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

August 2021

Key Highlights

- **As of August 5th, 2021, 64.3% of the Uruguayan population is fully vaccinated against Covid-19 while 73% have received the first dose— the highest proportion in Latin America, and among the highest in the world. The spread of the virus has significantly diminished in Uruguay, after a sharp increase in March-June this year.**

- **Real GDP contracted 2.8% in the first quarter of 2021 YoY, and fell 0.5% q/q in seasonally adjusted terms; leading indicators suggest that the recovery is underway.**

- **The Government submitted to Congress the 2020 Budget Review, presenting updated macroeconomic assumptions and policy targets for the period 2021-2025. For 2021, Central Government deficit (excluding the extraordinary revenue effect from the "Cincuentones Law") is projected at 4.9% of GDP, given an assumed real GDP growth of 3.5%.**

- **The headline fiscal deficit of the Central Government reached 4.9% of GDP in the year ended in June 2021, down from 5.8 % in 2020.**

- **Annual inflation stood at 7.3% in July, after decelerating to 6.6% in May.**

- **First Uruguayan "unicorn" lists its shares on the *Nasdaq* stock exchange.**

- **A tax agreement between Japan and Uruguay to eliminate double taxation came into effect in July.**

I. Covid-19 Update

As of August 5th, 2021, Uruguay is one of the countries with the highest percentage of people vaccinated against COVID-19 in the world (ranking first in Latin America), with 73% of total population vaccinated and 64.3% with both doses.

This is the result of a massive and steadfast vaccination plan that was launched on February 23rd, 2021. So far, the Government has purchased 3.85 million doses from Sinovac, 3 million from Pfizer-BioNTech and 98,000 doses from AstraZeneca. Besides, the country received a donation of half a million Pfizer-BioNTech doses from the United States.

It is worth mentioning that, in June 2021, Uruguay became the first country in Latin America to inoculate teenagers from 12 to 17 years old against COVID-19. In addition, in July, the Government announced the provision of a third booster shot of from Pfizer-BioNTech for people who have been inoculated with the Sinovac vaccine, after a minimum of 90 days from the second dose.

New Covid-19 contagions have significantly decelerated, after a sharp increase in virus spread in March to May 2021, which led to the implementation of additional economic and public health measures from the Government (please, refer to the previous issue of the Newsletter for further information).

Figure 1: Evolution of COVID-19 cases and vaccinations in Uruguay

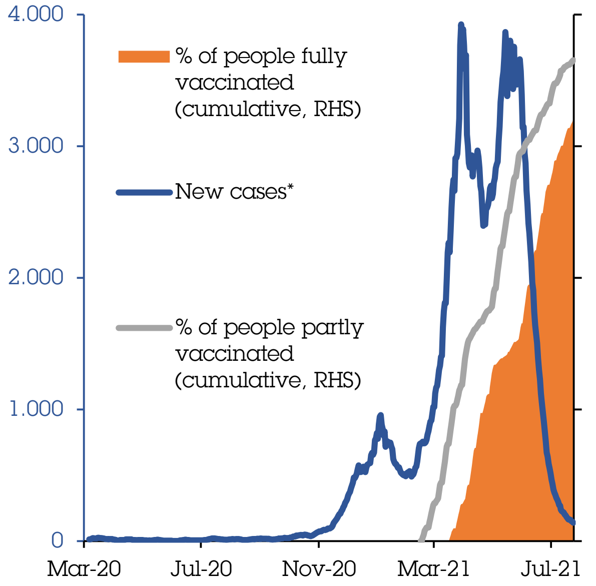
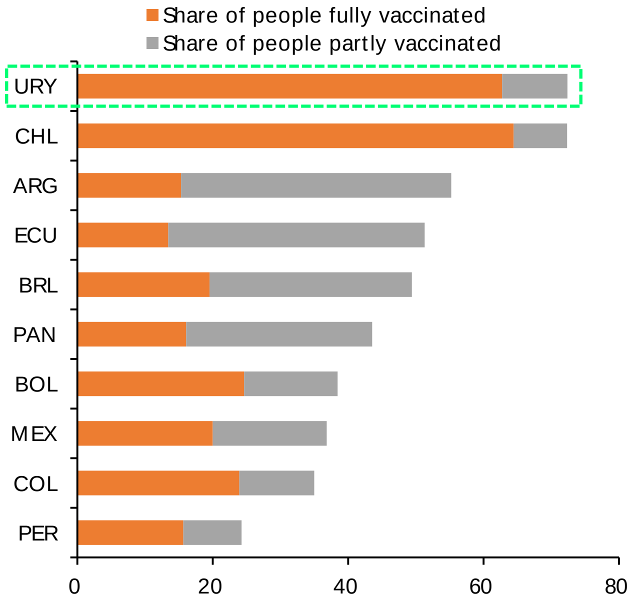


Figure 2: People vaccinated in LATAM, by number of doses
(Share of total population, as of July 31, 2021)

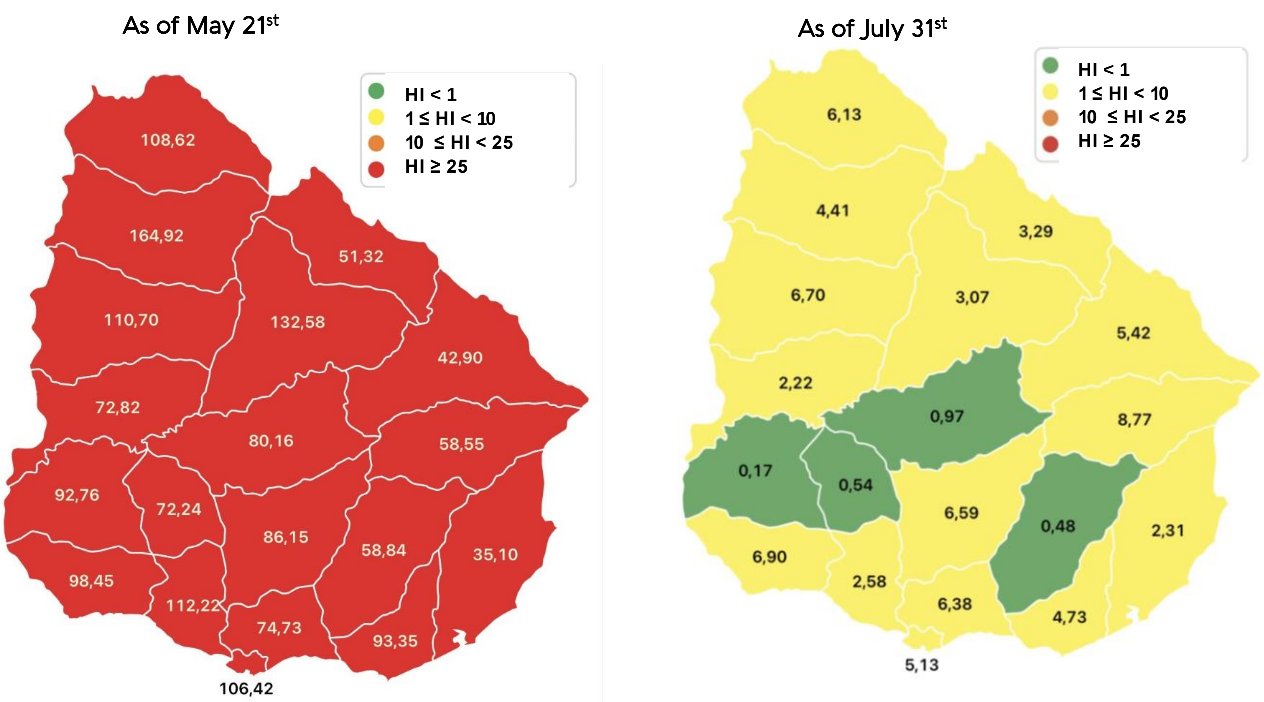


(*) 7-Day rolling average of new cases
Source: Our World in Data. For Uruguay, the figure for total populations comes from the National Statistics Office.

In fact, after the peak of 4,604 new cases on May 21, this indicator has decreased to 178 in August 5th. This explains why Uruguay upgraded in the Harvard Index (which accounts for the 7-day rolling average of new contagions per one thousand people) to the yellow status after seven months of having oscillated between the red and orange ones (Figure 3).

Since the pandemic started on March 13 2020, 381,517 cases were detected and 5,982 deaths (1,732 per million) were registered in Uruguay because of COVID-19 as of August 5, 2021.

Figure 3: Harvard Index for Uruguay in 2021



Source: Coronavirus UY app

II. Recovery underway

The Uruguayan Government is working on different policies to jumpstart economic growth after the impact suffered from the COVID-19 pandemic. At a virtual workshop on Sustainable Finance and Investments organized by the Inter-American Development Bank on August 2, the Minister of Economy, Mrs. Azucena Arbeleche, highlighted that Uruguay "is heading towards a turning point in the fight against the pandemic and that the Uruguayan economy is already showing clear signs of recovery". This is reflected in a significant exports increase and higher dynamism in the agricultural, construction and industry sectors.

In this line, minister Arbeleche added that the vaccination policy is one of the "main economic and social policies of the Government because it brings us much closer to the normalization of economic, social and cultural activities, and the potential opening of our borders during (the austral) springtime". Uruguayan authorities are working on a gradual border reopening starting in September. The first phase would include foreigners fully vaccinated that own properties in Uruguay and their families, and subsequently, other people fully vaccinated.

Going forward, the main focus is the generation of employment, the attraction of new investments with a positive socio-environmental impact that contribute to the achievement of the Sustainable Development Goals (SDG) proposed by the United Nations (UN). At the virtual workshop, the Minister of Economy, Mrs. Azucena Arbeleche, stated that sustainable development criteria "is increasingly important" in investment decisions worldwide. In that regard, Mrs. Arbeleche added that "the government is committed to integrating environmental objectives of climate change mitigation to sovereign debt financing strategies".

In turn, Mrs. Arbeleche pointed out that in order to comply with the SDGs "it is necessary to mobilize public and private financial resources towards investments that allow the transition to a just and inclusive economy, low in greenhouse gas emissions and resilient to the effects of climate change".

III. Annual Budget Review sent to Congress

In June, the Ministry of Economy and Finance submitted to Congress the Budget Review for the fiscal year 2020, presenting updated macroeconomic assumptions and policy targets. For 2021, Central Government deficit was budgeted at 4.9% of GDP, given an assumed real GDP growth of 3.5%. Furthermore, total budgetary resources tied to the response to the pandemia (encapsulated in the Covid-19 Solidarity Fund) is estimated at 1.7% of GDP in 2021.

In addition, the bill focused on measures to control public primary expenditures and contemplated the implementation of two programs related to social policies addressing child poverty from 0 to 3 years-old (estimated at USD 50 million per year) as well as housing for lower-income families (estimated in USD 20 million per year).

IV. Real Sector

The economy contracted 2.8% year-on-year in the first quarter of 2021, though it should be recalled that the outbreak of the pandemic in Uruguay started on March 13, 2020, which means that the tourism revenues during the first quarter of 2020 were fundamentally not affected by Covid-19. In seasonally adjusted terms, real GDP during the first quarter of the year registered a slight contraction of 0.5% with respect to the immediately preceding quarter, interrupting the growth of the two previous quarters. As a result, seasonally adjusted GDP was 3.6% below pre-pandemic levels (Q4 2019).

From the production perspective, the Health, Education, Real Estate Activities and Other Services and Commerce, Restaurants and Hotels sectors, mainly explain the drop in the first quarter. On the other hand, the Agriculture, Fishing and Mining, Manufacturing Industry, Public Administration and Construction sectors grew year-on-year.

Agriculture was the sector with the highest impact on GDP, registering a year-on-year variation of 10.4%. This is mainly explained by the agricultural, livestock and forestry subsectors. In the agricultural subsector, the increase in rice production stood out. It was driven by both an increase in area and performance for the 2020/2021 harvest compared to the 2019/2020 harvest. The livestock subsector also had a positive evolution, capturing, in particular, the increase in production of beef and dairy products, while forestry grew due to a higher production of logs for export.

Construction was the second-highest growing sector, increasing 3.3% over the first quarter of 2020. Infrastructure works associated with the construction of the Central Railway and the second UPM pulp mill again boosted the sector, while lower road works and energy and communication lines carried out by public agencies had a negative impact on activity.

Likewise, the added value of the Manufacturing Industry grew 0.7% in year-on-year terms, highlighting the positive incidence of the meat processing industry, driven by external demand. In addition, there was a positive variation in this period in Public Administration activities (2.5%).

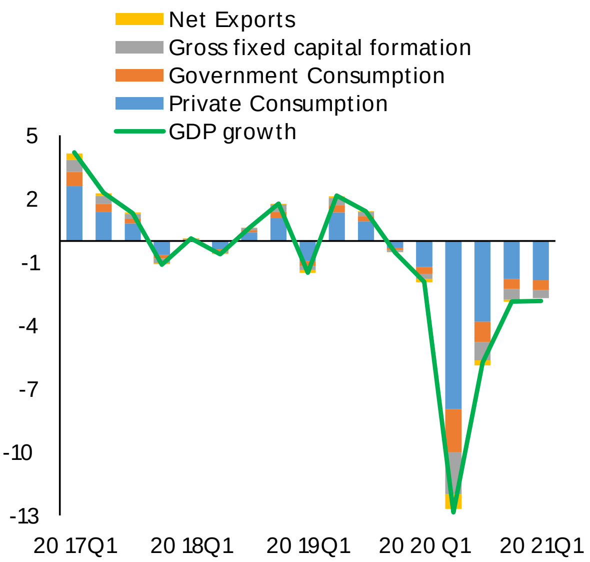
Health, Education, Real Estate Activities and Other Services presented a year-on-year contraction of 6.9% of their aggregate value, constituting the sector with the highest negative incidence. Artistic, Entertainment and Creative Activities, as well as Real Estate Activities were strongly affected by the restrictions imposed by the pandemic. Education services, both public and private, had a positive impact on the sector's performance, mainly due to a higher attendance rate compared to the same quarter of the previous year. Professional activities and leasing contracted 7.0% in the same period, with a negative impact of professional, scientific and technical activities as well as administrative activities and support services, with the fall in this group being mostly affected by the drop among tour operators.

Commerce, Restaurants and Hotels supply fell 6.0% compared to the first quarter of 2020. The positive variation in commercial activity, driven by sales and purchase activity, failed to offset the declines in restaurants and hotels, which were affected by the low levels of inbound tourism during the first quarter of this year.

The Transportation and Storage, Information and Communications sector registered a 4.6% decrease in year-on-year terms, explained by the contraction of transportation and storage, which was only partially offset by the higher added value of information and communications services.

Finally, declines were also recorded with respect to the first quarter of 2020 in Financial Services (-0.9%) and in Electricity, Gas and Water (-6.1%, mainly explained by a weather-driven change in the sources of energy generation).

Figure 4: Contribution to Real GDP Growth by Expenditure
(YoY, quarterly)



Source: Central Bank of Uruguay

From the expenditure perspective, the components with the greatest negative impact were Private Consumption and Exports of goods and services, both affected by sanitary restrictions.

Despite the strong performance of goods exports (mainly explained by the sales of commodities such as meat, wood logs and wheat), the slump in tourism resulted in a sharp drop of 13,3% in exports of goods and services as a whole compared to the first quarter of 2020.

Imports of goods and services also recorded a year-on-year decrease (-4.7%), although less than that of exports. In this sense, although imports of some consumer goods, machinery and equipment and processed intermediate inputs increased, the fall in Uruguayan spending abroad and the reduction in purchases of fuels and basic lubricants more than offset these increases.

On the other hand, public expenditure increased 4.6% year-on-year due to the higher consumption of public education and health services. Moreover, Gross Capital Formation increased year-on-year (10.9%). Although there was a lower accumulation of inventories, Gross fixed capital formation grew 14,5% as a result of the construction of the third cellulose production plant, the central railroad system and related works.

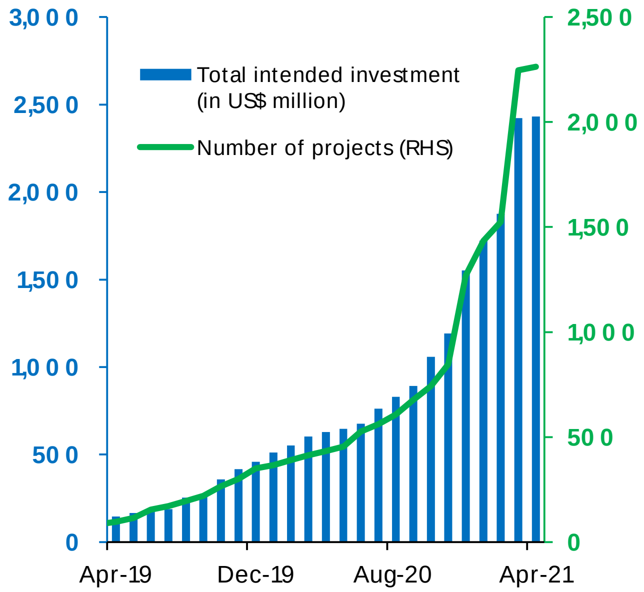
Despite the contraction evidenced in the first quarter of the year, activity indicators show encouraging signs for the second quarter. The combination of higher prices and quantities resulted in significant growth of goods exports. According to Uruguay XXI, exports of goods including Free Trade Zones, recorded a 32,5% year-on-year increase in the first semester of the year compared to the same period of 2020, totaling USD 5.054 million. The good export dynamism was mainly driven by higher exports of wood, meat, dairy products and wheat, among others. Concerning imports, growth was mainly in capital goods and energy. According to Uruguay XXI, CIF imports of goods (excluding oil) in millions of dollars increased 30.1% year-on-year in the first half of 2021.

Furthermore, the gross tax collection grew 9.6% year-on-year in real terms in June 2021. This increase is due to a generalized growth of the main taxes. In addition, sales of new automobiles increased 150% in the second quarter of 2021 compared to the second quarter last year.

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 (Figure 5).

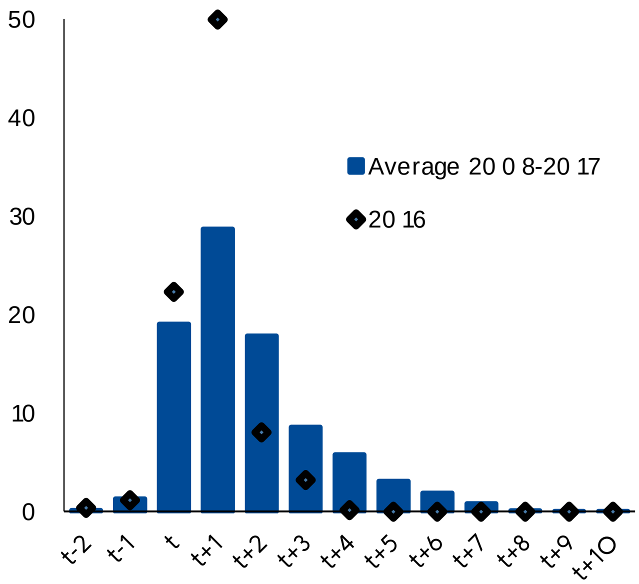
As mentioned in the previous newsletter, according to the historical records of investment executed, on average half of the investments promoted by COMAP are executed in t and t+1 (year of investment submission and the following year). Nevertheless, it is worth mentioning that the rate increases significantly 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 80% in t and t+1 (Figure 6). 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 5: Investment projects presented under COMAP regime
(Cumulative)



Source: Ministry of Economy and Finance

Figure 6: 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

V. Labor market

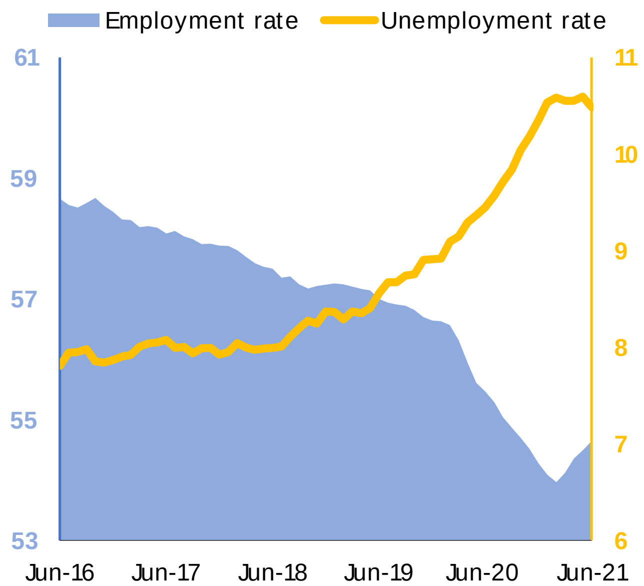
The unemployment rate reached 9.4% in June, down 0.8 p.p. from its print in the previous month. On average during the last 12 months, the unemployment rate stood at 10.5 as of June (Figure 7).

In addition, the employment rate increased to 55.4% in June (54.6% 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 61.2% (61.1% in the 12-month period average).

The unemployment insurance benefit continues to be a relevant tool to mitigate the deterioration in labor market dynamics, mainly through the suspension modality, which enables workers to return to their jobs once activity picks up. The number of beneficiaries in June decreased by 3,595 compared to May, representing 76,766 workers, mostly explained by a significant reduction of people in the traditional regime (Figure 8). For the first time since the declaration of the health emergency, the number of workers benefiting from the traditional unemployment insurance stands at the 2019 average, with 46,744 people. Furthermore, of the employees who exited unemployment insurance, three-quarters were re-hired.

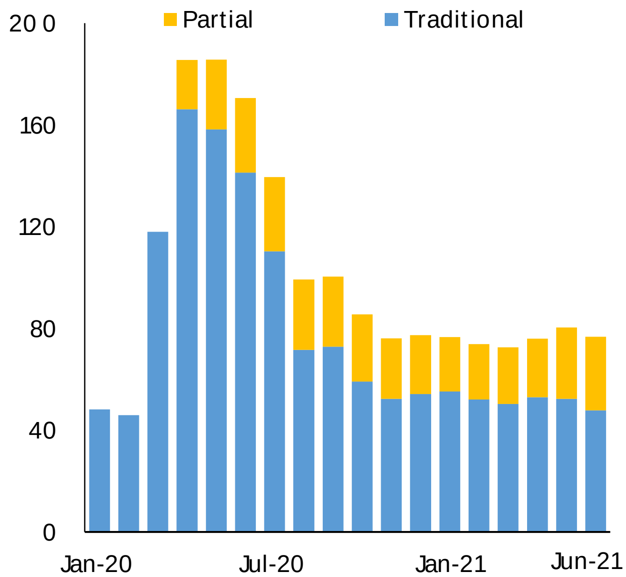
Meanwhile, average nominal wages grew 6.5% in June in YoY terms, while the real wage decreased 0.8% in June over a year ago.

Figure 7: Unemployment and Employment Rate
(Average of last 12 months, in %)



Source: National Institute of Statistics

Figure 8: 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

VI. External Sector

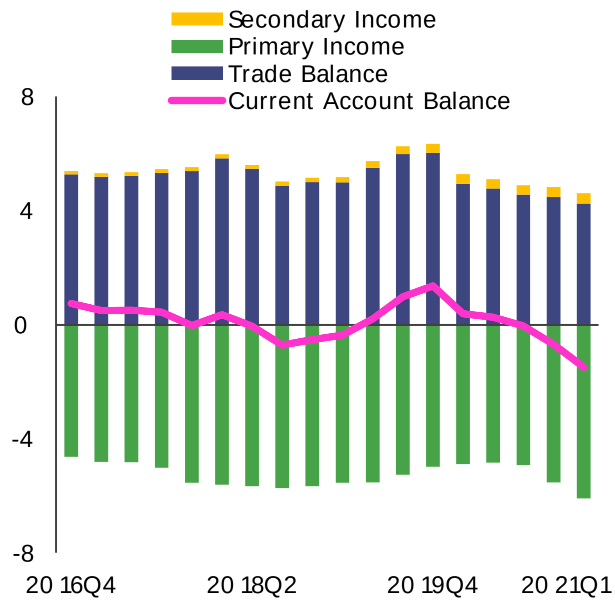
In the year ended in March 2021, the Current Account of the Balance of Payments turned showed a deficit of USD 796 million (1.5% of GDP), compared with the surplus of USD 224 million (0.4 of GDP) recorded in the year ended in March 2020. This change was mainly driven by a sharp reduction in the tourism net receipts because of COVID-19 outbreak, and secondly to the increase in the primary income deficit (reduction in returns on foreign assets).

The trade balance in Services went from a surplus of 0.7% of GDP in the year ended in March 2020 (USD 396 million) to a deficit of 0.7% of GDP (USD 359 million) in the year ended in March 2021. In the other direction, the surplus balance in good increased from 4.3% of GDP (USD 2,541 million) to 4.9% of GDP (USD 2,629 million) over the same period. Meanwhile, the primary income deficit increased to 6.1%

of GDP (USD 2.907 million) in the year ended in March 2021 from 4.9% of GDP (USD 3.258 million) in the year ended in March last year.

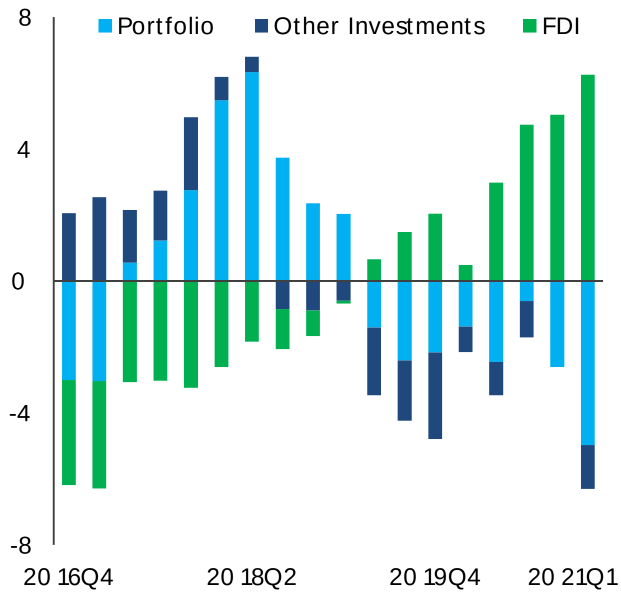
The Capital Account Balance registered a balanced record in the year ended in March 2021. Growth observed in net financial flows was mostly explained by a rise in FDI inflows (Figure 6), from USD 0.2 billion in 2020 to USD 3.3 billion in 2021 (6.3% of GDP). Central Bank reserve assets increased 0.5 billion in the year ended in March 2021.

Figure 9: Current Account Balance
(Rolling 4-quarters, in % of GDP)



Source: Central Bank of Uruguay

Figure 10: Key Components of Net Capital Inflows
(Rolling 4-quarters, in % of GDP)



Source: Central Bank of Uruguay

VI.1 Uruguay reinforces its already ample international reserve position

As a consequence of the general allocation of Special Drawing Rights announced in August by the International Monetary Fund (IMF), Uruguay will receive around USD 585 million (about SDR 405 million), reinforcing its already comfortable reserve position with no additional financial cost for keeping them.

On August 2, the Board of Governors approved a general allocation of SDRs equivalent to USD 650 billion (about SDR 456 billion) to boost global liquidity. The general allocation of SDRs will become effective on August 23, 2021. The newly created SDRs will be credited to IMF member countries in proportion to their existing quotas in the Fund. As a result, the international reserves of Uruguay will increase approximately 1 percentage point of GDP. As of the end of June, international reserves represented almost 31% of GDP.

VII. Inflation and Monetary Indicators

In July, the consumer price index increased 0.52% month-on-month, slightly below market expectations (0.64%), which implied that in year-on-year terms, inflation stood at 7.3% (Figure 11).

The main drivers of the monthly variation of the index came from the following divisions: Food and Non-Alcoholic Beverages (0.09%), Transportation (0.11%), Recreation and Culture (0.07%) and, Other Goods and Services (0.09%).

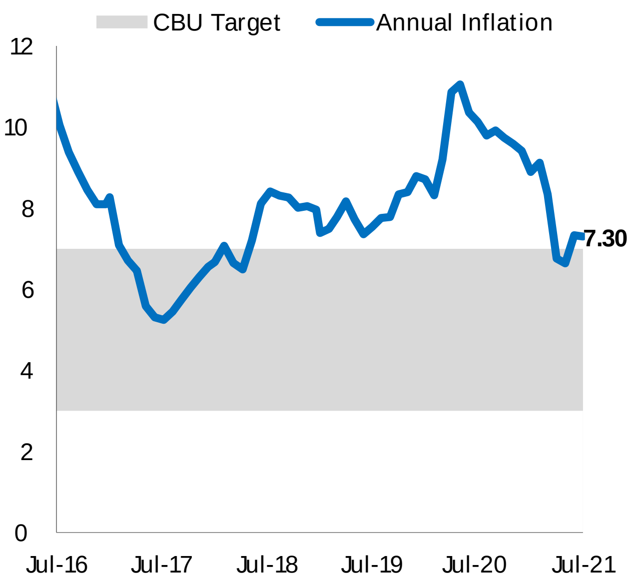
Based on Central Bank´s market survey of July, the median inflation expectation as of end-2021 stood at 7.1% –being unchanged from last month's survey– and 6.7% as of end-2022.

In the last meeting, held on July 6th, the Monetary Policy Committee (COPOM for its acronym in Spanish) ratified the Monetary Policy Rate (MPR) at 4.5%. According to the meeting minutes, the overnight loan rate —the reference value of the MPR— remained at around 4.5%, in the context of a very liquid money market that has been managed by the Central Bank through fine-tuning financial instruments.

In addition, the Central Bank stated that if recovery underway achieves a solid footing, it would be possible to advance in a gradual process of increasing the MPR during 2021H1.

Furthermore, the Central Bank announced that Monetary Regulation Bills with 2-year maturities will be issued in July and August. "This is expected to contribute to complete the yield curve for instruments in national currency, and the trend towards the de-dollarization of the economy", concluded.

Figure 11: Inflation
(In %, YoY)



Source: National Institute of Statistics and Central Bank of Uruguay

For further information, please click the following to access the English versions of the July COPOM press release and minute.

According to the CBU Monetary Policy Report (IPOM, for its acronym in Spanish), inflation projections (based on CPI data as of June) in the baseline scenario show a stable evolution in the next three quarters, slightly above the upper band (of 7%), and start showing a decreasing trajectory from June next year onwards. For 2021, there was an upward correction of around 1 p.p. in comparison to the previous IPOM, due to the adjustment of fuels and the increase in international commodity prices, factors that were not included at that time. Complementarily, the median inflation expectations reported by analysts in Central Bank´s survey is 7.1% for end-2021.

On the other hand, according to the fan chart analysis, there is a 53% confidence that inflation will revert within the target range at the end of the Monetary Policy Horizon (i.e. in the next 24 months), which will have stood between 3% - 6% since September 2022 (as established by the Macroeconomic Coordination Committee last year).

Regarding the nominal FX rate, it hovered around 43.8 pesos per US Dollar between May and July. From the last week of May till end-June, the peso appreciated 0.9% (reaching 43.4 pesos per US Dollar), but then it depreciated to peak at 44 pesos per dollar at the beginning of July. Since then, it has stayed stable, ending July at 43.704 pesos per US Dollar (Figure 12). Overall, year-to-date as of end-July, the UYU has depreciated 3.2% YTD against the US Dollar, in line with other Latin American countries.

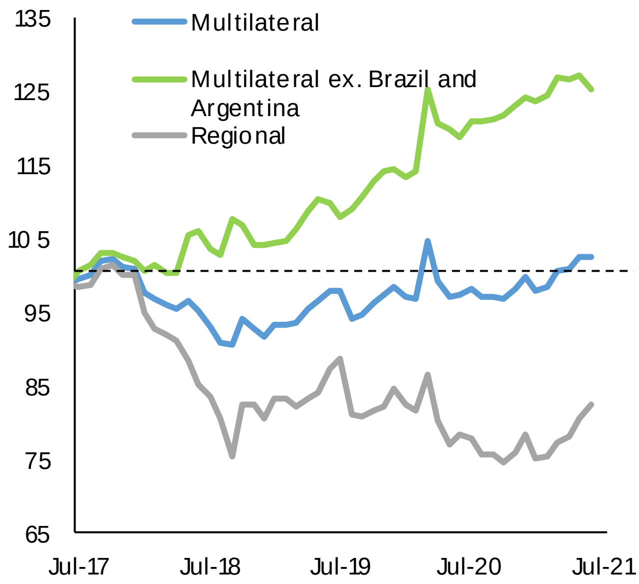
The REER showed a 3.0% depreciation in the second quarter of the year compared to the average of the previous quarter. This behavior was mainly determined by lower dollar prices with the region (5.9%), both compared to Argentina and Brazil, and to a lesser extent with the extra-region (1.0%).

Furthermore, according to the IPOM, the REER of fundamentals (average of three methodologies) appreciated in 2021Q2 as a result of the increase in domestic spending relative to GDP (due to UPM and Central Railway works), better terms of trade and higher relative productivity. Thus, in the second quarter, the gap between the effective REER and that of fundamentals became positive, and stood at 3% on average.

Figure 12: Nominal Exchange Rate
(Pesos per Dollar)

Source: Central Bank of Uruguay

Figure 13: Real Effective Exchange Rate
(Index base 100 = 2017)



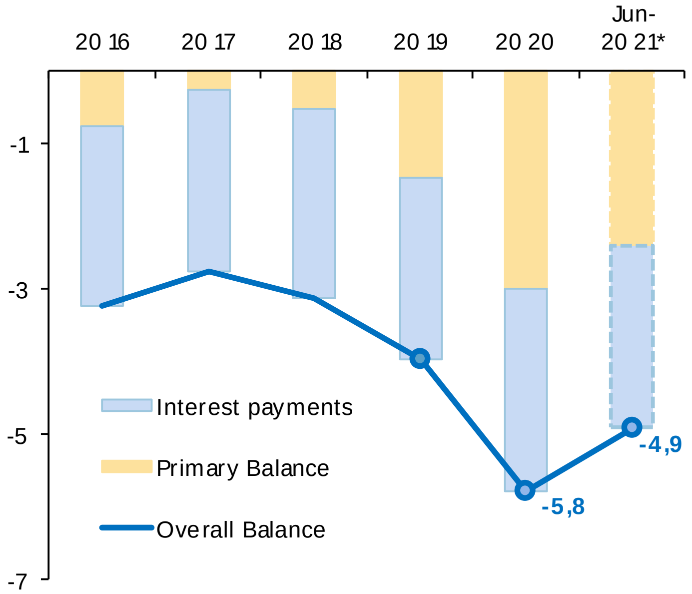
The Regional Real Effective Exchange Rate is a weighted average of the REER of Argentina and Brazil. Source: Central Bank of Uruguay.

VIII. Fiscal and Debt Indicators

In the year ended June 2021, the fiscal balance of the Central Government was -4.9% of GDP (excluding the positive effect of inflows to the Social Security Trust Fund of 0.7% of GDP). That implies an improvement of 0.2% of GDP compared to the annual result through May of this year.

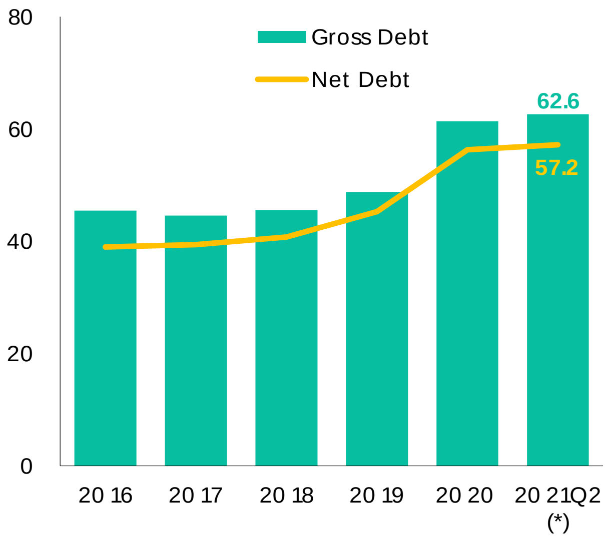
In turn, gross debt of the Central Government stood at 62.6% of GDP as of June 2021, while net debt was 57.2% of GDP. Debt figures include all loans and financial market securities contracted/issued by the Central Government and Central Government securities held by the public SSTF, and exclude non-market Central Government securities issued to capitalize the Central Bank in previous years. Central Government debt securities held by the SSTF were equivalent to 2.3% of GDP by the end of the second quarter of 2021 (measured in nominal face value).

Figure 14: 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 15: 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 73.6% of GDP by end-March 2021, while the net debt printed at 36.2% of GDP.

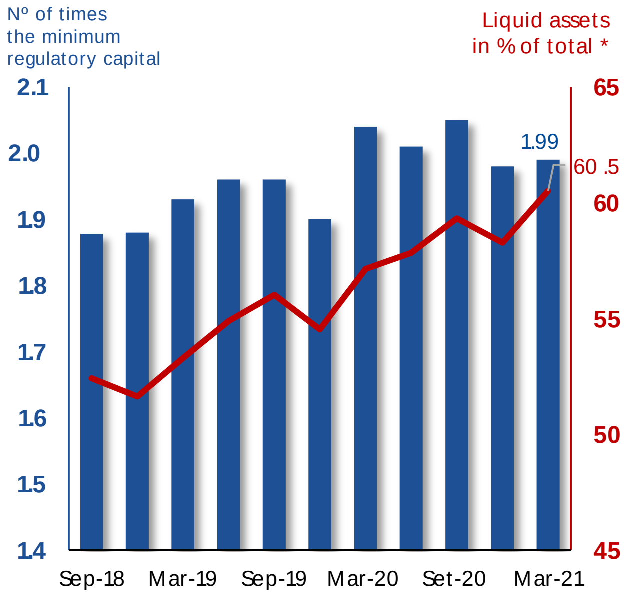
IX. Banking System

The solvency situation of the financial institutions based in Uruguay continued to show a remarkable strength as of March-end 2021, with a capital structure that doubles the minimum regulatory requirement. This ratio has been increasing gradually since 2016.

The profitability of banks (measured in nominal pesos) represented a return on assets (ROA) of 1.7% and a return on equity (ROE) of 20.7% in the first quarter of 2021. The general delinquency of credit stood at 2.7% —the same level as end-December 2020— and represents a reduction from 3.3% from a year ago.

Stress tests of the banking system carried out by the Superintendence of Financial Services, 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 16: Banking System`s Solvency Profile and Liquidity



(*) Liquid assets are those available within 30 days.
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. SiGa Plus expired on April 4, 2021, while the other two have been extended until September 30, 2021.

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.

As of end-June 30th, 2021, more than 15,000 companies —that employ approximately 145,000 workers— had collectively withdrawn USD 875 million in bank loans under the three SIGA Programs, representing approximately USD 590 million in guarantees from the government.

X. Recent Developments

X.1. An agreement between Japan and Uruguay to eliminate Double Taxation on Income Taxes and Prevent Tax Evasion and Avoidance came into effect in July

In June, Japan and Uruguay confirmed the agreement to eliminate Double Taxation on Income Taxes and Prevent Tax Evasion and Avoidance. This agreement, which complements the existing agreement of

Promotion and Protection of Investments and came into effect in July, will help to strengthen the bilateral ties, in a year when the two countries are celebrating the 100th anniversary of their diplomatic relationship.

Japanese investments in Uruguay have been growing steadily since 2000 and exceed USD 450 million. Currently, 22 Japanese-owned companies are investing in Uruguay. Among the most significant ones, there are *Agridiamond*, an agro-industrial complex dedicated to the cultivation, processing and export of rice; the Breeders & Packers Uruguay meat refrigerator; *Yazaki Uruguay*, in the automobile sector and *Bonset Latin America* in the manufacture of plastic and synthetic rubbers. In addition, since 2003, *Genexus Japan*, a subsidiary of the Uruguayan company dedicated to the development of software in the area of design and database maintenance, has been working from Tokyo.

The Minister of Foreign Affairs of Uruguay, Mr. Francisco Bustillo, stressed that the agreement has been signed with the world's third-largest economy, which has high-quality standards. Accordingly, he added that Uruguay wishes to expand economic trade flows and position itself as a potential recipient of foreign investment.

In turn, the Ambassador of Japan in Uruguay, Mr. Tatsuhiro Shindo, indicated that the approval of this agreement is based on expanding and strengthening bilateral relations. In addition, he expressed that relations should always be bilateral, so that the benefit is reciprocal. "Working as a team always achieves better results", he said.

On July 27, the Uruguayan Post Office launched a commemoration stamp of the 100th Anniversary of diplomatic relations between Japan and Uruguay.

X.2. Uruguay ranks fourth in South America regarding startup ecosystem

Uruguay ranks fourth in South America in the Global Startup Index Report (GSIR) 2021, developed annually by the Israel *StartupBlink*, a global leader in advising on the growth of the technology-based startup ecosystem.

In the latest edition of the GSIR, the country climbed 15 places to the 51st position in the startup ecosystem international ranking, also excelling in the e-commerce and technology and retail sectors, ranking 50th in the world.

The report ranks startup ecosystems in 1,000 cities and 100 countries and represents the primary source of information for hundreds of thousands of entrepreneurs who make smart decisions about where to locate or relocate their startups. The advising organization uses an algorithm to calculate this ranking accurately and fairly based on three variables: quantity of startups, innovation quality and business environment.

The report states that "the main advantage of Uruguay's startup ecosystem is the country's stability", and adds that "surrounded by nations facing continuous economic and political crises, Uruguay is an island of certainty". Also, it highlights the government's support for the tech startup ecosystem, and also encourages the promotion of seed capital policies in other cities of the country.

Uruguay's early internationalization of commerce has allowed it to become the highest software per capita exporter in South America. Uruguayan IT companies export to more than 50 different markets, among which the United States is the top software export destination, accounting for 65% of revenues.

The country has many competitive advantages in the technology and innovation sectors, such as multilingual and skilled talent, a convenient time zone for doing business with global markets, and a strong cultural affinity with developed economies. These advantages, coupled with a sophisticated telecommunications infrastructure, a digitally literate society and generous tax benefits and incentives, make the country a privileged business hub.

X.3. First Uruguayan "unicorn" lists shares on Nasdaq stock exchange

In June 2021, the Uruguayan fintech dLocal became the first Uruguayan "unicorn" (a qualification that emerging companies receive when they exceed a valuation of USD 1 billion) and its shares began trading on the New York Stock Exchange. It is the second Uruguayan company to reach this milestone. Its predecessor StarMedia achieved it in 1999.

On the day of the primary offering, dLocal priced 29.4 million shares at USD 21 per share, above its indicated USD 16 - USD 18 range. The IPO valuated dLocal at USD 6billion. Almost two months after launched the IPO, the price raised to USD 50 area and market capitalization was above USD 14.6 billion.

Successful IPO of dLocal reflects the potential of the digital services sector in Uruguay

The company, founded in 2016, specializes in developing payment solutions for companies seeking to set up in emerging markets. It operates in 20 countries and provides solutions to clients such as Uber, Netflix and Amazon. Demand for online payments has soared as in-store shopping and traditional payment methods are shifting towards e-commerce and digital transactions due to the COVID-19 pandemic.

The Uruguayan unicorn operates from its headquarters in Montevideo and has offices in Israel, China, Malta, Brazil and the United States.

X.4. With an investment of USD 60MM, Globant opens new Montevideo Headquarters

Technology giant *Globant* announced an investment of USD 60 million and the hiring of more than 350 professionals by the end of this year during the opening of their new Montevideo headquarters. The argentine company expects to double the staff in the next three years.

"We bet on talent, that's why we settled in Uruguay," *Globant* co-founder Mr. Guibert Englebienne explained during the ceremony which was attended by Uruguayan President Mr. Luis Lacalle Pou, and Vice President Beatriz Argimón as well as other high-ranking officials. "The challenging attitude of Uruguayans and their successful work in artificial intelligence stand out. We trust that the public-private articulation will make the country grow in the world," the company said.

The new *Globant* offices are located in Montevideo's World Trade Center Free Zone. In the brand-new 2,700-square-meter headquarters, there are ample work and recreation spaces that will allow workers to develop creativity.

X.5. Google leverages on the Uruguayan platform to expand in the region

Technology giant *Google* chose Uruguay for improving its operations in South America from here. In less than a month, the US multinational company made two announcements involving the country.

Firstly, it announced the purchase of a 30-hectare site in *Parque de las Ciencias*, located in the department of Canelones, a few minutes from the capital. The acquisition, which aims to guarantee options to continue expanding its data centers, is an "important milestone" in the company's expansion process and "reinforces its commitment to Uruguay and Latin America, as well as the development of the local technology ecosystem," Google highlighted in a statement.

In turn, the technology company announced the construction of the world's longest submarine cable, which links the United States with the Uruguayan city Punta del Este for improving internet services in the region. The cable will carry traffic "quickly and securely between North and South America, providing users with fast, low-latency access to Google products", stated *Google*.

“We welcome this announcement from Google, which consolidates a process of investment and technological development in the region by one of the most innovative and thriving companies in the world. It is a new sign that ratifies the confidence that the technology giants place in Uruguay, even at a time of global uncertainty like the present. The development of world-class digital infrastructure continues to position the country as a strategic center of operations in the region and constitutes a source of high-quality employment generation focused on global services," said the Uruguayan Minister of Industry, Energy and Mining, Mr. Omar Paganini.

In this line, the director of Government Affairs and Public Policies for the region of the company, Mrs. Ana Lucia Lenis, highlighted the country´s potential for attracting sustainable companies. “Uruguay has stood out in the region for being a country that has promoted policies of inclusion, connectivity, access and education that are key for creating sustainable companies”, said Mrs. Lenis on August 2nd in a workshop on Sustainable Finance and Investments organized on August 2nd by the Inter-American Development Bank.

X.6 Significant exports electricity in 2021H1; state Electricity Company will improve electric transmission in northern departments

Uruguay is on the way to being a net energy exporter over time. The first seven months of 2021 closed with a promissory electricity export performance carried out by the state-owned company UTE. Most of them were generated with renewable sources such as hydro, wind, solar and biomass. As of July, around USD 125 million were exported to the region, particularly to Brazil. So far, in 2021, external sales to Brazil totaled 653-gigawatt hours (GWh). Of that amount, around 200 GWh were exported in June and the rest was mainly in January, February, and more recently in July.

Uruguay is recognized for its successful commitment to renewable energies, which could be exported when neighbor's demand increases. Thanks to a successful public-private partnership model, the country has managed to completely transform its energy matrix and today produces more than 90% of its electricity from renewable sources. Its privileged location, which provides excellent natural conditions for the production of clean energy, and a modern and effective regulatory framework, make Uruguay a reliable energy supplier in the region when its neighbors have production shortages mainly due to climatic factors, such as severe droughts.

On the other hand, *UTE* and the Chinese company Machinery Engineering Corporation signed in June a contract for the supply and construction of a “transmission ring” in the north of the country, which connects two northern Departments (Tacuarembó and Salto). The project will imply an investment of USD 191 million and three years and a half of working operations. It will be “the largest (investment) in the electrical system in this administration," pointed out the president of *UTE*, Mrs. Silvia Emald. “It is a key project for the electrical system, because it provides reliability, security, and will improve energy exports”, added Mrs. Emaldi.

X.7 Electric vehicle market gains momentum

The electric vehicle market in Uruguay is becoming more dynamic. While in 2020 approximately 100 electric cars were sold in Uruguay, in the first four months of this year 130 have been sold already. "Access to mobility must be equal and based on people's needs, taking into account their socioeconomic situation and gender," pointed out Mr. Ariel Álvarez, National Coordinator of the electric “Movés Project”. This initiative works in three areas to promote sustainable mobility: fiscal, regulatory and normative; technological demonstration; and promotion. It is financed by the Global Environment Facility, an implementing agency of the United Nations Development Program that it is executed by the Ministry of Industry, Energy and Mining, the Ministry of the Environment and the Ministry of Housing and Territorial Planning.

A "second energy transition" is underway in Uruguay. With around 94% of the electricity generated using renewables sources and giving that 70% of oil and its derivatives are used for transportation, the target is to intensify the use of sustainable mobility.

In this line, the state-owned company UTE is generating a nationwide coverage network plan with the goal of having a charger every 50 kilometers and more than 100 chargers throughout the country in the medium term.


UTE is building a nationwide charger coverage network throughout the country.

Furthermore, a year ago, 32 electric buses were purchased through incentives from the Government, which subsidizes the difference between the cost of a diesel bus and an electric one. They have traveled about 1,500,000 kilometers in total, which means not having burned 600,000 liters of diesel and not having emitted 1,500 tons of carbon dioxide (CO_2), one of the main greenhouse gases.

Volkswagen chooses Uruguay to launch its electrification strategy in Latin America

In July, automaker Volkswagen (VW) has chosen Uruguay as the first country in Latin America to receive its assortment of fully electricity-powered models. Uruguay has received the first 10 electric units that will have to carry out a field test. The first 10 VW e-Up! model will carry out 12,000 test kilometers each. Once this phase is completed, the vehicles will be inspected by Volkswagen Germany technicians and, with their approval, Uruguay will be enabled to market electric vehicles.

X.8 New Free Trade Zone in Punta del Este interests foreign investors

In early June, Uruguay's president Mr. Luis Lacalle Pou signed permits to build a new service-oriented free trade zone in the eastern department of Maldonado. The first service-oriented free trade zone in the city of Punta del Este represents a USD 40 million investment and will be located at the city's main avenue.

This free trade zone is expected to employ around 1,200 people and will cater to companies linked to technological, financial and commercial sectors, as well as professionals working to provide services to other countries.

The growing importance of global services exports from Uruguay is based on some key sectors that have leveraged the country's resources for the development of their businesses, such as business services, trading, software & ITO, financial services and creative services. Free trade zones in Uruguay can be operated by the State or by duly authorized private entities according to Law. They play an important role in attracting investment, generating skilled employment, and diversifying the country's export base.

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

Economic structure and activity[1]	2016	2017	2018	2019	2020	2020Q1 (Latest available)	As of:
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	2.296	2021Q1
Nominal GDP (USD, millions)	57.386	64.285	64.486	61.182	53.573	53.513	2021Q1
GDP per Capita (nominal USD)	16.489	18.403	18.393	17.388	15.172	15.104	2021Q1
Real GDP (% change, YoY)[2]		1,6	0,5	0,4	-5,9	-2,8	2021Q1
By Sector							
Agriculture, fishing and mining		-8,2	4,5	-0,3	-0,4	10,4	2021Q1
Manufacturing		-4,2	5,8	-3,7	-5,6	0,7	2021Q1
Electricity, gas and water		-3,7	3,9	13,2	-12,5	-6,1	2021Q1
Construction		-8,6	-4,4	5,2	1,8	3,3	2021Q1
Commerce, restaurants and hotels		6,6	-6,5	0,6	-9,1	-6,0	2021Q1
Transportation, storage and information and communications		11,1	-1,0	3,5	-6,5	-4,6	2021Q1
Financial services		3,1	0,3	1,2	-0,4	-0,9	2021Q1
Professional services and leasing		5,6	0,9	-0,2	-10,6	-7,0	2021Q1
Public admnistration activities		-1,0	0,8	1,2	-0,5	2,5	2021Q1
Health, education, real state activities and other services		2,2	1,8	-1,2	-7,0	-6,9	2021Q1
By Expenditure							
Final Consumption Spending		3,2	2,2	0,6	-5,1	-2,4	2021Q1
o/w private sector		3,6	2,1	0,5	-5,0	-4,2	2021Q1
o/w public sector		1,3	2,6	1,1	-5,7	4,6	2021Q1
Gross fixed capital formation		0,4	-9,0	0,8	11,8	14,5	2021Q1
Exports (goods and services)		4,9	-1,7	3,6	-13,5	-13,3	2021Q1
Imports (goods and services)		7,1	0,0	1,5	-7,2	-4,7	2021Q1
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 infromation 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) Lastest 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 2021Q1*
Current Account	**428**	**-18**	**-336**	**832**	**-375**	**-796**
Goods and Services	3.019	3.460	3.222	3.689	2.400	2.270
Goods	2.050	1.976	2.292	3.070	2.256	2.629
Exports	10.612	11.122	11.628	11.732	10.064	10.660
Merchandise goods	9.158	10.057	10.019	10.112	8.635	8.858
Goods under merchanting (net)	1.455	1.065	1.609	1.620	1.429	1.802
Imports	8.562	9.146	9.336	8.663	7.808	8.031
Services	969	1.484	930	619	144	-359
Exports	4.848	5.676	5.410	5.264	3.706	2.919
o/w Tourism	2.285	2.823	2.620	2.249	1.055	295
Imports	3.879	4.192	4.480	4.645	3.562	3.278
Primary Income	-2.661	-3.564	-3.656	-3.047	-2.961	-3.258
Net employments´ remunerations	0	3	3	3	3	3
Net repatriated profits and dividends	-2.577	-2.443	-2.473	-3.440	-2.307	-2.205
Net reinvested earnings	523	-666	-687	678	-79	-402
Net interest paid	-606	-457	-499	-288	-578	-654
Secondary Income	70	86	99	190	186	192
Capital Account	**50**	**20**	**46**	**-375**	**18**	**18**
Financial Account	**209**	**1.336**	**-843**	**571**	**325**	**552**
Foreign Direct Investment	1.828	2.079	500	-1.248	-2.685	-3.350
Change in assets held abroad by residents	1.307	4.718	2.273	59	-2.071	662
Change in claims held by non-residents in the economy	-520	2.640	1.773	1.307	614	4.012
Portfolio Investment	1.721	-1.770	-1.517	1.326	1.394	2.660
Change in assets held abroad by residents	441	-1.052	-818	2.603	2.742	3.617
Change in claims held by non-residents in the economy	-1.281	718	699	1.277	1.348	957
Financial Derivatives	6	-220	0	20	72	242
Net creditor contracts	26	-209	26	39	123	273
Net debtor contracts	21	10	26	19	51	31
Other Investment	-1.185	-1.202	582	1.583	-86	473
Change in assets held abroad by residents	-2.354	-1.404	663	1.434	752	1.289
Change in claims held by non-residents in the economy	-1.169	-202	81	-149	838	816
Change in Central Bank Reserve Assets	-2.161	2.449	-408	-1.111	1.630	528
Errors and Omissions	**-269**	**1.334**	**-553**	**114**	**681**	**1.331**

in % of GDP

	2016	2017	2018	2019	2020	Latest available 2021Q1*
Current Account	**0,7**	**0,0**	**-0,5**	**1,4**	**-0,7**	**-1,5**
Goods and Services	5,3	5,4	5,0	6,0	4,5	4,2
Goods	3,6	3,1	3,6	5,0	4,2	4,9
Exports	18,5	17,3	18,0	19,2	18,8	19,9
Merchandise goods	16,0	15,6	15,5	16,5	16,1	16,5
Goods under merchanting (net)	2,5	1,7	2,5	2,6	2,7	3,4
Imports	14,9	14,2	14,5	14,2	14,6	15,0
Services	1,7	2,3	1,4	1,0	0,3	-0,7
Exports	8,4	8,8	8,4	8,6	6,9	5,4
o/w Tourism	*4,0*	*4,4*	*4,1*	*3,7*	*2,0*	*0,6*
Imports	6,8	6,5	6,9	7,6	6,6	6,1
Primary Income	-4,6	-5,5	-5,7	-5,0	-5,5	-6,1
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	-5,6	-4,3	-4,1
Net reinvested earnings	0,9	-1,0	-1,1	1,1	-0,1	-0,7
Net interest paid	-1,1	-0,7	-0,8	-0,5	-1,1	-1,2
Secondary Income	0,1	0,1	0,2	0,3	0,3	0,4
Capital Account	**0,1**	**0,0**	**0,1**	**-0,6**	**0,0**	**0,0**
Financial Account	**0,4**	**2,1**	**-1,3**	**0,9**	**0,6**	**1,0**
Foreign Direct Investment	3,2	3,2	0,8	-2,0	-5,0	-6,3
Change in assets held abroad by residents	2,3	7,3	3,5	0,1	-3,9	1,2
Change in claims held by non-residents in the economy	-0,9	4,1	2,7	2,1	1,1	7,5
Portfolio Investment	3,0	-2,8	-2,4	2,2	2,6	5,0
Change in assets held abroad by residents	0,8	-1,6	-1,3	4,3	5,1	6,8
Change in claims held by non-residents in the economy	-2,2	1,1	1,1	2,1	2,5	1,8
Financial Derivatives	0,0	-0,3	0,0	0,0	0,1	0,5
Net creditor contracts	0,0	-0,3	0,0	0,0	0,1	0,2
Net debtor contracts	0,0	0,0	0,0	0,0	0,1	0,1
Other Investment	-2,1	-1,9	0,9	2,6	-0,2	0,9
Change in assets held abroad by residents	-4,1	-2,2	1,0	2,3	1,4	2,4
Change in claims held by non-residents in the economy	-2,0	-0,3	0,1	-0,2	1,6	1,5
Change in Central Bank Reserve Assets	-3,8	3,8	-0,6	-1,8	3,0	1,0
Errors and Omissions	**-0,5**	**2,1**	**-0,9**	**0,2**	**1,3**	**2,5**

(*) 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

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	7,3	2021M07
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	14,1	2021M07
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	43,70	2021M07
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	43,16	2021M07
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	13,9	2021M07
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	75,7	2021M06
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	5,1	2021M06
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	117,4	2021M05
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	-3,2	2021M05
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	-0,8	2021M06
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	15,4	2021M06
International Reserves (% of GDP)[2]							23,4	24,8	24,1	23,7	30,3	30,8	2021M06
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	2021M07
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	6,9	2021M07
Monetary Policy Interest Rate (overnight reference, annual, in %, eop)[4]	6,5	8,75	9,0	9,25	.	.	.	.	.	.	4,5	4,5	2021M07
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	4,5	2021M07
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	3,8	2021M06
Total bank deposits by private non-financial sector (% of GDP)							49,2	44,2	44,0	47,7	60,2	63,4	2021M06
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	21,8	2021M06
Foreign currency	75,8	73,8	73,9	75,3	77,7	80,9	77,3	73,3	73,6	76,2	77,3	78,2	2021M06
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	90,1	2021M06
Non-residents	17,3	15,6	15,8	15,5	15,7	16,3	12,6	9,8	9,8	10,4	10,3	9,9	2021M06
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	14,7	2021M06
Total bank credit to private non-financial sector (% of GDP)[8]							26,4	23,9	23,8	24,2	27,5	27,3	2021M06
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	48,0	2021M06
Foreign currency	52,5	54,8	53,4	55,1	56,6	56,8	54,6	51,8	51,9	51,0	50,8	52,0	2021M06
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	97,1	2021M06
Non-residents	0,9	1,4	1,2	1,1	1,1	1,0	1,0	1,0	0,7	0,9	1,4	2,9	2021M06
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	1,9	2021M06

(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 June 2021 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2021Q2 will be released by the Central Bank in September 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) For end-year data, it uses latest rate 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*

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	61,2	2021M06
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	55,4	2021M06
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	2021M06
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	76,8	2021M06
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	284,4	2021M06
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	6,9	2021M06
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	120,2	2021M06
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	-1,6	2021M06

(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 Indicators

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	27,2	2021M06
Primary expenditures	26,4	27,0	27,6	27,9	29,5	29,3	2021M06
Primary balance	-0,7	-0,2	0,7	-0,4	-2,4	-2,1	2021M06
Interests payments[2]	2,5	2,5	2,6	2,4	2,7	2,1	2021M06
Headline Central Government balance	-3,2	-2,7	-1,9	-2,8	-5,1	-4,2	2021M06
Impact of extraordinary inflows to the Social Security Trust Fund ("Cincuentones Effect") [3]	.	.	1,2	1,2	0,7	0,7	2021M06
Extraordinary transfers to Social Security Trust Fund [4]	.	.	1,2	1,1	0,6	0,5	2021M06
Interest payments to the SSTF on its holdings of Central Government Debt	.	.	0,0	0,1	0,1	0,1	2021M06
Central Government balance excluding Cincuentones effect	.	.	-3,1	-4,0	-5,8	-4,9	2021M06
Rest of Non-Monetary Public Sector							
Local governments balance	0,1	0,1	0,0	-0,1	0,1	0,1	2021M06
Non-financial public enterprises balance	0,3	0,0	-0,2	-0,3	0,1	0,1	2021M06
State-owned insurance bank balance	0,2	0,2	0,2	0,4	0,3	0,4	2021M06
Headline Rest of NMPS balance	0,5	0,2	0,1	0,0	0,4	0,5	2021M06
Central Bank							
Primary balance	-0,1	-0,1	-0,1	-0,1	0,0	0,0	2021M06
Interests payments	0,6	0,6	0,7	0,4	0,5	0,8	2021M06
Headline Central Bank balance	-0,7	-0,7	-0,8	-0,5	-0,5	-0,8	2021M06
Consolidated Public Sector							
Primary balance	-0,3	-0,2	0,5	-0,6	-2,1	-1,7	2021M06
Interests payments	3,0	3,0	3,2	2,7	3,0	2,8	2021M06
Headline Overall balance	-3,4	-3,2	-2,7	-3,2	-5,2	-4,5	2021M06
Overall balance excluding Cincuentones effect	-3,4	-3,2	-3,9	-4,4	-5,8	-5,2	2021M06

(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) 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.
(4) 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*

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	62,6	2021Q2
o/w in foreign currency (% of total)	54,7	49,2	53,8	56,1	54,5	52,5	2021Q2
held by non-residents (% of total)	56,9	55,1	56,7	58,8	60,0	59,3	2021Q2
Net debt	39,0	39,4	40,8	45,3	56,3	57,2	2021Q2
Memo Item: Social Security Trust Fund´s holdings of Central Government debt	.	.	0,9	1,7	2,4	2,3	2021Q2

Source: *Ministry of Economy and Finance*

Consolidated Public Sector[5]	2016	2017	2018	2019	2020	2021 (Latest available)	As of:
Gross debt	58,4	60,4	59,6	60,8	74,4	73,6	2021Q1
o/w in foreign currency (% of total)	52,5	41,4	46,9	53,5	50,3	50,0	2021Q1
held by non-residents (% of total)	51,1	46,0	47,9	52,0	53,3	52,9	2021Q1
Net debt	28,1	29,5	29,4	30,6	36,5	36,2	2021Q1

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 June 2021 using annual projected GDP through 2021Q2; official GDP figures for 2021Q2 will be released by the Central Bank in September 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.