



BANCO CENTRAL
DEL URUGUAY

Policy responses to COVID-19 from the Central Bank of Uruguay

**X Central Banking
Operations Meeting**

September 3rd, 2020

Central Bank of Uruguay responses to COVID-19

- Emerging challenges
- Policy responses
- Main results

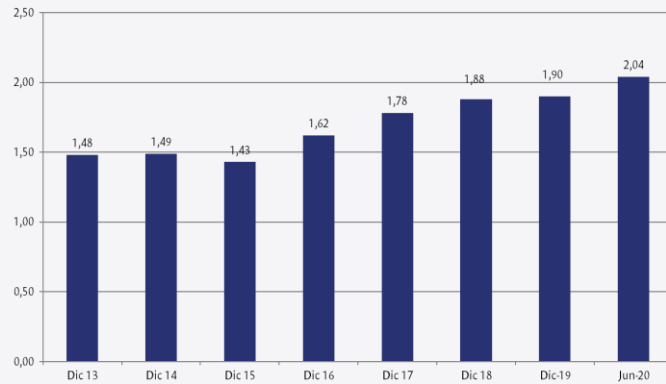
Emerging challenges

- Transactions flows were affected
- Families and companies react accumulating money
- Markets segmentation
- Companies illiquidity and its effects on the balance sheet
- FX market: level and volatility were affected
- Operational challenges

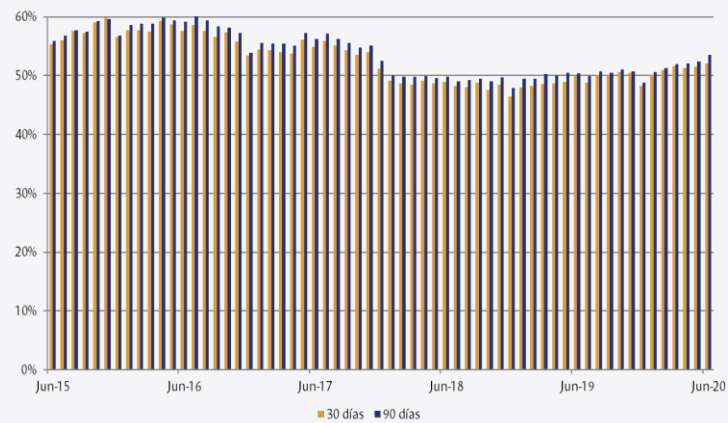
The Central Bank of Uruguay in the emerging situation

The financial system as part of the solution

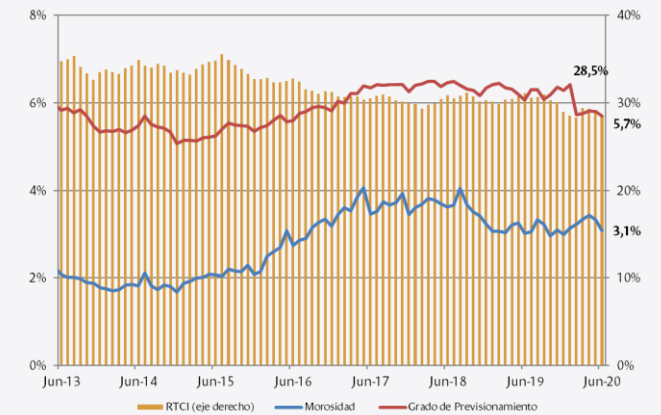
Índice de Solvencia



Ratios de Liquidez Consolidados



Riesgo Tipo de Cambio Implícito, Morosidad y Previsiones



The Central Bank of Uruguay in the emerging situation

Policy responses

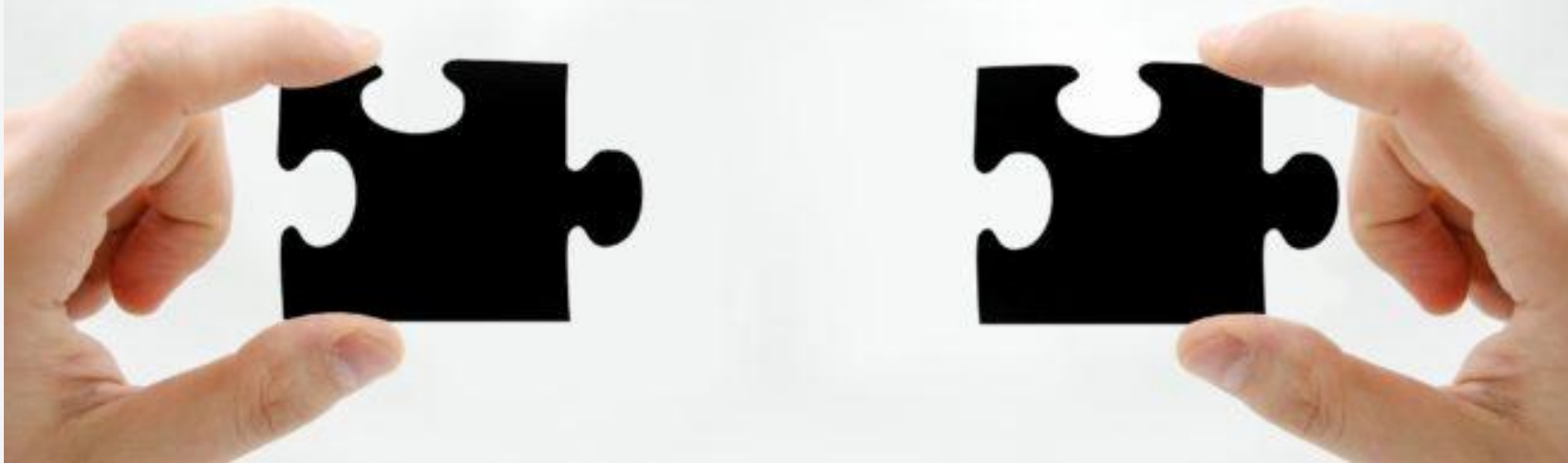
- Expansive monetary policy with a drop of interest rate >
- Reduction in bank reserve requirements to stimulate credit >
- Extension in the terms of credits
- Facilities in the calculation of guarantees >
- Simplification in request processing

Main results

- No operational incidents in the health emergency
- Bank credit was able to expand with the measures implemented >
- Liquidity was sufficient without impact on inflation expectations

The day after

Policy consistency



Thanks



Changes in reserve requirements

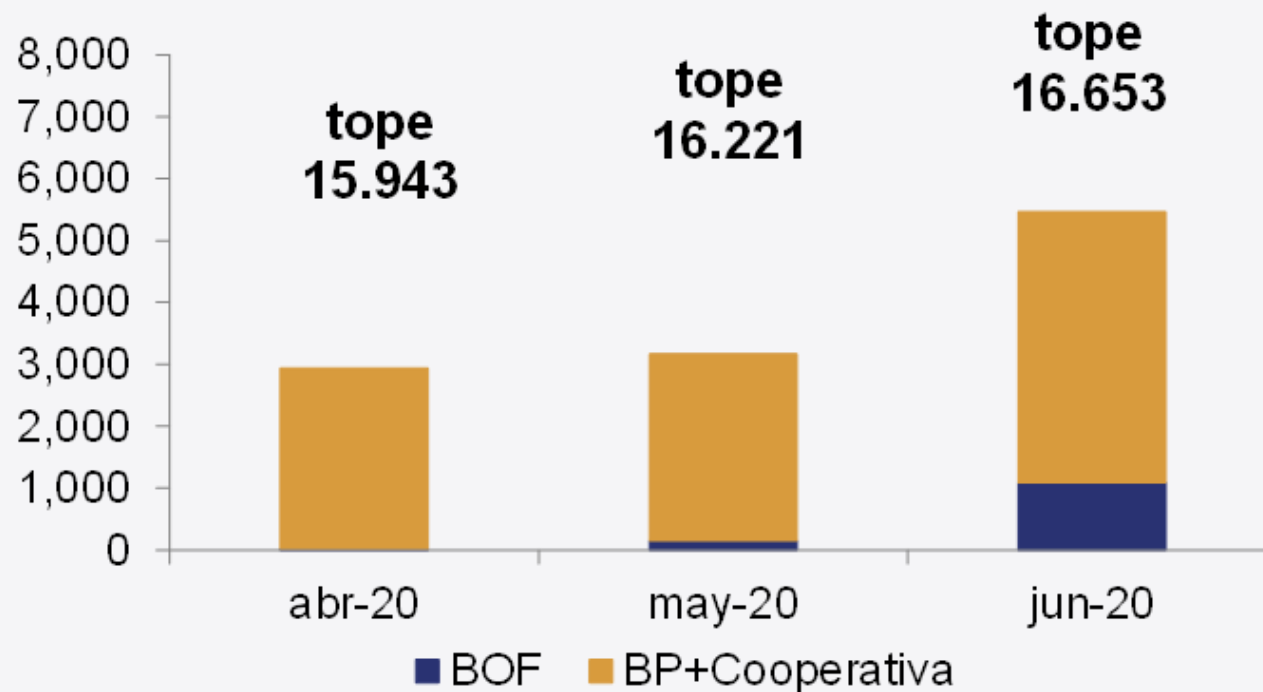
Average reserve requirement	57.247.782
Credit expansion	5.461.736
Average cap	16.653.026
Reduction over cap	33%
Reduction over total	10%



Changes in reserve requirements

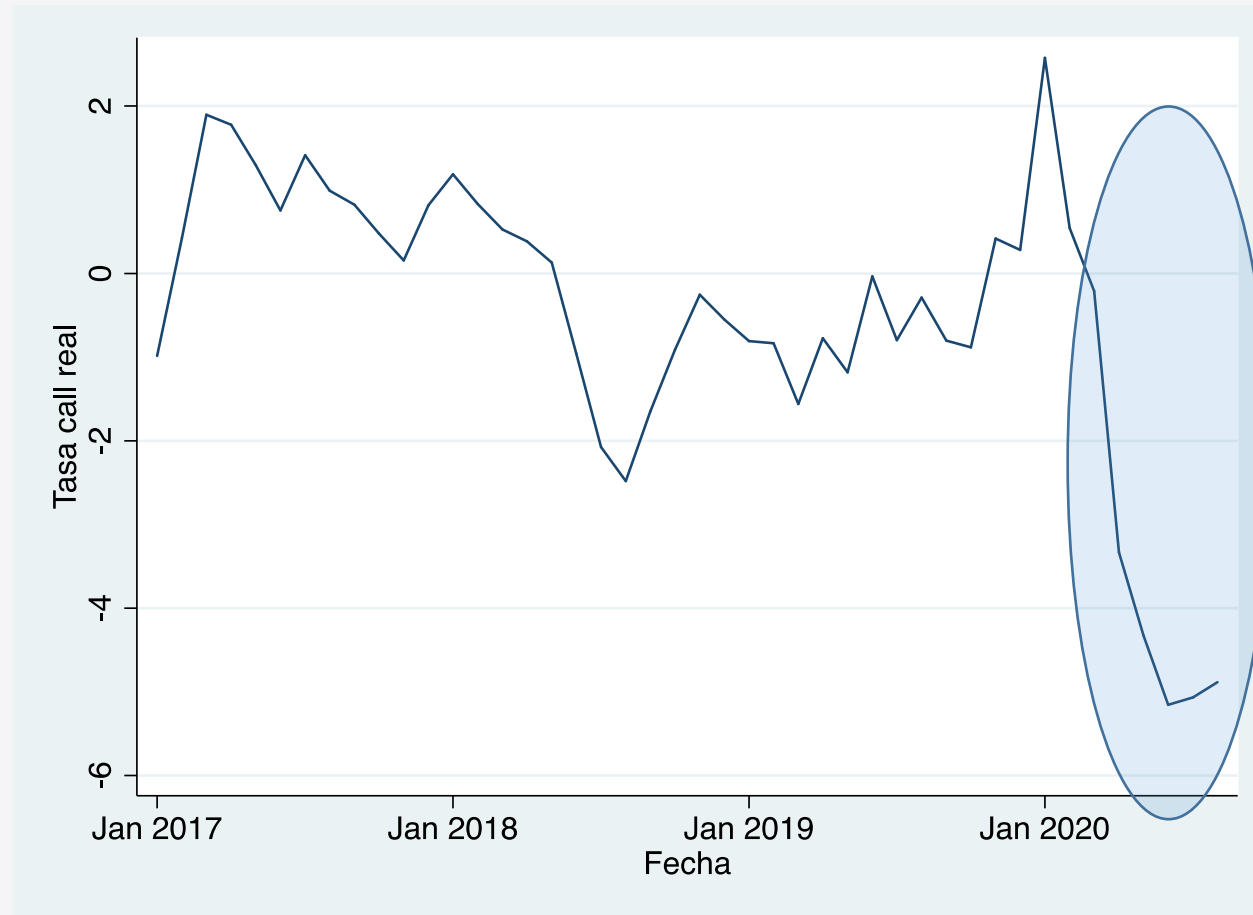
Evolución de Créditos a Deducir de Obligaciones de Encaje

Promedio Mensual, Millones de Pesos






Monetary policy expansion



SiGa Emergency guarantee 11: million uruguayan pesos (August 2020)



- Number of guarantees granted: 9.974
- Amount of guaranteed : \$ 11.017 (millones)
- Amount of guaranteed credits: \$ 14.640 (millones)
- Average cobertura: 75%
- Average guaranteed credits: \$1.468.000
- Percent in domestic currency: 42%