

ARGENTINA

1. General trends

After slowing sharply in 2012, the Argentine economy regained momentum and grew by 3% in 2013,¹ despite mounting tensions in the external sector, which resulted in a devaluation of the peso in January 2014. Combined with a steep rise in interest rates, this devaluation had a contractionary effect on economic activity, which fell by 0.2% year on year in the first quarter of 2014, and by 0.8% in the seasonally adjusted series compared with the final quarter of 2013. The government's strategy shift at the start of the year helped quell the financial and exchange-rate uncertainty that prevailed in the summer of late 2013 and early 2014, which in turn stabilized the stock of international reserves. A pick-up in economic activity is projected in the second half of 2014, thanks to exchange-rate stabilization and a record harvest, which should compensate for the first-semester slowdown and yield annual growth of 0.2%. However, this projection is subject to the performance of the external sector, while Argentina's setback in its legal dispute with holdout investors² (creditors from the default of 2001 who did not accept the debt swap offers of 2005 and 2010) endangers its access to external financing and, therefore, its potential for short-term economic growth.

On the demand side, the 2013 upswing was driven by the expansion of public consumption (up 7.4%), associated with an expansionary fiscal policy; and of private consumption (up 4.3%), sustained by a slight real-terms increase in the wage bill. On the supply side, better economic performance reflected a better crop year in 2012-2013, a degree of recovery in the construction sector (aided by government stimulus programmes for the construction of private dwellings) and the positive performance of financial intermediation. The manufacturing industry again returned negative growth figures, dragged down by domestic conditions and the sluggish performance of Brazilian industry, especially during the second half of 2013. This also had a negative impact on Argentine exports of manufactures.

Inertial wage and price dynamics kept the rate of inflation well above the regional average during 2013, and it quickened somewhat in the final quarter. Against a global backdrop of stable or falling international food prices, and a local context of diminishing installed capacity utilization, this acceleration was basically caused by the faster nominal devaluation of the peso, and the widening of the gap between the official and parallel (or “blue”) exchange rates; factors that tended to feed expectations of devaluation. Inflation also affected by the devaluation of January 2014 (of 23%, compared with the rate of 31 December 2013), which brought about an 11.9% cumulative increase in retail prices during the first four months of 2014, according to the new national urban consumer price index (which recorded increases of 3.7% in January, 3.4% in February, 2.6% in March and 1.8% in April).

The balance-of-payments current account deficit stood at 0.7% of GDP in 2013, reflecting a worsening goods trade balance that included an increase in the energy sector deficit, a slump in cereal exports and the deterioration of vehicle sales towards the end of the year, and a wider deficit on the services account.

¹ This note includes data from the national accounts, base year 2004, published by the National Institute of Statistics and Censuses (INDEC) in May 2014.

² Also known as “vulture funds”, owing to their strategy of purchasing distressed sovereign debt at extremely low prices, in order to then demand full repayment through legal proceedings.

Since Argentina has virtually no access to the international credit markets, it was forced to tap its international reserves, which fuelled exchange-rate tensions in the fourth quarter. Burgeoning agricultural exports, slower import growth and a reduction in currency outflows associated with foreign travel mean that the current account could show some improvement in 2014. However, the stock of international reserves is set to remain at current levels owing to difficulties in accessing external financing, the gradual but steady acquisition of foreign currency by residents, and a debt maturity profile that, without being too onerous, has worsened as a result of the repayments agreed with the Paris Club.

2. Economic policy

During 2013, the government continued to pursue the strategy adopted at the end of 2011 and intended to contain the erosion of international reserves through various measures: the regulation of import flows, tougher restrictions on foreign exchange for the purposes of hoarding and overseas tourism (which created a parallel exchange market) and the introduction of some limits on the repatriation of profits by foreign firms. Without access to external financing, these measures were intended to counteract the decline of currency inflows caused by the deterioration of the fuel trade balance (which went from an average surplus of 2.5% of GDP between 2003 and 2007 to a deficit of 1% of GDP in 2013) and a trend for real-terms currency appreciation that contributed to increasing losses, largely under services, and especially in the tourism category.

For much of 2013 the peso recorded modest depreciation against the dollar, below the inflation rate but above the benchmark interest rates. Only in the final months of the year was a more aggressive devaluation policy introduced. The faster pace of devaluation, combined with a persistent gap (of about 70%) between the official and parallel exchange rates, in a context of relatively low interest rates, fed back into expectations of depreciation and tended to increase the demand for (and tighten the supply of) foreign exchange. This had an impact on international reserves, which plummeted 29% in 2013. The use of international reserves to meet external public debt commitments accounted for over half of this decrease.

In early 2014, exchange-rate tensions were further heightened by the export sector's unwillingness to surrender foreign exchange. Dwindling reserves forced the government to change strategy again, significantly hiking the benchmark interest rate (by 10 percentage points between December and January), validating a major devaluation of 16% over three days, and relaxing currency controls. The monetary authority intervened in the futures market and placed restrictions on banks' foreign currency holdings. These measures helped stabilize exchange-rate expectations and created greater incentives for the surrender of foreign exchange by the largest exporters.

With exchange rates more stable, the authorities released new official estimates relating to the national accounts and consumer prices, and stepped up its strategy of rapprochement with foreign creditors (reaching agreements with businesses at the International Centre for Settlement of Investment Disputes, with the Paris Club, and with Repsol over the expropriation of YPF). However, the refusal by the United States Supreme Court to hear Argentina's case against the holdout creditors (in June 2014) leaves in place two lower court judgments requiring the country to repay the holdouts in full, and obstructs the regular repayment of the creditors that hold most of Argentina's debt and who participated in the restructurings of 2005 and 2010. This unresolved situation could cause Argentina further difficulties in accessing external financing, resulting in new exchange-rate tensions.

(a) Fiscal policy

In 2013, the government maintained an expansionary fiscal policy with the annual increase in primary expenditure (33%) greater than that of total revenue (30.4%), which pushed up the primary deficit of the national public sector from 0.2% of GDP in 2012 to 1.4% of GDP in 2013. The overall deficit deteriorated (from -1.9% of GDP in 2012 to -2.6% of GDP in 2013), since sluggish growth in 2012 meant there were no interest payments on GDP-linked bonds. The government once again opted to fund this deficit by drawing on resources from the public sector itself, basically from the Central Bank of Argentina (BCRA), the National Social Security Administration (ANSES) and the Bank of the Argentine Nation (BNA).

Increased primary expenditure was associated with social security benefits, transfers to the private sector and wage payments. Capital expenditure soared by 46.9%, largely as a result of real direct investment in construction projects and financial investment related to the housing credit programme.

Revenue growth was driven by resources from social security (32%), income tax (34%) and VAT (31%). With exports at a standstill, customs revenues were practically unchanged. The transfer of central bank profits and the interest yielded by the Sustainability Guarantee Fund (FGS) of the Argentine Integrated Social Security System, administered by ANSES, contributed 30% to the increase in income.

Public debt stood at US\$ 201.009 billion in September 2013, equivalent to 45.6% of GDP. Of this total, 60.5% consists of liabilities within the public sector, 12.6% is debt owed to multilateral and bilateral agencies, and the remaining proportion (equivalent to 12.2% of GDP) consists of privately-held public debt.

Considering the contractionary effect of the devaluation and the interest-rate hike at the start of the year, in 2014 it is forecast that fiscal policy will turn countercyclical, or at least compensatory, in order to mitigate the impact of these measures in lower-income sectors. In this regard, the government extended its existing social programmes and launched a new one (the Programme to Support Students of Argentina, Progresar), which targets young people not in education or employment, so that they can resume their studies. New urban development projects were announced, including house-building backed by public loans and the financing of productive investment projects. Meanwhile electricity, gas, water and transport subsidies will gradually be withdrawn, although the lowest income sectors will be exempt from this measure.

Primary expenditure was up 40.6% year on year in the first quarter of 2014, outpacing total revenue growth of 38.4%. Although the exchange-rate devaluation and the increase in agricultural exports are projected to boost customs revenues, and the changes to the subsidies system could deliver some savings, the primary deficit will likely widen in 2014 as a result of measures designed to moderate the slowdown in output and consumption. The overall deficit will rise only proportionately despite including a US\$ 650 million debt repayment to the Paris Club, since the latest economic growth figure for 2013 will not give rise to interest payments on GDP-linked bonds, which will reduce other financial commitments in 2014.

(b) Monetary policy

In 2013, the monetary policy rate averaged about 14.6%, almost two percentage points higher than the average for 2012. The deposit rate (fixed term deposits) increased from an annual average of

12.1% in 2012 to 14.8% in 2013, while the lending rate (signature loans of up to 89 days) went up by 2 percentage points and averaged 21.6% in 2013.

At the same time as it accepted the substantial peso devaluation at the end of January 2014, the central bank raised the monetary policy rate (on central bank bills (LEBAC) from 70 to 111 days) to about 26%, with the aim of redirecting funds earmarked for the purchase of external assets into peso investments. The remaining interest rates followed the benchmark rate in the first quarter of 2014, which helped stabilize the foreign exchange market. Mid-year, the monetary authority imposed a ceiling of between 1.25 and 2 times the benchmark rate on the rates charged by banks for personal and secured loans, which in most cases were above 50%. Under current conditions, these interest rates should not be higher than 34% and 38% for secured and personal loans, respectively.

In terms of monetary aggregates, in 2013 private-sector lending was the most significant driver of monetary expansion, mainly owing to programmes to facilitate access to productive financing, which grew faster than consumer financing (45% compared with 35%). Productive financing answered for the bulk of growth in private-sector lending (commercial loans accounted for 49% of the increase; consumer loans 36%, and mortgages and secured loans the remainder). Data for the first five months of 2014 indicate that while consumer lending maintained practically the same rate of expansion (34% year on year), commercial lending slowed (30% year on year). Public-sector financing using central bank resources held steady, contributing to a 30% expansion of the monetary base. The combination of all these factors resulted in the M3 aggregate growing at a faster rate than nominal GDP, albeit slowing somewhat since year-end 2013.

(c) Exchange-rate policy

The authorities implemented two different exchange-rate policies during 2013, while remaining within the framework of the currency controls introduced in late 2011. As mentioned previously, between January and the mid-term legislative elections in October, the central bank maintained a strategy of modest nominal devaluation (with a monthly average of 1.8%). This strategy was conducive to speculative behaviour (bringing forward payments for imports and the settlement of liabilities in foreign currencies, and deferring the surrender of foreign exchange, among others), which depleted foreign reserves from US\$ 43.3 billion at year-end 2012 to US\$ 33.2 billion in October 2013.

In November 2013, following a cabinet reshuffle, the pace of depreciation quickened (4.1% on average in November and December), while benchmark interest rates remained practically unchanged. This widened the gap between devaluation expectations and the performance of peso assets, exacerbating speculative actions and accelerating the depletion of reserves. The result was a new change in strategy in January 2014, which consisted in a more pronounced peso devaluation (16% in just three days) and a substantial hike in interest rates. At the end of January, the nominal exchange rate was 26.3% higher than that of the previous month (and 64% higher than in January 2013), while the benchmark interest rate was 1,000 basis points higher than in the previous month (1,300 basis points higher than in January 2013).

In the first quarter of 2014, further steps were taken to restore balance to the foreign exchange market, notably the partial relaxation of currency controls to allow individuals to purchase and hoard foreign currency, and the aforementioned restriction on foreign currency holdings by financial institutions, which increased the supply of foreign currency in the spot and futures markets. However, many import control policies and certain restrictions on profit remittances remained in place.

This shift in strategy proved effective in reversing expectations of devaluation. Since April the nominal exchange rate has steadied, the gap between the official and parallel exchanges rates is lower than the average for the previous months (although it resumed an upward trend at the end of May), and international reserves swelled slightly from US\$ 27.7 billion at the end of January to US\$ 28.5 billion at the end of May, as export revenues poured in after the soybean harvest.

(d) Other policies

In February 2013, the government established a price agreement with supermarket chains with the aim of curbing inflation, especially that of food and beverages, which originally included a 60-day freeze on the prices of 10,000 products sold in major supermarket chains. This period was then extended for a further 60 days, after which the number of products covered by the freeze was reduced to 500.

In response to quickening inflation towards the end of 2013, in January 2014 the government launched the *Precios cuidados* price-watch programme, in which the national government, supermarkets, distributors and the main suppliers undertook to control the prices on a basket of 194 products, subsequently extended to 302 products. The programme is expected to include quarterly reviews and aims to reduce the impact of devaluation on domestic prices, and to minimize inertial inflation.

3. The main variables

(a) The external sector

Exports rose by 2.6% in 2013, reflecting a 4.9% increase in volumes and a 2.2% fall in prices. Imports surged 8.0% thanks to increased volumes (4.0%) and prices (3.9%). The trade surplus narrowed from US\$ 15.4 billion in 2012 to US\$ 12.2 billion in 2013, basically owing to the worsening of the terms of trade (down by 5.8%).

Export growth reflected improved sales of agricultural products (meat, dairy, hides and leather) and transport materials. Meanwhile, the fastest import growth occurred in the categories of fuel (which rose by 23.2%) and passenger vehicles (up by 31.8%). The fuel and energy trade deficit was significant, having widened from US\$ 2.384 billion in 2012 to US\$ 6.163 billion in 2013.

In 2013, the balance-of-payments current account deficit stood at US\$ 4.330 billion (0.7% of GDP), compared with a US\$ 48 million surplus in 2012. This deterioration reflects both the shrinking of the trade surplus and the widening of the services deficit from US\$ 3.4 billion in 2012 to US\$ 5.103 billion in 2013. The latter included US\$ 1.323 billion under the tourism category, and US\$ 2.308 billion in royalties. In the capital and financial account, foreign direct investment flows amounted to US\$ 9.082 million in 2013, down 25% on the previous year as a result of a drop in capital contributions and the reinvestment of profits.

In the first five months of 2014, exports diminished by 12% year on year, owing to a drop in exports of primary products, especially of grain, which plunged 55%. Imports fell by 8%, reflecting a general decline in all categories except capital goods imports, which remained unchanged (0.3%), while passenger vehicle imports slumped by 34%. The fuel and energy trade balance posted a cumulative deficit of US\$ 2.295 billion in May 2014, 16% higher than in the year-earlier period.

(b) Economic activity

New estimates by the National Institute of Statistics and Censuses (INDEC) suggest that the Argentine economy expanded by 3% in 2013, having grown by 0.9% in 2012. The faster pace of activity was largely spurred by domestic-market factors. Because it accounts for a significant proportion of aggregate demand, private consumption (which rose by 4.3%) made the largest contribution to growth, while public consumption (which expanded by 7.4%) was the fastest growing component. Gross domestic investment recovered from a fall of 5.2% in 2012 to increase by 3%, while exports slid by 5.3%.

On the supply side, services growth of 3.8% helped boost economic activity, notably in the category of financial intermediation (up 21%). Goods-producing sectors (up 1.9%) rallied somewhat from the previous year's 2.5% downturn, thanks to a strong performance from the agricultural sector (which grew by 10.6%) and a 2.5% upturn in construction. Having contracted by 1.6% in 2012, industrial activity again showed a negative variation, of 0.3%.

The impact of the peso devaluation on domestic prices, and subsequently on real wages and domestic consumption, weighed on activity in early 2014. In the first quarter, the economy contracted by 0.2% year on year and shrank by 0.8% against the fourth quarter of 2013, making two consecutive quarters of contraction. According to the monthly economic activity estimator (EMAE), in April the economy shrank 0.5% year on year, but posted an uptick of 0.6% in the seasonally adjusted series compared with March. The monthly indicator of industrial activity (EMI) fell 3.7% year on year in the first five months of 2014 (down 0.2% on the fourth quarter of 2013), while the synthetic indicator of construction activity (ISAC) contracted by 3% year on year in the period between January and May (and by 2% compared with the final quarter of 2013).

(c) Prices, wages and employment

During 2013 inflation remained well above the regional average and quickened somewhat over the later part of the year. Official figures showed cumulative inflation of 10.9% according to the consumer price index (CPI) published by INDEC; this figure was 18.2% according to the private final consumption expenditure implicit price deflator, considering the new GDP estimate by INDEC. Official estimates prepared by provincial statistical offices showed even faster consumer price rises.³

In 2014, INDEC replaced the CPI that covered the Buenos Aires metropolitan area with a national urban consumer price index. This new indicator, which has greater territorial scope, reported inflation of 13.5% in the first five months of 2014, with monthly inflation figures significantly higher than those returned by the previous index.

In December 2013, wages, as measured by the INDEC wage index, posted a year-on-year increase of 25.9% for the economy as a whole, in line with domestic inflation. Public-sector wages rose slightly faster (26.2%) than those of the private sector (25.2%). In May 2014, the indicator for the whole economy rose by 32.3% year on year. Again, private-sector workers received a smaller wage hike (29.9%) than public-sector workers (31.2%). Annual rises of between 27% and 32% have been agreed in the wage negotiations that have been taking place since the beginning of the year. The minimum wage in January 2014 stood at 3,600 pesos, 25.2% higher than in the same month in 2013. Having risen by 11.3% in March, pension benefits posted a cumulative annual increase of 27.4%.

³ The average consumer price index increase in the provinces that conduct a monthly survey (Neuquén, San Luis, Santa Fe and Tierra del Fuego) was about 25% per year in 2013.

The unemployment rate was 6.4% in the final quarter of 2013, a record low both in the current series (since 2003) and in official records since October 1991. For 2013 as a whole, the average unemployment rate was 7.1%, slightly lower than in 2012. This was mainly due to a drop in the labour-force participation rate, given that the employment rate fell during the same period. For the same reason, the jobless rate dipped from 7.9% to 7.1% between the first quarter of 2013 and the same period in 2014.

A labour law was enacted in 2013, and regulations issued in early 2014, to expand the rights of privately employed domestic personnel, placing them on an equal footing with other workers and providing for paid holidays, maternity leave, sick leave, severance pay and a maximum working week of 48 hours, among other aspects. And in May 2014, Congress passed a bill, sponsored by the executive branch, which aims to combat undeclared work (which applies to approximately one third of workers) and raise formal employment levels by reducing employer contributions for microenterprises and payroll taxes for larger businesses that create jobs.

Table 1
ARGENTINA: MAIN ECONOMIC INDICATORS

	2005	2006	2007	2008	2009	2010	2011	2012	2013 a/
Annual growth rates b/									
Gross domestic product	9.2	8.4	8.0	3.1	0.1	9.1	8.6	0.9	3.0
Per capita gross domestic product	8.2	7.4	7.1	2.2	-0.8	8.2	7.6	0.1	2.1
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	11.7	4.7	5.8	-11.3	-5.8	15.4	-3.0	-6.5	11.1
Mining and quarrying	-4.0	6.7	-6.2	-2.3	5.1	2.3	-1.6	-3.3	-1.6
Manufacturing	9.3	9.8	8.1	3.2	-1.6	11.4	11.4	-1.6	-0.3
Electricity, gas and water	5.8	5.7	6.1	2.3	-1.2	4.1	5.3	3.0	2.9
Construction	17.2	15.7	9.8	1.5	-3.7	5.9	9.4	-2.6	2.5
Wholesale and retail commerce, restaurants and hotels	10.0	9.8	12.4	7.6	-2.8	14.6	15.5	1.6	2.2
Transport, storage and communications	12.8	10.6	12.3	6.4	-0.5	10.5	8.3	1.4	2.7
Financial institutions, insurance, real estate and business services	6.6	7.4	6.7	4.6	2.8	5.7	7.8	4.8	6.6
Community, social and personal services	8.4	5.5	5.6	3.7	5.3	4.4	4.7	4.3	3.4
Gross domestic product, by type of expenditure									
Final consumption expenditure	9.5	7.3	8.9	5.5	4.1	7.2	10.5	4.5	4.7
Government consumption	7.9	4.5	7.9	4.4	8.5	7.2	8.8	6.5	7.4
Private consumption	9.8	7.7	9.0	5.6	3.5	7.1	10.8	4.2	4.3
Gross capital formation	10.0	18.1	16.3	6.2	-24.0	38.4	15.6	-10.9	2.3
Exports (goods and services)	10.0	18.1	16.3	6.2	-24.0	38.4	15.6	-10.9	2.3
Imports (goods and services)	16.1	10.8	21.9	13.5	-19.3	35.0	19.8	-4.7	1.6
Investment and saving c/									
Percentages of GDP									
Gross capital formation	19.1	20.8	22.3	21.1	16.1	19.2	20.0	17.2	18.2
National saving	21.4	23.7	24.5	22.8	18.3	19.0	19.6	17.3	17.5
External saving	-2.4	-2.9	-2.2	-1.7	-2.2	0.2	0.4	0.0	0.7
Balance of payments									
Millions of dollars									
Current account balance	5,275	7,768	7,355	6,756	8,469	-777	-2,271	48	4,330
Goods balance	13,087	13,958	13,456	15,423	18,528	14,266	12,925	15,372	12,155
Exports, f.o.b.	40,387	46,546	55,980	70,019	55,669	68,134	84,051	80,927	83,026
Imports, f.o.b.	27,300	32,588	42,525	54,596	37,141	53,868	71,126	65,556	70,871
Services trade balance	-992	-501	-513	-1,284	-1,059	-1,160	-2,247	-3,366	-5,103
Income balance	-7,304	-6,150	-5,941	-7,552	-9,012	-13,479	-12,402	-11,503	-10,709
Net current transfers	484	459	353	170	12	-405	-547	-455	-673
Capital and financial balance d/									
Net foreign direct investment	2,144	6,428	4,228	-10,073	-8,885	4,935	-3,837	-3,353	-7,494
Other capital movements	3,954	3,099	4,969	8,335	3,307	10,368	9,232	11,064	7,857
Total	-1,811	3,329	-741	-18,408	-12,192	-5,433	-13,069	-14,417	-15,351
Overall balance									
Variation in reserve assets e/	7,418	14,195	11,584	-3,317	-416	4,157	-6,108	-3,305	-11,824
Other financing	-8,857	-3,529	-13,098	9	-1,327	-4,157	6,108	3,305	11,824
Other external-sector indicators									
Terms of trade for goods									
(index: 2005=100)	100.0	106.0	110.0	124.6	118.9	118.4	126.3	125.8	118.5
Net resource transfer (millions of dollars)	-3,722	-10,388	-198	-14,317	-16,154	-8,544	-16,239	-14,855	-18,203
Total gross external debt (millions of dollars)	113,768	108,839	124,542	124,916	115,537	129,333	141,139	141,889	133,672
Employment g/									
Average annual rates									
Labour force participation rate	59.9	60.3	59.5	58.8	59.3	58.9	59.5	59.3	58.9
Open unemployment rate	11.6	10.2	8.5	7.9	8.7	7.7	7.2	7.2	7.1
Visible underemployment rate	14.2	12.5	10.4	9.5	11.1	9.8	9.1	9.3	9.2

Table 1 (concluded)

	2005	2006	2007	2008	2009	2010	2011	2012	2013 a/
Prices	Annual percentages								
Variation in consumer prices (December-December)	12.3	9.8	8.5	7.2	7.7	10.9	9.5	10.8	10.9
Variation in wholesale prices (December-December)	10.6	7.2	14.6	8.8	10.3	14.6	12.7	13.1	14.8
Variation in nominal exchange rate (annual average)	-0.6	5.2	1.3	1.5	17.9	4.9	5.6	10.2	20.4
Nominal deposit rate h/	3.9	6.5	7.9	11.1	11.8	9.4	10.8	12.1	14.8
Nominal lending rate i/	10.5	12.9	14.0	19.8	21.3	15.2	17.7	19.3	21.6
Central government	Percentages of GDP								
Tax revenue	13.0	13.0	13.6	14.6	14.7	15.8	16.2	16.9	17.4
Total expenditure	13.4	13.1	13.9	15.0	17.7	18.2	19.6	20.3	22.3
Current expenditure	11.7	11.0	12.1	13.2	15.5	15.7	17.2	18.1	19.5
Interest	1.6	1.4	1.7	1.7	1.8	1.3	1.8	1.7	1.2
Capital expenditure	1.7	2.1	1.8	1.8	2.2	2.4	2.4	2.2	2.8
Primary balance	1.9	2.2	2.2	2.2	1.2	1.2	-0.1	-0.2	-1.4
Overall balance	0.3	0.8	0.5	0.6	-0.7	-0.1	-1.9	-1.9	-2.6
Central government public debt j/	60.2	51.7	44.2	39.0	39.6	36.1	33.3	35.1	33.9
Domestic	31.7	30.4	25.2	24.1	24.8	22.7	22.0	24.4	24.0
External	28.5	21.3	19.0	14.9	14.8	13.4	11.3	10.7	10.0
Money and credit	Percentages of GDP, end-of-year stocks								
Domestic credit	20.5	16.8	13.6	12.7	13.7	17.0	19.3	22.9	25.8
To the public sector	24.2	17.8	13.8	12.3	15.0	16.3	15.9	19.0	21.6
To the private sector	9.6	10.5	11.4	11.0	11.0	11.6	13.3	14.6	15.7
Others	-13.3	-11.6	-11.7	-10.6	-12.3	-11.0	-9.8	-10.8	-11.5
Monetary base	8.5	9.9	9.7	8.5	8.4	8.6	9.1	10.6	10.8
Money (M1)	12.6	12.1	12.0	11.2	11.6	12.2	12.5	14.4	14.7
M2	24.1	24.0	22.7	20.4	21.0	22.5	23.1	26.5	27.4
Foreign-currency deposits	1.8	2.0	2.1	2.5	3.0	3.4	2.4	1.7	1.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Preliminary figures.

b/ Based on figures in local currency at constant 1993 prices.

c/ Based on values calculated in national currency and expressed in current dollars.

d/ Includes errors and omissions.

e/ A minus sign (-) indicates an increase in reserve assets.

f/ Annual average, weighted by the value of goods exports and imports.

g/ Urban areas.

h/ Fixed-term deposits, all maturities.

i/ Local-currency loans to the non-financial private sector, at fixed or renegotiable rates, signature loans of up to 89 days.

j/ As of 2005, does not include debt not presented for swap.

Table 2
ARGENTINA: MAIN QUARTERLY INDICATORS

	2012				2013				2014	
	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2 a/
Gross domestic product (variation from same quarter of preceding year) b/	4.6	-1.5	0.2	0.9	1.5	5.5	3.4	1.4	-0.2	...
Gross international reserves (millions of dollars)	46,851	47,057	45,660	44,601	41,529	38,363	36,156	31,543	27,434	28,680 c/
Open unemployment rate	7.1	7.2	7.6	6.9	7.9	7.2	6.8	6.4	7.1	...
Employment rate	54.2	54.9	55.5	55.2	53.9	55.1	54.8	55.0	54.3	...
Consumer prices (12-month percentage variation)	9.7	9.9	10.0	10.6	10.8	10.4	10.5	10.7	16.6	20.9 c/
Wholesale prices (12-month percentage variation)	12.7	13.0	12.8	13.1	13.2	13.2	13.8	14.3	23.0	27.1 c/
Average nominal exchange rate (pesos per dollar)	6.92	6.92	6.93	6.92	6.92	6.92	6.92	6.91	6.91	6.91 c/
Nominal interest rates (annualized percentages)										
Deposit rate e/	12.1	11.3	11.7	13.1	13.2	14.2	15.2	16.7	21.0	22.5 h/
Lending rate f/	21.4	18.8	18.1	18.8	19.6	20.5	22.3	24.1	30.9	30.1
Interbank rate	9.6	9.4	9.8	10.4	11.3	12.8	12.6	15.7	16.7	14.8 h/
Monetary policy rates	14.0	12.4	11.9	12.8	13.1	14.5	15.4	15.3	25.8	27.3
Sovereign bond spread, Embi + (basis points to end of period) g/	880	1,088	897	991	1,307	1,199	1,035	808	799	669
Risk premia on five-year credit default swap (basis points to end of period)	823	1,253	960	1,442	3,754	3,009	2,527	1,654	1,876	1,761
International bond issues (millions of dollars)	600	63	-	-	-	-	150	500	-	...
Stock price index (national index to end of period, 31 December 2005 = 100)	174	152	159	185	219	193	310	349	413	511
Domestic credit (variation from same quarter of preceding year)	31.0	28.7	33.7	37.9	41.1	41.2	41.5	39.7	29.6	23.9 c/
Non-performing loans as a percentage of total credit	1.5	1.7	1.7	1.8	1.8	1.9	1.9	1.8 c/

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Preliminary figures.

b/ Based on figures in local currency at constant 1993 prices.

c/ Figures as of May.

d/ Quarterly average, weighted by the value of goods exports and imports.

e/ Fixed-term deposits, all maturities.

f/ Local-currency loans to the non-financial private sector, at fixed or renegotiable rates, signature loans of up to 89 days.

g/ Measured by J.P.Morgan.

h/ Figures as of April.