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 2022*

Key Highlights

- **Given the sustained decrease in the number of Covid-19 cases and the high percentage of vaccination (84.3% of total population), on April 5th, the Government declared the end of the sanitary emergency due to the Covid-19 pandemic.**
- **Real GDP expanded 4.4% in 2021, while it grew 5.9% YoY in 2021Q4 and 2.0% QoQ in seasonally adjusted (s.a.) terms, surpassing its pre-pandemic level.**
- **The current account balance printed a deficit of 1.8% of GDP in 2021, mostly explained by higher imports and primary income deficit (due to the increase in reinvested earnings of FDI companies).**
- **Annual inflation stood at 9.37% as of April 2022; the short-term Monetary Policy Rate was raised to 9.25%.**
- **New public sector Green Hydrogen Sector Fund to finance production, research and innovation projects.**
- **2021 showed a record of residence applications, mainly from Argentina.**

I. Covid-19 Update

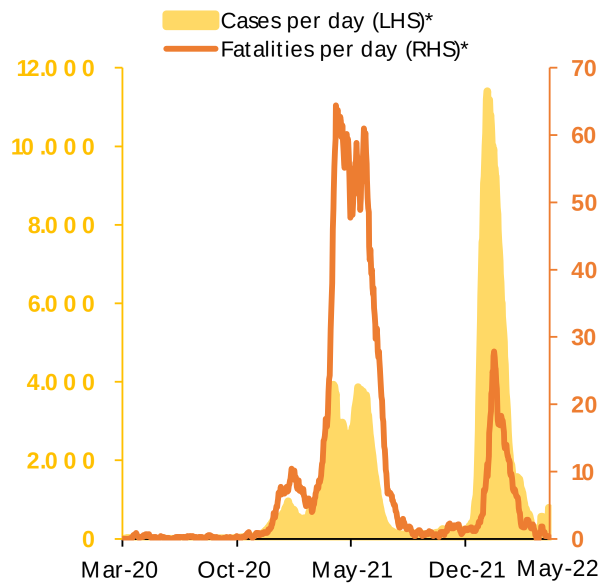
After the sharp increase in Covid-19 cases during last December, January and February 2022, mostly due to the presence of the Omicron variant in the country, new daily cases have been diminishing. Given the large percentage of people vaccinated the number of fatalities has been proportionally contained—particularly compared to the previous "wave" in March-June 2021 (Figure 1).[1]

In Uruguay, as of May 18th, 81% of total population have received both doses, 57% has had a third booster shot and 11.5% a fourth one– placing Uruguay second in LATAM regarding this metric.

Given the sustained decrease in the number of cases and the high percentage of vaccination, on April 5th, the Government declared the end of the sanitary emergency due to the Covid-19 pandemic. In the same way, the Ministry of Public Health updated the surveillance and control strategies of the virus. For instance, the use of facial mask is recommended (though it remains mandatory for some groups of people, such as people with respiratory symptoms and health services staff). Likewise, no test for the detection of SARS-COV-2 is requested to enter the country, unless not fully vaccinated.

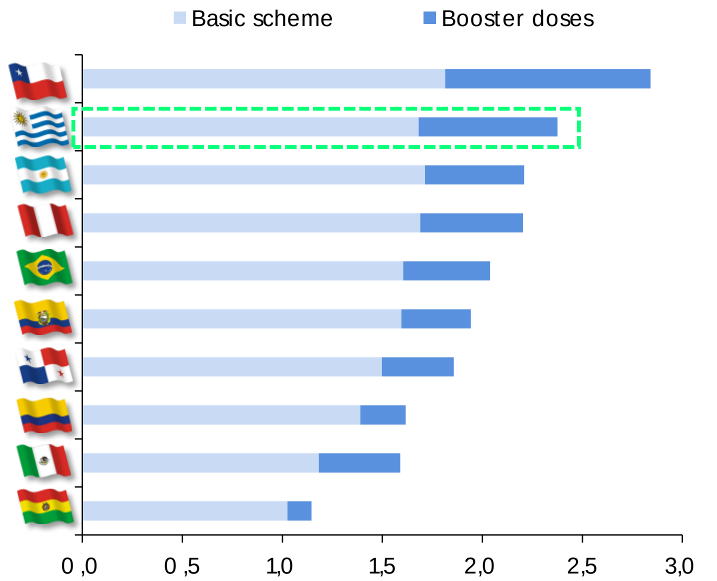
[1] Since the pandemic started on March 13rd 2020, almost 900 thousand cases have been registered and 7,210 deaths (equivalent to 2,035 per million people) have been caused by Covid-19 in Uruguay.

Figure 1: Evolution of COVID-19 cases and vaccinations in Uruguay
(As of May 18th, 2022)



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

Figure 2: Covid-19 vaccines administered per person in LATAM
(As of May 18th, 2022)



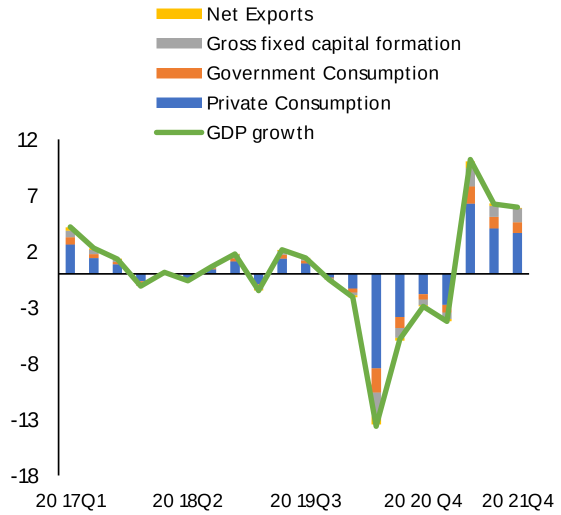
Source: Our World in Data. In the case of Uruguay, the figure of total population Comes from the National Statistics Office.

II. Real Sector

The economy grew 5.9% year-on-year (YoY) in the fourth quarter of 2021, expanding 2.0% in seasonally adjusted terms with respect to 2021Q3. Overall, in 2021 the GDP grew 4.4%, reflecting an economic recovery from the impact of the health crisis due to COVID-19 in 2020.

From the production perspective, the recovery is generalized to all sectors of the economy. *Commerce, restaurants and hotels*; *Health, education, real estate and other services*, and *Manufacturing* sectors stand out for their positive impact in the YoY comparison. Regarding the first one, the achievement is explained by the reopening of borders and decrease in mobility restrictions. Health, education, real estate and other services sectors were also positively impacted by the reopening of borders, fewer restrictions and schooling in-person attendance. Lastly, the *Manufacturing* sector significantly recovered due to the continuous growth of external demand.

Figure 3: Contribution to Real GDP Growth by Expenditure Component
(YoY, quarterly)



Source: Central Bank of Uruguay

In annual terms, from the expenditure perspective, gross fixed investment increased by 14.6% YoY explained by a de-stocking and higher fixed capital investment. Final consumption expanded 3.4% YoY in real terms, driven by both an increase in household and government spending, of 2.3% and 8.0% respectively.

The recovery of external demand is reflected in an increase in the physical volume of exports of 14.4%, while imports grew at a year-on-year rate of 20.9%, in both cases due to increases in both goods and services.

Leading economic indicators suggest that economic recovery continued into the first quarter of 2022. According to the Uruguay XXI Institute, exports of goods -including those from the Free Trade Zones (FTZ) - recorded a 28.2% YoY growth in USD. So far this year, sales of goods abroad accumulate USD 4.0 billion (34.5% growth YoY). Likewise, CIF imports of goods (excluding oil and electric energy) increased 23.4% YoY.

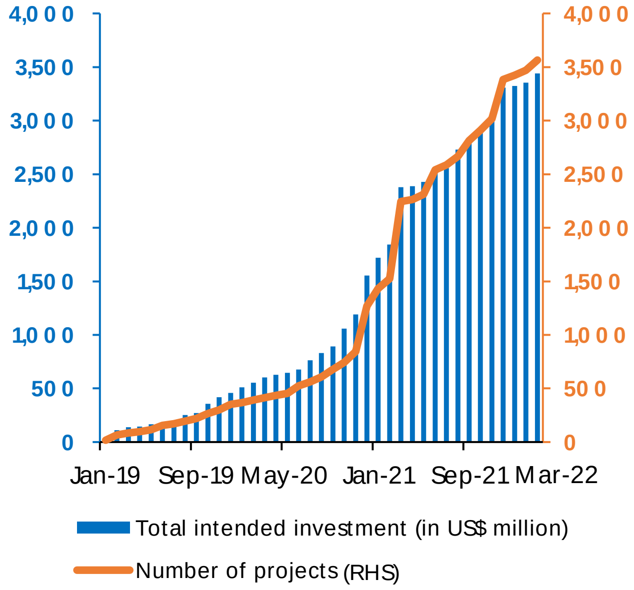
Investment spending continues to ramp up. According to the Chamber of Industry of Uruguay (CIU), in the first quarter of 2022, the IMEQ (index that measures the investment in machinery and equipment) registered a 30.7% YoY growth, and 24.2% when excluding companies located in FTZ.

Within this measure, the private sector registered a 22.4% when excluding companies located in FTZ, while the public sector registered a 45.3% attributable to the equipment investments in Plan CEIBAL (domestic public computer program for online learning) and public telecommunications company, ANTEL.

Likewise, the latest report of the Investment Promotion Regime (COMAP, for its acronym in Spanish), showed that submitted projects have continued to rise.

Historically, on average, half of the projects promoted by the COMAP committee are executed in the year of submission and in the subsequent one. Thus, it is expected a large portion of the 3,600 projects to be implemented in 2022- 2023.

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



Source: Ministry of Economy and Finance

III. Labor market

The unemployment rate reached 7.7% in March 2022, down 2 percentage points (p.p.) from the same month of last year, according to the data published by the National Bureau of Statistics.

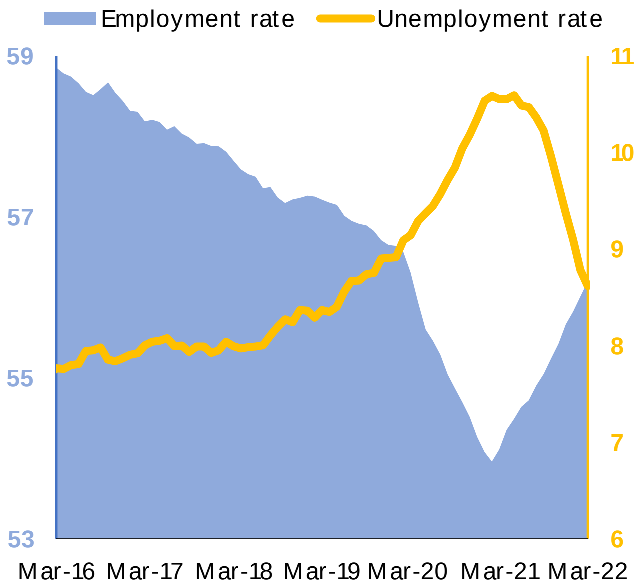
Additionally, the employment rate was 57.1% in March, up 2.2 p.p. from the value observed for March 2021. Similarly, the activity rate (share of employed population or are searching for a job as a share of total working-age people) stood at 61.9%, up 1.1 p.p. from its level in March 2021.

In the YoY comparison, approximately 72,000 jobs were created while if compared to March-2019 (pre-pandemic), about 52,000 jobs were created.

The unemployment insurance beneficiaries increased by 1,120 (2.4%) workers month-on-month reaching 47,557 beneficiaries as of March 2022. Regarding the traditional regime, the number of beneficiaries has remained way below the respective monthly measures of 2019 and beginning of 2020. The partial regime implies that employees maintain the job relationship, working partial time, whereas the traditional regime refers to the full unemployment insurance benefit according to Uruguayan law. The former was created upon the onset of the Covid-19 in the country, to provide more flexibility to the unemployment benefit, allowing firms to place employees in part-time schedules, avoiding an outright dismissal.

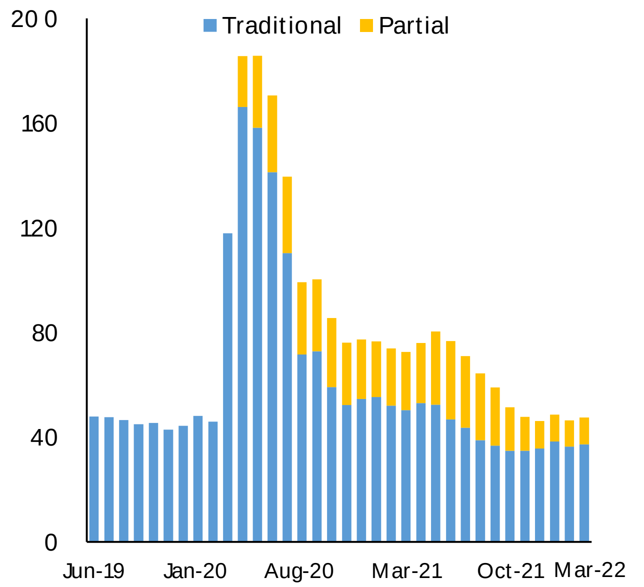
Meanwhile, nominal wages index grew 7.3% in March in YoY terms, while the real wage decreased 2.1% in the same period.

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



Source: National Institute of Statistics

Figure 6: Unemployment Insurance
(Number of beneficiaries, in thousands, by regime)



Note: The traditional regime refers to the full unemployment insurance benefit according to Uruguayan law, whereas the partial regime implies that employees maintain the job relationship, working partial time.
Source: Social Security Bank

IV. External Sector

During 2021, the Current Account Balance (CAB) registered a deficit of USD 1,091 million (equivalent of 1.8% of GDP). This implied a deterioration of 1.1 p.p.. with respect to 2020 (when it registered a deficit of 0.7% of GDP).

The main drivers of this trend were the increase of imports (especially related to the progress of the construction of large investment projects being developed in the country) as well as the decline in the surplus of tourism services, which were particularly affected by the closure of borders due to COVID-19 in 2021. The above trends were partly cushioned by the significant dynamism of exports.

The primary income deficit was USD 5 billion in 2021, representing a substantial increase in comparison to the preceding year (of USD 2.9 billion). Almost all of this expansion stemmed from higher reinvested profits from Foreign Direct Investments companies in the country.

Concerning the trade balance of services, there was a balance reversal from a surplus of USD 307 million in 2020 to a deficit in 2021 of USD 153 million. This turnaround is explained by the comparison of a year (2020) in which the first quarter was not affected by the pandemic (the quarter with the greatest weight in tourism exports) with a year fully affected by it. Exports of services showed a variation of 2.8%, with an increase in exports of other services (USD 540 million) and a fall in travelling (USD 531 million). Within other services, telecommunications and other business services had the greatest impact. Imports of services grew 16.8% over the previous year. Within this increase, transportation services (USD 334 million) and other services (US$ 353 million) stood out. Within imports of transportation services, the component with the highest year-on-year increase was freight, associated with the expansion in the volume of imports and the higher prices of these services. These increases in imports of services were partially offset by a 40% drop in travels (USD 133 million).

Nonetheless, the trade of goods registered a positive balance of trade of USD 3.963 million for 2021 (6.7% of GDP). This represented an increase of USD 1.9 billion in a context of a greater expansion of exports (52.1%) than imports (41.9%).

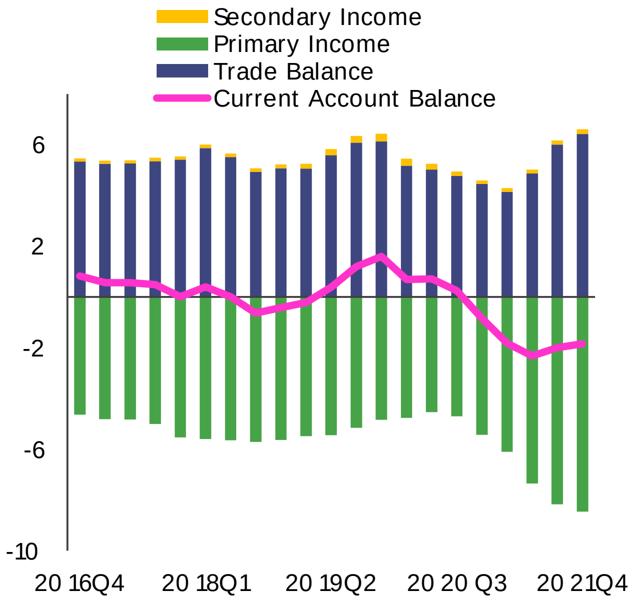
The Financial Account registered a net capital inflow of USD 1,066 million in 2021, in contrast to a surplus of USD 505 registered the preceding year. On one hand, Financial Derivatives, Other Investments and Direct

Investment recorded net outflows of USD 358, USD 1,060 and USD 1,335, respectively. On the other hand, Portfolio Investments printed net outflows of USD 859 million.

Furthermore, international reserve assets increased USD 829 million in 2021, due to i) the allocation of Special Drawing Rights (SDG) of the International Monetary Fund (IMF); ii) the increase of deposits received by the banking system in the Central Bank and iii) net Central Bank purchase interventions in the exchange rate market.

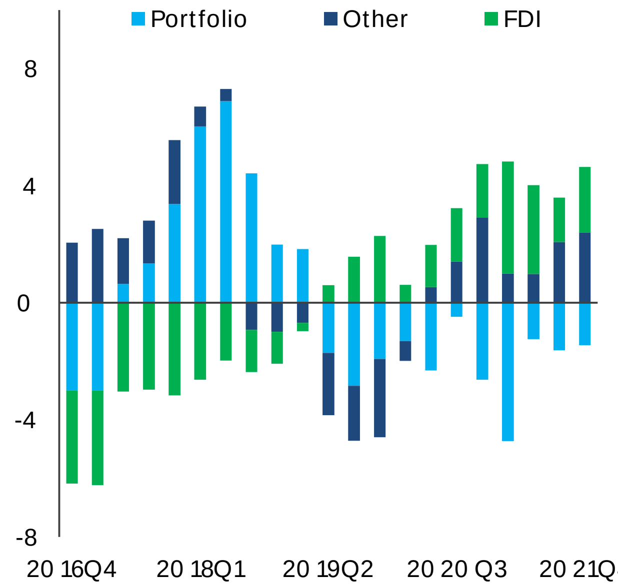
International reserves stood at 16.6 billion as of March 2022 (equivalent to 27.0% of GDP).

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



Source: Central Bank of Uruguay

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



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

V. Inflation and Monetary Indicators

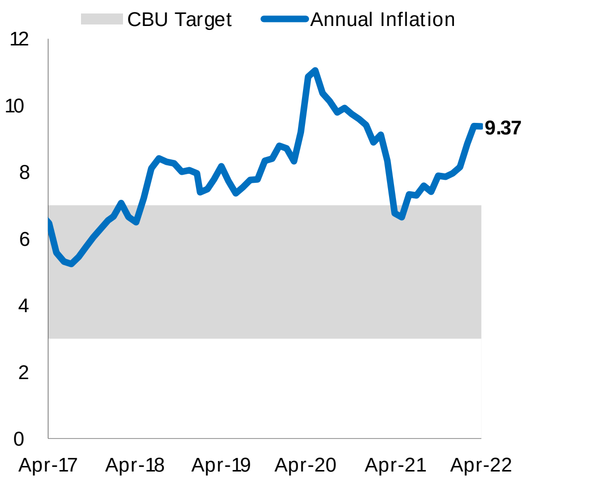
In April 2022, prices increased 0.49% month-on-month, and 9.37% in YoY print. Increases in Transportation (0.24%), Restaurants and Hotels (0.13%) and Housing (0.09%), were the largest contributors.

On May 17th, the Monetary Policy Committee (COPOM, Spanish acronym), increased its Monetary Policy Rate by 75 bps to 9.25%. The cumulative rise of this short-term interest rate policy instrument (established in Sep-2020), reached 475 bps.

The COPOM anticipated at least two additional increases of 50 basis points expected in the next meetings, until the interest rate achieves levels consistent with the convergence of Central Bank projections to its inflation target.

Besides, the Committee highlighted that inflation continues to suffer upward pressure globally. In this line, the greater deterioration in financial conditions and the greater global inflationary pressures constitute the main risks to monitor.

Figure 9: Inflation
(In %, YoY)



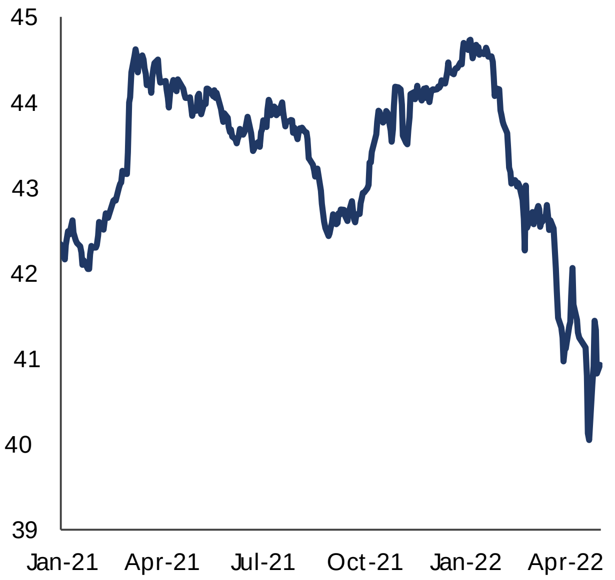
Source: National Institute of Statistics and Central Bank of Uruguay

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

Nominal FX decreased 2.85% in April month-on-month, reaching 41.1 pesos per US Dollar, following the regional Latin American trend. Overall, the UYU has appreciated 7.3% YTD against the US Dollar.

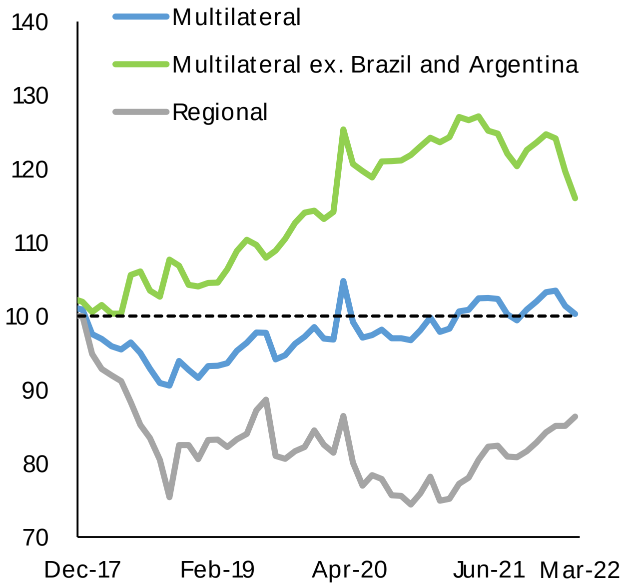
The real effective exchange rate (REER) showed a 2.8% depreciation in 2022Q1 compared to 2021Q1. The competitiveness with the region increased 12.8% (comprised by Argentina and Brazil). In the extra region (United States, México, Germany, Spain, United Kingdom, Italy and China, according the BCU methodology) REER appreciated 4.0%.

Figure 10: Nominal Exchange Rate
(Pesos per Dollar)



Source: Central Bank of Uruguay

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



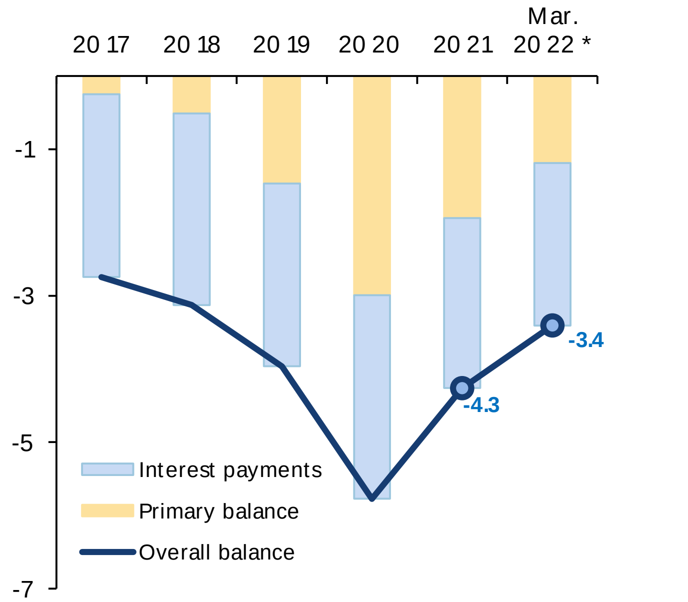
Note 1: The Regional Real Effective Exchange Rate is a weighted average of the REER of Argentina and Brazil.
Note 2: An upward movement in the index means a real exchange depreciation.
Source: Central Bank of Uruguay.

VI. Fiscal and Debt Indicators

In the twelve months ended March 2022, the fiscal balance of the Central Government stood out at -1,9% of GDP. It is worth reckoning this headline result is affected by the advance payment of salaries and pensions of April 2021, due to the tourist week holiday. Factoring in the aforementioned advanced payments (which accounted for 1.1% of GDP) and netting-out the inflows to the Social Security Trust Fund (which accounted for 0.4% of GDP as of March 2022), the fiscal performance of the Central Government and BPS stood at -3,4% of GDP.

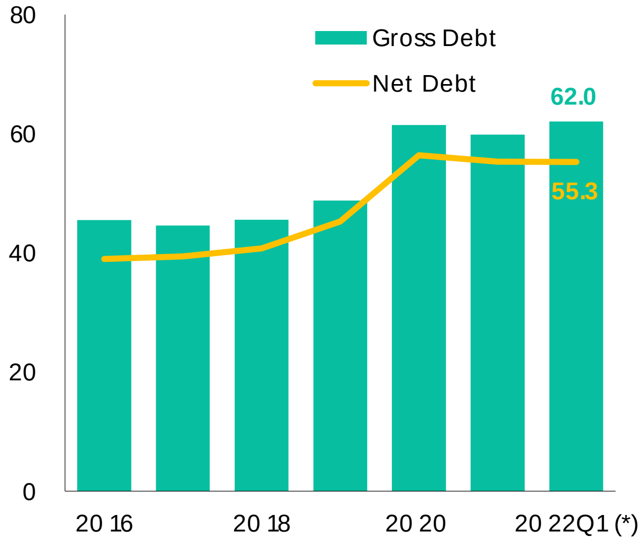
In turn, gross debt of the Central Government stood at 62% of GDP as of March 2022, while net debt was 55.3% of GDP. Debt figures include all loans and financial market securities contracted/ issued by the CG securities held by the public SSTF, and exclude non-market CG securities issued to capitalize the Central Bank in previous years. Central Government debt securities held by the SSTF were equivalent to 3.1% of GDP by the end of the first quarter of 2022 (measured in nominal face value).

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



(*) Last 12 months. This result factors the advance payment of salaries and pensions that were due in April 2021, because of the date of Easter holidays last year. This effect accounted for -1.1% of GDP in the fiscal result.
Source: Ministry of Economy and Finance of Uruguay

Figure 13: Central Government Debt
(In % of GDP, end of period)



(*) Preliminary.
Source: Debt Management Unit and Central Bank of Uruguay

Considering the broadest measure of the Consolidated Public Sector (Central Government, local governments, public enterprises, the state-owned insurance bank and the Central Bank), and netting out cross-holdings of assets and liabilities by institutions within this perimeter of consolidation, the debt stock stood at 71.5% of GDP by end-2021, while the net debt printed at 35.4% of GDP.

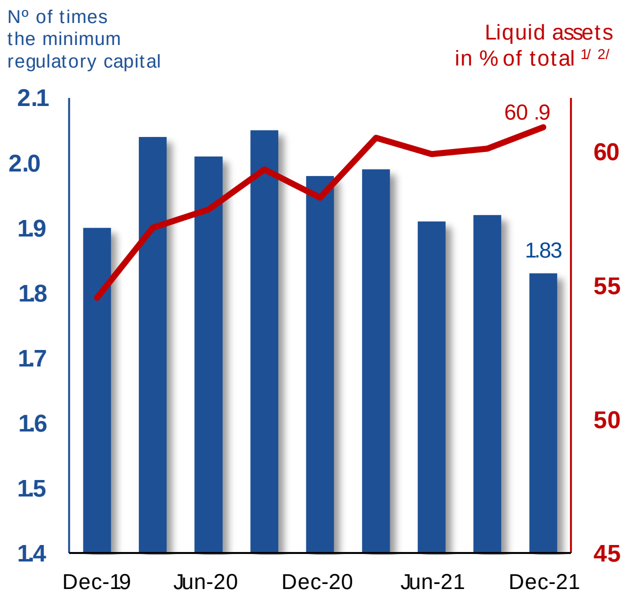
VII. Banking System

The solvency situation of the financial institutions based in Uruguay continued to show a remarkable strength as of end-2021, with a capital buffer that reached 1.8 times the minimum regulatory requirement. Regarding liquidity risk of the banking system, the ratio of liquid assets to total assets remained at a healthy 60.9% (Figure 14).

The profitability of banks (measured in nominal pesos) represented a return on assets (ROA) of 1.5% and a return on equity (ROE) of 15% as of December 2021. The general delinquency of credit continued falling to 1.5% from 1.8% in September 2021, with the peak having occurred in March 2020, because of the pandemic impact, when the credit delinquency ratio reached 3.3%.

Stress tests of the banking system carried out by the Superintendence of Financial Services (SFS) of the Central Bank, showed that the banking system would withstand a severe recession scenario, and the regulatory capital of the banking system would remain above the minimum requirement.

Figure 14: Financial System`s Solvency Profile and Liquidity



1/ Liquid assets are those available within 30 days.
2/ Refers to the banking system only.
Source: Central Bank of Uruguay.

VIII. Recent Developments

VIII.1 Uruguay releases bidding rules for green hydrogen R&D grants

The National Research and Innovation Agency of Uruguay (ANII, for its acronym in Spanish) published the bidding rules to guide the competitive grant process for Research and Development (R&D) projects to produce green hydrogen and its derivatives.

The tender includes non-refundable financing support of USD 10 million and will be awarded and distributed for a period of up to 10 years. The call, open from April 8th to May 24th, will consider projects with power over 1.5 MW, which will have to be running by 2025.

This call to be opened through the ANII will be administered as a two-stage competition: i) presentation of profiles and ii) presentation of projects. It will be aimed at the financing and supporting of construction, production and use of green hydrogen and its derivatives. Possible uses include heavy-duty or bus transport, e-methanol, e-kerosene and green fertilizers. The invitation will be opened to different possibilities in terms of renewable energy sources and locations.

The production of green hydrogen will allow the country to "take part in this global development that we see is accelerating," said Omar Paganini, Minister of Industry, Energy and Mining, adding that investment proposals have already been received from European energy companies.
A technical and economic monitoring committee will be set up. Evaluations will take into account the following criteria: use, experience, project maturity, associated industrial development, financing scheme, early entry and type of market.

Globally, several countries have already set ambitious goals to achieve de-carbonization by 2050. Uruguay has initiated its second stage in its energy transition, through actions that allow the advancement in de-carbonization of sectors of the economy that are still heavily dependent on fossil fuels (mainly transport and industry).

The competitive process is the first step taken under the so-called Hydrogen Sectorial Fund that Uruguay's Ministry of Industry, Energy and Mining launched alongside ANII and the national technology laboratory (LATU) as of end-March. The Government is expected to present Uruguay's national green hydrogen road map shortly.

VIII.2 Powering through in transportation with renewable electricity

i) Significant demand growth for electric vehicles. Demand for electric cars soared 180% in 2022Q1 compared with the same period of last year, according to a research carried out by market place *Mercado Libre*. The increase coincides with the tax exemption made by the Government as of January for 100% electric vehicles.

In the case of 100% electricity cars, the growth was very significant, with increases of 30.3% in supply (number of ads) and 145.1% in the purchase intention (number of contacts to the publication). As for hybrid vehicles, there was a 22.3% growth in supply, 49.5% in demand and 59.8% in purchase intention.

Since January, the tax exemption (of IMESI) for the 100% electric vehicles has been in force by National Decree, "which could explain such a significant increase in public interest in this type of vehicle". This Decree also established that the percentage of IMESI will also be lowered for hybrid vehicles since June of this year.

"Around the world, the trend in the automotive market is towards growth in the supply and demand for electric and hybrid vehicles. Uruguay is not an exception and for several quarters, we have seen a sustained increase in the participation of these cars on the market. The recent tax change further boosted the demand," said Mr. Jonathan Szwarcman, manager of Marketplace Vehicles at Mercado Libre.

In parallel, Uruguay is developing the "Electric Route" that currently covers most of the country through recharging points located every 60 kilometers. Soon, at least one public charging point will be completed in each of the 19 Departments of the country.

ii) Towards a 100% electric bus fleet for urban public transportation. In March, the biggest urban public transport company of Uruguay, CUTCSA, set the goal of having 100% electricity bus by 2040. This goal is expected to meet gradually, reaching 25% of electric vehicles in 2025, 50% in 2030 and 75% in 2035.

So far, 32 subsidized electric passenger-buses circulate in the country. The first 30 began operating in Montevideo in May 2020, which were acquired by the four public transport companies that operates in the capital of Uruguay. The objective of the subsidy, approved by law in Parliament, is to promote the incorporation of 120 electric buses in the country, covering the price difference between a diesel bus and an electric one with similar dimensions.

In a country where electricity generation is mostly clean and renewable and where transport is responsible for almost two thirds of total CO_2 emissions is essential to continue promoting this tool.

The subsidy design implies that it does not increase public expenditures in the long term. In effect, from a financial point of view, the total subsidy for diesel fuel that a conventional bus receives during its useful life is equivalent to the price difference covered by the subsidy for the purchase of an electric bus. Therefore, resources are redirected with greater benefits and takes advantage of the use of renewable and clean energy produced in Uruguay.

This transformation not only implies a change in motorization, this has been an opportunity to take a leap in quality: the requirements to access this subsidy are that buses must have a low floor with universal accessibility, air conditioning, an information screen for those who travel and surveillance cameras, with a clear focus on the gender perspective. The Ministry of Industry, Energy and Mining, the Ministry of Economy and Finance, the Ministry of Transport and Public Works, the Ministry of Housing and Territorial Planning and the Ministry of the Environment, with technical support from the MOVÉS project (funded by the Global Environment Facility), have implemented this instrument.

The demand for energy associated with electric transport doubled from 2018 to 2019 and from 2019 to 2020. In 2020, the main consumer of energy for electric mobility was public transport (87%), followed by private users (10%) and public users (3%), according to information provided by UTE, the state-owned company that generates, transmits and distributes electricity in Uruguay.

iii) Volkswagen approved the commercialization of electric vehicles in Uruguay. The German company Volkswagen announced it will begin to market the *e-up!* Electric vehicles in Uruguay shortly. After seven years of studies, the company announced that Uruguay met all the prerequisites. The analysis involved a series of points: adequate infrastructure in the charger network, good road conditions in both urban and rural areas, technician training, investment in service tools and test-runs for electric vehicles.

VIII.3 Uruguay sees rising immigration from neighbor Argentina

During 2021, Uruguay saw a record of residence applications, in particular those coming from Argentina. During the past year, almost 15,000 procedures were initiated to obtain the Uruguayan residence. That means more than 40 per day and an increase of 44% compared to 2020. Of all these procedures in 2021, Argentines citizens represented 84%, according to the Foreign Affairs Ministry.

One of the most preferred areas for immigrants to settle down in the country is Punta del Este. Because an exponential increase in residency applications for this famous resort, a new immigration office was opened there in April.

"Uruguay is a safe haven in times of crisis", pointed out to the magazine Der Spiegel, Mr. Mischa Groh, Managing Director of the German Chamber of Foreign Trade in Montevideo. "Since the euro crisis, we have had increasing immigration from Germany, and then came the pandemic, which increased the influx. With the Ukraine war we are now experiencing the fourth wave", he added.

Uruguay is recognized for its openness towards immigration. Not only do foreigners choose the country for its outstanding characteristics, but also the country is ready to welcome them without discrimination and with agile immigration reception policies. The country has long been a symbol for peace and pacific coexistence in Latin America. It stands out for being egalitarian, a leader in social inclusion, and in spite of its small population -only 3.5 million inhabitants-, for being consistently at the vanguard.

In turn, after the cessation of the health emergency declared by the Government from the beginning of April of this year, it is expected that a significant flow of immigration will continue during the current year.

VIII.4 A new landmark for the Uruguayan film industries: Amazon series premiere´s first season

Naturally favored by its accessible and varied locations, but also by the tax exemptions it offers, its qualified technicians and the support it provides to the film industry, Uruguay has strengthened its position as a filming destination. Proof of this are the international productions coming to the country from clients such as Netflix, Amazon, HBO, and Disney.

The series *Losi* is an example: the first original work for Amazon by Mediapro Studio —a leading production company in the world, which began its production, process in Latin America— shot in Uruguay. The project received support from the international line of the Uruguay Audiovisual Program and will soon begin shooting its second season in the country. The filming had a strong impact on the direct and indirect hiring of labor in Uruguay. About 110 film professionals were employed as well as some 340 extras and supporting actors.

The Uruguayan film industry is going through a moment of growth; in fact, it went from reporting 24 weeks of shooting in 2019 to 144 weeks in 2021. A free currency exchange market, zero VAT and the fact that material goods used for the promotion of cultural activities can enter the country on a temporary admission basis and several lines of support for filming services and co-production works, are some of the country's significant advantages.

Uruguay has talented professionals and technicians and a widely varied casting thanks to the diversity in the traits of its population with strong European ancestry. It also has four seasons opposite to those in the Northern Hemisphere, which allows film productions to be shot in summer during the northern winter. The country also offers the fastest mobile Internet connection speed in Latin America with nation-wide coverage.

In addition, few destinations in the world are so versatile and can offer multiple options in a maximum distance of 600 kilometers. Beaches, prairies, rural areas, modern cities with Art Nouveau and Art Deco architecture, offer a wide range of locations to recreate varied places such as Old Havana, Paris, London, Germany, the Caribbean, Italy or Ireland.

VIII.5 Colonia Department attracts major real estate project

In April 29th, the City Council of Colonia gave the green light for the beginning of the works of "+Colonia" a millionaire city project, in the Colonia Department located in the west zone of the country, close to Buenos Aires. It will be developed within a period of 10 years but it seeks to have the first inhabitants since next year. The initiative seeks to become a city that brings together technology companies from a natural environment, sustainable policies and the fastest internet connectivity in the region in a 500-hectare property in the eastern wing of the department. It is planned to attract new settlers from Montevideo, Buenos Aires and other areas of the region.

“This is a project to extend Colonia and take advantage of its unique geographical location to generate a hub for the knowledge industry that attracts young people for its ability to connect them with technology, with their peers and with nature.


The first stage of this project will involve the development of almost 200 hectares

Retaining talent is one of the great challenges facing large technology companies that have been emerging in Argentina and Uruguay: +Colonia wants to provide an ideal environment and vibrant culture for young people to choose to stay and have a sustainable quality of life in every sense”, said Geraldine Assmus, CEO of +Colonia.

+Colonia has projected investments in this first stage for about USD 100 million and may involve several hundred million in a decade to house some 30,000 inhabitants, which will be added gradually from the arrival of more than 50 companies projected to be incorporated into that property. It will also have businesses, shops and educational institutions, complementing the current offer of Colonia del Sacramento city, which will be geographically and culturally integrated.

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Uruguay Economic Indicators

	2016	2017	2018	2019	2020	2021
Economic structure and activity[1]						
Population (million)	3,48	3,49	3,51	3,52	3,53	3,54
Nominal GDP (local currency, billions)	1.726	1.842	1.982	2.159	2.250	2.584
Nominal GDP (USD, millions)	57.386	64.285	64.486	61.182	53.505	59.292
GDP per Capita (nominal USD)	16.489	18.403	18.393	17.388	15.153	16.735
Real GDP (% change, YoY)		1,6	0,5	0,4	-6,1	4,4
By Sector						
Agriculture, fishing and mining		-8,2	4,5	-0,3	-5,4	5,0
Manufacturing		-4,2	5,8	-3,7	-6,1	6,7
Electricity, gas and water		-3,7	3,9	13,2	-9,4	3,5
Construction		-8,6	-4,4	5,2	2,1	6,0
Commerce, restaurants and hotels		6,6	-6,5	0,6	-7,5	7,0
Transportation, storage and information and communications		11,1	-1,0	3,5	-7,8	4,1
Financial services		3,1	0,3	1,2	-0,4	5,0
Professional services and leasing		5,6	0,9	-0,2	-5,9	5,2
Public admnistration activities		-1,0	0,8	1,2	-0,8	0,0
Health, education, real state activities and other services		2,2	1,8	-1,2	-8,9	1,9
By Expenditure						
Final Consumption Spending		3,2	2,2	0,6	-7,0	3,4
o/w private sector		3,6	2,1	0,5	-6,9	2,3
o/w public sector		1,3	2,6	1,1	-7,3	8,0
Gross fixed capital formation		0,4	-9,0	0,8	1,6	15,2
Exports (goods and services)		4,9	-1,7	3,6	-16,0	14,4
Imports (goods and services)		7,1	0,0	1,5	-12,0	20,9
Share of Nominal GDP by economic activity (in %)						
Agriculture, fishing and mining	7,0	5,6	6,1	6,7	7,6	7,1
Manufacturing	11,0	10,1	10,8	10,4	10,3	10,7
Electricity, gas and water	2,7	3,0	2,8	2,6	2,6	3,0
Construction	4,9	4,5	4,3	4,6	4,9	5,0
Commerce, restaurants and hotels	13,4	13,3	12,3	12,2	12,0	13,9
Transportation, storage and infromation and communications	8,4	9,0	8,6	9,1	8,2	8,1
Financial services	5,1	5,1	5,1	4,9	4,7	4,5
Professional services and leasing	6,9	7,3	7,2	7,4	7,3	7,3
Government activities	4,8	4,9	4,9	4,9	5,1	4,7
Health, education, real state activities and other services	24,9	25,9	26,3	25,7	25,8	23,6
Share of Nominal GDP by expenditure (in %)[2]						
Final Consumption Spending	77,2	78,7	80,1	79,5	78,2	75,5
Gross fixed capital formation	17,0	16,3	15,0	15,4	16,7	18,8
Exports (goods and services)	27,0	26,1	26,4	27,8	25,1	31,5
Imports (goods and services)	21,6	20,7	21,4	21,9	20,7	25,3

(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) 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*

Uruguay	**Economic Indicators**

Balance of Payments (1) (2)

in USD million

	2016	**2017**	**2018**	**2019**	**2020**	**2021**
Current Account	**474**	**8**	**-266**	**980**	**-449**	**-1.092**
Goods and Services	3.065	3.478	3.268	3.751	2.383	3.810
Goods	2.050	1.957	2.291	3.075	2.076	3.963
Exports	10.612	11.122	11.612	11.746	9.924	15.096
Merchandise goods	9.158	10.057	10.019	10.112	8.645	12.064
Goods under merchanting (net)	1.455	1.065	1.593	1.634	1.280	3.032
Imports	8.562	9.165	9.321	8.671	7.848	11.133
Services	1.015	1.522	978	675	307	-153
Exports	4.901	5.723	5.472	5.341	3.672	3.776
o/w Tourism	2.285	2.823	2.620	2.249	1.055	524
Imports	3.886	4.202	4.494	4.665	3.365	3.929
Primary Income	-2.660	-3.557	-3.633	-2.959	-2.906	-5.015
Net employments´ remunerations	0	3	3	3	4	4
Net repatriated profits and dividends	-2.578	-2.443	-2.470	-3.367	-2.334	-1.856
Net reinvested earnings	524	-654	-662	700	-57	-2.556
Net interest paid	-606	-463	-505	-295	-517	-606
Secondary Income	70	86	99	189	73	112
Capital Account	**50**	**20**	**46**	**-375**	**54**	**1**
Financial Account	**204**	**915**	**-346**	**306**	**505**	**-1.066**
Foreign Direct Investment	1.823	2.037	708	-1.397	-974	-1.335
Change in assets held abroad by residents	1.308	4.724	2.268	12	-582	1.307
Change in claims held by non-residents in the economy	-516	2.687	1.559	1.409	392	2.642
Portfolio Investment	1.721	-2.170	-1.286	1.176	1.410	859
Change in assets held abroad by residents	441	-1.392	-563	2.400	2.762	1.158
Change in claims held by non-residents in the economy	-1.281	779	723	1.224	1.353	299
Financial Derivatives	6	-224	-21	8	66	-358
Net creditor contracts	26	-213	4	27	117	-355
Net debtor contracts	21	10	26	19	51	3
Other Investment	-1.185	-1.177	661	1.630	-1.625	-1.060
Change in assets held abroad by residents	-2.354	-1.340	749	1.548	-565	6
Change in claims held by non-residents in the economy	-1.169	-164	88	-82	1.060	1.066
Change in Central Bank Reserve Assets	-2.161	2.449	-408	-1.111	1.630	829
Errors and Omissions	**-320**	**888**	**-125**	**-299**	**901**	**25**

in % of GDP

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

(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 March 2022.

Source: Central Bank of Uruguay

Uruguay					**Economic Indicators**								
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	
Monetary Indicators and Relative Prices[1]												**(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	9,4	2022M04
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	22,7	2022M04
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	40,83	2022M04
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	43,38	2022M04
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	1,0	2022M04
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	79,5	2022M03
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	-0,3	2022M03
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	112,3	2022M02
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	1,0	2022M02
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	-11,9	2022M03
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	-0,2	2022M03
International Reserves (% of GDP)[2]						23,4	24,8	24,1	23,7	30,4	28,6	27,0	2022M03
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	8,4	2022M04
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	9,3	2022M04
Monetary Policy Interest Rate (overnight reference, annual, in %, eop)[4]	8,75	9,0	9,25	.	.	.	.	.	.	4,5	5,75	8,5	2022M04
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	8,5	2022M04
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	5,4	2022M03
Total bank deposits by private non-financial sector (% of GDP)						49,2	44,2	44,0	47,7	60,3	59,7	61,5	2022M03
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	21,9	2022M03
Foreign currency	73,8	73,9	75,3	77,7	80,9	77,3	73,3	73,6	76,2	77,3	77,2	78,1	2022M03
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	90,6	2022M03
Non-residents	15,6	15,8	15,5	15,7	16,3	12,6	9,8	9,8	10,4	10,3	9,4	9,4	2022M03
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	17,1	2022M03
Total bank credit to private non-financial sector (% of GDP)[8]						26,4	23,9	23,8	24,2	27,6	27,2	27,8	2022M03
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	51,0	2022M03
Foreign currency	54,8	53,4	55,1	56,6	56,8	54,6	51,8	51,9	51,0	50,8	51,1	49,0	2022M03
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	96,5	2022M03
Non-residents	1,4	1,2	1,1	1,1	1,0	1,0	1,0	0,7	0,9	1,4	3,4	3,5	2022M03
Total bank credit to non-financial sector (% real change, YoY)	12,1	7,3	15,4	9,4	11,5	-6,5	-6,6	4,9	2,2	3,0	5,0	2,3	2022M03

(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 December 2021 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2021Q4 will be released by the Central Bank in March 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*

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	
Labor Market Indicators												**(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	62,0	61,9	2022M03
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	57,7	57,1	2022M03
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	7,7	2022M03
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	47,6	2022M03
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	266,7	2022M03
Nominal wages (% change, 12-month average, YoY)	12,9	13,1	11,4	12,8	10,4	11,4	10,5	7,8	9,4	7,9	5,9	6,2	2022M03
Real wages (index base 100 = Dec-2011, eop)	100,0	105,2	108,7	112,5	112,9	116,6	118,1	118,4	118,1	116,3	114,5	114,6	2022M03
Real wages (% change, 12-month average, YoY)	4,0	4,2	3,0	3,4	1,6	1,6	2,9	0,2	1,3	-1,7	-1,5	-1,3	2022M03

(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 (Latest available)	As of:
			(in % of GDP)					
Central Government								
Revenues	25.6	26.7	28.2	27.5	27.1	26.5	26.5	2022M03
Primary expenditures	26.4	27.0	27.6	27.9	29.5	28.1	26.3	2022M03
Primary balance	-0.7	-0.2	0.7	-0.4	-2.4	-1.6	0.2	2022M03
Interests payments[3]	2.5	2.5	2.6	2.4	2.7	2.2	2.1	2022M03
Headline Central Government balance[4]	-3.2	-2.7	-1.9	-2.8	-5.1	-3.8	-1.9	2022M03
Impact of extraordinary inflows to the Social Security Trust Fund ("Cincuentones Effect") [5]	.	.	1.2	1.2	0.7	0.4	0.4	2022M03
Extraordinary transfers to Social Security Trust Fund [6]	.	.	1.2	1.1	0.6	0.3	0.3	2022M03
Interest payments to the SSTF on its holdings of Central Government Debt	.	.	0.0	0.1	0.1	0.1	0.1	2022M03
Central Government balance excluding Cincuentones effect	.	.	-3.1	-4.0	-5.8	-4.3	-2.3	2022M03
Rest of Non-Monetary Public Sector (NMPS)								
Local governments balance	0.1	0.1	0.0	-0.1	0.1	0.1	0.1	2022M03
Non-financial public enterprises balance	0.2	0.0	-0.2	-0.3	0.1	0.6	0.3	2022M03
State-owned insurance bank balance	0.2	0.2	0.2	0.4	0.3	0.4	0.4	2022M03
Headline Rest of NMPS balance	0.5	0.2	0.0	0.0	0.4	1.1	0.8	2022M03
Central Bank								
Primary balance	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	2022M03
Interests payments	0.6	0.6	0.7	0.4	0.5	0.9	0.8	2022M03
Headline Central Bank balance	-0.7	-0.7	-0.8	-0.5	-0.5	-0.9	-0.9	2022M03
Consolidated Public Sector								
Primary balance	-0.3	-0.2	0.4	-0.6	-2.1	-0.7	0.7	2022M03
Interests payments	3.0	3.0	3.2	2.7	3.1	3.0	2.8	2022M03
Headline Overall balance	-3.4	-3.3	-2.7	-3.2	-5.2	-3.7	-2.0	2022M03
Overall balance excluding Cincuentones effect	-3.4	-3.3	-3.9	-4.4	-5.9	-4.1	-2.4	2022M03

(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 March 2022 based on rolling 12-month Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2022Q1 will be released by the Central Bank in June 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) The Central Government Balance of the 12-month period through March 2022 is distorted by the advance payment of salaries and pensions that were due in April 2021, because of the date of Easter holidays last year. This effect accounted for -1.1% of GDP in the fiscal result. Then, when accounting for this effect, the Headline Central Government balance stood at -3,0% of GDP as of March 2022.

(5) 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.
(6) 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 (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	62.0	2022Q1
o/w in foreign currency (% of total)	54.7	49.2	53.8	56.1	54.5	52.7	48.5	2022Q1
held by non-residents (% of total)	55.5	53.5	55.0	57.4	58.7	55.4	55.7	2022Q1
Net debt	39.0	39.4	40.8	45.3	56.4	55.3	55.3	2022Q1
Memo Item: Social Security Trust Fund´s holdings of Central Government debt	.	.	0.9	1.7	2.4	2.6	3.1	2022Q1

Source: *Ministry of Economy and Finance*

Consolidated Public Sector[5]	2016	2017	2018	2019	2020	2021	2022 (Latest available)	As of:
Gross debt	58.4	60.5	59.6	60.9	74.6	71.5	-	2021Q4
o/w in foreign currency (% of total)	52.6	41.4	47.0	53.6	50.3	49.6	-	2021Q4
held by non-residents (% of total)	50.0	44.8	46.5	50.9	52.0	51.6	-	2021Q4
Net debt	27.1	28.6	28.7	30.1	36.1	35.4	-	2021Q4

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 March 2022 based on annual Nominal GDP estimated by the Ministry of Economy and Finance; official GDP figures for 2022Q1 will be released by the Central Bank in June 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.