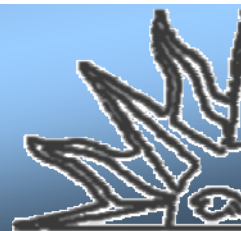


Uruguay Sovereign Debt Report



A quarterly report issued by the Debt Management Unit of the Ministry of Economy and Finance

April 2016

Highlights

- The Central Bank and the Ministry of Finance jointly established a Public Debt Coordination Committee, providing an institutional arrangement to continue coordinating debt management strategies among them.
- Uruguay signed a new contingent credit line with the IDB for USD250million.
- Fitch affirmed Uruguay's investment grade rating with stable outlook, while DBRS highlighted Uruguay's macroeconomic stability despite regional volatility.

Establishment of the Public Debt Coordination Committee

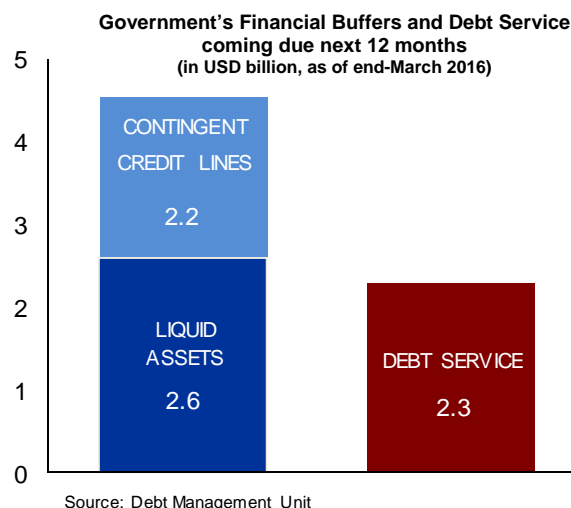
On April 6th the Macroeconomic Coordination Committee— composed of the Minister of Economy and Finance and the Board of the Central Bank— approved the establishment of the Public Debt Coordination Committee (PDCC). The new Committee will be headed by the Manager of Economic Policy and Markets of the Central Bank of Uruguay and the Director of the Debt Management Unit of the Ministry of Economy and Finance.

The PDCC will provide an institutional setting to continue coordinating debt management strategies in the local market between the Central Bank and the Government, based on consistent monetary policy and government financing goals. This framework for cooperation between institutions follows international best practices developed by the World Bank. The committee will meet at least four times a year, on March, June, September and December. Access to [Constitutive Act of the PDCC](#).

IADB approves additional USD250 million in contingent credit line to further buttress liquidity buffers

During the Inter-American Development Bank (IADB) Annual Meetings in April, Uruguay signed a new policy loan with the IADB for USD250 million, with a deferred drawdown option. Thus, the Government's total amount of contingent credit lines from multilateral institutions increased from USD2.2billion as of end-March 2016, to approximately USD2.4billion by April¹. This allows Uruguay to strengthen even further its financial safety net on the face of a volatile external environment.

The stock of liquid assets of the central government stood at USD2.6billion as of end-2016Q1, providing additional buffers that mitigate potential external shocks. Based on a conservative pre-financing strategy, the Central Government's liquid assets fully cover its debt service obligations through March 2017.



Fitch affirms Uruguay at BBB-; DBRS highlights Uruguay's stability despite regional volatility

On March 15th Fitch Ratings affirmed Uruguay's sovereign ratings at BBB- with stable outlook. According to Fitch, Uruguay's creditworthiness is supported by strong structural features in terms of social and institutional development, established external buffers and low fiscal financing risks. These factors are balanced by persistently high inflation,

¹ These are composed of USD800 million from the IADB; USD 597million from FLAR, USD520 million from the World Bank and USD500 million with CAF.

relatively high government debt and a rigid spending profile. The Republic rating could be positively impacted by a more favorable inflation trajectory and a fiscal consolidation consistent with a declining public debt trajectory. Access to [Fitch Full Rating Report](#).

On March 30th DBRS—which gives Uruguay’s a BBB(low) rating with stable outlook— released a commentary indicating that the country’s underlying trends point to economic resilience and continued political stability despite deterioration in some key macroeconomic indicators. According to DBRS macroeconomic management in Uruguay remains predictable and the economy is well positioned to weather the regional downturn without a deterioration in its credit profile. Access to [DBRS Commentary](#).

Table 1. Central Government Debt and Asset Position
(in USD million end-period)

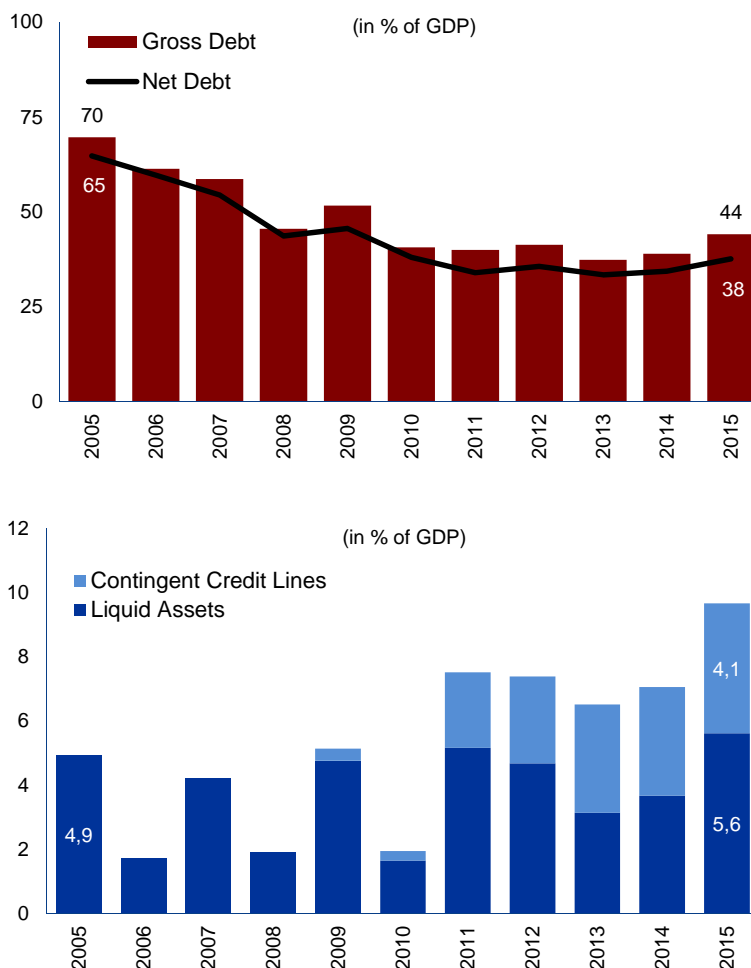
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015(*)	2016Q1(*)
Gross Debt (a)	12.121	12.046	13.767	13.839	16.376	16.375	19.199	21.191	21.520	22.346	23.581	23.218
Total Assets	858	335	985	580	1.891	1.046	2.886	2.935	2.285	2.635	3.446	2.866
<i>Liquid Assets</i>	858	335	985	580	1.509	663	2.477	2.395	1.802	2.104	3.001	2.597
Net Debt	11.263	11.711	12.782	13.260	14.485	15.329	16.313	18.256	19.235	19.711	20.135	20.353
Contingent Credit Lines	0	0	0	400	120	120	1.130	1.390	1.940	1.940	2.167	2.167
<i>Memo Item: Nominal GDP (in USD)</i>	17.403	19.630	23.468	30.387	31.703	40.263	47.997	51.229	57.483	57.276	53.461	(b)

(*) Preliminary

(a) Includes all financial obligations of the Central Government to private and public agents.

(b) To be released by the Central Bank in June 2016.

Figure 1. Central Government Debt and Financial Buffers



Source: Debt Management Unit

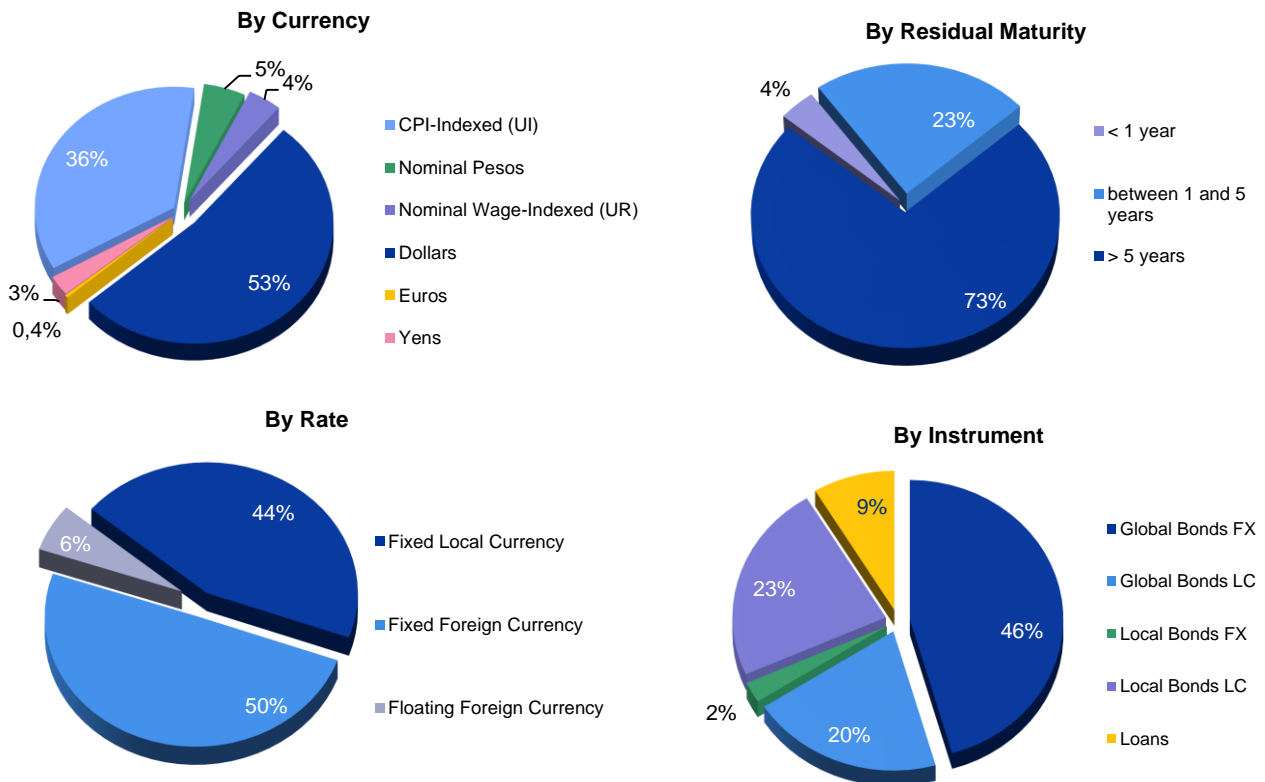
Table 2. Composition of Central Government Debt
(in % of total, end-period)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015(*)	2016Q1(*)
<i>By Currency</i>												
Foreign Currency (FX)	88	85	74	72	69	66	51	45	46	48	55	56
Dollars	68	77	65	64	63	59	44	40	42	45	52	53
Other	21	8	9	8	7	7	6	5	4	3	3	3
Local Currency (LC)	12	15	26	28	31	34	50	55	54	52	45	44
Nominal Pesos	0	0	0	0	0	0	7	9	8	5	6	5
CPI-Indexed (UI)	12	15	26	28	31	34	43	46	47	42	35	36
Nominal Wage-Indexed (UR)	0	0	0	0	0	0	0	0	0	5	4	4
<i>By Residual Maturity</i>												
Short-Term (less than one year)	16	5	3	2	4	6	3	3	3	4	3	4
Medium and Long Term	84	95	97	98	96	94	97	97	97	96	97	96
<i>By Rate</i>												
Fixed (1)	78	82	83	81	91	88	94	95	95	94	94	94
Floating	22	18	17	19	9	12	6	5	5	6	6	6
<i>By Instrument</i>												
Bonds	60	82	83	81	79	81	85	87	90	91	91	91
Loans	40	18	17	19	21	19	15	13	10	9	9	9
<i>By Jurisdiction Issued</i>												
Local Market	22	23	21	16	16	18	25	30	29	29	26	25
Foreign Market	78	77	79	84	84	82	75	70	71	71	74	75

(*) Preliminary

(1) Includes local currency securities issued at fixed real rate

Figure 2. Breakdown of Central Government Debt
(As of end-March 2016)



Source: Debt Management Unit

Table 3. Central Government Debt Indicators
(in %, except where noted; end-period)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015(*)	2016Q1(*)
<i>Roll-Over and Liquidity Risk</i>												
Average Time to Maturity (in years)	7,9	12,1	13,6	13,0	12,7	12,3	12,3	11,7	10,8	14,4	14,4	14,6
Share of debt due in one year	16,0	4,8	2,9	2,3	3,6	5,5	2,6	2,8	3,3	4,1	2,6	3,9
Liquid Assets /Amortization due in one year	0,3	0,4	0,7	1,6	1,4	0,7	4,0	3,7	2,7	1,9	4,8	2,9
<i>Interest Rate Risk</i>												
Duration (in years)	8,0	8,9	10,5	9,9	10,3	10,4	10,2	9,8	8,8	11,3	10,6	10,8
Share of debt that refixes in one year	33,7	21,9	18,1	20,0	10,6	15,1	6,6	6,6	8,3	7,3	6,3	7,4
Average Interest Rate												
Dollars	7,8	7,0	7,1	7,0	6,5	6,5	6,5	6,1	5,6	5,3	5,1	5,2
Euros	6,9	6,9	6,9	6,9	6,9	6,9	6,9	5,8	5,9	5,9	5,9	5,2
Yens	2,5	2,5	2,3	2,3	2,3	2,3	1,9	1,9	1,9	1,9	1,9	1,9
Nominal Pesos							10,6	9,7	9,4	9,6	12,8	13,3
CPI-Indexed (UI)	5,4	5,3	4,4	4,3	4,3	4,3	4,2	4,0	4,0	3,9	4,0	4,0
Nominal Wage-Indexed (UR)										2,3	2,3	2,3

(*) Preliminary

Figure 3. Central Government Redemption Profile, by Instrument
(As of end-March 2016, in USD Million)

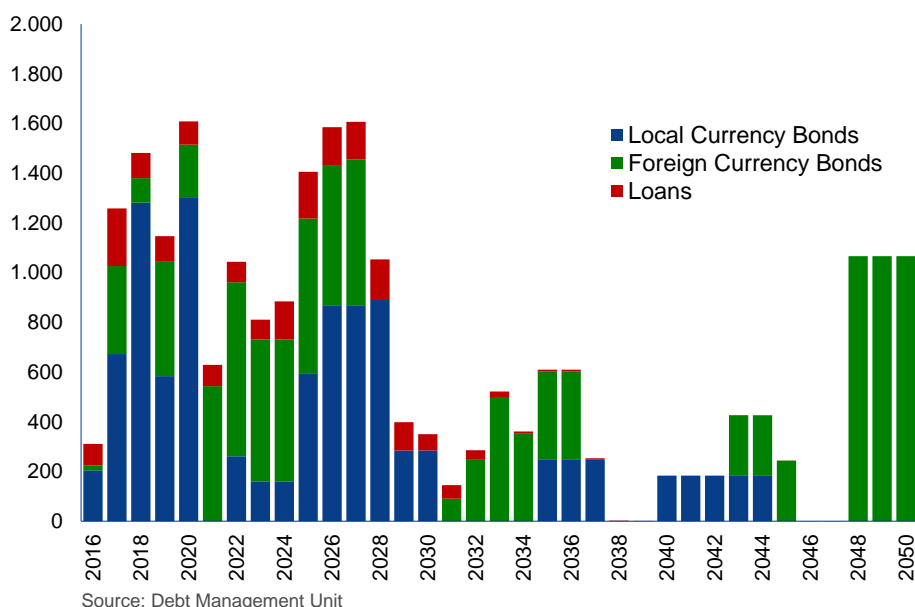


Table 4. Central Government Flow of Funds
(in USD Million)

	2015(*)	2016(*)
USES	3.519	2.257
Interests Payments	1.271	1.374
Amortizations	1.640	584
Loans	115	85
Bonds	1.525	498
o/w Prepayments	605	0
Primary Deficit ⁽¹⁾	265	250
Others	344	49
SOURCES	3.519	2.257
Multilaterals Disbursements	136	500
Bond Issuance	4.157	1.750
Others	227	128
Use of Assets (**)	-1.001	-121

(*) Preliminary

(**) Positive indicates a reduction in reserves.

(1) Source: Projection from the Macroeconomic and Financial Advisory Unit (MEF).

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