Rating Report

Report Date:
May 27, 2016

Previous Report:
May 29, 2015

Insight beyond the rating.

Oriental Republic of Uruguay

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Ratings

Issuer	Debt Rated	Rating	Trend
Uruguay, Oriental Republic of	Long-Term Foreign Currency– Issuer Rating	BBB (low)	Stable
Uruguay, Oriental Republic of	Long-Term Local Currency– Issuer Rating	BBB (low)	Stable
Uruguay, Oriental Republic of	Short-Term Foreign Currency – Issuer Rating	R-2 (middle)	Stable
Uruguay, Oriental Republic of	Short-Term Local Currency – Issuer Rating	R-2 (middle)	Stable

Rating Rationale

Uruguay's credit fundamentals are supported by highly effective debt management, strong public institutions, and ample external buffers. Counterbalancing these strengths are limited fiscal flexibility, persistently above target inflation, and exposure to external developments. The Stable trends reflect DBRS's view that risks to the outlook are broadly balanced.

Reducing fiscal deficits and aligning inflation with official targets could put upward pressure on the ratings. Authorities constrained primary spending and significantly tightened monetary policy over the last year to confront fiscal and price pressures associated with external shocks. While results are not yet evident in headline data, consolidating fiscal accounts in a durable manner and re-anchoring inflation expectations within the target band would be credit positive. In contrast, downward pressure on the ratings could occur if external buffers erode and weaken Uruguay's resilience to adverse shocks.

Real economic growth decelerated to 1.0% in 2015, from an average of 5.4% from 2004-2014. The slowdown was due to less favorable external conditions and less dynamism in domestic demand. Economic stagnation in Argentina, a deep and protracted recession in Brazil, decelerating growth in China, and rising interest rates globally affected Uruguay via trade and financial channels. Weak external demand spilled over to the domestic economy. Gross fixed capital formation contracted by 8.2% last year and unemployment reached 8.0% in February 2016, up from 7.1% a year earlier. The government adjusted its growth projections downward in May 2016 and now expects growth of 0.5% this year and 1% in 2017. (Continued on page 2)

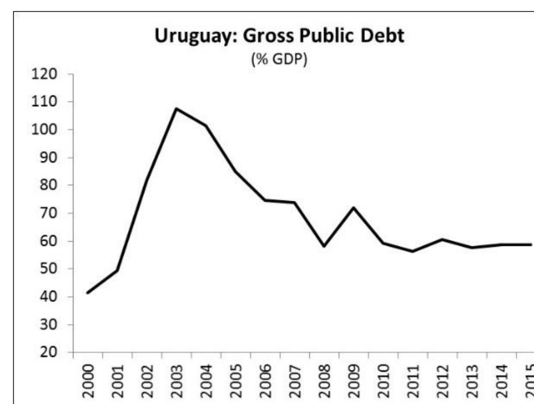
Rating Considerations

Strengths
(1) Effective debt management
(2) Strong public institutions
(3) Ample external buffers

Challenges
(1) Limited fiscal flexibility
(2) Above target inflation expectations
(3) Risks from external volatility

Summary Statistics

For the year ended December 31	2014	2015	2016F	2017F
Nominal GDP (US$ billions)	57.2	53.5	53.1	54.9
GDP per capita (US$)	16,725	16,642	15,506	15,977
Real GDP (% change yoy)	3.2	1.0	0.5	1.0
Unemployment rate (EOP %)	6.5	7.4	7.8	7.6
Inflation (year end, %)	8.1	9.4	9.1	8.1
Current account balance (% GDP)	-4.6	-3.6	-3.9	-3.7
External debt (% GDP)	49.1	53.6	na	na
Public sector balance (% GDP)	-3.5	-3.5	-3.1	-2.9
Public sector primary balance (% GDP)	-0.6	0.0	0.1	0.3
Public sector gross debt (% GDP)	58.6	58.7	62.2	62.6
Human Development Index	0.793	na	na	na



Source: 2016 Public sector debt, fiscal balances, and Real GDP: government projections. All other forecasts: IMF WEO April 2016

Rating Rationale (Continued from page 1)

Uruguay's ratings are anchored by strong public institutions and effective public debt management. The country ranks first, second, or third in Latin America on various social and institutional stability indices, including the World Bank governance indicators and the Economic Freedom Index. Furthermore, skillful debt management strengthens the sovereign credit profile. Rollover risk is contained because redemptions are low and liquid assets are high. Uruguay has a long average maturity profile of 15 years. Treasury cash and precautionary credit lines with multilateral organizations totaled 9.7% of GDP as of April 2016, well in excess of the 4.3% of GDP in debt servicing coming due over the next 12 months. Uruguay has taken advantage of favorable market conditions, evident by two large dollar denominated debt issuances last year.

Despite economic weaknesses among key global and regional partners, lower export prices, and global financial volatility, external accounts have improved. The current account deficit moderated in 2015 to 3.6% of GDP. As a net energy importer, the lower price of oil has offset the decline in the price of some agricultural exports. As such, the terms of trade has been improving since mid-2014, unlike the large term of trade shock experienced by many of Uruguay's regional peers. In the year to April 2016, reserves fell by $4.8 billion, as the central bank used reserve assets to reduce its monetary liabilities and intervene in the foreign exchange market to smooth peso depreciation. The currency still proved an effective shock absorber, declining 28.9% against the dollar from January 2015 to March 2016. At $13.9 billion in reserve assets, or 24% of GDP, the government maintains ample reserve coverage to manage further external shocks.

Uruguay has limited fiscal space to support the economy without altering stable public sector debt dynamics. The consolidated public sector deficit widened to 3.5% of GDP in 2014 and 2015, after average deficits of 0.9% from 2005-2011. The current administration responded to the deterioration with significant fiscal tightening in 2015. Real primary spending by the public sector contracted by 1.7%, after growing at an average pace of 8.6% from 2012-2014. Constrained public spending reflects slower growth in public sector salaries and social transfers, and a sharp reduction in capital expenditure. This was offset by higher interest costs and cyclically lower revenues. The five year budget targets a public sector deficit of 2.5% and a 1% primary surplus by 2019. DBRS views the fiscal targets as attainable, given the five year budget calls for only a 1% of GDP adjustment. However, optimistic growth assumptions in the budget could challenge compliance with fiscal targets while leaving public finances more exposed to domestic and external shocks.

Above target inflation is another main policy challenge. Annual inflation has remained well outside the central bank's current 3-7% policy band for nearly a decade. In April 2016, headline CPI reached 10.5% (y/y) and 12-month inflation expectations reached 9.6%. The recent surge in prices is the result of pass-through from peso depreciation and utility rate hikes. The central bank has countered these pressures with substantial monetary tightening. The money supply on a year-over-year basis contracted in March 2016. Beyond monetary tightening, re-anchoring of inflation expectations within the BCU policy band will likely depend on successful implementation of the new wage setting guidelines and the path of the exchange rate.

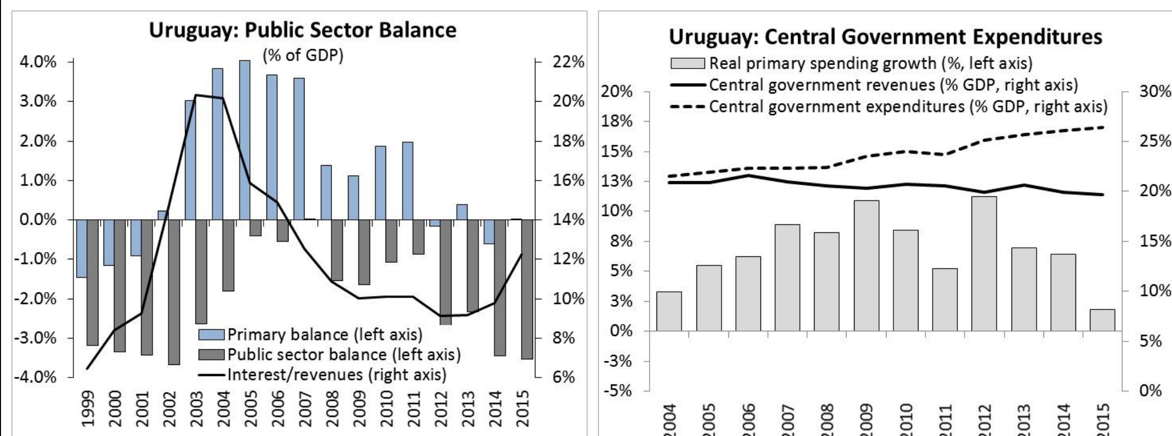
As a small, open, and commodity exporting economy, Uruguay remains exposed to an increase in external volatility. Risks stem from volatile global capital flows, abrupt shifts to the exchange rate, and weaker global and regional economic growth. Trade disruptions and economic downturns in Brazil or Argentina have directly affected economic activity through weaker demand for tourism services and lower levels of direct investment. A steeper deceleration in China or other major economies presents downside risk to the outlook through commodity price channels and through weaker real demand for exports. A sharp increase in the price of oil without off-setting increases in the price of exports could also pose a shock to the country's terms of trade.

Local and Foreign Currency Ratings

DBRS rates Uruguay's local and foreign currency ratings at the same level, in spite of the greater ability to generate revenues in local currency, because the domestic financial market is shallow. Uruguay also has accumulated a large stock of foreign currency reserves, supporting its capacity to service foreign currency debt.

Fiscal Management and Policy

The consolidated public sector balance has deteriorated in recent years. From 2005 to 2011, Uruguay's commitment to responsible fiscal policy helped lower public debt ratios and foster macroeconomic stability. Headline public sector deficits averaged 0.9% of GDP over that period, aided by reforms that broadened the tax base and improved tax administration. However, the public sector deficit was 3.5% of GDP in 2014 and 2015. The current administration has made narrowing the deficit a key priority in order to strengthen the fiscal anchor and help ease inflationary pressures.



Note: Central government revenues excludes revenues from Banco de Prevision Social and public enterprises. Central government expenditures exclude public investment. Source: Ministry of Economy and Finance, DBRS

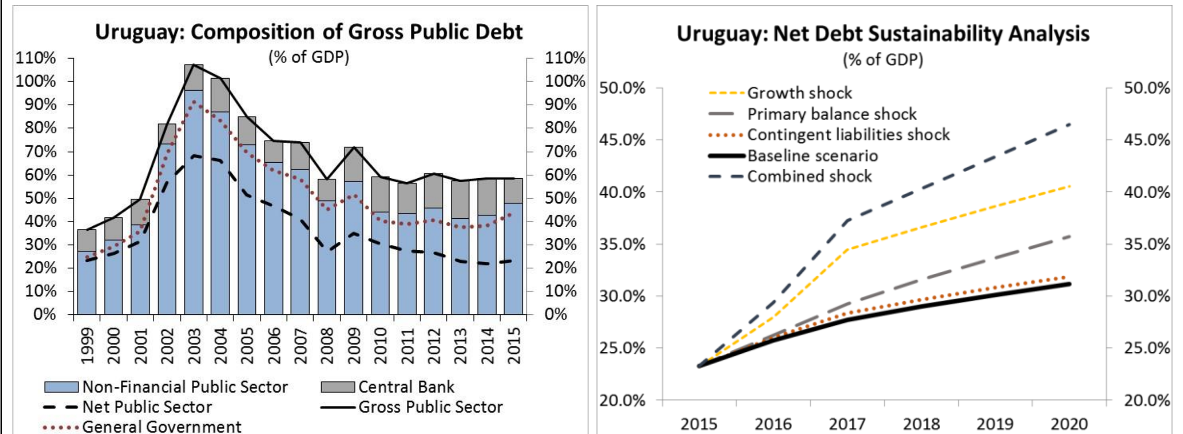
Several factors explain the deterioration in the public sector balance since 2011. Central government spending increased by 2.4 percentage points of GDP from 2011 to 2014, driven by expanded social transfer programs, pension, and healthcare costs. Furthermore, annual interest payments for the consolidated public sector increased to 3.5% of GDP in 2015, from 2.5% of GDP in 2012. The increase in interest payments was partially explained by early redemptions of central bank bills that lead to a reduction in BCU debt of around $3.2 billion last year. In contrast, central government revenues declined by 0.9% since 2011 due to cooling economic activity and the commodity price shock. Consolidation thus far has focused on lowering capital expenditures and adjusting regulated prices. Public investment fell to 2.3% of GDP in 2015, from 3.4% two years earlier.

The Vázquez administration has recognized the need to narrow the public sector deficit to ensure a fiscal anchor, reduce inflation, and sustain stable debt dynamics over the longer term. The 1.7% decline last year in real primary spending in the consolidated public sector demonstrates an effort to tighten accounts. Real growth of public sector salaries and social transfers contracted in 2015. The government's five year budget targets a public sector deficit of 2.5% by 2019. Further reduction in current spending is likely required in order to meet that target, especially given real GDP growth assumptions in the current budget are more optimistic than consensus forecasts. Real central government spending has increased above real GDP growth each year since 2003.

Debt and Liquidity

Primary surpluses, strong growth, and skillful debt management have led to an improvement in the level and composition of Uruguay's public debt since 2003. Consolidated gross public debt declined from a post-crisis peak of 107.5% of GDP in 2003 to 59.3% of GDP in 2010 and has been roughly stable since. Net debt declined slightly in nominal terms last year, but increased to 23.4% of GDP due to exchange rate effects. DBRS's debt sustainability analysis incorporates IMF medium-term projections for net debt, which are slightly more conservative than official projections. Under current assumptions, net debt rises gradually to above 30% of GDP by 2020. In DBRS's combined shock scenario, net debt could increase above 45% of GDP by the end of the decade, demonstrating the sensitivity to rising public debt from shocks. Nonetheless, debt management is prudent and rollover risk remains low.

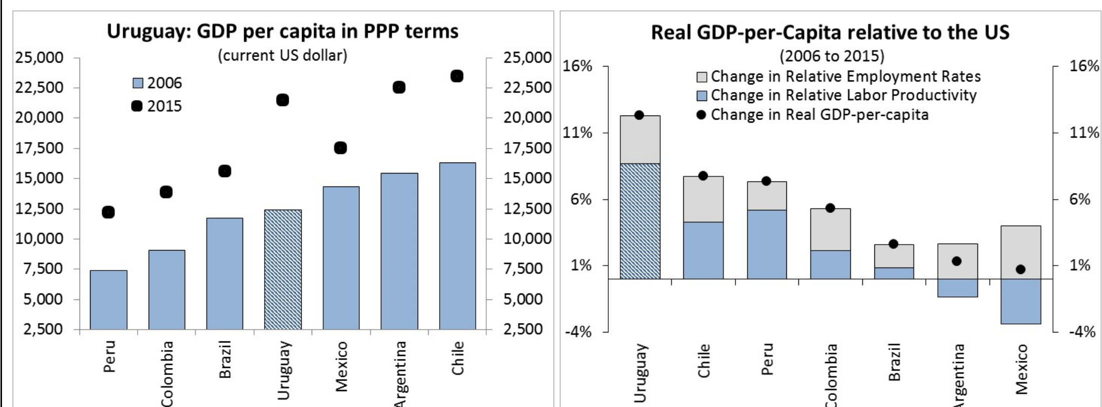
Uruguay's public debt is comparatively low when measuring general government debt as a share of GDP. This ratio includes debt from the central, state, provincial and local governments, and it strips away debt issued and held by the central bank and public companies. The DBRS calculation of general government debt increased to 43.8% of GDP in 2015, due to wider central government deficits. This measurement compares favorably against 2015 general government to GDP debt ratios of several similarly rated countries: Colombia (49%), Mexico (54%), and India (67%).



Note: Composition of gross public debt according to government data. IMF WEO net debt data used in DBRS net debt sustainability analysis. Net debt equals gross debt minus total financial assets of the public sector. Growth shock equals average -1.5% growth for two years and average annual 2.2% growth thereafter. The primary balance shock includes average primary deficits of 1% for three years due to fiscal slippage or discretionary easing, as well as permanent fiscal underperformance of 0.5% of GDP. Contingent liability shock assumes new public liabilities equal to 2% of bank claims. Combined shock includes all three scenarios.
Source: Ministry of Economy and Finance, BCU, IMF, Haver, DBRS

Uruguay has ample funding flexibility in the event of market turbulence. Rollover risk is contained because redemptions are low and liquid external assets are high. The average debt maturity profile increased to 14.6 years as of the first quarter of 2016. The government pre-finances itself 12-18 months ahead and holds ample reserves to manage external shocks. Treasury cash and precautionary credit lines with multilateral organizations totaled 9.7% of GDP as of April 2016, including a recently announced credit line with the Inter-American Development Bank for $250 million. The large liquidity buffer is well in excess of the 4.3% of GDP in debt servicing coming due in 12 months. Uruguay also benefits from favorable market access, evident in two large dollar denominated debt issuances last year. In October 2015, the Treasury placed a $1.7 billion (3.2% of GDP) bond maturing in 2027 at a yield of 4.38%.

Economic Structure and Performance



Note: GDP per capita in PPP terms: IMF estimates Source: IMF, The Conference Board Total Economy Database, Haver, DBRS.

Favorable levels of foreign investment and technological advances over the last decade have contributed to a substantial increase in growth, productivity, and real incomes. Growth expanded by an average rate of 5.4% from 2004-2014 in the context of favorable commodity prices and strong regional and domestic demand. This

performance was also the result of prudent macroeconomic policies, higher rates of investment, and increasing competitiveness in the agriculture sector. Since the 2003 low of 15.2%, total investment significantly increased to average 21.1% of GDP from 2008 to 2015. Likewise, real per capita income more than doubled since the 2002 crisis. In current purchasing parity terms, GDP per capita reached $21,506 in 2015. Relative to the U.S., per capita GDP advanced at the fastest rate among Latin American peers largely due to increased labor productivity.

However, growth at the trend level is unlikely to be sustained given the weaker global and regional growth outlook, lower commodity prices, and tight fiscal and monetary policy. Real growth declined to 1.0% last year. Private sector consumption was flat, after growing 3.0% in 2014, and gross fixed capital formation contracted by 8.2%. As resource investment slowed, construction contracted for the first time in a decade. Consistent with economic deceleration, the unemployment rate increased to 8.0% in March 2016, up from 6.6% in January 2015. The government adjusted its growth projections in May 2016 and expects growth of 0.5% this year and 1% in 2017, down from previous estimates of 2.5% and 2.8%, respectively.

While the Uruguayan economy has diversified in recent years, it is nonetheless affected by the regional slowdown via the trade and financial channels. The Brazilian economy is forecast to contract 3.8% this year, after 3.8% negative growth in 2015. Exports to Brazil represent roughly 15% of Uruguay's total goods exports and contracted by 30% last year as a result of price effects and weaker demand. Growth in the Argentine economy was flat in 2015 and is expected to contract by 0.5% to 1% in 2016. A quarter of Uruguay's inward FDI and over a half of tourism receipts flow from Argentina. Yet, a successful macroeconomic adjustment in Argentina could be beneficial to Uruguay in the coming years, given the service and financial sector links between both countries.

The diversification of Uruguay's exports by product and geography makes Uruguay more resilient than in the past. Large FDI inflows have contributed to a structural transformation of Uruguay's exports, particularly in the agriculture sector. Uruguay has benefited from its comparative advantage in traditional sectors such as beef and dairy products while rapidly expanding into new markets such as soy, rice, and other cereals. These products are set to benefit from China's medium-term plan to rebalance its economy towards consumption. Roughly a fifth of total trade is with China. The development of the pulp and paper industry has also broadened the export base. Brazil and Argentina accounted for 46% of Uruguay's total goods exports in 1995. Today they account for just 20%.

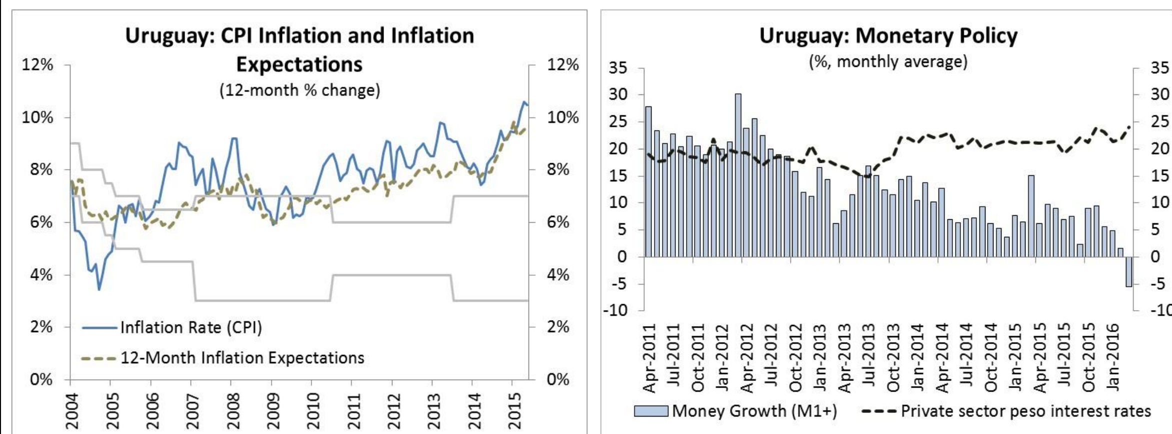
Monetary Policy and Financial Stability

The central bank has thus far been unsuccessful in lowering the inflation rate, despite significant monetary policy tightening. Headline CPI has averaged around 8% (y/y) since mid-2007, well outside the current 3-7% policy band. In each month since February 2016 annual inflation registered above 10%. Inflation expectations for the next 12 months, which reached 9.6% in April 2016, still appear to be anchored in the single digits. A successful re-anchoring of prices within the BCU policy band will likely depend on continued monetary tightening and successful implementation of the new wage setting guidelines.

The BCU announcement in June 2013 of a reformulated inflation target coincided with tighter financial conditions. The BCU replaced the interest rate target with a money supply – plus saving deposits (M1+) – growth target. From 2007-2013, the money supply (M1+) increased by 20% each year. Several factors placed upward pressure on prices during this period, including: rising public expenditures, wage indexation and strong domestic demand growth. Since mid-2013, the trend has been of substantial monetary contraction. Annual M1+ increased by an average of 7.5%, including a 5.5% y/y contraction in March 2016. As a result of the tightening, the average private sector interest rates on peso denominated transactions increased to 24% as of March 2016, up from roughly 15% prior to the change in the framework. During its April 2016 Monetary Policy Committee (COPOM) meeting, the BCU reduced the target growth rate of nominal money supply to 4-6% for 2Q16, from 7-9% in 1Q16, signaling an even tighter monetary stance.

Inflation expectations appear anchored in the single digits. While headline CPI increased to 10.5% in April 2016, the IMF expects inflation to decline to 9.1% by the end of 2016, as pass-through price affects from the depreciating peso ease. On previous occasions when headline price results approached or exceeded 10%, authorities resorted to price control agreements on basic goods with retailers. The government's new wage

setting guidelines propose increases set in nominal terms, with adjustments made every two years. Previous rounds focused on wages set in real terms and adjustments occurred (semi)annually. The proposed guidelines are expected to help reduce wage inertia that contributes to persistent inflation.



Note: Private sector interest rate: average interest rate for firms and families borrowing in UYU. Source: INE, BCU, Haver, DBRS

High dollarization and low financial intermediation are challenging features of the Uruguayan financial system. Dollarization blunts the effectiveness of monetary policy. The BCU has no control over dollar interest rates and less ability to affect aggregate savings and demand through changes in the local money supply. Dollarization also creates potential exchange rate and liquidity risks. The share of dollarized credit to total loans in Uruguay reached 61%, and the share of total dollarized deposits amounted to 81%, according to latest IMF data. Furthermore, credit extension is shallow. Private sector credit amounted to only 25% of GDP as of February 2016. This reflects limited availability and utilization of financial services when compared against average credit extension of 32% of GDP among Pacific Alliance countries (Colombia, Chile, Peru and Mexico).

The Uruguayan financial system is in a healthy position to withstand external shocks. The banking system is small, liquid, and well capitalized with a very low level of non-performing loan. Prudential measures include higher reserve requirements on foreign currency deposits, higher capital requirements on foreign currency credit, and strengthened surveillance of systemic macro-financial risks. Non-resident deposits, which were a source of vulnerability in the past, also remain at low levels. At the onset of the Argentine crisis in 2001, non-resident deposits accounted for 41% of total deposits. Since then, the level of non-resident deposits has remained stable at roughly 16% of total deposits and is more than matched by banks' liquid foreign currency assets and reserve requirements.

Balance of Payments

Uruguay's diversified export base, weaker demand for imports, and cheaper energy import costs have facilitated an adjustment in the external accounts. The decline in capital goods and energy imports, as well growth in pulp exports, have managed to offset the decline of key commodity prices and the decline in the service balance from less Argentine tourism. Main external risks stem from volatile global capital flows and weaker global and regional economic growth. The economy is nonetheless cushioned from an external shock by reserve buffers.

Weaker demand for imports and an improving terms of trade facilitated the recent external adjustment. The current account deficit widened since 2010 due to a variety of factors. These include weaker export performance as well as higher than normal capital and energy imports to satisfy resource related investments. The deficit nearly reached 6% of GDP in early 2014. In response to changes in international finance conditions, the peso weakened to $32 pesos per dollar as of April 2016, from $23 two years earlier. Despite the nominal depreciation, exports contracted by 15% in 2015. This was because of weaker external demand and lost competitiveness compared to the currency movements of Uruguay's main trading partners. In real trade-weighted terms, the peso has been unchanged in the two years to April 2016, due to larger depreciations of the Argentine peso and the Brazilian real. Meanwhile, imports fell by 17% in 2015, reflecting the decline in oil and energy prices and a moderation of imported capital goods for domestic investment. The current account deficit narrowed to 3.6% of GDP last year and is primarily financed by FDI inflows equivalent to 3.0% of GDP.

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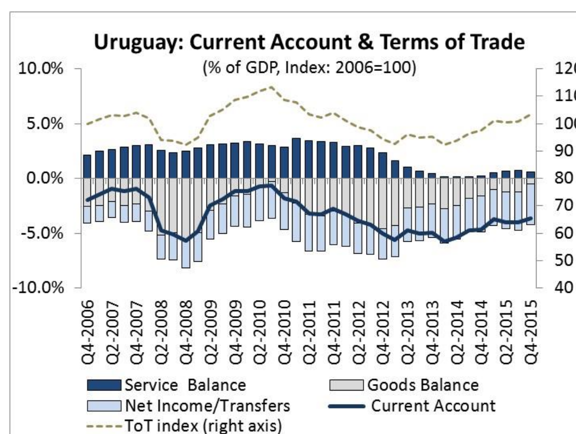

Source: BCU, Haver, DBRS

The main downside external risks stem from trade, tourism, and investment channels. Real average growth of Uruguay's main trading partners (Argentina, Brazil, EU, USA, China, and Chile) slowed to 2.5% in 2012-2015, down from 5.6% during 2004-2008. As a result of slower demand growth and lower commodity prices, the average annual growth of Uruguay goods exports fell to 2.2% from 25.7% over the same periods. Furthermore, tourism and travel account for 10% of Uruguay's GDP. Despite stronger tourism receipts in 2015, total tourism was still down roughly 20% in 2014 from the 2011 peak. Likewise, the regional and global slowdown affects direct investment, which declined by 28% in 2014. FDI from Argentina accounts for nearly a third of the total, and inflows declined by 37% from 2012 to 2014. Nonetheless, the removal of spending restrictions by the new Macri administration could improve tourism and FDI inflows from Argentina.

While Uruguay growth remains sensitive to external factors, geographical and product diversification have reduced concentration risks. Uruguay's small open economy has historically been correlated with Argentina and Brazil. They still account for a fifth of total exports, but extra-regional partners have increased in importance. Europe accounts for another 16% and the rest of the Americas 20%. China has emerged over the last decade as a vital export market with 14% of the total. Furthermore, Uruguay's export portfolio has diversified. Along with traditional meat and dairy products, crude materials like soybean has increased in significance, as well as other primary goods, cereals, agribusiness, wood & pulp products, and chemicals. Due to this diversification and the oil-price shock, Uruguay was not dealt the severe term of trade shock experienced by many of its regional partners. The terms of trade index avoided much volatility and is at roughly the same level registered a decade ago. A sharp rise in oil prices, however, could deliver a negative terms of trade shock.

The country has also built a formidable, albeit declining, reserve buffer to manage shocks. Reserves declined significantly from $18.8 billion to $13.9 billion from April 2015-2016. The increase in global interest rates increased nonresident investor outflows and pressure on the foreign exchange market. Reserve loss was the result of BCU reduction of monetary liabilities and intervention in the foreign exchange market to limit peso depreciation, which would have added greater inflationary pressure. Continued reserve losses could pose a concern. Nonetheless, the stock of international reserves equals over two times short-term debt plus the current account deficit or 14.5 months of imports and remains comfortably above standard metrics for reserve adequacy.

Political Environment

Last election:	26 October 2014 (first round), 30 November 2014 (run-off)
Next election:	October 2019
Party in power:	Coalition – Broad Front (Frente Amplio)
Senate:	Broad Front holds 15 of 31 seats
Chamber of Deputies:	Broad Front holds 50 of 99 seats
President:	Tabaré Vázquez – Broad Front

Since the 1984 general elections ended Uruguay's civic-military dictatorship, national elections have resulted in peaceful political transitions. Power has alternated between the National Party, Colorado Party, and the leftist

coalition Broad Front. The combination of a proportional representation system that encourages coalitions within the legislature and a centrist electorate provides a strong sense of stability and encourages a focus on long-term policy goals. Transparency International's 2015 Corruption Perceptions Index ranks Uruguay as the least corrupt country in Latin America and placed it as 19th least corrupt of 177 countries. Furthermore, Uruguay ranks first, second, or third in Latin America on various social and institutional stability indices, including the EIU Democracy Index, the World Bank Worldwide Governance Indicators, and the Economic Freedom Index.

The basic pillars of macroeconomic and social policy enjoy broad support across the political spectrum. Former president Tabaré Vázquez of the Broad Front (2005-2010) took office for a second term in March 2015. The administration has expanded social programs without deviating excessively from the stable macroeconomic policy mix in the last decade. The Vázquez administration nonetheless acknowledges the need to narrow the public sector deficit to ensure a fiscal anchor, reduce inflation, and sustain stable debt dynamics.

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Uruguay: Selected Indicators

For the year ended December 31 (US$ billions unless otherwise noted)	2010	2011	2012	2013	2014	2015
Public Sector Debt						
Pubic Sector Debt	23.9	27.0	31.1	33.1	33.5	31.4
% GDP	59.3%	56.4%	60.6%	57.5%	58.6%	58.7%
Non-Financial Public Sector Debt	17.8	20.8	23.5	23.8	24.5	25.6
% GDP	44.2%	43.4%	45.7%	41.4%	42.8%	47.8%
Net Public Sector Debt	12.3	13.2	13.7	13.3	12.5	12.5
% GDP	30.5%	27.5%	26.6%	23.1%	21.9%	23.4%
Domestic Debt						
Public Sector	10.7	12.6	14.5	15.1	14.6	12.5
% GDP	26.6%	26.3%	28.2%	26.2%	25.5%	23.3%
External Debt						
Public Sector	13.2	14.4	16.7	18.0	19.0	18.9
% GDP	32.7%	30.1%	32.5%	31.4%	33.1%	35.4%
Private Sector	5.2	3.9	4.3	4.6	5.0	5.2
% GDP	13.0%	8.2%	8.4%	8.1%	8.7%	9.7%
Total External Debt	18.4	18.3	24.0	26.5	28.1	28.7
% GDP	45.7%	38.3%	46.8%	46.1%	49.1%	53.6%
Fiscal Balances (% GDP)						
Non-Financial Public Sector Revenues	29.1%	28.1%	27.7%	29.5%	29.0%	28.9%
Non-Financial Public Sector Expenditures	27.5%	26.4%	27.9%	29.1%	29.3%	28.7%
Public Sector Interest Payments	2.9%	2.8%	2.5%	2.7%	2.8%	3.5%
Public Sector Interest Payments (% Revenues)	10.1%	10.1%	9.1%	9.2%	9.8%	12.3%
Public Sector Primary Balance	1.9%	2.0%	-0.2%	0.4%	-0.6%	0.0%
Global Public Sector Balance	-1.1%	-0.9%	-2.7%	-2.4%	-3.5%	-3.5%
Balance of Payments & Liquidity						
Current Account Balance	-0.7	-1.3	-2.6	-2.9	-2.7	-1.9
% GDP	-1.8%	-2.7%	-5.1%	-5.0%	-4.6%	-3.6%
Trade Balance (% GDP)	1.6%	0.3%	-2.3%	-1.9%	-1.3%	0.1%
Net Foreign Direct Investment (% GDP)	5.8%	5.2%	4.9%	5.1%	3.8%	3.0%
External Liquidity Ratio (%)	113.9%	107.9%	100.8%	102.6%	110.3%	108.8%
International Reserves	7.7	10.3	13.6	16.3	17.6	15.6
International Investment Position	-2.5	-4.8	-7.6	-8.4	-9.9	-10.4
% GDP	-6.1%	-10.0%	-14.8%	-14.7%	-17.4%	-19.4%
External Assets	28.8	29.1	33.0	36.4	38.2	38.7
External Liabilities	31.3	33.9	40.6	44.8	48.2	49.1

Source: Ministry of Economy and Finance, Central Bank of Uruguay, National Statistics Institute, Haver, DBRS.
Note: Public sector includes the central government, public companies, local governments, and the Central Bank of Uruguay. Non-financial public sector includes the central government, public companies, and local governments. Net public sector debt is gross public sector liabilities minus liquid financial assets. External liquidity ratio = (International reserves + Exports of goods, services and income + Net transfers) / (Amortizations + Short-term external debt + Imports of goods, services and income).

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Ratings History

Issuer	Debt Rated	Current	2015	2014	2013
Uruguay, Oriental Republic of	Long-Term Foreign Currency Debt – Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Uruguay, Oriental Republic of	Long-Term Local Currency Debt – Issuer Rating	BBB (low)	BBB (low)	BBB (low)	BBB (low)
Uruguay, Oriental Republic of	Short-Term Foreign Currency Debt – Issuer Rating	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)
Uruguay, Oriental Republic of	Short-Term Local Currency Debt – Issuer Rating	R-2 (middle)	R-2 (middle)	R-2 (middle)	R-2 (middle)

Notes:
All figures are in US Dollars unless otherwise noted.

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