



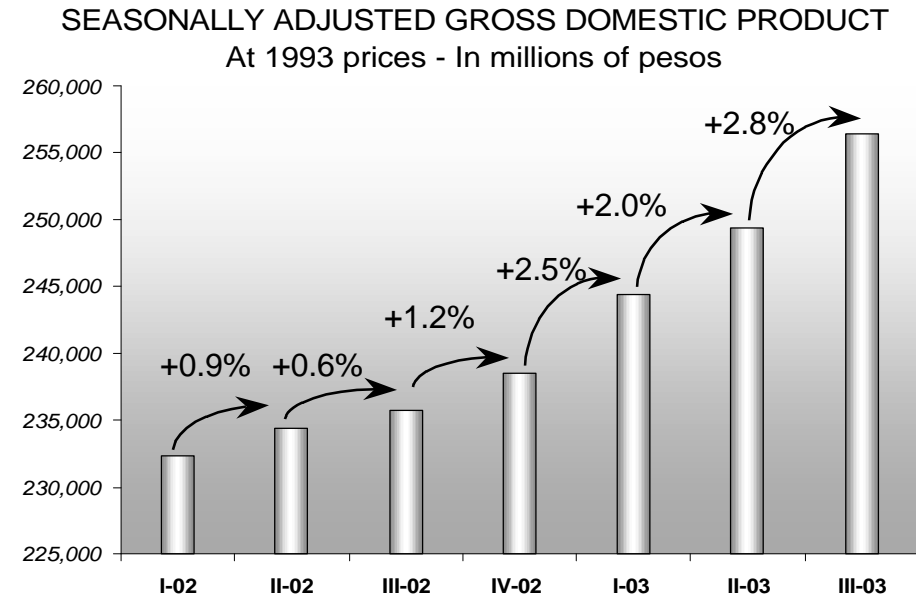
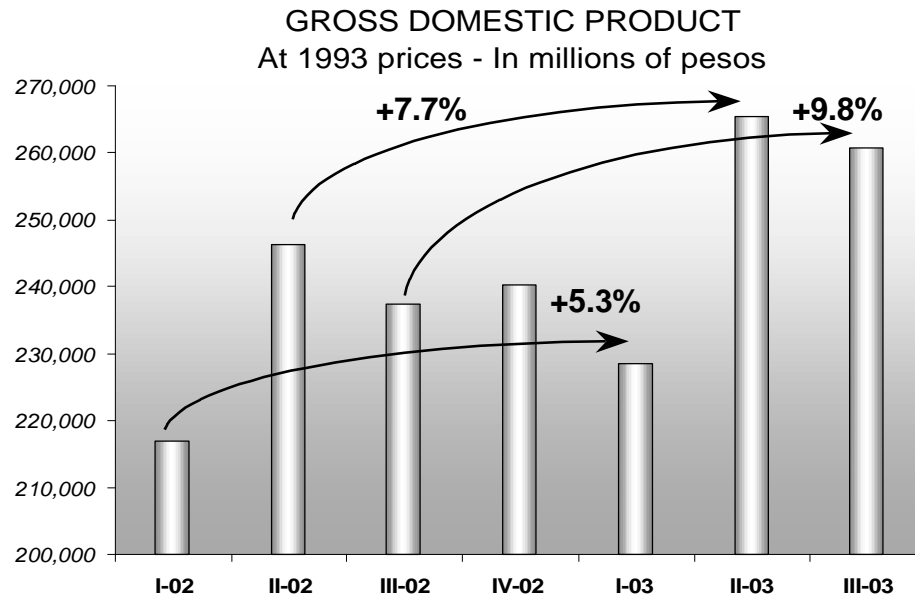
Argentina

Economic Indicators

February 2004

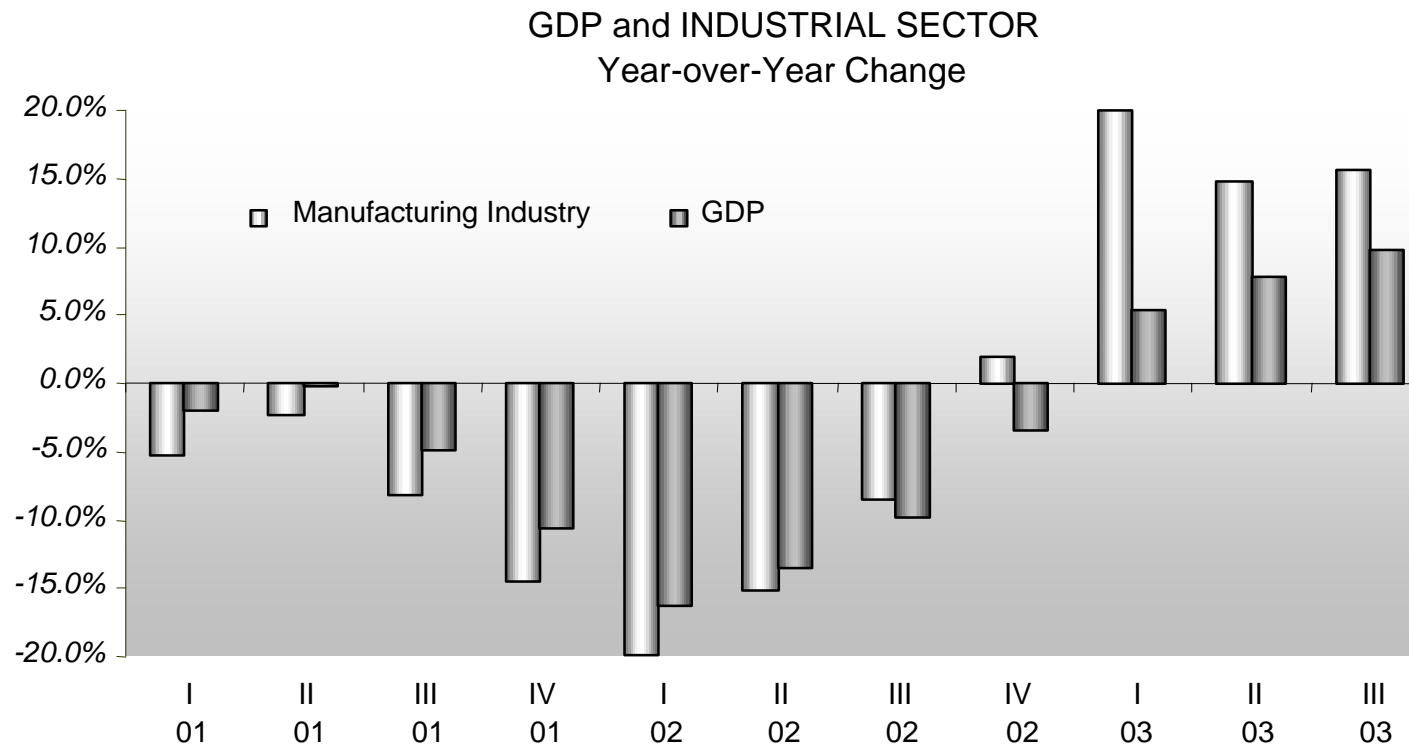
Activity

Recovery started in the second quarter of 2002, and there have been six consecutive quarters of growth for the first time since 1997.



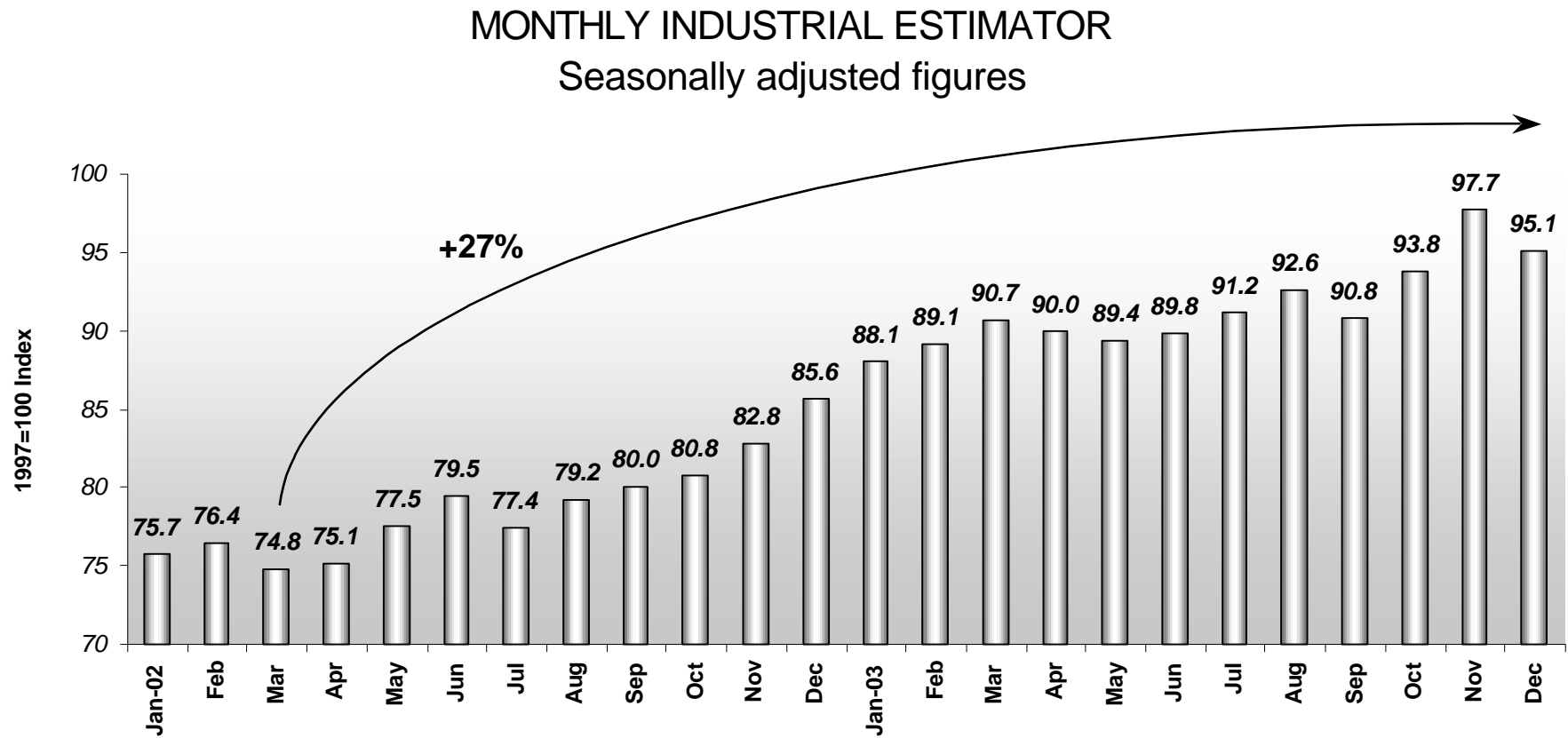
Activity

Sectors related to tradable goods led last GDP recovery.



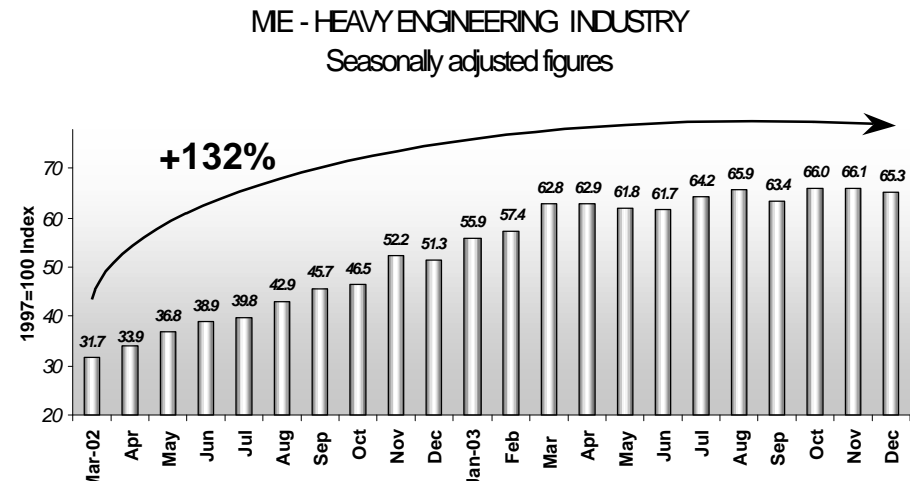
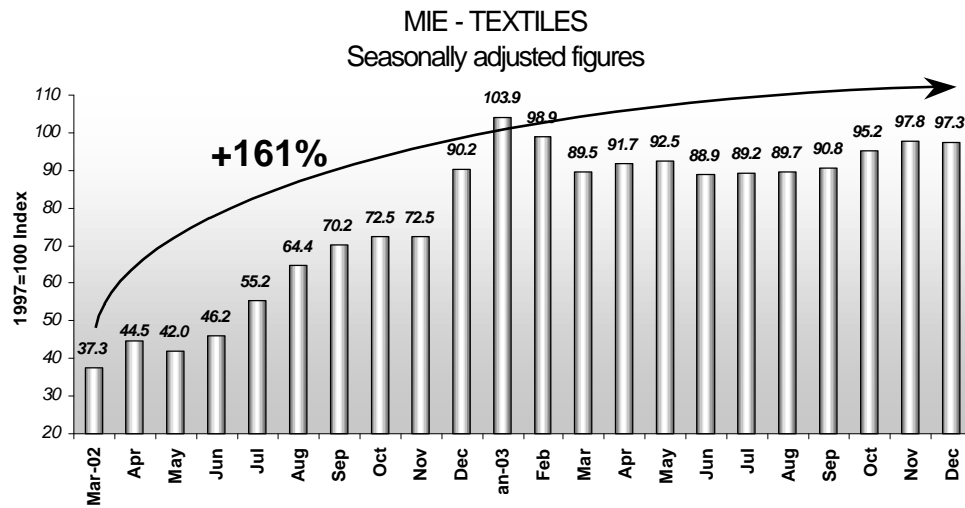
Activity

Industrial production accumulated 27% growth between March 2002 and December 2003.

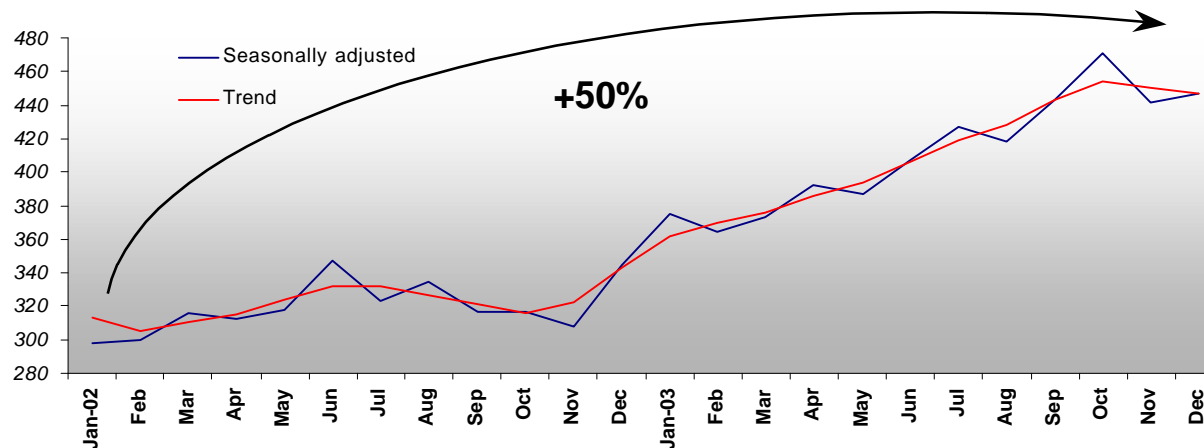


Activity

Labour intensive sectors such as textiles, metalmechanics and construction, recovered strongly in 2002.

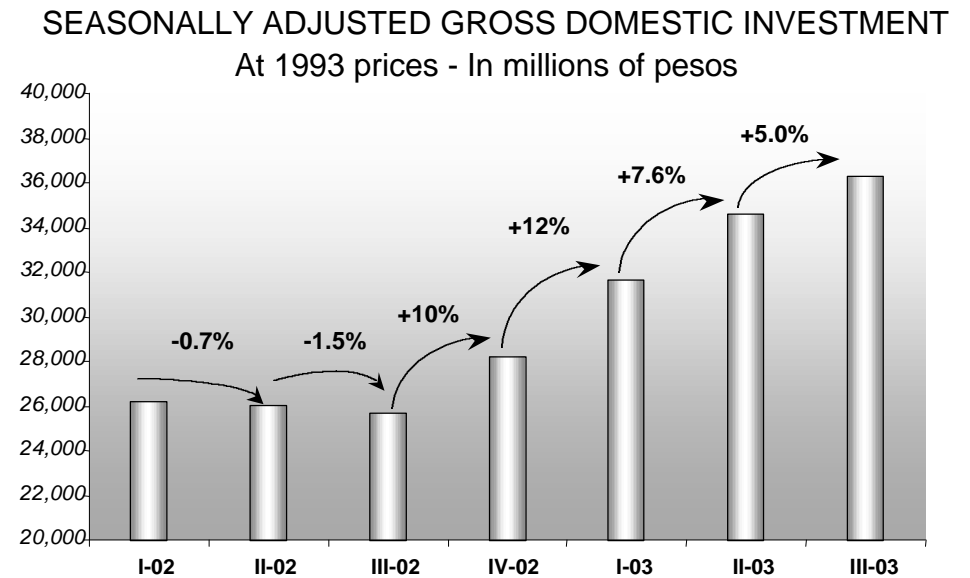
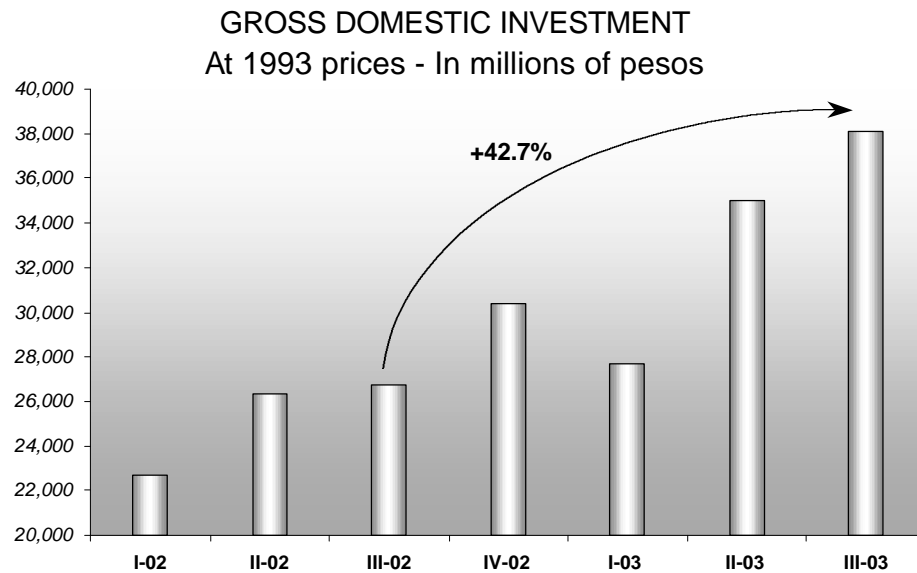


CEMENT DELIVERIES
In thousand tons



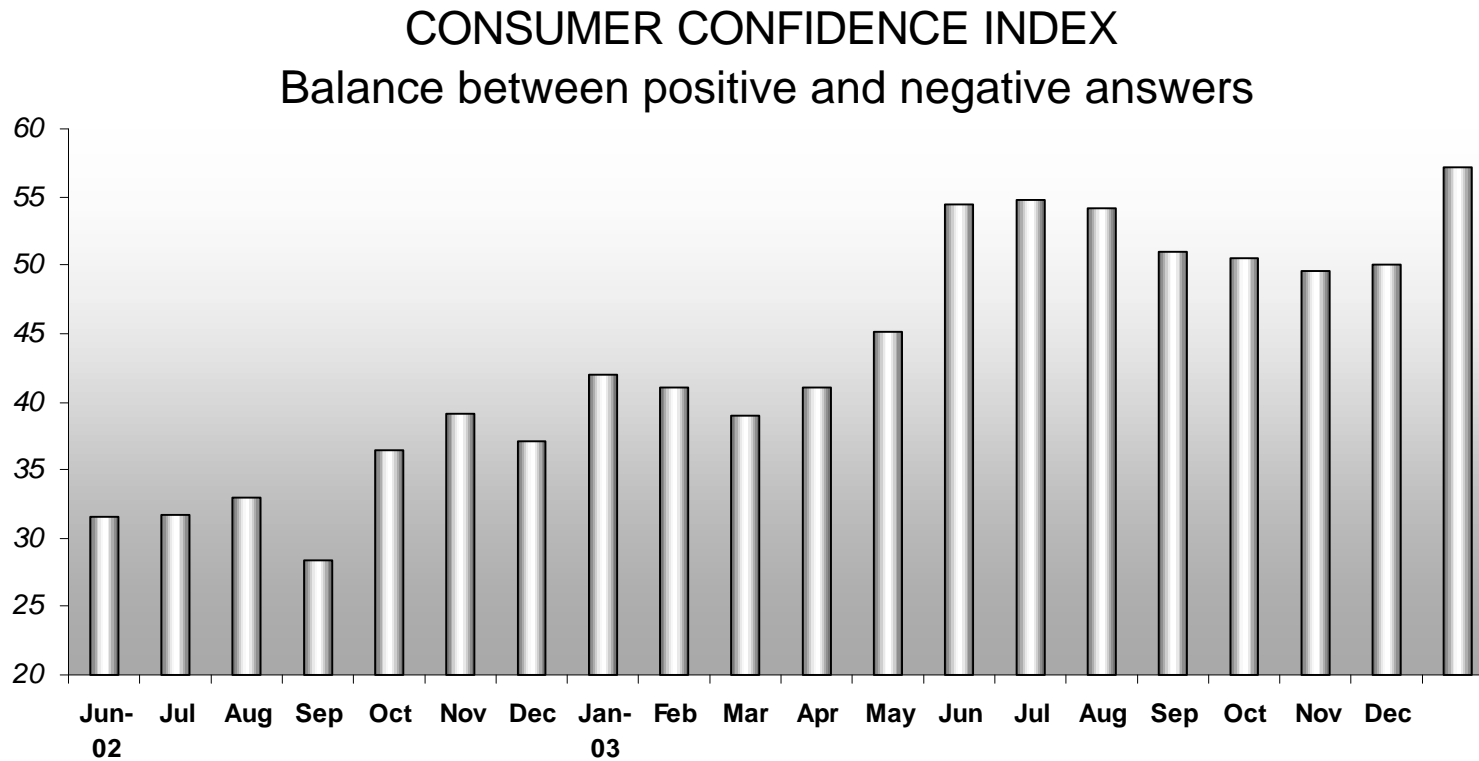
Activity

Investment strongly recovered since the last quarter of 2002 after eight consecutive negative quarters.



Activity

In recent months, consumer optimism has notably increased.



$$\text{Index} = 50 * \{p-n+1\}$$

p: positive answers ; n: negative answers

Source: Torcuato Di Tella University

Labor and social indicators

Between October 2002 and the third quarter 2003, 697,000 people joined the labour market and the employment rate improved even without including the Household Heads Program.

Employment Evolution between October 2002 and 3rd Quarter 2003 - Total Urban Population:

✓ New Jobs:

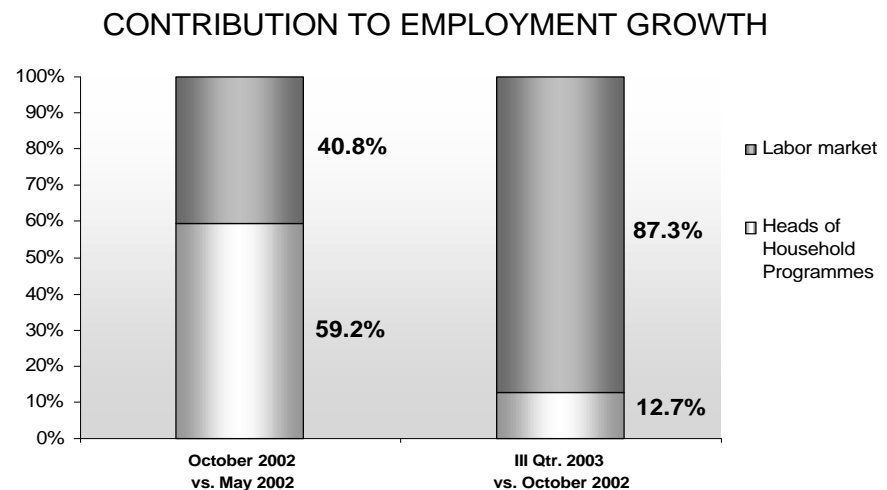
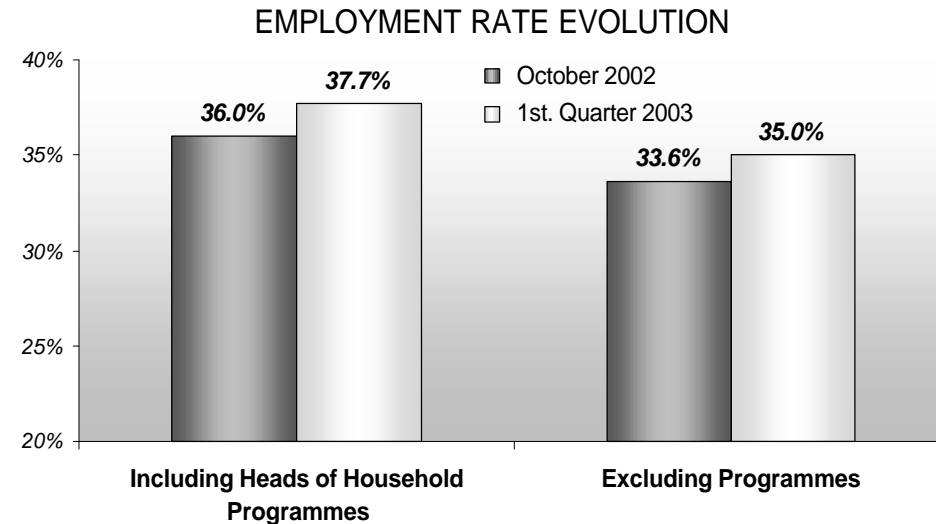
697,000 persons (+5.8%)

88,000 from Head of Household Program

609,000 from the Labor Market (+5.5%)

✓ Decrease in Unemployment:

655,000 persons (-21,7%)



Labor and social indicators

Between May 2002 and the third quarter 2003, almost 2 million people joined the labour market.

Employment Evolution between May 2002 and 3rd Quarter 2003 - Total Urban Population:

✓ New Jobs:

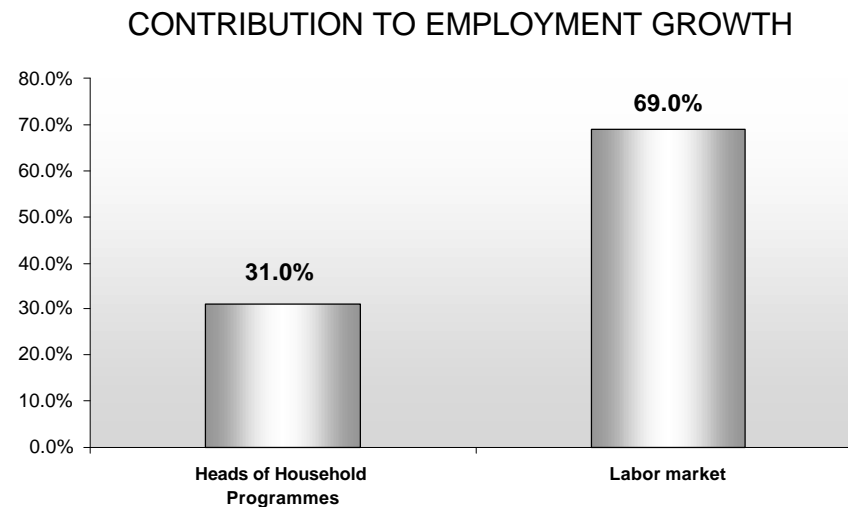
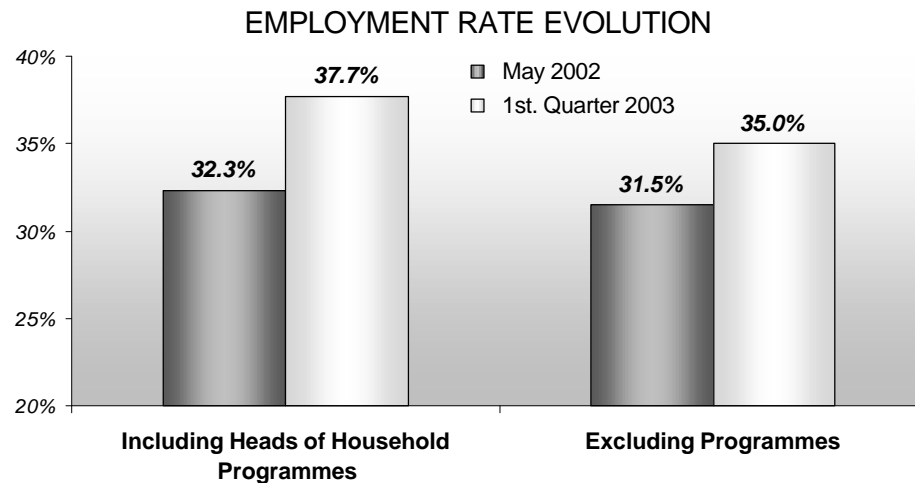
1,995,000 persons (+18.8%)

618,000 from Head of Household Program

1,377,000 from the Labor Market (+13.3%)

✓ Decrease in Unemployment:

509,000 persons (-17,7%)

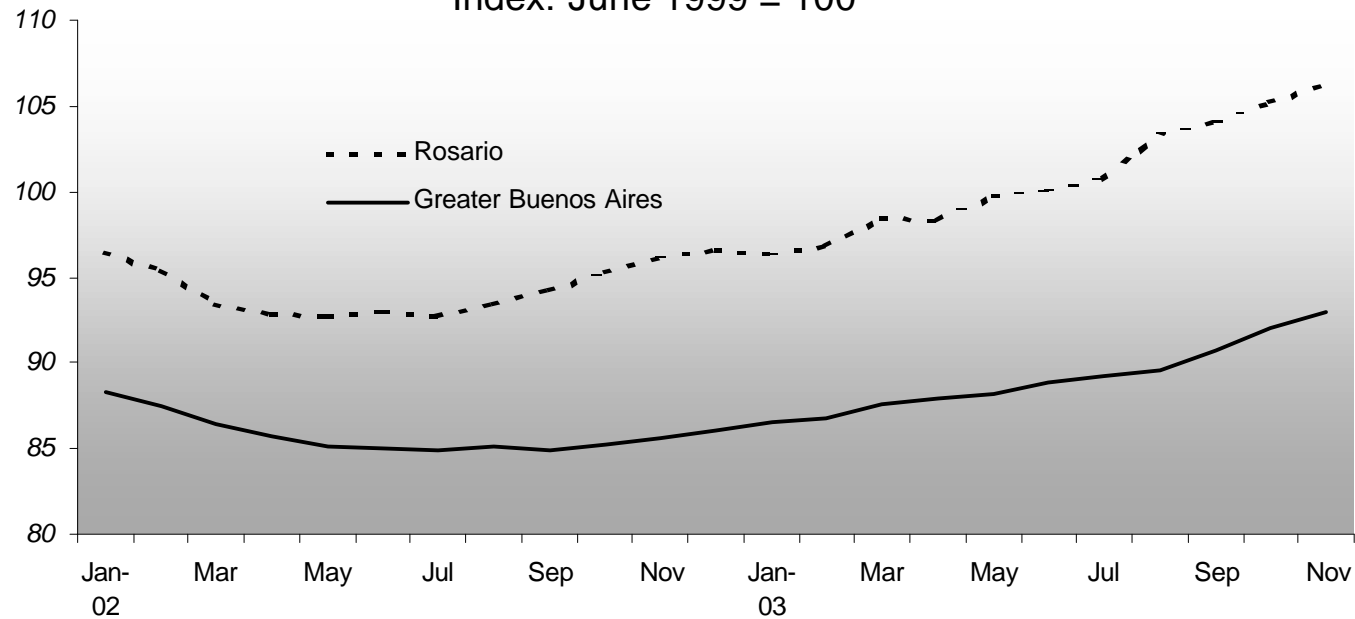


Labor and social indicators

The employment market is improving, not only in Greater Buenos Aires, but also in other interior cities where economic activity is more related to the production of tradable goods.

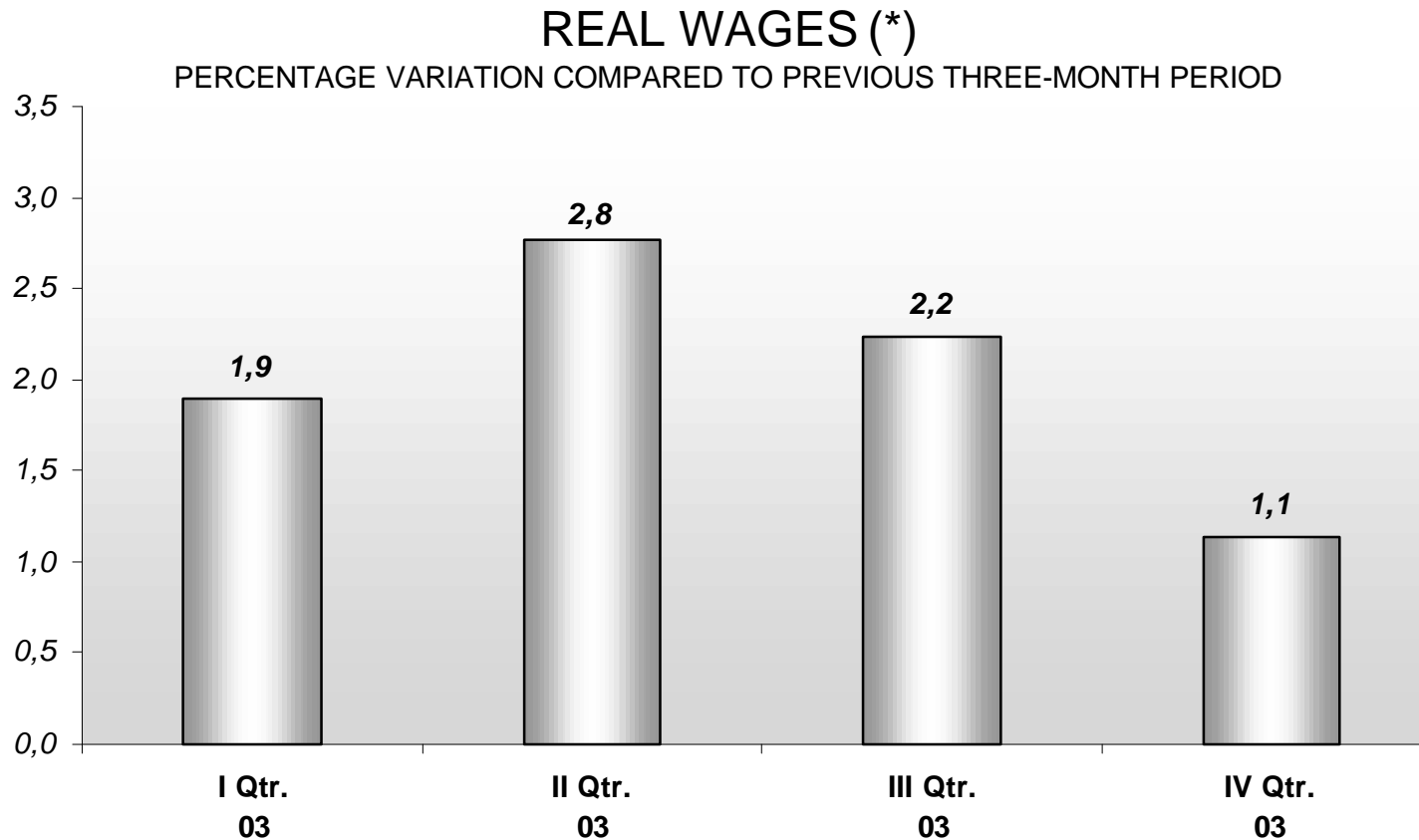
EVOLUTION OF EMPLOYMENT IN MANUFACTURING INDUSTRY

Index: June 1999 = 100



Labor and social indicators

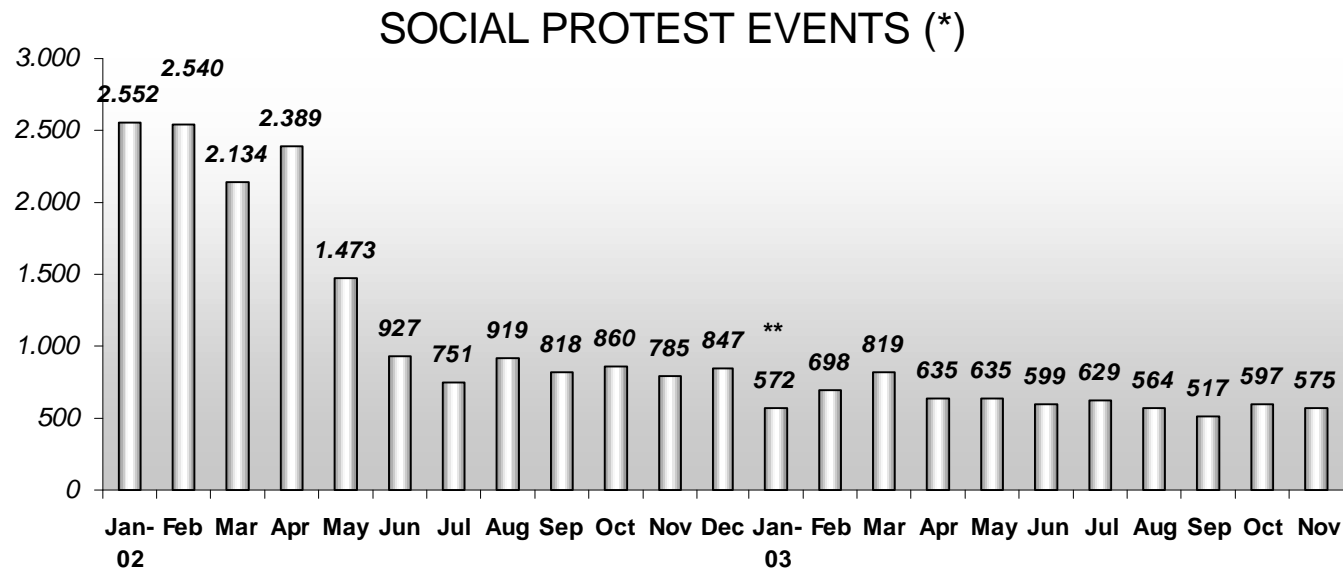
The fall in real wages stopped and a recovery process began in 2003.



(*) Based on Wage Variation Coefficient from INDEC, deflated by CPI.

Labor and social indicators

Social protests diminished significantly after April 2002.



(*) Includes different modes of protest around the country, such as demonstrations, blocking of roads and streets, partial and total strikes, occupation of premises, etc.

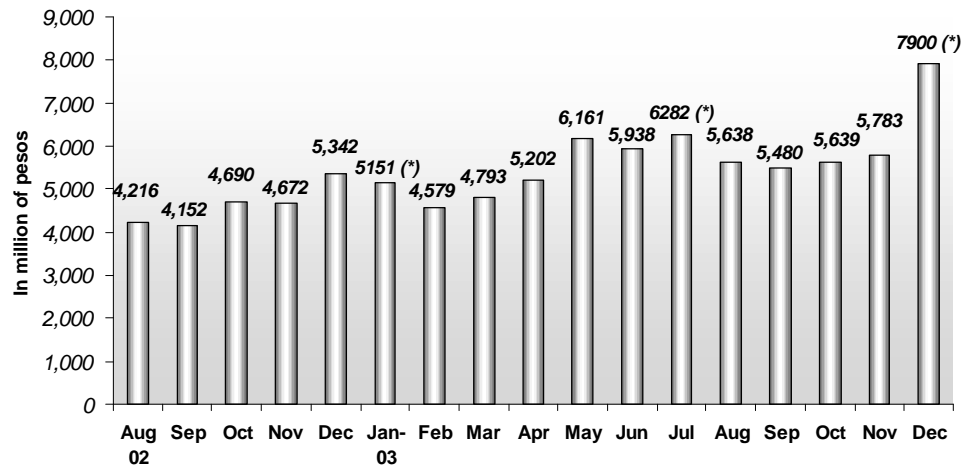
(**) Includes events marking the anniversary of the December 2001 crisis and of the resignation of the previous administration

Source: Ministry of Justice, Security and Human Rights

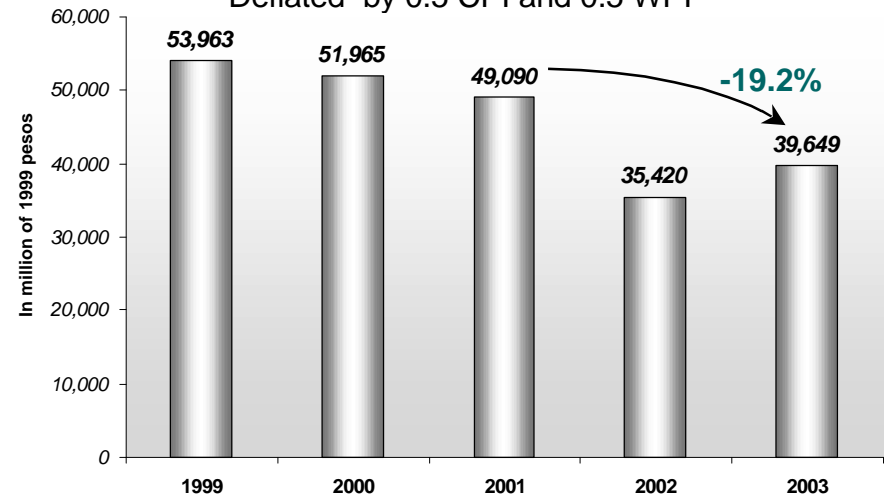
Fiscal Sector

Public spending measured in real terms was significantly lower in 2002-2003 than in previous years.

PRIMARY EXPENDITURE
Cash Basis



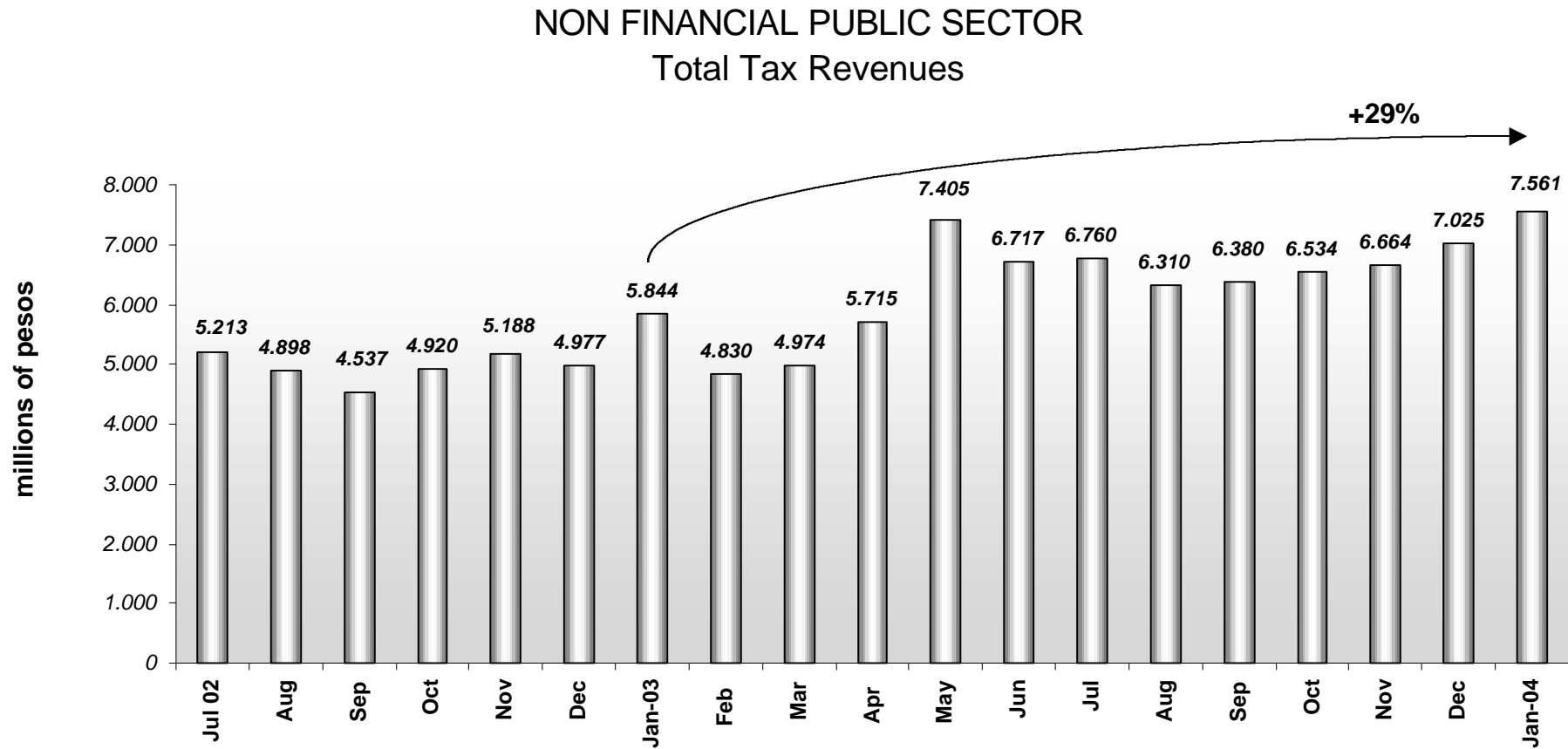
PRIMARY EXPENDITURE: January-December accumulated
Deflated by 0.5 CPI and 0.5 WPI



(*) Includes thirteenth salary paid in two semiannual halves

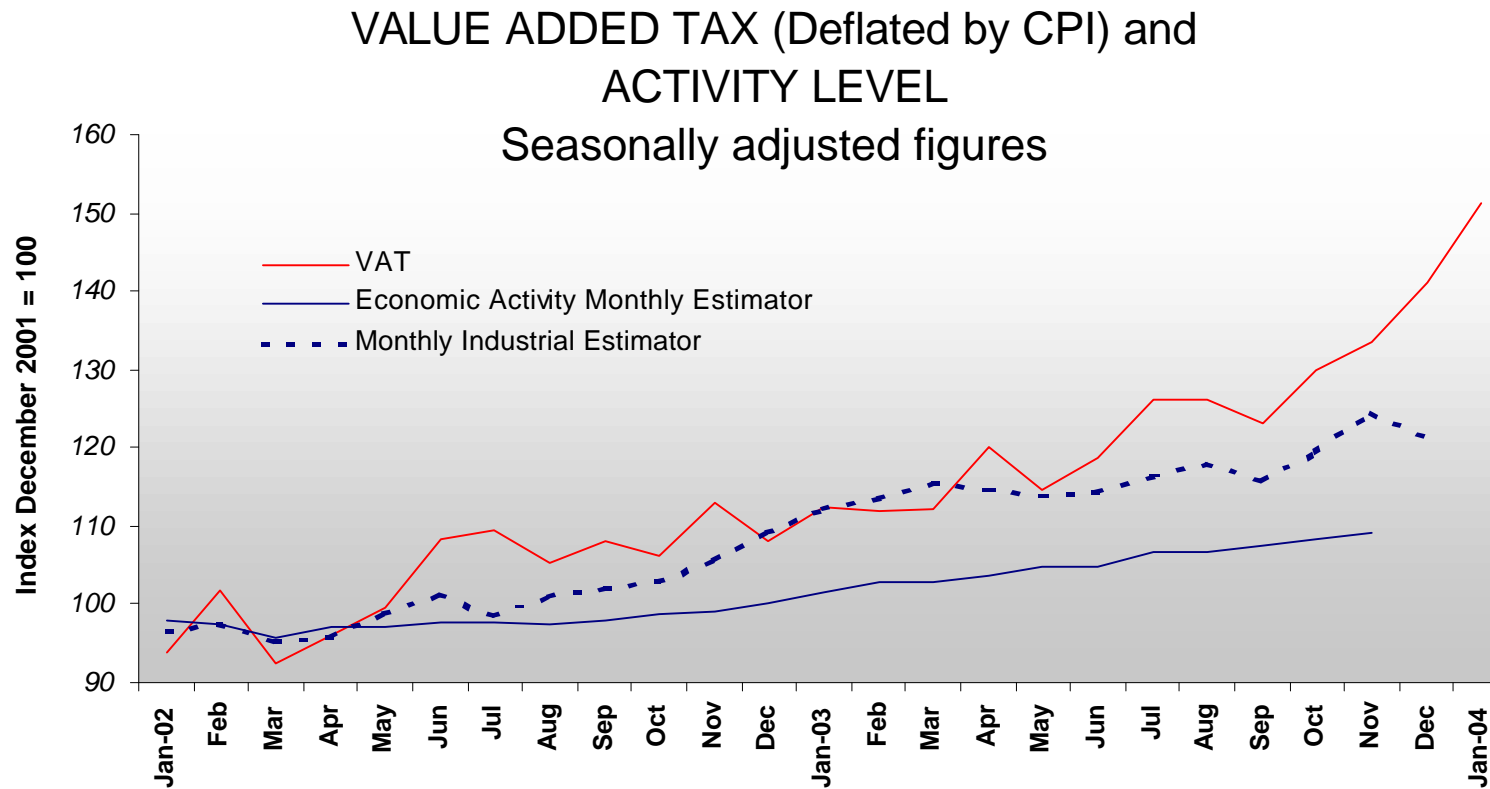
Fiscal Sector

Tax collection keeps on growing strongly with a new record reached in January 2004.



Fiscal Sector

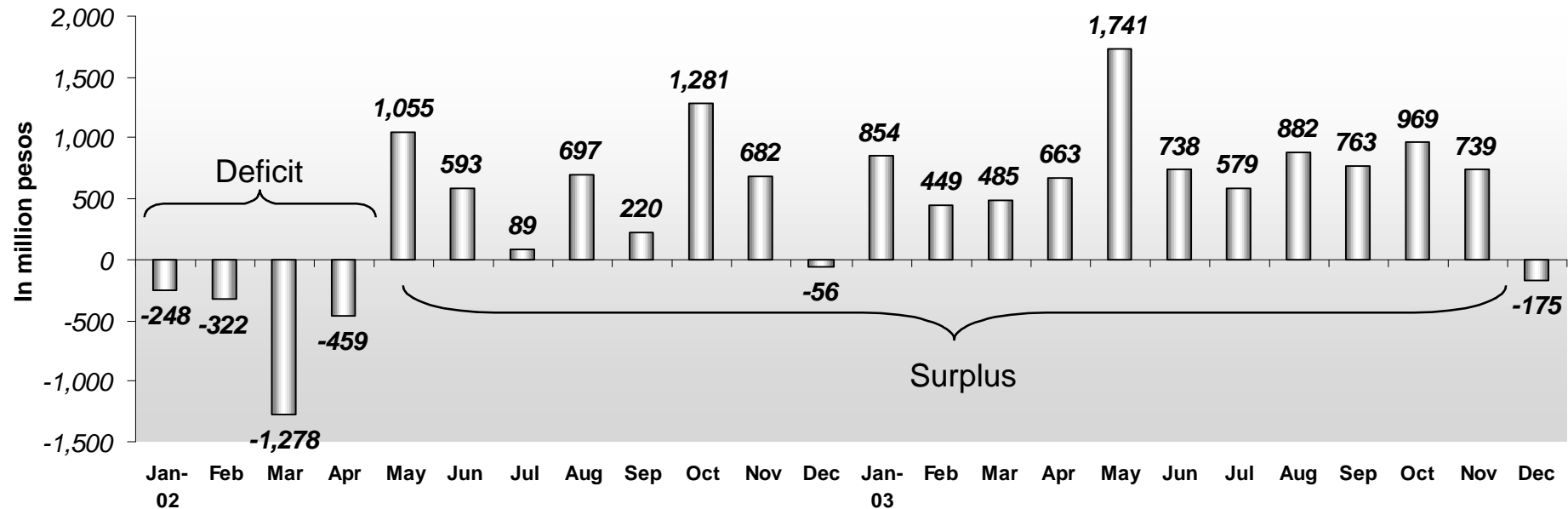
Increasing VAT collection would be reflecting GDP recovery as well as an improvement in tax compliance.



Fiscal Sector

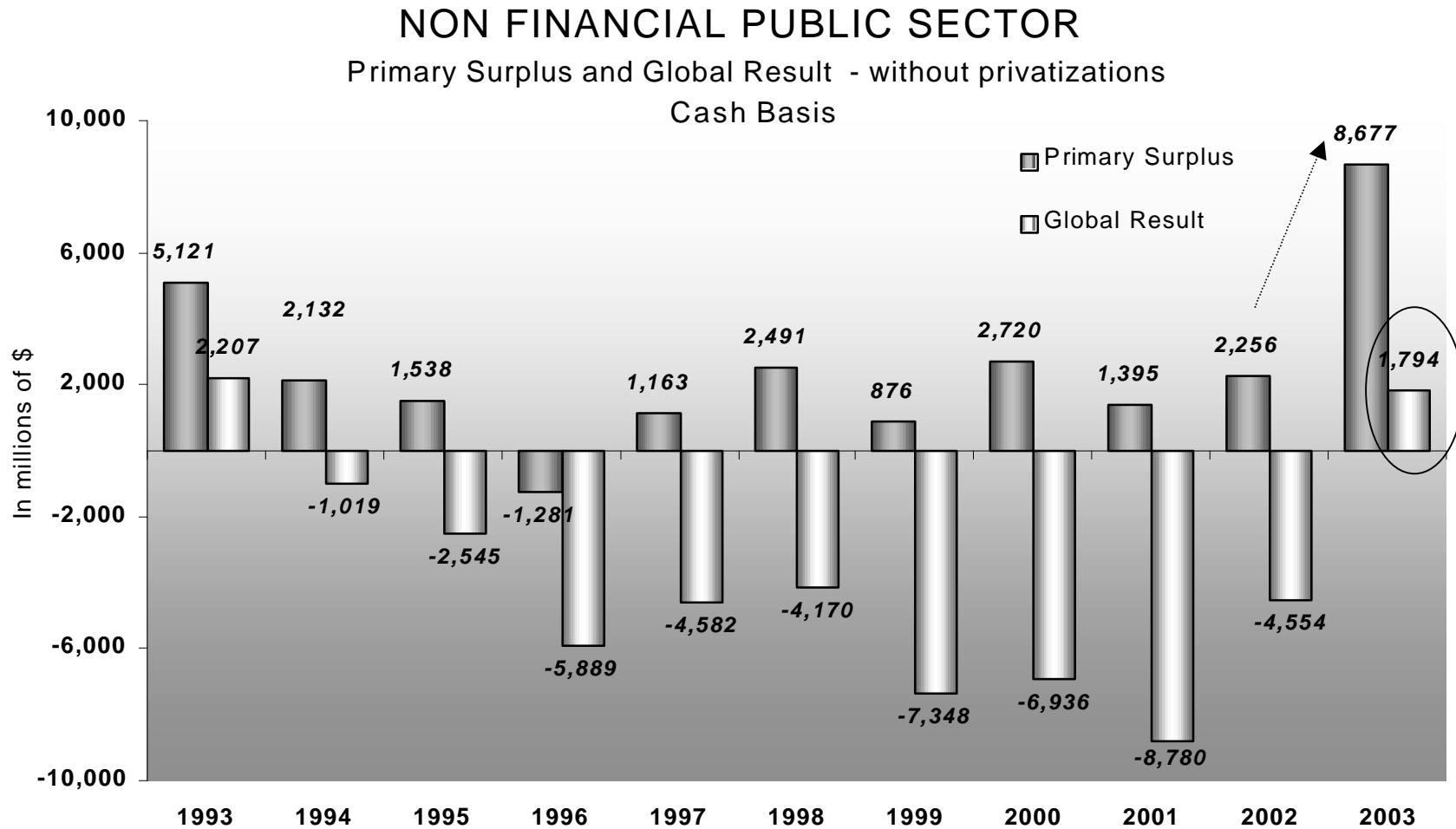
As from May 2002, the deficit in fiscal accounts was reversed, as a result of public spending stabilization and increased tax collection.

NON FINANCIAL PUBLIC SECTOR Cash Basis Primary Result



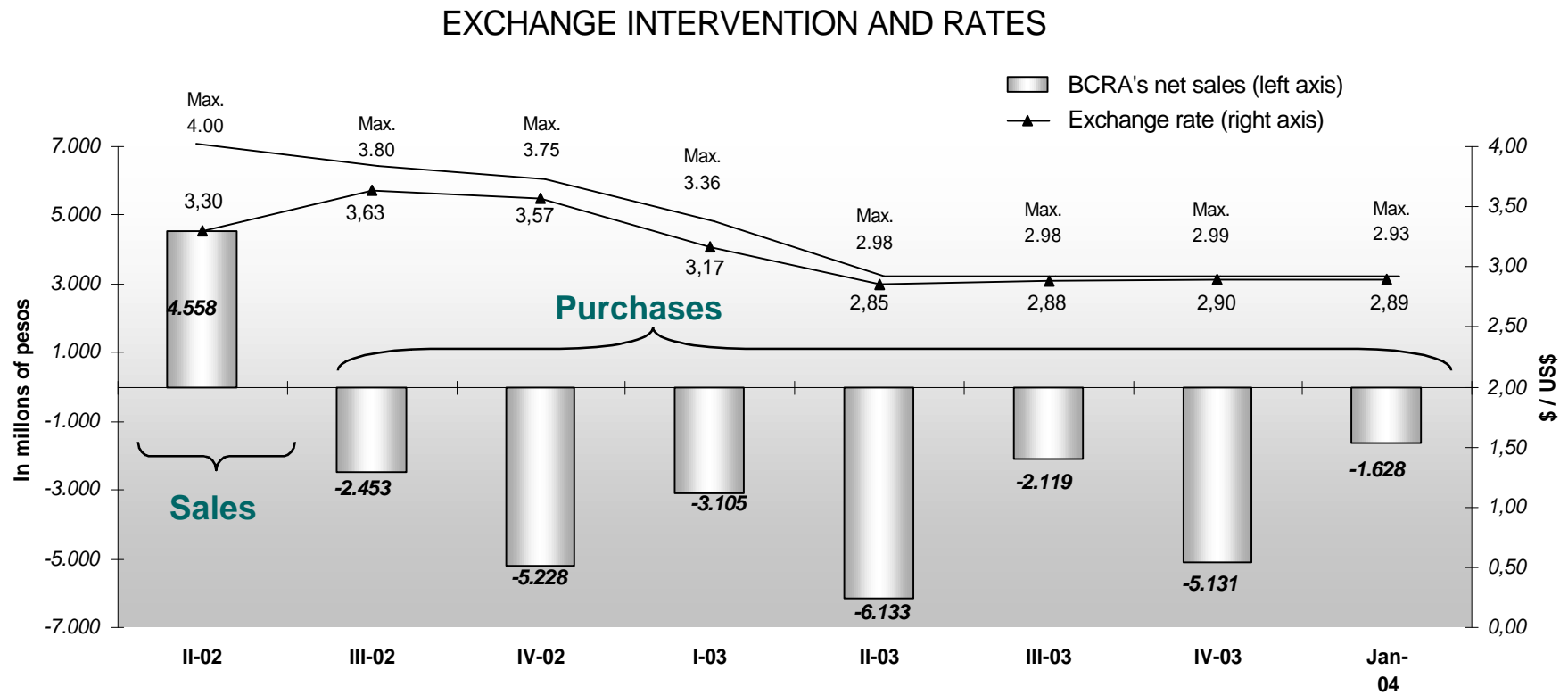
Fiscal Sector

Fiscal accounts improved significantly in 2003 vis a vis the weak fiscal performance shown in the nineties.



Financial Sector

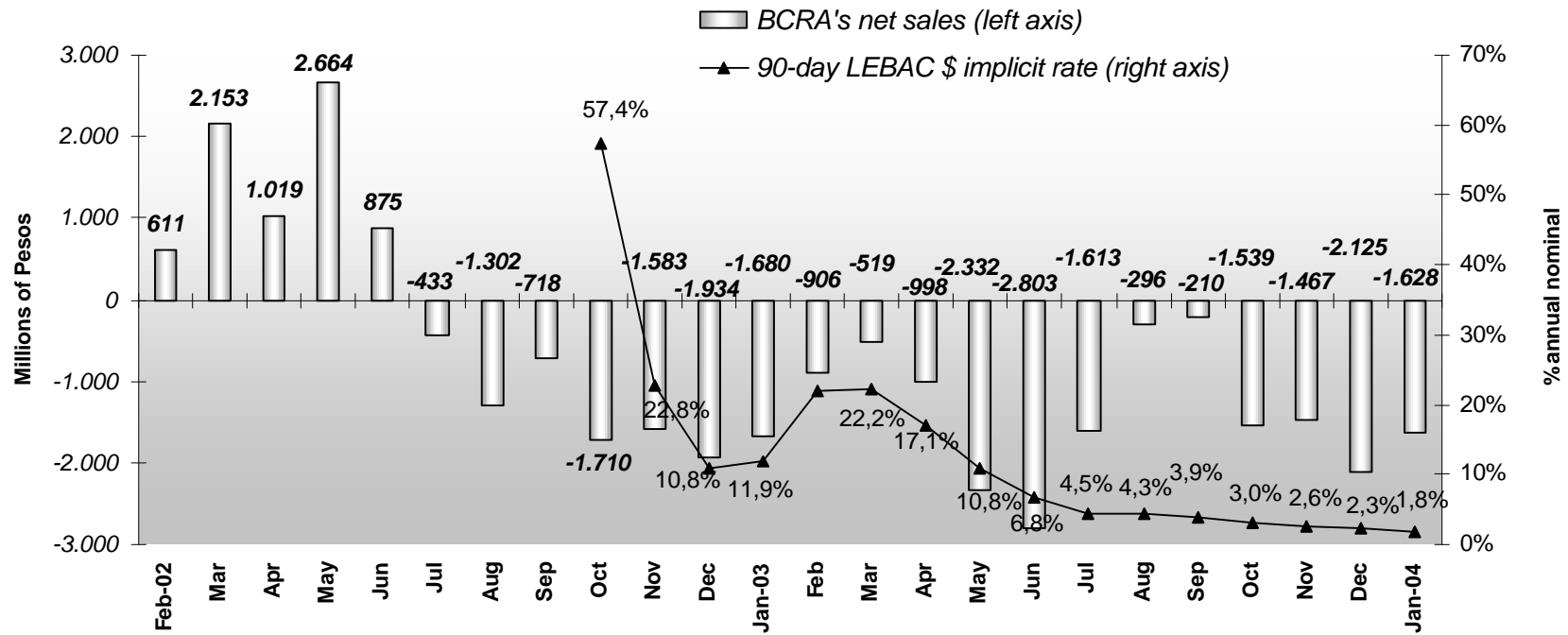
Growth recovery and fiscal improvement helped to strengthen the demand for pesos and stabilize the foreign exchange market.



Financial Sector

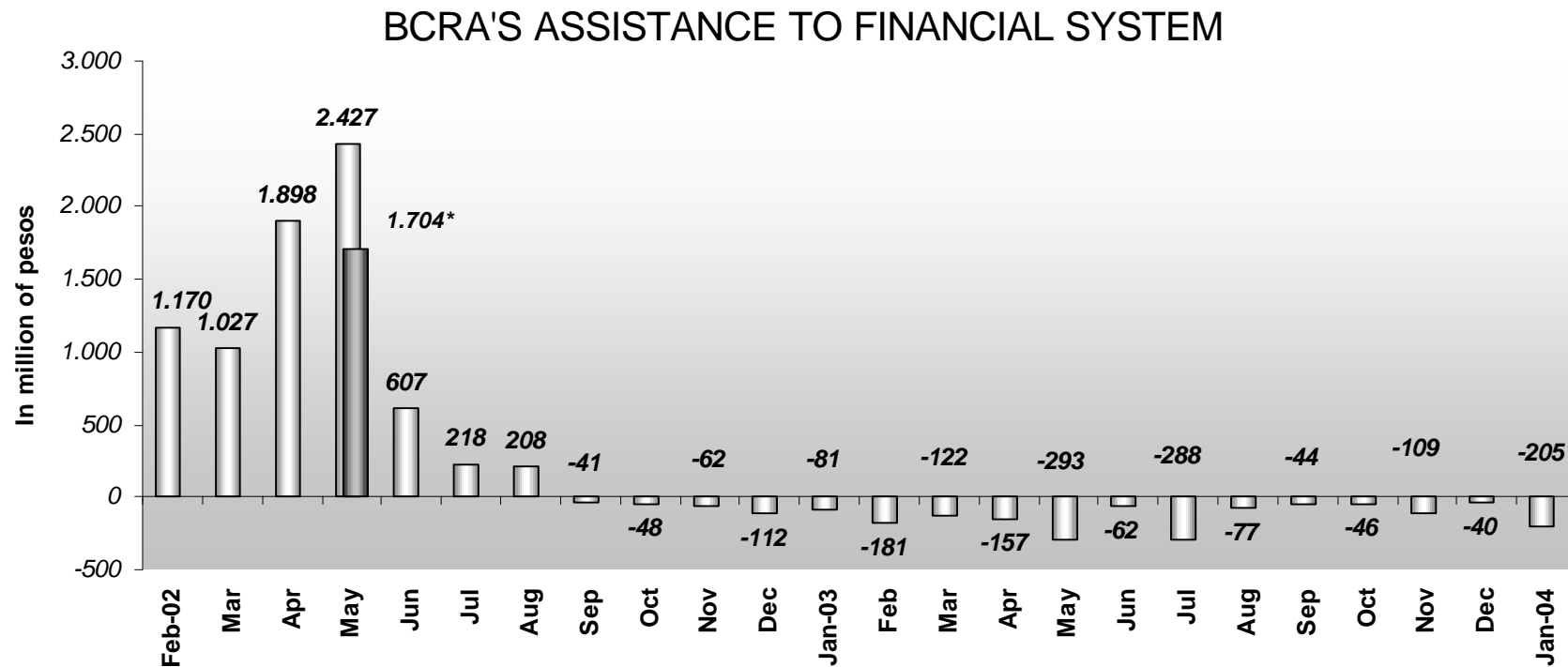
The Argentine Central Bank (B.C.R.A.) has accumulated reserves over the last nineteen months, in a context of diminishing interest rates.

CENTRAL BANK EXCHANGE INTERVENTION AND LEBAC IMPLICIT RATE (90-day in Pesos)



Financial Sector

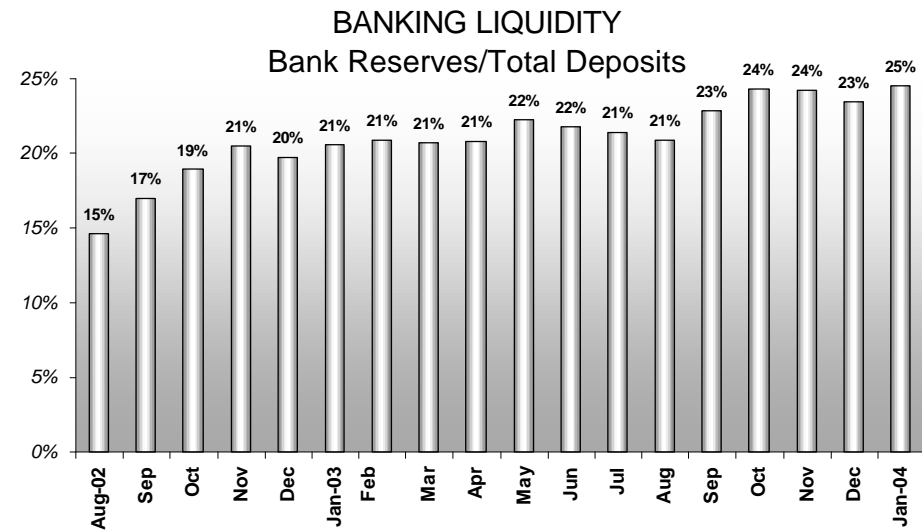
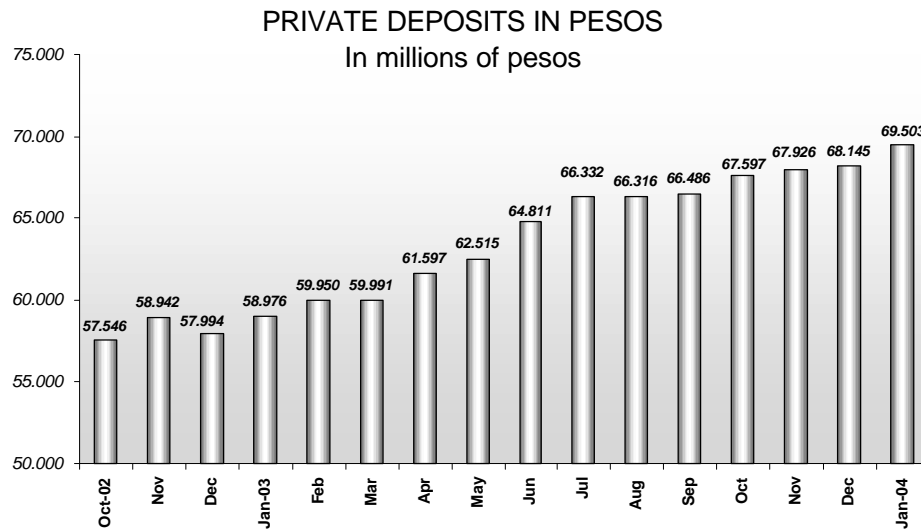
Another sign of financial system normalization is that for the last seventeen months, financial institutions have not requested Argentine Central Bank assistance.



(*) *Comitments assumed in the previous months.*

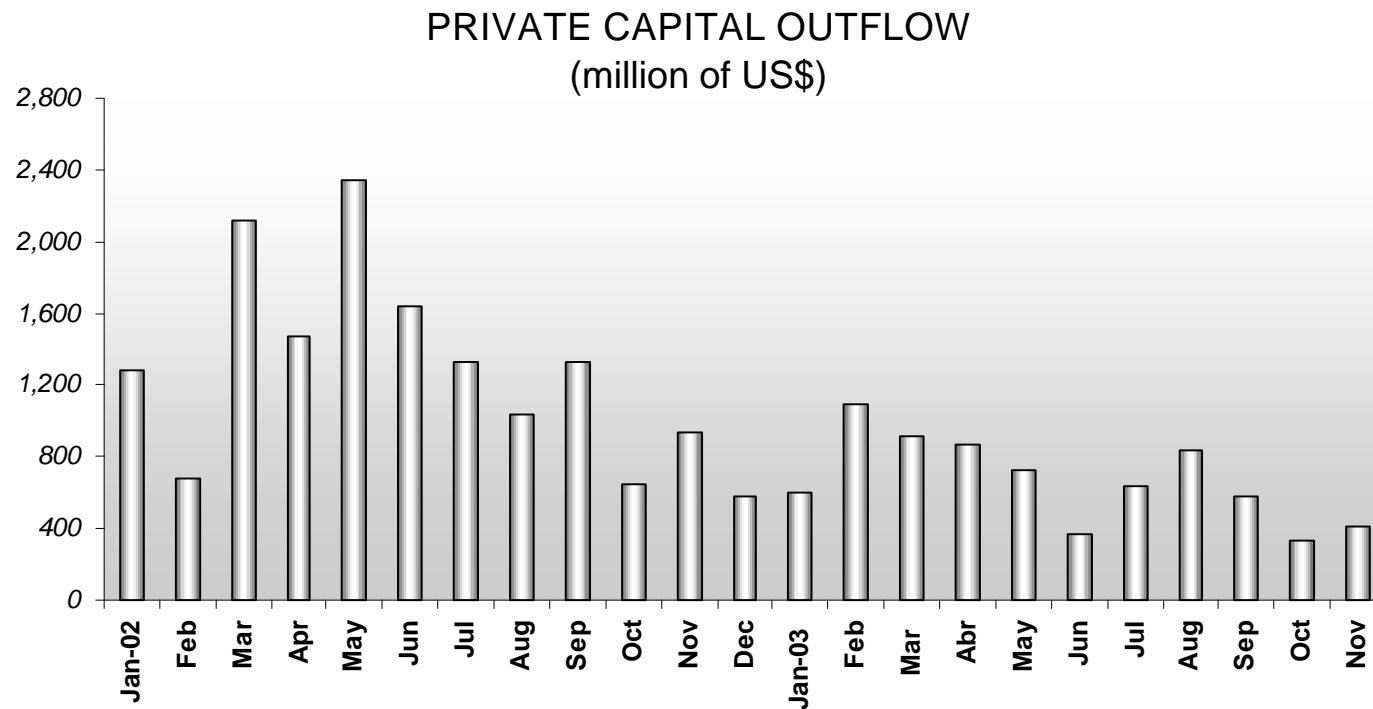
Financial Sector

The drainage of deposits stopped in July 2002, the trend has remained positive since then, and the banks have recovered liquidity.



Financial Sector

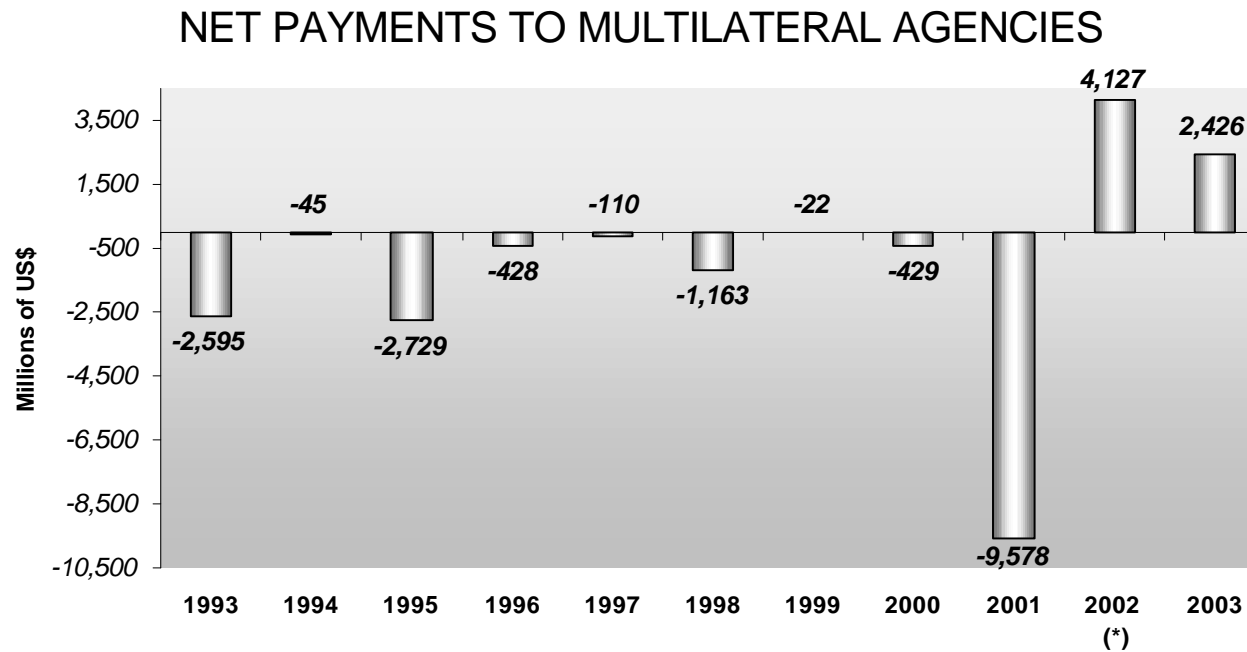
The flight of private capital has diminished significantly since June 2002.



Source: National Bureau of International Accounts – INDEC [National Institute of Statistics and Census]

Financial Sector

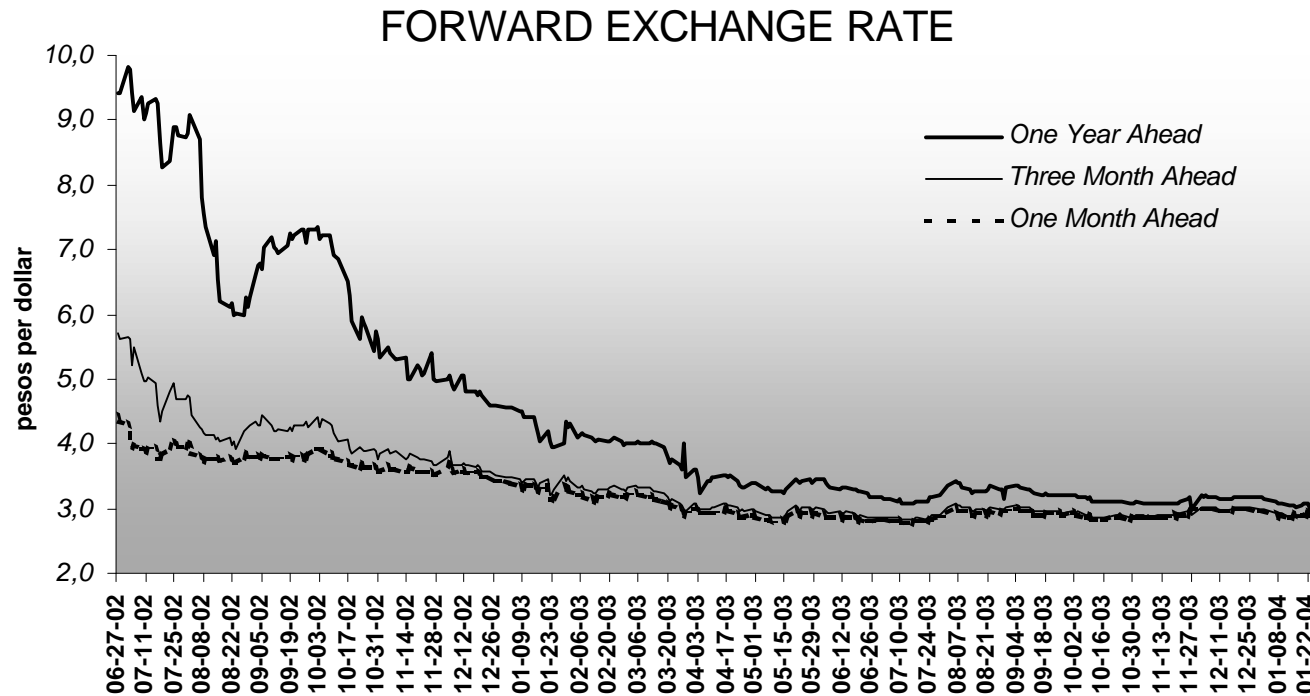
Unlike the case in previous years, in 2002 and 2003 Argentina made net payments to multilateral lending agencies.



(*) In addition in 2002 there were net payments to official creditors [(Banco do Brasil, Club de Paris, I.C.O. (Spain) and J.B.I.C. (Japan)] amounting to USD 142 million.

Financial Sector

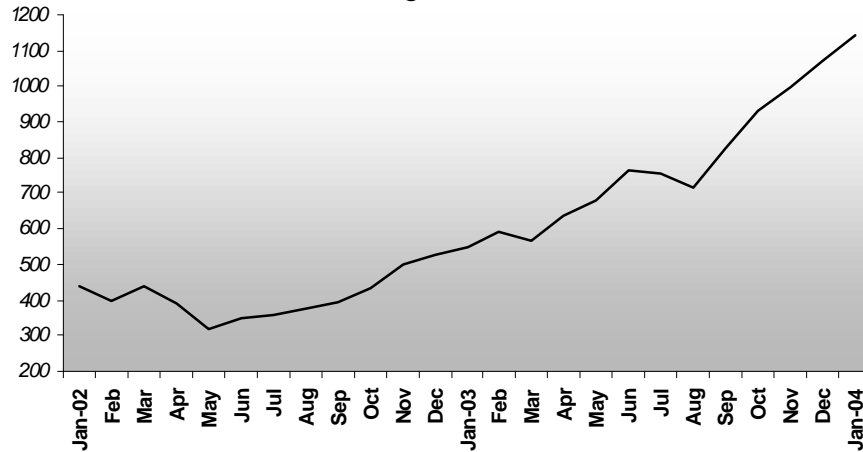
The improvement in Argentina's economy led to a sharp reduction in the exchange rate for the US dollar futures market.



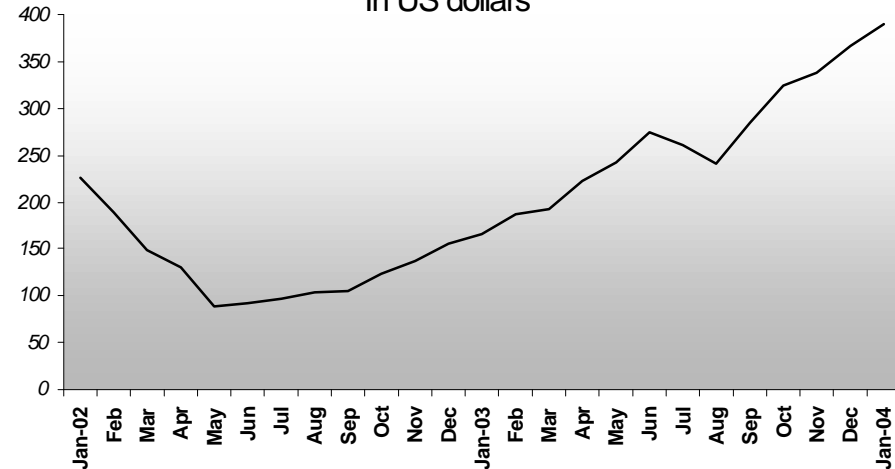
Financial Sector

As from June 2002, there was a continuing recovery in the stock exchange market.

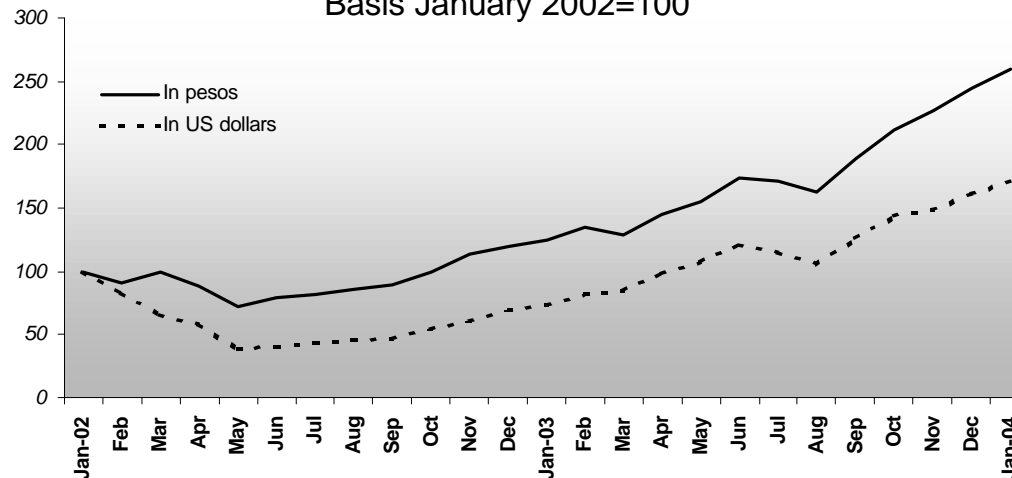
MERVAL INDEX EVOLUTION
In Arg. Pesos



MERVAL INDEX EVOLUTION
In US dollars

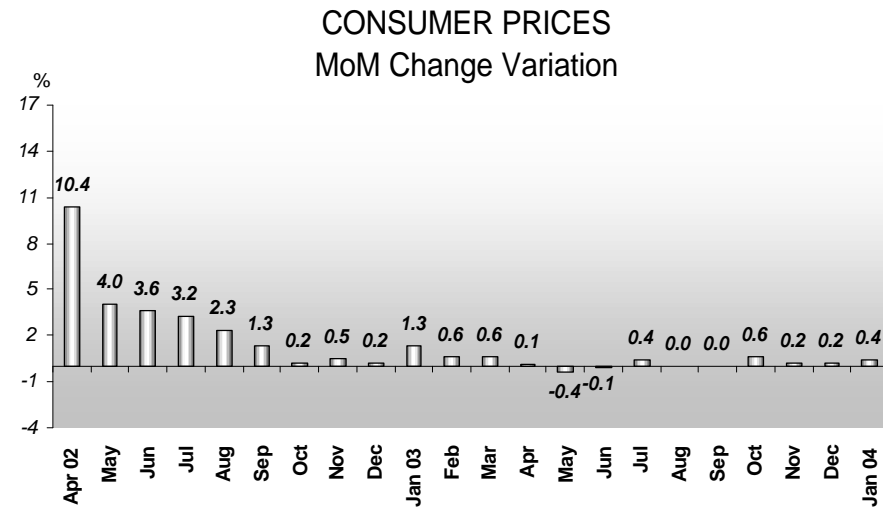
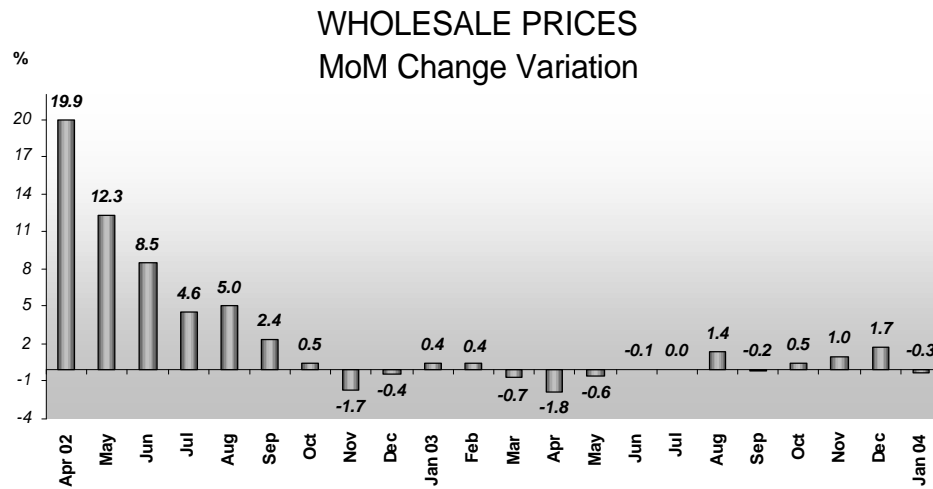


MERVAL INDEX EVOLUTION
Basis January 2002=100



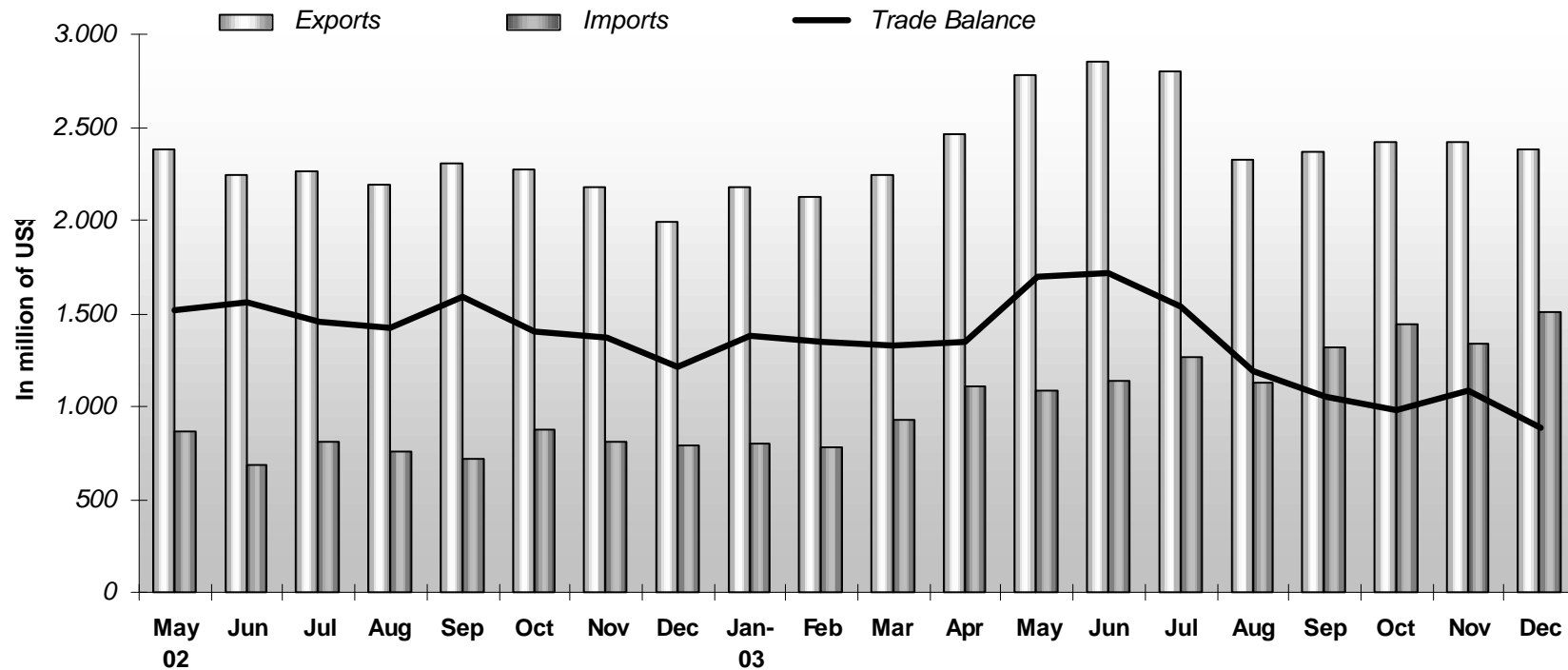
Prices

As from April 2002, the consistency of fiscal and monetary policies led to lower rates of inflation.



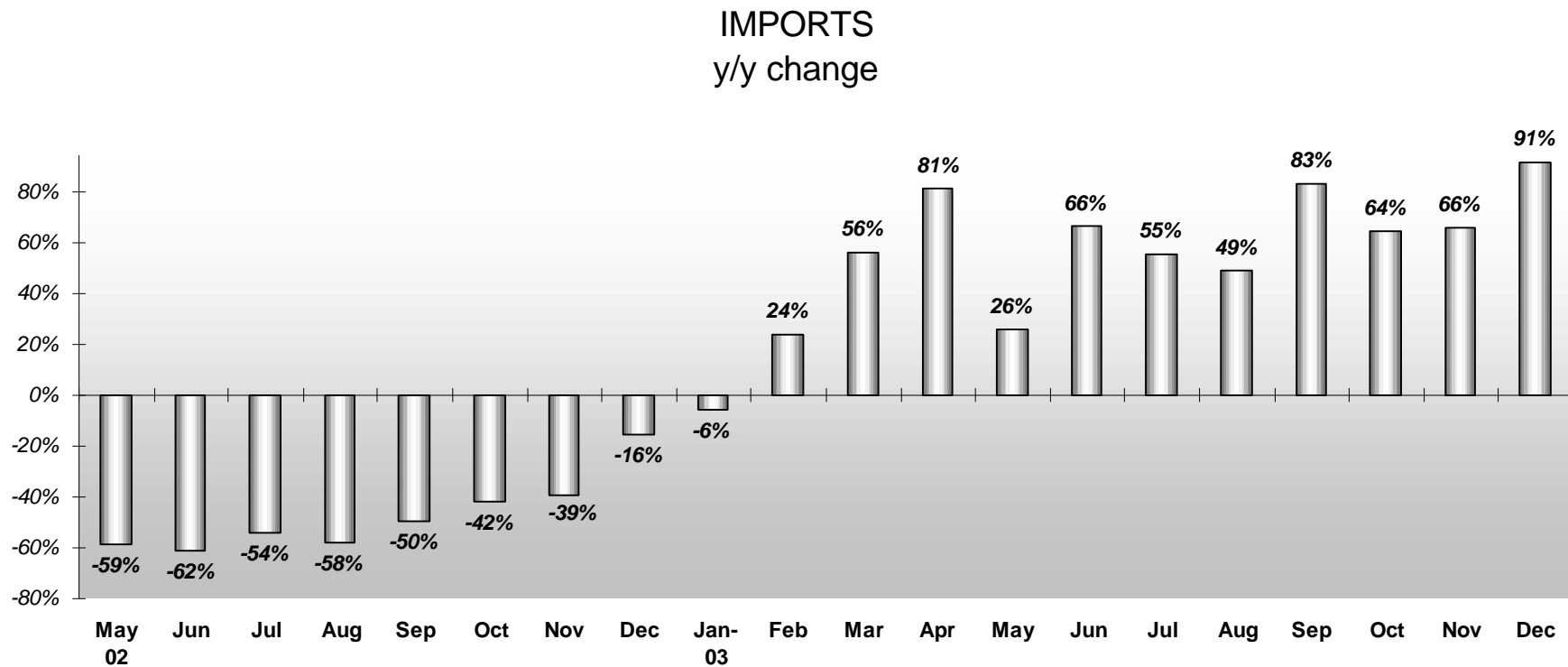
Foreign Trade

The depreciation of the peso led to a significant surplus in Argentina's trade balance, mainly as a result of import substitution.



Foreign Trade

Imports growth came hand in hand with GDP recovery.

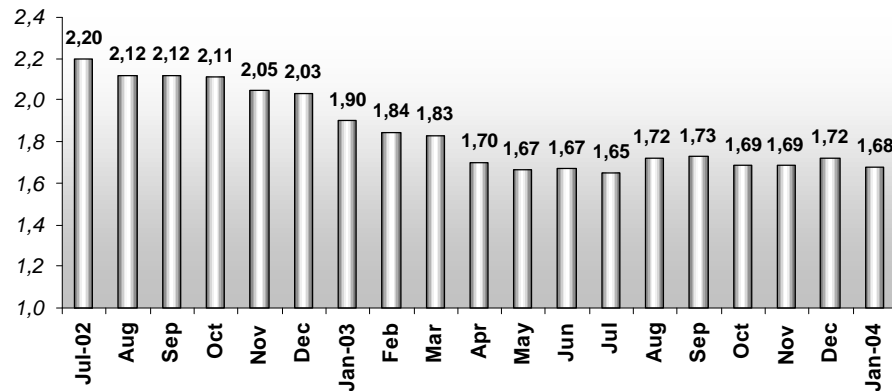


Foreign Trade

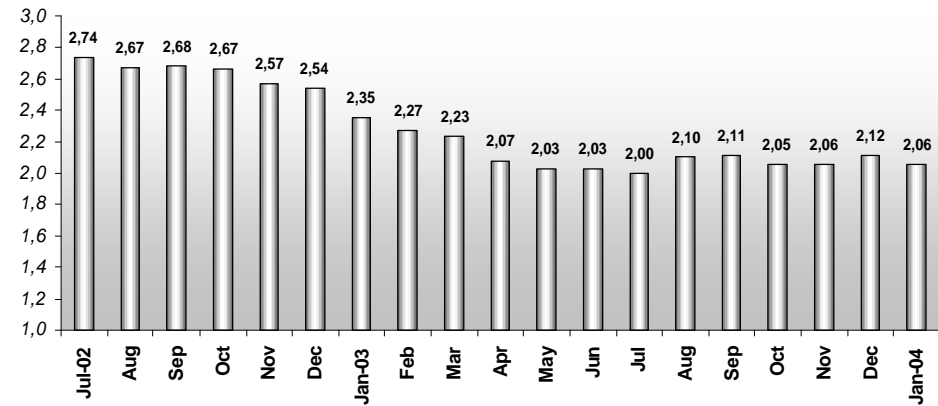
In 2002, conditions were created for a more realistic exchange rate than the one that existed under Convertibility.

REAL EXCHANGE RATE - ARGENTINE \$ / US\$

Deflated by 0.5 CPI and 0.5 WPI - Basis Dec. 2001 = 1



Deflated by CPI - Basis Dec. 2001 = 1



Foreign Trade

The exchange rate between the peso and the currency of our main trade partner reached more realistic levels.

REAL EXCHANGE RATE - ARGENTINE \$ / BRAZILIAN R\$

