

# Uruguay

To accommodate a higher frequency of rating reviews during the coronavirus pandemic, Fitch is publishing scaled-down Sovereign Rating Reports that focus on data and forecasts encompassed in reviews. For the rating rationale, refer to the relevant published Rating Action Commentary (see Related Research).

## Comparative Analysis - Key Indicator Charts



Note: Medians 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.

Source: Fitch Ratings

### Ratings

Foreign Currency	
Long-Term IDR	BBB-
Short-Term IDR	F3
Local Currency	
Long-Term IDR	BBB-
Short-Term IDR	F3
Country Ceiling	BBB+

### Outlooks

Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative

### Rating Derivation

Component	Outcome
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-

### Applicable Criteria

[Sovereign Rating Criteria \(Apr 2020\)](#)  
[Country Ceilings Criteria \(Jul 2020\)](#)

### Related Research

[Uruguay Rating Action Commentary \(Oct 2020\)](#)  
[Global Economic Outlook \(Sep 2020\)](#)  
[Latin America Sovereign Credit Overview 4Q20 \(Oct 2020\)](#)

### Financial Data

(USDbn)	2020F
GDP	47.9
GDP per head (USD 000)	13.8
Population (m)	3.5
International reserves	16.5
Net external debt (% GDP)	-23.5
Central government total debt (% GDP)	77.5
CG foreign-currency debt	18.6
CG domestically issued debt (UYUbn)	459.1

Source: Fitch Ratings

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## Comparative Analysis - Strengths &amp; Weaknesses Table

2020F	Uruguay BBB-	BBB Median <sup>a</sup>	BB Median <sup>a</sup>	Colombia BBB-	Paraguay BB+	Romania BBB-
<b>Structural Features</b>						
GDP per capita (USD, mkt exchange rates)	13,771	9,915	4,942	5,316	5,139	12,185
GNI per capita (PPP, USD, latest)	21,120	23,880	14,360	15,150	12,730	31,860
GDP (USDbn)	48	124	46	271	37	234
Human Development Index (percentile, latest)	69.6	66.9	52.9	57.9	46.8	71.8
Governance Indicator (percentile, latest) <sup>b</sup>	80.5	58.1	44.1	46.6	38.3	58.4
Broad money (% GDP)	67.0	59.5	47.6	56.8	40.3	44.4
Default record (year cured) <sup>c</sup>	2003	-	-	-	2004	1986
Ease of Doing Business (percentile, latest)	47.1	70.7	53.3	65.1	34.4	71.5
Trade openness (avg. of CXR + CXP % GDP)	32.6	46.5	46.6	23.7	40.3	43.1
Gross domestic savings (% GDP)	19.7	22.7	18.2	15.3	22.1	20.7
Gross domestic investment (% GDP)	18.1	23.6	21.7	20.1	21.6	22.6
Private credit (% GDP)	30.8	56.9	37.4	58.8	49.9	32.0
Bank Systemic Risk Indicators <sup>d</sup>	bb / 1	-	-	bbb / 1	n.a. / 1	bb / 1
Bank system capital ratio (% assets)	17.0	15.2	16.0	16.4	18.0	22.0
Foreign bank ownership (% assets)	49.6	30.4	34.0	26.8	39.1	73.8
Public bank ownership (% assets)	50.4	13.4	16.9	3.9	6.4	8.2
<b>Macroeconomic Performance and Policies</b>						
Real GDP (5yr average % change)	0.3	3.6	4.2	0.5	2.3	3.1
Volatility of GDP (10yr rolling SD)	2.8	2.9	2.5	3.7	3.0	3.2
Consumer prices (5yr average)	8.2	3.9	5.4	4.3	3.4	2.1
Volatility of CPI (10yr rolling SD)	1.0	2.1	3.2	1.6	1.7	2.1
Unemployment rate (%)	10.4	7.6	8.9	16.0	6.0	6.5
Type of exchange rate regime	Floating	-	-	Floating	Floating	Floating
Dollarisation ratio (% of bank deposits)	77.2	17.1	39.8	0.0	44.7	38.0
REER volatility (10yr rolling SD)	3.4	4.9	6.2	7.1	4.7	3.1
<b>Public Finances<sup>e</sup></b>						
Budget balance (% GDP)	-6.6	-2.3	-2.8	-10.3	-6.3	-9.4
Primary balance (% GDP)	-3.5	-0.3	-0.7	-7.0	-5.4	-8.0
Gross debt (% revenue)	257.7	138.8	155.7	255.6	179.9	151.1
Gross debt (% GDP)	75.6	36.4	39.3	58.8	28.2	45.8
Net debt (% GDP)	71.2	30.6	32.7	53.2	20.1	42.4
Foreign-currency debt (% total debt)	53.0	34.7	60.2	32.4	86.7	45.2
Interest payments (% revenue)	10.4	6.9	9.0	13.0	5.5	3.6
Revenues and grants (% GDP)	29.3	31.4	25.2	23.0	15.7	30.3
Volatility of revenue/GDP ratio	1.3	6.2	5.6	5.5	4.7	5.0
Central government debt maturities (% GDP)	5.8	5.1	4.9	2.6	0.8	6.1
<b>External Finances</b>						
Current account balance + net FDI (% GDP)	1.9	0.6	0.8	-2.1	2.2	-1.5
Current account balance (% GDP)	-0.3	-1.7	-2.7	-3.4	0.8	-3.2
Net external debt (% GDP)	-23.5	6.7	10.1	16.8	14.0	16.8
Gross external debt (% CXR)	318.9	115.4	116.7	295.8	125.2	126.2
Gross sovereign external debt (% GXD)	47.4	30.9	46.2	48.5	50.6	41.8
Sovereign net foreign assets (% GDP)	-14.5	2.8	-2.7	-10.7	-2.9	-1.6
Ext. interest service ratio (% CXR)	9.6	4.3	4.0	12.6	6.3	3.1
Ext. debt service ratio (% CXR)	22.4	15.2	14.7	30.9	9.9	21.0
Foreign-exchange reserves (months of CXP)	12.7	4.9	4.3	9.9	6.6	4.8
Liquidity ratio (latest) <sup>f</sup>	260.1	149.9	146.5	98.1	142.7	105.0
Share of currency in global reserves (%)	-	-	-	-	-	-
Commodity export dependence (% CXR, latest)	52.1	20.7	22.9	43.1	76.3	11.1
Sovereign net foreign-currency debt (% GDP)	4.8	-6.7	2.2	-1.8	2.5	7.8

<sup>a</sup> Medians based on three-year centred averages.

<sup>b</sup> Composite of six World Bank Governance Indicators used in the Sovereign Rating Model: Government Effectiveness; Rule of Law; Control of Corruption; Voice and Accountability; Regulatory Quality; and Political Stability and Absence of Violence.

<sup>c</sup> Uruguay concluded an exchange offer for all foreign-currency bond debt on 22 May 2003.

<sup>d</sup> Bank systemic indicator, which equates to a weighted-average Viability Rating; and macro-prudential indicator, with 1 'low' systemic risk through to 3 'high'.

<sup>e</sup> General government data for Uruguay refer to consolidated figures of the central government + social security bank (BPS) figures.

<sup>f</sup> Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year.

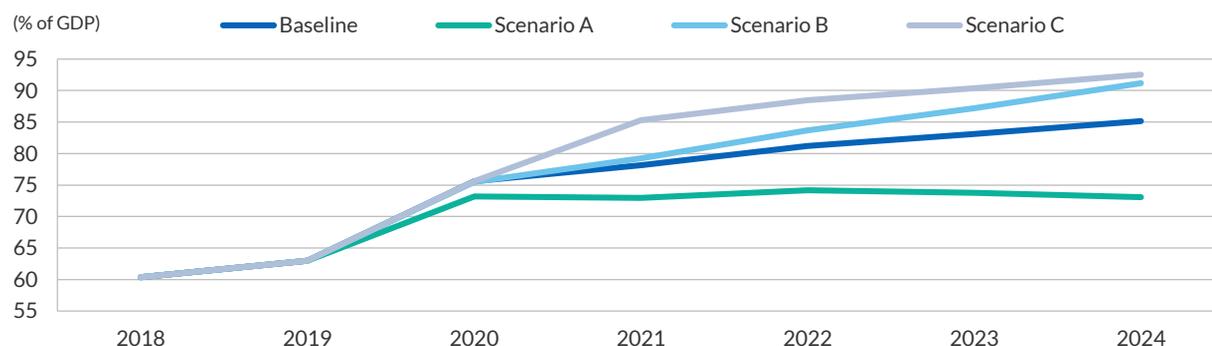
Note: Acronyms used: consumer price inflation (CPI), gross domestic product (GDP), current external receipts (CXR), current external payments (CXP), gross national income (GNI), purchasing power parity (PPP), standard deviation (SD), foreign direct investment (FDI).

Source: Fitch Ratings

## Public Debt Dynamics

### Sensitivity Analysis

Gross general government debt



Source: Fitch Ratings' Debt Dynamics Model

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.

### Debt Dynamics - Fitch's Baseline Assumptions

	2019	2020	2021	2022	2023	2024
Gross general government debt (% of GDP)	63.0	75.6	78.2	81.2	83.1	85.1
Primary balance (% of GDP)	-0.4	-3.5	-1.7	-1.5	-1.2	-1.0
Real GDP growth (%)	0.2	-4.6	2.8	2.0	3.0	2.5
Avg. nominal effective interest rate (%)	8.9	8.7	7.7	7.2	6.9	6.6
UYU/USD (annual avg)	35.3	42.7	45.0	47.9	50.7	53.3
GDP deflator	7.7	8.5	7.7	6.6	6.0	5.5

Source: Fitch Ratings

### Debt Sensitivity Analysis - Fitch's Scenario Assumptions

Scenario A	Stronger real GDP growth (2.3% avg. in 2020-2024) and consolidation to a 0.1%-of-GDP primary surplus as projected in the budget; higher deflator in line with inflation as opposed to 0.75pp differential in the baseline (around half of the avg. differential observed in 2016-2020).
Scenario B	Difficulties in achieving spending cuts that result in half the pace of fiscal consolidation projected in the baseline, accumulation of a 100bp risk premium on new foreign-currency debt.
Scenario C	A 15% additional depreciation in the Uruguayan peso in 2021 beyond that incorporated in the baseline.

Source: Fitch Ratings

Detailed Data Tables

Forecast Summary

	2016	2017	2018	2019	2020F	2021F	2022F
<b>Macroeconomic Indicators and Policy</b>							
Real GDP growth (%)	1.7	2.6	1.6	0.2	-4.6	2.8	2.0
Unemployment (%)	7.9	7.9	8.3	8.9	10.4	10.5	9.5
Consumer prices (annual average % change)	9.6	6.2	7.6	7.9	9.7	8.5	7.4
Short-term interest rate (bank policy annual avg) (%)	9.1	7.4	6.8	8.0	5.1	7.0	8.0
General government balance (% of GDP)	-3.5	-3.0	-2.1	-3.1	-6.6	-4.9	-4.7
General government debt (% of GDP)	58.9	58.3	60.4	63.0	75.6	78.2	81.2
UYU per USD (annual average)	30.2	28.7	30.7	35.3	42.7	45.0	47.9
Real effective exchange rate (2000=100)	95.6	101.4	102.9	99.6	97.3	97.8	97.8
Real private sector credit growth (%)	-5.4	-4.3	6.4	3.0	4.6	0.0	0.4
<b>External Finance</b>							
Current account balance (% of GDP)	0.6	0.7	-0.1	1.3	-0.3	-1.3	-0.9
Current account balance plus net FDI (% of GDP)	-1.5	-3.1	-2.0	3.7	1.9	1.0	0.1
Net external debt (% of GDP)	-18.4	-16.6	-19.5	-18.9	-23.5	-23.4	-23.0
Net external debt (% of CXR)	-62.1	-55.4	-64.2	-58.7	-72.6	-69.1	-66.3
Official international reserves including gold	13,472	15,959	15,557	14,504	16,526	16,600	16,626
Official international reserves (months of CXP cover)	10.5	11.0	10.2	10.0	12.7	11.3	10.9
External interest service (% of CXR)	7.6	6.8	7.8	7.6	9.6	9.1	9.0
Gross external financing requirement (% int. reserves)	5.5	12.4	14.9	12.9	14.7	15.3	14.7
<b>Real GDP growth (%)</b>							
US	1.7	2.3	3.0	2.2	-4.6	4.0	3.0
China	6.7	6.9	6.7	6.1	2.7	7.7	5.5
Eurozone	2.0	2.4	1.9	1.3	-9.0	5.5	3.2
World	2.6	3.4	3.2	2.6	-4.4	5.2	3.6
Oil (USD/barrel)	45.1	54.9	71.5	64.1	41.0	45.0	50.0

Source: Fitch Ratings

Detailed Data Tables

Fiscal Accounts Summary

% of GDP	2017	2018	2019	2020F	2021F	2022F
<b>General government</b>						
Revenue	28.8	30.6	30.0	29.3	29.0	28.9
Expenditure	31.8	32.6	33.1	35.9	33.9	33.6
o/w interest payments	2.7	2.8	2.6	3.1	3.2	3.2
Primary balance	-0.3	0.7	-0.4	-3.5	-1.7	-1.5
Overall balance	-3.0	-2.1	-3.1	-6.6	-4.9	-4.7
<b>General government debt</b>						
% of general government revenue	202.1	197.5	209.9	257.7	269.2	281.6
Central government deposits	5.7	5.4	4.2	4.4	4.3	4.1
Net general government debt	52.6	54.9	58.8	71.2	73.9	77.1
<b>Central government</b>						
Revenue	21.1	21.7	21.2	21.4	21.2	21.2
o/w grants	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure and net lending	24.1	25.1	25.5	28.7	26.4	26.0
o/w current expenditure and transfers	20.1	20.8	21.3	24.0	21.8	21.4
- interest	2.7	2.8	2.7	3.2	3.3	3.3
o/w capital expenditure	1.3	1.5	1.5	1.5	1.3	1.3
Current balance	-1.6	-1.9	-2.9	-5.9	-3.9	-3.5
Primary balance	-0.3	-0.6	-1.6	-4.2	-1.9	-1.5
Overall balance	-3.0	-3.4	-4.3	-7.3	-5.2	-4.8
<b>Central government debt</b>						
% of central government revenues	272.9	280.1	303.1	362.7	378.1	393.6
<b>Central government debt (UYUbn)</b>						
By residency of holder	984	1,111	1,268	1,584	1,817	2,052
Domestic	566	615	660	759	871	986
Foreign	418	496	608	825	946	1,066
By currency denomination						
Local currency	578	597	633	774	888	1,006
Foreign currency	406	514	635	810	929	1,046
in USD equivalent (eop exchange rate)	14	16	17	19	20	21
Average maturity (years)	13.0	13.8	14.0	-	-	-
<b>Memo:</b>						
Nominal GDP (UYUbn)	1,707	1,831	1,976	2,045	2,264	2,462

Source: Fitch Ratings estimates and forecasts and Ministry of Finance

Detailed Data Tables

External Debt and Assets

(USD Billions)	2015	2016	2017	2018	2019	2020F
<b>Gross external debt</b>	<b>43.7</b>	<b>40.3</b>	<b>43.2</b>	<b>42.0</b>	<b>45.4</b>	<b>49.5</b>
% of GDP	82.1	76.5	72.6	70.5	81.0	103.4
% of CXR	263.4	257.5	242.2	231.5	250.9	318.9
<b>By maturity</b>						
Medium- and long-term	34.4	33.1	36.2	35.6	39.0	42.8
Short-term	9.3	7.2	7.0	6.4	6.4	6.7
% of total debt	21.4	17.9	16.1	15.3	14.1	13.5
<b>By debtor</b>						
<b>Sovereign</b>	<b>16.6</b>	<b>16.2</b>	<b>18.5</b>	<b>17.7</b>	<b>20.6</b>	<b>23.5</b>
Monetary authorities	1.0	0.7	0.8	0.5	0.5	0.7
General government	15.6	15.4	17.6	17.2	20.1	22.8
o/w central government	14.5	13.8	14.5	15.3	16.3	19.0
<b>Banks</b>	<b>6.0</b>	<b>4.6</b>	<b>3.8</b>	<b>3.8</b>	<b>4.0</b>	<b>4.2</b>
<b>Other sectors</b>	<b>21.1</b>	<b>19.6</b>	<b>20.9</b>	<b>20.5</b>	<b>20.8</b>	<b>21.8</b>
<b>Gross external assets (non-equity)</b>	<b>52.9</b>	<b>50.0</b>	<b>53.1</b>	<b>53.7</b>	<b>56.0</b>	<b>60.7</b>
International reserves, incl. gold	15.6	13.5	16.0	15.6	14.5	16.5
Other sovereign assets nes	0.1	0.0	0.0	0.0	0.0	0.0
Deposit money banks' foreign assets	11.0	10.6	9.7	10.0	11.2	11.5
Other sector foreign assets	26.2	25.9	27.4	28.1	30.3	32.7
<b>Net external debt</b>	<b>-9.1</b>	<b>-9.7</b>	<b>-9.9</b>	<b>-11.6</b>	<b>-10.6</b>	<b>-11.3</b>
% of GDP	-17.2	-18.4	-16.6	-19.5	-18.9	-23.5
Net sovereign external debt	0.9	2.7	2.5	2.2	6.1	6.9
Net bank external debt	-5.0	-6.1	-5.9	-6.2	-7.2	-7.3
Net other external debt	-5.1	-6.3	-6.5	-7.6	-9.5	-10.9
<b>Net international investment position</b>	<b>-15.3</b>	<b>-15.8</b>	<b>-17.0</b>	<b>-15.2</b>	<b>-15.1</b>	<b>-14.5</b>
% of GDP	-28.7	-30.0	-28.5	-25.5	-27.0	-30.2
<b>Sovereign net foreign assets</b>	<b>-0.9</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.2</b>	<b>-6.1</b>	<b>-6.9</b>
% of GDP	-1.8	-5.1	-4.2	-3.6	-10.9	-14.5
<b>Debt service (principal &amp; interest)</b>	<b>3.2</b>	<b>2.4</b>	<b>3.3</b>	<b>3.7</b>	<b>4.1</b>	<b>3.5</b>
Debt service (% of CXR)	19.4	15.2	18.4	20.5	22.7	22.4
Interest (% of CXR)	7.4	7.6	6.8	7.8	7.6	9.6
Liquidity ratio (%)	172.1	194.3	215.5	233.6	239.4	260.1
Net sovereign FX debt (% of GDP)	-3.9	2.8	-2.7	0.9	4.5	4.8
<b>Memo:</b>						
Nominal GDP	53.3	52.7	59.5	59.6	56.0	47.9
Inter-company loans	13.8	12.8	13.6	13.7	13.7	14.7

Source: Fitch Ratings estimates and forecasts, central bank, IMF and World Bank

Detailed Data Tables

Balance of Payments

(USD Billions)	2017	2018	2019	2020F	2021F	2022F
<b>Current account balance</b>	0.4	-0.1	0.7	-0.2	-0.7	-0.5
% of GDP	0.7	-0.1	1.3	-0.3	-1.3	-0.9
% of CXR	2.3	-0.4	4.1	-1.0	-3.9	-2.7
<b>Trade balance</b>	2.4	2.4	3.0	2.2	2.0	2.2
Exports, fob	11.1	11.5	11.6	10.1	11.2	11.7
Imports, fob	8.7	9.1	8.6	8.0	9.2	9.5
<b>Services, net</b>	1.2	0.7	0.3	-0.1	-0.1	0.0
Services, credit	5.0	4.7	4.7	3.7	3.9	4.1
Services, debit	3.8	4.0	4.3	3.8	4.1	4.2
<b>Income, net</b>	-3.4	-3.4	-2.9	-2.5	-2.8	-2.9
Income, credit	1.5	1.6	1.4	1.3	1.6	1.6
Income, debit	4.9	5.1	4.3	3.8	4.4	4.5
O/w: interest payments	1.2	1.4	1.4	1.5	1.6	1.6
<b>Current transfers, net</b>	0.2	0.2	0.3	0.2	0.2	0.2
<b>Capital and Financial Accounts:</b>						
Non-debt-creating inflows (net)	0.0	0.7	-0.8	0.8	1.2	0.6
o/w equity FDI	0.2	0.5	-0.5	0.8	1.2	0.6
o/w portfolio equity	-0.2	0.2	-0.3	0.0	0.0	0.0
o/w other flows	0.0	0.0	0.1	0.0	0.0	0.0
Change in reserves	-2.4	0.4	1.1	-2.0	-0.1	0.0
<b>Gross external financing requirement</b>	1.7	2.4	2.0	2.1	2.5	2.4
<b>Stock of international reserves, incl. gold</b>	16.0	15.6	14.5	16.5	16.6	16.6

Source: Fitch Ratings estimates and forecasts and IMF

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