FitchRatings

Uruguay

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Key Rating Drivers

Rating Upgrade, Stable Outlook: The rating upgrade reflects Uruguay's resilient fiscal performance in absorbing the pandemic shock coupled with its record of compliance with its modified fiscal framework. The recent approval of a reform that improves the sustainability of the pension system further signals the commitment to fiscal policy that is more prudent and consistent with its high governance scores.

Improved Fiscal Credibility: Uruguay implemented a meaningful structural fiscal consolidation in 2020-2022, guided by the modification to the fiscal rule introduced in 2020. The government has consistently complied with new fiscal rules implemented in 2020. Fitch Ratings expects the government will continue to target debt stability in its medium-term framework and proposed 2024 budget changes, scheduled to be presented to the parliament by end-June 2023.

Pension Reform Improves Sustainability: The congress approved a pension reform on 27 April 2023, which is a strong demonstration of fiscal responsibility in contrast to prior years when pension rules were relaxed. The reform improves the system's long-term sustainability through parametric modifications and stabilizes pension-related expenditures in terms of GDP.

Moderate Fiscal Deficits: Fitch anticipates a challenging fiscal backdrop in 2023 given the impact of the drought and the reversal of real wage losses over the past years, as well as the government's decision to reduce taxes. Fitch projects the central government deficit will widen slightly to 3.3% of GDP in 2023 from 3.2% in 2022, but will gradually narrow to 2.6% by 2025.

Stable Government Debt Dynamics: Fitch expects debt/GDP will increase to 60% in 2023 given an economic slowdown and an expected recapitalization of the central bank, and then to very gradually increase over the forecasting period, similar to previous projections. The foreign-currency (FC) debt ratio declined to 45.5% in 2022 from 50.0% in 2021, reflecting the government's ongoing efforts to de-dollarize the debt structure.

Muted Economic Activity: Fitch anticipates GDP growth will slow down to 1.8% in 2023 and hover around 2.5% in 2024 and 2025, down from 4.9% in 2022. Uruguay is facing its most severe drought over the past 40 years. Potential growth continues to be affected by low investment levels, adverse demographic trends and competitiveness issues.

High Inflation Persists: Inflation remains above the target range of 3%-6% of the central bank (BCU). Inflation expectations also remain stuck above the target range. The swift tightening by the BCU of the monetary policy, coupled with the strong appreciation of the Uruguayan peso, resulted in a moderate inflation decrease.

Robust External Finances: Uruguay's foreign-exchange (FX) reserves remain relatively high, which, coupled with robust banking sector external liquidity, results in one of the highest Fitch-calculated international liquidity ratios among 'BBB' rated countries. Lower FX intervention from the BCU has been one of the key modifications to the monetary policy revamp. The exchange rate will act as a shock absorber, reducing external pressures.

Ratings

Foreign Currency

Long-Term IDR	BBB
Short-Term IDR	F2

Local Currency

Long-Term IDR	BBB
Short-Term IDR	F2

Country Ceiling A-

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Rating Derivation

Component	
Sovereign Rating Model (SRM)	BBB+
Qualitative Overlay (QO)	-1
Structural features	0
Macroeconomic	-1
Public finances	0
External finances	0
Long-Term Foreign-Currency IDR	BBB

Source: Fitch Ratings

Data

	2022
GDP (USDbn)	71
Population (m)	3.6

Source: Fitch Ratings

Applicable Criteria

Sovereign Rating Criteria (April 2023)
Country Ceilings Criteria (July 2020)

Related Research

Fitch Upgrades Uruguay to 'BBB'; Outlook Stable (June 2023)
Global Economic Outlook (March 2023)
Interactive Sovereign Rating Model
Fitch Fiscal Index - Analytical Tool
Click here for more Fitch Ratings content on Uruguay

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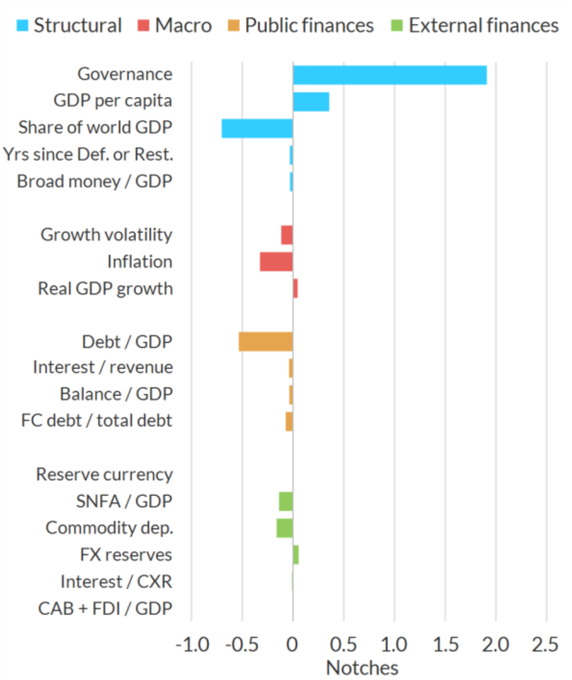
Rating Summary

Long-Term Foreign-Currency Issuer Default Rating (LT FC IDR): BBB

Sovereign Rating Model: BBB+

Contribution of variables, relative to BBB Median



Qualitative Overlay: -1

Adjustments relative to SRM data and output

Structural features: No adjustment.

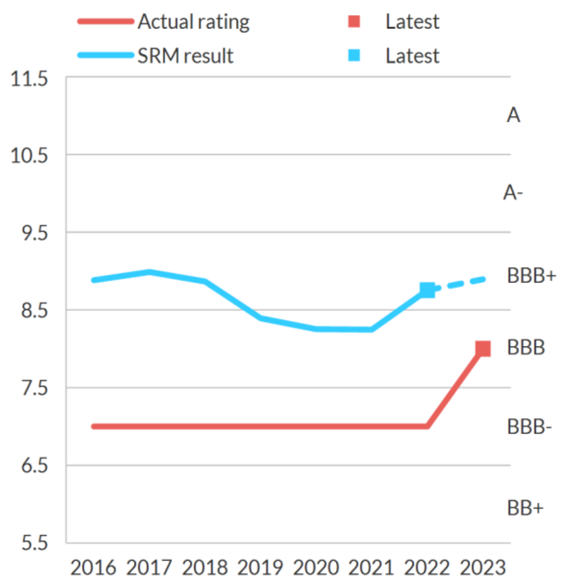
Macroeconomic outlook, policies and prospects: -1 notch, to reflect constraints to policy flexibility posed by high dollarization, indexation and shallow financial markets not fully captured in the SRM, coupled with high inflation. A poor record of compliance with inflation targets reflects institutional shortcomings not captured in the strong governance indicators that feed into the SRM, though the government is trying to improve this.

Public finances: No adjustment.

External finances: No adjustment.

Note: See *Peer Analysis table* for summary data, including rating category medians; see the *Full Rating Derivation table* for detailed SRM data.
Source: Fitch Ratings

Sovereign Rating Model Trend



Recent Rating Derivation History

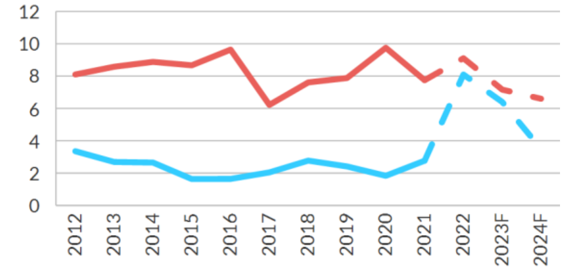
Review Date	LT FC IDR	SRM Result[ab]	QO S	M	PF	EF
Latest	BBB	BBB+	0	-1	0	0
29 Jun 22	BBB-	BBB	0	-1	0	0
15 Dec 21	BBB-	BBB	0	-1	0	0
8 Jun 21	BBB-	BBB	0	-1	0	0
8 Oct 20	BBB-	BBB	0	-1	0	0
20 Feb 20	BBB-	BBB+	0	-1	-1	0
27 Jun 19	BBB-	BBB+	0	-1	-1	0
5 Oct 18	BBB-	BBB+	0	-1	-1	0
5 Apr 18	BBB-	BBB+	0	-1	-1	0
21 Sep 17	BBB-	BBB+	0	-1	-1	0

[a] The latest rating uses the SRM result for 2022 from the chart. This will roll forward to 2023 in July 2023.
[b] Historical SRM results in this table may differ from the chart, which is based on our latest data, due to data revisions.
Abbreviations: LT FC IDR = Long-Term Foreign-Currency Issuer Default Rating; SRM = Sovereign Rating Model; QO = Qualitative Overlay
Source: Fitch Ratings

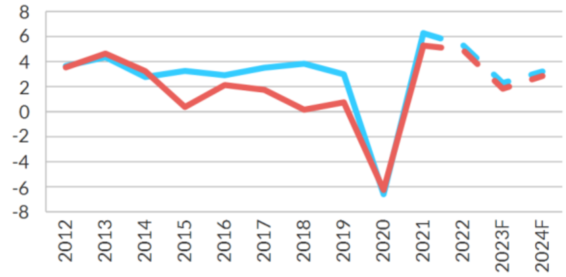
Peer Analysis

Uruguay BBB Median

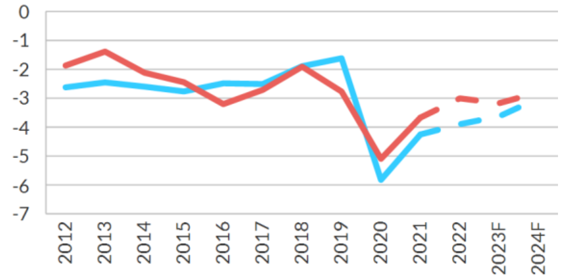
Consumer Price Inflation
(annual avg, %)



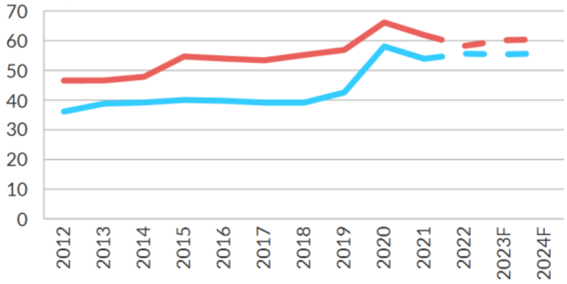
Real GDP Growth
(%)



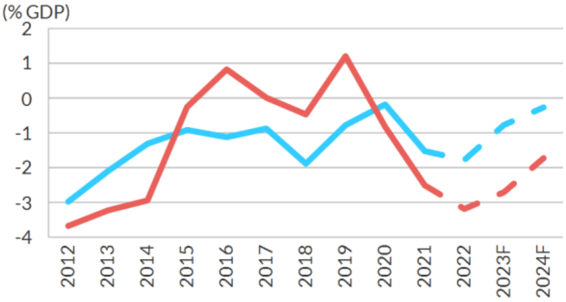
General Government Balance
(% GDP)



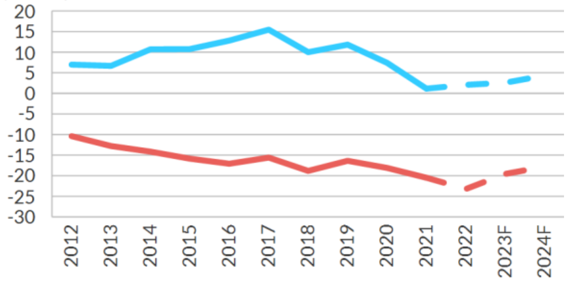
Gross General Government Debt
(% GDP)



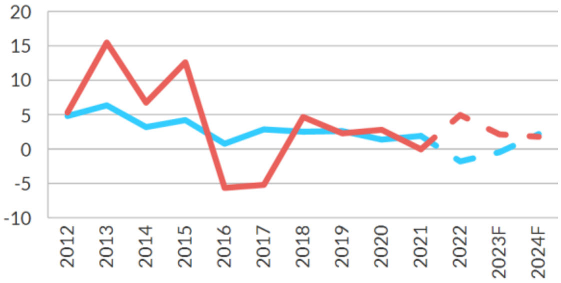
Current Account Balance
(% GDP)



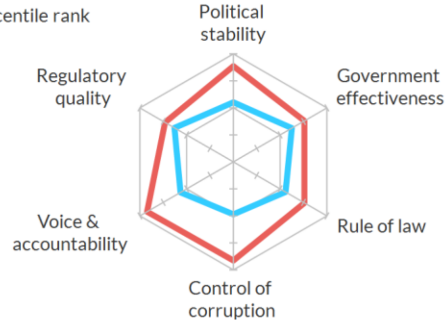
Net External Debt
(% GDP)



Real Private-Sector Credit Growth
(%)



Governance Indicators
Percentile rank



Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank

Peer Analysis

2022[a]	Uruguay	BBB median	BB median	A median
Structural features				
GDP per capita (USD) [SRM]	20,020	13,118	6,612	29,474
Share in world GDP (%) [SRM]	0.1	0.0	0.0	0.0
Composite governance indicator (percentile, latest) [SRM][b]	82.9	58.2	43.4	75.0
Human development index (percentile, latest)	69.4	67.2	52.6	82.2
Broad money (% GDP) [SRM]	52.1	62.8	48.0	93.1
Private credit (% GDP, 3-year average)	26.4	57.3	39.5	76.1
Dollarisation ratio (% bank deposits, latest)	75.3	16.3	35.9	10.3
Bank system capital ratio (% assets, latest)	17.0	15.6	16.3	15.7
Macroeconomic performance and policies				
Real GDP growth (%, 3-year average) [SRM]	4.0	3.3	3.8	3.7
Real GDP growth volatility (complex standard deviation) [SRM]	3.8	3.3	3.0	2.9
Consumer price inflation (%, 3-year average) [SRM]	8.0	3.2	4.7	2.3
Unemployment rate (%)	7.9	7.8	8.9	6.4
Public finances (general government)[c]				
Balance (% GDP, 3-year average) [SRM]	-3.3	-2.4	-2.9	-2.3
Primary balance (% GDP, 3-year average)	-1.1	-0.5	-0.9	-0.5
Interest payments (% revenue, 3-year average) [SRM]	8.3	7.5	8.6	4.6
Gross debt (% revenue, 3-year average)	232.3	146.1	157.4	134.0
Gross debt (% GDP, 3-year average) [SRM]	60.1	36.6	39.6	40.9
Net debt (% GDP, 3-year average)	56.2	31.0	33.8	35.9
FC debt (% gross debt, 3-year average) [SRM]	46.4	36.4	63.0	10.4
External finances[c]				
Current account balance (% GDP, 3-year average)	-2.8	-1.8	-2.6	0.9
Current account balance + net FDI (% GDP, 3-year avg.) [SRM]	0.0	0.7	0.8	2.4
Commodity dependence (% CXR) [SRM]	57.9	19.6	21.4	11.5
Gross external debt (% GDP, 3-year average)	79.5	52.9	46.9	64.6
Net external debt (% GDP, 3-year average)	-21.1	8.9	10.4	-8.6
Gross sovereign external debt (% GXD, 3-year average)	41.5	29.7	43.6	17.7
Sovereign net foreign assets (% GDP, 3-year average) [SRM]	-10.2	2.5	-2.1	11.7
External interest service (% CXR, 3-year average) [SRM]	5.6	4.1	3.8	2.4
Foreign-exchange reserves (months of CXP) [SRM]	6.8	5.0	4.5	4.6
Liquidity ratio	279.0	141.6	142.5	105.1

[a] Three-year averages are centred on this year. Fitch does not forecast indicators labelled 'latest', meaning data may be lagging.
[b] Composite of all six World Bank Worldwide Governance Indicators (see chart on the previous page).
[c] See *Appendix 2: Data Notes and Conventions* for details of data treatment for public finances and external finances.
Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank, United Nations

Supplementary Information

BSI / MPI = bb / 1. About the BSI and MPI: Fitch's bank systemic indicator (BSI) equates to a weighted average Viability Rating. The macro-prudential risk indicator (MPI) focuses on one potential source of financial stress, ranging from '3' – high potential vulnerability to financial stress over the medium term based on trends in credit expansion, equity and property prices and real exchange rates – to '1' – low likelihood. For more information, refer to Fitch Ratings' most recent *Macro-Prudential Risk Monitor* report.

Year cured from the most recent default or restructuring event, since 1980 = 2003. Uruguay concluded an exchange offer for all foreign-currency bond debt on 22 May 2003.

The de facto exchange rate regime, based on the latest IMF Annual Report on Exchange Arrangements and Exchange Restrictions report, is 'Floating'.

Rating Factors

Strengths

- Uruguay's governance scores are among the highest in the 'BBB' category and emerging markets, reflecting strong social and political stability.
- GDP per capita and human development indicators are above rating peers.
- High international reserves provide ample coverage of imports, broad money and short-term external liabilities.
- A high net external creditor position reflects a robust private-sector creditor position that offsets the sovereign's net debtor position.
- Financing flexibility is supported by robust global market access, precautionary credit lines and a favourable debt service schedule.

Weaknesses

- GDP growth is affected by adverse demographic trends, competitiveness challenges and low investments levels.
- Inflation and expectations have continuously exceeded the target range. The central bank aims to improve the credibility of its monetary policy.
- Dollarization is high and financial penetration is low. Macroeconomic risks are mitigated by high liquidity in the banking system.
- FC debt is among the highest in the 'BBB' category rendering public finances highly sensitive to currency movements.

Rating	Sovereign
BBB+	Croatia
	Malaysia
	Portugal
	Thailand
BBB	**Uruguay**
	Bulgaria
	Cyprus
	Hungary
	Indonesia
	Italy
	Kazakhstan
	Peru
	Philippines
BBB-	India
	Mexico
	Panama
	Romania

Source: Fitch Ratings

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- **Public Finances:** A substantial rise in government debt/GDP, for example due to the widening of the fiscal deficit
- **Macro:** Significant weakening of economic growth prospects, particularly should this weaken public finances

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- **Public Finances:** A sustained decline in government debt/GDP consistent with a low budget deficit
- **Macro:** A sustained reduction in inflation and anchoring of expectations around the target, and progress in de-dollarization and/or reducing indexation that improves policy flexibility
- **Macro:** Improved economic growth and investment prospects; for example, via economic reforms that address competitive weaknesses

Forecast Summary

	2019	2020	2021	2022	2023F	2024F
Macroeconomic indicators and policy						
Real GDP growth (%)	0.7	-6.3	5.3	4.9	1.8	2.8
Unemployment (%)	8.9	10.5	9.4	7.9	7.4	7.0
Consumer price inflation (annual average % change)	7.9	9.8	7.7	9.1	7.2	6.6
Policy interest rate (annual average, %)	8.0	5.1	4.9	9.3	10.0	9.5
General government balance (% GDP)	-2.8	-5.1	-3.7	-3.0	-3.2	-2.8
Gross general government debt (% GDP)	56.9	66.1	61.9	58.3	60.2	60.5
UYU per USD (annual average)	35.3	42.0	43.6	41.2	40.2	41.1
Real private credit growth (%)	2.3	2.8	0.0	4.9	2.1	1.8
External finance						
Merchandise trade balance (USDbn)	3.1	2.2	4.5	3.5	4.1	5.2
Current account balance (% GDP)	1.2	-0.8	-2.5	-3.2	-2.7	-1.7
Gross external debt (% GDP)	77.1	96.8	85.6	78.8	74.0	71.1
Net external debt (% GDP)	-16.4	-18.1	-20.5	-23.2	-19.6	-17.8
External debt service (principal + interest, USDbn)	2.9	2.7	2.9	3.6	3.5	4.0
Official international reserves including gold (USDbn)	14.5	16.3	17.0	15.1	15.0	14.9
Gross external financing requirement (% int. reserves)	5.1	12.3	20.1	26.8	27.6	26.5
Real GDP growth (%)						
US	2.3	-2.8	5.9	2.1	1.0	0.8
China	6.0	2.2	8.4	3.0	5.2	4.8
Eurozone	1.3	-6.4	5.4	3.5	0.8	1.4
World	2.6	-3.3	6.1	2.7	2.0	2.4
Oil (USD/barrel)	64.1	43.3	70.6	98.6	85.0	75.0

Source: Fitch Ratings

Sources and Uses

Public Finances (General Government)

(UYUbn)	2022	2023
Uses	**161.4**	**192.8**
Budget deficit	88.1	101.0
MLT amortisation	73.3	91.8
Domestic	35.4	66.3
External	37.8	25.5
Sources	**161.4**	**192.8**
Gross borrowing	182.6	170.9
Domestic	106.8	90.5
External	75.7	80.4
Privatisation	-	-
Other	-21.2	21.9
Change in deposits (- = increase)	-	-

Source: Fitch Ratings

External Finances

(USDbn)	2022	2023
Uses	**4.5**	**4.2**
Current account deficit	2.3	2.1
MLT amortisation	2.3	2.0
Sovereign	0.9	0.6
Non-sovereign	1.4	1.4
Sources	**4.5**	**4.2**
Gross MLT borrowing	4.0	4.1
Sovereign	1.2	1.7
Non-sovereign	2.8	2.3
FDI	3.3	0.8
Other	-4.3	-0.7
Change in FX reserves (- = increase)	1.6	0.1

Source: Fitch Ratings

Credit Developments

Record of Compliance with Recent Fiscal Framework Improves Fiscal Credibility

Uruguay has showcased a meaningful structural fiscal consolidation in 2020-2022, guided by the modification to the fiscal rule introduced in 2020. The government has consistently complied with the fiscal rule implemented in 2020 (including through the pandemic), improving the credibility of Uruguay's fiscal policy. Pandemic-related disruptions to the fiscal position were moderate, with limited and well-targeted emergency spending through the pandemic that have been mostly phased out through 2022. The consolidation has been driven by resilient tax revenue (11.6% annual change in 2022, surpassing nominal GDP growth), real declines in public wages and pensions (indexed to wages that have lagged inflation) and limits to current and capital spending.

The modified fiscal rule consists of three pillars: a structural balance target, a limit to real government expenditures linked to potential output (currently estimated at 2.1%), and a limit on net financing (which can be raised up to 30% during an emergency, as was the case in 2021 due to pandemic-related disruptions). The structural balance helps to avoid a pro-cyclical bias that has characterized Uruguay's fiscal policy while the net financing limit and government expenditure cap provide a nominal anchor to the fiscal balance regardless of output gap. The government created an independent council (CFA) in 2021 to assess compliance with the fiscal rule and opine on methodological improvements and formed an independent committee of exports to estimate potential GDP and the output gap.

We project the central government balance (excluding "cincuentones" pension transactions) will slightly deteriorate to 3.3% of GDP in 2023, up from 3.2% in 2022, and gradually converge to 2.6% by 2025. Fitch anticipates a more challenging fiscal scenario in 2023 given adverse macroeconomic conditions, reversal of real wage losses over the past years, the rise in payments on PPP projects and the government's recent decision to reduce taxes (the 12-month deficit reached 3.7% in April 2023). Nonetheless, Fitch expects the government will continue to target debt stability in its medium-term framework and proposed 2024 budget changes scheduled to be presented to the parliament by mid-year.

Revenue growth began to wane in 4Q22 amid the ongoing drought, although the slowdown has been broad based. The government has given tax credits and deferrals to producers affected by the drought, which are expected to be reversed later in the year. Moreover, the government has fulfilled its promise to lower personal income tax (IRPF) and increase the nontaxable minimum on social security assistance tax (IASS) through higher deductions. The authorities anticipate the foregone revenue will be USD150 million (0.2% of GDP), peaking at USD200 million by 2025. Expenditure will be pressured by the recovery of real wages as outlined by the government while capital spending ramped up during the last part of 2022 and early 2023, although we anticipate some reversal later in the year.

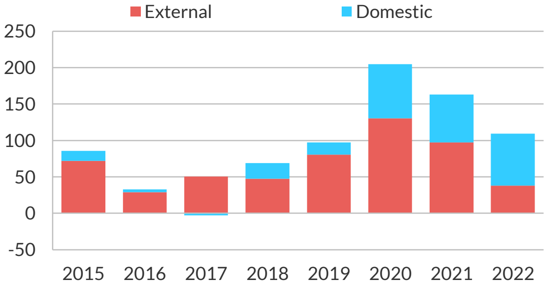
Stable Debt Dynamics

General government debt declined to 58.3% of GDP in 2022 from 61.9% in 2021, reflecting resilient economic activity, and a rather strong real peso appreciation. Fitch expects debt/GDP will increase to 60% in 2023 due to the challenging economic environment and the prospect to recapitalize the central bank, given that the latter's equity fell into negative territory and is now below the legal minimum due to strong FX performance. Fitch anticipates debt will very gradually increase over the forecasting period - similar to previous projections - on the assumption of stable albeit low economic growth and convergence of the fiscal deficit to the government's goal of 2.5%.

The FC debt ratio declined to 45.5% in 2022 from 50% in 2021, although remains among the highest ratios in 'BBB' countries. However, the authorities have made progress in reducing reliance on external funding and expanded local market utilization through wage-indexed bonds. In 2022, the authorities secured significantly more domestic financing than external financing, aided by a large operation in which the treasury accepted BCU instruments as payment for new bonds, and later sold these for US dollars (reducing BCU reserves and debt).

Net Government Financing

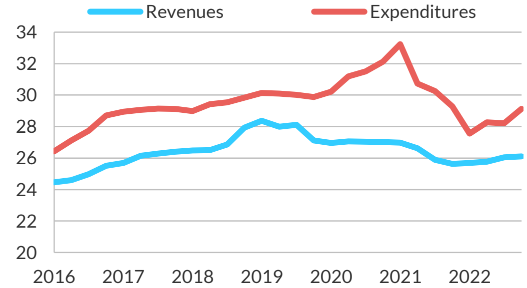
(UYUbn)



Source: Fitch Ratings

Central Government + Social Security Finances

% of GDP, 12-month rolling



Source: Fitch Ratings

Pension Reform Improves Long-Term System Sustainability

The congress approved a pension reform on 27 April 2023 following some modifications from a version approved by the senate in late 2022. The reform sought to improve the sustainability of the system through parametric modifications, stabilize pension-related expenditures in terms of GDP and harmonize rules across special pension regimes (military, police, etc.). The reform is anticipated to stabilize public pension-related expenditure at 10% of GDP over the long term, whereas spending was projected to reach 12.6% without a pension reform. There has been minimal social resistance since the approval of the reform. The reform will yield fiscal savings after 2030 given a long transition period, but is a strong demonstration of fiscal responsibility in contrast to prior years when pension rules were relaxed.

One of the main changes of the reform is the modification of the retirement age to 65 years from 60 years over the next two decades. The age modification will be gradual starting from 2034 in one-year increments, and will be linked to life expectancy thereafter, avoiding the need for future reforms to modify it. The modifications are quite timely as Uruguay's population is relatively old – having the highest old-age dependency ratio in Latin America. Uruguay has 24 people aged 65 and above per 100 people aged between 15 and 64 years compared with 13 on average in Latin America, according to the IMF. The reform also converges the different existing pension schemes into a single uniform mixed-system regime, creates an independent regulatory agency to oversee the pension system and seeks to encourage voluntary savings.

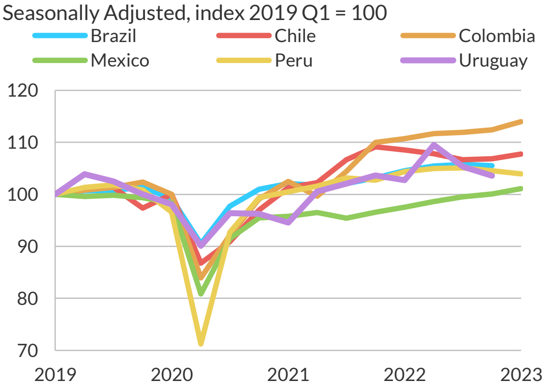
Economy Expected to Converge to Historical Levels; Medium-Term Challenges Remain

Real GDP growth reached 4.9% in 2022 following 5.3% in 2021, reaching annual pre-pandemic levels, but at a slower pace than rating and regional peers. Growth benefited from strong external demand boosting commodity exports and service sector recovery, including lagging sectors such as tourism. Economic activity began to wane during 2H22. Real GDP contracted due to the effects of a drought currently affecting agricultural output and deterioration of external condition. We project growth will slow down to 1.8% this year given the effects of the drought, a shutdown for maintenance at the country's main oil refinery, and the mismatch between the completion of the pulp mill investment phase and production ramp up to full capacity.

Uruguay is facing the most severe drought over the past 40 years. Precipitations levels in the summer of 2022-2023 were 64% below historical averages. The loss of production as a consequence of the drought is estimated at about USD2 billion (2.5% of GDP). The drought mostly affected soybean production and cattle farming. Some of the drought's impact will likely extend beyond this year due to livestock weight loss and reduced calving rate and potential decline of the soil productivity in the most affected regions. The drought affects both the planting season (4Q22) and harvesting (2Q23), and thus could still result in some revisions to 2022 GDP figures based on estimates of the impacts.

Real GDP

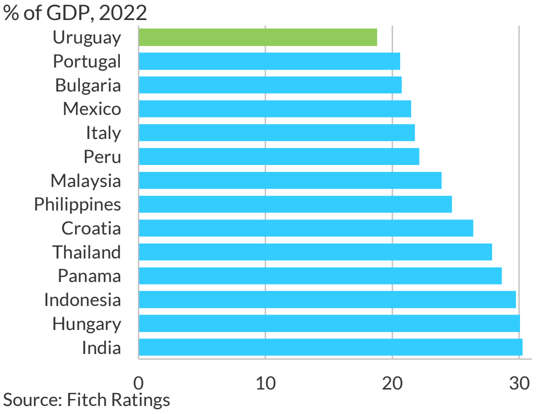
Seasonally Adjusted, index 2019 Q1 = 100



Source: Fitch Ratings

Domestic Investment

% of GDP, 2022



Source: Fitch Ratings

We anticipate growth will hover around 2.5% in 2024 and 2025. Low investment levels continue to drag potential growth. Uruguay's gross domestic investment reached 18.4% of GDP in 2022, up from 14.8% in 2019, but remains the lowest among 'BBB' rated countries. We anticipate investment levels will recede to historical average once the UPM pulp mill project is completed this year, which had a total investment of USD3.47 billion.

Medium-term growth prospects are also affected by adverse demographic trends and competitiveness issues (e.g. a wage framework disconnected from productivity and high energy costs). Trade openness has been a priority of this administration to improve growth, but progress remains stagnant. The authorities have pursued a bilateral trade with China (recipient of more than 20% of Uruguayan exports), but prospect remain uncertain given the lack of clear appetite from the Chinese authorities due to wider considerations with Mercosur countries. The government continues to target economic competitiveness challenges, including a reduction of utility rates although from a rather high level, and improving education levels continue to be a major focus of this administration.

Inflation Remains Above the Central Bank's Target, but Expectations Have Improved

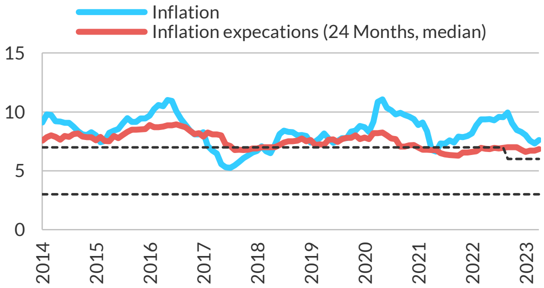
Inflation began to recede over the past few months, reaching 7.6% in April 2023 down from its previous peak of 10% in September of 2022. However, it remains high and above the BCU's target of 3%-6%. Similarly, inflation expectations, both for 12 and 24 months, remain stuck above the target range given the country's long record of high inflation levels. The main inflationary pressures are from food and beverages due to the effect of the drought on food supply and services, which signal lingering pandemic-related disruptions. Fuel price pressure has eased in recent months benefiting headline inflation. Inertial effects related to wage indexation, in light of official wage guidelines promising a recovery of real wage losses during the pandemic, will hinder a faster disinflation process.

The BCU began to tighten its monetary policy in August 2021, raising its policy rate by 700bp to 11.5% by December 2022. The swift increase of the monetary policy to a restrictive stance, coupled with a strong appreciation of the peso, resulted in a moderate inflation decrease. The BCU began to unwind its policy stance by reducing the policy rate by 25bp in April 2023. The central bank cited lower inflationary pressures and the expectation for inflation convergence to the target range. The monetary policy remains in a restrictive stance, notwithstanding the policy rate reduction. However, the surprising move highlights the BCU's rising concern with a strong exchange rate and thus the difficult trade-offs it faces with disinflation goals.

The BCU introduced substantive change to its monetary policy framework in 2020. These included reaffirming price stability as the primary monetary objective, using the short-term interest rate as the policy instrument and reducing the upper band of the target range to 6% from 7% starting in September 2022. The BCU is also targeting a reduction of dollarization while developing the local-currency (LC) financial market. High economic dollarization will continue to hinder the effectiveness of monetary policy in reducing inflation.

Inflation Remains Above Target

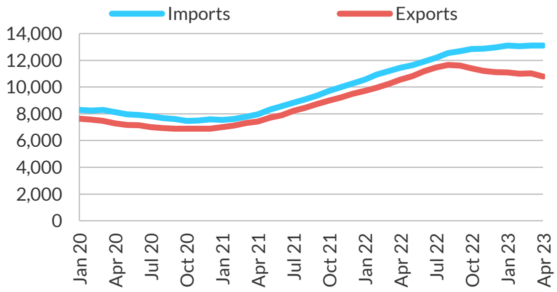
% chg, yoy



Source: Fitch Ratings, Uruguay Central Bank

Foreign Trade

12-month rolling, USDm



Source: Fitch Ratings

External Finance Is Robust; Positive Expectations from UPM Production

Uruguay's current account deficit (CAD) expanded to 3.2% in 2022 up from 2.5% in 2021. The worsening of the CAD was mostly driven by high fuel prices (partially offset by higher food prices) along with the continued import needs of the UPM project (which entailed strong corresponding FDI). Exports also slowed markedly in 2H22 due to worsening global conditions and the drought effect on livestock, among other food commodities. Tourism arrivals have recovered to pre-pandemic levels, but real spending remains well below. Fitch anticipates an improvement of the CAD to 2.7% in 2023 and 1.7% in 2024. We anticipate the UPM production ramp up scheduled for 2H23, coupled with lower fuel prices, will offset the effect from the drought. UPM production is projected to amount to 2% of GDP at full capacity.

Uruguay's reserves remain relatively high in terms of import coverage (almost seven months in 2022) and the money supply (39.7% in 2022). High reserves coverage, coupled with a robust banking sector external liquidity, continues to result in one of the highest external liquidity ratios among 'BBB' rated countries (nearly 280% vs a 'BBB' median of 163.9%).

Lower FX intervention from the BCU has been one of the key modifications to the monetary policy revamp back in 2020. The central bank has not intervened in the FX market through the strong appreciation trend of the peso over the past months – one of the strongest performers in Latin America in the past year. The currency will act as a shock absorber reducing external pressures as the central bank limits any FX intervention, absent a reversal from the recently implemented modifications to the policy framework.

Public Debt Dynamics

In Fitch's baseline, gross general government debt will increase to about 60% of GDP in 2023. Fitch expects debt to rise only gradually after 2024 as real GDP growth normalises to its trend pace of about 2%, but it could remain stable should stronger growth be achieved. These projections assume a stable real exchange rate (ie peso appreciation in line with the inflation differential relative to the US) and could be much better if the real peso continues to appreciate, or worse in the event of peso reversal. Fitch's figures include government debt owed to the BCU (4.6% of GDP in 2022), mainly recapitalization bonds (which Fitch presently assumes will not be cancelled further) and consolidated government bond holdings in the "cincuentones" trust (2.9%).

Debt Dynamics - Fitch's Baseline Assumptions

	2021	2022	2023	2024	2025	2026	2027
Gross general government debt (% of GDP)	61.9	58.3	60.2	60.5	61.0	61.7	62.4
Primary balance (% of GDP)	-1.6	-0.8	-1.0	-0.5	-0.2	-0.2	-0.2
Real GDP growth (%)	5.3	4.9	1.8	2.8	2.4	2.0	2.0
Average nominal effective interest rate (%)	3.8	7.8	7.8	7.6	7.6	7.6	7.6
UYU/USD (annual avg)	43.6	41.2	40.2	41.1	42.5	44.1	45.7
GDP deflator (%)	12.7	4.4	6.7	6.6	6.2	6.2	6.2
Stock-flow adjustments (% of GDP)	0.0	0.0	1.2	0.0	0.1	0.0	0.0

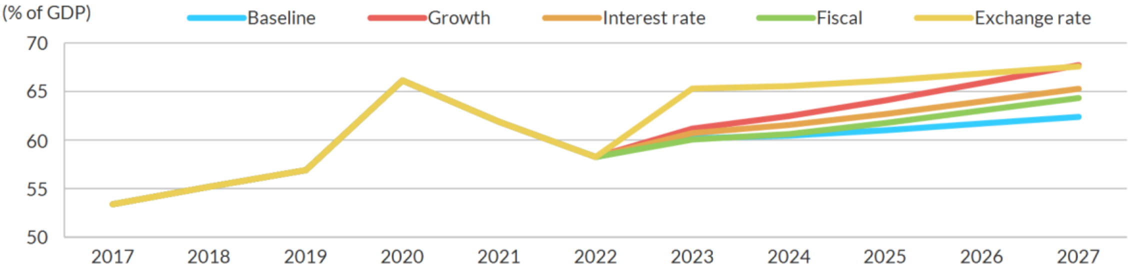
Source: Fitch Ratings

Debt Sensitivity Analysis: Fitch's Scenario Assumptions

Growth	GDP growth 1.7% lower (half standard deviation lower)
Interest rate	Marginal interest rate 100bp higher
Fiscal	Stable primary balance deficit of 0.8% of GDP starting 2023
Exchange rate	20% devaluation at end-2023

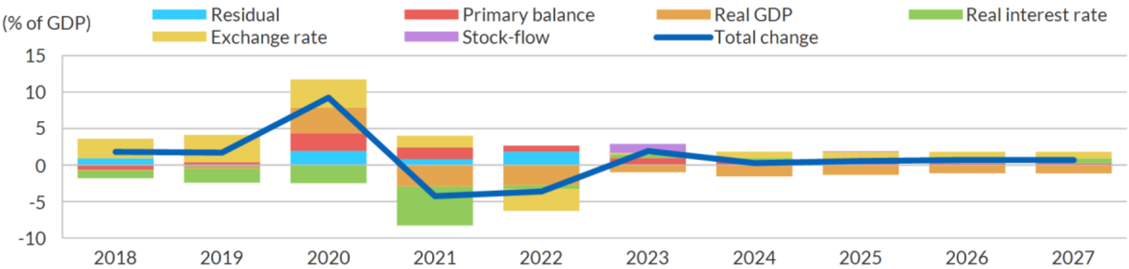
Source: Fitch Ratings

Sensitivity Analysis
Gross general government debt



Source: Fitch Ratings, Fitch Debt Dynamics Model

Baseline Scenario: Debt Creating Flows
Change in gross general government debt



Source: Fitch Ratings, Fitch Debt Dynamics Model

About the Public Debt Dynamics

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

Data Tables

General Government Summary

(% GDP)	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Revenue	25.5	26.4	27.9	27.1	27.0	25.6	26.1	25.9	26.0
Expenditure	28.7	29.1	29.8	29.9	32.1	29.3	29.1	29.1	28.8
o/w interest payments	2.5	2.5	2.6	2.4	2.7	2.1	2.2	2.2	2.2
Interest payments (% revenue)	9.6	9.3	9.2	8.8	9.9	8.2	8.3	8.5	8.7
Primary balance	-0.7	-0.2	0.7	-0.4	-2.4	-1.6	-0.8	-1.0	-0.5
Overall balance	-3.2	-2.7	-1.9	-2.8	-5.1	-3.7	-3.0	-3.2	-2.8
Gross government debt	54.0	53.4	55.2	56.9	66.1	61.9	58.3	60.2	60.5
% of government revenue	211.6	202.2	197.5	209.9	244.8	241.5	223.1	232.4	232.8
Domestic debt	28.9	29.7	29.1	27.7	30.6	29.0	29.1	32.7	33.6
External debt	25.1	23.7	26.1	29.2	35.6	32.9	29.1	27.4	26.9
Local currency	29.9	31.6	29.6	28.3	32.5	30.6	31.7	34.2	35.0
Foreign currency	24.1	21.7	25.5	28.6	33.7	31.2	26.5	26.0	25.5
Central government deposits	6.2	5.2	5.0	3.8	5.1	4.6	3.7	3.4	3.2
Net government debt	47.8	48.2	50.2	53.1	61.1	57.3	54.5	56.7	57.3
Financing	3.2	2.7	1.9	2.8	5.1	3.7	3.0	3.2	2.8
Domestic borrowing	0.2	-0.2	1.1	0.8	3.3	2.5	2.4	0.2	3.7
External borrowing	1.7	2.7	2.4	3.7	5.8	3.6	1.3	1.7	1.0
Other financing	1.3	0.2	-1.5	-1.7	-4.0	-2.4	-0.7	1.3	-1.9
Change in deposits (- = increase)	1.1	0.6	0.7	1.5	-0.8	0.1	0.1	1.1	-0.1
Privatisation	-	-	-	-	-	-	-	-	-
Other	0.3	-0.4	-2.3	-3.2	-3.2	-2.5	-0.8	0.3	-1.9

Source: Fitch Ratings, Ministry of Finance

Balance of Payments

(USDbn)	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Current account	0.5	0.0	-0.3	0.7	-0.4	-1.5	-2.3	-2.1	-1.5
% GDP	0.8	0.0	-0.5	1.2	-0.8	-2.5	-3.2	-2.7	-1.7
Goods	2.1	2.0	2.4	3.1	2.2	4.5	3.5	4.1	5.2
Services	1.0	1.5	0.9	0.6	0.3	0.0	0.3	0.4	0.5
Primary income	-2.7	-3.6	-3.7	-3.0	-2.9	-6.1	-6.3	-6.8	-7.3
Secondary income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital account	0.0	0.0	0.0	-0.4	0.1	0.0	0.0	0.0	0.0
Financial account	2.4	-1.5	0.1	1.3	-1.1	-1.6	-0.6	-2.1	-1.4
Direct investment	1.8	2.0	0.7	-1.4	-1.0	-1.8	-3.3	-0.8	-0.8
Portfolio investment	1.7	-2.2	-1.2	1.0	1.5	0.9	1.5	0.0	0.3
Derivatives	0.0	-0.2	0.0	0.0	0.0	0.5	0.8	0.0	0.0
Other investments	-1.2	-1.2	0.6	1.6	-1.6	-1.1	0.3	-1.3	-0.9
Net errors and omissions	-0.3	0.9	-0.1	-0.2	0.9	0.9	0.1	0.0	0.0
Change in reserves (+ = increase)	-2.2	2.4	-0.4	-1.1	1.6	0.9	-1.6	-0.1	-0.1
International reserves, incl. gold	13.5	16.0	15.6	14.5	16.3	17.0	15.1	15.0	14.9
Liquidity ratio (%)	193.7	219.7	240.5	254.4	268.6	288.0	279.0	245.3	239.9
Memo									
Current external receipts (CXR)	16.8	18.8	19.3	19.1	14.8	20.9	24.6	26.2	28.4
Current external payments (CXP)	16.4	18.8	19.6	18.4	15.3	22.4	26.9	28.3	29.8
CXR growth (%)	-5.9	11.5	2.7	-0.7	-22.5	40.7	17.8	6.4	8.5
CXP growth (%)	-9.3	14.7	4.3	-6.0	-16.9	46.7	19.8	5.4	5.5
Gross external financing requirement	0.7	1.6	1.9	0.8	1.8	3.3	4.5	4.2	4.0
% International reserves	4.5	11.9	11.6	5.1	12.3	20.1	26.8	27.6	26.5
Net external borrowing	-3.4	1.7	1.2	2.7	2.2	1.2	5.7	2.5	1.8

Source: Fitch Ratings, IMF

External Debt and Assets

(USDbn)	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Gross external debt	41.6	44.7	43.7	47.8	51.9	52.6	56.1	58.6	60.4
% GDP	72.3	68.8	67.0	77.1	96.8	85.6	78.8	74.0	71.1
% CXR	247.0	238.3	226.7	249.9	349.9	251.9	228.1	224.1	213.0
Short-term debt (% GXD)	17.9	16.5	15.9	14.5	13.8	14.7	16.1	15.4	14.9
By debtor									
Sovereign	16.2	18.5	17.2	20.1	24.4	24.5	21.7	22.9	23.7
Monetary authorities	0.7	0.8	0.5	0.5	0.8	1.1	1.1	1.1	1.1
General government	15.4	17.6	16.6	19.6	23.6	23.4	20.7	21.8	22.6
Banks	4.6	3.8	3.8	4.0	4.3	4.3	4.5	4.5	4.5
Other sectors	20.8	22.5	22.7	23.7	23.2	23.7	29.9	31.3	32.3
Gross external assets (non-equity)	51.4	54.9	56.0	58.0	61.6	65.2	72.6	74.1	75.5
Sovereign	13.5	16.0	15.6	14.6	16.5	17.1	15.3	15.0	14.9
International reserves, incl. gold	13.5	16.0	15.6	14.5	16.3	17.0	15.1	15.0	14.9
Other sovereign assets	0.0	0.0	0.0	0.1	0.2	0.1	0.2	0.0	0.0
Banks	10.6	9.7	10.0	11.3	13.4	14.7	15.5	16.2	16.9
Other sectors	27.3	29.2	30.4	32.1	31.8	33.4	41.7	42.6	43.4
Net external debt	-9.8	-10.1	-12.3	-10.2	-9.7	-12.6	-16.5	-15.5	-15.1
% GDP	-17.1	-15.6	-18.8	-16.4	-18.1	-20.5	-23.2	-19.6	-17.8
Sovereign	2.7	2.5	1.6	5.5	8.0	7.4	6.4	7.6	8.5
Banks	-6.1	-5.9	-6.2	-7.3	-9.1	-10.3	-11.0	-11.7	-12.4
Other sectors	-6.4	-6.8	-7.7	-8.4	-8.6	-9.7	-11.9	-11.3	-11.2
International investment position									
Assets	58.6	64.2	65.6	68.6	70.1	74.6	82.4	83.9	85.4
Liabilities	74.8	80.9	80.3	83.4	86.0	89.2	98.6	102.6	105.9
Net	-16.1	-16.7	-14.7	-14.8	-15.9	-14.6	-16.1	-18.7	-20.5
Net sovereign	-2.7	-2.5	-1.6	-5.5	-8.0	-7.4	-6.4	-7.6	-8.5
% GDP	-4.7	-3.8	-2.5	-8.9	-14.9	-12.1	-9.0	-9.6	-10.0
External debt service (principal + interest)	2.4	2.8	3.0	2.9	2.7	2.9	3.6	3.5	4.0
Interest (% CXR)	7.4	6.6	7.5	7.3	9.0	5.8	5.4	5.4	5.2

Source: Fitch Ratings, central bank, IMF, World Bank

External Debt Service Schedule on Medium- and Long-Term Debt at end-March 2023

(USDm)	2022	2023	2024	2025	2026
Sovereign: Total debt service	1,847	2,288	2,477	3,093	37,723
Amortisation	1547.0	618.7	1035.2	1249.6	1903.5
Official bilateral	0.0	0.0	0.0	0.0	0.0
Multilateral	162.3	246.7	383.0	417.8	426.3
Bonds	1,385	372	652	832	1,477
Interest	1,212	1,228	1,253	1,227	1,189
Non-sovereign public sector	1.0	1.0	1.0	1.0	1.0

Source: Fitch Ratings, Ministry of Finance, central bank

Full Rating Derivation

Long-Term Foreign-Currency Issuer Default Rating (SRM + QO)	BBB

Sovereign Rating Model

Sovereign Rating Model								Applied Rating[d]	BBB+
					Model Result and Predicted Rating				8.75 = BBB+
Input Indicator	Weight (%)	2021	2022	2023	Adjustment to Final Data	Final Data	Coefficient		Output (notches)
Structural features									**7.65**
Governance indicators (percentile)	21.4	n.a.	82.9	n.a.	-	82.9	0.077		6.42
GDP per capita (USD)	12.4	n.a.	20,020	n.a.	Percentile	59.3	0.038		2.27
Nominal GDP (% world GDP)	13.9	n.a.	0.07	n.a.	Natural log	-2.6	0.627		-1.63
Most recent default or restructuring	4.6	n.a.	2003	n.a.	**Inverse 0-1[a]**	0.0	-1.822		-0.03
Broad money (% GDP)	1.2	n.a.	52.1	n.a.	Natural log	4.0	0.158		0.63
Macroeconomic performance, policies and prospects									**-1.25**
Real GDP growth volatility	4.6	n.a.	3.8	n.a.	Natural log	1.3	-0.728		-0.98
Consumer price inflation	3.4	7.7	9.1	7.2	**3-yr avg.[b]**	8.0	-0.067		-0.54
Real GDP growth	2.0	5.3	4.9	1.8	3-yr avg.	4.0	0.065		0.26
Public finances									**-2.21**
Gross general govt debt (% GDP)	8.9	61.9	58.3	60.2	3-yr avg.	60.1	-0.023		-1.36
General govt interest (% revenue)	4.5	8.2	8.3	8.5	3-yr avg.	8.3	-0.044		-0.36
General govt fiscal balance (% GDP)	2.4	-3.7	-3.0	-3.2	3-yr avg.	-3.3	0.044		-0.14
FC debt (% of total general govt debt)	2.7	50.5	45.5	43.2	3-yr avg.	46.4	-0.007		-0.33
External finances									**-0.19**
Reserve currency (RC) flexibility	7.3	n.a.	0.0	n.a.	**RC score 0 - 4.5[c]**	0.0	0.509		0
SNFA (% of GDP)	7.4	-12.1	-9.0	-9.6	3-yr avg.	-10.2	0.011		-0.11
Commodity dependence	1.2	n.a.	57.9	n.a.	Latest	57.9	-0.004		-0.24
FX reserves (months of CXP)	1.5	n.a.	6.8	n.a.	n.a. if RC score> 0	6.8	0.029		0.20
External interest service (% CXR)	0.4	5.8	5.4	5.4	3-yr avg.	5.6	-0.007		-0.04
CAB + net FDI (% GDP)	0.1	0.4	1.4	-1.8	3-yr avg.	0.0	0.001		0.00
Intercept Term (constant across all sovereigns)									**4.76**

[a] Inverse 0-1 scale, declining weight; [b] of truncated value (2%-50%); [c] Declining weight; [d] Sovereign rating committee can override SRM Predicted Rating if a marginal change in the Model Result leads to a notch change, which is judged to be temporary or caused by a re-estimation of the SRM, a process that Fitch undertakes on at least an annual basis. Please refer to the Rating Action Commentary for further information when the Applied Rating differs from the Predicted Rating.
Note: This table contains data as at the date of the most recent rating action. There may be minor differences to data presented elsewhere in this report, which may have been updated where appropriate, for example in the event of subsequent data releases.
Source: Fitch Ratings

Qualitative Overlay (notch adjustment, range +/-3)	**-1**
Structural features	0
Macroeconomic outlook, policies and prospects	-1
Public finances	0
External finances	0

Source: Fitch Ratings

About the SRM and QO

Fitch's SRM is the agency's proprietary multiple regression rating model that employs 18 variables based on three-year centred averages, including one year of forecasts, to produce a score equivalent to a LT FC IDR. Fitch's QO is a forward-looking qualitative framework designed to allow for adjustment to the SRM output to assign the final rating, reflecting factors within our criteria that are not fully quantifiable and/or not fully reflected in the SRM.

Supplementary Ratings

Local-Currency Rating

Uruguay's LT LC IDR is in line with its LT FC IDR. Public finances do not represent a strength relative to external finances, and there is no record of preferential treatment of LC creditors.

Country Ceiling

Uruguay's Country Ceiling of 'A-' reflects the absence of capital controls or current account restrictions that could lead to transfer/convertibility risks. Vulnerability to external pressures is reduced by increased exchange-rate flexibility, strong bank supervision and high liquidity.

Full Rating History

	Foreign-Currency Rating			Local-Currency Rating			
Date	Long-Term	Short-Term	Outlook/Watch	Long-Term	Short-Term	Outlook/Watch	Country Ceiling
07 Jun 23	BBB	F2	Stable	BBB	F2	Stable	A-
15 Dec 21	BBB-	F3	Stable	BBB-	F3	Stable	BBB+
05 Oct 18	BBB-	F3	Negative	BBB-	F3	Negative	BBB+
22 Jul 16	BBB-	F3	Stable	BBB-	F3	Stable	BBB+
07 Mar 13	BBB-	F3	Stable	BBB	-	Stable	BBB+
24 Apr 12	BB+	B	Positive	BBB-	-	Positive	BBB
14 Jul 11	BB+	B	Stable	BBB-	-	Stable	BBB
27 Jul 10	BB	B	Positive	BB+	-	Positive	BBB-
13 Jul 09	BB-	B	Positive	BB	-	Positive	BB+
27 Jul 07	BB-	B	Stable	BB	-	Stable	BB+
17 Aug 06	B+	B	Positive	BB-	-	Positive	BB
24 May 06	B+	B	Positive	BB-	-	Positive	BB-
07 Mar 05	B+	B	Stable	BB-	-	Stable	BB-
17 Jun 04	B	B	Stable	B+	-	Stable	BB-
29 Mar 04	B	B	Stable	B+	-	Stable	-
17 Jun 03	B-	B	Stable	B	-	Stable	-
19 May 03	DDD	D	Stable	B	-	Stable	-
10 Apr 03	C	C	-	CCC-	-	-	-
12 Mar 03	CCC-	C	Negative	CCC-	-	Negative	-
07 Jan 03	B-	B	Negative	B	-	Negative	-
30 Jul 02	B	B	Negative	B	-	Negative	-
28 May 02	B+	B	Watch Negative	BB-	-	Watch Negative	-
13 Mar 02	BB+	B	Negative	BBB-	-	Negative	-
23 Jul 01	BBB-	F3	Negative	BBB+	-	-	-
21 Sep 00	BBB-	F3	Stable	BBB+	-	Stable	-
19 May 00	BBB-	F3	-	BBB+	-	-	-
23 Jan 97	BBB-	F3	-	NR	-	-	-
14 Jan 97	BB+	B	Watch Positive	NR	-	-	-
26 Oct 95	BB+	B	-	-	-	-	-
18 Jan 95	BB+	-	-	-	-	-	-

Source: Fitch Ratings

Appendix 1: Environmental, Social and Governance (ESG)

Credit Relevance Scores

General Issues	Key Sovereign Issues	SRM	QO	Score[a]
Environmental (E)				
GHG Emissions and Air Quality	Emissions and air pollution as a constraint on GDP growth	2	2	2
Energy Management	Energy resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Water Resources and Management	Water resource availability and management as a constraint on GDP growth	2	2	2
Biodiversity and Natural Resource Management	Natural resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Natural Disasters and Climate Change	Impact of adverse climate trends, and likelihood of and resilience to shocks	3	2	3
Social (S)				
Human Rights and Political Freedoms	Social stability, voice and accountability, regime legitimacy	4	2	4 +
Human Development, Health and Education	Impact of human development, health and education on GDP per capita and GDP growth	3	2	3
Employment and Income Equality	Impact of unemployment and income equality on GDP per capita, GDP growth and political and social stability	3	2	3
Public Safety and Security	Impact of public safety and security on business environment and/or economic performance	3	2	3
Demographic Trends	Population decline or aging, rapidly rising youth population; pensions sustainability	3	2	3
Governance (G)				
Political Stability and Rights	Political divisions and vested interests; geo-political risks including conflict, security threats and violence; policy capacity: unpredictable policy shifts or stasis	5	2	5 +
Rule of Law, Institutional & Regulatory Quality, Control of Corruption	Government effectiveness, control of corruption, rule of law, regulatory quality	5	2	5 +
International Relations and Trade	Trade agreements, membership of international organizations, bilateral relations; sanctions or other costly international actions	3	2	3
Creditor Rights	Willingness to service and repay debt	4	2	4
Data Quality and Transparency	Availability, limitations and reliability of economic and financial data, including transparency of public debt and contingent liabilities	3	2	3

Source: Fitch Ratings

About ESG Credit Relevance Scores

The scores signify the credit relevance of the respective E, S and G issues to the sovereign entity's credit rating, according to the following scale:

- 5 – Highly relevant to the rating, a key rating driver with a high weight.
- 4 – Relevant to the rating, a rating driver.
- 3 – Relevant, but only has an impact on the entity rating in combination with other factors.
- 2 – Irrelevant to the entity rating but relevant to the sector (sovereigns).
- 1 – Irrelevant to the entity rating and irrelevant to the sector (sovereigns).

The score for each 'General Issue' comprises a component SRM and QO score, and is simply the higher of the two. SRM scores are fixed across all sovereigns as the weights in the SRM are the same for all sovereigns; QO component scores vary across all sovereigns.

All scores of '4' or '5' result in a negative impact on the rating, unless indicated otherwise. Where a positive impact is occurring, the score of '4' or '5' is appended with a '+' symbol. Scores of '3', '2' and '1' do not have a direction of impact assigned.

Please refer to ESG Relevance Scores for Sovereigns for further information on the framework, including 'Sovereign Rating Criteria References' (which identify specific potentially related SRM variables and QO factors for each 'General Issue').

Credit-Relevant ESG Derivation

Uruguay has an ESG Relevance Score of ‘5’[+] for Political Stability and Rights as WBGI have the highest weight in Fitch’s SRM and are, therefore, highly relevant to the rating and a key rating driver with a high weight. As Uruguay has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

Uruguay has an ESG Relevance Score of ‘5’[+] for Rule of Law, Institutional & Regulatory Quality and Control of Corruption as WBGI have the highest weight in Fitch’s SRM and are, therefore, highly relevant to the rating and a key rating driver with a high weight. As Uruguay has a percentile rank above 50 for the respective Governance Indicators, this has a positive impact on the credit profile.

Uruguay has an ESG Relevance Score of ‘4’[+] for Human Rights and Political Freedoms as the Voice and Accountability pillar of the WBGI is relevant to the rating and a rating driver. As Uruguay has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

Uruguay has an ESG Relevance Score of ‘4’ for Creditor Rights as willingness to service and repay debt is relevant to the rating and is a rating driver for Uruguay, as for all sovereigns. As Uruguay has a fairly recent restructuring of public debt in 2003, this has a negative impact on the credit profile.

Except for the matters discussed above, the highest level of ESG credit relevance, if present, is a score of ‘3’. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or to the way in which they are being managed by the entity. For more information on Fitch’s ESG Relevance Scores, visit www.fitchratings.com/esg.

Appendix 2: Data Notes and Conventions

Acronyms

Acronyms used in the above table and elsewhere in report are: Gross Domestic Product (GDP), Current External Receipts (CXR), Current External Payments (CXP), Current Account Balance (CAB), Foreign Direct Investment (FDI), World Bank Worldwide Governance Indicators (WBGI), Sovereign Rating Model (SRM) and Qualitative Overlay (QO). For a full list of indicator definitions, please refer to the most recent Sovereign Data Comparator.

Medians

Medians underlying the SRM relative to the rating category chart on the Rating Summary page and as reported in the Peer Analysis table on page 4 are long-term historical medians. These are based on actual data since 2000 for all sovereign-year observations when the sovereign was in the respective rating category at year-end. Current year ratings and data are excluded.

Chart medians on page 3 are based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period.

Notes for Uruguay

All data are on a calendar-year basis, which aligns with the domestic fiscal year for this sovereign.

Public finances data referenced in this report relate to the consolidated general government, as per our principal approach, unless specifically noted otherwise where cited.

The external balance sheet data referenced in this report are derived from the international investment position dataset, as per our principal approach.

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.