



Nicaragua: The Global Financial Crisis ~ Aftermath, UMPs, and Capital Inflows

XV Meeting of Monetary Policy Managers:
Monetary Policy in EMEs, Current Challenges

September 26 and 27, 2019
Santo Domingo, Dominican Republic



Septiembre 2019



Nicaragua economy

1. In general, Nicaragua economy is small, very open and high concentration of trade with the United States
2. The objective of monetary policy is to preserve the stability of the currency
3. Nicaragua has a crawling peg regime
4. It has small derivatives and interbank markets
5. Financial sector with low level of reliance on international capital
6. Capital markets are not well developed



The Impact of the Crisis: The Channels

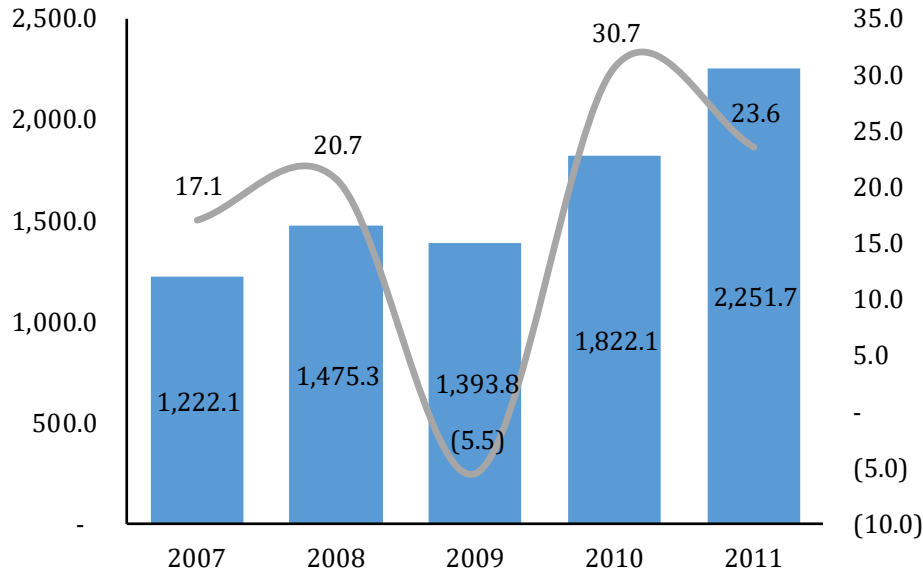
1. Financial contagion and external borrowing
2. Foreign direct investment
3. **External demand**
4. **Workers' remittances**
5. **Changes in relative prices**
(particularly commodity prices)



External sector

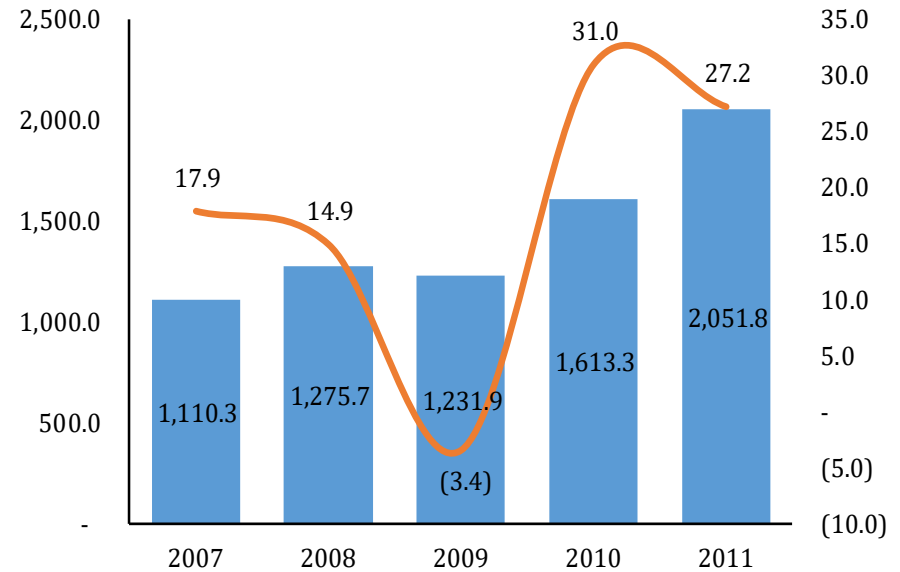
Exports of goods

(millions of dollars and growth rate)



Free Zone Exports

(millions of dollars and annual growth rate)

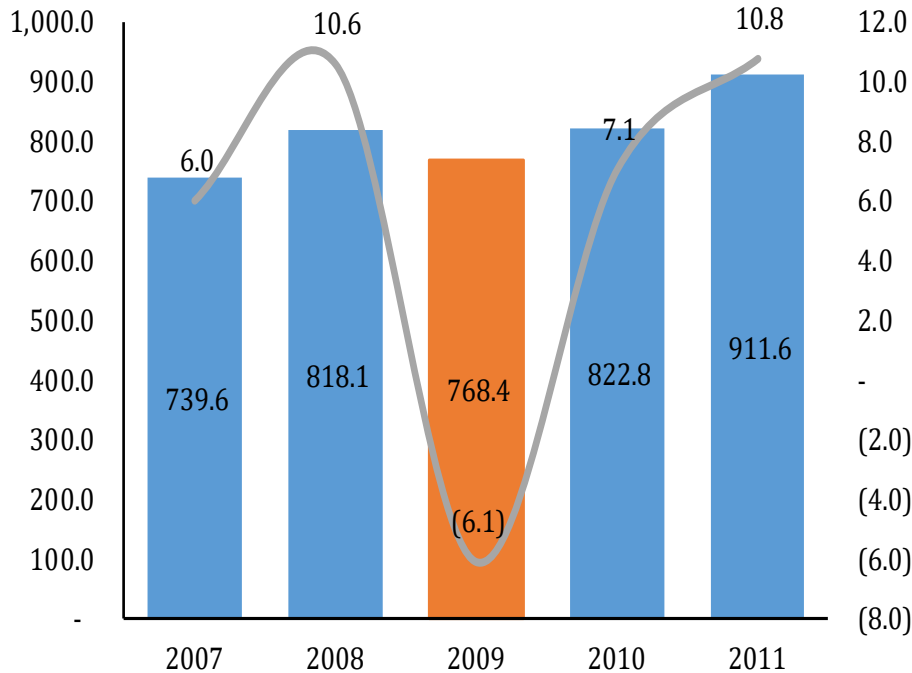




External sector

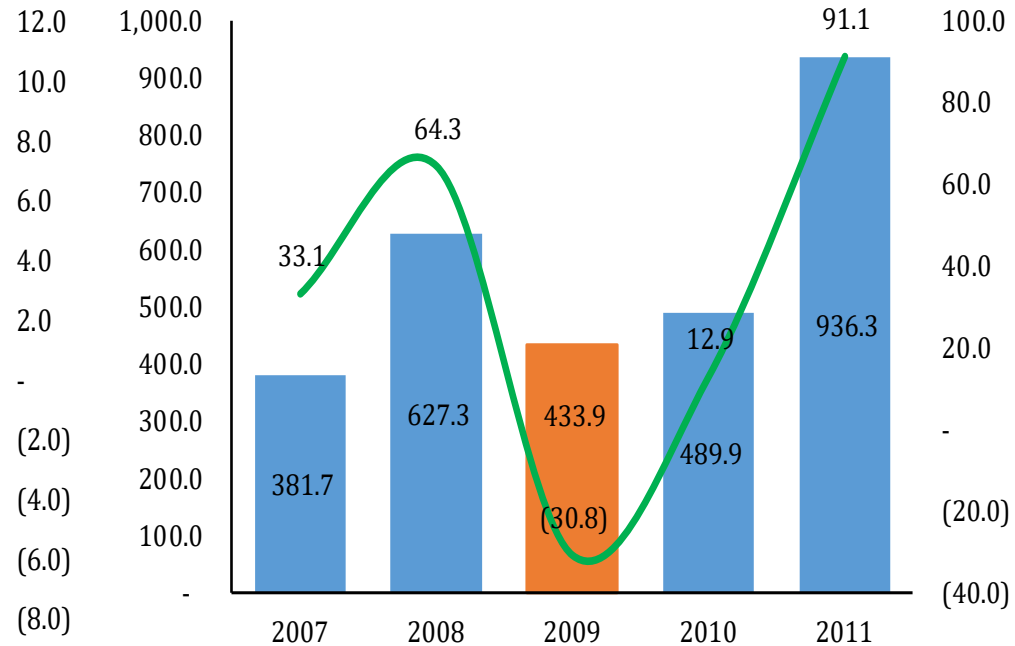
Remittances

(millions of dollars and growth rate)



FDI

(millions of dollars and annual growth rate)

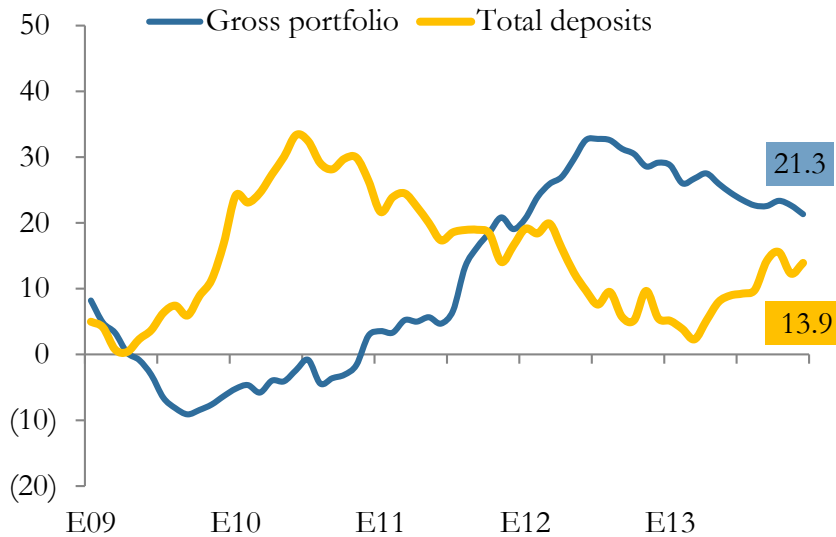




Financial sector

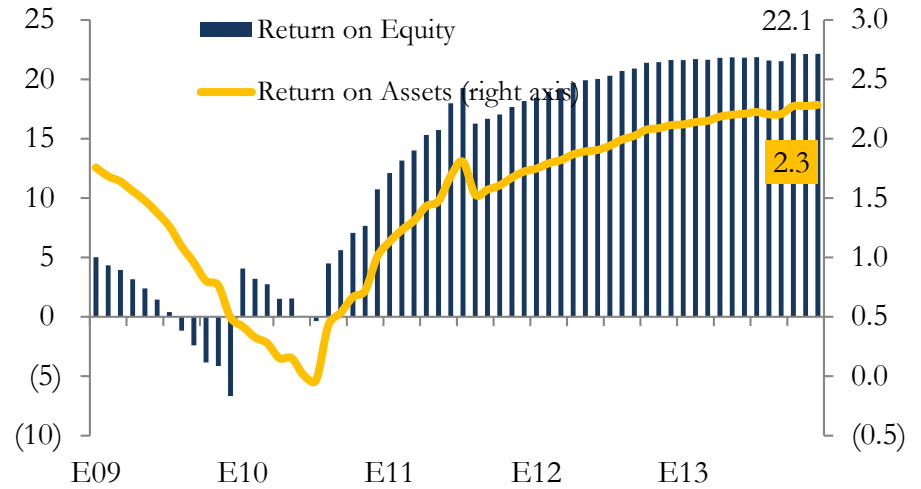
Gross Loan Portfolio and Deposits

(annual growth rate)



Profitability Indicators

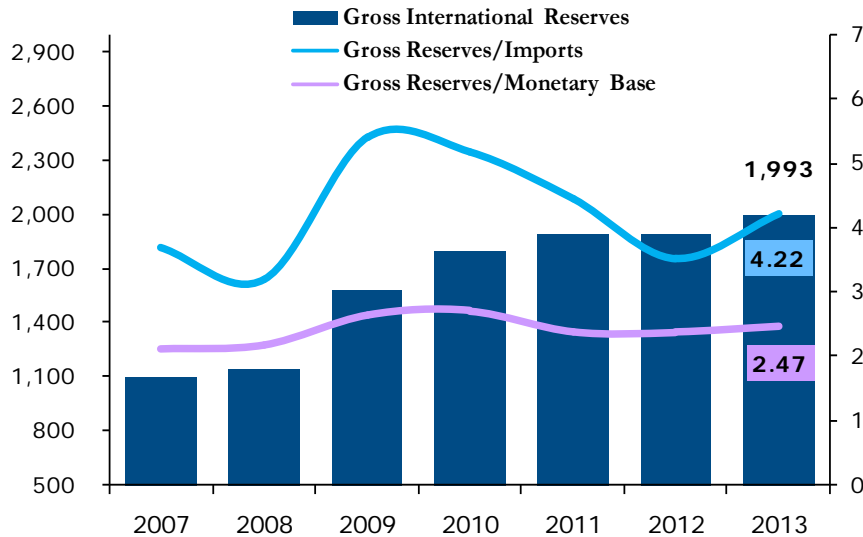
(percent)



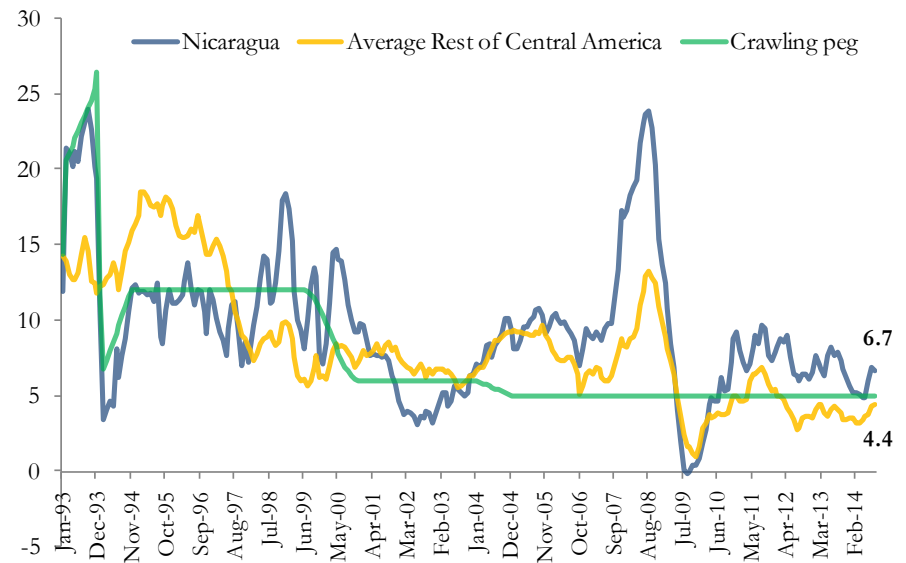


Monetary Policy

Gross International Reserves of Central Bank
(million dollars and coverage in number of times)



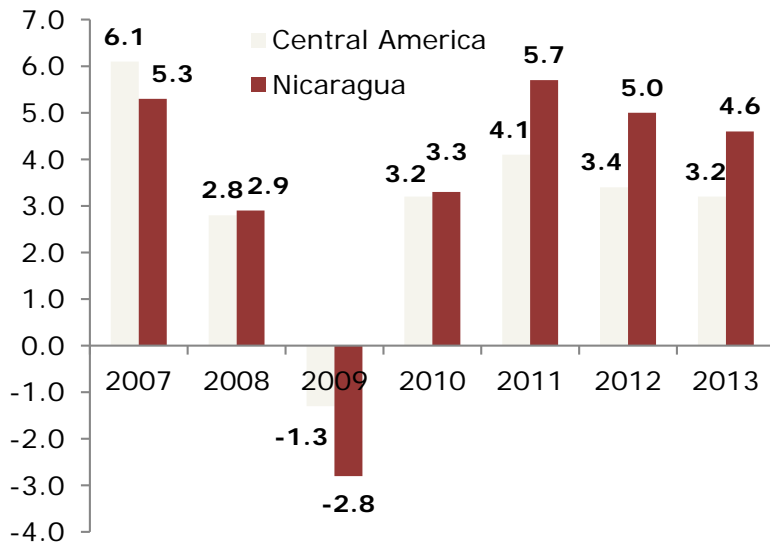
Exchange Rate Regime and Inflation
(percentage)





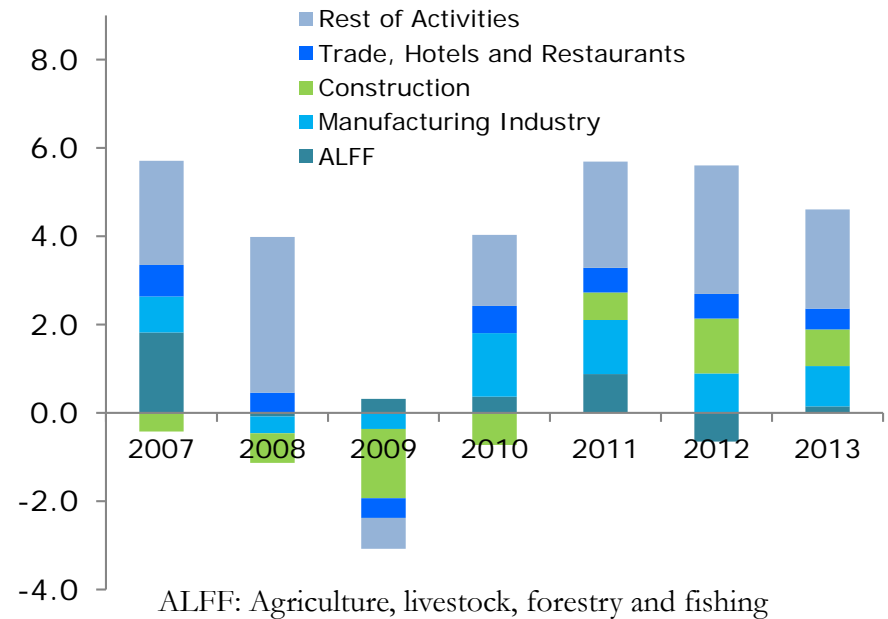
Economy Growth

Gross Domestic Product (real annual growth rate)



Source: SECMCA, BCN.

GDP: contributions to annual growth rate (percentage points)





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