



Argentina

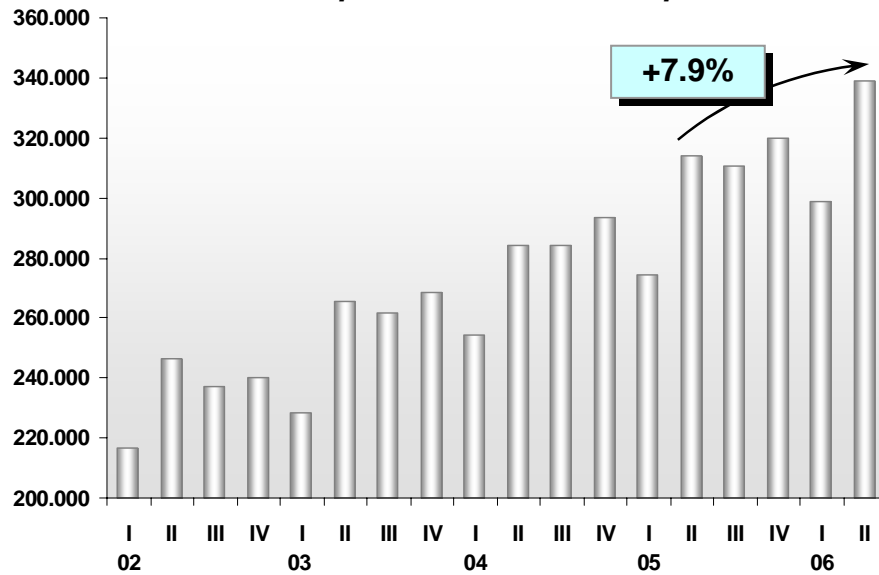
Economic Indicators

November 2006

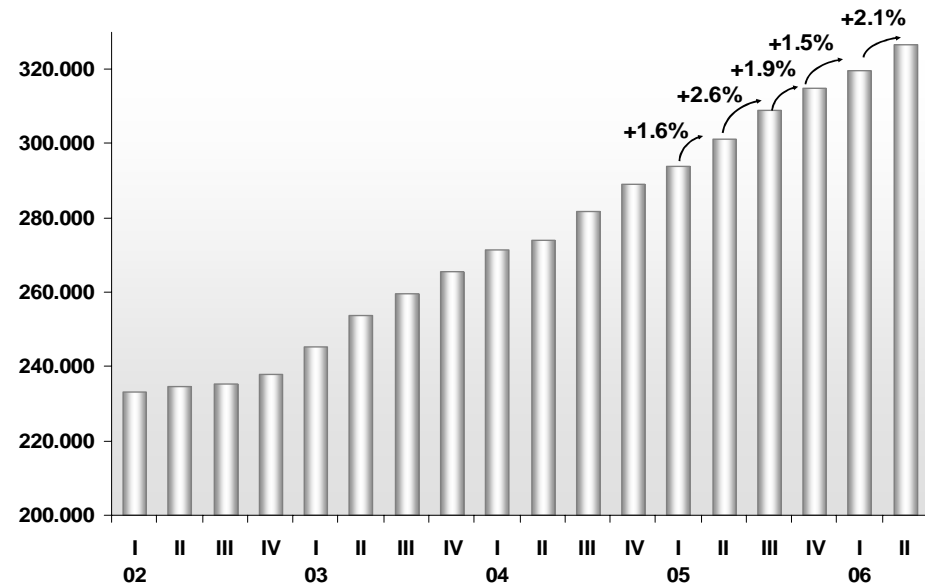
Activity

Recovery started in the second quarter of 2002, and there have been seventeen consecutive quarters of growth, thus improving the sequence that had taken place in the previous bullish cycle (IV Q 1995 – II Q 1998).

GROSS DOMESTIC PRODUCT
At 1993 prices - In millions of pesos



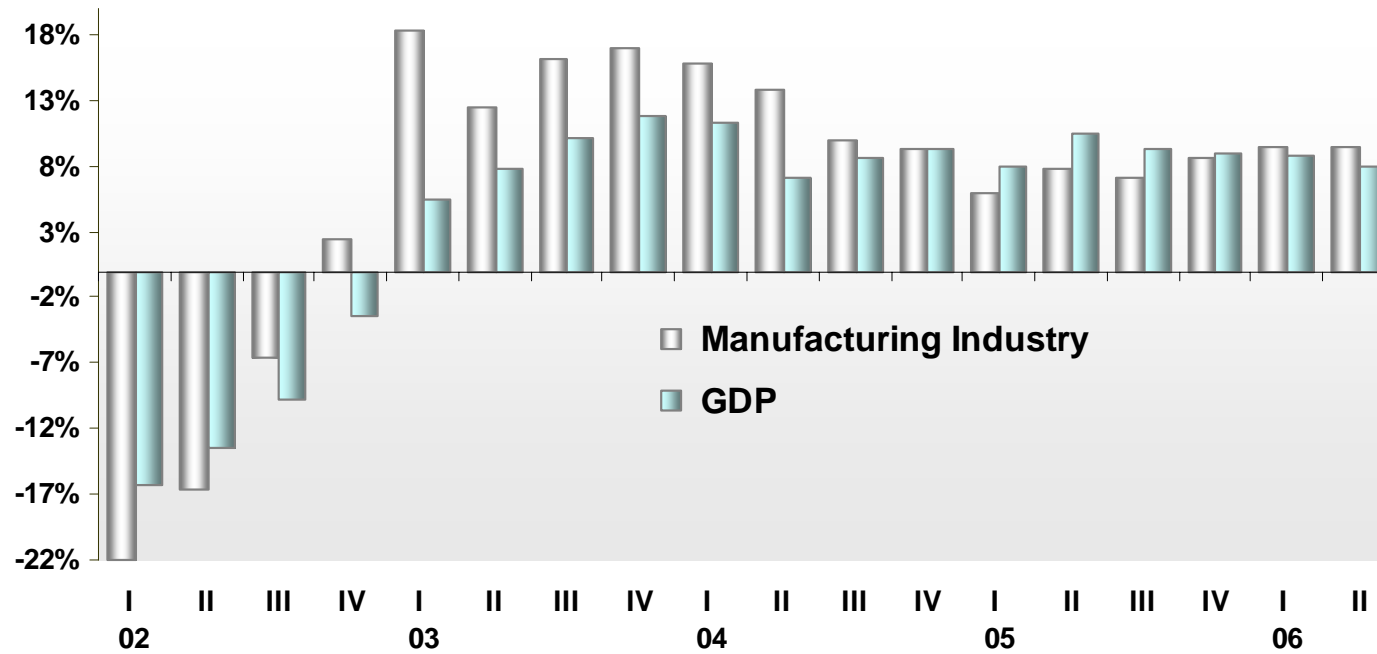
SEASONALLY ADJUSTED GROSS DOMESTIC PRODUCT
At 1993 prices - In millions of pesos



Activity

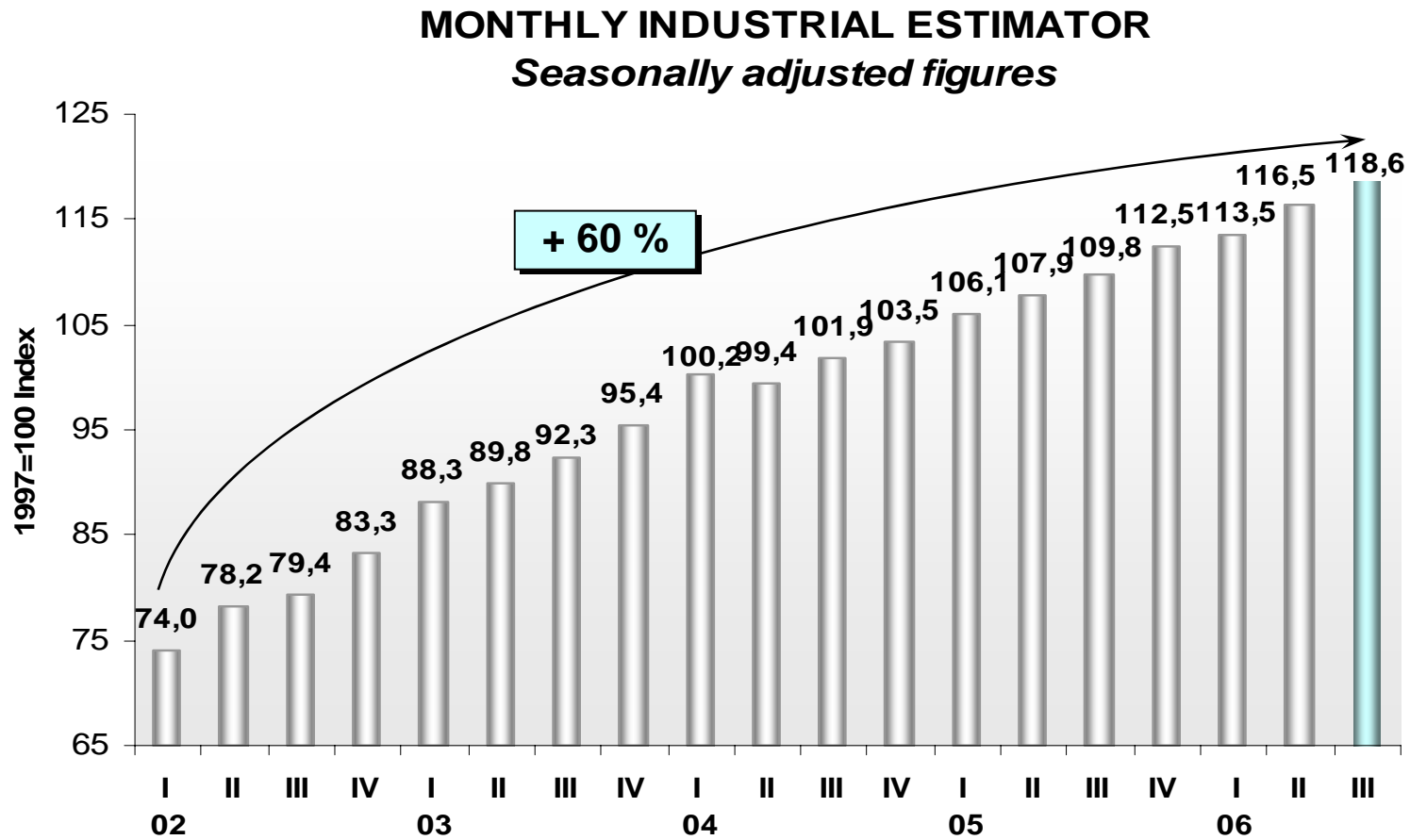
Sectors related to tradable goods led the initial GDP recovery, but later the impulse extended to all kind of goods.

GDP and INDUSTRIAL SECTOR
Year-over-Year Change



Activity

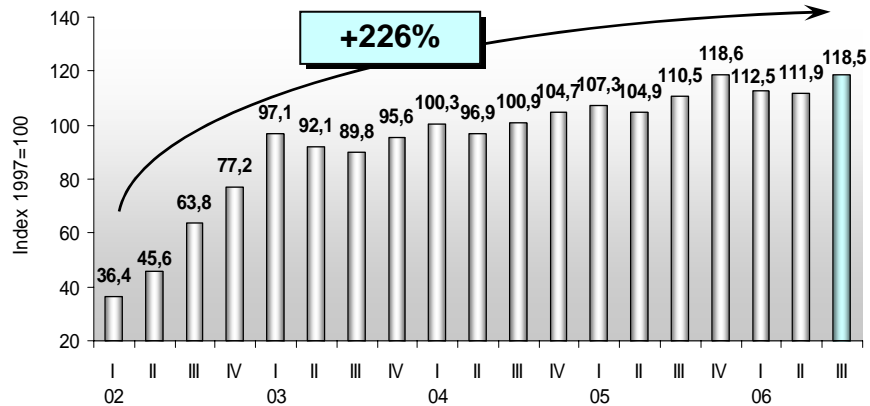
Industrial production accumulated 60% growth since 1st Quarter 2002 (equivalent to an annual rate of 11%).



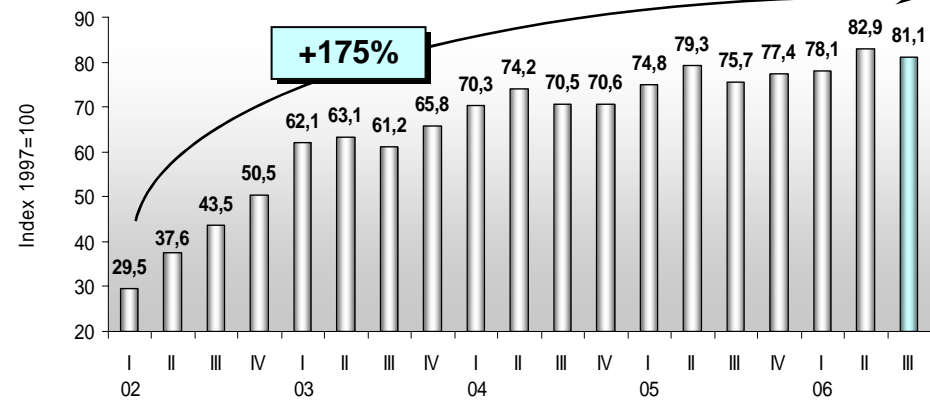
Activity

Labour intensive sectors such as textiles, metalmechanics and construction, recovered strongly in 2002.

MIE - TEXTILES
Seasonally adjusted figures

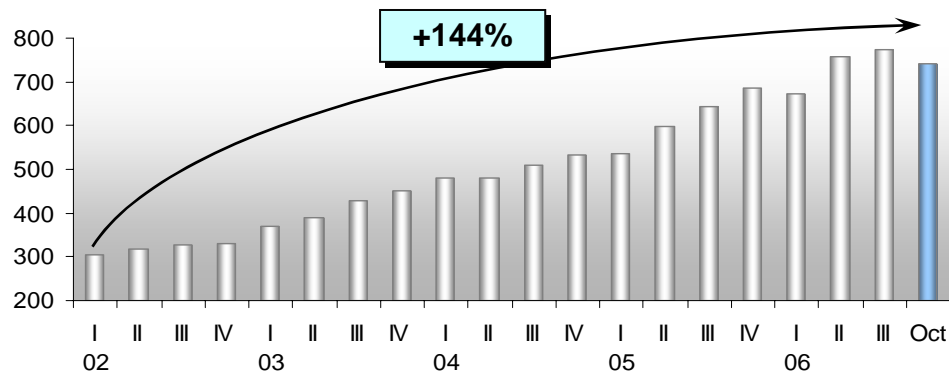


MIE - HEAVY ENGINEERING INDUSTRY
Seasonally adjusted figures



CEMENT DELIVERIES

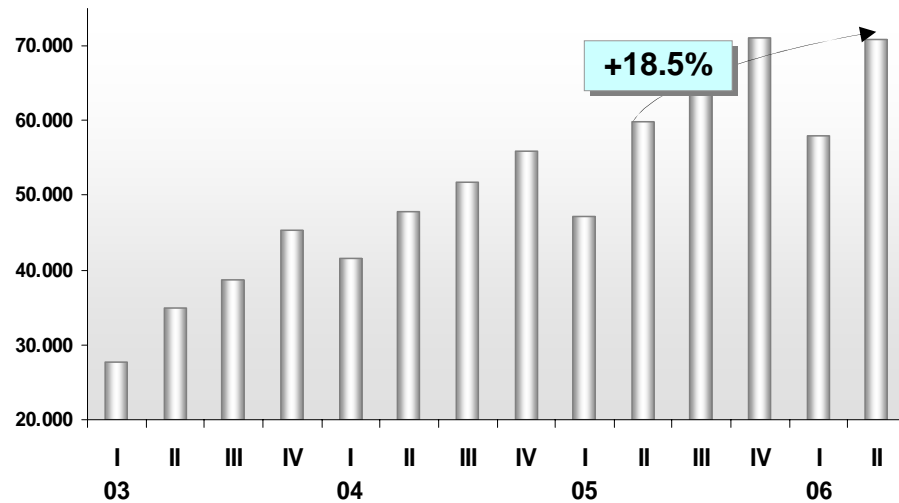
Seasonally adjusted
Monthly averages - In thousand tons



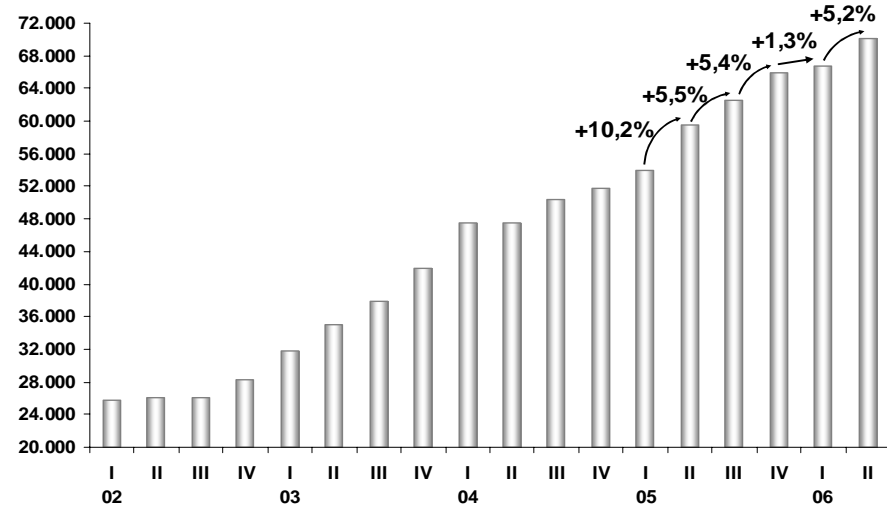
Activity

Investment recovered strongly as of the last trimester of 2002, exhibiting since then high interannual rates of growth.

GROSS DOMESTIC INVESTMENT
At 1993 prices - In millions of pesos



INVERSIÓN INTERNA BRUTA FIJA DESESTACIONALIZADA
A precios de 1993 - En millones de pesos

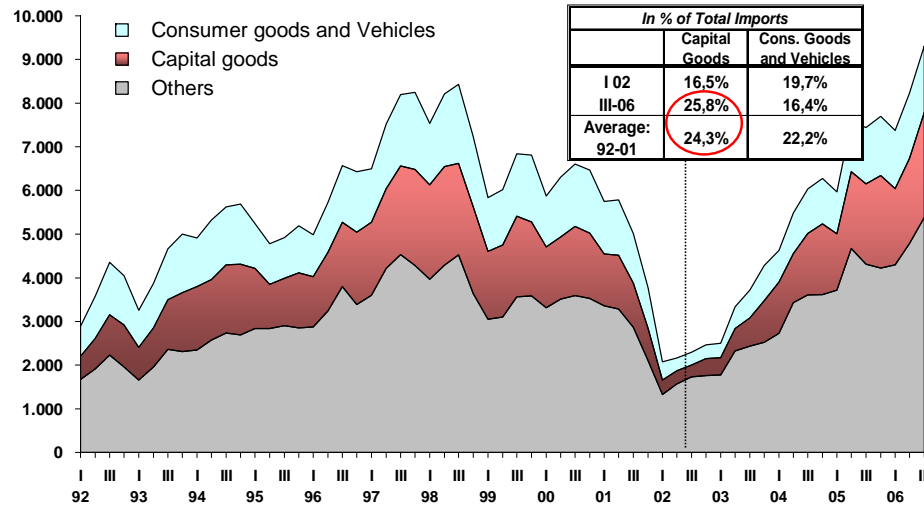


Activity

Among durable equipment, import of capital goods mostly reflects the investment dynamics.

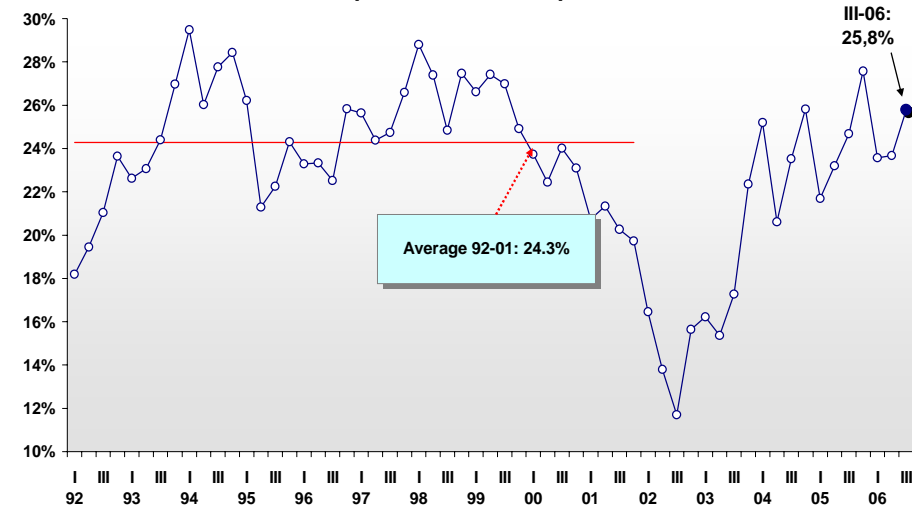
IMPORTS OF GOODS: LEVEL AND COMPOSITION

In millions of US dollars (CIF)



IMPORTS OF CAPITAL GOODS

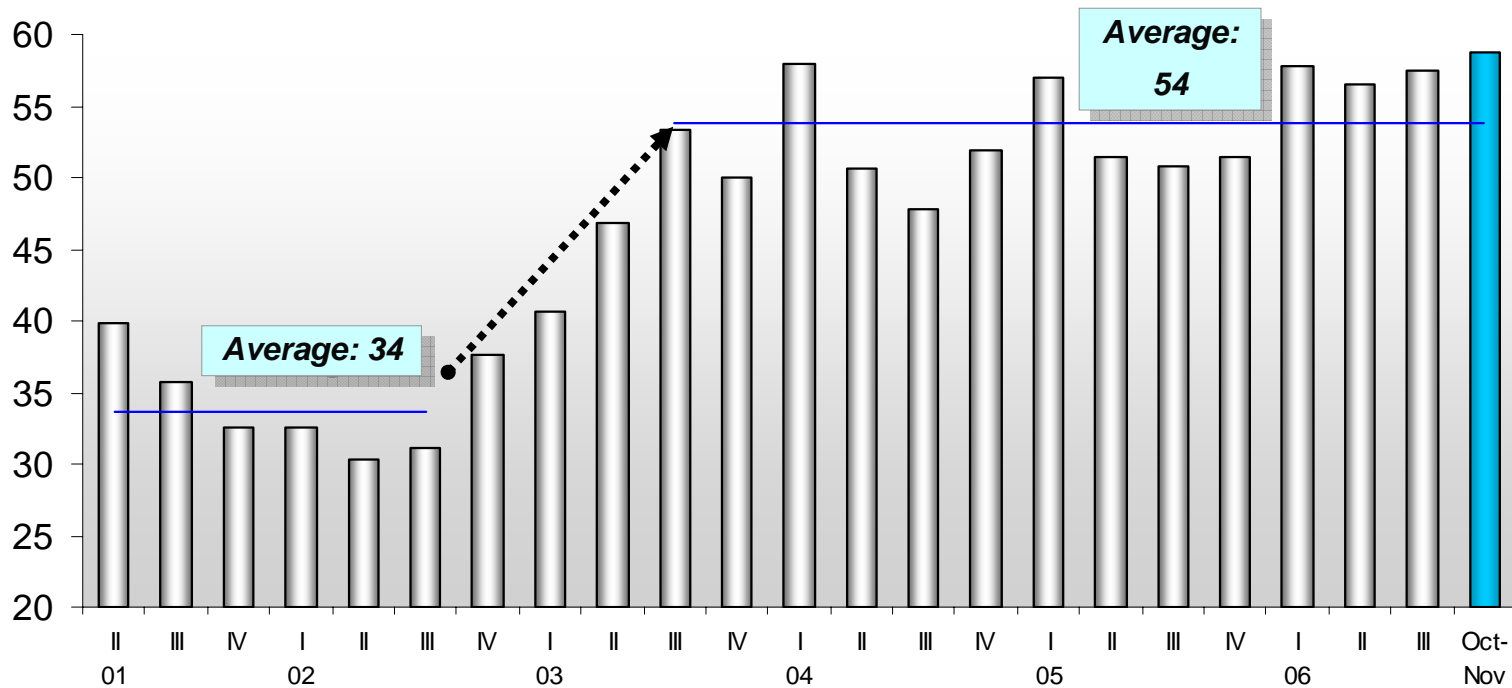
In percent of Total Imports



Activity

As of fourth quarter 2002 consumer optimism has notably increased.

CONSUMER CONFIDENCE INDEX
Balance between positive and negative answers



$$\text{Index} = 50 * \{p-n+1\}$$

p: positive answers ; n: negative answers

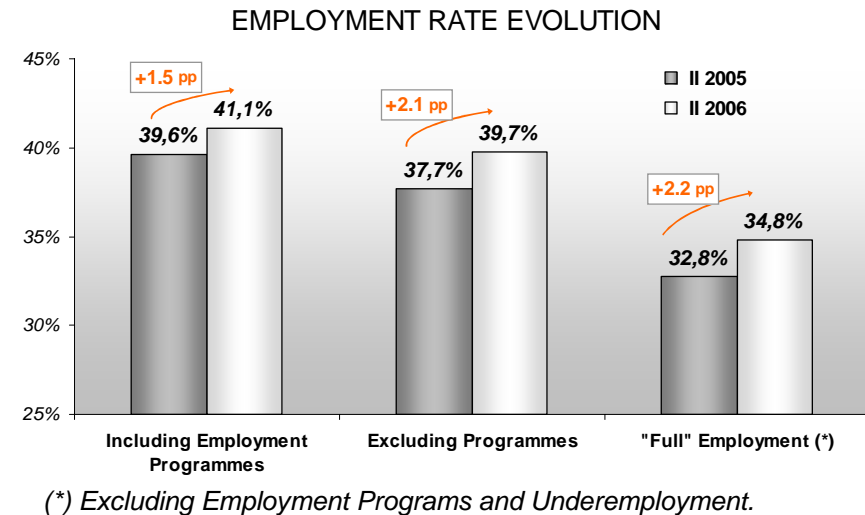
Source: Torcuato Di Tella University

Labor and social indicators

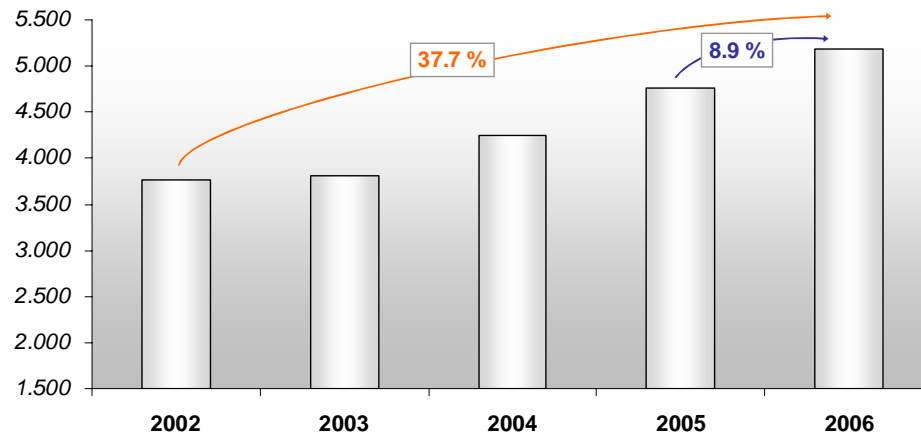
Between 2nd quarter 2005 and 2nd quarter 2006, some 694,000 people joined the labour market (public and private jobs). The “full” employment grew faster (employment programmes decreased), mainly due to improvement in registered jobs.

Employment Evolution between 2nd Quarter 2005 and 2nd Quarter 2006 - Total Urban Population:

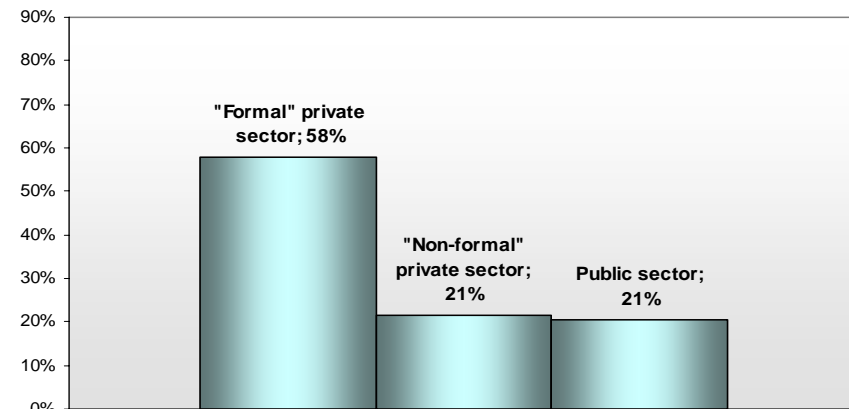
- ✓ New jobs:
694,000 persons (+5.1%)
-180,000 from Employment Programs
874,000 from the Labor Market (+6.7%)
- ✓ Decrease in Unemployment :
-167,000 persons (-9.4%)



PRIVATE SECTOR REGISTERED JOBS First six months each year



CONTRIBUTION TO EMPLOYMENT GROWTH (excluding employments programmes) II Quarter 2006 vs. II Quarter 2005



Labor and social indicators

Between 2nd quarter 2002 and 2nd quarter 2006, some 3,190,000 people joined the labour market (public and private jobs).

Employment Evolution between 2nd Quarter 2002 and 2nd Quarter 2006 - Total Urban Population:

✓ New Jobs:

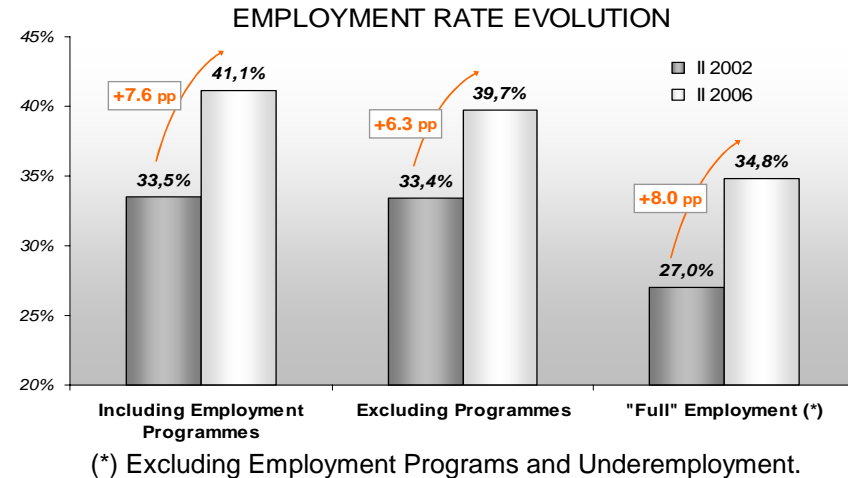
3,190,000 persons (+28.5%)

226.000 from Employment Programs

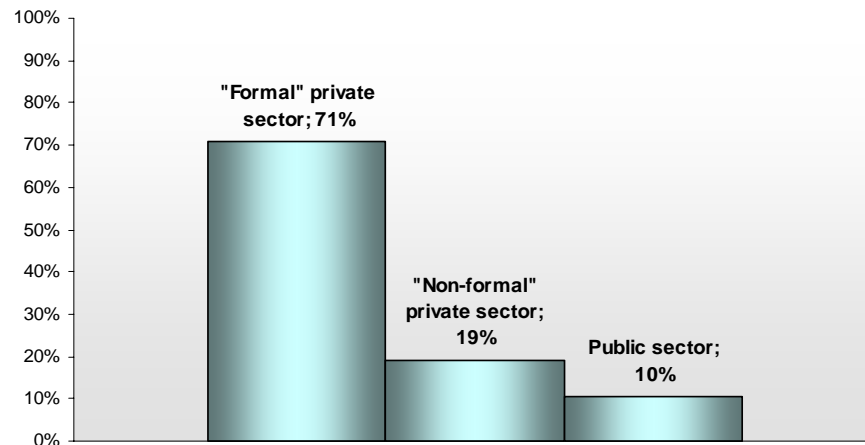
2.964.000 from the Labor Market (+26.6%)

✓ Decrease in Unemployment:

-1,795,000 persons (-52.7%)



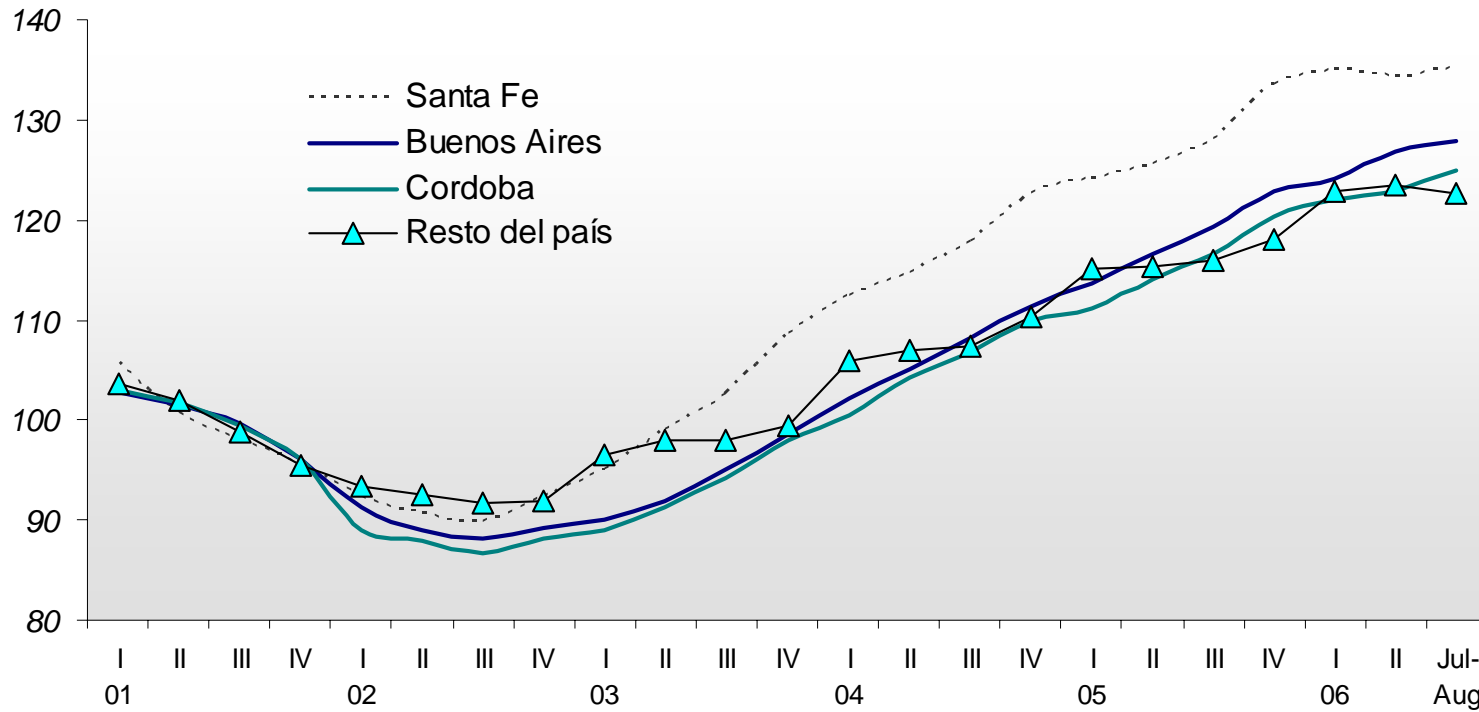
CONTRIBUTION TO EMPLOYMENT GROWTH (excluding employments programmes) II Quarter 2006 vs. II Quarter 2002



Labor and social indicators

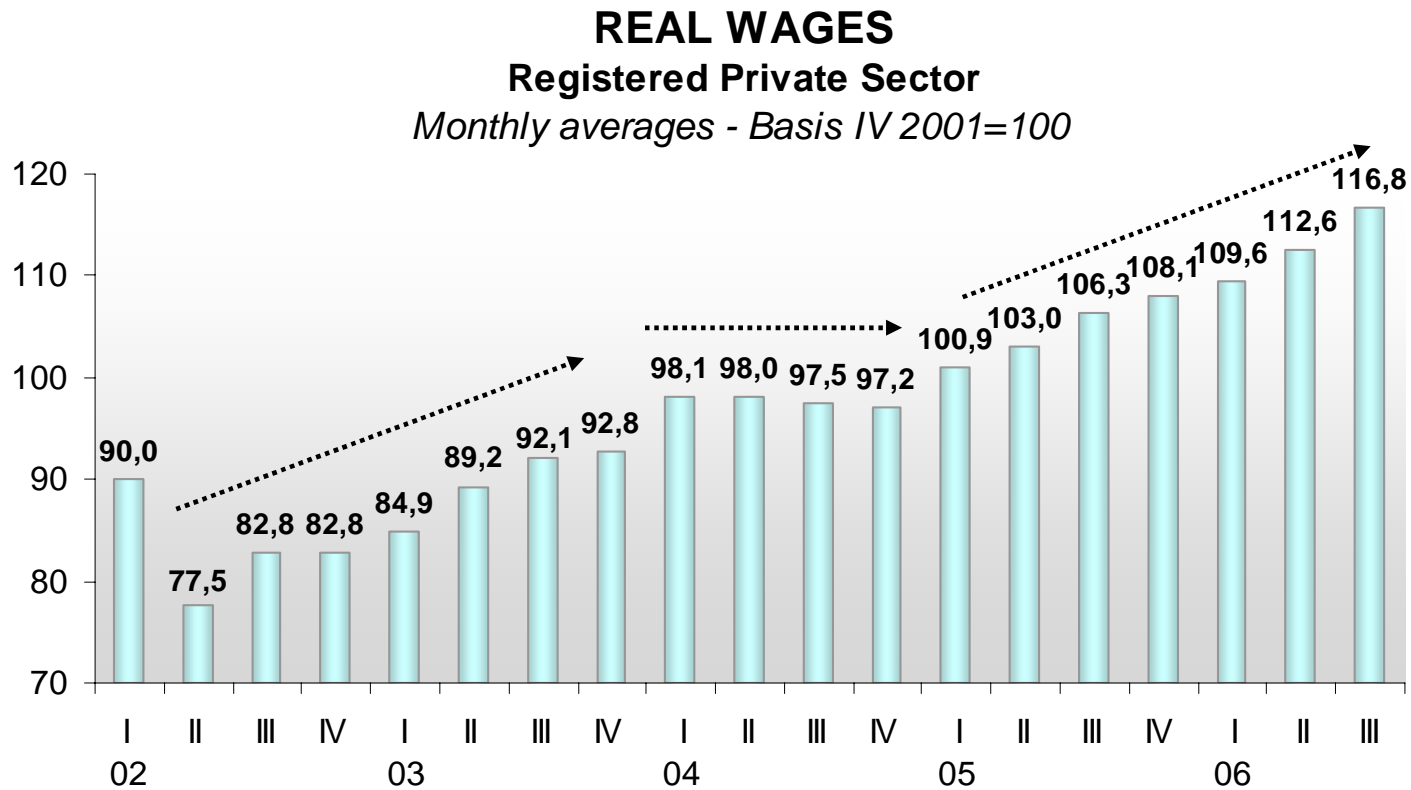
The employment market improved strongly, not only in Greater Buenos Aires, but also in other interior cities where economic activity is more related to the production of tradable goods.

EVOLUTION OF EMPLOYMENT IN MANUFACTURING INDUSTRY
Index: 2001 = 100



Labor and social indicators

After falling strongly in 2002, real wages recovered in 2003 and stabilized in 2004. In 2005 they started climbing again.

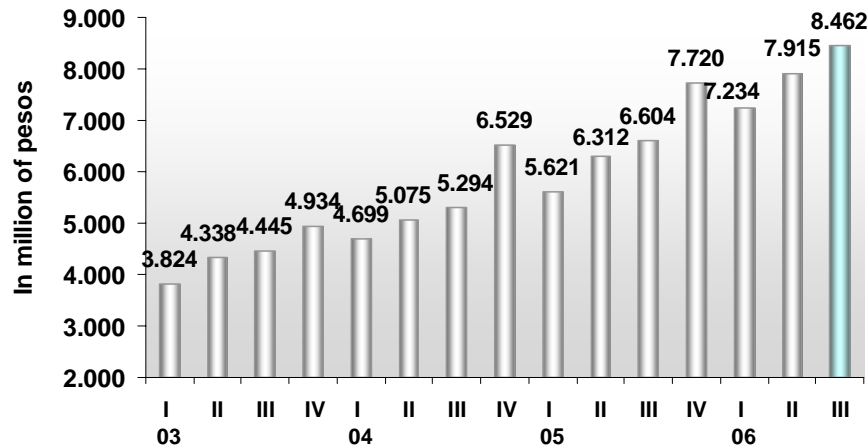


Fiscal Sector

Public spending measured in real terms was significantly lower in 2002-2005 than in previous years. Even though the tendency has been anyway increasing, it occurred without jeopardizing the conformation of high surplus.

NOMINAL PRIMARY EXPENDITURE (#)

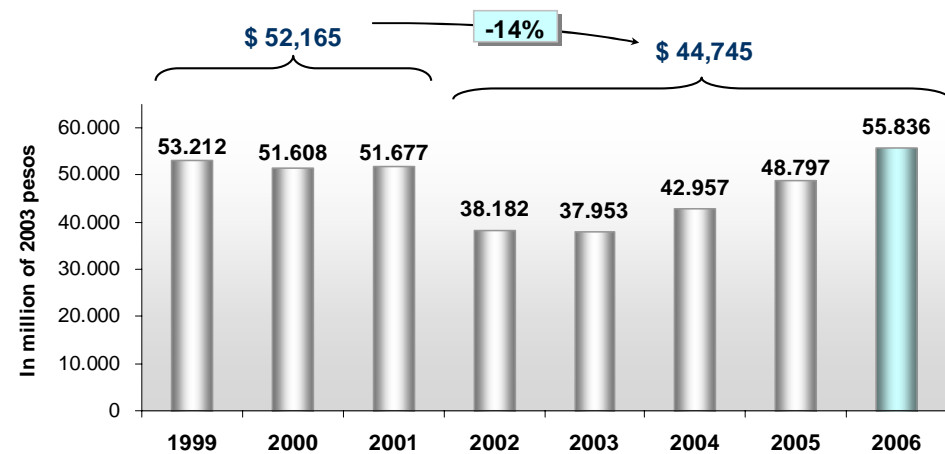
Cash Basis
Monthly Average



(#) Excludes transfers to Provinces by Share revenue system

REAL PRIMARY EXPENDITURE (#)

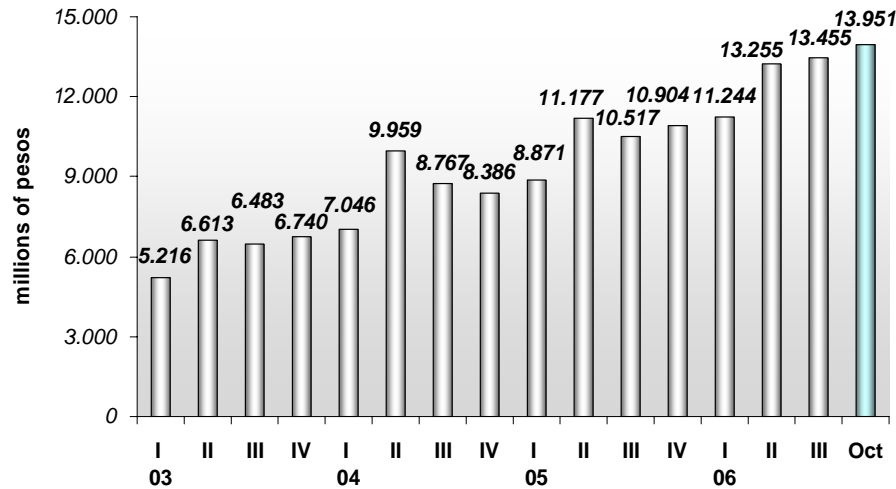
Deflated by 0.5 CPI and 0.5 WPI - Cummulated January - September



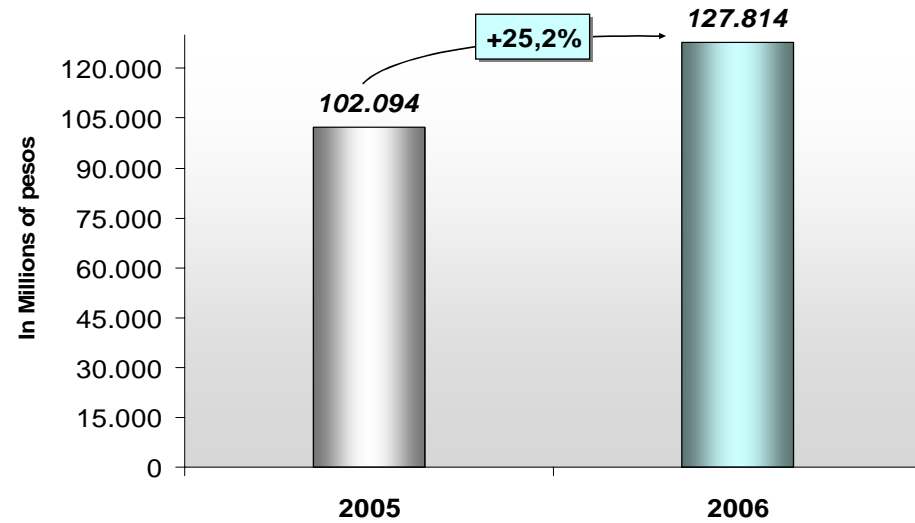
Fiscal Sector

Tax collection keeps on growing strongly, and reached new peaks in 2005 and 2006.

NON FINANCIAL PUBLIC SECTOR
Total Tax Revenues
Monthly Average

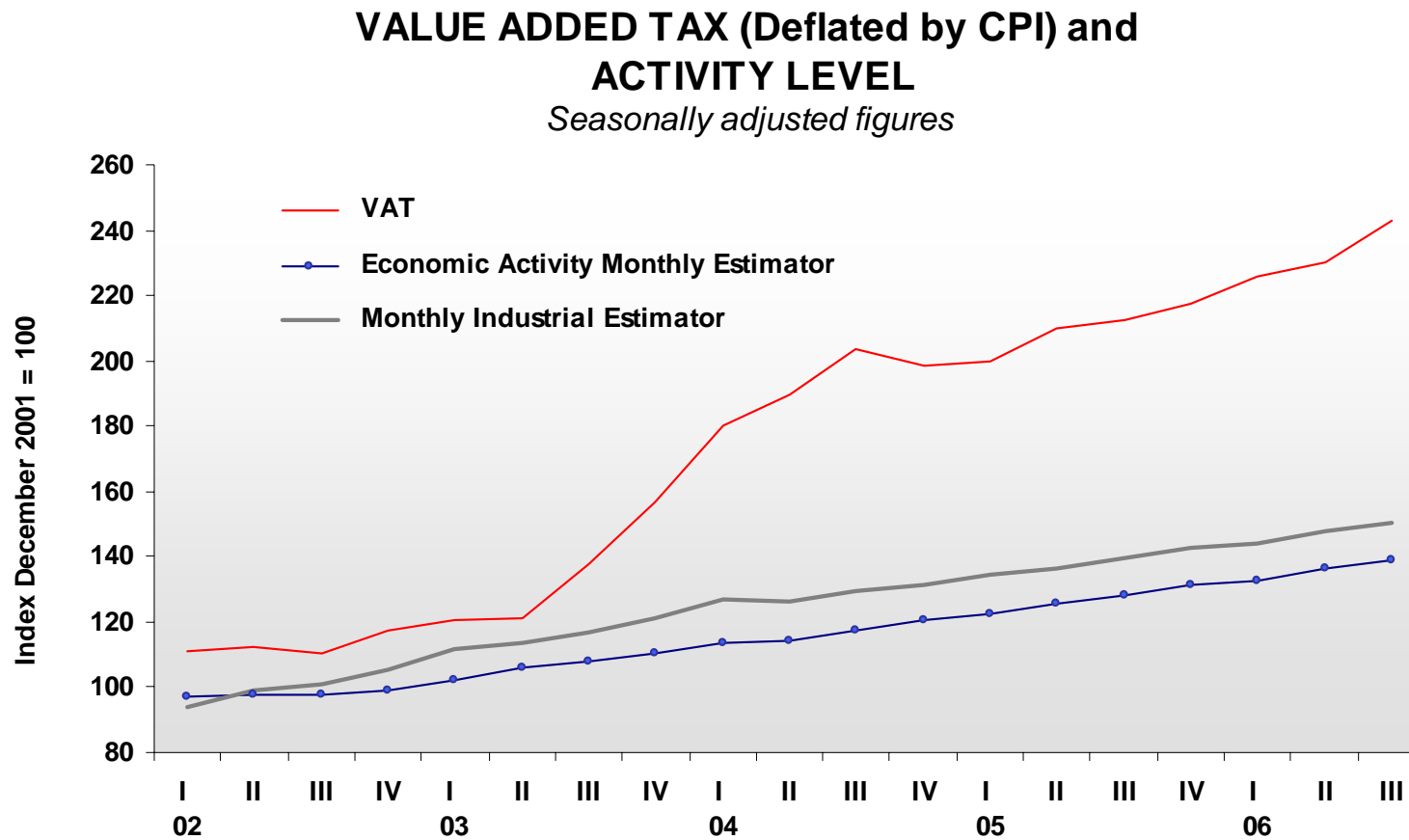


NON FINANCIAL PUBLIC SECTOR
Total Tax Revenues
January - October 2005 and 2006



Fiscal Sector

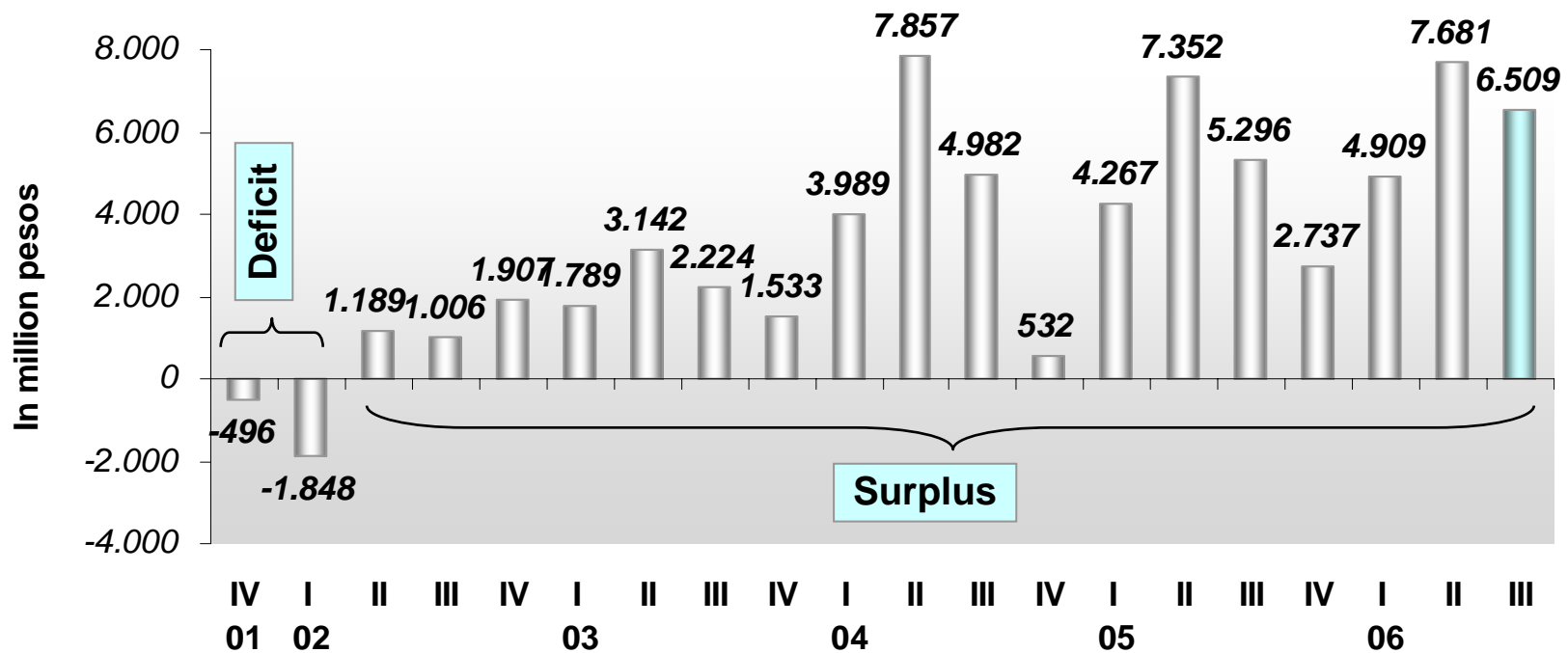
Increasing VAT collection would be reflecting GDP recovery as well as an improvement in tax compliance.



Fiscal Sector

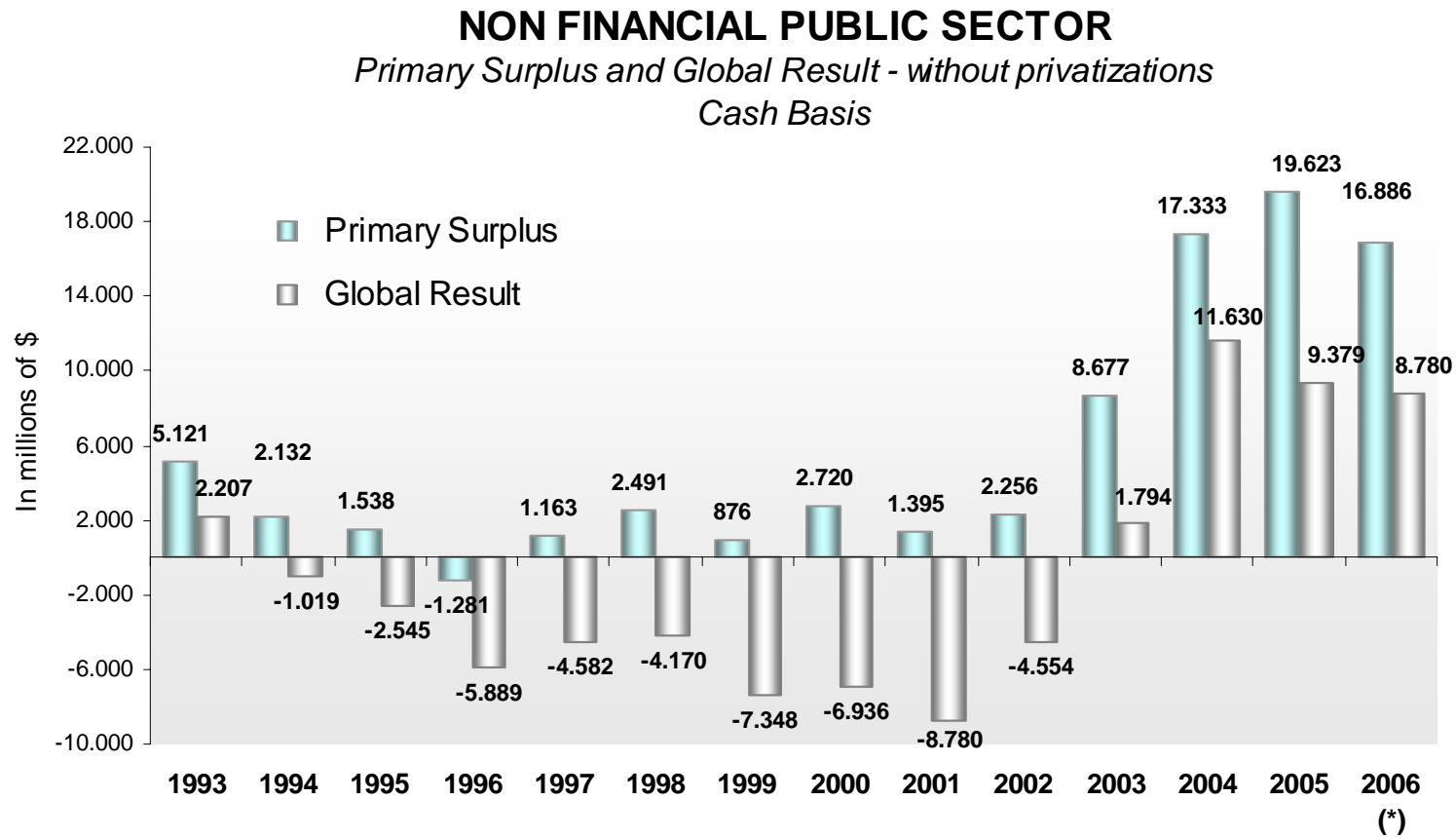
As from May 2002, the deficit in fiscal accounts was reversed, as a result of public spending stabilization and increased tax collection.

NON FINANCIAL PUBLIC SECTOR Cash Basis Primary Result



Fiscal Sector

Fiscal accounts improved significantly from 2003 vis a vis the weak fiscal performance shown in the nineties.

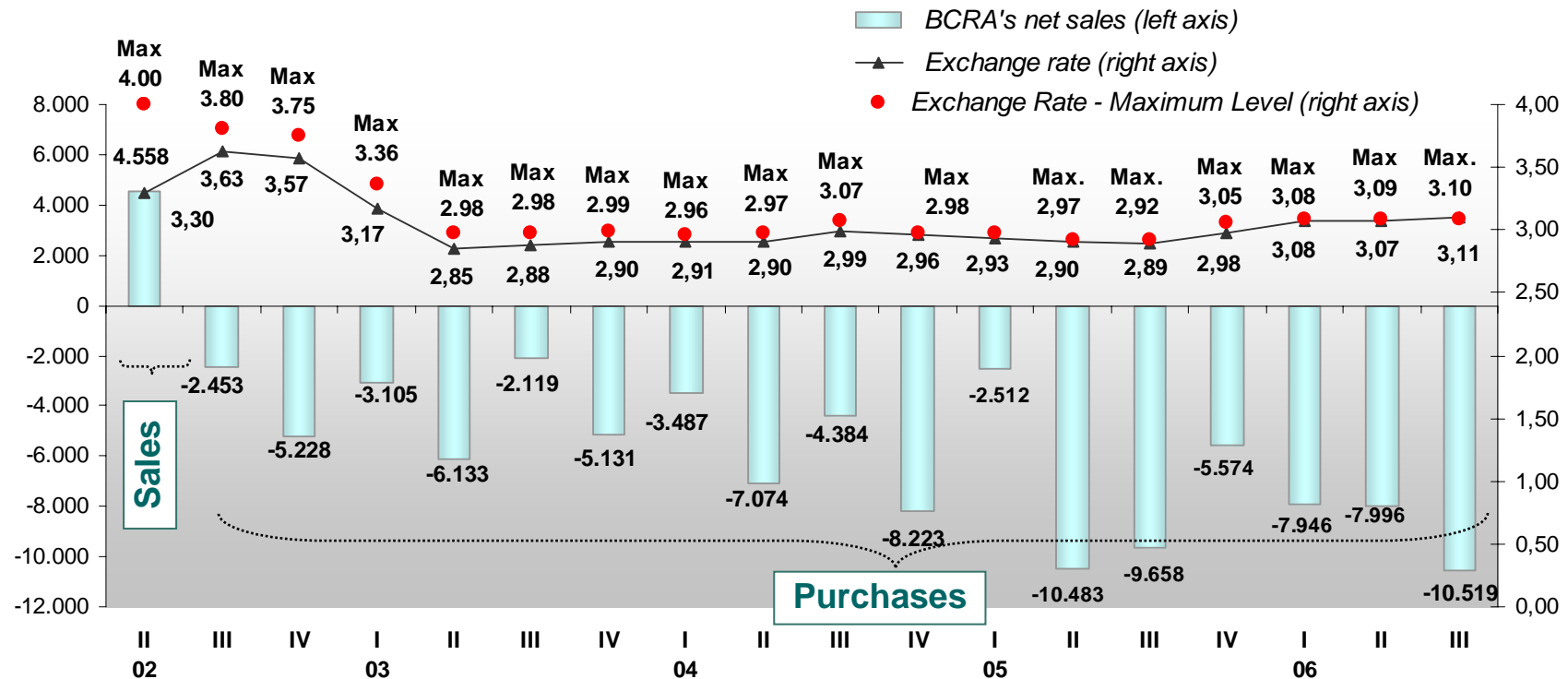


(*) January - September

Financial Sector

Growth recovery and fiscal improvement helped to strengthen the demand for pesos and stabilize the foreign exchange market.

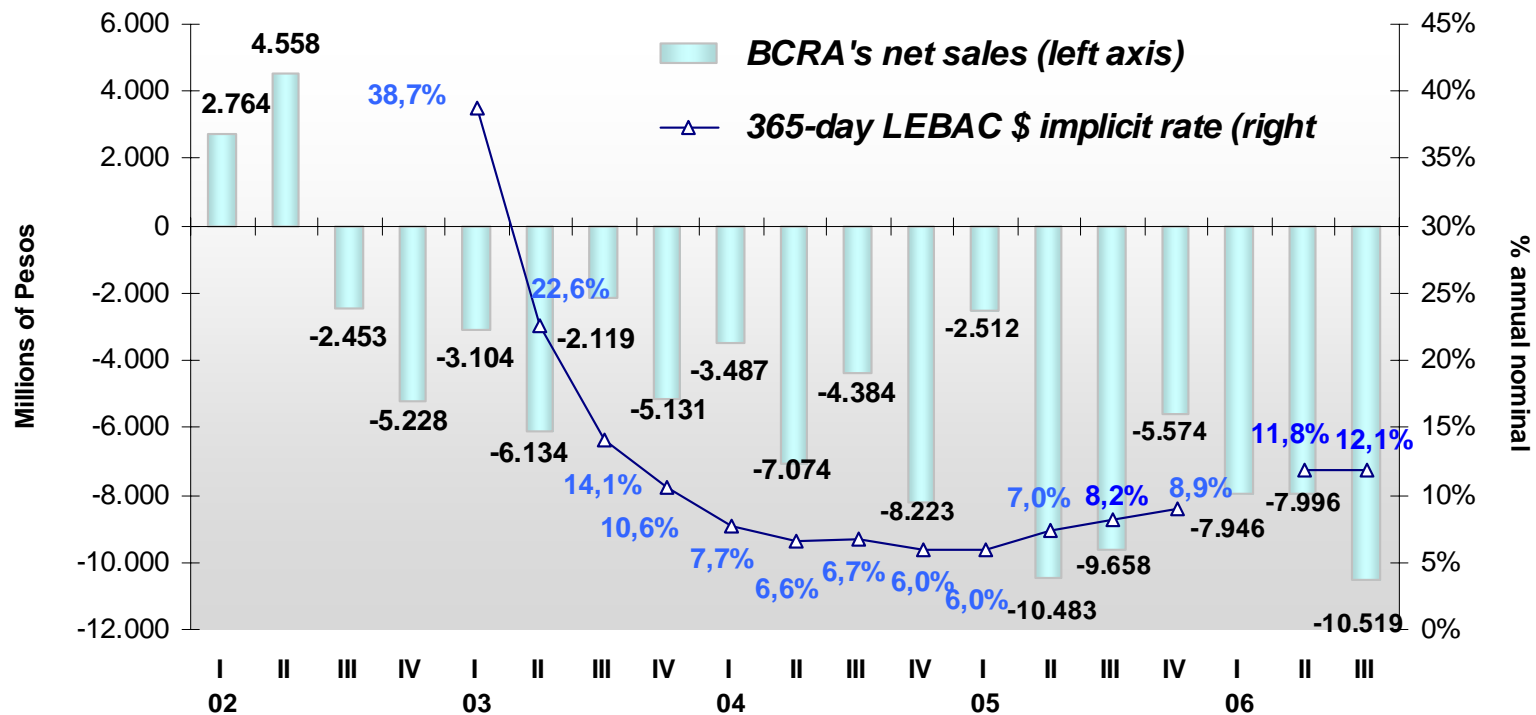
EXCHANGE INTERVENTION AND RATES



Financial Sector

As from July 2002 the Argentine Central Bank (B.C.R.A.) has accumulated reserves in a context of stable low interest rates, although rising since II quarter 2005.

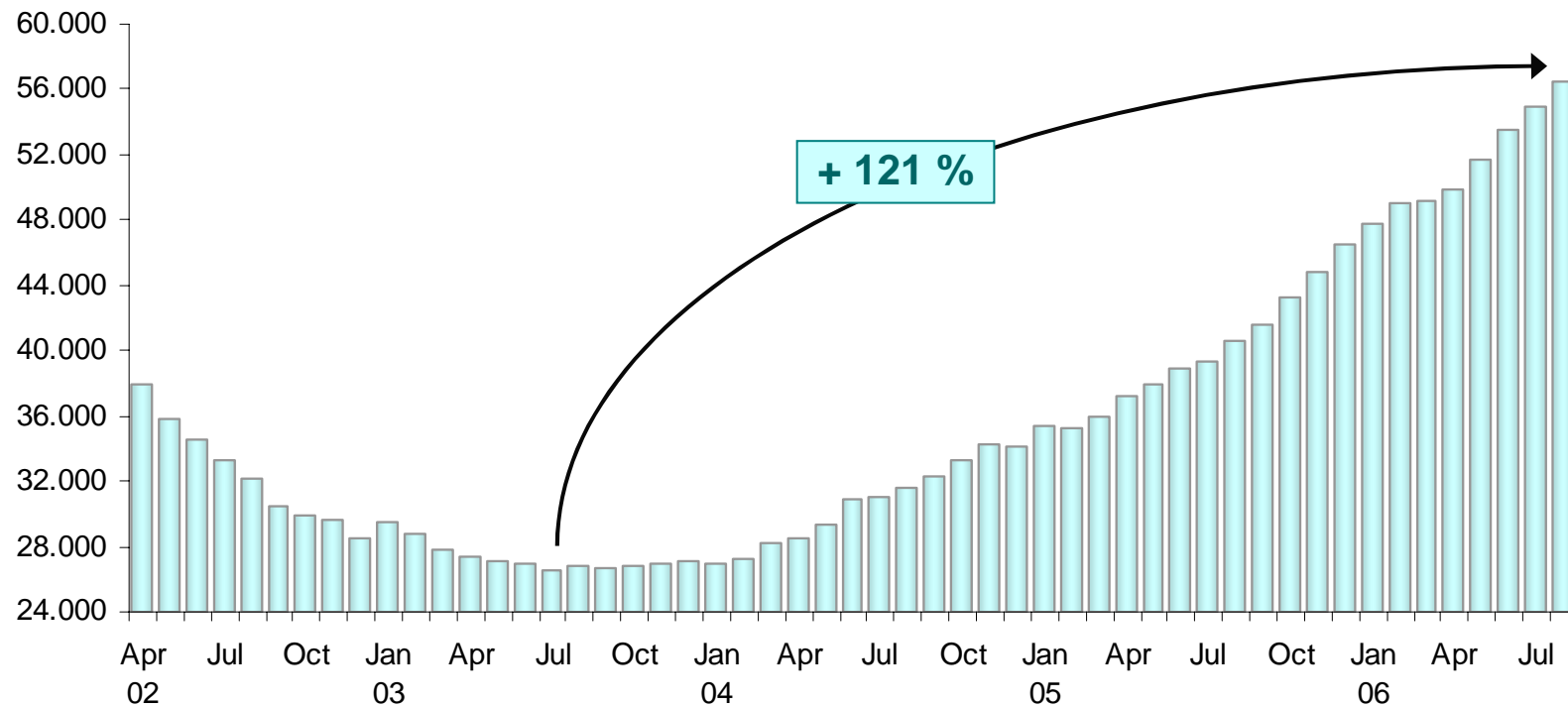
CENTRAL BANK EXCHANGE INTERVENTION AND LEBAC IMPLICIT RATE (365-day in Pesos)



Financial Sector

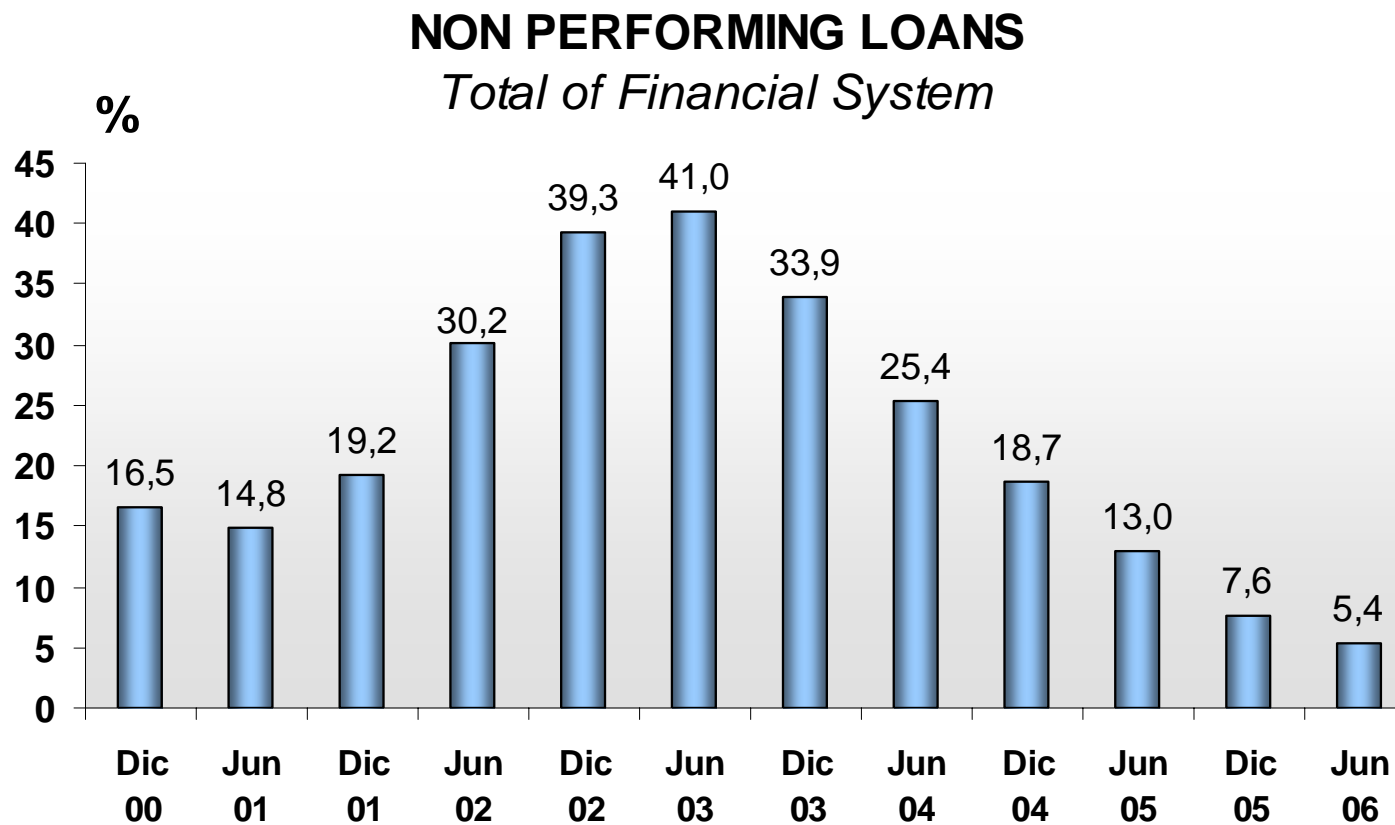
The stock of loans to the private sector has grown in uninterrupted form since July 2003, having more than duplicated itself since then.

LOANS IN PESOS TO NON-FINANCIAL PRIVATE SECTOR
In millions of pesos



Financial Sector

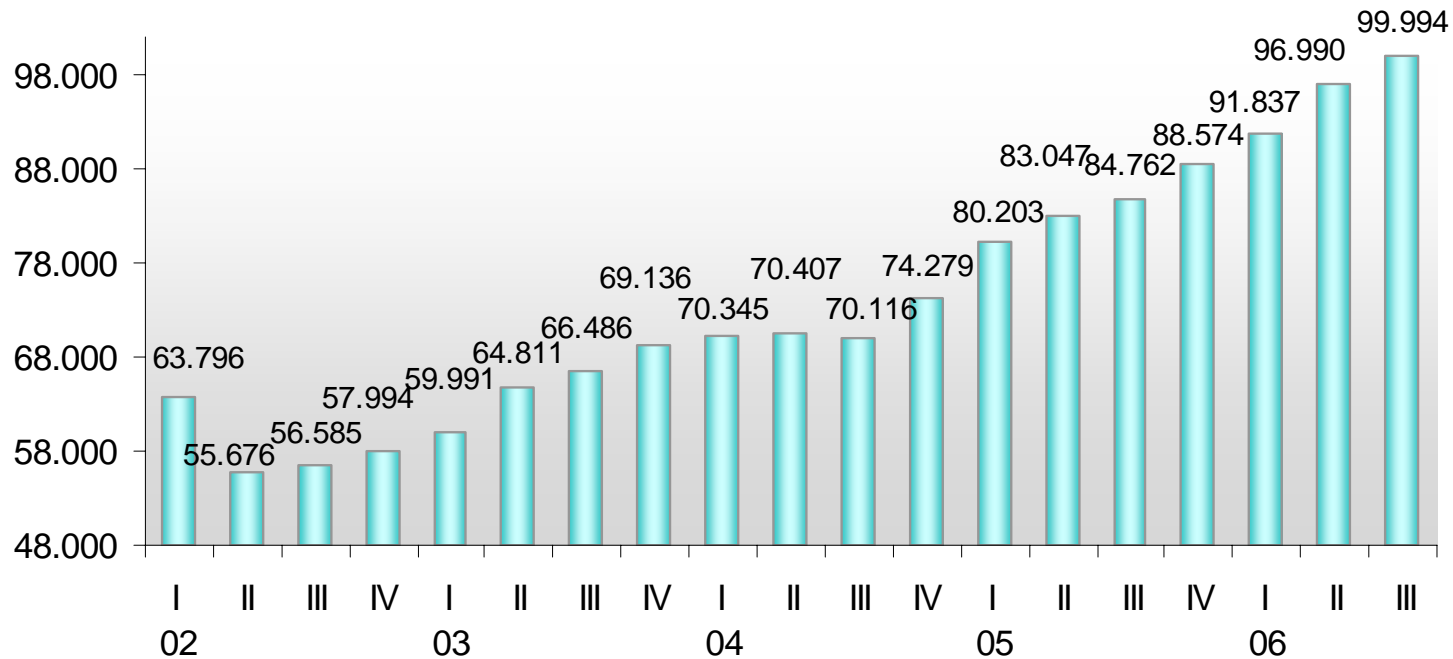
Non performing loans in financial system have sensibly diminished up to minimum levels.



Financial Sector

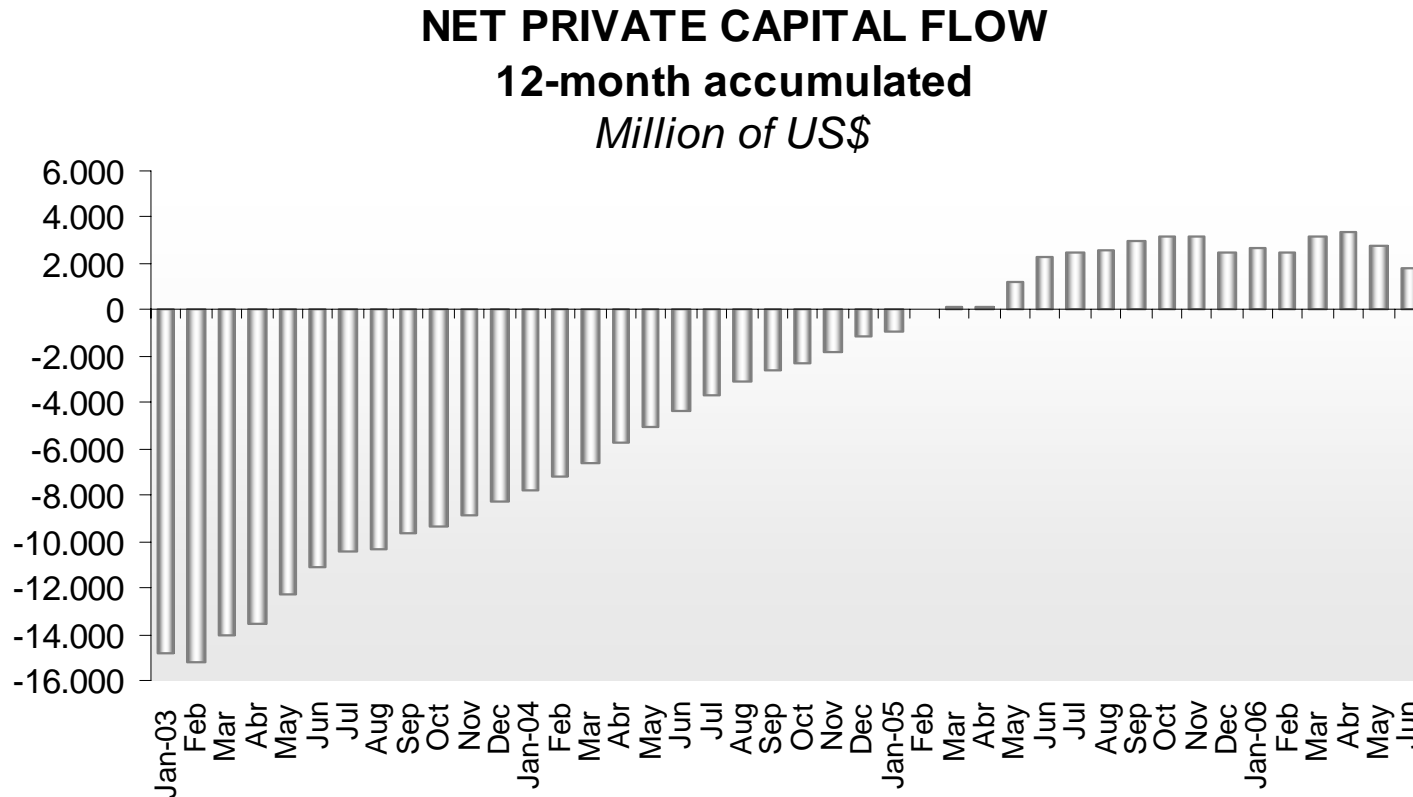
The drainage of deposits stopped in July 2002, the trend has remained positive since then.

PRIVATE DEPOSITS IN PESOS
In millions of pesos - End of period



Financial Sector

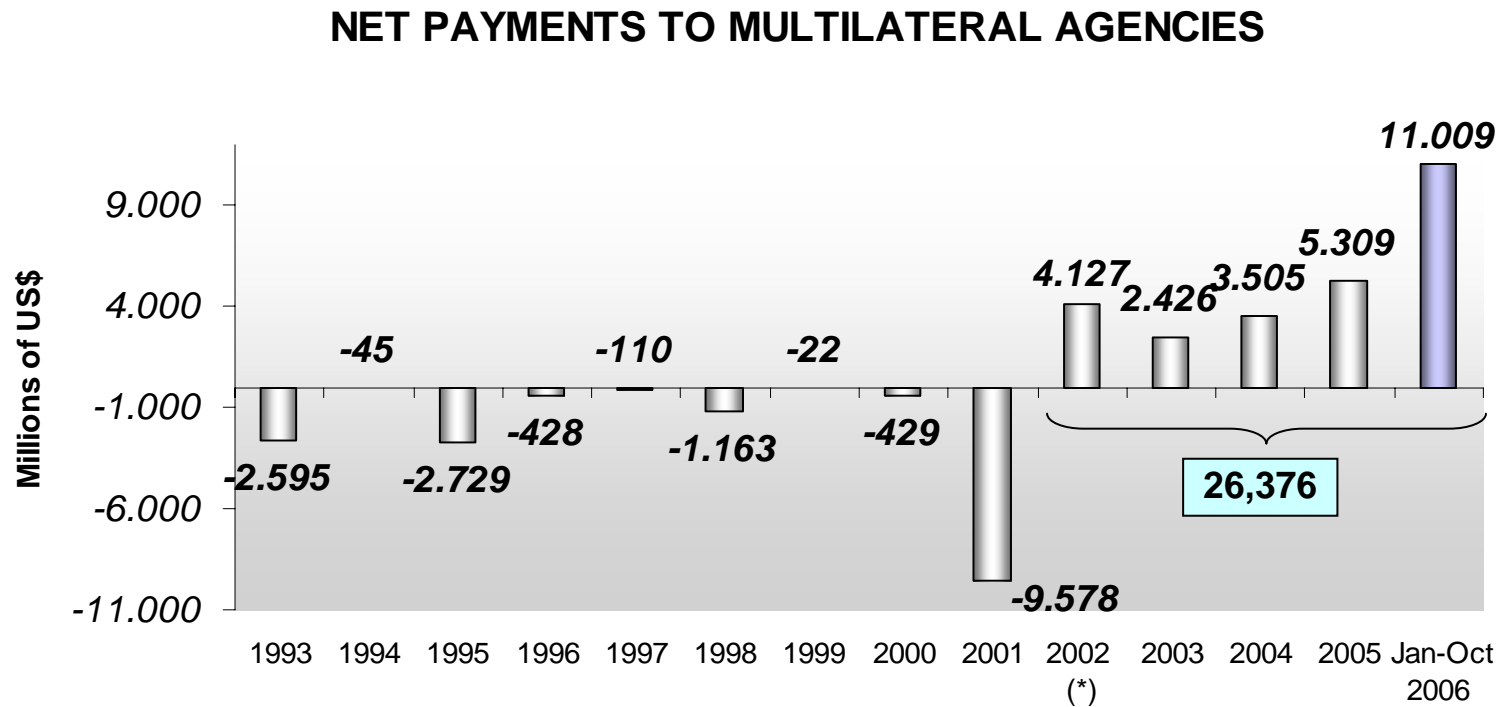
The flight of private capital has diminished significantly since June 2002. It turned to a net inflow from 2005 up to date.



Source: National Bureau of International Accounts – INDEC [National Institute of Statistics and Census]

Financial Sector

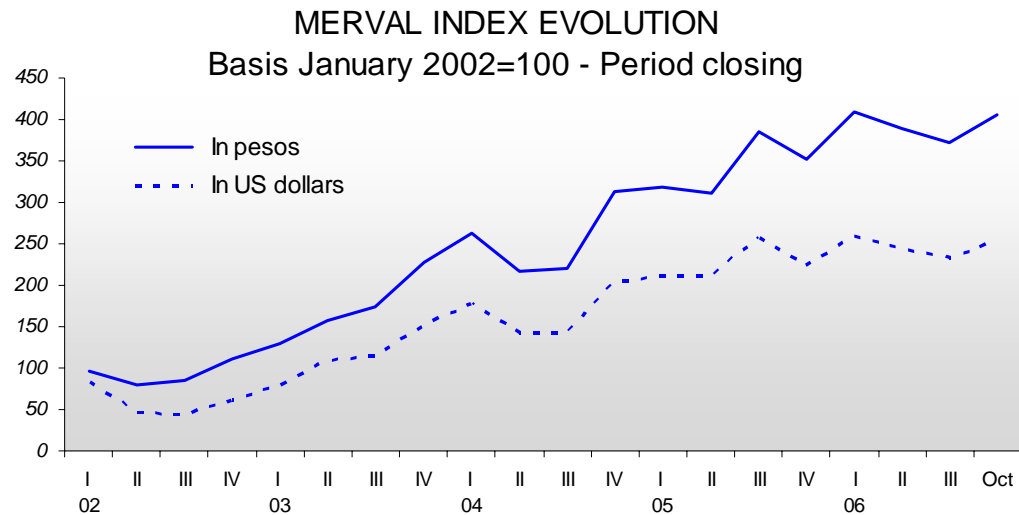
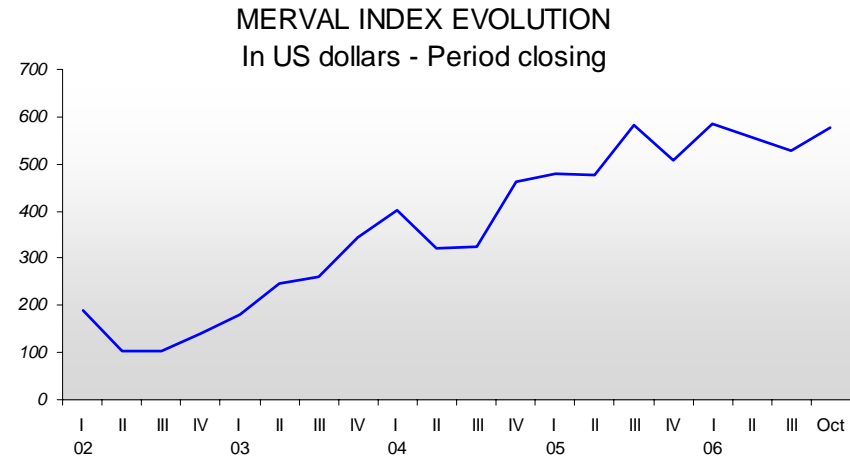
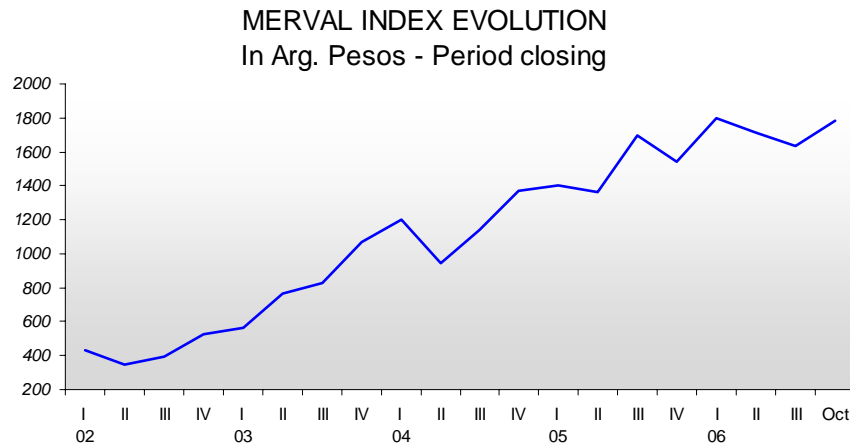
Unlike the case in previous years, since 2002 Argentina has made net payments to multilateral lending agencies. In January 2006 Argentina cancelled completely its debt with the IMF.



(*) In addition in 2002 there were net payments to official creditors [(Banco do Brasil, Club de Paris, I.C.O. (Spain) and J.B.I.C. (Japan)] amounting to USD 142 million.

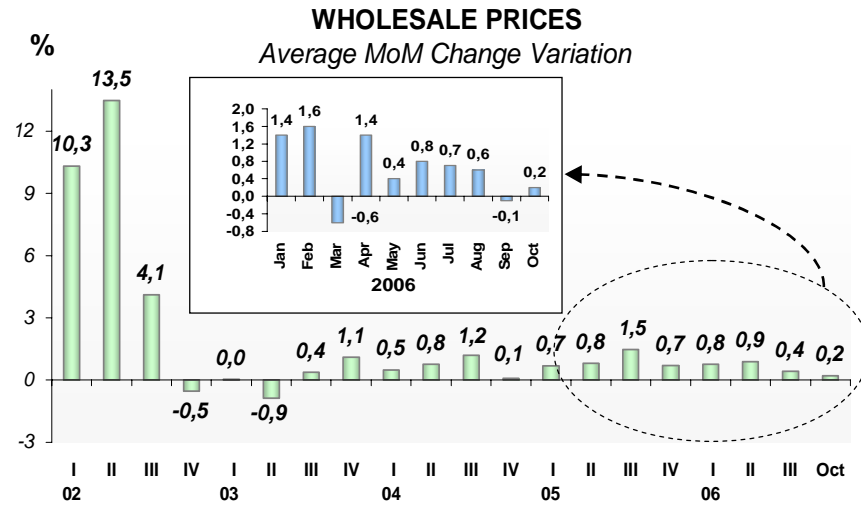
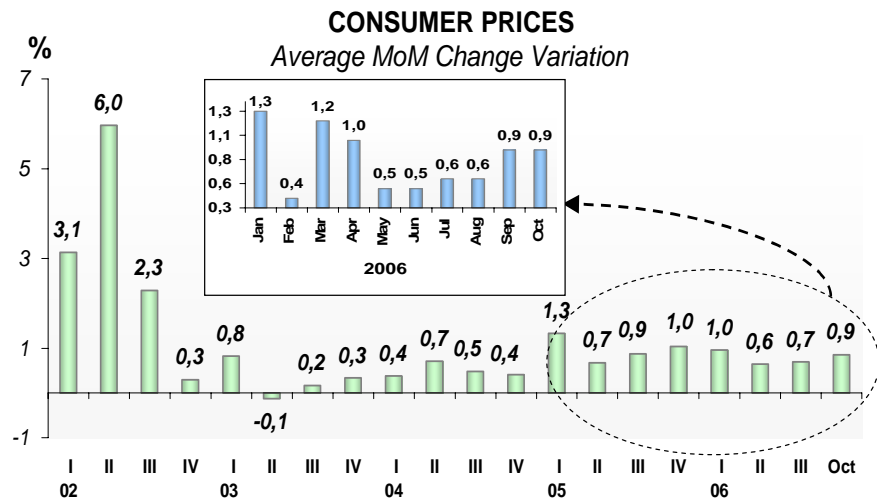
Financial Sector

The stock exchange market displays a bullish tendency that began as of June of 2002.



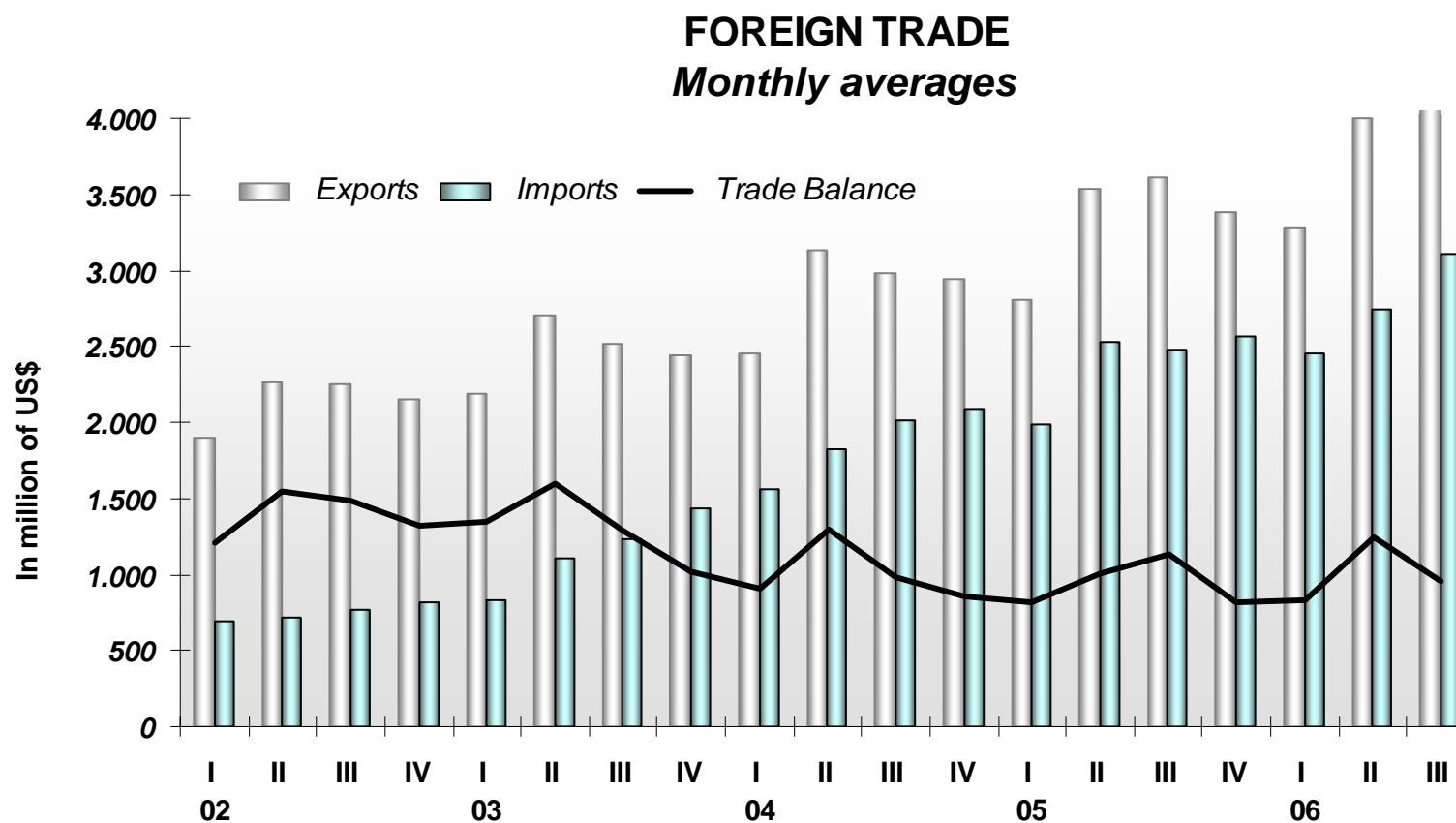
Prices

As from April 2002, the consistency of fiscal and monetary policies led to lower rates of inflation. After an acceleration of the inflation in 2005, in the last months monthly inflation was kept below 1% (retail).



Foreign Trade

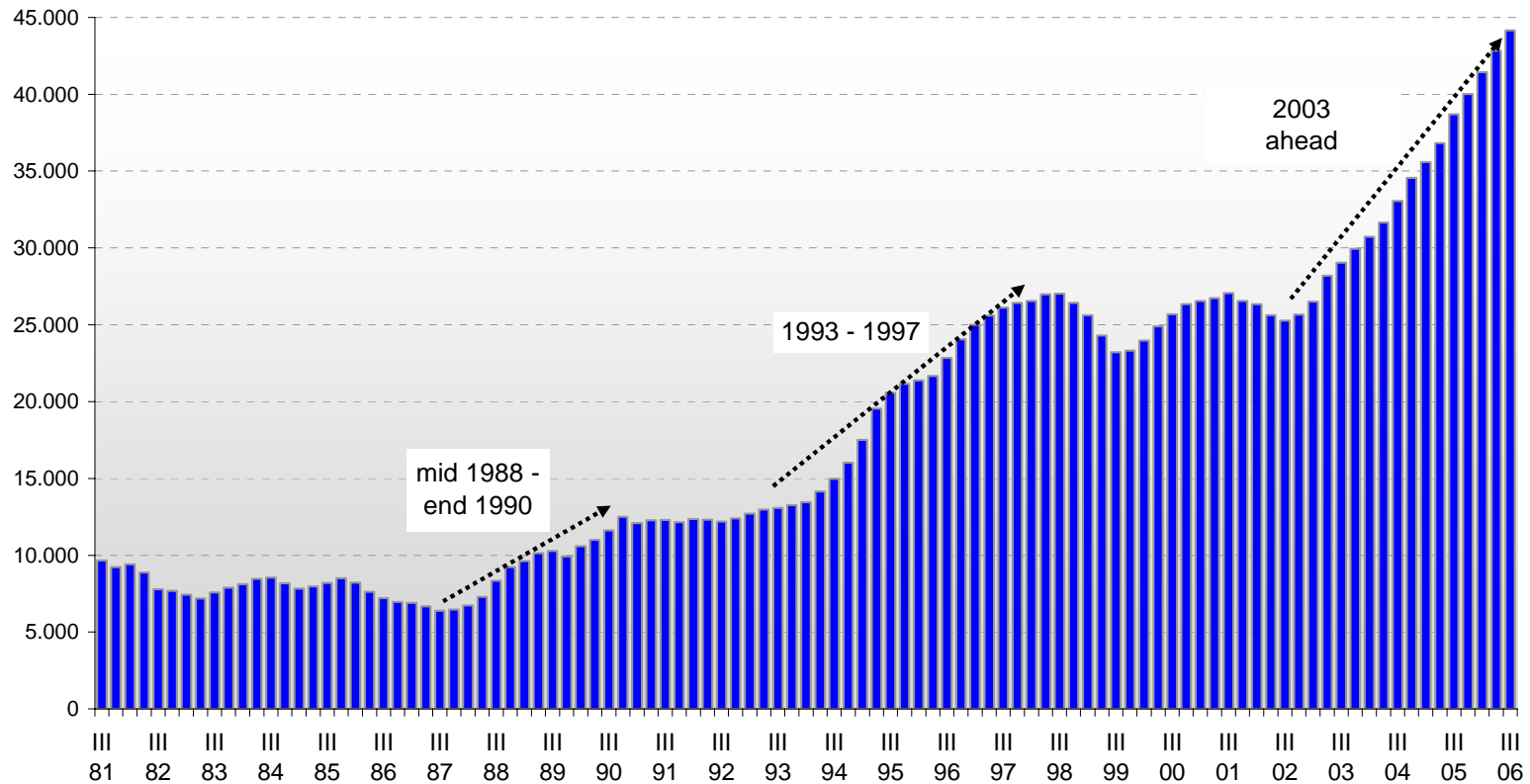
The depreciation of the peso led to a significant surplus in Argentina's foreign trade, mainly as a result of import substitution. Later, the strong surge of exports helped to keep the surplus levelled.



Foreign Trade

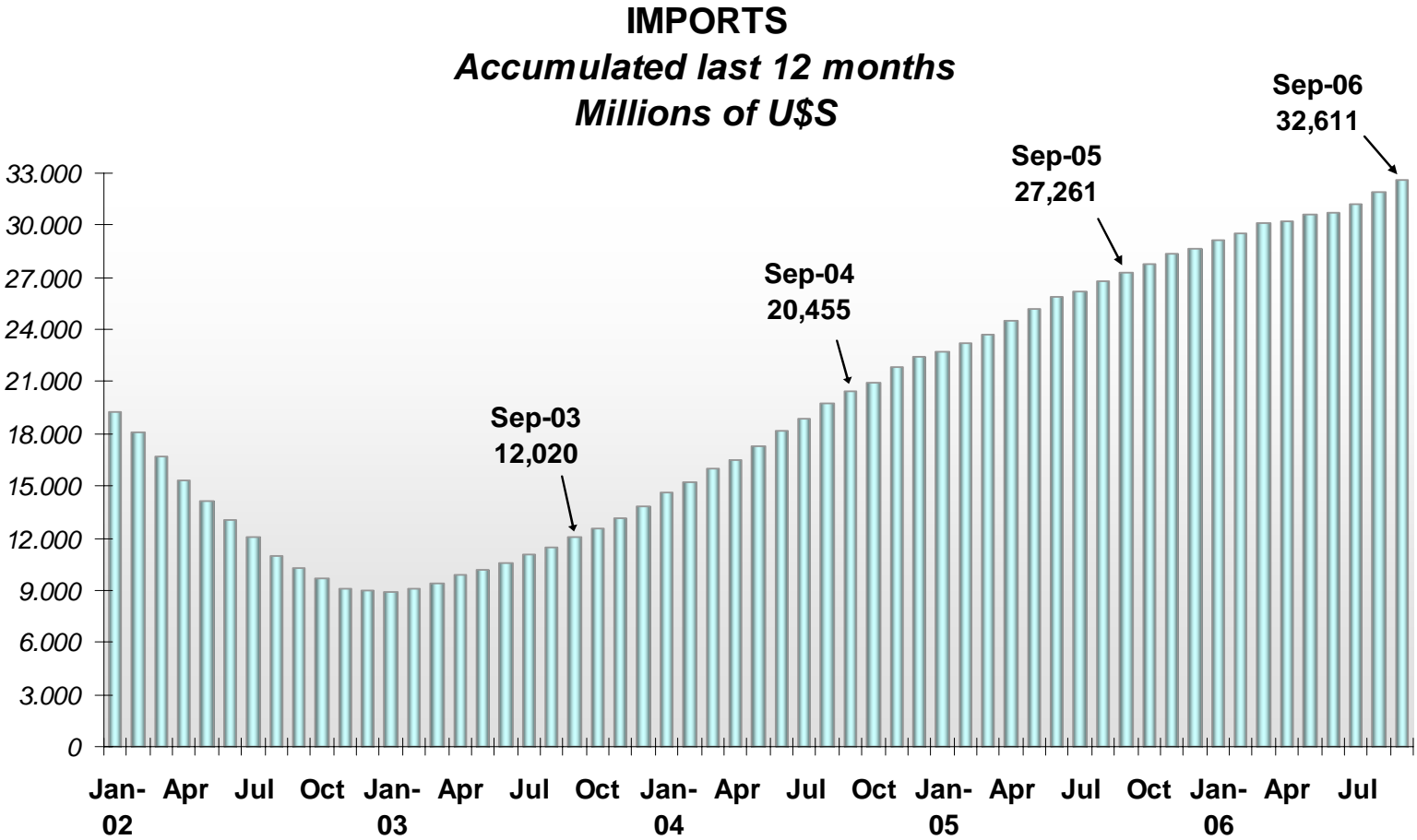
After six years of exports anchored in levels of u\$s 26,000 million (1997-2002), in the last four years exports accumulated a growth of 75%. In the last quarter of century three periods of growth are distinguished.

TOTAL EXPORTS
In million of US\$



Foreign Trade

Imports growth came hand in hand with GDP recovery.



Foreign Trade

In 2002, conditions were created for a more realistic exchange rate than the one that existed under Convertibility. Depreciation of the Argentine peso is currently on trend.

