



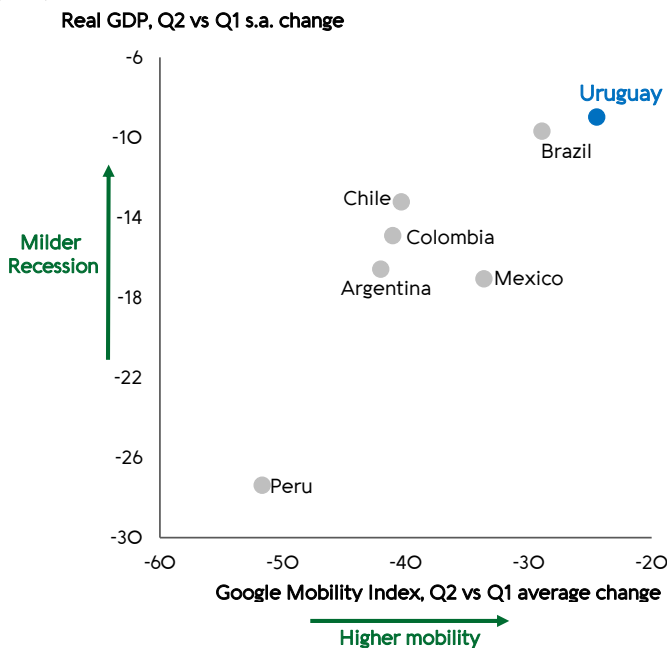
Key Highlights

- Real GDP contracted 10.6% YoY in 2020Q2 in the wake of the Covid-19 shock, yet the recessionary impact was milder than in other LATAM economies.
- The 2020 - 2024 Budget Law draft bill, submitted to Congress on August 31st, entails a revamped fiscal policy framework, including a new fiscal rule.
- The Central Bank shifts to the short-term interest rate as the monetary policy instrument under de IT regime.
- Covid-19 update: As of November 3th, 2020, there are 408 active cases in Uruguay, and 61 people have died from the illness.

I. Real Sector

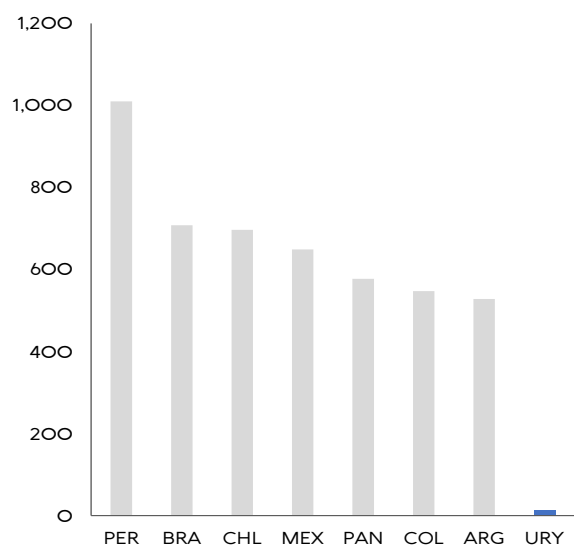
In the second quarter of 2020, the Uruguayan economy contracted 10.6% YoY in real terms, mostly owed to the Covid-19 outbreak in the country. In seasonally adjusted terms, the contraction was 9% in 2020Q2 with respect to the previous quarter. It represents the biggest drop in GDP in Uruguay since 1983, surpassing the most recent economic crisis occurred in 2002. Yet, it represents the one of the lowest contractions in the region (Figure 1), in light of an effective containment of virus contagion under less stricter lockdown measures (Figure 2).

Figure 1: GDP growth and community mobility in Latam
(In %)



Source: Google; Official national agencies

Figure 2: Covid 19-related deaths per million population
(As of October 12th, 2020)



Source: Our World in Data

1.1 Demand Components

From the expenditure side, in 2020Q2, all components showed sharp decreases YoY in real terms. Regarding domestic demand, final real consumption plunged 13.5% YoY, due to both a drop in households’ and government spending of 13.8% and 12%, respectively. Additionally, gross fixed capital formation was down by 11.7%, driven by both the private sector (-9%) and the public sector (-22.5%) dynamics.

From an external demand perspective, exports decreased 16.8% YoY in 2020Q2, explained by a drop in goods as well as services. Regarding the former, it was explained by a decrease in livestock and beef exports, while rice and cellulose pulp exports grew. Exports of services declined, mainly due to less inbound tourism in the context of closed borders.

In parallel, imports of goods and services plummeted 15.5% in the second quarter of 2020, mostly owed to the almost null tourism of Uruguayans abroad as well as the decrease in international passengers’ transport services. Furthermore, there were fewer imports of final consumption and capital goods.

1.2 Production Sectors

During 2020Q2, economic activity in all sectors declined on a YoY basis – except for transport, storage, and communications– of which it stands out the decrease in commerce, restaurants, and hotel activity.

The level of activity in commerce, restaurants, and hotels sharply declined by 31.4% in 2020Q2 in YoY terms. This happened on the back of the negative impulse from commerce both of domestic and imported goods, as well as from the considerably lower activity of restaurants and hotels during the second quarter. The latter was heavily hit by the onset of Covid-19 outbreak and the ensuing stay-at-home behavior.

The supply of electricity, gas, and water fell 14.3% YoY, due to lower generation and distribution of electricity obtained from hydraulic sources (most of which was exported to Argentina and Brazil).

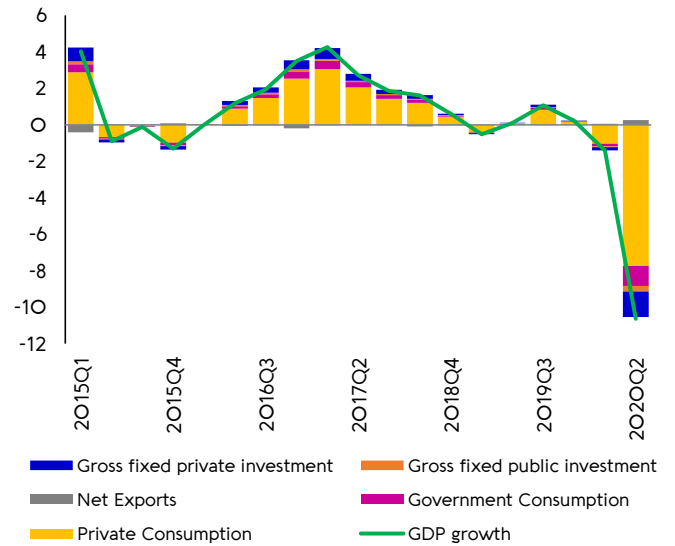
Construction activity fell 6.5% in the second quarter of 2020 with respect to the same period of the previous year. The slowdown in building construction –affected by the paid-leave of workers during April because of the state of sanitary emergency as well as the gradual resumption of work afterward – more than offset the positive contribution from infrastructure work related to the Central Railway project and UPM’s new pulp mill.

Output of primary activities contracted 4.2% in 2020Q2 (YoY), due to lower production in agriculture (mostly due to a lower soybean harvest season) and the livestock subsectors.

The manufacturing sector declined 10.8% YoY in real terms in the second quarter of 2020. This was explained by a negative contribution from the syrups and concentrates production, beverage making and textile industries, partially offset by an increase in the activity of cellulose pulp plants and, to a lesser extent, in the manufacture of cleaning and toilet products.

Finally, the Other Activities aggregate, which includes financial and insurance services, real state, social and other services of the government, education, and health services, among others, shrank 13.5% in 2020Q2 in YoY terms. Worth highlighting, is the drop in personal services (such as entertainment and housekeeping services) as well as in educational activity, given that all school classes were halted during the second quarter (only resuming in late-June) as part of the emergency measures taken to contain the epidemic.

Figure 3: Contribution to GDP Growth by Expenditure
(YoY, quarterly)



Source: Central Bank of Uruguay

Conversely, the transport and storage sector increased its value-added by 7.2%, on the wake of the expansion in the communication activity partially offset by a contraction in transport and storage. The stronger dynamism in communications was explained by the higher demand for mobile data services due to the Covid-19 sanitary crisis. On the other hand, regarding transport and storage, it highlights the negative performance of transport of passengers and, to a lesser extent, cargo transport, both due to the Covid-19 fallout.

1.3 Outlook

Leading indicators such as fuel demand and new car sales suggest that economic downdraft may have bottomed-out, and a gradual recovery is underway. Gross tax collection increased by 0.8% YoY in real terms in September, after contracting 19.2% YoY in May.

The supply and demand shocks from the virus outbreak, together with the emergency measures implemented and lower external demand, will adversely affect Uruguay's economic growth in 2020. According to the latest economic expectation survey carried out by the Central Bank, the median projection for GDP growth rate is -4.2% this year, recovering to 3.7% in 2021 and 2.5% in 2022.

National Accounts Revision

On October 29th, the Central Bank presented an updated methodology of GDP calculations adjusted to international standards. Changes include a new base year (2016) and the re-estimation of nominal GDP. Under the new base, nominal GDP of 2016 is 8.6% higher than estimates under the previous methodology (base year 2005) as new activity sectors are considered. Quarterly time series using the new base year will be released in December 2020.

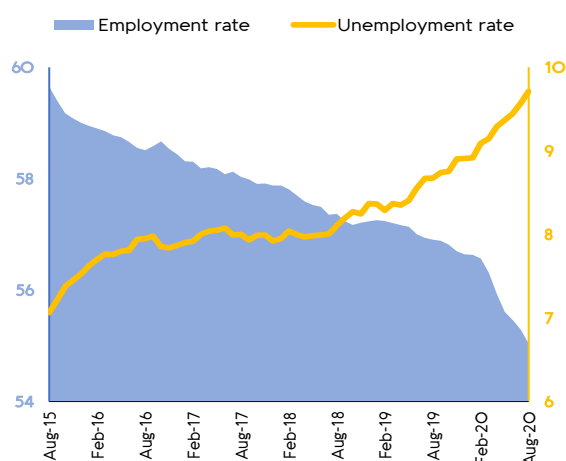
1.4 Labor Market

The unemployment rate peaked at 10.8% in August, and stood at 9.7% on average during the last 12 months (Figure 4). In addition, the employment rate was 53.6% in August (55% the 12-month period average) whereas the activity rate (that is, the share of the population that is employed or are looking for a job over working-age people) stood at 60.1% (61% the 12-month period average).

The deterioration in labor market dynamics has been reflected in the increase in the number of unemployment insurance beneficiaries at the Social Security Bank (*Banco de Previsión Social, BPS*), which peaked at 196,933 workers in April, coming down since then. As of August, it had fallen to 110,891 (Figure 5). Taken together, these figures reflect a slight improvement in the labor market conditions compared to the months when the Covid-19 impact hit the hardest on the economy.

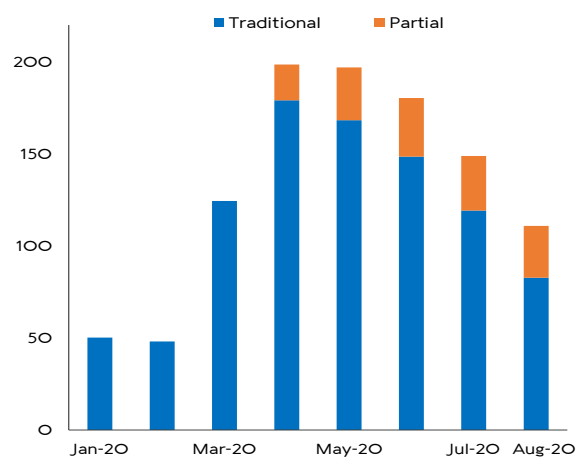
Meanwhile, the nominal wages index grew 7.6% in August in YoY terms, while the real wage decreased 2% in August over a year ago.

Figure 4: Unemployment and Employment Rate
(Average of last 12 months, in %)



Source: National Institute of Statistics

Figure 5: Unemployment insurance
(Number of beneficiaries, in thousands, by type of regime)



Source: Social Security Institution

II. External Sector

In the year ended in June 2020, the Current Account of the Balance of Payments (CAB) showed a positive result of USD 245 million (0.5% of GDP), 0.1 p.p. up from the year ended in June 2019 (Figure 6). This was explained by both a surplus in the trade balance of goods and services (4.7% of GDP) as well as in the Secondary Income category (0.5%), partially offset by the deficit in the Primary Income (of 4.8% of GDP).

The balance in the trade of goods and services –of USD 2.4 billion– deteriorated around USD 800 million in the year ended in June 2020 from the year ended in June last year, due to a worse result in both components. Regarding the trade of goods, it decreased near USD 700 million, because of a decline in exports (-10.3%), partially offset by a –smaller– drop in imports (of 7.5%).

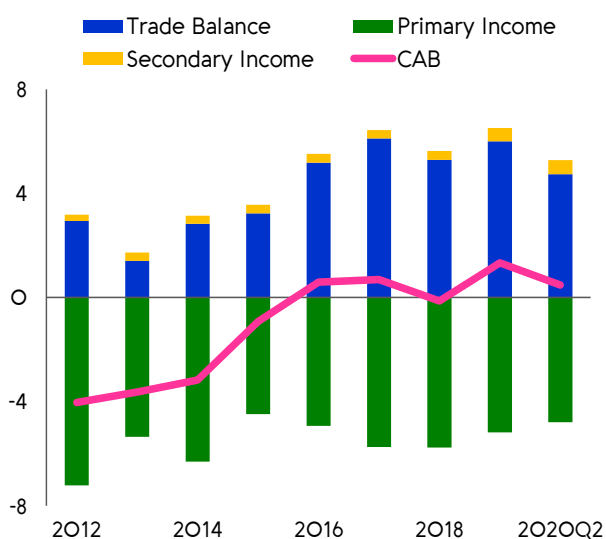
Likewise, the result in the trade of services diminished by USD 141 million, driven by a decline in tourism services exports (-23%) of higher magnitude than the one that occurred in tourism imports (-21.8%). As expected, this was explained by the impact of the pandemic that grind tourism activity to an almost complete halt worldwide. However, the reduction in tourism exports also captures the effect of significantly diminished inbound tourism from Argentinians, due to the unfavorable economic situation in the neighboring country.

The Primary Income balance posted a USD 2.5 billion deficit in the four quarters to 2020Q2, shrinking USD 844 million from the 4-quarter period through 2019Q2. The improvement was mainly due to a reduction in the net accrued dividends on FDI by foreign companies. Finally, the Secondary Income balance, which captures net current transfers, had a positive value of around USD 275 million.

The Capital Account Balance (KAB) posted a negative result of 0.8% of GDP, due to the acquisition of non-produced assets abroad (particularly trademarks) in the last quarter of 2019 by non-financial private entities for around USD 450 million.

The Financial Account Balance (FAB) (Figure 7) registered a net inflow of USD 142 million in the year ended in June 2020. Portfolio and Other Investments categories recorded a positive net acquisition of financial assets by residents abroad (defined as change in assets held abroad by residents minus change in claims held by non-residents in the economy), whereas FDI and Financial Derivatives showed an opposite result. Central Bank reserve assets fell USD 89 million over this period.

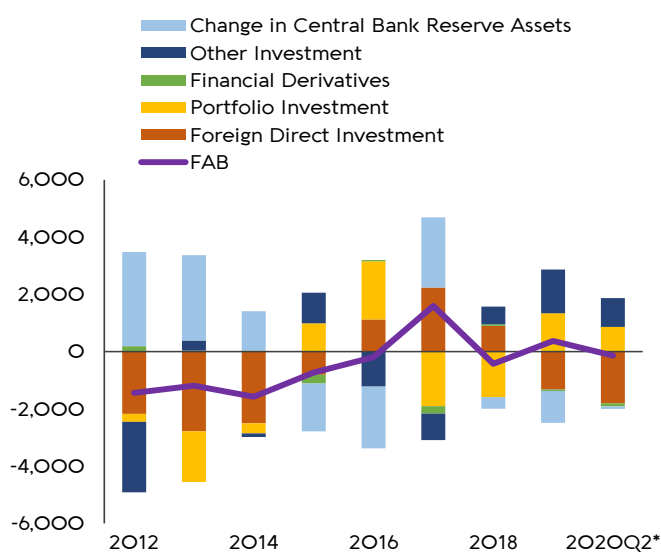
Figure 6: Current Account Balance
(In % of GDP)



(*) Last 4 quarters

Source: Central Bank of Uruguay

Figure 7: Financial Account Balance
(Net capital outflows, in USD million)



(*) Last 4 quarters

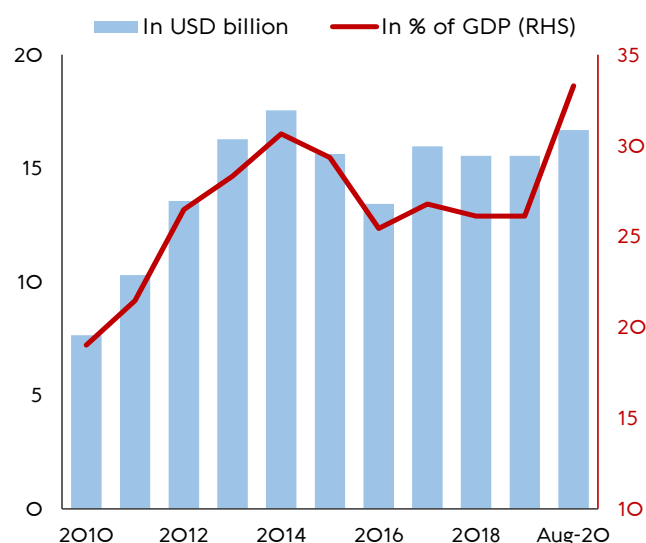
Source: Central Bank of Uruguay

By end-August, international reserves of the Central Bank of Uruguay (CBU) totaled USD 16.7 billion (approximately 33.3% of GDP) (Figure 8). This level is well above the upper bound of the IMF reserve adequacy benchmark (which takes into account the potential balance of payments drains, including short-term external liabilities).

III. Fiscal and Debt Indicators

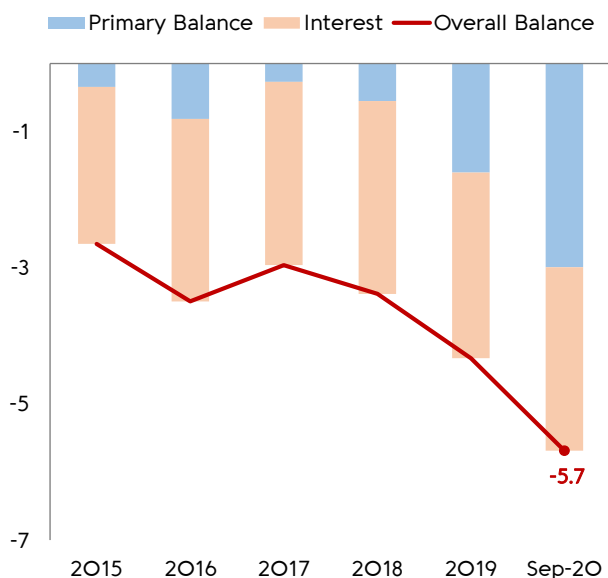
In the year ended in September 2020, the Central Government headline balance represented -4.9% of GDP, of which the primary balance printed -2.3% of GDP, while interest payments accounted for -2.6% of GDP. Total inflows into the Social Security Trust Fund (SSTF) were 0.8% of GDP over this same period.¹ Therefore, the government’s annual fiscal deficit adjusted for the “Cincuentones effect” was 5.7% as of September 2020 (Figure 9).

Figure 8: International Reserves
(End-of-period)



Source: Central Bank of Uruguay and Ministry of Economy and Finance

Figure 9: Central Government Balance
(In % of GDP, 12-month period, excluding extraordinary inflows of funds to SSTF)



Source: Ministry of Economy and Finance

Figure 10: Central Government Balance
(In % of GDP, end of period)



Source: Ministry of Economy and Finance

Gross debt of the Central Government stood at 59.5% of GDP as of June 2020, while net debt was 55.7% of GDP (Figure 10). These figures are as per registered by the DMU, i.e. they include all loans and financial market securities contracted/issued by the Central Government and Central Government securities held by the public SSTF, and exclude non-market Central Government securities issued to capitalize the Central Bank in previous years.

¹ These transfers followed a law introducing changes to the pension system, allowing certain workers and retirees aged fifty or above, to shift from the social security individual capitalization scheme (administered by the Pension Funds) into the public sector social security “pay-as-you-go” regime (administered by the state-owned Banco de Previsión Social). These extraordinary inflows are registered as government revenues consistent with IMF statistics standards. However, the underlying fiscal stance is best measured excluding it, as it provides a more accurate idea of the government’s gross financial needs (given that these resources are allocated and ring-fenced in a Trustee).

Government debt securities held by the Social Security Trust Fund were equivalent to 2.2% of GDP by the end of 2020Q2 (measured in nominal face value).

For specific and detailed information on Central Government Debt, please refer to the Sovereign Debt Report.

Considering the broadest measure of the public sector (that is, the Consolidated Public Sector, which consists of the Central Government –including the Social Security public fund–, local governments, public enterprises, the state-owned insurance bank and the Central Bank), and netting out cross-holdings of assets and liabilities by institutions within this perimeter of consolidation (as per Central bank’s compilation), the debt stock stood at 74.4% of GDP in end-June 2020, while the net debt printed at 36.2% of GDP.

IV. Inflation & Monetary Indicators

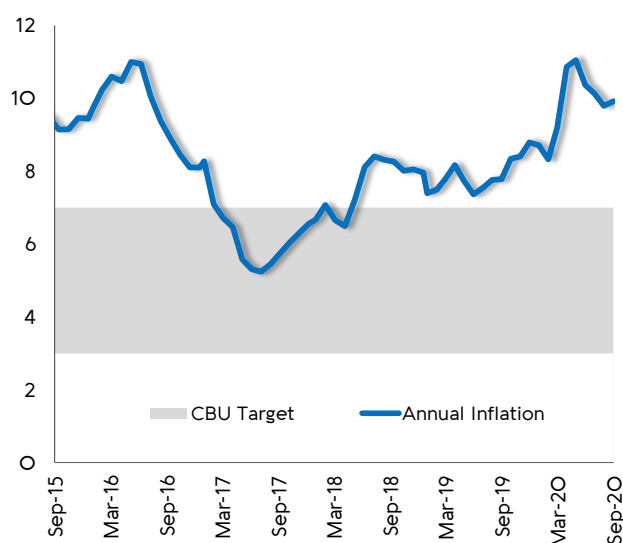
After three consecutive months of deceleration, the annual inflation picked up in September to 9.9%, above August’s 9.8% (Figure 11). Meanwhile, monthly inflation stood at 0.64% in September. This was largely driven by rising prices of food –particularly fruits and vegetables, which are among the most volatile components of the CPI basket– and non-alcoholic beverages. In addition, price pressures for clothing and footwear as well as transportation also gained steam.

In late-August, the Macroeconomic Coordination Committee (composed by the authorities of the Ministry of Economy and Finance and the Central Bank) agreed on the reduction of the inflation target range from 3%-7% to 3%-6% starting September 2022, implying lowering the midpoint to 4.5%.

In an extraordinary meeting held on September 3rd, the Monetary Policy Committee (COPOM is its acronym in Spanish) decided to the monetary policy instrument from a monetary aggregate modality towards the short-term interest rate.

The COPOM set the Monetary Policy Rate (MPR) as the reference rate for overnight placements at 4.5% (in annual terms) to be in force since September 4th, 2020. According to the meeting minutes, this level of MPR reflects the decision to maintain an expansionary monetary policy stance, with the purpose of supporting economic activity in the face of the pandemic caused by Covid-19. As the adverse conditions derived from the health emergency dissipate, the COPOM anticipates the gradual transition to a contractionary monetary policy stance, as it had been announced in previous meetings.

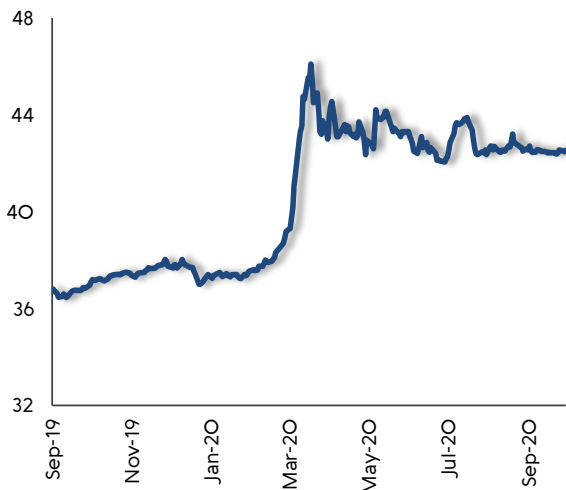
Figure 11: Inflation
(In %, YoY)



Source: National Institute of Statistics and Central Bank of Uruguay

Later that month, at the ordinary September meeting, the COPOM assessed positively the first weeks of implementation of the new monetary policy framework, and decided to keep unchanged the MPR at 4.5%. “Economic activity shows incipient signs of recovery but it does not seem that they can be considered consolidated for the rest of the year”, stated the COPOM. Meanwhile, according to the latest inflation expectations survey carried out by the CBU, the median inflation forecast of private analysts stood at 9.25% by the end of the current year, 7.6% for end-2021 and 7% for end-2022.

Figure 12: Nominal Exchange Rate
(Pesos per USD)



Source: Central Bank of Uruguay

At the onset of the outbreak of Covid-19 in Uruguay in mid-March, the exchange rate increased sharply and reached almost 46 Pesos per US Dollar. After that, it exhibited a downward trend, to stabilize around 42.5 pesos per US Dollar since July.

In July, the Central Bank announced the possibility of purchasing monetary regulation bills with USD Dollars, which caused a reversion in the FX trend reaching almost 44 pesos per US Dollar by mid-July, though it proved temporary. In fact, in the third quarter of the year, the Uruguayan peso appreciated 0.9% on average against the US dollar. Given global trends and stronger capital inflows to Uruguay, the peso continued adjusting in line with fundamentals and hovered around 42.5 per US Dollar in September and October.

V. Banking System

Despite the regional market turmoil, the financial sector has remained resilient, with comfortable buffers reflecting limited financial linkages to Argentina and enhanced supervision. As of 2020Q2, the solvency situation of the banking system presented a capital surplus that doubles the minimum regulatory requirement, which takes into account credit, market, operational and systemic risks (Figure 13).

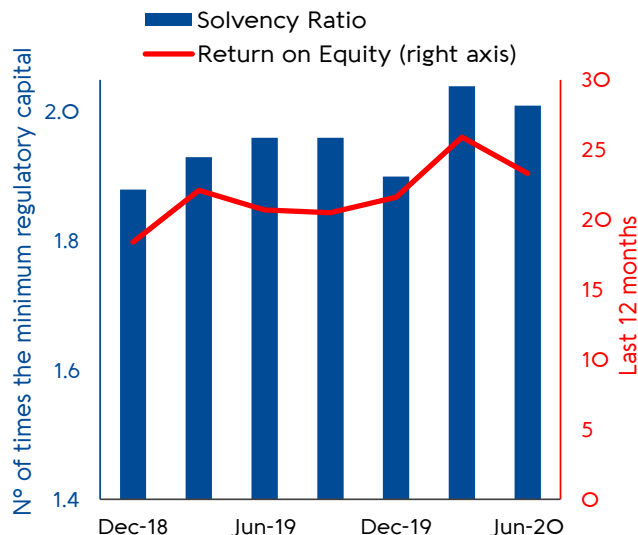
Besides, the stress tests prepared by the Superintendence of Financial Institutions showed that the banking system would withstand, on average, a major recession scenario while maintaining a reasonably adequate equity level.

The profitability of banks showed a return on assets of 2.6% and a return on equity of 23.3% in the rolling year closed in June 2020, representing an increase of approximately one third compared to the previous year.

Credit delinquency of the banking system represented 3.1% by 2020Q2, registering a slight decrease since April. This is comfortably covered by the provisions of the total system, which remained at 5.4% in the same period.

In parallel, the indebtedness of families in relation to their income was 31% at the end of June 2020, representing a small increase compared with end-March of this year.

Figure 13: Banking System’s Solvency Profile and Return on Equity



Source: Central Bank of Uruguay

VI. Recent Developments

VI.1 The 2020 - 2024 Budget Law draft bill, submitted to Congress on August 31st, entails a revamped fiscal policy framework, including a new fiscal rule.

On August 31st, the Uruguayan Government submitted to Congress the Budget Law draft bill for the period 2020 - 2024. Uruguayan regulation states that at the beginning of each new administration, the government must send to Congress a proposed five-Year Budget within the first six months in office. This Budget is then

evaluated and revised on an annual basis through the law known as “*Rendición de Cuentas*”. The following are the main projections for the current administration period.

Economic activity

The Uruguayan economy will operate in 2020 with substantial idle capacity, far from potential GDP growth and full employment, with an estimated gap to potential GDP close to 8% this year. This will drive a cyclical deterioration in public finances, which implies a higher fiscal deficit, and the support of a more expansive monetary policy during the current year. The Government recognizes that the sustainability of these countercyclical policies requires reinforcing the macro institutional framework to act symmetrically and restrictively as the capacity gap closes over the next five-year period. The real average GDP growth projection for the 2020 – 2024 period is 2.2%.

Fiscal rule and new framework for indebtedness authorization

Commitment to meeting fiscal targets is anchored in a new fiscal framework and an austere 5-year budget based on expenditure restraint. In this vein, the Government announced changes in the fiscal framework, of which it stands out the implementation of a fiscal rule. The fiscal rule is based on structural balance targets, to account for business cycle fluctuations and one-off/temporary spending and revenue items, together with a cap on real growth in primary expenditure in line with potential real economic growth (estimated currently at 2,3% annually). Additionally, a Fiscal Advisory Council and a Committee of Experts will provide the potential GDP numbers and other parameters for calculating the structural fiscal result and assess the overall implementation of the rule. Likewise, the proposed framework establishes a limit to the Central Government Net Indebtedness, defined as gross debt issuance (bonds and loans) excluding amortizations and the variation in financial assets. This measure is equivalent to the fiscal deficit (up to mostly valuation effects).

The estimated structural fiscal deficit for 2020 will be lower than the headline figure in 1.3% of GDP, mainly due to the effects of idle capacity in lower revenues and higher expenditures tied to unemployment insurance. In structural terms, an adjustment of 1.9% of GDP is proposed in the five-year period, concentrated especially in the next 2 years. The ceiling for spending and the cyclical recovery of income would bring the deficit to 2.5% of GDP in 2024 and the Central Government gross debt would tend to stabilize at around 68% of GDP.



Delivering of Budget volumes from the Minister of Economy and Finance, Mrs. Azucena Arbeleche, to the Vice President of the Republic and President of Senate Chamber, Mrs. Beatriz Argimón

“It is a realistic and optimistic budget”, summarized the president of the Republic, Mr. Luis Lacalle Pou. On the occasion, he added that “the pockets of Uruguayans cannot bear any more tax burden” and that the center of this law is the Uruguayans and the development of their life in the country. “The national Budget is part of the economy, but there is an entire economy that does not go through the budget, such as job creation, investment or foreign trade”, pointed out Mr. Lacalle Pou.

VI.2 Changes to the Investment Promotion regime providing more tax incentives to boost job creation and the use of clean technologies

On September 30th, the Uruguayan Government issued a decree updating different aspects of the Investment Promotion Law (of which the previous update was in 2018). The objective is to “optimize the weight of indicators” that determine tax exemptions to apply to the investment project. The new changes place more “emphasis on job creation introducing a simplified matrix for these purposes” highlights the decree. In addition, it was established the possibility of accessing an exemption of up to 90% from the Corporate Tax and the benefit was extended for up to four years.

Although the Investment Promotion Law dates from 1998, there were enacted three Decrees in 2007, 2012 and 2018 that establish the rules and conditions required by the projects, which receive exemptions based on an “objective matrix” that takes into account the employment generation, decentralization, increased exports, clean technologies application and research commitment, development and innovation.

Besides, the foreign investor benefits from the same incentives as the local investor, without discrimination from the point of view of taxes or restrictions to the remissions of profits abroad. “It is appropriate to adopt the requirements regarding the externalities committed by companies, redefining the decentralization and exports indicator, expanding the concept of innovation and incorporating sectoral indicators”, the Government pointed out in the Decree. Besides, the Investment Promotion Law Commission (COMAP), which operates within the orbit of the Ministry of Economy and Finance and is in charge of analyzing the new investment projects, must create “a simplified regime” for the project’s application.

According to the new Decree, companies will be able to exempt up to 90% of the Corporate Tax applicable to the investment, something that had been incorporated in May on a transitory basis until 2021 as a measure to fight the Covid-19 economic crisis, and now remains definitive. Until then, the benefit was up to 60% for companies and 80% for new investments. Moreover, the period of grace was extended from three to four years.

The new Decree establishes that COMAP “will centralize the reception of applications” from companies and will have “a maximum period of five business days” to complete the entry process. Then, it will have 90 days to assess the project and recommend (or not) the exemption that eventually will be granted by the Executive Power.

VI.3 Uruguay creates a Ministry of Environment

In August, it was created the Ministry of Environment, tasked with the formulation, execution, supervision and evaluation of national plans for the protection of the environment. Until now, the public policies on these issues were part of the former Ministry of Housing, Zoning and the Environment. Therefore, the creation of a specialized institution to deal exclusively with environmental policies reflects the importance that this administration is giving to the protection of the environment. The new ministry has just launched its webpage, you can access it by clicking [here](#).

Mr. Adrián Peña was appointed Minister of Environment, who at the taking-office ceremony, said: “We are not starting from scratch, today’s present is an important and decisive step, but there has been a cumulative construction that the country has developed in terms of environmental care, Uruguay has an evolving regulatory body. But today is time to take a stronger signal”.

Among the most important milestones that Uruguay has achieved to take care of the environment, there are: The endorsement of the Kyoto Protocol (2000), which aims at reducing emissions of six gases generated by human activity that cause global warming;

The creation of the National System of Response to Climate Change and Variability, which primary objective is to coordinate and plan public and private action necessary for the prevention and mitigation of climate change risks and adaptation to these changes.



“Quebrada de los Cuervos”, in Treinta y Tres Department, Uruguay; one of the 17 protected areas of the National System of Protected Areas.

In 2009, Congress enacted legislation creating the National Emergency System, tasked with the protection of people, assets and the environment from the potential or real occurrence of natural disasters, coordinating with the government the appropriate and sustainable usage of private and public resources.

In 2015, was created the National Plan of Energy Efficiency to achieve a total energy reduction of about 1,690 thousand tons of oil equivalent in the period 2012-2024, (representing a saving equivalent to 45% of the total consumption of energy during the base year 2012).

In 2016, was launched a Program to Reduce Emission Caused by Deforestation and Forest Degradation, which aims at preventing climate change through incentives designed to prevent deforestation and protect the quality and integrity of forests. Also in that year, Congress enacted legislation ratifying the Paris Agreement, which establishes an international mechanism to deal with climate change and limiting global temperature increases.

In 2017, Uruguay adopted a National Climate Change Policy (PNCC), within the framework of the Paris Agreement. It provides a long-term strategic framework to integrate and strengthen the approach to mitigation and adaptation to climate change and variability in the design and implementation of public policies.

In 2018, Congress enacted legislation to prevent and reduce the environmental impact derived from the use of plastic bags, with measures designed to discourage their single-time use and promote their re-use or recycling and prohibiting the manufacture, import, distribution, sale and delivery of plastic bags that are not compostable or biodegradable. The same year, Congress also enacted legislation to implement a subsidies program to support the transition towards the use of more efficient and sustainable technologies in public bus services nationwide, to replace up to 4% of the current diesel engine bus fleets with electric-engine buses during seven years.

VI.4 Uruguay joined the Coalition of Finance Ministers for Climate Action meeting

For the first time since its membership in 2019, the Ministry of Economy and Finance of Uruguay participated in the Coalition of Finance Ministers for Climate Action Ministerial Forum during the annual meetings of the World Bank and the International Monetary Fund held in October 2020.

The Coalition of Finance Ministers for Climate Action is a Ministerial-level group of 52 countries supporting the use of fiscal policy, public financial management and mobilization of climate finance to promote domestic and global action on climate change.

It achieves this by facilitating the exchange of experience and insights on relevant policies and serving as a forum to promote common standards and best practices. The group recognized the challenges of climate change, the unique ability of finance ministries to address them, and ways in which those efforts can be strengthened.



The Coalition members endorsed six principles (Helsinki Principles) that guide coalition works: alignment of policies and practices with the commitments of the Paris Agreement; share experience and expertise to support and promote a collective understanding of policies and practices for climate action; work towards measures that result in effective carbon prices; take into account climate change in macroeconomic policy,

fiscal and budget planning; mobilize private resources for climate finance, facilitating investment and actively involved in the preparation and implementation of National Determined Contributions submitted under the Paris Agreement.

During the last meeting in October this year, the Coalition reaffirmed its commitment to the Helsinki Principles and, in that framework, discussed fiscal, economic and financial policies to tackle climate change amid the challenges posed by the Covid-19 pandemic. It issued a Joint Ministerial Statement, which said: "The human suffering from the unfolding Covid-19 crisis shocks us all". We are taking all measures at our disposal to address the most urgent needs of our citizens and economies, while working to ensure an inclusive, low-emission, resilient and sustainable economic recovery, including through mainstreaming climate change in our decisions. We note that the allocation of the announced US\$12 trillion of fiscal global economic recovery

measures creates a unique window for aligning our economies and policies to the challenge of climate change”.

VI.5 Uruguay climbs positions and consolidates as a regional leader in e-Government

Uruguay climbed 12 positions in the United Nations (UN) 2020 Global e-Government Index (EGDI), from the 34th to 26th place worldwide. It currently ranks second in the Americas, only behind the United States and ahead of Canada. It also ranks 29th in the Digital Participation Index (DPI) and has the highest score in the Open Government Information Index (OGDI).

The E-Government report, which is published every two years, is a reference and valuable input for decision-makers worldwide. The measurement weighs three dimensions: the Online Services Index (OSI), which measures the scope and quality of these services provided by the government, the Technology Infrastructure Index (TII), which assesses the level of development of telecommunications infrastructure, and the Human Capital Index (HCI), which evaluates items such as literacy rate and years of schooling. To put it simply, it looks at how the digital government can facilitate integrated policies and services across 193 UN Member States.

The survey supports countries' efforts to provide effective, accountable and inclusive digital services to all and to narrow the digital gap and leave no one behind. In terms of the overall score, Uruguay went from 0.7858 in 2018 to 0.85 in 2020, consolidating its place in the group of nations with the highest development in this area. The country greatly exceeds the average score for the region, which obtains an EGDI of 0.6341.

In the current situation, marked by the social and economic consequences of the expansion of Covid-19, "governments face unprecedented challenges in responding to the needs of their countries, which has put the different visions of digital government to the test," says the UN report. Against this backdrop, "the digital transformation is a central part of underpinning sustainable development in many countries," it explains.

VI.6 Domestic financial system in good shape

On October 20th, the Financial Stability Committee met to analyze the situation of the Uruguayan financial system and evaluate the potential risks that could affect it. The Committee, integrated by the authorities of the Central Bank and Ministry of Economy and Finance, concluded that the domestic financial system is stable and in a position to manage risks, particularly those related to the impacts of the spread of Covid-19, which represents the main source of risks in the current situation.

In this context, the domestic financial system has been helping to endure the shock caused by Covid-19. The solvency and liquidity indicators of the banking system are adequate, despite the fact that the quality of its loan portfolio could have been negatively affected by the temporary drop in the level of activity and the uncertainty regarding the evolution of the pandemic.

To assess the stability of the financial system, stress tests were carried out on the loan portfolio affected by Covid-19. The main conclusion is that the domestic financial system is stable and in a good position to bear risks, particularly those related to the impacts of the advance and deepening of the pandemic. The system's capacities, among which its solvency and liquidity levels stand out, as well as the policy measures that have been implemented, determine that the financial system is in a position to contribute to the processing of risks, thus facilitating the present and future performance of the economy.

VI.7 Montevideo stands out as the most developed metropolitan zone in the region

The capital of Uruguay, Montevideo, together with the departments of Maldonado, Canelones and Río Negro are in the top ten regions with the greatest relative development in Latam, according to the Regional Development Index for Latam (IDERE).

The ranking pointed out Montevideo as the best positioned metropolitan area, with a score of 0.68, followed by Santiago de Chile (0.65) and the department of Uruguay Maldonado with (0.64). Departments of Canelones (8th place) and Río Negro (9th place) make up the list of the top 10 with a score of 0.62 and 0.6 respectively.

This investigation, elaborated by the Chilean university Universidad Autónoma, including provinces and states of Argentina, Chile, Brazil, Colombia, Paraguay, Mexico and El Salvador, whose population is equivalent to 82% of the entire population of LATAM.



"Puertito del Buceo", Montevideo.

IDERE includes 25 variables across eight dimensions: education, health, well-being and cohesion, economic activity, institutions, security, environment and gender, through a geometric measure of normalized indices between 0 and 1 (where 0 expresses the minimum development and 1 the maximum).

The indicator bases its concept of development on the human capabilities approach, promoted by Amartya Sen and later complemented by other authors, including Martha Nussbaum. Thus, development is understood as an expansion of human capacities, that is, of the opportunities that people have to exercise their freedom of choice to achieve their objectives in different key areas of their lives. The Human Development Index, prepared by the United Nations Development Program, is based on this conceptual framework too.

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Economic structure and activity													(Latest available) As of:
Population (million)	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2020
Nominal GDP (local currency, billions)	715	808	926	1,041	1,178	1,331	1,456	1,589	1,707	1,831	1,976	1,991	2020Q2
Nominal GDP (USD, millions)	31,712	40,258	47,991	51,238	57,482	57,278	53,273	52,825	59,578	59,570	56,001	51,119	2020Q2
GDP per Capita (nominal USD)	9,388	11,852	14,063	14,954	16,709	16,584	15,365	15,179	17,055	16,991	15,916	14,477	2020Q2
Real GDP (% change, YoY)⁽¹⁾	4.2	7.8	5.2	3.5	4.6	3.2	0.4	1.7	2.6	1.6	0.2	-10.6	2020Q2
<i>By Sector</i>													
Agricultural, livestock & other primary activities	4.4	0.2	11.1	-0.9	2.0	-0.2	-1.8	3.1	-6.3	5.7	-3.8	-4.2	2020Q2
Manufacturing	5.2	2.6	2.0	-3.9	1.2	4.2	4.9	0.7	-3.5	1.9	-1.1	-10.8	2020Q2
Electricity, gas and water	11.6	89.3	-24.2	-21.9	54.7	15.7	-6.7	9.6	1.2	2.2	5.7	-14.3	2020Q2
Construction	2.7	2.4	2.4	16.3	0.9	0.7	-6.1	-2.6	-2.1	-2.8	-2.0	-6.5	2020Q2
Commerce, restaurants and hotels	0.9	11.6	7.0	5.6	8.0	-0.6	-4.0	-2.8	6.2	-1.3	-2.1	-31.4	2020Q2
Transportation, storage and communications	14.9	15.0	10.7	10.0	6.9	7.4	4.8	8.1	9.4	6.8	3.5	7.2	2020Q2
Other activities ⁽²⁾	2.7	2.9	4.6	3.5	3.4	3.3	1.5	0.3	-0.9	0.0	0.6	-13.5	2020Q2
<i>By Expenditure</i>													
Gross fixed capital formation	-5.8	16.0	7.0	18.2	3.8	2.4	-9.2	-1.6	-15.7	-2.7	1.4	-11.7	2020Q2
o/w public sector	7.8	-4.7	-9.9	0.5	13.6	28.7	-12.2	10.9	-28.9	3.8	-0.6	-22.5	2020Q2
o/w private sector	-9.8	23.2	11.5	21.9	2.1	-2.8	-8.5	-4.8	-11.9	-4.2	1.9	-9.0	2020Q2
Consumption	2.7	8.6	6.7	5.1	5.5	2.9	-0.2	0.4	3.9	1.4	0.5	-13.5	2020Q2
Exports (goods and services)	4.5	7.2	5.8	3.6	-0.1	3.5	-0.6	-0.2	6.9	-4.8	1.2	-16.8	2020Q2
Imports (goods and services)	-8.7	13.6	12.4	13.6	2.8	0.8	-7.3	-6.2	0.5	-2.0	0.2	-15.5	2020Q2
Share of Nominal GDP by economic activity (in %)⁽³⁾													
Agriculture, livestock and fishing	7.9	7.2	8.8	8.1	7.6	6.7	6.1	5.9	5.1	5.6	5.9		2019
Mining	0.5	0.5	0.4	0.4	0.5	0.5	0.4	0.5	0.4	0.4	0.4		2019
Manufacturing	14.8	13.5	12.7	12.2	11.3	12.1	13.2	12.8	11.7	11.7	11.7		2019
Electricity, gas and water	1.4	3.1	1.9	1.0	2.2	2.3	2.2	2.7	2.7	2.5	2.3		2019
Construction	7.4	7.4	7.6	9.2	9.7	9.8	9.6	9.6	9.9	9.9	9.7		2019
Commerce, restaurants and hotels	14.0	13.7	13.8	13.9	13.7	13.4	13.0	13.0	13.9	13.7	13.6		2019
Transportation, storage and communications	7.2	7.1	6.7	6.5	6.0	5.7	5.6	5.4	5.5	5.4	5.4		2019
Financial and insurance services	4.3	4.3	4.3	4.4	4.4	4.5	4.6	4.8	4.8	5.1	5.1		2019
Real estate and business services	14.4	15.0	15.1	15.8	16.1	16.3	16.8	16.7	16.7	16.4	16.2		2019
Social and other services of the Government	5.2	5.1	5.1	5.0	5.0	5.1	5.0	5.1	5.1	5.2	5.4		2019
Education and health services	9.5	9.4	9.6	9.9	10.1	10.4	10.6	11.0	11.2	11.1	11.4		2019
Others	3.7	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.8	3.9	3.9		2019
Share of Nominal GDP by expenditure (in %)^{(3) (4)}													
Gross fixed capital formation	18.7	19.1	19.1	22.2	21.8	21.4	19.8	19.0	16.5	16.5	17.2		2019
Consumption	79.6	79.6	79.5	80.3	80.5	80.8	80.7	80.7	81.7	81.4	81.4		2019
Exports (goods and services)	27.1	26.3	26.4	25.9	23.4	23.5	22.5	21.4	21.4	21.0	21.7		2019
Imports (goods and services)	26.3	25.4	26.8	29.1	26.4	25.5	22.9	19.9	18.3	19.0	19.3		2019

(1) Latest available data corresponds to quarterly data. In the case of complete years, figures are on an annual basis.

(2) It includes financial and insurance services, real state and business services, social and other services of the Government, education, health services and other activities of community, social and personal services and private households with domestic service. It does not include the adjustment of financial intermediary services indirectly measured.

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

(4) Shares in nominal GDP do not add up to a 100%, given that the investment figure excludes change in inventories

Sources: Central Bank of Uruguay and National Institute of Statistics

Balance of Payments ⁽¹⁾

in USD million									
	2012	2013	2014	2015	2016	2017	2018	2019	Latest available 2020Q2*
Current Account	-2,069	-2,087	-1,814	-491	311	409	-81	744	245
<u>Goods and Services</u>	1,506	811	1,619	1,720	2,733	3,640	3,148	3,363	2,421
Goods	305	1,077	1,985	1,307	1,911	2,391	2,418	3,024	2,132
Exports	13,055	13,277	13,769	11,145	10,374	11,059	11,528	11,599	10,367
Merchandise goods	11,030	11,360	11,443	10,013	9,126	10,042	10,001	10,128	9,236
Goods under merchenting (net)	2,025	1,917	2,326	1,132	1,248	1,017	1,527	1,471	1,131
Imports	12,750	12,200	11,783	9,838	8,463	8,668	9,110	8,575	8,235
Services	1,201	-266	-366	413	822	1,249	730	338	289
Exports	5,049	4,823	4,617	4,487	4,157	5,021	4,713	4,687	4,193
o/w Tourism	2,296	2,089	1,917	1,970	2,071	2,559	2,350	2,011	1,600
Imports	3,849	5,089	4,984	4,074	3,335	3,771	3,983	4,349	3,904
<u>Primary Income</u>	-3,700	-3,077	-3,614	-2,388	-2,605	-3,423	-3,435	-2,901	-2,451
Net repatriated profits and dividends	-1,150	-2,492	-2,588	-3,051	-2,464	-2,275	-2,417	-3,354	-2,493
Net reinvested earnings	-2,214	-6	-346	1,379	464	-693	-503	782	381
Net interest paid	-336	-579	-680	-716	-604	-454	-515	-329	-339
<u>Secondary Income</u>	125	180	181	176	183	192	206	283	275
Capital Account	49	204	15	175	17	5	44	-391	-397
<u>Financial Account</u>	-1,445	-1,194	-1,582	-737	-195	1,586	-430	372	-142
<u>Foreign Direct Investment</u>	-2,175	-2,792	-2,512	-813	1,115	2,236	897	-1,328	-1,806
Change in assets held abroad by residents	3,869	-2,034	1,319	1,605	905	4,888	2,286	-139	98
Change in claims held by non-residents in the economy	6,044	758	3,830	2,419	-209	2,653	1,389	1,189	1,904
<u>Portfolio Investment</u>	-278	-1,766	-347	986	2,036	-1,912	-1,593	1,335	862
Change in assets held abroad by residents	1,340	696	855	1,786	641	-1,194	-894	2,593	1,872
Change in claims held by non-residents in the economy	1,618	2,462	1,202	800	-1,395	718	699	1,257	1,010
<u>Financial Derivatives</u>	185	32	33	-303	39	-259	55	-54	-109
Net creditor contracts	222	88	60	-295	60	-249	80	-35	-64
Net debtor contracts	37	56	26	7	21	10	26	19	44
<u>Other Investment</u>	-2,464	351	-128	1,070	-1,223	-927	620	1,530	1,000
Change in assets held abroad by residents	-425	1,262	761	1,196	-2,816	-1,307	550	1,316	1,839
Change in claims held by non-residents in the economy	2,039	911	889	127	-1,594	-380	-70	-214	839
<u>Change in Central Bank Reserve Assets</u>	3,287	2,981	1,372	-1,677	-2,161	2,449	-408	-1,111	-89
Errors and Omissions	575	689	217	-422	-522	1,172	-393	19	10

in % of GDP									
	2012	2013	2014	2015	2016	2017	2018	2019	Latest available 2020Q2*
Current Account	-4.0	-3.6	-3.2	-0.9	0.6	0.7	-0.1	1.3	0.5
<u>Goods and Services</u>	2.9	1.4	2.8	3.2	5.2	6.1	5.3	6.0	4.7
Goods	0.6	1.9	3.5	2.5	3.6	4.0	4.1	5.4	4.2
Exports	25.5	23.1	24.0	20.9	19.6	18.6	19.4	20.7	20.3
Merchandise goods	21.5	19.8	20.0	18.8	17.3	16.9	16.8	18.1	18.1
Goods under merchenting (net)	4.0	3.3	4.1	2.1	2.4	1.7	2.6	2.6	2.2
Imports	24.9	21.2	20.6	18.5	16.0	14.5	15.3	15.3	16.1
Services	2.3	-0.5	-0.6	0.8	1.6	2.1	1.2	0.6	0.6
Exports	9.9	8.4	8.1	8.4	7.9	8.4	7.9	8.4	8.2
o/w Tourism	4.5	3.6	3.3	3.7	3.9	4.3	3.9	3.6	3.1
Imports	7.5	8.9	8.7	7.6	6.3	6.3	6.7	7.8	7.6
<u>Primary Income</u>	-7.2	-5.4	-6.3	-4.5	-4.9	-5.7	-5.8	-5.2	-4.8
Net repatriated profits and dividends	-2.2	-4.3	-4.5	-5.7	-4.7	-3.8	-4.1	-6.0	-4.9
Net reinvested earnings	-4.3	0.0	-0.6	2.6	0.9	-1.2	-0.8	1.4	0.7
Net interest paid	-0.7	-1.0	-1.2	-1.3	-1.1	-0.8	-0.9	-0.6	-0.7
<u>Secondary Income</u>	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.5
Capital Account	0.1	0.4	0.0	0.3	0.0	0.0	0.1	-0.7	-0.8
<u>Financial Account</u>	-2.8	-2.1	-2.8	-1.4	-0.4	2.7	-0.7	0.7	-0.3
<u>Foreign Direct Investment</u>	-4.2	-4.9	-4.4	-1.5	2.1	3.8	1.5	-2.4	-3.5
Change in assets held abroad by residents	7.6	-3.5	2.3	3.0	1.7	8.2	3.8	-0.2	0.2
Change in claims held by non-residents in the economy	11.8	1.3	6.7	4.5	-0.4	4.5	2.3	2.1	3.7
<u>Portfolio Investment</u>	-0.5	-3.1	-0.6	1.9	3.9	-3.2	-2.7	2.4	1.7
Change in assets held abroad by residents	2.6	1.2	1.5	3.4	1.2	-2.0	-1.5	4.6	3.7
Change in claims held by non-residents in the economy	3.2	4.3	2.1	1.5	-2.6	1.2	1.2	2.2	2.0
<u>Financial Derivatives</u>	0.4	0.1	0.1	-0.6	0.1	-0.4	0.1	-0.1	-0.2
Net creditor contracts	0.4	0.2	0.1	-0.6	0.1	-0.4	0.1	-0.1	-0.1
Net debtor contracts	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<u>Other Investment</u>	-4.8	0.6	-0.2	2.0	-2.3	-1.6	1.0	2.7	2.0
Change in assets held abroad by residents	-0.8	2.2	1.3	2.2	-5.3	-2.2	0.9	2.3	3.6
Change in claims held by non-residents in the economy	4.0	1.6	1.6	0.2	-3.0	-0.6	-0.1	-0.4	1.6
<u>Change in Central Bank Reserve Assets</u>	6.4	5.2	2.4	-3.1	-4.1	4.1	-0.7	-2.0	-0.2
Errors and Omissions	1.1	1.2	0.4	-0.8	-1.0	2.0	-0.7	0.0	0.0

(*) Last four quarters.

(1) In accordance with the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6), whereby:

(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 merchenting" 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 the balance of an underlined entry means that net acquired assets abroad by residents were higher (smaller) than net financial liabilities accumulated by non-residents within the economy, 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.

Source: Central Bank of Uruguay

Uruguay

Economic Indicators

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
	(Latest available)												As of:
Monetary Indicators and Relative Prices⁽¹⁾													
Consumer inflation (% change, YoY)	5.9	6.9	8.6	7.5	8.5	8.3	9.4	8.1	6.6	8.0	8.8	9.9	2020M09
Producer inflation (% change, YoY)	10.5	8.4	11.1	5.9	6.3	10.6	6.6	-1.9	5.4	10.0	20.1	5.8	2020M10
Nominal exchange rate (UYU per USD, eop)	19.63	20.09	19.90	19.40	21.39	24.33	29.87	29.26	28.76	32.39	37.34	43.00	2020M10
Nominal exchange rate (UYU per USD, average)	22.53	20.07	19.30	20.32	20.50	23.23	27.33	30.08	28.65	30.74	35.28	42.69	2020M10
Nominal exchange rate (% change, average)	7.5	-10.9	-3.8	5.3	0.9	13.3	17.6	10.1	-4.8	7.3	14.8	0.5	2020M10
Real Effective Exchange Rate, REER (index base 100 = 2009, eop)	100.0	99.6	92.8	82.3	80.2	79.5	80.0	73.1	74.2	67.4	72.5	71.4	2020M09
REER (% change, YoY, if + = real depreciation)	-10.2	-0.4	-6.8	-11.3	-2.6	-0.9	0.7	-8.7	1.6	-9.2	7.6	2.5	2020M09
Terms of trade, ToT (index base 100 = 2009, eop)	100.0	111.8	110.6	112.2	114.5	124.4	120.3	123.9	123.3	116.1	121.4	130.5	2020M08
ToT (% change, YoY)	-8.2	11.8	-1.1	1.5	2.0	8.7	-3.3	3.0	-0.5	-5.8	4.5	6.1	2020M08
Monetary base (% change, YoY)	6.5	16.2	17.3	21.9	17.4	1.4	7.2	9.7	3.6	10.4	7.7	-3.0	2020M09
M1 ¹ (% change, YoY)	15.2	30.0	20.8	11.2	15.0	3.7	5.6	8.4	15.0	8.9	5.1	11.5	2020M09
International Reserves (% of GDP)	25.2	19.0	21.5	26.5	28.3	30.6	29.3	25.4	26.8	26.1	25.9	33.5	2020M09
Interest rate on Central Bank's 30-day bills (annual, in %, average) ⁽²⁾	8.6	6.7	7.4	8.9	10.5	14.0	13.0	12.0	9.5	8.2	7.9	5.2	2020M10
Interest rate on Central Bank's 1-year bills (annual, in %, average) ⁽²⁾	14.6	10.0	9.2	9.9	11.0	15.1	14.0	14.5	10.8	10.0	10.3	7.6	2020M10
Monetary Policy Rate (overnight reference, annual, in %, eop) ⁽³⁾	6.25	6.50	8.75	9.00	9.25	N/A	N/A	N/A	N/A	N/A	N/A	4.50	2020M10
Overnight interbank interest rate (annual, in %, eop)	7.1	6.5	8.8	9.0	5.3	20.0	18.0	3.5	8.6	5.0	0.0	5.0	2020M10
Interest rate on currency deposits (annual, in %, average) ⁽⁴⁾	4.9	4.8	5.5	5.2	5.1	8.5	7.9	6.0	5.3	5.3	6.5	4.3	2020M09
Total bank deposits by private non-financial sector (% of GDP)	48.3	44.5	43.0	45.3	44.0	46.9	52.4	53.4	47.7	47.6	52.1	64.3	2020M09
<i>By currency (% of total)⁽⁵⁾:</i>													
Local currency	21.6	24.2	26.2	26.1	24.7	22.3	19.1	22.7	26.7	26.4	23.8	21.0	2020M09
Foreign currency	78.4	75.8	73.8	73.9	75.3	77.7	80.9	77.3	73.3	73.6	76.2	79.0	2020M09
<i>By residency (% of total):</i>													
Residents	80.7	82.7	84.4	84.2	84.5	84.3	83.7	87.4	90.2	90.2	89.6	89.6	2020M09
Non-residents	19.3	17.3	15.6	15.8	15.5	15.7	16.3	12.6	9.8	9.8	10.4	10.4	2020M09
Interest rate on local currency loans (annual, in %, average) ⁽⁴⁾	26.6	22.7	21.9	20.7	22.0	21.5	23.2	24.7	24.6	23.8	23.6	17.7	2020M09
Total bank credit to private non-financial sector (% of GDP) ⁽⁶⁾	23.0	21.7	22.0	24.2	24.3	25.4	27.2	28.7	25.8	25.8	26.4	28.3	2020M09
<i>By currency (% of total)⁽⁵⁾:</i>													
Local currency	47.1	47.5	45.2	46.6	44.9	43.4	43.2	45.4	48.2	48.1	49.0	48.8	2020M09
Foreign currency	52.9	52.5	54.8	53.4	55.1	56.6	56.8	54.6	51.8	51.9	51.0	51.2	2020M09
<i>By residency (% of total):</i>													
Residents	99.1	99.1	98.6	98.8	98.9	98.9	99.0	99.0	99.0	99.3	99.1	98.7	2020M09
Non-residents	0.9	0.9	1.4	1.2	1.1	1.1	1.0	1.0	1.0	0.7	0.9	1.3	2020M09
Total bank credit to non-financial sector (% real change, YoY)	-4.3	10.4	12.8	5.5	14.1	10.7	9.2	-7.8	-5.5	3.3	3.5	3.8	2020M09

(1) Stocks are measured end-of-period (eop).

(2) Weighted average of the accepted amount of Central Bank's auctions.

(3) From July of 2013 to September 3rd of 2020, the Monetary Policy instrument was based on the control of the Monetary Aggregate M1¹. Since September 4th of 2020, the Central Bank of Uruguay return to the interest rate as policy instrument.

(4) Weighted average across all maturities.

(5) Assumes all deposits from, and loans to, non-residents are in foreign currency.

(6) Assumes loans to non-residents non-financial sector is private only.

Sources: Central Bank of Uruguay and National Institute of Statistics

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
	(Latest available)												As of:
Labor Market Indicators													
Activity rate (% of working age population ⁽¹⁾)	63.4	63.4	64.1	64.0	63.6	64.7	63.8	63.4	62.9	62.5	62.2	60.1	2020M08
Employment rate (% of working age population)	58.5	59.0	60.1	59.9	59.4	60.4	59.0	58.4	57.9	57.2	56.6	53.6	2020M08
Unemployment rate (% of labor force ⁽²⁾)	7.8	7.0	6.3	6.3	6.5	6.6	7.5	7.9	7.9	8.4	8.9	10.8	2020M08
Unemployment insurance (number of beneficiaries, in thousands)	25.9	25.5	26.2	31.1	35.4	38.5	45.2	44.4	42.5	43.8	45.4	110.9	2020M08
Nominal wages (index base 100 = 2009, eop)	100.0	111.2	126.3	142.2	159.8	179.4	197.1	220.2	240.1	260.2	282.5	303.4	2020M08
Nominal wages (% change, YoY)	14.7	10.7	12.9	13.1	11.4	12.8	10.4	11.4	10.5	7.8	9.4	7.6	2020M08
Real wages (index base 100 = 2009, eop)	100.0	103.4	107.6	113.1	116.9	120.9	121.4	125.4	127.1	127.4	127.0	125.7	2020M08
Real wages (% change, YoY)	7.3	3.3	4.0	4.2	3.0	3.4	1.6	1.6	2.9	0.2	1.3	-2.0	2020M08

(1) According to Uruguay's legislation, the working age population is defined as people who are 14 or more years old.

(2) Labor force is defined as the sum of employed people and the unemployed who are looking for a job. The latter includes people who might be receiving the unemployment insurance benefit.

Source: National Institute of Statistics and Social Security Bank

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Public Finances												(Latest available)	As of:
	(in % of GDP)												
Central Government													
Revenues	26.3	26.9	27.0	26.9	28.0	27.6	27.2	27.8	28.8	30.6	30.0	29.5	2020M09
Primary expenditures	25.1	25.6	25.2	26.6	27.1	27.6	27.6	28.6	29.1	29.8	30.5	31.8	2020M09
Primary balance	1.2	1.3	1.9	0.3	0.9	0.0	-0.3	-0.8	-0.3	0.7	-0.4	-2.3	2020M09
Interests payments ⁽¹⁾	2.7	2.4	2.4	2.3	2.4	2.3	2.3	2.7	2.7	2.8	2.6	2.6	2020M09
Headline Central Government balance	-1.5	-1.1	-0.6	-2.0	-1.5	-2.3	-2.7	-3.5	-3.0	-2.1	-3.1	-4.9	2020M09
<i>Impact of extraordinary inflows to the Social Security Trust Fund ("Cincuentones Effect")</i>										1.3	1.3	0.8	2020M09
<i>Extraordinary transfers to Social Security Trust Fund^{(2) (3)}</i>										1.3	1.2	0.7	2020M09
<i>Interest payments to the SSTF on its holdings of Central Government Debt</i>										0.0	0.1	0.1	2020M09
Central Government balance excluding Cincuentones effect										-3.4	-4.3	-5.7	2020M09
Rest of Non-Monetary Public Sector													
Local governments balance	0.3	0.0	0.1	-0.1	-0.1	-0.2	0.1	0.1	0.1	0.0	-0.1	0.0	2020M09
Non-financial public enterprises balance	-0.5	0.2	-0.2	-0.6	-0.6	-0.5	0.6	0.3	0.0	-0.2	-0.3	0.0	2020M09
State-owned insurance bank balance	0.3	0.5	0.3	0.3	0.3	0.1	-0.1	0.3	0.2	0.2	0.5	0.4	2020M09
Headline Rest of NMPS balance	0.0	0.7	0.2	-0.4	-0.4	-0.5	0.6	0.6	0.3	0.1	0.1	0.3	2020M09
Central Bank													
Primary balance	-0.1	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	2020M09
Interests payments	0.0	0.6	0.5	0.3	0.4	0.6	1.3	0.7	0.7	0.8	0.5	0.4	2020M09
Headline Central Bank balance	-0.1	-0.6	-0.5	-0.3	-0.4	-0.6	-1.4	-0.8	-0.8	-0.9	-0.5	-0.4	2020M09
Consolidated Public Sector													
Primary balance	1.1	1.9	1.9	-0.2	0.4	-0.6	0.2	-0.4	-0.2	0.5	-0.6	-2.0	2020M09
Interests payments	2.8	2.9	2.8	2.5	2.7	2.8	3.6	3.3	3.3	3.4	2.9	2.9	2020M09
Headline Overall balance	-1.6	-1.1	-0.9	-2.7	-2.3	-3.5	-3.4	-3.7	-3.5	-2.9	-3.5	-4.9	2020M09
Overall balance excluding Cincuentones effect										-4.2	-4.8	-5.7	2020M09

(1) Includes interests from Capitalization Bonds held by the Central Bank.

(2) Since October 2018, following the so-called "Cincuentones Law", the public sector social security fund has been receiving the accumulated savings of workers and retirees aged fifty or above who chose to switch from the social security individual capitalization scheme into the "pay-as-you-go" regime. These inflows are recorded as public revenues, consistent with IMF methodology, and are held into a trust fund. For further details, refer to footnote 2 in the January 2019 Sovereign Debt Report by clicking [here](#).

(3) Inflows include both the transfers of the accumulated savings of workers and retirees who chose to fully switch to the defined-benefit sector social security scheme and the interests gained from the management of the Fund.

Source: Ministry of Economy and Finance of Uruguay

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Public Debt ⁽¹⁾												(Latest available)	As of:
	(in % of GDP, unless otherwise indicated)												
Central Government⁽²⁾													
Gross debt	51.6	40.7	40.0	41.4	37.4	39.0	44.3	49.4	48.1	49.3	53.3	59.5	2020Q2
<i>o/w in foreign currency (% of total)</i>	69.4	65.9	50.7	44.7	45.6	48.2	54.8	54.7	49.2	53.8	56.1	55.8	2020Q3
<i>held by non-residents (% of total)</i>	65.5	65.1	59.2	60.3	65.1	66.3	64.9	56.9	55.1	56.7	58.8	60.3	2020Q2
Net debt	45.7	38.1	34.0	35.6	33.5	34.4	37.5	42.3	42.5	44.1	49.5	55.7	2020Q2
<i>Memo Item: Social Security Trust Fund's holdings of Central Government debt</i>										0.9	1.9	2.2	2020Q2
Consolidated Public Sector⁽³⁾													
Gross debt	72.7	59.6	56.6	61.1	57.9	58.8	59.2	63.4	65.2	64.5	66.4	74.4	2020Q2
<i>o/w in foreign currency (% of total)</i>	64.0	55.1	47.7	42.3	39.9	43.7	53.5	52.5	41.4	46.9	53.5	56.2	2020Q2
<i>held by non-residents (% of total)</i>	55.4	53.4	51.7	51.9	52.8	54.7	57.3	51.1	46.0	47.9	52.0	52.6	2020Q2
Net debt	35.2	31.0	27.9	27.1	23.0	21.8	23.4	30.5	31.8	31.8	33.4	36.2	2020Q2

Source: Central Bank of Uruguay

(1) Stocks measured end-of-period.

(2) Debt figures as compiled by the Debt Management Unit which include all loans and financial market securities contracted/issued by the Central Government in domestic and foreign currency, in both local and international markets, and held or disbursed by private, multilateral, and/or other domestic or foreign public sector entities. They include Central Government securities held by the public Social Security Trust Fund, and exclude non-market Central Government securities issued to capitalize the Central Bank in previous years.

(3) Reported data nets out cross-holdings of assets and liabilities by institutions within this perimeter of consolidation, which consists of the Central Government —including the Social Security public fund—, local governments, public enterprises, the state-owned insurance bank and the Central Bank.