Macro scenario - Uruguay

December 18, 2025

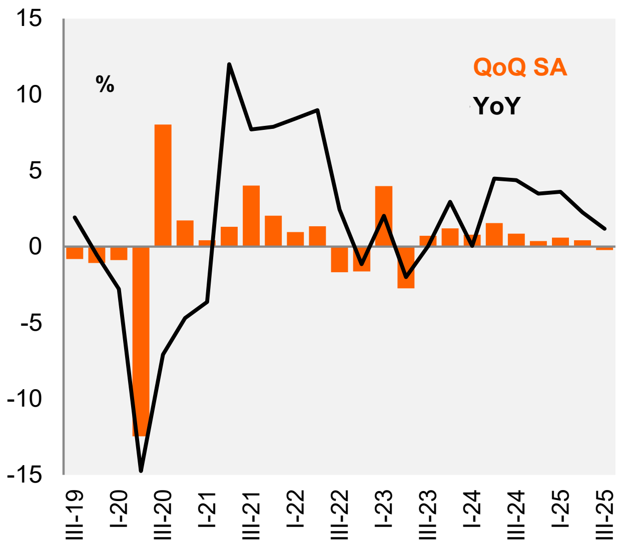
Softer activity at the margin

- We lowered our GDP forecast for YE25 to 2.0%, down from 2.3% in the previous scenario due to weaker figures at the margin. However, we maintained our forecast for YE26 at 1.8%, given our positive outlook for the tourism season in 1Q26.
- We revised our exchange rate forecast to UYU/USD 39.5 by YE25, from 40.5 in our previous scenario amid a benign external scenario and global dollar weakness. For 2026 and 2027 we expect the UYU to remain stable in real terms.
- Our 2025 inflation forecast remains at 3.9% and 4.5% for the next year. We expect the BCU to cut the policy rate by another 25-bps in December's meeting to 7.75%. For YE26 policy rate we foresee the policy rate at 7.25%, assuming inflation expectations remain around the BCU's target.

Activity contracted sequentially in 3Q25

GDP rose by 1.2% yoy in 3Q25, down from 2.3% in 2Q25. At the margin, GDP fell by 0.2% qoq/sa in 3Q25, after eight consecutive quarters of sequential expansion. Furthermore, the BCU adjusted past data, especially in 1Q25, with GDP rising sequentially 0.60% qoq/sa, slightly below the previous estimate (0.68%). Thus, the statistical carryover for 2025 stands at 1.9%. In parallel, other leading indicators also point to soft activity at the margin. The CERES Leading Index was slightly positive (0.1% mom/sa) in November after two neutral rates, confirming the slowdown throughout the year. Separately, our activity indicator (IDAT-UY) fell 0.4% mom/sa, in November, with goods rising 0.1% mom/sa and services falling 0.2% mom/sa. The IDAT-UY was flat on sequential basis in the quarter ended in November. See our report for more details here.

GDP Growth

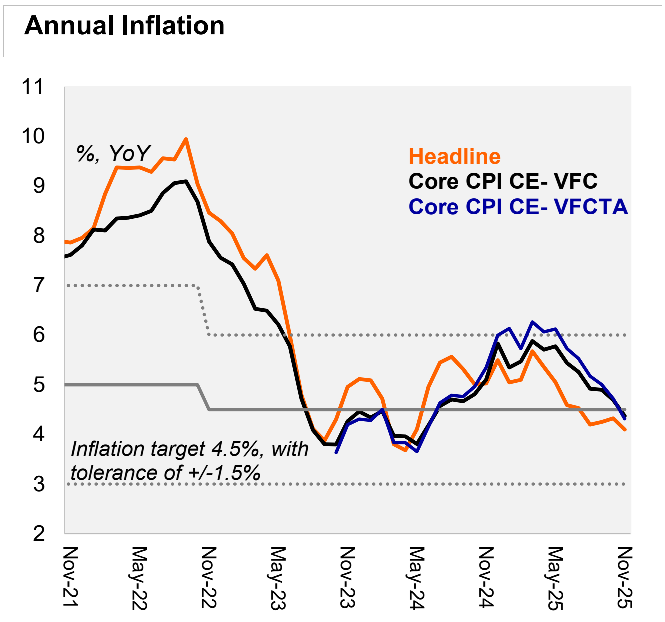


Source: BCU

Lower-than-expected inflation in November

Inflation rose by 0.14% MoM in November, below our forecast and market expectations according to the BCU's survey (both at 0.30% MoM). The main monthly impact in November came from transport (0.65% MoM, incidence of 0.07 p.p.) given higher taxi and riding app (among other) tariffs and greater airfare prices. Restaurant and hotel prices rose by 0.46%

MoM, while food and non-alcoholic beverages prices fell by 0.23% MoM due to vegetable prices (-5.62% MoM). All CPI readings remain within the inflation target's tolerance range of 4.5% ± 1.5%. Headline inflation fell to 4.09% YoY in November from 4.32% in October, while the core reading decreased to 4.38% from 4.69% in the previous month. Cumulative headline inflation in the year reaches 3.74%.



Source: INE

The focus is on inflation

In the last monetary policy meeting held in November the central bank's Monetary Policy Committee (MPC) unanimously cut the policy rate by 25-bps to 8.00%, reducing the pace from the previous meeting (-50 bps). The central bank's statement reiterated that monetary policy is gaining credibility amid historically low inflation expectations. Average inflation expectations for the monetary policy horizon (24 months) stood at 4.98% (4.95% in the previous meeting), towards the upper half of the inflation target's tolerance range for the sixth consecutive month. We estimate the ex-ante real policy rate at 2.87%, somewhat above the BCU's neutral real rate estimate of 2.5%.

The economy shows signs of deceleration

We revised our 2025 GDP growth forecast down to 2.0% (from 2.3% in our previous scenario), reflecting revised weaker data and leading indicators. For 2026, we continue to expect 1.8% growth, supported by private consumption and spillovers from Argentina's macroeconomic adjustment.

Our inflation outlook remains unchanged, with year-end 2025 inflation forecasted at 3.9% and 4.5% by year-end 2026, consistent with the BCU's target and supported by a strong UYU. The seasonal discount on electricity coupled with stronger UYU introduces downside risks to our call.

Our scenario considers the BCU delivering a 25-bps cut at its next meeting on December 23, bringing it to 7.75%. Our forecast for year-end 2026 remains at 7.25%, assuming inflation expectations continue to converge toward the target.

Finally, we revised our exchange rate forecast to UYU/USD 39.5 by year-end 2025 (from 40.5 previously), amid a favorable external environment and global dollar weakness. For 2026 we see the UYU stable in real terms.

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Uruguay | Forecasts and Data

	2021	2022	2023	2024	2025F		2026F		2027F
					Current	Previous	Current	Previous	Current
Economic Activity									
Real GDP growth - %	5.6	4.8	0.7	3.1	**2.0**	2.3	**1.8**	1.8	**2.0**
Nominal GDP - USD bn	60.7	70.7	78.0	81.3	**85.4**	85.2	**93.5**	91.2	**98.9**
Population (millions)	3.5	3.5	3.5	3.5	**3.5**	3.5	**3.5**	3.5	**3.5**
Per Capita GDP - USD	17,424	20,253	22,282	23,174	**24,304**	24,227	**26,520**	25,888	**28,069**
Unemployment Rate - year avg	9.3	7.9	8.3	8.2	**7.8**	7.8	**7.6**	7.6	**7.6**
Inflation									
CPI - %	8.0	8.3	5.1	5.5	**3.9**	3.9	**4.5**	4.5	**4.5**
Interest Rate									
Reference rate - eop - %	5.75	11.50	9.00	8.75	**7.75**	7.75	**7.25**	7.25	**7.25**
Balance of Payments									
UYU / USD - eop	44.69	39.9	38.9	44.1	**39.5**	40.5	**40.0**	41.0	**40.5**
Trade Balance - USD bn	0.0	-0.8	-2.5	-1.4	**-1.0**	-1.0	**-1.0**	-1.0	**-1.0**
Current Account - % GDP	-2.4	-3.7	-3.4	-1.0	**-0.2**	-0.2	**-0.2**	-0.2	**-0.2**
Foreign Direct Investment - % GDP	2.4	4.5	5.5	2.0	**1.5**	1.5	**1.5**	1.5	**1.5**
International Reserves - USD bn	17.0	15.1	16.2	17.4	**19.5**	19.5	**19.5**	19.5	**19.5**
Public Finances									
Nominal Balance Central Gov. (*) - % GDP	-4.2	-3.0	-3.3	-3.4	**-4.1**	-4.1	**-4.0**	-4.0	**-3.5**
Gross Public Debt Central Gov. - % GDP	58.5	58.2	58.5	57.2	**61.5**	61.5	**61.4**	61.4	**60.7**

Source: FMI, Haver, Bloomberg, BCU, Itaú.
(*) Excludes extraordinary inflows to the Social Security Trust Fund.

Macro Research – Itaú

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To access our reports and forecast visit our website:
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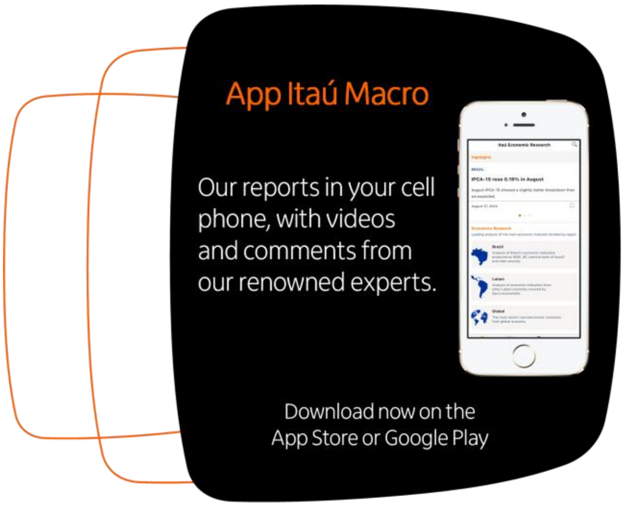

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