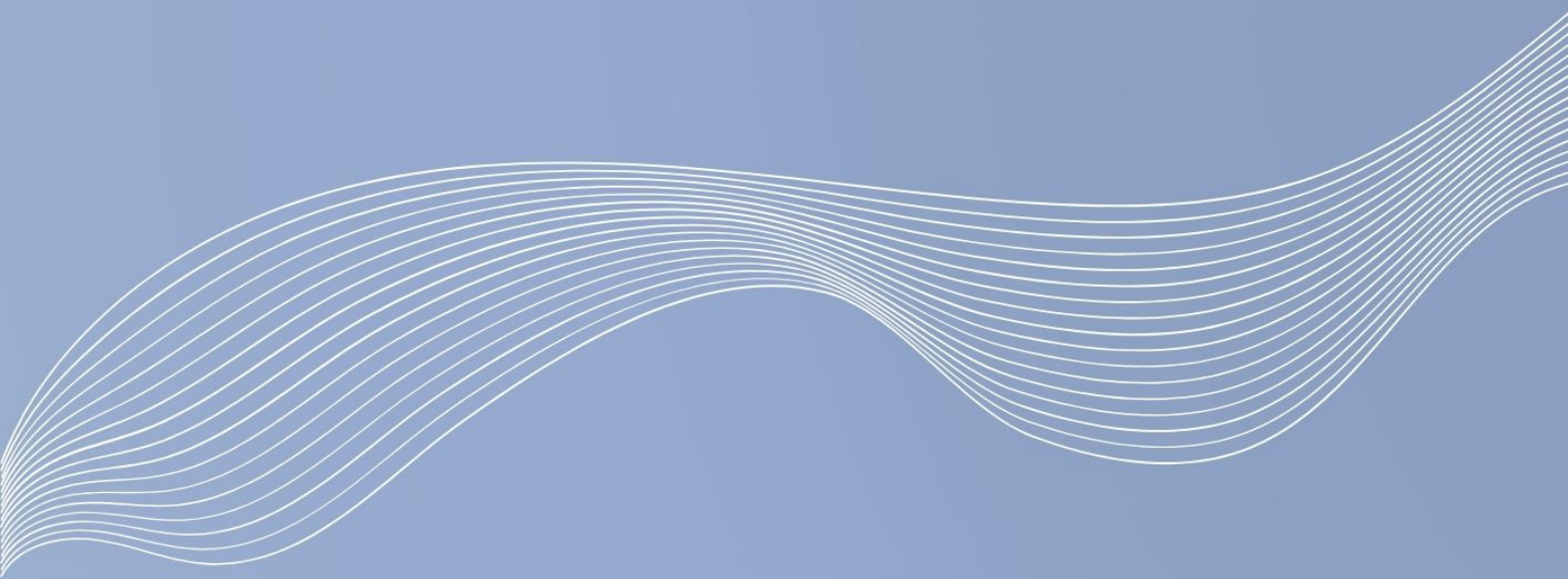


APRIL 2025

ARGENTINE ECONOMIC OUTLOOK

CEI Centre for
International
Economy



ARGENTINE ECONOMIC OUTLOOK

Argentina in the world

With a Gross Domestic Product (GDP) of USD 632.3 billion, Argentina is the second economy in South America, following Brazil. It is ranked fourth in terms of per capita GDP (USD 13,433)¹, in this case following Uruguay, Guyana and Chile; and its over 47 million inhabitants² rank it as the third most populated country in South America.

Its high agricultural production capacity has turned Argentina into one of the main food producers in the world, with large-scale agricultural and livestock industries. Argentina is among the leading exporters of soybean and its byproducts and among the main producers of lemons, vegetable oils and milk, just to mention a few examples. Likewise, the quality of Argentine beef is recognised worldwide and the sector has managed to recover its traditional positioning and add new destinations, such as the United States, Canada, China and Mexico.

Argentina also has significant mining wealth. It is ranked in the third place as global lithium reserve, tenth in gold, and it comes among the top ten silver producers. In addition to its conventional oil and gas reserves, it is ranked fourth at world level in shale oil reserves and second in shale gas reserves.

It has dynamic industrial complexes, such as the automotive industry, which, with preferential access to the main markets of the region, has become the most relevant sector concerning manufactured products exports. There are also other fast-growing sectors, such as renewable energy, biotechnology, and knowledge-based services, among others. Out of the total Latin American unicorn firms³, fourteen are Argentine-based.

Moreover, it has a skilled workforce, acknowledged for its technical capabilities, creativity and versatility, and it is ranked second in Latin America in the Human Development Index produced by the United Nations Development Programme⁴.

¹ GDP and per capita GDP corresponding to the year 2024 for Argentina (data from the Ministry of Economy) and to the year 2023 for the rest of the countries (data from the World Bank).

² 47,067,641 people according to INDEC estimates by 1 July 2024.

³ Companies with a stock market value over USD 1 billion. Until 2020, there were five: Mercado Libre, Despegar, Globant, OLX and Auth0. In 2021, seven more were added: Vercel (software), Aleph (social media marketing and advertising), Tienda Nube (e-commerce), Ualá (fintech), Mural (teleworking solutions), Bitfarms (cryptocurrency mining), Satellogic (aerospace company) and, most recently (2022), Technisys (technology for banks and fintech) and Moolec Science (biotechnology).

⁴ Index corresponding to the year 2022.

State of the real economy

- In the fourth quarter of 2024, Argentina's GDP registered a year-on-year growth of 2.1%, after six consecutive quarters of falling economic activity.
- This growth was not enough, however, to reverse the result of the calendar year: in 2024 GDP suffered a year-on-year decrease of 1.7%.
- The negative economic performance in 2024 was determined by the fall in investment (-17.4% year-on-year), private consumption (-4.2%) and public consumption (-3.2%).
- According to the monthly estimator of economic activity (EMAE, for its acronym in Spanish), in January 2025 the Argentine economy showed growth of 6.5% compared to the same month in 2024.
- The industrial production index (IPI) had a year-on-year rise of 7.1% in January, the second consecutive increase after 18 months of falls.
- The synthetic indicator of construction activity (ISAC, for its acronym in Spanish) fell 1.3% in January 2025.
- The installed industrial capacity utilisation (UCII, for its acronym in Spanish) was 55.0% in January 2025, a value 0.4 percentage points (p.p.) higher than that recorded in the same month of 2024.
- The unemployment rate in the fourth quarter of 2024 reached 6.4% of the economically active population (EAP), 0.5 p.p. below the third quarter of that year; while the activity rate stood at 48.8%, 0.5 p.p. higher than that of the third quarter of 2024.
- As of the second half of 2024, 38.1% of the population was under the poverty line, while 8.2% of the people were in extreme poverty. This presupposes a decrease of 14.8 p.p. compared to the first half of 2024. Extreme poverty, in turn, decreased by 9.9 p.p. with respect to the same period.
- Since December 2023, when the inflation rate reached 25.5%, monthly consumer price index (CPI) values have dropped significantly. In February 2025, the inflation rate was 2.4%.
- In the first two months of 2025, Argentine exports of goods reached USD 12.0 billion, representing a year-on-year rise of 9.9%.
- Imports of goods, meanwhile, grew 33.0% in the first two months of the year and totalled USD 11.6 billion.
- As a result of these variations, a cumulative January-February trade surplus of USD 389 million was reached.
- In 2024, exports of services amounted to USD 17.1 billion and imports to USD 22.6 billion, resulting in a USD 5.5 billion deficit, representing a year-on-year improvement in the balance of USD 940 million.
- Between October and December, the current account was in surplus for the fourth consecutive quarter. The positive balance amounted to USD 1.0 billion (0.58% of GDP), and in all of 2024 it was USD 6.3 billion (1.0% of GDP), when in 2023 there had been a USD 21.0 billion deficit (3.2% of GDP).
- In 2024, the Central Bank of the Argentine Republic (BCRA, for its acronym in Spanish) experienced an increase in international reserves of USD 6.5 billion (28.3%) and reached USD 29.6 billion on the last business day of the year. At the end of March 2025 that figure dropped to USD 25.0 billion.
- In 2024, the National Public Sector (NPS) recorded an annual financial surplus for the first time since 2010 (\$ 1.8 trillion, 0.3% of GDP). In turn, in the first two months of 2025, the financial surplus was \$ 910.5 billion.
- Public debt by 31 December 2024 amounted to USD 466.9 billion (83.2% of GDP), which represents a 73.4 p.p. reduction with respect to the value at the end of 2023.

Level of activity

In the fourth quarter of 2024, Argentina's GDP recorded a year-on-year growth of 2.1%, after six consecutive quarters of falling economic activity.

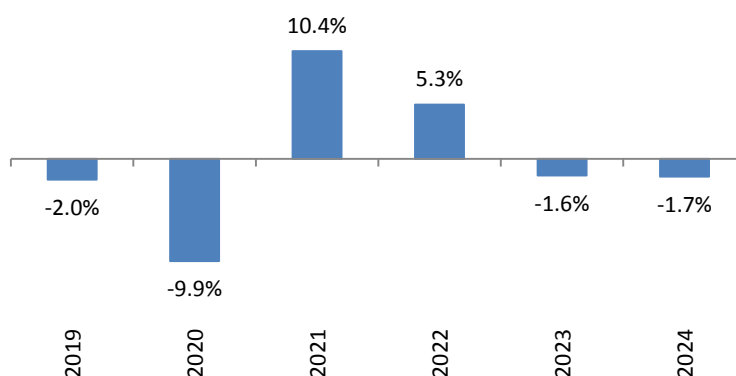
Graph 1
GDP growth rate. Quarterly values. Year 2024
% y-o-y GDP variation in \$ at constant 2004 prices



Source: CEI based on INDEC

This growth was not enough, however, to reverse the result of the calendar year: in 2024 GDP suffered a year-on-year decrease of 1.7%.

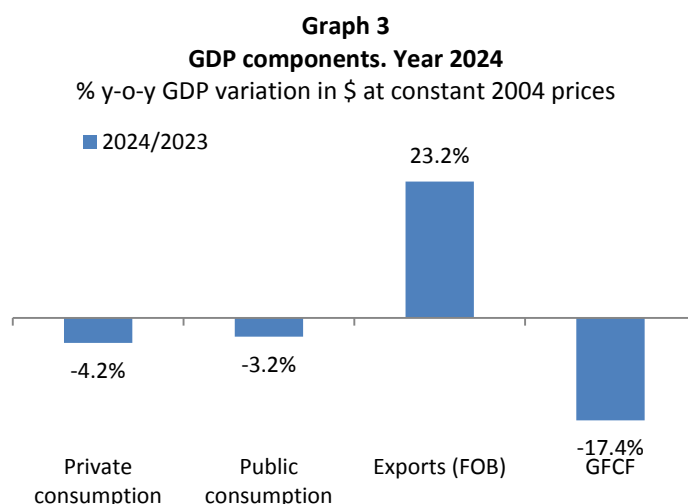
Graph 2
GDP growth rate. Years 2019-2024
% y-o-y GDP variation in \$ at constant 2004 prices



Source: CEI based on INDEC

The negative economic performance during 2024 was determined by the fall in investment (-17.4% year-on-year), private consumption (-4.2%) and public consumption (-3.2%). The only component of demand that registered an increase in 2024 was exports, which rose 23.2%. On the other hand, the investment/GDP ratio was 17.8%⁵ which represented a 3.4 p.p. reduction with respect to 2023.

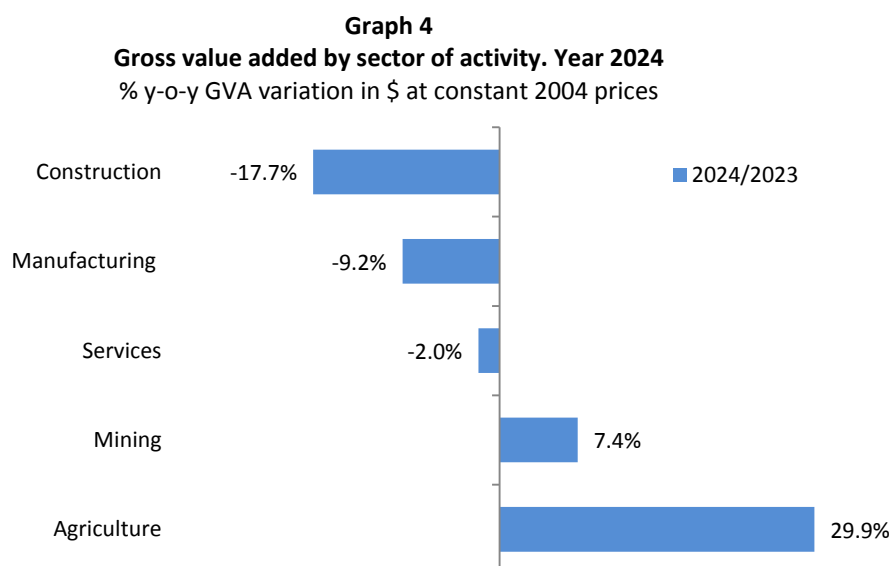
⁵ Relative to GDP at constant prices.



Source: CEI based on INDEC

At sector level, in 2024 there was a strong recovery in the agriculture, livestock, hunting and forestry sector, which had a year-on-year growth of 31.3% and, along with mining (7.4%), were the sectors that had the greatest positive impact on the total. However, this increase did not compensate for the sharp falls recorded in the manufacturing industry (-9.2%), wholesale and retail trade (-7.3%) and construction (-17.7%), which were the sectors that had the greatest impact on the decline in economic activity.

Within the manufacturing industry, the branches of activity that suffered the greatest setbacks were the manufacture of non-metal mineral products (-24.3%) and the production of radio, television and communications equipment and devices (-22.2%).



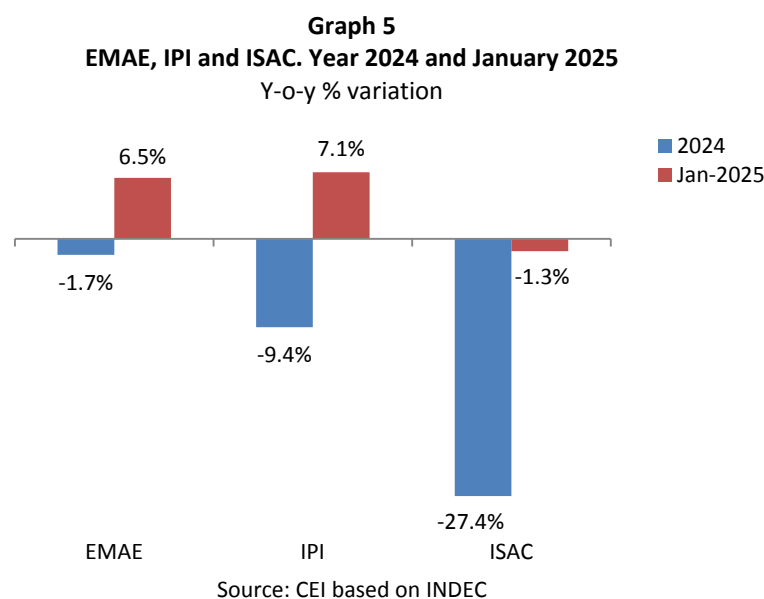
Source: CEI based on INDEC

According to the monthly estimator of economic activity (EMAE, for its acronym in Spanish), in January 2025 the Argentine economy showed a 6.5% growth compared to the same month in 2024. This rise is mainly explained by the year-on-year increase in trade (11.3%) and financial

intermediation (25.7%), while, among the sectors that presented a negative result, those that had the greatest incidence were hospitality (-2.8%) and fishing (-3.8%).

In 2024, the industrial production index (IPI) showed a decrease of 9.4%, while in January 2025 the sector's activity had a year-on-year growth of 7.1%, the second consecutive rise after 18 months of decline.

In addition, INDEC's synthetic indicator of construction activity (ISAC, for its acronym in Spanish) registered a 27.4% fall for 2024 and a negative year-on-year rate of 1.3% for January 2025.



The installed industrial capacity utilisation (UCII, for its acronym in Spanish) was 55.0% in January 2025, a value 0.4 p.p. higher than that recorded in the same month of 2024, though 1.7 p.p. lower than that recorded in December 2024.

The sectors with installed capacity utilisation above the overall level in January 2025 were petroleum refining (84.6%), paper and cardboard (67.3%) chemical substances and products (66.0%), and basic metal industries (59.3%). In contrast, the sector blocks with the lowest installed capacity utilisation were metalworking –excluding the automotive industry– (38.1%), the automotive industry (34.8%) and textile products (33.9%).

Social indicators

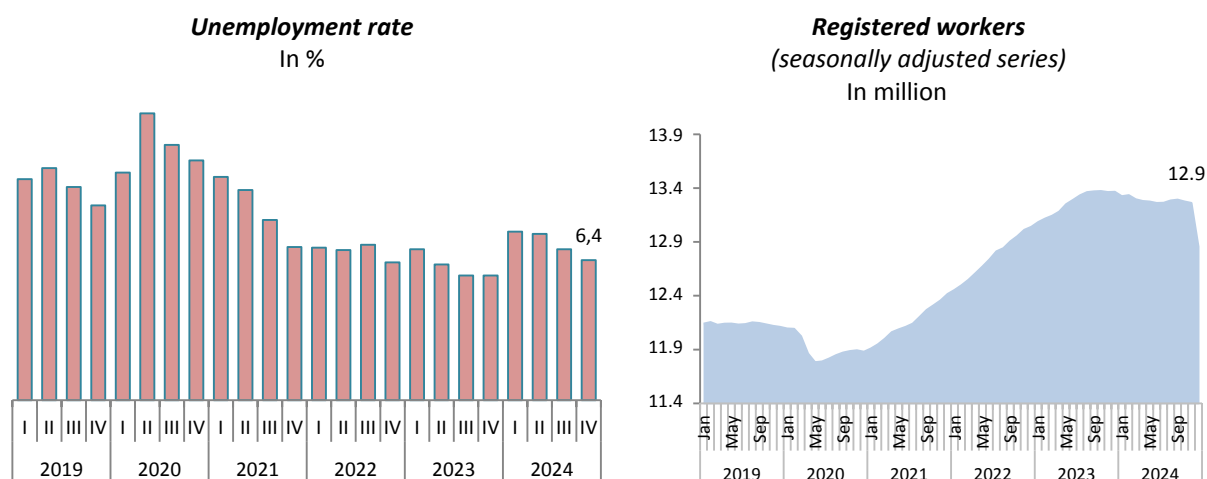
In December 2024, the number of workers registered under any of the modalities of the social security system amounted to 12.9 million⁶, 405,900 people less than the previous month and 509,900 less than those registered in December 2023. These falls were mainly caused by the 406,200 independent workers who dropped out of the simplified regime for small taxpayers (*monotributo*) between November and December 2024. In turn, private formal employment⁷ recorded a monthly increase of 16,900 workers in December and a year-on-year fall of 100,200.

⁶ Seasonally adjusted series.

⁷ Seasonally adjusted series.

The unemployment rate in the fourth quarter of 2024 reached 6.4% of the economically active population (EAP), 0.7 p.p. above the same quarter of 2023, but 0.5 p.p. below the third quarter of 2024; while the activity rate stood at 48.8%, 0.2 p.p. higher than that of the fourth quarter of 2023 and 0.5 p.p. above that of the third quarter of 2024.

Graph 6
Labour market. Years 2019-2024



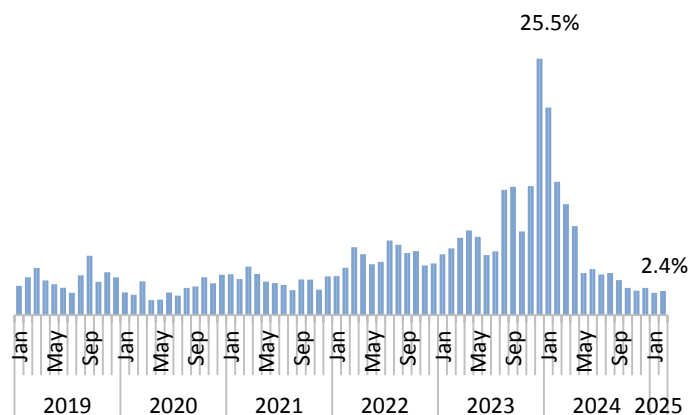
Source: CEI based on INDEC and the Secretariat of Labour, Employment and Social Security

The latest published poverty figures indicate that, in the second half of 2024, 38.1% of the population was below the poverty line, while 8.2% of the people were in extreme poverty. This presupposes a 14.8 p.p. reduction in poverty values compared to the first half of 2024, and 3.6 p.p. in relation to the second half of 2023. In turn, extreme poverty decreased by 9.9 p.p. and 3.7 p.p. with respect to the same periods.

Prices

In 2024, Argentina's annual inflation was 117.8%, a figure significantly lower than that recorded in 2023 (211.4%, the highest value for a calendar year since 1990). Since December 2023, when the index reached 25.5% (the highest monthly value in the series published by INDEC, starting in 2016), the consumer price index (CPI) monthly values have significantly decreased. The latest available data, for the month of February 2025, was 2.4%.

Graph 7
Consumer price index. January 2019 – February 2025
% monthly variation



Source: CEI based on INDEC

The depreciation of the peso against the dollar reached 27.7% in 2024, a figure significantly lower than that recorded in 2023 (356.4%), while in March 2025 it was 0.9%.

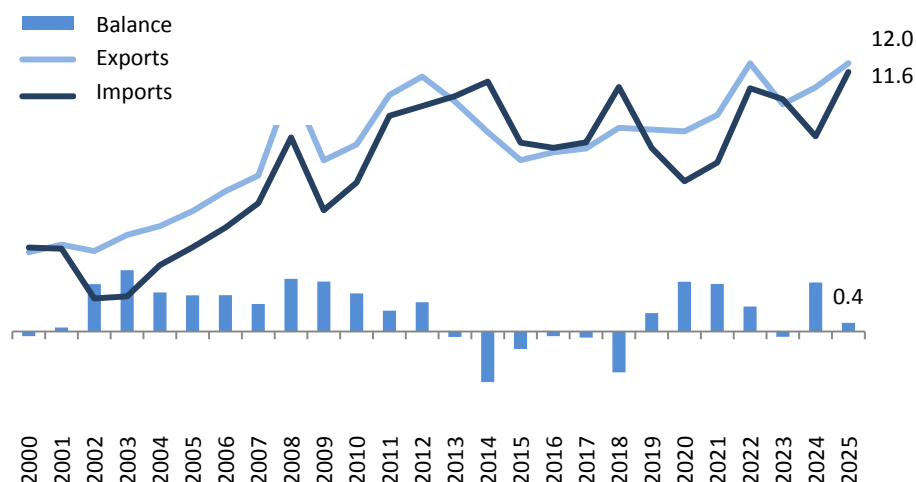
Foreign trade

In the first half of the year, Argentine exports reached USD 12.0 billion, representing a 9.9% year-on-year rise, as a result of an increase in exported quantities (12.1%) that more than offset the drop in prices (-2.0%). Rises in exports of crude soybean oil (USD 352 million), crude petroleum oils (USD 301 million) and corn (USD 251 million) are highlighted; while the largest falls occurred in wheat (-USD 165 million), grain barley (-USD 81 million) and flour and soybean pellets (-USD 79 million). Among the destinations, sales to the USMCA (6.9%), the EU (1.0%), Chile (35.7%) and India (75.8%) went up, while to Mercosur (-3.4%), the Asean (-4.9%) and China (-22.6%) went down.

In turn, imports in the first two months of the year totalled USD 11.6 million and grew 33.0% year-on-year, as a result of the 45.7% increase in imported quantities, while prices fell 8.7%. The most representative rises took place in the purchases of chassis, parts and tires (USD 380 million), vehicles for transporting people (USD 241 million) and phone parts (USD 135 million); while those of natural gas in gaseous state (-USD 97 million), electrical energy (-USD 62 million) and glyphosate (-USD 50 million) decreased. In terms of destinations, purchases to the main origins increased: Mercosur (28.1%), China (73.5%), USMCA (8.9%), EU (12.6%) and Asean (74.2%).

As a result of these variations, the trade balance reached a surplus of USD 389 million, when in the accumulated January-February 2024 a positive balance of USD 2.2 billion had been recorded.

Graph 8
Trade in goods for the first two months of each year. Years 2000-2025
Exports, imports and trade balance in billion USD



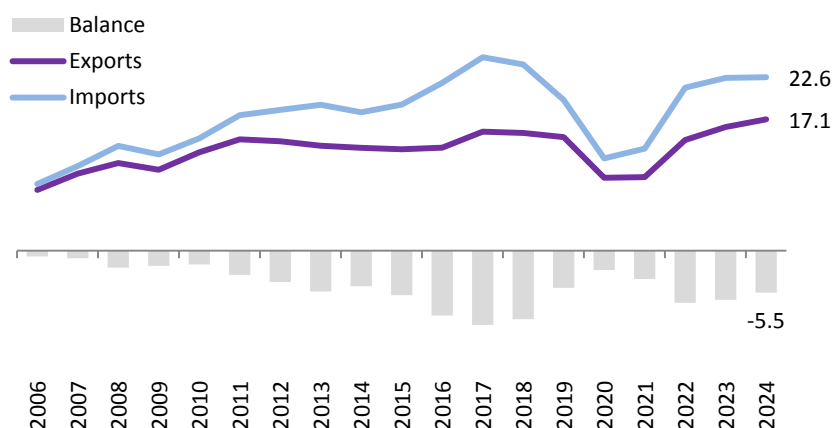
Source: CEI based on INDEC

In terms of foreign trade in services, in the fourth quarter of 2024, exports amounted to USD 4.8 billion and imports to USD 6.4 billion, for which reason the deficit reached USD 1.6 billion, representing an increase in the deficit of USD 817 million compared to the balance observed for the same period of the previous year.

Taking into account the total of 2024, exports of services totalled USD 17.1 billion and imports USD 22.6 billion, resulting in a USD 5.5 billion deficit, representing a year-on-year improvement in the balance of USD 940 million. This dynamic is accounted for by a year-on-year rise of USD 1.0 billion in service exports that exceeded the USD 72 million increase in imports.

In 2024, the main exports corresponded to knowledge-based services (KBS), and within this group, to business services. KBS exports amounted to USD 9.4 billion, with a year-on-year 15.2% rise. Exports of travel services are also highlighted, with revenues of USD 5.0 billion.

Graph 9
Annual trade in services. Years 2006-2024
Exports, imports and trade balance in billion USD

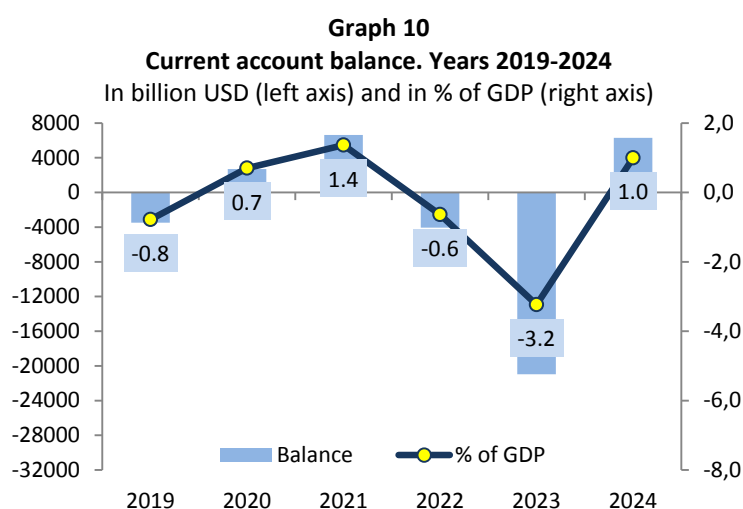


Source: CEI based on INDEC

International accounts

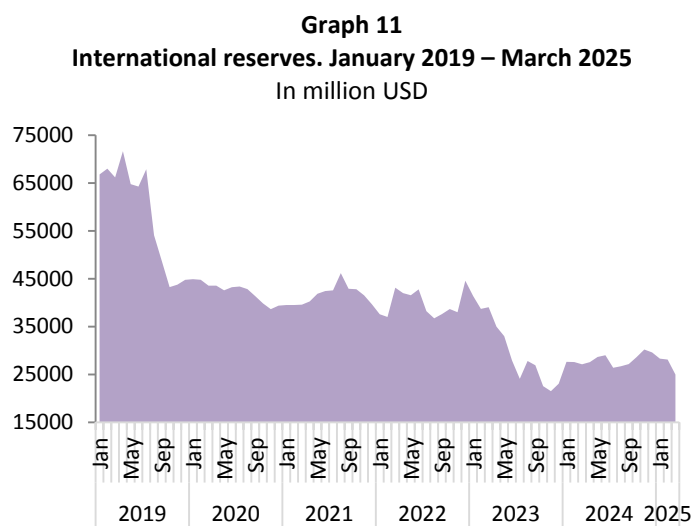
In the fourth quarter of 2024, the flow of foreign direct investment (FDI) totalled USD 435 million (0.2% of GDP), a value lower than that recorded in the same period of 2023 at USD 6.6 billion (4.3 p.p. lower in relation to GDP). This drop occurred mainly due to the strong debt repayment carried out by local subsidiaries of foreign companies to their parent companies during that quarter.

In turn, between October and December, the current account registered a surplus for the fourth consecutive quarter. In said period, the positive balance amounted to USD 1.0 billion (0.58% of GDP), and during 2024 as a whole, it was of USD 6.3 billion (1.0% of GDP), representing a change of sign compared to the same period in 2023, when a deficit of USD 21.0 billion had been recorded (3.2% of GDP).



Source: CEI based on INDEC

During 2024, the Central Bank of the Argentine Republic (BCRA, for its acronym in Spanish) experienced an increase in international reserves of USD 6.5 billion (28.3%) and on the last business day of that year, it reached USD 29.6 billion. At the end of March 2025, that figure dropped to USD 25.0 billion.



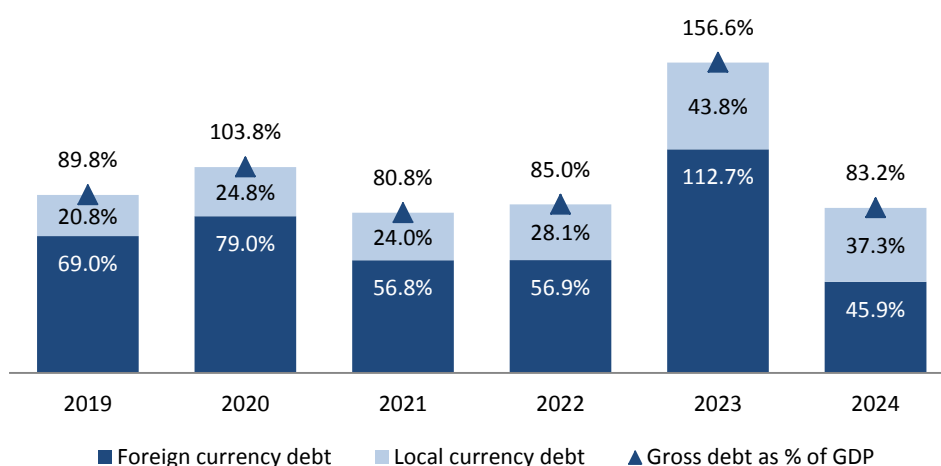
Source: CEI based on BCRA

Fiscal sector

The National Public Sector (NPS) recorded a financial surplus for the year 2024 of \$ 1.8 trillion (0.3% of GDP) and a primary surplus of \$ 10.4 trillion (1.8% of GDP). As a consequence, an annual financial surplus was achieved for the first time since 2010. In turn, in the first two months of 2025, the financial surplus was \$ 910.5 billion and the primary was of \$ 3.6 trillion.

Finally, public debt⁸ by 31 December 2024 amounted to USD 466.9 billion (83.2% of GDP⁹), representing a decrease with respect to the value of 73.4 p.p. recorded at the end of 2023 (with relation to GDP¹⁰). Foreign currency debt in the fourth quarter of 2024 reached 45.9% of GDP, while the external debt accounted for 23.7% of the product.

Graph 12
Gross public debt according to currency. Years 2019-2024
In % of GDP



Source: CEI based on Ministry of Economy

⁸ Value of the gross debt of the central administration.

⁹ According to the methodology of the Secretariat of Finance of the Ministry of Economy, the debt as a percentage of output data uses the average GDP for the last four quarters, expressed in dollars from the end-of-period exchange rate.

¹⁰ Exchange rate taken at the end of the period.

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Closing date: 31 March 2025



**Ministry of Foreign Affairs,
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Argentine Republic