

**Monthly Report: Macroeconomic Indicators - Nicaragua
February 2013¹**

Concept			Other sources ²		2013
	2011	2012	2013		
			January	February	
GDP (million U.S.\$)	9317.3	10,507.7	<i>n/a</i>	<i>n/a</i>	10,950.6 – 11,091
Growth of the economy (% real GDP)	5.1	5.2	4 - 5	3.6	2.3-5
Accumulated inflation ³	8	6.62	1.19	1.80	5.5 – 7.9
Jobs (policy holders to the INSS ⁴)	596,328	643,538	651,130	661,617	<i>n/a</i>
Unemployment rate (%)	6.3	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	11.8
Wages (% variation in real wages) ⁵	-3.2	-1.5	-1.5	-0.5	<i>n/a</i>
Merchandise exports ⁶ (million U.S.\$)	2264.0	2,677.4	220.3	189.9	2,775
Exports (% variation)	22.3	2.7	3.4	-11.4	3.6-5.2
External debt (million U.S.\$)	4072.7	4289.4	<i>n/a</i>	4291	<i>n/a</i>
IMAE ⁷ (% annual variation)	6.0	4.7	4.6	4.1	<i>n/a</i>
Foreign Direct Investment (million U.S.\$)	967.9	1284	<i>n/a</i>	<i>n/a</i>	1000
Individual consumption (% variation)	3.3	4.7	<i>n/a</i>	1.2	2.3-3.4
Remittances	911.6	1014.2	83.4	83.7	930

Gross Domestic Product: According to the National Accounts Quarterly Report of the Central bank of Nicaragua (BCN) by the first trimester of 2013 Nicaragua's economic activity by 3.6%. Independent economists forecast a GDP variation between 2.9 and 4.2% in 2013; while ECLAC maintains its forecast of 5% growth rate of GDP for Nicaragua by the end of 2013.

Inflation: By February 2013 accumulated inflation rose 1.8%, which was mainly affected by the increase in the divisions of education and external factors that influenced the increase in fuel prices.

Jobs: By February 2013, BCN estimated that the affiliated to INSS rose 661,617 (612,813 by February 2012) of which 10.47% belong to agriculture, forestry, hunting and fishing activities; 0.70% to mining activities; 22.76% to manufacture industries; 1.15% to electricity and water; 3.09% to construction activities; 15.49% to commerce; 3.7% to transport, storage and communications; 9.02% to financial activities and 33.61% pertain to community, social and personal services.

Salary: During January and February 2013, nominal average wage of the formal employment⁸ amounted C\$7,131 and C\$7,156 respectively observing an increase of 6.2 and 6.5% with respect to the same period the previous year. In the other hand, real average wage of the formal employment rose C\$4032.1 and C\$4021.9 by January and February 2013 presenting a

¹ Information in italics has been updated for the month of February 2013

² Other sources: FUNIDES Situation Report 2012, COPADES, ECLAC, newspapers and independent economists.

³ Accumulated inflation indicates how the prices have increased in an accumulative basis since a particular month to the present date; it indicates how the inflation has accumulated throughout the year.

⁴ Nicaraguan Institute of Social Security (INSS)

⁵ Wage calculation method for both nominal and real wage was changed by BCN, and starting in 2013 wages were recalculated with the new base year (2006), therefore it's explained the change in wages for 2011 and 2012. From 2013 this report will consider the data of the Formal employment wage.

⁶ Merchandise exports do not include the goods acquired in ports and free zone exports.

⁷ Monthly Index of Economic Activity (IMAE), which combines information from the production of goods and services in economic activities with monthly tracking, allows economic activity, making possible to analyze the phase of the cycle that is facing the economy. These figures are revised monthly due to the inclusion of new data from the different economic sectors.

⁸ Formal employment wage based on Ministry of Labor Survey for establishments on 20 or more workers affiliated to social security.

reduction of -1.5 and -0.5% with respect to January 2012 (C\$4092.1) and February 2012 (C\$4043.1).

Exports: According to BCN by February 2013 the exports amounted U.S.\$ 189.9 million dollars denoting a decrease rate of -11.4% with respect to February 2012, this decrease was mainly explained by the downfall in the value of exports of some traditional products such as: banana, coffee, seafood, cattle, peanuts, gold and dairy products.

External public debt: The external public debt by March 2012 reached an amount of U.S.\$ 4291 million dollars, presenting a slight increase of U\$1.6 million dollars (0.04%) with respect to the fourth trimester of 2012. The external debt ration with respect to the GDP decreased to 38.4% (from 40.8% in the fourth trimester of 2012), while the external debt ratio with respect to the exports increased to 81.5% (from 80.3% observed in the fourth trimester of 2012).

IMAE: According to BCN, by February 2013 IMAE registered an accumulated growth of 4.1% the decrease in economic activity was explained mainly due to the increase in manufacturing, agriculture and construction sectors.

Foreign Direct Investment (FDI)⁹: According to ProNicaragua, FDI registered by 2012 amounted US \$1284 million dollars, which is a historic amount and represents almost 33% growth rate compared to FDI in 2011 (US\$968 million dollars). The sectors that caught the FDI flows were industry, commerce and services, energy, mines and free zones, which covered 77% of the total FDI incomes.

Venezuela positioned itself as the main investor, achieving a participation rate of 16% of the total income generated by investments. Panama and United States follow in the second and third position respectively, with a participation of 15%. A total of 37 countries invested in Nicaragua in 2012.

The statistical record was elaborated based on a total of 349 FDI projects, the highest number achieved in the country's history. Also the income index of FDI as a percentage of GDP was 12.2%, the highest in the Central American region.

Individual consumption¹⁰: According to BCN in the first quarter of 2013 the individual consumption recorded an increase of 1.2% (5.1% lower than the consumption registered during the fourth quarter of 2012). This was explained by a higher expenditure in goods and services of national origin, while a lower consumption on imported goods was observed. This behavior was consistent with the increase in economic activity.

Remittances: In February 2013 the remittances registered an amount of U.S.\$ 83.7 million dollars which represents an increase of 1.7% with respect to February 2012.

Other information:

LAC Flavors in Nicaragua

The international business fair known as LAC Flavors 2013 took place by the end of July in Granada, Nicaragua. In this business round 51 international qualified buyers from Europe and North America. This event started in 2009 and its objective is to promote business among Mesoamerican and Caribbean suppliers of agricultural products and international buyers.

⁹ FDI occurs when a resident investor ("direct investor"), aims at obtaining a lasting interest in an Enterprise resident in another economy or country ("direct investment enterprise"). Definition according to the International Monetary Fund (IMF)

¹⁰ Individual consumption relates mainly to household final consumption expenditure, which is done by the latter for the direct satisfaction of the needs of its members.

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From 2009 to 2012 this fair has taken place in several countries of the region and has generated business around US\$21 million dollars. This event is organized by the IDB, Nicaraguan Agency for Investment Promotion (ProNicaragua) and Superior Council of Private Sector (COSEP)

During this event 180 sellers from small and medium enterprises that produce fresh and processed food in Nicaragua and other Latin-American countries, will have the opportunity to negotiate with buyers. Almost 650 meetings are planned among buyers and suppliers, 44% of these business rounds will take place with Nicaraguan enterprises.

In LAC Flavors 2013 Nicaraguan traditional exports as well as new products will be promoted. The expectation is to generate sales around US\$10 million dollars.

Notes:

1. Exchange rate as February 28th 2013 is 24.3165 C\$ (Cordobas) for 1 U.S.\$ (Dollar).

References:

Web pages

<http://www.bcn.gob.ni>

<http://www.laprensa.com.ni>

<http://www.elnuevodiario.com.ni>

<http://www.elobservadoreconomico.com>

<http://www.canal15.com.ni>

<http://www.funides.org>

Documents:

BCN – Monthly inflation February 2013

BCN – Annual Report 2012

BCN – External Cooperation Report, 2012.

BCN – Monthly IMAE Report, February 2013.

BCN – Annual Report on Family Remittances, 2012.

ECLAC – Economic Study of Latin America and the Caribbean 2012, October 2012.

ECLAC – Preliminary Balance of the Economies of Latin America and the Caribbean, 2012.

UNCTAD – World Economic Situation and Prospects, 2012.

FUNIDES – Economic situation Report, 1st Trimester 2013.