

Macro scenario - Uruguay



June 3, 2026

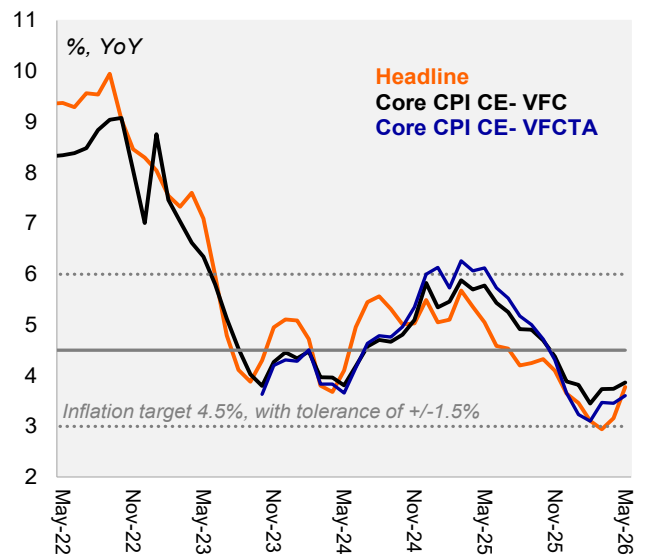
Inflation Gains Momentum on Rising Fuel Prices

- ▶ **We maintained our 2026 GDP growth forecast at 1.2%, decelerating from 1.8% in 2025, mainly reflecting the negative effects of this year's drought.**
- ▶ **Our YE26 inflation forecast stands at 4.9%.** Oil prices and domestic price adjustments will be key drivers in the months ahead.
- ▶ **Regarding monetary policy, we forecast the policy rate to remain at 5.75% throughout the remainder of 2026, as the Central Bank balances inflation risks against still-moderate domestic activity.** That said, a rate hike in 2026 cannot be completely ruled out, depending on the degree of pass-through from higher oil prices to headline inflation and—more critically—to inflation expectations.

Higher oil prices drive inflation acceleration

Inflation rose by 0.70% MoM in May, up from +0.11% a year ago and a 5-year median of 0.28%. The main upward contribution came from Transport, which rose 2.87% MoM (+0.31 p.p. incidence), driven by an increase in domestic oil prices. Food and non-alcoholic beverages prices also increased (+0.56% MoM; +0.15 p.p. incidence), as did Housing, water, electricity, gas and other fuels (+0.73% MoM; +0.10 p.p. incidence). On the downside, fruits prices fell 4.19% MoM and alcoholic beverages (-0.17% MoM), partially offsetting the headline increase. Headline inflation rose to 3.77% YoY in May, up from 3.16% in April. However, all CPI measures remain within the BCU's of the 4.5% target's +/-1.5% tolerance range.

Inflation Dynamics



Source: INE

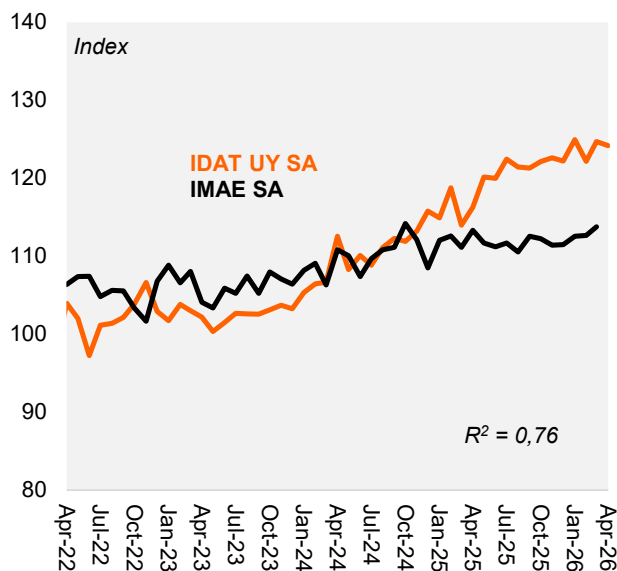
BCU hold rates amid global uncertainty

At its May monetary policy meeting, the Central Bank of Uruguay (BCU) unanimously decided to keep the policy rate on hold at 5.75%, for the second consecutive month. Inflation and inflation expectations remain aligned the BCU's target (4.5%). Average inflation expectations over the 24-month horizon stand at 4.67%, unchanged from the previous meeting and within the tolerance band for the thirteen consecutive

months. Against this backdrop, we estimate the ex-ante real policy rate at 1.04%, still well below the BCU's neutral real rate estimate of 2.5%, indicating that the monetary stance remains accommodative. On activity, the BCU highlighted a recovery in 1Q26, but the outlook for the rest of the year points to moderate growth. The ongoing conflict in the Middle East is keeping energy prices high amid volatility and inflationary pressures. In addition, long-term interest rates are rising, creating a less favorable financial environment for emerging economies. Thus, the Copom concluded that the balance of risks to inflation had shifted slightly upward due to oil prices remaining at higher levels than anticipated at the previous meeting.

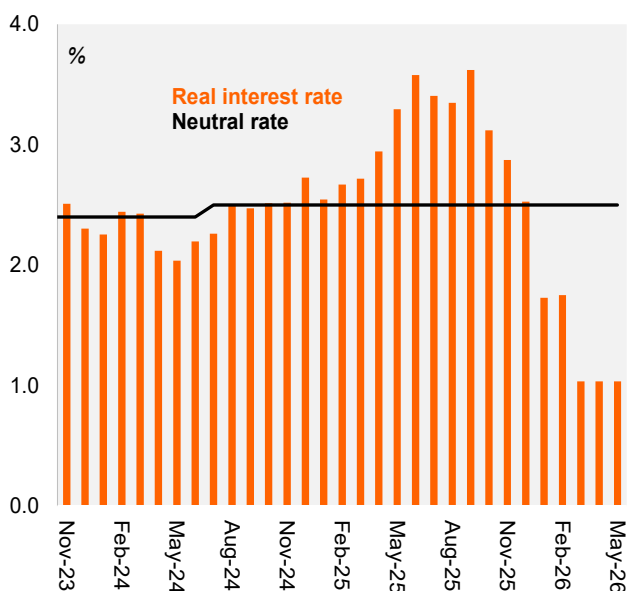
both services and goods. Within services, travel stood out as the main growth driver, while in goods, those related to healthcare were particularly notable.

IDAT UY SA vs. IMAE SA



Source: Itaú, BCU

Ex-ante real interest rate



Source: BCU, INE, Bevsa

Activity expanded in 1Q26

The monthly GDP proxy (IMAE) expanded 1.0% MoM/SA in March, leading to a 1.1% QoQ/sa growth in 1Q26 (up from 0.1% in 4Q25). On annual basis, the IMAE expanded 2.2% in March and 0.8% in 1Q26 (0.1% yoy in 4Q25). The statistical carry-over for 2026 stood at 1.1%.

Our activity indicator (IDAT-UY) softened in April.

The index rose 4.7% year over year in April, bringing the quarterly average to 6.4% year over year, below the 7.8% recorded in 1Q26. In seasonally adjusted terms, IDAT-UY declined 0.4% MoM in April. In the three months ending in April, a slowdown was observed in

Fiscal deficit improves slightly in April

The central government's 12-month nominal fiscal deficit reached 3.9% of GDP in April 2026, slightly better than the end of 2025 (4.1%). Total real revenues rose 8.4% YoY in the quarter ended in April (up from 2.2% YoY in 1Q26). On the expenditure side, real primary spending increased by 20.6% YoY, driven by payroll and transfers spending.

Upside risks to policy rates

We kept our YE26 GDP growth forecast at 1.2%, down from 1.8% in 2025, as activity is set to moderate despite the rebound in 1Q26, with April leading indicators already pointing to a loss of momentum. Growth is expected to slow further following the negative supply shock from this year's drought. Beyond weather-related effects, the external backdrop has turned less supportive, with higher energy prices adding to headwinds for domestic demand in an economy heavily reliant on fuel imports.

Our YE26 inflation forecast stands at 4.9%. As a net oil-importing country, Uruguay remains particularly exposed to increases in crude prices, which pass through relatively quickly to fuel costs and regulated prices. From April, inflation has come under pressure

from higher fuel prices, with these shocks expected to carry over into the coming months. Through both direct and second-round effects—spanning transport, logistics and food-related components—this dynamic is likely to keep inflation somewhat elevated in the near term.

We expect the policy rate to remain on hold at 5.75% throughout 2026, as the Central Bank continues to balance rising inflation risks against still-moderate economic activity. However, the recent oil price shock introduces an asymmetric risk profile: while a near-term hike is not our base case, a tightening bias cannot be ruled out in 2026 if higher fuel costs lead to a stronger-than-expected pass-through to headline inflation and, more importantly, begin to affect medium-term inflation expectations.

Waiting for the El Niño weather phenomenon.

Elevated precipitation represents a downside risk for 2027, raising the likelihood of flooding, and disruptions to planting and harvest cycles, alongside localized damage to crops and infrastructure. Excessive rainfall could also weigh on construction activity. That said, a moderate increase in rainfall above historical norms would be constructive, supporting a rebound in agricultural yields after the severe drought conditions of recent years. Overall, the net impact of El Niño will depend on the intensity and distribution of precipitation throughout the year.

**Andrés Pérez M.
Diego Ciongo
Soledad Castagna**

Uruguay | Forecasts and Data

	2022	2023	2024	2025	2026F		2027F	
					Current	Previous	Current	Previous
Economic Activity								
Real GDP growth - %	4.6	0.8	3.3	1.8	1.2	1.2	1.5	1.5
Nominal GDP - USD bn	70.7	78.0	81.3	85.0	92.5	92.3	98.2	98.2
Population (millions)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Per Capita GDP - USD	20,253	22,276	23,174	24,192	26,241	26,202	27,875	27,875
Unemployment Rate - year avg	7.9	8.3	8.2	7.4	7.6	7.6	7.6	7.6
Inflation								
CPI - %	8.3	5.1	5.5	3.6	4.9	4.9	4.5	4.5
Interest Rate								
Reference rate - eop - %	11.50	9.00	8.75	7.50	5.75	5.75	6.50	6.50
Balance of Payments								
UYU / USD - eop	39.9	38.9	44.1	39.0	39.5	39.5	40.0	40.0
Trade Balance - USD bn	-0.8	-2.5	-1.5	-0.9	-2.0	-2.0	-1.3	-1.3
Current Account - % GDP	-3.6	-3.0	-0.8	-0.4	-1.2	-1.2	-0.5	-0.5
Foreign Direct Investment - % GDP	4.1	4.0	-3.2	0.5	1.5	1.5	1.5	1.5
International Reserves - USD bn	15.1	16.2	17.4	19.0	19.5	19.5	19.5	19.5
Public Finance								
Nominal Balance Central Gov. (*) - % GDP	-3.0	-3.3	-3.4	-4.1	-4.0	-4.0	-3.5	-3.5
Gross Public Debt Central Gov. - % GDP	56.7	58.3	62.3	60.5	61.2	61.2	61.4	61.4

Source: FMI, Haver, Bloomberg, BCU, Itaú.

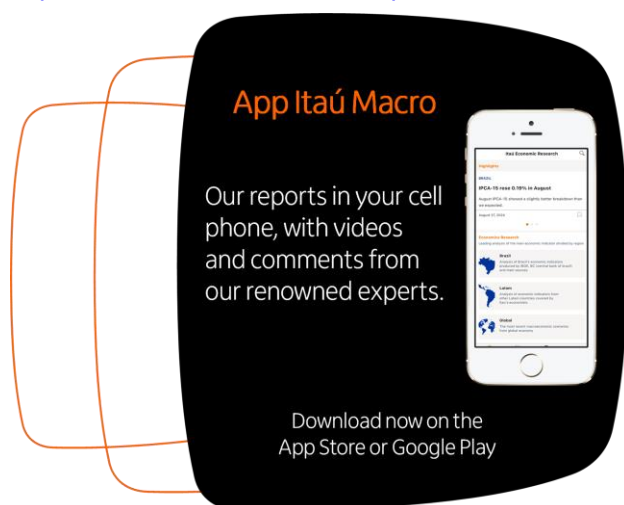
(*) Excludes extraordinary inflows to the Social Security Trust

Macro Research – Itaú

Mario Mesquita – Chief Economist

To access our reports and forecast visit our website:

<https://www.itaubba-pt/macroeconomic-analysis>



Relevant Information

1. This report has been prepared and released by the Macro Research Department of Itaú Unibanco S.A. ("Itaú Unibanco"). This report is not a product of the Equity Research Department of Itaú Unibanco or Itaú Corretora de Valores S.A. and shall not be construed as a research report ("relatório de análise") for the purposes of Article 1 of the CVM Instruction NR. 20, dated 2021.
2. The exclusive purpose of this report is to provide macroeconomics information and it does not constitute and shall not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial product, or to participate in any particular trading strategy in any jurisdiction. The information herein is believed to be reliable as of the date on which this report was released and it has been obtained from public sources believed to be reliable. However, Itaú Unibanco does not make any explicit or implied representation or warranty as to the completeness, reliability or accuracy of such information, nor does this report intend to be a complete statement or summary of the markets or developments referred to herein. Itaú Unibanco has no obligation whatsoever to update, modify or amend this report and inform the reader accordingly.
3. The opinions contained herein reflect exclusively the personal views of the analyst responsible for this report and were prepared independently and autonomously, including in relation to Itaú Unibanco, Itaú Corretora de Valores S.A. and any other companies within their economic group.
4. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of Itaú Unibanco. Additional information on the financial products mentioned in this report may be available upon request. Itaú Unibanco and/or any other company within its economic group is not and shall not be liable for any investment decisions (or otherwise) based on the information provided herein.

Additional Note: This material does not take into consideration the objectives, financial situation or specific needs of any particular client. Clients must obtain financial, tax, legal, accounting, economic, credit and market advice on an individual basis, based on their personal characteristics and objectives, prior to making any decision based on the information contained herein. By accessing the material, you represent and confirm that you understand the risks related to the financial instruments described in this material and the laws in your jurisdiction relating to the provision and sale of financial service products. You acknowledge that this material contains proprietary information and you agree to keep this information confidential for your exclusive use.

For inquiries, suggestions, complaints, criticisms and compliments, talk to Itaú's CSCC: 0800 728 0728. Or contact us through our portal <https://www.itaubba-pt/ataenda-itaubba-pt>. If you are not satisfied with the proposed solution, please contact the Itaú Corporate Ombudsman: 0800 570 0011 (on weekdays from 9 AM to 6 PM) or our PO Box 67.600, São Paulo-SP, Zip Code 03162-971. Hearing impaired, every day, 24h, 0800 722 1722.