

N° 63 - July 2020

# Economic GPS



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# In suspense



Since March, Argentina has been in a state of suspense, where uncertainty seems to be the norm in the current context. With more of less restrictions, the quarantine in force since March 20, as a consequence of the pandemic, continues to limit economic activity. Its continuous extension, every 15 or 20 days depending on the case, citizens with a feeling of lethargy that limits decision-making and the possibility that economic activity will gain momentum (or at least stop falling).

On the other hand, the debt renegotiation is still unresolved. While the signs that emerge from the capital market would show that an agreement is not ruled out, the continued delay limits the current administration's possibilities of submitting a road map that allows us to imagine a post-quarantine Argentina. The government's second formal offer filed with the SEC (United States Securities and Exchange Commission) falls due on August 4. However, the scenario suggests that this period will be postponed again.

The lack of a definitive deadline to solve either events keeps economic agents permanently waiting, which paralyzes

decision-making and adds complexity to the current context.

The die is virtually cast for year 2020. The sharp drop in production, the deterioration of labor market conditions -as it is evidenced in the Tracking of the current edition-, and the imbalances in the money market leave an economy with many restrictions to operate, which will hardly reverse its performance the rest of the year. However, whatever is done, or not done, in the last quarter of the current year, although it will not change the signs of contraction, will provide the starting point and the possibilities for 2021.

All this in an international context that will not contribute with certainties. Meanwhile, by the end of July, the suspense still continues and there are no signs of mitigation.

A handwritten signature in black ink, appearing to read 'José María Segura'. The signature is stylized and somewhat abstract, with a large loop at the end.

**José María Segura**  
Chief Economist PwC Argentina

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### Registered employment weakens at the height of the quarantine

During April and May 329,143 jobs were lost, 37% of which corresponded to the construction sector and 16% to the manufacturing industry. The number of employers decreased by 26,008 in the same period, according to information released by the Federal Administration of Public Revenue (AFIP).



## Industry Roadmap

### COVID-19 impact on the banking industry Acceleration in digital transformation

The pandemic and quarantine took everyone off guard, financial institutions that mainly operated on-site had to adapt quickly.



## Customs & FX

### Restriction on the payment of imports: reasons and consequences

Foreign exchange restrictions are part of our current setting and may accompany us for a long time. It is a forced coexistence and as such, it is reasonable that it brings along conflicts.



## Federal Landscape

### Province: Mendoza

Mendoza is located in the Cuyo region, to the west of the country. Its economic structure is featured by the production and industrialization of agricultural products. The bountiful harvest of vine, fruits and vegetables gave rise to an important wine and canning production industry.

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# Tracking

## Registered employment weakens at the height of the quarantine

**In the period April-May 329,143 jobs were lost, 37% of which corresponded to the construction sector and 16% to the manufacturing industry. The number of employers decreased by 26,008 in the same period, according to information released by the Federal Administration of Public Revenue (AFIP).**

Despite the fact that the Emergency Decree No. 329/2020 has been in force since March 31, which prohibits companies from making dismissals without legal justification/ no legitimate cause or due to force majeure, the economic retraction derived from the pandemic and preventive and mandatory social isolation measures (ASPO, for its acronym in Spanish) generated a loss of 329,143 jobs during April and May compared to the same two-month period in 2019, according to information published

by the AFIP<sup>1</sup>. The period during which ASPO ruled more strictly, strongly affected the construction sector, which accounted for 37% of the jobs lost in the two-month period. The manufacturing industry contributed 16% of total job losses, and the wholesale and retail trade sector added 11% of total jobs lost. This is consistent with the performance of the activity of these sectors, where construction, according to the information of the Synthetic Indicator of Construction Activity (ISAC)<sup>2</sup>, fell 76.2% in April and 48.6% in May compared to the same month in 2019. A similar situation occurs with the industry, which accumulated a 16.3% decline in the fifth month of the year, dropping 33.4% in April and 26.4% year-on-year in May. The information on trade, available through the EMAE up to May, reports that the activity of the sector fell 21% year-on-year.

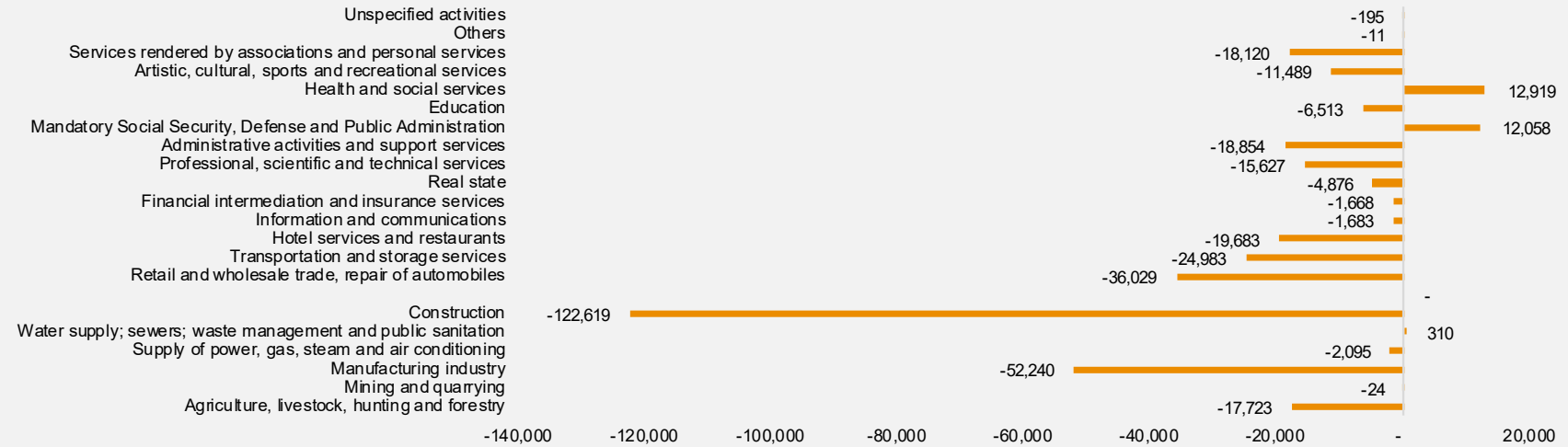
<sup>1</sup>The AFIP gathers this information from the Argentine Integrated Social Security System (SIPA), which records all the employees of the private sector, the National Public Administration and the provincial governments that transferred their social security funds to the national system

<sup>2</sup>Synthetic Indicator of Construction Activity (ISAC) published by the INDEC

When analyzing the employment behavior by company size, 36% of job positions were lost in companies having between 101 and 500 employees. The total reaches 118,554 workers who have lost their jobs. Secondly, there are those companies between 1,501-2,500 employees and those between 51 and 100, where each category accounted for 10% of job losses, with 32,778 (positions) the first and 31,617 the second one, with 32,778 and 31,617 respectively. On the contrary, companies with more than 5,000 employees, recruited new employees, all from the public sector, as shown in figure 2.

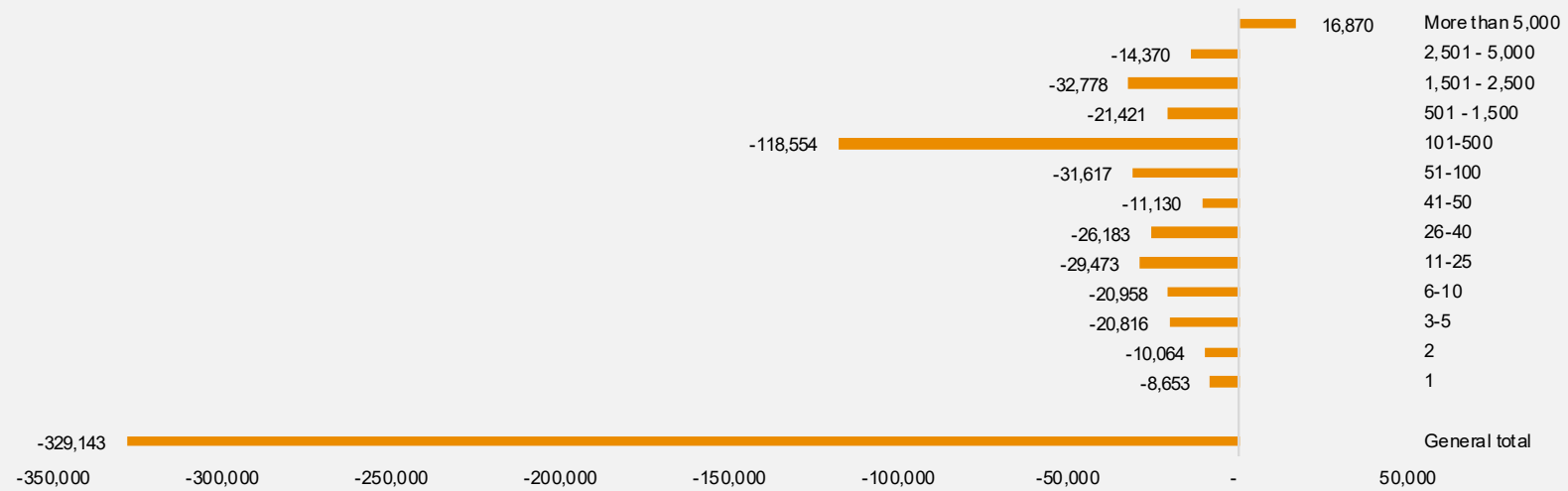
Besides, the information shows that job losses occurred in the private sector, as public employment (that which includes the National Public Administration and the provincial government that transferred their social security funds to the national system) increased 11,418 positions, compared to the drop of the private sector by around 340,561.

**FIGURE 1**  
**Change in the number of jobs by sector for April and May, 2020 compared to 2019**



Source: Prepared by the authors based on AFIP

**FIGURE 2**  
**Change in the number of jobs by company size for April and May, 2020 compared to 2019**



Source: Prepared by the authors based on AFIP

As regards wages, the AFIP publishes the total wage bill<sup>3</sup>. When divided by the number of workers, the most recent average of wages received by the workers is obtained.

In real terms, since the preventive and mandatory social isolation measures began, wages increased in March and April, except in those companies with more than 1,501 workers. However, this behavior was reversed in May and, in addition to reducing the number of employees, wages were also reduced, with the exception of those companies with one or two employees.

In the period April-May the number of employers decreased by 26,008, mostly concentrated on the smallest companies.

The scenario described so far is consistent with the outcome of the 7th survey of SMEs expectations carried out by PwC<sup>4</sup>, where 65% of the companies surveyed confirm that the results of the first quarter of 2020 (before the pandemic) were lower compared to the same period of the previous year, since they had already been affected by the local economic situation. In addition, 82% claim that the pandemic has generated a decrease in demand, affecting their business. In this regard, despite the measures adopted by the national government such as the payment of part of the salaries of its employees and credits at zero or subsidized rates, 92% of SMEs consider that the measures have not been enough, with 57% being able to access the Emergency Labor and Production

Assistance Program (ATP, for its Spanish acronym). The same survey shows that 48% of the respondents will maintain their staff and even 14% of them will increase it considering the need for post-pandemic talent retention, while 38% consider a reduction.

In this context, the national government sent to Congress a bill that considers the deferral on tax debts past due until June 30, 2020, and suggests November 16 as the due date of the first installment. Companies and individuals may pay their debts in up to 96 or 120 installments for tax and customs obligations. In addition, the bill promotes the partial forgiveness of interest and total forgiveness of fines. Also, the ATP for salary payments was extended for a third period and the extension of the Emergency Family Allowance (IFE) for an additional \$10,000 to those sectors without any other income is being evaluated.

At the beginning of the fourth week of July, the National Executive Branch has allowed the progressive reopening of various economic sectors in the AMBA region. Although this enables different types of companies to return to activity, the employment dynamics would not be modified in the short term and unemployment rates would be expected to continue to rise.

TABLE 1

**Real wage change compared to the same month last year**

|                      | March | April | May    |
|----------------------|-------|-------|--------|
| <b>General total</b> | 3.7%  | 0.6%  | -3.8%  |
| 1                    | 3.8%  | 1.3%  | 1.5%   |
| 2                    | 4.1%  | 1.0%  | 1.1%   |
| 3-5                  | 3.3%  | 1.0%  | -0.3%  |
| 6-10                 | 4.5%  | 1.6%  | -0.8%  |
| 11-25                | 5.6%  | 2.7%  | -1.2%  |
| 26-40                | 4.0%  | 2.8%  | -2.5%  |
| 41-50                | 5.4%  | 2.7%  | -1.2%  |
| 51-100               | 5.6%  | 2.6%  | -2.5%  |
| 101-500              | 7.3%  | 2.0%  | -4.7%  |
| 501-1,500            | 6.7%  | 0.5%  | -4.8%  |
| 1,501-2,500          | -1.1% | -2.6% | -8.9%  |
| 2,501-5,000          | -0.1% | -0.2% | -10.6% |
| More than 5,000      | -0.3% | -2.0% | -3.1%  |

Source: Prepared by the authors based on AFIP and INDEC

TABLE 2

**Change in the number of employers by company size in the period April-May 2020 compared to 2019**

|                      |        |
|----------------------|--------|
| <b>General total</b> | 26,008 |
| 1                    | 8,653  |
| 2                    | 5,032  |
| 3-5                  | 5,438  |
| 6-10                 | 2,794  |
| 11-25                | 1,908  |
| 26-40                | 833    |
| 41-50                | 236    |
| 51-100               | 482    |
| 101-500              | 590    |
| 501-1,500            | 24     |
| 1,501-2,500          | 21     |
| 2,501-5,000          | 2      |
| More than 5,000      | 4      |

Source: Prepared by the authors based on AFIP and INDEC

<sup>3</sup>Wage bill stands for the overall amount of remunerations that a company, institution, or organization, regularly pays to their employees as compensation for the work they perform.  
<sup>4</sup><https://www.pwc.com.ar/es/publicaciones/pymes-en-argentina-expectativas.html>

# Industry Roadmap

## COVID-19 impact on the banking industry: Acceleration in digital transformation



By Rosana Mazza, partner PwC Argentina specialist in digital services

The pandemic and quarantine took everyone off guard, financial institutions that mainly operated on-site had to adapt quickly.

Only a few were successful, which are those entities that had made progress towards digital transformation. Those making less progress are the ones that suffered the most from the isolation measures and had to make changes to their operations more quickly.

Even in those entities that were most prepared for certain operational issues, the management of queries and claims, the delivery of products and the resetting of passwords were the obstacles that made more complex the operation within the current context.

In this sudden change, considerable efforts had to be devoted on the technological, commercial and human resources levels on two major issues: the functionality and strategy of migration to digital channels, including protocols for customer service as well as remote training and work.

Remote work, which was a complex issue to deal with and apply to this kind of industry, became a valid and even considerably feasible option to rethink customer service models.

However, this new way of working entails a world of opportunities after all the challenges have been overcome.

Another great need that this context created with respect to work dynamics was to have multipurpose roles that can respond to both operational and commercial issues.

New sales models, such as digital sales channels and remote officers were created and emerged and sales were promoted through other means, such as WhatsApp.

At the commercial level, the impact on sales was generally adverse throughout the industry. This situation turned campaigns into 100% digital.

As regards the customer, although their benefits and promotions had to be adapted to the current scenario, consumers valued other aspects such as agility, flexibility and closeness.

There is a strong agreement among financial institutions that the economic and financial impact of the pandemic will worsen in six months' time and in one year, the outlook does not seem too encouraging either.

In this scenario, the entities understand that the regulator will continue to request collaboration to accompany users and companies, implementing

measures such as greater assistance to SMEs, monitoring the reference rate and modifying reserve requirements and focusing on financial inclusion.

It is worth mentioning that financial inclusion, the expansion of formal banking and the use of online channels during this period increased considerably, a situation that would seem to remain unchanged.

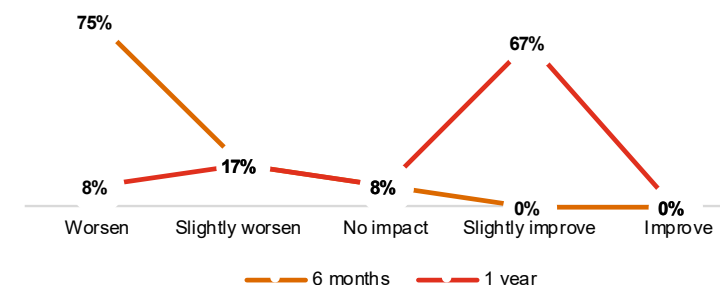
Financial institutions had to reorganize their agendas and/or prioritize issues relating to the new context and thus define what the future and the new normality will be like.

The future would seem to accelerate the digital agenda:

- a great cultural change, with a remote workforce or with mixed schemes and with consumers operating more frequently on digital channels.
- presence of processes and products with less human intervention and more focused on digital.
- further development of payment methods and mainly of interoperability.

A new world was conceived and even though the adaptation process had a more or less significant cost, the opportunities and the digitally leveraged benefits of the new normality seem to be greater.

How do you think COVID-19 will impact on the economic/financial situation of the entity in the following time frames?



# Customs & FX

## Restriction on the payment of imports: reasons and consequences



Foreign exchange restrictions are part of our current setting and may accompany us for a long time. It is a forced coexistence and as such, it is reasonable that it brings along conflicts.

However, we consider that the understanding of the circumstances that originate the conflicts (the “why”), the identification of the impact (the “what for”), especially the complete knowledge of the chosen method (the “how”), will make this coexistence more peaceful.

This time we will deal specifically with the exchange restrictions established in relation to the payment of imports of goods.

Firstly, to understand “why”, we need to resort to numbers, they always answer the question. In this sense, we found that total imports made between the months of January and May, due to the global pandemic and its unavoidable economic effects, reached a cumulative year-on-year drop close to 120%.

However, at the time of looking at the payments for imports of goods, with access to the exchange market in the same period, we noted quite a different behavior: far from decreasing, the total of these payments rose to US\$ 12,000 million, far exceeding the US\$ 10,000 from last year.

That is not the end; the authorities noted that despite economic challenges, the terms for the payment of imports were increasingly shortened, thereby raising the incidence of advance payments over deferred payments.

The BCRA (Argentine Central Bank) acted immediately by issuing a series of Communications “A” (7030; 7042; 7052 and 7068) to restrict the payment of imports of goods. That is the “what for”: a demand for foreign currency that was no longer sustainable had to be curbed.

To analyze the “how”, it is necessary to underline that these controls are based on a unique quota system. A first quota, for operations carried

out until July 1, 2020, arises from the total imports made in the first half of the year, less the total payments made in the same period. In this way, each dollar spent in the year to pay for imports from last year will be one dollar less to spend in operations for the current year.

A second quota is later added, from the possibility of exceeding the first by up to US\$ 1 million, either through making advance, demand or deferred payments.

In addition, there is one last quota, a more complex one: although new imports (after July 1, 2020) are not subject to any quota, it is possible to temporarily waive their payment and add these imports to the equation that accounts for the first quota.

We must remember that these restrictions, although they may not seem so, are a “soft” version of the original restrictions, and this is because in recent weeks, the exporting sector itself (not the importer) showed the damage that these originated. Let’s analyze numbers again.

In March, April and May, exports showed an average drop of 17%, and although at first the global pandemic was considered to be the main cause of this decrease, different sectors began to hold import restrictions accountable.

A recent study by the Argentine Chamber of Commerce and Services, where more than 200 companies were surveyed, revealed that 39% of exporters (SMEs) had difficulties in carrying out their exports, and among them, import restrictions and input supply problems add up to 32%. Not only that, when companies were consulted about which part of their operations has become more difficult, 20% of responses agreed on foreign exchange controls.

The dynamics of numbers cannot be denied, nor the dynamics of the exchange rate norm. Do numbers set the pace and rules keep up with them? Or is it the other way round?



# Federal Landscape

Province:  
Mendoza



Province: Mendoza

Region: Cuyo

Mendoza is located in the Cuyo region, to the west of the country, bounded on the north by San Juan, on the east by the Desaguadero river, separating it from San Luis, on the southeast by La Pampa, on the south by Neuquen (part of its border is formed by the Colorado River), to the west with the Chilean regions of Valparaiso, Santiago Metropolitan, O'Higgins and Maule, the limit of which is defined by the watershed of the Andes mountain range.

The economic structure of Mendoza is featured by the production and industrialization of agricultural products. The bountiful harvest of vine, fruits and vegetables gave rise to an important wine and canning production industry.

1,738,929

Population

11.7

Population density  
(pob/km<sup>2</sup>)

148,827

Area in km<sup>2</sup>



## Employment and income indexes

|                            | Province | Region | Nation |
|----------------------------|----------|--------|--------|
| Employment rate            | 45.6%    | 43.9%  | 42.2%  |
| Unemployment               | 9.7%     | 7.2%   | 10.4%  |
| Activity rate              | 50.6%    | 47.3%  | 47.1%  |
| Employment* (in thousands) | 248      | 375    | 5,982  |

\*Registered private sector employees by province.

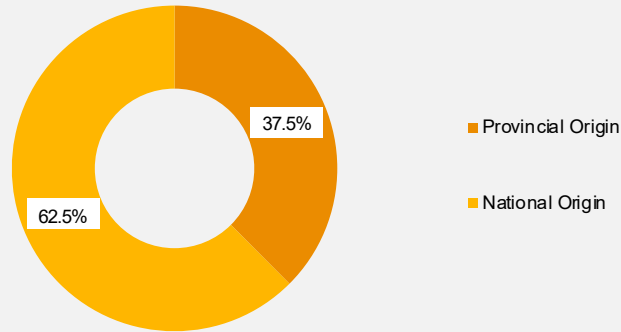
Note 1 (rates): Ministry of Economy, <https://www.minhacienda.gob.ar/datos/>.

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



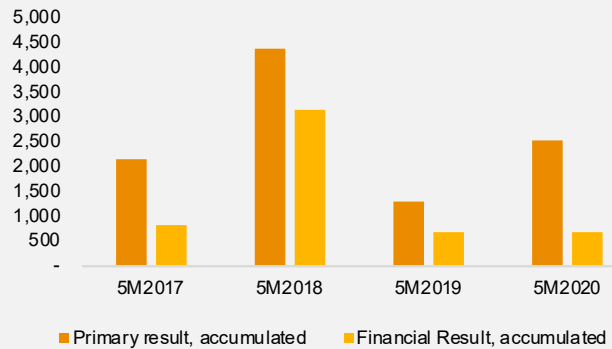
## Fiscal indicators

### Tax revenues by origin, accumulated 5th months 2020



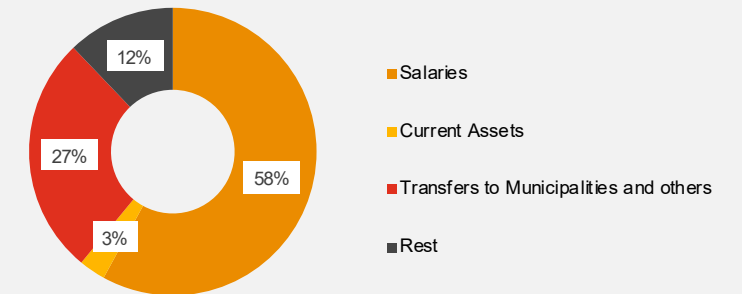
Source: Prepared by PwC Argentina based on Ministry of Finance, Province of Mendoza.

### Fiscal Result, millions of pesos



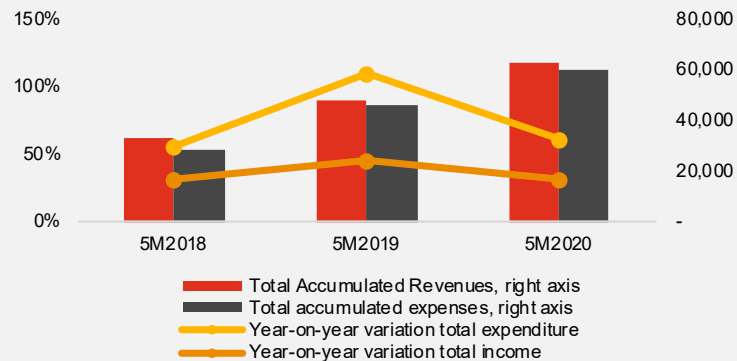
Source: Prepared by PwC Argentina based on Ministry of Finance, Province of Mendoza.

### Composition of current expenses, accumulated 5th months 2020



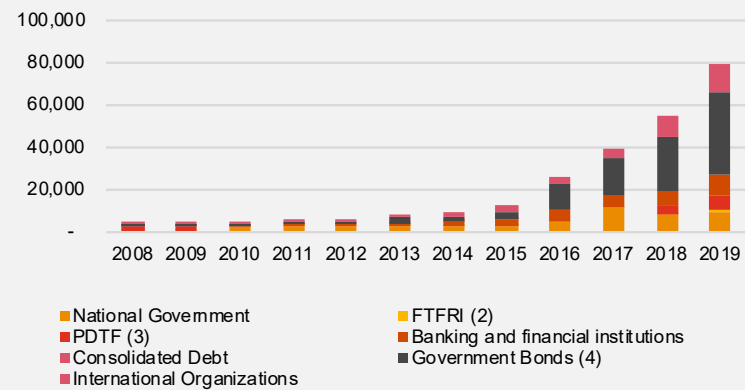
Source: Prepared by PwC Argentina based on Ministry of Finance, Province of Mendoza.

### Total income and expenses, millions of pesos



Source: Prepared by PwC Argentina based on Ministry of Finance, Province of Mendoza.

### Public Debt, in million of pesos<sup>(1)</sup>



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 the Jan-May 2020 period, the Non-Financial Public Administration of Mendoza recorded a positive primary result of \$2,533 million. This value results from a total income of \$62,682 million and total expenses amounting to \$ 60,149 million.

Total revenues represented a 31.4% growth compared to the aggregate amount at May 2019. On the other hand, the accrued expenses showed an 29.5% increase with respect to the \$46,437 million incurred in the first five months of 2019.

Total provincial public debt, excluding floating debt, at December 31, 2019, amounted to \$78,778 million.



## Exports

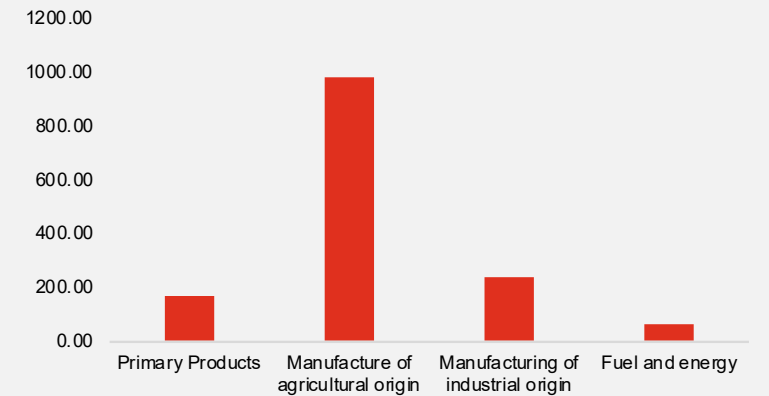
| Mendoza                | 2019  | 2018  |
|------------------------|-------|-------|
| Ranking position       | 6     | 6     |
| Amount                 | 1,454 | 1,522 |
| Regional participation | 42.4% | 45.6% |
| National participation | 2.2%  | 2.5%  |

Source: Prepared by PwC Argentina based on INDEC statistics.

In 2019, the exports of Mendoza amounted to US\$ 1,454 million, which represented a 4.5% decrease compared to the previous year, accounting for 42.4% of the Cuyo region exports.

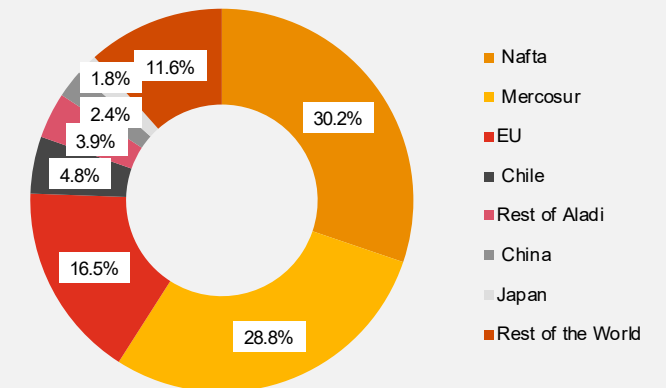
The main exported products were grape wines, which accounted for 49.8% of the total provincial exports; prepared vegetables, legumes and fruits, with a share of 12.4% and a growth of 18.4%; and plastic materials and their manufactures, that reaching 8.5% of the province's exports. The main destinations of Mendoza exports were NAFTA, Mercosur and the European Union.

## Main exports



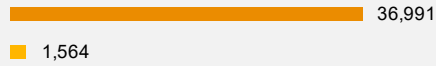
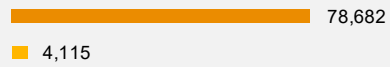
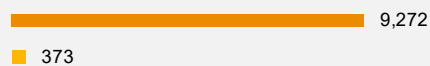







Source: Prepared by PwC Argentina based on INDEC statistics.

## Main destinations



Source: Prepared by PwC Argentina based on INDEC statistics.

|  | Amount | Year-on-year variation | Province vs Nation  |
|--|--------|------------------------|---|
| <b>Cement Consumption (Jun-2020)</b>                     |        |                        |   |
| • Bag  | 34,468 | 38.54%                 |    |
| • Bulk   | 11,470 | -43.14%                |    |
| <b>Car Patenting (Jun-2020), quantity</b>                |        |                        |   |
|  | 1,564  | 14.75%                 |    |
| <b>Supermarket Sales (May-2020), million pesos</b>       |        |                        |   |
|  | 4,115  | 7.38%                  |    |
| <b>Electricity Demand (Mar-19), in GWh/Centigrade/MW</b> |        |                        |   |
|  | 373    | 14.37%                 |    |
| <b>Credits*</b>  |        |                        |   |
| • Non-Financial Loans. Personal                          | 11,866 | -8.78%                 |    |
| • Non-Financial Loans. Cards                             | 8,666  | 59.00%                 |   |
| <b>Deposits*</b>   |        |                        |   |
| • Current account deposits                               | 10,750 | 32.15%                 |  |
| • Deposits in the savings bank                           | 31,884 | 17.75%                 |  |
| • Fixed-term deposits                                    | 41,821 | 10.84%                 |  |



The Gross regional product (GRP) of Mendoza decreased 1.5% in 2019 compared to 2018. The sectors showing the steepest declines were agriculture with 7.5% (within the GRP this activity represents 7%), followed by commerce, restaurants and hotels, which with a share of 20.9% fell by 7.1%. In addition, mines and quarries exploitation dropped 6.1% (contributing 6% to the GRP), while electricity, gas and water with a 2% share of 2% reduced their activity by 2.4% in the year under analysis. Finally, transportation and communications decreased by 0.2%, contributing 10% to the GRP.

On the other hand, among the activities recording growth are communal, social and personal services with 3.3%, with a 21.4% GRP share in the GRP, financial entities with a contribution of 17%, made a 2.1% progress year-on-year. The industrial activity, which represents 14% of the GRP, grew 0.5% and, finally, construction with a 2% share of 2% showed a positive variation of 0.6%.

**Note cement**

Source: Portland Cement Manufacturers Association, <https://www.afcp.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.

**Particular note Mendoza**

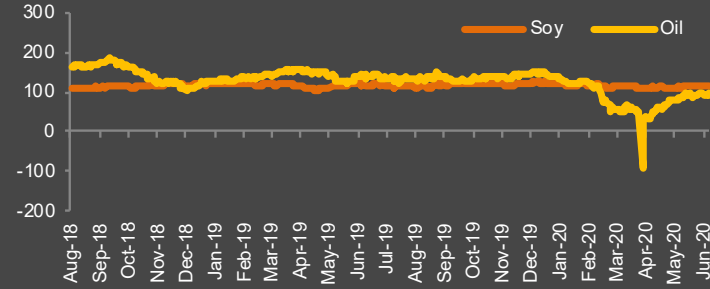
Source: Ministry of Economy. The distributor EDESTESA y Energía de Mendoza S.A are considered.

\*Real variation, the Consumer Price Index (CPI) of Mendoza was used  
 \*In local and foreign currency, in thousands of pesos, 4th quarter 2019

 Nation  Mendoza

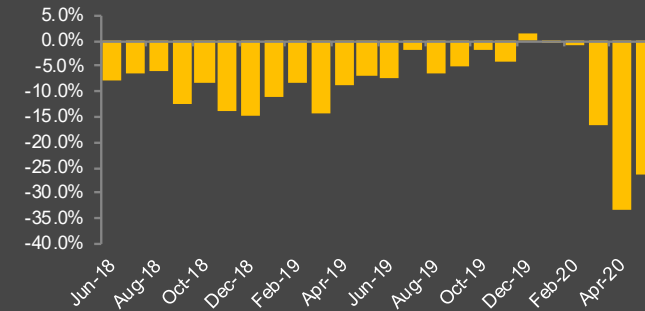
# Macro Monitors

Price of Soy and Oil, index 2004=100



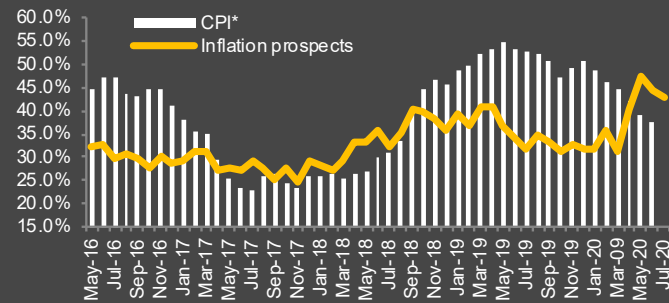
Source: Own calculations based on CBOT and WTI NYMEX

Monthly Industrial Estimator



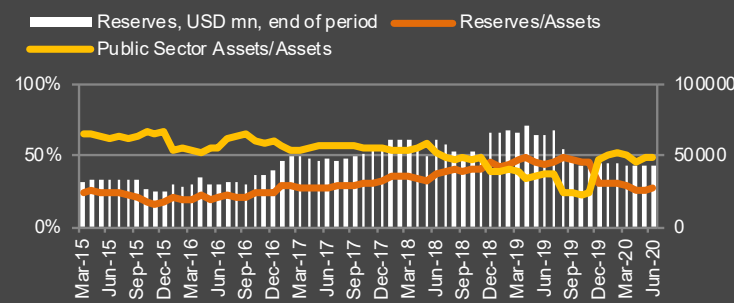
Source: Own calculations based on INDEC

Inflation



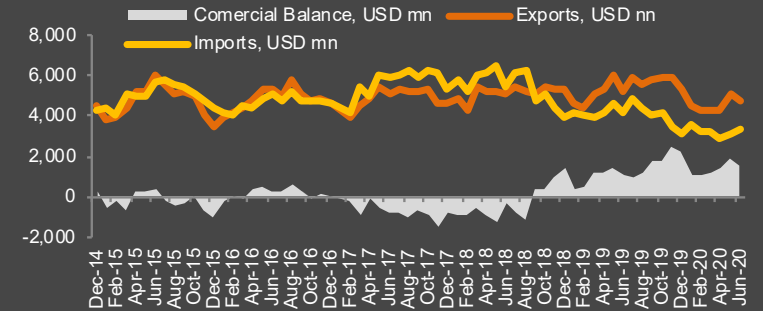
Source: Own calculations based on CPI of City of Buenos Aires and UTDT

Reserves and Central Bank Assets



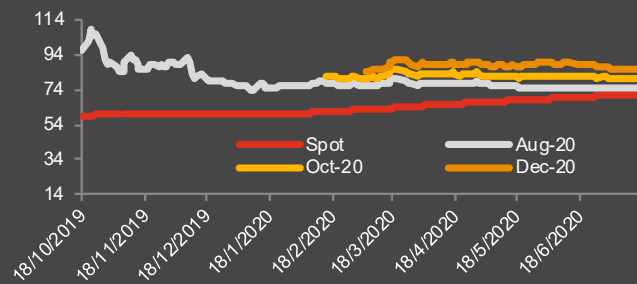
Source: Own calculations based on Central Bank of Argentina

Foreign Trade



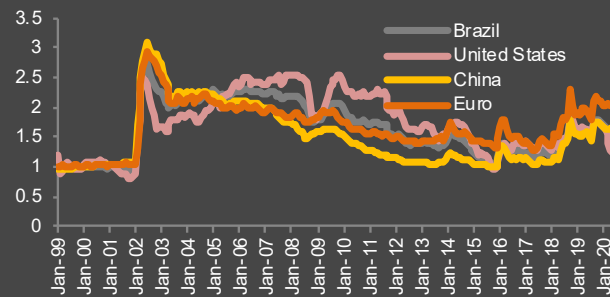
Source: Own calculations based on INDEC

Exchange rate: Spot and Futures



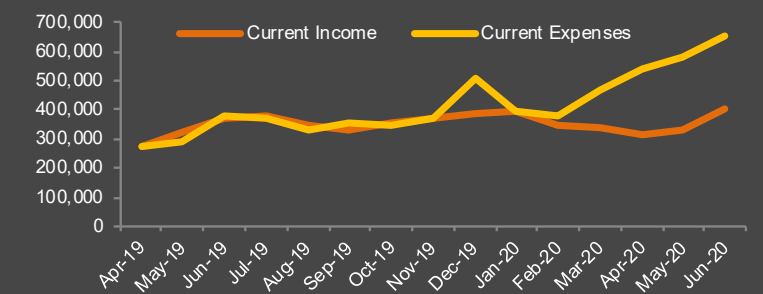
Source: Own calculations based on Rofex

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



| Activity and Prices                         | 2017   | 2018   | 2019   | Mar-20 | Apr-20 | May-20 | Jun-20 |
|---|--------|--------|--------|--------|--------|--------|--------|
| Real GDP, var % y/y                         | -2.6%  | -2.2%  | -5.4%  | -      | -      | nd     | nd     |
| CPI Federal Capital, var % y/y              | 45.5%  | 50.6%  | 44.6%  | 42.2%  | 39.2%  | 37.4%  | 37,4%  |
| CPI San Luis, var % y/y                     | 50.0%  | 57.6%  | 52.2%  | 50.0%  | 47.0%  | 46.0%  | 46,0%  |
| Industrial Production, var % y/y            | -5.0%  | -6.3%  | -16.5% | -33.4% | -26.4% | nd     | nd     |
| International Reserves (end period, USD mn) | 65,806 | 44,781 | 43,561 | 43,568 | 42,589 | 43,242 | 43,242 |
| Import Cover (month of reserves)            | 12.06  | 10.94  | 13.72  | 14.93  | 13.44  | 13.10  | 13,10  |
| Implicit exchange rate (M0 / Reserves)      | 21.41  | 42.33  | 52.62  | 42.86  | 50.04  | 50.06  | 50,06  |
| \$/USD, end period                          | 37.81  | 59.90  | 64.47  | 66.84  | 68.54  | 70.46  | 70,46  |

| External Sector                                 | 2017   | 2018   | 2019   | Mar-20 | Apr-20 | May-20 | Jun-20 |
|---|--------|--------|--------|--------|--------|--------|--------|
| Exports, USD mn                                 | 58,622 | 61,781 | 65,116 | 4,333  | 4,329  | 5,061  | 4,786  |
| Imports, USD mn                                 | 66,930 | 65,482 | 49,124 | 3,175  | 2,918  | 3,168  | 3,302  |
| Comercial Balance, USD mn                       | -8,308 | -3,701 | 15,992 | 1,158  | 1,411  | 1,893  | 1,484  |
| Currency liquidation by grain exporters, USD mn | 21,399 | 20,202 | 23,720 | 1,064  | 1,524  | 1,946  | 2,344  |

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

| Fiscal**                     | 2017      | 2018      | 2019      | Mar-20   | Apr-20   | May-20   | Jun-20   |
|------------------------------|-----------|-----------|-----------|----------|----------|----------|----------|
| Income, \$mn                 | 2,578,609 | 3,382,644 | 5,023,566 | 443,637  | 398,659  | 499,535  | 545,963  |
| VAT, \$mn                    | 765,336   | 1,104,580 | 1,532,597 | 136,170  | 126,884  | 130,756  | 141,482  |
| Income tax, \$mn             | 555,023   | 742,052   | 1,096,521 | 79,462   | 73,483   | 141,320  | 150,241  |
| Social Security System, \$mn | 704,177   | 878,379   | 1,175,793 | 119,929  | 100,421  | 101,248  | 112,749  |
| Export Tax, \$mn             | 66,121    | 114,160   | 398,312   | 28,999   | 28,172   | 24,753   | 36,154   |
| Primary expenses, \$mn       | 2,194,291 | 2,729,251 | 3,795,834 | 449,646  | 521,426  | 554,016  | 640,945  |
| Primary result, \$mn         | -404,142  | -338,987  | -95,122   | -124,728 | -228,822 | -251,287 | -253,706 |
| Primary result, \$mn         | 308,048   | 513,872   | 914,760   | 50,778   | 46,288   | 62,681   | 54,081   |
| Fiscal results, \$mn         | -629,050  | -727,927  | -819,407  | -166,305 | -266,050 | -308,219 | -288,565 |

| Financial - Interest rate***                | 2017  | 2018  | 2019  | Mar-20 | Apr-20 | May-20 | Jun-20 |
|---|-------|-------|-------|--------|--------|--------|--------|
| Badlar - Privates (%)                       | 23.18 | 48.57 | 41.75 | 29.49  | 20.84  | 23.57  | 29.52  |
| Term deposits \$ (30-59d Private banks) (%) | 21.80 | 46.22 | 40.80 | 29.23  | 21.37  | 24.26  | 29.56  |
| Mortgages (%)                               | 18.61 | 47.70 | 47.51 | 30.59  | 28.69  | 25.30  | 30.74  |
| Pledge (%)                                  | 17.42 | 24.88 | 30.54 | 23.97  | 23.57  | 22.91  | 23.33  |
| Credit Cards (%)                            | 42.21 | 61.11 | 76.28 | 57.45  | 45.38  | 42.30  | 41.82  |

| Commodities****  | 2017  | 2018  | 2019  | Mar-20 | Apr-20 | May-20 | Jun-20 |
|------------------|-------|-------|-------|--------|--------|--------|--------|
| Soy (USD/Tn)     | 358.9 | 342.3 | 326.9 | 319.3  | 310.0  | 309.3  | 318.6  |
| Corn (USD/Tn)    | 141.4 | 145.0 | 150.9 | 141.7  | 126.3  | 125.5  | 129.0  |
| Wheat (USD/Tn)   | 160.2 | 182.1 | 181.5 | 196.6  | 198.9  | 189.3  | 182.7  |
| Oil (USD/Barrel) | 50.9  | 64.9  | 57.0  | 30.4   | 16.7   | 28.5   | 38.3   |

\* 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

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|                          | Revenue forecast                   |  |                           |
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