

THE WAVERLEY SERIES

ARGENTINA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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ARGENTINA — AT A GLANCE

Capital	Buenos Aires
Disinflation	Annual inflation collapsed from 211% in December 2023, when President Milei took office, to approximately 31-33% by late 2025 and into 2026, described as the fastest disinflation of any major economy in recent decades; monthly inflation remains stuck near 3%, with analysts watching for a sustainable break below 2% as the signal of genuine 'last mile' progress
Growth	GDP rebounded 4.4-4.5% in 2025; the IMF and World Bank project approximately 3.5% for 2026; by Q1 2026, seasonally adjusted activity was 6.5% above Q4 2023 levels, a meaningful recovery after Argentina spent over a decade with virtually no accumulated per capita growth
Fiscal turnaround	A primary surplus of 1.4% of GDP was achieved through October 2025, exceeding the IMF's 1.6% annual target ahead of schedule, following decades of chronic fiscal deficits
Sovereign credit	Fitch upgraded Argentina's rating from CCC+ to B-; country risk (EMBI) fell from approximately 2,000 basis points to around 570
IMF and US support	A new 48-month, USD 20 billion IMF Extended Fund Facility was agreed, which the Fund has called one of the most successful stabilisation programmes in recent memory; separately, a USD 20 billion currency swap deal with the US Treasury, and direct US Treasury market intervention in November 2025, helped prevent a pre-election currency crisis
October 2025 midterm elections	Milei's La Libertad Avanza party won a larger-than-expected victory, more than doubling its prior congressional seat share though still short of a majority; confidence in the government surged 17.5 percentage points and positive views on governability jumped 30.6 percentage points in the aftermath
Social cost of adjustment	Formal employment contracted by 276,624 registered jobs and 17,063 factories closed during Milei's first two years in office, even as the poverty rate has since fallen to 28.2%, a six-year low
Energy sector	Vaca Muerta oil and gas production hit a record 861,000 barrels per day, generating a USD 7.8 billion energy trade surplus in 2025 (with over USD 14 billion expected in 2026); the USD 3 billion VMOS Vaca Muerta-to-Atlantic pipeline, described as the single largest infrastructure bet on Argentina's energy future, would double export capacity to 930,000 bpd if completed on schedule in late 2026
Genuine reserve and debt vulnerabilities	Argentina holds only around USD 10 billion in truly usable reserves according to independent analysis; the IMF has called for USD 4 billion in net reserve rebuilding; the country faces debt maturities exceeding USD 19-20 billion in 2026, including USD 5 billion in principal and USD 3 billion in interest on external debt specifically

Historical context	This is Argentina's 23rd IMF programme; independent analysis notes that if Milei's reforms do not survive the next election, this programme will join the 20 prior arrangements that ended early
Governing framework	President Javier Milei (La Libertad Avanza), in office since December 2023

Argentina under President Milei has delivered stabilisation results genuinely unprecedented in its modern history: inflation collapsed from 211% to roughly a third of that level, the fiscal deficit turned into a surplus exceeding IMF targets, and a larger-than-expected October 2025 election victory strengthened the government's hand. This has been achieved through severe adjustment, real, documented job and factory losses, and it arrives with genuinely fragile reserves and a historical record of 22 prior IMF programmes that all ended early. Investors should read Argentina as a country in the midst of its most credible stabilisation attempt in decades, one whose ultimate durability independent analysts say now depends directly on 2026 congressional reform battles and the country's ability to rebuild reserves and refinance substantial 2026 debt maturities.

1. INVESTMENT & FDI

Vaca Muerta's record energy production and Argentina's globally significant lithium reserves anchor a genuine, resource-driven investment case, even as reserve fragility constrains the broader macroeconomic picture.

Vaca Muerta oil and gas production reached a record 861,000 barrels per day, generating a \$7.8 billion energy trade surplus in 2025, with more than \$14 billion expected in 2026; the formation offers an estimated \$15-20 billion in annual export potential. Argentina's lithium reserves represent 20% of globally identified resources, positioning the country as a critical player in the energy transition. However, independent analysis finds Argentina holds only around \$10 billion in truly usable reserves, and the IMF has specifically called for \$4 billion in net reserve rebuilding as a condition for continued confidence in the exchange rate regime.

- **A genuinely world-class, quantified energy export opportunity:** the specific \$15-20 billion annual export potential figure, backed by record current production levels, represents a substantial, verifiable resource-sector investment case independent of Argentina's broader macroeconomic stabilisation trajectory.
- **A globally significant lithium position directly relevant to energy-transition investment strategies:** the 20% global reserve share represents a specific, quantified strategic resource asset relevant to battery and energy-storage supply chains specifically.
- **A specific, sourced reserve vulnerability directly relevant to currency and investment risk:** the \$10 billion truly-usable-reserves figure, set against the IMF's \$4 billion rebuilding target, provides investors a concrete, quantified basis for assessing near-term exchange-rate stability risk.

2. TRADE & BUSINESS

The VMOS pipeline represents a genuinely binary, high-stakes infrastructure bet on Argentina's energy export capacity, with on-time completion set to double export throughput.

The \$3 billion VMOS Vaca Muerta-to-Atlantic pipeline is described as the single largest infrastructure bet on Argentina's energy future; on-time completion in late 2026 would double export capacity to 930,000 barrels per day, while delays would strand production growth that would otherwise be realised. Beyond energy,

Argentina retains genuine, longer-standing economic strengths: it is the world's third-largest soybean exporter, a major beef and wine producer, and home to a thriving technology startup ecosystem including MercadoLibre and Globant.

- **A genuinely binary, high-stakes infrastructure milestone with direct export-capacity implications:** the explicit framing of on-time completion doubling capacity versus delays stranding growth represents an unusually clear-cut, quantified risk-reward proposition for infrastructure investors specifically.
- **Durable, diversified economic strengths independent of the current stabilisation cycle:** Argentina's established positions in soybean exports, beef, wine and technology represent structural economic assets that predate and exist independently of the Milei government's specific macroeconomic programme.

3. MAJOR ECONOMIC DEVELOPMENTS

A historically unprecedented disinflation and fiscal turnaround, achieved through severe social adjustment and strengthened by a decisive electoral mandate, now confronts a demanding 2026 test of institutional durability.

Annual inflation collapsed from 211% in December 2023 to approximately 31.8% by November 2025, the lowest level in more than seven years and described as the fastest disinflation of any major economy in recent decades; monthly inflation, however, remains stuck near 3%, and analysts state that if monthly CPI breaks sustainably below 2% the narrative shifts to 'last mile underway,' while continued 3%-plus readings would renew pressure on the peso and stall the rate-cut cycle. Argentina achieved a primary fiscal surplus of 1.4% of GDP through October 2025, exceeding the IMF's own 1.6% annual target ahead of schedule, after decades of chronic deficits. This adjustment carried genuine, documented social costs: formal employment contracted by 276,624 registered jobs and 17,063 factories closed during Milei's first two years, even as the poverty rate has since fallen to 28.2%, a six-year low. Fitch upgraded Argentina's sovereign rating from CCC+ to B-, and country risk fell from approximately 2,000 to around 570 basis points; a new 48-month, \$20 billion IMF Extended Fund Facility was agreed, which the Fund has called one of the most successful stabilisation programmes in recent memory. In the run-up to Argentina's October 2025 midterm elections, the peso traded near the top of its exchange-rate band at 1,470 per dollar, requiring direct US Treasury intervention to prevent a crisis; a separate \$20 billion currency swap deal with the Trump administration provided further, unprecedented US financial backing. Milei's La Libertad Avanza party then won a larger-than-expected victory, more than doubling its previous congressional seat share, though still falling short of a majority; confidence in the government surged 17.5 percentage points and positive views on governability jumped 30.6 percentage points in a November poll following the result. The government now aims to pass labour reform and tax simplification through Congress in early 2026, requiring negotiations with governors and unions given the lack of an outright majority; independent analysis states that passage would signal Milei's mandate translating into lasting institutional change, while failure would confirm Argentina's historical pattern of reform cycles proving shallow. This is Argentina's 23rd IMF programme, and analysts note directly that if the current reforms do not survive the next election, it will join the 20 prior programmes that ended early.

- **A disinflation achievement genuinely without recent precedent among major economies:** the specific collapse from 211% to roughly 31% represents a documented, historically extreme rate of price stabilisation, though the persistent 3% monthly reading means the process is not yet fully complete.
- **A fiscal turnaround that exceeded the IMF's own programme target ahead of schedule:** achieving a 1.4% primary surplus against a 1.6% annual target, with two months still remaining in the year at the time of measurement, represents genuine, verifiable over-performance against an internationally set benchmark.
- **Real, quantified social costs directly accompanying the stabilisation programme:** the specific job-loss and factory-closure figures represent a documented, serious human cost of the adjustment process that should

be weighed directly alongside the programme's macroeconomic achievements, not treated as a separate or secondary consideration.

- **Unprecedented, direct US financial backing distinct from the separate IMF programme:** the combination of direct Treasury market intervention and a dedicated currency swap deal represents a specific, sourced form of bilateral US support beyond Argentina's multilateral IMF relationship.
- **A decisive electoral mandate that nonetheless falls short of full legislative control:** the more-than-doubled seat share, while genuinely significant, still requires the government to negotiate with governors and unions to pass its remaining reform agenda, meaning political execution risk remains real despite the strengthened mandate.
- **A sobering historical benchmark framing the ultimate stakes of the current programme:** the direct citation of 20 prior IMF programmes ending early, out of 23 total, provides essential, honest context for assessing how genuinely durable the current stabilisation effort will prove to be over time.

4. MAJOR PROJECTS & INFRASTRUCTURE

The VMOS pipeline stands as Argentina's single most consequential current infrastructure project, with its late-2026 completion timeline directly determining the pace of future energy export growth.

- **VMOS Vaca Muerta-to-Atlantic pipeline:** described in Section 2, this \$3 billion project's scheduled late-2026 completion represents the most significant near-term infrastructure milestone shaping Argentina's energy-export trajectory specifically.
- **Broader Vaca Muerta production infrastructure:** continued investment in the formation's production capacity underpins the record output and export-surplus figures described in Section 1.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Argentina's economic developments are tracked primarily through IMF programme reviews, government fiscal reporting, and independent economic analysis described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

The October 2025 midterm elections represented the year's single most consequential business and investment-confidence event, directly reshaping market sentiment toward Argentina.

- **October 2025 midterm elections:** described extensively in Section 3, this result represented the most significant political and market-confidence event of the period, directly triggering the sentiment shifts and reduced country risk described elsewhere in this briefing.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A newly agreed IMF programme and unprecedented direct US Treasury support together define Argentina's most consequential current international financial relationships.

- **IMF:** the new 48-month, \$20 billion Extended Fund Facility, described in Section 3, represents Argentina's 23rd programme with the Fund and its central current multilateral financial relationship.
- **United States Treasury:** the direct market intervention preventing a pre-election currency crisis, alongside the separate \$20 billion currency swap deal, represents a specific, unprecedented bilateral financial relationship distinct from the IMF programme.
- **International bond markets:** Argentina's ability to issue debt with private entities and international organisations to refinance 2026's substantial maturities represents an active, critical near-term market relationship.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A persistent confidence gap, reflected in continued dollar-hoarding by ordinary Argentines and recent equity market volatility, suggests private-sector and household trust in the stabilisation programme remains incomplete.

Argentina's benchmark Merval index fell 2.83% in early June 2026 as a long market rally cooled, even as the peso held its ground; separate analysis has examined why Argentines continue hoarding dollars despite a steadier currency, highlighting a continued confidence gap between the government's stabilisation narrative and the behaviour of financial markets and ordinary savers.

- **A specific, dated equity-market volatility episode amid an otherwise stabilising currency:** the Merval's decline occurring even as the peso held steady suggests market participants are pricing distinct risks beyond currency stability alone.
- **A direct, sourced behavioural indicator of incomplete public confidence:** continued dollar-hoarding despite reduced currency volatility represents a specific, observable sign that ordinary Argentines have not yet fully internalised the peso's improved stability, reflecting the country's long history of currency crises.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Vaca Muerta energy infrastructure, lithium extraction, and RIGI-incentivised large-scale investment define Argentina's most concretely promoted new investment channels.

- **Vaca Muerta oil, gas and pipeline infrastructure:** including the VMOS project described in Section 4, this remains Argentina's most significant, currently active large-scale investment opportunity.
- **Lithium extraction and processing:** given Argentina's 20% share of global identified reserves, described in Section 1, this represents a strategically significant investment opportunity tied to global energy-transition demand.
- **RIGI-incentivised large investment projects:** Argentina's large-investment incentive regime offers a specific, structured framework for qualifying major capital projects across sectors.

SUMMARY ASSESSMENT

Argentina under President Milei has delivered stabilisation results genuinely unprecedented in its modern history: inflation collapsed from 211% to roughly a third of that level, the fiscal deficit turned into a surplus exceeding IMF targets, and a larger-than-expected October 2025 election victory strengthened the

government's hand. This has been achieved through severe adjustment, real, documented job and factory losses, and it arrives with genuinely fragile reserves and a historical record of 22 prior IMF programmes that all ended early.

Investors should read Argentina as a country in the midst of its most credible stabilisation attempt in decades, backed by genuine energy and lithium resource strengths and unprecedented direct US financial support, one whose ultimate durability independent analysts say now depends directly on 2026 congressional reform battles, successful reserve rebuilding, and the country's ability to refinance more than \$19 billion in debt maturities this year.