Uruguay

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB−
Short-Term IDR	F3

Local Currency

Long-Term IDR	BBB
Country Ceiling	BBB+

Outlooks

Foreign-Currency Long-Term IDR	Stable
Local-Currency Long-Term IDR	Stable

Financial Data

Uruguay

(USDbn)	2014
GDP	55.1
GDP per head (USD 000)	16.1
Population (m)	3.4
International reserves	17.8
Net external debt (% GDP)	-16.2
Central government total debt (% GDP)	49.4
CG foreign-currency debt	10.3
CG domestically issued debt (UYUbn)	278.4

Related Research

Global Economic Outlook (December 2014)

2015 Outlook: Latin America Sovereigns (December 2014)

2015 Latin American Government Financing Needs (February 2015)

Analysts

Todd Martinez
+1 212 908 0897
todd.martinez@fitchratings.com

Erich Arispe
+1 212 908 9165
erich.arispe@fitchratings.com

Key Rating Drivers

Ratings Affirmed: Uruguay's ratings are underpinned by strong structural factors including high per capita GDP and social development indicators, as well as strong institutional quality. Strengthened external buffers, an improved debt profile and higher growth in relation to peers have also supported creditworthiness. These factors are balanced by persistently high inflation, reflecting challenges to the effective implementation of monetary policy, as well as relatively high government debt, a rigid public spending profile and significant financial dollarisation.

Solid External Buffers: Uruguay continues to strengthen its capacity to manage external shocks. Continued accumulation of international reserves mitigates potential vulnerabilities from high levels of foreign-currency deposits and non-resident participation in the local public debt market. Capacity to use the exchange rate as a shock absorber has improved.

Resilient Growth: The economy's soft landing amidst challenging global and regional conditions demonstrates its improved resilience to external shocks. After outpacing regional and rating peers in the years following the global financial crisis, growth is likely to remain close to potential (3%) in the absence of large investment projects.

High Inflation: Inflation rose further above the central bank target band (5%±2%) to 8.9% on average in 2014, remaining one of Uruguay's key policy challenges. Inflation expectations also remain well above-target despite lower oil prices, highlighting the challenge to improving the efficacy and credibility of monetary policy in the absence of wage and fiscal policy adjustments.

Wider Fiscal Deficits: Rising primary current spending has driven a structural widening of fiscal deficits in recent years, reflecting expansion of social programmes. This has increased the rigidity of the spending profile and limited fiscal policy flexibility.

Higher Public Debt, Low Refinancing Risk: Slower growth and wider fiscal deficits have led general government debt to inch upward. Vulnerability to refinancing risks is mitigated by a long-dated debt profile, improving currency composition, liquid assets held to cover amortisations for at least 12 months, and precautionary credit lines with multilateral institutions.

Policy Continuity Under New Administration: In his second term, President Tabaré Vázquez is likely to maintain broad policy continuity, balancing market-friendly policies with a focus on social welfare. The congressional majority secured by the Frente Amplio will support progress on the social agenda, though policies aimed at fiscal consolidation or boosting competitiveness could face opposition if they are perceived to pose risks to social protections.

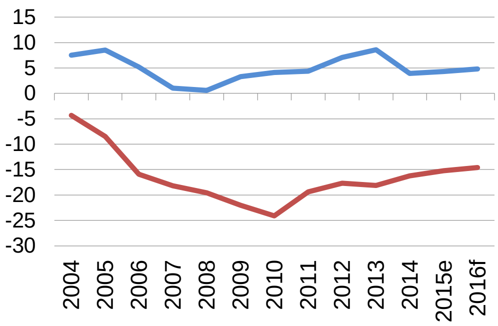
Rating Sensitivities

Strengthened Fiscal and Macro Policies: Fiscal consolidation consistent with reduction in the government debt burden, macroeconomic policy framework improvements that bring inflation in line with announced targets, and evidence of investment and productivity gains that lift growth prospects would be positive for the ratings.

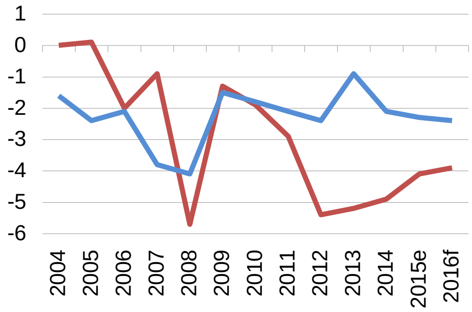
Erosion of Buffers, Public Finances: Weakening of the fiscal position and public debt burden, or a sustained period of increased macroeconomic instability that materially erodes external buffers, would be negative for the ratings.

Peer Comparison

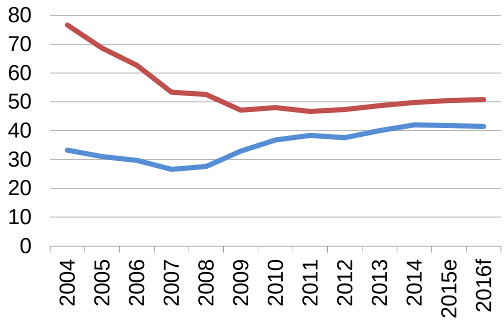
Net External Debt
% of GDP



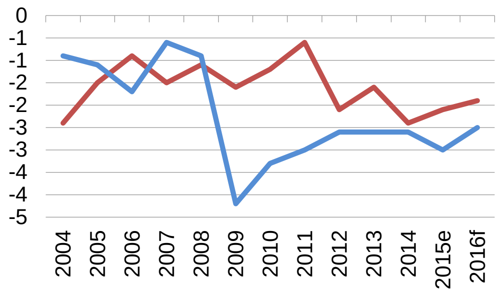
Current Account Balance
% of GDP



General Government Debt
% of GDP

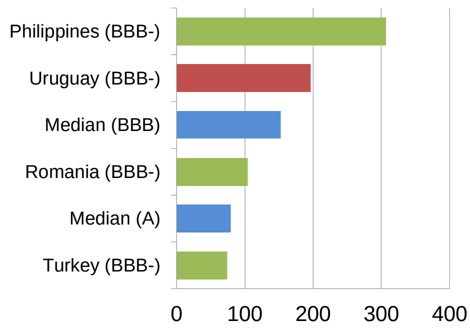


General Government Balance
% of GDP

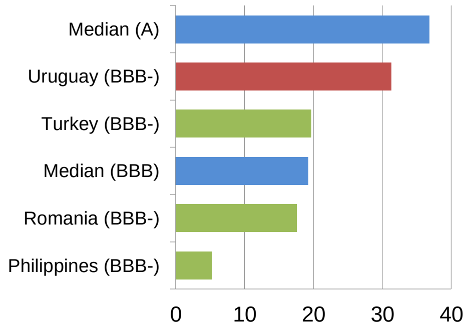


Uruguay   Medians

International Liquidity Ratio, 2015
%



GDP per capita Income, 2014e
At market exchange rates, USA=100



Related Criteria

Sovereign Rating Criteria (August 2014)
Country Ceilings (August 2014)

Rating Factors

Peer Group

Rating	Country
BBB	Bahrain
	Brazil
	Colombia
	Iceland
	Panama
	South Africa
BBB−	**Uruguay**
	Aruba
	Azerbaijan
	Bulgaria
	India
	Indonesia
	Morocco
	Namibia
	Philippines
	Romania
	Russia
	Turkey
BB+	Costa Rica
	Hungary
	Macedonia
	Portugal

Rating History

Date	Long-Term Foreign Currency	Long-Term Local Currency
7 Mar 13	BBB−	BBB
14 Jul 11	BB+	BBB−
27 Jul 10	BB	BB+
27 Jul 07	BB−	BB
07 Mar 05	B+	BB−
29 Mar 04	B	B+
17 Jun 03	B−	B
19 May 03	D	B
10 Apr 03	C	CCC−
12 Mar 03	CCC−	CCC−
07 Jan 03	B−	B
30 Jul 02	B	B
28 May 02	B+	BB−
13 Mar 02	BB+	BBB−
19 May 00	BBB−	BBB+
23 Jan 97	BBB−	NR
26 Oct 95	BB+	NR

Summary: Strengths and Weaknesses

Rating factor	Macroeconomic	Public finances	External finances	Structural issues
Status	Weakness	Weakness	Neutral	Neutral
Trend	Stable	Stable	Stable	Stable

Note: Relative to 'BBB' category
Source: Fitch

Strengths

- Uruguay's strong structural factors in terms of high GDP per capita, social development and institutional quality underpin creditworthiness and support policy continuity.
- Though the sovereign remains a net external debtor, it maintains a strong international liquidity position. Reserves have continued to grow even through periods of increased financial market volatility, and currently mitigate risks related to high financial dollarisation and greater presence of non-resident investors in the local debt market (37% of central government domestic debt securities).
- Uruguay's proactive public debt management has reduced currency and refinancing risks. Average debt maturity of 14.4 years is one of the highest among 'BBB' rated sovereigns. External financing flexibility is further supported by liquid central government assets held to cover at least 12 months of debt amortisations, demonstrated access to external markets, and precautionary credit lines with multilaterals.
- Uruguay's growth has consistently outpaced 'BBB' peers, driven by increased investment levels and productivity gains.

Weaknesses

- Uruguay's general government debt burden remains above the median for the 'BBB' rating category and is projected to rise moderately in the coming years. Moreover, the share of foreign-currency debt remains higher than the 'BBB' median.
- A rigid spending profile and low level of fiscal savings limit the flexibility of fiscal policy to respond to shocks. Nevertheless, revenue volatility remains lower than rating peers.
- Inflation remains significantly above levels observed among 'BBB' peers, partly reflecting wage indexation mechanisms. Monetary policy effectiveness remains constrained by high financial dollarisation, a low level of financial intermediation and a relatively expansionary fiscal stance.
- Commodity dependence in Uruguay is higher than 'BBB' peers, which is somewhat mitigated by a diversified soft commodity export base.

Local-Currency Rating

Uruguay's Long-Term Local-Currency IDR is one notch above the Long-Term Foreign-Currency IDR due to: increased macroeconomic stability, allowing the government to extend maturities in local-currency-denominated debt; and the ability of the government to raise tax revenue in local currency.

Country Ceiling

Uruguay's Country Ceiling of 'BBB+' reflects the absence of capital controls or current account restrictions that could lead to transfer and convertibility risks. The country's vulnerability to significant balance-of-payments pressures is reduced by increased exchange rate flexibility, strong bank supervision and high levels of international reserves.

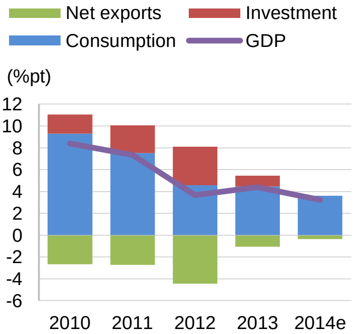
Figure 1

Strengths and Weaknesses: Comparative Analysis

2014	Uruguay BBB−	BBB Median[a]	A Median[a]	Philippines BBB−	Romania BBB−	Turkey BBB−
Macroeconomic performance and policies						
Real GDP (5yr average % change)	5.4	3.0	3.2	6.3	1.5	5.4
Volatility of GDP (10yr rolling SD)	2.6	2.6	3.2	2.0	4.7	4.3
Consumer prices (5yr average)	8.1	3.7	2.0	3.8	4.0	7.9
Volatility of CPI (10yr rolling SD)	1.3	1.8	1.7	1.7	2.3	1.3
Unemployment rate (%)	6.6	7.1	6.7	6.8	6.7	10.5
Type of exchange rate regime	Managed float	n.a.	n.a.	Free float	Managed float	Free float
Dollarisation ratio (% of bank deposits)	76.6	29.0	10.3	17.3	33.2	-
REER volatility (10yr rolling SD)	4.6	5.0	4.7	4.3	7.7	8.1
Structural features						
GDP per capita (USD, mkt. exchange rates)	16,114	10,654	19,655	2,860	9,185	10,654
GNI per capita (PPP, USD, latest)	18,930	16,700	24,550	7,820	18,060	18,760
Human development index (percentile, latest)	73.6	64.5	80.1	37.6	71.5	63.4
Governance indicator (percentile, latest)[b]	74.0	55.3	75.3	43.1	56.8	50.1
Broad money (% GDP)	49.2	69.1	100.2	65.7	39.1	64.6
Default record (year cured)[c]	2003	n.a.	n.a.	1992	1984	1982
Ease of doing business (percentile, latest)	57.0	72.4	83.6	50.0	75.0	71.3
Trade openness (CXR and CXP % GDP)	27.7	42.3	72.8	33.0	45.2	30.4
Gross domestic savings (% GDP)	19.7	22.1	28.0	16.1	21.0	15.0
Gross domestic investment (% GDP)	22.7	22.7	21.9	20.3	21.1	20.2
Private credit (% GDP)	28.1	66.0	86.5	38.3	32.4	70.4
Bank systemic risk indicators[d]	bb/1	n.a.	n.a.	bb/1	bb/1	bbb/3
Bank system capital ratio (% assets)	15.4	15.5	15.9	15.4	17.3	-
Foreign bank ownership (% assets)	54.2	32.3	56.0	10.4	90.0	-
Public bank ownership (% assets)	45.8	18.2	15.8	12.8	8.5	-
External finances						
Current account balance + net FDI (% GDP)	0.0	0.7	2.7	3.6	0.7	-4.4
Current account balance (% GDP)	-4.9	-2.0	1.5	3.6	-0.9	-5.5
Net external debt (% GDP)	-16.2	4.6	-11.9	-8.8	36.0	29.2
Gross external debt (% CXR)	209.6	133.0	86.0	96.6	152.5	193.0
Gross sovereign external debt (% GXD)	66.4	32.8	30.0	46.5	37.3	30.5
Sovereign net foreign assets (% GDP)	-1.6	-0.1	10.6	15.9	0.0	0.9
Ext. interest service ratio (% CXR)	5.9	5.1	2.1	3.4	4.6	6.8
Ext. debt service ratio (% CXR)	13.8	13.1	10.4	8.9	32.2	29.5
Foreign exchange reserves (months of CXP)	12.8	5.2	4.0	12.1	5.7	6.2
Liquidity ratio (latest)[e]	186.6	162.4	125.4	292.5	103.0	73.6
Reserve currency status	0	n.a.	n.a.	0	0	0
Commodity export dependence (% CXR, latest)	57.4	23.0	13.3	11.1	18.2	18.9
Sovereign net foreign currency debt (% GDP)	-13.4	-8.6	-13.3	-16.4	7.1	-5.1
Public finances[f]						
Budget balance (% GDP)	-2.4	-2.7	-2.2	-0.3	-1.8	-2.0
Primary balance (% GDP)	0.0	-0.8	-0.5	2.4	-0.1	0.3
Gross debt (% revenue)	174.3	162.3	142.2	200.5	117.3	98.1
Gross debt (% GDP)	49.8	41.0	46.8	37.7	38.7	34.6
Net debt (% GDP)	43.4	32.9	40.8	31.4	32.7	31.7
Foreign currency debt (% total debt)	38.0	31.9	25.2	40.2	70.7	34.7
Interest payments (% revenue)	8.3	8.3	5.3	14.4	5.3	8.4
Revenues and grants (% GDP)	28.6	28.9	33.7	18.8	33.0	35.3
Volatility of revenues/GDP ratio	1.0	5.3	4.5	3.6	2.9	4.8
Central govt. debt maturities (% GDP)	2.9	5.4	5.1	6.0	6.9	6.9

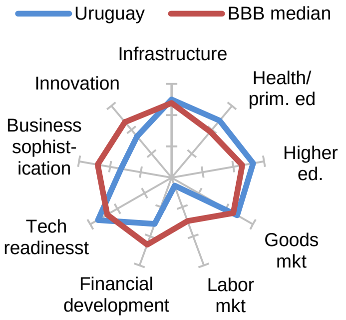
[a] Medians based on three-year centred averages
[b] Composite of four World Bank governance indicators used in the Sovereign Rating Model: Government effectiveness, rule of law, control of corruption and voice & accountability
[c] Uruguay concluded an exchange offer for all foreign-currency bond debt on 22 May 2003
[d] Bank systemic indicator, which equates to a weighted average Viability Rating; and macro prudential indicator, with 1 'low' systemic risk through to 3 'high'
[e] Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year
[f] General government unless stated
Note: Acronyms used: Consumer price inflation (CPI), gross domestic product (GDP), current external receipts (CXR), current external payments (CXP), gross national income (GNI), purchasing power parity (PPP), standard deviation (SD), foreign direct investment (FDI)
Source: Fitch

Figure 2
Real GDP Growth



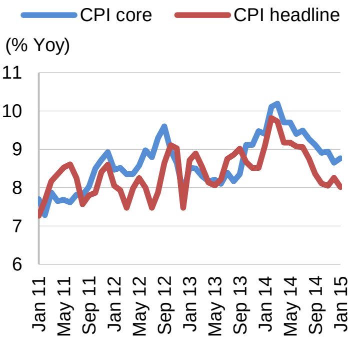
Source: BCU, Fitch

Figure 3
Competitiveness Indicators
Percentile



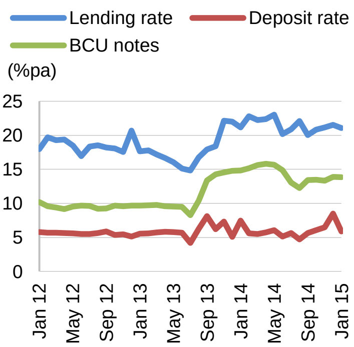
Source: World Economic Forum (2014)

Figure 4
Consumer Price Inflation



Source: BCU, CINVE

Figure 5
Interest Rates



Source: BCU, BEVSA

Key Credit Developments

Slower Growth, Improved Resilience

Uruguay's economy grew an estimated 3.2% in 2014, down from 4.4% in 2013 and an average of 6% in 2010-2013. The Uruguayan economy's soft landing amidst challenging global and regional conditions demonstrates its improved resilience to external shocks. Investment, a key source of strength in recent years, diminished in 2014 with completion of the large Montes del Plata pulp mill, which contributed an offsetting boost to net exports. Private consumption has been the key growth driver, fuelled by continued real wage gains and low unemployment.

Fitch expects growth to moderate to 2.8% in 2015-2016, below the 'BBB' median. After years of continued growth, investment should moderate in the absence of new megaprojects (such as Montes del Plata), but should remain above 22% of GDP, supported by energy projects, a large regasification plant and infrastructure investment. Risks to Uruguay's growth outlook include weak demand from Brazil and Argentina, real peso appreciation, and terms-of-trade losses as lower oil prices partially offset lower prices for soft commodity exports such as soy.

Structural constraints in labour markets and infrastructure could weigh on future growth in the absence of new investments and productivity gains. The new administration plans to raise education spending to reinforce relative strengths in human capital, and its plans to revamp the PPP framework could boost investment in the country's lagging road and railroad infrastructure. It also intends to take steps to better tie wages to sector-specific productivity measures.

Inflation Moderates at a High Level

Bringing inflation within the target and closer to levels comparable with 'BBB' peers remains one of Uruguay's main policy challenges. Inflation averaged 8.9% in 2014, up from 8.6% in 2013. Lower international oil prices since 2H14 have led to somewhat weaker inflationary pressures, offsetting the effects of Uruguayan peso depreciation and expansionary fiscal policy.

The central bank replaced its policy interest rate with a monetary aggregate target in June 2013 as its main policy instrument[1]. Interest rates have adjusted upward sharply since this change, and monetary policy has maintained a tightening bias. Money supply growth remains below the target range set by the authorities. Nevertheless, inflation expectations for end-2015 and end-2016 remain above the central bank's inflation target range of 3%-7%, highlighting the challenge to improve the effectiveness and credibility of the inflation-targeting regime. Fiscal and wage policies will be key to reining in inflation and consolidating the oil price shock gains.

Authorities have maintained reserve requirements for non-resident investors[2] in central bank instruments (LRMs), albeit at a lower rate (30%). The central bank (BCU) intends to discourage distortions brought by speculative short-term flows on instruments intended to affect domestic money supply. BCU issuance now concentrates on short-term nominal Uruguayan pesos (as opposed to inflation-indexed units) in order to directly influence monetary aggregates.

Structural Drivers Widen Fiscal Deficit

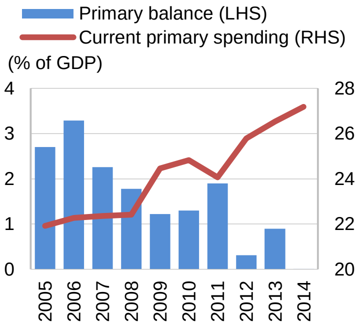
The public-sector deficit rose to 3.5% of GDP in 2014 from 2.4% in 2013, the weakest outturn since 2002. This partly reflected cyclical factors, such as higher sterilisation costs and contributions to the energy stabilisation fund (0.5% of GDP). However, the underlying driver remains deterioration in the consolidated balance of the central government and social security bank from higher primary current spending, namely on expanded healthcare and pension benefits. Revenues have not kept pace. This has led to a more rigid spending profile and erosion of the primary surplus from 1.3% of GDP in 2010 to 0% in 2014.

[1] The new target is "Broad M1" (money in circulation, time deposits, savings account balances).

[2] Authorities imposed 50% reserve requirements for non-resident investors in central bank and government domestic debt instruments in mid-2013. In October 2014, this was lowered to 0% on central government instruments and 30% on central bank instruments.

Figure 6

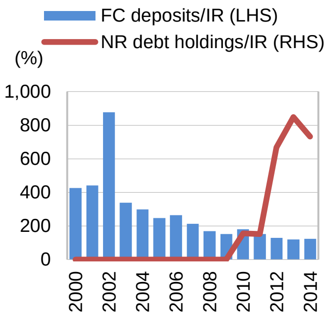
General Government Balance



Source: MEF

Figure 7

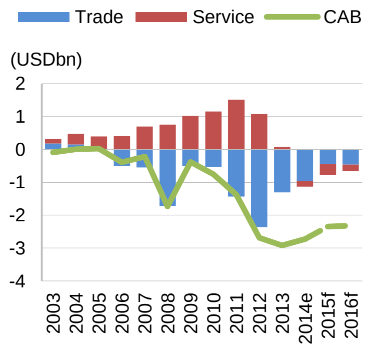
Intl. Reserves Mitigate Vulnerabilities



Source: BCU, IFS, Fitch

Figure 8

Drivers of Current Account



Source: BCU, IFS, Fitch

Figure 9

Congress

	Deputies	Senate
Frente Amplio	50	16[a]
Partido Nacional	32	10
Partido Colorado	13	4
Independent	3	1
Unidad Popular	1	0
Total	**99**	**31**

[a] Includes one vote for the Vice President
Source: Parliament of Uruguay

Wider deficits, peso depreciation, central bank recapitalisation costs and slower growth have lifted gross general government debt from 47% of GDP in 2012 to nearly 50% in 2014[3], above the 'BBB' median of 40%. Most local-currency debt is issued in inflation-indexed units, which has added 2pp of GDP to the year-end debt stock in each of the past few years. Liability management has mitigated refinancing risks, producing one of the longest average maturities in the 'BBB' category (15 years as of February 2015) and a light amortisation schedule. Liquid assets held to cover 12 months of debt service payments and 3.5% of GDP in precautionary credit lines with multilaterals buttress external financing flexibility.

In his five-year budget (to be submitted in mid-2015), President Vázquez will face a difficult balance to reduce the deficit and put public debt back on a downward trajectory in a context of slower growth, and at the same time fulfil campaign commitments for increased social spending without major tax increases. Consolidation could get a jumpstart by recent adjustments to public utility tariffs, which will improve public companies' accounts and boost their tax contributions[4]. Further consolidation of central government accounts will be challenging. The new administration has pledged to increase education spending from 4.5% of GDP to 6% and create a national system for dependent care.

Improved Capacity to Weather External Shocks

In spite of high financial dollarisation (77% of deposits), the Uruguayan peso depreciated by 12% in 2014, after a 9% depreciation in 2013. Improved capacity to use the exchange rate as a shock absorber reflects improved currency composition of public debt, prudent management of currency mismatches in the financial sector and increased use of hedging instruments.

International reserves rose to USD17.6bn in 2014, boosting the external liquidity ratio to 196% for 2015. Non-resident holdings of local public debt (BCU and CG) declined by USD440m in 2014 through 3Q14 due to amortisations and a reserve requirement of 50% that discouraged new inflows, but removal of the requirement in October on CG securities and continued high local interest rates have led to a moderate pick-up in inflows since then.

After peaking at 5.4% of GDP in 2013 and 2014, the current account deficit is likely to moderate on lower oil prices (fuel accounted for 14% of imports in 2014), reduced import demand for capital imports for large investments, and the full-year effect of production of the Montes del Plata pulp plant. FDI inflows are likely to moderate over the forecast period in line with the completion of large projects, but should continue to finance most of the country's current account deficit. Continued underperformance in Argentina and Brazil could weigh on Uruguay's goods and services export receipts, but the impact is mitigated by increased export diversification, continued investment inflows and improved external buffers.

The Left Solidifies Its Political Power

President Tabaré Vázquez won the 2014 election on a platform of continuity with the market-friendly and social welfare-oriented policies of prior Frente Amplio administrations, with added emphasis on education, security and infrastructure. The congressional majority secured by the Frente Amplio bodes well for progress on the administration's social reform agenda.

However, the greater standing of left-leaning factions within the Frente Amplio could constrain policy efforts aimed at fiscal consolidation or structural reforms, if perceived to pose risks to social protections. The new administration's plans to better incorporate productivity measures into wage negotiations could face challenges from the country's powerful labour unions, as similar efforts have proven difficult to implement in the past.

[3] Bonds issued since 2010 to recapitalise the central bank totalled UYU95.7bn (8.4% of GDP) at end-2013. These bonds are indexed to inflation and are not negotiable. Excluding these, general government debt rose from 39.9% of GDP in 2012 to an estimated 41.3% in 2014.

[4] This included an average 6.9% hike in electricity rates, 3% cut for gas, 5.5% cut for gasoil (compared to a nearly 50% fall in global oil prices in local-currency terms in 2H14).

Public Debt Dynamics

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

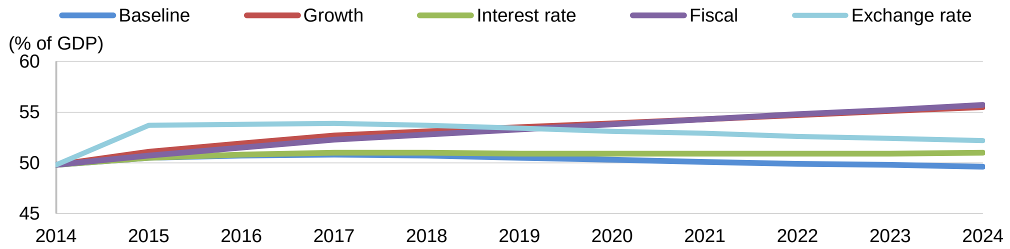
According to Fitch's baseline projections, gross general government debt will rise moderately in the coming years to above 50% of GDP. The main risk to debt sustainability would be failure to reduce the primary budget deficit. A high share of foreign-currency debt makes the debt trajectory sensitive to peso depreciation, and a high level of indexation of peso-denominated debt to the CPI make it less sensitive to growth in the GDP deflator.

Debt Dynamics – Fitch's Baseline Assumptions

	2014	2015	2016	2017	2018	2019	2023
Gross general government debt (% GDP)	49.8	50.5	50.7	50.8	50.7	50.5	49.8
Primary balance (% of GDP)	0.0	0.3	0.6	0.7	0.8	0.8	0.8
Real GDP growth (%)	3.2	2.8	2.8	3.0	3.3	3.5	3.5
Avg. nominal effective interest rate (%)	5.5	5.5	5.5	5.5	5.5	5.6	5.7
UYU/USD (annual avg.)	23.2	25.2	26.6	28.0	29.2	30.5	35.6
GDP deflator (%)	8.9	8.5	7.9	7.2	6.9	6.6	6.2

Sensitivity Analysis

Gross general government debt



Source: Fitch estimates, national sources, IMF

Debt Sensitivity Analysis – Fitch's Scenario Assumptions

Growth	GDP growth 1.3pp lower (half standard deviation)
Interest rate	Marginal interest rate 100bp higher
Fiscal	No change in primary balance from 2014 level
Exchange rate	25% devaluation at end-2015

Forecast Summary

	2010	2011	2012	2013	2014	2015e	2016f
Macroeconomic indicators and policy							
Real GDP growth (%)	8.4	7.3	3.7	4.4	3.2	2.8	2.8
Unemployment (%)	7.0	6.3	6.3	6.6	6.6	6.8	7.0
Consumer prices (annual average % change)	6.7	8.1	8.1	8.6	8.9	8.0	7.7
Short-term interest rate (bank policy annual avg.) (%)	4.6	5.8	6.8	7.4	7.2	7.3	7.1
General government balance (% of GDP)	-1.2	-0.6	-2.1	-1.6	-2.4	-2.1	-1.9
General government debt (% of GDP)	48.0	46.7	47.3	48.7	49.8	50.5	50.7
UYU per USD (annual average)	20.10	19.30	20.30	20.50	23.20	25.15	26.63
Real effective exchange rate (2000 = 100)	110.0	112.2	115.7	123.3	125.4	124.9	126.1
Real private sector credit growth (%)	17.4	8.9	6.5	16.5	8.2	4.2	4.8
External finance							
Current account balance (% of GDP)	-1.9	-2.9	-5.4	-5.2	-4.9	-4.1	-3.9
Current account balance plus net FDI (% of GDP)	4.1	2.4	0.0	-0.3	0.0	0.2	0.4
Net external debt (% of GDP)	-24.1	-19.4	-17.7	-18.1	-16.2	-15.2	-14.6
Net external debt (% of CXR)	-82.3	-67.7	-63.4	-71.6	-64.2	-59.4	-57.3
Official international reserves including gold (USDbn)	7.6	10.3	13.6	16.3	17.8	18.6	19.1
Official international reserves (months of CXP cover)	7.6	8.3	9.8	11.5	12.8	13.3	13.2
External interest service (% of CXR)	7.3	6.4	5.2	6.2	5.9	5.9	5.9
Gross external financing requirement (% int. reserves)	22.3	38.3	36.3	29.3	23.5	22.1	19.0
Real GDP growth (%)							
US	2.5	1.6	2.3	2.2	2.4	3.1	3.0
China	10.4	9.3	7.7	7.7	7.4	6.8	6.5
Eurozone	2.0	1.6	-0.7	-0.5	0.9	1.3	1.5
World	4.0	3.2	2.4	2.5	2.6	3.0	3.1
Oil (USD/barrel)	79.6	111.0	112.0	108.8	100.0	70.0	80.0

Source: Fitch

Fiscal Accounts Summary

(% of GDP)	2011	2012	2013	2014	2015e	2016f
General government						
Revenue	**27.4**	**27.6**	**28.9**	**28.6**	**29.0**	**29.4**
Expenditure	**28.0**	**29.6**	**30.4**	**30.9**	**31.1**	**31.3**
O/w interest payments	2.5	2.4	2.5	2.4	2.4	2.4
Primary balance	1.9	0.3	0.9	0.0	0.3	0.6
Overall balance	**-0.6**	**-2.1**	**-1.6**	**-2.4**	**-2.1**	**-1.9**
General government debt	**46.7**	**47.3**	**48.7**	**49.8**	**50.5**	**50.8**
% of general government revenue	170.0	171.6	168.6	174.3	174.3	172.7
General government deposits	7.1	6.8	4.8	6.1	6.3	5.5
Net general government debt	39.3	40.9	43.7	43.4	44.0	45.1
Central government						
Revenue	**20.9**	**20.4**	**21.3**	**20.7**	**21.0**	**21.3**
O/w grants	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure and net lending	**21.5**	**22.4**	**22.9**	**23.1**	**23.1**	**23.2**
O/w current expenditure and transfers	17.5	18.6	19.0	19.3	19.3	19.4
- Interest	2.5	2.4	2.5	2.4	2.4	2.4
O/w capital expenditure	1.5	1.5	1.5	1.4	1.4	1.4
Current balance	0.9	-0.5	-0.1	-1.0	-0.7	-0.5
Primary balance	1.9	0.4	0.9	0.0	0.3	0.6
Overall balance	**-0.6**	**-2.0**	**-1.6**	**-2.4**	**-2.1**	**-1.9**
Central government debt	46.2	46.9	48.2	49.4	50.1	50.3
% of central government revenues	221.4	229.5	226.1	238.7	239.1	236.5
Central government debt (UYUbn)	**421.7**	**476.3**	**550.3**	**630.9**	**715.1**	**795.9**
By residency of holder						
Domestic	196.5	226.1	245.5	276.7	313.4	348.6
Foreign	225.2	250.2	304.8	354.1	401.7	447.4
By currency denomination						
Local currency	234.2	295.7	340.8	379.8	409.8	453.9
Foreign currency	187.5	180.6	209.5	251.0	305.3	342.1
In USD equivalent (eop exchange rate)	9.4	9.3	9.8	10.3	11.7	12.6
Average maturity (years)	12.3	11.7	10.8	14.4	-	-
Memo						
Nominal GDP (UYUbn)	912.3	1,015.6	1,141.0	1,278.1	1,426.2	1,581.7

Source: Ministry of Finance and Fitch estimates and forecasts

External Debt and Assets

(USDbn)	2009	2010	2011	2012	2013	2014
Gross external debt	**20.2**	**19.4**	**19.9**	**24.5**	**26.6**	**29.2**
% of GDP	66.5	50.1	42.2	49.0	47.7	52.9
% of CXR	214.7	171.3	146.9	175.8	189.2	209.6
By maturity						
Medium- and long-term	12.7	12.3	13.4	16.3	18.1	20.9
Short -term	7.5	7.1	6.5	8.2	8.5	8.2
% of total debt	37.3	36.5	32.7	33.4	31.9	28.2
By debtor						
Sovereign	**13.3**	**13.2**	**13.8**	**16.2**	**17.9**	**19.4**
Monetary authorities	0.5	0.5	0.3	0.7	0.6	0.5
General government	12.8	12.7	13.5	15.6	17.3	18.9
O/w central government	10.7	10.6	11.3	12.9	14.2	14.6
Banks	**5.2**	**5.3**	**4.0**	**4.7**	**5.0**	**5.5**
Other sectors	**1.6**	**1.0**	**2.2**	**3.7**	**3.6**	**4.3**
Gross external assets (non-equity)	**26.9**	**28.8**	**29.1**	**33.4**	**36.6**	**38.1**
International reserves, incl. gold	8.0	7.6	10.3	13.6	16.3	17.8
Other sovereign assets nes	0.7	0.7	0.5	0.8	0.9	2.0
Deposit money banks' foreign assets	8.1	10.4	8.9	8.5	8.3	8.8
Other sector foreign assets	10.1	10.1	9.5	10.4	11.2	10.8
Net external debt	**-6.7**	**-9.3**	**-9.2**	**-8.8**	**-10.1**	**-8.9**
% of GDP	-22.0	-24.1	-19.4	-17.7	-18.1	-16.2
Net sovereign external debt	4.7	4.8	3.0	1.8	0.7	0.9
Net bank external debt	-2.9	-5.1	-4.9	-3.8	-3.2	-3.3
Net other external debt	-7.0	-7.6	-5.8	-5.6	-6.3	-5.1
Net international investment position	**6.7**	**9.3**	**9.2**	**8.8**	**10.1**	**8.9**
% of GDP	22.0	24.1	19.4	17.7	18.1	16.2
Sovereign net foreign assets	**-4.7**	**-4.8**	**-3.0**	**-1.8**	**-0.7**	**-0.9**
% of GDP	-15.4	-12.4	-6.4	-3.6	-1.3	-1.6
Debt service (principal & interest)	**1.6**	**1.9**	**2.4**	**1.8**	**1.9**	**1.9**
Debt service (% of CXR)	17.1	16.5	17.8	12.7	13.7	13.8
Interest (% of CXR)	8.6	7.3	6.4	5.2	6.2	5.9
Liquidity ratio (%)	135.5	150.4	166.6	221.2	181.6	186.6
Net sovereign FX debt (% of GDP)	11.1	7.9	-1.6	-8.4	-11.5	-13.4
Memo						
Nominal GDP	30.4	38.8	47.3	50.0	55.7	55.1
Inter-company loans	0.8	0.7	1.2	1.3	1.5	2.1

Source: Central Bank, IMF, World Bank and Fitch estimates and forecasts

External Debt Service Schedule on Medium- and Long-Term Debt at December 2014

(USDbn)	2013	2014	2015	2016	2017	2018	2019+
Sovereign: Total debt service	**2.2**	**1.8**	**1.1**	**0.9**	**1.2**	**1.3**	**21.7**
Amortisation	1.4	1.0	0.3	0.2	0.6	0.7	14.1
Official bilateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	0.6	0.1	0.1	0.1	0.3	0.1	1.5
O/w IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-	-	-	-	-	-	-
Bonds placed in foreign markets	0.8	0.9	0.2	0.1	0.3	0.6	12.6
Interest	0.8	0.8	0.8	0.7	0.6	0.6	7.6
Non-sovereign public sector							

Source: Ministry of Finance, Central Bank and Fitch

Balance of Payments

(USDbn)	2011	2012	2013	2014	2015e	2016f
Current account balance	**-1.4**	**-2.7**	**-2.9**	**-2.7**	**-2.3**	**-2.3**
% of GDP	-2.9	-5.4	-5.2	-4.9	-4.1	-3.9
% of CXR	-10.1	-19.3	-20.8	-19.6	-16.2	-15.3
Trade balance	**-1.4**	**-2.4**	**-1.3**	**-1.0**	**-0.4**	**-0.5**
Exports, fob	9.3	9.9	10.3	10.4	10.9	11.2
Imports, fob	10.7	12.3	11.6	11.4	11.4	11.7
Services, net	**1.5**	**1.1**	**0.1**	**-0.2**	**-0.3**	**-0.2**
Services, credit	3.6	3.5	3.3	3.1	3.0	3.3
Services, debit	2.1	2.4	3.2	3.2	3.3	3.5
Income, net	**-1.6**	**-1.5**	**-1.8**	**-1.7**	**-1.7**	**-1.8**
Income, credit	0.5	0.4	0.3	0.3	0.4	0.4
Income, debit	2.1	1.9	2.1	2.0	2.1	2.2
O/w: Interest payments	0.9	0.7	0.9	0.8	0.9	0.9
Current transfers, net	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Capital and financial accounts						
Non-debt-creating inflows (net)	2.2	2.5	2.5	2.1	2.3	2.4
O/w equity FDI	2.2	2.5	2.5	2.1	2.3	2.4
O/w portfolio equity	0.0	0.0	0.0	0.0	0.0	0.0
O/w other flows	0.0	0.0	0.0	0.0	0.0	0.0
Change in reserves	-2.6	-3.3	-2.9	-1.3	-0.8	-0.5
Gross external financing requirement	2.9	3.7	4.0	3.8	3.9	3.5
Stock of international reserves, incl. gold	10.3	13.6	16.3	17.8	18.6	19.1

Source: IMF and Fitch estimates and forecasts

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.