



Key Highlights

- As it has been the norm around the world, the spread of the Omicron variant of Covid-19 in Uruguay has soared since mid-December 2021. The number of associated fatalities, however, has remained contained thanks to the large share of the population that is vaccinated. In particular, almost 54% of the population of Uruguay has received a third booster shot. Additionally, children from 5 to 11 years old have started being inoculated against Covid-19.
- Real GDP expanded 5.9% in the third quarter of 2021 YoY, and grew 2.7% QoQ in seasonally adjusted (s.a.) terms, reaching its pre-pandemic level in 2019Q4.
- The Government revised upwards its projections of real GDP growth for 2021 to 4.5% (from 3.5%) and 3.8% for 2022.
- The three pillars of the fiscal rule were met in 2021, for a second consecutive year. In addition, the fiscal deficit of the Central Government (excluding the extraordinary revenue effect from the “Cincuentones Law”) printed at an estimated 4.2% of GDP in 2021, over-performing the official projection of 4.9%.
- Annual inflation stood at 7.76% in 2021 (above the upper limit of the target band), while it reached 8.15% YoY as of January 2022.
- In 2021, Uruguay achieved both the best state of democracy and the lowest corruption perception in LATAM.
- The Government published a Long-Term Climate Strategy that includes an aspirational goal of net-zero CO2 emissions by 2050.

I. Covid-19 Update

Since end-December 2021, Uruguay has had a sharp increase in Covid-19 cases, mostly due to the presence of the Omicron variant in the country. However, given the large percentage of people vaccinated (83% of total population), the number of fatalities has been proportionally contained—particularly compared to the previous “wave” in March-June 2021 (Figure 1).¹

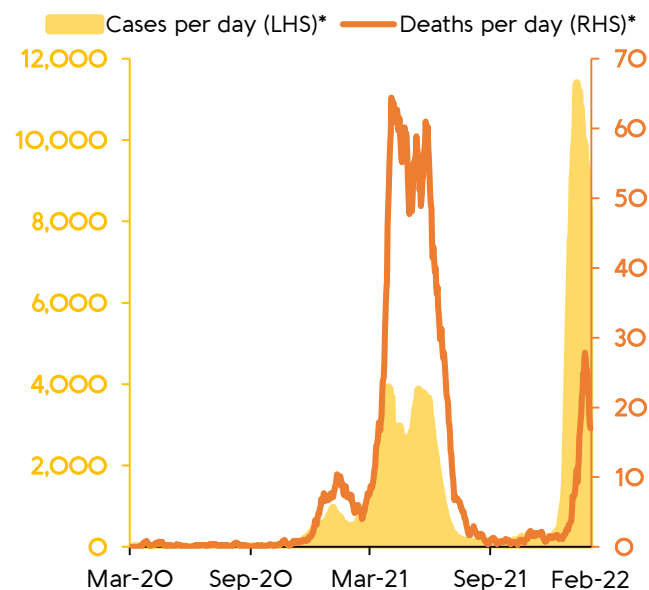
As of February 13th, 2022, Uruguay is one of the countries with the highest percentage of people vaccinated against COVID-19 in the world. Of the total population, 76% have received both doses and 54% had a third booster shot (see Figure 2). According to numerous studies, the booster shot has proven crucial in protecting against the new Omicron variant.

Furthermore, on January 12th 2022, the Government started inoculating children between 5 to 11 years old, whom account for 320.000 people. As of February 13th, approximately 40% of them have been vaccinated with at least one dose.

¹ Since the pandemic started on March 13th 2020, 733 thousand cases were registered and 6,656 deaths (equivalent to 1,879 per million people) were caused by Covid-19 in Uruguay.

Figure 1: Evolution of COVID-19 cases and vaccinations in Uruguay

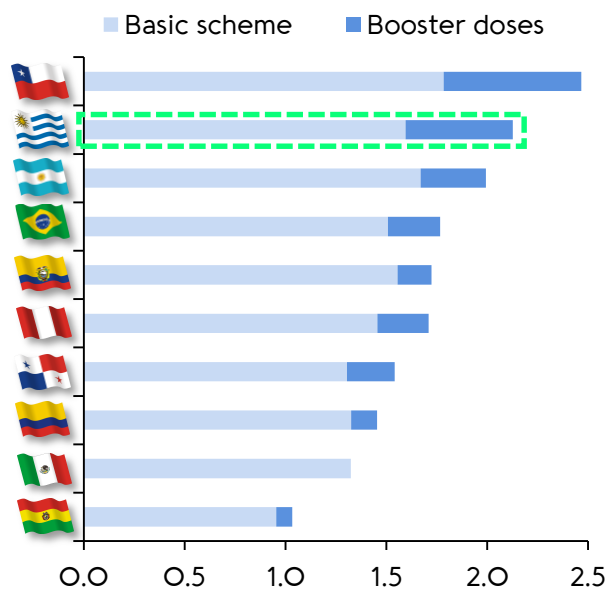
(As of February 13th, 2022)



(*) 7-Day rolling average of new cases
 Source: Our World in Data. For Uruguay, the figure for total populations comes from the National Statistics Office.

Figure 2: Covid-19 vaccines administered per person in LATAM

(As of February 13th, 2022)



Source: Our World in Data. For Uruguay, the figure for total populations comes from the National Statistics Office.

II. Real Sector

The economy grew 5.9% year-on-year (YoY) in the third quarter of 2021, and 2.7% in seasonally adjusted terms with respect to the previous quarter. The seasonally adjusted GDP level stood 0.2% above the one reached in the last quarter of 2019 (i.e. pre-pandemic level).

From an expenditure perspective, the recovery is linked to the greater dynamism of both domestic and external demand. In terms of the former, both gross fixed capital formation and household and government final consumption expenditure grew, which was partially offset by a greater de-accumulation of inventories. On the other hand, external demand presented a growth in the physical volume of exports that exceeded the growth of Imports, resulting in a higher trade balance in terms of physical volume.

From the production perspective, in 2021Q3 there was a generalized recovery of economic activity, with both *Commerce, restaurants and hotels* and *Health, education, real estate and other services* sectors standing out for their positive impact.

Commerce, restaurants and hotels was the sector with the highest impact on GDP growth (explaining 32% of it), registering a YoY expansion of 15.1%. Within this sector, the main positive impact was driven by the increase in the added value of commercial activities, especially due to the merchandising goods² category. To a lesser extent, the activity of restaurants and hotels also presented an increase in its value added, mainly associated with higher household demand.

Health, education, real estate and other services activities was the sector with the second highest impact over GDP growth (17%), which expanded 4.1% YoY. Within this result, the positive incidence of education (explained by higher and compulsory attendance) as well as public and private health (due to a higher number of vaccinations against COVID-19 and more tests performed) stood out.

Likewise, the added value of the *Manufacturing* grew 5.2% in YoY terms in 2021Q3. Among the industry branches with the highest positive incidence, the meat processing industry stood out (associated with

² Merchandising is defined as the purchase of goods by a resident (of the compiling economy) from a nonresident, entailing the subsequent resale of the same goods to another nonresident without the goods being introduced in the compiling economy.

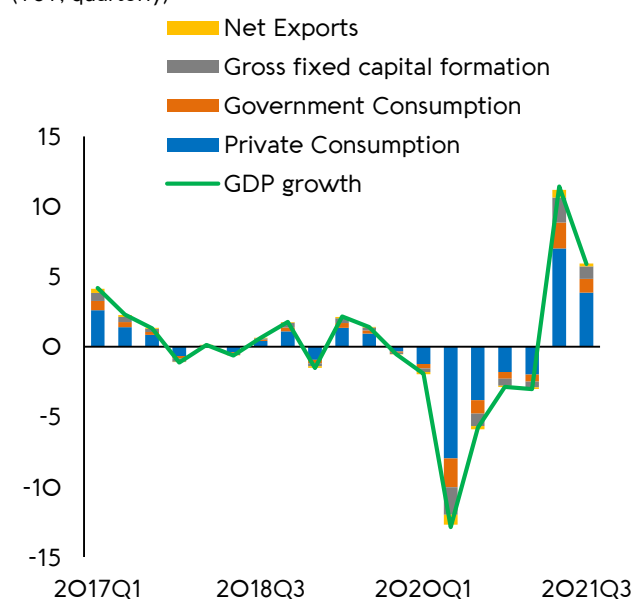
the sustained increase in external demand), and to a lesser extent, the car manufacturing industry, the syrup and concentrate processing activity, oil refining and the manufacture of pharmaceutical products.

The *Transportation, storage and information and communications* sector registered a 6.7% increase in YoY terms. The drivers were transport services and information services. Furthermore, *Construction* activity grew 3.1% YoY in the third quarter of 2021, due to the expansion in buildings and other constructions.

Value added in the *Agriculture, Fishing and Mining* sector grew 5% in real terms compared to the same quarter of the previous year. Within the sector, there were dissimilar performances: agriculture and livestock had a positive impact, while forestry and fishing showed a contraction in year-on-year terms. Livestock recorded the largest positive impact, mainly due to the increase in beef cattle production.

Finally, *Electricity, gas and water* supply sector increased 1.9% in 2021Q3, driven by greater electricity services exported to Brazil, due to the drought experienced in that country during the period.

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



Source: Central Bank of Uruguay

From the expenditure side, exports of goods and services, as well as gross fixed capital formation, were the main drivers of demand during this period (Figure 3).

Exports of goods and services increased by 28.5% year-on-year. On the one hand, regarding exports of goods, there were higher export sales of beef, syrups and concentrates, live cattle and cellulose pulp, partially offset by the decrease in exports of dairy products. Exports of services, on the other hand, increased mainly due to foreign sales of electricity distribution services and merchanting services.

Gross capital formation grew 7.1% compared to the third quarter of 2020, because of higher fixed capital investment, partially offset by higher inventory de-accumulation. The increase in the former (17.1%) is mainly explained by higher imports of processed metal products, machinery and equipment vehicles, as well as investments in works associated with the installation of the third pulp mill and infrastructure works for the central railroad, ports, power lines, pipelines and highways.

Final consumption expenditure grew by 4.5% YoY. This was explained by both an increase in household final consumption expenditure of 2% (largely motor vehicles and clothing and footwear) and a 14.6% increase in public expenditure (driven mainly from the growth of education and public health services).

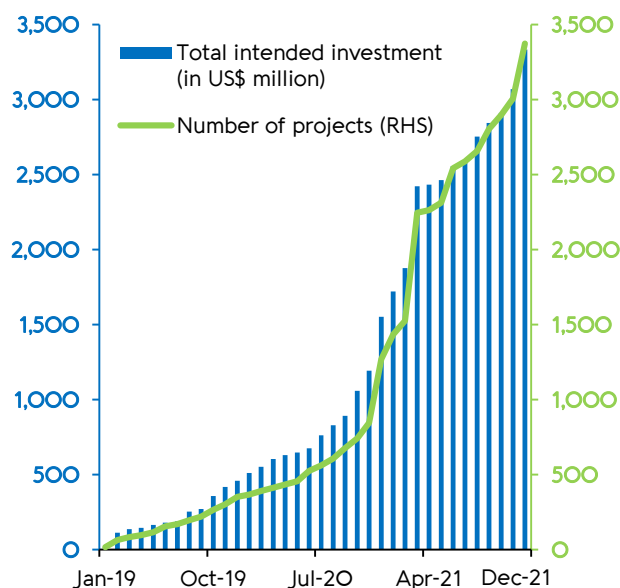
Leading economic indicators suggest that the economic recovery continued into the fourth quarter of last year, with a projected real GDP growth of 4.5% for 2021. According to the Uruguay XXI Institute, for example, exports of goods (including those from the Free Trade Zones, FTZ, to the rest of the world), recorded a 39.8% year-on-year increase in USD value in 2021Q4 compared to the same period of 2020. Likewise, CIF imports of goods (excluding oil) increased 34.5%.

In annual terms, goods exports grew 43% (including FTZ's exports) in the last year compared to 2020. In that sense, beef, cellulose, wood and electric energy had the greatest impact on the growth of exports. Regarding origin of imported goods, Brazil (23%), China (22%) and Argentina (14%) were the countries with the highest share in cumulative imports of 2021.

Investment also showed signs of strengthening, driven by the advance in the construction of the new pulp mill and the projects submitted to the Investment Promotion Regime (COMAP, for its acronym in Spanish), as seen in Figure 4.

Based on historical experience, on average half of the investments promoted by COMAP are executed in the year of submission and the subsequent one. Nevertheless, it is worth mentioning that the rate of investment execution increases significantly when additional benefits are granted (such as the ones granted in 2020 and 2021 to boost the economy in the context of the pandemic). Thus, it is expected a large portion of such projects to materialize in 2022 and 2023.

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



Source: Ministry of Economy and Finance

11.1 MoF authorities revised macroeconomic projections for 2022

On February 15th, 2022, the minister of Economy and Finance, Mrs. Azucena Arbeleche delivered a presentation on the current macroeconomic situation of Uruguay and its outlook, featuring updated real GDP growth projections for 2021 and 2022, as well as fiscal projections for 2022. Please, access it [here \(in Spanish\)](#).

The minister announced a revised growth forecast of 4.5% for 2021 (final data will be released in March 2022 by the Central Bank). According to Mrs. Arbeleche, the new projection is predicated on a robust year-end quarter, following better-than-expected economic activity in 2021Q3. For 2022, the Government foresees a 3.8% increase in real GDP and 40,000 new additional jobs created.

Regarding fiscal dynamics, the deficit of the Central Government (excluding the extraordinary inflows of funds to Social Security Trust Fund), stood at 4.2% of GDP in 2021 (outperforming the official target of 4.9% of GDP). Approximately 1.6 percentage points of GDP of the fiscal imbalance was explained by spending tied to the Covid19 outbreak to protect vulnerable households and firms. Please, refer to section VI below on Fiscal and Debt Indicators for further information.

Furthermore, Minister Arbeleche highlighted that the government met all three pillars of the established fiscal rule, for a second year in a row: i) the structural balance target, ii) the real spending growth cap, and iii) the legal limit on net indebtedness (please, see section VI.1 The “New Fiscal Institutionalality” and 2021 fiscal results).

For the current year, the Government estimates a Central Government fiscal deficit of 3.1% of GDP (excluding extraordinary inflows of funds to SSTF), and a structural deficit of 2.4% of GDP. Additionally, it estimates that the real annual primary expenditure of the Central Government will fall 2.2% compared to 2021 (i.e., well below the indicative cap of 2.1% which stands for the revised real potential GDP growth rate). Finally, it also projects a net indebtedness of USD 1,845 million, below the limit set by law of USD 2,100 million.

III. Labor market

The unemployment rate reached 7% in December 2021, down 3.6 p.p. from its print in the same month in 2020, and 1.5 p.p. lower than December 2019. Besides, this print is the lowest since December 2017. On average during 2021, the unemployment rate stood at 9.4% (Figure 5).

Furthermore, the employment rate increased to 57.7% in December (55.7% in the 12-month period average), 2.8 p.p. higher than the value observed in December 2020 and almost the same as the value observed in December 2019. Likewise, the activity rate (that is, the share of the population that is employed or are looking for a job over working-age people) stood at 62% (61.4% in the 12-month period average), 0.2 p.p. higher than the previous month.

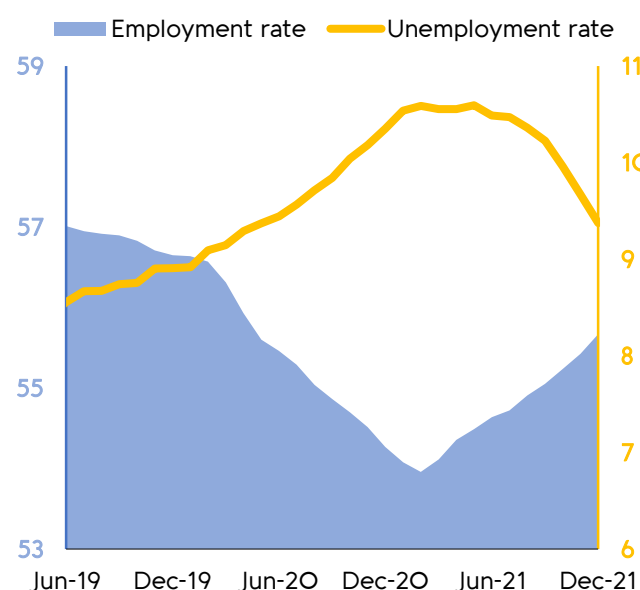
During 2021, 48,500 jobs were created, on average, which implies that more than 80% of the jobs lost during 2020 (approximately 60,000) were recovered. The increase in the number of employees corresponds to the creation of formal jobs (52,000) and the decrease in informal jobs (-3,500).

The number of total unemployment insurance beneficiaries has been decreasing since May 2021, going down from 80,361 workers to 46,212 as of December 2021, mostly explained by the reduction of people in the partial regime. Likewise, in the month-on-month print, it decreased by 1,483 workers (Figure 6). Under the partial regime, employees maintain the job relationship and work partial time, whereas the traditional regime refers to full unemployment coverage. 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.

When focusing on the traditional regime, since mid-2021, the number of beneficiaries has stayed below the respective monthly prints of 2019, implying that the employment recovery is also reverting to the pre-pandemic stance. Overall, the number of total unemployment beneficiaries has dropped 40% since June 2021, when this indicator began an uninterrupted downward trend. In addition, of the employees who exited unemployment insurance in December 2021, almost three-quarters were re-hired.

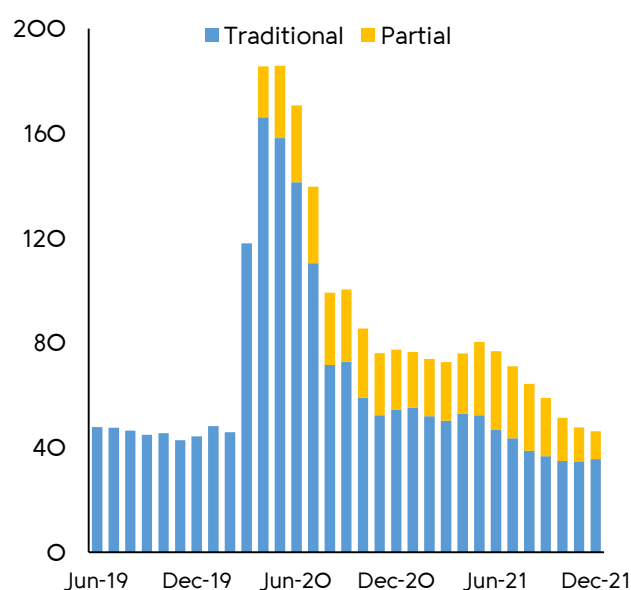
Meanwhile, 12-month average nominal wages as of December grew 5.9% in YoY terms, while the real wage decreased 1.5% in the same period.

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)



Source: Social Security Bank

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

In the year ended in September 2021, the Current Account of the Balance of Payments registered a deficit of USD 969 million (1.7% of GDP), which represented a deterioration compared to the same period of the previous year (when it showed a surplus of 0.4% of GDP) (Figure 7). This trend was mainly explained by a significant decrease in the Primary Income balance and by a reduction in the tourism services' export balance (which was severely hampered by the border closures caused by the pandemic).

In particular, the primary income deficit was USD 4,747 million (8.2% of GDP) in the year ended in September 2021, about USD 2.200 million higher than deficit observed last year. That deterioration was explained by higher reinvested profits by foreign enterprises (in part, because of higher exports from these).

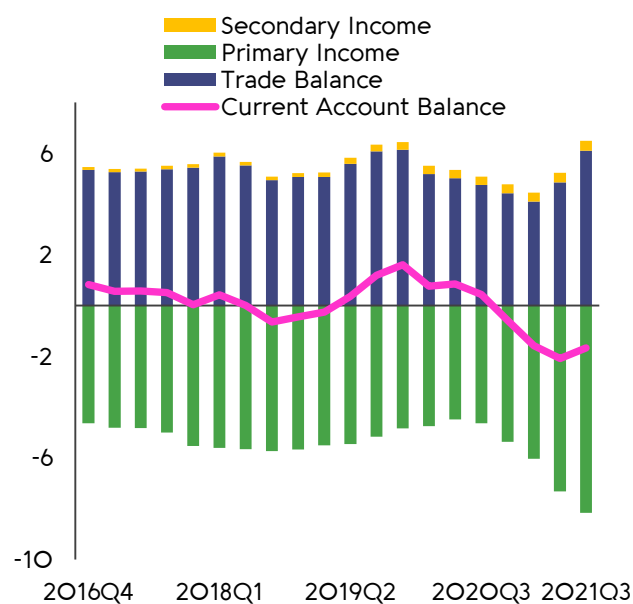
Meanwhile, the trade balance of services turned into a deficit of USD 341 million in the year ended in 2021Q3 from a surplus of USD 489 million last year, mainly due to the contraction of travel surplus. Exports of services recorded a 21% year-on-year decline, explained by the retraction of tourism services (77%). In turn, service imports showed only a slight drop because the significant decrease in tourism expenditure made by Uruguayans abroad (around 83% drop) was offset by an expansion in services imports (of about 15%).

In contrast, in the 12-months ended in 2021Q3 the trade of goods registered a positive balance of USD 3,889 million (6.7% of GDP), which represented an increase of USD 1.801 million from the surplus observed in the same period of last year. This positive trend was explained by robust exports growth (39%)

On the other hand, the Financial Account recorded a net inflow of funds of USD 367 million in 2021Q3, in contrast with the net outflow of USD 857 million observed in the same period last year. FDI, Financial Derivatives and the Other Investment category recorded net inflows of USD 773 million, USD 386 and USD 811, respectively; while portfolio investments showed net outflows of USD 1,115 million (see Figure 8, where figures are expressed in terms of GDP).

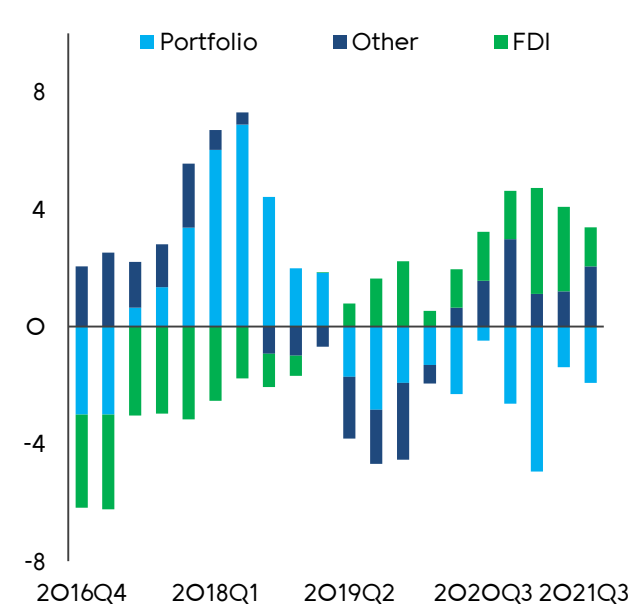
Finally, international reserve assets increased almost USD 500 million over this period, as a result of an increase in deposits received by the banking system in the Central Bank, the allocation of Special Drawing Rights (SDG) by the International Monetary Fund (IMF), and Central Bank's interventions in the exchange rate market (dollar purchases). International reserves stood at near USD 17 billion as of end-December 2021, representing around 28.5% 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)



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

V. Inflation and Monetary Indicators

In 2021, annual inflation closed at 7.96% year-on-year as of December, reaching 7.76%, on average throughout the year. In the month-on-month print, the CPI decreased 0.1%, which is explained by the 14.7% drop in electricity prices, as a result of the “UTE Premia” benefit applied by the state-owned electricity company, UTE, in the form of a billing discount on December.

Then, in January 2022, the CPI increased 1.78% month-on-month, which implied that in year-on-year terms, inflation stood at 8.15% (Figure 9). The main drivers of the monthly variation of the index came from the following divisions: Housing (accounting for an impact of 0.88%, mostly due to the seasonal reversal of the aforementioned December’s electricity discount plus a bill adjustment, and an adjustment in the water bill, too), Food and Non-Alcoholic Beverages (0.36% impact, explained by the drought and heatwave that affected the supply of fruits and vegetables), Health (0.21%) and Alcoholic Beverages, Tobacco and Narcotics (0.17%).

On January 16th, 2022, the Monetary Policy Committee (COPOM for its acronym in Spanish) decided to continue tightening the stance of monetary, hiking the Monetary Policy Rate (MPR) by an additional 75 bps to 7.25%. This was the fifth time the COPOM raised the MPR since the establishment of the short term interest rate as policy instrument in September 2020, with a cumulative increase of 275 bps.

Furthermore, the monetary authorities also anticipated that they would continue with the gradual increase in rates to achieve the convergence of inflation expectations towards the inflation target. Specifically, they reaffirmed the forward guidance of another 75 bps rate hike in the next policy meeting in April, meaning the MPR could reach 8.0%— the level estimated as neutral by the Central Bank authorities.

Besides, the Committee sees a favorable macroeconomic scenario and an adequate functioning of monetary policy transmission channels.

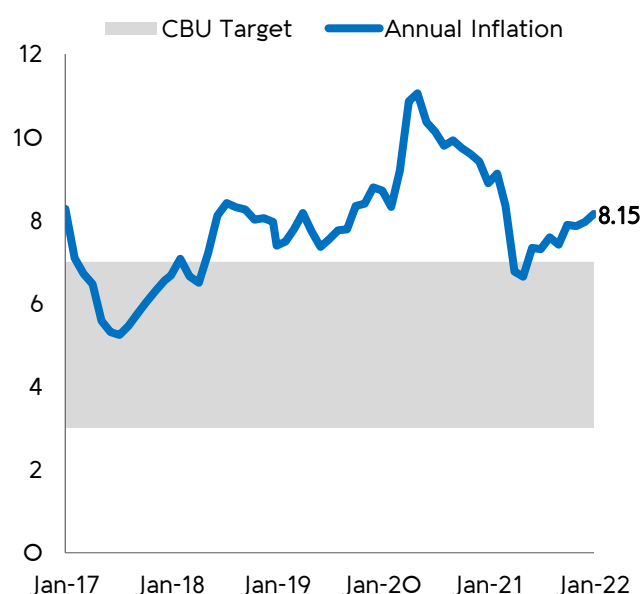
Regarding inflation expectations indicators over the Monetary Policy Horizon (MPH, i.e. in the next 24 months), the median of analysts’ 24-month inflation expectations stood at 6.6%, whereas the corporate sector’s was 8%. In addition, the break-even for the 2-year tenor printed 8.16% as of December-end 2021.

For further information, please access the COPOM [press release \(in Spanish\)](#).

According to the latest CBU Monetary Policy Report (IPOM, for its acronym in Spanish), inflation projections (based on CPI data as of December 2021) show an upward trajectory up to 2022Q1, to begin a downward trend after that, and entering into the target band near the MPH. Worth noting that in September 2022 the target band will be narrowed to 3%-6% (from 3%-7%). According to the fan chart analysis, there is 36% confidence that the inflation rate would stay within the target range at the end of the MPH with a point estimate of 5.8%.

For end-2021, there was an upward correction in inflation projections of around 0.9 p.p. in comparison to the previous IPOM (as of September 2021), due to a higher-than-expected increase in tradable prices due to both a larger exchange nominal depreciation and rises in commodities’ prices (mostly meat and fish). Meanwhile, throughout all the MPH, inflation is somewhat higher than in the previous report, given a higher FX depreciation, in a context of higher international interest rates, and a bigger dynamism in the evolution of nominal salaries agreements, which are now included in the projected inflation path model.

Figure 9: Inflation
(In %, YoY)



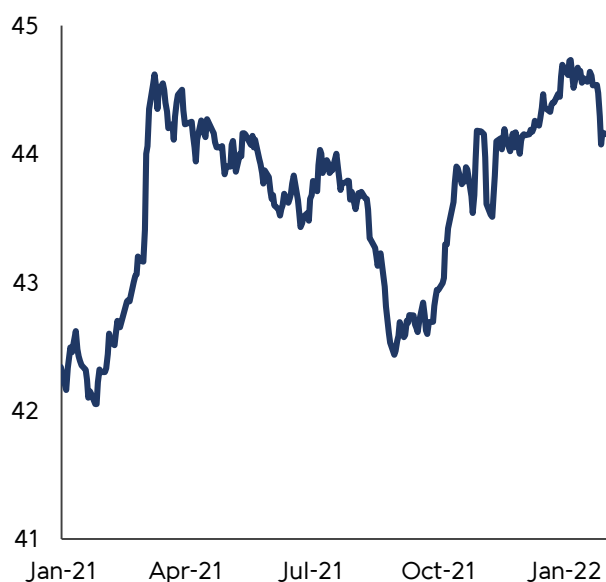
Source: National Institute of Statistics and Central Bank of Uruguay

Regarding the nominal FX rate, the average for 2021 stood at 43.574 pesos per US Dollar, meaning a 3.6% UYU depreciation from 2020. In the last quarter of the year, the UYU depreciated 1.7% in comparison to the 2021Q3 average, in a context of a global strengthening of the USD, to reach an end-of-year rate of 44.69 pesos per US Dollar (Figure 10). Conversely, as of end-January 2022, the UYU has appreciated 1.2% year-to-date against the US Dollar, underpinned by high commodity prices and perspectives of domestic monetary policy tightening. This movement is in line with other Latin American countries.

The real effective exchange rate (REER) showed a 0.3% depreciation in 2021Q4 compared to the previous quarter, due to lower dollar prices with the extra-region (comprised of the United States, Mexico, Germany, Spain, United Kingdom, Italy and China, according to CBU methodology), partially offset by becoming less price-competitive with Brazil. Taking the monthly print, in December, the REER grew 3.7% YoY (Figure 11). Likewise, the 2021 average REER showed a 2.7% depreciation, compared to the average of 2020.

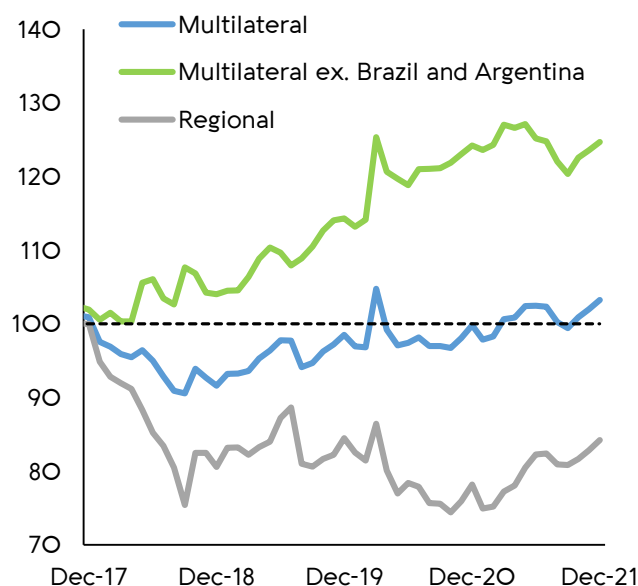
Furthermore, according to the analysis presented in the IPOM, the fundamental value of the REER appreciated in the fourth quarter of the year, as a result of the increase in domestic spending relative to GDP and better terms of trade. Thus, in 2021Q4, the gap between the effective REER and that of fundamentals was positive, and stood at 6%, on average.

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.

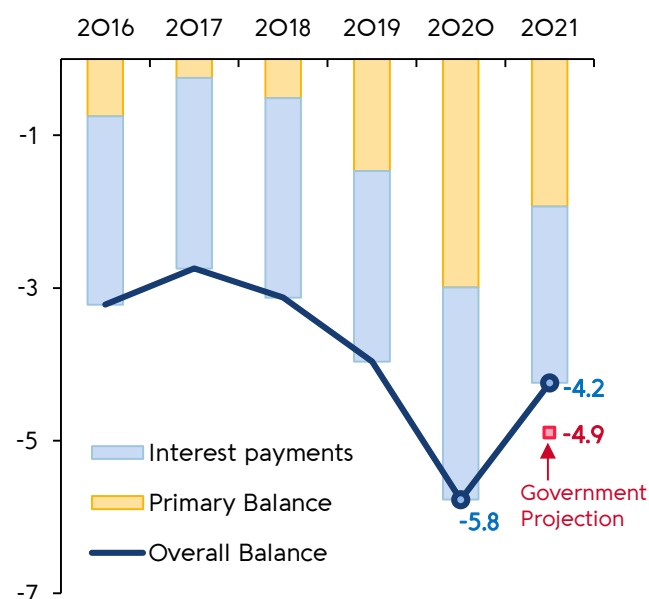
VI. Fiscal and Debt Indicators

In 2021, the fiscal balance of the Central Government stood at -4.2% of GDP (excluding the positive effect of inflows to the Social Security Trust Fund of 0.4% of GDP), improving 1.5 percentage points of GDP in comparison to 2020 (see Figure 12). It is worth noting that this result over performed the official projection as stated in the 2020 Budget Accountability Law (approved by Congress on October 26th, 2021), of -4.9% of GDP. Tax collection, measured in real terms, grew 7,1% in the last year compared to 2020.

In turn, gross debt of the Central Government stood at 59.6% of GDP as of December 2021, while net debt was 55.1% of GDP, implying a reduction of 1.7% and 1.2% of GDP, respectively, from a year ago (Figure 13). Debt figures include all loans and financial market securities contracted/issued by the Central Government and Central Government securities held by the public SSTF, and exclude non-market

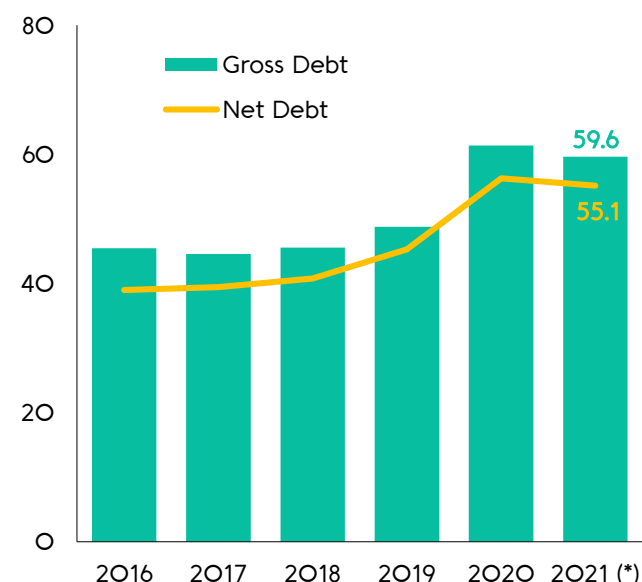
Central Government securities issued to capitalize the Central Bank in previous years. Central Government debt securities held by the SSTF were equivalent to 2.6% of GDP by the end of 2021 (measured in nominal face value).

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



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 73.4% of GDP by end-September 2021, while the net debt printed at 36.5% of GDP.

VI.1 The “New Fiscal Institutional” and 2021 fiscal results

In February 3rd, 2022, the Ministry of Economy and Finance launched a webpage containing all the information related to the “New Fiscal Institutional” (please, access it [here](#)).

“The fiscal rule is a structural reform that aims to provide sustainability to public finances in order to avoid tax increases on citizens to face fiscal expenses not contemplated in the Budget Law. Likewise, the fiscal rule allows spending on social policies to be increased in extraordinary situations, such as those experienced in the last two years due to the health emergency, without the need to resort to an increase in taxes or an excess of indebtedness that compromises public finances in the future”, was stated in the inaugural piece of news of the webpage.

According to the 2020-2024 Budget Law, the fiscal framework consists of three pillars. Firstly, an indicative target on the structural balance, to account for business cycle fluctuations and one-off/temporary spending and revenue items. Secondly, an indicative cap on real growth in primary expenditures in line with potential real economic growth. And finally, a legal limit on the annual incurrence of net indebtedness. In addition, two honorary, external bodies were created: the Fiscal Advisory Council (established on September 2021) in charge of assessing the overall implementation of the fiscal rule and debt sustainability, and the Committee of Experts (established on December 2021) is expected to provide the macroeconomic assumptions underlying the calculation of the structural fiscal result.

On February 7th, 2022, the Ministry of Economy and Finance published a [press release \(in Spanish\)](#) with an estimate of the average potential GDP growth rate for the 2021-2030 period, which stood at 2.1%.

As mentioned above, this was based on estimations of capital and workforce growth rates and productivity of factors of productions provided by the Committee of Experts in January 2022.

For 2021, the legal limit of net indebtedness was set at USD 2,300 million (significantly lower than the cap of USD 3,500 million set for 2020). This borrowing framework also includes a safeguard clause, with a limited and clearly defined set of events that can trigger it (such as severe economic downturns, substantial changes in relative prices, states of emergency or nationwide disasters). When invoked, the clause allows for up to an additional 30% increase of the baseline net indebtedness amount authorized. On July 7, 2021, the government communicated to Congress its decision to activate the safeguard clause to provide the additional budgetary resources required to address the economic and social impact of COVID-19. The augmented legal limit was set at USD 2,990 million for 2021.

Overall, in 2021, all three pillars of the fiscal rule were accomplished, as presented by the Minister Mrs. Arbeleche on February 15th, 2026. Specifically, i) the structural fiscal deficit printed 2.6% of GDP, below the Government projection of 3.2% of GDP; ii) the increase in real primary public expenditure was 1.7%, lower than the expenditure cap of 2.3% (which referred to the potential GDP growth rate prevailing at the moment of setting the targets); iii) the increase in the Central Government's net indebtedness was USD 2,563 million (vs. the legal limit of USD 2,990 million). Besides, as it was aforementioned, the observed fiscal result of the Central Government printed -4.2% of GDP in 2021, outperforming the projected figure of -4.9%.

It is worth mentioning that, in 2020, the Government also met the three pillars of the fiscal rule, and also had a lower deficit in percentage of GDP than the one projected.

VII. Banking System

The solvency situation of the financial institutions based in Uruguay continued to show a remarkable strength as of September-end 2021, with a capital buffer that almost doubles the minimum regulatory requirement. Regarding liquidity risk of the banking system, the ratio of liquid assets to total assets remained at a healthy 60.1% (Figure 14).

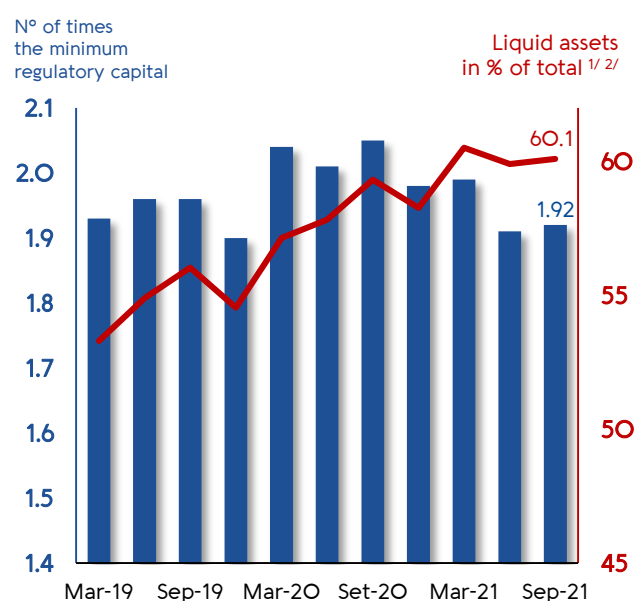
The profitability of banks (measured in nominal pesos) represented a return on assets (ROA) of 1.4% and a return on equity (ROE) of 14% in the third quarter of 2021. The general delinquency of credit continued falling to 1.8% from 2.4% in June 2021, with the peak having occurred in April 2020, as a consequence of the pandemic impact, when the credit delinquency ratio reached 3.4%.

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.

In addition, beginning 2022, the SFS established that banks will no longer have to maintain a countercyclical capital buffer starting January 1, 2023. The so-called Countercyclical Capital Buffer (CCB), proposed by Basilea III, is a macroprudential measure that aims at protecting the financial system from the effects of the economic-financial cycle on credit risks and, through it, contribute to the stability of access to credit for companies and families. The measure intends to prevent and mitigate difficulties in a systemic way by accumulating additional capital during the high phase of the economic cycle, allowing financial institutions to absorb losses during the low phase of the cycle.

According to the methodology defined and published by the Central Bank, the analysis of the credit market and the complementary indicators allowed to conclude that the CCB should not require funds.

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.

Nonetheless, it points out that the economy has entered into a recovery phase that, if consolidated and considering the evolution of credit and other variables indicated in the CCC methodology, it should be expected that capital requirements will probably be reinstated.

On another subject, there are three specific programs of guarantees with the aim to ensuring access to bank loans for companies hit by the Covid-19 pandemic (SiGa Emergencia for SME's and SiGa Plus for larger ones) and for companies of the tourism sector and other sectors directly affected by the closing of borders (SiGa Turismo). Public loan guarantees have contributed to preserving favorable financing conditions for viable firms, as reflected in lower lending rates.

In 2021, SiGa Emergencia granted guarantees for USD 645 million, while SiGa Impulso did so for USD 13 million, and SiGa Plus for USD 25 million. Overall, credit backed by the three programs amounted to USD 1,068 million in 2021. Considering the operations granted in 2020, these programs guaranteed credit operations for USD 1,758 million, with a guaranteed amount of USD 1,188 million. The SiGa Impulso line will remain in operation until April 2022.

VIII. Recent Developments

VIII.1 Uruguay had both the best state of democracy and the lowest corruption perception in LATAM in 2021

In 2021, Uruguay was ranked 13th worldwide in terms of strength of its democratic institutions, by The Economist Intelligence Unit (EIU). The ranking placed the country within the selected group of 13 “full democracies” in the world.

The Democracy Index is based on five categories: electoral process and pluralism, functioning of government, political participation, political culture, and civil liberties. Based on its scores on a range of indicators within these categories, each country is then classified as one of four types of regime: “full democracy”, “flawed democracy”, “hybrid regime” or “authoritarian regime”.

Uruguay obtained a score of 8.85 out of 10 last year (increasing 0.24 points in relation to 2020), ranking first among LATAM countries, and became the only “full democracy” in South America (after Chile dropped several points from 2020).

Moreover, since the inception of the index, in 2006, Uruguay has had the best score in LATAM and has also been categorized as a full democracy since 2008. This has become even more relevant given the fact that “Latin America’s average regional score fell for a sixth consecutive year, from 6.09 in 2020 to 5.83 in 2021. This was not only the steepest decline recorded in the index by any region of the world in 2021, it was the biggest downgrade recorded by any region since we launched the Democracy Index”, stated in the report.

In addition, in 2021, Uruguay was ranked 18th globally in terms of corruption perception, according to the new report of the global organization Transparency International. Furthermore, Uruguay consolidated its leadership, being the tenth year in a row the country had the lowest corruption perception in LATAM.

The Corruption Perceptions Index (CPI) lists 180 countries by their perceived levels of public corruption, as seen by experts and business people, and ranks them on a scale from 0 to 100. Zero is “very corrupt” and 100 is “very clean”. According to the report, more than two thirds of the countries scored below 50 points. Uruguay achieved 73 points over 100 last year performing better than developed countries such as France or the United States.

VIII.2 Uruguay publishes its Long-Term Climate Strategy

In December 2021, the Uruguayan Government published its Long-Term Climate Strategy, that consolidates its CO2-neutral goals for 2050. Access the document [here](#).

“We are thinking that by year 2035 all transport vehicles will be zero emissions and that by 2040 and 2050, all those that transport less than 7,500 kilos and cargo transport, respectively, will be incorporated into this modality” pointed out, the Minister of Environment, Mr. Adrián Peña.



Minister of Industry, Energy and Mining, Mr. Omar Paganini; Minister of Economy and Finance, Mrs. Azucena Arbeleche; President of Uruguay, Mr. Luis Lacalle Pou; Minister of Environment Mr. Adrián Peña and the Minister of Agricultural, Livestock and Fishing Mr. Fernando Mattos, launched the Long-Term Climate Strategy

The Minister also foresaw “increasingly greater” extreme events in the near future, such as increased winds and rains, and cold and heat waves, “not as a consequence of what Uruguay does, but of what developed countries do: Uruguay only accounts for 0.04% of the world's emissions”, added Mr. Peña.

Peña also conditioned Uruguay's achieving its 2050 goals to a “series of decisions” regarding the energy sector and the productive sector. Part of it will be attained, through the transition towards electricity-powered cars and hydrogen-powered cargo and transport vehicles.

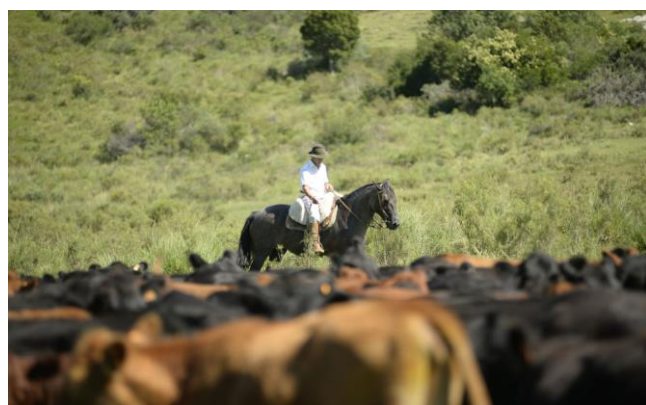
VIII.3 Significant increase in beef exports in 2021; Uruguay ranked eighth as largest exporter in the world

In 2021, Uruguay achieved a historical milestone with more than 560,000 tons of beef exported (USD 2.8 billion), on the back of abundant beef supply, strong foreign demand, and export limitations in several important competitors. Beef exports were about 140,000 tons more than in 2020 and the value in dollars was 57% higher than 2020.

After this promissory performance in 2021, Uruguay achieved the eighth position as largest beef exporter in the world. In 2021, the cattle stock reached 12.2 million head cattle (representing around 3.5 heads of cattle per capita), the highest since 2005, following several seasons of large calf breeding and low cattle exports.

By export destination, China was the main client, importing more than 350,000 tons, or 64% of the total last year. The volume of meat sent to this market was 54% higher than 2020. China paid, on average, 86% more for the beef imports this year compared to 2020.

The markets that grew the most have shown great momentum: Korea tripled purchases from 1,200 tons to 3,600 tons; Japan doubled them, from 4,800 tons to almost 9,400. Beyond handle smaller volumes, the most relevant are the prices that exporters can obtain in these markets, particularly in Japan which pays about USD 7,000 per ton of chilled meat.



Each cattle have 1 hectare to roam; Uruguayan law forbids hormone and antibiotic use as growth promoters

According to a recent report published by the United States Department Agriculture (USDA), “market conditions are currently very positive for the Uruguayan cattle/beef sector, with strong foreign demand, high FOB prices, good cattle supplies and good returns throughout almost the entire value chain”. Around 48,900 farmhouses are involved in the cattle industry and more than 90% of the entire herd is destined to meat production. The most popular breeds are Hereford and Angus.

Also, in January 2022, Uruguay became the first country in South America to export certified carbon neutral meat. The first batch of carbon-neutral Uruguayan beef was delivered to Switzerland by the Mosaica Company, which breeds its own animals. It is the first quota of beef carbon-neutral-verified produced in Uruguay, entering the European Union.

The meat was verified and certified as carbon neutral by LSQA, a Carbon Footprint Validator and Verifier Body. LSQA monitors carbon emissions related to rearing livestock from the moment they are born, through the fattening up process, and up to the animals' arrival at the slaughterhouse. That involves standards set by the International Organization for Standardization (ISO), rules on product categorization, and guidelines on greenhouse gases established by the Intergovernmental Panel on Climate Change (IPCC). It also entails a "fingerprint inventory" that cattle farmers must self-produce to demonstrate their emissions, as well as efforts taken to mitigate them, all of which is verified by LSQA.

This Uruguayan company achieved its status as a producer of carbon neutral meat thanks to using natural pastures, as well as through engagement in native forest conservation. The meat is not only verified as carbon neutral, it also carries protocols of respect for animal welfare and assurance that it comes from animals that were never treated with antibiotics.

VIII.4 Uruguay published its FSC National Standard for Responsible Forest Management

The Forest Stewardship Council (FSC) is an international organization founded in 1993, as a follow-up to the United Nations Conference on Environment and Development of Rio de Janeiro in 1992.



The FSC offers a system of voluntary accreditation and independent third-party certification, which allows certificate holders to market their products and services with the stamp of having proceeded from an environmentally appropriate, socially beneficial and economically viable forest management.

In June 2021, Uruguay submitted its version of the National Standard for Responsible Forest Management, which took effect in October 2021. Basically, this standard establishes the necessary elements upon which the Certification Bodies accredited by FSC must evaluate forest management practices for Uruguay.

The National Standard for Responsible Forest Management of Uruguay aims at promoting responsible forest management on both industrial and small plantations, while protecting the rights of workers, contributing to livelihoods, income generation and local employment. It will also contribute to the conservation of natural ecosystems and wildlife habitats, including threatened and endangered species, and to protect the water sources present in the areas under management.

VIII.5 Bloomberg magazine chose José Ignacio as one of the most exciting places to visit in 2022

Bloomberg magazine has chosen José Ignacio resort as one of the 25 most exciting destinations in the world to visit this year. "The tiny, stylish fishing village of José Ignacio is popular with discerning travelers not just because it's a fashionable place to remain unseen. Its Mr. Francis Mallmann's restaurants and discreet beach bars attract a cosmopolitan crowd to stay at boutique bed-and-breakfast spots tucked away amid the dunes", pointed out the article.

VIII.7 Uruguay's first contemporary art museum opens

In the same article referred to above, Bloomberg magazine added: "Need even more social media fodder? The 75,000-square-foot Museo de Arte Contemporáneo Atchugarry (MACA), Uruguay's first contemporary art museum, opens this month with a retrospective honoring late artists Christo and Jeanne-Claude".

The museum, which combines the talent of the award-winning Uruguayan architect Mr. Carlos Ott with that of the prestigious Uruguayan sculptor Mr. Pablo Atchugarry, positions Punta de Este as a cultural tourist destination.

Constructed of red grandis eucalyptus wood, the curving structure consists of five galleries and a terrace overlooking a 90-acre sculpture park displaying 70 works of international artists. It houses the Atchugarry family's collection of more than five hundred works, including those by Wifredo Lam, Vik Muniz, Louise Nevelson, Frank Stella, and Joaquín Torres-García.



MACA is named for its founder, the Uruguayan sculptor Mr. Pablo Atchugarry, and it is free to visit

The MACA's cultural outreach program will offer film series, lectures, seminars and workshops, with the participation of historians and critics from the region and the world, with artistic, educational and cultural activities for all audiences.

On the other hand, the magazine specialized in American tourism International Living ranked Uruguay 10th in the Annual Global Retirement Index (AGRI) 2022. The AGRI determines the best destinations in the world for those North Americans who choose to move to another country after retirement, or move there for some for months during the year.

The result is based on opinions and experiences of correspondents and people who made the decision to move to the different destinations after their retirement. The information is then disaggregated into different categories, for which each country receives a score. It considers aspects such as accommodation, benefits, visas and residence, entertainment, climate, health, government, opportunity and cost of living.

“Uruguay obtained 74.6 points in this edition. This implies that, for US VIP retirees (that is, those who can choose a quiet, fun, safe and accessible destination to enjoy a pleasant retirement), Uruguay is the 10th most appropriate country in the world to make this plan a reality”, pointed out Mr. Rosendo Fraga, director of the consulting firm Nueva Mayoría Uruguay. He also indicated that Uruguay has climbed up in the ranking since 2017, when it has reached the 23rd position.

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	2016	2017	2018	2019	2020	2021Q3	
Economic structure and activity⁽¹⁾						(Latest available)	As of:
Population (million)	3.48	3.49	3.51	3.52	3.53	3.54	2021
Nominal GDP (local currency, billions)	1,726	1,842	1,982	2,159	2,253	2,514	2021Q3
Nominal GDP (USD, millions)	57,386	64,285	64,486	61,182	53,573	58,161	2021Q3
GDP per Capita (nominal USD)	16,489	18,403	18,393	17,388	15,172	16,416	2021Q3
Real GDP (% change, YoY)⁽²⁾		1.6	0.5	0.4	-5.9	5.9	2021Q3
<i>By Sector</i>							
Agriculture, fishing and mining		-8.2	4.5	-0.3	-0.4	5.0	2021Q3
Manufacturing		-4.2	5.8	-3.7	-5.6	5.2	2021Q3
Electricity, gas and water		-3.7	3.9	13.2	-12.5	1.9	2021Q3
Construction		-8.6	-4.4	5.2	1.8	3.1	2021Q3
Commerce, restaurants and hotels		6.6	-6.5	0.6	-9.1	15.1	2021Q3
Transportation, storage and information and communications		11.1	-1.0	3.5	-6.5	6.7	2021Q3
Financial services		3.1	0.3	1.2	-0.4	8.6	2021Q3
Professional services and leasing		5.6	0.9	-0.2	-10.6	7.8	2021Q3
Public administration activities		-1.0	0.8	1.2	-0.5	0.6	2021Q3
Health, education, real state activities and other services		2.2	1.8	-1.2	-7.0	4.1	2021Q3
<i>By Expenditure</i>							
Final Consumption Spending		3.2	2.2	0.6	-5.1	4.5	2021Q3
<i>o/w private sector</i>		3.6	2.1	0.5	-5.0	2.0	2021Q3
<i>o/w public sector</i>		1.3	2.6	1.1	-5.7	14.6	2021Q3
Gross fixed capital formation		0.4	-9.0	0.8	11.8	17.1	2021Q3
Exports (goods and services)		4.9	-1.7	3.6	-13.5	28.5	2021Q3
Imports (goods and services)		7.1	0.0	1.5	-7.2	27.6	2021Q3
Share of Nominal GDP by economic activity (in %)⁽³⁾							
Agriculture, fishing and mining	7.0	5.6	6.1	6.7	7.7		2020
Manufacturing	11.0	10.1	10.8	10.4	10.3		2020
Electricity, gas and water	2.7	3.0	2.8	2.6	2.6		2020
Construction	4.9	4.5	4.3	4.6	4.8		2020
Commerce, restaurants and hotels	13.4	13.3	12.3	12.2	12.3		2020
Transportation, storage and information and communications	8.4	9.0	8.6	9.1	8.3		2020
Financial services	5.1	5.1	5.1	4.9	4.7		2020
Professional services and leasing	6.9	7.3	7.2	7.4	6.6		2020
Government activities	4.8	4.9	4.9	4.9	5.1		2020
Health, education, real state activities and other services	24.9	25.9	26.3	25.7	26.0		2020
Share of Nominal GDP by expenditure (in %)⁽³⁾⁽⁴⁾							
Final Consumption Spending	77.2	78.7	80.1	79.5	78.6		2020
Gross fixed capital formation	17.0	16.3	15.0	15.4	16.4		2020
Exports (goods and services)	27.0	26.1	26.4	27.8	25.4		2020
Imports (goods and services)	21.6	20.7	21.4	21.9	21.0		2020

(1) Figures are presented starting in 2016, given that the new GDP figures released by the Central Bank under the re-based national accounts statistics are only available from that year onwards.

(2) Latest available data corresponds to quarterly data. In the case of complete years, figures are on an annual basis.

(3) Published once a year by the Central Bank.

(4) Shares in nominal GDP do not add up to a 100%, given that the investment figure excludes change in inventories.

Sources: Central Bank of Uruguay and National Institute of Statistics

Balance of Payments ^{(1) (2)}

in USD million						
	2016	2017	2018	2019	2020	Latest available 2021Q3*
Current Account	474	25	-286	984	-315	-969
<u>Goods and Services</u>	3.065	3.495	3.269	3.756	2.374	3.549
Goods	2.050	1.974	2.292	3.081	2.050	3.889
Exports	10.612	11.122	11.628	11.743	9.886	13.896
Merchandise goods	9.158	10.057	10.019	10.112	8.644	11.131
Goods under merchanting (net)	1.455	1.065	1.609	1.631	1.242	2.766
Imports	8.562	9.148	9.336	8.663	7.837	10.007
Services	1.015	1.522	978	675	324	-341
Exports	4.901	5.723	5.472	5.341	3.692	3.308
<i>o/w Tourism</i>	2.285	2.823	2.620	2.249	1.055	343
Imports	3.886	4.202	4.494	4.665	3.368	3.649
<u>Primary Income</u>	-2.660	-3.557	-3.654	-2.961	-2.876	-4.747
Net employments' remunerations	0	3	3	3	4	4
Net repatriated profits and dividends	-2.578	-2.443	-2.470	-3.367	-2.331	-2.077
Net reinvested earnings	524	-654	-684	695	-35	-2.025
Net interest paid	-606	-463	-503	-292	-514	-648
<u>Secondary Income</u>	70	86	99	189	187	230
Capital Account	50	20	46	-375	69	23
Financial Account	204	915	-608	308	558	-367
<u>Foreign Direct Investment</u>	1.823	2.037	443	-1.363	-885	-773
Change in assets held abroad by residents	1.308	4.724	2.268	12	-582	1.189
Change in claims held by non-residents in the economy	-516	2.687	1.825	1.375	303	1.961
<u>Portfolio Investment</u>	1.721	-2.170	-1.286	1.176	1.410	1.115
Change in assets held abroad by residents	441	-1.392	-563	2.400	2.762	1.411
Change in claims held by non-residents in the economy	-1.281	779	723	1.224	1.353	296
<u>Financial Derivatives</u>	6	-224	9	13	73	-386
Net creditor contracts	26	-213	35	33	124	-368
Net debtor contracts	21	10	26	19	51	19
<u>Other Investment</u>	-1.185	-1.177	634	1.592	-1.670	-811
Change in assets held abroad by residents	-2.354	-1.340	722	1.509	-678	839
Change in claims held by non-residents in the economy	-1.169	-164	88	-82	992	1.650
<u>Change in Central Bank Reserve Assets</u>	-2.161	2.449	-408	-1.111	1.630	489
Errors and Omissions	-320	871	-368	-301	804	579

in % of GDP						
	2016	2017	2018	2019	2020	Latest available 2021Q3*
Current Account	0,8	0,0	-0,4	1,6	-0,6	-1,7
<u>Goods and Services</u>	5,3	5,4	5,1	6,1	4,4	6,3
Goods	3,6	3,1	3,6	5,0	3,8	6,9
Exports	18,5	17,3	18,0	19,2	18,5	24,8
Merchandise goods	16,0	15,6	15,5	16,5	16,1	19,9
Goods under merchanting (net)	2,5	1,7	2,5	2,7	2,3	4,9
Imports	14,9	14,2	14,5	14,2	14,6	17,9
Services	1,8	2,4	1,5	1,1	0,6	-0,6
Exports	8,5	8,9	8,5	8,7	6,9	5,9
<i>o/w Tourism</i>	4,0	4,4	4,1	3,7	2,0	0,6
Imports	6,8	6,5	7,0	7,6	6,3	6,5
<u>Primary Income</u>	-4,6	-5,5	-5,7	-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	-3,7
Net reinvested earnings	0,9	-1,0	-1,1	1,1	-0,1	-3,6
Net interest paid	-1,1	-0,7	-0,8	-0,5	-1,0	-1,2
<u>Secondary Income</u>	0,1	0,1	0,2	0,3	0,3	0,4
Capital Account	0,1	0,0	0,1	-0,6	0,1	0,0
Financial Account	0,4	1,4	-0,9	0,5	1,0	-0,7
<u>Foreign Direct Investment</u>	3,2	3,2	0,7	-2,2	-1,7	-1,4
Change in assets held abroad by residents	2,3	7,3	3,5	0,0	-1,1	2,1
Change in claims held by non-residents in the economy	-0,9	4,2	2,8	2,2	0,6	3,5
<u>Portfolio Investment</u>	3,0	-3,4	-2,0	1,9	2,6	2,0
Change in assets held abroad by residents	0,8	-2,2	-0,9	3,9	5,2	2,5
Change in claims held by non-residents in the economy	-2,2	1,2	1,1	2,0	2,5	0,5
<u>Financial Derivatives</u>	0,0	-0,3	0,0	0,0	0,1	-0,7
Net creditor contracts	0,0	-0,3	0,1	0,1	0,2	-0,7
Net debtor contracts	0,0	0,0	0,0	0,0	0,1	0,0
<u>Other Investment</u>	-2,1	-1,8	1,0	2,6	-3,1	-1,4
Change in assets held abroad by residents	-4,1	-2,1	1,1	2,5	-1,3	1,5
Change in claims held by non-residents in the economy	-2,0	-0,3	0,1	-0,1	1,9	2,9
<u>Change in Central Bank Reserve Assets</u>	-3,8	3,8	-0,6	-1,8	3,0	0,9
Errors and Omissions	-0,6	1,4	-0,6	-0,5	1,5	1,0

(*) Sum of last four quarters.

(1) In accordance with the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6), whereby:

(i) Current Account Balance (CAB), Capital Account Balance (KAB), Errors and Omissions (E&O) and Financial Account Balance (FAB) satisfy: CAB + KAB + E&O = FAB

(ii) "Goods under merchanting" are those goods that are bought by a resident and then sold to a non-resident, without undergoing any process of substantial transformation nor entering into the resident economy.

(iii) Regarding the Financial Account, a positive (negative) sign over the balance of an underlined entry means that net acquired assets abroad by residents were higher (smaller) than net financial liabilities accumulated by non-residents within the economy, implying a capital outflow (inflow) for that concept.

(iv) "Change in Central Bank Reserve Assets" stands for the variation of gross international reserve assets less valuation adjustments.

(v) Revised series under new methodology starts in 2012.

(2) GDP figures available since 2016 according to the latest update in National Accounts methodology, published by the Central Bank in December 2020.

Source: Central Bank of Uruguay

Uruguay

Economic Indicators

	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	8.2	2022M01
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	20.9	2022M01
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	44.15	2022M01
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	43.75	2022M01
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	3.0	2022M01
Real Effective Exchange Rate, REER (index base 100 = Dec-2011, eop)	100.0	91.5	94.6	99.4	112.9	103.2	99.2	104.5	114.7	119.8	124.2	-	2021M12
REER (% change, YoY, if + = real depreciation)	-5.2	-8.5	3.3	5.0	13.6	-8.6	-3.9	5.4	9.8	4.5	3.7	-	2021M12
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	-	2021M11
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	-	2021M11
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	0.5	2022M01
M1 ¹ (% change, YoY)	20.8	11.2	15.0	3.7	5.6	8.4	15.0	8.9	5.1	18.5	17.8	-	2021M12
International Reserves (% of GDP) ⁽²⁾						23.4	24.8	24.1	23.7	30.3	28.5	-	2021M12
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	7.0	2022M01
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	8.4	2022M01
Monetary Policy Interest Rate (overnight reference, annual, in %, eop) ⁽⁴⁾	8.75	9.0	9.25	.	.	.	.	.	.	4.5	5.75	6.5	2022M01
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	6.3	2022M01
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	-	2021M12
Total bank deposits by private non-financial sector (% of GDP)						49.2	44.2	44.0	47.7	60.2	59.5	-	2021M12
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	-	2021M12
Foreign currency	73.8	73.9	75.3	77.7	80.9	77.3	73.3	73.6	76.2	77.3	77.2	-	2021M12
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	-	2021M12
Non-residents	15.6	15.8	15.5	15.7	16.3	12.6	9.8	9.8	10.4	10.3	9.4	-	2021M12
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	-	2021M12
Total bank credit to private non-financial sector (% of GDP) ⁽⁸⁾						26.4	23.9	23.8	24.2	27.5	27.1	-	2021M12
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	-	2021M12
Foreign currency	54.8	53.4	55.1	56.6	56.8	54.6	51.8	51.9	51.0	50.8	51.1	-	2021M12
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	-	2021M12
Non-residents	1.4	1.2	1.1	1.1	1.0	1.0	1.0	0.7	0.9	1.4	3.4	-	2021M12
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	-	2021M12

(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 M1¹. Since September 4th of 2020, the Central 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	-	2021M12
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	-	2021M12
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	-	2021M12
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	-	2021M12
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	-	2021M12
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	-	2021M12
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	-	2021M12
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	-	2021M12

(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 receiving the unemployment insurance benefit.

Source: National Institute of Statistics and Social Security Bank

Uruguay

Economic Indicators

	2016	2017	2018	2019	2020	2021	
Public Finances ⁽¹⁾⁽²⁾							As of:
	<i>(in % of GDP)</i>						
Central Government							
Revenues	25.6	26.7	28.2	27.5	27.0	26.4	2021M12
Primary expenditures	26.4	27.0	27.6	27.9	29.5	28.0	2021M12
Primary balance	-0.7	-0.2	0.7	-0.4	-2.4	-1.6	2021M12
Interests payments ⁽³⁾	2.5	2.5	2.6	2.4	2.7	2.2	2021M12
Headline Central Government balance	-3.2	-2.7	-1.9	-2.8	-5.1	-3.8	2021M12
<i>Impact of extraordinary inflows to the Social Security Trust Fund ("Cincuentones Effect")⁽⁴⁾</i>	.	.	1.2	1.2	0.7	0.4	2021M12
<i>Extraordinary transfers to Social Security Trust Fund⁽⁵⁾</i>	.	.	1.2	1.1	0.6	0.3	2021M12
<i>Interest payments to the SSTF on its holdings of Central Government Debt</i>	.	.	0.0	0.1	0.1	0.1	2021M12
Central Government balance excluding Cincuentones effect	.	.	-3.1	-4.0	-5.8	-4.2	2021M12
Rest of Non-Monetary Public Sector (NMPS)							
Local governments balance	0.1	0.1	0.0	-0.1	0.1	0.1	2021M12
Non-financial public enterprises balance	0.3	0.0	-0.2	-0.3	0.1	0.6	2021M12
State-owned insurance bank balance	0.2	0.2	0.2	0.4	0.3	0.4	2021M12
Headline Rest of NMPS balance	0.5	0.2	0.1	0.0	0.4	1.2	2021M12
Central Bank							
Primary balance	-0.1	-0.1	-0.1	-0.1	0.0	0.0	2021M12
Interests payments	0.6	0.6	0.7	0.4	0.5	0.9	2021M12
Headline Central Bank balance	-0.7	-0.7	-0.8	-0.5	-0.5	-0.9	2021M12
Consolidated Public Sector							
Primary balance	-0.3	-0.2	0.5	-0.6	-2.1	-0.6	2021M12
Interests payments	3.0	3.0	3.2	2.7	3.0	2.9	2021M12
Headline Overall balance	-3.4	-3.2	-2.7	-3.2	-5.2	-3.5	2021M12
Overall balance excluding Cincuentones effect	-3.4	-3.2	-3.9	-4.4	-5.8	-4.0	2021M12

(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 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.

(2) The sum of the components may not match the totals due to rounding reasons.

(3) Includes interests from Capitalization Bonds held by the Central Bank.

(4) Since October 2018, following the so-called "Cincuentones Law", the public sector social security fund has been receiving the accumulated savings of workers and retirees aged fifty or above who chose to switch from the social security individual capitalization scheme into the "pay-as-you-go" regime. These inflows are recorded as public revenues, consistent with IMF methodology, and are held into a trust fund. For further details, refer to footnote 2 in the January 2019 Sovereign Debt Report by clicking

[here](#).

(5) Transfers refer to the accumulated savings of workers and retirees who chose to fully switch to the defined-benefit sector social security scheme.

Source: Ministry of Economy and Finance of Uruguay

	2016	2017	2018	2019	2020	2021	
Public Debt ⁽¹⁾⁽²⁾							(Latest available) As of:
	<i>(in % of GDP, unless otherwise indicated)</i>						
Central Government ⁽³⁾⁽⁴⁾							
Gross debt	45.5	44.6	45.6	48.8	61.4	59.6	2021Q4
<i>o/w in foreign currency (% of total)</i>	54.7	49.2	53.8	56.1	54.5	52.7	2021Q4
<i>held by non-residents (% of total)</i>	56.9	55.1	56.7	58.8	60.0	56.7	2021Q4
Net debt	39.0	39.4	40.8	45.3	56.3	55.1	2021Q4
<i>Memo Item: Social Security Trust Fund's holdings of Central Government debt</i>	.	.	0.9	1.7	2.4	2.6	2021Q4
Consolidated Public Sector ⁽⁵⁾							
Gross debt	58.4	60.4	59.6	60.8	74.4	73.4	2021Q3
<i>o/w in foreign currency (% of total)</i>	52.5	41.4	46.9	53.5	50.3	48.0	2021Q3
<i>held by non-residents (% of total)</i>	51.1	46.0	47.9	52.0	53.3	52.1	2021Q3
Net debt	28.1	29.5	29.4	30.6	36.5	36.5	2021Q3

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 December 2021 based on annual 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.

(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.