



Ecuador Macroeconomic Bulletin

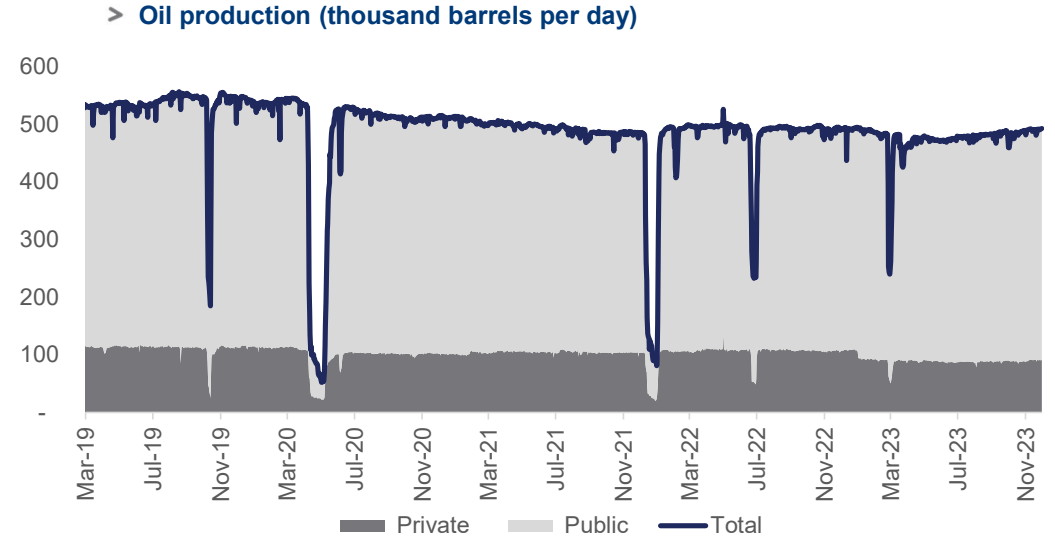
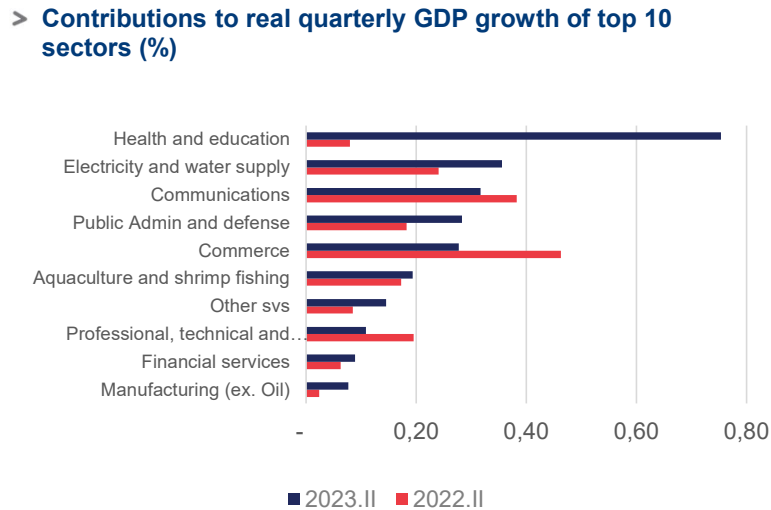
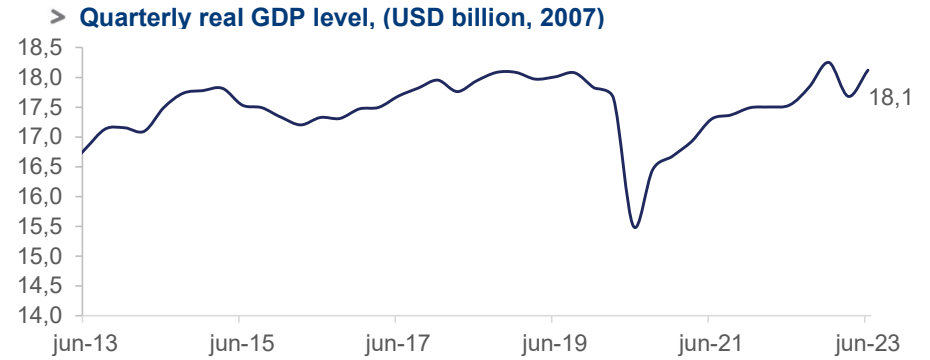
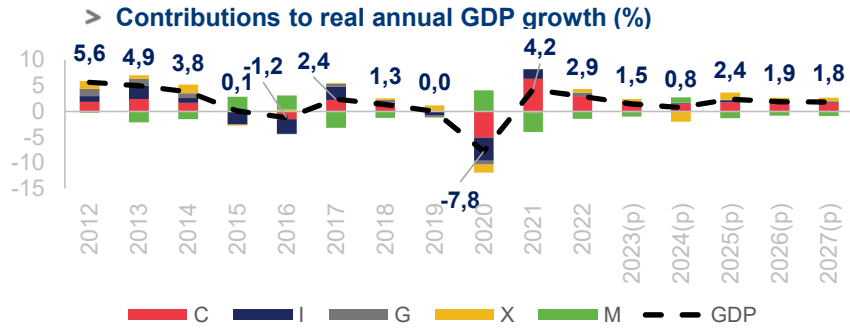
Dec, 2023



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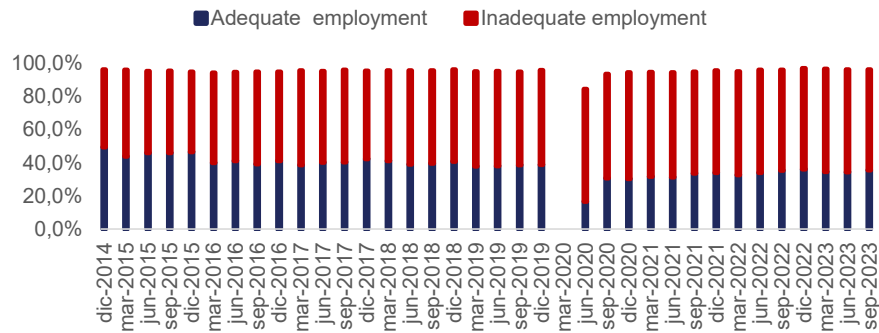
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Ecuadorian economy is targeting 1,5% growth (yoy) in 2023. We will have to face some challenges in 2024: the ITT referendum implementation and El Niño's effects.

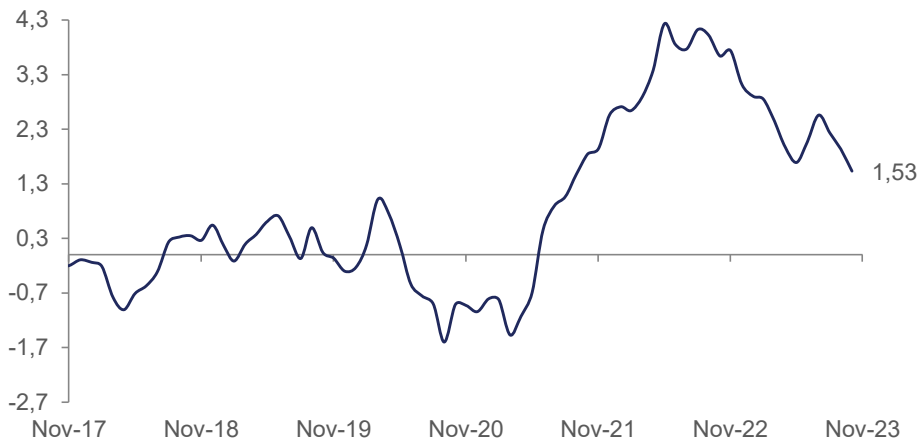


Employment rates are gradually improving but the reduction in overall participation continues. Inflation shows an sustained decline .

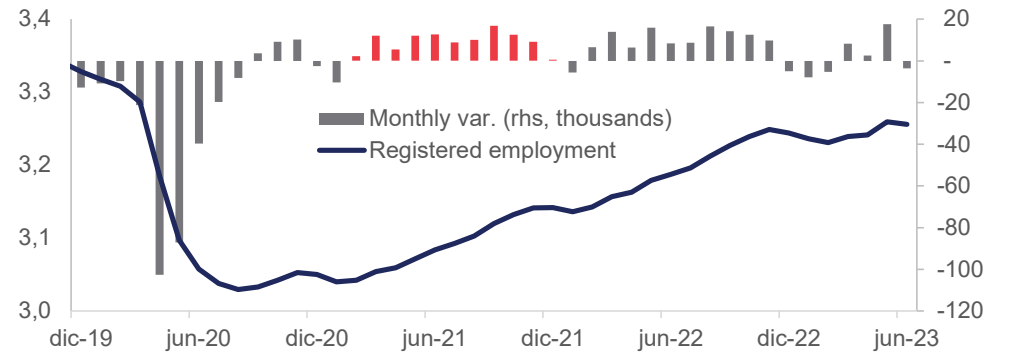
> Quality of employment (quarterly data)



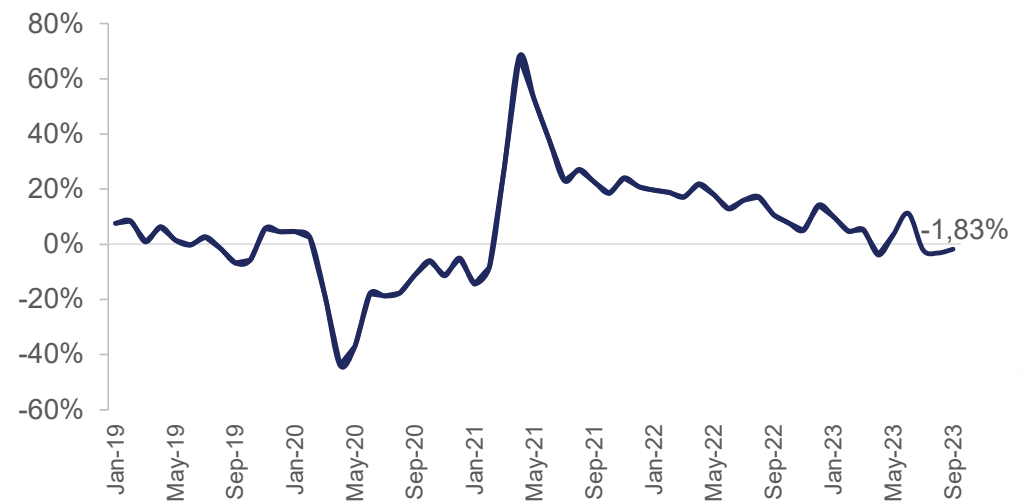
> Annual headline inflation (%)



> Registered employment at the Social Security (millions)

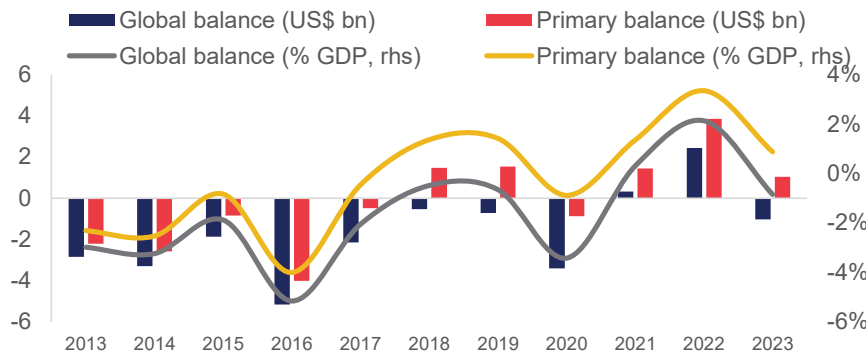


> Total sales (% yoy)

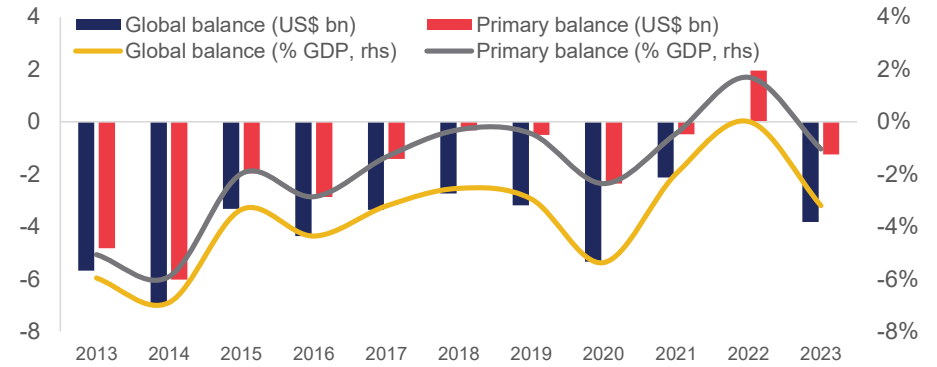


The General State Budget shows a resurgence of the fiscal deficit similar to 2020. The reduction in occasional taxes has not been fully offset by the rest of tax collection.

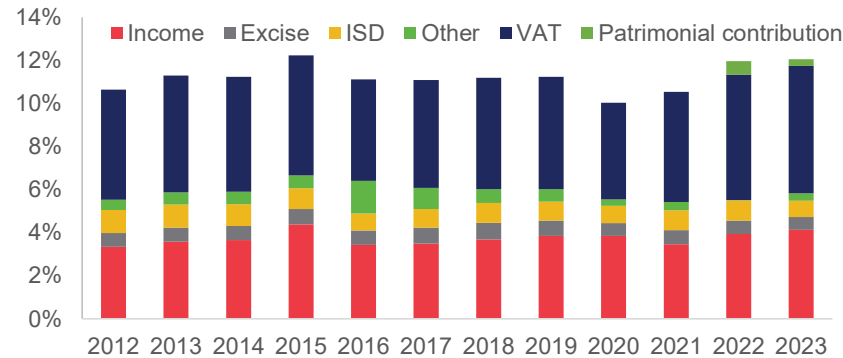
> Non-financial public sector balances (Jan – Sep)



> Central government's budget balances (Jan – Oct)



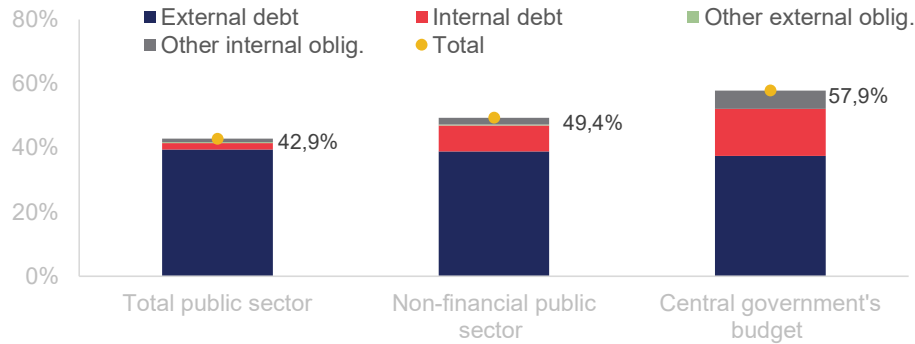
> Tax collection (% of GDP) Jan - Oct



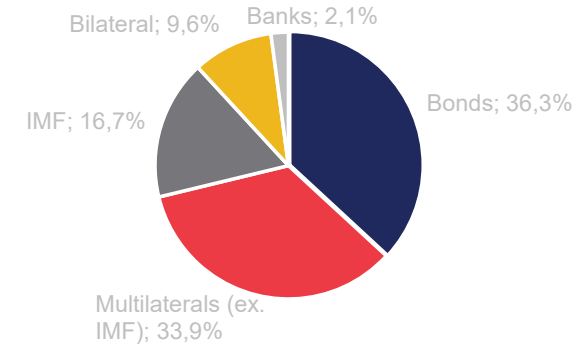
Source: MEF, IRS

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

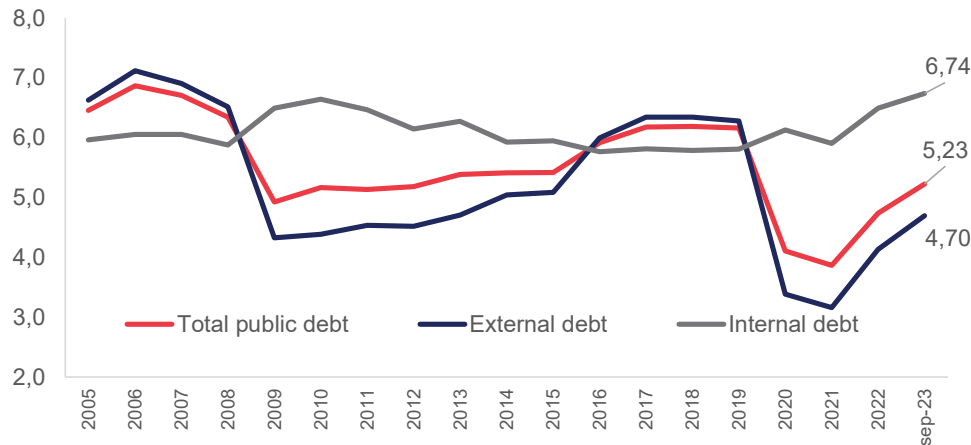
> Consolidated gross public debt (through Sep 2023, % GDP)



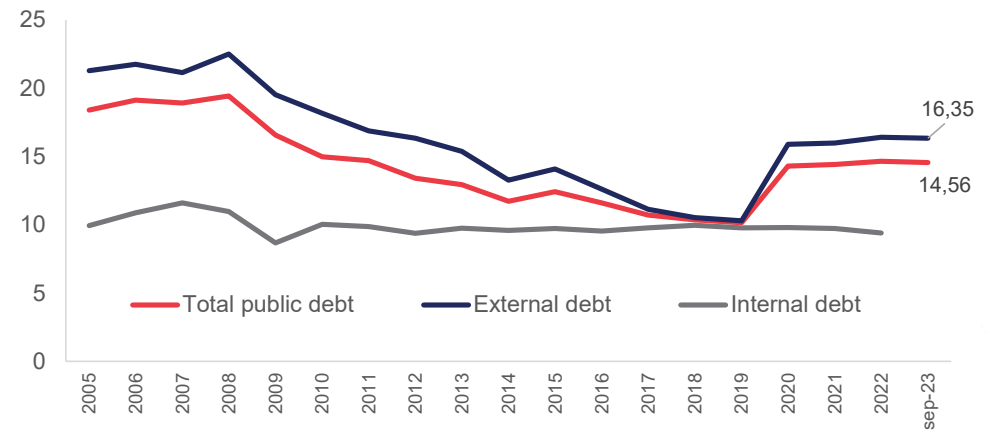
> Composition of external debt (through Sep 2023, % of total)



> Contractual weighted interest rates of public debt Sep 2023 (%)



> Contractual weighted maturities of public debt sep 2023 (number of years)



Debt Exchange - Blue Bonds: Ecuador executed a swap for three series of International Bonds of the Republic of Ecuador (Bonds 2030, 2035, and 2040) with a total nominal amount of USD 1,628.76 million, which was exchanged for the new public debt operation of USD 656.02 million.

In summary, significant advantages were attained from the debt exchange:

A noteworthy reduction of USD 973 million in the outstanding external public debt, along with a corresponding decrease of USD 1,121.54 million in debt servicing costs.

The debt service has been diversified, particularly over the period from 2031 to 2035, and the debt maturity profile has been smoothed, now extended until the year 2041.

A proportion of the newly acquired debt will be allocated to financing conservation projects and activities in the Galapagos Islands for the upcoming 18.5 years, thereby facilitating the mobilization of approximately USD 450 million for this noble objective.

This initiative actively contributes to the global fight against climate change, representing a matter of paramount significance for both Ecuador and the international community.

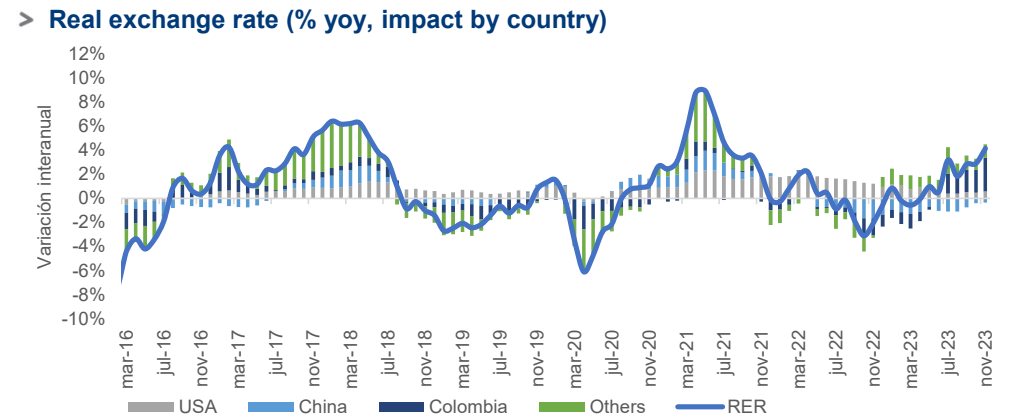
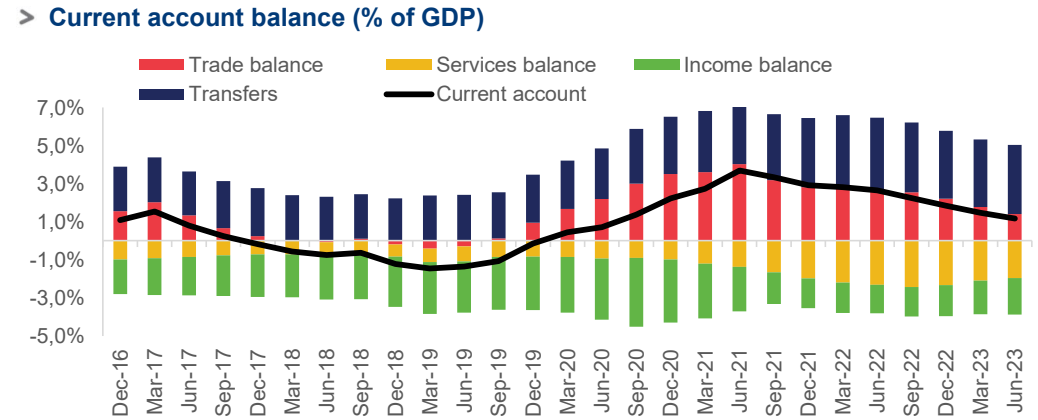
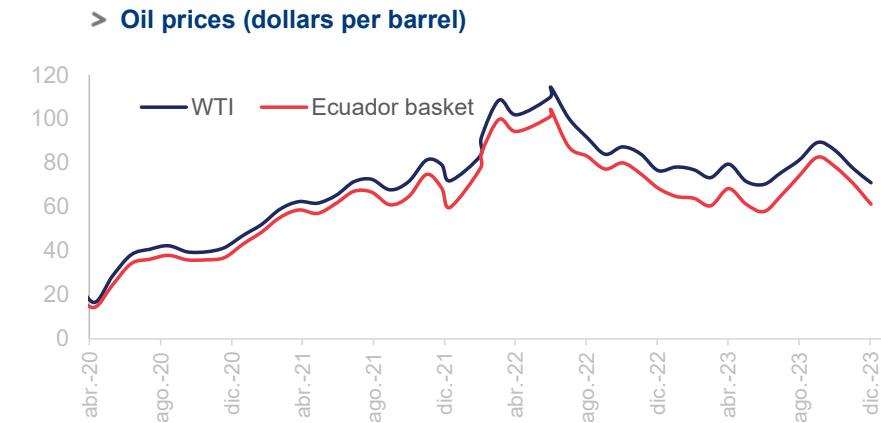
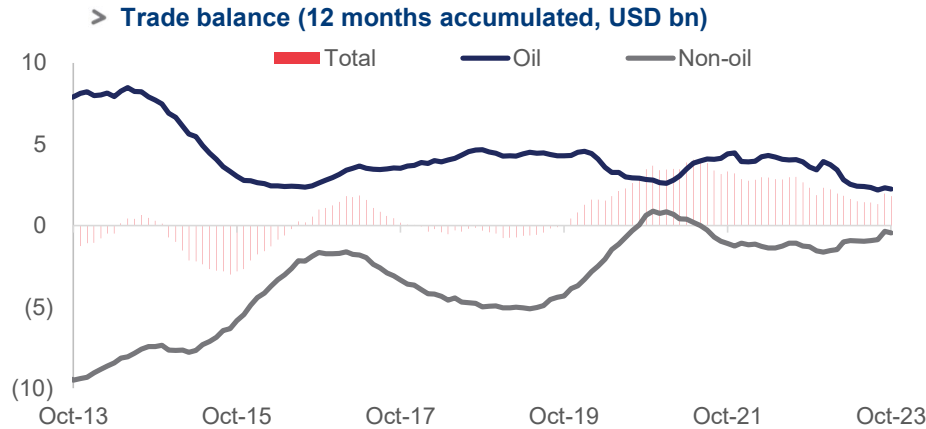
Borrowing operation.

Main Terms and Conditions	
Amount	USD 656.022.000,00
Term	18,5 Years
Rate	6,98%
Grace period	7,5 Years. First principal payment on November 9, 2030
Amortization	Equal quarterly payments from November 9, 2030, to November 9, 2041.
Upfront fee	USD 12.750.000,00

Fuente: BCE, MEF
Elaboración: MEF.



The external accounts remain balanced, but their dynamics have changed. Oil exports have weakened throughout the year, non-oil exports continue to grow but imports have decreased at higher rates than expected.

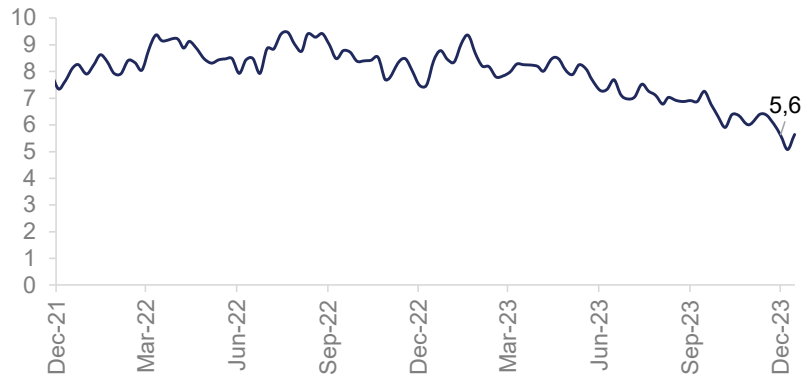


Source: BCE, Bloomberg

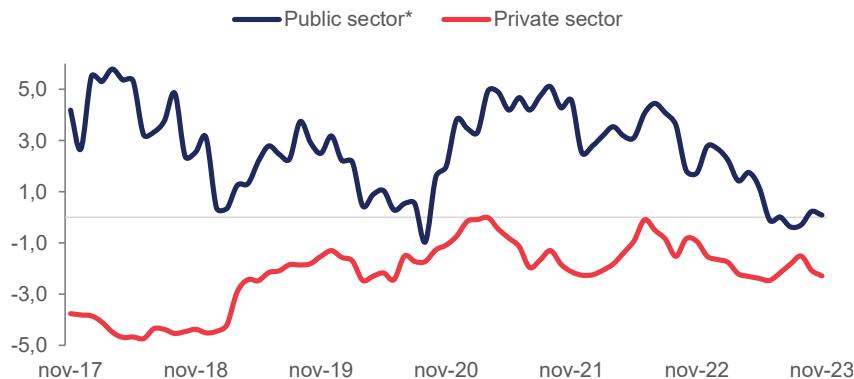


Ecuador is making efforts to improve its endogenous capacity to sustain dollarization. The coverage of the different levels of central bank liabilities by international reserves have been maintained.

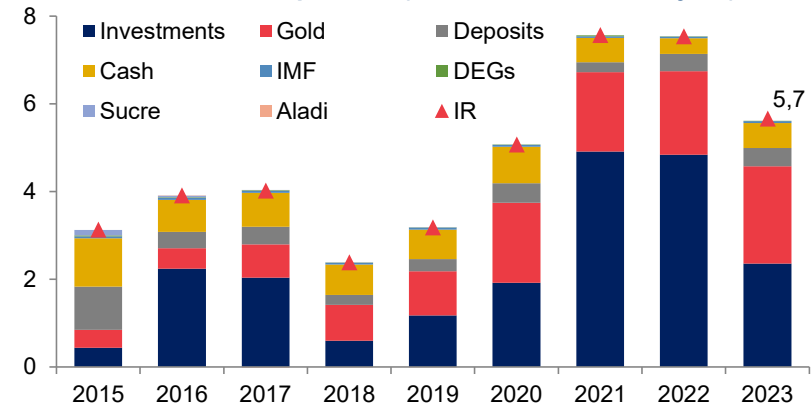
> International Reserves (USD bn, through Dec 15, 2023)



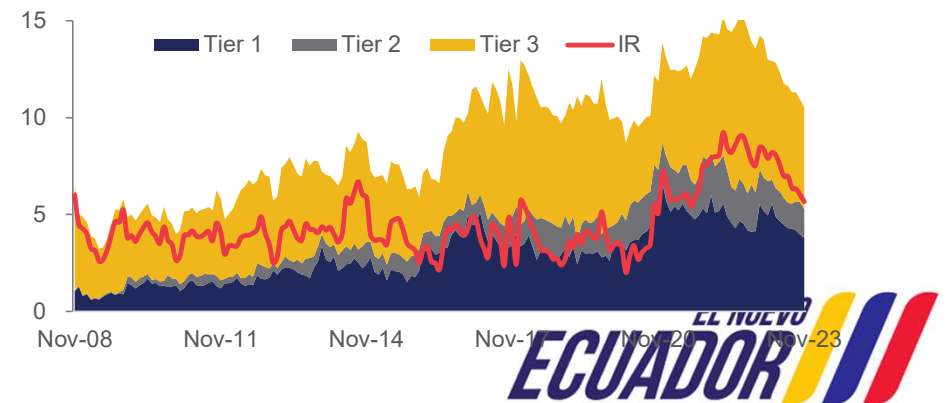
> Net contributions to international reserves by sector (12m accumulated, USD bn)



> International reserves' composition (USD bn, Nov 30, each year)



> International reserves and central bank liabilities** (USD bn, through Nov 30, 2023)

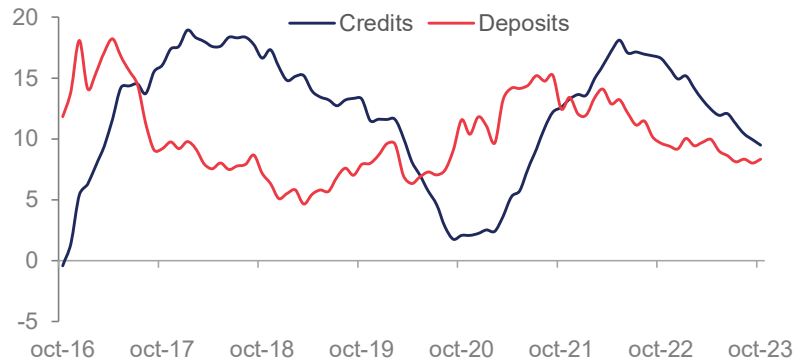


Source: BCE *Public sector includes the hydrocarbons' sector and external debt disbursements
 **Tier 1: Deposits of Other Depository Institutions, CB titles, coin, and other private sector deposits
 Tier 2: Deposits of Other Financial Institutions
 Tier 3: Deposits of the non-financial public sector

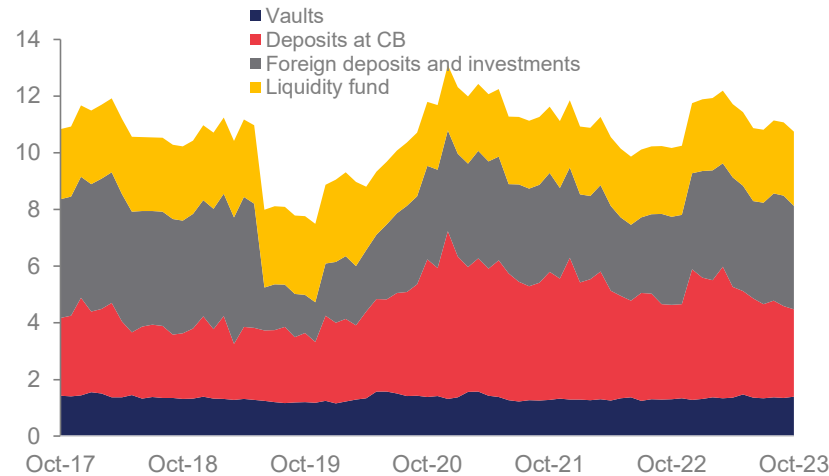


Credit growth rate remains in positive territory but slows down and deposits continue to ensure a healthy source of funding. The financial system keeps adequate liquidity buffers.

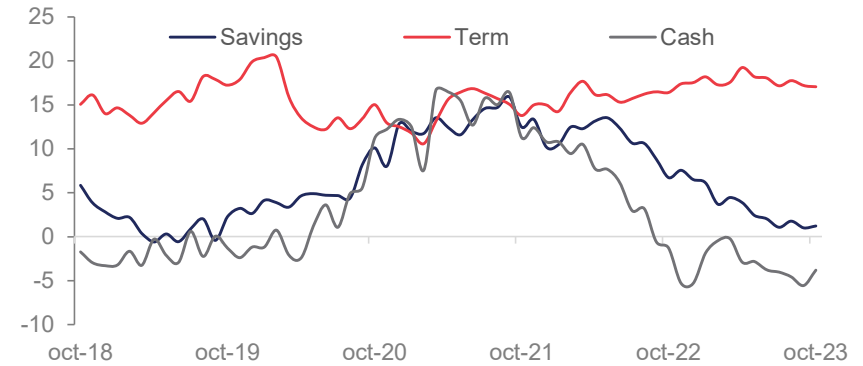
> Private financial system credit and deposits (% yoy)



> Private financial institutions liquidity (USD bn)



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

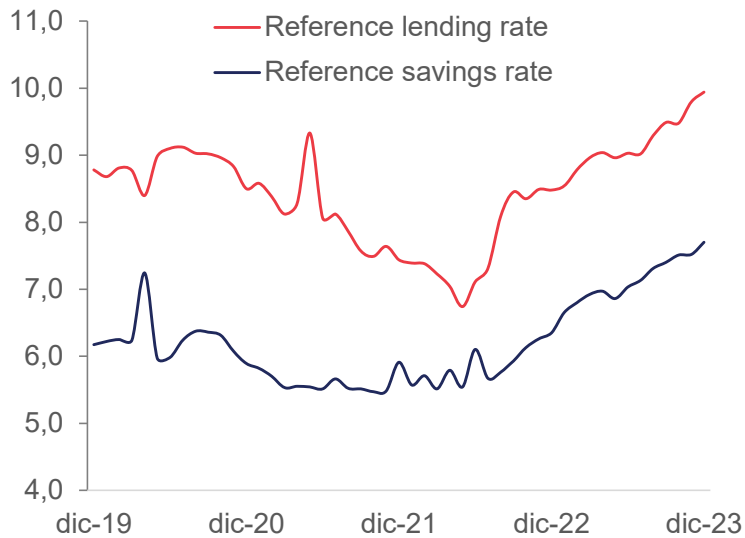


> Liquidity Fund (USD bn)



The tightening of monetary policy in the international arena has had an impact on domestic interest rates. The majority of credit segments registers a slight increase in interest rates.

> Reference interest rates (%)



> Effective interest rates by segment (%)

SEGMENT	dec-19	dec-20	dec-21	dic-22	dic-23	Var. Interannual
Corporate (over US\$5mn)	9,04	8,62	7,44	8,48	9,94	1,46
Corporate (US\$1mn - US\$5mn)	8,96	9,75	9,37	9,50	10,85	1,35
SMEs	11,37	10,02	10,63	10,23	11,00	0,77
Microcredit (US\$20K - US\$100K)	20,10	20,19	20,13	19,85	19,97	0,12
Microcredit (US\$5K - US\$20K)	23,35	23,10	20,74	20,34	20,43	0,09
Microcredit (under US\$5K)	25,18	26,14	19,80	19,46	20,21	0,75
Consumption	16,69	16,68	16,22	16,08	16,27	0,19
Education	9,44	9,43	8,87	8,92	8,78	-0,14
Social Education	6,42	6,18	5,49	5,49	5,49	0,00
Real estate	10,17	10,33	9,84	9,37	9,91	0,54
Public interest housing	4,70	4,98	4,98	4,96	4,97	0,01
Social housing	0,00	4,99	4,98	4,98	4,97	-0,01
Public investment	8,44	8,51	8,53	8,50	8,56	0,06





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