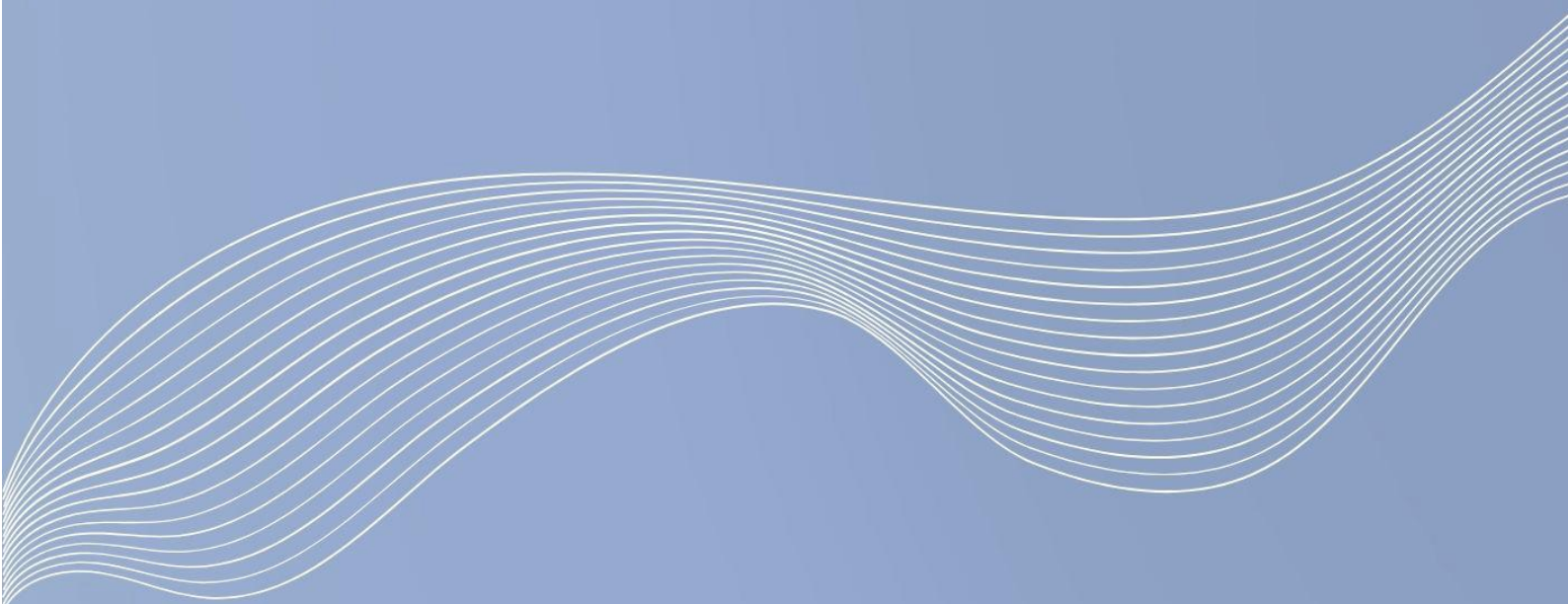


JULY 2025

ARGENTINE ECONOMIC OUTLOOK

CEI Centre for
International
Economy



ARGENTINE ECONOMIC OUTLOOK

Argentina in the world

Argentina is the second largest economy in South America, with a Gross Domestic Product (GDP) of USD 632.2 billion, preceded by Brazil. It ranks fourth in terms of per capita GDP¹ (USD 13,433), in this case following Uruguay, Guyana and Chile; and its more than 47 million inhabitants² place it as the third most populated country in South America.

The country's high agricultural production capacity has turned Argentina into one of the main food producers in the world, with large-scale agricultural and livestock industries. Argentina is among the leading exporters of soybeans and its byproducts, and among the main producers of lemons, vegetable oils and milk, to mention a few examples. Likewise, the quality of Argentine beef is recognised worldwide and the sector has managed to regain its traditional positioning and add new destinations, including the United States, Canada, China and Mexico.

Argentina also has significant mining wealth. It ranks third as global lithium reserve, tenth in gold, and it is among the top ten silver producers. In addition to its conventional oil and gas reserves, it ranks fourth globally in shale oil reserves and second in shale gas reserves.

Argentina has dynamic industrial complexes, such as the automotive industry, which, with preferential access to the main markets in the region, has become the most relevant sector in terms of exports of manufactured products. There are also other rapidly growing sectors, such as renewable energy, biotechnology, and knowledge-based services, among others. Argentina is also the origin of fourteen of Latin America's unicorns³.

Moreover, it has skilled labour, recognised for its technical capabilities, creativity and versatility, and it is ranked second in Latin America in the Human Development Index produced by the United Nations Development Programme⁴.

¹ GDP and per capita GDP corresponding to the year 2024 for Argentina, data from the Ministry of Economy. For the rest of the countries, GDP and per capita GDP corresponding to the year 2023, according to World Bank.

² 47,067,641 people according to INDEC estimates as of 1 July 2024.

³ Companies with a stock market valuation greater than USD 1 billion. Until 2020 there were five: Mercado Libre, Despegar, Globant, OLX and Auth0. In 2021, seven more were added: Vercel (software), Aleph (social media marketing and advertising), Tienda Nube (e-commerce), Ualá (fintech), Mural (telecommuting solutions), Bitfarms (cryptocurrency mining), Satellogic (aerospace company) and, most recently (2022), Technisys (technology for banks and fintech) and Moolec Science (biotechnology).

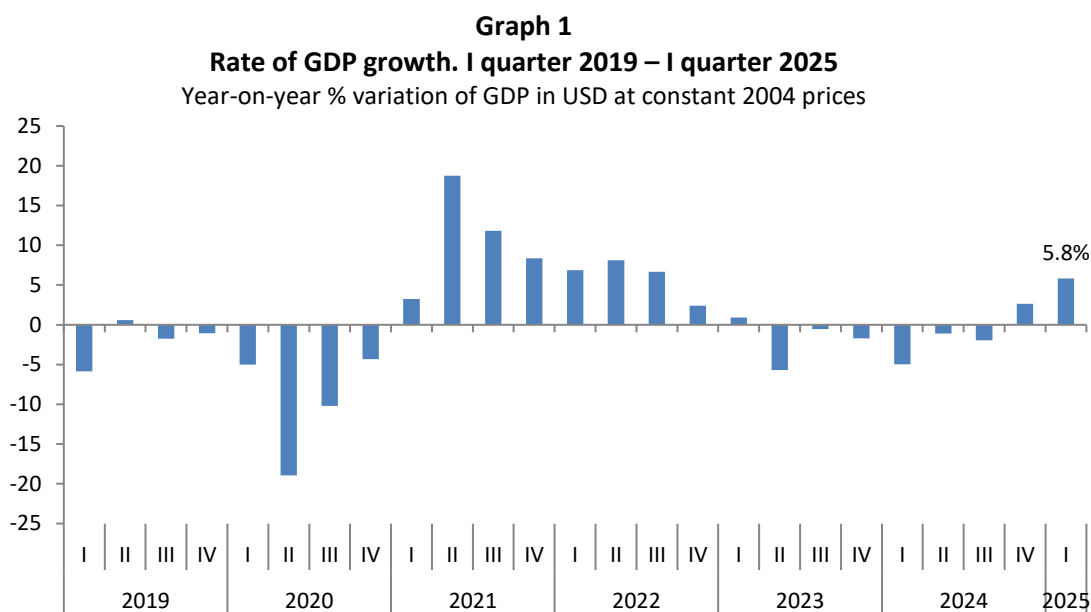
⁴ Index corresponding to the year 2023.

State of the real economy

- In the first quarter of 2025, Argentina's GDP registered a year-on-year growth of 5.8%.
- The positive economic performance during the first quarter of the year was determined by investment growth (31.8% year on year), private consumption (11.6%), and exports (7.2%).
- According to the monthly estimator of economic activity (EMAE, for its acronym in Spanish), in April 2025 the Argentine economy continued to grow. In that month, the activity rose 7.7% compared to April 2024.
- The industrial production index (IPI) had a year-on-year growth of 8.5% in April, the fifth consecutive increase after 18 months with negative values.
- Meanwhile, the synthetic indicator of construction activity (ISAC, for its acronym in Spanish) rose 25.9% year on year in April.
- Installed industrial capacity utilisation (UCII, for its acronym in Spanish) was 58.3% in April 2025, 1.7 p.p. higher than the same month in 2024.
- The unemployment rate in the first quarter of 2025 reached 7.9% of the economically active population (EAP), 0.2 p.p. above the first quarter of 2024; while the activity rate stood at 48.2%, with a year-on-year growth of 0.2 p.p.
- As of the second half of 2024, 38.1% of the population was under the poverty line, while 8.2% of people were in extreme poverty. This represents a 14.8 p.p. decrease compared to the first half of 2024. Extreme poverty, in turn, decreased by 9.9 p.p. with respect to the same period.
- In April 2025 the inflation rate reached 1.5%, the lowest monthly value in 5 years.
- In the first five months of 2025, exports of goods reached USD 32.5 billion, representing a 2.6% year-on-year increase
- Imports, on the other hand, totalled USD 30.6 billion (they grew 34.3% year on year).
- The trade balance in the January-May period reached a surplus of USD 1.9 billion.
- In the first quarter of 2025, exports of services amounted to USD 4.7 billion and imports to USD 9.2 billion, resulting in a USD 4.5 billion deficit
- Between January and March 2025, the current account had a negative balance of USD 5.2 billion (2.9% of GDP).
- At the end of June 2025, the international reserves of the Central Bank of the Argentine Republic (BCRA, for its acronym in Spanish) reached USD 40 billion, representing a USD 10.4 billion rise (35.0%) from the last business day of 2024.
- The National Public Sector (NPS) accumulated a financial surplus of approximately 0.3% of GDP in the first five months of the year (primary surplus of approximately 0.8% of GDP).
- Public debt as of 31 March 2025 amounted to USD 473.6 billion (76.2% of GDP, which constitutes a 6.4 p.p. fall with respect to the end of 2024).

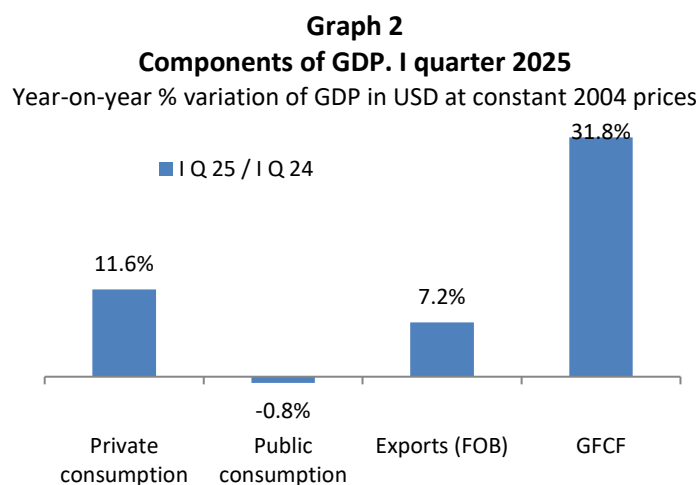
Level of activity

The first GDP figure of 2025 was positive, as well as the last one of 2024 that reversed the trend of the previous six quarters in which the economic activity had fallen. In the first quarter of 2025, Argentina's GDP registered a year-on-year growth of 5.8%.



Source: CEI based on INDEC

The positive economic performance during the first quarter of 2025 was determined by investment growth (31.8% year on year), private consumption (11.6%), and exports (7.2%). The only component of demand that registered a decrease was public consumption, which fell by 0.8%. On the other hand, the investment/GDP ratio was 20.2%⁵, which represented a 4.0 p.p. rise compared to the first quarter of 2024.

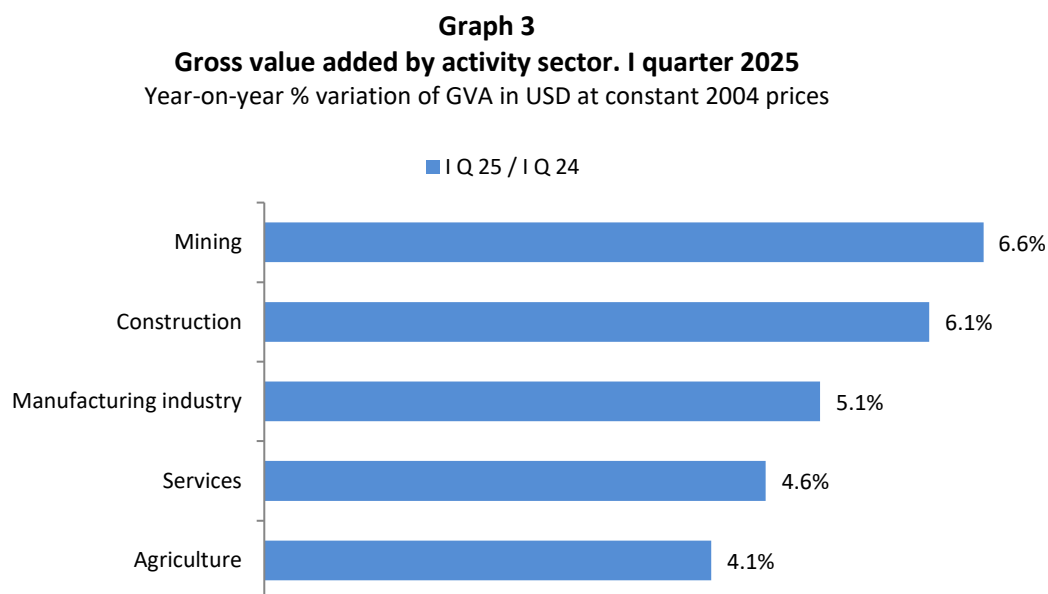


Source: CEI based on INDEC

⁵ Relative to GDP at constant prices.

At sector level, in the first quarter of 2025 there was a strong growth in trade (7.3%), the sector that had the greatest impact on the variation in GDP, followed by financial intermediation with a growth of 27.2% and the manufacturing industry (5.1%). Mining grew 6.6%, construction 6.1% and services as a whole 4.6%.

Within the manufacturing industry, the branches of activity that had the greatest growth were the manufacture of furniture and mattresses (47.0%) and the manufacture of radio, television and communications equipment and devices (31.4%).



Source: CEI based on INDEC

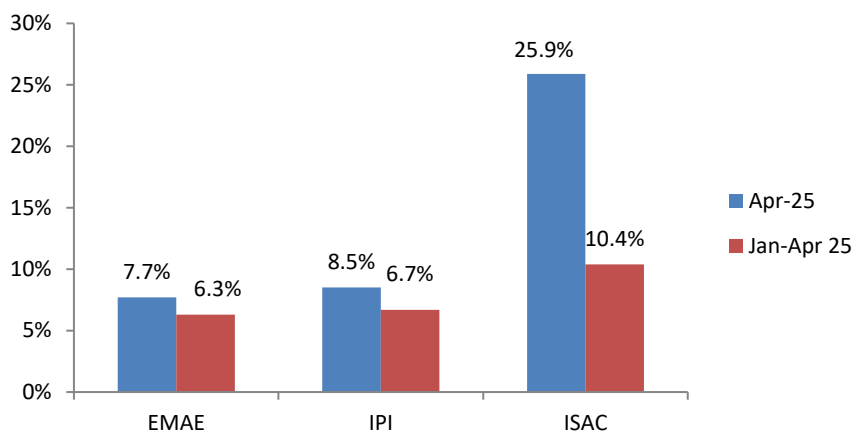
According to the monthly estimator of economic activity (EMAE, for its acronym in Spanish), the trend of growth recorded in the first quarter of the year continued in April 2025. In that month, the Argentine economy grew 7.7% compared to the same month in 2024, an increase that is mainly explained by the year-on-year rise in trade (15.6%), manufacturing industry (7.6%) and financial intermediation (28.4%). Contrarily, among the sectors that presented a negative result, those that had the highest incidence were fisheries (-20.2%) and electricity, gas and water (-3.4%).

Meanwhile, the industrial production index (IPI) showed its fifth consecutive month of growth in April 2025, with a year-on-year rise of 8.5%, while the variation was 2.2% compared to March.

In April 2025, INDEC's synthetic indicator of construction activity (ISAC, for its acronym in Spanish) showed a year-on-year increase of 25.9% and a 5.1% increase from March.

In the three previous indicators, the improvement is also observed if the accumulated value in the first four months of the year is taken into account. In the January-April period of 2025, the EMAE had a year-on-year growth of 6.3%, the IPI of 6.7% and the ISAC of 10.4%.

Graph 4
EMAE, IPI and ISAC. April 2025 and accumulated January-April 2025
Year-on-year % variation



Source: CEI based on INDEC

The installed industrial capacity utilisation (UCII, for its acronym in Spanish) was 58.3% in April 2025, 1.7 p.p. higher than the same month in 2024.

The sectors with installed industrial capacity utilisation above the overall level in April 2025 were petroleum refining (84.2%), paper and cardboard (67.0%), basic metal industries (63.9%), and food and beverage products (61.5%). In contrast, the sectors with the lowest installed capacity utilisation were tobacco products (45.7%), rubber and plastic products (45.2%) and textile products (42.6%).

Social indicators

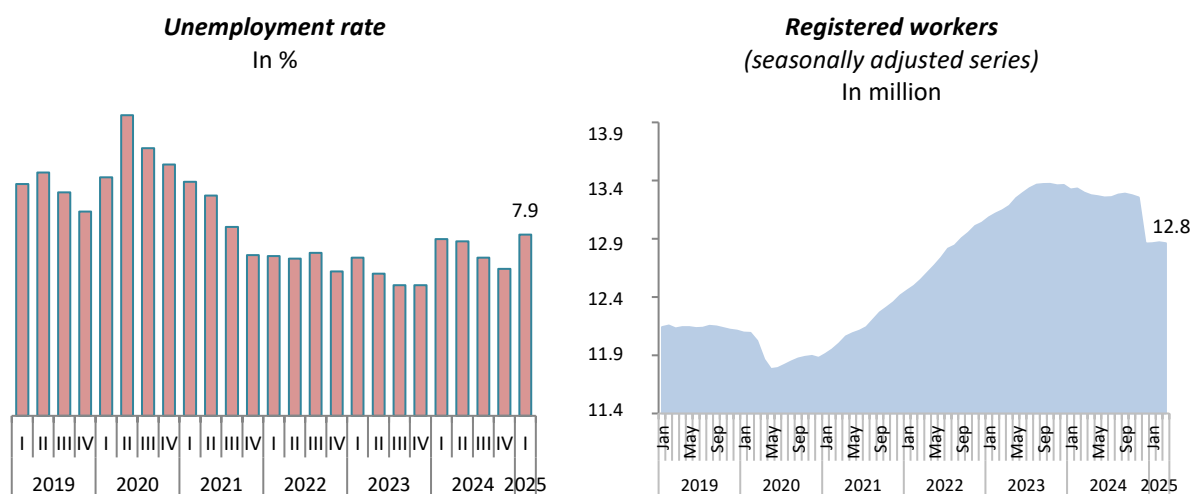
In March 2025, the number of workers registered under any of the modalities of the social security system amounted to 12.8 million⁶, 12,700 fewer people than the previous month. Meanwhile, private formal employment⁷ recorded a monthly drop of 7,300 workers in that same month.

In the first quarter of 2025, the unemployment rate reached 7.9% of the economically active population (EAP), 1.5 p.p. above the first quarter of 2024; while the activity rate stood at 48.2%, with a year-on-year growth of 0.6 p.p. lower than the previous quarter.

⁶ Seasonally adjusted series.

⁷ Seasonally adjusted series.

Graph 5
Labour market. Years 2019-2025



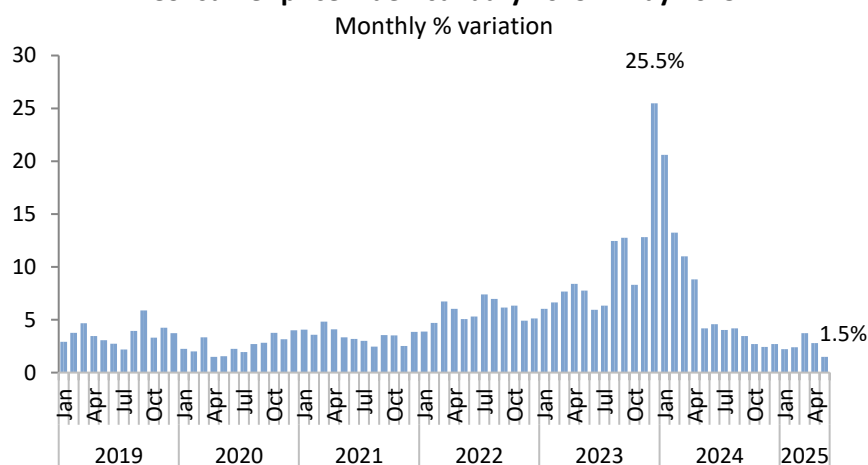
Source: CEI based on INDEC and Secretariat of Labour, Employment and Social Security

The latest published poverty figures indicate that, as of the second half of 2024, 38.1% of the population was living below the poverty line, while 8.2% of people were living in extreme poverty. This represents a 14.8 p.p. decrease in poverty levels compared to the first half of 2024, and a drop of 3.6 p.p. compared to the second half of 2023. Extreme poverty, in turn, fell by 9.9 and 3.7 p.p. compared to both periods, respectively.

Prices

Since December 2023, when the consumer price index (CPI) recorded a variation of 25.5% –the highest monthly figure published in INDEC’s data series, which begins in 2016– monthly CPI values have declined significantly. The latest available figure, for May 2025, was 1.5%, the lowest value in five years. Meanwhile, the cumulative variation for the first five months of the year was 13.3%, and the year-on-year rate as of May 2025 reached 43.5%.

Graph 6
Consumer price index. January 2019 – May 2025



Source: CEI based on INDEC

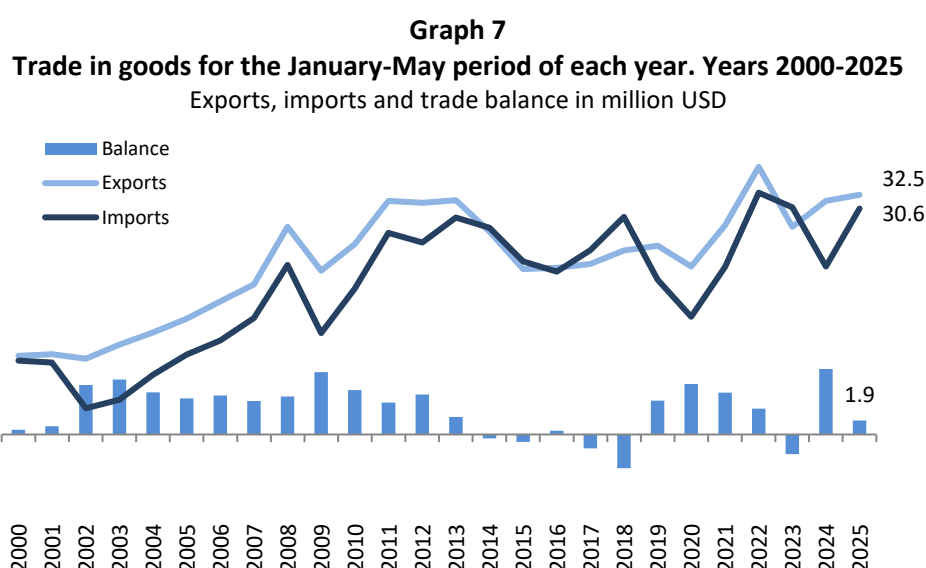
The depreciation of the peso against the US dollar reached 15.6% in the first half of 2025, a figure higher than that recorded in the same period of 2024 (12.8%). However, according to the latest monthly data, June 2025 saw the first nominal appreciation of the peso against the US currency (0.1%) since September 2019.

Foreign trade

In the first five months of 2025, goods exports totalled USD 32.5 billion, representing a year-on-year increase of 2.6%, driven by a 3.4% rise in export volumes, which more than offset the 0.8% drop in export prices. Imports, in turn, amounted to USD 30.6 billion and grew 34.3% year on year, as a result of a 43.6% increase in import volumes, which outweighed the 6.4% decline in prices. As a result, the trade balance posted a surplus of USD 1.9 billion, compared to a positive balance of USD 8.9 billion recorded in the January–May 2024 period.

The main destinations for Argentine exports of goods were Brazil, accounting for 15.2% of the total, followed by the EU (9.1%), the United States (8.3%), and Chile (8.1%). Regarding imports, the main countries of origin were Brazil (24.9%), China (22.9%), the EU (14.4%), and the United States (8.8%). The largest trade surpluses were recorded with Chile (USD 2.3 billion), India (USD 1.5 billion), Peru (USD 920 million), Saudi Arabia (USD 788 million), and Switzerland (USD 712 million). In contrast, the largest trade deficits were with China (-USD 4.8 billion), Brazil (-USD 2.7 billion), and Germany (-USD 946 million).

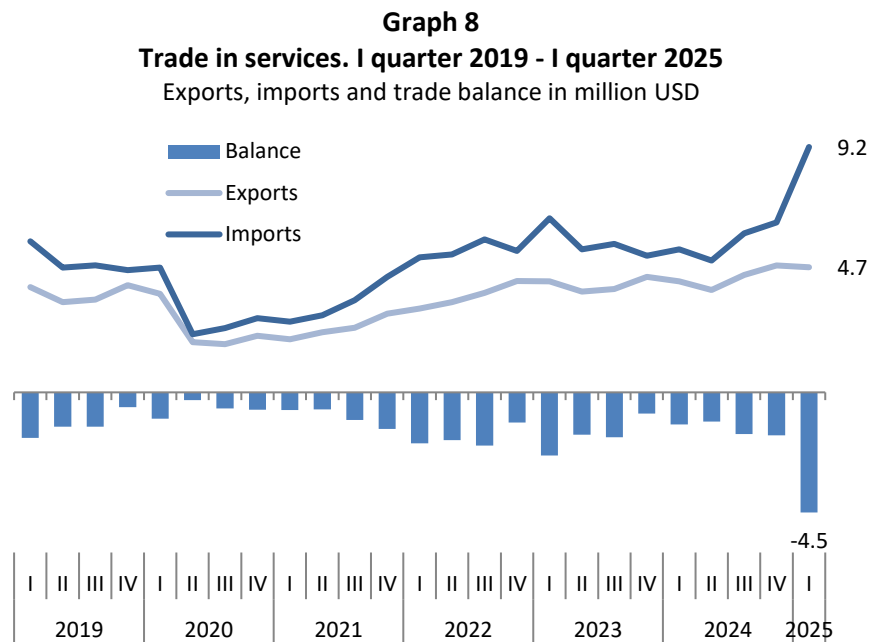
Remarkable increases were recorded in the exports of crude soybean oil (USD 721 million), unwrought gold (USD 480 million), crude petroleum oils (USD 232 million), and sunflower oil (USD 144 million). As for imports, the most significant rises were in purchases of passenger vehicles (USD 1.0 billion), chassis, parts and tyres (USD 843 million), freight vehicles (USD 325 million), and telephone components (USD 320 million).



Source: CEI based on INDEC

In terms of foreign trade in services, in the first quarter of 2025 exports amounted to USD 4.7 billion and imports to USD 9.2 billion, so the deficit reached USD 4.5 billion, which represents an increase in the deficit of USD 3.2 billion compared to the balance observed for the same period of the previous year.

The main exports in the first three months of the year corresponded to knowledge-based services (KBS), and within this group, to business services. KBS exports totalled USD 2.4 billion, a year-on-year 27.8% rise. Exports of services also included travel, with revenues of USD 1.5 billion.



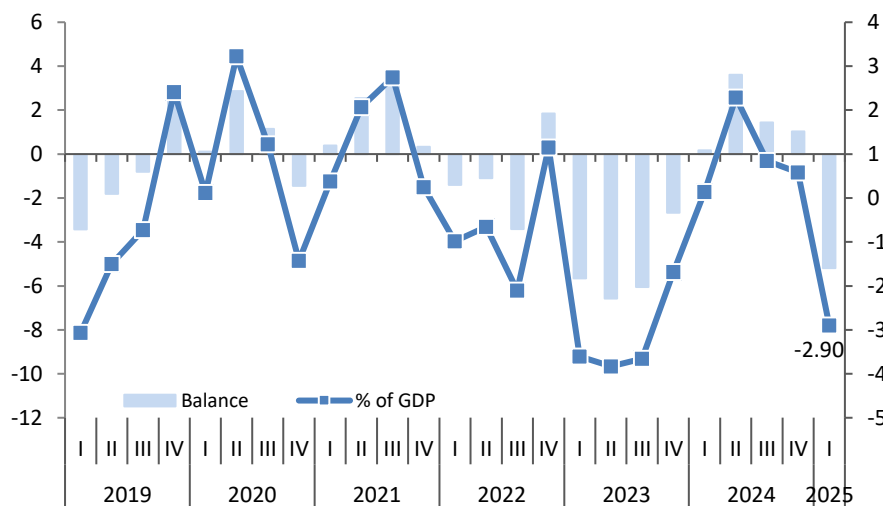
Source: CEI based on INDEC

International Accounts

In the first quarter of 2025, the flow of foreign direct investment (FDI) totalled USD 611 million (0.3% of GDP), a value lower than that recorded in the same period of 2024 by USD 5.6 billion (4.6 p.p. lower with respect to GDP). This drop in FDI was mainly due to a sharp decline in debt instruments.

In turn, between January and March the current account recorded a deficit after four quarters with positive results. In the first quarter of 2025, the negative balance reached USD 5.2 billion (2.9% of GDP).

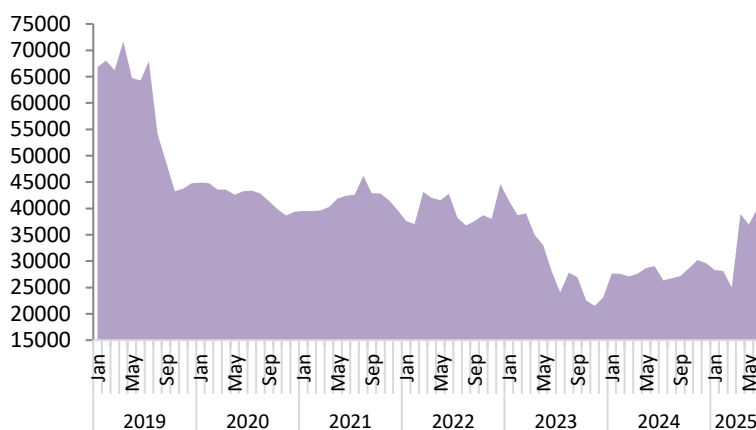
Graph 9
Current account balance. I quarter 2019 - I quarter 2025
In billion USD (left axis) and % of GDP (right axis)



Source: CEI based on INDEC

During 2024, the BCRA experienced an increase in international reserves of USD 6.5 billion (28.3%) and on the last business day of that year, it reached USD 29.6 billion. At the end of June 2025, that figure rose to USD 40 billion, representing an increase of USD 10.4 billion (35.0%) compared to the reserves recorded at the end of 2024.

Graph 10
International reserves. January 2019 – June 2025
In million USD



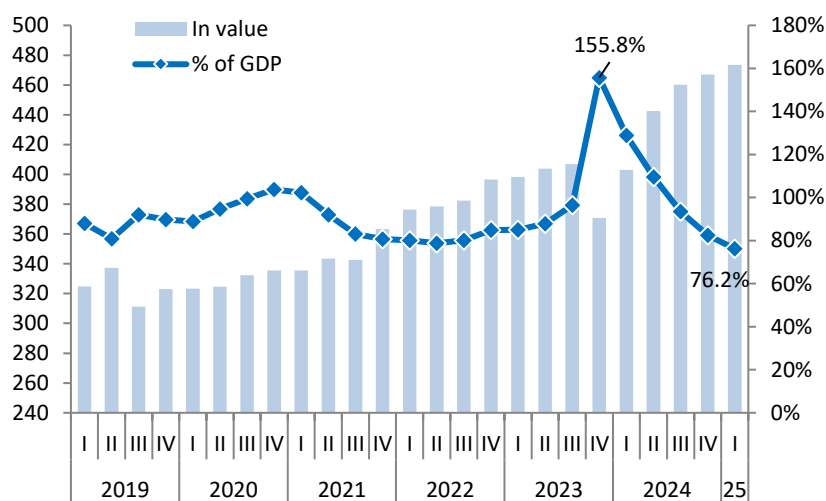
Source: CEI based on BCRA

Fiscal sector

In May, the National Public Sector (NPS) recorded a financial surplus of \$ 662.1 billion, stemming from a primary result of \$1.7 trillion, and a payment of interest on net public debt of the intra-public sector of \$ 1.0 trillion. As a consequence, the NPS accumulated a financial surplus of approximately 0.3% of GDP (primary surplus of approximately 0.8% of GDP) in the first five months of the year.

Public debt⁸ as of 31 March 2025 amounted to USD 473.6 billion (76.2% of GDP)⁹, which constitutes a 6.4 p.p. fall compared to the values of the end of 2024 (with respect to GDP¹⁰). Foreign currency debt in the first quarter of 2025 reached 41.1% of GDP, while external debt accounted for 21.2% of the product.

Graph 11
Gross debt of the Central Administration. I quarter 2019 - I quarter 2025
In billion USD (left axis) and % of GDP (right axis)



Source: CEI based on Ministry of Economy

⁸ Value of gross debt of the central administration.

⁹ According to the methodology of the Secretariat of Finance of the Ministry of Economy, the debt as a percentage of output data uses the average GDP for the last four quarters, expressed in dollars from the end-of-period exchange rate.

¹⁰ Exchange rate taken at the end of the period.

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Closing date: 30 June 2025



**Ministry of Foreign Affairs,
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