Ministerio de Economía y Finanzas

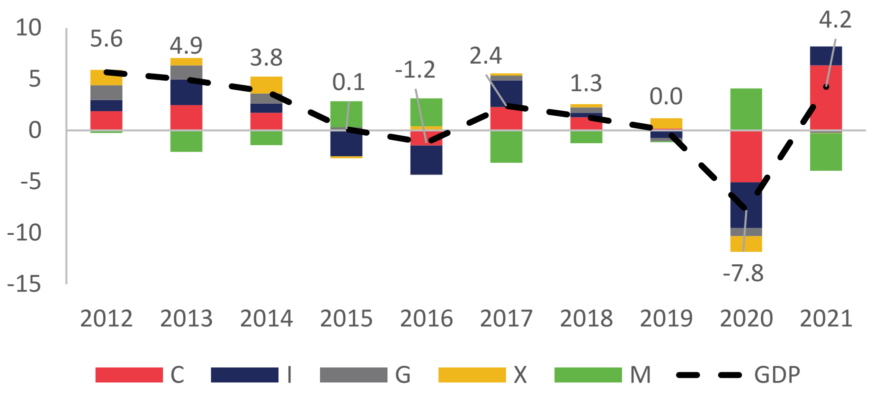
Ecuador Macroeconomic bulletin

July 2022

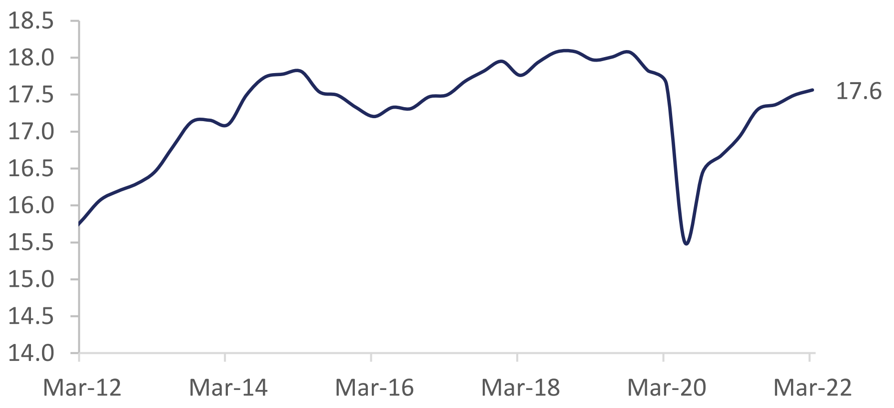
Gobierno del Encuentro | Juntos lo logramos

Real GDP likely grew 4,2% in 2021 thanks to the success of the vaccination campaign. We project 2.8% growth in 2022. Real GDP levels continue approaching to pre-pandemic levels.

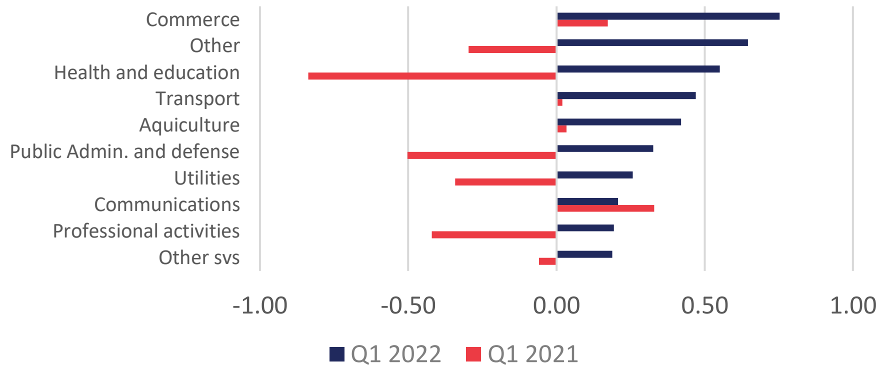
Contributions to real annual GDP growth (%)



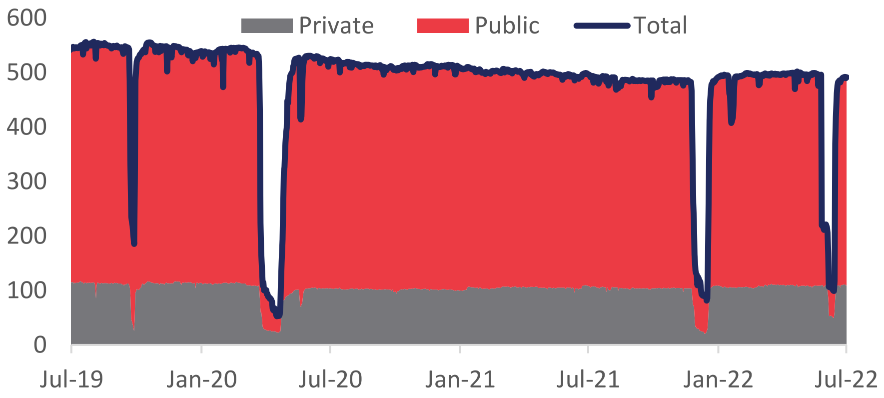
Quarterly real GDP level, (USD billion, 2007)



Contributions to real quarterly GDP growth of top 10 sectors (%)



Oil production (thousand barrels per day)

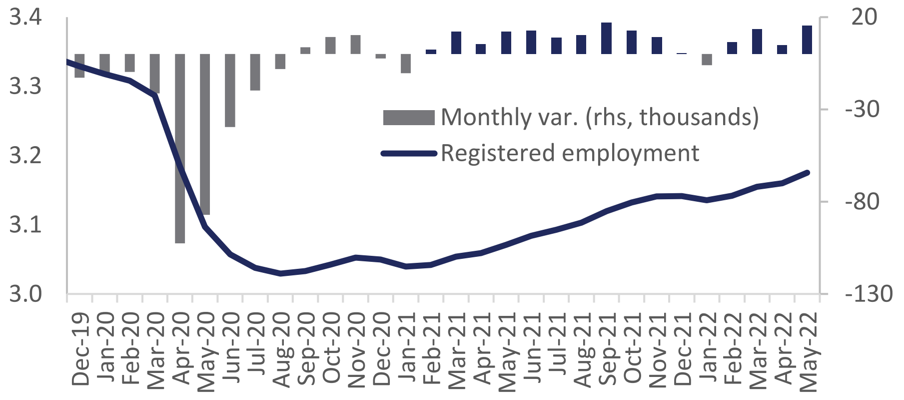


Source: BCE, MEF, MERNNR

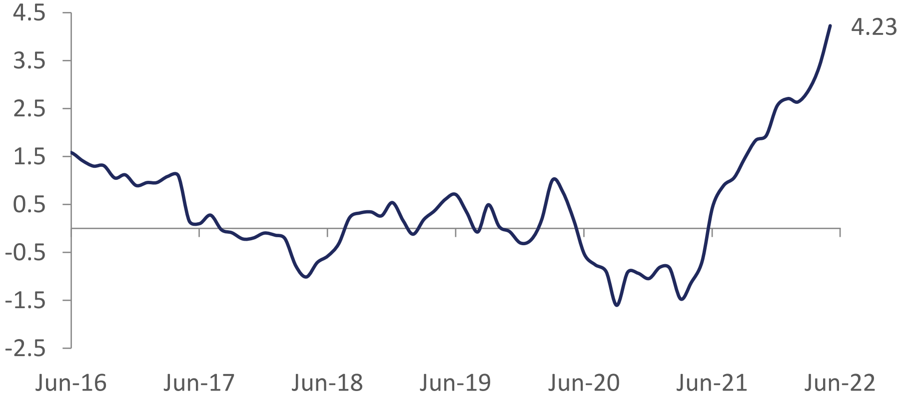
Employment levels are improving after the harsh effects of the pandemic, total sales keep growing, and inflation is rising accordingly.

> Quality of employment

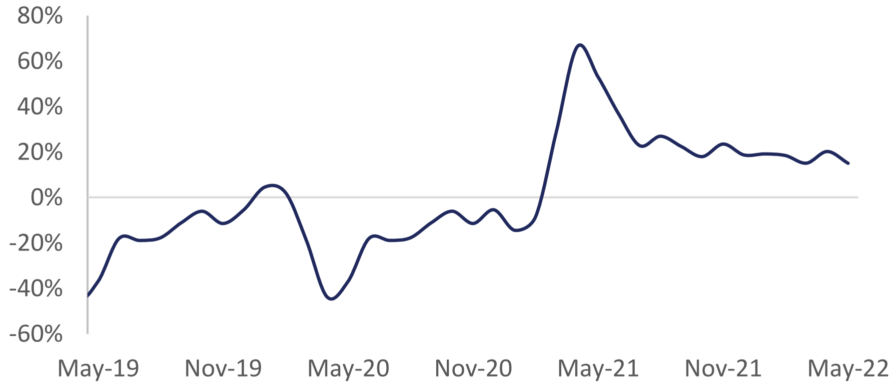
> Registered employment at the Social Security (millions)



> Annual headline inflation (%)



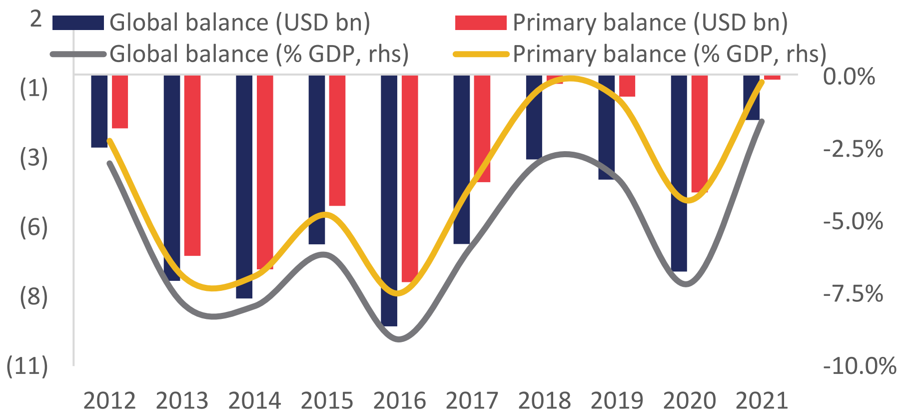
> Total sales (% yoy)



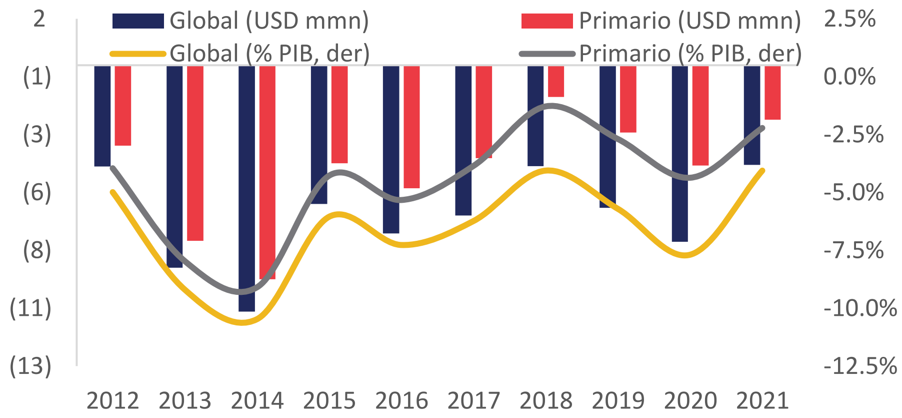
Source: BCE, MEF, IRS

The government remains committed to an orderly fiscal consolidation process. The deficit target for the government's budget in 2022 is around 2% of GDP, mostly financed by multilateral lending.

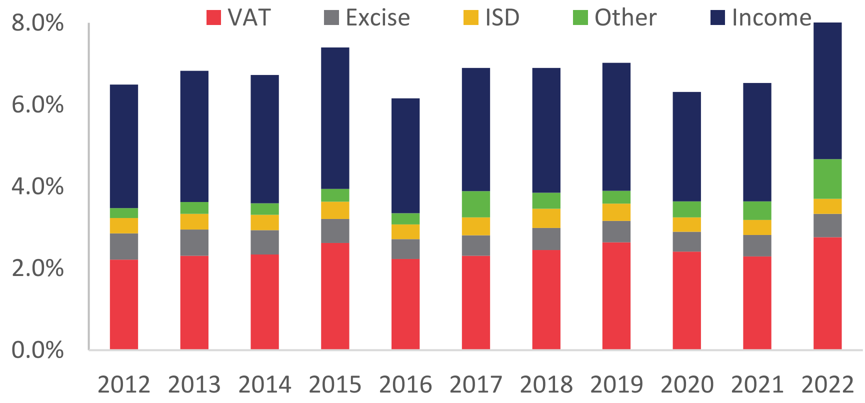
Non-financial public sector balances



Central government's budget balances



Tax collection (% of GDP, as of June of each year)



Financial plan of the National Treasury (Updated July 15, 2022)

Sources

Initial availability	**823**
Domestic debt	**3,000**
Bonds	*3,000*
CETES/NOTES	*-*
External debt	**4,950**
Multilaterals	*4,751*
Bilaterals	*197*
Private	*2*
Other	**3,559**
Accounts payable	*2,500*
Liquidity management	*1,059*
Total Sources	**12,332**

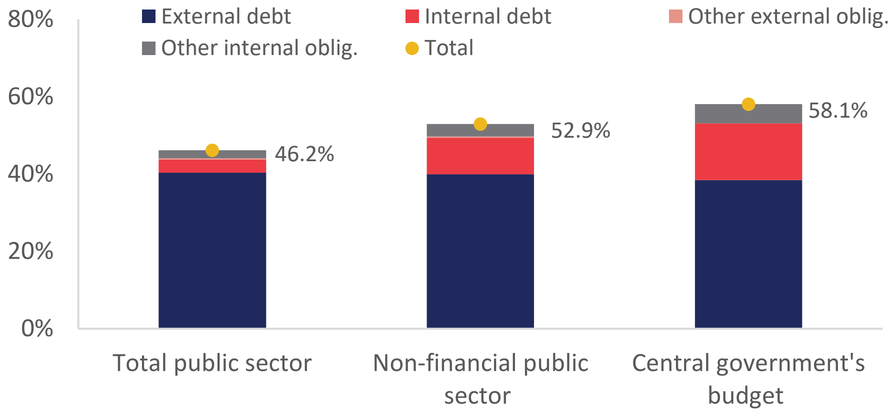
Uses

Deficit	**2,277**
Domestic amortizations	**2,492**
Bonds	*2,302*
CETES/NOTES	*191*
External amortizations	**2,453**
Multilaterals	*998*
Bilaterals	*1,230*
Private	*226*
Other	**5,027**
Accounts payable	*2,363*
Liquidity management	*1,432*
Accounts payable (other inst)	*1,000*
Other	*232*
Final availability	**82**
Total Uses	**12,332**

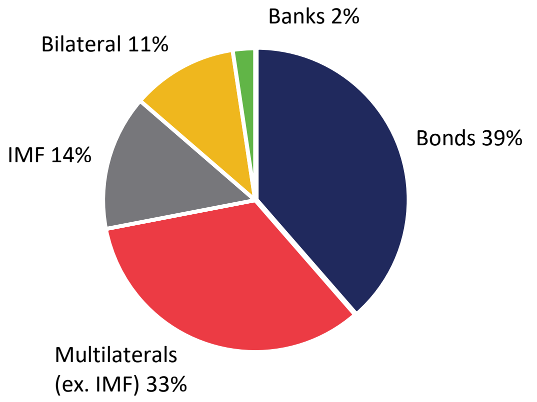
Source: MEF, IRS

The multilateral sector is Ecuador's largest creditor. Ecuador's debt profile improved after the 2020 restructuring, and has strengthened further as multilaterals remain the main funding source.

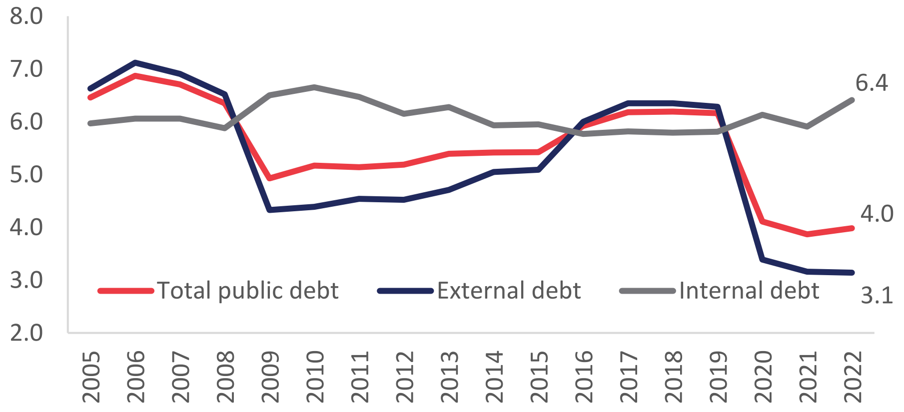
> Consolidated gross public debt (through May 2022, % GDP)



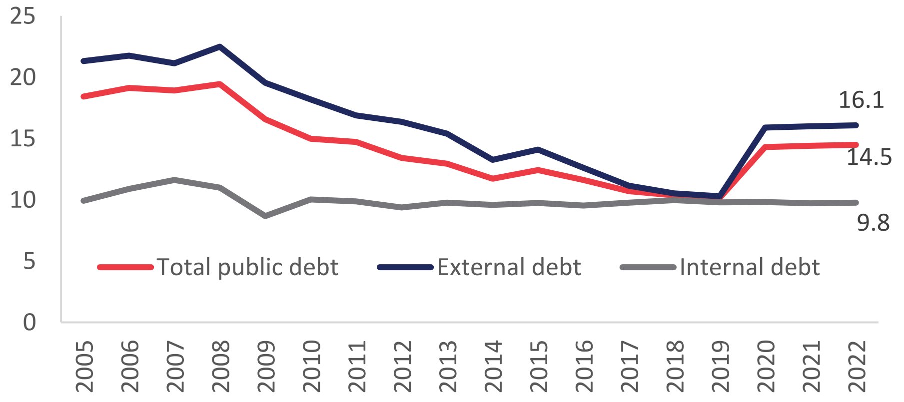
> Composition of external debt (through May 2022, % of total)



> Contractual weighted interest rates of public debt (%)



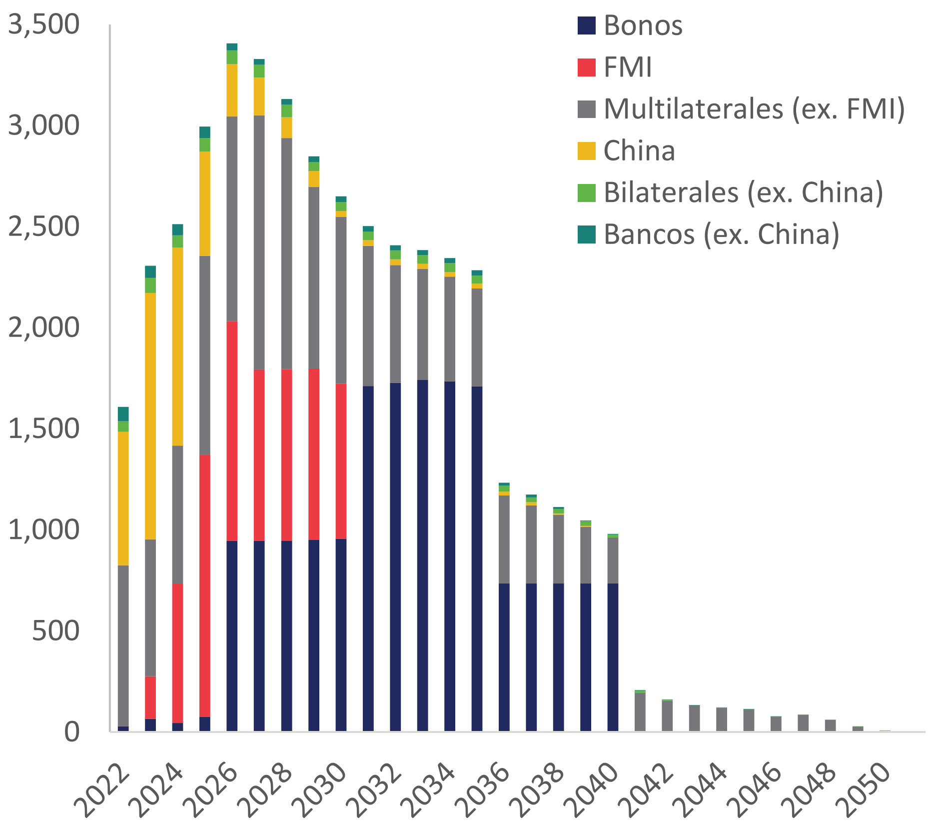
> Contractual weighted maturities of public debt (number of years)



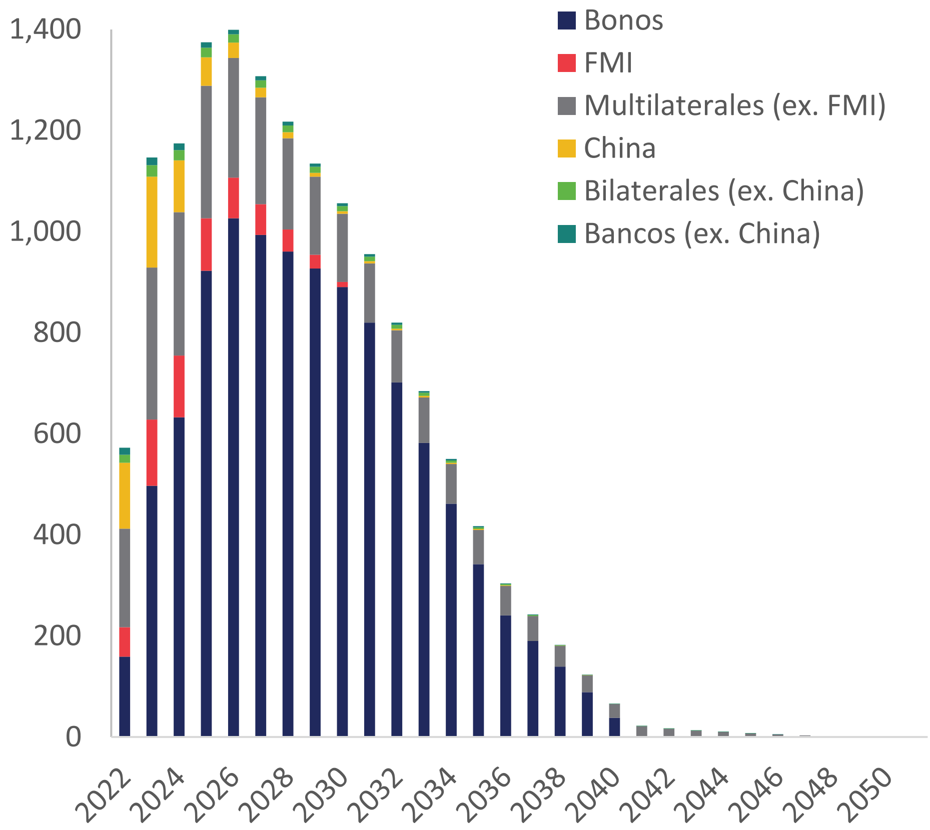
Source: MEF

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, USD mn)



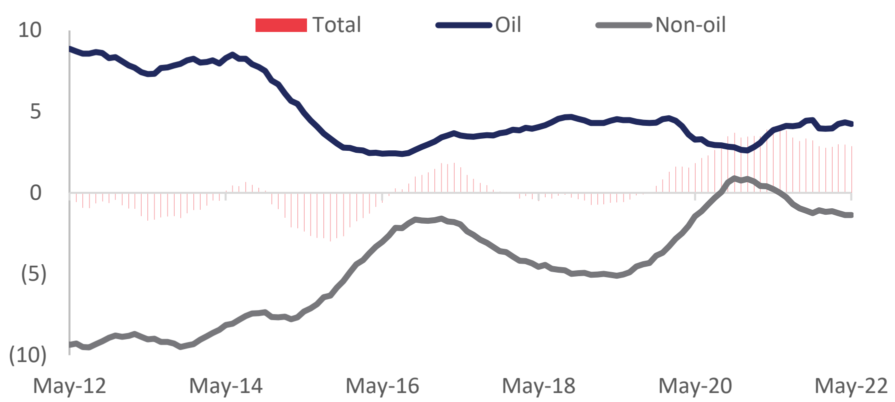
> Ecuador’s external debt interest payments (central government’s Budget, USD mn)



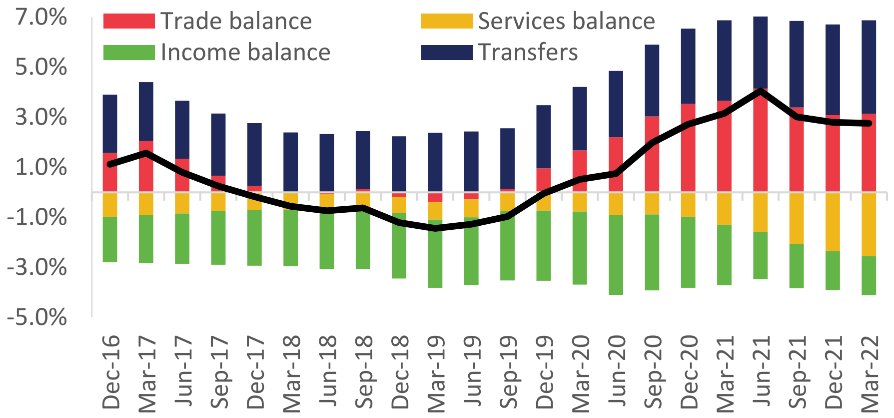
Source: MEF
2022 is projected service for April - December

External accounts remain well balanced thanks to strong exports and recovering imports. The real exchange rate has depreciated over the last two years.

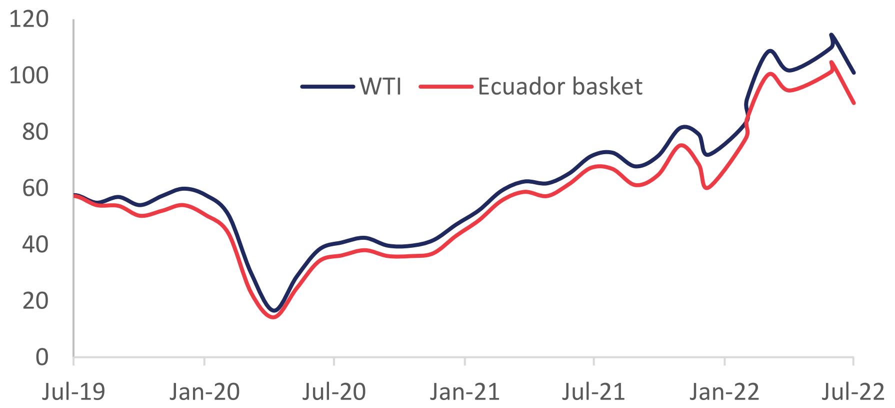
> Trade balance (12 months accumulated, USD bn)



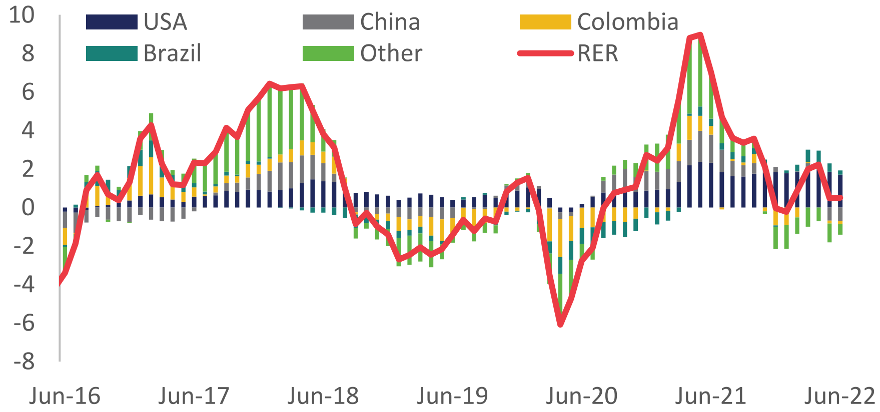
> Current account balance (% of GDP)



> Oil prices (dollars per barrel)



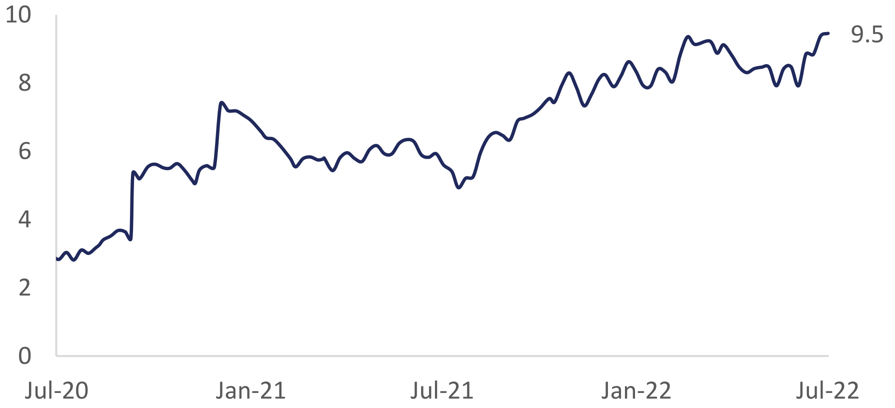
> Real exchange rate (% yoy, impact by country)



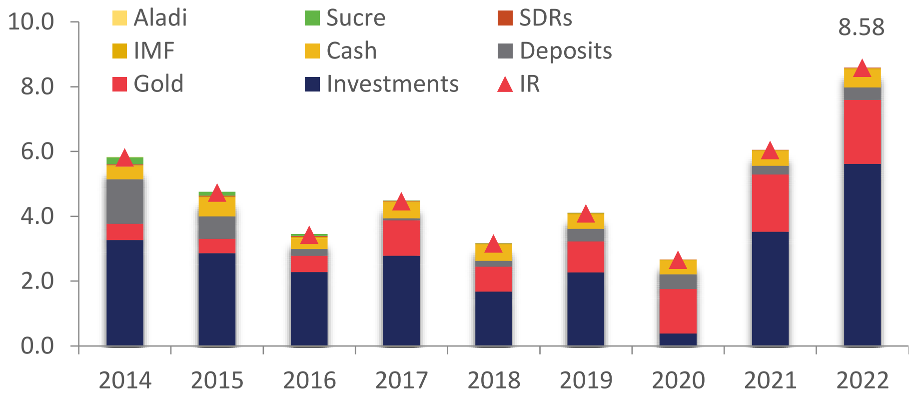
Source: BCE, Bloomberg

Internal reserves' dynamics show a healthier balance relative to previous years. The coverage of different tiers of central bank liabilities by international reserves continues to improve.

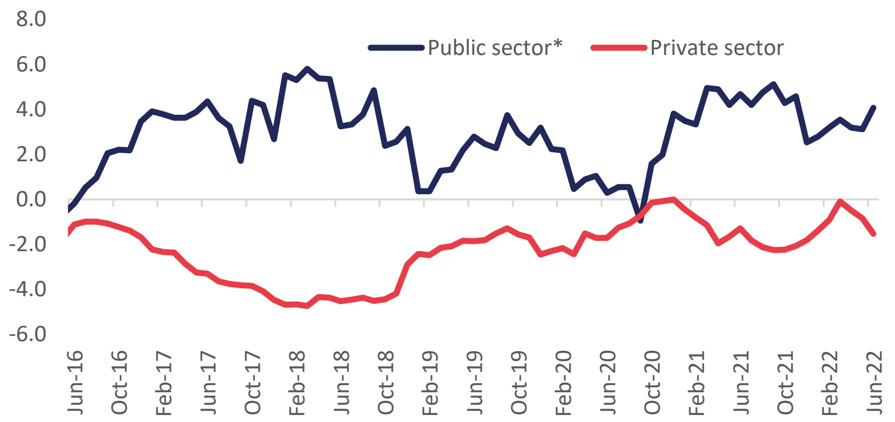
> **International Reserves (USD bn, through July 22, 2022)**



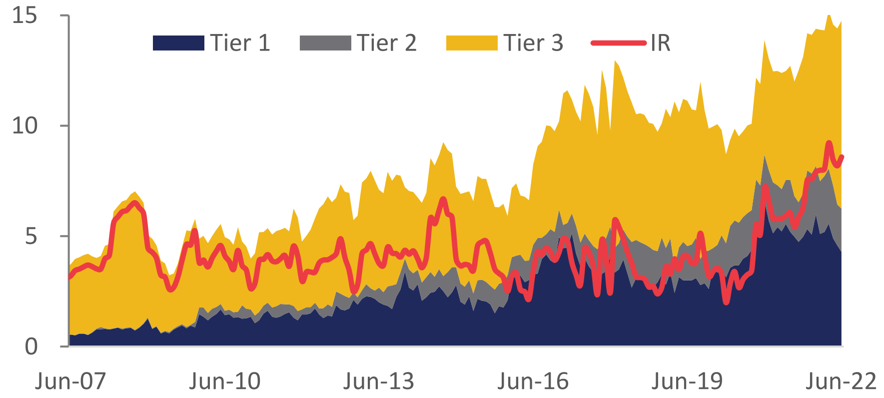
> **International reserves' composition (USD bn)**



> **Net contributions to international reserves by sector (12m accumulated, USD bn)**



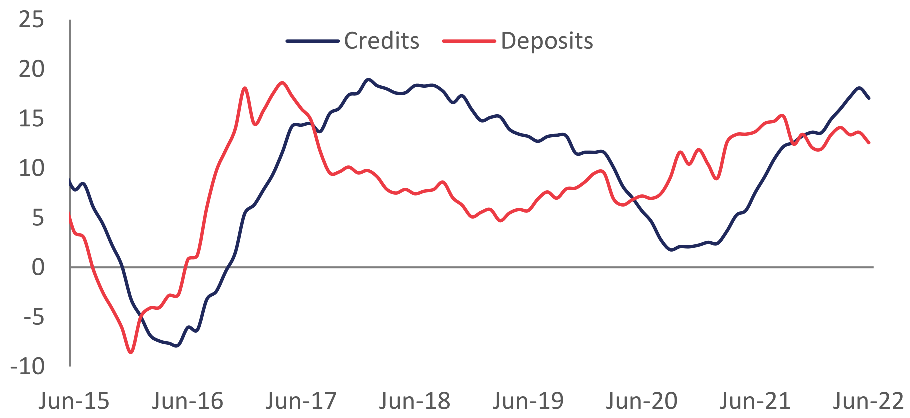
> **International reserves and central bank liabilities** (USD bn)**



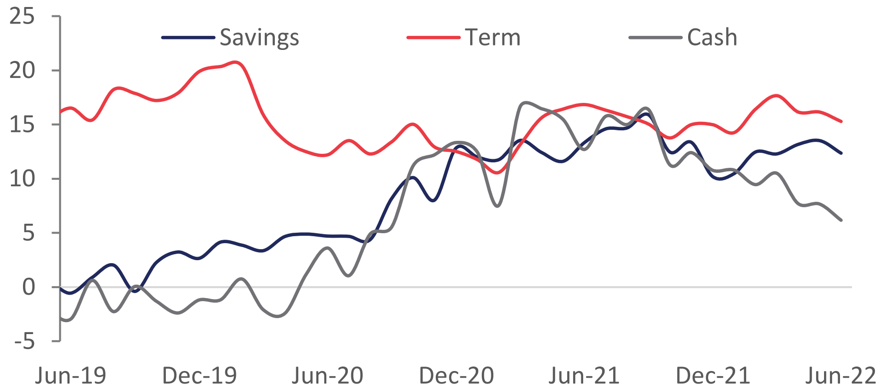
Source: BCE *Public sector includes the hydrocarbons' sector and external debt disbursements
**Tier 1: Deposits of Other Depositary Institutions, CB titles, coin, and other private sector deposits
Tier 2: Deposits of Other Financial Institutions
Tier 3: Deposits of the non-financial public sector

Credit growth remains on strong footing, while deposit growth continues to ensure a healthy source of funding. The financial system keeps healthy liquidity buffers.

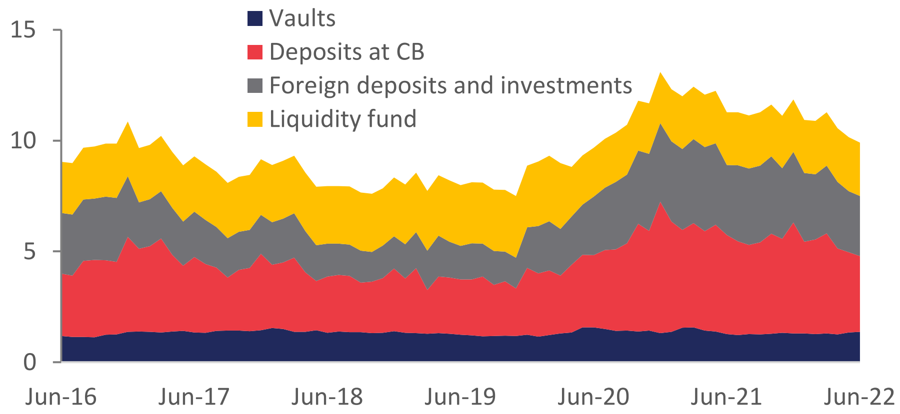
> **Private financial system credit and deposits (% yoy)**



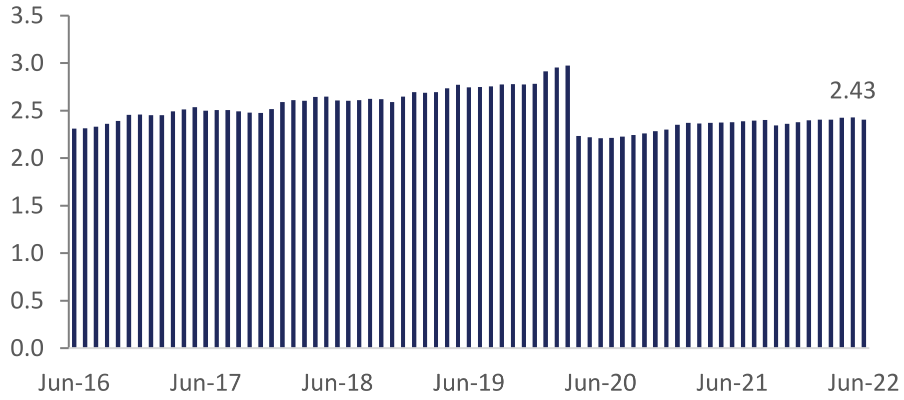
> **Evolution of deposits private financial system deposits (USD bn)**



> **Private financial institutions liquidity (USD bn)**



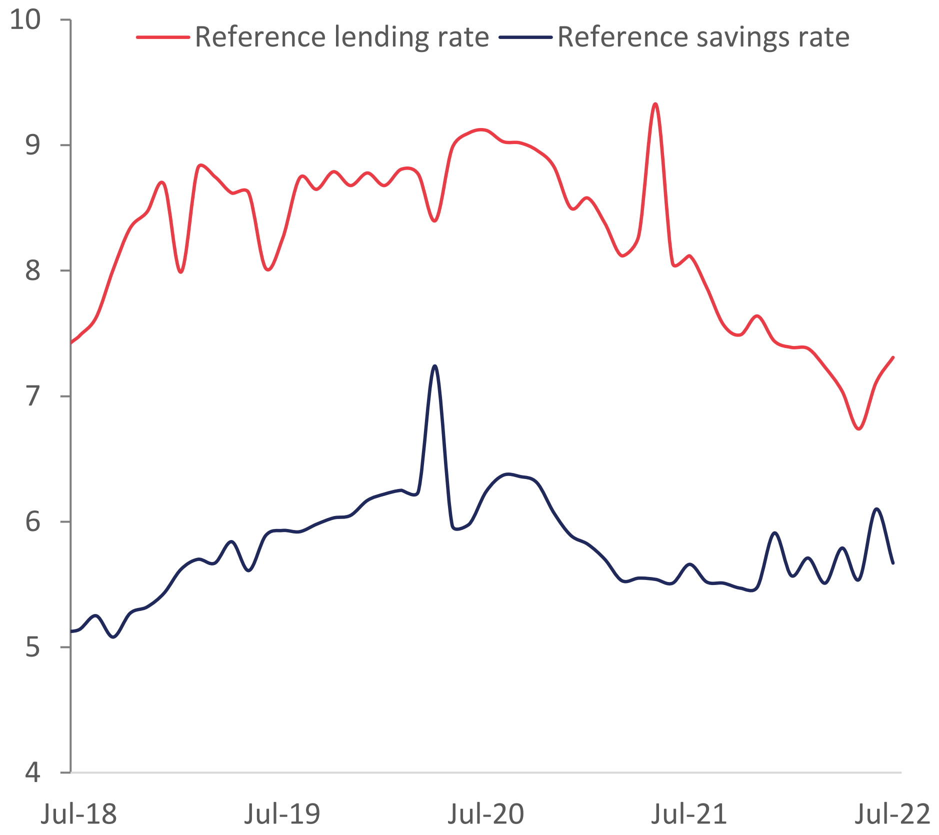
> **Liquidity Fund (USD bn)**



Source: BCE

Interest rates have declined in every segment of economy this year, providing relief to private sector balance sheets.

> Reference interest rates (%)



> Effective interest rates by segment (%)

SEGMENT	Dec-19	Dec-20	Dec-21	Jul-22
Corporate (over US$5mn)	9.0	8.6	7.4	7.3
Corporate (US$1mn - US$5mn)	9.0	9.8	9.4	9.2
SMEs	11.4	10.0	10.6	9.9
Microcredit (US$20K - US$100K)	20.1	20.2	20.1	19.6
Microcredit (US$5K - US$20K)	23.4	23.1	20.7	20.1
Microcredit (under US$5K)	25.2	26.1	19.8	19.3
Consumption	16.7	16.7	16.2	15.9
Education	9.4	9.4	8.9	8.7
Social Education	6.4	6.2	5.5	5.5
Real estate	10.2	10.3	9.8	9.1
Public interest housing	4.7	5.0	5.0	5.0
Social housing	0.0	5.0	5.0	5.0
Public investment	8.4	8.5	8.5	8.2

Source: BCE

Thank you