

ATTRACTION AND FACILITATION OF FOREIGN DIRECT INVESTMENT



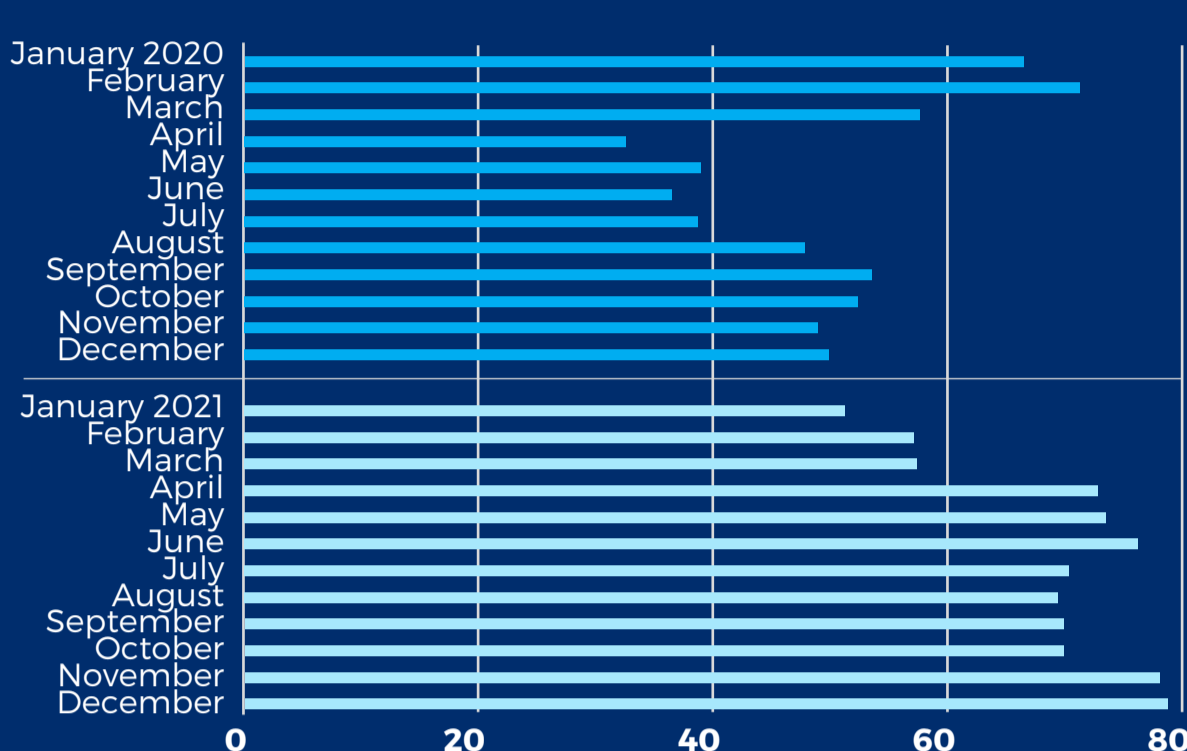
Image of Guatemala City

GUATEMALA: ECONOMIC RECOVERY IN 2021 AND PROSPECTS FOR 2022

The recovery of economic activity was consolidated throughout 2021, which is reflected in the dynamism of the different short-term economic indicators. It is important to note that the prudent management of monetary and exchange policy, supported by the discipline of fiscal policy, would continue to contribute to maintaining the stability of the main macroeconomic variables, which has been highlighted in the different evaluations made to the country by international organizations, such as the IMF and the main sovereign risk rating companies.

In the fourth quarter of 2021, the performance of economic activity continued to strengthen, which is evidenced in the behavior of some of the main short-term indicators, such as the Monthly Index of Economic Activity (IMAE), the Confidence Index Economic Activity (ICAE), credit to the private sector, and foreign trade, among others. In December 2021, the ICAE level stood at 78.75 points, 0.95% higher than that registered in November 2021 and 58.01% higher than that registered in December 2020.

CONFIDENCE RATING OF ECONOMIC ACTIVITY JANUARY - DECEMBER 2021



REAL GDP

2021

Grew 9.5% during the first half of 2021, so the closing estimate foresees solid economic growth of 7.5% (the highest growth rate in the last 40 years), generated by the dynamism of domestic demand, the improvement in private consumer spending and the increase in gross fixed capital formation (investment), as well as the greater boost from external demand.

2022

By 2022 it is expected that the economic momentum will be maintained by the supportive economic policies, the resilience of the country to adapt to the new circumstances and better control of the pandemic; however, a slight moderation is expected in GDP growth between 3.5% and 5.5%.

INFLATION

2021

As of November was 2.89%, slightly below the target established by the central bank (4.0% +/- 1 percentage point).

2022

Forecasts anticipate that total inflation would be at 3.25% in December 2021¹ and 4.0% in December 2022; likewise, inflation expectations at 12 months (4.17%) and at 24 months (4.08%) indicates inflation control.

¹ Final data is expected to be published by February 2022 by the Bank of Guatemala.

FOREIGN TRADE

2021

As of October 2021, the FOB value of goods exports registered an increase of 22.4% compared to the same period in 2020. For its part, the CIF value of goods imports increased 45.1%.

2022

In this context of 2021, foreign trade is expected to continue driven by the recovery of both external and internal demand.

LEVEL OF NET INTERNATIONAL RESERVES (NIR)

As of November 30, 2021, was US \$ 20,701.8 million, higher by US \$ 2,233.6 million than that registered on December 31, 2020. The referred level of RIN is equivalent to 9.9 months of imports of goods, reflecting the country's strong external position.

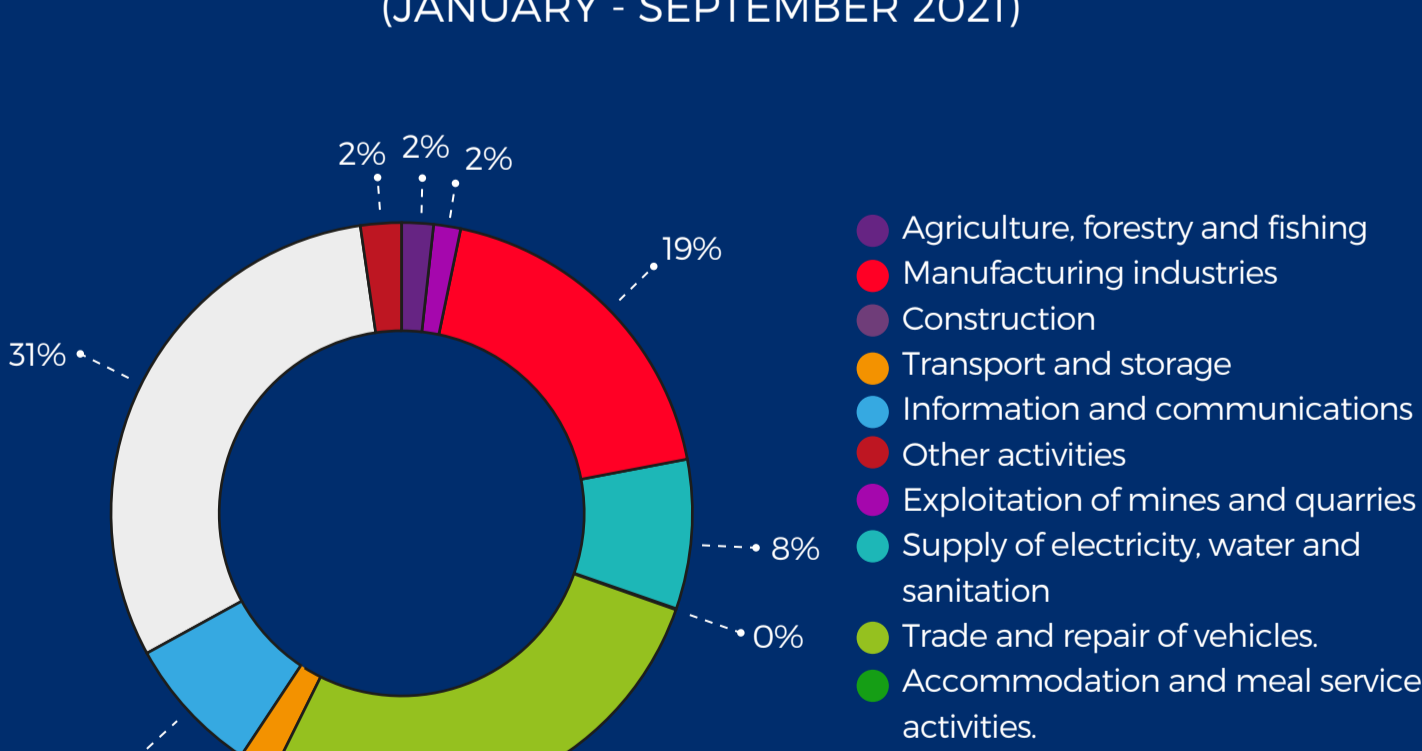
EXCHANGE RATE

The nominal exchange rate registered, as of November 30, 2021, an interannual appreciation of 1.07%, which reflects the constant stability of the exchange rate of the last 10 years.

FOREIGN DIRECT INVESTMENT FLOW

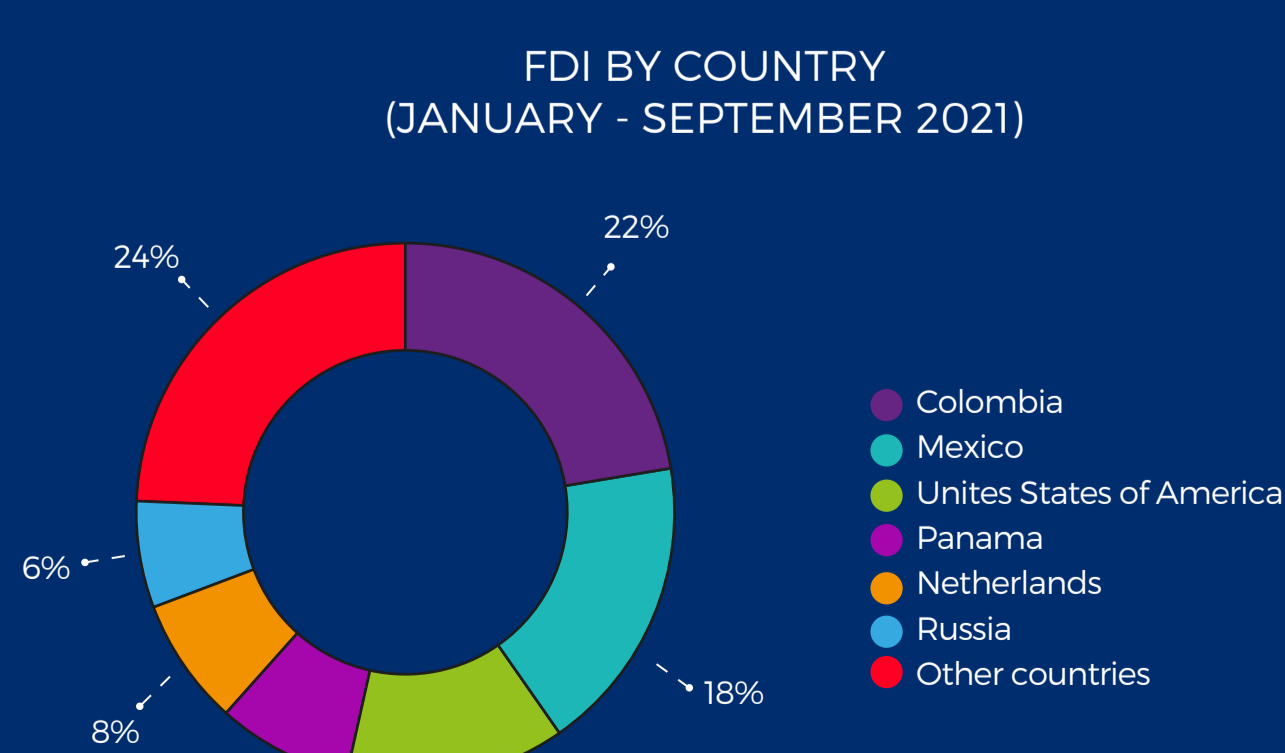
BY SECTOR

SECTORS OF FDI (JANUARY - SEPTEMBER 2021)



BY COUNTRY

FDI BY COUNTRY (JANUARY - SEPTEMBER 2021)



Source: Guatemalan Bank



To support you in your investment projects or if you want more information, write to us at: investguatemala@thepalladiumgroup.com