

Country Snapshot

Sep.10

Paraguay



Capital:
Official Languages:
Government:
Area:
Population (m.):

Asunción
Spanish, Guaraní
Presidential Republic
406,752 km²
7,068

Currency & Exchange Rate:
Microfinance Country Rating (Symbiotics):
Local Currency Country Rating (S&P):
Income Level:

Guaraní (PYG)
B
B
Lower Middle Income



Economic Indicators

Overview

Paraguay is a landlocked country bordering Argentina, Brazil and Bolivia, in South America. It takes its name from the Parana River, which produces the greatest amount of hydroelectric power in the world. In recent years the economy has been characterized by high economic growth, averaging 4.8% during 2004 – 2008. During the same period, a period of stability was recorded in fiscal accounts, and the foreign debt was reduced. Stability and growth were in part the result of improvement in economic management and a favorable international environment, as well as auspicious internal factors such as higher productivity of main export items. Nevertheless, with the world financial crisis in 2008 and its spread to other economies, the situation for the Paraguayan economy changed, since it was not beyond its effects. Measures adopted by the government to counter the effects of the crisis envision an expansive monetary policy focused on achieving financial liquidity, and an expansive fiscal policy primarily emphasizing investment projects which improve competitiveness, private sector development, and generation of employment.

Financial Sector Snap Shot

The government welcomes foreign investment in principle and accords national treatment to foreign investors, but widespread corruption is a deterrent.

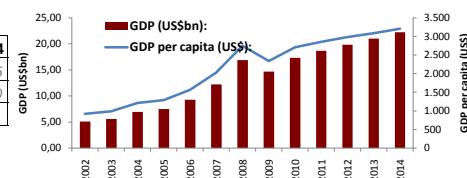
Economy

Natural resources: Hydropower, timber, iron ore, manganese, limestone.

Agriculture (16% of GDP): Soybeans, cotton, beef, pork, cereals, sugarcane, cassava, fruits, vegetables. *Arable land*--9 million hectares, of which 35% is in production.

Manufacturing and construction (17% of GDP): Sugar, cement, textiles, beverages, wood products.

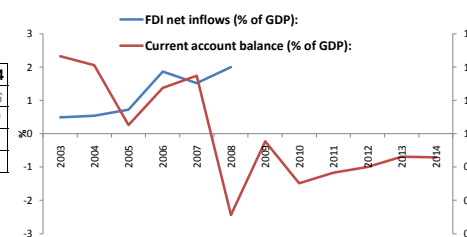
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GDP (US\$bn):	5,09	5,57	6,93	7,49	9,28	12,22	16,91	14,67	17,31	18,64	19,85	20,99	22,25
GDP per capita (US\$):	921	989	1,216	1,292	1,568	2,026	2,747	2,337	2,704	2,855	2,981	3,089	3,210
Real GDP growth (in%):	- 0,05	3,84	4,14	2,86	4,34	6,76	5,83	- 4,55	5,27	5,00	4,91	5,00	4,80



Trade

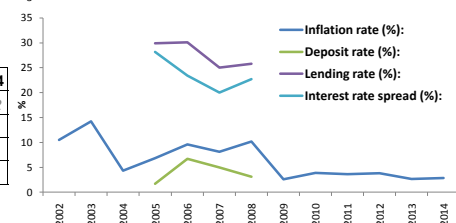
Major trade partners: Brazil, Uruguay, Chile, Argentina, Japan, China

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Current account balance (US\$bn):	0,13	0,14	0,02	0,13	0,21	-0,41	-0,03	-0,26	-0,22	-0,20	-0,15	-0,16
Current account balance (% of GDP):	2,33	2,06	0,26	1,38	1,74	-2,44	-0,22	-1,49	-1,17	-1,00	-0,69	-0,71
Exports G&S (% of GDP, right axis):												
FDI net inflows (% of GDP):	0,49	0,54	0,72	1,87	1,52	2,00						



Interest Rate Structure

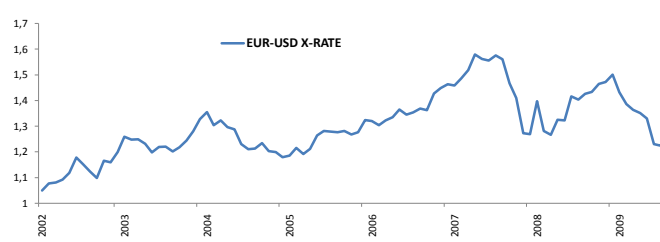
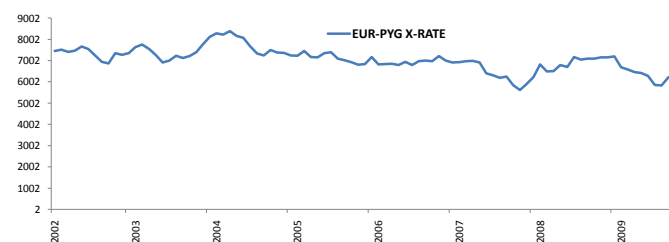
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Inflation rate (%):	10,51	14,22	4,33	6,81	9,59	8,13	10,15	2,59	3,89	3,63	3,82	2,63	2,82
Deposit rate (%):				1,70	6,70	5,00	3,10						
Lending rate (%):				29,90	30,10	25,00	25,80						
Interest rate spread (%):				28,20	23,40	20,00	22,70						



Foreign Exchange History

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EUR-PYG	7451	7635	8288	7228	6824	6931	6826	6689					
EUR-USD	1,05	1,26	1,36	1,18	1,32	1,46	1,40	1,43					

The Nuevo Sol is the official currency of Peru. The conventional market quotation is the number of Nuevo Sol per US dollar. It is an independent, free-floating currency.



References: IMF, World Bank, Symbiotics, Bloomberg.

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