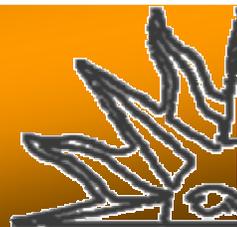


# Uruguay Sovereign Debt Report



A quarterly report issued by the Debt Management Unit

April 2015

## Highlights

- **Uruguay successfully reopened its 2050 dollar-denominated global bond, further buttressing its prefunding policy in a context of still historically low interest rates.**
- **Central Government launched its Issuance Calendar in the domestic market for the period April-September 2015, re-introducing nominal peso-denominated Treasury Notes.**
- **A new Director of the Debt Management Unit (DMU) was appointed.**

## **Global Dollar-Denominated Bond Issued**

On February 23<sup>rd</sup>, 2015, Uruguay returned to the international capital markets with an **USD1.2bn** tap of its fixed-rate, dollar-denominated Global Bond due 2050. The well-timed issuance and the strength of demand allowed Uruguay to price the transaction at a yield of **5.014%** (with a 235 bps spread), among the lowest in emerging market external issuances at comparable maturities so far this year. It is worth noting that the trade was launched without a prior marketing exercise, a reflection of the solid economic record and continuous investor engagement by the Republic.

The order-book, which was over-subscribed at USD2.0bn, received participation from accounts in US (46%), Europe (40%) and Uruguay (7%). By investor type, the majority was placed among asset managers (69%), while banks took 15%, Insurance and Pension Funds took 6%, Hedge funds 5% and Central Banks 1%, while others took 4%.

The transaction further buttressed Uruguay's external financing flexibility, increasing its liquid assets to **6.1% of GDP**— enough to cover comfortably more than a year of debt service. It also continued to extend the average time to maturity of the debt to around **15.5 years**, one of the longest in the sovereign universe. The Central Government's reserve buffers are underpinned by an additional **3.5% of GDP** in contingent credit lines with multilaterals agencies.

## **Calendar for Domestic Market Issuance, April-September 2015**

On March 18<sup>th</sup>, the Central Government announced its Issuance Calendar in the domestic market for the period April-September 2015. The Government will continue reopening the CPI-linked (UI) Treasury Notes issued on April 2014 and due on April 2020 (Series 20) and the CPI-linked (UI) Treasury Notes issued on November 2014 and due on November 2025 (Series 21). In addition, it started the issuance of a new Nominal Peso Treasury Note due 2018 (Series 7) that will work as a benchmark in the middle section of the curve.

The CPI-linked Notes will continue to be auctioned alternately each month; Nominal Peso Note will be reopened every month. The estimated nominal issuance amounts are UI 200 million and UI 120 million for the 2020 and 2025 UI Notes respectively, and UYU 750 million for the Peso Notes.

For more information please access the [Press Release](#) or visit [DMU's website](#).

## **New Director of the Debt Management Unit**

On March 2<sup>nd</sup>, Mr. Herman Kamil was appointed Director of the DMU of the Ministry of Economy and Finance of the Republic of Uruguay. Mr. Kamil holds a PhD in Economics from the University of Michigan, and worked for the last 10 years at the International Monetary Fund in Washington DC.

## Central Government Risk Indicators

(in % except where noted)

	IV.2004	IV.2005	IV.2006	IV.2007	IV.2008	IV.2009	IV.2010	IV.2011	IV.2012	IV.2013	IV.2014(*)	I.2015(*)
<b>Debt Composition by Currency</b>												
Debt in Local Currency	11	11	15	26	28	31	34	49	55	54	52	49
Debt in Foreign Currency	89	89	85	74	72	69	66	51	45	46	48	51
<b>Roll Over Risk</b>												
ATM (years) <sup>(1)</sup>	7,4	7,9	12,1	13,6	13,0	12,7	12,3	12,3	11,7	10,8	14,4	15,5
Debt due in one year	11,3	16,0	4,8	2,9	2,3	3,6	5,5	2,6	2,8	3,3	4,1	3,9
Tax Revenues /Amortization Payments	1,4	2,6	1,6	6,0	4,6	17,9	7,6	3,6	8,3	5,8	7,3	8,2 <sup>(2)</sup>
Liquid Assets CG/Amortization Payments due in one year	0,3	0,3	0,4	0,7	1,6	1,4	0,7	4,0	3,7	2,7	1,9	2,7 <sup>(3)</sup>
<b>Interest Rate Risk</b>												
Debt that refixes rate in one year	32	34	22	18	20	11	15	7	7	8	7	6
ATR (years) <sup>(4)</sup>	4,9	6,6	11,1	12,3	11,9	12,0	11,3	11,7	11,3	10,4	13,8	15,0
Duration (years)	5,6	8,0	8,9	10,5	9,9	10,3	10,4	10,2	9,8	8,8	11,3	11,5
Debt with Fixed Rate	77	78	82	83	81	91	88	94	95	95	94	94
Debt with Floating Rate	23	22	18	17	19	9	12	6	5	5	6	6
<b>Average interest rate (annual % by currency)</b>												
Dollars	6,1	7,8	7,0	7,1	7,0	6,5	6,5	6,5	6,1	5,6	5,3	5,3
Euros	6,9	6,9	6,9	6,9	6,9	6,9	6,9	6,9	5,8	5,9	5,9	5,9
Yens	2,5	2,5	2,5	2,3	2,3	2,3	2,3	1,9	1,9	1,9	1,9	1,9
Units Linked to CPI (UI)	7,1	5,4	5,3	4,4	4,3	4,3	4,3	4,2	4,0	4,0	3,9	3,9
Units Linked to Average Wage Index (UR)											2,3	2,3
Uruguayan Pesos								10,6	9,7	9,4	9,6	9,5
<b>Debt Composition by Instrument</b>												
Loans	44	40	18	17	19	21	19	15	13	10	9	9
Bonds	56	60	82	83	81	79	81	85	87	90	91	91
<b>Debt Composition by Jurisdiction</b>												
Local Market	22	22	23	21	16	16	18	25	30	29	29	27
External Market	78	78	77	79	84	84	82	75	70	71	71	73

(\*) Preliminary Data

(1) Average time to Maturity

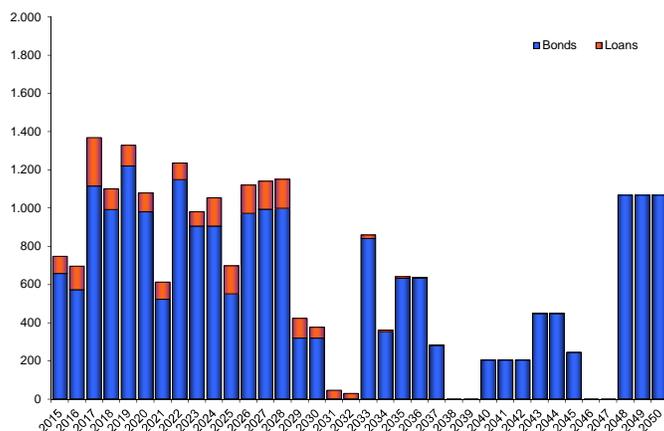
(2) 12 month period ended February 2015

(3) Amortizations of the next 12 months starting in April 2015

(4) Average time to Refix

## Central Government Debt Profile

As of March 2015  
USD Million



## Central Government Flow of Funds

USD Million

	2014(*)	2015(*)
<b>USES</b>	<b>3.253</b>	<b>2.391</b>
Interests Payments	1.297	1.290
Amortizations	1.647	1.053
Loans	113	117
Bonds	1.534 <sup>(2)</sup>	936
Others	310	49
<b>SOURCES</b>	<b>3.253</b>	<b>2.391</b>
Primary Surplus <sup>(1)</sup>	-18	100
Multilaterals Disbursements	140	130
Issuances	3.147	1.700
Others	361	230
Use of Assets (**)	-378	231

(\*) Preliminary Data

(\*\*) Positive indicates a reduction in reserves

(1) Source: Macroeconomic and Financial Advisory Unit Preliminary Estimate

(2) Includes early redemption of treasury notes and bonds as a result of local LM exercise (03/2014) plus repurchase of USD Global Bonds at LM exercise (06/2014)

**DEBT MANAGEMENT UNIT**  
CONTACT INFORMATION

☎ +598 2 1712 ext. 2957

Email: [debtinfo@mef.gub.uy](mailto:debtinfo@mef.gub.uy)

Web site: [deuda.mef.gub.uy](http://deuda.mef.gub.uy)

Herman Kamil, Director

Gabriela Billeci

Victoria Buscio

Antonio Juambeltz

Rodrigo Saráchaga

Juan Siutto