



ARGENTINA

May 8, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION, SECOND REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context and Recent Developments. The authorities continue to make progress in stabilizing the economy, although political uncertainties during 2025 temporarily slowed growth and the disinflation process. Stability continues to be underpinned by the strong fiscal anchor, alongside further refinements to the monetary and FX framework, which also are helping Argentina (now a net energy exporter) to weather the impact of the war in the Middle East. Improved governance capacity since the October midterm elections has enabled key legislative advances, including approval of the 2026 Budget, the Fiscal Innocence Law, and the Labor Modernization Law. Actions to deregulate and open the economy have continued, including through free trade agreements with the United States and the European Union. These efforts resulted in a recent credit rating upgrade.

Program Performance. Program performance was mixed through end-2025, with delays in reserve rebuilding interacting with political uncertainty to weigh on Argentina's external position. While the end-2025 fiscal targets were met, the net international reserves (NIR) accumulation target was missed, largely reflecting a surge in dollarization ahead of the elections. Subsequent adjustments to the monetary and FX framework, including the introduction of a daily reserve purchase program, are starting to correct earlier slippages, with the BCRA purchasing around US\$7.5 billion since the start of 2026. Most structural benchmarks were met, and two were delayed due to technical reasons.

Outlook and Risks. The economy is projected to expand by about 3½ percent in 2026, with end-of-period inflation falling to around 25 percent. The current account deficit is expected to narrow somewhat this year, driven by more favorable terms of trade (with current higher oil prices benefiting Argentina), and continued improvements in energy, mining, and agricultural exports. Meanwhile, capital inflows are expected to recover, driven by FDI and more stable market access, supporting a gradual and durable improvement in reserve coverage. Near-term risks to the outlook are more balanced but remain elevated, as tighter global financial conditions from heightened geopolitical tensions and political uncertainties ahead of the 2027 Presidential elections could weigh on program implementation. Over the medium term, safeguarding external sustainability will require careful management of the expected rapid expansion of primary sectors.

Article IV. Discussions focused on policies over the near and medium term to secure a durable stabilization process, drawing on lessons from other successful emerging market cases. Analytical work also highlighted growth dividends from improvements in the efficiency and equity of the tax system, ongoing enhancements to labor markets, and policies to support resource reallocation associated with Argentina’s ongoing structural transformation (see [Selected Issues Paper](#)).

Policy Priorities. The authorities remain committed to maintaining stability through macroeconomic policies that appropriately balance disinflation, external sustainability, and growth objectives. This is being complemented by continued structural reforms aimed at boosting productivity, investment, and formal employment, while creating a more open and competitive economy.

- **Fiscal policy.** The authorities continue to target an overall fiscal balance, restraining spending by rationalizing subsidies, better targeting social assistance, and prioritizing infrastructure spending. There is recognition of the need to further reform the tax, pension, and fiscal frameworks to strengthen the durability of the fiscal anchor and debt sustainability over the medium term.
- **Financing policies.** A multipronged approach is being pursued to meet near-term obligations by mobilizing financing through increased access to local capital markets, asset sales, central bank repos, and commercial loans guaranteed by other official creditors. Over time, the authorities would work to secure timely and sustained access to international capital markets and reduce Fund exposure. Good-faith engagement to address outstanding claims will continue.
- **Monetary and FX policy.** The authorities are committed to rebuilding reserves in line with the agreed targets and expected re-monetization of the economy. To this end, monetary policy would remain focused on supporting disinflation consistent with the targeted expansion of monetary aggregates, while further enhancements to the framework—including efforts to contain interest rate volatility—proceed. The exchange rate would continue to move flexibly within the widening band, with FX sales limited to episodes of excessive volatility. The BCRA’s balance sheet will continue to be strengthened, with most of the profit distributions to the Treasury used to recapitalize the central bank. Enhancements to its governance and mandate remain essential, alongside improvements in the quality and dissemination of inflation data.
- **Financial sector policies.** Regulatory and supervisory frameworks will be further bolstered to support capital market deepening, while limiting vulnerabilities stemming from FX and maturity mismatches. Oversight of nonbank intermediaries will be enhanced, with regulatory coverage expanding as activity recovers.
- **Structural policies.** Reforms to boost productivity, investment, formal employment, and net exports will continue, with emphasis on further: (i) enhancing the predictability of tax and regulatory frameworks; (ii) reducing trade barriers and logistics costs; (iii) securing timely adoption of labor reforms while mitigating dislocation costs; and (iv) strengthening governance.

Program issues. The authorities are requesting (i) a waiver of nonobservance of the end-December 2025 NIR PC; (ii) a modification of the end-June 2026 quantitative targets on NIR and NDA to account for the end-2025 deviation; (iii) establishment of new PCs and other targets; and (iv) approval to maintain the exchange restrictions and one multiple currency practice (MCP) under Article VIII Sections 2 and 3.



IMF Executive Board Completes Second Review of the Extended Arrangement Under the Extended Fund Facility and Concludes 2026 Article IV Consultation with Argentina

FOR IMMEDIATE RELEASE

- IMF Executive Board completed the second review of Argentina's 48-month Extended Fund Facility (EFF) arrangement, and concluded the 2026 Article IV consultation.
- Reform momentum has strengthened with approval of key fiscal, trade and labor legislation and refinements to the monetary and FX framework, contributing to a buildup in reserve buffers and improving Argentina's capacity to manage shocks.
- The Board's decision unlocks about US\$1 billion (SDR 0.8 billion), under Argentina's US\$20 billion (SDR 15.267 billion) EFF arrangement approved on April 11, 2025 (479 percent of quota).

Washington, DC – May 21, 2026: The Executive Board of the International Monetary Fund (IMF) completed today the second review of the extended arrangement under the Extended Fund Facility (EFF) for Argentina and concluded the 2026 Article IV consultation. This marks a further milestone under the program, which aims to entrench disinflation, strengthen external stability, and lay the foundation for stronger and more sustainable private sector-led growth.

Despite a more challenging global and domestic backdrop, the Executive Board assessed that program implementation has remained strong, reflecting appropriately prudent policies and adjustments to the policy framework. While the end-December quantitative target for net international reserves (NIR) accumulation was missed, most key performance criteria and indicative targets were met, and corrective measures have been implemented to bring reserves closer to the NIR target and further reduce sovereign spreads. The Executive Board welcomed progress on the structural reform front and the authorities' commitment to implement a balanced set of policies consistent with the program's objectives.

The Board's decision enables an immediate disbursement of about US\$1 billion (SDR 0.8 billion), bringing total disbursements under the arrangement to *about US\$15.8 billion* (SDR 11.452 billion). Argentina's 48-month EFF arrangement, with access to about US\$21 billion (SDR 15.267 billion, equivalent to 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 Argentine authorities have continued to make strong progress in stabilizing and creating a more market-based economy under the Extended Fund Facility arrangement. Heightened political uncertainty in 2025 temporarily weighed on growth, disinflation and external stability, but policy adjustments have been implemented since, which have led to a buildup in reserves, renewed disinflation, and improved market confidence, despite a more complex global backdrop. The authorities remain committed to sustaining stability through a balanced policy

package that supports disinflation while strengthening external sustainability and fostering growth, including to secure timely and durable international market access.

“The authorities are committed to continue to target an overall cash fiscal balance through further reductions in energy subsidies, improved targeting of social transfers, and containment of discretionary spending to offset the impact of congressional spending initiatives. Over time, reforms to enhance the equity and efficiency of the tax and pension systems, together with strengthened fiscal frameworks across all levels of government, will be essential to sustain the fiscal anchor while preserving space for priority social spending, which will be critical to further consolidate the impressive reduction in poverty.

“The sustained implementation of the central bank’s FX purchase program, combined with continued exchange rate flexibility, remains essential to decisively rebuild external buffers and strengthen Argentina’s capacity to manage shocks. This should be complemented by the implementation of a multi-pronged financing strategy to restore timely and durable international market access, including to refinance large near-term public sector FX obligations and gradually reduce Fund exposure.

“The monetary framework should continue evolving to support disinflation and enhanced exchange rate flexibility. This will require continued efforts to strengthen central bank transparency and communication, as well as measures to further contain interest rate volatility to improve monetary transmission and credit allocation. At the same time, regulatory and supervisory frameworks need further strengthening to support capital market deepening while containing financial vulnerabilities. Over time, the central bank’s balance sheet and governance framework should continue to be enhanced.

“Progress in deregulating the economy and adopting reform legislation in the fiscal, trade and labor areas have been impressive . Efforts should continue in creating a more competitive and open economy, including by improving the predictability of tax and regulatory frameworks, to unlock the potential of Argentina's strategic sectors in agriculture, energy, mining, and the knowledge economy.

“Against elevated external and domestic risks, agile policy making and contingency planning remain essential to safeguarding program objectives. Clear policy communication, together with well-targeted social support to mitigate near-term adjustment costs, will be critical to sustaining policy continuity and societal support for Argentina’s reform program.”

Executive Board Assessment¹

Executive Directors agreed with the thrust of the staff appraisal. They welcomed the overall progress achieved in stabilizing and creating a more market-based economy under the Extended Fund Facility arrangement, which has delivered a sharp decline in annual inflation, the first fiscal primary surplus in years, and important foreign direct investment announcements. Directors noted however that program performance was mixed until end-2025, with delays in the critical area of rebuilding external buffers. They acknowledged the subsequent important refinements to the monetary and FX frameworks, which have supported reserve accumulation and strengthened market confidence. Given remaining

¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country’s authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

vulnerabilities, Directors encouraged the authorities to decisively implement a balanced policy package that supports disinflation while strengthening external stability and sustaining growth, including to secure timely and durable international market access.

Directors praised the authorities' continued adherence to a strong fiscal anchor. They supported the objective of achieving an overall cash fiscal balance in 2026, underpinned by further reductions in energy subsidies, improved targeting of social transfers, and containment of discretionary spending. Directors underscored the importance of sustaining the fiscal anchor over time by enhancing the equity and efficiency of the tax and pension systems and strengthening fiscal frameworks across all levels of government, while preserving adequate space for priority social spending, which will be critical to safeguard the impressive progress made in reducing poverty.

Directors welcomed the central bank's FX purchase program and called for a sustained implementation, combined with continued exchange rate flexibility, to decisively rebuild external buffers and strengthen Argentina's capacity to manage shocks. They welcomed the authorities' multi-pronged near-term financing strategy and emphasized the importance of securing timely and durable access to international capital markets to refinance large public sector FX obligations and gradually reduce Fund exposure. Directors encouraged the authorities to accelerate reserve purchases and deliver on their ambition of exceeding this year's target for NIR accumulation. Good faith efforts to resolve outstanding claims should continue.

Directors emphasized the need for the monetary framework to continue evolving to further support disinflation and enhanced exchange rate flexibility. They underscored that this would require enhanced transparency and communication, including through the regular publication of quarterly reports, as well as efforts to further contain interest rate volatility and improve monetary policy transmission and credit allocation. Directors encouraged the authorities to take further steps to strengthen the central bank's balance sheet, governance and mandate, alongside measures to continue to enhance the quality and dissemination of inflation data. They underscored the importance of deepening capital markets, while containing financial risks, including those arising from FX and maturity mismatches, through improvements in regulatory and supervisory frameworks.

Directors commended the impressive progress in deregulating the economy and adopting reform legislation in the fiscal, trade and labor areas, reflected in a surge in planned FDI. They encouraged the authorities to deepen reforms to create a more competitive and open economy and emphasized the importance of strengthening the independence of oversight institutions, ensuring transparency in procurement and privatization, and improving governance frameworks.

Directors concurred with staff's assessment that the exceptional access criteria continue to be met. They noted that the program continues to be subject to elevated risks but welcomed the mitigating policy measures put in place. Directors emphasized the importance of maintaining strong contingency plans and called on the authorities to implement them promptly should external or domestic downside risks materialize, to safeguard program objectives. They stressed that continued support for the most vulnerable, together with measures to mitigate the near-term adjustment costs, will be critical to sustaining societal support for Argentina's reform program.

It is expected that the next Article IV consultation with Argentina will be held in accordance with the Executive Board decision on consultation cycles for members with Fund arrangements.

Table 1. Argentina: Selected Economic Indicators (Percent of GDP, Unless Otherwise Indicated)			
	2024	2025	Proj 2026
Output			
Real GDP (% change)	-1.3	4.4	3.5
Unemployment			
Unemployment rate (percent)	7.2	7.4	7.2
Prices			
Consumer prices, end of period (% change)	117.8	31.5	25.0
Federal Government operations			
Revenues	16.8	15.9	15.5
Primary expenditure	15.0	14.6	14.1
Primary fiscal balance	1.8	1.4	1.4
Federal government debt	84.7	80.3	73.2
Monetary and credit			
Monetary base	5.1	5.1	5.2
Credit to the private sector, real (eop, % change)	51.7	32.3	16.8
Balance of payments			
Current account balance	0.9	-1.1	-0.8

Sources: National authorities and Fund staff estimates and projections.

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

Discussions took place in Buenos Aires, Washington, D.C., and virtually over January-April 2026. The team comprised L. Cubeddu (Deputy Director), B. Joshi (Mission Chief), J. Yépez Albornoz (Deputy Mission Chief), L. Antoun de Almeida, J.M. Fournier, T. Kass-Hanna, P. Tillan (all WHD); J. Pico Mejía (FAD); G. Otokwala (LEG); S. Mulema (MCM); S. Abdelrazek (SPR); M. Alier (Resident Representative), M. Szafoval (local economist), M. Ivanyna (WHD), M. Markevych (LEG), and N. Meshenko (FIN) joined parts of the discussions. P. Berretta (local office), G. Ramos, and N. Tuvaan (WHD) provided administrative support. The team met with L. Caputo (Economy Minister), S. Bausili (BCRA President), and their teams, including J. L. Daza (Economic Policy Secretary), V. Werning (BCRA Vice President), C. Guberman (Budget Secretary), F. Furiase (Finance Secretary), E. Talvi (Advisor), M. Vauthier (Advisor), and F. Nuñez (Advisor). In addition, it met with J. Cordero (Labor Secretary), M. Fariña (Secretary of State Transformation), G. Real (Human Capital Ministry), P. Michlig (Ministry of Justice), S. Rufail (ARCA Deputy Director), as well as representatives of civil society, including analysts, business, and labor leaders. L. Madcur and A. Nador (OED) participated in the discussions.

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CONTEXT

1. Argentina’s stabilization program has continued to deliver impressive results, although challenges from political uncertainties slowed some of these gains.

Since the Milei administration assumed office toward end-2023, annual inflation has fallen from triple to double digits, a strong fiscal anchor has been established (with two consecutive years of primary surpluses for the first time in nearly two decades), and many distortive regulations, trade barriers, and FX restrictions have been unwound—resulting in substantial progress in implementing the 2022 Article IV recommendations. The economy was initially quick to rebound, which together with lower inflation and expanded targeted social assistance, helped to reduce poverty from elevated levels (see Box 1). However, political uncertainties ahead of the October midterm elections led to a surge in resident dollarization and reserve losses, triggering much tighter monetary conditions and unprecedented financial support from the U.S. Treasury’s Exchange Stabilization Fund (ESF). Combined with ongoing relative price adjustments, these developments weighed on the disinflation and growth process.

2. Improved sentiment and governing capacity following the midterm elections have generated a renewed reform momentum.

With market conditions normalizing (Figure 1), the authorities have further enhanced the monetary and FX frameworks and are gradually rebuilding reserve buffers. Argentina, as an emerging energy net exporter, has weathered well the impact of the war in the Middle East, and high frequency data point to lower inflation and a gradual pickup in growth. Meanwhile, the administration has secured congressional approval of the 2026 Budget (the first in two years), the Fiscal Innocence Law, and the landmark Labor Modernization Law, as well as legislation strengthening the regulatory framework for mining in glacial and periglacial areas. Congress has also ratified the Mercosur–European Union free trade agreement, with further structural reform expected for the remainder of this year. Reflecting these policy efforts, Fitch upgraded Argentina’s credit rating to B- from CCC+—the highest level since 2019.

3. Notwithstanding these gains and Argentina’s vast potential, vulnerabilities remain elevated.

Inflation is still high, reserve buffers thin, and work continues toward durable market access, making Argentina especially vulnerable to external and domestic shocks, the latter reflecting continued concerns over policy continuity. Moreover, despite the impressive reforms underway, the tax system is still burdensome and inefficient, capital markets are underdeveloped (with large resident assets outside the financial system), the country is still relatively closed to trade, and institutions need further strengthening (Figure 2). That said, the Milei administration is making remarkable progress in creating a more open and market-based economy, with a sizeable investment pipeline already underway in key sectors (agriculture, energy, mining, and knowledge economy). Deepening stability, durably breaking with decades of mismanagement, and further unlocking this potential remain Argentina’s underlying challenges.

4. The second review under the Extended Fund Facility (EFF) covered policies to better balance stabilization goals, with the Article IV discussions focused on addressing Argentina’s underlying structural vulnerabilities.

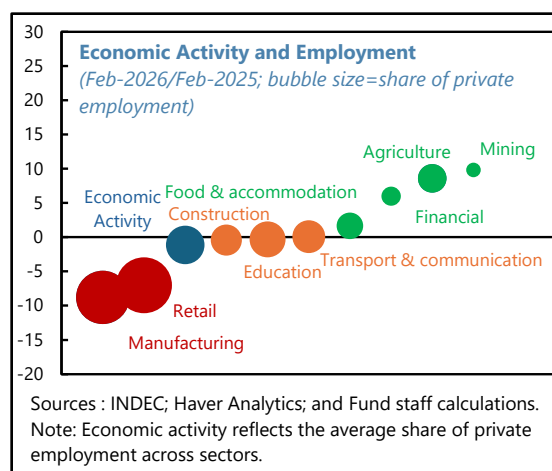
Understandings were reached on near-term priorities, with

emphasis on seizing the current window of opportunity to rebuild reserves, enhance the monetary framework, and secure timely and sustainable access to international capital markets, enabling a gradual reduction in Fund exposure. The commitment to the fiscal anchor remains intact, with recognition that reforms of the tax, pension and fiscal frameworks would be necessary to improve overall efficiency and durability. Drawing on the experience of other emerging markets, discussions encompassed policies over the medium term to deepen stabilization gains and strengthen growth prospects through further deregulation and openness, as well as improvements in governance and institutional frameworks. Continued support for the most vulnerable, along with measures to mitigate the near-term dislocation costs of reforms, will be imperative to secure policy continuity and safeguard Argentina’s ongoing structural transformation.

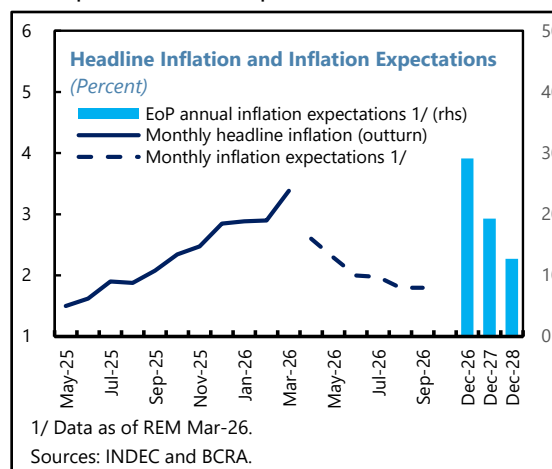
RECENT DEVELOPMENTS

Following some setbacks in the growth and disinflation processes during 2025, stability has been strengthened more recently with the unwinding of uncertainties and renewed reform momentum.

5. After rebounding in 2025, economic activity has since slowed, remaining uneven across sectors. Real GDP expanded by 4.4 percent last year, following a contraction in 2024, supported by stronger private demand, recovering investment, and robust exports—particularly in energy, mining, and agriculture—while imports rose sharply following the easing of trade and FX restrictions. This recovery has been uneven, with the more labor-intensive construction and manufacturing sectors lagging relative to more dynamic primary and financial sectors (Figure 3). Activity and employment growth have slowed since mid-2025 amid political uncertainty and tight credit conditions. Unemployment reached 7½ percent at end-2025 (about 1 percentage point above end-2024 levels), amidst rising informality and slowing real wage growth. More recently, however, high-frequency indicators point to renewed momentum, supported by record agricultural output and an incipient normalization of credit conditions.

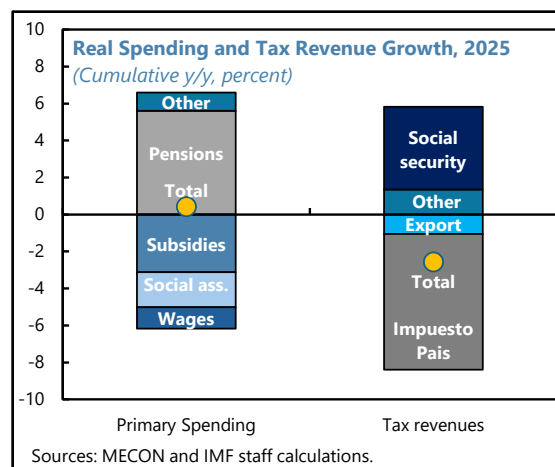


6. Annual inflation declined sharply during 2025, although the disinflation process has stalled more recently. Annual inflation fell from over 200 percent in late 2023 to around 32½ percent by early 2026 (Figure 4), supported by tight monetary conditions, prudent fiscal policy, and trade liberalization. However, monthly headline inflation rose to 3.4 percent in March 2026, reflecting a combination of higher food and regulated prices (as relative prices continue to be corrected), as well as



lagged effects of the observed collapse in money demand and currency depreciation ahead of last year's midterm elections.¹ That said, inflation expectations remain relatively well anchored and consistent with a gradual recovery in money demand and reduction in monthly inflation during the remainder of the year.

7. Fiscal policy has remained prudent and consistent with the government's overall cash balance target (Figure 5). The federal primary surplus reached 1.4 percent of GDP in 2025, yielding an overall cash surplus of 0.2 percent of GDP,² supported by strong revenue performance—excluding the impact of lower trade taxes, real revenues rose by 6.6 percent—and continued expenditure restraint,³ which also allowed for a higher pension spending (consistent with the inflation indexation formula).⁴ The approved 2026 budget preserves the overall balance, implying a broadly unchanged primary surplus of about 1½ percent of GDP (excluding extraordinary privatization receipts), with improved targeting of subsidies and social spending offsetting the impact of the late-2025 congressional spending initiatives in health, education, and disability support, as well as lower social security contributions from the recently enacted labor reform (see Box 2). Early-2026 outturns have been consistent with the overall balance objective—weaker activity-related revenues have been offset by declines in primary spending. At the provincial level, however, primary balances deteriorated by nearly 1 percent of GDP in 2025, mainly due to an expansion in real spending amid easing borrowing constraints.⁵



8. Efforts continue to refinance debt obligations, while broadening the investor base. The Treasury refinanced about 95 percent of peso obligations falling due in 2025, although market volatility around the midterm elections limited progress in extending maturities. On the FX front, the Treasury has been active, placing around US\$5 billion to refinance most of its principal obligations in 2025 and early 2026, including through issuance of domestic-law FX bonds (the first such issuance since 2018), and is in the process of mobilizing loans from international banks backed by guarantees

¹ The pass-through to prices has been more contained than in previous depreciation episodes. The estimated pass-through beyond the impact horizon (i.e., in the medium term) has declined from near full during 2019–23 to around 60–70 percent since April 2025 on account of tight policies and enhanced credibility.

² This measure excludes interest payments on zero-coupon bonds, which are recorded below the line. Including the real component of capitalized interest above the line would raise the overall deficit to about 0.8 percent of GDP.

³ Primary expenditures reached 14.6 percent of GDP, the lowest in over two decades.

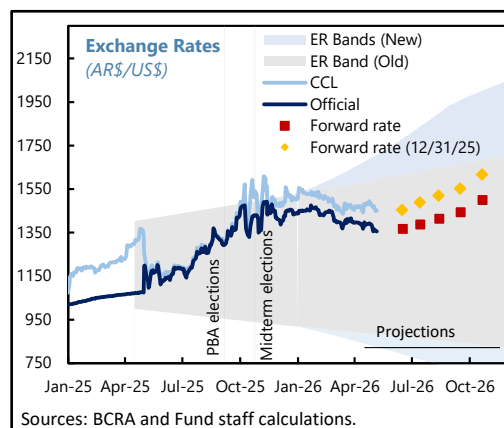
⁴ In a disinflationary environment, backward-looking indexation rules can temporarily raise real spending, as nominal expenditures adjust with a lag to declining inflation, leading to higher real outlays until inflation stabilizes.

⁵ Provincial primary balances are estimated to have shifted from a surplus of 0.4 percent of GDP in 2024 to a deficit of about 0.5 percent of GDP in 2025.

from other official creditors (see ¶24).⁶ In parallel, the BCRA concluded repo agreements totaling US\$6 billion with international banks (US\$3 billion of which took place in January 2026), and entered into a new swap agreement in October 2025 with U.S. Treasury under the ESF for US\$20 billion.

9. Monetary and exchange rate policies have continued to evolve in response to market conditions.

Following a period of very tight financial conditions in the run-up to the midterm elections, policy settings have gradually eased alongside improved market sentiment and lower sovereign spreads (currently around 500-525 bps). These changes have been accompanied by further enhancements in BCRA’s operational guidance, with the publication of the first monetary policy report in two years and further fine-tuning of liquidity operations that have helped to contain short-term interest rate volatility (see ¶26). Adjustments to the exchange rate band—with the bands expanding at the rate of realized inflation (with a two-month lag)—and the introduction of a daily reserve purchase program have resulted in cumulative FX purchases since the start of the year of around US\$7.5 billion (over US\$80 million per day or about 20 percent of traded FX volume), enhancing the credibility of the band. Amidst these purchases, the peso has stabilized (appreciating by around 13 percent in real terms since end-2025) and exchange rate futures remain well below (20 percent) the top end of the band.



10. After deteriorating last year, the external balance of payments is showing signs of stabilization (Figure 6).

- **The current account** (on an accrual basis) shifted to a deficit of 1.1 percent of GDP in 2025, from a surplus of about 1 percent of GDP in 2024. Strong export growth—led by energy and agriculture—was more than offset by a surge in imports (especially of industrial goods from Asia) given pent-up demand ahead of the easing of restrictions⁷, alongside an important deterioration in the services balance, notably from higher outbound tourism. Meanwhile, the income balance remained generally unchanged and negative, reflecting the public sector’s FX interest obligations as restrictions on dividend

Argentina: External Sector Developments (in billions of U.S. dollars)			
	2024	2025	2026 Q1
Goods balance (cash)	18.7	19.3	5.6
Services balance (cash)	-4.5	-10.6	-2.2
Income balance (cash)	-12.1	-10.1	-3.1
o/w federal government	-9.7	-7.4	-2.2
Financial flows	4.0	-7.8	1.9
FDI	0.9	1.4	0.6
Private (net)	3.8	-11.1	1.6
Public 1/	-0.8	1.9	-0.2
NIR change	6.1	-9.3	2.3
<i>Memo items:</i>			
<i>Goods balance, accrual</i>	22.3	15.3	6.3
<i>Exports</i>	79.7	87.0	21.8
<i>Imports</i>	-57.4	-71.7	-15.5

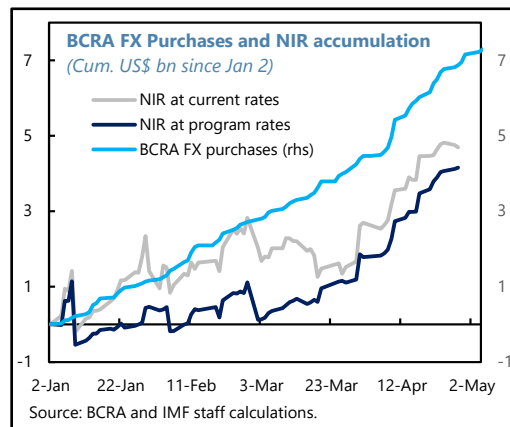
Sources: BCRA and Fund staff calculations.
1/ Includes BCRA, Treasury, provincial gov't's, BIS swap liabilities (US\$2.5bn) in 2025. Excluding IMF in 2025 and the BIS swap repayment in 2024.

⁶ Domestic-Law FX issuances are being supported by the new Fiscal Innocence Law and amendments to capital market regulations to allow eligible participants to deposit U.S. dollar cash holdings with licensed brokers (ALyCs) and invest them in U.S. dollar-denominated Treasury instruments.

⁷ Cross-restrictions between the official and parallel foreign exchange markets have persisted.

payments were maintained. More recently, however, the trade balance has strengthened, supported by improved terms of trade, record agricultural exports, lagged expenditure-switching effects of real exchange rate depreciation in 2025, and a gradual normalization of import demand.

- **The financial account** weakened sharply in 2025, driven by increased hedging by households and corporates amid heightened political uncertainty ahead of the midterm elections, which also triggered temporary support from swap agreements.⁸ These outflows were only partly offset by corporate external borrowing, net official disbursements, and net debt placements by the public sector. As a result, net international reserves (NIR) declined by about US\$9 billion during the year, depleting liquid reserve buffers. Since end-2025, the financial account has



strengthened markedly, reflecting an unwinding of the earlier hedging, a rebound in corporate and provincial FX issuances,⁹ new BCRA repo agreements with international banks, and Treasury debt placements. These developments supported strong FX purchases under the BCRA program, enabling Argentina to meet its large external debt obligations during Q1:2026 and leading to NIR expanding by about US\$4.8 billion (at program rates) year to date, despite the easing of the restriction on dividend payments (for profits from last year) starting in January.

11. Despite incipient improvements, the external position remains vulnerable. Staff's preliminary assessment suggests that Argentina's external position is weaker than the level implied by medium-term fundamentals and desirable policies (see Annex I). This assessment, which remains subject to exceptionally high uncertainties, reflects weak reserve coverage and the lack of sustained access to international capital markets amid sizable FX debt obligations. External vulnerabilities are being addressed through reforms that are also helping to deliver a further sizeable expansion of Argentina's energy and mining export capacity (see ¶13).

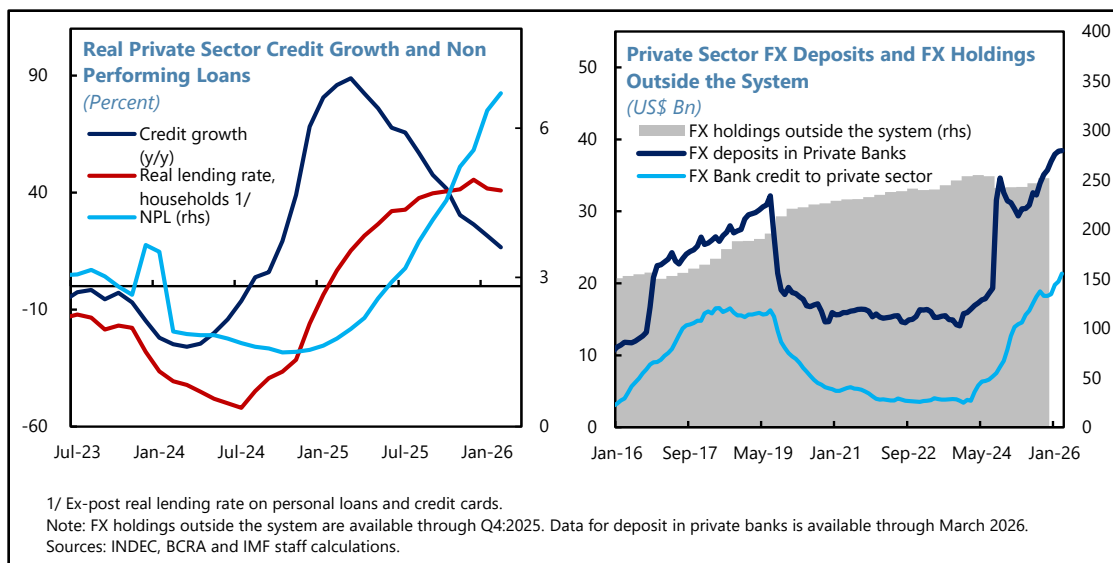
12. After expanding rapidly, private-sector credit has slowed while progress continues in strengthening banking regulations. Real credit to the private sector grew on average by 32 percent during 2025, supported by declining excess liquidity and reduced exposure to the public sector (Figure 7). However, credit in real terms has stagnated since Q3:2025 and non-performing loans (NPLs) have risen, especially for the consumer loan segment, reflecting tight monetary conditions and some moderation in households' real income growth.¹⁰ While bank profitability has

⁸ In late December 2025, the activated portion of U.S. Treasury's ESF (US\$2.5 billion) was repaid with an equivalent swap line from the Bank for International Settlements (BIS).

⁹ Creditworthy provinces—including Cordoba, Santa Fe, and the City of Buenos Aires—have issued close to US\$4 billion in external bonds, including to refinance FX debt obligations.

¹⁰ Despite lower money market rates since February, credit conditions remain tight as banks continue to digest the impact of higher NPLs.

declined from high levels, the banking system remains liquid and well capitalized with adequate provisioning. The rapid rise in FX deposits, which have reached record levels, is noteworthy: unlike in past dollarization episodes, household FX purchases have remained within the banking system.¹¹ This has supported a gradual expansion of FX lending to naturally hedged borrowers, while FX liquidity buffers remain comfortable. Financial sector risks have been mitigated since the time of the last Article IV, reflecting substantial progress in aligning supervision and regulation with international standards, removing subsidized credit programs, eliminating interest rate caps, and reducing the sovereign-bank nexus.



13. Structural reforms have continued across many areas. Administrative procedures and regulatory frameworks have been further streamlined—including in customs, health, transport, communications, and electricity pricing—while efforts continue to modernize public administration.¹² Privatization initiatives are progressing and tenders are being launched for the construction and maintenance of critical transport networks.¹³ Complementing recent important trade agreements, the foreign investment momentum remains strong, with projects approved under Special Investment Regime for Large-and Medium-Sized Firms (RIGI and RMI) totaling about US\$28 billion. These investments are being supported by recent amendments to the Glacier Law and Rural Land Ownership Law (which previously capped foreign ownership). Meanwhile, the recently enacted Labor Modernization Law (see Box 2) aims to boost formal job creation, including by streamlining hiring procedures, lowering dismissal costs, reducing litigation risks, and decentralizing collective bargaining.

¹¹ Most household FX purchases have been largely intermediated domestically, either deposited in local accounts or used to settle external consumption, implying that private FX purchases are not equivalent to capital outflows.

¹² Deregulation reforms—which opened the satellite internet market, lifted the ban on used capital equipment imports, dismantled state control of Yerba mate industry, and eliminated rent controls, among others—vastly improved market functioning. See Federico Sturzenegger, “[Deregulation: From Theory to Practice](#)” (2026).

¹³ The International Finance Corporation (IFC) and IDB-invest are actively partnering with private sector firms to invest in Argentina’s logistics infrastructure as well as in the energy and mining sectors.

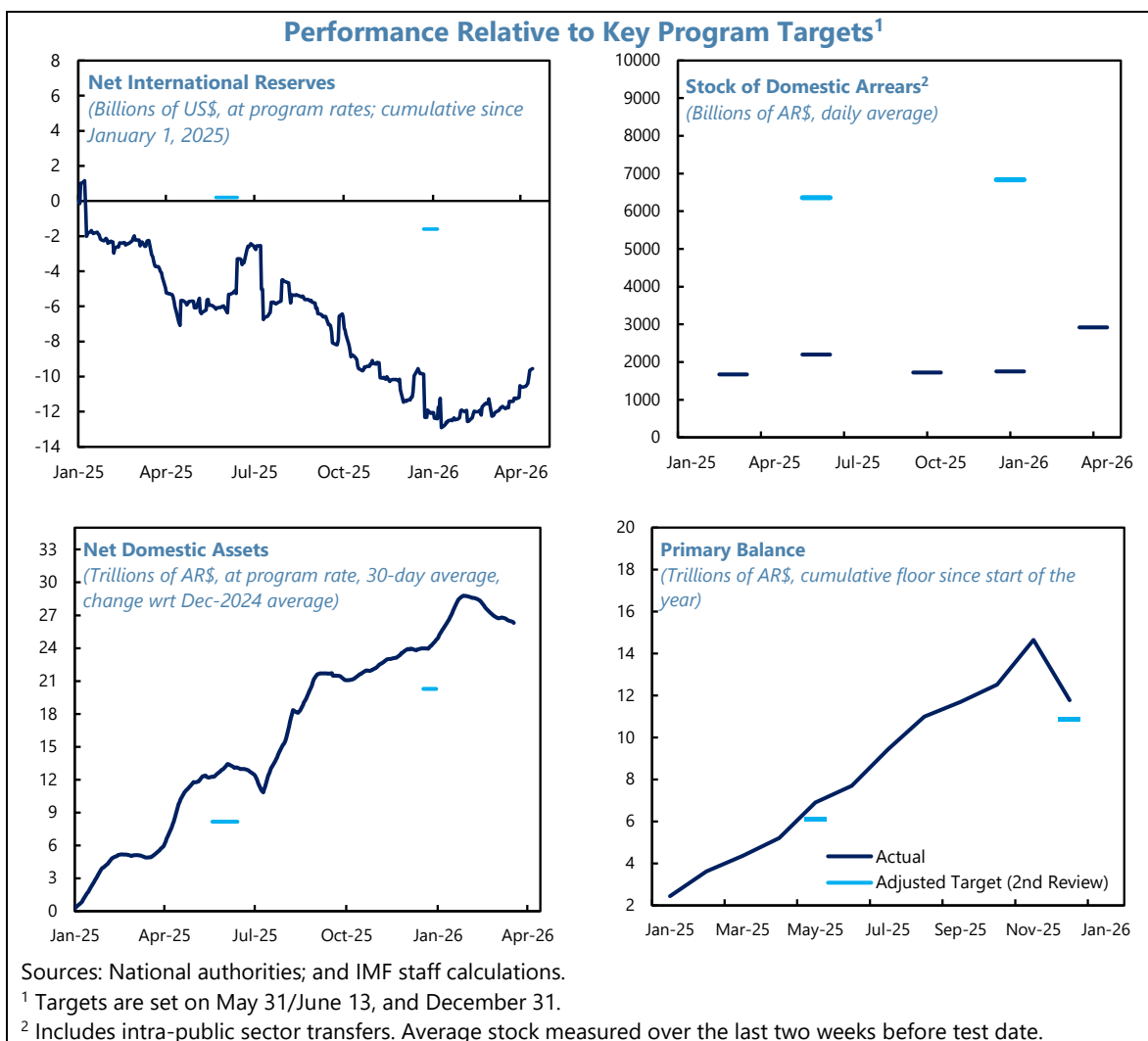
PROGRAM PERFORMANCE

14. Performance against quantitative targets was mixed through end-2025, reflecting shocks and evolving policy objectives.

- The *primary fiscal balance* end-December QPC was met with a margin, supported by strong revenues and continued spending restraint.¹⁴ Domestic arrears remained well below the ceiling (despite rising slightly more recently) and there was no direct central bank financing, despite temporary BCRA interventions in the peso debt market to address disorderly conditions. The indicative target on social spending coverage also exceeded the floor, with benefits under the universal child allowance and food assistance programs covering about 96 percent of the basic consumption basket.
- The *NIR* end-December QPC was missed by a large margin. At program exchange rates, NIR fell US\$10 billion below the floor, reflecting earlier delays in building reserves and large private outflows triggering FX sales by the BCRA and Treasury in the period ahead of the midterm elections. Since end-2025, conditions have improved significantly. NIR is up by about US\$4.8 billion since end-2025, reflecting sound implementation of the BCRA's daily FX purchase program along with efforts to mobilize FX financing.
- The *Net Domestic Assets* (NDA) end-December indicative target exceeded the program ceiling by about ARS4.5 trillion, as election uncertainties weighed on the Treasury's ability to refinance peso debt obligations, in the context of much lower-than-anticipated money demand (base money stabilized around 4.6 percent of GDP last year, well below the 8 percent average during 2010–19).

15. The structural agenda is being implemented. Congress approved the 2026 budget—consistent with a zero overall cash deficit—although it did not include a medium-term fiscal framework (**end-September 2025, SB, not met**), which the authorities are now working to include in next year's draft budget (**end-September 2026, SB**). Meanwhile, the authorities have (i) closed 29 of 31 extra-budgetary trust funds, although legal challenges have delayed the closure of the remaining two (**end-December 2025, SB, not met**); (ii) finalized and submitted to Congress a plan to eliminate extra-budgetary entities (**end-September 2025 SB, met**); (iii) published reports on state-owned enterprises (SOEs) covered by Law 27.742 together with guidelines for transparent privatizations (**mid-November 2025 SBs, met**); (iv) issued a report on implementation of key FATF recommendations with Fund TA support (**end-November 2025 SB, met**); (v) created a single social registry with World Bank support (**end-December 2025 SB, met**); (vi) expanded the coverage of the e-SIDIF financial information system with IDB support (**end-December 2025 SB, met**); and (vii) presented a plan to enhance the efficiency and simplicity of the tax system (**end-December 2025 SB, met**), in the context of the new Labor Modernization Law.

¹⁴ While the primary surplus exceeded the program target of 1.3 percent of GDP, it was below the first-review baseline projection of 1.6 percent of GDP, on account of weaker-than-expected revenues due to the faster-than-anticipated reduction in trade taxes.



OUTLOOK AND RISKS

16. The program’s baseline has been adjusted to reflect developments and the evolving international context. It is predicated on the implementation of policies seeking to better balance disinflation and reserve accumulation objectives, and on a gradual resumption of international market access. The outlook assumes policies aimed at strengthening the fiscal anchor, the monetary and exchange rate regime and market functioning—including in the labor market—to support more sustainable and resilient growth (Tables 1–8). This baseline incorporates an updated global outlook that considers the impact of the conflict in the Middle East (see Box 3). Under these assumptions:

- **Growth.** Real GDP is projected to expand by about 3½ percent in 2026, supported by robust private investment and primary exports, as well as a pickup in construction associated with the expected road concessions. Over the medium term, growth is expected to converge toward 3 percent, with stronger contributions from total factor productivity and capital formation as structural reforms foster a more competitive and open economy.

- Inflation.** The disinflation process is expected to resume over the remainder of 2026, but at a more gradual pace in part reflecting the recent sharp increase in world energy prices. End-2026 inflation is projected at around 25 percent y/y (down from 31½ percent y/y at end-2025), consistent with a gradual re-monetization of the economy. Tight policies and continued enhancements to the monetary framework and operations will be necessary to strengthen the nominal anchor and ensure that inflation gradually converges to single digits by 2028.
- Fiscal.** The primary surplus at the federal government level is projected to reach 1.4 percent of GDP in 2026—broadly unchanged from 2025 and consistent with the authorities’ overall cash balance—underpinned by continued expenditure restraint and reforms, especially on the subsidy front (see ¶19). Over the medium term, and given limited fiscal space, the primary surplus is expected to gradually rise to about 2¼ percent of GDP, consistent with the authorities’ fiscal anchor and assumed increase in the cash interest bill. This adjustment would be underpinned by reforms to the tax, pension, and fiscal framework systems, with the latter supporting consolidation at the provincial level (¶22). The assumed primary balance path, along with proactive debt management efforts, is expected to support disinflation, external stability, and public debt sustainability (see Annex II).¹⁵
- External.** The current account deficit is projected to improve modestly during 2026, supported by favorable terms of trade and further gains in the energy and mining balance. Capital inflows are also expected to strengthen, driven by higher FDI (including from the approved RIGI projects), additional corporate issuances, resident asset repatriation, and sovereign market access, initially supported by IFI guarantees and recent credit rating upgrades. These trends are expected to support an increase in NIR of at least US\$8 billion in 2026. Prudent macroeconomic policies, supporting greater exchange rate flexibility, and structural reforms aimed at boosting Argentina’s export potential would underpin sustained improvements in market access and reserve coverage over the medium term, consistent with a gradual strengthening of the country’s external position.

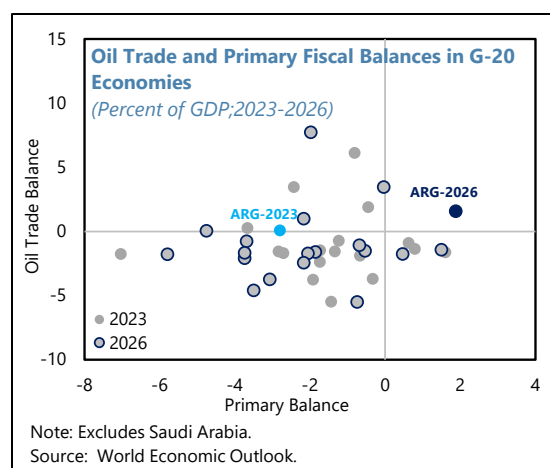
	2024	2025	Proj. 2026	Proj. 2027	Proj. 2028
GDP growth (avg, %)	-1.3	4.4	3.5	4.0	3.8
Inflation (eop, %)	117.8	31.5	25.0	12.5	7.5
Primary fiscal balance (% of GDP) 1/	1.8	1.4	1.4	[1.4-1.8]	2.0
Current account balance (% of GDP)	0.9	-1.1	-0.8	-0.6	-0.5
Monetary base (eop, % of annualized Q4 GDP)	4.2	4.6	4.7	5.5	6.0
Change in net int’l reserves (US\$bn) 2/	4.9	-12.1	10.0	11.0	17.0

Sources: National authorities and Fund staff estimates and projections.
 1/ Primary balance excludes BCRA profit transfers.
 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 program rates. Projection for 2026 assumes an overperformance of NIR program targets.

¹⁵ Public debt remains sustainable but not with high probability, reflecting large gross financing needs. Net consolidated public debt (including BCRA liabilities but excluding intra-public sector debt obligations), is projected to decline from around 52 percent of GDP at end-2025, to just below 30 percent of GDP over the next five years.

17. Against a backdrop of heightened geopolitical uncertainties, risks—while more balanced—remain elevated (Annex III), underscoring the need for agile policymaking.

- External and domestic risks.** Elevated geopolitical tensions could tighten global financial conditions and reverse still-favorable financing conditions, complicating reserve accumulation and timely market access (see Box 3). Higher oil prices could pass through to domestic prices, putting upward pressure on inflation and complicating the ongoing reduction in energy subsidies. On the domestic front, political uncertainties in advance of the 2027 Presidential elections could lead to capital outflows and slow or reverse the reform momentum, especially if progress in boosting employment and real incomes stalls. That said, upside risks cannot be discarded given Argentina's improved fundamentals (including primary fiscal surpluses) and vast factor endowments. Stronger energy prices would further improve the energy trade balance and could encourage additional FDI, while a more diversified export base and the effective implementation of recently concluded trade agreements would help mitigate vulnerabilities.
- Contingencies.** In a more shock-prone external environment, rapidly rebuilding buffers is essential to manage risks. Should adverse shocks materialize, there would also be a need for prompt policy adjustment to safeguard stabilization gains. The exchange rate should act as a shock absorber, and monetary and liquidity conditions should be tightened as needed to support peso demand and the exchange rate band regime. A tighter fiscal stance will be needed in the event of rising risk premia or renewed volatility, including through faster subsidy rationalization and streamlined transfers to provinces and SOEs. Confidence could be further enhanced by advancing structural reforms, especially on the tax front, to strengthen the credibility of the fiscal anchor. Temporary support from the existing swap lines could be considered but should not be a substitute for required macroeconomic adjustments.



Authorities' Views

18. The authorities broadly concurred with staff's near-term outlook, although with greater optimism regarding upside risks and medium-term growth prospects. In their view, growth could reach 4.5 percent over the medium term, reflecting ongoing structural reforms that are likely to generate large investments in key sectors, along with sizeable repatriation of assets by residents. In addition, while they agree that the disinflation process will be gradual, they believe it could reach single digits earlier reflecting their strong fiscal anchor and faster re-monetization of the economy as confidence effects set in. They are committed to enhancing exchange rate flexibility, while continuing to strengthen external buffers, supporting a timely and more sustainable re-access to international capital markets. They agreed that risks had become more balanced and considered

domestic risks to have receded, reflecting broader political consensus on reforms, as demonstrated by recent congressional approval of key reforms. In their view, upside risks are substantial, supported by Argentina's vast potential and robust investor interest, as demonstrated by the large investments being mobilized under RIGI and RIMI. A sizeable RIGI-based investment pipeline is already underway in strategic sectors like energy, mining, the knowledge economy, and agribusiness, poised to catalyze a step-change in private investment, external balances, and medium-term growth.

POLICY DISCUSSIONS AND UNDERSTANDINGS

Agreement was reached on near-term macroeconomic policies consistent with gradual yet sustained disinflation and reserve accumulation, with growth and employment also being supported by ongoing reforms aimed at enhancing labor market flexibility and boosting private investment in infrastructure and strategic sectors. Additionally, discussions were held on policies needed over the medium term to consolidate stabilization gains, improve Argentina's external position, and continue tackling Argentina's long-standing growth and structural challenges, drawing on staff analysis using relevant cross-country experience.

A. Fiscal Policy

19. The authorities will maintain their zero overall cash fiscal balance target, consistent with a gradual increase in the fiscal primary surplus.

- Achieving the approved 2026 budget, which is consistent with a primary cash surplus of about 1½ percent of GDP, will require continued strong expenditure discipline to offset the impact of lower statutory agricultural export taxes, as well as those from congressional spending initiatives approved in late 2025 (0.35 percent of GDP) and tax measures under the new Labor Modernization Law (0.15 percent of GDP). To this end, the authorities are in the process of lowering energy subsidies, improving the targeting of social transfers, and further rationalizing discretionary current and capital spending. Moreover, they are committed to taking additional measures to safeguard the fiscal anchor, including if debt interest payments prove larger than anticipated (MEFP ¶13).¹⁶ The recent increase in world

Argentina: Fiscal Measures, 2026 (percent of GDP, national government)	
Fiscal pressures	0.50
University spending 1/	0.20
Disability pensions 1/	0.15
Labor Modernization Law	0.15
Offsetting measures under baseline	0.51
Enhanced social spending targeting	0.20
Enhanced energy subsidy targeting	0.07
Public wage reduction	0.10
Prioritization of capital spending	0.10
Rationalization of discretionary spending	0.04
Additional contingency measures	0.35
Postponement of labor market law	0.15
Strengthening of excises	0.10
Enhanced transport subsidy targeting	0.10
1/ Includes only expenditure beyond those incorporated in the budget law. Sources: MECON and IMF staff estimates.	

¹⁶ Consideration would be given to strengthening excises, accelerating the reduction in transportation subsidies and/or delaying implementation of the Labor Modernization Law.

energy and grain prices is expected to provide additional export revenues to support meeting the agreed fiscal targets, although delays in adjusting fuel excises and energy subsidies could offset part of these revenue gains.

- Beyond this year, the primary surplus is projected to gradually increase over the medium term to around 2¼ percent of GDP. The assumed fiscal consolidation path, while slightly delayed versus the first review, remains consistent with the authorities' stated fiscal rule, with adjustments reflecting revised estimates of the interest bill, based on the latest debt management strategy.¹⁷ The general government primary surplus is also projected to rise over the medium term, underpinned by reforms of the revenue, expenditure and fiscal framework systems, including through a stronger enforcement of the national Fiscal Responsibility Law (see below). The expected timing of key fiscal-structural reforms (¶20-22) remains broadly consistent with the assumed medium-term fiscal path.

20. The fiscal anchor will need to be supported by enhancements in the equity and efficiency of the tax system. Work is underway on a reform plan to gradually reduce distortive taxes—including on trade and financial transactions—while simplifying the tax system and broadening the tax base by rationalizing exemptions and special regimes (**end-December 2026, SB**). The authorities intend to implement these reforms in a phased manner, fiscal and economic conditions permitting, and in close consultation with provinces, as these reforms would likely increase the share of revenues allocated to provincial governments and could support tax reforms at the subnational level.¹⁸ These reforms are being complemented by further improvements in revenue administration, including by implementing the new Fiscal Innocence Law (which reduces compliance costs) as well as by launching an integrated IT system (**end-June 2026, SB**) and establishing a formal compliance risk registry (**end-December 2026, SB**). In staff's view, the authorities should take any opportunities that arise for early adoption of a more front-loaded revenue reform as these could support fiscal consolidation and debt management efforts, as well as growth and external objectives, especially as trade openness deepens (see [Selected Issues Paper](#), Chapter 1).

21. Deeper expenditure reforms are planned. Recent reforms to create a unified energy subsidy scheme are expected to further improve cost recovery while strengthening the targeting and transparency of subsidies (see Box 4). These are being complemented by measures to enhance: (i) the effectiveness of social spending by leveraging improved social data systems; (ii) public investment governance, including via improvements in project appraisal, selection, and monitoring; and (iii) budget control and cash management, including to integrate all remaining entities into the integrated financial management information system (MEFP¶15). As progress in reducing the informality gap proceeds, the authorities will develop a reform of the pension system (**end-December 2027, SB**) aimed at improving its sustainability, reducing its fragmentation, strengthening the link between contributions and benefits, and ensuring adequate protection for the most

¹⁷ Staff's interest bill estimates assume that Argentina re-accesses international markets and reduces its reliance on zero-coupon and inflation-linked bonds.

¹⁸ Provinces and municipalities rely on the distortive turnover tax and many other taxes and duties, which add to the Argentina's tax burden and cost of doing business.

vulnerable. The reform should be sequenced, with early preparation and discussions with stakeholders to secure the needed consensus (see Box 5).¹⁹

22. Efforts to strengthen the fiscal framework will continue. Together with the draft Fiscal and Monetary Stability bill—a legislative initiative prohibiting monetary financing and tightening constraints on deficit spending (MEFP ¶16)—work is underway to embed the authorities’ zero-deficit rule in the Fiscal Responsibility Law (**end-December 2026, SB**) to elevate its legal status and ensure fiscal policy predictability. This is being complemented by reforms to improve transparency and forward-looking policy guidance—the draft 2027 budget (**end-September 2026, SB**) will incorporate a medium-term fiscal framework and a comprehensive fiscal risk statement. Staff fully supports efforts to provide legal standing to the fiscal anchor. International evidence suggests (see Box 6) that it would be important over time to complement it with a medium-term debt anchor, an independent fiscal council (to monitor and secure compliance), and a more conventional reporting of the interest bill, something to which future program considerations should return to. In addition, and against the backdrop of the recent rise in provincial deficits, there is joint recognition of the need to enhance coordination with subnational governments to align fiscal objectives across government levels, including for resource-rich provinces (where important windfalls are expected). This would require establishing binding spending and borrowing constraints at the subnational level, including ensuring that FX borrowing remains consistent with the provinces’ FX generating capacity.

Authorities’ Views

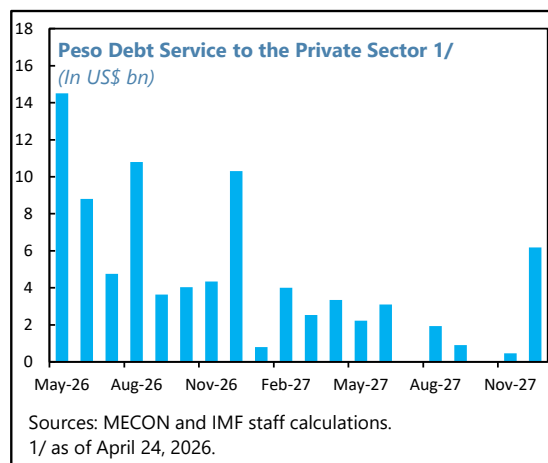
23. The authorities are fully committed to their fiscal anchor and planned reforms to the tax, pension, and fiscal frameworks. They are currently planning a phased tax reform, focused initially on reducing tax expenditures, enhancing excises, and simplifying the tax system as a whole. They would consider moving more aggressively in reducing distortive taxes if the economy grows faster than currently anticipated or if yields from the Fiscal Innocence Law exceed expectations. On pensions, the authorities believe the reform is best adopted in a two-pronged context: first rising labor formality—which they expect would gradually materialize as the Labor Modernization Law is implemented—and second, a subsequent tax reform aimed at boosting private-sector led growth. They highlighted their achievements in strengthening expenditure controls, reducing transfers to SOEs, and eliminating extra-budgetary entities, and efforts underway to improve the Fiscal Responsibility Law. They are seeking to strengthen coordination with provincial governments, and to continue enforcing existing limits on sub-national FX and peso borrowing. The authorities reaffirmed their strong commitment to the overall fiscal balance over the medium term and note that, under the assumption of full rollover of principal debt payments and current market conditions—which are expected to improve significantly, the required medium-term primary balance is materially lower than suggested by staff.

¹⁹ Pension spending accounts for about 45 percent of the federal budget and is projected to rise further as demographic pressures intensify and disinflation proceeds. It is worth noting that changes in the pension indexation mechanism introduced in 2024 have been critical to contain pension expenditures.

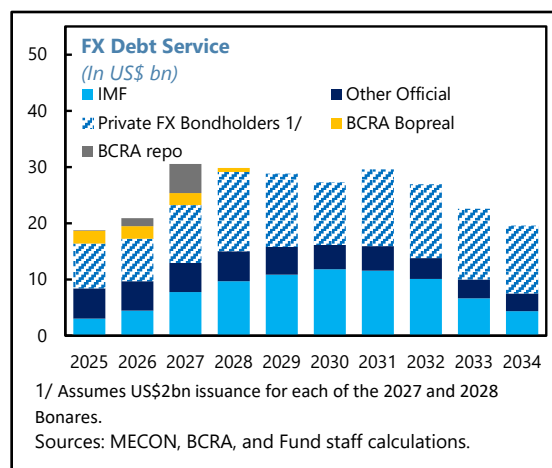
B. Financing Policy

24. The authorities have set a reasonable strategy, consistent with timely refinancing of debt obligations, improvements in the public debt profile (and the program’s reserve targets), and gradual expansion of access to capital markets as conditions improve:

- On the peso debt front,** efforts will prioritize securing full rollover rates while extending maturities (average peso debt maturity to the private sector currently stands at around 12 months), expanding the range of instruments, and broadening the investor base. While regular issuances of fixed-rate Treasuries (LECAPs) across short and medium tenors will continue, the Treasury will continue to expand its menu of instruments, including through greater use of variable-rate treasuries. To support the smooth functioning of the peso debt market, a modest buffer will be maintained in the Treasury account at the BCRA, to contain rollover risks (MEFP ¶121). More generally, the Treasury’s peso debt management efforts will continue to be supported by policies aimed at deepening Argentina’s capital market and investor universe (¶130).



- On the FX front,** a multipronged approach is being pursued to deal with FX obligations falling due this year (MEFP ¶118) involving: (i) the continued issuance of U.S. dollar-denominated instruments in the local market (US\$5 billion); (ii) the sale of SOEs (US\$2 billion); (iii) central bank repos (US\$3 billion thus far); and (iv) commercial loans from international banks guaranteed by official creditors.²⁰ The authorities view the latter as a bridge toward more stable and sustainable access to international capital markets, as continued policy implementation, recent credit rating upgrades, and proactive engagement with creditors is expected to lead to a narrowing of sovereign spreads and a widening of the international investor base. Following progress in resolving claims with holdout creditors from the 2005 debt restructuring, good-faith efforts are expected to continue to resolve pending arrears to external creditors (see also ¶140). Staff



²⁰ Discussions are very advanced with the World Bank Group, the Inter-American Development Bank (IADB), and the Latin American and Caribbean Development (CAF), who are expected to provide debt guarantees for around US\$4 billion in longer-term commercial loans, with the aim of substantially reducing debt interest costs. The operation is being supported by a matrix of jobs and investment reforms and would be complemented by continued project and budget support loans of about US\$3 billion this year.

underscored the importance of taking advantage of this year's window of opportunity to start tapping international markets to refinance large principal payments to the private sector and the Fund (about US\$20 billion during 2027), while working towards gradually reducing exposure to senior official creditors.

Authorities' Views

25. The authorities are fully committed to reducing public debt vulnerabilities and re-accessing international capital markets. They highlighted their success in refinancing debt obligations during 2025 and early-2026, despite political uncertainties and sharply lower peso demand which seriously challenged the refinancing of short-term peso debt. The authorities understand the need for a durable approach to refinance FX obligations, which will also require expanding the universe of investors. They argued that temporary reliance on official support (including through guarantees) was warranted given rising geopolitical uncertainties and unjustified market concerns over policy continuity and economic fundamentals—a view underscored by Fitch's recent upgrade of Argentina's credit rating to B- from CCC+. Importantly, the authorities are placing increased priority on mobilizing financing from domestic capital markets, including by tapping large US dollar holdings of residents (estimated at over US\$200 billion).

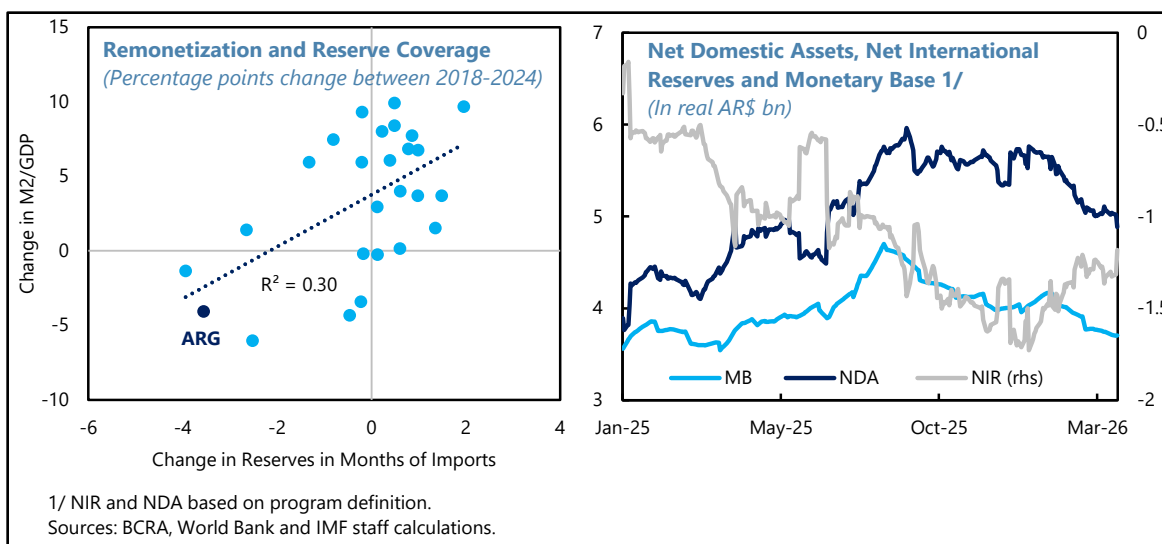
C. Monetary and Exchange Rate Policies

26. The monetary and exchange rate framework will aim to support reserve accumulation and disinflation, in line with a recovery in money demand:

- **The exchange rate will remain freely determined within the widening band framework, with foreign exchange sales within the band and interventions in the forward markets limited to episodes of excessive volatility.** The central bank will continue to accumulate reserves through its daily FX purchase mechanism, consistent with the projected recovery in money demand and the program's NIR targets (at least US\$8 billion during 2026), supported by appropriately tight monetary conditions and the authorities' market access strategy (see ¶24). Re-activation of the existing official swap lines would only be considered in extreme risk events (see also ¶39).²¹ There is shared understanding of the importance of decisively rebuilding reserves and seeking to overperform targets given uncertainties associated with next year's Presidential elections, while ensuring that the exchange rate does not weigh on growth or challenge Argentina's ongoing structural transformation. Against this backdrop, faster-than-expected re-monetization of the economy or stronger-than-anticipated access to capital markets could result in NIR accumulation exceeding this year's targets (see MEFP ¶19), bringing reserves closer to full ARA-metric coverage. While the pace of reserve accumulation is slightly slower than at the time of the first review (delivering the ARA metric one year later), the

²¹ The October 2025 swap agreement with US Treasury under the Exchange Stabilization Fund stands at US\$20 billion, although the activated portion was repaid using a swap line with the BIS, which is expected to be repaid by end-2026. The BCRA is well advanced in extending its swap agreement (worth about US\$18 billion) with the People's Bank of China (PBOC) and in refinancing the activated portion of the swap (US\$5 billion).

policy framework, including the commitment and steps taken toward greater exchange rate flexibility, constitutes a key risk mitigant (the adequate reserve level would be lower under a fully flexible exchange rate regime).



- **The BCRA will continue to target monetary aggregates to achieve its disinflation objectives.** A managed expansion of monetary aggregates, consistent with recovering money demand, will support the dual objectives of disinflation and programmed NIR accumulation, while keeping NDA generally unchanged, although near-term deviations could arise depending on re-monetization trends.²² This is being complemented by ongoing refinements to the monetary operations to strengthen liquidity management and to reduce excessive volatility in money market rates. Specifically, the BCRA has recently (i) added a liquidity facility for banks; (ii) lowered banks' daily reserve requirement from 100 to 65 percent; and (iii) taken steps to improve market microstructure to reduce segmentation in the money market²³ (**prior actions**). Efforts to strengthen the BCRA's operational guidance continue, including by maintaining publication of quarterly monetary policy reports, which are expected to analyze inflation dynamics and explain the rationale behind monetary policy decisions.

27. The current monetary policy stance is appropriate but should remain agile in response to evolving conditions. Following a period of very tight settings during 2025, monetary conditions have eased somewhat since end-February, reflecting lower risk premia, largely unsterilized FX purchases by the BCRA, and reduced interest rate volatility amid strengthened monetary operations and liquidity management. Notwithstanding this easing, the stance remains appropriately tight, as reflected in the continued currency appreciation amidst FX purchases, still tight credit conditions (real consumer lending rates remain at elevated positive levels), and the contained expansion of base money. Importantly, inflation dynamics over the past few months do not reflect these shifting policy

²² During Q1:2026, NIR increases were largely sterilized given still weak and uncertain money demand.

²³ Including regulations on leverage and liquidity limits for ALyCs and new asset-management requirements for money market funds, with a greater allocation of these funds toward bank deposits.

settings, as they have been driven largely by ongoing relative price adjustments—including increases in service prices and declines in imported goods prices—along with higher fuel prices linked to the conflict in the Middle East. Nevertheless, with inflation still running high and in the face of potentially large war-driven supply shocks, the BCRA must be prepared to tighten policy as needed to ensure that inflation and inflation expectations remain on a firm downward path.

28. The experience of successful stabilization cases suggests that sustaining disinflation requires time and continued enhancements to the operational and institutional frameworks.

- **Establishing a nominal anchor amid increased exchange rate flexibility.** Consideration should be given to clarifying the nominal target for monetary aggregates, while also recognizing that the relationship between money and prices weakens in lower-inflation environments. As such, the monetary framework should evolve to allow for greater exchange rate flexibility and increased reliance on the interest rate as the key policy tool, where inflation targets would eventually replace monetary aggregates as the nominal anchor (see [Selected Issues Paper](#), Chapter 2).
- **Strengthening the balance sheet and institutional framework.** Steps should continue to strengthen the central bank's balance sheet, including through the use of a sizable portion of the BCRA's profit transfers to the Treasury (see Box 7 and MEFP ¶121). Meanwhile, greater focus should be given to modernizing governance arrangements and transparency as recommended by the 2025 safeguards assessment (see Informational Annex). The plan to transition to the IFRS accounting standards (*end-September 2026, SB*), modernize the BCRA's internal governance and organization (MEFP ¶121), and the recently signed Memorandum of Understanding between the BCRA and the Ministry of Economy (governing the handling and servicing of IMF financing) are steps in the right direction. However, over the medium term, broader legal reforms to the BCRA charter will be essential to strengthen central bank independence, governance, and accountability, including by reinforcing safeguards against monetary financing. Importantly, and given Argentina's challenging history of unreliable statistics during 2007-2015, consideration should also be given to an early publication of inflation data based on updated consumption weights, as well as to enhancing the independence of the National Institute of Statistics and Censuses (INDEC).
- **Focusing on external resilience.** Sustained reserve accumulation will be essential to mitigate the impact of shocks and secure stable and sustainable market access. As shown by cross-country experience, durable improvements in reserve coverage should be underpinned by properly calibrated macroeconomic policies and enhanced exchange rate flexibility to limit risks from capital-inflow driven demand booms (see [Selected Issues Paper](#), Chapter 3). In that regard, policies may also be needed to manage the windfall from a projected increase in primary exports to limit dislocations from potential upward pressure on the real exchange rate. This would involve saving a large share of windfall revenues through a tighter fiscal policy and faster reserve accumulation, complemented by strengthened prudential regulation to prevent credit booms and the buildup of unhedged FX exposures.

Authorities' Views

29. After averting hyperinflation, the BCRA's monetary targeting framework has delivered swift disinflation to low double-digit levels, and the authorities remain confident that disinflation will continue despite setbacks from global price shocks. The authorities emphasized that, despite the adverse money demand shock of 2025 (50 percent of private M2) triggered by political uncertainty, they have continued refining the monetary framework, on the operational as well as the communication fronts. They highlighted the resulting sharp decline in interest rate levels and volatility and argued that inflation expectations remain well anchored and generally consistent with the monetary program outlined in late 2025. They attributed recent challenges in reducing inflation to multiple ongoing relative price corrections (including public service tariffs, beef, fuels) and considered promising the limited impact of exchange rate swings on domestic markets, despite the dollarized nature of the economy. The authorities firmly believe that inflation will converge to international levels over the medium term, as opposed to remaining at the levels projected by staff. The new quarterly monetary policy report is seen to provide a vehicle to support continued improvement in communication regarding the nominal anchor. The authorities also cautioned that rigid rules at this stage could undermine credibility, emphasizing that successful stabilization precedents underscore the fact that at current inflation levels, weak interest rate channels make inflation targeting a poor substitute to monetary targeting. They also noted that the current central bank charter does not represent an impediment to disinflation efforts and that its reform is therefore not an urgent necessity. The authorities underscored the need to nuance any comparison of Argentina's stabilization experience with other emerging economies, particularly in highly dollarized economies, and to better recognize that a cornerstone of credibility building involved the added effort to fully respect all pre-existing contracts. Finally, the authorities stressed that the expected re-monetization would provide added support for ongoing reserve purchases. They explained that the pace of reserve accumulation would much depend on the evolution of the external financing outlook and cautioned against establishing causality between reserve levels and sovereign risks (as both variables are driven by common factors).

D. Financial Sector and Capital Market Policies

30. Regulatory and supervisory frameworks are being enhanced to support a responsible expansion of private bank credit. Building on progress in implementing Basel III and IFRS 9, efforts continue to monitor emerging risks from the deterioration in NPLs, especially of the consumer segment, and from banks' increased reliance on short-term mutual fund funding, given implications for funding volatility and the extension of longer-term credit. In addition, bank supervisors will continue to ensure adequate provisioning and maintain close oversight. Macroprudential policies will aim at limiting financial risks, including by keeping prudent limits on FX lending to unhedged borrowers and enhanced disclosure of currency mismatches and contingent liabilities (MEFP ¶122).

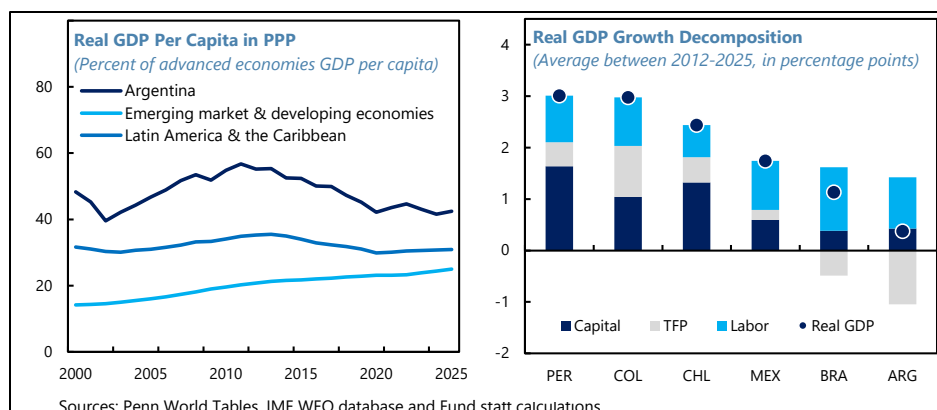
31. This will be complemented by enhanced supervision of nonbank financial institutions, and a broader reform of Argentina’s capital markets. With nonbank credit representing about 15 percent of overall bank credit, oversight of nonbank financial institutions—including clearing and settlement agents (ALyCs)—is being enhanced to ensure a more level regulatory playing field and to properly monitor the rapid growth of fintech activity, where NPLs are very high, and Virtual Asset Service Providers (VASPs). In this regard, coordination between the BCRA and the National Securities Commission (CNV) will continue to be strengthened, and regulatory coverage expanded as needed. Priority is being given to deepen Argentina’s capital markets and promote competition, although this process is expected to take time given the long history of instability and will need to be carefully managed to avoid adding to macroeconomic vulnerabilities (see Box 8).

Authorities’ Views

32. The authorities concur with the urgent need to mobilize domestic savings while responsibly expanding credit. They agree that while this process will take time, measures to encourage the formalization of resident U.S. dollar assets remain critical to support private credit, which at around 15 percent of GDP, remains well below peers. As stabilization proceeds and reserves are rebuilt, they believe that consideration could be given to easing prudential norms on FX lending, building on the experience of other highly dollarized economies like Peru and Uruguay. More generally, and to support more sustainable growth, the authorities are focused on deepening capital markets, including by encouraging the creation of longer-term saving instruments and expanding corporate investment opportunities.

E. Structural Policies

33. Deep-seated distortions have eroded productivity and constrained Argentina’s growth potential. In stark contrast to peer countries and other emerging economies, real per capita GDP fell by close to 15 percent over 2011–24, reversing convergence gains during the 2000s commodity boom. The decline was largely attributed to falling productivity, stemming from distortive policies, extensive state intervention, and burdensome regulations and controls that discouraged private investment and formal employment and created significant opportunities for rent-seeking and corruption. This experience has amplified secular stagnation in Argentina, mostly driven by economic mismanagement, in place since roughly the Great Depression.



34. An impressive and well-sequenced structural reform agenda is being implemented to tackle these underlying distortions. Building on recent efforts to reduce regulatory overreach,²⁴ enhance market competition, and open the economy to trade, the authorities are advancing their second-generation reform agenda, which is focused on increasing labor market flexibility, further strengthening investment and competition frameworks, improving legal certainty, and reducing structural costs of doing business (MEFP ¶23). Many of these initiatives are also being supported by other development partners, namely the World Bank and IADB, through tailored policy advice. Staff analysis suggests that sustained implementation of the authorities' structural reform program, if properly sequenced, could raise GDP levels by a yearly average of about 3–5 percentage points over five years (see Box 5 of the April 2025 Staff Report).

- **Labor markets.** In addition to trade restrictions, constraints related to labor rigidities have long acted as key bottlenecks to potential growth. The administration is addressing these rigidities in a systematic manner, including through the timely implementation of the Labor Modernization Law, as very strict regulations, high severance costs, and centralized bargaining have weighed heavily on formal job creation.²⁵ These reforms will take time to bear fruit but are expected to boost formal employment and productivity over the medium term, especially if these are embedded in a broader reform package (see [Selected Issues Paper](#), Chapter 4). While complementary active labor market policies, particularly training initiatives, are being considered, further efforts will be necessary to limit dislocation costs by ensuring that the gains from the booming primary sector translate into broad-based benefits across sectors and provinces, including through stronger spillovers to services and manufacturing as well as regions beyond those directly affected by the resource boom. These reforms will be critical to support trade openness and the implementation of recently concluded trade agreements with the United States and the European Union under Mercosur.
- **Strategic investments.** Policies are being advanced to facilitate investments in strategic sectors while maintaining appropriate safeguards, including through an evenhanded implementation of the existing special Investment regimes (RIGI and RIMI). Amid widening price differentials across energy markets and growing global market fragmentation, these reforms should help position Argentina as a destination where long-term prospects in the energy sector justify capital-intensive investments. In this context, recent amendments to the Glacier Protection Law clarify the environmental regulatory framework and reduce legal uncertainty, while preserving environmental safeguards and respecting the constitutional role of provinces.²⁶ In addition, broader institutional reforms are being sought to reinforce private property rights and legal certainty, including by modernizing expropriation procedures, improving land-tenure and

²⁴ Through a series of executive decrees and subsequent legislation (*Ley Bases*), the government has repealed hundreds of rules governing prices, trade, procurement, rental markets, and state intervention in private contracts.

²⁵ A new Decree was recently issued formally reducing employer social security contributions for new formal hires under tightly defined conditions, while preserving contributions to the Labor Assistance Fund.

²⁶ Environmental safeguards under the amendments should remain consistent with international best practices. In this regard, investments under RIGI and RIMI in glaciers and periglacial areas should continue to incorporate environmental impact assessments (already envisaged the 2010 National Glacier Protection Law).

ownership frameworks, and strengthening intellectual property rights (also consistent with the recently signed Reciprocal Trade and Investment agreements).²⁷

- **Logistics and infrastructure.** Recognizing the budget constraint, public tenders are being advanced to expand port capacity and modernize the country's transport networks (roads, railways, waterways) to lower trade costs and strengthen competitiveness. For example, tenders for over 9,000 km of roads, including major routes across 14 provinces, are expected to be awarded in stages during 2026 with a positive impact on labor-intensive construction activity. Staff underscored the importance of a public and transparent bidding process to ensure proper risk sharing between the public and private sector (to lower the overall cost of the project, reducing the need for high fees and tolls).

35. While governance reforms are proceeding, a more determined approach would help make the stabilization process more durable.

- **Achievements.** In tandem with deregulation reforms that have significantly narrowed opportunities for rent-seeking, efforts continue to strengthen the transparency of the public procurement and privatization/concession processes and prevent conflicts of interest, including through work on the Public Ethics Bill. In addition, a risk-based AML/CFT framework is being implemented, with thresholds updated to follow inflation and greater focus on higher-risk sectors, including strengthened oversight of VASPs and enhanced fit-and-proper requirements for owners and managers. The Beneficial Ownership Registry is being reinforced through improved reporting, verification, and inter-agency information sharing, and work is underway to develop implementation plans to priority recommendations of the Fund's AML/CFT diagnostics report (*end-December 2026 SB*).
- **Challenges.** Despite these improvements, governance challenges (as also reported by Transparency International Corruption Perception Index), persist, and more determined actions are required to: (i) strengthen the independence of oversight institutions (i.e., Anticorruption Office, Financial Intelligence Unit, Ombudsperson Office, Statistics Agency) and (ii) establish a more robust legal framework to prevent, detect, and sanction corruption. These efforts should be complemented by actions to strengthen judicial independence and capacity to expedite case resolution (see Box 9).

Authorities' Views

36. The authorities view their structural reform agenda as path breaking and critical for durably raising living standards. They consider reforms over the past years to have significantly improved market functioning and reduced excessive regulations and barriers to trade, which previously benefited vested interests at the expense of most Argentines. They plan to deepen the reforms with focus on enhancing labor markets, strengthening investment regimes, and improving infrastructure and logistics. The authorities expect that these reforms will soon boost formal

²⁷ In line with best practices, in March 2026, Argentina repealed overly restrictive pharmaceutical patent guidelines.

employment and FDI, particularly in energy, mining, and increasingly in AI, as Argentina's energy availability, favorable weather conditions, and strong human capital make it an attractive destination. These developments are expected to significantly improve Argentina's balance of payments. In their view, short-term dislocation costs from openness reforms, including free trade deals with the United States and the European Union under Mercosur, are manageable as primary sectors are expected to generate positive employment spillovers to the services sector and other regions. The authorities concur with the need to continue strengthening governance and transparency, including in public procurement and privatization processes. They are exploring ways to further enhance the operational independence of key economic and accountability institutions in line with best practices and are planning to seek technical assistance in this area.

PROGRAM AND SURVEILLANCE ISSUES

37. 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 through end-2026. The Technical Memorandum of Understanding (TMU) clarifies program definitions and the various performance criteria.

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

- *Waiver of nonobservance* for the PC on **NIR** accumulation for the end-2025 test date, based on their consistent policy implementation track record since early 2026, including the introduction by the BCRA of a daily FX purchase plan and adjustments to the exchange rate band system, which is supporting reserve accumulation. These policy adjustments, together with efforts to refinance debt obligations and recent reforms to monetary operations, are expected to ensure compliance with the revised reserve accumulation objectives under the program (see below).
- *Modification of targets.* The **NIR** accumulation target for end-June 2026 is proposed to be lowered to account for the shortfall during 2025, in part reflecting heightened political uncertainties ahead of the midterm elections. That said, reserves are expected to increase steadily through 2026, unwinding most of the end-2025 shortfall of about US\$10 billion. Moreover, in the event of faster-than-expected re-monetization of the economy or stronger-than-anticipated access to foreign exchange markets, NIR accumulation would exceed the revised target (see MEFP ¶19). Over the medium term, gross reserves are expected to reach close to 85 percent of the ARA metric (for countries under a fixed exchange rate regime)²⁸ by 2029, around the end of the program, supported by stable market access and stronger private inflows. Notwithstanding this modification, the policies expected to be in place by end program would ensure that the program remains on track to achieve its goal of a 100 percent ARA metric by the first year after the program period. In parallel, the indicative NDA ceiling for end-June 2026 is proposed to be revised to reflect the updated NIR targets and to provide a moderate buffer to support the normal functioning of the peso debt market. Additional revisions

²⁸ This compares with over 107 percent of the same metric for countries under a fully flexible exchange rate regime.

incorporate updated nominal projections and adjustments to the applicable adjustors in line with revised projections for official budget support disbursements.

- *New PCs are also being proposed* for all relevant indicators for December 2026 and new ITs are proposed for June 2027.

39. *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 MDBs, including the loan guarantees from the World Bank Group, CAF, and IDB, is projected to reach about US\$3 billion this year. Staff also assesses that there are good prospects for renewal of the PBoC swap line, with firm assurances that the activated portion of the swap line falling due mid-2026 would be refinanced.

40. *Capacity to repay.* Argentina's capacity to repay its obligations to the Fund remains subject to exceptional risks and contingent on its ability to strengthen reserve coverage and regain market access in a timely and sustainable manner. Obligations to the Fund are projected to peak at about 8 percent of exports in 2030 and 18 percent of central bank gross reserves in 2027 and remain elevated for several years after the end of the program period, broadly in line with projections at program approval and the first review (Table 12). Argentina's low level of liquid reserves continues to pose risks to its repayment capacity, especially given the very large near-term debt obligations and potential volatility ahead of the 2027 Presidential elections.

41. *Arrears policy (and litigation status).* After long negotiations, agreement was reached in March 2026 with creditors that did not participate in the 2005/2010 debt exchanges or did not settle under the terms offered in 2016, and legislation has been submitted to Congress authorizing associated payments. Regarding the claimants in the UK GDP-warrant case, a final judgment of about €1.5 billion was delivered in October 2024.²⁹ The authorities have held informal meetings with creditors in January 2025 and September 2025. Creditors have communicated to the authorities their principles for addressing the judgment. The authorities have communicated their preference to settle the GDP-warrant issue comprehensively (including being in line with available space under the program's financing envelope, see ¶24) and their intention to do so once arrears to holdout creditors from prior debt restructurings are addressed. With the latter now close to final resolution, they have communicated to staff that they would soon resume discussions with GDP-warrant creditors on this basis. Given the engagement and the authorities' intention to settle arrears to GDP-warrant creditors on a program-consistent basis, staff assesses that good-faith efforts are being made.³⁰ In addition, good faith engagement continues with Mobil Exploration on a repayment plan for principal claims for US\$196 million. External arrears claims that remain under litigation include: (i) Bpifrance Assurance Export, where the agency filed an appeal with the Supreme Court of Justice on December

²⁹ The 2024 UK judgement stemmed from a missed payment for the 2013 reference year, with roughly €300 million already paid in early 2025. The same claimants have also sought (i) in June 2025, that the US courts recognize and enforce the UK judgment; and (ii) in March 2026, an additional UK High Court ruling that Argentina also owes about €1.6 billion under euro-denominated GDP warrants for the 2017, 2021, and 2022 reference years.

³⁰ The 2026 Budget provides the government with authorization to resolve international debt litigations (Article 44).

2, 2022, after the Court of Appeal rejected its extraordinary appeal on statute-of-limitations grounds; and (ii) Titan Consortium, LLC, where a legacy claim remains under litigation on statute-of-limitations grounds. On this basis, staff judges that adequate safeguards remain in place for the use of Fund resources, and that Argentina's reform efforts are not undermined by developments in creditor-debtor relations, including litigation cases abroad.³¹

42. Exchange arrangement and jurisdictional issues. Argentina continues to maintain several exchange restrictions and one MCP subject to Fund approval under Article VIII, Sections 2(a) and 3 (see Annex IV). Staff assesses that these remaining FX restrictions—mainly designed to address legacy import payment backlogs, legacy dividend and debt service payments—and the MCP have been kept in place to ease balance of payments pressures, and supports the authorities' requests for Board approval to maintain them on a temporary basis, intending to eliminate these gradually as conditions allow during the course of the program. In staff's view, these restrictions are temporary in nature, maintained for balance of payments reasons, do not discriminate among members, and the MCP does not give Argentina unfair competitive advantage over other members. During 2023-25, numerous changes have been introduced to the capital flow management measures (CFMs) framework, with the majority focusing on the easing of the controls (see Annex IV).³² Going forward, as CFMs should not substitute for warranted macroeconomic policies, the authorities should proceed with a further liberalization of capital flows as conditions permit.

43. Data Quality and Adequacy. Data quality is broadly adequate for surveillance, albeit with some shortcomings (see Annex V). Improved transparency in the BCRA's balance sheet and financial reporting is a welcome step toward strengthening monetary and financial statistics, as the central bank gradually aligns its practices with national and international accounting standards. Fiscal statistics are also adequate for surveillance, although reporting of below-the-line operations (interest payments on zero-coupon bonds) could be strengthened. Despite broadly adequate coverage, gaps in several areas challenge surveillance. The prolonged delay in updating the CPI has left the methodology outdated and less representative of the current consumption basket. National accounts also suffer from limited granularity and accuracy, partly reflecting an outdated base year. External sector statistics also face limitations, as accrual data outside goods trade is available only quarterly with a three-month lag. Meanwhile, the institutional framework governing INDEC needs to be modernized. Fund staff stands ready to continue to provide technical assistance to support the authorities' efforts to address these shortcomings and improve overall data quality.

³¹ In addition to litigation related to GDP warrants, Argentina faces litigation in New York related to losses by former shareholders of YPF, following its 2012 nationalization. A lower court awarded damages of about US\$16 billion, but the US Court of Appeals for the Second Circuit overturned that judgement in March 2026. Burford Capital has indicated that plaintiffs will seek arbitration before the International Center for Settlement of Investment Disputes.

³² Several measures introduced by the authorities since the start of 2026 are currently being assessed in the context of the Institutional View on Capital Flows.

EXCEPTIONAL ACCESS

44. Staff assesses that Argentina continues to satisfy the four criteria for exceptional access.

- **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 face exceptional balance of payments pressures, reflecting very large FX debt service obligations amid still-negative NIR. While decisive program implementation is expected to pave the way for timely and more sustainable international market access, the Fund's exposure will need to remain above normal access limits for some time, alongside continued support from multilateral and bilateral creditors.
- **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 the proposed baseline, staff assesses that Argentina's public debt remains sustainable in the medium term, but not with high probability (see Annex II). 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. Staff's assessment hinges on sustained implementation of the proposed fiscal consolidation path and a broader set of policies and reforms aimed at gradually reducing inflation, boosting reserve coverage, further compressing spreads, and strengthening Argentina's medium-term growth prospects, while harnessing the country's vast energy and mining 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 an interruption associated with the 2025 midterm elections, Argentina has begun to regain access to FX debt markets, with several issuances of local-law peso- and dollar-denominated sovereign bonds during 2025 and early 2026—including hard-dollar placements through scheduled primary auctions—as well as three repo

agreements between the BCRA and international banks. External pressures have eased following the 2025 midterm elections, reflecting stronger prospects for policy continuity and steps to rebuild reserves, including through the BCRA daily purchase program. Despite a more challenging external backdrop, sovereign spreads have narrowed and a credit rating upgrade has been awarded, while corporates and provinces have managed to issue FX debt at record levels and at more favorable terms. In addition, recent IFI loan guarantees are facilitating cost-effective commercial borrowing, which is expected to serve as a bridge toward market access. Moreover, the authorities are making efforts to resolve remaining arrears in line with the financial program, which would remove a friction to full market access. Staff assesses that sustained implementation of the program—including continued commitment to the fiscal anchor, further refinements to the monetary and FX framework, and growth-enhancing reforms—and recent credit rating upgrades will help further compress spreads, expand the investor universe, encourage the repatriation of resident US dollar assets, and support stable and more favorable access to international capital markets, as envisaged under the program baseline. This assessment remains subject to some timing risks and depends on the evolution of global financial conditions.

- **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.** The 2025 midterm elections strengthened the administration's mandate to advance its reform agenda and improved prospects for policy continuity. The government expanded its representation in Congress, securing the one-third needed to sustain Presidential vetoes and approaching a majority—with allied parties—to pass key structural reforms. Approval of the 2026 Budget (after two years without one), the Fiscal Innocence Bill, the Labor Modernization Law, and amendments to the Glacier Protection Law signal greater governing capacity and willingness to build consensus on difficult but necessary reforms. Meanwhile, recent decisive steps to enhance the monetary operations and rebuild reserves—following adjustments to the exchange rate band and the introduction of a daily reserve purchase program—have supported a narrowing of spreads and improved prospects for durable market access. More generally, impressive stabilization gains over the past two years, anchored on the unwavering commitment to the fiscal anchor and deregulatory reforms, underscore the authorities' strong program ownership. Maintaining social and political support will require continued targeted assistance and policies to mitigate reform-related adjustment costs, especially given recent weaknesses on the job creation front. While these factors support prospects for program success, the assessment remains subject to risks from the challenging global environment and Argentina's longstanding socio-political complexities, which could be amplified ahead of next year's Presidential elections.

ENTERPRISE RISKS

45. Fund enterprise risks remain elevated. Sustained fiscal discipline, market-oriented reforms, and recent refinements to the monetary and FX policy frameworks are helping to entrench stability and rebuild external buffers following setbacks during 2025. Meanwhile, the government's enhanced governing capacity since the 2025 midterm elections points to reform continuity. Prospects for more stable market access to local and international markets have also improved, as well as for longer-term capital inflows, given vast opportunities in energy, mining and the agricultural industry. That said, the macroeconomic situation remains fragile—inflation is still high and reserve coverage is weak—limiting Argentina's capacity to manage new shocks or an intensification of existing ones, including those related to the war in the Middle East. As such, financial risks for the Fund remain significant, especially considering Argentina's significant near-term FX obligations and continued path ahead to market access. Policy implementation challenges and reform fatigue could emerge, especially if disinflation, growth, and employment do not strengthen ahead of the 2027 Presidential elections. This could also pose reputational risks, as the Fund program could be perceived as insensitive to social and employment conditions and short-term dislocation costs associated with macroeconomic adjustments and reforms. These risks, however, are being mitigated by the program's strong ownership, the focus on reforms to secure timely and sustainable market access, the commitment to implement contingency plans should shocks re-emerge, and the intention to continue to protect the most vulnerable.

STAFF APPRAISAL

46. Since end-2023, Argentina's stabilization program has yielded many impressive results. The establishment and sustained implementation of a credible fiscal anchor along with decisive reforms to deregulate and liberalize the economy, correct relative price misalignments, and ease distortive restrictions and controls have delivered a sharp decline in annual inflation (from triple to double digits), the first fiscal primary surpluses in years, and important foreign direct investment announcements. Refinements to the monetary and FX framework have continued, supporting exchange rate flexibility as well as improvements in the central bank balance sheet. These policies are gradually helping to improve living standards, which together with expanded and better targeted social support, have substantially reduced poverty levels.

47. Progress has been slower in the critical area of rebuilding external buffers, and vulnerabilities remain, as evidenced by recent shock-related setbacks. Staff's preliminary assessment suggests that Argentina's external position remains weaker than the level implied by medium-term fundamentals and desirable policies. Early program delays in rebuilding buffers interacted with heightened political uncertainties ahead of the October midterm elections to trigger large and rapid dollarization by residents, weighing on external and domestic stability. Unprecedented support from the U.S. Treasury's ESF helped stabilize the situation, but net international reserves fell well short of program targets, disinflation stalled, and real GDP and employment growth slowed, also reflecting tighter monetary conditions.

48. Policy implementation has firmed up since the 2025 midterm elections, although sustained progress will be required. Staff welcomes the recent refinements to the monetary and FX framework, anchored on enhanced exchange rate flexibility and a daily reserve purchase program that is helping rebuild external buffers and narrow sovereign spreads. Structural reforms have deepened, with improved governance facilitating congressional approval of the 2026 Budget, the Fiscal Innocence Law, the landmark Labor Modernization Law, and amendments to the Glacier Protection Law. Maintaining this progress will be critical to strengthen confidence, mitigate the impact of shocks, and support steady market access. Importantly, consistent with lessons from other successful stabilization cases, a more balanced approach that better balances disinflation, external sustainability, and growth objectives will be required, including to secure broad support for the program.

49. The fiscal anchor must remain the cornerstone of the stabilization plan, with increased emphasis on improving its efficiency and credibility. Staff supports the authorities' commitment to maintaining a generally unchanged federal government primary surplus of about 1½ percent of GDP in 2026, consistent with their overall cash balance target. The continued spending restraint is commendable, especially in rationalizing subsidies, wages, and transfers to SOEs, which will be necessary to offset the impact of lower taxes and new congressional spending initiatives. Over time, priority should shift toward: (i) improving the simplicity, efficiency, and equity of the tax system; (ii) strengthening the sustainability of the pension system; and (iii) enhancing the fiscal framework, including institutionalizing the fiscal rule and better align fiscal discipline incentives at the subnational level. These reforms would help support the necessary fiscal consolidation over the medium term to strengthen public and external debt sustainability.

50. The monetary framework should continue to evolve to support disinflation in the context of enhanced exchange rate flexibility. Staff welcomes steps taken to strengthen the monetary framework, including through clarification of operational targets, improvements in policy communication, and strengthening of liquidity management aimed at containing volatility in the money market rates. Over time, and as disinflation continues and financial markets deepen, the central bank should continue to move toward even greater exchange rate flexibility, while gradually increasing its reliance on interest-rate-based policy tools, and inflation as the nominal anchor to better guide expectations. These efforts should also be accompanied by steps to strengthen the central bank's institutional framework and to deepen local capital markets, while mitigating vulnerabilities from FX and maturity mismatches.

51. Proactively rebuilding reserves and securing stable market access should remain priorities. Recent reserve purchases by the central bank are noteworthy and should be maintained to better manage a more uncertain global backdrop and the likely volatility associated with next year's Presidential elections. Reserve targets should be exceeded as conditions permit. These purchases should be complemented by measures to access domestic and international capital markets in a sustained manner to refinance large near-term principal obligations and reduce debt vulnerabilities. Recent domestic FX debt issuances and externally financed commercial loans supported by official guarantees have helped ease near-term financing pressures. Going forward,

these efforts will need to be complemented by a more proactive strategy to broaden the investor base, building on recent credit rating upgrades, and re-access international capital markets in a timely and more sustainable manner—consistent with a gradual reduction in exposure to the Fund and other senior creditors. Sustained progress on FX purchases and market access, together with continued prudent macroeconomic policies and structural reforms, should help underpin a further compression of sovereign spreads and a strengthening of Argentina’s external position.

52. Structural reforms should be deepened to boost growth, employment and unlock Argentina’s export potential. Staff welcomes the noteworthy progress in deregulating and opening the economy, which has already improved the functioning of key markets and enhanced competition, as well as labor reforms aimed at promoting formal employment and enhancing labor market flexibility. It acknowledges critical trade agreements with the United States and the European Union under Mercosur, as well significant FDI announcements, which are expected to boost Argentina’s vast export potential in agriculture, energy and mining. It also welcomes ongoing efforts to strengthen investment and property right frameworks, reduce logistics costs, and improve legal certainty. Going forward, it will be important to strengthen the independence of oversight institutions (including the statistical agency), enhance transparency in procurement and privatization, and improve judicial effectiveness and anti-corruption frameworks. Meanwhile, efforts to support vulnerable and displaced workers should also take priority.

53. Contingency planning will continue to be critical in managing rising volatility. While Argentina, as an emerging net energy exporter, has weathered well the initial impact of the war in the Middle East, further tightening of global financial conditions could require policy adjustments to enable Argentina to manage these shocks, with exchange rate flexibility becoming the first line of defense. Importantly, Argentina should use the current window of opportunity to strengthen resilience well ahead of next year’s presidential elections by rebuilding reserves and extending the duration of near-term debt obligations, while avoiding over-reliance on official financing and currency appreciation for near-term disinflation purposes. Finally, over the medium term, efforts will be required to effectively manage the potential windfall from energy and mining.

54. Staff supports the completion of the Second Review under the Extended Arrangement under the Extended Fund Facility. Staff also supports the authorities’ requests for (i) waiver of nonobservance given implementation of strong corrective actions and forward-looking policy commitments; and (ii) for modification of performance criteria. Staff recommends completion of the financing assurances review, in view of Argentina’s continued good faith efforts to resolve its external arrears. It will be important that engagement with creditors continues consistent with LIA requirements to help underpin the next financing assurances review. Staff further supports the authorities’ request for an extension of Board approval to maintain the exchange restrictions and MCPs identified in this report (Annex IV).

55. It is expected that the next Article IV consultation will take place on a 24-month cycle.

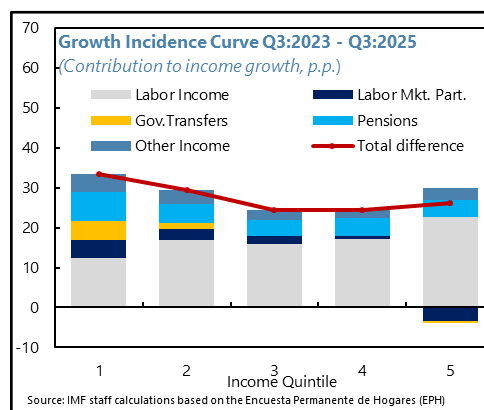
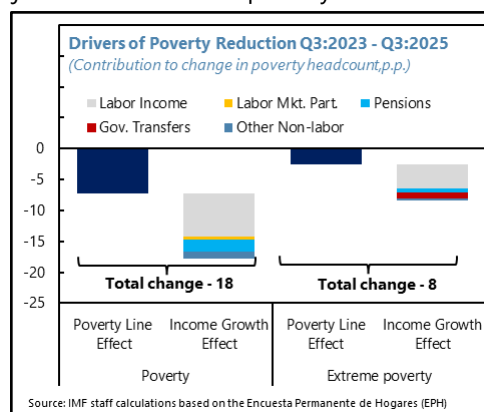
Box 1. Poverty Reduction: Progress and Challenges

This box examines the key factors behind the remarkable reduction in poverty and extreme poverty rates since late 2023 and discusses the challenges to sustain this progress.

Poverty has declined markedly over the past two years, reflecting lower inflation, higher real incomes, and enhanced government transfers. After rising to over 50 percent in H1:2024, poverty rates declined sharply to below 30 percent by Q3:2025, with comparable improvements in extreme poverty. Declines were particularly pronounced among households with children (over 20 percent) and those with informal sector workers (about 25 percent). These developments reflect both adjustments in the real poverty line and broad-based gains in real incomes, with real per-capita incomes in the bottom quintile increasing by about 33 percent between Q3:2023 and Q3:2025, compared with 26 percent in the top quintile, driven by a combination of factors:

- **Relative inflation effect.** The cost of the basic consumption basket (which is more skewed towards food goods than other goods and services) rose less sharply than headline inflation (270 percent vs. 307 percent) enabling households near the poverty line to move above it. This effect explains roughly 40 percent (7.3 p.p.) of the decline in the poverty headcount.
- **Labor income.** Improvement in labor income contributed the most to poverty reduction, accounting for 42 percent of the total decline (7.5 p.p.). While labor income growth was similar across the income distribution, its drivers differed: at the lower end of the distribution, income growth was driven by an increase in the number of employed household members, whereas at higher end gains reflected stronger growth in earnings per worker.
- **Pensions.** Real pension income contributed significantly to income growth among lower-income older households, reflecting the new lagged inflation indexation formula and continued use of bonuses targeted at pensioners receiving the lowest benefits. Pensions explain about 2 p.p. of the decline in poverty, with a smaller impact on extreme poverty (which are concentrated primarily among younger households with dependents).
- **Government transfers.** Enhancements in the targeting of government transfers were critical to secure adequate support among the poorest households. Transfers accounted for about 6 percentage points of income growth in the bottom decile and played a larger role in reducing extreme poverty (0.9 p.p.) than in lowering overall poverty (0.1 p.p.). Without government transfers, poverty in Q3:2025 would have been 2.7 p.p. higher and extreme poverty 3.5 p.p. higher.
- **Other non-labor incomes.** Other non-labor income, including remittances and imputed housing income, accounted for about 6 percent (1.2 p.p.) of the decline in both poverty and extreme poverty.

Vulnerabilities remain, and continued efforts will be essential. Despite these important improvements, large intergenerational inequities remain (poverty rates for households with children are roughly 25 p.p. higher than among households without children), with informality and labor market segmentation adding to challenges (poverty rates for households with informal workers are 10 percent higher than for households where all workers are employed in the formal market). Sustaining recent gains will require not only continued disinflation but also continued efforts to strengthen/recalibrate the safety net (with greater emphasis on worker retraining and targeted childcare support to help ease care constraints and support labor-force participation) and enhance employment among the poor. The latter is especially important in the context of the economy's structural transformation, where employment opportunities are shifting towards primary sectors (agriculture, mining, and energy) and periphery regions. Around 40 percent of country's poor population lives in the greater Buenos Aires area.



Box 2. Key Elements of the Labor Market Reform

This box summarizes the main elements of the recently approved Labor Modernization Bill, which aims to support labor market flexibility and formal job creation, especially as the economy becomes more open.

Key elements. The reform introduces various legal changes to Argentina’s rigid labor structure, affecting dismissal costs, work organization, collective bargaining arrangements, and labor-related litigation, alongside temporary incentives for labor formalization.¹ Specifically:

- *Severance pay framework.* The reform redefines the severance calculation base by excluding non-core wage components (such as the thirteenth salary, bonuses, tips, overtime, and performance-related payments). It also introduces an explicit cap equivalent to three times the applicable collective-agreement wage and a statutory minimum floor set at 67 percent of salary (or one monthly wage).
- *Indexation and payment of severance awards.* The law codifies a uniform statutory indexation rule for court-awarded severance, updating amounts by inflation plus a fixed annual rate of 3 percent, replacing reliance on judicially determined update mechanisms. It also allows courts to authorize installment payments—up to six months for large firms and up to twelve months for SMEs.
- *Labor Assistance Fund (FAL).* Mandatory employer contributions to individual, non-attachable accounts have been introduced to help prefund severance obligations, set at 1 percent of payroll for large firms and 2.5 percent for SMEs, under market-regulator oversight.
- *Regime for Incentives for formal employment (RIFL).* The reform introduces a temporary one-year reduction in employer social-security contributions for newly hired or newly formalized workers transitioning from informality, self-employment, or public employment, with employee contributions unchanged.
- *Working time and work organization.* The law expands flexibility in work organization by allowing daily working hours of up to twelve hours, subject to a mandatory twelve-hour rest period, and by enabling hour banks, compensatory time arrangements, and part-time contracts below the statutory workday.
- *Collective bargaining structure.* Firm-level or regional agreements would take precedence over sector-wide agreements. The reform limits an automatic continuation of expired collective agreements and authorizes the executive to intervene in bargaining processes in cases of severe economic distortions.
- *Union financing.* Compulsory union dues are maintained for affiliated and non-affiliated workers but are subject to a temporary cap of 2 percent of monthly wages for two years, while mandatory employer-chamber contributions are capped at 0.5 percent.
- *Digital platforms.* Platform workers are explicitly classified as independent contractors operating under service contracts rather than standard employment relationships.
- *Labor justice and litigation.* Court- or authority-approved settlements are granted the force of final judgments, and legal and expert fees are capped at 25 percent of awarded amounts, reducing procedural uncertainty and litigation costs.

Assessment. The reform represents a major step toward improving labor market flexibility and incentives for formality, especially as the economy deregulates and opens to trade. That said, the impact of this reform will depend on regulatory implementation and judicial interpretation, with full effects materializing gradually and over the medium term (see [Selected Issues Paper](#), Chapter 4).

¹ The law also includes some elements beyond labor issues, including tax incentives for certain sectors and a two-year Regime of Incentives for Medium-Sized Investments (RIMI).

Box 3. Economic Spillovers from the War in the Middle East

While Argentina's net energy exporter status should continue to mitigate the impact of the war in the Middle East, spillovers to inflation and from tighter global financial conditions could challenge the stabilization process if the conflict becomes more severe and protracted.

Greater resilience. While there are limited direct linkages to the Middle East, Argentina is exposed to global energy-market disruptions via prices, key imported inputs (such as fertilizers), and changes in market risk sentiment. In contrast to the 2022 war in Ukraine, Argentina now faces this shock as a net energy exporter, with stronger fundamentals and a more flexible exchange regime helping underpin confidence.

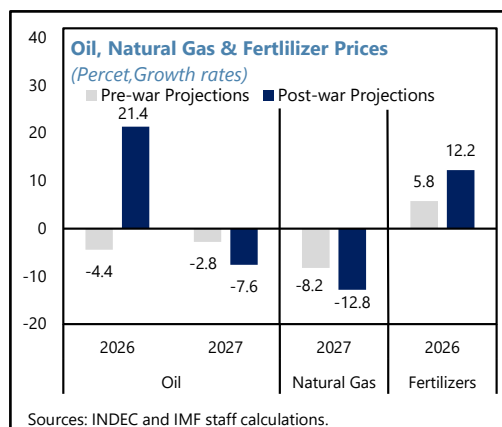
Multi-channel external shock. Direct spillovers from the war—higher global energy, fertilizer, and food prices—raise inflation yet improve Argentina's terms of trade, with ambiguous implications for growth. Indirect spillovers could arise through weaker global demand and broader cost pass-through which may slow disinflation and growth dynamics. Financial-market spillovers would imply tighter global financial conditions, although the impact on Argentina has been contained thus far.

Implications of scenarios. To assess the impact of the shock, two scenarios are constructed: a baseline, which assumes a 25 percent increase in oil prices this year, which moderates into next year, and an adverse scenario, which assumes a larger and more persistent shock (see April 2026 WEO, Chapter 1).

	2026			2027		
	Pre-war	Post-war Baseline	Post-war Adverse	Pre-war	Post-war Baseline	Post-war Adverse
Real GDP growth (percentage change)	4.0	3.5	3.0	4.0	4.0	3.5
End-of-period inflation (percentage change)	22.5	25.0	28.0	12.5	12.5	15.0
Current account balance (percent of GDP)	-1.1	-0.8	-0.6	-0.6	-0.6	-0.5

Source: IMF staff calculations.

- Growth.** The near-term growth impact is assessed to be broadly neutral in the baseline, with higher energy costs offset by improved terms of trade and more frontloaded production and investment in the oil and gas sector as diversification of global energy sources accelerates. Under the adverse scenario, indirect and risk-off spillover effects could lower growth by about ½ percentage points in both 2026 and 2027.
- Inflation.** Despite a marked decline in annual inflation, monthly inflation remains sticky and expectations are less anchored than in peer countries. Higher energy and food prices could therefore raise inflation by 1-4 ppts over 12 months under the baseline, and by around 5 ppts under the adverse scenario.
- External.** The external impact is expected to be net positive, with the current account deficit narrowing to 0.8 and 0.6 percent of GDP under the baseline and adverse scenarios, respectively. This reflects higher hydrocarbon exports, partially offset by higher LNG and fertilizer imports. Slightly higher grain prices, notably for soy, could also provide a modest boost to the external account, along with lower outbound tourism (given higher air travel costs).
- Fiscal.** The fiscal impact is expected to be broadly neutral. Overall, while higher oil and gas prices may lead a temporary increase in energy subsidies (even if planned tariff adjustments continue), this is expected to be largely offset by higher grain and oil prices, which are expected to boost export tax revenues (see below). In any case, the government is expected to maintain its zero overall balance anchor.



Limited policy reaction. Unlike past episodes, higher world commodity prices are being passed through to the consumers. However, a few targeted measures have been introduced with no implications for the fiscal anchor. Specifically, the authorities have temporarily (i) raised export taxes on conventional crude oil (from 3.36 to 8 percent), in line with the previously established adjustment formula; (ii) postponed the planned increases in fuel excises, partly offset by fuel export taxes; and (iii) implemented a 45-day freeze on fuel prices, following a 20 percent increase. This temporary freeze is expected to be financed by energy companies, with refiners paying lower prices and recording future credits to producers.

Box 4. Energy Subsidy Reform

This box describes the evolution of the energy subsidy framework and recent reforms aimed at creating a more unified and better-targeted architecture.

Energy subsidies have fallen sharply in recent years. The energy subsidy bill has fallen from about 1.5 percent of GDP in 2023 to around 0.6 percent in 2025. The reduction reflects adjustments in electricity tariffs (60 percent of the decline) and natural gas tariffs (7 percent), as well as lower natural gas supply costs (33 percent), partly reflecting greater reliance on cheaper domestic production.

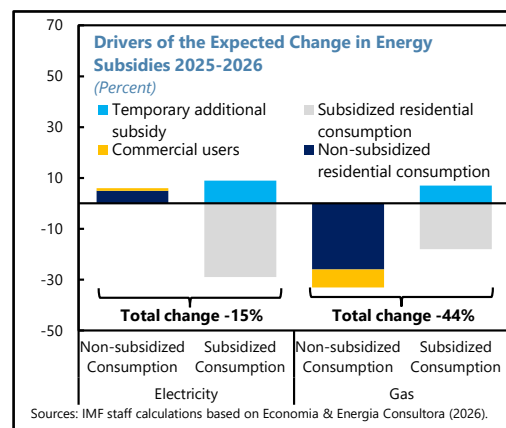
Pre-2024. Energy subsidies were delivered via administratively set tariffs with limited targeting. Although a multi-tier classification of residential users formally guided access to subsidized tariffs—the three groups included low-income households (N2), vulnerable middle-income households (N3), and higher-income households (N1)—subsidies remained widespread in practice. Additional schemes, including geographically targeted benefits such as the “cold zone” regime and the bottled LPG program “Programa Hogar” further added to the complexity of the scheme, diluting targeting.

2024-25. Tariffs were raised and eligibility rules were tightened within the multi-tier structure. In parallel, the reform of the wholesale electricity market allowed large industrial, commercial, and institutional users (GUDIs) to procure electricity through bilateral contracts at market terms (by November 2025 they ceased to receive subsidies). While these measures reduced subsidy coverage, they did not eliminate it, and the underlying system remained complex and uneven in its distributional effects.

The new framework (2026). A new energy subsidy framework was introduced in January 2026, replacing the previous multi-tier structure with a unified national architecture, designed to simplify administration, strengthen targeting and improve fiscal control. The main design features are as follows:

- *Binary eligibility.* Households are classified as either eligible or not for energy subsidies.
- *Eligibility based on verifiable criteria.* Self-declared income is assessed alongside asset ownership and vulnerability indicators using cross-checks with administrative databases.
- *Unified beneficiary registry.* A single national registry of beneficiaries was established not requiring re-registration, although households are free to update their information.
- *Standardized electricity tariff structure and regionally differentiated consumption blocks.* Eligible households receive a 50 percent subsidy on a basic monthly consumption block—up to 550 kWh in very hot regions, 370 kWh in hot regions, and 300 kWh elsewhere during high-demand periods, yet only up to 150 kWh during low-demand periods. Consumption above these thresholds is charged at full cost.
- *Geographic differentiation and expanded coverage for gas.* Subsidized gas consumption blocks are maintained and differentiated by region, while a bill was submitted to narrow eligibility for “cold zone” subsidies. Coverage is extended to propane users, including bottled LPG.
- *Temporary transition subsidy in 2026.* An additional temporary subsidy of up to 25 percent applies during 2026. This top-up is expected to be reduced gradually—by around 2 percentage points per month.
- *Seasonal smoothing of gas tariffs.* Gas tariffs are annualized to reduce seasonal volatility while preserving annual cost recovery.

The recent reform is expected to further reduce subsidy spending. Under the current baseline, electricity subsidies are projected to decline in 2026 by about 15 percent relative to 2025 levels as the subsidized consumption block is reduced. Meanwhile, natural gas subsidies are projected to fall by about 44 percent as tariffs move closer to supply costs and subsidies are provided only during winter months. Overall energy subsidy spending is projected to decline by about 0.1 percentage points of GDP during 2026, although these savings may not fully materialize depending on the evolution of local and global energy prices and demand conditions.



Box 5. Pension Reform Considerations

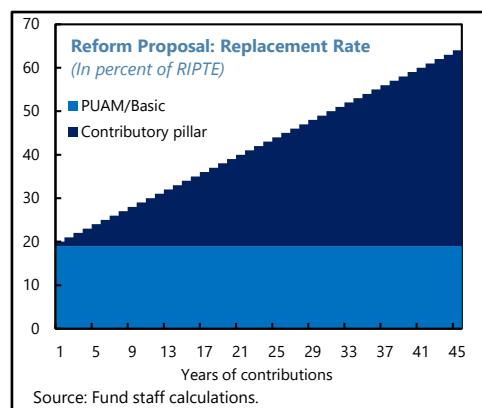
This box presents a diagnostic of the main challenges facing Argentina's pension system and discusses potential reforms to strengthen its sustainability, equity, and efficiency.

Argentina's pension system is relatively generous and provides broad coverage. The system operates as a public pay-as-you-go scheme (SIPA) that has undergone several reforms over the past three decades. Coverage has expanded through repeated pension moratoria—most recently in 2023—and the introduction of a Universal Pension for the Elderly (PUAM) in 2016, which provides a basic benefit to older individuals without sufficient contribution histories.

Despite broad coverage, the system is fiscally unsustainable, reflecting structural weaknesses that weaken contribution incentives, create inequities, and generate persistent fiscal pressures. Links between contributions and benefits are weak, with a high degree of fragmentation and existence of special regimes. Workers with fewer than 30 years of contributions receive a flat benefit equivalent to about 20 percent of the average formal wage, while those reaching the vesting threshold receive replacement rates exceeding 50 percent. Numerous special regimes and repeated moratoria, allowing workers to regularize missing contributions ex post, further weaken incentives to contribute and blur the distinction between contributory and non-contributory pensions. As a result, contribution density remains low and the system faces a persistent financing gap, with pension spending averaging about 8½ percent of GDP in recent years while contributions have remained close to 4¼ percent of GDP, requiring sizeable budget transfers. While recent changes to the pension indexation formula (linking benefits to past inflation) have moderated spending (making it also more predictable), demographic pressures and structural weaknesses are expected to widen financing gaps over the medium term under unchanged policies.

A comprehensive pension reform should strengthen incentives to contribute, improve equity across workers, and enhance the system's long-term sustainability, including by better aligning the system's internal rate of return with its natural rate of return. Recommendations include:

- *Separate contributory and non-contributory pensions.* Integrating the PUAM and the basic pension into a unified non-contributory pillar financed from general revenues, while preserving SIPA as the contributory pillar, would enhance transparency and equity.
- *Strengthen the link between contributions and benefits.* The current 30-year vesting threshold creates sharp discontinuities in benefit entitlements. Moving toward proportional accrual of pension rights would strengthen contribution incentives and support a gradual phase-out of moratoria.
- *Expand the contribution base.* High labor informality and the expansion of simplified tax regimes have weakened contribution density and widened disparities in contribution effort across workers. Measures that promote formal employment could help broaden the base. Reforms aimed at reducing labor tax wedges should be carefully designed to avoid eroding pension revenues. Increasing contribution requirements for simplified regimes would also help, while reducing disparities.
- *Simplify and harmonize pension regimes.* Argentina's system currently includes more than 200 regimes with differing eligibility rules and benefit formulas, contributing to inequities and administrative complexity. Gradual harmonization of special and provincial regimes with the national system (SIPA) would help reduce disparities, simplify administration, and strengthen fiscal sustainability. Fiscal agreements with provinces could support the alignment of provincial regimes with SIPA.
- *Align retirement parameters with demographic trends.* Gradually linking the statutory retirement age to increases in life expectancy, and harmonizing retirement ages between men and women, could help preserve a stable balance between working life and retirement.



A successful pension reform will require early technical preparation, careful sequencing (addressing early the informality gap), and clear communication. International experience shows that transparent fiscal projections, well-defined transition rules, and coordination with ongoing labor-market and tax reforms are essential to ensuring the support and durability of reforms.

Box 6. Strengthening Argentina's Fiscal Framework

This box highlights how the institutionalization of the fiscal anchor could strengthen its credibility and durability.

Cross-country experience. Fiscal frameworks can support responsible fiscal management and help ensure debt sustainability. Empirical studies show a positive correlation between the adoption of fiscal rules and improved macroeconomic outcomes (see Acalin et al, 2025).¹ Several regional peers have also successfully established strong fiscal frameworks (as part of their stabilization program), which have been key to enhancing policy credibility. These frameworks have tended to include a budget balance rule, an expenditure rule, and a debt ceiling, as well as an independent fiscal council and the publication of a medium-term fiscal framework (MTFF).

Argentina's past unsuccessful efforts. Argentina adopted its first fiscal responsibility law (FRL) in 1999, yet the framework has been frequently modified (in 2001, 2004, and 2017) and suspended for prolonged periods (over 2009-17 and, again, since 2020). The framework carried important shortcomings, including:

- *Inadequate rules.* While the now suspended framework included rules on primary expenditure and public employment growth, it did not include binding deficit and debt limits and had no escape clauses.
- *Weak oversight.* The Federal Responsibility Council (CFRF), which was established in 2017 with the mandate to monitor fiscal performance and compliance with the FRL, lacks the operational independence to assess compliance and impose sanctions, as it consists of representatives from the Minister of Economy and provinces. Meanwhile, provincial fiscal reporting has weaknesses and their adherence to fiscal rules has been voluntary, with fiscal coordination between the federal and provincial government instead taking place through annual less-binding Fiscal Pacts.
- *Limited medium-term planning.* The budget process lacks a medium-term perspective on fiscal goals and risks to guide annual budgets and enhance transparency (the last MTFF was published in 2018).

A new opportunity to strengthen Argentina's fiscal framework. Drawing on past lessons, and against the backdrop of the Milei administration's track record of fiscal discipline, the establishment of a congressionally approved rule will enhance the durability and credibility of the zero overall balance fiscal anchor. This would complement the draft law prohibiting monetary financing and budget deficits, with penalties for non-compliant officials. The enhanced fiscal framework should seek to:

- *Enhance legal predictability.* The zero-deficit rule should be embedded in the FRL, and the FRL's legal hierarchy elevated above ordinary laws to reinforce its permanence and reduce discretionary suspensions.
- *Establish a medium-term fiscal anchor.* Consideration should be given to introducing a medium-term gross debt ceiling, consistent with debt sustainability objectives.
- *Recording of interest payments.* In line with best practices, capitalized interest should be recorded above the line, and its impact fully incorporated when linking the fiscal balance targets to a medium-term debt ceiling.
- *Reinforce independent fiscal oversight.* An independent fiscal council—staffed by independent fiscal experts and endowed with operational autonomy and sufficient resources—should be created to evaluate macro-fiscal forecasts, review the consistency of budget preparation and execution, and monitor adherence to fiscal rules.
- *Strengthen medium-term fiscal transparency, predictability, and accountability.* Publication of a MTFF should be resumed, with an explanation of the fiscal strategy and at least 3-year projections for the fiscal balance and debt, accompanied by a comprehensive fiscal risk statement and ex-ante mitigation measures.
- *Enhance coordination with provinces.* Strengthen monitoring of subnational fiscal performance and align the zero-deficit target across levels of government, while ensuring that FX borrowing is primarily used to refinance external obligations and remains consistent with provinces' fiscal capacity and ability to generate FX revenues.

Over time, the framework could also include rules that enhance counter-cyclicality and allow for escape clauses. Specifically, an expenditure growth ceiling (linked to long-term GDP growth) could also be considered to reduce procyclicality, and an escape clause could be introduced—with narrowly defined triggers, requiring consultation with the independent fiscal council, and a pre-announced correction path within a well-defined timeframe. This would allow responses to shocks while preventing ad hoc suspensions of the rule.

¹ Acalin, J., V. Alonso-Albarran, C. Arroyo, W. R. Lam, L. Martinez, A. D. M. Nguyen, F. Roch, G. Sher, and A. Solovyeva (2025). "Fiscal Guardrails against High Debt and Looming Spending Pressures", *Staff Discussion Notes* 2025/4.

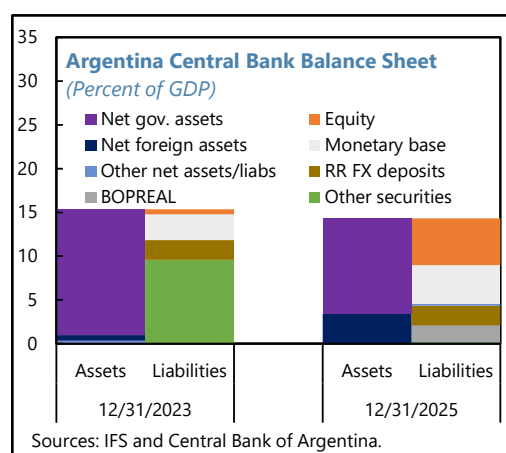
Box 7. BCRA’s Balance Sheet and Governance Structure, Future Challenges

This box reviews progress in strengthening the BCRA balance sheet, outlines recent developments in the net FX position, and discusses scope for improving BCRA governance.

BCRA Balance Sheet

Since end-2023, the BCRA’s balance sheet has been strengthened, mainly on the liability side. The Milei administration inherited a dangerously weak central bank reflecting years of fiscal dominance—low-quality government securities had replaced foreign reserves as the dominant asset, while peso remunerated liabilities were growing exponentially. In the early phase of the administration, financial repression (negative real interest rates) in the context of strict capital controls reduced the stock of central bank peso securities in real terms. During mid-2024, BCRA securities were replaced with short-term Treasury paper (LECAP and LEFIs) with the government assuming the interest costs of monetary policy. The BCRA’s comprehensive income became structurally positive, as nominal yields on its assets far exceeded the carry cost of its liabilities, the bulk of which were unremunerated (the monetary base and government peso deposits). The BCRA’s net equity position rose accordingly to about 5½ percent of 2025 GDP, enabling a dividend payment of about 2 percent of GDP in April 2025, also supported by fiscal improvements and the elimination of direct monetary financing of the budget.

However, vulnerabilities remain, on account of the still deeply negative net FX position. Early progress in rebuilding reserves stalled in late 2024, and reserve drains intensified during 2025 on account of political uncertainties, although a recovery is now underway. Net FX reserves, excluding the new IMF program (a liability of the central government), currently stand at around negative US\$10 billion as FX assets (around US\$45 billion) are more than offset by short-term liabilities, comprising regulatory deposits of banks (US\$18 billion), swaps with the PBoC and BIS (about US\$20 billion), and liabilities of the deposit guarantee fund (US\$2 billion). The net FX position, including liabilities with maturities beyond 12 months is lower, reflecting a combination of Repos and *Bopreals* issued to address the import payment backlog (about US\$13 billion).



Sustained improvements in the balance sheet will require policies to encourage re-monetization and reserve accumulation. A strengthening in money demand will permit the unsterilized reserve accumulation and improve the government’s market access prospects, including to refinance repo obligations (issued by the BCRA to meet the FX debt service obligations). Importantly, new unrealized gains distributed to the government should only be used to recapitalize the BCRA, including through buybacks of non-tradable Treasury securities (NTTS).

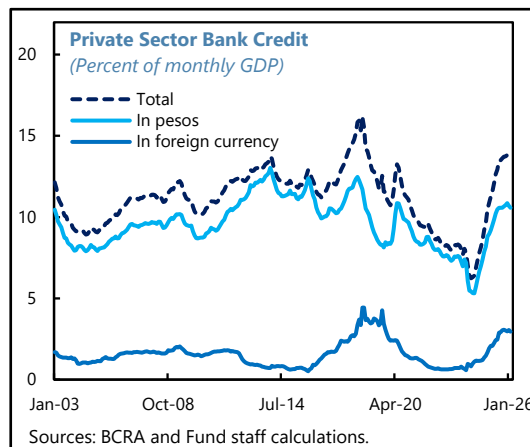
BCRA Governance. While steps have been taken to improve internal audit independence and quality as well as risk management capacity and the information technology security framework, further work is needed in other dimensions

- **In line with international best practices, over time, the BCRA charter should be amended to strengthen the central bank’s autonomy and mandate.** Such reforms should reinforce institutional safeguards that protect policy independence, clarify the central bank’s objectives, and enhance accountability and transparency. Strengthened governance arrangements would help reduce vulnerabilities to fiscal dominance, support effective oversight, and underpin policy credibility.
- **Financial reporting should be further aligned with international standards.** While transparency has improved, including through adequate valuation practices for government securities and risk disclosures, further progress would help ensure the consistent application of accounting policies and strengthen the credibility of the BCRA’s financial statements. A transition to International Financial Reporting Standards (IFRS), with the use of Argentine Professional Accounting Standards (NCP) as an interim framework, would support sustainable transparency.

Box 8. Argentina’s Financial Sector: Challenges and Opportunities

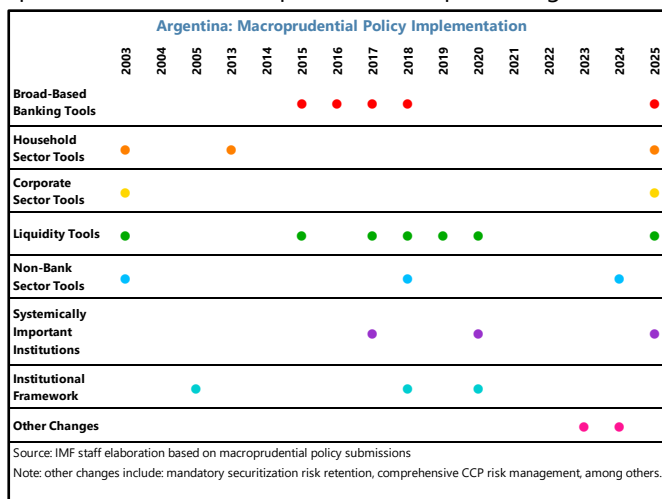
This box describes Argentina’s financial system and outlines policy priorities to consolidate the ongoing financial deepening process.

Argentina’s financial system remains shallow, reflecting years of high inflation and financial repression. Bank credit to the private sector has rebounded—from about 5½ percent of GDP in early 2024 to around 10 percent in 2025—supported by reduced public borrowing and the removal of distortions, while FX credit has risen to about 3 percent of GDP. Nonbank credit providers (NBCPs), mainly fintechs (notably digital wallets) and credit card issuers, have expanded rapidly but remain small (about 1.4 percent of GDP). Asset quality has weakened amid high interest rates and volatility, especially in consumer lending, but the banking system remains resilient, supported by strong capital and liquidity buffers and broadly Basel III-aligned frameworks. NBCPs exhibit higher delinquency rates (around 25 percent), and growing linkages with banks and mutual funds pose potential spillover risks.



Policy priorities are to safeguard stability while supporting credit deepening. FX lending by banks should remain limited to borrowers with natural hedges and supported by strict currency-matching requirements, alongside robust stress testing and adequate capital and liquidity buffers for FX exposures. Oversight of NBCPs should be strengthened—through improved data, closer risk monitoring, and proportional prudential requirements for larger providers—to contain spillovers while preserving financial inclusion (see also April 2026 GFSR).

Capital markets remain underdeveloped and short-term oriented, with limited long-term savings instruments and a narrow investor base. They have contracted in real terms since 2018 and lag regional peers, reflecting that a large share of domestic savings remains outside the formal financial system. Until 2024, firms generally avoided securities issuance due to macroeconomic instability and weak investor demand. Activity is concentrated among banks, insurers, and mutual funds focused on short-term instruments, alongside retail investors accessing markets via fintech payment service providers (PSPCPs), which channel funds into mutual funds.



The absence of long-term funding reflects structural weaknesses in the pension system—including financial unsustainability, repeated policy changes, and low coverage due to informality—which have eroded confidence over time. The FGS holds assets of about 11 percent of GDP.

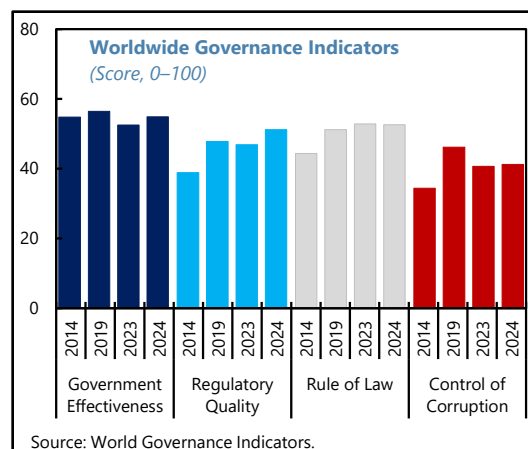
Recent reforms have streamlined regulations and broadened participation. The CNV has simplified issuance rules and expanded access to private placements and foreign funds, while Treasury instruments have been diversified to attract retail U.S. dollar savings through ALyCs, supporting issuance growth. Money market fund regulations have also been eased to enhance liquidity management, particularly for fintech wallet balances. Further progress will require sustaining macroeconomic stability, removing distortionary taxes, expanding long-term savings vehicles (including pension and insurance reforms while reassessing the FGS’s role), facilitating foreign investor access, developing SME financing instruments, and strengthening CNV’s risk-based supervision and market infrastructure. Moreover, stable access to international capital markets will play a crucial role in supporting broader domestic capital market development.

Box 9. Assessment of Economic Governance and Anti-Corruption Frameworks

This box reviews recent progress in strengthening governance and anti-corruption frameworks and outstanding challenges.

Recent Reforms

Since December 2023, the authorities have advanced an ambitious reform agenda focused on fiscal consolidation, deregulation, and scaling back the state's economic footprint. Measures include eliminating the fiscal deficit, streamlining social programs by reducing intermediaries, gradually lifting foreign exchange controls and multiple exchange rates, and repealing extensive regulations. Market entry and trade procedures have been simplified, licensing and discretionary approvals curtailed, and firm-state interaction points associated with bribery risks reduced, increasing competition and shifting the regulatory environment toward a more rules-based and even-handed framework. Overall, these reforms have lowered discretionary spending and administrative controls that historically facilitated rent seeking and corruption by vested interests.¹



Remaining Challenges

Despite these reforms, governance challenges persist—Argentina scored 36 out of 100 in the Corruption Perception Index for 2025 as reported by Transparency International,² while the U.S. Investment Climate Statement and other indicators point to persistent challenges.

Preventive anticorruption frameworks need strengthening, with asset declaration regimes characterized by limited verification, low transparency, delayed publication, and uneven enforcement. Conflict of interest rules remain constrained by porous rules and weak enforcement capacity.

Meanwhile, perceived limited judicial independence and politicization remain concerns, as international assessments and domestic observers continue to point to delays in high-profile cases and limited accountability for senior officials, underscoring the need to strengthen prosecutorial independence and judicial transparency.³

Policy Priorities

Going forward, priorities include strengthening judicial independence and accountability institutions, improving enforcement of asset-declaration and conflict-of-interest regimes, enhancing transparency in procurement and privatization, and ensuring regulatory predictability. Some of these could be achieved by strengthening the Public Ethics Law. Progress in these areas will strengthen investor confidence and the gains from economic reform efforts.

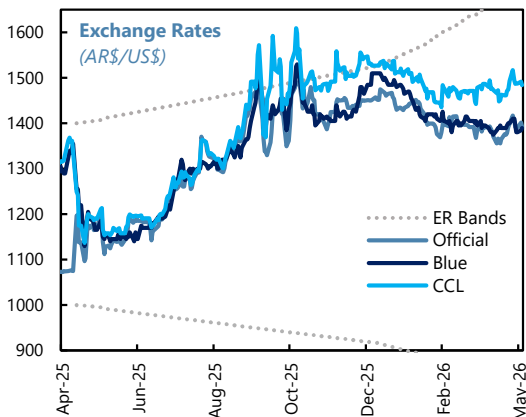
¹ Digitalization of public services has supported this effort.

² See <https://www.transparency.org/en/cpi/2025>

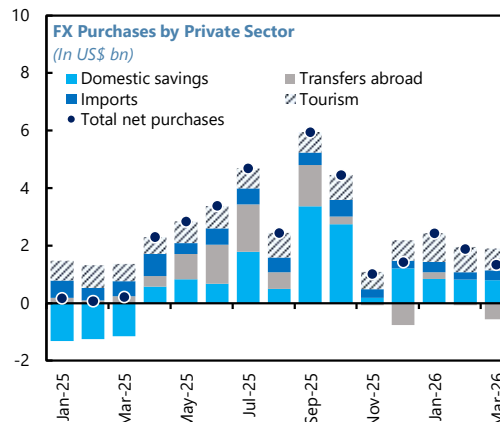
³ Specifically, the Investment Climate Statement (2025) cites corruption, political interference, and ineffective dispute resolution as key challenges (see <https://www.state.gov/reports/2025-investment-climate-statements/argentina/>), while private-sector and civil-society interlocutors emphasize the importance of reinforcing the independence of accountability institutions—including the Anticorruption Office, Financial Intelligence Unit (UIF), Ombudsperson, and the judiciary—improving access-to-information and procurement regimes, and reducing reliance on executive decrees, which could weaken oversight.

Figure 1. Recent Market Developments

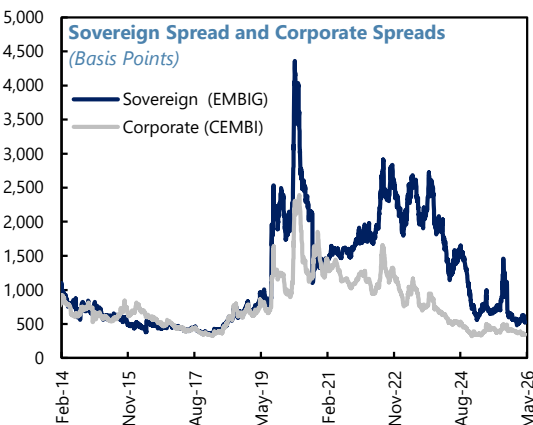
The peso has appreciated, and exchange rates have remained stable within the widening FX band ...



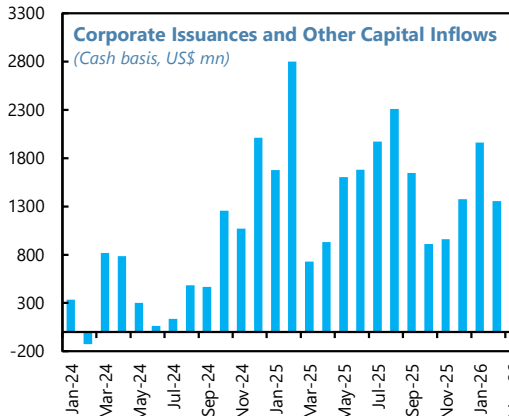
...with residents gradually unwinding their FX hedging positions.



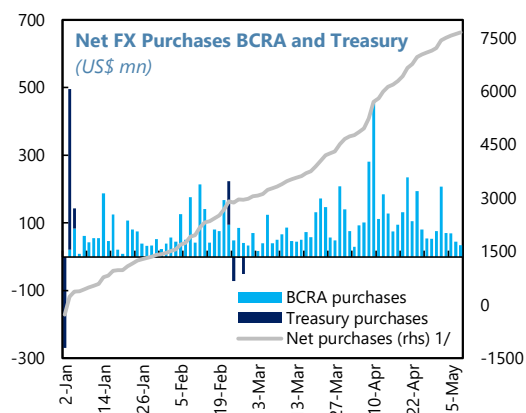
While still elevated, sovereign and corporate spreads have narrowed significantly...



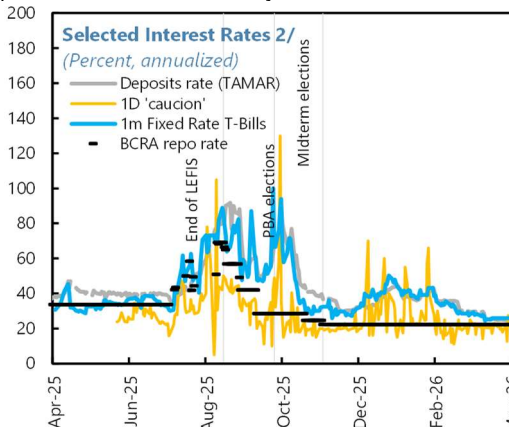
...with corporates issuing FX bonds abroad at favorable terms.



Uninterrupted FX purchases since January 2026 have exceeded the authorities' initial guidance...



...and interest rate volatility has subsided following recent improvements to the monetary framework.



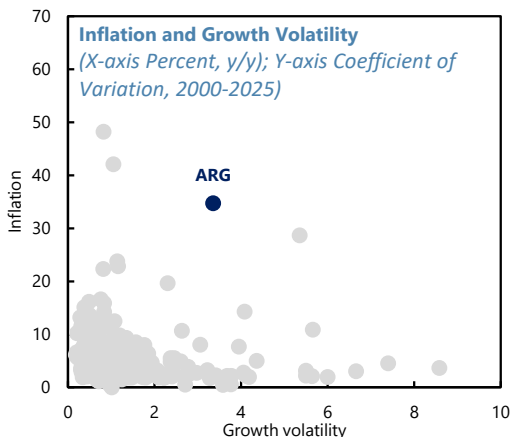
Sources: BCRA; INDEC; CNV; Dolarito; Eikon Refinitiv; Bloomberg L.P.; UTDT and Fund staff calculations.

1/ Cumulative since January 2 2026

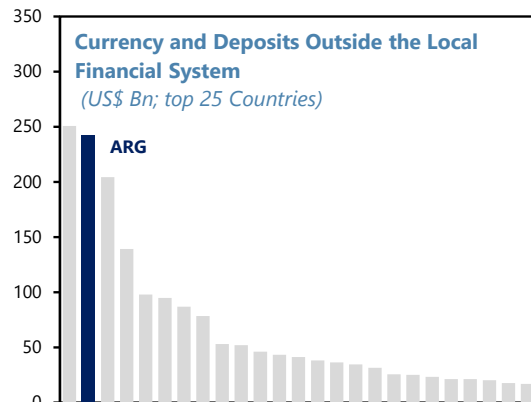
2/ Note: 1D "caucion" is collateralized private lending. MPR refers to Lefis until July-4 and Reverse Repo from Aug-20.

Figure 2. Argentina's Structural Challenges

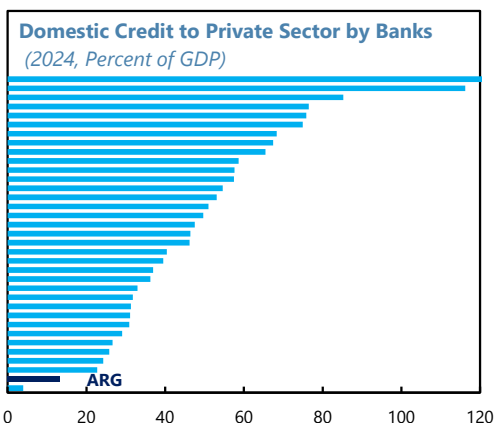
Argentina's long history of high inflation and booms and busts ...



... have led residents to hold most of their assets in FX and outside of the financial system...



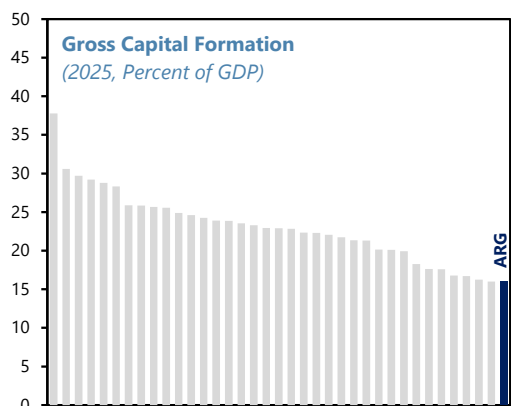
... contributing to shallow financial markets and low private sector credit.



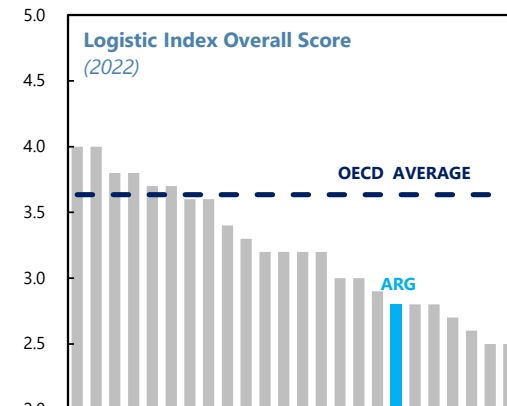
Meanwhile, protectionist policies have led to inefficiencies...



... and discouraged productive investment...



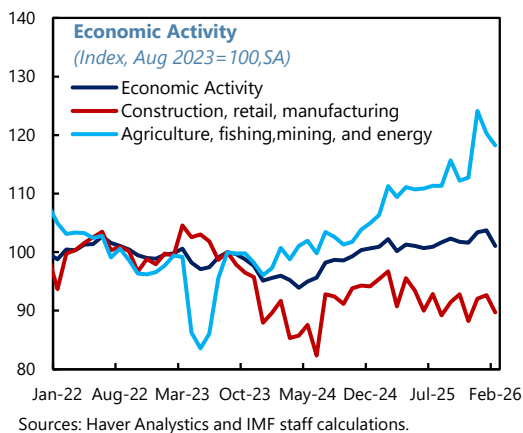
... that have led to large infrastructure gaps, raising the costs of doing business.



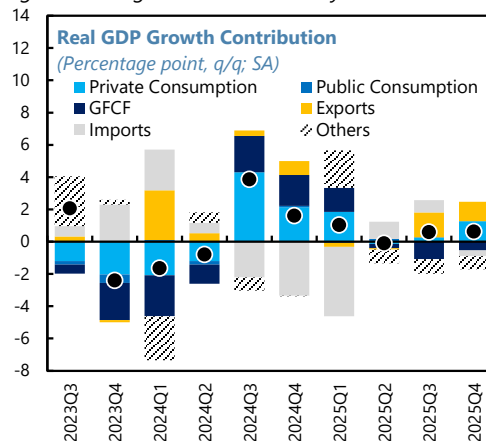
Sources: WDI, WEO,FSI and Fund staff calculations.

Figure 3. Recent Economic and Social Developments

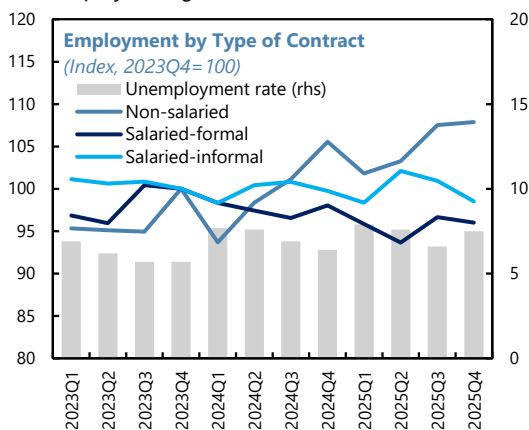
The recovery is increasingly uneven across sectors ...



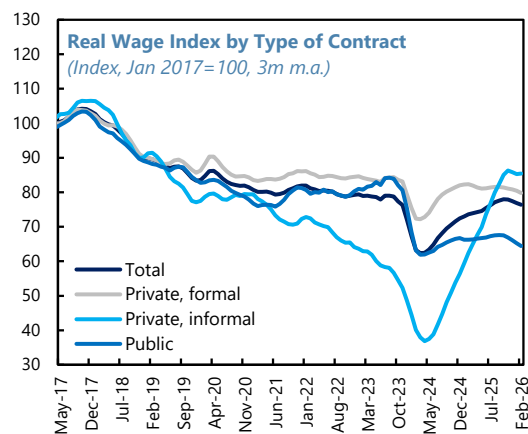
... with commodity exports and private consumption driving real GDP growth more recently.



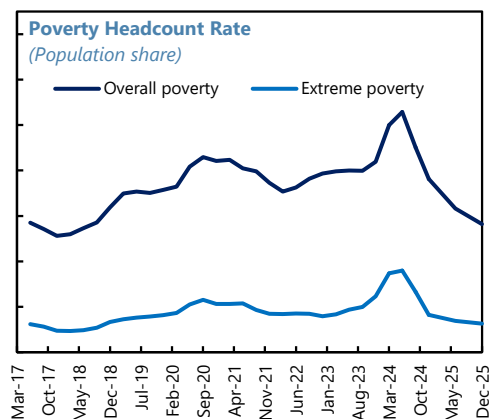
That said, demand remains generally weak, reflecting limited employment growth



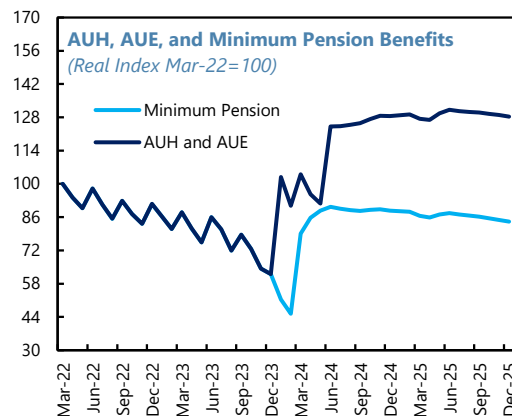
... and some moderation in real wage growth, especially of formal sector workers.



That said, poverty rates have declined substantially, ...



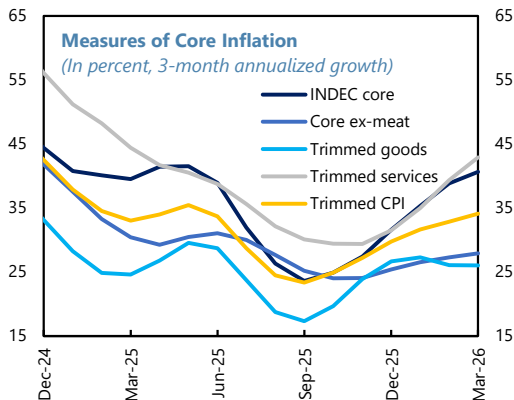
...supported by increases in social benefits and lower inflation especially of the basic consumption basket



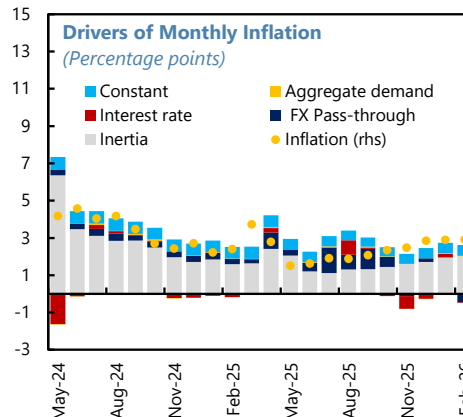
Sources: MECON, INDEC, ANSES, and IMF staff calculations.

Figure 4. Inflation and Monetary Developments

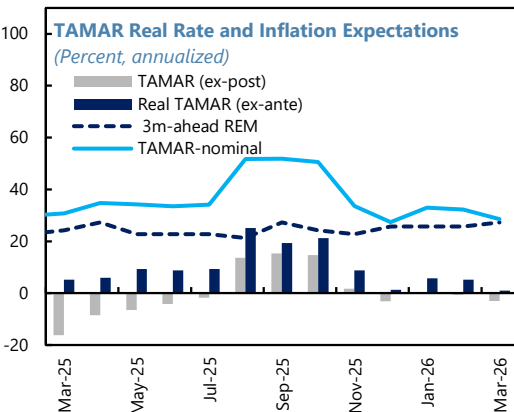
After falling sharply, core inflation has risen since Q3:2025...



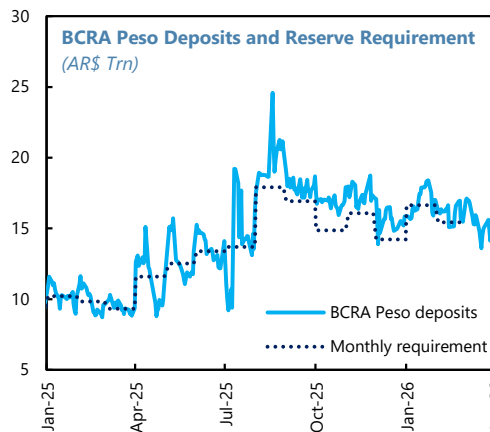
... largely reflecting inertia (following the collapse in money demand) and relative price adjustments.



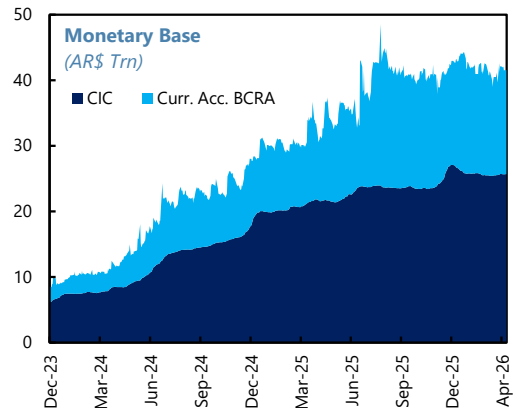
While monetary conditions have eased somewhat, real rates remain positive...



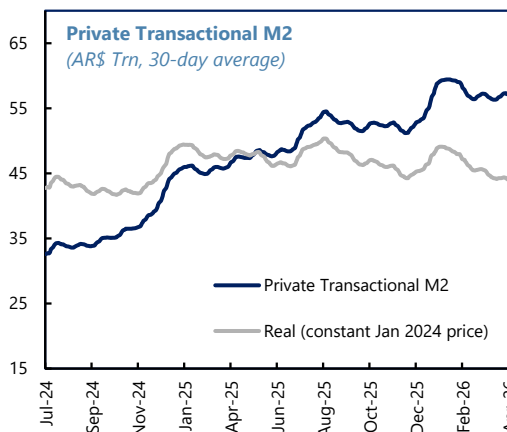
...and bank reserve requirements remain tight.



Following last year's shock, the recovery in money demand has slowed...



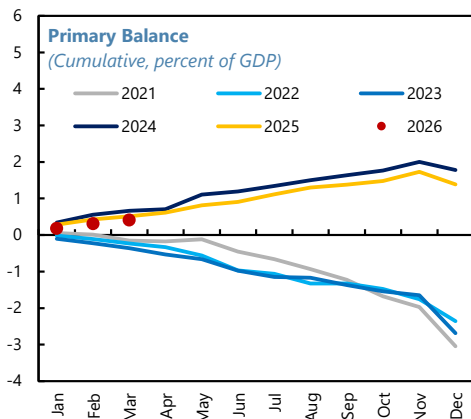
...with private transactional M2 remaining below the BCRA's own projection.



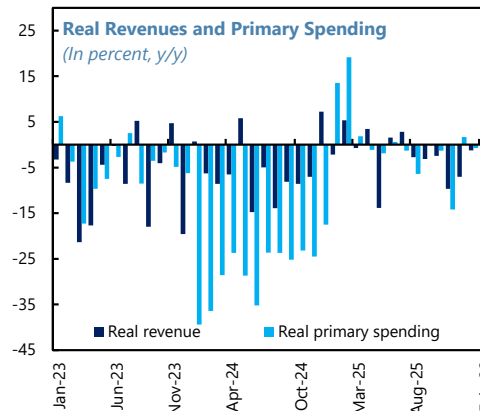
Sources: BCRA, Haver Analytics and IMF staff calculations.

Figure 5. Fiscal and Financing Developments

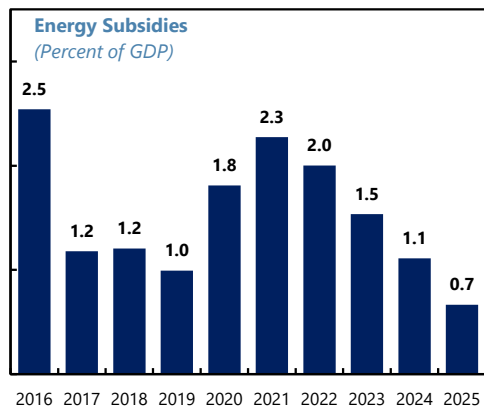
The fiscal anchor remains strong, ...



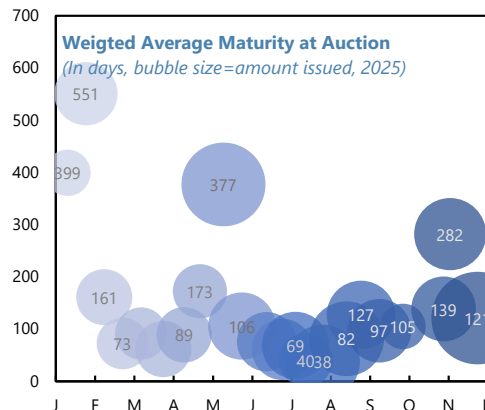
...due to continued spending restraint amid reductions in distortive taxes...



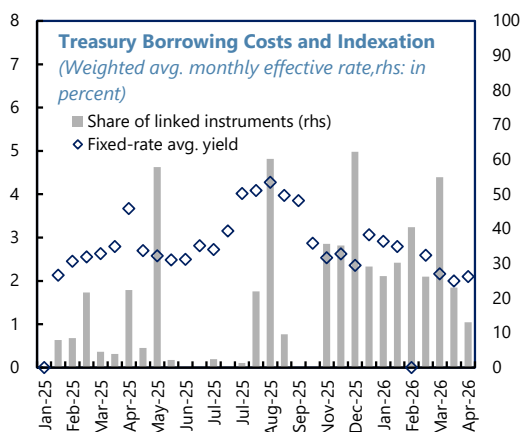
...underpinned by subsidy reforms and a better targeting of social programs.



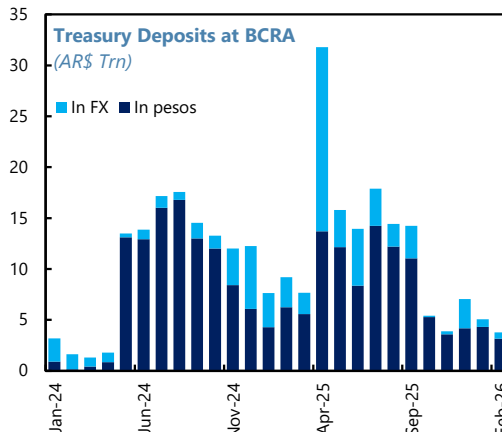
On the financing side, peso debt maturity has been extended since election-related uncertainty subsided, ...



...and Treasury borrowing costs have declined.



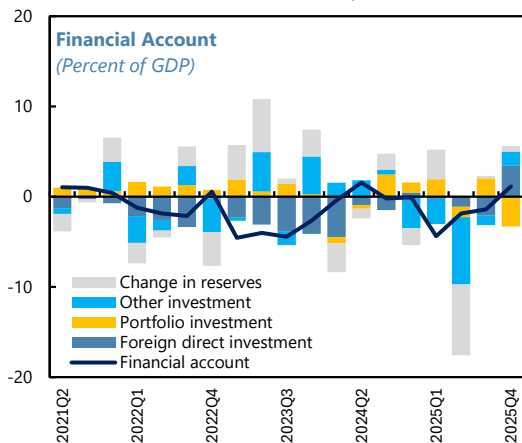
Meanwhile, Treasury deposits at the BCRA have been used to meet FX and peso debt obligations.



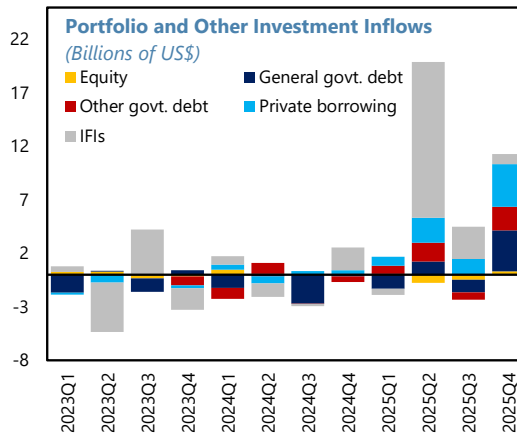
Sources: MECON, BCRA, and IMF staff calculations.

Figure 6. External Sector Developments

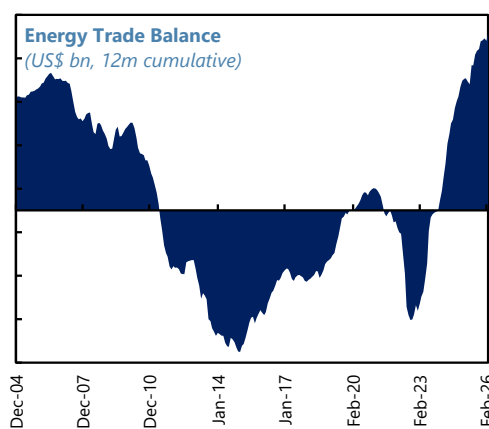
After a sharp decline in reserves ahead of the midterm elections, the financial account has improved ...



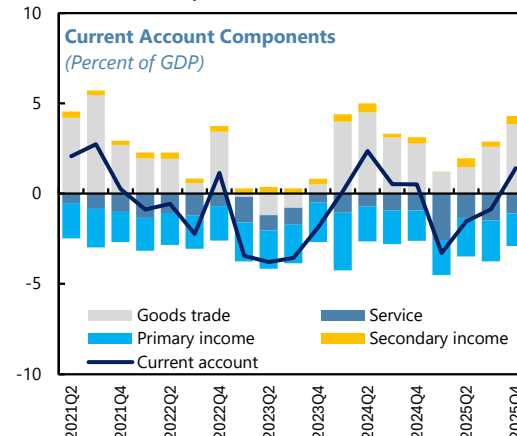
... supported by strong investor appetite and market access efforts ...



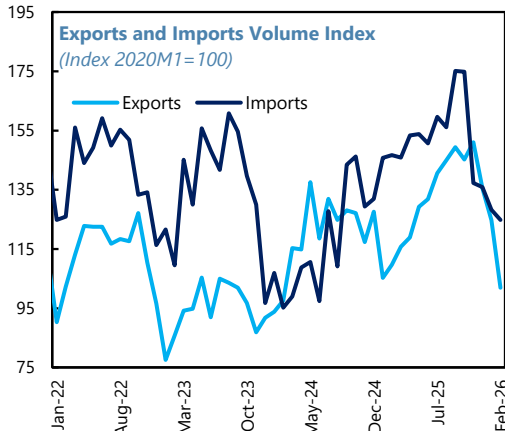
Meanwhile, record high net energy exports ...



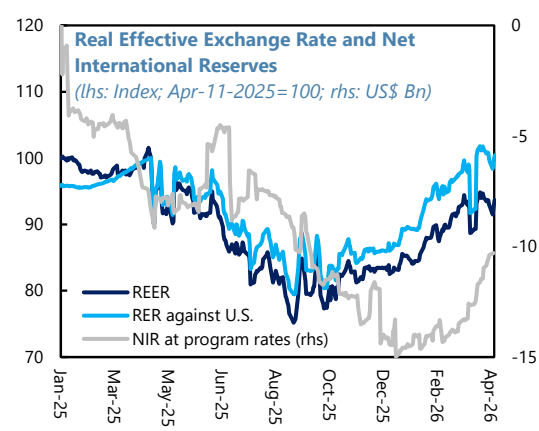
... are supporting some improvement in the current account more recently ...



... also impacted by a slowdown in import volumes (from earlier peaks) as the economy slowed.



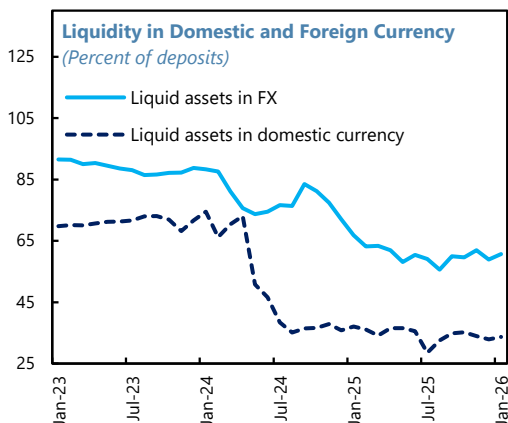
Buoyant balance of payments dynamics have supported some real peso appreciation albeit reserve accumulation



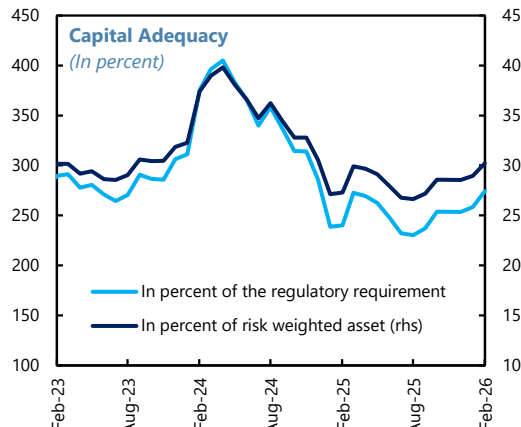
Sources: BCRA, INDEC and IMF staff calculations.

Figure 7. Banking Sector Developments

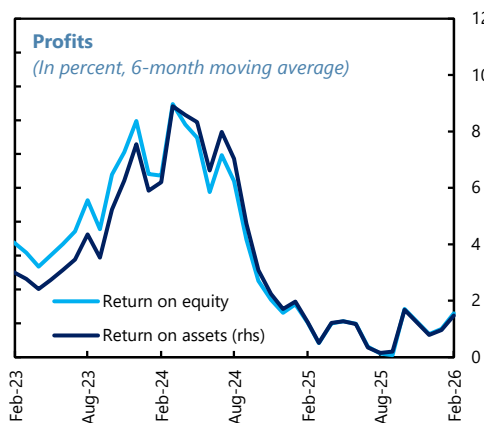
Banks' liquidity has remained ample and stable...



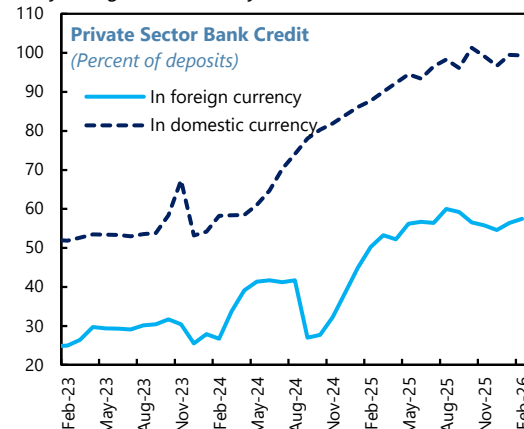
... while capital buffers are still comfortable...



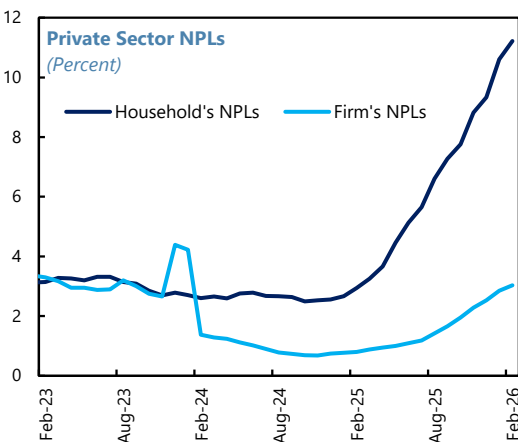
... amid falling profitability, which is stabilizing at levels closer to historical norms.



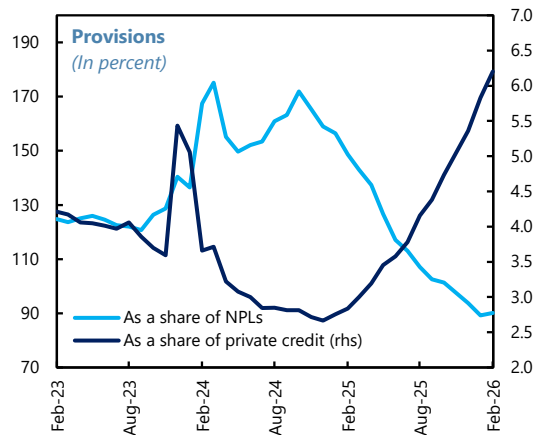
Bank credit has grown at a robust pace, slowing more recently as tighter monetary conditions ...



... are also weighting on asset quality ...



... although the impact is manageable, given adequate provisioning.



Sources: BCRA and IMF staff calculations.

Table 1. Argentina: Selected Economic and Financial Indicators

	2024	2025	SR (July)	Proj.	SR (July)	Proj.				
			2026	2026	2027	2027	2028	2029	2030	2031
<i>(Annual percentage changes unless otherwise indicated)</i>										
National Income and Prices										
GDP at constant prices	-1.3	4.4	4.5	3.5	4.0	4.0	3.8	3.5	3.2	3.0
Non-agro GDP at constant prices	-2.7	4.2	4.7	3.6	4.1	4.2	3.9	3.6	3.2	3.1
Domestic demand	-7.3	9.2	4.0	3.2	3.5	3.8	3.4	3.2	2.8	2.7
Consumption	-3.1	6.7	2.9	2.1	2.3	2.3	2.3	2.3	2.3	2.3
Private	-2.9	7.9	2.6	2.3	2.5	2.5	2.5	2.5	2.5	2.5
Public	-3.8	0.2	4.8	0.9	1.1	1.1	1.1	1.1	1.1	1.1
Investment 1/	-24.6	22.5	11.3	8.0	8.3	10.4	8.0	6.8	4.5	4.1
Exports	19.8	7.6	4.8	5.1	4.8	5.7	5.1	5.3	5.2	5.1
Imports	-10.2	27.0	3.1	3.6	3.1	4.8	3.7	3.9	3.5	3.6
Net exports (percent contribution to real GDP)	6.6	-5.0	0.2	0.1	0.2	-0.1	0.1	0.1	0.2	0.2
Output gap (percent of potential GDP)	-4.8	-3.2	-1.2	-2.5	-0.3	-1.4	-0.7	-0.2	0.0	0.0
Inflation (eop)	117.8	31.5	[7-12]	25.0	7.5	12.5	7.5	7.5	7.5	7.5
Inflation (avg)	219.9	41.9	[10-15]	30.4	8.5	15.7	9.6	7.5	7.5	7.5
<i>(Percent of GDP unless otherwise indicated)</i>										
Savings-Investment Balance										
Gross national savings	16.7	13.2	16.4	15.8	17.8	17.0	18.3	19.2	19.9	20.5
Private	14.6	11.2	15.2	13.7	16.0	15.0	16.2	17.0	17.7	18.3
Public	2.1	2.0	1.2	2.1	1.7	2.0	2.1	2.2	2.2	2.2
Gross domestic investment 1/	15.8	14.3	17.8	16.6	18.8	17.6	18.7	19.6	20.2	20.7
Private	14.1	12.5	15.6	14.6	16.6	15.6	16.7	17.5	18.1	18.6
Public	1.8	1.8	2.2	2.0	2.2	2.0	2.1	2.1	2.1	2.1
External Sector										
Current account balance	0.9	-1.1	-1.4	-0.8	-1.1	-0.6	-0.5	-0.4	-0.3	-0.2
Trade balance	2.6	0.6	0.2	1.2	0.6	1.5	1.6	1.8	1.9	2.0
Foreign direct investment (net)	1.4	0.0	1.7	1.6	1.6	2.3	2.4	2.4	2.5	2.5
Total external debt	49.0	51.5	43.7	51.0	44.1	50.9	49.8	49.3	48.2	46.5
Gross international reserves (US\$ billions) 2/	16.6	27.6	42.6	36.1	54.5	44.4	56.5	72.2	87.7	101.4
Net international reserves (US\$ billions) 3/	-2.4	-11.8	8.4	-1.8	22.9	9.2	26.2	49.3	74.4	98.0
Terms of trade (percent change)	-4.7	2.6	3.2	5.1	1.3	1.6	1.5	1.6	0.5	0.0
Federal Government Operations										
Revenues	16.8	15.9	17.3	15.5	17.3	[15.6-16.0]	16.1	16.4	16.4	16.4
Primary expenditure	15.0	14.6	15.0	14.1	14.9	14.1	14.1	14.1	14.1	14.1
Primary balance 4/	1.8	1.4	2.2	1.4	2.5	[1.4-1.8]	2.0	2.3	2.3	2.3
Overall balance 5/	0.3	0.2	0.0	0.1	0.5	0.0	0.0	0.1	0.1	0.1
Federal government debt	84.7	80.3	68.0	73.2	64.7	70.7	65.4	61.2	57.3	53.9
Official creditors	13.7	16.9	14.2	16.2	13.7	14.7	13.2	11.9	10.4	8.7
Private creditors	37.3	32.0	24.8	27.0	22.4	25.5	22.5	20.1	18.5	17.3
of which: FX-denominated debt	16.9	15.7	13.1	14.9	12.7	14.8	14.4	14.5	14.5	13.7
Public entities	33.6	31.4	29.0	30.1	28.5	30.4	29.6	29.1	28.4	27.9
Money and Credit										
Monetary base	5.1	5.1	6.9	5.2	7.4	5.7	6.3	6.8	7.1	7.3
BCRA securities and other monetary instruments 6/	1.7	2.4	1.5	2.1	0.1	0.3	0.2	0.2	0.2	0.2
BCRA quasi-fiscal cost 7/	1.6	-0.5	-0.5	-0.4	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6
Memorandum Items										
Poverty rate (percent, H2)	38.1	28.2	...	...	...	...	...	...	...	...
Unemployment rate (avg, percent)	7.2	7.4	6.6	7.2	6.5	6.9	6.5	6.5	6.5	6.5
GDP per capita (in US\$, nominal)	13,434.2	14,401.1	...	...	...	...	...	...	...	...
Monetary base (eop, share of annualized Q4 GDP)	4.2	4.6	6.6	4.7	7.3	5.5	6.0	6.5	6.8	7.0
BCRA securities (eop, share of annualized Q4 GDP)	1.4	2.1	1.5	1.9	0.1	0.3	0.2	0.2	0.2	0.2

Sources: National authorities and Fund staff estimates and projections.

1/ Includes net change in inventories and statistical discrepancy.

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

3/ 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. Projection for 2026 assumes an overperformance of NIR program targets.

4/ Primary balance excludes BCRA profit transfers.

5/ Excludes interest payments of zero-coupon bonds issued prior to 2026, which are recorded below the line.

6/ BCRA securities in foreign and domestic currencies, and repo operations used to conduct monetary policy.

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

Table 2. Argentina: External Balance of Payments

			SR (July)	Proj.	SR (July)	Proj.				
	2024	2025	2026	2026	2027	2027	2028	2029	2030	2031
<i>In billion USD</i>										
Current Account	5.7	-7.6	-10.3	-5.6	-8.0	-4.5	-3.6	-3.1	-2.7	-2.2
Trade balance in goods	22.4	15.4	12.9	20.0	15.0	21.4	23.2	25.4	27.2	28.6
o/w Energy trade balance	5.9	8.1	8.0	10.8	10.1	11.0	13.0	14.7	16.6	18.6
o/w Non-energy trade balance	16.5	7.3	4.9	9.2	4.9	10.4	10.2	10.6	10.6	10.0
Exports f.o.b.	79.8	87.2	91.3	100.8	96.6	105.7	110.5	116.9	123.2	128.9
Imports f.o.b.	57.4	71.8	78.4	80.8	81.6	84.3	87.3	91.5	96.0	100.2
Trade balance in services	-5.8	-11.2	-11.3	-11.4	-10.8	-11.0	-11.0	-11.3	-11.2	-10.9
Exports	17.2	18.0	21.5	20.1	23.3	21.8	23.1	24.6	26.0	27.1
Imports	22.9	29.3	32.8	31.5	34.1	32.9	34.1	35.9	37.3	38.0
Primary income balance	-13.3	-13.9	-14.6	-16.5	-14.9	-17.1	-18.4	-19.8	-21.4	-22.7
of which Public sector interest (gross)	-8.2	-7.6	-7.9	-8.4	-8.9	-9.4	-10.1	-10.5	-10.8	5.2
of which: IMF charges	-3.4	-3.1	-3.4	-3.4	-3.4	-3.4	-3.2	-2.8	-2.3	14.0
of which: other official interest	-2.2	-2.1	-2.2	-2.3	-2.8	-2.6	-2.7	-2.8	-2.6	-2.4
of which: Private (bond holders)	-2.6	-2.5	-2.3	-2.7	-2.7	-3.4	-4.2	-4.9	-5.9	-6.4
Secondary income, net	2.3	2.2	2.7	2.3	2.8	2.3	2.5	2.7	2.8	2.8
Capital Account	0.3	0.3	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Financial Account 1/	-1.6	-5.4	9.5	0.1	6.9	-4.0	-4.1	-2.6	-3.6	1.7
Foreign direct investment, net 2/	8.9	0.3	12.7	11.3	11.7	16.2	17.6	18.9	20.7	22.0
excl. change in importers' debt	8.9	13.2	19.0	18.0	16.0	20.8	20.0	21.2	22.8	24.0
Portfolio investment, net 1/	-5.5	-1.6	1.5	1.0	3.3	0.6	0.6	0.9	1.6	1.3
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 1/ 2/	-5.0	-4.1	-4.7	-12.1	-8.1	-20.9	-22.3	-22.4	-25.8	-21.6
IMF repurchases	-4.5	0.0	-1.1	-1.1	-4.3	-4.4	-6.6	-8.1	-9.6	-9.9
Other official repayments	-2.8	-2.4	-2.9	-2.9	-3.0	-3.1	-3.1	-3.1	-3.3	-3.1
Other items net	2.3	-1.6	-0.7	-8.1	-0.7	-13.4	-12.6	-11.3	-12.9	-8.6
Errors and Omissions	4.5	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance	-0.1	-16.8	-0.6	-5.2	-0.9	-8.2	-7.5	-5.4	-5.9	-0.2
Financing	0.1	16.8	0.6	5.2	0.9	8.2	7.5	5.4	5.9	0.2
IMF Financing	5.4	14.4	1.9	1.9	1.7	1.7	1.7	0.9	0.0	0.0
Other official financing 3/	0.0	6.7	5.1	3.7	5.1	4.9	5.5	5.5	5.5	2.9
New bonds financing to general government 4/	0.8	2.4	5.4	8.0	6.0	9.8	12.4	14.8	15.9	11.0
Gross official reserves change (increase: -) 5/	-6.1	-6.7	-11.7	-8.5	-11.9	-8.3	-12.1	-15.8	-15.5	-13.7
<i>In percent of GDP</i>										
Current Account	0.9	-1.1	-1.4	-0.8	-1.1	-0.6	-0.5	-0.4	-0.3	-0.2
Trade balance in goods	3.5	2.2	1.8	2.9	2.0	3.0	3.1	3.2	3.3	3.3
o/w Energy trade balance	0.9	1.2	1.1	1.6	1.4	1.6	1.7	1.9	2.0	2.1
o/w Non-energy trade balance	2.6	1.1	0.7	1.3	0.7	1.5	1.4	1.3	1.3	1.1
Exports, f.o.b.	12.6	12.7	12.5	14.7	13.0	15.0	14.8	14.8	14.8	14.7
Imports f.o.b.	9.1	10.5	10.7	11.7	11.0	12.0	11.7	11.6	11.5	11.4
Trade balance in services	-0.9	-1.6	-1.5	-1.7	-1.5	-1.6	-1.5	-1.4	-1.3	-1.2
Primary income, net	-2.1	-2.0	-2.0	-2.4	-2.0	-2.4	-2.5	-2.5	-2.6	-2.6
Secondary income, net	0.4	0.3	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Capital Account	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Account 1/	-0.3	-0.8	1.3	0.0	0.9	-0.6	-0.6	-0.3	-0.4	0.2
Foreign direct investment, net 2/	1.4	0.0	1.7	1.6	1.6	2.3	2.4	2.4	2.5	2.5
excl. change in importers' debt	1.4	1.9	2.6	2.6	2.2	3.0	2.7	2.7	2.7	2.7
Portfolio investment, net	-0.9	-0.2	0.2	0.1	0.4	0.1	0.1	0.1	0.2	0.1
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 1/ 2/	-0.8	-0.6	-0.6	-1.8	-1.1	-3.0	-3.0	-2.8	-3.1	-2.5
Errors and Omissions	0.7	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance	0.0	-2.5	-0.1	-0.8	-0.1	-1.2	-1.0	-0.7	-0.7	0.0
Financing	0.0	2.5	0.1	0.8	0.1	1.2	1.0	0.7	0.7	0.0
IMF Financing	0.9	2.1	0.3	0.3	0.2	0.2	0.2	0.1	0.0	0.0
Other official financing 3/	0.0	1.0	0.7	0.5	0.7	0.7	0.7	0.7	0.7	0.3
New bonds financing to general government 4/	0.1	0.4	0.7	1.2	0.8	1.4	1.7	1.9	1.9	1.3
Gross official reserves (increase: -)	-1.0	-1.0	-1.6	-1.2	-1.6	-1.2	-1.6	-2.0	-1.9	-1.6
Memorandum Items:										
Exports volumes (percent change)	26.4	9.7	4.0	3.8	4.3	5.2	5.0	5.1	5.0	4.9
Imports volumes (percent change)	-13.7	30.4	4.0	6.2	3.0	4.9	3.2	3.6	3.4	3.4
Importers' debt (US\$ billion)	48.0	42.0	40.0	40.0	38.0	38.0	36.0	34.0	32.0	30.0
Importers' debt to imports ratio	83.7	58.5	51.0	49.5	46.6	45.1	41.2	37.2	33.3	29.9
Trading partners imports growth (percent change)	5.8	7.0	2.9	3.5	3.3	4.0	3.3	3.4	3.4	3.3
External debt (US\$ billions)	277.3	299.1	303.5	315.3	315.1	343.3	363.7	380.6	392.4	399.0
of which: External public debt	175.1	190.8	184.2	195.8	180.7	210.4	214.0	213.7	206.3	192.4
Gross international reserves (US\$ billions) 5/	16.6	27.6	42.6	36.1	54.5	44.4	56.5	72.2	87.7	101.4
in percent of ARA (fixed exchange rate regime)	23	37	54	47	67	56	69	85	100	113
in percent of ARA (flexible exchange rate regime)	26	43	65	57	83	70	89	114	139	160
Net international reserves (US\$ billions) 6/	-2.4	-11.8	8.4	-1.8	22.9	9.2	26.2	49.3	74.4	98.0
NIR change (US\$ billions) 6/	6.1	-9.3	11.0	10.0	14.5	11.0	17.0	23.0	25.1	23.6
Net IMF (purchases - repurchases - charges; US\$ billions)	-2.5	11.4	-2.6	-2.6	-6.0	-6.1	-8.0	-10.1	-11.9	4.1
Terms of Trade (percent change)	1.8	-2.6	3.2	5.1	1.3	1.6	1.5	1.6	0.5	0.0

Sources: National authorities and Fund staff estimates and projections.

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

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

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

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

5/ Excludes the UST swaps and the unactivated portion of the PBoC swap line (US\$13 billion). Includes net Fund disbursements.

6/ 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.Projection for 2026 assumes an overperformance of NIR program targets.

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

	2024	2025	SR (July)	Proj.	SR (July)	Proj.				
			2026	2026	2027	2027	2028	2029	2030	2031
<i>(in billions of Argentine pesos)</i>										
Revenues	98,160	135,179	173,952	177,727	196,846	219,393	252,124	284,917	315,418	349,403
Tax revenues	60,772	77,131	107,840	104,231	123,243	130,707	151,194	174,239	192,139	214,058
Social security contributions	29,444	46,988	53,966	60,970	60,388	73,187	83,388	91,683	101,984	112,399
Non-tax revenues 1/	7,944	11,060	12,146	12,526	13,216	15,500	17,542	18,995	21,294	22,946
Primary Expenditures	87,613	123,410	151,448	161,383	168,815	194,039	220,165	244,882	271,259	300,475
Wages	15,515	19,999	26,866	26,199	30,118	31,856	36,480	40,671	44,288	49,936
Goods and services	3,365	5,454	6,725	6,687	7,828	7,949	9,032	9,832	10,865	13,593
Pensions	35,733	56,673	68,920	76,616	78,932	93,739	108,114	121,647	136,797	150,663
Current transfers to private sector	28,329	33,939	40,376	42,150	41,560	47,983	52,159	55,531	61,114	66,235
Social assistance	19,603	25,411	32,357	32,366	36,672	38,974	43,946	48,605	53,792	59,127
Subsidies	8,726	8,528	8,019	9,784	4,888	9,010	8,213	6,926	7,322	7,108
of which: energy	6,484	5,712	6,316	7,211	3,477	5,920	6,261	4,667	4,817	4,334
Current transfers to public sector 2/	2,301	4,287	4,532	5,146	5,569	6,729	7,338	8,513	8,670	9,603
Capital spending 3/	2,369	3,058	4,028	4,586	4,809	5,782	7,042	8,687	9,525	10,444
Primary Balance	10,547	11,769	22,504	16,344	28,031	25,354	31,959	40,035	44,159	48,928
Interest Payments 4/	8,641	10,315	22,489	15,753	22,238	25,267	31,795	38,888	43,011	46,317
Overall Balance	1,906	1,454	15	592	5,793	87	164	1,147	1,147	2,612
Financing	-1,906	-1,454	-15	-592	-5,793	-87	-164	-1,147	-1,147	-2,612
Treasury Deposits (+, drawdown)	-13,357	4,449	0	-6,000	0	0	0	0	0	0
Privatization	0	0	0	3,323	0	3,903	0	0	0	0
External	-1,752	19,488	6,781	3,114	3,967	6,729	6,864	6,859	3,501	-718
IMF (net)	836	17,935	1,035	1,281	-4,004	-5,272	-10,192	-15,954	-22,194	-24,068
Other official (net) 5/	953	3,419	2,865	455	3,254	3,058	3,906	4,616	5,768	6,153
Private (net) 6/	-3,541	-1,867	2,881	1,378	4,718	8,944	13,150	18,197	19,928	17,197
Issuances	0	2,985	7,412	9,018	9,124	17,714	22,884	28,499	31,012	29,995
Amortization	3,541	4,852	4,531	7,640	4,406	8,770	9,734	10,302	11,084	12,798
Domestic	13,202	-25,391	-6,796	-1,028	-9,761	-10,720	-7,029	-8,006	-4,649	-1,894
Private (net) 7/	13,202	-19,456	-6,796	-7,028	-9,761	-10,720	-7,029	-8,006	-4,649	-1,894
Issuance	71,725	132,182	71,312	104,438	54,496	76,147	96,260	74,877	72,127	74,041
Amortization	58,523	151,638	78,108	111,467	64,257	86,867	103,288	82,883	76,776	75,934
Public entities (net)	0	-5,934	0	6,000	0	0	0	0	0	0
BCRA (net)	0	-5,934	0	6,000	0	0	0	0	0	0
of which: BCRA transfers 8/	0	11,976	0	26,000	0	0	0	0	0	0
Other public entities	0	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.

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 2026, 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
(Percent of GDP)

	2024	2025	SR (July)	Proj.	SR (July)	Proj.					
			2026	2026	2027	2027	2028	2029	2030	2031	
<i>(Percent of GDP)</i>											
Revenues	16.8	15.9	17.3	15.5	17.3	[15.6-16.0]	16.1	16.4	16.4	16.4	
Tax revenues	10.4	9.1	10.7	9.1	10.8	[9.1-9.5]	9.7	10.0	10.0	10.0	
of which: Trade and FX taxes 1/	2.8	1.6	1.9	1.6	1.9	1.6	1.6	1.6	1.6	1.6	
Social security contributions	5.0	5.5	5.4	5.3	5.3	5.3	5.3	5.3	5.3	5.3	
Non-tax revenues 2/	1.4	1.3	1.2	1.1	1.2	1.1	1.1	1.1	1.1	1.1	
Primary Expenditures	15.0	14.6	15.0	14.1	14.9	14.1	14.1	14.1	14.1	14.1	
Wages	2.7	2.4	2.7	2.3	2.7	2.3	2.3	2.3	2.3	2.3	
Goods and services	0.6	0.6	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6	
Pensions	6.1	6.7	6.8	6.7	6.9	6.8	6.9	7.0	7.1	7.1	
Current transfers to private sector	4.9	4.0	4.0	3.7	3.7	3.5	3.3	3.2	3.2	3.1	
Social assistance	3.4	3.0	3.2	2.8	3.2	2.8	2.8	2.8	2.8	2.8	
Subsidies	1.5	1.0	0.8	0.9	0.4	0.7	0.5	0.4	0.4	0.3	
of which: energy	1.1	0.7	0.6	0.6	0.3	0.4	0.4	0.3	0.3	0.2	
Current transfers to public sector 3/	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Capital spending 4/	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	
Primary Balance	1.8	1.4	2.2	1.4	2.5	[1.4-1.8]	2.0	2.3	2.3	2.3	
Interest Cash 5/	1.5	1.2	2.2	1.4	2.0	[1.4-1.8]	2.0	2.2	2.2	2.2	
Overall Balance	0.3	0.2	0.0	0.1	0.5	0.0	0.0	0.1	0.1	0.1	
Financing	-0.3	-0.2	0.0	-0.1	-0.5	0.0	0.0	-0.1	-0.1	-0.1	
Treasury Deposits (+, drawdown)	-2.2	0.6	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	
Privatization	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.0	0.0	0.0	
External	-0.3	2.3	0.7	0.3	0.3	0.5	0.4	0.4	0.2	0.0	
IMF (net)	0.1	2.1	0.1	0.1	-0.4	-0.4	-0.7	-0.9	-1.2	-1.1	
Other official (net) 6/	0.2	0.4	0.3	0.0	0.3	0.2	0.3	0.3	0.3	0.3	
Private (net) 7/	-0.6	-0.2	0.3	0.1	0.4	0.7	0.8	1.0	1.0	0.8	
Issuances	0.0	0.4	0.7	0.8	0.8	1.3	1.5	1.6	1.6	1.4	
Amortization	0.6	0.6	0.4	0.7	0.4	0.6	0.6	0.6	0.6	0.6	
Domestic	2.3	-3.0	-0.7	-0.1	-0.9	-0.8	-0.5	-0.5	-0.2	-0.1	
Private (net) 8/	2.3	-2.3	-0.7	-0.6	-0.9	-0.8	-0.5	-0.5	-0.2	-0.1	
Issuance	12.3	15.6	7.1	9.1	4.8	5.5	6.2	4.3	3.7	3.5	
Amortization	10.0	17.9	7.8	9.7	5.7	6.3	6.6	4.8	4.0	3.6	
Public entities (net)	0.0	-0.7	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	
BCRA (net)	0.0	-0.7	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	
of which: BCRA transfers 9/	0.0	1.4	0.0	2.3	0.0	0.0	0.0	0.0	0.0	0.0	
Other public entities	0.0	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)	-26.9	-0.7	4.0	0.3	2.7	3.9	3.6	3.5	3.0	3.0	
Structural primary balance 10/	2.5	2.1	2.5	1.9	2.5	[1.7-2.1]	2.2	2.3	2.3	2.3	
Federal government debt 11/	84.7	80.3	68.0	73.2	64.7	70.7	65.4	61.2	57.3	53.9	
Official	13.7	16.9	14.2	16.2	13.7	14.7	13.2	11.9	10.4	8.7	
Private sector	37.3	32.0	24.8	27.0	22.4	25.5	22.5	20.1	18.5	17.3	
Of which: In foreign currency	16.9	15.7	13.1	14.9	12.7	14.8	14.4	14.5	14.5	13.7	
Public sector entities	33.6	31.4	29.0	30.1	28.5	30.4	29.6	29.1	28.4	27.9	

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.

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 2026, 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.

9/ Includes temporary advances and profit distributions.

10/ Adjusts for the economic and commodity price cycles as well as one-off factors, in percent of potential GDP.

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

Table 4. Argentina: General Government Operations 1/

	2024	2025	SR (July) 2026	Proj. 2026	SR (July) 2027	2027	2028	Proj.		
								2029	2030	2031
<i>(Percent of GDP unless otherwise indicated)</i>										
Revenues	31.5	31.2	33.8	31.6	33.9	32.1	32.2	33.1	33.3	33.2
Tax revenues	22.5	21.5	24.5	22.3	24.7	22.8	23.1	23.9	24.1	24.2
<i>Federal</i>	10.4	9.1	10.7	9.1	10.8	9.5	9.7	10.0	10.0	10.0
<i>Provincial co-participated</i>	7.2	7.6	9.4	8.4	9.4	8.5	8.5	9.0	9.2	9.1
<i>Provincial own</i>	4.8	4.8	4.4	4.8	4.4	4.8	4.8	4.8	4.9	5.0
Social security contributions	6.6	7.3	7.1	7.1	7.0	7.0	7.1	7.0	7.0	7.0
<i>Federal</i>	5.0	5.5	5.4	5.3	5.3	5.3	5.3	5.3	5.3	5.3
<i>Provincial</i>	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Other revenues	2.4	2.4	2.1	2.2	2.2	2.2	2.1	2.2	2.2	2.1
<i>Federal</i>	1.4	1.3	1.2	1.1	1.2	1.1	1.1	1.1	1.1	1.1
<i>Provincial</i>	1.1	1.1	0.9	1.1	1.0	1.1	1.0	1.1	1.0	1.0
Primary Expenditures 2/	29.3	30.3	30.2	29.9	30.1	29.9	29.8	29.9	29.9	29.9
Wages	9.1	9.4	9.1	9.2	9.1	9.2	9.3	9.3	9.3	9.3
<i>Federal</i>	2.7	2.4	2.7	2.3	2.7	2.3	2.3	2.3	2.3	2.3
<i>Provincial</i>	6.5	7.1	6.4	6.9	6.4	6.9	6.9	7.0	7.0	7.0
Goods and services	2.1	2.2	2.1	2.2	2.0	2.1	2.0	2.1	2.0	2.1
<i>Federal</i>	0.6	0.6	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6
<i>Provincial</i>	1.5	1.6	1.5	1.6	1.3	1.5	1.5	1.5	1.5	1.5
Pensions	8.0	8.9	8.9	8.9	9.2	9.1	9.2	9.3	9.5	9.4
<i>Federal</i>	6.1	6.7	6.8	6.7	6.9	6.8	6.9	7.0	7.1	7.1
<i>Provincial</i>	1.9	2.2	2.1	2.2	2.3	2.3	2.3	2.3	2.4	2.4
Transfers to the private sector	6.2	5.4	5.4	5.1	5.1	4.9	4.7	4.6	4.5	4.5
<i>Federal</i>	4.9	4.0	4.0	3.7	3.7	3.5	3.3	3.2	3.2	3.1
<i>Provincial</i>	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Capital spending	1.8	1.8	2.2	2.0	2.2	2.0	2.1	2.1	2.1	2.1
<i>Federal 3/</i>	0.4	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
<i>Provincial</i>	1.4	1.5	1.8	1.6	1.8	1.6	1.6	1.6	1.6	1.6
Other	2.3	2.5	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<i>Federal</i>	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<i>Provincial</i>	2.2	2.3	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Primary Balance	2.2	0.9	3.6	1.7	3.7	[1.9-2.3]	2.4	3.2	3.4	3.3
Federal government	1.8	1.4	2.2	1.4	2.5	[1.4-1.8]	2.0	2.3	2.3	2.3
Provincial government	0.4	-0.5	1.3	0.3	1.3	0.4	0.4	0.9	1.1	1.0
Interest (cash) 4/	1.7	1.3	2.3	1.4	2.0	[1.5-1.9]	2.1	2.3	2.3	2.3
Overall Balance	0.5	-0.4	1.2	0.3	1.7	0.3	0.3	0.9	1.1	1.0
Memorandum Items										
General Gov't structural primary balance 5/	3.2	1.9	3.9	2.4	3.8	[2.3-2.7]	2.6	3.2	3.4	3.3
Federal structural primary balance	2.5	2.1	2.5	1.9	2.5	[1.7-2.1]	2.2	2.3	2.3	2.3
Provincial structural primary balance	0.7	-0.2	1.4	0.5	1.3	0.5	0.4	0.9	1.1	1.0
Consolidated public sector balance 6/	-1.2	0.1	1.7	0.7	2.2	0.7	0.8	1.4	1.7	1.6
Federal government debt	84.7	80.3	68.0	73.2	64.7	70.7	65.4	61.2	57.3	53.9
of which: net of debt held by public entities 7/	51.0	48.9	39.0	43.2	36.1	40.3	35.8	32.0	28.9	26.0
Provincial government debt	3.9	2.3	1.7	2.0	1.5	1.9	1.8	1.6	1.5	1.6

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 2026, which are recorded below the line.

5/ Adjusts for the economic and commodity price cycles as well as one-off factors, in percent of potential GDP.

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 Central Bank
(End of Period, Unless Otherwise Indicated)

	2024	2025	SR (July) 2026	Proj. 2026	SR (July) 2027	Proj.				
						2027	2028	2029	2030	2031
<i>(In billions of Argentine pesos)</i>										
Net Foreign Assets (NFA)	12,190	29,144	54,734	55,816	78,907	78,300	108,244	149,385	193,690	237,651
Gross foreign assets	30,603	59,974	80,763	90,698	107,443	116,681	148,592	191,837	238,313	284,555
Gross foreign liabilities	18,414	30,829	26,029	34,882	28,536	38,381	40,348	42,452	44,623	46,905
Net Domestic Assets (NDA)	17,539	13,813	14,429	3,335	5,718	491	-10,041	-31,798	-57,296	-82,592
Credit to the public sector (net)	64,743	105,492	91,581	106,746	94,743	115,490	119,081	121,987	124,188	126,590
<i>of which: Temporary advances to federal government</i>	2,935	2,927	2,826	2,925	2,826	2,925	2,925	2,925	2,925	2,925
<i>of which: Non-marketable government bonds</i>	23,389	23,927	23,643	4,419	25,920	4,862	5,111	5,378	5,653	5,942
<i>of which: Other credit and gov. deposits (net) 1/</i>	38,419	78,639	65,112	99,402	65,998	107,703	111,045	113,684	115,610	117,723
Credit to the financial sector, excl. securities	-12,630	-21,637	-21,817	-38,831	-27,841	-48,304	-54,746	-61,742	-69,260	-77,131
BCRA securities	-9,664	-20,113	-15,607	-24,344	-1,486	-4,533	-3,184	-3,579	-4,022	-4,521
Official capital and other items 1/	-24,909	-49,929	-39,728	-40,237	-59,699	-62,161	-71,192	-88,464	-108,202	-127,530
Monetary Base	29,729	42,957	69,163	59,151	84,625	78,790	98,204	117,587	136,394	155,059
Currency issued	19,988	27,109	45,375	37,204	57,858	50,990	63,582	78,263	92,370	105,990
Bank deposits at the BCRA (peso-denominated)	9,740	15,848	23,788	21,947	26,767	27,800	34,622	39,324	44,025	49,068
<i>(Percent of GDP)</i>										
Net Foreign Assets	2.1	3.4	5.4	4.9	6.9	5.7	6.9	8.6	10.1	11.1
Gross foreign assets	5.2	7.1	8.0	7.9	9.5	8.5	9.5	11.0	12.4	13.3
Gross foreign liabilities	3.2	3.6	2.6	3.1	2.5	2.8	2.6	2.4	2.3	2.2
Net Domestic Assets	3.0	1.6	1.4	0.3	0.5	0.0	-0.6	-1.8	-3.0	-3.9
Credit to the public sector	11.1	12.4	9.1	9.3	8.3	8.4	7.6	7.0	6.4	5.9
<i>of which: Temporary advances to federal government</i>	0.5	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1
<i>of which: Non-marketable government bonds</i>	4.0	2.8	2.3	0.4	2.3	0.4	0.3	0.3	0.3	0.3
<i>of which: Other credit and gov. deposits (net) 1/</i>	6.6	9.3	6.5	8.7	5.8	7.8	7.1	6.5	6.0	5.5
Credit to the financial sector, excl. securities	-2.2	-2.6	-2.2	-3.4	-2.4	-3.5	-3.5	-3.6	-3.6	-3.6
BCRA securities	-1.7	-2.4	-1.5	-2.1	-0.1	-0.3	-0.2	-0.2	-0.2	-0.2
Official capital and other items 1/	-4.3	-5.9	-3.9	-3.5	-5.3	-4.5	-4.6	-5.1	-5.6	-6.0
Monetary Base	5.1	5.1	6.9	5.2	7.4	5.7	6.3	6.8	7.1	7.3
Currency issued	3.4	3.2	4.5	3.3	5.1	3.7	4.1	4.5	4.8	5.0
Bank deposits at the BCRA (peso-denominated)	1.7	1.9	2.4	1.9	2.4	2.0	2.2	2.3	2.3	2.3
Memorandum Items:										
Monetary base (share of annualized Q4 GDP)	4.2	4.6	6.6	4.7	7.3	5.5	6.0	6.5	6.8	7.0
BCRA securities (share of annualized Q4 GDP)	1.4	2.1	1.5	1.9	0.1	0.3	0.2	0.2	0.2	0.2
Quasi-fiscal deficit (percent of GDP) 2/	1.6	-0.5	-0.5	-0.4	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6

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

1/ We project AR\$26 trillion of BCRA profit distribution for 2026, out of which AR\$ 20 trillion are used to drawdown on non-marketable government bonds, and we project no new distribution of BCRA profits thereafter.

2/ 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
(End of Period, Unless Otherwise Indicated)

	2024	2025	SR (July)	Proj.	SR (July)	Proj.				
			2026	2026	2027	2027	2028	2029	2030	2031
<i>(In billions of Argentine pesos)</i>										
Net Foreign Assets (NFA)	11,166	6,917	9,918	7,016	10,392	7,026	8,552	9,087	10,488	11,024
Net Domestic Assets (NDA)	101,458	159,595	172,202	242,300	205,004	309,149	378,364	428,105	482,231	536,503
Credit to the public sector	46,858	60,356	28,942	60,075	22,980	77,821	94,458	94,601	94,008	92,580
Gross credit to public sector	70,416	91,043	65,706	98,176	58,582	122,486	144,554	150,675	156,797	162,918
Deposits from the public sector	-23,558	-30,687	-36,763	-38,101	-35,601	-44,665	-50,096	-56,074	-62,789	-70,338
Claims on the central bank	24,866	41,748	50,909	68,692	61,323	83,506	98,175	111,495	125,338	139,891
Holdings of central bank securities	372	1,503	165	4,481	165	2,814	3,165	3,558	4,001	4,498
Reserves at central bank	22,294	37,737	45,622	61,120	54,626	76,447	89,711	101,408	113,627	126,542
Other	2,200	2,508	5,121	3,090	6,532	4,245	5,299	6,529	7,710	8,851
Claims on the private sector	78,457	136,533	148,794	199,385	184,881	255,390	306,246	359,827	418,378	477,922
US\$ denominated	12,500	29,307	33,489	52,360	42,869	67,271	76,893	86,924	99,347	113,544
AR\$ denominated	65,957	107,226	115,305	147,025	142,011	188,119	229,353	272,903	319,031	364,378
Net capital, reserves, and other assets	-48,723	-79,043	-56,442	-85,852	-64,180	-107,567	-120,515	-137,818	-155,493	-173,889
Liabilities with the Private Sector	112,624	166,512	182,120	249,316	215,396	316,175	386,916	437,192	492,719	547,527
Local currency deposits	80,134	112,397	134,008	158,868	156,432	204,887	260,994	294,916	332,738	368,994
Foreign currency deposits	32,490	54,115	48,113	90,448	58,963	111,288	125,922	142,276	159,981	178,533
<i>(Percent GDP)</i>										
Net Foreign Assets	1.9	0.8	1.0	0.6	0.9	0.5	0.5	0.5	0.5	0.5
Net Domestic Assets	17.4	18.8	17.1	21.2	18.0	22.5	24.2	24.6	25.0	25.1
Credit to the public sector (net)	8.0	7.1	2.9	5.3	2.0	5.7	6.0	5.4	4.9	4.3
Gross credit to public sector	12.1	10.7	6.5	8.6	5.2	8.9	9.3	8.7	8.1	7.6
Deposits of the public sector	-4.0	-3.6	-3.7	-3.3	-3.1	-3.3	-3.2	-3.2	-3.3	-3.3
Claims on the central bank	4.3	4.9	5.1	6.0	5.4	6.1	6.3	6.4	6.5	6.6
Holdings of central bank securities	0.1	0.2	0.0	0.4	0.0	0.2	0.2	0.2	0.2	0.2
Reserves at central bank	3.8	4.5	4.5	5.3	4.8	5.6	5.7	5.8	5.9	5.9
Other	0.4	0.3	0.5	0.3	0.6	0.3	0.3	0.4	0.4	0.4
Credit to the private sector	13.4	16.1	14.8	17.4	16.3	18.6	19.6	20.7	21.7	22.4
of which: Dollar denominated	2.1	3.5	3.3	4.6	3.8	4.9	4.9	5.0	5.2	5.3
of which: Peso denominated	11.3	12.7	11.4	12.9	12.5	13.7	14.7	15.7	16.6	17.1
Net capital, reserves, and other assets	-8.3	-9.3	-5.6	-7.5	-5.6	-7.8	-7.7	-7.9	-8.1	-8.1
Liabilities with the Private Sector	19.3	19.6	18.1	21.8	19.0	23.0	24.8	25.2	25.6	25.7
Local currency deposits	13.7	13.3	13.3	13.9	13.8	14.9	16.7	17.0	17.3	17.3
Foreign currency deposits	5.6	6.4	4.8	7.9	5.2	8.1	8.1	8.2	8.3	8.4
Memorandum Items:										
M2 (percent of GDP) 1/	12.2	11.2	...	9.2	...	9.6	10.4	11.1	11.6	11.9
M3 (percent of GDP) 1/	20.1	18.9	18.8	22.7	19.8	24.0	25.8	26.2	26.7	26.7
M3 (as a ratio of monetary base)	3.9	3.7	2.7	4.4	2.7	4.2	4.1	3.9	3.8	3.7
M3 (y/y percent change)	122.5	36.8	22.4	62.0	18.3	26.8	22.4	13.0	12.7	11.1
Credit to the private sector, real (eop, y/y percent change)	51.7	32.3	11.7	16.8	15.6	13.8	11.5	9.3	8.2	6.3

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

1/ Private and public M2 and M3 in pesos.

Table 6. Argentina: Summary Public and External Debt 1/

	2024	2025	SR (July)	Proj.	SR (July)	Proj.				
			2026	2026	2027	2027	2028	2029	2030	2031
<i>(in billions of U.S. dollars, unless otherwise stated)</i>										
Public Debt										
Gross Federal Debt	478.7	466.4	471.6	452.9	461.8	477.0	477.3	472.2	466.7	462.9
<i>(in percent of GDP)</i>	84.7	80.3	68.0	73.2	64.7	70.7	65.4	61.2	57.3	53.9
BCRA Debt (Securities, repos and swaps) 2/	14.6	19.0	10.8	16.8	0.9	7.4	6.7	6.8	6.9	7.0
<i>(in percent of GDP)</i>	2.6	3.3	1.5	2.7	0.1	1.1	0.9	0.9	0.8	0.8
Combined Federal Gov't and BCRA	493.3	485.4	482.4	469.7	462.8	484.4	484.0	478.9	473.6	469.9
<i>(in percent of GDP)</i>	87.2	83.6	69.5	75.9	64.8	71.8	66.3	62.0	58.1	54.8
Memorandum Items										
Gross Federal Debt Held by Private Sector 3/	211.1	185.9	171.9	167.0	160.1	172.4	164.6	155.5	150.3	148.7
<i>(in percent of GDP)</i>	37.3	32.0	24.8	27.0	22.4	25.5	22.5	20.1	18.5	17.3
Gross Federal Debt in Domestic Currency	221.6	205.0	195.7	193.5	183.4	209.4	203.9	192.3	183.3	185.9
<i>(in percent of GDP)</i>	39.2	35.3	28.2	31.3	25.7	31.0	27.9	24.9	22.5	21.7
Gross Federal Debt in Foreign Currency	257.1	261.2	276.0	259.4	278.4	267.7	273.4	279.8	283.4	277.1
<i>(in percent of GDP)</i>	45.5	45.0	39.8	41.9	39.0	39.7	37.5	36.2	34.8	32.3
Nominal GDP (in U.S. dollars)	565.5	580.8	693.9	618.4	714.2	675.0	730.0	772.1	814.5	858.3
Overall External Debt										
Gross External Debt (includes holdouts)	277.3	299.1	303.5	315.3	315.1	343.3	363.7	380.6	392.4	399.0
<i>(in percent of GDP)</i>	49.0	51.5	43.7	51.0	44.1	50.9	49.8	49.3	48.2	46.5
By Debtor										
Public sector	175.1	190.8	184.2	195.8	180.7	210.4	214.0	213.7	206.3	192.4
Federal government	134.9	155.3	151.0	159.8	149.6	174.6	178.5	177.6	169.5	155.0
Other public sector 4/	40.2	35.5	33.3	35.9	31.1	35.8	35.5	36.2	36.8	37.4
Private sector	102.2	108.3	119.3	119.6	134.5	132.9	149.7	166.9	186.1	206.6
Financial	4.2	5.4	7.2	7.2	9.4	9.3	12.0	15.0	18.6	20.7
Non-financial	97.9	102.9	112.1	112.4	125.1	123.6	137.7	151.9	167.5	185.9
By Creditor										
Debt to official creditors	75.4	94.0	96.6	95.6	94.3	93.1	88.9	83.2	75.7	65.6
Debt to banks	8.9	10.2	11.6	11.6	13.1	12.9	14.3	15.8	17.4	19.1
Debt to other private creditors	193.0	194.9	195.2	208.1	207.7	237.3	260.4	281.6	299.2	314.3
By Maturity										
Long-term	248.1	219.2	225.2	228.3	224.9	233.3	236.5	240.3	240.9	234.4
Of which: Public sector	4.5	28.3	27.3	27.3	26.3	26.3	25.3	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 repurchase agreements with international banks, BOPREALS w/o those collateralized for international repos, swap lines and miscellaneous FX

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

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

Table 7. Argentina: Federal Government Gross Financing Needs and Sources
(In Millions of U.S. Dollars)

	2024	2025	SR (July)	Proj.	SR (July)	Proj.				
			2026	2026	2027	2027	2028	2029	2030	2031
Primary Fiscal Deficit	-11,511	-9,462	-16,300	-9,838	-18,352	-12,991	-15,287	-18,203	-19,098	-20,132
Interest	7,703	5,686	13,261	6,129	11,345	9,570	12,048	14,864	16,317	17,369
External	3,991	3,887	4,494	4,364	4,654	4,469	4,737	4,966	5,137	5,201
Official (non-IMF)	2,360	2,075	2,631	2,386	2,811	2,557	2,745	3,049	3,317	3,627
Private	1,631	1,812	1,864	1,978	1,843	1,912	1,992	1,917	1,820	1,574
Domestic	3,712	1,799	8,767	1,766	6,691	5,101	7,311	9,898	11,180	12,168
Public entities 1/	1,378	354	1,510	561	1,985	2,414	2,969	3,152	3,297	3,855
Private 2/	2,334	1,445	7,256	1,205	4,707	2,687	4,342	6,746	7,884	8,313
Amortizations	103,226	233,174	100,139	152,760	106,716	107,021	127,553	117,092	114,307	122,334
External	6,871	6,879	6,260	7,496	5,808	7,544	7,997	7,795	7,509	7,944
Official (non-IMF)	3,006	2,978	2,979	2,897	2,923	3,050	3,341	3,111	2,716	2,678
Private	3,865	3,901	3,282	4,598	2,885	4,494	4,656	4,684	4,794	5,266
Domestic	96,355	226,295	93,879	145,264	100,908	99,477	119,555	109,296	106,797	114,390
Public entities 3/	32,487	104,378	37,304	78,169	58,840	54,969	70,149	71,611	73,593	83,147
Private 2/	63,867	121,917	56,575	67,095	42,068	44,509	49,406	37,685	33,205	31,243
IMF Debt Service	7,904	3,063	4,132	4,488	7,521	7,815	9,773	10,939	11,883	11,590
of which: Amortization	4,530	0	1,104	1,136	4,308	4,439	6,612	8,121	9,599	9,903
Total Needs	107,322	232,460	101,233	153,539	107,231	111,415	134,086	124,691	123,409	131,162
Treasury deposits (+, drawdown)	-14,013	4,032	0	-3,612	0	0	0	0	0	0
Official (not IMF)	4,046	5,727	5,054	3,171	5,054	4,617	5,210	5,210	5,210	5,210
Public entities 4/	32,487	99,607	37,304	81,780	58,840	54,969	70,149	71,611	73,593	83,147
Private sector issuances 2/ of which: international market issuance	79,791	108,674	57,021	68,293	41,652	48,092	56,990	47,003	44,607	42,806
of which: international market issuance	0	0	4,000	5,433	5,000	8,000	9,954	12,000	12,000	12,000
Privatization	0	0	0	2,000	0	2,000	0	0	0	0
Total Sources	102,312	218,041	99,379	151,632	105,545	109,678	132,349	123,824	123,409	131,162
Total Gap	5,443	14,420	1,853	1,907	1,686	1,737	1,737	867	0	0
IMF Disbursements	5,443	14,420	1,853	1,907	1,686	1,737	1,737	867	0	0
Memorandum Items										
Primary fiscal balance (percent of GDP)	1.8	1.4	2.2	1.4	2.5	[1.4-1.8]	2.0	2.3	2.3	2.3

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
(In Millions of U.S. Dollars)

	2024	2025	SR (July)	Proj.	SR (July)	Proj.				
			2026	2026	2027	2027	2028	2029	2030	2031
Imports G&S	80,273	101,065	111,204	112,293	115,673	117,176	121,403	127,355	133,299	138,221
FDI payments	2,756	2,834	2,331	2,683	2,333	2,560	2,423	2,282	2,125	1,968
Interest federal government	3,909	3,783	3,910	4,136	5,013	5,151	6,241	7,023	7,845	8,238
to IFIs (excl IMF)	2,237	2,075	2,200	2,319	2,811	2,557	2,745	2,750	2,581	2,439
to private creditors FX	1,609	1,631	1,611	1,726	1,957	2,350	3,235	4,000	5,057	5,651
to private creditors AR\$	63	77	98	91	246	244	261	273	208	149
Interest provincial government	966	760	633	882	513	845	740	670	621	555
Amortization federal government	4,132	6,155	7,258	7,526	6,390	7,563	8,389	8,735	11,218	13,731
to IFIs (excl IMF)	2,826	2,437	2,924	2,897	3,049	3,050	3,050	3,050	3,341	3,111
to private creditors FX	582	2,824	2,807	3,872	3,259	4,339	5,305	5,669	7,264	10,405
to private creditors AR\$	724	894	1,527	757	83	174	33	16	613	215
Amortization provincial government	1,388	1,862	1,841	1,614	1,766	1,602	1,106	806	856	1,370
Debt service to IMF	7,904	3,063	4,495	4,488	7,677	7,815	9,773	10,939	11,883	11,590
of which interest and charges	3,374	3,063	3,391	3,353	3,369	3,376	3,160	2,818	2,285	1,688
Other outflows (net)	7,609	7,626	-2,710	9,425	-4,066	14,216	12,880	11,691	11,548	6,377
of which NFA formation (incl. tourism outflows)	15,603	13,709	15,387	15,387	16,197	16,197	4,400	4,400	4,400	4,400
of which private sector net debt payments	1,150	-10,203	-15,765	-15,259	-16,358	-14,452	-14,975	-15,336	-17,223	-18,865
of which trade credits	2,106	605	5	-43	-860	-916	-1,777	-1,861	-1,954	-2,039
Total Needs	108,937	127,147	128,961	143,049	135,300	156,928	162,955	169,501	179,395	182,050
Exports G&S	96,926	105,191	112,831	120,883	119,841	127,522	133,651	141,428	149,213	155,953
FDI Inflows	11,645	3,134	15,000	14,000	14,000	18,800	20,000	21,200	22,800	24,000
Borrowing of federal government	787	9,091	10,462	11,758	11,087	14,720	17,845	20,304	21,407	13,870
from IFIs (excl IMF)	0	6,691	5,054	3,725	5,054	4,946	5,481	5,477	5,476	2,890
from private creditors FX	0	0	4,653	7,064	5,705	9,356	12,070	14,537	15,109	10,617
of which international market issuance	0	0	4,000	5,433	5,000	8,000	9,954	12,000	12,000	12,000
from private creditors AR\$	787	2,400	755	969	328	418	295	289	821	364
Borrowing of provincial government	233	2,018	565	3,000	565	2,447	1,847	1,475	1,477	1,924
Federal government	0	0	0	0	0	0	0	0	0	0
Provincial government	233	2,018	565	3,000	565	2,447	1,847	1,475	1,477	1,924
Reserve Drawdown (- = accumulation)	-6,096	-6,707	-11,749	-8,499	-11,878	-8,299	-12,125	-15,773	-15,501	-13,697
Total Sources	103,494	112,727	127,108	141,142	133,614	155,190	161,218	168,634	179,395	182,050
Total Gap	5,443	14,420	1,853	1,907	1,686	1,737	1,737	867	0	0
IMF Disbursements	5,443	14,420	1,853	1,907	1,686	1,737	1,737	867	0	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	2025
	<i>(in billions of U.S. dollars)</i>							
Total Gross Federal Government Debt	332.2	323.4	335.7	364.5	394.1	367.9	478.7	466.4
Debt Held by Official and Private Creditors	206.0	206.5	214.9	224.3	235.7	220.0	288.6	283.9
<i>Official Sector</i>	57.9	73.4	76.6	72.8	78.3	78.9	77.5	98.0
Multilateral	51.0	68.0	71.1	68.0	73.7	74.2	73.8	95.0
IMF	28.3	44.1	46.0	41.0	45.7	40.6	40.6	57.3
Other IFIs	22.8	23.9	25.1	27.1	28.0	33.7	33.2	37.7
Bilateral	6.9	5.4	5.5	4.8	4.7	4.7	3.8	3.1
Paris Club 2/	3.7	2.1	2.4	1.9	2.0	1.6	1.3	1.0
Non-Paris Club	3.2	3.3	3.1	2.9	2.7	3.1	2.5	2.1
<i>Private Sector 3/</i>	148.0	133.1	138.3	151.5	157.3	141.1	211.1	185.9
Foreign Law	64.9	66.6	68.5	67.7	66.2	66.7	64.1	61.2
Bonds with new contractual clauses	40.4	41.2	43.5	42.8	41.3	42.0	39.7	36.4
Bonds with old contractual clauses	24.6	24.3	25.0	24.8	24.6	24.4	24.2	24.6
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	120.5
FX denominated	45.4	27.6	21.2	26.2	24.0	28.6	27.7	25.7
ARS denominated	34.8	36.5	48.5	55.0	64.8	43.4	115.3	20.4
Holdouts and finalized litigations 4/	2.8	2.4	2.5	2.6	2.3	2.4	3.7	4.2
Debt Held by the Public Sector 5/	126.2	116.9	120.9	140.3	158.5	147.9	190.1	182.5
	<i>(Percent of GDP)</i>							
Total Gross Federal Government Debt	85.2	89.8	103.8	81.0	84.3	154.6	84.6	80.3
Debt Held by Official and Private Creditors	52.8	57.4	66.4	49.9	50.4	92.4	51.0	48.9
<i>Official Sector</i>	14.9	20.4	23.7	16.2	16.8	33.1	13.7	16.9
Multilateral	13.1	18.9	22.0	15.1	15.8	31.2	13.0	16.4
IMF	7.2	12.3	14.2	9.1	9.8	17.0	7.2	9.9
Other IFIs	5.8	6.6	7.8	6.0	6.0	14.1	5.9	6.5
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
<i>Private Sector 3/</i>	38.0	37.0	42.8	33.7	33.7	59.3	37.3	32.0
Foreign Law	16.7	18.5	21.2	15.1	14.2	28.0	11.3	10.5
Bonds with new contractual clauses	10.4	11.4	13.4	9.5	8.8	17.7	7.0	6.3
Bonds with old contractual clauses	6.3	6.8	7.7	5.5	5.3	10.2	4.3	4.2
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	20.7
FX denominated	11.7	7.7	6.6	5.8	5.1	12.0	4.9	4.4
ARS denominated	8.9	10.1	15.0	12.2	13.9	18.2	20.4	3.5
Holdouts and finalized litigations 4/	0.7	0.7	0.8	0.6	0.5	1.0	0.7	0.7
Debt Held by the Public Sector 5/	32.4	32.5	37.4	31.2	33.9	62.1	33.6	31.4
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	189.2
<i>(percent of GDP)</i>	43.9	47.2	52.2	37.6	36.5	74.2	30.6	32.6
Debt held by private sector nonresidents	103.2	82.5	76.1	74.0	66.5	64.1	58.5	59.5
<i>(percent of GDP)</i>	26.5	22.9	23.5	16.5	14.2	26.9	10.3	10.2
Provincial Debt	29.1	26.6	26.6	26.9	24.3	22.1	22.6	...
<i>(percent of GDP)</i>	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, 2018-25

	In millions of US dollars								In percent of GDP							
	2018	2019	2020	2021	2022	2023	2024	2025	2018	2019	2020	2021	2022	2023	2024	2025
Net IIP	65,630	113,155	123,302	124,438	122,789	105,417	56,327	48,454	12.6	25.7	32.5	25.9	19.5	16.2	8.9	7.1
Direct Investment	-30,362	-27,630	-44,063	-56,772	-70,904	-86,099	-126,428	-125,605	-5.8	-6.3	-11.6	-11.8	-11.2	-13.2	-20.0	-18.4
Equity and Investment Fund Shares	-6,626	-4,697	-12,310	-24,461	-31,131	-34,198	-71,994	-71,185	-1.3	-1.1	-3.2	-5.1	-4.9	-5.3	-11.4	-10.4
Debt Instruments	-23,735	-22,933	-31,753	-32,311	-39,773	-51,902	-54,435	-54,419	-4.5	-5.2	-8.4	-6.7	-6.3	-8.0	-8.6	-8.0
Portfolio Investment	-52,404	-2,548	12,307	19,544	31,710	39,718	24,058	26,095	-10.0	-0.6	3.2	4.1	5.0	6.1	3.8	3.8
Equity and Investment Fund Shares	22,433	31,840	38,758	48,202	41,919	46,210	44,607	62,461	4.3	7.2	10.2	10.0	6.6	7.1	7.1	9.1
Debt Securities	-74,838	-34,388	-26,451	-28,658	-10,209	-6,492	-20,549	-36,366	-14.3	-7.8	-7.0	-6.0	-1.6	-1.0	-3.2	-5.3
Financial Derivatives	-1,296	-543	-128	-397	-339	-853	-1,681	-1,909	-0.2	-0.1	0.0	-0.1	-0.1	-0.1	-0.3	-0.3
Other Investment	83,906	99,028	115,799	122,401	130,723	142,579	143,738	121,778	16.1	22.5	30.5	25.5	20.7	21.9	22.7	17.8
Other Equity	3,074	3,223	3,364	3,520	3,684	3,837	3,916	4,167	0.6	0.7	0.9	0.7	0.6	0.6	0.6	0.6
Debt Instruments	80,832	95,805	112,435	118,881	127,039	138,742	139,822	117,611	15.5	21.7	29.6	24.7	20.1	21.3	22.1	17.2
Reserve Assets	65,786	44,848	39,387	39,662	31,398	9,873	16,602	27,552	12.6	10.2	10.4	8.3	5.0	1.5	2.6	4.0
Assets	377,521	397,180	399,967	418,942	431,729	439,894	455,962	494,690	72.2	90.1	105.3	87.2	68.5	67.6	72.1	72.4
Direct Investment	42,228	42,828	41,206	43,223	45,781	49,461	52,235	55,432	8.1	9.7	10.8	9.0	7.3	7.6	8.3	8.1
Equity and Investment Fund Shares	42,228	42,828	41,206	43,223	45,781	49,461	52,235	55,432	8.1	9.7	10.8	9.0	7.3	7.6	8.3	8.1
Debt Instruments	0	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Portfolio Investment	60,789	69,294	71,307	81,928	80,331	91,200	103,651	118,666	11.6	15.7	18.8	17.0	12.7	14.0	16.4	17.4
Equity and Investment Fund Shares	33,370	39,500	42,805	52,914	48,534	55,053	64,422	75,287	6.4	9.0	11.3	11.0	7.7	8.5	10.2	11.0
Debt Securities	27,419	29,794	28,503	29,014	31,796	36,147	39,229	43,379	5.2	6.8	7.5	6.0	5.0	5.6	6.2	6.3
Other Investment	208,705	240,198	248,050	254,129	274,019	289,153	283,427	292,476	39.9	54.5	65.3	52.9	43.5	44.4	44.8	42.8
Other Equity	3,074	3,223	3,364	3,520	3,684	3,837	3,916	4,167	0.6	0.7	0.9	0.7	0.6	0.6	0.6	0.6
Debt Instruments	205,631	236,975	244,686	250,609	270,335	285,316	279,511	288,309	39.4	53.8	64.4	52.2	42.9	43.8	44.2	42.2
Reserve Assets 1/	65,786	44,848	39,387	39,662	31,398	9,873	16,602	27,552	12.6	10.2	10.4	8.3	5.0	1.5	2.6	4.0
Liabilities	311,891	284,026	276,664	294,504	308,940	334,477	399,635	446,236	59.7	64.5	72.8	61.3	49.0	51.4	63.2	65.3
Direct Investment	72,589	70,458	85,269	99,995	116,685	135,561	178,663	181,037	13.9	16.0	22.4	20.8	18.5	20.8	28.3	26.5
Equity and Investment Fund Shares	48,854	47,525	53,516	67,684	76,912	83,659	124,229	126,618	9.3	10.8	14.1	14.1	12.2	12.8	19.6	18.5
Debt Instruments	23,735	22,933	31,753	32,311	39,773	51,902	54,435	54,419	4.5	5.2	8.4	6.7	6.3	8.0	8.6	8.0
Portfolio Investment	113,193	71,842	59,000	62,384	48,620	51,482	79,593	92,570	21.7	16.3	15.5	13.0	7.7	7.9	12.6	13.5
Equity and Investment Fund Shares	10,937	7,661	4,047	4,712	6,615	8,843	19,815	12,826	2.1	1.7	1.1	1.0	1.0	1.4	3.1	1.9
Debt Securities	102,257	64,182	54,953	57,671	42,005	42,639	59,778	79,745	19.6	14.6	14.5	12.0	6.7	6.5	9.5	11.7
Financial Derivatives	1,309	554	145	397	339	860	1,690	1,931	0.3	0.1	0.0	0.1	0.1	0.1	0.3	0.3
Other Investment	124,799	141,170	132,250	131,728	143,295	146,574	139,689	170,698	23.9	32.0	34.8	27.4	22.7	22.5	22.1	25.0
Other Equity	0	0	0	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	143,295	146,574	139,689	170,698	23.9	32.0	34.8	27.4	22.7	22.5	22.1	25.0
Memorandum items																
Debt liabilities	250,791	228,286	218,957	221,711	225,073	241,115	253,902	304,862	48.0	51.8	57.6	46.1	35.7	37.0	40.2	44.6

Sources: National authorities and Fund staff estimates.

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

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

	2018	2019	2020	2021	2022	2023	2024	2025
	<i>(Percent, end-of-period)</i>							
Financial System								
Capital Adequacy								
Regulatory Capital to Risk-Weighted Assets	16.0	17.5	24.2	26.2	29.9	32.5	30.6	28.6
Regulatory Tier 1 Capital to Risk-Weighted Assets	14.2	15.5	22.3	24.7	28.8	31.8	30.4	28.6
Assets Quality								
Non-performing Loans Net of Provisions to Capital	-2.4	0.3	-4.4	-1.2	-1.5	-1.6	-1.5	0.8
Non-performing Loans to Total Gross Loans	3.1	5.7	3.9	4.3	3.1	3.7	1.5	5.6
Earnings and Profitability								
Return on Assets 1/	4.1	5.4	2.4	1.1	2.0	5.3	4.1	1.0
Return on Equity 1/	36.1	46.4	16.4	7.2	11.4	26.9	15.7	4.4
Liquidity								
Liquid Assets to Total Assets (Liquid Asset Ratio)	41.8	43.2	48.0	49.2	52.1	49.0	24.5	26.5
Liquid Assets to Short Term Liabilities 2/	60.1	62.0	69.2	72.0	75.1	73.9	37.1	41.3
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	26.1
Regulatory Tier 1 Capital to Risk-Weighted Assets	14.4	16.9	23.0	25.1	30.2	32.8	27.0	26.0
Assets Quality								
Non-performing Loans Net of Provisions to Capital	-0.6	-2.1	-6.2	-2.6	-2.0	-1.4	-2.0	0.7
Non-performing Loans to Total Gross Loans	3.1	4.4	2.2	2.9	1.8	1.6	1.5	5.6
Earnings and Profitability								
Return on Assets 1/	4.2	7.5	2.7	1.3	1.7	4.8	3.1	0.7
Return on Equity 1/	35.6	60.3	16.6	7.6	9.1	23.4	12.5	3.6
Public Banks								
Capital Adequacy								
Regulatory Capital to Risk-Weighted Assets	14.7	13.6	21.9	25.0	27.5	30.8	36.0	32.8
Regulatory Tier 1 Capital to Risk-Weighted Assets	14.1	13.0	21.3	24.4	27.0	30.8	36.0	32.8
Assets Quality								
Non-performing Loans Net of Provisions to Capital	-6.3	4.9	-0.7	1.3	-0.6	-1.9	-1.0	0.7
Non-performing Loans to Total Gross Loans	2.7	7.8	6.6	6.5	5.3	7.2	1.4	5.5
Earnings and Profitability								
Return on Assets 1/	4.0	2.0	2.1	1.0	2.6	6.2	5.5	1.3
Return on Equity 1/	38.6	20.2	17.2	7.4	16.9	33.7	19.7	4.9

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 Q3:2025.

Table 12. Argentina: Indicators of Fund Credit, 2025–35
(In Millions of SDRs, Unless Otherwise Specified)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total (2026-2035)
Existing and Prospective drawings	10,689	1,399	1,272	1,272	635	0	0	0	0	0	0	
(in percent of quota)	335	44	40	40	20	0	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	1,781	44,873
GRA charges 1/	1,326	1,416	1,428	1,341	1,204	990	749	503	299	169	80	8,179
GRA surcharges 1/	740	899	898	827	716	542	346	146	9	0	0	4,382
<i>of which</i> level-based	538	654	653	601	521	394	252	106	7	0	0	3,187
time-based	202	245	245	225	195	148	94	40	3	0	0	1,195
GRA service charge 1/	53	7	6	6	3	0	0	0	0	0	0	23
SDR assessments and charges 1/	151	138	140	141	140	140	140	141	140	140	140	1,402
Total debt service 1/	2,270	3,293	5,722	7,156	8,010	8,701	8,487	7,419	4,874	3,196	2,002	58,859
(in percent of exports of G&S)	2.9	3.8	6.2	7.4	7.8	8.1	7.5	6.4	4.2	2.7	1.6	
(in percent of GDP)	0.5	0.7	1.1	1.3	1.4	1.4	1.3	1.1	0.7	0.4	0.3	
(in percent of GIR)	11.3	12.6	17.8	17.5	15.3	13.7	11.6	9.0	5.7	3.8	2.5	
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	102.8	
(in percent of quota)	1,311.1	1,328.9	1,266.8	1,154.8	988.2	767.6	540.1	332.1	193.3	102.8	3.2	
(in percent of GDP)	8.4	8.5	7.9	6.8	5.5	4.1	2.7	1.6	0.9	0.4	0.0	
(in percent of GIR)	207.3	161.8	125.6	90.0	60.3	38.6	23.5	12.9	7.2	3.9	0.1	
Memorandum items:												
Exports of goods and services (US\$ mn)	105,191	120,883	127,522	133,651	141,428	149,213	155,953	160,632	162,665	164,723	171,635	
GDP (US\$ bn)	684	688	703	746	790	833	878	925	975	1,028	1,083	
Gross International Reserves (US\$ mn)	27,552	36,051	44,350	56,475	72,248	87,749	101,447	114,011	118,244	116,538	112,822	
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	3,187.3	3,187.3	3,187.3	

Source: Fund staff estimates and projections.

1/ Assumes that all purchases will be made.

Table 13. Argentina: 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.

Annex I. External Sector Assessment

<p>Overall Assessment: The external position in 2025 was weaker than the level implied by medium-term fundamentals and desirable policies. The assessment reflects very precarious reserve coverage and the absence of sustainable market access against the backdrop of large FX debt obligations. Since end-2025, record agricultural exports and renewed portfolio inflows have led to an incipient reserve recovery as well as some real currency appreciation. The external assessment continues to be subject to exceptionally high uncertainty.^{1/}</p> <p>Potential Policy Responses: A more balanced stabilization program with greater emphasis on external stability is now required to proactively rebuild reserves, sustain a gradual disinflation process, and durably regain access to international capital markets. The strong fiscal anchor needs to be complemented by sustained implementation of structural reforms aimed at boosting exports and attracting investment. More specifically, greater exchange rate flexibility, channeling commodity export windfalls toward reserve accumulation, and a transition toward a more open and competitive economy with reduced barriers in product, labor, and external markets are essential to improve productivity and strengthen competitiveness. Easing remaining FX restrictions should proceed as conditions permit, while macroprudential regulations continue to contain FX mismatches. Ongoing efforts to develop capital markets and formalize residents' U.S. dollar holdings are welcome, as is the ongoing reduction in export duties.</p>						
Foreign Asset and Liability Position and Trajectory	<p>Background. Household sector continued to accumulate assets abroad on a net basis in 2025 (US\$30 billion, 2.3 percent of GDP with pre-election uncertainties offsetting earlier tax amnesty inflows), though corporates increased their net exposure abroad (around US\$55 billion, 4.2 percent of GDP including valuation gains), mainly in the form of direct investment and other portfolio/investment flows, supported by strong balance sheets and energy/mining potential. As such, the NIIIP declined from US\$105.4 billion (16.2 percent of GDP) in 2023, to around US\$48 billion (7.1 percent of GDP) at end-2025. Public sector external exposure has remained generally unchanged since end-2023, with increases in official debt liabilities generally matched by lower bondholder debt and high gross reserve assets (IMF).</p> <p>Assessment. External vulnerabilities remain. Despite a positive NIIIP, reflecting private sector holdings of external low-yielding assets, the government's foreign position remains firmly in negative territory and high-yielding, while the central bank's net reserve asset position remains deeply negative, generally unchanged since end-2023.</p>					
	2025 (% GDP)	NIIIP: 7.1	Gross Assets: 72.4	Debt Assets: 40.8	Gross Liab.: 65.3	Debt Liab.: 40.1
Current Account	<p>Background. The CA averaged about negative 0.2 percent of GDP over 2020 to 2024, reaching a surplus of 1 percent in 2024 largely due to investment compression. In 2025, the current account moved to a deficit (1.1 percent of GDP), consistent with a recovery of the economy and demand. Robust goods export growth (of about 10 percent, in volumes) was more than offset by a sharp rise in imports (30.5 percent) and a further deterioration in the services balance. The deficit is projected to narrow somewhat in 2026 (to about 0.8 percent), supported by tight fiscal policy, enhancements to the monetary and FX regime, and continued improvements in Argentina's energy and mining balance. The projected medium-term CA path is consistent with rebuilding reserves to 100 percent of the ARA metric.</p> <p>Assessment. The 2025 EBA cyclically adjusted CA balance is estimated at around -1.8 percent of GDP, compared to the estimated EBA CA norm of 0.7 percent of GDP, implying an EBA CA gap in the range of (-1.5 to -3.5) percent of GDP. A significant portion of the gap is accounted for by an unexplained residual, which reflects transitional factors not captured by the EBA framework, including longstanding structural competitiveness constraints in the tradable sector; as well as the release of pent-up import demand (particularly for capital goods and investment inputs) following the easing of current and capital account restrictions. Structural constraints are expected to diminish as the reform agenda advances. The staff-assessed CA norm is subject to significant uncertainty, reflecting in part the pace at which structural reforms improve productivity and competitiveness.</p>					
	2025 (% GDP)	CA: -1.1	Cycl. Adj. CA: -1.8	EBA Norm: 0.7	EBA Gap: -2.5	Staff Adj.: 0.0	Staff Gap: -2.5
Real Exchange Rate	<p>Background. While average REER modestly appreciated by 3 percent between 2024 and 2025, the REER weakened by 16 percent between December 2024 and December 2025. The real depreciation was supported by a move toward greater exchange rate flexibility, in the context of increased political uncertainties. The REER appreciated in Q1 2026, on the back of record agricultural/energy exports and stronger capital inflows and comes despite FX purchases by the BCRA. Price-based and wage-based REER measures followed similar patterns, although wage-based indices adjusted with a lag, likely reflecting a substantial narrowing in profit margins.</p> <p>Assessment. The staff-assessed CA gap for 2025 implies an average REER gap of 9.5-22.0 percent, with a midpoint 15.8 percent, based on a semi-elasticity of 0.16. These estimates are broadly consistent with the EBA REER models and longer-term REER trends.^{2/} Considering REER dynamics since April 2025, the REER gap is estimated to have narrowed as of end-2025 compared to the annual average, although recent appreciation amid very strong FX inflows has eroded these gains. Over the medium term, a stronger REER could be justified if ongoing structural reforms deliver sustained productivity and competitiveness gains.</p>					
	<p>Capital and Financial Accounts: Flows and Policy Measures</p> <p>Background. On the financial account, Argentina recorded a net capital inflow of about US\$11.4 billion in 2025 (1.7 percent of GDP), reversing 2024's small net outflow. Gross liabilities reached 5.5 percent of GDP, largely reflecting IMF and multilateral disbursements and corporate borrowing, with smaller contributions from portfolio debt issuance. Net asset acquisition by residents reached 3.8 percent of GDP with reserve assets up by US\$7.2 billion. Trade and capital account restrictions have been gradually eased since early 2024, despite a temporary tightening ahead of the October midterm elections. Post-elections, market confidence improved, and starting January 2026, corporates can freely repatriate dividends from 2025 investments onward.</p> <p>Assessment. A careful easing of remaining exchange rate restrictions and capital flow management measures, along with tight macroeconomic policies and greater exchange rate flexibility, is needed and expected to support reserve accumulation, attract foreign investment, and facilitate sustained access to international capital markets. These measures will need to be complemented by macroprudential policies to ensure the sustainability of capital inflows. Risks to capital inflows remain tilted to the downside amid rising global geopolitical tensions and a more challenging external financing environment.</p>					
FX Intervention and Reserves Level	<p>Background. NIR fell to -\$11.7 billion (at current rates) by end-2025; well below end-2024 levels (-\$2.4 billion) and similar to end-2023 levels (-\$11.2 billion); reflecting reserve sales ahead of the midterm elections triggered by a sharp rise in resident FX hedging and dollarization. GIR, in contrast, rose by about \$10.9 billion in 2025 (to \$27.5 billion at end-December), reflecting IMF disbursements and the post-election normalization of FX markets, and increased by a further \$4.4 billion through April 21, 2026 (US\$31.9 billion). Adjustments to the FX framework and the introduction of a reserve purchase program have resulted in the BCRA purchasing about \$6.5 billion year-to-date, with NIR at program rates increasing by about US\$4.8 billion. Bank FX deposits have risen (about US\$16.1 billion, at the same time), supporting improvements in GIR.^{3/}</p> <p>Assessment. Reserve coverage remains very inadequate. The GIR is estimated at 38.1 percent of the standard ARA EM metric (and 41.2 percent of the CFM-adjusted metric) as of end-2025. Sustained efforts to organically rebuild reserves will be essential to secure access to international capital markets at more favorable terms and allow Argentina to manage shocks, particularly in the context of elevated global uncertainty and volatile external financing conditions.</p>					
	<p>1/The assessment is still preliminary. A final assessment will be provided in the 2026 External Sector Report.</p> <p>2/ Results from the EBA REER index model suggest an average REER gap of about 14.5 percent, while the EBA REER level model estimates a gap of around 18.6 percent.</p> <p>3/ Gross reserve assets exclude the inactivated portion of the US\$13 billion bilateral swap with the PBoC.</p>					

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

Table 1. Argentina: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	High	Overall risks of sovereign stress remain high, despite significant improvements in economic fundamentals and the issuance of local-law FX bonds. This reflects elevated economic uncertainty amid still-high inflation, low reserve buffers, and risks surrounding sustained access to international capital markets needed to refinance large upcoming FX obligations. In addition to continued adherence to strict fiscal discipline, policy framework has been bolstered by a consistent implementation of the daily reserve purchase plan and further improvements to the monetary and exchange rate framework, leading to credit rating upgrades. A strategy to re-access international capital markets at more favorable rates is being implemented, aimed largely at refinancing and extending maturities of principal obligations coming due during 2026-27, with external commercial loans guaranteed by IFIs serving as a bridge to more stable market access.
Near term 1/	n.a.	n.a.	Not applicable.
Medium term	Moderate	Moderate	Staff continue 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. 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 reserve accumulation strategy, fiscal consolidation, as well as improvements in the debt profile should help contain financing risks. Sustaining market access, including through the issuances of foreign-law FX bonds, will be critical to refinance large upcoming FX obligations, including because the rise in BCRA debt (Bopreal, repo agreements, and swaps) has also increased FX debt payments in 2026-27.
Fanchart	Moderate	...	
GFN	Moderate	...	
Stress test	Cont. Liabty.	...	
Long term	...	High	Given Argentina's vulnerabilities and need to maintain tight fiscal policy and sustain access to international capital markets amid large upcoming FX payments, there are relevant risks of a renewed episode of sovereign stress over the longer term. These risks are compounded by additional potential pressures coming from debt litigation, provincial finances, and pension spending. Strict adherence to program objectives should 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 that 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, the availability of Treasury deposits, and the fact that a large share of debt is held by the public sector. Going forward, the debt-to-GDP ratio is expected to decline rapidly given the strong fiscal anchor, strengthened FX regime, and robust growth. 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 in a steady manner and external buffers are likely to remain limited in the near term.

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 a 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 has started to return to FX capital markets after a seven-year hiatus with the issuance of local-law FX bonds, continued implementation of the economic program will be needed to ensure steady access to international capital markets, including through the issuance of foreign-law FX bonds. A strategy to re-access international capital markets at more favorable rates is being implemented, aimed largely at refinancing and extending maturities of principal obligations coming due during 2026-27, with external commercial loans guaranteed by IFIs serving as a bridge to more stable market access. Notably, consistent implementation of the authorities' reserve accumulation plan will be essential to lower spreads, refinance large upcoming FX debt payment, and rebuild external buffers. Stronger economic fundamentals, supported by a strengthened policy framework, have already translated into credit rating upgrades. Failure to adhere to the fiscal anchor would imply greater financing pressures, and higher gross financing needs over the medium to long term. A prolonged risk-off environment as a tail risk outcome of the Middle East war could also delay market access. 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, the high share of foreign currency, 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 public 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 (the DSA perimeter). Staff’s judgment is also informed by other important elements, including the results of a 10-year Debt Fanchart, and a detailed assessment of consolidated public sector debt and debt service, which excludes intra-public sector debt obligations to the central bank (BCRA) and the social security trust fund (FGS), yet includes debt held by the BCRA.

2. During 2025, the authorities’ strict adherence to their fiscal anchor kept gross public debt in check, with significant changes in composition reflecting official support and debt management operations (Table 2).¹ Consolidated public debt was generally unchanged at about US\$300 billion, with increases in external debt largely offsetting reductions in domestic peso debt. On the external front, Treasury and BCRA FX debt rose by around US\$18 billion, mainly reflecting increased net borrowing from official creditors (including from the IMF and BIS), as ad hoc FX market issuances by the Treasury and repo agreements by the BCRA partially met amortization obligations to private bondholders (including *Bopreal*).² Meanwhile, on the domestic front, domestic debt fell by about US\$20 billion, reflecting the cancellation of Treasury peso debt through the use of BCRA profit transfers (roughly 95 percent of the peso debt falling due was refinanced during 2025) and valuation effects offsetting increased placements of zero-coupon bonds.

¹ Large improvements in public debt (both in U.S. dollar and percent of GDP) between end-2023 and end-2024, largely reflected positive valuations effects from the appreciation of the real exchange rate. Valuation effects played a smaller role as the real exchange rate was generally unchanged between end-2024 and end-2025.

² In 2025, the Treasury issued local-law peso-denominated bonds subscribed in dollars (US\$1.5 billion) maturing in 2030 with a put option for 2027, as well as a local-law U.S. dollar -denominated bond (US\$1 billion) maturing in 2029, while the BCRA reached two repo agreements for US\$3.0 billion falling due in 2027.

Table 2. Argentina: Public Sector Debt, 2023–25 1/

	2023	2024	2025	2023	2024	2025	Chg 24/25
	<i>(in US\$ bn)</i>			<i>(in percent of GDP)</i>			<i>(in US\$ bn)</i>
1. Gross federal debt (DSA perimeter) (1=2+3)	367.9	478.7	466.2	154.6	84.7	80.3	-12.5
2. Federal debt (excl. intra-public sector holdings)	220.0	288.4	283.9	92.5	51.0	48.9	-4.5
2a. FX debt	173.8	173.2	189.1	73.0	30.6	32.6	16.0
IMF	40.6	40.6	57.3	17.0	7.2	9.9	16.7
Official Sector	38.3	37.0	40.8	16.1	6.5	7.0	3.8
Private Sector	92.5	91.8	86.9	38.9	16.2	15.0	-4.9
Holdouts and finalized litigation	2.4	3.8	4.2	1.0	0.7	0.7	0.4
2b. LC debt	46.2	115.3	94.8	19.4	20.4	16.3	-20.5
3. Intra-public sector Treasury debt 2/	147.9	190.3	182.3	62.1	33.7	31.4	-8.0
4. BCRA liabilities 3/	45.6	14.6	19.0	19.2	2.6	3.3	4.4
4a. FX debt 3/	10.3	14.4	18.2	4.3	2.5	3.1	3.8
Bopreal	0.0	9.3	7.3	0.0	1.6	1.3	-2.0
Repo agreements	0.0	0.0	3.0	0.0	0.0	0.5	3.0
BIS swap	2.2	0.0	2.5	0.9	0.0	0.4	2.5
PBoC swap	5.1	4.9	5.1	2.1	0.9	0.9	0.2
Other	3.1	0.2	0.3	0.0	0.0	0.1	0.1
4b. LC debt	35.4	0.1	0.7	14.9	0.0	0.1	0.6
5. Consolidated public sector debt (5=2+4)	264.4	303.0	302.9	111.1	53.6	52.1	-0.1
5a. Consolidated FX debt (5a=2a+4a)	184.1	187.6	207.4	77.4	33.2	35.7	19.8
5b. Consolidated LC debt (5b=2b+4b)	80.3	115.4	95.5	33.7	20.4	16.4	-19.9
<i>Memorandum items</i>							
Net International Reserves plus IMF disbursements	-8.5	-2.4	2.6				5.0
Official Debt/Total Federal FX Debt (percent)	45.4	44.8	51.8				7.1
FX Debt/Total Public Sector Debt (percent)	69.3	61.9	68.5				6.6

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 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 Bopreals (not used for repo collateral), repo agreements, and the PBoC and BIS swap lines, and other small FX liabilities.

3. In the context of large debt obligations during 2026-27, a multi-pronged strategy to strengthen access to domestic and international capital markets is being implemented. On the FX front, following agreement on another BCRA repo for US\$3 billion in January, the Treasury has been issuing this year, as part of its regular auctions, local-law FX bonds (*Bonares*) maturing in late-2027 and late-2028, with the objective of tapping at least US\$4 billion this year.³ In tandem, the Treasury is in the process of contracting syndicated loans with international banks for roughly US\$4 billion with an expected maturity of at least 6 years and a grace period of about 3 years. These loans

³ Through end-April 2026, the Treasury has issued over US\$2 billion in *Bonares*, although the effective interest rate on instruments maturing ahead of the Presidential elections in late-2027 (5-6 percent) is much lower than that maturing in 2028-29 (around 8-9 percent).

are expected to be 40-95 percent guaranteed by the World Bank Group, the IADB and CAF, with the operations approved around late June.⁴ Meanwhile, on the peso debt front, efforts continue to extend maturities and reduce rollover risks (about US\$35 billion continue to fall due to the private sector in the next 90 days), with the Treasury avoiding instruments with very short maturities (below 4 months). These operations are envisaged as a bridge toward more stable market access, considering the large FX debt service obligations to the Fund and private sector creditors (about US\$35 billion between May 2026 and December 2027, Table 9). Finally, the financing strategy is being complemented by efforts to privatize SOEs, which are expected to raise US\$2 billion this year. Profit transfers from the BCRA in 2026 (about US\$16 billion) will be mainly used to recapitalize the BCRA through the buyback of *Letras Intransferibles* by the Treasury (US\$12 billion), while a small buffer (US\$4 billion) will be left at the Treasury's deposit account at the BCRA to mitigate peso debt rollover risks.

4. More generally, Argentina's debt sustainability assessment is predicated on a successful implementation of the program to address the still-significant imbalances and structural challenges. Sustaining the zero overall cash balance fiscal anchor will require adoption of fiscal reforms to support further increases in the primary surplus in the context of more stable market access and a shift toward peso instruments that record the interest bill above the line. These efforts, alongside further enhancements to the monetary and FX policy regime and a deepening of structural reforms, are expected to support disinflation, reserve accumulation, and growth, and facilitate steady access to international markets at more favorable terms. Stronger economic fundamentals, alongside enhanced policy frameworks, have already led to credit rating upgrades.

5. Under baseline policy assumptions, public debt is projected to decline steadily over the medium term. Gross federal debt is expected to fall from around 80 percent of GDP in 2025 to about 54 percent by 2031. The projections assume that principal payments on FX debt (to the IMF and private creditors) are refinanced through the issuance in the markets of foreign-currency debt under both local and foreign law, while FX interest payments are covered mainly by primary surpluses—implying no increase in external indebtedness (see also Box 1 and Table 6).⁵ The projections also assume additional fiscal consolidation consistent with the projected increase in the interest bill—with the primary surplus stabilizing at around 2¼ percent of GDP by 2029—and potential real GDP growth reaching 3 percent annually over the medium term (compared to an average of zero percent over the past decade). Consistent with these dynamics, consolidated public sector debt is projected to fall from around 52 percent of GDP in 2025 to below 30 percent of GDP by 2031, driven by a gradual reduction in exposure to official creditors as market access is secured.

⁴ While these IFI-backed commercial loans extend the duration of external debt and reduce borrowing costs, they also increase the share of senior debt in an adverse scenario.

⁵ Should FX indebtedness also cover FX interest payments, the primary surplus would be used to reduce the stock of peso-denominated debt. It is worth noting that a more comprehensive and upfront liability management operation would also be consistent with these overall objectives.

B. Medium-Term Risk Analysis

6. The GFN Financeability Module continues to point to moderate risk. Baseline GFNs are projected to remain high and average around 18 percent of GDP over the 2026–31 period (around 11 percent of GDP for debt held by the private and official sector).

- Despite the significantly improved macroeconomic fundamentals since end-2023, risks remain moderate due to underlying vulnerabilities—low reserve buffers, unstable market access, exposure to frequent shocks— against the backdrop of a long history of economic mismanagement and defaults. Notwithstanding strong debt management efforts, the extension in the maturity on the peso debt and reduction in the share of indexed debt will take place gradually over the medium term as disinflation materializes. Meanwhile, despite recent efforts to formalize resident holdings of US dollars and expand bank credit to the private sector (enabled by a reduction in the exposure to the public sector) the banking system (with assets of about 35 percent of GDP) as well as capital markets remain shallow, adding to the challenges of absorbing GFNs.⁶
- These vulnerabilities are partly mitigated by: (i) the availability of Treasury peso deposits at the BCRA and Banco Nacion; (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 is from IFIs, with more favorable terms and conditions. Support from existing swap lines could also represent an additional safeguard.
- Against this backdrop, reducing rollover risks will require sustained fiscal efforts, agile and well-communicated debt management, consistent and predictable reserve accumulation strategy, and improved monetary policy framework. Decisive implementation should help ensure timely and steady access to international capital markets at more favorable terms and a more sustainable balance of payments, without excessive reliance on volatile short-term inflows, which is supported by reforms to improve competitiveness and encourage FDI.

7. 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 elevated uncertainty as proxied by the width of the fanchart. These uncertainties can be reduced to the extent that steady improvements in monetary and FX framework limit overvaluation risks and safeguard external resilience and sustainability.

8. 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),

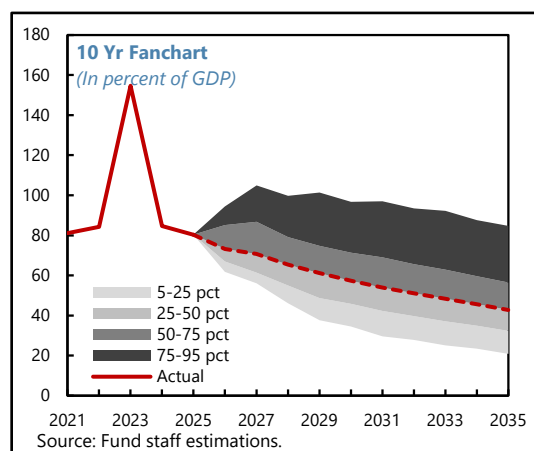
⁶ Exposure of the domestic banking sector to the consolidated public sector (including the BCRA) fell to around 24 percent of all assets by end-2025, from over 50 percent at end-2023.

encompassing more than the total stock of provincial debt and combined potential compensation payments from ongoing sovereign debt litigation cases. While debt dynamics remain close to the baseline in the contingency scenarios, the non-bailout approach on provincial debts and commitment to resolving pending litigation should be maintained (see Staff Report ¶41). Related to the latter, Argentina has reached agreement with certain holdout creditors from the 2005 debt restructuring in March and is now making good faith efforts to resolve arrears to claimants of London GDP-warrant case. Agile policymaking will remain indispensable, with additional macroeconomic policy adjustments necessary, if risks from contingent liabilities materialize.

C. Longer-Term Risk Analysis

9. 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 2035 is above 97 percent, consistent with debt sustainability, although with substantial risks. Over the medium to long term, Argentina will need to continue to refinance large FX obligations and may be subject to potential additional financing and fiscal pressures coming from debt litigation as well as external or domestic political shocks. Its capacity to repay will depend on resolute implementation of the program to enhance external resilience and sustainability and create conditions for stronger growth over the medium term.



10. While debt (and debt service) held by the official and private sectors is projected to be manageable in the medium to long term, buffers remain limited. Federal debt (excluding debt held by the BCRA and FGS) would fall below 40 percent of GDP, a commonly cited threshold for peers with strong fundamentals and adequate market access, though its appropriateness may depend on country-specific risks. GFNs (for federal debt not in the hands of other public entities) between 2026–2031 are projected to be around 11 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 peso debt. Moreover, decisive reserve accumulation will be key to support a further reduction in sovereign spreads and secure timely and stable access to international capital markets, including to gradually reduce Argentina’s large exposure to the Fund and other 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.

Macroeconomic Assumptions

- *Real GDP growth* is projected to expand by 3.5 percent in 2026, supported by private investment and exports, and gradually converge toward potential (3 percent) over the medium term, supported by productivity enhancing reforms.
- *The real effective exchange rate (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)* is expected to continue to gradually decline to around 25 percent in 2026, supported by strict adherence to the fiscal anchor and enhancements to the monetary framework. Annual inflation is expected to reach single digits by 2028.
- *The primary fiscal surplus* is projected to reach 1.4 percent of GDP in 2026, broadly unchanged from 2025 and consistent with the authorities' commitment to an overall cash balance. The primary surplus is projected to converge to a steady-state level of 2.3 percent of GDP by 2029, as interest payments rise in the context of an open capital account and the debt structure adjusts.
- *Gross international reserves* are assumed to recover from around 40 percent of the ARA metric at end-2025 to around 100 percent by 2030.

Financing Assumptions

- *External official financing.* Gross external official financing (excluding the Fund) is expected to reach about US\$3 billion in 2026, implying a broadly zero net financing (before interest payments). Annual official net financing 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 payments out to 2028, consistent with program reserve accumulation and debt sustainability goals. The BIS swap line (US\$2.5 billion)—used to repay the activated portion of the US Treasury swap—has not been included in public debt, as it does not cross the *de minimis* threshold of 1 percent of GDP and is assumed to be repaid in 2026. The activated PBOC swap line is assumed to be refinanced (and is also not included).
- *FX private sector financing.* Debt service on FX-denominated debt to foreign private creditors is assumed to follow the 2020 restructuring schedule. Over the forecast period, Argentina is assumed to issue FX sovereign bonds under domestic and foreign law mainly to cover upcoming principal payments (including from the IMF and BCRA's repo agreements and *Bopreals*), resulting in no increase in external indebtedness, while the fiscal surplus is used to pay down FX interest payments. Domestic-law FX bond issuances would amount to about US\$5 billion in 2026 (as largely reflected in the expected 2027 and 2028 Bonar issuances), while IFI-backed commercial loans would total US\$4 billion and serve as a temporary bridge to international capital market financing. Foreign-law FX bond issuance would then rapidly increase to about US\$11 billion per year in 2027–31 given large FX principal payments. Sovereign spreads are projected to gradually fall from around 500 bps in 2026 to 350 bps over the medium term. No foreign-financed debt buyback is assumed. Exposure to the Fund is assumed to gradually fall over the medium term.
- *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 percent over the projection period, consistent with an open capital account and the assumed reduction in Argentina's sovereign risk premium.

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

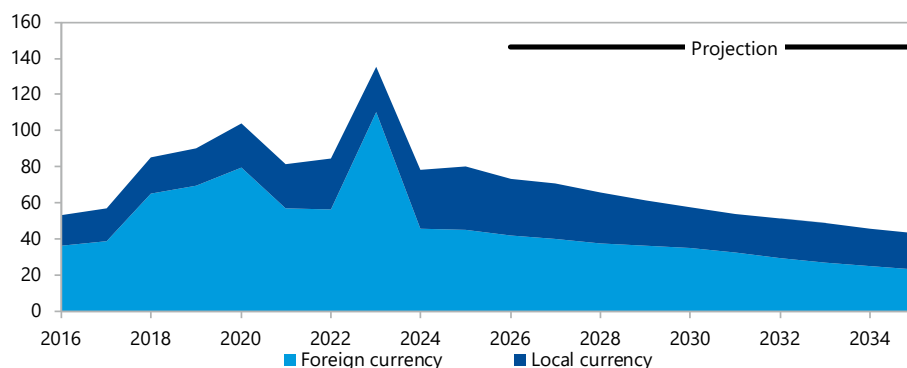
	2026	2027	2028	2029	2030	2031
External Financing						
<i>Official (ex. IMF)</i>						
Disbursements (USD billions)	3.2	4.6	5.2	5.2	5.2	5.2
Net financing (USD billions)	0.3	1.6	1.9	2.1	2.5	2.5
Nominal interest rate (percent)	5.0	5.0	5.0	3.9	3.9	3.9
<i>Foreign-law FX bond issuance and syndicated loans backed by IFIs</i>						
Issuance (USD billions)	5.4	8.0	10.0	12.0	12.0	12.0
Spread (basis points)	500	450	400	350	350	350
Maturity (years)	7	7	7	7	7	7
Grace period (years)	3	3	3	3	3	3
<i>Domestic-law FX bond issuance</i>						
Issuance (USD billions)	5.1	5.1	7.1	11.0	10.9	13.1
Nominal interest rate (percent)	6.0	6.0	6.0	6.0	6.0	6.0
Peso Market Financing						
Real Interest Rate (percent)	7.1	4.5	4.0	4.0	4.0	4.0

Sources: Fund staff assumptions and projections.

Table 3. Argentina: Debt Coverage and Disclosures

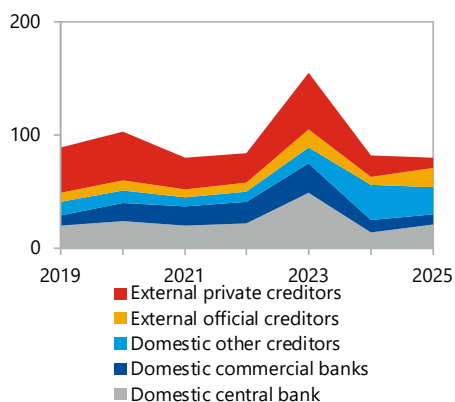
										Comments									
1. Debt coverage in the DSA: 1/										CG	GG	NFPS	CPS	Other					
1a. If central government, are non-central government entities insignificant?										No									
2. Subsectors included in the chosen coverage in (1) above:																			
Subsectors captured in the baseline										Inclusion									
CPS	NFPs	GG: expected	CG	1	Budgetary central government	Yes													
				2	Extra budgetary funds (EBFs)	No					Not applicable								
				3	Social security funds (SSFs)	No					Excludes FGS/ANSES liabilities								
				4	State governments	No					Excludes state govt liabilities								
				5	Local governments	No					Excludes local govt liabilities								
				6	Public nonfinancial corporations	No													
				7	Central bank	No													
				8	Other public financial corporations	No													
3. Instrument coverage:										Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/					
4. Accounting principles:										Basis of recording		Valuation of debt stock							
										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																			
				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						
				2	Extra-budget. funds								0						
				3	Social security funds								0						
				4	State govt.								0						
				5	Local govt.								0						
				6	Nonfin pub. corp.								0						
				7	Central bank								0						
				8	Oth. pub. fin. corp								0						
Total					0	0	0	0	0	0	0	0	0						
<p>1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.</p> <p>2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.</p> <p>3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.</p> <p>4/ Includes accrual recording, commitment basis, due for payment, etc.</p> <p>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).</p> <p>6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.</p> <p>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.</p>																			
<p>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 (with the exception of those with finalized litigation), 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 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.</p>																			

Table 4. Argentina: Public Debt Structure Indicators



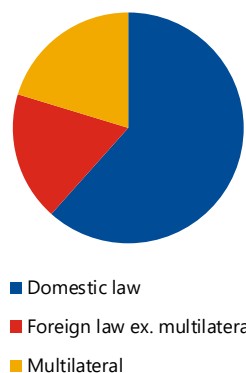
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)



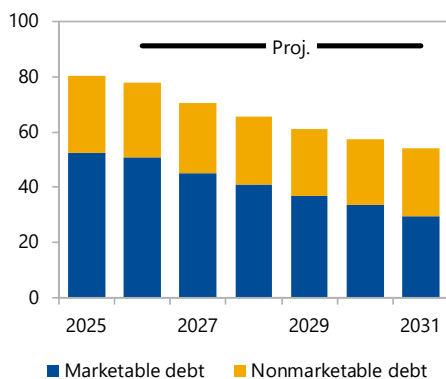
Note: The perimeter shown is central government.

Public Debt by Governing Law, 2025 (percent)



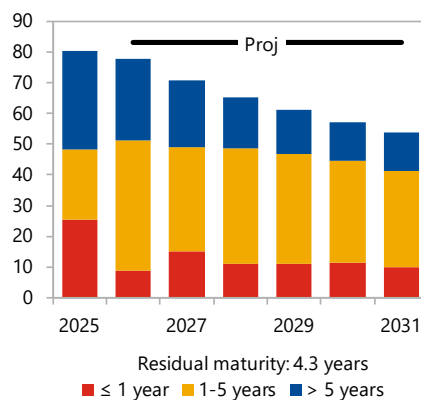
Note: The perimeter shown is central government.

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.

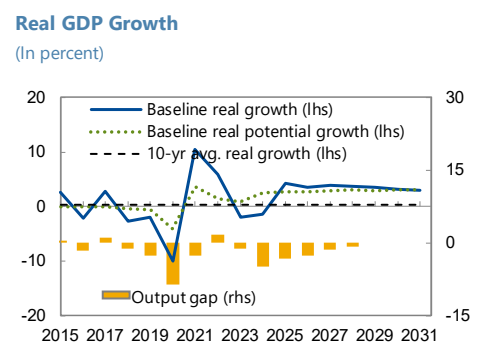
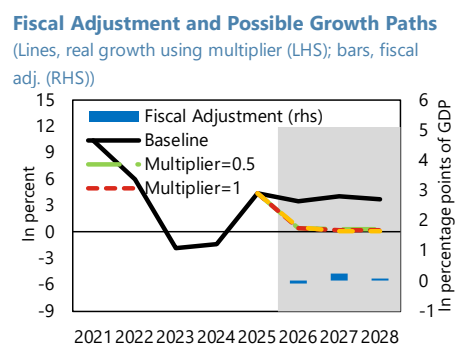
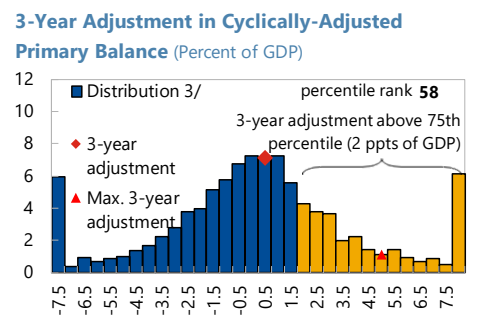
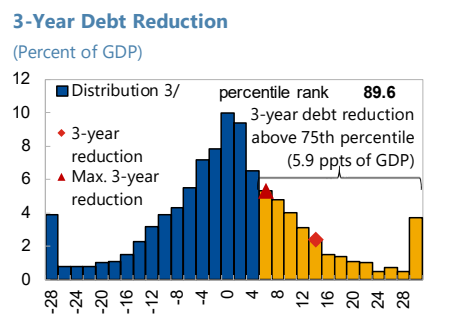
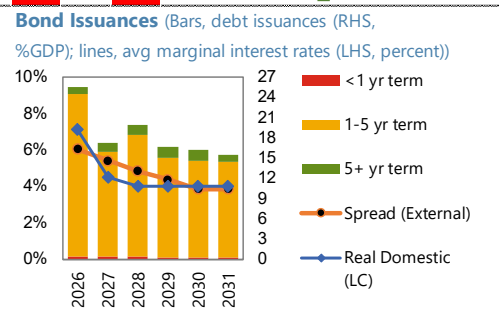
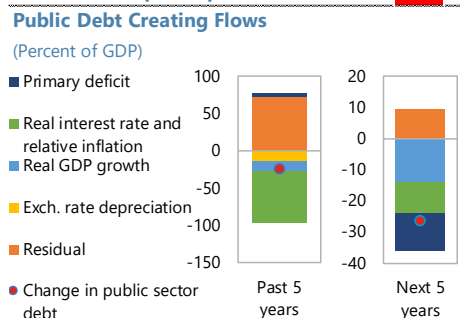
Commentary: Foreign-currency denominated debt will continue to dominate over the long term. Rollover risks are mitigated by the large share of FX debt held by IFIs, as well the large share of overall debt held by the intra-public sector (including non-marketable instruments). In line with the government's debt management strategy, staff project the maturity of new debt to increase over time, as well as the share of fixed-rate instruments.

Table 5. Argentina: Realism of Baseline Assumptions

Forecast Track Record 1/	t+1	t+3	t+5	Comparator Group:
Public debt to GDP	Red	Orange	Green	Emerging Markets, Commodity Exporter, Program
Primary deficit	Light Green	Orange	Light Green	
r - g	Light Green	Green	Light Green	
Exchange rate depreciaton	Red	Orange	Light Green	
SFA	Green	Green	Green	

Historical Output Gap Revisions 2/	real-time	t+3	t+5
Public Debt Creating Flows	Red	Red	Red

Color Code:
 Optimistic: > 75th percentile (Red), 50-75th percentile (Orange), 25-50th percentile (Light Green)
 Pessimistic: < 25th percentile (Green)



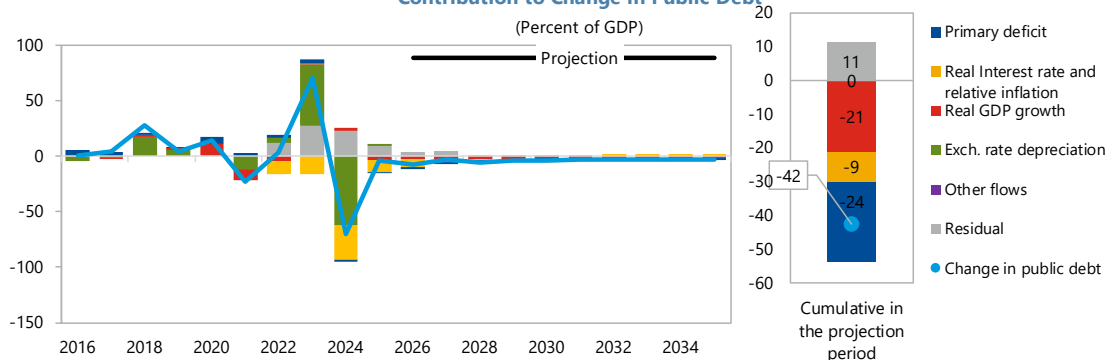
Commentary: Forecast track record analyses point to near-term baseline optimism, particularly the debt reduction and exchange rate paths, in line with staff's assessment that risks to the baseline remain exceptionally high. Argentina's extreme economic volatility makes it difficult to achieve high forecast accuracy over long periods of time. The program baseline assumes that the macroeconomic adjustment is sustained and addresses underlying imbalances, helping Argentina emerge from its prolonged period of crisis. The fiscal consolidation has already been undertaken and is among one of the largest consolidations observed in the sample. 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 observations 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)

	Est.	Medium-term projection						Extended projection					
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Public debt	80.3	73.2	70.7	65.4	61.2	57.3	53.9	51.1	48.4	45.6	42.8	37.9	
Change in public debt	-4.3	-7.1	-2.6	-5.3	-4.2	-3.9	-3.4	-2.8	-2.8	-2.7	-2.9	-4.9	
Contribution of identified flows	-13.7	-11.3	-7.2	-5.5	-4.5	-3.9	-3.6	-3.5	-3.5	-3.5	-3.6	-3.7	
Primary deficit	-1.4	-1.4	-1.8	-2.0	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	
Noninterest revenues	23.6	23.9	24.4	24.7	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4	
Noninterest expenditures	22.2	22.5	22.6	22.6	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	
Automatic debt dynamics	-12.3	-9.9	-5.4	-3.4	-2.2	-1.6	-1.3	-1.2	-1.2	-1.2	-1.3	-1.4	
Real interest rate and relative inflation	-10.4	-7.2	-2.6	-0.9	0.1	0.2	0.4	0.4	0.3	0.2	0.1	-0.1	
Real interest rate	-21.6	-16.4	-7.3	-3.5	-1.8	-1.5	-1.3	-1.2	-1.1	-1.1	-1.1	-1.3	
Relative inflation	11.2	9.3	4.8	2.6	1.8	1.8	1.7	1.6	1.5	1.3	1.2	1.1	
Real growth rate	-3.5	-2.7	-2.8	-2.6	-2.2	-1.9	-1.7	-1.6	-1.5	-1.4	-1.3	-1.3	
Real exchange rate 1/	1.6	...	...	...	...	...	...	...	...	...	...	...
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	9.3	4.2	4.7	0.2	0.2	0.1	0.2	0.7	0.7	0.7	0.7	-1.2	
Gross financing needs	29.8	22.4	17.0	19.1	16.9	15.9	16.5	15.5	15.6	15.3	13.9	12.3	
of which: debt service	31.2	23.8	18.8	21.2	19.2	18.2	18.8	17.8	17.9	17.6	16.2	14.6	
Local currency	28.6	19.1	14.4	16.0	12.8	12.2	10.5	9.8	10.0	10.3	9.9	9.2	
Foreign currency	2.6	4.7	4.4	5.2	6.4	6.0	8.3	8.0	8.0	7.3	6.3	5.4	
Memo:													
Real GDP growth (percent)	4.4	3.5	4.0	3.8	3.5	3.2	3.0	3.0	3.0	3.0	3.0	3.0	
Inflation (GDP deflator; percent)	39.4	30.2	15.6	9.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
Nominal GDP growth (percent)	45.2	34.9	20.1	13.7	11.3	10.9	10.8	10.8	10.8	10.8	10.8	10.8	
Effective interest rate (percent)	1.6	2.6	3.6	3.9	4.5	4.7	4.9	5.1	5.0	5.0	4.7	4.2	

Contribution to Change in Public Debt



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, boost exports and productivity, and accumulate international reserves remain essential to mobilize domestic saving and improve prospects of steady international market access, which in turn would strengthen debt-servicing capacity. The large residual in 2025-27 can be explained by valuation changes, including compensation of inflation-linked bonds and capitalized interest payments. Over time, the effective interest rate is projected to increase with the easing of FX controls and as zero-coupon bonds are assumed to be refinanced with instruments recording interest payments above the line.

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

Table 7. Argentina: Medium-Term Risk Analysis

	Value	Contrib 1/	Percentile in peer group 2/																															
Final Fanchart (Percent of GDP)																																		
Debt fanchart module																																		
Fanchart width (percent of GDP)	71.5	1.0																																
Probability of debt non-stabilization (percent)	1.0	0.0																																
Terminal debt-to-GDP x institutions index	38.2	0.8																																
Debt fanchart index (DFI) 1.9																																		
Risk signal: 3/ Moderate																																		
Gross Financing Needs (Percent of GDP)																																		
Gross financing needs (GFN) module																																		
Average baseline GFN (percent of GDP)	18.0	6.1																																
Initial Banks' claims on the gen. govt (pct bank assets)	24.3	7.9																																
Chg. In banks' claims in stress (pct banks' assets)	7.2	2.4																																
GFN financeability index (GFI) 16.4																																		
Risk signal: 4/ Moderate																																		
Triggerred stress tests (stress tests not activated in gray)																																		
Banking crisis	Exchange rate	Contingent liab.	Natural disaster																															
Commodity prices	Medium-term risk analysis																																	
Medium-Term Index (Index Number)																																		
<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Value (normalized)</th> <th>Weight</th> <th>Contribution</th> </tr> </thead> <tbody> <tr> <td>Debt fanchart index</td> <td>1.9</td> <td>0.4</td> <td>0.5</td> <td>0.2</td> </tr> <tr> <td>GFN financeability index</td> <td>16.4</td> <td>0.3</td> <td>0.5</td> <td>0.2</td> </tr> <tr> <td>Medium-term index</td> <td></td> <td>0.4</td> <td></td> <td></td> </tr> <tr> <td>Risk signal: 5/</td> <td></td> <td>Moderate</td> <td></td> <td></td> </tr> <tr> <td>Final assessment:</td> <td></td> <td>Moderate</td> <td></td> <td></td> </tr> </tbody> </table>						Value	Value (normalized)	Weight	Contribution	Debt fanchart index	1.9	0.4	0.5	0.2	GFN financeability index	16.4	0.3	0.5	0.2	Medium-term index		0.4			Risk signal: 5/		Moderate			Final assessment:		Moderate		
	Value	Value (normalized)	Weight	Contribution																														
Debt fanchart index	1.9	0.4	0.5	0.2																														
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Medium-term index		0.4																																
Risk signal: 5/		Moderate																																
Final assessment:		Moderate																																
Prob. of missed crisis, 2026-2031, if stress not predicted: 27.3 pct. Prob. of false alarms, 2026-2031, if stress predicted: 17.0 pct.																																		
Commentary: Staff assesses 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 elevated 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 by Creditor, 2025 /1

	Debt Stock (end of period)		
	(In US\$ bn)	(Percent total debt)	(Percent GDP) 2/
Total	462.3	100.0	79.6
External	153.5	33.2	26.4
Multilateral creditors 3/	95.0	20.5	16.4
IMF	57.3	12.4	9.9
World Bank	12.2	2.6	2.1
CAF	4.8	1.0	0.8
IADB	18.7	4.1	3.2
FONPLATA	0.6	0.1	0.1
BIE	0.2	0.0	0.0
BCIE	0.9	0.2	0.2
Other Multilaterals	0.2	0.0	0.0
OFID	0.1	0.0	0.0
IFAD	0.0	0.0	0.0
Bilateral Creditors 4/	3.1	0.7	0.5
Paris Club	1.0	0.2	0.2
Non-Paris Club	2.1	0.5	0.4
o/w: China	1.9	0.4	0.3
T-Bills	0.2	0.1	0.0
Bonds	55.0	11.9	9.5
Commercial creditors	0.2	0.0	0.0
Domestic	308.8	66.8	53.2
T-Bills	117.5	25.4	20.2
Bonds	185.4	40.1	31.9
Loans	5.9	1.3	0.0

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 service figures may differ from Table 6, as this table refers only to the payment of existing debt as of January 2, 2026, and make no future adjustments to inflation- and dollar-linked debt. The debt stock is higher than the ones reported in MEcon's

2/ Using eop exchange rate in December.

3/ 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).

4/ 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.

Table 9. Argentina: FX Debt Service, 2026-27
(US\$ Billion)

	2026	2027	Total
Total	24.8	32.3	57.1
Principal	15.6	23.3	38.9
Interest	9.1	9.0	18.2
Government	18.6	25.0	43.6
Bondholders 1/	8.9	11.9	20.8
Principal	5.4	8.4	13.9
Interest	3.5	3.5	7.0
IMF	4.5	7.8	12.3
Principal	1.1	4.4	5.6
Interest	3.4	3.4	6.7
Other IFIs	4.3	4.3	8.6
Principal	2.1	2.3	4.4
Interest	2.1	2.0	4.2
Bilaterals	0.9	0.9	1.8
Principal	0.8	0.7	1.5
Interest	0.2	0.1	0.3
BCRA	6.2	7.3	13.5
Bopreals	2.2	2.2	4.4
Repos	1.4	5.2	6.6
PBoC swap	0.0	0.0	0.0
BIS swap	2.5	0.0	2.5
Memo items			
Total, less Fund and other IFI disbursements	19.7	25.9	45.6
Fund disbursements	1.9	1.7	3.6
Other official disbursements	3.2	4.6	7.8

1/ Assumes the issuance of US\$2 bn of Bonares 2027.

Sources: MECON, BCRA, and IMF staff estimates.

Annex III. Risk Assessment Matrix¹

Risks	Likelihood	Impact if Realized	Recommended Policy Response
Global Risks			
Geopolitical Tensions and Intensification of Conflicts	High	<p style="text-align: center;">High</p> <p>Rising geopolitical tensions, including those associated with the war in the Middle East, could further damage key physical and financial infrastructure, disrupt major transit routes and supply chains, leading to sustained and increased energy price pressures and tighter financial conditions, weighing on global growth.</p>	Allow the exchange rate to act as a shock absorber. Take advantage of the associated windfall from oil exports to accelerate reserve accumulation effort, which could help reduce Argentina's country risk and facilitate market access and foreign direct investment. Tighten the fiscal stance, including through faster subsidy rationalization and streamlined transfers to provinces and SOEs. Sustain the implementation of structural reforms to attract further investment benefiting from diversification of global commodity sources.
Commodity Price Volatility	High	<p style="text-align: center;">High</p> <p>Heightened volatility in commodity prices—including those triggered by geopolitical tensions—could raise inflation through higher fuel, fertilizer, and food costs, complicating disinflation, expectations anchoring, and poverty reduction. Argentina's commodity exporter status would improve terms of trade and support the external balance, but weaker global demand and risk-off sentiment could weigh on growth and market access.</p>	Improve the targeting of social assistance to protect vulnerable households and sustain poverty reduction, while avoiding delays in adjusting subsidies and fuel excises, as these could undermine adjustment incentives. Monetary and liquidity conditions should be tightened as needed to prevent second-round effects and anchor expectations.

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10-30 percent), and "high" (30-50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities.

Risks	Likelihood	Impact if Realized	Recommended Policy Response
Trade-related Risks	Medium	<p style="text-align: center;">Medium</p> <p>Protectionism and trade tensions could have direct effects on Argentina’s exports, but trade diversion away from countries facing steeper tariff and non-tariff barriers helps cushion the impact. New Free Trade Agreements such as the recent two with the United States and the European Union (under Mercosur), help reduce uncertainty and trade barriers and improve investment attractiveness.</p>	<p>Advance external sector reforms by continuing to gradually reduce trade tariffs, streamline administrative procedures, and implement new free trade agreements. Enhancing competitiveness through exchange-rate flexibility, continued reserve accumulation, and structural reforms, would also help mitigate against external trade shocks and strengthen export resilience.</p>
Domestic Risks			
Political Uncertainty	Medium	<p style="text-align: center;">High</p> <p>Elevated policy and political uncertainty ahead of the 2027 Presidential elections, could weigh on confidence, delay investments, and market access, and increase financial volatility. Policy slippages could undermine confidence, weaken inflation anchoring, and increase country risk, complicating market access.</p>	<p>Reinforce policy credibility through strict adherence to the fiscal anchor, continued strengthening of the monetary framework, and accelerated FX reserve accumulation to build buffers and strengthen market access prospects ahead of the electoral cycle—usually associated with increased market volatility.</p>
Social Discontent and Reform Fatigue	Medium	<p style="text-align: center;">High</p> <p>Lackluster growth and persistently weak labor market conditions, notably elevated youth unemployment, combined with stagnating living standards and perceptions of corruption, could fuel social unrest, weaken societal support for reforms, and undermine confidence.</p>	<p>Strengthen social protection frameworks to shield the most vulnerable from cost-of-living pressures while sustaining reform momentum. Clear communication of the reform strategy, continued improvements in governance and transparency, and active labor market policies to manage the dislocation costs associated with trade and labor market reforms could help maintain social support and reform durability. Maintain a competitive real exchange rate, including by accelerating reserve purchases to avoid Dutch disease challenges that could weigh on labor-intensive sectors in the context of a booming primary sector.</p>

Annex IV. Foreign Exchange Regime

1. Argentina has introduced additional measures since the significant FX regime liberalization announced on April 11, 2025, as part of the EFF program. Ahead of the IMF Executive Board’s approval of the extended arrangement, Argentina had effectively lifted, with respect to resident individuals, the complex system of exchange controls (“*cepo*”) that had been mostly introduced between September 2019 and December 2023, and substantially eased access to foreign exchange for firms.¹ Since the First Review (completed on July 31), five notable changes to FX access have been introduced: (i) in September 2025, FX access was broadened for residents purchasing FDI held by nonresidents under certain conditions,² (ii) in September 2025, a one-way cross-restriction was reintroduced preventing resident individuals from purchases of securities settled in FX (that is, accessing the MEP or CCL) within 90 days of accessing the official market (MULC);³ (iii) in December 2025, a new methodology for calculating the reference rate was announced, replacing the longstanding method established in Communication “A” 3500;⁴ (iv) in January 2026, FX access was eased to refinance securities-related liabilities with debt;⁵ and (v) in April 2026, Argentina made further changes to the FX regime, including exemptions to the surrender requirement for natural persons and changes to certain other exchange controls.⁶

¹ On April 11, 2025, in advance of the IMF Executive Board meeting to approve the arrangement, Argentina announced a range of reforms to the FX regime, including elimination of most restrictions on access to FX by individuals and households such as 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 that previously allowed partial surrender of FX proceeds to the securities market.

² Com. “A” 8331, September 18, 2025

³ Com. “A” 8336, September 26, 2025

⁴ Com. “A” 8359, December 4, 2025

⁵ Com. “A” 8390, January 22, 2026

⁶ Specifically, Com. “A”. 8417 of April 9, 2026: (i) exempted natural persons from the obligation to surrender FX receipts from import of goods and expanded the exceptions to the surrender requirement for service exports by natural persons; (ii) further eased the restriction on access to FX for payment of principal and interest on certain foreign currency obligations; and (iii) eliminated the limits on withdrawals abroad as cash advance using debit, credit or prepaid cards issued by a local financial institution. The changes are currently being assessed in the context of the Institutional View.

Table 1. Argentina: Key Changes to the FX Regime Announced Since April 11, 2025				
No.	Measure	Legal Instrument	Date	Type
1	Full access to the official FX market (MULC) 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 an existing exchange restriction.
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 in the official market for transfers of dividends for retained earnings recorded in regular and audited <i>annual</i> 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 accessing the official market to make payments for new imports.	BCRA Communication A8226	Apr 11, 2025	Easing of an existing exchange restriction.
5	Elimination of the 30-day wait period for accessing the official FX market 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 existing exchange restrictions.
6	Elimination for individuals and for nonresidents of the restriction on access to the official FX market 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 existing exchange restriction.
7	Elimination of the requirement to inform the BCRA at least two days in advance before accessing official FX market for transactions above US\$100,000.	BCRA Communication A8261	June 19, 2025	Easing of an existing exchange restriction.

Table 1. Argentina: Key Changes to the FX Regime Announced Since April 11, 2025 (concluded)				
No.	Measure	Legal Instrument	Date	Type
8	Directors/shareholders of banks and their relatives are obligated to submit a sworn statement committing them not to make, either directly, indirectly, or on behalf of third parties, purchases of securities settled in foreign currency from the time of accessing the official FX market and for the following 90 consecutive days.	BCRA Communication A8332	September 18, 2025	No immediate Article VIII implications
9	Extension of BCRA Communication A8332 to all resident individuals, who are obligated to submit a sworn statement committing them not to make, either directly, indirectly, or on behalf of third parties, purchases of securities settled in foreign currency from the time of accessing the official FX market and for the following 90 consecutive days.	BCRA Communication A8336	September 26, 2025	No immediate Article VIII implications
10	Granting access to official FX market to firms to prepay FX debt if refinanced by FX debt with an equal or longer maturity, including bank loans.	BCRA Communication A8390	January 22, 2026	Easing of an FX restriction.
11	New cross-restriction applicable to individuals transferring U.S. dollars to bank accounts or brokers out of the country, preventing them, for the following 90 consecutive days, from purchasing securities with settlement in foreign currency, except those acquired through primary auction.	BCRA Communication A8417	April 9, 2026	No immediate Article VIII implications

2. The key elements of the current regime on FX access for payments and transfers for current international transactions may be summarized as follows:

Resident Individuals

3. Virtually all FX restrictions for current international transactions by resident individuals have been eliminated. On April 11, 2025, Argentina implemented reforms easing access to the official FX market for savings, family remittance, and other transactions by residents of Argentina.⁷ Under the new regime:

- a. The previous cap of \$200 per month on purchase of FX in the official market 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 restrictions on access to the official 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.
- c. Overall, the previous limitations on access to the official market 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 justification needed to secure access.
- d. However, in September 2025, Argentina reintroduced a one-way cross-restriction concerning access to the MEP and CCL by resident individuals accessing the official FX market.⁸ Specifically, when accessing the official market, resident individuals are required to attest in a sworn affidavit that they will not access the MEP or CCL, whether directly or indirectly or on behalf of third parties, for the following 90 consecutive days.⁹ This is a one-way restriction as it does not limit access to the official FX market by resident individuals following prior access to the MEP or CCL within the preceding 90 days.

⁷ See Communication “A” 8226 of April 11, 2025.

⁸ As of end-April 2025, the previous two-way cross-restrictions regarding individuals not accessing the CCL or the MEP in the preceding and subsequent 90 days had been eliminated.

⁹ On April 9, 2026, a new cross-restriction was introduced, applicable to individuals transferring U.S. dollars to bank accounts or brokers out of the country, preventing them for the following consecutive 90 days from purchasing securities with settlement in foreign currency except those acquired through primary auction.

Resident Firms

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 official FX market for goods imports 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 in FX access to imports by micro-, small- and medium-sized enterprises (MSMEs) has been shortened further. Access to the official market 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 in the official market to make payments 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 official FX market for advance payment for imports of goods and services remain in place.

Dividends and Profits

5. Communication “A” 8226 of April 11, 2025, authorized access to the official FX market for transfers 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 nonresident shareholders regarding distributable profits realized in regular and audited *annual* financial statements for financial years beginning on or after January 1, 2025.

6. The 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.¹⁰ Argentina has sought to clear these backlogs, alongside importers’ debt and other eligible FX liabilities, by issuing dollar-denominated instruments (*Bopreal*).

¹⁰ Firms can decide a larger distribution of profits for financial years beginning on or after January 1, 2025, than they would have decided without this restriction, de facto unlocking backlog dividends.

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 that 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).¹¹ 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 must now be surrendered to the MULC.¹²

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, 2025 by banks and financial institutions under BCRA supervision (Communication “A” 8245). The latter regulation has been established for a prudential motive. Further, beginning January 22, 2026, access to the official market is granted to prepay FX security debt before maturity if that is refinanced by debt with an equal or longer maturity, including with bank loans (Communication “A” 8390). Before, such access was restricted to refinancing operations with securities with similar characteristics. 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 easing restrictions on legacy stock held by nonresidents purchased by residents. Nonresident investors in the securities market can access the official FX market to repatriate funds and their income, if these had been introduced via the official FX market on or after April 21, 2025 (Communication “A” 8230 amended by 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.¹³ In September 2025, access to the FX market for residents acquiring foreign direct investment held by nonresidents (including legacy flows) under some conditions has been broadened to all but the financial sector (*Comunicación* “A” 8331).

¹¹ 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.

¹² The change constituted a tightening of an existing outflow CFM according to the Fund’s Institutional View on Liberalization and Management of Capital Flow Measures.

¹³ The international standard of a 10 percent voting power threshold is used to distinguish foreign direct investment from portfolio investment.

Exchange Restrictions

10. Staff assesses that the following exchange restrictions and MCP continue to remain in place:

- 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 firms¹⁴ 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.¹⁵
- 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 nonresident shareholders, regarding 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,¹⁶
 - (ii) limitations on advance payments of debt, and

¹⁴ Corresponding restrictions on resident individuals and on nonresidents have been eliminated.

¹⁵ Communication A 7763. May 4, 2023.

¹⁶ 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.

- (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 interest to nonresident 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,¹⁷ the withholding tax now applies to the settlement of FX credit card balances with pesos instead of dollars.¹⁸ 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 payments 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.

¹⁷ 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).

¹⁸ 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.

Capital Flow Measures

13. The authorities have been using capital flow management measures (CFMs) since 2019, given policy constraints and severe outflow pressures.¹⁹ During 2023–25 the authorities implemented or adjusted over seventy CFMs, with most of the changes aimed at gradual liberalization of capital controls. The easing focused mostly on liberalizing restrictions on access to the official FX market for financial account transactions and repatriation and surrender requirements on export proceeds. As a result, restrictions on FX purchases by resident individuals for capital transactions have been progressively removed²⁰ and the surrender requirement on export proceeds for services provided by individuals has been gradually eliminated²¹. On December 23, 2024, the *Impuesto PAIS* tax was eliminated; however, the withholding tax of 30 percent remains in place.

¹⁹ Since 2019, various CFMs were introduced in Argentina with subsequent adjustments. The BCRA, the securities authority (CNV) and other entities introduced measures to (i) restrict official FX market (MULC) access for financial account transactions; (ii) restrict participation in securities markets (MEP/CCL); (iii) subject FX purchases to two separate taxes of 30 and 35 percent; (iv) apply tight repatriation and surrender requirements on export proceeds; (v) limit cash withdrawals and restrict selective capital flow-related credit card transactions abroad; and (vi) limit FX holdings of banks, mutual funds and exchange bureaus. These were all considered to be CFMs under the Institutional View on Capital Flows (IV).

²⁰ Resident individuals continue to be subjected to the cross-restriction that requires them not to purchase securities settled in foreign currency from the time of accessing the official FX market and for the following 90 consecutive days. In addition, the US\$100 per month limit on FX cash purchases for resident individuals continues to be in place.

²¹ Resident individuals continue to be subjected to the cross-restriction that requires them not to purchase securities settled in foreign currency from the time of accessing the official FX market and for the following 90 consecutive days. In addition, the US\$100 per month limit on FX cash purchases for resident individuals continues to be in place.

Annex V. Data Issues

Table 1. Argentina: Data Adequacy Assessment for Surveillance
(As of April 28, 2026)

Data Adequacy Assessment Rating ¹							
A							
Questionnaire Results ²							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Intersectoral Consistency	Median Rating
	B	B	A	B	A	A	A
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	C	B	A	A		
Granularity ³	B		A	A	B		
			A		A		
Consistency			B	B		A	
Frequency and Timeliness	A	A	A	B	A		
<p>Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.</p> <p>¹The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.</p> <p>²The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see <i>IMF Review of the Framework for Data Adequacy Assessment for Surveillance</i>, January 2024, Appendix I).</p> <p>³The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.</p>							
A	The data provided to the Fund are adequate for surveillance.						
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.						
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.						
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.						
<p>Rationale for staff assessment. Data provision continues to be adequate for surveillance. Some remaining shortcomings in prices, national accounts, and external sector statistics complicate the analysis of inflation and real sector dynamics as well as services, income, and financial flows. For instance, accrual data outside goods trade is reported only on a quarterly basis with a 3-month delay, and reporting on foreign currency swap lines is sometimes delayed or incomplete.</p>							
<p>Changes since the last Article IV consultation In January INDEC had announced that updated CPI weights and categories based on the 2017/2018 household expenditure survey would be postponed. The authorities intend to publish the updated CPI once disinflation is firmly established, with Fund technical assistance supporting the continued strengthening of institutional arrangements of official statistics in line with international best practices. The BCRA has improved its balance sheet and financial reporting transparency. It aligned the accounting and valuation for government securities with generally accepted standards and improved financial instrument risk disclosures.</p>							
<p>Corrective actions and capacity development priorities National accounts data continue to have some granularity and accuracy shortcomings, given an outdated base year. Argentina has not yet launched a GDP rebasing, but authorities have formally initiated the preparatory phase, requesting IMF technical assistance to design the roadmap and assess data feasibility. The reporting of below-the-line fiscal operations should be further improved.</p>							
<p>Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. IMF staff uses a definition of GIR different from the definition used by the authorities, by excluding the non-activated portion of the swap with the People's Bank of China, to better reflect the amount of unencumbered reserves and comply with statistical guidelines on the accounting of swap lines.</p>							
<p>Other data gaps. No other data gaps were identified for this Article IV consultation.</p>							

Table 2. Argentina: Data Standards Initiatives

Argentina has subscribed to the Special Data Dissemination Standard (SDDS) since August 1996 and publishes the data on its National Summary Data Page. The latest SDDS Annual Observance Report is available on the Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>).

Table 3. Argentina: Table of Common Indicators Required for Surveillance*As of April 28, 2026*

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁷	Frequency of Reporting ⁷	Expected Frequency ^{7,8}	Committed Frequency ⁹	Expected Timeliness ^{7,8}	Committed Timeliness ⁹
Exchange Rates	2026-04-28	2026-04-28	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	2026-04	2026-04	D	W	M	M	1W	1M
Reserve/Base Money	2026-04	2026-04	D	D	M	W	2W	3D
Broad Money	2026-04	2026-04	D	D	M	M	1M	6W
Central Bank Balance Sheet	2026-04	2026-04	W	W	M	W	2W	3D
Consolidated Balance Sheet of the Banking System	2026-02	2026-04	M	M	M	M	1M	6W
Banks' Financial Soundness Indicators	2026-02	2026-04	M	M	Q	...	1Q	6W
Residential Real Estate Prices			NA	NA	Q	...	1Q	...
Total assets of other depository corporations ²	2026-02	2026-04	M	M	M	M	1M	6W
Total credit from other depository corporations ²	2026-02	2026-04	M	M	M	M	1M	6W
Sectoral Breakdown of Credit from Other Depository Corporations ²	2026-02	2026-04	M	M	M	M	1M	6W
Domestic vs. Foreign Currency Breakdown of Other Depository Corporations' Assets and Credit, Total and by Sector ²	2026-02	2026-04	M	M	M	M	1M	6W
Interest Rates ³	2026-04-28	2026-04-28	D	D	D	...	...	...
Consumer Price Index	2026-03	2026-04	M	M	M	M	1M	NLT 2W
Revenue, Expenditure, Balance and Composition of Financing ⁴ -General Government ⁵	2025-09	2025-12	Q	Q	A	A	2Q	6M
Revenue, Expenditure, Balance and Composition of Financing ⁴ -Central Government	2026-03	2026-04	M	M	M	M	1M	1M
Stocks of Central Government and Central Government-Guaranteed Debt ⁶	2026-04	2026-04	M	M	Q	Q	1Q	NLT 2Q

Table 3. Argentina: Table of Common Indicators Required for Surveillance (concluded)

Total stock of General Government Debt ⁵	2026-04	2026-04	M	M	Q	...	4M	...
External Current Account Balance	2025-12	2026-03	Q	Q	Q	Q	1Q	NLT 1Q
Exports and Imports of Goods and Services	2026-03	2026-04	M	M	M	M	8W	3W
GDP/GNP	2025-12	2026-03	Q	Q	Q	Q	1Q	NLT 1Q
Gross External Debt	2025-12	2026-03	Q	Q	Q	Q	1Q	NLT 1Q
International Investment Position	2025-12	2026-03	Q	Q	Q	Q	1Q	3M

¹ Includes net market value of derivative positions.

² Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds.

³ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes, and bonds.

⁴ Foreign, domestic bank, and domestic nonbank financing.

⁵ The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments.

⁶ Including currency and maturity composition.

⁷ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semi-annual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁸ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

⁹ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".

Appendix I. Letter of Intent

Buenos Aires, Argentina
May 8, 2026

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

Dear Ms. Georgieva:

The decisive implementation of our economic program is rapidly transforming Argentina's economy. Our continued commitment to fiscal discipline and prudent monetary policy has consolidated macroeconomic stability. Annual inflation has fallen from triple digits to its lowest level since 2017, with the federal government recording two consecutive years of fiscal surplus for the first time in nearly two decades. The positive outcome is visible, as social conditions have improved steadily, and poverty has declined to roughly half the level observed at the beginning of this administration to its lowest levels in 7 years.

The decisive outcome of the mid-term elections last October provides the administration with a renewed political mandate to deepen our ambitious stabilization program and reform agenda. We continue to recalibrate our monetary and FX framework to support re-monetization, disinflation, and reserve accumulation. While the latter fell significantly short of our end-2025 target, mostly on account of political uncertainties ahead of the mid-term elections, our corrective actions since then have resulted in the BCRA purchasing over US\$7.3 billion, far exceeding the earlier indicative guidance, which together with the successful issuance of FX debt in the domestic market as part of our multi-pronged strategy to refinance FX obligations, have led to around US\$4 billion increase in net international reserves (NIR) since the start of the year. Sustained implementation of our fiscal and monetary program is expected to deepen re-monetization, allowing NIR to rise by at least US\$8 billion by end-2026. This is expected to be further supported by continued financing from other official creditors, as well as the planned re-access to international capital markets at sustainable rates. These efforts resulted in Argentina's credit rating being upgraded its highest level since 2019.

The economy has been adjusting well to the significant financial shock triggered by the significant hedging in advance of the mid-term elections, with the robustness of the economic program allowing us to emerge in a position of strength. In addition to delivering stronger than expected FX purchases, both the level and volatility of interest rates have declined sharply, while the exchange rate has remained stable. Early signs of a recovery in economic activity are beginning to emerge, supported by a nascent inflection in credit dynamics. Taken together, these developments signal a highly auspicious next phase in the stabilization program, with inflation expected to resume its downward trajectory in the coming months and economic activity returning to a positive growth path. Moreover, our solid fundamentals and our emerging net energy exporter status have allowed us to weather well spillovers from the war in the Middle East.

On the structural side, following approval of the 2026 Budget (the first in two years) and the Fiscal Innocence Law (which establishes a presumption of taxpayers acting in good faith), Congress recently approved a landmark labor modernization law as a step toward creating a more dynamic, inclusive, and formal labor market, with the ultimate goal of closing the informality gap. We remain

committed to continue reducing excessive regulations, create a more open and competitive economy, and attract investment especially in strategic sectors to boost Argentina's growth and export potential. In this context, a sizeable investment pipeline has already been mobilized under the RIGI regime. It spans key strategic sectors, notably energy, mining, the knowledge economy, and agribusiness, and is set to catalyze a substantial wave of private investment. Congress has approved targeted amendments to the Glacier Protection Law that clarify environmental rules, reduce legal uncertainty, and further enable large-scale energy and mining investment, while safeguarding the environment and respecting provincial prerogatives. These sectors are poised to deliver a step-change in export capacity, with material gains for external balances and medium-term growth.

In the attached Memorandum of Economic and Financial Policies (MEFP) and Technical Memorandum of Understanding (TMU), we update the key policies of our economic program to further consolidate stability and the conditions for sustained growth, consistent with the overall objectives of the IMF-supported arrangement under the Extended Fund Facility (EFF) approved in April 2025. Based on the successful implementation of agreed corrective actions the strength of the policies set forth in the attached MEFP, we request completion of the second review, and the associated disbursement in the amount of SDR 763 million (24 percent of quota). In addition, we request Executive Board approval of: (i) waiver of non-observance for the quantitative performance criterion (QPC) on NIR accumulation; and (ii) the modification of program targets, and the setting of end-June 2026 and end-December 2026 performance criteria. We also request Executive Board approval to maintain on a temporary basis the existing exchange restrictions and one multiple currency practice subject to IMF jurisdiction 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 continue to take additional measures that may become necessary to achieve our program objectives. In accordance with Fund policies, we will continue to 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 continue to 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/

Luis Caputo
Minister of Economy
Republic of Argentina

/s/

Santiago Bausili
President
Central Bank of the Republic of Argentina

Attachment I. Updated Memorandum of Economic and Financial Policies

May 8, 2026

A. Context

1. Our stabilization and growth program marks a decisive break from Argentina’s long legacy of macroeconomic instability and heavy state intervention. Since assuming office, our administration has made substantial progress in markedly reducing inflation, establishing a strong and credible fiscal anchor—with two consecutive years of primary surpluses for the first time in almost two decades—eliminating central bank financing of the budget, and dismantling excessive and distortive regulatory burdens, trade barriers, price controls, and FX restrictions. Our macroeconomic stability gains, together with an expansion in targeted social assistance, have supported an important reduction in poverty rates, especially among children and young mothers. Meanwhile, our commitment to tight macroeconomic policies has allowed us to manage periods of heightened volatility, often reflecting politically induced uncertainties and geopolitical shocks. Ongoing refinements to the monetary and FX framework, including recent adjustments to enhance exchange rate flexibility and the introduction of a daily reserve purchase program, are allowing us to strengthen our external position, with the BCRA having purchased over US\$7.3 billion so far in 2026, while compressing sovereign spreads. Stronger economic fundamentals have resulted in Fitch upgrading Argentina’s credit rating to B- from CCC+.

2. We are committed to further deepen our reform program and set the basis for strong and sustainable growth. Our enhanced governing capacity and reform mandate following the landslide midterm elections have resulted in critical legislative wins, including Congressional approval of the 2026 Budget Law (the first in two years), the landmark Fiscal Innocence and Labor Modernization Laws, as well as legislation strengthening the regulatory framework for mining in glacial and periglacial areas. We remain committed to our zero overall fiscal balance anchor, and will continue refining our monetary framework to support a further reduction in inflation, improvements in international reserve coverage, and durable access to international capital markets at sustainable rates. Structural reforms will be deepened, with emphasis on improving the efficiency and equity of the tax system and public spending, modernizing labor and product markets, and creating a more competitive and open economy—leveraging our recent trade agreements with the United States and the European Union, the latter as part of our membership in Mercosur. We are confident of Argentina’s enormous potential—as reflected in the investment projects already approved within the large investment incentive regime (RIGI) which exceeds US\$25 billion, along with the large pipeline pending approval—and that sustaining our reform efforts will not only entrench stability but help boost living standards and social conditions for all Argentines.

B. Recent Developments and Program Performance

3. After contracting in 2024, economic activity rebounded last year. Real GDP expanded by 4.4 percent in 2025, driven by private demand and strong export performance, especially in energy, mining, and agriculture. Output dynamics remained generally strong, reflecting the resilience of the economic program. Despite heightened electoral uncertainty, real GDP continued to expand during Q4:2025 (up 1.2 percent relative to Q2:2025) and high-frequency indicators point to a gradual recovery in investment, including for construction, supported by an incipient recovery in credit with the recent normalization of monetary conditions.

4. Meanwhile, the disinflation process remains on track, underpinning improvements in social indicators. Annual inflation fell to around 32½ percent in March, from more than 200 percent in December 2023, supported by tight fiscal and monetary policies, which helped to limit the passthrough from exchange rate movements to prices. Underlying monthly inflation, after excluding seasonal, regulated, and food items, has remained around 2 percent, with expectations broadly anchored and consistent with an expected decline in inflation. These developments, together with an expansion of targeted social assistance, have led to a significant decline in poverty rates, which have fallen from a peak of 52.9 percent in H1:2024 and to around 28percent by H2:2025.

5. Our fiscal anchor remains the key pillar of our stabilization program. The federal government posted a cash primary surplus of 1.4 percent of GDP in 2025, exceeding the end-year program target, despite new spending initiatives from Congress. Adjusted for reductions in trade taxes, revenues rose solidly, while primary spending remained broadly flat in real terms, as higher pension outlays were offset by further subsidy cuts, public wage bill restraint, and improved targeting of social assistance. Progress continues in the implementation of our structural fiscal agenda, including advances in (i) streamlining extra-budgetary entities (*end-December 2025 SB*); (ii) publishing assessments and privatization plans for state-owned enterprises (*mid-November 2025; SB*); (iii) improving social assistance targeting through a unified social registry (*end-December 2025 SB*); (iv) expanding the coverage of the integrated system of financial information e-SIDIF with IDB support (*end-December 2025 SB*); and (v) preparing a plan to enhance the efficiency and simplicity of the tax system (*end-December 2025 SB*). Our flagship social assistance programs—the universal early childhood allowance and food stamp programs—continues to provide well-targeted protection, covering at year-end about 96 percent of the basic consumption basket, exceeding the program floor (*end-December indicative target*). Meanwhile, domestic arrears remain contained, with no net government financing from the central bank, consistent with program commitments (*end-December performance criteria*).

6. Our debt management strategy continues to focus on safeguarding financial and external stability while reducing refinancing risks. On the peso debt front, despite challenging market conditions, we refinanced close to 95 percent of the obligations falling due in 2025, and efforts are now underway to sustain this trend while extending maturities and reducing the share of dollar-linked instruments. On the FX debt front, we successfully placed over US\$8 billion to refinance most of the principal obligations falling due to bondholders in 2025 and early 2026. This included

US\$2.5 billion in Treasury local-law instruments—peso-denominated debt subscribed in U.S. dollars for non-residents and the first domestic-law FX bond since 2018. We are also implementing a strategy for refinancing FX obligations falling due this year, placing greater reliance on tapping local capital markets, supported by the formalization of resident USD assets expected under the landmark Fiscal Innocence Law, which has been designed to remain consistent with AML/CFT standards. Since launching this strategy, the Treasury has raised around US\$2.3 billion through USD denominated local bonds maturing in late 2027 and 2028.

7. While our balance of payments was severely and adversely affected by market pressures ahead of the midterm elections, these trends are being reversed. The trade surplus narrowed in 2025, as robust export growth—driven notably by energy and agriculture—was more than offset by a rise in imports and outbound tourism in early 2025, reflecting both a recovery of domestic demand amid easing import restrictions. Meanwhile, the financial account deteriorated reflecting sharp hedging by households and corporates in the face of severe political uncertainties ahead of the midterm elections, which also prompted temporary support from the U.S. Treasury’s Exchange Stabilization Fund. As a result, reserves fell short of the target (*end-December performance criteria on NIR*), although the balance of payments has been improving in recent months on account of a stronger trade balance (with record exports), a rebound in private capital inflows and a gradual unwinding of the pre-election hedging (see ¶8). Our floating exchange rate regime played its natural role by accommodating these shifts in the balance of payments.

8. We continue to refine our monetary and FX policy framework to support disinflation and reserve accumulation goals. Exchange rate flexibility has been further enhanced through adjustments to the crawling rate of the exchange rate band in line with past inflation and the introduction of daily reserve purchases by the BCRA. Liquidity continues to be managed within our monetary aggregate targeting framework, consistent with our re-monetization and disinflation objectives, which is also aimed at supporting smooth market functioning. As a result, the central bank has been regularly purchasing reserves since the start of the year, with cumulative purchases thus far exceeding US\$7.3 billion, consistent with a daily average of over US\$80 million. Meanwhile, to guide expectations and enhance transparency, the BCRA has resumed publication of its quarterly monetary policy report outlining key policy objectives.

9. Credit to the private sector has expanded rapidly. Banks continue to make progress in their financial intermediation role, with credit to the private sector rising by 32 percent in real terms during 2025, alongside a reduction in excess liquidity and exposure to the public sector. While this rapid expansion has resulted in a rise in non-performing loans in the household segment, banks remain well capitalized with sufficient provisioning, and asset quality measures are gradually improving as interest rates normalize. Reflecting improved confidence, FX deposits have reached historic highs and are supporting a further expansion of FX lending to naturally hedged borrowers. In tandem, corporate bond issuances in international markets have risen sharply, about US\$8 billion since October. Work continues to align supervision and regulation with international standards with the implementation of Basel III and streamline capital market regulations to foster innovation and technology.

10. We continue to deepen our ambitious agenda of deregulation, openness, and state modernization. Even after the expiration of special delegated powers in July 2025, we have continued to further streamline administrative procedures, simplify regulatory frameworks, and

deepen product-market liberalization, including in transport, agro-industry, financial services, and health-related sectors. The public administration continues to be modernized to enhance professionalism, efficiency, and accountability, with staffing, training, and compensation better aligned with institutional needs. In addition, we have advanced the transition toward market-based pricing in the wholesale electricity market (*end-November 2025, SB*), improving efficiency, reducing fiscal risks, targeting subsidies and strengthening incentives for investment in the energy sector. At the core of our second-generation reforms is the recently approved Labor Modernization Law, designed to reduce labor market rigidities, lower litigation costs, and decentralize collective bargaining to support formal employment and labor mobility. Our strong commitment to trade openness is being reinforced through agreements with the United States and the European Union (under Mercosur), as well as the modernization of our customs procedures and intellectual property protections. To encourage investment in strategic sectors, we have recently extended the RIGI through July 2027 and expanded its scope in the oil, gas, and technology sectors. Furthermore, a new regime to foster investment by small and medium sized enterprises (RIMI) was recently approved by Congress.

C. Outlook and Risks

11. Our macroeconomic outlook remains strongly anchored on our continued commitment to tight policies and market-oriented reforms.

- **Real GDP growth** for 2026 is now projected at about 3½ percent, supported by robust private investment and exports, particularly from the energy and mining sectors. Over the medium term, growth is expected to converge toward its potential as the cumulative impact of structural reforms underway boost productivity and capital formation.
- **Inflation** is projected to gradually decline to around 25 percent by end-2026 and to single digits by 2028 on account of continued fiscal discipline and further refinements to the monetary framework supporting a gradual re-monetization of the economy.
- The **current account deficit** is projected to narrow slightly to around 1 percent of GDP, supported by a stronger trade balance, driven by continued improvements in the energy, mining, and agricultural exports, which are expected to more than offset higher interest and dividend payments. Meanwhile, capital inflows are expected to recover gradually, driven by FDI linked to approved investment projects and sustained market access at more favorable terms. These trends are expected to support a gradual and sustained improvement in reserves.

Table 1. Argentina: Selected Economic Indicators, 2024–26

	Est. Proj.		
	2024	2025	2026
GDP growth (avg, %)	-1.3	4.4	3.5
Inflation (eop, %)	117.8	31.5	25.0
Primary fiscal balance (% of GDP)	1.8	1.4	1.4
Current account balance (% GDP)	0.9	-1.1	-0.8
Change in net int'l reserves (US\$bn) 1/	4.9	-9.6	8.0

Sources: National authorities and Fund staff estimates and projections.

1/ 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 program rates.

12. Risks to the outlook remain elevated, as the war in the Middle East gives rise to additional challenges. While Argentina has benefited from improvements in the terms of trade, prolonged and heightened geopolitical tensions could tighten global financial conditions and keep spreads elevated. On the domestic front, risks are being mitigated by our enhanced governing capacity and mandate following the mid-term elections and our commitment to maintain prudent policies while protecting the most vulnerable. That said, and as demonstrated since program launch, and importantly during the volatile pre-election period, we stand ready to activate contingency plans as needed to safeguard domestic and external stability, by tightening macroeconomic policies as needed and allowing the exchange rate to play its shock-absorbing role.

D. Program Policies

Fiscal Policy

13. We remain fully committed to our fiscal anchor. Even after taking into account the reduction on export duties at end September 2025, we are now targeting a primary surplus of 1.4 percent of GDP (**performance criterion**) generally consistent with the approved 2026 budget, supported by continued expenditure control and further improvements in targeted subsidies, which are expected to provide space to maintain social assistance and increase infrastructure spending. Measures have been identified and are being implemented to accommodate the costs of recently approved spending initiatives and tax cuts (under the new Labor Modernization Law), where priority is being given to enhanced targeting of social programs and energy subsidies, alongside further reductions in discretionary spending on goods and services, as well as in the wage bill and capital expenditures. Consistent with our zero overall balance rule, we will increase our primary surplus as needed should debt interest payments prove larger than anticipated, with our contingency measures comprising inter alia accelerating subsidy cuts and normalizing fuel excises.

14. As we consolidate our fiscal gains, we will implement further reforms to improve the efficiency and equity of our tax system. A revenue-neutral proposal is being developed with the aim of gradually reducing distortive taxes (on trade and financial transactions) simplifying the tax system, while also broadening the tax base by rationalizing exemptions and special regimes

(end-December 2026 new SB). This is being complemented by efforts to continue to strengthen revenue administration, building on ongoing digital modernization and improved data governance, including through the full implementation of a Compliance Risk Management framework in line with recommendations from previous Fund technical assistance and informed by the findings of the March 2024 tax administration diagnostic assessment tool (TADAT). To strengthen risk-based compliance, ARCA—working with development partners—will establish a compliance risk registry with a corresponding improvement plan, supported by further enhancements to internal guidance and governance arrangements **(new end-December 2026 SB)**. Moreover, an integrated IT system will be launched providing the Ministry of Economy with timely access to aggregated, anonymized, and non-identifiable tax administration indicators produced by ARCA to support fiscal monitoring and policy analysis **(new end-June 2026 SB)**.

15. In addition, we will continue to enhance spending efficiency and controls. Aside from efforts to better target subsidies, including through the recently introduced unified energy subsidy scheme, we are working to strengthen the effectiveness of social spending by leveraging enhanced social data systems in collaboration with development partners. Sustained improvements in budget control and cash management will remain a priority, notably through the full integration of all remaining entities into the integrated financial management information system. Following implementation of labor and tax reforms aimed at improving labor formality, we plan to begin developing a reform of the pension system **(end-December 2027 SB)** designed at improving its sustainability, better linking contributions to benefits, and ensuring proper support for the most vulnerable.

16. Fiscal frameworks are being enhanced to entrench our fiscal anchor. As the first step, legislation criminalizing budget deficits and monetary financing of the budget has been prepared and remains under Congressional consideration. Going forward, we will aim to further institutionalize our fiscal anchor by enshrining key elements into a revised Fiscal Responsibility Law **(end-December 2026 SB)** while continuing to ensure its current implementation. In parallel, and to enhance predictability and accountability of fiscal policy, the draft 2027 budget, which will also target an overall cash balance, will include a medium-term fiscal framework and fiscal risk statement **(end-September 2026 new SB)**. Finally, efforts will continue to create incentives for provinces to strengthen their own finances.

Financing Policy

17. We will continue to refinance peso debt obligations, while improving our debt profile. Peso debt management will prioritize extending maturities, reducing reliance on short-term and USD-indexed instruments, and broadening the investor base. Meanwhile, to strengthen liquidity controls, mitigate rollover risks and gradually strengthen the central bank balance sheet, an appropriate stock of Treasury deposits will be maintained at the BCRA enabled also by positive net debt placements and BCRA profit transfers. Increased priority will be given to further deepen local capital markets, including through the implementation of the Fiscal Innocence and Labor Modernization Laws.

18. Our FX financing strategy aims to secure favorable and sustained market access. We recently launched a plan to issue domestic-law FX bonds, which is being supported by the adoption of the new Fiscal Innocence Law. A strategy to re-access international capital market at more sustainable rates is being implemented, aimed largely at refinancing and extending maturities of principal obligations coming due during 2026-27, with external commercial loans guaranteed by IFIs supporting progress toward more stable market access. The recent upgrade of Argentina's credit rating will be a key catalyst in this process. Meanwhile, substantial progress has been made in reducing contingent liabilities stemming from the 2005 holdouts and YPF nationalization litigations.¹ We will continue to work constructively with official creditors to secure financing assurances consistent with the program's assumptions and to engage in good faith efforts to resolve pending arrears to external creditors.

Monetary and Exchange Rate Policies

19. Refinements to our FX frameworks are expected to support the incipient re-monetization and reserve accumulation process. Building on the success thus far of our daily reserve purchase program, the BCRA will continue to steadily purchase reserves consistent with the expected re-monetization of the economy. These purchases will be complemented by our market access strategy aimed largely at refinancing FX principal obligations falling due (see above), with Treasury primary surpluses enabling the payment of a portion of FX interest obligations. Steady implementation of this strategy has delivered an NIR increase of around US\$4 billion since the start of the year, which would be consistent with an NIR increase of US\$8 billion by end-December 2026 (**performance criterion**). That said, in the event of a faster re-monetization of the economy or higher-than-anticipated FX market access, NIR accumulation would exceed targets for this year (see TMU). To this effect, the exchange rate will continue to be determined within the expanding band framework, with FX sales within the band limited to episodes of excessive volatility. In addition, interventions in the non-deliverable forward and USD-linked Treasury markets will continue to be limited and temporary to ensure adequate price discovery and prevent one-way bets. Further easing of pending FX restrictions would be contingent on improved reserve coverage.

20. The exchange rate band will be supported by tight policies and continued refinements of our monetary policy framework. The framework remains centered on monetary aggregates as the primary operational targets, with the ultimate objective of bringing inflation closer to international levels. Controlled monetary aggregate expansion, in line with a gradual recovery in money demand, are expected to support the objective of reserve accumulation alongside the pursuit of the price stability mandate. Specifically, base money is projected to gradually increase, consistent with our NIR accumulation target and generally unchanged net domestic assets (NDA), with monetary conditions supporting the economy's re-monetization process. Meanwhile, efforts will continue to improve short-term liquidity management, reduce excessive money market interest rate volatility, strengthen monetary transmission, and improve the allocation of credit. Specifically, the

¹ In March, we finalized an agreement with holdouts to settle outstanding claims from the 2005 debt exchange, and the U.S. Court of Appeals for the Second Circuit overturned a judgment stemming from the 2012 YPF nationalization, removing a significant contingent liability of about US\$16 billion.

Central Bank will maintain a proactive stance in the money markets, including through additional actions to: (i) normalize and simplify reserve requirements (daily reserve requirements were recently reduced from 75 percent to 65 percent); and (ii) enhance its lending and deposit facilities, supported by discretionary participation through open market operations, contributing to an improved functioning of money and capital markets (*prior actions*).

21. Efforts will continue to enhance the central bank's balance sheet. To further strengthen the BCRA's balance sheet, we will use part of the BCRA profit distribution to recapitalize the central bank, (including by repurchasing *Letras Intransferibles*), with a small buffer maintained in the Treasury single account at the BCRA to safeguard the adequate functioning of the peso debt market. In parallel, we have concluded a Memorandum of Understanding between the BCRA and the Ministry of Economy on the handling and servicing of IMF financing. Meanwhile, the BCRA is planning to (i) modernize the BCRA governance arrangements and internal organization with IMF technical assistance; (ii) prepare a plan to transition to IFRS (*end-September 2026, new SB*); and (iii) further strengthen its communication, including through publication of its quarterly monetary policy reports where greater emphasis will be given to forward policy guidance.

Financial Sector Policies

22. We will continue strengthening our regulatory and supervisory frameworks to support a sustainable deepening of capital markets. The financial system remains resilient but shallow. Bank credit to the private sector is expected to strengthen later in the year, as credit quality gradually improves and the economy fully absorbs last year's election related shock. We will continue to safeguard stability through strong supervision and regulation. Emphasis will be given to emerging risks, including from household credit growth and banks' reliance on short-term funding from mutual funds, with prudent limits on FX credit to unhedged borrowers. Efforts to develop the capital market and promote competition will continue, alongside enhanced oversight of non-bank financial institutions, including through the introduction of new capital rules and leverage restrictions for *ALyCs*. The growth of Virtual Asset Service Providers (VASPs) is being closely monitored, with regulatory coverage potentially being expanded to fintech transaction providers as their activity increases.

Structural Policies

23. Building on our recently approved labor modernization legislation, our second-generation reforms will focus on boosting productivity and long-term growth. We recently received congressional approval for our proposed targeted amendments to the Glacier Protection Law to clarify environmental regulations and reduce legal uncertainty, while preserving environmental safeguards and respecting the constitutional role of provinces, with the objective of facilitating large-scale investment projects in energy and mining. In parallel, we are advancing reforms to (i) strengthen private property rights and legal certainty through initiatives to reinforce the inviolability of property, modernize expropriation procedures, and improve land-tenure frameworks, in line with the recommendations of the Mayo Council; (ii) expand educational freedom and institutional autonomy, with a view to reducing excessive state intervention; and (iii) significantly

reduce logistics costs, through public tenders aimed at expanding the country's ports and transport networks. Consideration is also being given to complementary targeted active labor market policies, with special focus on training, to facilitate labor reallocation and limit dislocations costs during the transition to a more open and competitive economy and a more flexible labor market.

24. Efforts continue to strengthen governance. Deregulatory reforms are helping to narrow opportunities for rent-seeking and corruption, while efforts continue to strengthen public procurement processes, improve the access to public information, and avoid conflicts of interest (including through advancing work on the Public Ethics Bill). In addition, we are advancing the implementation of a risk-based AML/CFT framework, with greater focus on higher-risk sectors, including through strengthened oversight of virtual asset service providers and enhanced fit-and-proper requirements for their owners and management. In particular, risk reporting requirements have been strengthened, and a report on the implementation of key FATF recommendations, to align AML/CFT processes with international standards, was recently published (**end-November 2025 SB**). Beneficial Ownership Registry are also being reinforced through improved reporting, verification, and inter-agency information sharing. Following the publication of the Fund's AML/CFT diagnostic technical assistance report, we plan to implement three out of six priority recommendations in 2026 (**end-December 2026 new SB**).

25. We remain committed to the timely production and dissemination of credible, high quality data. Once disinflation is firmly established, we intend to publish a new CPI based on updated weights. This process will be supported by Fund technical assistance, which will help the continued strengthening of institutional arrangements of official statistics in line with international best practices.

26. Program implementation will be monitored through reviews, quantitative performance criteria, indicative targets, and structural benchmarks. We commit to provide to IMF staff all the data needed for adequate monitoring of the program, including the data and information detailed in the attached TMU. The complete schedule of reviews is presented in the companion staff report. Performance will be assessed through semi-annual reviews. The quantitative conditionality is detailed in Table 2. The program will also be monitored through the continuous performance criterion (PC) on the non-accumulation of external payments arrears and standard continuous PCs. Prior actions and structural benchmarks described in this MEFP are summarized in Table 3. The third and fourth reviews are tentatively planned for September 2026 and February 2027, based on quantitative performance criteria for end-June 2026 and end-December 2026, respectively, and corresponding structural benchmarks.

Table 2. Argentina: Quantitative Performance Criteria and Indicative Targets, 2025–2027 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			
	Actual	Targets	Adjusted	Actual	Status	Targets	Adjusted	Actual	Status	Targets	Adjusted	Actual	Status
Fiscal targets													
<i>Performance Criteria</i>													
1. Cumulative floor on the federal government primary balance 3/	4,357.2	6,070.0	...	6,900.1	Met	...	...	...	...	10,882.5	11,769.2	Met	
2. Ceiling on the federal government stock of domestic arrears 4/	2,548.2	6,360.6	...	2,161.6	Met	...	...	...	...	6,831.7	1,752.6	Met	
<i>Continuous Performance Criterion</i>													
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	Met	
<i>Indicative Target</i>													
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	96.0	Met	
Monetary targets													
<i>Performance Criteria</i>													
5. Cumulative floor on the change in net international reserves of BCRA 5/ 6/	-4.9	...	...	...	...	-0.5	0.2	-3.3	Not met	-1.0	-1.6	-12.1	Not Met
6. Cumulative ceiling on net central bank financing of the federal government 7/	...	...	...	...	...	0.0	0.0	0.0	Met	0.0	-162.4	Met	
<i>Indicative Target</i>													
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 ##	20,100.0	20,289.0	24,782.5	Not met
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.													
7/ Cumulative flows since the start of the program for the June 13, 2025 target, and since July 31 for each test date up to end-March 2026, and since end-December 2025 thereafter.													
8/ Changes in monthly average from December 2024 to each test date up to end-March 2026 and from December 2025 thereafter, at effective program rates and subject to adjustors as defined in the TMU. For June 2025, change from December 2024 average to May 14-June 13 average.													

Table 2. Argentina: Quantitative Performance Criteria and Indicative Targets, 2025–2027 (concluded) 1/ 2/
(In billions of Argentine pesos unless otherwise stated)

	Indicative Targets end-Mar 2026			Performance Criteria end-Jun 2026		Performance Criteria end-Dec 2026	Indicative Targets end-June 2027
	CR 25/219 IT	Adjusted	Actual	CR 25/219 IT	Proposed	Proposed	Proposed
Fiscal targets							
<i>Performance Criteria</i>							
1. Cumulative floor on the federal government primary balance 3/	4,286.4		4,426.8	8,458.4	6,861.1	16,259.9	7,487.6
2. Ceiling on the federal government stock of domestic arrears 4/	8,057.5		2,920.8	8,057.5	9,148.1	9,148.1	10,986.7
<i>Continuous Performance Criterion</i>							
3. Non-accumulation of external debt payments arrears by the federal government	0.0		0.0	0.0	0.0	0.0	0.0
<i>Indicative Target</i>							
4. Floor on the coverage of social assistance programs (AUH, Tarjeta Alimentar) (percent of basic consumption basket)	95.0		90.6	95.0	95.0	95.0	95.0
Monetary targets							
<i>Performance Criteria</i>							
5. Cumulative floor on the change in net international reserves of BCRA 5/ 6/	-1.5	-1.6	-10.5	3.2	-8.6	-4.1	0.4
6. Cumulative ceiling on net central bank financing of the federal government 7/	0.0		862.3	0.0	0.0	0.0	0.0
<i>Indicative Target</i>							
7. Ceiling on the Change in the BCRA's Net Domestic Assets 8/	24,500.0	24,159.0	25,570.0	24,000.0	500.0	4,500.0	7,500.0
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 using original program rates up to to each test date until end-March 2026, and using new program rates thereafter. The June 13, 2025 target is subject to the FX borrowing issuance adjustor, which is no longer applicable to the subsequent targets.							
7/ Cumulative flows since the start of the program for the June 13, 2025 target, and since July 31 for each test date up to end-March 2026, and since end-December 2025 thereafter.							
8/ Changes in monthly average from December 2024 to each test date up to end-March 2026, using original program rates, and from December 2025 to each test date thereafter, using the latest program rates and subject to adjustors as defined in the TMU. For June 2025, change from December 2024 average to May 14-June 13 average.							

Table 3. Argentina: Proposed Structural Benchmarks

Proposed Prior Action	Sector	Completion Date	Implementation Status
1. Strengthen monetary operations and money market structure to reduce interest rate volatility and improve credit allocation.	Monetary / FX policy		
Proposed New Structural Benchmarks			
2. Share with Fund staff a plan to transition to IFRS.	Monetary / FX policy	End-September 2026	
3. Develop (and share with Fund staff) a proposal for the next phase of the tax reform aimed at further enhancing the efficiency and simplicity of the tax system. The proposal should envisage the continued rationalization of costly tax expenditures, which will provide space to gradually phase out distortive trade and financial transactions taxes.	Fiscal/ Structural	end-December 2026	
4. Operationalize an integrated IT system allowing the Ministry of Economy timely access to aggregated, anonymized, and non-identifiable tax administration indicators produced by ARCA—without access to taxpayer level data—to support fiscal monitoring and policy analysis, supported by formal access protocols, data protection safeguards, and user documentation, with the assistance of development partners.	Fiscal/ Structural	end-June 2026	
5. Submit to Congress the draft 2027 budget, consistent with the zero-overall budget deficit rule. The draft budget will contain a medium-term fiscal framework, including a fiscal risk statement and adverse scenarios.	Fiscal/ Structural	end-September 2026	
6. Establish and maintain a compliance risk register covering key tax compliance risks, and formally assess at least six risks, including one relating to large taxpayers, with corresponding Compliance Improvement Plans developed and implemented with measurable outcomes, supported by internal guidance and governance arrangements to ensure ongoing updating and maintenance.	Fiscal/ Structural	end-December 2026	
7. Implement three out of six reform roadmap priority recommendations in the Fund's TA report on the AML diagnostic findings.	Financial/ Governance	end-December 2026	
Current Structural Benchmarks			
8. 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	Met

Table 3. Argentina: Proposed Structural Benchmarks (concluded)

Current Structural Benchmarks	Sector	Completion Date	Implementation Status
9. Publish guidelines needed to ensure an efficient and transparent privatization process of SOEs included in Law number 27.742.	Fiscal/ Structural	mid-November 2025	Met
10. Develop a plan to eliminate inefficient extra-budgetary entities, in order to also enhance their governance.	Fiscal/ Structural	end-September 2025	Met
11. 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	Not met
12. Eliminate all fiduciary funds (with the exception of the fiduciary fund for residential gas subsidies).	Fiscal/ Structural	end-December, 2025	Not met
13. Implement resolution 21/2025 to deregulate the wholesale electricity market (<i>Mercado Electrico Mayorista MEM</i>).	Fiscal/ Structural	end-November 2025	Met
14. 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	Met
15. Complete the integration of relevant administrative databases into a single social registry (<i>Sistema de Indicadores Sociales, SIS</i>), working with World Bank technical assistance, to improve the targeting and efficiency of social support.	Fiscal/ Structural	end-December 2025	Met
16. 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	Met
17. Implement the expansion in the coverage of the integrated system of financial information (<i>Sistema Integrado de Información Financiera, e-SIDIF</i>), working with the IDB, to include other government bodies and agencies announced in decree 1093/2024.	Fiscal/ Structural	end-December, 2025	Met
18. 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, 2027	Modified
19. Present a plan to revamp the Fiscal Responsibility Legislation.	Fiscal/ Structural	end-December, 2026	Modified

Attachment II. Updated Technical Memorandum of Understanding

May 8, 2026

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 for the assessment of quantitative targets up to end-March 2026 are those that prevailed on January 31, 2025 (see Text Table 1).

Table 1. Argentina: Program Exchange Rates Effective Until End-March 2026 Test Date 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.

As for program exchange rates for the assessment of quantitative targets starting with end-June 2026 test date are those that prevailed on December 31, 2025 (see Text Table 2).

Table 2. Argentina: Program Exchange Rates Effective Starting End-June 2026 Test Date 1/

Argentine Pesos to the US dollar	1,459.42
Argentine Pesos to the SDR	1,992.62
Argentine Pesos to the Euro	1,707.88
Argentine Pesos to the Canadian dollar	1,060.50
Argentine Pesos to the British pound	1,957.99
Argentine Pesos to the Renminbi	208.18
Gold price (US\$/ounce)	4,326.01

1/ Rate published by the BCRA as of December 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 0.8 percent of 2026 GDP (ARS 1,143,518.5 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 swaps, including with the People's Bank of China (PBOC), the Bank of International Settlement (BIS), and the Exchange Stabilization Fund (ESF) of the US Department of the Treasury, 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\$2 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.

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) above and beyond the agreed 2026 buffer of AR\$4 trillion to support the normal functioning of the peso debt market; (iii) the acquisition of government debt by the BCRA in either the primary market or by direct purchases from public institutions, (iv) issuance of new non-marketable government bonds (Letras Intransferibles); and (v) purchase by the BCRA 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 the cumulative change in peso deposits at the BCRA since December 31, 2025, and of cash transfers from the Federal Government to the BCRA to: (i) repurchase government securities; (ii) reduce the stock of overdraft transfers or the stock of non-marketable government bonds; and (iii) 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 twelve months used to conduct monetary policy are excluded from this definition.

16. Measurement: The cap of cumulative flows on net financing since December 31, 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:

Table 3. Argentina: Program Loan Disbursements from Multilateral and Bilateral Sources 1/
(Baseline Projection)

	USD million
end-June 2026	500
end-December 2026	1,854
end-June 2027	500

1/ Cumulative from January 1.

- **Debt**¹ 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);
 - 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

¹ 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.

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 2025 which was ARS 56,594 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\$2 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.

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- 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 Comisión 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.

Weekly

- Weekly 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.
- 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, including via swaps, 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.

- Debt service (amortization and interest payments) of international repos contracted by the BCRA.
- 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

May 11, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION, SECOND REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—INFORMATIONAL ANNEX

Prepared By

The Argentina Team of the Western Hemisphere Department
(in consultation with other departments)

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FUND RELATIONS

Membership Status: Joined September 20, 1956; Article VIII

(As of April 22, 2026)

General Resources Account:	SDR Million	Percent of Quota
Quota	3,187.30	100.00
IMF Holdings of Currency	44,979.03	1,411.20
Reserve Tranche Position	0.00	0.00

SDR Department:	SDR Million	Percent of Allocation
Net cumulative allocation	5,074.92	100.00
Holdings	29.17	0.57

Outstanding Purchases and Loans:	SDR Million	Percent of Quota
Stand-by Arrangements	41,789.00	1,311.11

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
EFF	Apr 11, 2025	Apr 10, 2029	15,267.00	10,689.00
EFF	Mar 25, 2022	Dec 31, 2024	31,914.00	31,100.00
Stand-By	Jun 20, 2018	Jun 24, 2020	40,714.00	31,913.71

Overdue Obligations and Projected Payments to Fund 1/

(SDR Million; based on existing use of resources and present holdings of SDRs):

	<u>Forthcoming</u>				
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Principal	833.33	3,250.00	4,841.67	5,946.67	6,964.83
Charges/Interest	<u>1,812.20</u>	<u>2,335.98</u>	<u>2,100.16</u>	<u>1,785.14</u>	<u>1,388.74</u>
Total	<u>2,645.53</u>	<u>5,585.98</u>	<u>6,941.83</u>	<u>7,731.81</u>	<u>8,353.57</u>

1/ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Implementation of HIPC Initiative: Not Applicable.

Implementation of Multilateral Debt Relief Initiative (MDRI): Not Applicable.

Implementation of Catastrophe Containment and Relief (CCR): Not Applicable.

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

Safeguards Assessment: An update to the safeguards assessment of the BCRA was completed in 2025 in connection with the EFF. The assessment found that the BCRA's safeguards framework has improved since 2022, including through efforts to strengthen the central bank's balance sheet, the

establishment of an Audit Committee, and a robust operational control environment. Nevertheless, important vulnerabilities persist—particularly in the legal framework, where the BCRA's Organic Charter does not adequately safeguard its mandate, autonomy, and governance, and in financial reporting practices, which are not aligned with international standards. Since the assessment, the BCRA has made progress on several recommendations: the MoU with the Ministry of Economy on the handling and servicing of IMF financing was signed in March 2026, the BCRA is planning to modernize its governance arrangements and internal organization, and work is underway on a plan to transition to IFRS.

Exchange Rate Arrangements: Argentina's currency is the Argentine peso. The *de jure* exchange rate arrangement is "other managed". The *de facto* exchange rate arrangement was reclassified to "other managed" from "crawling peg", effective April 14, 2025. Argentina has accepted the obligations of Article VIII, Sections 2, 3, and 4. Argentina maintains exchange restrictions and multiple currency practices subject to IMF jurisdiction under Article VIII (see annex VIII for a detailed overview). They are as follows:

General Restrictions: 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 firms¹ 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".

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.²

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.

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

¹ Corresponding restrictions on resident individuals and on non-residents have been eliminated.

² Communication A 7763. May 4, 2023.

exchange market prior to accessing foreign exchange to service external debt,³ (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.

Multiple Currency Practices: Argentina maintains one MCP arising from the 30 percent withholding exchange tax on the purchase of foreign exchange to settle credit card transactions by users other than resident individuals. Continuous impermissible spread has been observed for the MCP since February 1, 2024.

³ 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.

Last Article IV Consultation: The Staff Report for the 2022 Article IV Consultation with Argentina was considered by the Executive Board on March 25, 2022.

Technical Assistance Since Last Article IV (March 2022):

Department	Timing	Topic
FAD	February 2022	PIMA/C-PIMA
FAD	March 2022	Corporate Income Tax Gap: Reviewing Bottom-Up Techniques in Selected Countries
FAD	April 2022	General guidelines for the development of a compliance improvement plan based on risk management
FAD	June 2022	Improving Public Revenue Collection by Implementing Modern Compliance Risk Management
MCM	September – October 2022	Strengthening the Central Bank Balance Sheet
FAD	April 2023	Compliance Risk Management: Developing a VAT Compliance Improvement Plan
STA	November - December 2023	Updating the Consumer Price Index (CPI)
FAD	March 2024	TADAT assessment
STA	October 2024	Updating the Consumer Price Index (CPI)

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

- Argentina has collaborations with the World Bank Group (WBG), the Inter-American Development Bank (IDB), and the Development Bank of Latin America and the Caribbean (CAF).
- Further information can be obtained from the following hyperlinks:

International Financial Institution	Hyperlink
World Bank Group (WBG)	https://projects.worldbank.org/en/projects-operations/projects-summary?countrycode_exact=AR
Inter-American Development Bank (IDB)	https://www.iadb.org/en/who-we-are/country-offices/argentina
Development Bank of Latin America and the Caribbean (CAF)	https://www.caf.com/en/countries/argentina/



ARGENTINA

May 18, 2026

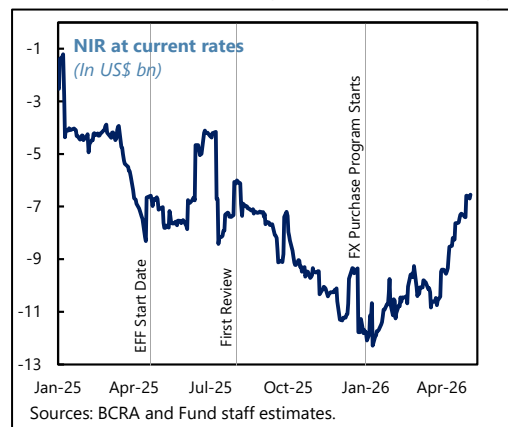
STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION, SECOND REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—SUPPLEMENTARY INFORMATION

Prepared By

Western Hemisphere Department

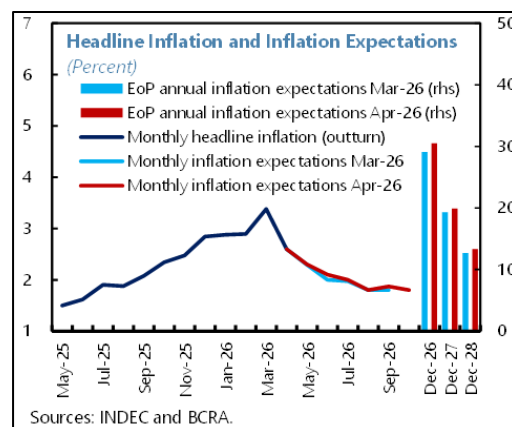
This supplement provides an update on developments since the issuance of the Staff Report (EBS/26/33) circulated to the Executive Board on May 8, 2026, and it does not alter the thrust of the staff report.

1. Reserve accumulation efforts continue. The BCRA has purchased around US\$900 million thus far in May, bringing total purchases to US\$8.2 billion year-to-date. The Treasury continues to place local-law FX bonds (*Bonares*), raising US\$2.8 billion since their introduction earlier this year, including around US\$500 million during last week's auction. In parallel, the authorities have advanced their privatization agenda, completing the sale of the electricity transmission operator *Transener* (US\$365 million) and launching the tender for the water company *AySA* (expected to yield around US\$500 million). Net international reserves are estimated at negative US\$6.5 billion, an increase of about US\$5 billion since end-2025 and the highest level since the completion of the first review. Sovereign spreads continue to hover around 500–525 basis points, while the exchange rate has remained broadly stable at around ARS/USD 1,400, with the upper bound of the band roughly 24 percent above the current level.



2. Disinflation has resumed, and high-frequency indicators point to an incipient recovery in activity. Monthly headline inflation fell from 3.4 percent in March to 2.6 percent in April, with core inflation reaching 2.3 percent—its lowest reading since

November, suggesting limited second round effects from various supply side shocks. Twelve-months-ahead inflation expectations remain well anchored (at around 24 percent y/y) and consistent with a gradual disinflation process. Meanwhile, high-frequency indicators suggest a rebound in activity in March, driven by a strong recovery in construction and manufacturing, although performance remains uneven. The government recently awarded two sections of the national highways concession program, which is expected to support a further recovery in construction and employment going forward.



3. Monetary operations and communication continue to be enhanced, alongside strengthening of the central bank's balance sheet. In an effort to guide market expectations, the BCRA published the Q1:2026 Monetary Policy Report (*IPOM*) detailing the rationale behind the recent refinements to the monetary policy framework and operations (*prior actions*, see Staff Report ¶26), aimed at mitigating interest rate volatility, and near-term outlook for remonitization and inflation, against the backdrop of continued weakness in peso demand and credit. In addition, it published its 2025 financial statements, highlighting further improvements in the health of its balance sheet mainly reflecting the near elimination of remunerated central bank liabilities. As mandated by law, the BCRA transferred ARS 24.4 trillion (2.1 percent of GDP) of its profits to the Treasury, of which ARS 18.4 trillion were used by the Treasury to repurchase non-marketable government bonds (*Letras Intransferibles*)—further recapitalizing the central bank, with the remaining ARS 6 trillion—consisting solely of realized gains—deposited at the Treasury account at the BCRA.

4. Adherence to the fiscal anchor continues. The cumulative primary surplus (excluding privatization proceeds) reached 0.4 percent of GDP in April, in line with program fiscal targets, and despite a 7 percent cumulative y/y real decline in tax revenues. Moreover, the budget was amended to reduce spending by 0.2 percent of GDP to accommodate last year's Congressional spending initiatives, while energy tariff adjustments are proceeding.¹ The authorities are considering extending the Large Investment Incentive Regime (RIGI) to other sectors, including industrial processing, green energy, and high-tech activities. Discussions during the forthcoming review period will cover ensuring the proposals do not weaken the fiscal anchor nor the equity and efficiency of the tax system.

¹ Since the start of the Middle East war, local fuel prices have risen by about 25 percent. To mitigate the impact, the partially owned state oil company (YPF) raised fuel prices by around 1 percent in May and extended the price freeze buffer for an additional 45 days.

**Statement by Mr. Madcur, Executive Director for Argentina, and Mr. Nador, Senior
Advisor to Executive Director
May 21, 2026**

We thank Mr. Cubeddu and the team for their comprehensive set of reports and the extensive work underpinning them. Our authorities place high value both on their engagement with management and staff, as well as on the views of the Executive Board.

This second review of the 2025 Extended Fund Facility is conducted in parallel with the Article IV consultation, bringing together a short-term evaluation of program performance and outlook with a medium-term assessment of Argentina’s economic outlook, structural challenges, and reform priorities.

The near-term dynamics are most meaningfully assessed by distinguishing the period ahead of the 2025 mid-term elections and the phase following the strong electoral outcome. The strong societal support for President Milei’s reform program translated into a decisive electoral outcome, enabling the authorities to launch a new phase of the monetary framework in late 2025. This included a fitted policy stance, a recalibration of the exchange rate bands, and, importantly, the introduction of a BCRA foreign exchange purchase program.

2025 MID-TERM ELECTIONS

The period leading up to the elections was marked by unprecedented market stress. The exchange rate was pushed toward the upper band by a sustained speculative attack, fueled by two dominant narratives: first, that the authorities would be forced into an aggressive defense of the band via higher rates and reserve sales, and second, that the government was poised to lose the elections, jeopardizing its reform program and resulting in abandoning the regime. As has occurred repeatedly in Argentina’s history, a domestic safe-asset dynamic took hold, with the dollar serving as the primary hedge, accounting for over 50 percent of M2.

From the outset, our authorities have emphasized that last year’s episode tested and ultimately confirmed the resilience of a well-designed program under adverse conditions. The missed end-2025 NIR target largely reflected an exogenous negative shock, while contingency mechanisms operated broadly as intended. Although views might have diverged with staff at the time around the height of speculative pressures in October 2025 regarding the calibration of the exchange rate band, subsequent developments suggest that the band was appropriately set. In this context, the shortfall in NIR targets is more accurately understood as the natural consequence of navigating a pronounced risk-off episode, rather than as a policy setback.

While counterfactuals are inherently unobservable, subsequent electoral outcomes and

market developments lend strong support to the authorities' strategy. Despite tough policy trade-offs, the authorities' steadfast adherence to the program under intense pressures and their unwavering commitment to fiscal discipline—a cornerstone of successful stabilization efforts—have contributed to a more balanced risk assessment today. Importantly, the stronger-than-expected mid-term electoral performance has translated into expanded congressional backing, enabling the passage of key structural reforms, including the 2026 Budget Law, the Labor Modernization Law, the Fiscal Innocence Law, and amendments to the Glaciers Law to enhance the regulatory framework.

The election results ultimately upheld the authorities' strategy as markets responded immediately and forcefully: Argentine assets surged, sovereign spreads tightened sharply, and the exchange rate returned to the inner band. This outcome firmly confirms that the authorities' approach to defending the exchange rate regime was both appropriate and effective, while support from the Fund played a central role.

Our authorities also recognize the decisive contribution of the United States' unequivocal support and timely actions that proved to be critical in helping Argentina withstand a major speculative attack. Grounded in a clear assessment of fundamentals based on the view that the peso was undervalued, this timely support underpinned our authorities' vision and efforts in restoring market confidence when it mattered most.

In conclusion, successfully navigating this challenging episode reflects our authorities' decisive ownership of the stabilization program, with the EFF playing a supportive and effective role.

LATEST DEVELOPMENTS

In January 2026, following the swearing-in of the new Congress, the BCRA launched a foreign exchange purchase program as part of its broader remonetization strategy. The plan envisaged FX purchases of at least USD 10 billion during 2026, aligned with rising peso demand, supported by sound fiscal policy, and underpinned by safeguards to limit exchange rate volatility. With cumulative purchases already exceeding USD 8 billion, implementation has not only met expectations but is, in fact, surpassing even the most favorable projections.

More broadly, the macroeconomic backdrop has strengthened markedly. Growth has resumed, poverty rate has almost halved, and the exchange rate has remained resilient within the band even amid external shocks such as the conflict in the Middle East. Argentina has transitioned from late-2025 market stress to a position of strength. Notably, the upper bound of the FX band currently stands more than 24 percent above the prevailing market rate, while the Central Bank has sustained FX purchases at an average pace of around USD 91 million per day

since the start of the year. Anchored in these stabilization gains, Fitch upgraded Argentina's credit rating to B- (from CCC+).

A key lesson from this episode is that credible, realistic policy guidance is more effective than overly ambitious targets. Experience shows that excessively optimistic benchmarks tend to backfire, as markets price in the risks of underperformance and amplify speculative pressures and perceived tensions, rather than catalyzing confidence.

Against this backdrop, the characterization of program performance under the April 2025 EFF as “mixed” sits uneasily with repeated references elsewhere to an “impressive track record.” The unprecedented fiscal adjustment amounting to five percentage points of GDP within the first month, seamlessly sustained since the start of President Milei's administration, remains the central anchor of the program, but it is only one element of a broader reform effort. The authorities have also decisively dismantled thousands of distortive regulations, trade barriers, and FX restrictions, thereby supporting the recovery. In parallel, they have advanced financial sector reforms, including closer alignment with international supervisory standards, the phase-out of subsidized credit, the removal of interest rate caps, and steps to reduce the sovereign–bank nexus. As acknowledged in the report, in several areas these actions exceeded the recommendations of the 2022 Article IV consultation and, notably, were implemented even prior to the approval of the current EFF.

In this context, the overall assessment of implementation performance, particularly aspects of the ERA, merits careful consideration, even as our authorities broadly concur with much of the staff's analysis. While some counterfactual arguments may point to earlier reserve accumulation at the peak of last year's speculative pressures, such actions would neither have altered the shift to risk-off conditions nor prevented pressures on the peso; rather, they would have exacerbated them. For the same reasons, we also do not share the view that progress on disinflation and growth has been constrained by insufficient reserve accumulation.

That said, the authorities are actively rebuilding external buffers at a pace that exceeds expectations, taking advantage of the renewed risk-on environment following the elections. This further underscores the fact that there is no divergence with staff in the importance of strengthening external buffers. Rather, the process of rebuilding reserves is being appropriately anchored in remonetization dynamics, with a view to preserving inflation expectations and ensuring exchange rate stability.

OUTLOOK

We largely concur with the insightful Selected Issues Paper and welcome its valuable contributions to the structural reform agenda.

More broadly, striking the appropriate balance between disinflation, external adjustment, and growth inevitably entails differing views. Such differences are more likely to arise during periods of stress, when programs are tested by unexpected shocks. What matters most is sustaining progress over time and ensuring that the policy framework retains sufficient flexibility to adapt to evolving and often unpredictable circumstances. In this regard, our authorities view the current program and the ongoing engagement with staff as part of an approach that is delivering stability, supporting external adjustment, and strengthening Argentina's medium- and long-term growth prospects.

On monetary policy, staff emphasize the merits of inflation targeting relative to monetary targeting. Our authorities, however, take a pragmatic view and do not consider inflation targeting feasible in the near to medium term. Establishing the conditions under which the policy rate can serve as an effective instrument will take time, particularly given the legacy of past policy mismanagement and a shallow financial system. The monetary authority will therefore proceed in a gradual and well-sequenced manner, rebuilding credibility, and institutional strength step by step.

The macroeconomic stabilization plan is delivering tangible results, and Argentina is entering a phase in which its vast potential is set to be realized for the benefit of its people. With this objective firmly in sight, the authorities remain fully committed to an ambitious and comprehensive reform agenda. Continued constructive engagement with the Fund will support the consolidation of these gains and accompany Argentina's timely and durable return to international capital markets.