
CDPP: ARGENTINA'S OUTLOOK

Once again at a crossroads

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Fundcorp
Fondos de Inversión

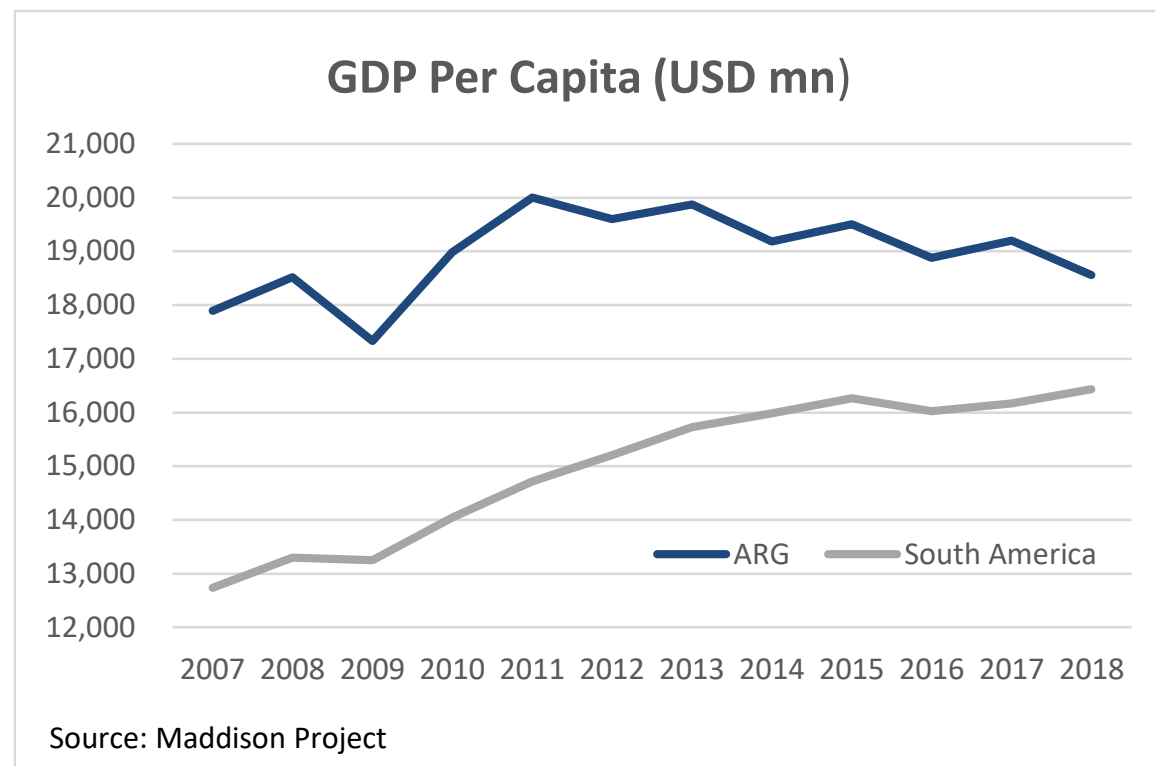
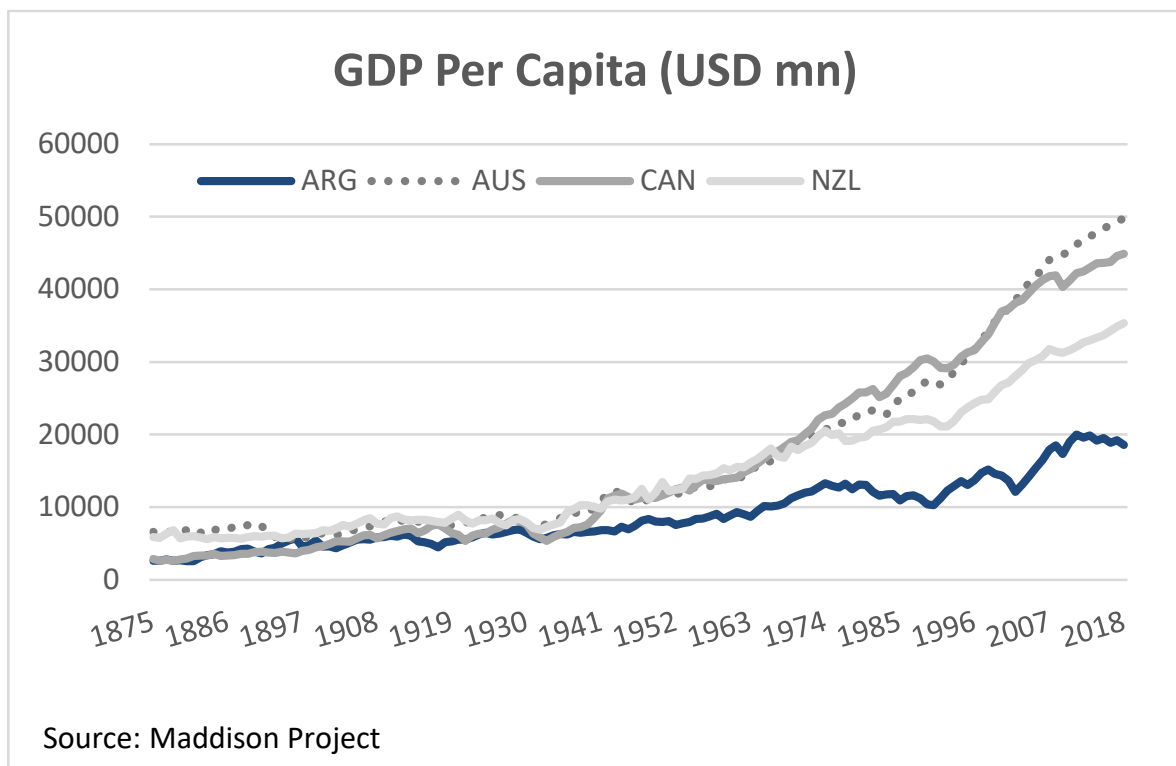


Agenda

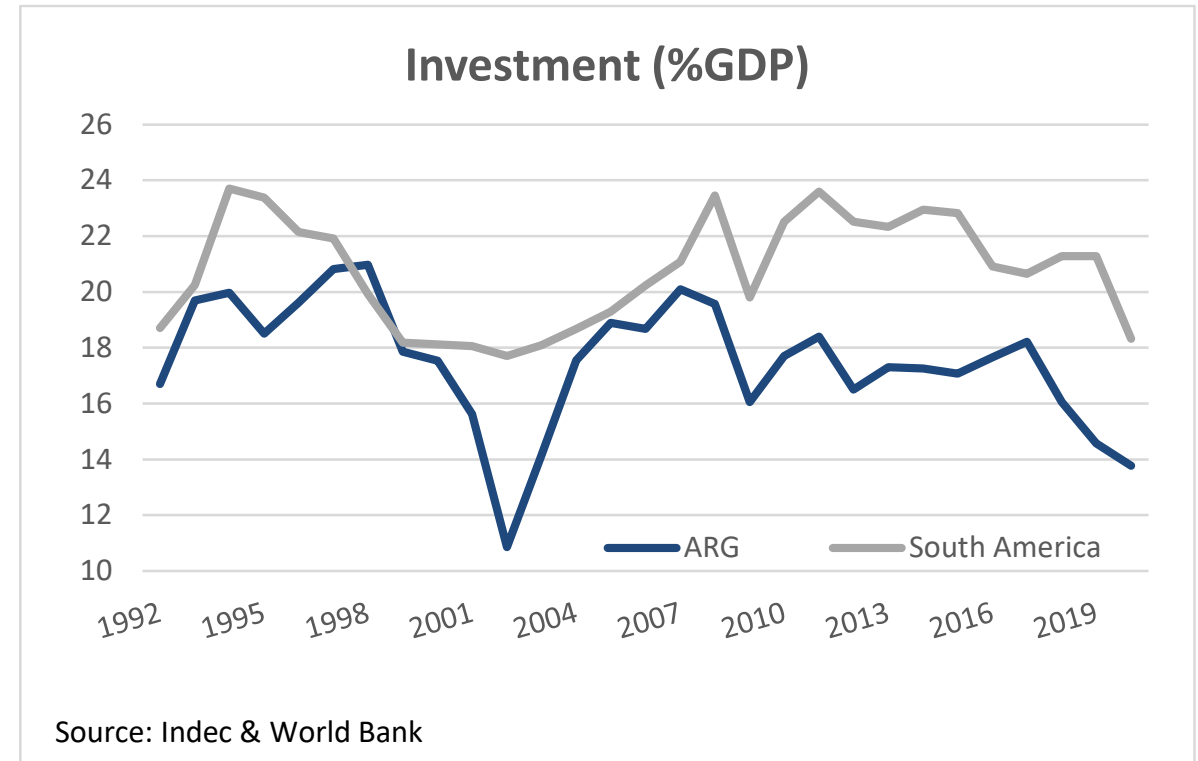
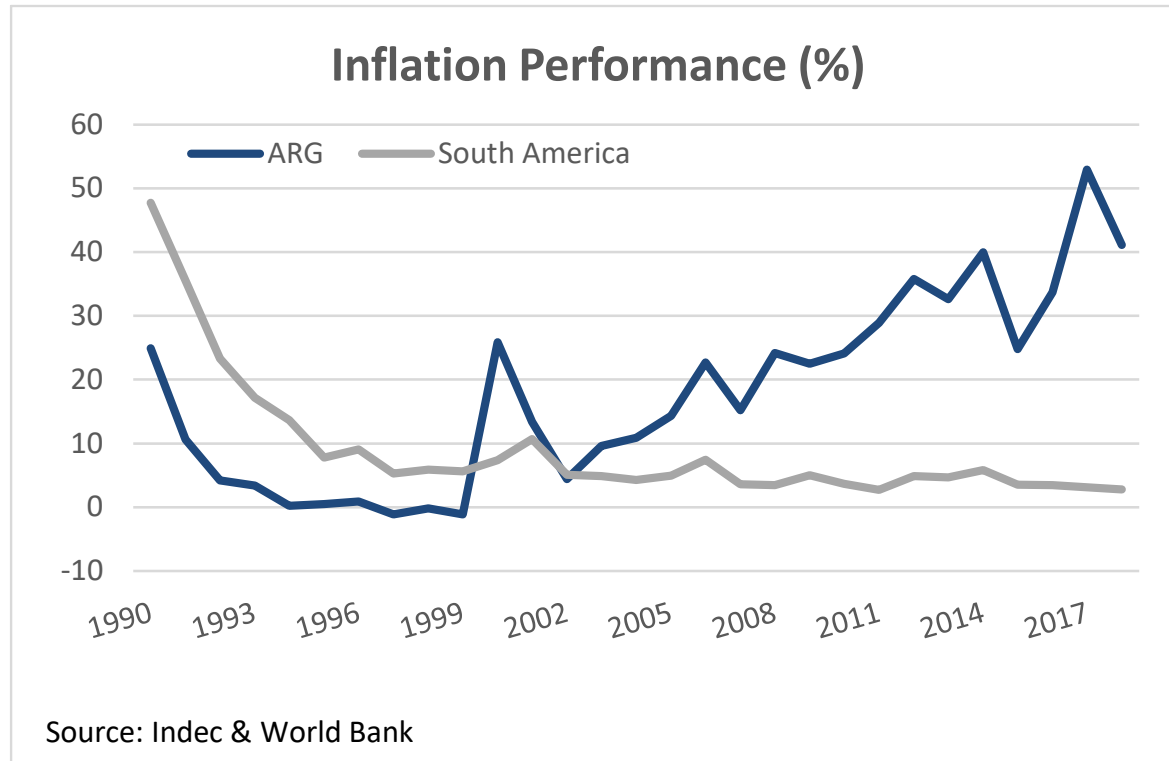
- I. An unsettled social contract deters institution stability and investment*
- II. An oversized and inefficient State is blocking instead of promoting development*
- III. Cash overhang is once again the main risk to nominal stability*
- IV. A challenging time ahead*



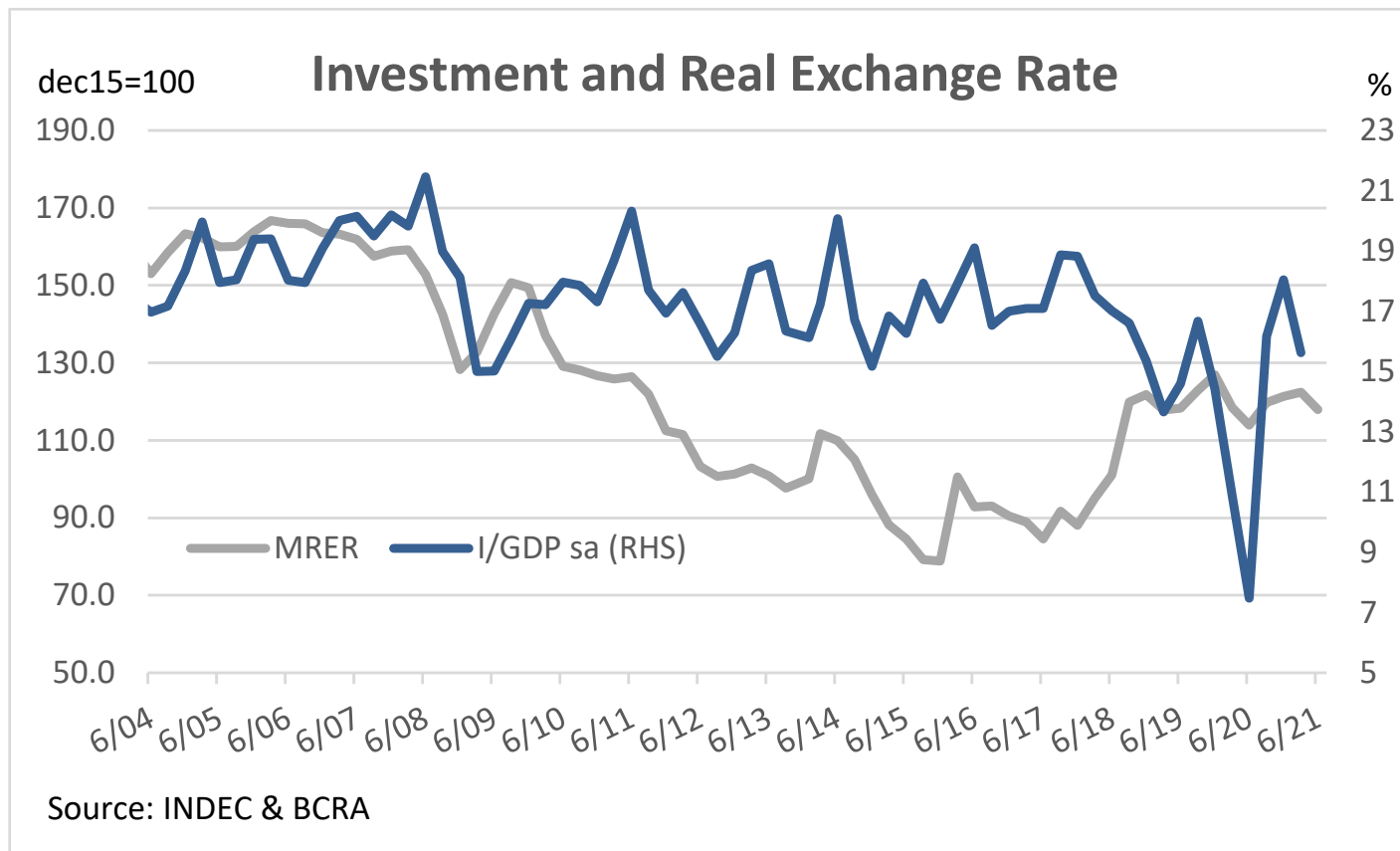
I. An unsettled social contract erodes institutional stability ...



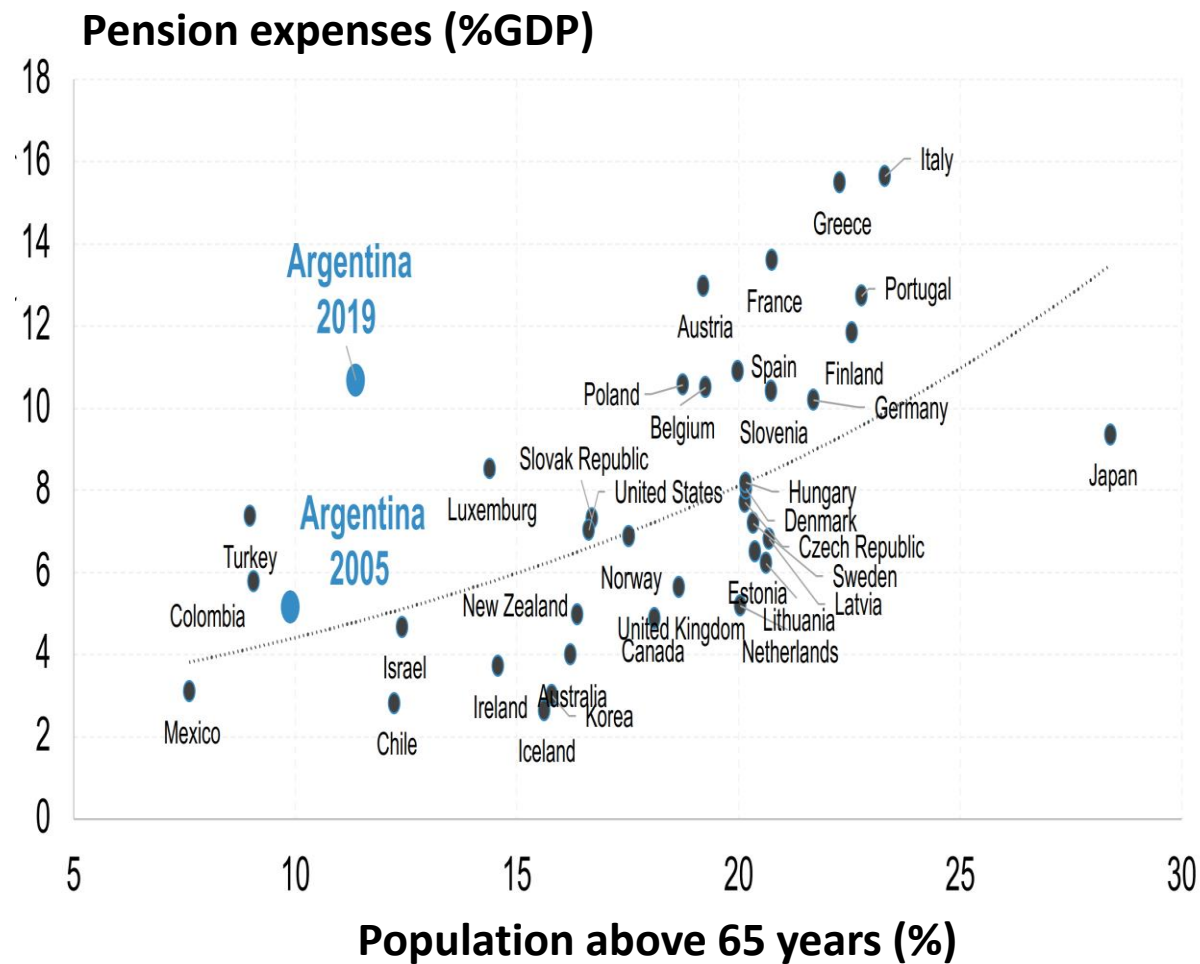
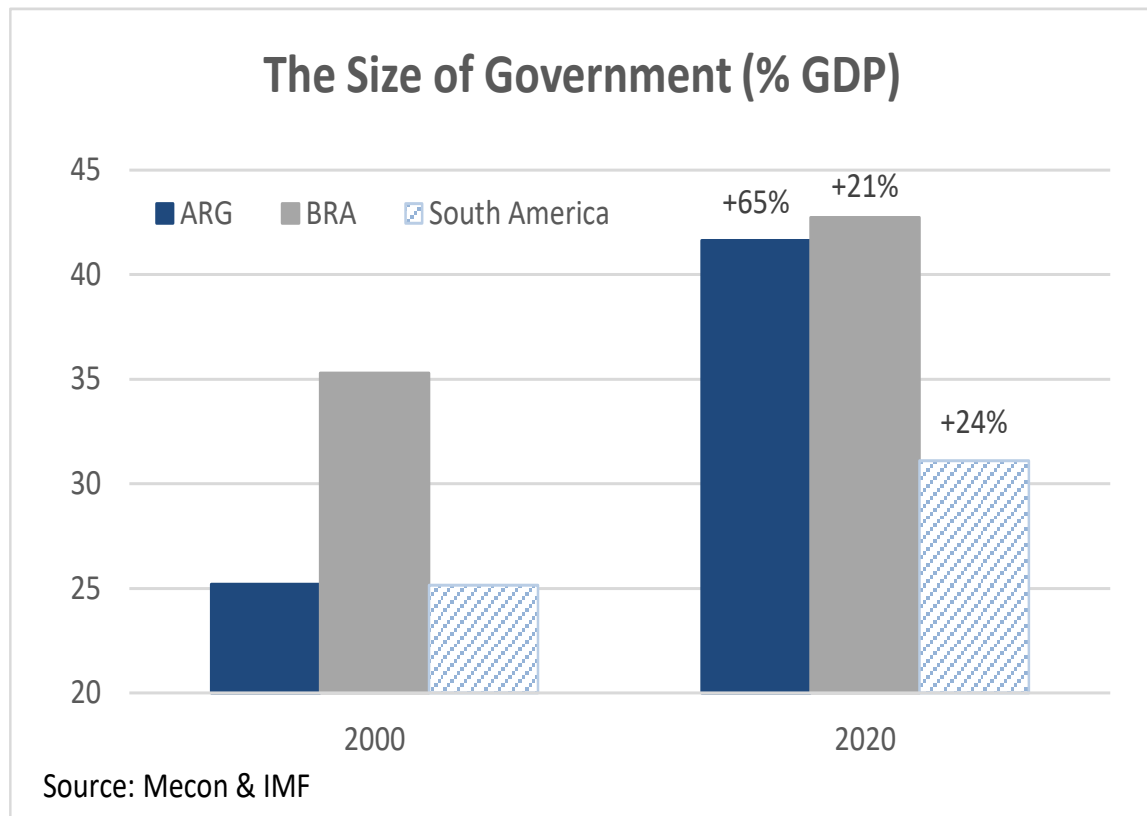
I. ...preventing investment and limiting sustained growth



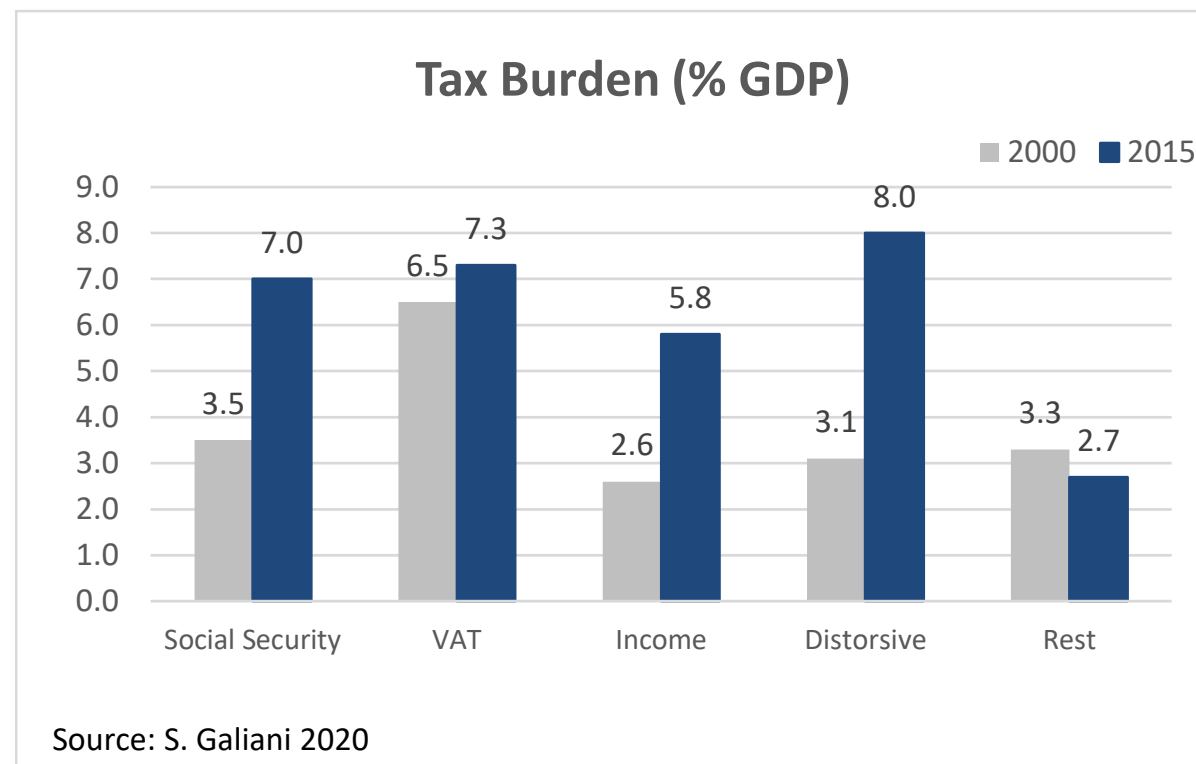
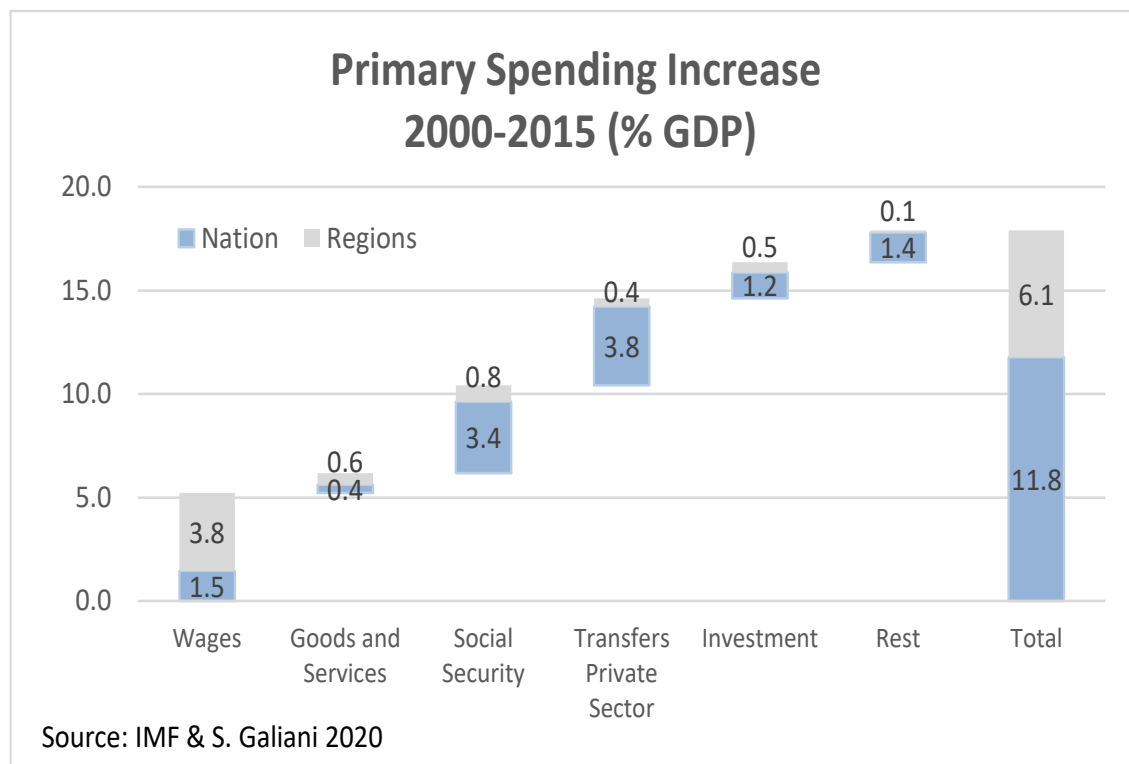
I. While Argentina is still discussing the extent of “capitalism” value is imploding



II. An oversized and inefficient State is the resulting anomaly



II. Revealing poor allocation and distortionary taxes



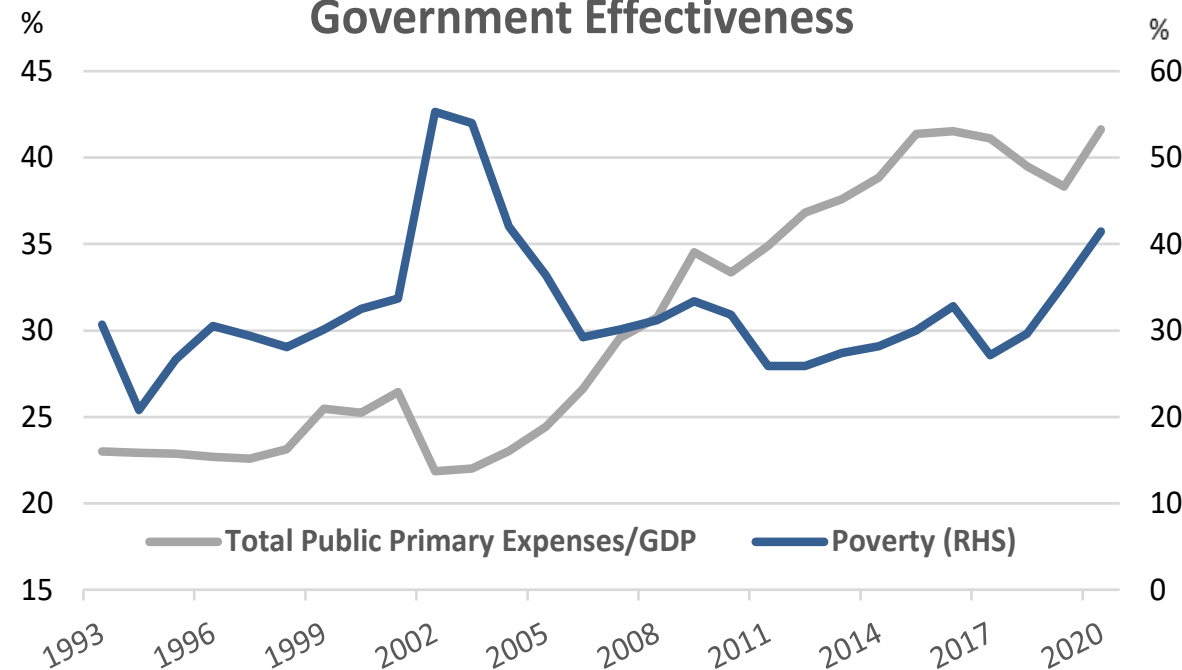
II. But is not longer delivering welfare improvements!

Private/Public Employment



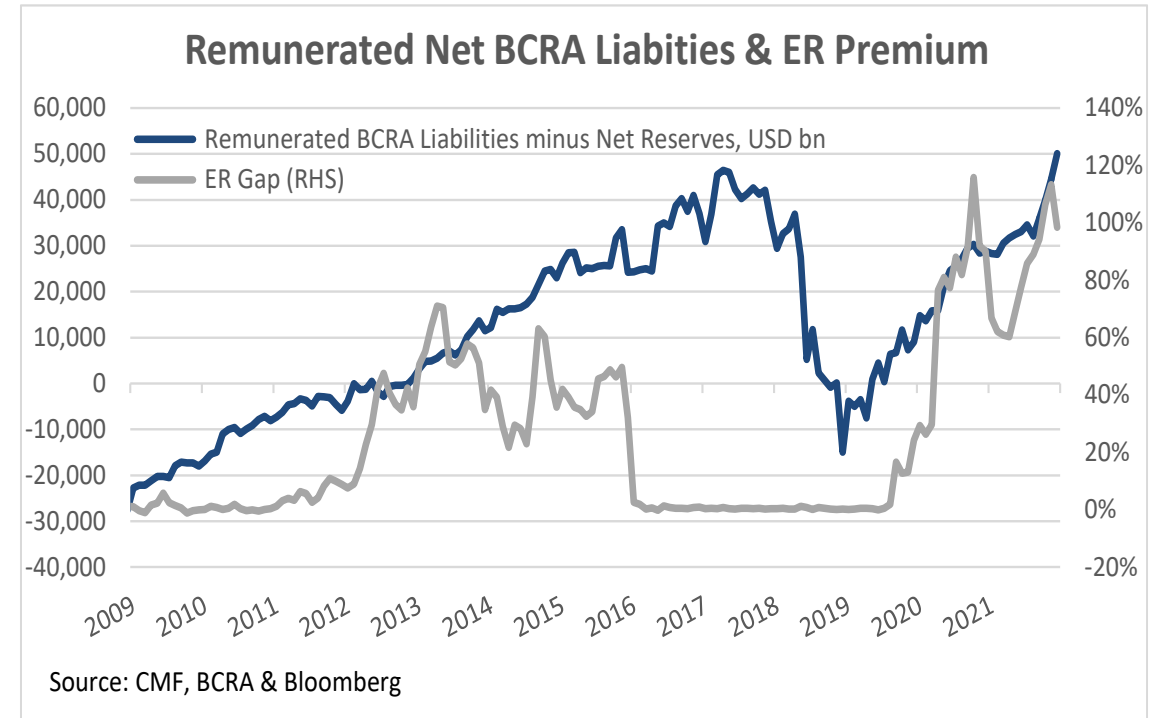
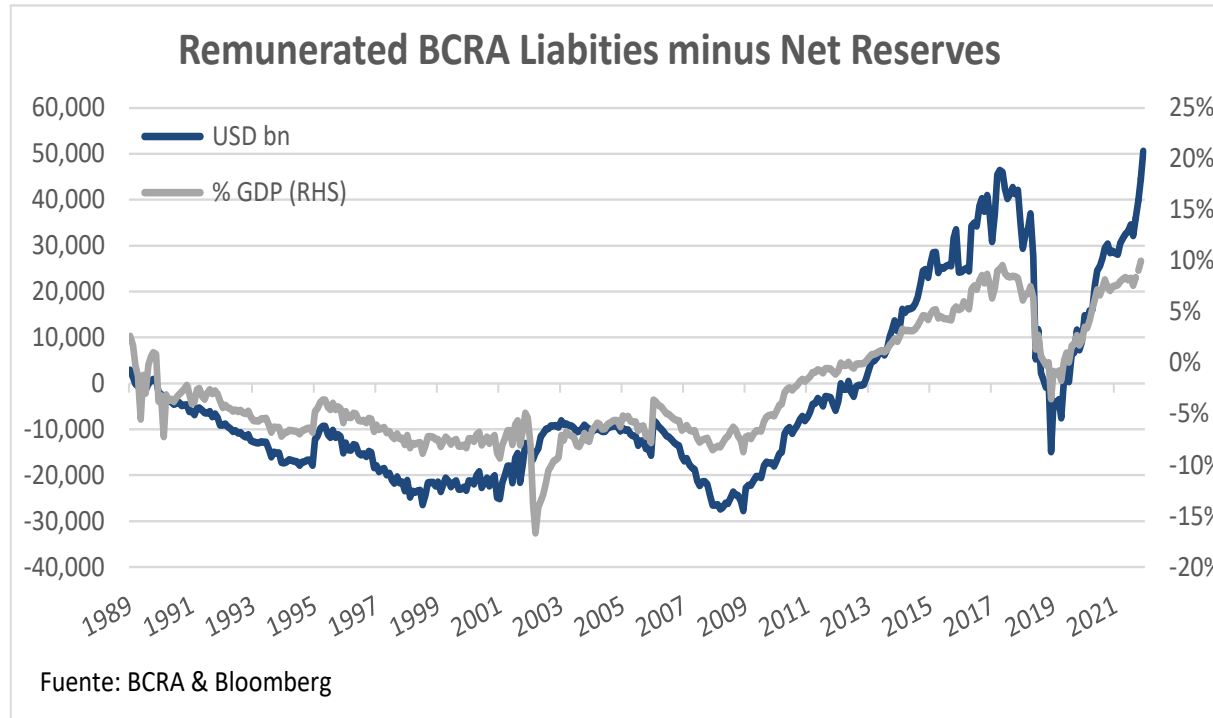
Source: Indec & Argentina's Labor Ministry

Government Effectiveness

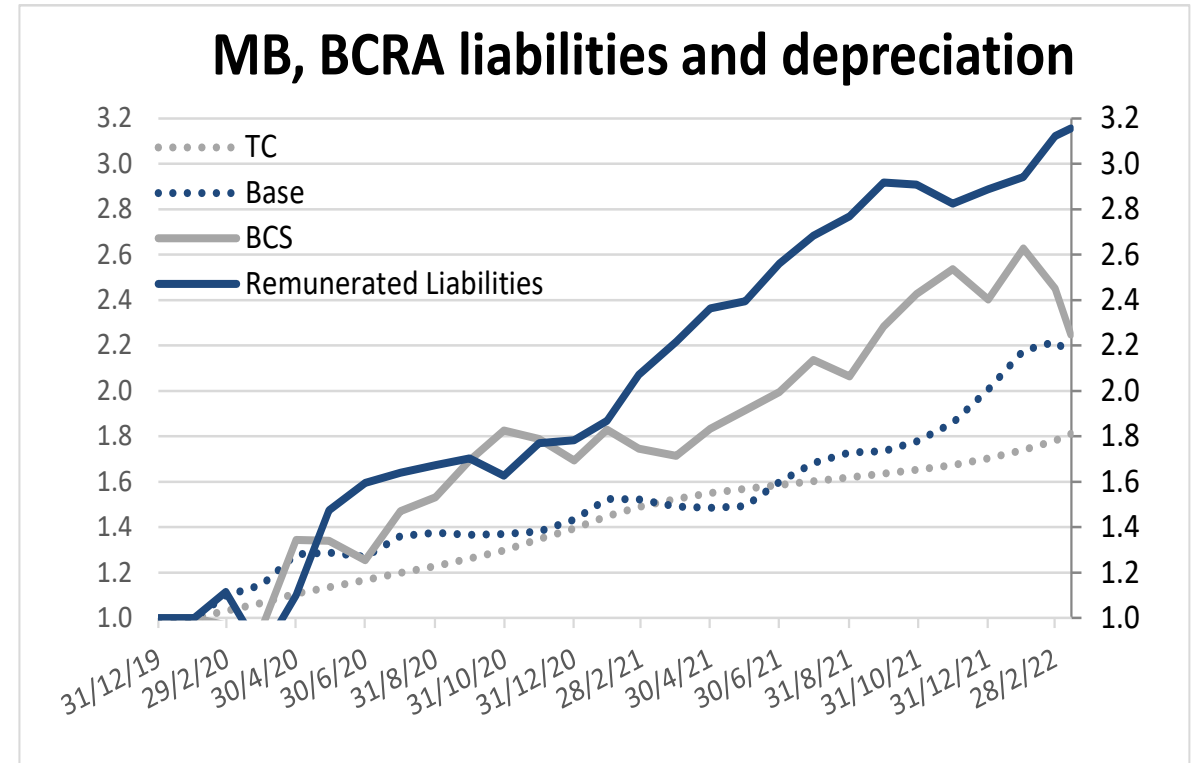
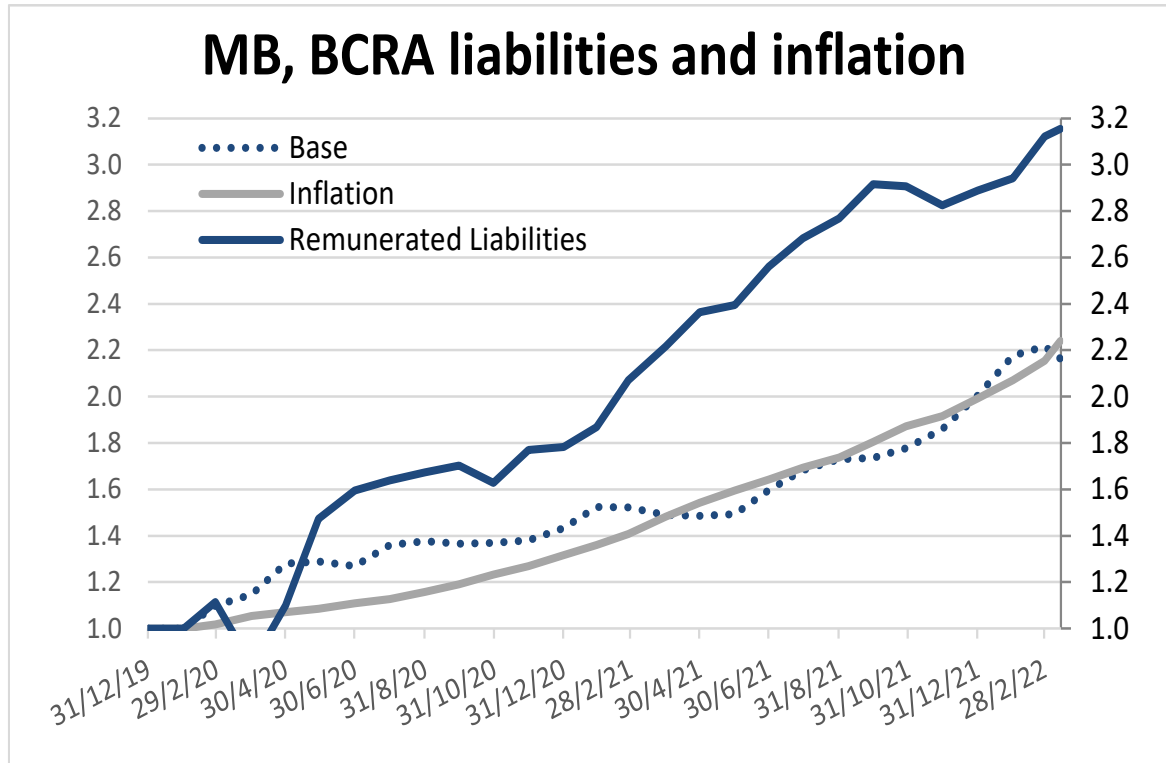


Source: MECON, Ferreres & IMF

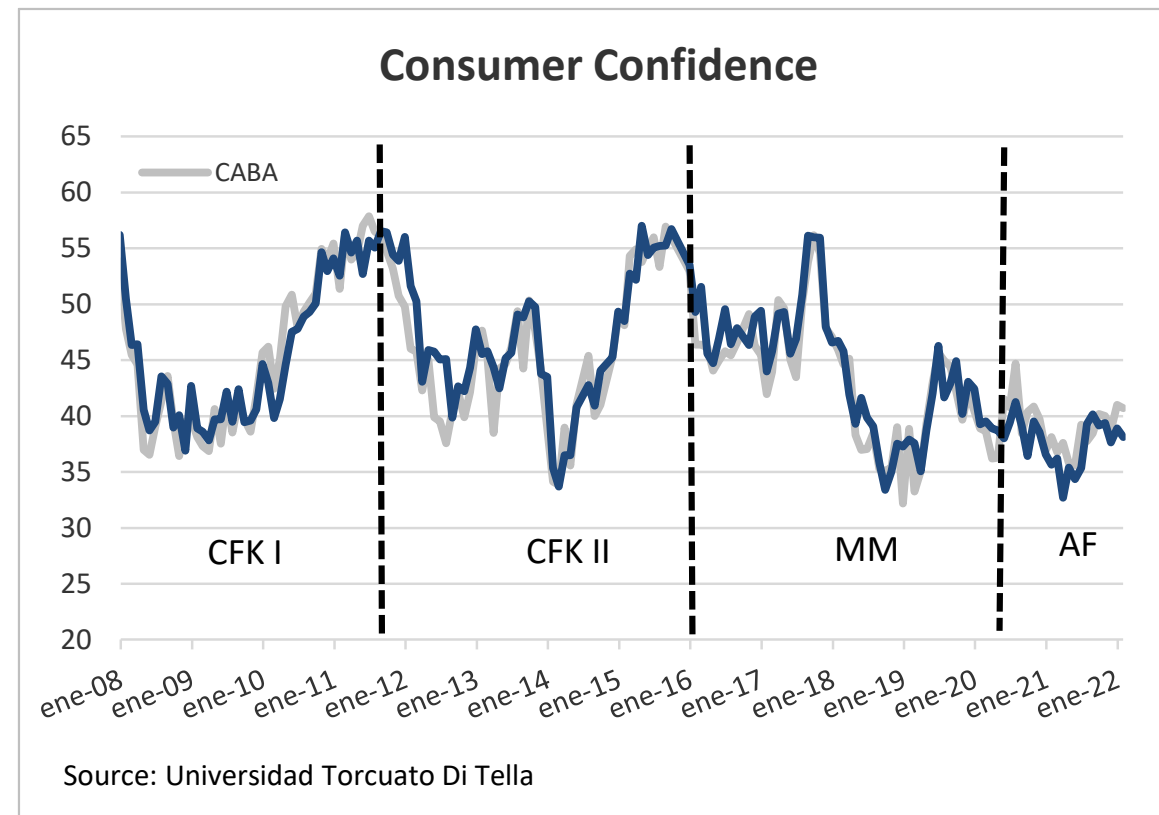
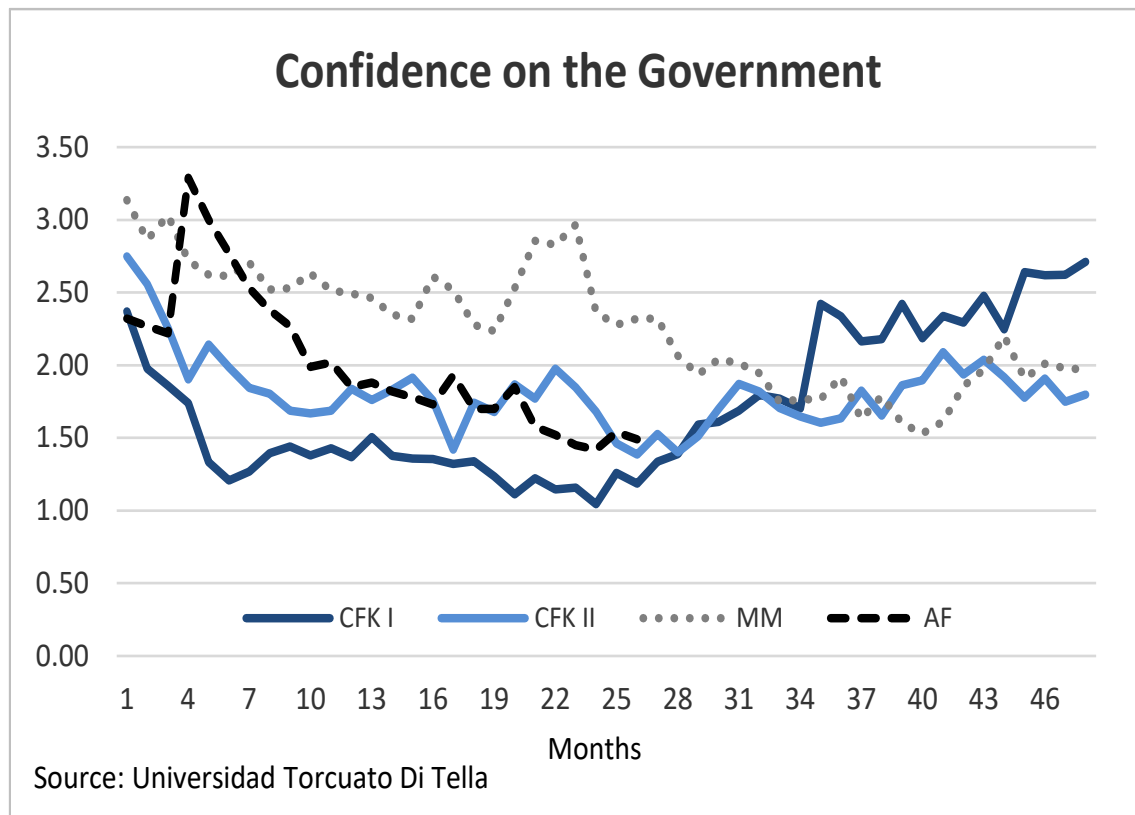
III. Cash overhang from deficit financing is again the main nominal risk



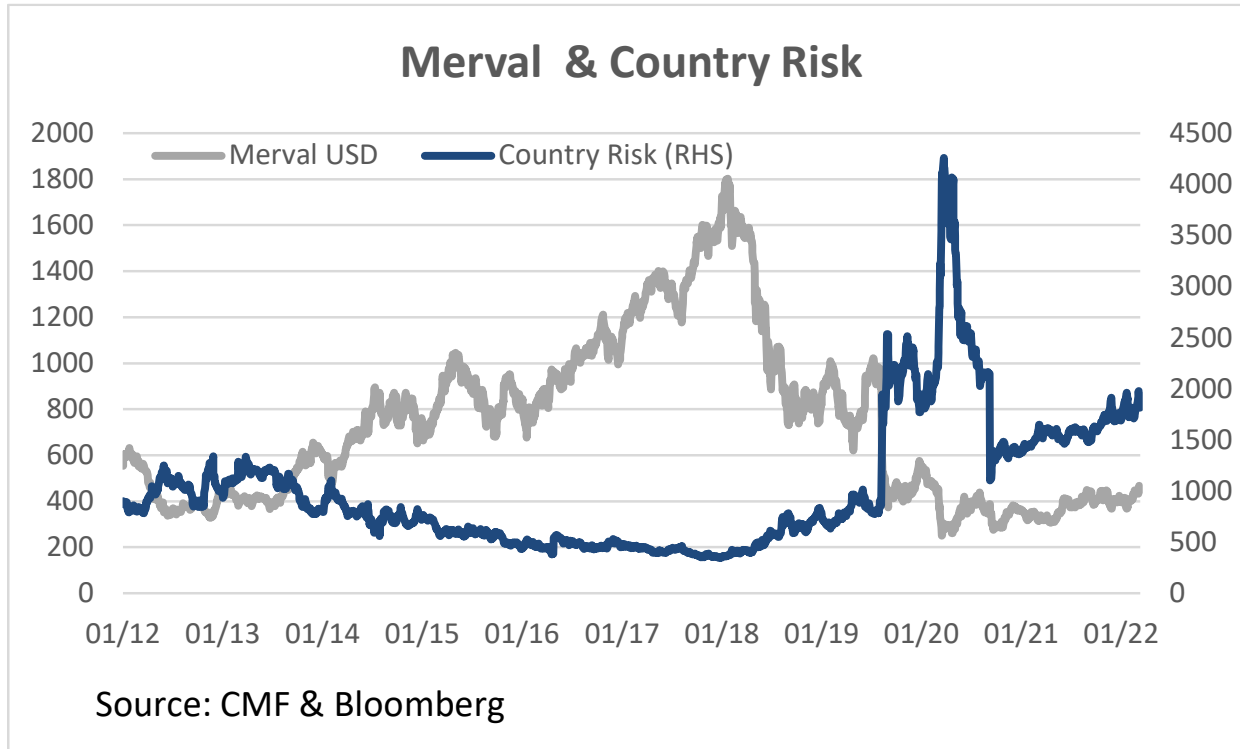
III. Pesos excesses explain relatively well inflation performance



IV. A challenging time ahead: confidence is mostly lost

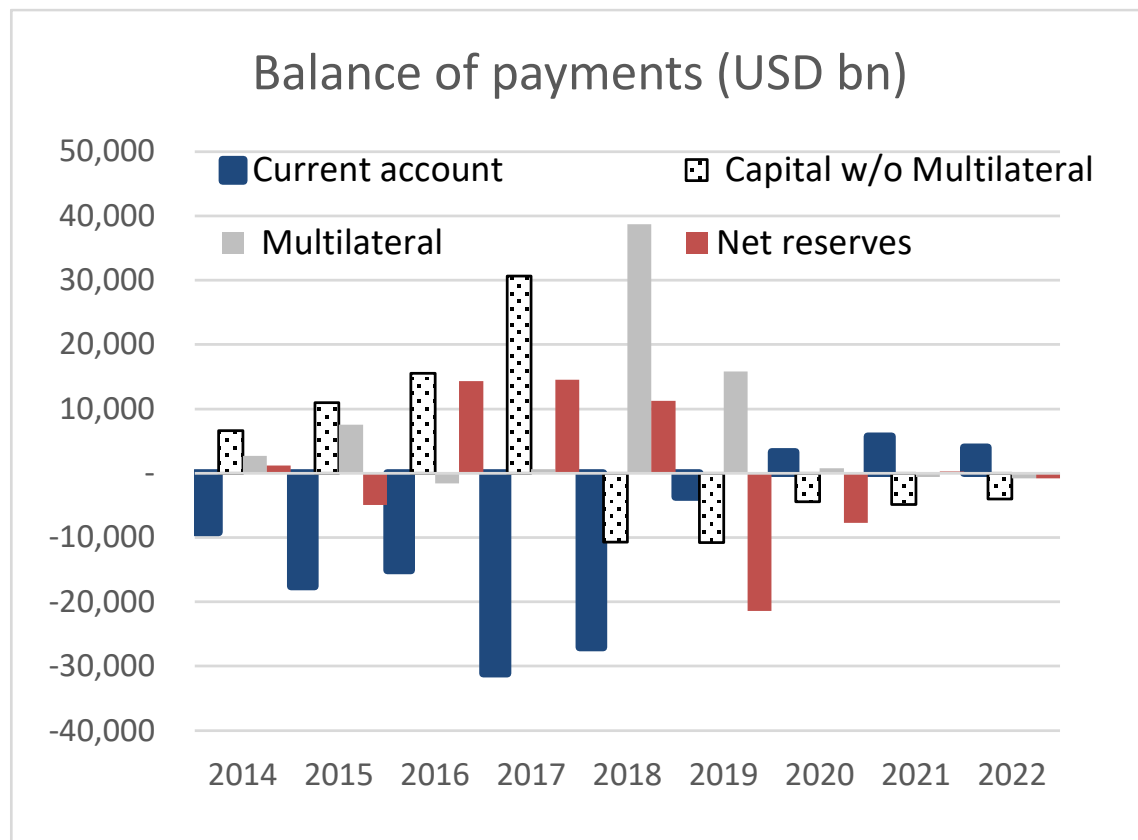


IV. The market is pricing debt default despite several restructurings



	USD bn	% GDP
Total gross public debt	360,922	72%
Peso Bonds	71,621	14%
USD Bonds	112,512	23%
Loans	78,039	16%
BCRA and other public	98,796	20%
Total net public debt	262,127	52%

IV. While the current account just generates enough dollars for capital flight



	Current account	Capital w/o Multilateral	Multilateral	Net reserves	Net Res Cash
2014	-9,179	6,609	2,712	1,195	
2015	-17,622	10,972	7,526	-4,906	
2016	-15,105	15,556	-1,592	14,311	
2017	-31,151	30,630	643	14,556	
2018	-27,084	-10,686	38,722	11,277	
2019	-3,710	-10,763	15,832	-21,375	
2020	3,313	-4,426	759	-7,727	-8,178
2021	5,729	-4,859	-585	285	-1,738
2022	4,000	-4,000	-795	-795	?????

IV. Hope would come back in 2023 but the challenge remains

		2020	2021 Estimated	2022 Projected			2020	2021 Estimated	2022 Projected
GDP	ARS mm	27,057	42,410	68,725	Inflation	Average	42.8	46.7	59.3
	USD mm	364.1	445.6	527.0		Dec/Dec, %	36.3	51.4	56.7
	% YoY real	-9.9	9.8	1.7					
Private consumption	% YoY real	-13.8	14.3	2.7	Exchange rate	Average	70.6	95.2	130.4
Public consumption	% YoY real	-3.3	6.5	0.7		December	84.2	102.8	151.8
Investment	% YoY real	-12.9	26.7	3.5	ARS/USD Blue Chip Swa	Average	118.0	174.6	237.8
Exports goods and ss	USD mm	64.1	86.5	91.7		December	143.1	204.6	301.0
	% YoY real	-17.3	9.0	2.0					
Imports goods and ss	% GDP	-17.9	19.4	17.4	Leliq (TNA)	Average	39.6	38.0	43.2
	USD mm	51.6	71.8	78.0		December	38.0	38.0	44.0
	% YoY real	-19.2	23.2	5.5	Badlar \$ (TNA)	Average	30.0	34.1	39.7
% GDP	14.2	16.1	14.8	December		34.3	34.1	40.5	
Trade balance	USD mm	12.5	14.3	13.7	Primary result	% GDP	-6.5	-3.1	-2.7
	% GDP	3.4	3.2	2.8	Financial result	% GDP	-8.8	-4.5	-4.3
Current account	USD mm	3.3	5.7	4.0	Net debt	% GDP	53.3	46.8	49.3
	% GDP	0.9	1.3	0.8					

¡Muito Obrigado!

