Uruguay

Macroeconomic Newsletter

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

May 2023

Key Highlights

- Real GDP grew 4.9% in 2022. Compared to the last quarter of 2019 (pre-pandemic levels), economic activity expanded by 3.7%. Leading indicators show a slowdown in 2023.
- Labor informality rate remains at historically low levels, at 20%.
- In 2022, the Current Account Balance registered a deficit of USD 2.3 billion (3.2% of GDP).
- After reducing its Monetary Policy Rate by 25 bps, to 11.25% in April, the Monetary Policy Committee maintained the reference rate in its meeting in May.
- The recently approved Pension Reform supports the long-term sustainability of public finances.
- Uruguay selects the *"H24U"* green hydrogen project as the country's first venture to utilize green hydrogen as an energy source.
- Harvard launches Research Center for LATAM in Montevideo, Uruguay.

I. Real Sector

Gross Domestic Product fell 0.1% year-on-year (YoY) in 2022Q4, contracting 1.3% in seasonally-adjusted q/q terms. Overall, in 2022 the Uruguayan economy grew by 4.9%. Compared to 2019Q4 (pre-pandemic levels), economic activity grew an accumulated 3.7%.

From the production side, performances of Health, education, real estate, and other services; Commerce, restaurants, and hotels; Transportation, information, and communications stood out. This trend was driven by the return of normality after COVID-19 with full face-to-face educational activity and the reopening of borders for the tourist season. In addition, the positive incidence of the Commerce sector was associated with a more dynamic commercial activity derived from the commercialization of the 2021/2022 soybean harvest.

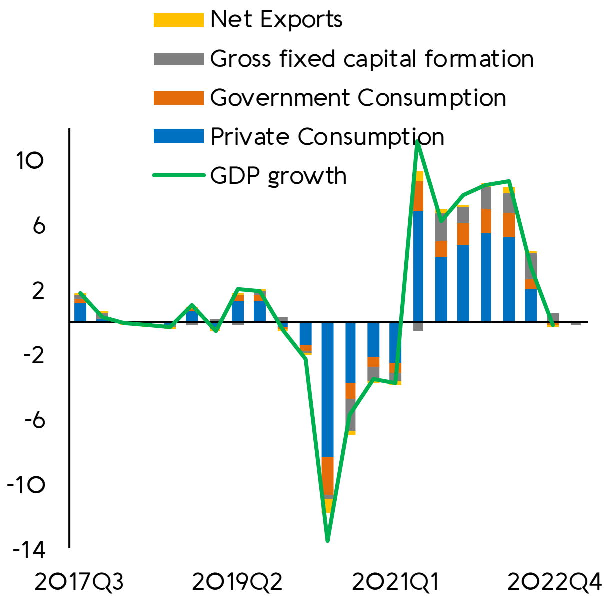
In turn, from the expenditure perspective, the increase in activity was linked to a greater dynamism in all the components. In terms of domestic demand, Household consumption, Gross fixed capital formation and Government spending grew 6.0%, 9.5%, and 1.6% in real terms, respectively. Meanwhile, external demand registered a real expansion of 11.1% in 2022Q4, less than the growth of real imports (12.5%).

The IMF forecast a real expansion of 2% for 2023, according to the Article IV consultation with Uruguay released on May 15th. The IMF noted that the outlook, while positive, is subject to downside risks, including related to the current drought.

Leading economic indicators show mixed signals for 2023Q1, weighed down by a severe drought in the country and lower external demand for goods. According to the Uruguay XXI Institute, exports of goods, including those from the Free Trade Zones, recorded a 23% decrease YoY in April measured in current USD. So far this year, sales of goods abroad accumulate an 8% YoY drop. In addition, real tax collection fell by 1.1% in the first quarter compared with the same period of last year. Likewise, the manufacturing industry (without considering the oil refinery industry) grew 1.4% YoY in the first quarter.

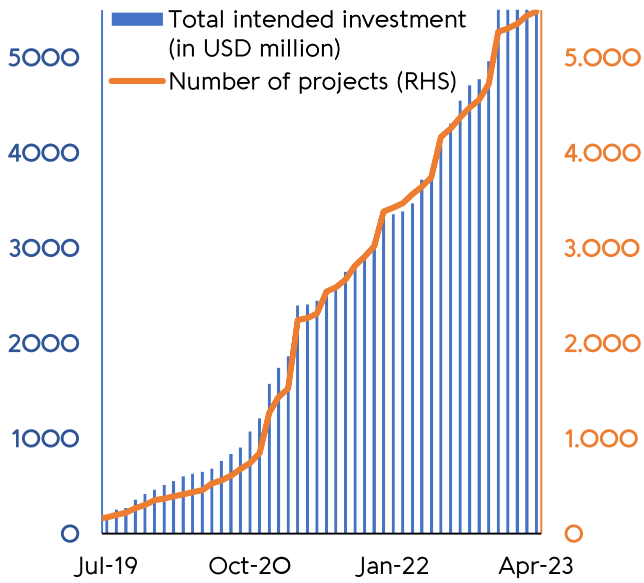
Investment continued to show signs of improvement on the back of new projects submitted by the Commission for the Application of the Investment Law for approval (COMAP, Spanish acronym) and the National Housing Agency (ANV). According to COMAP, 1,887 projects were presented in 2022 amounting to an intended USD 2.6 billion investment (44% higher than 2021). The number of projects finally recommended by COMAP totaled 708 last year, with an associated intended investment amount of USD 1.2 billion. As of April 2023, 212 projects have been submitted so far this year for an amount of 520 million dollars.

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



Source: Central Bank of Uruguay

Figure 2: Investment projects presented under the COMAP regime
(As of April 2023)



Source: Ministry of Economy and Finance

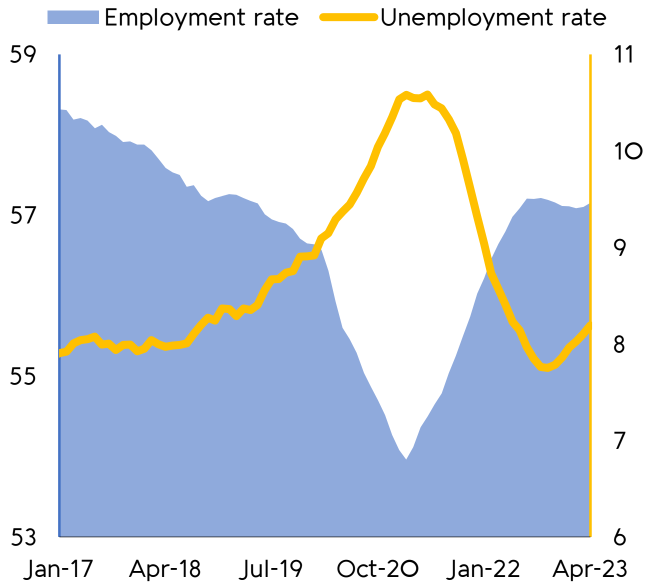
II. Labor market

The employment rate stood at 57.5% in April, slightly above the one observed the same month of last year (56.9%). In the first four months of 2023, approximately 12,000 net jobs were created compared to the same period of 2022. In addition, the activity rate (share of the employed population, or those who are looking for a job, as a share of total working-age people) stood at 63.0%. This higher than the level observed in March of the previous year (61.7%).

In turn, the unemployment rate stood at 8.8% in April, increasing compared to the same month of last year (7.7%), due to the recovery of the activity rate. Underemployment stood at 7.9% and the informality rate remains at historically low levels, 20%, the same as in last three months.

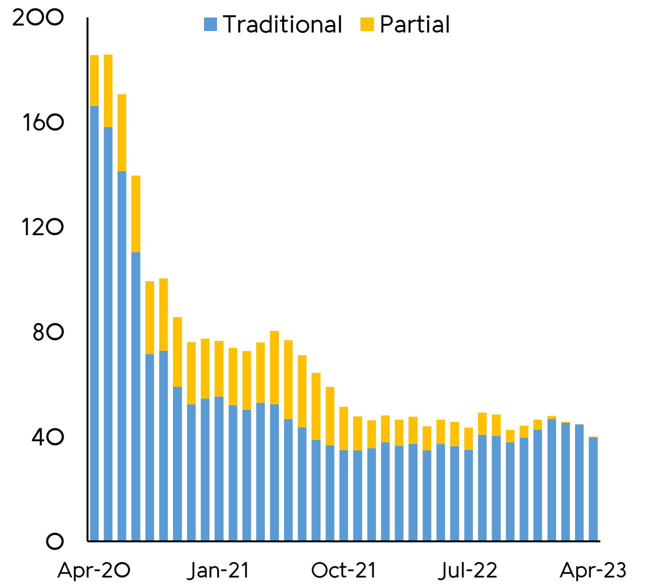
Meanwhile, nominal wages increased by 0.13% in March 2023, accumulating a variation of 10.65% in the last twelve months. In real terms, wages accumulate an increase of 3% in the average of the last twelve months.

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



Source: National Institute of Statistics

Figure 4: Unemployment Insurance
(Number of beneficiaries, in thousands, by the 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

III. External Sector

In 2022, the Current Account Balance (CAB) registered a deficit of USD 2,268 million, equivalent to 3.2% of GDP. This implied a deterioration of 0.6 p.p. of GDP compared to 2021.

Exports of Goods increased by 9% in 2022 and stood at USD 17,156 million (25.4% of GDP). Meanwhile, imports of goods grew by 21% last year, reaching USD 13,615 million (20.1% of GDP).

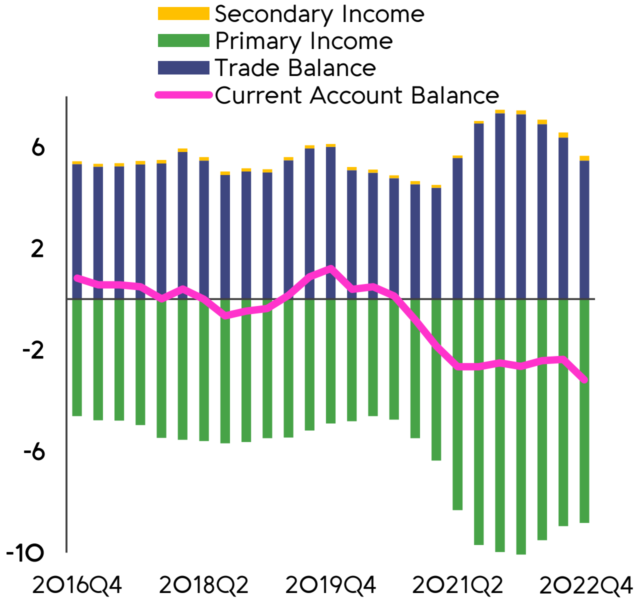
In turn, in 2022Q4 the trade balance of goods registered a surplus of USD 128 million. General Merchandise exports increased 18.2% in 2022. In this performance, the increase in soybean placements stands out, followed by pulp, motor vehicles, dairy products, and meat exports.

The Services Account presented a surplus of USD 348 million in 2022, higher than the one registered in 2021 (USD 11 million). This increase is explained by a higher surplus in Travel services exports (USD 755 million) and Other Services (USD 509 million), which was partially offset by a higher deficit in Transportation (USD 916 million).

It is worth noting the increase in Travel Exports (USD 1,202 million) in 2022 associated with the normalization of levels of mobility and tourism activity, as well as the growth in exports of Other Services (USD 395 million).

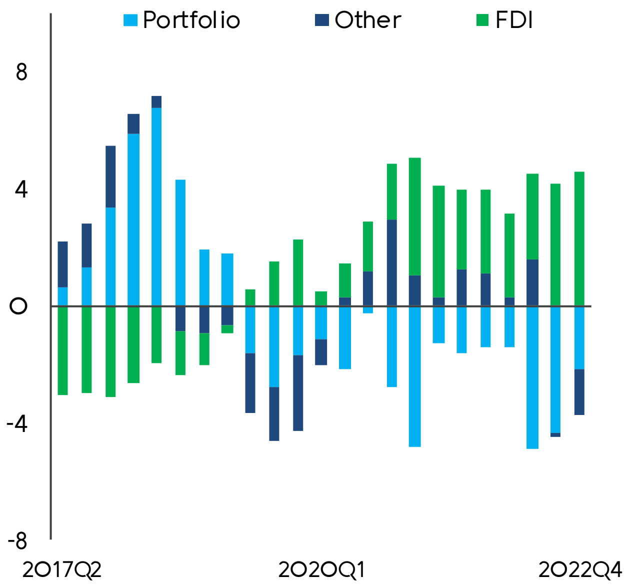
The Financial Account registered a net capital inflow of USD 2.2 billion in 2022, higher than the one observed in 2021 (USD 731 million). The key driver of capital inflows was Net Direct Investments (USD 3.3 billion), while Uruguay financed the rest of the world through Portfolio Investment (USD 1.5 billion), Financial Derivatives (USD 835 million), and Other Investments (USD 301 million).

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



Source: Central Bank of Uruguay

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

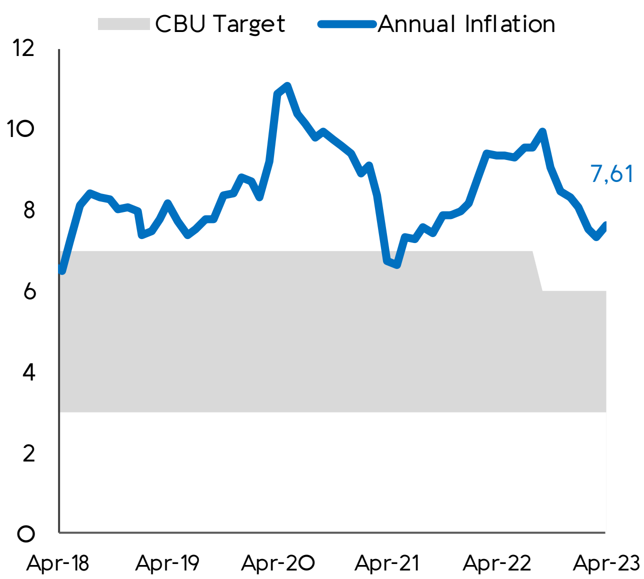


Source: Central Bank of Uruguay
Note: "Other" includes Other Investments and Financial Derivatives from the Financial Account of the Balance of Payments. Changes in Central Bank reserve assets are not included.

IV. Inflation and Monetary Indicators

In April 2023, consumer prices increased by 0.75%, printing inter-annual inflation of 7.61%. The Consumer Price Index, excluding fuels and fresh fruits and vegetables, registered a monthly variation of 0.52% in the fourth month of this year. The main contributor was the Food and non-alcoholic beverages division, with an increase of 1.9% MoM, mainly explained by the drought that affects the country.

Figure 7: Inflation
(In %, YoY)



Source: Central Bank of Uruguay and Ministry of Economy and Finance of Uruguay

In turn, the Monetary Policy Committee (COPOM) reduced its Monetary Policy Rate (MPR) by 25 bps in April, to 11.25%. This was the first time the COPOM decided to lower the MPR since establishing this policy instrument, in September 2020. One month later, the COPOM decided to maintain the reference rate at 11.25% during the meeting in May.

According to the minutes of the meeting, the level of the policy rate is consistent with a contractive monetary policy aimed at continuing the efforts for the convergence of inflation and its expectations in the 24-month horizon. In addition, the Committee highlighted the stability of inflation expectations in recent months.

The COPOM established that future movements of the MPR would be conditioned by the evolution of inflation expectations of economic agents. The median inflation expectations within the MPH (i.e., next 24 months) from the Central Bank´s survey stood at 6.7% in May 2023.

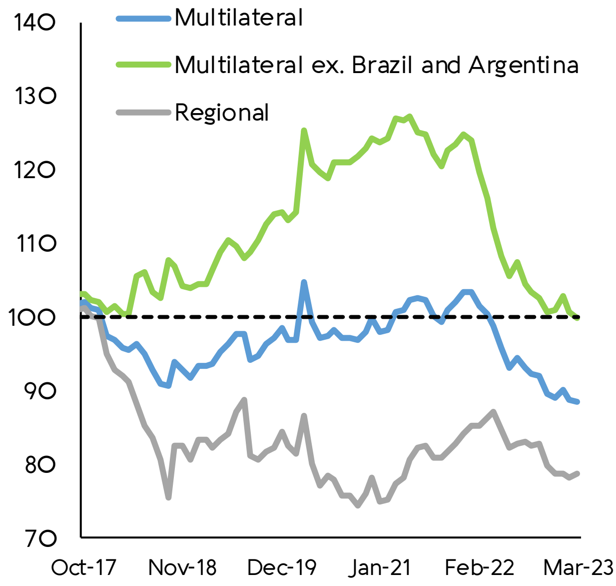
Regarding the nominal FX, the peso appreciated 1.9% on average in 2023Q1 compared to the previous quarter, and 0.8% month-on-month (on average) in April, ending at an average of 38.78 pesos per US Dollar. Overall, the UYU has appreciated 3.2% YTD against the US Dollar.

The real effective exchange rate (REER) showed a 1.3% appreciation in 2023Q1 compared to the previous quarter. The exchange rate competitiveness with the region decreased by 2.4% (comprised by Argentina and Brazil), while it diminished by 0.3% in the same period with the extra region (United States, México, Germany, Spain, United Kingdom, Italy, and China, according to Central Bank of Uruguay methodology). Taking the monthly print, in March, the REER fell 11.7% YoY.

Figure 8: Nominal Exchange Rate
(Pesos per Dollar)

Source: Central Bank of Uruguay

Figure 9: Real Effective Exchange Rate
(Index base 100 = 2017)



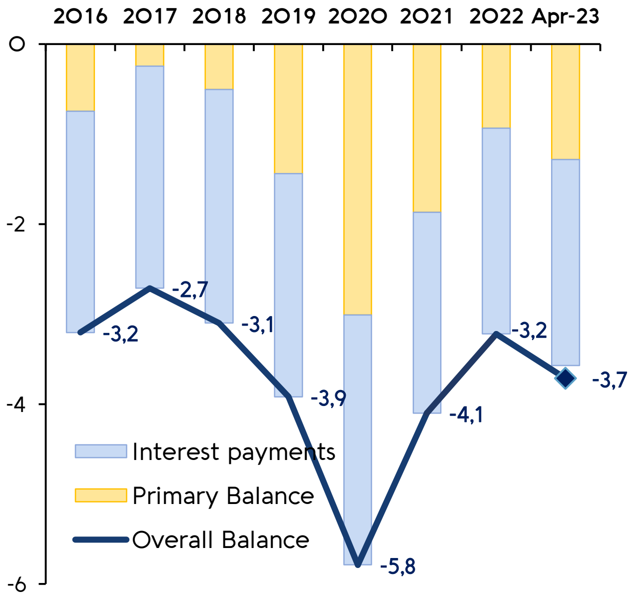
Note 1: The Regional Real Effective Exchange Rate is a weighted average of the REER of Argentina and Brazil.
Note 2: An upward movement in the index means a real exchange depreciation. Source: Central Bank of Uruguay.

V. Fiscal and Debt Indicators

In the twelve months ended April 2023, the fiscal balance of the Central Government stood at -3.7% of GDP. In addition, the inflows to the Social Security Trust Fund were 0.1% of GDP. Therefore, the fiscal result of the GC-BPS adjusted for this effect stood at -3.6% of GDP, implying a marginal improvement of 0.1pp of GDP compared with the year ended in March 2023. Interest payments represented 2.3% of GDP as of April, remaining stable compared to the previous month.

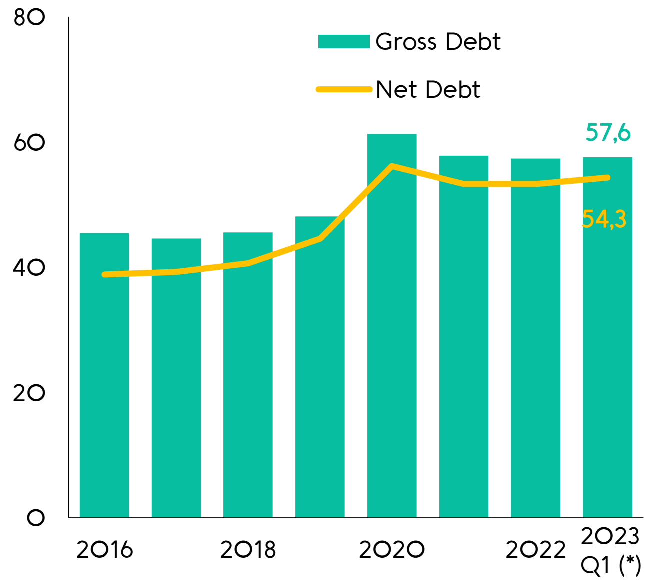
In turn, the gross debt of the Central Government stood at 57.6% of GDP as of March 2023, while net debt was 53.3% of GDP, implying a reduction of 2.6 p.p. for the gross debt and a slight increase of the net debt of 0.9 p.p. of GDP, respectively, from a year ago (Figure 11). Debt figures include all 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.

Figure 10: Central Government Fiscal Balance
(In % of GDP, excluding extraordinary inflows of funds to SSTF)



Source: Ministry of Economy and Finance of Uruguay

Figure 11: 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 released by the Central Bank (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 gross debt stock stood at 66.9% of GDP by end-December 2022, while the net debt printed at 38.4% of GDP.

VI. Banking System

The solvency situation of the financial institutions based in Uruguay continued to show remarkable strength as of the end of 2022, with a capital buffer that reached 1.9 times the minimum regulatory requirement (which considers the risks of credit, market, operational, and systemic). Stress tests of the banking system carried out by the Superintendence of Financial Services of the Central Bank showed that the banking system on average would withstand a severe recession scenario, and the regulatory capital of it would remain above the minimum requirement.

Regarding the liquidity risk of the banking system, the liquid ratio of assets to total assets showed a 3.4% drop in December 2022 compared to the same period of the previous year, reaching 55%. This contraction was driven by the fall in the value of assets under custody by the BCU, composed largely of assets in FX, which registered a decrease in their valuation due to the drop in the exchange rate.

Nonetheless, liquidity continues at healthy levels, with 30- and 90-day liquidity ratios standing at 74.5%. The profit of banks (measured in nominal pesos) represented a return on assets (ROA) of 1.1% and a return on equity (ROE) of 11.7% as of December 2022. The general delinquency of credit stood at 1.5%, staying at minimal records in historical terms. When broken down by enterprises and families, the former has printed a historical minimum rate of 0.8% while the latter was 3.9%.

In turn, the bank indebtedness of families concerning their annual income increased by 3.3% in the previous year and ended up at 32.1% in December 2022.

VII. Recent Developments

VII.1 Pension Reform recently approved supports the long-term sustainability of public finances

In April 2023, Congress passed a new Social Security law that implements significant changes in the pay-as-you-go pillar parameters, aimed at stabilizing pension payments as a share of GDP in the medium run. The law follows recommendations of the Commission of Experts in Social Security, a group of experts of all the parties and social associations created in 2020 for this purpose.

"Sometimes it is hard to imagine the future, but the numbers we have today indicate that more and more Uruguayans' taxes are used and needed to support the pension system; the contributions directly involved in the social security system are not enough to sustain that system", pointed out the president of Uruguay Mr. Luis Lacalle Pou.

Uruguay has one of the highest old-age dependency ratios in LATAM and its population continues to age fast. The country spends a relatively large portion of GDP on pensions compared with the rest of LATAM. In this line, total spending on the three biggest pension institutions represents currently 10% of GDP. The key objective of this reform is to maintain this level of spending in the long term versus the 12.6% of GDP expenditure projected in the scenario without reform.

One of the main outcomes of the reform is related to the retirement age, which will increase up to 65 years (from the current 60 years) gradually. In that sense, a transition period will start in 2034, with the generation born in 1973 retiring at 61, and since, each generation would retire a year later until the generation born in 1977 would retire at 65. The minimum amount of worked years required to retire will be 30, albeit contributing for 35 years would result in early retirement at 64 years. Also, a 38-year contribution would be rewarded by a retirement age of 63.

The new reference for the calculation of future pensions will be based on the best 20 years of covered earnings. In the previous system, this value resulted from i) the monthly average of the last 10 years or ii) the average of the 20 best years of working life was considered.

The reform also consolidates all retirement regimes making them converge within 10 years in a single social security system to reduce fragmentation. Ten years after the approval of the bill (2033) the convergence would start, with the old pension system rules weighing 50% and the new ones 50%. No retiree born before 1973 will be affected by this reform. In turn, the new system would gradually replace the old one, as the influence of the systems would be modified by 5% each year until the old system disappears. Consequently, the new system would fully take effect by 2043. In addition, compatibility between retirement and paid activity will be promoted.

VII.2 Uruguay awards US$10mn subsidies to "H24U" *green hydrogen pilot project*

The Government of Uruguay has chosen the "H24U" green hydrogen project as the country's first venture to utilize green hydrogen as an energy source. The Green Hydrogen Sector Fund administered by the Ministry of Industry, Energy and Mining (MIEM) and alongside the National Research and Innovation Agency of Uruguay and the National Technology Laboratory, selected the first enterprise that will use green hydrogen as energy.

The "H24U" project, led by the consortium of companies Saceem and CIR, will implement a cargo transportation system with a total investment of USD 43.5 million. In parallel, the consortium will receive non-reimbursable funding of USD 10 million over 10 years to facilitate the development, production, and use of green hydrogen. Initially, the project will focus on adapting forest cargo transfer trucks to utilize green hydrogen as their primary energy source. Currently, these trucks account for 28% of energy demand in Uruguay and largely rely on petroleum derivatives.

The adoption of green hydrogen in the transportation sector is a crucial component of reducing carbon emissions and transitioning towards more sustainable energy alternatives. By incorporating green hydrogen technology into cargo transfer trucks, Uruguay aims to significantly decrease its reliance on fossil fuels and promote cleaner transportation options.

In addition, the "H24U" project also explores the possibility of injecting green hydrogen into the natural gas network in the Paysandú Department. This initiative serves as a pilot project to assess the feasibility of scaling up green hydrogen integration and progressively decarbonizing various sectors.

The Green Hydrogen Sector Fund executed a rigorous evaluation process to select the "H24U" project. The first stage involved a call for profiles, followed by the submission of full commercial projects. A technical committee comprising representatives from the academic sector, MIEM experts, and specialists from the Netherlands and Germany evaluated the proposals and recommended the chosen project. This funding will support the consortium in implementing green hydrogen production and storage technology, enabling the successful integration of green hydrogen as an energy source in various applications.

The Potential of green hydrogen in Uruguay

The adoption of green hydrogen in Uruguay has the potential to bring significant environmental, economic, and energy security benefits. Green hydrogen, produced through renewable sources, offers a sustainable alternative to conventional fossil fuels, reducing greenhouse gas emissions and mitigating climate change impacts. Moreover, it promotes energy independence and resilience by diversifying the energy mix and reducing reliance on imported fossil fuels.

In June of last year, the Government of Uruguay presented 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 by the MIEM 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.

The production and distribution infrastructure for green hydrogen needs further development, and cost-effectiveness needs to be achieved for large-scale deployment. Collaboration between Government agencies, research institutions, and private enterprises will be essential in addressing these challenges and creating a supportive ecosystem for the widespread adoption of this clean source of energy.

Uruguay and Germany will cooperate to promote the energy transition

In March 2023, the Governments of Uruguay and Germany signed an agreement for the creation of a steering committee to underpin the energy transition in Uruguay.

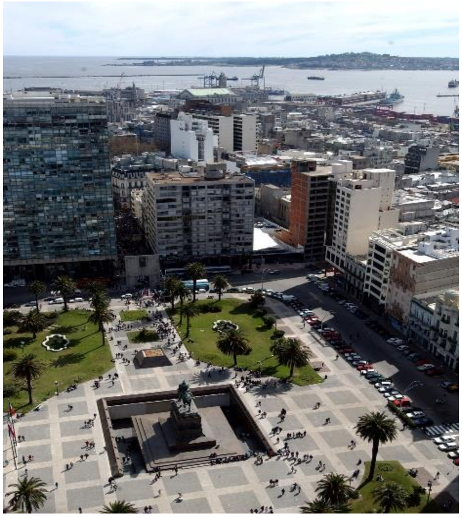
The agreement, signed by the Uruguayan Minister of Industry, Energy and Mining, Mr. Omar Paganini, and his German counterpart from the Federal Ministry for Economic Affairs and Climate Action, Mr. Robert Habeck, enables the creation of a steering committee made up of ministers from both countries.

In addition, technical working groups will be created to promote exchange and actions on issues such as green hydrogen, energy efficiency, electric mobility, and battery storage.

"Partnering with Germany, a leader in renewables and a first mover in the quest towards a hydrogen economy, is a remarkable step for our country, which is committed on a national level to energy transition since the multiparty agreements of 2010 and is now moving on to our second energy transition, with an overarching environmental policy", minister Paganini stated.

VII. 3 Uruguay offers a residence permit that seeks to encourage the arrival of foreign talent to live and work in the country

The Uruguayan Government introduced a residence permit for foreigners who work remotely as freelancers or for overseas companies. In this line, Uruguay offers a residence permit that seeks to encourage the arrival of foreign talent to live and work in the country as "digital nomads". It is intended for people who are self-employed or work for companies abroad and allows them to settle in Uruguay for a period of six months, renewable for an additional six months. If the worker decides to stay, he may choose to apply for temporary or permanent residence.



This initiative reflects the growth of "digital nomads" as a way of life and employment at a global scale. During the Test & Invest event organized by the Inter-American Development Bank at the end of 2022, Uruguayan president Mr. Luis Lacalle Pou pointed out that during the pandemic period, the country was an attractive destination for many people who decided to settle and/or invest in Uruguay.

Uruguay's appeal is due to a combination of attributes such as its infrastructure, political stability, economic, social, and legal security, as well as the quality of life it offers, the president added.

Digital nomads are people who work remotely from anywhere in the world using technological tools. This way of life is not a recent development; however, the pandemic contributed to making work more flexible. There are currently 35 million digital nomads in the world, according to data from the World Economic Forum, and this number is expected to grow exponentially in the upcoming years. The most common positions held by digital nomads are linked to marketing, software development, design, e-Commerce, and content writing.

On the other hand, Uruguay was among the 50 best countries for teleworking, according to the recent Global Remote Work Index prepared by the technology Company Nordlayer. The index was elaborated from four variables: i) the economic and social conditions of the countries (such as collective peace and monetary stability); ii) its digital and physical structure; iii) the levels of cybersecurity and iv) management in the face of a pandemic unleashed by covid-19 (made up of the percentage of vaccination against this disease in each place and the efficiency of the health system).

VII. 4 Harvard launches LATAM Research Center in Uruguay

In May, 2023, Harvard Business Research Center inaugurated a Latin American Research Center (LARC) in the capital of Uruguay, Montevideo City. The facility will be the headquarters of the program in the region and will provide opportunities for academic collaboration with different universities and research institutes, as well as for innovation in other business areas. The opening of the LARC marks a milestone for Uruguay, which expanded its network of technology and knowledge organizations with a new global player in different areas of research and education.

During the inauguration, Harvard researcher and professor Mr. Michael Chu stated that "it is a luxury to be in a country that shares the essential values that guide Harvard Business School". Mr. Chu expressed that Harvard Business School is the most important in the world, and the headquarters based in Montevideo will be the program's headquarters for the entire continent. "This speaks well of Uruguay," Chu added.

INVESTOR RELATIONS CONTACT INFORMATION

Antonio Juambeltz (Debt Management Unit)

☎ +598 2 1712 ext. 2957

E-mail: ajuambeltz@mef.gub.uy

Joaquín Alvarez

☎ +598 2 1712 ext. 2786

E-mail: joaquin.alvarez@mef.gub.uy (Debt Management Unit)

Carolina Steneri

☎ +598 2 1712 ext. 2213

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

Lucia Heguy

☎ +598 2 1712 ext. 2213

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

Uruguay — Economic Indicators

Economic structure and activity[1]	2016	2017	2018	2019	2020	2021	2022 (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)	1.734	1.864	2.003	2.188	2.255	2.675	2.930	2022Q4
Nominal GDP (USD, millions)	57.630	65.058	65.173	61.999	53.611	61.383	71.250	2022Q4
GDP per Capita (nominal USD)	16.559	18.624	18.589	17.620	15.183	17.325	20.043	2022Q4
Real GDP (% change, YoY)[2]		1,7	0,2	0,7	-6,3	5,3	-0,1	2022Q4
By Sector								
Agriculture, fishing and mining		-10,8	5,6	2,3	-6,0	13,4	-21,5	2022Q4
Manufacturing		-2,9	5,4	-3,8	-5,7	7,6	-4,3	2022Q4
Electricity, gas and water		3,9	4,0	10,2	-8,5	5,8	-5,7	2022Q4
Construction		-6,7	-7,6	-0,5	2,0	6,0	1,5	2022Q4
Commerce, restaurants and hotels		4,0	-8,4	0,3	-8,6	7,8	5,6	2022Q4
Transportation, storage and information and communications		7,2	1,2	6,5	-7,9	0,8	6,8	2022Q4
Financial services		3,3	-1,4	1,3	-0,3	5,8	2,7	2022Q4
Professional services and leasing		7,6	-2,4	1,0	-6,2	8,1	3,8	2022Q4
Public admnistration activities		-1,6	2,2	2,7	-0,6	0,1	0,3	2022Q4
Health, education, real state activities and other services		2,3	3,9	-0,4	-8,8	2,6	1,1	2022Q4
By Expenditure								
Final Consumption Spending		3,6	2,4	0,9	-6,9	4,0	3,4	2022Q4
o/w private sector		4,0	1,8	0,6	-6,8	2,9	4,5	2022Q4
o/w public sector		2,1	4,9	1,9	-7,1	8,4	-0,2	2022Q4
Gross fixed capital formation		0,9	-10,5	-2,0	1,2	16,5	3,9	2022Q4
Exports (goods and services)		5,3	-1,1	4,6	-16,3	11,7	-5,6	2022Q4
Imports (goods and services)		7,5	0,6	1,3	-12,2	18,2	3,7	2022Q4
Share of Nominal GDP by economic activity (in %)[3]								
Agriculture, fishing and mining	7,0	5,6	6,0	6,8	6,8	8,4	7,4	2022
Manufacturing	11,0	10,3	11,0	10,4	10,3	10,8	10,4	2022
Electricity, gas and water	2,7	2,9	2,7	2,5	2,6	2,8	2,3	2022
Construction	4,9	4,7	4,2	4,2	4,6	4,5	4,8	2022
Commerce, restaurants and hotels	13,5	13,5	12,4	12,0	11,9	13,8	14,4	2022
Transportation, storage and infromation and communications	8,5	8,7	8,8	9,2	8,3	7,7	8,1	2022
Financial services	5,0	5,1	5,1	5,0	4,8	4,5	4,6	2022
Professional services and leasing	6,9	7,4	7,4	7,5	7,4	7,3	7,3	2022
Government activities	4,8	4,9	5,0	5,2	5,4	4,8	4,8	2022
Health, education, real state activities and other services	24,9	25,9	26,3	26,2	26,6	23,7	23,9	2022
Share of Nominal GDP by expenditure (in %)[3][4]								
Final Consumption Spending	76,9	78,3	80,0	79,6	79,2	74,2	74,2	2022
Gross fixed capital formation	16,9	16,2	14,8	14,8	16,0	17,6	17,6	2022
Exports (goods and services)	26,9	25,9	26,5	27,8	25,2	30,5	31,3	2022
Imports (goods and services)	21,5	20,4	21,4	21,7	20,8	23,9	25,9	2022

(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 2022Q4*
Current Account	**474**	**7**	**-306**	**748**	**-443**	**-1.541**	**-2.268**
Goods and Services	3.065	3.478	3.276	3.719	2.426	4.500	3.889
Goods	2.050	1.957	2.385	3.113	2.153	4.489	3.541
Exports	10.612	11.122	11.778	11.865	10.057	15.700	17.156
Merchandise goods	9.158	10.057	10.125	10.126	8.659	12.120	14.329
Goods under merchanting (net)	1.455	1.065	1.653	1.740	1.398	3.581	2.827
Imports	8.562	9.165	9.394	8.753	7.904	11.211	13.615
Services	1.015	1.521	891	606	273	11	348
Exports	4.901	5.723	5.471	5.357	3.722	3.699	5.449
o/w Tourism	2.285	2.823	2.620	2.249	1.055	541	1.743
Imports	3.886	4.202	4.580	4.751	3.450	3.687	5.101
Primary Income	-2.660	-3.557	-3.671	-3.042	-2.938	-6.119	-6.292
Net employments´ remunerations	0	3	3	3	4	4	4
Net repatriated profits and dividends	-2.578	-2.443	-2.472	-3.509	-2.359	-2.428	-2.935
Net reinvested earnings	524	-654	-680	759	-55	-3.056	-2.961
Net interest paid	-606	-463	-522	-295	-527	-638	-399
Secondary Income	70	86	89	72	69	78	135
Capital Account	**50**	**20**	**46**	**-373**	**54**	**-30**	**1**
Financial Account	**204**	**915**	**-312**	**149**	**506**	**-731**	**-2.174**
Foreign Direct Investment	1.823	2.037	729	-1.391	-1.016	-1.764	-3.274
Change in assets held abroad by residents	1.308	4.724	2.456	79	-491	1.893	6.051
Change in claims held by non-residents in the economy	-516	2.687	1.727	1.470	526	3.657	9.325
Portfolio Investment	1.721	-2.170	-1.243	1.031	1.480	862	1.541
Change in assets held abroad by residents	441	-1.392	-563	2.400	2.755	1.151	1.675
Change in claims held by non-residents in the economy	-1.281	779	680	1.370	1.275	289	133
Financial Derivatives	6	-224	-21	7	46	466	835
Net creditor contracts	26	-213	4	27	98	469	851
Net debtor contracts	21	10	26	19	51	3	16
Other Investment	-1.185	-1.177	631	1.612	-1.634	-1.138	301
Change in assets held abroad by residents	-2.354	-1.340	780	1.576	-444	779	2.025
Change in claims held by non-residents in the economy	-1.169	-164	149	-37	1.189	1.917	1.724
Change in Central Bank Reserve Assets	-2.161	2.449	-408	-1.111	1.630	843	-1.578
Errors and Omissions	**-320**	**888**	**-52**	**-226**	**895**	**840**	**93**

in % of GDP

	2016	2017	2018	2019	2020	2021	Latest available 2022Q4*
Current Account	**0,8**	**0,0**	**-0,5**	**1,2**	**-0,8**	**-2,5**	**-3,2**
Goods and Services	5,3	5,3	5,0	6,0	4,5	7,3	5,5
Goods	3,6	3,0	3,7	5,0	4,0	7,3	5,0
Exports	18,4	17,1	18,1	19,1	18,8	25,6	24,1
Merchandise goods	15,9	15,5	15,5	16,3	16,2	19,7	20,1
Goods under merchanting (net)	2,5	1,6	2,5	2,8	2,6	5,8	4,0
Imports	14,9	14,1	14,4	14,1	14,7	18,3	19,1
Services	1,8	2,3	1,4	1,0	0,5	0,0	0,5
Exports	8,5	8,8	8,4	8,6	6,9	6,0	7,6
o/w Tourism	*4,0*	*4,3*	*4,0*	*3,6*	*2,0*	*0,9*	*2,4*
Imports	6,7	6,5	7,0	7,7	6,4	6,0	7,2
Primary Income	-4,6	-5,5	-5,6	-4,9	-5,5	-10,0	-8,8
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	-5,7	-4,4	-4,0	-4,1
Net reinvested earnings	0,9	-1,0	-1,0	1,2	-0,1	-5,0	-4,2
Net interest paid	-1,1	-0,7	-0,8	-0,5	-1,0	-1,0	-0,6
Secondary Income	0,1	0,1	0,1	0,1	0,1	0,1	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**	**0,2**	**0,9**	**-1,2**	**-3,1**
Foreign Direct Investment	3,2	3,1	1,1	-2,2	-1,9	-2,9	-4,6
Change in assets held abroad by residents	2,3	7,3	3,8	0,1	-0,9	3,1	8,5
Change in claims held by non-residents in the economy	-0,9	4,1	2,6	2,4	1,0	6,0	13,1
Portfolio Investment	3,0	-3,3	-1,9	1,7	2,8	1,4	2,2
Change in assets held abroad by residents	0,8	-2,1	-0,9	3,9	5,1	1,9	2,4
Change in claims held by non-residents in the economy	-2,2	1,2	1,0	2,2	2,4	0,5	0,2
Financial Derivatives	0,0	-0,3	0,0	0,0	0,1	0,8	1,2
Net creditor contracts	0,0	-0,3	0,0	0,0	0,2	0,8	1,2
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	2,6	-3,0	-1,9	0,4
Change in assets held abroad by residents	-4,1	-2,1	1,2	2,5	-0,8	1,3	2,8
Change in claims held by non-residents in the economy	-2,0	-0,3	0,2	-0,1	2,2	3,1	2,4
Change in Central Bank Reserve Assets	-3,8	3,8	-0,6	-1,8	3,0	1,4	-2,2
Errors and Omissions	**-0,6**	**1,4**	**-0,1**	**-0,4**	**1,7**	**1,4**	**0,1**

(*) 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 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]	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (Latest available)	As of:
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	8,3	7,61	2023M04
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	-1,88	-6,65	2023M04
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	40,07	38,78	2023M04
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	41,13	39,95	2023M04
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	-5,6	-7,9	2023M04
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	70,6	70,2	2023M03
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	-13,7	-11,7	2023M03
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	106,2	109,2	2023M02
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	-5,6	-2,7	2023M02
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	-2,4	28,07	2023M03
M1' (% change, YoY)	20,8	11,2	15,0	3,7	5,6	8,4	15,0	8,9	5,1	18,5	17,8	0,4	16,6	2023M03
International Reserves (% of GDP)[2]						23,3	24,5	23,9	23,4	30,3	27,6	21,2	21,2	2023M03
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	11,5	11,6	2023M04
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	12,0	11,1	2023M04
Monetary Policy Interest Rate (overnight reference, annual, in %, eop)[4]	8,75	9,0	9,25	.	.	.	.	.	.	4,5	5,75	11,25	11,25	2023M04
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	11,3	11,39	2023M04
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	8,9	0,0	2023M03
Total bank deposits by private non-financial sector (% of GDP)						47,6	43,8	45,9	49,8	48,3	40,7	52,2	51,9	2023M03
By currency (% of total) [7]*:*														
Local currency	26,2	26,1	24,7	22,3	19,1	22,7	26,7	26,4	23,8	22,7	22,8	25,0	26,3	2023M03
Foreign currency	73,8	73,9	75,3	77,7	80,9	77,3	73,3	73,6	76,2	77,3	77,2	75,0	73,7	2023M03
By residency (% of total):														
Residents	84,4	84,2	84,5	84,3	83,7	87,4	90,2	90,2	89,6	89,7	90,6	91,4	91,8	2023M03
Non-residents	15,6	15,8	15,5	15,7	16,3	12,6	9,8	9,8	10,4	10,3	9,4	8,6	8,2	2023M03
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	21,6	20,7	2023M03
Total bank credit to private non-financial sector (% of GDP)[8]						25,5	23,7	24,8	25,3	49,1	21,1	26,4	26,5	2023M03
By currency (% of total) [5]*:*														
Local currency	45,2	46,6	44,9	43,4	43,2	45,4	48,2	48,1	49,0	49,2	48,9	50,5	50,6	2023M03
Foreign currency	4,2	4,0	3,7	3,5	2,9	2,9	2,8	2,3	2,3	2,6	4,6	4,2	5,5	2023M03
By residency (% of total):														
Residents	98,6	98,8	98,9	98,9	99,0	99,0	99,0	99,3	99,1	98,6	96,6	97,1	95,8	2023M03
Non-residents	1,4	1,2	1,1	1,1	1,0	1,0	1,0	0,7	0,9	1,4	3,4	2,9	4,2	2023M03
Total bank credit to non-financial sector (% real change, YoY)	11,0	4,6	27,3	24,4	36,8	-8,5	-8,1	18,1	17,9	16,8	10,8	-10,7	-3,8	2023M03

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

(2) Figures of ratios of GDP are presented starting in 2016, given that the new GDP figures released by the Central Bank under the re-based national accounts statistics are only available from that year onwards. Figures as a share of GDP are presented through September 2021 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2022Q3 will be released by the Central Bank in December 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 M1´. Since Septmber 4th of 2020, the Cental 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*

Labor Market Indicators	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (Latest available)	As of:
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	62,7	63,0	2023M04
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	57,7	57,5	2023M04
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	7,9	8,8	2023M04
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	46,4	40,0	2023M04
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	280,6	295,8	2023M04
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	8,7	9,9	2023M04
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	115,7	117,9	2023M04
Real wages (% change, 12-month average, YoY)	4,03	4,23	3,00	3,38	1,56	1,55	2,95	0,19	1,27	-1,72	-1,49	-0,56	0,95	2023M04
Real wages (% change, accumulated 12 months, YoY)		5,17	3,31	3,50	0,39	3,28	1,32	0,23	-0,27	-1,52	-1,56	1,03	2,74	2023M04

(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)(2)]	2016	2017	2018	2019	2020	2021	2022	2023 (Latest available)	As of:
	(in % of GDP)								
Central Government									
Revenues	25,5	26,4	27,9	27,1	27,0	25,6	26,1	25,7	2023M03
Primary expenditures	26,3	26,7	27,3	27,5	29,5	27,2	26,9	27,0	2023M03
Primary balance	-0,7	-0,2	0,7	-0,4	-2,4	-1,6	-0,8	-1,3	2023M03
Interests payments[(3)]	2,5	2,5	2,6	2,4	2,7	2,1	2,2	2,3	2023M03
Headline Central Government balance	-3,2	-2,7	-1,9	-2,8	-5,1	-3,7	-3,0	-3,6	2023M03
Impact of extraordinary inflows to the Social Security Trust Fund ("Cincuentones Effect") [(4)]	.	.	1,2	1,2	0,7	0,4	0,2	0,1	2023M03
Extraordinary transfers to Social Security Trust Fund [(5)]	.	.	1,2	1,0	0,6	0,3	0,1	0,0	2023M03
Interest payments to the SSTF on its holdings of Central Government Debt	.	.	0,0	0,1	0,1	0,1	0,1	0,1	2023M03
Central Government balance excluding Cincuentones effect	.	.	-3,1	-3,9	-5,8	-4,1	-3,2	-3,7	2023M03
Rest of Non-Monetary Public Sector (NMPS)									
Local governments balance	0,1	0,1	0,0	-0,1	0,1	0,1	0,1	0,1	2023M03
Non-financial public enterprises balance	0,2	0,0	-0,2	-0,3	0,1	0,6	0,1	0,2	2023M03
State-owned insurance bank balance	0,2	0,2	0,2	0,4	0,3	0,4	0,3	0,3	2023M03
Headline Rest of NMPS balance	0,5	0,2	0,0	0,0	0,4	1,1	0,5	0,6	2023M03
Central Bank									
Primary balance	-0,1	-0,1	-0,1	-0,1	0,0	0,0	-0,1	0,0	2023M03
Interests payments	0,6	0,6	0,7	0,4	0,5	0,9	0,6	0,5	2023M03
Headline Central Bank balance	-0,7	-0,7	-0,8	-0,5	-0,5	-0,9	-0,7	-0,5	2023M03
Consolidated Public Sector									
Primary balance	-0,3	-0,2	0,4	-0,5	-2,1	-0,7	-0,6	-0,9	2023M03
Interests payments	3,0	3,0	3,1	2,6	3,0	2,8	2,6	2,6	2023M03
Headline Overall balance	-3,4	-3,2	-2,7	-3,2	-5,2	-3,5	-3,2	-3,5	2023M03
Overall balance excluding Cincuentones effect	-3,4	-3,2	-3,9	-4,3	-5,8	-3,9	-3,4	-3,6	2023M03

(1) Figures of ratios of GDP are presented starting in 2016, given that the new GDP figures released by the Central Bank under the re-based national accounts statistics are only available from that year onwards. Figures as a share of GDP are presented through September 2022 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2022Q3 will be released by the Central Bank in December 2022.
(2) The sum of the components may not match the totals dut 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*

Public Debt [(1) (2)]	2016	2017	2018	2019	2020	2021	2022	2023 (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	57,3		2022Q4
o/w in foreign currency (% of total)	54,7	49,2	53,8	56,1	54,5	52,7	47,4		2022Q4
held by non-residents (% of total)	55,5	53,5	55,0	57,4	58,7	55,4	49,9		2022Q4
Net debt	39,0	39,4	40,8	45,3	56,4	55,3	53,2		2022Q4
Memo Item: Social Security Trust Fund´s holdings of Central Government debt	.	.	0,9	1,7	2,4	2,6	2,9		2022Q4

Source: *Ministry of Economy and Finance*

Consolidated Public Sector[(5)]	2016	2017	2018	2019	2020	2021	2022	2023 (Latest available)	As of:
Gross debt	58,2	59,8	59,0	60,1	74,5	69,1	66,9		2022Q4
o/w in foreign currency (% of total)	52,6	41,4	47,0	53,6	50,3	49,6	44,6		2022Q4
held by non-residents (% of total)	50,0	44,8	46,5	50,9	52,0	51,6	46,9		2022Q4
Net debt	27,0	28,2	28,4	29,7	36,0	34,3	38,4		2022Q4

Source: *Central Bank of Uruguay*

(1) Figures are presented starting in 2016, given that the new GDP figures released by the Central Bank under the re-based national accounts statistics are only available from that year onwards.
(2) Stocks measured end-of-period.
(3) Debt figures as compiled by the Debt Management Unit which include all loans and financial market securities contracted/issued by the Central Government in domestic and foreign currency, in both local and international markets, and held or disbursed by private, multilateral, and/or other domestic or foreign public sector entities. They include Central Government securities held by the public Social Security Trust Fund, and exclude non-market Central Government securities issued to capitalize the Central Bank in previous years.
(4) Figures as a share of GDP are presented through September 2022 based on annual Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2022Q3 will be released by the Central Bank in December 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.