ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

July 22, 2019

As primary elections get closer, pressure on the peso increased, testing the Central Bank´s capacity to minimize exchange rate volatility

Economic Indicators as of 07/19					
Indicator	Value	Week	Month	Year	Outlook
Exchange Rate (ARS/USD)*	$ 43.62	⇧	⇩	⇧	🟡
Badlar Rate	47.81%	⇩	⇩	⇧	🟡
7 day Leliq rate	58.71%	⇩	⇩	⇧	🟡
Country Risk bps	784	⇧	⇩	⇧	🟡
GDP yoy (last Q)	-5.80%			⇩	🟡
Inflation Indec yoy	55.80%		⇧	⇧	🔴
Industrial Production yoy (EMI)	-6.90%		⇩	⇩	🔴
Reserves (000s mill USD)	68.76	⇧	⇩	⇧	🟢
Tax Revenue yoy	52.10%		⇧	⇧	🟡
Merval Index	40161	⇩	⇧	⇧	🟡

*up means depreciation

Outlook: green, yellow or red signals wether the variable will have a favorable, neutral or unfavorable variation in the short run

HIGHLIGHTS

- During last week, the effect of political uncertainty from nearby primary elections was more evident. A significant rise in the exchange rate early in the week was offset by the sale of futures by the CB, giving clear signals that FX stability remains a priority

- Additionally, June construction costs (ICC) and wholesale prices (IPIM) reports were in line with consumer inflation figures, showing a decelerating trend. The ICC rose 1.7% m/m, following a 3.0% rise in May. While the IPIM increased 1.7% m/m, due to Food and Agriculture Products, as the Import Products component fell 0.08% m/m due to relative strengthening of the peso during the month

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Argentina: Economic Indicators
From July 15th to July 19th

Date	Indicators	Period	Cons.	Prior	Actual
Tue 16	National CPI y/y	Jun	--	57.3%	55.8%
	National CPI m/m	Jun	2.6%	3.1%	2.7%
Wed 17	Construction cost index m/m	Jun	--	3.0%	1.7%
	Wholesale prices m/m	Jun	--	4.9%	1.7%
Fri 19	7-day Leliq base rate – BCRA	19 jun	--	59.01%	58.71%

Argentina: Economic indicators
This week

Date	Indicators	Period	Cons.	Previous
Mon 22	Budget balance	Jun	--	$25974m
Tue 25	Economic activity y/y	May	--	-1.3%
	Economic activity m/m s.a.	May	--	0.8%
	Trade balance	Jun	--	USD1373m
	Consumer confidence	Jul	--	11.2%
	Government confidence	Jul	--	15.0%
Fri 26	7-day Leliq base rate - BCRA	26 jul	--	58.71%

Argentina
Long Run Economic Indicators

	Exante - July 2019			EconViews - June 2019		
Indicator	2018	2019E	2020E	2018	2019E	2020E
Real GDP - yoy	-2,5%	-1,8%	1,4%	-2,5%	-1,8%	2,5%
Investments - yoy	-5,8%	-17,2%	3,8%	-5,8%	-10,5%	12,0%
Consumption - yoy	-2,4%	-4,1%	0,6%	-2,4%	-5,2%	2,5%
Reference Rate BCRA	59,30%	--	--	59,30%	48,00%	35,00%
International Reserves - USD bill	65,8	58,1	64,0	65,8	62,0	61,3
Current Account - % GDP	-5,4%	-2,1%	-2,0%	-5,6%	-1,5%	-2,1%
CPI - yoy	47,6%	45,4%	23,8%	47,6%	43,5%	35,0%
Exchange Rate - ARS/USD	37,81	54,50	57,60	37,81	50,00	66,00
Debt National Gov. - % GDP*	86,0%	90,3%	79,8%	44,2%	51,0%	47,9%
Imports - CIF USD bill.	65,4	51,6	54,3	65,7	53,5	62,2
Exports - FOB USD bill.	61,2	65,1	68,5	61,2	63,0	68,5
Unemployment Rate - year average**	9,1%	10,4%	9,4%	9,1%	10,2%	10,4%
Primary Fiscal Deficit - % GDP	-2,6%	-0,6%	--	-2,6%	0,0%	1,0%

*Econviews: excludes intra gov. Debt, and includes GDP coupons and holdouts

**Exante: real, endo of year

Source: CMA based on Econviews and Exante

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