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FIRST REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, REPHASING OF ACCESS, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR ARGENTINA

In the context of the First Review Under the Extended Arrangement Under the Extended Fund Facility, Requests for a Waiver of Nonobservance of a Performance Criterion, Rephasing of Access, Modification of Performance Criteria, and Financing Assurances Review., the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 31, 2025, following discussions that ended in July 2025, with the officials of Argentina on economic developments and policies underpinning the IMF arrangement under the Extended Fund Facility. Based on information available at the time of these discussions, the staff report was completed on July 25, 2025.
- A **Staff Supplement** updating information on recent developments.
- A **Statement by the Executive Director** for Argentina.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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Washington, D.C.

IMF Executive Board Completes First Review of the Extended Arrangement Under the Extended Fund Facility for Argentina

FOR IMMEDIATE RELEASE

- *The IMF Executive Board completed the first review of Argentina's 48-month Extended Fund Facility (EFF), enabling a disbursement of about US$2 billion.*
- *Strong policy implementation has supported a smooth transition to a more flexible exchange rate regime, with declining inflation and continued economic growth.*
- *The Executive Board welcomed the authorities' commitments to safeguard the fiscal anchor, enhance the monetary framework, rebuild reserves, and further growth-enhancing reforms.*

Washington, DC – **July 31, 2025:** The Executive Board of the International Monetary Fund (IMF) completed today the first review of the extended arrangement under the Extended Fund Facility (EFF) for Argentina. This marks an important early milestone under the program, which aims to further bolster public finances, reduce inflation, rebuild reserves, and lay the foundation for stronger and more sustainable private sector-led growth.

Despite a more challenging global backdrop, the Executive Board assessed that program implementation has been strong, reflecting appropriately tight policies. While the mid-June quantitative target for net international reserves (NIR) accumulation was missed, other key performance criteria and indicative targets were met, and corrective measures have been implemented to bring reserves closer to the NIR target. The Executive Board welcomed the authorities' commitment to implement policies consistent with the program's objectives.

The Board's decision enables an immediate disbursement of SDR 1.529 billion (about US$2 billion), bringing total disbursements under the arrangement to SDR 10.729 billion (about US$14 billion). Argentina's 48-month EFF arrangement, with access of SDR 15.267 billion (equivalent to US$20 billion, or 479 percent of quota), was approved on April 11, 2025 (see Press Release No. 25/101).

Following the Executive Board discussion on Argentina, Ms. Kristalina Georgieva, Managing Director, issued the following statement:

"The new phase of Argentina's stabilization program, supported by the Extended Fund Facility arrangement, has had a strong start, despite a challenging external environment. Appropriately tight macroeconomic policies have facilitated a smooth transition to a more flexible exchange rate regime and the easing of most foreign exchange restrictions and controls. Disinflation has resumed, the economy has continued to expand, and poverty has fallen further. Notably, Argentina has re-accessed international capital markets earlier than anticipated, although spreads remain high.

"The zero-overall deficit target remains the key policy anchor. Spending discipline and controls are ensuring adherence to the authorities' objective of a 1.6 percent of GDP primary surplus for this year, while providing space for adequate social assistance to the most vulnerable. Looking ahead, fiscal consolidation should continue, underpinned by well-sequenced fiscal reforms, including in the tax area. Efforts to ensure any new tax or spending initiatives are fully funded remain important.

“Tight monetary conditions should continue to support disinflation and the re-monetization process underway. Refinements to the monetary framework should continue to improve liquidity management and mitigate interest rate volatility. Meanwhile, greater clarity regarding the medium-term monetary regime remains essential to further anchor disinflation.

“Exchange rate flexibility should be preserved, while sustained efforts continue to rebuild reserves buffers. This is critical to allow Argentina to better manage shocks and durably access international capital markets at more favorable terms.

“Ongoing efforts to deregulate the economy, reduce barriers to entry, and improve the governance and efficiency of the state should be deepened. Greater focus should be given to implementing well-sequenced reforms aimed at: (i) enhancing the labor market to promote formal employment and facilitate mobility; (ii) boosting foreign direct investment through the consistent and even-handed implementation of the large investment incentive scheme; and (iii) strengthening trade openness, including by further reducing distortive export taxes, as fiscal conditions permit.

“In the face of still-elevated risks, agile policy making and contingency planning remain essential to protect program objectives. Continued preparation and clear communication of policies, as well as well-targeted social support will be key to broadening the social and political consensus around the program.”

ARGENTINA

July 25, 2025

FIRST REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, REPHASING OF ACCESS, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Recent Developments. The new Fund-supported program has had a strong start. Appropriately tight fiscal and monetary policies have underpinned the smooth transition toward a more flexible exchange rate regime and the easing of most foreign exchange (FX) restrictions. Inflation and inflation expectations are firmly on a downward trajectory, the exchange rate has fluctuated around the midpoint of a widening band, and the gaps between the official and parallel exchange rates have largely been eliminated. Economic activity remains generally resilient, supporting a further reduction in poverty. Notably, Argentina has re-entered international capital markets well ahead of the timeline anticipated at the program's approval. That said, reserve buffers are taking longer to rebuild, amid a widening of the current account deficit, given strong domestic demand and a sharp easing of import restrictions.

Program Performance. Program performance has been generally positive. The primary fiscal surplus target for end-May was met with a margin, there was no central bank monetary financing, and social programs continued to provide adequate coverage. However, the mid-June quantitative target for net international reserves (NIR) accumulation was missed, reflecting heavy reserve losses in the weeks ahead of program approval, amid heightened domestic and external uncertainty, limited return of these outflows after program approval, and the authorities' preference for greater price discovery and continued disinflation in the early transition to the new FX regime. As such, corrective measures are underway consistent with program objectives, with debt placements and FX block purchases reaching around US$5 billion since end-May. In addition, progress continues toward completing the structural benchmarks.

Outlook and Risks. The economy is still projected to expand by 5.5 percent in 2025, with end-of-period inflation falling to around 20–25 percent. The current account deficit is expected to widen to 1.7 percent of GDP this year (from 0.4 percent projected at program approval), driven by a stronger-than-anticipated domestic demand and the temporary

effects of the rapid easing of import restrictions. The higher external deficit is being financed via stronger portfolio inflows, and the earlier-than-anticipated market access has helped with reserve accumulation. Beyond 2025, the economy is projected to converge toward potential growth, with inflation further narrowing and the current account gradually returning to near balance over the medium term, on account of tight and well-balanced macroeconomic policies. Reserve accumulation would be supported by sustained market access and a rise in private capital inflows, including in the form of foreign direct investment, as reforms take hold. Risks to the outlook continue to be skewed to the downside, driven by heightened trade and geopolitical tensions and challenges in implementing the ambitious reform program, including ahead of the mid-term legislative elections.

Policy Understandings. Tight, and appropriately balanced, macroeconomic policies remain essential to firmly anchor disinflation, improve reserve buffers in the face of rising shocks, and facilitate sustained access to international capital markets at more favorable terms to support the sustainability of Argentina’s balance of payments.

- **Monetary and FX policy**. The exchange rate will continue to move flexibly within the band, while FX purchases should proceed to rebuild reserves consistent with the agreed targets. Meanwhile, monetary conditions will remain tight to support further re-monetization and disinflation. Further refinements in the monetary framework and operations are expected to enhance liquidity management and mitigate interest rate volatility. Greater clarity about the monetary and FX regime over the medium-term remains necessary.
- **Fiscal policy**. Achieving a primary surplus of 1.6 percent of GDP is necessary to appropriately manage demand and preserve the hard-won fiscal anchor. The 2026 draft budget will aim for an even more ambitious fiscal stance to support disinflation and lessen the burden on monetary policy. Advancing promptly with the planned tax reform will be vital to improve the efficiency and equity of the tax system, as well as to enhance competitiveness.
- **Financing policies**. The financing strategy will continue to focus on catalyzing further support from official creditors, durably accessing international capital markets, and improving the public sector’s debt profile, while good faith efforts proceed in resolving international litigation cases continue.
- **Structural policies**. Steadfast implementation of the authorities’ ambitious structural reform agenda—aimed at improving state efficiency and fostering a more market-based economy with more flexible product and labor markets—is essential to encourage longer-term investment. In parallel, policies will be pursued to contain possible dislocation costs from these reforms.

Program Requests/Commitments. Quantitative targets for NIR and NDA have been adjusted given delays in NIR accumulation. The authorities are requesting waivers of non-observance based on corrective actions, including to return NIR to the original program targets by end-2027. The authorities are also requesting a minor rephasing of the remaining reviews to better align reviews with year-end structural benchmarks and targets and to allow sufficient time for the implementation of their multipronged strategy to rebuild reserves. Accordingly, performance criteria for all remaining semi-annual reviews would be based on end-December and end-June targets, with seven additional semi-annual reviews envisaged (instead of eight at program approval).

Approved By
Luis Cubeddu (WHD), Mark Flanagan (SPR)

Discussions took place in Buenos Aires, Washington, D.C., and virtually over June–July 2025. The team included L. Cubeddu and B. Joshi (heads), L. Antoun de Almeida, J.M. Fournier, T. Kass-Hanna, J. Yépez Albornoz (all WHD), C. Gómez Osorio (FAD), G. Otokwala and M. Markevych (both LEG), S. Mulema (MCM), M. Ivanyna (SPR), M. Szafowal (Local Economist), and M. Alier (Resident Representative). I. Gudbjartsdottir (MCM) and A. Cebreiro Gómez (FAD) joined some of the discussions. R. López Palazzo (WHD) provided research assistance and G. Ramos (WHD) provided support for document management. The team met with L. Caputo (Economy Minister), S. Bausili (BCRA President), and F. Sturzenegger (Minister of Deregulation and State Transformation) and their teams, including J. L. Daza (Economic Policy Secretary), C. Guberman (Budget Secretary), P. Quirno (Finance Secretary), V. Werning (BCRA Vice President), and M. Fariña (Secretary of State Transformation). Mr. Madcur (OED) participated in the discussions.

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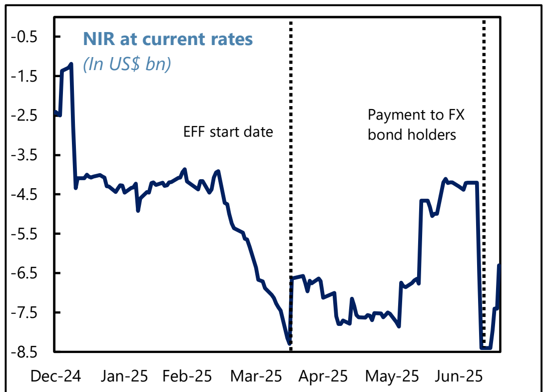
CONTEXT

1. The new EFF program is off to a strong start across most dimensions (Figure 1). The transition to a more flexible exchange rate regime and the easing of most FX restrictions and controls were implemented smoothly, despite elevated external risks. The official exchange rate has fluctuated around the midpoint of the band, FX gaps have largely closed, and sovereign spreads have tightened since the program's inception, sitting in the 700-750 bps range. Economic growth remains robust, while the disinflation process has resumed, facilitating further improvements in social indicators. These outcomes have been underpinned by appropriately tight monetary and fiscal policies, with the primary fiscal surplus in May surpassing the program target. Notably, Argentina successfully issued peso-denominated sovereign bonds (subscribed in U.S. dollars) in late May and early June, marking its return to international capital markets for the first time since 2018.

2. After initial delays, efforts to strengthen reserve buffers are now underway. Early reserve accumulation shortfalls largely reflected heavy reserve losses in the weeks prior to program approval amid heightened domestic and external uncertainties, limited return of these outflows, as well as the authorities' decision to allow for full price discovery during the early phase of the new FX regime. Corrective measures, however, are being implemented through debt issuances and block FX purchases (see ¶11) and allowed net international reserves to increase by about US$4 billion between the program's approval on April 11 and June 30, before the payments to bondholders for US$4.2 billion in early July. Additional FX purchases are underway and envisaged for the remainder of the year to strengthen buffers against potential shocks, while preserving exchange rate flexibility. Support from other official creditors remains well on track.

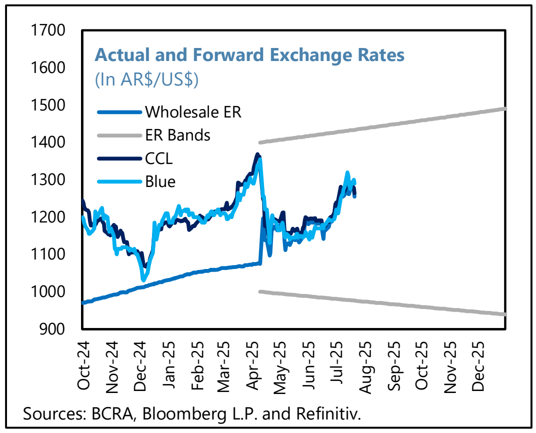


Sources: BCRA and Fund staff estimates.

3. Political uncertainties and spending pressures (from outside the administration) have risen ahead of the October mid-term legislative elections. Campaigning has intensified, including for legislative elections at the provincial level. In this context, new costly spending initiatives aimed at boosting pension and disability benefits as well as transfers to provinces (worth about 1½ percent of GDP), were recently proposed and approved by the Argentine National Congress. President Milei has declared that he would veto these initiatives to preserve the fiscal anchor and macroeconomic stability gains.[1] Moreover, in the event the veto is overturned by a two-thirds majority in both houses of Congress, the administration plans to challenge these initiatives via court litigations. As such, resolution of these initiatives is likely to take time, possibly extending beyond October.

[1] In September 2024, President Milei issued a veto to preclude spending increases on pensions and tertiary education proposed and approved by Congress. That veto could not be overturned by Congress.

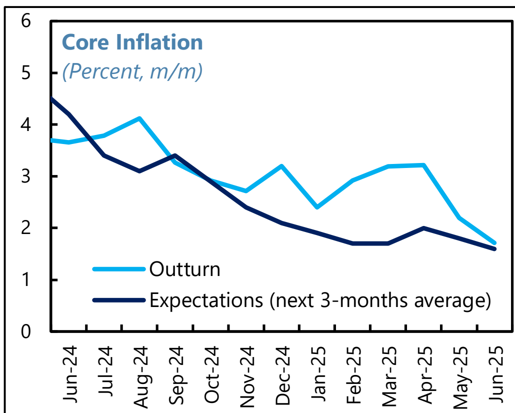
RECENT DEVELOPMENTS

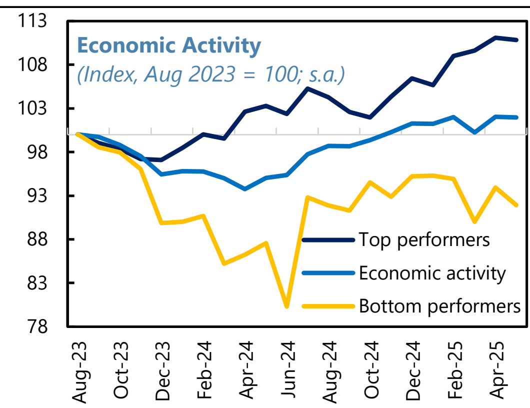


Sources: BCRA, Bloomberg L.P. and Refinitiv.

4. **The transition to the new exchange rate regime has been smooth.** After a brief initial jump, the official exchange rate has fluctuated around the middle of the band and the gap between the official and parallel FX rates has virtually disappeared, supported by appropriately tight monetary and fiscal policies. The BCRA has refrained from intervening in the spot foreign exchange market, but there have been Treasury FX purchases related to debt issuance operations and to block purchases to help fund its own FX debt service obligations. FX trading volumes in the official market (MULC) have increased sharply,[2] reflecting a shift of transactions from the parallel to the official market (following the narrowing of FX gaps), as well as an increased FX supply from the seasonally strong grain liquidations and strong FX demand following the easing of FX restrictions.

5. **The disinflation process remains on track.** After temporarily rising to 3.7 percent in March, driven by seasonal factors and policy uncertainty, monthly headline inflation declined to 1.6 percent in June, consistent with a very limited exchange rate passthrough to prices (with monthly inflation now below the monthly rate of depreciation). The annual inflation rate has fallen to around 40 percent, the lowest y/y print since 2018, excluding the height of the pandemic period. Similarly, inflation expectations have narrowed considerably, with breakeven monthly inflation still below 2 percent for the remainder of the year, and exchange rate depreciation expectations remain generally contained. High frequency data suggest that underlying disinflation trends continue.[3]





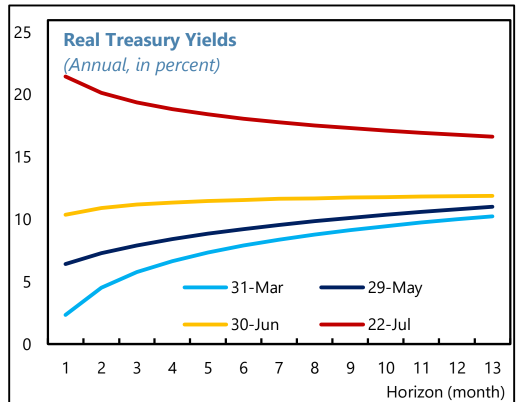
Sources: INDEC; BCRA; Haver Analytics; and Fund staff calculations.
Note: Top performers include primary, financial and real estate sectors. Manufacturing and construction at the bottom.

[2] Average daily FX volumes at the MULC surged from US$1.2 billion before the program to around US$2 billion since.

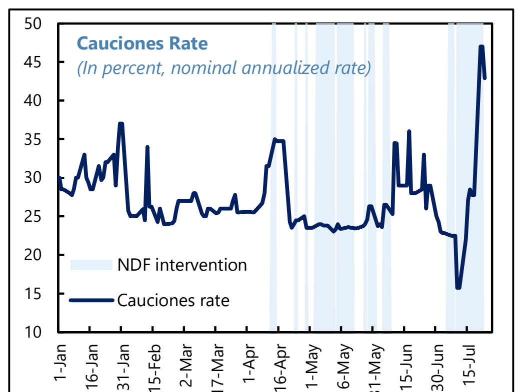
[3] Core inflation decreased to 1.7 percent m/m in June, along with core inflation expectations. This is the lowest sequential core inflation since the onset of the pandemic.

6. Economic activity remains resilient, although there are signs of some moderation. The economy expanded by 5.8 percent y/y in Q1:2025, driven by a larger-than-anticipated recovery in domestic demand and despite a short-lived dip in March (Figure 2). Real GDP levels are now near historical highs, with capacity utilization at around 60 percent, although this recovery has been uneven—agriculture, energy, and mining continue to lead, while construction and manufacturing are lagging. High frequency indicators point to some moderation in activity and demand from end-April, consistent with a softening in employment creation and real wage growth.

7. Monetary conditions have tightened and, along with refinements to the framework, are supporting the exchange rate band and sustaining the disinflation process. In the context of a more open capital account, market interest rates have risen—fixed-term Treasury instruments in the primary auctions are now above 10 percent yield in real terms—to buttress the re-monetization in train. In fact, private transactional M2 and base money have evolved broadly as programmed (see Figure 3), although this was mainly associated with an expansion of net domestic assets (NDA) rather than an increase in the NIR (see ¶15). Specifically, peso liquidity was injected through a partial rollover of maturing peso securities, as banks demanded more liquidity to increase lending to the private sector. Meanwhile, steps have also been taken to streamline the reserve requirement regime (further improving interest rate transmission) and to refine the monetary framework, clarifying that interest rates are endogenously determined. Specifically, the BCRA has stopped formally setting a monetary policy rate and the overnight Treasury Liquidity Bills (LeFis) have been phased out and replaced by short-term Treasury bills (LECAPs). These refinements initially resulted in a temporary increase in liquidity and sharp declines in short-term money market rates (cauciones), although these trends are normalizing as banks reallocate liquidity toward short-term Treasuries, supported also by central bank repos and open-market operations, including the decision to shorten the settlement time for the BCRA's active window (see ¶24-25). The transition away from the exchange rate as a nominal anchor has proceeded relatively well, although interventions in the non-deliverable forward (NDF) market have been used to address market dislocations and mitigate periods of unusually high interest rate volatility (e.g., following the unwinding of LeFis).[4]



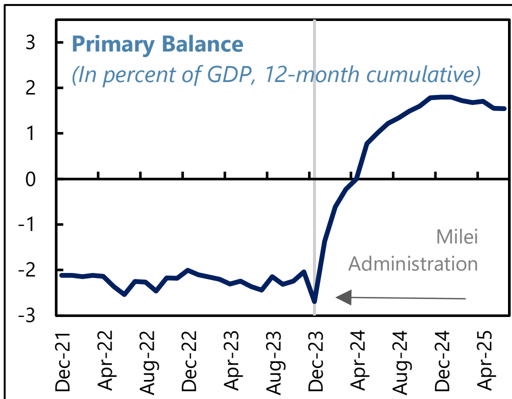
Sources: BYMA, Bloomberg L.P, and Fund staff estimates.



Sources: Refinitiv and BCRA.

[4] The BCRA's net open position in the NDF market has risen to around US$5 billion. Settled in pesos, these positions do not pose a direct risk to foreign exchange reserves, and potential losses on the central bank's balance sheet remain contained. If limited and temporary, the hedging provided by these instruments can help guide market interest rates during periods of distress.

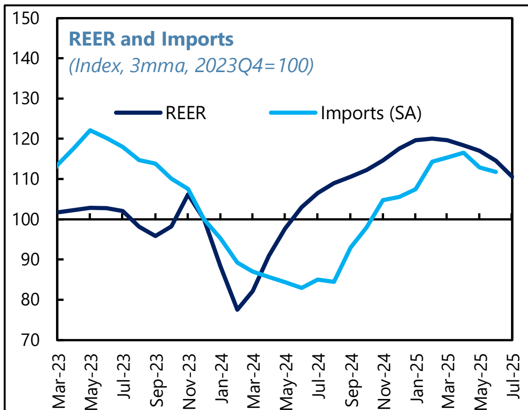
8. The commitment to the fiscal anchor remains intact (Figure 4). The central government posted a cumulative cash primary surplus of about 0.8 percent of GDP through May (largely unchanged relative to 2024), overperforming the program's indicative target for May by about 0.1 percent of GDP and consistent with an overall cash surplus of 0.3 percent of GDP.[5] This outcome has been underpinned by strong revenue buoyancy (up 10 percent y/y cumulatively in real terms after excluding *impuesto pais*), as well as continued efforts to reduce subsidies and contain wage and capital spending. These efforts are helping to offset the revenue impact of lower trade taxes earlier in the year (see also ¶14) as well as higher pension spending resulting from the existing inflation indexation formula. In fact, real primary spending is up around 6 percent y/y, after contracting 28 percent in 2024.



Source: MECON.

9. Tight policies are facilitating an orderly refinancing of domestic debt obligations, while efforts continue to tap international capital markets. Since program approval in April, the Treasury has refinanced about 90 percent of its maturing liabilities, with the portion not rolled over facilitating increased credit to the private sector in support of a gradual re-monetization of the economy. Meanwhile, efforts continue to expand the investor base and deepen local debt markets through issuances of international peso-denominated sovereign bonds subscribed in US dollars (see also ¶11), aimed at refinancing Treasury FX obligations. These operations have helped to reduce FX exposure, while not increasing the Treasury's overall indebtedness to private creditors. The decision to publish an annual borrowing plan alongside the regular inclusion of short-term LECAPs in the bi-weekly auctions has also enhanced predictability and facilitated banks' liquidity management, where the Treasury is playing a more prominent role.

10. The current account deficit has widened, driven by strong private domestic demand and the easing of FX and import restrictions.[6] The cumulative goods trade surplus (accruals basis) during H1:2025 narrowed to around US$5 billion (down by US$6 billion y/y), driven largely by strong import volume growth, which more than offset rising export volumes (see Box 1). Specifically, export volumes grew by around 4 percent y/y, on account of buoyant agricultural and energy exports, the latter reflecting



Sources: INDEC, BCRA, and Fund staff calculations.

[5] Calculated based on the authorities' reported cash interest payments, which exclude capitalized interest payments recorded below the line. Including all capitalized interest payments to the private sector above the line would imply a cash overall deficit of about 1.2 percent of GDP.

[6] Argentina's external position in 2024 was assessed to be weaker than the level implied by medium-term fundamentals and desirable policies (see 2025 ESR report).

recent improvements in Argentina's energy capacity. Meanwhile, goods import volumes surged by over 40 percent year-on-year, with capital goods and durable consumer goods recording the largest increases, in part reflecting the easing of various import restrictions, which led to effective price declines for these imported items (see ¶14). In parallel, outbound tourism jumped by 50 percent through June, and the services deficit is estimated to have achieved record levels in H1:2025. As a result, the cumulative current account deficit is estimated to have reached US$8 billion through end-June, as the narrowing goods trade surplus was more than offset by the deficits in services and income account, the latter reflecting large public sector interest payments. There are signs of a moderation in import dynamics since May, likely reflecting weaker domestic demand and some softening of the real effective exchange rate (REER), which has depreciated by nearly 15 percent since mid-April. This decline also reflects a broader weakening of the US dollar.

11. After initial setbacks, the financial account has strengthened more recently, supporting reserve accumulation. Following the sharp deterioration in the current and financial accounts ahead of program approval, external flows have improved considerably since, led by increased portfolio inflows from debt issuances by the public sector and domestic corporates.[7] Specifically, the BCRA and international banks reached an agreement on a new repo for US$2 billion, and the Treasury placed in international markets (after a seven-year gap) peso bonds subscribed in U.S. dollars, totaling US$1.5 billion.[8] These recent debt issuances along with block purchases by the Treasury (mainly resulting from corporate debt issuances) and net disbursements from other IFIs have supported reserve accumulation—the NIR has increased by around US$2 billion between program approval and end-July (from -US$8.2 billion to -US$6.4 billion), despite FX payments to bondholders. That said, foreign direct investment remains weak, as investors possibly await the results of the October mid-term elections. It is also worth noting

Argentina: External Sector Developments
(in billions of U.S. dollars)

	2025 Q1	2025 H1	2024 H1
Goods balance (cash)	**0.7**	**7.2**	**15.6**
o/w export blend elimination	0.0	4.4	0.0
o/w change in commercial debt	0.3	2.3	4.1
Services balance (cash)	**-3.0**	**-5.8**	**-1.2**
Income balance (cash)	**-1.9**	**-4.0**	**-5.4**
o/w federal government	-1.6	-2.9	-4.3
Financial flows 1/	**-1.5**	**0.8**	**0.3**
FDI 2/	0.3	0.7	0.4
Private (net)	2.4	-1.4	0.1
HH FX purchases (MULC) 3/	1.8	-4.7	-1.0
CCL/MEP FX sales 1/	-2.3	-2.3	-0.7
Portfolio and other	2.9	5.6	1.8
Public 4/	-3.4	0.9	-0.4
Amortizations	-4.4	-5.0	-5.9
Disbursements/issuances	1.0	5.9	5.5
NIR change 1/	**-5.7**	**-1.8**	**9.3**
Memo items:			
Goods balance, accrual	2.1	4.7	10.7
Exports	18.6	39.6	38.2
Imports	-16.5	-34.9	-27.5

Sources: BCRA and Fund staff calculations.
1/ For the NIR and CCL/MEP FX sales the 2025:Q1 column includes April 1-14 before the start of the program.
2/ Net of one-off outflow operations (which were financed by FX loans, with no net impact on cash balance of payments).
3/ Net of credit card debt paid by own USD.
4/ BCRA, Treasury, provincial govt's. Excluding IMF's disbursement in 2025 and the BIS swap repayment in 2024.

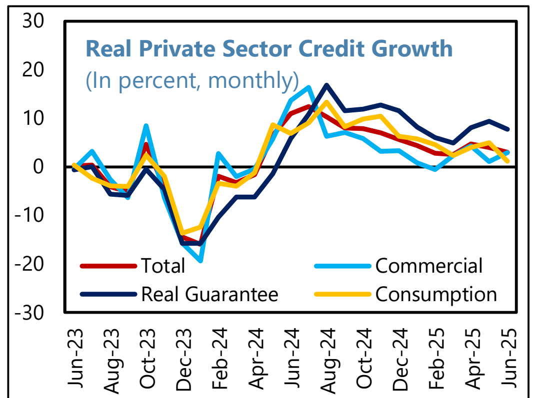
[7] In the context of healthy balance sheets and strong growth prospects, FX loans and bond issuances by Argentine corporates have risen from US$3.2 billion in H2:2024 to US$5.8 billion during H1:2025, with most of the recent issuances taking place since end-April.

[8] The first issuance, targeted at non-residents, involved a US$1 billion 5-year bond (with a European put option that could be exercised after two years) at annual peso effective interest rate of 31.7 percent. The second placement involved a reopening of the same bond for US$0.5 billion, targeted at resident and non-resident investors, at an annual interest rate of 28.5 percent. These bonds currently trade in the secondary market at a premium.

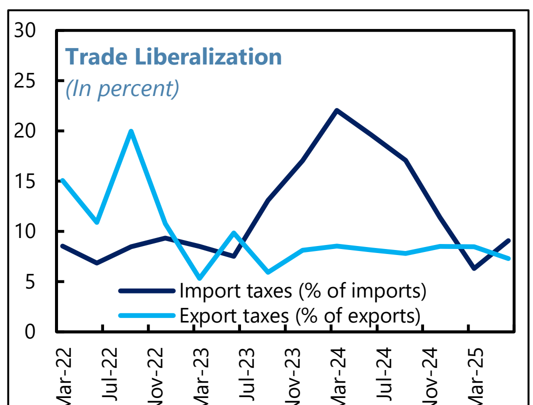
that the increase in private outflows following the easing of FX restrictions was largely offset by higher exports (measured in cash terms) from the elimination of the export blend and a rise in export financing to more normal levels.[9]

12. The remaining FX restrictions are being eased gradually, while efforts continue to mobilize U.S. dollars outside the formal banking system. To attract portfolio inflows, nonresident investors are now permitted to participate in local security markets without being subject to a minimum holding period and are no longer constrained by cross-market restrictions between the official and parallel FX markets. In addition, to facilitate an orderly resolution of legacy intra-company debt and dividend obligations, the BCRA has issued new FX-denominated bonds (BOPREALs) for about US$830 million.[10] Efforts also continue to encourage the use and formalization of undeclared U.S. dollar assets, including more recently via a simplification of the tax regime for self-employed workers, affecting about 500,000 taxpayers.

13. Banks remain healthy amid a strong expansion in private credit. Banks have continued to shift their portfolios away from the sovereign, with credit rising by around 15 percent in real terms since program approval (Figure 5). This credit growth, which continues to be subject to strict regulatory limits to contain currency mismatches, has been broadly balanced between peso- and FX-denominated lending. Banks continue to maintain strong liquidity—holding 37 percent of peso deposits and 62 percent of FX deposits—and remain well capitalized, with capital adequacy ratios at around 30 percent of risk-weighted assets. Against the backdrop of higher real interest rates, credit growth is starting to moderate and non-performing loans (NPLs) have risen, although from low levels.



Sources: BCRA and Fund staff calculations.



Sources: Haver Analytics, INDEC and MECON.

14. The government's deregulatory and liberalization agenda continues to advance at a rapid pace. Notably, taxes have been lowered and restrictions have been eased on imports of electronics, used capital goods, and vehicles, with the aim of improving the affordability of essential equipment and

[9] A better understanding of the recent rise in errors and omissions in BOP statistics is necessary, as it could suggest higher resident outflows following the ongoing easing of FX restrictions, including to offshore financial centers.

[10] The BCRA offered US$3 billion in three-year US-dollar denominated bonds (subscribed in pesos), carrying a 3 percent interest rate. These are being targeted at companies with outstanding intra-company debt before December 13, 2023, and/or unpaid dividends accumulated before end-2024.

machinery for both businesses and consumers.[11] Additionally, export taxes on industrial goods have been reduced to enhance the competitiveness of domestic industries in global markets, while export tax cuts have been extended for key agricultural products (excluding soy and maize). New regulations have been issued to liberalize product markets, including to deregulate additional industries (e.g., pharmaceuticals) and to significantly streamline public bureaucracy.

PROGRAM IMPLEMENTATION

15. While fiscal performance remained strong, delays in rebuilding reserves have required corrective actions.

- The *primary fiscal balance* indicative target for end-May was met with a comfortable margin, with the cumulative primary surplus exceeding the program target by 0.1 percent of GDP. This overperformance was driven by stronger-than-expected revenues and tight expenditure controls. Domestic arrears also remained well below the program ceiling and there was no central bank financing. In addition, social spending coverage was maintained at around 98 percent of the basic consumption basket, exceeding the program's performance criterion floor of 95 percent.

- *Net international reserves (NIR)* reached -US$4.7 billion (at current rates) as of the June 13 test date, well below the program floor of -US$1.1 billion. This shortfall partly reflected large unanticipated declines in NIR in the weeks preceding program approval (of around US$1.5 billion), which were triggered by heightened global and domestic uncertainties. Corrective actions are underway to boost reserves—bond issuances and block FX purchases have thus far increased NIR by about US$2 billion since early June, with NIR projected to strengthen further through end-July as well as during the remainder of the year, safeguarding the program's targets and objectives (see also MEFP ¶23). Looking ahead, reserve accumulation will also be supported by privatization and sales of assets and concessions and continued support from other official creditors.[12]

Net International Reserves in 2024-25
(in billion US$)

	Actual/ latest estimate	Program Approval
NIR, end-2024	-2.4	-2.4
NIR, program start	**-8.2**	**-6.7**
FX purchases	4.9	5.1
IFI, net and other 1/	1.1	1.5
July bond payment	-4.2	-4.2
NIR, end-July	**-6.4**	**-4.3**

1/ Net of debt service (including Fund charges). Also includes valuation changes.

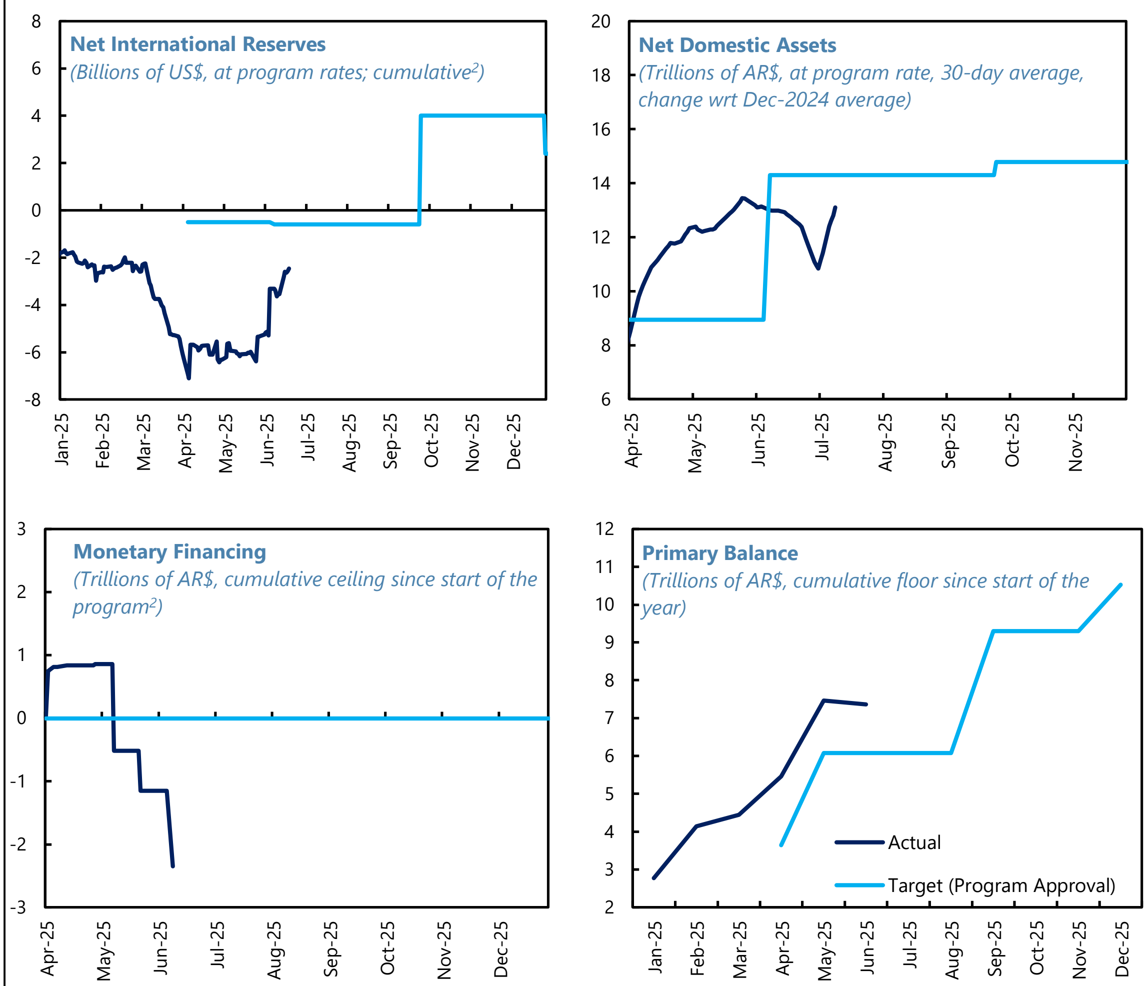
- *Net Domestic Assets* (NDA) of the BCRA exceeded the mid-June indicative program ceiling by approximately ARS 4.8 trillion, due to shortfalls in NIR accumulation. Going forward, understandings were reached to ensure that increases in base money are validated by corresponding reserve purchases to ensure NDA remains below the program ceiling. The ongoing re-monetization will continue to be facilitated by the disinflation process and supported by tight monetary conditions.

[11] According to PriceStat, the relative price of a basket of food, gas, and electronic goods in Argentina has fallen sharply, with this basket being now 1 percent cheaper than in the United States.

[12] On July 18, the government announced the privatization of water and sanitation company AySA, by selling the shares held by the state to local and international investors.

16. Progress has been made on structural benchmarks set for H2:2025. A tax reform proposal is being prepared with support from the World Bank and the Inter-American Development Bank (IADB), aimed at improving the efficiency and equity of the tax system (see ¶20). Work is also advancing on the preparation of the draft 2026 budget, which is also expected to include a comprehensive risk assessment and a medium-term fiscal framework, as well as in closing all but one of the extra-budgetary trust funds.[13] A safeguard assessment of the BCRA is substantially completed, while technical assistance to support the implementation of recommendations from the Financial Action Task Force (FATF) to enhance the AML/CFT framework is ongoing.

Performance Relative to Key Program Targets[1]



Sources: National authorities; and IMF staff calculations.

[1] Targets are set on June 13, September 30 and December 31. Data as of July 14, 2025 for Net International Reserves; as of July 17 for Net Domestic Assets; as of June 13, 2025 for Monetary Financing; and as of June, 2025 for Primary Balance.

[2] Cumulative flows measured relative to December 31, 2024.

[13] Seven additional fiduciary funds have been closed since program approval, bringing the total number of closed funds to 29 out of 32 funds. This process is proceeding ahead of schedule.

MACROECONOMIC OUTLOOK AND RISKS

17. The baseline macroeconomic outlook continues to assume a gradual disinflation and recovery, with stronger capital inflows financing lower current account balances and allowing for the programmed reserve accumulation over the medium term (Tables 1–8).

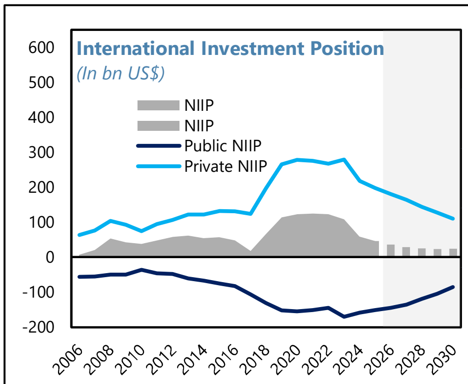
- **Real GDP.** Growth in 2025 is unchanged at 5½ percent, largely supported by a strong carryover from the V-shaped recovery in H2:2024 and stronger-than-anticipated domestic demand in the first half of the year. Growth momentum is expected to moderate during the remainder of year given tight macro policies, softer global growth, and some weakening of REER. Beyond 2025, real GDP growth is projected to remain largely unchanged and converge to around 3 percent over the medium term, although with smaller contributions coming from net exports.

- **Inflation.** Following a temporary uptick in inflation in March, annual inflation is now projected fall to around 20-25 percent by end-2025 (compared to 18-23 at program approval) and reach single digits by late 2026, assuming macroeconomic policies remain tight and appropriately balanced.

- **Fiscal.** The baseline now assumes a primary surplus of 1.6 percent of GDP in 2025 (compared to 1.3 percent at program approval), consistent with the authorities' objective. Continued stringent expenditure discipline—alongside fiscal reforms in the areas of taxation, revenue sharing, and pensions—will be necessary to consolidate the fiscal anchor over time. The primary surplus is still projected to rise to around 2½ percent of GDP over the medium term, as overall interest costs rise with the full unwinding of FX restrictions and renewed access to international capital markets. Fiscal consolidation will support disinflation and a stronger balance of payments, while reducing the burden currently placed on monetary policy.

- **Public debt.** Under the baseline, public debt remains sustainable over the medium term, although not with high probability (Annex I). Despite the fiscal adjustment and progress in extending the maturities of domestic debt, sovereign risk remains elevated, reflecting Argentina's fragile reserve position, sizable gross financing needs, and still-limited access to international capital markets. That said, continued progress with the fiscal program and sustained market access have contributed incrementally to lower debt-related risks.

- **External.** The external current account balance is projected to shift from a surplus of 1 percent of GDP in 2024 to a deficit of 1.7 percent of GDP this year (compared to a deficit of 0.4 percent at program approval), driven by strong import growth and an easing of FX and import restrictions. This shift marks an unprecedented development in the country's macroeconomic trajectory as, previously, fiscal primary balances generally tended to coincide with current account balances. The current account deficit is expected to be more than offset by stronger capital inflows, enabling further accumulation of the NIR. These inflows are projected to exceed forecasts at program approval, supported by sustained access to international capital markets (originally slated to take place only in early-2026) and reforms to attract FDI in large-scale investment projects under the RIGI framework, and higher corporate sector borrowing (from a relatively low base). Argentina's net international investment position is projected to remain positive, although with significant changes in its composition—with reductions in public FX indebtedness (as fiscal surpluses ensure that market access is used to refinance FX debt service obligations falling due) matched by a reduction in the net foreign asset position of the private sector (mainly through asset repatriation and FDI).[14] However, sustainability of the balance of payments remains contingent on tight and appropiately balanced policies and the successful implementation of the agreed reserve accumulation strategy, consistent with a gradual convergence of the REER toward its medium-term equilibrium.



Sources: INDEC and Fund staff calculations.

18. As downside risks continue to be elevated, contingency plans remain imperative.

- On the external side, lingering trade tensions and geopolitical uncertainties could weigh on Argentina's outlook, including through softer commodity prices and tighter global financial conditions, although further U.S. dollar weakness may help buffer these effects. Progress in reaching a tariff deal with the United States (where negotiations continue) could provide some upside, including via trade diversion (Box 2).

- On the domestic front, the possible volatility in advance of the mid-term elections could test Argentina's still-nascent external buffers. Furthermore, overreliance on short-term portfolio inflows to finance the current account could result in a sudden stop that could derail stabilization gains. Over time, a shift to an unbalanced policy mix could also adversely affect competitiveness in key industries (through Dutch disease effects), weighing on employment and growth, and social sustainability of reform efforts.

- Should shocks emerge, the authorities would need to activate agreed contingency plans. In such an event, a decisive policy response would be crucial in mitigating the impact. The exchange rate would continue to serve as a shock absorber, and market interest rates would be allowed to rise as needed to support peso demand and debt refinancing efforts, as well as limit the pass-through from exchange rate movements to consumer prices. Meanwhile, fiscal policies should be tightened as needed through actions under the executive's purview, as this would alleviate the

[14] Argentina's NIIP at end-2024 stood at US$59 billion (9 percent of GDP), driven by a hugely positive net foreign position of households and corporates (over US$200 billion) following decades of macroeconomic mismanagement, often in the context of capital controls.

trade-offs between inflation stabilization, reserve accumulation, and external stability. The easing of remaining FX restrictions is programmed to preserve stability and support competitiveness and could be further extended.

POLICY UNDERSTANDINGS

Understandings were reached on policies to secure stabilization gains, where greater emphasis is given to rebuilding external buffers to mitigate risings risks and safeguarding the sustainability of the balance of payments, including through Argentina's stable access to international capital markets.

A. Fiscal Policy

19. For the remainder of this year, achieving a primary surplus of 1.6 percent of GDP remains the agreed priority. An additional effort of 0.3 percentage points of GDP, introduced in April to support the transition to the new exchange regime, is in train (MEFP ¶15). This higher surplus will be underpinned by tighter expenditure controls as well as efficiency gains in social programs, enabled by enhanced eligibility controls for disability pensions and the Universal Child Allowance (AUH), which are being facilitated by the integration of various social datasets into a single social registry (***end-December 2025 SB***). Meanwhile, continued spending discipline remains essential, and will involve the administration resisting new unfunded spending initiatives, especially as overall primary spending is already projected to rise by 7 percent in real terms this year. At the same time, any tax reduction will be conditional on offsetting permanent revenue gains or expenditure cuts to preserve the fiscal anchor.

20. Beyond this year, the authorities plan to continue with fiscal consolidation, underpinned by high-quality structural measures to improve the efficiency of tax and spending systems. The draft 2026 budget is slated to be presented to Congress by end-September ***(end-September 2025 SB)*** and approved by end-December. The authorities note that it will continue to be aligned with the overall balance fiscal anchor, and consistent with the projected rise in interest costs as Argentina re-accesses international capital markets and continues to ease FX restrictions. Tighter fiscal policies will support external adjustment and further build up in reserve buffers, while reducing excessive reliance on monetary policy. The authorities' strategy to pursue the higher primary surplus remains as originally envisioned, and includes:

- ***Revenue reforms*** aimed at simplifying and improving the equity and efficiency of the tax system, including by streamlining VAT tax expenditures, normalizing excises, and reducing distortive trade and financial transaction taxes (MEFP ¶17, second bullet). Initial proposals, which are also being prepared with the support of the World Bank and IADB, will be presented by end-December 2025 (***structural benchmark***) so that they can go into effect next year. Meanwhile, efforts to strengthen revenue administration will continue with a focus on implementing compliance risk management (CRM) in line with the 2024 Tax Administration Diagnostic Assessment Tool (TADAT) and simplifying tax filing processes for self-employed workers.

- ***Spending reforms*** to preserve the fiscal anchor, while preserving space for priority social spending and public investment (see also ¶27). In this regard, the authorities will reduce energy subsidies and bring electricity and gas tariffs even closer to cost recovery, while improving the quality of services and the efficiency of the electricity market. [15] This will be complemented by efforts to strengthen competition in the wholesale electricity market to alleviate pressures in the payment chain (***end-November 2025 SB***), and avoid arrears between electricity distributors and the publicly owned wholesale electricity company, CAMMESA. In addition, the development of a comprehensive pension reform to simplify the currently fragmented system and improve the proportionality between contributions and benefits (MEFP ¶17, third bullet), including to encourage labor formality, is a priority. The reform proposal will be presented to Congress during the course of 2026 (***end-December 2026 SB***).

- ***Public financial management reforms*** to continue to further strengthen budget control and cash management processes (MEFP ¶16), including by (i) closing the remaining extra-budgetary trust funds ***(end-December 2025 SBs)***; (ii) enhancing cash management by expanding the coverage of the integrated system of financial information to include other government bodies and agencies *(**end-December 2025 SB**);* (iii) assessing the implications (for the wage bill and social spending) of ongoing public sector efficiency reforms; and (iv) improving the efficiency of state-owned enterprises (SOEs) and developing a transparent privatization program (***mid-November 2025 SB***), where technical and financial support from the IADB is also envisaged.

21. These will be complemented by stronger fiscal frameworks (MEFP ¶17, first bullet). The draft 2026 budget will include a comprehensive fiscal risk assessment and a medium-term fiscal framework (***end-September 2025 SB***). Additional reforms will be required to (i) reform the revenue-sharing framework to better align fiscal incentives between the federal and provincial governments, as well as to reduce high budget rigidities that complicate adjustments to shock[16]; and (ii) strengthen the credibility of the fiscal anchor by initially enshrining the zero-overall fiscal deficit rule into the Fiscal Responsibility Law (***end-December 2026, SB***), although over time consideration could be given to including countercyclical features and additional debt anchors.

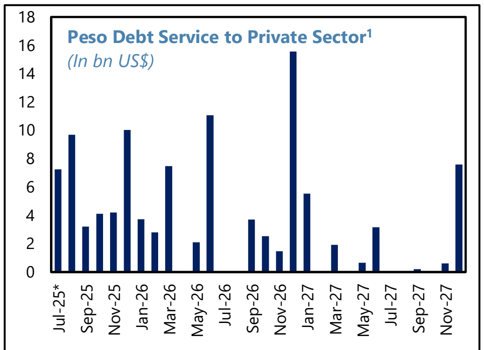
B. Financing Policy

22. A well-designed and executed debt management strategy remains vital to facilitate international market access and secure Argentina's debt sustainability. Specifically:

- ***Domestic financing strategy.*** The authorities will continue to improve the maturity profile and the structure of debt instruments to reduce domestic financing risks as disinflation advances (MEFP ¶18). To this end, re-entry of non-residents into the peso debt market should help

[15] Electricity tariffs are scheduled to increase on a monthly basis starting in June 2025 and continuing over the next 30 months. The adjustments will be driven by a combination of inflation-indexed increases in wholesale energy prices and a fixed monthly markup of 0.36 percent on the distribution component. In exchange, distribution companies have committed to implement investment plans, which will be monitored by the Energy Secretariat.

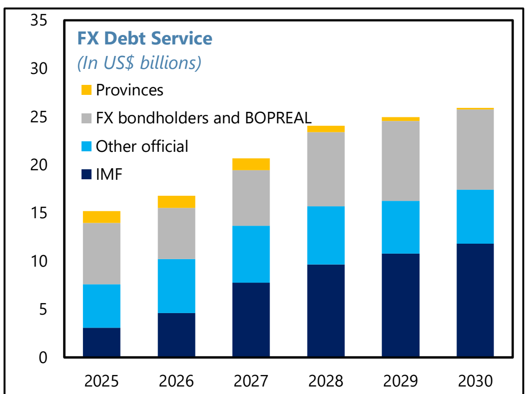
[16] A reform of the revenue sharing system was a central element of the policy commitments outlined in the July 2024 "Pacto de Mayo" agreement between the national administration and 18 of the 24 provincial governors.



Source: MECON.
[1] Includes public banks and provinces.
*Reflects debt payments after Jul-18.

broaden the investor base and deepen domestic capital markets, although Treasury must continue ensuring sufficiently attractive interest rates to refinance its peso obligations (estimated at about US$39 billion for the remainder of 2025), in the context of a more open capital account. Ongoing fiscal surpluses and adequate roll over of upcoming peso debt obligations will build Treasury peso deposits (both at the BCRA and Banco Nación) and support debt placements. Meanwhile, the use of central bank profit transfers to the Treasury will be primarily calibrated to first rebuild buffers and strengthen the BCRA's balance sheet. Importantly, BCRA interventions in the secondary bond markets will remain temporary and limited exclusively to the conduct of monetary policy (see ¶25) and instances of market dislocations.

- ***External financing strategy with private creditors.*** Following a successful and earlier-than-anticipated re-entry into international capital markets, the authorities will seek to raise additional financing, including, depending on market conditions, through planned regular auctions of peso-denominated bonds subscribed in US dollars. These operations will aim at facilitating the management of large FX debt service payments—Treasury and BCRA FX obligations between August 2025 and January 2026 are estimated at US$10 billion—while not adding to FX-denominated debt (MEFP ¶19). That said, care needs to be taken to avoid building vulnerabilities (given the still-high spreads), including the bunching of maturities resulting from excessive reliance on 2027 put options.[17] In parallel, the authorities continue to engage in good faith efforts to resolve outstanding litigation cases and to reach agreements on obligations with finalized judgments (see ¶34).



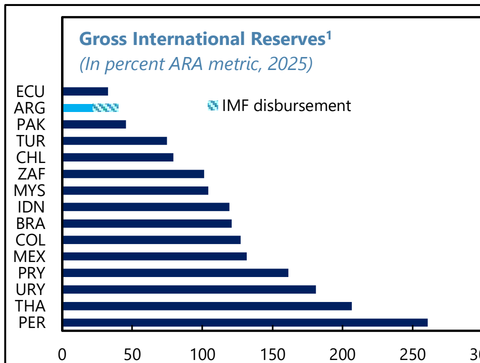
Sources: MECON and BCRA.

- ***External financing strategy with official and other commercial creditors.*** Budget support from other IFIs, primarily the World Bank and the IADB, is now projected to reach US$5.8 billion by end-December, roughly US$600 million above the original program baseline (MEFP ¶20), which combined with project loans would bring overall contributions to around US$7 billion this year. This would imply net financing from other IFIs of about US$2.5 billion, compared to US$2 billion projected at program approval. Meanwhile, the People's Bank of China (PBOC) has agreed to refinance for 12 months (through end-June 2026) the US$5 billion drawn portion of the swap. Separately, China Development Bank has also agreed to resume

[17] Recent issuances of peso-denominated sovereign bonds (subscribed in US dollars) had a five-year maturity with a two-year put option to reduce duration risk.

commercial financing of the hydro-dam project in line with implementation progress, as the Argentine authorities are working to overcome environmental and labor-related issues.

C. Monetary and Exchange Rate Policies



Sources: BCRA and IFS Database.
[1] ARG GIR excludes non-activated central bank swap lines.

23. Objectives of exchange rate flexibility and reserve accumulation remain paramount. The exchange rate will continue to fluctuate within the widening exchange rate bands. Within the band, FX sales will be eschewed, although opportunistic FX purchases will continue in order to rebuild reserve buffers, consistent with a rise in the demand for pesos. The reserve accumulation strategy will be underpinned by the sustained re-access to international capital markets (to refinance FX obligations falling due) and maintenance of sufficiently tight policies supported by improved policy frameworks, FX purchases within the band remain essential to facilitate a reduction in sovereign spreads and strengthen buffers in the context of rising risks (see Box 3). In this regard, it will be critical to meet the revised reserve accumulation targets through a carefully balanced implementation of the authorities' multipronged approach (see ¶15). The central bank is expected to play a more active role in the reserve accumulation process, including by purchasing FX through a predictable schedule (as done in Chile, Colombia, and Mexico, in the context of their respective flexible exchange rate regimes).

24. Disinflation continues to be supported by tight monetary conditions under the enhanced monetary targeting framework. Short-term interest rates will continue to be endogenously determined to achieve the program's re-monetization objectives. Going forward, the assumed evolution of base money (and private transactional M2) would be consistent with the NIR accumulation goals and the tight NDA ceiling established under the program. As such, negative liquidity shocks will need to be sterilized through open-market operations, with interest rates rising as needed to ensure disinflation. Meanwhile, interventions in the NDF markets will continue to be temporary and limited to situations of disorderly market conditions to avoid distorting expectations and market-clearing prices. Importantly, these tools should not substitute other policy tools in the management of liquidity and high interest rate volatility. Continued refinements to the current monetary targeting framework, drawing from international experience (see Box 4), will be essential to anchor inflation expectations, although greater clarity about the monetary and FX regime over the medium-term remains necessary.

25. Reforms to support banks' liquidity management and improve the interest rate transmission channel will continue (MEFP ¶22). Staff welcomes decisions to (i) eliminate the daily reserve requirement minimum; (ii) streamline and unify the reserve requirements for both banks and non-bank financial institutions (namely mutual funds); and (iii) repurchase the remaining central bank put options on government debt, thereby eradicating a potential source of monetary expansion.

Going forward, and following the recent elimination of the LeFis, reforms will be deepened to facilitate the further development of interbank markets, including by harmonizing settlement times for short-term money market instruments.[18] Meanwhile, the BCRA will remain active in conducting repos and open-market operations, as needed, using its portfolio of short-term marketable Treasury securities, while the Treasury will continue to consider temporarily increasing the frequency of its primary auctions to support the orderly functioning of the short-term money market.

26. The easing of remaining FX will be carefully calibrated and extended if needed. The removal of pending FX restrictions over the course of the program, particularly on legacy dividend payments and commercial debt, would remain conditional on continued progress to rebuild reserves and in alignment with program objectives. While the renewed interest of non-resident investors in the local debt market is a welcome development, prudential regulation will remain agile to mitigate the risks of short-term volatile inflows and potential FX mismatches. In this regard, bank oversight is also being enhanced, especially against the backdrop of rising NPLs. Meanwhile, recent measures aimed at encouraging the use of U.S. dollars held outside the formal financial system will be fully consistent with anti–money laundering and counter-financing of terrorism (AML/CFT) standards, as well as sound taxation and revenue administration practices (see ¶27).

D. Structural Policies

27. Further progress in creating a more open and market-based economy remains essential to support stabilization efforts and sustainably raise living standards.

- ***Market reforms.*** The authorities continue to implement their structural reform agenda to further enhance product and labor market flexibility while reducing barriers to entry, thereby encouraging competition and supporting formal employment.[19] These reforms will be complemented by a comprehensive tax reform, as well as active labor market policies aimed at facilitating worker mobility toward sectors with higher productivity and comparative advantage, as the opening of the economy continues to proceed (MEFP ¶25). Additional trade restrictions will be lifted carefully, with greater emphasis on policies to reduce still-high export taxes that discourage competitiveness as fiscal conditions permit. In this context, the recently established Council for the implementation of the "*Pacto de Mayo*" agreement—comprising representatives from the national executive, provinces, both houses of Congress, labor unions, and business associations—will play a key role in advancing the authorities' ambitious reform agenda.

- ***Investment reforms.*** Boosting FDI will require securing an effective, transparent, and evenhanded implementation of the RIGI regime (MEFP ¶25), which is intended to provide tax and regulatory predictability and encourage the development of strategic sectors like energy, mining,

[18] The security platform A3 recently launched a new intraday repurchase agreement (REPI) market aimed at mitigating short-term market volatility. Given the early stage of development in the interbank market, the evolution of this REPI market will require close and continuous monitoring.

[19] Labor reforms will build on the recent introduction of a severance fund, aimed at mitigating the risks associated with dismissal-related litigation.

agro-industry, and knowledge economy.[20] This will need to be complemented by efforts to secure a timely completion of priority public infrastructure projects (i.e., the second phase of the gas pipelines), and to engage with the private sector and provinces to address Argentina's large infrastructure gaps. Against this backdrop, priority will be given to structuring road, waterways, and port concessions through well-designed public-private partnerships (PPPs) that incorporate robust risk-sharing mechanisms, aligned with best practices.[21]

- ***State deregulation reforms.*** The state's footprint will continue to be reduced by streamlining unnecessary functions and institutional structures, while safeguarding adequate provision of key public goods and services. Enhancements to public financial management will continue (see ¶20), including in developing a timebound and transparent privatization and asset sales program.[22] The authorities' agenda in this area will continue be guided by the principles outlined in the "*Pacto de Mayo*" agreement, where additional efforts will be required to align incentives to reduce bureaucracy and improve state efficiency at the subnational levels.

- ***Governance.*** The governance frameworks will be strengthened further, including by: (i) increasing the efficiency and transparency of public procurement processes and (ii) enhancing competition and antitrust regulations to foster a more level playing field. In addition, implementation of recommendations from the FATF mutual evaluation report (MEFP ¶26) remains a priority to mitigate cross-border money laundering risks and promote a risk-based approach to AML/CFT (***end-November 2025 SB***).

PROGRAM ISSUES

28. The attached Letter of Intent (LOI) and Memorandum of Economic and Financial Policies (MEFP) describe the authorities' progress in implementing their economic program and set out their commitments. The Technical Memorandum of Understanding (TMU) clarifies program definitions and the various quarterly targets.

29. Program rephasing. The authorities are requesting a slight rephasing of the remaining program reviews to better align structural benchmarks and targets with year-end outcomes and to allow sufficient time for implementation of their strategy to rebuild reserves. Accordingly, performance criteria for all subsequent semi-annual reviews will be based on end-December and end-June targets, with the resulting availability dates reset to end-January and end-July, respectively. The program expiration date would remain unchanged, implying six additional semi-annual reviews

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[20] Investment commitments totaling US$12 billion over the medium term, primarily from energy and mining companies, have already been agreed or announced.

[21] Consideration could be given to establishing a new overarching legal framework for PPPs, as well as to standardizing contract templates, creating contingency planning protocols, and developing alternative financing instruments and risk-hedging mechanisms to attract institutional investors and broaden the financing base.

[22] With emergency powers expired, the government will now pursue its reform agenda through regular legislative channels, focusing on public enterprise restructuring, regulatory streamlining, and fiscal transparency.

(instead of seven at program approval) after the second review, with a slightly larger evenly distributed purchase in each (see Table 13).

30. ***Quantitative targets.*** The authorities are requesting:

- *Waiver of nonobservance* for the PC on NIR accumulation for the June 13 test date on the basis of recently implemented corrective actions and the launch of a multipronged FX purchase strategy to credibly rebuild reserve in line with program commitments. Efforts are underway to rebuild reserves through end-2025 and beyond, consistent with program commitments.

- *Modification of targets (2025-2026).* The **NIR** accumulation target for end-December 2025 has been lowered to mainly reflect the initial shortfalls, which are gradually being addressed through the agreed corrective actions. In fact, by end-2025, the NIR would increase by about US$5.5 billion relative to the start of the program (from -US$8.2 billion to -US$2.6 billion), remaining generally unchanged compared to end-2024 levels. Reserve accumulation will accelerate further starting in 2026 and is expected to catch up to original program targets by end 2027. Reserves are expected to reach the end program objective of about 100 percent of the ARA metric supported by continued market access, and higher private inflows, including to facilitate the continued expansion of energy and mining exports. Meanwhile, the indicative **NDA** ceiling for end-December 2025 is being revised to reflect changes in the NIR targets. Revisions have also been made to reflect the updated nominality and to applicable adjustors to reflect updated projections on official budget support disbursements.

Argentina: Expected NIR Dynamics Under EFF 1/

	Approval	1st Review	Diff
2025Q4	2.4	-2.6	-5.0
2026Q1	0.9	-3.1	-4.0
2026Q2	5.1	1.6	-3.5
2026Q4	10.4	8.4	-2.0
2027Q4	22.9	22.9	0.0

1/ At current rates. Subject to adjustors as defined in Technical Memorandum of Understanding.

- *New PCs are also being proposed* for all relevant indicators for December 2025 and June 2026 (previously ITs) and new ITs are being set for March 2026.

31. ***Financing Assurances.*** Firm financing assurances are in place from official creditors over the next 12 months with good prospects for the remainder of the program. Net financing from the MDBs, including the World Bank and IADB, is projected to reach about US$2.5 billion this year (about US$500 million higher than the assumption at program approval). Staff assesses that firm financing commitments from China are in place for the activated portion of the PBOC swap line (about US$ 5 billion), given the master agreement and clarifications provided by the PBoC, and there are good prospects for renewal.

32. ***Capacity to repay.*** While early efforts to re-access international capital markets are commendable, Argentina's capacity to repay its Fund obligations remains subject to exceptional risks and continues to hinge on strong policy implementation to improve reserve coverage and sustain market access (at more favorable terms) by the time repayments to the Fund come due (Table 12).

The strict implementation of the reserve purchase plan will be critical to reduce these risks and strengthen the sustainability of the balance of payments. Obligations to the Fund are projected to peak at 9 percent of exports and 15 percent of central bank reserves and expected to persist at high levels for several years after the end of the program.

33. ***Jurisdictional issues.*** Following the establishment of the new FX and monetary regime, which eliminated a wide range of FX restrictions and controls, the authorities have continued to further ease these restrictions. That said, Argentina continues to maintain several exchange restrictions and one MCP subject to Fund approval under Article VIII, Sections 2(a) and 3 (see Annex II). Staff assess the remaining FX restrictions, designed to address legacy import backlogs and legacy dividend and debt service payments, and the MCP have been kept to ease balance of payments pressures. The authorities are requesting Board approval to maintain these exchange restrictions and the MCP on a temporary basis, intending to eliminate these gradually as conditions allow during the course of the program. Staff supports the authorities' request as the conditions for approval are met—they are temporary, maintained for balance of payment reasons, do not discriminate among members, and the MCP does not give Argentina unfair competitive advantage over other members.

34. ***Arrears policy.*** Staff assesses that the authorities continue to make good faith efforts under the Fund's Lending into Arrears policy to resolve arrears to: (i) claimants of London GDP-warrant case (a final judgment was delivered October 2024 for about €1.3 billion), where negotiations remain underway on a repayment plan; (ii) external private creditors that did not participate in the 2005/10 debt exchange or did not settle under the terms provided in 2016 and those to which there is debt outstanding from the 2001 default (about US$2.4 billion), with the authorities closely monitoring evolving relations with these creditors; and (iii) Mobil Exploration, where negotiations remain underway on a repayment plan on principal claims (US$196 million). Meanwhile, two external arrears claims remain under litigation: (i) Bpifrance Assurance Export, where the firm filed an appeal with the Supreme Court of Justice on December 2, 2022, after the Court of Appeal had rejected the extraordinary appeal submitted by the agency on grounds of statute of limitations; and (ii) Titan Consortium I, LLC, where a legacy claim is currently under litigation on grounds of statute of limitations. Staff also judges that adequate safeguards remain in place for the use of Fund resources, and Argentina's reform efforts are not undermined by developments in creditor-debtor relations.

35. ***Statistical issues***. The statistical agency (INDEC) is expected to release by end-2025 the updated Consumer Price Index (CPI) based on the 2017-18 household expenditure survey to better reflect structural changes in cost patterns and improve data quality. The precise timing of this release will be discussed in the context of the next review.

36. ***Safeguards Assessment.*** Preliminary observations of the Safeguards Assessment, which is substantially complete, include positive developments such as recognition of government assets at fair value in the BCRA financial statements, establishment of an Audit Committee, and termination of monetary financing. Some recommendations from previous assessments remain relevant such as drafting legal reforms to enhance the central bank's autonomy, improving financial statement reporting transparency with a gradual full transition to IFRS, and continuing to strengthen the BCRA's reserve position and balance sheet. Ahead of the next review and Article IV, staff will engage with the authorities to develop a roadmap for implementing the remaining recommendations, which could be integrated as conditionality in future reviews.

EXCEPTIONAL ACCESS

37. Staff assesses that Argentina continues to satisfy the four criteria for exceptional access. This assessment is contingent on the continued strong implementation of program policies, including agreed corrective measures, to rebuild reserves and sustain stabilization gains, while policies are adjusted as needed in response to shocks to meet program objectives.

- ***CRITERION 1.*** *The member is experiencing or has the potential to experience exceptional balance of payments pressures on the current account or capital account resulting in a need for Fund financing that cannot be met within the normal limits.*

    - **Staff judges this criterion as met.** Argentina continues to experience exceptional balance of payments pressures on the financial account, driven by large public sector FX debt service over the near to medium term. Decisive program implementation will be critical to sustain international market access at more favorable terms, although meeting these FX obligations during 2025 and beyond will continue to require that the Fund maintains its exposure above normal access limits, with the continued support of the broader international community.

- ***CRITERION 2.*** *A rigorous and systematic analysis indicates that there is a high probability that the member's debt is sustainable in the medium-term; where the member's debt is considered sustainable but not with a high probability, exceptional access would be justified if financing provided from sources other than the Fund, although it may not restore sustainability with high probability, improves debt sustainability and sufficiently enhances the safeguards for Fund resources.*

    - **Staff judges this criterion as met.** Under staff's baseline of strong and sustained policy implementation, staff assesses Argentina's public debt to be sustainable in the medium term but not with high probability (see Annex I). Consistent with the Fund's EA framework, staff also assesses that adequate safeguards would be in place to meet EA2. Specifically, should adverse shocks materialize, sufficient restructurable FX debt to the private sector would potentially be available after program completion to improve debt sustainability and enhance safeguards for Fund resources. This assessment is robust even in the event of renewed loss of market access and contingent debt shocks. Sustained implementation of the proposed fiscal consolidation path and the broader set of policy reforms remain necessary to durably reduce inflation, boost reserve coverage, improve the balance of payments, strengthen Argentina's medium-term growth prospects and harness the country's critical energy wealth.

- ***Criterion 3.*** *The member has prospects of gaining or regaining access to private capital markets within a timeframe and on a scale that would enable the member to meet its obligations falling due to the Fund.*

  - **Staff judges this criterion as met.** After a seven-year gap, Argentina has regained access to international market earlier than anticipated with the issuance of a peso-denominated sovereign bond under local law to non-residents in late-May. A second repo agreement to boost near-term BCRA liquidity has also been finalized, and work is advancing to refinance a portion of FX bondholder obligations falling due in 2026. Furthermore, the smooth transition to a more flexible exchange rate and implementation of the Fund-supported program have resulted in credit rating upgrades, most recently by Moody's from Caa3 to Caa1. However, while sovereign spreads have narrowed, they remain elevated amid still-low FX reserve buffers and lingering domestic political uncertainties. Strict and sustained implementation of Argentina's ambitious reform program, including the adoption of the agreed reserve accumulation plan, will be essential to further reduce sovereign risk, improve the sustainability of the balance of payments, and support sustained market access on more favorable terms to refinance FX obligations falling due (while not adding to overall public debt) and gradually reducing exposure to senior creditors.

- ***Criterion 4.*** *The policy program of the member provides a reasonably strong prospect of success, including not only the member's adjustment plans but also its institutional and political capacity to deliver that adjustment.*

  - **Staff assesses this criterion as met.** Corrective measures undertaken to address the reserve shortfalls underscore the authorities' commitment to the stabilization program, and shared recognition of the need to rebuild external buffers, including ahead of the more volatile and challenging pre-election period. The success of the program also hinges on the authorities' unwavering commitment to the fiscal anchor, and fiscal performance does face a challenge of costly spending initiatives proposed and approved by Congress. That said, President Milei's intention to legally challenge (including through vetoes) these initiatives and implement fiscal contingency plans (as needed) mitigate these risks. Going forward, deeper collaboration with Congress will be necessary to advance key structural reforms, particularly in the areas of taxation, pensions, and the labor market. In general, building and sustaining broad social and political support for the Fund-supported reform agenda remains critical, and the recently established *Mayo Council* (comprised of representatives from congress, provincial governments, businesses and labor unions), represents an important step in this direction. In parallel, efforts should persist to ensure adequate social assistance and a fair distribution of adjustment costs (with greater emphasis policies to facilitate job creation) to maintain social cohesion and political support throughout the life of the program.

ENTERPRISE RISKS

38. Enterprise risks remain elevated amid a more complex external and domestic backdrop. The smooth rollout of the new monetary and FX regime, the strong track record of fiscal discipline, and the earlier-than-anticipated re-access to international capital markets have partly mitigated these risks, which continue to be elevated. Reserve buffers are expected to remain relatively low in the near term—below 60 percent of the ARA metric—limiting Argentina's capacity to absorb potential shocks from rising external and domestic uncertainties. Risk of policy slippages cannot be discarded—arising from either an over-prioritization of short-term disinflation gains (and overreliance on volatile short-term inflows) or from the intensification in spending pressures from outside the government, especially ahead of the mid-term elections. In this regard, early market access and the authorities' unwavering commitment to the fiscal anchor and to implement contingency plans as needed are key mitigating factors, while commitments to accelerate reserve purchases after this year also lend reassurance of moving forward with completion of the first review. The proposed slight rephasing of the program, in line with modestly backloaded reserve accumulation, provides the Fund with additional safeguards.

STAFF APPRAISAL

39. The new phase of the authorities' stabilization and growth program is off to a positive start, although challenges remain. The transition to a more flexible exchange rate regime and the easing of most FX controls has proceeded smoothly. The official exchange rate has fluctuated around the band's midpoint despite elevated external risks, supported by appropriately tight macroeconomic policies. Inflation and FX gaps have declined significantly. Sovereign spreads have narrowed further, facilitating an earlier-than-expected return to international capital markets. Continued economic growth and enhanced social assistance have supported a sharp reduction in poverty. In the face of rising risks, sustaining these early gains will require continued implementation of policies to safeguard macroeconomic stability, rebuild reserves, and strengthen fiscal and external sustainability.

40. The commitment to fiscal balance must remain a key policy anchor. The fiscal overperformance to date is commendable, although spending discipline will need to be sustained for the remainder of the year to meet the authorities' more ambitious primary surplus objective of 1.6 percent of GDP for 2025. Beyond this year, further consolidation will be needed to support internal and external balances, lessen the burden on monetary policy, and reduce sovereign spreads. It will be important to underpin this in the 2026 budget by introducing a medium-term fiscal framework, and by integrating a fiscal risk assessment into the budget process. Additionally, well-sequenced efforts are needed to (i) improve tax efficiency and equity (and the tax reform plan by end year will be important in this regard), (ii) strengthen revenue sharing and fiscal discipline across government levels, and (iii) enhance pension system sustainability. These complex reforms would benefit from early preparation and consultation, including with international development partners.

41. Progress in enhancing the debt profile and re-accessing international capital markets should be maintained. Ongoing efforts to extend maturities, reduce reliance on inflation-and FX-linked securities, expand the investor base, and create buffers should continue to reduce peso-debt refinancing risks. On the external front, Argentina's earlier-than-anticipated return to international capital markets is noteworthy, and efforts should continue to sustain market access on better terms to refinance large FX obligations and reduce exposure to senior creditors without increasing overall indebtedness or adding to vulnerabilities. Good faith negotiations to resolve litigation payment schedules and engage with claimants on pending cases should continue.

42. Monetary conditions should remain appropriately tight to support disinflation and the new exchange rate band system. The new monetary targeting framework, where interest rates are now endogenously determined, has appropriately supported disinflation (by limiting the exchange rate passthrough to prices) and the ongoing remonetization process. Efforts should continue to improve the interest rate transmission channel, and facilitate the development of the interbank markets, although the central bank should continue to play a more active role in liquidity management to mitigate excessive interest rate volatility in coordination with the Treasury. Refinements to the monetary targeting framework should continue to better anchor inflation, although greater clarity is needed about the monetary and FX regime over the medium term. Meanwhile, reforms to strengthen the BCRA's autonomy and mandate—in line with the recommendations of the ongoing safeguards assessment—should be considered. An updated CPI should be released as early as possible to more accurately reflect structural changes in cost patterns and enhance data quality.

43. Exchange rate flexibility is another key policy anchor, and rebuilding reserves buffers a key priority. Staff welcomes the transition to a more flexible exchange rate, which is already helping Argentina navigate a more challenging external backdrop. However, greater and sustained efforts are needed to rebuild reserve buffers to better manage shocks and support the sustainability of Argentina's balance of payments, including by avoiding overreliance on volatile short-term inflows. In this regard, the central bank should play a more active role in the reserve accumulation process, with consideration given to having a more regular FX purchase schedule. Done properly, this will enhance price discovery. Furthermore, interventions in the NDF market should be temporary and limited to situations of disorderly market conditions and should not substitute for other monetary policy tools in the management of liquidity and interest rate volatility. Meanwhile, a further easing of the pending FX restrictions and controls should proceed gradually and as conditions permit.

44. Reforms to create a more open and market-based economy should be deepened. Early efforts to streamline bureaucracy, rationalize redundant public employment, and improve the efficiency of the state are laudable. Progress should continue in addressing market distortions and entry barriers, with greater focus given on reforms to improve labor flexibility, support formal job creation, and encourage mobility towards more competitive sectors. Building on actions to significantly ease import restrictions, emphasis should be given to reducing distortive export taxes, as fiscal conditions permit. Finally, it remains critical to encourage foreign direct investment, including the through the consistent implementation of RIGI regime, as this will help unlock Argentina's potential in key sectors, contributing to the sustainability of the balance of payments.

45. In the face of elevated risks, sustaining progress will require maintaining and possibly implementing contingency plans, as well as further efforts to build support for the reform program. A further rise in trade and geopolitical tensions, as well uncertainties ahead of the elections will require an early implementation of agreed contingency plans to shield the Argentine economy from these shocks. Staff endorses the additional fiscal adjustment programmed for this year, and efforts to ensure that all spending initiatives are fully funded before they can take effect. Ensuring social and political support for the program will require continued efforts to secure well-targeted social assistance, as well as policies to encourage employment. Staff welcomes the creation of a new *Mayo Council*, although further efforts remain to build the necessary consensus for fundamental reforms.

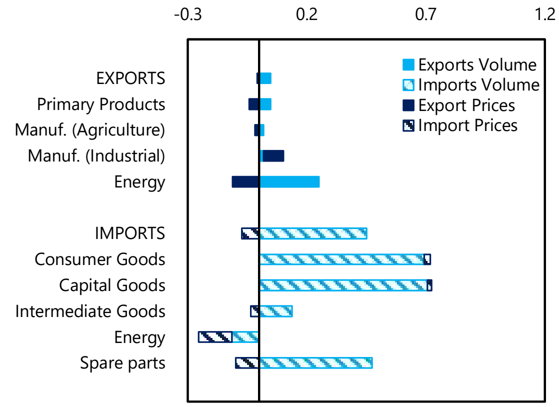
46. Staff supports the authorities' request for the completion of the First Review under the Extended Arrangement. Given delays in concluding the first review, staff supports rephasing the remainder of scheduled reviews and purchases. Staff also supports the requests for waivers of non-observance, and for modification of performance criteria, given the program performance so far and the new policy commitments going forward. Staff also recommends completion of the financing assurances review, given Argentina's ongoing good faith efforts to resolve its external arrears. Finally, staff supports the authorities' request for approval of the remaining exchange restrictions and MCP (Annex II), as they are temporary, maintained for balance of payment reasons, do not discriminate among members nor give Argentina unfair competitive advantage over other members. These measures are being applied while Argentina is endeavoring to eliminate its BOP problem.

Box 1. Trade Developments in Argentina During S1:2025

This box provides details regarding changes in the trade balance during the first half of 2025.

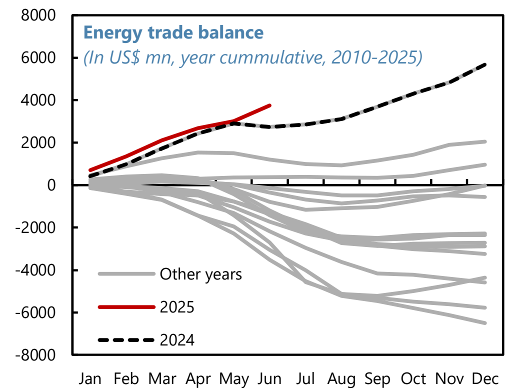
Nonenergy exports have been buoyant. *Export v*olumes have risen by 4 percent, supported by improved macroeconomic stability, lower export taxes, and reduced barriers to imported inputs.[1] Agricultural exports were driven by an above-average wheat harvest (offsetting weaker maize harvesting due to heavy rains), and a pick-up in liquidation before the expiration of export tax incentives for soybean and maize. Manufacturing exports benefited from a 40 percent year-on-year rise in mining (mainly gold), and moderate growth in transport equipment, machinery, and chemicals. The higher U.S. tariffs have thus far had a limited impact (see Box 2).[2]

Exports and Imports Growth
(In percent, y/y; January to June)



Source: INDEC.

Nonenergy imports grew at a very fast clip though with signs of a slowdown in June. Import volumes jumped 44 percent y/y (14 percent relative to Sep–Dec 2024), driven by stronger domestic demand and sweeping liberalization, including the removal of *Impuesto PAIS* and many import restrictions.[3] Imports of capital goods rose 71 percent, of spare parts 47 percent, and that of durable consumption goods more than doubled in value. These developments reflect rising investment and improved credit access, with some of the increases possibly due to front-loading given devaluation fears, with Q1:2025 imports 10–15 percent above trend.[4] In June, import volumes were down 3 percent m/m, despite seasonal uptrend, possibly reflecting weaker domestic demand and moderate REER depreciation since program approval.



Source: INDEC.

The energy trade balance continues to strengthen. Despite the lower oil prices, energy exports rose 11 percent y/y and are expected to accelerate in H2 following the completion of the Oldeval pipeline expansion in April, which doubled oil export capacity. Energy import prices and volumes fell too despite refinery maintenance and pipeline delays, taking the energy trade balance to its highest level in at least 15 years.

Services deficit reached a record high. The services (cash) trade deficit rose to 1 percent of GDP through June 2025 (from 0.3 percent a year earlier), led by record outbound travel services (0.7 percent of GDP), as inbound visits dropped by an estimated 15 percent y/y.[5] Other services posted a small surplus, driven mainly by exports of IT, consulting, and other business services, supported by global demand and Argentina's competitive skilled labor costs.

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[1] Prices of intermediate goods and spare parts imports fell by 4 and 10 percent y/y, largely reflecting lower trade barriers.

[2] Steel exports to the U.S. dropped US$40 million Feb–May, mostly reflecting a general slowdown in the sector. Aluminum exports fell US$90 million but were redirected to other markets. In May, U.S. exports declined 25 percent while exports to China doubled, with imports stable—likely seasonal and within normal monthly variation.

[3] Removing trade restrictions caused imports to grow much faster than GDP—over three times the usual rate.

[4] Based on a regression of imports on real GDP and REER, with seasonal adjustments and an annual trend.

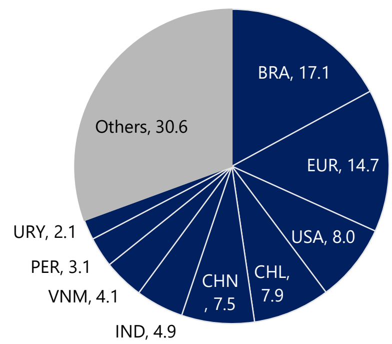
[5] Since the program began, the exchange rate for outbound tourism has appreciated sharply, as previously travel costs were mostly paid in USD via parallel markets.

Box 2. Assessing Possible Impact of Recent Global Trade Tensions on Argentina

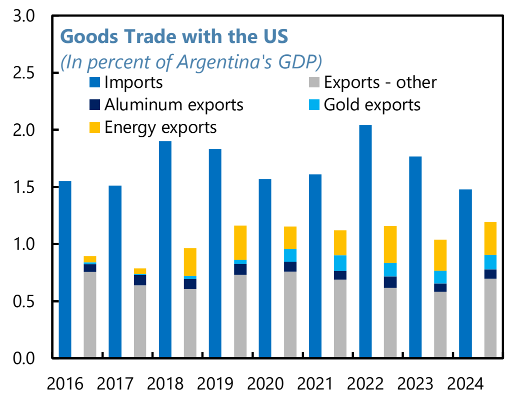
This box explores the potential channels for and the impact on Argentina of higher U.S. tariffs and the associated rise in global uncertainties.

Trade linkages with the U.S. The United States is Argentina's third most important export destination market, after Brazil and the EU, and on par with Chile and China, representing around 8 percent of all Argentine goods exports, or the equivalent of about 1 percent of GDP, reflecting Argentina's limited opennesss. Argentina, however, has been running a small goods trade deficit with the U.S. for some time (averaging 0.2 percent of GDP).

Argentina Trading Partners
(In percent of total exports, 2024)



Source: INDEC.



Source: UN COMTRADE as reported by the US.

Trade channel. Since early April, most goods exports from Argentina to the U.S. have been subject to a tariff of 10 percent. While energy and gold imports (of about US$3bn) are exempt, steel and aluminum (about US$0.6bn) have been subject to a 25 percent tariff since mid-March. Staff analysis suggests that the direct impact would be small, with Argentine exports to the U.S. declining by only US$ 0.3-0.5 billion per year. The impact could be even smaller, if offset by trade diversion from partners hit by steeper tariffs elsewhere (notably Brazil, China and the EU), as manufacturers might opt to relocate to Argentina (and other Latin American countries) to avoid the higher tariffs. Similarly, given retaliatory tariffs imposed on imports of U.S. goods by other countries (such as China), the demand for Argentine products (notably agricultural products such as soybean) could rise further.[1]

Financial channels. While Argentine sovereign and corporate bond spreads have recovered somewhat since the escalation of trade tensions in early April, financial risks persist, especially given Argentina's weak reserve buffers. A risk-off environment could slow or reverse portfolio investment inflows, weighing on domestic FX deposits and credit growth, and limiting the government's access to international capital markets. Should these risks materialize, activity could decline, and inflation could rise (on account of FX pressures) across the projection horizon.[2] These effects, however, could be partially mitigated if associated with weakness in the U.S. dollar.

Global growth and commodity price channels. Global growth for 2025 has been revised down by 0.3 ppts relative to the January WEO forecast (used at program request). An even sharper slowdown could lead to decreased demand for Argentine exports and even lower commodity prices. While oil prices have already declined by around 15 percent y/y in H1:2025, steeper declines in prices of commodities could weigh on export values in 2025 and 2026, exerting pressure on the FX and limiting Argentina's ability to rebuild reserves. On the other hand, trade diversion could increase the price premium on some exports (such as soy), helping cushion the global demand shock.

Policy response. Policies should adjust if these downside risks materialize. The more flexible exchange rate framework would serve as a key shock absorber, which combined with tighter fiscal and monetary policies could lead to improvements in the current account and avoid further drains in reserves to preserve external stability. A more decisive reduction in export taxes may need to be considered to boost competitiveness, provided that offsetting fiscal measures are identified.

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[1] About half of Argentine exports to China are seeds, grain, and oil, products which China also imports from the US.

[2] Based on the April 2025 WEO Box 1.1, Scenario A, growth could fall by 0.3 ppts of GDP.

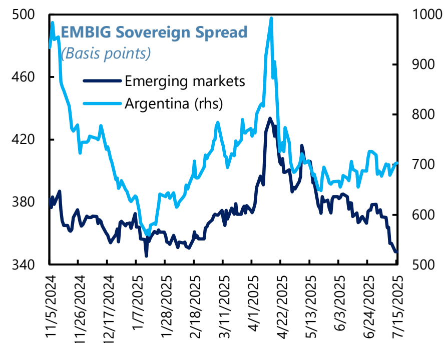
Box 3. Understanding Drivers of Argentina's Sovereign Spreads

This box analyzes the drivers of the decline in Argentina's spreads and outlines policies to enhance market access.

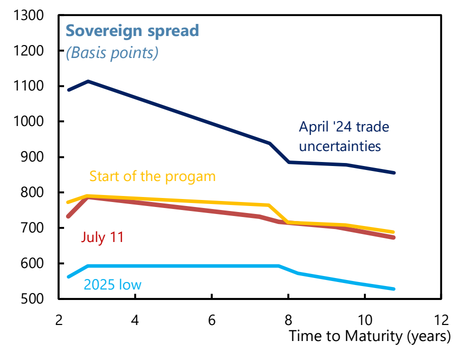
The sharp compression in spreads during 2024 was largely driven by domestic factors. While global financial conditions were broadly supportive during much of 2024, Argentine bonds outperformed most emerging markets, pointing to the importance of domestic idiosyncratic drivers. Market confidence improved as the fiscal anchor of the Milei administration gained credibility, the current account moved to a surplus, and reserves rapidly recovered from end-2023 lows.[1] A tax amnesty on undeclared assets in H2:2024 further bolstered FX inflows and boosted local demand for sovereign bonds.

After elevated domestic and external risks in early 2025, spreads compressed following approval of the Fund-supported program. As in most other EMs, spreads rose during January-April reflecting global trade policy uncertainties, although these pressures were amplified in Argentina given reserve losses and uncertainties over the exchange rate regime ahead of program approval. Following program approval, spreads compressed sharply (initially by over 200 bps) as markets welcomed the consistency and strength of the program, including its immediate transition to a more flexible FX regime and the easing of most FX controls.[2] This facilitated a faster-than-anticipated market access, with successful issuances of $1.5 billion in peso-denominated bonds subscribed in U.S. dollars.

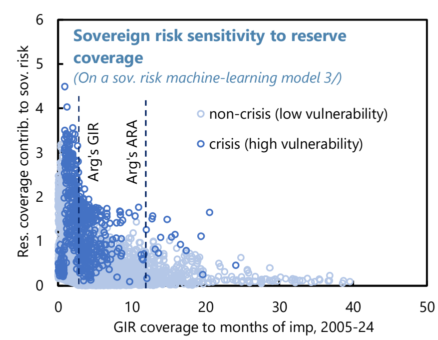
As spreads remain high, deepening market access will require additional policy efforts. While elevated sovereign risk partly reflects Argentina's history of FX controls, repeated debt restructurings, and political uncertainty, empirical evidence suggests that sustained improvement in macroeconomic fundamentals would help significantly lower risk.[3] Continued adherence to the fiscal anchor and further gradual reduction in debt will be critical. Negative net reserves remain a key vulnerability, making sovereign risk highly sensitive to short-term reserve fluctuations (see figure).[4] In the context of rising global risks, a credible and balanced reserve accumulation—driven by the current account and private capital inflows—would bolster market sentiment especially given Argentina's elevated FX debt, low export capacity, and shock-prone capital inflows.[5]



Source: Bloomberg L.P.



Sources: Bloomberg LLC and Sovereign Debt Monitor.



Sources: WEO, GAS and Fund staff estimates.

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[1] Argentina observed the largest improvement in the overall fiscal balance across all EMs in 2024. The increase in the current account balance was the second largest. A simple regression model of sovereign spreads suggests that at least ⅔ of the improvement in 2024 was associated with Argentina's improved domestic macroeconomic policies.

[2] The initial compression of spreads was strongest at shorter maturities suggesting that the program was especially effective in addressing near-term liquidity risks.

[3] "Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for Market Access Countries," *IMF Policy Paper* No. 2022/039. The model therein suggests that 100-150bps of Argentina's risk premium could be explained by its history of fiscal stress events.

[4] Moreno Badia, Marialuz, Paulo Medas, Pranav Gupta, and Yuan Xiang, 2022, "Debt is not free," *Journal of International Money and Finance*, vol.127. Similar non-linearities appear in the sudden stop models as well. Argentina's reserve coverage along most metrics is lower than in most EMs (below the 10th percentile), including countries with floating ER regimes and fiscal surpluses.

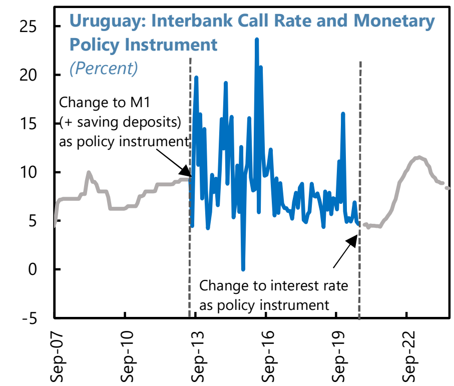
[5] Sosa-Padilla, Cesar, Federico Sturzenegger, 2023, "Does it matter how central banks accumulate reserves? Evidence from sovereign spreads," *Journal of International Economics*, vol. 140.

Box 4. Monetary-Targeting Frameworks. Key Features, Challenges and Evolutions

This box outlines the development of monetary-targeting frameworks (MTFs) and summarizes key experiences with their implementation.

Using money as a nominal anchor offers a combination of monetary policy autonomy and operational simplicity, making it a suitable option for central banks (CBs) seeking to build credibility. Unlike exchange rate anchors, which constrain monetary independence and expose the economy to external shocks, money growth targets are domestically oriented and are relatively easier to implement than inflation targets. Operational targets under the CB's direct control—such as base money or NDA—can be used to enhance transparency, credibility and accountability.

MTFs can be particularly effective initially in high-inflation environments. MTFs are based on an estimated medium-term relationship between monetary aggregates and nominal (or potential) economic growth, with the link between money growth and inflation tending to strengthen as inflation rises.[1] As such, imposing strict limits on money supply growth—effectively increasing the cost of money—can help contain inflationary pressures. This dynamic contributed to the popularity of MTFs in advanced economies during the 1970s, a period marked by high inflation and explains their continued relevance in many emerging economies during the 1990s as well as more recently, especially in countries with fiscal dominance.[2] In fact, during 2011-17, over 80 percent of IMF-supported programs included monetary conditionality on either the NDA or base (or reserve) money, which were associated with reductions in inflation comparable to those achieved under alternative monetary frameworks.[3]



Source: Central Bank of Uruguay.

However, the unstable relationship between monetary aggregate growth and inflation remains a key challenge for MTFs.[4] To mitigate these challenges, central banks often target broad money aggregates, which tend to have a more stable relationship with inflation. Additionally, countries also adopted shorter operational horizons to allow for more frequent adjustments in response to changing monetary conditions. In high-inflation environments, velocity tends to be elevated, and money growth targets can face risks from faster-than-anticipated re-monetization (with targets being missed despite improving inflation outcomes). In highly dollarized/euroized economies, such as Türkiye in 2001, base money can grow more slowly with limited inflationary effects, owing to the substitution of foreign currency for domestic monetary instruments. Importantly, MTFs can generate difficult-to-manage high interest rates volatility (see text chart example of Uruguay) as quantities are a given and the price of money is the variable of adjustment.

As MTFs succeed in reducing high inflation, they have often evolved gradually to place greater emphasis on inflation itself rather than strictly on money supply targets. As inflation declines and becomes more predictable, it can gradually become a more viable and credible policy objective, allowing the policy interest rate to assume a more central role. Inflation goals could initially be presented as forecasts, as in Chile in the 1990s, and gradually integrated into monetary targeting strategies—as done by Germany in the 1980s. In such cases, the central bank's policy response could reflect broader macroeconomic conditions, including growth and exchange rate dynamics, allowing a more flexible and forward-looking approach to monetary policy. While high financial dollarization presents unique challenges, the transition away from strict money targets can be successfully implemented (as in Peru and Uruguay).[5]

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[1] Argy, Brennan and Stevens, 1989, "Monetary targeting: the international experience," RBA Annual Conference.

[2] Examples include Germany, Switzerland, Indonesia, Mexico, Türkiye, Uruguay and more recently in Pakistan (in the context of a Fund program, with adherence to the NDA and disinflation).

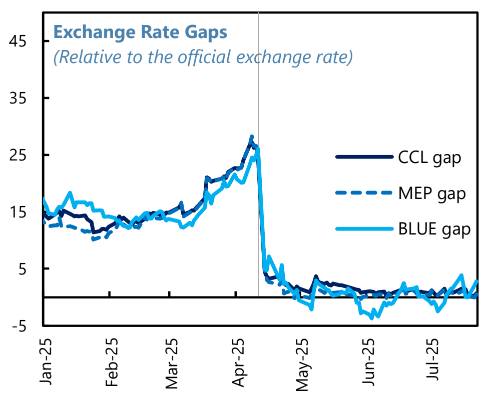
[3] IMF, 2019, *2018 Review of Program Design and Conditionality*.

[4] IMF, 2014, *Conditionality in evolving monetary policy regimes.* A common finding is that the relationship between money growth and inflation has weakened since the 1990s, largely on account of rising money demand shocks that have lessened the effectiveness of money targets in guiding price stability.

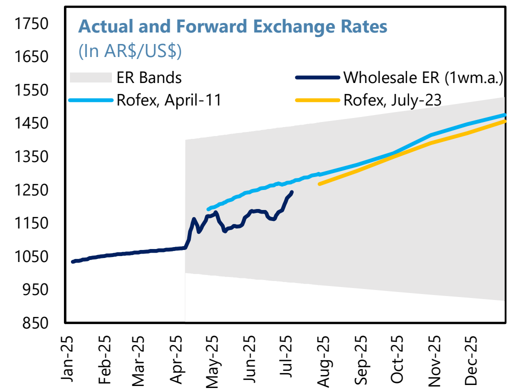
[5] Armas and Grippa, 2005, "Targeting Inflation in a Dollarized Economy: The Peruvian Experience" *IABD WP* No. 538. Pinon et al., 2008, "Macroeconomic Implications of Financial Dollarization: The case of Uruguay," *IMF Occasional Papers* No. 263.

Figure 1. Argentina: Recent Market Developments

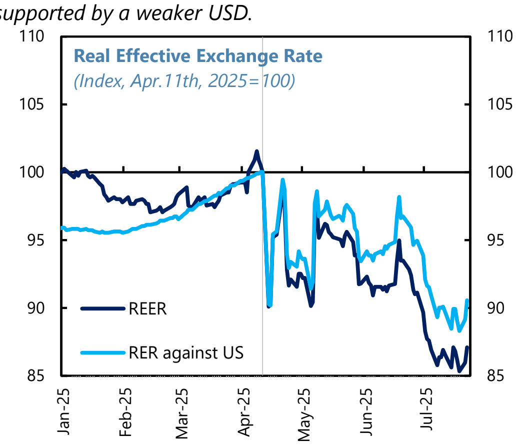
The launch of the new program has led to the unification of the exchange rates…



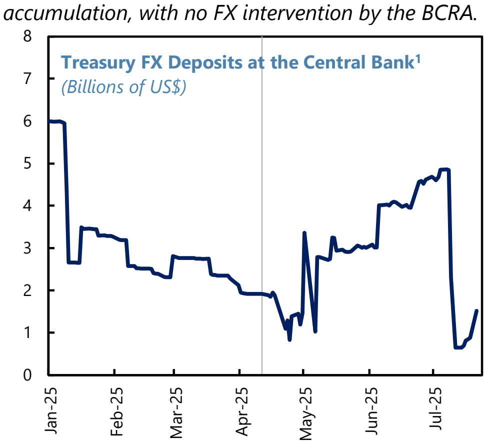
…with the exchange rate floating within a widening band.



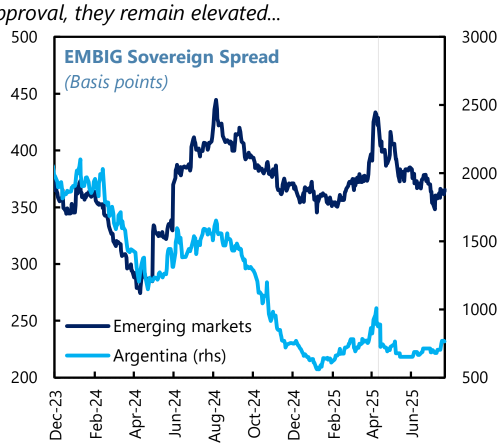
As a result, overvaluation risks have receded, further supported by a weaker USD.



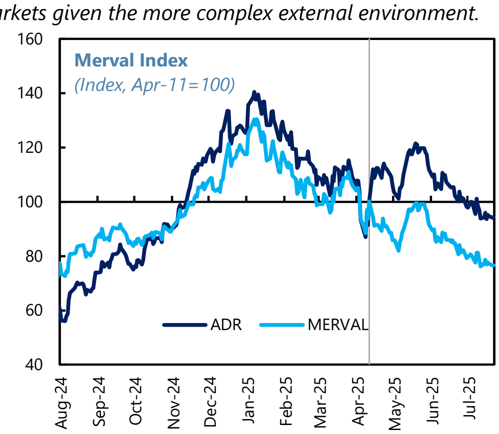
FX buffers of the Treasury are being replenished, supporting NIR accumulation, with no FX intervention by the BCRA.



While sovereign spreads have compressed since program approval, they remain elevated…



…and equity markets mirror developments in international markets given the more complex external environment.

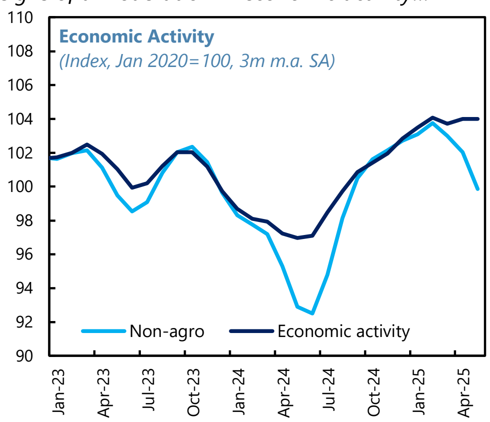


Sources: BCRA; Dolarito; Eikon Refinitiv; Bloomberg; and Fund staff calculations.

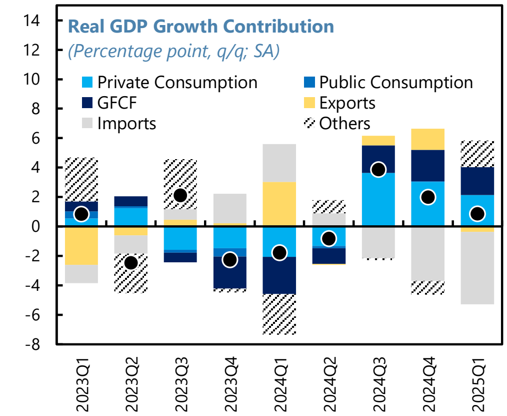
[1] Excluding the Fund program disbursement and associated WB and IDB disbursements in April, used to repurchase non-marketable paper held by the BCRA in early May.

Figure 2. Argentina: Economic Activity and the Trade Balance Developments

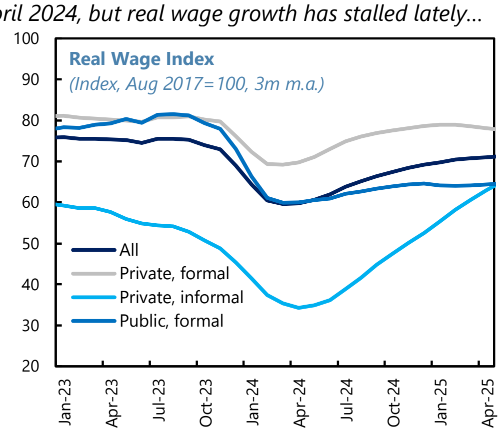
Following a V-shaped recovery in H2:2024, there are some signs of a moderation in economic activity…



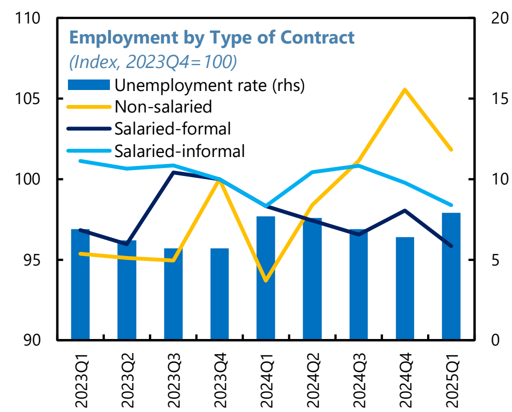
…though domestic demand and absorption remain robust.



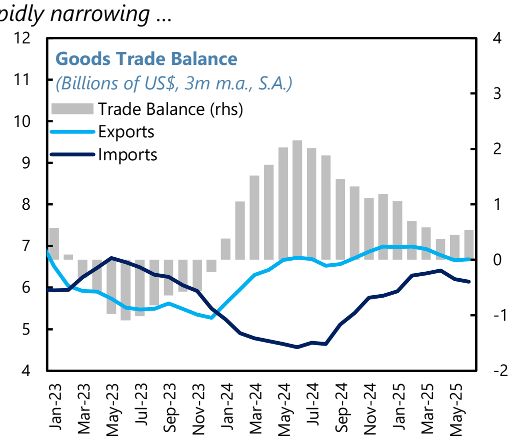
Labor market indicators have recovered since the lows of April 2024, but real wage growth has stalled lately…



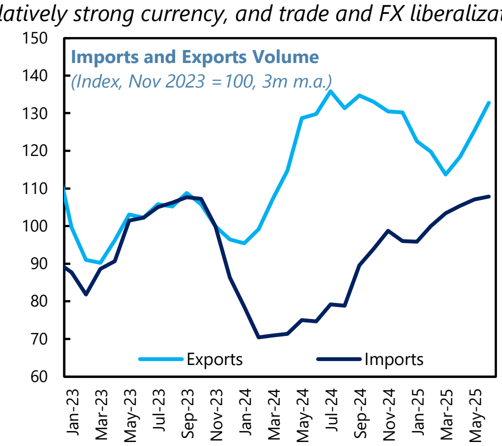
…and employment indicators deteriorated in Q1:2025, especially as formal salaried employment continues to lag.



After a sharp improvement in 2024, the trade surplus is rapidly narrowing …



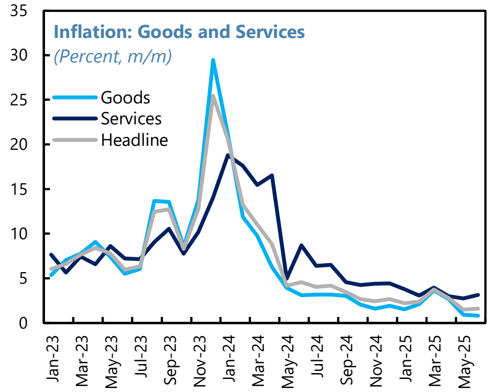
…driven by higher imports, amid strong activity, a still relatively strong currency, and trade and FX liberalization.



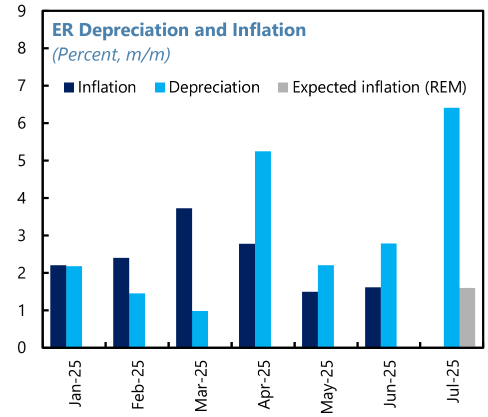
Sources: INDEC; BCRA; Haver Analytics; and IMF staff calculations.

Figure 3. Argentina: Inflation and Monetary Developments

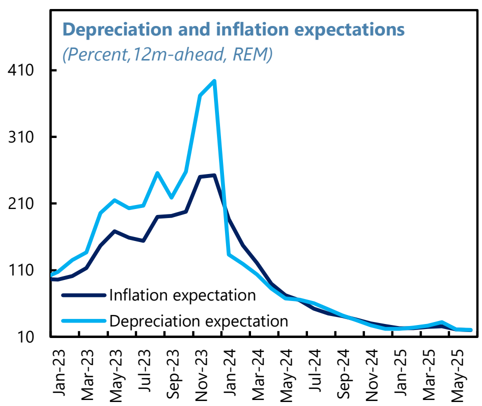
After spiking in April, sequential inflation decreased sharply to four-year lows …



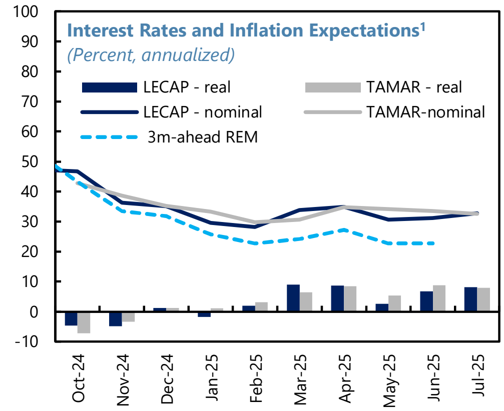
… suggesting a limited FX passthrough, leading to a weaker REER.



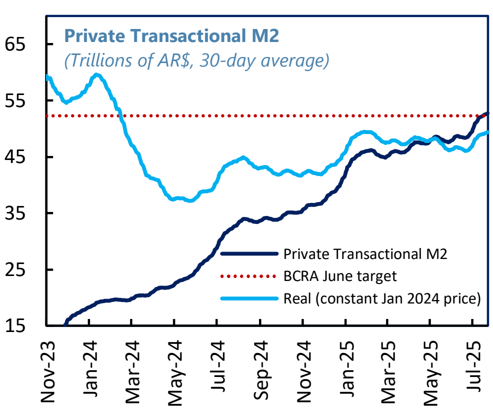
Inflation and inflation expectations continue on a downward trend …



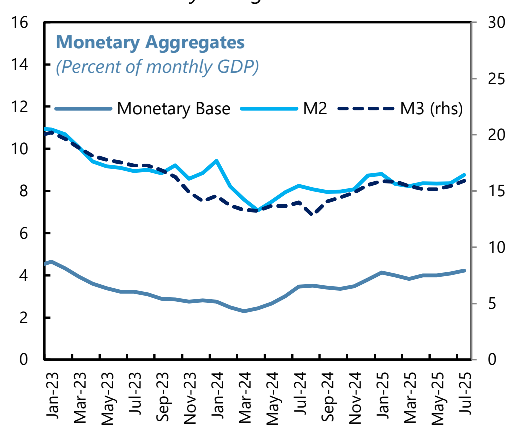
… which has helped in leading ex ante real interest rates firmly into positive territory.



Monetary conditions remain appropriately tight…



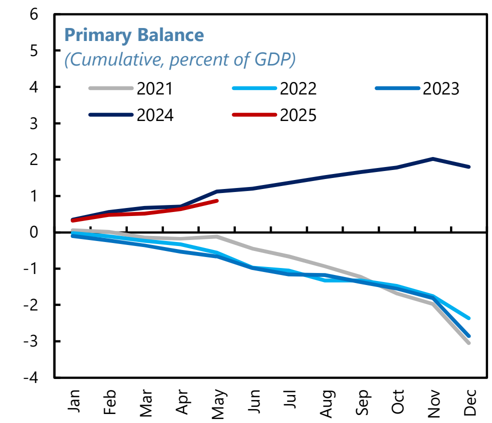
…and remonetization is yet to gain momentum.



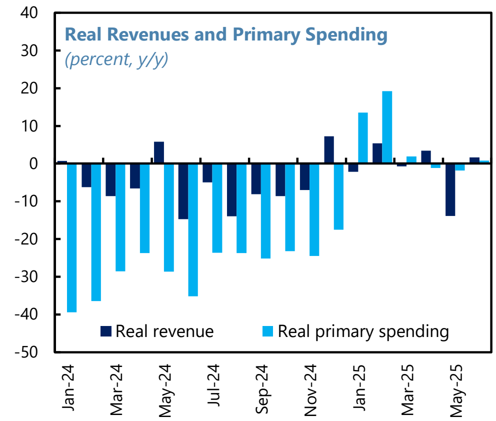
Sources: INDEC; BCRA; Haver Analytics; and IMF staff calculations.
[1] Note: LECAP=3-month ahead rate. Real rates are ex-ante.

Figure 4. Argentina: Fiscal and Financing Developments

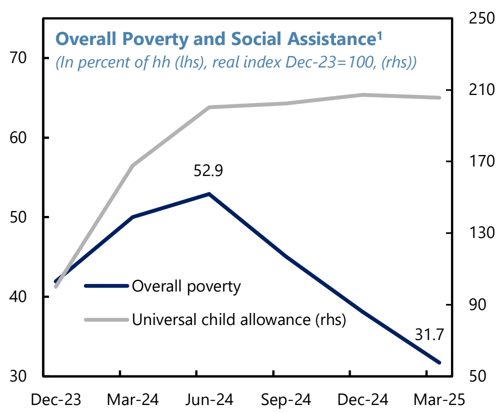
The fiscal anchor remains intact…



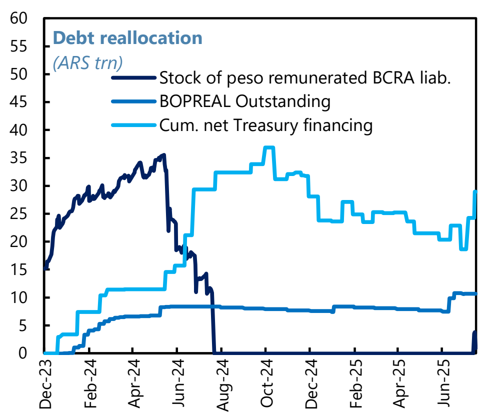
…despite some normalization of spending after the 2024 deep cuts…



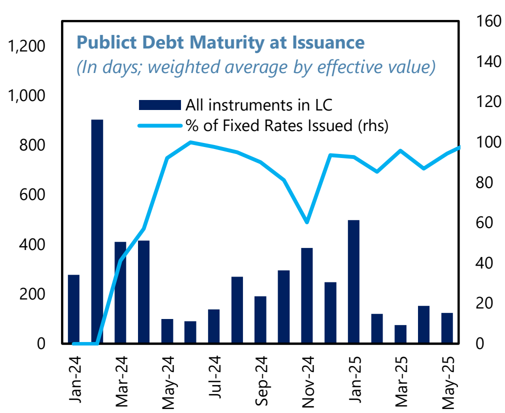
… including by maintaining the real value of social programs, which has supported a decline in poverty.



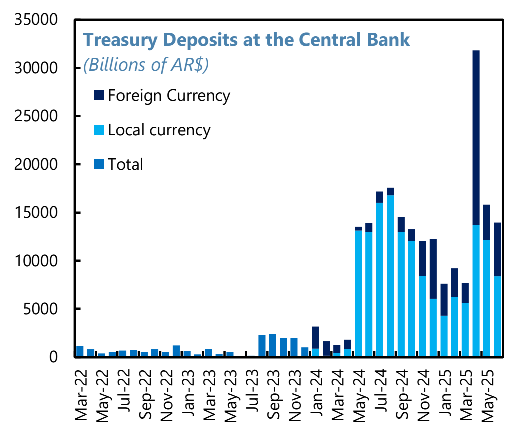
Despite a reduction in the Treasury's net financing…



…amid a steady high share of fixed-rate instrument issuances but at somewhat lower maturities…



…Treasury's deposits continue to be adequate, supported by the BCRA's profit transfer.

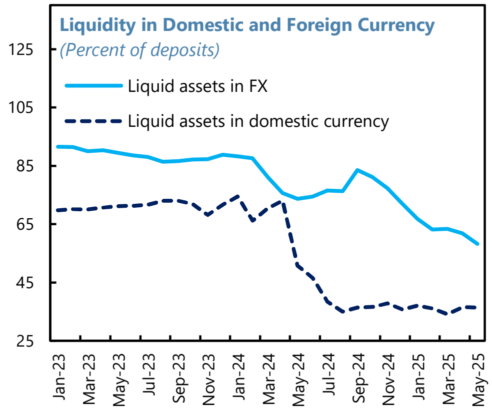


Sources: MECON; Arg. Secretary of Finance; Arg. Ministry of Human Capital; Bloomberg Finance L.P.; BCRA; and IMF staff calculations.

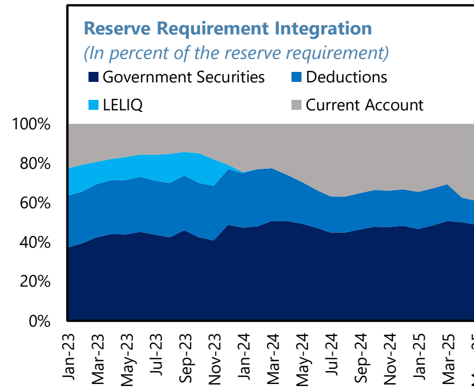
[1] Overall poverty is in percent of households, estimated using household surveys.

Figure 5. Argentina: Banking Sector Developments

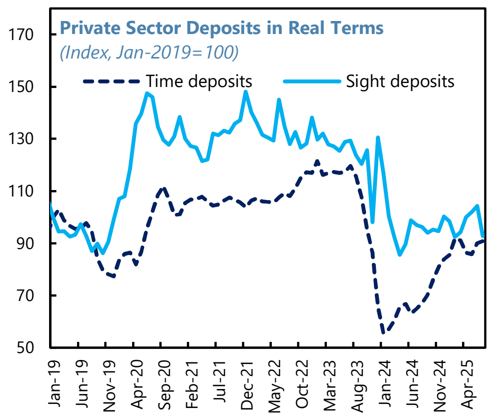
After a decline, liquidity has broadly stabilized at a comfortable level…



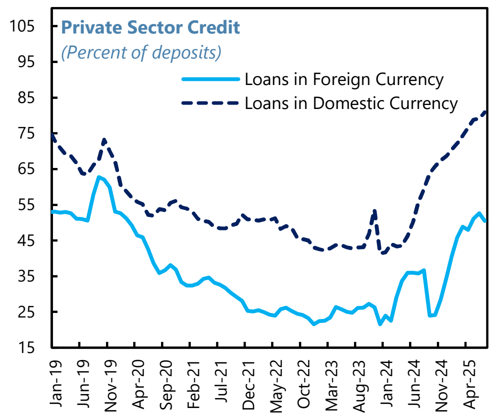
… while banks have increased their deposits at the BCRA as regulatory requirement deductions have been reduced.



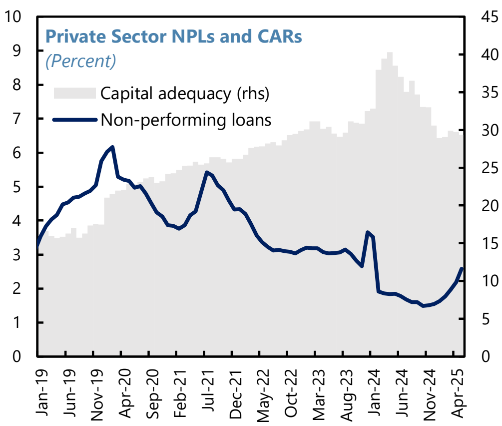
Demand for time deposits has been increasing as confidence in peso is restored.



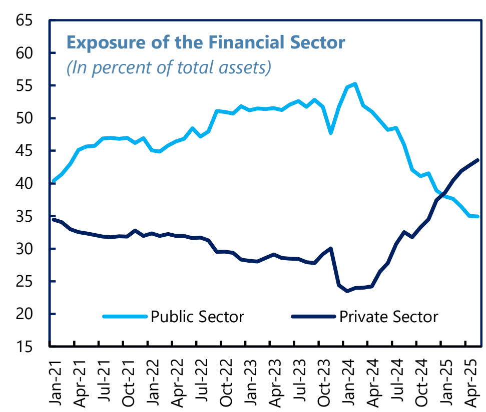
An increasing share of deposits is used to finance the private sector.



Banks continue to be strongly capitalized while non-performing loans are increasing from record low levels.



Banks are gradually replacing public sector (government and BCRA) assets with private sector lending.



Sources: BCRA and IMF staff calculations.

Table 1. Argentina: Selected Economic and Financial Indicators, 2023–30

			SR (April)	Proj.	SR (April)	Proj.				
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
				(Annual percentage changes unless otherwise indicated)						
National Income and Prices										
GDP at constant prices	-1.9	-1.3	5.5	5.5	4.5	4.5	4.0	3.2	3.1	3.0
Non-agro GDP at constant prices	-0.8	-2.7	5.8	5.7	4.7	4.7	4.1	3.2	3.2	3.1
Domestic demand	0.6	-7.3	7.1	11.7	4.3	4.0	3.5	2.9	2.8	2.7
Consumption	1.1	-3.1	3.2	7.3	2.7	2.9	2.3	2.3	2.3	2.3
Private	1.0	-2.9	3.0	8.0	2.6	2.6	2.5	2.5	2.5	2.5
Public	2.1	-3.8	4.2	3.4	3.3	4.8	1.1	1.1	1.1	1.1
Investment	-2.0	-17.2	18.5	25.3	8.5	11.3	8.3	4.9	4.6	4.1
Exports	-9.5	19.8	8.1	7.6	5.3	4.8	4.8	4.2	4.2	4.2
Imports	1.9	-10.2	14.6	33.1	4.4	3.1	3.1	3.0	3.0	2.9
Net exports (percent contribution to real GDP)	-2.5	6.6	-1.7	-6.5	0.1	0.2	0.2	0.1	0.1	0.1
Output gap (percent of potential GDP)	-1.1	-4.8	-2.7	-2.6	-1.2	-1.2	-0.3	-0.1	0.0	0.0
Inflation (eop)	211.4	117.8	[18-23]	[20-25]	[10-15]	[7-12]	7.5	7.5	7.5	7.5
Inflation (avg)	133.5	219.9	[33-38]	[37-42]	[12-17]	[10-15]	8.5	7.5	7.5	7.5
				(Percent of GDP unless otherwise indicated)						
Savings-Investment Balance										
Gross national savings	15.3	16.8	16.9	14.9	18.0	16.4	17.8	18.6	19.5	20.2
Private	20.6	16.3	16.5	13.9	16.6	15.2	16.0	16.8	17.8	18.6
Public	-5.3	0.5	0.4	1.0	1.4	1.2	1.7	1.8	1.7	1.6
Gross domestic investment	18.5	15.9	17.3	16.5	18.3	17.8	18.8	19.3	19.8	20.2
Private	15.2	14.1	15.1	14.3	16.1	15.6	16.6	17.0	17.5	17.9
Public	3.3	1.8	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3
External Sector										
Current account balance	-3.2	0.9	-0.4	-1.7	-0.3	-1.4	-1.1	-0.7	-0.3	0.0
Trade balance	-1.4	2.6	1.3	-0.2	1.5	0.2	0.6	0.9	1.2	1.4
Foreign direct Investment (net)	3.3	1.4	0.9	1.1	1.4	1.7	1.6	1.8	1.8	1.7
Total external debt	119.3	49.0	45.8	44.6	44.3	43.7	44.1	45.1	44.6	43.7
Gross international reserves (US$ billions) 1/	10.1	16.6	36.3	30.9	44.6	42.6	54.5	65.8	77.7	90.2
Net international reserves (US$ billions) 2/	-8.5	-2.4	2.4	-2.6	10.4	8.4	22.9	38.9	57.9	79.6
Change in net international reserves 2/	-4.3	6.1	4.8	-0.2	8.0	11.0	14.5	16.0	19.0	21.8
Terms of trade (percent change)	-6.4	-3.8	0.9	3.5	1.3	3.2	1.3	1.0	0.7	0.5
Federal Government Operations										
Revenues 3/	16.7	16.8	16.8	16.7	17.3	17.3	17.3	17.4	17.4	17.5
Primary expenditure	19.5	15.0	15.4	15.1	15.1	15.0	14.9	14.9	14.9	14.9
Primary balance 4/	-2.8	1.8	1.3	1.6	2.2	2.2	2.5	2.5	2.5	2.5
Overall balance 5/	-5.0	0.3	0.0	0.4	0.0	0.0	0.5	0.5	0.5	0.5
Federal government debt	154.6	84.7	73.1	71.5	68.2	68.0	64.7	62.6	58.7	55.2
Official creditors	33.1	13.7	15.2	14.6	14.7	14.2	13.7	13.1	11.8	10.0
Private creditors	59.3	37.3	29.0	26.6	24.6	24.8	22.4	21.2	19.8	18.8
of which: FX-denominated debt	39.9	16.9	14.2	13.7	13.6	13.1	12.7	12.4	11.8	11.3
Public entities	62.1	33.6	28.9	30.3	28.9	29.0	28.5	28.3	27.2	26.3
Money and Credit										
Monetary base	5.0	5.1	6.1	5.9	7.0	6.9	7.4	7.8	8.0	8.2
BCRA securities	16.1	1.7	1.4	2.0	1.0	1.5	0.1	0.0	0.0	0.0
BCRA quasi-fiscal cost 6/	8.3	1.6	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6
Memorandum Items										
Poverty rate (percent, H2)	41.7	38.1	...	...	...	...	...	...	...	...
Unemployment rate (avg, percent)	6.1	7.2	6.3	7.2	6.0	6.6	6.5	6.5	6.5	6.5
GDP per capita (in US$, nominal)	13,956.2	13,419.0	...	...	...	...	...	...	...	...
Monetary base (share of annualized Q4 GDP)	3.4	4.2	5.6	5.6	6.4	6.6	7.3	7.6	7.8	8.0
BCRA securities (share of annualized Q4 GDP)	11.0	1.4	1.3	1.8	1.0	1.5	0.1	0.0	0.0	0.0

Sources: National authorities and Fund staff estimates and projections.

1/ Excludes unactivated portion of the PBoC swap line (US$13 billion). Includes net Fund disbursements.

2/ As defined in the TMU, NIR are gross reserves net of swap lines, deposit insurance, reserve requirements on FX deposits, and other reserves liabilities. NIR exclude changes in net Fund credit starting in 2025. At current rates.

3/ Proceeds from 5G phone license auctions in 2023 are excluded.

4/ Primary balance excludes BCRA profit transfers.

5/ Excludes interest payments of zero-coupon bonds issued prior to 2025, which are recorded below the line.

6/ Net interest income at current prices, adjusted from BCRA statement of income flows at constant prices.

Table 2. Argentina: External Balance of Payments, 2023–30

			SR (April)		SR (April)			Proj.		
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
					In billion USD					
Current Account	**-20.8**	**5.7**	**-2.7**	**-11.8**	**-2.0**	**-10.3**	**-8.0**	**-5.5**	**-2.3**	**0.1**
Trade balance in goods	-2.8	22.4	18.4	10.8	19.9	12.9	15.0	16.9	18.8	20.8
o/w Energy trade balance	0.4	5.9	8.9	7.0	10.2	8.0	10.1	12.0	13.8	15.7
o/w Non-energy trade balance	-3.2	16.5	9.5	3.8	9.7	4.9	4.9	4.9	5.0	5.1
Exports f.o.b.	67.0	79.8	82.6	85.0	87.7	91.3	96.6	101.9	107.6	113.5
Imports f.o.b.	69.9	57.4	64.2	74.3	67.8	78.4	81.6	85.0	88.8	92.7
Trade balance in services	-6.0	-5.8	-9.8	-12.0	-9.5	-11.3	-10.8	-9.9	-9.5	-9.2
Exports	16.5	17.2	18.4	19.5	20.5	21.5	23.3	25.1	26.8	28.4
Imports	22.6	22.9	28.2	31.6	30.0	32.8	34.1	35.0	36.2	37.6
Primary income balance 1/	-14.0	-13.3	-13.9	-13.3	-15.0	-14.6	-14.9	-15.3	-14.7	-14.5
of which Public sector interest (gross)	-7.1	-8.3	-7.6	-7.6	-8.5	-7.9	-8.9	-9.3	-8.6	-8.5
of which: IMF charges	-3.2	-3.4	-3.1	-3.0	-3.5	-3.4	-3.4	-3.2	-2.8	-2.3
of which: other official interest	-1.7	-2.2	-2.1	-2.1	-2.7	-2.2	-2.8	-2.9	-2.4	-2.4
of which: Private (bond holders)	-2.2	-2.6	-2.4	-2.5	-2.3	-2.3	-2.7	-3.2	-3.4	-3.8
Secondary income, net	2.1	2.3	2.6	2.7	2.6	2.7	2.8	2.8	3.0	3.1
Capital Account	**0.2**	**0.3**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Financial Account 2/	**-15.5**	**-1.6**	**-0.1**	**2.1**	**-1.2**	**9.5**	**6.9**	**3.4**	**0.3**	**-2.2**
Foreign direct investment, net 3/	21.7	8.9	6.2	8.2	9.8	12.7	11.7	13.6	14.0	14.4
excl. change in importers' debt	8.2	8.9	12.5	13.2	16.0	19.0	16.0	16.0	16.4	16.8
Portfolio investment, net 2/	-8.9	-5.5	-0.4	-2.6	3.0	1.5	3.3	3.0	3.2	2.4
Derivatives, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment, net 2/ 3/	-28.3	-5.0	-5.9	-3.5	-14.0	-4.7	-8.1	-13.2	-16.9	-19.0
IMF repurchases	-17.7	-4.5	0.0	0.0	-1.1	-1.1	-4.3	-6.4	-7.9	-9.3
Other official repayments	-3.5	-2.8	-2.4	-2.4	-2.9	-2.9	-3.0	-3.0	-3.0	-3.2
Other items net	-7.1	2.3	-3.5	-1.0	-10.0	-0.7	-0.7	-3.8	-6.0	-6.5
Errors and Omissions	**5.0**	**4.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall Balance	**-41.0**	**-0.1**	**-2.6**	**-9.5**	**-3.0**	**-0.6**	**-0.9**	**-1.9**	**-1.8**	**-1.9**
Financing	**40.3**	**0.1**	**2.6**	**9.5**	**3.0**	**0.6**	**0.9**	**1.9**	**1.8**	**1.9**
IMF Financing	12.7	5.4	15.2	14.2	1.4	1.9	1.7	1.7	0.8	0.0
Other official financing 4/	4.6	0.0	6.7	6.7	5.0	5.1	5.1	5.1	5.1	5.1
New bonds financing to general government 5/	2.0	0.8	0.5	2.0	4.9	5.4	6.0	6.4	7.9	9.3
Gross official reserves change (increase: -) 6/	21.0	-6.1	-19.7	-13.3	-8.3	-11.7	-11.9	-11.3	-11.9	-12.5
					In percent of GDP					
Current Account	**-3.2**	**0.9**	**-0.4**	**-1.7**	**-0.3**	**-1.4**	**-1.1**	**-0.7**	**-0.3**	**0.0**
Trade balance in goods	-0.4	3.5	2.7	1.5	2.8	1.8	2.0	2.2	2.4	2.5
o/w Energy trade balance	0.1	0.9	1.3	1.0	1.4	1.1	1.4	1.6	1.8	1.9
o/w Non-energy trade balance	-0.5	2.6	1.4	0.5	1.4	0.7	0.7	0.6	0.6	0.6
Exports, f.o.b.	10.3	12.6	12.1	11.8	12.3	12.5	13.0	13.5	13.7	13.8
Imports f.o.b.	10.7	9.1	9.4	10.3	9.5	10.7	11.0	11.3	11.3	11.2
Trade balance in services	-0.9	-0.9	-1.4	-1.7	-1.3	-1.5	-1.5	-1.3	-1.2	-1.1
Primary income, net	-2.1	-2.1	-2.0	-1.9	-2.1	-2.0	-2.0	-2.0	-1.9	-1.8
Secondary income, net	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Capital Account	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial Account 2/	**-2.4**	**-0.3**	**0.0**	**0.3**	**-0.2**	**1.3**	**0.9**	**0.5**	**0.0**	**-0.3**
Foreign direct investment, net 3/	3.3	1.4	0.9	1.1	1.4	1.7	1.6	1.8	1.8	1.7
excl. change in importers' debt	1.3	1.4	1.8	1.8	2.2	2.6	2.2	2.1	2.1	2.0
Portfolio investment, net	-1.4	-0.9	-0.1	-0.4	0.4	0.2	0.4	0.4	0.4	0.3
Derivatives, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment, net 2/ 3/	-4.4	-0.8	-0.9	-0.5	-2.0	-0.6	-1.1	-1.8	-2.2	-2.3
Errors and Omissions	**0.8**	**0.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall Balance	**-6.3**	**0.0**	**-0.4**	**-1.3**	**-0.4**	**-0.1**	**-0.1**	**-0.2**	**-0.2**	**-0.2**
Financing	**6.2**	**0.0**	**0.4**	**1.3**	**0.4**	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**
IMF Financing	2.0	0.9	2.2	2.0	0.2	0.3	0.2	0.2	0.1	0.0
Other official financing 4/	0.7	0.0	1.0	0.9	0.7	0.7	0.7	0.7	0.6	0.6
New bonds financing to general government 5/	0.3	0.1	0.1	0.3	0.7	0.7	0.8	0.8	1.0	1.1
Gross official reserves (increase: -)	3.2	-1.0	-2.9	-1.9	-1.2	-1.6	-1.6	-1.5	-1.5	-1.5
Memorandum Items:										
Exports volumes (percent change)	-16.7	27.6	4.9	5.7	4.7	4.0	4.3	4.1	4.0	3.8
Imports volumes (percent change)	-4.0	-13.7	11.5	32.0	4.6	4.0	3.0	2.8	2.8	2.6
Importers' debt (US$ billion)	31.4	48.0	42.0	42.0	40.0	40.0	38.0	36.0	34.0	32.0
Importers' debt to imports ratio	44.9	83.7	65.5	56.6	59.0	51.0	46.6	42.4	38.3	34.5
Trading partners imports growth (percent change)	-1.8	4.6	3.3	2.6	3.9	2.9	3.3	3.5	3.5	3.4
External debt (US$ billions)	284.0	277.3	290.1	291.4	297.6	303.5	315.1	328.1	341.9	352.5
of which: External public debt	180.8	175.1	185.8	183.9	185.3	184.2	180.7	174.5	168.6	159.2
Gross international reserves (US$ billions) 6/	10.1	16.6	36.3	30.9	44.6	42.6	54.5	65.8	77.7	90.2
in percent of ARA (fixed exchange rate regime)	13.9	22.4	47.7	40.8	56.4	54.0	67.1	78.9	90.4	101.7
in percent of ARA (flexible exchange rate regime)	15.4	25.3	55.1	47.1	67.9	65.0	83.1	100.3	118.5	137.5
Net international reserves (US$ billions) 7/	-8.5	-2.4	2.4	-2.6	10.4	8.4	22.9	38.9	57.9	79.6
NIR change (US$ billions) 7/	-4.3	6.1	4.8	-0.2	8.0	11.0	14.5	16.0	19.0	21.8
Net IMF (purchases - repurchases - charges; US$ billions)	-8.3	-2.5	12.1	11.1	-3.2	-2.6	-6.0	-7.9	-9.9	-11.6
Terms of Trade (percent change)	-0.7	3.7	9.1	2.2	1.3	3.2	1.3	1.0	0.7	0.5

Sources: National authorities and Fund staff estimates and projections.

1/ The larger share of dividend outflows to foreigners are typically retained as FDI inflows through the financial account.

2/ Excludes new bond financing to GG, disbursements from the IMF and other IFIs as well as changes in reserves.

3/ FDI includes intra-company trade financing; other investment net includes inter-company trade financing.

4/ Includes bilateral and multilateral official financing, as well as Paris Club.

5/ Includes financing from nonresidents in the domestic market in USD and ARS.

6/ Excludes unactivated portion of the PBoC swap line (US$13 billion). Includes net Fund disbursements.

7/ As defined in the TMU, NIR are gross reserves net of swap lines, deposit insurance, reserve requirements on FX deposits, and other reserves liabilities. NIR exclude changes in net Fund credit starting in 2025. At current rates.

Table 3a. Argentina: Federal Government Operations, 2023-30
(In Billions of Argentine Pesos)

			SR (April)		SR (April)			Proj.		
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
						(in billions of Argentine pesos)				
Revenues	**32,053**	**98,160**	**133,278**	**142,530**	**164,340**	**173,952**	**196,846**	**218,706**	**243,457**	**270,433**
Tax revenues	19,033	60,772	79,136	85,646	103,639	107,840	123,243	137,064	152,763	169,582
Social security contributions	9,620	29,444	45,329	47,475	49,267	53,966	60,388	67,112	74,383	82,578
Non-tax revenues 1/	3,400	7,944	8,813	9,409	11,435	12,146	13,216	14,530	16,311	18,272
Primary Expenditures	**37,485**	**87,613**	**122,758**	**128,927**	**143,360**	**151,448**	**168,815**	**187,124**	**207,995**	**231,086**
Wages	6,309	15,515	21,785	22,770	25,703	26,866	30,118	33,490	37,255	42,451
Goods and services	1,413	3,365	5,225	5,730	5,522	6,725	7,828	9,194	9,329	10,787
Pensions	12,914	35,733	54,996	57,537	65,685	68,920	78,932	88,638	99,731	110,833
Current transfers to private sector	11,449	28,329	33,598	35,357	38,186	40,376	41,560	43,857	47,622	52,144
Social assistance	7,470	19,603	25,488	26,961	30,308	32,357	36,672	40,309	44,964	49,704
Subsidies	4,015	8,726	8,109	8,396	7,877	8,019	4,888	3,548	2,658	2,440
of which: energy	2,952	6,484	5,128	5,194	6,303	6,316	3,477	2,520	1,475	1,150
Current transfers to public sector 2/	2,329	2,301	3,975	4,270	4,284	4,532	5,569	5,921	6,843	6,959
Capital spending 3/	3,070	2,369	3,179	3,263	3,980	4,028	4,809	6,024	7,215	7,911
Primary Balance	**-5,432**	**10,547**	**10,520**	**13,603**	**20,980**	**22,504**	**28,031**	**31,583**	**35,463**	**39,347**
Interest Payments 4/	**4,269**	**8,641**	**10,183**	**10,447**	**20,622**	**22,489**	**22,238**	**25,596**	**28,359**	**32,109**
Overall Balance	**-9,701**	**1,906**	**337**	**3,157**	**358**	**15**	**5,793**	**5,987**	**7,103**	**7,238**
Financing	**9,701**	**-1,906**	**-337**	**-3,157**	**-358**	**-15**	**-5,793**	**-5,987**	**-7,103**	**-7,238**
Treasury Deposits (+, drawdown)	**1,731**	**-11,146**	**0**	**-17,417**	**0**	**0**	**0**	**0**	**0**	**0**
External	**-3,531**	**-1,575**	**19,287**	**20,366**	**5,586**	**6,781**	**3,967**	**781**	**-1,564**	**-7,632**
IMF (net)	-1,504	837	17,638	16,854	452	1,035	-4,004	-7,912	-12,533	-17,444
Other official (net) 5/	627	954	4,948	5,396	2,684	2,865	3,254	3,456	3,656	3,816
Private (net) 6/	-2,653	-3,366	-3,299	-1,883	2,449	2,881	4,718	5,238	7,314	5,995
Issuances	0	0	549	2,336	6,510	7,412	9,124	9,954	12,333	13,852
Amortization	2,653	3,366	3,848	4,220	4,061	4,531	4,406	4,716	5,019	7,857
Domestic	**11,500**	**10,810**	**-19,624**	**-6,106**	**-5,944**	**-6,796**	**-9,761**	**-6,768**	**-5,540**	**394**
Private (net) 7/	8,095	10,810	-7,338	-3,118	-5,944	-6,796	-9,761	-6,768	-5,540	394
Issuance	19,029	80,619	67,463	99,502	71,771	71,312	54,496	28,233	48,507	36,947
Amortization	10,875	69,809	74,800	102,620	77,715	78,108	64,257	35,001	54,046	36,553
Public entities (net)	3,405	0	-12,286	-2,988	0	0	0	0	0	0
BCRA (net)	3,059	0	-12,286	-2,988	0	0	0	0	0	0
of which: BCRA transfers 8/	1,698	0	0	11,463	0	0	0	0	0	0
Other public entities	346	0	0	0	0	0	0	0	0	0

Sources: National authorities and Fund staff estimates and projections.
1/ Non-tax revenues deviate from GFSM 2014 accounting with the exclusion of BCRA profit transfers. Proceeds from 5G phone license auctions are also excluded.
2/ Includes discretionary transfers to provinces, transfers to state-owned enterprises (SOEs), and transfers to universities (excluding wages).
3/ Includes federal capital transfers to provinces.
4/ Excludes interest payments of zero-coupon bonds issued prior to 2025, which are recorded below the line.
5/ Assumes repayment of Paris Club legacy obligations by 2028, consistent with the deal reached in October 2022.
6/ Under domestic and external law, including Bonte issuances.
7/ Includes Banco Nacion and other public entities.
8/ Includes temporary advances and profit distributions.

Table 3b. Argentina: Federal Government Operations, 2023–30

(Percent of GDP)

			SR (April)		SR (April)			Proj.		
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
					(Percent of GDP)					
Revenues	**16.7**	**16.8**	**16.8**	**16.7**	**17.3**	**17.3**	**17.3**	**17.4**	**17.4**	**17.5**
Tax revenues	9.9	10.4	10.0	10.0	10.9	10.7	10.8	10.9	10.9	11.0
of which: Trade and FX taxes 1/	2.3	2.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Social security contributions	5.0	5.0	5.7	5.6	5.2	5.4	5.3	5.3	5.3	5.3
Non-tax revenues 2/	1.8	1.4	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Primary Expenditures	**19.5**	**15.0**	**15.4**	**15.1**	**15.1**	**15.0**	**14.9**	**14.9**	**14.9**	**14.9**
Wages	3.3	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Goods and services	0.7	0.6	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7
Pensions	6.7	6.1	6.9	6.7	6.9	6.8	6.9	7.0	7.1	7.2
Current transfers to private sector	6.0	4.9	4.2	4.1	4.0	4.0	3.7	3.5	3.4	3.4
Social assistance	3.9	3.4	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Subsidies	2.1	1.5	1.0	1.0	0.8	0.8	0.4	0.3	0.2	0.2
of which: energy	1.5	1.1	0.6	0.6	0.7	0.6	0.3	0.2	0.1	0.1
Current transfers to public sector 3/	1.2	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Capital spending 4/	1.6	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Primary Balance	**-2.8**	**1.8**	**1.3**	**1.6**	**2.2**	**2.2**	**2.5**	**2.5**	**2.5**	**2.5**
Interest Cash 5/	**2.2**	**1.5**	**1.3**	**1.2**	**2.2**	**2.2**	**2.0**	**2.0**	**2.0**	**2.1**
Overall Balance	**-5.0**	**0.3**	**0.0**	**0.4**	**0.0**	**0.0**	**0.5**	**0.5**	**0.5**	**0.5**
Financing	**5.0**	**-0.3**	**0.0**	**-0.4**	**0.0**	**0.0**	**-0.5**	**-0.5**	**-0.5**	**-0.5**
Treasury Deposits (+, drawdown)	**0.9**	**-1.9**	**0.0**	**-2.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
External	**-1.8**	**-0.3**	**2.4**	**2.4**	**0.6**	**0.7**	**0.3**	**0.1**	**-0.1**	**-0.5**
IMF (net)	-0.8	0.1	2.2	2.0	0.0	0.1	-0.4	-0.6	-0.9	-1.1
Other official (net) 6/	0.3	0.2	0.6	0.6	0.3	0.3	0.3	0.3	0.3	0.2
Private (net) 7/	-1.4	-0.6	-0.4	-0.2	0.3	0.3	0.4	0.4	0.5	0.4
Issuances	0.0	0.0	0.1	0.3	0.7	0.7	0.8	0.8	0.9	0.9
Amortization	1.4	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5
Domestic	**6.0**	**1.9**	**-2.5**	**-0.7**	**-0.6**	**-0.7**	**-0.9**	**-0.5**	**-0.4**	**0.0**
Private (net) 8/	4.2	1.9	-0.9	-0.4	-0.6	-0.7	-0.9	-0.5	-0.4	0.0
Issuance	9.9	13.8	8.5	11.7	7.5	7.1	4.8	2.2	3.5	2.4
Amortization	5.7	12.0	9.4	12.0	8.2	7.8	5.7	2.8	3.9	2.4
Public entities (net)	1.8	0.0	-1.5	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
BCRA (net)	1.6	0.0	-1.5	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
of which: BCRA transfers 9/	0.9	0.0	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0
Other public entities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Real primary expenditure growth (percent change)	-6.8	-26.9	3.1	5.5	2.0	4.0	2.7	3.1	3.4	3.4
Structural primary balance 10/	-3.1	2.4	1.9	2.2	2.5	2.5	2.5	2.5	2.5	2.5
BCRA secondary market purchases	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal government debt 11/	154.6	84.7	73.1	71.5	68.2	68.0	64.7	62.6	58.7	55.2
Official	33.1	13.7	15.2	14.6	14.7	14.2	13.7	13.1	11.8	10.0
Private sector	59.3	37.3	29.0	26.6	24.6	24.8	22.4	21.2	19.8	18.8
Of which: In foreign currency	39.9	16.9	14.2	13.7	13.6	13.1	12.7	12.4	11.8	11.3
Public sector entities	62.1	33.6	28.9	30.3	28.9	29.0	28.5	28.3	27.2	26.3

Sources: National authorities and Fund staff estimates and projections.

1/ Includes exports taxes, imports taxes, and FX access tax (impuesto pais) which expired in late 2024.

2/ Non-tax revenues deviate from GFSM 2014 accounting with the exclusion of BCRA profit transfers. Proceeds from 5G phone license auctions are also excluded.

3/ Includes discretionary transfers to provinces, transfers to state-owned enterprises (SOEs), and transfers to universities (excluding wages).

4/ Includes federal capital transfers to provinces.

5/ Excludes interest payments of zero-coupon bonds issued prior to 2025, which are recorded below the line.

6/ Assumes repayment of Paris Club legacy obligations by 2028, consistent with the deal reached in October 2022.

7/ Under domestic and external law, including Bonte issuances.

8/ Includes Banco Nacion and public entities other than BCRA and FGS.

6/ Includes federal debt held by the BCRA and FGS.

9/ Includes temporary advances and profit distributions.

10/ Corresponds to cash management operations of the non-financial public sector entities (-, deposits).

8/ Excludes COVID and Solidarity Levy-related spending.

10/ Adjusts for the economic and commodity price cycles; in percent of potential GDP. Adjusts also for one-offs due to the drought in 2023 (i.e., temporary import taxes and preferential FX regimes).

11/ Includes federal debt held by the BCRA and FGS.

Table 4. Argentina: General Government Operations, 2023–30 1/

			SR (April)	Proj.	SR (April)	Proj.				
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
	(Percent of GDP unless otherwise indicated)									
Revenues	**32.3**	**31.5**	**33.1**	**32.5**	**34.6**	**33.8**	**33.9**	**33.9**	**34.1**	**34.1**
Tax revenues	22.4	22.5	23.5	23.0	25.6	24.5	24.7	24.8	24.8	24.9
Federal	9.9	10.4	10.0	10.0	10.9	10.7	10.8	10.9	10.9	11.0
Provincial co-participated	7.5	7.2	8.5	8.5	9.7	9.4	9.4	9.5	9.5	9.5
Provincial own	5.0	4.8	5.1	4.4	5.1	4.4	4.4	4.4	4.4	4.4
Social security contributions	6.6	6.6	7.3	7.3	6.8	7.1	7.0	7.0	7.0	7.1
Federal	5.0	5.0	5.7	5.6	5.2	5.4	5.3	5.3	5.3	5.3
Provincial	1.6	1.6	1.6	1.7	1.6	1.7	1.7	1.7	1.7	1.7
Other revenues	3.3	2.4	2.3	2.2	2.2	2.1	2.2	2.1	2.2	2.2
Federal	1.8	1.4	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Provincial	1.5	1.1	1.1	1.1	1.0	0.9	1.0	0.9	1.0	1.0
Primary Expenditures 2/	**35.1**	**29.3**	**31.3**	**30.2**	**30.9**	**30.2**	**30.1**	**30.1**	**30.3**	**30.4**
Wages	10.7	9.1	9.8	9.0	9.8	9.1	9.1	9.1	9.1	9.2
Federal	3.3	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Provincial	7.4	6.5	7.1	6.4	7.1	6.4	6.4	6.4	6.4	6.5
Goods and services	2.3	2.1	2.1	2.2	2.0	2.1	2.0	1.9	1.9	1.9
Federal	0.7	0.6	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7
Provincial	1.5	1.5	1.4	1.5	1.4	1.5	1.3	1.2	1.2	1.2
Pensions	8.8	8.0	9.1	8.8	9.1	8.9	9.2	9.4	9.7	9.7
Federal	6.7	6.1	6.9	6.7	6.9	6.8	6.9	7.0	7.1	7.2
Provincial	2.1	1.9	2.2	2.1	2.2	2.1	2.3	2.3	2.5	2.5
Transfers to the private sector	7.4	6.2	5.6	5.5	5.4	5.4	5.1	4.9	4.8	4.7
Federal	6.0	4.9	4.2	4.1	4.0	4.0	3.7	3.5	3.4	3.4
Provincial	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Capital spending	3.3	1.8	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3
Federal 3/	1.2	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Provincial	2.1	1.4	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Other	2.7	2.3	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5
Federal	0.5	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Provincial	2.3	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3
Primary Balance	**-2.8**	**2.2**	**1.8**	**2.3**	**3.7**	**3.6**	**3.7**	**3.9**	**3.8**	**3.7**
Federal government	-2.8	1.8	1.3	1.6	2.2	2.2	2.5	2.5	2.5	2.5
Provincial government	0.0	0.4	0.5	0.7	1.5	1.3	1.3	1.4	1.3	1.2
Interest (cash) 4/	**2.5**	**1.7**	**1.4**	**1.3**	**2.3**	**2.3**	**2.0**	**2.1**	**2.1**	**2.1**
Overall Balance	**-5.3**	**0.5**	**0.4**	**1.0**	**1.4**	**1.2**	**1.7**	**1.8**	**1.7**	**1.6**
Memorandum Items										
General Gov't structural primary balance 5/	-3.0	3.2	2.6	3.1	4.0	3.9	3.8	3.9	3.8	3.7
Federal structural primary balance	-3.1	2.4	1.9	2.2	2.5	2.5	2.5	2.5	2.5	2.5
Provincial structural primary balance	0.2	0.7	0.7	0.9	1.6	1.4	1.3	1.4	1.3	1.2
Consolidated public sector balance 6/	-13.6	-1.2	1.0	1.5	1.9	1.7	2.2	2.3	2.2	2.2
Federal government debt	154.6	84.7	73.1	71.5	68.2	68.0	64.7	62.6	58.7	55.2
of which: net of debt held by public entities 7/	92.5	51.0	44.2	41.2	39.4	39.0	36.1	34.3	31.5	28.9
Federal government debt (share of annualized Q4 GDP)	105.4	69.8	53.9	65.9	47.8	62.7	60.3	58.4	54.8	53.1
Provincial government debt	9.3	3.9	2.2	2.5	1.3	1.7	1.5	1.2	1.0	0.8
BCRA securities	16.1	1.7	1.4	2.0	1.0	1.5	0.1	0.0	0.0	0.0

Sources: National authorities and Fund staff estimates and projections.

1/ Includes federal and provincial governments. The primary balance excludes BCRA profit transfers.

2/ Includes transfers to municipalities, but excludes municipal spending.

3/ Excludes discretionary capital transfers from federal government to the provinces, which are included in provincial capital spending.

4/ Includes only federal government interest payments. Excludes interest payments of zero-coupon bonds issued prior to 2025, which are recorded below the line.

5/ Adjusts for the economic and commodity price cycles; in percent of potential GDP. Adjusts also for one-offs (in 2023 around 0.5 percent of GDP due to the drought).

6/ Includes the overall balance of federal and provincial government, and the quasi-fiscal deficit of the BCRA.

7/ Gross federal debt, net of debt held by BCRA and FGS.

Table 5a. Argentina: Summary Operations of the Central Bank, 2023–30

(End of Period, Unless Otherwise Indicated)

			SR (April)	Proj.	SR (April)			Proj.		
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
					(In billions of Argentine pesos)					
Net Foreign Assets (NFA)	**2,005**	**12,190**	**39,380**	**33,905**	**56,265**	**54,734**	**78,907**	**105,353**	**132,589**	**163,332**
Gross foreign assets	18,654	30,603	61,936	57,326	81,720	80,763	107,443	136,399	165,261	197,697
Gross foreign liabilities	16,650	18,414	22,556	23,421	25,455	26,029	28,536	31,046	32,672	34,365
Net Domestic Assets (NDA)	**7,603**	**17,539**	**8,934**	**16,494**	**10,134**	**14,429**	**5,718**	**-7,192**	**-20,862**	**-36,855**
Credit to the public sector (net)	46,709	64,673	68,741	80,554	80,018	91,581	94,743	98,130	100,551	103,456
of which: Temporary advances to federal government	1,776	2,865	2,824	2,826	2,824	2,826	2,826	2,826	2,826	2,826
of which: Non-marketable government bonds	12,917	23,389	10,800	21,274	12,188	23,643	25,920	28,199	29,676	31,214
of which: Other credit and gvt. deposits (net) 1/	32,017	38,419	55,118	56,454	65,006	65,112	65,998	67,105	68,049	69,416
Credit to the financial sector, excl. securities	-7,351	-12,630	-16,182	-16,713	-21,572	-21,817	-27,841	-32,912	-37,085	-41,566
BCRA securities	-31,058	-9,664	-11,202	-16,674	-9,822	-15,607	-1,486	-154	-154	-153
Official capital and other items 1/	-1,838	-20,121	-32,422	-30,674	-38,489	-39,728	-59,699	-72,255	-84,174	-98,591
Monetary Base	**9,608**	**29,729**	**48,315**	**50,398**	**66,399**	**69,163**	**84,625**	**98,162**	**111,727**	**126,477**
Currency issued	7,435	19,988	31,865	30,750	45,906	45,375	57,858	68,386	78,578	90,403
Bank deposits at the BCRA (peso-denominated)	2,173	9,740	16,450	19,648	20,493	23,788	26,767	29,775	33,149	36,074
					(Percent of GDP)					
Net Foreign Assets	**1.0**	**2.1**	**5.0**	**4.0**	**5.9**	**5.4**	**6.9**	**8.4**	**9.5**	**10.6**
Gross foreign assets	9.7	5.2	7.8	6.7	8.6	8.0	9.5	10.8	11.8	12.8
Gross foreign liabilities	8.7	3.2	2.8	2.7	2.7	2.6	2.5	2.5	2.3	2.2
Net Domestic Assets	**4.0**	**3.0**	**1.1**	**1.9**	**1.1**	**1.4**	**0.5**	**-0.6**	**-1.5**	**-2.4**
Credit to the public sector	24.3	11.1	8.6	9.4	8.4	9.1	8.3	7.8	7.2	6.7
of which: Temporary advances to federal government	0.9	0.5	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2
of which: Non-marketable government bonds	6.7	4.0	1.4	2.5	1.3	2.3	2.3	2.2	2.1	2.0
of which: Other credit and gvt. deposits (net) 1/	16.6	6.6	6.9	6.6	6.8	6.5	5.8	5.3	4.9	4.5
Credit to the financial sector, excl. securities	-3.8	-2.2	-2.0	-2.0	-2.3	-2.2	-2.4	-2.6	-2.7	-2.7
BCRA securities	-16.1	-1.7	-1.4	-2.0	-1.0	-1.5	-0.1	0.0	0.0	0.0
Official capital and other items 1/	-1.0	-3.4	-4.1	-3.6	-4.0	-3.9	-5.3	-5.7	-6.0	-6.4
Monetary Base	**5.0**	**5.1**	**6.1**	**5.9**	**7.0**	**6.9**	**7.4**	**7.8**	**8.0**	**8.2**
Currency issued	3.9	3.4	4.0	3.6	4.8	4.5	5.1	5.4	5.6	5.8
Bank deposits at the BCRA (peso-denominated)	1.1	1.7	2.1	2.3	2.2	2.4	2.4	2.4	2.4	2.3
Memorandum Items:										
NDA (as per TMU definition, in billions of pesos) 2/	15,052	29,892	44,653	51,931	53,504	60,841	66,781	69,939	71,202	73,111
NFA (billions of USD)	2.5	11.8	31.3	26.0	39.7	37.7	49.6	60.9	72.8	85.2
Monetary base (share of annualized Q4 GDP)	3.4	4.2	5.6	5.6	6.4	6.6	7.3	7.6	7.8	8.0
BCRA securities (share of annualized Q4 GDP)	11.0	1.4	1.3	1.8	1.0	1.5	0.1	0.0	0.0	0.0
Quasi-fiscal deficit (percent of GDP) 3/	8.3	1.6	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6

Sources: Banco Central de la República Argentina (BCRA) and Fund staff estimates and projections.

1/ Projects no new distribution of BCRA profits.
2/ Average of December of each year. Per the TMU definition, the scope differs from NDA in the main table, including with considering FX deposits at the BCRA, and Fund disbursements under this new arrangement as foreign liabilities. At program rates.
3/ Net interest income at current prices, adjusted from BCRA statement of income flows at constant prices.

Table 5b. Argentina: Summary Operations of the Banking Sector, 2023–30
(End of Period, Unless Otherwise Indicated)

	2023	2024	SR (April) 2025	Proj. 2025	SR (April) 2026	Proj. 2026	2027	2028	2029	2030
					(In billions of Argentine pesos)					
Net Foreign Assets (NFA)	**4,513**	**11,166**	**11,591**	**8,924**	**13,081**	**9,918**	**10,392**	**12,645**	**13,440**	**15,522**
Net Domestic Assets (NDA)	**48,115**	**101,458**	**130,554**	**139,828**	**165,887**	**172,202**	**205,004**	**235,440**	**267,694**	**296,474**
Credit to the public sector	9,643	46,829	29,848	28,632	29,997	28,942	22,980	22,600	25,737	28,245
Gross credit to public sector	19,264	70,386	62,523	62,019	66,722	65,706	58,582	57,051	58,989	61,046
Deposits from the public sector	-9,620	-23,557	-32,676	-33,387	-36,726	-36,763	-35,601	-34,451	-33,252	-32,801
Claims on the central bank	41,849	24,866	36,120	40,011	47,026	50,909	61,323	70,591	79,290	88,033
Holdings of central bank securities	31,058	372	139	165	139	165	165	165	165	165
Reserves at central bank	9,987	22,294	32,641	36,378	42,074	45,622	54,626	62,705	70,251	77,658
Other	804	2,200	3,339	3,468	4,813	5,121	6,532	7,722	8,873	10,210
Claims on the private sector	23,748	78,457	117,733	121,209	147,604	148,794	184,881	215,468	243,891	269,908
US$ denominated	3,261	12,500	22,577	25,203	30,462	33,489	42,869	50,711	57,339	64,030
AR$ denominated	20,488	65,957	95,156	96,006	117,141	115,305	142,011	164,757	186,552	205,878
Net capital, reserves, and other assets	-27,126	-48,694	-53,146	-50,025	-58,740	-56,442	-64,180	-73,219	-81,224	-89,712
Liabilities with the Private Sector	**52,627**	**112,624**	**142,145**	**148,752**	**178,968**	**182,120**	**215,396**	**248,086**	**281,134**	**311,996**
Local currency deposits	39,844	80,134	106,920	109,755	134,817	134,008	156,432	179,465	203,916	225,226
Foreign currency deposits	12,783	32,490	35,225	38,998	44,152	48,113	58,963	68,621	77,218	86,770
					(Percent GDP)					
Net Foreign Assets	**2.3**	**1.9**	**1.5**	**1.0**	**1.4**	**1.0**	**0.9**	**1.0**	**1.0**	**1.0**
Net Domestic Assets	**25.0**	**17.4**	**16.4**	**16.4**	**17.4**	**17.1**	**18.0**	**18.7**	**19.2**	**19.2**
Credit to the public sector (net)	5.0	8.0	3.8	3.4	3.2	2.9	2.0	1.8	1.8	1.8
Gross credit to public sector	10.0	12.1	7.9	7.3	7.0	6.5	5.2	4.5	4.2	3.9
Deposits of the public sector	-5.0	-4.0	-4.1	-3.9	-3.9	-3.7	-3.1	-2.7	-2.4	-2.1
Claims on the central bank	21.8	4.3	4.5	4.7	4.9	5.1	5.4	5.6	5.7	5.7
Holdings of central bank securities	16.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves at central bank	5.2	3.8	4.1	4.3	4.4	4.5	4.8	5.0	5.0	5.0
Other	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.7
Credit to the private sector	12.3	13.4	14.8	14.2	15.5	14.8	16.3	17.1	17.5	17.5
of which: Dollar denominated	1.7	2.1	2.8	3.0	3.2	3.3	3.8	4.0	4.1	4.1
of which: Peso denominated	10.6	11.3	12.0	11.2	12.3	11.4	12.5	13.1	13.4	13.3
Net capital, reserves, and other assets	-14.1	-8.3	-6.7	-5.9	-6.2	-5.6	-5.6	-5.8	-5.8	-5.8
Liabilities with the Private Sector	**27.4**	**19.3**	**17.9**	**17.4**	**18.8**	**18.1**	**19.0**	**19.7**	**20.1**	**20.2**
Local currency deposits	20.7	13.7	13.4	12.9	14.2	13.3	13.8	14.2	14.6	14.6
Foreign currency deposits	6.6	5.6	4.4	4.6	4.6	4.8	5.2	5.4	5.5	5.6
Memorandum Items:										
M3 (AR$ billions) 1/	52,684	117,122	148,167	155,014	186,550	189,787	224,463	258,529	292,968	325,130
M3 (percent of GDP)	27.4	20.1	18.6	18.2	19.6	18.8	19.8	20.5	21.0	21.0
M3 (as a ratio of monetary base)	5.5	3.9	3.1	3.1	2.8	2.7	2.7	2.6	2.6	2.6
Credit to the private sector, real (eop, y/y percent change)	-16.1	51.7	25.0	25.8	11.9	11.7	15.6	8.4	5.3	2.9

Sources: Banco Central de la República Argentina (BCRA) and Fund staff estimates and projections.

1/ Private and public M3 in pesos.

Table 6. Argentina: Summary Public and External Debt, 2023–30 1/
(In Billions of U.S. Dollars, Unless Otherwise Stated)

			SR (April)	Proj.	SR (April)			Proj.		
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
	(in billions of U.S. dollars, unless otherwise stated)									
Public Debt										
Gross Federal Debt	**367.9**	**478.7**	**462.6**	**467.5**	**458.2**	**471.6**	**461.8**	**455.3**	**449.9**	**445.3**
(in percent of GDP)	*154.6*	*84.7*	73.1	*71.5*	*68.2*	*68.0*	*64.7*	*62.6*	*58.7*	*55.2*
BCRA Debt (Securities)	**38.4**	**9.4**	**8.9**	**12.8**	**6.9**	**10.8**	**0.9**	**0.1**	**0.1**	**0.1**
(in percent of GDP)	*16.1*	*1.7*	**1.4**	*2.0*	*1.0*	*1.5*	*0.1*	*0.0*	*0.0*	*0.0*
Combined Federal Gov't and BCRA	**406.3**	**488.1**	**471.5**	**480.3**	**465.1**	**482.4**	**462.8**	**455.4**	**450.0**	**445.4**
(in percent of GDP)	*170.7*	*86.3*	74.5	*73.4*	*69.3*	*69.5*	*64.8*	*62.6*	*58.7*	*55.2*
Memorandum Items										
Gross Federal Debt Held by Private Sector 2/	**141.1**	**211.1**	**183.3**	**173.7**	**165.5**	**171.9**	**160.1**	**154.5**	**151.4**	**152.1**
(in percent of GDP)	59.3	37.3	29.0	26.6	24.6	24.8	22.4	21.2	19.8	18.8
Gross Federal Debt in Domestic Currency	**105.4**	**221.6**	**198.7**	**196.9**	**189.4**	**195.7**	**183.4**	**177.9**	**175.4**	**210.8**
(in percent of GDP)	44.3	39.2	31.4	30.1	28.2	28.2	25.7	24.4	22.9	26.1
Gross Federal Debt in Foreign Currency	**262.5**	**257.1**	**263.9**	**270.6**	**268.8**	**276.0**	**278.4**	**277.4**	**274.5**	**234.5**
(in percent of GDP)	110.3	45.5	41.7	41.4	40.0	39.8	39.0	38.1	35.8	29.1
Nominal GDP (in U.S. dollars)	238.0	565.5	632.9	653.9	671.5	693.9	714.2	727.8	766.5	807.1
Overall External Debt										
Gross External Debt (includes holdouts)	**284.0**	**277.3**	**290.1**	**291.4**	**297.6**	**303.5**	**315.1**	**328.1**	**341.9**	**352.5**
(in percent of GDP)	*119.3*	*49.0*	45.8	*44.6*	44.3	*43.7*	*44.1*	*45.1*	*44.6*	*43.7*
By Debtor										
Public sector	180.8	175.1	185.8	183.9	185.3	184.2	180.7	174.5	168.6	159.2
Federal government	145.3	134.9	149.1	148.4	150.9	151.0	149.6	145.1	139.6	130.4
Other public sector 3/	35.5	40.2	36.7	35.5	34.5	33.3	31.1	29.4	29.0	28.8
Private sector	103.2	102.2	104.3	107.5	112.3	119.3	134.5	153.6	173.3	193.3
Financial	4.2	4.2	5.2	5.4	6.7	7.2	9.4	12.3	15.6	19.3
Non-financial	99.0	97.9	99.1	102.1	105.6	112.1	125.1	141.3	157.7	174.0
By Creditor										
Debt to official creditors	77.3	75.4	94.8	93.8	97.2	96.6	94.3	89.9	84.1	76.6
Debt to banks	7.6	8.9	10.2	10.2	11.5	11.6	13.1	14.6	16.1	17.6
Debt to other private creditors	199.1	193.0	185.2	187.5	188.9	195.2	207.7	223.6	241.8	258.3
By Maturity										
Long-term	232.1	230.3	224.0	220.3	230.0	225.2	224.9	220.1	214.9	208.7
Of which: Public sector	24.7	22.3	28.3	28.3	27.3	27.3	26.3	25.3	25.3	25.3

Sources: National authorities and Fund staff estimates and projections.

1/ Local currency debt assessed at end of period exchange rate.

2/ Includes Banco Nacion and public entities other than BCRA and FGS.

3/ Includes external debt of BCRA (swap lines), and provincial governments.

Table 7. Argentina: Federal Government Gross Financing Needs and Sources, 2023–30 1/

(In Millions of U.S. Dollars, Unless Otherwise Stated)

			SR (April)	Proj.	SR (April)	Proj.				
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
Primary Fiscal Deficit	**18,320**	**-11,511**	**-9,044**	**-11,424**	**-15,766**	**-16,300**	**-18,352**	**-18,885**	**-19,920**	**-18,766**
Interest	**11,769**	**8,186**	**5,654**	**5,752**	**12,394**	**13,261**	**11,345**	**12,092**	**12,777**	**13,061**
External	3,064	3,966	3,709	3,860	4,316	4,494	4,654	4,780	4,963	3,841
Official (non-IMF)	1,706	2,336	2,075	2,075	2,707	2,631	2,811	2,949	3,143	2,149
Private	1,358	1,630	1,634	1,785	1,609	1,864	1,843	1,830	1,820	1,692
Domestic	8,704	4,221	1,944	1,891	8,078	8,767	6,691	7,312	7,814	9,219
Public entities 1/	1,485	1,471	505	423	1,420	1,510	1,985	2,437	2,669	3,199
Private 2/	7,219	2,749	1,439	1,468	6,657	7,256	4,707	4,875	5,145	6,020
Amortizations	**70,809**	**119,635**	**120,293**	**151,340**	**95,629**	**100,139**	**106,716**	**71,960**	**100,330**	**28,742**
External	11,464	6,679	5,745	5,981	6,013	6,260	5,808	5,807	5,820	6,535
Official (non-IMF)	2,516	3,005	2,437	2,437	2,961	2,979	2,923	2,987	3,000	2,380
Private	8,948	3,673	3,308	3,544	3,052	3,282	2,885	2,820	2,819	4,155
Domestic	59,345	112,956	114,547	145,359	89,617	93,879	100,908	66,153	94,510	22,207
Public entities 3/	22,668	36,772	50,240	59,182	31,216	37,304	58,840	45,224	64,151	7,739
Private 2/	36,677	76,184	64,307	86,177	58,401	56,575	42,068	20,929	30,359	14,468
IMF Debt Service	**20,986**	**7,567**	**3,101**	**3,021**	**4,207**	**4,132**	**7,521**	**9,631**	**11,035**	**10,512**
of which: Amortization	17,747	4,535	0	0	1,104	1,104	4,308	6,417	7,882	7,565
Total Needs	**121,883**	**123,877**	**120,003**	**148,689**	**96,464**	**101,233**	**107,231**	**74,798**	**104,221**	**33,549**
Treasury deposits (+, drawdown)	5,837	-12,164	0	-14,626	0	0	0	0	0	0
Official (not IMF)	4,630	4,046	6,691	6,968	4,978	5,054	5,054	5,054	5,054	3,580
Public entities 4/	34,402	36,772	39,678	56,673	31,216	37,304	58,840	45,224	64,151	7,739
Private sector issuances 2/	64,342	89,497	58,471	85,520	58,826	57,021	41,652	22,834	34,175	22,230
of which: international market issuance	0	0	0	0	4,000	4,000	5,000	5,000	6,000	6,001
Total Sources	**109,210**	**118,152**	**104,840**	**134,536**	**95,020**	**99,379**	**105,545**	**73,112**	**103,380**	**33,549**
Total Gap	**12,673**	**5,448**	**15,163**	**14,153**	**1,444**	**1,853**	**1,686**	**1,686**	**842**	**0**
IMF Disbursements	12,673	5,448	15,163	14,153	1,444	1,853	1,686	1,686	842	0
Memorandum Items										
Primary fiscal balance (percent of GDP)	-2.8	1.8	1.3	1.6	2.2	2.2	2.5	2.5	2.5	2.5

Sources: National authorities and Fund staff estimates and projections.

1/ Includes BCRA and FGS.

2/ Includes Banco Nacion and public entities other than BCRA and FGS.

3/ Includes BCRA and FGS.

4/ BCRA and FGS are assumed to roll over 100 percent of amortizations and capitalize interest.

Table 8. Argentina: External (Residency) Gross Financing Needs and Sources, 2023–30
(In Millions of U.S. Dollars)

			SR (April)	Proj.	SR (April)	Proj.				
	2023	2024	2025	2025	2026	2026	2027	2028	2029	2030
Imports G&S	92,431	80,273	92,378	105,834	97,815	111,204	115,673	120,038	125,050	130,318
FDI payments	3,023	2,756	2,336	2,417	2,245	2,331	2,333	2,386	2,409	2,439
Interest federal government	2,934	3,909	3,765	3,787	4,327	3,910	5,013	5,637	5,449	5,918
to IFIs (excl IMF)	1,706	2,237	2,075	2,075	2,707	2,200	2,811	2,949	2,429	2,440
to private creditors FX	1,205	1,609	1,622	1,630	1,618	1,611	1,957	2,458	2,801	3,281
to private creditors AR$	23	63	67	83	1	98	246	230	218	197
Interest provincial government	951	966	760	760	633	633	513	475	377	325
Amortization federal government	5,445	4,132	6,376	6,599	5,944	7,258	6,390	7,796	8,304	9,442
to IFIs (excl IMF)	3,516	2,826	2,437	2,437	2,879	2,924	3,049	3,049	3,049	3,211
to private creditors FX	0	582	2,848	2,823	2,857	2,807	3,259	4,730	5,238	4,836
to private creditors AR$	1,929	724	1,091	1,339	209	1,527	83	17	17	1,395
Amortization provincial government	1,074	1,388	1,862	1,862	1,841	1,841	1,766	1,221	979	759
Debt service to IMF	20,986	7,913	3,101	3,021	4,620	4,495	7,677	9,571	10,695	11,598
of which interest and charges	3,239	3,378	3,101	3,021	3,516	3,391	3,369	3,154	2,814	2,282
Other outflows (net)	35,986	7,609	2,140	2,415	6,321	-2,710	-4,066	-1,692	-66	378
of which NFA formation (incl. tourism outflows)	16,457	15,603	13,709	13,709	15,387	15,387	16,197	4,400	0	0
of which private sector net debt payments	2,304	1,150	-8,065	-10,430	-12,208	-15,765	-16,358	0	0	0
of which trade credits	-7,357	2,106	1,095	1,123	221	5	-860	0	0	0
Total Needs	**162,830**	**108,945**	**112,717**	**126,696**	**123,745**	**128,961**	**135,300**	**145,433**	**153,198**	**161,176**
Exports G&S	83,568	96,926	101,020	104,577	108,179	112,831	119,841	127,007	134,399	141,949
FDI Inflows	24,756	11,645	8,500	10,611	12,000	15,000	14,000	16,000	16,400	16,800
Borrowing of federal government	6,651	787	7,156	8,653	9,898	10,462	11,087	11,444	12,914	14,320
from IFIs (excl IMF)	4,630	0	6,691	6,691	4,978	5,054	5,054	5,054	5,054	5,054
from private creditors FX	69	0	0	0	4,710	4,653	5,705	6,143	7,625	7,674
of which international market issuance	0	0	0	0	4,000	4,000	5,000	5,000	6,000	6,001
from private creditors AR$	1,952	787	465	1,962	210	755	328	247	235	1,592
Borrowing of provincial government	507	233	618	2,018	565	565	565	565	565	565
Federal government	0	0	0	0	0	0	0	0	0	0
Provincial government	507	233	618	2,018	565	565	565	565	565	565
Reserve Drawdown (- = accumulation)	34,675	-6,094	-19,740	-13,316	-8,340	-11,749	-11,878	-11,269	-11,920	-12,458
Total Sources	**150,157**	**103,496**	**97,554**	**112,543**	**122,301**	**127,108**	**133,614**	**143,747**	**152,357**	**161,176**
Total Gap	**12,673**	**5,448**	**15,163**	**14,153**	**1,444**	**1,853**	**1,686**	**1,686**	**842**	**0**
IMF Disbursements	12,673	5,448	15,163	14,153	1,444	1,853	1,686	1,686	842	0

Sources: National authorities and Fund staff estimates and projections.

Table 9. Argentina: Federal Government Debt by Creditor, 2018–25 1/

	2018	2019	2020	2021	2022	2023	2024	May-25
				(in billions of U.S. dollars)				
Total Gross Federal Government Debt	**332.2**	**323.4**	**335.7**	**364.5**	**394.1**	**367.9**	**478.7**	**475.4**
Debt Held by Official and Private Creditors	**206.0**	**206.5**	**214.9**	**224.3**	**235.7**	**220.0**	**288.6**	**294.8**
Official Sector	*57.9*	*73.4*	*76.6*	*72.8*	*78.3*	*78.9*	*77.5*	*94.0*
Multilateral	51.0	68.0	71.1	68.0	73.7	74.2	73.8	90.5
IMF	28.3	44.1	46.0	41.0	45.7	40.6	40.6	54.7
Other IFIs	22.8	23.9	25.1	27.1	28.0	33.7	33.2	35.8
Bilateral	6.9	5.4	5.5	4.8	4.7	4.7	3.8	3.5
Paris Club 2/	3.7	2.1	2.4	1.9	2.0	1.6	1.3	1.2
Non-Paris Club	3.2	3.3	3.1	2.9	2.7	3.1	2.5	2.3
Private Sector 3/	*148.0*	*133.1*	*138.3*	*151.5*	*157.3*	*141.1*	*211.1*	*200.8*
Foreign Law	64.9	66.6	68.5	67.7	66.2	66.7	64.1	62.7
Bonds with new contractual clauses	40.4	41.2	43.5	42.8	41.3	42.0	39.7	38.0
Bonds with old contractual clauses	24.6	24.3	25.0	24.8	24.6	24.4	24.2	24.5
Other	0.0	1.1	0.1	0.1	0.4	0.3	0.3	0.2
Domestic Law	80.3	64.1	69.8	81.2	88.8	74.4	143.0	134.4
FX denominated	45.4	27.6	21.2	26.2	24.0	28.6	27.7	27.1
ARS denominated	34.8	36.5	48.5	55.0	64.8	43.4	115.3	107.3
Holdouts and finalized litigations 4/	2.8	2.4	2.5	2.6	2.3	2.4	3.7	3.7
Debt Held by the Public Sector 5/	**126.2**	**116.9**	**120.9**	**140.3**	**158.5**	**147.9**	**190.1**	**180.6**
				(Percent of GDP)				
Total Gross Federal Government Debt	**85.2**	**89.8**	**103.8**	**81.0**	**84.5**	**154.6**	**84.6**	**72.7**
Debt Held by Official and Private Creditors	**52.8**	**57.4**	**66.4**	**49.9**	**50.5**	**92.4**	**51.0**	**45.1**
Official Sector	*14.9*	*20.4*	*23.7*	*16.2*	*16.8*	*33.1*	*13.7*	*14.4*
Multilateral	13.1	18.9	22.0	15.1	15.8	31.2	13.0	13.8
IMF	7.2	12.3	14.2	9.1	9.8	17.0	7.2	8.4
Other IFIs	5.8	6.6	7.8	6.0	6.0	14.1	5.9	5.5
Bilateral	1.8	1.5	1.7	1.1	1.0	2.0	0.7	0.5
Paris Club 2/	1.0	0.6	0.7	0.4	0.4	0.7	0.2	0.2
Non-Paris Club	0.8	0.9	1.0	0.6	0.6	1.3	0.4	0.4
Private Sector 3/	*38.0*	*37.0*	*42.8*	*33.7*	*33.7*	*59.3*	*37.3*	*30.7*
Foreign Law	16.7	18.5	21.2	15.1	14.2	28.0	11.3	9.6
Bonds with new contractual clauses	10.4	11.4	13.4	9.5	8.8	17.7	7.0	5.8
Bonds with old contractual clauses	6.3	6.8	7.7	5.5	5.3	10.2	4.3	3.8
Other	0.0	0.3	0.0	0.0	0.1	0.1	0.0	0.0
Domestic Law	20.6	17.8	21.6	18.0	19.0	31.3	25.3	20.6
FX denominated	11.7	7.7	6.6	5.8	5.1	12.0	4.9	4.2
ARS denominated	8.9	10.1	15.0	12.2	13.9	18.2	20.4	16.4
Holdouts and finalized litigations 4/	0.7	0.7	0.8	0.6	0.5	1.0	0.7	0.6
Debt Held by the Public Sector 5/	**32.4**	**32.5**	**37.4**	**31.2**	**34.0**	**62.1**	**33.6**	**27.6**
Memorandum Items:								
FX-Denominated Debt held by private and official sector	171.1	170.0	168.8	169.2	170.8	176.7	173.1	187.6
(percent of GDP)	43.9	47.2	52.2	37.6	36.6	74.2	30.6	28.7
Debt held by private sector nonresidents	103.2	82.5	76.1	74.0	66.5	64.1	58.5	59.5
(percent of GDP)	26.5	22.9	23.5	16.5	14.2	26.9	10.3	9.1
Provincial Debt	29.1	26.6	26.6	26.9	24.3	22.1	22.6	…
(percent of GDP)	7.5	7.4	8.2	6.0	5.2	9.3	4.0	…

Source: National authorities.

1/ Debt is based on the authorities' data and estimated using eop exchange rate. Debt to GDP ratio presented is based on average GDP.

2/ Includes the revised Paris Club debt stock agreed as part of the restructuring deal in October 2022.

3/ Private sector includes Banco Nacion and other public entities.

4/ Includes over US$ 2 bn of debt not included in the exchange offer (based on Decrees 1735/04 and 563/10), US$ 0.1 bn of debt outstanding from the 2001 default that was not eligible for exchanges, and finalized litigation cases.

5/ Public sector includes BCRA and FGS.

Table 10. Argentina: International Investment Position, 2018–24

	In millions of US dollars							In percent of GDP						
	2018	2019	2020	2021	2022	2023	2024	2018	2019	2020	2021	2022	2023	2024
Net IIP	**65,630**	**113,155**	**123,302**	**124,438**	**122,995**	**108,343**	**59,312**	**12.6**	**25.7**	**32.5**	**25.9**	**19.5**	**16.6**	**9.1**
Direct Investment	-30,362	-27,630	-44,063	-56,772	-70,846	-80,763	-123,041	-5.8	-6.3	-11.6	-11.8	-11.2	-12.4	-18.9
Equity and Investment Fund Shares	-6,626	-4,697	-12,310	-24,461	-31,131	-28,872	-68,555	-1.3	-1.1	-3.2	-5.1	-4.9	-4.4	-10.5
Debt Instruments	-23,735	-22,933	-31,753	-32,311	-39,715	-51,890	-54,486	-4.5	-5.2	-8.4	-6.7	-6.3	-8.0	-8.4
Portfolio Investment	-52,404	-2,548	12,307	19,544	31,514	37,739	21,894	-10.0	-0.6	3.2	4.1	5.0	5.8	3.4
Equity and Investment Fund Shares	22,433	31,840	38,758	48,202	41,919	46,258	44,717	4.3	7.2	10.2	10.0	6.6	7.1	6.9
Debt Securities	-74,838	-34,388	-26,451	-28,658	-10,405	-8,519	-22,822	-14.3	-7.8	-7.0	-6.0	-1.7	-1.3	-3.5
Financial Derivatives	-1,296	-543	-128	-397	-339	-853	-1,678	-0.2	-0.1	0.0	-0.1	-0.1	-0.1	-0.3
Other Investment	83,906	99,028	115,799	122,401	118,067	142,146	145,500	16.1	22.5	30.5	25.5	18.7	21.8	22.3
Other Equity	3,074	3,223	3,364	3,520	3,684	3,837	3,916	0.6	0.7	0.9	0.7	0.6	0.6	0.6
Debt Instruments	80,832	95,805	112,435	118,881	114,383	138,310	141,584	15.5	21.7	29.6	24.7	18.1	21.2	21.7
Reserve Assets	65,786	44,848	39,387	39,662	31,598	10,073	16,592	12.6	10.2	10.4	8.3	5.0	1.5	2.5
Assets	**377,521**	**397,180**	**399,967**	**418,942**	**432,432**	**439,016**	**455,879**	**72.2**	**90.1**	**105.3**	**87.2**	**68.6**	**67.4**	**70.0**
Direct Investment	42,228	42,828	41,206	43,223	45,781	49,539	52,497	8.1	9.7	10.8	9.0	7.3	7.6	8.1
Equity and Investment Fund Shares	42,228	42,828	41,206	43,223	45,781	49,539	52,497	8.1	9.7	10.8	9.0	7.3	7.6	8.1
Debt Instruments	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Portfolio Investment	60,789	69,294	71,307	81,928	80,408	89,469	102,487	11.6	15.7	18.8	17.0	12.8	13.7	15.7
Equity and Investment Fund Shares	33,370	39,500	42,805	52,914	48,534	55,094	64,532	6.4	9.0	11.3	11.0	7.7	8.5	9.9
Debt Securities	27,419	29,794	28,503	29,014	31,874	34,375	37,955	5.2	6.8	7.5	6.0	5.1	5.3	5.8
Other Investment	208,705	240,198	248,050	254,129	261,644	289,928	284,247	39.9	54.5	65.3	52.9	41.5	44.5	43.7
Other Equity	3,074	3,223	3,364	3,520	3,684	3,837	3,916	0.6	0.7	0.9	0.7	0.6	0.6	0.6
Debt Instruments	205,631	236,975	244,686	250,609	257,960	286,091	280,331	39.4	53.8	64.4	52.2	40.9	43.9	43.1
Reserve Assets 1/	65,786	44,848	39,387	39,662	31,598	10,073	16,592	12.6	10.2	10.4	8.3	5.0	1.5	2.5
Liabilities	**311,891**	**284,026**	**276,664**	**294,504**	**309,437**	**330,673**	**396,567**	**59.7**	**64.5**	**72.8**	**61.3**	**49.1**	**50.8**	**60.9**
Direct Investment	72,589	70,458	85,269	99,995	116,627	130,302	175,538	13.9	16.0	22.4	20.8	18.5	20.0	27.0
Equity and Investment Fund Shares	48,854	47,525	53,516	67,684	76,912	78,412	121,052	9.3	10.8	14.1	14.1	12.2	12.0	18.6
Debt Instruments	23,735	22,933	31,753	32,311	39,715	51,890	54,486	4.5	5.2	8.4	6.7	6.3	8.0	8.4
Portfolio Investment	113,193	71,842	59,000	62,384	48,894	51,730	80,593	21.7	16.3	15.5	13.0	7.8	7.9	12.4
Equity and Investment Fund Shares	10,937	7,661	4,047	4,712	6,615	8,836	19,815	2.1	1.7	1.1	1.0	1.0	1.4	3.0
Debt Securities	102,257	64,182	54,953	57,671	42,279	42,894	60,777	19.6	14.6	14.5	12.0	6.7	6.6	9.3
Financial Derivatives	1,309	554	145	397	339	860	1,690	0.3	0.1	0.0	0.1	0.1	0.1	0.3
Other Investment	124,799	141,170	132,250	131,728	143,577	147,782	138,747	23.9	32.0	34.8	27.4	22.8	22.7	21.3
Other Equity	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Instruments	124,799	141,170	132,250	131,728	143,577	147,782	138,747	23.9	32.0	34.8	27.4	22.8	22.7	21.3
Memorandum items														
Debt liabilities	250,791	228,286	218,957	221,711	225,571	242,566	254,010	48.0	51.8	57.6	46.1	35.8	37.3	39.0

Sources: National authorities and Fund staff estimates.

1/ Reserve assets exclude the unactivated portion of the PBoC swap (about US$13 billion), which is now part of other invesment on the assets side.

Table 11. Argentina: Financial Soundness Indicators, 2018–25
(Percent, End-of-Period)

	2018	2019	2020	2021	2022	2023	2024	2025 3/
	(Percent, end-of-period)							
Financial System								
Capital Adequacy								
Regulatory Capital to Risk-Weighted Assets	16.0	17.5	24.2	26.2	29.9	32.5	30.6	29.7
Regulatory Tier 1 Capital to Risk-Weighted Assets	14.2	15.5	22.3	24.7	28.8	31.8	30.4	29.6
Assets Quality								
Non-performing Loans Net of Provisions to Capital	-2.4	0.3	-4.4	-1.2	-1.5	-1.6	-1.5	-1.6
Non-performing Loans to Total Gross Loans	3.1	5.7	3.9	4.3	3.1	3.7	1.5	2.2
Earnings and Profitability								
Return on Assets 1/	4.1	5.4	2.4	1.1	2.0	5.3	4.1	0.4
Return on Equity 1/	36.1	46.4	16.4	7.2	11.4	26.9	15.7	1.7
Liquidity 2/								
Liquid Assets to Total Assets (Liquid Asset Ratio)	41.8	43.2	48.0	49.2	52.1	49.0	24.5	22.0
Liquid Assets to Short Term Liabilities	60.1	62.0	69.2	72.0	75.1	73.9	36.8	
Net Open Position in Foreign Exchange Capital	9.4	8.0	12.4	11.7	29.3	59.8	9.4	5.7
Private Banks								
Capital Adequacy								
Regulatory Capital to Risk-Weighted Assets	16.8	19.5	25.5	27.0	31.6	33.8	27.3	27.4
Regulatory Tier 1 Capital to Risk-Weighted Assets	14.4	16.9	23.0	25.1	30.2	32.8	27.0	27.2
Assets Quality								
Non-performing Loans Net of Provisions to Capital	-0.6	-2.1	-6.2	-2.6	-2.0	-1.4	-2.0	-2.1
Non-performing Loans to Total Gross Loans	3.1	4.4	2.2	2.9	1.8	1.6	1.5	2.3
Earnings and Profitability								
Return on Assets 1/	4.2	7.5	2.7	1.3	1.7	4.8	3.1	0.6
Return on Equity 1/	35.6	60.3	16.6	7.6	9.1	23.4	12.5	2.6
Public Banks								
Capital Adequacy								
Regulatory Capital to Risk-Weighted Assets	14.7	13.6	21.9	25.0	27.5	30.8	36.0	33.4
Regulatory Tier 1 Capital to Risk-Weighted Assets	14.1	13.0	21.3	24.4	27.0	30.8	36.0	33.3
Assets Quality								
Non-performing Loans Net of Provisions to Capital	-6.3	4.9	-0.7	1.3	-0.6	-1.9	-1.0	-0.9
Non-performing Loans to Total Gross Loans	2.7	7.8	6.6	6.5	5.3	7.2	1.4	1.9
Earnings and Profitability								
Return on Assets 1/	4.0	2.0	2.1	1.0	2.6	6.2	5.5	0.0
Return on Equity 1/	38.6	20.2	17.2	7.4	16.9	33.7	19.7	0.1

Sources: Banco Central de la República Argentina (BCRA) and IMF database.
1/ Accumulated during the year; with inflation-adjustment starting from 2020.
2/ As of Q1:2025.
3/ As of Apr. 2025.

Table 12. Argentina: Indicators of Fund Credit, 2025–34

(In Millions of SDRs, Unless Otherwise Specified)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total (2025-2034)
Existing and Prospective drawings	10,689	1,399	1,272	1,272	635	0	0	0	0	0	
(in percent of quota)	335	44	40	40	20	0	0	0	0	0	
Amortization 1/	0	833	3,250	4,842	5,947	7,028	7,251	6,630	4,425	2,886	43,092
GRA charges 1/	1,335	1,500	1,491	1,400	1,257	1,033	781	524	311	175	9,806
GRA surcharges 1/	741	905	898	827	716	542	345	145	9	0	5,126
of which level-based	539	658	653	601	521	394	251	105	7	0	3,728
time-based	202	247	245	225	195	148	94	39	2	0	1,398
GRA service charge 1/	53	7	6	6	3	0	0	0	0	0	76
SDR assessments and charges 1/	153	147	147	147	147	147	147	147	147	147	1,477
Total debt service 1/	2,282	3,393	5,792	7,222	8,070	8,750	8,524	7,445	4,892	3,208	59,577
(in percent of exports of G&S)	3.0	4.1	6.6	7.8	8.3	8.5	8.0	6.8	4.4	2.8	
(in percent of GDP)	0.4	0.6	1.1	1.3	1.4	1.5	1.4	1.1	0.7	0.4	
(in percent of GIR)	10.1	10.9	14.6	15.1	14.3	13.4	11.9	8.9	5.6	3.6	
Outstanding stock 1/	41,789.0	42,354.7	40,376.7	36,807.0	31,495.3	24,466.9	17,215.9	10,586.3	6,161.3	3,275.2	
(in percent of quota)	1,311.1	1,328.9	1,266.8	1,154.8	988.2	767.6	540.1	332.1	193.2	102.7	
(in percent of GDP)	8.0	8.0	7.5	6.7	5.5	4.1	2.7	1.6	0.9	0.4	
(in percent of GIR)	184.8	136.2	101.8	77.0	55.9	37.5	24.0	12.6	7.0	3.7	
Memorandum items:											
Exports of goods and services (US$ mn)	104,577	112,831	119,841	127,007	134,399	141,949	147,627	152,056	153,980	155,929	
GDP (US$ bn)	718	729	744	753	784	826	870	916	964	1,015	
Gross International Reserves (US$ mn)	30,894	42,644	54,522	65,791	77,711	90,169	99,046	116,018	121,539	121,603	
Quota	3,187.3	3,187.3	3,187.3	3,187.3	3,187.3	3,187.3	3,187.3	3,187.3	3,188.3	3,189.3	

Source: Fund staff estimates and projections.

1/ Assumes that all purchases will be made.

Table 13a. Argentina: Proposed Schedule of Reviews and Purchases

Available on or after	Original Amounts		Conditions 1/
	SDR millions	% Quota	
April 11, 2025	9,160	287	Program Approval
June 15, 2025	1,529	48	First Review and mid-June 2025 performance criteria
January 23, 2026	763	24	Second Review and end-December 2025 performance criteria
July 31, 2026	636	20	Third Review and end-June 2026 performance criteria
January 31, 2027	636	20	Fourth Review and end-December 2026 performance criteria
July 31, 2027	636	20	Fifth Review and end-June 2027 performance criteria
January 31, 2028	636	20	Sixth Review and end-December 2027 performance criteria
July 31, 2028	636	20	Seventh Review and end-June 2028 performance criteria
January 31, 2029	635	20	Eighth Review and end-December 2028 performance criteria
Total	15,267	479	

Sources: Fund staff calculations.

1/ Apart from periodic performance criteria, conditions also include continuous performance criteria.

Table 13b. Argentina: Schedule of Reviews and Purchases at the 2025 EFF Program Approval

Available on or after	Original Amounts		Conditions 1/
	SDR millions	% Quota	
April 11, 2025	9,160	287	Program Approval
June 15, 2025	1,529	48	First Review and mid-June 2025 performance criteria
November 15, 2025	763	24	Second Review and end-September 2025 performance criteria
May 15, 2026	545	17	Third Review and end-March 2026 performance criteria
November 15, 2026	545	17	Fourth Review and end-September 2026 performance criteria
May 15, 2027	545	17	Fifth Review and end-March 2027 performance criteria
November 15, 2027	545	17	Sixth Review and end-September 2027 performance criteria
May 15, 2028	545	17	Seventh Review and end-March 2028 performance criteria
November 15, 2028	545	17	Eighth Review and end-September 2028 performance criteria
March 15, 2029	545	17	Ninth Review and end-December 2028 performance criteria
Total	15,267	479	

Sources: Fund staff calculations.

1/ Apart from periodic performance criteria, conditions also include continuous performance criteria.

Annex I. Application of the Sovereign Risk and Debt Sustainability Framework

Table 1. Argentina: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	**High**	Despite significant improvements in economic fundamentals and the return to international capital markets after a seven-year hiatus, overall risks of sovereign stress continue to be high given exceptionally high economic uncertainty amid still elevated inflation and low reserve levels, and risks around the needed steady access to international capital markets to refinance large upcoming FX obligations.
Near term 1/	n.a.	n.a.	Not applicable.
Medium term	Moderate	Moderate	Staff continues to assess medium-term risks as moderate, in line with the mechanical risk signal. The debt-to-GDP ratio has been on a downward path since early 2024, driven by strict fiscal discipline and the unwinding of the overshooting of the real effective exchange rate (REER) in December 2023. The debt-to-GDP ratio is expected to continue to decline over the medium term amid the implementation of sound economic policies. While there is substantial uncertainty around the baseline debt trajectory, the implementation of an ambitious fiscal consolidation, improvements in the debt profile, as well as the buildup of Treasury cash buffers, should help contain financing risks.
Fanchart	Moderate	...	
GFN	Moderate	...	
Stress test	Cont. Liabty.	...	
Long term	...	**High**	Given Argentina's susceptibility to adverse shock and need to maintain tight fiscal policy and gain steady access to international capital markets, there are relevant risks of a renewed episode of sovereign stress over the longer term. Full adherence to program objectives will help contain these risks.
Sustainability assessment 2/	...	Sustainable but not with high probability	There are good prospects for debt stabilization and acceptable rollover risks, consistent with debt sustainability. However, substantial uncertainty around the baseline indicates high risks to this assessment.
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Commentary: The Sovereign Risk and Debt Sustainability Framework (SRDSF) tools indicate that debt is sustainable but not with high probability, and overall risks of sovereign stress are high.

At a medium-term horizon, staff assesses risks to be moderate. The GFN module continues to show moderate risk, including because vulnerabilities are contained somewhat by the establishment of a strong fiscal anchor that targets overall fiscal balance. Going forward, debt-to-GDP ratio is expected to decline rapidly as the REER stabilizes at its long-term level and the strong fiscal anchor is maintained. Over the longer term, the 10-year fanchart analysis points to debt sustainability (albeit with substantial risks), including of a potential renewed round of sovereign stress as Argentina needs to access international debt markets on a steady manner and external buffers are likely to remain limited.

Risks to the updated baseline are exceptionally high, particularly given a still fragile reserve position. In this context, the assessment of moderate risk of sovereign distress in the medium term still hinges critically on the steadfast implementation of the stabilization and growth plan. Securing internal and external balances will be essential to tackle debt vulnerabilities and rebuild external buffers. Although Argentina returned to international capital markets with the issuance of a domestic-law peso bond subscribed in dollars to non-residents after a seven-year hiatus, continued implementation of the economic program will be needed to ensure steady access to international capital markets at favorable terms. Notably, the implementation of the authorities' reserve accumulation plan will be essential to lower spreads, refinance large upcoming FX debt payment, and rebuild external buffers. Failure to adhere to the fiscal anchor would imply greater financing pressures, and higher gross financing needs over the medium to long term. In this context, contingency planning and agile policy making remain indispensable to improve the likelihood of program success, with additional macroeconomic policy adjustments potentially required.

Other latent structural vulnerabilities remain including: the low and undiversified export base, thin domestic capital markets, high shares of foreign currency and non-resident debt, and contingent liabilities arising from a deterioration in provincial finances. In this context, efforts to deepen domestic capital markets and structural reforms to boost growth and exports, remain essential to mobilize domestic saving and strengthen reserves, which in turn would strengthen debt-servicing capacity.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

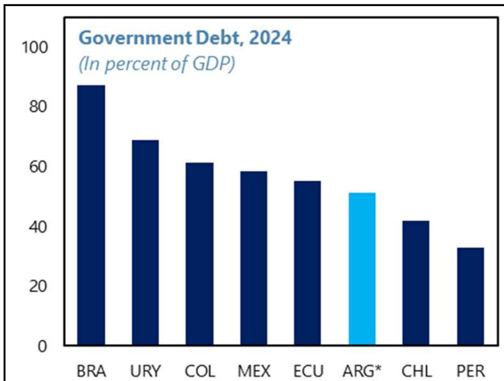
2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

A. Assessment of Debt Sustainability

1. Staff assesses that Argentina's debt remains "sustainable, but not with high probability." This assessment is based on four tools: (i) a Debt Fanchart analysis that provides information on the prospects for debt stabilization; (ii) a GFN Financeability module which indicates whether rollover risks are at acceptable levels; (iii) a crisis prediction model which gives a probability of unsustainable debt (i.e., events involving sovereign default and restructuring); and (iv) contingent liability analysis to illustrate potential debt surprises from outside the current federal government debt perimeter. Staff's judgment is also informed by other important elements, including the results of a 10-year Debt Fanchart, and an updated assessment of whether net federal government (Treasury) debt and debt service—excluding intra-public sector debt obligations to the central bank (BCRA) and the social security trust fund (FGS)—remains manageable over the medium to long term, despite near-term challenges.

2. This assessment is predicated on a successful implementation of the program to address still-significant imbalances and structural challenges. Sustaining the strong fiscal anchor, which will require further increases in the primary surplus, along with a consistent implementation of the new FX and monetary policy regime, will be essential to establish internal and external balances and boost reserve buffers. These policy actions, together with ongoing structural reforms, should facilitate steady access to international market at more favorable terms to safeguard medium-term debt and external sustainability.

3. Public debt is projected to fall over the medium term, supported by continued adherence to the fiscal anchor as well as robust medium-term growth driven by growth-enhancing deregulatory reforms. Gross public debt is expected to fall from around 85 percent of GDP in 2024 to approximately 55 percent by 2030. These projections are predicated on additional fiscal consolidation, as the projected increase in the interest bill will require a stronger primary surplus of about 2½ percent of GDP from 2027 onward to broadly maintain overall balance (see Box 1 and Table 6). Moreover, sustained implementation of the structural reform agenda is expected to gradually lift potential growth, with real GDP projected to grow at around 3 percent annually from 2030 onward—compared to an average of zero percent over the past decade. This is consistent with Treasury debt held by the official and private sector—i.e., excluding intra-public sector holdings (BCRA and FGS) that are subject to lower roll-over risks—falling from around 50 percent of GDP in 2024 (a level broadly comparable to that observed among peer economies) to around 30 percent of GDP by 2030, consistent with a gradual reduction in exposure to senior creditors.



Sources: WEO, MECON.
*Net public debt excluding intra-government holdings

4. Purchases from the Fund under the EFF resulted in a change in the composition in *gross* central government debt. In line with the program's objectives, the Treasury is expected to continue to use Fund disbursement (initially US$12 billion) to repurchase non-marketable FX bonds (*Letras Intransferibles*) held by the BCRA at "market" value. The initial repurchased *Letras* had a face value of US$13.6 billion and maturities in 2025, 2026, and 2029. As a result, the stock of *Letras* has declined to 13 percent of total BCRA assets (2.2 percent of GDP) from 20 percent (3.0 percent of GDP) before program approval. While gross Treasury debt declined marginally due to this initial operation, consolidated public sector debt will increase by the amount of Fund disbursements, net of amortization payments (which start in September 2026).

Table 2. Argentina: Public Sector Debt, 2023–26 1/

			Proj.				*Proj.*	
	2023	2024	2025	2026	2023	2024	2025	2026
	(in US$ billion)				*(in percent of GDP)*			
1. Gross federal debt (DSA perimeter) (1=2+3)	**367.9**	**478.7**	**467.5**	**471.6**	**154.6**	**84.7**	**71.5**	**68.0**
2. Federal debt (excl. intra-public sector holdings)	**220.0**	**288.6**	**269.4**	**270.5**	**92.5**	**51.0**	**41.2**	**39.0**
2a. FX debt	173.8	173.1	185.6	189.4	73.0	30.6	28.4	27.3
IMF	40.6	40.6	54.7	55.5	17.0	7.2	8.4	8.0
Official Sector	38.3	37.0	41.0	43.1	16.1	6.5	6.3	6.2
Private Sector	92.5	91.8	86.2	87.2	38.9	16.2	13.2	12.6
Holdouts and finalized litigation	2.4	3.7	3.7	3.7	1.0	0.7	0.6	0.5
2b. LC debt	46.2	115.3	83.8	81.1	19.4	20.4	12.8	11.7
3. Intra-public sector Treasury debt 2/	**147.9**	**190.1**	**198.1**	**201.1**	**62.1**	**33.6**	**30.3**	**29.0**
4. BCRA liabilities 3/	**43.5**	**12.3**	**14.8**	**12.8**	**18.3**	**2.2**	**2.3**	**1.8**
4a. FX debt 3/	8.1	12.1	14.7	12.6	3.4	2.1	2.2	1.8
4b. LC debt	35.4	0.1	0.1	0.1	14.9	0.0	0.0	0.0
5. Treasury Deposits at the BCRA	**1.2**	**11.9**	**26.5**	**26.5**	**0.5**	**2.1**	**4.1**	**3.8**
6. Net consolidated public sector debt (6=2+4-5)	**262.2**	**289.0**	**257.6**	**256.8**	**110.2**	**51.1**	**39.4**	**37.0**
6b. Net consolidated LC debt (6b=2b+4b-5)	80.3	103.5	57.4	54.7	33.7	18.3	8.8	7.9

Sources: Argentine authorities and Fund staff estimates.

1/ Debt based on data provided by the authorities and estimated using end-of-period exchange rates. Debt-to-GDP ratio is based on average period GDP. The sharp increase in the debt-to-GDP ratio in 2023 reflects the December step-devaluation. The debt stock is higher than the ones included in MECON's monthly debt reports because they include i) capitalized interest payments until maturity, ii) holdouts, and iii) claims related to the finalized London litigation case on the GDP warrants.

2/ Public sector includes the central bank (BCRA) and the social security fund (FGS).

3/ Includes BOPREAL, the PBoC swap line, and other small FX liabilities.

5. The authorities' domestic debt management strategy has had to adapt to secure sufficient rollover. The Treasury has been able to issue mainly fixed-rate instruments (comprising around 90 percent of total issuances), although rollover rates have fallen somewhat more recently (from an average of almost 150 percent during 2024:H2 to below 100 percent in February-June 2025), and maturities at issuance have declined (from an average of 255 days in 2024:H2 to 104 days in February-March 2025). Lower rollover rates are explained by banks reallocating their asset portfolio from Treasury instruments towards private credit. Real interest rates have increased above

10 percent y/y to support the transition to the new FX and monetary policy regime, in part reflecting declining inflation expectations. Rollover risks in the year ahead seem manageable given the current level in government peso cash deposits (of around ARS 20 trillion at the BCRA and Banco Nacion as of early July), in part reflecting BCRA profits to the Treasury (of about ARS12 trillion) from significant improvements in the valuation of government securities. In the period ahead, the Treasury will need to continue accepting high-enough interest rates to attract reasonable demand for its securities.

6. The authorities' FX financing strategy focuses on securing steady access to international capital markets at favorable terms to refinance large FX obligations and support external resilience, without increasing public external indebtedness. The issuances of peso-denominated bonds under domestic law subscribed in U.S. dollars (Bonte bonds) in the amount of US$1.5 billion in May and June mark Argentina's return to international capital markets after a gap of seven years (see Staff Report footnote 8). The Bonte issuances are part of the authorities' multipronged strategy to strengthen international reserves and do not lead to an increase in public indebtedness, as they were used to refinance maturing government securities and did not lead to a positive net issuance. The Bonte issuance, together with the BCRA repo agreement and FX block purchases by the Treasury with its fiscal surplus, covered the FX debt payments to bondholders on July 9th (of US$4.2 billion). Going forward, continued tight macroeconomic policies, and efforts to rebuild reserves are expected to further reduce spreads (especially if election-related uncertainties retreat), facilitating steady access to capital markets at more favorable terms, including through issuances of FX-denominated bonds. This in turn will help refinance large FX obligations coming due in the near to medium term without increasing public external indebtedness, while allowing a reduction in exposure to the Fund as conditions permit.

B. Medium-Term Risk Analysis

7. The GFN Financeability Module continues to point to moderate risk. Baseline GFNs are projected to remain high and average around 13 percent of GDP over the 2025–30 period (around 8 percent of GDP for debt held by the private and official sector).

- Despite the significant improvement in macroeconomic fundamentals since end-2023, risks remain moderate due to residual underlying vulnerabilities, arising from a long history of economic mismanagement and defaults. Despite strong debt management efforts, the share of indexed debt is projected to fall only gradually, while the maturity on the peso debt will be extended slowly over the medium term as disinflation proceeds. Meanwhile, the banking system remains small (with assets of about 35 percent of GDP) and its exposure to the sovereign has significantly declined over the last year amid the expansion of the private sector and fiscal consolidation efforts.[1] In addition, Argentina's shallow financial markets and high financial dollarization adds to the challenges of absorbing GFNs.

[1] Exposure of the domestic banking sector to the consolidated public sector (including the BCRA) fell to around 28 percent of all assets by April 2025, from over 50 percent at end-2023.

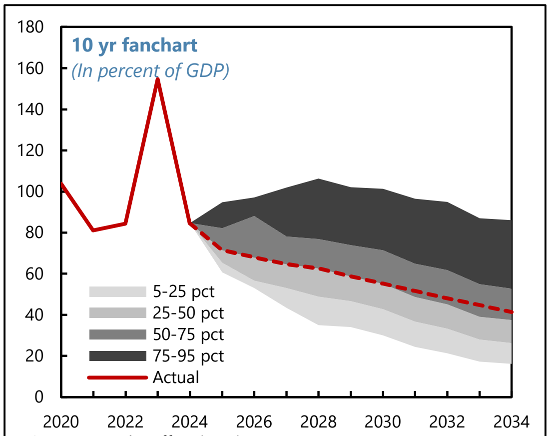
- These vulnerabilities are partly mitigated by: (i) the availability of Treasury peso deposits at commercial banks and the BCRA; (ii) the large share of debt held by other public sector entities (not subject to rollover risks); and (iii) the fact that a large share of FX debt are from IFIs, with more favorable terms and conditions (though recognizing that very high levels of senior debt could complicate market access).
- Against this backdrop, reducing refinancing vulnerabilities (large FX debt service obligations), will require sustained fiscal efforts, agile debt management, and a consistent and predictable reserve accumulation strategy to ensure a steady access to international capital markets at more favorable terms,. Care will need to be taken to ensure the sustainability of the balance of payments and avoid excessive reliance on volatile short-term inflows. Continued efforts will also be required to improve competitiveness and encourage FDI, to leverage Argentina's energy and mining potential.

8. **The debt fanchart module shows a moderate risk of sovereign stress.** While the probability of debt stabilization under the baseline continues to be high (at around 99 percent), it remains subject to substantial uncertainty as proxied by the width of the fanchart. These uncertainties can be reduced to the extent that the new exchange rate regime is able to limit overvaluation risks and safeguard external sustainability, especially in the context of frequent external shocks.

9. **Contingent liability analysis is consistent with moderate medium-term risks of sovereign stress.** The illustrative contingent liability shock scenario indicates potential risks of debt surprises coming from outside the current central government debt perimeter and from compensation payments arising from unfavorable international court rulings. The shock is tailored for Argentina's circumstances by simulating a one-off debt materialization (of 6 percent of GDP), equivalent to the total stock of provincial debt and combined potential compensation payments from ongoing sovereign debt litigation cases. While debt dynamics are very close to the baseline in the contingency scenarios, efforts should continue to maintain the non-bailout approach on provincial debts and resolve the pending litigation cases.[2] Related to the latter, good faith efforts should continue to secure an early agreement on the repayment terms for the London judgment (for EUR 1.6 billion, which is already included in the staff's debt stock). Moreover, agile policymaking will remain indispensable, with additional macroeconomic policy adjustments necessary, if risks from contingent liabilities materialize.

[2] Argentina has faced litigation cases in London and New York related to claims regarding the treatment of GDP-linked warrants issued in the 2005 debt exchange. A final judgment has been delivered against Argentina in the London case, which has then been included to the debt stock, while the New York case is part of the contingency scenario. Argentina also faces litigation in New York related to losses by former YPF shareholders, following the nationalization of the energy company in 2012. The country was found liable for US$16 billion but has since appealed the ruling. Argentina also disputes the amount of the YPF claim.

C. Longer-Term Risk Analysis



Source: Fund staff estimations.

10. A long-term fan chart analysis points to debt sustainability, albeit with substantial risks. The probability of debt stabilization in a fan chart ending in 2034 is close to 98 percent, consistent with debt sustainability, although with substantial risks. Over the medium to long term, Argentina will need to continue to refinance part of its maturing debt obligations from the 2020 debt restructuring as well as managing repurchases to the Fund, including those arising from the current program. The capacity to repay will depend on a resolute implementation of the program in order to strengthen reserve coverage and sustained access to international capital markets at more favorable terms.

11. While debt (and debt service) held by the official and private sectors is projected to remain manageable in the medium to long term, buffers remain very limited. Federal debt (excluding debt held by the BCRA and FGS) would fall below 40 percent of GDP, a common threshold for peers with strong fundamental and adequate market access. GFNs (for public debt not in the hands of other public entities) between 2025–2032 are projected to be around 8 percent of GDP, which are manageable. However, as most exchange rate restrictions and controls have been fully lifted, the authorities will need to continue their efforts to improve the maturity and structure of the peso debt. Moreover, the accumulation of international reserves will be key to ensure a further reduction in sovereign spreads and pave the way to sustained access to international capital markets, including to gradually reduce Argentina's large exposure to the Fund and other senior official creditors.

Box 1. SRDSF Key Macroeconomic and Financing Assumptions

The SRDSF reflects the government's commitment to establish a strong fiscal anchor (of a zero overall deficit), the elimination of monetary financing, and the elimination of FX and relative price distortions. A successful implementation of the program, mainly by sustaining fiscal consolidation and increasing the pace of reserve accumulation, will be crucial for domestic debt market development and should help ensure Argentina's steady access to international capital markets.

Macroeconomic Assumptions

- *Real GDP, after* contracting by about 1.3 percent in 2024, is expected to expand by 5.5 percent in 2025 with growth gradually converging toward potential (of about 3 percent) over the medium term, as output gaps are closed. Potential growth estimates are consistent with the assumed reform efforts aimed at removing regulatory barriers and other bottlenecks to investment, employment, and trade.
- *The REER* is projected to *gradually* converge to a level consistent with fundamentals over the medium term, in the context of greater FX flexibility and a careful unwinding of remaining FX restrictions.
- *Inflation (eop), after peaking at* about 211 percent y/y in 2023 and falling to around 118 percent in 2024, is projected to reach 20-25 percent by end-2025 supported by strong adherence to the fiscal anchor, and tight monetary policy. Annual inflation is expected to reach single digits by end-2026.
- *The primary fiscal surplus* is projected to reach 1.6 percent of GDP in 2025 (compared to 1.8 percent of GDP in 2024), consistent with the authorities' commitment to an overall cash balance. The primary surplus is projected to converge to a steady-state level of 2.5 percent of GDP, as interest payments rise in the context of an open capital account and adjustments to the debt structure.
- *Gross international reserves* are assumed to recover from 22 percent of the ARA metric at end-2024 to around 100 percent by 2030.

Financing Assumptions

External official financing. Gross external official financing (excluding the Fund) is expected to reach about US$7.0 billion in 2025 (up from US$6.7 billion at program approval), with large contributions from the World Bank and IDB (of around US$2.5 billion each) resulting in positive net financing after accounting for interest payments of about US$2 billion. Annual official net financing (before interest payments) is expected to average around 0.3 percent of GDP over the forecast period. Projected repayments to the Paris Club reflect the October 2022 joint declaration, stretching out to 2028, consistent with program reserve accumulation and debt sustainability goals. The central bank's bilateral FX swap from the PBoC that was drawn in 2023 was not included in public debt, as it does not cross the *de-minimis* threshold of 1 percent of GDP. In line with the recent agreement, the activated PBOC swap for US$5 billion is assumed to be refinanced through end-June 2026, with continued good prospects beyond then. The central bank's repo agreement with international banks (totaling US$3 billion) and FX bonds BOPREALs (about US$11 billion excluding the ones used as repo collaterals), were also not included, as the authorities' reserve accumulation plan is consistent with clearing these liabilities.

- The activated PBOC swap is assumed to be refinanced in 2025. The central bank's repo agreement with international banks (US$3 billion) and FX bonds BOPREALs (about US$11 billion excluding the ones used as repo collaterals), were also not included, as the authorities' reserve accumulation plan is consistent with clearing these liabilities.[1]
- *External private sector financing*. Debt service on FX-denominated debt to foreign private creditors is assumed to follow the 2020 restructuring schedule. The framework assumes the issuance of peso-denominated bonds (Bontes) subscribed in US dollars under domestic law of about US$3 billion in 2025 (including the issuances of US$1.5 billion in May-June), with about two-thirds being held by foreign investors. Argentina is assumed to issue FX sovereign bonds modestly in 2026 and beyond at spreads between 400–500 basis points (in line with some Argentine corporates). No foreign-financed debt buyback is assumed. The gap between private FX debt issuances with scheduled amortizations will be covered in part by a stronger external position and reserves over the medium term. Exposure to the Fund is assumed to gradually fall over the medium term.

Box 1. SRDSF Key Macroeconomic and Financing Assumptions (concluded)

- Domestic market financing. The framework assumes a gradual increase in long-term fixed-rate debt issuance, given that it would take at least 18–24 months to reliably entrench the disinflation process. Real interest rates are expected to converge to around 4.5 percent over the projection period, consistent with an open capital account and the assumed reduction in Argentina's sovereign risk premium.

	2025	2026	2027	2028	2029	2030
External Financing						
Official (ex. IMF)						
Disbursements (USD billions)	7.0	5.1	5.1	5.1	5.1	5.1
Net financing (USD billions)	4.5	2.1	2.1	2.1	2.1	2.0
Nominal interest rate (percent)	3.9	3.8	3.8	3.8	3.8	3.8
Foreign-law FX bond issuance						
Issuance (USD billions)	0.0	4.0	5.0	5.0	6.0	6.0
Spread (basis points)	550	500	450	450	450	450
Maturity (years)	7	7	7	7	7	7
Grace period (years)	4	4	4	4	4	4
Peso Market Financing						
Real Interest Rate (percent)	8.2	5.3	4.5	4.5	4.5	4.5

Sources: Fund staff assumptions and projections.

[1] The first repo agreed between the BCRA and international banks in January 2025 in the amount of US$1 billion is payable over 28 months, with a spread of 475bps and collateralized by roughly US$2 billion of central bank FX debt (BOPREAL). This repo has been expanded in June with a second tranche of US$2 billion, with a spread of 450 bps.

Table 3. Argentina: Debt Coverage and Disclosures

						Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					No	

2. Subsectors included in the chosen coverage in (1) above:

Coverage levels		Subsectors captured in the baseline	Inclusion	Comments
CPS / NFPS / GG: expected / CG	1	Budgetary central government	Yes	
CPS / NFPS / GG: expected / CG	2	Extra budgetary funds (EBFs)	No	Not applicable
CPS / NFPS / GG: expected / CG	3	Social security funds (SSFs)	No	Excludes FGS/ANSES liabilities
CPS / NFPS / GG: expected	4	State governments	No	Excludes state govt liabilities
CPS / NFPS / GG: expected	5	Local governments	No	Excludes local govt liabilities
CPS / NFPS	6	Public nonfinancial corporations	No	
CPS	7	Central bank	No	
CPS	8	Other public financial corporations	No	

3. Instrument coverage:	Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/

	Basis of recording		Valuation of debt stock		
4. Accounting principles:	Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/

5. Debt consolidation across sectors:	Consolidated	Non-consolidated

Color code: chosen coverage; Missing from recommended coverage; Not applicable

Reporting on Intra-Government Debt Holdings

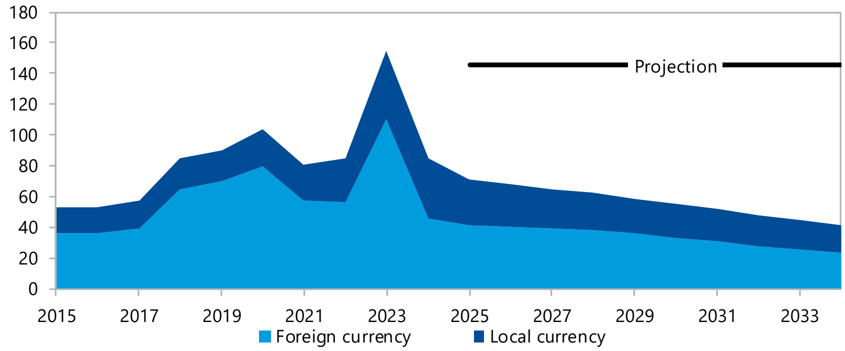
Coverage levels		Issuer \ Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS / NFPS / GG: expected / CG	1	Budget. central govt									0
CPS / NFPS / GG: expected / CG	2	Extra-budget. funds									0
CPS / NFPS / GG: expected / CG	3	Social security funds									0
CPS / NFPS / GG: expected	4	State govt.									0
CPS / NFPS / GG: expected	5	Local govt.									0
CPS / NFPS	6	Nonfin pub. corp.									0
CPS	7	Central bank									0
CPS	8	Oth. pub. fin. corp									0
		Total	0	0	0	0	0	0	0	0	0

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: The coverage in this SRDSA is gross federal (central government) debt held by the private, official and public sectors. The DSA does not include GDP warrants, debt of the provinces or municipalities, or debt of the central bank. Staff does not judge the exclusion of provincial debt as a significant contingent liability risk, as demonstrated by the federal government's non-bailout approach to the recent provincial debt restructuring. Central bank's bilateral FX swaps were not included in public debt for DSA purposes, as their amount is lower than the de-minimis threshold of 1 percent of GDP. Central bank’s repo agreements with international banks and FX bonds (BOPREALs) were also not included, as the authorities’ reserve accumulation plan is consistent with clearing these liabilities.

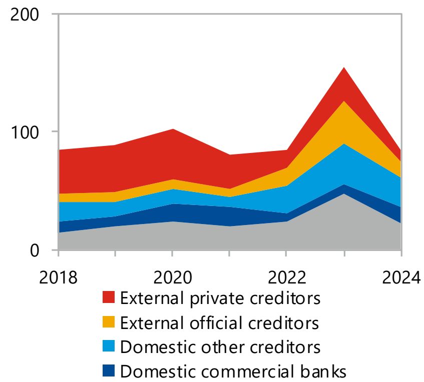
Table 4. Argentina: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



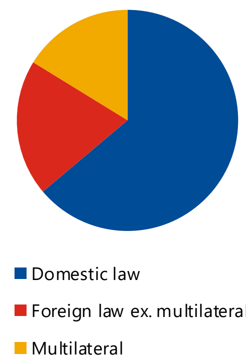
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)



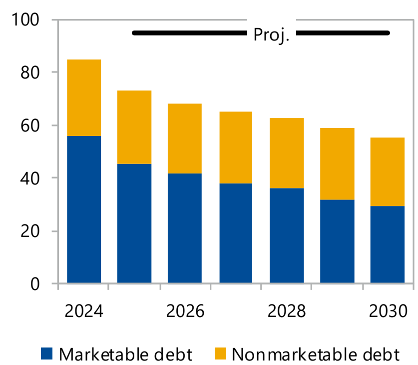
Note: The perimeter shown is central government.

Public Debt by Governing Law, 2024 (percent)



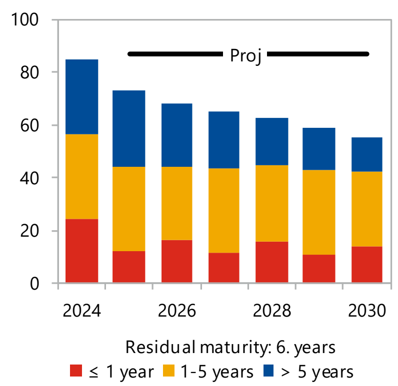
Note: The perimeter shown is central government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is central government.

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is central government.

Commentary: Foreign-currency denominated debt will continue to dominate over the long term. The government's debt management strategy has focused on deindexing debt and extending its maturity, with issuances relying mainly on fixed rate instruments (over 90 percent) since Q2:2024. Nonetheless, given near-term still high annual inflation and uncertainties about the disinflation pace in the year ahead, some reliance on inflation-linked (CER-linked) debt instruments is assumed to persist over the near and medium term. The large share of FX debt held by IFIs, and the large share of overall debt held by the intra-public sector (including non-marketable instruments), mitigates rollover risks.

Table 5. Argentina: Realism of Baseline Assumptions

Forecast Track Record 1/	t+1	t+3	t+5
Public debt to GDP			
Primary deficit			
r - g			
Exchange rate depreciaton			
SFA			
	real-time	**t+3**	**t+5**
Historical Output Gap Revisions 2/			

Comparator Group:

Emerging Markets, Commodity Exporter, Program

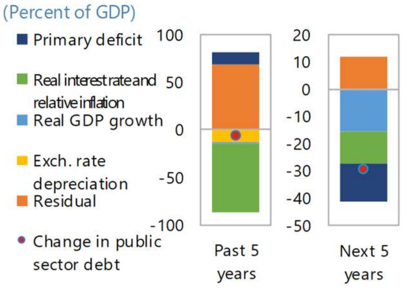
Color Code:

Optimistic: > 75th percentile; 50-75th percentile

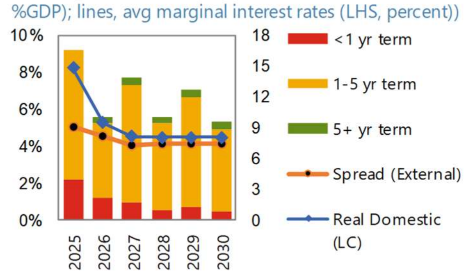
Pessimistic: 25-50th percentile; < 25th percentile

Public Debt Creating Flows

(Percent of GDP)

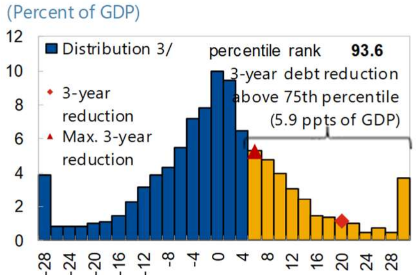


Bond Issuances (Bars, debt issuances (RHS, %GDP); lines, avg marginal interest rates (LHS, percent))

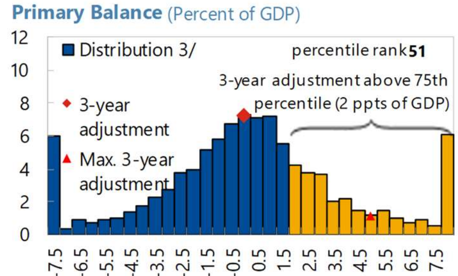


3-Year Debt Reduction

(Percent of GDP)

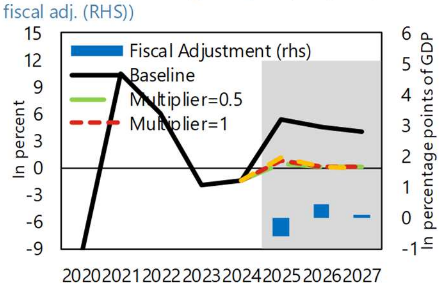


3-Year Adjustment in Cyclically-Adjusted Primary Balance (Percent of GDP)



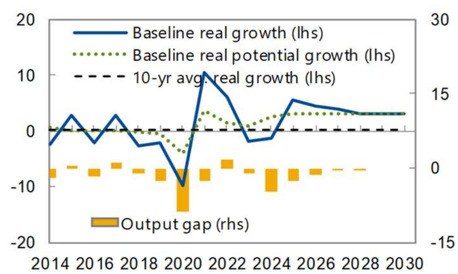
Fiscal Adjustment and Possible Growth Paths

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))



Real GDP Growth

(In percent)



Commentary: Forecast track record analyses point to baseline optimism, particularly the debt reduction and exchange rate paths, in line with staff's assessment that risks to the baseline remain exceptionally high. Argentina's extreme economic volatility makes it difficult to achieve high forecast accuracy over long periods of time. Moreover, the program baseline assumes a significant and sustained macroeconomic adjustment to address underlying imbalances and help Argentina emerge from its prolonged period of crisis. Envisaged fiscal consolidation appears relatively optimistic, but the projected consolidation is broadly in line with other succesful stabilization episodes. While projected medium-term growth is optimistic relative to the 10-year average (reflecting recent volatility and crises), it is in line with the removal of economic distortions and the implementation of growth-enhancing reforms.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

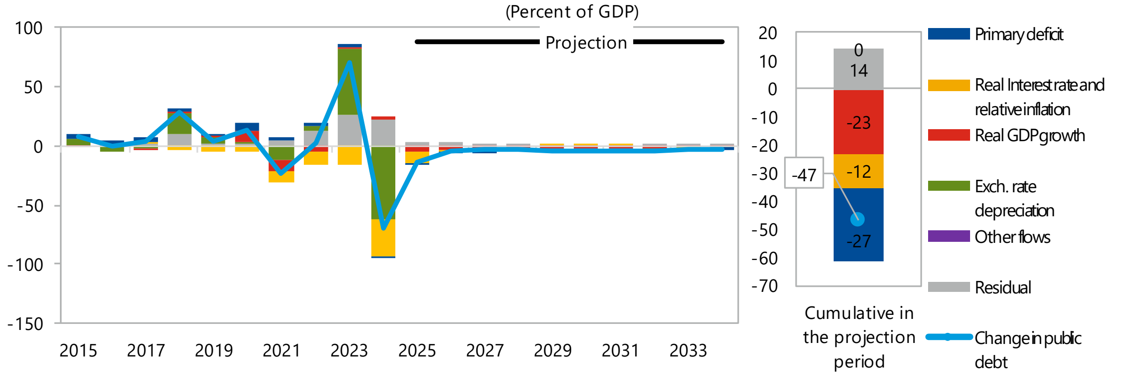
3/ Data cover annual obervations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

Table 6. Argentina: Baseline Scenario
(Percent of GDP, Unless Indicated Otherwise)

	Actual	Medium-term projection						Extended projection				
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	84.7	71.5	68.0	64.7	62.6	58.7	55.2	51.6	48.1	44.7	41.4	37.8
Change in public debt	-69.9	-13.2	-3.5	-3.3	-2.1	-3.9	-3.5	-3.6	-3.5	-3.4	-3.3	-3.6
Contribution of identified flows	-92.8	-16.1	-6.7	-5.5	-4.5	-4.4	-4.2	-4.2	-4.1	-4.0	-3.9	-3.9
Primary deficit	-1.8	-1.6	-2.2	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Noninterest revenues	24.0	25.2	26.7	26.7	26.9	26.9	26.9	26.9	26.9	26.9	26.9	26.9
Noninterest expenditures	22.2	23.6	24.4	24.2	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4
Automatic debt dynamics	-91.0	-14.5	-4.5	-3.0	-2.0	-1.8	-1.6	-1.6	-1.5	-1.4	-1.3	-1.4
Real interest rate and relative inflation	-30.6	-10.1	-1.5	-0.4	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	-0.1
Real interest rate	-103.2	-21.1	-5.1	-2.8	-1.9	-1.9	-1.7	-1.7	-1.6	-1.4	-1.3	-1.3
Relative inflation	72.6	11.0	3.7	2.3	1.9	1.9	1.8	1.7	1.5	1.4	1.3	1.1
Real growth rate	2.1	-4.4	-3.1	-2.6	-2.0	-1.9	-1.7	-1.6	-1.5	-1.4	-1.3	-1.2
Real exchange rate 1/	-62.5	...	...	...	...	...	...	...	...	...	...	...
Other identified flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of residual	22.8	2.9	3.2	2.2	2.4	0.5	0.6	0.6	0.6	0.6	0.6	0.3
Gross financing needs	19.4	18.9	11.9	15.4	11.5	14.9	10.7	13.7	11.1	12.1	9.5	9.0
of which: debt service	21.2	20.5	14.2	17.8	14.0	17.4	13.3	16.2	13.7	14.7	12.0	11.5
Local currency	16.1	17.5	10.0	13.4	8.8	10.7	7.6	8.7	6.7	8.0	6.2	1.5
Foreign currency	5.1	3.0	4.2	4.5	5.2	6.7	5.7	7.5	7.0	6.7	5.8	4.9
Memo:												
Real GDP growth (percent)	-1.3	5.5	4.5	4.0	3.2	3.1	3.0	3.0	3.0	3.0	3.0	3.0
Inflation (GDP deflator; percent)	206.0	39.0	12.9	8.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Nominal GDP growth (percent)	203.5	46.2	17.9	12.8	10.9	10.8	10.7	10.7	10.7	10.7	10.7	10.7
Effective interest rate (percent)	3.4	2.5	4.4	4.0	4.2	4.2	4.3	4.2	4.2	4.2	4.3	4.1

Contribution to Change in Public Debt

(Percent of GDP)

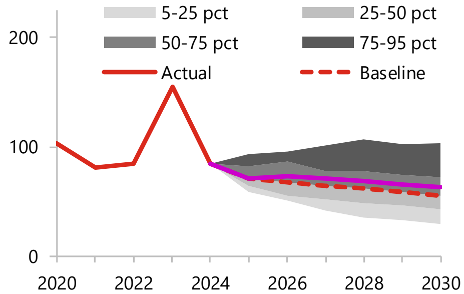


Commentary: Public debt is projected to decline over the long term, reflecting the baseline assumptions of strong adherence to the fiscal anchor of a zero overall deficit. Lower FX misalignments will be conducive to more stable macroeconomic conditions. Efforts to further deepen domestic capital markets and boost exports and productivity remain essential to mobilize domestic saving, strengthen reserves, and improve prospects of steady international market access, which in turn would strengthen debt-servicing capacity. The large residual in 2024 can be explained by valuation changes, including compensation of inflation-linked bonds, while the reduction of the effective interest rate in 2025 reflects the placement of zero-coupon bonds. Over time, the effective interest rate is projected to increase with the easing of FX controls.

1/ Based on end-of-period REER since the 1st Review of the 2025 EFF.

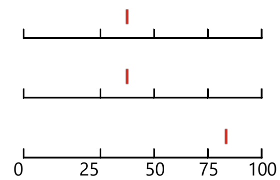
Table 7. Argentina: Medium-Term Risk Analysis

Final Fanchart (Percent of GDP)

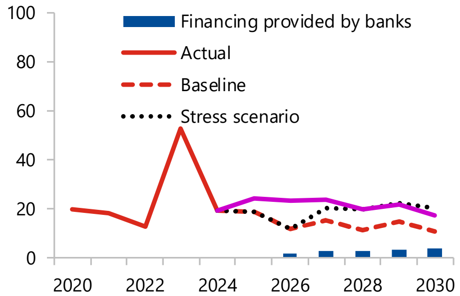


Debt fanchart module

	Value	Contrib 1/	Percentile in peer group 2/
Fanchart width *(percent of GDP)*	74.3	1.1	
Probability of debt non-stabilizaiton *(percent)*	1.1	0.0	
Terminal debt-to-GDP x institutions index	40.0	0.9	
Debt fanchart index (DFI)		2.0	
Risk signal: 3/		**Moderate**	

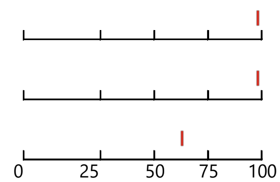


Gross Financing Needs (Percent of GDP)



Gross financing needs (GFN) module

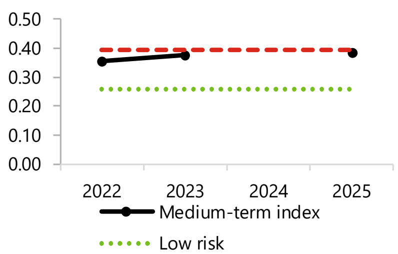
	Value	Contrib 1/	Percentile in peer group 2/
Average baseline GFN *(percent of GDP)*	13.9	4.7	
Initial Banks' claims on the gen. govt *(pct bank assets)*	30.1	9.8	
Chg. In banks' claims in stress *(pct banks' assets)*	9.0	3.0	
GFN financeability index (GFI)		17.5	
Risk signal: 4/		**Moderate**	



Triggered stress tests (stress tests not activated in gray)

Banking crisis · Commodity prices · Exchange rate · Contingent liab. · Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	2.0	0.4	0.5	0.2
GFN finaceability index	17.5	0.3	0.5	0.2
Medium-term index		0.4		
Risk signal: 5/		**Moderate**		
Final assessment:		**Moderate**		

Prob. of missed crisis, 2025-2030, if stress not predicted: 27.3 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 10.2 pct.

Commentary: Staff asseses medium-term risks as moderate, as debt-to-GDP ratio is projected to decline over the medium term in the context of a strong adherence to the fiscal anchor and more stable macroeconomic conditions. While there is substantial uncertainty around the baseline debt trajectory, maintaining a fiscal balance helps to contain financing risks.

Source: IMF staff estimates and projections.
1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, commodity exporter, program.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Table 8. Argentina: Decomposition of Public Debt and Debt Service by Creditor, 2025–2026 /1

	Debt Stock (end of period)			Debt Service			
	6-Jun-25			2025	2026	2025	2026
	(In US$ bn)	*(Percent total debt)*	*(Percent GDP) 2/*	*(In US$ bn)*		*(Percent GDP)*	
Total	471.7	100.0	72.1	89.7	91.0	12.4	10.7
External	147.7	31.3	22.6	7.3	14.6	1.0	1.7
Multilateral creditors 3/ 4/	90.5	19.2	13.8	3.9	8.4	0.5	1.0
IMF	54.7	11.6	8.4	1.5	4.2	0.2	0.5
World Bank	12.1	2.6	1.9	0.6	1.1	0.1	0.1
CAF	4.7	1.0	0.7	0.5	0.7	0.1	0.1
IADB	17.2	3.6	2.6	1.1	2.1	0.2	0.2
FONPLATA	0.6	0.1	0.1	0.1	0.1	0.0	0.0
BIE	0.2	0.0	0.0	0.0	0.0	0.0	0.0
BCIE	0.8	0.2	0.1	0.0	0.1	0.0	0.0
Other Multilaterals	0.2	0.0	0.0	0.0	0.0	0.0	0.0
OFID	0.1	0.0	0.0	0.0	0.0	0.0	0.0
IFAD	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bilateral Creditors 3/	3.5	0.7	0.5	0.6	0.9	0.1	0.1
Paris Club	1.2	0.2	0.2	0.2	0.4	0.0	0.0
Non-Paris Club	2.3	0.5	0.4	0.4	0.6	0.0	0.1
o/w: China	2.1	0.5	0.3	0.3	0.6	0.0	0.1
T-Bills	0.3	0.1	0.0	0.2	-	0.0	-
Bonds	53.2	11.3	8.1	2.5	5.3	0.3	0.6
Commercial creditors	0.2	0.1	0.0	0.0	0.1	0.0	0.0
Domestic	324.0	68.7	49.6	82.4	76.4	11.4	9.0
T-Bills	115.6	24.5	17.7	54.2	1.8	7.5	0.2
Bonds	201.6	42.7	30.8	25.8	72.7	3.6	8.5
Loans	6.8	1.4	0.0	2.4	1.9	0.3	0.2

1/ As reported by country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as in the DSA, except for holdouts and litigations related to the London GDP warrant case (totalling about US$4 billion), which are included in the DSA but not in this table. The debt stock is higher than the ones reported in MEcon's monthly debt reports, as they include capitalized interest rate payments until maturity (as opposed to accrued until the cut-off date). External versus domestic is based on residency definition.

2/ Using eop exchange rate in December.

3/ Non-Paris Club Bilateral includes Paris Club member creditor performing obligations that were not reprofiled in 2014. Paris Club includes only those obligations that were subject to reprofiling in 2014.

4/Multilateral creditors are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

Annex II. Foreign Exchange Regime as it Applies to Current International Transactions

1. **As envisaged under the Fund-supported program, Argentina has effectively lifted, with respect to resident individuals, the complex system of exchange controls (*"cepo"*) that had been in place since September 2019 and substantially eased access to foreign exchange for firms.** On April 11, 2025, in advance of the IMF Executive Board meeting to approve the current extended arrangement, Argentina announced a range of reforms to the foreign exchange system. These announced measures included elimination of most restrictions on access to FX by individuals and households, including the monthly US$200 cap, allowing access to FX for transfers of new dividends, liberalization of import payments, removal of the withholding tax for most FX purchases, elimination of cross restrictions on access to the official FX market and the securities market (CCL or MEP) for individuals, as well as changes to the export incentive scheme which previously allowed partial surrender of FX proceeds to the securities market.

Key Changes to the FX System Announced Since April 11, 2025

No.	Measure	Legal Instrument	Date	Type
1	Free access to the FX market for all resident individuals (including the removal of the monthly limit of $200 on FX purchase and of restrictions applied to individuals receiving certain social benefits).	BCRA Communication A8226	Apr 11, 2025	Easing of FX restrictions.
2	Removal of the 30 percent withholding tax on most purchases of foreign currency by individuals.	AFIP-ARCA General Resolution 5672/2025	Apr 11, 2025	Narrowing the scope of an MCP.
3	Authorizing FX purchases for transfers of dividends for retained earnings recorded in regular and audited *annual* financial statements for fiscal years beginning on or after January 1, 2025.	BCRA Communication A8226	Apr 11, 2025	Easing of an FX restriction.
4	Elimination of the 30-day wait period for obtaining FX payment to make payments for new imports.	BCRA Communication A8226	Apr 11, 2025	Easing of an FX restriction.

No.	Measure	Legal Instrument	Date	Type
5	Elimination of the 30-day wait period for FX access for the purpose of paying for services by unrelated parties and reducing the wait period for related parties to 90 days.	BCRA Communication A8226	Apr 11, 2025	Easing of FX restrictions.
6	Changing the repatriation and surrender requirements to stipulate that 100% of repatriated FX proceeds be settled in the official FX market (rather than at least 80 percent in the MULC and the remainder in the CCL).	Decree 269/2025 and BCRA Communication A8227	Apr 11, 2025	CFM Measure
7	Elimination for individuals and for non-residents of the restriction on access to the official foreign exchange market (MULC) unless the requesting entity has not in the previous and subsequent 90 days undertaken certain transactions in the securities market (CCL and MEP).	BCRA Communications A8226 and A8257	Apr 14, 2025 and June 12, 2025	Easing of an FX restriction.
8	Elimination of the requirement to inform the BCRA at least two days in advance for FX access above US$ 100,000.	BCRA Communication A8261	June 19, 2025	Easing of an FX restriction.

2. **The key changes to the modalities for FX access for payments and transfers for current international transactions may be summarized as follows**:

FX Access by Resident Individuals/Invisible Transactions

3. **Virtually all restrictions on access to foreign exchange for current international transactions by resident individuals have been eliminated**. On April 11, Argentina implemented

reforms easing access to foreign exchange for savings, family remittance, and other transactions by residents of Argentina.[1] Under the new regime:

a. The previous cap of $200 per month on purchase of FX has been removed if the individual is making the FX purchase with a debit from a local financial institution. However, if the transaction is made with cash in local currency, the limit of $100 per month remains in place along with a requirement to attest that the applicable requirements have been met.

b. The requirement of an affidavit attesting that the individual had not in the preceding 90 days accessed the CCL or the MEP, and will not do so in the succeeding 90 days, has also been eliminated.

c. The restrictions on access to the FX market by individuals receiving certain social benefits—e.g., individuals who participate in the pension buyback scheme, debtors to the National Social Security Administration (ANSES) or the Argentina Integrated Pension System (SIPA) or natural gas subsidies) have been removed.

d. Overall, the previous limitations on access to FX by resident individuals for invisible transactions (e.g., savings, wages, salaries, family remittances, medical expenses, educational expenses) and other current account transfers have been eliminated, with no motive now required to access FX.

Payments for Imports

4. Beginning on April 14, 2025, most of the FX restrictions on payment for imports have also been eliminated or eased.

a. The 30-day delay for access to the FX market for goods import has been reduced to zero; that is, FX may be obtained as of the day of customs entry or arrival of the goods at a port in Argentina.

b. The delay with regard to FX access for imports by micro-, small- and medium-sized enterprises (MSMEs) has been shortened further. FX access may be provided on the day of clearance at the port of origin, before arrival of the goods in Argentina.

c. For services, FX may be accessed to make payment on the day of the provision of the service, instead of 30 days after the provision of the service, except for the provision of services between related parties, in which case it has been reduced from 180 to 90 days.

d. For capital goods, advance payment may be made up to 30 percent of the FOB value of the goods, an additional 50 percent from the date of clearance at the port of origin, and the remainder from the date of arrival in Argentina.

e. Except as noted above, restrictions on access to the FX market for advance payment for imports of goods and services remain in place.

[1] See Communication “A” 8226 of April 11, 2025.

Dividends and Profits

5. Communication "A" 8226 of April 11, 2025, authorized access to the foreign exchange market for transfer abroad of new dividends. Under the new regime, clients may now purchase and transfer foreign currency abroad in the form of profits and dividends to non-resident shareholders with regard to distributable profits realized in regular and audited *annual* financial statements for financial years beginning on or after January 1, 2025.

6. The new rule does not cover the backlog of unpaid dividends. For profits realized prior to the period covered by the new regime, FX access for payment of dividends continues to be restricted, except with BCRA authorization (see Communication "A" 8191), which is routinely withheld. Argentina has sought to clear these backlogs, alongside importers' debt and other eligible FX liabilities, by issuing dollar-denominated instruments (BOPREAL).

Repatriation/Surrender Requirement and Export Incentive Scheme

7. In April 2025, Argentina repealed the so-called "dollar blend." Decree 269 of April 14, 2025 ended the export incentive scheme which had allowed exporters to settle up to 20 percent of export proceeds in the securities market (CCL or MEP), while the remainder had to be settled in the free exchange market (MULC).[2] This 80-20 blend was intended as an export incentive since it enabled exporters to benefit from the more depreciated exchange rate in the securities market. With the repeal of the incentive scheme, all FX proceeds now have to be surrendered to the MULC.

Interest and Amortization on External Loans

8. Some steps have been taken to ease access to the FX market for amortization of FX loans. For intra-company debt arising from funds introduced on or after April 21, 2025, access to the official market is granted if the maturity of the debt is not shorter than 180 days instead of 2 years previously (Communication A 8230). Also, a parking period of 18 months applies to FX access for the repayment of debt securities subscribed abroad on or after May 16, 2025 (Communication A 8244), and a parking period of 12 months applies to FX access for principal payments of local securities debt issued after May 26 by banks and financial institutions under BCRA supervision (Communication A 8245). The latter regulation has been established for a prudential motive. In substance, however, the restrictions that apply remain in place.

Repatriation of Investments

9. Argentina has made additional changes aimed at attracting new investment flows while maintaining restrictions on legacy flows. Non-resident investors in the securities market can access the official FX market to repatriate funds and their income, provided that these had been introduced via the official FX market on or after April 21, 2025 (Communication A 8230 amended by

[2] Decree 269 of 2025 repealed Decree 28 of 2023 and reinstated Decree 609 of 2019. See corresponding changes announced by the BCRA in Communication "A" 8227 of April 14, 2025.

Communication A 8257). For foreign direct investments introduced on or after April 21, 2025, FX access is granted after a parking period of 180 days.[3]

Exchange Restrictions

10. Staff assesses that, taking into account the recent changes, the measures giving rise to exchange restrictions can be summarized under the following broad headings:

a. *General Restriction*: Argentina maintains exchange restrictions arising from limitations on access to the foreign exchange market for making payments or transfers for current international transactions, which prevent access by resident firms[4] to the official foreign exchange market (MULC) unless the requesting entity has not in the previous and subsequent 90 days undertaken certain transactions in the securities market (CCL and MEP)—the so-called “cross-restriction”.

b. *Restrictions on Payments for Imports*: Argentina maintains exchange restrictions arising from

(i) limitations on advance payments for imports of goods and services,

(ii) a 90-day delay for payments with respect to services procured from related parties, and

(iii) a prohibition on accessing the FX market for making payments for imports of soybeans until the export proceeds for the soybean product have been received.[5]

c. *Invisible Transactions (Dividends and Profits)*: Argentina maintains exchange restrictions on payments for invisible transactions, in the form of limitations on accessing the FX market to make transfers of foreign currency abroad as profits and dividends to non-resident shareholders, with regard to distributable profits or dividends predating January 1, 2025. Argentina also maintains exchange restrictions arising from prohibitions on nonresident individuals from transferring the proceeds of current international transactions in the form of dividends, profits, rental income, and similar proceeds.

d. Restrictions on payments of interest and amortization on external loans: Argentina maintains exchange restrictions on payment of interest on and moderate amounts of amortization of external loans, including the following:

(i) limitations on access to foreign exchange for payment of external indebtedness which require that all external debt proceeds have been surrendered into the local exchange market prior to accessing foreign exchange to service external debt,[6]

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[3] The international standard of a 10 percent voting power threshold is used to distinguish foreign direct investment from portfolio investment.

[4] Corresponding restrictions on resident individuals and on non-residents have been eliminated.

[5] Communication A 7763. May 4, 2023

[6] In April 2024, the central bank introduced resolution A7994 providing an exemption for exporters to access the official foreign exchange market to settle external debt (both capital and interest) given if certain criteria are met, including that the settlement is made with newly borrowed funds from a domestic financial institution via foreign credit line.

(ii) limitations on advance payments of debt, and

(iii) prior BCRA consent for payments of principal (including amortization) to related parties, and

(iv) prior BCRA consent for FX market access for payments of interests to non-resident related counterparties.

MCPs

11. Argentina also maintains an MCP arising from the 30 percent withholding exchange tax on the purchase of foreign exchange to settle certain credit card transactions. Following recent changes,[7] the withholding tax now applies to the settlement of FX credit card balances with pesos instead of dollars.[8] As noted above, given that resident individuals can purchase FX without limit, they can avoid the tax by purchasing FX directly with pesos in the FX market and settle the credit balance with the FX so obtained thereby avoiding the tax. However, as credit card users other than resident individuals do not have the same free access to the FX market as resident individuals do, the MCP has not been eliminated. Under the current MCP policy, an MCP arises where an official action results in an actual exchange rate spread that differs unreasonably from the normal commercial costs and risks of exchange transactions (exchange rate spreads which are not considered "commercially reasonable"), i.e., exceed the permissible margins specified in the MCP policy.

Macroeconomic Impact of Measures

12. The cost and distortions arising from the multiple currency practice (MCP) and the other exchange controls have been reduced. The easing of FX restrictions has been appropriately focused on current international transactions (such as imports) and new capital flows, while gradually addressing legacy FX liabilities such as through BOPREAL issuance for importers' debt and stock of dividends. The benefits of opening the FX market are visible in terms of higher trade and capital flows. Remaining restrictions are focused on impeding outflows, including restrictions on legacy flows, reducing risks of a surge in balance of payment needs. However, remaining FX restrictions also continue to affect international trade and investment operations as some operations are not allowed, and as their complexity and numerous changes give rise to operational costs and policy uncertainty.

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[7] Previously, the 30 percent withholding exchange tax applied to the purchase of foreign exchange by individuals for (i) travel allowance (and savings), (ii) the importation of a list of luxury goods, and (iii) the payment of certain professional services (including digital services).

[8] For program purposes, a reduction of the withholding tax or narrowing its scope would not constitute non-observance of the performance criterion on the introduction or modification of MCPs, in line with the carve-out noted in the TMU for approval of the extended arrangement.

Appendix I. Letter of Intent

Buenos Aires, Argentina
July 24, 2025

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, DC 20431

Dear Ms. Georgieva,

With support from the IMF and other IFIs, we have managed to successfully launch the third phase of our economic stabilization and growth program. The rollout of the new monetary and exchange rate policy regime together with the easing of exchange restrictions and controls proceeded very smoothly, demonstrating rigorous planning, disciplined sequencing, and focused execution further underpinned by our unwavering commitment to tight macroeconomic policies. The implementation of our new exchange rate regime, under which the peso now floats freely within a widening band, occurred without market disruptions. This is a remarkable achievement, given that countries seldom manage to shift away from a fixed exchange rate regime without experiencing a shock.

Importantly, we were able to deliver one of the program's key objectives: the transition was achieved without utilizing the program's upfront disbursement to intervene in the FX market. The exchange rate has since fluctuated around the middle of the band, foreign exchange rate gaps have disappeared, and inflation and inflation expectations have resumed their downward trend. Sovereign spreads have narrowed, allowing us to re-access international capital markets sooner than expected. Falling inflation, continued economic growth, and better targeted social assistance have together lifted more than 10 million people out of poverty, including about 1.7 million children.

The period preceding program approval was marked by global market turbulence and intensified domestic speculation, leading to significant reserve losses ahead of program start. Since program launch there have been no reserve losses; in fact, this trend has recently reversed and reserves have increased significantly. With our FX liberalization measures having taken place in the context of domestic uncertainties and a less favorable external environment, amidst continued trade and geopolitical tensions, our transition to the new FX regime has necessitated some fine-tuning in our policy response. At the outset of our reform, we prioritized letting the exchange rate float freely within the established band by refraining from interventions—including purchases—in the FX market to facilitate price discovery and avoid fueling instability. At that early, fragile stage, even modest FX purchases could have pushed the exchange rate toward the ceiling of the band, triggering market anxiety and potentially forcing defensive intervention by the Central Bank. Avoiding such a scenario was essential to preserving program credibility and safeguarding valuable IMF resources. The strategy succeeded: it anchored expectations, prevented market disruption, and laid the groundwork for the regime's credibility.

With the new FX framework now firmly established we resumed our reserve accumulation strategy, amassing roughly US$5 billion since end-May through a combination of sovereign peso bond issuances subscribed in US dollars, a BCRA repo agreement with seven international banks, and strategic block FX purchases by the Treasury. Looking ahead, and cognizant of the lingering external risks, we are committed to continue rebuilding reserves, contingent on market conditions, and in a manner that also supports our broader disinflation and macroeconomic stability objectives.

In the attached Memorandum of Economic and Financial Policies (MEFP), we update the key policies of our economic program that aim to entrench economic stability, create the conditions for sustained growth, and strengthen the economy's external buffers, consistent with the objectives of the IMF arrangement under the Extended Fund Facility (EFF) approved in April 2025.

Based on the successful implementation of the program and the strength of the policies set forth in the attached MEFP, we request completion of the first review, and a disbursement in the amount of SDR 1,529 million (79.8 percent of quota). Additional IMF financing resulting from this review will be used to strengthen the BCRA's balance sheet and rebuild our international reserve position. We expect IMF support to continue to catalyze additional financing from the private sector and IFIs, and to further facilitate our goal of durably accessing international capital on reasonable terms. Given our commitment to overall fiscal balances, we will continue to use any new market financing to refinance debt coming due or reduce exposure to the Fund.

Based on corrective measures outlined above, and detailed in the updated MEFP and Technical Memorandum of Understanding (TMU), we request Executive Board approval of: (i) a waiver of non-observance for the quantitative performance criterion (QPC) on the net international reserve accumulation (NIR), (ii) modification of program targets on net international reserves accumulation and ceiling on net domestic assets, and (iii) conversion of the end-December 2025 indicative targets into performance criteria. Additionally, we request a slight rephasing of the program's test and availability dates—while keeping the expiration date unchanged—to improve the assessment of program performance under our new policy package, and to better align structural benchmarks and targets with year-end outcomes. Finally, we are requesting Executive Board approval of exchange restrictions and one multiple currency practice under Article VIII, on grounds that these measures have been imposed for balance of payments reasons, are temporary, non-discriminatory in nature, and do not give Argentina unfair competitive advantage over other members. We remain committed to phasing out these measures during the period of the arrangement.

We are confident that the policies envisaged in the MEFP and the TMU are adequate to ensure achievement of program targets. Nonetheless, we stand ready to take additional measures that may become necessary to achieve our program objectives. In accordance with Fund policies, we will consult with the IMF on the adoption of such measures and in advance of revisions to policies contained in the MEFP, and will refrain from any policy that would not be consistent with the program's objectives and commitments herein. We will provide the IMF with timely and accurate data that are needed for program monitoring reviews, as well as any information that has material impact on economic conditions and program objectives. We consent to the IMF's publication of this letter, the MEFP, the TMU, and the accompanying Executive Board documents.

Yours sincerely,

/s/	/s/
Luis Caputo	Santiago Bausili
Minister of Economy of the Republic of Argentina	President, Central Bank of the Republic of Argentina

Attachment I. Memorandum of Economic and Financial Policies

A. Context

1. **Notwithstanding a challenging external environment, the launch of the third phase of our stabilization and growth program has been successful.** The rollout of our economic program, supported by financing from the Fund and other IFIs, has been smooth, with markets reacting very positively to the introduction of a more robust monetary and FX regime. The official exchange rate has settled near the middle of the band, supported by improved confidence and tight macroeconomic policies, despite heightened global uncertainty around trade and geopolitical tensions. Inflation and inflation expectations are again firmly on a downward path, and FX gaps have virtually disappeared. Sovereign spreads have continued to compress from almost 1,000 bps at program approval to a range of 650-750 bps, and we have returned to the international capital markets much earlier than expected. Sharp declines in inflation and the ongoing expansion in activity, alongside the strengthening of social assistance to the most vulnerable, have also led to further reductions in poverty, with 1.7 million children being lifted out of poverty.

2. **We will continue to tailor our policies to safeguard macroeconomic stability and strengthen medium-term fiscal and external sustainability.** The zero cash fiscal balance objective remains our unwavering policy anchor as demonstrated by President Milei's decision to legally challenge (including through vetoes) the spending initiatives recently approved by Congress. The transition toward a more flexible exchange rate regime will continue to be supported by tight monetary conditions, alongside ongoing efforts to decisively strengthen reserve coverage in line with program commitments (despite early shortfalls) to buffer the economy against shocks. Importantly, we will deepen reforms aimed at further improving the efficiency of our tax and spending systems as well as creating the conditions for a more vibrant and open economy. These efforts will be supported by the recently established *Mayo Council,* comprising congressional, provincial, business and labor leaders, which is tasked to work with the administration in developing the needed consensus for the fundamental reforms outlined in the July 2024 *Pacto de Mayo,* including in the areas of fiscal, labor, trade, and competitiveness.

B. Recent Developments and Program Performance

3. **Economic recovery remains robust, with inflation on a firm downward path, supporting further reduction in poverty.** After a pause in March on account of global uncertainties and those around the new FX and monetary regime as well as seasonal factors, inflation resumed its downward trend, declining to 1.6 percent m/m in June, near the lowest levels observed since 2018 (excluding the pandemic period). Inflation expectations have also declined, with break-even inflation rates averaging about 1¾ percent m/m for the remainder of the year. The economic recovery remains strong, and the level of real GDP is now near historical peaks. The economy expanded by 5.8 percent y/y in Q1:2025 and high-frequency indicators point to robust activity and domestic demand, following a temporary slowdown in March caused by the earlier uncertainties. Meanwhile, real wages,

especially for informal workers, continue to improve leading to large reductions in poverty to around 31 percent in Q2:2025 (from over 50 percent in H1:2024).

4. The sharp reduction in inflation has been underpinned by tight monetary conditions, contributing to the stability of the exchange rate under the new regime. The peso now floats freely within the exchange rate band, with tight policies also supporting its general stability. In addition, FX gaps have virtually disappeared following the elimination of key FX restrictions. To better manage liquidity conditions and support the transition to the new FX regime, the BCRA has (i) tightened reserve requirements for peso deposits; (ii) repurchased remaining put options on Treasury securities; (iii) intervened in a limited and temporary manner in non-deliverable forward (NDF) markets; and (iv) enhanced communication around the monetary framework.

5. Further refinements to the monetary framework are also supporting peso demand and more efficient liquidity management. Steps have been taken to clarify that interest rates are being endogenously determined by markets. Specifically, the expiration of the Treasury Liquidity bills (LeFis) as a liquidity management instrument has led to the elimination of the monetary policy rate, and the BCRA continues to ensure the well-functioning of the market via open market operations and the use of overnight instruments, as needed. Maturing LeFis on the BCRA balance sheet have been replaced by short-term Treasury paper (Lecaps), with increases in the Treasury's supply of Lecaps supporting banks' management of their own liquidity. Private transactional M2 and base money have evolved generally as anticipated under the program, although ***mid-June indicative ceiling on net domestic assets (NDA)*** was breached as a result of delays in reserve accumulation (see ¶8).

6. The overall fiscal balance remains our main policy anchor. Despite the elimination of *impuesto pais,* a temporary reduction of taxes for key agricultural exports, and the unwinding of other one-off revenues totaling almost 2 percent of GDP, the government posted a ***cumulative cash primary surplus*** of about ARS 6,900 billion (0.8 percent of GDP) through end-May, consistent with an overall cash surplus of 0.3 percent of GDP and overperforming the ***end-May indicative target*** by ARS 831 billion (0.1 percent of GDP). This overperformance continued in June (with a cumulative primary surplus of 0.9 percent of GDP), underpinned by buoyant revenues and expenditure restraint, the latter being supported by continued efforts to reduce energy subsidies, tighter control over wage expenditure, and continued prioritization of capital spending. Overall, adjusting for the elimination of *impuesto pais*, taxes related to economic activity are up 11 percent y/y in real terms through June, while real spending is up 5 percent y/y, reflecting a recovery in the real value of pensions and continued efforts to ensure that our ***flagship social programs*** (the universal early childhood and food stamp programs) cover 98 percent of the basic consumption basket, above the ***mid-June indicative target floor***. Meanwhile, the ***mid-June QPC on net government financing from the central bank*** has been met while ***domestic arrears*** have remained well below the program's ***end-May indicative ceiling***.

7. The trade balance remains in surplus, and the current account deficit is manageable and driven by the private sector. The current account deficit is estimated to have risen to 1.1 percent of GDP in H1:2025, compared to a surplus of 0.6 percent of GDP in H1:2024, consistent with a sharp recovery in domestic demand amid continued export volume growth (4 percent y/y), including in manufacturing. Goods import volumes are up (45 percent y/y) amid a broad-based trade liberalization, greater access to credit, and a rise in business investment (with imports of capital goods and spare parts up by over 50 percent y/y), while outbound travel services reached historic highs. Meanwhile, gross private capital inflows—including corporate issuances at local and international capital markets—have risen more recently (see ¶10) and private resident outflows have slowed following the smooth transition to the new exchange rate regime. These private inflows have been complemented by (i) positive flows from official creditors (US$2.7 billion through mid-July, excluding Fund disbursements); (ii) a new repo agreement of US$2 billion between the BCRA and international banks; and (iii) ongoing efforts by the Treasury (and some provinces) to tap international capital markets (Bonte issuances thus far for US$1.5 billion).

8. Efforts are underway to strenghten our external buffers and refinance FX obligations. Net international reserves (NIR) stood at negative US$4.7 billion on June 13, below the ***mid-June NIR program floor***, partly also reflecting BCRA FX sales in both official and parallel markets in the month prior to program approval amid elevated domestic and external uncertainty. In addition to the BCRA repo agreement and Bonte issuances, measures have been taken to accumulate additional reserves, including through strategic block purchases. As a result, early-July FX obligations to bondholders (of US$4.2 billion) were met without resorting to neither IMF or other IFI resources.

9. FX restrictions and controls have been eased further. Nonresident investors are no longer subject to a minimum holding requirement in order to participate in local debt markets, as well as to the cross-restriction between the official and parallel markets. Additionally, the requirement of a 48-hour advance notice for large FX purchases has been removed. The BCRA has also issued a new 3-year FX-denominated bond (BOPREALs) targeted at firms with legacy commercial debt and dividends accumulated during the capital control years, providing greater predictability about the resolution of these legacy external obligations. These measures are expected to catalyze further foreign investments.

10. Banks remain resilient while private credit continues to expand at a healthy pace. Improvements in the government's fiscal accounts have facilitated banks shifting their portfolios away from the sovereign and toward the private sector. Since program approval, bank loans to households and firms in pesos and foreign currency have grown by about 15 percent, although overall credit to the private sector remains relatively small at around 14 percent of GDP. Banks continue to maintain strong liquidity (about 37 percent of peso deposits and 58 percent of FX deposits), are well-capitalized (29 percent of risk-weighted assets), and face marginal currency mismatches, limited by strict regulations. Corporate foreign-currency loans and debt issuances have also risen to about US$6 billion in H1:2025 (from US$3 billion in H2:2024), reflecting Argentina's improved macroeconomic conditions, healthy corporate balance sheets, and strong growth prospects.

11. Our ambitious deregulatory and openness agenda is proceeding at a rapid clip. We continue to decrease administrative burdens by repealing outdated and distortionary administrative procedures and liberalizing product markets, with new initiatives aimed at further deregulating sectors like water and air transport, and pharmaceuticals. In addition, in our continuing effort to enhance openness and efficiency we have: (i) eased restrictions on the import of used capital goods and vehicles, as well as reduced import and internal taxes on consumer electronics and appliances; (ii) eliminated export taxes on industrial products to enhance the competitiveness of domestic industries in global markets; (iii) extended through March 2026 the reduction in export taxes on key agricultural products (excluding soybeans and maize); and (iv) simplified tax declaration for autonomous workers and reporting standards for financial transactions to encourage labor and business formalization. The large investment regime (RIGI) has already approved projects in strategic sectors amounting to almost US$13 billion, which are expected to be implemented in the near future.

C. Outlook and Risks

12. The outlook remains strong, with revisions since program approval reflecting robust domestic demand despite a more challenging global backdrop.

- **Real GDP growth** in 2025 remains unchanged at 5½ percent, despite external uncertainties, as private demand remains strong on account of improved consumer and business confidence, and the continued dynamism of key sectors, like energy. Growth rates for 2026 onwards are mostly unchanged.

- **End-of-period inflation** for 2025 has been revised slightly to 20-25 percent (from 18-23 percent) to reflect the higher-than-expected inflation outturn in March. The strong fiscal anchor and tight monetary policy, combined with the successful transition to a new FX regime, are expected to continue to underpin the disinflation process for the remainder of 2025 and beyond.

- The **current account deficit** for 2025 has been revised upward to around 1.7 percent of GDP (from 0.4 percent previously), reflecting mainly stronger imports, especially of capital goods, which are expected to be partially offset by robust manufacturing, energy, and agricultural export volumes. The higher deficit is projected to be financed with higher private capital inflows, supported by the recent relaxation of FX restrictions, continued access to capital markets, privatization of state-owned enterprises, and FDI inflows. These flows should support improvements in reserve coverage during the remainder of 2025 and 2026, consistent with revised program commitments.

13. Risks to the outlook remain elevated. On the external side, intensification of trade tensions and geopolitical uncertainties could weigh on Argentina's outlook, including through tighter global financial conditions, although further US dollar weakness and higher oil prices could buffer these effects. On the domestic front, political uncertainties ahead of the October mid-term elections could add to market volatility, although they should remain well contained given the strength of the underlying fundamentals and commitment to the fiscal anchor. That said, upside risks are also significant, as sustained program implementation could deliver steady access to international capital markets, while market reforms could lead to earlier and stronger pickup in investment and productivity.

14. Against this backdrop, our policies will continue to adapt to changing circumstances to meet our program objectives. Should external or domestic risks materialize, and FX pressures emerge, we stand ready to aggressively tighten fiscal policies and monetary conditions, among other adjustments, as appropriate. We will continue to legally challenge (including through vetoes) any new spending initiative proposed and approved by Congress that risks macroeconomic stability and stand ready to consider alternatives as needed to meet our fiscal targets. While reducing the overall tax burden remains our key objective, tax reductions will be conditional on offsetting permanent revenue gains or expenditure cuts to preserve the sustainability of our hard-won fiscal anchor.

D. Program Policies

Fiscal Policy

15. We will continue to adhere to our zero overall cash fiscal balance anchor to support stabilization efforts. This will be generally consistent with a primary fiscal balance target of 1.3 percent of GDP for this year, although efforts are underway to boost the primary surplus by an additional 0.3 percent of GDP. This will be underpinned by continued improvements in expenditure management and controls (see also ¶16), which in the context of a growing economy is providing space to expand targeted social assistance and ensure a recovery in the real value of pensions. In particular, we will continue our efforts to reduce energy subsidies by ensuring an adequate average cost recovery for electricity and to improve the targeting, governance and efficiency of social programs, facilitated by the integration of social datasets into a single social registry ***(end-December 2025 SB)***. Importantly, we stand ready to cut discretionary spending in case revenues turn out to be lower than expected, and to continue to reject any spending initiative that attempts to compromise our fiscal anchor.

16. Efforts continue to improve public financial management and spending efficiency. Work is well underway to ensure a timely completion of program commitments to: i) close all but one of the extra-budgetary trust funds, with 29 out of 32 trust funds having already been closed ***(end-December 2025 SB)***; (ii) develop a plan to eliminate inefficient extra-budgetary entities ***(end-September 2025 SB)***; (iii) strengthen the institutional capacity to ensure transparent privatization of state-owned enterprises (SOEs) included in *Ley Bases*, including by publishing an assessment of such enterprises, alongside a plan for their privatization and concessions ***(mid-November 2025 SBs)***; (iv) enhance cash management by expanding the coverage of the integrated system of financial information to include other government bodies and agencies ***(end-December 2025 SB);*** and (v) implement resolution 21/2025 aimed at improving competition in the wholesale electricity market and alleviating pressures on its payment chain ***(end-November 2025 SB).*** Consistent with best practices, privatization proceeds will be recorded as a below-the-line financing item.

17. Beyond this year, we will continue to strengthen our fiscal anchor, including through reforms aimed at improving the efficiency of our tax and expenditure systems.

- **Budget 2026.** Preparation of the draft 2026 fiscal budget, which will continue to be consistent with our zero-overall deficit target, is well underway. The draft 2026 budget, will be presented to

Congress in September and will include a medium-term fiscal framework as well as a detailed fiscal risk statement with adverse scenarios ***(end-September 2025 SB***), and we are committed to seek its approval by end-December 2025. Starting next year, work will begin to enshrine the zero-overall fiscal deficit rule into law ***(end-December 2026 SB),*** thereby enhancing the credibility of fiscal policy and ensuring policy continuity. To enhance fiscal discipline and proper burden sharing across levels of government, we will continue to engage with provinces and municipalities to encourage them to reduce their heavy reliance on distortive taxes and streamline their own operations. In this regard, consideration will be given to reforming the revenue sharing system.

- **Tax reforms.** We are continuing our work to prepare a comprehensive revenue-neutral tax reform aimed at simplifying and improving the efficiency and equity of the tax system, including by: (i) gradually reducing distortive trade and financial transaction taxes; (ii) streamlining tax expenditures (including by streamlining VAT rates); (iii) improving the system of excise taxes (through the normalization of fuel and other excises); and (iv) encouraging the formalization of businesses and workers (building on the recent changes to the taxation of autonomous workers which simplified tax filing procedures and reduced compliance costs) (***end-December 2025 SB***). Continued efforts to strengthen tax and customs administration, with the implementation of a Compliance Risk Management (CRM) framework along with other recommendations from the March 2024 tax administration diagnostic tool (TADAT), are also expected to support revenues.

- **Spending reforms.** In parallel, we are working on the preparation of a comprehensive revision of the pension system, aimed at improving its equity and sustainability. The initiative is aimed at simplifying a highly fragmented system, improving the proportionality between contributions and benefits, and encouraging labor formality. A diagnostic and system revision report is expected to be presented to Congress late next year ***(end-December 2026 SB)*** to ensure proper preparation given the many challenges that need to be addressed, while upholding consistency and proper sequencing with any labor market reform. Consideration is also being given to a strategy to address infrastructure gaps, which envisages enhanced collaboration with the private sector, including through private-public partnerships.

Financing Policy

18. Our domestic debt management strategy will continue to prioritize enhancing the debt profile. Since end-2023, we have made impressive progress in improving the composition of our domestic debt, with the average maturity rising to about 25 months and the share of indexed debt in primary auctions declining from 95 to 10 percent. The recent expansion of the pool of creditors through the participation, after an absence of seven years, of non-resident investors is expected to further deepen our local debt markets. Meanwhile, sizeable Treasury buffers at Banco Nacion and the BCRA, largely enabled by our tight fiscal policies, positive net debt placements, and the central bank profit distribution, further mitigate refinancing risks, while the recent publication of our borrowing plan (specifying the instruments that will be offered in our auctions), is providing greater predictability to market participants.

19. Our FX financing strategy focuses on supporting steady access to international capital markets at favorable terms to manage large FX obligations and support external resilience. The Treasury's return to the international capital markets through peso debt issuance subscribed in US dollars have facilitated the payment of the July FX debt service to bondholders. Going forward, sustained implementation of our economic plan is expected to further reduce spreads, facilitating steady access to capital markets at more favorable terms. This in turn will help refinance large FX obligations coming due in the near to medium term without increasing public external indebtedness, while allowing a reduction in exposure to the Fund as conditions permit. Good faith negotiations are underway to reach agreement on a payment schedule from already resolved litigation cases, and engagement continues with claimants regarding our pending international litigation cases.

20. Our robust program continues to benefit from strong support from official creditors. The World Bank and Inter-American Development Bank (IADB) have together already disbursed about US$2.5 billion in budget support loans during H1:2025 and are expected to disburse additional US$9 billion through end-2028 in the context of several ongoing budget support and project loans. Firm financing commitments are being secured from key bilateral official creditors. In particular, following the 12-month refinancing agreement reached in April with the People's Bank of China (PBOC) on drawn portion (about US$5 billion) of the swap, work is ongoing toward resuming the hydro-dam project and associated financing.

Monetary and Exchange Rate Policies

21. To support the exchange rate band system, the BCRA remains committed to maintaining tight monetary conditions and further strengthening its monetary framework. The monetary framework is anchored around the control of money supply: primary issuances through FX purchases and absorption through FX sales only occur at the bottom and top of the band, respectively. Interest rates are fully endogenously determined by the market, although the BCRA maintains the ability to conduct open-market operations and use overnight instruments to prevent market dislocations in secondary markets and to ensure a well-functioning framework. In parallel and in close coordination with the BCRA, the Treasury will continue to calibrate its primary auctions to refinance domestic debt obligations while maintaining sufficient market liquidity consistent with re-monetization needs. In this context, we will continue to monitor the evolution of key monetary aggregates and their consistency with the program's objectives, while a tight NDA ceiling under the program remains in place; also our expectations for re-monetization of the economy—as reflected in the growth of monetary aggregates—which are fully consistent with the program's NIR accumulation targets (see ¶23). Finally, interventions in the NDF markets will remain limited and temporary, targeted at addressing dislocations in this relatively thin market.

22. With the elimination of the LeFis, we will deepen reforms to support banks' liquidity management and the transmission of short-term Treasury rates to the rest of the economy. Building on progress so far, the BCRA will continue to facilitate banks' liquidity management and further development of the interbank markets by i) harmonizing settlement times for short-term money market instruments and payments, ii) making uniform reserve requirements between banks and money market funds, iii) eliminating the daily reserve requirement minimum threshold of 25 percent, and iv) supporting the private sector in their initiatives to launch new intra-day repo instruments (such as the REPI). We will continue to monitor closely liquidity conditions, interest rate volatility, and the development of new private intra-day repo instruments. To support the orderly functioning of the short-term money market and ensure a smooth working of the new monetary framework, the Treasury is prepared to temporarily increase the frequency of primary auctions, while the central bank will continue to conduct open market operations and use overnight instruments, as needed.

23. We remain committed to strengthening external buffers while maintaining exchange rate flexibility. Our initial focus on price discovery facilitated an impressively successful rollout of the new exchange rate band system, emphasizing the importance of exchange rate flexibility in managing shocks. Heightened speculation in the pre-approval period contributed to significant reserve losses ahead of the program start. After program launch, we prioritized letting the exchange rate float freely within the established band by refraining from interventions, which resulted in initial delays in rebuilding reserves; recognizing a complex external backdrop, we have resumed our actions to strengthening external buffers. In this regard, we have implemented a multipronged strategy to strengthen net international reserves, including (i) the inclusion in the Treasury's auction schedule of peso debt issuance subscribed in US dollars; (ii) strategic block FX purchases in the event of large FX liquidations; and (iii) purchase of the FX proceeds from privatizations, concessions, and asset sales. By end-2025, the NIR is projected to be about US$6 billion higher than at program approval and broadly unchanged relative to end-2024, in spite of significant FX debt obligations, which we will continue to meet.

24. We will continue to strengthen the central bank balance sheet and work towards implementing many of the recommendations of the recent safeguards assessment. Building on the important progress already made, consideration will be given to incorporate a framework aligned with IFRS accounting standards, and further strengthen the BCRA's balance sheet, including through buybacks of Treasury securities, as conditions permit.

Competitiveness and Deregulation Agenda

25. We are continuing to implement our ambitious reform program aimed at boosting growth, investment, and external competitiveness. Building on ongoing reform efforts, we will continue to (i) deregulate and reduce entry barriers across more sectors; (ii) reduce state overreach, rationalize redundant public employment and enhance the efficiency and governance of SOEs; (iii) further open the economy to trade and encourage investment, including by providing regulatory and tax predictability through the RIGI regime; and (iv) improve the efficiency of the labor market to encourage formalization, address skills mismatches, and limit dislocation costs. These efforts are expected to be supported by the recently established Mayo Council, tasked to build consensus on these fundamental reforms.

26. A further strengthening of financial integrity will also be critical to support the ongoing transformation. In collaboration with Fund technical assistance, we are working toward implementing the FATF report recommendations, including early priority actions aimed at promoting a risk-based approach to AML/CFT and analysis of money laundering risks from cross-border financial flows, with Fund technical assistance and publication of a progress report (***end-November 2025 SB***). Following the revision of FATF Recommendation 1, and to prevent the application of overly cautious AML/CFT safeguards that could unintentionally exclude legitimate businesses and consumers from the regulated financial system, we will undertake a regulatory review to streamline unnecessary or redundant requirements, as needed. We will also issue updated guidance to refine AML/CFT obligations and promote simplified customer due diligence measures as appropriate. We have established a centralized beneficial ownership registry and will develop mechanisms to verify submitted information. In coordination with the ongoing National ML/TF risk assessment, we will conduct sectoral risk assessments of payment and virtual asset service providers (VASPs), which will be followed by the development of an AML/CFT supervisory toolkit for VASPs. In addition, we will strengthen the risk-based supervisory strategy for the entire set of reporting entities supervised by UIF. Finally, we will continue to strengthen governance frameworks by, inter alia, (i) continuing our effort to de-regulate and improve business environment, (ii) further increasing the efficiency and transparency of public procurement processes, and (iii) enhancing competition and anti-trust frameworks. A more precise timetable for this work will be developed in the context of future reviews.

Table 1. Argentina: Quantitative Performance Criteria and Indicative Targets, 2025–2026 1/ 2/

(*In billions of Argentine pesos unless otherwise stated*)

	end-Mar 2025	Indicative Targets end-May 2025				Performance Criteria June 13, 2025				Performance Criteria end-Dec 2025		Indicative Targets end-Mar 2026		Performance Criteria end-June 2026
	Actual	*Targets*	*Adjusted*	*Actual*	*Status*	*Targets*	*Adjusted*	*Actual*	*Status*	*CR 25/95 IT*	*Proposed*	*CR 25/95 IT*	*Proposed*	*Proposed*
Fiscal targets														
Performance Criteria														
1. Cumulative floor on the federal government primary balance 3/	4,357.2	6,070.0	…	6,900.1	Met	…	…	…	…	10,519.9	10,882.5	4,200.0	4,286.4	8,458.4
2. Ceiling on the federal government stock of domestic arrears 4/	2,548.2	6,360.6	…	2,161.6	Met	…	…	…	…	6,360.6	6,831.7	7,615.7	8,057.5	8,057.5
			…											
Continuous Performance Criterion			…											
3. Non-accumulation of external debt payments arrears by the federal government	0.0	0.0	…	0.0	Met	0.0	…	0.0	Met	0.0	0.0	0.0	0.0	0.0
			…											
Indicative Target			…											
4. Floor on the coverage of social assistance programs (AUH, Tarjeta Alimentar) (percent of basic consumption basket)	99.0	95.0	…	98.1	Met	95.0	…	97.9	Met	95.0	95.0	95.0	95.0	95.0
Monetary targets														
Performance Criteria														
5. Cumulative floor on the change in net international reserves of BCRA 5/ 6/	-4.9	…	…	…	…	-0.5	0.2	-3.3	Not met	5.5	-1.0	4.0	-1.5	3.2
6. Cumulative ceiling on net central bank financing of the federal government 7/	…	…	…	…	…	0.0	0.0	-1,152.6	Met	0.0	0.0	0.0	0.0	0.0
Indicative Target														
7. Ceiling on the Change in the BCRA's Net Domestic Assets 8/	5,826.0	…	…	…	…	8,954.1	8,170.9	13,016.2	Not met	13,201.1	20,100.0	18,643.2	24,500.0	24,000.0

Sources: National authorities and Fund staff estimates and projections.

1/ Targets as defined in the Technical Memorandum of Understanding (TMU).

2/ Based on program exchange rates defined in the TMU.

3/ Flows from January 1 through test date of each calendar year.

4/ Includes intra-public sector transfers (transferencias figurativas). Average stock measured over the last two weeks before test date.

5/ In billions of U.S. dollars.

6/ Targets are subject to adjustors and exchange rates as defined in the TMU. Targets are cumulative from the end of 2024 to each test date. The June 13, 2025 target is subject to the FX borrowing issuance adjustor, which is no longer applicable to the subsequent targets. For better comparability with new targets, CR 25/95 subsequent targets have been adjusted up USD 1.5 billion, reflecting the FX borrowing adjustor.

7/ Cumulative flows since the start of the program for the June 13, 2025 target, and since July 31 for the subsequent targets.

8/ Changes in monthly average from December 2024 to each test date, subject to adjustors as defined in the TMU. For June 2025, change from December 2024 average to May 14-June 13 average. CR 25/95 IT subsequent targets have been adjusted down, reflecting the FX borrowing adjustor.

Table 2. Argentina: Proposed Structural Benchmarks		
Structural Benchmarks	**Sector**	**Completion Date**
1. Publish a report of the SOEs included in Law number 27.742, alongside a roadmap for their privatization and concessions, prepared by the SOE Transformation Agency.	Fiscal/ Structural	mid-November 2025
2. Publish guidelines needed to ensure an efficient and transparent privatization process of SOEs included in Law number 27.742.	Fiscal/ Structural	mid-November 2025
3. Develop a plan to eliminate inefficient extra-budgetary entities, in order to also enhance their governance.	Fiscal/ Structural	end-September 2025
4. Submit to Congress the draft 2026 budget, consistent with the zero-overall budget deficit rule. The draft budget will contain a medium-term fiscal framework, including a detailed fiscal risk statement and adverse scenarios.	Fiscal/ Structural	end-September 2025
5. Eliminate all fiduciary funds (with the exception of the fiduciary fund for residential gas subsidies).	Fiscal/ Structural	end-December, 2025
6. Implement resolution 21/2025 to deregulate the wholesale electricity market (*Mercado Electrico Mayorista MEM)*	Fiscal/ Structural	end-November 2025
7. Publish Fund TA report on the implementation of several of the key FATF recommendations, with early priority on monitoring and strategic analysis measures to address cross-border ML risks and the implementation of risk-based exemptions to enhance public sector efficiency.	Financial/ Governance	end-November 2025
8. Complete the integration of relevant administrative databases into a single social registry (*Sistema de Indicadores Sociales*, SIS), working with World Bank technical assistance, to improve the targeting and efficiency of social support.	Fiscal/ Structural	end-December 2025
9. Develop (and share with Fund staff) a proposal to enhance the efficiency and simplicity of the tax system. The proposal should envisage the rationalization of costly tax expenditures, which will provide space to gradually phase out distortive trade and financial transactions taxes.	Fiscal/ Structural	end-December 2025
10. Implement the expansion in the coverage of the integrated system of financial information (*Sistema Integrado de Información Financiera*, e-SIDIF), working with the IDB, to include other government bodies and agencies announced in decree 1093/2024.	Fiscal/ Structural	end-December, 2025
11. Present to Congress a diagnostic and revision option report to the pension system, aimed at improving its equity and sustainability. The initiative should simplify a highly fragmented system and improve the relationship between contributions and benefits.	Fiscal/ Structural	end-December, 2026
12. Present a plan to revamp the Fiscal Responsibility Legislation.	Fiscal/ Structural	end-December, 2026

Attachment II. Technical Memorandum of Understanding

July 24, 2025

1. This Technical Memorandum of Understanding (TMU) sets out the understandings regarding the definitions of the performance criteria (PCs) and indicative targets (ITs), that will be applied under the Extended Arrangement under the Extended Fund Facility, as specified in the Memorandum of Economic and Financial Policies (MEFP) and its attached tables. It also describes the methods to be used in assessing the program's performance and the information requirements to ensure adequate monitoring of the targets.

2. For program purposes, all foreign currency-related assets, liabilities, and flows will be evaluated at "program exchange rates" as defined below, with the exception of items affecting government fiscal balances, which will be measured at current exchange rates. The program exchange rates are those that prevailed on January 31, 2025. Accordingly, the exchange rates for the purposes of the program are shown in Text Table 1.

Table 1. Argentina: Program Exchange Rates 1/

Argentine Pesos to the US dollar	1,053.50
Argentine Pesos to the SDR	1,373.58
Argentine Pesos to the Euro	1,097.43
Argentine Pesos to the Canadian dollar	731.24
Argentine Pesos to the British pound	1,311.71
Argentine Pesos to the Renminbi	145.42
Gold price (US$/ounce)	2,808.08

1/ Rate published by the BCRA as of Jan 31, 2025.

3. Any variable that is mentioned herein for the purpose of monitoring a PC or IT and that is not explicitly defined, is defined in accordance with the Fund's standard statistical methodology, such as the Government Finance Statistics (GFS) Manual 2014, the Balance of Payments Manual (sixth edition) and the Public Sector Debt Statistics Guide. For any variable or definition that is omitted from the TMU but is relevant for program targets, the authorities of Argentina shall consult with the Fund staff on the appropriate treatment to reach an understanding based on the Fund's standard statistical methodology.

QUANTITATIVE PERFORMANCE CRITERIA: DEFINITION OF VARIABLES

Cumulative Floor on the Federal Government Primary Balance

4. **Definitions:** The Federal government (*Sector Público Nacional No Financiero*) for the purposes of the program consists of the central administration, the social security institutions, the decentralized institutions (*Administración Nacional*), and PAMI, fiduciary funds, and other entities and enterprises of the federal government.

5. Definitions:

- The primary balance of the federal government is measured above-the-line and defined in accordance with the monthly and annual reporting of the "Esquema IMIG", with additional as needed adjustments to reflect 2014 GFS Manual accounting practices. This is equivalent to total revenues (ingresos totales, according to "Esquema IMIG") minus primary spending (gastos primarios). Revenues are recorded on a cash basis and include tax revenues (ingresos tributarios), property revenue income (rentas de la propiedad), other current revenues (otros ingresos corrientes), capital revenues (ingresos de capital). For the purposes of assessing the floor of the primary deficit, revenues exclude any type of financial transfers from the Central Bank (including Utilidades and Adelantos Transitorios), interest income from intra-public sector holding of securities and debt obligations, proceeds from the sale of financial assets (including privatization proceeds through the sale of shares), proceeds from the sale of licenses/permits (including payments for mobile phone or broadcast licenses, and natural resource permits), revenue income from the issuance of government debt that is part of non-tax revenues (resto rentas de la propiedad), and special drawing rights (SDRs) allocated by the Fund or received bilaterally from other IMF members.

- Federal government primary expenditure is recorded on a cash basis and includes spending on social protection (prestaciones sociales), economic subsidies (subsidios económicos), operational expenses (gastos de funcionamiento), current transfers to provinces (transferencias corrientes a provincias), other current spending (otros gastos corrientes), and capital spending (gastos de capital), which includes capital transfers to provinces.

- Government-funded, public-private partnerships will be treated as traditional public procurements. Federal government obligations associated with public private partnerships would be recorded transparently in budget data and measured as part of the Federal government deficit as they occur (on a cash basis).

- Costs associated with divestment operations or liquidation of public entities, such as cancellation of existing contracts or severance payments to workers, will be allocated to current and capital expenditures accordingly.

- All primary expenditures (including fines) that are directly settled with bonds or any other form of non-cash liabilities will be recorded as spending above-the-line and will therefore contribute to a decrease in the primary balance. This only excludes the settlement of liabilities related to pensions, revenue sharing and expenditure allocation, with the provinces and the Autonomous City of Buenos Aires, associated with court proceedings that are either finalized or pending as of the start date of the program, and payments of arrears as per ICSID or similar arbitration rulings.

6. Measurement: The Federal government's primary balance will be measured at each test date as the cumulative value starting from the beginning of each calendar year.

7. Monitoring: All fiscal data referred to above and needed for program monitoring purposes will be provided to the Fund with a lag of no more than 25 calendar days after the end of each month.

Ceiling on Federal Government Accumulation of Domestic Arrears

8. Definition: Domestic arrears are defined as the floating debt, that is the difference between primary spending recorded on an accrual basis (gasto devengado, from the SIDIF system) and primary spending recorded on a cash basis (base caja, from the Treasury). This includes intra-public transfers (transferencias figurativas), and primary spending for personnel (gasto en personal), acquisition of goods and services (bienes y servicios), nonprofessional services (servicios no profesionales), capital expenditures (gastos de capital), and transfers (transferencias).

9. Measurement: The arrears are measured on a daily basis. Arrears will be capped at about 0.8 percent of GDP (ARS 6,831.7 billion) for the daily average of the final two weeks of each quarter.

10. Monitoring: Daily data on the stock of arrears (and underlying spending on an accrual and cash basis), recorded at daily frequency will be provided to the Fund with a lag of no more than 25 calendar days after the end of each month.

Cumulative Floor on the Change in Net International Reserves of BCRA

11. Definitions:

- **Net international reserves (NIR)** of the BCRA are equal to the balance of payments concept of NIR defined as the U.S. dollar value of gross official reserves of the BCRA minus gross official reserve liabilities. Non-U.S. dollar denominated foreign assets and liabilities will be converted into U.S. dollar at the program exchange rates.

- **Gross official reserve assets** are defined consistently with the Sixth Edition of the Balance of Payments Manual and International Investment Position Manual (BPM6) as readily available claims on nonresidents denominated in foreign convertible currencies. They include BCRA's (i) monetary claims, (ii) free gold, (iii) holdings of SDRs, (iv) the reserve position in the IMF, (v) holdings of fixed income instruments and (vi) net cash balances within the Latin American Trade Clearing System (ALADI). Excluded from reserve assets are any assets that are pledged, collateralized, or otherwise encumbered, claims on residents, claims in foreign exchange arising from derivatives in foreign currency vis-à-vis domestic currency (such as futures, forwards, and options), precious metals other than gold, assets in nonconvertible currencies and illiquid assets.

- **Gross official reserve liabilities** in foreign currencies include (i) foreign currency liabilities with original maturity of one year or less, (ii) Fund cumulative net purchases from the start date of the program onwards, (iii) any deliverable forward foreign exchange (FX) liabilities with original maturity of one year or less on a net basis defined as the long position minus the short position payable in foreign currencies directly undertaken by the BCRA or by any other financial institutions on behalf of the BCRA. Neither the Federal government's foreign liabilities nor its FX deposits at the BCRA are considered as gross foreign liabilities of the BCRA. The foreign currency swap with the People's Bank of China, the foreign exchange bank reserve requirements, SEDESA, ALADI and other non-resident deposits would be considered, for program purposes, as gross official reserve liabilities.

12. Measurement: The change in net international reserves will be measured as the cumulative change in the stock of NIR at each test date relative to the stock on December 31, 2024.

13. Monitoring: Foreign exchange asset and liability data at the BCRA will be provided to the Fund at daily frequency within two days. Net international reserves will be provided to the Fund at weekly frequency within two days.

14. Adjustors:

- **Official non-project borrowing and grants:** The NIR targets will be adjusted upward (downward) by the surplus (shortfall) in program loan disbursements and grants from multilateral institutions (including the BCIE, EIB, IBRD, IADB and CAF) and borrowing and grants from official bilateral partners, relative to the baseline projection reported in Text Table 2. The value of the downward adjustor, i.e., in the event of a shortfall of borrowing and grants, would be capped at a cumulative of US$4 billion in each calendar year. Program loan disbursements are defined as external loan disbursements (excluding project financing disbursements and IMF disbursements) from official creditors for the financing of the general government and/or the BCRA.

Table 2. Argentina: Program Loan Disbursements from Multilateral and Bilateral Sources

(Baseline Projection)

	(in millions of US$) 1/
end-September 2025	4,730
end-December 2025	5,836
end-March 2026	0
end-June 2026	818

1/ Cumulative from January 1.

Cumulative Ceiling on the BCRA's Net Financing of the Federal Government

15. Definitions: Central bank (BCRA) financing to the government includes (i) overdraft transfers from the BCRA to the Federal Government (Adelantos Transitorios), (ii) distribution of profits (Utilidades), (iii) the acquisition of government debt in the primary market or by direct purchases from public institutions, (iv) issuance of new non-marketable government bonds (Letras Intransferibles), and (v) purchase of government securities in the secondary markets (including transactions that are bilateral, conducted at MAE and BYMA, or made at other parties' discretion from application of regulation A7291 and the issuance of "put options" on government securities (under A7555 and A7716). Net financing of the Federal Government is defined as the amount of financing to the government net of increases of peso deposits at the BCRA,[1] of cash transfers from the Federal Government to the BCRA to repurchase government securities, reduce the stock of overdraft transfers or the stock of non-marketable government bonds or recapitalize the BCRA. Transactions done in the context of debt exchanges or rollover of non-marketable government bonds, or direct purchases from public institutions financed with the proceeds of IFI disbursements, as well as transactions with peso-denominated government instruments of residual maturity of less than three months used to conduct monetary policy are excluded from this definition.

16. Measurement: The cap of cumulative flows on net financing since July 18, 2025 is set to zero.

17. Clarification: Any decrease in the stock of Adelantos shall only reflect cash payments of this amount by the Treasury to the BCRA. Transfer of Letras Intransferibles to the BCRA will not reduce the stock of Adelantos.

18. Monitoring: Daily data will be provided to the Fund within two days. Given the unpredictability of secondary market purchases and time needed to offset them, these will be measured up to the end of the month prior to the target date.

Federal Government Non-Accumulation of External Debt Payments Arrears

19. Definitions:

- **Debt**[2] will be understood to mean a current, i.e., not contingent liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. External debt is determined according to the residency criterion (and, as such, would encompass nonresident holdings of Argentine law peso and foreign currency debt). Debts can take several forms; the primary ones being as follows:

  i. loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

[1] Any cumulative reduction in Treasury peso deposits since July 18, 2025 does not lead to an increase in the BCRA's net financing of the federal government.

[2] As defined in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements, attached to Executive Board Decision No. 16919-(20/103), adopted October 28, 2020.

ii. suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

iii. leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the program, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.

Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

- **External debt.** Only for the purposes of this program, and consistent with the definition set out in the IMF's Balance of Payments Manual, external debt is determined according to the residency criterion, (and, as such, would encompass nonresident holdings of Argentine law peso and foreign currency debt).

- **External arrears:** External debt payment arrears for program monitoring purposes are defined as external debt obligations (principal and interest) falling due after the start date of the program, that have not been paid, considering the grace periods specified in contractual agreements.

20. **Coverage:** This performance criterion covers the federal government. This performance criterion does not cover (i) arrears on trade credits, (ii) arrears on debt subject to renegotiation or restructuring; and (iii) arrears resulting from the nonpayment of debt commercial claims that are being liquidated prior to the start date of the program.

21. **Monitoring:** This PC will be monitored on a continuous basis.

Exchange Restrictions, MCPs, Bilateral Payment Agreements and Import Restrictions

22. Consistent with commitments in IMF arrangements, we will not: (i) impose or intensify any exchange restrictions, (ii) introduce or modify Multiple Currency Practices (MCPs), as elaborated in the TMU, (iii) conclude bilateral payment agreements that are inconsistent with Article VIII; and (iv) impose or intensify import restrictions for balance of payment reasons (continuous performance criteria). Narrowing the scope or lowering the rates of the withholding tax assessed as giving rise to MCPs by the Fund will not constitute a modification as defined under the PC.

Indicative targets

Ceiling on the Change in the BCRA's Net Domestic Assets

23. Definition. Net Domestic Assets (NDA) of the BCRA are defined as the difference between base money and net international reserves measured at program exchange rates as defined above. Base money is equal to the sum of banknotes and coins issued by the BCRA plus banks' accounts at the BCRA denominated in pesos. The reserve requirement is defined as the peso-denominated reserves on account at the BCRA that banks are required to keep by regulation on average each month.

24. The ceiling applies to the monthly average of NDA for the final month of each quarter. The change will be calculated with respect to the average of the month of December 2024 which was ARS 29,892.0 billion.

25. Monitoring. Data will be provided to the Fund on a daily basis with a lag of no more than 2 days.

26. Adjustors:

- **Official non-project borrowing and grants.** The NDA ceilings will be adjusted downward (upward) by the surplus (shortfall) in program loan disbursements and grants from multilateral institutions (including the BCIE, EIB, IBRD, IADB and CAF) and borrowing and grants from official bilateral partners, relative to the baseline projection reported in Text Table 2. The value of the upward adjustor, i.e., in the event of a shortfall of borrowing and grants, would be capped at a cumulative of US$4 billion in each calendar year. Program loan disbursements are defined as external loan disbursements (excluding project financing disbursements and IMF disbursements) from official creditors for the financing of the general government and/or the BCRA.

- **Reserve requirement.** The NDA ceilings will be adjusted if the minimum reserve requirement on commercial banks is changed after the start date of the program. The ceilings will be increased (decreased) by the same peso amount as the increase (decrease) in required reserves due to regulatory changes. The BCRA will reach agreement with IMF staff prior to making any changes to the levels or structure of reserve requirements.

Floor on the Coverage of Social Assistance Programs Provided by the Federal Government

27. Definition: The target will be calculated as the percentage of the basic consumption basket (canasta básica alimentaria) covered by the benefits from the following programs:

- *Asignación Universal para Protección Social, which includes the following sub-programs: Asignación Universal por Hijo, and Asignación por Embarazo.*

- *Tarjeta Alimentar.*

28. **Monitoring:** Data will be provided to the Fund with a lag of no more than 25 calendar days after the end of each month. The indicative target will be measured as the average of the coverage in the six months prior to the test date. The social assistance benefit will be measured for an adult-equivalent.

OTHER INFORMATION REQUIREMENTS

29. In addition to providing any data and information staff request to monitor program implementation, the authorities will also provide the following data so as to ensure adequate monitoring of economic variables:

Daily

- Nominal closing exchange rates of the Argentinian peso against the U.S. dollar; FX volumes at the official market, total currency issued by the BCRA; deposits held by financial institutions at the BCRA; total liquidity assistance to banks through normal BCRA operations, including overdrafts; and interest rates on overnight deposits.
- Disaggregated data of BCRA's international reserve assets by source with a lag of three days.
- Aggregated data on banks' foreign exchange positions, provided in the following categories: public national; public provincial; private domestic; private foreign; and small banks.
- Daily data on BCRA FX sales and purchases in the official and forwards FX markets showing the minimum, maximum and weighted average of exchange rate of the Argentinian peso against the U.S. dollar at the time of these FX sales and purchases and amount in US dollar.
- Daily data on Federal treasury FX sales and purchases amount and average FX rate in USD dollar.
- Data on gross BCRA sales and purchases of securities settled in different currencies, for each market segment and at transaction price in the applicable currency, will be provided to the Fund with a daily frequency, with a lag of three days.
- Data on BCRA position of non-deliverable futures by maturity, to be provided within two working days.
- Data on BCRA government securities purchased and sold in the secondary market by maturity and mechanism, and corresponding price and quantities, with a lag of one day.
- Daily data on BCRA-issued securities by type of security and interest rate.
- Daily data on sales and purchases of securities settled in different currencies, recorded and provided by the Comision Nacional de Valores, including trading by the BCRA. This information will include a report of the daily estimation of total stocks and implicit exchange rate of the most representative securities transacted in the CCL and MEP modalities and operations.
- Daily data on Treasury deposits in SDRs at the BCRA.

- Daily data on flows in and out of the BCRA's SDR holding account including amount and purpose.
- Daily data on external financing from each multilateral and bilateral creditor, broken down by budget support and project financing, and by largest bilateral projects.
- Data on the outstanding stock of BCRA put options on government bonds.
- Daily data of the following international reserve liabilities for the purpose of the computation of net international reserves at current rate and at program rate: (i) swap lines, (ii) regulatory requirement FX deposits, (iii) Sedesa liabilities, (iv) SDR Buffer, (v) BOPREAL liabilities of maturing in less than one year and (vi) other liabilities.

Weekly

- BCRA balance sheet.
- Weekly data on (i) the stock of BOPREAL by series, (ii) the maturity profile of BOPREAL, (iii) interest payments on BOPREAL and (iv) the stock of the debt registry.
- Weekly data of (i) Gold and (ii) SDR components of international reserves.

Fortnightly

- Interest rates on domestic debt instruments including LELITE, LEDES, LECER, LEPAS, BONAR, BONTE, BONAD, LECAP, BONCAP and BONCER at different maturities.
- Information on outstanding debt instruments (local and global debt): maturity, currency, legislation, characteristics (DL, Dual, CER, fixed), holders (banks, FXI, insurance, corporates, foreigners, BCRA, FGS, BNA, provinces).

Monthly

- Federal government operations including monthly cash flow from the beginning to the end of the current fiscal year (and backward revisions as necessary), with a lag of no more than 25 days after the closing of each month, according to both the format of the Informe Mensual de Ingresos y Gastos (IMIG) and to the format of the Cuenta Ahorro Inversion Financiamiento (AIF). Specific reporting will include details on:

    i. Revenues from sales of physical assets, licenses, and permits (and 12-month projections for future sales of such assets).

    ii. Income related to the issuance of government debt securities (resto de rentas de la propiedad).

- Data on the stock of domestic arrears.

- Fiscal financing sources (below-the-line), issuance of domestic public securities, financing from within the non-financial public sector, external financing, and other financing schemes. Data to be provided with a lag of no more than 25 days after the closing of each month. Detailed quarterly financing plan for the coming twelve months, including the aforementioned sources, to be provided one month in advance.

- External financing received and projections for the coming four quarters, with loans and grants categorized by program and project. Data to be provided with a lag of no more than 25 days after the closing of each month.

- On federal debt:

  i. Domestic and external debt service (amortization and interest payments) of the federal government, with a lag of no more than 25 days after the closing of each month. Projected monthly federal government debt amortization/repayments and interest payments (local currency and FX bonds, treasury bills, Eurobonds, domestic loans, external commercial and external official loans). This would include both direct and guaranteed debt. In the case of issuance of government guaranteed debt, the name of the guaranteed individual/institution shall be included.

  ii. Information on the stock of external arrears will be reported on a continuous basis, including those resulting from resolved international litigation cases.

  iii. Federal government debt stock by currency, as at end month, including by (i) creditor (official, commercial domestic, commercial external); (ii) instrument (local currency and FX denominated bonds, treasury bills, Eurobonds, domestic loans, external commercial and external official loans); and (iii) direct and guaranteed.

  iv. The balances of the (federal) government at the central bank and in the commercial banking system needed to determine the cash position of the (federal) government.

- Required and excess reserves of the banking sector in local and foreign currency.

- Balance sheets of other financial corporations (non-deposit taking), including holdings of federal and provincial debt and of the BCRA instruments within one month after month end.

- Data on the total loans value of all new federal government-funded public private partnerships.

Quarterly

- Federal government transfers to the provinces and the Autonomous City of Buenos Aires related to the settlement of liabilities associated with pensions, revenue sharing and expenditure allocation, as well as payments of arrears as per ICSID or similar arbitration rulings.

- On provincial government operations, with a lag of no more than two months after the closing of each quarterly, according to the format defined by the Ministry of Finance.

- On provincial debt:

  i. Quarterly data on the provincial government debt stock by currency, provided within two months following the closing of each quarter, including by (i) creditor (official, commercial domestic, commercial external; (ii) instrument (local currency and FX denominated bonds, treasury bills, Eurobonds, domestic loans, external commercial and external official loans); and (iii) direct and guaranteed.

  ii. Quarterly domestic and external debt service (amortization and interest payments) of the provincial governments, provided within two months following the closing of each quarter.

  iii. Quarterly projections for the following semester for provincial government debt amortization/repayments and interest payments, at least 30 days before the end of each quarter. This would include local currency and FX bonds, treasury bills, Eurobonds, domestic loans, external commercial and external official loans), and both direct and guaranteed debt. In the case of issuance of government guaranteed debt, the name of the guaranteed individual/institution shall be included.

ARGENTINA

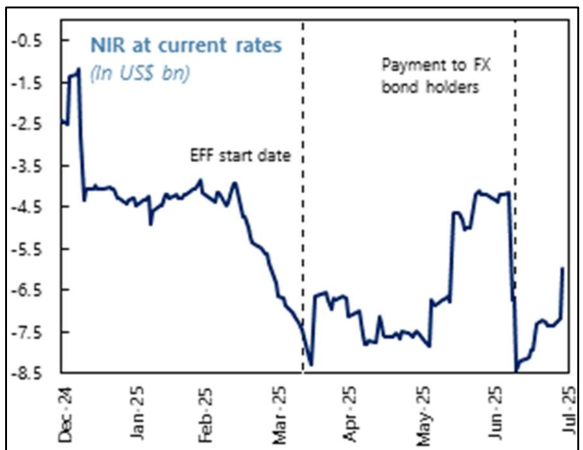
July 30, 2025

FIRST REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, REPHASING OF ACCESS, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—SUPPLEMENTARY INFORMATION

Prepared By Western Hemisphere Department

This supplement provides an update on developments since the issuance of the Staff Report (EBS/25/83) circulated to the Executive Board on July 25, 2025, and it does not alter the thrust of the staff report.

1. **Efforts to rebuild reserves continue.** The Treasury bought US$1.2 billion during July via strategic block purchases, adding to the US$200 million already purchased in June through this modality. These block purchases together with the repo agreement (US$2 billion) and peso bond issuances subscribed in US dollars (US$1.5 billion) bring reserve accumulation efforts to US$4.9 billion since the start of the program (well above the early July FX debt payments to bondholders). Meanwhile, recently approved budget support loans from the Interamerican Development Bank (US$1.2 billion) and Latin American and Caribbean Development Bank (US$300 million) are supporting external buffers.[1] Net international reserves currently stand at around US$-6 billion, representing a shortfall of about US$2 billion relative to the original program target.



Sources: BCRA and Fund staff estimates.

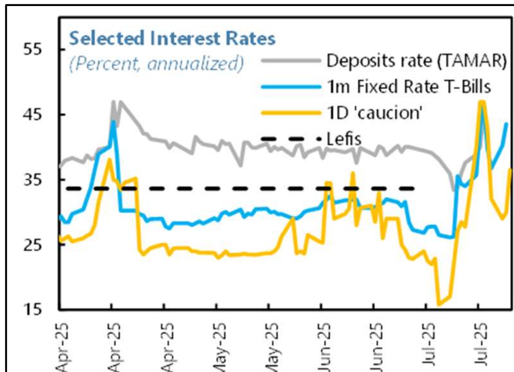
[1] Another budget support loan from the World Bank (US$300 million) is being considered for approval soon.

2. On July 26, the authorities announced a permanent reduction in export taxes on key agricultural products. Temporary export tax reductions in effect during H1:2025 for core agricultural products, covering over 70 percent of primary and agricultural exports, have now been made permanent, implying a decline in the tax rate of 20-25 percent relative to their 2024 levels (see Table). These export tax cuts, if sustained, are expected to improve the agricultural sector's medium-term prospects and overall resource allocation.[2] The resulting foregone export tax revenue, which is estimated at around ¼ percent of GDP on an annual basis (0.1 percent for the remainder of 2025), is expected to be offset by the stronger-than-anticipated revenue performance and continued expenditure restraint this year. The authorities remain committed to achieving their primary fiscal surplus objective of 1.6 percent of GDP, having already exceeded the indicative target for May by 0.1 percent of GDP. Beyond this year, the authorities plan to offset these revenue losses through the planned tax reform and continued rationalization of expenditures (see MEFP ¶16-17).

Export Taxes
(Percent)

Commodity	Taxes		Share in agricultural exports
	Before	*Now*	
Soybeans	33.0	26.0	8
Soybean derivatives	31.0	24.5	25-30
Corn, wheat, barley	12.0	9.5	25-30
Sunflower	7.0	5.5	2
Beef and poultry	6.8	5.0	6

3. Monetary conditions have been tightened further in the transition toward the new monetary framework. The BCRA is absorbing excess liquidity in an ad hoc fashion by offering overnight instruments at substantially higher rates (48 percent versus 29 percent prior to the elimination, on July 10, of overnight Treasury securities, LeFis). Meanwhile, the Treasury has been calibrating primary auctions to refinance most maturing domestic debt (with a total rollover rate of about 125 percent in July), while maintaining adequate market liquidity. In the latest auction on July 29, the Treasury accepted nearly all bids (validating elevated market interest rates) refinancing about ¾ of the amounts falling to banks. Banks set aside remaining liquidity to meet higher reserve requirements effective August 1. The authorities expect interest rates and volatility in the money market, as well as the need to intervene in NDF markets, to decline as banks adjust to the new framework and the interbank market is developed.



Note: 1D "caucion" is rate on collateralized private lending.
Sources: BCRA, Bloomberg L.P., Refinitiv.

4. Market sentiment has improved somewhat since the announcement of staff-level agreement on the first review. Since July 24, sovereign spreads have declined to around 720 bps, while the prices of Argentine corporates trading in New York have jumped by about 6 percent. Nonetheless, market conditions remain fluid.

[2] Preliminary staff estimates suggest export volumes for affected categories could rise by about 5 percent, although the impact could be larger if dynamic effects are considered. The Buenos Aires Grain Exchange estimates soybean production could rise by 15 percent, with the tax reduction being broadly revenue-neutral in the span of a few years.

Statement by Mr. Leonardo Madcur and Mr. Adrian Nador on Argentina
July 31, 2025

Argentina has reached an inflection point. The rollout of the new monetary and exchange rate framework—alongside the easing of most foreign exchange restrictions—was executed flawlessly. This marks a bold and deliberate step toward consolidating macroeconomic stability and long-term growth.

The peso's transition to a flexible exchange rate regime, operating within a widening band, unfolded seamlessly and without market disruption. This is a significant achievement given the complexity of Argentina's financial landscape and the country's exit from a fixed FX system sustained over six years. Noteworthy, this milestone was reached without drawing on initial disbursements from the IMF or other international financial institutions to support the FX market or meet obligations to private bondholders. At the same time, the financial support from the Fund and other IFIs met its original purpose: signaling enough support to the economic program anchoring expectations, therefore avoiding the need to use them.

From the very beginning, the policy delivered results. The exchange rate quickly stabilized near the midpoint of the band, FX market gaps narrowed from 24 percent to 0.5 percent, and monthly inflation resumed its downward trend, falling from 3.7 percent in March to 1.6 percent by June. Commitment to sound macroeconomic policies carried a remarkably low passthrough, reinforcing our broader stabilization goals. Sustained fiscal discipline delivered a surplus of 0.9 percent through June.

Sovereign spreads narrowed substantially, allowing Argentina to regain access to international capital markets earlier than anticipated—though further improvement is essential to consolidate investor confidence.

Progress on the social front has been no less transformative: over 10 million individuals, including approximately 1.7 million children, have been lifted out of poverty, resulting from better targeted social assistance, lower inflation, and sustained economic growth projected at 5.5 percent for 2025.

The program remains firmly on track, surpassing expectations across nearly all objectives. The only temporary shortfall—reserve accumulation—was due to pre-launch losses stemming from global market volatility and domestic speculation.

To ensure the ongoing success of this exceptional stabilization program, it is essential that the authorities continuously refine its key pressure points and objectives in alignment with the evolving economic landscape.

Against this backdrop, prioritizing FX flexibility and refraining from market interventions have been essential to the program's success. By allowing the peso to float within the band, the administration enabled price discovery, safeguarded market stability, and reinforced monetary credibility. This disciplined approach laid the foundation for prudent reserve accumulation in a manner consistent with financial stability and the ongoing disinflation process, as strengthening reserve buffers remains a shared strategic priority.

Since the start of this administration, over US$25 billion in foreign exchange has been purchased within just eighteen months—exceeding by far any previous best performance over a comparable period. Moreover, since end-May, approximately US$5 billion has been secured through a combination of Treasury FX operations, sovereign peso bond issuances subscribed in dollars, and a Central Bank repo facility, all achieved without undermining the broader stabilization effort. However, these purchases have not translated into higher reserves, as proceeds continue to be used to service external debt obligations. As such, durably rebuilding net reserves fundamentally hinges on restoring sustainable access to international capital markets.

We believe the positive role and contribution of monetary policy have been underestimated throughout the stabilization process, with inflation expected to decline within the 20-25 percent range in 2025 and reach single-digit levels by 2026. Although monetary policy has evolved to adapt to varying circumstances over the past year and a half, strict control of monetary aggregates has been essential from day one and continues to be. To illustrate the dynamic nature of the decisions made, real negative interest rates at the beginning were instrumental in significantly reducing the monetary overhang inherited from the previous administration. The elimination of Central Bank remunerated liabilities was also crucial in anchoring expectations. Going forward, the authorities have reaffirmed their commitment to the monetary framework anchored around strict control of the monetary supply, with interest rates determined by the markets.

Given Argentina's strong program ownership, demonstrated by steady performance and credibility anchored in consistent track record over the last eighteen months, the authorities request a modification to the review schedule. This recalibration will allow for timelier implementation while avoiding the electoral volatility of assessment periods. Therefore, the slight delay reinforces program design and safeguards reform momentum.

President Milei's unwavering commitment to fiscal discipline remains the foundation of Argentina's progress. Eighteen consecutive months of fiscal surplus reflect a clear societal mandate: eliminate inflation by eliminating the fiscal deficit—the only proven path forward, coupled with a sound monetary stance.

Additionally, growth remains a foundational principle underpinning the President's plan, underscored by his recent announcement of a permanent reduction in export taxes, once again delivering on his pledge to remove distortive levies and propel private-sector growth.

Argentina now stands on firmer footing. Credibility is affirmed through a consistent track record, stability is firmly rooted, and the foundational pillars for inclusive and enduring growth are in place. The path toward prosperity is clear and is gaining momentum.