

N° 69 - January 2021

Economic GPS



Tracking

Fiscal accounts in a year of pandemic

4

Industry Roadmap

The challenge of “zero net carbon emissions” by 2030

8

Customs & FX

Measures in effect since the beginning of the year

9

Panorama federal

Province: Tucumán

10

Latent challenges at the beginning of the year



A year of many challenges begins for Argentina. After a three-year recession, the country faces a context in which the pandemic still is an evident risk for local and global economic recovery. The debt renegotiation with the IMF is pending; even though there are no large maturities this year, they appear on the agenda of the next two years and this restricts the possibility of access to global financial markets.

Inflation and exchange rate are the two key variables to be monitored since, to a great extent, they determine many of the private sector's decisions.

Despite the significant monetary issuance throughout 2020 to finance the increase in public spending, mainly to address the needs arising from the pandemic, inflation decreased compared to the previous year. This was the result of many factors, namely:

the sharp plunge in the level of activity, the rise in people's demand for money for precautionary reasons, restrictions imposed on the exchange market and control on certain regulated prices.

When, in the third quarter of 2020, monetary issuance threatened to get out of control due to pressures on unofficial foreign exchange markets, affecting price expectations, the government implemented a policy of greater spending control and additional regulations and interventions in these exchange markets. Even though this calmed inflationary pressures, by the end of the year, when the level of activity was regularized as a result of the easing of health measures, they rose again.

These first months, the aim is to keep certain control on the evolution of public spending, continue to narrow the gap by moving the official exchange rate along with inflation and keeping the exchange rates in unofficial markets and prices controlled through unorthodox intervention and control measures in specific markets as well as over regulated prices.

Even at the cost of continuing to distort relative prices and to accumulate inflationary pressures, there are conditions that would enable this strategy to control exchange rates and prices throughout the first months of the year, specially considering that —historically— the exchange rate tends to appreciate in election years (although the exchange rate has moved along with inflation and, therefore, has not appreciated, the fundamental question is whether these conditions can sustain to avoid a collapse of the exchange rate in unofficial markets that affects inflation expectations).

In this context, a situation that is positive but could cause instability takes place. Even when rising commodities prices at an international level is an opportunity for the Argentine economy, insofar as exporters consider such rise as temporary, it could raise the possibility that they convert their "dollarizable" stock of assets into dollars, generating an offer for this currency that would position the monetary policy in the dilemma of allowing the exchange rate to appreciate, with the consequences this would entail on the trade balance; easing the restrictions on foreign trade transactions to boost the demand for dollars in an equivalent manner, but at the expense of not being able to recover BCRA reserves; keeping the exchange rate by intensifying the issuance of pesos and the consequent exchange rate and inflationary pressures; increasing interest rates, with effects on the activity; or generating demand from the public sector, dollarizing greater tax savings. In any case, it is a highly complex sharp tuning task.

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

Contents



Tracking

Fiscal accounts in a year of pandemic

2020 has been a year marked by COVID-19, and the need to impose lockdowns that affect the economic activity resulted not only in a significant drop in GDP but also in a strong decline in fiscal accounts that had shown some improvement in previous years.



Industry Roadmap

The challenge of “zero net carbon emissions” by 2030

Over the last few years, we have noticed radical changes in the way in which governments and organizations approach climate change. Challenges to shift towards low-carbon economies have grown and we, as business leaders, have a unique opportunity to seize.



Customs & FX

Measures in effect since the beginning of the year

Various measures relating to foreign exchange, stock market transactions and import and export taxes were published during the last days of 2020 and the first days of 2021. For this reason, we considered it important to focus on the most relevant measures to evaluate how the Foreign Trade laws and regulations have been modified since 2021.



Federal Landscape

Province: Tucumán

The province of Tucumán, known as the Garden of the Republic, borders with the province of Salta to the north, with the province of Santiago del Estero to the east and with the province of Catamarca to the south and west. It is the largest industrial and commercial hub of northern Argentina, with more than 1,300 operational industrial units, as well as the most important distributor and commercial center of the region.

Macro monitors **14**

Table of indicators **15**

Our services. Contacts. **16**



Tracking

Fiscal accounts in a year of pandemic

2020 has been a year marked by COVID-19, and the need to impose lockdowns that affect the economic activity resulted not only in a significant drop in GDP but also in a strong decline in fiscal accounts that had shown some improvement in previous years.

The information published by the Congress Budget Office regarding the National Public Administration¹, on an accrual basis, reports that 2020 closed with a nominal primary deficit accounting to \$400 billion, including profit transfers from the BCRA amounting to \$1.60 trillion within resources, as property income. In this way, the primary deficit for 2020 would amount to \$2.01 trillion, reaching 7.4% of GDP.

The result of fiscal accounts bore the mark of the pandemic, leading the authorities to introduce health measures that had, to a greater or lesser extent, an almost immediate impact on economy, which affected both production and activity, leading to consequences in tax revenue. Furthermore, to mitigate to some extent the decline in income of low-income households/families and reduce the risk of massive closures of companies and businesses, the government significantly increased public spending.

¹ National Public Administration includes Central Administration, Decentralized Bodies and Social Security Institutions.

TABLE 1
Income, expenses and results. National Public Administration. Millions of pesos

	2020
Total Income*	4,369,646
Total Expenses	6,983,188
Primary Expenses	6,376,634
Primary Result	2,006,988
Financial Result	2,613,542

Source: Prepared by the authors based on information from the Congress Budget Office.
 *Does not include profit transfers from the BCRA.

The Federal Administration of Public Revenue (AFIP) reported that, in 2020, total tax revenue amounted to \$6.64 trillion, representing a 7.5% drop in real terms compared to 2019.

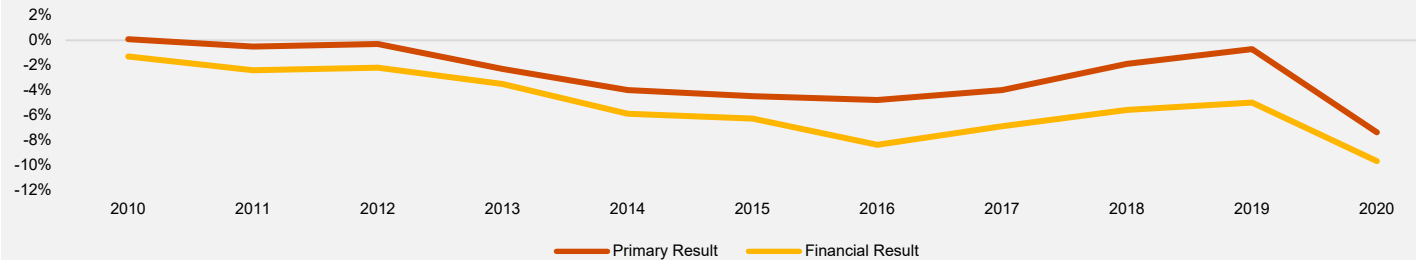
When analyzing the main taxes comprising [tax] revenue (graphic 3), it can be noted that all of them experienced greater drops in real terms than in 2019. VAT was directly affected by the decline in consumption as a consequence of the lockdown measures introduced, mainly in the second and third quarters of the year. Employee withholdings and employer contributions were affected by the impairment of real salary and the labor market. In this regard, the last available information from AFIP reports that, at

September 2020, 289,101 jobs were lost compared to December 2019, and wages had increased only 15.4% in the same period, with a 22.3% accumulated inflation at September.

In the case of Income Tax, even though it experienced a 7% real fall, it improved in the last quarter of the year, mainly due to the comparison with the fourth quarter of 2019, whose base was very low as a consequence of measures imposed after the PASO elections.

The Tax on Financial Transactions also suffered the drop in activity, while the Fuel Tax was impacted by the lower traffic, leading to lower consumption.

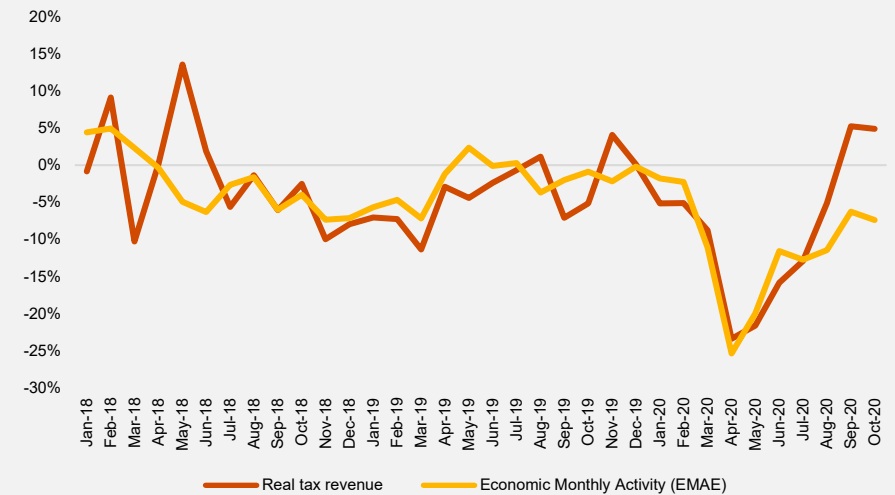
GRAPHIC 1
Result of the National Public Administration as % of GDP, excluding income from the BCRA



Source: Congress Budget Office.

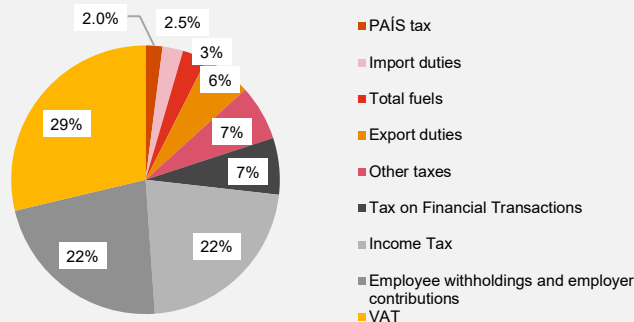
The low performance of export duties in 2020 is explained by the decrease in exports in the first quarter as a result of the advance payment of the export declaration and duties after the PASO elections and before the new President-elect took office. This could not be compensated by the change in the export duties settlement system, which implied an increase in the rates of soy products. In the second quarter, foreign trade shrunk due to the impact of COVID-19 worldwide, which slowed down in the third quarter. In the fourth quarter, the drop mainly resulted from the higher baseline as a consequence of the advance payment of exports previously mentioned. Import duties decreased due to the drop in imports resulting from the plunge in economic activity.

GRAPHIC 2
Year-on-year variation economic activity and tax revenue in real terms



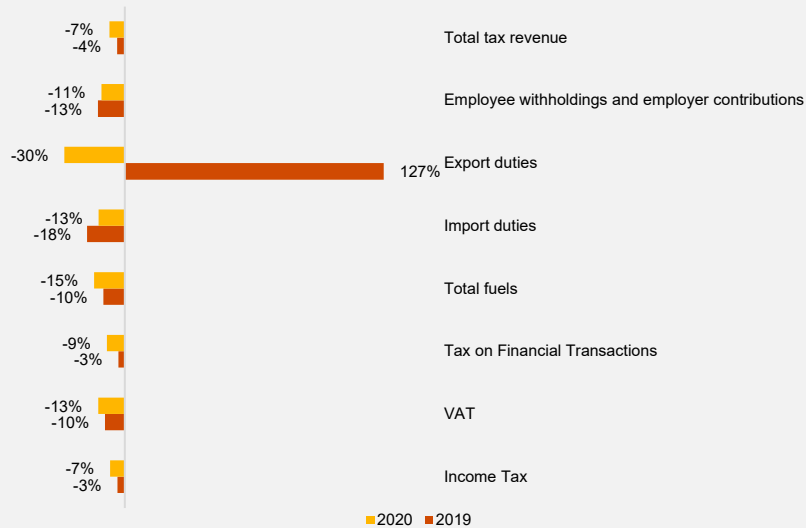
Source: Prepared by the authors based upon statistics from INDEC and AFIP.

GRAPHIC 3
Share of main taxes on total tax revenue

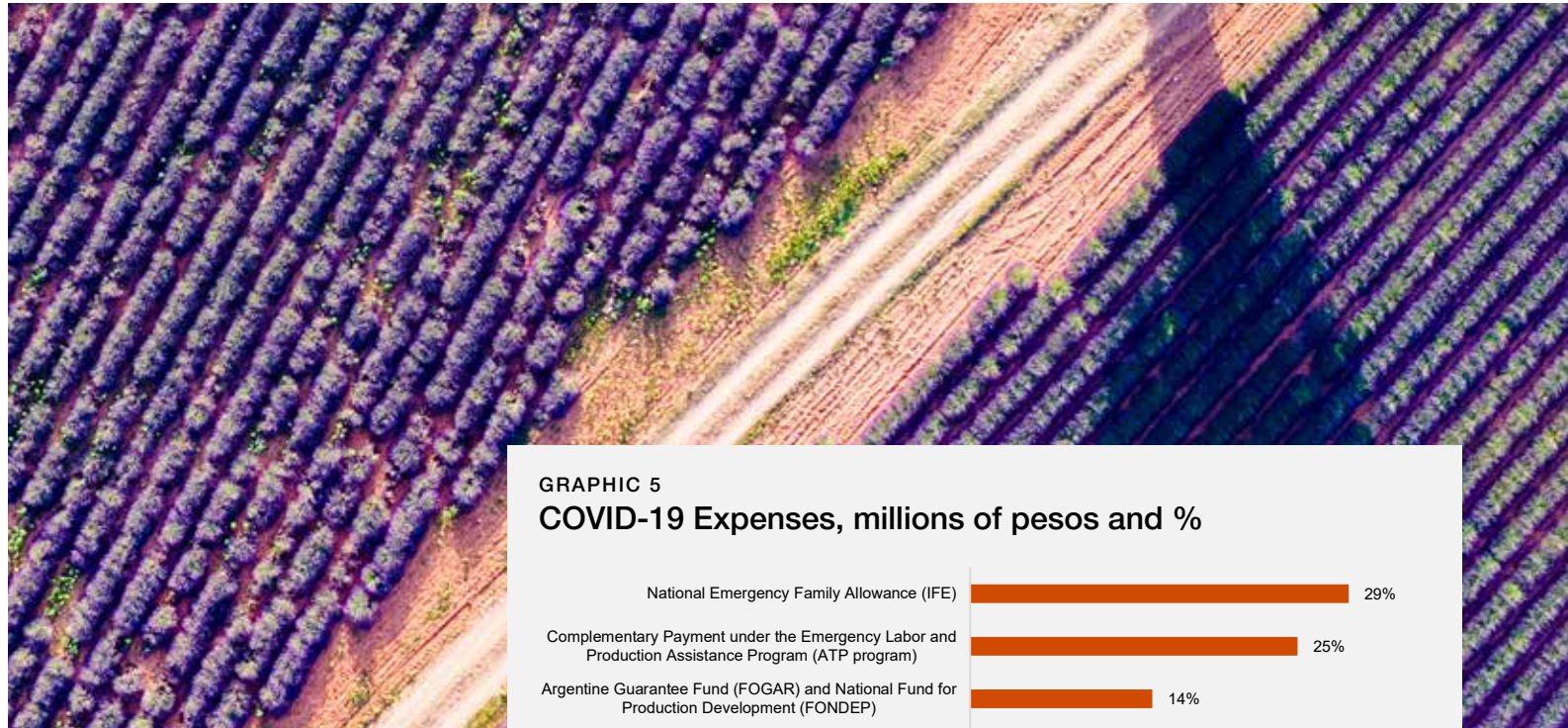


Source: Prepared by the authors based upon statistics from INDEC and AFIP.

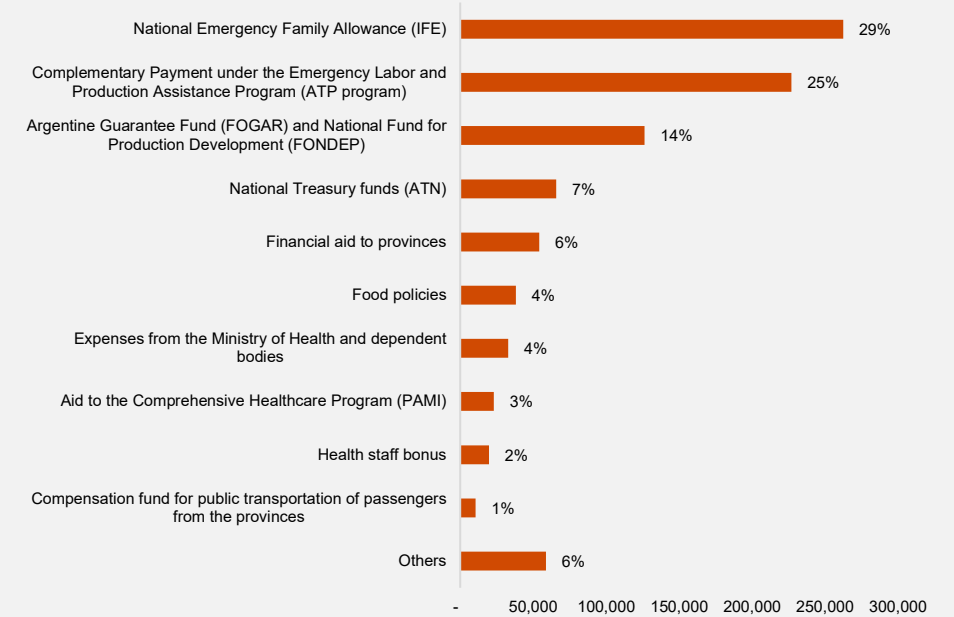
GRAPHIC 4
Year-on-year variation in real terms



Source: Prepared by the authors based upon statistics from INDEC and AFIP.
*Real year-on-year growth of export duties in 2019 results from the fact that new products were added and rates were increased compared to 2018; after the PASO elections, there was an advance payment of exports declarations. Both factors increase the baseline for 2020, which results in a real drop, even when prices of exported goods increased and the exchange rate devalued.



GRAPHIC 5
COVID-19 Expenses, millions of pesos and %



Source: Prepared by the authors based on information from the Congress Budget Office.

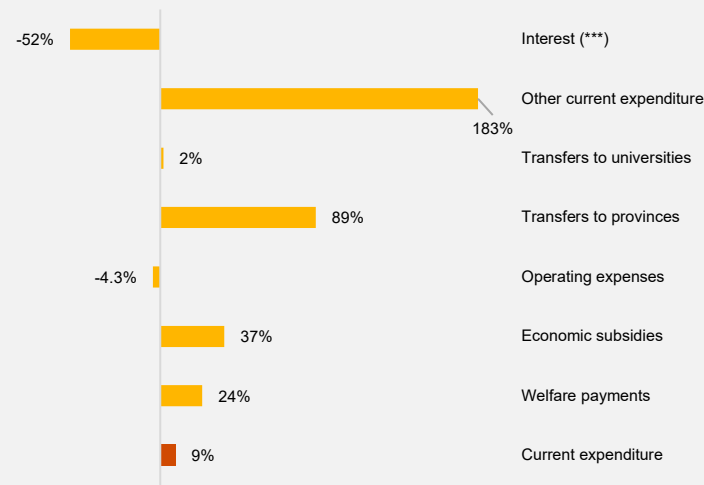
Public spending was also determined by the decisions made in response to the pandemic and lockdown measures.

According to the classification made by the Congress Budget Office, 14% of the \$6.63 trillion of current expenditure were recorded as “COVID-19 Expenses²” (just over half of that figure is comprised by the National Emergency Family Allowance (IFE, for its acronym in Spanish) and the Complementary Payment under the Emergency Labor and Production Assistance Program (ATP program).

² “COVID-19 Expenses” refers to expenses not included in the budget related to meeting the demands arising from the pandemic.

GRAPHIC 6

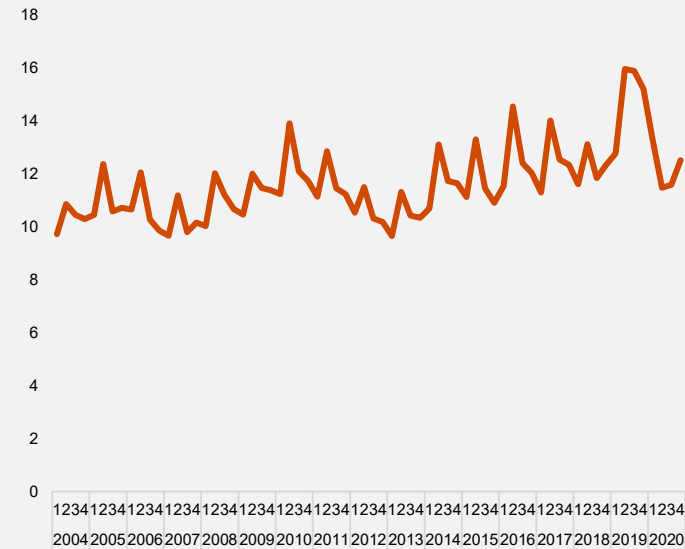
Real year-on-year variation, current expenditure and its components



Source: Prepared by the authors based on information from the Congress Budget Office and INDEC. (***) Includes interest paid within the National Public Administration, as reported in the eSidif (Financial Administration System).

GRAPHIC 7

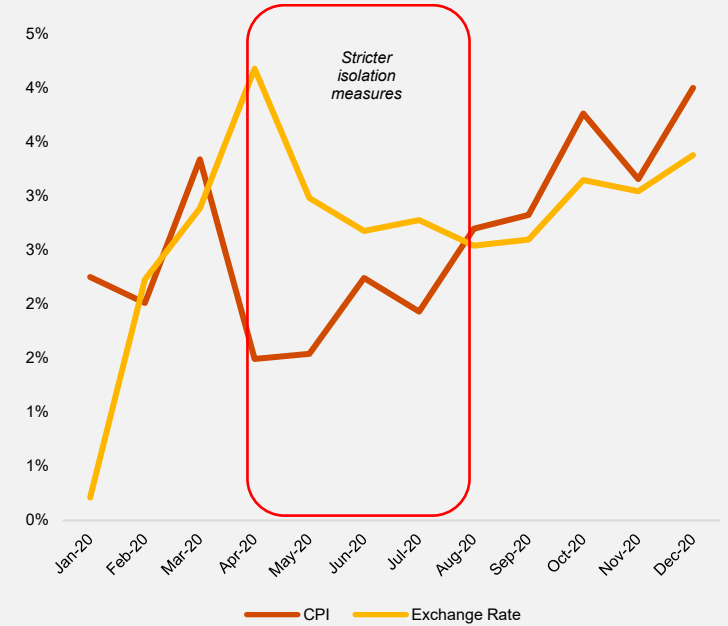
Velocity of money



Source: Prepared by the authors based upon statistics from BCRA and INDEC.

GRAPHIC 8

Exchange rate and inflation - monthly variation



Source: Prepared by the authors based on BCRA and INDEC official statistics.

Current expenditure grew 9% in real terms in 2020 compared to 2019. The most significant component was “welfare payments” (60%), which grew 55% in real terms, followed by “operating expenses” (11%), including the salary paid to civil servants, which experienced a 4% drop in real terms. “Financial subsidies” came in third place (9%), showing a 37% growth in real terms. The distribution of subsidies was mainly related to the energy and transportation sectors (76% and 23%, respectively). Another item that increased sharply in real terms was “transfers to provinces”

(+89%), representing 5% of current expenditure. Regarding the payment of debt interest, a 52% real year-on-year plunge was recorded, as a consequence of Emergency Decree (DNU) No. 346/2000 – which deferred the payment of interest on government securities denominated in foreign currency– and of the interruption of payments of securities issued under foreign law as from April. Moreover, the fall as from September arises from the favorable result of the debt restructuring under foreign and local legislation. Finally, capital expenditure decreased 9% in real terms.

On balance, the large growth of the National Administration spending could not be completely financed with its own resources and, in a context of restrictions on access to the foreign exchange market, the government had to resort to monetary issuance (32% of primary expenses, as profit transfers and temporary advances).

Such issuance constitutes 81.5% of the monetary base at December 30, 2020. Even though inflation had a moderate effect on prices, 2020 closed with a 36.1% annual inflation rate, which shows a decrease compared to

the figure/rate recorded in 2019. This takes place amid isolation measures in the second and third quarters of the year, with a lower velocity of money circulation, frozen regulated prices and a controlled official exchange rate.

Moving forward, the government has budgeted a fiscal deficit amounting to 4.5% of GDP to be mostly financed with monetary issuance. This official figure does not include control measures should the pandemic require new restrictive policies for the activity. Additionally, 2021 is an election year, when policies to contain spending

are harder to implement. In this context, inflation will have to be closely monitored, as it is unlikely to expect that it will fall in 2021, as budgeted.

Industry Roadmap

The challenge of “zero net carbon emissions” by 2030

By Diego López y Mariano Tomatis, Partners of PwC Argentina.



Over the last few years, we have noticed radical changes in the way in which governments and organizations approach climate change. Challenges to shift towards low-carbon economies have grown and we, as business leaders, have a unique opportunity to seize.

International objectives for the 2030 agenda require ambitious transformations from a corporate perspective, which encourages the current commitment of our Firm to the decarbonization of its operations with internal focus on the reduction and compensation of emissions and a prospect of joint work with clients, suppliers and strategic partners for this transition.

In this sense, PwC has announced its commitment to achieve zero net greenhouse gas emissions worldwide by 2030. The commitment includes reducing emissions of the network member firms and of their suppliers, as well as supporting their clients in the decarbonization of their operations.

What are the steps to be followed to achieve this goal?

Operations.

The objective aims at reducing 50% of total greenhouse gas emissions in absolute terms by 2030 through the use of renewable energy sources in every country where the Firm is present, at improving energy efficiency at its offices and decreasing emissions related to professional staff travel and accommodation. Today, business trip-related emissions represent a significant portion of the carbon footprint of PwC's network of firms. The pandemic has accelerated the implementation of teleworking and proved the viability of new ways of providing services to clients.

By investing in projects to compensate greenhouse gas emissions, for each ton of CO₂ emitted by PwC, the Firm undertakes to reduce the same amount of carbon dioxide from the atmosphere until achieving the zero net emissions goal. These projects will be selected

following quality and verification criteria in the reduction of emissions and will seek to have a positive impact on local economies.

Clients.

Work with clients to help them build a zero net emissions future from all lines of business: assurance, advisory and tax and legal services. This consists of working jointly based on the corporate strategy, transparency and compliance standards, evolution of reporting and integration of non-financial information, among others.

The business sector has the responsibility to act and we are determined to play that role, not only in our operations but also in the way in which we advise and encourage our clients to promote a more sustainable world, enhancing the opportunities of present and future generations.

Policies and standards related to the global agenda.

Contributing to drawing up the global climate and political agenda and putting this issue high on it, supporting the reform that places stakeholders' needs at the heart of the market economy and connects goals, actions and effects with desired social and economic results driving long-term sustainability.

An important lesson learned from the pandemic is that people can find other ways to do the unthinkable when they have to; and we incorporated part of that spirit into our efforts to address the global climate crisis. Changes to be made will not be easy, but they are minimum compared to the damage of climate change to society. We are excited to work along with clients, partners and suppliers to achieve these goals and encourage global efforts to address the consequences of climate change with responsibility for a more sustainable and fairer world.

To face this climatic challenge, a substantial transformation is necessary in every sector of global economy. It is necessary to develop and implement concrete plans on how to achieve the zero net carbon emissions goal, including realigning the business strategy, human resources, suppliers, government, operational model, innovation, research and development (R&D), tax strategy and non-financial reports presentation (ESG).

Customs & FX

Measures in effect since the beginning of the year

Various measures relating to foreign exchange, stock market transactions and import and export taxes were published during the last days of 2020 and the first days of 2021. For this reason, we considered it important to focus on the most relevant measures to evaluate how the Foreign Trade laws and regulations have been modified since 2021.

From a viewpoint of foreign exchange regulations applicable to payments of imports of goods, the Argentine Central Bank (“BCRA”) decided to extend until March 31, 2021 the imposition of quotas on access to the Free Foreign Exchange Market (“MLC”), with minor amendments regarding their computation in the case of advance payments and payments of debts for imports of goods that were shipped before July 1, 2020. Deferred or at sight payments for imports shipped after July 1, 2020 are still allowed; to this end, it is not necessary to calculate the available quota.

Furthermore, the BCRA grants benefits to exporters that have traded in the Argentine market the funds obtained from advance payments or pre-export financing effective January 4, 2021, by allowing them a higher quota to make advance payments for capital goods. Free access to the MLC is now provided for payments of imports of goods by local companies to foreign related counterparties, in the case of outstanding debts at August 31, 2019 with no agreed-upon due date or falling due before that date.

Conversely, the BCRA has restricted access to the MLC for payments of imports of goods shipped as from January 7, 2021, classified under the tariff positions contemplated in annex I and annex II to Communication “A” 7201, establishing that those payments shall be made only after 90 and 365 calendar days, respectively, have elapsed since the date of registration of the clearance of goods through customs (some of the goods included in the annexes are liquors, high-end vehicles, house appliances with a certain value, etc.).

In terms of financial indebtedness held with third parties abroad, the restriction on payments of principal on financial debts between related companies will continue to apply until March 31, 2021.

As regards financial indebtedness with foreign third parties, the Central Bank has extended from 30 to 45 days the period for early access to the MLC to settle principal and interest on financial debts held abroad or on debt securities, when the advance payment takes place in the context of a process for refinancing foreign currency denominated debt taken on with independent third parties, with principal maturity dates between October 15, 2020 and March 31, 2021.

Certain changes were introduced to the mechanism established by the BCRA allowing the use of funds derived from collections of exports of goods and services aimed at certain local investment projects. These projects, for example, must increase production of goods to be placed in external markets and/or substitute imported goods.

Also, the BCRA has created the “Registry of Foreign Exchange Information relating to Exporters and Importers of Goods”. Exporters and importers will be required to register with that Registry according to the significance of the volumes of goods traded by them under export and/or import transactions. The BCRA will inform, through a Communication

“C”, importers and exporters that are to comply with the registration requirements before April 30, 2021. Registration shall be made via an application software on the AFIP’s website to be established for such purpose.

Prior to a payment abroad, the financial institution shall verify, on the website enabled for such purpose, whether the exporter and importer are subject to this regulation and the status of their registration procedure. Effective May 1, 2021, exporters and importers that have failed to comply with the registration requirement shall need the prior authorization from the BCRA to make payments through the MLC.

The 3% ad valorem tariff applicable to imports of goods for consumption has been extended until December 31, 2021. The time period for payments of the maximum amounts ranging from USD 180 to USD 150,000 according to the taxable base, by applying this ad valorem tariff, has also been extended until that date. Depending on the characteristics, purposes and/or processing of goods, exemptions from payment of this tariff are maintained for all transactions which, under special laws, are exempt from payment, for instance, the goods originating in the Mercosur Treaty States; information technology, telecommunications and other capital assets; goods imported under the Temporary Import Regime; among others. Under Decree No.1060/2020, effective as from January 1, 2021, export tax rates have been modified for certain tariff positions. Although most of the rates under the said Decree are 4.5%, for example, for basic industrial inputs,

other lower rates have also been set. In this respect, 3% rates are applicable to certain finished industrial products and an export tax rate of 0% has been fixed for certain agro-industrial goods identified as opportunities for the regional economies. In addition, this regulation maintains a 0% rate for some finished goods relating to the automotive industry.

The Decree has also set rates of 9%, 9.5%, 12%, 14.5%, 16.5% and 24.5%, therefore, it will be necessary to verify the rate applicable to goods for export to assess the ultimate impact of the export tax on their price.

Although not all the above-mentioned measures will impose new restrictions during 2021, all of them require analyzing how they will impact on foreign trade. Moreover, as some measures merely extended the application of regulations that governed during last year and considering that some of them are in effect temporarily, a follow-up will be necessary to see how they will change after expiration of that period.

Federal Landscape

Province Tucumán



Province: Tucumán

Region: Northwest

Tucumán is the smallest province of Argentina, and is located in the North-West region of the country. It borders with the province of Salta to the north, with the province of Santiago del Estero to the east and with the province of Catamarca to the south and west. The province offers a wide range of natural touristic resources such as beautiful landscapes, excellent weather in fall and winter, a large number of protected natural areas and cultural tourist attractions with features from the pre-Hispanic, Jesuitical or intellectual boom periods, with four universities offering over 120 programs of studies today.

1,448,188

Population

64.3

Population Density
(pob/km²)

22,524

Area in km²



Employment and income indexes

	Province	Region	Nation
Employment rate	35%	37.8%	37.4%
Unemployment	11%	8.6%	11.7%
Activity rate	39.4%	41.3%	42.3%
Employment* (in thousands)	164	430	5,795

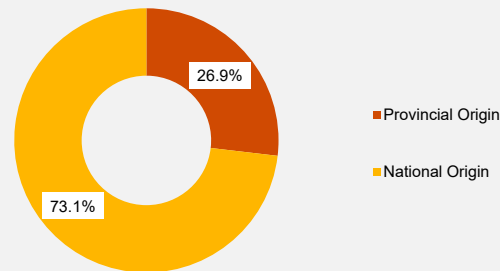
*Registered private sector employees by province

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, october 2020.



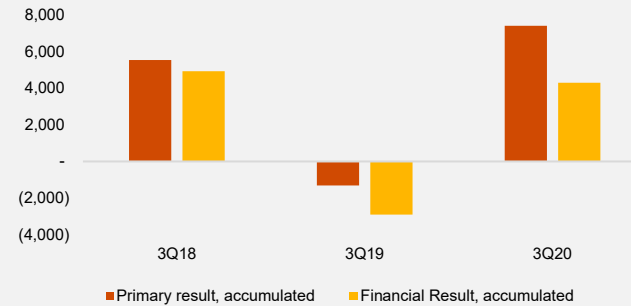
Fiscal indicators

Tax revenues by origin, 3Q 2020



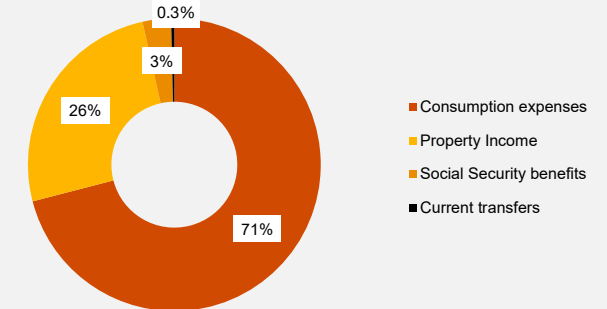
Source: Prepared by PwC Argentina based on General Accounting Office, Ministry of Economy, Government of Tucumán.

Fiscal Result, millions of pesos



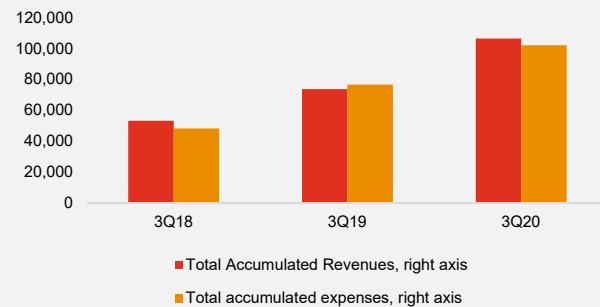
Source: Prepared by PwC Argentina based on General Accounting Office, Ministry of Economy, Government of Tucumán.

Composition of current expenses, 3Q 2020



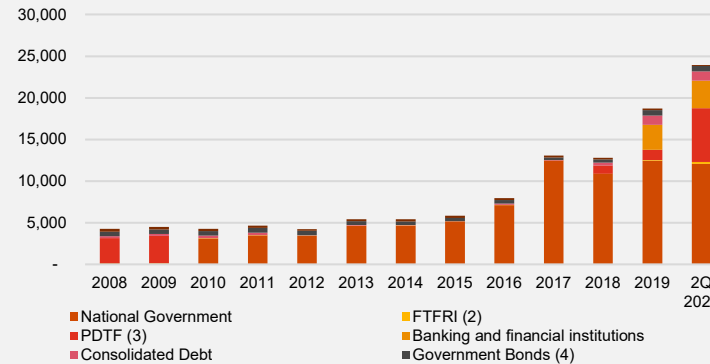
Source: Prepared by PwC Argentina based on General Accounting Office, Ministry of Economy, Government of Tucumán.

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



Source: Prepared by PwC Argentina based on General Accounting Office, Ministry of Economy, Government of Tucumán.

Stock of provincial debt, in millions of pesos⁽¹⁾



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

In the third quarter of 2020, the Non-Financial Public Administration of the province of Tucumán recorded an aggregate primary profit amounting to ARS 7.4 billion, resulting from a total income of ARS 106.52 billion and primary expenses amounting to ARS 102.22 billion.

Total income increased 44.2% compared to the same period in the previous year. In turn, total accrued expenses for the previous year rose 33.2% compared to the ARS 76.76 billion incurred in the first nine months of 2019.

Total provincial public debt, excluding floating debt, at June 30, 2020 amounted to ARS 23.96 billion.



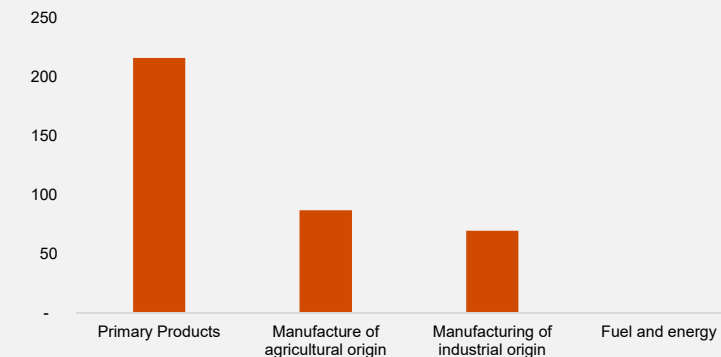
Exports

Tucumán	1S 2020	1S 2019
Ranking position	12	10
Amount	374	373
Regional participation	23.3%	22.6%
National participation	1.4%	1.2%

Source: Prepared by PwC Argentina based on INDEC statistics.

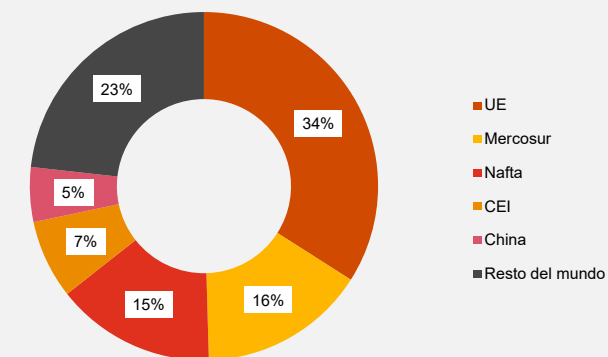
During the first half of 2020, exports from the province of Tucumán grew 0.3% compared to the previous year, amounting to USD 374 million. These sales represented 23.3% of the region's total and 1.4% of Argentina's exports. The main exported products were fresh fruits (lemons), accounting for 37.3% of total provincial exports, showing an 33.4% increase compared to the first half of 2019. They were followed by vegetables, pulses and fruits (14.6%) and cereals (13.6%), which grew 12.4% compared to the previous year. Main export destinations were the European Union, Mercosur states, NAFTA, CIS and China.

Main exports





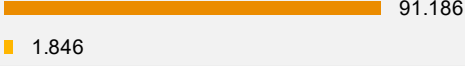









Nota: Elaboración propia en base a datos del INDEC.

Main destinations



Nota: Elaboración propia en base a datos del INDEC.

	Amount	Year-on-year variation	Province vs Nation
Cement Consumption (Dec-2020)			
• Bag	21,140	31.4%	
• Bulk	8,386	84.0%	
Car Patenting (Dec-2020), quantity			
• Automobiles	656	11.0%	
• Motor vehicles	935	63.2%	
Supermarket Sales (Nov-2020), million pesos			
	1,846	0.8%	
Electricity Demand (Nov-2020), in GWh/Centigrade/MW			
	194	-2.1%	
Flights (Dec-2020), quantity			
• Cabotage movements	172	-69.2%	
• International movements	6	-85.7%	
Tourism (Nov-2020), in units			
• Occupied rooms or units	6,686	-74.0%	
• Occupied vacancies	9,945	-76.9%	
• Travelers	5,660	-78.1%	
• Average length of stay of tourists (in days)	1.8	5.3%	



Province activity

Sugar cane production and its subsequent industrialization represent one of the most significant economic industries, with 60% of the national production of sugar. Sugar cane is processed in the 15 sugar cane mills/refineries in the province, where sugar for human consumption is mainly obtained, as well as by-products such as bagasse for manufacturing paper, different types of alcohol for the domestic and foreign markets and ethanol for fuel. Tucumán is also the main worldwide producer of fresh and processed lemons, mainly for the foreign market. From citrus, frozen concentrated juices, essential oils, frozen pulp, dried peel and citrus pulp pellets are produced. Blueberries production is also significant, as it is the second exporter in the country with 1,200 hectares in the province. The production of strawberries, soy, wheat and bean are also important in the primary activity. Other activities with share in the provincial economy include the automotive and textile industries, paper mills, breweries, among others.

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 Electricity demand

Source: Ministry of Economy. The distributor EDE TUCUMAN is considered.

Note Flights

Source: EANA, Argentine Air Navigation.

Note Tourism:

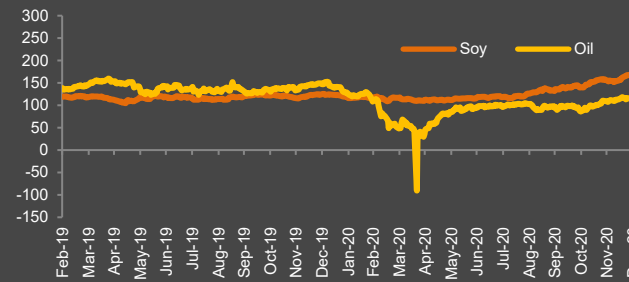
Source: INDEC, National Direction of Statistics and Prices of Production and Commerce.

*Real change (the CPI INDEC northeast was used)

 Nation  Tucumán

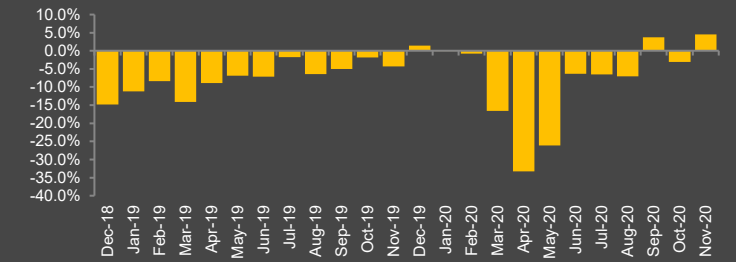
Macro Monitors

Price of Soy and Oil, index 2004=100



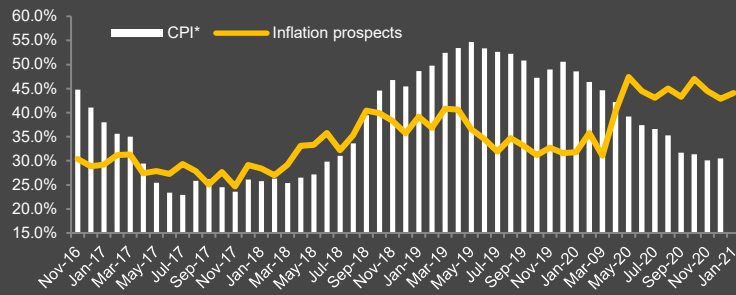
Source: Own calculations based on CBOT and WTI NYMEX

Monthly Industrial Estimator



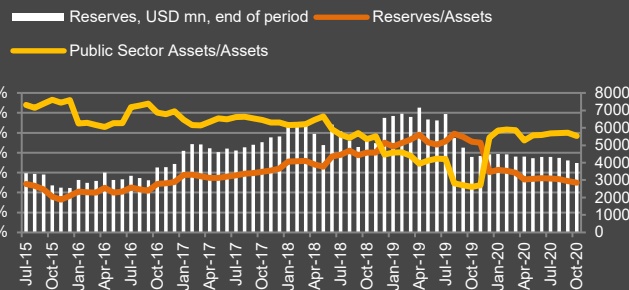
Source: Own calculations based on INDEC

Inflation



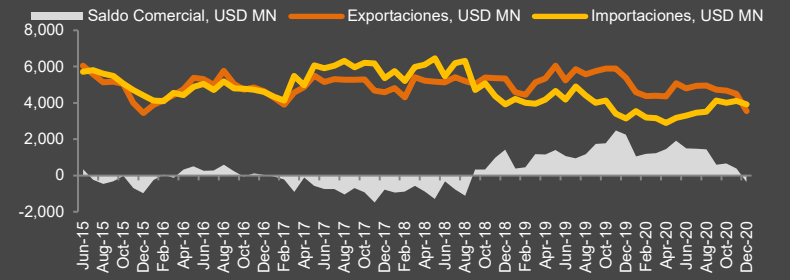
Source: Own calculations based on CPI of City of Buenos Aires and UTDT

Reserves and Central Bank Assets



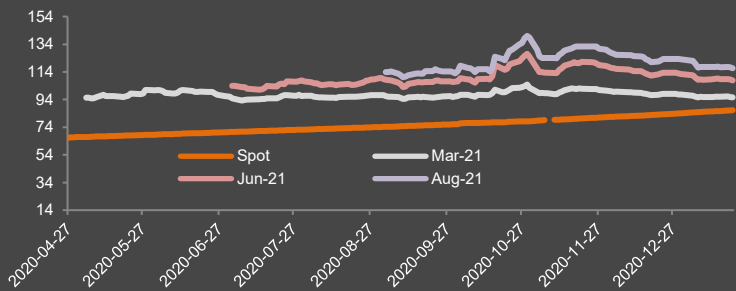
Source: Own calculations based on Central Bank of Argentina

Foreign Trade



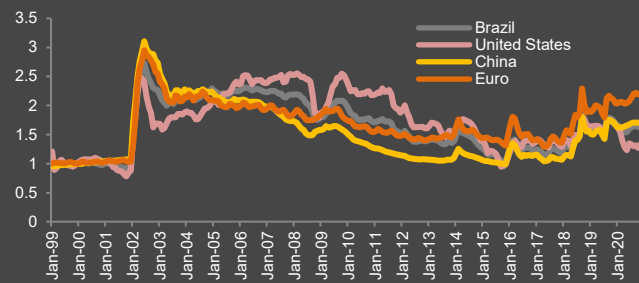
Source: Own calculations based on INDEC

Exchange rate: Spot and Futures



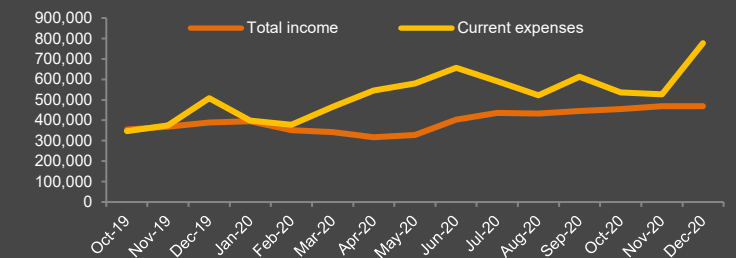
Source: Own calculations based on Rofex

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	2018	2019	2020	Sep-20	Oct-20	Nov-20	Dec-20
Real GDP, var % y/y	-2.6%	-2.2%	nd	10.2%	-	-	-
CPI Federal Capital, var % y/y	45.5%	50.6%	30.5%	31.7%	31.3%	30.1%	30.5%
CPI San Luis, var % y/y	50.0%	57.6%	41.8%	40.6%	41.3%	39.9%	41.8%
Industrial Production, var % y/y	-5.0%	-6.3%	nd	3.7%	-3.1%	4.5%	nd
International Reserves (end period, USD mn)	65,786	44,848	39,410	41,379	39,856	38,652	39,410
Import Cover (month of reserves)	12.06	10.96	11.17	10.02	9.95	9.39	10.08
Implicit exchange rate (M0 / Reserves)	21.42	42.26	62.68	57.85	55.83	57.62	62.68
\$/USD, end period	37.81	59.90	84.15	76.18	78.33	81.30	84.15

External Sector	2018	2019	2020	Sep-20	Oct-20	Nov-20	Dec-20
Exports, USD mn	61,781	65,116	54,884	4,727	4,674	4,500	3,544
Imports, USD mn	65,482	49,124	42,354	4,129	4,004	4,115	3,908
Comercial Balance, USD mn	-3,701	15,992	12,530	598	670	385	-364
Currency liquidation by grain exporters, USD mn	20,202	23,720	20,274	1,787	1,716	1,734	1,691

Laboral*	2018	2019	2020	Sep-20	Oct-20	Nov-20	Dec-20
Unemployment, country (%)	9.1	8.9	nd	11.7	-	-	nd
Unemployment, Greater Buenos Aires (%)	10.5	10.0	nd	13.8	-	-	nd
Activity rate(%)	46.5	47.2	nd	42.3	-	-	nd

Fiscal**	2018	2019	2020	Sep-20	Oct-20	Nov-20	Dec-20
Income, \$mn	3,382,644	5,023,566	6,635,239	606,508	642,104	648,976	679,641
VAT, \$mn	1,104,580	1,532,597	1,905,385	170,866	188,018	192,370	203,985
Income tax, \$mn	742,052	1,096,521	1,467,303	120,645	140,670	156,602	166,887
Social Security System, \$mn	878,379	1,175,793	1,485,127	124,220	125,709	127,794	132,843
Export Tax, \$mn	114,160	398,312	387,643	46,359	39,472	40,259	28,338
Primary expenses, \$mn	2,729,251	3,795,834	6,311,785	578,524	516,787	500,229	731,257
Primary result, \$mn	-338,987	-95,122	-1,749,957	-167,181	-81,627	-58,693	-307,628
Primary result, \$mn	513,872	914,760	671,928	52,715	38,171	73,662	12,141
Fiscal results, \$mn	-727,927	-819,407	-2,292,830	-212,020	-112,696	-127,029	-318,909

Financial - Interest rate***	2018	2019	2020	Sep-20	Oct-20	Nov-20	Dec-20
Badlar - Privates (%)	48.57	41.75	34.21	29.73	30.68	33.02	34.21
Term deposits \$ (30-59d Private banks) (%)	46.22	40.80	34.75	30.48	31.34	33.62	34.75
Mortgages (%)	47.70	47.51	32.29	27.96	31.63	32.79	32.29
Pledge (%)	24.88	30.54	32.29	25.78	26.85	26.53	32.29
Credit Cards (%)	61.11	76.28	41.93	41.32	41.90	42.18	41.93

Commodities****	2018	2019	2020	Sep-20	Oct-20	Nov-20	Dec-20
Soy (USD/Tn)	342.3	326.9	350.1	366.8	387.6	419.6	443.6
Corn (USD/Tn)	145.0	150.9	143.0	142.7	157.0	163.6	171.4
Wheat (USD/Tn)	182.1	181.5	201.9	201.6	222.7	219.9	220.5
Oil (USD/Barrel)	64.9	57.0	39.3	39.6	39.6	41.3	47.1

* 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		

Contacts

José María Segura | jose.maria.segura@pwc.com | +54 11 4850 6718

Leandro Romano | leandro.romano@pwc.com | +54 11 4850 6713

Paula Lima | paula.lima@pwc.com | +54 11 4850 6028

Claus Noceti | claus.noceti@pwc.com | +54 11 4850 4651

[@PwC_Argentina](#) [/PwCArgentina](#) [/PwCArgentina](#) [/PwCArgentina](#) [/pwcargentina](#)

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, Price Waterhouse & Co. Asesores de Empresas S.R.L., its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2021 In Argentina, the member firms of the global network of PricewaterhouseCoopers International Limited are Price Waterhouse & Co. S.R.L, Price Waterhouse & Co. Asesores de Empresas S.R.L. and PwC Legal S.R.L, each of which, either separately or jointly, are identified as PwC Argentina.