

N° 48 - April 2019

Economic GPS

Tracking

A snapshot of consumption

04

Industry Roadmap

Evolution of financial inclusion over the last 10 years

10

Zooming

Progressive income tax and productivity

12

Global Coordinates

Japan's surprisingly expanding workforce

15



Inflation in the limelight

Inflation data for March was more disheartening than expected, giving way to a reaction from Government with the purpose of bringing relief to the population in the face of a loss in the purchasing power of salaries and the ensuing drop in consumption, which seems unable to reach its floor for the time being.

In parallel, the Central Bank of Argentina acknowledged that inflation is at steep levels and that it is necessary to tighten the monetary policy to reinforce the process for future disinflation. It decided to eliminate the monthly adjustment to the non-intervention range, which will remain fixed from April and until December, at the same time stating that it would not intervene in the foreign exchange market as long as the exchange rate continues below the lower limit of this range. Moreover, given the high volatility of the foreign exchange rate and considering the effect exerted by this variable on pricing in Argentina, in order to comply with the goal set for monetary absorption the BCRA had to raise the reference interest rate once more.

However, these measures appeared to be insufficient to finally curb mounting inflation.

In the long term, sustained and generalized price increase is always a monetary phenomenon. The situation can be likened to a vehicle being gradually deprived of fuel (i.e. monetary issuance): eventually, it will come to a halt.

However, in the short term, the land may slope; in this context, even a fuel-less vehicle could keep in motion. Indeed, in an environment like Argentine economy, where inflation has been set at high levels for some years, other factors exist that alter the behavior of prices. Changes in

certain key relative prices in economy, such as public utilities tariffs, oil (affected by its international quotation and the US dollar exchange rate), foreign exchange rate and interest rates themselves create inflationary pressure on the side of costs. There is also an element of inertial inflation, as some private sector contracts and public sector expenses include index adjustment components. The conclusion of salary negotiations will contribute to the component of distribution struggle and, most important, to the ingredient of the expectations generated from all the above-mentioned factors, within the uncertainty framework related to the electoral process.

Consequently, monetary policy as the sole tool for restraining inflation could not produce immediate results, turning itself into a sluggish procedure contributing to political uncertainty and reinforcing the vicious circle fed by foreign exchange market volatility.

Thus, upon the resurgence of strong pressures on foreign exchange rate, the Government succeeded in the IMF taking a more flexible attitude to non-intervention in the exchange market. Although the uncertainty of the political process will still contribute certain “interference” to the performance of economic variables, a higher degree of liberty for the Argentine monetary authority allows for a steadier path to be expected for all major financial variables (inflation, interest rates and foreign exchange rates).

The challenge under this scenario, once again, is to maintain an adequate mix of these variables capable of minimizing volatility and reducing inflation, without creating strains on long-term macroeconomic forces la delicate balance game.

A handwritten signature in black ink, appearing to read 'José María Segura'. The signature is stylized and fluid, with a long horizontal stroke at the end.

José María Segura
Economista Jefe de PwC Argentina



Tracking

A snapshot of consumption

Private consumption has been severely affected by the changes in the economy, the peso devaluation and inflation that characterized 2018. It has shrunk dramatically and has not shown signs of recovery in the first months of 2019.



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Although the boom of the viral movement #10yearschallenge diminished, in this article we wonder what happened to financial inclusion over the last 10 years.



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Global Coordinates

Japan's surprisingly expanding workforce

According to the predictions made by PwC UK, 40 countries would see their labor forces shrink in 2019, due to a combination of low birth rates and aging populations. Interestingly, the country most closely associated with unfavorable demographics, Japan, was not among them.

Contents

A snapshot of consumption	04
Evolution of financial inclusion over the last 10 years	10
Progressive income tax and productivity	12
Japan's surprisingly expanding workforce	15
Monitors	16
Table of indicators	17
Our services. Contacts	18

Tracking

A snapshot of consumption

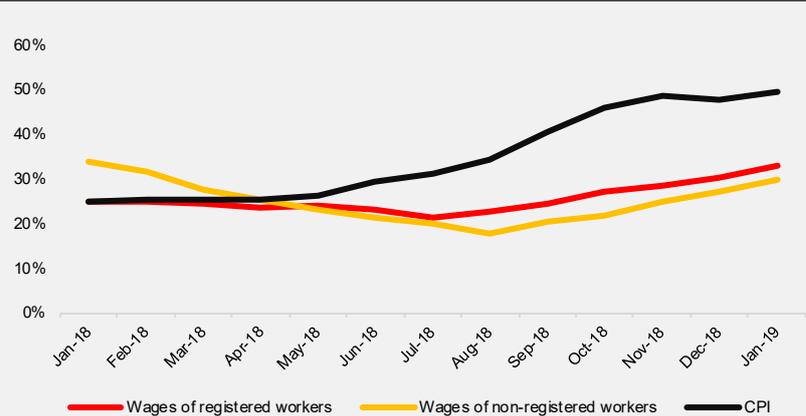
Private consumption has been severely affected by the changes in the economy, the peso devaluation and inflation that characterized 2018. It has shrunk dramatically and has not shown signs of recovery in the first months of 2019.

According to INDEC statistics, during 2018, the wages of registered workers declined 6.8% on average due to inflation, whereas those of non-registered workers of the private sector fell 7.3%. This loss of purchasing power has had a direct impact on consumption. Based on a year-on-year analysis, wages dropped by 5.4% and 9.5%, during the third and fourth quarters, respectively, versus the same period in 2017.

In Argentina, private consumption is the main component of aggregate demand, with a share of GDP over 70%; therefore, its contraction or expansion clearly affects the economic performance. And so far, the beginning of 2019 has not shown a turnaround.

GRAPHIC 1

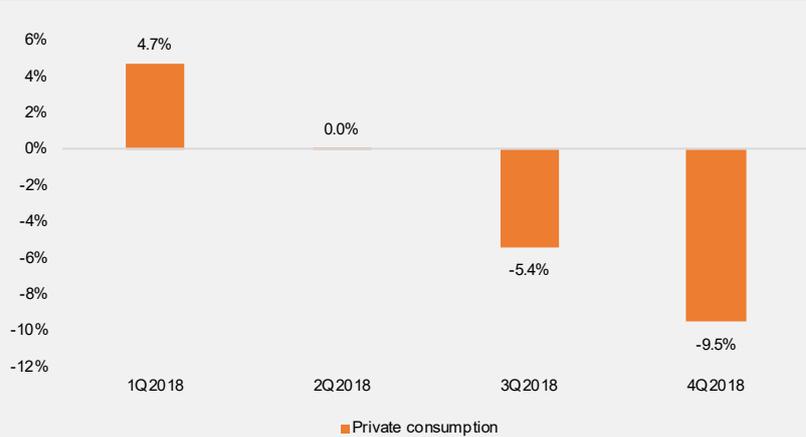
Year-on-year evolution of wages vs inflation



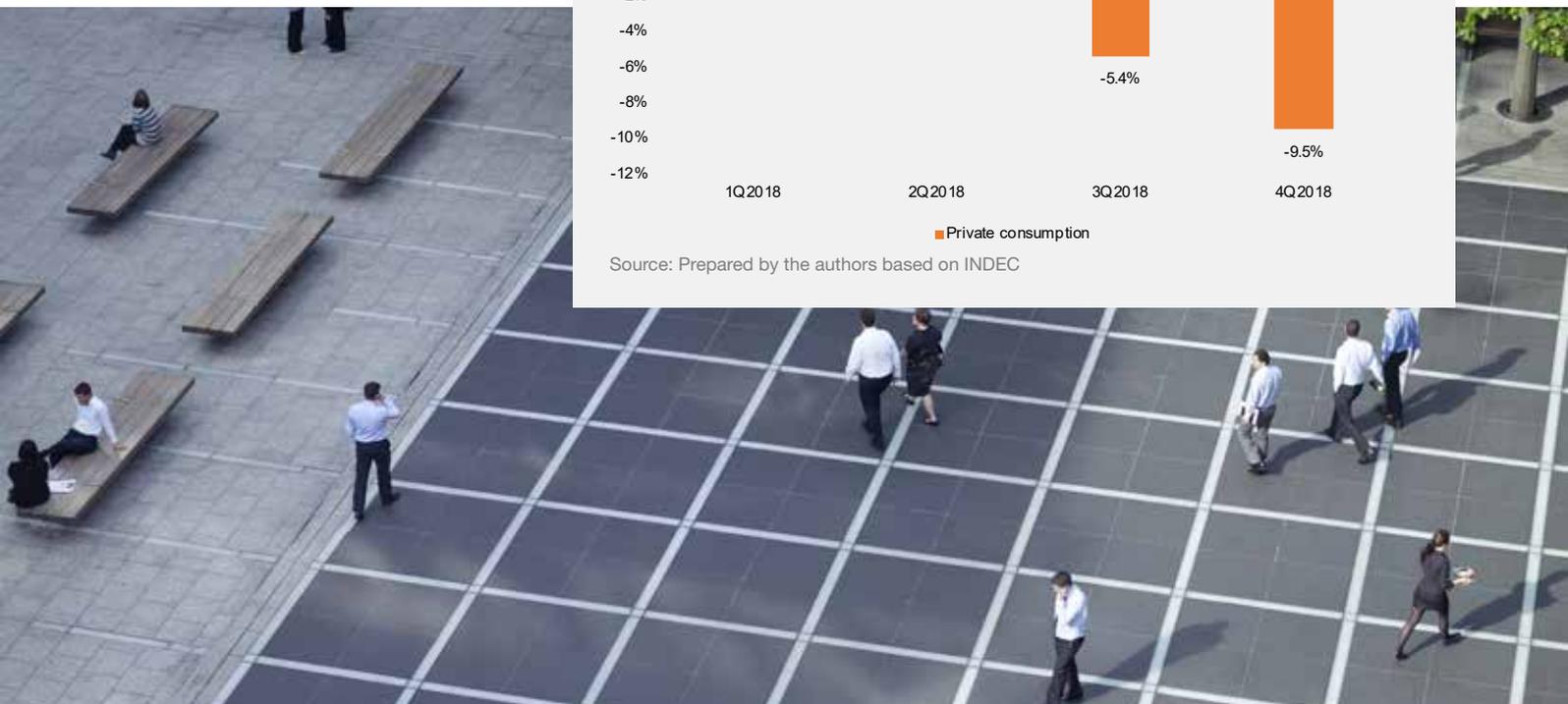
Source: Prepared by the authors based on INDEC

GRAPHIC 2

Year-on-year evolution of private consumption in real terms



Source: Prepared by the authors based on INDEC





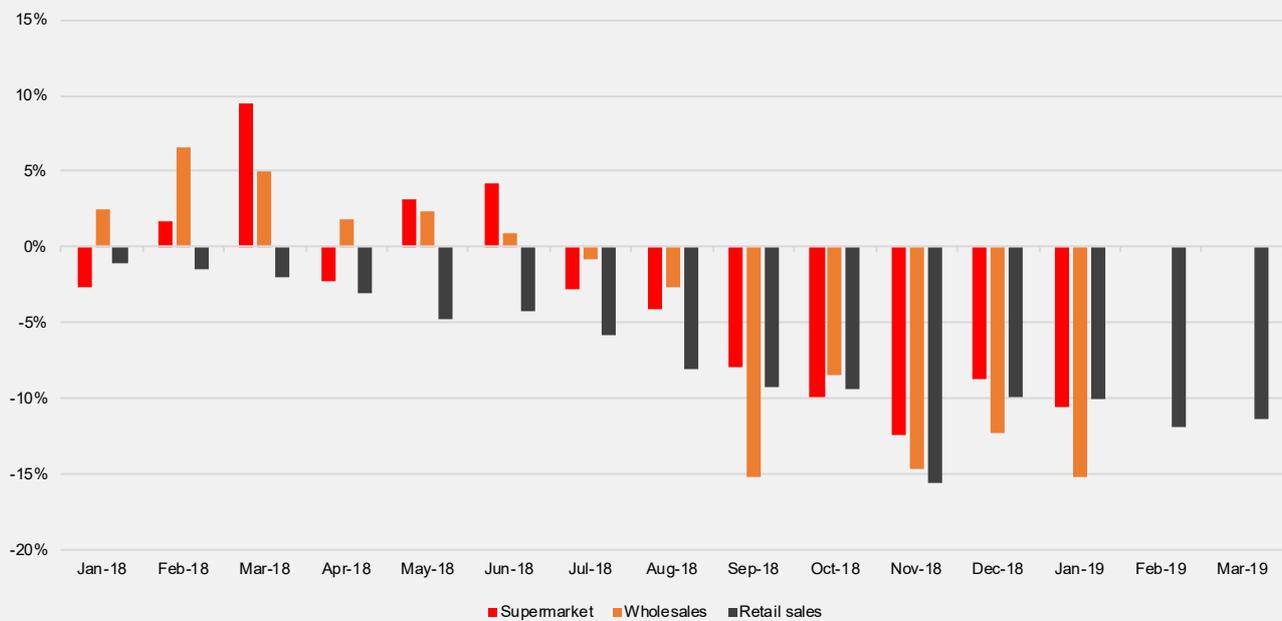
Supermarkets' sales decreased 10.5% in real terms in January, and they have declined for seven months in a row, since mid-2018. Wholesalers have followed the same downward trend as they saw a fall of 15.2% in sales in real terms during the first month of the year, and for seven months in a row. In both cases, foodstuffs and

beverages represent more than 60% of sales, which edged down by 7% and 13%, respectively. In turn, retail sales surveyed by CAME¹, which publishes the most recent information on SME sales, saw a 11% decline in the first quarter of the year. It should be noted that the publication classifies sales into two categories: physical and digital

channels. Although sales through digital channels increased in the first three months of the year, they are not sufficient to compensate for the plunge in sales in physical stores. This behavior must be analyzed over time as it would indicate that consumers are gradually changing their buying habits.

GRAPHIC 3

Sales in real terms - Year-on-year variation



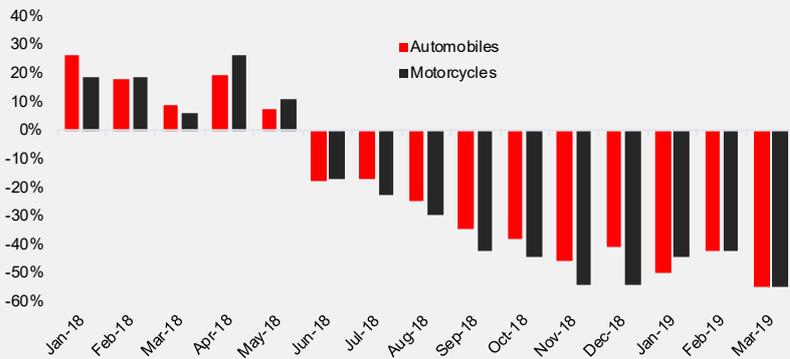
Source: Prepared by the authors based on INDEC and CAME

¹ Argentine Chamber of the Medium-Sized Enterprise



GRAPHIC 4

Vehicle registration - Year-on-year variation



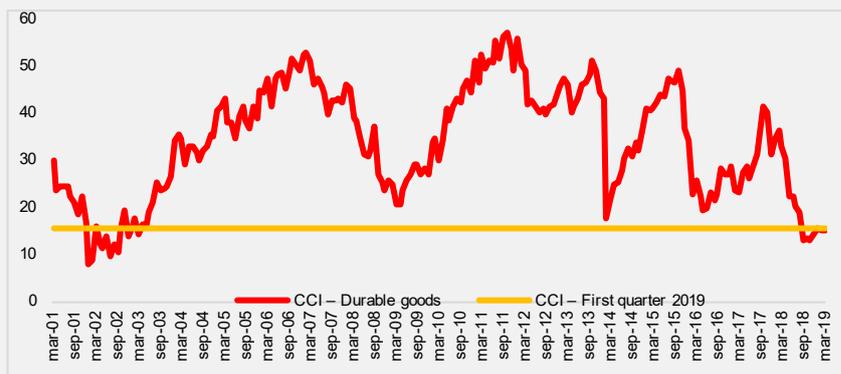
Source: Prepared by the authors based on ACARA

Due to the inelastic demand for certain items in the basket of goods, consumers bear higher expenses for the consumption of non-durable goods, such as hikes in utility rates and increases in the prices of foodstuffs and beverages; this hit consumption of durable goods since families have had to reduce spending on those goods, such as household appliances, automobiles or motorcycles. According to ACARA² figures, registration of automobiles and motorcycles has diminished as a consequence of the devaluation that began last year and that has been increasing in the last few months. While there are no official statistics for the beginning of 2019, sales of household appliances fell in nominal terms both in November and December last year, and this trend is expected to continue throughout the beginning of next year. Seasonally adjusted values do not seem to reverse either, as the Consumer Confidence Index prepared by Universidad Torcuato Di Tella (UTDT), which studies the segment of durable goods and real property, reported that consumers show low intention to purchase durable goods. As shown in graphic 5, the index that measures such intention has recorded historic lows in the first quarter of the year. Although the trend appears to be reversing, it has yet to be seen whether the recent upsurge of financial volatility will not derail such recovery.

These figures partly arise from the performance of financial variables. As a result of the high interest rates,

GRAPHIC 5

Consumer Confidence Index - Durable goods and real property

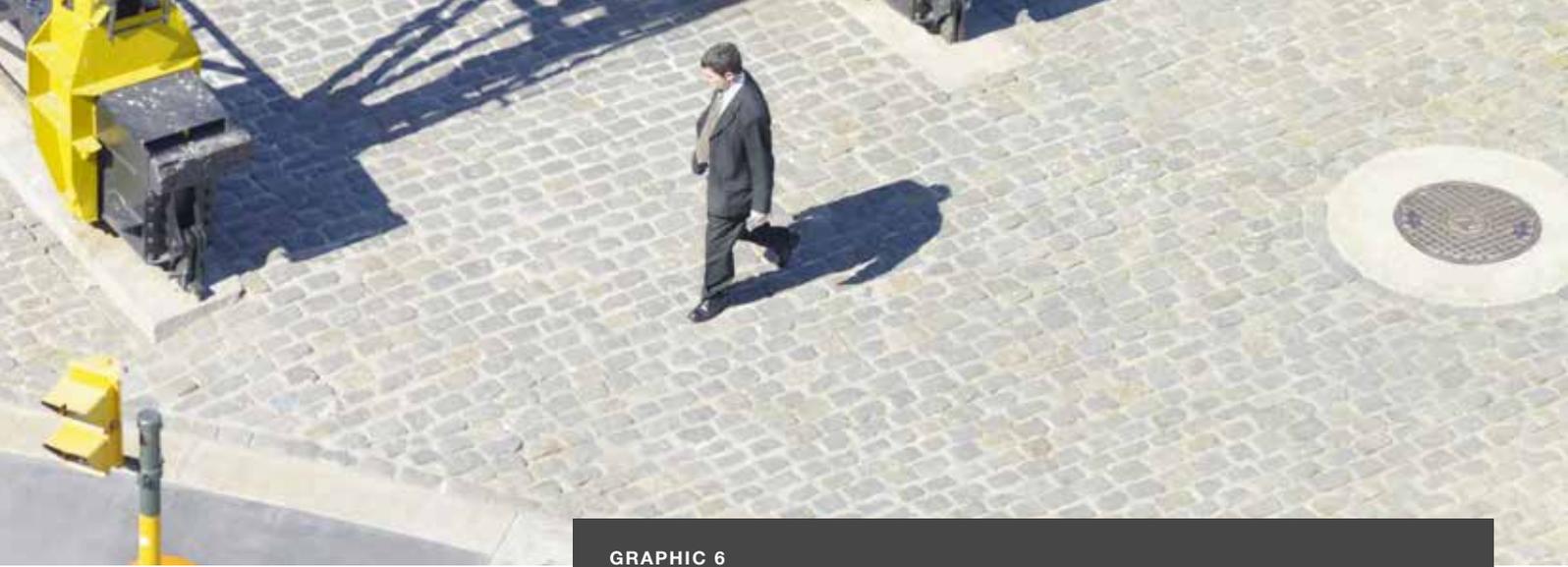


Source: Prepared by the authors based on UTDT

individuals had to reduce their leverage. To purchase through personal or pledge loans or using credit cards has become very expensive, giving way to a twofold effect: lower demand and higher default

rates. In real terms, loan amounts began to decrease in September, when the highest exchange rate variation took place and the BCRA benchmark interest rate soared.

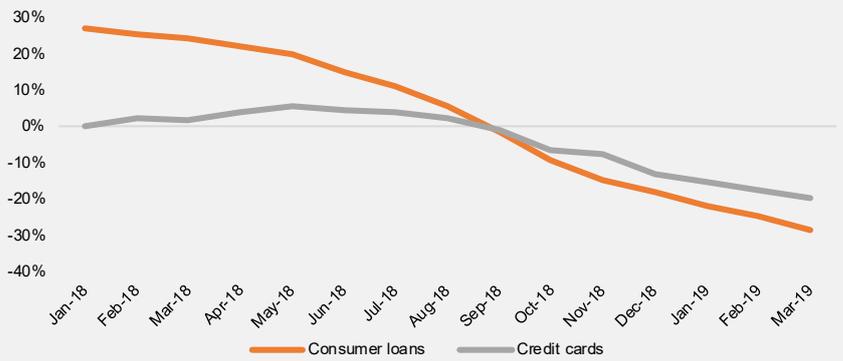
² Argentine Automobile Dealers Association (ACARA)



GRAPHIC 6

Year-on-year variation in consumer loans in real terms

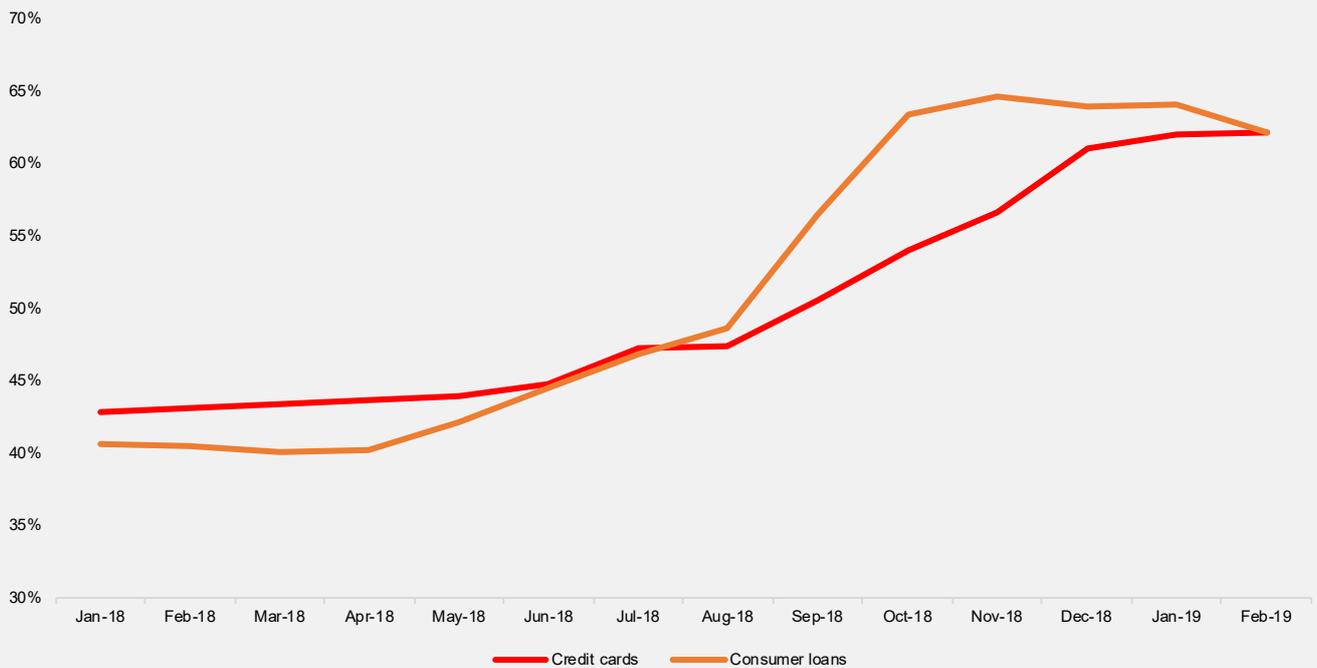
Additionally, banks reported default rates on collection of consumer loans granted to households. While the non-performing loan portfolio in the private sector was 2.8% on average in 2017, it rose to 3.7% in 2018, reaching 4.6% in January 2019. This will reduce household consumption, as there will be no possibility of financing.



Source: Prepared by the authors based on official statistics from the BCRA

GRAPHIC 7

Variation in nominal interest rates by type of credit



Source: Prepared by the authors based on official statistics from the BCRA



Against a backdrop of inflation expectations that do not seem to decrease, at least until May when rate hikes are still taking place, the government has announced a series of measures to lessen the impact of inflation on the population, as it is aware of the effect of consumption on economic performance and the outcome of the elections.

The announcements were based on 4 pillars: price and consumption, public utility rates, social benefits, and support for SMEs.

To halt price rises in the short term (11.8% in the first three months, reaching 54.7% year-on-year in March), a program for essential consumer goods prices was agreed, under which the prices of a sub-set of 60 products would remain unchanged for at least 6 months. Discounts were also given to the beneficiaries of ANSES, including pensioners and beneficiaries of survivor benefit plans, allowances and unemployment benefits.

At the same time, a new antitrust system was determined to secure compliance and supply of the products covered by the price control program; to that end, the Domestic Trade Department has been vested with broader powers to penalize disloyal or antitrust activities.

As mentioned earlier, one of the inflationary components in the first quarter of the year was related to the public utility rate index-adjustment. The other measure announced to curb inflation is the suspension of the increases in electricity, gas and transport rates until the end of the year, and the prepaid cellular phone rates until September 15, 2019.

Social benefits include discounts of up to 70% on medicines for child allowance beneficiaries, credit lines for gas connections and ProCrear new call so that more families can have access to housing.

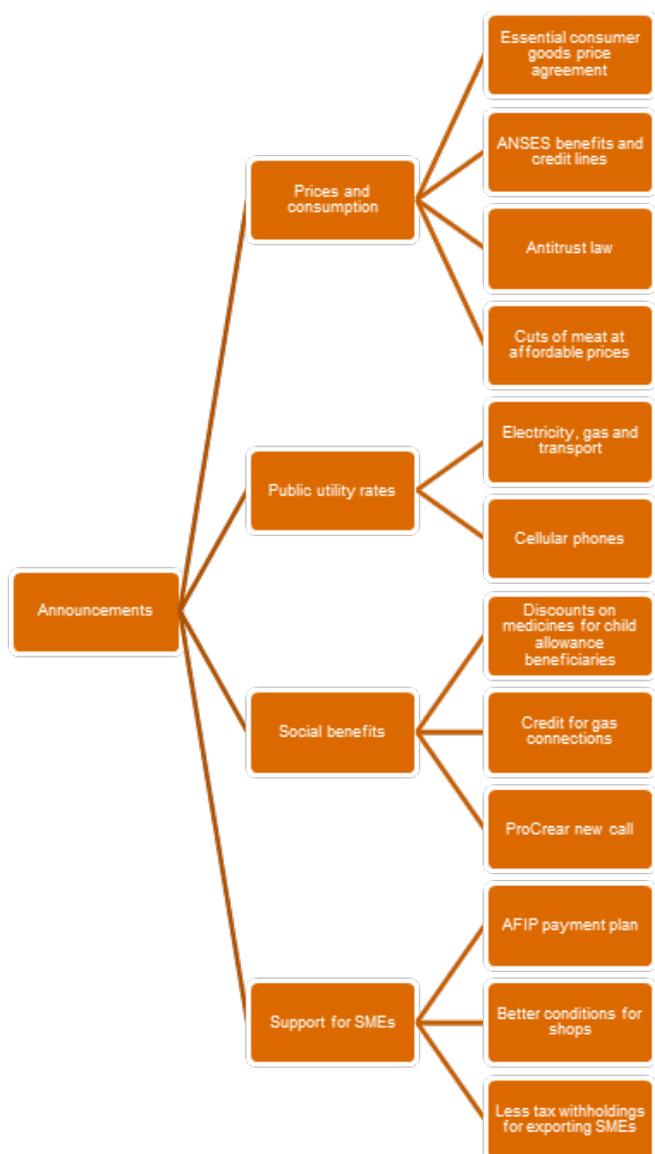
Finally, the AFIP announced a new payment plan for SMEs to settle their debts with the tax authority. The number of days' sales outstanding for SMEs to receive payments for their sales with credit cards has been reduced from 19 to 10, and banks will no longer charge them for receiving the funds. Lastly, the goods exporting companies (service companies had already been excluded) will not be required to pay export taxes if they sell goods abroad above their last year average.

In this context, all those measures seek to restore part of people's purchasing power, though with a reduced impact. No announcement has yet been made about financing of the fiscal cost of these measures, particularly the measure that curbs the rate

adjustment, which should be replaced with subsidies higher than the ones originally budgeted, and which could put pressure on the zero primary deficit target the government undertook with the IMF.

To complement these measures, the Central Bank of Argentina has partially modified its monetary policy system in an attempt to reduce the expected exchange rate volatility in the short term, thereby lowering inflation expectations. Thus, the Central Bank has set the nonintervention currency band between \$39.75 per USD and \$51.45 per USD until the end of the year, and if the exchange rate exceeds the lower limit, there will be no intervention until mid 2019 (June 30).

In brief, deterioration in private consumption has led the government to implement a series of limited revenue policies and a change in the monetary policy to clearly reduce the exchange rate volatility, in view of the impact of these variables on inflation. Stabilization of macroeconomics is a necessary condition to boost consumption. However, overvaluation of the real exchange rate has not been sufficiently effective as a permanent response, and has in general given way to future crises. To the extent that inflation, and inflation expectations, will slow down in the next months and consumption will start to recover, the nominal exchange rate should follow suit to reduce exposure to the risk of devaluation of the peso. The political climate in an election year, however, might delay that process.



Source: Prepared by the authors based on information from the Argentine Presidency

Industry Roadmap

Evolution of financial inclusion over the last 10 years



Rosana Mazza, partner, PwC Argentina, specialist in digital services

Although the boom of the viral movement #10yearschallenge diminished, in this article we wonder what happened to financial inclusion over the last 10 years.

Regulation of financial services to generate inclusion

The universal bank account free of charge has been one of the first measures encouraged by the Central Bank of Argentina (BCRA) in the year 2010 to promote the expansion of the formal banking system in Argentina. In April 2016, banks had to convert this type of account into savings accounts in pesos free of charge, and since then people who already held a savings account have had it for free.

In 2012, the Central Bank of Argentina implemented immediate transfers of funds in pesos and dollars through automated teller machines (ATMs) and home banking websites, as the delay in the crediting of funds was one of the reasons why collection in cash was preferred. Effective from 2016, it also authorized transfers through the Mobile Payment Platform channel.

In 2018, the local regulator allowed for bank transfers free of charge, regardless of the amount transferred in the case of individuals, and it increased to \$250,000 the minimum daily cumulative amount for transfers free of charge, in the case of companies. Also in 2016, the Central Bank made the mechanisms for opening bank branches more flexible. The development of the financial system

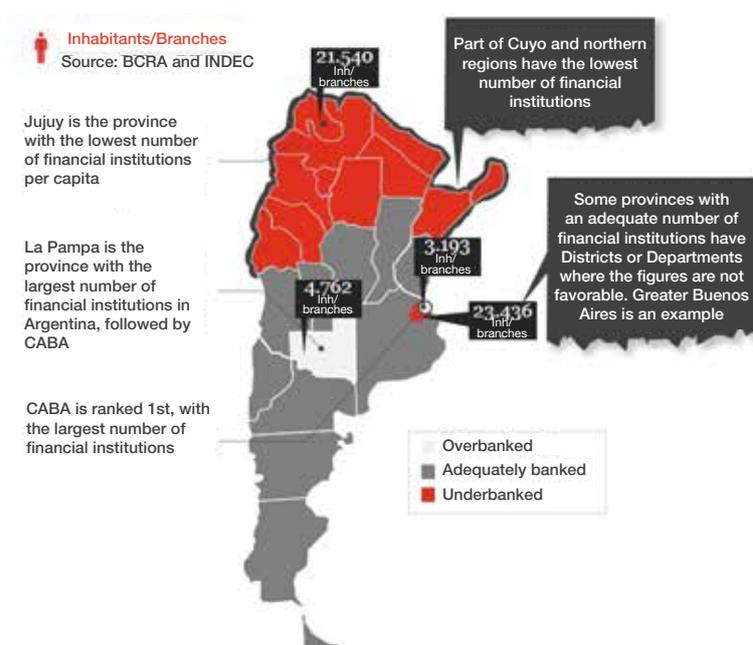
was thus encouraged, eliminating the requirement for prior authorization to open new branches, which could usually take more than one year. The opening of savings accounts for new customers online, together with the implementation, preservation and reproduction of electronic documents were the starting point for the arrival of the “digital banks” in Argentina in 2017. That year, two new complementary activities were added to the financial

business: payment service providers (PSP) and enterprises that develop and provide technology-based services for the financial business.

To extend the ATM network of financial institutions, ATMs not operated by entities were installed throughout the country. Thus, gas stations, supermarkets or other shops may have an ATM terminal and refill it with money from their own revenues.

GRAPHIC 1

Presence of regulated financial institutions in Argentina



Source: Prepared by the authors based on Ministry of Treasury

In late 2018, the Central Bank of Argentina authorized the financial entities to delegate service of their customers and the public in general to complementary financial services agencies. This measure seeks to increase presence and coverage of financial entities with the aim of promoting financial inclusion.

Outside the financial industry, last year the Ministry of Modernization launched the Digital Identity System, a platform that is connected to the database of the National Office of Vital Statistics (RENAPER, its Spanish acronym), by which people's identity can be validated online. This enabled remote authentication and banks can now offer digital onboarding.

The means of payment as the main drivers

Today it is more usual to pay for goods at shops through a QR code or a contactless card, but the truth is that 10 years ago the most traditional means of payment apart from cash were debit/credit cards and checks. In recent years, more precisely over the last three years, the Central Bank of Argentina issued a series of "A" Communications incorporating new means of payment, many of them promoted by banks through Financial Innovation Desks; spaces of work for collaboration between FinTechs, banks, entrepreneurs and public and private agencies:

Additionally, under General Resolution No. 3997/17, the Federal Administration of Public Revenue (AFIP) imposed the obligation to accept transfers of payments by debit cards, non-banking prepaid cards or other equivalent means of payment, with an implementation schedule that started on April 30, 2017 and ended on March 31, 2018, depending on the taxpayer's category.

The government has also agreed on a voluntary reduction of the fees credit card companies charge shops for transactions with debit and credit cards. These fees will diminish gradually until 2021.

The role of banks

Banks have played a major role in the transformation of the industry in the last 10 years. They have been implementing visionary measures and are the promoters of many others. Thanks to the investment in new technologies, they have contributed to financial inclusion and improved users' experience. Below is a detail of the main pillars on which the entities have been working:

Hyper-personalization	New technologies	Collaborative models
New value proposals	Heavy use of AI / APIs / Biometry / Cloud / Chatbots / Voice	Bank correspondents
"Real" omnichannel strategy	Online /offline integration	Models of integration with other unregulated industries
Flexible customer service models	Open Banking	Financial education
Focus on underbanked segments	Contactless cards	
Microsegmentation		

There is much to do

In spite of all these breakthroughs, the banking system is not widely used in Argentina, compared to other countries in the region, and the gap is even wider if compared to the developed world.

The role of the Government is essential to encourage the use of bank accounts and the reduction of the tax burden is one of the most important factors in the promotion of financial inclusion.

It is expected that, with the arrival in Argentina of correspondent banks, added to a greater number of means of payment and the launch of various digital banks, the results will become more favorable.

Banks have a lot of hard work ahead consisting in implementing models to encourage financial inclusion.

Means of payment	Description	Launched in (year)
Mobile payment platform	Mobile POS, Payment Button and Electronic Wallet	2016
EMV chip cards	Chip card prevents itself from being manipulated, thus guaranteeing its authenticity.	2016
Electronic check deposits	Deposit of checks with no need to present the physical document at counter or automated teller machine.	2016
Immediate debit	Online collection for goods and/or services through debit from the customer's bank account upon authorization of the transaction, and crediting to the recipient's account.	2016
Immediate debit v2	It is no longer considered as a means of payment; it is now a mechanism for transfers through different channels (Internet, mobile and other channels), and it is not used exclusively to pay for goods and/or services.	2017
QR code	Payments through immediate response codes (QR code) under EMVCo LLC international standard.	2018
Electronic checks (ECHEQ)	Checks are drawn, endorsed, circulate and are presented for collection by electronic means.	2018

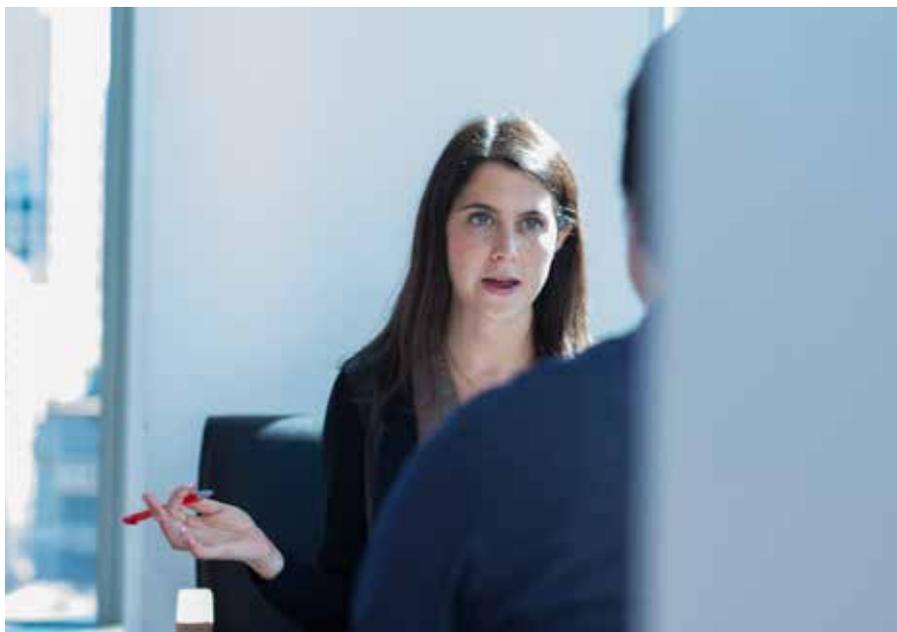
Zooming

Progressive income tax and productivity

The discussion about which the marginal tax rate applicable to revenue should be is neither new nor attributable to a single country. However, lately, we hear even more opinions holding that a portion of the increase in global inequality is due to the fact that high income earners should pay higher taxes. In this article we involve ourselves in the debate, which has already had repercussion in Argentina.

As French economist specialized in inequality and wealth distribution Thomas Piketty said, progressive income taxes were the main innovation of the 20th century with respect to taxes. The main feature of this tax, levied on revenue from an economic activity, either from an individual or entity, is the fact that it is progressive; i.e., the tax rate increases as the taxable base (income) grows, seeking for a redistribution effect.

From the political arena, recently a congressperson from the US¹ mentioned the need to raise affluent

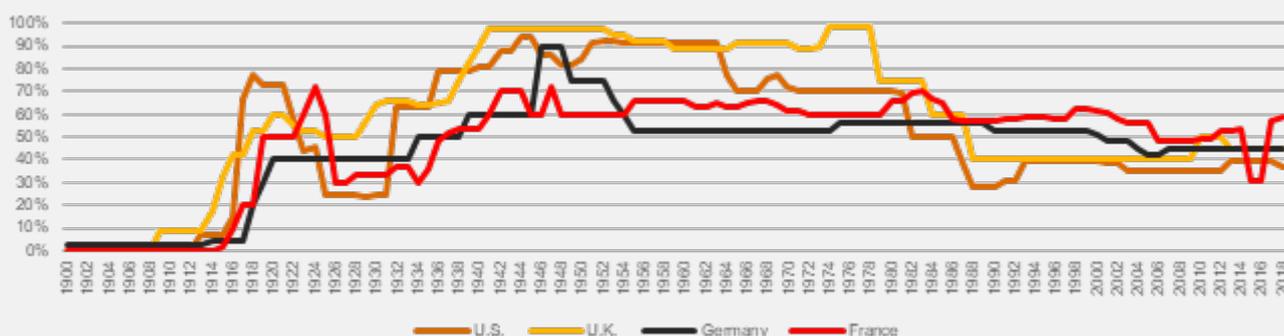


people's income tax rates to 70%-80% and sparked off the debate. In turn, Jeremy Corbyn, a politician from the UK Labor Party (2018) said that a future government of his own would seek for the creation of a fairer tax system, focusing on the wealthiest 5% of the population².

To get this in perspective, it is possible to see in graphic 1 how, throughout the history of last century, there have been cases in which marginal rates of income tax exceeded 90%. Especially, prior to the commencement of World War II it is possible to note a sustained rise in the tax rate, which, for several years, recorded values above 90% in the UK.

GRAPHIC 1

Maximum tax rate on revenue



Source: Prepared in-house based on Piketty "Capital in the Twenty-First Century" (2015), ToutsurmesFinances "Taux historiques des prélèvements sociaux sur les produits de placement" (2018).

¹Alexandria Ocasio-Cortez in an interview in the CBS TV show 60 minutes with Anderson Cooper

²<https://www.theguardian.com/commentisfree/2018/nov/12/corbyn-government-new-labour-tax-rich-tories>

As mentioned by Piketty, the fluctuation and the strong increase in income tax seemed to be a somewhat unplanned response from the States to obtain fiscal resources to rebuild a devastated post-war economy. It is difficult to imagine that high-income earners could escape from it, given the fact that although there were possibilities to transfer capital, under no circumstances were there the possibilities that appeared over recent years as a result of the boom of information and communication technologies.

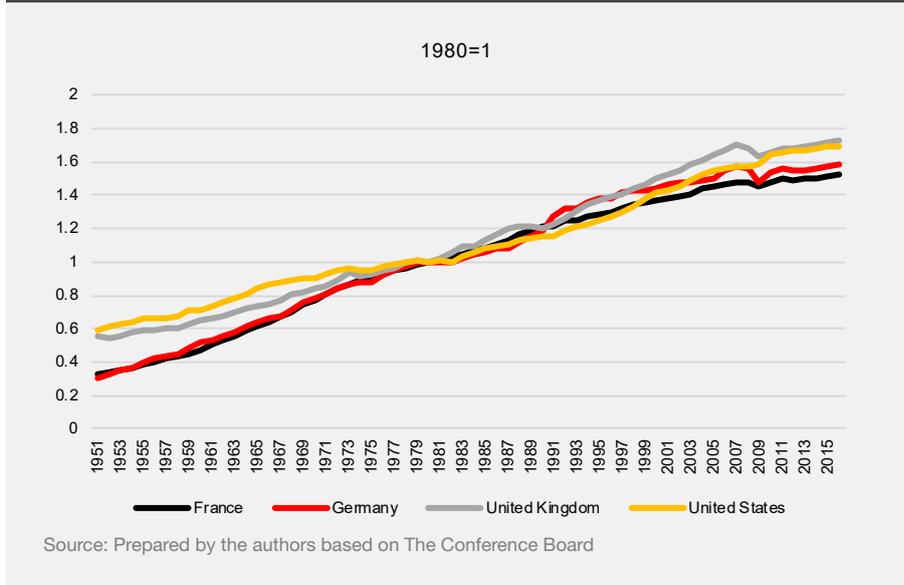
As from the last two decades, at a general level and especially in the developed countries, a downward trend was seen in the tax rate, as shown in graphic 1. This low income tax rate for individuals becomes evident towards the end of the 70s, after the events related to the oil crisis together with a stagflation period.

In addition, it is interesting to observe that, for the countries selected, labor productivity grew systematically and has been inclined to remain equal as from the 80s. For the years prior to that decade, growth of productivity in Germany and France is remarkable compared to the other two countries, which is explained by the rebuilding period post World War II. If we look at Graphic 3, base 1950=1 it can be clearly seen.

It is in this context where arguments are developed by part of the population and ruling class of these countries that stress the need to increase income tax of individuals. They argue that the proceeds from the increase in productivity are not distributed evenly among the people forming part of the labor force, offering the wealth inequality of the last years as evidence. All this, despite the fact that in many of these countries real salaries have tended to accompany productivity rises.

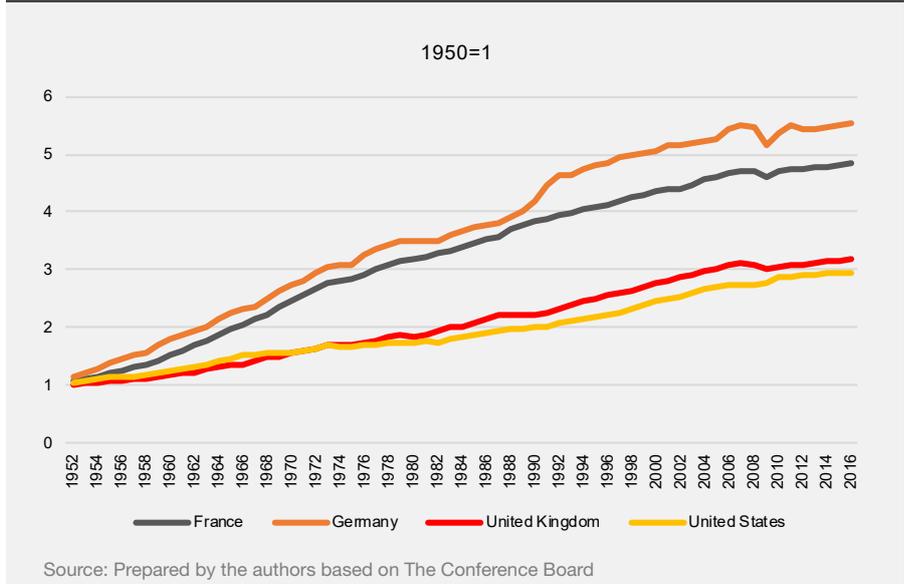
GRAPHIC 2

Labor productivity, 2015 prices. Base 1980=1



GRAPHIC 3

Labor productivity, 2015 prices. Base 1950=1



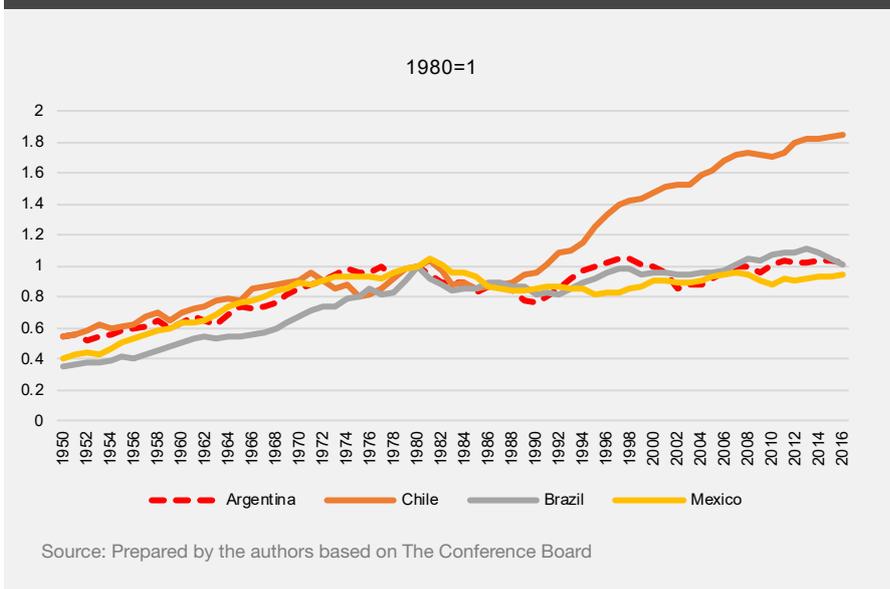
In this scenario, and considering that in Argentina some are of the opinion that not only the tax burden should not be reduced but also the tax rate should be raised, in line with the trend of the debate in central countries we have decided to analyze the behavior of productivity in the region, specifically in Argentina.

If we analyze how labor productivity evolved in some countries of Latin America, we find that it recorded a relatively constant growth until the late 70s. From then onwards, except for Chile which showed a greater growth, the rest of the countries under analysis showed a stagnation trend (or barely slight growth).

This path of productivity, especially in the case of Argentina, clearly reflects a low average growth rate over the last years. Thus, in Argentina, the total product per capita is relatively stagnant, without finding a clear trend for growth. Beyond the political discussion this would bring about, what appears as a differential compared to other more developed countries in which this same issue is seen is the fact that Argentina -over the latest years- has not systematically increased the "pie" of total income (GDP or some similar measurement) distributed among its population. This does not mean that the tax system should not be reviewed to address fiscal needs and income redistribution. But, considering the fundamentals of economy, it seems that the answer might be found in the improvement of the fiscal capacity over those sectors still in the informal economy and/or a review of definitions of taxable events in view of the change of business models as a result of the addition of new information and communication technology.

GRAPHIC 4

Labor productivity, 2015 prices. Base 1980=1



In any case, the tax system should always tend to maximize social welfare, which is subject to government budget constraints. Social welfare is greater when resources are distributed more evenly, but taxes and redistribution transfers may adversely affect the incentives to work, save and earn

income. This leads to a disjunction between equality and efficiency. To sum up, for a stagnant economy as the Argentine one, this fiscal review should contribute to encouraging investment (and productivity growth) instead of limiting it.



Global Coordinates

Japan's surprisingly expanding workforce



According to the predictions made by PwC UK, 40 countries would see their labor forces shrink in 2019, due to a combination of low birth rates and aging populations. Interestingly, the country most closely associated with unfavorable demographics, Japan, was not among them.

Although the total and the working-age populations are decreasing year after year in Japan, surprisingly, its workforce has been growing at rates that even exceed those of the youngest and most active economies.

Since it hit its peak of 128 million people in 2010, today, its population has declined by 1.3 million, and it is expected to continue shrinking. The Government has projected a population growth of 88 million by 2065. In Japan, 28% of its inhabitants will be over 65, whereas in the UK and the US people aged 65 or older will represent 18% and 15% of population, respectively. It is believed that this trend will grow in the next years.

Smaller and aging populations ripple through a country's economy. If the number of workers decreases, productivity should improve so that the economy will not contract. Besides, a higher number of retirees entails more people enjoying public benefits without paying taxes.

In Japan, the number of people over the age of 15 has edged down by 0.1%, but the number of working

people rose by 1.7% in 2018. This is not because the unemployment rate has fallen drastically, as it has been historically low; rather, its labor market has strengthened with the passing of time. In 2012, Japan's unemployment rate was on average, as against countries with advanced economies. However, thanks to its continued and steady growth in the labor market, Japan was among the world's best countries in 2018.

The female employment rate has been relatively low in this country compared with certain nations, maybe as a result of long working hours and little flexibility in the market, among other issues. But this has changed significantly in recent years. In 2002, women's participation in labor was 56% in Japan, whereas in the United States and Sweden was 73% and 66%, respectively. Yet, in 2017, this rate climbed to 70% in the Asian country, showing an upward trend. In the case of the US, it rose to 75% and in Sweden, it eased down to 65%; these countries have not evidenced an improvement.

The Government has played a role in this, since it not only passed laws for large corporations to hire and encourage women, but also increased the number of nursery places for kids, and plans to provide this service for free, for kids between 3 and 5 years old, aimed at parents with lower incomes.

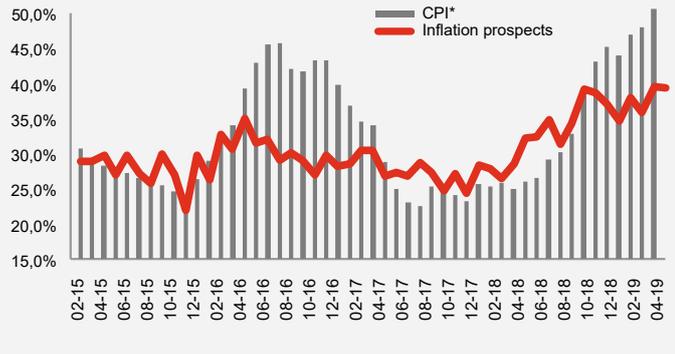
In addition to the women's increased participation in the labor force, there was a rise in the proportion of workers over 65 in Japan. In early 2000, they represented 18%, whereas today they account for approximately 25%, which makes Japan the world's best country, followed by the US and the UK, with 18% and 10%, respectively.

Further, the Government plans to raise the retirement age of the labor force from 60 to 65, thus encouraging people to continue working and offering a higher retirement pension for those who opt to postpone retirement for some years. This is mainly due to the fact that as life expectancy is increasing, early retirement is becoming less tempting.

The great efforts of the Government to promote the participation of women and elderly people in the labor force have also a cultural backdrop, as Japan tries to restrict the arrival of immigrants so that they do not fill job positions.

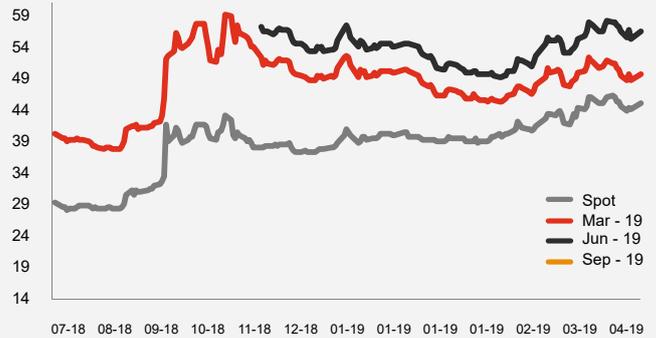
If the unemployment rate continues to decline at the pace of the last eight years (after the population rate hit its ceiling), there would not be unemployment by 2027. However, there are certain constraints on this trend as the country's labor market performance will eventually require more births and more immigrants to be sustained. Will Japan be capable of continuing in this promising path?

Inflation



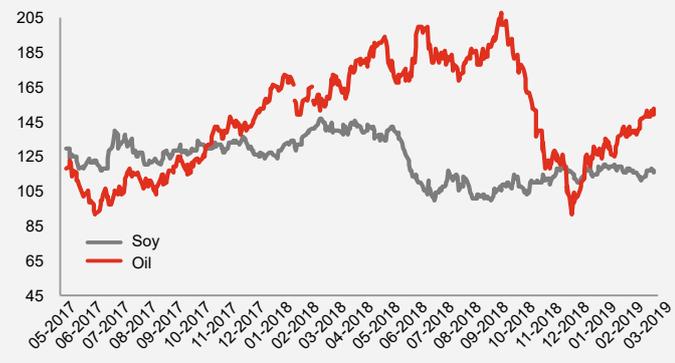
Source: Own calculations based on CPI Congress and UTD
*CPI Congress. As of November 2016 it is considered CPI City of Buenos Aires

Exchange rate: spot and futures



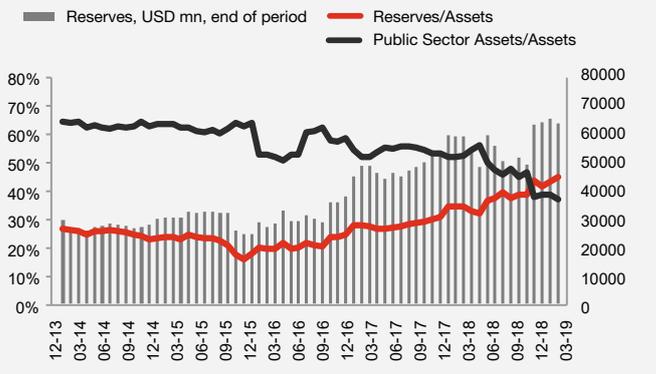
Source: Own calculations based on Roxef

Price of Soy and Oil, index2004=100



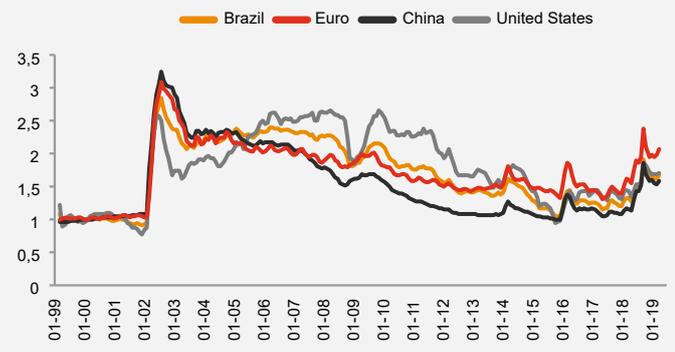
Source: own calculations based on CBOT y WTI NYMEX

Reserves and Central Bank Assets



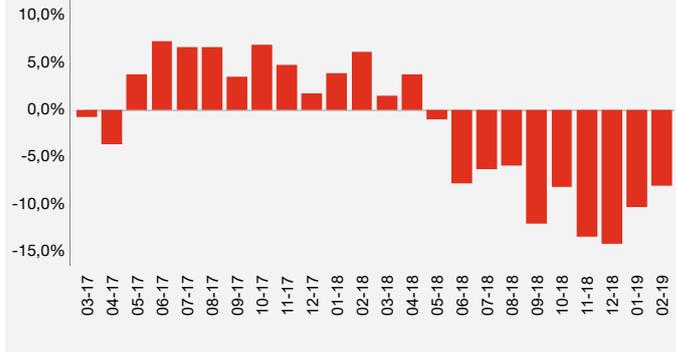
Source: own calculations based on Central Bank

Real Exchange Rate Index: base Dec-99=1



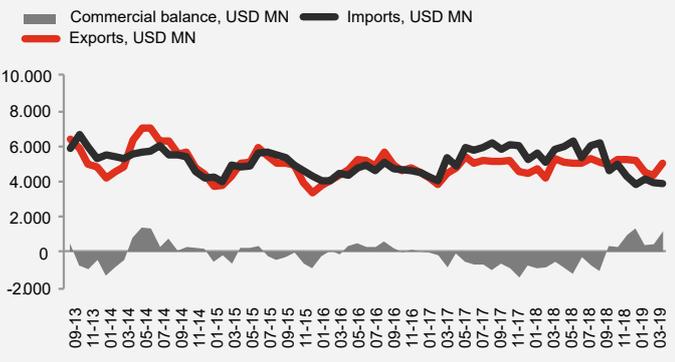
Source: own calculations based on the Argentine Central Bank

Monthly Industrial Estimator



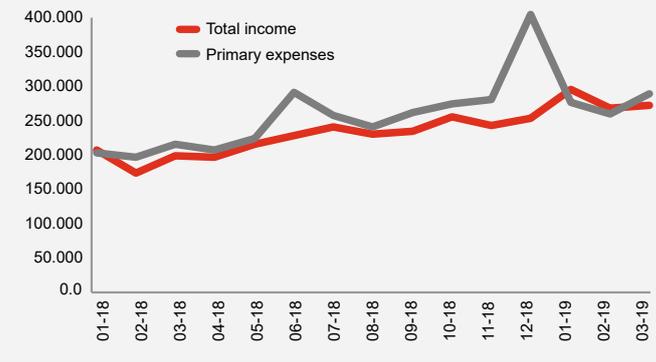
Source: own calculations based on INDEC

Foreign Trade



Source: own calculations based on INDEC

Income and Expenses of the National Non-Financial Public Sector



Source: own calculations based on Secretary of Finance

Activity and Prices	2016	2017	2018	Dec-18	Jan-19	Feb-19	Mar-19
Real GDP, var % y/y	-1.8%	2.7%	-2.5%	-6.2%	-	-	nd
CPI Federal Capital, var % y/y	41.0%	26.1%	45.5%	45.5%	48.6%	49.7%	52.5%
CPI San Luis, var % y/y	31.4%	24.3%	50.0%	50.0%	53.2%	55.2%	58.0%
Industrial Production, var % y/y	nd	2.5%	-5.0%	-7.2%	-4.9%	-4.5%	nd
International Reserves (end period, USD mn)	39,308	55,055	65,806	65,806	66,811	68,015	66,187
Import Cover (month of reserves)	8.44	9.87	12.07	16.82	15.85	16.99	16.74
Implicit exchange rate (M0 / Reserves)	20.81	18.34	21.41	21.41	20.25	20.63	20.42
\$/USD, end period	15.85	18.77	37.81	37.81	37.04	38.99	43.35

External Sector	2016	2017	2018	Dec-18	Jan-19	Feb-19	Mar-19
Exports, USD mn	57,879	58,622	61,621	5,282	4,586	4,464	5,136
Imports, USD mn	55,911	66,930	65,441	3,913	4,214	4,004	3,953
Comercial Balance, USD mn	1,969	-8,308	-3,820	1,369	372	460	1,183
Currency liquidation by grain exporters, USD mn	23,910	21,399	20,202	1,041	1,756	1,290	1,143

Labor*	2016	2017	2018	Dec-18	Jan-19	Feb-19	Mar-19
Unemployment, country (%)	7.6	7.2	9.1	9.1	-	-	nd
Unemployment, Greater Buenos Aires (%)	8.5	8.4	10.5	10.5	-	-	nd
Activity rate(%)	45.3	46.4	46.5	46.5	-	-	nd

Fiscal	2016	2017	2018	Dec-18	Jan-19	Feb-19	Mar-19
Income, \$mn	2,070,154	2,578,609	3,382,644	319,921	363,927	330,891	327,870
VAT, \$mn	583,217	765,336	1,104,580	99,210	114,742	103,782	108,397
Income tax, \$mn	432,907	555,023	742,052	73,833	71,300	69,441	60,690
Social Security System, \$mn	536,180	704,177	878,379	74,909	109,101	85,784	85,692
Export Tax, \$mn	71,509	66,121	114,160	15,794	15,573	17,592	18,166
Primary expenses, \$mn	1,790,789	2,194,291	2,729,251	350,880	247,266	234,451	257,269
Primary result, \$mn	-343,526	-404,142	-338,987	-135,316	16,658	6,726	-13,037
Primary result, \$mn	185,253	308,048	513,872	76,858	91,700	14,877	57,628
Fiscal results, \$mn	-474,786	-629,050	-727,927	-192,774	-60,038	-4,906	-49,838

Financial - interest rates***	2016	2017	2018	Dec-18	Jan-19	Feb-19	Mar-19
Badlar - Privates (%)	20.04	23.18	48.57	48.57	45.90	37.91	41.27
Term deposits \$ (30-59d Private banks) (%)	19.51	21.80	46.22	46.22	44.14	36.83	39.83
Mortgages (%)	19.70	18.61	47.70	47.70	47.01	42.31	45.27
Pledge (%)	20.82	17.42	24.88	24.88	26.10	25.57	22.47
Credit Cards (%)	44.45	42.21	61.11	61.11	62.04	63.04	62.26

Commodities****	2016	2017	2018	Dec-18	Jan-19	Feb-19	Mar-19
Soy (USD/Tn)	362.6	358.9	342.3	330.5	333.8	334.5	329.2
Corn (USD/Tn)	141.1	141.4	145.0	148.1	149.1	147.2	144.3
Wheat (USD/Tn)	160.3	160.2	182.1	190.1	189.9	183.5	166.6
Oil (USD/Barrel)	43.3	50.9	64.9	49.0	51.6	55.0	58.2

* Quarterly figure. The year corresponds to Q4

** includes intrasector public interest

*** data 2012/13/14 corresponds to the daily weighted average of December

**** One moth Future contracts, period average

p: provisional

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	Revenue forecast		
	Surveys		

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