

Base SCENARIO

ECONVIEWS
ECONOMÍA Y FINANZAS

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OUR PREMISES

Internacional scenario

- The CPI and employment data in the United States cast doubt on whether the Federal Reserve will lower the rate by 75 points this year, as the markets and the Fed itself had been projecting. Now the futures are divided between one or two drops of 25 basis points, and only starting in September.
- The wars in Europe and the Middle East, the presidential elections in the United States this year, with the possibility that Donald Trump will return and apply a protectionist economic program, and the tension between China and Taiwan weigh on international trade and could result in greater inflation and lower growth.
- With good activity and tax collection data, the projected growth for Brazil in 2024 rose above 2%. However, the government's decision to lower the fiscal target for 2025 destabilized the Brazilian market, and the Central Bank warns that the interest rate reduction may go slower than expected, also with an eye on the world.

Local scenario

- It seems that the government has no plans to remove FX restrictions in the short term. It also seems less likely that there will be a shock stabilization plan such as the Austral or Convertibility plan. We changed the exchange rate unification that we had projected in July to December. For the next few months, we think that the crawling peg will continue at 2% until the harvest ends and then there will be a slight acceleration. By the end of the year, we see a dollar of 1,600 pesos with the unified market. The magnitude of the FX spread will depend on whether the government relaxes the restrictions on the Blue-Chip Swap or not. In the first case it can rise more than in the second.
- Maintaining the FX restrictions and the PAIS tax on dollar purchases will help on the fiscal side. We believe that from now on the government will need to improve the quality of the adjustment (return of the Income tax and cut subsidies). We think that the year will end with a primary surplus of 0.5% of GDP and a fiscal deficit of 1%.
- One of the negative consequences of not removing FX restrictions is that the recovery of activity will be weaker than without restrictions. For the entire year we estimate a drop of 3.3%. If we take the GDP without agriculture, the contraction would be more than 6%. Thinking about 2025, less growth in the second half of this year implies a lower carryover effect. That is why we also lowered the projection for next year.
- We think that inflation will stabilize around 6% monthly in the coming months. This means that it will continue to go down but will encounter a floor that is difficult to drill due to inertia. The increases in regulated prices that were postponed and will have to be done later will also play a role. For the entire year we estimate 175%. Once FX restrictions are removed, we project that the interest rate will rise again.



Base Scenario

	2022	2023 E	2024 F	2025 F	2026 F
Inflation (Dec/Dec)	94.8%	211.4%	175.0%	59.0%	30.0%
Inflation (Annual average)	72.4%	133.5%	248.8%	88.7%	38.9%
Official exchange rate ARS/USD (Dec)	177.1	808.5	1,608.5	2,293.3	2,936.2
Official exchange rate ARS/USD (annual average)	133.6	317.2	988.2	1,959.3	2,688.6
Devaluation of official exchange rate (Dec/Dec)	72.4%	356.4%	98.9%	42.6%	28.0%
Blue chip swap rate ARS/USD (Dec)	340.8	972.8	1,608.5	2,293.3	2,936.2
Spread with official exchange rate	92.4%	20.3%	0.0%	0.0%	0.0%
Real exchange rate ARS/USD (Dec-2001=100)	129.8	196.4	148.5	136.5	137.8
Real devaluation (Dec/Dec)	-5.6%	51.3%	-26.0%	-8.1%	1.0%
Real effective exchange rate ARS/USD (Dec-2001=100)	135.5	210.0	150.7	139.2	141.2
Exchange rate USD/EUR (Dec)	1.07	1.10	1.10	1.15	1.08
Exchange rate BRL/EUR (Dec)	5.29	4.85	4.98	5.07	5.12
Policy rate (Dec)	75.0%	100.0%	80.0%	45.0%	25.0%
Policy rate (annual average)	58.7%	101.0%	64.2%	54.2%	30.0%
Badlar rate (private banks, Dec)	69.4%	109.8%	72.0%	31.5%	18.0%
Activity and employment					
GDP (real growth)	5.0%	-1.6%	-3.3%	5.5%	5.0%
Private consumption (real growth)	9.7%	1.1%	-6.0%	5.4%	5.1%
Investment (real growth)	11.1%	-1.9%	-4.6%	6.7%	6.6%
Investment (as % of GDP, at current prices)	17.9%	19.1%	18.6%	19.0%	19.3%
Exports (real growth)	5.8%	-6.7%	16.6%	7.4%	3.8%
Imports (real growth)	17.9%	2.2%	-9.6%	5.5%	5.0%
GDP (ARS billion)	82,436	189,780	621,045	1,216,724	1,766,363
GDP (USD billion)	630.2	642.9	640.9	630.2	663.6
Unemployment (in %)	6.8%	6.1%	7.7%	6.6%	5.8%
Real formal wages, SIPA (% , anual average)	0.3%	-1.2%	-6.0%	2.0%	7.5%
Monetary variables					
Monetary base (ARS billion, Dec)	5,204	9,608	26,326	46,070	64,496
(%, Dec/Dec)	42.4%	84.6%	174.0%	75.0%	40.0%
Annual average as % of GDP	4.9%	3.3%	2.8%	2.8%	2.9%
Currency in circulation (ARS billion, Dec)	3,720	6,629	18,165	31,790	44,508
(%, Dec/Dec)	54.0%	78.2%	174.0%	75.0%	40.0%
Annual average as % of GDP	3.3%	2.3%	1.8%	1.9%	2.0%
Private M2 (ARS billion, Dec)	11,576	31,224	65,940	117,801	160,600
(%, Dec/Dec)	69.1%	169.7%	111.2%	78.6%	36.3%
Annual average as % of GDP	9.6%	8.4%	6.9%	7.4%	7.6%

BASE SCENARIO



	2022	2023 E	2024 F	2025 F	2026 F
Deposits and loans					
Deposits in ARS (priv. and pub., ARS billion, Dec)	18,278	39,746	114,260	205,777	277,768
<i>Annual average as % of GDP</i>	16.2%	14.9%	12.5%	13.5%	13.9%
<i>(%, Dec/Dec)</i>	91.1%	117.5%	187.5%	80.1%	35.0%
Private deposits in ARS (ARS billion, Dec)	15,179	32,697	85,010	153,059	206,606
<i>(%, Dec/Dec)</i>	96.9%	115.4%	160.0%	80.0%	35.0%
Private deposits in USD (USD billion, Dec)	15.7	14.5	20.4	24.0	27.6
Loans in ARS (priv. and pub., ARS billion, Dec)	7,403	17,907	58,648	122,088	185,391
<i>Annual average as % of GDP</i>	7.1%	6.1%	5.6%	7.5%	8.7%
<i>(%, Dec/Dec)</i>	64.9%	141.9%	227.5%	108.2%	51.9%
Private loans in ARS (ARS billion, Dec)	6,704	15,389	46,383	93,555	137,991
<i>(%, Dec/Dec)</i>	67.6%	129.5%	201.4%	101.7%	47.5%
Commercial (ARS billion, Dec)	2,490	6,369	19,759	39,496	57,240
<i>(%, Dec/Dec)</i>	77.6%	155.8%	210.2%	99.9%	44.9%
Consumption (ARS billion, Dec)	3,053	6,760	20,278	40,576	58,866
<i>(%, Dec/Dec)</i>	63.9%	121.4%	200.0%	100.1%	45.1%
Collateralized (miles de millones dic.)	831	1,536	4,187	9,168	15,630
<i>(%, Dec/Dec)</i>	63.2%	84.8%	172.6%	118.9%	70.5%
Private loans in USD (USD billion, Dec)	3.5	3.5	8.6	12.2	15.8
Fiscal accounts					
Tax revenues (% del PBI)	24.2%	22.6%	23.0%	23.5%	23.5%
Primary expenditures (% of GDP) ¹	20.4%	19.8%	16.9%	16.5%	16.0%
Fiscal revenues (% of GDP)	17.7%	17.0%	17.4%	17.5%	18.0%
Primary balance (% of GDP) ¹	-2.7%	-2.7%	0.5%	1.0%	2.0%
Interests (% of GDP)	1.8%	3.3%	1.5%	2.0%	2.0%
Fiscal balance (% of GDP) ¹	-4.5%	-6.0%	-1.0%	-1.0%	0.0%
EMBI Global Argentina (spread in bps, Dec)	2,196	1,907	800	600	500
Gross public debt (% of GDP)	62.1%	58.8%	65.3%	66.8%	64.8%
Net public debt ² (% of GDP)	33.6%	32.5%	36.1%	36.9%	35.8%
External accounts					
International price of soybeans (USD/tonne, annual avg.)	570	520	468	421	400
Export of goods (USD billion, FOB)	88.4	66.8	79.6	85.9	91.0
Import of goods (USD billion, CIF)	81.5	73.7	61.9	68.0	73.2
Trade balance (FOB-CIF, USD billion)	6.9	-6.9	17.7	18.0	17.8
Current account (USD billion)	-4.3	-21.5	8.0	8.0	8.0
Current account (% of GDP)	-0.7%	-3.3%	1.2%	1.3%	1.2%
Gross international reserves (USD billion, Dec)	44.9	23.1	36.4	44.0	52.0
Net international reserves (USD billion, Dec)	7.7	-8.6	4.4	12.0	20.0

1. Current methodology (PIPs "under the line"); excludes rents from primary debt issuance and revenues from 5G auction

2. Excludes intra-public sector debt.

Source: EconViews

BASE SCENARIO



	Exchange rates				Headline inflation		Interest rates		Economic activity (EMAE)
	ARS/USD	ARS/EUR	USD/EUR	BRL/USD	m/m	y/y	Policy rate	Private Badlar	last 12 m.
Jan-23	186.88	202.98	1.09	5.07	6.0%	98.8%	75.0%	69.4%	4.8%
Feb-23	197.15	208.51	1.06	5.24	6.6%	102.5%	75.0%	69.4%	4.2%
Mar-23	208.99	226.52	1.08	5.06	7.7%	104.3%	78.0%	72.4%	3.9%
Apr-23	222.58	245.28	1.10	4.99	8.4%	108.8%	91.0%	87.5%	3.0%
May-23	239.33	255.79	1.07	5.06	7.8%	114.2%	97.0%	91.9%	1.8%
Jun-23	256.68	280.03	1.09	4.79	6.0%	115.6%	97.0%	92.3%	0.7%
Jul-23	275.28	302.62	1.10	4.72	6.3%	113.4%	97.0%	92.9%	0.1%
Aug-23	350.02	379.45	1.08	4.95	12.4%	124.4%	118.0%	113.4%	-0.4%
Sep-23	350.01	369.96	1.06	5.03	12.7%	138.3%	118.0%	113.9%	-0.8%
Oct-23	350.01	370.17	1.06	5.04	8.3%	142.7%	133.0%	128.6%	-1.1%
Nov-23	360.53	392.47	1.09	4.92	12.8%	160.9%	133.0%	129.9%	-1.3%
Dec-23	808.48	892.24	1.10	4.85	25.5%	211.4%	100.0%	109.8%	-1.6%
Jan-24	826.25	893.67	1.08	4.95	20.6%	254.2%	100.0%	109.7%	-2.1%
Feb-24	842.25	909.88	1.08	4.97	13.2%	276.2%	100.0%	108.9%	-2.3%
Mar-24	857.42	925.41	1.08	5.02	11.0%	287.9%	80.0%	70.9%	-3.1%
Apr-24	876.75	935.05	1.07	5.19	9.0%	290.0%	60.0%	50.8%	-2.9%
May-24	894.29	955.45	1.07	5.22	7.0%	287.2%	50.0%	42.5%	-2.0%
Jun-24	912.17	989.71	1.09	5.10	6.5%	289.2%	50.0%	42.5%	-1.8%
Jul-24	930.41	1011.05	1.09	5.06	6.0%	288.0%	50.0%	42.5%	-2.0%
Aug-24	958.33	1042.98	1.09	5.01	6.0%	265.7%	50.0%	42.5%	-2.6%
Sep-24	996.66	1086.36	1.09	4.97	6.0%	243.8%	50.0%	42.5%	-3.0%
Oct-24	1046.49	1142.42	1.09	4.97	6.0%	236.5%	50.0%	42.5%	-3.5%
Nov-24	1109.28	1212.82	1.09	4.98	6.0%	216.2%	50.0%	42.5%	-3.7%
Dec-24	1608.46	1761.26	1.10	4.98	9.1%	175.0%	80.0%	68.0%	-3.3%
Jan-25	1656.71	1821.42	1.10	5.00	7.0%	143.9%	80.0%	68.0%	-2.8%
Feb-25	1706.41	1883.60	1.10	5.00	5.0%	126.2%	60.0%	51.0%	-2.3%
Mar-25	1757.61	1947.87	1.11	5.00	5.0%	113.9%	60.0%	51.0%	-1.3%
Apr-25	1810.33	2014.30	1.11	5.02	4.0%	104.1%	60.0%	51.0%	-0.7%
May-25	1864.64	2082.96	1.12	5.02	3.8%	98.0%	60.0%	51.0%	-0.5%
Jun-25	1920.58	2153.94	1.12	5.04	3.6%	92.5%	50.0%	42.5%	0.1%
Jul-25	1978.20	2227.29	1.13	5.05	3.4%	87.8%	50.0%	42.5%	1.0%
Aug-25	2037.55	2303.11	1.13	5.05	3.4%	83.2%	50.0%	42.5%	2.1%
Sep-25	2098.67	2381.47	1.13	5.05	3.2%	78.4%	45.0%	38.3%	3.1%
Oct-25	2161.63	2462.46	1.14	5.06	3.0%	73.3%	45.0%	38.3%	4.1%
Nov-25	2226.48	2546.17	1.14	5.03	3.0%	68.4%	45.0%	38.3%	4.9%
Dec-25	2293.28	2632.68	1.15	5.07	3.0%	59.0%	45.0%	38.3%	5.5%

Long Term Base Scenario

	2022	2023 E	2024 F	2025 F	2026 F	2027 F
Inflation (Dec/Dec)	94.8%	211.4%	175.0%	59.0%	30%	20%
Official exchange rate ARS/USD (Dec)	177	808	1,608	2,293	2,936	3,465
Devaluation of official exchange rate (Dec/Dec)	72.4%	356.4%	98.9%	42.6%	28.0%	18.0%
Spread with official exchange rate	92.4%	20.3%	0.0%	0.0%	0.0%	0.0%
Real exchange rate ARS/USD (Dec-2001=100)	130	196	148	136	138	139
Real devaluation (Dec/Dec)	-5.6%	51.3%	-24.4%	-8.1%	1.0%	0.8%
Policy rate (Dec)	75.0%	100.0%	80.0%	45.0%	25.0%	20.0%
GDP (real growth)	5.0%	-1.6%	-3.3%	5.5%	5.0%	2.6%
Private consumption (real growth)	9.7%	1.1%	-6.0%	5.4%	5.1%	2.6%
Investment (real growth)	11.1%	-1.9%	-4.6%	6.7%	6.6%	4.6%
GDP (USD billion)	630.2	642.9	640.9	630.2	663.6	694.3
Unemployment (in %)	6.8%	6.1%	7.7%	6.6%	5.8%	5.0%
Primary balance (% of GDP)	-2.7%	-2.7%	0.5%	1.0%	2.0%	0.5%
Country risk (BPS)	2,196	1,907	800	600	500	400
Export of goods (USD billion, FOB)	88.4	66.8	79.6	85.9	91.0	96.4
Trade balance (USD billion)	6.9	-6.9	17.7	18.0	17.8	19.0
Current Account (USD billion)	-4.3	-21.5	8.0	8.0	8.0	9.0

	2028 F	2029 F	2030 F	2031 F	2032 F	2033 F
Inflation (Dec/Dec)	15.0%	12.0%	10.0%	10.0%	8%	8%
Official exchange rate ARS/USD (Dec)	3,880.5	4,268.6	4,567.4	4,887.1	5,131.5	5,388.0
Devaluation of official exchange rate (Dec/Dec)	12.0%	10.0%	7.0%	7.0%	5.0%	5.0%
Spread with official exchange rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Real exchange rate ARS/USD (Dec-2001=100)	138.7	139.6	139.2	138.8	138.3	137.8
Real devaluation (Dec/Dec)	-0.2%	0.7%	-0.3%	-0.3%	-0.3%	-0.3%
Policy rate (Dec)	18.0%	15.0%	12.0%	12.0%	10.0%	10.0%
GDP (real growth)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Private consumption (real growth)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Investment (real growth)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
GDP (USD billion)	727.1	762.4	800.0	843.9	889.4	940.4
Unemployment (in %)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Primary balance (% of GDP)	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Country risk (BPS)	400	350	350	300	300	300
Export of goods (USD billion, FOB)	99.2	102.1	104.0	105.9	107.9	118.0
Trade balance (USD billion)	19.7	20.5	20.3	20.2	20.0	20.0
Current Account (USD billion)	9.7	10.5	10.3	10.2	10.0	10.0

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