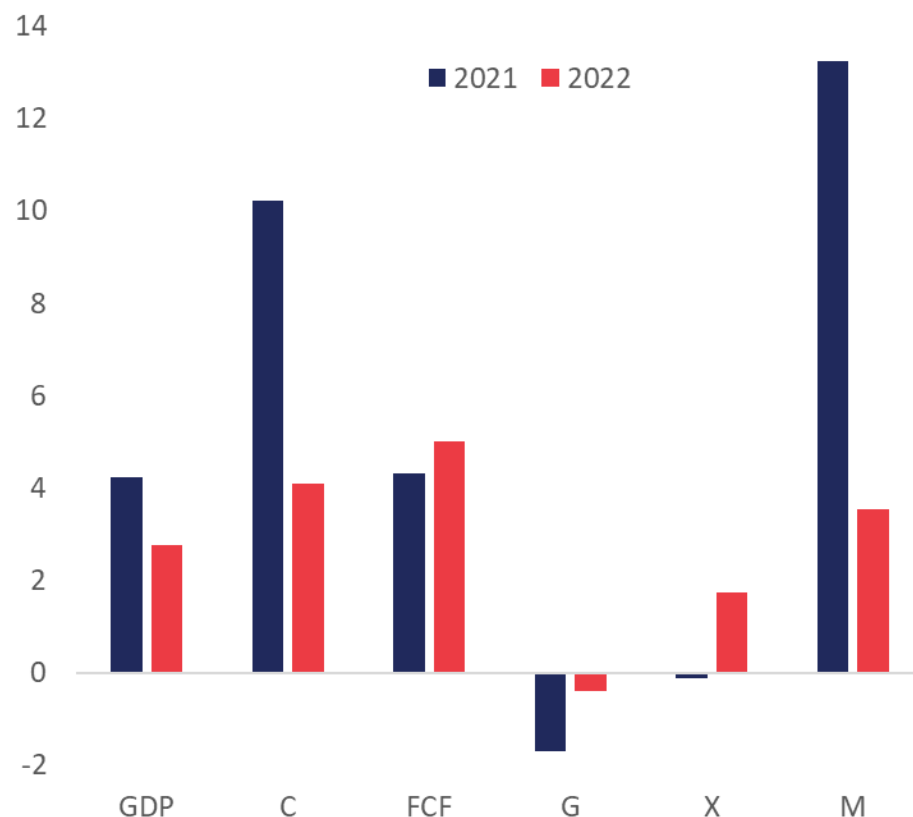


Source: BCE

For 2022, the central bank's prevision is that the economy will grow 2.8% in real terms, supported mainly by consumption and fixed capital formation. Real GDP should reach pre-pandemic levels in 2022.

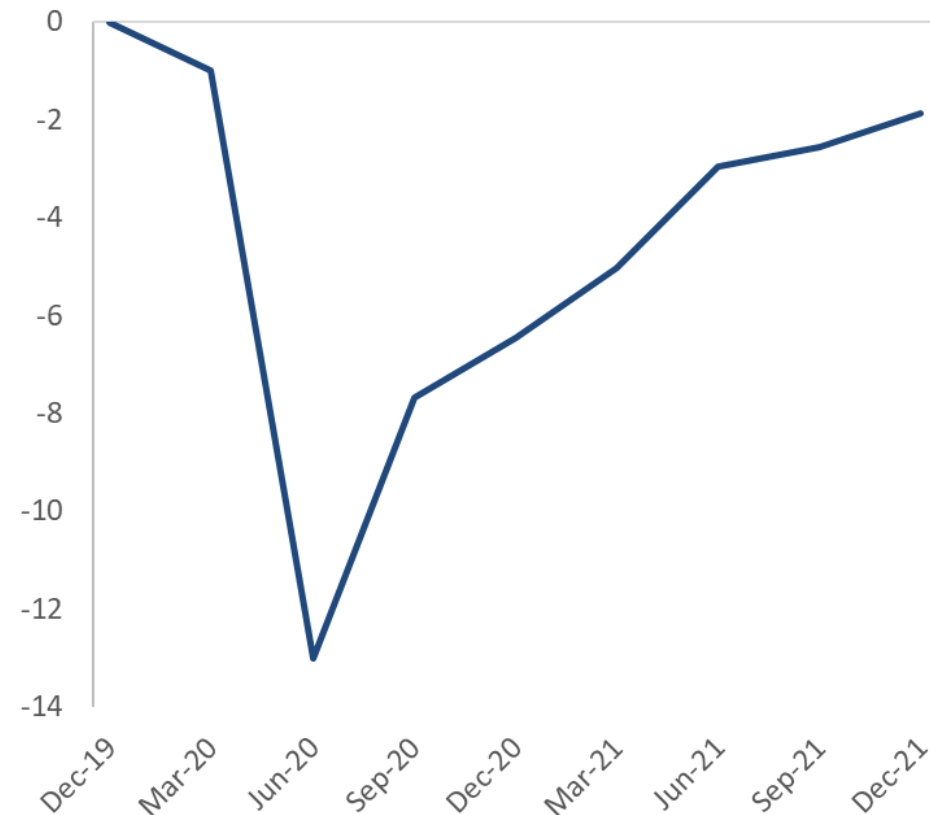


Central bank growth prevision for 2022 (%)



Source: BCE

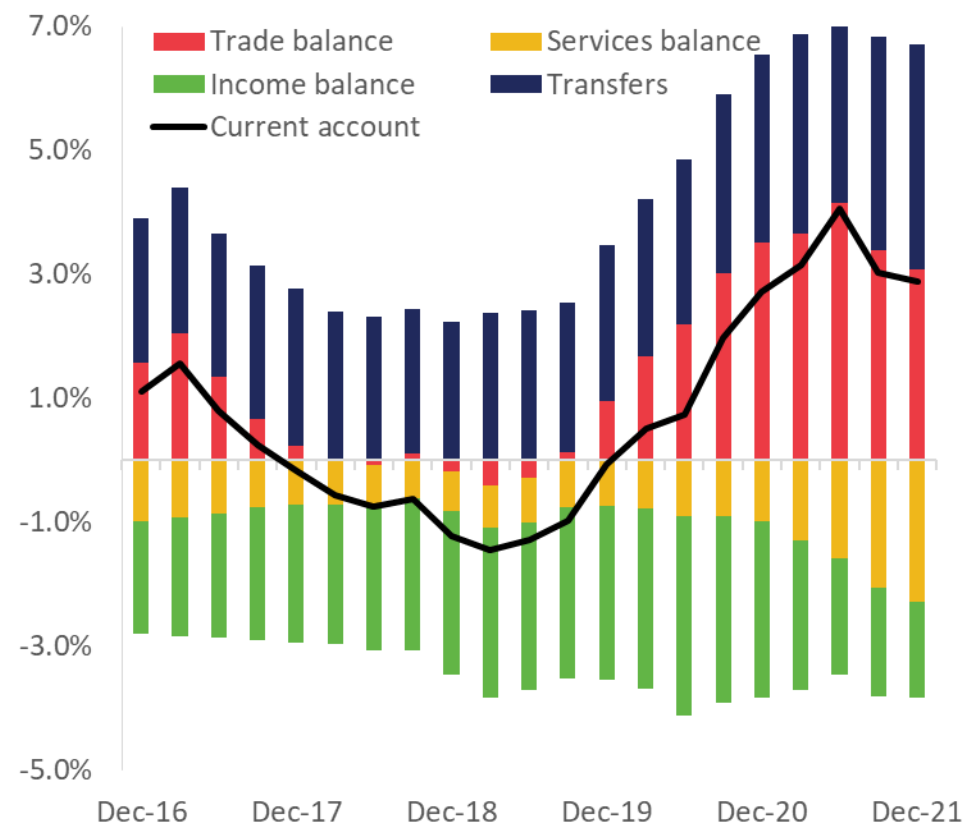
Real quarterly GDP level versus the fourth quarter of 2019 (seasonally adjusted, %)



The current account remains well supported thanks to strong exports of oil, mining, and other non-traditional products. The non-oil trade balance has shifted back to a deficit, which is consistent with the recovery of domestic demand.

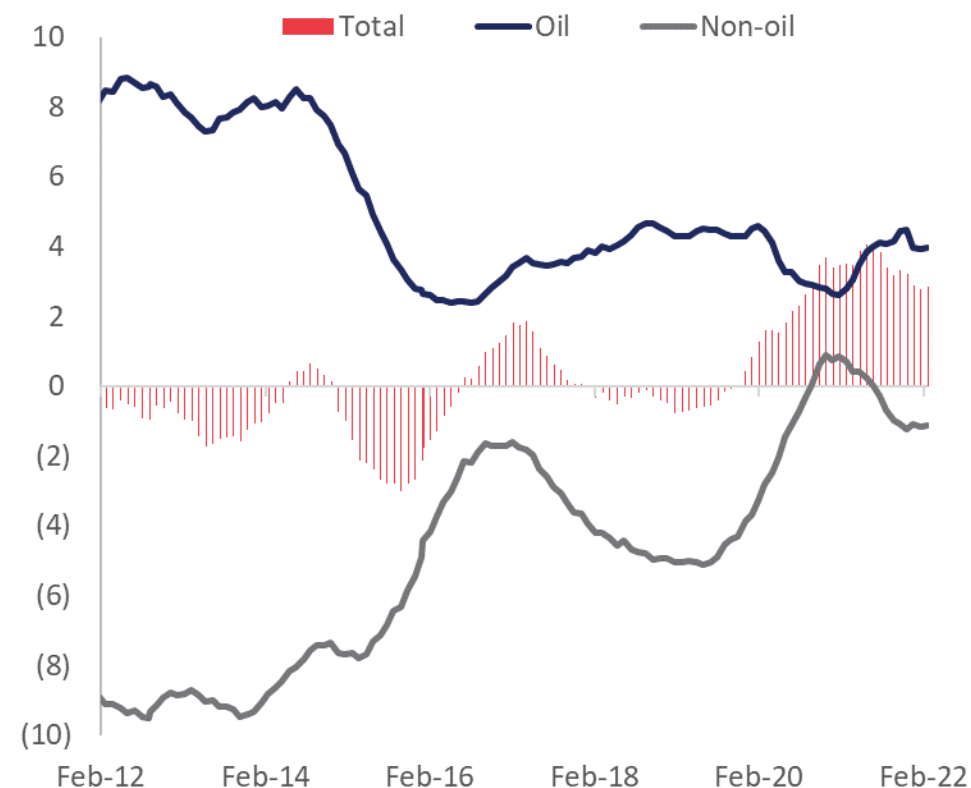


■ Current account (% GDP)



Source: BCE

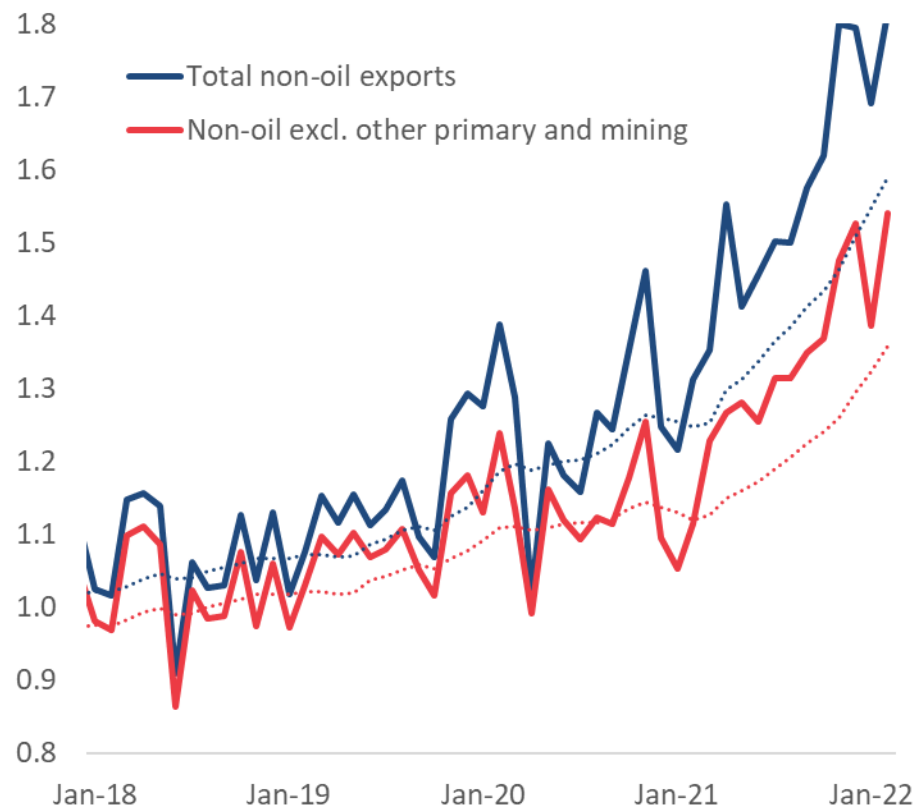
■ Trade balance (US\$ bn, 12-month accumulated)



Non-oil exports continued to strengthen thanks to the development of the mining sector and to the recovery of the global economy. Remittances have also continued to increase, providing further support to the balance of payments.

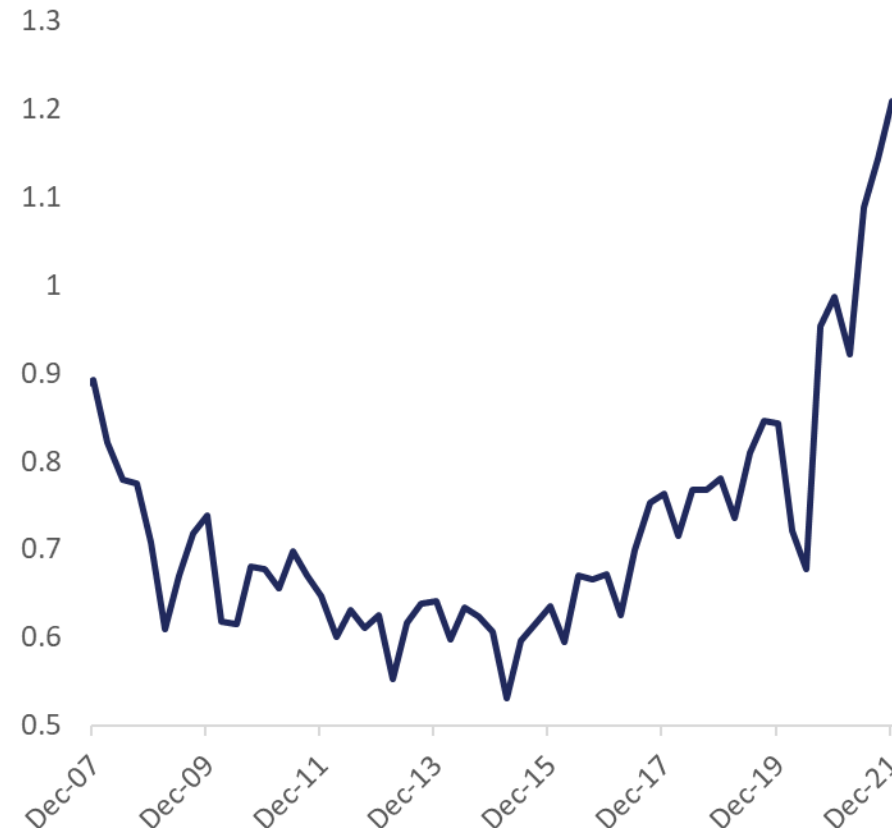


■ Non-oil exports (US\$bn, dotted lines are 12m average)



Source: BCE.

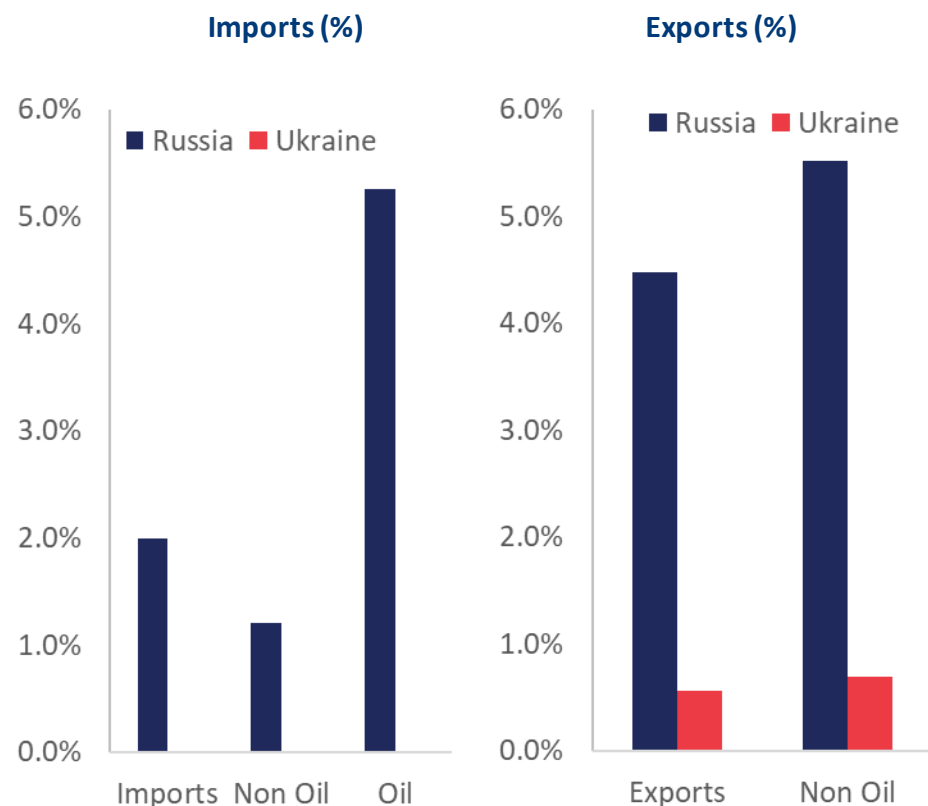
■ Remittances into Ecuador (\$bn, quarterly data)



The total exposure of Ecuadorian exports to Russia and Ukraine reached US \$1.1bn in 2021, while imports reached US \$0.5bn. Higher oil prices should offset the potentially negative impact of the conflict on the balance of payments.

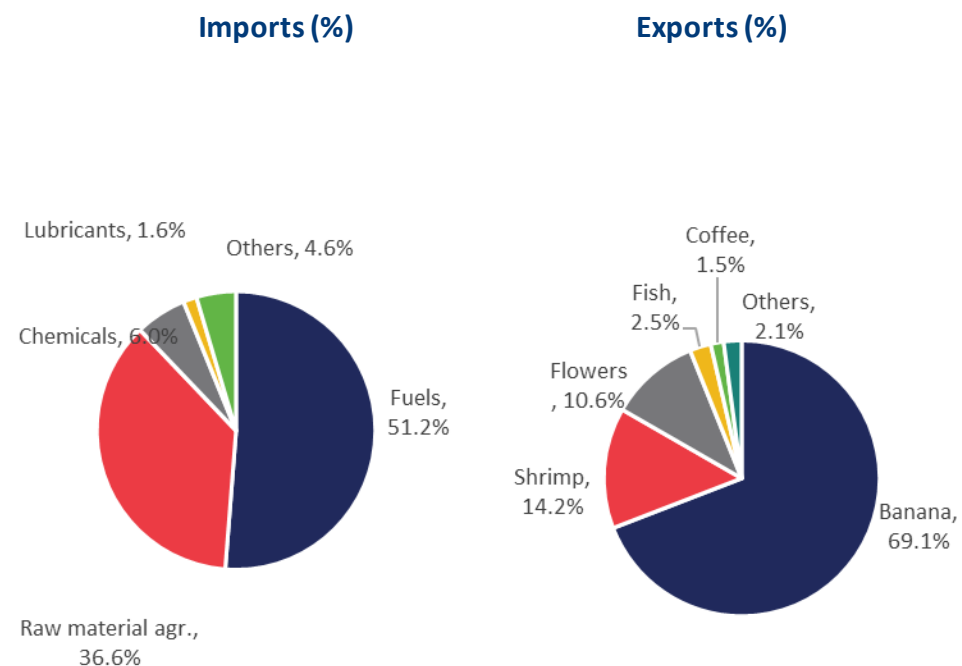


■ Export and import shares to/from Russia and Ukraine



Source: BCE

■ Imports and exports from Russia and Ukraine by product (%)



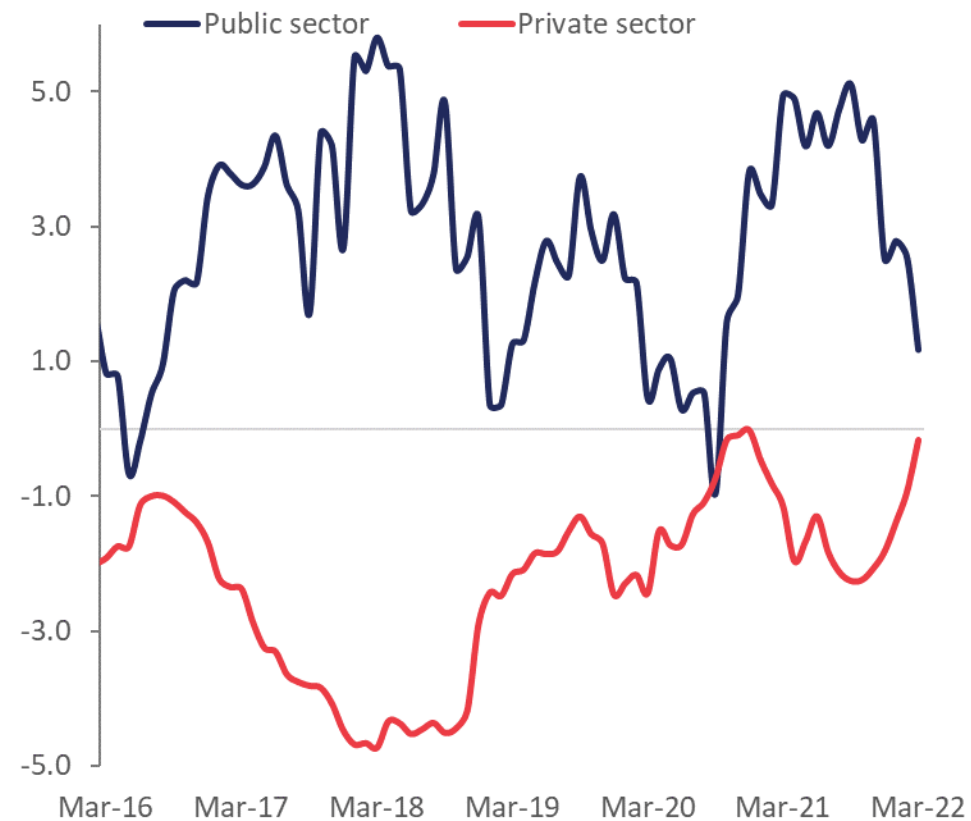
As a result of favorable balance of payments dynamics, international reserves have reached historically high levels. Outflows from the private sector have also diminished relative to previous years, contributing to the stability of reserves.



■ International reserves (US\$ bn)



■ Net contributions to international reserves(US\$ bn)

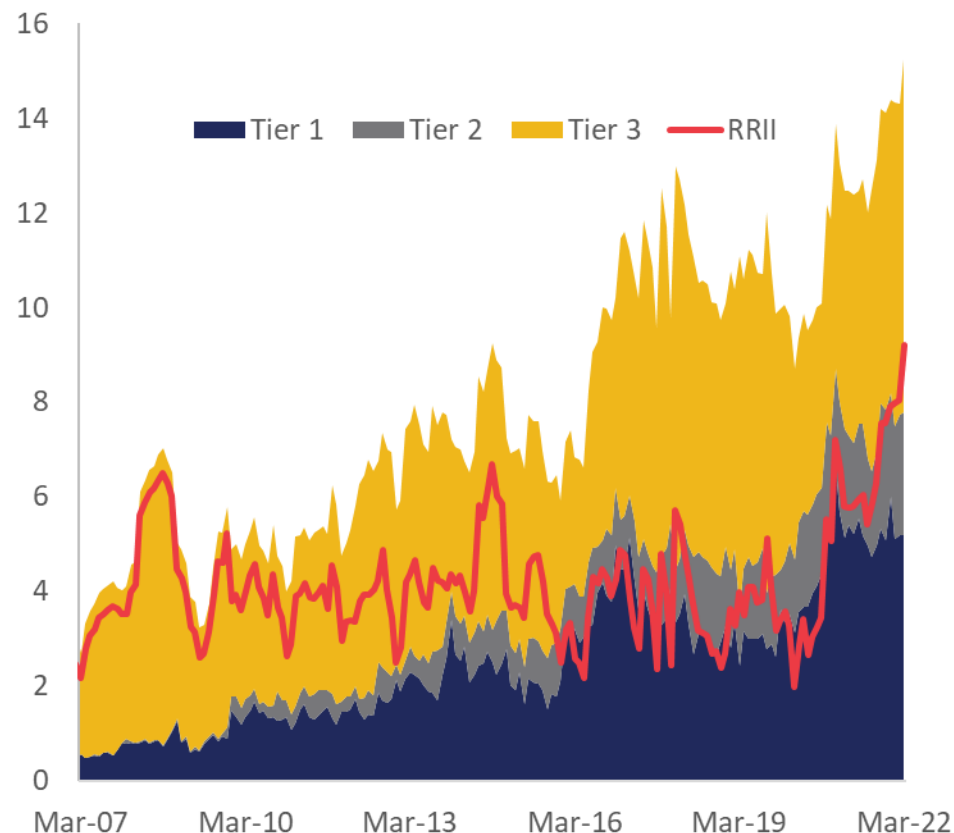


Source: BCE.

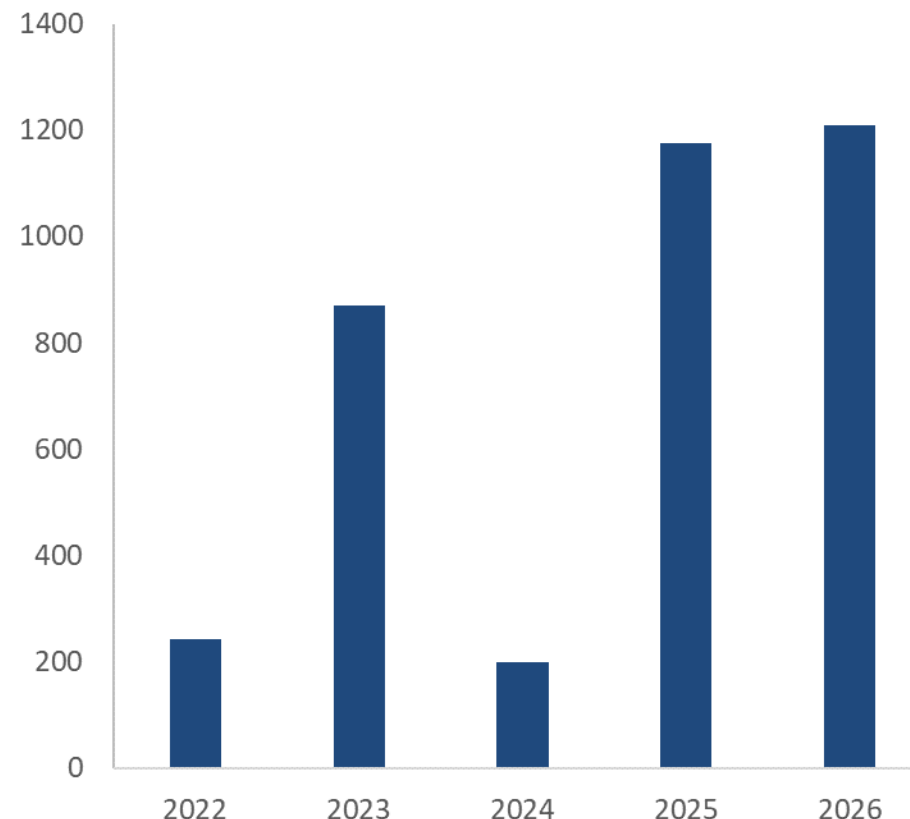
The Central Bank's balance sheet has strengthened as the coverage of different tiers of liabilities by international reserves improve. The repayment of central government and public banks' obligations to the Central Bank should contribute to this process further.



■ International reserve coverage of CB liabilities* (US\$ bn)



■ Repayment schedule of public debt held by CB (US\$ mn)



Source: BCE

Tier 1: Deposits of Other Depository Institutions, central bank titles, coin, and other private sector deposits

Tier 2: Deposits of Other Financial Institutions

Tier 3: Deposits of the Non-Financial Public Sector

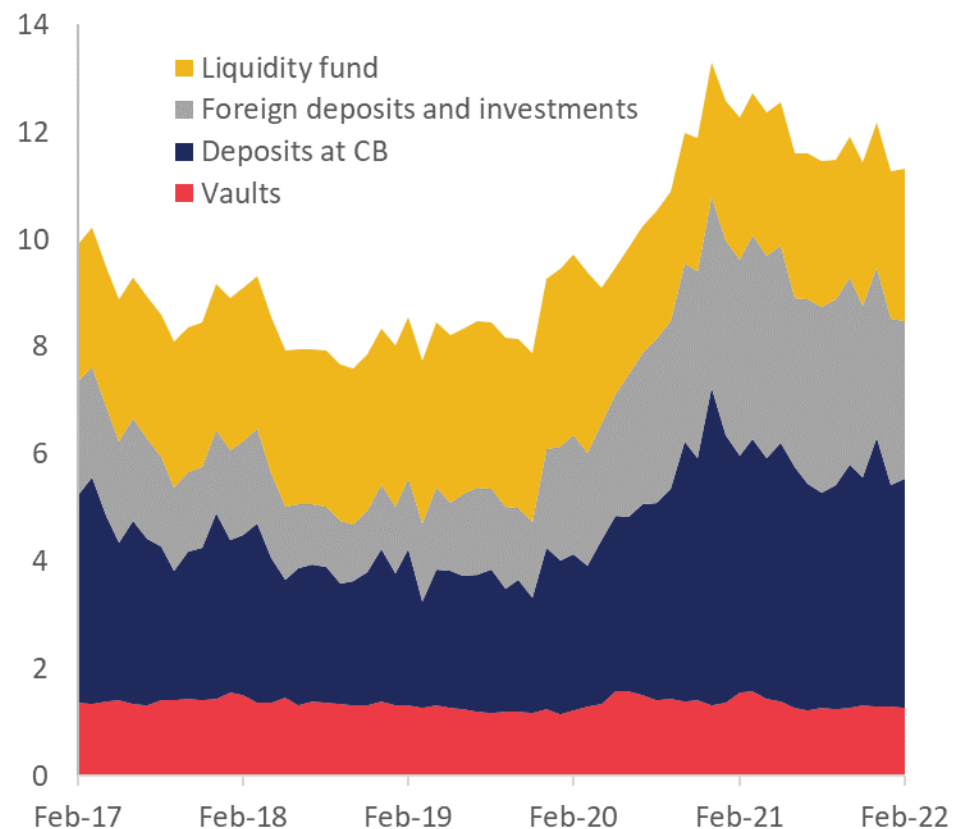
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On the monetary front, the private banking system keeps strong liquidity buffers. Credit continues to expand at a healthy pace, in line with deposit growth, and interest rates are decreasing in every sector of the economy.

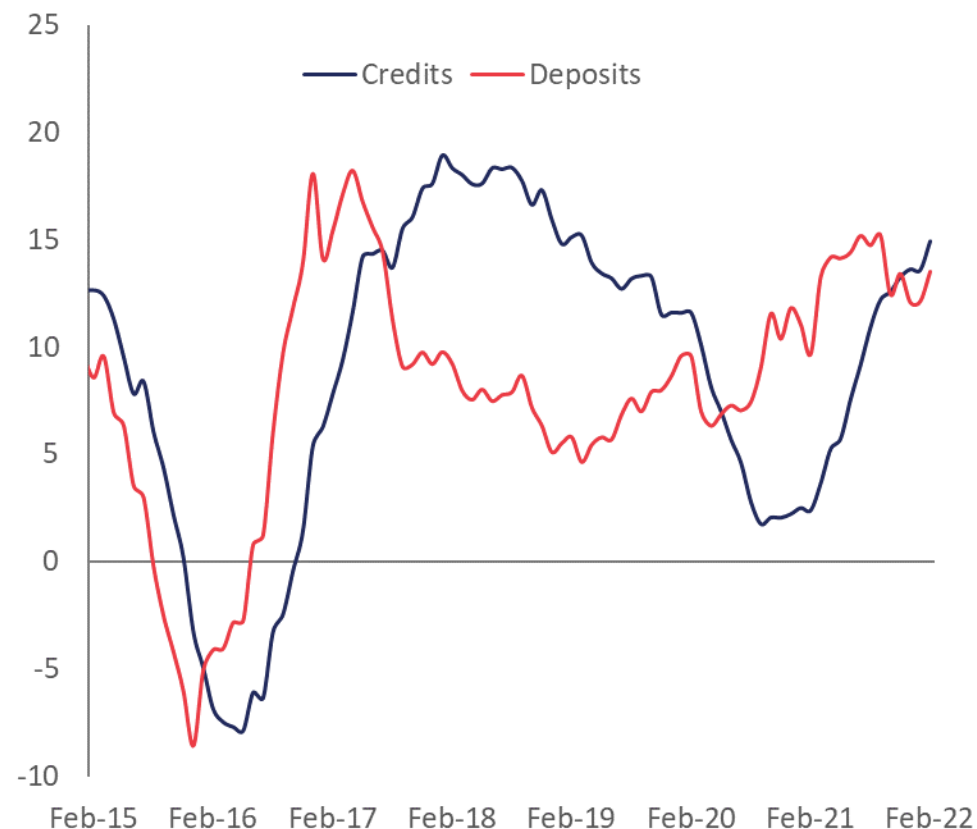


■ Liquidity of the private financial system (US\$ bn)



Source: BCE

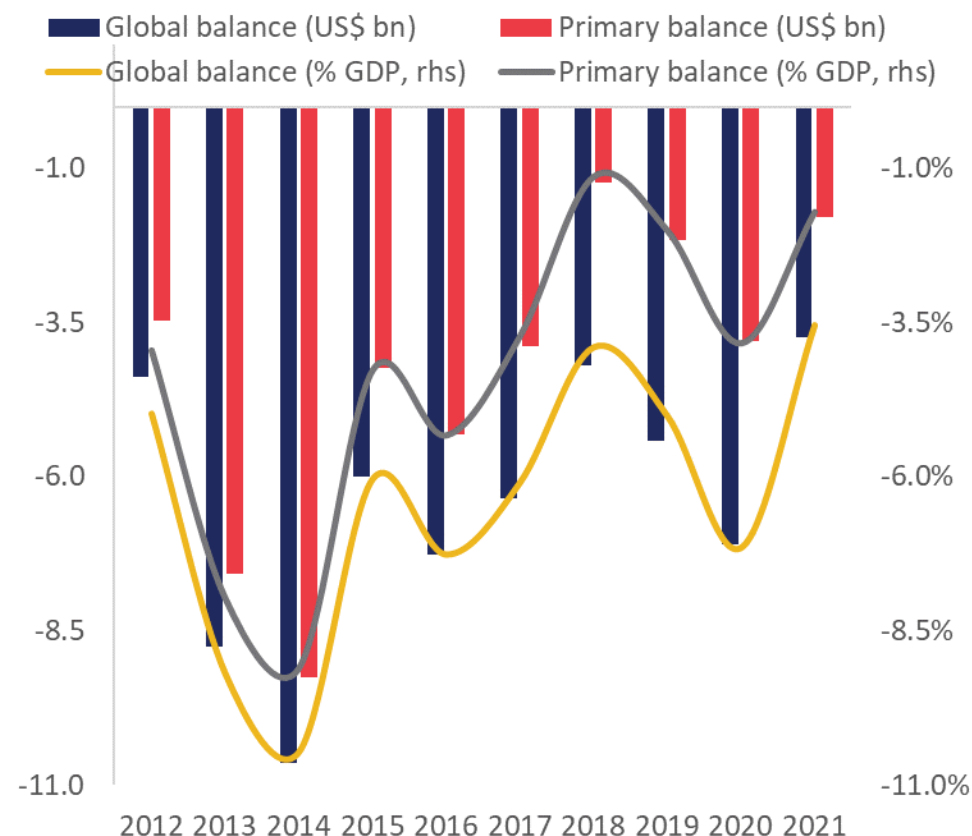
■ Private sector credit and deposit growth (% , yoy)



The government is committed to a fiscal consolidation strategy that will help lower financing needs. A combination of both stronger tax collections and expenditure control should contribute to this consolidation process.

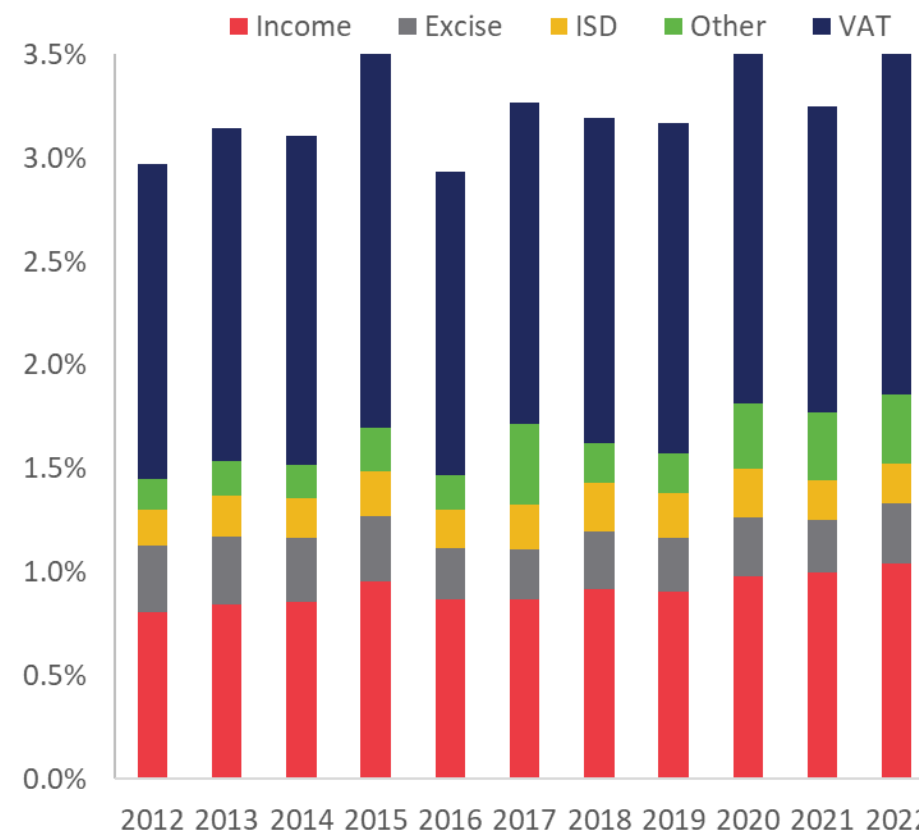


Central government's budget balance



Source: SRI, MEF

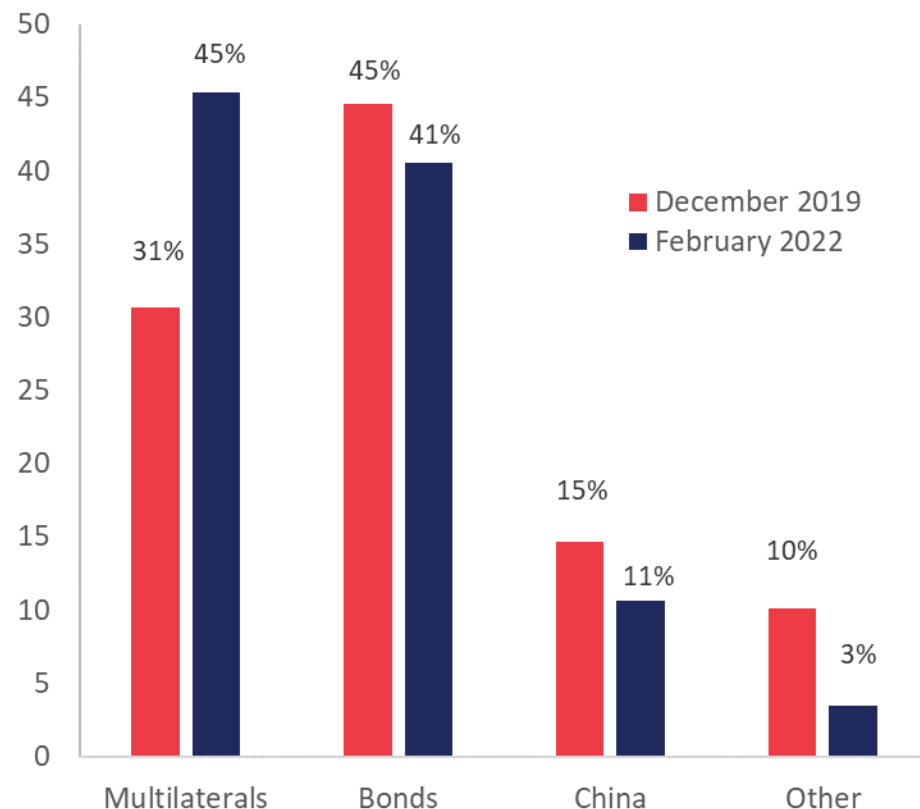
Tax collections (accumulated through March, % of GDP)



The multilateral sector is currently Ecuador's largest creditor. Our financing strategy, which prioritizes multilateral lending, has helped strengthen our debt profile further thanks to long term financing at low interest rates.

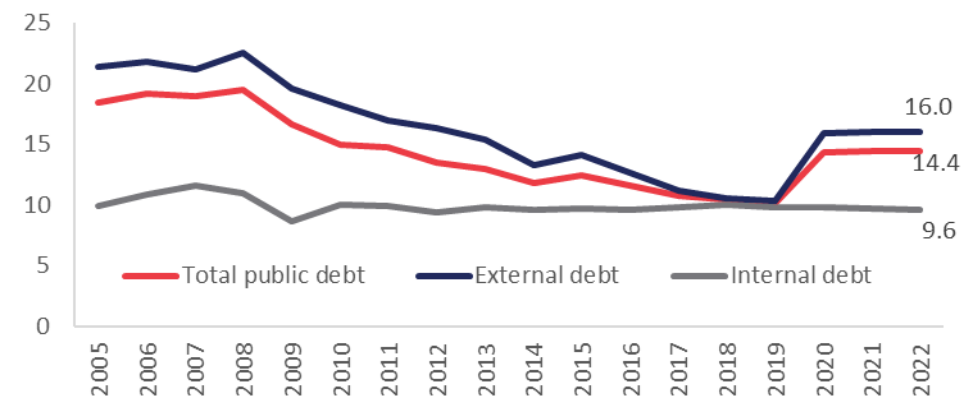


■ Structure of public external debt (% of total)

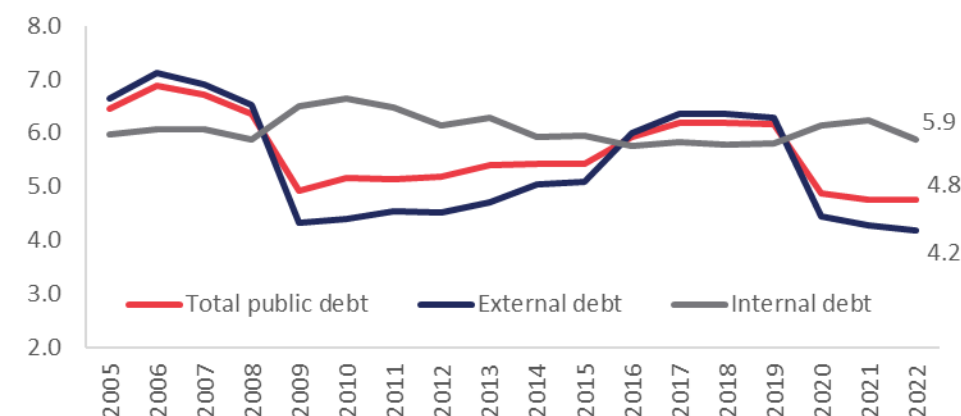


Source: MEF

■ Average contractual maturity of public debt (years)



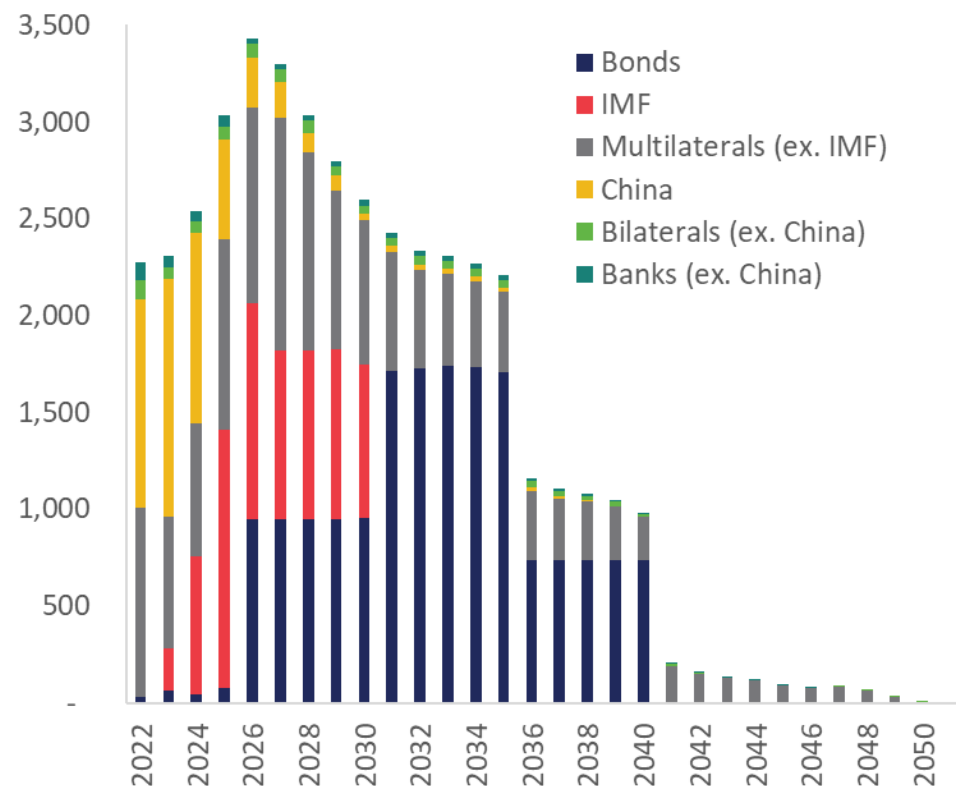
■ Average contractual interest rate of public debt (%)



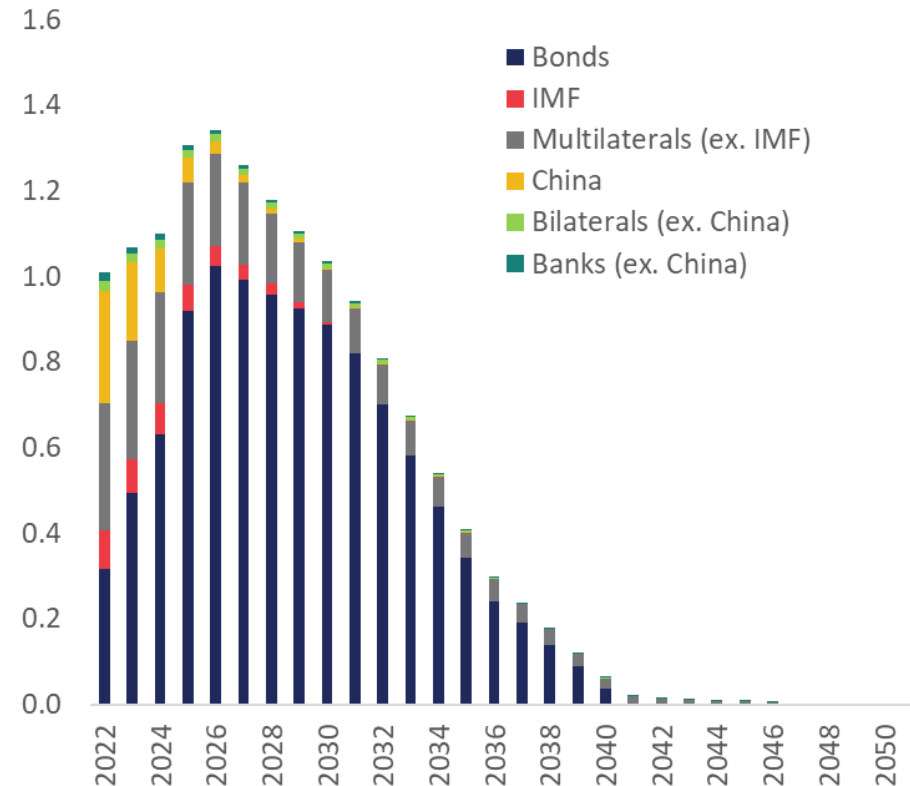
Ecuador's external debt service is concentrated on bilateral and bank debt in the short term, on multilateral lending in the medium term, and in bond debt in the long term.



■ Ecuador's external debt amortizations (central government's Budget, US\$ bn)



■ Ecuador's external debt interest payments (central government's Budget, US\$ bn)



Source: MEF

Our financing strategy relies mostly on multilateral lending, and must evolve as macroeconomic conditions change. We aim to continue recognizing legacy obligations, strengthening multilateral and bilateral lending, and deepening the domestic market.



■ 2022 Financing Plan of the National Treasury (US\$ mn, updated January 2022)

Sources		Uses	
Initial availability	823	Deficit	2,302
Domestic debt	2,501	Domestic amortizations	2,154
Bonds	2,501	Bonds	2,154
External Ddbt	5,522	External amortizations	2,458
Multilaterals	3,792	Multilaterals	1,000
Bilaterals	380	Bilaterals	1,232
Private	1,350	Private	227
Other	2,410	Other	4,256
Accounts payable	1,610	Accounts payable	2,363
Liquidity management	800	Accounts payable (other inst)	1,000
		Liquidity management	700
		Other	193
		Final availability	86
Total Sources	11,256	Total Uses	11,256

Source: MEF.



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