



**BANCO CENTRAL
DEL URUGUAY**



**Ministerio
de Economía
y Finanzas**

Public Debt Coordination Committee Press Release

On June 13th, 2024, the Public Debt Coordination Committee (PDCC), comprised of the Central Bank of Uruguay (CBU) and the Ministry of Economy and Finance (MEF), held a committee meeting.

The following agenda items were discussed during the meeting:

- **Analysis of the evolution of the domestic public securities market.** Views were shared regarding the evolution of the domestic public debt market (Monetary Regulation Bills and Treasury Notes) and the global market since the previous Committee held in March 2024.

The CBU highlighted the reduction in the rates of the Monetary Regulation Bills across the yield curve. This reduction has resulted in a decrease in the differential of nominal rates with respect to real rates, which is consistent with the observed reduction in the median expected inflation surveyed among analysts.

Meanwhile, the MEF emphasized the solid performance debt securities' issuance in the domestic market, both in terms of amounts and rates, including the new issuance in nominal pesos maturing in 2026. So far, the strong demand for government securities allowed for the issuance 1.6 times the base amount announced in the calendar. The addition of Monetary Regulation Bills as an option for settlement in exchange for Treasury Notes has been well received by the market, as it provides market participants with greater flexibility to participate in auctions.

The new domestic market issuance calendar for the second semester will be released in the upcoming weeks.

- **Monetary policy and inflation outlook.** The consolidation of inflation reduction and the convergence of inflation within the target range during last year was positively valued, as well as the gradual convergence of expectations towards the center of the target range and the general functioning of the monetary policy transmission

channels. Both institutions agreed on the importance of continuing to jointly promote the development of the local currency market and the relevance of having benchmark instruments, in the short, medium, and long term.

- **Assessment of the global issuance in May 2024.** For the first time, the global issuance carried out in May had the option of accepting local securities, issued both by the Government and the Central Bank, as a form of settlement for the global bonds issued (in nominal fixed pesos and CPI-linked rates). This financial mechanism was coordinated and executed by the MEF and the CBU. The innovation was well received by both, resident and non-resident investors, given the financial flexibility of settling with Treasury Notes and Monetary Regulation Bills, in addition to the shorter-term global bonds usually accepted. Additionally, for the first time, the Government issued two global bonds in local currency (nominal pesos and CPI-linked bonds) simultaneously (dual-tranche). Considering the innovative characteristics and greater complexity of the operation, the results obtained in terms of amount issued, maturities, and rates, were positively evaluated by both institutions.

The next meeting of the Committee will take place in September 2024.