

# ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

September 10, 2019

Recent FX regulations stabilized the exchange rate, however attention has turned to the outflow of US dollar deposits

Economic Indicators as of 09/06					
Indicator	Value	Week	Month	Year	Outlook
Exchange Rate (ARS/USD)*	\$ 58,28	↓	↑	↑	●
Badlar Rate	60,94%	↑	↑	↑	●
7 day Leliq rate	85,83%	↑	↑	↑	●
Country Risk bps	2144	↓	↑	↑	●
GDP yoy (last Q)	-5,80%			↓	●
Inflation Indec yoy	54,40%		↑	↑	●
Industrial Production yoy (EMI)	-1,90%		↓	↓	●
Reserves (000s mill USD)	50,95	↓	↓	↓	●
Tax Revenue yoy	56,30%		↑	↑	●
Merval Index	27660	↑	↑	↓	●

\*up means depreciation

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

## HIGHLIGHTS

- Following one week since new regulations commenced, the exchange rate appreciated 6% in the wholesale market while the spread in the informal market fell to 5%. Furthermore, daily reserves sales by the Central Bank dropped to USD 125 million on average, almost half those before the market was controlled, and the base Leliq rate stayed close to 85%
- However, deteriorated confidence increased deposit outflows. Daily US dollar deposits withdrawals averaged USD 490 million, while the total stock fell by USD 8,329 million since Primaries, close to 25% of the total

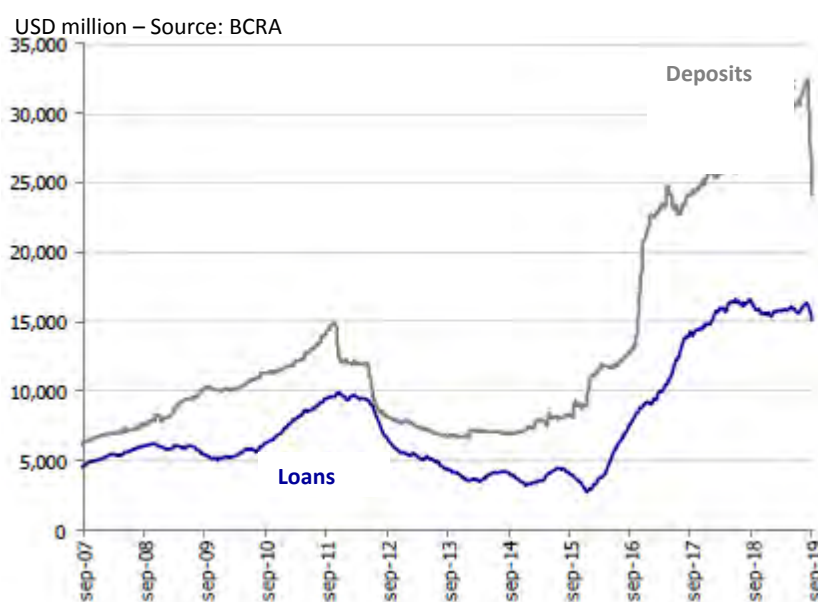
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- So far, financial institutions' liquidity is relatively high, at 55% of foreign currency deposits. The corollary is the cut in US dollar financing, mainly to the export sector, as banks prioritize cash liquidity in order to face deposit withdrawals
- July's activity figures showed a recovery of the industrial and construction (+3.3% mom s.a.) sectors. Manufacturing production rose 3% mom s.a. and reduced the annual contraction to -1.9%. However, the outlook change following Primaries, is likely to end the positive trend which has extended for six months

## Private Sector Deposits and Loans



## Argentina: Economic Indicators From September 2<sup>nd</sup> to September 6<sup>th</sup>

Date	Indicators	Period	Cons.	Prior	Actual
Mon 02	Tax Revenue	Aug	--	\$450.9b	\$458.5b
Tue 03	Central Bank Market survey	Aug	--	--	--
Thu 05	Construction Activity mom	Jul	--	-4.2%	3.3%
	Industrial Production mom	Jul	--	-1.8%	3.0%
Fri 06	7-day Leliq base rate – BCRA	6 Sep	--	83.26%	85.83%

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## Argentina: Economic indicators This week

Date	Indicators	Period	Cons.	Previous
Thu 12	National CPI mom	Aug	4.3%	2.2%
	National CPI yoy	Aug	55.4%	54.4%
Fri 13	7-day Leliq base rate – BCRA	13 sep	--	85.83%

Argentina						
Long Run Economic Indicators						
Indicator	Exante - July 2019			EconViews - August 2019		
	2018	2019E	2020E	2018	2019E	2020E
Real GDP - yoy	-2,5%	-1,8%	1,4%	-2,5%	-2,7%	-1,0%
Investments - yoy	-5,8%	-17,2%	3,8%	-5,8%	-15,0%	3,5%
Consumption - yoy	-2,4%	-4,1%	0,6%	-2,4%	-6,5%	-1,5%
Reference Rate BCRA	59,30%	--	--	59,30%	55,00%	36,00%
International Reserves - USD bill	65,8	58,1	64,0	65,8	45,3	46,4
Current Account - % GDP	-5,4%	-2,1%	-2,0%	-5,6%	-0,6%	-0,4%
CPI - yoy	47,6%	45,4%	23,8%	47,6%	52,5%	40,0%
Exchange Rate - ARS/USD	37,81	54,50	57,60	37,81	65,00	83,00
Debt National Gov. - % GDP*	86,0%	90,3%	79,8%	42,2%	54,4%	57,1%
Imports - CIF USD bill.	65,4	51,6	54,3	65,7	51,0	56,2
Exports - FOB USD bill.	61,2	65,1	68,5	61,2	63,0	68,1
Unemployment Rate - year average**	9,1%	10,4%	9,4%	9,1%	10,5%	10,9%
Primary Fiscal Deficit - % GDP	-2,6%	-0,6%	--	-2,6%	0,0%	0,0%

\*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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