



Republic of Argentina

Japan-Argentina Business & Investment Forum

May 2017

Agenda

- **Normalization Process Complete**
- Entering the Second Phase



The Starting Point: a complex and challenging legacy

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1

Fiscal deficit of 5.4% of GDP in 2015

The Starting Point: a complex and challenging legacy

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2

FX restrictions and capital controls

The Starting Point: a complex and challenging legacy

1

Fiscal deficit of 5.4% of GDP in 2015

2

FX restrictions and capital controls

3

Debt in default locked in litigation

The Starting Point: a complex and challenging legacy

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Fiscal deficit of 5.4% of GDP in 2015

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FX restrictions and capital controls

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Debt in default locked in litigation

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Undercapitalized Central Bank without independence

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Unreliable public statistics

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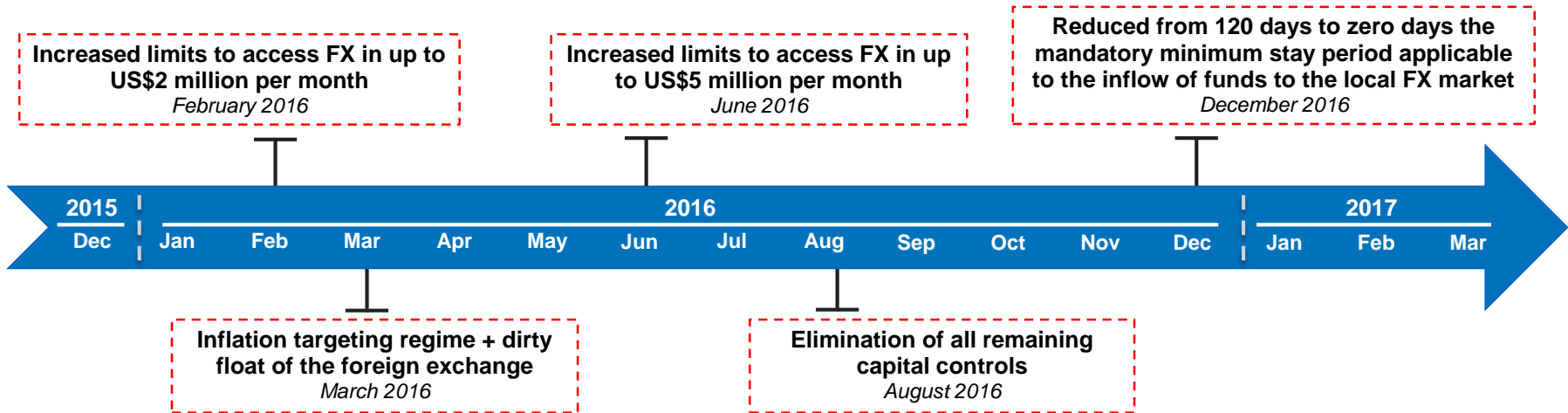
Unreliable public statistics

6

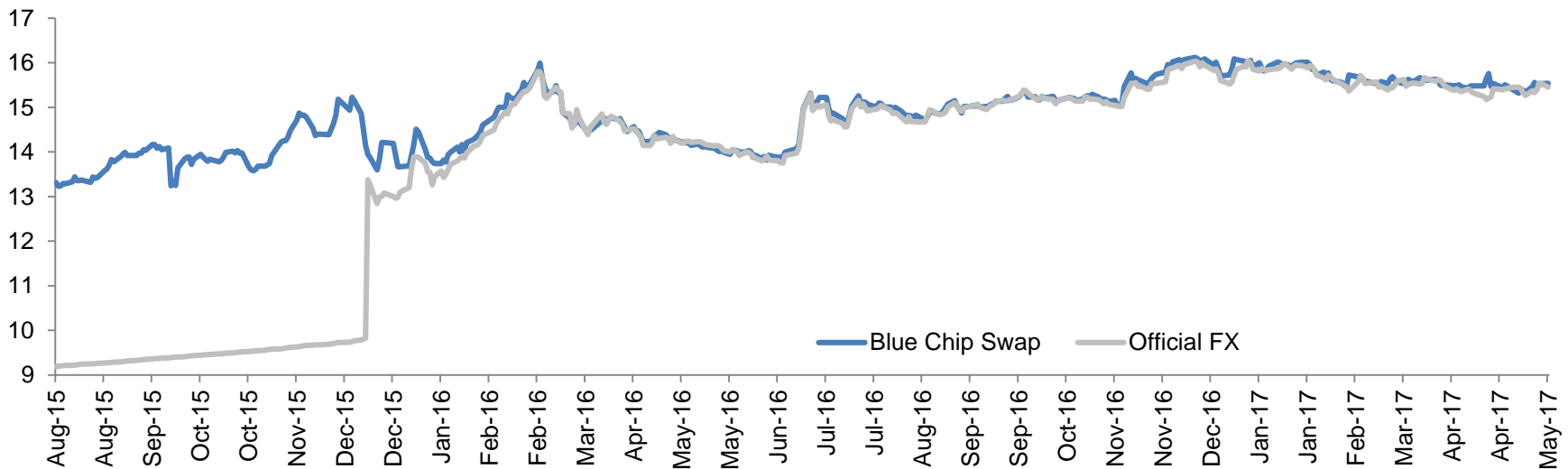
20 years of neglected public infrastructure investment

A single free floating FX regime

Lifting of the “cepo” – BCRA measures

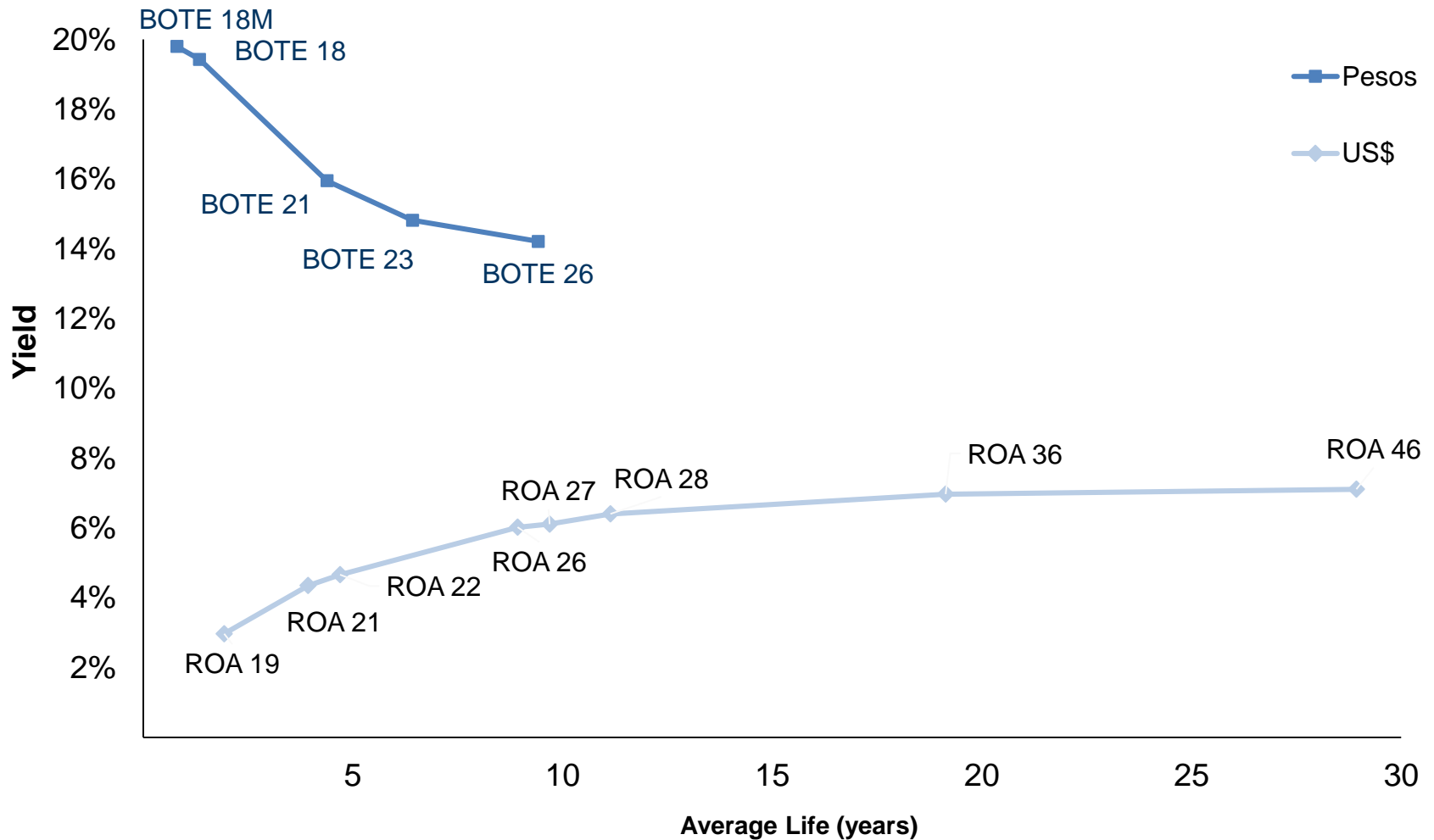


Exchange rate evolution (US\$/ARS)



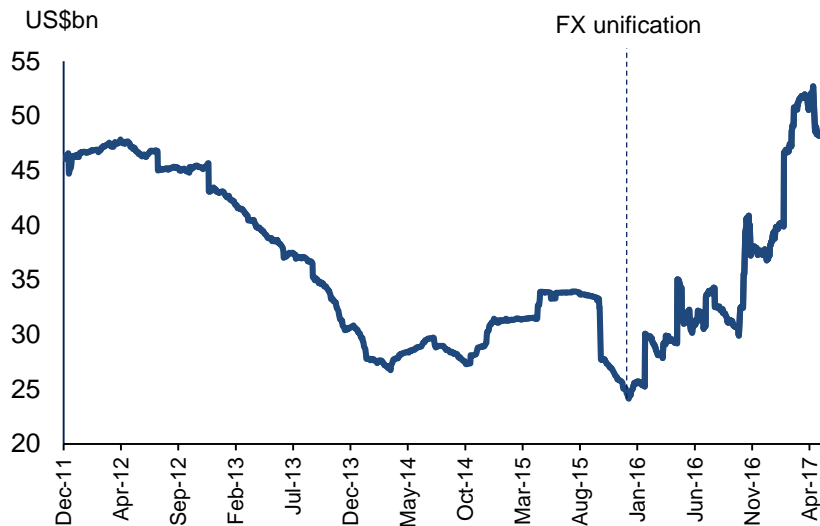
Debt litigation resolved – access to capital markets

Argentina US\$ yield curve - As of May 2017

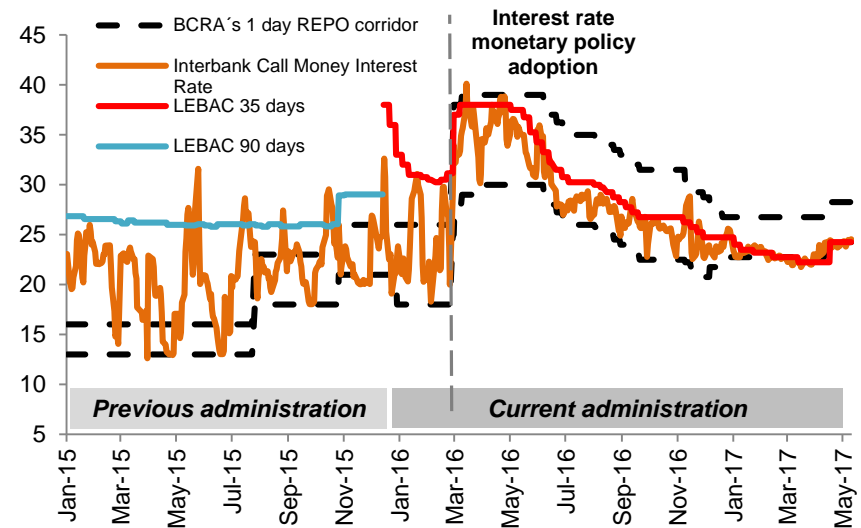


Central bank policy framework is fully in place

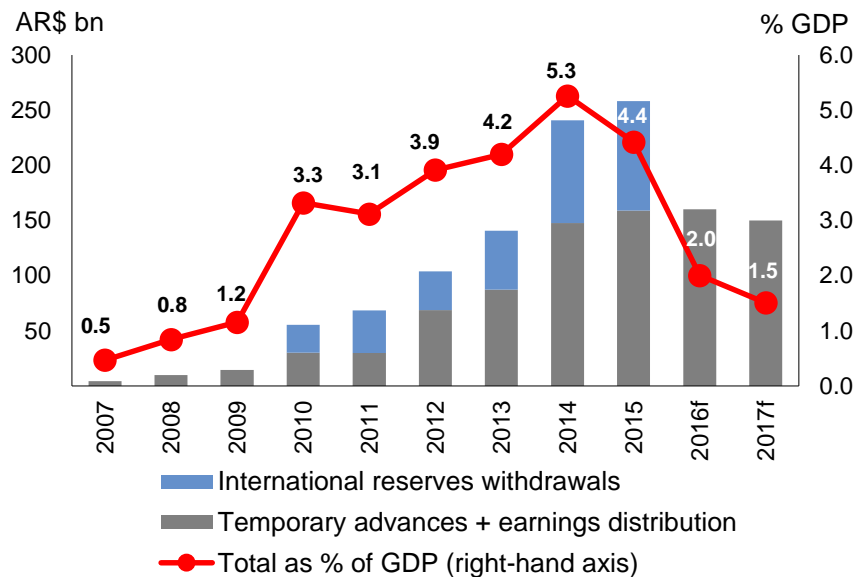
International reserves



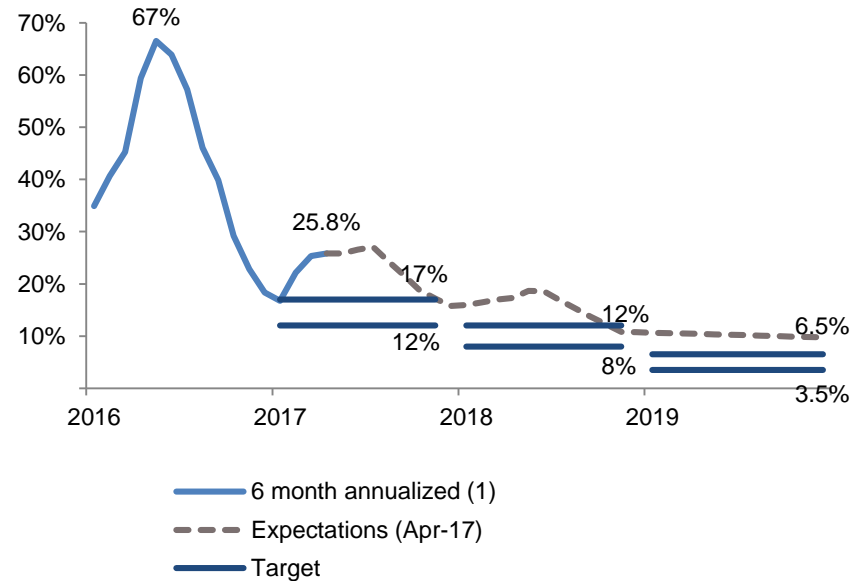
Interbank money market, repo & LEBAC interest rates



Earnings distribution and transfers to the Treasury

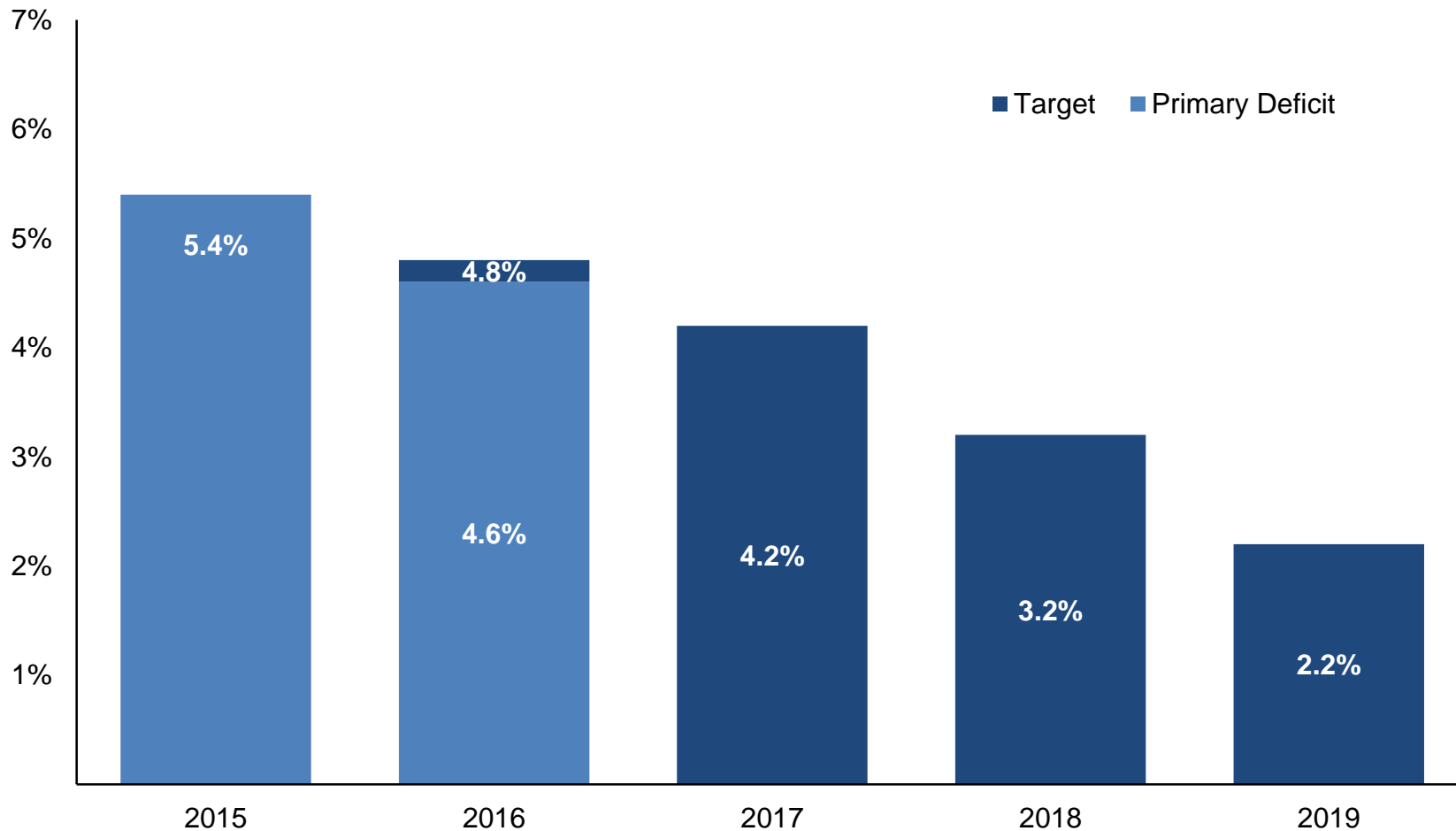


IPC, forecast and targets (% change OYA)



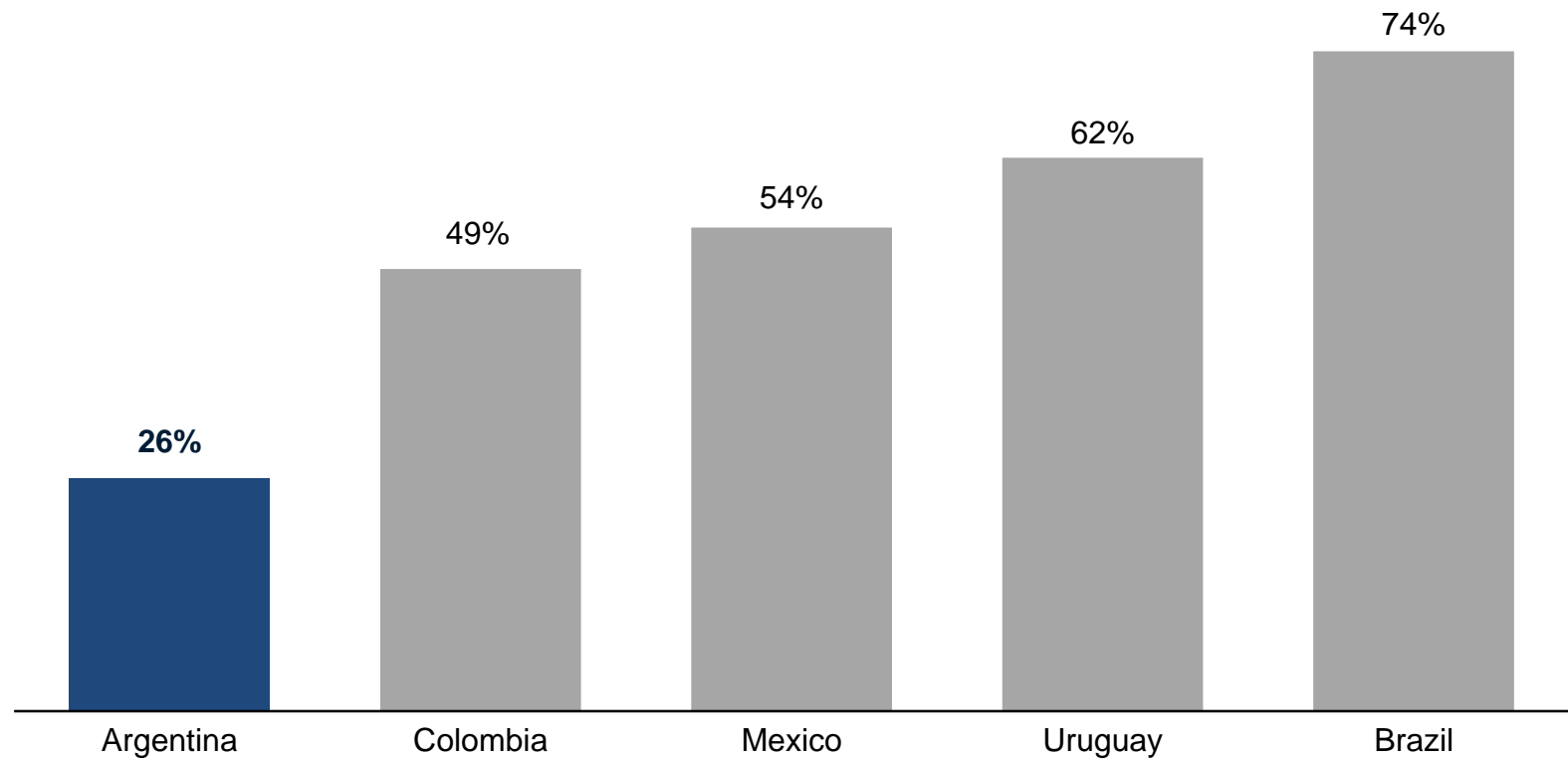
Back to predictability to regain credibility

Primary deficit and targets (% of GDP)



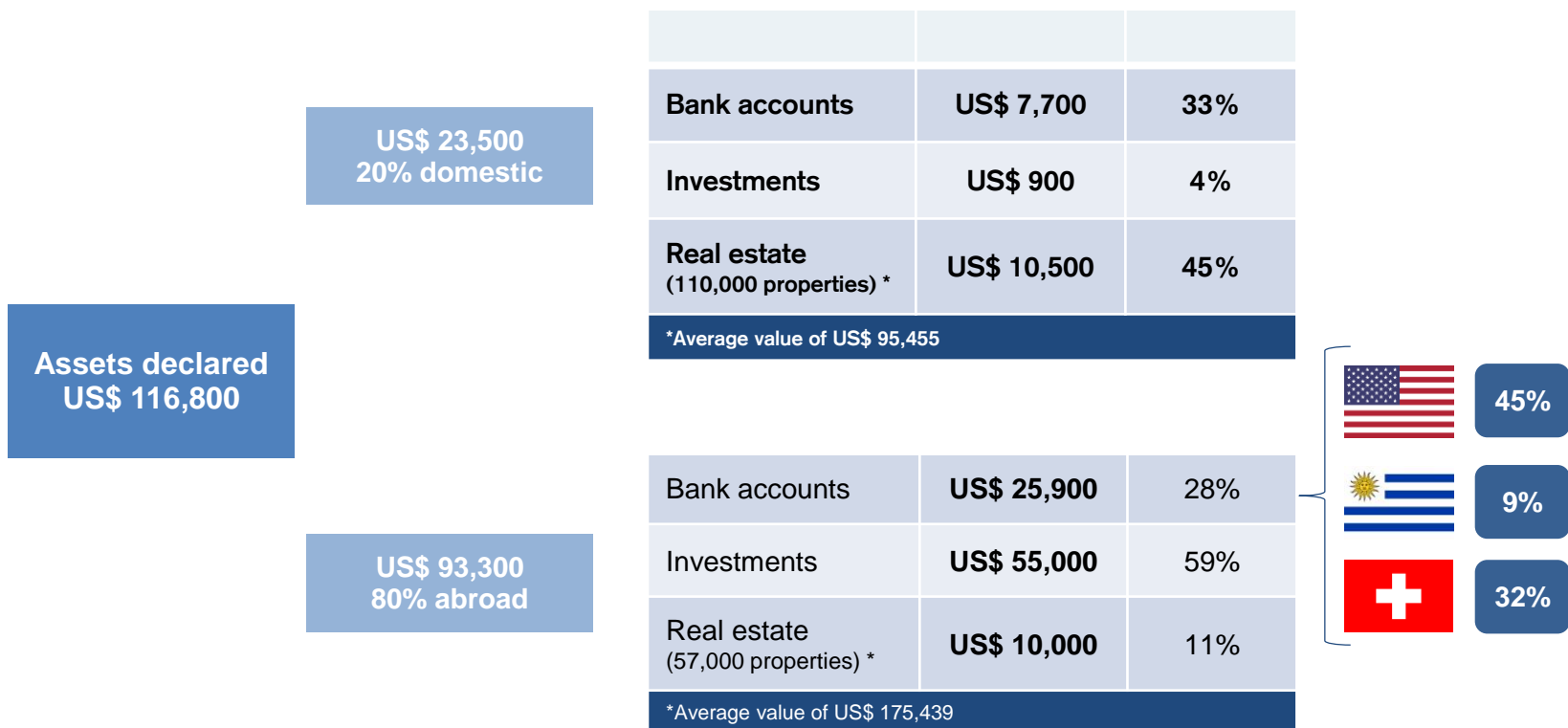
Argentina's low net debt to GDP

Public debt to GDP vs Latin American countries – 2016



Tax amnesty enlarges investor base

Preliminary results as of March 31, 2017 (US\$ million)



Tax collection
AR\$ 148,600

Abroad	AR\$ 80,100	54.0%
Domestic	AR\$ 68,500	46.0%

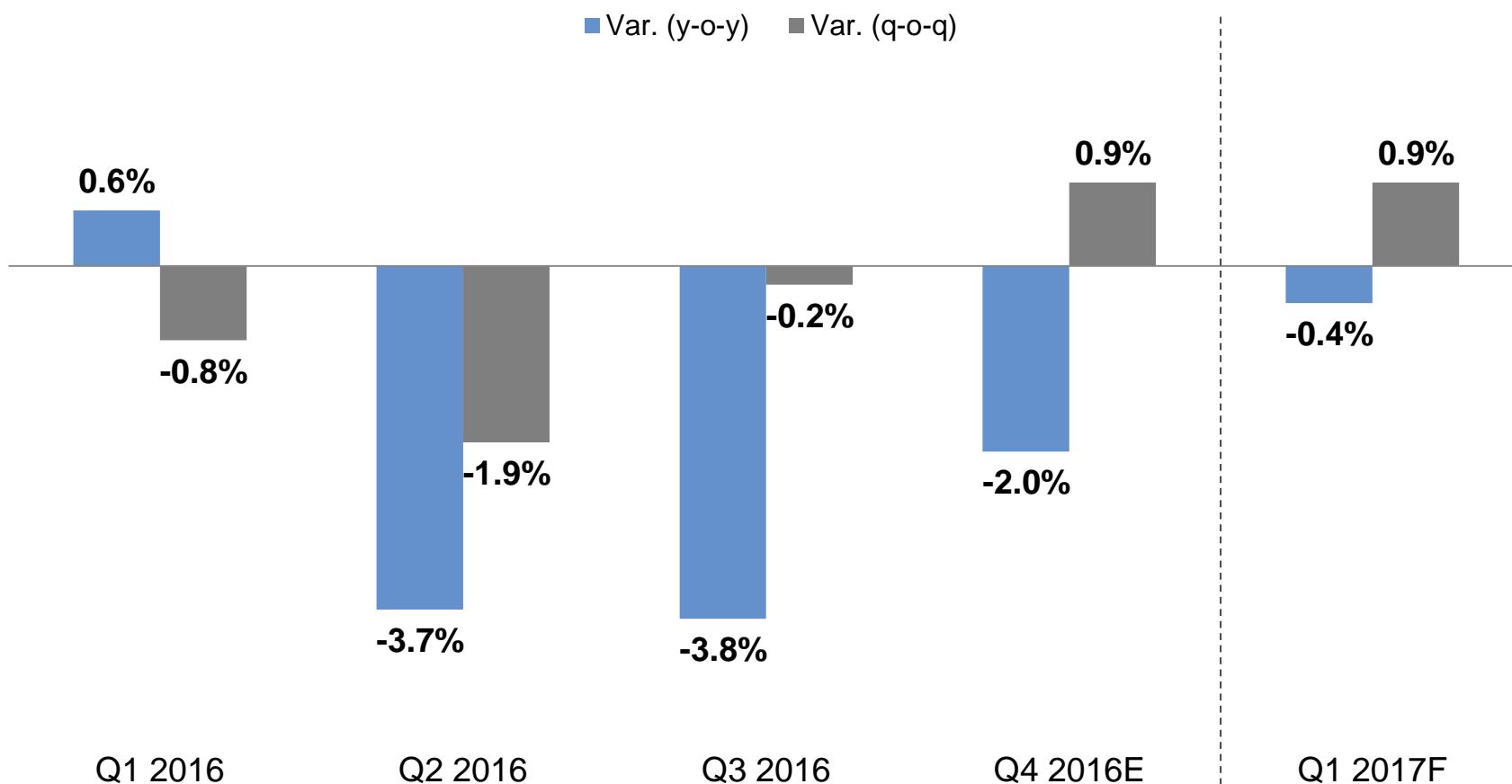
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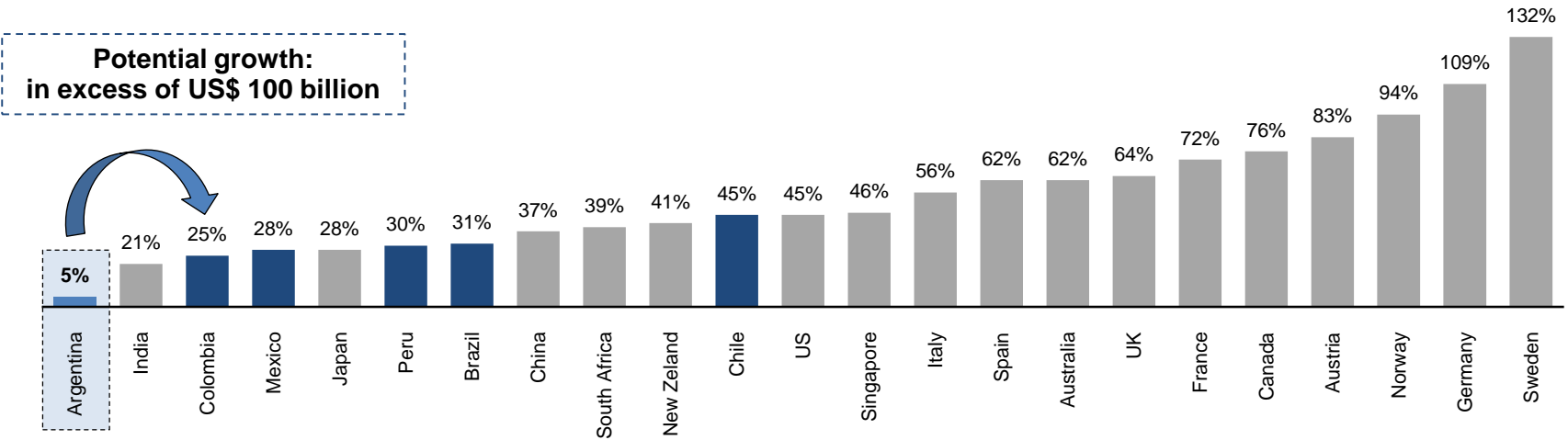
The economy's transition to get back on track

GDP evolution

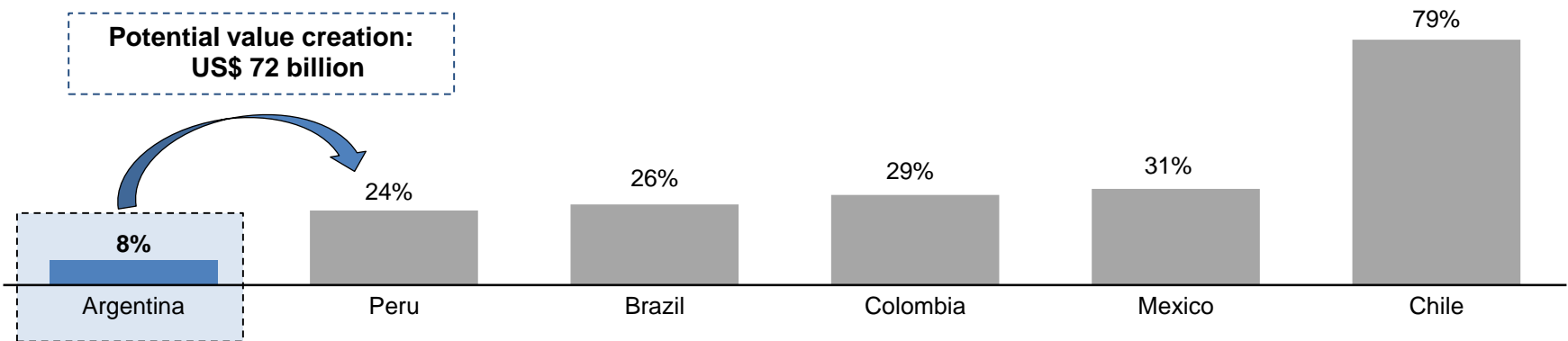


Argentina: A long-term investment opportunity

Corporate bond penetration (% of GDP)



Market capitalization (% of GDP)

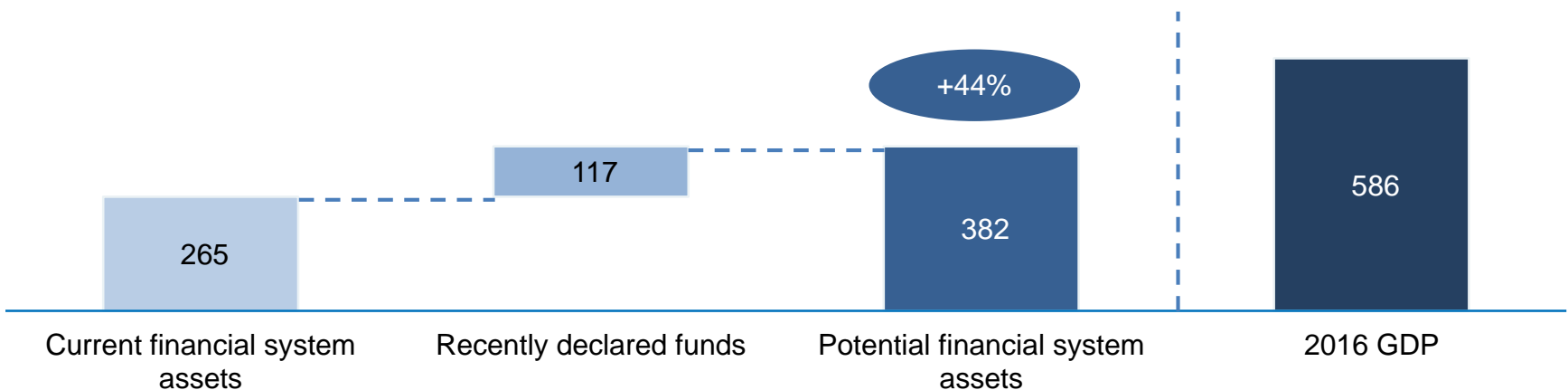


New bill on capital markets reform increases Argentina's attractiveness to investors

- ✓ Development of the mortgage market
- ✓ Increased financing to SMEs
- ✓ Closed-end investment funds promotion to invest in real economy activities
- ✓ Financial inclusion
- ✓ Incentives for long-term savings and capital formation
- ✓ Local capital markets incentives to promote liquidity
- ✓ Strengthening of transparency standards

The repatriation of recently declared assets could boost the local capital market

In US\$bn





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