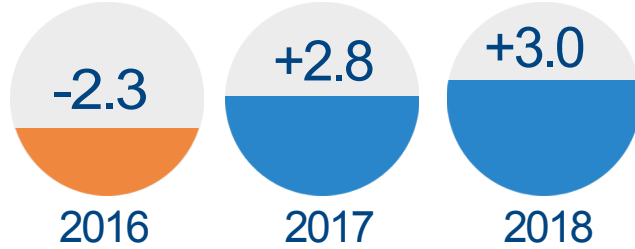


ARGENTINE

OUTLOOK 3Q17

THE ECONOMY RETURNS TO GROWTH
Driven by investment in infrastructure

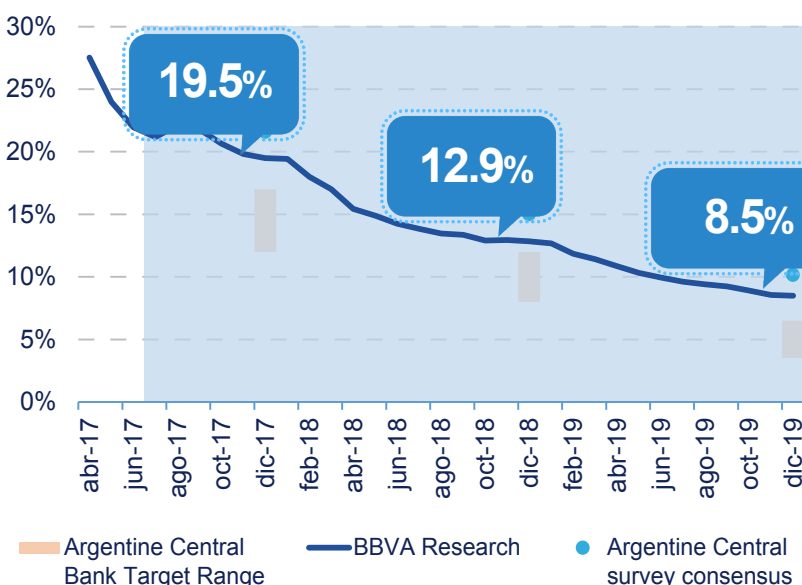
ANNUAL GDP GROWTH



NO MAJOR CHANGES IN ECONOMIC POLICY following the parliamentary elections of October 2017.

INFLATION DOWN, BUT STILL ABOVE TARGET

INFLATION FORECASTS CPI FOR BUENOS AIRES METRO AREA

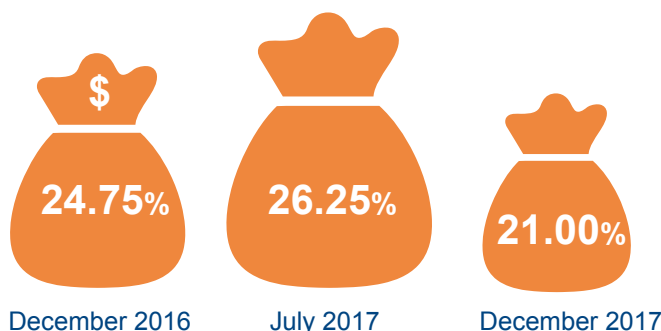


Gradual fiscal consolidation is being pursued, along with a relatively strict monetary policy.

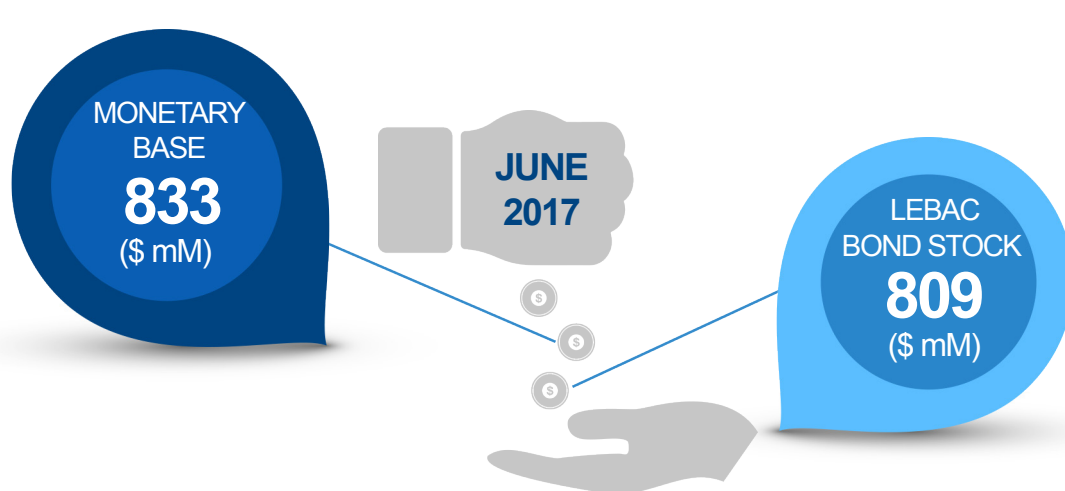
Real rates will continue to be positive throughout the anti-inflationary process

A reduction of the monetary policy rate has been postponed until 3Q17

Actual rates will remain during the process disinflation



THE STRICTNESS OF MONETARY POLICY IS CREATING CUASI-FISCAL COSTS



OVERCOMING THE "FEAR OF FLOATATION"
THE FLOATING EXCHANGE RATE PROVES SUCCESSFUL AT ABSORBING SHOCKS

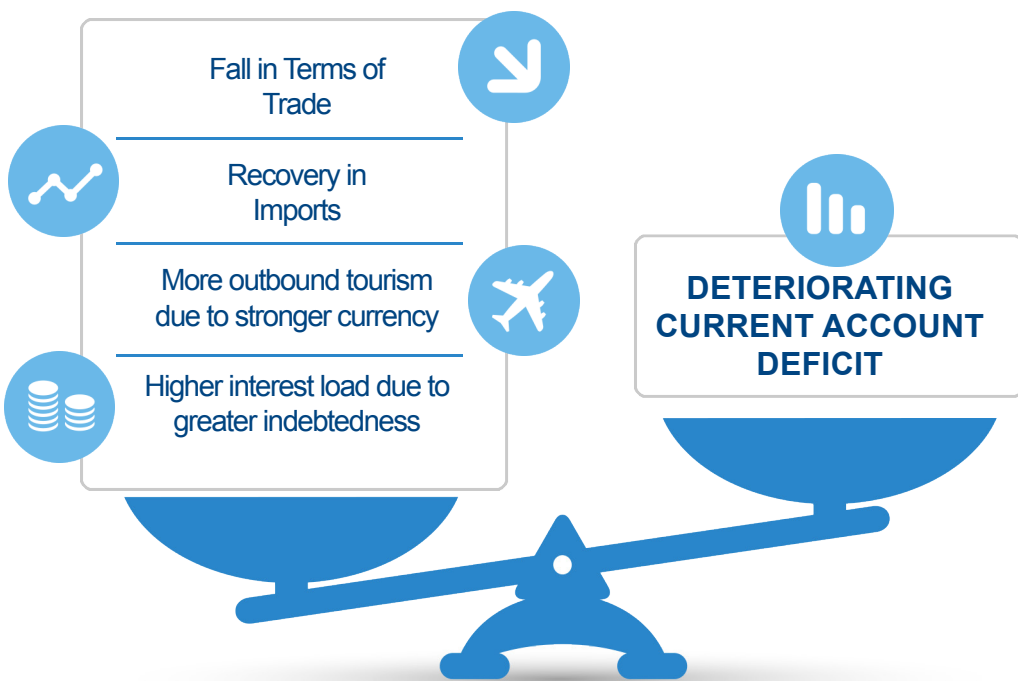
Less **commodity trade** and **electoral noise** have brought The exchange rate close to our end-of-year forecast



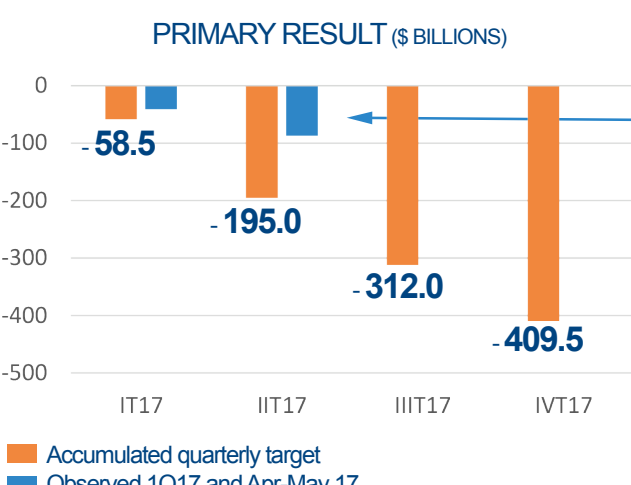
Nevertheless, real appreciation of the peso will continue in the short term.

Fed by capital inflow to finance the external trade deficit

THE CURRENT ACCOUNT DEFICIT WILL REACH OF GDP IN 2017-18 3.5%



FISCAL CONSOLIDATION PROCEEDS AT A SLOW PACE



In 2017, the trade deficit is remaining within quarterly targets

In 2018 the primary deficit will fall by 1% of GDP due to a reduction in energy and transport subsidies



and fiscal consolidation will continue to be financed through the international bond markets