

ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

September 24, 2019

GDP rose 0.6% yoy in the second quarter but is expected to fall 3% this year

Economic Indicators as of 09/20					
Indicator	Value	Week	Month	Year	Outlook
Exchange Rate (ARS/USD)*	\$ 59,34	↑	↑	↑	●
Badlar Rate	59,88%	↑	↑	↑	●
7 day Leliq rate	82,24%	↓	↑	↑	●
Country Risk bps	2227	↑	↑	↑	●
GDP yoy (last Q)	0,60%			↑	●
Inflation Indec yoy	54,50%		↑	↑	●
Industrial Production yoy (EMI)	-1,90%		↓	↓	●
Reserves (000s mill USD)	49,6	↓	↓	↓	●
Tax Revenue yoy	56,30%		↑	↑	●
Merval Index	30060		↑	↓	●

*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

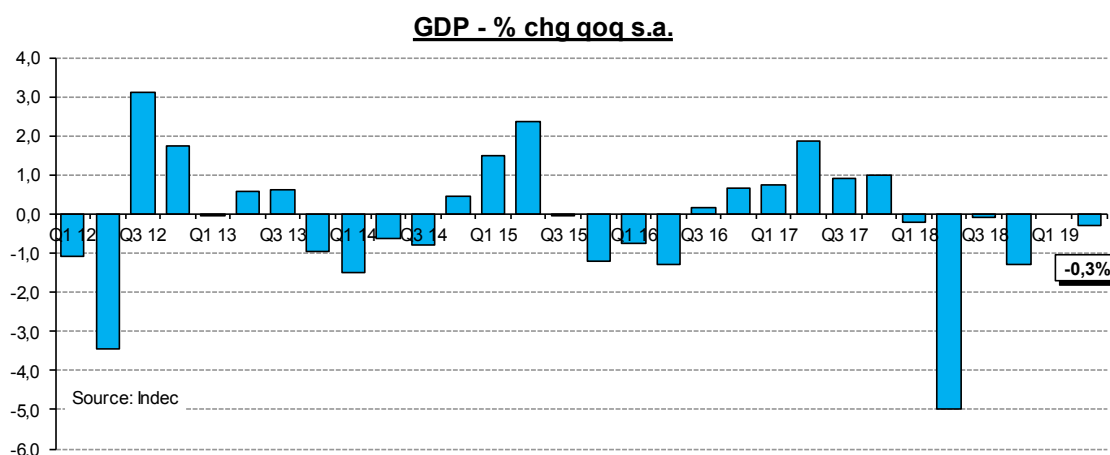
- Private sector foreign capital formation reached USD 5.909 million, more than doubling last year's and attaining the highest monthly value since 2003. Although year to date figures total USD 19.741 million, recent FX regulations should limit US dollar purchases and decelerate the pace in the coming months.
- Hence, International Reserves fell USD 13.799 million down to USD 54.100 million during last month, and 25% since August 11th to date. While negotiations are still going on with IMF officials to free another USD 5.400 million, the main source of US dollars should come from exports. Settlements from seed exporters totaled USD 2.641 million last month, and the outlook is of increasing flows in the coming months.

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- Second quarter growth figures signaled that, despite the boost given by the agro sector, the rest of the economy is still contracting. GDP fell 0.3% qoq seasonally adjusted and rose 0.6% yoy but fell 2.5% in the first half. Most outstanding was Investment, which rose 1.5% qoq s.a. due to construction of oil wells, and Consumption, which remained flat after falling for a complete year. These figures, together with the recent Outlook change, would lead to negative growth of 3% this year.



**Argentina: Economic Indicators
From September 16th to September 20th**

Date	Indicators	Period	Cons.	Prior	Actual
Tue 17	Construction cost index mom	Ago	--	0.1%	7.2%
	Wholesale price index mom	Ago	--	0.7%	11.2%
Thu 19	Unemployment	2T	--	10.1%	10.6%
	GDP qoq	2T	--	-0.2%	-0.3%
	GDP yoy	2T	--	-5.8%	0.6%
Fri 20	Budget balance	Ago	--	\$4.293m	\$13.746m
	7-day Leliq base rate – BCRA	20 sep	--	84.15%	82.25%

**Argentina: Economic indicators
This week**

Date	Indicators	Period	Cons.	Previous
Wed 25	Trade Balance	Aug	\$678m	\$951m
Thu 26	Economic activity EMAE mom	Jul	-1.6%	0.0%
	Economic activity EMAE yoy	Jul	--	-0.4%
	Current Account	2Q	-\$2270m	-\$3849m
	Consumer confidence UTDT mom	Sep	--	-5.2%
Fri 27	7-day Leliq base rate – BCRA	27 Sep	--	82.25%

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Argentina						
Long Run Economic Indicators						
Indicator	Exante - July 2019			EconViews - September 2019		
	2018	2019E	2020E	2018	2019E	2020E
Real GDP - yoy	-2,5%	-1,8%	1,4%	-2,5%	-3,0%	-2,0%
Investments - yoy	-5,8%	-17,2%	3,8%	-5,8%	-15,0%	-1,0%
Consumption - yoy	-2,4%	-4,1%	0,6%	-2,4%	-7,5%	-3,0%
Reference Rate BCRA	59,30%	--	--	59,30%	65,00%	42,00%
International Reserves - USD bill	65,8	58,1	64,0	65,8	32,0	38
Current Account - % GDP	-5,4%	-2,1%	-2,0%	-5,6%	-1,0%	0,8%
CPI - yoy	47,6%	45,4%	23,8%	47,6%	52,5%	47,0%
Exchange Rate - ARS/USD	37,81	54,50	57,60	37,81	65,00	88,00
Debt National Gov. - % GDP*	86,0%	90,3%	79,8%	42,2%	51,5%	55,0%
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%	10,6%	11,0%
Primary Fiscal Deficit - % GDP	-2,6%	-0,6%	--	-2,6%	-0,5%	-0,5%

*Econview: 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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