Macro diagnosis

Is Argentina's debt sustainable?

November 2025

Econosignal

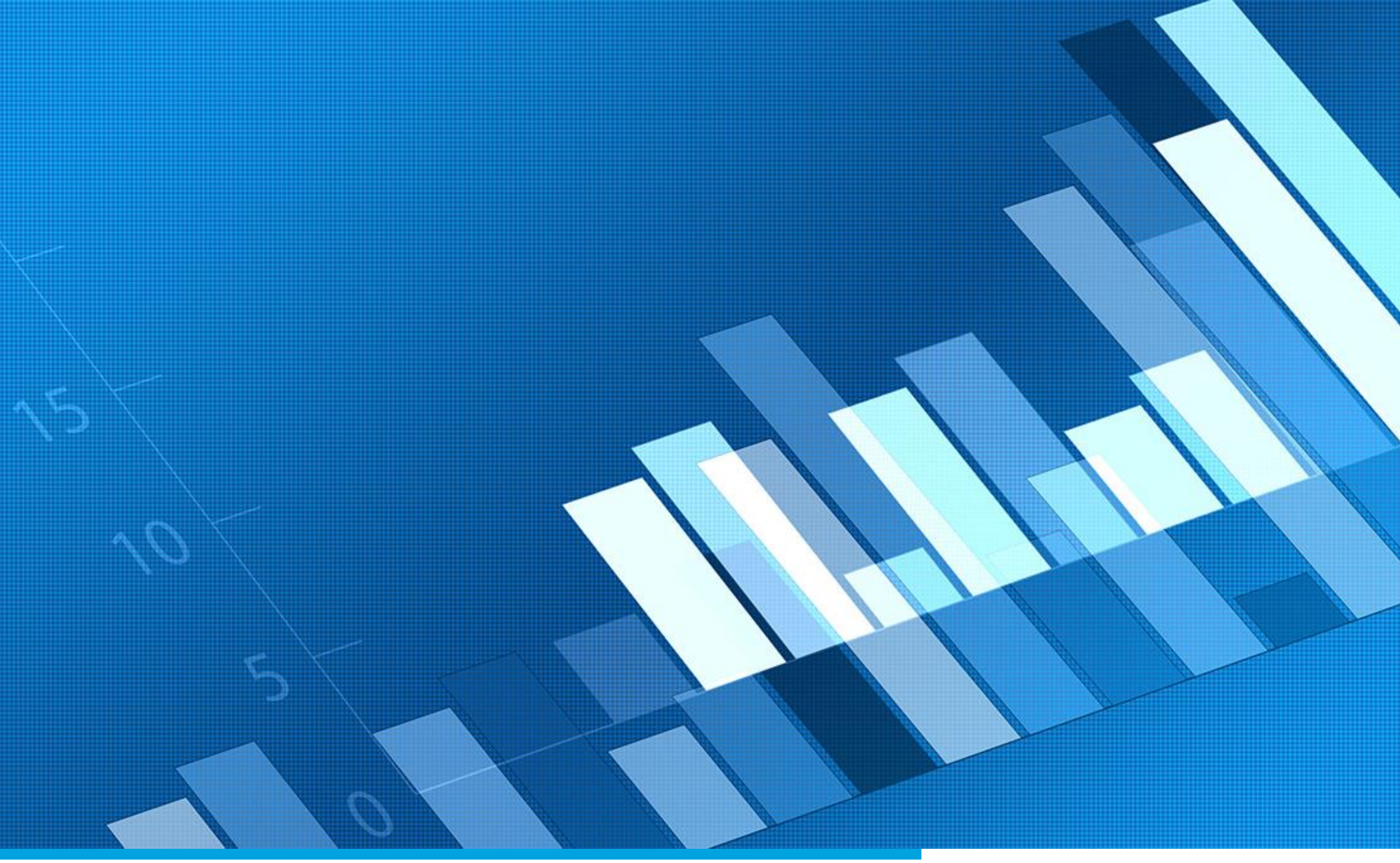
Deloitte's Economic Analysis Division presents the Macro Diagnosis of Argentina report, which examines public debt sustainability and the performance of key variables that determine it.

We offer a broad range of services in Argentina and Latin America, including reports, tailored studies, macroeconomic and financial models, forecasts, and evaluations of economic policies and programs. Our rigorous analysis, supported by specialized models and refined over years of experience, enables informed decisions to address complex economic, financial, and social challenges.

If you need precise projections of economic variables or other consulting services, please contact us. We provide customized solutions to support business success in a dynamic and evolving economic environment.

econosignal.conosur@deloitte.com

Reading Time: 20 minutes



Content

Summary

Macroeconomic context and debt situation

Argentina is undergoing an economic recovery following a recessionary 2024, marked by a fiscal surplus after 13 years of deficit and a sharp decline in inflation. Nonetheless, significant challenges persist that the government must address to secure sustained growth.

Achieving this objective requires managing expectations regarding the durability of the economic program and the country's ability to honor its commitments. In this context, upcoming debt maturities will demand foreign currency generation and access to financing to meet obligations.

The debate on debt sustainability is particularly relevant now, not only due to these maturities but also given the backdrop of a recovering economy with positive growth prospects. Preserving macroeconomic corrections and regaining access to capital markets are essential for Argentina to manage its debt in line with international standards.

The analysis presented in this report indicates that, while certain macroeconomic conditions call for prudent management, the country's public debt remains broadly consistent with economies sharing similar characteristics. By continuing to correct imbalances, maintaining fiscal discipline, and restoring market access, Argentina could fulfill its commitments without jeopardizing macroeconomic stability.

	2025	2026
GDP (real % per annum)	4.0%	3.5%
Inflation (annual % at year-end)	29.4%	13.7%
Exchange rate (USD/ARS, year-end)	$1,500	$1,700
Interest rate (%, year-end)	25%	15%

Macroeconomic Context

GDP and Fiscal Balance

To assess Argentina's debt situation, it is essential to examine not only its trajectory but also other variables critical to sustainability, such as Gross Domestic Product (GDP), fiscal balance, exchange rate, and reserve levels.

Debt-to-GDP ratios have risen in recent years, driven not only by higher gross debt but also by a GDP that has remained virtually stagnant for over a decade. Figure 1 shows GDP at USD 737,000 million in Q2 2025, with an average annual growth of 0.3% since 2013. By year-end 2025, GDP is projected to expand by about 4%, supported by the rebound in activity following the 2024 recession.

This downturn largely reflected adjustments in macroeconomic variables, particularly fiscal accounts. Fiscal deficits are a key driver of debt accumulation, as they represent a source of expenditure. Argentina's fiscal accounts have been in deficit for years; however, this trend reversed in 2024, achieving a primary surplus of 0.3% of GDP, as shown in Figure 2.

For 2026, both indicators are expected to maintain their trajectory, with GDP growth of 3.5% and a primary surplus of 0.2% of GDP, suggesting these factors would not exert upward pressure on the debt-to-GDP ratio. Under this scenario, which additional variables influence public debt sustainability?

Figure 1. GDP of Argentina
(Billions of dollars)

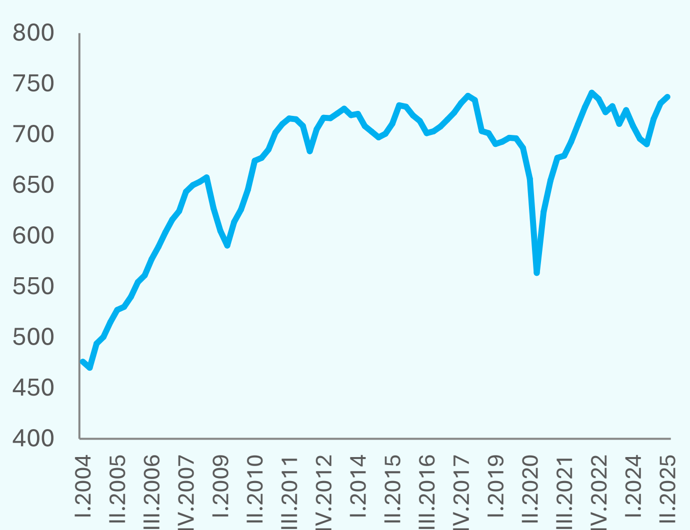
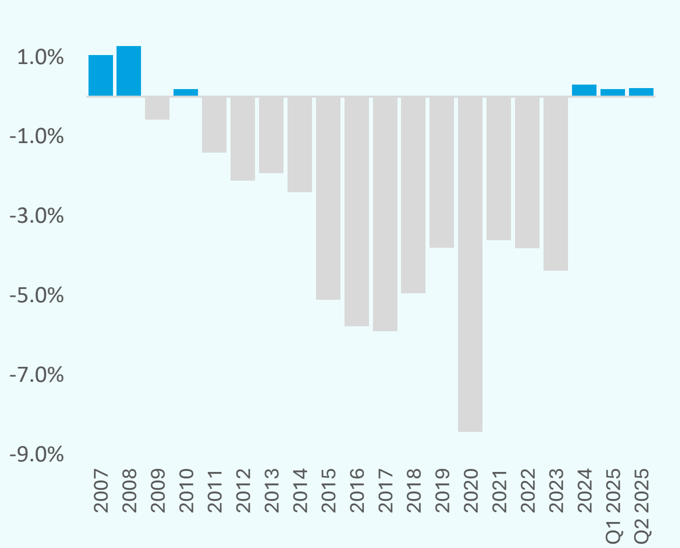


Figure 2. Evolution of the fiscal balance
(% of GDP)



Source: INDEC; Ministry of Economy (MECON)

Reserves, Exchange Rate and Trade

A key indicator of short- and long-term debt sustainability is the level of international reserves. Net reserves currently stand at USD 1,061 million, a low figure compared to regional peers and the country's future debt obligations.

Accumulating reserves is critical because they provide a buffer to meet foreign currency debt maturities. Higher reserve levels could reduce country risk, as observed in other regional economies (Figure 3), improving access to capital markets and lowering interest rates—an essential condition for refinancing. The BCRA has announced plans to begin reserve purchases[1], which should strengthen this variable and positively impact external financing conditions.

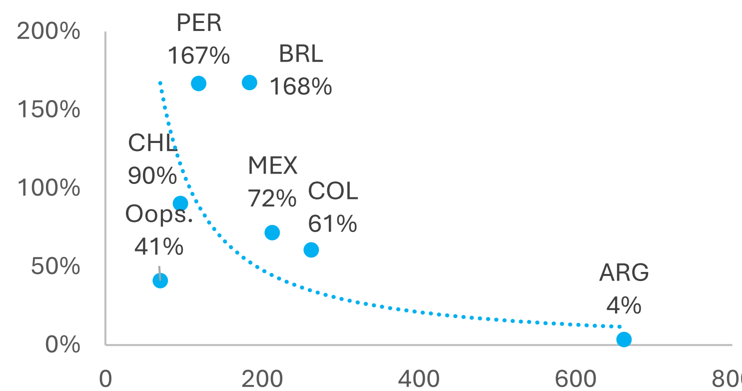
This policy will also affect other macroeconomic indicators, such as the exchange rate, since increased dollar demand could lead to peso depreciation. A higher exchange rate would raise the burden of foreign currency debt, although it would help maintain competitiveness.

The multilateral real exchange rate index is currently at 98.5, below the 2018–2022 average of 115.48, a period when Argentina's trade balance posted an average surplus of USD 13,824 million. In 2025, strong performance in mining, energy, and agriculture—with projected exports of USD 5,573 million, USD 10,644 million, and USD 33,685 million, respectively—should sustain a trade surplus of USD 8,889 million. Favorable outlooks for mining and energy, particularly under RIGI investments, suggest the surplus could persist in coming years[2].

In summary, these variables show a positive trend, though challenges remain, such as achieving sustained growth and generating a steady flow of foreign currency to meet debt obligations and reinforce the currency.

Figure 3. International reserves and country risk

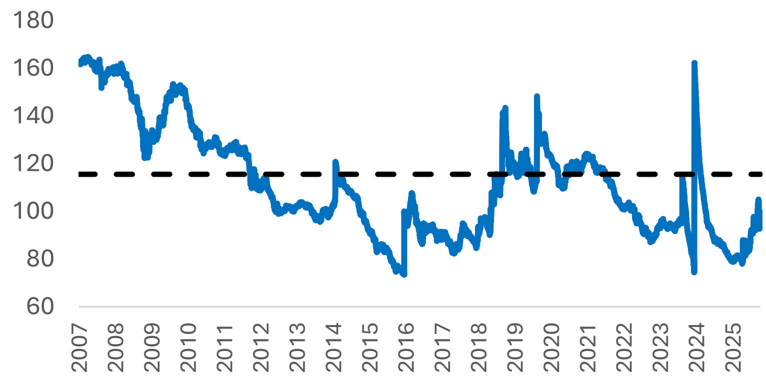
(% of Public External Debt; Basic Points)



Source: Econosignal based on EMBI, Central Banks and World Bank

Figure 4. Multilateral Real Exchange Rate Index

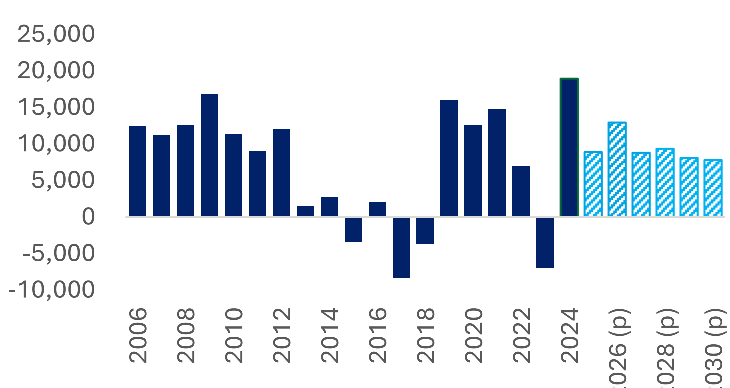
(base 17-Dec-2025=100)



Source: BCRA

Figure 5. Trade balance of goods

(Million Dollars)



Source: Econosignal based on INDEC

[1] Infobae. [2] Economic Situation Report – November 2025 - Deloitte

Debt

Debt situation

As of Q2 2025, gross debt totals USD 465,353 million, equivalent to 76.3% of GDP, with an average annual growth of 7.2% since 2013—7 p.p. above GDP growth over the same period. However, consolidated central government net debt stands at 63% of GDP, and when including all public sector net debt, the ratio falls to 47%. Figure 6 illustrates a sustained rise in debt relative to GDP, though with a downward trend in the past two years[3].

Compared to regional peers, Argentina's debt levels are not excessive. As shown in Figure 7, consolidated central government net debt as of Q2 2025 is similar to Mexico, Uruguay, and Colombia. Even when focusing on foreign currency debt (Figure 8) Argentina (24% of GDP) remains below Uruguay (37%) and slightly above Peru (18%), two bimonetary economies like Argentina.

In terms of currency composition, local currency debt accounts for 44.7% of total gross debt, while foreign currency debt represents 55.3%. Persistent high inflation and macroeconomic instability have constrained the development of the domestic capital market. Reversing this trend would allow a shift toward greater local currency financing, as seen in Brazil and Chile. However, achieving such conditions would require several years of stability. Even under favorable circumstances, the economy would likely converge to a structure similar to Uruguay or Peru.

Figure 6. Gross debt and consolidated net public sector debt
(Billions of dollars)

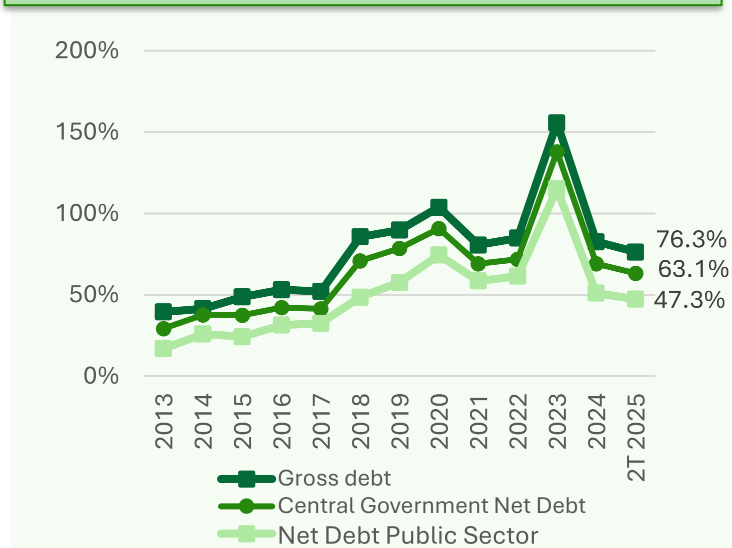
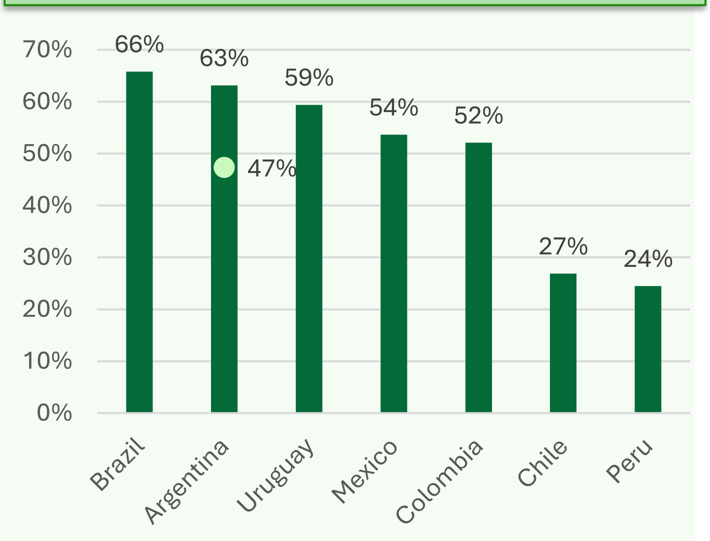


Figure 7. Consolidated net debt in Argentina and comparison with other countries[4]
(% of GDP; Q2 2025)



Source: Econosignal based on MECON and the World Bank. [3] For details of the calculation of the net debt, see final notes. [4] The net debt in the bars corresponds to the central government, while the value of the dot represents the net debt of the public sector.

Debt situation

A potential increase in the exchange rate—driven by reserve accumulation by the BCRA and its adjustment to inflation and foreign currency supply—could raise the debt-to-GDP ratio. Nevertheless, Argentina would still exhibit levels comparable to regional peers.

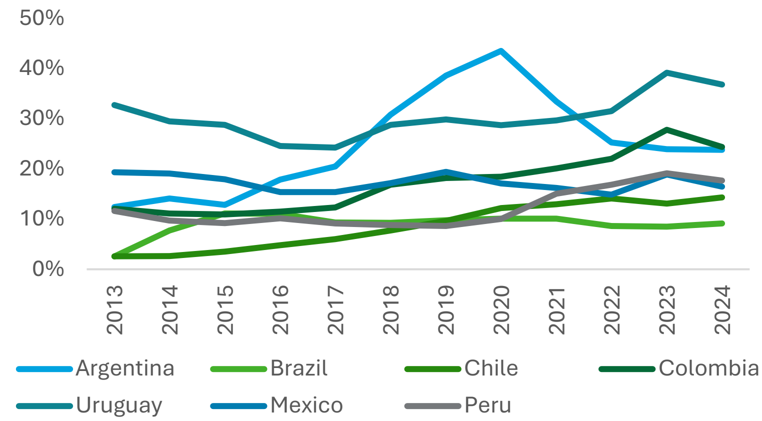
The main challenge lies in debt maturities, as shown in Figure 9. Between the remainder of 2025 and the next four years, the country faces obligations with the private sector representing 20.8% of total debt and with international organizations accounting for 15.3%, totaling 36.1%.

In this context, refinancing becomes critical. High country risk has so far restricted access to long-term financing at sustainable rates. However, as illustrated in Figure 10, country risk has declined over the past two years, currently at about 600 bps—still above Brazil, Chile, and Uruguay, which range between 70 and 200 bps. At 600 bps, refinancing costs remain elevated; nonetheless, short-term financing could prevent sharp exchange rate adjustments while awaiting improved medium-term conditions and higher foreign currency inflows.

Potential agreements with the United States and policies aimed at strengthening foreign currency positions could further reduce country risk, with the goal of reaching levels below 500 bps to restore access to international capital markets. The recent swap agreement with the U.S. for USD 20,000 million, together with financing from multilateral institutions, provides the government with resources to meet short-term obligations.

Figure 8. Foreign currency debt by country

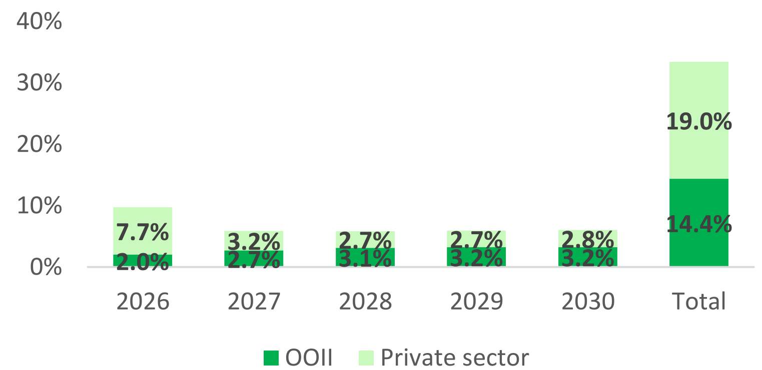
(% of GDP)



Source: World Bank

Figure 9. Maturities of debt with private companies and OOII

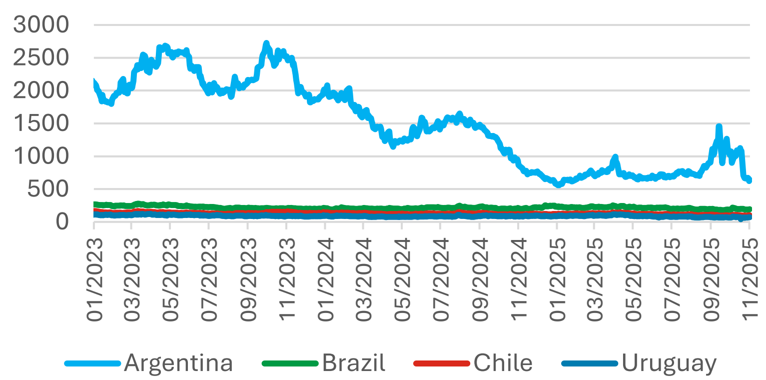
(% of total debt)



Source: MECON

Figure 9. Country risk evolution

(Basic points)



Source: EMBI

Conclusions

Argentina is experiencing an economic recovery after years of stagnation, supported by encouraging signals such as a return to fiscal surplus, declining inflation, and a renewed trade surplus.

These improvements reflect stronger macroeconomic fundamentals, though structural challenges remain that affect the sustainability of this process. Key priorities include building international reserves, sustaining growth over time, and restoring access to external financing under favorable conditions.

In this context, public debt analysis shows that while gross debt equals 76.3% of GDP, consolidated net debt is around 47%, a level comparable to other regional economies. External public debt—obligations to foreign private creditors and international organizations—accounts for a significant share. As of Q2 2025, this debt represents 24% of GDP, below Uruguay (37%) and slightly above Peru (18%), two bimonetary economies like Argentina. This comparison suggests that, under macroeconomic stability, Argentina's external debt could be considered sustainable.

However, country risk remains high at about 600 basis points, limiting access to long-term financing. Reducing it below 500 bps is essential to approach levels seen in similar economies such as Brazil, Chile, and Uruguay, which range between 70 and 200 bps.

Continued correction of macroeconomic imbalances, fiscal consolidation, and the generation of genuine foreign currency flows are critical to meeting future obligations without compromising stability. Strategic agreements, such as the USD 20,000 million swap with the United States and financing from international organizations, provide short-term relief but must be complemented by policies that strengthen confidence and reduce external vulnerability.

If these objectives are achieved, Argentina could not only meet its financial commitments but also advance toward deeper integration into global markets, improve its credit profile, and develop a more balanced debt structure with a higher share of local currency instruments and lower exposure to external risks.

Endnotes

1. The methodology applied follows the **International Monetary Fund's Public Sector Debt Statistics guide***. Under this approach, **net central government debt** is calculated by subtracting the Pension Funds Sustainability Guarantee Fund and the Treasury's deposits in dollars and pesos at the BCRA from gross debt. To determine **net public sector debt** (also referred to as intra-public sector net debt), remunerated liabilities of the BCRA are added, while loans to the national government, non-transferable Treasury bonds and bills held by the BCRA, and net reserves (gross reserves minus reserve requirements, the swap with China, SEDESA, Bopreal for 12 months, and credit lines) are subtracted.

Variable (in thousands of dollars)	30/6/2025	% GDP
Gross Debt	**465.353.130**	**76,3%**
Sustainability Guarantee Fund	68.456.800	11,2%
Treasury deposits in the BCRA (ARS and USD)	11.690.555	1,9%
Net debt	**385.205.775**	**63,1%**
Transitional advances	2.230.652	0,4%
Bonds and Bills instransf. of the treasury in the hands of the BCRA (Original Value)	103.840.678	17,0%
Interest-bearing liabilities of the BCRA	14.025.208	2,3%
Net reserves	4.439.143	0,7%
- Gross bookings	39.973.000	6,6%
-Lace	11.486.253	1,9%
- Swap with China	18.156.190	3,0%
- Headquarters	2.278.400	0,4%
- Bopreal at 12 months	3.488.606	0,6%
- Credit lines	124.407	0,02%
Public sector net debt	**288.720.510**	**47,3%**

* International Monetary Fund (2011). *Public Sector Debt Statistics: Guide for compilers and Users.* https://www.elibrary.imf.org/display/book/9781616351564/9781616351564.xml

Our services and solutions in Argentina

Economic Intelligence Reports

Panorama Macro	Macroeconomic Diagnosis	Argentina's quarterly economic outlook	Weekly Situation Report
Sector Analytics	Industry Trends		

Email econosignal.conosur@deloitte.com to receive the reports to your email

Presentations

On economic topics of your interest, designed to support your customers or internal areas of your company.

Personalized studies

In-depth analysis of an economic issue of your choice, which implies an impact on the operation of your company, anticipating possible effects, presenting forecasts
and scenarios to take into account.

Contact us

Authors of the report

Daniel Zaga
Chief Economist
Deloitte Spanish Latin America
dzaga@deloittemx.com

Federico Di Yenno
Manager of Economic Analysis
Southern Cone Marketplace
fdiyenno@deloitte.com

Martín Pallotti
Economic Analyst
Southern Cone Marketplace
mapallotti@deloitte.com

Responsible partners

Erick Calvillo
Leading Market Growth Partner
Deloitte Spanish Latin America
ecalvillo@deloittemx.com

Gonzalo Lacunza
Leading Market Growth Partner
Southern Cone Marketplace
Deloitte Spanish Latin America
glacunza@deloitte.com

Deloitte.