

ARGENTINA

1. General trends

The Argentine economy contracted 2.2% in 2016 as a result of the peso's devaluation at the end of 2015, the adoption of a restrictive monetary policy and the recession in Brazil, which weighed on exports. The economic downturn was compounded by some of the reforms adopted by the government that took office in December 2015, such as abolishing or easing export duties—especially on raw materials for the food industry (which pushed inflation upwards)—and increasing trade openness (which hurt manufacturing employment), as part of a long-term strategy to align the structure of relative prices with the economy's comparative advantages in agricultural production. The expansion of the social protection system by the new government (increasing the number of beneficiaries of the universal child benefit programme, raising retirement benefits and extending benefits for recipients of social programmes) fell short of offsetting the impact that the decline of real wages had on private consumption (down 1.4%), which became one of the main detractors from economic activity in 2016 owing to its weight in aggregate demand.

The fiscal deficit widened in 2016 to 4.5% of GDP, owing to a 10% drop in public revenues in real terms, attributable to a lower tax burden and the slump in economic activity. Primary public spending had a marginally contractionary effect and fell 2.1% in real terms, mainly owing to the decline in public investment. The fiscal deficit was mostly financed through debt issuance in foreign currency, and access to international credit markets was reopened—after a prolonged period of almost total exclusion—thanks to the settlement of the dispute with holdouts (bond holders who had previously rejected debt restructuring agreements), the deregulation of the foreign-exchange market and the liberalization of international capital flows.

Further widening of the fiscal deficit was prevented by cutting subsidies to public services tariffs, although this had a negative impact on consumer prices, which pushed inflation upwards from an average rate of 26.5% in 2015 to 41% in 2016.¹ Accelerating inflation, the inflow of foreign exchange linked to public financing needs (of central and regional governments) and high interest rates contributed to the appreciation of the Argentine peso in 2016, which hurt non-tradable sectors, especially in manufacturing.

In the first quarter of 2017, GDP grew 0.3% year-on-year and 1.1% quarter-on-quarter in seasonally adjusted terms. The increase in public investment was the main driver of growth, and GDP is expected to grow 2.0% in 2017, thanks to the sustained momentum of public investment and the moderate expansion of exports and private investment. Consumption, conversely, is not expected to have a significant impact on growth.

2. Economic policy

The new government that took office in December 2015 initially concentrated on solving the foreign-exchange liquidity crisis by deregulating the exchange market, liberalizing cross-border capital

¹ The figures are spliced population-weighted averages of the two provincial price indices officially recommended for use, those of the City of Buenos Aires and San Luis, up to April 2016, and the new consumer price index of the National Institute of Statistics and Censuses (INDEC), as from May 2016 (first publication of this new index).

flows, abolishing export duties and settling the holdout dispute. These reforms, together with the implementation of a tight monetary policy, paved the way for a relatively swift stabilization of the foreign-exchange market after the devaluation in December 2015, in the context of an economic slump.

After currency market stabilization was achieved, economic policy was geared towards reordering public accounts. Faced with a fall in public revenues derived from tax cuts and economic contraction, the authorities sought to improve the fiscal balance through spending adjustments focused on energy and transport tariffs. However, these measures were insufficient to counteract the decline in income, leading to a widening of the fiscal deficit that for the most part was financed through the issuance of external debt. With regard to monetary policy, real interest rates turned positive and trended upwards as part of the transition towards an inflation-targeting regime, which began formally in January 2017.

In 2016, fiscal policy and, especially, monetary policy maintained their restrictive bias, but expectations for 2017 are that fiscal policy will turn expansionary, while monetary policy should remain tight.

(a) Fiscal policy

Primary spending grew 38.2% year-on-year in 2016, below the inflation rate for the period but above the pace of income growth (27.1%). The primary deficit accordingly widened to 5.8% of GDP (or 4.5%, if the non-recurrent revenue from the capital legalization or repatriation programme is included).

The nominal rise in spending may be explained mainly by the increase in social security outlays (37.2%) and transfers to the private sector (56.9%). The first occurred in the framework of the historical reparation programme for retirees and pensioners, and the second corresponded mainly to the extension of family allowances to simplified system taxpayers and the increased coverage provided by the universal child benefits programme. Within transfers to the private sector, subsidies on public services tariffs (mostly in energy and transport, which as from 2016 include items for funding lower rates for low-income groups) continued growing rapidly (44.7%), despite the aforementioned cuts. In turn, spending on wages and goods and services, slowed in 2016, while capital expenditures fell markedly in real terms, growing only 13.2% in nominal terms.

The slowdown in income reflected the contraction of economic activity and measures such as the virtual elimination of export duties (excluding on soybean and its derivatives), the lower payroll tax burden, the abolition of income tax on dividends and profits distributed by limited companies, cuts to taxes on personal assets (wealth) and the partial reimbursement of value added tax (VAT) receipts from retail purchases by the most vulnerable segments of the population. This resulted in a drop in public revenues equivalent to 1.5% of GDP (most of which is explained by the cuts in export duties).

The government issued US\$ 65 billion in debt (12.9% of GDP) in 2016 to address the primary deficit and cover the public sector's financing needs. After the settlement with holdouts and meeting other commitments, public debt increased by US\$ 34.8 billion, to 54.2% of GDP. The external debt of the general government rose US\$ 26.7 billion (or 30.5%), and stood at 22.5% of GDP.

In the first four months of 2017, primary spending continued to outpace income (35.8% versus 32.0%), thus increasing the primary deficit from 2.4% of GDP in the first four months of 2016 to 3.1% in the same period in 2017. However, if non-recurrent revenue from the capital legalization or repatriation programme is included, the primary deficit for the first four months of 2016 dropped to 1.8% of GDP. Notable among expenditure items were the nominal stability of private sector transfers linked to public

services subsidies (after tariff adjustments in 2016 and the first changes introduced in 2017), and marked sharp rise in capital expenditures and transfers to provinces. With regard to the financial balance, debt servicing payments were up 140% year-on-year in 2017, following the debt issuance in 2016. The external debt of the general government rose by US\$ 14.1 billion in the first quarter of 2017, or 12.3% quarter-on-quarter, reaching 23.1% of GDP. For 2017, the government is forecasting a primary deficit of 4.2% of GDP and a financial deficit of 3.7%. Official projections for the latter imply that debt will grow by approximately US\$ 20.1 billion, taking total debt to 54.3% of GDP.

(b) Monetary policy

Monetary policy remained contractionary in 2016; the monetary policy rate (rate on 35-day central bank bills (LEBAC)) jumped sharply in the second quarter, when it peaked at 38% amid rising inflation. The rate trended gradually downwards in the second half of the year, but remained above the inflation expectation levels indicated by the central bank's market expectations survey. At December 2016, the average reference interest rate stood at 24.8%, while inflation expectations for the next 12 months stood at 19.6%. This contractionary monetary policy led to a significant increase in the stock of LEBACs, which rose by 117% between December 2015 and December 2016, taking their share in the monetary base from 49.2% to 84.2% in the 12-month period.

In keeping with its restrictive policy and in order to reduce the interest burden associated with the aforementioned rate increase, the central bank increased bank reserve requirements by four percentage points in 2016.

One of the innovations in 2016 was the implementation of a new inflation-linked funding facility (UVA), whose value will be updated on the basis of the consumer price index. The main purpose of this instrument is to boost mortgage lending for households, which in GDP terms and as a proportion of total credit in Argentina lags behind that of the rest of the countries in the region.

Interest rates at commercial banks generally followed the trend set by the monetary policy rate, with the deposit rate (fixed-term deposits) up 270 basis points for an average annual rate of 24.4%, while the lending rate (signature loans of up to 89 days) was up 515 basis points, reaching 33.3%.

In 2017, the central bank formally adopted an inflation-targeting regime and began setting its monetary policy rate on the basis of the 7-day repurchase agreement interbank rate² which, in accordance with the inflation reduction target, remained above inflation expectations. Against this backdrop, the stock of LEBACs continued growing and came to exceed 100% of the monetary base. Considering the deregulation of the foreign-exchange market and the elimination of the cap on foreign-currency exposure for commercial banks (see the section on exchange-rate policy), this volume of liquidity could potentially restrict the monetary authority's room for manoeuvre if the event of an exogenous shock.

With regard to credit policy, in 2017 the government announced the relaunching of the subsidized mortgage lending facility ProCreAr, and the largest State-owned banks also launched proprietary household mortgage lending programmes.

In the first four months of 2017, lending to the private sector grew at a faster pace, especially in the case of collateralized loans, which were up by 35.1% year-on-year in April. Interest rates on loans

² Based on repurchase agreements (repos) on government securities between the central bank and commercial banks.

were down 200 basis points to 25.60% in the first quarter of the year, while interest rates on fixed-term deposits were down 73 basis points to 18.23%.

(c) Exchange-rate policy

The exchange-rate policy in 2016 was shaped by the gradual unwinding of regulations adopted by the previous government, the end of currency market interventions in the second half of the year (free float) and purchases by the central bank of hard currency held by the treasury, as a result of the latter's foreign currency borrowing.

Exchange-rate flexibilization measures included extending deadlines for the settlement of export liabilities, freeing up access to currency markets for commercial debt payments and eliminating caps on free foreign-exchange transactions. The central bank ceased intervention in currency markets in the second half of the year against a backdrop of large foreign capital inflows (portfolio investments and borrowing), attributable to the combined effect of the liberalization of the foreign-exchange market, the settlement of the holdout dispute, the high level of real interest rates and the impact of the capital legalization or repatriation programme (which legalized the standing of US\$ 116.8 billion in foreign and domestic holdings). In this context, the central bank's real multilateral exchange rate fell 4.6%. Central bank purchasing of foreign exchange held by the treasury—as a result of the latter's debt issuance in foreign currency—was the main driver of the 53.8% rise in international reserves, to US\$ 39.3 billion (compared to US\$ 25.6 billion at the end of 2015).

In the first four months of 2017 and with a more ready supply of foreign exchange, the nominal exchange rate fell 2.7%, while the multilateral real exchange rate was down an additional 8.4%. International reserves climbed further as the central bank continued to purchase hard currency generated by the treasury through dollar-denominated debt issues. By the end of April 2017, reserves stood at US\$ 48.2 billion, equivalent to a 40.2% year-on-year increase.

Other important measures adopted in 2017 include the abolition by the central bank of caps on the general foreign-currency exposure of financial institutions and the announcement of prudential targets for reserves build-up in a context of downward pressure on the nominal exchange rate.

(d) Other policies

In 2016 the Argentine Congress passed Law 27.264 awarding tax, administrative and financing benefits to small and medium-sized enterprises (SMEs), as well as Law 27.328 on public-private partnership contracts, to give greater impetus to investments made by the public sector with private sector backing. In 2017, with the aim of boosting exports, Argentina extended coverage and increased the rates on tax reimbursements for exporting sectors. Additionally, the 35% tariff on imports was abolished for a group of electronic devices (mostly portable computers and tablets), in order to reduce the prices of these products in the domestic market.

With regard to social and labour matters, a public emergency bill was passed in late 2016 seeking to continue and extend existing social programmes and guarantee the provision of benefits for informal workers similar to those enjoyed by the formally employed. In February 2017, Law 24.557 governing work risk insurers (ART) was modified to reduce the number of cases brought to court after accidents at work, the first step of a reform agenda focused on cutting labour costs.

3. The main variables

(a) The external sector

In 2016, the goods and services trade balance recorded a US\$ 2.5 billion deficit, US\$1.8 billion less than in 2015. This improvement was attributable to a reversal in the goods trade deficit—which recorded a US\$ 4.5 billion surplus—that was partially countered by the rise in the services deficit, which stood at US\$ 7.0 billion.

Goods exported, measured in dollars, were up 1.7% thanks to a rise in volumes (6.6%) that outweighed a drop in prices (4.9%). The increase in the value of exports can be explained by the 17.7% rise in primary products, as a result of higher volumes sold after the easing of export duties and the exchange-rate improvements in early 2016. In turn, the drop in exports of manufactured goods of industrial origin (6.6% in dollar terms), resulting from the contraction of Brazilian demand, was a main detractor. The United States was the fastest growing export destination thanks to biodiesel sales, while exports to Brazil suffered the greatest setbacks as a result of falling automobile sales.

Imports of goods fell 6.9% in dollar terms, owing to a 10.4% decline in prices that outweighed a 3.8% increase in imported volumes, mostly consumer goods and motor vehicles. This drop in imports as measured in dollars is attributable to declines in imports of parts, fittings and accessories of capital goods (10.8%), intermediate goods (14.4%), and fuel and lubricants (30.7%), in a year characterized by lower demand for inputs and intermediate goods on account of the downturn in local production. These setbacks were partially offset by the rise in purchases of capital goods (2.2%), consumer goods (9.1%) and motor vehicles (33.6%). The Brazilian market was the fastest-growing source of imports, reflecting rising automobile purchases, while China suffered the largest slowdown as a result of declining purchases of electronic devices and railway equipment.

The current account recorded a deficit of US\$ 15 billion (2.8% of GDP) in 2016, coming in slightly below the US\$ 16.8 billion deficit registered in 2015, as the negative result on the services and income balance (3.6% of GDP) outweighed the surplus on the goods balance (0.8% of GDP). The capital and financial account recorded a US\$ 29.1 billion surplus (5.3% of GDP), owing to the positive contribution of external debt issuance by the national government and certain provinces, net of capital payments (US\$ 28.4 billion). This surplus clearly outweighed the current account deficit, as well as gross outflows linked to external asset formation—which, according to the central bank, reached US\$ 28.5 billion on a cash basis in 2016—with the net result being a US\$ 13.7 billion rise in international reserves (or 2.5% of GDP).

In the first quarter of 2017, the trade balance recorded a deficit of US\$ 1.1 billion, in contrast to the surplus registered in the year-earlier period (US\$ 100 million). The deterioration of the trade balance reflected a greater increase in imports than in exports. In particular, exports grew 1.8% in the first quarter, driven by manufactured goods of industrial origin (7.9%), fuel and energy (37.7%), and manufactured goods of agricultural origin (0.6%), which was offset by a 7.2% drop in the export of primary products, partly due to the high comparison base from the year before. Imports grew 7.5%, driven by motor vehicles (43.3%), consumer goods (18.2%), intermediate goods (0.7%), capital goods (14.3%), and fuel and lubricants (6.7%). Imports of parts and accessories were the exception, falling by 5% in a context of falling industrial production.

(b) Economic activity

GDP contracted 2.2% in 2016, owing to declines in investment (5.1%) and private consumption (1.4%), and the upturn in imports (5.7%), which were partially offset by growth in exports (3.7%) and public

consumption (0.3%). On the supply side, goods-producing sectors recorded a drop of 5.7%, which was mainly attributable to reversals in construction (-11.0%), manufacturing (-5.6%) and agriculture (-5.7%). Services remained flat, while there were noteworthy declines in financial intermediation (-3.8%) and retail and wholesale commercial activity (-2.4%).

In the first quarter of 2017, GDP grew 0.3% year-on-year and 1.1% quarter-on-quarter in seasonally adjusted terms. This recovery largely reflects year-on-year growth in transport and communication (3.7%), real estate and business services (2.7%), agriculture (4.3%) and financial intermediation (2.4%).

(c) Prices, wages and employment

In 2016, the consumer price index rose on average 41% for the year, with most hikes occurring in the first half, when the average monthly inflation rate stood at 4.2%. These increases were linked to the rise in the nominal exchange rate, the abolition or easing of export duties and the uptick in public services tariffs. In the second half of 2016, once the exchange rate had stabilized and in the absence of new tariff increases, the upward trend of the consumer price index slowed to a monthly average of 1.4%. In the first four months of 2017, the price index restarted its upward swing, owing to regulated prices going up (mainly public services, tolls, school fees and prepaid services), taking the average monthly inflation rate to 2.2%. Expectations point to an easing of price momentum if exchange-rate stability is maintained and no further adjustments are made to public services tariffs.

In 2016, nominal wages measured by the wage index published by the National Institute of Statistics and Censuses recorded year-on-year growth of 33.4% in the private sector and 31.6% in the public sector. The adjustable minimum wage rose 32.8% on average in 2016, coming in below the rise in consumer prices, thus implying a deterioration of wages in real terms. Retirement benefits, pensions and family allowances grew 29% year-on-year in March 2017, also below inflation.

Lastly, the unemployment rate for the fourth quarter of 2016 stood at 7.6%, while the participation rate came in at 45.3%; both correspond to new official figures which are not comparable to previous readings. According to information from the Ministry of Labour, Employment and Social Security, in 2016 total registered employment grew on average 0.7% year-on-year, in a context in which self-employment and public sector employment grew 1.8% and 2.4%, respectively, while the number of workers registered in the private sector fell 0.7%. In the first quarter of 2017, unemployment stood at 9.2% and the participation rate reached 45.5%, while registered employment grew 0.9% year-on-year thanks to the rise in self-employed workers (3.8%) and public sector workers (1.0%), although private sector employment continued to decline (-0.2%).

Table 1
ARGENTINA: MAIN ECONOMIC INDICATORS

	2008	2009	2010	2011	2012	2013	2014	2015	2016 a/
	Annual growth rates b/								
Gross domestic product	4.1	-5.9	10.1	6.0	-1.0	2.4	-2.5	2.6	-2.2
Per capita gross domestic product	3.0	-6.9	9.0	4.9	-2.1	1.3	-3.5	1.6	-3.2
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	-2.2	-26.1	39.5	-2.4	-12.9	11.5	3.1	7.6	-5.3
Mining and quarrying	-1.1	0.2	1.6	-5.8	-1.2	-4.0	1.6	2.8	-5.3
Manufacturing	3.6	-7.3	10.9	7.7	-2.9	1.5	-5.1	0.8	-5.7
Electricity, gas and water	4.8	-0.5	1.7	4.7	4.7	0.5	2.0	3.5	1.4
Construction	4.2	-12.3	9.8	9.5	-2.4	-0.1	-2.0	3.0	-11.3
Wholesale and retail commerce, restaurants and hotels	4.8	-7.5	12.3	10.1	-2.4	2.2	-6.3	2.9	-2.1
Transport, storage and communications	5.4	-0.7	8.9	5.4	0.6	2.4	0.8	2.6	3.2
Financial institutions, insurance, real estate and business services	5.7	-2.1	4.0	5.8	1.5	1.3	-1.1	2.0	-1.5
Community, social and personal services	4.8	3.5	3.9	3.7	3.4	1.9	1.7	2.8	1.4
Gross domestic product, by type of expenditure									
Final consumption expenditure	6.9	-3.9	10.3	8.7	1.4	3.9	-3.3	-0.7	...
Government consumption	5.0	5.6	5.5	4.6	3.0	5.3	2.9	-0.9	...
Private consumption	7.2	-5.4	11.2	9.4	1.1	3.6	-4.4	-0.7	...
Gross capital formation	6.7	-23.1	32.5	16.1	-11.2	4.7	-6.2	-3.1	...
Exports (goods and services)	0.7	-9.3	13.9	4.1	-4.1	-3.5	-7.0	-3.2	...
Imports (goods and services)	13.6	-18.4	35.2	22.0	-4.7	3.9	-11.5	-1.1	...
Investment and saving c/	Percentages of GDP								
Gross capital formation	19.6	16.1	17.7	18.4	16.5	17.3	17.3	16.9	16.2
National saving	21.1	18.2	17.3	17.4	16.1	15.2	15.7	14.2	13.4
External saving	-1.5	-2.2	0.4	1.0	0.4	2.1	1.5	2.7	2.7
Balance of payments	Millions of dollars								
Current account balance	5 421	7 254	-1 623	-5 340	-2 138	-13 124	-8 674	-17 170	-14 901
Goods balance	15 563	18 645	14 147	12 351	15 041	4 635	6 015	-363	4 540
Exports, f.o.b.	70 159	55 791	68 306	83 120	80 084	75 928	68 444	56 813	57 784
Imports, f.o.b.	54 596	37 146	54 159	70 769	65 043	71 293	62 429	57 176	53 243
Services trade balance	-2 222	-1 992	-1 804	-3 152	-4 097	-5 329	-4 610	-5 786	-8 446
Income balance	-9 034	-10 319	-14 548	-15 073	-13 754	-13 165	-11 614	-12 105	-12 152
Net current transfers	1 114	920	581	534	672	734	1 535	1 083	1 156
Capital and financial balance d/	-5 404	-5 908	5 780	-768	-1 167	1 301	9 869	12 237	28 626
Net foreign direct investment	8 335	3 306	10 368	9 352	14 269	8 932	3 145	10 884	2 442
Other capital movements	-13 738	-9 214	-4 588	-10 120	-15 436	-7 631	6 724	1 353	26 184
Overall balance	17	1 346	4 157	-6 108	-3 305	-11 824	1 195	-4 933	13 725
Variation in reserve assets e/	-17	-1 346	-4 157	6 108	3 305	11 824	-1 195	4 933	-13 725
Other financing	0	0	0	0	0	0	0	0	0
Other external-sector indicators									
Terms of trade for goods (index: 2010=100)	96.4	97.2	100.0	110.9	115.7	108.1	105.4	100.8	107.3
Net resource transfer (millions of dollars)	-14 438	-16 227	-8 767	-15 841	-14 921	-11 864	-1 745	132	16 474
Total gross external debt (millions of dollars)	125 859	119 267	134 011	145 154	145 722	141 491	144 801	152 632	156 043
Employment g/	Average annual rates								
Labour force participation rate	58.8	59.3	58.9	59.5	59.3	58.9	58.3	57.7	57.5
Open unemployment rate	7.9	8.7	7.7	7.2	7.2	7.1	7.3	6.5	8.5
Visible underemployment rate	9.5	11.1	9.8	9.1	9.3	9.2	9.6	9.0	11.5

Table 1 (concluded)

	2008	2009	2010	2011	2012	2013	2014	2015	2016 a/
Prices	Annual percentages								
Variation in consumer prices (December-December)	7.2	7.7	10.9	9.5	10.8	10.9	23.9	27.5	38.5
Variation in wholesale prices (December-December)	8.8	10.3	14.6	12.7	13.1	14.8	28.3	12.7	34.6
Variation in nominal exchange rate (annual average)	1.5	17.9	4.9	5.6	10.2	20.4	48.2	14.0	59.4
Nominal deposit rate h/	11.1	11.8	9.4	10.8	12.1	14.8	20.8	21.7	24.4
Nominal lending rate i/	19.8	21.3	15.2	17.7	19.3	21.6	29.3	28.2	33.3
Central government	Percentajes of GDP								
Total revenue	17.4	19.3	19.7	18.7	19.4	19.9	20.6	20.7	20.3
Tax revenue	16.3	16.7	17.2	17.1	17.8	17.5	17.3	17.5	17.4
Total expenditure	16.8	20.0	19.8	20.7	21.3	22.4	24.8	24.5	26.3
Current expenditure	14.8	17.5	17.1	18.1	19.1	19.6	20.6	21.7	24.2
Interest	1.9	2.1	1.4	1.9	1.8	1.2	1.9	1.8	3.7
Capital expenditure	2.0	2.5	2.7	2.5	2.2	2.8	4.2	2.7	2.1
Primary balance	2.5	1.3	1.3	-0.1	0.0	-1.3	-2.3	-1.9	-2.3
Overall balance	0.6	-0.8	-0.1	-2.0	-1.9	-2.5	-4.2	-3.7	-6.0
Central government public debt j/	53.8	55.4	43.5	38.9	40.4	43.5	44.7	53.5	54.2
Domestic	37.1	38.7	28.9	26.9	29.2	31.7	32.1	39.3	36.0
External	16.7	16.7	14.6	12.0	11.2	11.8	12.6	14.2	18.2
Money and credit	Percentages of GDP, end-of-year stocks								
Domestic credit	14.2	15.5	18.5	20.4	23.8	25.8	24.2	25.6	23.5
To the public sector	13.7	16.9	17.8	16.8	19.8	21.6	24.7	29.5	27.5
To the private sector	12.3	12.4	12.7	14.0	15.2	15.7	13.8	14.7	14.0
Others	-11.9	-13.9	-11.9	-10.4	-11.2	-11.5	-14.4	-18.5	-18.0
Monetary base	9.5	9.5	9.4	9.6	11.1	10.8	9.7	10.6	9.8
Money (M1)	12.5	13.1	13.3	13.2	15.0	14.7	13.8	13.7	12.7
M2	22.7	23.8	24.6	24.4	27.6	27.4	25.6	26.7	24.5
Foreign-currency deposits	2.7	3.4	3.7	2.5	1.7	1.6	1.6	2.6	4.8

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 2004 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

	2015				2016				2017	
	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/	0.0	3.9	3.8	2.6	0.6	-3.7	-3.7	-1.9	0.3	...
Gross international reserves (millions of dollars)	31 470	33 681	33 602	26 049	29 348	31 686	31 188	37 787	49 339	47 182 c/
Open unemployment rate	7.1	6.6	5.9	9.3	8.5	7.6	9.2	...
Employment rate	53.6	53.7	54.5	52.4	52.8	52.6	52.0	...
Consumer prices (12-month percentage variation)	18.6	20.1	21.9	27.5	35.3	45.6	42.4	38.5	31.9	24.0 c/
Wholesale prices (12-month percentage variation)	15.1	13.4	13.0	12.7	30.2	36.0	35.0	34.6	19.6	15.3 c/
Average nominal exchange rate (pesos per dollar)	8.7	9.0	9.2	10.1	14.4	14.2	14.9	15.4	15.7	15.7
Nominal interest rates (average annualized percentages)										
Deposit rate d/	20.3	21.0	21.3	24.2	26.2	28.1	23.4	19.9	18.5	17.8 e/
Lending rate f/	27.4	26.9	27.2	31.3	35.4	37.4	32.3	28.3	26.2	28.1 e/
Interbank rate	21.5	19.4	22.8	24.3	28.7	34.3	28.1	25.5	23.5	24.0 e/
Monetary policy rates	26.5	26.0	26.0	29.4	30.8	32.3	27.3	24.7	24.8	26.3
Sovereign bond spread, Embi + (basis points to end of period) g/	629	631	591	438	444	518	439	455	452	407 c/
Risk premiia on five-year credit default swap (basis points to end of period)	2 987	5 393	5 393	5 393	5 393	420	382	419	364	324
International bond issues (millions of dollars)	1 286	2 000	-	300	2 610	24 065	2 608	4 500	13 278	2 660 c/
Stock price index (national index to end of period, 31 December 2005 =100)	702	755	636	757	842	951	1 081	1 096	1 313	1 420
Domestic credit (variation from same quarter of preceding year)	31.0	33.7	38.5	40.3	27.9	28.0	24.9	20.3	31.0	...
Non-performing loans as a percentage of total credit	2.0	2.0	1.8	1.7	1.8	1.9	1.9	1.8	1.9	...

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 2004 prices.

c/ Figures as of May.

d/ Fixed-term deposits, all maturities.

e/ Figures as of April.

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.