

N° 62 - June 2020

Economic GPS



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The Hammer Blow



By the end of June, Argentina will have reached 103 days of social, preventive and mandatory isolation. When compared with other countries regionwide and worldwide, so far, the health policy has managed to contain the spread of the disease and, especially, death tolls. However, the success of the strategy followed is not guaranteed and may only be assessed in its entirety over time, by considering all aspects affected by this phenomenon: health, economic and social, to name the most relevant.

Argentina is a large country, and the reality of this disease is not the same along its territory. Over the last weeks, coronavirus cases have grown almost exponentially, as autumn and winter approach and people have increased circulation due to the easing of the restrictions after the flattening of the curve of infections. According to

the national and provincial authorities, this leads to a rapid increase in the occupation of intensive care beds in the AMBA region (which includes the City of Buenos Aires and 40 municipalities of the Province of Buenos Aires). Therefore, considering the risk of saturation of the health system, the authorities decided to tighten isolation policies again, especially in some areas (mainly the AMBA), aiming to dramatically reduce the speed of the disease spread in an attempt to flatten the curve and free up capacity of the health system. If, in the coming days, the rate of cases drops sharply (slightly more than 15%, which will account for the cycle of virus infection), a new period of partial opening might be imposed to lessen the impact on the economy, which, as we claimed in prior Economic GPS editions, has already been facing imbalances and long-term difficulties.

The first months of the year were not the exception, and this was recently evidenced by GDP figures for the first quarter (which contracted 5.4% versus last year) when the impact of COVID-19 had not yet arrived. Even without definite numbers, during these 100 days in which the economy operated with restrictions, the situation worsened: in April, the Economic Monthly Activity (EMAE, for its acronym in Spanish) fell 17.5% as against March, not seasonally adjusted. Sectors such as construction, general trade and industry, which is discussed in detail in the current edition, have been hardly hit, facing shutdowns and job losses. All within a framework of a public sector with a very limited fiscal capacity and difficulties to move forward on the resolution of the debt renegotiation, which has been postponed on several occasions since May, like the terms of the isolation measures. Currently, debt renegotiation has been deferred until mid-July. As explained in our Industry Roadmap, these events have not been harmless, thus new restrictive measures had to be adopted in the foreign exchange market.

Argentina begins the second half of the year with a tighter lockdown. Clearly, from an epidemiological perspective, the challenge lies in reducing the rate of cases to a value consistent with the attention capabilities of our health system. However, once this goal is accomplished, a strategy must be designed to test, follow-up and isolate confirmed cases to reactivate activities while containing the spread of the disease, as well as to avoid reducing cases with harsh measures, which also represent a hammer blow for economy.

A handwritten signature in black ink, appearing to read 'José María Segura', written over a light grey background.

José María Segura
Chief Economist PwC Argentina

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Industry Roadmap

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Industry Roadmap Reloaded

The consequences of having access to the foreign exchange market

On September 1, 2019, a new foreign exchange control system began in our country by means of Decree No. 609/19 which was incorporated to the Central Bank of Argentina (BCRA) regulations through Communication "A" 6770. To this date, 286 Communications "A" have been issued to regulate foreign exchange restrictions.



Federal Landscape

Province: Misiones

The province of Misiones is located in the North-East region of the Argentine Republic. Its economy is structured on the basis of a set of industrial crops, such as yerba mate, tea, tung tree and tobacco; the native and planted forest – especially conifers – and industrialization processes associated to these primary productions.

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Tracking

The industry suffers the lockdown effects

In April, the industrial sector experienced a year-on-year drop in its activity for the first time since the INDEC prepares its statistics report. Additionally, some branches included therein showed no use of installed capacity for the first time since the indicator is calculated.

The industrial sector in Argentina was one of the worst hit as a result of the macroeconomic ups and downs of the country, long before the outbreak of the COVID-19 pandemic. However, the effect of the social, preventive and mandatory isolation period that began on March 20 led to a halt in most of the industry branches, which worsened the situation even more.

Industry is the main contributing activity to GDP in Argentina (16%) and the second sector with the largest number of employees in the private sector, following wholesale and retail trade and automobile repairs.

The fourth month of 2020 was the most restrictive one in terms of the measures adopted to avoid the spread of the disease. According to Google Mobility data at April 26, on average, public transport use fell 72% and the indicator of individuals commuting declined 52% compared with the baseline scenario considered from January 3 to February 6.



In April, the industrial activity saw a 33.5% drop, compared with the same month in 2019, and a 18.3% decrease versus March, when full lockdown was in place for only 11 days and the month-on-month fall had reached 17.3% compared with February. Nevertheless, the different industrial branches showed a varied behavior. According to information disclosed by INDEC, of over 1,300 companies, one third of manufacturing industries premises could operate normally, while the remaining two thirds could not operate or did so partially.

Sectors defined as essential also experienced drops, although more moderate ones. The industry of foodstuffs and beverages operated at 59.7% of its installed capacity in April, only one percentage point below the operation average in 2019 (60.7%). Within this sector, sugar, confectionery and chocolate products and (production of) soft drinks, water, soda water, beer, diluted juice, cider and spirit drinks recorded the most significant declines, 35.5% and 12.1%, respectively. The decline of the former group is related to the lower demand in kiosks as the circulation of people decreased, while the latter was mainly affected by the lack of sale channels such as restaurants, bars, shopping malls, cinemas and kiosks.

Among sectors that fell below average are wood, paper, editing and printing, where the general decline was moderate given the higher production of household use paper such as kitchen rolls, toilet paper,

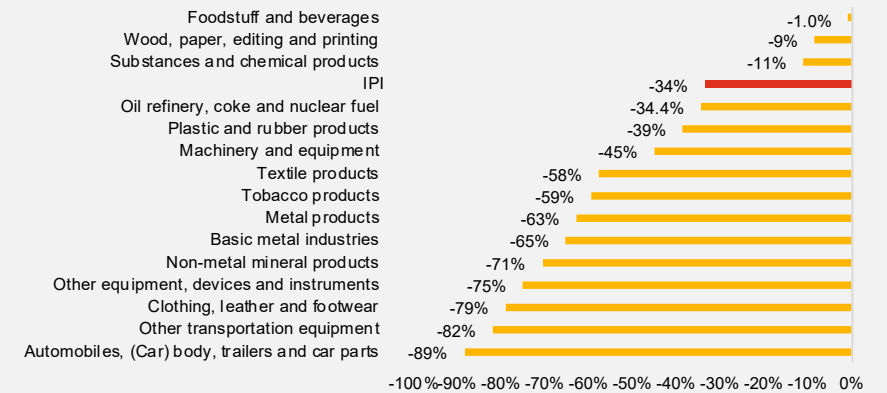
etc., and substances and chemical products, whose essential items such as pharmaceutical products and agrochemicals operated at 69.3% of its installed capacity in April, showing an 11% year-on-year drop. Meanwhile, other sectors related to other industrial chains (as they supply inputs to them) recorded marked falls.

On the other end are the industries of tobacco and automobiles, which were virtually closed, as can be seen from the zero use of installed capacity and from the 59% and 89% declines in April compared with last year, respectively. In addition, industries related to automotive production also came to a halt. The plastic and rubber products sector operated at 31.7% of its installed capacity, with production falling 38.5%, and tire manufacturing plummeting 98%.

Construction-related sectors were severely affected as the activity plunged 75.6% year-on-year in April: the non-metallic mineral products industries operated at only 22.5% and showed a 71% decrease in its production, basic metals operated at 25% and saw a 65% production decline, metal products manufacturing fell 62.8% and the division of other transportation equipment experienced an 82% year-on-year reduction in April 2020. Within the latter, excluding motorcycles, a 73% year-on-year drop was recorded in April 2020, mainly as a consequence of the slowdown in activities related to construction and repair of vessels, and manufacturing and repair of aircrafts.

GRAPHIC 1

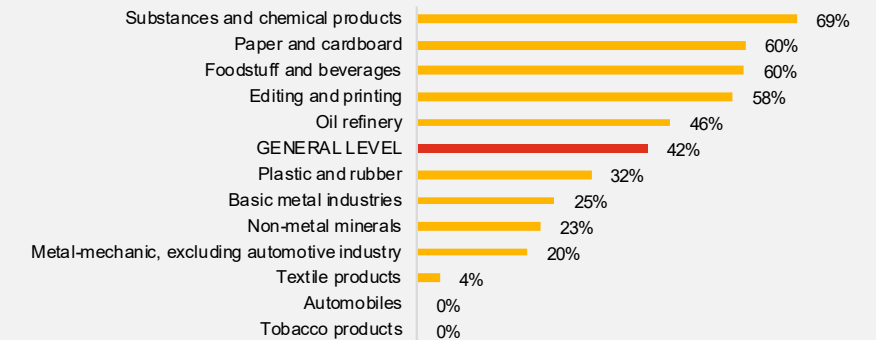
Year-on-year evolution of IPI (Industrial Production Index), April 2020.



Source: Prepared by the authors based on INDEC statistics

GRAPHIC 2

Installed capacity use by industrial sector, April 2020



Source: Prepared by the authors based on INDEC statistics

There was also a decrease in the demand of the sectors below, which were unable to operate, as demanders saw their incomes reduced and there was less circulation of people as part of the lockdown measures. Clothing, leather and footwear industries suffered a 79% year-on-year fall, other equipment, devices and instruments decreased 75%, the textile sector operated at only 4% of its capacity and declined 58%, machinery and equipment dropped 45%, while oil refinery, coke and nuclear fuel fell 34.4%.

To take control of this situation, the National Government implemented a series of policies aimed at assisting labor, employment and production. On the one hand, this assistance consists in a complementary payment for salaried employees, where the National Government covers 50% of employee wages (ATP program) with a minimum of one up to a ceiling of two minimum wages and, on the other hand, the granting of zero-rate loans and subsidized loans at a 24% rate. According to official data, from the total ATP program's transfers made in April, 28% was allocated to the industrial sector, thus benefiting 633,878 employees, and 24% was allocated to trade. In turn, the industrial sector obtained 30.6% of the subsidized loans at a 24% rate, followed by the trade sector, which obtained 31%. However, businesses in the industrial sector only received 3.7% of total zero-rate loans granted at June 8.

Within this context, in which there is also a decree in force that prohibits workers dismissals or, otherwise, employees would be entitled to collect double severance pay, according to the information published by AFIP, based on SIPA¹, the total number of registered workers decreased by 91,237 in April compared with March, 5,780 of which belong to the industrial sector.

As opposed to April, at the beginning of June, the manufacturing industry is fully authorized to operate, except in the Buenos Aires Metropolitan Area (AMBA) region. On March 20, 54% of industrial activities were exempted from the quarantine (especially those related to food, hygiene and cleaning, medicines and their respective suppliers); however, in June, this figure reaches 80%. In the face of this complex situation, the province of Buenos Aires seemed to notice such collapse and, as from May, began authorizing some industrial activities to stop the severe contraction in this sector. Thus, on May 11, 20 branches of industrial activities were authorized in four municipalities; on May 18, six more municipalities were added, with 34 activities; on May 22, eight more municipalities were added with 29 activities, and two more in the municipality of Tres de Febrero, which already had a branch operating from May 18. In the week of May 26, 17 municipalities added 93 branches of industrial activities.

¹Argentine Integrated Social Security System

It cannot be denied that the economy is comatose, especially the industrial sector. Its possible revival is subject to the easing of social distancing measures, which, by the end of June, will have surpassed 100 days, as well as to the possibility of recovery of demand, which will remain affected over the next months, even when the activity gathers momentum.

TABLE 1

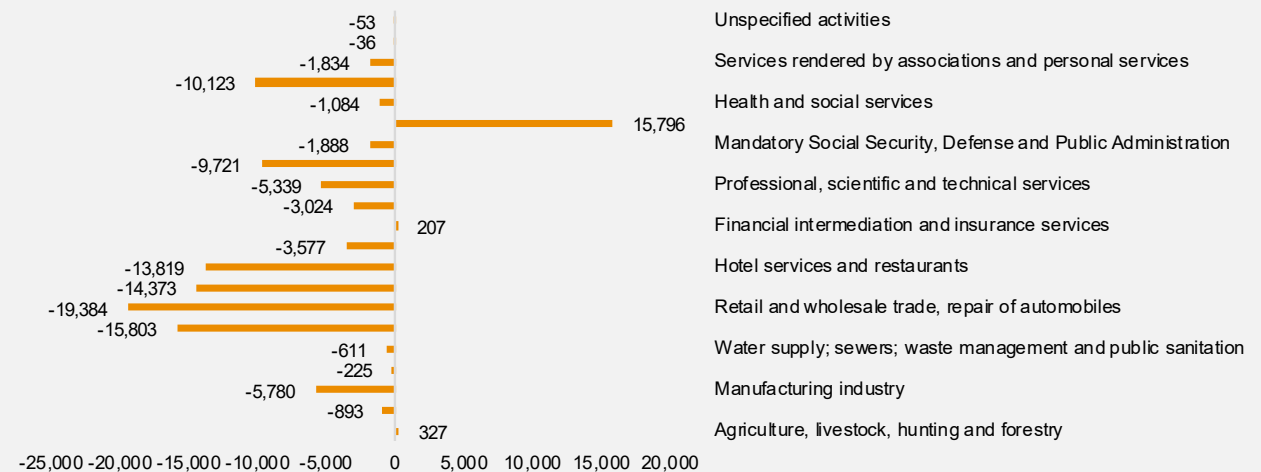
ATP program's beneficiaries (wages accrued in April), by branch

Branch	Beneficiaries	% of total ATP (wages)
Industrial	633,878	27.1%
Trade	558,821	23.9%
Hotels and Restaurants	188,315	8.0%
Construction	181,953	7.8%
Transportation and storage	131,336	5.6%
Health and social services	109,561	4.7%
Professional, scientific and technical services	74,393	3.2%
Cultural, sports and recreational services	64,467	2.8%
Information and communication	58,397	2.5%
Education	26,770	1.1%
Real state	26,620	1.1%
Other	285,849	12.2%

Source: Prepared by the authors based on statistics from the Ministry of Productive Development

GRAPHIC 3

Variation of jobs between April and March 2020



Source: Prepared by the authors based on AFIP data (from sworn statements of contributions returns filed in the given and the prior month, whose period was due on that month)

*Education is seasonal; this data arises from sworn statements on registered workers, which are filed in April each year.

TABLE 2:
Number of municipalities that have authorized industrial activities by date

Number of municipalities that have authorized industrial activities by date	11-may	18-may	22-may	26-may	27-may	28-may	30-may	2-jun
Tanning and leather finishing; manufacturing of leather products, saddles, and footwear and their parts		3	3	6		1	4	6
Editing and printing; reproduction of recorded material		2	1	4		1	3	3
Manufacturing of tobacco products	2	2	3					2
Manufacturing of transportation equipment n.e.c.*		1	2			3	4	2
Manufacturing of machinery and electric devices n.e.c.		1	2	2		1	2	2
Manufacturing of machinery and equipment n.e.c.	2	2	3	3		3	3	2
Manufacturing of common metals	1		1	1				1
Manufacturing of furniture and mattresses; manufacturing industries n.e.c.				1			1	1
Manufacturing of paper and paper products		1	1	1		1	1	4
Manufacturing of pieces of clothing; finishing and dyeing of fur	1	2	1	1		1	3	3
Manufacturing of plastic and rubber products		3	4	3		1	4	7
Manufacturing of metal products, except for machinery and equipment								1
Manufacturing of non-metallic mineral products	1	2	2	1		4	3	12
Textiles manufacturing	2	3	2	1	1	2	1	3
Manufacturing of substances and chemical products	1	2	1	2		2	1	5
Manufacturing of automobiles, trailers and semitrailers	1	5	3	3		2	4	2
Wood manufacturing, wood and cork products manufacturing, except for furniture; manufacturing of straw products and plaiting materials		2	1	1		2	2	2
Recycling	1							
Total	12	31	30	30	1	24	36	58

*n.e.c.: not elsewhere classified

Industry Roadmap

SMEs will face a rough path post-pandemic



By Pablo Boruchowicz, SMEs Partner,
PwC Argentina

The world has stopped due to the COVID-19 outbreak. Deserted cities, fear, uncertainty, recession; this is undoubtedly a black swan that nobody dared imagine. The impact on the different countries affected was uneven. In Argentina, the Government provided resources to the economy aiming to maintain both the activity and employment levels. However, the lack of a countercyclical fund and the existing context of economic imbalances make this task even more difficult to fulfill. According to our last survey, “SMEs Expectations 2020”, nine out of ten businessmen surveyed consider that the measures adopted by the Argentine Government during the social, preventive and mandatory isolation period were not enough, and propose a tax reduction, stricter control of public spending and financial support, among others.

SMEs are the most affected by our economic instability. As per our most recent survey, 65% of respondents claim that their business results for the first quarter of the year were significantly lower compared with the

same period in 2019; six out of ten respondents had to apply for benefits under the Labor and Production Emergency Assistance Program (ATP Program), obtaining different results (either by the complexity of the proceedings, uninterested response from banks or sector informality); and what is more concerning, only 27% of them have a leeway of more than three months to survive in the current scenario.

Among the concerns businessmen of the industry have expressed, tax burden (75%), high inflation rates (74%), foreign exchange rate volatility and unpredictability (58%), and possible debt default (40%) are the most relevant ones, which make it more difficult to undertake any activity or new venture.

Although the scenario differs according to the sector, size and geographic location of each business, against this backdrop, SMEs need to have a contingency plan that includes, among others, liquidity control, protection of critical assets and review of cost

structures to be able to rethink their businesses and be prepared to rapidly adapt their strategy to the new reality of the post-pandemic period.

During confinement, being connected has been more important than ever and goes beyond having web pages or managing production processes remotely; we have to take into account that SMEs will have to face more informed consumers who require personalized and immediate attention. In light of these circumstances, micro-, small- and medium-sized enterprises (MSMEs) had to resort to the intensive use of digital tools and consider the need to have quality connections, big data tools, cloud storage services, enhanced cybersecurity solutions, among other benefits, to drive their business opportunities and manage production processes remotely.

The survey indicates that 75% of the industry businesses have implemented homeworking, privileging more digital interactions and relationships. Once the pandemic is overcome, many sectors will surely continue evolving to develop a remote working culture.

To become digitalized is to rely on new technologies to include new ways of working and computerize processes for the purpose of achieving efficiency, productivity and quality. Clearly, the professional capability of the human resources available is essential to carry out this task. In this regard and considering SMEs’ concerns about talent retention after the pandemic, 48% of businessmen surveyed estimate that their staff will remain the same and adapt to future changes, and 14% will even increase staff levels. In turn, the Ministry of Productive Development launched a “Digital Assistance Network for SMEs”, which provides tools on remote working and e-commerce and stimulates the activity of the industry during the health emergency. In its web page, the network offers a benefit catalog, tutorials and a list of services countrywide.

The world will not be the same after COVID-19 and, within this context, SMEs will face a rough path post-pandemic, having to adapt themselves to these changes rapidly if they want to survive.

Industry Roadmap Reloaded

The consequences of having access to the foreign exchange market



By Claus Noceti, Director International Trade and Customs

On September 1, 2019, a new foreign exchange control system began in our country by means of Decree No. 609/19 which was incorporated to the Central Bank of Argentina (BCRA) regulations through Communication “A” 6770. To this date, 286 Communications “A” have been issued to regulate foreign exchange restrictions.

This exchange control may be described as a two-way regime. A set of regulations establish which collections of exports in foreign currency must be brought in and traded in the Free Foreign Exchange Market (MLC) and a second set of rules set forth the requirements to make payments abroad without BCRA express authorization.

Some days before, the BCRA issued Communication “A” 7030, which on the plus side enabled it to accumulate international reserves during the weeks subsequent to its coming into force. This Communication, subsequently modified by Communications “A” 7042 and 7052, established a mandatory tax return mechanism to have access to

the foreign exchange market. To pay any debt, taxpayers must issue a sworn statement: (i) that all US dollar holdings in Argentina are deposited in bank accounts; (ii) the holdings of liquid external assets do not exceed USD 100,000; and (iii) in case of acquiring a new asset, granting a loan or creating a term deposit, the funds deposited abroad for the collection from the sale of the asset, the payment of the loan or the maturity of the deposit will be settled on the exchange market and brought in within 5 days. Another statement specific for the payment of assets shipped before July 1, 2020 (and/or paid before July 6, 2020) requires that (iv) the payment to be made along with those made during the year should be less than the total imports made as from January 1, 2020. Whereas the four statements are required to access the foreign exchange market, one of such statements conveys significant consequences.

By means of the first sworn statement, the taxpayers are required to deposit their entire foreign currency position in Argentina into a bank account,

and through the second one they must dispose of their position in liquid external assets (for which the companies must apply the most effective method among several options). The specific requirement for the payment of imports of goods, which was recently eased, is clear: the date of shipment (or arrival of the goods) should be analyzed to determine if the above-mentioned calculation is to be applied.

That statement to take a future action should be specifically considered, that is, the statement in which the taxpayer undertakes to settle on the exchange market those funds received abroad originated from the sale of any type of asset, the collection of loans or the maturity of a term deposit, when the asset has been acquired, the deposit made or the loan granted after May 28, 2020. Although sworn statements are mandatory, they have consequences. For example, any person with access to the foreign exchange market cannot trade using blue-chip swaps; therefore, the proceeds from the sale of assets abroad must be brought in

through the MLC. Additionally, certain operations that were not covered by exchange rules, such as the sale of assets between residents or the sale of a local asset to a non-resident, would now fall within the scope of this Communication in case the payment is made abroad.

Trading operations with external assets would now be rendered impossible, since when the trader company sells its stocks and brings in the collections thereof as required, it will not be able to repurchase assets for its business. It may be assumed that this regulation was sought to cover the liquid external assets that may be adjusted under these restrictions; therefore, considering these “collateral effects”, the BCRA might issue a more flexible regulation in the future. Until then, we should bear in mind that there exist some requirements to access the foreign exchange market, but doing so also has consequences.

Federal Landscape

Province:
Misiones



Province: Misiones

Region: Northeast

The province of Misiones is located in the North-East region of the Argentine Republic. Its borders are almost completely made up of rivers: the Iguazú river to the North, the Paraná river to the West, the Pepirí Guazú and the Uruguay rivers to the East and the Chirimay river to the South. It also borders with the Federative Republic of Brazil to the East and North and with the Republic of Paraguay to the West. It is part of the so-called “Heart of the River Plate Basin” region given its privileged location in the map of South America.

Misiones' economy is structured on the basis of a set of industrial crops, such as yerba mate, tea, tung tree and tobacco; the native and planted forest – especially conifers – and industrialization processes associated to these primary productions, namely yerba mate mills, tea and tobacco drying sheds, manufacturing of cellulose and paper and wood and furniture processing.

1,101,593

Population

37.0

Population density
(pob/km²)

29,801

Area in km²



Employment and income indexes

	Province	Region	Nation
Employment rate	42.2%	40.0%	42.2%
Unemployment	2.5%	5.4%	10.4%
Activity rate	43.2%	42.3%	47.1%
Employment* (in thousands)	100	270	5,982

*Registered private sector employees by province.

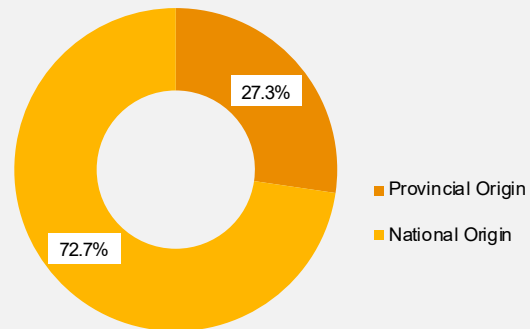
Note 1 (rates): Ministerio de Economía, <https://www.minhacienda.gob.ar/datos/>.

Note 2 (employment): Ministry of Labor, Employment and Social Security. Report of the work registered.



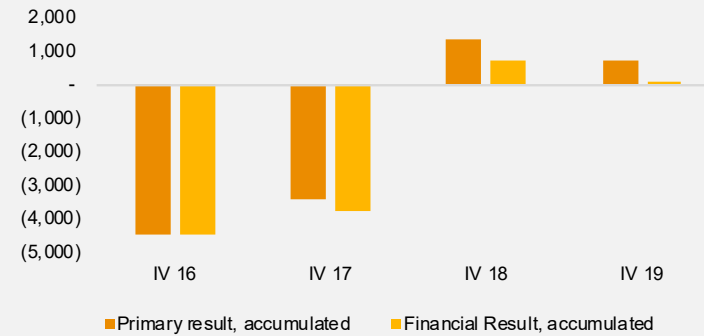
Fiscal indicators

Tax revenue by origin, 2019



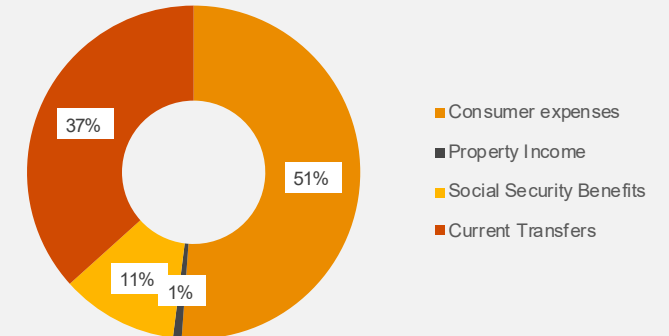
Source: Prepared by PwC Argentina based on Ministry of Finance, Public Services and Works, Province of Misiones.

Fiscal Result, millions of pesos



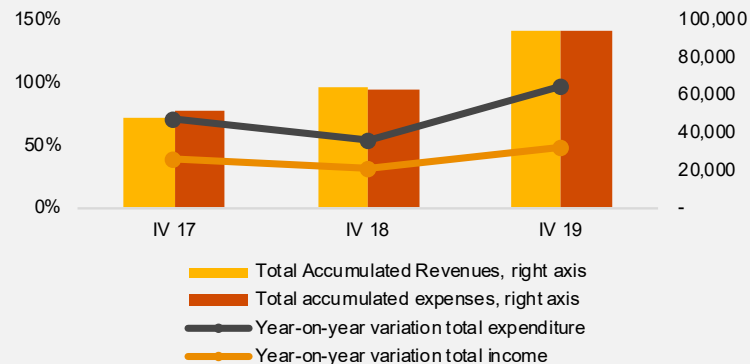
Source: Prepared by PwC Argentina based on Ministry of Finance, Public Services and Works, Province of Misiones.

Composition of current expenditure, 2019



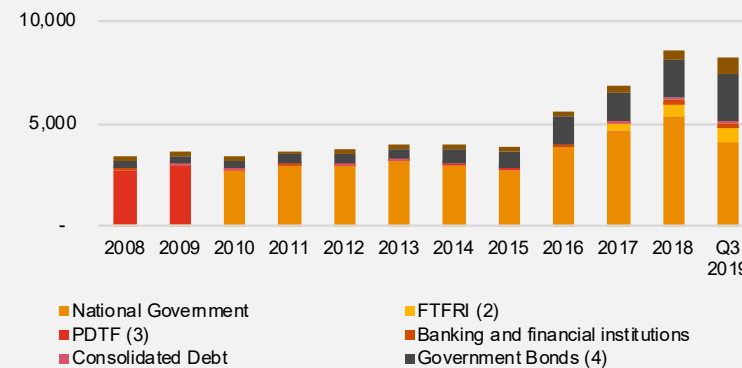
Source: Prepared by PwC Argentina based on Ministry of Finance, Public Services and Works, Province of Misiones.

Total income and expenses, millions of pesos



Source: Prepared by PwC Argentina based on Ministry of Finance, Public Services and Works, Province of Misiones.

Public Debt, in million of pesos⁽¹⁾



Source: General Directorate of Fiscal Relations, Fiscal Responsibility System, Ministry of Economy.

Notes:

- 1) All data are preliminary and subject to revision. Floating Debt is not included.
- 2) Federal Trust Fund for Regional Infrastructure
- 3) Provincial Development Trust Fund
- 4) Securities expressed at Residual Value

In 2019, the Non-Financial Public Administration of the province of Misiones recorded a financial profit amounting to ARS 44 million, resulting from a total income of ARS 94,279 million and expenses amounting to ARS 94,235 million.

Total income increased 47.8% compared to the previous year. In turn, the accrued expenses for the previous year rose 49.4% compared to the ARS 63,081 million incurred in 2018.

Total provincial public debt, excluding floating debt, at September 30, 2019 amounted to ARS 8,169 million.



Exports

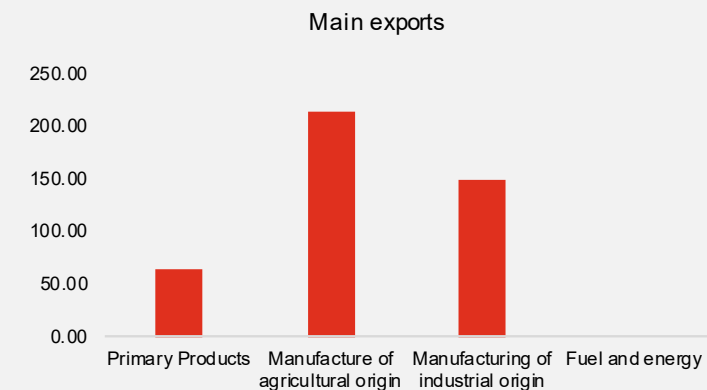
Misiones	2019	2018
Ranking position	17	16
Amount	430	485
Regional participation	35.0%	45.3%
National participation	0.7%	0.8%

Source: Prepared by PwC Argentina based on INDEC statistics.

In 2019, total exports of Misiones amounted to USD 430 million, declining 11.3% compared to the previous year and representing 35% of the North-East region total exports.

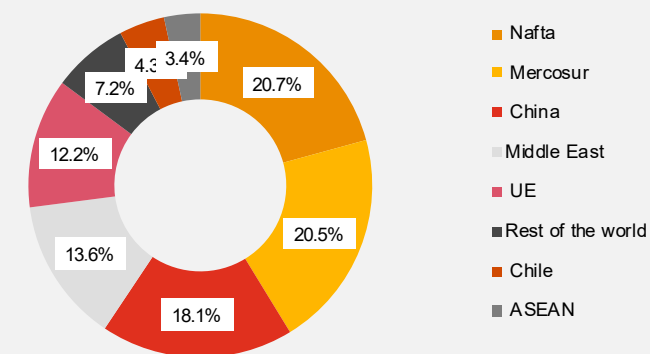
The main exported products were paper pulp and tea, accounting for 29.8% and 19.6% of total provincial exports, respectively, followed by yerba mate (16.1%) and unmanufactured tobacco (11%). 85% of exports were concentrated in the top five destinations: NAFTA, Mercosur states, China, Middle East and the European Union.

Main exports



Source: Prepared by PwC Argentina based on INDEC statistics.

Main destinations



Source: Prepared by PwC Argentina based on INDEC statistics.

	Amount	Year-on-year variation	Province vs Nation
Cement Consumption (Mar-2020)			
• Bag	15,300	14.7%	
• Bulk	1,334	-52.3%	
Car Patenting (Mar-2020), quantity			
	67	-93.7%	
Supermarket Sales (Feb-2020), million pesos			
	815	-23.4%	
Electricity Demand (Dec-19), in GWh/Centigrade/MW			
	226	13.6%	
Credits*			
• Non-Financial Loans. Personal	11,623	-1.2%	
• Non-Financial Loans. Cards	4,575	27.6%	
Deposits*			
• Current account deposits	4,667	47.4%	
• Deposits in the savings bank	10,731	19.5%	
• Fixed-term deposits	11,421	10.8%	

*Real change, the price index published by INDEC for the Northeast region was used
 *In national currency and foreign currency, in thousands of pesos, 4th quarter 2019

Nation Misiones

Province activity

The primary activity of the province is based on agriculture, industrial forest exploitation and forestry. Yerba mate was the traditional crop driving the province's colonization; then citrus, tea, tung (tree used to manufacture oil for paints) and tobacco crops spread. Industrial forest exploitation started with wood workshops and then continued with sawmills. Today, replanting is the most reasonable manner to leverage the potential of forests.

The Gross Geographic Product of Misiones (GGP) represents 1.1% in GDP (ECLAC, 2005).

Goods and services generate – separately – approximately half of the provincial added value (based on 2007 information), the former require 43% of formal employment positions in the private sector, with the latter requiring the remaining 57% (based on 2013 information).

Note cement

Source: Portland Cement Manufacturers Association, <https://www.afop.org.ar/copia-de-despacho-total-de-cemento->.

Note Car Patenting

Source: SIOMAA, <http://www.siomaa.com/InformeSector/Reportes>.

Note Supermarket Sales

Source: INDEC, National Directorate of Statistics and Prices of Production and Trade.

Note deposits y credits

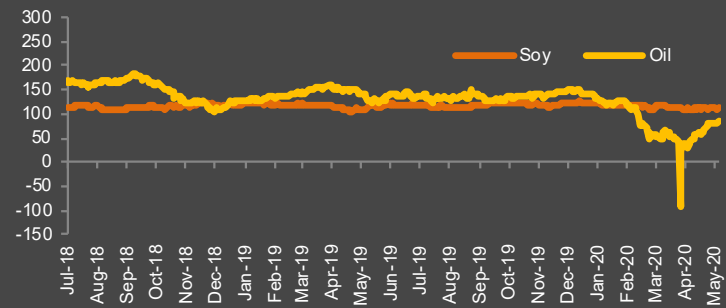
Source: Central Bank of Argentina.

Note Demand for Electricity:

Source: Ministry of Economy. The distribution company Salta energy distribution company is considered

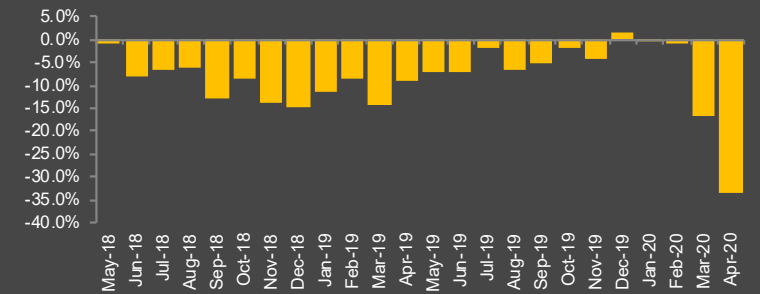
Macro monitors

Price of Soy and Oil, index 2004=100



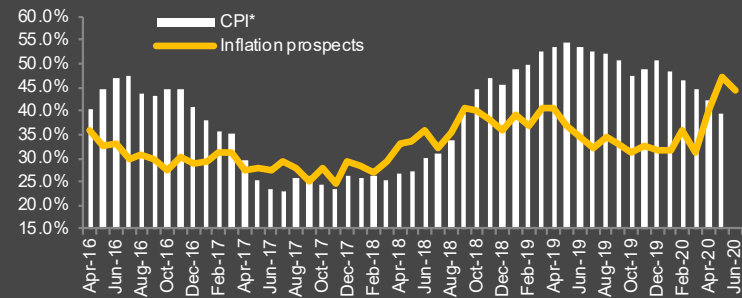
Source: Own calculations based on CBOT and WTI NYMEX

Monthly Industrial Estimator



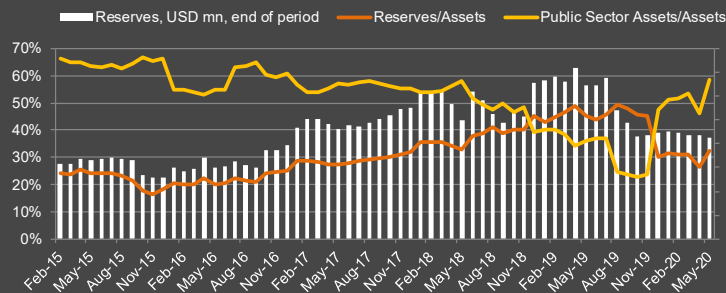
Source: Own calculations based on INDEC

Inflation



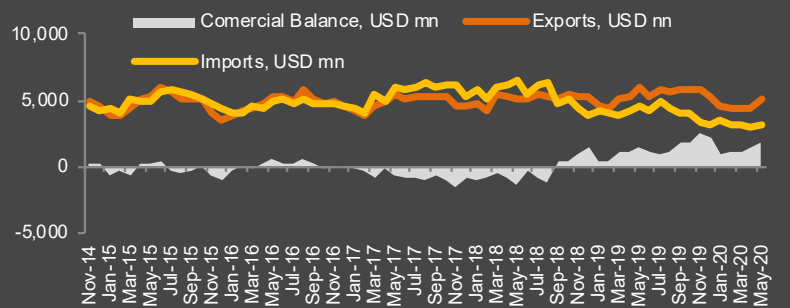
Source: Own calculations based on CPI of City of Buenos Aires and UTD

Reserves and Central Bank Assets



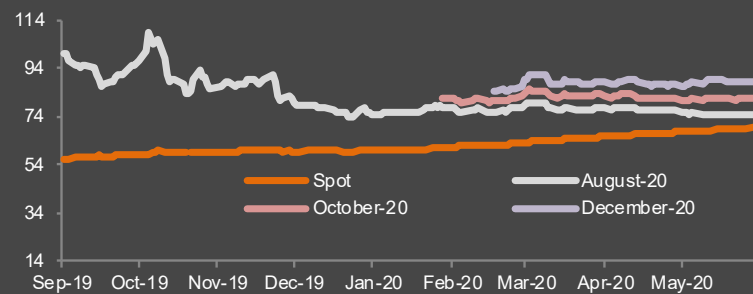
Source: Own calculations based on Central Bank of Argentina

Foreign Trade



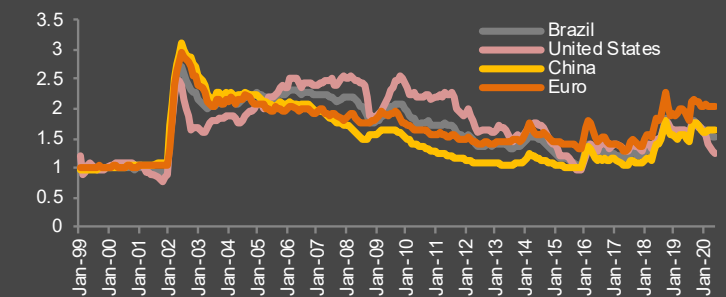
Source: Own calculations based on INDEC

Exchange rate: Spot and Futures



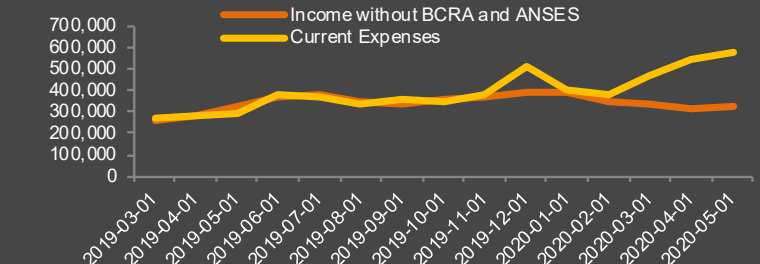
Source: Own calculations based on Rofex

Real exchange rate index: Dec-99=1



Source: Own calculations based on the Central Bank of Argentina

Income and Expenses of the National Non-Financial Public Sector



Source: Own calculations based on Secretary of Finance

Table of indicators



* 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

Source: INDEC, Secretary of Finance, Ministry of Economy, BCRA, AFIP, Ministry of Treasury and Finance of the City of Buenos Aires, CIARA, CBOT, NYMEX

Activity and Prices	2017	2018	2019	Feb-20	Mar-20	Apr-20	May-20
Real GDP, var % y/y	2.8%	-2.6%	-2.2%	-	-5.4%	-	-
CPI Federal Capital, var % y/y	26.1%	45.5%	50.6%	46.4%	44.6%	42.2%	39.2%
CPI San Luis, var % y/y	24.3%	50.0%	57.6%	55.1%	52.2%	50.0%	47.0%
Industrial Production, var % y/y	1.9%	-5.0%	-6.3%	-0.9%	-16.5%	-33.5%	nd
International Reserves (end period, USD mn)	55,055	65,806	44,781	44,791	43,561	43,568	42,589
Import Cover (month of reserves)	9.87	12.06	10.94	14.02	13.72	14.93	13.44
Implicit exchange rate (M0 / Reserves)	18.34	21.41	42.33	38.31	52.62	42.86	50.04
\$/USD, end period	18.77	37.81	59.90	62.21	64.47	66.84	68.54

External Sector	2017	2018	2019	Feb-20	Mar-20	Apr-20	May-20
Exports, USD mn	58,622	61,781	65,116	4,324	4,333	4,329	5,061
Imports, USD mn	66,930	65,482	49,124	3,195	3,175	2,918	3,168
Comercial Balance, USD mn	-8,308	-3,701	15,992	1,129	1,158	1,411	1,893
Currency liquidation by grain exporters, USD mn	21,399	20,202	23,720	815	1,064	1,524	1,946

Laboral*	2017	2018	2019	Feb-20	Mar-20	Apr-20	May-20
Unemployment, country (%)	7.2	9.1	8.9	-	10.4	-	-
Unemployment, Greater Buenos Aires (%)	8.4	10.5	10.0	-	11.5	-	-
Activity rate(%)	46.4	46.5	47.2	-	47.1	-	-

Fiscal**	2017	2018	2019	Feb-20	Mar-20	Apr-20	May-20
Income, \$mn	2,578,609	3,382,644	5,023,566	471,693	443,637	398,659	499,535
VAT, \$mn	765,336	1,104,580	1,532,597	141,997	136,170	126,884	130,756
Income tax, \$mn	555,023	742,052	1,096,521	93,116	79,462	73,483	141,320
Social Security System, \$mn	704,177	878,379	1,175,793	122,536	119,929	100,421	101,248
Export Tax, \$mn	66,121	114,160	398,312	21,100	28,999	28,172	24,753
Primary expenses, \$mn	2,194,291	2,729,251	3,795,834	365,255	449,646	521,426	554,016
Primary result, \$mn	-404,142	-338,987	-95,122	-27,497	-124,728	-228,822	-251,287
Primary result, \$mn	308,048	513,872	914,760	62,706	50,778	46,288	62,681
Fiscal results, \$mn	-629,050	-727,927	-819,407	-67,578	-166,305	-266,050	-308,219

Financial - Interest rate***	2017	2018	2019	Feb-20	Mar-20	Apr-20	May-20
Badlar - Privates (%)	23.18	48.57	41.75	33.52	29.49	20.84	23.57
Term deposits \$ (30-59d Private banks) (%)	21.80	46.22	40.80	32.94	29.23	21.37	24.26
Mortgages (%)	18.61	47.70	47.51	38.34	30.59	28.69	25.30
Pledge (%)	17.42	24.88	30.54	24.01	23.97	23.56	22.90
Credit Cards (%)	42.21	61.11	76.28	73.40	57.45	47.50	43.44

Commodities****	2017	2018	2019	Feb-20	Mar-20	Apr-20	May-20
Soy (USD/Tn)	358.9	342.3	326.9	325.4	319.3	310.0	309.3
Corn (USD/Tn)	141.4	145.0	150.9	148.6	141.7	126.3	125.5
Wheat (USD/Tn)	160.2	182.1	181.5	201.8	196.6	198.9	189.3
Oil (USD/Barrel)	50.9	64.9	57.0	50.5	30.4	16.7	28.5

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	Revenue forecast		
	Surveys		

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