

FX controls allowed the Central Bank (CB) to reduce the Leliq rate in 6.9 percentage points during September

Economic Indicators as of 09/27					
Indicator	Value	Week	Month	Year	Outlook
Exchange Rate (ARS/USD)*	\$ 60,02	↑	↑	↑	●
Badlar Rate	59,63%	↓	↑	↑	●
7 day Leliq rate	78,37%	↓	↓	↑	●
Country Risk bps	2151	↓	↑	↑	●
GDP yoy (last Q)	0,60%			↑	●
Inflation Indec yoy	54,50%		↑	↑	●
Industrial Production yoy (EMI)	-1,90%		↓	↓	●
Reserves (000s mill USD)	48,7	↓	↓	↓	●
Tax Revenue yoy	56,30%		↑	↑	●
Merval Index	25398	↓	↑	↓	●

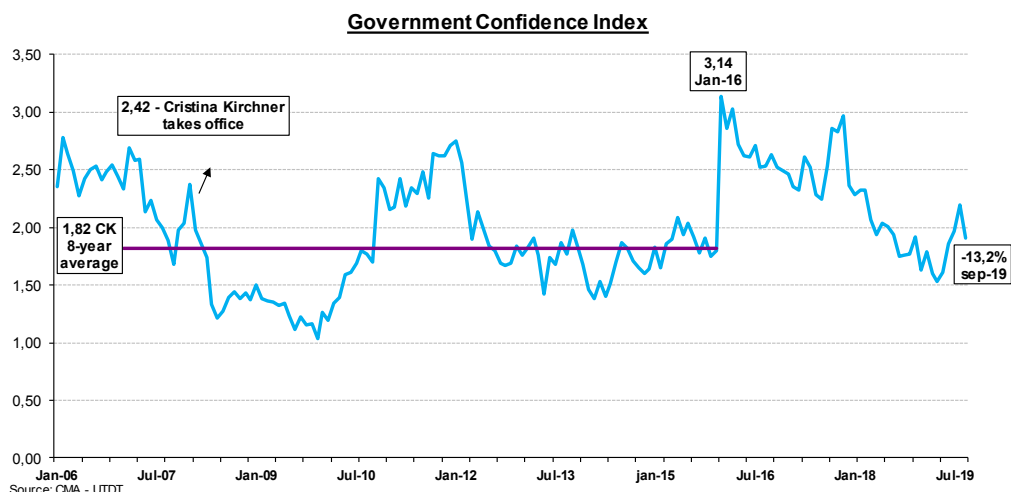
*up means depreciation

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

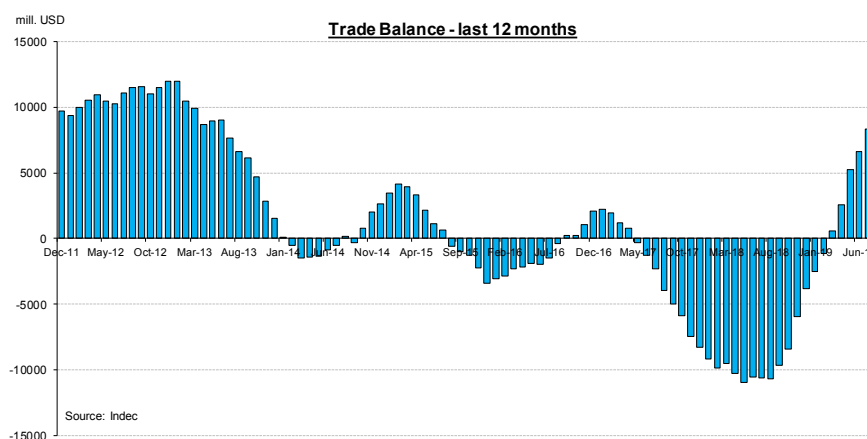
HIGHLIGHTS

- Measures to limit US dollar purchases, together with higher inflows of funds from exports and reserve sales by the CB, led the exchange rate to achieve a smooth path during September. Although the peso recovered after peaking in August, the exchange rate trended upwards due to the gradual dollarization of small investors and strengthening of the dollar worldwide. Reserves fell USD5.4b last month and to their lowest level since October 2018.
- Furthermore, the reference interest rate dropped to 78.37%, reaching the floor set for last month and partially translating to banks' passive rates. The CB announced a minimum rate of 68% for October, although proximity to presidential elections will likely keep the rate far from that level.
- Confidence indexes reflected actual political uncertainty. Consumer confidence improved 0.6% mom during September, as some sectors evaluated positively the possibility of a new administration.

Confidence was driven by improved macroeconomic perspectives, lower income sectors and inner country areas. Moreover, government confidence dropped 13.2% mom, diluting previous months' improvements and indicating discomfort with FX regulations and Treasury notes' maturity extensions.



- Latest activity figures signaled the economy advanced before Primaries helped by FX stability and agricultural sector recovery. The EMAE index, which tracks GDP, rose 1.2% mom seasonally adjusted in July, and 0.6% yoy. Nonetheless, the only real growth force was this season's harvest. Next months' figures should reflect the outlook change that took place in August and the seasonal effect as the main harvest ends.
- Additionally, the trade balance achieved a new surplus in August and reached USD10.7b surplus in twelve months. This result mostly reflects the drop in imports, which fell 30% yoy on average, as exports rose 3.8% in eight months. Main exported products, as in previous months, were cereals and by-products, red meat and fuel. However, lower commodity prices capped exports' value. Specifically primary products, who's exported quantities surged 55.7% yoy but the index price dropped 11% yoy.



ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

October 1, 2019

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Argentina: Economic Indicators From September 23rd to September 27th

Date	Indicators	Period	Cons.	Prior	Actual
Wed 25	Trade Balance	Aug	\$678m	\$951m	\$1.1168m
Thu 26	Economic activity EMAE mom	Jul	-1.6%	0.0%	1.2%
	Economic activity EMAE yoy	Jul	--	-0.4%	0.6%
	Current Account	2Q	-\$2270m	-\$3849m	-\$2.561m
	Consumer confidence UTDT mom	Sep	--	-5.2%	0.6%
Fri 27	7-day Leliq base rate – BCRA	27 Sep	--	82.25%	79.21%

Argentina: Economic indicators This week

Date	Indicators	Period	Cons.	Previous
Tue 01	Tax revenue	Sep	--	\$458.5b
Wed 02	Central Bank Survey REM – BCRA	Sep	--	--
Thu 03	Construction activity ISAC mom s.a.	Aug	--	3.3%
	Industrial Production IPIM mom s.a.	Aug	--	3.0%
	Vehicle domestic sales Adefa	Sep	--	38.021
	Vehicle production Adefa	Sep	--	30.815
	Vehicle exports Adefa	Sep	--	18.856
Fri 04	7-day Leliq base rate – BCRA	4 oct	--	79.21%

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	38,0
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%	51,3%	55,6%
Imports - CIF USD bill.	65,4	51,6	54,3	65,7	51,0	52,0
Exports - FOB USD bill.	61,2	65,1	68,5	61,2	63,0	65,5
Unemployment Rate - year average**	9,1%	10,4%	9,4%	9,1%	10,5%	11,0%
Primary Fiscal Deficit - % GDP	-2,6%	-0,6%	--	-2,6%	-0,5%	-0,5%

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

**Exante: real, endo of year

Source: CMA based on Econview s and Exante

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