

Consejo Monetario Centroamericano

Seminario de Política Monetaria y Estabilidad Financiera

Managua -Nicaragua

Septiembre 2014



Indicadores de Dolarización Financiera en Centroamérica y RD

Países	Activos en ME/Activos Totales	Crédito en ME/Crédito Total	Depósitos en ME/Depósitos Totales
	2013	2013	2013
Costa Rica	44.3	48.7	39.6
Guatemala	28.0	36.3	17.4
Honduras	28.9	31.8	31.5
Nicaragua	76.1	92.6	71.1
Rep. Dominicana	29.1	29.6	30.2

Fuente: Superintendencias Bancarias de la Región.

Regímenes de Política Monetaria y Esquemas Cambiarios

Flexibilidad →

Regímenes Monetarios

Ancla Cambiaria

Agregados Monetarios

Metas de Inflación

TC Fijo

El Salvador

TC Intermedio

Nicaragua:
Minidevaluaciones
Preanunciadas

Honduras

TC Flotante

Costa Rica

Dominicana

Guatemala

Regímenes Monetarios

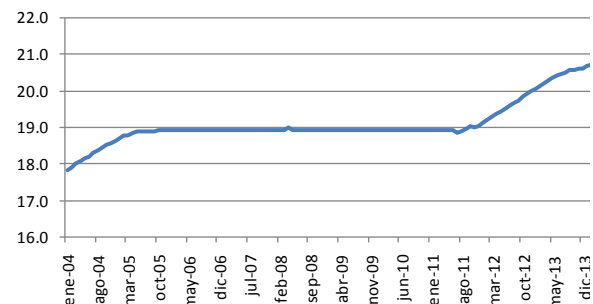
Flexibilidad ↓



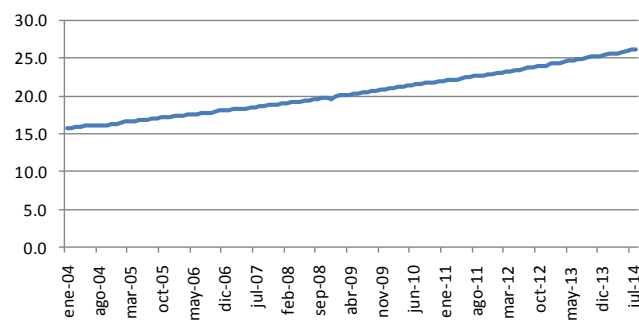


CA&RD: Tipo de Cambio Nominal

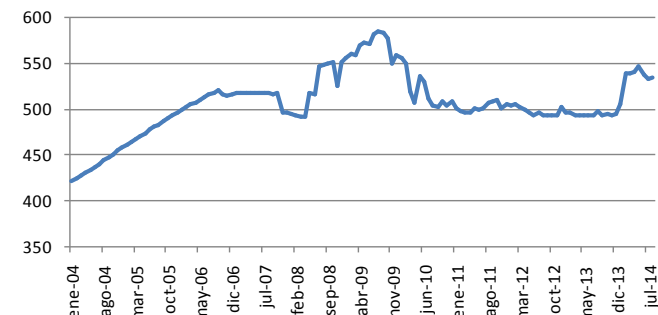
Honduras



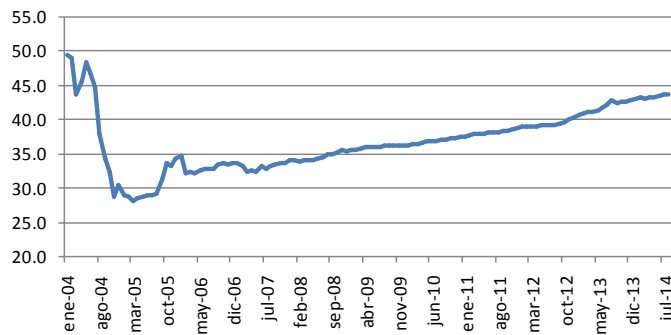
Nicaragua



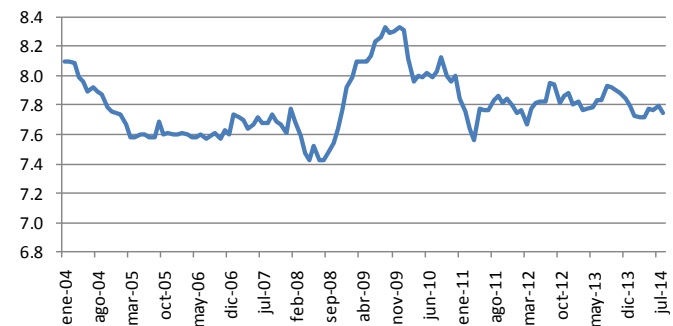
Costa Rica



Dominicana



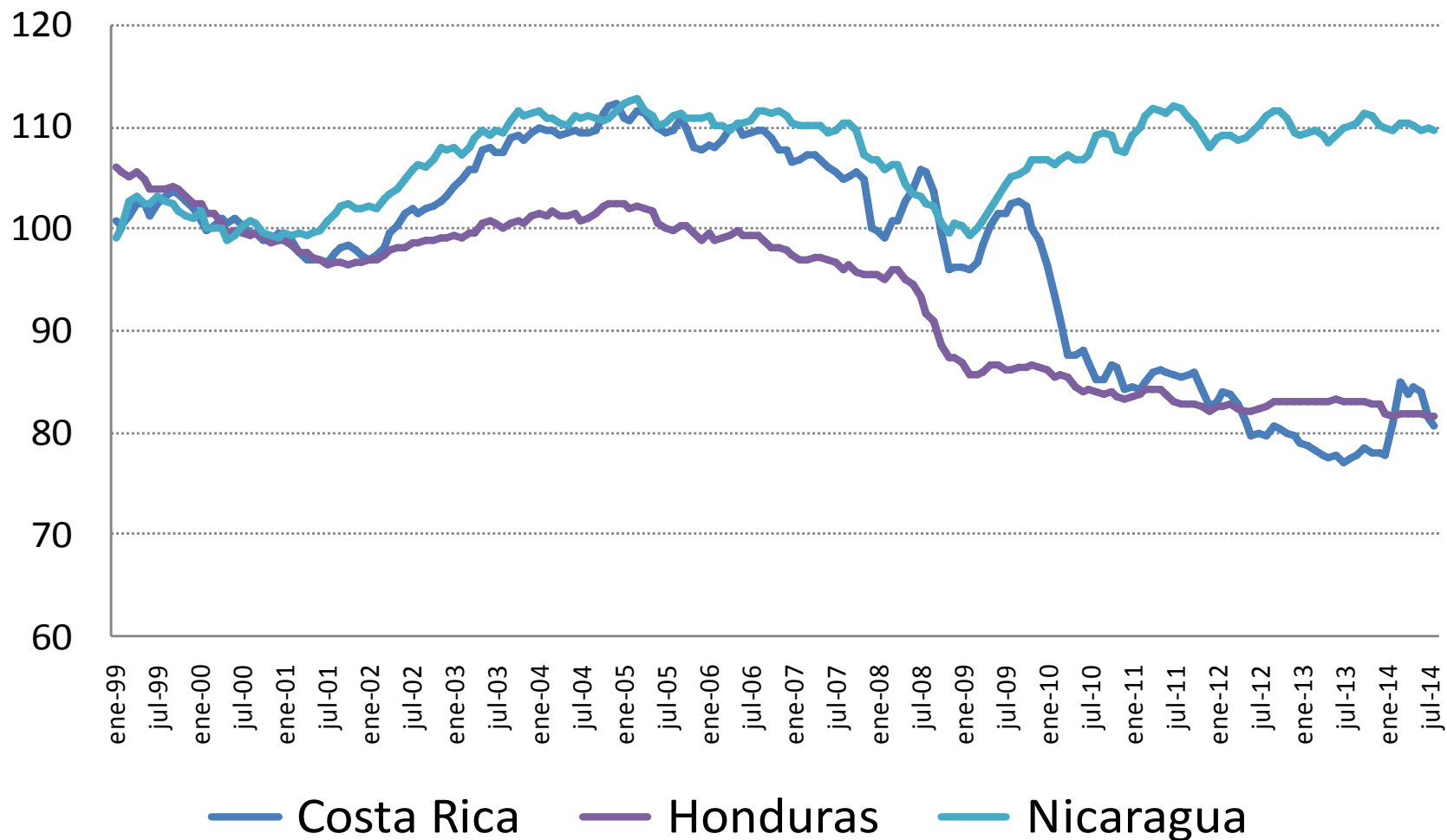
Guatemala





Índice de Tipo de Cambio Real

Año Base:2000





Finanzas Públicas En CA&RD

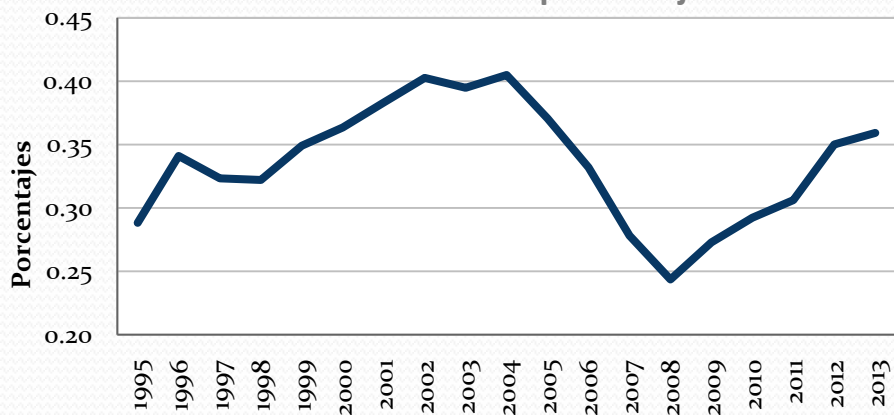
Algunas Implicancias de desequilibrios Fiscales para la Política Monetaria:

- Pérdida de Reservas (en ausencia de flotación pura).
- Apreciación Real del Tipo de Cambio.
- Trade Off en el uso de la tasa de interés como instrumento de políticas (Presiones de demanda vrs. costo de la deuda pública).
- Alza en tasas de interés reales (por competencia de recursos y riesgo país e inflación esperada).
- Mayores costos cuasifiscales.

Finanzas Públicas En CA&RD

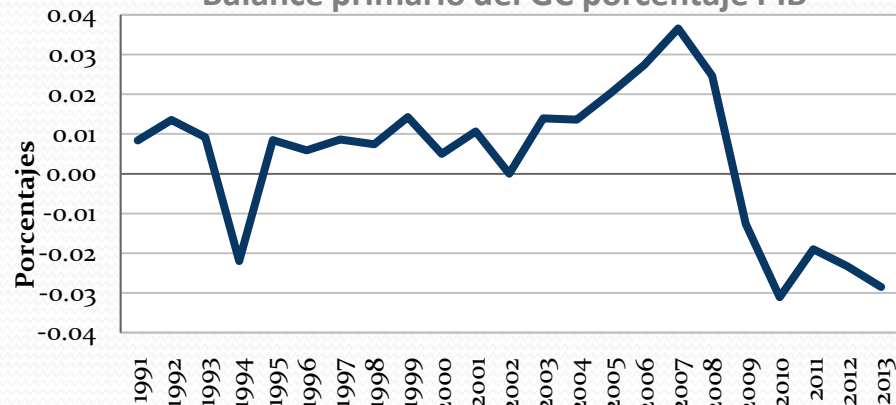
Costa Rica

Deuda del GC como porcentaje PIB



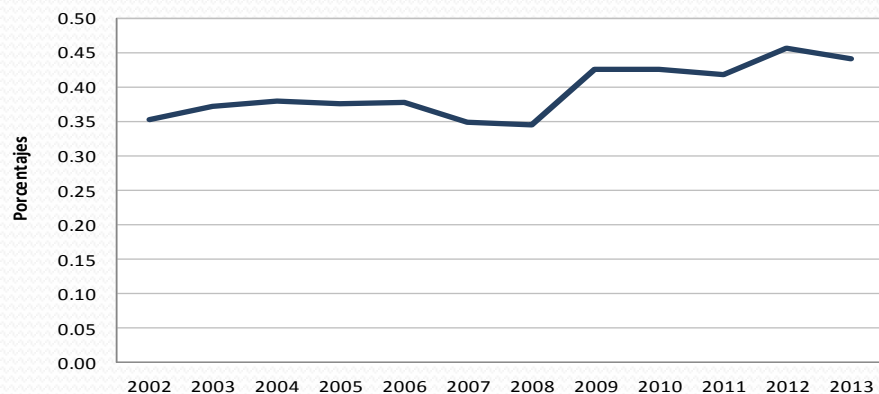
Costa Rica

Balance primario del GC porcentaje PIB



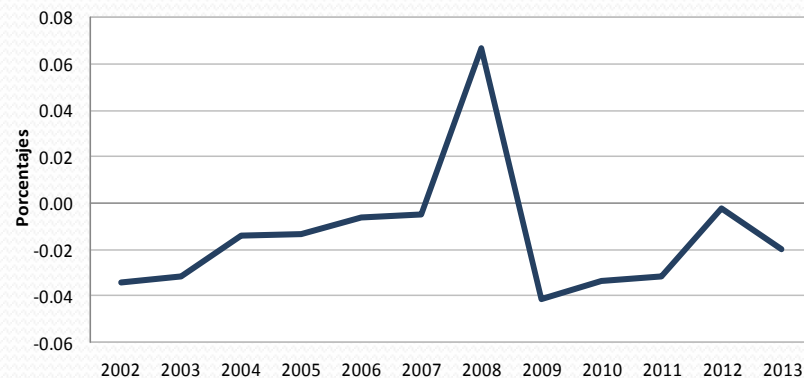
El Salvador

Deuda del GC como porcentaje PIB



El Salvador

Balance primario del GC porcentaje PIB

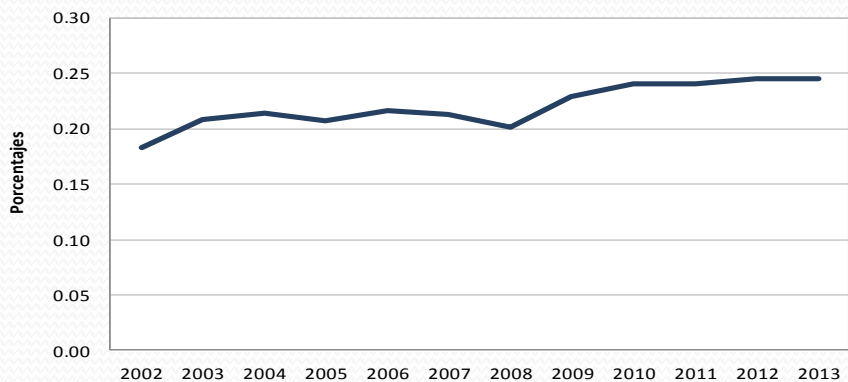




Finanzas Públicas En CA&RD

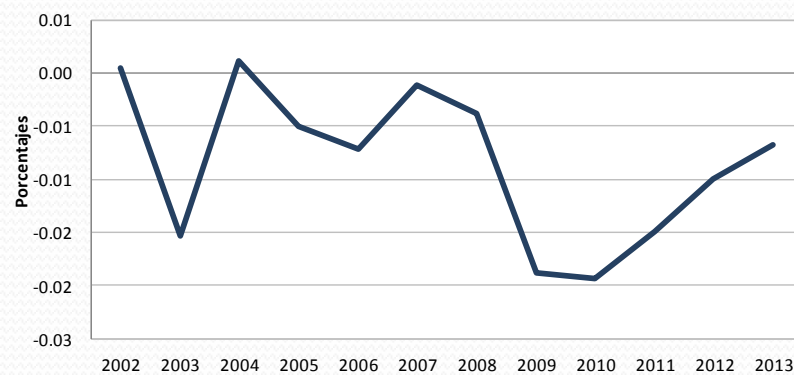
Guatemala

Deuda del GC como porcentaje PIB



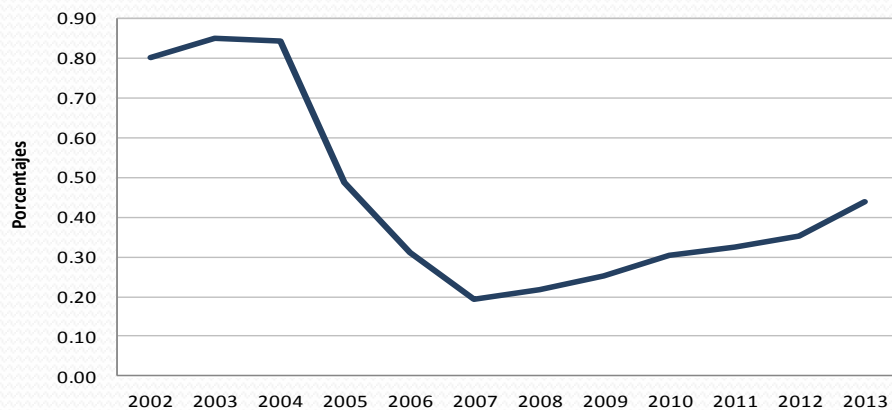
Guatemala

Balance primario GC porcentaje PIB



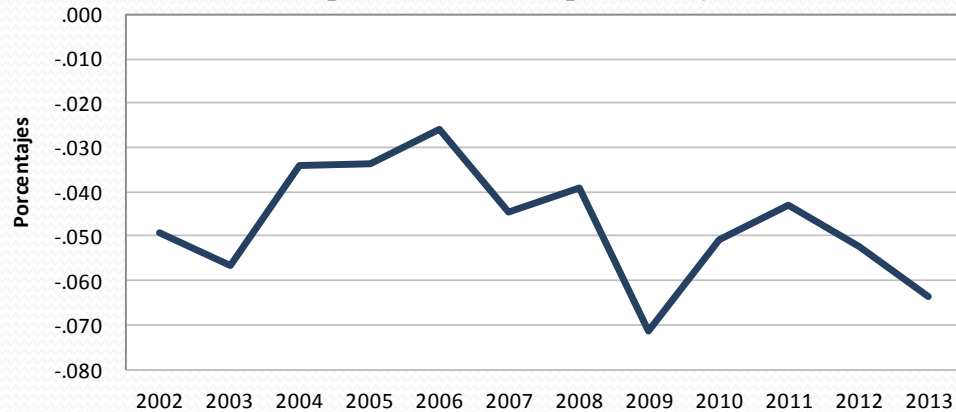
Honduras

Deuda del GC como porcentaje PIB



Honduras

Balance primario del GC porcentaje PIB

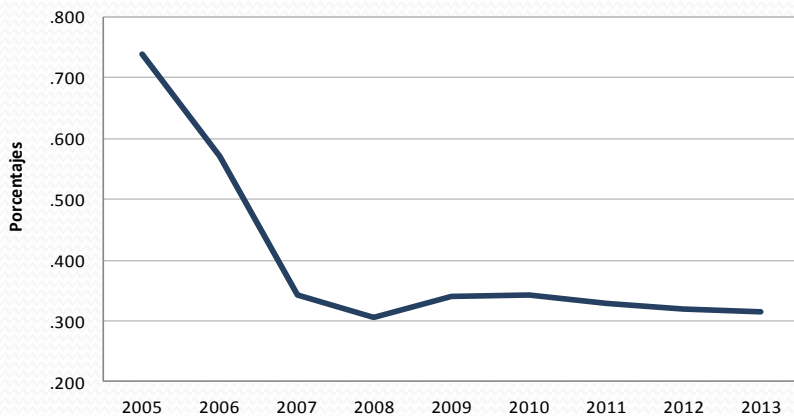




Finanzas Públicas En CA&RD

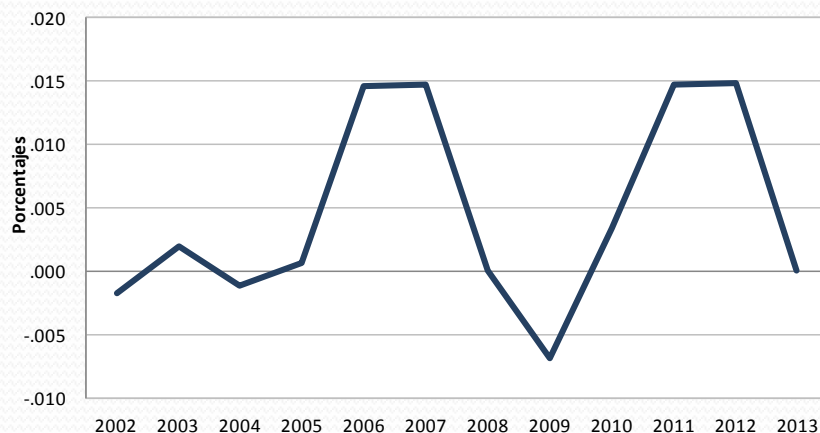
Nicaragua

Deuda del GC como porcentaje PIB



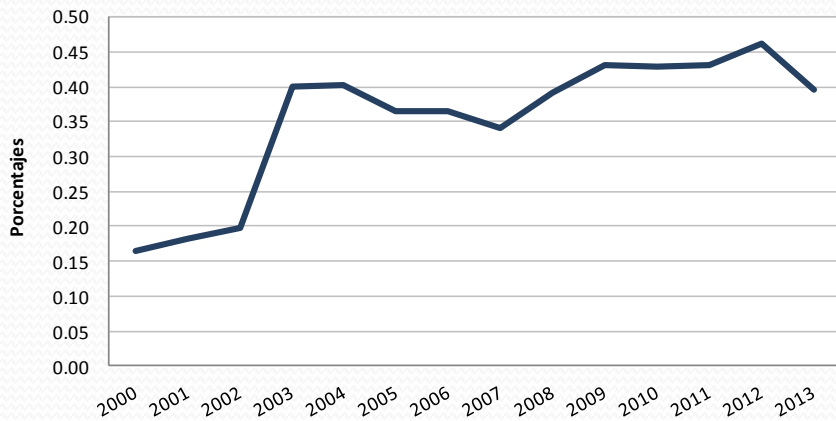
Nicaragua

Balance primario del GC porcentaje PIB



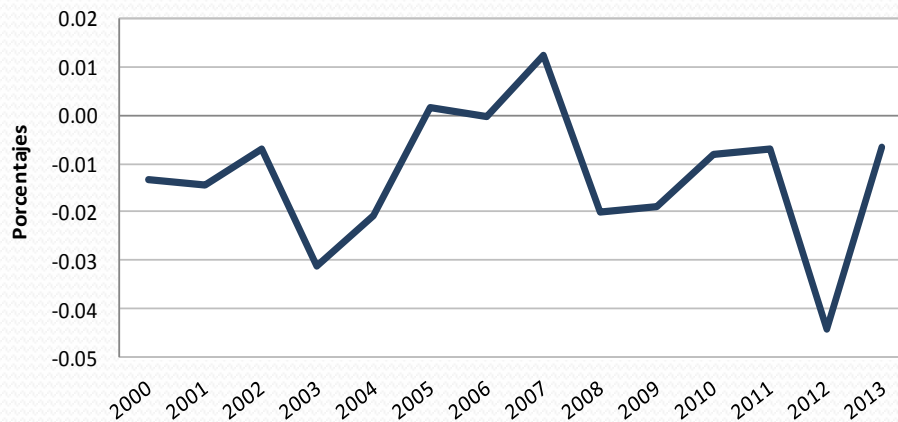
Dominicana

Deuda del GC como porcentaje PIB



Dominicana

Balance primario del GC porcentaje PIB



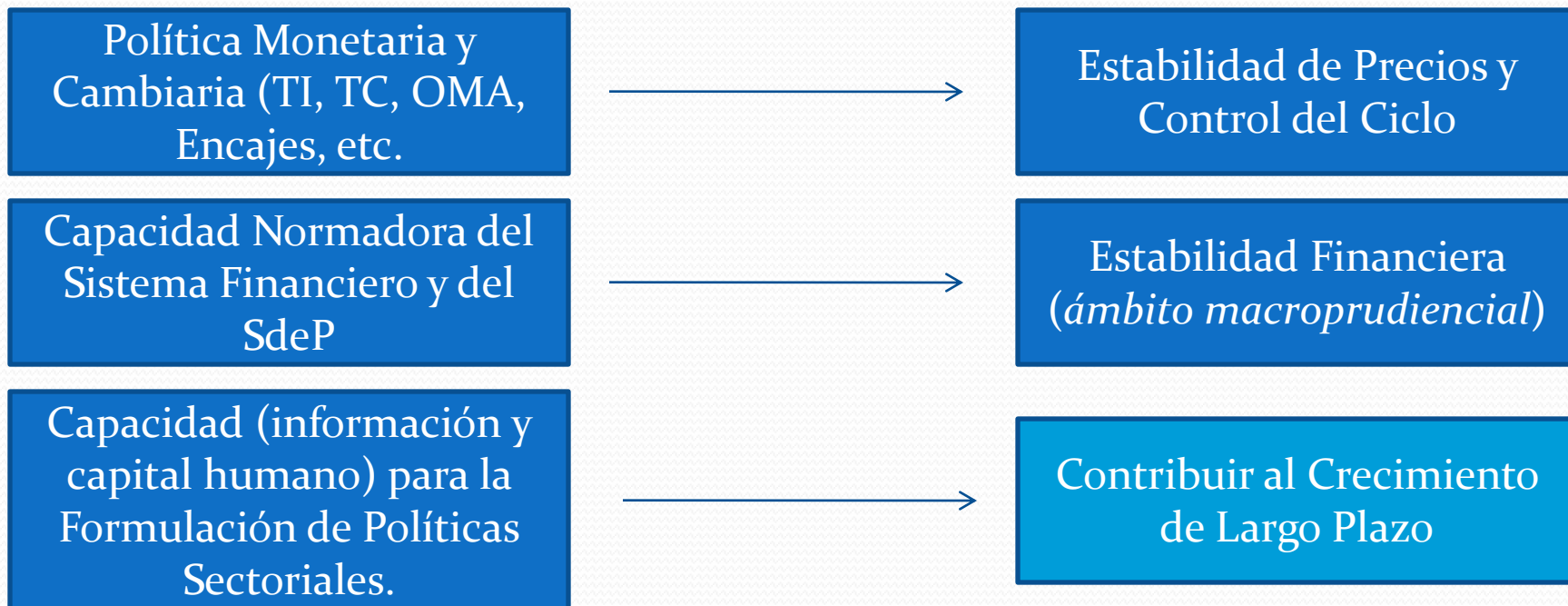


Objetivos de un Banco Central

- Los Objetivos de un Banco Central deben considerar la naturaleza de los instrumentos que dispone y la institucionalidad del País.
- No puede tenerse más objetivos que instrumentos.

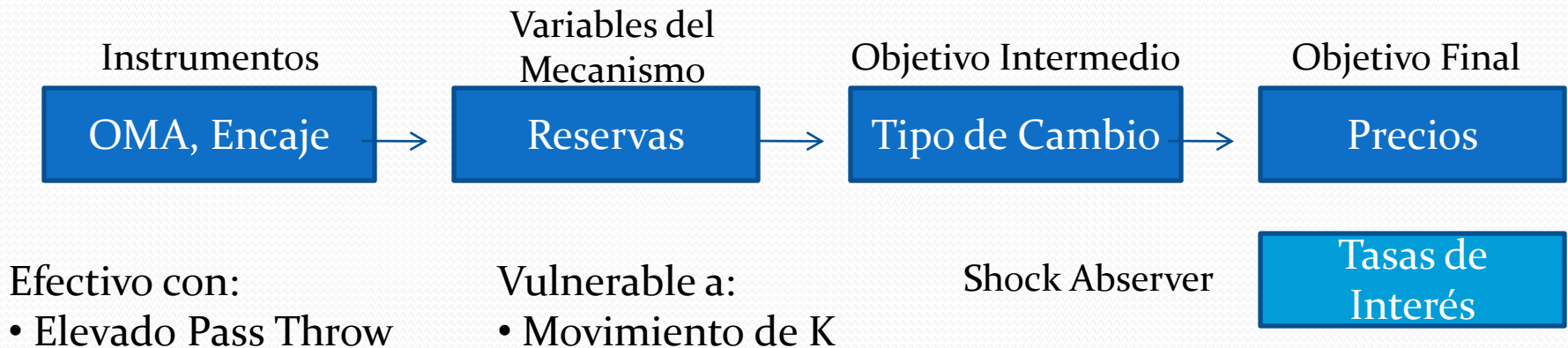
Instrumentos

Objetivos

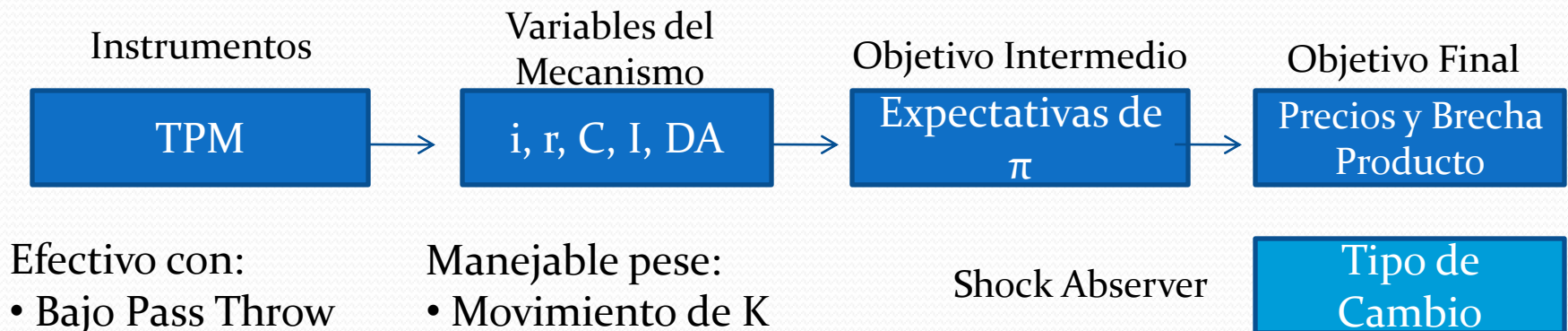


Objetivos y Mecanismos de la Política Monetaria

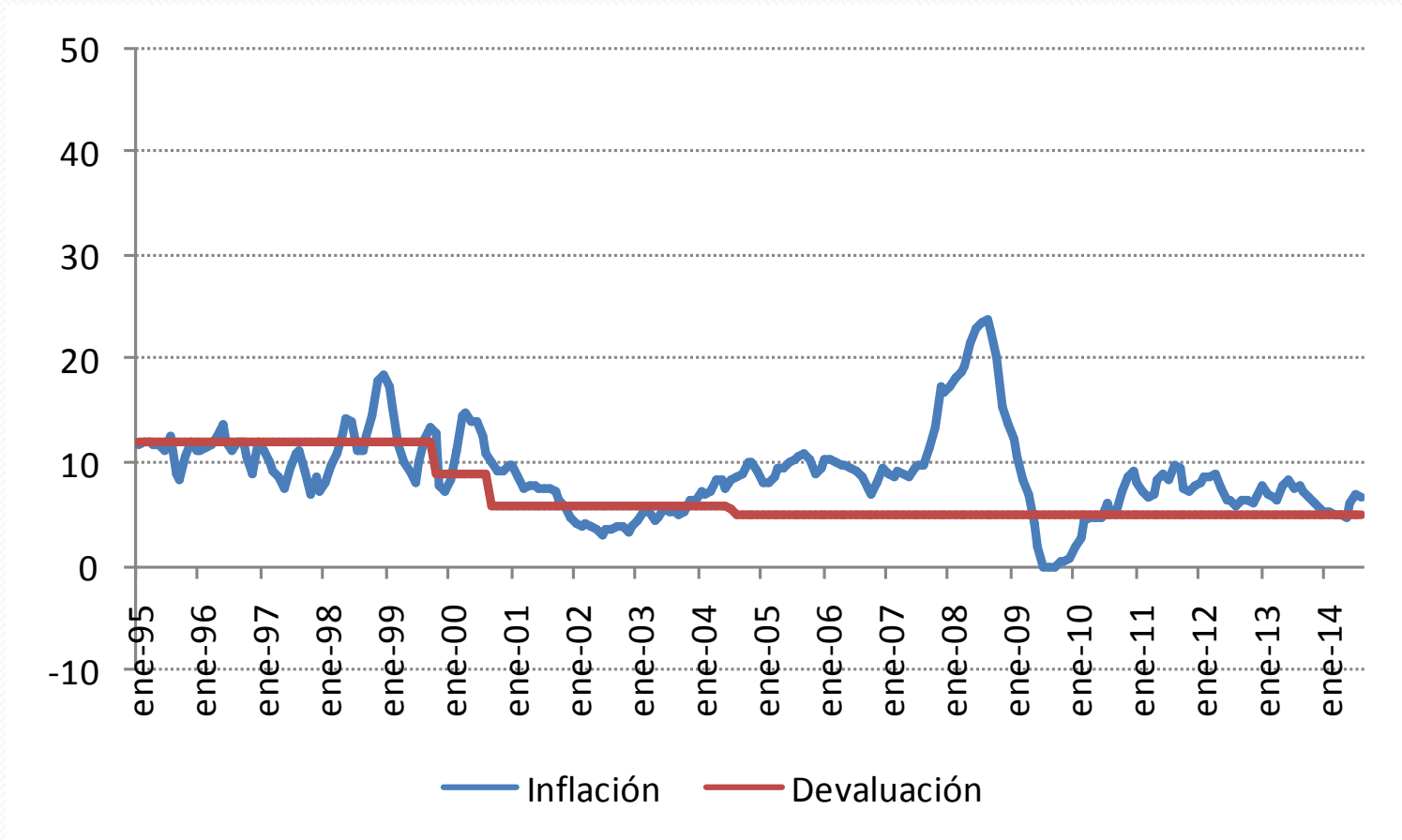
Con Ancla Cambiaria



Con Metas de inflación



Nicaragua: Precios y Tipo de Cambio



➤ Convertibilidad ha sido eficaz para mantener la estabilidad monetaria y de precios

Dilema de Políticas Macroeconómicas

Reglas



Discreción

Rigidez



Flexibilidad

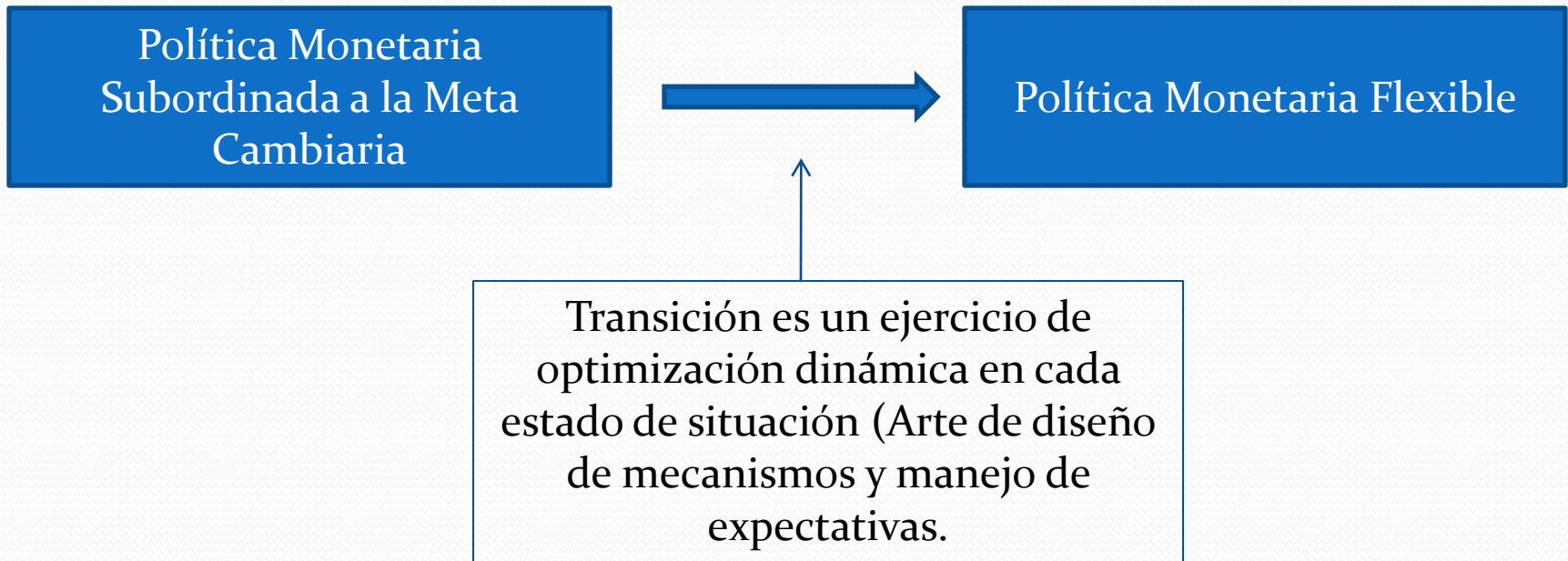
Caso El Salvador



Caso EE.UU

➤ Los Consensos Constituyen el basamento de cualquier política exitosa y sostenida

Reto de Política Monetaria



- En la transición se puede ir desarrollando los instrumentos necesarios para una política monetaria más flexible



Conclusiones I

- La disciplina Fiscal es un Activo que debe mantenerse y consolidarse independientemente de la estrategia monetaria que se implemente.
- Los objetivos de un Banco Central pueden incluir aspectos adicionales a la inflación, siempre y cuando cuente con los instrumentos necesarios (en el caso de Nicaragua cabe incluir un objetivo de contribución al crecimiento).
- La política monetaria en el presente, se ajusta a las condiciones actuales, en este sentido la convertibilidad (seguro cambiario ha funcionado bien como ancla nominal de la economía).



Conclusiones II

- La Flexibilidad de políticas constituye una estrategia superior a las reglas rígidas
- El éxito en mantener la estabilidad macroeconómica se fundamenta en un conceso por hacer los ajustes necesarios cuando la coyuntura así lo demande, las maneras pueden variar en función de la realidad de cada país.
- La eventual entrada de capitales constituyen un importante reto para las autoridades monetarias.
- La transición hacia una mayor flexibilidad monetaria debe seguir una senda de optimización en función de lo que las condiciones económicas lo permitan.



Economic Outlook and Risk Balance

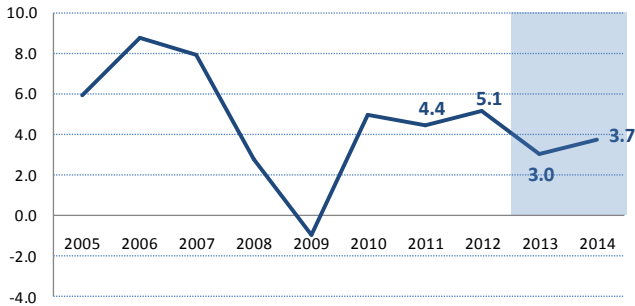


Central America and Dominican Republic

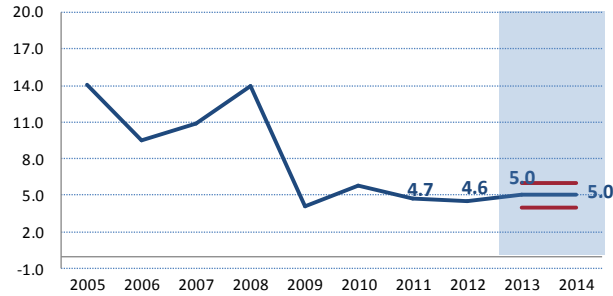
September, 2013

Costa Rica: Performance and Economic Outlook

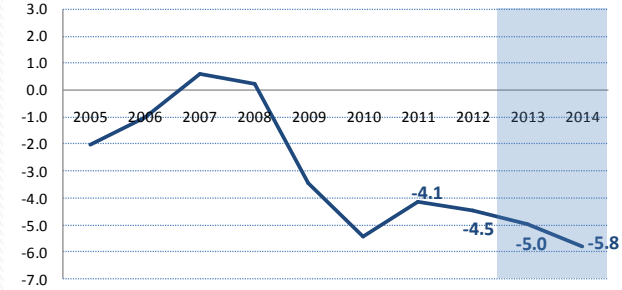
Economic Growth



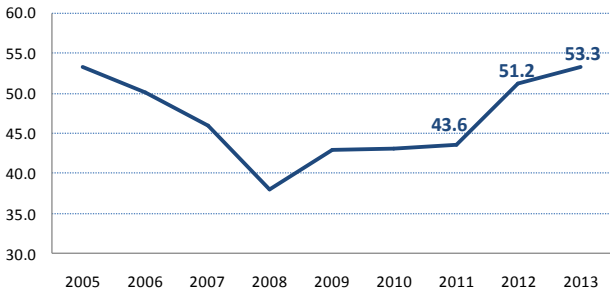
Inflation y/y



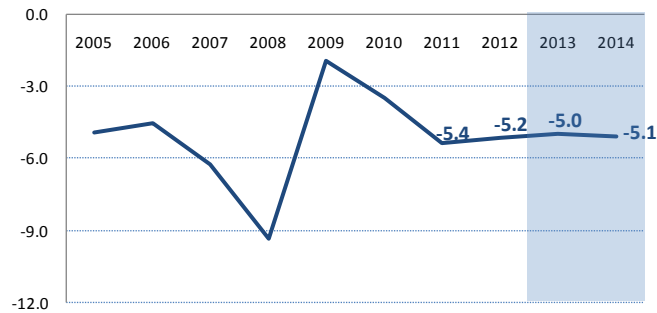
Central Government Balance/GDP



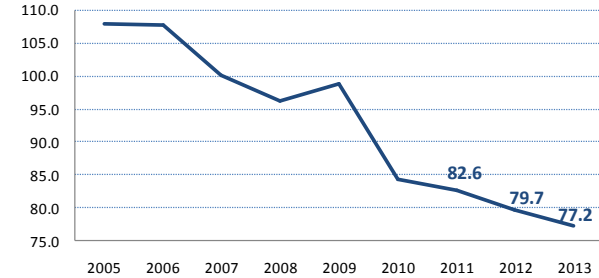
Total Public Debt/GDP



Current Account Deficit/GDP



Real Exchange Rate Index (2000=100)



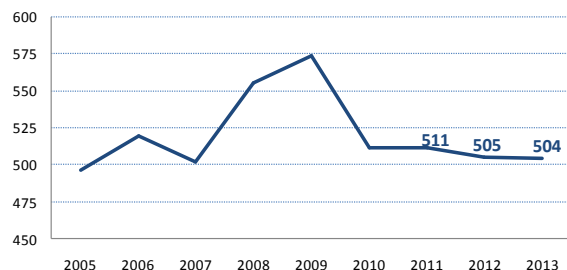
Note: 2013 data correspond to July.

Note 1: (+) mean depreciation, (-) appreciation.

Note 2: 2013 data correspond to July.

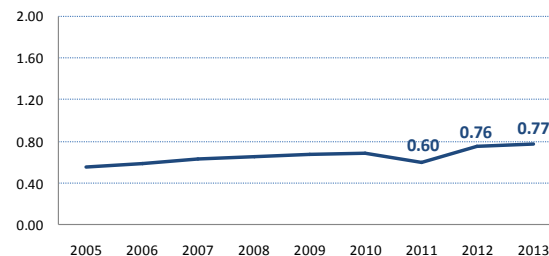
Costa Rica: Performance and Economic Outlook

Nominal Exchange Rate (C\$/US\$)



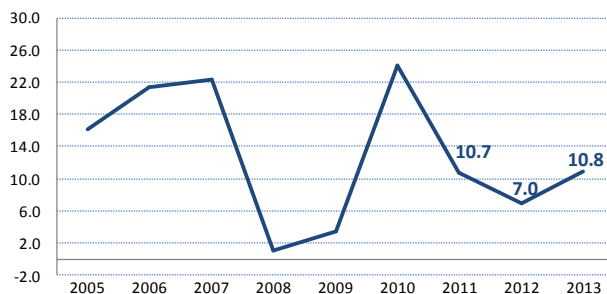
Note: 2013 data correspond to July.

Net International Reserves/Broaden Monetary Base



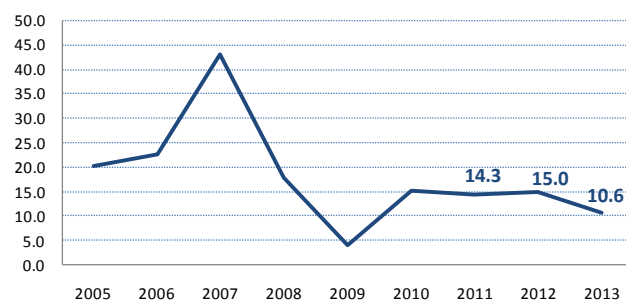
Note: 2013 data correspond to June.

Total Deposit (y/y in US\$)



Note: 2013 data correspond to June.

Credit to Private Sector (y/y in US\$)



Note: 2013 data correspond to June.

Costa Rica: Main Macroeconomic Variables

	Observed					Projection	
	2008	2009	2010	2011	2012	2013	2014
Economic Growth	2.7	-1.0	5.0	4.4	5.1	3.0	3.7
Inflation y/y	13.9	4.0	5.8	4.7	4.6	5.0 +/- 1	5.0 +/- 1
Fiscal Balance/GDP	0.2	-3.5	-5.5	-4.1	-4.5	-5.0	-5.8
Total Public Debt/GDP ¹	38.0	42.9	43.1	43.6	51.2	53.3	
Current Account Deficit/GDP	-9.3	-2.0	-3.5	-5.4	-5.2	-5.0	-5.1
Nominal Exchange Rate (C\$/US\$) ¹	555.1	573.3	511.6	511.1	505.2	504	
Real Exchange Rate Index (2000=100) ¹	96.2	98.9	84.4	82.6	79.7	77.2	
Net International Reserves/Broaden Monetary Base ²	0.66	0.68	0.68	0.60	0.76	0.77	
Credit to Private Sector (y/y in US\$) ²	17.7	4.0	15.3	14.3	15.0	10.6	
Total Deposit (y/y in US\$) ²	1.1	3.4	24.1	10.7	7.0	10.8	

Source: SECMCA

1:/ For 2013 data correspond to July

2:/ For 2013 data correspond to June

Costa Rica: Main Policies and Balance of Risk

Monetary and Exchange Rate Regime:

- Transition to Inflation Target
- Exchange Rate Band.

Positive Issues:

- ✓ Export Diversification.
- ✓ High Social Development.
- ✓ Current Account financed by DFI.
- ✓ Stable Inflation.

Risk Factors:

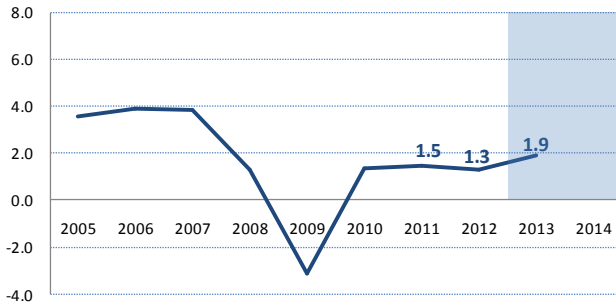
- Fiscal Deficit.
- Growth Deceleration and Unemployment.
- Increase in Central Bank Loses.

Main Challenges:

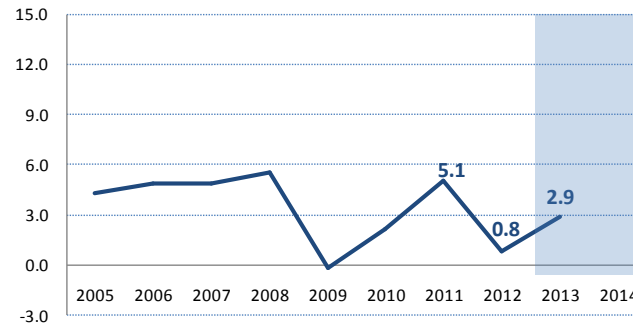
- Reduce Fiscal Deficit
- Adopt Inflation Targeting.

El Salvador: Performance and Economic Outlook

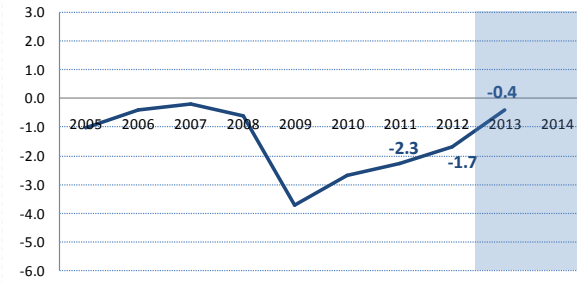
Economic Growth



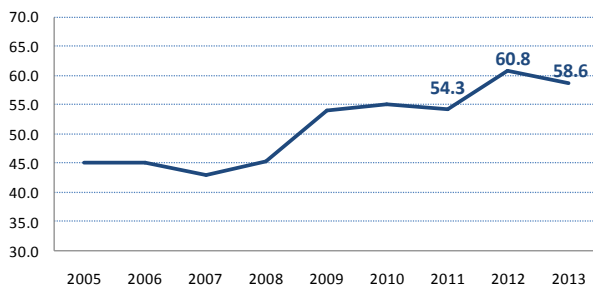
Inflation y/y



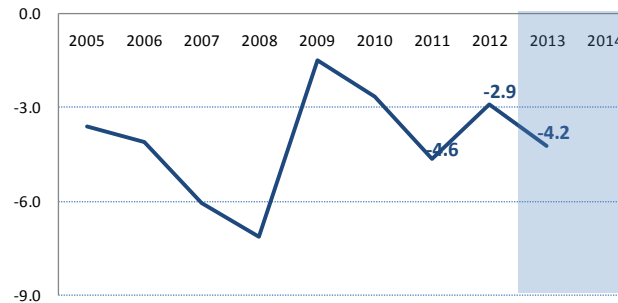
Central Government Balance/GDP



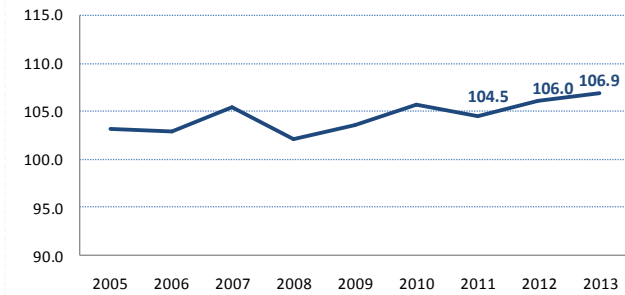
Total Public Debt/GDP



Current Account Deficit/GDP



Real Exchange Rate Index (2000=100)



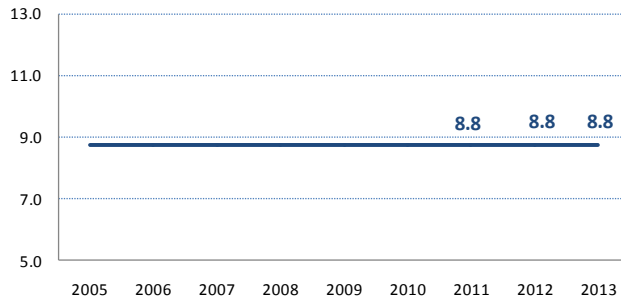
Note: 2013 data correspond to June.

Note: (+) mean depreciation, (-) appreciation.

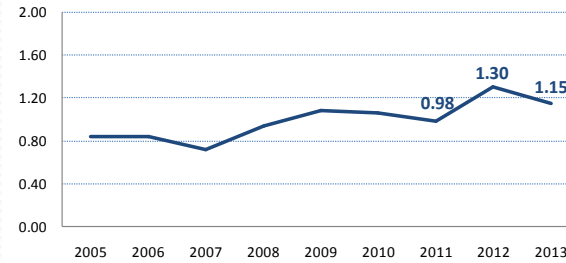
Note 2: 2013 data correspond to July.

El Salvador: Performance and Economic Outlook

Nominal Exchange Rate (L\$/US\$)

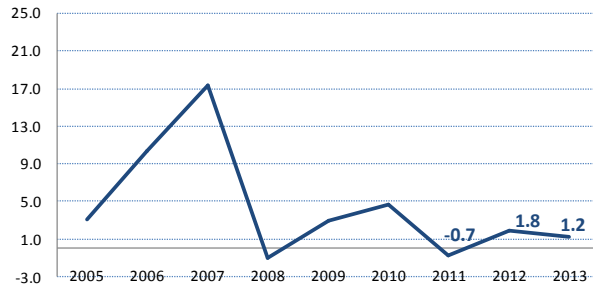


Net International Reserves/Broaden Monetary Base



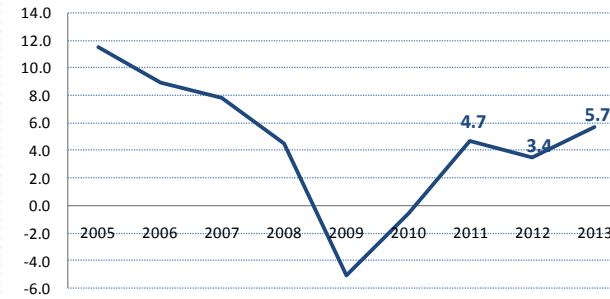
Note: 2013 data correspond to May.

Total Deposit (y/y in US\$)



Note: 2013 data correspond to May.

Credit to Private Sector (y/y in US\$)



Note: 2013 data correspond to May.

El Salvador: Main Macroeconomic Variables

	Observed					Projection	
	2008	2009	2010	2011	2012	2013	2014
Economic Growth	1.3	-3.1	1.4	1.5	1.3	1.9	
Inflation y/y	5.5	-0.2	2.1	5.1	0.8	2.9	
Fiscal Balance/GDP	-0.6	-3.7	-2.7	-2.3	-1.7	-0.4	
Total Public Debt/GDP ^{1/}	45.4	54.1	55.0	54.3	60.8	58.6	
Current Account Deficit/GDP	-7.1	-1.5	-2.7	-4.6	-2.9	-4.2	
Nominal Exchange Rate (C\$/US\$) ^{2/}	8.8	8.8	8.8	8.8	8.8	8.8	
Real Exchange Rate Index (2000=100) ^{2/}	102.0	103.6	105.7	104.5	106.0	106.9	
Net International Reserves/Broaden Monetary Base ^{3/}	0.94	1.08	1.06	0.98	1.30	1.15	
Credit to Private Sector (y/y in US\$) ^{3/}	4.4	-5.1	-0.6	4.7	3.4	5.7	
Total Deposit (y/y in US\$) ^{3/}	-1.1	2.9	4.6	-0.7	1.8	1.2	

Source: SECMCA

1:/ For 2013 data correspond to June

2:/ For 2013 data correspond to July

2:/ For 2013 data correspond to May

El Salvador: Main Policies and Balance of Risk

Monetary and Exchange Rate Regime:

- Dollarization.

Positive Issues:

- ✓ Macroeconomic Stability related to the Dollarization of the Economy.
- ✓ Well Capitalized Financial System.
- ✓ Reasonable Fiscal Deficit.

Risk Factors:

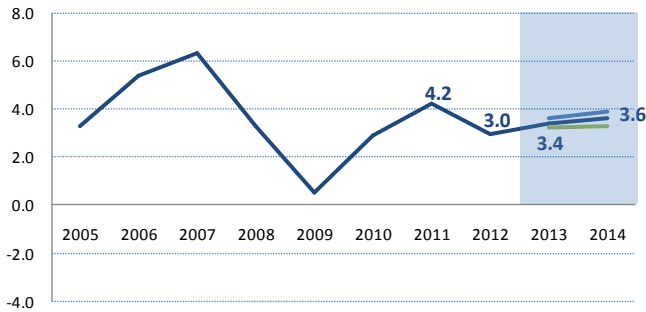
- Continuous Low Growth.
- Continuous Low Investment Levels.
- Rollover Risk in Internal Public Debt.
- Governability Weakness (World Bank Indicators).

Main Challenges:

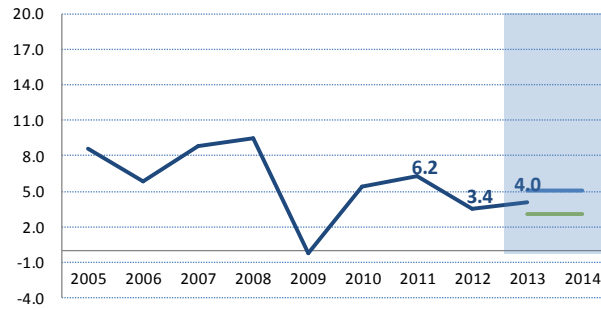
- Increase Economic Growth.
- Improve Debt Payment Profile.
- Strengthen Governance Indicators.

Guatemala: Performance and Economic Outlook

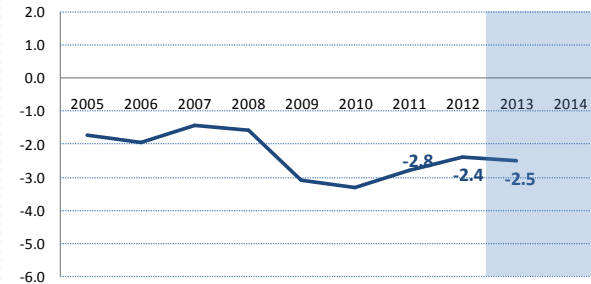
Economic Growth



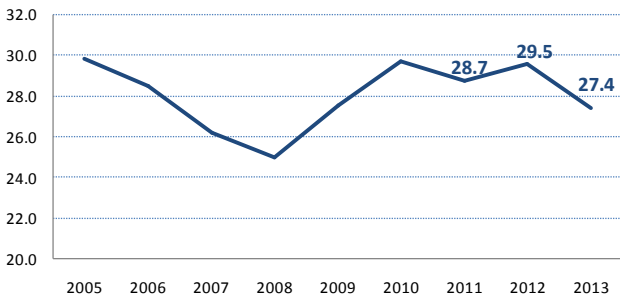
Inflation y/y



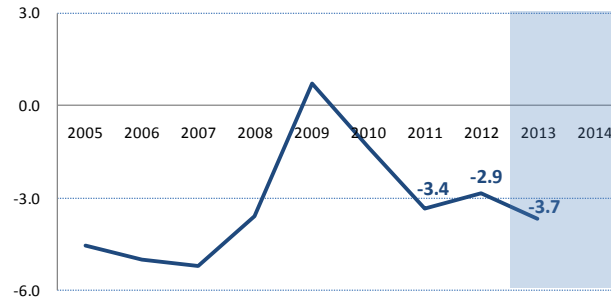
Central Government Balance/GDP



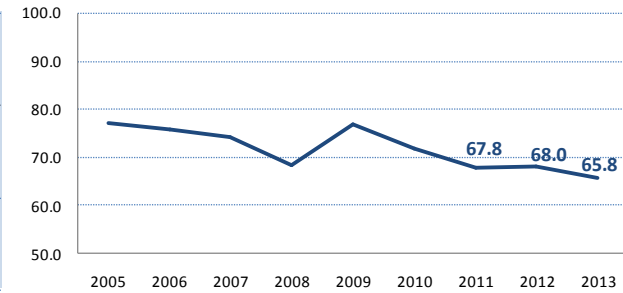
Total Public Debt/GDP



Current Account Deficit/GDP



Real Exchange Rate Index (2000=100)



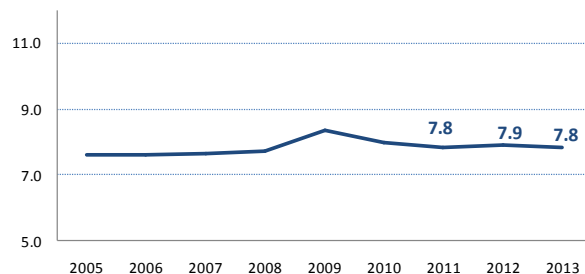
Note: 2013 data correspond to July.

Note: (+) mean depreciation, (-) appreciation.

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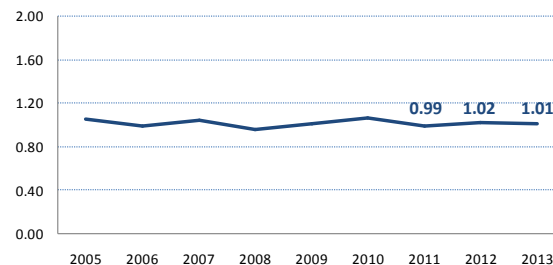
Guatemala: Performance and Economic Outlook

Nominal Exchange Rate (L\$/US\$)



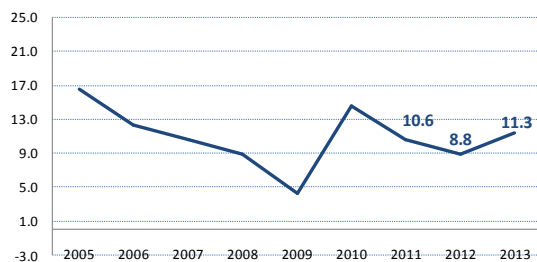
Note: 2013 data correspond to July.

Net International Reserves/Broaden Monetary Base



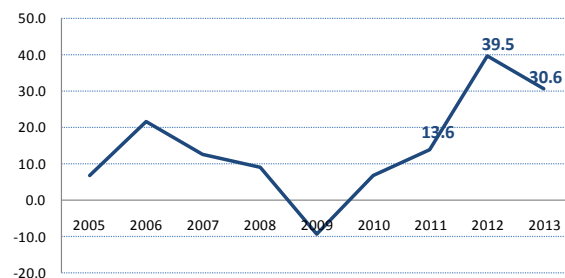
Note: 2013 data correspond to July.

Total Deposit (y/y in US\$)



Note: 2013 data correspond to July.

Credit to Private Sector (y/y in US\$)



Note: 2013 data correspond to July.

Guatemala: Main Macroeconomic Variables

	Observed					Projection	
	2008	2009	2010	2011	2012	2013	2014
Economic Growth	3.3	0.5	2.9	4.2	3.0	3.2 - 3.6	3.3 - 3.9
Inflation y/y	9.4	-0.3	5.4	6.2	3.4	4 +/- 1	
Fiscal Balance/GDP	-1.6	-3.1	-3.3	-2.8	-2.4	-2.5	
Total Public Debt/GDP ¹	24.9	27.5	29.7	28.7	29.5	27.4	
Current Account Deficit/GDP	-3.6	0.7	-1.4	-3.4	-2.9	-3.7	
Nominal Exchange Rate (C\$/US\$) ¹	7.7	8.3	8.0	7.8	7.9	7.8	
Real Exchange Rate Index (2000=100) ¹	68.3	76.8	71.9	67.8	68.0	65.8	
Net International Reserves/Broaden Monetary Base ¹	0.96	1.01	1.06	0.99	1.02	1.01	
Credit to Private Sector (y/y in US\$) ¹	9.1	-9.4	6.7	13.6	39.5	30.6	
Total Deposit (y/y in US\$) ¹	8.8	4.2	14.6	10.6	8.8	11.3	

Source: SECIMCA

1:/ For 2013 data correspond to July

Guatemala: Main Policies and Balance of Risk

Monetary and Exchange Rate Regime:

- Inflation Targeting.
- Floating Exchange Rate, but with a rule to restrict the Volatility.

Positive Issues:

- ✓ Sustainable Public Debt (Lower in CA).
- ✓ Monetary Stability.
- ✓ Moderate Current Account Deficit (Lower in CA).

Risk Factors:

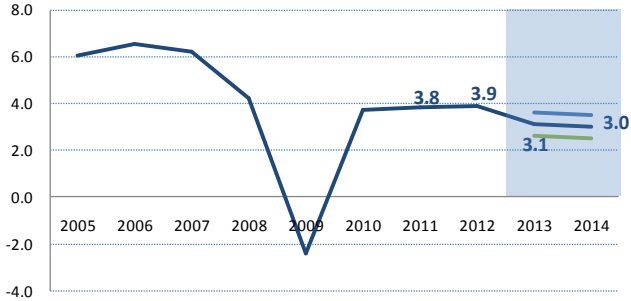
- Poverty and Inequality (Social Development).
- Insecurity related to Drug Trafficking.
- Governability Weakness (World Banks Indicators).

Main Challenges:

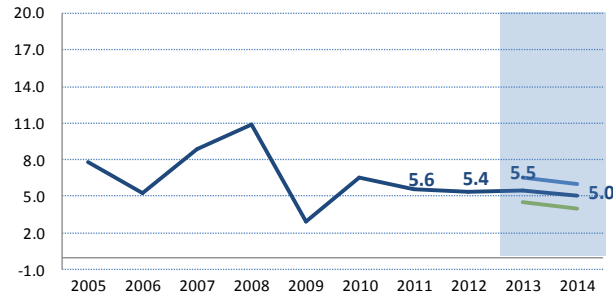
- Increase Tax Revenue in order to Finance Social Programs.
- Reduce the Insecurity.
- Strengthen Governance Indicators.

Honduras: Performance and Economic Outlook

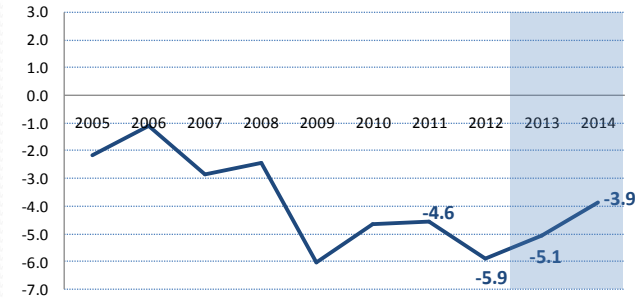
Economic Growth



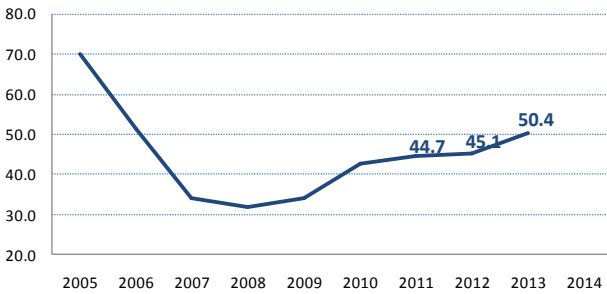
Inflation y/y



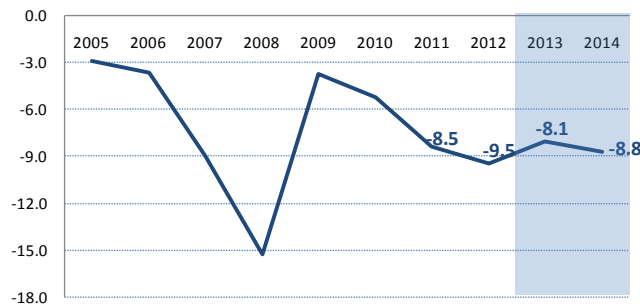
Central Government Balance/GDP



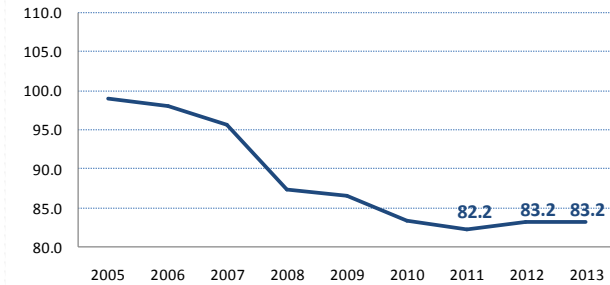
Total Public Debt/GDP



Current Account Deficit/GDP



Real Exchange Rate Index (2000=100)

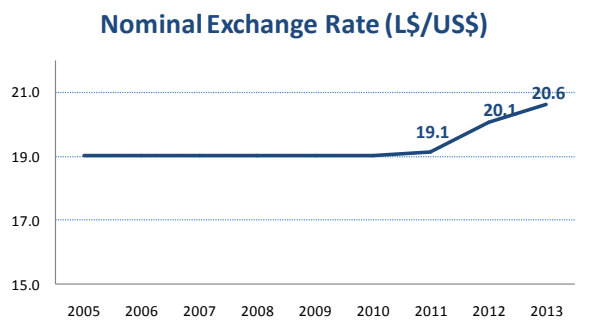


Note: (+) mean depreciation, (-) appreciation.

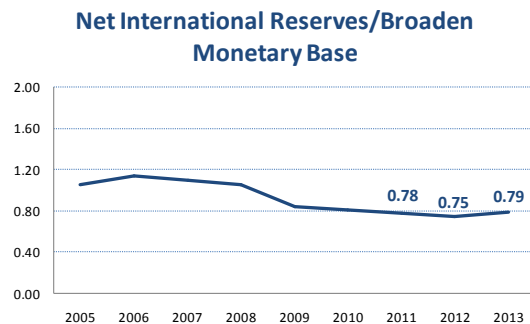
Note 2: 2013 data correspond to July.

Note: 2013 data correspond to June.

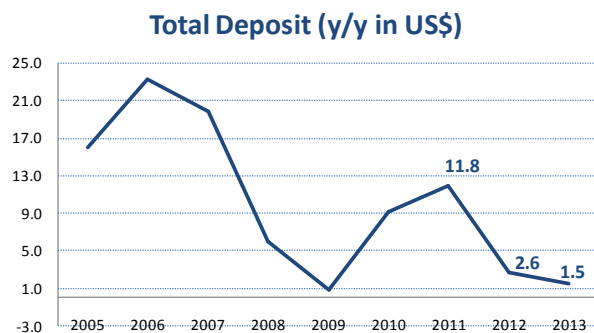
Honduras: Performance and Economic Outlook



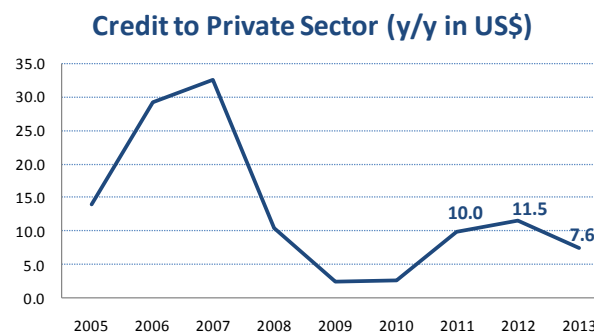
Note: 2013 data correspond to July.



Note: 2013 data correspond to June.



Note: 2013 data correspond to June.



Note: 2013 data correspond to June.

Honduras: Main Macroeconomic Variables

	Observed					Projection	
	2008	2009	2010	2011	2012	2013	2014
Economic Growth	4.2	-2.4	3.7	3.8	3.9	2.6 - 3.6	2.5 - 3.5
Inflation y/y	10.8	3.0	6.5	5.6	5.4	5.5 +/- 1	5 +/- 1
Fiscal Balance/GDP	-2.4	-6.0	-4.7	-4.6	-5.9	-5.1	-3.9
Total Public Debt/GDP ^{1/}	32.0	34.2	42.7	44.7	45.1	50.4	
Current Account Deficit/GDP	-15.3	-3.8	-5.3	-8.5	-9.5	-8.1	-8.8
Nominal Exchange Rate (C\$/US\$) ^{2/}	19.0	19.0	19.0	19.1	20.1	20.6	
Real Exchange Rate Index (2000=100) ^{2/}	87.3	86.5	83.4	82.2	83.2	83.2	
Net International Reserves/Broaden Monetary Base ^{1/}	1.06	0.84	0.81	0.78	0.75	0.79	
Credit to Private Sector (y/y in US\$) ^{1/}	10.4	2.5	2.7	10.0	11.5	7.6	
Total Deposit (y/y in US\$) ^{1/}	6.0	0.8	9.1	11.8	2.6	1.5	

Source: SECMCA

1/ For 2013 data correspond to June.

2/ For 2013 data correspond to July

Honduras: Main Policies and Balance of Risk

Monetary and Exchange Rate Regime:

- Liquidity Management.
- Exchange Rate Band (Limited flexibility)

Positive Issues:

- ✓ Sustainable Public Debt.
- ✓ Stable Inflation.
- ✓ Prudent Monetary Policy.

Risk Factors:

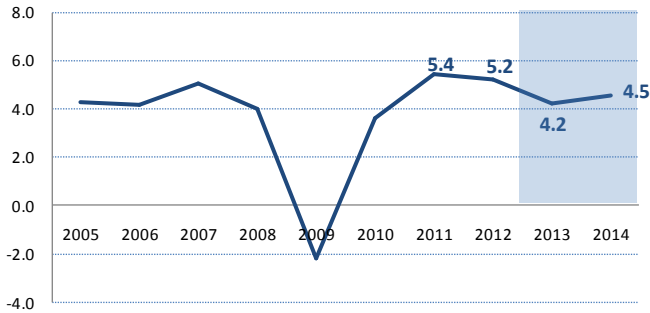
- Fiscal Deficit.
- Rollover Risk in Internal Public Debt.
- Growth Deceleration and Unemployment.
- High Current Account Deficit.
- Royalty Effects and Low Prices in Coffee Sector.
- Governability Weakness (World Bank Indicators).

Main Challenges:

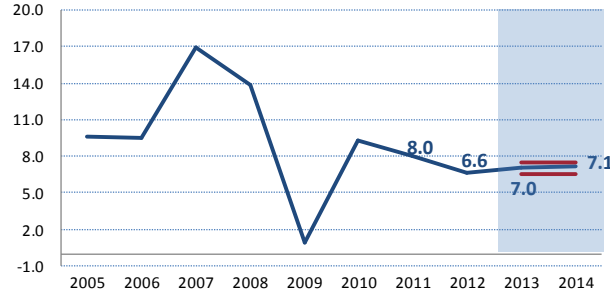
- Reduce Fiscal Deficit.
- Increase NIR.
- Deal with Real Appreciation.
- Improve Debt Payment Profile.
- Strengthen Governance Indicators.

Nicaragua: Performance and Economic Outlook

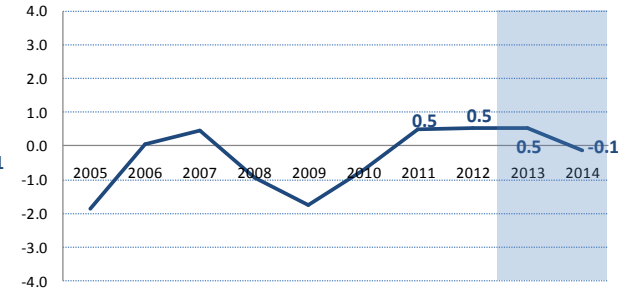
Economic Growth



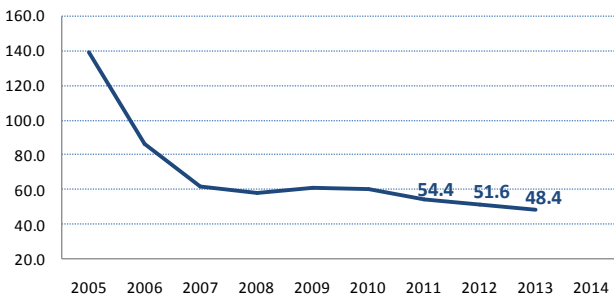
Inflation y/y



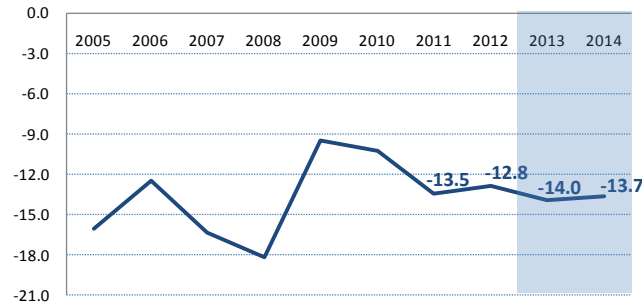
Central Government Balance/GDP



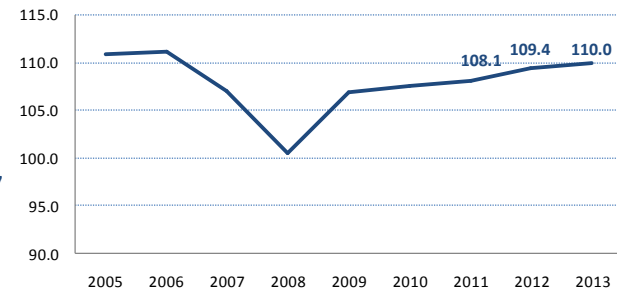
Total Public Debt/GDP



Current Account Deficit/GDP



Real Exchange Rate Index (2000=100)

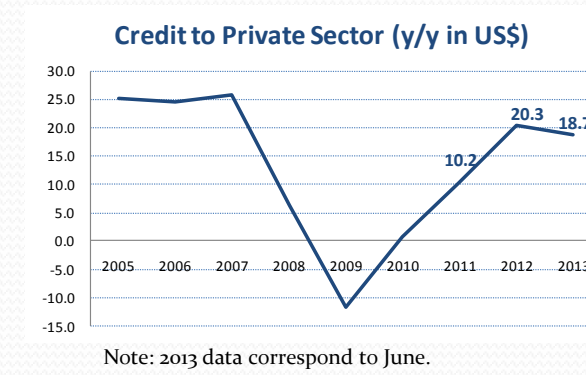
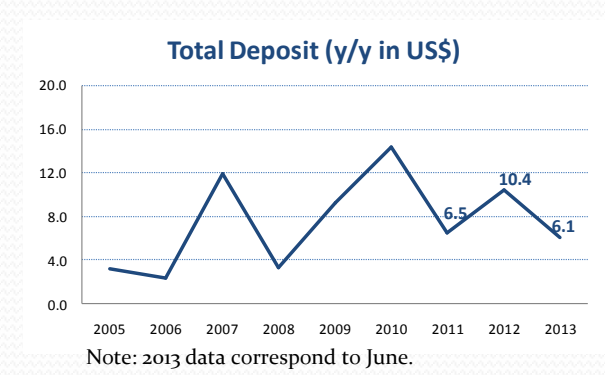
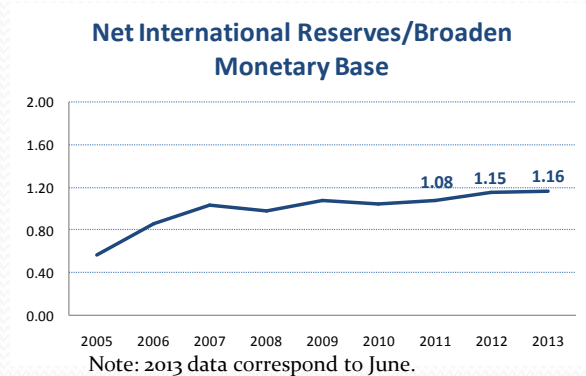
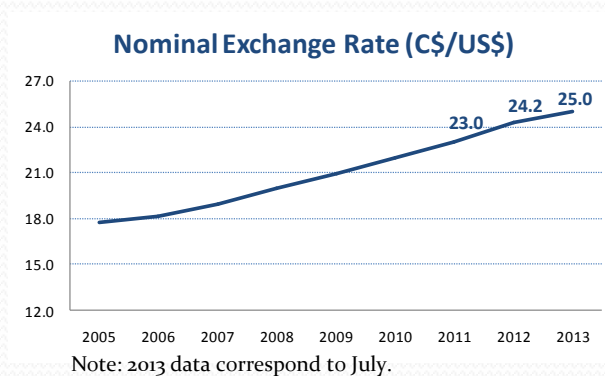


Note: (+) mean depreciation, (-) appreciation.

Note 2: 2013 data correspond to July.

Note: 2013 data correspond to June.

Nicaragua: Performance and Economic Outlook



Nicaragua: Main Macroeconomic Variables

	Observed					Projection	
	2008	2009	2010	2011	2012	2013	2014
Economic Growth	4.0	-2.2	3.6	5.4	5.2	4.2	4.5
Inflation y/y	13.8	0.9	9.2	8.0	6.6	7 +/- 0.5	7.1
Fiscal Balance/GDP	-1.0	-1.7	-0.7	0.5	0.5	0.5	-0.1
Total Public Debt/GDP	57.8	61.1	60.0	54.4	51.6	48.4	
Current Account Deficit/GDP ¹	-18.2	-9.5	-10.3	-13.5	-12.8	-14.0	-13.7
Nominal Exchange Rate (C\$/US\$) ²	20.0	20.9	21.9	23.0	24.2	25.0	
Real Exchange Rate Index (2000=100) ²	100.5	106.9	107.5	108.1	109.4	110.0	
Net International Reserves/Broaden Monetary Base ¹	0.98	1.08	1.04	1.08	1.15	1.16	
Credit to Private Sector (y/y in US\$) ¹	6.3	-11.7	0.6	10.2	20.3	18.7	
Total Deposit (y/y in US\$) ¹	3.4	9.2	14.4	6.5	10.4	6.1	

Source: SECMCA

1:/ For 2013 data correspond to June

2:/ For 2013 data correspond to July

Nicaragua: Main Policies and Balance of Risk

Monetary and Exchange Rate Regime:

- Exchange Rate as Prices Nominal Anchor
- Crawling Peg (5% annual).

Positive Issues:

- ✓ Economic Growth (highest in the region).
- ✓ Fiscal Balance (surplus after grant).
- ✓ Agreement between Government, Employers and Unions.
- ✓ Sustainable Public Debt.
- ✓ Advantageous Debt Payment Profile.

Risk Factors:

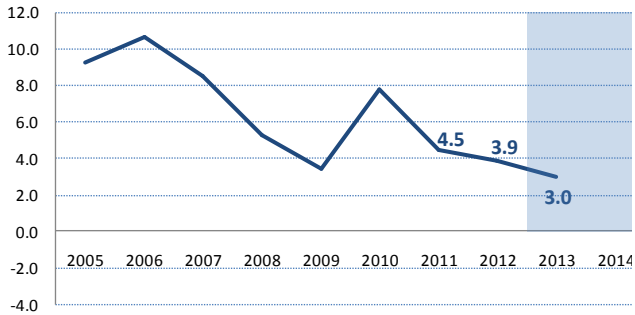
- Dependency on External Cooperation
- High Current Account Deficit.
- Economy's Dollarization.
- Royalty Effects and Low Prices in Coffee Sector.
- Governability Weakness (World Bank Indicators).

Challenges:

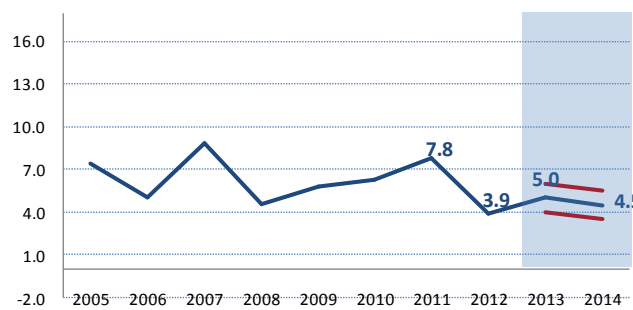
- Reduce External Vulnerabilities.
- Reduce the Proportion of Foreign Currency Debt.
- Strengthen Inflation Control.
- Strengthen Governance Indicators.

Dominican Republic: Performance and Economic Outlook

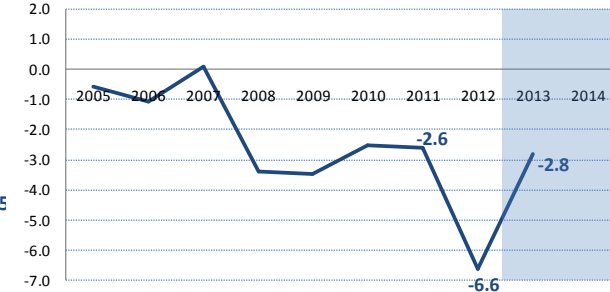
Economic Growth



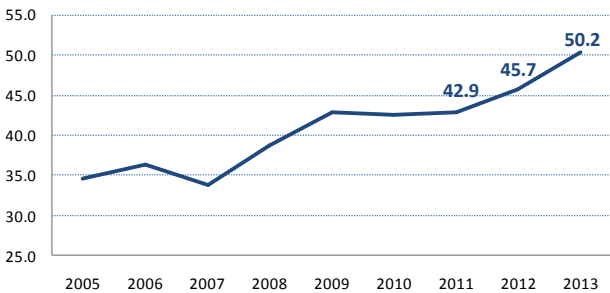
Inflation y/y



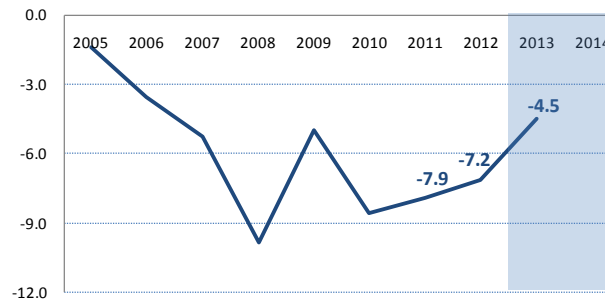
Central Government Balance/GDP



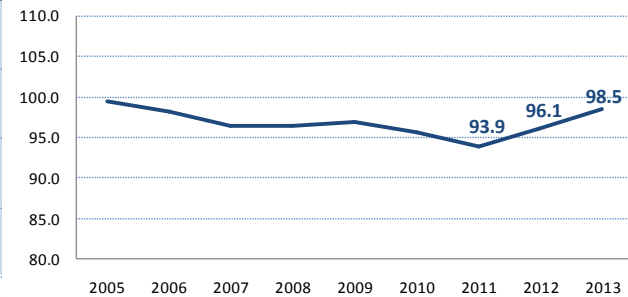
Total Public Debt/GDP



Current Account Deficit/GDP



Real Exchange Rate Index (2000=100)

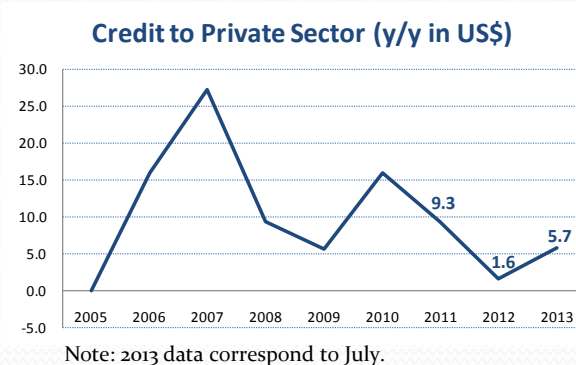
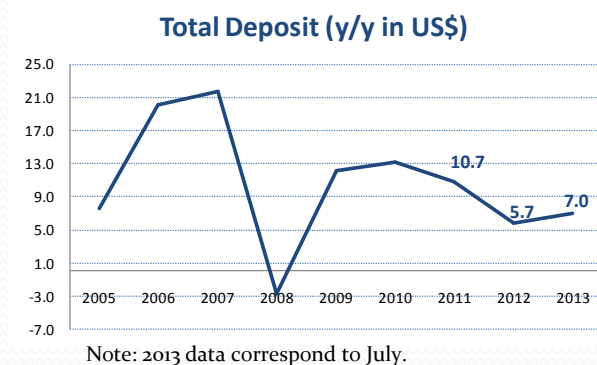
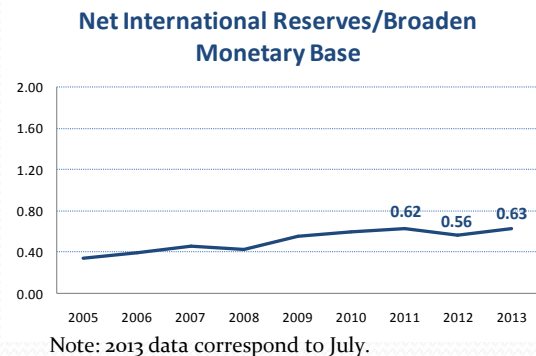
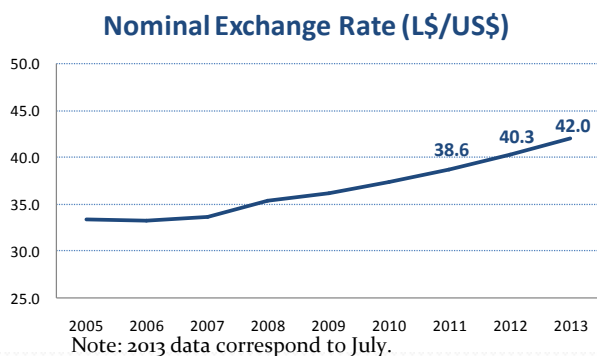


Note: (+) mean depreciation, (-) appreciation.

Note 2: 2013 data correspond to July.

Note: 2013 data correspond to July.

Dominican Republic: Performance and Economic Outlook



Dominican Republic: Main Macroeconomic Variables

	Observed					Projection	
	2008	2009	2010	2011	2012	2013	2014
Economic Growth	5.3	3.5	7.8	4.5	3.9	3.0	
Inflation y/y	4.5	5.8	6.2	7.8	3.9	5 +/- 1	4.5 +/- 1
Fiscal Balance/GDP	-3.4	-3.5	-2.5	-2.6	-6.6	-2.8	
Total Public Debt/GDP ^{1/}	38.7	42.9	42.5	42.9	45.7	50.2	
Current Account Deficit/GDP	-9.9	-5.0	-8.6	-7.9	-7.2	-4.5	
Nominal Exchange Rate (C\$/US\$) ^{1/}	35.4	36.2	37.4	38.6	40.3	42.0	
Real Exchange Rate Index (2000=100) ^{1/}	96.3	96.9	95.6	93.9	96.1	98.5	
Net International Reserves/Broaden Monetary Base ^{1/}	0.42	0.55	0.60	0.62	0.56	0.63	
Credit to Private Sector (y/y in US\$) ^{1/}	9.4	5.6	16.0	9.3	1.6	5.7	
Total Deposit (y/y in US\$) ^{1/}	-2.7	12.2	13.1	10.7	5.7	7.0	

Source: SECMCA

1:/ For 2013 data correspond to July

Dominican Republic: Main Policies and Balance of Risk

Monetary and Exchange Rate Regime:

- Inflation Targeting.
- Floating Exchange Rate, but with Discretionary Interventions.

Risk Factors:

- Low Levels of Net International Reserves.
- Fiscal Unbalances.
- Lag in Electric Energy Supply.
- Governability Weakness (World Banks Indicators).

Positive Issues:

- ✓ Considerable Inflow of Foreign Direct Investment.
- ✓ Inflation Targeting Adoption.

Main Challenges:

- Increase International Reserves.
- Deal with the Electric Energy Problems.
- Strengthen Governance Indicators.