



ARGENTINA – Macro Outlook

FEDERICO SEMENIUK – BUSINESS DEVELOPMENT MANAGER



CRISIS → timing

危機

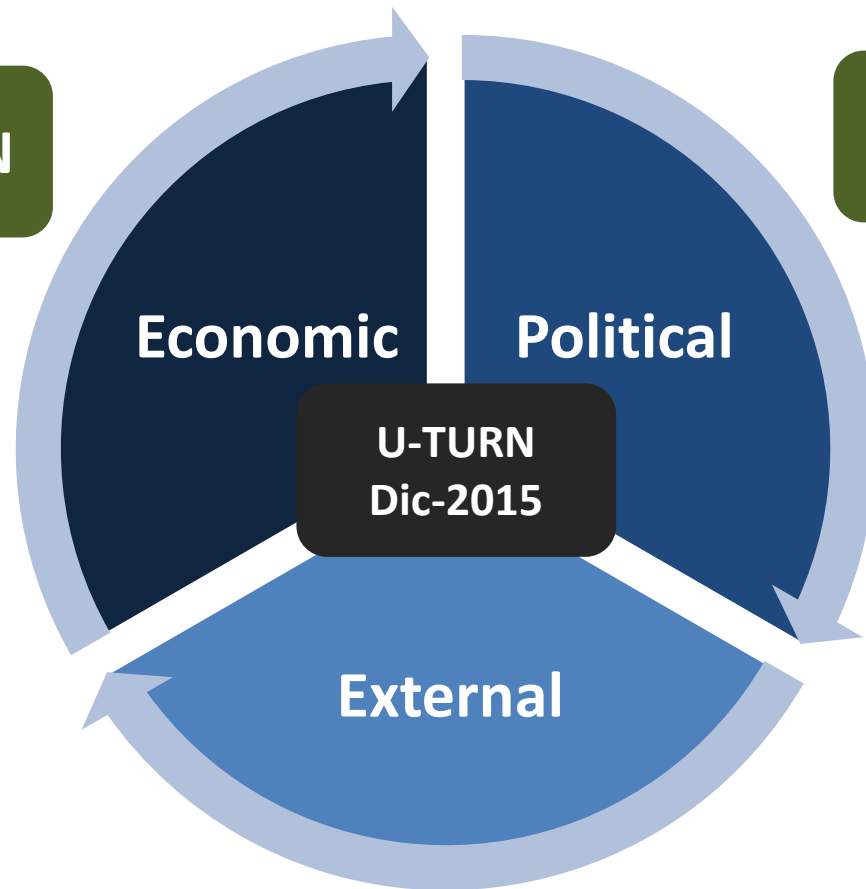
Opportunity



Argentina went through a U-Turn

NORMALIZATION

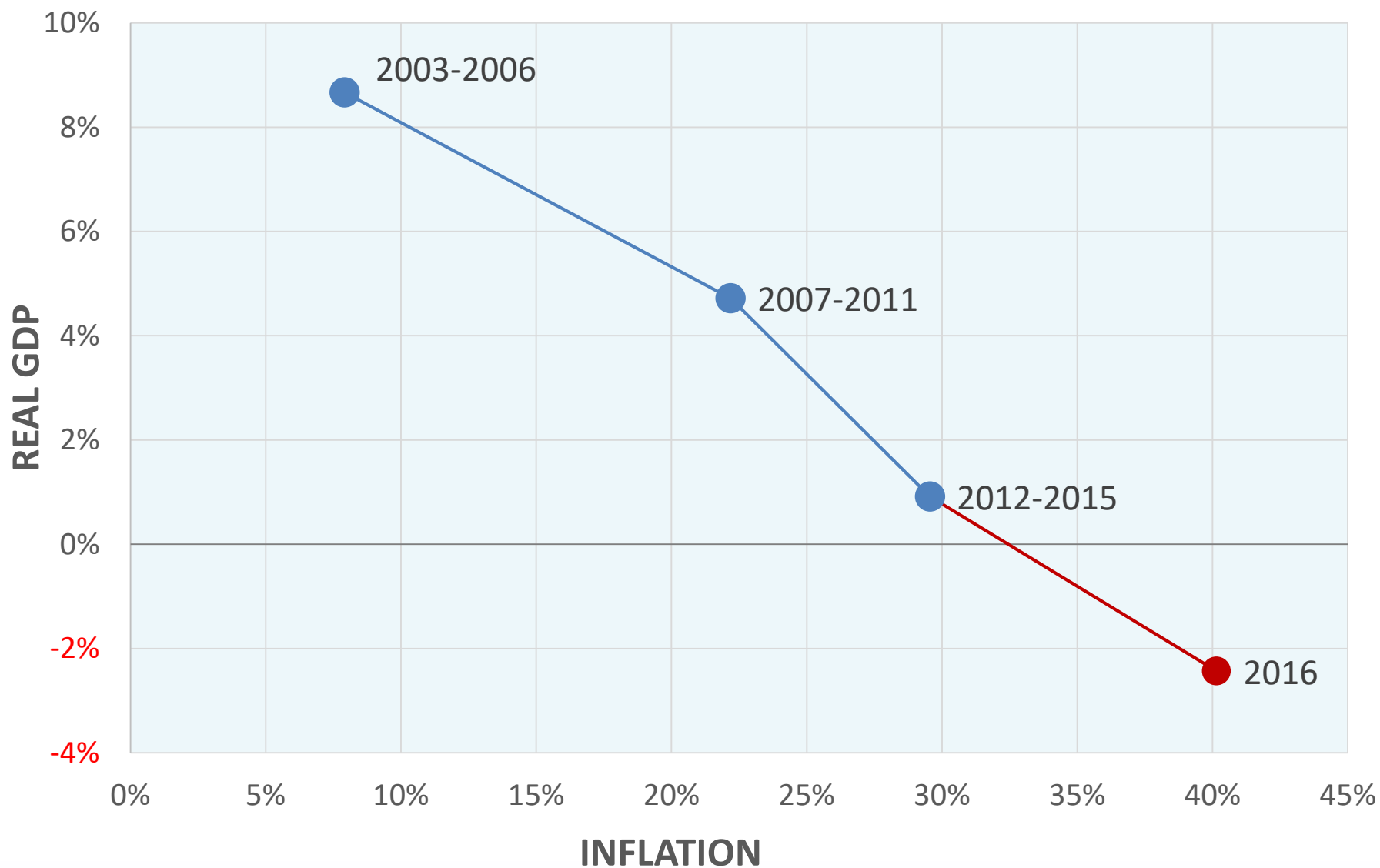
RATIONALITY



OPENNESS



A little bit of (recent) history



The political U-Turn

Political U-TURN



	Past Paradigm	New Paradigm
OBJECTIVE	ACCUMULATION OF POWER	NORMAL POLITICAL ENVIRONMENT
Division of powers	Extremely strong Executive Power	Balanced with open negotiation
Management axis	Short term results	Efficiency and competence
Institutions	Disfunctional	Functional
State intervention on the private sector	Increasing and discretionary	Bounded with clear rules



The external U-Turn

External U-TURN

	Past paradigm	New paradigm
INSERTION STRATEGY	POLITICALLY DRIVEN	ECONOMICALLY DRIVEN
Commercial insertion	No clear strategy + subject to short term needs	Western hemisphere
Financial insertion	Living within our own resources + Domestic financing (Central Bank)	Global markets



The economic U-Turn

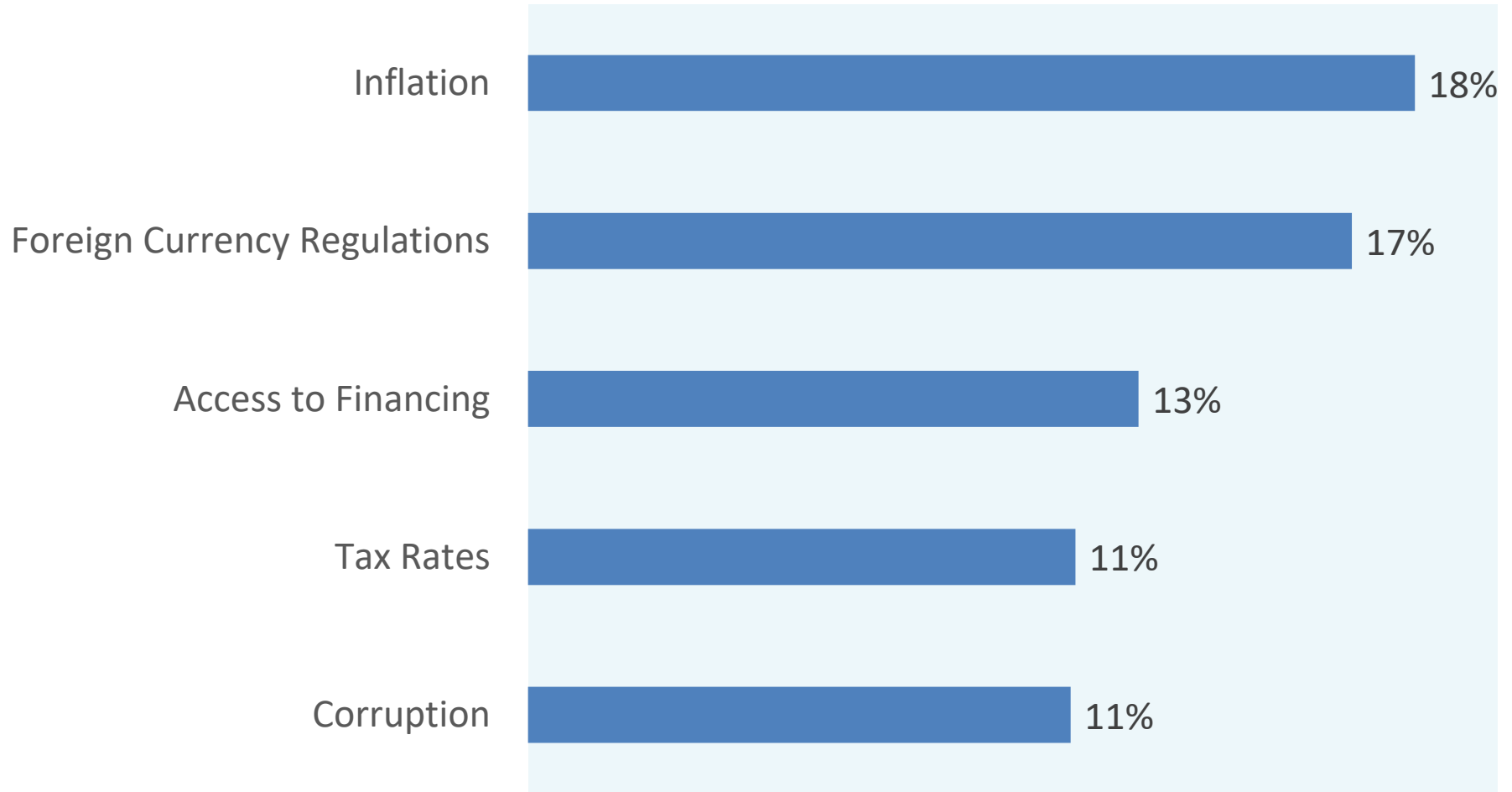
Economic U-TURN

	Starting Point	Normal Economy
Currency Market	Restrictions (FX Gap)	Floating (No FX Gap)
External financing	Partial Default (Holdouts litigation)	LATAM Average interest rates
Tax Pressure	Record high	Decreasing
Price Controls	Yes	No
Inflation	25% YoY var.	0%-10% YoY Var.
GROWTH	CONSUMPTION BIASED (SHORT TERM)	INVESTMENT BIASED (LONG TERM)



The Most Problematic Factors For Doing Business In Argentina (2015)

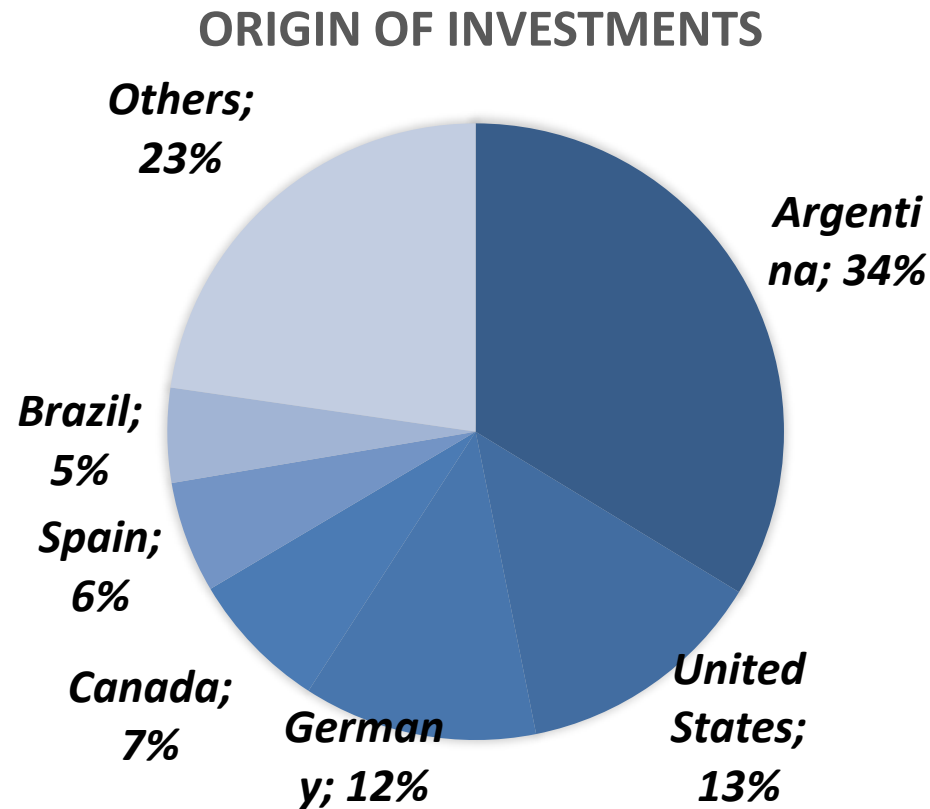
~ **70%** of the concerns revolved around **5 issues**



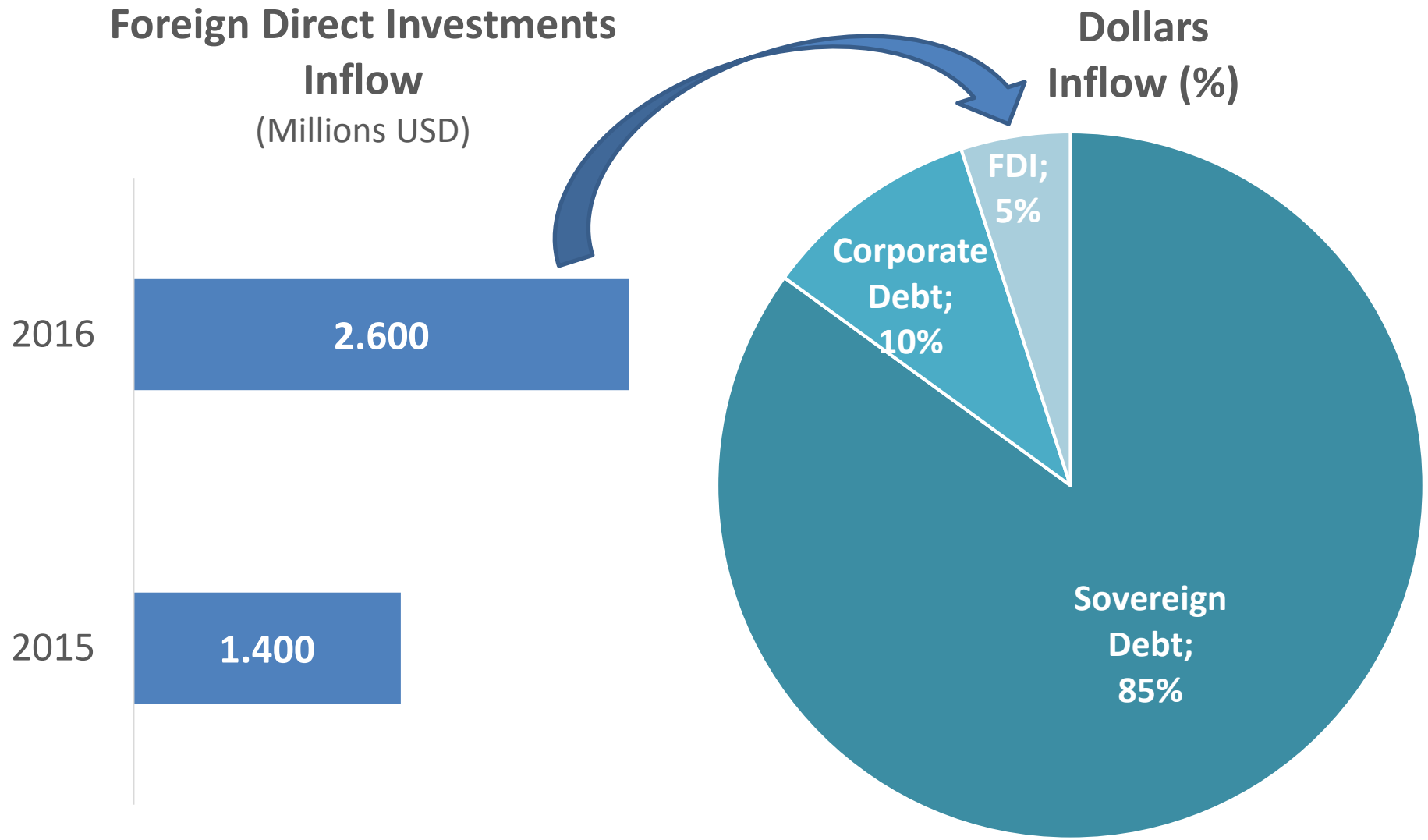
Private Investments Announcements

USD +60 Billions - Private Investments Announcements for 2016-2019

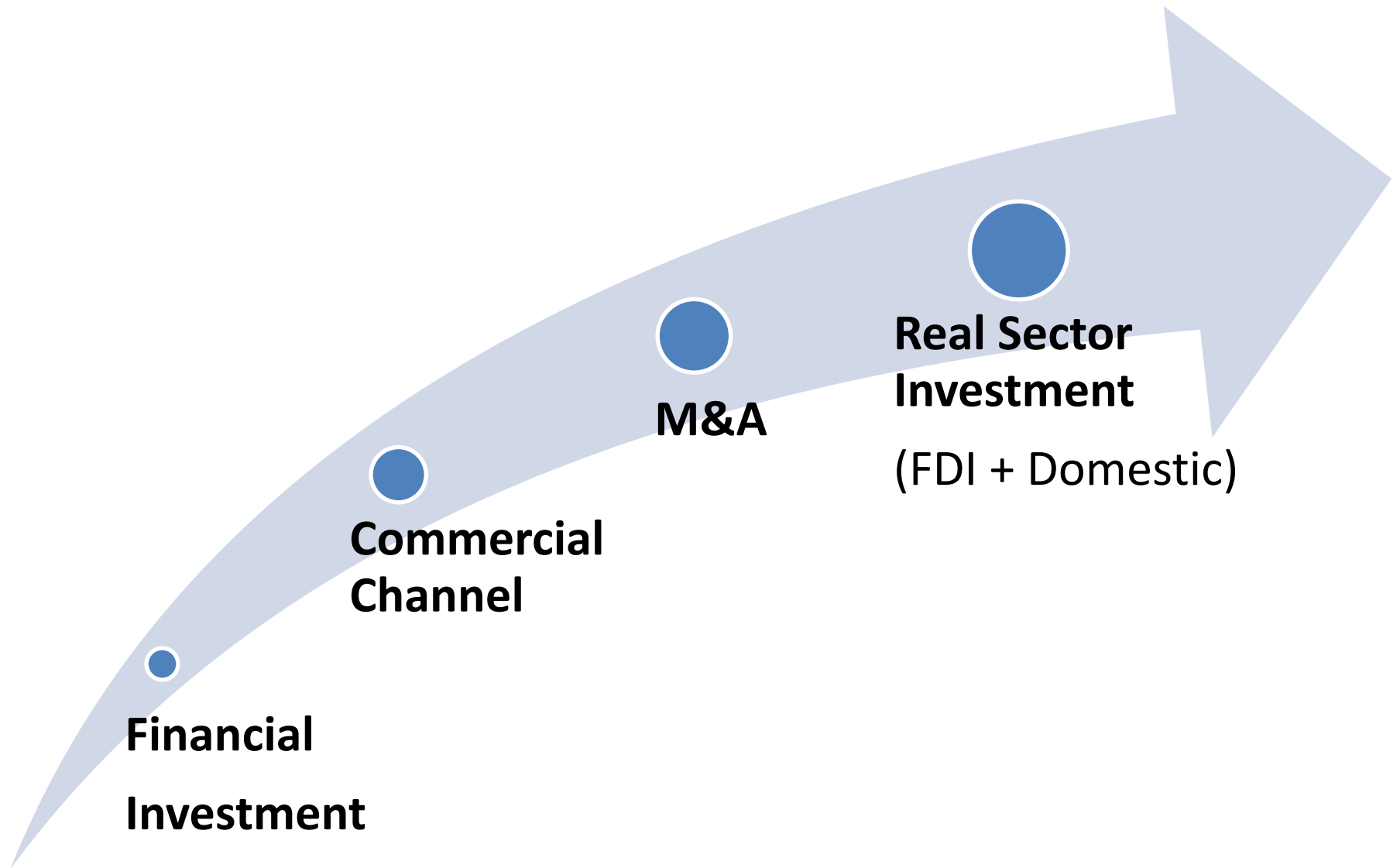
Still to materialize



Lots of Dollars, but mostly through the Financial Channel



Dollars Inflow: Phases



RATING (Moody's)

Chile	Aa3	High Grade
Mexico	A3	Upper Medium Grade
Peru		
Uruguay	Baa2	Lower Medium Grade
Colombia		
Brazil	Ba2	Non-Investment Grade Speculative
Argentina	B3	Highly Speculative
Venezuela	Caa3	In Default with little prospect for recovery



Country Outlook & Country Risk

Country Risk Reduction -bps- (last 10 months)

OUTLOOK (Moody's)

ARGENTINA

POSITIVE

-131

Argentina

Brazil

-103

Brasil

Peru

-86

Peru

Colombia

-84

Colombia

Chile

-54

Chile

STABLE

Uruguay

NEGATIVE

-51

Uruguay

Mexico

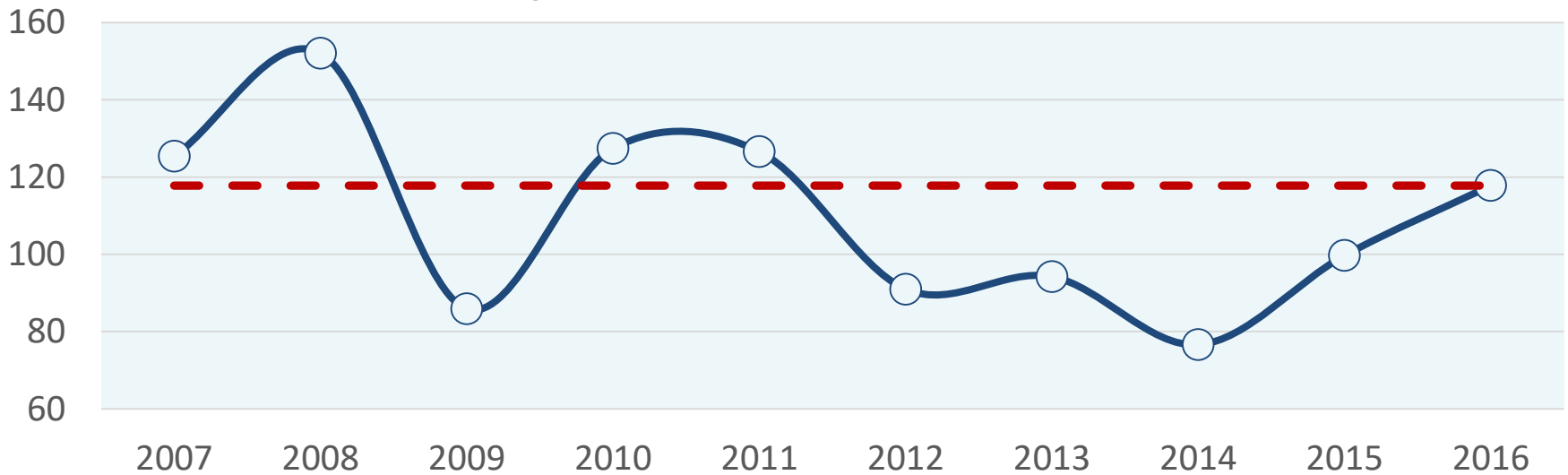
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Mexico



Argentina's Imports from Israel

Imports from Israel (Millions USD)



ARGENTINA'S IMPORTS BY ORIGIN

Ranking	Country	Share
1	Brazil	24%
2	China	19%
3	U.S.A.	13%
47	Israel	0,2%

1/3 for the Agroindustry



Argentina on the Long Run: Winning Sectors

Electricity



Agro-industry



Mining



Infrastructure



Oil & Gas



Banks



Telecommunications



Real Estate

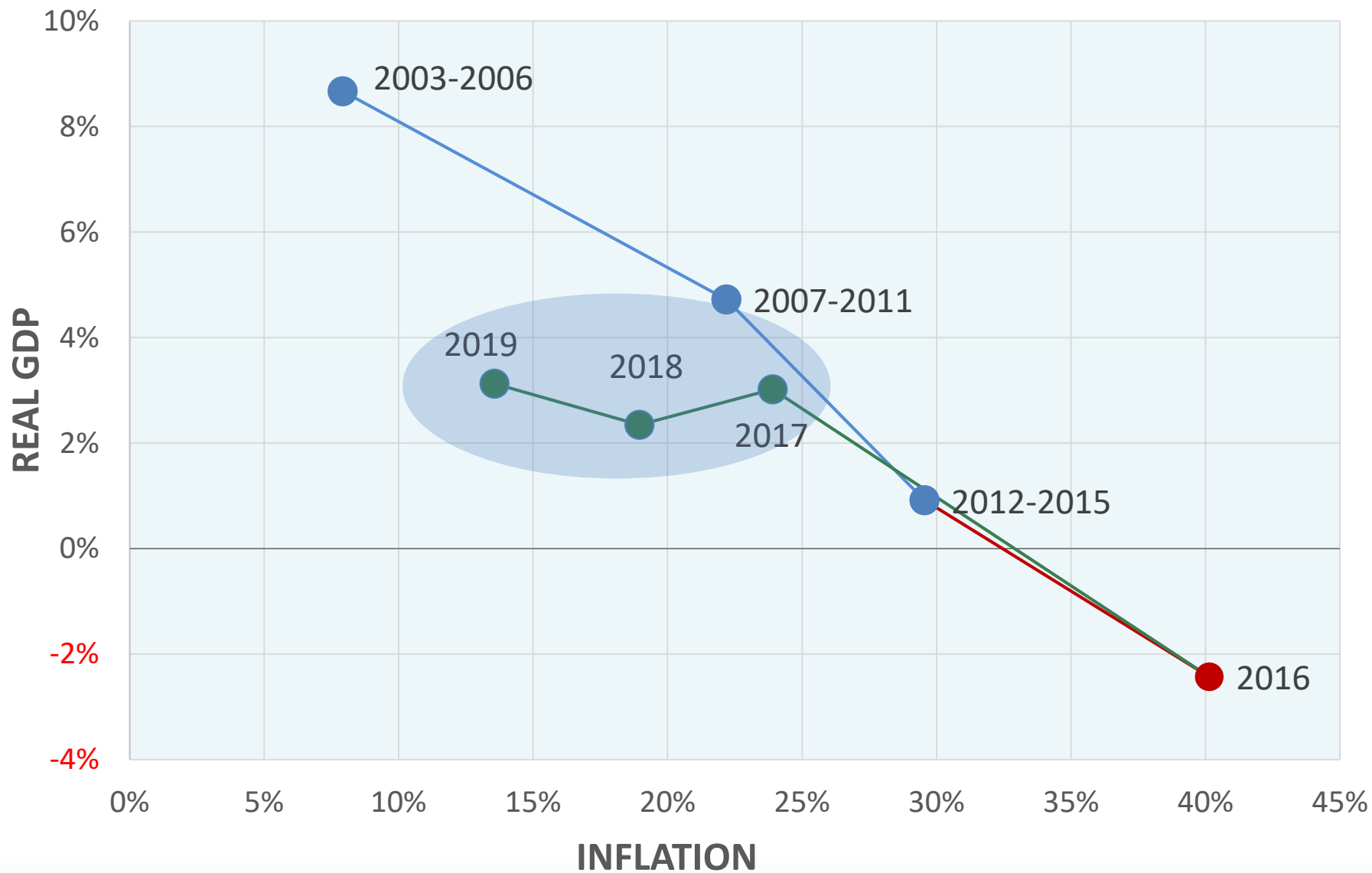


Criteria for Sector Selection

- ✓ Growth potential
- ✓ Exportability
- ✓ High domestic and external demand
- ✓ Undervalued or with postponed investment compared to LatAm
- ✓ Benefited by public policies
- ✓ Related to developed clusters



Where are we heading to...



Why?

- Opportunity

When?

- Now

How?

- ASK! (please)





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