



Republic of Argentina: Current Economic Situation

04/04/24

Secretaría de
Política Económica

Contents

Argentine Economic Situation

- ① **Economic Activity**
- ② **Inflation**
- ③ **Exchange Rate**
- ④ **Monetary**
- ⑤ **Fiscal**
- ⑥ **Financing**



Economic Activity

1

Economic Activity

Total and Non-agriculture GDP

	GDP	Non agr. GDP
Year	Annual	
2022	5.0	5.7
2023	- 1.6	- 0.2
2024*	- 2.8	- 5.1
Quarter	y/ y var.	
1Q23	1.4	2.2
2Q23	- 5.0	- 0.7
3Q23	- 0.8	- 0.4
4Q23	- 1.4	- 1.8
1Q24*	- 4.2	- 5.3
2Q24*	0.4	- 5.6
3Q24*	- 4.6	- 6.0
4Q24*	- 3.3	- 3.8
Quarter	q/ q var.	
1Q23	0.5	1.1
2Q23	- 2.5	0.0
3Q23	2.2	- 0.5
4Q23	- 1.9	- 1.9
1Q24*	- 1.4	- 3.0
2Q24*	- 0.8	- 0.9
3Q24*	0.0	- 0.2
4Q24*	0.4	0.6

- Total GDP fell 1.9% in Q4-23 s.a., leading to a 1.6% drop for the whole year.
- For 2024, we estimate a 2.8% fall in GDP. Nevertheless, the agricultural sector is supposed to fully recover from last year’s drought which implies a sharp decrease in non-agricultural GDP of -5.1%.
- First signs of recovery are estimated for Q4-24.

* Projected figures.
Source: Sec. Pol. Eco. based on INDEC.

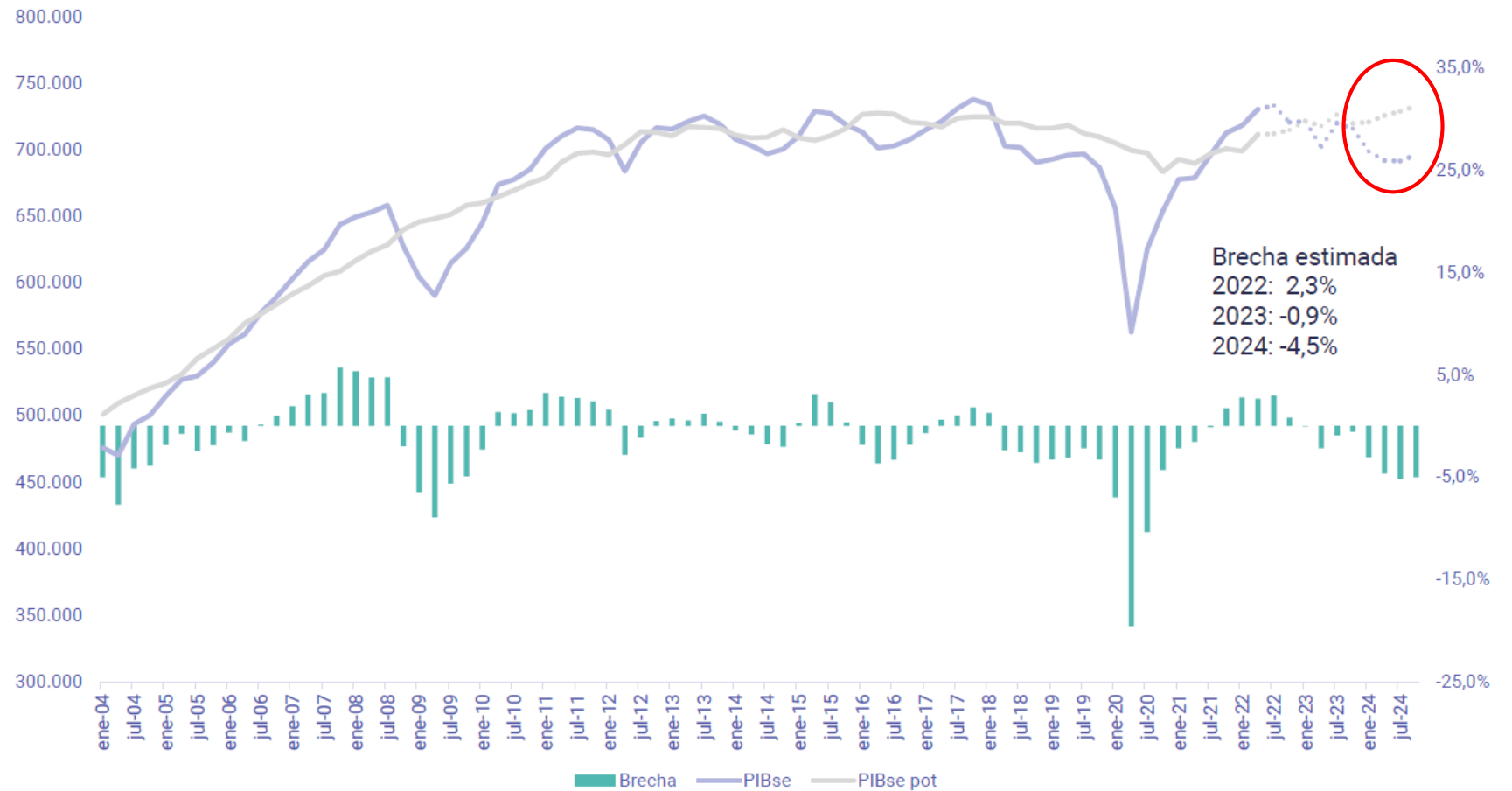
1

Economic Activity

Output gap

PROYECCIÓN PIB POTENCIAL Y BRECHA DEL PRODUCTO

Millones de pesos a precios de 2004 y brecha en %. Frecuencia trimestral, 1T2004 – 4T2024

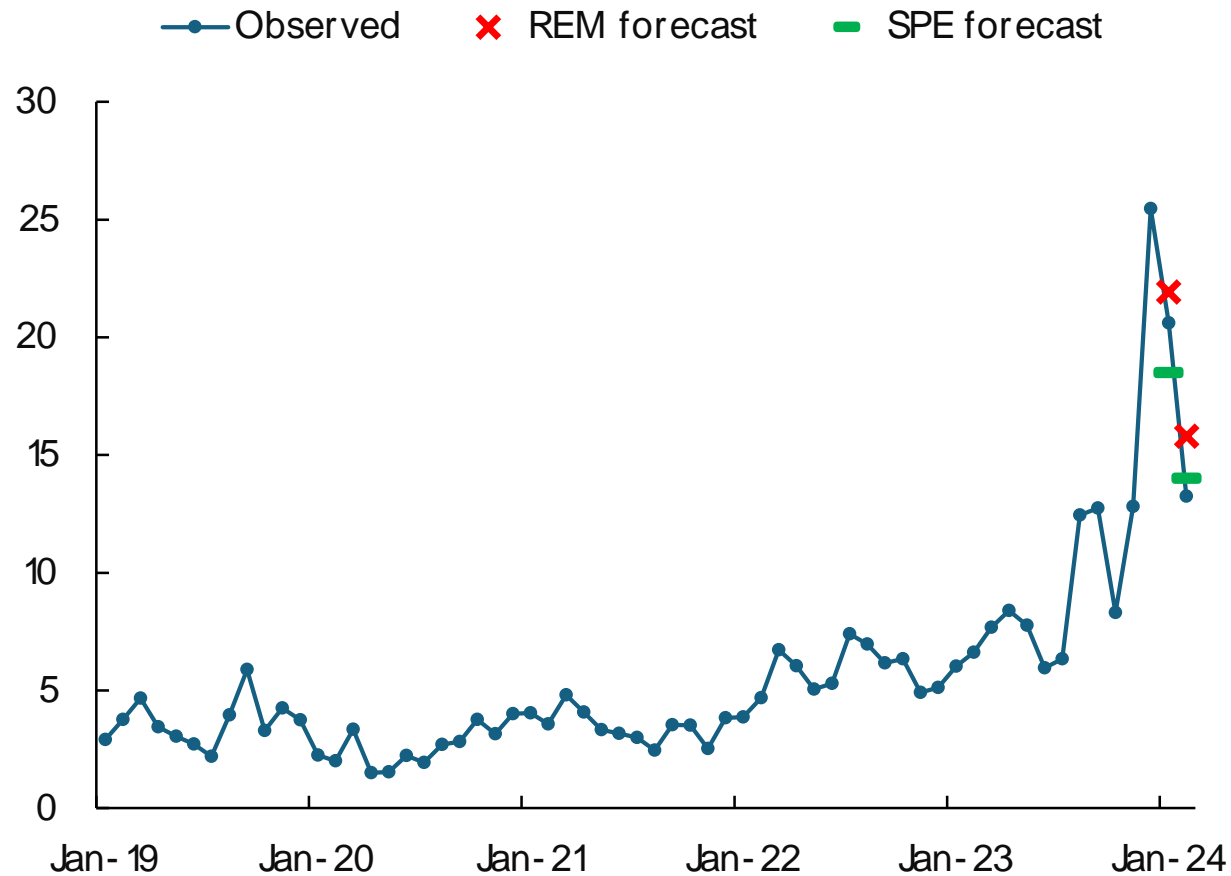


Our GDP forecast implies a -4.5% output gap in 2024.



Inflation

Monthly CPI Inflation %



As a result of the Dec 2023 devaluation, inflation rose from 12.3% in Nov to 25.5% in Dec and to 20.6% in Jan, then declined to 13.2% in Feb.

For March, we forecast 10.5%, less than the 14.3% the market expects.*

* Market Expectations Survey of the Central Bank (*REM*, in spanish)

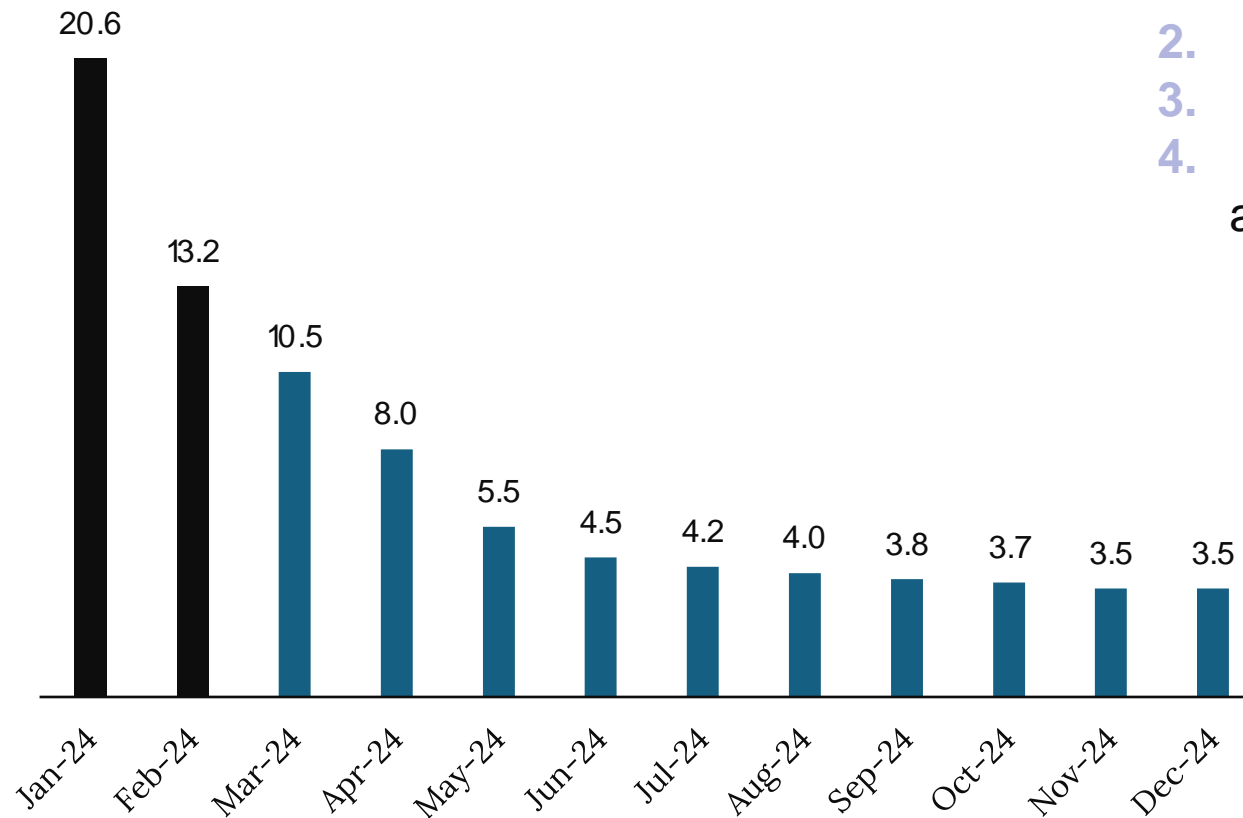
Source: Sec. Pol. Eco., based on INDEC and BCRA.

2024 Inflation Outlook

► Calendar-year 2024 forecast = 124.6%

Forecasts assume:

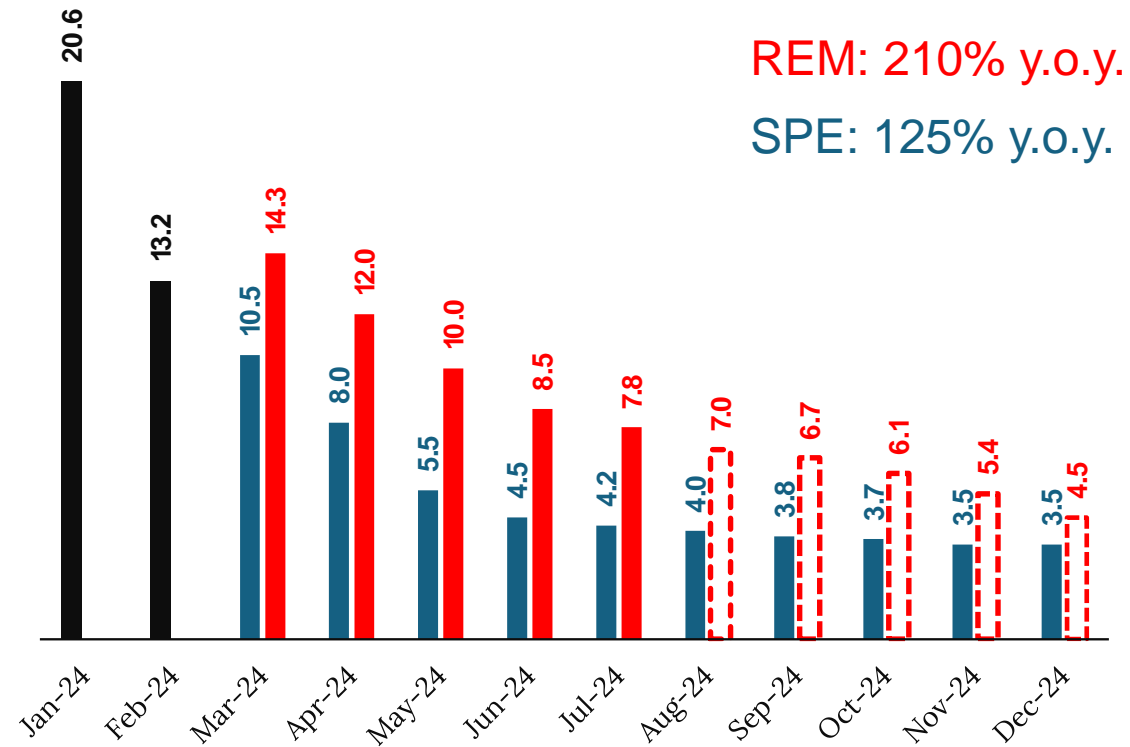
1. Inflation inertia,
2. 4.5% output gap,
3. 2% monthly ER crawl,
4. Pending regulated price adjustments.



Source: Sec. Pol. Eco.

Official vs. REM Inflation Forecast

- Expected inflation for REM (Feb-24) in 2024
From Sep-24 to Dec-24: implied inflation rates



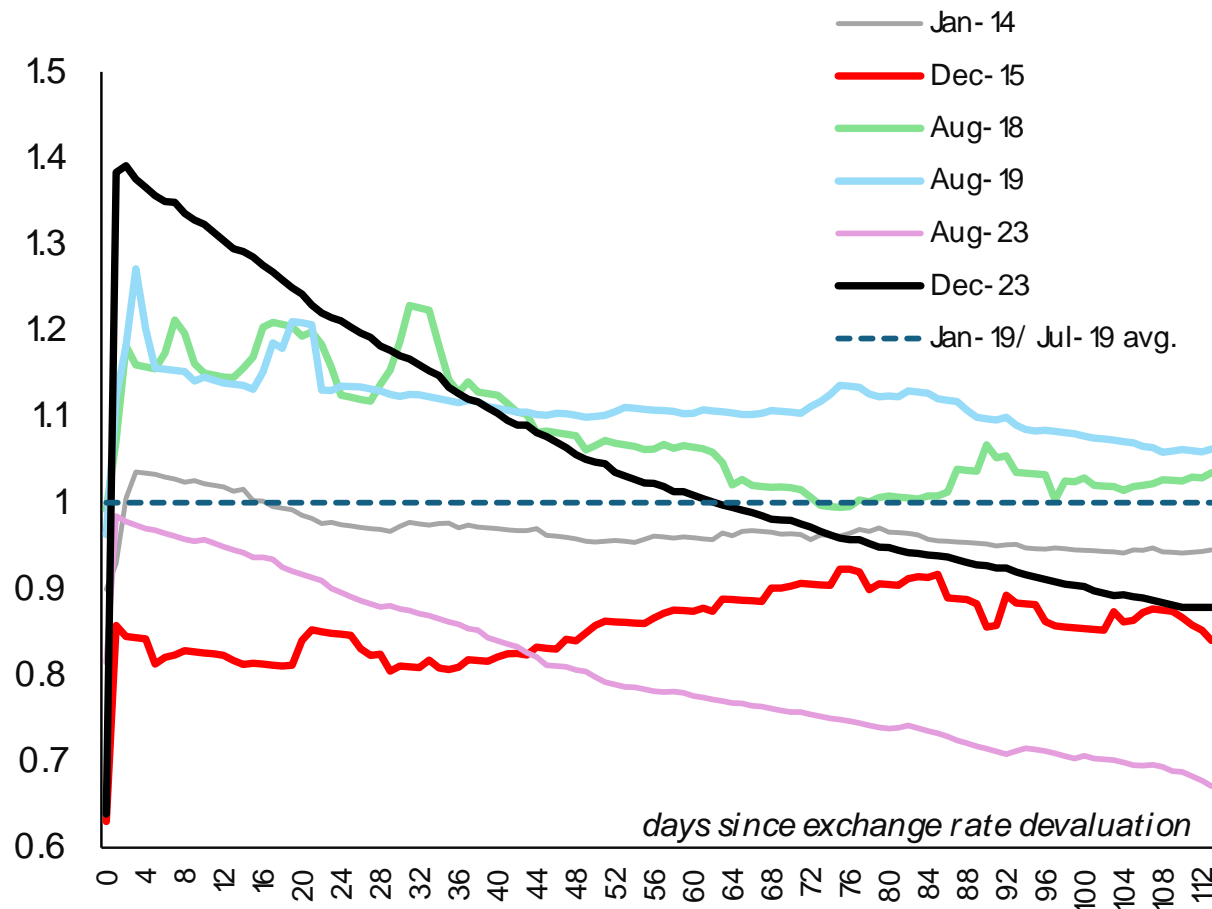
Source: Sec. Pol. Eco., based on BCRA.



Exchange Rate

Multilateral Real Exchange Rate

➤ MRER Index following large step devaluations
Jan-Jul 2019 avg=100

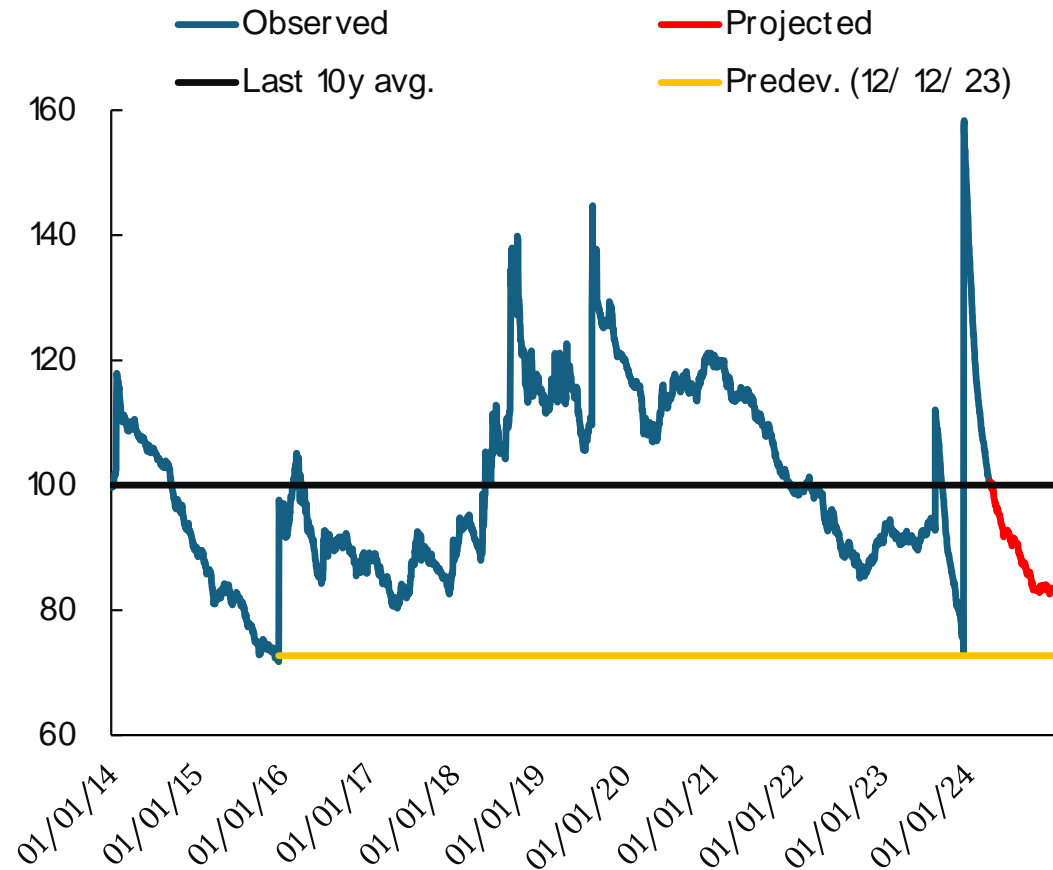


Source: Sec. Pol. Eco., based on BCRA.

- MRER is currently 37.6% higher than the pre-deval level of Dec 11th
- But, it is 12.1% lower than the Jan-Jul 2019 avg., a period used as a reference because there were fewer price controls.

MRER Projection to 12/31/2024

➤ MRER. 100 = 2014 – 2023 avg.

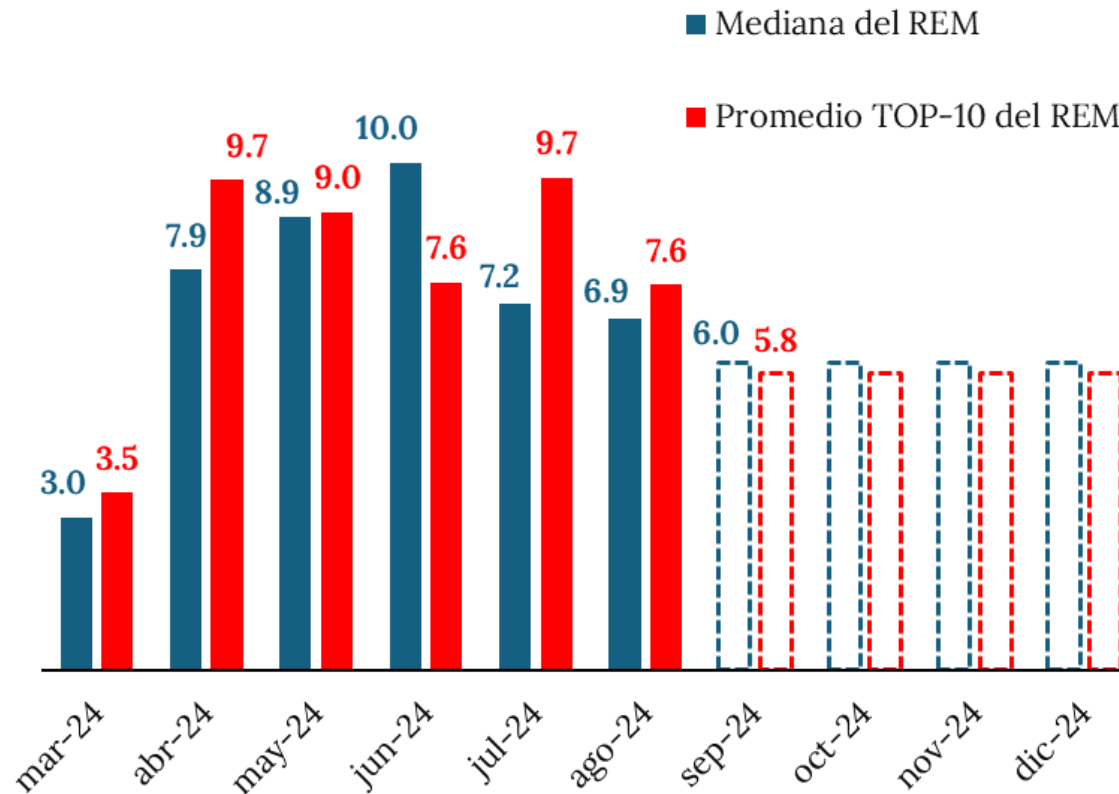


Assuming the official (MULC) crawl stays at 2% per month until the end of this year and inflation is on target,

- The MRER would be 16.7% below the average of the last 10 years, but XX% higher than the bouncing levels seen in 2015 and 2023.

Source: Sec. Pol. Eco., based on BCRA, IMF and National statistics offices of main manufacturing trading partners of Argentina.

REM: Implied Monthly Depreciation Rates

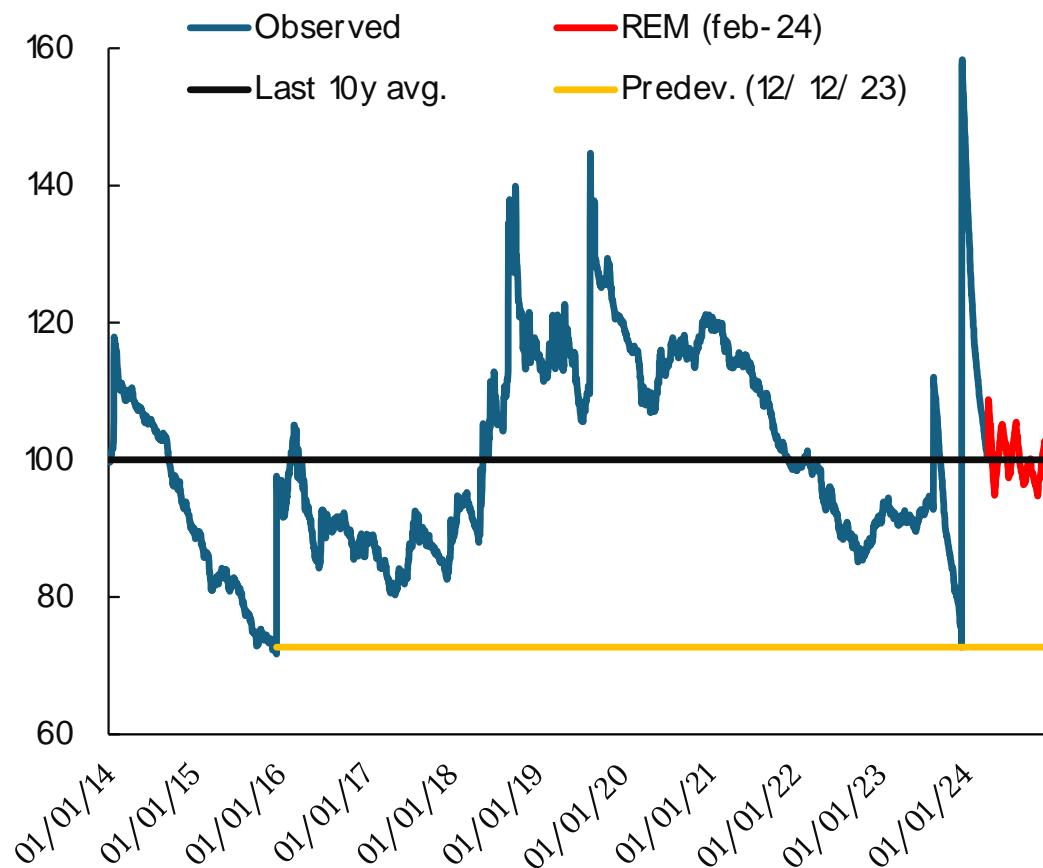


- Jan-24 full-year deval fcst: 165% for the median and 180% for the Top-10 average
- Feb-24 full-year deval fcst: 151% for the median and 156% for the Top-10 average

Source: Sec. Pol. Eco., based on BCRA.

MRER REM Projection to 12/31/24

➤ MRER. 100 = 2014 – 2023 avg.

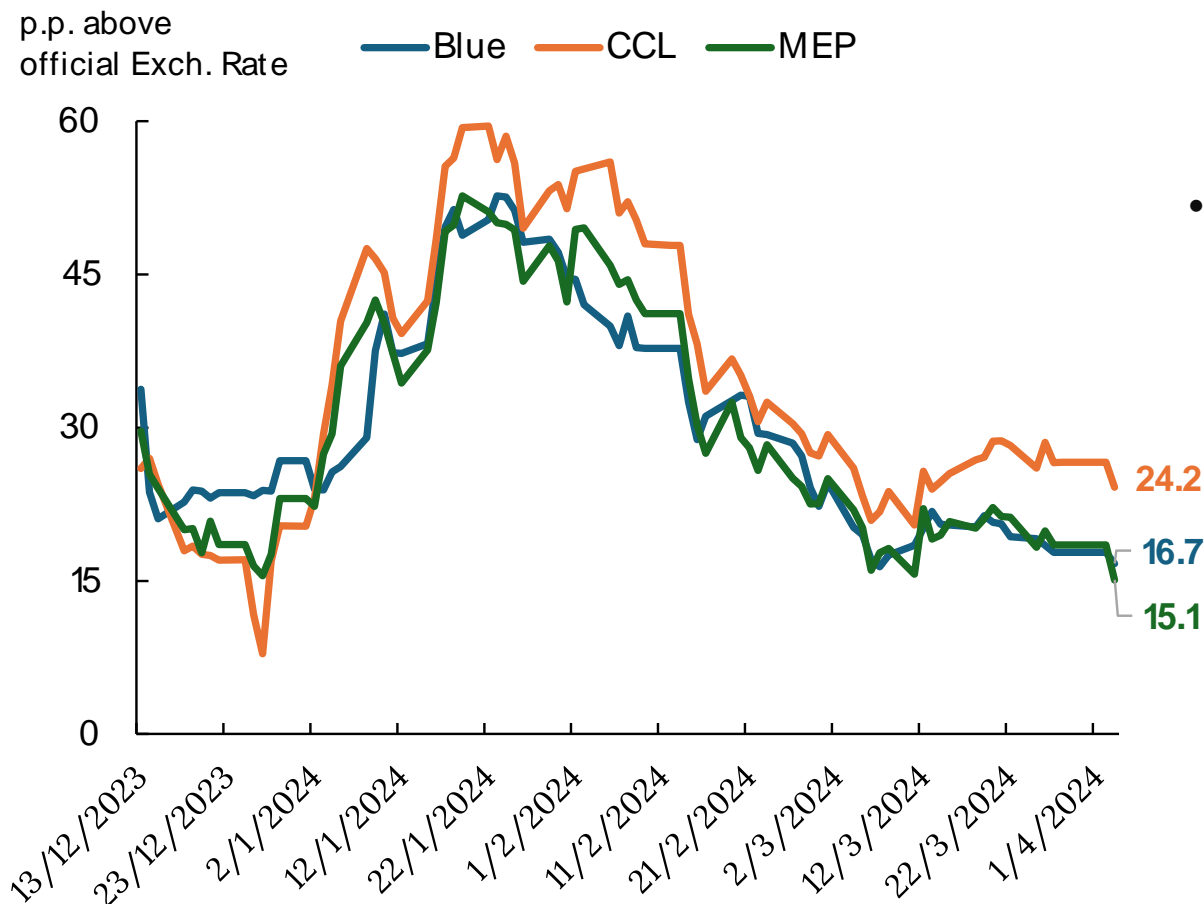


According to the Feb-24 REM and IMF projections, the implied MRER would be around the average of the last 10 years by the end of 2024.

Source: Sec. Pol. Eco., based on BCRA, IMF and National statistics offices of main manufacturing trading partners of Argentina.

Exchange rate gaps

- Non controlled FX divided by A3500 FX – 1.
From 12/13/23 to 04/03/24

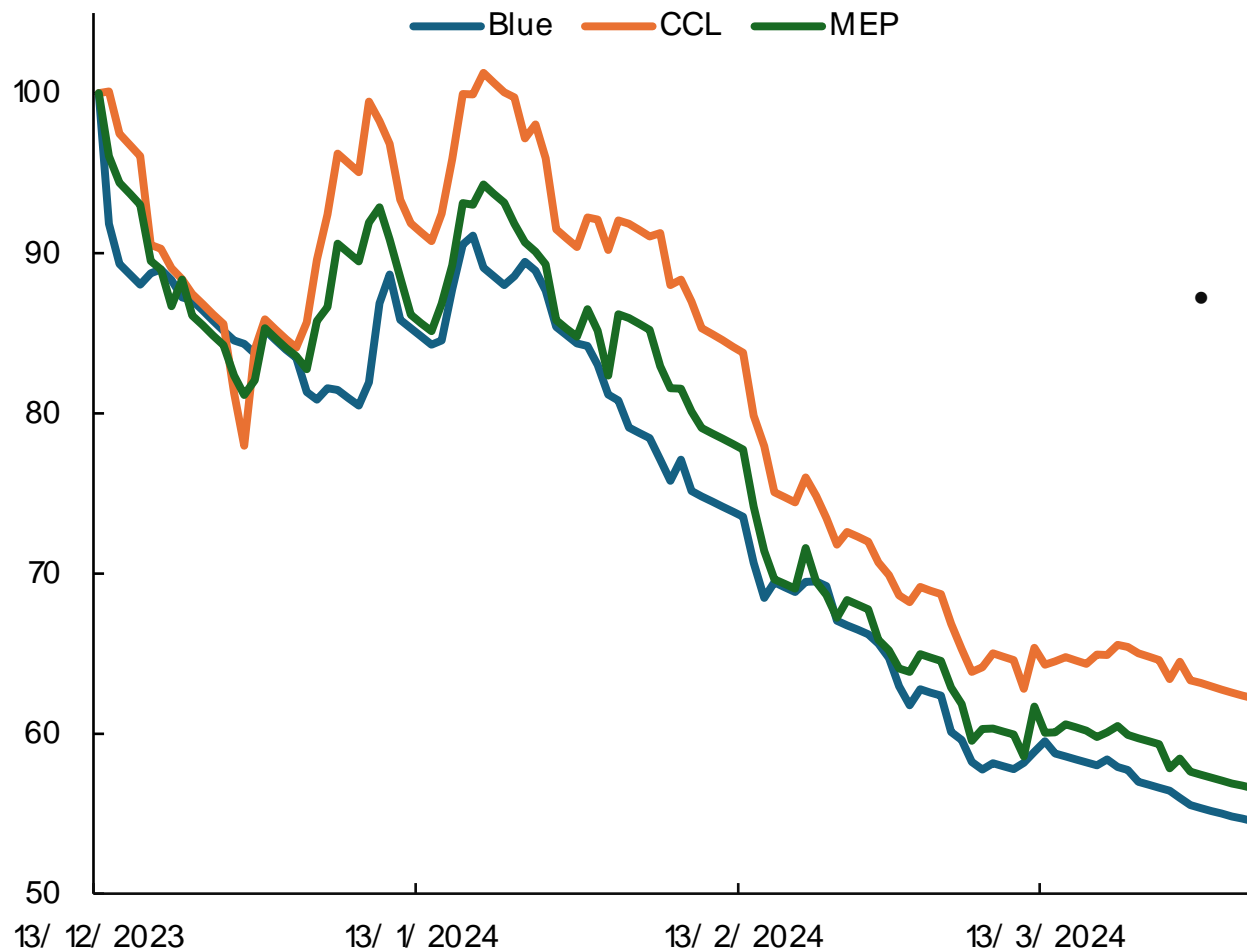


- Since mid-January, the gap between the free exchange rate and the official exchange rate has narrowed and remains stable.

Fuente: Sec. Pol. Eco., based on BCRA and Ámbito Financiero.

Parallel Exchange Rates: Real Appreciation

➤ From 12/13/23 to 04/03/24. 100 = 12/13/23



- Parallel exchange rates appreciated significantly in real terms since January.

Source: Sec. Pol. Eco., based on Ámbito Financiero.



External

Trade Balance

➤ Projection of commerce of goods and services
Millions of current USD.

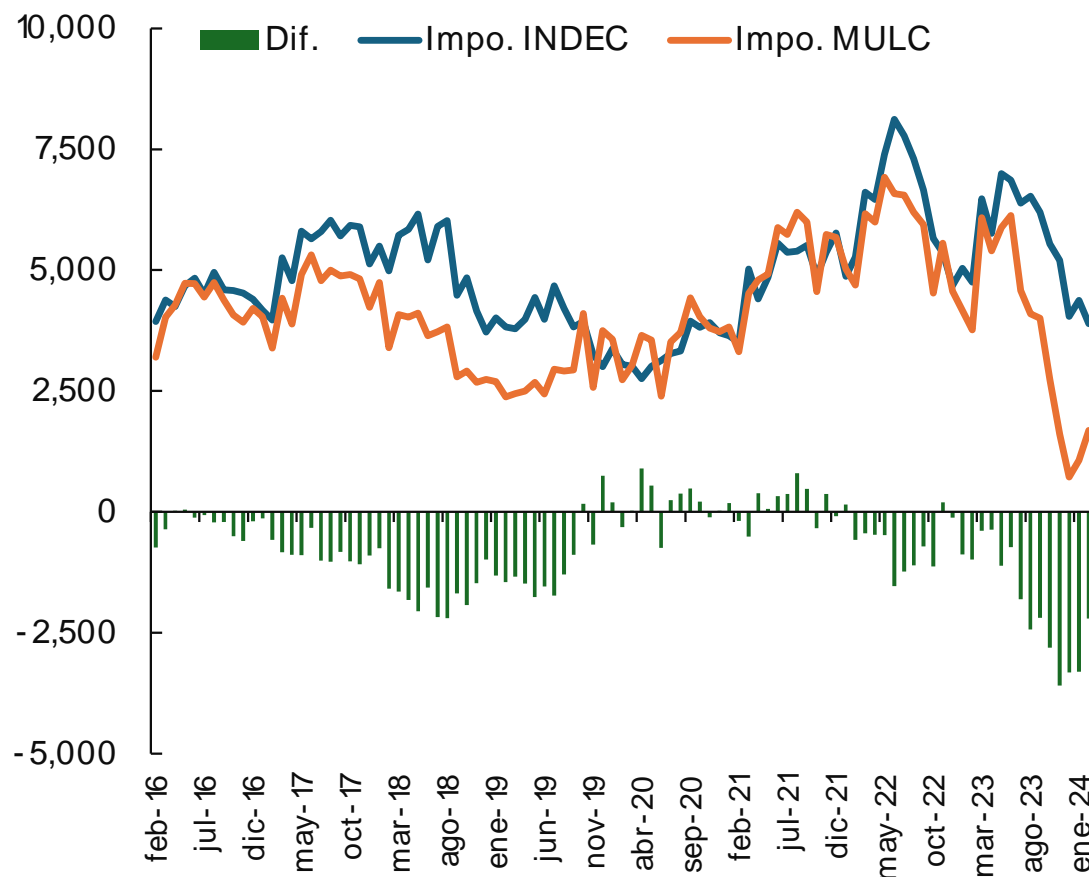
	Millions of USD	
	2023	2024
Exportations		
Total	83,267	97,337
Goods (FOB)	66,839	79,524
Services	16,428	17,813
Importations		
Total	92,720	78,636
Goods (CIF)	73,715	62,226
Services	19,005	16,410
Commercial Balance		
Total	-9,453	18,701
Goods (FOB- CIF)	- 6,876	17,298
Services	- 2,577	1,403

In 2024 a positive trade balance of USD18.7 billions is expected.

Source: Sec. Pol. Eco., based on INDEC.

Debt with Importers

➤ Difference of imports paid and imports accrued.
In millions of USD.

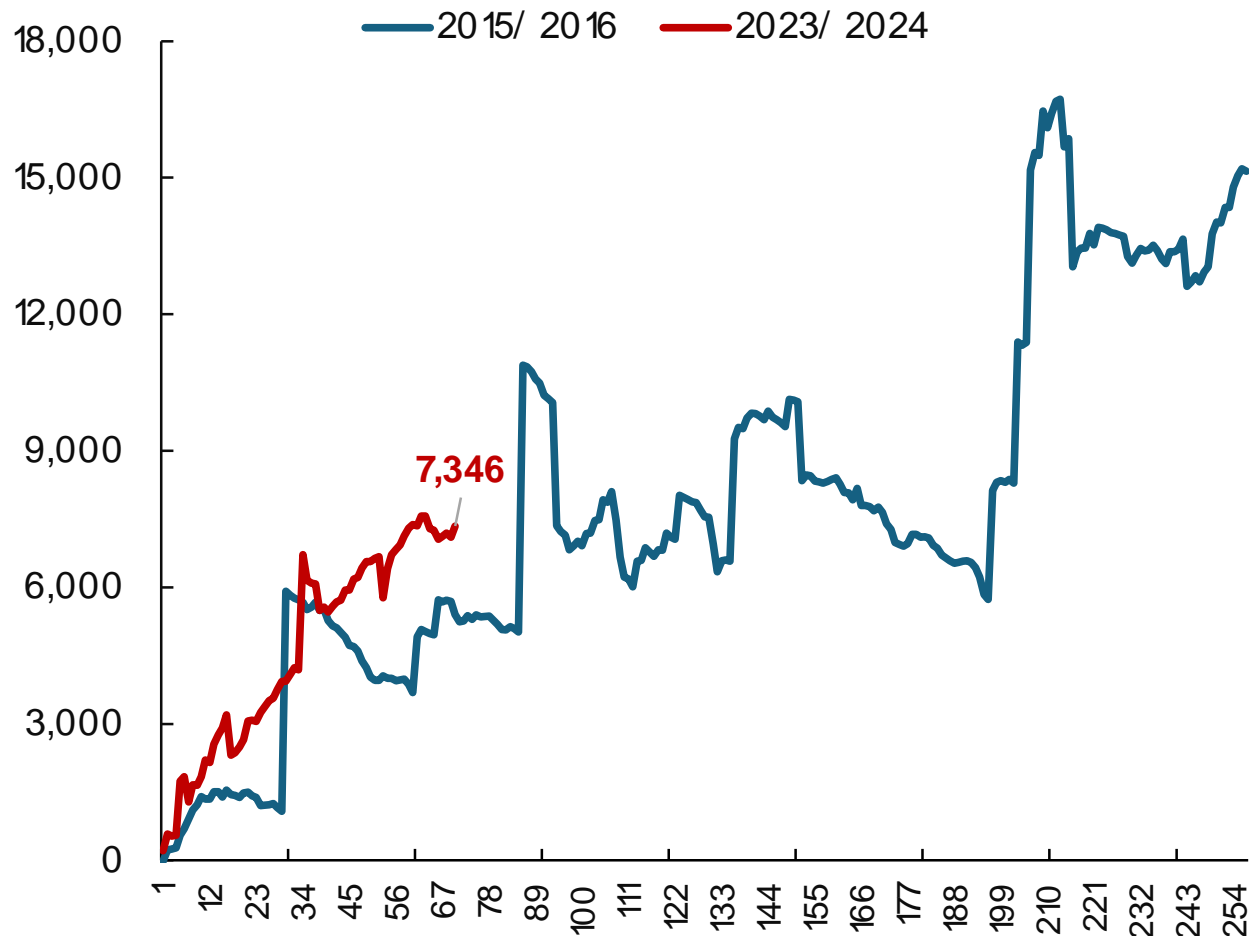


- Imports declined accrual basis but increased in cash basis, compared to Dec-23.
- Commercial debt increased around USD5.5 billions on Jan and Feb due to the normalization of access to the Official Exchange Market (MULC) provided by the BCRA. However, this figure may be overestimated.

Source: Sec. Pol. Eco., based on INDEC and BCRA.

International Reserves Accumulation

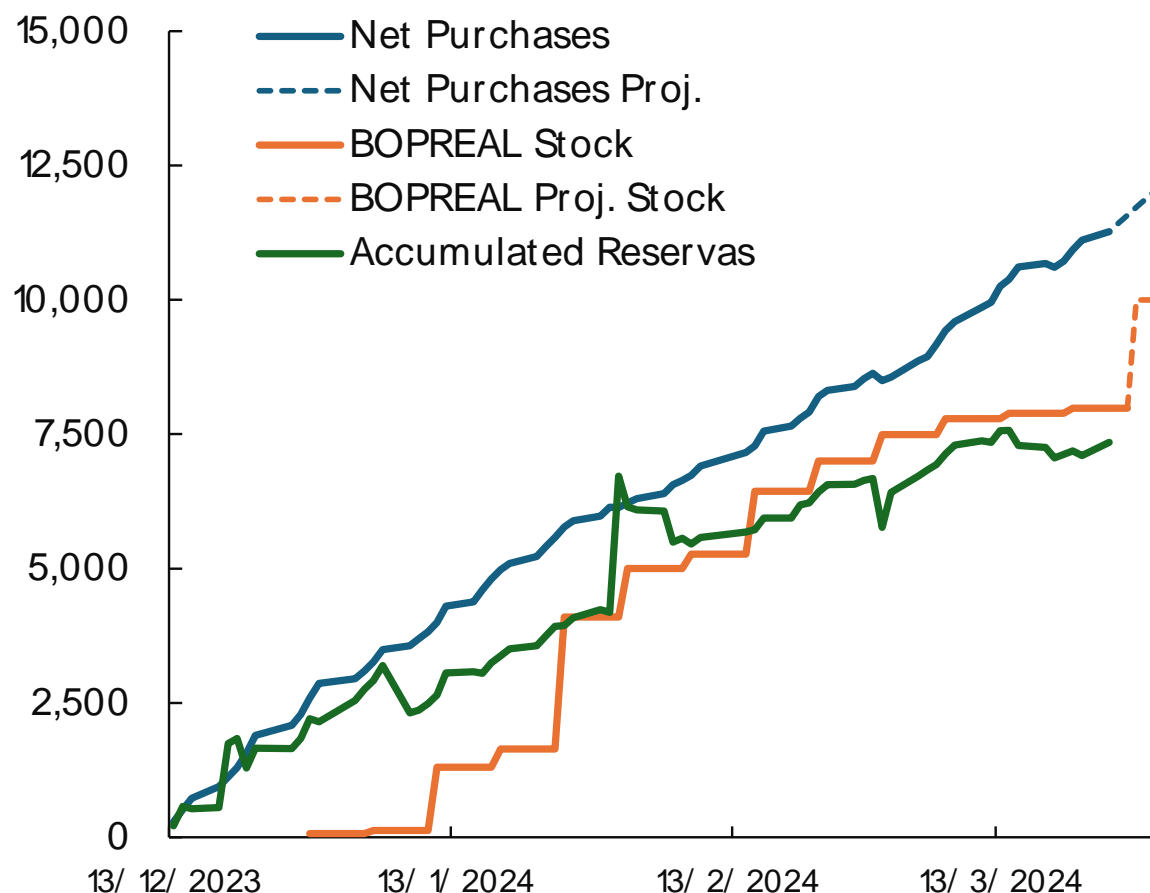
► Accumulated variation of Int. Reserves in millions of USD
Days since FX devaluation of 12/17/15 and of 12/13/23.



Source: Sec. Pol. Eco., based on INDEC.

International Reserves vs. BOPREAL to 3/31/24

Million USD.



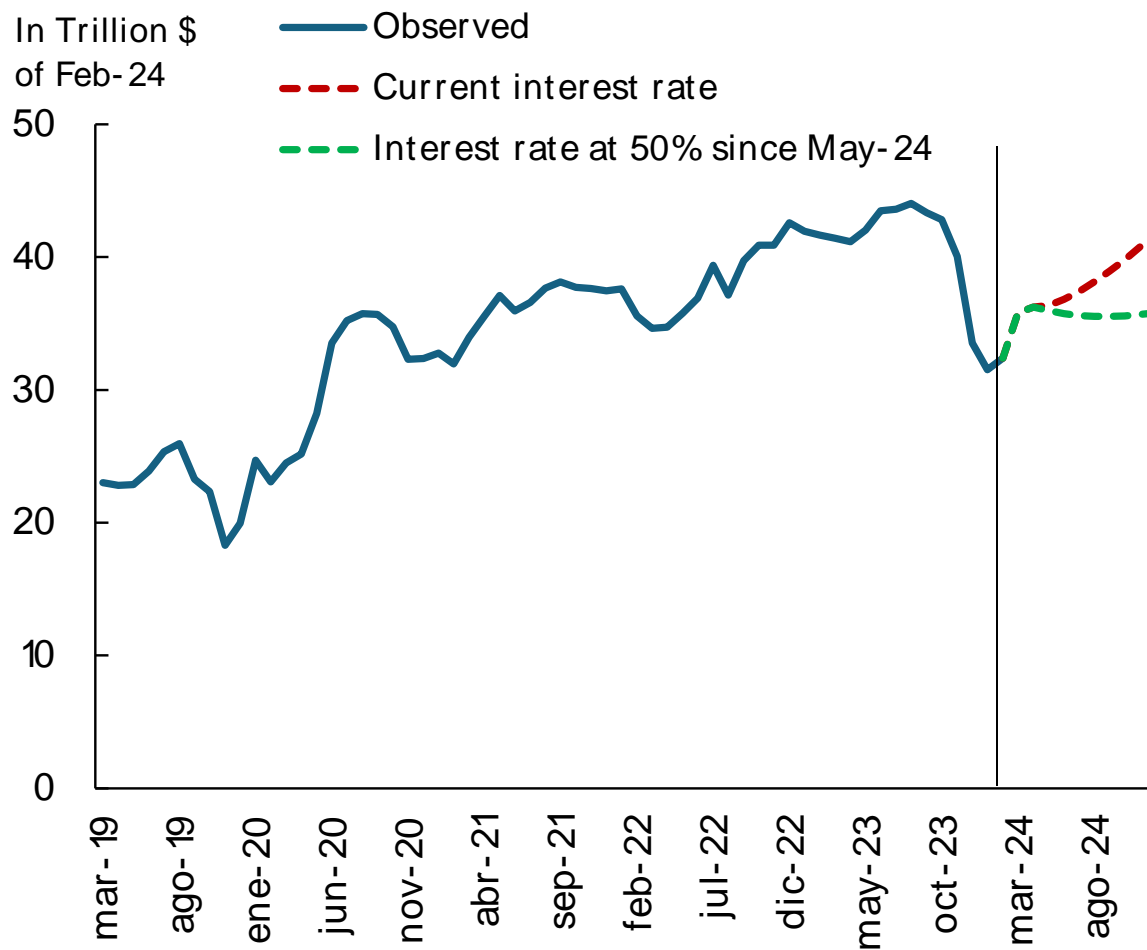
Assumptions

1. BOPREAL's next remaining auctions (USD2,019 million) are fully subscribed.
2. Net reserve accumulation by BCRA takes place as same speed as so far.

BOPREAL debt would be \$2.05 billion lower than net reserve accumulation.

BCRA's Remunerated Liabilities to December 2024

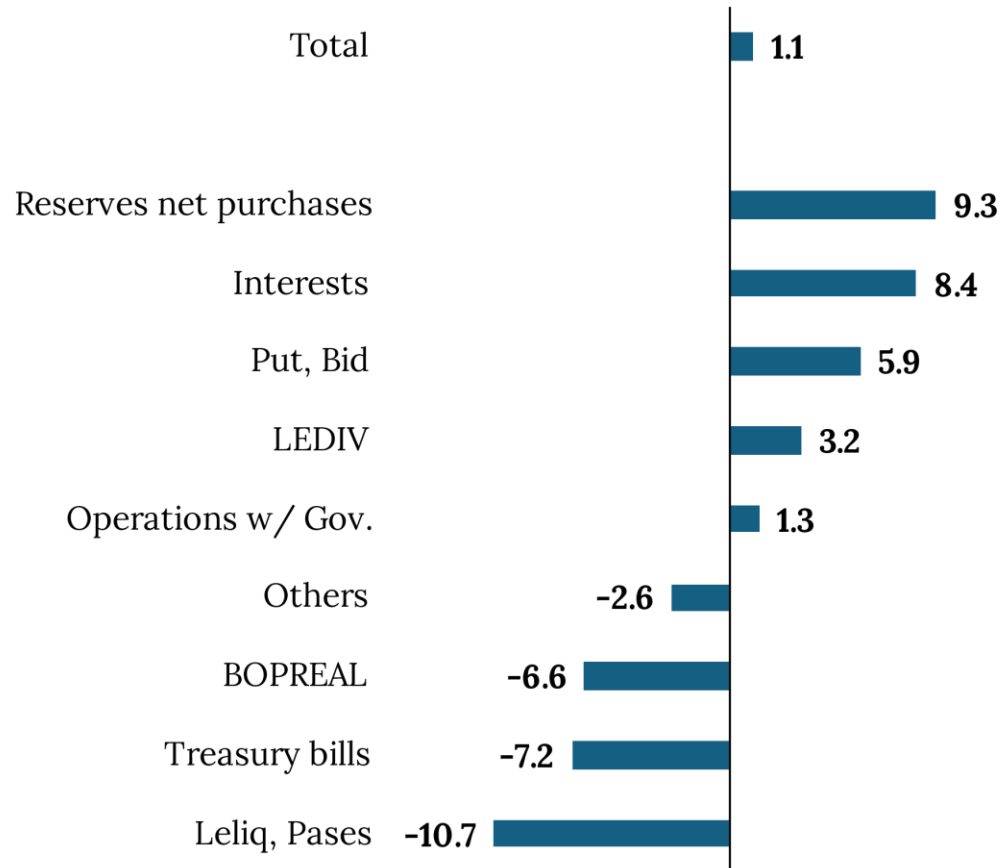
Trillion real pesos, monthly average.



Fuente: Sec. Pol. Eco., en base a BCRA.

Money Base Variation

- Sources of money base expansion
From 12/11/23 to 03/25/24.
In ARS trillion



- Since Dec 11th, 2023, the monetary base M0) hasn't changed nominally.

Source: Sec. Pol. Eco., based on BCRA.



Fiscal

Fiscal Balance

➤ Mar-24 figures are projected
Billions of Jan-24 pesos

	Jan-24	Feb-24	Mar-24	1Q24	1Q24 (% PIB)	real var. % 1Q24 vs. 1Q23
(Billions of Jan-24 pesos)						
Revenues	6,147	4,888	4,848	15,884	2.6	-4.6
Tax revenues	3,925	3,046	3,044	10,014	1.6	8.3
Social security contributions	1,731	1,397	1,387	4,515	0.7	-23.2
Nontax revenues	491	446	418	1,355	0.2	-11.2
Primary expenditures	4,136	3,800	4,352	12,289	2.0	-35.1
Wages	691	689	684	2,064	0.3	-18.4
Goods and services	170	122	134	426	0.1	-33.4
Pensions	1,600	1,365	1,657	4,622	0.8	-34.3
Social assistance	1,071	989	1,217	3,277	0.5	-13.4
Subsidies	254	355	352	961	0.2	-45.7
Energy	108	239	236	584	0.1	-51.4
Transportation	141	109	108	358	0.1	-26.6
Other subsidies	5	7	9	20	0.0	-75.7
Other current expenditures	211	192	173	576	0.1	-40.5
Current transfers to public sector	62	17	29	108	0.0	-80.0
Capital spending	77	71	107	255	0.0	-84.6
Interest payments	1,492	790	371	2,653	0.4	8.7
Primary balance	2,011	1,088	496	3,595	0.6	
Overall balance	518	299	125	942	0.2	

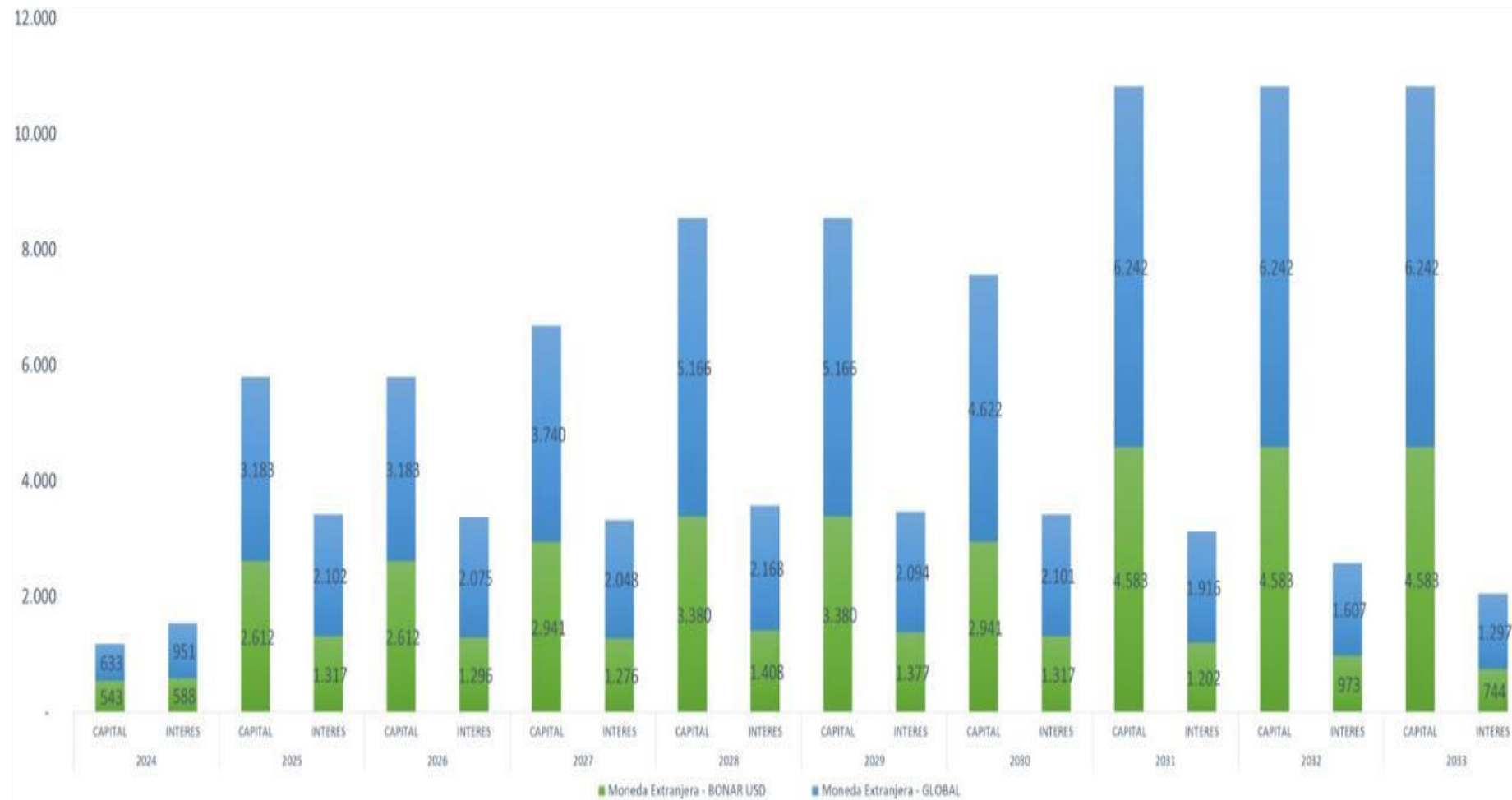
Source: Sec. Pol. Eco.



Financing

Debt maturity profile in USD

➤ Maturity profile of BONAR and GLOBAL



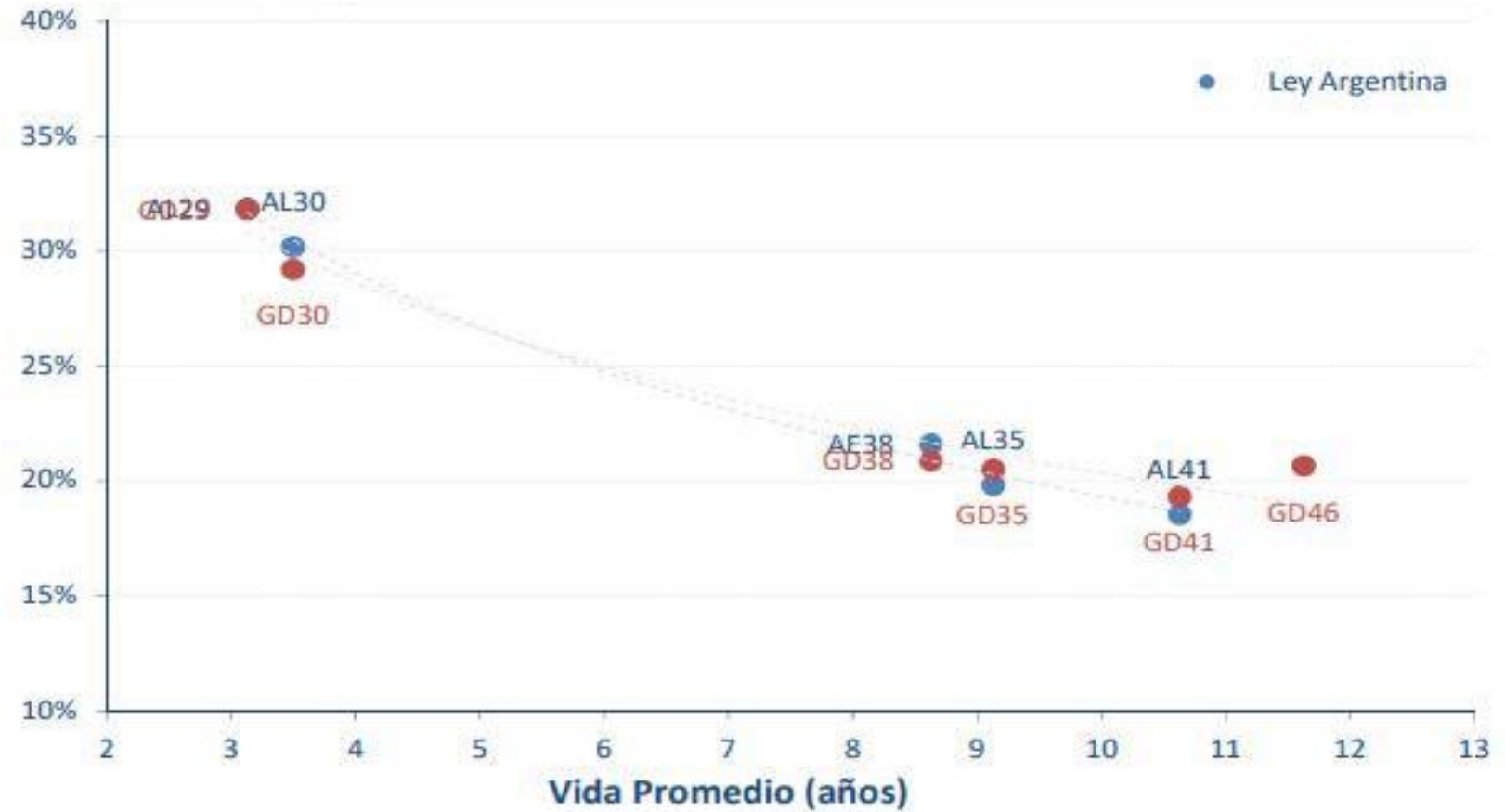
Yield curve rates

► Yield curve rates of ARS indexed bonds (CER and Duales).



Yield curve rates

➤ Yield curve rates of USD bonds.



Yield curve rates

➤ Yield curve rates of USD linked and Duales bonds.



Debt due in 2024

➤ Maturities in 2024 trillion ARS

Título	Indexador	Fecha Vto	Total	Sector público	Sector privado
TDF24	Dual	feb-24	4,12	2,22	1,89
TX24	CER	mar-24	4,20	3,66	0,55
T3X4	CER	abr-24	2,24	1,95	0,29
TV24	DL	abr-24	3,33	1,13	2,20
TDA24	Dual	abr-24	3,03	2,03	1,00
T6X4	CER	may-24	1,25	0,31	0,94
TDJ24	Dual	jun-24	4,48	2,15	2,33
T2X4	CER	jul-24	3,34	2,27	1,07
T7X4	CER	ago-24	0,22	0,21	0,01
TDG24	Dual	ago-24	5,64	3,73	1,91
T2V4	DL	sep-24	1,72	1,47	0,25
T4X4	CER	oct-24	7,06	5,65	1,41
TDN24	DL	nov-24	9,22	9,04	0,18
T5X4	CER	dic-24	4,28	3,77	0,51
Total			54,14	39,59	14,55

