

Argentina's Economic Outlook



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Main developments

- Recent macroeconomic and financial developments are dominated by the persistent drop in international reserves to less than 30 billion dollars, a large depreciation of the parallel exchange rate of almost 20% so far this year which has increased the premium to almost 70% once again and a rise in inflation in December and January to more than 3% per month.
- This complex situation is complicated by the lack of a convincing policy response to address the problems which are instead tackled by taking patchy policy measures that fail to calm the markets. The impression is that the government is trying to find out a solution through a trial and error process, though time is running short for an inexperienced team to learn the appropriate policy response.
- The current economic and financial problems have moved to the sidelines the optimism that prevailed about the medium term prospects in the aftermath of the mid-term elections as most people are more concerned about how could the current “crisis” evolve than about the positive outlook is expected to prevail once a new administration is elected at the end of 2015.

Main developments

- The appointment of a new economic team back in November brought some temporary hope, as it presented a strategy to address the external imbalances which was based on two elements:
 - First, it wanted to achieve a convergence of the official and the parallel exchange rates to around 8.50 pesos by accelerating the rate of depreciation to around 4 or 5 percent per month and by stabilizing the parallel exchange rate by intervening in the blue chip market.
 - Second, it tried to boost reserves by stimulating foreign direct investment and for this purpose it agreed to pay 5 billion dollars to Repsol for the expropriation of YPF and by obtaining new loans or selling bonds held by the Central Bank or ANSES
- This strategy, however, failed relatively quickly as it could not stop the drop in reserves. There was a short relief in late December which coincided with inflows of funds by Chevron and YPF, but early this year the fall in reserves started to haunt the government once again.

Main developments

- The recent drop in reserves and the large stock of liquidity prevailing in the money markets have given new life to the parallel exchange rate, which has depreciated almost 20% since the beginning of the year.
- The economy is facing once again a vicious cycle in which drops in reserves foster a depreciation in the parallel exchange rate which in turn leads to fewer sales of dollars in the official FX market and to further drop in reserves.
- The government so far does not have an alternative strategy to revert this problem and time is running out time as reserves are getting closer to a critical low level. As a result, either the government devises alternative policies or the market will force a large depreciation of the currency or a split of the foreign exchange market.
- We still rule out the possibility of a step devaluation or a move to allow the exchange rate to float. FX and import controls are likely to remain in place and be one of the centerpieces to try to control the situation.
- The persistent drop in reserves has introduced a new concern: one can foresee scenarios in which Argentina does not have the capacity to service the debt in 2015. We expect Argentina will end up paying, even if it means reaching a very low level of reserves at the end of 2015 and changing some of the policies in the future.

Main developments

- To make things worse inflation is on the rise, as it reached 3.38% in December, the highest rate during the Kirchner era, while the early readings indicate that it is likely to be even higher in January.
- The government lacks a sound strategy to bring down inflation, a worrisome issue because the unions are already demanding wage increases that are in the 30% range, the official depreciation exceeds 40% per annum, while interest rates remain well below inflation.
- The efforts to contain inflation are still based on price agreements that in the past did not work and now work even less because the new Secretary of Commerce does not have the same power and authority as Moreno had.
- The economy in 2013 appears to have grown around 2.8%, better than most analysts' expectations. The main factors were a strong automobile sector, a rebound in construction and strong comeback in agriculture following the 2012 drought.
- The official figures overestimate actual growth, mainly because the figures in the service sector (i.e. banking and financial) are deflated by the official inflation. At the moment it seems that the government will pay the GDP warrant in December.

Main developments

- The fiscal accounts showed a weak performance in 2013, and the lack of financing will generate tough trade-offs in order to avoid a larger deficit.
- Primary expenditures increased more than 35% in 2013, while tax revenues only grew at around 25%. The government will have a tough job keeping expenditures under control, but the alternative is to print more money at a time when there is run on the currency.
- The authorities are looking for financing alternatives, namely the Paris Club, the World Bank or bi-lateral loans, though the amount of financing is likely to fall short of government expectations. The solution will be to sell some bonds holdings in the market
- In the meantime it is not clear where the funding will come to finance investments in energy, public transportation and social programs.
- There have no news on the issue of the holdouts, which remains “on hold”.

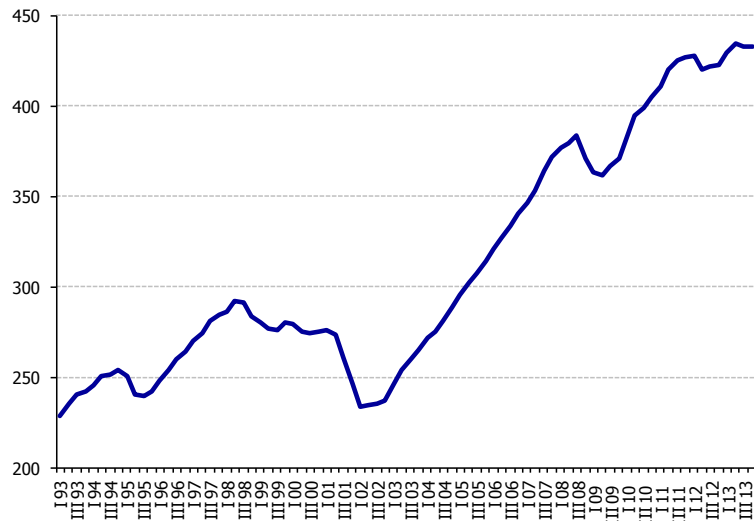
The external environment is not likely to help growth

- World interest rates are higher than in previous years and are likely to rise again as tapering started
- Commodity prices are weaker than in the past
- The world is growing at a slower rate, specially in emerging markets
- The Brazilian economy has decelerated and now only grows in the 2.3% range. The Real has depreciated
- Europe is still depressed and indicators shows difficulties to recover

Most macroeconomic indicators show that the economy has lost steam, that there is little margin to maneuver and that there is a need to change policies

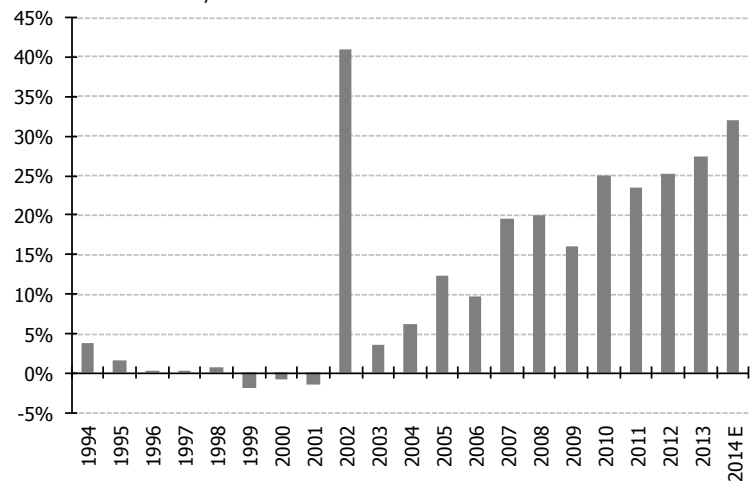
Real GDP

In Bn AR\$ from 1993



Inflation

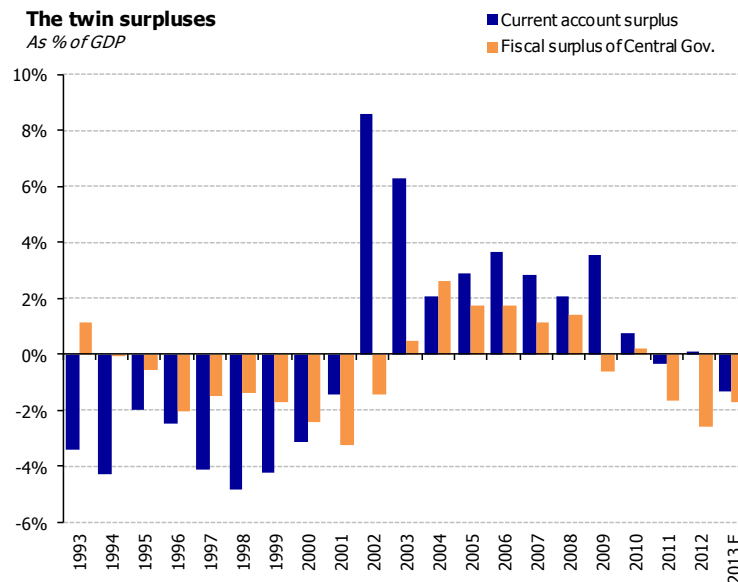
YoY variation - End of period



Source: EconViews based on INDEC and since 2007 own estimations based on provincial statistics official institutes

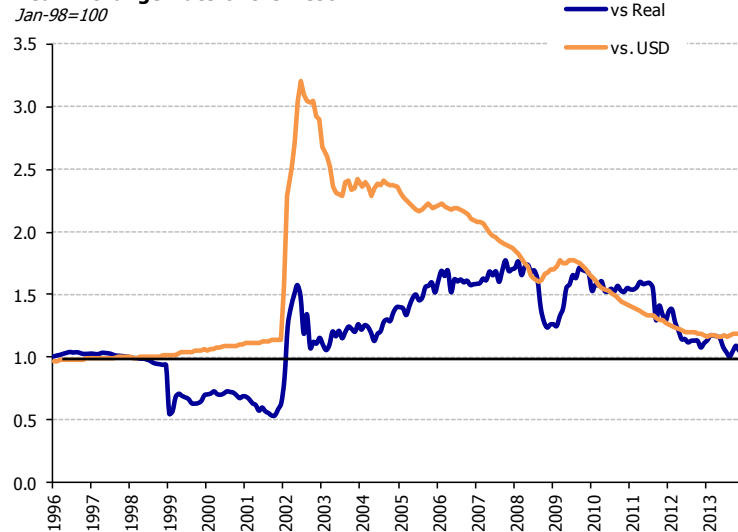
The twin surpluses

As % of GDP



Real Exchange Rate of the Peso

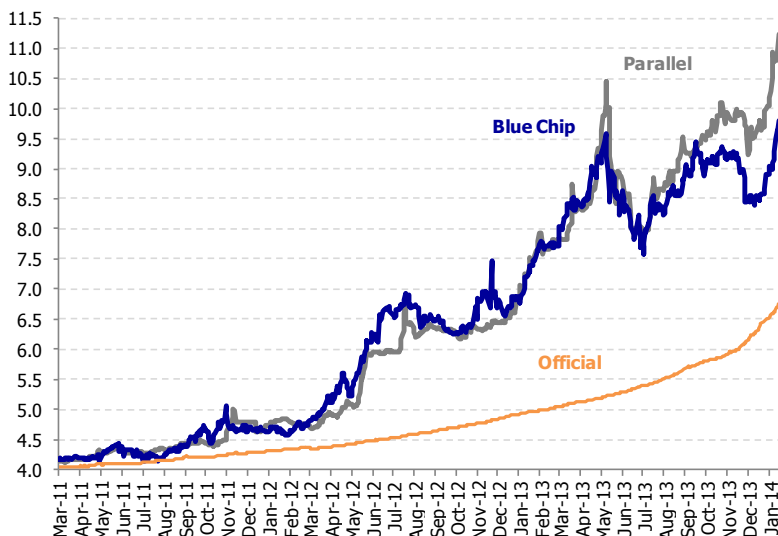
Jan-98=100



The external accounts and the evolution of the parallel exchange rate represent the largest policy challenge and the most important threat to macroeconomic stability

Since the imposition of the FX controls there has been a spread between the official and the parallel exchange rates which has negatively affected international reserves

Parallel exchange rate
USD/ARS

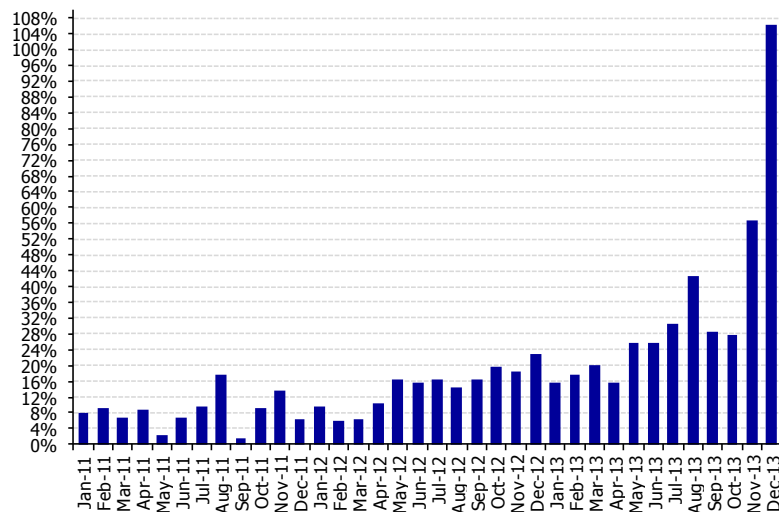


Source: Econviews based on Reuters

- After the spread reached over 100% in May, it came down to the 50-70 % in late June and has remained in those levels. The parallel exchange rate has been again on the rise, and it has recently jumped over AR\$ 12 per dollar
- During Q4-2013 the spread decreased slightly from 65% down to 60% recently, the blue now jumped to almost 12, this increase happened despite the depreciation of the official exchange rate accelerated strongly during Q-4
- The spread is likely to remain in the current range, in spite of the government intervention, the re-authorization of MEP dollar and the tightening in monetary policy

The pace of depreciation accelerated strongly in December and reached 32.6% in 2013 in an effort to reduce the spread and improve competitiveness

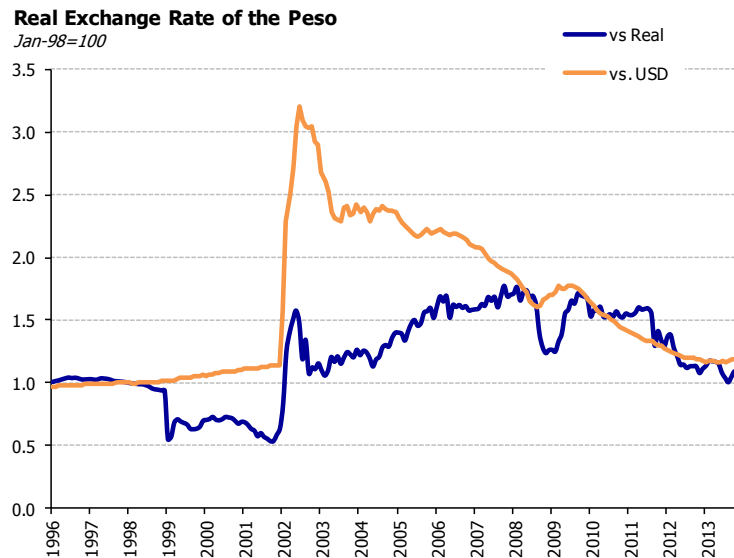
Exchange rate depreciation
monthly depreciation, annualized



Source: Econviews based on Reuters

- The pace of depreciation of the official exchange rate accelerated in Q4, specially in the last two months as a consequence of the poor results in the FX market and the costs in reserves of maintaining the exchange rate
- The monthly depreciation rate stood at 2.1% in September and October, increased up to 3.8% in November and peaked up to 6.2% in December. In the first half of January the pace of depreciation continues as in December
- We believe the Central Bank policy will maintain the depreciation of the currency higher than the rate of inflation. We expect the official exchange rate to reach AR\$ 9.10 at the end of the year

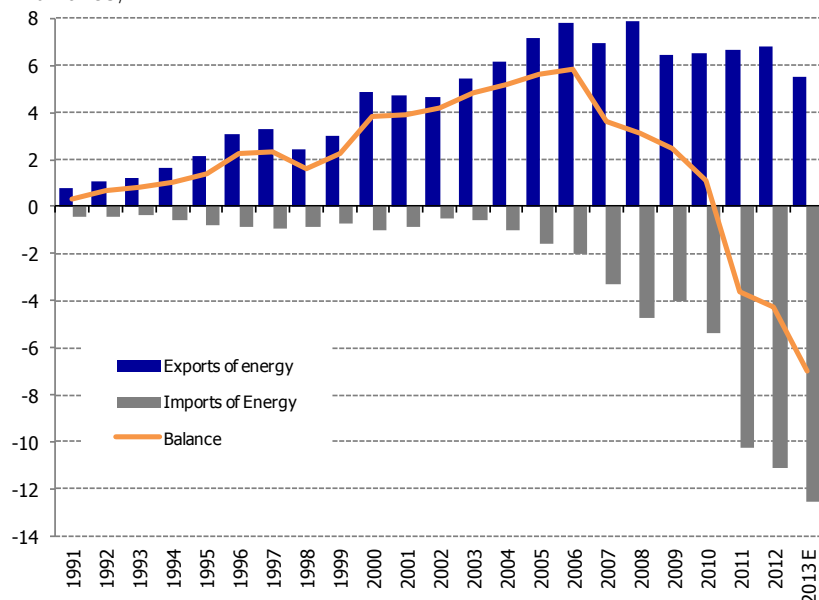
The depreciation of the Brazilian Real puts pressure on the real exchange rate



- The price competitiveness relative to Brazil has returned to the same levels of the mid-nineties as the Real has depreciated 15.3% in 2013
- The real appreciation of the currency is a worrying problem for some industrial branches, especially those where labor costs are important
- Thus, industrial sectors that compete with Brazil are suffering the real appreciation of the Peso, which is expected to continue this year
- The price competitiveness relative to US has improved slightly in 2013, as the rate of depreciation of the official exchange rate stood above annual inflation

The energy crunch has complicated external accounts, as energy imports are soaring

Energy trade balance
In billion US\$



- Energy trade balance deficit amounted to US\$ 6.15 billion in the first eleven months of 2013, compared to US\$ 2.6 billion a year ago

- This strong accumulated deterioration is the result of an increase in energy imports (25%) and a contraction in energy exports (-22.1%).

- Energy imports, especially of natural gas, liquefied gas and diesel oil, will increase again in 2013 and reach around US\$ 12.5 billion

- As a result, energy trade balance will exhibit a deficit of around US\$ 7 billion in 2013

- We expect energy trade balance to worsen in 2014, reaching a deficit of around US\$ 9 billion

International reserves fell 12,691 million in 2013 despite foreign exchange restrictions

Central Bank international reserves
in US\$ bn.



Source: Econviews based on BCRA

- In the fourth quarter, international reserves fell by US\$ 4.1 billion, accumulating a fall of US\$ 12.7 billion in the year
- Despite the FX controls and slightly higher agricultural export proceeds compared to a year ago, the Central Bank hasn't been able to purchase reserves this year
- The acceleration in the drop of international reserves is a key risk factor, and the Government is trying to attract dollars by assuming a more international friendly position

Energy and tourism are the principal factors that explain the sharp drop of international reserves

Sources of variation of Central Bank reserves

Up to December of each year - In billion USD

	2011	2012	2013	2014 E	2015 E
Balance of goods	15.2	14.7	7.0	7.2	7.5
Automotive	-4.1	-5.3	-4.0	-3.8	-3.5
Energy	-2.2	-3.5	-9.0	-11.0	-12.0
Agrifood	21.1	26.5	24.0	26.0	26.5
Others	0.5	-3.0	-4.0	-4.0	-3.5
Balance of services	-1.1	-3.8	-9.0	-5.0	-4.0
Tourism	0.3	-2.9	-7.0	-4.0	-3.0
FDI inflows	3.5	3.7	2.2	2.0	2.0
Financial loans, dividends and other	7.4	-1.9	-5.9	-4.5	-2.5
Foreign currency private purchase	-21.6	-3.5	0.4	0.3	0.0
FX purchases (total)	3.3	9.2	-5.3	0.0	3.0
Payments of public debt	-9.4	-9.2	-7.0	-4.5	-7.0
Fall in USD deposits and others	-4.8	-1.0	-0.4	0.0	0.0
Foreign bank loans to Central Bank	5.0	-2.0	0.0	0.0	0.0
Variation of reserves (total)	-5.8	-3.1	-12.7	-4.5	-4.0
Central Bank reserves	46.4	43.3	30.5	26.0	22.0

Source: own elaboration based on BCRA, INDEC and others

- In 2013, reserves fell US\$ 12.7 billion, considerably affected by a higher trade deficit in energy and a higher services deficit in tourism

- Indeed, deterioration in energy deficit represented around US\$ 9 billion, while deterioration in tourism around US\$ 7 billion

- As a result, last year Central Bank purchases in FX market were negative by US\$ 5.3 billion, in sharp contrast with US\$ 9.2 billion year ago

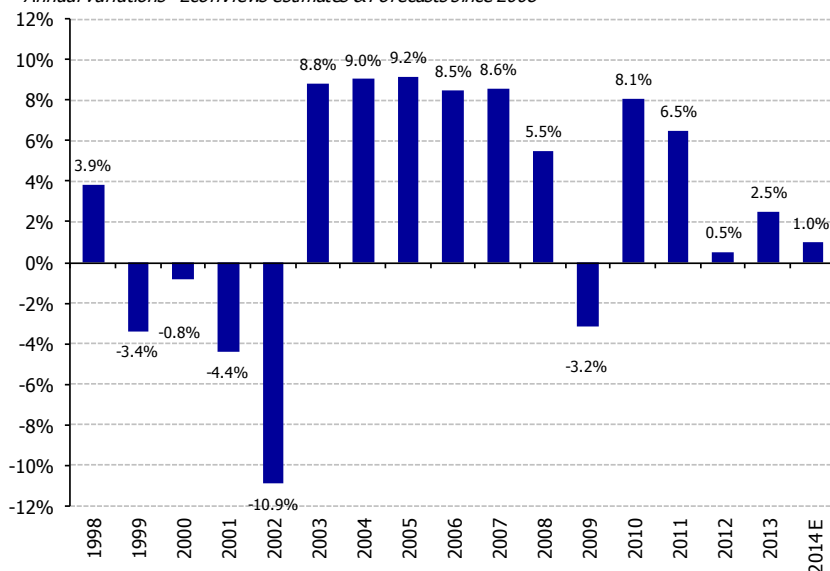
- The deterioration of Central Bank reserves is a top concern and the Government is unlikely to watch it passively

The economy grew more than expected in 2013 but less than the official figures are showing. The outlook for 2014 is slow growth of around 1%, and there is a risk of a recession if macroeconomic conditions continue to deteriorate

Economic activity grew 2.5% in 2013 according to our estimates

Real GDP

Annual variations - EconViews estimates & Forecasts since 2008



- After growing only 0.5% in 2012, GDP exhibited a mild rebound in 2013, driven by a higher harvest, a very expansionary fiscal policy in an electoral year and increases in the automotive sector

-Regarding the external context, soybean price remained at historically high levels, while Brazil grew (2.5%) faster than in 2012 (0.9%)

-The Argentine economy recovered during the first half of the year, after stagnating in Q4-2011, and even contracting in Q2-2012. However, the pace of growth of economic activity started to moderate at the end of the year

- According to our indicators, GDP grew 2.5% in 2013. We expect economic activity to decelerate and grow 1% this year.

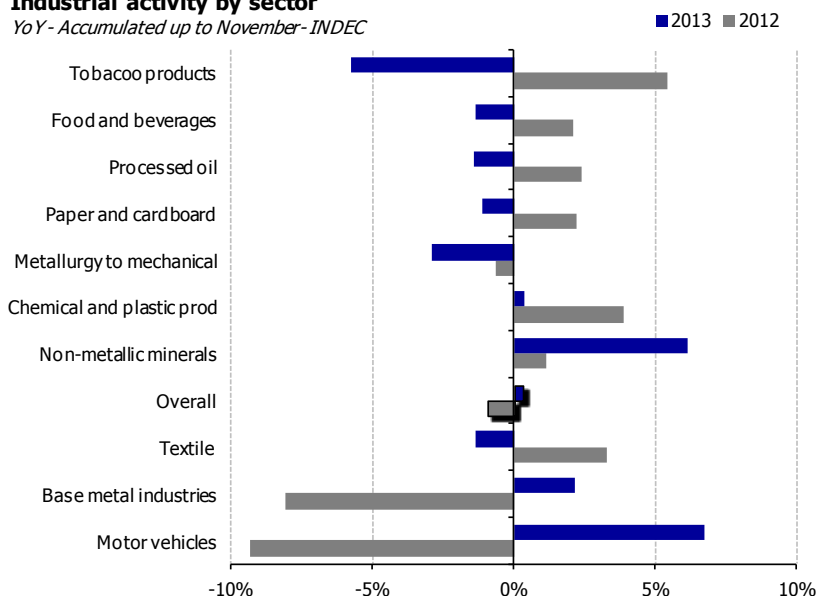
Why is GDP in 2014 likely to grow at a lower rate than in 2013?

- The economy will not get the benefit of:
 - The recovery in agriculture production from the drought
 - The improvement in automobile production thanks to the recovery in demand in Brazil
 - The increases in fiscal expenditures associated with the elections
 - The low base of comparison a year ago
- In addition, the restrictions on imports will have a negative effect on production processes.

Industrial production grew only 0.5% despite the recovery in the automotive sector

Industrial activity by sector

YoY - Accumulated up to November - INDEC



- Industrial activity accumulated a 0.3% expansion in the first eleven months of 2013, compared to the same period in 2012, when it contracted 0.9%

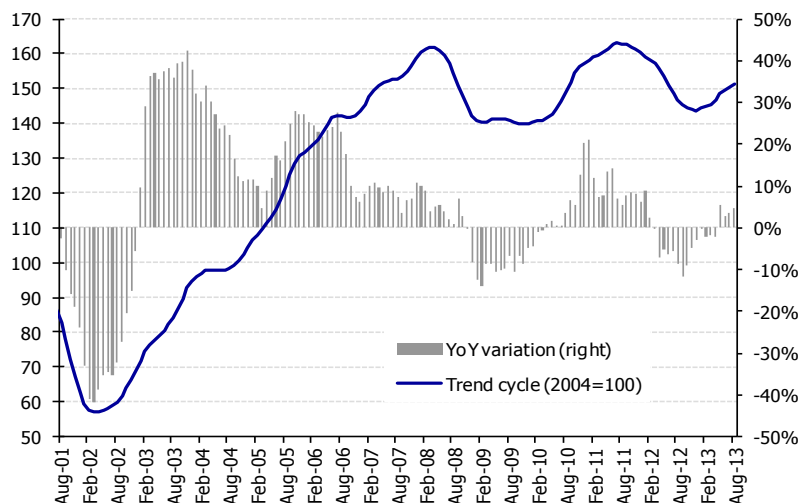
- The result is largely due to a recovery in the automobile sector, which accumulated 6.72% growth (it contracted 6.6% in 2012), together with the higher demand from Brazil and the low base of comparison from last year

- We expect activity in the sector to expand only 0.5% in 2013, lower than GDP (2.5%) and construction (1.5%)

Construction rebounded after falling strongly in 2012

Construction

Non-official indicators since 2006



Source: own indicator based on cement consumption, construction permits and formal employment

- According to INDEC, the sector accumulated 4.6% growth during Jan-Nov 2013, while it had contracted 2.7% in the same period one year ago.

- Although our indicators also show a yearly recovery (1.5%), it is more modest than official figures.

- Construction permits for private works accumulated a 13.6% contraction, while cement consumption in the domestic market accumulated 11.4% growth. Formal employment in the sector remains depressed and fell in y/y terms throughout the year

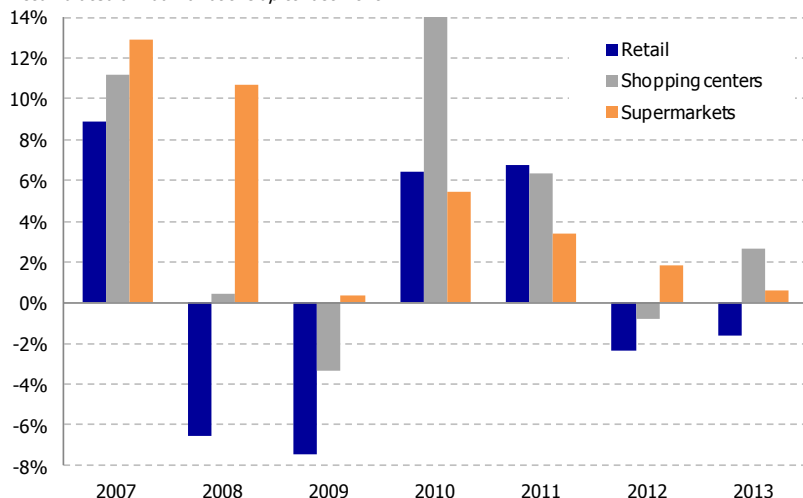
- Public works continued to grow strongly and drive activity

- We expect construction to grow 1.5% in 2013, favored mainly by the larger public works in an electoral year, the Procrear program financed by the ANSES and the low base of comparison a year ago.

Consumption took off at the end of the year and grew 2.5% in 2013

Sales indicators in volumes

Accumulated annual variations up to last month



Note: supermarkets and shoppings nominal sales deflated with EconViews CPI estimation
Source: EconViews based on INDEC and CAME

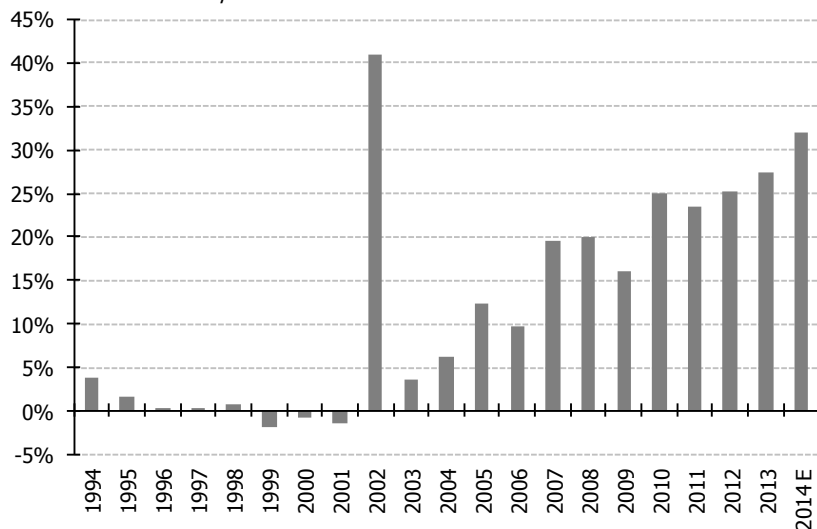
- Sales exhibited mixed behavior during most of the year and closed 2013 with a growth of around 1.5%
- Last year, new automobile sales and used cars sales grew 16.1% and 4.9% respectively, and reached new historical records
- While sales in supermarkets and shopping centers accumulated a 0.6% and 2.6% expansion respectively, during the first eleven months of 2013 compared to the same period 2012, retail sales closed 2013 with a contraction of 1.7%
- The outlook for consumption is just slightly better than in 2012: growth in private consumption in 2013 (2.5%) would be higher than in 2012 (1.5%), but much lower than in previous years (6% to 9%)

Inflation is reaching 30% and has become a worrisome issue

Annual inflation stood around 28% in last December and would reach above 30% this year

Inflation

YoY variation - End of period



Source: EconViews based on INDEC and since 2007 own estimations based on provincial statistics official institutes

-Despite the tightening in monetary policy during the second half of the year, inflation did not recede.

- Since mid-year it began to accelerate steadily and ended the year at around 27.5% in annual basis, which was roughly two percentage points higher than the 25.2% recorded in late 2012 and was the highest annual inflation since the 2002 devaluation.

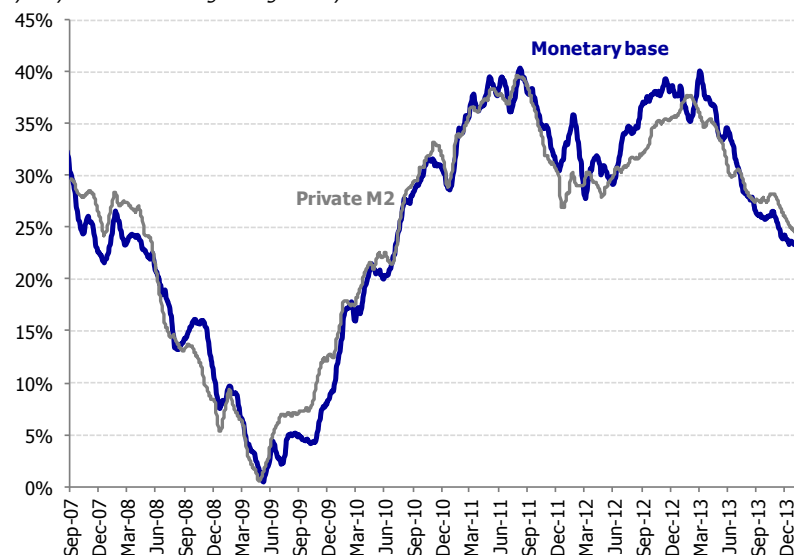
-The official statistic did not take note and the INDEC published an annual inflation rate of around 10.5%.

-Next year, we expect inflation to accelerate further, to reach around 32% in late 2014

There has been a tightening in monetary policy in the second half of the year...

Monetary aggregates

yearly variations - moving average 21 days



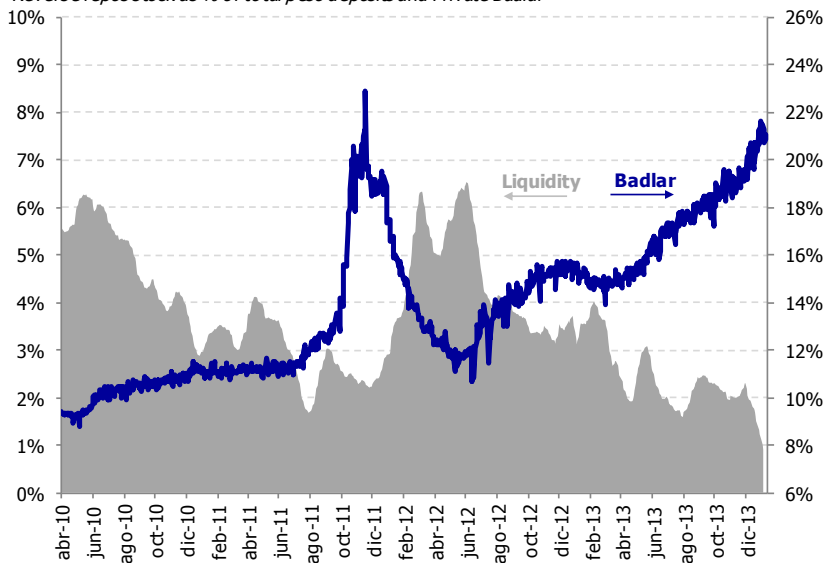
Source: Econviews based on BCRA

- The monetary base has been growing at around 23% in annual terms in December, continuing the decelerating tendency, well below the 40% peaked in February
- The fundamental factor explaining the easing has been the private sector, as the expansion, as a result of dollar purchases, decreased from AR\$ 41 billion in 2012 to a net contraction, due to net dollar sales, of AR\$ 32 billion last year
- Nevertheless, the public sector doubled its expansion of 2012 and totalized AR\$ 94 billion last year, being the principal factor of expansion
- Private M2 growth also decelerated to around 25%, down from the 37.5% it peaked in January

... which reduced liquidity and induced a rise in interest rates

Liquidity and interest rates

Reverse repos stock as % of total peso deposits and Private Badlar



Source: Econviews based on BCRA

- The smaller expansion in money supply continued reducing liquidity and favoring a rise in interest rates. Deposits no longer grow way above loans, and this has also been lowering excess liquidity in banks
- This is reflected in the lower stock of bank's reverse repos, what averages 0.9% of deposits, lower than the 3% at the beginning of last year. In addition, liquidity defined as cash disposal, current accounts in CB and repos, as a share of total deposits contracted to around 18% from 20.6% at the beginning of 2013
- As a result, interest rates in pesos are rising, although they remain low compared, for example, to the inflation rate. The Private Badlar has been escalating to average around 20.2% in December, and is around 21.1%

Fiscal accounts will exhibit a primary deficit in 2013, despite receiving higher assistance from Central Bank and ANSES

Fiscal accounts deterioration continued in 2013

Cuentas fiscales del Gobierno Nacional

En miles de millones de pesos - Escenario base

	2010	2011	2012	2013 E	a/a
Ingresos totales	350.5	434.8	550.4	722.0	31%
Tributarios y otros*	320.5	413.2	523.5	670.0	28%
DEG	0.0	0.0	0.0	0.0	-
Renta FGS-ANSES	9.0	11.2	17.4	20.0	15%
Utilidades del BCRA	21.0	10.5	9.5	32.0	237%
Gastos primarios	325.4	429.9	554.8	742.1	34%
Superávit primario	25.1	4.9	-4.4	-20.0	-
Como % del PBI	1.7%	0.3%	-0.2%	-0.8%	-
Intereses	22.0	35.6	51.2	38.4	-25%
Superávit fiscal	3.1	-30.7	-55.6	-58.4	-
Como % del PBI	0.2%	-1.7%	-2.6%	-2.2%	-

* Excluye transferencias automáticas a provincias ("Coparticipación Federal")

Fuente: EconViews en base a MECON

-Fiscal accounts deteriorated in 2013: we expect a primary deficit of around 0.8% of GDP and a fiscal deficit of approximately 2.2% of GDP.

-This fiscal result comes in a context in which primary expenditures will grow around 34%, after growing 29% in 2012, and Central Government revenues will increase 31%, after growing 27% in 2012.

-Assistance from Central Bank and ANSES amounted to around AR\$52 billion, compared to AR\$27 billion in 2012

Primary surplus remains low but stable so far

Fiscal accounts of Central Government

Up to November 2013

	In AR\$ BN up to Nov-13	accumulated YoY Nov-13 Nov-12		YoY Nov-13 Nov-12	
Primary expenditures*	656.61	33.7%	29.0%	36.3%	34.4%
Wages and consumption	120.16	30.9%	28.7%	33.5%	25.6%
Social security	239.44	33.3%	39.2%	38.9%	30.5%
Transfers to private sector	138.46	29.4%	16.2%	50.5%	11.7%
Capital expenditures	81.85	47.7%	12.3%	48.9%	48.6%
Transfers to provinces	13.51	22.3%	7.6%	24.8%	121.0%
Transfers to universities	23.02	24.0%	28.3%	22.5%	32.6%
Other current expenditures	40.17	45.2%	96.6%	-15.4%	253.6%
Transfers to provinces (auto.)	197.50	30.9%	26.0%	23.4%	29.0%
Total revenues*	654.02	31.4%	26.5%	24.4%	30.9%
Primary surplus	-2.6	-2.6	6.7	-6.0	-1.1
Interest	36.27	24.7%	36.3%	80.0%	225.6%
Overall fiscal surplus	-38.9	-38.9	-22.4	-9.5	-2.6

* Exclude automatic transfers to provinces ("coparticipación")

Source: EconViews based on MECON

- The accumulated primary deficit during January-November reached to AR\$ 2.6 billion, compared to a primary surplus around AR\$ 6.7 billion during the same period in 2012.

- Primary expenditures were mainly driven by capital expenditures, which gained momentum in an electoral year and accumulated 47.7% growth in the first eleven months of 2013.

-Total revenues included around AR\$22 billion more than in 2012 from the CB and ANSES, which denote the strong fiscal deterioration "net" of non-tax revenues.

- According to our view, the primary deficit will reach around AR\$ 20 billion in 2013.

Tax revenues grew 26.3% in 2013

Tax revenues

Up to December 2013 - Central Government

	In BNAR\$ up to Dec-13	accumulated YoY		YoY	
		Dec-13	Dec-12	Dec-13	Dec-12
Total	858.8	26.3%	25.9%	22.2%	27.2%
Income	183.6	32.6%	27.5%	25.5%	36.0%
VAT	249.0	30.7%	23.5%	23.1%	31.5%
VAT DGI	170.4	27.3%	33.3%	17.6%	38.7%
VAT DGA	814	37.3%	2.8%	29.0%	19.1%
Social security	229.8	30.9%	30.8%	25.4%	31.5%
Exports tax	55.5	-9.5%	13.2%	-7.4%	-19.2%
Imports tax	23.6	41.5%	13.4%	18.2%	25.6%
Financial transactions tax	56.5	28.6%	21.4%	21.6%	27.6%

Source: EconViews based on MECON (only the main taxes are shown in detail)

- Tax revenues amounted to AR\$858.8 billion last year and grew 26.3% relative to 2012.

- Taxes linked to the domestic market grew 29.5% and were driven mainly by relatively stable formal employment and nominal wage growth.

- Income revenues increased 32.6% while Social security grew 30.9% and IVA-DGI 27.3%.

- Taxes linked to the external market were sustained only by import taxes and VAT DGA, which grew 41.5% and 37.3% respectively, while exports taxes fell 9.5% last year.

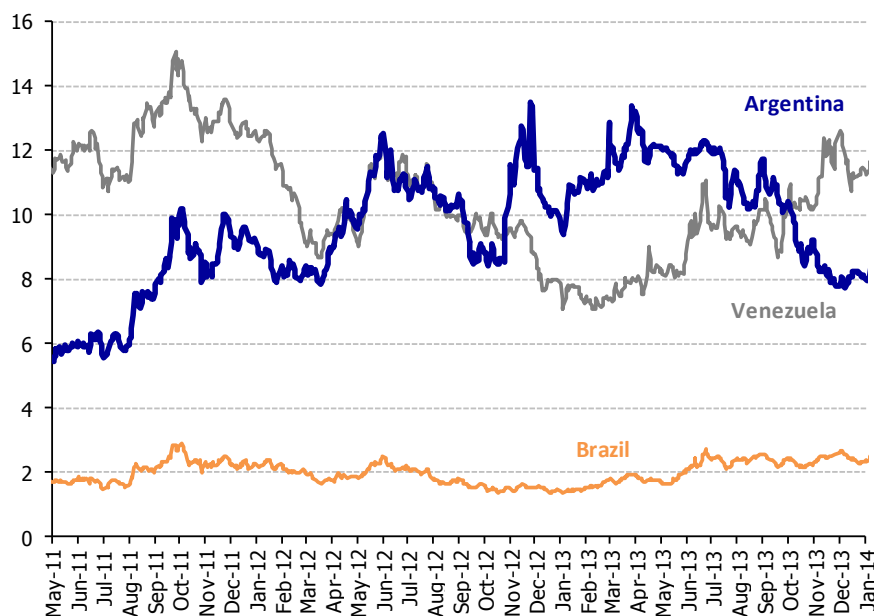
- We expect Central Government tax revenues to grew around 30% in current pesos next year, helped by higher inflation and wages.

Argentine credit spreads remain high due to the risk of a technical default, which the market believes that eventually will happen but they have decreased in the last months.

Asset prices (namely stocks) have been rising following the result of the primaries but decreased recently

Argentina's country risk is the highest in the region

EMBI Global
spread, bps



- The EMBI Global Argentina remains high in spite of the fall in the Argentine spread in the last months and locates around 940 basis points

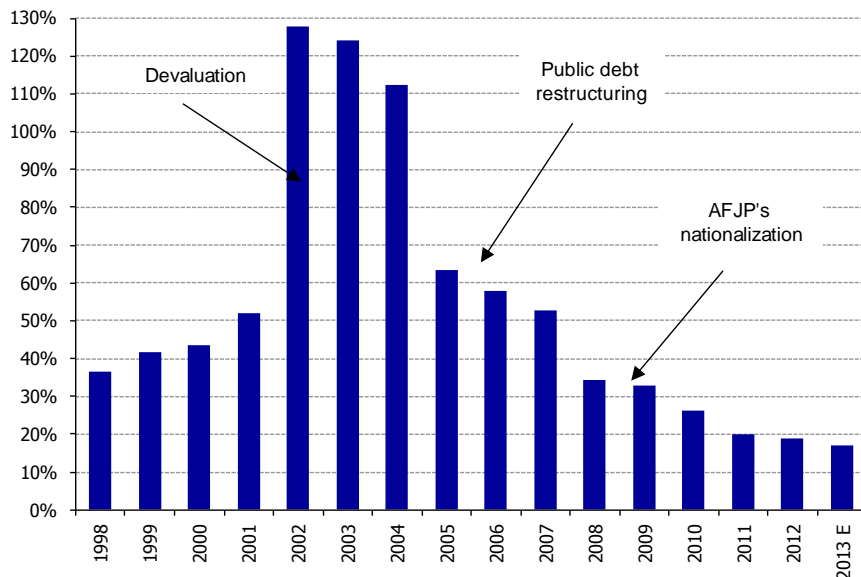
-This reflects that the market is still pricing a significant probability of a technical default . While the Supreme Court decided not to take the case, Argentina has a second chance and in the meantime it continues to service the debt.

- However it now locates below Venezuela's and it has diminished the spread with Brazil.

“Net” public debt is now around 17% of GDP: will Argentina borrow in the international markets this year?

Net public debt

As % of GDP - Excludes intra-public sector debt



Note: excludes intra-public sector debt (as CB bills or ANSES's assets from ex-AFJP's) and include GDP warrants at market prices and holdouts without interest arrears at 50%

- Net public debt, which excludes public debt held by own public sector institutions (ANSES, Central Bank, etc.), and includes GDP warrants, represents only 17% of GDP.

- Moreover, excluding multilaterals, net debt with the private sector in hard currency represents only 8% of GDP.

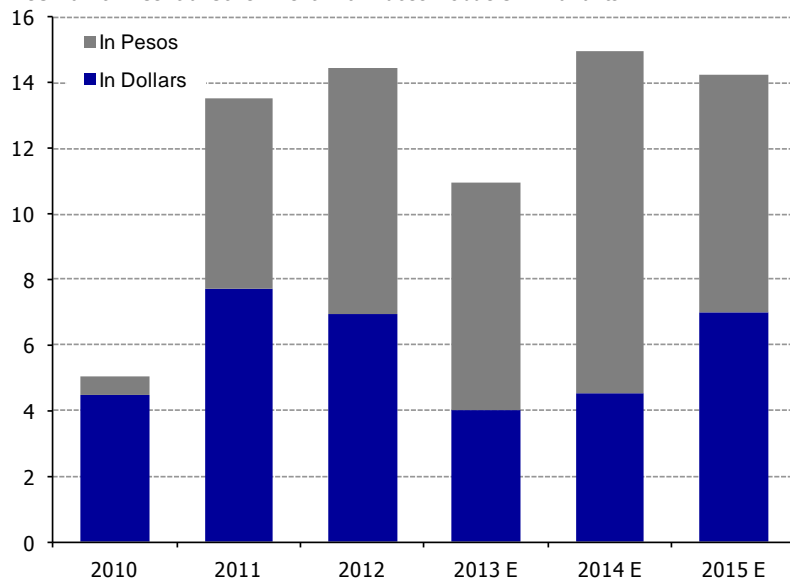
- This implies that Argentina does not have a problem of stocks, but instead a problem related to the lack of financing opportunities.

- Borrowing in international markets could be an option to stop the drain of international reserves in 2014.

“Net” financial needs in the last three years were financed with Central Bank assistance

Net financial gap with “the market”

In USD billion - Central Government - 2014 does include GDP warrants



- The financial gap in 2013 was slightly smaller than in 2012, but the net requirements in foreign currency were substantially lower by US\$ 3 billion, and locate around US\$ 4 billion in the whole year.

- While net government financial requirements in foreign currency with private creditors look similar this year (assuming GDP warrants DO trigger), they increase substantially in 2015, due to the amortization of BODEN 15.

- As a result, 2015 looks like a difficult year for international reserves and debt.

Perspectives

- Despite the macro context is deteriorating, we do not expect a "mega" crisis such as in 2001:
 - the twin deficits and the stock of debt are small
 - the economy is not dollarized
 - the banking system remains in good shape
- There is small margin to maneuver because:
 - International reserves have dropped to relatively low levels
 - The spread between the official and the parallel exchange rates is large
 - Inflation is already at high levels
 - The economy has twin deficits
- Much of the economic policy in 2014 will focus on trying to avoid important losses in reserves and reduce the spread of the parallel exchange rate
- Despite the complex economic scenario, a change in macroeconomic policy can change very quickly the outlook and investors sentiment
- While we are optimistic for the medium term, there are important macroeconomic risks in the next two years

EconViews Macroeconomic Forecasts

Base Scenario

National accounts

	2010	2011	2012	2013F	2014F	2015F	2016E	2017E
GDP INDEC-official (yoy)	9.2%	8.9%	1.9%	n/d	n/d	n/d	n/d	n/d
GDP EconViews (yoy)	8.1%	6.5%	0.5%	2.5%	1.0%	0.5%	1.2%	3.2%
Private consumption (yoy)	8.4%	6.7%	1.5%	2.5%	1.2%	0.5%	1.0%	2.6%
Investment (yoy)	15.9%	13.5%	-6.0%	6.5%	-3.0%	-2.5%	1.5%	5.0%
Unemployment rate (in %)	7.6%	7.0%	7.0%	7.1%	8.0%	8.9%	9.5%	9.3%

Prices and monetary variables

	2010	2011	2012	2013F	2014F	2015F	2016E	2017E
Official CPI inflation (dec/dec.)	10.9%	9.5%	n/a	n/a	n/a	n/a	n/a	n/a
Actual CPI inflation (dec./dec.)	25.0%	23.5%	25.2%	28.0%	32.0%	33.0%	28.0%	24.0%
Private formal wages (dec./dec.)	29.3%	35.8%	24.8%	26.2%	28.4%	29.3%	29.4%	27.7%
Official exchange rate USD (31-dec)	3.98	4.30	4.92	6.52	9.10	12.80	14.30	16.60
Informal exchange rate USD (31-dec)	n/a	4.74	6.80	10.04	14.11	18.56	14.30	16.60
Real exchange rate* USD (1998=100)	140.6	127.1	118.1	124.8	135.3	146.7	116.8	112.1
Multilateral real exchange rate* (1998=100)	144.6	125.4	115.9	123.8	135.8	149.0	177.2	171.6
Badlar rate* (private banks)	11.1%	18.9%	15.4%	20.2%	27.0%	30.0%	32.0%	28.0%
EMBI Global Argentina (spread in bps, dec)	521	927	1036	804	800	650	500	450
Gross international reserves* BCRA (USD Bn)	52.2	46.4	43.3	30.5	23.5	17.5	25.8	34.5

* December average. Real exchange rate measured with actual CPI inflation based on provinces

EconViews Macroeconomic Forecasts

Base Scenario

Fiscal accounts of Central Government

	2010	2011	2012	2013F	2014F	2015F	2016E	2017E
Total revenues* (% of GDP)	31.2%	30.7%	33.1%	34.8%	35.8%	35.2%	34.6%	34.7%
Primary expenditures* (% of GDP)	29.4%	30.5%	33.3%	35.6%	35.5%	35.5%	34.9%	34.7%
Primary balance (% of GDP)	1.7%	0.3%	-0.2%	-0.8%	0.3%	-0.3%	-0.2%	0.0%
Fiscal balance (% of GDP)	0.2%	-1.7%	-2.6%	-2.2%	-2.3%	-2.2%	-2.2%	-2.0%
Financial gap NET (USD Bn)	-5.0	-13.5	-14.5	-11.0	-15.0	-14.3	-14.5	-13.3
Fiscal balance of Provinces (% of GDP)	0.4%	-0.6%	-0.8%	-0.7%	-0.8%	-0.7%	-0.6%	-0.5%
Net public debt** (% of GDP)	26%	20%	19%	17%	21%	24%	26%	26%

* Include transfers to Provinces ("Coparticipación")

** Excludes intra-public sector debt and include private sector holdings of GDP warrants at market prices and since 2008 the nationalization of private pension funds

External accounts

	2010	2011	2012	2013F	2014F	2015F	2016E	2017E
Exports of goods (FOB, USD Bn)	68.2	84.0	81.2	83.9	79.7	79.7	83.4	88.0
Imports of goods (CIF, USD Bn)	56.8	73.9	68.5	74.6	71.7	72.0	75.6	80.1
Trade balance (USD Bn)	11.4	10.0	12.7	9.2	8.1	7.8	7.8	7.9
Soybean price (USD per ton, average)	386	484	539	517	465	450	425	415
Terms of trade (2001=100)	134.0	142.3	141.7	145.0	141.3	139.3	138.6	137.9
Current account (% of GDP)	0.8%	-0.4%	0.1%	-1.5%	-1.2%	-0.9%	-0.9%	-0.8%