Uruguay
in focus

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

MACROECONOMIC HIGHLIGHTS

- **The economy showed a slight contraction of 0.2% YoY in the first quarter of 2019, while remaining stable in SA terms over the previous quarter.**

- **The current Account balance posted a deficit of 0.7% of GDP in the twelve months to 2019Q1, while the trade balance registered a surplus of 5.8% of GDP.**

- **The 12-month Consolidated public sector deficit was 2.9% of GDP as of May, including the effect of transfers to the public Social Security Trust Fund.**

- **CPI rose 7.4% YoY in the year ended in June.**

RECENT DEVELOPMENTS

- **Finnish company UPM confirmed the construction of its second pulp mill in Uruguay. This will be the largest-ever private investment in the country.**

- **Mercosur and the European Union European Union and Mercosur reached today a political agreement for an ambitious, balanced and comprehensive trade agreement.**

- **Candidates for each political party emerged from primary elections in June; presidential elections will take place next October.**

1) REAL SECTOR

Economy contracted 0.2% in 2019Q1 YoY, the first negative figure since 2015Q4

The Uruguayan economy continued to decelerate in 2019Q1, decreasing 0.2% in comparison to the same period last year— the first negative YoY figure since the last quarter of 2015. In seasonally adjusted terms, the economy remained flat with respect to the last quarter of 2018.

Demand Components

From the expenditure side, the domestic demand fell in the first quarter of 2019 due to a reduction in both gross capital formation and final consumption. On the other hand, net exports of goods and services increased.

Final consumption spending decreased 0.3% in 2019Q1 compared to 2018Q1, driven by lower household consumption (-0.4%), not fully offset by an expansion of the government´s (0.7%).

Gross fixed capital formation declined 3.2% YoY, mostly owing to a slump in the private sector investment activity of around 4.8%. In contrast, public gross fixed investment grew 5.4%, driven largely by new infrastructure works in the city of Montevideo.

Exports of goods and services contracted 6% with respect to the first quarter of 2018, caused by a drop in tourism services, and to a lesser extent, by a reduction in goods and other service exports. In particular, during 2019Q1, inbound tourism declined 29% (mainly from Argentina) due to less favorable relative prices and economic recession in the neighbour country. In addition, exports of livestock and beef also fell, while external sales of dairy products and electric energy expanded.

Imports, these decreased 7.9% YoY in the first quarter, led by both lower merchanadise and services imports.

Production Sectors

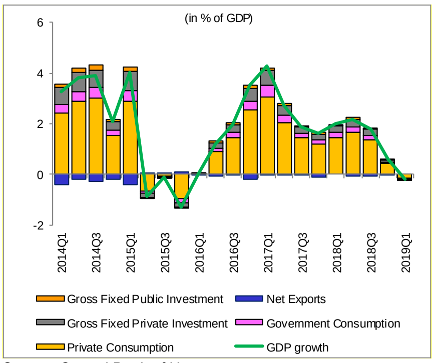
Manufacturing activity diminished 2.5% in 2019Q1 YoY, due to a lower production output in most of the subsectors. The drop in the processed beef industry and cellulose pulp manufacturing, partially compensated by the increase in the production of syrups and concentrated.

The value added of Commerce, Restaurants and Hotels decreased 6.9% compared to the first quarter of 2018, weighed down by lower tourist arrivals.

The Transport, Storage and Communications sector increased its value added in the first quarter by 5.3%, as a consequence of the expansion of the communications activity, not fully offset by the reduction in transport services and storage. The supply of electricity, gas and water registered an increase of 21.1% (YoY), on the back of higher generation and distribution of electrical energy, mostly hydroelectric.

Construction activity fell 3% in 2019Q1 with respect to the same period the previous year, driven by a slowdown in both building construction and the "other constructions" subcategory.

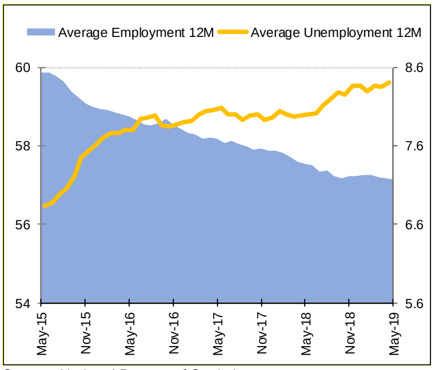
Contribution to GDP Growth by Expenditure
(On a quarterly basis)



Source: Central Bank of Uruguay

The nationwide unemployment rate was 8.7% in May, 0.6pp higher than a year ago. On average, the rate stood at 8.4% in the last twelve months.

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



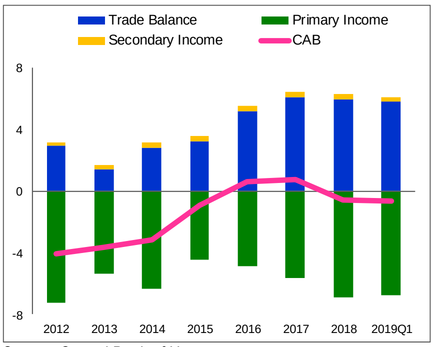
Source: National Bureau of Statistics

2) EXTERNAL SECTOR
CAB registered a deficit of 0.7% of GDP 2019Q1

In the twelve months through March-2019, current transactions with the rest of the world posted a negative result of 0.7% of GDP, according to the latest release of the Balance of Payments statistics. This moderate current account imbalance was the result of a net surplus in the trade of goods (4.2% of GDP) and in the services category (1.6% of GDP), as well as Secondaty Income (0.3%), offset by a deficit in th Primary Income category (reaching -6.8% of GDP).

The balance in the trade of goods remained almost unchanged from a year ago. Yet the general merchandise balance fell USD 524 million (because of lower soybean exports and higher imports), while goods under merchanting saw a moderate improvement in its trade balance.

Current Account Balance (CAB)
(In % of GDP)



Source: Central Bank of Uruguay

The Services balance posted a surplus in the year ended in March 2019, despite having decreased USD 552 million in comparison to the same period last year, which obeyed both to a reduction of exports (-7%) and an increase in imports (5.7%).

On the other hand, in the twelve months to the first quarter of 2019, the Primary Income posted an approximateUSD 4 billion deficit, USD 364 million higher than a year ago (). The deterioration was mostly explained by an increase in Foreign Direct Investment (FDI) profits, both repatriated and reinvested in the country (although the latter more than doubled the former).

In particular, it is worth mentioning that as the majority of firms dedicated to the goods under merchanting activity are foreign-owned, the profits obtained (because of greater net exports) helped to explain the increase in FDI through reinvested profits.

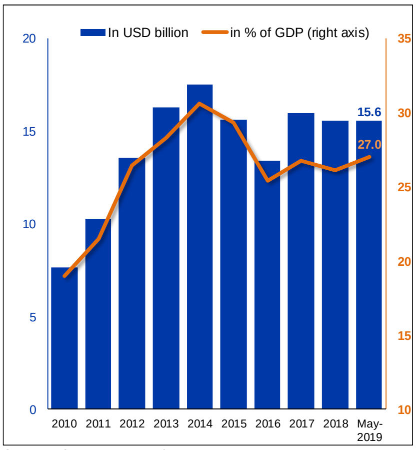
Having said that, druing the year ended in 2019Q1, the overall impact in the Current Account balance as a result of higher net exports of goods under merchanting was mostly offset by the associated increase in these companies´ profits, which are registered as a debit entry in the Primary Income component. Finally, the Secondary Income balance, that describes the net current transfers, had a positive value of around 0.3% of GDP.

Overall, the Financial Account registered a net inflow of USD 364 million in the year ended in 2019Q1 (including the Errors and Omissions component).

By end-May, international reserves of the Central Bank of Uruguay (CBU) totaled USD 15.6billion, (27% of GDP). This level is 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). Importantly, international assets remained largely stable over the last few years, with Reserves to GDP ratio consistently surpassing 25% since 2012.

During 2019, the Central Bank has intervened on both sides of the market, smoothing out volatility. In the first quarter of 2019, the CBU bought USD 500 million in order to contain downward pressures on FX. During the second quarter it sold USD 575 million while at the same time repurchased CBU-bills for USD 400 million equivalent, in order to avoid excesive volatility in the FX market.

International Reserves



Source: Central Bank of Uruguay

3) FISCAL INDICATORS

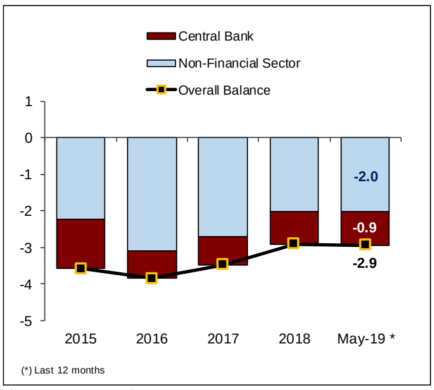
Consolidated Public Sector deficit stood at 2.0% of GDP in the 12 months to May; net debt was 33% of GDP

Statistics on Uruguay's fiscal finances and public debt refer to the Consolidated Public Sector, as presented in the authorities' budget documentation,. This includes the Non-Financial Public Sector (NFPS) and the Central Bank. In addition, the Central Bank cannot transfer to the Treasury unrealized gains originated from the accounting revaluation of international reserves.

The NFPS is composed of the Central Government (which includes the Social Security public fund), local governments, public enterprises and the state-owned insurance bank (BSE). In the twelve months ending in May 2019, the result of the Non-Financial Public Sector stood at -2.0% of GDP, showing an improvement of 0.2pps with respect to April. If the CBU deficit is factored in, the overall public sector registered a deficit of 2.9% of GDP.

Since October 2018, the public Social Security bank has received extraordinary transfers from Pension Funds, following a law introducing changes to the pension system. These accumulated transfers, which are registered as government revenues consistent with IMF statistics standards, reduced the headline fiscal deficit by 1.7% of GDP in the 12 months to May 2019.

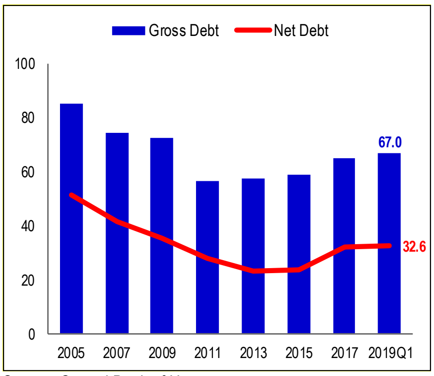
Consolidated Public Sector Balance
(In % of GDP)



Source: Ministry of Economy and Finance

The Consolidated Public Sector debt stood at 67% of GDP as of March 2019, while the net debt printed at 32.6% of GDP. These measures of debt net-out intra-public sector holdings of assets amd liabilities.

Consolidated Public Sector Debt
(In % of GDP, end-of-period)



Source: Central Bank of Uruguay

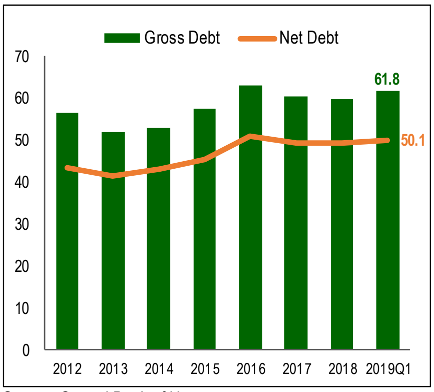
In March 2019, the CBU started publishing gross and net debt figures for the Non-Financial Public Sector (equivalently referred as "Non-Monetary Public Sector", in the terminology used by the CBU in its debt reports).

Under this narrower perimeter of fiscal consolidation, assets and liabilities held by the NFPS where the counterpart is the Central Bank, are not netted out in debt figures. For instance, capitalization bonds issued in the past by the Government to the Central Bank (in order to maintain the minimum capital requirments established in its charter law) are now part of NFPS gross debt.

Likewise, the CBU-bills held by other public entities as well as their deposits in the Central Bank are included as part of the assets in the NFPS financial position.

All things considered, the Non-Financial Public Sector gross debt (i.e., the "Non-Financial Public Sector") stood at 61.8% of GDP as of March 2019, while net debt was 50.1% of GDP. These new series are available from December 2012 onwards.

Non-Monetary Public Sector Debt
(In % of GDP, end-of-period)



Source: Central Bank of Uruguay

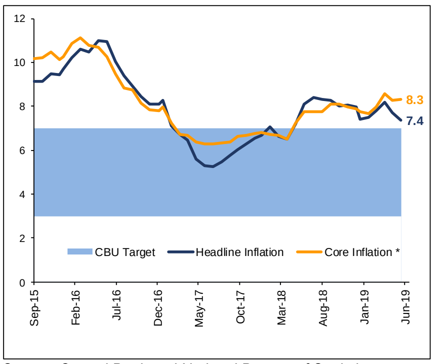
4) INFLATION & MONETARY INDICATORS

Consumer rices rose 7.4% YoY by the year ended in June

Consumer prices increased 7.36% YoY in June, decelerating 0.37pps over May, and driven mostly by a reduction in the prices of fruits and vegetables. Monthly inflation was 0.64% in June.

Regarding the Monetary Policy, in July the CBU authorities set the target range for the growth rate of the monetary aggregate of reference (M1') to 8.0%–10.0% in 2019Q2, the same as in the previous quarter. In fact, M1' growth in the first quarter stood in line at 10%. In addition, the Macroeconomic Coordination Committee kept the inflation target for the next 24 months horizon unchanged at 3.0% - 7.0%.

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

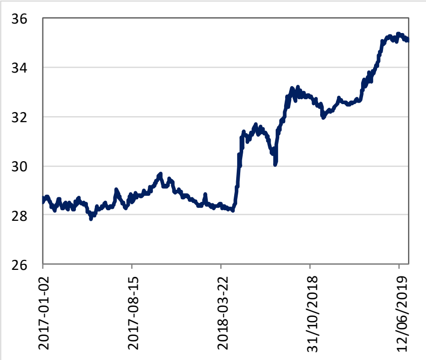


Source: Central Bank and National Bureau of Statistics

In the second quarter of the year, the Uruguayan peso depreciated 5.1% against the US dollar. It occured mainly during May when some institutional investors change their portfolio preferences towards a higher composition of foreign currency, according to the Monetary Policy Committee press release.

On the contrary, during July, upward pressures on the exchanged have receded.

Nominal Exchange Rate
(Pesos per USD)



Source: Central Bank of Uruguay

Authorities' disinflation efforts are also centred 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.

5) BANKING SYSTEM

Overall banking system with high levels of profitability

As of end of March, the banking system presented a very robust solvency situation as the minimum risk-adjusted capital requirement was surpassed in 90%.

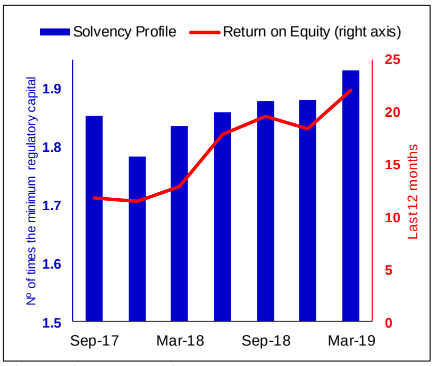
Total assets of the banking system totaled USD 37.8 billion as of March 2019, corresponding 37% to resident loans in the non-financial private sector. In turn, liabilities reached USD 33.4 billion, of which 88% corresponds to deposits of the non-financial private sector (90% of whom are residents).

Credit delinquency stood at 3% on average, falling slightly with respect to end-2018.

Banking profitability achieved a return on assets (ROA) of 2.5% and a return on equity (ROE) of 22.1% in the twelve months to 2019Q1, partly underpinned by exchange rate differences.

The financial system in Uruguay is composed by foreign banks, cooperatives, offshore banks, external financial institutions, credit administrators, foreign exchange houses and financial service companies. State-owned banks have traditionally held a significant share of the banking market.

Banking System`s Solvency Profile and Return on Equity



Source: Central Bank of Uruguay

In May, foreign currency deposits from residents grew approximately USD 300 million from the previous month, reaching USD 19 billion. In turn, non-residents' totaled USD 2.8 billion (that is 9.6% of total deposits) remaining pretty steady for over a year. For its part, resident´s local currency- denominated deposits recorded the equivalent of USD 7 million.

6) RECENT DEVELOPMENTS

UPM confirms the construction of a second pulp mill in central Uruguay, the largest-ever private investment in the country

On July 23th, the UPM Kymmene Corporation announced their final decision to build a greenfield eucalyptus pulp mill in the country. The site of the mill would be close to the city of Paso de los Toros, in the department of Durazno in central Uruguay.

The project will represent the largest private investment in history, with an on-site investment of USD 2.7 billion. Additionally, UPM will invest USD 350 million in port operations in Montevideo and local facilities in Paso de los Toros (amounting to a total investment of 5% GDP).

Construction of the new pulp mill, which will have an initial annual production capacity is 2.1 million tonnes, is expected to begin in 2020, and is scheduled to start up operations in the second half of 2022.

"The highly competitive mill investment will increase UPM's current pulp capacity by more than 50%, resulting in a step change in the scale of UPM's pulp business as well as in UPM's future earnings", pointed out the Finnish company.

"For decades Uruguay has shown a consistent long-term vision in developing the prerequisites for industrial operations and building the foundation for foreign investment. I humbly recognize the determination with which the decision makers have made way for the country's economic development. Today's decision will bring many new opportunities for small and medium sized companies and educated workforce in the central part of Uruguay, benefitting thousands of Uruguayans for decades to come," pointed out Mr. Jussi Pesonen, President and CEO of the company.

The new pulp mill is designed to fully meet the strict Uruguayan environmental regulations as well as international standards.

"During the past decade UPM has developed additional plantation areas in

Uruguay and created a market driven pulp business with wide customer base in growing end uses. At the same time, we have consistently improved our financial performance and achieved a truly industry leading balance sheet. We are now in an excellent position to take this transformative step and capture the opportunities of attractive, growing markets in a sustainable and highly competitive way," says Mr. Jussi Pesonen, President and CEO of UPM.

Significant impact on the Uruguayan Economy

According to independent socioeconomic impact studies cited by the company, once the mill is operating, it is expected to have a positive impact in GDP growth, employment and exports. It will add an estimated 2 percentage points to GDP, create numerous jobs and lead to an upgrade in physical infrastructure.

In the most intensive construction phase, there will be more than 6,000 people working on the site. When completed, approximately 10,000 permanent jobs are estimated to be created along the value chain, of which 4,000 would be directly employed by UPM and its subcontractors. About 600 companies are estimated to be working in the value chain.

The mill's value chain is expected to contribute USD 170 million in annual taxes and social security payments as well as USD 200 million in wages and salaries.

When in operation, the factory will also generate more than 110 MW of renewable electricity (biomass) providing a reliable source of energy that will buttress Uruguay´s long term growth strategy of renewable energy.

In addition to the mill and port investments, UPM will invest USD 70 million in a new residential area in Paso de los Toros City (department of Tacuarembó) and provide temporary housing for the project personnel, fund the improvement of municipal waste water treatment plant and restoration of the municipal landfill in this city.

The Government of Uruguay will develop the country's inland rail and road network that will also enable new business opportunities, such as cost-efficient transportation of pulp, grain, wood products and containers.

EU-Mercosur opened the door for the largest FTA in the world; negotiations with South Korea, Canada and EFTA are in the pipeline

After almost two decades of negotiations, the European Union (EU) and Mercosur (Argentina, Brazil, Paraguay and Uruguay) reached in June a political agreement for an ambitious, balanced and comprehensive trade agreement. The new trade framework will consolidate a strategic political and economic partnership and create significant opportunities for sustainable growth on both sides, while respecting the environment. The new deal will enter into force once it is ratified by the members of both blocks.

The annual current EU bilateral trade with Mercosur already totals USD 100 billion a year for goods and USD 40 billion for services. The EU exports to Mercosur goods worth USD 50 billion a year and imports Mercosur products of nearly the same value (USD 48 billion). When it comes to services, the EU exports more than twice as much as it imports: USD 26 billion of services supplied by EU firms to clients in Mercosur versus USD 12 billion in services delivered to EU clients by firms from Mercosur countries. In terms of investments, the EU is the largest foreign investor in the South American bloc.

According to a report published by Moody´s Investors Service in July, the agreement will boost exports, support investment and technology transfer and contribute to greater competitiveness of the countries of the South American bloc formed in 1991.

In particular, the smallest countries of Mercosur, Paraguay and Uruguay, "will benefit most from the agreement given that they are open and small economies", added Moody´s.

The core of the agreement establishes that the EU grants preferences to more than 99.7% of the current Mercosur trade and at the same time, the economic bloc grants preferences in 91% of the current EU trade. In both cases, the tariff elimination must be achieved in a period no longer than 15 years.

Official projections establish that 97% of Uruguay's exportable supply will have a preferential treatment in Europe, which would mean extra export revenues of at least USD 100 million on an annual basis.

Beyond tariffs, the agreement upholds the highest standards of food safety and consumer protection, as well as the precautionary principle for food safety and environmental rules. It alsocontains specific commitments on labor rights and environmental protection, including the implementation of the Paris climate agreement and other similar enforcement rules.

During the next six months both parties will have to conclude a legal review of the agreement. Once this process has been completed, it must be translated into thirty official languages of the incumbent countries and then submitted to the Parliaments of each of them for the respective ratifications. It is estimated that it could take between two or three years to complete all these steps.

Both economic blocs account for 25% of the world's GDP and had a population of 780 million people.

Beyond this agreement, Mercosur is also negotiatiing with other economic areas. In this line, a third round of trade negotiations between Mercosur and the Republic of Korea was held in Montevideo during July. Coordinated by Uruguay on behalf of Mercosur, twelve working groups met. Both parties estimated that the negotiation process could end by middle of next year. The commercial exchange between Mercosur and the Republic of Korea totaled around USD 10 billion last year.

In turn, Canada and Mercosur are also seeking to close a comprehensive free trade agreement in the medium term. In March 2019 both economic blocks celebrated in Ottawa the fifth round of negotiations. During this round, there was progress in chapters such as Trade Facilitation, Good Regulatory Practices and Intellectual Property. The parties then continued with the investment chapter. Based on the progress achieved, an intense work plan was agreed with the ambitious aim of concluding the whole negotiation at the end of 2019.

Another important agreement appears in the short term, between Mercosur and European Free Trade Association (EFTA) formed by Norway, Iceland, Switzerland and Liechtenstein. A total of nine negotiation rounds have been held since the first one in June 2017. The most recent meeting was held in Geneva last June. With some chapters of the free trade agreement already concluded, the working groups convening this round were: Trade in Goods; Rules of Origin; Trade in Services; Investment; Intellectual Property Rights; Government Procurement; and Legal and Horizontal Issues. Both EFTA and Mercosur aim for a speedy conclusion of the negotiations.

The four countries which are part of the EFTA represent a market of approximately 14 million people. The GDP per capita levels of these nations is among the highest ones in the world, thus representing a consumer market with high purchasing power. Given that Mercosur only exports to EFTA countries around USD 3 million on an annual basis, there is ample margin for significant potential growth.

Candidates emerged from primary elections; general ones will take place in October

The primary elections for choosing the presidential candidates were carried out on June 30th 2019. At the same time, the "Órgano Deliberativo Nacional" and the "Órganos Deliberativos Departamentales" of the different parties were chosen, which have the purpose of electing the candidate for vice-president, and the candidates for Mayors for the municipal elections of 2020.

In the governing Broad Front ("Frente Amplio"), Mr. Daniel Martinez, came out ahead with 42% of the votes, followed by Mrs. Carolina Cosse with 25%, Oscar Andrade with 23% and economist Mario Bergara with 9%.

In the opposition National Party (Partido Nacional), Senator Luis Alberto Lacalle Pou obtained 53.9% of the votes, followed by Juan Sartori with 20.8%, Senator Jorge Larrañaga with 17.3% and Enrique Antía 7.5%.

In the Colorado Party (Partido Colorado), Mr. Ernesto Talvi, was supported by 53.8% of the voters, followed by former President Julio Maria Sanguinetti with 32.7% and Senator Jose Amorin Batlle with 13.2%.

General elections will take place on October 27th. If no presidential candidate receives a majority in the first round of voting, a runoff will take place on November 24th.

The President of Uruguay is elected using the two-round system, with a run-off held if no candidate receives 50% of the votes in the first round. The 30 members of the Senate are elected by proportional representation in a single nationwide constituency. The Vice President, elected on the same ballot as the President, becomes President of the Senate, with his vote being determinant in case of tie. The 99 members of the Representatives Chamber are elected by proportional representation in 19 multi-member constituencies based on the Departments of the country.

The elections are held using the double simultaneous vote method, where voters cast a single vote for the party of preference for all three: the Presidency, the Senate and the Chamber of Representatives.

Wind energy production as a source of electricity reached its peak in 2018

According to the Preliminary 2018 Energetic Balance released by the Ministry of Industry, Energy and Mining, 97% of Uruguay´s electricity generation in 2018 came from renewable sources. Within this percentage, 3% was solar energy, 17% biomass, 33% wind power and 44% hydroelectric.

This is the result of an energy matrix transformation that started only six years ago with the installation of wind parks. Notably, in 2013 wind energy only represented 1% of electricity generation by source. Since then, this percentage has increased to peak last year at 33%.

Palmatir Wind Park in Tacuarembó department

Wind energy does not only provide the country with another renewable energy source —with all the environmental benefits and positive externalities it has— but also pushed for energy independence. Only a few years ago, any electricity excess of demand higher than the renewable production must have been supplied with fossil energy from imported oil, as the country has no fossil-fuel resources of its own. In that sense, the energy matrix transformation has fostered the Republic ability to withstand external economic shocks.

Uruguay and Argentina agreed to upgrade Bi-National dam technology

In order to modernize the bi-national “Salto Grande Dam”, Argentina and Uruguay announced an ambitious investment plan of USD 960 million in the next 25 years. Located in the border of Uruguay and Argentina, the Salto Grande Dam provides more than 50% of Uruguay’s total energy needs.

In a first stage, USD 80 million contributed by the Inter - American Development Bank (IDB) will be destined to improve the 1,890-MegaWatt hydroelectric plant. The IDB financing will support an initial five-year phase as part of a 25-year strategic investment plan for the facility that reaches an estimated USD 960 million.


Salto Grande reservoir has a total area of 783 km2 and a flowrate of 64,000 m3 per second

The plan to modernize the hydroelectric plant's infrastructure and equipment will help ensure the facility's availability by contributing reliability and efficiency to the inter-connection between the two countries. The specific goal of the program is to prolong the plant's working life and to increase the overall energy output.

In addition, the program will keep the plant operating at adequate levels of availability and reliability, benefiting 17.2 million users of the Argentine and Uruguayan electricity grids with renewable energy and quality, cost-efficient service.

Montevideo Port continues expanding and inaugurates a new multipurpose pier

After three years of works and an investment of USD 83 million, Montevideo port inaugurated a new pier 180 meters long and 34m wide and an esplanade of 4,000 square meters. “Dock D is multipurpose (that is, it will move different types of cargo) and follows the strategy of having more docks and more support areas to avoid falling into a bottleneck in infrastructure”, highlighted in June the president of the National Administration of Ports (ANP), Mr. Alberto Díaz.

The expansion and deepening of the docks of the Port of Montevideo (contemplated in the Master Plan 2018-2035) assures economic activity in the country and is a fundamental engine for competitiveness.

Operations that are usually carried out in the other docks with containers, such as cargo of bovine cattle, boarding of pines in rolls and automobiles, among other merchandise, may be carried out through this new dock.

The extension of the maritime terminal consisted of the construction of a new pier of 180 meters in length -in addition to the 360 meters of length of pier C, inaugurated in February 2015- 34 meters wide and an esplanade of 4,000 square meters, with possibility of draft of 14 meters.

Uruguay surprises the world with its wine tourism options

Despite being practically unknown in the international universe of winemakers with a small area suitable for the wine industry (only 0.1% in the world), Uruguay has managed to position the quality of its wine tourism.

Two Uruguayan wineries were awarded among the 50 best as a tourist destination in the world, according to the prestigious magazine Wine Enthusiast. *Bodega Garzón* and *Bodega Bouza* ranked in the second and 44th place, respectively, out of 50.

In addition, the media company Vine Pair selected Uruguay as one of the 10 best destinations in the world when it comes to wine tourism. The country, defined as "a nirvana for lovers of meat and wine", was ranked No. 7. The selection was made among more than 70 wine producing countries, and points to the best places to enjoy the vine and the holidays.

The harvest season of grapes in Uruguay takes place between mid-February to mid-March Several wineries in that period open their doors and hold celebrations with great joy and sense of identity, awakening the interest of visitors who come to know and enjoy this living heritage.


The Uruguayan wine tourism sector seeks to multiply by 10 the number of visitors in the coming years

The history of wine in Uruguay is more than 150 years old, which has has contributed to the recognition of Uruguayan wines in the international market. The Tannat grape, established itself as the main variety due to its good adaptation to soil and climate, emerged as Uruguay’s signature red wine. First planted in 1870, the country boasts approximately 22 squared kilometers of this tough-skinned grape, which has adapted to a terroir defined by warm Atlantic breezes, fertile soils and early harvests.

The bet on the quality of the Uruguayan wines, based on the Tannat variety, made it possible that the exports doubled in the last three years, closing 2018 with 4.6 million bottles sold abroad.

DEBT MANAGEMENT UNIT
INVESTOR RELATIONS CONTACT INFORMATION

Antonio Juambeltz

Rodrigo Saráchaga

Inés Cal

☎ +598 2 1712 ext. 2957

E-mail: debtinfo@mef.gub.uy

Website: deuda.mef.gub.uy

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Latest available	as of:
Economic structure and performance													
Population (mn)	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	2019Q1
Nominal GDP (local currency, UYU bn)	636	715	808	926	1,041	1,178	1,331	1,456	1,589	1,707	1,831	1,857	2019Q1
Nominal GDP (USD mn)	30,350	31,712	40,258	47,991	51,238	57,482	57,278	53,273	52,825	59,578	59,570	58,383	2019Q1
GDP per Capita (USD)	9,025	9,388	11,852	14,063	14,954	16,709	16,584	15,365	15,179	17,055	16,991	16,652	2019Q1
Unemployment (% of labor force, average of last 12 months)	7.9	7.8	7.0	6.3	6.3	6.5	6.6	7.5	7.9	7.9	8.4	8.4	2019M05
Real GDP (% change, YoY (1))	7.2	4.2	7.8	5.2	3.5	4.6	3.2	0.4	1.7	2.6	1.6	-0.2	2019Q1
By Sector													
Agricultural, livestock & other primary activities	2.1	4.4	0.2	11.1	-0.9	2.0	-0.2	-1.8	3.1	-6.3	5.7	-0.1	2019Q1
Manufacturing	8.1	5.2	2.6	2.0	-3.9	1.2	4.2	4.9	0.7	-3.5	1.9	-2.5	2019Q1
Electricity, gas & water	-51.1	11.6	89.3	-24.2	-21.9	54.7	15.7	-6.7	9.6	1.2	2.2	21.1	2019Q1
Construction	2.6	2.7	2.4	2.4	16.3	0.9	0.7	-6.1	-2.6	-2.1	-2.8	-3.0	2019Q1
Commerce, restaurants & hotels	11.9	0.9	11.6	7.0	5.6	8.0	-0.6	-4.0	-2.8	6.2	-1.3	-6.9	2019Q1
Transportation, storage & communications	30.7	14.9	15.0	10.7	10.0	6.9	7.4	4.8	8.1	9.4	6.8	5.3	2019Q1
Other Activities	7.4	1.4	4.3	2.6	3.5	4.2	3.1	1.0	-0.1	-0.9	0.3	-0.4	2019Q1
By Expenditure													
Gross capital formation	25.0	-11.2	15.2	9.9	14.5	4.8	0.0	-9.0	-3.9	-13.0	7.3	-2.6	2019Q1
Consumption	9.1	2.7	8.6	6.7	5.1	5.5	2.9	-0.2	0.4	3.9	1.4	-0.3	2019Q1
Exports (goods & services)	8.5	4.5	7.2	5.8	3.6	-0.1	3.5	-0.6	-0.2	6.9	-4.8	-6.0	2019Q1
Imports (goods & services)	24.4	-8.7	13.6	12.4	13.6	2.8	0.8	-7.3	-6.2	0.5	-2.0	-7.9	2019Q1
Share of Nominal GDP by economic activity (in %) (2)													
Agriculture, livestock and fishing	9.2	7.9	7.2	8.8	8.1	7.6	6.7	6.1	5.9	5.1	5.6		2018
Mining	0.3	0.5	0.5	0.4	0.4	0.5	0.5	0.4	0.5	0.4	0.4		2018
Manufacturing	14.9	14.8	13.5	12.7	12.2	11.3	12.1	13.2	12.8	11.7	11.7		2018
Electricity, gas & water	0.8	1.4	3.1	1.9	1.0	2.2	2.3	2.2	2.7	2.7	2.5		2018
Construction	6.8	7.4	7.4	7.6	9.2	9.7	9.8	9.6	9.6	9.9	9.9		2018
Commerce, restaurants & hotels	14.4	14.0	13.7	13.8	13.9	13.7	13.4	13.0	13.0	13.9	13.7		2018
Transportation, storage & communications	7.5	7.2	7.1	6.7	6.5	6.0	5.7	5.6	5.4	5.5	5.4		2018
Financial & insurance services	4.3	4.3	4.3	4.3	4.4	4.4	4.5	4.6	4.8	4.8	5.1		2018
Real estate & business services	13.9	14.4	15.0	15.1	15.8	16.1	16.3	16.8	16.7	16.7	16.4		2018
Social & other services of the Government	4.9	5.2	5.1	5.1	5.0	5.0	5.1	5.0	5.1	5.1	5.2		2018
Education & health services	8.8	9.5	9.4	9.6	9.9	10.1	10.4	10.6	11.0	11.2	11.1		2018
Others	3.8	3.7	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.8	3.9		2018
Share of Nominal GDP by expenditure (in %) (2)													
Gross capital formation	23.2	19.6	19.4	20.9	22.9	22.5	21.2	19.7	17.8	15.2	16.5		2018
Consumption	81.6	79.6	79.6	79.5	80.3	80.5	80.8	80.7	80.7	81.7	81.4		2018
Exports (goods & services)	30.2	27.1	26.3	26.4	25.9	23.4	23.5	22.5	21.4	21.4	21.0		2018
Imports (goods & services)	35.0	26.3	25.4	26.8	29.1	26.4	25.5	22.9	19.9	18.3	19.0		2018

(1) Lastest available data corresponds to quarterly data. In the case of complete years, figures are on an annual basis.
(2) Published once a year by the Central Bank.
Sources: *Central Bank of Uruguay and National Bureau of Statistics*

Balance of payments [1]

In USD million

	2012	2013	2014	2015	2016	2017	2018	Latest available as of 2019Q1[2]
Current Account	**-2,069**	**-2,087**	**-1,814**	**-491**	**325**	**465**	**-348**	**-385**
Goods & Services	1,506	811	1,619	1,720	2,736	3,635	3,558	3,396
Goods	305	1,077	1,985	1,307	1,916	2,135	2,365	2,473
Exports	13,055	13,277	13,769	11,145	10,379	10,804	11,488	11,451
Merchandise goods	11,030	11,360	11,443	10,013	9,126	10,040	10,020	10,003
Goods under merchanting (net)	2,025	1,917	2,326	1,132	1,253	763	1,468	1,448
Imports	12,750	12,200	11,783	9,838	8,463	8,668	9,123	8,978
Services	1,201	-266	-366	413	820	1,500	1,193	923
Exports	5,049	4,823	4,617	4,487	4,156	5,016	4,925	4,669
o/w Tourism	1,419	777	561	808	1,156	1,551	1,304	1,015
Imports	3,849	5,089	4,984	4,074	3,336	3,517	3,732	3,745
Primary Income	-3,700	-3,077	-3,614	-2,388	-2,594	-3,362	-4,098	-3,966
Net repatriated profits and dividends	-1,150	-2,492	-2,588	-3,049	-2,445	-2,276	-2,208	-2,346
Net reinvested earnings	-2,214	-6	-346	1,377	455	-640	-1,402	-1,214
Net interest paid	-336	-579	-680	-716	-604	-447	-488	-406
Secondary Income	125	180	181	176	183	192	193	185
Capital Account	**49**	**204**	**15**	**175**	**17**	**5**	**31**	**21**
Financial Account	**-1,445**	**-1,194**	**-1,582**	**-739**	**-247**	**1,648**	**-1,385**	**-1,383**
Foreign Direct Investment	-2,175	-2,792	-2,512	-815	1,117	2,164	636	510
Net assets accumulated abroad by residents	3,869	-2,034	1,319	1,605	619	4,794	3,339	2,723
Net claims accumulated by non residents in the economy	6,044	758	3,830	2,420	-498	2,630	2,702	2,213
Portfolio Investment	-278	-1,766	-347	986	2,036	-1,898	-116	-142
Net assets accumulated abroad by residents	1,340	696	855	1,786	641	-1,182	554	1,022
Net claims accumulated by non residents in the economy	1,618	2,462	1,202	800	-1,395	715	670	1,164
Financial Derivatives	185	32	33	-303	39	-261	-226	-241
Net creditor contracts	222	88	60	-295	60	-251	-200	-200
Net debtor contracts	37	56	26	7	21	10	26	42
Other Investment	-2,464	351	-128	1,070	-1,251	-805	-1,272	-1,460
Net assets accumulated abroad by residents	-425	1,262	761	1,196	-2,845	-1,296	-599	-922
Net claims accumulated by non residents in the economy	2,039	911	889	127	-1,595	-490	673	538
Change in Central Bank Reserve Assets	3,287	2,981	1,372	-1,677	-2,189	2,449	-408	-49
Errors and Omissions	**575**	**689**	**217**	**-423**	**-589**	**1,179**	**-1,068**	**-1,019**

In % of GDP

	2012	2013	2014	2015	2016	2017	2018	Latest available as of 2019Q1[2]
Current Account	**-4.0**	**-3.6**	**-3.2**	**-0.9**	**0.6**	**0.8**	**-0.6**	**-0.7**
Goods & Services	2.9	1.4	2.8	3.2	5.2	6.1	6.0	5.8
Goods	0.6	1.9	3.5	2.5	3.6	3.6	4.0	4.2
Exports	25.5	23.1	24.0	20.9	19.6	18.1	19.3	19.6
General Merchandise Goods	21.5	19.8	20.0	18.8	17.3	16.9	16.8	17.1
Net exports of goods under merchanting	4.0	3.3	4.1	2.1	2.4	1.3	2.5	2.5
Imports	24.9	21.2	20.6	18.5	16.0	14.5	15.3	15.4
Services	2.3	-0.5	-0.6	0.8	1.6	2.5	2.0	1.6
Exports	9.9	8.4	8.1	8.4	7.9	8.4	8.3	8.0
o/w Tourism	2.8	1.4	1.0	1.5	2.2	2.6	2.2	1.7
Imports	7.5	8.9	8.7	7.6	6.3	5.9	6.3	6.4
Primary Income	-7.2	-5.4	-6.3	-4.5	-4.9	-5.6	-6.9	-6.8
Net Dividends	-2.2	-4.3	-4.5	-5.7	-4.6	-3.8	-3.7	-4.0
Net Reinvested Earnings	-4.3	0.0	-0.6	2.6	0.9	-1.1	-2.4	-2.1
Net Interests	-0.7	-1.0	-1.2	-1.3	-1.1	-0.8	-0.8	-0.7
Secondary Income	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Capital Account	**0.1**	**0.4**	**0.0**	**0.3**	**0.0**	**0.0**	**0.1**	**0.0**
Financial Account	**-2.8**	**-2.1**	**-2.8**	**-1.4**	**-0.5**	**2.8**	**-2.3**	**-2.4**
Foreign Direct Investment	-4.2	-4.9	-4.4	-1.5	2.1	3.6	1.1	0.9
Net assets accumulated abroad by residents	7.6	-3.5	2.3	3.0	1.2	8.0	5.6	4.7
Net claims accumulated by non residents in the economy	11.8	1.3	6.7	4.5	-0.9	4.4	4.5	3.8
Portfolio Investment	-0.5	-3.1	-0.6	1.9	3.9	-3.2	-0.2	-0.2
Net assets accumulated abroad by residents	2.6	1.2	1.5	3.4	1.2	-2.0	0.9	1.7
Net claims accumulated by non residents in the economy	3.2	4.3	2.1	1.5	-2.6	1.2	1.1	2.0
Financial Derivatives	0.4	0.1	0.1	-0.6	0.1	-0.4	-0.4	-0.4
Net creditor contracts	0.4	0.2	0.1	-0.6	0.1	-0.4	-0.3	-0.3
Net debtor contracts	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Other Investment	-4.8	0.6	-0.2	2.0	-2.4	-1.4	-2.1	-2.5
Net assets accumulated abroad by residents	-0.8	2.2	1.3	2.2	-5.4	-2.2	-1.0	-1.6
Net claims accumulated by non residents in the economy	4.0	1.6	1.6	0.2	-3.0	-0.8	1.1	0.9
Change in Central Bank Reserve Assets	6.4	5.2	2.4	-3.1	-4.1	4.1	-0.7	-0.1
Errors and Omissions	**1.1**	**1.2**	**0.4**	**-0.8**	**-1.1**	**2.0**	**-1.8**	**-1.7**

(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.
(2) Last 12 months.
Source: *Central Bank of Uruguay*

Uruguay					**Economic Indicators**							
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Latest available**	**as of:**
Inflation and Monetary Indicators (1)													
Consumer inflation (% change, YoY)	9.2	5.9	6.9	8.6	7.5	8.5	8.3	9.4	8.1	6.6	8.0	7.4	2019M06
Producer inflation (% change, YoY)	6.4	10.5	8.4	11.1	5.9	6.3	10.6	6.6	-1.9	5.4	10.0	9.6	2019M06
Nominal exchange rate (UYU per USD, eop)	24.35	19.63	20.09	19.90	19.40	21.39	24.33	29.87	29.26	28.76	32.39	34.33	2019M07(2)
Nominal exchange rate (UYU per USD, 12-month average)	20.96	22.53	20.07	19.30	20.32	20.50	23.23	27.33	30.08	28.65	30.74	33.29	2019M07(2)
Nominal exchange rate (% change, 12-month average)	-10.6	7.5	-10.9	-3.8	5.3	0.9	13.3	17.6	10.1	-4.8	7.3	12.3	2019M07(2)
REER (base 100 = 2017)	151.4	135.9	135.3	126.2	111.9	109.0	108.1	108.8	99.7	101.2	91.9	95.7	2019M05
REER (% change, YoY, if + = real depreciation)	-7.4	-10.2	-0.4	-6.8	-11.3	-2.6	-0.9	0.7	-8.4	1.6	-9.2	0.0	2019M05
Nominal Wages (% change, YoY)	15.4	12.2	11.2	13.6	12.7	12.3	12.3	9.9	11.7	9.0	8.4	9.0	2019M05
Real Wages (% change, YoY)	4.3	5.6	3.4	4.0	5.2	3.3	3.5	0.4	3.3	1.3	0.2	1.1	2018M05
Monetary Base (% change, YoY)	29.3	6.5	16.2	17.3	21.9	17.4	1.4	7.2	9.7	3.6	10.4	1.3	2019M06
M1 (% change,YoY)	17.5	11.9	28.1	19.2	9.2	13.1	1.0	5.2	6.6	10.3	6.5	5.2	2019M06
M1' (% change, YoY)	17.9	15.2	30.0	20.8	11.2	15.0	3.7	5.6	8.4	15.0	8.9	8.5	2019M06
M2 (% change, YoY)	17.3	14.9	31.0	22.1	10.3	13.7	6.4	9.0	17.6	13.3	10.5	10.7	2019M06
Overnight interbank interest rate (%, eop)	5.0	7.1	6.5	8.8	9.0	5.3	20.0	18.0	3.5	8.6	5.0	6.2	2019M06
Average short-term interest rate for local currency deposits (%)	5.4	4.9	4.8	5.5	5.2	5.1	8.5	7.9	6.0	5.3	5.3	5.6	2019M05
Total bank deposits by private Non-Financial Sector NFS (% of GDP)	42.2	48.3	44.5	43.0	45.3	44.0	46.9	52.4	53.4	47.7	47.6	49.7	2019M05
o/w in local currency (% of total)	17.6	21.6	24.2	26.2	26.1	24.7	22.3	19.1	22.7	26.7	26.4	24.3	2019M05
in foreign currency (% of total)	82.4	78.4	75.8	73.8	73.9	75.3	77.7	80.9	77.3	73.3	73.6	75.7	2019M05
Total bank deposits by non-resident private NFS (% of GDP) (3)	8.1	9.3	7.7	6.7	7.2	6.8	7.4	8.6	6.7	4.7	4.7	4.8	2019M05
Total bank credit to resident private NFS (% of GDP)	22.9	22.7	21.4	21.6	23.9	24.0	25.1	26.9	28.3	25.5	25.6	26.2	2019M05
o/w in local currency (% of total)	45.5	47.5	48.0	45.9	47.2	45.4	44.0	43.7	45.9	48.7	48.5	47.2	2019M05
in foreign currency (% of total)	54.5	52.5	52.0	54.1	52.8	54.6	56.0	56.3	54.1	51.3	51.5	52.8	2019M05
Total bank credit to non-resident NFS (% of GDP)	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	2019M05

(1) Stocks are measured end-of-period (eop) each year.
(2) As of July 30th.
(3) Assumes all non-residents deposits are in foreign currency.
Sources: *Central Bank of Uruguay and National Bureau of Statistics*

	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Latest available**	**As of:**
Public Finances													**(last 12 months)**
							(as % of GDP)						
Non Financial Public Sector													
Overall Balance	-1.4	-1.5	-0.4	-0.4	-2.4	-1.9	-2.8	-2.2	-3.1	-2.7	-2.0	-2.0	2019M05
Primary Balance of Central Government	1.8	1.2	1.3	1.9	0.3	0.9	0.0	-0.5	-1.0	-0.3	0.7	0.6	2019M05
Revenues	26.0	26.3	26.9	27.0	26.9	28.0	27.6	27.2	27.8	28.8	30.6	30.7	2019M05
o/w transfers to Social Security Trust Fund (1)											1.3	1.7	2019M05
Primary Expenditures	24.2	25.1	25.6	25.2	26.6	27.1	27.6	27.7	28.8	29.1	29.8	30.2	2019M05
Primary Balance of Local Governments	0.1	0.3	0.0	0.1	-0.1	-0.1	-0.2	0.1	0.1	0.1	0.0	0.0	2019M05
Primary Balance of public enterprises	-0.7	-0.4	0.4	-0.1	-0.5	-0.5	-0.3	0.8	0.4	0.2	0.0	0.3	2019M05
Primary Balance of the state-owned insurance bank	0.2	0.2	0.4	0.2	0.2	0.2	0.0	-0.3	0.0	-0.1	-0.2	-0.2	2019M05
Interests Payments	2.9	2.7	2.4	2.4	2.2	2.3	2.3	2.3	2.6	2.6	2.6	2.7	2019M05
Consolidated Public Sector													
Overall Balance	-1.6	-1.6	-1.1	-0.9	-2.7	-2.3	-3.5	-3.6	-3.8	-3.5	-2.9	-2.9	2019M05
Primary Balance	1.4	1.1	1.9	1.9	-0.2	0.4	-0.6	0.0	-0.5	-0.2	0.5	0.5	2019M05
o/w Central Bank´s	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	2019M05
Interests	3.0	2.8	2.9	2.8	2.5	2.7	2.8	3.6	3.3	3.3	3.4	3.5	2019M05
o/w Central Bank´s	0.0	0.0	0.6	0.5	0.3	0.4	0.6	1.3	0.7	0.7	0.8	0.8	2019M05

(1) Since October 2018, in accordance to 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.

Source: *Ministry of Economy and Finance of Uruguay*

	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Latest available**	**as of:**
Public Debt (1)													**(end-period)**
							(as % of GDP, unless otherwise indicated)						
Non Monetary Public Sector (2) (3)													
Gross Debt					56.6	52.0	52.9	57.4	62.9	60.4	59.9	61.8	2019Q1
o/w in foreign currency (% of total)					45.1	42.8	46.3	50.3	49.3	43.4	48.0	49.3	2019Q1
held by non-residents (% of total)					51.7	53.5	55.7	55.7	49.4	47.3	50.0	51.5	2019Q1
Net Debt					43.4	41.4	43.1	45.4	51.0	49.2	49.4	50.1	2019Q1
Consolidated Public Sector													
Gross Debt	58.3	72.4	59.3	56.3	60.8	57.6	58.5	59.0	63.1	65.0	64.3	67.0	2019Q1
In foreign currency (% of total)	68.1	64.3	55.3	47.9	42.6	40.1	43.9	53.8	52.8	41.5	47.0	47.3	2019Q1
Held by non-residents (% of total)	60.7	55.6	53.7	52.0	52.2	53.0	54.9	57.5	51.3	46.1	48.1	48.8	2019Q1
Net Debt	27.2	35.3	31.1	27.9	27.2	23.1	21.9	23.5	30.7	32.0	32.0	32.6	2019Q1

(1) Stocks measured end-of-year.
(2) "Non Monetary Public Sector" (NMPS) is the term used in Central Bank statistics that is equivalent to the category "Non Financial Public Sector" (NFPS) as used by the Ministry of Economy and Finance. Both the NMPS and NFPS include the same institutional sectors, that is: the Central Government (which includes the Social Security public fund), local governments, public enterprises and the state-owned insurance bank.
(3) Since June 2019, the Central Bank started publishing the Non Monetary Public Sector (NMPS) debt figures netted-out within this perimeter, in line with international standards. By using this criteria, assets and liabilities of the NMPS which counterpart is the Central Bank are considered in the calculation of debt metrics. These are published from 2012Q4 onwards.

Source: *Central Bank of Uruguay*