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Argentina's Economic Outlook

December 2025

Econosignal

Deloitte's Economic Analysis division presents the quarterly Economic Outlook for Argentina, offering an assessment of the country's key macroeconomic indicators. The report outlines trends and projections designed to support financial and strategic business planning**.**

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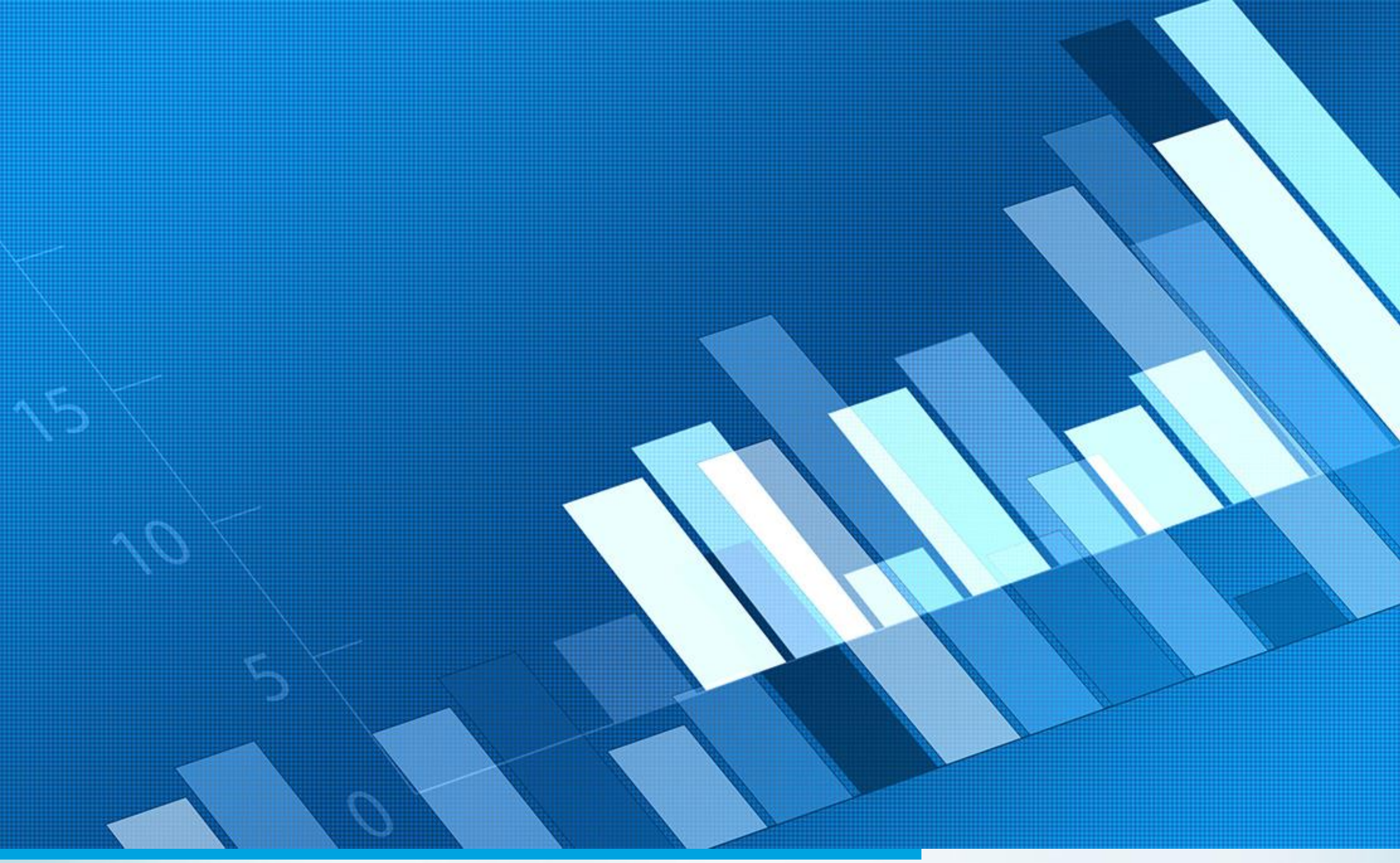

Content

Summary

Relief Signals, Weak Consumption, and Export Commitments

The Argentine economy will end 2025 with mixed signals: after a strong recovery in the first half, the third quarter reflected a slowdown in key sectors such as manufacturing and construction, although GDP remains positive and annual growth is projected at around 4.3%, below the official target but consistent with international revisions. **Momentum persists in agriculture, mining, and energy, supported by the RIGI framework and strategic projects in Vaca Muerta, which reinforce the trade balance and reduce energy dependence.**

Nevertheless, **the recovery is fragile and hinges on exchange rate stability and the continuation of disinflation to consolidate the expansionary cycle in 2026.** Macroeconomic projections for 2026 are optimistic under the best scenario: GDP would grow 3.6%, inflation would decline to 16.9%, and the exchange rate would close near $1,700 per dollar, while the interest rate would fall to 15.8%. Monthly inflation struggles to drop below 2%, and money demand contracted sharply amid uncertainty surrounding midterm elections. After the electoral period, expectations and financial planning improve, though risks tied to the external position and the need to maintain fiscal credibility during tax reform remain.

Externally, Argentina strengthened ties with the United States through a SWAP agreement for USD 20,000 million, of which USD 2,500 million have already been used to meet IMF maturities. Progress was also made on a trade deal benefiting exports of meat, steel, and aluminum, while eliminating tariffs on non-patented natural and pharmaceutical products. Argentina will grant preferential access to U.S. goods and remove non-tariff barriers in a global context shaped by U.S.-China competition. This dynamic compels the region to balance relations and enhance resilience amid volatility. Internationally, the Federal Reserve began rate cuts, with another expected in December, while the IMF upgraded its outlook: global growth is projected at 3.2% in 2025 and 3.1% in 2026, with inflation easing to 4.2% and 3.7%, respectively. **In Latin America, growth is forecast at 2.4% in 2025 and 2.3% in 2026, with currency appreciation driven by dollar weakness and Brazil standing out at 13%. This environment offers external relief, albeit constrained by geopolitical tensions and global trade dynamics.**

Mass consumption remains subdued: supermarket sales rose 2.7% year-on-year through September but fell 0.2% monthly, while wholesale self-service outlets posted a 7.4% annual decline. Real income recovery is partial: the formal private sector stagnates, the public sector lags, and the informal sector gains traction. This pattern suggests consumption will recover gradually, contingent on exchange rate stability and lower inflation after legislative elections, with expectations of improvement in 2026. The labor market faces structural challenges: informality reaches 43.2%, the highest since 2008, undermining income and social coverage. Informal workers earn 44% less than formal employees, and poverty affects 42% of informal households. **Although informal wages rose 23.9% in real terms versus 2023, they remain 20% below 2017 peaks; formal wages also lag. Reducing informality and restoring purchasing power without disrupting disinflation will be critical to sustaining recovery.**

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Summary

The external sector shows positive momentum: the 2024/2025 harvest is expected to close at 135.2 Mt, with exports reaching USD 35,028 million (+7% year-on-year), while the 2025/2026 campaign anticipates increases in wheat (+37%), corn (+12%), and sunflower (+16%), alongside slight declines in soybeans and sorghum. Although international prices remain below historical averages, higher volumes offset the gap. Energy and mining further strengthen the export profile, supported by investments exceeding USD 33,000 million under the RIGI framework. **Total exports are projected to rise 8% in 2025 and 5% in 2026, consolidating the improvement in the external balance—a key condition for sustaining macroeconomic stability and meeting IMF commitments.**

Table 1. Macroeconomic forecasts for Argentina

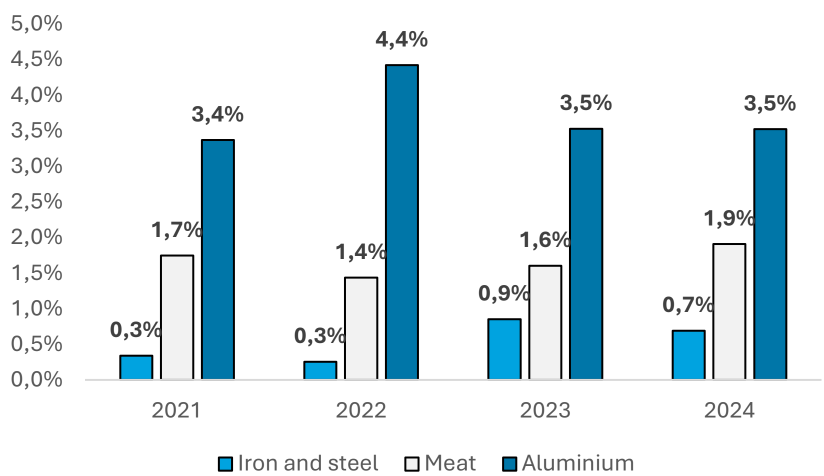
	2025	2026
GDP (real % per annum)	4.3%	3.6%
Inflation (annual % at year-end)	30.8%	16.9%
Exchange rate (USD/ARS, year-end)	$1,450	$1,700
Interest rate* (%, year-end)	26.4%	15.8%

Note: BADLAR interest rate.

Macroeconomic analysis

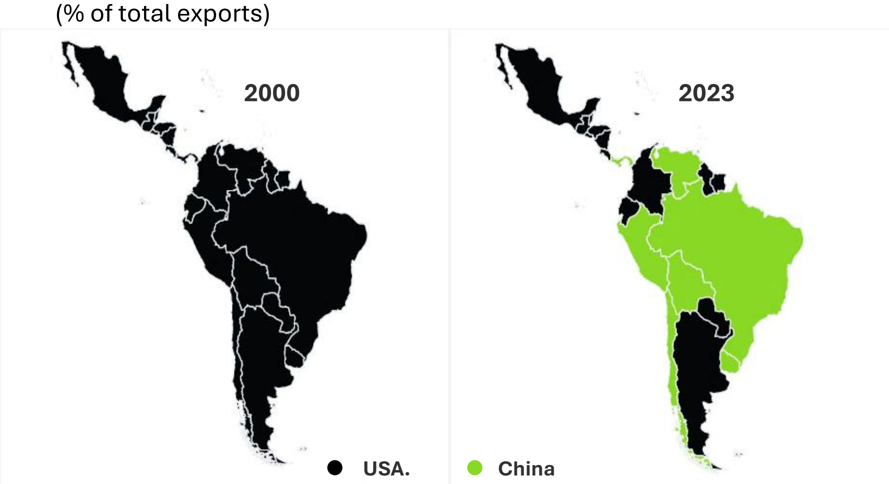
Global economy

Figure 1. Products under the trade agreement exported to the U.S.
(% of exports to the U.S.)



Source: Econosignal based on the International Trade Administration

Figure 2. Main trading partners
(% of total exports)



Source: UN Comtrade; International trade centre

Argentina's relationship with the United States has recently strengthened through trade and financial agreements. On the financial front, both countries finalized a SWAP arrangement for USD 20,000 million, of which USD 2,500 million have already been used to **meet IMF maturities and return dollars previously deployed in the foreign exchange market ahead of the elections**

In trade matters, the formal agreement is still pending, **but preliminary details indicate benefits for Argentine exports such as meat, steel, and aluminum through higher tariff-free quotas**. Additionally, the U.S. will remove tariffs on natural products unavailable domestically and on non-patented pharmaceutical items. In return, **Argentina will grant preferential access to U.S. goods, including medicines, machinery, technology, chemicals, medical devices, and motor vehicles, while committing to eliminate non-tariff barriers**.

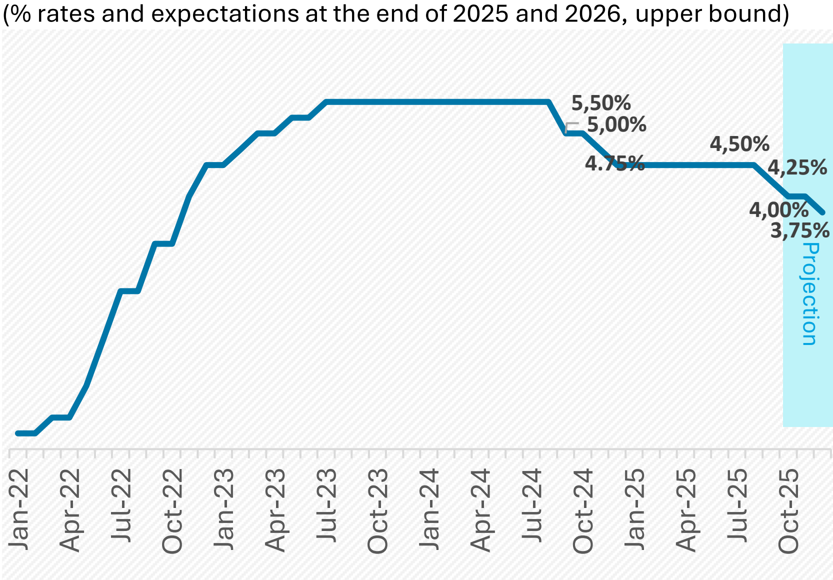
The U.S. tariff strategy and recent bilateral agreements reflect its aim to reinforce global leadership amid intensifying competition with China. This trend is evident in Latin America, where China has significantly **expanded its presence during the 21st century, particularly in South America, as shown in Figure 2.**[1]

Within this context, the region must adapt to a more volatile global environment, balancing ties with both powers while strengthening internal resilience.

1 Latin America Economic Outlook 2025

Figure 3. Federal Funds Target Rate

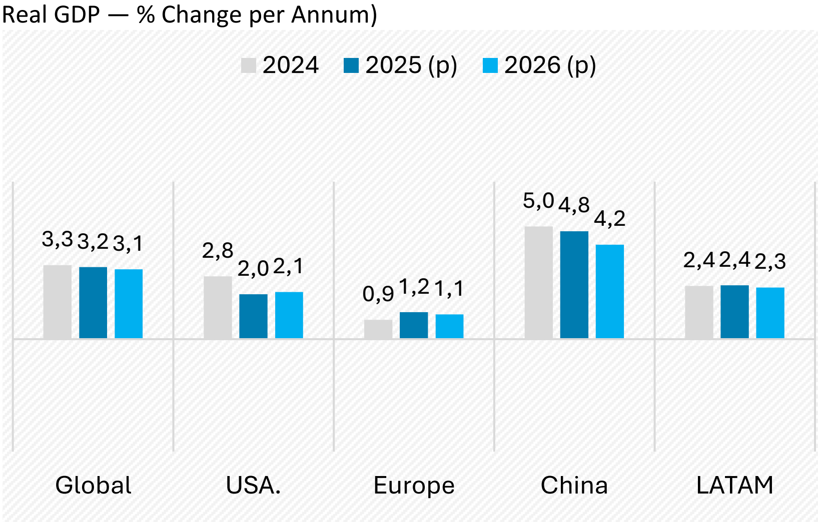
(% rates and expectations at the end of 2025 and 2026, upper bound)



Source: CME and FOMC

Figure 4. Global, regional and country economic growth

(Real GDP — % Change per Annum)



Source: IMF

In relation to the monetary policy implemented by the Federal Reserve (FED), it has initiated a phase of cuts, lowering the rate by 50 bps since September and setting the current range at 3.75%-4%. For the December 10 meeting, an additional cut of 25 bps was anticipated. **The absence of shutdown-related data and the trade-off between year-on-year inflation near 3% (affected by tariffs) and weak growth in recent months creates a dilemma for the FED when deciding on a new reduction.**

Globally, the IMF's growth projections for 2025 have improved compared to previous estimates in April, with the new forecasts standing at 3.2% (+0.2 pp) for 2025 and 3.1% for 2026, although they still remain below the historical average of 3.8%. A decrease in global inflation is anticipated, from 5.2% in 2024 to 4.2% in 2025 and 3.7% in 2026, with the projection growing by 0.1 pp in the last year. However, this scenario is conditioned by the development of global trade, armed conflicts between countries and their impact on economies.

In Latin America, low growth expectations and the volatility of the international context have led central banks to adopt a cautious approach when determining interest rates, initiating in some cases reduction processes. In addition, the weakness of the dollar during the year has caused several countries in the region to appreciate their currencies considerably, with Brazil being an emblematic case with an appreciation of around 13%.

The IMF's growth projections for the region have improved for this year compared to previous projections, with growth expected in 2025 of 2.4% (+0.2 pp); however, in 2026 growth has moderated slightly to 2.3% (-0.1 pp) and heterogeneity in countries' growth is expected to continue, with countries such as Mexico growing at 1.6% and others such as Paraguay with a growth of 4%.

Activity Economic

In the third quarter of 2025, Argentina's economy exhibited signs of deceleration across several sectors following a recovery in the first half of the year. Nevertheless, financial activity and tax revenues supported a 0.5% QoQ increase in overall output. Electoral uncertainty, exchange rate volatility, and higher interest rates contributed to a broad contraction in manufacturing and construction.

Despite the slowdown in these sectors, GDP maintains a positive variation and it is projected that the year will close with a year-on-year growth of close to 4.3%, lower than the official target but consistent with the revisions of international organizations.

The manufacturing sector, which expanded 7.2% in the first half of the year, recorded declines in July and September, with capacity utilization near 61%. Construction, after rising 10.8% during the same period, also lost traction, though it still posts a year-on-year increase of about 9%. Conversely, alongside agriculture, mining and energy remain key drivers, supported by the RIGI framework. [2]

This dynamic is reinforced by the implementation of strategic projects in Vaca Muerta, which not only sustain activity levels but also help improve the trade balance, strengthen the country's export profile, and reduce its historical reliance on energy imports.

This sectoral divergence shows that, although the economy maintains growth in aggregate terms, the recovery remains fragile and depends to a large extent on the dynamism of the export sectors, exchange rate stability and the continuity of the disinflation process to consolidate the expansionary cycle in 2026.

Table 2. Activity showed signs of stagnation in Q3

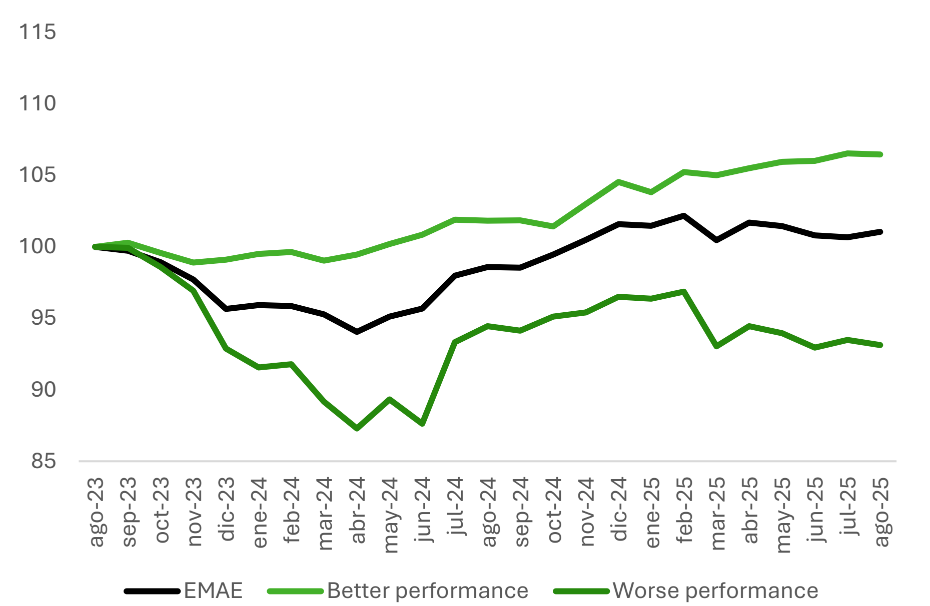
% quarterly and monthly seasonally adjusted

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Oct-25	Nov-25
General activity									
EMAE-INDEC	-1.6%	-0.8%	3.6%	2.0%	1.1%	0.0%	0.5%		
VAT DGI	-7.5%	3.7%	2.8%	2.1%	1.4%	-0.1%	-1.7%	6.0%	-6.2%
Debits and Credits	-9.5%	0.4%	7.2%	2.0%	3.1%	-1.0%	4.9%	5.1%	-6.5%
Imports (Qty) - INDEC	-14.3%	-1.7%	14.7%	15.5%	14.8%	-1.5%	2.4%	3.8%	
Recorded private wages	-9.1%	5.5%	5.3%	2.3%	1.8%	-0.9%	0.5%		
Industrial activity									
IPI - INDEC	-7.9%	-1.0%	7.9%	1.9%	0.8%	-0.1%	-2.3%		
Electricity (CAMMESA)	-0.9%	-3.7%	1.4%	1.0%	-0.3%	1.2%	0.7%	0.4%	
Auto Production (ADEFA)	-15.4%	-4.3%	22.2%	0.2%	3.0%	3.8%	-11%	0.5%	
Construction Activity									
ISAC - INDEC	-24.4%	-6.1%	11.0%	-0.7%	2.7%	4.3%	-1.0%		
Cement Offices	-18.6%	-1.6%	14.8%	-2.3%	5.5%	7.6%	-4.4%	4.2%	
Build Index	-31.5%	5.8%	10.2%	-10.1%	-10.0%	-7.2%	-1.0%	1.1%	

Source: Econosignal based on INDEC, MECON, CAMMESA, ADEFA, Grupo Construya, AFCP and CAME. EMAE-INDEC estimated for the third quarter of 2025.

Figure 5. Monthly sectoral evolution

(non-seasonal index, Nov-2023 = 100)



Source: INDEC.
Note: EMAE: Overall activity index. Best performance: Financial intermediation, Fishing, Mining, Hotels and restaurants, Agriculture, among others. Worst Performer: Construction, Manufacturing, Commerce, and Public Administration

2 Investment Monitor – Q3 2025

Consumption

Mass consumption in Argentina remained weak during the second and third quarters of 2025. Supermarket sales, a key indicator of household spending, posted a real 2.7% year-on-year increase through September but fell 0.2% month-on-month versus August, signaling persistently subdued demand. **This trend reflects the partial recovery of real wages in the formal private sector, which achieved moderate gains against inflation, while the public sector continues to lag, and the informal economy shows greater dynamism.** Despite cumulative improvement, supermarket sales remain below historical levels, underscoring that the rebound in consumption is not yet consolidated.

In wholesale self-service channels, the situation is more challenging: sales fell 7.4% in the January–August period, with a sharp 5.2% monthly decline in September, suggesting greater constraints due to eroded purchasing power among lower-income segments and deferred bulk purchases. This pattern is closely tied to real wage dynamics, which remain the primary determinant of mass consumption. As shown in Table 2, most consumption-related indicators follow a similar trend, unlike motorcycle and automobile registrations, which align with rising credit availability.

These figures suggest that there is scope for a gradual recovery in consumption during 2026, driven by wage improvements across different segments. Following the legislative elections, greater exchange rate stability and broader sectoral growth are expected to support an upturn in mass consumption.

Table 3. Fall in retail and mass trade in the second and third quarters

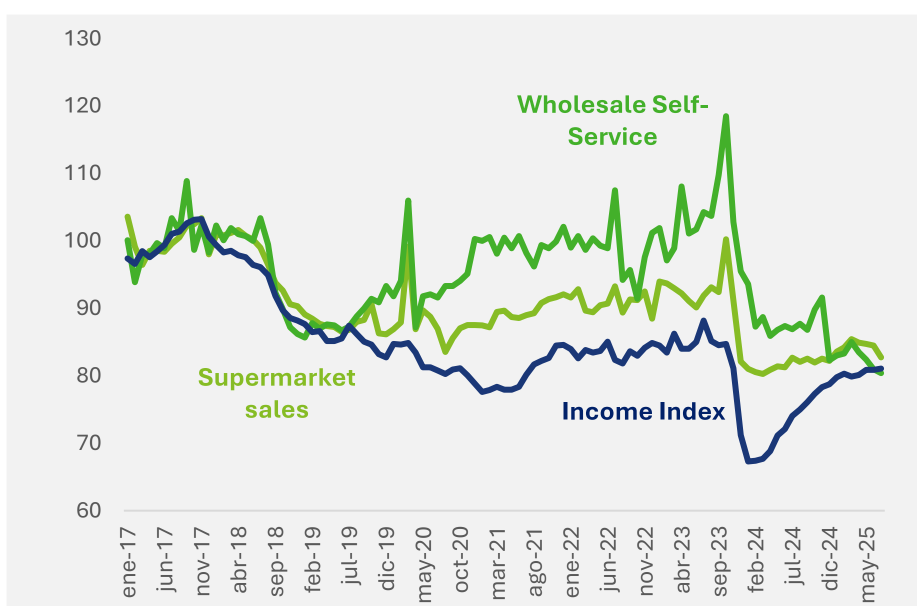
% quarterly and monthly seasonally adjusted

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Oct-25	Nov-25
Commerce sector activity									
Retail Sales (CAME)	-19,4%	1,5%	0.0%	10.8%	1.6%	-5.3%	-12.1%	2.8%	
Food and beverages	-25.7%	4.2%	0.1%	0.9%	0.1%	-5.8%	-12.3%	3.5%	
Household Items	-9.7%	-1.6%	0.0%	12.3%	8.7%	-11.6%	-11.1%	1.8%	
Leather & Footwear	-20.2%	2.9%	1.0%	12.6%	-2.2%	-3.0%	-8.5%	4.1%	
Pharmacy	-5.7%	-4.6%	-0.5%	10.4%	-0.8%	2.6%	-10.4%	2.5%	
Perfumery	-22.5%	-14.2%	-3.2%	20.7%	8.4%	-9.0%	-13.5%	9.7%	
Construction materials	-23.5%	-0.2%	4.1%	12.1%	-4.7%	-3.2%	-4.9%	4.1%	
Textiles and clothing	-8.3%	3.4%	-3.4%	4.9%	6.0%	-4.3%	-10.8%	2.8%	
EMAE Trade	-3.3%	-4.5%	7.6%	3.4%	0.8%	-1.3%	-1.7%		
Supermarket sales	-11.6%	0.6%	1.9%	-0.5%	2.6%	0.3%	-2.6%		
Shopping Trips	-17.0%	9.5%	11.7%	1.6%	-1.3%	-4.5%	-1.1%		
Wholesale Self-Service	-14.3%	-4.0%	0.4%	1.0%	-4.2%	-2.3%	-4.3%		
Household consumption	-1.7%	-0.9%	-2.4%	0.0%	5.4%	0.9%	1.2%		
Consumer confidence	-18.2%	4.0%	6.1%	11.7%	3.3%	-2.7%	-6.6%	6.3%	
Car Registrations	-29.5%	18.7%	24.7%	2.8%	22.4%	3.5%	3.0%	-5.5%	
Motorcycle Registrations	-20.0%	20.6%	19.9%	6.2%	3.9%	3.8%	9.2%	-3.7%	
Meat consumption	-10.3%	3.9%	11.7%	-0.6%	-1.6%	-0.4%	-1.6%	4.6%	
Milk consumption	-17.3%	5.8%	14.6%	-3.2%	-2.7%	1.6%	3.3%	9.8%	
Loans									
Personal loans in ARS	-21.1%	2.6%	18.9%	18.9%	14.3%	10.0%	1.9%	0.4%	0.3%
Secured Loans in ARS	-28.4%	-5.1%	35.1%	31.4%	23.1%	18.9%	5.8%	0.8%	-0.6%
Credit Card Loans in ARS	-21.1%	2.6%	18.9%	18.9%	14.3%	10.0%	1.9%	0.4%	-3.8%

Source: Econosignal based on BCRA and INDEC.

Figure 6. Wholesale supermarket and self-service sales index

(base year 2017=100)



Source: Econosignal based on INDEC.

Employment and wages

The Argentine labor market faces both structural and short-term challenges. Informality affects 43.2% of employed workers, the highest level since 2008. Among wage earners, 37.6% are informal, while among the self-employed, informality exceeds 60%, meaning nearly 9 million people work without contributions or social coverage. Over the past two years, this trend intensified due to the rise in self-employment (+440,000 and 1.21 million since 2017). Informality exacerbates poverty: 42% of informal workers live in poor households, compared to 12% among formal households[2].

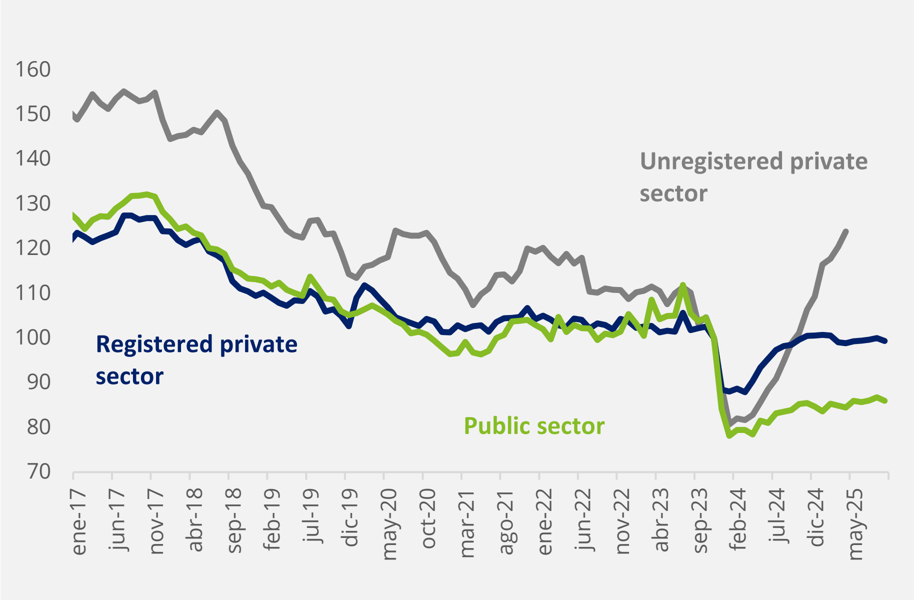
Labor informality exerts pressure on the pension system by reducing active contributors. Additionally, informal workers earn 44% less than their formal counterparts.

After the sharp decline at the end of 2023, a partial recovery emerged in 2025, mainly within the informal sector, though insufficient to offset losses since 2018. Informal wages in real terms rose 23.9% compared to November 2023, yet remain 20% below 2017 peaks. **In the formal sector, levels are 0.7% lower than November 2023 and 20% below 2017. Public sector wages show gradual improvement but still register a 14% drop versus November 2023 and 33% compared to 2017.**

The challenge is twofold: reducing informality and restoring purchasing power without jeopardizing the disinflation process.

Figure 7. Real wage indices from INDEC and variation vs Nov-23

(Real index, 100 = Nov-23)



Source: Econosignal based on INDEC. The component of unregistered private sector wages published by INDEC is estimated from the **Permanent Household Survey (EPH).** This methodology introduces a **statistical lag of approximately 5 months**, since quarterly moving averages are used.

Table 4. Public, registered private, unregistered private and self-employed employment.

(millions of people)

	Jun-25	Jun-23	Jun-17	25 vs 23	25 vs 17
Formal Wage Earner	9.6	9.9	9.4	-0.25	0.25
Private	6.2	6.4	6.2	-0.18	-0.01
Public	3.4	3.5	3.2	-0.06	0.25
Informal employee	5.6	5.6	4.6	-0.05	0.96
Self-employed*	5.7	5.2	4.4	0.44	1.21
Total	20.85	20.72	18.44	0.13	2.41
% informal wage earner**	**37.6%**	**36.9%**	**33.8%**		

Source: Prepared based on SIPA and INDEC. *Formal and informal. **INDEC data

[12]According to data from IIEP-UBA

Exports

Agriculture, energy, and mining remain the primary engines of Argentina's economy, delivering solid performance in 2025 and showing strong prospects for 2026.

The 2024/2025 harvest is closing with favorable results, particularly for crops such as wheat, sunflower, and sorghum. Total output is projected at 135.2 Mt (-2% YoY), **while exports are expected to reach USD 35,028 million, marking a 7% increase compared to 2024.**

For the 2025/2026 harvest, the performance observed in coarse sowing supports positive expectations, with higher output of wheat at 25.5 Mt (+37%), corn at 58 Mt (+12%), sunflower at 2.7 Mt (+16%), and barley at 5.3 Mt (+6%), while soybean production is projected at 48.5 Mt (-3.6%) and sorghum at 3 Mt (-3.2%), though the decline is not significant. Under this scenario, overall production is expected to exceed that of the 2024/2025 harvest.

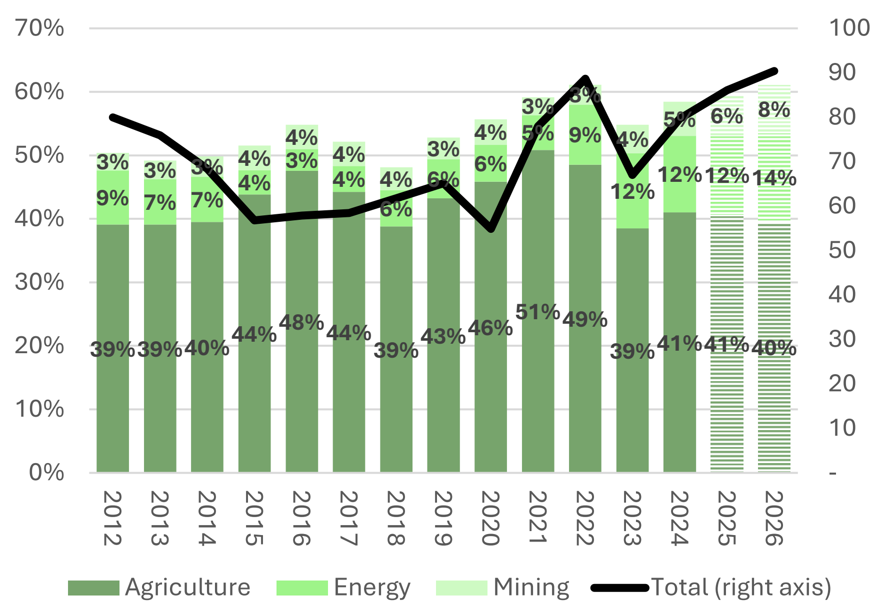
The good performance of agricultural exports is mainly linked to the good performance of the harvest, since if the prices in Figure 8 are observed, the average annual price for corn, wheat and soybeans was USD 173, USD 196 and USD 380 per ton, respectively, being in all three cases below the average price of the last 10 years.

As for energy and mining, their exports by 2025 would grow by 10% and 30%, respectively. By 2026 and beyond, it is expected that the good export performance of these sectors will continue, since the investment projects approved in the RIGI would begin to materialize, which reach a total amount of USD 9,830 million in energy and USD 5,613 million in mining.

Under this scenario, Argentina's total exports would grow by 8% in 2025 and by 2026 this trend is expected to continue, with a growth of 5%.

Figure 8. Total exports and sectoral participation.

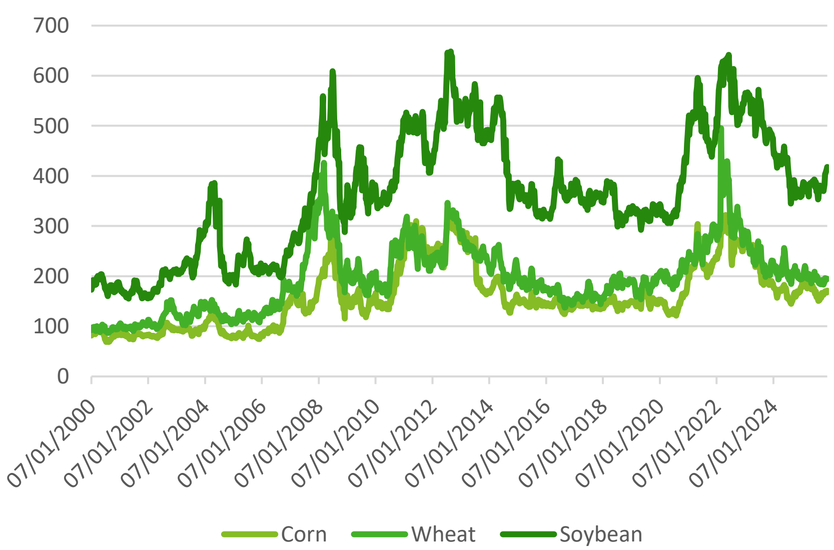
(% of total exports; Billion USD)



Source: Own estimates based on MAGyP and INDEC.

Figure 9. Chicago Agricultural *Commodity* Price (CBOT)

(USD/Ton)



Source: Econosignal based on Bloomberg.

3 Based on the projections of the Buenos Aires Grain Exchange

Fiscal and exchange rate policy

To sustain disinflation after the legislative elections, the government reaffirmed the exchange rate band regime introduced in April. The official rate ranges from a floor of $927 to a ceiling of $1,509, adjusted 1% monthly, with BCRA intervention limited to the extremes to accumulate reserves or absorb liquidity. Whether these bands hold will depend on capital inflows through corporate debt or foreign direct investment.

The removal of the clamp and the blend dollar consolidated partial market unification, though restrictions persist on corporate payments and dividends. The IMF agreement and activation of the U.S. swap helped avert immediate tensions, yet net reserves remain very low or negative under IMF criteria. This delays a full transition to floating and sustains the need for additional financing to meet targets. Stronger demand for pesos will be critical.

On the monetary front, the BCRA deepened rate cuts: the short-term reference (simultaneous) dropped to 20% TNA, aiming to ease corporate pressure and revive credit amid seasonal peso demand. Nonetheless, the strategy remains focused on preserving exchange rate stability and containing inflationary risks.

The favorable electoral outcome strengthened governability and lowered country risk, creating room for issuances that bring in foreign currency. However, full unification of the FX market and free floating remain medium-term goals, as an abrupt exit could reignite inflation and strain money demand.

Table 5. Foreign Exchange Market Balance
(in millions of dollars)

Category	2024	2025 p	2026 p
Foreign Exchange Current Account	**1.7**	**-2.7**	**-3.6**
Goods	17.6	15.5	16.6
Services	-3.8	-8.9	-9.2
Interest, dividends and profits	-12.1	-9.3	-10.9
Foreign Exchange Financial Account	**4.3**	**7.7**	**8.2**
IMF	0.9	14.5	0.8
OOII	-2.0	6.1	0.4
FAE*	2.3	-30.0	-16.0
FDI and corporate debt issuance	18.0	17.5	17.5
Placement/net payment government debt	-2.2	-5.4	-2.6
Other**	-12.7	4.9	8.2
Gross reserves change by transactions	**6.0**	**5.0**	**4.6**

Notes: *FAE = Purchase and sale of banknotes and foreign currency without specific purposes of the non-financial private sector. **Central Bank intervention with bonds, activation of SWAPs and repos, and net purchases of foreign assets from financial institutions.

Source: BCRA and Econosignal estimates

Exchange Policy

The past few months have been marked by heightened exchange rate volatility driven by electoral uncertainty. From early July to date, the peso has depreciated by roughly 16%, moving from $1,250 to $1,450 and reaching the upper bound of the exchange band during the period.

This volatility prompted the government to seek financing sources to meet strong hedging demand, as nearly 40% of pesos in circulation were converted into dollars ahead of the elections. A temporary reduction in agricultural export duties was announced, enabling the Treasury to purchase USD 2,140 million, though at the cost of advancing the harvest and foregoing approximately USD 1,140 million in revenue. Additionally, the government secured U.S. support through a USD 20,000 million currency swap and assistance to intervene in the Argentine FX market, aiming to contain exchange rate fluctuations.

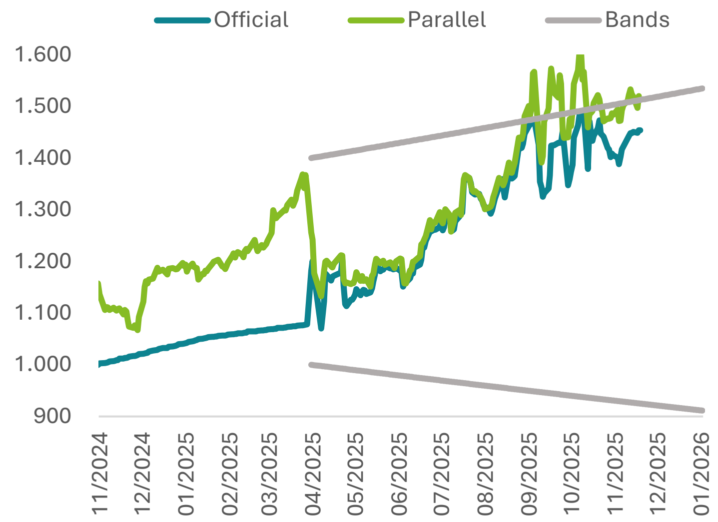
Of this agreement, USD 2,500 million has already been activated by Argentina to meet IMF obligations and reimburse the U.S. for funds used in pre-election FX interventions. To date, details on repayment terms for the activated tranche remain undisclosed.

The future evolution of the exchange rate will depend on the pace of peso demand recovery—moderate so far after the elections—along with expectations regarding the economic program, the servicing of debt maturities, and the reserve accumulation strategy implemented by the BCRA.

In January, the government must meet debt maturities with private creditors totaling USD 4.3 billion and obligations with international organizations for USD 457 million. With net international reserves at low levels (USD 888 million currently) and no access to capital markets, authorities are outlining strategies to cover these commitments. One option under negotiation is a new REPO agreement with international banks. Another alternative involves using the U.S. swap line, with an amount equivalent to upcoming maturities, though official confirmation is still pending.

Figure 10. Official exchange rate, parallel exchange rate and exchange bands

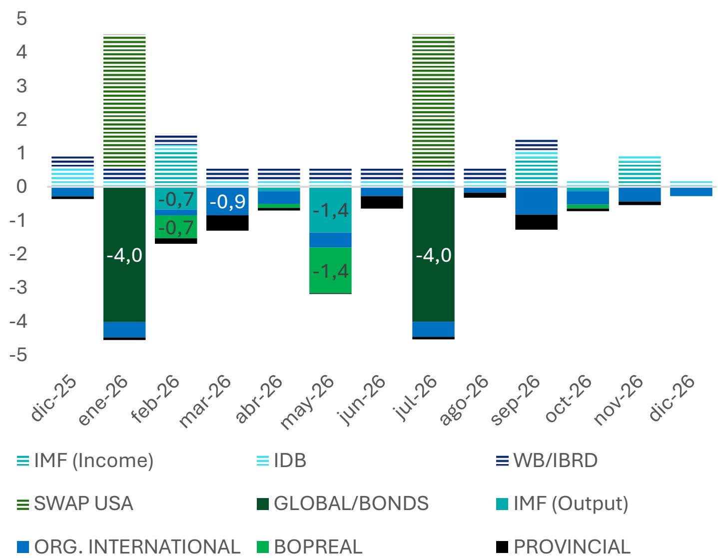
(million USD)



Source: Econosignal based on BCRA

Figure 11. Monthly debt maturities.

(USD billion)



Source: Econosignal based on MECON and BCRA

Exchange Policy

Debt maturities are not the only obligation the government faces, as the IMF will conduct the second review of the Extended Fund Facility program in December. On the fiscal front, the government is expected to meet the primary surplus target of 1.6% of GDP; however, the reserves target poses a significant challenge. Currently, BCRA reserves stand at USD –13,942 million under IMF methodology (including the U.S. swap), while the goal is to accumulate USD 11,300 million by year-end. Achieving this appears unlikely, making a second waiver request to the IMF highly probable.

Strengthening the international reserve position remains one of the IMF's main requirements, arguing that higher reserves would improve resilience to external shocks. Additionally, greater reserves would help reduce exchange rate volatility, a structural feature of an economy with bimonetary circulation and unstable expectations.

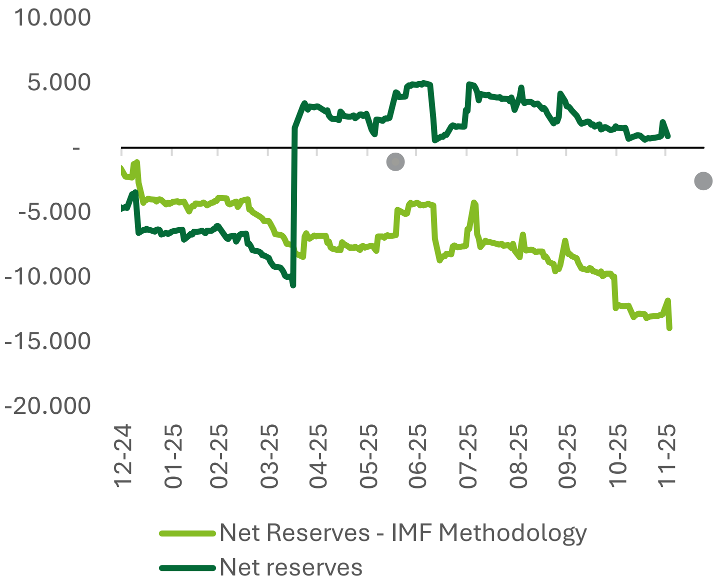
There is uncertainty about how the government will achieve reserve accumulation. In principle, two main paths exist: through a current account surplus or via increased inflows of Foreign Direct Investment (FDI) and the sale of foreign currency by private holders in the local market.

Figure 13 shows that an external surplus is not a prerequisite for reserve accumulation. Reviewing the cumulative current account and reserve changes for regional countries between Q1 2010 and Q1 2025, all managed to build reserves despite maintaining current account deficits. Brazil stands out, accumulating USD 119 billion in reserves during the period against a cumulative current account deficit of USD 921 billion.

The second approach appears to be the government's chosen path, according to the Central Bank president. The official stated that reserve accumulation will depend on peso demand, expected to rise with stronger economic activity in 2026, driven by exports and investment inflows, particularly following the formalization of projects linked to the RIGI. This improved performance would generate additional foreign exchange, enabling reserve accumulation.

Figure 12. Net international reserves

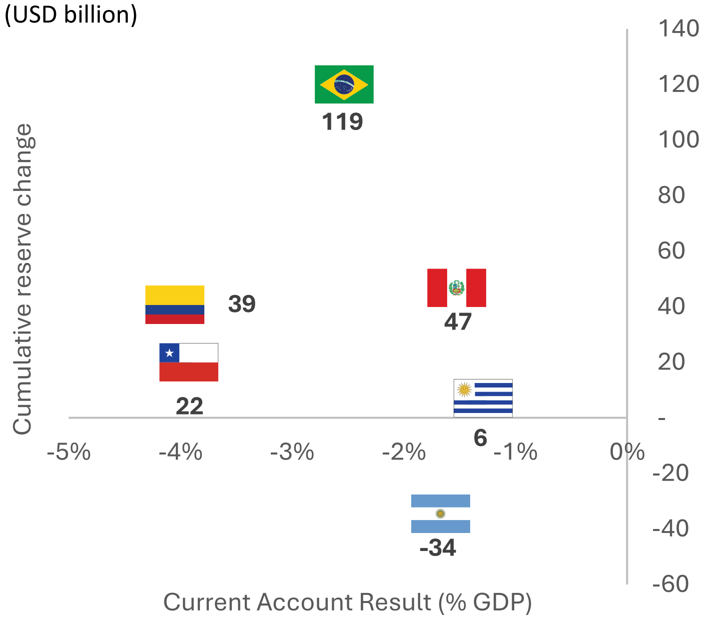
(Million USD)



Source: Econosignal based on BCRA.

Figure 13. Variation in Reserves and Accumulated Current Account. Q1 2010 – Q1 2025.

(USD billion)



Source: Econosignal based on Central Banks, IMF and INDEC. Argentina's data includes net reserves and starts in 2013

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Fiscal policy

Fiscal performance remained solid throughout 2025, with a financial surplus of 0.5% of GDP and a primary surplus of 1.4% of GDP as of October. This primary surplus persisted despite reductions in agricultural export duties and the elimination of duties on unconventional oil exports.

As of October 2025, total accumulated revenues declined 1.6% in real terms year-on-year, while primary spending increased 1.7% in real terms. Nine of the sixteen expenditure components posted gains, led by sharp real increases in capital transfers to provinces (+100.3%), current transfers to provinces (+38.5%), and the universal social protection allowance (+26.0%). Conversely, the largest real declines were recorded in subsidies to other functions (-64.7%), energy subsidies (-43.0%), and social programs (-28.6%).

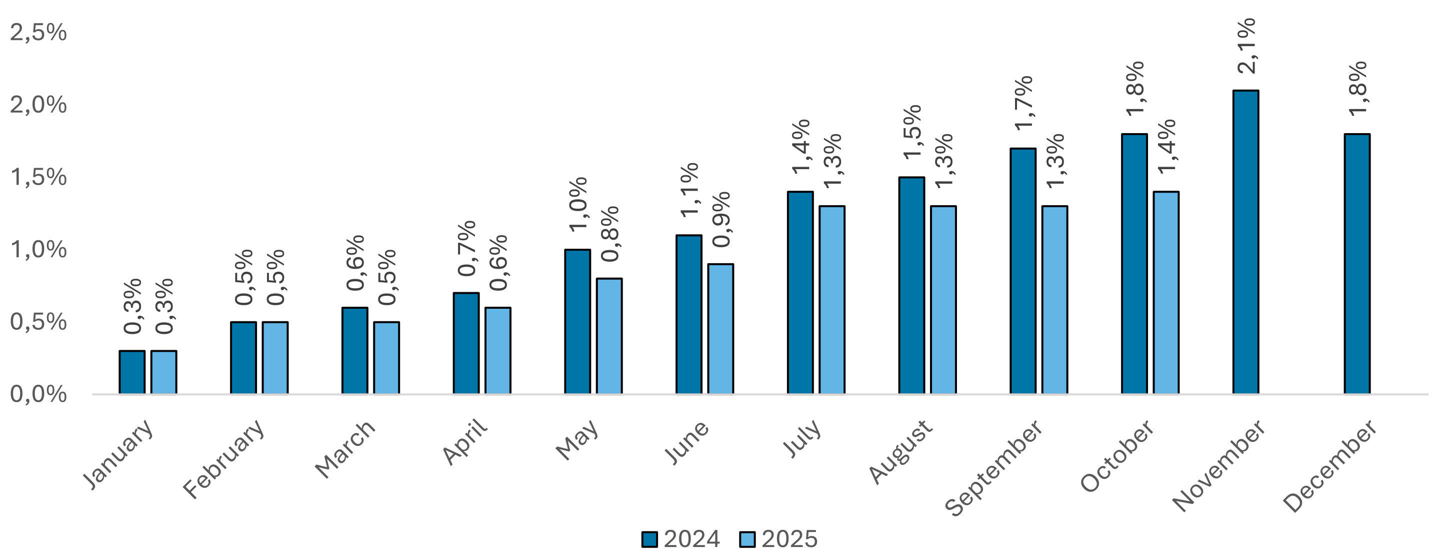
Under this scenario, it is observed that the primary surplus target for 2025 of 1.6% of GDP could be met, thus also meeting the fiscal target committed to in the agreement with the IMF, and 2025 would close with a financial surplus of 0.2% of GDP.

The 2026 budget (still pending approval) projects a primary surplus of 1.5% of GDP, 0.1 p.p. below the estimate for 2025 and 0.4 p.p. short of the 2.2% target agreed with the IMF. The budget includes real increases in key areas such as education (+8%), pensions (+5%), health (+17%), and disability pensions (+5%), based on a projected inflation rate of 10%.

Regarding privatizations, the results of the tenders for the Comahue hydroelectric plants—representing roughly 10% of the country's installed power capacity—have been announced. The concessions will run for 30 years, and the government secured USD 684.3 million from these operations.

The tax reform will be an important factor for the fiscal result of 2026. There is still no official document on the modifications, but it is expected that it will not reduce government revenue but will simplify the tax system, consolidating revenue into fewer taxes.

Figure 14. Accumulated primary surplus. 2024-2025
(% of GDP)



Source: Econosignal based on the Ministry of Economy

Fiscal policy

The tax reform should address two problems that concern the Argentine economy: inefficiency in collection, which entails costs for companies to comply with all existing taxes, many of which are not relevant in terms of collection, and eliminate the distortions generated by taxes that are harmful to production chains.

Figure 15 shows that the national tax burden, although high, is not so compared to its regional peers. However, Argentina's problem lies in the composition of its taxation, since it has distorting taxes that tax the entire production chain, blank financial transactions and trade, generating greater informality in the economy and lower productivity.

These distortionary taxes represent 7.6% of GDP, much higher than what is observed in other countries, where these distortionary taxes practically do not exist, as can be seen in Figure 16.

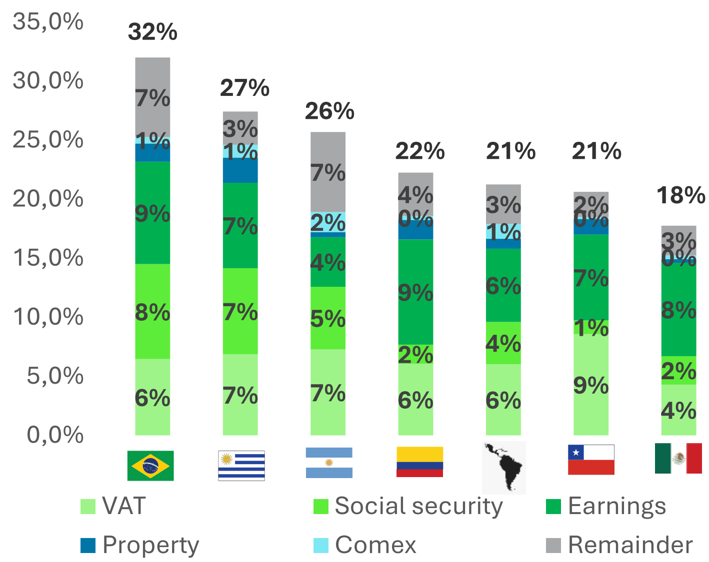
Within distortionary levies, gross receipts is a prominent case. It is a very important tax for the provinces, since on average, it **represents 80% of their total collection. The importance of removing this tax is due to the fact that it taxes the entire production chain, being applied to the total value of the good, that is, it taxes both the cost and value added components**, unlike the Value Added Tax (VAT), which through its system of debits and credits allows not to tax the cost faced by the company to produce the good and does not generate a cascade effect.

As for the tax on debits and credits, it has the problem that it taxes bank transactions (blank operations), **which generates higher costs for companies and encourages the existence of an informal channel to make payments.**

Finally, import and export duties directly affect the commercial situation of companies and the possibilities of growth, since **in the case of exporters they generate an extra cost that their competitors do not have, in addition to limiting the number of exporting companies by reducing their profitability**. On the import side, **it discourages the acquisition of more complex goods, necessary to increase the country's productivity**.

Figure 15. Tax revenues by country.

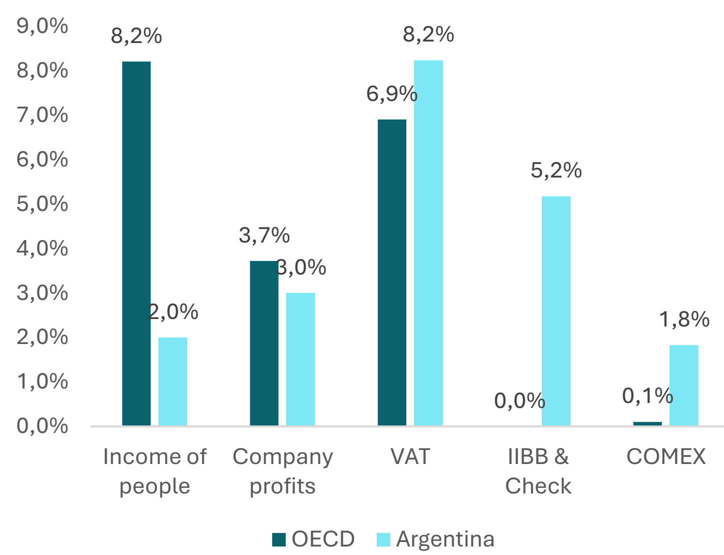
(% GDP)



Source: Econosignal based on MECON, OECD and INDEC.

Figure 16. Tax collection

(% of GDP)



Source: Econosignal based on MECON, OECD and INDEC.

Conclusions

Argentina closes 2025 with notable progress in macroeconomic stabilization. Compliance with fiscal targets and the consolidation of a primary surplus signal a structural shift that strengthens the credibility of the economic program. This discipline, combined with sustained disinflation and exchange rate stability, establishes the basis for a more predictable outlook in 2026, where policy aims to balance consolidation with support for activity.

The exchange rate strategy has been pivotal in curbing volatility under challenging conditions. Although net reserves remain negative under IMF metrics, the achieved stability underscores the effectiveness of implemented measures. Instruments such as swaps, repos, and external issuances helped offset foreign asset accumulation amid heightened uncertainty. Dollarization of private deposits reached record highs, highlighting the need to further reinforce confidence.

Investment momentum stands as a key pillar of recovery. Announced projects in strategic sectors anticipate positive effects on dollar inflows for both investment and future exports. Corporate debt issuance hit historic levels, surpassing USD 16,000 million through November 2025, confirming improved conditions for private financing and deeper integration with global markets. The decline in country risk from peaks of 1,456 basis points to around 650 points reflects progress, though still insufficient for full market access. The challenge for 2026 will be to consolidate this trend through policies that lower risk perception and enable refinancing of maturities without extraordinary measures. The combination of macro stability, target compliance, and clear signals of openness will be crucial to attract capital and sustain growth.

Projections for 2026 are favorable: GDP growth near 3.6%, inflation easing to 13.7%, and an exchange rate around $1,700. Nonetheless, risks persist, tied to inflationary pressures and the need to maintain external financing access. Policy must balance fiscal consolidation with measures that stimulate activity and investment, avoiding setbacks in achieved stability.

In sum, Argentina enters a stronger position than in prior years, supported by fundamentals that allow for a sustained expansionary cycle. The interplay of fiscal discipline, disinflation, exchange rate stability, and investment dynamism creates a conducive environment for accelerating financial and trade integration. If the current course is maintained and risks are managed prudently, the country can transform recovery into a process of sustained, competitive growth over the medium term.

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