ARGENTINA

1. General trends

The Argentine economy grew 2.9% in 2017 —driven by private consumption, investment, public consumption and exports— thus reversing the 1.8% contraction in GDP recorded in 2016. The inflation rate came down from 40.5% in 2016 to 25.5% in 2017, while unemployment fell from 7.6% in the fourth quarter of 2016 to 7.2% in the same period in 2017.

The growth performance in 2017 reflected both external and domestic factors. The first included the upturn in the Brazilian economy and greater expansion in the region's markets, which led to an increase in industrial manufacturing exports. Domestic drivers included real wage gains, higher real expenditure on social benefits, strong bank lending to the private sector and an increase in public works activity, all of which were reflected in private consumption and investment growth.

Dragging on the recovery in 2017 was a heavy deterioration in the external sector, as reflected in the further widening of the current account deficit, which rose to 4.9% of GDP (one the highest levels on record). The widening of the current account deficit reflected both the deficit in the goods trade balance (0.9% of GDP) and the expansion of the services and income accounts deficits, in a context of exchange-rate appreciation. Formation of non-financial private-sector assets abroad also increased in 2017 and accounted for 3.5% of GDP. Unencumbered access to international financial markets, especially for the public sector —whose total deficit was 6% of GDP— allowed Argentina to finance its external deficit and even build up considerable international reserves.

GDP grew by 1.1% in the first quarter of 2018 with respect to the previous quarter, in seasonally adjusted terms, and by 3.6% compared with the prior-year quarter, in a context of continued deterioration on the external front. In the year spanning the second quarter of 2017 to the first quarter of 2018, the current account deficit combined with capital outflows by the non-financial private sector totalled 7.8% of GDP.

Vulnerability on the external front, together with tensions in international financial markets, led to a strong depreciation of the peso in the second quarter of the year, and consequently to rapid inflation, drops in international reserves totalling US$ 13.10 billion (between 20 April and 21 June) and a large annual hike in the central bank's benchmark rate, to 40%. Given the harsher conditions attached to international financing, the Government of Argentina entered into a US$ 50.0 billion financial assistance programme with the International Monetary Fund (IMF), which included a stricter primary fiscal deficit target for 2018 and the following two years.

Consequently, GDP in 2018 is expected to fall by 0.3%, a forecast that is due not only to the expected decline in consumption and investment —owing to exchange-rate depreciation— and to the expected contractionary bias in monetary policy and reduction in primary spending, but also to the large decline in primary exports, as a result of the severe drought that affected the agricultural sector in the first half of the year. As for the Treasury's financial obligations, the disbursements schedule agreed upon with IMF will be insufficient to meet all commitments in the remainder of 2018 and, especially, in 2019. If the portfolio dollarization trend of recent years continues, the country will also be unable to achieve balance-of-payments equilibrium, even considering the decline in economic activity. The authorities expect that meeting the macroeconomic targets agreed upon with IMF will help to restore flows of capital to Argentina and thereby cover the public sector's financing needs and balance the country's external accounts. ECLAC growth projections for 2018 are subject to those catalysing effects coming to fruition.

2. Economic policy

Economic policy in 2017 focused on reducing the fiscal deficit and inflation by cutting real public spending and maintaining positive real interest rates. In addition, the central government attempted to reduce tax pressure with a reform that was passed by Congress. Economic policy was complemented by regulatory changes, such as eliminating restrictions on foreign-exchange transactions and lifting controls on domestic fuel prices.

The external sector faced strong headwinds early in 2018, which further tightened the contractionary bias in fiscal and monetary policies with respect to 2017 and led to a change in strategy in Argentina's exchange-rate and financing policies. The central bank became more active in the foreign-exchange market, selling large holdings of international reserves and hiking interest rates substantially. It was in this context that the government agreed to a financial assistance programme with IMF, setting stricter targets for its primary fiscal deficit. The agreement also imposed greater restrictions on the Central Bank of Argentina, in terms of both Treasury financing and foreign-exchange intervention.

(a) Fiscal policy

Fiscal policy was contractionary in 2017; primary spending increased by 21.8%, below both inflation (25.5%) and total income (22.6%) in the same period. As a result, the primary deficit fell in real terms from 4.2% of GDP in 2016 to 3.8%. Excluding non-recurrent revenues linked to the capital repatriation programme (in force from the fourth quarter of 2016 to the first quarter of 2017), the primary fiscal deficit fell from 5.5% of GDP in 2016 to 4.2% in 2017.

The nominal increase in primary spending was mainly attributable to the rise in social benefits (36.7%) and in expenditures on remuneration and goods and services (26.4%). Social outlays jumped, notably in the case of retirement benefits and pensions (40.9%) and family and child allowances (30.9%). The first was partly explained by the "historic reparations" programme for retirees —which involved retroactive adjustments for pension benefits miscalculated in the past— while the second was due to increased coverage. The government continued its policy of cutting economic subsidies in 2017 and increased utility rates. Spending cuts attributable to this item totalled 22.5% in nominal terms and affected mainly energy (electricity and gas) subsidies.

Growth in nominal income was driven by increased receipts from value added tax (25.5%), income tax (22.7%) and social security contributions (30.3%), amid improvements in improved activity levels and, to a lesser extent, in employment. Despite strong growth in imports, tax contributions from international trade were practically non-existent owing to the decline in revenues from export duties.

Expenditure on public debt interest payments increased significantly in 2017 (71.3%), resulting in a wider financial deficit of 6% of GDP (compared to 5.8% in 2016). Excluding non-recurrent revenues linked to the capital repatriation programme, the financial deficit narrowed from 7.1% of GDP in 2016 to 6.4% in 2017. In view of these financing needs, central government gross public debt increased from 53.3% of GDP in 2016 to 57.1% in 2017, while public external debt rose from 17.8% to 23.1% in the same period.

At the end of 2017, Congress adopted a tax and social security reform proposed by the government. The tax reform included a gradual decline in reinvested corporate gains tax rates, an increase in the minimum taxable amount for personal income tax and an update to the structure of these tax rates. It also introduced a change in the distribution of receipts from taxes shared with the provinces, a reduction in contributions from employers on the basis of a minimum taxable amount, which by 2022 would reach 12,000 pesos per month at end-of-2017 values (US$ 640), a rise in domestic taxes on some unhealthy products and a tax cut for electrical and electronic products. The reform also reintroduced the capital gains tax —5% for earnings in national currency and 15% for those in foreign currency. The social security reform changed the formula for social benefits, establishing biannual adjustments on the basis of changes in wages and average income as recorded in the National Social Security Administration (ANSES). The new formula updates the benefits on a quarterly basis, with the consumer price index weighing 70% and the wage index 30%. This reform also extended retirement age to 70 years, on an optional basis (previously, it was age 60 for women and 65 for men).

In the first six months of 2018, primary income grew at a faster pace than expenditures (26.3% and 19.3% year on year, respectively), resulting in a 26.7% year-on-year decline in the primary deficit, in nominal terms. Expenditures on debt servicing continued growing rapidly (30.6%) and the financial deficit narrowed by 1.7% in nominal terms. Amid harsher financing conditions after the foreign-exchange difficulties in April and May, the Government of Argentina reached an agreement with IMF for a 36-month US$ 50.0 billion stand-by loan. The agreement terms include a stricter primary fiscal deficit target in 2018 (from 3.2% to 2.7% of GDP) and the next two years. The government expects to achieve equilibrium in its primary balance in 2020 on the back of cuts in spending on energy and transport subsidies, wages and goods and services, current transfers to provinces and capital expenditures. The agreement also sets a floor for social protection spending and allows the option of expanding social spending by up to 0.2% of GDP over the course of the programme, which could be channelled through the Universal Child Allowance, the Universal Pregnancy Allowance and other family allowances. Tenders for infrastructure works with private financing were conducted early in 2018 under a public-private partnership scheme which could partially offset the proposed reduction in public spending in this area for 2018.

(b) Monetary policy

Monetary policy was contractionary in 2017. The benchmark rate (based on the 7-day repurchase agreement interbank rate) averaged 26.2% for the year, above the inflation expectations recorded in the central bank’s market expectations survey. At December 2017, the monetary policy rate stood at 28.75%, while median inflation expectations for the next 12 months came in at 17.4%. The policy of high interest rates in place since 2017 led to a nominal 76% year-on-year increase in holdings of central bank bills. At December 2017, holdings in these securities by non-bank agents accounted for a peso amount equivalent to 71% of international reserves. This became one of the destabilizing factors in the currency market between April and June 2018.

Interest rates at commercial banks generally followed the trend set by the monetary policy rate, with the deposit rate (fixed-term deposits) up 280 basis points to 21.8% year on year at December 2017, while the lending rate (signature loans of up to 89 days) was up 160 basis points to 29.2%. A noteworthy regulatory change by the central bank in 2017 was the lifting of the ban on remunerations on current account deposits.

The monetary authority cut its policy rate by 150 basis points in January 2018, after increasing its inflation target for 2018 from 10% to 15%. However, between April and May —amid mounting external financial uncertainty, which led private holders of LEBACs to purchase dollar-denominated assets, thus exerting significant pressure on the exchange rate— the monetary authority reversed its policy and implemented a large rate hike, up to 40%.

Within the framework of the IMF agreement, the national government committed to drafting a new charter for the central bank (requiring congressional approval), eliminating any possibility of funding the fiscal deficit through the central bank and setting limits on transfers of central bank profits to the national government. In addition, with a view to reducing the central bank's short-term liabilities (LEBAC) with the non-bank private sector, the government plans to inject capital into the central bank by repurchasing its Treasury security holdings (known as "non-transferable bills"). In the framework of the IMF agreement, the official inflation forecast was raised from 15% to 27% for year-end 2018 and from 10% to 17% for year-end 2019.

Finally, to manage money market liquidity, the central bank introduced a new 7-day liquidity note (LELIQ), which can be operated only by financial institutions dealing on own account.

(c) Exchange-rate policy

The central aspects of the exchange-rate policy in 2017 were the lifting of regulations (which had been previously flexibilized), the managed exchange-rate float regime and the build-up of international reserves (basically reflecting external borrowing by the non-financial public sector).

Among the foreign-exchange restrictions eliminated in 2017 were the 120-day in-country holding requirement for foreign investments and the obligation to liquidate export earnings in dollars (after a series of deadline extensions). Central bank intervention in the foreign-exchange market was practically neutral in 2017 and helped to reduce the volatility of the nominal exchange rate, which began trending upward in the early months of the year and appreciated in the second half of the year. The multilateral nominal exchange rate rose by 22.2% in 2017, while the real exchange rate remained stable (increasing only by 0.2%). International reserves were up as a result of the central bank's purchases of foreign exchange generated by the Treasury through its dollar-denominated debt issues, and at year-end stood at US$ 55.10 billion (8.6% of GDP).

International financial tensions, domestic imbalances (high current account deficit, external asset formation by the private sector and the central bank's short-term liabilities with the private sector) and other conjunctural factors (implementation of a capital gains tax on foreign investors and the drought which hurt agricultural exports) in the first half of 2018 led to sharp exchange-rate pressures between April and June, which were compounded by market deregulation. The monetary authority addressed the initial tensions by selling international reserves so as to avoid further depreciation of the local currency. Subsequently, and faced with ongoing pressure, it allowed a large rise in the nominal exchange rate and hiked its monetary policy rate, and reduced the caps on foreign currency holdings for banks. Despite the interest rate hike, the end result was a US$ 13.10 billion (21.3%) drop in the central bank's international reserves and a 36.5% increase in the bilateral nominal exchange between 20 April and 21 June.

After the agreement with IMF, the central bank announced it would continue with its managed exchange-rate float regime and the Ministry of Finance launched a programme consisting of pre-announced daily sales of dollars, to be drawn from US$ 7.50 billion available through the IMF agreement to finance the budget. This last measure, together with the high level of interest rates and public debt issuances in the domestic market, helped to stabilize the foreign-exchange market in July. International reserves reached US$ 58.0 billion at the end of July, US$ 2.90 billion above their level at year-end 2017, but US$ 5.30 billion below their level at mid-June, subsequent to the first disbursement (US$ 15.0 billion) from IMF.

(d) Other policies

Between late 2017 and early 2018, Argentina launched a series of regulatory changes in the domestic hydrocarbons market, the financial system and the national public administration. The government lifted the controls on domestic prices of crude oil and fuel (which had previously been fixed in agreement with the industry) as from October 2017, which led to significant price increases in 2018, owing to the combined effect of the rise in the exchange rate and in international oil prices. The government also issued rules in January 2018, including administrative changes to international trade transactions, public tenders and financial transactions by the Sustainability Guarantee Fund (FGS) of the National Social Security Administration of Argentina, with a view to deregulating and eliminating red tape in the State's procedures. Congress adopted the Production Financing Act, which introduced changes to capital markets regulation. This new law introduced new instruments for financing small and medium-sized enterprises, as well as inflation-indexed mortgage bonds, which will allow banks access to more funds for mortgage loans and allow their securitization.

With regard to industrial policy, the national government, the government of the Province of Tierra del Fuego, business owners in the electronics sector and the relevant professional associations signed an agreement to improve the sector's productivity. The agreement includes measures aimed at reducing the negative impact of tax cuts on electronic products implemented in the rest of the country (included in the tax reform), inasmuch as domestic production is concentrated in Tierra del Fuego thanks to a special tax regime. Congress also adopted a “Buy Argentine” law, which sets out preferential treatment for domestic firms in public tenders. Lastly, in the context of the negotiations and agreement with IMF, the government merged the former ministries of the Treasury and finance under a single Ministry of Finance and appointed the Minister of Finance as the economic coordinator of the cabinet.

3. The main variables

(a) The external sector

The current account deficit widened to US$ 31.30 billion (4.9% of GDP) in 2017, chiefly reflecting the reversal in the goods surplus (which turned into a deficit of 0.9% of GDP) and the widening of the deficits in the services and income accounts (which jointly accounted for 4.1% of GDP).

The deterioration in the goods balance was due to a rise in imports (19.7%) which outpaced that of exports (0.9%). Higher imports, measured in dollars, were the result of rises in both volumes (14.6%) and prices (4.5%), in a year in which economic activity bounced back and the real exchange rate remained high. Segments that made the largest contributions to imports were passenger motor vehicles (40.9%), capital goods (23%) and consumer goods (20.9%). The slight increase in exports, measured in dollars, resulted from higher prices (1.4%) that were partially offset by the decline in volumes (0.4%). By segment, the largest contributions came from manufactures of industrial origin (11.2%) —driven by higher sales in motor vehicles and seamless pipes— and from the appreciation of fuel exports (18.7%), linked to price increases of these products in the international markets. The services balance deficit (1.6% of GDP) was mainly attributable to net outflows for travel and transport, which increased from 1.3% of GDP in 2016 to 1.4% in 2017.

The capital and financial account recorded a surplus of US$ 45.60 billion (7.1% of GDP), which was linked mainly to public debt issuances and loans to the general government, net of capital payments, of US$ 34.10 billion (5.3% of GDP). Foreign direct investment (FDI) recorded a surplus of US$ 11.50 billion (1.8% of GDP), split between US$ 9.10 billion (1.4% of GDP) in equity and investment fund shares, and US$ 2.40 billion (0.4% GDP) in debt instruments. The surplus of the capital and financial account more than offset the current account deficit and gave way to a rise in international reserves of US$ 14.60 billion (2.3% of GDP).

Before the onset of exchange-rate tensions, the current account deficit had widened by 34.4% to US$ 9.60 billion in the first quarter of 2018, mainly as a result of a higher deficit on both the goods and the income accounts. The goods trade deficit stood at US$ 5.10 billion in the first half of 2018, US$ 2.50 billion higher than in the same period in 2017, owing to a larger rise in imports (13%) than in exports (5.6%), the latter the result of the severe drought that hurt agricultural exports. The formation of non-financial private sector assets abroad increased substantially in the first half of 2018 and came in at US$ 16.70 billion (2.6% of GDP).

(b) Economic activity

GDP grew by 2.9% in 2017, driven by investment (11%), private consumption (3.5%), public consumption (2.2%) and exports (0.4%), the effects of which were partially offset by the increase in imports (15%). On the supply side, the goods-producing sectors contributing most to the upturn were manufacturing (with year-on-year growth of 3%), construction (up 10.3%) and agriculture (up 3.7%). Among service providers, the strongest contributors were real estate and business activities (3.1%) and commerce (2.3%).

The manufacturing industry posted a mixed performance. Segments linked to the automotive industry and construction recorded healthy growth, while the remaining sectors remained stagnant or continued falling. Among the best performing sectors were base metals (9.2%), metalworking (8.5%), non-metallic minerals (6.2%) and motor vehicles (5.4%). The worst performers were textiles and tobacco products, which fell by 6.7% and 4.7%, respectively.

GDP grew by 1.1% in the first quarter of 2018 on a seasonally adjusted basis with respect to the fourth quarter of 2017, and by 3.6% in year-on-year terms. Output growth reflected the year-on-year increase in investment (18.3%), private consumption (4.1%) and exports (6.4%). The monthly estimator of economic activity (EMAE) rose 0.6% in the first five months of the year, compared to the same period in 2017 (reflecting the effect of the drought on agricultural exports), while the monthly industrial estimator (EMI) grew by 2.4% and the synthetic indicator of construction activity (ISAC) did so by 12.4% in the same period.

(c) Prices, wages and employment

The consumer price index rose by 25.5% on average in 2017, below the 40.5% it recorded in 2016, in a year in which exchange-rate stability was achieved, but regulated prices increased. Average monthly inflation increased by 2.5% in the first six months of 2018, as a result of a new round of tariff hikes for public services, the increase in the nominal exchange rate and the rise in international oil prices. Inflation is expected to remain high throughout the year, certainly above 2017 levels, on account of the depreciation of the peso and the rise in international oil prices in the second quarter.

According to data from the Ministry of Labour and the consumer price index published by the National Institute of Statistics and Censuses (INDEC), real wages in the private sector rose 2.9% year on year in 2017. This was insufficient to make up the 5.4% drop recorded the previous year. The real adjustable minimum wage remained flat, while retirement benefits, pensions and family allowances grew 2.6% in real terms. In neither case did these variables recoup the declines of 2016. Poverty levels dropped from 30.3%

in the second half of 2016 to 25.7% in the second half of 2017, while extreme poverty (indigence) fell from 6.1% to 4.8% over the same period.

The unemployment rate came in at 7.2% in the fourth quarter of 2017, below the prior-year level (7.6%), while the participation rate rose to 46.4% (from 45.3% in the same period in 2016). According to the Ministry of Labour, Employment and Social Security, employment was up by 1.6% in 2017 thanks to the inclusion of self-employed workers and individuals covered by the simplified income tax regime (*monotributistas*), which together increased by 4.5% year on year. Private sector employment grew 0.7%, public sector employment increased by 1.2% and employment in private households rose 3.5%. The unemployment rate stood at 7.1% in the first quarter of 2018 (0.1% below the same quarter in 2017), while employment over the first five months of the year recorded year-on-year growth of 1.8%, with the *monotributistas* accounting for the largest share of this increase.

Table 1
ARGENTINA: MAIN ECONOMIC INDICATORS

	2009	2010	2011	2012	2013	2014	2015	2016	2017 a/
	Annual growth rates b/								
Gross domestic product	-5.9	10.1	6.0	-1.0	2.4	-2.5	2.7	-1.8	2.9
Per capita gross domestic product	-6.9	9.0	4.9	-2.1	1.3	-3.5	1.7	-2.8	1.9
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	-26.1	39.5	-2.4	-12.9	11.5	3.1	7.5	-4.5	4.1
Mining and quarrying	0.2	1.6	-5.8	-1.2	-4.0	1.6	1.6	-5.5	-3.4
Manufacturing	-7.3	10.9	7.7	-2.9	1.5	-5.1	0.8	-5.2	3.0
Electricity, gas and water	-0.5	1.7	4.7	4.7	0.5	2.0	4.4	1.3	-1.1
Construction	-12.3	9.8	9.5	-2.4	-0.1	-2.0	3.0	-11.2	10.3
Wholesale and retail commerce, restaurants and hotels	-7.5	12.3	10.1	-2.4	2.2	-6.3	3.3	-2.0	2.3
Transport, storage and communications	-0.7	8.9	5.4	0.6	2.4	0.8	3.0	3.4	2.7
Financial institutions, insurance, real estate and business services	-2.1	4.0	5.8	1.5	1.3	-1.1	1.7	-1.0	3.7
Community, social and personal services	3.5	3.9	3.7	3.4	1.9	1.7	2.8	1.8	1.0
Gross domestic product, by type of expenditure									
Final consumption expenditure	-3.9	10.3	8.7	1.4	3.9	-3.3	4.2	-0.8	3.3
Government consumption	5.6	5.5	4.6	3.0	5.3	2.9	6.9	0.3	2.2
Private consumption	-5.4	11.2	9.4	1.1	3.6	-4.4	3.7	-1.0	3.5
Gross capital formation	-23.1	32.5	16.1	-11.2	4.7	-6.2	4.6	-6.9	18.7
Exports (goods and services)	-9.3	13.9	4.1	-4.1	-3.5	-7.0	-2.8	5.3	0.4
Imports (goods and services)	-18.4	35.2	22.0	-4.7	3.9	-11.5	4.7	5.7	15.0
Investment and saving c/	**Percentajes of GDP**								
Gross capital formation	16.1	17.7	18.4	16.5	17.3	17.3	17.1	15.6	16.0
National saving	18.2	17.3	17.4	16.1	15.2	15.6	14.3	13.0	11.1
External saving	-2.2	0.4	1.0	0.4	2.1	1.6	2.7	2.6	4.9
Balance of payments	**Millions of dollars**								
Current account balance	7 254	-1 623	-5 340	-2 138	-13 124	-9 179	-17 622	-14 693	-31 324
Goods balance	18 645	14 147	12 351	15 041	4 635	5 541	-785	4 426	-5 547
Exports, f.o.b.	55 791	68 306	83 120	80 084	75 928	68 440	56 809	57 930	58 446
Imports, f.o.b.	37 146	54 159	70 769	65 043	71 293	62 899	57 594	53 505	63 993
Services trade balance	-1 992	-1 804	-3 152	-4 097	-5 329	-4 641	-5 815	-8 190	-9 887
Income balance	-10 319	-14 548	-15 073	-13 754	-13 165	-11 614	-12 105	-12 105	-16 343
Net current transfers	920	581	534	672	734	1 535	1 083	1 176	453
Capital and financial balance d/	-5 908	5 780	-768	-1 167	1 301	10 374	12 716	29 004	45 880
Net foreign direct investment	3 306	10 368	9 352	14 269	8 932	3 145	10 884	1 474	10 361
Other capital movements	-9 214	-4 588	-10 120	-15 436	-7 631	7 229	1 832	27 531	35 519
Overall balance	1 346	4 157	-6 108	-3 305	-11 824	1 195	-4 906	14 311	14 556
Variation in reserve assets e/	-1 346	-4 157	6 108	3 305	11 824	-1 195	4 906	-14 311	-14 556
Other financing	0	0	0	0	0	0	0	0	0
Other external-sector indicators									
Terms of trade for goods (index: 2010=100)	96.6	100.0	110.3	114.8	107.5	105.3	100.6	106.6	103.7
Net resource transfer (millions of dollars)	-16 227	-8 767	-15 841	-14 921	-11 864	-1 240	611	16 900	29 537
Total gross external debt (millions of dollars)	149 359	144 653	156 300	156 478	155 489	158 742	167 412	181 170	232 952
Employment g/	**Average annual rates**								
Labour force participation rate	59.3	58.9	59.5	59.3	58.9	58.3	57.7	57.5	57.8
Open unemployment rate	8.7	7.7	7.2	7.2	7.1	7.3	6.5	8.5	8.4
Visible underemployment rate	11.1	9.8	9.1	9.3	9.2	9.6	9.0	11.5	11.4

Table 1 (concluded)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Prices	**Annual percentages**								
Variation in consumer prices (December-December)	7.7	10.9	9.5	10.8	10.9	23.9	27.5	38.5	25.0
Variation in wholesale prices (December-December)	10.3	14.6	12.7	13.1	14.8	28.3	12.7	34.6	19.0
Variation in nominal exchange rate (annual average)	17.9	4.9	5.6	10.2	20.4	48.2	14.0	59.4	12.2
Nominal deposit rate h/	11.8	9.4	10.8	12.1	14.8	20.8	21.7	24.4	19.1
Nominal lending rate i/	21.3	15.2	17.7	19.3	21.6	29.3	28.2	33.3	26.8
Central government	**Percentajes of GDP**								
Total revenue	19.3	19.7	18.7	19.4	19.9	20.6	20.4	20.3	18.3
Tax revenue	16.7	17.2	17.1	17.8	17.5	17.3	17.2	17.2	15.8
Total expenditure	20.0	19.8	20.7	21.3	22.4	24.8	24.0	26.0	24.3
Current expenditure	17.5	17.1	18.1	19.1	19.6	20.6	21.4	23.9	22.4
Interest	2.1	1.4	1.9	1.8	1.2	1.9	1.8	3.6	3.0
Capital expenditure	2.5	2.7	2.5	2.2	2.8	4.2	2.7	2.1	1.9
Primary balance	1.3	1.3	-0.1	0.0	-1.3	-2.3	-1.9	-2.1	-3.0
Overall balance	-0.8	-0.1	-2.0	-1.9	-2.5	-4.2	-3.7	-5.8	-6.0
Central government public debt j/	55.4	43.5	38.9	40.4	43.5	44.7	53.5	53.3	57.1
Domestic	38.7	28.9	26.9	29.2	31.7	32.1	39.6	35.5	34.0
External	16.7	14.6	12.0	11.2	11.8	12.6	13.9	17.8	23.1
Money and credit	**Percentages of GDP, end-of-year stocks**								
Domestic credit	15.5	18.5	20.4	23.8	25.8	24.2	25.2	23.1	21.7
To the public sector	16.9	17.8	16.8	19.8	21.6	24.7	29.0	27.0	25.8
To the private sector	12.4	12.7	14.0	15.2	15.7	13.8	14.4	13.7	16.1
Others	-13.9	-11.9	-10.4	-11.2	-11.5	-14.4	-18.2	-17.7	-20.2
Monetary base	9.5	9.4	9.6	11.1	10.8	9.7	10.5	9.6	9.3
Money (M1)	13.1	13.3	13.2	15.0	14.7	13.8	13.4	12.5	11.6
M2	23.8	24.6	24.4	27.6	27.4	25.6	26.3	24.1	23.3
Foreign-currency deposits	3.4	3.7	2.5	1.7	1.6	1.6	2.6	4.7	5.3

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

	2016				2017				2018	
	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/	1.0	-3.6	-3.3	-1.1	0.6	3.0	3.8	3.9	3.6	…
Gross international reserves (millions of dollars)	29 348	31 686	31 188	37 787	49 339	47 453	48 709	53 809	61 753	56 201
Open unemployment rate c/	…	9.3	8.5	7.6	9.2	8.7	8.3	7.2	9.1	…
Employment rate	…	52.4	52.8	52.6	52.0	52.4	53.4	53.9	53.2	…
Consumer prices (12-month percentage variation)	35.3	45.6	42.4	38.5	31.9	21.9	24.2	25.0	25.6	29.5
Wholesale prices (12-month percentage variation)	30.2	36.0	35.0	34.6	19.6	14.2	16.5	19.0	27.6	43.9
Average nominal exchange rate (pesos per dollar)	14.4	14.2	14.9	15.4	15.7	15.7	17.3	17.6	19.7	23.5
Nominal interest rates (average annualized percentages)										
Deposit rate d/	26.2	28.1	23.4	19.9	18.5	18.1	18.9	20.9	21.5	22.8 e/
Lending rate f/	35.4	37.4	32.3	28.3	26.2	27.3	25.9	27.8	29.7	34.2 e/
Interbank rate	28.7	34.3	28.1	25.5	23.5	24.4	25.9	27.7	27.1	32.7 e/
Monetary policy rates	30.8	32.3	27.3	24.7	24.8	26.3	26.3	28.4	27.5	36.8
Sovereign bond spread, Embi + (basis points to end of period) g/	444	495	441	455	452	432	367	351	420	610
Risk premiia on five-year credit default swap (basis points to end of period)	5 393	420	382	419	364	324	284	232	272	451
International bond issues (millions of dollars)	2 610	24 065	2 608	4 500	13 278	6 010	2 030	6 358	10 250	1 987
Stock price index (national index to end of period, 31 December 2005 = 100)	842	951	1 081	1 096	1 313	1 420	1 690	1 948	2 016	1 687
Domestic credit (variation from same quarter of preceding year)	27.9	28.0	24.9	20.3	31.0	26.2	21.9	19.3	21.1	31.1 e/
Non-performing loans as a percentage of total credit	1.8	1.9	1.9	1.8	1.9	2.0	1.9	1.8	1.9	2.1

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/ Urban areas.
d/ Fixed-term deposits, all maturities.
e/ Figures as of May.
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.