Uruguay

Macroeconomic Newsletter

A quarterly report issued jointly by the Debt Management Unit and the Macroeconomic Advisory Unit of the Ministry of Economy and Finance *May 2021*

<u>Key Highlights</u>

- **Massive vaccination plan is rapidly picking up pace, amid accelerated virus spread in the country. As of May 6th, 36.6% of the Uruguayan population received the first dose and 21.1% received the second dose—the second highest proportion in Latin America after Chile.**
- **On the wake of the Covid-19 pandemic, real GDP contracted 5.9% in 2020. However, in seasonally adjusted terms, economic activity grew 1.7% in 2020Q4 vs 2020Q3.**
- **The headline fiscal deficit of the Central Government reached 5.7% of GDP in the year ended in March 2021, adjusting for the advanced payment of salaries and pensions in late March, that were due in early April.**
- **Consumer price inflation continued to decelerate, reaching 6.76% in the year ended on April, thus reverting to the inflation target range for first time since 2018.**
- **Uruguay has committed to green hydrogen production as one of the pillars of its second energy transition.**
- **The Uruguayan Government and Belgian Company Katoen Natie reached an agreement for a new investment project of around USD 450 million to expand the container terminal in Montevideo Port.**

I. Covid-19 Update

Uruguay implemented a steadfast COVID-19 containment strategy that allowed the country to limit the virus spread and mitigate fatalities in 2020. However, by late 2020, new cases started to soar, and after a peak of 3,925 contagions in April 10, 2021, new cases are now deaccelerating at the margin. Since the pandemic started on March 13 2020, 209,867 cases were detected and 2,918 deaths were registered in Uruguay because of COVID-19 as of May 5th, 2021.

A massive vaccination plan with Sinovac, Pfizer-BioNTech and AstraZeneca was launched on February 23rd. At the moment, the Government has acquired 5.25 million vaccine doses (Sinovac, Pfizer and Astrazeneca) for the plan. Doses are being administered in a progressive and staggered manner, prioritizing population with exposure and function risks, with risk of becoming seriously ill and in social vulnerability situation.

Currently, Uruguay has one of the highest weekly vaccination rates in the world. As of May 6th, 36.6% of the Uruguayan population received the first dose, the second highest proportion in Latin America after Chile, and 21.1% received the second dose. Given expected shipment delivery of vaccines, if the current roll-out capacity is sustained (1.1% of the 3.5 million total population receiving a dose every day, on average, six days a week), the government could have every willing adult (18+ years old) vaccinated with two doses between mid-August and early September 2021.

Given the rising virus contagion, on March 23rd the government announced a series of measures to reduce mobility, including the closure of public offices, the suspension of presence in education and entertainment events. However, the government did not impose a mandatory lockdown, and continued to call citizens for responsible individual freedom, and to reduce mobility each according to their possibilities. A gradual return to school attendance has been planned from May 3rd onwards.

In light of the activity restrictions, on April 20th the government announced a set of additional economic measures with the aim of alleviating the impact of the COVID-19 outbreak in various activity sectors (tourism, accommodation, restaurants, transport, sports and entertainment) with a focus on economic recovery. Measures includes tax exemptions, repayment debt facilities and grants to utility prices for public services, and more credit access facilities. SMEs are the main beneficiaries, but some measures apply also to larger enterprises in sectors specially affected by the outbreak. Additionally, the government announced the extension of the flexible unemployment insurance scheme until end of June and of health protection coverage for inactive workers until end of 2021. Finally, economic measures include a deepening of social transfers to vulnerable households and people in the informal sector.

II. Real Sector

The Gross Domestic Product (GDP) contracted 2.9% year-on-year in the fourth quarter of 2020, determining a historical drop of 5.9% in the year, according to the new National Accounts with base year 2016. This was the largest annual contraction since the 2002 crisis (on that year the fall was 7.7%).

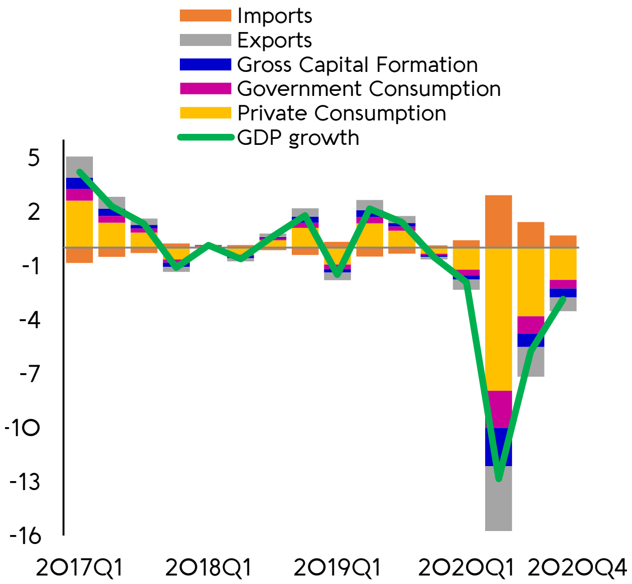
However, in seasonally adjusted terms, economic activity grew 1.7% in the October-December period with respect to the immediately preceding quarter. From the production perspective, the recovery in the last quarter was explained by the higher activity in Construction, Professional services and leasing, and Transportation. From the expenditure side, the recovery was linked to the greater dynamism of domestic demand, both Gross Fixed Capital Formation and Household and Government Final Consumption Expenditure.

In annual terms, the contraction in 2020 was generalized among all sectors of activity, with the exception of Construction, which grew 1.8%, mainly as a result of the construction of the third cellulose production plant, the central railroad system and related works. Commerce, Accommodation and Food and Beverage Supply and Health, Education, Real Estate Activities and Other Services were the most affected sectors, as a result of the sanitary emergency that affected mobility, the normal operation of productive establishments and attendance in education.

From an expenditure perspective, exports of goods and services saw the greatest negative impact, registering a contraction of 16.2% year-on-year. This is explained by a fall in both goods and services. There was also a fall in domestic demand, as Final Consumption Expenditure contracted 6.2% (explained by falls in both private consumption, -6.2%, and public consumption, -6.4%). Gross capital formation in 2020 was 8% higher than in the previous year, due to a greater accumulation of stocks. Gross Fixed Capital Formation decreased slightly compared to 2019, with a 0.5% drop. Imports, on the other hand, contracted 10.8%.

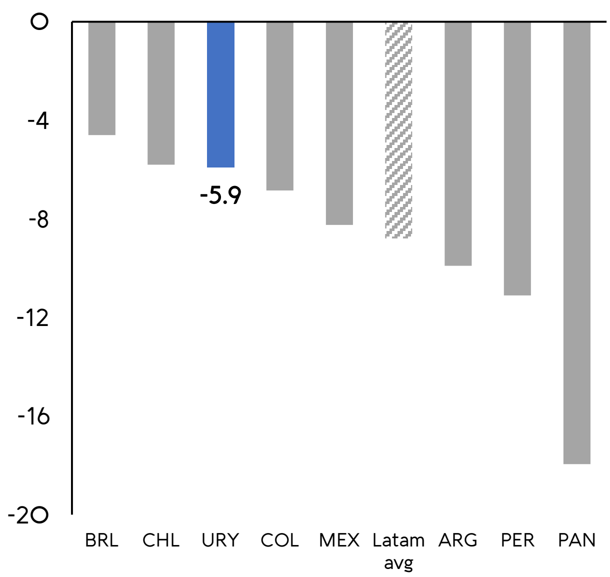
The decline in Uruguayan economic activity in 2020 was below the average of the main Latin American countries. Only Paraguay, Brazil and Chile recorded a smaller contraction during 2020.

Figure 1: Contribution to Real GDP Growth by Expenditure
(YoY, quarterly)



Source: Central Bank of Uruguay

Figure 2: Real GDP Contraction in 2020 in Latam
(Annual, in %)



Source: National Accounts data for each country

Despite the pandemic, during the first quarter of 2021, several leading high-frequency indicators showed a positive performance, with significant increases in both exports and imports of goods. The good export dynamism was mainly driven by higher exports of timber, meat, dairy products and wheat, among others. With respect to imports, growth was mainly in capital goods and energy. However, other indicators showed a much less auspicious evolution at the beginning of this year, such as VAT collection (particularly in January and February) and fuel sales. In March consumer confidence was weighed down by the surge in coronavirus cases, while labor market indicators were also weaker.

In terms of sectors, the ramp up in foreign direct investment is supporting the construction sector, and higher commodity prices and export demand of goods are lifting the agricultural sector. On the one hand, it is expected a positive performance in construction due to UPM's projected investments and the increasing number of projects submitted to COMAP (investment promotion regime). During 2020 and the months of 2021, a large number of projects were submitted to COMAP. On average, according to the historical records of investment executed, half of the investments promoted by COMAP are executed in t and t+1 (year of investment submission and the following year). Therefore, we expect a large portion of such projects to materialize this year and in 2022. At the same time, there is a significant increase in agricultural food exports and associated indicators: milk remission and cattle slaughtering. The latter, in turn, could drive improvements in agro-industrial industries.

Currently, 3.5% real GDP growth is expected for 2021, and this figure will be updated at the time of the next Financial Accountability Report (end of June).

III. Labor market

The unemployment rate reached 11.1% in February, up 0.4 p.p. from its print in the previous month. On average during the last 12 months, the unemployment rate stood at 10.6 as of February (Figure 3).

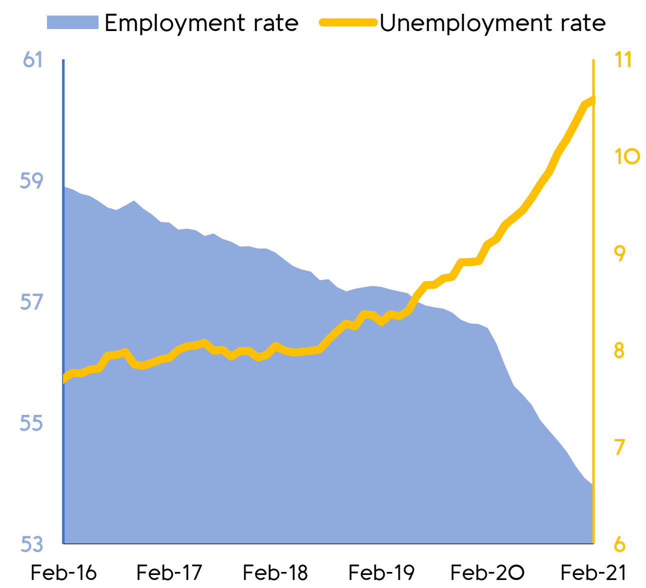
In addition, the employment rate was 54.9% in February (54.0% the 12-month period average) whereas the activity rate (that is, the share of the population that is employed or are looking for a job over working-age people) stood at 61.7% (60.4% the 12-month period average).

The unemployment insurance instrument has cushioned the deterioration in labor market dynamics, mainly through the causal suspension, which enables workers to return to their jobs. The number of beneficiaries at the Social Security Bank (Banco de Previsión Social, BPS), peaked at 189,963 workers in

April 2020, right after the Covid-19 outbreak in Uruguay. However, that number significantly declined in the following months as a result of the effective containment strategy deployed by the Government, and the ensuing re-normalization of economic activity. Nonetheless, as the number of Covid-19 cases surged since last November, the downward trend in the number of beneficiaries was interrupted, plateauing at around 75 thousand people (Figure 4). Taken all 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.

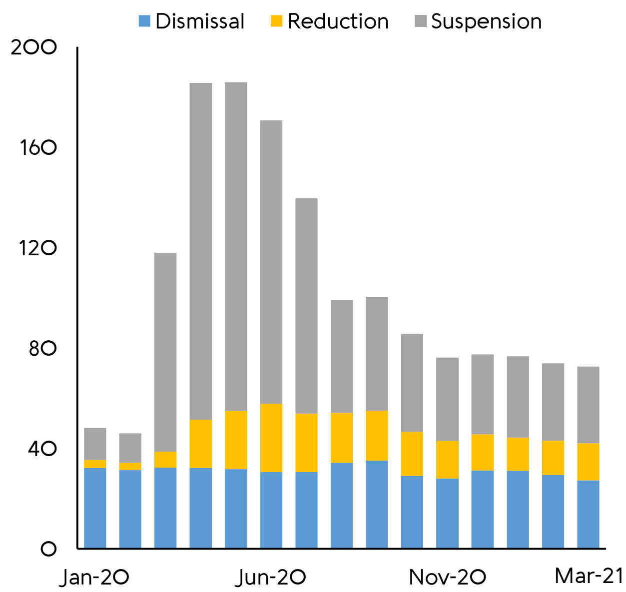
Meanwhile, nominal wages index grew 6% in February in YoY terms, while the real wage decreased 2.7% in February over a year ago.

Figure 3: Unemployment and Employment Rate
(Average of last 12 months, in %)



Source: Central Bank of Uruguay

Figure 4: Unemployment insurance
(Number of beneficiaries, in thousands, by modality)



Source: Central Bank of Uruguay

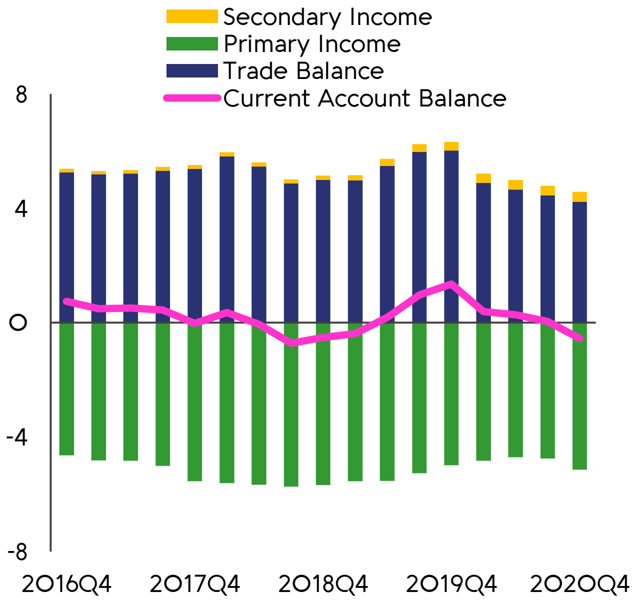
IV. External Sector

During 2020, the Current Account Balance (CAB) recorded a deficit of USD 297 million (-0.6% of GDP), while in 2019 it recorded a surplus of 1.3% of GDP (Figure 5).

Reduction in the commercial balance mainly explained the CAB deterioration. In particular, the balance of Trade of Services decreased from 1.0% of GDP in 2019 (USD 612 million) to 0.1% of GDP (USD 76 million) last year due to a greater drop in exports than imports. Services exports declined 32.5% in 2020 compared to 2019 (up to USD 3,553 million or 6.6% of GDP), mainly explained by the contraction of tourism services (52.7%) because of the plunge in tourist arrivals. On the other hand, imports of services fell 25.2% compared to 2019 (up to USD 3,477 million or 6.5% of GDP), due to the retrenchment in tourism spending by Uruguayans abroad from the second quarter of the year (71.8%). In the same direction, the surplus balance of Trade of Goods dropped from USD 3,070 million in 2019 to USD 2,191 million last year.

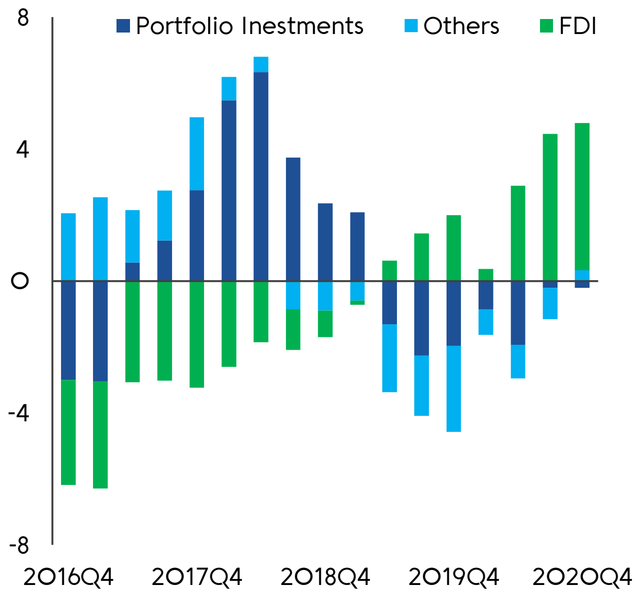
The Capital Account Balance (KAB) registered a reduction from 0.6% of GDP in 2019 to a balanced record in 2020. Meanwhile, the Financial Account Balance (FAB) and 'Errors and Omissions' together accounted for a net increase of assets of USD 1,058 million last year. Growth observed in net financial flows was mostly explained by a rise in FDI inflows (Figure 6), from USD 1.2 billion in 2019 to USD 2.6 billion in 2020 (almost 5% of GDP). Central Bank reserve assets increased 1.6 billion in 2020 (3% of GDP).

Figure 5: Current Account Balance
(Rolling 4-quarters, in % of GDP)



Source: Central Bank of Uruguay

Figure 6: Key Components of Net Capital Inflows
(Rolling 4-quarters, in % of GDP)



Source: Central Bank of Uruguay

V. Inflation and Monetary Indicators

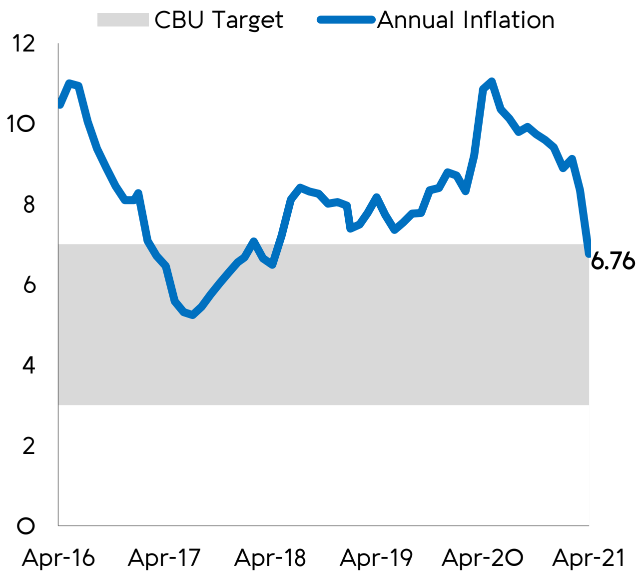
Consumer price index increased by 0.5% m/m s.a. in April, slightly below market expectations. Annual inflation continues to move downwards from 8.3% in March to 6.7% in April. It reverted to within the current target range of 3% to 7% for the first time in three years.

The monthly figure was mostly driven by an increase of 0.8% in prices of the "tradable" component of the CPI basket, whereas prices of the "non-tradable" component rose by 0.3% in April, reflecting the weakness of demand and the slack in the labor market.

In the last meeting, held on March 26th, the Monetary Policy Committee (COPOM for its acronym in Spanish) ratified the Monetary Policy Rate (MPR) at 4.5%. According to the meeting minutes, this level of MPR reflects the decision to carry out an expansionary monetary policy stance, with the purpose of supplying the necessary liquidity to support the recovery of the economic activity affected by the COVID-19 pandemic. At the same time, the Board of Directors ratified that it will likely maintain the reference rate at the current level until the pandemic eases.

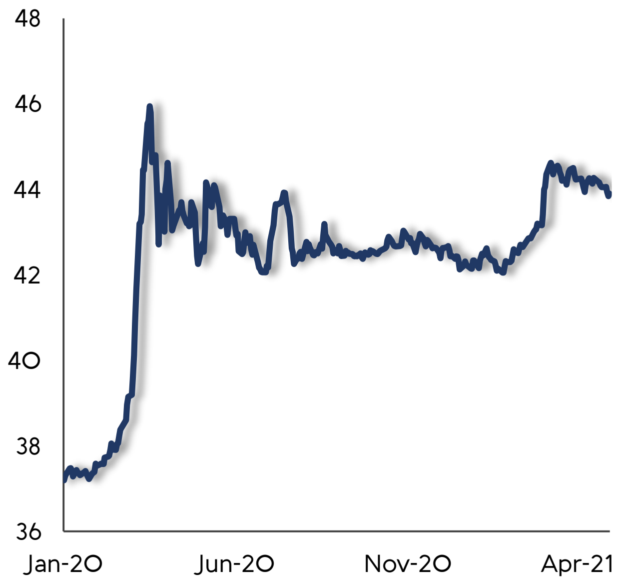
According to the CBU monetary policy report, inflation is projected to continue its downward trend and remain within the target range in 2021 (3%-7%). In fact, inflation would be close to 6% towards the end of the year and would approach 5% at the end of the Monetary Policy Horizon (MPH). On the other hand, the median inflation expectations reported by analysts is 7.1% for end-2021.

Figure 7: Inflation
(In %, YoY)



Source: Central Bank of Uruguay

Figure 8: Nominal Exchange Rate
(Pesos per Dollar)



Source: Central Bank of Uruguay

Additionally, the nominal FX rate in Uruguay decreased -0.9% in April, staying at 43.8 pesos per US Dollar. This put an end to the UYU depreciation seen since February, given global trends and market developments in other Latam countries that suffered capital outflows. In fact, the US dollar had been trending upwards in global markets due to a brighter economic outlook in the United States and the approval of a new package of fiscal stimulus pushed Treasury bond yields higher in February and March. Overall, as of end-April, the UYU has depreciated 3.5% YTD against the US Dollar.

In March, the Central Bank announced it will no longer accept foreign currency in exchange for public debt notes in pesos and, although the CBU did not intervene in the spot market, it carried out several futures and forward operations resulting in net sales of US$ 70 million.

The multilateral effective exchange rate (REER) showed an appreciation of 4.1% in the first quarter of the year compared to the average of the previous quarter. This behavior was determined by the strong appreciation with the region (18.6%), due to the influence of the bilateral relationship with Argentina, partially offset with the extra-region that showed a depreciation (6.8%) and is approaching historical levels.

Figure 9: Real Effective Exchange Rate
(Index base 100 = Jan-2000)

Source: Central Bank of Uruguay.

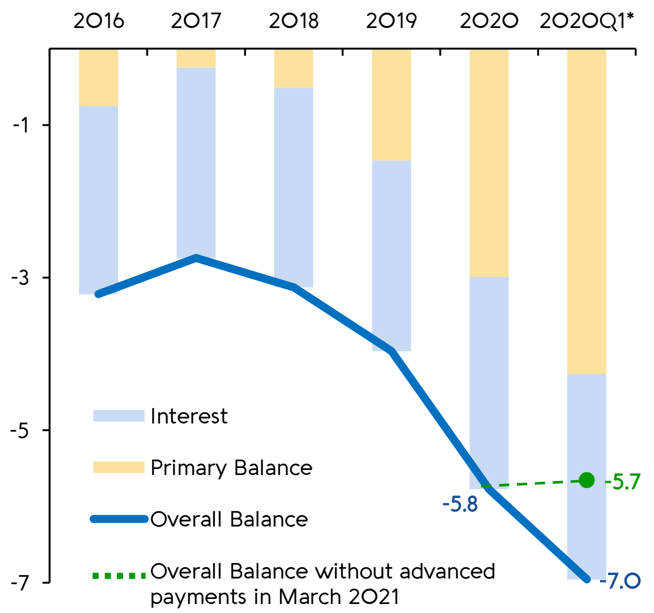
VI. Fiscal and Debt Indicators

In the year ended March 2021, the fiscal balance of the Central Government was -7% of GDP (netting out the positive effect of inflows to the Social Security Trust Fund of 0.7% of GDP). It is worth noting that this result is distorted by the advance payment of salaries and pensions in late March that were due in early April, due to the tourist week holiday. Adjusted for this effect, the result of the CG was -5.7%.

That implies an improvement of 0.1% of GDP compared to the annual result through February of this year.

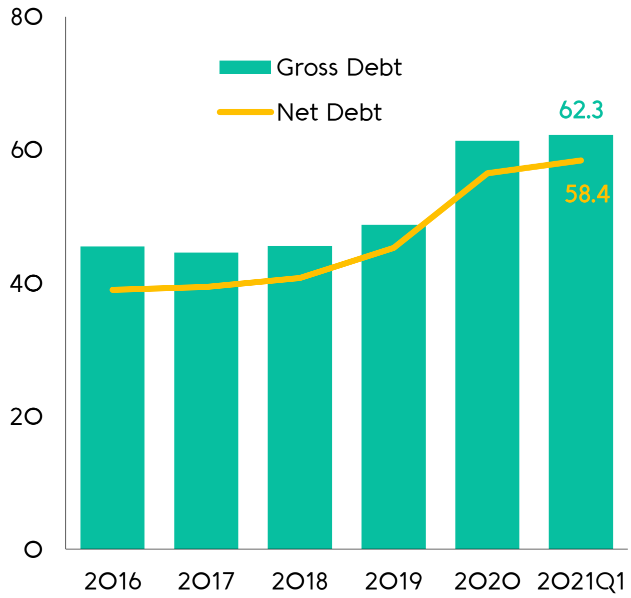
In turn, gross debt of the Central Government stood at 62.3% of GDP as of March 2021, while net debt was 58.4% of GDP. Debt figures include all loans and financial market securities contracted/issued by the Central Government and Central Government securities held by the public SSTF, and exclude non-market Central Government securities issued to capitalize the Central Bank in previous years. Central Government debt securities held by the SSTF were equivalent to 2.5% of GDP by the end of the first quarter of 2021 (measured in nominal face value).

Figure 10: Central Government Balance
(In % of GDP, 12-month period, excluding extraordinary inflows of funds to SSTF)



(*)It is worth noting that this result is distorted by the advance payment of salaries and pensions payments in March that were due in early April, due to the tourist week holiday. This effect accounted for -1.3% of GDP in the fiscal result. Accounting for this effect, the Headline Central Government balance stood at -5.7% of GDP as of March 2021.
Source: Ministry of Economy and Finance of Uruguay

Figure 11: Central Government Debt
(In % of GDP, end of period)



Source: Debt Management Unit and Central Bank of Uruguay

Considering the broadest measure of the Consolidated Public Sector (Central Government, 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, the debt stock stood at 73% of GDP by end-September 2020, while the net debt printed at 34.6% of GDP.

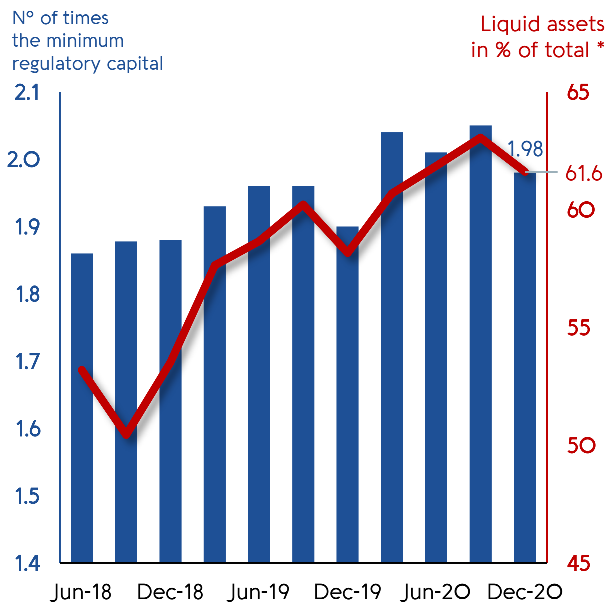
VII. Banking System

The solvency situation of the financial institutions based in Uruguay continued showing a remarkable strength in 2020, with a capital base that doubles the minimum regulatory requirement. This ratio has been increasing gradually since 2016.

The profitability of banks represented a return on assets (ROA) of 2.2% and a return on equity (ROE) of 20.7% in 2020. The general delinquency of credit continues to decline since the first quarter of 2020, closing last year at 2.7% in accordance with the easing measures in the evaluation of restructured loans adopted by the Superintendency of Financial Services (SFF).

Stress tests of the banking system carried out by the SS, showed that the banking system would withstand a severe recession scenario, and the regulatory capital of the banking system would remain above the minimum requirement. Additionally, despite the regional turmoil, the financial sector in Uruguay has remained resilient due to prudent supervision and regulation measures in place.

Figure 12: Banking System`s Solvency Profile and Liquidity



(*) Liquid assets are those available within 30 days.
Source: Central Bank of Uruguay

VIII. Recent Developments

VIII.1 Uruguay asked Mercosur partners for more flexibility in trade agreements

On April 26th, Uruguay formally requested Mercosur members (Brazil, Argentina and Paraguay) for more freedom to negotiate trade agreements with third parties. During a virtual meeting of Southern Common Market Bloc Foreign and Finance Ministers, Uruguay's bid includes a provision to "reaffirm the commitment of the Mercosur States parties to negotiate trade agreements with third countries or groups of extra-zone countries in which tariff preferences are granted".

The Common Market Council, the main body of Mercosur, will also have to "approve in the first semester of 2021, an External Negotiations Plan, which must contain a detailed international insertion strategy".

Previously, the Uruguayan proposal is being studied at a technical level by the Common Market Group coordinators to generate the inputs that enable decision-making at the next meeting of the Common Market Council. The document will be discussed in Buenos Aires in late May. The position of the Uruguayan Government is supported by Brazil as the neighbor also aims to reduce the external trade tariffs of the trade block. Uruguayan authorities highlighted as a relevant step to put on the agenda these topics to gain flexibility in trade negotiations.

VIII.2 A "state-of-the-art" Specialized Container Terminal in Montevideo Port

The Uruguayan Government and the Belgian Company Katoen Natie reached an agreement for additional investment of around USD 450 million for expanding the container terminal Terminal Cuenca del Plata (TCP) in the Port of Montevideo.

This investment project represents the maximum expansion of the concession area, including the construction of a second container yard of approximately 22 hectares in addition to the existing area. After the project is completed, the Port of Montevideo will have a "state-of-the-art" Specialized Container Terminal, which will more than double its annual capacity.

This capacity increase and the concentration of container operations will improve operational efficiency and reduce container costs, which will place Montevideo in a privileged position on the trade lanes of transit and transshipment containerized cargo.

Through this new agreement, Katoen Natie will make the biggest investment in the history of the Port of Montevideo, and will be the driving force for Uruguay to strengthen the strategic position of its main regional port terminal as a supplier of efficient port services, making it a reference for the port system of the Southern Cone of South America.

VIII.3 Uruguay has committed to green hydrogen as one of the axes of its second energy transition

On April 8th, Uruguay launched the "H2U" pilot for developing a first green hydrogen pilot through the coordinated efforts of public and private stakeholders, as one of the bedrocks of its second energy transition towards fulfilling the country`s commitment to reduce carbon emissions in line with the Paris Agreement. In this line, Uruguay implemented a data room to present an overview of the project and promote the exchange among different stakeholders from the public and private sphere.

Mr. Omar Paganini, Minister of Industry, Energy and Mining, emphasized that Uruguay has several advantages in terms of green hydrogen production. The country "has a track record in the incorporation of renewable energies to its electric power matrix, which has allowed us to go one step further and position ourselves in the world as a stakeholder capable of responding to new energy demands, both locally and globally".

"For this, we see fit to move forward in the development of "green" hydrogen, which offers the possibility of responding to the demand for cleaner and more environmentally friendly productions, while allowing, in the long term, to give a new destination to the usable capacity of power generation the country has", added Mr. Paganini.

More than 600 participants from more than 35 countries participated in the launch of H2U pilot plan

The H2U project may be included in the area of long-haul transportation or in others (production of green fertilizers, production of green ammonia as fuel for ships, etc.). In parallel, Uruguay is working with the support of the Inter-American Development Bank for elaborating a Green Hydrogen Development Strategy, to be presented shortly.

Competitive advantages:
Uruguay has made a strong incorporation of renewable sources in the energy sector, which has resulted in the almost total de-carbonization of its electricity matrix in recent years. For the 2017-2020 period, on average, 97% of the generated power came from renewable energies.

The second stage of the energy transition in Uruguay includes several challenges, among which are the development of a hydrogen economy and the continued de-carbonization of the energy sector and the production of raw materials. The country has comparative advantages to be a producer of green hydrogen (i.e., hydrogen produced without the participation of fossil fuels and only from renewable energies), with the objective of exporting and consuming internally in industries related to the production of raw materials and green chemistry.

Some of the characteristics of Uruguay that favors the production of green hydrogen are the great potential for the generation of electric energy from combined wind and photovoltaic solar energy; the possibility of expanding the generation of renewables to the sea by generating off shore wind energy as well as the access to the Atlantic Ocean ports that facilitate exports.

Becoming an exporter of carbon credits

In March, the forestry company AF announced that it sold 210,000 tons of carbon credits to two European buyers, consolidating an incipient trend in Uruguayan companies that have invested in forestry. Recently, it had made three minor sales of carbon credits in the domestic market, including one to the National Meat Institute.

"It is very good that Uruguay is starting to participate in the carbon credit market, strengthening our country brand and reaffirming environmental policies and the environmental benefits of a very important productive sector such as forestry", highlighted the Minister of the Environment, Mr. Adrián Peña.

A series of factors are accelerating a business where Uruguay could be one of the winners at the global level: becoming an exporter of carbon credits. The reengagement of the United States to the Paris Agreement and the pandemic, have reinforced the perception of consumers and companies about caring for the environment.

In this context, it was confirmed that the AF firm issued 210,000 tons of carbon credits. The amount of carbon dioxide that is captured by these bonds sale is the equivalent of 400,000 Montevideo-San Pablo roundtrip flights.

Carbon credits are an international instrument that allows the voluntary offsetting of greenhouse gas emissions and are used by companies for achieving their environmental goals, following the Kyoto Protocol. An average forest plantation sequesters 5 tons per hectare on an annual basis.

Uruguayan farmers are registering significant stocks of bonds, which prices ranges between USD 1 to about USD 20 per ton, can be traded because this is tied to the maturation process of the forests. Uruguay has approximately 2 million hectares of forestry of which around 57% are planted forests and the remaining area is made up of native forests. The planted forests consist mainly of Eucalyptus and Pinus species.

VIII.4 Beef industry gain momentum and put traction of new investment

Like many commodities, Uruguayan meat exports are gaining momentum due to increased demand from China and other countries. In the year ended in March, meat exports grew by 25% YoY, underpinning total good exports (19%). As a reflection, the Brazilian Company Marfrig Global Foods announced in March an investment of USD 52 million to improve the operations of the Uruguayan slaughter house Frigorífico Tacuarembó, to expand the site and storage capacity.

Due to pasture-based cattle feeding, Uruguayan meat is recommended for healthy diets because of low levels of saturated fats, proper ratio of Omegas and high doses antioxidants.

Frigorífico Tacuarembó has a slaughter capacity of 750 heads per day. Mr. Marcelo Secco, director of Marfrig in Uruguay, indicated that the investment is expected to increase this capacity by 60 or 70% more in the first stage, in which 1,200 heads could be slaughtered daily. In 2020, Marfrig slaughtered 530,000 cattle among its four plants. By 2021 it is aimed to exceed 600,000.

Uruguay has a long tradition and culture in production and export of beef. The country has optimal conditions to produce beef naturally due to its temperate weather, fertile soils and privileged hydrography. More than 80% of the territory is dedicated to livestock and each animal, has a pasture space equivalent to two soccer fields. Since 2006 the Uruguayan beef industry implemented individual cattle traceability mechanisms that make it possible to trace animals from their origin up to processing plants. In other words, consumers around the world get an identification of each animal: age, sex, breed, identification number, place of birth, owner, where has been the animal, with whom other animals and more.

Slaughterhouses, equipped with cutting edge technology, are able to export two-thirds of total meat production to the most demanding markets.

INVESTOR RELATIONS CONTACT INFORMATION

Antonio Juambeltz (Debt Management Unit)

☎ +598 2 1712 ext. 2957

E-mail: ajuambeltz@mef.gub.uy

Inés Cal

☎ +598 2 1712 ext. 2784

E-mail: ines.cal@mef.gub.uy (Debt Management Unit)

Carolina Steneri

☎ +598 2 1712 ext. 2213

E-mail: carolina.steneri@mef.gub.uy (Macroeconomic Advisory Unit)

Uruguay — Economic Indicators

	2016	2017	2018	2019	2020
Economic structure and activity[1]					
Population (million)	3.5	3.5	3.5	3.5	3.5
Nominal GDP (local currency, billions)	1,726	1,842	1,982	2,159	2,253
Nominal GDP (USD, millions)	57,386	64,285	64,486	61,182	53,573
GDP per Capita (nominal USD)	16,489	18,403	18,393	17,388	15,172
Real GDP (% change, YoY)		1.6	0.5	0.4	-5.9
By Sector					
Agriculture, fishing and mining		-8.2	4.5	-0.3	-0.4
Manufacturing		-4.2	5.8	-3.7	-5.6
Electricity, gas and water		-3.7	3.9	13.2	-12.5
Construction		-8.6	-4.4	5.2	1.8
Commerce, restaurants and hotels		6.6	-6.5	0.6	-9.1
Transportation, storage and information and communications		11.1	-1.0	3.5	-6.5
Financial services		3.1	0.3	1.2	-0.4
Professional services and leasing		5.6	0.9	-0.2	-10.6
Public admnistration activities		-1.0	0.8	1.2	-0.5
Health, education, real state activities and other services		2.2	1.8	-1.2	-7.0
By Expenditure					
Final Consumption Spending		3.2	2.2	0.6	-5.1
o/w private sector		3.6	2.1	0.5	-5.0
o/w public sector		1.3	2.6	1.1	-5.7
Gross fixed capital formation		0.4	-9.0	0.8	11.8
Exports (goods and services)		4.9	-1.7	3.6	-13.5
Imports (goods and services)		7.1	0.0	1.5	-7.2
Share of Nominal GDP by economic activity (in %)					
Agriculture, fishing and mining	7.0	5.6	6.1	6.7	7.7
Manufacturing	11.0	10.1	10.8	10.4	10.3
Electricity, gas and water	2.7	3.0	2.8	2.6	2.6
Construction	4.9	4.5	4.3	4.6	4.8
Commerce, restaurants and hotels	13.4	13.3	12.3	12.2	12.3
Transportation, storage and infromation and communications	8.4	9.0	8.6	9.1	8.3
Financial services	5.1	5.1	5.1	4.9	4.7
Professional services and leasing	6.9	7.3	7.2	7.4	6.6
Government activities	4.8	4.9	4.9	4.9	5.1
Health, education, real state activities and other services	24.9	25.9	26.3	25.7	26.0
Share of Nominal GDP by expenditure (in %) [2]					
Final Consumption Spending	77.2	78.7	80.1	79.5	78.6
Gross fixed capital formation	17.0	16.3	15.0	15.4	16.4
Exports (goods and services)	27.0	26.1	26.4	27.8	25.4
Imports (goods and services)	21.6	20.7	21.4	21.9	21.0

(1) Figures are presented starting in 2016, given that the new GDP figures released by the Central Bank under the re-based national accounts statistics are only available from that year onwards.
(2) 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*

Uruguay — Economic Indicators

Balance of Payments [1] [2]

in USD million

	2016	2017	2018	2019	2020
Current Account	**428**	**-18**	**-336**	**824**	**-297**
Goods and Services	3,019	3,460	3,222	3,681	2,267
Goods	2,050	1,976	2,292	3,070	2,191
Exports	10,612	11,122	11,628	11,732	10,000
Merchandise goods	9,158	10,057	10,019	10,112	8,568
Goods under merchanting (net)	1,455	1,065	1,609	1,620	1,432
Imports	8,562	9,146	9,336	8,663	7,808
Services	969	1,484	930	612	76
Exports	4,848	5,676	5,410	5,260	3,553
o/w Tourism	2,285	2,823	2,620	2,245	1,061
Imports	3,879	4,192	4,480	4,648	3,477
Primary Income	-2,661	-3,564	-3,656	-3,047	-2,750
Net employments´ remunerations	0	3	3	3	3
Net repatriated profits and dividends	-2,577	-2,443	-2,473	-3,440	-1,947
Net reinvested earnings	523	-666	-687	678	-223
Net interest paid	-606	-457	-499	-288	-583
Secondary Income	70	86	99	190	186
Capital Account	**50**	**20**	**46**	**-375**	**21**
Financial Account	**209**	**1,336**	**-843**	**572**	**391**
Foreign Direct Investment	1,828	2,079	500	-1,247	-2,613
Change in assets held abroad by residents	1,307	4,718	2,273	59	165
Change in claims held by non-residents in the economy	-520	2,640	1,773	1,306	2,777
Portfolio Investment	1,721	-1,770	-1,517	1,326	1,549
Change in assets held abroad by residents	441	-1,052	-818	2,603	2,896
Change in claims held by non-residents in the economy	-1,281	718	699	1,277	1,348
Financial Derivatives	6	-220	0	20	79
Net creditor contracts	26	-209	26	39	130
Net debtor contracts	21	10	26	19	51
Other Investment	-1,185	-1,202	582	1,583	-253
Change in assets held abroad by residents	-2,354	-1,404	663	1,434	692
Change in claims held by non-residents in the economy	-1,169	-202	81	-149	945
Change in Central Bank Reserve Assets	-2,161	2,449	-408	-1,111	1,630
Errors and Omissions	**-269**	**1,334**	**-553**	**123**	**667**

in % of GDP

	2016	2017	2018	2019	2020
Current Account	**0.7**	**0.0**	**-0.5**	**1.3**	**-0.6**
Goods and Services	5.3	5.4	5.0	6.0	4.2
Goods	3.6	3.1	3.6	5.0	4.1
Exports	18.5	17.3	18.0	19.2	18.7
Merchandise goods	16.0	15.6	15.5	16.5	16.0
Goods under merchanting (net)	2.5	1.7	2.5	2.6	2.7
Imports	14.9	14.2	14.5	14.2	14.6
Services	1.7	2.3	1.4	1.0	0.1
Exports	8.4	8.8	8.4	8.6	6.6
o/w Tourism	*4.0*	*4.4*	*4.1*	*3.7*	*2.0*
Imports	6.8	6.5	6.9	7.6	6.5
Primary Income	-4.6	-5.5	-5.7	-5.0	-5.1
Net employments´ remunerations	0.0	0.0	0.0	0.0	0.0
Net repatriated profits and dividends	-4.5	-3.8	-3.8	-5.6	-3.6
Net reinvested earnings	0.9	-1.0	-1.1	1.1	-0.4
Net interest paid	-1.1	-0.7	-0.8	-0.5	-1.1
Secondary Income	0.1	0.1	0.2	0.3	0.3
Capital Account	**0.1**	**0.0**	**0.1**	**-0.6**	**0.0**
Financial Account	**0.4**	**2.1**	**-1.3**	**0.9**	**0.7**
Foreign Direct Investment	3.2	3.2	0.8	-2.0	-4.9
Change in assets held abroad by residents	2.3	7.3	3.5	0.1	0.3
Change in claims held by non-residents in the economy	-0.9	4.1	2.7	2.1	5.2
Portfolio Investment	3.0	-2.8	-2.4	2.2	2.9
Change in assets held abroad by residents	0.8	-1.6	-1.3	4.3	5.4
Change in claims held by non-residents in the economy	-2.2	1.1	1.1	2.1	2.5
Financial Derivatives	0.0	-0.3	0.0	0.0	0.1
Net creditor contracts	0.0	-0.3	0.0	0.1	0.2
Net debtor contracts	0.0	0.0	0.0	0.0	0.1
Other Investment	-2.1	-1.9	0.9	2.6	-0.5
Change in assets held abroad by residents	-4.1	-2.2	1.0	2.3	1.3
Change in claims held by non-residents in the economy	-2.0	-0.3	0.1	-0.2	1.8
Change in Central Bank Reserve Assets	-3.8	3.8	-0.6	-1.8	3.0
Errors and Omissions	**-0.5**	**2.1**	**-0.9**	**0.2**	**1.2**

(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 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 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.

(2) GDP figures available since 2016 according to the latest update in National Accounts methodology, published by the Central Bank in December 2020.

Source: Central Bank of Uruguay

Uruguay — Economic Indicators

Monetary Indicators and Relative Prices[1]	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Latest available)	As of:
Consumer inflation (% change, YoY)	6.9	8.6	7.5	8.5	8.3	9.4	8.1	6.6	8.0	8.8	9.4	6.8	2021M04
Producer inflation (% change, YoY)	8.4	11.1	5.9	6.3	10.6	6.6	-1.9	5.4	10.0	20.1	3.6	8.5	2021M04
Nominal exchange rate (UYU per USD, eop)	20.09	19.90	19.40	21.39	24.33	29.87	29.26	28.76	32.39	37.34	42.34	43.80	2021M04
Nominal exchange rate (UYU per USD, average)	20.07	19.30	20.32	20.50	23.23	27.33	30.08	28.65	30.74	35.28	42.06	42.95	2021M04
Nominal exchange rate (% change, average, YoY)	-10.9	-3.8	5.3	0.9	13.3	17.6	10.1	-4.8	7.3	14.8	19.2	13.9	2021M04
Real Effective Exchange Rate, REER (index base 100 = 2010, eop)	100.0	93.2	82.7	80.6	79.9	80.4	73.4	74.6	67.7	72.8	73.8	74.4	2021M03
REER (% change, YoY, if + = real depreciation)	0.0	-6.8	-11.3	-2.6	-0.9	0.7	-8.7	1.6	-9.2	7.6	1.3	-3.9	2021M03
Terms of trade, ToT (index base 100 = 2010, eop)	100.0	98.9	100.4	102.3	111.3	107.6	110.8	110.2	103.8	108.5	119.4	109.9	2021M02
ToT (% change, YoY)	11.8	-1.1	1.5	2.0	8.7	-3.3	3.0	-0.5	-5.8	4.5	8.3	-6.5	2021M02
Monetary base (% change, YoY)	16.2	17.3	21.9	17.4	1.4	7.2	9.7	3.6	10.4	7.7	5.8	28.1	2021M03
M1' (% change, YoY)	30.0	20.8	11.2	15.0	3.7	5.6	8.4	15.0	8.9	5.1	18.5	28.4	2021M03
International Reserves (% of GDP)[2]							23.4	24.8	24.1	23.7	30.3	29.9	2021M03
Interest rate on Central Bank´s 30-day bills (annual, in %, average)[3]	6.7	7.4	8.9	10.5	14.0	13.0	12.0	9.5	8.2	7.9	7.0	4.6	2021M04
Interest rate on Central Bank´s 1-year bills (annual, in %, average)[3]	10.0	9.2	9.9	11.0	15.1	14.0	14.5	10.8	10.0	10.3	9.8	6.6	2021M04
Monetary Policy Interest Rate (overnight reference, annual, in %, eop)[4]	6.5	8.75	9.0	9.25	N/A	N/A	N/A	N/A	N/A	N/A	4.5	4.5	2021M04
Overnight interbank interest rate (annual, in %, eop)[5]	6.5	8.8	8.9	5.3	20.0	18.0	3.5	8.6	5.0	9.0	4.5	4.7	2021M04
Interest rate on local currency deposits (annual, in %, average)[6]	4.8	5.5	5.2	5.1	8.5	7.9	6.0	5.3	5.3	6.5	4.2	4.0	2021M03
Total bank deposits by private non-financial sector (% of GDP)							49.2	44.2	44.0	47.7	60.2	63.8	2021M03
By currency (% of total)[7]:													
Local currency	24.2	26.2	26.1	24.7	22.3	19.1	22.7	26.7	26.4	23.8	22.7	22.3	2021M03
Foreign currency	75.8	73.8	73.9	75.3	77.7	80.9	77.3	73.3	73.6	76.2	77.3	77.7	2021M03
By residency (% of total):													
Residents	82.7	84.4	84.2	84.5	84.3	83.7	87.4	90.2	90.2	89.6	89.7	89.9	2021M03
Non-residents	17.3	15.6	15.8	15.5	15.7	16.3	12.6	9.8	9.8	10.4	10.3	10.1	2021M03
Interest rate on local currency loans (annual, in %, average)[6]	22.7	21.9	20.7	22.0	21.5	23.2	24.7	24.6	23.8	23.6	20.2	14.9	2021M03
Total bank credit to private non-financial sector (% of GDP)[8]							26.4	23.9	23.8	24.2	27.5	27.5	2021M03
By currency (% of total)[5]:													
Local currency	47.5	45.2	46.6	44.9	43.4	43.2	45.4	48.2	48.1	49.0	49.2	47.9	2021M03
Foreign currency	52.5	54.8	53.4	55.1	56.6	56.8	54.6	51.8	51.9	51.0	50.8	52.1	2021M03
By residency (% of total):													
Residents	99.1	98.6	98.8	98.9	98.9	99.0	99.0	99.0	99.3	99.1	98.6	98.3	2021M03
Non-residents	0.9	1.4	1.2	1.1	1.1	1.0	1.0	1.0	0.7	0.9	1.4	1.7	2021M03
Total bank credit to non-financial sector (% real change, YoY)	10.4	12.8	5.5	14.1	10.7	9.2	-7.8	-5.5	3.3	3.5	2.6	-1.5	2021M03

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

(2) Figures of ratios of GDP are presented starting in 2016, given that the new GDP figures released by the Central Bank under the re-based national accounts statistics are only available from that year onwards. Figures reported through March 2021 use annual GDP projection throurgh 2021Q1; official GDP figures for 2021Q1 will be released by the Central Bank in June 2021.

(3) Weighted average of the cut-off rates in Central Bank´s auctions.

(4) From July of 2013 to September 3rd of 2020, the Monetary Policy instrument was based on the control of the Monetary Aggregate M1´. Since Septmber 4th of 2020, the Cental Bank of Uruguay return to the interest rate as policy intrument.

(5) Last positive rate in December each year.

(6) Weighted average across all maturities.

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

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

Sources: *Central Bank of Uruguay and National Institute of Statistics*

Labor Market Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Latest available)	As of:
Activity rate (% of working age population)[1]	63.4	64.1	64.0	63.6	64.7	63.8	63.4	62.9	62.5	62.2	60.7	61.7	2021M02
Employment rate (% of working age population)	59.0	60.1	59.9	59.4	60.4	59.0	58.4	57.9	57.2	56.6	54.5	54.9	2021M02
Unemployment rate (% of labor force)[2]	7.0	6.3	6.3	6.5	6.6	7.5	7.9	7.9	8.4	8.9	10.2	11.1	2021M02
Unemployment insurance (number of beneficiaries, in thousands)	25.5	26.2	31.1	35.4	38.5	45.2	44.4	42.5	43.8	45.4	77.4	72.6	2021M03
Nominal wages (index base 100 = 2010, eop)	100.0	113.6	128.0	143.7	161.3	177.3	198.1	216.0	234.1	254.1	273.4	282.0	2021M02
Nominal wages (% change, YoY)	10.7	12.9	13.1	11.4	12.8	10.4	11.4	10.5	7.8	9.4	7.9	7.5	2021M02
Real wages (index base 100 = 2010, eop)	100.0	104.0	109.4	113.0	116.9	117.4	121.2	122.9	123.1	122.8	120.9	122.3	2021M02
Real wages (% change, YoY)	3.3	4.0	4.2	3.0	3.4	1.6	1.6	2.9	0.2	1.3	-1.7	-2.1	2021M02

(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 receiveing the unemployment insurance benefit.

Source: *National Institute of Statistics and Social Security Bank*

Uruguay — Economic Indicator

Public Finances[1]	2016	2017	2018	2019	2020	2021 (Latest available)	As of:
			(in % of GDP)				
Central Government							
Revenues	25.6	26.7	28.2	27.5	27.0	27.1	2021M03
Primary expenditures	26.4	27.0	27.6	27.9	29.4	30.9	2021M03
Primary balance	-0.7	-0.2	0.7	-0.4	-2.4	-3.7	2021M03
Interests payments[2]	2.5	2.5	2.6	2.4	2.7	2.6	2021M03
Headline Central Government balance[3]	-3.2	-2.7	-1.9	-2.8	-5.1	-6.3	2021M03
Impact of extraordinary inflows to the Social Security Trust Fund ("Cincuentones Effect")	.	.	1.2	1.2	0.7	0.7	2021M03
Extraordinary transfers to Social Security Trust Fund [4] [5]	.	.	1.2	1.1	0.6	0.5	2021M03
Interest payments to the SSTF on its holdings of Central Government Debt	.	.	0.0	0.1	0.1	0.1	2021M03
Central Government balance excluding Cincuentones effect	.	.	-3.1	-4.0	-5.8	-7.0	2021M03
Rest of Non-Monetary Public Sector							
Local governments balance	0.1	0.1	0.0	-0.1	0.1	0.1	2021M03
Non-financial public enterprises balance	0.3	0.0	-0.2	-0.3	0.0	0.2	2021M03
State-owned insurance bank balance	0.2	0.2	0.2	0.4	0.3	0.3	2021M03
Headline Rest of NMPS balance	0.5	0.2	0.1	0.0	0.3	0.6	2021M03
Central Bank							
Primary balance	-0.1	-0.1	-0.1	-0.1	0.0	0.0	2021M03
Interests payments	0.6	0.6	0.7	0.4	0.5	0.6	2021M03
Headline Central Bank balance	-0.7	-0.7	-0.8	-0.5	-0.5	-0.6	2021M03
Consolidated Public Sector							
Primary balance	-0.3	-0.2	0.5	-0.6	-2.2	-3.2	2021M03
Interests payments	3.0	3.0	3.2	2.7	3.0	3.0	2021M03
Headline Overall balance	-3.4	-3.2	-2.7	-3.2	-5.3	-6.3	2021M03
Overall balance excluding Cincuentones effect	-3.4	-3.2	-3.9	-4.4	-5.9	-6.9	2021M03

(1) Figures are presented starting in 2016, given that the new GDP figures released by the Central Bank under the re-based national accounts statistics are only available from that year onwards.
(2) Includes interests from Capitalization Bonds held by the Central Bank.
(3) It is worth noting that this result is distorted by the advance payment of salaries and pensions payments in March that were due in early April, due to the tourist week holiday. This effect accounted for -1.3% of GDP in the fiscal result. Accounting for this effect, the Headline Central Government balance stood at -5.7% of GDP as of March 2021.
(4) 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.
(5) 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*

Public Debt [1] [2]	2016	2017	2018	2019	2020	2021 (Latest available)	As of:
			(in % of GDP, unless otherwise indicated)				
Central Government [3] [4]							
Gross debt	45.5	44.6	45.6	48.8	61.4	62.3	2021Q1
o/w in foreign currency (% of total)	54.7	49.2	53.8	56.1	54.5	54.3	2021Q1
held by non-residents (% of total)	56.9	55.1	56.7	58.8	60.1	59.3	2021Q1
Net debt	39.0	39.4	40.8	45.3	56.5	58.4	2021Q1
Memo Item: Social Security Trust Fund´s holdings of Central Government debt	.	.	0.9	1.7	2.4	2.5	2021Q1

Source: *Ministry of Economy and Finance*

Consolidated Public Sector[5]	2016	2017	2018	2019	2020	2021	As of:
Gross debt	58.4	60.4	59.6	60.8	74.5		2020Q4
o/w in foreign currency (% of total)	52.5	41.4	46.9	53.5	50.3		2020Q4
held by non-residents (% of total)	51.1	46.0	47.9	52.0	53.3		2020Q4
Net debt	28.1	29.5	29.4	30.6	36.7		2020Q4

Source: *Central Bank of Uruguay*

(1) Figures are presented starting in 2016, given that the new GDP figures released by the Central Bank under the re-based national accounts statistics are only available from that year onwards.
(2) Stocks measured end-of-period.
(3) 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.
(4) Figures are reported through March 2021 using annual projected GDP through 2021Q1; official GDP figures for 2021Q1 will be released by the Central Bank in June 2021.
(5) Reported data nets out cross-holdings of assets and liabilities by institutions within the 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.