ARGENTINA

1. General trends

The Argentine economy grew by 2.4% in 2015, according to the latest estimates released by the National Institute of Statistics and Censuses (INDEC). In a context of marked external fragility, with Argentina running a worsening current account deficit and shut out of international credit markets, a set of mechanisms deployed to increase the country's stock of international reserves, such as the currency swap agreed with the People's Republic of China, temporarily stabilized the nominal exchange rate and moderated expectations of devaluation that year. Inflation dropped as a result, from an average of 38.7% in 2014 to 26.6% in 2015, although this was still well above the regional average.[1] Wages increased by more than domestic prices in 2015, and the resultant real growth in total pay in the economy, together with higher lending and an expansionary fiscal policy, went some way towards restoring aggregate demand. The economic growth that year was due to the positive trend of total consumption, both public and private, and to a lesser degree investment, partly offset by falling exports, which were adversely affected by the collapse in Brazilian demand and by real exchange-rate appreciation.

In late 2015, just before the change of government, Argentina was coping with a number of macroeconomic imbalances. On the external front, the country had to deal with a rising current account deficit, an inability to access international credit markets and a clear tendency towards dollarization of portfolios. Domestically, inflation was far above the regional average, this being in part the reflection of an unresolved distributional conflict that was manifested in a continuing (inertial) race between prices and wages and in an ever larger fiscal deficit.

These difficulties tended to reinforce one another. To restrain inflation, the government used the exchange rate as a nominal anchor and froze the main utility rates, particularly in metropolitan Buenos Aires. Using the exchange rate as a nominal anchor led to a large real appreciation which, in a context of strict controls, tended to exacerbate currency strains by increasing the gap between the official and parallel exchange rates. Meanwhile, subsidies on public services cost 3.8% of GDP in 2015, accounting for virtually the whole of the fiscal deficit (4.3% of GDP), and were financed mainly by the central bank, since international markets could not be called upon.

The change of administration in December 2015 marked a turning point for economic policy. The new authorities set out, first, to put an end to the foreign-exchange shortage. Accordingly, the currency market was deregulated, and the dollar appreciated by 40% against the local currency in one day as a result. Exports were promoted by abolishing export duties (except on soybeans) and quotas that affected some agricultural products. At the same time, it was announced that the fiscal deficit would be reduced and a more restrictive monetary policy implemented to bear down on inflation.

The economy laboured under the effects of these measures in the early months of 2016, with the devaluation and the abolition of export duties in particular affecting domestic costs for tradable goods, especially food, and significantly increasing domestic prices. This was compounded from March by an

[1] The figures are population-weighted averages of the two provincial price indices officially recommended for use, those of the City of Buenos Aires and San Luis. Publication of the national urban consumer price index (IPCNU) was discontinued in December 2015, at which time the INDEC authorities announced that the consumer price index (IPC-GBA) would be reinstated from June 2016, with data covering April and May that year.

increase in the cost of public utilities that had been heavily subsidized in previous years, with a view to reducing the fiscal deficit. Cumulative inflation between December and April was 21.6%, with a year-on-year rate of 40.4%. This resulted in a substantial drop in real wages (-6.8% between November 2015 and March 2016 for registered workers) and a contraction of private-sector consumer demand, the main component of aggregate demand. The raising of interest rates by the central bank to stabilize the currency market and the reduction in spending on public works in the early months of the year compounded the contractionary impact associated with the deterioration of real incomes for most of the population. The sharp decline in demand from Brazil also weighed on economic performance.

Resolution of the dispute with the debt restructuring holdouts, another of the new government’s initial stated objectives to deal with the shortage of currency, was achieved in April and allowed Argentina to return to international financial markets. This could help to counteract the macroeconomic contraction seen in the early months of the year. GDP in the first quarter of 2016 was up 0.5% on the same period the year before, although it was 0.7% down on the previous quarter in the non-seasonally adjusted series (this being the third consecutive quarter of decline). The available sectoral information points to a deeper contraction in the second quarter of the year. The growth forecast for the whole of 2016 depends on what scenarios are anticipated for the second half of the year. In the absence of external sources of aggregate demand growth (given the general stagnation of world trade, aggravated in the particular case of Argentina by the recession in Brazil), with a fiscal stance that the government has announced will be neutral or contractionary, and with domestic consumption lower because of the drop in real wages, only a strong upsurge of investment could take growth back into positive terrain. Even if some recovery in wages is expected in the second half of the year in consequence of the wage rises agreed and a slackening of inflation, which could set a limit on the drop in private consumption, it is estimated that the Argentine economy will contract by 1.5% in 2016.

2. Economic policy

To deal with the currency shortage, the incoming administration first proposed to neutralize the factors contributing to the strains in the foreign-exchange market through the aforementioned liberalization of that market, approving a large nominal devaluation and abolishing export tariffs and quotas, with a view to increasing the commercial supply of currency. In addition, the new authorities set out to increase central bank reserves by means of a repo agreement (financial support provided by issuing local bonds) with commercial banks and significantly raised interest rates to stabilize exchange-rate expectations and reduce speculative demand for currency. Lastly, they settled the dispute with the holdouts in order to restore access to international credit markets (financial supply of currency). In the fiscal sphere, subsidies on public utilities and services were cut to offset the drop in revenues resulting from the reduction in export duties and from other measures that would have the effect of increasing the fiscal deficit. The immediate outcome of these policies (devaluation, the reduction in export duties and quotas, and higher utility and interest rates) was to drive up inflation and significantly reduce economic activity, on the one hand, while stabilizing the currency market, on the other.

(a) Fiscal policy

The fiscal policy stance remained expansionary during 2015. Primary spending grew by 34.5% year-on-year, outstripping revenue growth of 31.6% and thus giving rise to a primary deficit of 4.3% of GDP. Higher spending was due essentially to increases in social security benefits, in public-sector pay and in transfers made to the private sector (either directly or by subsidizing charges for public utilities).

In early 2016, the new authorities announced a fiscal deficit reduction programme. Nonetheless, the initial measures (abolition or reduction of export duties, reduction in the tax burden on earnings for a subset of workers and expansion of some spending associated with the social protection system, involving for example the extension of family allowances to simplified system (monotributo) taxpayers and a top-up for pensions and cash transfers paid to the most vulnerable populations in May) would tend to increase the deficit, as would the bill passed by Congress in June for reimbursing part of the value added tax (VAT) paid on retail purchases by the most vulnerable (such as retirement and other pensioners and beneficiaries of the universal child allowance). In this context, the goal of cutting the fiscal deficit would be achieved essentially through the aforementioned reduction in subsidies on public utilities, which is expected to generate a saving of 1.5% of GDP, and the reduction of public-sector employment.

Public-sector spending did slow relative to resources in the early months of the year. In the first third of 2016, national public-sector revenues grew by 29.4% and primary spending by 24.0%. This involved a slowdown in spending growth across the board, with a nominal drop of 6.6% in capital expenditure and a slowing of year-on-year current spending growth to 28.1% (spending on goods and services contracted by 4.9% and transfers to the private sector rose by 16.6%). In consequence, the primary deficit fell in both real terms (-29.0%) and nominal terms (-4.3%) in the first four months of 2016 relative to the same period in 2015.

For 2016, the government is projecting a primary deficit of 4.8% of GDP. From the financing point of view, this has to be supplemented by the debt interest and capital payments falling due, worth 2.5% of GDP, so that the total to be financed is 7.3% of GDP, including payment of US$ 9.3 billion to the holdouts, as stipulated in the ruling handed down by New York District Court Judge Thomas Griesa. To this end, the government issued debt worth US$ 16.5 billion (3.3% of GDP) at the same time as it concluded the agreement with these funds, with maturities of 3, 5, 10 and 30 years and rates of between 6.25% and 7.625% a year. In anticipation of new bond issues on the local market, total public-sector debt, which stood at 41.8% of GDP in mid-2015, is expected to expand this year.

As this note went to press, Congress had approved an amended version of a bill sent by the government that provided for (upward) adjustments to a set of retirement benefits (including retroactive payments), to be financed out of the Sustainability Guarantee Fund (FGS) of the National Social Security Administration (ANSES), management of which is being made more flexible; ratification of an agreement with the provinces for the return of a portion (15%) of tax-sharing system revenues ceded in 1992 with a view to earmarking the funds for social security payments; the creation of a Social Security Sustainability Council tasked with drafting a social security reform within three years; the establishment of a universal old-age pension for those aged over 65, worth 80% of the current minimum retirement benefit; the launch of a capital legalization or repatriation programme, with penalties graded by the amounts involved; and a tax regularization programme, including a gradual reduction in the tax on personal assets (wealth) and abolition of income tax on dividends and profits distributed by limited companies.

(b) Monetary policy

The stance of monetary policy was expansionary during 2015. The monetary policy rate was about 27%, just 30 basis points above the previous year's and practically in line with observed inflation, while well below expectations of devaluation (determined by the gap between the official and parallel exchange rates, which averaged 52% during 2015). The deposit interest rate (fixed-term deposits) rose by 90 basis points to average 21.7% in 2015, while the lending rate (signature loans of up to 89 days' maturity) fell by 110 basis points to average 28.2% in 2015. As for the monetary aggregates, lending to the private sector was the most significant driver of monetary expansion in 2015, largely because of programmes to facilitate access to consumer financing, with the latter growing by more than productive financing (38% and 27%, respectively).

The new authorities reoriented monetary policy towards a more contractionary stance to stabilize the exchange rate (by discouraging portfolio dollarization) and reduce inflation. The central bank accordingly raised the monetary policy rate, which is the rate on 35-day central bank bills (LEBAC), to as much as 38% in March and April before reducing it again, although it was still over 30% at the time of writing. Data for the first four months of 2016 indicate that consumer lending growth accelerated, with year-on-year expansion of 43%, as did commercial lending growth (30% year-on-yer), although in real terms the former slowed and the latter fell.

Raising the benchmark interest rate contributed to the goal of exchange-rate stability, which may indirectly help to cut inflation in the second half of the year because of the effect on the nominal exchange rate.

(c) Exchange-rate policy

As mentioned above, the monetary authority tended to use the exchange rate as a nominal anchor during 2015. International reserves continued to be employed for the purpose, and these fell by US$ 5.8 billion to US$ 25.563 billion (4.4% of GDP) by the year's end despite the revenue from the swap operation with the People's Republic of China. Thus, currency strains did not let up but actually worsened at times, with the gap between the official and parallel exchange rates reaching 68% in October 2015.

In December 2015, the new authorities abolished restrictions on currency purchases, accepting a devaluation of 57% between the liberalization of the currency market and late December 2014, and adopted a more flexible exchange-rate regime. The nominal exchange rate showed a strong tendency to depreciate over the following month. To check this, the central bank raised the interest rate and signed off on a repo operation worth a total of US$ 5 billion with a group of foreign banks, which helped swell international reserves in the first four months of 2016 (the overall rise was US$ 6.069 billion). The agreement with the holdouts and the return to international debt markets also helped to stabilize the nominal exchange rate, which began to show an appreciating trend from mid-March, even though the propensity to purchase assets abroad did not weaken (US$ 4.2 billion in the first quarter of the year). This trend was driven not only by the country's return to international financial markets, but also by an influx of currency from agricultural exports, which led the central bank to intervene.

(d) Other policies

To restrain domestic price rises, the government extended the "Precios cuidados" price-watch programme until September 2016 (albeit with a more limited scope than was formerly the case). Likewise, in May it launched the online "Precios claros" price comparison platform, which collates prices from different supermarkets. To counteract the contraction in private consumption resulting from lower real wages, it extended the "Ahora 12" programme, which allows purchases to be made in 12 interest-free instalments. In addition, it sent Congress a bill designed to help young people aged between 18 and 24 enter the labour market by subsidizing employer contributions for three years.

3. The main variables

(a) The external sector

In 2015, the goods and services trade balance deteriorated significantly from a surplus of US$ 2.832 billion in 2014 to a deficit of US$ 4.443 billion. Exports, measured in dollars, fell by 16.9% owing to a decline in both volumes (15.2%) and prices (1.6%). This decline was mainly due to the contraction of demand in Brazil and other countries of the Latin American Integration Association (LAIA) (25%), which particularly affected sales of industrial manufactures (down 21.0% in total and down 28.1% in the case of land transport equipment); to the drop in prices for the commodities and industrial derivatives thereof exported by Argentina (-17.4% and -19.3%, respectively), which was not fully offset by an increase in volumes (up 14.7% and 10.2%, respectively), these being partially constrained by the tendency towards the dollarization of portfolios in a context of persistent expectations of devaluation; and to a continuing drop in exports of fuels and energy (-54.0% by value and -43.7% by price).

Imports fell by 8.4% (the effect of an 11.6% drop in prices and a 3.8% rise in volumes) because of reduced outlays on fuels and lubricants, whose prices fell by 39.5%, cutting the deficit in the fuel and energy category from US$ 6.585 billion to US$ 4.59 billion between 2014 and 2015. This drop was offset by volume growth in purchases of consumer and intermediate goods (12.2% and 8.7%, respectively).

The worsening of the trade balance only increased the current account deficit seen since 2010 (it reached US$ 15.934 billion, or 2.8% of GDP, in 2015) in consequence of the worsening goods and services trade balance (where the switch of the fuels balance from positive to negative and the tendency towards real exchange-rate appreciation played a crucial role) and a persistent income deficit of some 2% of GDP. Following the return of external constraints in 2010, the current account deficit was financed by a surplus on the financial account and the running down of international reserves. With international financial markets practically closed to Argentina, the US$ 14.304 billion surplus on the financial account in 2015 is explained by the use of a currency swap with China and the reinvestment of foreign direct investment earnings (given the restrictions on remitting profits abroad). In turn, international reserves shrank by US$ 4.871 billion (after the public sector paid US$ 3.661 billion for the BODEN 2015 bond).

The trade deficit fell to US$ 48 million in the first four months of 2016 from US$ 982 million in the same period of 2015. Goods exports remained virtually unchanged year-on-year (0.3%), as a steady drop in export prices (13%) was offset by a rise in volumes (14%). Responding to the stimuli received (currency devaluation and the abolition or reduction of export duties), foreign sales of primary products expanded (23% by value and 42% by volume), those of industrial manufactures contracted (17%) and those of fuels continued on their downward path (29%). Sales to Brazil and China, two of the country's leading trade partners, dropped by 20% and 35%, respectively. The rate of decline in the value of imports eased from 18.7% year-on-year in the first four months of 2015 to 5.4% in the same period of 2016, with higher volumes (especially for vehicles and consumer goods, which were up 53% and 16%, respectively) offset by lower prices (13%), especially for imported fuels, whose prices dropped by 41%.

(b) Economic activity

As officially estimated by INDEC, real GDP growth was 2.4% in 2015, the result of expansions in private and public consumption (5.0% and 6.7%, respectively) and in investment (5.5%) in the context of a drop in exports (-0.4%) and a rise in imports (5.5%). Growth of 2.3% in goods-producing sectors was led by agriculture, stockbreeding, hunting and forestry (6.7%), while services expanded by 2.4%. The slowest-growing sector was manufacturing (0.2%).

In the first quarter of 2016, activity was up 0.5% year-on-year (since the same quarter of 2015 provided a relatively low base for comparison) but down 0.7% on the previous quarter, in the non-seasonally adjusted series. The year-on-year figure is the outcome of a sharp slowdown in public and private consumption growth (1.1% and 2.7%, respectively); a drop in investment (3.8%), especially in construction; a substantial increase in exports (13.1%); and steady import growth (12.2%). The monthly industrial estimator fell by 3% year-on-year in the first five months of the year and the synthetic indicator of construction activity dropped by 10.9% in the same period.

(c) Prices, wages and employment

The consumer price index rose by 26.6% on average for 2015 before climbing yet faster in early 2016, with a year-on-year increase of 34.9% in the first four months relative to the same period in 2015 and a year-on-year rise of 40.4% in April. This acceleration was due more to supply factors (nominal devaluation, the abolition of export duties and quotas, higher charges for public utilities, regulated increases in fuel prices[2] and wage increases) than to demand factors. Inflation is expected to slow in the second half of the year as the impact of these supply factors eases, although it will probably remain fairly high.

Nominal pay, as measured by the INDEC wage index, rose by 28.3% year-on-year in 2015 in the registered private sector and by 32.9% in the public sector, faster than prices. In 2016, quickening inflation meant a deterioration in real wages (the drop was 2.8% in the first quarter relative to the same period of 2015). After increasing by 31.4% on average over 2015, the minimum wage went from 6,060 pesos in January 2016 to 6,810 pesos in June, and is due to rise to 8,060 pesos in January 2017 after a series of stepped increases. As a result of increases of 12.5% in September 2015 and 15.4% in March 2016, the minimum retirement benefit was up by 29.8% year-on-year in the latter month.

The unemployment rate in the third quarter of 2015 (the latest official estimate available) was 5.9% of the economically active population, a decline on the 7.5% recorded in the same period of 2014, with the participation rate holding steady at around 44.8%.

In July 2015, the practice of adjusting non-contributory family allowances by the pensions mobility index was institutionalized and became automatic. In April 2016, family allowances were extended to monotributo taxpayers and an increase in unemployment insurance from 400 to 3,000 pesos a month was announced, effective from June 2016.

[2] Unlike charges for public utilities and services, which have lagged behind inflation, domestic fuel prices have been allowed to accelerate faster than other prices in the economy to boost production activity in the sector. This policy has been partially maintained in 2016, preventing the drop in the international oil price from having a disinflationary effect in the local market.

Table 1

ARGENTINA: MAIN ECONOMIC INDICATORS

	2007	2008	2009	2010	2011	2012	2013	2014	2015 a/
	Annual growth rates b/								
Gross domestic product	9.0	4.1	-6.0	10.4	6.1	-1.1	2.3	-2.6	2.4
Per capita gross domestic product	7.9	3.0	-7.0	9.2	5.0	-2.1	1.2	-3.5	1.4
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	8.5	-2.2	-26.1	39.6	-2.3	-13.0	11.5	3.2	6.5
Mining and quarrying	-2.4	-1.1	0.2	1.6	-5.8	-1.2	-4.0	1.5	2.8
Manufacturing	7.5	3.6	-7.3	11.0	7.7	-3.0	1.6	-5.1	0.2
Electricity, gas and water	2.6	4.8	-0.5	1.8	4.7	4.7	0.5	1.9	3.4
Construction	10.8	4.2	-12.3	9.8	9.5	-2.4	-0.1	-2.1	2.9
Wholesale and retail commerce, restaurants and hotels	11.6	4.8	-7.7	12.5	10.3	-2.4	2.2	-6.4	2.6
Transport, storage and communications	12.7	5.5	-0.6	8.8	5.5	0.7	2.5	0.7	2.5
Financial institutions, insurance, real estate and business services	7.6	5.6	-2.7	5.4	6.4	1.6	0.5	-1.4	1.8
Community, social and personal services	6.1	4.8	3.5	3.9	3.7	3.4	1.9	1.6	2.7
Gross domestic product, by type of expenditure									
Final consumption expenditure	9.3	6.6	-3.0	9.9	8.2	0.3	4.7	-4.0	1.9
Government consumption	7.8	5.0	5.6	5.5	4.6	3.0	5.3	2.9	4.9
Private consumption	9.5	6.8	-4.4	10.7	8.9	-0.1	4.6	-5.2	1.3
Gross capital formation	19.4	8.1	-26.2	36.2	18.4	-7.3	0.8	-3.5	2.4
Exports (goods and services)	8.0	0.8	-8.7	14.4	4.9	-5.9	-4.9	-3.9	-2.9
Imports (goods and services)	19.6	13.6	-18.4	35.2	22.0	-4.7	3.9	-11.5	-1.2
Investment and saving c/	**Percentajes of GDP**								
Gross capital formation	20.7	20.5	16.2	18.3	19.3	17.7	18.2	18.6	16.9
National saving	23.2	22.4	18.6	18.0	18.5	17.5	16.2	17.1	14.3
External saving	-2.5	-1.8	-2.4	0.4	0.8	0.2	2.0	1.4	2.5
Balance of payments	**Millions of dollars**								
Current account balance	7,355	6,756	8,207	-1,516	-4,471	-1,440	-12,143	-8,075	-15,934
Goods balance	13,456	15,552	18,645	14,037	12,157	14,934	4,682	5,903	-486
Exports, f.o.b.	55,980	70,149	55,791	68,195	82,926	79,976	75,975	68,331	56,720
Imports, f.o.b.	42,525	54,596	37,146	54,159	70,769	65,043	71,293	62,428	57,205
Services trade balance	-513	-1,414	-1,404	-1,256	-2,180	-2,978	-3,720	-3,071	-3,957
Income balance	-5,941	-7,552	-9,082	-13,890	-13,882	-12,854	-12,279	-10,732	-11,079
Net current transfers	353	170	48	-408	-566	-541	-826	-175	-412
Capital and financial balance d/	4,228	-10,041	-8,799	11,797	-6,334	-2,190	-1,593	7,225	8,379
Net foreign direct investment	4,969	8,335	3,306	10,368	9,352	14,269	8,932	3,145	10,516
Other capital movements	-741	-18,375	-12,104	1,429	-15,686	-16,459	-10,525	4,080	-2,137
Overall balance	11,584	-3,285	-592	10,281	-10,805	-3,630	-13,736	-850	-7,555
Variation in reserve assets e/	-13,098	-24	-1,327	-4,212	6,095	3,308	11,830	-1,383	4,742
Other financing	1,515	3,309	1,919	-6,068	4,710	322	1,906	2,232	2,813
Other external-sector indicators									
Terms of trade for goods (index: 2010=100)	85.5	95.9	96.6	100.0	110.3	114.8	107.5	104.7	100.4
Net resource transfer (millions of dollars)	-198	-14,284	-15,962	-8,161	-15,507	-14,722	-11,966	-1,275	113
Total gross external debt (millions of dollars)	125,366	125,859	119,267	134,011	145,154	145,722	141,491	145,981	158,277
Employment g/	**Average annual rates**								
Labour force participation rate	59.5	58.8	59.3	58.9	59.5	59.3	58.9	58.3	57.7
Open unemployment rate	8.5	7.9	8.7	7.7	7.2	7.2	7.1	7.3	6.5
Visible underemployment rate	10.4	9.5	11.1	9.8	9.1	9.3	9.2	9.6	9.0

Table 1 (concluded)

	2007	2008	2009	2010	2011	2012	2013	2014	2015 a/
Prices	**Annual percentages**								
Variation in consumer prices (December-December)	8.5	7.2	7.7	10.9	9.5	10.8	10.9	23.9	27.5
Variation in wholesale prices (December-December)	14.6	8.8	10.3	14.6	12.7	13.1	14.8	28.3	12.6
Variation in nominal exchange rate (annual average)	1.3	1.5	17.9	4.9	5.6	10.2	20.4	48.2	14.0
Nominal deposit rate h/	7.9	11.1	11.8	9.4	10.8	12.1	14.8	20.8	21.7
Nominal lending rate i/	14.0	19.8	21.3	15.2	17.7	19.3	21.6	29.3	28.2
Central government	**Percentajes of GDP**								
Total revenue	14.4	15.6	17.0	18.1	17.6	18.5	19.5	21.3	22.4
Tax revenue	13.6	14.6	14.7	15.8	16.1	17.0	17.2	17.9	19.1
Total expenditure	13.9	15.0	17.7	18.2	19.5	20.3	22.0	25.6	25.4
Current expenditure	12.1	13.2	15.5	15.7	17.1	18.2	19.2	21.3	22.8
Interest	1.7	1.7	1.8	1.3	1.8	1.7	1.2	1.9	2.0
Capital expenditure	1.8	1.8	2.2	2.4	2.4	2.1	2.8	4.3	2.7
Primary balance	2.2	2.2	1.2	1.2	-0.1	0.0	-1.3	-2.4	-1.1
Overall balance	0.5	0.6	-0.7	-0.1	-1.9	-1.8	-2.5	-4.3	-3.1
Central government public debt j/	44.4	39.2	39.6	36.1	33.3	35.1	38.8	42.8	53.3
Domestic	25.3	24.3	24.8	22.7	22.0	24.4	27.2	29.8	38.8
External	19.0	15.0	14.8	13.4	11.3	10.7	11.6	13.0	14.5
Money and credit	**Percentages of GDP, end-of-year stocks**								
Domestic credit	15.5	14.1	15.4	18.4	20.3	23.7	25.7	24.0	25.7
To the public sector	15.7	13.7	16.9	17.7	16.7	19.7	21.5	24.6	29.6
To the private sector	13.0	12.3	12.4	12.6	13.9	15.1	15.7	13.7	14.7
Others	-13.3	-11.8	-13.8	-11.9	-10.3	-11.2	-11.5	-14.3	-18.6
Monetary base	11.0	9.5	9.5	9.3	9.6	11.0	10.8	9.6	10.7
Money (M1)	13.7	12.5	13.0	13.3	13.1	14.9	14.6	13.7	13.7
M2	25.9	22.7	23.7	24.4	24.3	27.4	27.3	25.4	26.8
Foreign-currency deposits	2.4	2.7	3.4	3.7	2.5	1.7	1.6	1.6	2.6

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

	2014				2015				2016	
	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/	-0.8	-2.0	-4.2	-3.1	0.0	3.7	3.5	2.2	0.5	...
Gross international reserves (millions of dollars)	27,434	28,680	28,496	29,488	31,470	33,681	33,602	26,049	29,348	32,275 c/
Open unemployment rate	7.1	7.5	7.5	6.9	7.1	6.6	5.9	...	...	...
Employment rate	54.3	53.6	53.5	54.6	53.6	53.7	54.5	...	...	...
Consumer prices (12-month percentage variation)	19.2	21.9	23.8	23.9	18.6	20.1	21.9	27.5	35.3	43.1 c/
Wholesale prices (12-month percentage variation)	25.8	27.7	29.2	28.3	15.1	13.4	13.0	...	...	...
Average nominal exchange rate (pesos per dollar)	7.62	8.06	8.30	8.51	8.69	8.95	9.25	10.14	14.43	14.22
Nominal interest rates (average annualized percentages)										
Deposit rate d/	21.0	22.0	20.0	20.3	20.3	21.0	21.3	24.2	26.2	28.4 c/
Lending rate e/	30.9	30.1	28.4	27.8	27.4	26.9	27.2	31.3	35.4	37.7 c/
Interbank rate	16.7	18.2	15.8	21.0	21.5	19.4	22.8	24.3	28.7	35.7 c/
Monetary policy rates	25.8	27.3	26.7	26.9	26.5	26.0	26.0	29.4	30.8	33.6 c/
Sovereign bond spread, Embi + (basis points to end of period) f/	799	724	700	719	629	631	591	438	444	518
Risk premiia on five-year credit default swap (basis points to end of period)	1,876	1,761	2,666	2,987	2,987	5,393	5,393	5,393	5,393	420
International bond issues (millions of dollars)	-	1,200	-	741	1,286	2,000	0	300	2,610	24,065
Stock price index (national index to end of period, 31 December 2005 = 100)	413	511	813	556	702	755	636	757	842	951
Domestic credit (variation from same quarter of preceding year)	29.6	25.4	20.4	24.2	31.0	33.7	38.5	40.3	27.9	27.0 g/
Non-performing loans as a percentage of total credit	1.8	2.0	2.0	2.0	2.0	2.0	1.8	1.7	1.8	1.9 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 2004 prices.
c/ Figures as of May.
d/ Fixed-term deposits, all maturities.
e/ Local-currency loans to the non-financial private sector, at fixed or renegotiable rates, signature loans of up to 89 days.
f/ Measured by J.P.Morgan.
g/ Figures as of April.