

N° 68 - December 2020

# Economic GPS



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# A tale of black swans...



Much had been said about black swans, but no one had really seen one, until 2020...

The unexpected outbreak of the pandemic (no one thought about it with a relevant degree of probability of occurrence), its rapid spread and the depth of its impact radically ruined any projection made at this point in 2019 for the current year.

Does it make sense to keep insisting on trying to plan for a future that is by nature uncertain? Is there any use in making estimates that facts, to a greater or lesser extent, will refute? Is there any possibility to improve the process?

The answer to these questions is “yes”. As human beings, we need to project ourselves, imagine our future and what courses of action we can take to be at the fore. Even though reality often poses obstacles, it

challenges us to plan how to overcome them. So, although we cannot accurately estimate the behavior of a variable, we can outline scenarios, narrow them down, rule the less likely out, and catch a glimpse of trends. All this minimizes the degree of uncertainty and allows us to correct the course depending on the changes of scenario, and therefore, it is useful.

That said, what do we expect for 2021? At the international level, we can argue that 2020 was a challenging year, even though to varying degrees, most economies experienced significant drops in the level of activity and employment, with governments underpinning the economy with a set of expansive fiscal and monetary policies to avoid interruptions in the payment chains, financial and economic crises.

2020 was also a year of opportunities, in which scientific and technological innovation enabled the development of a vaccine in an unprecedentedly short time, where companies and people had to show their resilience and flexibility to continue operating and working in a different way, adopting new technologies and modalities, reinventing themselves.

According to Schumpeter’s notion, 2020 was a year of “creative destruction”<sup>1</sup>, which lays the foundations not only for the incipient recovery that —despite the re-emergence of the disease— has begun to take place, but also for innovations and improvements in the productivity of many value chains that will make a difference in the medium and long term.

2020 was also a year in which the political uncertainty inherent in an election process in the world’s main economy was cleared up, which provides for a certain frame of reference for the coming years. In this context, it is possible to expect an economic policy with greater support in the institutional bureaucracy, with a strong orientation towards the recovery of economic activity and employment, low interest rates and a dollar that has begun to devalue and with a more multilateral vision. But it is also true that, although in other ways, tensions with China will not disappear.

Meanwhile, the second largest economy in the world is in a post-pandemic recovery process and on a path of a five-year plan to restore its stocks of primary goods. As we reported in this edition’s Tracking, this has started to impact on the price of commodities, in addition to the weakness of the dollar.

In the case of Argentina, 2020 was a year of lights and shadows where, from the economic point of view, progress was made on some pending issues, such as the renegotiation of the public debt with private creditors, but other imbalances that need to be corrected to lay the foundations for sustained growth worsened.

The international context seems to be improving, and we must ask ourselves whether we will do what is needed to get help from such context and if we will be able to plan for the future and reinvent ourselves.

The end of the year is not only a time for reflection and taking stock but also for good wishes. May 2021 be a year of new opportunities.

Happy new year!

A handwritten signature in black ink, appearing to read 'José María Segura'.

**José María Segura**  
Chief Economist PwC Argentina

<sup>1</sup>Way of describing the transformation process that accompanies innovations.

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## Industry Roadmap

### The return to workplaces poses an ethical dilemma and logistical challenges for companies

How to address the consequences of the pandemic will be one of the greatest challenges that companies will have to deal with in this new normal.



## Customs & FX

### New Year, Old Unsolved Problem

A rather peculiar 2020 is coming to an end and it is time for us to look back and make appraisals, a time to reflect on the year behind us and plan for the future. The same happens with companies, although, clearly, their assessments have another meaning, purpose, technique, and different consequences.



## Federal Landscape

### Province: Entre Ríos

The province of Entre Ríos is located to the east of the Central region of Argentina. It borders with Corrientes the north, with the Uruguay River that separates it from Uruguay to the east, and with the Parana River that divides Entre Rios from the Province of Buenos Aires and Santa Fe to the south and west. Economic activity is based on agriculture, livestock and tourism and, to a lesser extent, on mining and industry.

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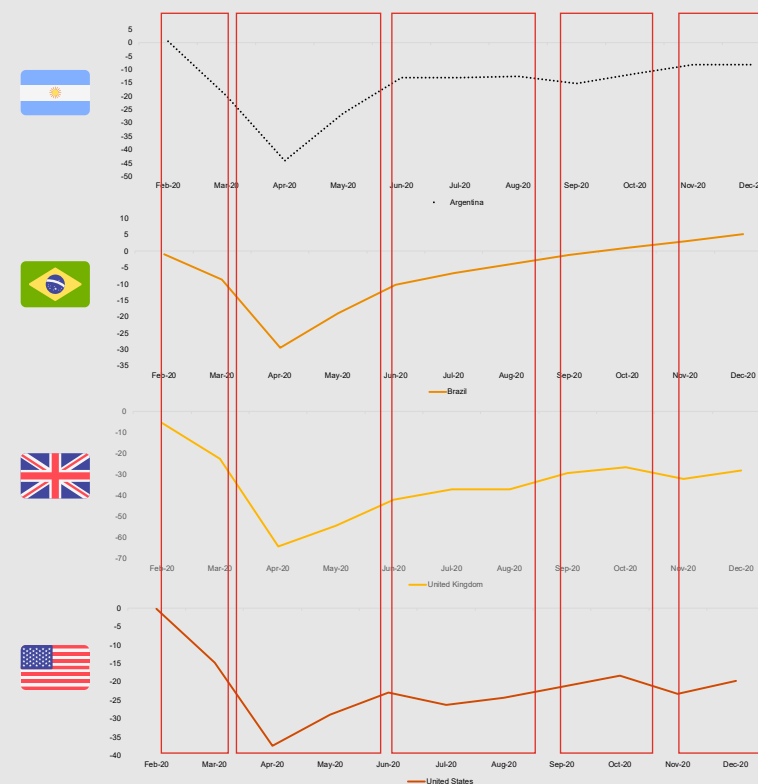
# Tracking

2020, the unexpected year

2020 was an unexpected year. Even though the first cases of the disease had already appeared in 2019, the outbreak of a pandemic was not in the agenda for that year end. In our country, a new presidential term started by those months, and many challenges were to come, which then multiplied in the face of the global event. The Market Expectations Survey released by the Argentine Central Bank (BCRA) in January 2020 forecasted a fall in the real Gross Domestic Product (GDP) of 1.5% year-on-year, with an exchange rate of ARS/USD 78.7, and an inflation of 41.7% (Dec 2020 vs. Dec 2019) at the end of the year. Furthermore, there was a certain consensus that the national government's objective was to improve its fiscal performance (through higher taxes on the middle class and exports, and lower social security expenses) to negotiate with international creditors.

GRAPHIC 1

Mobility to the workplace - Google Mobility<sup>1</sup> compared from January 3 to February 6, 2020.



<sup>1</sup>All Local Mobility Reports are broken down by location and show how the number of visits to different places, in this case to the workplace, has changed.

Source: Prepared by the authors based on Google Mobility

## January-February

At the international level, while the fires spread in Australia, and Great Britain negotiated the exit from the European Union, China and the United States signed a document that attempted to cool off their trade disputes, which had been affecting the global economy since 2018.

In Argentina, after the approval of the Emergency Law in December 2019, the renegotiation of the debt became the economic policy priority. At the same time, fixing public service rates and determining the formula for updating retirement and pension benefits were left on standby for 180 days.

Meanwhile, on January 31, the WHO declared a public health emergency due to COVID-19, a disease that would be later on classified as a pandemic in March.

## March-May

Faced with the global spread of the virus and the declaration of a pandemic by the WHO, many countries across the globe began to apply different confinement and border closure policies with the primary objective of reducing the initial contagion curve and having better control of the situation. Limitations on people's mobility deeply shocked supply —and demand almost simultaneously— on a global scale. The need for people to stay at home meant less attendance at workplaces (mainly in the case of positions that were not suitable for teleworking), thus reducing the supply of goods and services. Likewise, the consequent lower demand for employment, together with a greater control of household spending for precautionary reasons, reduced demand levels in the economy. The economic activity came to such a standstill that in April, the price of WTI crude reached negative values, which evidenced the sudden recession expected.

In this context, the governments of the main countries around the world were forced to adopt quite significant expansive fiscal policies to mitigate the impact on household income, and expansive monetary policies, by reducing the reference interest rates and buying corporate bonds and other

securities to provide liquidity, with the aim of limiting breakdowns in payment chains, financial crises and a greater economic impact.

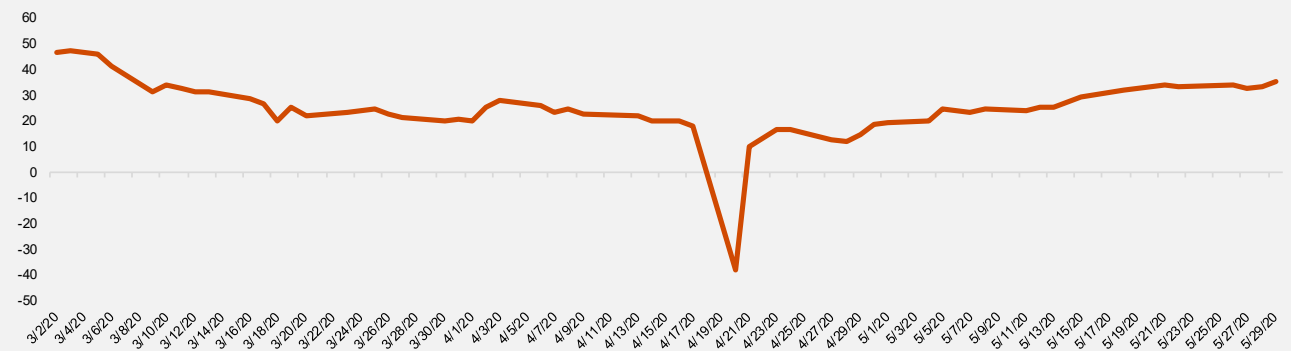
Argentina was no exception. On March 20, a social, preventive and mandatory isolation period was decreed, halting most of the economic activity, while the essential sectors continued operating in a limited way. This shock situation further exacerbated the economic recession that has been developing since the beginning of 2018 (or, from a longer-term perspective, the cycle of stagnation that began in 2011).

At the local level, the Government

announced a series of measures to mitigate the impact of the lockdown policy, such as the Emergency Family Allowance ("IFE" for its acronym in Spanish), and the Emergency Assistance to Labor and Production ("ATP" for its acronym in Spanish), or the increase in National Treasury Fund Contributions to the provinces, among others. These extraordinary expenses in those months during which tax collection was reduced due to the deadlock in activity were basically financed with monetary issuance, faced with Argentina's impossibility to access the capital market. As a result of this strategy, by mid-year, the monetary base and the remunerated liabilities of the BCRA grew by 35%,

up to ARS 4,173,513 million<sup>2</sup>. Meanwhile, inflation went through a downward process as a result of the low activity level and the large number of prices that were frozen, either due to the Emergency Law enacted in December 2019, or due to the presidential decrees that kept the prices of public services unchanged, and also as a result of an increase in the demand for real balances for precautionary reasons.

GRAPHIC 2  
Oil price, WTI



Source: Prepared by the authors based on Reuters

<sup>2</sup>Total monetary base, liabs and reverse repos; variation considered between the last business day of May 2020 and the last business day of December 2019.

## June – August

As summer approached in the northern hemisphere, the contagions diminished, and the lockdown measures gradually softened up. In any case, the economic consequences were significant for all the countries around the world, with some of them experiencing historical drops in their GDP during the second quarter of the year.

In Argentina, activity fell by 19.1% in April-June and 10.7% in July-September compared with the previous year. While industry declined by 22% and 4%, respectively, construction dropped by 47% and 12%. It is worth noting that in July, due to a rise in COVID-19 cases in

the Metropolitan Area of Buenos Aires, the decision to resume certain activities was reversed, thus prolonging the sharp falls beyond a quarter. In addition, between March and August 2020, the private sector saw a loss of 253,281 jobs, even though there was a decree in force that limited the possibility of dismissals and doubled severance payments. The most severely affected sectors were Accommodation and Food Services (-17%), Construction (-15%) and Artistic, Cultural, Sports and Recreation Services (-14%). In the public sector, employment increased by 1%, which led to the creation of 11,639 job positions.

August was key to the renegotiation of the debt, when after steps forwards and backwards, the government announced a formal agreement with private foreign creditors, which provided for the exchange of 21 series of bonds worth a total eligible amount of USD 66.07 billion for a set of 5 new bonds denominated in US dollars (maturing in 2030, 2035, 2038, 2041, and 2046). Thus, the country's debt maturity profile would become USD 7.49 billion for the 2020-2023 period, compared to the USD 54.84 billion prior to the renegotiation. At the same time, Congress approved a law for its local-law debt restructuring under the same conditions that were agreed for its foreign-law debt restructuring.

## September – October

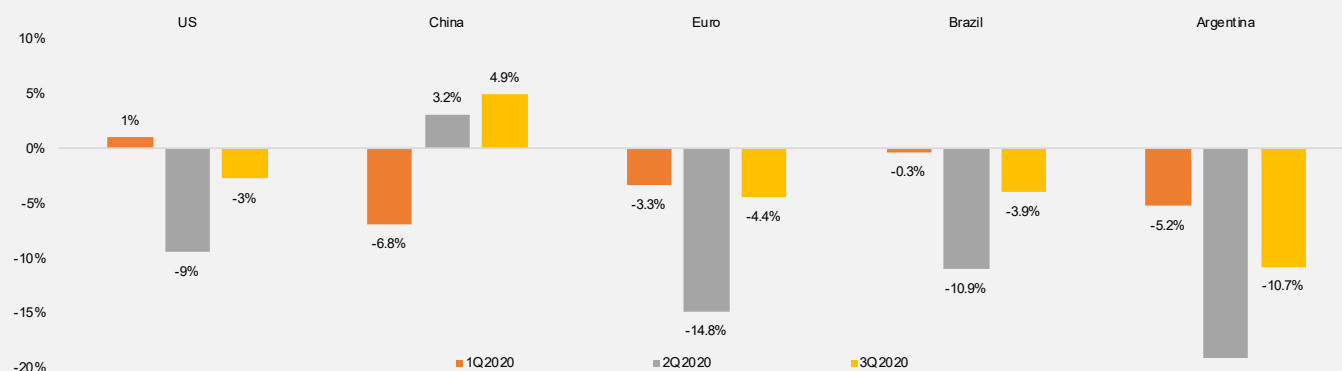
After having reached an agreement with foreign debt holders and refinanced debt in the short term, there was a window of opportunity to suggest a consistent plan to balance the main macroeconomic variables — regardless of whether such plan was to be announced —, thus following a path to deficit reduction in line with the possibilities of real financing, mainly through the placement of debt.

However, the same day that the 2021 Budget Bill was introduced, the BCRA announced the tightening of restrictions on access to the exchange market, thus forcing companies with foreign financial debts to refinance part of the payments in foreign currency due in the following six months.

The immediate consequence of those restrictions was the widening of the exchange gap in the different markets, 100% above the official exchange rate, which was accompanied by a gradual withdrawal of deposits in dollars.

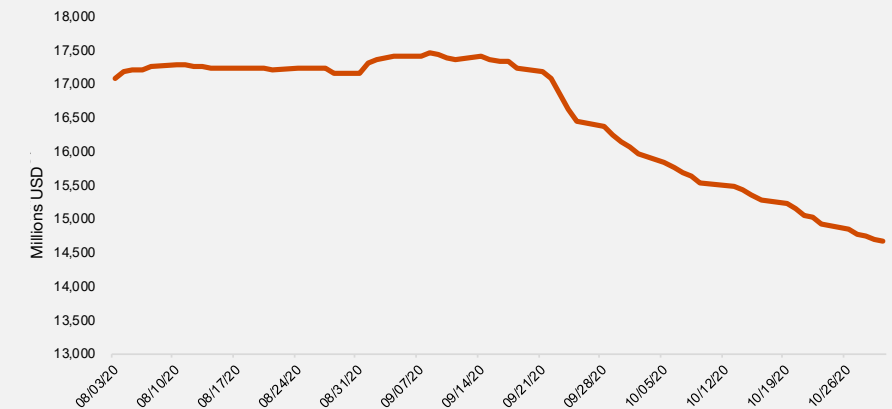
Meanwhile, some European countries faced a disease rebound, which led to new closures that could call the activity recovery that initiated in the third quarter of the year into question.

GRAPHIC 3  
Variation of the year-on-year GDP



Source: Prepared by the authors based on each country's statistics agencies

GRAPHIC 4  
Private deposits in USD



Source: Prepared by the authors based on each country's statistics agencies

## November – December

In the international sphere, the US presidential election held in November represented a landmark. Since the electoral race was tight, confirmation of the results took longer than usual, but there were no negative events that cast doubt on the credibility of ballots. By mid-November, having the electoral uncertainty been eliminated, and facing the possibility of the early development of the vaccine, some signs of optimism appeared. This meant movements in international markets that caused many funds to turn to riskier assets, thus causing a drop in the price (depreciation) of the dollar worldwide.

The consolidation of the rise in commodity prices can also be observed in this period that began in late August. The underlying factors include the rise in demand from China, which is in the process of recovering stocks; the uncertainty surrounding supply, given the possibility that the “La Niña” climate factor (dry climate) affects the production of the Southern Cone countries; and the weakness of the dollar.

Meanwhile, in Argentina it was possible to limit, and partially reduce, the exchange rate gap that had been growing since mid-September, at the expense of reducing the asset position of the BCRA and other public agencies and adopting a more moderate fiscal and monetary policy.

However, the key determinants of macro-instability remain: the scarce supply of dollars and the limited demand for pesos, except for transaction reasons. The possibility of reducing the fiscal deficit beyond the budget (thus allowing for a lower demand for financing through monetary issuance) is a signal from the authorities, though no concrete actions have been taken so far.

Although the contagion curves in Argentina have been showing gradual decreases, the country is not immune to the possibility of a rebound. If that were to happen before the arrival of the vaccine, the incipient recovery of the activity taking place after the minimum levels reached could cease. 2021 will be a challenging year for Argentina, as the country will have to solve its situation with multilateral creditors, mainly the International Monetary Fund, and correct the large macroeconomic imbalances that still persist.

GRAPHIC 5

### Price of main commodities, base Dec2019 = 1



Source: Prepared by the authors based on Reuters

# Industry Roadmap

## The return to workplaces poses an ethical dilemma and logistical challenges for companies

By Diego López, partner  
PwC Argentina.



How to address the consequences of the pandemic will be one of the greatest challenges that companies will have to deal with in this new normal. To keep operations running and, at the same time, reduce the risk of exposure for employees, most companies have adapted to new ways of working that left their offices, factories, businesses and other facilities relatively empty.

Amid a global economic slowdown, executives are increasingly cautious in their outlook: only one in five CFOs surveyed<sup>1</sup> by PwC in the United States think their companies could resume “business as usual” within a month if the crisis ended today.

For management, the health and safety of employees must prevail as the top priority, as they consider how to direct operations towards something similar to normal; this represents an ethical, moral and legal concern for all companies. At the business level, safeguarding the well-being of employees is paramount because no plan to get normal operations back on track can be successful without them. They will need to have the support of

companies to help them return safely and, once possible, management will have to face the challenge of maintaining safety. New protocols may be needed for thorough cleaning and disinfection, including changes in the design of the space, further separating workstations, and in entry and exit times to reduce the number of people in buildings to comply with the rules of social distancing.

Business management faces the challenge of determining exactly who are the essential employees and what are the necessary functions that must return. To report decisions about when certain groups should be asked to return to the workplace, it is useful to analyze those positions that went through a smooth transition to teleworking and those that did not. It would be logical to allow the staff engaged in activities that showed a slight drop in productivity to continue their tasks remotely for a period of time to reduce the personnel on site and thus reduce health risks.

Even the best designed plans, without employee acceptance, are likely to

present difficulties. Management must lead with empathy and show that they understand that, although their collaborators have gone through this crisis, the impact was not the same for all, so sensitivity to this reality is essential. It will also be essential to recognize that the workforce will need time to adapt to the new forms after the pandemic. For those who have become accustomed to the home office, returning to the office may require a new change of mind; they will need to be informed about what is expected from them and what measures will be taken to protect their health.

Management will then need a communication strategy to help employees returning to the workplace and those who will continue working remotely as well. It will also be important to work closely with Human Capital to prepare for the possibility that concerns will linger. Giving employees a space to share their fears and challenges will help management teams identify potential problems in their return plans. By enabling real, two-way communication, leaders can turn the crisis into an opportunity to

strengthen the organization’s culture, boost employee engagement, and increase long-term productivity.

By understanding the risks, the boards of directors can play an effective role in overseeing management’s plans for the return to the workplace. As in all walks of life, empathy and good communication will be key to achieve a successful return.

<sup>1</sup> PwC’s Covid -19 CFO Pulse Survey <https://pwc.to/36B9ECG>



# Customs & FX

## New Year, Old Unsolved Problem

A rather peculiar 2020 is coming to an end and it is time for us to look back and make appraisals, a time to reflect on the year behind us and plan for the future. The same happens with companies, although, clearly, their assessments have another meaning, purpose, technique, and different consequences.

Within the framework of these analyses companies may carry out, there is one that deserves special attention. We refer to the analysis that multinational companies do to review whether the profitability of their foreign trade transactions is aligned with the objectives set in their transfer pricing policies, as a prior step for the renegotiation of such objectives for the year ahead.

This practice, which is completely legal, logical and common due to the absence, in many cases, of market prices that allow a direct comparison —thus the inevitable indirect profitability comparison— leads to intrinsic deviations of other factors affecting profitability, especially in

the year 2020 hit by the pandemic, beyond the prices of foreign trade transactions.

After some time of a commercial relationship has elapsed, to the natural negotiation process between two parties in a transaction, where the two parties agree on jointly analyzing the economic situation of the business and, accordingly, they establish the rules for the next period, we may add the fact that, due to the indirect nature of the measurement —through the profits obtained— it may be necessary to make a retroactive adjustment.

This kind of adjustments, historically neglected by customs regulations although recognized today, still lack a proper regulatory treatment.

To delve deeper into this subject, it is necessary to explain the inalterability principle of customs declarations. This principle determines that the declaration to be filed with customs service for imports of goods cannot be altered once submitted, and customs service will not admit

any rectification, amendment or extension from the interested party.

This guiding principle relates to the truthfulness of customs declarations and the power of control that the law has conferred on the customs service to verify that the information included in said declaration does not differ from reality. Therefore, it could be inferred that a retroactive adjustment is nothing more than a confirmation of an inaccurate customs declaration, which violates the inalterability principle mentioned, and may give rise to potential objections on the part of the controlling authority.

In relation to the foregoing, Section 954 of the Argentine Customs Code penalizes the inaccuracies in the customs declarations relating to the import of goods that give rise or could have given rise to (a) a fiscal loss; (b) an infringement to a prohibition to the import; and/or (c) the remittance abroad of an amount paid or payable other than the one

which should have been paid. These assumptions shall be penalized with a fine ranging from 1 (one) to 5 (five) times the customs value of the goods in default.

As mentioned, Customs tried to modernize its system by establishing a register of imports for consumption, through General Resolution No. 4419, within the framework of contracts with price adjustment clauses between related companies with participation of third-party operators. Thus, and through said register, the price adjustment will not be interpreted as a false declaration.

One of the relevant points of this resolution establishes that the parties interested in conducting import transactions subject to price adjustments shall previously file a copy of the contract in which methodology for price adjustment is defined with the register of imports.

With the pertinent authorization, the importer can prepare the destination for consumption. The request for

destination must be accompanied by a provisional sworn statement, which may be modified by the importer based on the contractual provisions previously informed. Should there be an increase in price due to such modification, the pertinent tax system will be applied, and interest will accrue from the registration date of the destination for consumption to the effective payment date. Otherwise, the importer shall have the right to the refund of the duties paid in excess.

This seems a solution, but the lack of practical use would indicate otherwise. To understand why, it is necessary to dive into the details of the resolution. First of all, it aims at transactions in which third party operators participate. This means that, a sale with direct shipment would not qualify for this system. As strange as it may seem, in the cases of bilateral transactions, the resolution would act as an incentive for taxpayers to seek a third party to engage in the transaction, which is not always feasible or desirable, even from the Argentine tax perspective.

Moreover, one of the essential requirements of this resolution is submitting documentation that supports the final value of the goods according to the contract filed, mentioning the “financial statements or equivalent documents of the operator engaged consolidating the transactions of the whole economic group worldwide, the financial situation of the engaged third party operator or the documentation stating the main costs borne in the participation on a disaggregated basis, and establishing the contribution margin exclusively relating to the local branch”. This condition, which, a priori, might seem reasonable, is excessive provided it requires a disaggregation of the financial information of a foreign third party. It is certainly necessary that local importers prove that they do not perform functions relating to foreign entities and that they do not bear unrelated risks. Apart from that, it would be excessive.

The resolution further states that the inspection authorities may require “the documentation deemed necessary for the adequate control and inspection of the price declared to determine if it is a correct valuation basis.”

In other words, the adoption of the price adjustment clause system not only represents the implicit

acceptance of a complete valuation study relating to the declarant, but it also represents an inspection on their suppliers’ accounts. Therefore, the exporter’s courage will not be enough; foreign sellers willing to give the Argentine Customs a considerable amount of their business information will also be necessary.

Not only does this seem to be a high-cost system, but how high such cost will be remains unknown. On top of that, the responsibility will not only lie with the importer.

Thus, in case of opting out of this system, the only alternative for the importer will be to analyze the “adjustment” option with utmost caution. They shall operate with a millimetric accuracy to prove that price adjustments are just that, adjustments, and not corrections. That is the key. The importer must be able to clearly prove that such negotiation for the future is not a retroactive adjustment; that the amount of the update is based on market reasons and not on reasons outside a negotiation between independent parties.

It will also be advisable to control prices on an ongoing basis, since this seems to be the only way to avoid finishing another year with an old unsolved problem.



# Federal Landscape

Province  
Entre Ríos



Province: Entre Ríos

Region: Pampas\*\*

The province of Entre Ríos is located to the east of the Central region of Argentina. It borders with Corrientes the north, with the Uruguay River that separates it from Uruguay to the east, and with the Parana River that divides Entre Ríos from the Province of Buenos Aires and Santa Fe to the south and west. Economic activity is based on agriculture, livestock and tourism and, to a lesser extent, on mining and industry.

\*\* Regional economic categorization according to the INDEC [https://www.indec.gob.ar/uploads/informesdeprensa/mercado\\_trabajo\\_eph\\_3trim20E927D146A5.pdf](https://www.indec.gob.ar/uploads/informesdeprensa/mercado_trabajo_eph_3trim20E927D146A5.pdf)

1,235,994

Population

15.7

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

78,781

Area in km<sup>2</sup>



## Employment and income indexes

	Province	Region	Nation
Employment rate	38%	36.9%	37.4%
Unemployment	9.1%	13%	11.7%
Activity rate	42.1%	42.5%	42.3%
Employment* (in thousands)	130	4.352	5.775

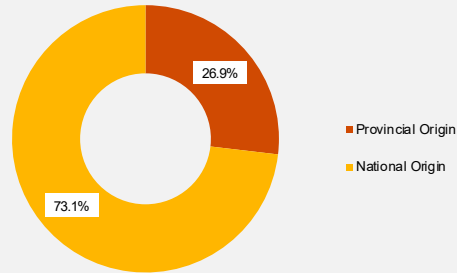
\*Registered private sector employees by province

Note 1 (rates): Ministry of Economics, <https://www.minhacienda.gob.ar/datos/>, 3rd quarter 2020.  
Nota 2 (employment): Ministry of Labour, Employment and Social Security. Report of the registered work, September 2020.



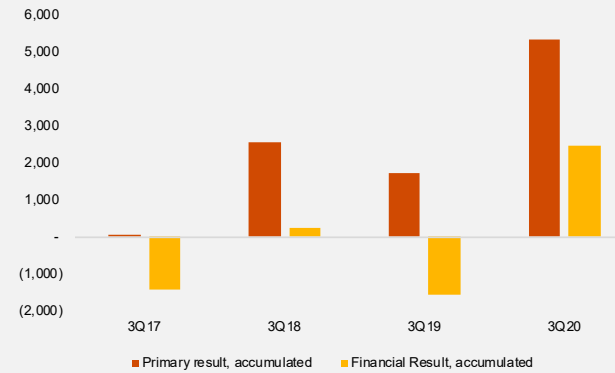
## Fiscal Indicators

### Tax revenues by origin, 3Q 2020



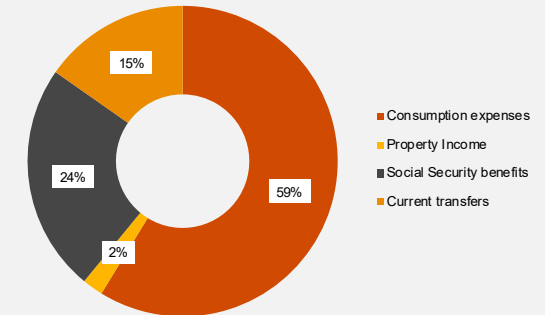
Source: Prepared by PwC Argentina based on General Accounting Office, Government of Entre Ríos.

### Fiscal Result, millions of pesos



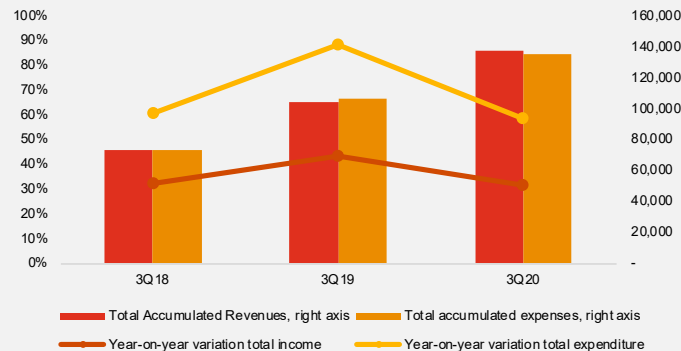
Source: Prepared by PwC Argentina based on General Accounting Office, Government of Entre Ríos.

### Composition of current expenses, 3Q 2020



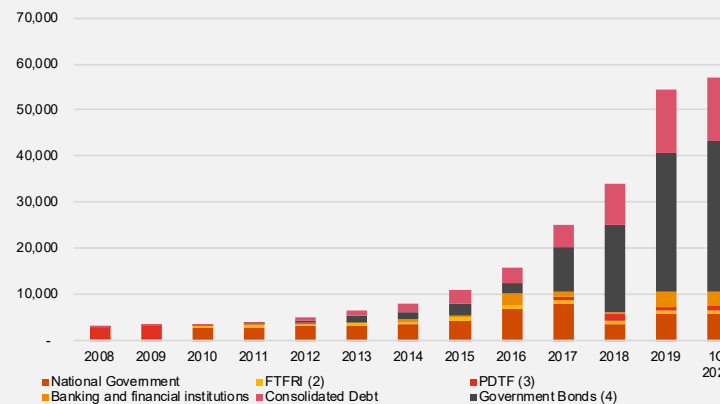
Source: Prepared by PwC Argentina based on General Accounting Office, Government of Entre Ríos.

### Total income and expenses, millions of pesos and year-on-year change, %.



Source: Prepared by PwC Argentina based on General Accounting Office, Government of Entre Ríos.

### Stock of provincial debt, in millions of pesos<sup>(1)</sup>



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

- 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

The Non-Financial Public Sector of the province of Entre Ríos recorded a positive primary result of \$5.3 billion in the third quarter of 2020. This figure results from a total income of \$137,642 million and expenses amounting to \$132,317 million.

Total income represented a 31.6% growth compared to the accumulated amount in the same period of the previous year. On the other hand, accrued expenses showed a 27.3% increase with respect to the \$106,194 million incurred in the first three months of 2019.

Total provincial public debt, excluding floating debt, at March 31, 2020, amounted to \$57,185 million.



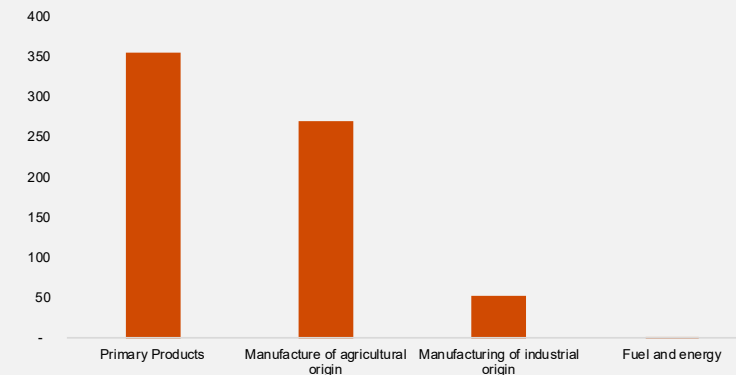
## Exports

Entre Ríos	1S 2020	1S 2019
Ranking position	6	7
Amount	681	646
Regional participation	3.3%	2.8%
National participation	2.5%	2.1%

Source: Prepared by PwC Argentina based on INDEC statistics.

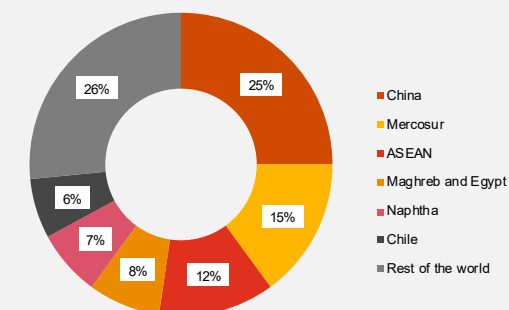
In the first half of 2020, Entre Ríos exported a total of 681 million dollars, 5.4% higher than the same period in 2019. Cereals -corn, wheat and rice- were the main export products, representing 39.9% of the total exported by the province, followed by meats and meat products, which contributed 28.6% of total sales abroad and showed a 2.9% increase compared to the same period of the previous year. This, as a result of a 13.8% drop in shipments of poultry meat more than offset by the 40.9% increase in beef shipments, while oilseeds and fruits represented 8.6% of total provincial sales. Main export destinations were China, with 24.9% of the total; and Mercosur, which claimed 14.9% of provincial sales. The next most important destination is ASEAN states (12.3%) and, with lower percentages, Maghreb and Egypt and the Middle East.

## 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	Relación Province vs Nation
<b>Cement Consumption (Nov-2020)</b>			
• Bag	32,727	48.0%	 732,889 32,727
• Bulk	11,209	38.7%	 359,356 11,209
<b>Car Patenting (Nov-2020), quantity</b>			
	829	43.9%	 34,563 829
<b>Supermarket Sales (Sep-2020), million pesos</b>			
	1,780	6.0%**	 77,126 1,780
<b>Electricity Demand (Sep-2020), in GWh/Centigrade/MW</b>			
	201	-0.8%	 8,329 201
<b>Credits*</b>			
• Non-Financial Loans. Personal	10,224	0.1%	 398,764 10,224
• Non-Financial Loans. Cards	8,257	45.2%	 599,347 8,257
<b>Deposits*</b>			
• Current account deposits	8,117	71.6%	 695,311 8,117
• Deposits in the savings bank	25,704	39.6%	 1,580,641 25,704
• Fixed-term deposits	29,208	15.1%	 1,495,428 29,208

\*In local and foreign currency, in thousands of pesos, 4th quarter 2019  
\*\*Real change

 Nation  Entre Ríos



## Province activity

The economic activity of Entre Ríos is based on agriculture, livestock and tourism, and, to a lesser extent, on mining and industry. Within agriculture, the cultivation of rice, soybeans, wheat, corn, citrus fruits, blueberries, pecan nuts and eucalyptus afforestation stand out. Entre Ríos is the first national producer of tangerines, oranges, rice and pecan nuts, and the second producer of grapefruits.

The Synthetic Indicator of Economic Activity of the province of Entre Ríos -ISAEER-, which describes the provincial economic situation and its monthly evolution, showed a 13.9% fall during the second quarter of 2020, compared to the same period of the previous year. Of the eight seasonally adjusted series that make up the ISAEER, three of them show positive year-on-year variations in the second quarter of 2020: milling (8.3%), poultry slaughtering (4.6%) and electricity consumption (2.7%). On the other hand, the remaining five series presented a shrinkage compared to the second quarter of the previous year: new vehicles registration/registration of new automobiles (-27.5%), fuel consumption (-22.4%), gas consumption (-16.9%), Turnover Tax collection (-15.5%) and employment (-2.7%).

### 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

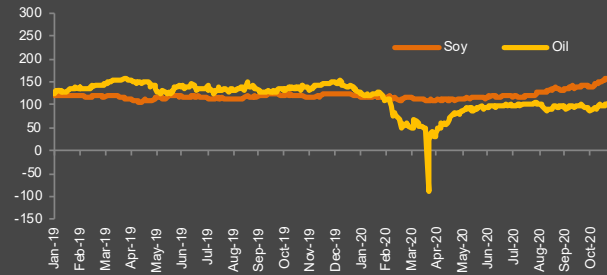
Source: Central Bank of Argentina.

### Note Electricity demand

Source: Ministry of Economy. The distributor ENERGIA DE ENTRE RIOS SA is considered.

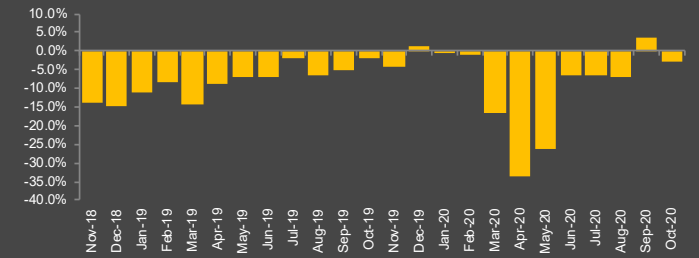
# Macro Monitors

Price of Soy and Oil, index 2004=100



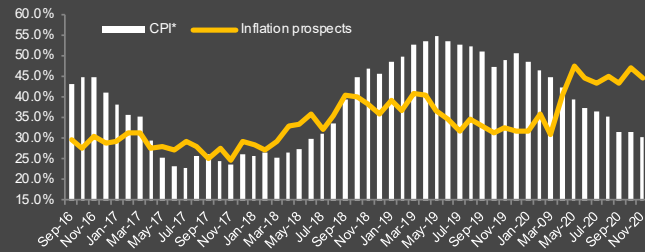
Source: Own calculations based on CBOT and WTI NYMEX

Monthly Industrial Estimator



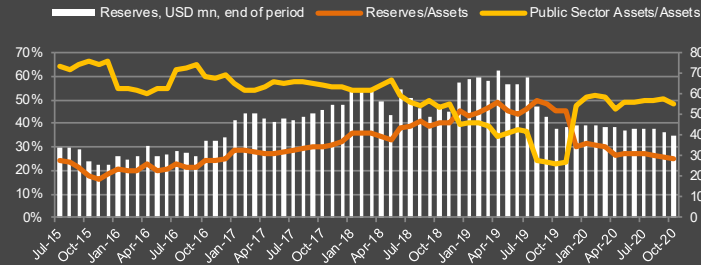
Source: Own calculations based on INDEC

Inflation



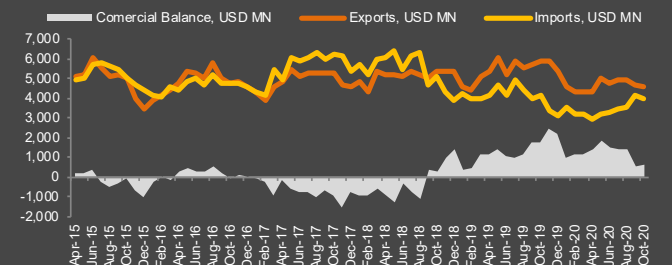
Source: Own calculations based on CPI of City of Buenos Aires and UTDT

Reserves and Central Bank Assets



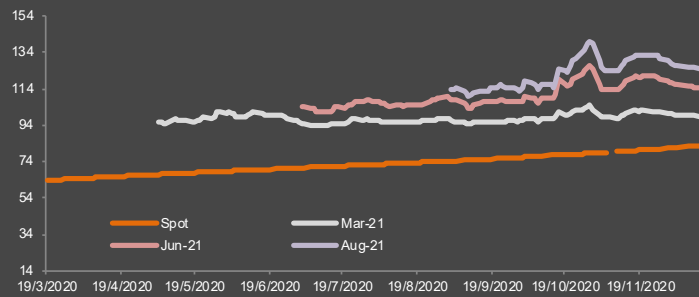
Source: Own calculations based on Central Bank of Argentina

Foreign Trade



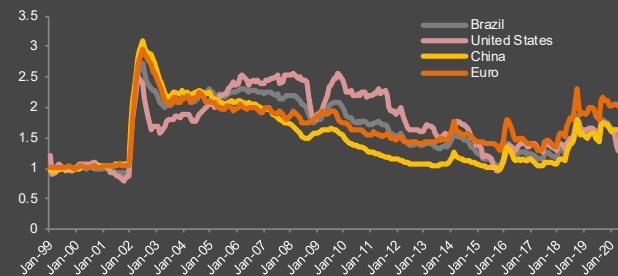
Source: Own calculations based on INDEC

Exchange rate: Spot and Futures



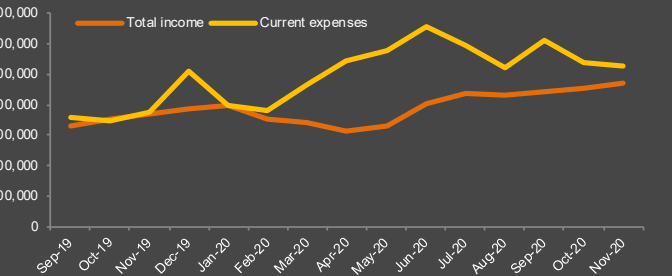
Source: Own calculations based on Rofex

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	Aug-20	Sep-20	Oct-20	Nov-20
Real GDP, var % y/y	2.8%	-2.6%	-2.2%	-	10.2%	-	-
CPI Federal Capital, var % y/y	26.1%	45.5%	50.6%	35.3%	31.7%	31.3%	30.1%
CPI San Luis, var % y/y	24.3%	50.0%	57.6%	44.8%	40.6%	41.3%	39.9%
Industrial Production, var % y/y	2.5%	-5.0%	-6.3%	-7.0%	3.7%	-2.9%	nd
International Reserves (end period, USD mn)	55,055	65,786	44,848	42,842	41,379	39,856	38,652
Import Cover (month of reserves)	9.87	12.06	10.96	12.21	10.02	9.95	9.40
Implicit exchange rate (M0 / Reserves)	18.34	21.42	42.26	53.39	57.85	55.83	57.62
\$/USD, end period	18.77	37.81	59.90	74.18	76.18	78.33	81.30

External Sector	2017	2018	2019	Aug-20	Sep-20	Oct-20	Nov-20
Exports, USD mn	58,622	61,781	65,116	4,938	4,711	4,671	4,385
Imports, USD mn	66,930	65,482	49,124	3,508	4,129	4,004	4,114
Comercial Balance, USD mn	-8,308	-3,701	15,992	1,430	582	667	271
Currency liquidation by grain exporters, USD mn	21,399	20,202	23,720	1,743	1,787	1,716	1,734

Laboral*	2017	2018	2019	Aug-20	Sep-20	Oct-20	Nov-20
Unemployment, country (%)	7.2	9.1	8.9	-	11.7	-	-
Unemployment, Greater Buenos Aires (%)	8.4	10.5	10.0	-	13.8	-	-
Activity rate(%)	46.4	46.5	47.2	-	42.3	-	-

Fiscal**	2017	2018	2019	Aug-20	Sep-20	Oct-20	Nov-20
Income, \$mn	2,578,609	3,382,644	5,023,566	612,146	606,508	642,104	648,976
VAT, \$mn	765,336	1,104,580	1,532,597	157,977	170,866	188,018	192,370
Income tax, \$mn	555,023	742,052	1,096,521	141,115	120,645	140,670	156,602
Social Security System, \$mn	704,177	878,379	1,175,793	119,087	124,220	125,709	127,794
Export Tax, \$mn	66,121	114,160	398,312	37,023	46,359	39,472	40,259
Primary expenses, \$mn	2,194,291	2,729,251	3,795,834	501,492	578,524	516,787	500,229
Primary result, \$mn	-404,142	-338,987	-95,122	-89,499	-167,181	-81,627	-58,693
Primary result, \$mn	308,048	513,872	914,760	66,940	52,715	38,171	73,662
Fiscal results, \$mn	-629,050	-727,927	-819,407	-145,552	-212,020	-112,696	-127,029

Financial - Interest rate***	2017	2018	2019	Aug-20	Sep-20	Oct-20	Nov-20
Badlar - Privates (%)	23.18	48.57	41.75	29.68	29.73	30.68	33.02
Term deposits \$ (30-59d Private banks) (%)	21.80	46.22	40.80	30.49	30.48	31.34	33.62
Mortgages (%)	18.61	47.70	47.51	29.99	27.96	31.63	32.79
Pledge (%)	17.42	24.88	30.54	24.85	25.78	26.85	26.57
Credit Cards (%)	42.21	61.11	76.28	42.05	41.32	41.90	42.23

Commodities****	2017	2018	2019	Aug-20	Sep-20	Oct-20	Nov-20
Soy (USD/Tn)	358.9	342.3	326.9	332.1	366.8	387.6	419.6
Corn (USD/Tn)	141.4	145.0	150.9	128.0	142.7	157.0	163.6
Wheat (USD/Tn)	160.2	182.1	181.5	189.0	201.6	222.7	219.9
Oil (USD/Barrel)	50.9	64.9	57.0	42.4	39.6	39.6	41.3

\* 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



# Our services

Macroeconomic analysis	Sectorial/Quantitative	Litigation	Regulatory
Monthly/quarterly report	Follow up and projection by sector	Support of experts' reports relating to economic matters	Tax benefits
Conferences	Quantification of demand	Dumping	Benefit/price structure
Projections and data	Applied econometrics	Antitrust	Quantification of impacts
	Revenue forecast		
	Surveys		

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