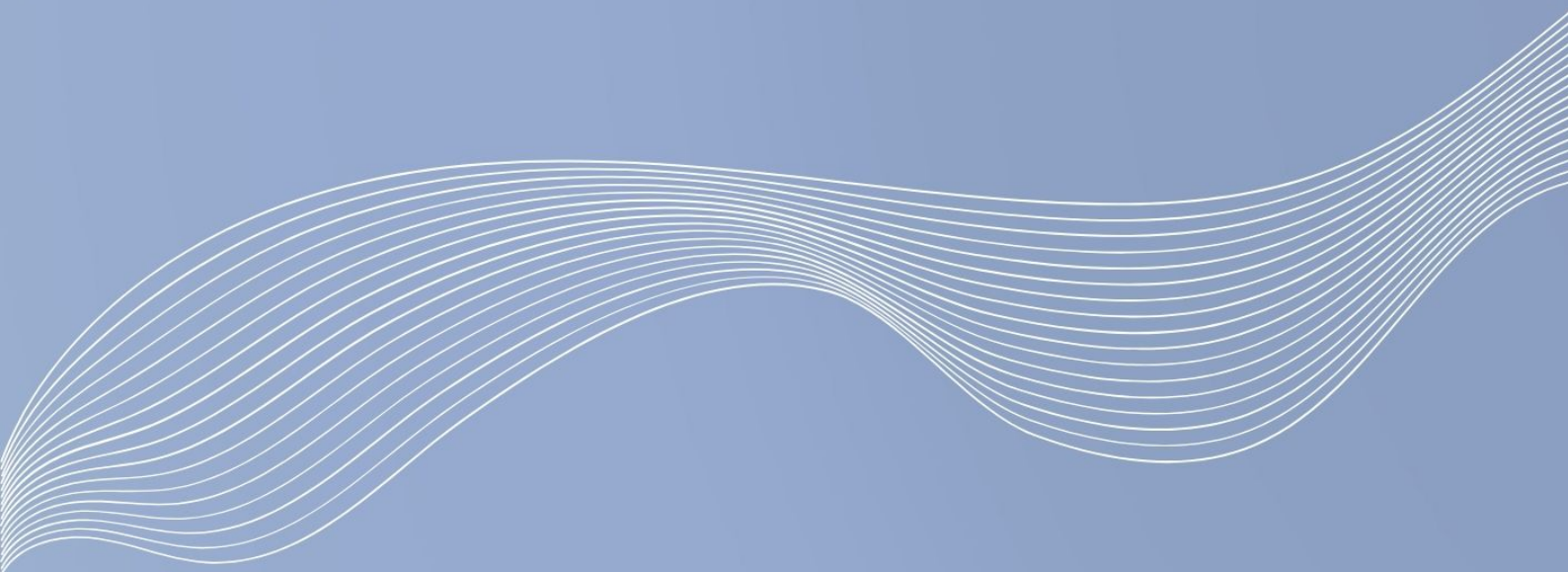


FEBRUARY 2025

ARGENTINE ECONOMIC OUTLOOK

CEI Centre for
International
Economy



ARGENTINE ECONOMIC OUTLOOK

Argentina in the world

With a Gross Domestic Product (GDP) of USD 641.7 billion,¹ Argentina is the second largest economy in South America, following Brazil. It ranks fourth in terms of GDP per capita² (USD 13,872), in this case after Uruguay, Guyana and Chile; and its more than 47 million inhabitants³ place 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 a 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, as is the case of the automotive industry, which, with preferential access to the main markets in the region, has become the most relevant sector concerning manufactured product exports. There are also other fast-growing sectors, such as renewable energy, biotechnology, and knowledge-based services, among others.⁴ Out of the total Latin American unicorn firms, fourteen are Argentine-based.

Moreover, it has highly skilled labour, acknowledged by 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 Programme⁵.

¹ Year 2023, according to data from the Ministry of Economy.

² Year 2023, according to data from the World Bank.

³ 47,067,641 people according to INDEC estimates by 1 July 2024.

⁴ Companies with a stock-market value of over USD 1 billion. As of 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).

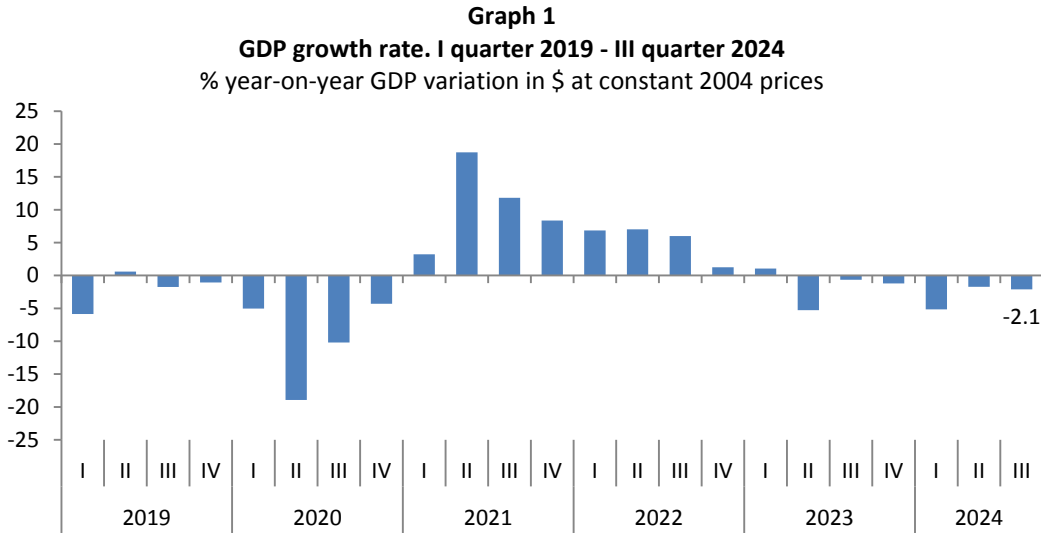
⁵ Index corresponding to the year 2022.

State of the real economy

- In the third quarter of 2024, Argentina's GDP fell by 2.1% year-on-year, representing the sixth consecutive quarter of decline in economic activity.
- The sector that contributed the most to this fall was the manufacturing industry (-5.9%), followed by wholesale and retail trade (-6.1%) and construction (-14.9%), while the growth of agriculture, livestock, hunting, forestry and fishing (13.2%) and mining (6.6%) mitigated the decline in GDP.
- According to the Monthly Estimator of Economic Activity (EMAE, for its acronym in Spanish), in November 2024 the Argentine economy showed a slight recovery, changing the trend of the first three quarters of the year. In that month the indicator had a positive variation of 0.1% y-o-y (although the cumulative January-November period showed a decrease of 2.5%).
- The Industrial Production Index (IPI) declined between January and November 2024, with a drop of 10.7%, while construction, as measured by the Synthetic Indicator of Construction Activity (ISAC, for its acronym in Spanish), did so by 28.5%.
- The Installed Industrial Capacity Utilisation (UCII, for its acronym in Spanish) during November 2024 stood at 62.3%, 4.1 p.p. lower than that of the same month of 2023, and 0.9 p.p. below than that recorded in October 2024.
- In October 2024, the number of workers registered under any of the modalities of the social security system amounted to 13.3 million, 25,600 fewer people than the previous month and 109,400 less than those registered in October 2023.
- The unemployment rate in the third quarter of 2024 reached 6.9% of the economically active population (EAP), 1.2 p.p. above that of the same quarter of 2023.
- Since December 2023, when the inflation rate reached 25.5%, monthly consumer price index (CPI) values dropped significantly. In December 2024 the variation was 2.7%.
- In 2024, exports of goods reached USD 79.7 billion, which represents a 19.4% year-on-year increase, explained by a 26.7% increase in the quantities exported that exceeded the 5.8% drop in prices.
- Imports of goods in 2024 totalled USD 60.8 billion and fell 17.4% in year-on-year terms, as a result of decreases of 4.0% and 14.0% in prices and quantities imported, respectively.
- The trade balance reached a USD 18.9 billion surplus, when in 2023 a deficit of USD 6.9 billion had been recorded.
- Service exports grew 13.5% in the third quarter of 2024 and reached USD 4.4 billion; imports, on the other hand, increased 8.0% (USD 6.0 billion) and the resulting deficit was USD 1.6 billion (in the third quarter of 2023 it had been USD 1.7 billion).
- Between July and September 2024, the current account registered a surplus for the third consecutive quarter. In that period, the positive balance amounted to USD 1.4 billion (0.83% of GDP), which represents a change of sign with respect to the same period of 2023, when a deficit of USD 6.0 billion (3.68% of GDP) had been registered.
- Contrary to what happened in 2023, when the Central Bank of the Argentine Republic (BCRA, for its acronym in Spanish) experienced a sharp fall in international reserves, in 2024 they grew: at the end of the year, they reached USD 29.6 billion, 28.3% (USD 6.5 billion) more than at the end of 2023.
- In 2024, the National Public Sector (SPN, for its acronym in Spanish) recorded an annual financial surplus for the first time since 2010. The fiscal result of 2024 was 0.3% of GDP.
- Public debt as of 30 September 2024 amounted to USD 460.1 billion (94.6% of GDP), which represents a reduction from the value at the end of 2023 of 62 p.p. in relation to GDP.

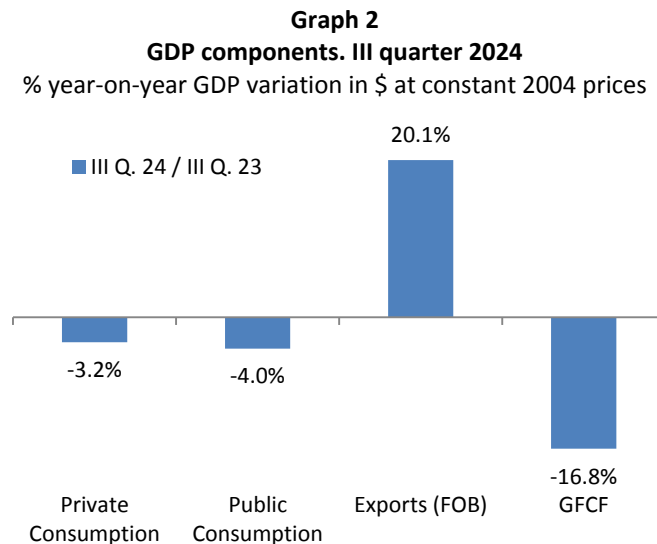
Level of activity

In the third quarter of 2024, Argentina’s GDP registered a 2.1% year-on-year drop, thus recording the sixth consecutive quarter of decline in economic activity.



Source: CEI based on INDEC

The negative economic performance during the third quarter of 2024 was determined by the fall in investment (-16.8% year-on-year), private consumption (-3.2%) and public consumption (-4.0%). The only component of demand that registered an increase between July and September 2024 were exports, which increased by 20.1%. On the other hand, the investment/GDP ratio was 19.3%⁶ in the third quarter of 2024, which meant a reduction of 3.4 p.p. with respect to the same period of 2023.



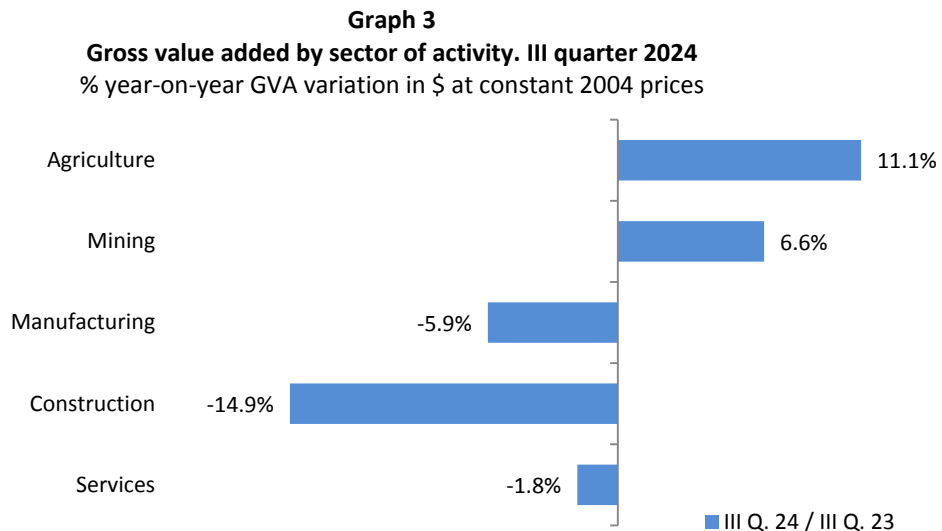
Source: CEI based on INDEC

At the sector level, in the third quarter of 2024 the recovery of the agriculture, livestock, hunting and forestry sector continued, with a growth of 13.2% compared to the same period of 2023, and along with mining (6.6%) they were the industries with the greatest positive impact on the total GDP.

⁶ Relative to GDP at constant prices.

However, this increase did not compensate for the sharp falls recorded in manufacturing (-5.9%), wholesale and retail trade (-6.1%) and construction (-14.9%), the sectors that most influenced the decline in economic activity.

Within the manufacturing industry, the branches of activity that suffered the greatest setbacks were the production of radio, television and communications equipment and apparatus (-22.8%), the manufacture of non-metal mineral products (-22.2%) and the fabrication of paper and paper products (-16.5%). Among services, the largest falls were recorded in hospitality (-13.6%), wholesale and retail trade (-6.1%) and financial intermediation (-6.1%).



Source: CEI based on INDEC

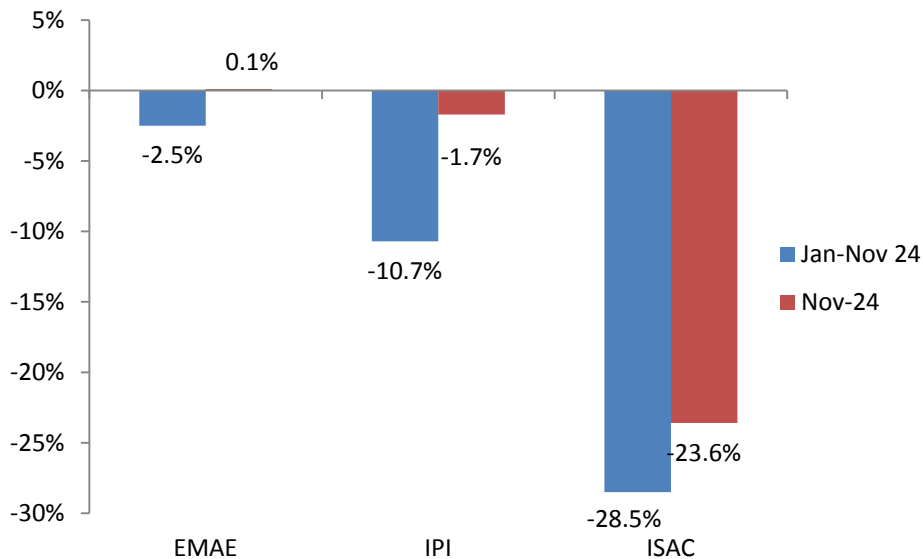
According to the Monthly Estimator of Economic Activity (EMAE, for its acronym in Spanish), in November 2024 the Argentine economy changed its trend and presented a growth of 0.1% with respect to the same month of 2023, while in the cumulative January-November period there was a drop of 2.5% with respect to the same period of 2023.

The increase in the level of activity that took place in November was mainly explained by the year-on-year growth in financial intermediation (9.9%) and the exploitation of mines and quarries (7.1%), while among the sectors that presented a negative result those that had the greatest incidence were construction (-14.2%), and electricity, gas and water (-5.6%).

According to the Industrial Production Index (IPI), in November the sector's activity decreased by 1.7%, which meant the 18th consecutive year-on-year drop in the monthly indicator. In turn, between January and November 2024, the IPI recorded a year-on-year decrease of 10.7%.

Likewise, the Economic Indicator of Construction Activity (ISAC, for its acronym in Spanish) published by the INDEC presented negative year-on-year rates both in November 2024 and in the cumulative period of January-November 2024 (23.6% and 28.5%, respectively).

Graph 4
EMAE, IPI and ISAC. November 2024 and cumulative January-November 2024
Y-o-y variation (%)



Source: CEI based on INDEC

The Installed Industrial Capacity Utilisation (UCII, for its acronym in Spanish) during November 2024 stood at 62.3%, 4.1 p.p. lower than that of the same month of 2023, and 0.9 p.p. below that recorded in October 2024.

The sectors with installed capacity utilisation above the general level in November 2024 were: petroleum refining (82.1%), paper and cardboard (68.6%), basic metal industries (67.2%), food and beverage products (66.9%), chemicals (66.1%) and the automotive industry (64.7%). In contrast, the sectors with the lowest utilisation of installed capacity were: textile products (48.2%), tobacco products (47.6%) and rubber and plastic products (46.8%).

Social indicators

In the month of November 2024, the number of workers registered under any of the modalities of the social security system amounted to 13.3 million⁷, 25,600 fewer people than the previous month and 109,400 less than those registered in October 2023 (graph 5).

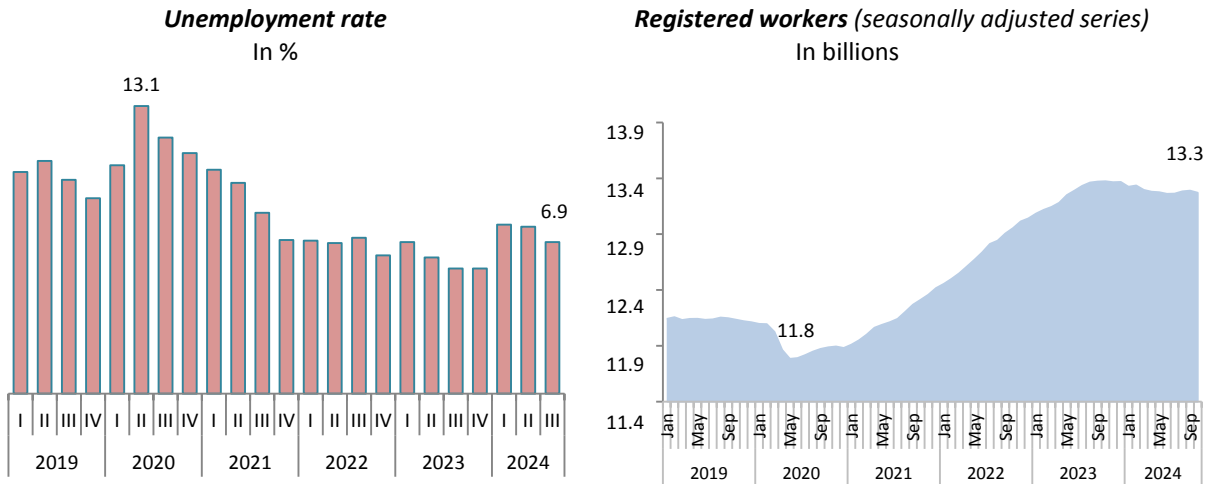
Private formal employment⁸ recorded a monthly increase of 2,400 workers in November and a year-on-year fall of 120,000. On the other hand, self-employment showed a positive year-on-year variation (2.5%, 75,000 more workers), which is mainly explained by an increase in the number of *monotributistas* (workers registered in the simplified regime for small taxpayers); these contributors increased by 61,800 people year-on-year.

The unemployment rate in the third quarter of 2024 reached 6.9% of the economically active population (EAP), 1.2 p.p. above that of the same quarter of 2023; while the activity rate stood at 48.3%, 0.1 p.p. higher than that of the third quarter of 2023.

⁷ Seasonally adjusted series.

⁸ Seasonally adjusted series.

Graph 5
Labour market. Years 2019-2024

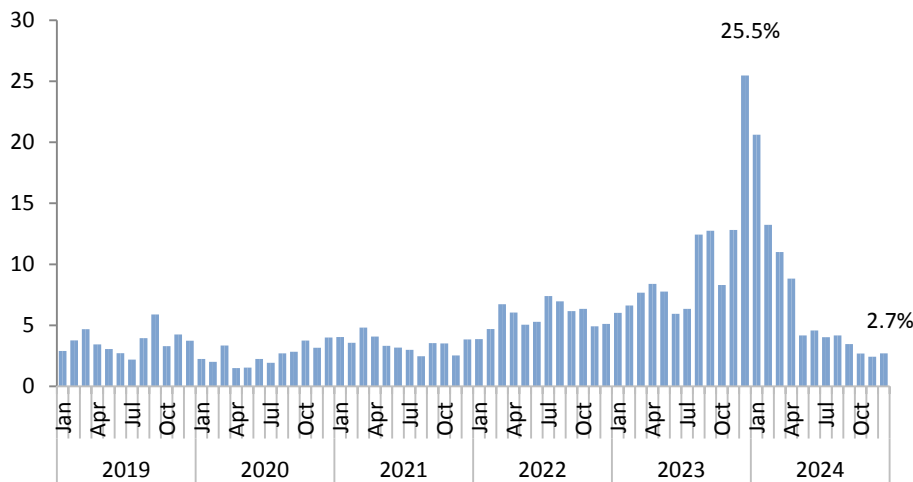


Source: CEI based on INDEC and the Secretariat of Labour, Employment and Social Security

Prices

In 2023 Argentina’s annual inflation was 211.4%, the highest value for a calendar year since 1990. From December 2023, when the index reached 25.5% (the highest monthly value in the series published by INDEC, which begins in 2016), the monthly values of the Consumer Price Index have decreased significantly. The last available data for the month of December 2024 was 2.7% (graph 6) and 2024 annual inflation reached 117.8%.

Graph 6
Consumer Price Index. January 2019 – December 2024
% monthly variation



Source: CEI based on INDEC

The monthly depreciation of the peso against the dollar was significantly lower in 2024 than that recorded in 2023 (356.4%). In December it was 2.1%, and throughout 2024 it reached 27.7%.

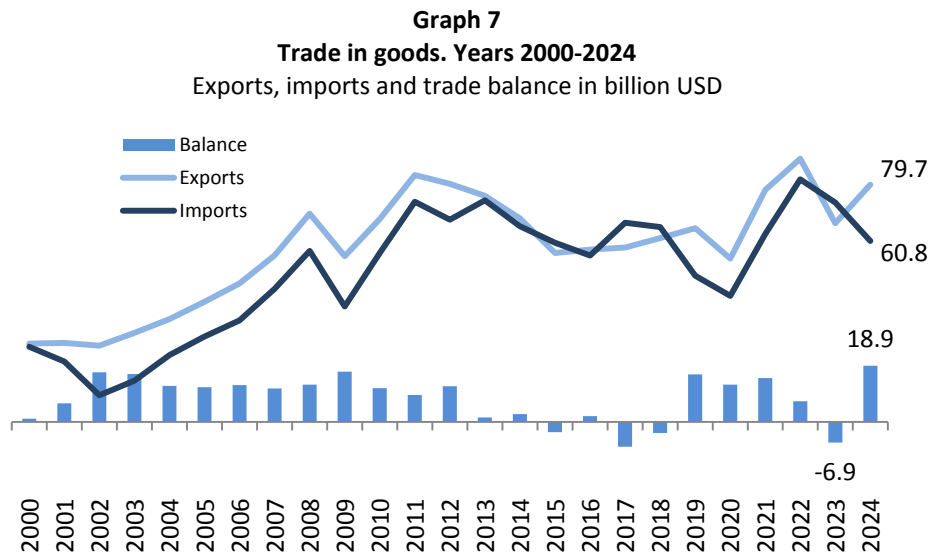
Foreign trade

In 2024, Argentine exports of goods reached USD 79.7 billion, which represents a 19.4% year-on-year growth, explained by a 26.7% increase in the quantities exported that exceeded the 5.8% reduction in prices. Imports amounted to USD 60.8 billion and fell 17.5% year-on-year, as a result of drops of 4.0% and of 14.0% in prices and quantities imported, respectively. The trade balance reached a surplus of USD 18.9 billion, when in 2023 a deficit of USD 6.9 billion had been recorded.

The main export destinations were Brazil, (with a 17.1% share), the EU (10.3%), the United States (8.1%) and Chile (7.9%). In turn, the most relevant sources of imports were: Brazil (with 23.6% of total imports), China (19.2%), the EU (14.8%) and the United States (10.2%). The largest surpluses were obtained in trade with Chile (USD 5.6 billion), India (USD 2.6 billion), Vietnam (USD 2.5 billion), Peru (USD 2.2 billion) and Saudi Arabia (USD 1.4 billion); while the main deficits were recorded with China (-USD 5.6 billion), Paraguay (-USD 1.9 billion) and Germany (-USD 1.8 billion).

Prominent were the increases in exports of soybean flour and pellets (USD 2.6 billion), crude soybean oil (USD 1.9 billion), crude petroleum oils (USD 1.6 billion) and wheat (USD 1.3 billion); while the greatest falls occurred in those of lithium carbonates (-USD 193 million), virgin olive oil (-USD 177 million) barley grain (-USD 154 million) and unwrought silver (-USD 133 million).

With respect to imports, the most significant falls occurred in the purchases of soybeans (-USD 2.4 billion), gas oil (-USD 1.2 billion) and natural liquefied gas (-US\$ 1.1 billion); while imports of vehicles for the transport of persons (USD 1.0 billion), and of goods (USD 317 million) grew.

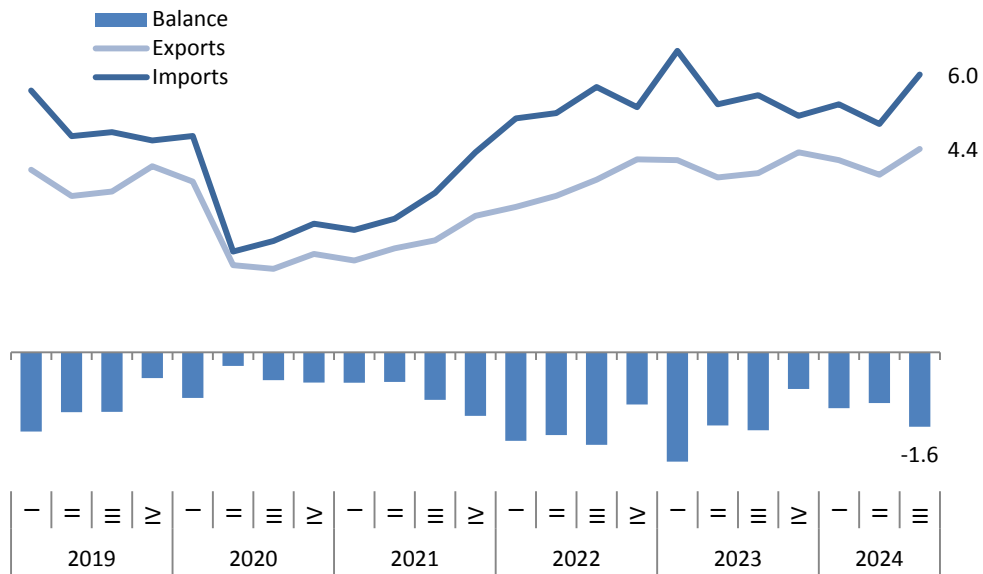


Source: CEI based on INDEC

In terms of foreign trade in services, in the third quarter of 2024 exports amounted to USD 4.4 billion and imports to USD 6.0 billion, for which reason the deficit was USD 1.6 billion, which represents an improvement of USD 75 million compared to the balance observed for the same period of the previous year. This dynamic is explained by a USD 521 million year-on-year increase in service exports that exceeded the USD 446 million rise in imports.

The main exports of services in the third quarter of 2024 corresponded to knowledge-based services (KBS), and within this group to business services. KBS exports amounted to USD 2.6 billion, with a growth of 29.0% year-on-year. Among services exports there also stand out those of travel, with revenues of USD 1.1 billion.

Graph 8
Trade in services. I quarter 2019 - III quarter 2024
 Exports, imports and balance in billion USD



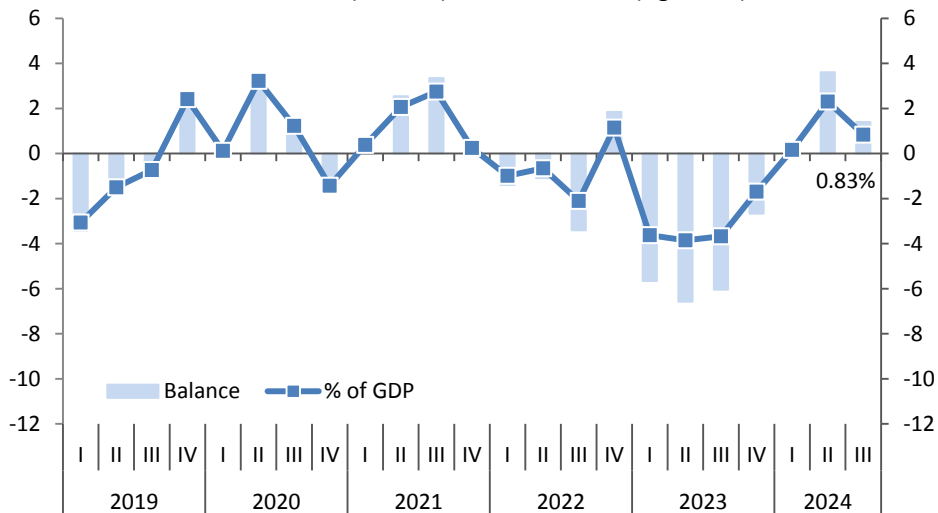
Source: CEI based on INDEC

International accounts

In the third quarter of 2024, incoming foreign direct investment (FDI) totalled USD 2.5 billion (1.5% of GDP), a value below that recorded in the same period of 2023 by 62.4% (2.5 p.p. lower in relation to GDP).

Between July and September 2024, the current account registered a surplus for the third consecutive quarter. In that period, the positive balance amounted to USD 1.4 billion (0.83% of GDP), which represents a change of sign with respect to the same period of 2023, when a deficit of USD 6.0 billion (3.68% of GDP) had been seen.

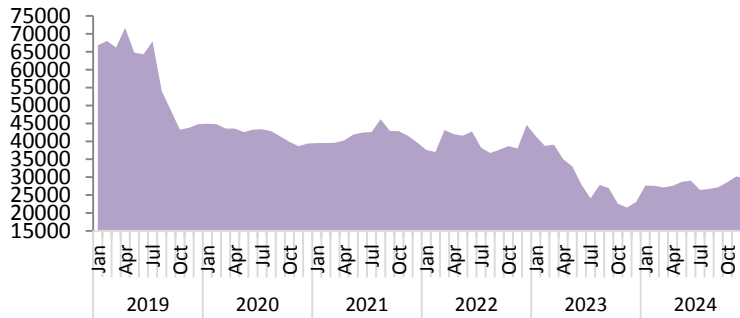
Graph 9
Current account balance. I quarter 2019 - III quarter 2024
 In billion USD (left axis) and in % of GDP (right axis)



Source: CEI based on INDEC

During 2024, the BCRA experienced an increase in international reserves that contrasts with the fall of 2023. On the last business day of 2023, they reached USD 23.1 billion, after a year-on-year decrease of 48.3% (-USD 21.6 billion), while throughout 2024 the BCRA accumulated reserves and, at the end of the year, these reached USD 29.6 billion, 28.3% (USD 6.5 billion) more than at the end of 2023.

Graph 10
International reserves. January 2019 – December 2024
In million USD



Source: CEI based on BCRA

Fiscal sector

The National Public Sector (SPN, for its acronym in Spanish) 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). In this way, an annual financial surplus was achieved for the first time since 2010.

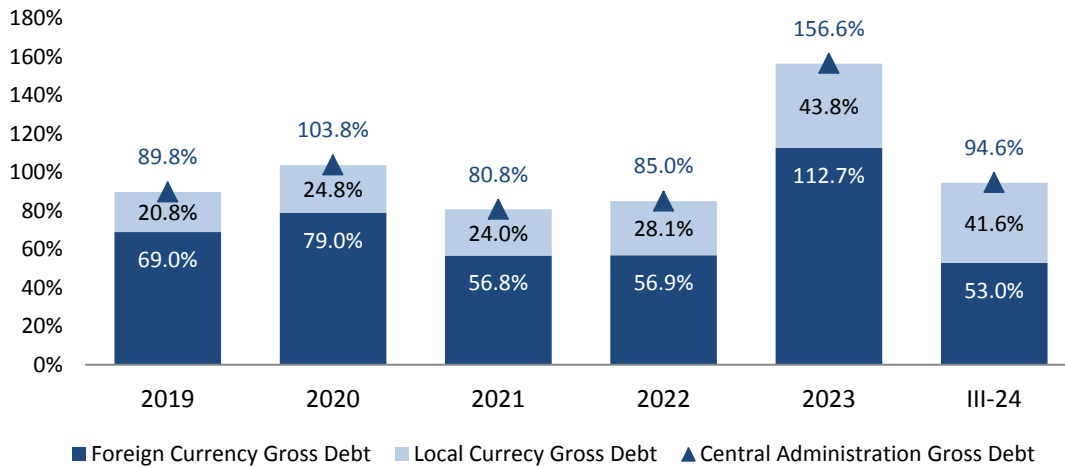
Public debt⁹ as of 30 September 2024 amounted to USD 460.1 billion (94.6% of GDP¹⁰), which represents a reduction from the value at the end of 2023 of 62 p.p. in relation to GDP¹¹. Foreign currency debt in the third quarter of 2024 reached 53% of GDP, while external debt accounted for 27.6% of the output.

⁹ Value of the central government gross debt.

¹⁰ According to the methodology of the Secretariat of Finance of the Ministry of Economy, the debt data as a percentage of output uses the average GDP for the last four quarters, expressed in dollars from the exchange rate of the end of the period.

¹¹ Exchange rate is the rate as of the end of the period.

Graph 11
Gross public debt by currency. Years 2019-2023 and III quarter 2024
 In % of GDP



Source: CEI based on the Ministry of Economy

ARGENTINE ECONOMIC OUTLOOK

THE OPINION EXPRESSED IN THIS PUBLICATION DOES NOT NECESSARILY REFLECT THE VIEWS OF
THE MINISTRY OF FOREIGN AFFAIRS, INTERNATIONAL TRADE AND WORSHIP OF ARGENTINA.

HYPERLINKS TO OTHER WEBSITES ARE MERELY INFORMATIVE AND DO NOT IMPLY
RESPONSIBILITY FOR OR APPROVAL OF THEIR CONTENT ON THE PART OF THE CEI.

Closing date of this issue: 31 January 2025



**Ministry of Foreign Affairs,
International Trade and Worship**
Argentine Republic