

ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

July 30, 2019

Driven by the agriculture sector, the economy grew 2.6% yoy in May

Economic Indicators as of 07/26					
Indicator	Value	Week	Month	Year	Outlook
Exchange Rate (ARS/USD)*	\$ 45,00	↑	↑	↑	●
Badlar Rate	49,38%	↑	↑	↑	●
7 day Leliq rate	59,99%	↑	↓	↑	●
Country Risk bps	793		↓	↑	●
GDP yoy (last Q)	-5,80%			↓	●
Inflation Indec yoy	55,80%		↑	↑	●
Industrial Production yoy (EMI)	-6,90%		↓	↓	●
Reserves (000s mill USD)	68,07	↓	↑	↑	●
Tax Revenue yoy	52,10%		↑	↑	●
Merval Index	41784	↑	↑	↑	●

*up means depreciation

Outlook: green, yellow or red signals whether the variable will have a favorable, neutral or unfavorable variation in the short run

HIGHLIGHTS

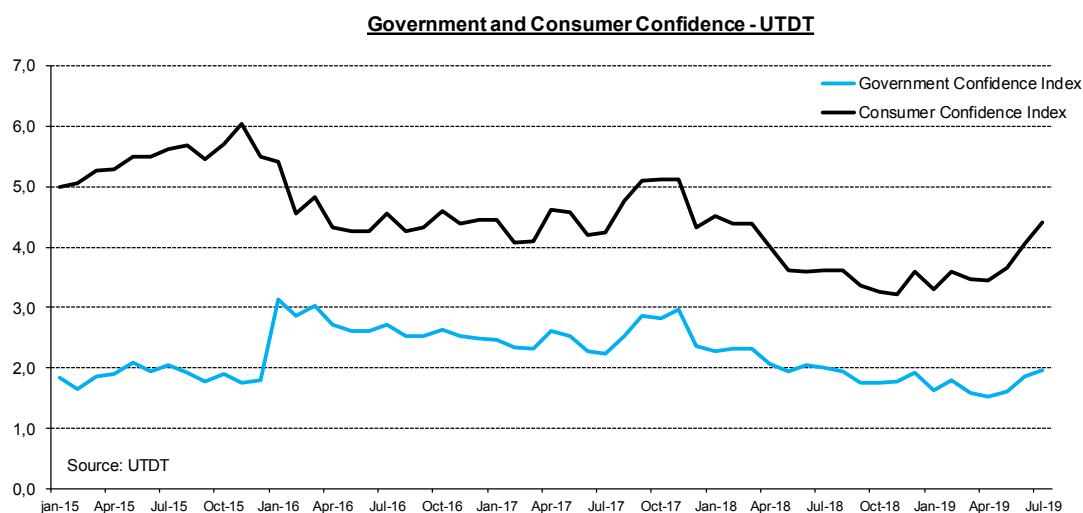
- Economic activity achieved 0.2% mom s.a. positive growth in May. As was the case in previous months, growth was boosted by the rebound in agriculture production, which has expanded for the past ten months and surged 49.5% yoy. Although activity in main sectors remains below last year's level, monthly reports signal improvements in industrial production and construction. Hence, it is likely GDP will grow in 2Q, ending five straight quarters of contraction.
- Cereal exports also favored the trade balance and inflow of funds during the first half. Until June, the trade surplus totaled USD 5.588 mill. (-USD 4.864 mill in 2018), partly due to the strong fall in imports, consequence of the recession and peso depreciation. Additionally, over USD 4.800 mill. were accounted as Export payments during June, half of which referred to cereal exports.

ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

July 30, 2019

- Furthermore, days before primary elections take place, exchange rate stability and decelerating inflation expectations bolstered confidence indexes. During July Consumer confidence rose 8.9% mom, and Government confidence 6.1%, both attained their third monthly improvement, almost reaching pre-crisis level.



Argentina: Economic Indicators From July 22nd to July 26th

Date	Indicators	Period	Cons.	Prior	Actual
Tue 25	Economic activity y/y	May	--	-1.3%	2.6%
	Economic activity m/m s.a.	May	--	0.8%	0.2%
	Trade balance	Jun	--	USD1373m	USD1061m
	Consumer confidence	Jul	--	11.2%	8.9%
	Government confidence	Jul	--	15.0%	6.1%
Fri 26	7-day Leliq base rate - BCRA	26 jul	--	58.71%	59.59%

Argentina: Economic indicators This week

Date	Indicators	Period	Cons.	Previous
Jue 01	Recaudación fiscal	Jul	--	\$454.4b
Vie 02	REM – BCRA	Jul	--	--
	Tasa Leliq 7 días - BCRA	02 ago	--	59.59%

ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

July 30, 2019

Argentina						
Long Run Economic Indicators						
Indicator	Exante - July 2019			EconViews - July 2019		
	2018	2019E	2020E	2018	2019E	2020E
Real GDP - yoy	-2,5%	-1,8%	1,4%	-2,5%	-1,8%	2,5%
Investments - yoy	-5,8%	-17,2%	3,8%	-5,8%	-10,5%	12,0%
Consumption - yoy	-2,4%	-4,1%	0,6%	-2,4%	-5,2%	2,5%
Reference Rate BCRA	59,30%	--	--	59,30%	48,00%	36,00%
International Reserves - USD bill	65,8	58,1	64,0	65,8	60,4	61,7
Current Account - % GDP	-5,4%	-2,1%	-2,0%	-5,6%	-1,3%	-2,0%
CPI - yoy	47,6%	45,4%	23,8%	47,6%	40,5%	31,5%
Exchange Rate - ARS/USD	37,81	54,50	57,60	37,81	50,00	62,00
Debt National Gov. - % GDP*	86,0%	90,3%	79,8%	42,2%	49,7%	47,5%
Imports - CIF USD bill.	65,4	51,6	54,3	65,7	53,5	62,2
Exports - FOB USD bill.	61,2	65,1	68,5	61,2	63,0	68,5
Unemployment Rate - year average**	9,1%	10,4%	9,4%	9,1%	10,1%	10,3%
Primary Fiscal Deficit - % GDP	-2,6%	-0,6%	--	-2,6%	0,0%	1,0%

*Econviews: excludes intra gov. Debt, and includes GDP coupons and holdouts

**Exante: real, endo of year

Source: CMA based on Econviews and Exante

ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

July 30, 2019

Graciela Cairolí

Director

Alejandro Quelch

Head of Research Department

aquelch@capitalmarkets.com.ar

Jaime Krause

Head of Asset Management

Portfolio Manager

Noelia Lucini, CFA

Fixed Income Strategy.

Portfolio Manager

Nicolas Viveros

Senior Analyst (Fixed Income)

nviveros@capitalmarkets.com.ar

Agustin Giannattasio, CFA

Equity Senior Analyst

agiannattasio@capitalmarkets.com.ar

María Teresa Leiva

Macroeconomic Analyst

mleiva@capitalmarkets.com.ar

Juan José Guma

Analyst

jguma@capitalmarkets.com.ar

Valeria Flores

Virtual Library Administrator.

Assistant

vflores@capitalmarkets.com.ar

Dolores Jáuregui

Communication with external Analysts

Assistant

djauregui@capitalmarkets.com.ar

ARGENTINA MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

July 30, 2019

**** Capital Markets Argentina S.A. – Non-Research Disclosures ****

Legal and disclosure information

This material/information is not for retail clients or private individuals.

Notice to U.S. investors

This material is not to be distributed in the United States, except to Major US institutional Investors as defined in SEC Rule 15a-6 ("Rule 15a-6"). Capital Markets Argentina (CMA) has entered into arrangements with Epic Capital Securities Corp. ("ECSC") a FINRA member broker-dealer which enables this material to be furnished to eligible U.S. recipients in reliance on Rule 15a-6 under the U.S. Securities Exchange Act of 1934, as amended.

Each U.S. recipient of this material represents and agrees, by virtue of its acceptance thereof, that it is such a "major U.S. institutional investor" (as such term is defined in Rule 15a-6) and that it understands the risks involved in executing transactions in any securities referenced in these materials. Any U.S. recipient of this information that wishes to discuss or receive additional information regarding any topic, security or other items herein, or engage in any transaction to purchase or sell or solicit or offer the purchase or sale of any securities referenced in this material, should contact a registered representative of ECSC, which maintains a chaperoning arrangement with CMA. ECSC is a broker-dealer registered with the SEC, Member of FINRA and SIPC. You can reach ECSC at 2000 Glades Road, Suite 210 Boca Raton, FL 33431, phone (561) 829-2173. Further information is also available at www.epiccapitalfl.com. You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC directly at 202-371-8300; website: <http://www.sipc.org>.

ECSC and CMA are under common control and ownership and maintain certain dually associated persons. CMA is a registered Futures Broker-Dealer in Argentina and was formed in 1990. The company is a member of the Rosario Futures Market approved to act as an agent and compensation member. CMA is regulated by the Rofex market and the Comisión Nacional de Valores. CMA also acts as investment advisor for local equity and fixed income products for individuals, corporations and institutional investors. CMA is located at Esmeralda 130, 8th. Floor, zip code: C1035ABD, Buenos Aires, Argentina. Further information is also available at: www.capitalmarkets.com.ar

The information contained in this publication was obtained from various publicly available sources believed to be reliable, but has not been independently verified by CMA or ECSC. CMA and ECSC do not warrant the completeness or accuracy of such information and do not accept any liability with respect to the accuracy or completeness of such information, except to the extent required by applicable law. **This publication is a brief summary and does not purport to contain all available information on the subjects covered. Further information may be available on request. This material may not be reproduced for further publication unless the source is quoted. This publication is for information purposes only and shall not be construed as an offer or solicitation for the subscription or purchase or sale of any securities, or as an invitation, inducement or intermediation for the sale, subscription or purchase of any securities, or for engaging in any other transaction. This publication is not for private individuals.**

Any opinions, projections, forecasts or estimates in this material are those of the author and entity listed on the front page of this material only, who has acted with a high degree of expertise. They reflect only the current views of the author at the date of this publication and are subject to change without notice. CMA and ECSC have no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the event that any matter, opinion, projection, forecast or estimate contained herein, changes or subsequently becomes inaccurate. The analysis, opinions, projections, forecasts and estimates expressed in this material in no way affected or influenced by the issuer. The author of this material benefits financially from the overall success of CMA.

The investments referred to in this publication may not be suitable for all recipients. Recipients are urged to base their investment decisions upon their own appropriate investigations that they deem necessary. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor, CMA and ECSC do not accept any liability for any such loss or consequence. In the event of any doubt about any investment, recipients should contact their own investment, legal and/or tax advisers to seek advice regarding the appropriateness of investing. Some of the investments mentioned in this publication may not be readily liquid investments. Consequently it may be difficult to sell or realize such investments. The past is not necessarily a guide to future performance of an investment. The value of investments and the income derived from them may fall as well as rise and investors may not get back the amount invested. Some investments discussed in this publication may have a high level of volatility. High volatility investments may experience sudden and large falls in their value which may cause losses. International investing includes risks related to political and economic uncertainties of foreign countries, as well as currency risk.

To the extent permitted by applicable law, no liability whatsoever is accepted for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of this publication or its contents.