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Research Update:

Argentina Long-Term Ratings Lowered To 'B'; Outlook Is Stable

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Table Of Contents

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Argentina Long-Term Ratings Lowered To 'B'; Outlook Is Stable

Ratings

Foreign Currency: B/Stable/B
Local Currency: B/Stable/B
For further details see Ratings List.

Overview

- There has been an erosion of Argentina's economic growth trajectory, inflation dynamics, and debt profile following setbacks in implementing its challenging economic adjustment program.
- We are lowering our long-term foreign currency and local currency ratings on Argentina to 'B' from 'B+' and affirming our short-term foreign and local currency ratings at 'B'.
- We are also lowering our transfer and convertibility assessment to 'B+' from 'BB-'.
- The outlook on the long-term ratings is stable based on our expectation that the government will implement fiscal, monetary, and other measures to stabilize the economy over the coming 18 months.

Rating Action

On Nov. 12, 2018, S&P Global Ratings lowered its long-term foreign and local currency ratings on Argentina to 'B' from 'B+' and affirmed its short-term foreign and local currency ratings at 'B'. We also removed the long-term ratings from CreditWatch, where we placed them on Aug. 31, 2018, with negative implications. The outlook on the long-term ratings is stable. At the same time, we lowered our national scale ratings to 'raAA-' from 'raAA'. We also lowered our transfer and convertibility assessment to 'B+' from 'BB-'.

Outlook

The stable outlook reflects our expectation that the government will implement difficult fiscal, monetary, and other measures to stabilize the economy over the coming 18 months, gradually staunching the deterioration in the sovereign's financial profile and debt burden, reversing inflation dynamics, and restoring investor confidence. The combination of lower government financing needs, declining inflation and interest rates, and expectations of

continuity in key economic policies after national elections in October 2019 could set the stage for economic recovery and contain external vulnerability.

We could lower the rating over the next 12 months if unexpected negative political developments or uneven implementation of the government's economic austerity program further damage investor confidence, worsening the government's access to market financing and potentially placing pressure on the currency, thereby worsening inflation dynamics. Similarly, perceptions that the sovereign's commitment to the economic adjustment program could waver after national elections in 2019 could create similar unfavorable market dynamics, potentially resulting in prolonged high interest rates. In either case, the resulting deterioration in the sovereign's financial profile and access to liquidity to roll over maturing debt could lead to a lower rating.

We could raise the rating over the next two years if successful policy implementation leads to a faster-than-expected fall in inflation, greater currency stability, and a shallower-than-expected recession. That, plus expectations of continuity in economic policies past the 2019 elections, could reverse the recent deterioration in Argentina's fiscal, debt, and monetary profile, as well as improve its long-term GDP growth prospects.

Rationale

The downgrade reflects an erosion of Argentina's economic growth trajectory, inflation dynamics, and debt profile following setbacks in implementing its challenging economic adjustment program. Recently announced changes in fiscal and monetary policy have helped to stabilize financial markets after a second bout this year of capital flight and currency depreciation started in August. However, the impact of uneven implementation of the government's economic strategy in the recent past has led us to worsen our projections for the sovereign's financial profile, inflation, and economic performance over the coming two years.

We expect that GDP will contract 2.5% this year and by nearly 1% in 2019 before recovering modestly in 2020. Inflation is likely to end the year around 44% and may decline only gradually toward 25% in 2019. The rapid depreciation of the Argentine peso against the dollar earlier this year has contributed to an increase in the government's debt burden (as most of the sovereign's debt is denominated in foreign currency). We expect that net general government debt may exceed 80% of GDP this year, up from 50% in 2017.

The ratings on Argentina reflect its weak fiscal and external profiles, limited monetary flexibility, and growing debt burden, which is predominantly denominated in foreign currency. More than 70% of central government debt is in foreign currency, but 42% of it is held by creditors in the public sector, mitigating the rollover risk. The ratings also reflect a deteriorated economic risk profile and our assessment of weak institutional and governance effectiveness.

Political polarization and institutional weaknesses constrain the effectiveness of Argentina's institutions of governance, creating uncertainty about the long-term stability of key economic policies. Argentina has limited monetary flexibility, in part because of its small domestic capital markets and high inflation rate. Such shortcomings have contributed to a weak external position as Argentina remains heavily reliant on external funding to finance persistent and high fiscal deficits.

Institutional and economic profile: Economy contracts as Argentina approaches national elections in 2019

- A history of economic instability and sharp changes in economic policies has weakened the credibility of Argentina's governing institutions.
- The recent economic crisis has lowered the president's popular approval levels, raising risks for economic policy implementation.
- We expect policy continuity following national elections in late 2019.

Argentina's democracy has been characterized by a history of political polarization that limits the government's ability to implement its economic agenda. The country has entered into 11 programs with the International Monetary Fund (IMF) since the 1980s, reflecting its history of economic volatility.

There has been improvement in checks and balances between public institutions, enforcement of contracts, and respect for the rule of law in recent years, but these political pillars remain weak. A longer track record of adherence to the rule of law would be considered a sign of institutional strengthening. Argentina ranks 117 out of 190 countries in 2018 in the Doing Business ranking (World Bank), improving from 121 in 2016. Also, the country ranks 85 out of 180 countries in the 2017 Corruption Perceptions Index, also improving from the 95th place in 2016.

The recent economic crisis has lowered the political approval level of the administration of President Mauricio Macri, raising risks for economic policy implementation. An outflow of capital and resulting sharp depreciation of the currency in early 2018 led the government to introduce an economic austerity program and seek a $50 billion program from the IMF. Following further market turmoil, the government obtained a larger IMF program ($57 billion) with more money disbursed upfront. The revised program, which tightens both fiscal and monetary policy, allows the government to use IMF money for budgetary support and balance of payments purposes.

Although the IMF program should ensure sufficient external funding until after the October 2019 national elections, political pressures could still weaken or undermine its successful implementation. Political opposition to the IMF program has contributed to rising political tension. The government has responded by segregating key social programs from spending cuts and boosting spending in some programs (such as child allowances and pensions). The IMF

agreement allows for limited increases in social spending. Such flexibility could contain public opposition to the austerity program and strengthen the administration's ability to implement its program during an election year. We expect that the government will be able to pass its austere 2019 budget despite lacking a majority in the Congress.

One of the weaknesses in Argentina's institutional assessment is its history of major changes in economic policy following changes of political leadership. The money available under the IMF program, as well as from other multilateral lenders, should largely cover the government's fiscal funding needs for 2018 and 2019. However, the long-term viability of the economic adjustment program depends on reducing the fiscal deficit, introducing a new monetary and exchange rate policy to re-establish the credibility of the central bank, reduce inflation, and regain market access. We expect the next administration (following elections in late 2019) will largely continue with market-friendly economic policies, setting the stage for economic recovery in late 2019 or early 2020.

Recent revelations of illegal payments to officials of the previous Kirchner administration (the so-called "notebooks" scandal) have implicated former President Cristina Kirchner and high officials in her government, as well as some business leaders. The scandal could help the Macri administration in managing its relationship with Congress, weakening the hard-line Kirchner faction of the Peronist party and encouraging other Peronist leaders (including governors), who are more likely to seek pragmatic arrangements with the government on economic matters.

We have revised our economic growth forecasts downward for 2018 and 2019 following the recent economic setbacks, highlighting the country's poor long-term growth performance. Argentina's long-term growth performance is worse than that of other countries at a similar level of wealth and development. We expect economic contraction of 2.5% in 2018 and almost 1% in 2019 before a recovery of around 2.5% in 2020. We estimate GDP per capita will be around $10,500 in 2018, down from nearly $14,500 in the previous year (due mainly to depreciation of the currency). Argentina's poor record of low and volatile growth weighs upon our economic assessment.

A recovery in agriculture could boost output and exports in the second quarter of 2019, limiting the overall contraction in the economy driven by weak domestic demand. However, GDP is likely to contract next year, despite better net exports and a likely improvement in financial market conditions. Our forecast for GDP growth in 2020 is based on our assumption that the government largely succeeds with its economic adjustment policies (with only moderate slippage), leading to better financial conditions and higher investor confidence.

Beyond 2019, long-term trend growth is likely around 3%. A more competitive exchange rate, continued growth in agricultural exports, higher energy production, and a recovery in domestic demand should sustain long-term growth. However, continued growth depends on maintaining access to external funding

(from official lenders in 2019 and increasingly from private lenders thereafter), given the government's high debt burden and the small capacity of domestic capital markets.

Flexibility and performance profile: Limited room to maneuver because of high debt and external vulnerability

- A high debt burden and dependence on external funding contribute to limited fiscal and external flexibility.
- Argentina will have limited external liquidity over the coming years, as reflected in its narrow net external debt and its gross external financing metrics.
- A high share of foreign currency debt raises the sovereign's vulnerability to a sharp adverse movement in the exchange rate, as happened this year.

Argentina's dependence on external funding is a vulnerability in the rating. We expect narrow net external debt to exceed 200% of current account receipts in 2018 and decline slightly below that threshold in the following three years. We project gross external financing needs to usable reserves and current account receipts to exceed 130% in 2018 and remain above 120% in the next three years.

External vulnerability has worsened in 2018, following capital outflows and currency depreciation. In response, the central bank dramatically raised its policy interest rate to staunch capital outflows.

A weaker currency and falling domestic demand will help reduce the current account deficit toward 4.6% of GDP in 2018 from nearly 5% last year. The economic downturn, along with a recovery in agricultural exports, should help lower the external deficit toward 2% of GDP in 2019. Afterwards, we expect the current account deficit to widen toward 3% of GDP as the economy recovers. The trade account is likely to be close to balance. We expect net inflows of foreign direct investment (FDI) to be around 1.3% of GDP on average over the next three years, similar to the average level during 2012-2017. The combination of FDI and official capital inflows should largely fund the current account deficit in 2018-2019.

The depreciation of the currency is likely to boost inflation toward 45% by the end of 2018, up from 25% in 2017. The combination of tight monetary policy, fiscal austerity, recession, and a more stable currency is likely to reduce inflation toward 25% by the end of 2019 and likely below 20% in the following year.

The government changed its exchange rate policy as part of its amended IMF program, letting the currency float within a band, adjusted by 3% every month. It also changed its strategy for containing inflation by shifting to controlling the monetary base. The new policy is to limit the growth in the nominal monetary base to 0% monthly until June 2019 and to only 1% per month

through the end of 2019 (implying a substantial reduction in real terms). The central bank also began to reduce the stock of Lebacs (debt it had issued largely to sterilize increases in money supply) and started to issue new types of debt for monetary policy to gain better control over domestic liquidity.

A high debt burden and fiscal rigidities contribute to Argentina's limited fiscal flexibility. We estimate the change in net general government debt to average nearly 9% of GDP in 2019-2021, largely reflecting adjustments coming from exposure to foreign currency and indexation to inflation (as well as small fiscal deficits). We expect net general government debt to spike above 80% of GDP in 2018 (from 50% in 2017) and average around 70% of GDP in 2019-2020. The movement in the debt ratio largely reflects the impact of inflation and currency volatility. Interest expenses will also rise largely on the impact of currency depreciation. Interest expenses are likely to remain above 10% of general government revenues in 2018 and 2019. Successful implementation of the economic adjustment program, along with greater exchange-rate stability, could help stabilize the debt burden and reduce it in the following years.

A high share of foreign currency debt raises Argentina's fiscal vulnerability to a sharp adverse movement in the exchange rate, as happened this year. Around 75% of the debt is in foreign currency, up from 68% in 2017. However, about 42% of central government debt is held by creditors in the public sector (the largest share with the central bank). Official debt accounts for about 10% of the government's total debt. We exclude sovereign debt held by the pension system (ANSES), which accounted for 9% of central government debt, or 6% of GDP, as of June 2018.

The central government will likely outperform its revised fiscal targets for 2018, thanks to spending austerity and new revenue measures, but may find it difficult to reach its targets in the coming year (especially due to election pressure). It has committed to reduce the primary fiscal deficit to 2.7% of GDP in 2018 and 0% in 2019 and has targeted a primary surplus of 1% of GDP in 2020. The program is ambitious--the government has not run a primary surplus since 2009.

We expect that the overall general government fiscal deficit could be below 6% of GDP in 2018, with rising interest payments accounting for over half of it (around 3% of GDP). The central government deficit will likely exceed 5% of GDP. The general government fiscal deficit is likely to fall below 4% of GDP in 2019 (and the primary balance will likely come close to zero). The planned fiscal adjustment is based on spending cuts (1.2% of GDP) and higher revenues (1.5% of GDP, mainly from export taxes). On the spending side, around half the savings are slated to come from reduced subsides on energy and transportation, and much of the rest from capital spending.

The official funding available for 2019 should be sufficient to cover the government's financing needs, provided that it implements the fiscal and other adjustments in the IMF program and maintains domestic confidence. Scheduled disbursements from the IMF should fill over half of the government's financing

needs in 2019, with the rest coming from other official lenders and domestic private-sector creditors (assuming a rollover rate of around 60% for repurchase agreements, as well as for other locally issued dollar- and peso-denominated short-term debt).

We view contingent liabilities as being limited, including those posed by the banking system. We classify the banking sector of Argentina in group '8' according to our Banking Industry Country Risk Assessment (BICRA), with '1' being the lowest risk category and '10' the highest. Argentina has a small financial system, with domestic credit to the private sector around 17.7% of GDP in 2018 (among the lowest in Latin America). We estimate that the gross assets of the financial system will be 38% of GDP in 2018, low relative to peers. Banking sector nonperforming loans grew to 2.2% of total loans as of August 2018 from 1.8% as of year-end 2017 and are likely to rise further next year. The loans are fully covered by loan loss provisions.

Key Statistics

Table 1

Argentina--Selected Indicators

	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
ECONOMIC INDICATORS (%)											
Nominal GDP (bil. LC)	2,179.02	2,637.91	3,348.31	4,579.09	5,954.51	8,188.75	10,555.85	13,688.29	18,195.58	22,747.05	26,712.18
Nominal GDP (bil. $)	530.16	581.43	613.32	567.05	644.90	554.53	637.31	467.18	428.13	476.38	508.80
GDP per capita (000s $)	12.8	13.9	14.5	13.3	15.0	12.7	14.5	10.5	9.5	10.5	11.1
Real GDP growth	6.0	(1.0)	2.4	(2.5)	2.7	(1.8)	2.9	(2.5)	(0.8)	2.5	3.0
Real GDP per capita growth	4.8	(2.1)	1.3	(3.6)	1.6	(2.9)	1.8	(3.5)	(1.8)	1.5	2.0
Real investment growth	17.4	(7.1)	2.3	(6.8)	3.5	(4.9)	11.0	(1.0)	0.0	3.0	3.5
Investment/GDP	18.4	16.5	17.3	17.3	17.1	15.6	16.0	15.9	15.8	15.8	15.8
Savings/GDP	17.4	16.1	15.2	15.6	14.3	13.0	11.1	11.3	13.4	12.9	12.7
Exports/GDP	18.4	16.2	14.6	14.4	10.7	12.6	11.2	11.7	12.3	12.6	12.7
Real exports growth	4.1	(4.1)	(3.5)	(7.0)	(2.8)	5.3	0.4	2.0	4.5	4.5	4.5
Unemployment rate	6.7	6.9	6.4	6.9	6.7	8.4	8.5	8.7	9.3	9.8	9.2
EXTERNAL INDICATORS (%)											
Current account balance/GDP	(1.0)	(0.4)	(2.1)	(1.6)	(2.7)	(2.6)	(4.9)	(4.6)	(2.4)	(2.9)	(3.0)
Current account balance/CARs	(5.2)	(2.2)	(13.8)	(10.5)	(23.5)	(19.2)	(39.5)	(27.9)	(12.3)	(15.2)	(16.0)
CARs/GDP	19.5	17.0	15.5	15.4	11.6	13.8	12.5	16.7	19.3	19.1	19.1
Trade balance/GDP	2.3	2.6	0.8	1.0	(0.1)	0.8	(0.9)	(0.9)	2.0	1.0	0.6

Table 1

Argentina--Selected Indicators (cont.)

	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
Net FDI/GDP	1.8	2.5	1.5	0.6	1.7	0.3	1.6	1.6	1.3	1.3	1.4
Net portfolio equity inflow/GDP	(0.0)	(0.0)	0.0	0.1	0.1	0.4	0.3	0.3	0.4	0.4	0.4
Gross external financing needs/CARs plus usable reserves	93.8	97.5	104.8	112.0	128.5	131.3	149.2	131.6	123.7	122.7	124.6
Narrow net external debt/CARs	59.7	58.5	77.9	91.5	130.3	149.4	192.6	209.6	201.0	188.7	183.4
Narrow net external debt/CAPs	56.8	57.3	68.4	82.8	105.5	125.4	138.1	164.0	179.0	163.7	158.2
Net external liabilities/CARs	(46.1)	(58.4)	(64.4)	(62.7)	(75.3)	(66.1)	(29.2)	(59.9)	(44.3)	(25.0)	(7.6)
Net external liabilities/CAPs	(43.9)	(57.1)	(56.6)	(56.7)	(61.0)	(55.4)	(20.9)	(46.8)	(39.4)	(21.7)	(6.6)
Short-term external debt by remaining maturity/CARs	33.4	38.7	36.8	38.9	52.7	48.4	71.6	84.4	82.8	76.3	73.3
Usable reserves/CAPs (months)	5.4	5.2	4.6	3.6	3.6	2.8	3.6	5.7	6.2	5.8	5.4
Usable reserves (mil. $)	44,096	41,590	29,236	27,799	21,155	32,909	47,668	47,685	51,010	50,407	50,064
FISCAL INDICATORS (%, General government)											
Balance/GDP	(2.8)	(2.5)	(2.8)	(4.2)	(4.6)	(6.9)	(6.7)	(5.9)	(3.8)	(2.7)	(1.8)
Change in net debt/GDP	5.2	6.5	4.1	9.5	18.6	14.8	14.5	43.8	11.1	8.5	6.9
Primary balance/GDP	(0.7)	(0.5)	(1.4)	(2.1)	(2.6)	(3.6)	(3.9)	(2.2)	0.1	0.5	0.9
Revenue/GDP	31.9	32.7	34.2	35.3	35.3	34.4	33.2	33.2	34.0	34.4	35.0
Expenditures/GDP	34.7	35.2	37.1	39.5	39.9	41.3	39.9	39.1	37.8	37.0	36.7
Interest /revenues	6.5	6.2	4.3	6.0	5.9	9.7	8.2	11.2	11.4	9.1	7.6
Debt/GDP	37.7	39.3	36.3	37.7	47.6	50.9	55.1	86.3	76.0	69.4	65.9
Debt/Revenue	118.0	120.2	105.9	106.9	135.0	147.9	166.0	259.9	223.9	201.8	188.6
Net debt/GDP	31.6	32.6	29.7	31.2	42.6	45.8	50.0	82.4	73.1	67.0	63.9
Liquid assets/GDP	6.1	6.7	6.5	6.5	5.0	5.1	5.1	3.9	3.0	2.4	2.0
MONETARY INDICATORS (%)											
CPI growth	19.9	21.0	24.5	42.1	26.4	39.1	24.6	33.0	34.0	22.0	14.0
GDP deflator growth	23.7	22.3	23.9	40.3	26.6	40.1	25.3	33.0	34.0	22.0	14.0
Exchange rate, year-end (LC/$)	4.28	4.90	6.50	8.51	13.10	15.89	18.65	40.00	45.00	50.00	55.00
Banks' claims on resident non-gov't sector growth	44.6	31.4	31.2	20.2	36.3	30.9	50.9	39.6	22.9	35.0	27.4

Table 1

Argentina--Selected Indicators (cont.)

	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e
Banks' claims on resident non-gov't sector/GDP	14.0	15.2	15.7	13.8	14.5	13.8	16.2	17.4	16.1	17.4	18.8
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	15.1	9.7	8.6	9.0	12.9	21.7	27.6	50.4	26.4	26.1	25.9
Real effective exchange rate growth	(6.6)	(14.4)	(3.7)	5.3	(21.7)	13.5	(6.5)	N/A	N/A	N/A	N/A

Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private-sector borrowings from nonresidents minus official reserves minus public-sector liquid assets held by nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. N/A--Not applicable. e--Estimate. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Argentina--Ratings Score Snapshot

Key rating factors	
Institutional assessment	5
Economic assessment	5
External assessment	6
Fiscal assessment: flexibility and performance	6
Fiscal assessment: debt burden	5
Monetary assessment	5

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria - Governments - Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings History, Nov. 7, 2018
- Banking Industry Country Risk Assessment Update: October 2018, Oct. 26, 2018
- Global Sovereign Rating Trends: Third-Quarter 2018, Oct. 3, 2018
- Argentina 'B+' Long-Term Ratings Put On CreditWatch Negative On Risks To Implementation Of Economic Adjustment Measures, Aug. 31, 2018
- S&P Global Ratings' National And Regional Scale Mapping Specifications, June 25, 2018
- Banking Industry Country Risk Assessment: Argentina, June 15, 2018
- 2017 Annual Sovereign Default Study And Rating Transitions, May 8, 2018
- Sovereign Debt 2018: Latin American And Caribbean Commercial Borrowing Is Likely To Decline In Absolute Terms To Near $355 Billion, Feb. 22, 2018
- Sovereign Risk Indicators, also available at www.spratings.com/sri
- 2016 Sovereign Ratings Update: Outlook And CreditWatch Resolutions, April 18, 2017

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate

his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria and Research').

Ratings List

Downgraded; Off CreditWatch; Stable Outlook; Ratings Affirmed

	To	From
Argentina		
Sovereign Credit Rating	B/Stable/B	B+/Watch Neg/B

Downgraded; Off CreditWatch

	To	From
Argentina		
Sovereign Credit Rating		
National Scale	raAA-/Stable/--	raAA/Watch Neg/--
Senior Unsecured	B	B+/Watch Neg

Downgraded

	To	From
Argentina		
Transfer & Convertibility Assessment	B+	BB-

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.