



Key Highlights

- The spread of the Covid-19 virus has significantly diminished in Uruguay (after a sharp increase in March-June this year) and the country reopened its borders in November to all immunized non-residents. As of November 3rd, 2021, 78% of the Uruguayan population have received at least the first dose against Covid-19 (92.3% of target population i.e. above 12-years-olds), of which 74% is fully vaccinated and 35.1% have received also a third booster shot.
- Real GDP expanded 11.3% in the second quarter of 2021 YoY, and grew 0.9% QoQ in seasonally adjusted terms.
- The fiscal deficit of the Central Government (excluding the extraordinary revenue effect from the “Cincuentones Law”) reached 5.0% of GDP in the 12-month period as of September 2021.
- Annual inflation stood at 7.9% in the year ended in October 2021.
- Uruguay ranked 1st in the Rule of Law Index and Global Freedom Index among Latin America & Caribbean countries.
- Next March 2022, Uruguay will host the 62nd Annual IDB Meeting at the *Punta del Este* resort.

I. Covid-19 Update

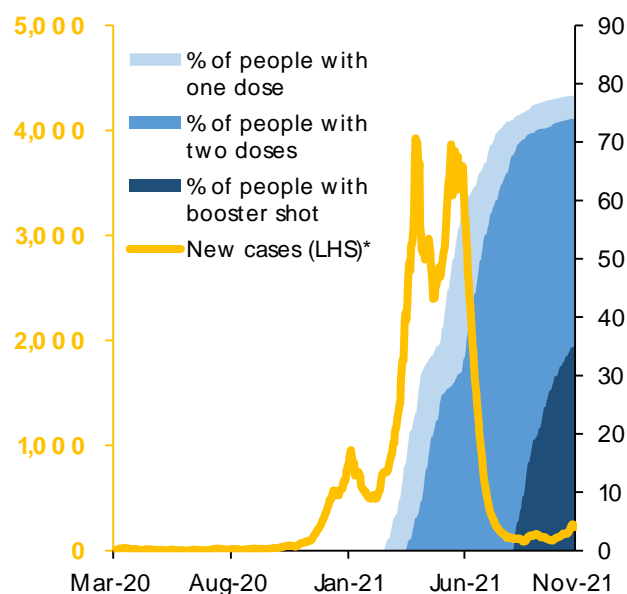
As it can be seen Figure 1, the pandemic hit Uruguay the hardest in March-June 2021. During that period, new daily cases peaked at 4,604 on May 21. Daily contagions have since dramatically decreased to 223 by November 3rd, and so have fatalities (with a daily average of less than one death in the last seven days).¹

The stark improvement in the Covid-19 situation is the result of a massive and effective vaccination plan that was launched on February 23rd, 2021. As of November 3rd, 2021, Uruguay is one of the countries with the highest percentage of people vaccinated against COVID-19 in the world (ranking second in Latin America), with 78% of total population vaccinated, of which 74% with both doses and 35% with a third booster shot (see Figure 2). In June 2021, Uruguay became the first country in Latin America to inoculate teenagers from 12 to 17 years old against COVID-19. Overall, 92.3% of people over the age of 12 (the target population so far) have been inoculated against Covid-19 in Uruguay.

So far, the Government has purchased 4.35 million doses from Sinovac, 3.5 million from Pfizer-BioNTech (half a million of them will be arriving during the last quarter of the year) and 98,000 doses from AstraZeneca. Besides, the country received a donation of another half a million Pfizer-BioNTech doses from the United States. On October 28th, 2021, the Government agreed with Pfizer-BioNTech to purchase 3.7 million additional doses for 2022, which will be arriving on a quarterly basis (also established in the agreement).

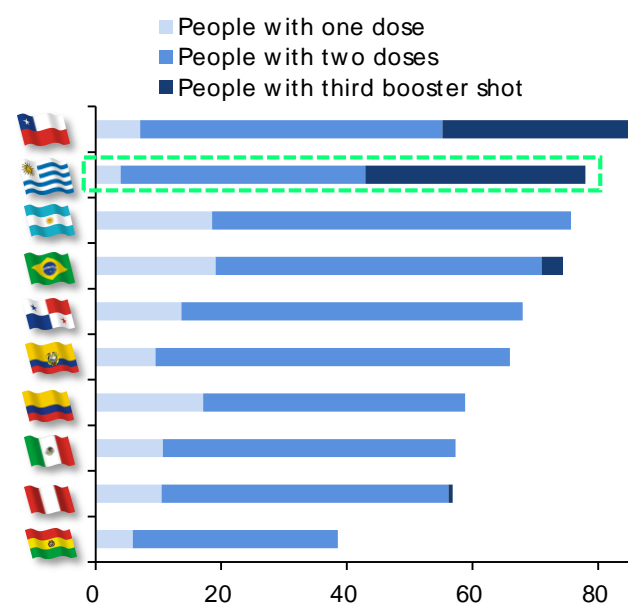
¹ Since the pandemic started on March 13th 2020, 394 thousand cases were detected and 6,080 deaths (111,329 and 1,716 per million, respectively) were registered in Uruguay because of COVID-19 as of November 3rd, 2021.

Figure 1: Evolution of COVID-19 cases and vaccinations in Uruguay (As of November 3rd, 2021)



(*) 7-Day rolling average of new cases
 Source: Our World in Data. For Uruguay, the figure for total populations comes from the National Statistics Office.

Figure 2: People vaccinated in LATAM, by number of doses (Share of total population, as of November 3rd, 2021)



Source: Our World in Data. For Uruguay, the figure for total populations comes from the National Statistics Office.

II. Real Sector

The economy grew 11.3% year-on-year (YoY) in the second quarter of 2021, and 0.9% in seasonally adjusted terms with respect to the previous quarter. From the production perspective, there was a generalized recovery in economic activity in the period, with the Commerce, Restaurants and Hotels, Health, Education, Real Estate Activities and Other Services sectors standing out for their positive impact.

On the other hand, from the expenditure side, the recovery was linked to the increased dynamism of both domestic and external demand. In terms of domestic demand, both gross fixed capital formation and household and government final consumption expenditure grew. Nonetheless, in terms of external demand, the increase in physical volume of imports exceeded that of exports, resulting in a lower trade balance in terms of physical volume compared to the previous year.

Regarding prices, terms of trade grew 4.4% YoY in 2021Q2 given that prices of imports increased to a lesser extent than prices of exports, 11.9% and 16.7% YoY, respectively.

In the second quarter of 2021, the seasonally adjusted GDP stood 2.8% below the level reached in the last quarter of 2019 (pre-pandemic levels). All sectors expanded compared to 2019Q4 with the exception of i) Electricity, Gas and Water (strongly affected by a drought); ii) Professional Activities Health, Education, Real Estate Activities and iii) Other Services (sectors that continue to be affected by the lower mobility in the second quarter).²

Commerce, Restaurants and Hotels was the sector with the highest impact on GDP, registering a YoY expansion of 23.1% YoY in 2021Q2. Within this sector, the main positive impact was driven by the increase in the added value of commercial activities. However, the border closure, which remained in force as a sanitary measure in 2021Q2, continued to negatively affect activity through the very scarce demand from non-resident tourists.

² Likewise, comparing the seasonally adjusted real output reached in Q2 2021 vs Q2 2019, the figure is 3.8% lower. This is explained by the low community mobility due to the sharp increase of Covid-19 cases between April and June of the current year. However, some sectors such as Manufacturing, Construction, Commerce and Financial Services showed in 2021Q2 higher activity levels than those reached in 2019Q2.

Both Health, Education, Real Estate Activities and Other Services presented an expansion in their added value of 9.1%. Within this result, the positive incidence of education (explained by higher and compulsory attendance) as well as public and private health (due to a higher number of vaccinations against COVID-19 and more tests performed) stood out.

Likewise, the added value of the Manufacturing Industry grew 17.4% in year-on-year terms in 2021Q2. This result is explained by an increase in activity, which recorded very low levels in the same quarter of the previous year. Among the industry branches with the highest positive incidence, the meat processing industry stood out.

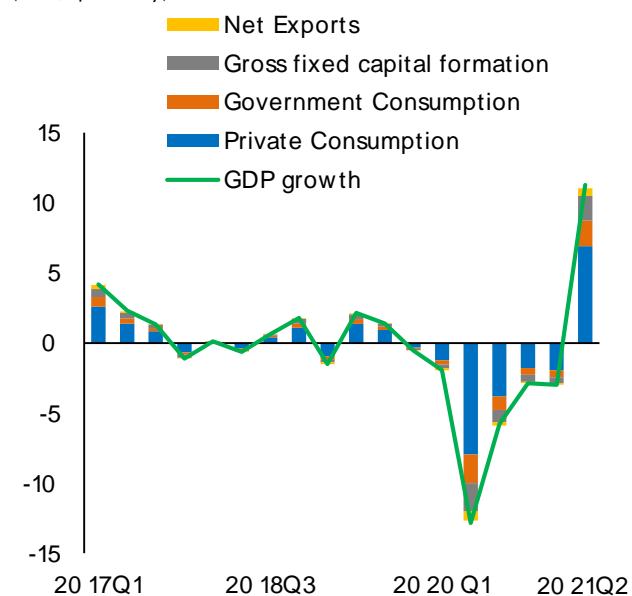
The Transportation and Storage, Information and Communications sector registered a 10.3% increase in year-on-year terms. The drivers were passenger transport services and information services.

Furthermore, Construction activity grew by 14.2% YoY in the second quarter of 2021. This is mainly explained by the works associated with the third pulp mill and the construction of the Central Railway, although port works, electric power lines and roads also had a positive impact.

Value added in the Agriculture, Fishing and Mining sector remained almost stable in 2021Q2 compared to the same period last year, registering a year-on-year increase of 0.5%. Within this sector, there were dissimilar performances. Livestock activity grew mainly due to an increase in beef cattle and dairy farming, with a higher referral of milk to industrial plants. However, agriculture activities showed a fall in its value added in year-on-year terms, mainly due to a reduction in soybean production.

Finally, Electrical Energy, Gas and Water sector increased 2.9% in 2021Q2, driven by the greater generation of electrical energy for export to Brazil.

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



Source: Central Bank of Uruguay

Exports of goods and services, as well as private consumption, were the main drivers of demand during this period (Figure 3).

Final consumption expenditure grew by 10% explained by both an increase in household final consumption expenditure (8.1%) and in public expenditure (17.2%).

In the first case, there was a generalized increase in consumption, of which growth in motor vehicles stood out. In turn, public expenditure expansion was explained by growth in health services and public education services.

Gross capital formation grew 27.8% compared to the second quarter of 2020, as a result of higher investment in durable goods. It is explained by higher imports of machinery as well as investments associated with the installation of the third pulp mill and the construction of the Central Railway.

Exports of goods and services increased by 23.7% year-on-year. In the case of goods, the higher foreign placements of beef stood out, while sale services as well as other professional, technical and business services underpinned export services. Imports of goods and services increased 36.2% in the interannual comparison, basically explained by imports of durable and non-durable consumer goods, capital goods and processed industrial supplies.

Likewise, leading activity indicators show encouraging signs for the third quarter of 2021. The combination of higher prices and quantities resulted in significant growth of goods exports as well as imports.

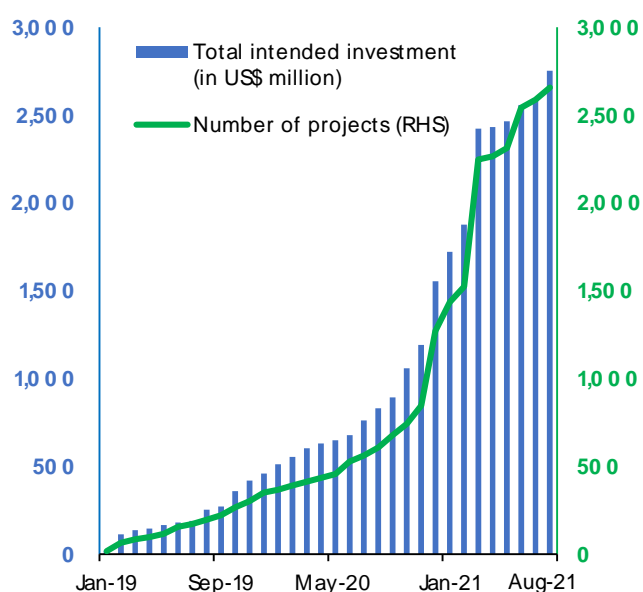
According to Institute Uruguay XXI, external sales of goods (including exports from the Free Trade Zones FTZ), recorded a 47.8% year-on-year increase in 2021Q3 compared to the same period of 2020. Regarding the January-September 2021 period, sales of goods abroad accumulated a year-on-year increase of 35% (including FTZ's exports). So far this year, beef, cellulose, wood and electric energy had the greatest impact on the growth of exports. On the other hand, CIF imports of goods (excluding oil) increased 33.1% in dollar value the third quarter of the year compared to the same period of 2020. Brazil (23%), China (21%) and Argentina (15%) were the countries of origin with the highest share in cumulative imports in September.

Furthermore, the gross tax collection grew 6.4% year-on-year in real terms in September 2021, of which VAT collections increased 11.6%. In the accumulated January-September period, the real tax collection grew 6.2% compared to the same period of 2020.

Investment also shows signs of improvement as a result of the progress in the construction of the new pulp mill and the projects submitted to the Investment Promotion Regime (COMAP, for its acronym in Spanish) and the National Agency of Housing (see Figure 4).

As mentioned in the previous newsletter, based on the historical experience, on average half of the investments promoted by COMAP are executed in the year t of investment submission and the following year ($t+1$). Nevertheless, it is worth mentioning that the rate increases significantly when additional benefits are granted. That was the case of the previous tax incentives implemented in 2016, when the rate of submitted investments over the promoted ones reached almost almost 80% over t and $t+1$ (Figure 5). Additional benefits were also granted in 2020 and 2021 to boost post-COVID-19 recovery and, consequently, a large number of projects were submitted to COMAP. Therefore, the government expects a large portion of such projects to materialize in the short term.

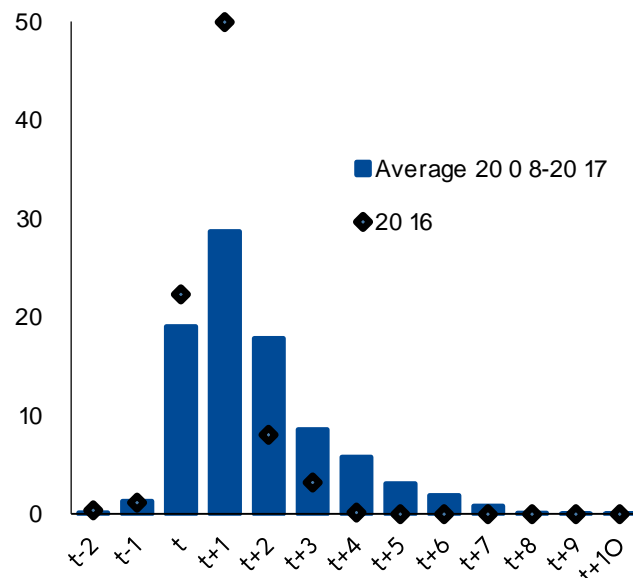
Figure 4: Investment projects presented under COMAP regime
(Cumulative)



Source: Ministry of Economy and Finance

Figure 5: Rate of investments submitted to COMAP between 2008-2017

(As % of promoted investment, t = year when the project was submitted)



Note: The rate of investment execution was estimated for projects submitted between 2008 and 2017 and with execution schedule ending before 2020. Includes projects submitted under Decrees. 455/007, 002/012 and 143/018. Source: Ministry of Economy and Finance

III. Labor market

The unemployment rate reached 9.4% in September, down 1.6 p.p. from its print in the same month last year. On average, throughout the last 12 months, the unemployment rate stood at 10.2 as of August (Figure 6).

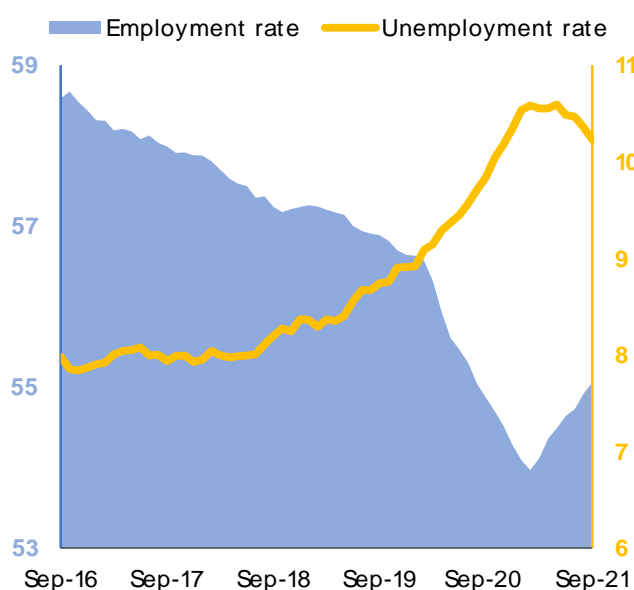
In addition, the employment rate increased to 55.8% in August (55.1% in the 12-month period average) whereas the activity rate (that is, the share of the population that is employed or are looking for a job over working-age people) stood at 61.6% (61.3% in the 12-month period average).

The number of total beneficiaries of the unemployment insurance decreased by 5,362 workers in September month-on-month, standing at 58,955 workers, mostly explained by the reduction of people in the partial regime (Figure 7). The partial regime implies that employees maintain the job relationship, working partial time, whereas the traditional regime refers to the full unemployment insurance benefit according to Uruguayan law. The former was created upon the onset of the Covid-19 in the country, to provide more flexibility to the unemployment benefit, allowing firms to place employees in part-time schedules, avoiding an outright dismissal.

When focusing on the traditional regime, in every month since June, the number of beneficiaries has stayed below the respective monthly prints of 2019, implying that the employment recovery is also reverting the pre-pandemic stance of the labor market. Furthermore, of the employees who exited unemployment insurance in September, more than three-quarters were re-hired. Overall, in the last three months, the number of unemployment beneficiaries has decreased 23%, suggesting a gradual healing of the labor market.

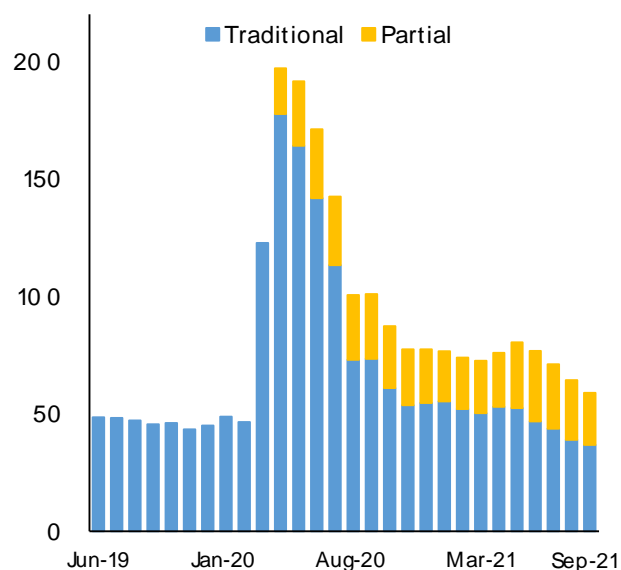
Meanwhile, 12-month average nominal wages as of September grew 6.4% in YoY terms, while the real wage decreased 1.5%.

Figure 6: Unemployment and Employment Rate
(Average of last 12 months, in %)



Source: National Institute of Statistics

Figure 7: Unemployment Insurance
(Number of beneficiaries, in thousands, by regime)



Note: The traditional regime refers to the full unemployment insurance benefit according to Uruguayan law, whereas the partial regime implies that employees maintain the job relationship, working partial time.
Source: Social Security Bank

IV. External Sector

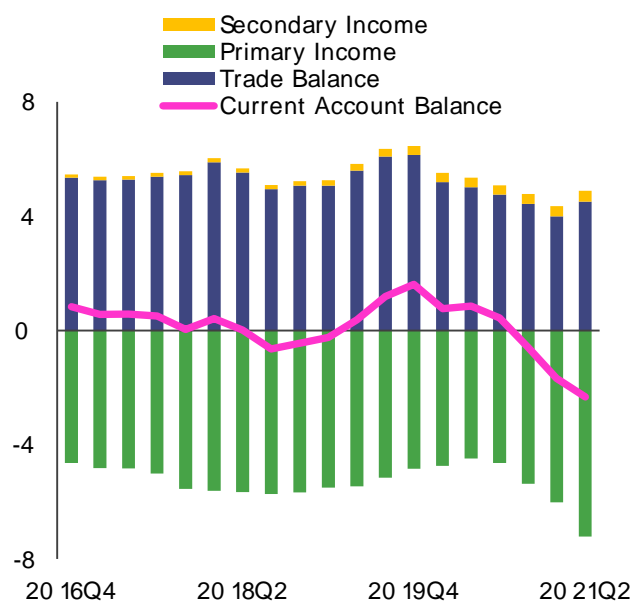
In the year ended in June 2021, the Current Account of the Balance of Payments turned out to be in deficit by USD 1,311 million (2.3% of GDP). This implies a widening of 3.2 percentage points of GDP with respect to the same period of the previous year, when it had been in surplus (0.9% of GDP). This trend is mainly due to the significant reduction in the net export balance of tourism services, which was particularly affected by the border closures caused by the pandemic.

Within the Current Account, the trade balance of services showed a reversal of the balance in the period under review (from a surplus of USD 502 million to a deficit of USD 276 million) (Figure 8). Approximately 80% of this fall was due to the contraction of the travel surplus (73%). Exports of services measured in US

dollars recorded a 31.9% year-on-year decline by the end of June 2021T. The contraction of tourism services (82%) due to mobility restrictions and border closures because of the pandemic was the main driver of this retraction. On the other hand, imports of services showed a year-on-year contraction of 17%, mainly because of the reduction in tourism expenditure made by Uruguayans abroad (around a 90% drop) since the second quarter of 2020. By contrast, trade of goods showed a positive balance, recording a slight increase from a year ago, reaching USD 2,808 million.

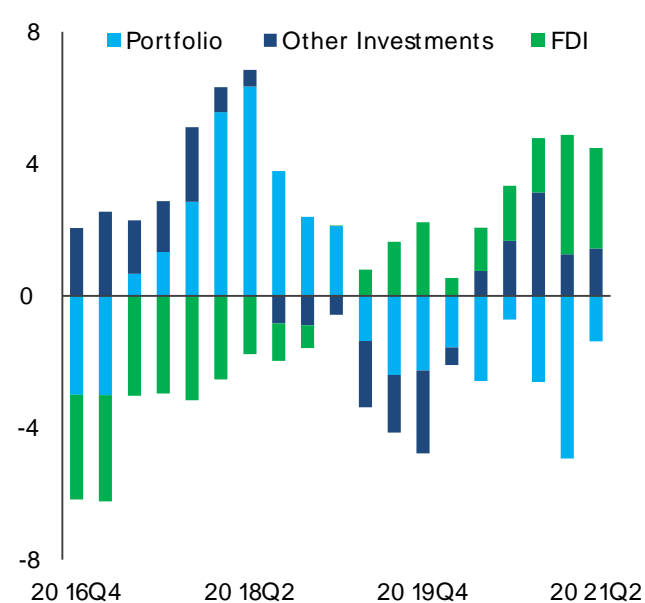
By contrast, the Capital Account moved from a deficit of 0.6% of GDP in the year ended on June 2020Q2 to a surplus of USD 39 million, or 0.1% of GDP, in the year ended in 2021Q2.

Figure 8: Current Account Balance
(Rolling 4-quarters, in % of GDP)



Source: Central Bank of Uruguay

Figure 9: Key Components of Net Capital Inflows
(Rolling 4-quarters, in % of GDP)



Source: Central Bank of Uruguay

International reserves stood at USD 17.1 billion as of end-September 2021, representing 30% of GDP. Given the allocation of Special Drawing Rights implemented by the International Monetary Fund (IMF) in August, Uruguay received an additional USD 585 million in reserves (about SDR 405 million). This reinforces the Central Bank's already comfortable reserve position, with no net financial cost for keeping the SDRs.

V. Inflation and Monetary Indicators

In October the consumer price index increased 1.04% month-on-month, which implied that in year-on-year terms, inflation stood at 7.9% (Figure 10). The main drivers of the monthly variation of the index came from the following divisions: Food and Non-Alcoholic Beverages (0.49%), Transportation (0.24%) and Clothing and Footwear (0.11%).

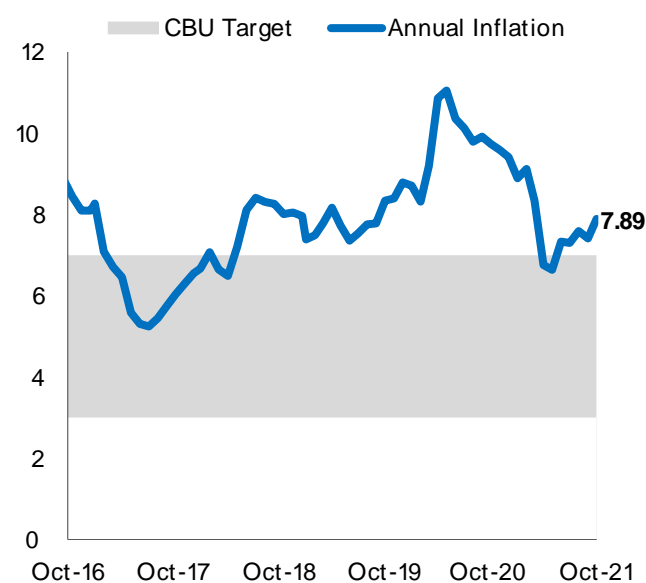
In its last meeting, held on October 5th, the Monetary Policy Committee (COPOM for its acronym in Spanish) raised the Monetary Policy Rate (MPR) to 5.25% from 5% (the previous increment, of 25 bps, had occurred in August).

According to the meeting minutes, the monthly weighted average overnight loan rate –the reference value of the MPR and operating objective of the monetary authorities– has remained at around 5%, in a money market where liquidity has been incipiently (and mostly channeled towards monetary regulation instruments and credit).

“The Committee considers it necessary to consolidate the process of reducing inflation expectations, in a scenario of incipient recovery and thus continuing with the gradual exit from the most expansive phase of monetary policy”, was stated.

For further information, please click the following to access the English versions of the October COPOM [press release](#) and [minute](#).

Figure 10: Inflation
(In %, YoY)



Source: National Institute of Statistics and Central Bank of Uruguay

According to latest CBU Monetary Policy Report (IPOM, for its acronym in Spanish), inflation projections (based on CPI data as of September) show a stable evolution in the next quarters, yet slightly above the upper band (of 7%). Subsequently, they start showing a decreasing trajectory and revert within the target band in the second quarter of next year. Worth noting that in September 2022 the target band will be narrowed to 3%-6% (from 3%-7%). Besides, according to the fan chart analysis, there is 48% confidence that the inflation rate would stay within the target range at the end of the Monetary Policy Horizon (MPH, i.e. in the next 24 months), with a point estimate of 5.5%.

For end-2021, there was a downward correction in inflation projections of around 0.2 p.p. in comparison to the previous IPOM, due to a higher-than-expected drop in fruits and vegetables prices. Meanwhile, projections near the MPH are somewhat higher than in the previous report, given a slower decrease pace of inflation expectations included in the model.

Regarding the nominal FX rate, it stood at 43.163 pesos per US Dollar between August and October, on average. In October, the UYU depreciated 2.9% dragged by the BRL weakening, as a result of negative spillovers from Brazil’s political and fiscal risks. Overall, year-to-date as of end-October, the UYU has depreciated 4.3% YTD against the US Dollar, in line with other Latin American countries.

The real effective exchange rate (REER) showed a 1.2% appreciation in 2021Q3 compared to the average of the previous quarter. This behavior was mainly determined by lower dollar prices with the region (1.4%) (i.e. Argentina and Brazil), whereas with the extra-region, Uruguay became less price-competitive (3.1% real appreciation). Likewise, in the first nine months of this year compared to the same period of the previous year, the REER showed a 2.3% depreciation, on average (Figure 12).

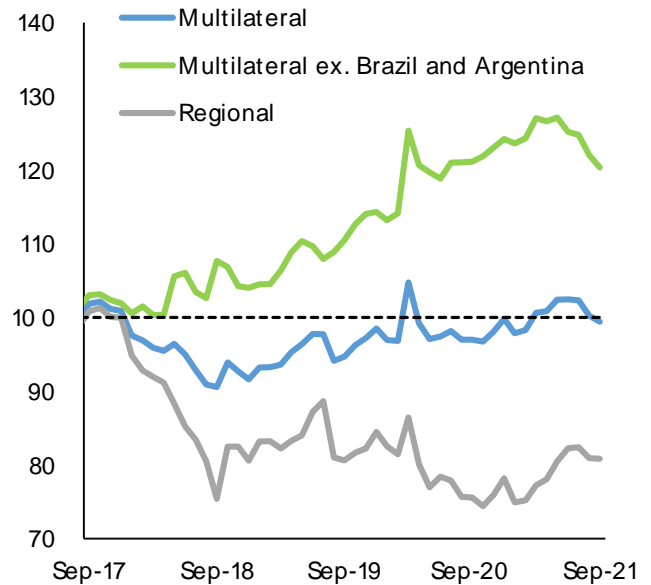
Furthermore, according to the analysis presented in the IPOM, the fundamental value of the REER appreciated in the third quarter of the year, as a result of the increase in domestic spending relative to GDP (mainly explained by UPM and Central Railway works) and better terms of trade. Thus, in the second quarter, the gap between the effective REER and that of fundamentals was positive, and stood at 3% on average.

Figure 11: Nominal Exchange Rate
(Pesos per Dollar)



Source: Central Bank of Uruguay

Figure 12: Real Effective Exchange Rate
(Index base 100 = 2017)



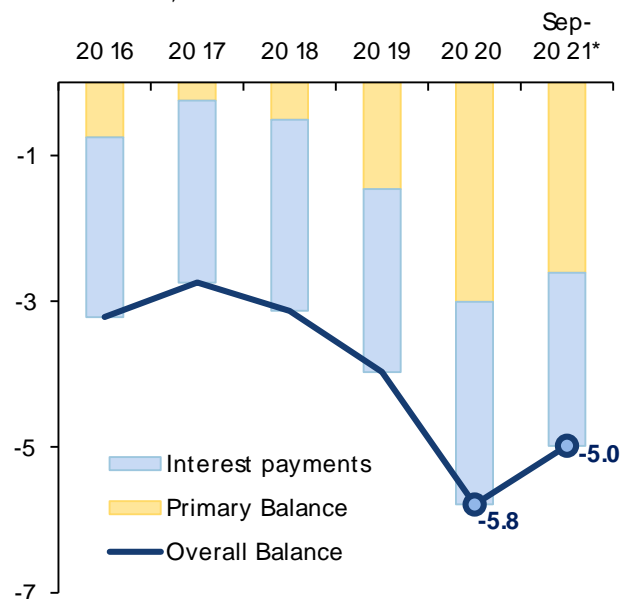
The Regional Real Effective Exchange Rate is a weighted average of the REER of Argentina and Brazil. Source: Central Bank of Uruguay.

VI. Fiscal and Debt Indicators

In the 12-month period as of September 2021, the fiscal balance of the Central Government was -5.0% of GDP (excluding the positive effect of inflows to the Social Security Trust Fund of 0.5% of GDP), deteriorating 0.1% of GDP in comparison to the 12-month period as of August (see Figure 13). It is worth mentioning that this result is almost in line with the year-end projection as stated in the 2020 Budget Accountability Law (approved by Congress on October 26th), given an assumed real GDP growth of 3.5% in 2021.

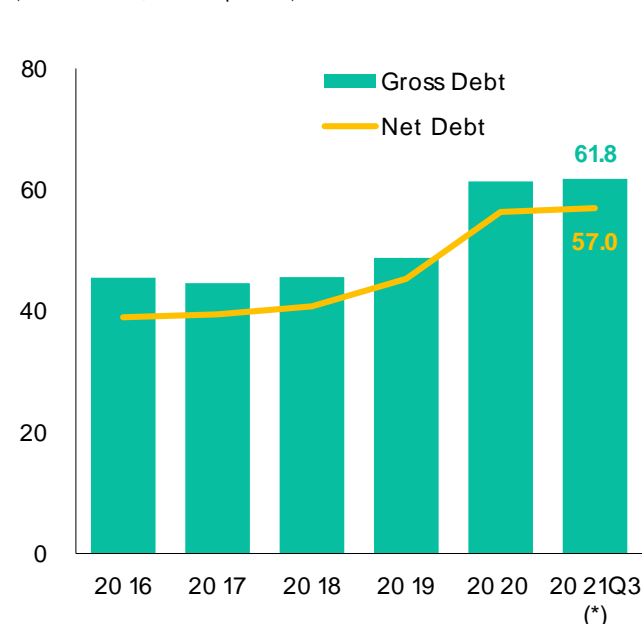
In turn, gross debt of the Central Government stood at 61.8% of GDP as of September 2021, while net debt was 57.0% of GDP (Figure 14). Debt figures include all loans and financial market securities contracted/issued by the Central Government and Central Government securities held by the public SSTF, 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 2.7% of GDP by the end of the third quarter of 2021 (measured in nominal face value).

Figure 13: Central Government Balance
(In % of GDP, excluding extraordinary inflows of funds to SSTF)



(* 12-month period.
Source: Ministry of Economy and Finance of Uruguay

Figure 14: Central Government Debt
(In % of GDP, end of period)



(* Preliminary.
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 73.8% of GDP by end-June 2021, while the net debt printed at 36.1% of GDP.

VII. Banking System

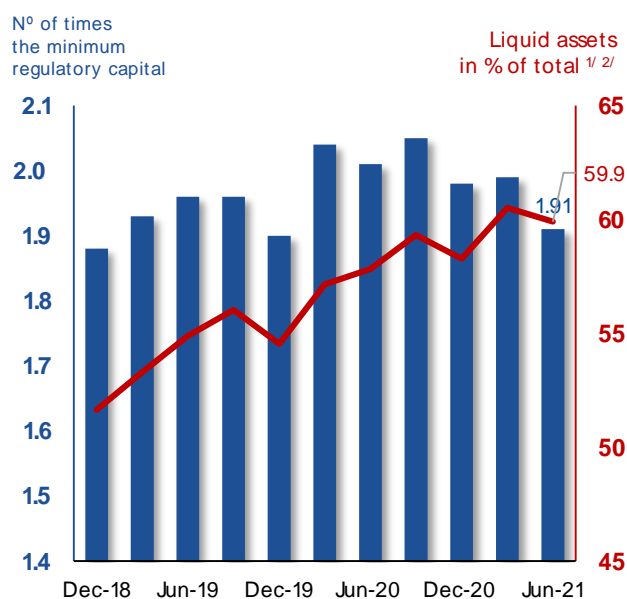
The solvency situation of the financial institutions based in Uruguay continued to show a remarkable strength as of June-end 2021, with a capital structure that almost doubles the minimum regulatory requirement. This ratio has been increasing gradually since 2016. Regarding liquidity risk of the banking system, the ratio of liquid assets to total assets remained at a healthy 60% (Figure16).

The profitability of banks (measured in nominal pesos) represented a return on assets (ROA) of 1.6% and a return on equity (ROE) of 15.1% in the second quarter of 2021. The general delinquency of credit dropped to 2.4% from 2.7% in March 2021, which also represents a reduction from 3.1% from a year ago.

Stress tests of the banking system carried out by the Superintendence of Financial Services of the Central Bank, 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 15: Financial System's Solvency Profile and Liquidity



1/ Liquid assets are those available within 30 days.
2/ Refers to the banking system only.
Source: Central Bank of Uruguay.

There are three specific programs of guarantees with the aim to ensuring access to bank loans for companies hit by the pandemic (SiGa Emergencia for SME's and SiGa Plus for larger ones) and for companies of the tourism sector and other sectors directly affected by the closing of borders (SiGa Turismo). Public loan guarantees have contributed to preserving favorable financing conditions for viable firms, as reflected in lower lending rates.

In order to alleviate liquidity bottlenecks and to support debt refinancing, the government introduced amendments to the National Guarantee System (SiGa). In May 2021, new companies belonging to sectors highly affected by the pandemic joined SiGa Turismo, and for that reason, its name changed to SiGa Impulso. SiGa Plus expired on April 4, 2021, while the other two, which were supposed to end in September 30, 2021, were extended until December 31, 2021, in the case of SiGa Emergencia, and SiGa Impulso was extended until April 30, 2022, to ensuring access to bank loans in the recovery context.

As of end-September 30, 2021, companies had collectively borrowed USD 987 million in bank loans under the three SiGa Programs (Emergencia, Plus and Impulso), representing USD 646 million in guarantees from the Government.

VIII. Recent Developments

VIII.1. Uruguay reopened its borders to all immunized foreigners in November

Since September 1st, 2021, foreigners with properties in Uruguay, immunized and with a negative PCR test, have been able to enter into the country. Two months later, starting November 1st, all immunized non-residents with a negative PCR test have been able to do so. In particular, Argentinians inoculated with two doses of the Sputnik vaccine are able to enter the country as well.

VIII.2. Uruguay ranked 1st in Latin America & Caribbean in the Rule of Law Index and 25th worldwide

In 2021 Uruguay stood at the 25th position in the Rule of Law global ranking, obtaining a score of 0.71 (in a range from 0 to 1, with 1 indicating the strongest adherence to the rule of law), whereas country placed 1st in Latin America & Caribbean.

The World Justice Project (WJP) Rule of Law Index 2021 presents a portrait of the rule of law in 139 countries and jurisdictions by providing scores and rankings based on eight factors: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, and criminal justice.

The WJP defines the rule of law as a durable system of laws, institutions, norms, and community commitment that delivers accountability, just law, open government and accessible and impartial justice.

VIII.3. Uruguay ranked 1st in Latin America & Caribbean in the Global Freedom Index and 6th worldwide

Uruguay ranked 1st in terms of individual freedom in Latin American & Caribbean and 6th worldwide, only after Finland, Norway, Sweden, New Zealand and the Netherlands, according to the 2021 Freedom in the World report.

Freedom in the World is an annual global report on political rights and civil liberties, produced by the American organization Freedom House. The 2021 edition covers developments in 210 countries and territories from January 1, 2020, through December 31, 2020.

According to its methodology, the Global Freedom index assesses the real-world rights and freedoms enjoyed by individuals, rather than governments or government performance per se, given the fact that both state and non-state actors can affect political rights and civil liberties.

The index is based on a two-tiered system consisting of scores and status. The former includes 10 political rights indicators and 15 civil liberties indicators, which address the electoral process, political pluralism and participation, functioning of government, freedom of expression and belief, associational and organizational rights, rule of law, and personal autonomy and individual rights. Then, the combination of the overall score

awarded for political rights and civil liberties, after being equally weighted, determines the status of Free, Partly Free, or Not Free.

VIII.4. Minister Arbeleche acted as a panelist of the Presidency Event "Powering the World Past Coal" in COP 26

On November 4th, 2021 during the Energy Day, Minister of Finance Azucena Arbeleche participated as a panelist in the event "Powering the World Past Coal" organized by the Powering Past Coal Alliance (PPCA), as part of COP26 meetings. This is an alliance of 165 national and sub-national governments, businesses, and organizations launched by Canada and the UK at COP23, whose members commit to accelerating the transition from coal to clean energy.

The event celebrated progress achieved by the PPCA in the last four years, in stopping new construction of unabated coal plants, ending public and private financing of coal power generation, and delivering a coal phase-out in a sustainable and inclusive way.

Minister Arbeleche's remarks highlighted Uruguay's achievements during the last decade and the start of the "second energy transition". Regarding the first, Arbeleche pointed out that "Uruguay implemented different instruments to promote private investment in wind energy. As a result, it now generates 97% of its electricity from renewable sources (average of the last 4 years). Now, as we move from the pandemic response to economic recovery, Uruguay is starting what we call our *second energy transition*. Its main drivers are the substitution of fossil sources in those uses with available technology. One example is electric mobility". Arbeleche indicated that "economic incentives fostered a 100% increase in the number of electric vehicles sold in the first semester of 2021, compared to the same period of 2020". She also informed that the country continues working on a strategy to replace diesel-powered public buses with electric ones, based on incentives to purchase new units and expansion of the chargers' network.

Another important driver of Uruguay's second energy transition is green hydrogen, Arbeleche indicated in his remarks. "We are now close to announce our National Strategy. Moreover, we are working on our first pilot project for heavy duty transport based on green hydrogen. Finally, supported by the availability of renewable sources, the country's institutional framework and respect for the rule of law, its favorable treatment of investment, national or foreign, we can potentially reach very competitive prices by 2030. This will allow us to become an exporter of hydrogen and its derivatives, such as green fuels for the marine and aviation sector."

VIII.5. IDB Invest closes financing for Uruguay's first green transmission line propping up the UN SDGs

On September 23rd, IDB Invest, a member of the IDB Group, announced a loan for USD 87 million for financing a 500 kV Transmission Ring in the north of the country. This project will strengthen the country's national electricity transmission system and ensure the reliability of the country's national electricity transmission system while promoting the use of renewable energy.

It will involve the design, construction, operation and maintenance of a 365-kilometer-long transmission line at a 500 kV voltage, which will interconnect the substations at the Departments of Tacuarembó and Salto, located in the north of Uruguay.

With this project, IDB Invest will launch the first certificate for green transmission lines worldwide. A green transmission line is a structure that transports energy from renewable sources, for example, wind, hydro, solar and sustainable biomass, among others.



This deal is expected to contribute to four United Nations Sustainable Development Goals (SDGs): Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Industry, Innovation and Infrastructure (SDG 9) and Partnerships to achieve goals (SDG 17).

This certificate, which assesses transmission lines according to their environmental impacts and their contribution to mitigating climate change, is a tool that creates a link between long-term stable assets, such as transmission lines, and institutional, local and international investors who are looking for this type of asset. It also provides an additional sustainability component in the structure.

The project, with a total cost of USD 204 million, is financed by a USD 67.6 million IDB Invest loan and a USD 20 million mobilization from donor funds managed by IDB Invest. The financial plan will be completed with capital contributions from the sponsor, the electricity state owned country UTE and with a local bond issue.

VIII.6. Uruguay will host the 62nd Annual IDB Meeting in March 2022, in Punta del Este

The Annual Meeting of Governors of the Inter-American Development Bank (IDB) and the Inter-American Corporation of Investors, IDB Invest, will be held between March 17th and 20th, 2022 in Punta del Este, according to the Executive Board of the multilateral institution. The event will take place in a hybrid (virtual and limited face-to-face) format.

The meeting “will focus on the economic recovery after the pandemic, climate change and private sector investment in the region,” Uruguay's Ministry of Economy and Finance said in a statement. “Economic and financial leaders from the 48 IDB member countries are expected to discuss the economic recovery and investment opportunities in Latin America,” it added. The IDB is the main source of financing for development projects in Latin America and the Caribbean.



Punta del Este bay at sunset

Uruguay has already experience as host, when in March 2012 Montevideo held the 53rd IDB Annual Meetings.

VIII.7. Uruguay inaugurated its pavilion at Expo Dubai

On October 5th, 2021, Uruguay officially opened its pavilion at Expo Dubai, the first universal exhibition to take place in the Middle East, Africa and South Asia region. Uruguay, along with 191 other countries, is participating in this commercial and cultural event, one of the most important in the world. It will be opened until March 31 2022 under the main theme "Let's connect our minds, build the future" and will feature more than 200 participants, including countries, multilateral organizations, financial institutions, private companies, NGOs and educational institutions.

With the slogan "Test Uruguay", it invites attendees to learn first-hand about the essentially innovative character of the country, with qualified talent and open doors for those who choose it as a place to live, work and invest. Aligned with the content of the exhibition, Uruguay shows its potential as a business center in South America and a reference in agro-intelligent production, technology and clean energies. You can access the introduction video of the country “Made in Uruguay”, by clicking [here](#).

“We found a very great interest in strengthening the exchange of Arab countries with South America and in that context, Uruguay presents itself as a very good opportunity, because of its legal framework, its effort to favor investments and because we are complementary from the commercial point of view, as we produce agro-industrial goods. So, there is a very good opportunity to strengthen trade and also to

receive investments from here", pointed out the Minister of Energy and Industry, Mr. Omar Paganini at the opening day in Dubai.



The pavilion of Uruguay reflects Uruguay's outstanding equestrian sector

Visitors to Uruguay's pavilion during Expo Dubai will find a free-flow space with an exhibition of premium export products such as olive oil, honey, merino wool and leather garments and accessories, among others. In its wine bar, the country will offer tastings of its wines, recognized worldwide for their character and superior quality.

In addition, visitors will be able to appreciate the traditional Uruguayan amethysts, semi-precious stones originating in the north of the country (of intense violet color) which can range from a few kilograms to more than 10 tons.

In this context, the country will also be present at the Global Business Forum Latin America, which will take place from 23 to 24 March 2022.

VIII.8. PepsiCo will invest USD 64 million to expand its beverage concentrates plant in Uruguay's Colonia Free Trade Zone

Pepsi Cola Manufacturing Company of Uruguay (PepsiCo) announced a million-dollar investment plan that will result in a significant increase in production capacity. The company plans to expand its industrial area by more than 6,000m² in the free trade zone of Colonia, upgrading the production rooms, expanding the water waste treatment plants and increasing the plant's footprint, which will enable PepsiCo to expand its zero-sugar offerings.

The CEO of PepsiCo for Latin America, Mrs. Paula Santilli, pointed out the importance for the company of the beverage concentrate plant located in the country, from where it exports to 21 countries in the region. She highlighted positively the management of COVID-19 pandemic in Uruguay, especially the promotion of responsible practices during the health emergency and safety in all jobs.

PepsiCo has eight concentrate plants in the world, the main input for the preparation of carbonated beverages. This facility will be PepsiCo's fifth in the country, creating 450 new jobs and exporting to over 20 European countries. The full construction is due to be completed by 2025, with plans to become fully carbon neutral by 2035.

VIII.9. GSK chooses Uruguay to set up its regional distribution center

The British pharmaceutical company GSK, with extensive experience in Uruguay, has once again chosen the country and will set up its regional distribution center, with which it aims to optimize transportation costs and reduce delivery times through the consolidation of cargo from Europe to countries in the Southern Cone.

The new center will be located in the modern facilities of the Montevideo Free Airport, a multimodal Airport Free Zone (one of a kind in Latin America), specially prepared for handling pharmaceutical products with the highest safety and quality standards.

GSK's commercial manager, Mr. Ignacio Vincent, stressed that "the choice of Uruguay as the scenario to carry out the distribution of its products is another example of the commitment that the company has had with the country for more than 80 uninterrupted years".

The strategic reasons that led the laboratory to choose Uruguay include, according to GSK's commercial manager, its geographical location, macroeconomic stability, high levels of transparency, advances in connectivity and the existence of a regulatory framework that allows business development, among others.

Accompanying the announcement of GSK's new regional distribution center was the UK Minister for International Trade, Mr. Ranil Jayawardena, who congratulated the company on this new project "which brings Uruguay and the UK closer together," he said.

Transits of pharmaceutical products reached USD 670 million in 2020, a figure that almost triples the amount exported by the sector. In the last five years they averaged USD 600 million.



Authorities visiting the construction site of the center

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	2016	2017	2018	2019	2020	2020Q2	As of:
Economic structure and activity⁽¹⁾						(Latest available)	
Population (million)	3.5	3.5	3.5	3.5	3.5	3.5	2021
Nominal GDP (local currency, billions)	1,726	1,842	1,982	2,159	2,253	2,419	2021Q2
Nominal GDP (USD, millions)	57,386	64,285	64,486	61,182	53,573	56,148	2021Q2
GDP per Capita (nominal USD)	16,489	18,403	18,393	17,388	15,172	15,847	2021Q2
Real GDP (% change, YoY)⁽²⁾		1.6	0.5	0.4	-5.9	11.3	2021Q2
<i>By Sector</i>							
Agriculture, fishing and mining		-8.2	4.5	-0.3	-0.4	0.5	2021Q2
Manufacturing		-4.2	5.8	-3.7	-5.6	17.4	2021Q2
Electricity, gas and water		-3.7	3.9	13.2	-12.5	2.9	2021Q2
Construction		-8.6	-4.4	5.2	1.8	14.2	2021Q2
Commerce, restaurants and hotels		6.6	-6.5	0.6	-9.1	23.1	2021Q2
Transportation, storage and information and communications		11.1	-1.0	3.5	-6.5	10.3	2021Q2
Financial services		3.1	0.3	1.2	-0.4	6.2	2021Q2
Professional services and leasing		5.6	0.9	-0.2	-10.6	11.0	2021Q2
Public administration activities		-1.0	0.8	1.2	-0.5	2.8	2021Q2
Health, education, real state activities and other services		2.2	1.8	-1.2	-7.0	9.1	2021Q2
<i>By Expenditure</i>							
Final Consumption Spending		3.2	2.2	0.6	-5.1	10.0	2021Q2
<i>o/w private sector</i>		3.6	2.1	0.5	-5.0	8.1	2021Q2
<i>o/w public sector</i>		1.3	2.6	1.1	-5.7	17.2	2021Q2
Gross fixed capital formation		0.4	-9.0	0.8	11.8	31.7	2021Q2
Exports (goods and services)		4.9	-1.7	3.6	-13.5	23.7	2021Q2
Imports (goods and services)		7.1	0.0	1.5	-7.2	36.2	2021Q2
Share of Nominal GDP by economic activity (in %)⁽³⁾							
Agriculture, fishing and mining	7.0	5.6	6.1	6.7	7.7		2020
Manufacturing	11.0	10.1	10.8	10.4	10.3		2020
Electricity, gas and water	2.7	3.0	2.8	2.6	2.6		2020
Construction	4.9	4.5	4.3	4.6	4.8		2020
Commerce, restaurants and hotels	13.4	13.3	12.3	12.2	12.3		2020
Transportation, storage and information and communications	8.4	9.0	8.6	9.1	8.3		2020
Financial services	5.1	5.1	5.1	4.9	4.7		2020
Professional services and leasing	6.9	7.3	7.2	7.4	6.6		2020
Government activities	4.8	4.9	4.9	4.9	5.1		2020
Health, education, real state activities and other services	24.9	25.9	26.3	25.7	26.0		2020
Share of Nominal GDP by expenditure (in %)⁽³⁾⁽⁴⁾							
Final Consumption Spending	77.2	78.7	80.1	79.5	78.6		2020
Gross fixed capital formation	17.0	16.3	15.0	15.4	16.4		2020
Exports (goods and services)	27.0	26.1	26.4	27.8	25.4		2020
Imports (goods and services)	21.6	20.7	21.4	21.9	21.0		2020

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

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

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

Sources: Central Bank of Uruguay and National Institute of Statistics

Balance of Payments ^{(1) (2)}

in USD million

	2016	2017	2018	2019	2020	Latest available 2021Q2*
Current Account	474	20	-286	986	-316	-1,311
<u>Goods and Services</u>	3,065	3,497	3,269	3,758	2,373	2,531
Goods	2,050	1,976	2,292	3,081	2,048	2,808
Exports	10,612	11,122	11,628	11,743	9,885	11,783
Merchandise goods	9,158	10,057	10,019	10,112	8,643	9,664
Goods under merchanting (net)	1,455	1,065	1,609	1,631	1,242	2,119
Imports	8,562	9,146	9,336	8,663	7,837	8,976
Services	1,015	1,522	978	677	326	-276
Exports	4,901	5,723	5,472	5,343	3,697	3,139
<i>o/w Tourism</i>	2,285	2,823	2,620	2,249	1,055	321
Imports	3,886	4,202	4,494	4,665	3,371	3,416
<u>Primary Income</u>	-2,660	-3,563	-3,654	-2,961	-2,877	-4,052
Net employments' remunerations	0	3	3	3	4	4
Net repatriated profits and dividends	-2,578	-2,443	-2,470	-3,367	-2,331	-2,115
Net reinvested earnings	524	-660	-684	695	-35	-1,298
Net interest paid	-606	-463	-503	-292	-514	-643
<u>Secondary Income</u>	70	86	99	189	187	211
Capital Account	50	20	46	-375	69	39
Financial Account	204	1,199	-927	452	468	-321
Foreign Direct Investment	1,823	2,037	443	-1,363	-885	-1,712
Change in assets held abroad by residents	1,308	4,724	2,268	12	-582	1,748
Change in claims held by non-residents in the economy	-516	2,687	1,825	1,375	303	3,460
Portfolio Investment	1,721	-1,830	-1,541	1,386	1,400	776
Change in assets held abroad by residents	441	-1,052	-818	2,609	2,753	2,428
Change in claims held by non-residents in the economy	-1,281	779	723	1,224	1,353	1,651
Financial Derivatives	6	-224	9	13	73	-318
Net creditor contracts	26	-213	35	33	124	-288
Net debtor contracts	21	10	26	19	51	30
Other Investment	-1,185	-1,233	571	1,526	-1,750	-486
Change in assets held abroad by residents	-2,354	-1,397	659	1,444	-731	281
Change in claims held by non-residents in the economy	-1,169	-164	88	-82	1,019	766
Change in Central Bank Reserve Assets	-2,161	2,449	-408	-1,111	1,630	1,418
Errors and Omissions	-320	1,160	-686	-159	715	950

in % of GDP

	2016	2017	2018	2019	2020	Latest available 2021Q2*
Current Account	0.8	0.0	-0.4	1.6	-0.6	-2.3
<u>Goods and Services</u>	5.3	5.4	5.1	6.1	4.4	4.5
Goods	3.6	3.1	3.6	5.0	3.8	5.0
Exports	18.5	17.3	18.0	19.2	18.5	21.0
Merchandise goods	16.0	15.6	15.5	16.5	16.1	17.2
Goods under merchanting (net)	2.5	1.7	2.5	2.7	2.3	3.8
Imports	14.9	14.2	14.5	14.2	14.6	16.0
Services	1.8	2.4	1.5	1.1	0.6	-0.5
Exports	8.5	8.9	8.5	8.7	6.9	5.6
<i>o/w Tourism</i>	4.0	4.4	4.1	3.7	2.0	0.6
Imports	6.8	6.5	7.0	7.6	6.3	6.1
<u>Primary Income</u>	-4.6	-5.5	-5.7	-4.8	-5.4	-7.2
Net employments' remunerations	0.0	0.0	0.0	0.0	0.0	0.0
Net repatriated profits and dividends	-4.5	-3.8	-3.8	-5.5	-4.4	-3.8
Net reinvested earnings	0.9	-1.0	-1.1	1.1	-0.1	-2.3
Net interest paid	-1.1	-0.7	-0.8	-0.5	-1.0	-1.1
<u>Secondary Income</u>	0.1	0.1	0.2	0.3	0.3	0.4
Capital Account	0.1	0.0	0.1	-0.6	0.1	0.1
Financial Account	0.4	1.9	-1.4	0.7	0.9	-0.6
Foreign Direct Investment	3.2	3.2	0.7	-2.2	-1.7	-3.0
Change in assets held abroad by residents	2.3	7.3	3.5	0.0	-1.1	3.1
Change in claims held by non-residents in the economy	-0.9	4.2	2.8	2.2	0.6	6.2
Portfolio Investment	3.0	-2.8	-2.4	2.3	2.6	1.4
Change in assets held abroad by residents	0.8	-1.6	-1.3	4.3	5.1	4.3
Change in claims held by non-residents in the economy	-2.2	1.2	1.1	2.0	2.5	2.9
Financial Derivatives	0.0	-0.3	0.0	0.0	0.1	-0.6
Net creditor contracts	0.0	-0.3	0.1	0.1	0.2	-0.5
Net debtor contracts	0.0	0.0	0.0	0.0	0.1	0.1
Other Investment	-2.1	-1.9	0.9	2.5	-3.3	-0.9
Change in assets held abroad by residents	-4.1	-2.2	1.0	2.4	-1.4	0.5
Change in claims held by non-residents in the economy	-2.0	-0.3	0.1	-0.1	1.9	1.4
Change in Central Bank Reserve Assets	-3.8	3.8	-0.6	-1.8	3.0	2.5
Errors and Omissions	-0.6	1.8	-1.1	-0.3	1.3	1.7

(*) Last four quarters.

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

(i) Current Account Balance (CAB), Capital Account Balance (KAB), Errors and Omissions (E&O) and Financial Account Balance (FAB) satisfy: CAB + KAB + E&O = FAB

(ii) "Goods under 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Latest available)												As of:
Monetary Indicators and Relative Prices⁽¹⁾													
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	7.9	2021M10
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	21.6	2021M10
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	44.18	2021M10
Nominal exchange rate (UYU per USD, 12-month average)	20.07	19.30	20.32	20.50	23.23	27.33	30.08	28.65	30.74	35.28	42.06	43.30	2021M10
Nominal exchange rate (% change, 12-month average, YoY)	-10.9	-3.8	5.3	0.9	13.3	17.6	10.1	-4.8	7.3	14.8	19.2	5.0	2021M10
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	73.5	2021M09
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	2.5	2021M09
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	110.3	2021M08
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	-5.5	2021M08
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	7.2	2021M09
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	16.7	2021M09
International Reserves (% of GDP) ⁽²⁾							23.4	24.8	24.1	23.7	30.3	29.9	2021M09
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	5.4	2021M10
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	7.2	2021M10
Monetary Policy Interest Rate (overnight reference, annual, in %, eop) ⁽⁴⁾	6.5	8.75	9.0	9.25	4.5	5.25	2021M10
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	5.2	2021M10
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	4.1	2021M09
Total bank deposits by private non-financial sector (% of GDP)							49.2	44.2	44.0	47.7	60.2	62.7	2021M09
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	21.7	2021M09
Foreign currency	75.8	73.8	73.9	75.3	77.7	80.9	77.3	73.3	73.6	76.2	77.3	78.3	2021M09
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	90.4	2021M09
Non-residents	17.3	15.6	15.8	15.5	15.7	16.3	12.6	9.8	9.8	10.4	10.3	9.6	2021M09
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	15.4	2021M09
Total bank credit to private non-financial sector (% of GDP) ⁽⁸⁾							26.4	23.9	23.8	24.2	27.5	27.2	2021M09
By currency (% of total) ⁽⁷⁾ :													
Local currency	47.5	45.2	46.6	44.9	43.4	43.2	45.4	48.2	48.1	49.0	49.2	48.8	2021M09
Foreign currency	52.5	54.8	53.4	55.1	56.6	56.8	54.6	51.8	51.9	51.0	50.8	51.2	2021M09
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	96.4	2021M09
Non-residents	0.9	1.4	1.2	1.1	1.1	1.0	1.0	1.0	0.7	0.9	1.4	3.6	2021M09
Total bank credit to non-financial sector (% real change, YoY)	17.1	12.1	7.3	15.4	9.4	11.5	-6.5	-6.6	4.9	2.2	3.0	1.9	2021M09

(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 as a share of GDP are presented through September 2021 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2021Q3 will be released by the Central Bank in December 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 September 4th of 2020, the Central Bank of Uruguay returned to the interest rate as policy instrument.

(5) For end-year data, it uses latest rate available from interbank operations.

(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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Latest available)												As of:
Labor Market Indicators													
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	61.6	2021M09
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	55.8	2021M09
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	9.4	2021M09
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	59.0	2021M09
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	287.7	2021M09
Nominal wages (% change, 12-month average, YoY)	10.7	12.9	13.1	11.4	12.8	10.4	11.4	10.5	7.8	9.4	7.9	6.4	2021M09
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	119.5	2021M09
Real wages (% change, 12-month average, YoY)	3.3	4.0	4.2	3.0	3.4	1.6	1.6	2.9	0.2	1.3	-1.7	-1.5	2021M09

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

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

Source: National Institute of Statistics and Social Security Bank

Uruguay Economic Indicators

	2016	2017	2018	2019	2020	2021	
Public Finances ⁽¹⁾⁽²⁾	(Latest available)						As of:
	(in % of GDP)						
Central Government							
Revenues	25.6	26.7	28.2	27.5	27.0	26.6	2021M09
Primary expenditures	26.4	27.0	27.6	27.9	29.5	28.8	2021M09
Primary balance	-0.7	-0.2	0.7	-0.4	-2.4	-2.2	2021M09
Interests payments ⁽³⁾	2.5	2.5	2.6	2.4	2.7	2.2	2021M09
Headline Central Government balance	-3.2	-2.7	-1.9	-2.8	-5.1	-4.4	2021M09
<i>Impact of extraordinary inflows to the Social Security Trust Fund ("Cincuentones Effect")⁽⁴⁾</i>	.	.	1.2	1.2	0.7	0.5	2021M09
<i>Extraordinary transfers to Social Security Trust Fund⁽⁵⁾</i>	.	.	1.2	1.1	0.6	0.4	2021M09
<i>Interest payments to the SSTF on its holdings of Central Government Debt</i>	.	.	0.0	0.1	0.1	0.1	2021M09
Central Government balance excluding Cincuentones effect	.	.	-3.1	-4.0	-5.8	-5.0	2021M09
Rest of Non-Monetary Public Sector							
Local governments balance	0.1	0.1	0.0	-0.1	0.1	0.1	2021M09
Non-financial public enterprises balance	0.3	0.0	-0.2	-0.3	0.1	0.4	2021M09
State-owned insurance bank balance	0.2	0.2	0.2	0.4	0.3	0.4	2021M09
Headline Rest of NMPS balance	0.5	0.2	0.1	0.0	0.4	0.9	2021M09
Central Bank							
Primary balance	-0.1	-0.1	-0.1	-0.1	0.0	0.0	2021M09
Interests payments	0.6	0.6	0.7	0.4	0.5	0.9	2021M09
Headline Central Bank balance	-0.7	-0.7	-0.8	-0.5	-0.5	-0.9	2021M09
Consolidated Public Sector							
Primary balance	-0.3	-0.2	0.5	-0.6	-2.1	-1.5	2021M09
Interests payments	3.0	3.0	3.2	2.7	3.0	2.6	2021M09
Headline Overall balance	-3.4	-3.2	-2.7	-3.2	-5.2	-4.5	2021M09
Overall balance excluding Cincuentones effect	-3.4	-3.2	-3.9	-4.4	-5.8	-5.0	2021M09

(1) 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 as a share of GDP are presented through September 2021 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2021Q3 will be released by the Central Bank in December 2021.

(2) The sum of the components may not match the totals due to rounding reasons.

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

(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) Transfers refer to the accumulated savings of workers and retirees who chose to fully switch to the defined-benefit sector social security scheme.

Source: Ministry of Economy and Finance of Uruguay

	2016	2017	2018	2019	2020	2021	
Public Debt ⁽¹⁾⁽²⁾	(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	61.8	2021Q3
<i>o/w in foreign currency (% of total)</i>	54.7	49.2	53.8	56.1	54.5	51.4	2021Q3
<i>held by non-residents (% of total)</i>	56.9	55.1	56.7	58.8	60.0	56.8	2021Q3
Net debt	39.0	39.4	40.8	45.3	56.3	57.0	2021Q3
<i>Memo Item: Social Security Trust Fund's holdings of Central Government debt</i>	.	.	0.9	1.7	2.4	2.7	2021Q3

Source: Ministry of Economy and Finance

	2016	2017	2018	2019	2020	2021	
Consolidated Public Sector⁽⁵⁾							
Gross debt	58.4	60.4	59.6	60.8	74.4	73.8	2021Q2
<i>o/w in foreign currency (% of total)</i>	52.5	41.4	46.9	53.5	50.3	48.2	2021Q2
<i>held by non-residents (% of total)</i>	51.1	46.0	47.9	52.0	53.3	52.2	2021Q2
Net debt	28.1	29.5	29.4	30.6	36.5	36.1	2021Q2

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 as a share of GDP are presented through September 2021 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2021Q3 will be released by the Central Bank in December 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.