

N° 74 - June 2021

Economic GPS



Tracking

Current context of salaries

4

Industry Roadmap

Current emotional and economic crises place constraints upon SMEs recovery

8

Customs & FX

Exchange flexibility for increased exports

9

Panorama federal

Province: Chaco

10

Is the tailwind changing?



Certain recent events in the international sphere could have a direct or indirect impact on Argentine economy in the short and medium term.

As already mentioned in former issues of Economic GPS, a debate is installed in the United States about the possibility that the incentive measures implemented by its government to reactivate economy and mitigate the effects of the COVID-19 pandemic can have an influence on the prices in that country. Within this context, in April and May this year, the US Consumer Price Index reached year-on-year figures not recorded since 2008.

A release from the United States Federal Reserve (FED) in mid-June communicated that the reference interest rate would be kept unchanged, at a historical

minimum, and asserted that its policy on purchase of assets —implying monetary issuance— would continue until a sustained improvement in employment was observed; it also estimated that the “overheating” in price levels —something the FED admits as it increased its estimates on inflation for the current year— is a transient situation, and that the expectation is to raise interest rates only by 2023.

Markets have understood that, even when in the short term the monetary policy could be relaxed —keeping at bay the risk of a descent in value of financial assets— this would not necessarily continue in the face of inflation risk at medium term. As from

that moment, the US dollar reversed its depreciation trend, with almost immediate repercussions on the price of commodities.

As explained on prior occasions, the prices of raw materials are measured in dollars; accordingly, the appreciation of that currency, *ceteris paribus*, implies a decrease in prices. In the case of agricultural commodities, such as soy, corn and wheat, all relevant in Argentina, they dropped 8%, 4% and 6%, respectively, in one day. If this appreciation trend of the US dollar is consolidated, it will imply a lower relative price in dollars for those commodities, even if other components of supply and/or demand could operate to the contrary effect.

Although many exporters, worried that prices might not hold, advanced the settlement of exports —which largely explains the trade balance level and the accumulation of foreign currency by the Central Bank of Argentina—, prices close to their historical maximum are coming to an end in the second quarter of the year, with its seasonally high inflow of foreign currency.

Another impacting financial event is that Argentina has been excluded from the categorization as emergent market. Through its Annual Review of Market Ratings, MSCI determined that Argentina has lost that category and reclassified it as standalone, a rating below frontier market, which means that Argentine companies will find it even more difficult to obtain financing abroad.

The fact that Argentina is outside the capital market, added to the deceleration of inflow of foreign currency through the trade channel, allows to foresee that the restraining strategy of the foreign exchange market will face higher volatility. In the absence of black swans, loss of control on US dollar quotations does not appear as probable; however, as we approach the election date —a time when private demand of foreign currency generally increases— we may witness higher volatility.

A handwritten signature in black ink, appearing to read 'José María Segura', written over a horizontal line.

José María Segura
Chief Economist PwC Argentina

Contents



04

Tracking

Current context of salaries

Salaries across the whole economy, as measured by the National Institute of Statistics and Census (INDEC), record a year-on-year fall of 7% in real terms in the first quarter of 2021, with 36 months of accumulated consecutive drops. What can we expect in an election year like this?



08

Industry Roadmap

Current emotional and economic crises place constraints upon SMEs recovery

PwC Argentina's eighth SMEs Survey, which, during Q2 this year, explored the opinion of business leaders of the sector on the issues they face and their expectations, shows the Government has no room to impose stricter and longer restrictions as those imposed last year.



09

Customs & FX

Exchange flexibility for increased exports

In the sphere of Exchange Law, there is an expressing that says: "whatever is not expressly allowed, is forbidden." As the Argentine Central Bank ("BCRA") qualifies these forbidden acts as feasible if previously authorized, we may say, with more technical rigor, that "whatever is not expressly allowed, requires prior authorization from the BCRA."



10

Federal Landscape

Province: Chaco

The province of Chaco is located in the northeast area of the country, in the Great North region of Argentina. It is the country's 12th province in size. Its economy is grounded on the primary sector, where cotton and soy crops, cattle farming and wood extraction stand out.

Macro Monitors	14
<hr/>	
Table of indicators	15
<hr/>	
Our services. Contacts	16

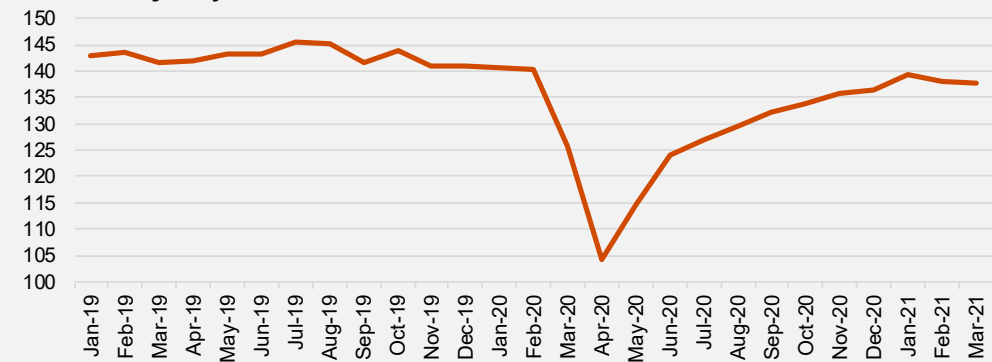
Tracking

Current context of salaries

Salaries across the whole economy, as measured by the National Institute of Statistics and Census (INDEC), record a year-on-year fall of 7% in real terms in the first quarter of 2021, with 36 months of accumulated consecutive drops. What can we expect in an election year like this?

At March 2021, the Argentine economy had partially regained the levels of economic activity, according to the Monthly Estimator of Economic Activity (EMAE). This recovery is only partial, given that the level achieved is still below that of February 2020, prior to COVID-19 restrictions; and, as shown in Graphic 1, it has a V shape. Considering that

GRAPHIC 1
Seasonally adjusted EMAE, base 2004 = 100



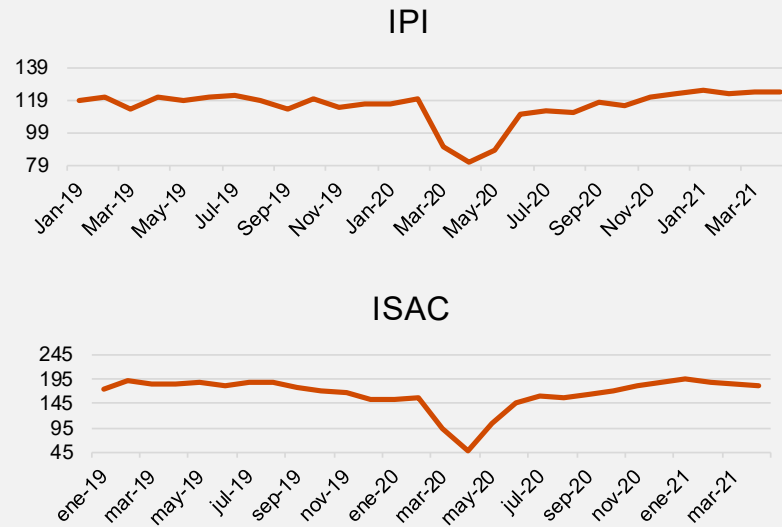
Source: Prepared by the authors based on INDEC statistics

in April and May of the current year restrictions to circulation and certain economic activities were reintroduced in view of the outbreak of the second wave, this partial recovery was probably affected.

One indicator that could account for this situation is, for instance, the electrical consumption data published by the Argentine Chamber of Medium-Sized Enterprises (CAME). Over the last five business days of May, electrical consumption in the sectors of foodstuff, trade and services¹ decreased by 8% as compared to the last five business days of March, and it is 11% below the values recorded for the week before the start of the quarantine. In the case of industrial activity, although it has recovered the levels prior to the restrictions imposed on March 20, 2020, growth has been decelerating since November. The same was verified in the construction sector: pre-pandemic levels were reached and even surpassed, but the sector has recorded negative monthly variations since last February.

When we pay attention to the changes in the formal labor market, according to the latest available information provided by the Tax Authorities (AFIP) based on Argentine Integrated Social Security System (SIPA) data, the first quarter of this year records an average drop of 21,752 employers, and on average, there are 139,239

GRAPHIC 2
Seasonally adjusted Industrial Production Index (IPI) and seasonally adjusted Construction Activity Indicator (ISAC), base 2004 = 100

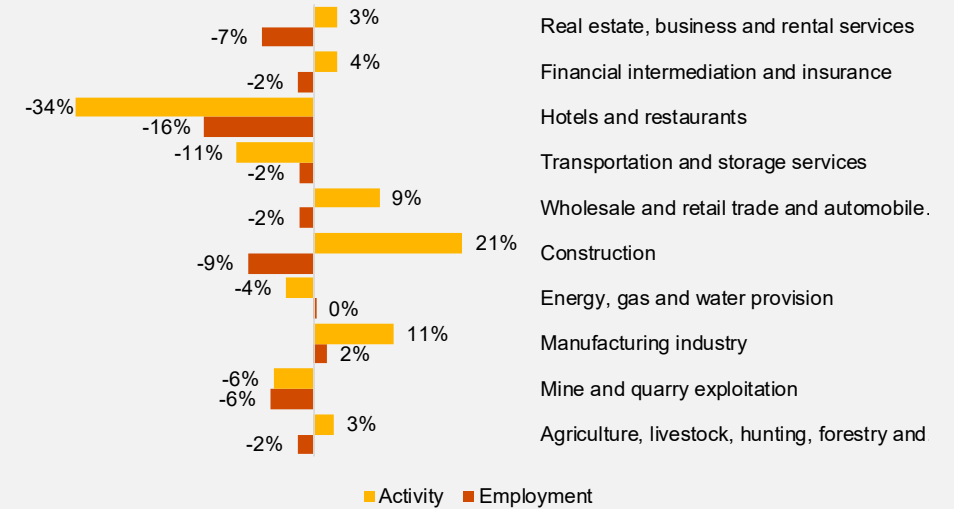


Source: Prepared by the authors based on INDEC statistics

fewer employees — both in the private sector. Most of the jobs lost, 81%, are from the services sector, while among the production sectors, the highest loss was in the construction activity, even when in the first quarter of the year it showed a 21% increase, year-on-year. This labor situation unfolds in a context where double severance payment and the prohibition of wrongful or “force majeure” dismissals and lay-offs continue in force until June 30, 2021.

Further, once the price index for May became known, recording a monthly increment of 3.3%, which results in a cumulative inflation of 21.5% over the year, it is important to analyze the evolution of real salaries. These are the main drivers of private consumption, which in turn operates as a considerable factor to encourage activity on the demand side, in most economies and, specially, in Argentina.

GRAPHIC 3
Employment and activity in main economy sectors. Variation 1Q20 vs 1Q21



Source: Prepared by PwC based on INDEC and AFIP official statistics.

The salary index published by the INDEC for the first quarter of the year records a 7% year-on-year drop in real terms. According to the breakdown reported by the INDEC, the decrease experienced by the private sector was 7.6%; the public sector recorded a decrease of 8.5%; and the informal sector, a decrease of 2.7%. The INDEC does not specify the reasons for this differentiated behavior. However, it could be assumed that the informal sector has been able to make

adjustments in the number of jobs to a greater extent than the formal sector (due to the prohibition of dismissals) and that, therefore, the adjustment in real terms was not so marked as was necessary in the formal sectors, which were prevented from adjusting in numbers. A remarkable fact is that, as per the series published for the last few years,² total salary index accumulates 36 consecutive months of year-on-year decrease in real terms.

¹ It includes ports and cargo handling, food and massive consumption industries, utilities and transportation (water supply and transportation in Greater Buenos Aires)

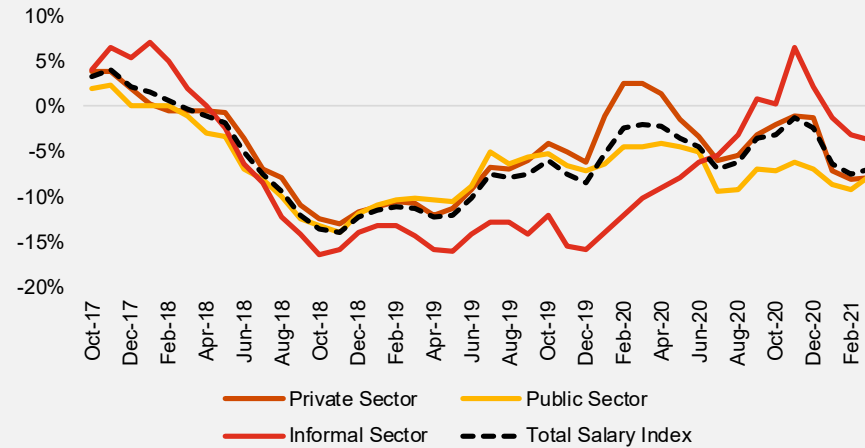
² The series published by the INDEC begins in October 2016; so, it is possible to measure year-on-year variation only as from October 2017

This decline of salaries in real terms was also experienced by retired citizens, of whom approximately 60% receive the minimum pension. In the first quarter of the year, retirement pensions fell by 5% in real terms, as compared to the same period of last year. Further, in April and May, when inflation accelerated, the year-on-year variation recorded a real loss of 12% and 13%, respectively.

The evolution of average taxable income of steady workers (RIPE) and minimum pensions measured in US dollars over recent years is also noteworthy. Graphic 6 depicts that present levels, considering the official exchange rate, are comparable to those of 2010.

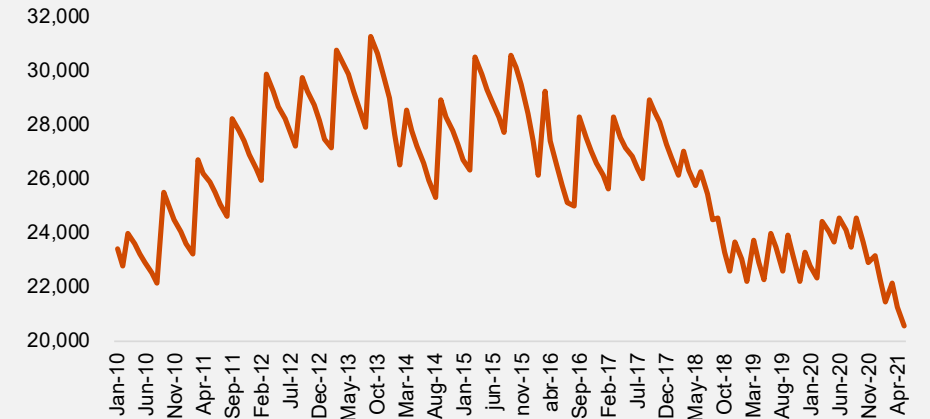
Amidst this context, a relevant question in the light of recent history is what could happen with the variable of salaries, as this is an election year. Taking into account the latest five national elections, in relation to presidential elections in 2011 and 2015, we find that salaries recorded a growth in real terms in the months prior to the election, while in 2019, there was a decrease in real terms. In 2013 and 2017, the years of mid-term congressional elections, there was almost null growth in the first case and a greater one in the second case.

GRAPHIC 4
Salary index and its breakdown. Year-on-year variation in real terms



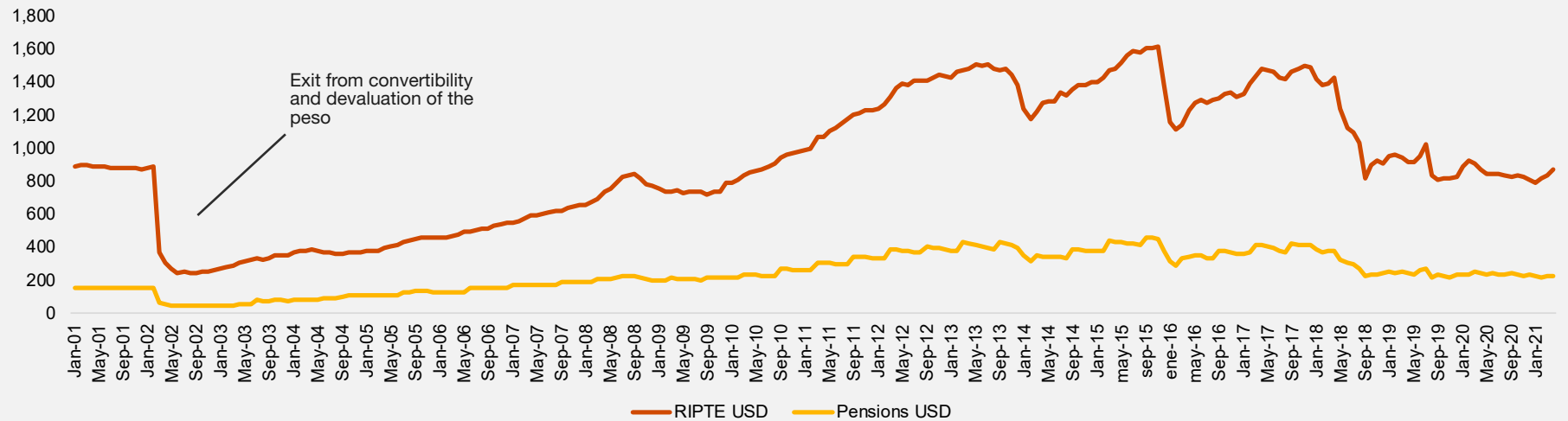
Source: Prepared by the authors based on INDEC statistics

GRAPHIC 5
Minimum monthly pension, in pesos at May 2021*



Source: Prepared by the authors based on statistics from the Ministry of Economy on ANSES data and adjustment regulations
*the shape of the series is due to the fact that the adjustments take place on certain months; under the new Law on Automatic Variability of Pension Benefits, adjustment months are March, June, September and December.

GRAPHIC 6
RIPE and minimum pension, in US dollars



Source: Prepared by the authors based on statistics from the Ministry of Economy on ANSES data and adjustment regulations, Ministry of Labor, Employment and Social Security, and BCRA

Although the outcome of an election obeys to multiple variables and circumstances, not only those related to economic considerations, it is an actual fact that, except for 2015, the evolution of real salary over the prior months was positive when the party in office won, and null or negative when it lost the election.

Considering the lengthy period of real salary fall in which Argentina is immersed and that a recovery on the market's own forces is not foreseeable in the short term, and given the level of new investments and activity, a reaction as to economic policy could be expected from the Government in an attempt to generate and maintain a path of growth for real salary (regardless of its level).

To date, there have been explicit statements by the Government verbalizing the intent that salaries may overcome inflation; however, the tools available to fulfill this commitment seem to be scarce.

What should be monitored is whether the contraction in real terms of the National Government deficit attained in these few months of the year (94%) will hold or, on the contrary, will become more lenient to be able to increase budget captions aimed at restoring income (salary and non-salary items). In the latter case,

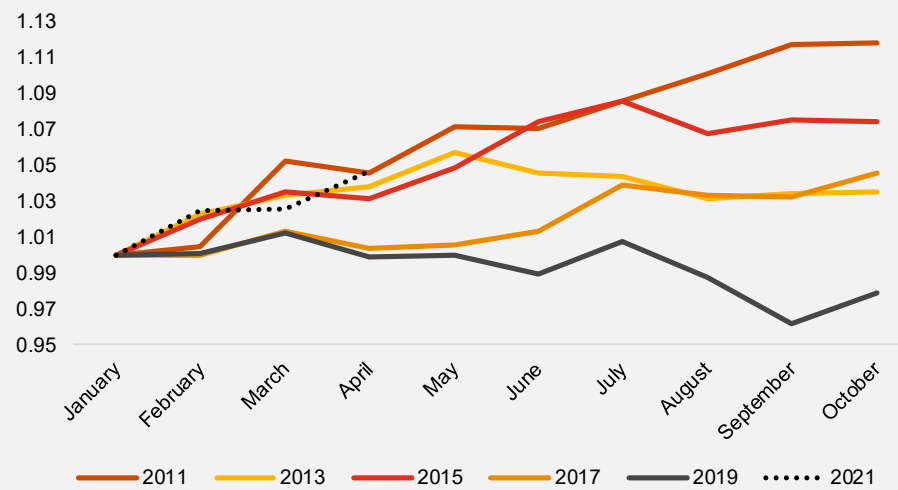
TABLE 1
Year-on-year variation in salary index, in real terms³

	2011	2013	2015	2017	2019	2021
January	1.1%	-1.8%	-0.9%	-2.9%	-11.5%	-6%
February	2.3%	-1.6%	0.7%	-0.7%	-11.1%	-7%
March	2.5%	0.0%	2.2%	-0.6%	-11.3%	-7%
April	2.5%	0.1%	-0.6%	2.5%	-12.3%	
May	3.7%	1.6%	-0.5%	3.0%	-12.0%	
June	3.5%	1.2%	1.0%	4.9%	-10.1%	
July	4.6%	0.1%	1.6%	5.2%	-7.5%	
August	4.2%	-0.3%	2.4%	3.3%	-7.9%	
September	3.6%	0.6%	3.1%	2.3%	-7.5%	
October	3.4%	0.2%	3.5%	3.1%	-6.0%	

Source: Prepared by the authors based on INDEC statistics
*For 2017, only the formal sector was considered (public + private) in the absence of data for total salary index, which includes the informal sector

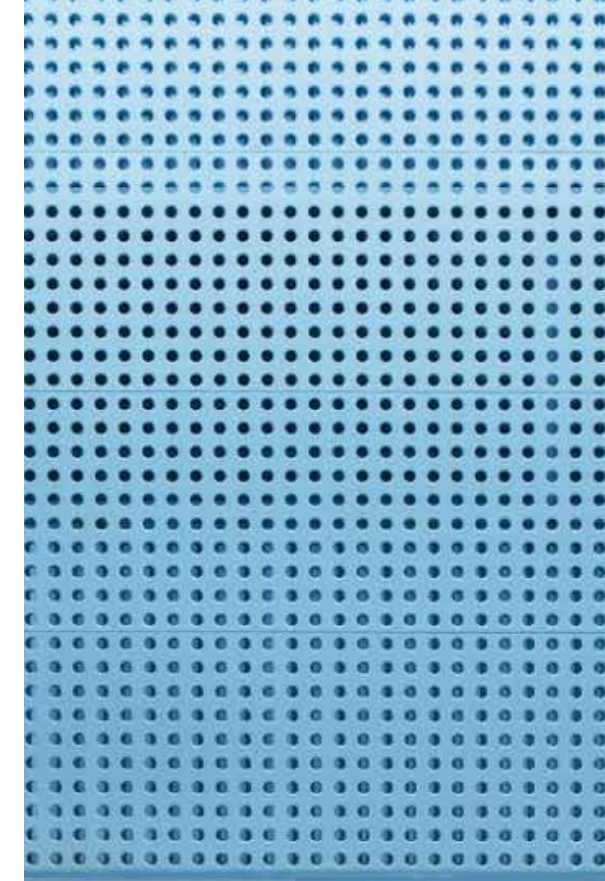
the fast-arising question is how this additional expense would be funded. So far, we have witnessed an empowerment to renegotiate wage bargaining agreements, as is the reference case of the truck drivers' Union, which agreed salary increases for July (20%), November (12.5%) and March 2022 (12.5%). Now, what will the impact be should this behavior become generalized? With employers unable to adjust in numbers (dismissals) and forced to an increase in prices (salaries), what can be expected is that inflation adds a new element to the monetary component: cost inflation.

GRAPHIC 7
Remuneration (RIPTE) in real terms at 2010 values, base January each year = 1



Source: Prepared by the authors based on Ministry of Labor and INDEC data

³ Index from 2011 to 2015 is base April 2012 = 100 (the INDEC discontinued it in November 2015); from 2016 onwards, the new index is base October 2016 = 100



Industry Roadmap

Current emotional and economic crises place constraints upon SMEs recovery



Pablo Boruchowicz,
Partner, SMEs
Division, PwC
Argentina

Over the last months, much has been written about the adverse effects of the COVID-19 pandemic and its economic and social impact on different countries. Particularly, in Argentina, SMEs face a high-risk situation, with a tight payment chain, and they are overwhelmed by the uncertainty as to the ability to recover or the risk of closing, depending on their sector, size and geographic location.

Economic and financial measures implemented by the current Government from the beginning of the pandemic were not enough to mitigate the urgencies of a sector in need of oxygen to keep going. For the rest of the year, should the current health and economic crisis continue, it will certainly deplete private sector's reserves and state resources available to supporting companies' employment and sustainability.

PwC Argentina's eighth SMEs Survey, which, during Q2 this year, explored the opinion of business leaders of the sector on the issues they face

and their expectations, shows the Government has no room to impose there is no margin by the Government for stricter and longer restrictions as those imposed last year. 74% of respondents claim that their economic situation is very complex and that more restrictions or lockdown periods in case of a new wave of cases would affect their meager income even more. With several nuances, the heavy tax burden (89%), the scourge of inflation (84%), the exchange rate volatility (64%), and the pandemic effects on the activity level (62%) are the most disturbing and distressing issues in SME business leaders' agenda.

The world is changing; most SMEs are experiencing a cultural breakup and they are convinced that digital transformation is essential for their recovery in this new reality. Technology is no longer an option, and digitalization, teleworking and processes optimization, among others, are key for the recovery of the sector. The survey shows that, even though 59% of SMEs have

already implemented remote work, many companies had to reinvent themselves and dramatically reduce their costs to survive.

Further, 8 out of 10 respondents stated that Government's ban on layoffs, also requiring companies to pay double the ordinary amount of severance for unfair dismissals further suffocates economy, evidencing a worrying unfeasibility for most of them and preventing, in other cases, hiring new staff.

Structural poverty, a prolonged recession and high levels of inflation, which, in 2021 will probably exceed the target fixed by the Government, constraining the long-awaited recovery, lead to inequalities that erode families' purchasing power. The V-shaped recovery (sharp economic decline in the activity, followed by a quick and strong recovery) seems more like a wish than a probability during this year, except a disruptive event may contain the virus in the

short term and mitigates its adverse economic effects.

Argentina should promptly solve disagreements in the political arena to finally go down the path of growth with clear and foreseeable rules, and to achieve a change in the social mood, thus enabling basic economic and social consensus among business leaders, trade unions and the political sphere to gradually develop an action plan focused on the post-pandemic reality.



Customs & FX

Exchange flexibility for increased exports.

In Law, there is an old expression that says “whatever is not prohibited is allowed”, making reference to the fact that only laws can limit our behavior.

In the sphere of Exchange Law, such saying is reworded as follows: “whatever is not expressly allowed, is forbidden.” As the Argentine Central Bank (“BCRA”) qualifies these forbidden acts as feasible if previously authorized, we may say, with more technical rigor, that “whatever is not expressly allowed, requires prior authorization from the BCRA.”

Thus, the huge amount of transactions subject to prior authorization lead international trade operators to go down the narrow and winding paths of what is allowed, requiring a specialized, technical and strategic vision when scheduling their transactions.

Recently, certain exchange incentives have been announced so that exporters may avoid such inexorable prior consent necessary for transactions such as

payments of certain imports of goods, of debts for services to related parties, of financial debts incurred with related parties, and remittance abroad of profits and dividends to non-resident shareholders.

Therefore, exporters with the Certification of increased exports of goods in 2021 (“the Certification”) will have access to the foreign exchange market as from June 14, 2021 to make payments for the abovementioned transactions without prior authorization of the BCRA; i.e. what used to be regular as the exception — for just a few.

To obtain the certification, several requirements have to be met (hence, the exceptional nature for just a few exporters), among which we can mention:

1. The FOB value of exports of goods shipped in 2021 has to exceed the FOB value of exports for the same goods shipped throughout 2020. Several transactions are exempted

from the referred calculation, such as: exports of wheat, barley, corn, sorghum, soy and by-products; exports for consumption with temporary import clearance, exports validated under certain customs modalities.

2. Exporters cannot have permits expired for the bringing in and trading of foreign currency, except for assumptions of non-compliance in Collection Management.
3. Exporters must have recorded exports in 2020.
4. Exporters must not exceed the maximum amount in foreign currency allowed to obtain the Certification.

The calculation of such amount shall be the lower of:

- the total increase of the FOB value of exports of goods accepted and shipped in 2021 and the FOB value of exports for the same goods shipped throughout 2020; and

- the equivalent to 30% of the FOB value of computable exports in 2020.

In addition to this calculation, the maximum amount allowed for exporters certifications — to be reported to entities by the BCRA — will also be determined by different coefficients between 5% and 15%, depending on the type of good in which the increase was recorded; and enabling a distribution between the different increased categories, in case exporters combine increases and decreases for the different types of goods and/or the total increase exceeds the equivalent to 30% of the amount calculated for 2020 based on the increases recorded in several types of goods.

In line with these provisions and at the time of filing authorized transactions, exporters have to attach an affidavit stating that the increase in exports results from the genuine expansion of business turnover, and that, if applicable, they accept and comply with the price agreements as set out by the National Government.

From the information provided by the BCRA, financial entities have to verify the maximum amount allowed for each exporter and that shipment permits do not appear as “not approved [in collection management]”.

Finally, this incentive (as considered by the BCRA) is, at best, strange in its approach: it does not seem to promote an action, but rather a reward to those who are already performing it. Undoubtedly, companies that are currently increasing their exports may use such useful tool. However, as an “incentive”, it is difficult to believe that foreign shareholders will choose to inject capital to increase exports, which will then enable them (for a lower percentage on such increase) to collect an old debt for services.

Federal Landscape

Province:
Chaco



Province: Chaco

Region: Northeast

The borders of the province of Chaco are: the rivers Bermejo and Teuco (also known as Bermejo Nuevo) to the north, which separate it from the province of Formosa; the rivers Paraguay (which defines the border with Paraguay) and Paraná (which defines the border with the province of Corrientes) to the east; and the provinces of Santa Fe to the south, Santiago del Estero to the west and Salta to the northwest. Its great variety of flora is boosted by an uneven climate, with a compact rain forest in the western area, a landscape of prairies and savanna at the center and gallery forests along the banks of the eastern rivers.

1,055,259

Population

10.6

Population Density
(pob/km²)

99,633

Area in km²



Employment and income indexes

	Province	Region	Nation
Employment rate	38.1%	39.0%	41.6%
Unemployment	4.7%	6.1%	10.2%
Activity rate	39.9%	41.6%	46.3%
Employment* (in thousands)	71	265	5,884

*Registered private sector employees by province

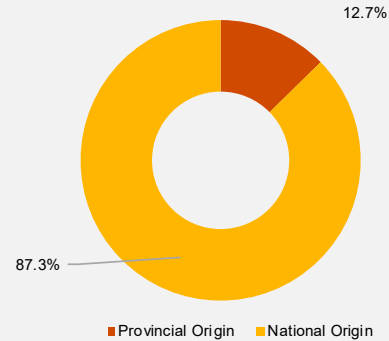
**Prepared by PwC Argentina based on MECON data

Note 1 (rates): Ministry of Economics, <https://www.minhacienda.gob.ar/datos/>, 1st quarter 2021.
Nota 2 (employment): Ministry of Labour, Employment and Social Security. Report of the registered work, March 2021.



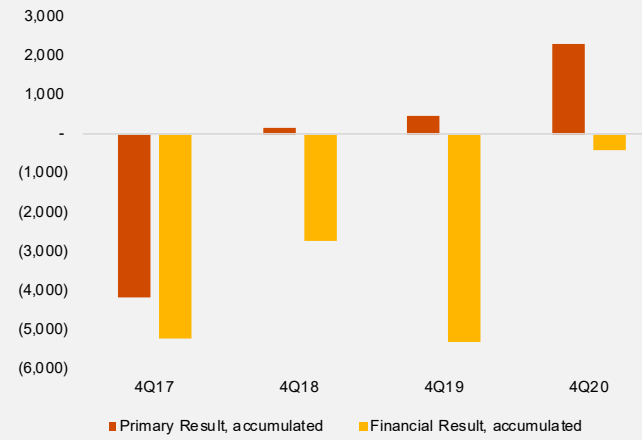
Fiscal indicators

Tax revenues by origin, 4Q 2020



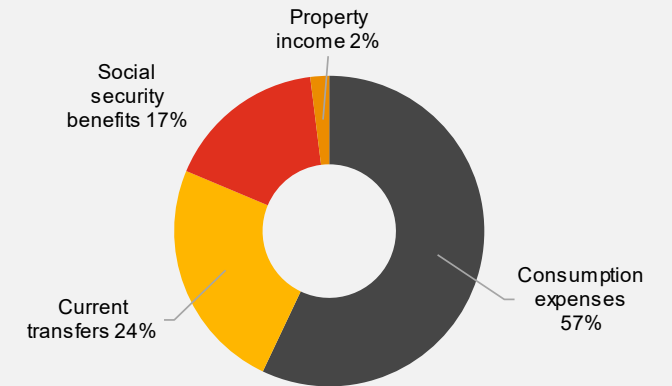
Source: Budgetary Execution, Ministry of Economy of the Nation.

Fiscal Result, millions of pesos



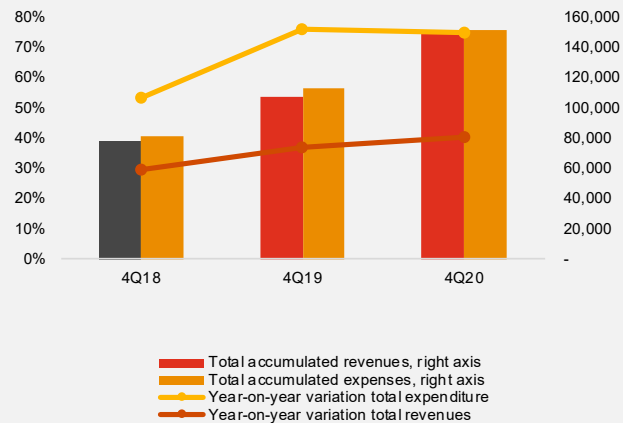
Source: Budgetary Execution, Ministry of Economy of the Nation.

Composition of current expenses, 4Q 2020



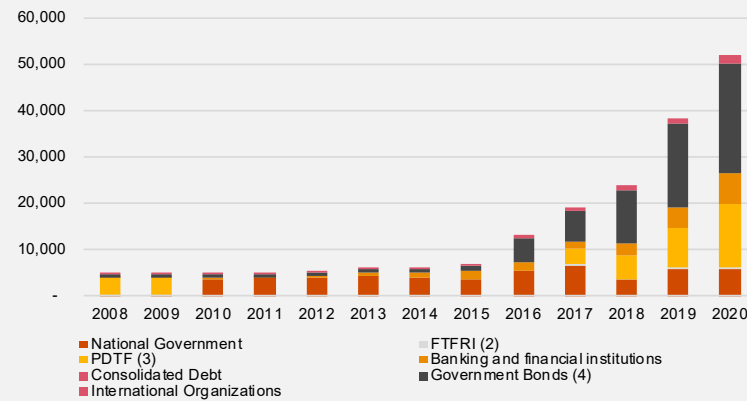
Source: Budgetary Execution, Ministry of Economy of the Nation.

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



Source: Budgetary Execution, Ministry of Economy of the Nation.

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 fourth quarter of 2020, the Non-Financial Public Administration of the province of Chaco recorded an aggregate primary profit amounting to ARS2.30 billion, resulting from a total income of ARS151.62 billion and primary expenses for ARS149.32 billion.

Total income increased 40.7% compared to the same period in the previous year. In turn, total accrued expenditure increased 34.5% compared to the ARS113.07 billion expensed in 2019.

At December 31, 2020, total provincial public debt, excluding floating debt, amounted to ARS51.91 billion.



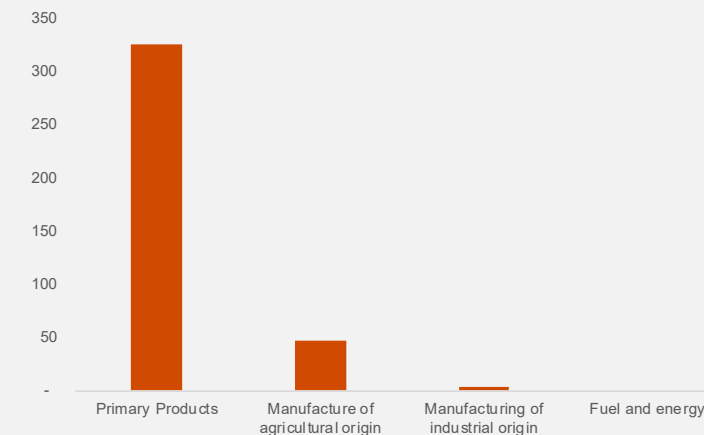
Exports

Chaco	2020	2019
Ranking position	17	15
Value	376	500
Regional participation	27.2%	40.7%
National participation	0.7%	0.8%

Note: Prepared by PwC Argentina based on INDEC statistics.

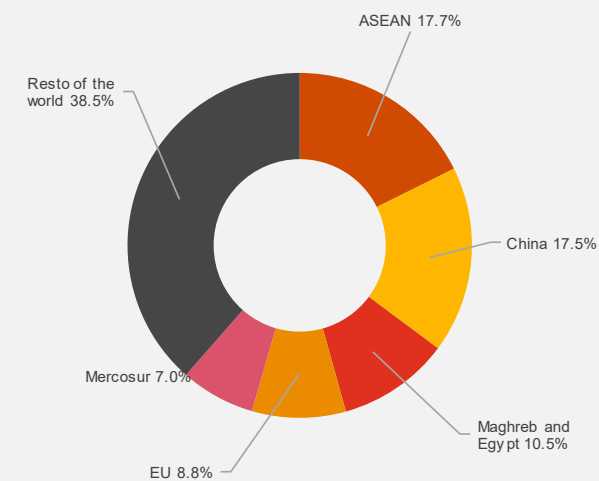
In 2020, exports from the province of Chaco amounted to USD 376 million, representing 27.2% of total shipments from that region, a decrease of 24.8% as compared to 2019. Grain (mainly corn) accounted for 48.7% of shipments abroad, followed by seeds and oilseeds, which amounted to 22.3% of the total, despite the reduction in soy exports (31.1%) recorded in the year-on-year period. Likewise, tanning and dyeing extracts (quebracho tree extract) also recorded falls. Main export destinations were ASEAN states, China, Magreb and Egypt, the European Union and Mercosur states.

Main exports





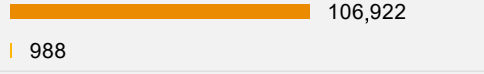
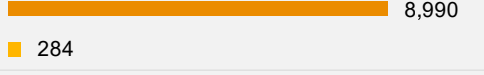







Note: Prepared by PwC Argentina based on INDEC statistics.

Main destinations



Note: Prepared by PwC Argentina based on INDEC statistics.

	Amount	Year-on-year variation	Province vs Nation
Cement Consumption (May-2021)			
• Bag	17,299	32.5%	 540,799 ■ 17,299
• Bulk	6,371	232.5%	 333,389 ■ 6,371
Car Patenting (May-2021), quantity			
• Automobiles	480	12.4%	 22,193 ■ 480
• Motor vehicles	1,261	28.7%	 20,784 ■ 1,261
Supermarket Sales (April-2021), million pesos	988	-7.2%	 106,922 ■ 988
Electricity Demand (March-2021), in GWh/Centigrade/MW	284	-9.9%	 8,990 ■ 284
Flights (May-2021), quantity			
• Cabotage movements	65	306.3%	 7,035 ■ 65
Tourism (January-2021), in units			
• Occupied rooms or units	4,693	-62.8%	 1,208,272 ■ 4,693
• Occupied vacancies	7,096	-66.7%	 2,880,279 ■ 7,096
• Travelers	5,769	-55.5%	 970,944 ■ 5,769
• Average length of stay of tourists (in days)	1.2	-25.2%	 3.0 ■ 1.2



Province Activity

All the stages in the production chain of cotton are found in the province of Chaco, from the primary production, mechanical gins, spinning mills and textile mills to textile products design and making. As to primary sector activities, there are crops typical of the Pampa region, such as soy, sorghum and corn; soy is relevant especially in the central and southwest area. In the south there are also crops of sugar cane, rice and tobacco, although with a lower level of operation. Cattle farming is developed with herds of native animals (criollos) and crossbreeding with zebu. Chaco fields are also used as winter pastures for beef cattle, that is, a breeding area to later complete development in the Humid Pampas. The fields are used for cattle farming in those areas with low permeability, which are not suitable for agriculture, thus promoting the production of goats on the west side of the province, pigs on the southwest, and poultry and eggs near the provincial capital.

Cotton gins are at industry forefront, as are the sawmills in the interior of the province. Historically, Chaco had been the first cotton producer in Argentina, but in the last few years, it ranked second behind Santiago del Estero, as the area destined for this crop was diminished due to competition from grain and oilseed, which experienced an expansion in recent decades. In addition, the secondary sector is linked to the extraction of carob wood from native forests for furniture manufacturing, and the ever increasing production of oilseeds, especially soy and sunflower, which fosters the creation of silos and oil factories.

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 "Servicios Energéticos del Chaco Empresa del Estado Provincial" is considered.

Note Flights

source: EANA, Argentine Air Navigation.

Note Tourism

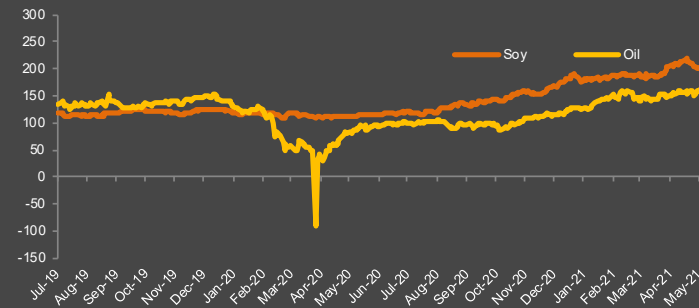
source: INDEC, National Direction of Statistics and Prices of Production and Commerce.

*Real change, IPC General Level Base Dec-2016 = 100 - Monthly index of Northeast region

■ Nation ■ Chaco

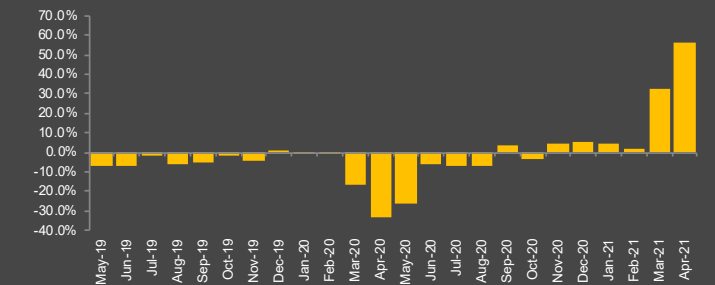
Macro Monitors

Price of Soy and Oil, index 2004=100



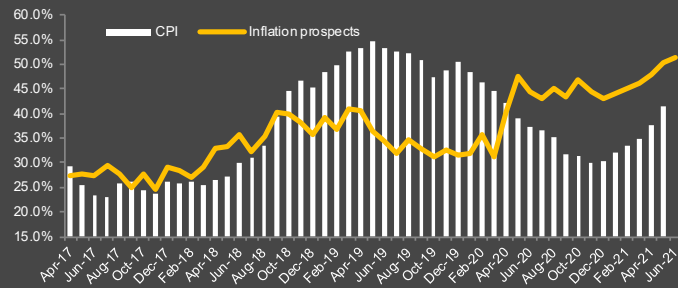
Source: Own calculations based on CBOT and WTI NYMEX

Monthly Industrial Estimator



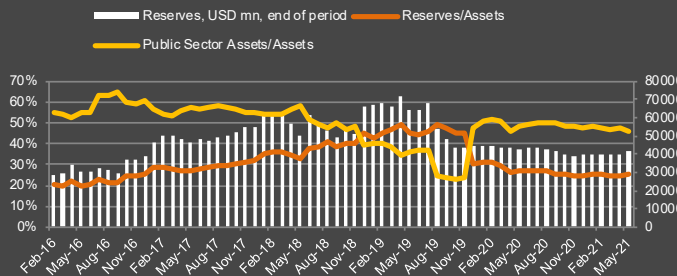
Source: Own calculations based on INDEC

Inflation



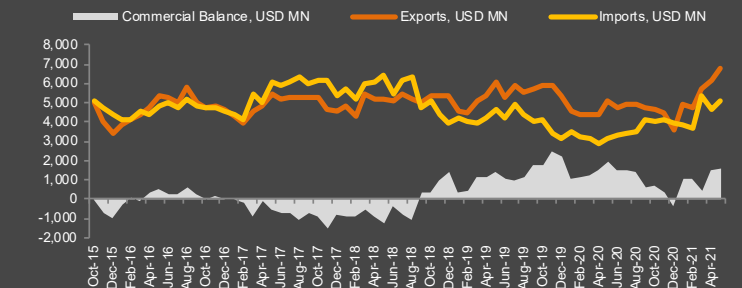
Source: Own calculations based on CPI of City of Buenos Aires and UTDT

Reserves and Central Bank Assets



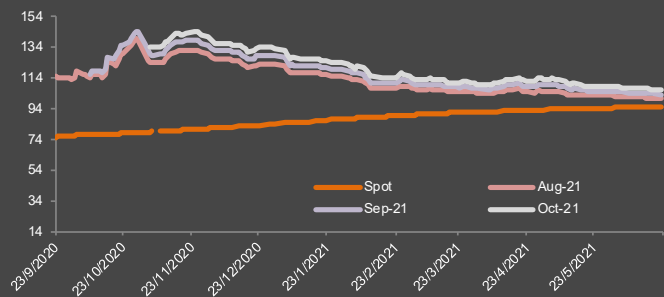
Source: Own calculations based on Central Bank of Argentina

Foreign Trade



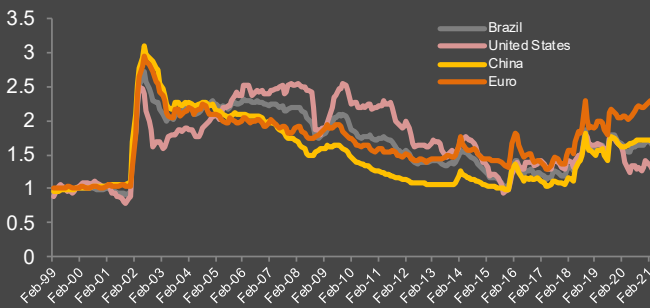
Source: Own calculations based on INDEC

Exchange rate: Spot and Futures



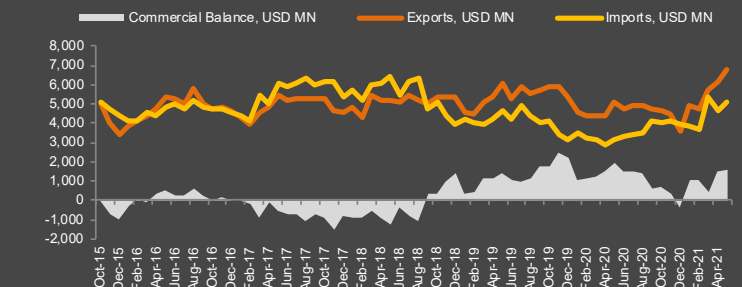
Source: Own calculations based on Rofex

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



* Quarterly figure. The year corresponds to Q4

** includes intrasector public interest

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

**** One moth Future contracts, period average

p: provisional

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

Activity and Prices	2018	2019	2020	Feb-21	Mar-21	Apr-21	May-21
Real GDP, var % y/y	-2.6%	-2.2%	-9.9%	-	2.5%	-	-
CPI Federal Capital, var % y/y	45.5%	50.6%	30.5%	33.6%	35.0%	37.8%	41.4%
CPI San Luis, var % y/y	50.0%	57.6%	41.8%	45.9%	47.4%	50.3%	53.2%
Industrial Production, var % y/y	-5.0%	-6.3%	-7.6%	1.5%	33.0%	56%	nd
International Reserves (end period, USD mn)	65,786	44,848	39,410	39,518	39,593	40,263	41,872
Import Cover (month of reserves)	12.06	10.96	11.17	10.64	7.44	8.62	8.14
Implicit exchange rate (M0 / Reserves)	21.42	42.26	62.68	60.96	61.43	58.87	60.12
\$/USD, end period	37.81	59.90	84.15	89.83	92.0	93.6	94.7

External Sector	2018	2019	2020	Feb-21	Mar-21	Apr-21	May-21
Exports, USD mn	61,781	65,116	54,884	4,775	5,720	6,143	6,764
Imports, USD mn	65,482	49,124	42,354	3,713	5,320	4,673	5,141
Comercial Balance, USD mn	-3,701	15,992	12,530	1,062	400	1,470	1,623
Currency liquidation by grain exporters, USD mn	20,202	23,720	20,274	1,810	2,774	3,031	3,546

Laboral*	2018	2019	2020	Feb-21	Mar-21	Apr-21	May-21
Unemployment, country (%)	9.1	8.9	11.0	-	10.2	-	-
Unemployment, Greater Buenos Aires (%)	10.5	10.0	12.6	-	11.0	-	-
Activity rate(%)	46.5	47.2	45.0	-	46.3	-	-

Fiscal**	2018	2019	2020	Feb-21	Mar-21	Apr-21	May-21
Income, \$mn	3,382,644	5,023,566	6,635,239	716,595	763,858	817,882	862,480
VAT, \$mn	1,104,580	1,532,597	1,905,385	212,043	247,490	250,798	239,694
Income tax, \$mn	742,052	1,096,521	1,467,303	146,917	140,840	145,980	214,548
Social Security System, \$mn	878,379	1,175,793	1,485,127	155,890	160,700	168,820	172,370
Export Tax, \$mn	114,160	398,312	387,643	64,434	71,243	79,771	91,034
Primary expenses, \$mn	2,729,251	3,795,834	6,311,785	509,791	594,803	573,837	640,798
Primary result, \$mn	-338,987	-95,122	-1,749,957	-18,757	-74,466	-11,445	25,714
Primary result, \$mn	513,872	914,760	671,928	47,271	48,987	50,324	102,017
Fiscal results, \$mn	-727,927	-819,407	-2,292,830	-64,316	-117,061	-57,032	-64,618

Financial - Interest rate***	2018	2019	2020	Feb-21	Mar-21	Apr-21	May-21
Badlar - Privates (%)	48.57	41.75	34.21	34.06	34.04	34.08	34.10
Term deposits \$ (30-59d Private banks) (%)	46.22	40.80	34.75	34.66	34.60	34.58	34.60
Mortgages (%)	47.70	47.51	32.29	30.26	28.72	30.50	29.92
Pledge (%)	24.88	30.54	32.29	28.50	28.16	29.04	28.62
Credit Cards (%)	61.11	76.28	41.93	42.78	42.25	42.53	42.48

Commodities****	2018	2019	2020	Feb-21	Mar-21	Apr-21	May-21
Soy (USD/Tn)	342.3	326.9	350.1	507.8	519.9	538.5	577.4
Corn (USD/Tn)	145.0	150.9	143.0	216.5	217.8	242.5	274.2
Wheat (USD/Tn)	182.1	181.5	201.9	239.5	233.7	245.4	260.6
Oil (USD/Barrel)	64.9	57.0	39.3	59.1	62.4	61.7	65.1

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	Revenue forecast		
	Surveys		

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