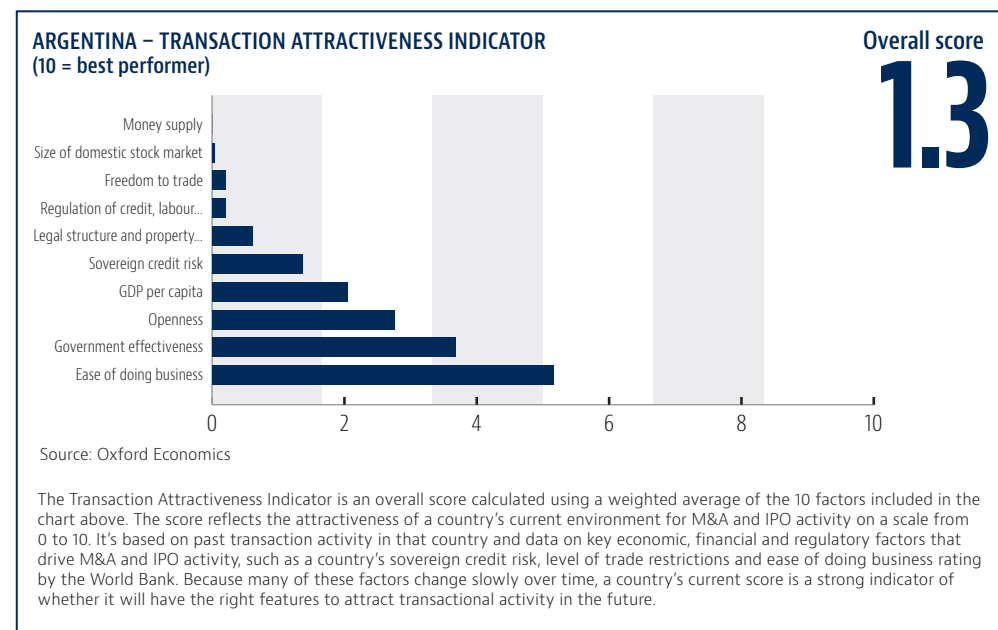


The economic outlook has deteriorated quickly since the primary elections stoked concerns of a populist comeback. The weakness of the peso has probably stimulated inbound deal making in 2017-18 but a new wave of political instability is expected to discourage international investors in the medium-term. We therefore expect M&A activity will remain subdued at around \$2-\$3bn over the forecast horizon.

### SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	Argentina	Global
GDP growth (% annual)	-0.3	2.8
Stock market capitalization (% of GDP)	6	97
Money supply (% of GDP)	9	111
Trade (% of GDP)	35	45
Ease of doing business (World Bank, DTF score, higher=better)	59	77
Legal structure (Fraser Institute)	0.6	6.6
Freedom to trade (Fraser Institute)	0.2	7.4

Source: Oxford Economics



### ARGENTINA – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
<b>Total M&amp;A transactions (US\$bn)</b>	<b>3.9</b>	<b>4.4</b>	<b>8.2</b>	<b>3.5</b>	<b>2.1</b>	<b>2.9</b>	<b>3.2</b>
<b>% of Global M&amp;A transactions</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Domestic (US\$bn)	1.7	1.1	0.2	1.1	0.3	0.6	0.8
Cross-border, inbound (US\$bn)	2.2	3.3	8.0	2.4	1.8	2.3	2.5
<b>Total volume of M&amp;A transactions (Number of deals)</b>	<b>70</b>	<b>98</b>	<b>84</b>	<b>61</b>	<b>43</b>	<b>58</b>	<b>65</b>
Domestic (Number of deals)	33	39	22	27	12	20	24
Cross-border, inbound (Number of deals)	37	59	62	34	31	38	41
<b>Total IPO transactions (US\$m)</b>	<b>32.4</b>	<b>4.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>31.6</b>
<b>% Global IPO transactions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Domestic (US\$m)	32.4	0.0	0.0	0.0	0.0	0.0	18.0
Cross-border (US\$m)	0.0	4.5	0.0	0.0	0.0	0.0	13.6

Source: Oxford Economics, Reuters

### ARGENTINA – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
<b>Macroeconomic drivers</b>							
Real GDP growth (% yoy)	-2.0	2.7	-2.4	-3.0	-1.3	1.4	1.8
CPI (% yoy)	38.9	24.9	33.8	53.3	42.0	27.3	18.2
Merchandise trade (% of GDP)	35%	37%	37%	36%	34%	35%	35%
<b>Financial drivers</b>							
10-year government bond yield (%)	6.7	6.4	8.4	12.8	14.4	8.3	7.8
Equity prices (LCU, end of year % change)	55.8	74.9	0.1	34.1	14.8	15.4	10.3
Stock market capitalisation (US\$bn)	63.6	108.7	46.0	35.6	30.3	28.8	28.2

Source: Oxford Economics

IPO calculations account for the tentative Aramco listing in 2020 that has the potential to raise up to US 100 billion.