



Macroeconomic Research

ARGENTINA: Top themes for 2026

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1. Time to accumulate reserves

- We expect that the BCRA will reach its base scenario of purchasing USD 10 billion.

2. Will the ARS appreciate (in inflation adjusted terms) in 2026?

- This is not our base scenario, given that the central bank recently loosened the foreign exchange band regime.

3. Disinflation process will continue in 2026?

- We still pencil in a gradual disinflation process during 2026.

4. How much can the economy grow in 2026?

- A better outlook for investment and private consumption should drive growth in 2026.

5. Governability

- The government's recent victories in Congress bode well for the future.

6. Scenario

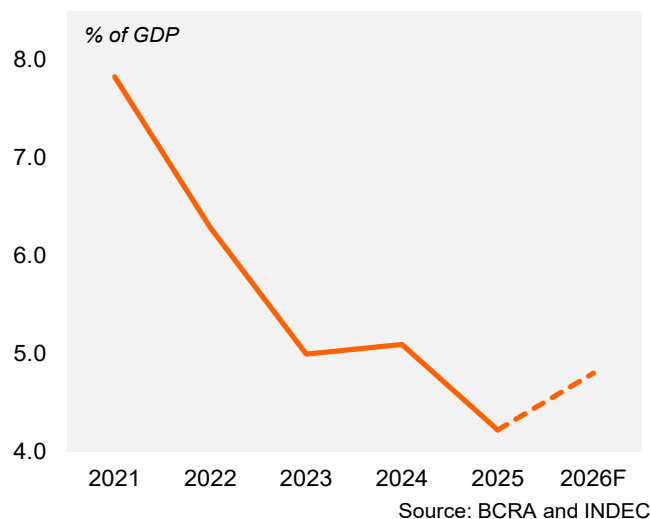
- We expect economic growth in 2026 and 2027, although slower than in 2025 due to a lower statistical carryover. We estimate that disinflation will continue going forward, although more gradually than in previous years. We expect the central bank to accumulate reserves in 2026. This will be supported by an exchange rate regime that, unlike in 2025, does not encourage currency appreciation. If the central bank becomes more aggressive in its reserve accumulation program, our nominal projections carry upside risks.

1. Time to accumulate reserves

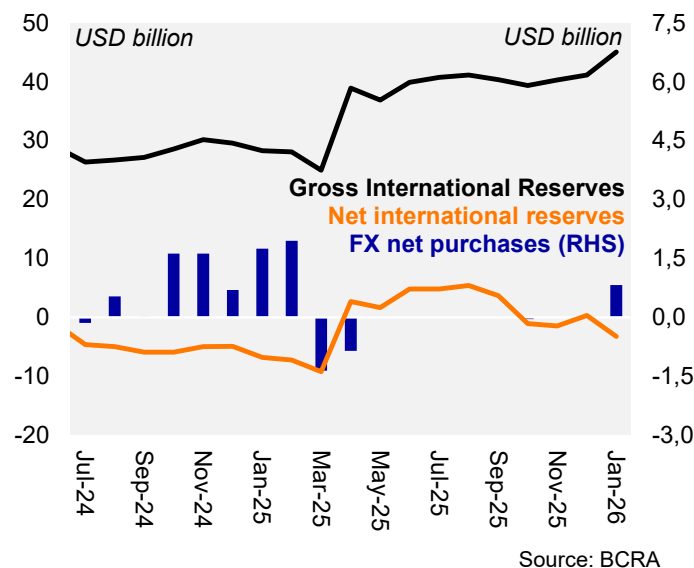
We expect that the BCRA will reach its base scenario of purchasing USD 10 billion.

- The BCRA targets USD 10 billion purchases in 2026 amid an expected increase in ARS demand from 4.2% of GDP to 4.8% of GDP by YE26. According to the BCRA, an additional increase in ARS demand of 1% of GDP could lead to purchases for additional USD 7 billion, subject to the supply of balance of payments flows, without generating inflationary pressures.
- The reserve accumulation seems likely given the outlook of a good harvest and a weaker ARS in real terms. On the other hand, a return to capital markets is also key considering the USD maturities during the remainder of Milei's term.

Monetary Base



International reserves



Maturities during the remainder of Milei's term (Treasury and BCRA)			
USD billion	Rest of 2026	2027	Total
Global bonds (private hands)	3.9	8.2	12.1
IMF (net of disbursements)	2.6	6.0	8.6
IFI's	4.5	4.5	9.0
Bopreales	2.2	1.5	3.7
BCRA's repos	1.4	5.2	6.6
Total	14.6	25.4	40.0

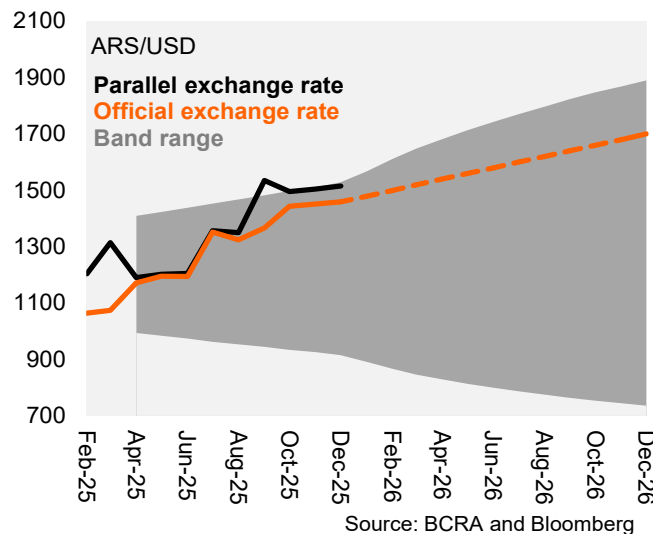
Source: 1816

2. Will the ARS appreciate (in inflation adjusted terms) in 2026?

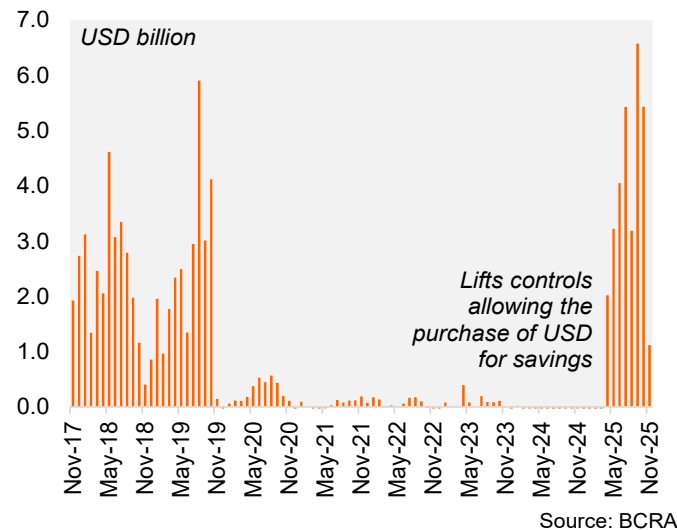
This is not our base scenario, given that the central bank recently loosened the foreign exchange band regime.

- The revised exchange rate regime will continue with the ceiling and floors of the band now adjusted monthly according to the last monthly inflation print (T-2). Previously the band was adjusted at a constant rate of 1% per month.
- The new monetary and exchange rate regime is more flexible and favors purchasing USD to pay off foreign currency debt, which diminishes doubts about ARS appreciation in real terms and low net international reserves. Thus, we foresee the ARS stable in real terms by YE26 against YE25 and within the new band range trough the year. Our projection carries upside risks if the central bank becomes more aggressive in its USD purchase program to strengthen reserves.

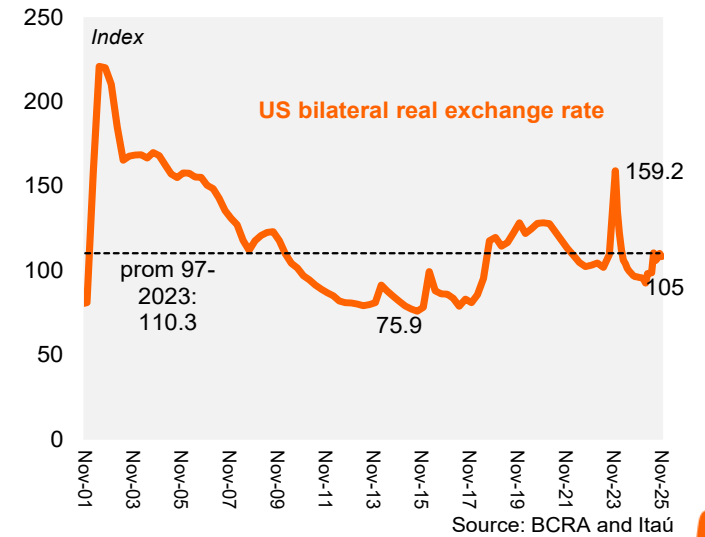
Exchange rate



USD purchased by individuals



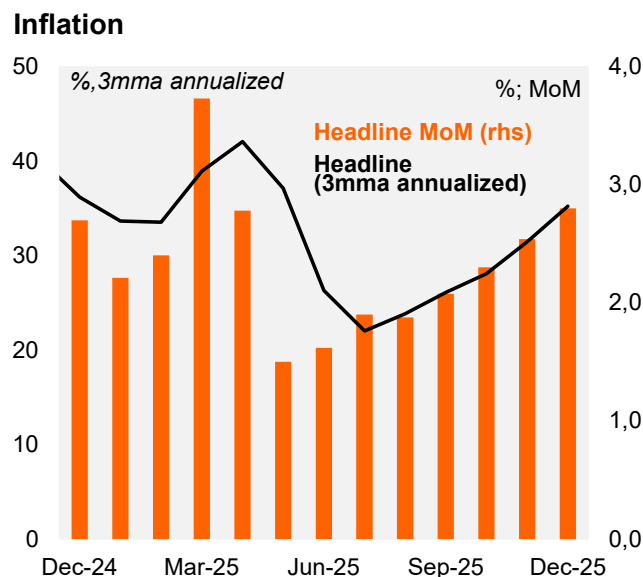
Real exchange rate



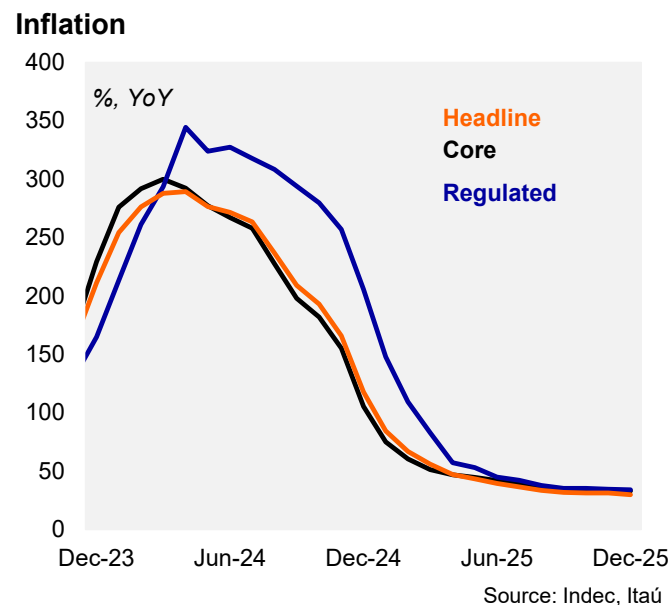
3. Disinflation process will continue in 2026?

We still pencil in a gradual disinflation process during 2026.

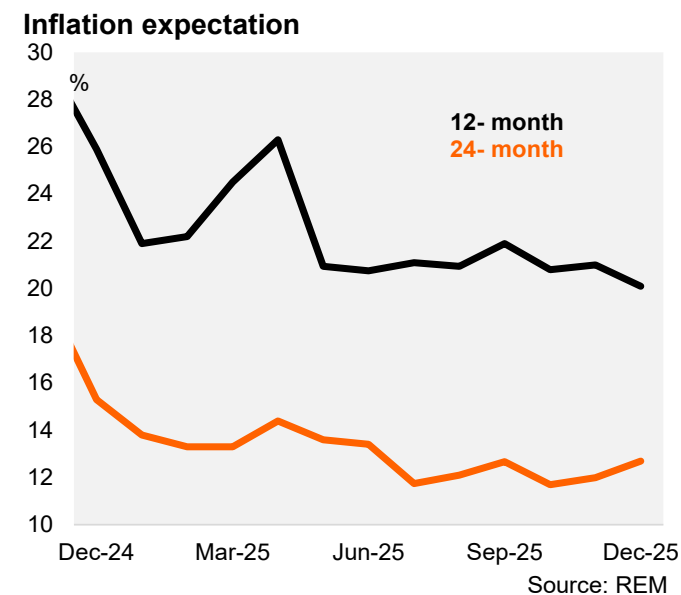
- Inflation fell to 31.5% YoY in 2025, down significantly from 118% in 2024 and 211% in 2023.
- The government's strong commitment not to use monetary financing in the presence of a fiscal surplus coupled with lower adjustment of regulated prices and stable ARS in real terms, should reduce inflation further in 2026.
- We forecast 20% inflation this year and 15% in 2027. The recent inflation uptick coupled with a more flexible exchange rate regime, introduces upward risks for our call.



Source: Indec, Itaú



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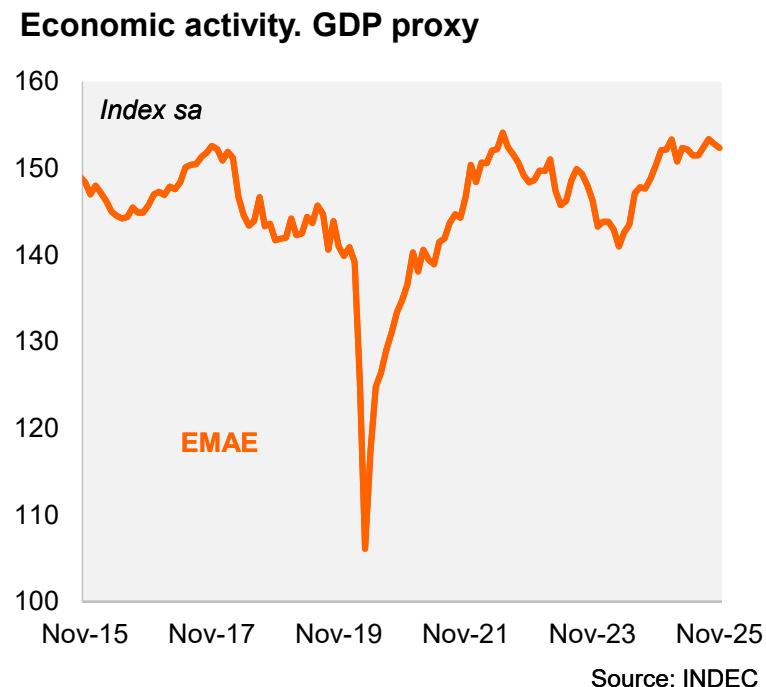
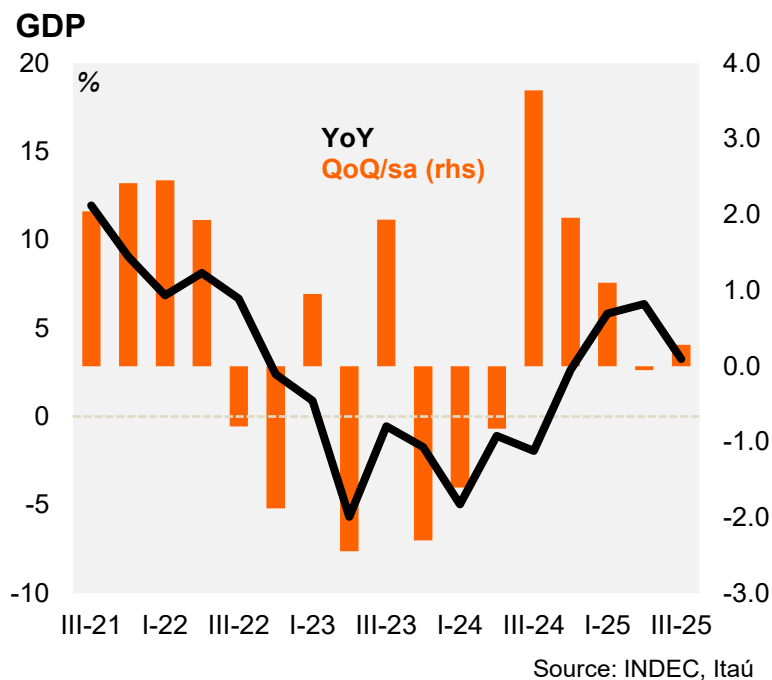


Source: REM

4. How much can the economy grow in 2026?

A better outlook for investment and private consumption should drive growth in 2026.

- The recovery of real wages and lower interest rates should support private consumption growth in 2026. The investment outlook also improved following the midterm election result and the pipeline of large-scale investment projects under the RIGI program.
- All in all, we expect 3.5% GDP growth for 2026 and 3.0% for 2027. While the outlook improved after the midterm elections, the statistical carryover for 2026 is low (0.2%).

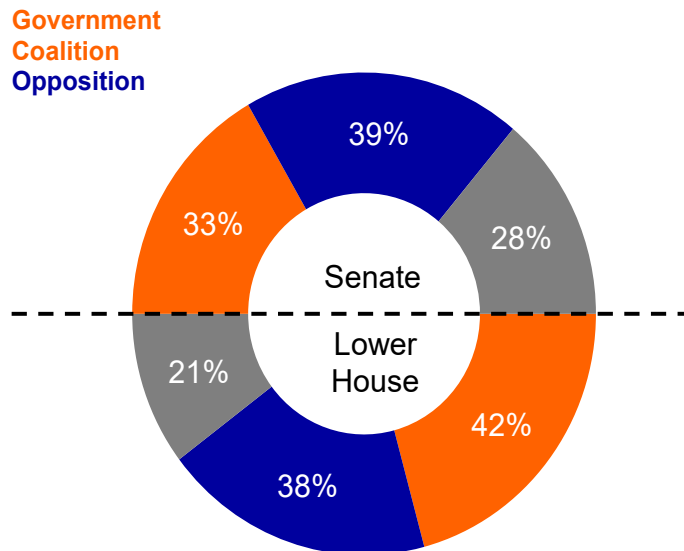


5. Governability

The government's recent victories in Congress bode well for the future.

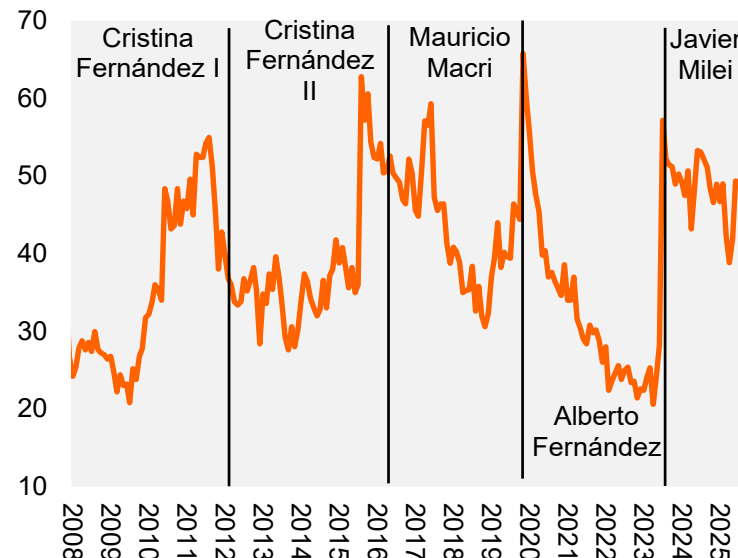
- The Congress approved the 2026 federal budget and presumed innocence laws, which basically introduces the concept of “presumption of fiscal innocence” and taxpayers are no longer considered “suspicious by default”. The Law encourages Argentines to regularize undeclared savings without fear of excessive penalties.
- The next steps will likely occur in February, when the labor reform will be debated during extraordinary sessions in Congress.
 - As the government lacks a majority in both houses, negotiations are still crucial.
 - Maintaining a high public support is also key for the government (currently at 49%).

Congress composition, share of total



Source: Itaú

Confidence in the Government Index



Source: UTDT

ARGENTINA | Forecasts

	2022	2023	2024	2025F		2026F		2027F	
				Current	Previous	Current	Previous	Current	Previous
Economic Activity									
Real GDP growth - %	5.3	-1.6	-1.7	4.5	4.5	3.5	3.5	3.0	3.0
Nominal GDP - USD bn	632.3	602.7	632.2	686.2	686.2	630.4	630.4	632.8	632.8
Population (millions)	46.2	46.6	47.1	47.5	47.5	47.9	47.9	48.3	48.3
Per Capita GDP - USD	13,679	12,920	13,431	14,454	14,454	13,168	13,168	13,108	13,108
Unemployment Rate - year avg	6.8	6.1	7.2	7.2	7.2	7.2	7.2	7.0	7.0
Inflation									
CPI - %	94.8	211.4	117.8	31.5	-	20.0	20.0	15.0	15.0
Interest Rate									
Reference rate - eop - %	75.00	100.0	32.0	25.70	-	25.00	25.0	20.00	20.00
Balance of Payments									
ARS / USD - eop	177.10	809	1033	1459	-	1700	1700	1900	1900
Trade Balance - USD bn	6.9	-6.9	18.9	11.3	-	10.0	10.0	12.0	12.0
Current Account - % GDP	-0.7	-3.5	1.0	-1.5	-1.9	-2.1	-2.1	-2.5	-2.5
Foreign Direct Investment - % GDP	2.4	4.0	1.8	1.5	1.5	2.0	2.0	2.0	2.0
Gross International Reserves - USD bn	44.6	23.1	29.6	41.2	-	50.0	45.0	55.0	47.0
Net International Reserves - USD bn	8.9	-9.6	-4.9	0.3	0.3	4.0	4.0	6.0	6.0
Public Finances									
Primary Balance - % GDP	-2.4	-2.7	1.8	1.4	-	1.5	1.5	1.5	1.5
Nominal Balance - % GDP	-4.2	-4.4	0.3	0.2	-	0.3	0.3	0.0	0.0
Gross Public Debt - % GDP	87.7	161.9	85.4	84.4	84.4	83.4	83.4	82.5	82.5
Net Public Debt - % GDP	48.7	91.8	47.1	47.5	47.5	47.4	47.4	47.3	47.3

Source: Central Bank, INDEC and Itaú

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