

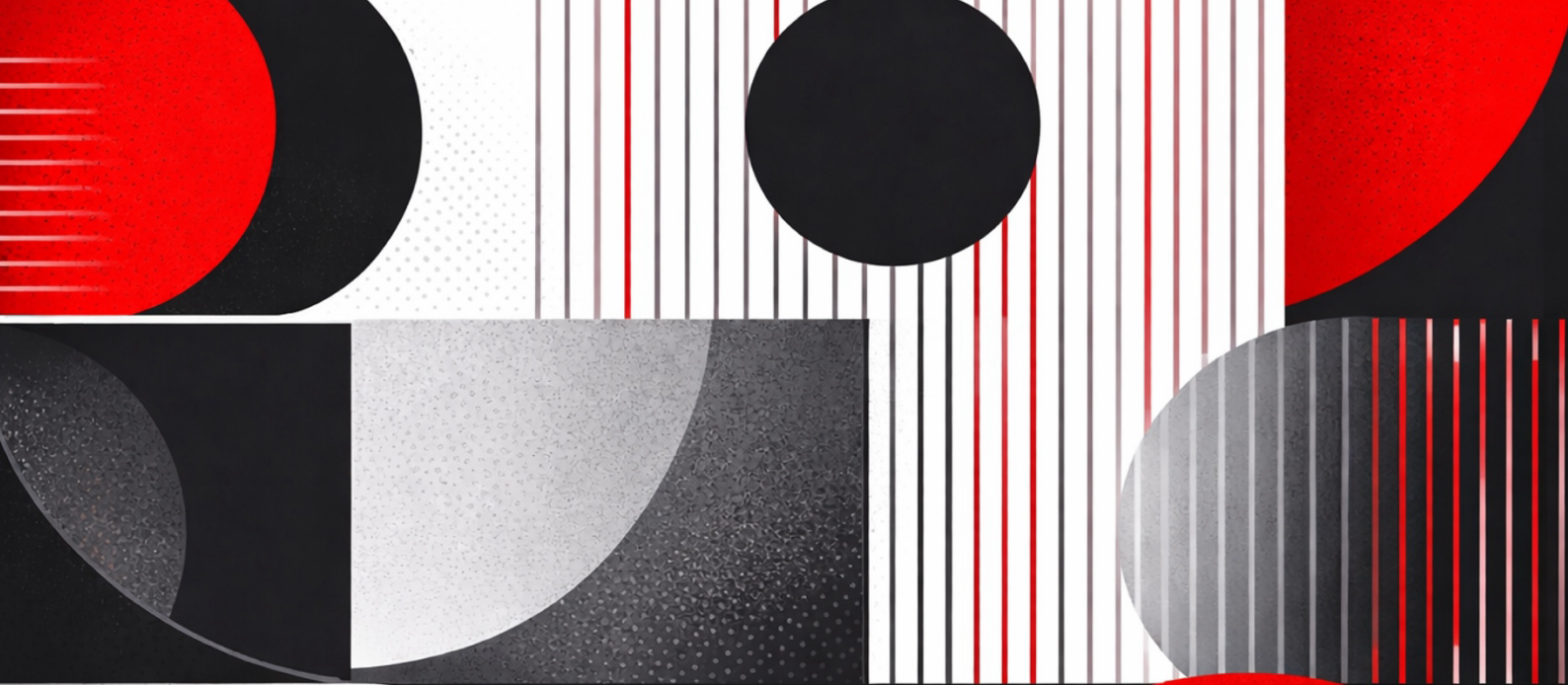
Market Compass

SUDAMERIS
INSIGHTS

Growth revised up to 5%,
inflation held in check by a
strong guaraní, and financial
conditions at their loosest since
2020: an economy in motion,
with oil and the Fed as the main
risks

Q3 2026





Market Compass

Paraguay Capital Markets

Q3 2026

September 2026

USD 7.28B

BVA Total Trading Volume YTD Sep-26
-1.0% YoY

USD 1.08B

Primary Market
+14.9% YoY

-0.60

ICFPY Aug-26
Loose conditions

The projections and analysis contained in this report are prepared by Sudameris Securities Corporate Finance for informational purposes only. They do not constitute investment advice or a recommendation to buy or sell securities.

EDITORIAL NOTE

Hot Growth, Cool Prices

Paraguay's economy is running faster than expected. Activity grew 6.7% year-on-year in August, taking growth so far this year to 5.7%, and the BCP has raised its 2026 forecast from 4.5% to 5.0%. Yet inflation has barely stirred. Headline CPI ended September at 1.72%, even with fuel prices up 16.6% on a year earlier. The reason is the guaraní: a 17.3% appreciation over twelve months has kept a lid on the price of goods. Demand pressure is there, but it is showing up in services, where inflation has reached 3.8%.

Credit is keeping pace, and increasingly in dollars. Foreign-currency loans grew 24.5% year-on-year, and in August the ICFPY, our financial conditions index, posted its loosest reading since December 2020.

Activity on the BVA held steady: USD 7.28 billion traded through September, broadly in line with

last year (-1.0%). Beneath the flat total, the mix shifted. Primary issuance grew 14.9%, helped by the return of the Ministry of Economy and Finance as an issuer, while secondary trading fell 3.4%. For investors, the numbers still add up. Guaraní paper in the middle of the curve yields between 9.7% and 10.8%, eight to nine points above current inflation, with a strengthening currency on top; dollar paper at the same tenors pays between 6.6% and 7.1%.

The weak spot is households. Consumer confidence has slipped to 39 points, below the neutral mark, even as sales keep growing. The bigger risks, though, lie abroad: Brent is back above USD 100 a barrel, and the Federal Reserve raised rates in September. Against that backdrop, we expect the BCP to hold its policy rate at 5.50%. We see no case for a hike, and cutting without a clearer view of the Fed's path would be a gamble.

Yan González

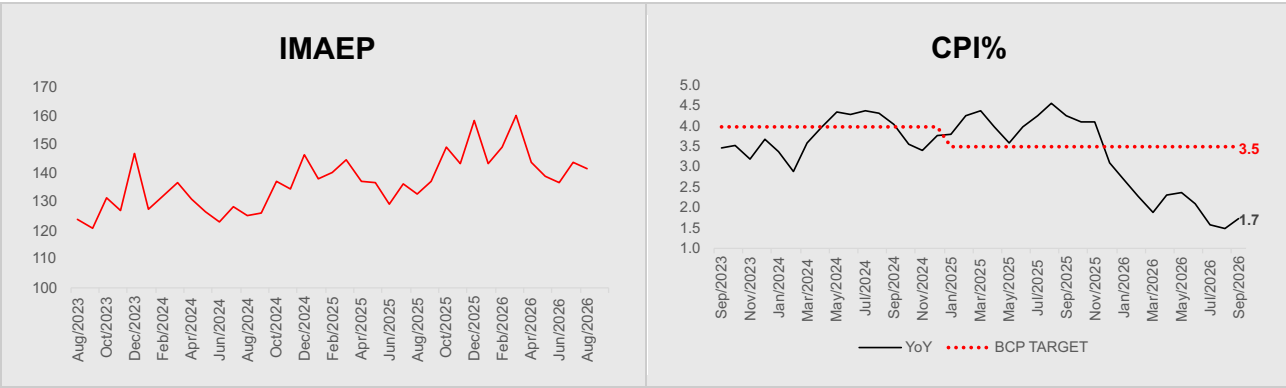
Head of Corporate Finance

01 | ECONOMIC ACTIVITY

Growth, prices and exchange rate

1.1 Activity and growth

The IMAEP (the BCP's monthly economic activity index) grew 6.7% YoY in August 2026 and expanded 5.7% over the first eight months of the year. Excluding agriculture and the binational hydropower entities, August growth was 6.5% YoY, up from 4.3% in July. By sector, August's momentum came from the secondary sector (12.2% YoY), with manufacturing at 8.2%, and from services (4.5%), while the primary sector contracted 2.7% YoY. The Business Turnover Estimator (ECN) rose 4.2% YoY in July, with year-to-date growth of 4.4%.



Source: BCP.
Data available as of 08/2026. Own elaboration based on BCP.

6.7% IMAEP YoY Aug-26 <i>Economic Activity Index</i>	1.7% Inflation Sep-26 (YoY) <i>vs. BCP target 3.5%</i>	5.0% GDP 2026e <i>BCP estimate</i>	5.50% Current MPR
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In quarterly terms, GDP grew 4.0% YoY in the second quarter of 2026 (3.2% excluding agriculture and binationals). On the back of these results, the BCP revised its 2026 GDP growth forecast upward from 4.5% to 5.0% in its September Monetary Policy Report (IPoM). The forecast for GDP excluding agriculture and binationals rose from 4.5% to 4.7%.

Consumer confidence is not keeping pace with that momentum. The Consumer Confidence Index (ICC) stood at 39.09 points in September, below the neutral level of 50, down 0.58 points from August and 10.77 points from September 2025. The economic situation sub-index (ISE) stood at 28.42 points, while the economic expectations sub-index (IEE) stood at 49.75 points

1.2 Prices and monetary policy

Inflation remained below the 3.5% target throughout the third quarter. The CPI registered 1.58% YoY in July, 1.51% in August, and 1.72% in September (0.14% MoM), with a year-to-date change of 1.94%. Core inflation (IPCSAE) stood at 1.52% YoY in September.

The breakdown shows two opposing dynamics. Goods prices rose 0.47% YoY, while services and rent stood at 3.78% YoY. Within goods, fuels rose 16.59% YoY in September and 22.81% year-to-date, the main source of upward pressure on prices.

The Monetary Policy Committee (CPM) unanimously decided to keep the MPR at 5.50% at its three meetings of the quarter (July 23, August 25, and September 21), a level it describes as "consistent with a neutral monetary policy stance" (our translation). According to the August and September 2026 CPM minutes, activity is evolving in line with the growth forecast and inflation remains low "mainly due to the evolution of goods prices (0.4% year-on-year), particularly non-energy goods."

The balance of risks is concentrated on the external front. According to the September 2026 CPM minutes, the main risks are "the evolution of international prices of petroleum derivatives and the uncertainty associated with the conflict in the Middle East," in a context in which Brent has climbed back above USD 100 per barrel and the market anticipates a further increase in the rate of the Federal Reserve, which raised its target range to 3.75%–4.00% in September. The forward bias remains neutral: the Committee reiterated that it will continue to monitor domestic and external developments in order to "take timely measures to ensure compliance with the 3.5% target."

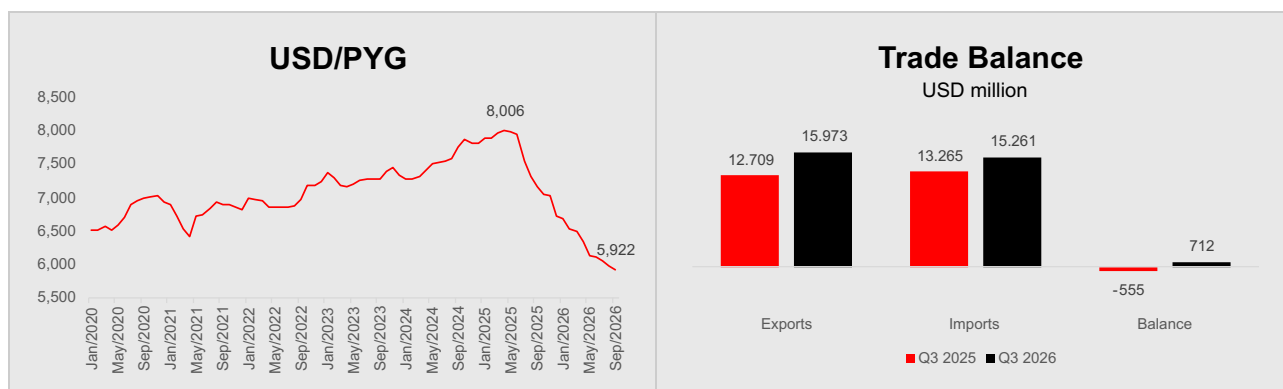
Expectations remain anchored. According to the September EVE (the BCP's monthly survey of economic expectations), the median inflation expectation for end-2026 stands at 3.0%, and at 3.5% for the next 12 months and the monetary policy horizon. Respondents expect the MPR at 5.50% at end-2026 and 5.25% at end-2027. In its September Monetary Policy Report, the BCP lowered its December 2026 inflation forecast from 3.3% to 3.0%.

Source: BCP. Data available as of 09/2026. Own elaboration based on BCP.

1.3 Exchange rate

The guaraní extended its appreciation during the third quarter. The September average USD/PYG rate stood at 5,922, an appreciation of 3.2% from June (6,115) and of 17.3% year-on-year against September 2025 (7,159). According to the CPM minutes, the guaraní appreciated 0.7% (July), 0.8% (August), and 0.8% (September) between consecutive meetings. In August, the Committee framed the move in a regional context: "Most currencies in the region appreciated over the past month, in line with the global weakening of the dollar."

Market expectations were revised downward. According to the September EVE, the median USD/PYG expectation for September fell from 6,015 to 5,947 between surveys, against an observed average of 5,922. For end-2026, the median stands at USD/PYG 6,100, and at 6,300 for end-2027.



Source: BCP

Data available as of 09/2026. Own elaboration based on BCP.

1.4 Trade

Through September 2026, total exports reached USD 15,972.6 million (+25.7% YoY) and total imports USD 15,260.6 million (+15.0% YoY), for a year-to-date trade surplus of USD 712.0 million.

Registered exports totaled USD 10,223.4 million (+19.7%), driven by primary products (+32.6%) and, in particular, by soybeans, with USD 3,107.2 million (+45.1%) and 7,924.0 thousand tonnes. Argentina was the main destination, with 87.9% of the value of soybean exports. Manufactures of industrial origin grew 34.3% (USD 1,750.1 million) and those of agricultural origin 8.3% (USD 3,675.1 million). Conversely, beef fell 5.5% (USD 1,477.5 million) and electricity 0.4%. Re-exports grew 18.7% (USD 3,989.3 million).

On the import side, fuels and lubricants rose 33.4% (USD 1,700.9 million), with diesel as the main component, and imports under the Tourism Regime grew 36.5% (USD 3,069.3 million). In the month of September, imports (USD 1,952.2 million; +23.5% YoY) exceeded exports (USD 1,834.1 million; +25.4% YoY).

Note: since its June 2026 release, the BCP has incorporated coverage improvements in the "other exports" item and revised the series back to January 2025. That item grew 117.5% year-to-date through September.

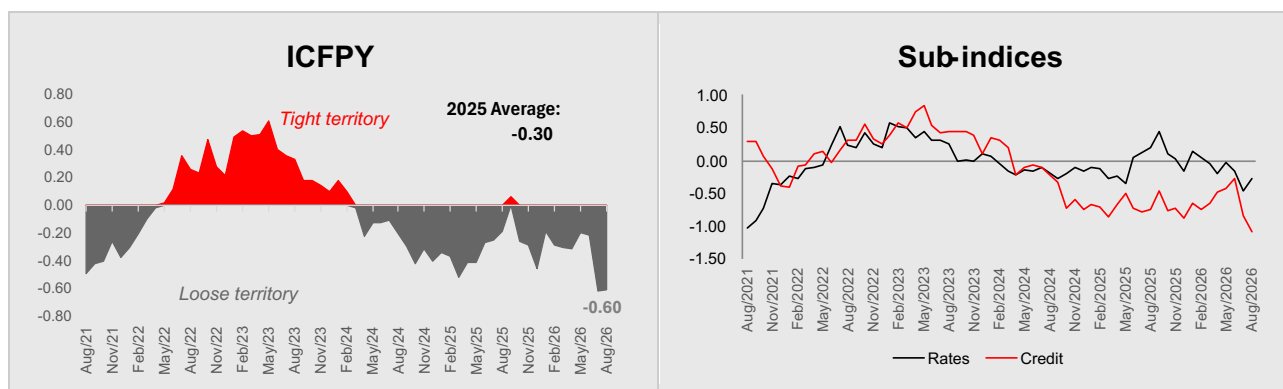
Source: BCP, Foreign Trade Report. Data available as of 09/2026. Own elaboration based on BCP.

02 | FINANCIAL CONDITIONS

ICFPY: Paraguay Financial Conditions Index

The Paraguay Financial Conditions Index (ICFPY) is a proprietary analytical tool developed by Sudameris Securities that aggregates 15 variables across two sub-indices—Rates and Credit—to produce a synthetic reading of the local financial environment.

Positive values indicate tight conditions (lower credit availability, elevated rates, reduced market liquidity); negative values indicate loose conditions (accessible credit, declining rates, active markets).



Source: Sudameris Securities Corporate Finance.

Data available as of 08/2026. Own elaboration based on BCP.

What does the ICFPY tell us as of August 2026?

Financial conditions loosened during the third quarter. The ICFPY moved from -0.21 in June to -0.62 in July and -0.60 in August 2026, its loosest levels since December 2020 and well below the 2025 average (-0.30). The negative reading indicates that aggregate financial conditions are looser than their historical average.

The move was driven by the Credit sub-index, which shifted into looser territory: from -0.28 in June to -0.83 in July and -1.08 in August. The Rates sub-index followed in July (from -0.17 to -0.46) and partially reversed in August (-0.27).

The reading is consistent with the BCP's diagnosis. According to the September 2026 CPM minutes, loans "continue to show favorable performance" (our translation): in July, the balance of loans from banks and finance companies to the private sector grew 15.6% YoY (excluding the exchange-rate effect), compared with 14.4% in June, while the weighted average lending rate in local currency fell from 16.0% to 15.6%.

The shift toward the dollar that we flagged last quarter deepened. With data through August, the foreign-currency loan balance of banks and finance companies to the private sector grew 24.5% YoY measured in dollars (23.6% in May) and increased by USD 828.9 million between June and August, twice its increase over the entire second quarter (USD 416.3 million). In guaraníes, the balance grew 12.9% YoY, above the 11.5% of May, although its monthly pace moderated from 0.96% in June to 0.38% in August.

03 | CAPITAL MARKETS

BVA: Primary and secondary volume, and yields

Volume traded on the Asunción Stock Exchange (BVA) remained virtually stable through September 2026, at a total of USD 7.28 billion, a 1.0% contraction from the same period of 2025 (USD 7.35 billion). The secondary segment, which includes repo transactions, accounted for 85.2% of total volume, versus 14.8% for the primary market. In the third quarter taken on its own, volume reached USD 2.66 billion (–1.4% YoY). Amounts are converted from guaraníes at a single exchange rate for all periods (USD/PYG 5,922, the September 2026 average; BCP), so percentage changes match those in local currency.

Repos account for most of the activity in the secondary segment: year-to-date in 2026 they totaled USD 4.60 billion, 74.3% of secondary volume.

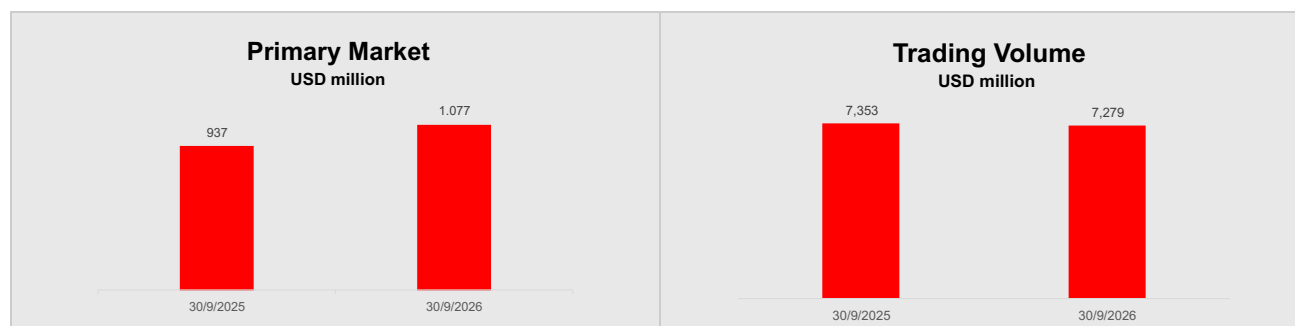
3.1 Primary market

The primary market was the fastest-growing segment. In the third quarter, USD 407 million was placed, an increase of 34.1% from the same quarter of 2025 (USD 303 million). Year-to-date through September, volume placed reached USD 1.08 billion (+14.9% YoY).

The quarter's growth reflects the return of the Ministry of Economy and Finance (MEF) to the BVA primary market, with guaraní placements totaling USD 102.9 million in July and September, 25.3% of the quarter's primary volume. Excluding the MEF, volume placed in the third quarter (USD 304 million) was in line with the same period of 2025, and the year-to-date figure grew 4.0%.

The quarter's main issuers were the MEF (25.3% of the primary market), Banco Itaú (18.3%), Sudameris Bank (8.7%), the Agencia Financiera de Desarrollo (7.7%), and the Inter-American Investment Corporation (7.5%). The number of issuers with placements in the quarter fell from 47 to 39. By currency, 74.3% of the volume placed in the quarter was in guaraníes and 25.7% in dollars (26.9% in the third quarter of 2025).

The financial sector (banks and finance companies, excluding the AFD) placed USD 481 million year-to-date through September, 44.7% of the primary market, compared with 51.3% through June. The lower share largely reflects the weight of the MEF: excluding it, the financial sector accounts for 49.4% of volume placed this year. In the third quarter, its share was 33.7% (45.1% excluding the MEF).



Source: BVA.

Data available as of 09/2026. Own elaboration based on BVA.

USD 1.08B

Primary Market YTD Sep-26
+14.9% YoY

USD 6.20B

Secondary Market YTD Sep-26
–3.4% YoY

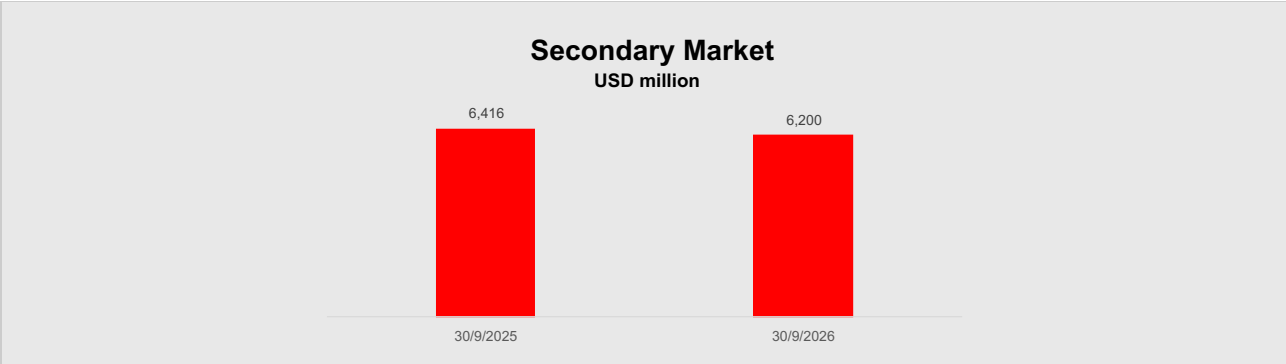
USD 7.28B

Total Volume YTD Sep-26
–1.0% YoY

3.2 Secondary market

The secondary market recorded volume of USD 2.26 billion in the third quarter, 5.9% below the same period of 2025 (USD 2.40 billion). Year-to-date through September, it totaled USD 6.20 billion (–3.4% YoY).

Within the secondary market, bond trading reached USD 481 million in the quarter, 7.9% below the second quarter (USD 522 million). The decline was concentrated in dollars: volume in USD-denominated bonds fell 21.2% QoQ (from USD 233 million to USD 184 million), while guaraní-denominated volume grew 2.9% QoQ (USD 297 million), raising the guaraní’s share to 61.8%. Treasury bonds gained weight: they accounted for 14.2% of bond trading volume (11.7% in the second quarter).



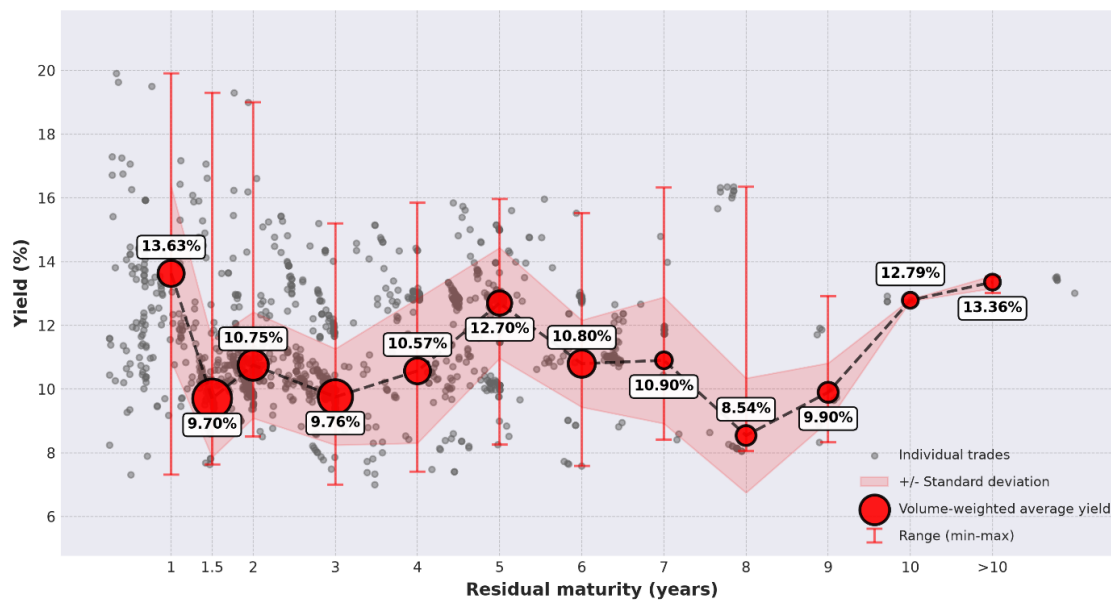
Source: BVA.
Data available as of 09/2026. Own elaboration based on BVA.

3.3 Yield curves - Q3 2026

8.56% USD 1Y Weighted-average yield	7.06% USD 3Y Weighted-average yield	13.63% PYG 1Y Weighted-average yield	9.76% PYG 3Y Weighted-average yield
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The guaraní yield curve maintains a relatively flat structure in the middle tenors, with weighted-average yields of between 9.70% and 10.75% for maturities of 1.5 to 4 years. The 3-year tenor stood at 9.76% (10.10% in the second quarter), a spread of 4.26 pp over the MPR. The one-year tenor shows the highest level in the short segment (13.63%), with wide dispersion (from 7.31% to 19.91%). The 5-year tenor (12.70%) concentrates transactions by higher-yielding corporate issuers: two issuers with yields of 13.0% and 14.1% account for about two-thirds of its volume. Treasury bonds traded between 7.8% and 9.7%, below corporate yields at comparable tenors. At the long end, the 10- and 11-year tenors (12.79% and 13.36%) rest on few transactions (3 and 6, respectively).

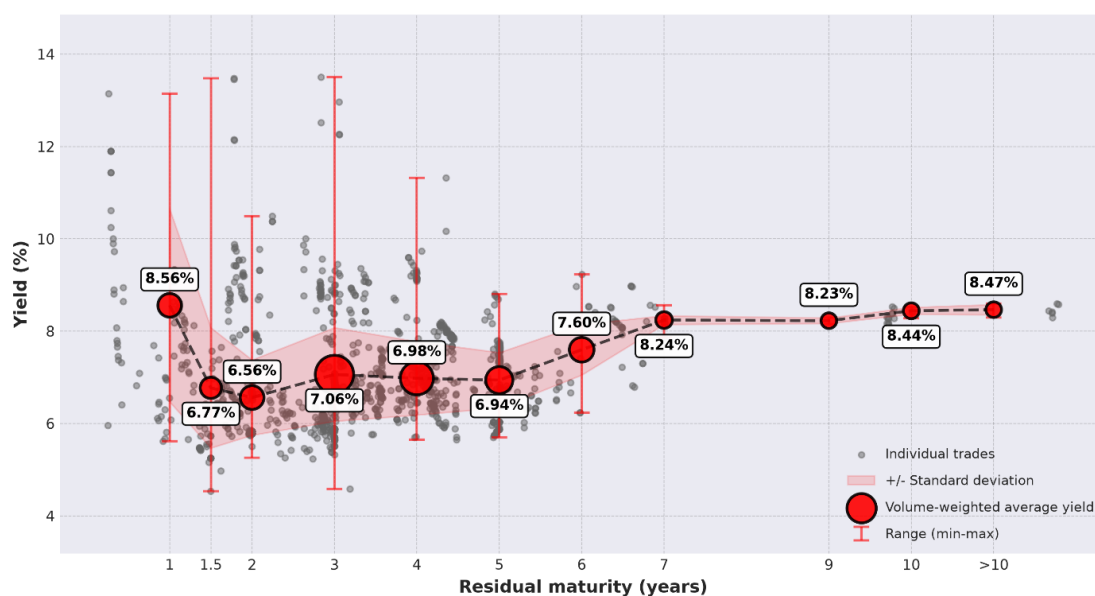
Yield curve by residual maturity - Secondary market - Guaraní (PYG)
Q3 2026 (July 1, 2026 - September 30, 2026)



The dollar curve shows a flat structure in the middle tenors, with yields of between 6.56% and 7.06% for maturities of 1.5 to 5 years, and gradual steepening from 6 years (7.60%), reaching 8.24% at 7 years and between 8.23% and 8.47% from 9 to 11 years, tenors with few transactions. The 3-year tenor stood at 7.06% (6.93% in the second quarter). The one-year tenor (8.56%) shows high dispersion (from 5.62% to 13.14%).

The 3-year spread between the guaraní and dollar curves narrowed to 2.70 pp, from 3.17 pp in the second quarter.

Yield curve by residual maturity - Secondary market - US Dollar (USD)
Q3 2026 (July 1, 2026 - September 30, 2026)



Source: BVA. Data available as of 09/2026. Own elaboration based on BVA.

Methodological note: analytical sample of the secondary market with yield ≤ 20%, residual maturity ≥ 90 days, and volume ≥ PYG 100 million (1,482 transactions in PYG and 1,201 in USD). Volume-weighted average yields.

04 | OUTLOOK

Q3 2026 view

01 Growth above expectations

Activity accelerated at the margin: the IMAEP grew 6.7% YoY in August and 5.7% year-to-date, and the BCP raised its 2026 GDP growth forecast from 4.5% to 5.0%. The September EVE median, surveyed before that revision, stands at 4.5%.

Base case: full-year 2026 growth in line with the BCP's 5.0% forecast.

02 A strong guaraní cushioning oil

Fuels rose 16.59% YoY in September, yet headline inflation stood at 1.72%. The guaraní's appreciation (17.3% YoY) held down goods prices: imported goods excluding fruit and vegetables rose just 1.27% YoY, and goods overall 0.47%. Demand pressure shows up in services and rent, which lack that exchange-rate shield and stand at 3.78% YoY, above target. With more moderate appreciation in our base case for the fourth quarter (1.2% toward December), that cushion loses strength; if greater appreciation materializes, the effect on prices would be smaller.

Base case: inflation of 2.99% in December, below the 3.5% target.

03 Dollar credit, looser conditions

The ICFPY stood at -0.60 in August, its loosest level since December 2020, driven by credit. The acceleration is concentrated in dollars: the foreign-currency balance grew 24.5% YoY and added USD 828.9 million between June and August, twice as much as in the entire second quarter, while the monthly pace of guaraní credit moderated. We expect financial conditions to remain in loose territory in the fourth quarter; the expansion of dollar credit warrants monitoring in the event of a reversal of the exchange-rate cycle.

04 Stable MPR: no reason to hike, risks in cutting

The economy is growing faster than expected, but inflation is under control, so we see no reason for an MPR increase. A cut, by contrast, would narrow the differential with the rate of the Federal Reserve, which raised its range to 3.75%–4.00% in September and from which the market anticipates a further hike before year-end. Cutting the rate without visibility on the Fed's path over the next 12 months would be a risky bet.

Base case: MPR at 5.50% at end-2026, in line with the September EVE median.

05 The counterpoint: a consumer who is not keeping pace

The Consumer Confidence Index stood at 39.09 points in September, below the neutral level, down 10.77 points over the past year; the current economic situation sub-index stood at 28.42 points. Sales, however, keep growing (ECN: 4.2% YoY in July). We do not read the drop in confidence as a signal of slowdown, but we will track the gap between household perceptions and activity data.

05 | FORECASTS

Macroeconomic estimates 2026

Unless otherwise indicated, the projections are Sudameris Securities Casa de Bolsa's own estimates, prepared on the basis of internal econometric models. Inflation and the exchange rate are expressed as the closing value of the quarter (final month).

Variable	Q4 2026
CPI inflation (YoY, %)	2.99%
BCP MPR (%)	5.50%
USD/PYG (average)	5,853
Real GDP (YoY, %)	5.0%e

Our year-end 2026 projections envisage inflation accelerating from low levels, a stable monetary policy rate, and a guaraní that continues to appreciate, albeit at a slower pace than in the third quarter.

Inflation. We project year-on-year inflation of 2.99% in December 2026, up from 1.72% in September. The model incorporates two factors. The first is the rise in the WTI oil price, from USD 84.67 per barrel in July to USD 90.42 in September, which feeds into fourth-quarter prices with lags of two and three months; for unobserved months we use the futures curve, around USD 93 per barrel. The second is a low base of comparison: between October and December 2025, the CPI changed by a cumulative -0.21%. The 80% confidence interval for December ranges from 1.78% to 4.19%. Our projection is in line with the BCP's in its September Monetary Policy Report (3.0%) and with the September EVE median (3.0%), and below the 3.5% target.

Monetary policy rate. We expect the MPR to remain at 5.50% at year-end, the level at which the CPM unanimously held it at its three meetings of the quarter and which matches the September EVE median. We develop our argument in the Outlook section.

Exchange rate. Our base case envisages USD/PYG closing December at 5,853, an appreciation of 1.2% from the September average (5,922), within a range of 5,631 to 6,075. Our projection is below the September EVE median for end-2026 (6,100). Last quarter we projected 6,192 for September and anticipated that, once harvest-related FX sales were exhausted, the bias would tilt toward moderate depreciation. The guaraní, however, kept appreciating: the 4.4% miss lies within our model's historical average twelve-month error (4.26%), but it prompts us to revise our balance of risks. Between June and September the guaraní appreciated 3.2%, and 17.3% over the last twelve months; we now consider the risks tilted toward the lower end of the range.

Activity. For 2026 real GDP growth, we take as reference the BCP's official forecast of 5.0%, published in its September 2026 Monetary Policy Report (4.5% in the June report).

(*) The GDP projection corresponds to the estimate of the Central Bank of Paraguay (IPoM, September 2026 revision), not an own estimate.

The projections reflect assumptions in effect as of the date shown and may differ from actual results.

Projections prepared by Sudameris Securities Corporate Finance. They do not constitute investment advice. Subject to revision as macroeconomic variables evolve. Data available as of 09/2026. Own elaboration based on BCP and Bloomberg.

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INSIGHTS

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