

Costa Rica

1. General trends

Costa Rica's economy contracted by 1.1% in 2009—the first yearly decline in the past two decades—and per capita GDP fell by 2.3%. The 30% drop in gross domestic investment and the 6.4% decline in external demand were offset in part by a 2.1% rise in consumption. The unemployment rate rose to 7.8%. The central government deficit posted a substantial increase, to 3.4% of GDP. The annual inflation figure at the end of 2009, 4%, was considerably less than the previous year's, and the current account deficit fell to the equivalent of 2.2% of GDP.

In 2009, Costa Rica's economy suffered the effects of the global economic slowdown and, particularly, the contraction of the U.S. economy. The main channels of transmission were falling tourist arrivals and external demand for goods, as well as weakening flows of foreign direct investment. Countercyclical central government policies and the recovery of exports during the final quarter of the year helped slow the pace of contraction, so the decline was smaller than had been expected at the beginning of the year.

ECLAC estimates that GDP will grow by 4% in 2010, driven by recovering external demand. It is expected that the economic recovery and rising international fuel prices

will push inflation up to nearly 6% at year end (in line with the central bank's target rate of 5% with a tolerance range of one percentage point). The fiscal deficit is expected to be between 4% and 5% of GDP. The current account deficit will edge up as imports revive.

Presidential elections were held on 7 February 2010. Laura Chinchilla, the candidate of the party in power, the National Liberation Party (PLN) won with 46.8% of the votes. The composition of the new parliament is fragmented, with 24 of the 57 seats held by PLN. The new president took office on 8 May. Economic policy continuity is expected, with emphasis on managing public finances and promoting economic and social development.

2. Economic policy

In 2009 the central government took an active countercyclical fiscal policy stance despite a substantial decrease in tax revenues. Monetary and exchange-rate policy continued to be directed towards a flexible exchange rate, creating the conditions for interest rates to work as a monetary policy tool and keeping inflation low and stable.

(a) Fiscal policy

The central government balance was negative, after two years of surplus (0.6% and 0.2% in 2007 and 2008, respectively), and the primary balance was negative for the first time in 10 years. The overall balance of the public sector, which includes the non-financial public sector and

the central bank, posted a deficit equivalent to 3.9% of GDP (compared to a deficit of 0.2% in 2008).

Current central government revenues were down 12% in real terms (contrasting with 4.3% growth in 2008) as economic activity contracted and purchases from abroad fell. Income tax and foreign trade tax revenues posted the sharpest drops and were down by 7.5% and 30%, respectively. The administration negotiated temporary authorization from the Legislative Assembly to finance current expenditures by borrowing. The tax burden went from 15.6% in 2008 to 13.8% in 2009, reversing the progress made over the previous four years.

Prudent management of public finances and debt reduction in previous years left room for a substantial increase (10.7% in real terms) in central government spending in 2009. Throughout the year the government implemented the “Plan Escudo” rescue package to deal with the international crisis. Noteworthy among the measures in the package are an increase in non-contributory pensions, wage hikes for public employees and greater social spending on housing, education and health-care programmes. The line item for remunerations thus went up by 25.6% and the item for transfers rose 11.2%.

The rest of the non-financial public sector showed a positive balance equivalent to 0.3% of GDP (-0.4% in 2008), reflecting accounting adjustments to remove the Costa Rican Electricity Institute from these public accounts following liberalization of the telecommunications sector. The central bank deficit was larger than in the previous year (0.8% of GDP compared with 0.2% in 2008), owing mainly to a decline in income from financial assets held abroad.

Total public debt rose by 2 percentage points to the equivalent of 42.6% of GDP, reflecting weaker public finances and the contraction of real activity. External public debt decreased by 1.3 percentage points to stand at 11.3% of GDP, thanks to the amortization of capital. Several lines of credit with multilateral organizations for dealing with the crisis were announced during the year, but they were barely used. The fiscal deficit was financed mainly by issuing domestic debt on the stock exchange, auctioning securities and negotiating directly with the public banking system; domestic public debt thus increased from 28.0% of GDP in 2008 to 31.3% in 2009.

Countercyclical policies, particularly increases in pensions and public sector remunerations, entailed long-term commitments that will put pressure on public finances over the coming years. The cumulative deficit for the first five months of 2010 was equivalent to 1.9% of GDP. The new government has announced its intention to turn to external debt to cover the shortfall in the short term, but that it also will seek reforms and administrative improvements in order to boost revenue.

(b) Monetary and exchange-rate policy

In 2009, monetary and exchange-rate policy continued to be directed towards price stability and migration towards a flexible exchange-rate scheme. The central bank found less need to adjust the exchange-rate band or intervene to protect the band limits than in 2008, because there was less financial turbulence and pressure in the currency market. The only change was on 23 January, when the initial sell rate was set at 563.25 colones to the dollar and the nominal rate of depreciation rose from 6 to 20 cents per day.

During the first seven months of 2009 the exchange rate was often at the ceiling of the band, but the currency began appreciating gradually in the second week of August and there were no further central bank interventions. The nominal exchange rate ended the year at 561 colones to the dollar, 10 cents higher than at the end of 2008. This variation nudged the real bilateral exchange rate down by 1% (December to December), reversing a three-year trend. As part of the exchange policy, the number of participants in the exchange market was increased by launching the MONEX (wholesale dollar market) system in order to promote more efficient operation of this market.

The monetary policy interest rate remained unchanged during the first half of 2009 despite the contraction of economic activity, in order to check a potential upswing in inflation. On 15 July the rate underwent a one-time adjustment for the year, from 10% to 9%. The financial system’s average deposit rate ended 2009 at 8.8%, compared with 10.4% in 2008, but it returned to positive territory in real terms (4.6%) thanks to slowing inflation. The average nominal lending rate for the year ended 2009 at 23.2%, very similar to the 24% posted in 2008, but the real lending rate climbed nearly 10 percentage points to 18.4%.

Private-sector credit growth decelerated significantly (3.5% compared with 32% in 2008) as a result of the slowing economy, rising real rates and the financial system’s reaction to the crisis. Credit for the construction, tourism and manufacturing sectors even shrank, by 7.4%, 3.6% and 1.1%, respectively. Consumer credit braked hard, growing by 0.5% compared with 29.9% in 2008.

The monetary aggregate M1, which includes currency in circulation and current account deposits, posted a real decrease of 0.4%, in keeping with the behaviour of economic activity. Time deposits in national currency increased 17.6%, thanks to rising real deposit rates. Foreign-currency deposits increased from 47% of the broad money supply (M3) in 2008 to 48.2% in 2009. This process of financial dollarization partially reversed towards the end of the year because of the higher yield on savings in colones.

The net international reserves held by the central bank increased by US\$ 267 million to reach US\$ 4.066 billion, which is equivalent to 1.9 times the monetary base. The main reason for the increase was the allocation of special drawing rights.

The inflow of capital put downward pressure on the exchange rate during the first few months of 2010. The exchange rate neared the floor of the band (509 colones to the dollar) in early May, but still without central bank intervention. There was no change in the monetary policy interest rate during the first five months of the year.

(c) Trade policy

Trade policy continued to be geared to creating conditions conducive to export diversification. In 2009 there were two rounds of negotiations for an association agreement between Central America and the European Union, as well as four rounds of Central American coordination meetings and three rounds of technical

trade talks. Negotiations resumed in early 2010 after a temporary suspension because of the political crisis in Honduras, and the agreement was signed in May, setting the ratification process into motion.

Negotiations on a free trade agreement with China began in 2009, and it was signed on 8 April 2010. It is a far-reaching document that covers access to markets for trade in merchandise, investment and intellectual property, among other items. Negotiations on a free trade agreement with Singapore, which also began in 2009, concluded with signature of the agreement on 6 April 2010.

The amendment to the Free Zone Act was approved in 2009, fulfilling commitments entered into with the World Trade Organization. The amendment seeks to de-link corporate income tax exemptions from export performance, and it grants similar incentives to companies operating in strategic sectors or locating to less-developed areas. It also creates incentives to promote investment, job creation, production chains and training at companies operating under this regime.

3. The main variables

(a) Economic activity

Aggregate demand fell 6.6%, dragged down by the sharp contraction in gross investment and external demand. Private investment and investment in machinery and equipment were off 17.6% and 18.4%, respectively, owing to the economic slowdown and tight credit. Inventories also declined substantially. Public investment slowed but still grew at a healthy pace (12.8% compared with 35.2%) thanks to projects begun or approved in previous years. Government consumption expanded at a brisk 6.3% as a result of the countercyclical policies applied. Private consumption rose 1.6% despite the economic contraction, thanks to those very policies and real wage recovery.

The commerce, restaurant and hotel sector shrank by 5.1% because of the slowdown in economic activity and a drop-off in tourism. The other service sectors weathered the economic crisis better and posted positive rates of growth. The construction sector was impacted by falling demand for housing for foreigners and for tourist developments, and by the credit crunch. The manufacturing industry was hit by falling external demand and dropped 2.6%. Agriculture shrank by 2.5%, due mainly to adverse weather events and pests.

The behaviour of economic activity fell into three sharply distinct periods in 2009. According to data from the monthly index of economic activity, the decline in activity that began in October 2008 worsened during the first two months of the year. The turning point came in March, when the economic contraction began to ease; and in September the economy returned to positive year-on-year rates of growth. Fluctuations in the international economy and in external demand contributed significantly to this evolution.

In the first five months of 2010, the monthly index of economic activity posted positive year-on-year variations averaging 5.2%, maintaining the rate of recovery seen in the closing months of 2009. A slight slowing of the growth rate is expected for the rest of 2010, owing to less vigorous external demand.

(b) Prices, wages and employment

Declining domestic demand, falling international prices for food and fuel, and a restrictive monetary policy held inflation, measured in terms of the consumer price index, to its lowest rate since 1971 (4%) after two years of double digits. Indeed, the food and beverage price index posted an annual drop of 1.5%.

Table 1
COSTA RICA: MAIN ECONOMIC INDICATORS

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 ^a |
|---|-------|--------|--------|--------|--------|--------|--------|--------|-------------------|
| Annual growth rates^b | | | | | | | | | |
| Gross domestic product | 1.1 | 2.9 | 6.4 | 4.3 | 5.9 | 8.8 | 7.9 | 2.8 | -1.1 |
| Per capita gross domestic product | -1.0 | 0.8 | 4.3 | 2.4 | 4.1 | 7.1 | 6.4 | 1.5 | -2.3 |
| Gross domestic product, by sector | | | | | | | | | |
| Agriculture, livestock, hunting, forestry and fishing | 1.4 | -3.3 | 7.4 | 0.7 | 4.3 | 12.7 | 5.6 | -2.3 | -2.5 |
| Mining and quarrying | 6.4 | -3.1 | 4.2 | 7.7 | 7.6 | 25.7 | -1.5 | -7.8 | -10.0 |
| Manufacturing | -9.1 | 3.4 | 8.4 | 4.0 | 10.8 | 10.8 | 7.0 | -3.2 | -2.6 |
| Electricity, gas and water | 4.1 | 5.3 | 5.8 | 4.0 | 5.9 | 6.1 | 2.4 | 0.2 | -1.3 |
| Construction | 14.4 | -1.5 | 4.8 | 6.3 | -0.2 | 18.2 | 21.5 | 12.9 | -5.0 |
| Wholesale and retail commerce, restaurants and hotels | 1.9 | 1.6 | 3.4 | 3.9 | 4.0 | 4.8 | 6.6 | 3.6 | -5.1 |
| Transport, storage and communications | 9.2 | 12.0 | 13.7 | 12.0 | 9.6 | 10.5 | 9.8 | 7.1 | 3.3 |
| Financial institutions, insurance, real estate and business services | 6.8 | 4.8 | 7.1 | 6.6 | 5.4 | 11.1 | 9.3 | 8.4 | 4.1 |
| Community, social and personal services | 2.0 | 3.0 | 3.0 | 1.4 | 3.3 | 2.3 | 3.4 | 4.5 | 3.7 |
| Gross domestic product, by type of expenditure | | | | | | | | | |
| Final consumption expenditure | 1.5 | 3.0 | 2.8 | 2.9 | 3.9 | 5.4 | 6.9 | 3.9 | 2.1 |
| Government consumption | 3.6 | 2.3 | -0.3 | 1.3 | 0.2 | 2.9 | 2.3 | 4.3 | 6.4 |
| Private consumption | 1.2 | 3.1 | 3.2 | 3.1 | 4.4 | 5.7 | 7.5 | 3.9 | 1.6 |
| Gross capital formation | 31.5 | 9.8 | -4.7 | 10.9 | 11.3 | 13.9 | -1.2 | 18.1 | -30.0 |
| Exports (goods and services) | -9.6 | 3.6 | 12.1 | 8.2 | 12.8 | 10.3 | 9.9 | -1.7 | -6.4 |
| Imports (goods and services) | 1.3 | 6.9 | 0.9 | 9.1 | 12.4 | 8.1 | 4.3 | 6.3 | -16.7 |
| Percentages of GDP | | | | | | | | | |
| Investment and saving^c | | | | | | | | | |
| Gross capital formation | 20.3 | 22.6 | 20.6 | 23.1 | 24.3 | 26.4 | 24.7 | 27.5 | 13.8 |
| National saving | 16.6 | 17.5 | 15.6 | 18.9 | 19.4 | 21.9 | 18.4 | 18.3 | 11.6 |
| External saving | 3.7 | 5.1 | 5.0 | 4.3 | 4.9 | 4.5 | 6.3 | 9.2 | 2.2 |
| Millions of dollars | | | | | | | | | |
| Balance of payments | | | | | | | | | |
| Current account balance | -603 | -857 | -880 | -791 | -981 | -1 023 | -1 646 | -2 754 | -634 |
| Goods balance | -820 | -1 278 | -1 089 | -1 421 | -2 159 | -2 727 | -2 985 | -5 014 | -2 024 |
| Exports, f.o.b. | 4 923 | 5 270 | 6 163 | 6 370 | 7 099 | 8 102 | 9 299 | 9 554 | 8 847 |
| Imports, f.o.b. | 5 743 | 6 548 | 7 252 | 7 791 | 9 258 | 10 829 | 12 285 | 14 569 | 10 871 |
| Services trade balance | 746 | 685 | 776 | 857 | 1 116 | 1 351 | 1 734 | 2 253 | 2 158 |
| Income balance | -679 | -440 | -776 | -440 | -209 | 4 | -865 | -434 | -1 097 |
| Net current transfers | 151 | 175 | 209 | 212 | 270 | 349 | 470 | 442 | 329 |
| Capital and financial balance ^d | 616 | 1 020 | 1 219 | 872 | 1 374 | 2 053 | 2 794 | 2 406 | 895 |
| Net foreign direct investment | 451 | 625 | 548 | 733 | 904 | 1 371 | 1 634 | 2 015 | 1 316 |
| Other capital movements | 165 | 395 | 671 | 139 | 470 | 682 | 1 160 | 390 | -421 |
| Overall balance | 13 | 163 | 339 | 80 | 393 | 1 031 | 1 148 | -348 | 260 |
| Variation in reserve assets ^e | -13 | -163 | -339 | -80 | -393 | -1 031 | -1 148 | 348 | -260 |
| Other external-sector indicators | | | | | | | | | |
| Real effective exchange rate (index: 2000=100) ^f | 97.9 | 98.9 | 104.8 | 106.5 | 107.6 | 106.5 | 103.9 | 100.1 | 100.0 |
| Terms of trade for goods (index: 2000=100) | 98.4 | 96.9 | 95.5 | 91.9 | 88.3 | 85.8 | 84.9 | 81.7 | 84.4 |
| Net resource transfer (millions of dollars) | -63 | 580 | 443 | 432 | 1 166 | 2 058 | 1 929 | 1 971 | -203 |
| Gross external public debt (millions of dollars) | 5 265 | 5 310 | 5 575 | 5 710 | 6 485 | 6 994 | 8 341 | 8 857 | 8 036 |
| Average annual rates | | | | | | | | | |
| Employment | | | | | | | | | |
| Labour force participation rate ^g | 55.8 | 55.4 | 55.5 | 54.4 | 56.8 | 56.6 | 57.0 | 56.7 | 56.5 |
| Open unemployment rate ^h | 5.8 | 6.8 | 6.7 | 6.7 | 6.9 | 6.0 | 4.8 | 4.8 | 7.6 |
| Visible underemployment rate ⁱ | 11.3 | 12.3 | 15.2 | 14.4 | 14.6 | 13.5 | 11.5 | 10.5 | 11.9 |
| Annual percentages | | | | | | | | | |
| Prices | | | | | | | | | |
| Variation in consumer prices (December-December) | 11.0 | 9.7 | 9.9 | 13.1 | 14.1 | 9.4 | 10.8 | 13.9 | 4.0 |
| Variation in industrial producer prices (December-December) | 8.6 | 8.4 | 11.0 | 17.7 | 12.1 | 13.7 | 14.6 | 23.5 | -1.2 |
| Variation in nominal exchange rate (annual average) | 7.1 | 9.3 | 10.8 | 10.0 | 9.1 | 7.0 | 1.0 | 1.9 | 8.9 |
| Variation in average real wage | 1.0 | 4.1 | 0.4 | -2.6 | -1.9 | 1.6 | 1.4 | -2.0 | 7.7 |
| Nominal deposit rate ^j | 13.4 | 14.0 | 12.6 | 11.5 | 12.1 | 11.4 | 7.1 | 5.4 | 8.7 |
| Nominal lending rate ^k | 26.7 | 26.8 | 26.2 | 23.4 | 24.0 | 22.7 | 17.3 | 16.7 | 21.6 |

Table 1 (concluded)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 ^a |
|---|---------------------------|------|------|------|------|------|------|------|-------------------|
| | Percentages of GDP | | | | | | | | |
| Non-financial public sector | | | | | | | | | |
| Total revenue | 25.5 | 24.7 | 25.0 | 24.4 | 25.2 | 25.8 | 26.6 | 26.8 | 26.0 |
| Current revenue | 24.8 | 24.8 | 24.7 | 24.4 | 25.2 | 25.8 | 26.6 | 26.9 | 26.0 |
| Tax revenue | 19.6 | 19.8 | 19.9 | 19.7 | 20.2 | 20.7 | 22.1 | 22.8 | 21.3 |
| Capital revenue | 0.7 | -0.1 | 0.4 | -0.0 | -0.0 | -0.0 | -0.0 | -0.1 | 0.0 |
| Total expenditure ¹ | 27.1 | 28.6 | 27.4 | 26.4 | 25.6 | 24.5 | 24.8 | 26.9 | 30.6 |
| Current expenditure | 22.2 | 23.3 | 22.8 | 22.2 | 21.8 | 21.0 | 20.7 | 21.1 | 24.1 |
| Interest | 4.0 | 4.3 | 4.3 | 4.1 | 4.2 | 3.8 | 3.1 | 2.2 | 2.2 |
| Capital expenditure | 4.8 | 5.2 | 4.5 | 4.1 | 3.8 | 3.5 | 4.1 | 5.3 | 6.4 |
| Primary balance | 2.4 | 0.4 | 1.9 | 2.1 | 3.8 | 5.2 | 4.9 | 2.1 | -2.5 |
| Overall balance | -1.6 | -3.9 | -2.4 | -2.0 | -0.4 | 1.3 | 1.8 | -0.1 | -4.6 |
| Non-financial public sector debt | 43.2 | 45.1 | 45.6 | 46.9 | 42.9 | 38.4 | 31.8 | 29.9 | 34.1 |
| Domestic | 28.1 | 28.7 | 27.0 | 27.6 | 25.5 | 23.4 | 19.6 | 18.1 | 23.0 |
| External | 15.2 | 16.4 | 18.6 | 19.3 | 17.4 | 15.0 | 12.2 | 11.8 | 11.1 |
| Money and credit^m | | | | | | | | | |
| Domestic credit | 27.5 | 31.2 | 33.3 | 36.1 | 36.8 | 36.3 | 39.6 | 45.0 | 44.9 |
| To the public sector | 3.8 | 5.6 | 6.5 | 9.0 | 6.7 | 4.4 | 2.2 | 2.2 | 3.4 |
| To the private sector | 23.5 | 25.4 | 26.5 | 26.7 | 29.4 | 31.1 | 36.5 | 41.7 | 40.4 |
| Other | 0.1 | 0.1 | 0.3 | 0.4 | 0.7 | 0.8 | 0.9 | 1.1 | 1.1 |
| Liquidity (M3) | 33.8 | 36.3 | 37.1 | 42.6 | 44.0 | 44.3 | 43.8 | 46.8 | 49.5 |
| Currency outside banks and local-currency deposits (M2) | 19.1 | 20.4 | 20.9 | 21.0 | 22.3 | 23.5 | 25.6 | 24.8 | 25.6 |
| Foreign-currency deposits | 14.7 | 16.0 | 16.2 | 21.6 | 21.7 | 20.8 | 18.1 | 22.0 | 23.9 |

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 1991 prices.

^c Based on figures in local currency expressed in dollars at current prices.

^d Includes errors and omissions.

^e A minus sign (-) denotes an increase in reserves.

^f Annual average, weighted by the value of goods exports and imports.

^g Economically active population as a percentage of the working-age population; nationwide total.

^h Percentage of the economically active population; nationwide total.

ⁱ Percentage of the working population; nationwide total.

^j Average deposit rate in the financial system (net).

^k Average lending rate in the financial system.

^l Includes net lending.

^m The monetary figures are end-of-year stocks.

The national open unemployment rate rose sharply (by 2.9 percentage points), following three years of decline. The impact of rising unemployment on economic activity was tempered by increased social spending. The real minimum wage index increased by 3.9%, aided by lower inflation.

The labour market is starting to reflect the recovery of economic activity in the last few months of 2009 and the first few months of 2010: the number of workers registered with the Costa Rican Social Security Fund showed a year-on-year average variation of 3.7% in the opening months of 2010. The recovering economy and rising international fuel prices also impacted inflation, which stood at 6.3% in June.

(c) The external sector

Exports of goods fell 7.4% in 2009, with sales to North America dropping by 13.2% and those to Central America off by 8.6%. Exports to the European Union posted a slight 1.7% decline while exports to China jumped 13%. Exports of traditional products fell by 13.7%, with

sharp declines in coffee and banana exports (23.9% and 9.9%, respectively). Exports of non-traditional products declined more slowly (6.8%). Free trade zone exports shrank by a modest 3.9% and actually improved in the last few months of 2009. Some 30% of the decline in exports was due to falling exported volume, and the rest to lower prices.

The contraction in economic activity and the decrease in international food and fuel prices led to a 25.4% decline in imports and a correction of the external imbalance: the goods and services balance closed the year with a small surplus (equivalent to 0.5% of GDP), compared with a 9.3% deficit in 2008. There was a marked contraction in imports of intermediate goods, particularly fuels and lubricants (35.4%) and construction materials (37.5%). Imports of consumer durables fell by 37.9%. The terms of trade improved by 3.8%, which contrasts with the trend for the past 10 years.

Exports of services were also impacted by the international situation and fell 8.1%. Income from transport and travel services dropped by 21% and 9.2%, respectively, reflecting the decline in merchandise trade and tourism.

Table 2
COSTA RICA: MAIN QUARTERLY INDICATORS

| | 2008 | | | | 2009 ^a | | | | 2010 ^a | |
|---|-------|-------|-------|-------|-------------------|-------|-------|-------|-------------------|--------------------|
| | I | II | III | IV | I | II | III | IV | I | II |
| Gross domestic product (variation from same quarter of preceding year) ^b | 6.5 | 3.6 | 3.1 | -1.8 | -4.5 | -2.4 | -0.2 | 2.9 | 5.1 | ... |
| Goods exports, f.o.b. (millions of dollars) | 2 408 | 2 521 | 2 404 | 2 171 | 2 081 | 2 241 | 2 211 | 2 244 | 2 394 | 1 625 ^c |
| Goods imports, c.i.f. (millions of dollars) | 3 610 | 4 105 | 4 087 | 3 569 | 2 530 | 2 740 | 2 896 | 3 228 | 3 164 | 2 233 ^c |
| Gross international reserves (millions of dollars) | 4 891 | 4 334 | 3 814 | 3 799 | 4 167 | 3 936 | 4 059 | 4 066 | 4 155 | 4 057 |
| Real effective exchange rate (index: 2000=100) ^d | 98.5 | 101.0 | 103.9 | 96.9 | 96.2 | 100.1 | 102.6 | 101.1 | 93.2 | 88.0 ^c |
| Consumer prices (12-month percentage variation) | 11.0 | 12.8 | 15.8 | 13.9 | 12.3 | 8.2 | 4.8 | 4.0 | 5.8 | 6.2 ^c |
| Average nominal exchange rate (colones per dollar) | 496 | 508 | 547 | 554 | 562 | 574 | 585 | 572 | 551 | 528 |
| Average real wage (variation from same quarter of preceding year) | -6.1 | 0.8 | -3.5 | 1.2 | 13.6 | 7.8 | 8.8 | 11.2 | -4.0 | ... |
| Nominal interest rates (annualized percentages) | | | | | | | | | | |
| Deposit rate ^e | 5.0 | 3.7 | 5.1 | 7.6 | 8.5 | 8.5 | 9.4 | 8.0 | 6.4 | 6.4 ^c |
| Lending rate ^f | 15.3 | 14.6 | 16.7 | 20.2 | 21.4 | 22.0 | 22.1 | 20.8 | 19.9 | 20.1 ^c |
| Interbank interest rate | 2.9 | 2.7 | 6.8 | 4.8 | 4.4 | 6.4 | 6.1 | 4.0 | 3.6 ^g | ... |
| Stock price index (national index to end of period, 31 December 2000=100) | 235 | 232 | 209 | 177 | 114 | 116 | 123 | 139 | 137 | 135 |
| Domestic credit (variation from same quarter of preceding year) | 28.3 | 31.4 | 32.4 | 31.4 | 26.2 | 19.7 | 13.6 | 6.6 | 2.9 | 2.8 |
| Non-performing loans as a percentage of total credit | 1.3 | 1.2 | 1.3 | 1.5 | 1.9 | 2.1 | 2.2 | 2.1 | 2.2 | 2.4 ^c |

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 1991 prices.

^c Data to May.

^d Quarterly average, weighted by the value of goods exports and imports.

^e Average deposit rate in the financial system (net).

^f Average lending rate in the financial system.

^g Data to February.

Exports of business services are thought to have risen, however, thanks to the arrival of new businesses seeking to lower costs.

Income from family remittances totalled US\$ 489 million for the year, a 16% drop compared with the previous year. Outward remittances, mainly to Nicaragua, closed the year at US\$ 224 million, 12% less than in 2008. The financial account balance closed at US\$ 688 million, compared with US\$ 2.375 billion in 2008. However, in absolute terms this surplus was larger than the current account deficit.

Foreign direct investment inflows totalled US\$ 1.323 billion, down from US\$ 2.021 billion in 2008. Construction and tourism were particularly hard

hit by the international economic situation and, unlike in 2008, there were no major acquisitions of Costa Rican companies by companies with foreign capital.

The external balance is expected to deteriorate in 2010 —albeit considerably less than in 2008— as economic activity recovers and international fuel prices rise. Exports, which have been back in positive growth territory since November 2009, posted a year-on-year average growth of 12.5% in the first five months of 2010. Imports have picked up also, and are outpacing the growth of exports: they showed an average increase of 26.8% for the first five months of 2010. As the international economy improves in 2010, exports of services and foreign direct investment flows also should grow.