Uruguay *in focus*

A quarterly bulletin issued by the Debt Management Unit of the Ministry of Economy and Finance **January 2019**

KEY HIGHLIGHTS

- **The Uruguayan economy grew 2.1% YoY in real terms in 2018Q3, expanding 2.3% on average in the first three quarters of 2018.**
- **The current account of the balance of payments posted a deficit of 0,7% of GDP in the year ended in 2018Q3, mostly driven by a surge in repatriated and reinvested profits and dividends from inward Foreign Direct Investment.**
- **The consolidated public sector deficit was 2.7% of GDP in 2018, including the effect of transfers to the public Social Security Trust Fund.**
- **Consumer prices increased 7.96% in 2018; Central Bank lowered its target range for monetary aggregate growth.**
- **Gross debt of the consolidated public sector represented 63.7% of GDP as of September 2018, and 31% of GDP in net terms.**
- **The banking system remains well capitalized, with an excess of capital of 88% above the minimum regulatory requirement.**
- **Uruguay consolidates itself as a "*full democracy*" in the region, according to the EIU.**
- **Development Bank of Latin America (CAF), sponsored a second trust fund for up to USD 500 million to finance infrastructure projects through the domestic capital markets.**

REAL SECTOR

Economy continues to expand, albeit more moderately, amidst volatile region

The Uruguayan economy grew 2.1% in the third quarter of 2018 compared with the same period of 2017, while remaining flat in seasonally adjusted terms.

Uruguay has posted economic growth each year since 2003, and remains on track to complete its 16th consecutive year of economic expansion during 2018, amidst a challenging regional backdrop. This is the longest uninterrupted period of growth in modern times.

The government`s official growth projection for 2018 contained in the latest Annual Budget Review is 2.5%, despite a severe drought last year that led to lower yields of summer crops, particularly soybeans.

Demand and Supply Components

While consumption has continued to support domestic demand, private investment has remained sluggish and net exports turned negative.

Total consumption spending increased 2.5% in 2018Q3 YoY, driven by positive behavior of household (2.7%) and public sector (0.7%) consumption.

Gross fixed capital formation printed a decrease of 0.4% in 2018Q3 compared to 2017Q3, mostly reflecting a contraction in private investment of similar amount. In turn, public gross fixed investment remained stable.

Exports of goods and services decreased 10.4% with respect to the third quarter of 2017, caused by a drop in exported goods, and to a lesser extent, of services.

The decline in merchandise exports was driven by lower sales of soybeans, processed rice and barley malting products. In contrast, there was an increase in external sales of motor vehicles, products pharmaceuticals and the refrigeration industry.

In terms of services, there was a decrease in exports linked to receptive tourism, due to lower tourist arrivals, mainly from Argentina, compared to the same period of 2017.

Imports of goods and services expanded 3.3% in 2018Q3, led by higher imports of intermediate goods (without energy) as well as capital and consumer goods.

Production Sectors Approach

Most activity sectors registered a better YoY performance in the third quarter of 2018, with the exception of Construction and Commerce, Restaurants and Hotels. Transportation, Storage and Communications sector, Manufacturing industries and Primary Activities posted the highest rates of growth.

As regards the latter group, the value added of the agricultural activity increased 6.4% compared to the third quarter of 2017. It was the result of positive contributions from farming, livestock and forestry activities.

The Transport, Storage and Communications sector increased its real value added by 6.1%, mostly driven by communications (due to an increase in mobile data services). Transportation and storage, on the other hand, showed a weaker performance, weighed down by lower agricultural production that reduced the demand for cargo land transportation and other ancillary services.

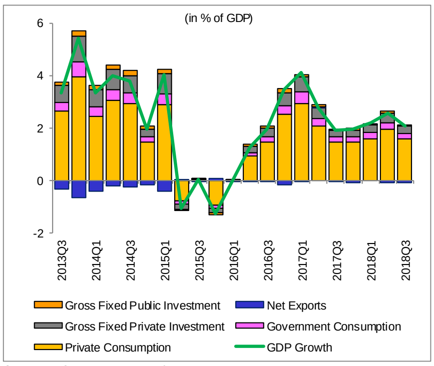
Manufacturing grew 4.6% YoY in the third quarter of 2018, in which the base effect of the oil refinery activity stood out (the plant was closed for technical maintenance last year). However, excluding this effect, the industrial activity diminished 2.4% due to negative performances in the production of cellulose pulp, rice, malt and beer.

Agriculture expansion was due to better yields in the winter harvest of wheat and barley crops. In the case of livestock, the expansion was the result of higher cattle slaughters and milk production. A severe drought in the first quarter led to lower yields of summer crops (particularly soybeans).

Construction activity weakened 0.7% YoY, showing no growth building construction and a decrease in the works related to the generation of wind energy.

Commerce, Restaurants and Hotels decreased 0.9% on a year-on-year basis. In terms of commerce, the drop was explained by a decrease in the sales of motor vehicles and motorcycles. Similarly, restaurants and hotels recorded a slowdown in its activity due to lower demand from tourists, mainly Argentinians, as well as from resident households.

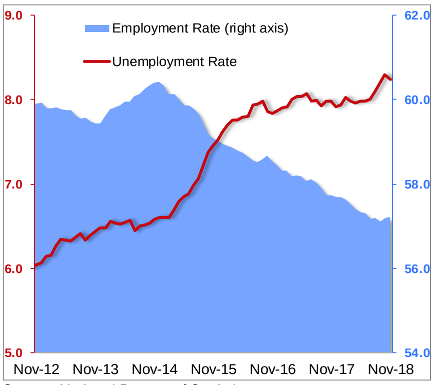
Contribution to GDP Growth by Expenditure
(On a quarterly basis)



Source: Central Bank of Uruguay

Even though the labor market has been lagging economic activity, it has started to show signs of a slight recovery. The unemployment rate reached 7.4% in November, 0.4 percentage points lower than the rate recorded in the same month of 2017, marking the lowest reading since October 2016. The activity rate increased by 0.3 percentage points, to 63.3%, while the employment rate showed an expansion of 0.5 percentage points, to 58.6%.

Unemployment and Employment Rate
(Average of last 12 months, in %)



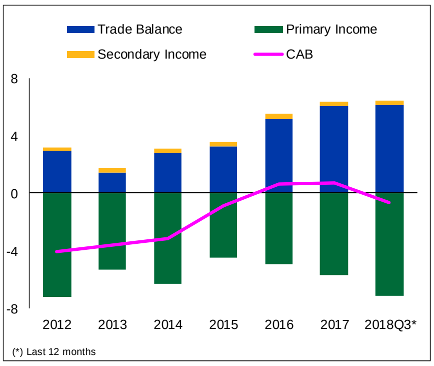
Source: National Bureau of Statistics

EXTERNAL SECTOR

The Current Account showed a 0.7% of GDP deficit in 2018Q3, driven by increase in FDI earnings

The Current Account (CA) of the Balance of Payments (BoP) posted a deficit of 0.7% of GDP in the 12 months to September 2018. This was the result of a higher Primary Income deficit, which was not fully offset by the surpluses in trade of goods and services and in the Secondary Income category.

Current Account Balance
(In % of GDP)



Source: Central Bank of Uruguay

Trade in goods (which includes merchandise and goods under merchanting) showed a surplus of USD 2.3bn, USD 0.3bn higher than a year ago. Similarly, trade in services showed a surplus of USD1.3bn, decreasing USD 77 million compared to the 12 month-period through 2017Q3. Altogether, the Goods and Services trade balance registered a surplus of 6.2% of GDP.

The deficit in the Primary Income component increased to USD 4.3 billion in the year ended on September 2018, USD 1.3 billion more than a year ago. Most of this increase owes to a strong increase in repatriated and reinvested profits and dividends for foreign-owned firms (investment income), associated with an increasing stock of inward FDI.

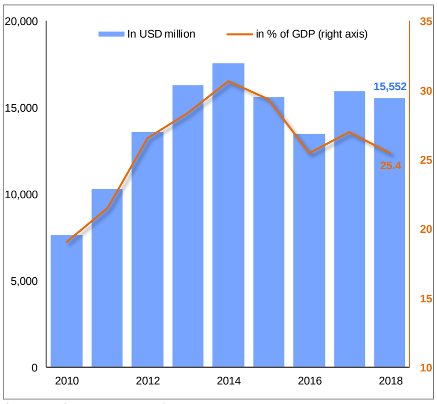
Overall, the IMF assesses that the external position is broadly consistent with fundamentals.

The Financial Account saw a net inflow of USD 1bn, mostly driven by a net indebtedness in Portfolio Investment and Other Investment.

By end-December 2018, international reserves of the Central Bank totaled USD 15.6billion (approximately 25.4% of GDP), well above the upper bound of the IMF reserve adequacy benchmark (which takes into account potential balance of payments drains, including short-term external liabilities). More importantly, these levels have remained largely stable over the last few years, with Reserves to GDP ratio consistently surpassing 25% since 2012.

In the fourth quarter of 2018, CBU intervened in the market to buy USD 219 in order to contain downward pressures on FX. Overall, during 2018 the monetary authority purchased a total of USD 1.4 billion.

International Reserves



Source: Central Bank of Uruguay

PUBLIC SECTOR

Consolidated public sector deficit stood at 2.7% of GDP in 2018, including the effect of transfers to the public Social Security Trust

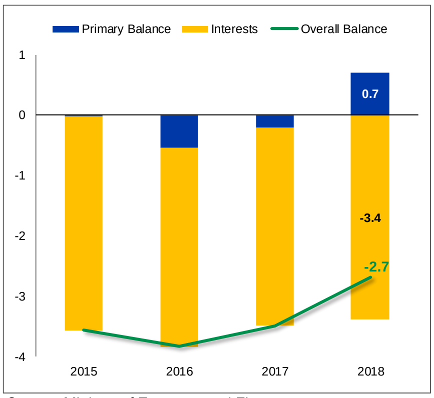
In 2018, the consolidated public sector deficit stood at 2.7% of GDP, including the effect of transfers to the public Social Security Trust Fund.

Starting in October 2018, pension funds and the state-owned insurance bank have transferred financial assets to the public social security institution for 1.3% of GDP, stemming from a new law allowing workers near retirement or recently retired, to exit the private pillar and enter fully into the public pay-as-you-go regime. This inflow of funds is recorded as public revenues, consistent with IMF methodology, and thus reduce the fiscal deficit. Nevertheless, these resources will be ring-fenced in a trust for the next six years, after which they will be used to pay for the additional pension liabilities. See here for more details.

Revenues from the Non-Financial Public Sector stood at 31.2% of GDP, keeping almost unchanged from the previous month. This increase was associated with a higher tax collection and foreign trade revenues.

In turn, the expenditures of the Non-financial public primary sector remained stable in terms of GDP (30.4%). Interest payments represented 3.4% of GDP.

Consolidated Public Sector Balance
(In % of GDP)



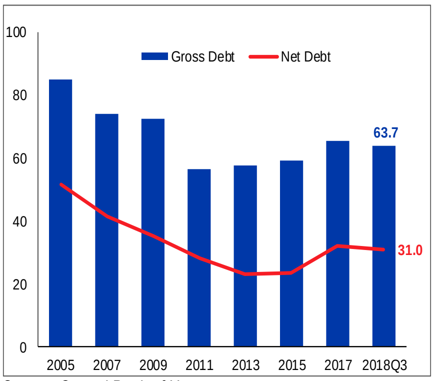
Source: Ministry of Economy and Finance

PUBLIC DEBT

Gross debt of the total public sector was 63.7% of GDP by 2018Q3, and 31% of GDP in net terms

Consolidated public sector debt printed 63.7% of GDP as of end-September 2018, while net debt stood at 31% of GDP. In terms of currency denomination, as of 2018Q3, 47% is dollar-denominated debt. External debt corresponds to 47.9% of total public sector debt.

Consolidated Public Sector Debt
(In % of GDP)



Source: Central Bank of Uruguay

As noted by the IMF, the institutional coverage of public debt differs across countries, reflecting country-specific circumstances. Uruguay's public debt refers to the consolidated public sector (as presented in the authorities' budget documentation), which includes Banco Central del Uruguay, the nonfinancial public sector, local governments, and Banco de Seguros del Estado. Uruguay is one of the few countries among emerging markets for which public debt includes the debt of the central bank, which increases recorded public sector gross debt.

INFLATION & MONETARY INDICATORS

Consumer prices increased 7.96% in 2018; CB lowers monetary growth target range

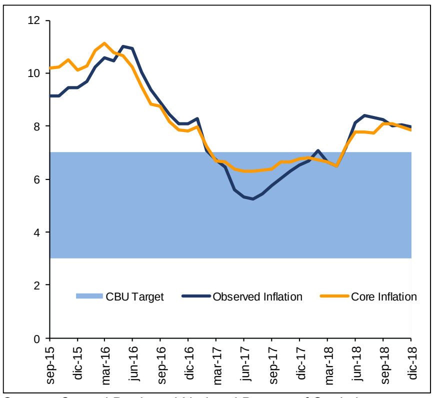
In December, consumer prices showed a reduction of 0.38% according to the National Bureau of Statistics, which represented a deceleration of 7.96% in headline inflation, down from 8.41% YoY observed in July 2018. The lower depreciation of the peso in the last quarter of 2018 and reversion of temporary factors in food prices contributed to dampening inflationary pressures.

Authorities' disinflation efforts also centre on reducing inertial price pressures by de-indexing wage contracts. Most of the multi-year wage agreements held in the private sector during 2018 closed in line with government guidelines —which continue to eschew indexation and will put nominal wage increases on a declining path.

In this context, the median forecast of private analysts surveyed by the Central Bank project annual inflation at 7.7% by the end of next year.

At the Monetary Policy Committee meeting held in December, the CBU reiterated its contractive stance and reduced the target range for the monetary aggregate (M1´) growth to 6% – 8% for the first quarter of 2019, from a previous indicative level of 7% - 9%. Monetary authorities based this decision on a lower-than-projected economic growth and weaker money demand associated with exchange rate fluctuations.

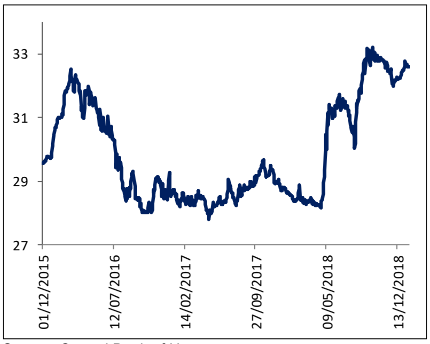
Headline and Core Inflation
(In %, last 12 months)



Source: Central Bank and National Bureau of Statistics

After peaking UYU 33.0 per dollar by mid-September —amid financial market volatility in the region— the Uruguayan peso slightly gained ground in the following weeks and closed December at UYU 32.0 per dollar. During the first month of 2019, the FX fluctuated between UYU 32 and UYU 32.7.

Nominal Exchange Rate
(Pesos per USD)



Source: Central Bank of Uruguay

BANKING SYSTEM

The banking system remains very well capitalized; state-owned Banco República achieved record profits in 2018

Despite regional turmoil, the banking sector in Uruguay has remained resilient, reflecting limited financial linkages to Argentina and enhanced macro-prudential supervision and regulation since the 2002 crisis.

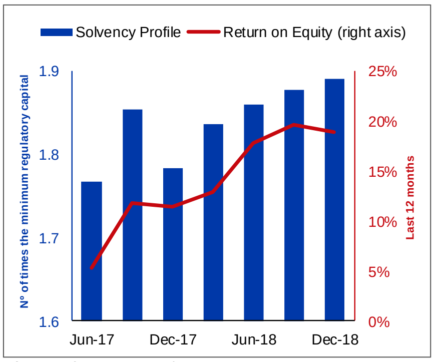
As of September 2018, the solvency profile of the financial institutions remained strong. The accumulated capital surplus is 88% above the minimum regulatory requirement adjusted for credit, market, operational and systemic risks.

Non-performing loans ratio stood at 3.7% at the end of the third quarter of the year, remaining unchanged from a year ago.

In addition, financial stress tests ran by the Superintendence showed that the banking system would support a scenario of recession maintaining an adequate equity level.

It is worth highlighting the outstanding performance of the state owned commercial bank, Banco República (BROU), which last year hit a USD 440 million profit record. BROU's equity increased 17% and ended 2018 at USD 1.8 billion, the highest ever. BROU has around 43% of market share in banking sector.

Banking System`s Solvency Profile and Return on Equity



Source: Central Bank of Uruguay

As of December, foreign currency (FX) deposits from residents remained stable at USD 18.1 billion, while non-residents' totaled USD 2.8 billion at the end of December (that is 9.8% of total deposits, assuming non-residents´ are in FX only). For its part, resident´s local currency- denominated deposits reached the equivalent of USD 7.5 million.

RECENT DEVELOPMENTS

Uruguay consolidates as a *"full democracy"* in the region during the last decade and a very transparent country in the globe

In 2018 Uruguay consolidated its position as a "*full democracy*" during the last decade, ranking in the top-20 tier, according to the 2018 Democracy Index published by the Economist Intelligence Unit (EIU).

The EIU index measures the state of democracy in 167 countries, and was first released in 2006.

The list of full democracies is made up of 20 countries, mainly European, and up until last year Uruguay was the only Latin American country to be part of it. In the 2018 publication, Costa Rica was also considered in the same category.

According to the EIU, full democracies are nations where civil liberties and basic political freedoms are not only respected, but also reinforced by a political culture conducive to the thriving of democratic principles. These nations have a valid system of governmental checks and balances, an independent judiciary system whose decisions are enforced, governments that function adequately, and in which the media is diverse and independent.

Cross-country analysis of global democracy data reveals a link between corruption and the health of democracies. Consistently, the 2018 Corruption Perceptions Index (CPI) released in January 2019 by Transparency International, ranked Uruguay as the least corrupt country in Latin America. In the Western Hemisphere, Uruguay is placed in the third place, only behind the United States and Canada.

The index offers an annual snapshot of the relative degree of corruption by ranking countries and territories from all over the globe. It ranks 180 countries by their perceived levels of public sector corruption according to experts and businesspeople.

"Our research makes a clear link between having a healthy democracy and successfully fighting public sector corruption," said Delia Ferreira Rubio, Chair of Transparency International.

CAF-backed infrastructure trust IPO to raise USD 500 million

In December 2018, the Development Bank of Latin America (CAF) sponsored a second trust for up to USD 500 million to finance infrastructure projects in the local capital markets. Moreover, CAF will co-finance 10% of the amount of indebtedness, so the actual amount available to finance infrastructure will be USD 550 million.

Among the projects to finance, the Fund will grant credits or acquire senior debt of infrastructure projects executed by Public-Private Participation (PPP concessionary or contracting companies).

This is the second fund that CAF launches for this purpose. In October 2016, the institution developed the first financial trust debt fund for the equivalent of USD 350 million. At that time, the main investors were pension funds and insurance companies.

UPM tendered for the construction of a pulp terminal in Montevideo deep-sea port

The pulp paper Company UPM recently announced that it had taken part in the international public tendering process for the construction of a specialized terminal in cellulose to be located in the port of Montevideo, for an estimated investment of up to USD 260 million.

The project involves the construction and operation of a port terminal in Montevideo city, specialized in the storage and shipping of pulp, chemicals and other inputs related to its production, It`s envisaged capacity will be approximately 2 million tons of pulp annually.

UPM`s bid for the investment project was announced in the context of the potential construction of a new pulp by the Finnish company UPM. If it comes to fruition, it would be the largest-ever private investment in the country, with positive spillover effects on industrial operations, plantations, harvesting, port operations and other related services.

As part of the memorandum of understanding between the Government of Uruguay and UPM signed in 2017, the government would promoted a concession for a terminal specialized in pulp storage in the port of Montevideo, including rail access.

Japan open doors to Uruguayan beef

After nine years of diplomatic and technical dialogue between Uruguay and Japan, the Government of Japan announced the opening of the beef market for Uruguayan meat exports.

During a visit to Montevideo in December 2018, the Japanese Prime Minister Mr. Shinzo Abe made the official announcement. Mr. Abe stressed the value of Uruguay as strategic partner for his country, two nations that share the same principles of freedom, democracy, human rights and the rule of law.

More than 80% of the lands in Uruguay are fresh pastures

Mr. Abe recognized the levels of economic growth with social development achieved by Uruguay. The Prime Minister underscored the Japanese government`s intention to actively promote trade missions, diplomatic dialogue, technical assistance and binational cooperation.

In turn, the President of Uruguay, Mr. Tabaré Vázquez, pointed out that "above the geographic distance that separates us, and the specificities of each country, Japan and Uruguay have an important way to go together and auspicious objectives to achieve".

Mr. Vázquez also said that Uruguay wants to deepen further commercial exchange. Both governments agreed to invigorate the bilateral investment protection treaty.

In 2018 beef exports achieved an annual record of USD 2 billion (representing almost 558,000 meat tonns). Almost 90% of exports of Uruguayan meat products were destined to China, US, Canada, Mexico, the European Union, the Russian Federation and Israel.

Uruguay was the first country in the world to establish mandatory traceability throughout the national territory. The main strength of the system is to offer guarantees as to cattle health controls and meat safety. The system allows the user to ensure the chain of custody, meaning it is possible to know about changes in ownership of livestock and beef all along the supply chain. This service is accompanied by all information concerning the product history, from the field to consumers.

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Uruguay **Economic Indicators**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Latest available	as of:
Economic structure and performance													
Population (mn)	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5		2017
Nominal GDP (local currency, $bn)	549	636	715	808	926	1,041	1,178	1,331	1,456	1,589	1,697	1,798	2018Q3
Nominal GDP (USDmn)	23,468	30,387	31,703	40,263	47,997	51,229	57,482	57,278	53,293	52,825	59,228	60,164	2018Q3
GDP per Capita (USD)	6,987	9,036	9,385	11,854	14,064	14,951	16,709	16,584	15,371	15,179	17,018	17,287	2018Q3
Unemployment (% of labor force, average of last 12 months)	9.2	7.6	7.3	6.7	6.0	6.1	6.5	6.6	7.5	7.7	7.9	8.2	2018M11
Real GDP (% change, YoY)	6.5	7.2	4.2	7.8	5.2	3.5	4.6	3.2	0.4	1.7	2.0	2.1	2018Q3
By Sector													
Agricultural, livestock & other primary activities	-10.0	2.2	3.5	-1.4	13.5	-0.5	2.5	0.4	-0.9	2.7	-0.8	6.1	2018Q3
Manufacturing	8.3	8.1	5.2	2.6	2.0	-3.9	1.2	4.2	4.9	0.7	-3.5	4.6	2018Q3
Electricity, gas & water	50.2	-51.1	11.6	89.3	-24.2	-21.9	54.7	15.7	-6.7	9.6	1.2	0.4	2018Q3
Construction	9.3	2.6	2.7	2.4	2.4	16.3	0.9	0.7	-6.1	-2.6	-6.0	-0.7	2018Q3
Commerce, restaurants & hotels	8.7	11.9	0.9	11.6	7.0	5.6	8.0	-0.6	-4.0	-2.8	7.5	-0.9	2018Q3
Transportation, storage & communications	16.1	30.7	14.9	15.0	10.7	10.0	6.9	7.4	4.8	8.1	8.5	6.1	2018Q3
By Expenditure													
Gross capital formation	7.4	25.0	-11.2	15.2	9.9	14.5	4.8	0.0	-9.0	-3.9	-13.8	31.3	2018Q3
Consumption	6.8	9.1	2.7	8.6	6.7	5.1	5.5	2.9	-0.2	0.4	3.6	2.5	2018Q3
Exports (goods & services)	4.8	8.5	4.5	7.2	5.8	3.6	-0.1	3.5	-0.6	-0.2	7.6	-10.4	2018Q3
Imports (goods & services)	5.9	0.0	-8.7	13.6	12.4	13.6	2.8	0.8	-7.3	-6.2	-0.4	3.3	2018Q3
Share of Nominal GDP by economic activity (in %) (1)													
Agriculture, livestock and fishing	8.5	9.2	7.9	7.2	8.8	8.1	7.6	6.7	6.1	5.9	5.2		2017
Mining	0.3	0.3	0.5	0.5	0.4	0.4	0.5	0.5	0.4	0.5	0.4		2017
Manufacturing	13.7	14.9	14.8	13.5	12.7	12.2	11.3	12.1	13.2	12.8	11.7		2017
Electricity, gas & water	3.2	0.8	1.4	3.1	1.9	1.0	2.2	2.3	2.2	2.7	2.7		2017
Construction	6.4	6.8	7.4	7.4	7.6	9.2	9.7	9.8	9.6	9.6	9.4		2017
Commerce, restaurants & hotels	13.6	14.4	14.0	13.7	13.8	13.9	13.7	13.4	13.0	13.0	14.1		2017
Transportation, storage & communications	7.8	7.5	7.2	7.1	6.7	6.5	6.0	5.7	5.6	5.4	5.4		2017
Financial & insurance services	4.8	4.3	4.3	4.3	4.3	4.4	4.4	4.5	4.6	4.8	4.7		2017
Real estate & business services	13.8	13.9	14.4	15.0	15.1	15.8	16.1	16.3	16.8	16.7	16.8		2017
Social & other services of the Government	5.1	4.9	5.2	5.1	5.1	5.0	5.0	5.1	5.0	5.1	5.1		2017
Education & health services	8.1	8.8	9.5	9.4	9.6	9.9	10.1	10.4	10.6	11.0	11.2		2017
Others	14.7	14.2	13.4	13.8	13.9	13.4	13.3	13.2	12.8	12.6	13.2		2017
Share of Nominal GDP by expenditure (in %) (1)													
Gross capital formation	19.5	23.2	19.6	19.4	20.9	22.9	22.5	21.2	19.7	17.8	15.7		2017
Consumption	81.5	81.6	79.6	79.6	79.5	80.3	80.5	80.8	80.7	80.7	81.2		2017
Exports (goods & services)	29.1	30.2	27.1	26.3	26.4	25.9	23.4	23.5	22.5	21.4	21.6		2017
Imports (goods & services)	30.1	35.0	26.3	25.4	26.8	29.1	26.4	25.5	22.9	19.9	18.4		2017

(1) Published once a year by the Central Bank.

	2012	2013	2014	2015	2016	2017	As of: 2018Q3 (last 12 months)
Balance of payments [1]							
(In USDmn)							
Current Account	**-2,071**	**-2,088**	**-1,815**	**-489**	**324**	**424**	**-408**
Goods & Services	1,504	810	1,618	1,720	2,735	3,592	3,681
Goods	305	1,077	1,985	1,307	1,916	2,109	2,333
Exports	13,055	13,277	13,769	11,145	10,379	10,779	11,586
Merchandise goods	11,030	11,360	11,443	10,013	9,126	10,016	10,072
Goods under merchanting (net)	2,025	1,917	2,326	1,132	1,253	763	1,514
Imports	12,750	12,200	11,783	9,838	8,463	8,671	9,254
Services	1,199	-267	-367	413	819	1,484	1,349
Exports	5,048	4,822	4,617	4,486	4,156	5,080	5,038
o/w Tourism	2,296	2,089	1,917	1,970	2,071	2,558	2,438
Imports	3,849	5,089	4,984	4,074	3,336	3,596	3,690
Primary Income	-3,700	-3,078	-3,614	-2,385	-2,594	-3,362	-4,301
Net repatriated profits and dividends	-1,150	-2,492	-2,588	-3,049	-2,445	-2,274	-2,259
Net reinvested earnings	-2,214	-7	-346	1,380	455	-640	-1,532
Net interest paid	-336	-579	-680	-716	-604	-447	-510
Secondary Income	125	180	181	176	183	194	212
Capital Account	**49**	**204**	**15**	**175**	**17**	**5**	**36**
Financial Account	**-1,445**	**-1,191**	**-1,582**	**-751**	**-247**	**1,692**	**-1,037**
Foreign Direct Investment	-2,175	-2,789	-2,512	-827	1,117	2,205	621
Assets accumulated abroad by residents	3,869	-2,034	1,319	1,605	619	4,797	3,391
Claims accumulated by non residents in the economy	6,044	755	3,830	2,433	-498	2,592	2,771
Portfolio Investment	-278	-1,766	-347	986	2,036	-1,896	-1,403
Assets accumulated abroad by residents	1,340	696	855	1,786	641	-1,181	-128
Claims accumulated by non residents in the economy	1,618	2,462	1,202	800	-1,395	715	1,275
Financial Derivatives	185	32	33	-303	39	-261	-219
Net Creditor Contracts	222	88	60	-295	60	-251	-200
Net Debtor Contracts	37	56	26	7	21	10	20
Other Investment	-2,464	351	-128	1,070	-1,251	-804	-635
Assets accumulated abroad by residents	-425	1,262	761	1,196	-2,845	-1,295	-22
Claims accumulated by non residents in the economy	2,039	911	889	127	-1,595	-490	613
Change in Central Bank Reserve Assets	3,287	2,981	1,372	-1,677	-2,189	2,449	600
Errors and Omissions	**576**	**694**	**218**	**-438**	**-588**	**1,263**	**-665**

(1) Based on data published by the Central Bank of Uruguay in accordance with the Sixth Edition of the IMF´s Balance of Payments and International Investment Position Manual (BPM6), in which:
(i) Current Account Balance (CAB), Capital Account Balance (KAB), Errors and Omissions (E&O) and Financial Account Balance (FAB) satisfy: CAB + KAB + E&O = FAB
(ii) "Goods under merchanting" are those goods that are bought by a resident and then sold to a non-resident, without undergoing any process of substantial transformation nor entering into the resident economy.
(iii) Regarding the Financial Account, a positive (negative) sign over an underlined entry balance means that the net acquired financial assets abroad were higher (smaller) than the net financial liabilities incurred, implying a capital outflow (inflow) for that concept.
(iv) "Change in Central Bank Reserve Assets" stands for the variation of gross international reserve assets less valuation adjustments.
(v) Revised series under new methodology starts in 2012.

	2012	2013	2014	2015	2016	2017	As of: 2018Q3 (last 12 months)
(In % of GDP)							
Current Account	**-4.0**	**-3.6**	**-3.2**	**-0.9**	**0.6**	**0.7**	**-0.7**
Goods & Services	2.9	1.4	2.8	3.2	5.2	6.1	6.1
Goods	0.6	1.9	3.5	2.5	3.6	3.6	3.9
Exports	25.5	23.1	24.0	20.9	19.6	18.2	19.3
General Merchandise Goods	21.5	19.8	20.0	18.8	17.3	16.9	16.7
Net exports of goods under merchanting	4.0	3.3	4.1	2.1	2.4	1.3	2.5
Imports	24.9	21.2	20.6	18.5	16.0	14.6	15.4
Services	2.3	-0.5	-0.6	0.8	1.6	2.5	2.2
Exports	9.9	8.4	8.1	8.4	7.9	8.6	8.4
o/w Tourism	4.5	3.6	3.3	3.7	3.9	4.3	4.1
Imports	7.5	8.9	8.7	7.6	6.3	6.1	6.1
Primary Income	-7.2	-5.4	-6.3	-4.5	-4.9	-5.7	-7.1
Net Dividends	-2.2	-4.3	-4.5	-5.7	-4.6	-3.8	-3.8
Net Reinvested Earnings	-4.3	0.0	-0.6	2.6	0.9	-1.1	-2.5
Net Interests	-0.7	-1.0	-1.2	-1.3	-1.1	-0.8	-0.8
Secondary Income	0.2	0.3	0.3	0.3	0.3	0.3	0.4
Capital Account	**0.1**	**0.4**	**0.0**	**0.3**	**0.0**	**0.0**	**0.1**
Financial Account	**-2.8**	**-2.1**	**-2.8**	**-1.4**	**-0.5**	**2.9**	**-1.7**
Foreign Direct Investment	-4.2	-4.9	-4.4	-1.6	2.1	3.7	1.0
Net Accumulation of Assets Abroad	7.6	-3.5	2.3	3.0	1.2	8.1	5.6
Net Liabilities Incurred	11.8	1.3	6.7	4.6	-0.9	4.4	4.6
Portfolio Investment	-0.5	-3.1	-0.6	1.9	3.9	-3.2	-2.3
Net Accumulation of Assets Abroad	2.6	1.2	1.5	3.4	1.2	-2.0	-0.2
Net Liabilities Incurred	3.2	4.3	2.1	1.5	-2.6	1.2	2.1
Financial Derivatives	0.4	0.1	0.1	-0.6	0.1	-0.4	-0.4
Net Creditor Contracts	0.4	0.2	0.1	-0.6	0.1	-0.4	-0.3
Net Debtor Contracts	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Other Investment	-4.8	0.6	-0.2	2.0	-2.4	-1.4	-1.1
Net Accumulation of Assets Abroad	-0.8	2.2	1.3	2.2	-5.4	-2.2	0.0
Net Liabilities Incurred	4.0	1.6	1.6	0.2	-3.0	-0.8	1.0
Change in Central Bank Reserve Assets	6.4	5.2	2.4	-3.1	-4.1	4.1	1.0
Errors and Omissions	**1.1**	**1.2**	**0.4**	**-0.8**	**-1.1**	**2.1**	**-1.1**

Uruguay — Economic Indicators

Inflation and Monetary Indicators [1]	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Latest available	as of:
Consumer inflation (% change, YoY)	8.5	9.2	5.9	6.9	8.6	7.5	8.5	8.3	9.4	8.1	6.6	8.0	2018M12
Producer inflation (% change, YoY)	16.1	6.4	10.6	8.4	11.1	9.2	6.3	10.6	6.6	-1.9	5.4	10.0	2018M12
Nominal exchange rate (UYU per USD, eop)	21.50	24.35	19.63	20.09	19.90	19.40	21.39	24.33	29.87	29.26	28.76	32.39	2018M12
Nominal exchange rate (UYU per USD, average)	23.41	20.94	22.54	20.07	19.30	20.32	20.50	23.23	27.32	30.08	28.65	30.74	2018M12
Nominal exchange rate (% change, average)	-2.5	-10.6	7.7	-11.0	-3.8	5.3	0.9	13.3	17.6	10.1	-4.8	7.3	2018M12
REER (base 100 = 2017)	163.5	151.4	135.9	135.3	126.2	111.9	109.0	108.1	108.8	99.7	101.2	93.2	2018M11
REER (% change, YoY, if + = depreciation)	24.8	-7.4	-10.2	-0.4	-6.8	-11.3	-2.6	-0.9	0.7	-8.4	1.6	-8.3	2018M11
Nominal Wages (% change, average)	13.0	15.4	12.2	11.2	13.6	12.7	12.3	12.3	9.9	11.7	9.0	8.4	2018M12
Real Wages (% change, average)	4.1	4.3	5.6	3.4	4.0	5.2	3.3	3.5	0.4	3.3	1.3	0.2	2018M12
Monetary Base (% change, YoY)	45.5	14.4	8.5	12.0	21.7	18.6	22.2	8.8	-0.2	13.6	-4.1	10.6	2018M12
M1 (% change,YoY)	31.8	17.5	11.9	28.1	19.2	9.2	13.1	1.0	5.2	6.6	10.3	6.5	2018M12
M1' (% change, YoY)	32.0	17.9	15.2	30.0	20.8	11.2	15.0	3.7	5.6	8.4	15.0	8.9	2018M12
M2 (% change, YoY)	31.0	17.3	14.9	31.0	22.1	10.3	13.7	6.4	9.0	17.6	13.3	10.5	2018M12
Overnight interbank interest rate (%, eop)	7.2	5.0	7.1	6.5	8.8	9.0	5.3	20.0	18.0	3.5	8.6	5.0	2018M12
Average short-term interest rate for local currency deposits (%)	4.4	5.4	4.9	4.8	5.5	5.2	5.1	8.5	7.9	6.0	5.3	5.5	2018M12
Total bank deposits by private Non-Financial Sector, NFS (% of GDP)	45.2	42.1	48.3	44.5	43.0	45.3	44.0	46.9	52.4	53.4	47.9	47.2	2018M12
o/w in local currency (% of total)	20.0	17.6	21.6	24.2	26.2	26.1	24.7	22.3	19.1	22.7	26.7	26.4	2018M12
in foreign currency (% of total)	80.0	82.4	78.4	75.8	73.8	73.9	75.3	77.7	80.9	77.3	73.3	73.6	2018M12
Total bank deposits by non-resident private NFS (% of GDP) [2]	7.4	8.1	9.3	7.7	6.7	7.2	6.8	7.4	8.6	6.7	4.7	4.6	2018M12
Total bank credit to resident private NFS (% of GDP)	23.5	22.9	22.8	21.4	21.6	23.9	24.0	25.1	26.9	28.3	25.7	25.3	2018M12
o/w in local currency (% of total)	40.8	45.5	47.5	48.0	45.9	47.2	45.4	44.0	43.7	45.9	48.7	48.4	2018M12
in foreign currency (% of total)	59.2	54.5	52.5	52.0	54.1	52.8	54.6	56.0	56.3	54.1	51.3	51.6	2018M12
Total bank credit to non-resident NFS (% of GDP)	0.4	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	2018M12

(1) Stocks are measured end-of-period (eop) each year.
(2) Assumes all non-residents deposits are in foreign currency

Public Finances	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	As of:
	(as % of GDP, unless otherwise indicated)												
Central Government													
Overall Balance [1]	-1.5	-1.1	-1.5	-1.1	-0.6	-2.0	-1.5	-2.3	-2.8	-3.7	-3.0	-2.1	2018M12
Primary Balance	2.3	1.8	1.2	1.3	1.9	0.3	0.9	0.0	-0.5	-1.0	-0.3	0.7	2018M12
Revenues	26.2	26.0	26.3	26.9	27.0	26.9	28.0	27.6	27.2	27.8	29.0	30.4	2018M12
o/w transfers to Social Security Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	2018M12
Expenditures	23.9	24.2	25.1	25.6	25.2	26.6	27.1	27.6	27.7	28.8	29.3	29.7	2018M12
Interests	3.8	2.9	2.7	2.4	2.4	2.3	2.4	2.3	2.3	2.7	2.7	2.8	2018M12
Interest Payments / Revenue (in %)	14.4	11.1	10.4	8.8	9.0	8.6	8.5	8.3	8.5	9.6	9.3	9.2	2018M12
Consolidated Public Sector													
Overall Balance [1]	0.0	-1.6	-1.6	-1.1	-0.9	-2.7	-2.3	-3.5	-3.6	-3.8	-3.5	-2.7	2018M12
Primary Balance of Non-Financial Public Sector, NFPS	3.7	1.5	1.2	2.0	2.0	-0.1	0.5	-0.5	0.1	-0.5	-0.1	0.8	2018M12
Revenues	28.6	26.9	27.7	29.1	28.1	27.7	29.5	29.1	29.0	29.3	29.9	31.2	2018M12
o/w transfers to Social Security Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	2018M12
Expenditures	25.3	25.8	26.9	27.5	26.4	28.0	29.1	29.5	28.8	29.9	30.0	30.4	2018M12
Primary Balance of Local Governments	0.2	0.1	0.3	0.0	0.1	-0.1	-0.1	-0.2	0.1	0.1	0.1	0.1	2018M12
Primary Balance of the state-owned insurance company	0.2	0.2	0.2	0.4	0.2	0.2	0.2	0.0	-0.3	0.0	-0.1	0.0	2018M12
Primary Balance of Central Bank	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	2018M12
Interests	3.6	3.0	2.8	2.9	2.8	2.5	2.7	2.8	3.6	3.3	3.3	3.4	2018M12
o/w Central Bank´s	-0.3	0.0	0.0	0.6	0.5	0.3	0.4	0.6	1.3	0.7	0.7	0.8	2018M12

(1) Starting in October 2018, pension funds and the state-owned insurance company have transferred assets into a public Social Security Trust Fund, following a law passed last year introducing changes to Uruguay`s pension regime.These funds are recorded as public revenues, consistent with IMF methodology. For further details, refer to footnote 2 in the January 2019 Sovereign Debt Report by clicking here.

Public Debt	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Latest available	as of:
	(as % of GDP, unless otherwise indicated)												
Central Government													
Gross Debt [1,2,3]	58.7	45.5	51.7	40.7	40.0	41.4	37.4	39.0	44.2	49.4	48.4	47.0	2018Q3
o/w in foreign currency (% of total)	73.6	72.0	69.4	65.9	50.7	44.7	45.6	48.2	54.8	54.7	49.2	53.8	2018Q4
issued internationally (% of total)	79.1	83.8	84.5	82.4	74.9	70.1	70.8	71.2	74.1	74.1	75.9	77.1	2018Q4
held by non-residents (% of total)	66.1	62.5	56.0	56.9	52.0	54.5	61.2	62.8	61.7	52.8	50.7	54.1	2018Q3
Net Debt	54.5	43.6	45.7	38.1	34.0	35.6	33.5	34.4	37.8	42.8	42.8	41.8	2018Q3
Consolidated Public Sector													
Gross Debt [3,4]	74.0	58.2	72.4	59.3	56.3	60.8	57.6	58.5	59.0	63.1	65.4	63.7	2018Q3
o/w in foreign currency (% of total)	67.8	68.1	64.3	55.3	47.9	42.6	40.1	43.9	53.8	52.8	41.5	47.4	2018Q3
held by non-residents (% of total)	63.7	60.7	55.6	53.7	52.0	52.2	53.0	54.9	57.5	51.3	46.1	47.9	2018Q3
Net Debt	41.2	27.2	35.3	31.0	27.9	27.2	23.1	21.9	23.5	30.7	32.1	31.0	2018Q3

(1) Debt figures include all loans and public securities contracted/issued by the Central Government in local and foreign currency, in both domestic and international markets, and held by private, multilateral and public-sector entities. In particular, they include Central Government securities held by the public Social Security Trust Fund.
(2) Debt to GDP ratios are reported through 2018Q3, as official GDP figures for 2018Q4 will be released by the Central Bank in March 2019.
(3) Stocks measured end-of-period.
(4) Debt figures for 2018Q4 for the consolidated public sector will be published by the Central Bank on March 2019, together with 2018Q4 GDP figures.