ARGENTINA EQUITY MARKET

Weekly Market Strategy Report

July 30, 2019

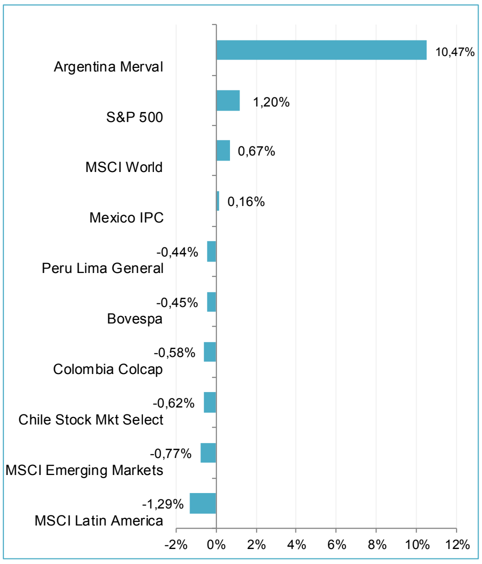
Trade Ideas		
	Price	**Rating**
TRAN	46,10	Market Outperformer
CEPU	40,10	Market Outperformer

HIGHLIGHTS

- The Merval index hiked 10.47% during the last 7 days, in line with the developed markets' trend.
- Agribusiness companies were the best weekly performer.
- Financial companies were the worst performers.
- Merval Argentina Index Control Board.

See more details page 2.

Indexes Weekly Variation

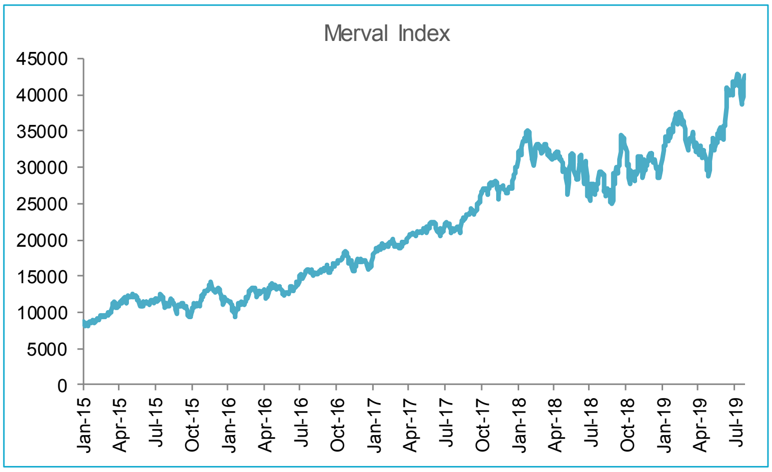


Strategy

Less than 2 weeks remain for the primary elections, and volatility is expected to remain in the local market. A positive result for the ruling party could generate a greater rally in the stock market, especially in cyclical sectors and in those which are lagging. The result is still uncertain, so we recommend having a conservative position.

The electoral scenario is somewhat clear as the electorate would be divided into two: center left and center right, which would be almost binary, continuing to generate uncertainty until the primaries take place. Although investors are now assigning a greater probability of a favorable result for the Government, as volatility remains high, we do not recommend increasing exposure to domestic stocks. At current prices, Banks and Oil & Gas sectors accumulate a better year-to-date performance than the rest, so in a negative scenario in the primary elections (victory of more than 6% in favor of the Fernandez-Fernandez formula), these stocks would be exposed to a higher risk. In a positive scenario, these sectors could stand out in the short run while laggard stocks could rise in a later stage. One of such sectors is Utilities.

Companies with low debt in dollars and hard currency denominated revenues would be the most benefited. In addition, companies with high dividend yields would also experience lower volatility. At current prices, certain stocks remain with very attractive valuations, such as **Ternium (TXAR)** and natural gas distribution companies, especially **Distribuidora de Gas Cuyana (DGCU2)**.

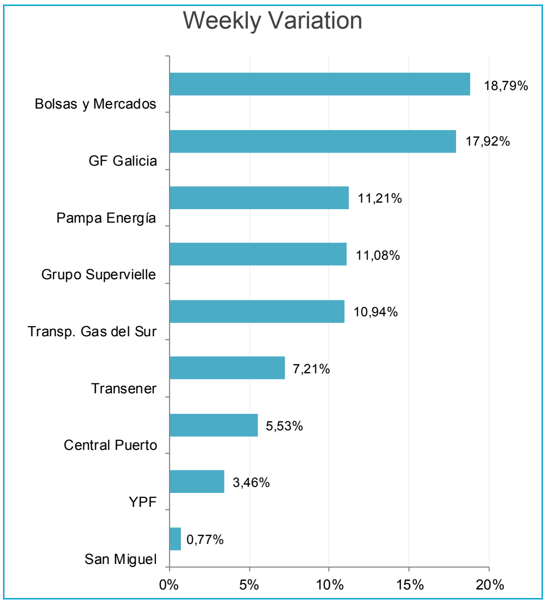


Capital Markets Argentina S.A.
Esmeralda 130 Piso 5 (1035)
54 (11) 4320-1900
www.capitalmarkets.com.ar

Argentina

Selected Stocks

Company	Price (ARS)	Chg 5d %	Chg 1 yr %	Rating
YPF	742,65	3,7	66,1	Hold
GF Galicia	167,45	14,6	69,3	Hold
Grupo Supervielle	67,65	10,7	-7,2	Hold
Pampa Energía	59,05	7,4	26,6	Hold
Transener	46,1	8,0	-11,8	Hold
Transp. Gas del Sur	135,85	12,7	53,9	Hold
San Miguel	79	4,5	-27,2	Hold
Central Puerto	40,1	5,1	28,8	Hold



The Merval index hiked 10.47% in the last 7 days. Last week Financial companies, as well as Banks outstanded. On the other hand, Agribusiness companies, followed by Holding companies, had the worst performance.

During the week, shares with the best performance were Bolsas y Mercados Argentinos (BYMA, +18.79%), Grupo Financiero Galicia (GGAL, +17.92%) and Banco Macro (BMA, -2.44%). The lowest returns were for Aluar (ALUA, +0.00%), Cresud (CRES, -9.65%), and Sociedad Comercial Del Plata (COME, +1.40%).

Tenaris confirmed it will delist its shares from BYMA

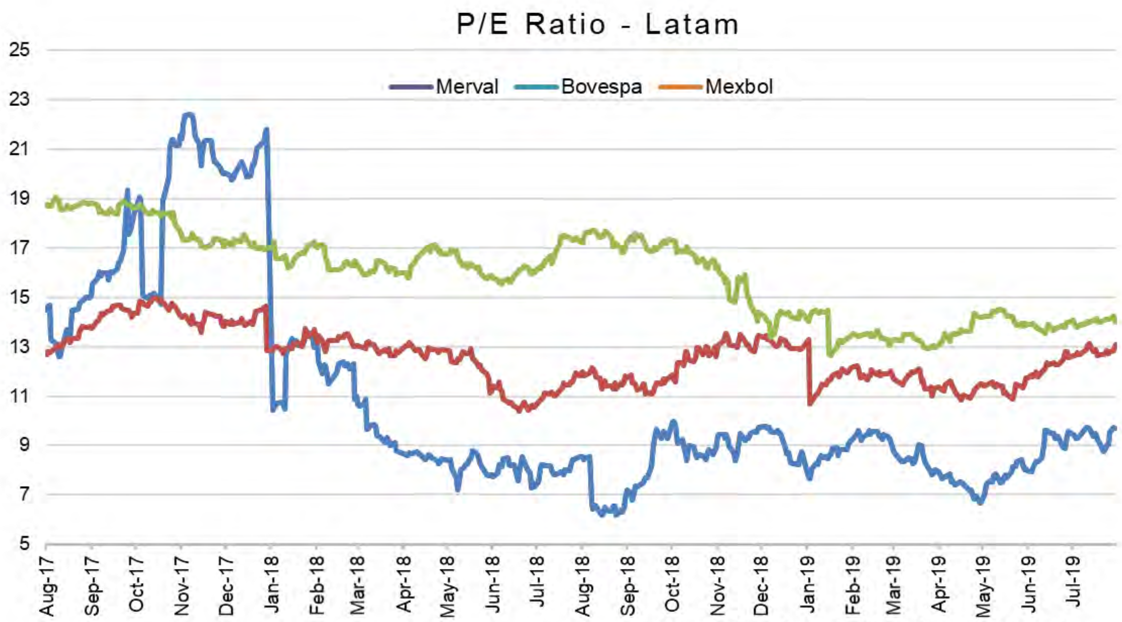
Yesterday, Tenaris (TS) confirmed it will delist its shares from the local exchange. The decision was ratified in the latest shareholders' meeting. Stockholders will be able to exercise their right of appeal and will receive ARS 565.55 per share if they purchased the securities before June 11th.

To sum up, shareholders will have the following options:

1. Sell TS shares.
2. Migrate the stock holdings to other markets where TS will still be listed and convert the stocks to ADS.
3. Keep the stocks as private securities, through the local depository Caja de Valores.
4. Exercise the right of appeal, as explained before.

We recommend selling the stocks at a price not below ARS 510 per share, as the company has up to 180 days to make the final payment. At the current level of interest rates in the market, it is more profitable to invest the cash now by selling than to wait for the final payment.

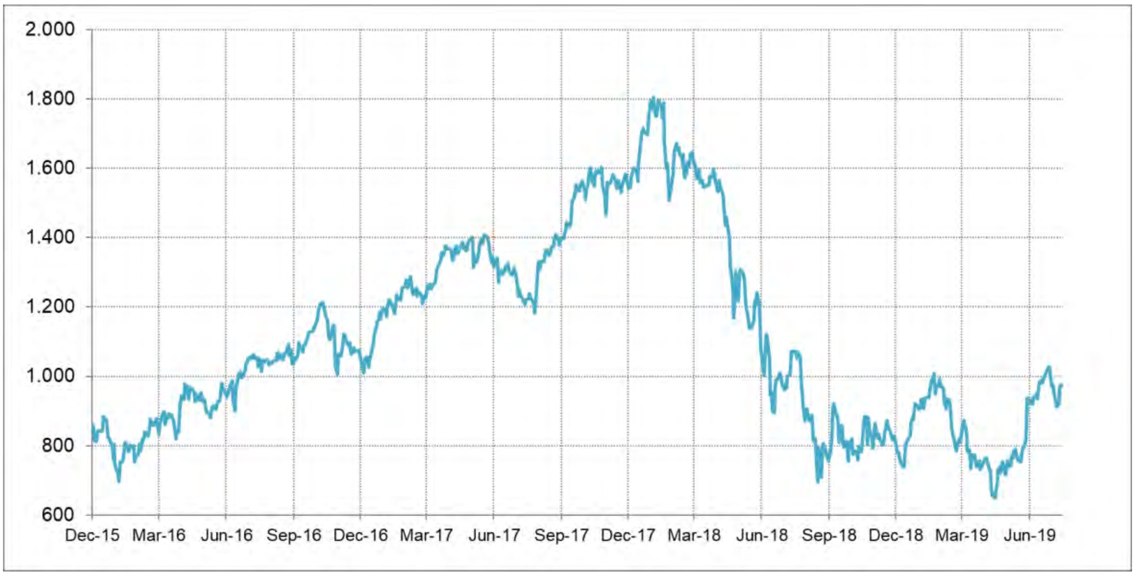
Latam – P/E Ratios



Source: Bloomberg - Trailing P/E - Last 12 months

Merval Index in Dollars

The dollar-denominated Merval index grew 7.01% over the week, closing this time at 976 points, mainly driven by the rise in the peso-denominated index.



Capital Markets Argentina S.A.
Esmeralda 130 Piso 5 (1035)
54 (11) 4320-1900
www.capitalmarkets.com.ar

Graciela Cairoli
Director

Alejandro Quelch
Head of Research Department
aquelch@capitalmarkets.com.ar

Jaime Krause
Head of Asset Management
Portfolio Manager

Noelia Lucini, CFA
Fixed Income Strategy.
Portfolio Manager

Nicolas Viveros
Semi Senior Analyst (Fixed Income)
nviveros@capitalmarkets.com.ar

Agustin Giannattasio, CFA
Equity Senior Analyst
agiannattasio@capitalmarkets.com.ar

María Teresa Leiva
Macroeconomic Analyst
mleiva@capitalmarkets.com.ar

Juan José Guma
Analyst
jguma@capitalmarkets.com.ar

Valeria Flores
Virtual Library Administrator.
Assistant
vflores@capitalmarkets.com.ar

Dolores Jáuregui
Communication with external Analysts
Assistant
djauregui@capitalmarkets.com.ar

Capital Markets Argentina S.A., Esmeralda 130, piso 5 (1035) Buenos Aires, Argentina. Tel. (54 11) 4320-1900, Fax (54 11) 4320-1935. Web Site: www.capitalmarkets.com.ar.

**** Capital Markets Argentina S.A. – Rule 15a-6 Combined Disclosure ****

Analyst disclosures

The name of the person(s) responsible for the recommendations and information contained in this report is identified on the report's last page. The functional job title of the person(s) responsible for the recommendations and information contained in this report is: Research Analyst unless otherwise stated on the last page.

Regulation AC - Analyst Certification: Each Research Analyst(s) listed on the front-page appearing in the report is of this report, principally responsible for the preparation and content of all, or any identified portion of this research report hereby, certifies that, with respect to each issuer or security, or any identified portion of the report with respect to an issuer or security, that the Research Analyst covers in this research report, all of the views expressed in this research report accurately reflect their personal views about those issuer(s) or securities. Each Research Analyst(s) also certifies that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that Research Analyst in this research report.

Each Research Analyst certifies that he is acting independently and impartially from Capital Markets Argentina (hereinafter "Capital Markets") shareholders, directors and is not affected by any current or potential conflict of interest that may arise from any Capital Markets activities.

Analyst Compensation: The research analyst(s) primarily responsible for the preparation of the content of the research report attest that no part of the analyst'(s') compensation was, is or will be, directly or indirectly, related to the specific recommendations expressed by the research analyst's(s') in the research report. The research analyst's(s') compensation is, however, determined by the overall economic performance of Capital Markets.

Registration of non-US Analysts: Unless otherwise noted, the non-US analysts appearing on the report are employees of Capital Markets Argentina S.A. and its affiliates, which is a non-US affiliate and entity, who is under common control and ownership as Epic Capital Securities Corp. ("ECSC"), a SEC registered and FINRA member broker-dealer. Research Analysts employed by Capital Markets, are not registered/qualified as research analysts under FINRA/NYSE rules, may not be associated persons of ECSC or any other U.S. broker-dealer and may not be subject to FINRA Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.
Please refer to www.epiccapitalfl.com for further information relating to research and conflict of interest management.

Legal and disclosure information

Other disclosures

This product is not for retail clients or private individuals.

The information contained in this publication was obtained from various publicly available sources believed to be reliable, but has not been independently verified by Capital Markets. Capital Markets does not warrant the completeness or accuracy of such information and does not accept any liability with respect to the accuracy or completeness of such information, except to the extent required by applicable law.

This publication is a brief summary and does not purport to contain all available information on the subjects covered. Further information may be available on request. This report may not be reproduced for further publication unless the source is quoted. This publication is for information purposes only and shall not be construed as an offer or solicitation for the subscription or purchase or sale of any securities, or as an invitation, inducement or intermediation for the sale, subscription or purchase of any securities, or for engaging in any other transaction. This publication is not for private individuals.

Any opinions, projections, forecasts or estimates in this report are those of the author only, who has acted with a high degree of expertise. They reflect only the current views of the author at the date of this report and are subject to change without notice. Capital Markets has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the event that any matter, opinion, projection, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. The analysis, opinions, projections, forecasts and estimates expressed in this report were in no way affected or influenced by the issuer. The author of this publication benefits financially from the overall success of Capital Markets.

The investments referred to in this publication may not be suitable for all recipients. Recipients are urged to base their investment decisions upon their own appropriate investigations that they deem necessary. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor and Capital Markets accepts no liability for any such loss or consequence. In the event of any doubt about any investment, recipients should contact their own investment, legal and/or tax advisers to seek advice regarding the appropriateness of investing. Some of the investments mentioned in this publication may not be readily liquid investments. Consequently it may be difficult to sell or realize such investments. The past is not necessarily a guide to future performance of an investment. The value of investments and the income derived from them may fall as well as rise and investors may not get back the invested. Some investments discussed in this publication may have a high level of volatility. High volatility investments may experience sudden and large falls in their value which may cause losses. International investing includes risks related to political and economic uncertainties of foreign countries, as well as currency risk.

To the extent permitted by applicable law, no liability whatsoever is accepted for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of this publication or its contents.

Capital Markets (and its affiliates) has implemented written procedures designed to identify and manage potential conflicts of interest that arise in connection with its research business, which are available upon request. Capital Markets research analysts and other staff involved in issuing and disseminating research reports operate independently of Capital Markets Investment Banking business. Information barriers and procedures are in place between the research analysts and staff involved in securities trading for the account of Capital Markets or clients to ensure that price sensitive information is handled according to applicable laws and regulations.

Country and region disclosures

United States: This communication is only intended for, and will only be distributed to, persons residing in any jurisdictions where such distribution or availability would not be contrary to local law or regulation. This communication must not be acted upon or relied on by persons in any jurisdiction other than in accordance with local law or regulation and where such person is an investment professional with the requisite sophistication to understand an investment in such securities of the type communicated and assume the risks associated therewith.

This communication is confidential and is intended solely for the addressee. It is not to be forwarded to any other person or copied without the permission of the sender. This communication is provided for information only. It is not a personal recommendation or an offer to sell or a solicitation to buy the securities mentioned. Investors should obtain independent professional advice before making an investment.

Notice to U.S. investors

This material is not for distribution in the United States, except to Major US institutional Investors as defined in SEC Rule 15a-6 ("Rule 15a-6").
Capital Markets has entered into arrangements with ECSC (collectively “US Broker-Dealers”) which enables this report to be furnished to U.S. recipients in reliance on Rule 15a-6 with US Broker-Dealers under the U.S. Securities Exchange Act of 1934, as amended.

Each U.S. recipient of this report represents and agrees, by virtue of its acceptance thereof, that it is such a "major U.S. institutional investor" (as such term is defined in Rule 15a-6) and that it understands the risks involved in executing transactions in such securities. Any U.S. recipient of this report that wishes to discuss or receive additional information regarding any security or issuer mentioned herein, or engage in any transaction to purchase or sell or solicit or offer the purchase or sale of such securities, should contact a registered representative of the US Broker-Dealer, which provided the report.

ECSC is a broker-dealer registered with the SEC, Member of FINRA and SIPC. You can reach ECSC at 2000 Glades Road Suite 210 Boca Raton, FL 33431, phone (561)829-2173. Further information is also available at www.epiccapitalfl.com.
You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC directly at 202-371-8300; website: http://www.sipc.org.

ECSC is under common control and ownership as well as Capital Markets and maintains certain dually associated persons. Capital Markets is a registered Futures Broker-Dealer in Argentina and was formed in 1990. The company is a member of the Rosario Future Market approved to act as an agent and compensation member. Capital Markets is regulated by the Rofex market and the Comisión Nacional de Valores. Capital Markets also acts as investment advisor for local equity and fixed income products for individuals, corporations and institutional investors. Capital Markets is located at Esmeralda 130, 8th. Floor, zip code: C1035ABD, Buenos Aires, Argentina. Further information is also available at: www.capitalmarkets.com.ar

Nothing herein excludes or restricts any duty or liability to a customer that US Broker-Dealers have under applicable law. Investment products provided by or through US Broker-Dealers are not FDIC insured, may lose value and are not guaranteed by the entity that published the research as disclosed on the front page and are not guaranteed by US Broker-Dealers.

Investing in non-U.S. Securities may entail certain risks. The securities referred to in this report and non-U.S. issuers may not be registered under the U.S. Securities Act of 1933, as amended, and the issuer of such securities may not be subject to U.S. reporting and/or other requirements. The information available about non-U.S. companies may be limited, and non-U.S. companies are generally not subject to the same uniform auditing and reporting standards as U.S. companies. Securities of some non-U.S. companies may not be as liquid as securities of comparable U.S. companies.

Analysts employed by Capital Markets, a non-U.S. broker-dealer, are not required to take the FINRA analyst exam. The information contained in this report is intended solely for certain "major U.S. institutional investors" and may not be used or relied upon by any other person for any purpose. Such information is provided for informational purposes only and does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other U.S. federal or state securities laws, rules or regulations. The investment opportunities discussed in this report may be unsuitable for certain investors depending on their specific investment objectives, risk tolerance and financial position.

In jurisdictions where US Broker-Dealers are not registered or licensed to trade in securities, or other financial products, transactions may be executed only in accordance with applicable law and legislation, which may vary from jurisdiction to jurisdiction and which may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

The information in this publication is based on sources believed to be reliable, but US Broker-Dealers do not make any representation with respect to its completeness or accuracy. All opinions expressed herein reflect the author's judgment at the original time of publication, without regard to the date on which you may receive such information, and are subject to change without notice.

US Broker-Dealers or their affiliates may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. These publications reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is provided in relation to future performance.

US Broker-Dealers and any company affiliated with them may, with respect to any securities discussed herein: (a) take a long or short position and buy or sell such securities; (b) act as investment and/or commercial bankers for issuers of such securities; (c) act as market makers for such securities; (d) serve on the board of any issuer of such securities; and (e) act as paid consultant or advisor to any issuer. The information contained herein may include forward-looking statements within the meaning of U.S. federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from expectations include, without limitation: political uncertainty, changes in general economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets and in the competitive environment, and other factors relating to the foregoing. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.

Other countries: Laws and regulations of other countries may also restrict the distribution of this report. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly.