

Macro scenario - Uruguay



April 9, 2026

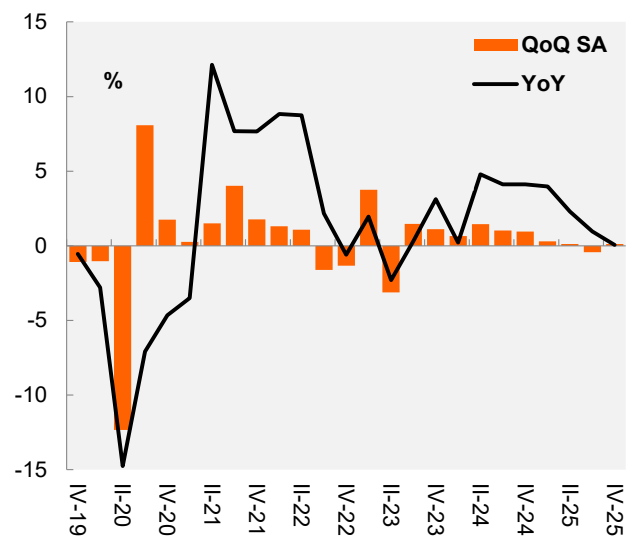
Growth headwinds and external risks rise as inflation remains stable

- ▶ We revised down our YE26 GDP growth forecast to 1.2% (from 1.5%), reflecting a negative statistical carryover (-0.1%) and increasing downside risks from the drought's impact on the soybean harvest.
- ▶ Our YE26 inflation forecast remains unchanged at 4.5%. On monetary policy, we now expect the BCU to pause the easing cycle, given the international backdrop, and a balanced inflation outlook. Toward 2027, we anticipate the onset of a tightening cycle, as conditions normalize and a somewhat more dynamic activity. We cannot rule out a rate hike later this year, depending on the impact of higher oil prices on inflation and, above all, on inflation expectations.
- ▶ Uruguay is a net importer of fuel, so a prolonged rise in Brent prices could affect its external accounts.

Activity expanded sequentially in 4Q25

GDP grew 0.1% YoY in 4Q25, down from 1.0% YoY in 3Q25. At the margin, using the central bank's seasonally adjusted series, GDP increased 0.1% QoQ/sa in 4Q25 – outperforming the monthly GDP proxy, which had pointed to a 0.6% QoQ/sa contraction. For the full year, GDP expanded 1.8% in 2025, below the 3.3% growth recorded in 2024, leaving a negative statistical carryover (-0.1%) for 2026. The leading indicator published by Ceres fell by 0.1% MoM/SA in February, marking the first drop in two years. On the other hand, our activity indicator (IDAT- UY) gained momentum in 1Q26, rising by 7.7% YoY, up from 7.1% YoY in 4Q25, signaling a broad-based strengthening of activity. Goods-related activity maintained a solid pace, with the IDAT goods component expanding 7.0% YoY in real terms, slightly moderating from 7.5% YoY in the previous quarter. Services emerged as the key growth driver, with the IDAT services component accelerating to 7.3% YoY in 1Q26, a marked improvement from 6.2% YoY in 4Q25.

GDP Growth



Source: BCU

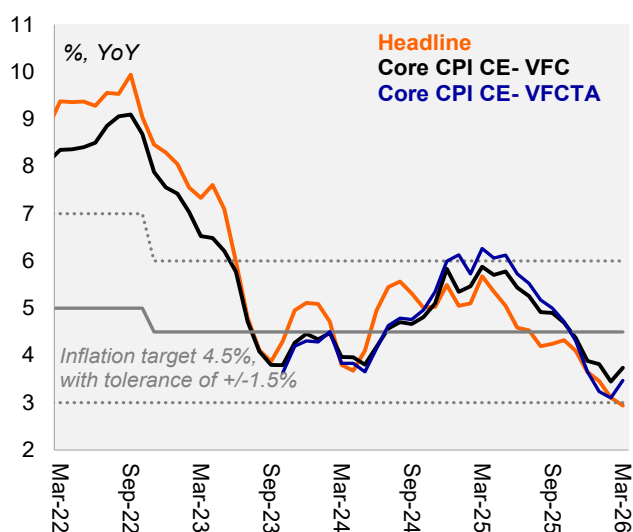
Upside Surprise Driven by Services, Headline Near Historic Lows

Inflation increased 0.41% MoM in March, above our forecast (0.2% MoM) but below the BCU survey median (0.5% MoM). The main monthly driver was education services surged nearly 3% MoM (incidence 0.12 p.p.), reflecting the seasonal impact of the start of the academic year. Moreover, transport prices rose 0.94% MoM (contributing 0.10 p.p.), in line with the recent appreciation of the USD, partially offset by lower

fuel prices. In contrast, food and non-alcoholic beverages declined 0.05% MoM, led by lower fruit and vegetable prices, providing a meaningful disinflationary impulse. Core inflation (CPI CE VFC)—excluding fruits & vegetables and fuel—rose 0.63% MoM in March. On an annual basis, all CPI metrics continue to drift toward the lower bound of the 4.5% inflation target tolerance range ($\pm 1.5\%$), with headline inflation now slipping below the floor. Headline inflation fell to 2.94% YoY in March from 3.46% in February, marking a new historical low.

policy rate at 1.04%, clearly below the BCU's neutral real rate estimate of 2.5%, underscoring the expansionary monetary stance. On the external front, the BCU flagged upside inflation risks stemming from higher oil prices, amid renewed tensions related to the US-Iran conflict, and their potential pass-through to domestic prices. Overall, the MPC assessed that inflation risks have become more balanced than in previous meetings, suggesting a more cautious approach going forward as the easing cycle matures.

Annual inflation



Source: INE

More balanced inflation risks reinforce a wait-and-see stance

At its March monetary policy meeting, the central bank's Monetary Policy Committee (MPC) delivered a 75-bp rate cut, bringing the policy rate to 5.75%. The post-meeting statement emphasized that both headline inflation and inflation expectations remain well anchored, while recent activity indicators surprised to the downside, justifying the continuation of an accommodative policy stance. Inflation expectations for the 24-month policy horizon declined to 4.67%, from 4.79% at the previous meeting, remaining within the tolerance band for the ninth consecutive month. Based on these expectations, we estimate the ex-ante real

Softer Growth Outlook

We revised down our YE26 GDP growth forecast to 1.2%, from 1.5% previously, reflecting a negative statistical carryover (-0.1%) and rising downside risks linked to the drought's impact on the soybean harvest. The growth outlook has become more challenging, with agriculture-related spillovers likely to weigh on activity momentum over the coming quarters.

Our YE26 inflation forecast remains unchanged at 4.5%, broadly in line with the BCU's target. On the monetary policy front, we now expect the BCU to pause the easing cycle, given a more challenging external environment and a balanced outlook on inflation. Looking ahead to 2027, we anticipate the start of a gradual tightening cycle, as global conditions normalize and domestic activity gains some traction, translating into firmer demand-side pressures. However, we cannot rule out a rate hike this year, depending on the impact of higher oil prices on inflation and, above all, on inflation expectations.

Energy prices remain a key vulnerability. Uruguay is a net fuel importer (approximately USD 1.5bn annually), leaving the external accounts exposed to a prolonged increase in international oil prices. We now forecast a trade deficit of USD 2.0bn for 2026, up from USD 1.0bn in our previous scenario, also reflecting the impact of drought on the soybean harvest. Consistently, we have revised our current account deficit forecast to 1.2% of GDP, from -0.4% in 2025.

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Uruguay | Forecasts and Data

	2022	2023	2024	2025	2026F		2027F	
					Current	Previous	Current	Previous
Economic Activity								
Real GDP growth - %	4.8	0.7	3.1	1.8	1.2	1.5	1.5	1.5
Nominal GDP - USD bn	70.7	78.0	81.3	85.0	93.6	94.0	97.7	98.1
Population (millions)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Per Capita GDP - USD	20,253	22,282	23,174	24,179	26,550	26,673	27,698	27,838
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	4.5	4.5	4.5	4.5
Interest Rate								
Reference rate - eop - %	11.50	9.00	8.75	7.50	5.75	5.50	6.50	5.50
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	-1.4	-0.9	-2.0	-1.0	-1.3	-1.0
Current Account - % GDP	-3.7	-3.4	-1.0	-0.4	-1.2	-0.2	-0.5	-0.2
Foreign Direct Investment - % GDP	4.5	5.5	2.0	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	58.2	58.5	57.2	60.5	61.2	61.7	61.4	61.9

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

(*) Excludes extraordinary inflows to the Social Security Trust

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