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Argentina's Economic Outlook

March, 2026

Econosignal

Econosignal, Deloitte's economic analysis area, shares with you the quarterly Economic Outlook for Argentina report, which analyzes the performance of the most relevant macroeconomic variables of the country's economy. This report provides trends and projections aimed at supporting the financial and strategic planning of the business.

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Reading Time: 20 minutes

Contents

This report contains sections translated into English using AI-assisted translation tools. While efforts were made to preserve the intended meaning and maintain overall textual consistency, some portions may not fully capture the exact nuances of the original Spanish content.

Summary

Agriculture, mining and energy as engines of 2026

The Argentine economy closed 2025 with a growth of 4.4%, despite the lower performance in the second half of the year. Sectors such as financial intermediation (**24.7%),** mining and quarrying (**8%)** and hotels and restaurants (**7.4%)** were the main drivers. Sectors such as **industry, construction and commerce** have had growth of **4.3%, 3.6% and 0.8%,** respectively, but remain at levels similar to those observed in 2023. Given an unemployment rate of 7.5% by 2025, the evolution of the last mentioned sectors will be extremely relevant for the reactivation of employment, given that this rate, although it is not at its highest levels in the last decade, does indicate a deterioration with respect to previous values and justifies a closer monitoring of labor dynamics. **In 2026, the growth of the economy will be sustained mainly in agriculture, mining and energy, driven by the consolidation of RIGI investments and strategic projects in Vaca Muerta that could be helped by higher oil prices.**

However, **the recovery remains fragile and depends on exchange rate stability and the continuity of the disinflation process to consolidate the expansionary cycle in 2026**. On the macroeconomic level, the projections for 2026 are encouraging in the best scenario: GDP would grow 3.5%, inflation would be reduced to 27.0% and the exchange rate would close at around $1,700 per dollar, while the Badlar interest rate would close at around 25%. Monthly inflation is resistant to falling below 2%, which is related to the existence of a scheme of **more flexible exchange bands**, **products that are correcting prices in the face of months of lag and the inflationary inertia** typical of economies with prolonged periods of inflation.

Mass consumption had a weak performance in 2025. Supermarket sales grew by 2% during the year, however, they remain below previous historical levels. For their part, wholesale self-services accumulated a decrease of 6.8%. **The recomposition of real income is en partial: the formal private sector remains at 2023 levels, the public sector remains lagging behind, and the informal sector gains dynamism, which is linked to the lag in the growth of labor-intensive sectors.** With the recent labor reform, the government is taking a first step to reactivate the generation of formal employment and lower costs in companies that allow greater dynamism in labor-intensive sectors, **but there is still work to be done in relation to access to credit and tax reductions.**

On the external front, the BCRA initiated a daily foreign exchange purchase scheme with the aim of strengthening the position of international reserves and reducing country risk. During 2026, the liquidation of the main export sectors, together with the issuance of corporate debt will be key variables for this objective, as well as the greater inflow of investments linked to the RIGI. However, the global outlook presents challenges for foreign exchange inflows, **with financial investments that could seek security in the face of the volatility of the war in the Middle East, generating outflows in emerging countries such as Argentina.** This and its possible impact on inflation has led the world's Central Banks to begin to have a more conservative view on the management of monetary policy, to avoid overstimulating economies and entering a process of stagflation. However, **the global scenario also presents opportunities for Latin American** *commodity* exporting countries, **given that the absence of armed conflicts in the region gives them a comparative advantage that could translate into greater demand at higher prices.** In Latin America, projected growth en 2.5% in 2025 and 2.7% in 2026, with currencies whose performance will be subject to the evolution of global interest rates and fiscal situations that could generate a heterogeneous performance of the countries.

Summary

Finally, **the external sector shows positive signs**: the 2024/2025 harvest closed with a production of 138.7 Mt and exports of USD 50,549 million (+9% year-on-year), while the 2025/2026 campaign projects increases in wheat (+49%), corn (+16%) and sunflower (+24%), although with slight falls in soybeans and sorghum. **Mining is beginning to show signs of its potential, with exports reaching USD 6,032 million**, 24% above what was exported in 2024. Energy had a similar behavior, with exports of **USD 11,086** million and a growth of **13%** compared to 2024, which allowed for an energy surplus balance for the second consecutive year, **this being an extremely relevant factor to maintain macroeconomic stability in the face of adverse external scenarios such as the price shock linked to the conflict in the Middle East**.

Table 1. Macroeconomic forecasts for Argentina

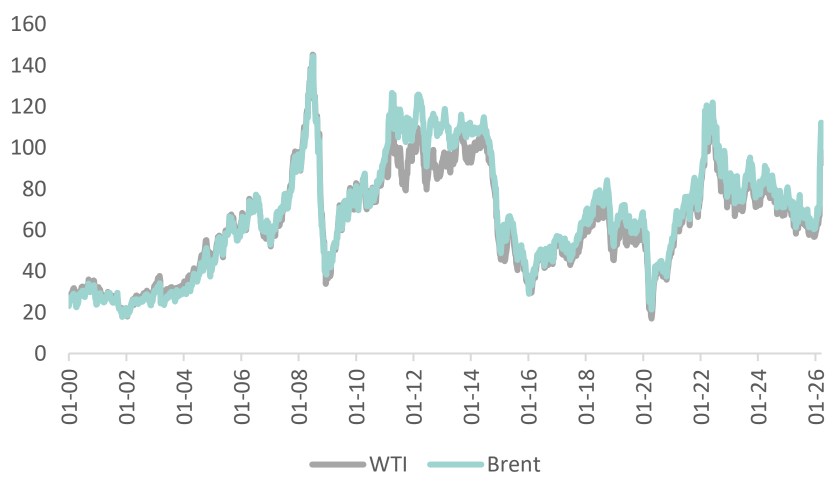
	2025	2026
GDP (real % per annum)	4,4%	3,5%
Inflation (annual % at year-end)	31,5%	27%
Exchange rate (USD/ARS, year-end)	$1,459	$1,700
Interest rate* (%, year-end)	26,7%	25,1%

Note: BADLAR interest rate.

Macroeconomic analysis

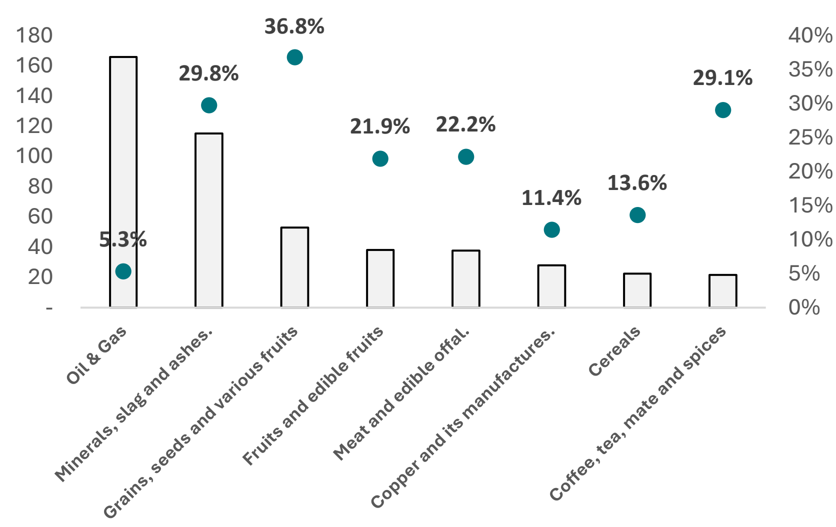
Global economy

Figure 1. Price of Brent and WTI barrels.
(USD/bbl)



Source: Econosignal based on the International Trade Administration

Figure 2. LATAM's main exports to the world
(USD million; % of total world imports)



Source: International trade centre

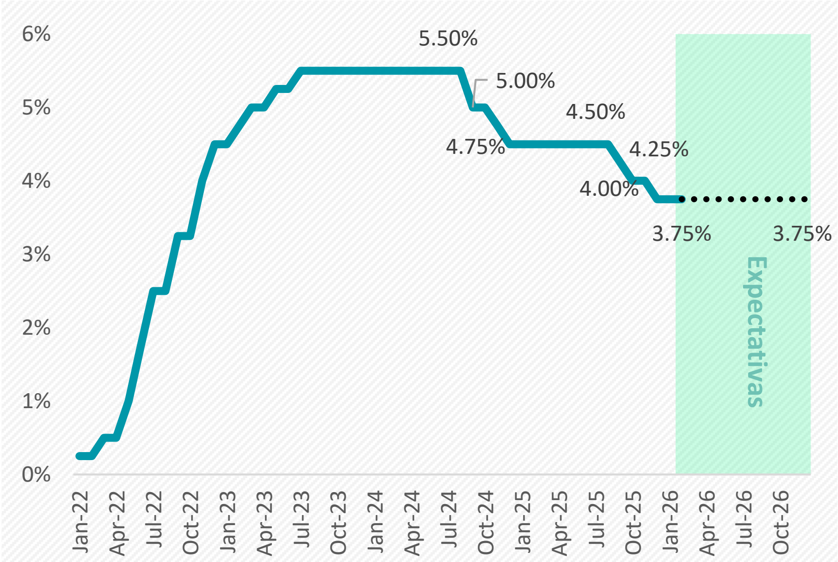
Global volatility continues at the beginning of 2026, due to the tariff policies of the United States, the weakness of the dollar and the war conflict in the Middle East. This situation is reflected in the international prices of minerals and oil, which would have a **positive impact on those countries that export these goods**, such as en the case of Argentina, but in turn **would have negative effects by generating inflationary pressures on economies**, especially in areas such as the European Union, whose dependence on oil and gas from the Middle East and Russia en high. In addition, volatility in financial markets, with investors rearranging their portfolios towards safer assets, could have negative impacts, particularly on emerging markets.

As for tariffs, although the United States has made progress in eliminating reciprocal tariffs for certain countries, such as Argentina and El Salvador, **the U.S. Supreme Court recently announced that reciprocal tariffs are unconstitutional**, so they have been removed. However, the Executive Branch administration has re-established tariffs of **15%** on the country's trading partners under Section 122 of the Trade Act of 1974, leaving confirmation as to whether these apply to countries with which an agreement already existed.

The global context forces the region to have to adapt to an environment with mixed signals, where the weakness of the dollar allows higher *commodity* prices and therefore higher exports, but the outflow of foreign capital and inflationary pressures require cautious monetary and exchange rate policy behavior.

Figure 3. Target federal funds rate

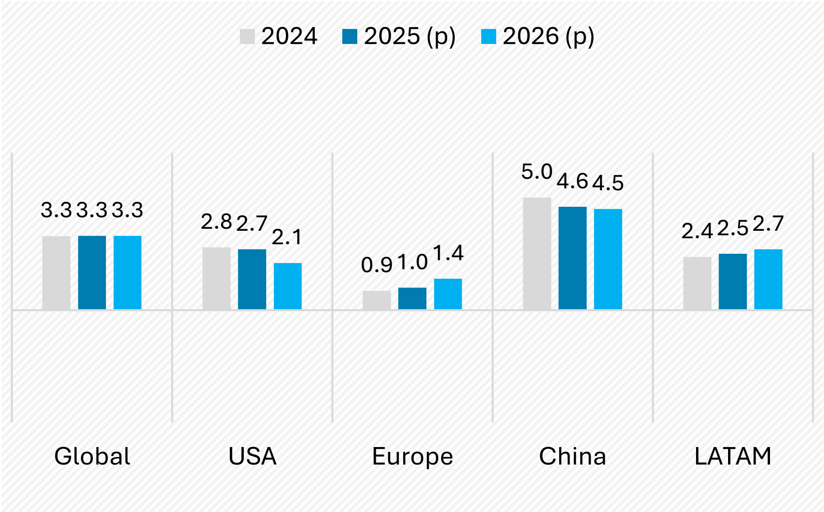
(expectations at the end of 2026, upper limit)



Source: CME and FOMC

Figure 4. Global, regional and country economic growth

(Real GDP, Vary % per annum)



Source: IMF

In relation to the monetary policy implemented by the Federal Reserve (FED), it has begun a phase of cuts, reducing the rate by 75 bps since September, establishing the current rate in a range of 3.50%-3.75%. The Fed is monitoring its dual mandate, as it observes a labor market that remains strong but with signs of low job creation and inflation threatened by the rise in oil prices. Under this framework, **the theoretical framework of the future new chairman of the FED will be important to know the direction of monetary policy that the agency will take in the future**.

Globally, the IMF's growth projections for 2025 and 2026 have improved compared to previous estimates in October, with the new forecasts standing at **3.3%** (+0.1 pp) for 2025 and **3.3%** (+0.2 pp) for 2026. A decrease in global inflation is anticipated, going from **5.2%** in 2024 to **4.2%** in 2025 and 3.5% in 2026, decreasing the projection in the latter year by 0.2 pp. However, this scenario is conditioned by the development of global trade, armed conflicts between countries and their impact on economies.

In Latin America, **the weakness of the dollar has generated a strong appreciation of currencies during 2025**, causing certain countries in the region to begin a process of reducing their interest rates in the face of lower inflationary pressure and with the need to maintain economic activity with a good functioning. **The global situation around armed conflicts and their impact on the price of *commodities* presents an opportunity for the region**, especially in countries such as Brazil and Argentina, since countries could begin to demand their products at a higher price in the absence of armed conflicts in the region.

The IMF's growth projections for Latin America have been increased, expecting growth in 2025 of 2.5% (+0.1 pp) and 2.7% (+0.4 pp) in 2026, reflecting the good outlook for these economies in the face of the greater weakness of the dollar.

Activity
Cost-effective

In the fourth quarter of 2025, the Argentine economy showed signs of cooling in some sectors, after a first half of recovery. Electoral uncertainty, exchange rate volatility, rising rates and a demand for money recovering at a slower pace than expected, generated a generalized drop in manufacturing and construction.

Despite the lower growth in these sectors, GDP maintains a positive variation and closed the year with a year-on-year growth of **4.4%.**

The manufacturing industry, which had grown **7.2%** in the first half of the year, registered a decrease in the second half of the year, ending with a year-on-year growth of **0.8%** in national accounts. At the beginning of 2026, the sector's production index had a growth of 3.1% but maintained negative levels year-on-year. Construction, after advancing **10.8%** in the first half of the year, also lost momentum but managed to grow by **4.3%** during 2025, **although it remains below 2023 levels**. In contrast, agriculture, mining, energy and financial services had an outstanding performance.

Looking ahead to 2026, the possible greater income of foreign currency through investments, mainly those under the RIGI framework, could be one of the drivers of the economy. In addition, the execution of strategic projects in Vaca Muerta, with the consequent improvement in the energy trade balance, allows for support in the economy that reduces exposure to global volatility in the price of oil and gas.

To continue with growth and reduce sectoral divergence, the reduction of distortions in regulatory and tax matters will be relevant, as well as the growth of credit to the productive sectors.

Table 2. Activity with low performance in the last quarter

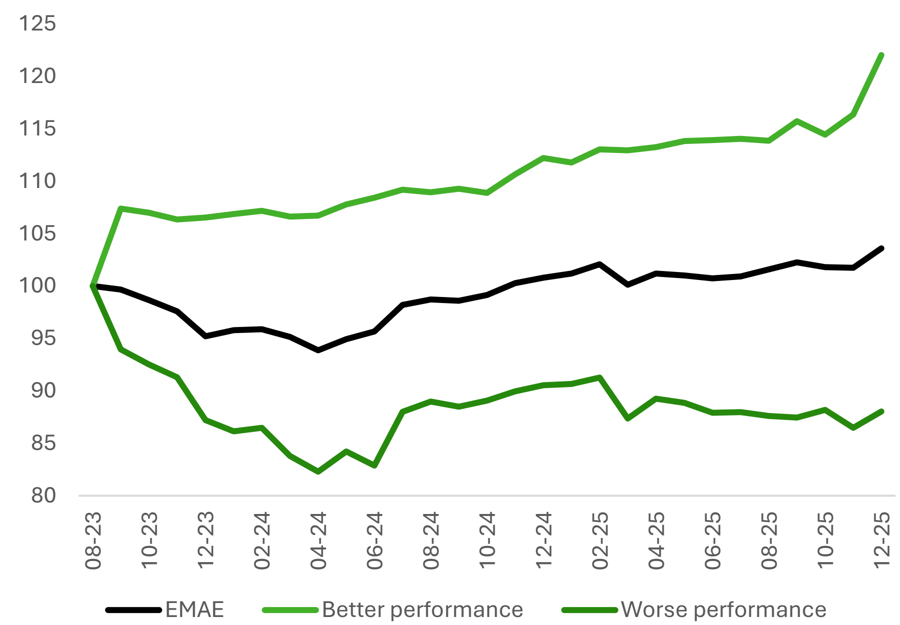
% quarterly and monthly seasonally adjusted

	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	Jan-26	Feb-26
Overall activity									
EMAE-INDEC	-0,8%	3,9%	1,6%	1,1%	-0,2%	0,6%	0,8%		
VAT revenue	3,9%	2,8%	2,3%	0,9%	0,2%	-1,7%	-1,6%	4,7%	-2,3%
Bank Transaction Tax	-0,4%	7,5%	2,0%	3,1%	-1,7%	5,1%	-1,5%	1,3%	-7,1%
Imports (Qty) – INDEC	-3,5%	11,6%	16,1%	19,0%	-4,1%	-0,6%	-2,2%	-6,9%	
Registered private wages	5,5%	5,3%	2,3%	1,8%	-0,9%	0,5%	-0,9%		
Industrial activity									
IPI – INDEC	-1,1%	7,6%	2,4%	1,3%	0,3%	-2,5%	-1,2%		
Electricity consumption	-3,7%	1,4%	1,0%	-0,2%	1,1%	0,7%	-0,2%	-0,5%	
Auto production	-4,7%	20,2%	4,2%	6,2%	4,8%	-12%	-8,6%	3,5%	-0,7%
Construction activity									
ISAC – INDEC	-4,8%	11,1%	-0,8%	2,5%	2,9%	-0,9%	-1,2%		
Cement shipments	-1,2%	14,8%	-1,6%	5,4%	6,5%	-4,4%	-5,0%	1,9%	-2,3%
Leading construction index	5,8%	10,2%	-10,1%	-10,0%	-7,2%	-1,0%	-0,1%	-11,6%	15,9%

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

Figure 5. Monthly sectoral evolution

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



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

Consumption

Mass consumption in Argentina had a weak performance during 2025. Sales in supermarkets, a key thermometer of spending, accumulated a real 2% year-on-year increase during the year. This positive performance is linked to a partial recovery in real income, especially at the beginning of the year, given that in the last 4 months these suffered losses against inflation, while public sector wages remained lagging behind and the informal sector reflected greater dynamism. Despite the accumulated improvement**, supermarket sales are still below previous historical levels**, indicating that the recovery in consumption is not yet consolidated.

In wholesale self-services, the outlook en more complex: sales accumulated a fall of 6.8% in 2025, reflecting the greater impact on this sector of the loss of purchasing power in lower-income segments and the postponement of certain volume purchases. This behavior is closely linked to the evolution of real wages, which continues to be the main conditioning factor for mass consumption. As can be seen in Table 2, **most of the indicators that follow consumption show the same trend, unlike the patents of motorcycles and cars that go hand in hand with the increase in credit.**

These data indicate that there is room for the recovery of mass consumption in 2026. The first half of the year would present higher levels of inflation than the second half of the year, which would imply a slow growth in wages, especially in the so-called "disposable income", which is affected by the price of tariffs. In the second half of the year, in the face of a possible decrease in inflation, wages could recover and reverse consumption.

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

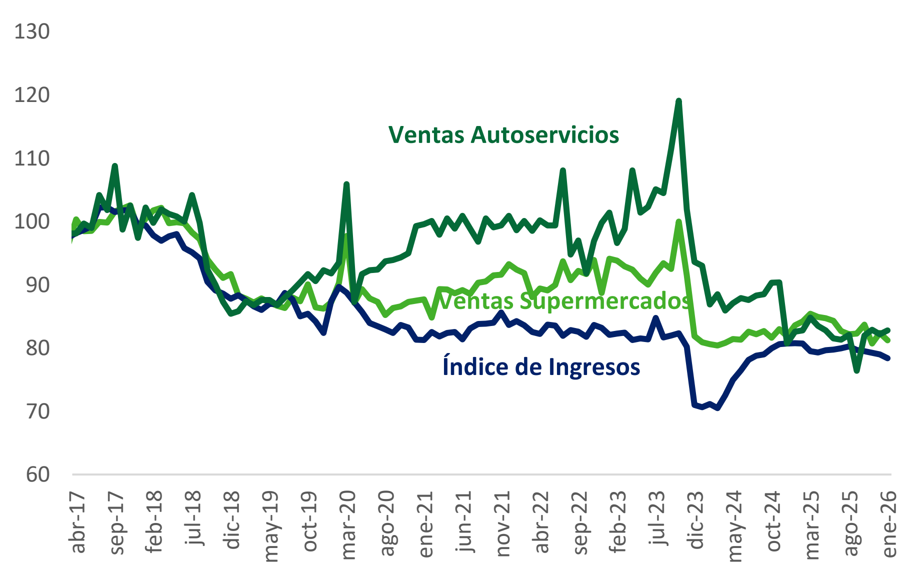
% quarterly and monthly seasonally adjusted

	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	Jan-26	Feb-26
Retail and trade activity									
Retail sales	1,5%	0,0%	10,8%	1,6%	-5,3%	-12,1%	-7,0%	-4,2%	2,6%
Food and beverages	4,2%	0,1%	0,9%	0,1%	-5,8%	-12,3%	-2,5%	-5,6%	1,4%
Home goods	-1,6%	0,0%	12,3%	8,7%	-11,6%	-11,1%	-3,3%	-0,2%	-2,0%
Footwear and leather goods	2,9%	1,0%	12,6%	-2,2%	-3,0%	-8,5%	-5,9%	-7,6%	8,8%
Pharmaceuticals	-4,6%	-0,5%	10,4%	-0,8%	2,6%	-10,4%	-5,1%	-5,7%	-0,2%
Personal care products	-14,2%	-3,2%	20,7%	8,4%	-9,0%	-13,5%	8,4%	-4,2%	-4,7%
Construction materials	-0,2%	4,1%	12,1%	-4,7%	-3,2%	-4,9%	-3,8%	4,5%	-3,1%
Textiles and apparel	3,4%	-3,4%	4,9%	6,0%	-4,3%	-10,8%	-5,2%	-1,3%	-5,1%
Trade activity index	-4,5%	8,0%	2,9%	1,0%	-1,0%	-2,2%	-0,4%		
Supermarket sales	0,7%	1,8%	-0,4%	2,6%	0,3%	-2,5%	-0,2%		
Shopping mall sales	10,1%	9,2%	2,0%	0,1%	-4,0%	-3,2%	4,0%		
Vtas autoserv. Wholesalers	-2,8%	1,4%	-0,8%	-4,7%	-1,0%	-3,1%	3,4%		
Vtas electro and art. Home	14,9%	-3,4%	-6,1%	2,7%	-6,8%	3,2%	1,6%		
Household consumption (CAC)	-0,9%	-2,4%	0,0%	5,4%	0,9%	1,2%	1,0%	0,7%	
Consumer confidence	4,0%	6,1%	11,7%	3,3%	-2,7%	-6,6%	6,2%	2,2%	-4,7%
New car registrations	20,2%	21,2%	9,2%	17,1%	5,1%	-0,9%	-9,3%	-1,0%	
New motorcycle registrations	22,1%	20,5%	5,5%	2,4%	5,5%	9,9%	0,3%	4,6%	
Meat consumption (SAGyP)	3,7%	11,4%	0,2%	0,1%	-0,5%	-1,5%	-2,9%	-8,3%	
Dairy consumption (OCLA)	5,8%	14,6%	-3,2%	-2,7%	1,6%	3,3%	1,1%	-8,0%	
Lending									
Personal loans	13,5%	49,8%	42,7%	32,9%	17,8%	4,6%	0,0%	1,0%	0,8%
Secured vehicle loans	-4,9%	33,6%	30,8%	24,9%	19,1%	4,4%	0,3%	-0,3%	0,2%
Credit card loans	2,7%	19,0%	18,8%	14,2%	10,1%	2,0%	-2,9%	-0,5%	-0,5%
Mortgage loans	-17,7%	9,7%	56,9%	51,5%	43,7%	32,5%	15,4%	2,4%	4,3%

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 recent labor reform aims to address two problems in the Argentine labor market: **The high informality, which reaches 43.3% of the employed, and the lack of job creation by the private sector, which is reflected in the loss of 189 thousand jobs registered in the last 2 years.** Among salaried workers, **36.7%** en informal, and among the self-employed, informality exceeds **60%,** which implies that almost **9 million people work without contributions or social coverage**. Against this backdrop, labor reforms such as the reduction of employer burdens, the reduction of compensation costs and the creation of the Labor Assistance Fund, among other measures, seek to break this negative trend, given that phenomena such as informality deepen poverty (**38%** of informal workers live in poor households) [1] and reduce active contributors to the pension system.

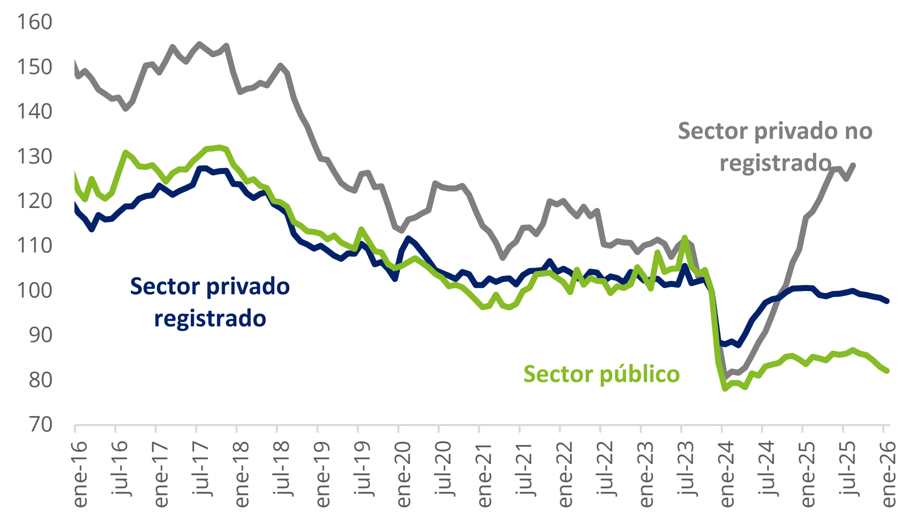
The labor reform en a first step for the recovery of formal employment, with the growth of lagging sectors being crucial for an increase in formal labor demand to be consolidated.

If the evolution of wages is analyzed, they have closed 2025 at levels similar to those observed at the end of 2023. **Informal wages, in real terms, grew 25.1% compared to November 2023, although they are still 18% below the highs of 2017. In the formal sector, the level en 1.6% lower than in November 2023 and 21% lower than in 2017. The public salary, after a brief recovery, continued to fall to be 17% below the levels of November 2023 and 36% compared to 2017.**

In this context, regulatory and tax reforms will play a central role in speeding up the process of labor reconversion.

Figure 7. Real wage indices of INDEC and var. vs Nov-23

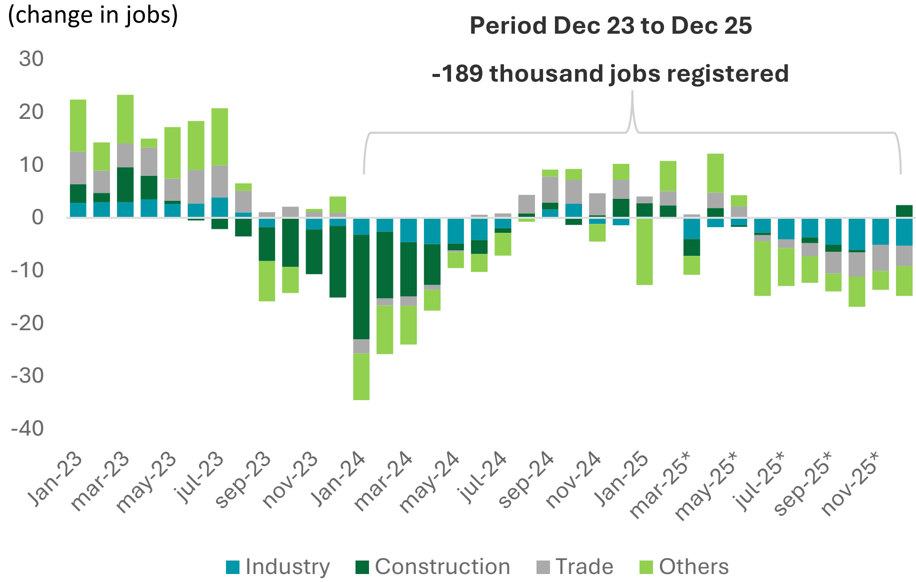
(Actual index, 100 = Nov-23)



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. Change in registered employment by sector of activity

(change in jobs)



Source: SIPA.

[2]According to data from IIEP-UBA. * Preliminary data.

Exports

The agriculture, energy and mining sectors are the main engines of the Argentine economy, with a good performance in 2025 and with good expectations for 2026.

The 2024/2025 harvest is closing with very positive results, especially in crops such as wheat, sunflower and sorghum. **Total production would reach 138.7 Mt (+5% YoY) and exports in 2025 were USD 50,549 million, growing by 9% compared to 2024.**

The recent developments around the 2025/2026 harvest reflect a good outlook, with wheat production of 27.8 Mt (+49%), corn with 57 Mt (+16%), sunflower with 6.2 Mt (+24%) and barley with 5.4 Mt (+8%), but lower soybean production with 48.5 Mt (-3.6%) and sorghum with 3 Mt (-3.2%), although the drop is not significant.[2] Under this scenario, production is expected to be higher than that observed in the 2024/2025 harvest.

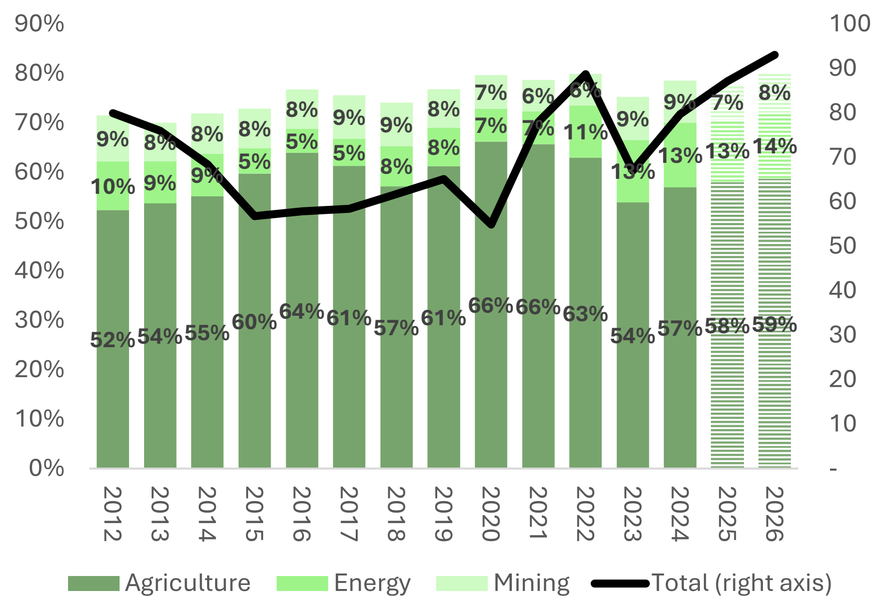
Another sector that had a remarkable performance en Minoria, whose exports reached USD 6,037 million, 29.2% above 2024. Expectations for exports in 2026 are positive, given that they could increase again by 20% year-on-year. According to estimates made by Deloitte Econosignal, mining would be one of the drivers of the economy in the future, **contributing 0.22 percentage points to the average GDP growth rate between 2026 and 2035**. Based on the pipeline of projects to date, copper, lithium, gold and silver productions could position Argentina as one of the major global exporters of minerals.

Energy accompanied the good performance, with exports reaching USD 11,086 million, a growth of 13% compared to 2024. With this result, the country accumulates two years of surplus energy balance, which is important considering the global volatility observed in the price of oil.

The good dynamics of the aforementioned sectors generated a growth in total exports of 9.3%, a variation that could be exceeded in 2026.

Figure 8. Total exports and sectoral participation.

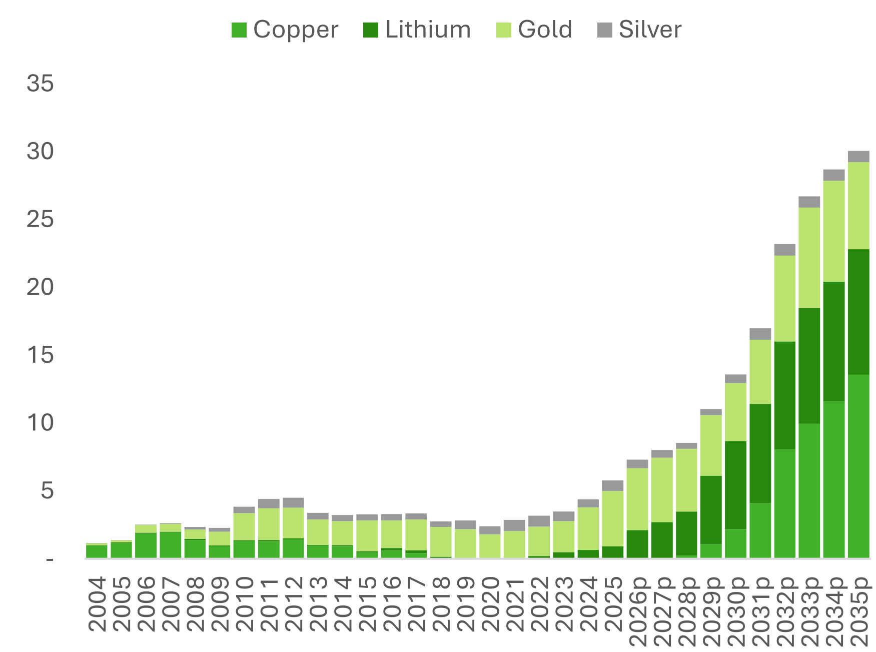
(% of total exports; Billion USD)



Source: Own estimates based on MAGyP and INDEC.

Figure 9. Projected exports by ore

(USD billion)



Source: Ministry of Mining and Own Estimates.

3 Based on the projections of the Buenos Aires Grain Exchange

Fiscal and exchange rate policy

At the beginning of 2026, the Central Bank began a new phase of the monetary program, **modifying the exchange band regime and announcing the start of a dollar purchase scheme.** The official exchange rate ranges from a floor of $847 to a ceiling of $1,646, adjustable based on monthly inflation of t-2, with the BCRA intervening only at the extremes to accumulate reserves or absorb liquidity**. The inflow of capital via corporate debt or foreign direct investment (FDI) will be important to avoid pressure on the bands**, and it is important to monitor the impact of global volatility on investment in emerging markets.

Obstacles to capital outflows persist, particularly those for corporate payments and dividends. **Netreserves remain very low or negative according to the IMF, which slows down a rapid exit to full floating and maintains the need for additional financing to meet targets**. To strengthen this objective,the implementation of the Law of Fiscal Innocence and an increase in the demand for pesos will be crucial.

In the monetary sphere, **the BCRA continues with its scheme of control of monetary aggregates together with a reserve scheme in accordance with the evolution of the demand for money.** After the restrictive monetary policies applied during the period of electoral uncertainty, the BCRA will monitor the money market to regulate liquidity and allow rate stability that relieves pressure on companies and reactivates credit. However, **the strategy remains aimed at sustaining exchange rate stability and avoiding inflationary pressures**.

The favorable result in the elections strengthened governability and **reduced country risk, which opens up space for issuances that bring in foreign currency**. However, the total unification of the foreign exchange market and free floating remain as medium-term objectives, given that an abrupt exit could reactivate inflation and strain the demand for money.

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

Category	2024	2025	2026 p
Foreign Exchange Current Account	**1,7**	**-2,2**	**-3,8**
Asset Account	17,6	17,2	17,5
Account Services	-3,8	-8,9	-9,1
Interest, dividends and profits	-12,1	-10,5	-12,2
Foreign Exchange Financial Account	**4,3**	**9,3**	**6,8**
IMF (capital)	0,9	14,5	0,8
OOII	-2,0	6,0	2,3
FAE*	2,3	-32,3	-24,0
FDI, corporate debt, loans and dep. USD	18,0	21,0	26,5
Public Debt Maturities	-2,2	-5,6	-5,2
Other**	-12,7	5,7	6,4
Gross reserves change by transactions	**6,0**	**7,0**	**3,0**

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

Source: BCRA and Econosignal estimates

Exchange Policy

After the period of volatility due to electoral uncertainty, the exchange rate has remained relatively stable, even with tendencies to appreciation due to global phenomena that were counteracted by the purchase of dollars to accumulate reserves. From the beginning of the year to date, the exchange rate has appreciated by 4%, similar to what has happened in countries such as Chile and Paraguay whose currency has appreciated by 1.9% and 1.3% respectively, while in the case of Uruguayand Brazil, depreciations of 3% and 4% were observed, respectively.

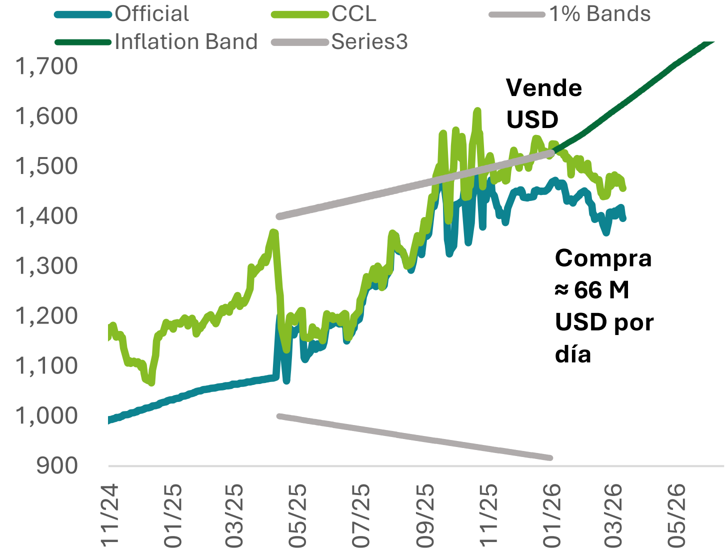
Currently, **the ceiling of the band is at $1,646, 19.31% above the exchange rate to date of $1,379.5.** In the first half of the year, the liquidation of agriculture will represent an important inflow of foreign currency that would reduce the risk of abrupt jumps in the exchange rate. In addition, **the government hopes that the new Fiscal Innocence Law will generate a new process of laundering dollars**, which would be an additional source of foreign currency that would reduce exchange rate pressures. Towards the second half of the year, this en a period characterized by lower foreign exchange inflows, **the evolution of the exchange rate will depend on the inflow of investments, the behavior of inflation and the global context**.

Among the challenges the government will face are debt payments in July and the IMF's third review in the same month. It will have to face payments of bonds in private hands for **USD 4 billion**, payments of debt maturities with international organizations for **USD 447 million** and the IMF's net reserve target of **USD 1,600 million**. In the first case, **the doubt persists as to whether its financing will be through access to the international capital market (for which the evolution of country risk will be important, although it was an instrument discarded by government officials), the use of bilateral instruments such as SWAPs or, less likely, the use of international reserves.**

Under this framework, the evolution of the future exchange rate will depend on the behavior of the demand for pesos and its relationship with inflation, the compatibility of the reserve accumulation scheme with these variables and the payment of debt maturities.

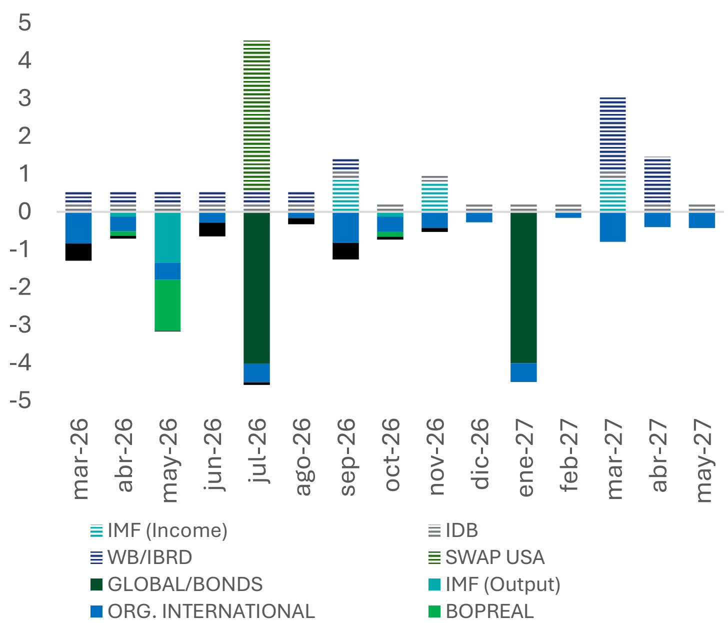
Figure 10. Official and parallel exchange rate and exchange bands

(Exchange rate; pesos per US dollar)



Source: Econosignal based on BCRA

Figure 11. Projected foreign exchange income and monthly debt maturities (USD billion)



Source: Econosignal based on MECON and BCRA

Exchange Policy

Recently, the IMF has carried out a new review of the extended facilities program (EFF), **in which the reserve target (USD -2,600 million) was again breached, with a difference of approximately USD 10,449 million**. There is still no official statement from the IMF on the approval of a new disbursement.

To date, the BCRA has an NIR level under the IMF methodology of **USD -10,623 million**, having to accumulate reserves to reach **USD 1,600 million for the third review to be carried out on July 15**. This third review will be the first to cover the new reserve accumulation scheme implemented by the BCRA, through which **USD 3,482 million (USD 67 million per day) has been purchased,** with an increase in reserves of **USD 3,498 million** in the same period according to IMF methodology.

The IMF's demand to strengthen the position of international reserves is solved by the argument that greater reserves would allow the country to have a better position in the face of external shocks, this being also one of the requirements mentioned by the market for the reduction of country risk.

In reference to this last indicator, **after the mid-term elections, the country risk has decreased from 1,081 points to 561 points at the end of 2025**. Once the reserve accumulation scheme began, the country risk continued to fall until it reached the floor of 500 points, **without being able to exceed this floor permanently (Figure 13).** The reasons behind this may be linked to the fact that net reserves are still at negative levels, as well as to the lack of liberalization of capital controls and/or Argentina's low reputation.

Despite the fact that 2026 is expected to be less economically instable, as there is no volatility typical of the elections, **the treasury and the BCRA will have to face debt obligations and reviews with the IMF that require prudent management of economic policy.** Going forward, economic growth, together with a reduction in inflation and a greater inflow of foreign currency from exporters, will be important for the growth of the demand for money to continue, allowing a strengthening of the peso and a greater accumulation of dollars to meet the medium-term objectives.

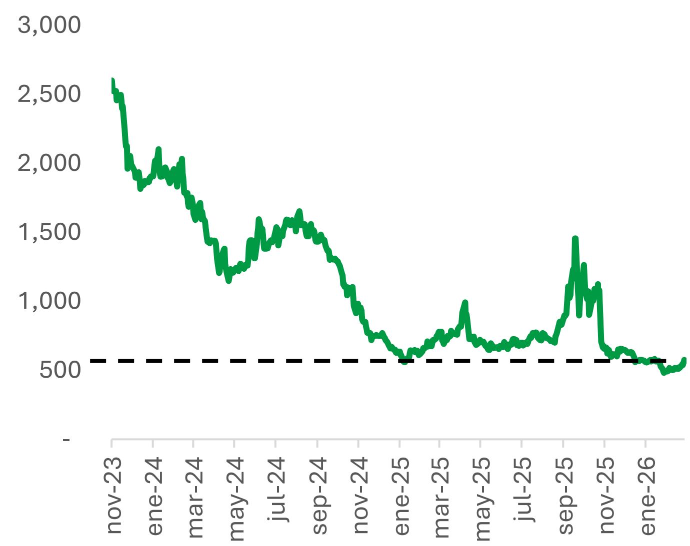
Figure 12. Net international reserves

(MillionUSD)

Source: Econosignal based on BCRA.
Note: Net reserves: Gross reserves net of reserve requirements, SWAP with China, Sedesa and liabilities in dollars at 12 months. Reserves IMF Methodology: Gross reserves net of reserve requirements, SWAP with China and disbursements of the organization.

Figure 13. Country risk

(Basic points)



Source: EMBI

Monetary Policy

2025 closed with an annual inflation of 31.55%. After 4 months with monthly inflation below 2**%, as of September 2025 it is above**, with the latest data for February 2026 being **2.9%.** Based on the Market Expectations Survey (REM), **monthly inflation would continue above 2% until May**, and then fall below this number.

The recent increase in monthly inflation is linked to an adjustment of relative prices, where sectors whose prices have lagged behind are adjusting to the new dynamics of price adjustment, which can be seen in Figure 14.

In the face of annual inflation above double digits, **the BCRA continues with its restrictive monetary policy**, through a monetary aggregate control scheme, an instrumentation widely used in experiences of inflation stabilization plans. In addition, due to the uncertainty in the mid-term elections, which caused a fall in the M3 aggregate to **13%** after a recovery began, **the BCRA carried out regulatory modifications in the bank reserve scheme to avoid liquidity imbalances and greater pressure on the exchange rate.**

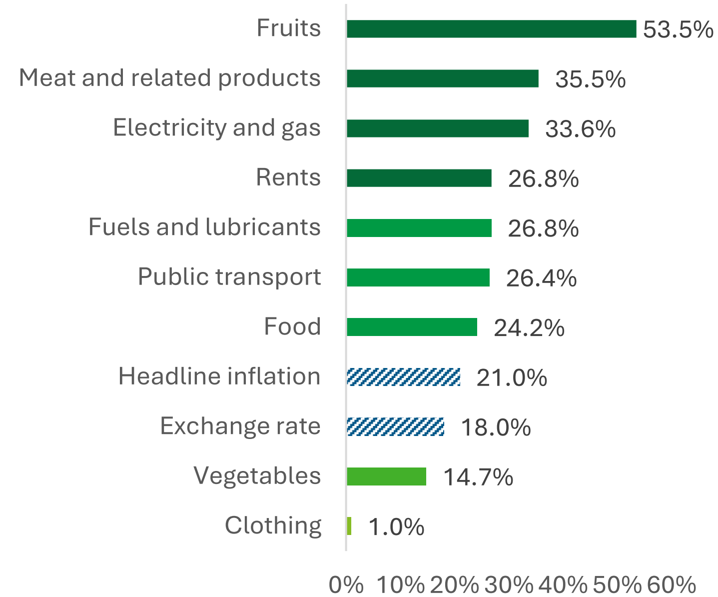
However, despite the effectiveness of these measures to control volatility during election time, they have as a counterpart the lack of liquidity in the system, which was reflected after the elections, with 1-day pass rates reaching **76.3% in December and maintaining an average of 36.4% in January**. **The lack of liquidity meant that banks faced difficulties in meeting reserve requirements, generating volatility in rates and fewer credit opportunities.**

Faced with this situation, the BCRA has begun a process of relaxation of the aforementioned restrictions and is expected to continue with the removal of these restrictions to avoid volatility in rates, helping to reduce costs for companies and allowing a smooth development of their activity.

With the application of the reserve accumulation program and the methodology applied to control monetary aggregates, the BCRA seeks to provide liquidity to the growth in the demand for money related to greater economic activity, without generating an excess of pesos in the economy that generates inflationary pressures.

Figure 14. CPI variation by opening

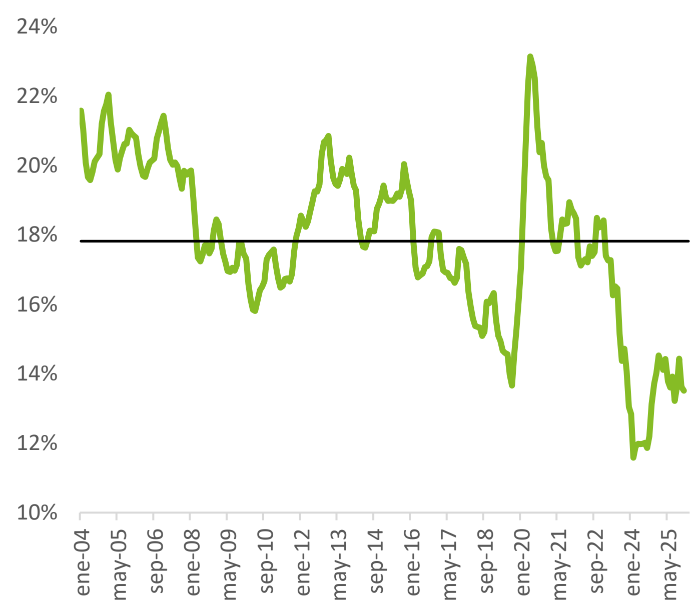
(Var. % feb 26 vs Jun 25)



Source: INDEC.

Figure 15. M3 Monetary Aggregate

(M3/GDP)



Source: BCRA

Fiscal Policy

Fiscal performance remains solid during 2025, accumulating a financial surplus of 0.2% of GDP and a primary surplus of 1.4% of GDP.

Total accumulated revenues fell by 2.7% in real terms year-on-year, while primary expenditure fell by 3.5%. Among the most cut-back expenditures of the year are **capital expenditures, economic subsidies (including energy and transport) and operating and other expenses**, as shown in Figure 14. In terms of income, property income and export duties have decreased, derived from the reduction of withholdings during 2025, while non-tax revenues (associated with privatizations) and social security contributions and contributions have been the revenues that have grown the most (Figure 15).

In this way, the fiscal balance has been maintained for the second consecutive year, even despite reductions in important taxes such as exports, which is a good sign for the market as the main anchor of the monetary program remains.

Looking ahead to 2026, the fiscal surplus obtained in 2025 is expected to be maintained, even despite the higher expenditures linked to the university education financing law and the emergency disability law. To maintain this surplus, the government will have to cut **0.5%** of spending, **with the possible items affected being salaries, subsidies, social plans and goods and services**, according to the BCRA.

In terms of privatizations, the three bids received for the Trunk Waterway, whose investments could be around USD 10,000 million, as well as the 15 bids received for the concession of national routes in the South-Atlantic-South Access and Pampa sections, stand out. In addition, the national government is advancing in the privatization of the Belgrano Cargas.

The goals with the IMF establish a primary fiscal surplus of **2.2%** for 2026, this being a major challenge for the government. Reforms such as labor would generate an increase of 0.47% [2] in spending in relation to GDP, so the government will have to continue with its privatization plan and reduction of expenses to meet the objective.

Figure 16. Variation in government spending by item

(Var. a/a)

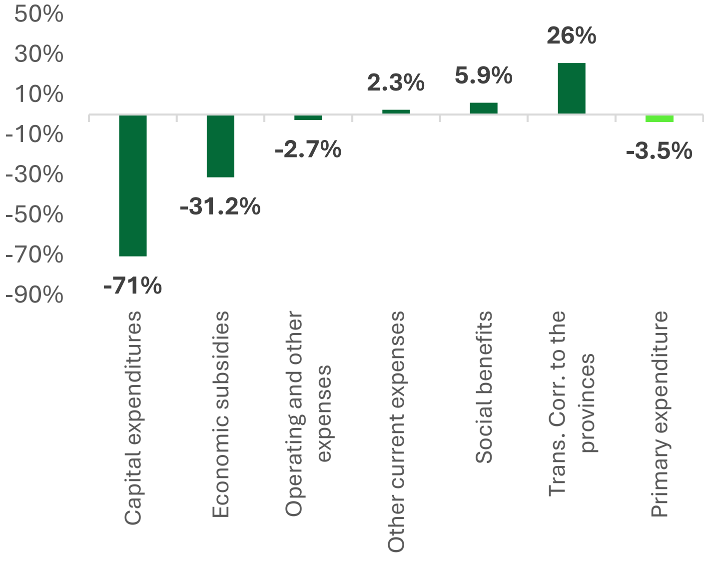
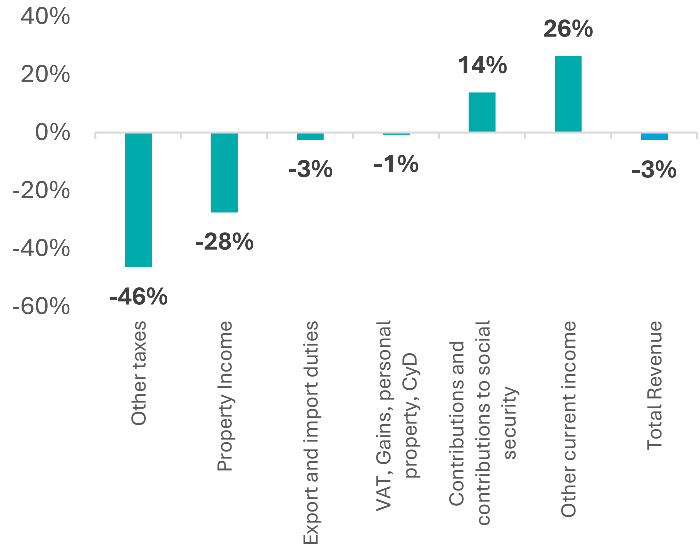


Figure 17. Variation in government revenue by item

(Var. a/a)



Source: Econosignal based on the Ministry of Economy

2 Based on IARAF estimates.

Conclusions

The Argentine economy reaches 2026 with a stronger starting point than that observed in recent years, although still conditioned by the fragility of consumption, tensions in the labor market, and the need to sustain macroeconomic stability. **Growth in 2025, although positive and supported by dynamic sectors such as financial intermediation, mining and energy, highlighted the divergence between high-productivity activities and those more intensive in employment**, whose recovery will be decisive in rebuilding real income and stabilizing the unemployment rate, which closed the year at 7.5%.

The central background en that industry and commerce continue to lag behind and this will continue to limit the speed of recovery of the labor market and mass consumption. Looking ahead to 2026, the engine is clearly on the outside again. With a recovering harvest, the advance of mining and the consolidation of the energy complex, the contribution of foreign currency will be the main support for growth, reinforced by the RIGI regime and by strategic investments that continue to position the country as a regional energy supplier in a global context of uncertain prices. This greater export capacity allows for reduced exposure to international shocks, although it does not eliminate the risks associated with financial volatility linked to the conflict in the Middle East or the more conservative stance of central banks, factors that could generate tensions in flows to emerging economies.

The main domestic challenge continues to be to consolidate disinflation in a context where inertia and relative price adjustments keep monthly inflation above 2%, while the exchange rate and monetary policy become central pieces to preserve the stability achieved. The improvement in real wages will be gradual and concentrated in the formal sectors, which implies that the recovery of mass consumption will still be limited for a good part of the year. At the same time, the labor reform and the reduction of costs for companies aim to recompose formal employment, although their impact will depend on how much activity is reactivated in the sectors that are currently lagging behind.

In summary, 2026 is shaping up to be a year where growth will once again be supported by agriculture, mining and energy, while the sustainability of the expansive cycle will depend on whether exchange rate and inflationary stability is maintained and allows income to be recomposed, demand to be strengthened and the gap between the most dynamic sectors and those that have not yet managed to take off. If economic policy sustains the current approach and external conditions accompany, the country could turn this heterogeneous recovery into a more balanced and consistent trajectory over time.

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