



Key Highlights

- As of July 31st, 82% of total Uruguayan population have received both doses of the Covid-19 vaccine, whilst 58% has had a third booster shot and 22% a fourth one.
- The Government submitted to Congress the 2021 Budget Review, presenting updated macroeconomic assumptions and policy targets for the period 2022-2026. For 2022, Central Government deficit (excluding the extraordinary revenue effect from the “Cincuentones Law”) is projected at 3.1% of GDP, given an assumed real GDP growth of 4.8%.
- Real GDP expanded 8.3% YoY in the first quarter of 2022, while it grew 0.6% QoQ in seasonally adjusted terms.
- The Current Account balance printed a deficit of 1.8% of GDP in the rolling four-quarters to 2022Q1, mostly explained by a higher Primary Income deficit (due to the increase in reinvested earnings of FDI companies, that was partially offset by a larger trade balance).
- Annual inflation stood at 9.6% as of July 2022; Monetary Policy Rate was raised to 9.75%, affirming the contractive stance of the monetary policy.
- After completing a Feasibility study, Uruguay and China to start formal negotiations to establish a Free Trade Agreement.
- Uruguay stood at #1 position in the 2022 Capacity to Combat Corruption Index’s ranking among LatAm & Caribbean countries.
- Uruguay dropped various positions in the Green Future Index ranking, elaborated by MIT (to the “Green Middle” category), mostly due to a deterioration in the Clean Innovation pillar.
- Government presented a roadmap for the development of green hydrogen.

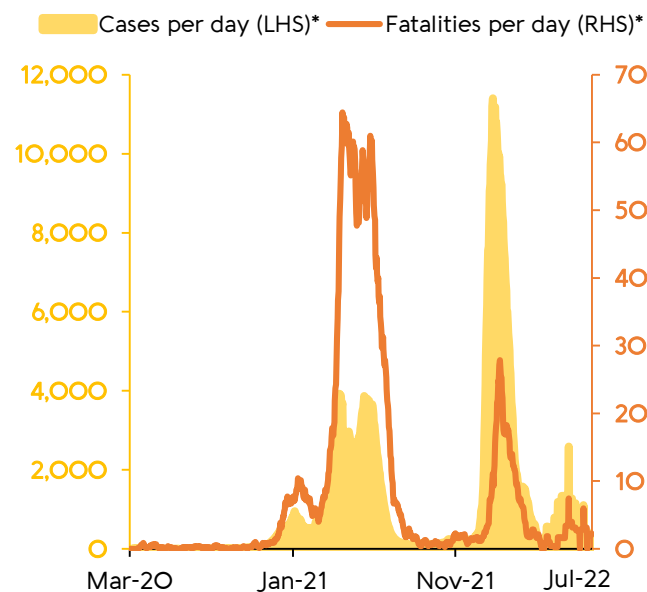
I. Covid-19 Update

During the last quarter, Covid-19 cases and the number of fatalities in Uruguay have been subdued (Figure 1). After the Government declared the end of the sanitary emergency in April 2022, the epidemiological reports switched to a weekly-basis, instead of daily. In the latest report as of July 30th, during the previous week new confirmed cases were 1,798 people while fatalities’ stood at 16. Furthermore, the number of ICU beds occupied by Covid-19 patients were 2.8% of total ICU beds.

As of July 31st, 82% of total Uruguayan population have received both doses of the Covid-19 vaccine, whilst 58% has had a third booster shot and 22% a fourth one, placing Uruguay second in LATAM regarding this metric (Figure 2).

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

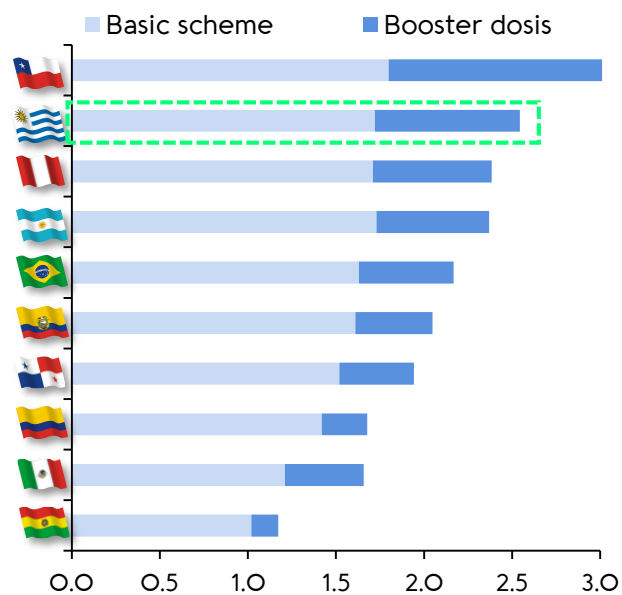
(As of July 30th, 2022)



(*) 7-Day rolling average of new cases
Source: Our World in Data.

Figure 2: Covid-19 vaccines administered per person in LATAM

(As of July 30th, 2022)



Source: Our World in Data. In the case of Uruguay, the figure of total population Comes from the National Statistics Office.

I. Annual Budget Review sent to Congress

In June, the Ministry of Economy and Finance submitted to Congress the Budget Review for the fiscal year 2021, presenting updated macroeconomic assumptions and policy targets. For 2022, Central Government deficit was projected at 3.1% (excluding the extraordinary revenue effect from the “Cincuentones Law”) of GDP (down from 4.3% in 2021), given an assumed real GDP growth of 4.8%. Furthermore, total budgetary resources tied to the response to the pandemic (encapsulated in the Covid-19 Solidarity Fund) is estimated at 0.5% of GDP in 2022.

Most of the consolidation would come from cuts in extraordinary spending, as the structural fiscal deficit will fall moderately from 2.7% of GDP in 2021 to 2.6% of GDP this year. The Ministry of Economy and Finance also presented its projections for Central Government debt, which show gross debt stable around 58% of GDP in 2022-26, while net debt would move in the range of 53-54% of GDP.

In addition, the bill contemplates additional resources for three specific areas, connected to structural reforms that the Government aims at implementing: the educational transformation, I+D and citizen security. Regarding the former, there were allocated additional USD 45 million and USD 55 million, in 2023 and 2024, respectively. To boost I+D, the Government plans to increase its expenses by USD 10 million in 2023 and 2024 per year, as well as USD 4 million more to the National Agency of Investigation and Innovation (ANII), per year in the following two years. Finally, in regard to citizen security and police force measures, there were assigned an additional USD 27 million and USD 22 million, in 2023 and 2024, respectively.

Furthermore, the 2021 Accountability Law (“*Ley de Rendición de Cuentas*”) provides for further public policies to foster the long-term growth of the economy in the areas of: international commercial affairs, mitigation and adaptation of climate change, infrastructure investment, the proposal for the pension reform and the development of the local capital markets –mainly in local currency and longer tenors– as well as the de-dollarization of the economy.

Regarding the proposal to reform the pension system, on July 13th, the Executive Power finished the bill draft which was delivered to the ruling political coalition to be analyzed. The draft was built upon the report blueprint for pension reform developed by the Committee of Experts on Social Security’s. During the second half of the year, and upon the agreement from the government coalition’s members on the bill’s content, it will be sent to the Congress.

Notwithstanding, the goal is to find the broadest political common ground as possible, including the opposition party. After having been consulted on this issue, the Minister of Labour and Social Security, Pablo Mieres, said “this is a monumental effort, it has been an enormous job of the Committee of Experts and its transformation in a bill afterwards. Hopefully we are lucky and have a broad level of consensus”.

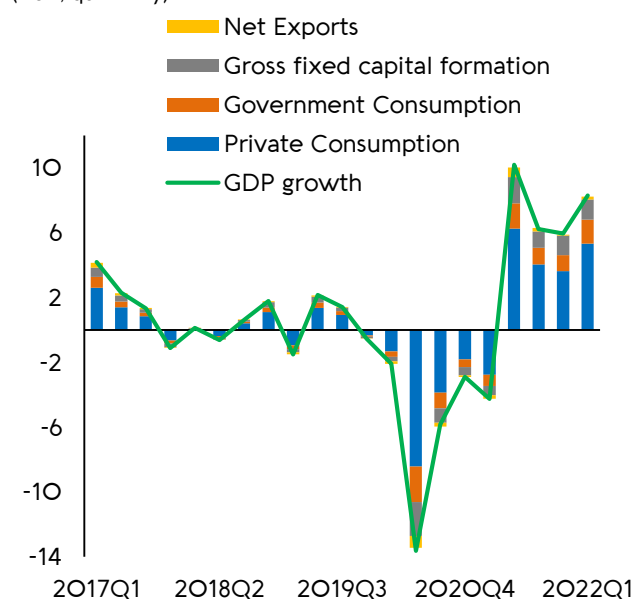
II. Real Sector

The economy grew 8.3% year-on-year (YoY) in the first quarter of 2022, expanding 0.6% in seasonally adjusted terms with respect to 2021Q4. This growth reflected a recovery in economic activity underpinned by external demand, some large investment projects and the partial normalization of tourism activity and private consumption.

From the production perspective, the recovery is generalized to all sectors of the economy. *Commerce, restaurants and hotels; Health, education, real estate and other services, Transportation, Information and Communications, and Manufacturing* sectors stood out for their positive impact in the YoY comparison. Regarding the first one, the achievement is partially explained by an increased demand from non-resident tourism, which is related to the opening of borders, and to a lesser extent from increased demand from resident households. *Transportation, Information and Communications and Health, education, real estate and other services* sectors were also positively impacted by the reopening of borders, fewer restrictions under the health emergency and an increase in education due to more hours of schooling. Lastly, the *Manufacturing* sector significantly recovered due to the continuous growth of external demand, mainly linked to the export of food products.

Figure 3: Contribution to Real GDP Growth by Expenditure

(YoY, quarterly)



Source: Central Bank of Uruguay

In the first quarter of this year, from the expenditure perspective, gross fixed investment increased by 13.7% YoY explained by an increase in investment in machinery and equipment, as well as in construction works. Final consumption expanded 6.7% YoY in real terms, driven by both an increase in household and government spending, of 6.9% and 4.7% respectively.

The recovery of external demand is reflected in an increase in the physical volume of exports of 23.5%, while imports grew at a year-on-year rate of 16.6%, in both cases due to increases in both goods and services.

Leading indicators suggest that economic growth would have continued in the second quarter of 2022. According to the Uruguay XXI Institute, in June exports of goods -including those from the Free Trade Zones (FTZ) - recorded a 30% YoY growth in value, reaching USD 1.4 billion. So far this year, sales of goods abroad accumulate USD 6.9 billion (39% growth YoY). Likewise, CIF imports of goods (excluding oil and electric energy) increased in June 35.4% YoY. In the cumulative April-May, manufacturing industry increased by 8% compared to the same months of 2021.

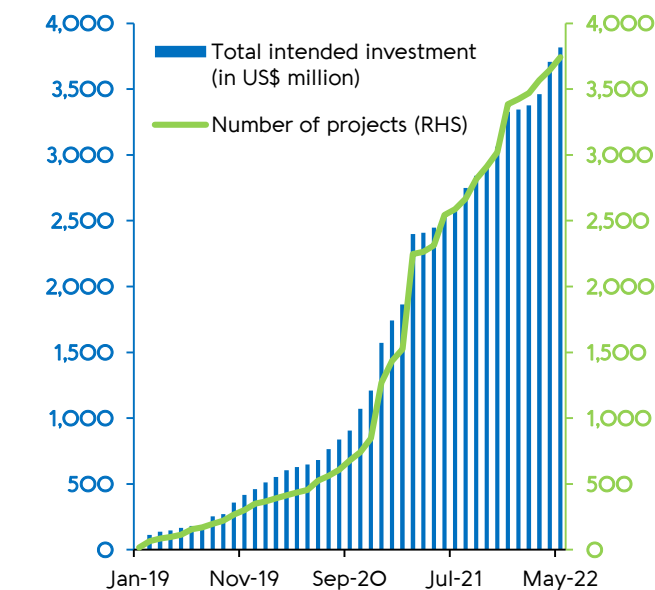
On the other hand, the Tax Collection Office’s total gross revenue grew 6.6% year-on-year in real terms in the second quarter, explained by the growth of most of the main taxes.

Investment also showed signs of improvement on the back of the progress of the construction of the new pulp mill and the projects submitted to the Commission for the Application of the Investment Law (COMAP) and the National Housing Agency (ANV), and it is expected that this trend to continue through the rest of the year.

According to COMAP data, between May 2020 and May 2022, the number of projects submitted under Decree No. 268/O20 were 3,168 and the associated intended investment amount was USD 2,971 million.

The agricultural sector also showed a good performance. In the cumulative April-May period, cattle slaughtering grew 12.5% year-on-year, mainly due to exports and strong Chinese demand. The 2021-2022 crop harvest saw record rice yields, high soybean yields and a record wheat harvest accompanied by a rise in agricultural commodity prices.

Figure 4: Investment projects presented under COMAP regime
(Cumulative since beginning of 2019)



Source: Ministry of Economy and Finance

III. Labor market

Labor market indicators also showed that the recovery process continues. The employment rate was 56.7% in June, up 1.3 percentage points (p.p.) from the value observed for June 2021. Similarly, the activity rate (share of employed population, or who are looking for a job, as a share of total working-age people) stood at 61.8%, up 0.6 p.p. from its level in June 2021. The unemployment rate reached 8.4% in June 2022, down 1 p.p. from the same month of last year, according to the data published by the National Bureau of Statistics.

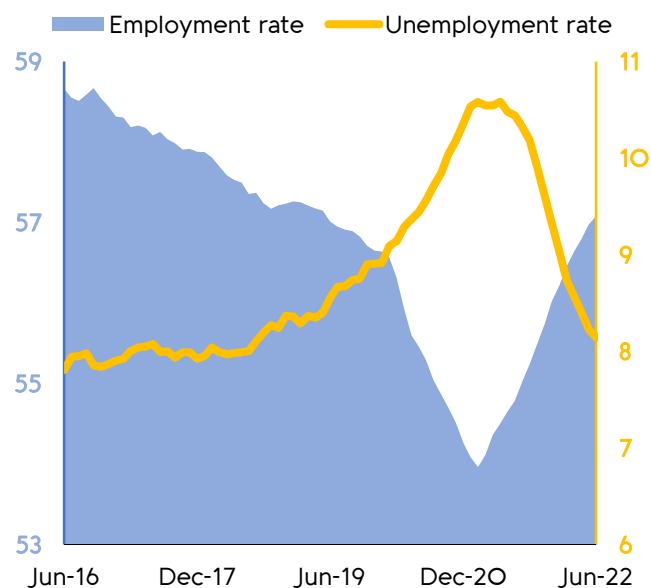
During 2021, 58,300 jobs were created according to data published by the National Institute of Statistics, recovering almost all of the jobs lost during 2020. In June 2022, approximately 46,000 jobs were created in the YoY comparison, while if compared to Feb-2020 (pre-pandemic), about 26,941 jobs were created. In this way, 70,250 new jobs were created in the January-June period compared to the same period of the previous year.

The improvement in the labor market can also be seen in the continued reduction of workers on unemployment insurance. The unemployment insurance beneficiaries registered 45,600 workers in June, 818 people less than in May and 31,000 workers less than a year ago.

Regarding the traditional regime, the number of beneficiaries has remained significantly below the respective monthly measures of 2019 and beginning of 2020. Indeed, in 2021, the number traditional unemployment insurance beneficiaries averaged 44,500, slightly below pre-pandemic levels (46,000 average beneficiaries in 2019). In the cumulative period January-June 2022, the number of beneficiaries of the traditional regime reached 36,600 on average, 14,000 less people compared to the same period in 2021 and 9,000 workers less than 2019 (pre-pandemic levels).

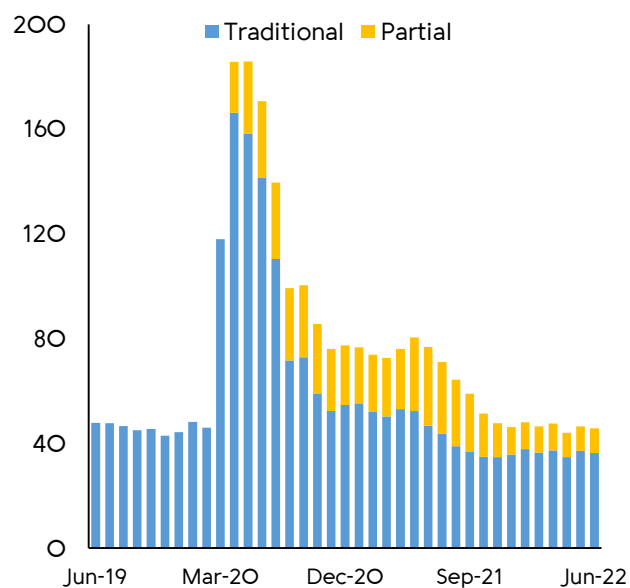
Meanwhile, the wage index grew 8.1% in May in YoY nominal terms, while the real wage decreased 1.1% in the same period.

Figure 5: Unemployment and Employment Rate
(Average of last 12 months, in %)



Source: National Institute of Statistics

Figure 6: Unemployment Insurance
(Monthly 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 first quarter of this year, the Current Account Balance (CAB) registered a deficit of USD 597 million, slightly higher than a year earlier (USD 554 million). For the year ending March 2022, the current account deficit stood at 1.8% of GDP, relatively stable compared to the same period of the previous year.

One of the main drivers of this trend was the increase in the primary income deficit, which was partially offset by an improvement in the services account balance, mainly tourism services, due to the opening of borders in November 2021, after being closed for twenty months due to the COVID-19 pandemic. The trade balance in goods remained stable, in a context of marked dynamism in both exports and imports.

The primary income deficit was USD 1.436 billion in 2022, representing an increase of USD 293 million in comparison to the preceding year. Almost all of this expansion stemmed from higher reinvested profits from Foreign Direct Investments companies in the country.

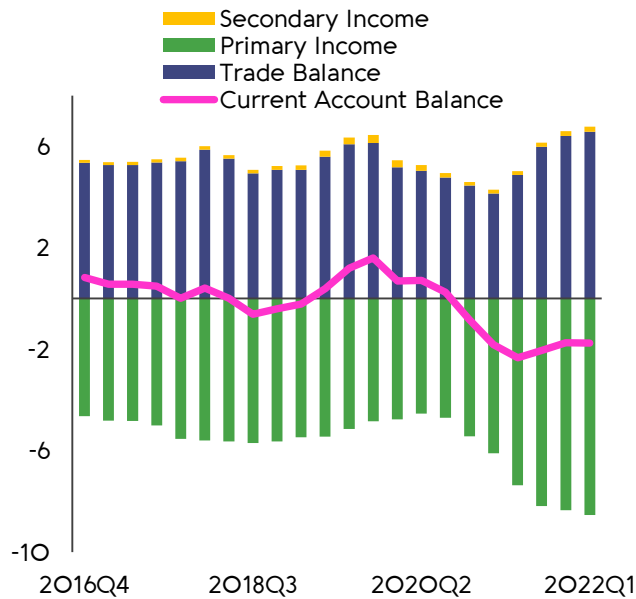
Concerning the trade balance of services, there was a balance reversal from a deficit of USD 16 million in the first quarter of 2021 to a surplus in the first quarter 2022 of USD 212 million. This turnaround was explained by the re-opening of borders in November 2021. At the same time, net exports of other services also improved. Exports of services showed a positive variation of 70%, with an increase in exports of other services (USD 216 million) and a growth in travelling (USD 347 million), although the balance of tourism services exported remained below pre-pandemic levels. Imports of services grew 41% in the first quarter of 2022 over the same period of previous year, with imports of maritime transport (associated with freights) as well as air transport (mainly passengers) standing out.

In the first quarter of the year, the trade of goods remained relatively stable compared to the first quarter of 2021, reaching USD 570 million. In this regard, the 37% increase in exports stood out, in a context of significant increases in commodity prices, as well as the 39% increase in imports, highlighting the increased external purchases of energy products and inputs for the implementation of major investment projects being developed in the country.

During the first three months of 2022, the financial account recorded an outflow of financial flows of USD 775 million, explained by a net outflow of funds by the private sector (USD 569 million) and the public sector (USD 206 million). On one hand, Financial Derivatives, Other Investments and Portfolio Investments recorded net outflows of USD 220, USD 1,011 and USD 224 million respectively. On the other hand, the economy received net direct investment inflows of USD 496 million, while reserve assets declined by USD 185 million.

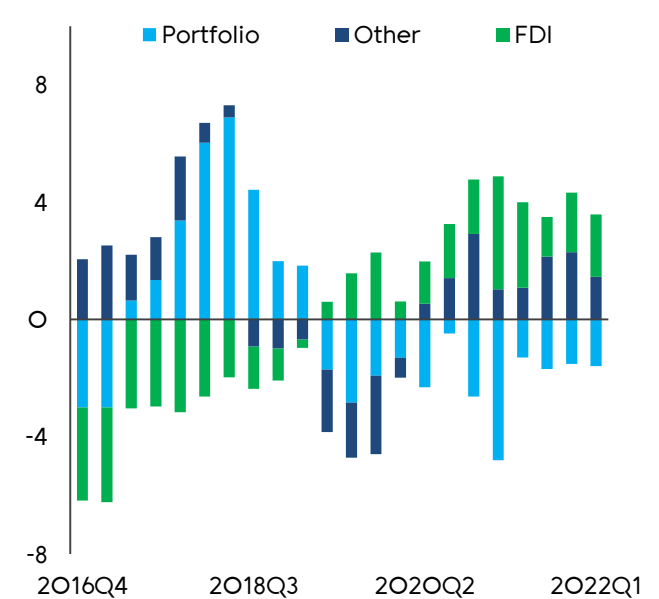
International reserves stood at 15.8 billion as of June 2022 (equivalent to 24.5% of GDP).

Figure 7: Current Account Balance
(Rolling 4-quarters, in % of GDP)



Source: Central Bank of Uruguay

Figure 8: Key Components of Net Capital Inflows
(Rolling 4-quarters, in % of GDP)



Note: "Other" includes Other Investments and Financial Derivatives from the Financial Account of the Balance of Payments. Changes in Central Bank reserve assets are not included.
Source: Central Bank of Uruguay

V. Inflation and Monetary Indicators

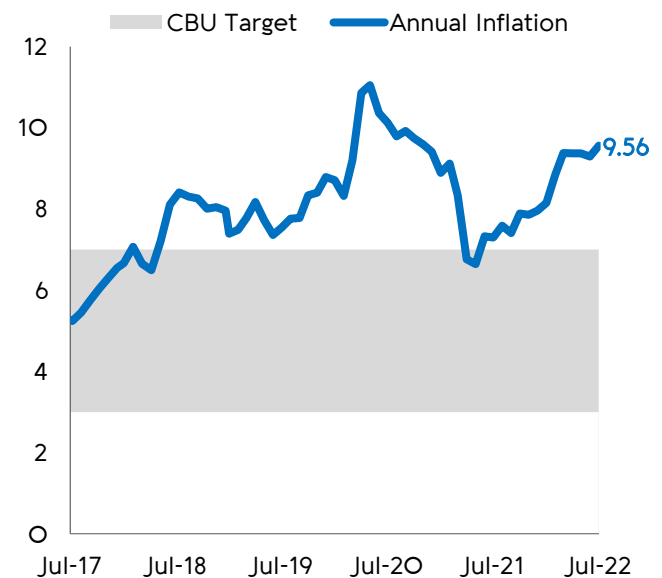
In July 2022, prices increased 0.77% month-on-month, mostly driven by increases in non-alcoholic beverages (0.26%) and Restaurants and Hotels (0.11% each) and Food and. Year-to-date, inflation stood at 6.86%, while in Year-on-Year terms it stood at 9.56%.

On July 6th, the Monetary Policy Committee (COPOM, Spanish acronym), increased its Monetary Policy Rate by 50 bps to 9.75%. The cumulative rise of this short-term interest rate policy instrument (established in Sep-2020), reached 525 bps.

In this sense, it was ratified the commitment to enter in the contractionary stance of the Monetary Policy and anticipated further adjustments in the next meetings.

The COPOM authorities positively evaluated the economic activity and employment rebound, although they observed with concern the rigidity of agents' inflation expectations. The COPOM's communique also stated that the authorities "anticipate new adjustments in the upcoming meetings".

Figure 9: Inflation
(In %, YoY)



Source: National Institute of Statistics and Central Bank of Uruguay

For further information, please access the COPOM minute as of July [here](#) (in English).

Regarding the nominal FX, the peso appreciated 7.9% on average in the second quarter of the year; in June, it appreciated 2.4% month-on-month (on average), ending at 39.8 pesos per US Dollar. Overall, in the first half of the year, the UYU has appreciated 10.8% against the US Dollar (eop). This appreciation of the peso is in line with the trend observed in other economies in the region, in a context of a strong increase in commodity prices and tightening of central bank reference rates.

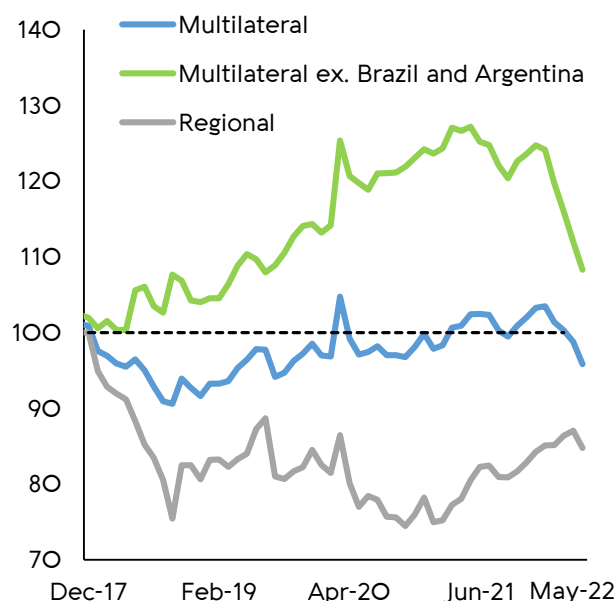
The real effective exchange rate (REER) showed a 4.3% appreciation in the last three months through May with respect to the previous three months. While the competitiveness with the region increased a shallow 1.5% (comprised by Argentina and Brazil), it diminished 8.7% in the same period with the extra region (United States, México, Germany, Spain, United Kingdom, Italy and China, according the BCU methodology).

Figure 10: Nominal Exchange Rate
(Pesos per Dollar)



Source: Central Bank of Uruguay

Figure 11: Real Effective Exchange Rate
(Index base 100 = 2017)



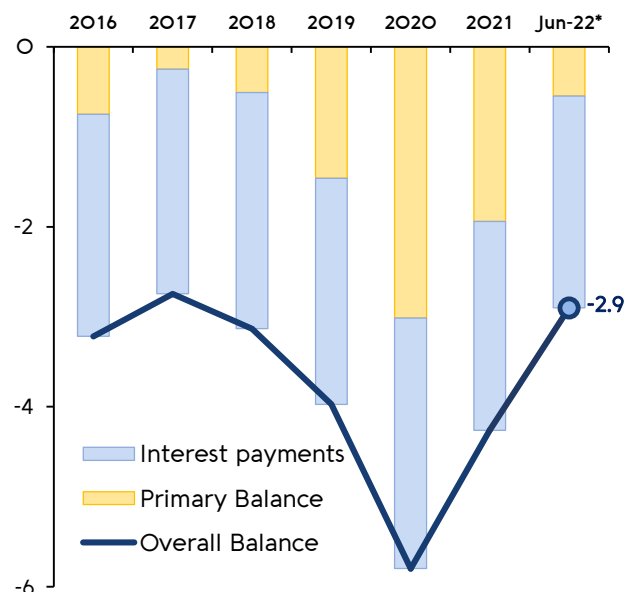
Note 1: The Regional Real Effective Exchange Rate is a weighted average of the REER of Argentina and Brazil.
 Note 2: An upward movement in the index means a real exchange depreciation.
 Source: Central Bank of Uruguay.

VI. Fiscal and Debt Indicators

In the twelve months through June 2022, the fiscal balance of the Central Government stood at -2.6% of GDP. Netting out the inflows to the Social Security Trust Fund (which accounted for 0.3% of GDP as of May 2022) the fiscal performance of the Central Government and BPS stood at -2.9% of GDP.

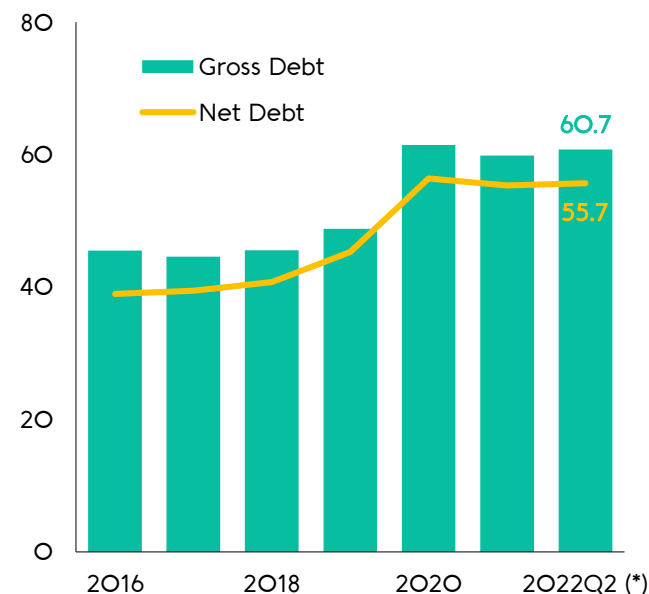
In turn, gross debt of the Central Government stood at 60.7% of GDP as of June 2022, while net debt was 55.7% of GDP. Debt figures include all loans and financial market securities contracted/ issued by the CG securities held by the public SSTF, and exclude non-market CG securities issued to capitalize the Central Bank in previous years. Central Government debt securities held by the SSTF were equivalent to 3% of GDP by the end of the second quarter of 2022 (measured in nominal face value).

Figure 12: Central Government Fiscal Balance
(In % of GDP, excluding extraordinary inflows of funds to SSTF)



(*) Last 12 months.
Source: Ministry of Economy and Finance of Uruguay

Figure 13: 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 73.3% of GDP by the end of March 2022, while the net debt printed at 38% of GDP.

VII. Banking System

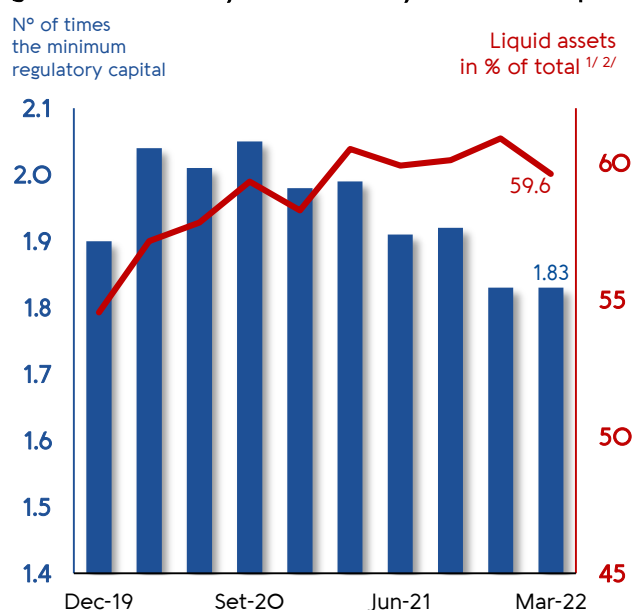
The solvency situation of the financial institutions based in Uruguay continued to show a remarkable strength as of 2022Q1, with a capital buffer that reached 1.8 times the minimum regulatory requirement. Regarding liquidity risk of the banking system, the ratio of liquid assets to total assets remained at a healthy 59.6% (Figure 14).

The profitability of banks (measured in nominal pesos) represented a return on assets (ROA) of 0.9% and a return on equity (ROE) of 9.6% as of March 2022. The general delinquency of credit in stood at 1.5%, remaining stable from the previous quarter. Besides, it recorded a sustained improvement from the peak of 3.4% reached after the COVID -19 outbreak, in April 2020, as well as from a year ago, of 2.7%.

In turn, bank indebtedness of families with respect to their annual income remained at 31% in 2022Q1.

Stress tests of the banking system carried out by the Superintendence of Financial Services (SFS) 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.

Figure 14: 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.

VIII. Recent Developments

VIII.1 Uruguay and China to start formal negotiations for a Free Trade Agreement

On July 13, 2022, President Luis Lacalle Pou announced that the feasibility study on a China-Uruguay Free Trade Agreement (FTA) –which was initiated in September 2021– had a positive result, and that formal trade talks would start to reach the agreement.

For the announcement, a press conference was held in the Executive Tower, hosted by the President, who indicated that in the coming days the dialogue between the teams of both nations would formally begin to reach an agreement between the countries.

He recalled that since the beginning of this government, they have been working on a foreign relations policy of liaison with the world, with a clearly open-minded vocation. "Uruguay has to open up to the world and must establish all kinds of agreements with different nations," he assured.



President Luis Lacalle Pou (in the middle), Minister of Foreign Affairs, Francisco Bustillo, and Deputy Secretary of Foreign Affairs, Carolina Ache, at the press conference.

Upon the finalization of feasibility study (which covered issues such as laws, the national economy, and their complementarity), President Luis Lacalle Pou, affirmed that the agreement would be beneficial for both countries. For the Government it is a priority to try to export the commodities, the manufactured goods and the technology of Uruguay, he said.

He added that the idea is not to advance alone, but in conjunction with Mercosur, but that "what Uruguay is not willing to do is to stand still". Leaders of all political parties have been reported on the progress of this agreement, as well as the governments of the Mercosur bloc.

Lacalle Pou affirmed that this would be a state-of-the-art and comprehensive FTA, which will consider national particularities, and that during the process there will be several instances of dialogue with representatives of industry, commerce, science and technology.

VIII.2 Uruguay and Brazil agreed on the reduction of the Common External Tariff of Mercosur and on preferential access of goods from free trade zones between both countries

The Ministers of Foreign Affairs of Uruguay, Mr. Francisco Bustillo, and of Brazil, Mr. Carlos França, held an official meeting on June 9, in the city of Los Angeles (United States), where they agreed on the reduction of the Common External Tariff (CET) of the Southern Common Market (Mercosur), according to the joint declaration signed by both countries. Likewise, they expressed their satisfaction with the excellent state of the bilateral relations and highlighted the historic ties of friendship and cooperation that unite their people.

The statement depicts that the current level of CET "does not reflect the needs of the bloc and that a reduction in it will contribute to improving the levels of competitiveness and productivity". In that sense, Uruguay indicated its support to the Brazilian proposal for the horizontal reduction of the CET, currently under discussion in Mercosur.

França and Bustillo assured that it is necessary to "modernize the bloc and the centrality of its external agenda" which, they understand, "must have (...) flexible formats and mechanisms" to respond to the needs and interests of the four partners (Argentina, Brazil, Paraguay and Uruguay). Both countries also agreed on preferential access between them, for goods produced in free zones and special customs areas.

In the Ministry of Economy and Finance's point of view, represented by Mr. Juan Labraga, Director of the Commercial Advisory, this agreement is "a win-win for the country which could bring benefits to the

Uruguayan consumers and promote the arrival of new industries for the Uruguayan free zones", based on a public statement.

He added that it was the first time in history that Mercosur will agree to a generalized reduction of the CET since its creation in 1995. "To date, all the modifications that have been made have been upwards," recalled Mr. Labraga. Nonetheless, for this to materialize and define its magnitude and execution time, this consensus had to be negotiated at the bloc's biannual summit on July 21 in Asunción, Paraguay.

Brazil has already reduced the CET bilaterally in two times the recent months by 10% each time for a tariff universe close to 90%. Mr. Labraga indicated that Uruguay's idea is to support a lowering of the CET "as horizontal and broad as possible." "We do not foresee effects on the (Uruguayan) productive sector," concluded.

Regarding the conditions for preferential access of goods produced in free zones, these are "equivalent to a commercial agreement" in Mr. Labraga's view, given the fact that, in 1994 the Mercosur had decided to exclude free zones from the common trade zone. "Until December of last year there were punctual accesses, for some free zones and products, and during certain times. It is now a 0% tariff as of the term of this agreement for all products within the Mercosur agreement," he added. The two (sensitive) sectors that will be left out of this benefit are the automotive industry and sugar.

VIII.3 Uruguay stood at #1 position in the 2022 Capacity to Combat Corruption Index's ranking among LatAm & Caribbean countries

The Capacity to Combat Corruption (CCC) Index aims at assessing Latin America and Caribbean's ability to detect, punish and prevent corruption. It is produced by Americas Society/Council of the Americas (AS/COA) and Control Risks (a global specialist risk consulting firm), being 2022 the fourth edition of the index.

Despite registering a decline in its score for the first time since the CCC Index was launched, Uruguay was the top performer in the Index for the third consecutive year. According to its methodology, rather than measuring perceived levels of corruption, the CCC Index evaluates and ranks countries based on how effectively they can combat corruption. Those with a higher score are deemed more likely to see corrupt actors prosecuted and punished, whereas continued impunity is more likely in countries at the lower end of the scale.

The CCC Index looks at 14 key variables, including the independence of judicial institutions, the strength of investigative journalism, and the level of resources available for combating "white collar" crime. The Index relies on extensive data and on a proprietary survey conducted among leading anti-corruption experts from Control Risks, academia, civil society, media and the private sector.

The country with the highest score in the 2022 CCC Index was Uruguay with a scores of 7.42 out of 10. Uruguay was followed by Costa Rica (7.11), Chile (6.88), Peru (5.66), the Dominican Republic (5.19), Argentina (5.04), Panama (4.96), Colombia (4.87), Ecuador (4.82), Brazil (4.76), Paraguay (4.45), Mexico (4.05), Guatemala (3.38), Bolivia (2.57) and Venezuela (1.63).

VIII.4 Mostly due to a deterioration in the Clean Innovation pillar, Uruguay dropped various positions in the Green Future Index ranking, elaborated by MIT, to the "Green Middle" category

The Green Future Index (GFI) 2022 is the second edition of the comparative ranking of 76 nations and territories on their ability to develop a sustainable, low-carbon future. It measures the degree to which their economies are pivoting toward clean energy, industry, agriculture, and society through investment in renewables, innovation, and green policy.

The index is made up of 5 pillars (the weights are shown in parentheses): Carbon emissions (15%), Energy transition (15%), Green society (15%), Clean innovation (15%) and Climate policies (40%).

In 2021, year of the first edition of the GFI, Uruguay ranked 20th in the ranking, and stood within the “Green Leaders” category, yet in 2022 the country fell 18 positions, to the 38th position, to fall within the “Green Middle” group of countries.

The main driver behind the decrease in Uruguay’s score in the index, is a drop in the Clean Innovation pillar, from the 10th to the 70th position, which placed Uruguay among the ten countries with the greatest decreases in that pillar.

When taking a closer look at the indicators that make up the Clean Innovation pillar, the indicators “green patents” and “public investment in clean energy” were the ones that presented the greatest drops in the positions in the ranking: Uruguay fell 27 and 45 places, respectively.

VIII.5 Government presented roadmap for the development of green hydrogen

The Ministry of Industry, Energy and Mining (MIEM) presented in June the roadmap for the implementation and development of green hydrogen and its derivatives, named “H2U”. This plan constitutes one of the three pillars, together with electric mobility and energy efficiency, of the second energy transition promoted by the current administration.



The H2U project is carried out with the collaboration of the Ministries of Environment, Economy and Finance, and Transportation and Public Works. In addition, it has the technical support of the state/owned companies UTE and Ancap, and the Inter-American Development Bank (IADB).

The MIEM advisor on energy and environment, Mrs. María José González, presented the first version of the roadmap, which comprises six lines of action: innovation, investments, infrastructure, regulation, offshore studies and communications and capacity building. The document is under public consultation until August 15.

During the opening, Minister Paganini highlighted the articulation that already exists in the construction of a long-term strategy “from the climate and environmental point of view”. He also explained that green hydrogen is “a natural step” towards the decarbonization of sectors such as long-distance transport and industry sectors dependent on fossil fuels.

“Uruguay must be in this wave of green hydrogen because it has comparative advantages to do it”, he added. Among them are the complementation between wind and solar energy; the availability of water and industries that processes biomass; the electric power transmission network infrastructure; and the institutional strengths to receive long-term international investments.

In this way, the Government considers that green hydrogen could evolve into “a new export sector” with “significant growth potential,” Paganini said. “It is a long-term bet,” he added, and announced that the H2U program will be formalized to become a “national policy.”

Meanwhile, in the short term, concrete actions are also being taken. Among them is the launch of the Hydrogen Sector Fund together with the Technological Laboratory of Uruguay (LATU) and the National Agency for Research and Innovation (ANII). In that regard, ten proposals linked to different applications of green hydrogen have been submitted to the Fund.

“We hope that this is the beginning of a long work that changes the productive matrix of the country for the better. According to what we understand, it is a great opportunity”, Mr. Paganini concluded. According to the roadmap, based on data from the consultancy agency McKinsey, it is expected that by 2040, the green hydrogen industry could generate more than USD 2,000 million annually, driven by

export markets and its use for deep decarbonization of the economy. This would require an installation of 20 GW in renewable energies and 10 GW in electrolyzers.

Besides, the development of this sector could generate more than 30,000 direct qualified jobs in plant construction, operation and maintenance, logistics and technical education. More information about green hydrogen is available on the website hidrogenoverde.uy (in English).

VIII.6 Milestone in Montevideo: 100 electric taxis and a new goal for 2023

Montevideo achieved a new goal in electric mobility with the incorporation of 15 electric taxis. With 100 vehicles of this type already in circulation, the city is aiming for a new goal for 2023. On June 1st, the units were presented, with the presence of the Mayor of Montevideo, Carolina Cosse, and authorities from the Department of Mobility.

With the incorporation of these taxis, the city continues with the objective of achieving 100% electric public transport through a change in its energy matrix, a process that began in 2015.

"We have to highlight the importance of inter-institutionality and state policies. Support for electric mobility is an explicit policy of various institutions, among which is the Montevideo City Council, which has been able to take advantage of the competitive conditions that Uruguay achieved by changing its electric matrix," said the Mayor of Montevideo.

"This is the way forward, so we are analyzing the possibilities to have 100 more electric taxis in 2023," the hierarch announced.



The incorporation of electric taxis in Montevideo began, in the first place, with a call to grant permits exclusively to units powered entirely by electric motors. The proceeds from the sale of these permits made it possible to create a fund that acted as an incentive for the incorporation of new electric units, this time with the purpose of fleet renewal.

Currently there are two mechanisms for the incorporation of electric taxis: through price calls (aimed at new units) or replacement subsidies.

The latter implies that the City Council subsidizes with an amount of up to UYU 570,000 to those interested in changing their conventional taxi for an electric one. Of a total quota of 45 taxis, 30 units have already been replaced. The 15 new taxis that were recently presented correspond to the replacement subsidy modality.

Currently, the fleet of taxis that circulates in the city reaches 3,000 units, of which 100 are electric. In addition, there are 30 electric buses, 323 buses with Euro 5 technology and 39 hybrid buses, out of a total of 1,528 units that circulate in Montevideo.

VIII.7 Uruguay will host Microsoft's new artificial intelligence (AI) and internet of things (IoT) laboratory

Artificial intelligence and the Internet of Things, AI and IoT respectively, are transforming the way people, devices and data interact in all spheres of life. Driven by the transformative power of the cloud, these technologies are enabling smarter computing and will play a key role in helping solve some of the world's biggest challenges, from agriculture and healthcare, to the environment and education.



The Microsoft delegation, the Ambassador to the United States, Mr. Andrés Durán Hareau, and the Ministry of Industry, Mr. Omar Paganini, the day of the announcement.

For this reason, Microsoft announced that Uruguay will host its AI & IoT Insider Lab in Montevideo, the first of its kind in Latin America and the third outside the US, since today there are only two: in Shanghai, China, and Munich, Germany. This laboratory will help solve various technological challenges of organizations in the region, as well as obtain guidance and recommendations from experts to materialize the full potential of these technologies.

The initiative is aligned with the vision of the Uruguayan government to become an "innovation hub" for the region, positioning the country and the laboratory as a facilitator of innovation and creativity, where new ideas or business challenges could come true.

The Minister of Industry, Energy and Mining of Uruguay, Mr. Omar Paganini, pointed out that the country "has been a pioneer in the development of a dynamic technological ecosystem, with startups, international companies and the new unicorns." In this sense, he added that from the perspective of the government, the next stage involves the creation of an 'Innovation Hub' in the country, including a network of laboratories and platforms to promote new disruptions, such as artificial intelligence, advanced robotics and virtual reality.

The lab works on a project basis, focusing on understanding business challenges and prototyping potential solutions. Therefore, the added value of the lab is to quickly show organizations and business partners how to leverage AI and IoT technologies to visualize, transform, innovate and solve their transformation challenges.

"We are extremely excited about what this new AI and Cloud Laboratory, together with local creativity and vision, will achieve to promote the technological development of the country. Uruguay has proven to be a focus of innovation at the international level and initiatives like this reflect the great opportunity that the market has to accelerate the digital transformation of the region", commented Mr. Rodrigo Kede Lima, president of Microsoft Latin America.

In this line, Venture capital investor Mr. Paulo Passoni highlighted the advantages that Uruguay offers for startups. "I think the first point is that when we think about development clusters in any industry, the quality of the people in those clusters matters a lot. And the most successful companies in Latin America and the founders of those companies are now in Uruguay. Mercado Libre, Globant, dLocal, Kaszek, I could go on with the list. When you think about the quality of a cluster, as a predictor of future high-quality new ideas, I get pretty excited about Uruguay. You don't get that kind of quality anywhere else in Latin America", said Passoni to Bloomberg line in June.

VIII.8 GSK to open distribution hub in Montevideo

Pharmaceutical giant GlaxoSmithKline (GSK) will open one of its "three new regional vaccine distribution centers" in Uruguay, it was announced during President Mr. Luis Lacalle Pou's trip to London in May. In the following months, the British company will open in Montevideo a regional vaccine distribution center to handle more than 12 million doses annually in six South American countries: Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay.

Operations will be based at Montevideo's Carrasco Airport, specifically at the Latin America Cargo City facilities, an airport duty-free zone. Latin America Cargo City is a single brand of *Corporación América* Airports bringing together two existing business units: *Terminal de Cargas Uruguay* and the MVD Free Airport unit.

The decision to move in had been conveyed to Uruguayan authorities in December last year but GSK has now set a date. The company aims to optimize costs and reduce delivery times through a hub where it will concentrate the products manufactured in its different plants in Europe. Nevertheless, the

agreement between GSK and Uruguay began to be negotiated in 2017, when both parties entered into a cooperation agreement for the joint financing of research projects.

According to a statement from the Uruguayan government, the company plans to distribute drugs for the treatment of asthma, COPD, allergic rhinitis, epilepsy, and HIV, among others.

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)

Lucía Heguy

☎ +598 2 1712 ext. 2218

E-mail: lucia.heguy@mef.gub.uy (Macroeconomic Advisory Unit)

	2016	2017	2018	2019	2020	2021	2022	
Economic structure and activity⁽¹⁾							(Latest available)	As of:
Population (million)	3.48	3.49	3.51	3.52	3.53	3.54	3.55	2022
Nominal GDP (local currency, billions)	1,726	1,842	1,982	2,159	2,250	2,584	2,679	2022Q1
Nominal GDP (USD, millions)	57,386	64,285	64,486	61,182	53,505	59,292	61,450	2022Q1
GDP per Capita (nominal USD)	16,489	18,403	18,393	17,388	15,153	16,735	17,286	2022Q1
Real GDP (% change, YoY)⁽²⁾		1.6	0.5	0.4	-6.1	4.4	8.3	2022Q1
<i>By Sector</i>								
Agriculture, fishing and mining		-8.2	4.5	-0.3	-5.4	5.0	3.6	2022Q1
Manufacturing		-4.2	5.8	-3.7	-6.1	6.7	6.4	2022Q1
Electricity, gas and water		-3.7	3.9	13.2	-9.4	3.5	-0.5	2022Q1
Construction		-8.6	-4.4	5.2	2.1	6.0	11.2	2022Q1
Commerce, restaurants and hotels		6.6	-6.5	0.6	-7.5	7.0	9.1	2022Q1
Transportation, storage and information and communications		11.1	-1.0	3.5	-7.8	4.1	14.4	2022Q1
Financial services		3.1	0.3	1.2	-0.4	5.0	3.4	2022Q1
Professional services and leasing		5.6	0.9	-0.2	-5.9	5.2	10.0	2022Q1
Public administration activities		-1.0	0.8	1.2	-0.8	0.0	-0.2	2022Q1
Health, education, real state activities and other services		2.2	1.8	-1.2	-8.9	1.9	10.7	2022Q1
<i>By Expenditure</i>								
Final Consumption Spending		3.2	2.2	0.6	-7.0	3.4	6.7	2022Q1
<i>o/w private sector</i>		3.6	2.1	0.5	-6.9	2.3	6.9	2022Q1
<i>o/w public sector</i>		1.3	2.6	1.1	-7.3	8.0	4.7	2022Q1
Gross fixed capital formation		0.4	-9.0	0.8	1.6	15.2	13.7	2022Q1
Exports (goods and services)		4.9	-1.7	3.6	-16.0	14.4	23.5	2022Q1
Imports (goods and services)		7.1	0.0	1.5	-12.0	20.9	16.6	2022Q1
Share of Nominal GDP by economic activity (in %)⁽³⁾								
Agriculture, fishing and mining	7.0	5.6	6.1	6.7	7.6	7.1		2021
Manufacturing	11.0	10.1	10.8	10.4	10.3	10.7		2021
Electricity, gas and water	2.7	3.0	2.8	2.6	2.6	3.0		2021
Construction	4.9	4.5	4.3	4.6	4.9	5.0		2021
Commerce, restaurants and hotels	13.4	13.3	12.3	12.2	12.0	13.9		2021
Transportation, storage and information and communications	8.4	9.0	8.6	9.1	8.2	8.1		2021
Financial services	5.1	5.1	5.1	4.9	4.7	4.5		2021
Professional services and leasing	6.9	7.3	7.2	7.4	7.3	7.3		2021
Government activities	4.8	4.9	4.9	4.9	5.1	4.7		2021
Health, education, real state activities and other services	24.9	25.9	26.3	25.7	25.8	23.6		2021
Share of Nominal GDP by expenditure (in %)⁽³⁾⁽⁴⁾								
Final Consumption Spending	77.2	78.7	80.1	79.5	78.2	75.5		2021
Gross fixed capital formation	17.0	16.3	15.0	15.4	16.7	18.8		2021
Exports (goods and services)	27.0	26.1	26.4	27.8	25.1	31.5		2021
Imports (goods and services)	21.6	20.7	21.4	21.9	20.7	25.3		2021

(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	2021	Latest available 2022Q1*
Current Account	474	8	-266	980	-449	-1,038	-1,081
Goods and Services	3,065	3,478	3,268	3,751	2,383	3,802	4,039
Goods	2,050	1,957	2,291	3,075	2,076	3,950	3,959
Exports	10,612	11,122	11,612	11,746	9,924	15,086	15,955
Merchandise goods	9,158	10,057	10,019	10,112	8,645	12,053	12,880
Goods under merchancing (net)	1,455	1,065	1,593	1,634	1,280	3,033	3,075
Imports	8,562	9,165	9,321	8,671	7,848	11,137	11,996
Services	1,015	1,522	978	675	307	-148	80
Exports	4,901	5,723	5,472	5,341	3,672	3,788	4,351
<i>o/w Tourism</i>	2,285	2,823	2,620	2,249	1,055	535	883
Imports	3,886	4,202	4,494	4,665	3,365	3,936	4,271
Primary Income	-2,660	-3,557	-3,633	-2,959	-2,906	-4,952	-5,244
Net employments' remunerations	0	3	3	3	4	4	4
Net repatriated profits and dividends	-2,578	-2,443	-2,470	-3,367	-2,334	-1,824	-1,812
Net reinvested earnings	524	-654	-662	700	-57	-2,527	-2,770
Net interest paid	-606	-463	-505	-295	-517	-605	-666
Secondary Income	70	86	99	189	73	112	125
Capital Account	50	20	46	-375	54	1	1
Financial Account	204	915	-346	306	489	-824	-215
Foreign Direct Investment	1,823	2,037	708	-1,397	-992	-1,202	-1,306
Change in assets held abroad by residents	1,308	4,724	2,268	12	-582	1,385	1,377
Change in claims held by non-residents in the economy	-516	2,687	1,559	1,409	410	2,587	2,683
Portfolio Investment	1,721	-2,170	-1,286	1,176	1,410	897	982
Change in assets held abroad by residents	441	-1,392	-563	2,400	2,762	1,163	1,221
Change in claims held by non-residents in the economy	-1,281	779	723	1,224	1,353	266	239
Financial Derivatives	6	-224	-21	8	66	-424	-186
Net creditor contracts	26	-213	4	27	117	-421	-182
Net debtor contracts	21	10	26	19	51	3	4
Other Investment	-1,185	-1,177	661	1,630	-1,625	-939	-708
Change in assets held abroad by residents	-2,354	-1,340	749	1,548	-564	97	665
Change in claims held by non-residents in the economy	-1,169	-164	88	-82	1,060	1,036	1,374
Change in Central Bank Reserve Assets	-2,161	2,449	-408	-1,111	1,630	843	1,004
Errors and Omissions	-320	888	-125	-299	884	213	865

in % of GDP							
	2016	2017	2018	2019	2020	2021	Latest available 2022Q1*
Current Account	0.8	0.0	-0.4	1.6	-0.8	-1.8	-1.8
Goods and Services	5.3	5.4	5.1	6.1	4.5	6.4	6.6
Goods	3.6	3.0	3.6	5.0	3.9	6.7	6.4
Exports	18.5	17.3	18.0	19.2	18.5	25.4	26.0
Merchandise goods	16.0	15.6	15.5	16.5	16.2	20.3	21.0
Goods under merchancing (net)	2.5	1.7	2.5	2.7	2.4	5.1	5.0
Imports	14.9	14.3	14.5	14.2	14.7	18.8	19.5
Services	1.8	2.4	1.5	1.1	0.6	-0.2	0.1
Exports	8.5	8.9	8.5	8.7	6.9	6.4	7.1
<i>o/w Tourism</i>	4.0	4.4	4.1	3.7	2.0	0.9	1.4
Imports	6.8	6.5	7.0	7.6	6.3	6.6	7.0
Primary Income	-4.6	-5.5	-5.6	-4.8	-5.4	-8.4	-8.5
Net employments' remunerations	0.0	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	-3.1	-2.9
Net reinvested earnings	0.9	-1.0	-1.0	1.1	-0.1	-4.3	-4.5
Net interest paid	-1.1	-0.7	-0.8	-0.5	-1.0	-1.0	-1.1
Secondary Income	0.1	0.1	0.2	0.3	0.1	0.2	0.2
Capital Account	0.1	0.0	0.1	-0.6	0.1	0.0	0.0
Financial Account	0.4	1.4	-0.5	0.5	0.9	-1.4	-0.4
Foreign Direct Investment	3.2	3.2	1.1	-2.3	-1.9	-2.0	-2.1
Change in assets held abroad by residents	2.3	7.3	3.5	0.0	-1.1	2.3	2.2
Change in claims held by non-residents in the economy	-0.9	4.2	2.4	2.3	0.8	4.4	4.4
Portfolio Investment	3.0	-3.4	-2.0	1.9	2.6	1.5	1.6
Change in assets held abroad by residents	0.8	-2.2	-0.9	3.9	5.2	2.0	2.0
Change in claims held by non-residents in the economy	-2.2	1.2	1.1	2.0	2.5	0.4	0.4
Financial Derivatives	0.0	-0.3	0.0	0.0	0.1	-0.7	-0.3
Net creditor contracts	0.0	-0.3	0.0	0.0	0.2	-0.7	-0.3
Net debtor contracts	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Other Investment	-2.1	-1.8	1.0	2.7	-3.0	-1.6	-1.2
Change in assets held abroad by residents	-4.1	-2.1	1.2	2.5	-1.1	0.2	1.1
Change in claims held by non-residents in the economy	-2.0	-0.3	0.1	-0.1	2.0	1.7	2.2
Change in Central Bank Reserve Assets	-3.8	3.8	-0.6	-1.8	3.0	1.4	1.6
Errors and Omissions	-0.6	1.4	-0.2	-0.5	1.7	0.4	1.4

(*) Sum of 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 merchancing" 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
												(Latest available)	As of:
Monetary Indicators and Relative Prices⁽¹⁾													
Consumer inflation (% change, YoY, eop)	8.6	7.5	8.5	8.3	9.4	8.1	6.6	8.0	8.8	9.4	8.0	9.6	2022M07
Producer inflation (% change, YoY, eop)	11.1	5.9	6.3	10.6	6.6	-1.9	5.4	10.0	20.1	3.6	20.7	14.3	2022M06
Nominal exchange rate (UYU per USD, eop)	19.90	19.40	21.39	24.33	29.87	29.26	28.76	32.39	37.34	42.34	44.70	39.86	2022M06
Nominal exchange rate (UYU per USD, 12-month average)	19.30	20.32	20.50	23.23	27.33	30.08	28.65	30.74	35.28	42.06	43.57	42.78	2022M06
Nominal exchange rate (% change, 12-month average, YoY)	-3.8	5.3	0.9	13.3	17.6	10.1	-4.8	7.3	14.8	19.2	3.6	-0.7	2022M06
Real Effective Exchange Rate, REER (index base 100 = Dec-2011, eop)	100.0	88.7	86.4	85.6	86.2	78.7	80.0	72.6	78.1	79.1	81.8	75.9	2022M05
REER (% change, YoY, if + = real depreciation)	-5.2	-11.3	-2.6	-0.9	0.7	-8.7	1.6	-9.2	7.6	1.3	3.4	-6.5	2022M05
Terms of trade, ToT (index base 100 = Dec-2011, eop)	100.0	101.5	103.5	112.5	108.8	112.0	111.5	105.0	109.7	115.7	113.7	109.6	2022M04
ToT (% change, YoY)	-1.1	1.5	2.0	8.7	-3.3	3.0	-0.5	-5.8	4.5	5.4	-5.9	-6.4	2022M04
Monetary base (% change, YoY)	17.3	21.9	17.4	1.4	7.2	9.7	3.6	10.4	7.7	5.8	2.0	0.2	2022M06
M1 ¹ (% change, YoY)	20.8	11.2	15.0	3.7	5.6	8.4	15.0	8.9	5.1	18.5	17.8	4.2	2022M05
International Reserves (% of GDP) ⁽²⁾						23.4	24.8	24.1	23.7	30.4	28.6	24.5	2022M06
Interest rate on Central Bank's 30-day bills (annual, in %, average) ⁽³⁾	7.4	8.9	10.5	14.0	13.0	12.0	9.5	8.2	7.9	7.0	5.2	9.6	2022M06
Interest rate on Central Bank's 1-year bills (annual, in %, average) ⁽³⁾	9.2	9.9	11.0	15.1	14.0	14.5	10.8	10.0	10.3	9.8	6.9	10.8	2022M06
Monetary Policy Interest Rate (overnight reference, annual, in %, eop) ⁽⁴⁾	8.75	9.0	9.25	.	.	.	.	.	.	4.5	5.75	9.75	2022M07
Overnight interbank interest rate (annual, in %, eop) ⁽⁵⁾	8.8	8.9	5.3	20.0	18.0	3.5	8.6	5.0	9.0	4.3	5.5	9.0	2022M06
Interest rate on local currency deposits (annual, in %, average) ⁽⁶⁾	5.5	5.2	5.1	8.5	7.9	6.0	5.3	5.3	6.5	4.2	4.5	6.3	2022M05
Total bank deposits by private non-financial sector (% of GDP)						49.2	44.2	44.0	47.7	60.3	59.7	61.0	2022M05
<i>By currency (% of total)⁽⁷⁾:</i>													
<i>Local currency</i>													
	26.2	26.1	24.7	22.3	19.1	22.7	26.7	26.4	23.8	22.7	22.8	22.2	2022M05
<i>Foreign currency</i>													
	73.8	73.9	75.3	77.7	80.9	77.3	73.3	73.6	76.2	77.3	77.2	77.8	2022M05
<i>By residency (% of total):</i>													
<i>Residents</i>													
	84.4	84.2	84.5	84.3	83.7	87.4	90.2	90.2	89.6	89.7	90.6	90.9	2022M05
<i>Non-residents</i>													
	15.6	15.8	15.5	15.7	16.3	12.6	9.8	9.8	10.4	10.3	9.4	9.1	2022M05
Interest rate on local currency loans (annual, in %, average) ⁽⁶⁾	21.9	20.7	22.0	21.5	23.2	24.7	24.6	23.8	23.6	20.2	17.5	15.3	2022M05
Total bank credit to private non-financial sector (% of GDP) ⁽⁸⁾						26.4	23.9	23.8	24.2	27.6	27.2	28.5	2022M05
<i>By currency (% of total)⁽⁵⁾:</i>													
<i>Local currency</i>													
	45.2	46.6	44.9	43.4	43.2	45.4	48.2	48.1	49.0	49.2	48.9	51.0	2022M05
<i>Foreign currency</i>													
	54.8	53.4	55.1	56.6	56.8	54.6	51.8	51.9	51.0	50.8	51.1	49.0	2022M05
<i>By residency (% of total):</i>													
<i>Residents</i>													
	98.6	98.8	98.9	98.9	99.0	99.0	99.0	99.3	99.1	98.6	96.6	96.9	2022M05
<i>Non-residents</i>													
	1.4	1.2	1.1	1.1	1.0	1.0	1.0	0.7	0.9	1.4	3.4	3.1	2022M05
Total bank credit to non-financial sector (% real change, YoY)	12.1	7.3	15.4	9.4	11.5	-6.5	-6.6	4.9	2.2	3.0	5.0	2.5	2022M05

(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 May and June 2021 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2022Q2 will be released by the Central Bank in September 2022.

(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 M1¹. 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
												(Latest available)	As of:
Labor Market Indicators													
Activity rate (% of working age population, eop) ⁽¹⁾	64.1	64.0	63.6	64.7	63.8	63.4	62.9	62.5	62.2	60.7	62.6	61.8	2022M06
Employment rate (% of working age population, eop)	60.1	59.9	59.4	60.4	59.0	58.4	57.9	57.2	56.7	54.5	58.3	56.7	2022M06
Unemployment rate (% of labor force, eop) ⁽²⁾	6.3	6.3	6.5	6.6	7.5	7.9	7.9	8.4	8.9	10.2	7.0	8.4	2022M06
Unemployment insurance (number of beneficiaries, in thousands, eop)	26.2	31.1	35.4	38.5	45.2	44.4	42.5	43.8	45.4	77.4	46.2	45.7	2022M06
Nominal wages (index base 100 = Dec-2011, eop)	100.0	112.6	126.5	142.0	156.1	174.4	190.1	206.1	223.7	240.7	255.5	269.0	2022M05
Nominal wages (% change, 12-month average, YoY)	12.9	13.1	11.4	12.8	10.4	11.4	10.5	7.8	9.4	7.9	5.9	6.4	2022M05
Real wages (index base 100 = Dec-2011, eop)	100.0	105.2	108.7	112.5	112.9	116.6	118.1	118.4	118.1	116.3	114.5	114.3	2022M05
Real wages (% change, 12-month average, YoY)	4.0	4.2	3.0	3.4	1.6	1.6	2.9	0.2	1.3	-1.7	-1.5	-1.6	2022M05

(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	2022		
Public Finances ⁽¹⁾⁽²⁾								(Latest available)	As of:
	(in % of GDP)								
Central Government									
Revenues	25.6	26.7	28.2	27.5	27.1	26.5	26.6	2022M06	
Primary expenditures	26.4	27.0	27.6	27.9	29.5	28.2	27.0	2022M06	
Primary balance	-0.7	-0.2	0.7	-0.4	-2.4	-1.6	-0.4	2022M06	
Interests payments ⁽³⁾	2.5	2.5	2.6	2.4	2.7	2.2	2.2	2022M06	
Headline Central Government balance	-3.2	-2.7	-1.9	-2.8	-5.1	-3.8	-2.6	2022M06	
<i>Impact of extraordinary inflows to the Social Security Trust Fund ("Cincuentones Effect")</i> ⁽⁴⁾	.	.	1.2	1.2	0.7	0.4	0.3	2022M06	
<i>Extraordinary transfers to Social Security Trust Fund</i> ⁽⁵⁾	.	.	1.2	1.1	0.6	0.3	0.2	2022M06	
<i>Interest payments to the SSTF on its holdings of Central Government Debt</i>	.	.	0.0	0.1	0.1	0.1	0.1	2022M06	
Central Government balance excluding Cincuentones effect	.	.	-3.1	-4.0	-5.8	-4.3	-2.9	2022M06	
Rest of Non-Monetary Public Sector (NMPS)									
Local governments balance	0.1	0.1	0.0	-0.1	0.1	0.1	0.2	2022M06	
Non-financial public enterprises balance	0.2	0.0	-0.2	-0.3	0.1	0.6	0.3	2022M06	
State-owned insurance bank balance	0.2	0.2	0.2	0.4	0.3	0.4	0.2	2022M06	
Headline Rest of NMPS balance	0.5	0.2	0.0	0.0	0.4	1.1	0.7	2022M06	
Central Bank									
Primary balance	-0.1	-0.1	-0.1	-0.1	0.0	0.0	-0.1	2022M06	
Interests payments	0.6	0.6	0.7	0.4	0.5	0.9	0.7	2022M06	
Headline Central Bank balance	-0.7	-0.7	-0.8	-0.5	-0.5	-0.9	-0.7	2022M06	
Consolidated Public Sector									
Primary balance	-0.3	-0.2	0.4	-0.6	-2.1	-0.7	0.2	2022M06	
Interests payments	3.0	3.0	3.2	2.7	3.1	3.0	2.7	2022M06	
Headline Overall balance	-3.4	-3.3	-2.7	-3.2	-5.2	-3.7	-2.6	2022M06	
Overall balance excluding Cincuentones effect	-3.4	-3.3	-3.9	-4.4	-5.9	-4.1	-2.9	2022M06	

(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 June 2022 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2022Q2 will be released by the Central Bank in September 2022.

(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	2022		
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	61.5	59.9	60.7	2022Q2	
<i>o/w in foreign currency (% of total)</i>	54.7	49.2	53.8	56.1	54.5	52.7	47.1	2022Q2	
<i>held by non-residents (% of total)</i>	55.5	53.5	55.0	57.4	58.7	55.4	50.8	2022Q2	
Net debt	39.0	39.4	40.8	45.3	56.4	55.3	55.7	2022Q2	
<i>Memo Item: Social Security Trust Fund's holdings of Central Government debt</i>	.	.	0.9	1.7	2.4	2.6	3.0	2022Q2	
Consolidated Public Sector ⁽⁵⁾									
Gross debt	58.4	60.5	59.6	60.9	74.6	71.5	73.3	2022Q1	
<i>o/w in foreign currency (% of total)</i>	52.6	41.4	47.0	53.6	50.3	49.6	46.8	2022Q1	
<i>held by non-residents (% of total)</i>	50.0	44.8	46.5	50.9	52.0	51.5	48.8	2022Q1	
Net debt	27.1	28.6	28.7	30.1	36.1	35.4	38.0	2022Q1	

Source: Ministry of Economy and Finance

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 June 2022 based on annual Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2022Q2 will be released by the Central Bank in September 2022.

(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.