



**Ministerio
de Economía
y Finanzas**

Public Debt Coordination Committee Press Release

The Public Debt Coordination Committee (PDCC), headed by the Manager of Economic Policy and Markets of the Central Bank of Uruguay (BCU) and the Director of the Debt Management Unit at the Ministry of Economy and Finance (MEF), gathered on December 4th, 2020.

During the meeting, the following agenda was covered:

- **Recent evolution of public securities market.** The representatives of both institutions exchanged their views on the evolution of the public debt market in a context of sustained global, regional and local uncertainty as a result of the COVID-19 pandemic. The international economic environment shows a recovery at different speeds, marked by a second wave of infections, renewed confinement measures, and the advance of different vaccines. In this context, the BCU positively assessed the change of the monetary policy instrument after a few months have elapsed since its implementation. In particular, it highlighted that the issuance of monetary regulation instruments, together with the use of fine-tuning instruments—for liquidity and sterilization purposes— have made the interbank domestic currency market more fluid. The MEF satisfactorily evaluated the evolution of the funding obtained from the domestic market in the second half of 2020, with high levels of demand and a decline in interest rates. It also underscored that Uruguay's global securities in dollars have shown the highest total return in emerging markets so far in 2020.
- **Government financing strategy in the domestic market.** The MEF shared the schedule and rationale of its intended domestic bond offering for the first half of 2021, which will be communicated to the market during the last week of December. The MEF emphasized the growing importance of this funding source, estimating that 2020 gross bond issuance in the domestic market will stand at around USD2.5bn equivalent.
- **Update of local securities registration in global settlement platforms process.** A fundamental course of action for both institutions is to deepen efforts for developing a financial infrastructure that facilitate the access of foreign investors to

the domestic market, both for public and private securities. In this regard, an update on the progress in this process was made, which included exchanges with other countries that have already implemented this linkage.

- **Domestic market recent developments.** The committee positively assessed the recent publication of the Pension Unit yield curve by the Electronic Stock Exchange (BEVSA), which makes relevant and timely information available to market participants, underpinning the development of this new market. Likewise, the committee highlighted the recent measure taken by the BCU in order to continue promoting the development of the domestic foreign exchange market. This measure is intended to provide information regarding quotes and transactions carried out in formal exchange markets. The recent update of the methodology to calculate reference prices of the instruments traded in the local market was also highlighted by the committee.

The next Committee meeting will take place in March 2021.