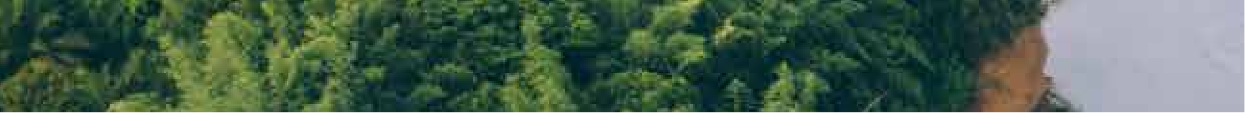
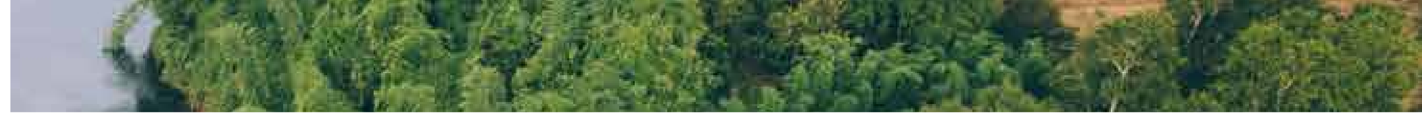

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Post-PASO effects

Initially, financial markets showed a positive reaction to the unexpected defeat of the ruling party in the Open And Mandatory Primary Elections (PASO) held on September 12, triggered by the possibility of a rebalancing of powers at Congress. In fact, if the PASO results are repeated in the final elections to be held in November, the ruling party could become the second minority at the House of Deputies, no longer chairing it, and the current context in which no bloc forms its own quorum would remain. Further, the possibility that the ruling party retains its own quorum in the Senate is also at stake.

Nonetheless, the improvement in the financial variables was short-lived. The political noise within the ruling coalition casts doubts as to the intended course of the economy and of government in the very short term. The immediate outcome led to changes in cabinet and, thereupon, the announcement of the end of most sanitary restrictions that remained in effect, even when the sanitary situation was no different from that of past weeks (when restrictions were in force).

Besides, the government also took actions in the economic field. In recent days, a series of measures have been announced to inject short-term purchasing power to a large portion of the population. As mentioned in this month's Tracking, with respect to previous mid-term PASO, the current economy is much more devastated, and the ruling party has hinted at the possibility of losing by a narrower margin or even reverting the results in the general election of November if the economic situation was improved.

Thus, the predicament is not whether there will be more spending but rather, how much spending, the main limit being the capacity to finance such increase. Access to credit in pesos has been restricted, and financing will most probably be made through monetary issues by the Argentine Central Bank (BCRA). In a context where inflation hovers around 50% annually, and monetary reserves of the Argentine Central Bank do not grow or get even reduced, the expected result will be more inflation and greater tension in exchange markets.

The quantum of the expenditure to be financed is, in essence, what gave rise to political tension. The fact that there have been no changes in the main players of economic management would indicate that, so far, expansive spending and limited management would be maintained. The increase in uncontrolled spending could lead, in the best of scenarios and with no guarantee as to the possibility of reaching such a date, to revert the elections result, but at the price of seriously compromising the control over the economy in the medium- and short-terms. If a medium-term is sought, such control cannot be lost. And if there is a medium-term, the possibility setting a path opens up. Given the low values of assets and salaries, a small change in expectations could switch the engine on.

José María Segura
Chief Economist PwC Argentina

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From the very beginning of the current foreign exchange control system, amounts payable for intercompany services have been at the focus point of restrictions. The considerable harm implied in this situation may have led the BCRA to try and find a solution, which seems to be outlined in Communication "A" 7348.

Federal Landscape

Province: San Luis

The province of San Luis is part of the Cuyo Region. Strategically located in the geographic center of the Bioceanic Corridor, San Luis links the Buenos Aires (Argentina) and Valparaíso (Chile) ports. Its productive activities mainly relate to industry, cattle farming, and tourism.

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Tracking

Post-PASO dilemma

The adverse outcome obtained by the ruling party in the mid-term primary, Open, Simultaneous And Mandatory Elections (PASO, for its acronym in Spanish) brought about political changes that may have medium- and short-term economic consequences.

The ruling party's defeat on September 12 elections was heavier than expected, thus forcing political changes —including a ministerial change— and higher economic uncertainty.

The weak economic situation is among the myriad of reasons that may explain such outcome. As we have been stating in other Economic GPS editions, although a slight recovery could be observed, many indicators were very far from those of pre-pandemic years, yet considering that 2018 and 2019 had also been recessive years.

Even with some differences, a comparison between some of these indicators and previous midterm PASO, such as those in 2013 and 2017, may help us understand the outcome. For example, year-on-year inflation rates in July of those years were 25% and 23%, respectively, while today inflation stands at 52%. As a result, wages have lost purchasing power. The Average Taxable Remuneration of Stable Workers (RIPTE, for its acronym in Spanish), which is subject to contributions to the Argentine Integrated Social Security System, reached ARS 88,274 in July 2021. This indicator, measured at current constant values, was ARS 107,243 in 2017 and ARS 114,165 in 2013, i.e. an actual fall of 17.7%

and 22.7%, respectively. The same happened with the minimum pension, which amounted to ARS 23,065 in July 2021, while, at today's real values, accounted for ARS 28,004 and ARS 30,228 in 2017 and 2013, respectively, thus falling 17.7% and 23.7%.

As a counterpart, public accounts have "benefited" from the inflation tax, with a reduction in government spending on certain items that relate to the preceding paragraph. The Argentine public sector primary expenditure has decreased in real terms from March to July, recording a cumulative fall of 6.2% in the first eight months of the year. Social security and welfare payments (accounting for 56% of total primary expenditure) dropped by 17% in the January-August period. This item, that covers pension and retirement benefits, and family allowances, shows a 13% decrease as a result of the pension hike law amendment approved last year.
The item that covers employment policies declined by 49% due to the replacement of the ATP program —which helped companies pay wages during the pandemic year— with the Program for Productive Recovery III (REPRO III, for its acronym in Spanish), but with lower amounts and number of beneficiaries. Wages, which represent 11% of total expenditure, dropped by 4% as a consequence of collective wage bargaining agreements of the public sector, which were lower than inflation. Subsidies were the exception, with a 33% increase due to the fact that utility rates are still frozen, thus reversing part of the adjustments and creating a problem that will have to be resolved in the future.
In addition, these PASO primaries take

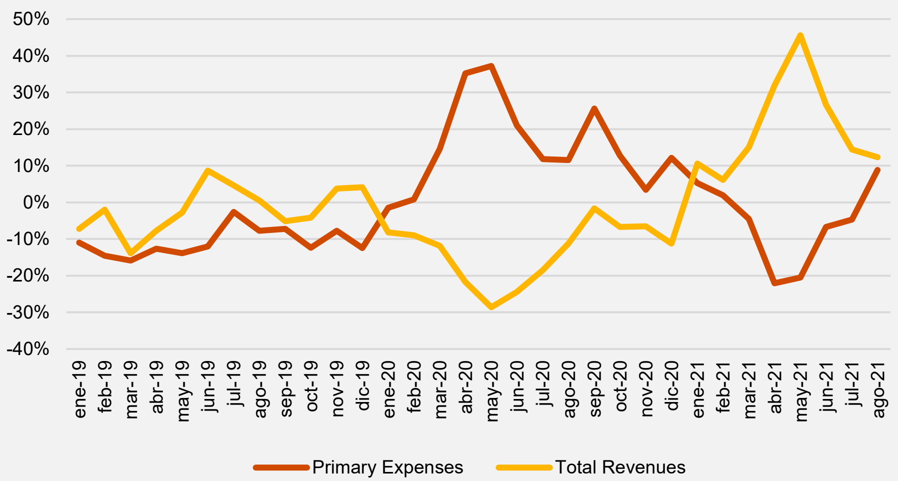
TABLE 1

Economic indicators in different midterm PASO

Legislative PASO	11-ago	9-ago	12-sep
	2013	2017	2021
Year-on-year CPI (July of each year)	25%	23%	52%
Central Bank Net Liquid International Reserves (Less reserve requirements, Swaps, SDRs, BIS loans and GOLD) at July 31	22,658	13,498	4,171
Wages (RIPTE at July 2021 values)	114,165	107,243	88,274
Minimum pension at July 2021 values	30,228	28,004	23,065
Blue dollar exchange rate gap	37%	3%	85%

GRAPHIC 1

Total income and primary expenditure, year-on-year variation in real terms



Source: Prepared by PwC based on Ministry of Economy official statistics.

TABLE 2

Year-on-year variation in real terms, primary expenditure items for the January-August period

	Year-on-year variation in real terms for the 8-month period
PRIMARY EXPENDITURE	-6.20%
Primary current expenditure	-9%
Social security and welfare payments	-17%
Contributory pension and retirement benefits	-7%
Family and child allowances	-1%
Non-contributory pensions	-13%
Payments to the National Institute of Social Services for Retirees and Pensioners (INSSJP, for its acronym in Spanish)	-14%
Other programs (Progresar, Argentina Trabaja, among others)	-49%
Economic subsidies	33%
Energy	40%
Transportation	11%
Other functions	243%
Operating expenses and sundry expenses	4%
Wages	-4%
Other operating expenses	31%
Transfers to provinces	-40%
Other current expenses	9%
Capital expenditure	54%

Source: Prepared by PwC based on Ministry of Economy official statistics.

place in a context in which the Central Bank has less room to maneuver, after foreign exchange controls were restored —including differences and similarities compared to 2017 and 2013, respectively— and with the related foreign exchange gap increase.

However, in a wider context, some doubts may be cast on the validity of such comparison. The first point of divergence is that the official party lost the 2013 and 2019 elections, but came out ahead in 2017, even with feeble economic indicators. So, is it valid to think that the economy is a determining factor? The answer would seem to remain affirmative. The Consumer Confidence Index shows that, in terms of economy, seeing the big picture rather than just a piece of the puzzle is more relevant. In 2017, apart from having a divided opposition (which became the ruling party today), there was a general expectation of improvement of the economic situation, which gave the ruling party a "vote of confidence" in spite of the context.

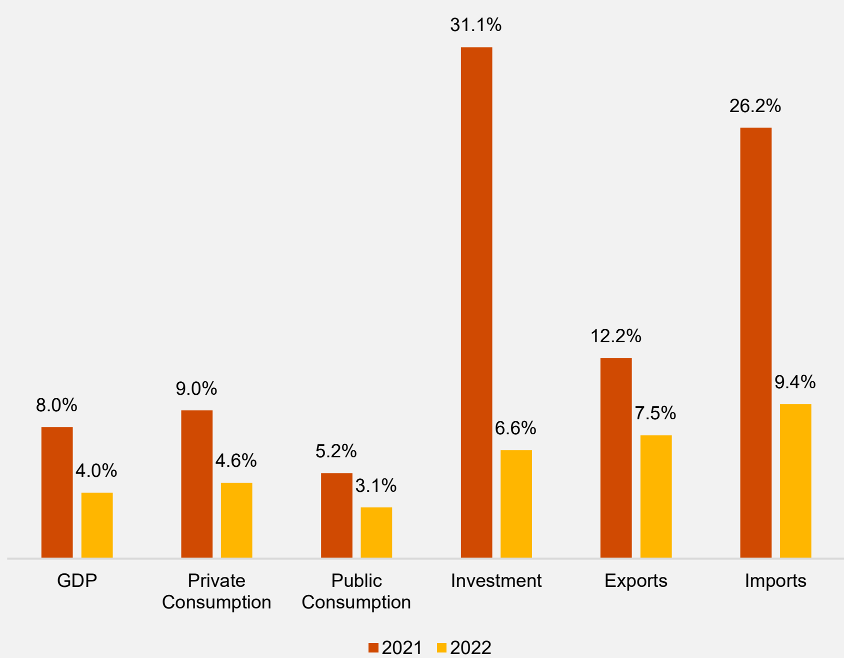
Another discrepancy is the lower number of votes cast in these elections as against the previous ones. While in 2017, there were 24 million voters, the recent PASO primaries had approximately 22.7 million people voting; and this is the heart of the matter. It is always a fact that the number of voters increases in the general elections in comparison with the PASO primaries. But by how much may the number of voters be increased? And who will they vote for? The answers to such questions will lead to political measures, with strong economic implications. If those votes can be considered "recoverable" for the ruling party, the short term runs the risk of being overweighted, thus putting pressure on imbalances until a point of no return.

The day after the elections, the markets reacted positively on the understanding that rebalancing Government branches was possible. If these results repeat in November, the ruling party would become second minority, maintaining the current situation, where no block forms a quorum by itself. In turn, the ruling party could lose this possibility in the Senate.

But the recovery was cut short in a political context where the different views about how to face the next electoral process gave rise to changes in the cabinet. However, it seems that these changes have

GRAPHIC 2

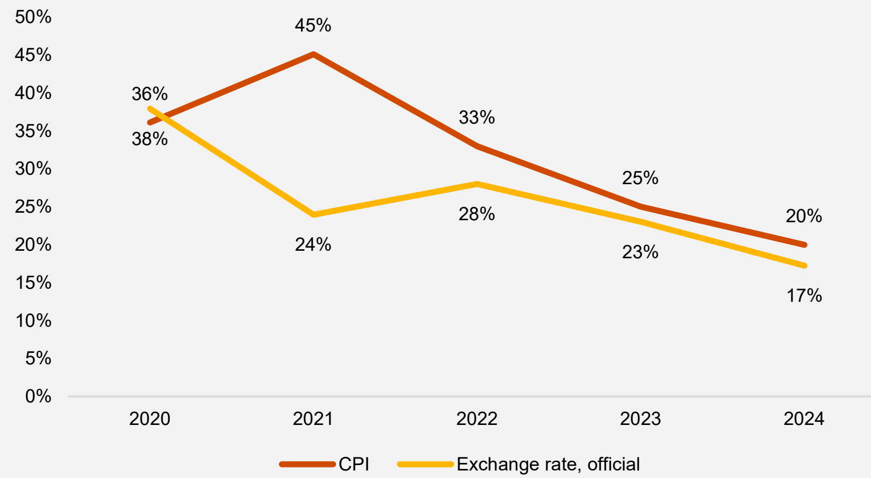
GDP and demand components, year-on-year variation



Source: Prepared by the authors based on the 2022 Budget Bill

GRAPHIC 3

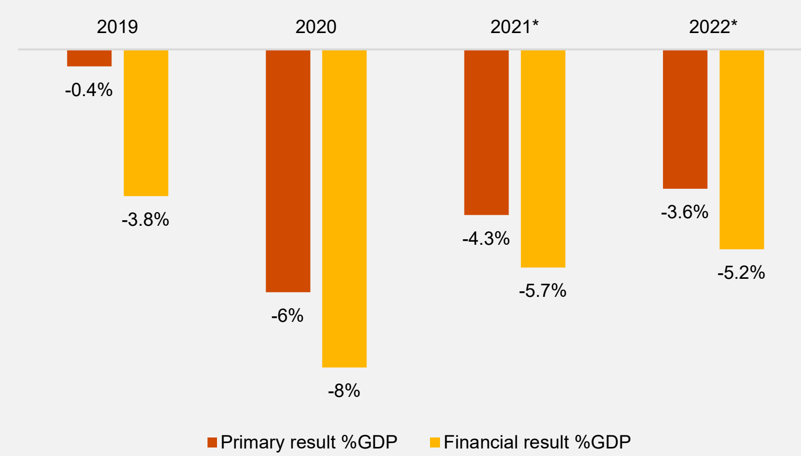
Inflation and variation of nominal exchange rate, year-on-year



Source: Prepared by the authors based on the 2022 Budget Bill

GRAPHIC 4

Fiscal accounts as GDP percentage



Source: Prepared by the authors based on the 2022 Budget Bill
*Estimated based on the 2022 Budget Bill

not had a significant impact on the main management portfolios of the economy. It remains to be seen if the tendency to prioritize the orderly functioning of the economy in the short term will stay the course.

On another front, on September 15, in compliance with section 26 of Law No. 24156, the Ministry of Economy brought before Congress the National Administration Budget Bill for Fiscal Year 2022.

The first budget prepared by the current administration was that for fiscal year 2021, which projected a 5.1% GDP growth mainly fueled by investments and exports, with increases of 18.1% and 10.2%, respectively, compared to 2020. It also estimated a 29% year-on-year inflation and a primary deficit of 4.5%. This last item did not include the extraordinary income generated by the unexpected surge in commodity prices or the one-time wealth tax.

When the Budget Bill for next year was submitted, the projections comprised in the prior year's budget were revised. Expected GDP growth was revised upward to 8%, with increases of 31.1% and 12.2% for investments and exports, respectively. It is worth noting that an 8% does not compensate the 2020 fall.

In addition, the government revised its inflation forecast up to 45% year-on-year, a figure closer to reality; meanwhile, the official exchange rate estimated for December remained unchanged at 102.4 pesos per dollar, thus confirming that it will continue to be used as a nominal anchor to tame prices in the short term.

As for fiscal accounts, as a result of the foregoing (higher income from extraordinary resources and an increase in expenses lower than initially expected), the Budget Bill forecasts a deficit of 4.3% for 2021, while for next year, it sees primary deficit falling to 3.6%

So far this year, the January-August cash shortage reaches 1% of GDP[1]; therefore, public spending may increase in the following months, mainly to improve the performance in November's elections versus the PASO primaries. In this regard, the government has already announced a rise in minimum wage with two additional increases for the remainder of the year, reaching ARS 32,038 by December, up from ARS 29,160, as well as a rise in the Income Tax threshold, among others.

Then the focus must be on the political dilemma mentioned earlier: how far they will take spending and how they will finance it.

In August, the Treasury did not manage to roll over the total debt and, according to the Congressional Budget Office, the amount due for the rest of the year is USD 15.9 billion. Over one half of this remainder relates to peso-denominated government securities for the equivalent of USD 13.7 billion (ARS 1.3 trillion). Without the possibility of placing debt, the financing needs (financing of public expenditure and debt maturities) could only be covered by the BCRA, with the resulting risk of a higher pressure on prices, particularly, on the dollar.

The Budget Bill has certain inconsistencies that must be corrected or clarified for next year.
It projects economic growth of 4%, propelled by exports (+7.5%), investments (+6.6%), and both private and public consumption (+4.3%).

As regards prices, year-on-year inflation is expected to hit 33% by December 2022 (12 percentage points below its value at the end of 2020), and the nominal exchange rate of the peso against the dollar is estimated to reach 131.1, which accounts for a nominal depreciation of 28% and an actual loss of approximately five percentage points.

In relation to deficit financing for the

[1] The 2021 nominal GDP proposed in the 2022 Budget Bill was used for the calculation.

next year, the Bill estimates USD 11 billion for net indebtedness incurred with international organizations (46% of financial deficit) —which seems a bit optimist considering that the renegotiation of the debt due next year has not been concluded yet—, ARS 1 billion through BCRA temporary advances (34.4% of financial deficit), and the rest with placement of debt in pesos.

On the one hand, it is difficult to think of an agreement with the Multilateral Credit Organizations without a macroeconomic program that orders the main macroeconomic variables. On the other hand, without an agreement, all assumptions will collapse like a house of cards. If monetary issuance is the only way to finance deficit, it is hard to think of currency appreciation —except for a widening of the gap to unsustainable levels—, and it is even harder to think that, in such a context, economic growth could be fueled by exports and investments.

The only logical conclusion drawn from the Budget Bill is that, as long as it does not spiral out of control, the adjustment will continue to be made via revenue from more inflation tax.

Industry Roadmap

Hybrid work model: the tough but necessary return to the office

Mario Julio, PwC Argentina Partner, Digital & Automation Leader for the PwC US Network of Acceleration Centers.

Many companies still don't know how to devise their post-pandemic strategy, and concerns are diverse. A hybrid model is an option, but it is difficult to define. Executives have different concerns: Can we ask our people to return to the office for at least 2 or 3 days a week? How do we do it? Can we ask them to return to the office? Is it worth it?

Employers find it hard to accept that workers have already acquired new habits. Now, we don't hear anymore that home office has some benefits as we did before the pandemic, but that working from home is the new normal. Nowadays, employees are not expected to be willing to spend an average of two hours a day only to commute to work.

We all appreciate the benefits of working from home and have understood that productivity is not related to the workplace, but to the clarity of the purpose and the processes in place. The pandemic has shown that work represents a task to be done and not a place where to go. However, as mentioned many times before, businesses rely on trust which is built by sharing time together, getting to know each other and promoting interpersonal relationships both with clients and working teams. For such purpose, employees' presence is an essential plus.

Video conferences have allowed us to continue working, but took away that informal chat necessary to get to better know clients, working teams and suppliers. After so many months, we miss chatting at the company's coffee machine and in hallways and having lunch with clients or friends from work and, inadvertently, we face the risk of getting away from people. This is even worse for newcomers who need to forge bonds and embrace the company's culture. Even though technology enables us to continue working, new employees need to be at the office for training, coaching and team building to ensure they are 100% effective.

Once again, executives must find the perfect balance between physical presence and remote interaction. There is no such a sole formula or model; the idea is to maximize the benefits of both. Most importantly, executives must admit that a change of habits, i.e., a cultural change, is needed to embrace this hybrid model. Changes should be adopted from top to bottom, i.e., executives should be the face and the voice, promoting and encouraging the commitment of senior and middle managers, by communicating and being creative for the return to the office a few days a week, at a slow but steady pace. Thus, the new normal can be created.

Customs & FX

Payment of intercompany services: an attempt at solution

From the very beginning of the current foreign exchange control system, amounts payable for intercompany services have been at the focus point of restrictions. By way of reminder, when BCRA Communication "A" 6770 established the earliest restrictions in September 2019, these already included the payment of services to related companies.

At that time, individuals were still able to buy up to USD 10,000, imports of goods were paid without restrictions (no quotas or anything resemblant), and it was feasible to pay principal installments on financial debts abroad. Yet, even under that scenario of emerging controls, access to the foreign exchange market for the settlements of debt for intercompany services was precluded.

The reason for this is the Central Bank of Argentina (BCRA)'s deep-rooted suspicion that services between related companies correspond in practice to mere accounting adjustments, or an advance of dividends, or any other type of construct unrelated to actual provision of services.

Within this context and in view of companies' demand for a means of settling their debts, three possible courses of action unfold. The first way (somewhat utopian for the current times) would be to leave suspicions aside and rely on the truthfulness of taxpayers' statements, authorizing the payments in the knowledge that other agencies will be able to detect unfair maneuvers, if any. The second would be to implement a control procedure to perform an objective analysis (i.e., not discretional or arbitrary) of these commercial debts, by verifying their existence, their economic benefit, etc. The third one is the one prevailing today: to forbid by law, and let the innocent pay for the sinners. Now, the way of prohibition has various negative impacts that companies are suffering.

First and foremost, a negative impact from the point of view of assets, as long-lasting indebtedness in foreign currency has an adverse effect on the company's accounts (especially considering interest). From the commercial perspective, the situation is similar, as the impossibility of paying their debts often leaves Argentine companies excluded from certain businesses that might be structured at a global level. Lastly, consequences can also be seen from the tax viewpoint, given that the Income Tax Law provides that in the case of disbursements made by local companies which become Argentine-source taxable income for a foreign entity or individual related to those companies, then the allocation to the tax balance may only be made when they are effectively paid.

This situation, implying considerable harm for these companies, may have led the BCRA to try and find a solution, which seems to be outlined in Communication "A" 7348.

As a result of the regulations mentioned, a new mechanism is introduced for the settlement through the Free Exchange Market (MLC) with avoidance of prior authorization from the BCRA (provided the debts consist in trade payables effective as of June 30, 2021). This mechanism is enabled by new financial indebtedness incurred abroad, to the extent that the payment funds are brought in and traded through the MLC and provided certain conditions are met.

Foreign debts must have an average term of no less than two years, with no principal maturities scheduled for at least three months after they are settled in the MLC. In addition, the amount allowed for the payment of trade payables may not exceed the sum brought in and traded through the MLC. Finally, the beneficiaries of this exception system must declare (i) that they shall not use it for an amount higher than USD 5 million, and (ii) that the funds received through indebtedness shall not be used for early repayments or certain financial debts.

From an operational perspective, it must be considered that, once the entity through which the funds are settled has verified compliance with all the listed requirements, it will issue a certification, which may be used to request access to the MLC within a term of 5 business days after the settlement of the indebtedness funds. The entity issuing the certification shall deliver it to those entities through which the client wishes to access the MLC.

Now, it is to be wondered whether the response offered by this regulation constitutes an actual solution. Our proposal is to analyze the situation by factoring in the negative impacts mentioned above.

In this sense, it appears that the tax loss would be balanced out, because this procedure enables the settlement of trade payables for services and, therefore, their deduction. From the perspective of assets, it is of little avail. The new regulation could be thought to propose a long-term solution (since the new debts must have a minimum term of 2 years), but it does not address the foreign exchange risk or the impact of assets losses due to sudden devaluations in the exchange rate. And from the commercial perspective, it simply solves nothing.

Rather, these patches on regulations convey a twofold message: on the one side, a solution is proffered, while on the other side the newly created rules make the problem more complex.

Federal Landscape

Province: San Luis

432,310	5.6	76,748
Population	**Population density** (pob/km^2)	**Area in km2**

Province: San Luis

Region: Cuyo

The province of San Luis is located on the west in the Nuevo Cuyo region. San Luis borders with the province of La Rioja to the north, with Córdoba to the east, with La Pampa to the southeast and south, with the Desaguadero river to the west - separating it from the province of Mendoza - and with San Juan to the northwest. The climate is arid in the mountain area, but mild and more humid on the eastern slopes.

Employment and income indexes

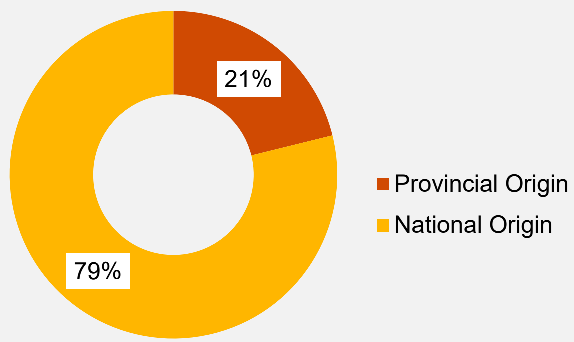
	Province	Region	Nation
Employment rate	43%	44.6%	41.4%
Unemployment	2.4%	6.8%	9.6%
Activity rate	44.1%	47.9%	45.9%
Employment* (in thousands)	52	352	5,850

*Registered private sector employees by province

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

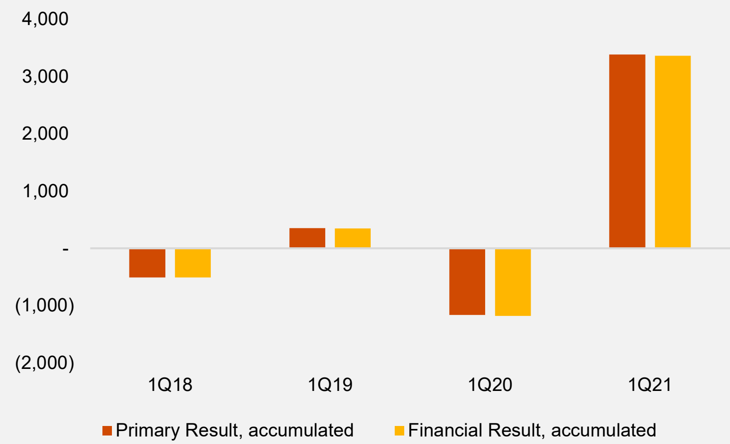
Fiscal indicators

Tax revenues by origin, 1Q 2021



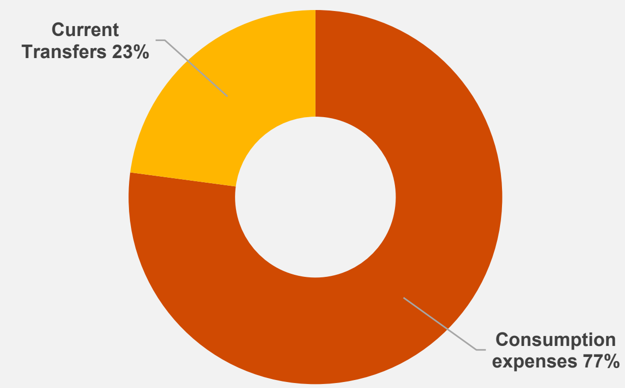
Source: Budgetary Execution, Ministry of Economy of the Nation.

Fiscal Result, millions of pesos



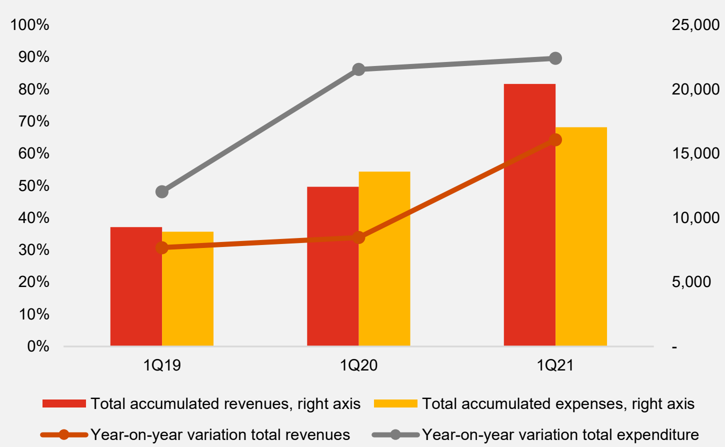
Source: Budgetary Execution, Ministry of Economy of the Nation.

Composition of current expenses, 1Q 2021



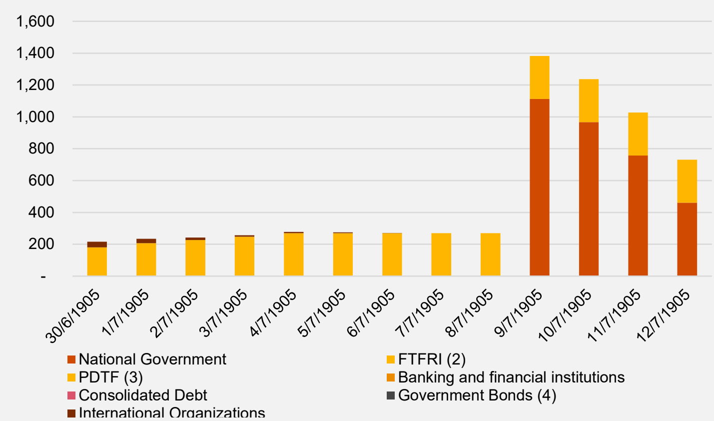
Source: Budgetary Execution, Ministry of Economy of the Nation.

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]

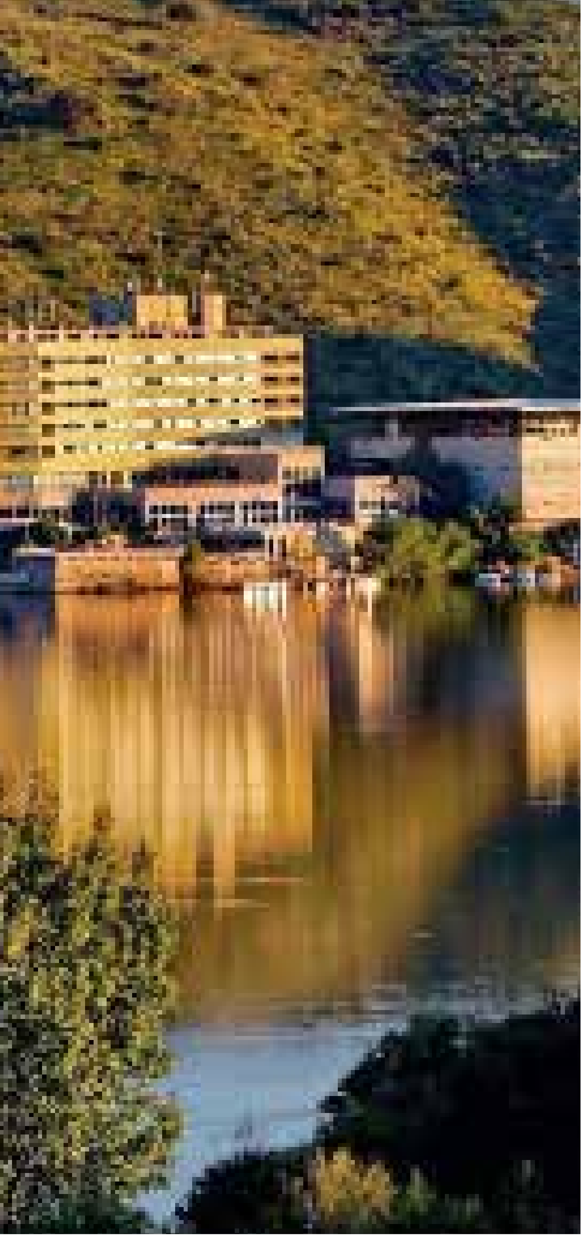


Source: General Directorate of Fiscal Relations, Fiscal Responsibility System, Ministry of Economy.
1) All data are preliminary and subject to revision. Floating Debt is not included.
2) Federal Trust Fund for Regional Infrastructure
3) Provincial Development Trust Fund
4) Securities expressed at Residual Value

In the third quarter of 2021, the Non-Financial Public Administration of the province of San Luis recorded an aggregate primary profit amounting to ARS 3.4 billion, resulting from a total income of ARS 20.4 billion and primary expenses of ARS 17 billion.

Total income increased 64.3% compared to the same period in the previous year. In turn, total accrued expenses increased 25.3% compared to the ARS 13.6 billion incurred in 2020.

At December 31, 2020, total provincial public debt, excluding floating debt, amounted to ARS 731 million.



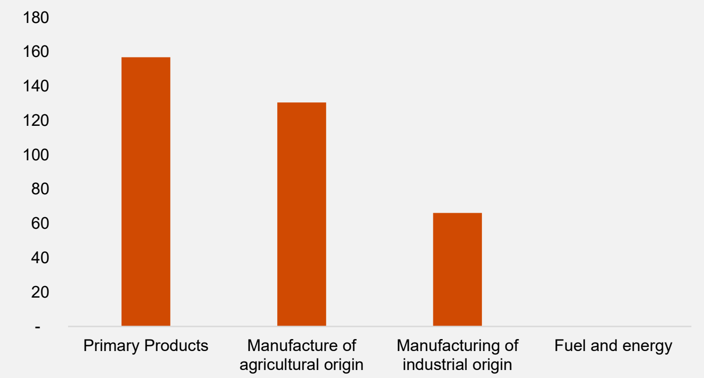
Exports

San Luis	2021	2020
Ranking position	12	13
Value	354	287
Regional participation	22.1%	18.9%
National participation	1%	1%

Note: Prepared by PwC Argentina based on INDEC statistics.

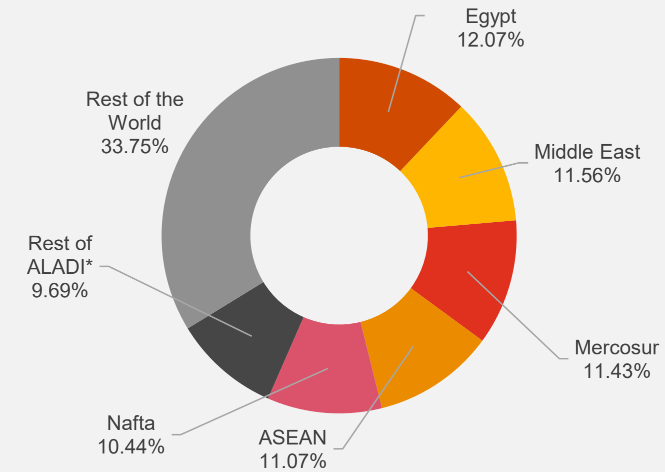
In the first half of 2021, exports from the province of San Luis amounted to USD 354 million, which represented a 23.3% increase compared to the January-June period in the previous year. The main products included, among others: cereals –essentially, corn-, which represented 37.7% of exports from this province and recorded a 68.4% increase; and plastic materials and their manufactured products, which accounted for a 23.5% growth, and rose to 6.1% of San Luis shipments abroad. Oil seeds and oleaginous fruits (soybeans and peanuts) had a remarkable performance reaching 5.8%, despite a 4.8% drop compared to 2020; and paper, cardboard, prints and publications, with 4.3% of the total provincial expenditure. The destinations are diverse and include China, Maghreb and Egypt, Mercosur, Chile, ASEAN and the Middle East.

Main exports



Note: Prepared by PwC Argentina based on INDEC statistics.

Main destinations



Note: Prepared by PwC Argentina based on INDEC statistics.
*Bolivia, Colombia, Cuba, Ecuador, Peru y Zonas Francas

	Valor	Var i.a	Relación Provincia vs Nación
Cement Consumption (August-2021)			
• Bag	9,514	13.2%	649,138 / 9,514
• Bulk	5,499	-12.5%	656,677 / 5,499
Car Patenting (August-2021), quantity			
• Automobiles	276	18.2%	31,167 / 276
• Motor vehicles	376	12.2%	35,184 / 376
Supermarket Sales (july-2021), million pesos	1,335	-7.4%**	125,664 / 1,335
Electricity Demand (June-2021), in GWh/Centigrade/MW	119	8.5%	10,113 / 119
Tourism (July-2021), in units			
• Occupied rooms or units	27,920	739%	1,011,898 / 27,920
• Occupied vacancies	63,925	758%	2,251,545 / 63,925
• Travelers	27,195	1,151%	922,181 / 27,195
• Average length of stay of tourists (in days)	2.41	-30%	2.44 / 2.41

**Real change, San Luis Consumer Price Index. Base 2003 = 100

Nation San Luis

Province activity

The industry of San Luis has a significant level of diversification: from the processing of agricultural products to industrial manufactures with greater technological content. The main manufactured products are baked goods, glucose syrup, mayonnaise, jams, refrigerators, washing machines, pipes and PVC compounds, containers, polystyrene sheets, toothpaste, disposable diapers, sucker rods, welded steel pipes, auto parts, paintings, yarns, and fabrics. Most of the production facilities are located around the two main urban areas of the province: San Luis (Capital city) and Villa Mercedes (General Pedernera).

Through breeding or breeding-rearing and wintering systems, livestock activity has its role in the economy. Slaughter is aimed at exports.

Finally, the great diversity of resources ranging from mountains and valleys to reservoirs, hot springs, and salt flats make up an attractive tourist offering.

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.

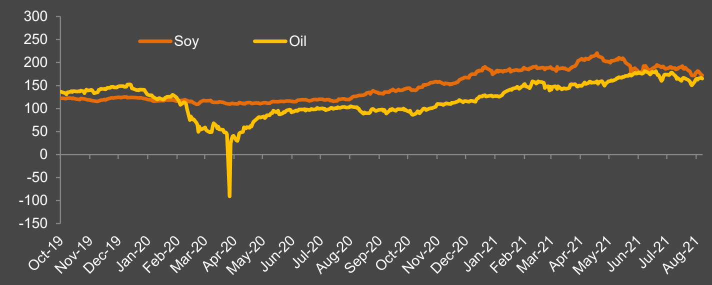
Note Electricity demand: source: Ministry of Economy. The distributor "EDESAL DISTRIBUIDOR" is considered.

Note Flights: source: EANA, Argentine Air Navigation.

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

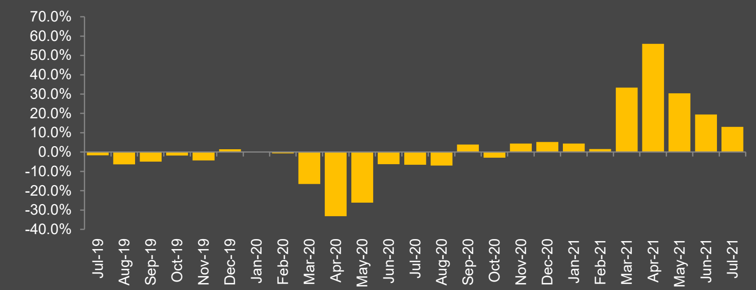
Macro Monitors

Price of Soy and Oil, index 2004=100



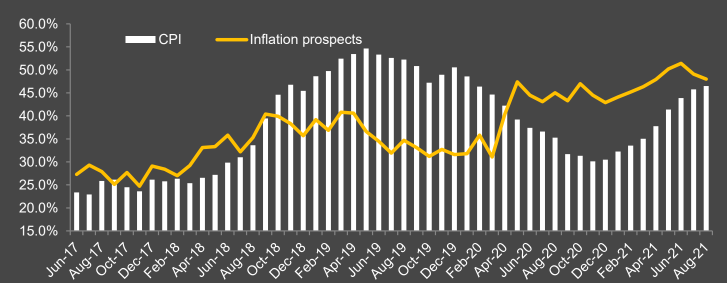
Source: Own calculations based on CBOT and WTI NYMEX

Monthly Industrial Estimator



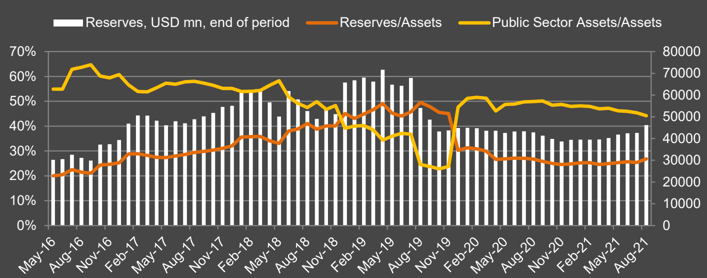
Source: Own calculations based on INDEC

Inflation



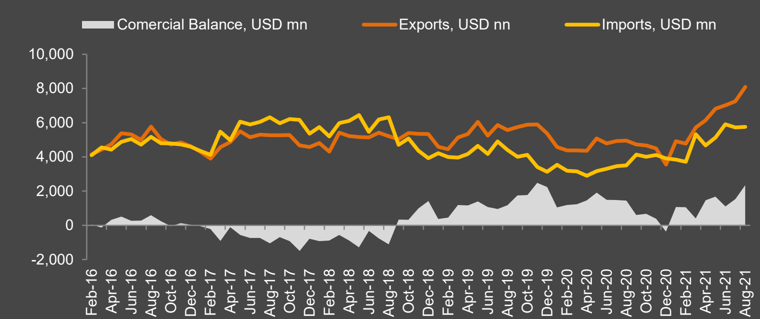
Source: Own calculations based on CPI of City of Buenos Aires and UTDT

Reserves and Central Bank Assets



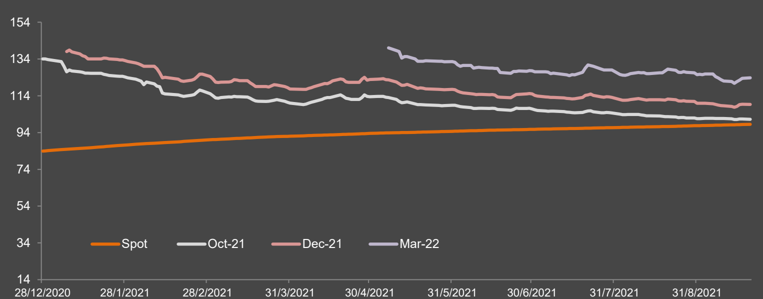
Source: Own calculations based on Central Bank of Argentina

Foreign Trade



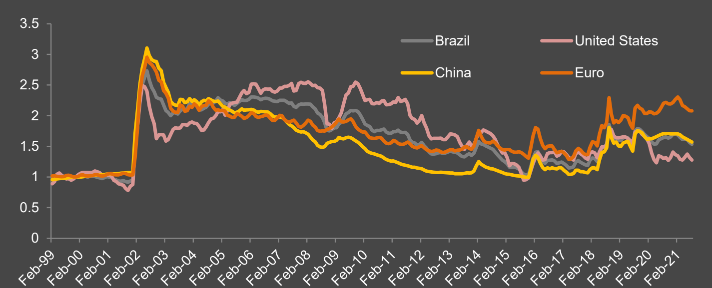
Source: Own calculations based on INDEC

Exchange rate: Spot and Futures



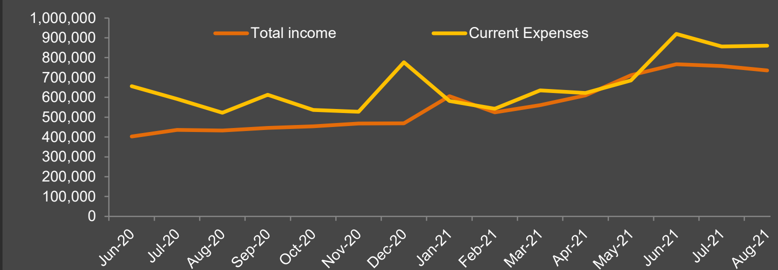
Source: Own calculations based on Rofex

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	May-21	Jun-21	Jul-21	Aug-21
Real GDP, var % y/y	-2.6%	-2.2%	-9.9%	-	17.9%	-	-
CPI Federal Capital, var % y/y	45.5%	50.6%	30.5%	41.4%	43.9%	45.8%	46.5%
CPI San Luis, var % y/y	50.0%	57.6%	41.8%	53.2%	55.9%	56.1%	55.4%
Industrial Production, var % y/y	-5.0%	-6.3%	-7.5%	30%	19%	13%	nd
International Reserves (end period, USD mn)	65,786	44,848	39,410	41,872	42,437	42,582	46,180
Import Cover (month of reserves)	12.06	10.96	11.17	8.14	7.18	7.45	8.03
Implicit exchange rate (M0 / Reserves)	21.42	42.26	62.68	60.12	64.46	65.36	62.08
$/USD, end period	37.81	59.90	84.15	94.7	95.7	96.7	97.8

External Sector	2018	2019	2020	May-21	Jun-21	Jul-21	Aug-21
Exports, USD mn	61,781	65,116	54,884	6,813	7,010	7,252	8,093
Imports, USD mn	65,482	49,124	42,354	5,141	5,909	5,715	5,754
Comercial Balance, USD mn	-3,701	15,992	12,530	1,672	1,101	1,537	2,339
Currency liquidation by grain exporters, USD mn	20,202	23,720	20,274	3,546	3,358	3,520	3,050

Laboral*	2018	2019	2020	May-21	Jun-21	Jul-21	Aug-21
Unemployment, country (%)	9.1	8.9	11.0	-	9.6	-	-
Unemployment, Greater Buenos Aires (%)	10.5	10.0	12.6	-	10.2	-	-
Activity rate(%)	46.5	47.2	45.0	-	45.9	-	-

Fiscal**	2018	2019	2020	May-21	Jun-21	Jul-21	Aug-21
Income, $mn	3,382,644	5,023,566	6,635,239	862,480	922,853	933,200	1,005,306
VAT, $mn	1,104,580	1,532,597	1,905,385	239,694	261,725	269,528	277,859
Income tax, $mn	742,052	1,096,521	1,467,303	214,548	221,257	181,315	231,333
Social Security System, $mn	878,379	1,175,793	1,485,127	172,370	172,340	240,007	194,899
Export Tax, $mn	114,160	398,312	387,643	91,034	86,236	76,593	85,873
Primary expenses, $mn	2,729,251	3,795,834	6,311,785	640,798	871,272	804,397	814,653
Primary result, $mn	-338,987	-95,122	-1,749,957	25,714	-153,217	-98,570	-124,836
Primary result, $mn	513,872	914,760	671,928	102,017	68,201	72,914	71,379
Fiscal results, $mn	-727,927	-819,407	-2,292,830	-64,618	-207,947	-163,156	-193,393

Financial - Interest rate***	2018	2019	2020	May-21	Jun-21	Jul-21	Aug-21
Badlar - Privates (%)	48.57	41.75	34.21	34.10	34.11	34.12	34.15
Term deposits $ (30-59d Private banks) (%)	46.22	40.80	34.75	34.60	34.62	34.65	34.63
Mortgages (%)	47.70	47.51	32.29	29.92	28.25	30.11	28.78
Pledge (%)	24.88	30.54	32.29	28.66	27.28	26.61	27.31
Credit Cards (%)	61.11	76.28	41.93	42.76	42.47	42.57	42.67

Commodities****	2018	2019	2020	May-21	Jun-21	Jul-21	Aug-21
Soy (USD/Tn)	342.3	326.9	350.1	577.4	537.3	523.6	504.0
Corn (USD/Tn)	145.0	150.9	143.0	274.6	264.7	238.2	217.4
Wheat (USD/Tn)	182.1	181.5	201.9	260.9	245.1	244.4	266.7
Oil (USD/Barrel)	64.9	57.0	39.3	65.2	71.4	72.4	67.7

* 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, Ministy 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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