

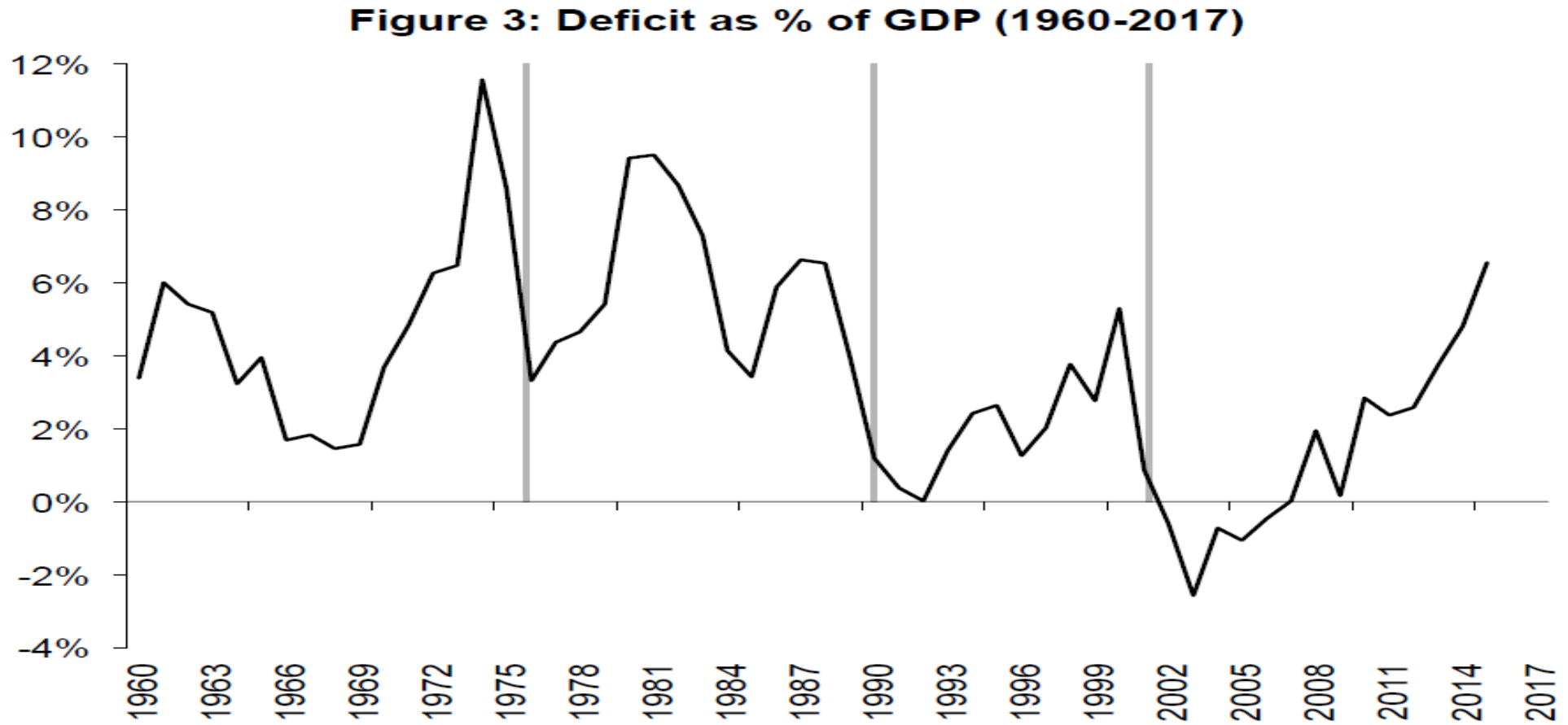
# Argentina 2020: A new default?

Juanpa Nicolini

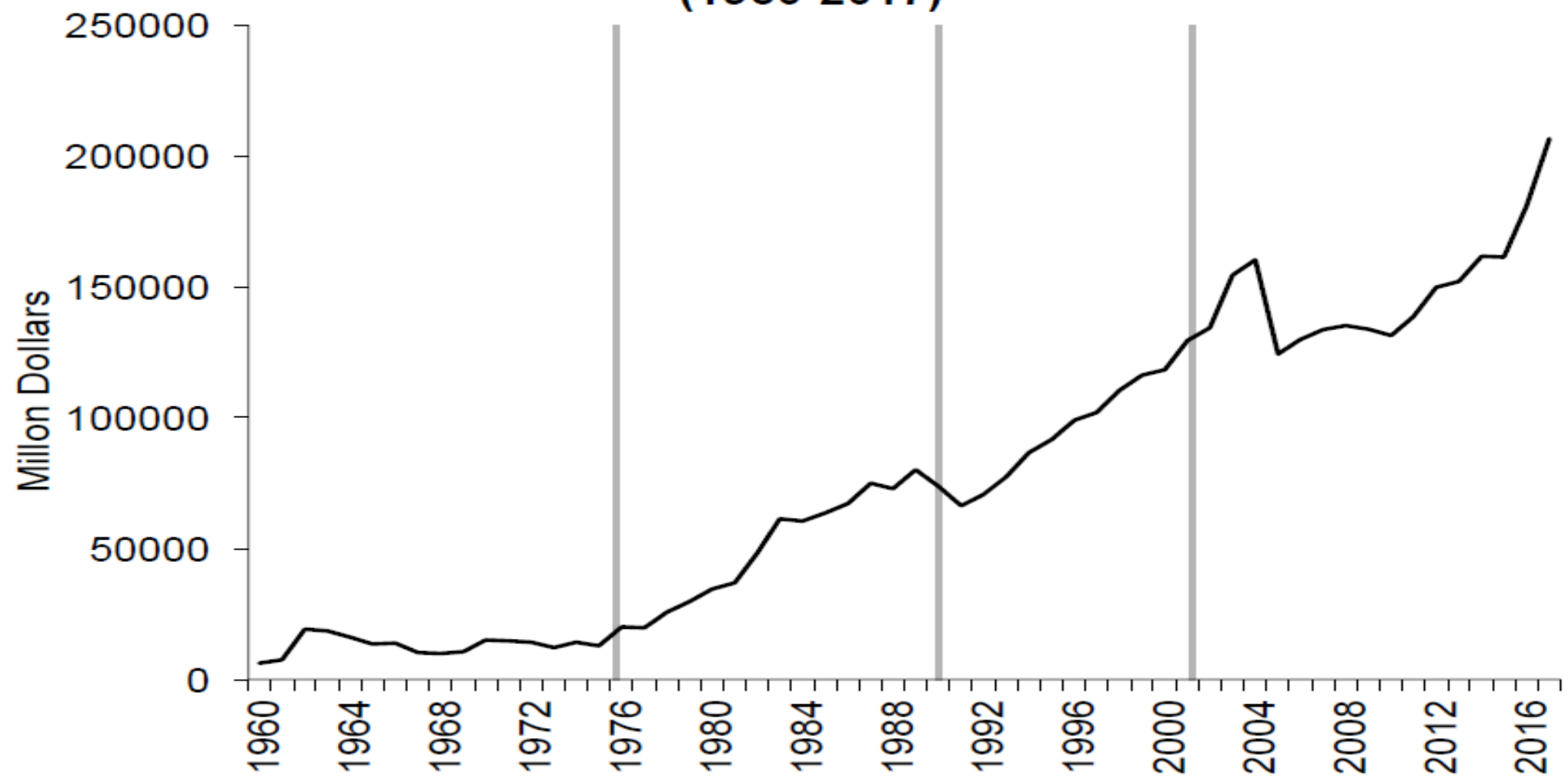
Minneapolis Fed and Universidad Di Tella

October 2019

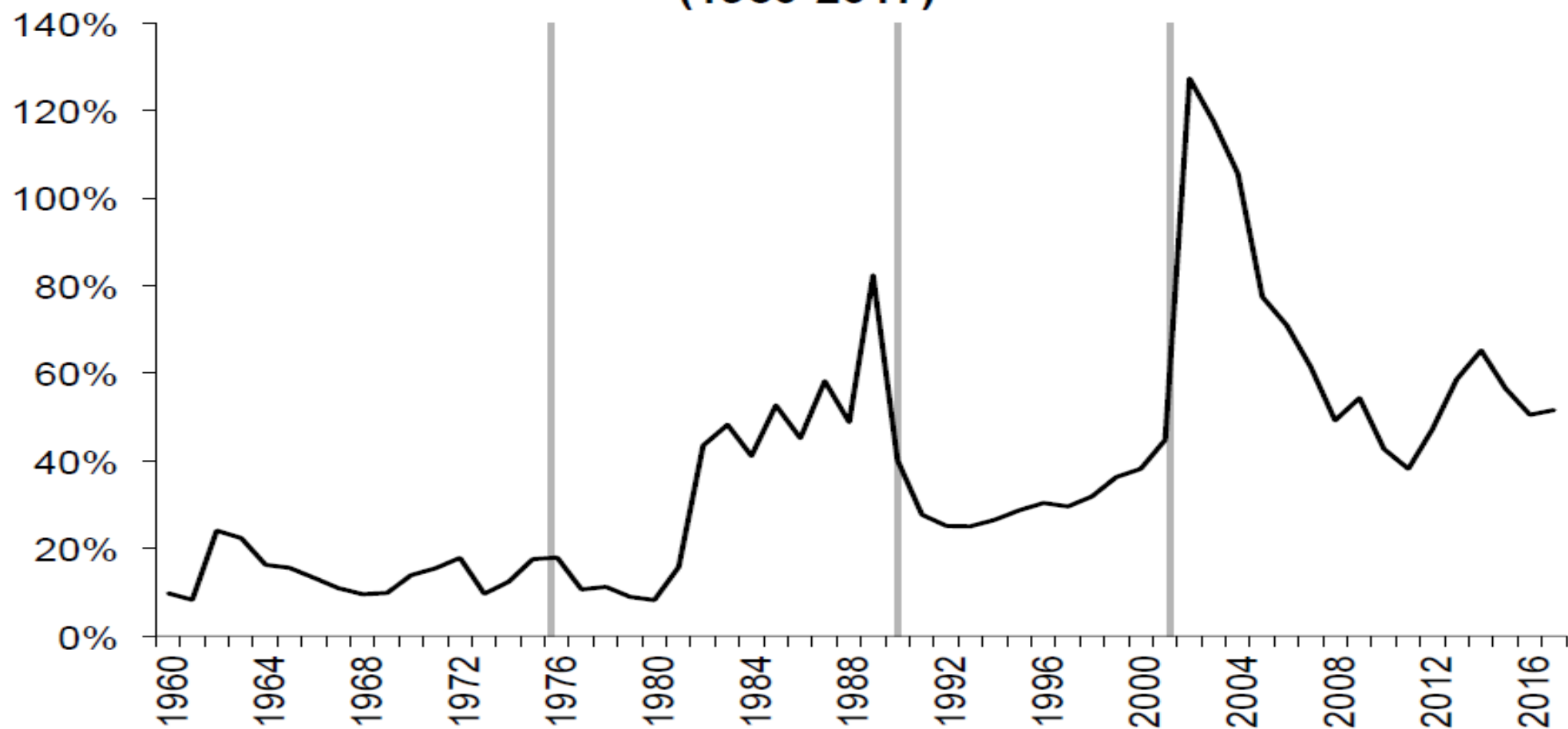
# A Little Bit of History



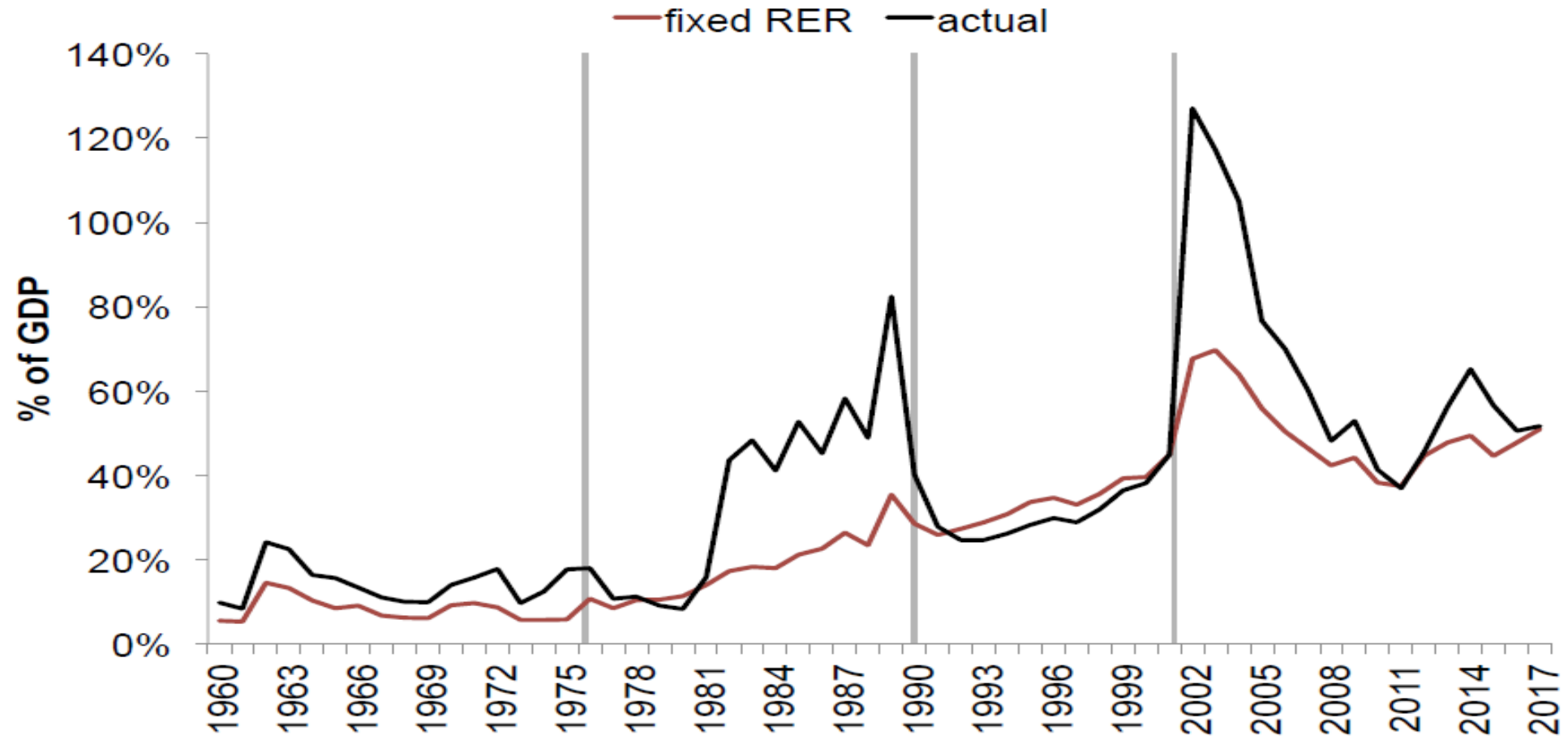
**Figure 4: Total Public Debt in 1996 US Dollars (1960-2017)**



**Figure 5a: Total Public Debt as % GDP  
(1960-2017)**



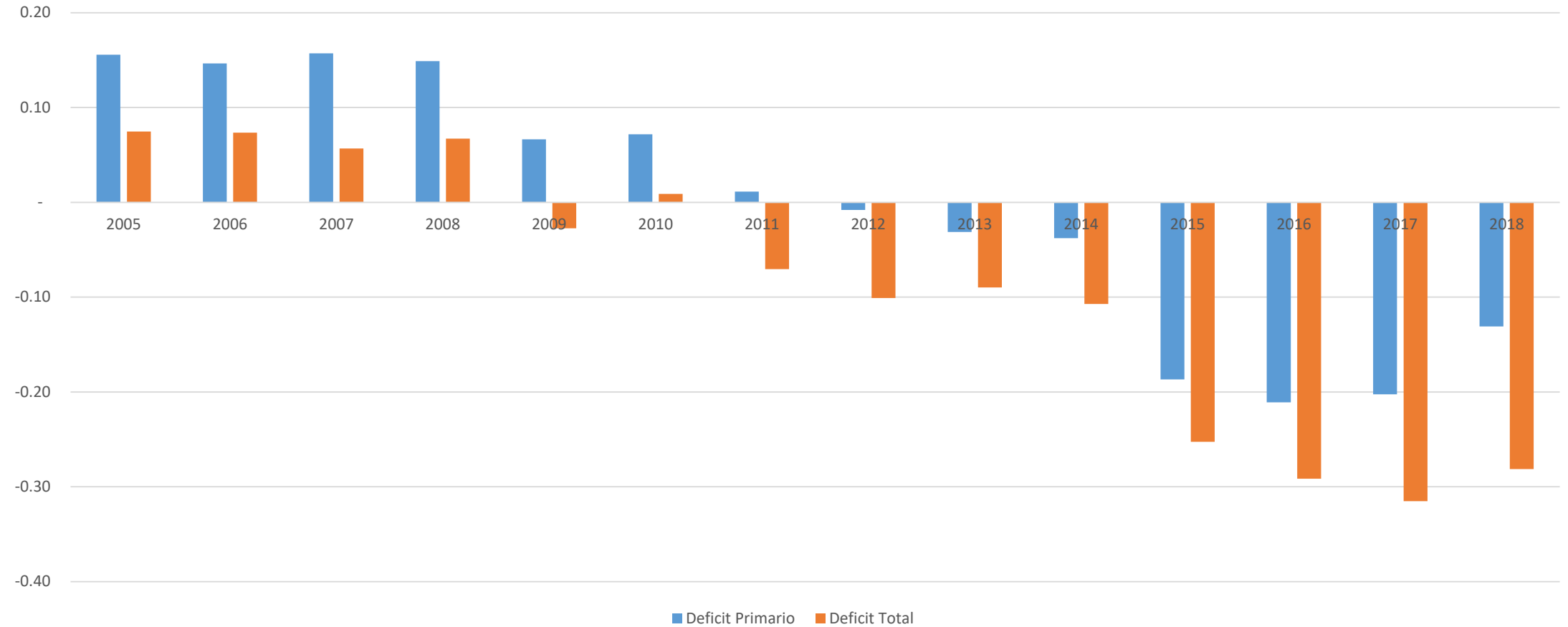
**Figure 5.b: Simulated Public National Debt Fixing the Real Exchange Rate as % of GDP (1973-2017)**



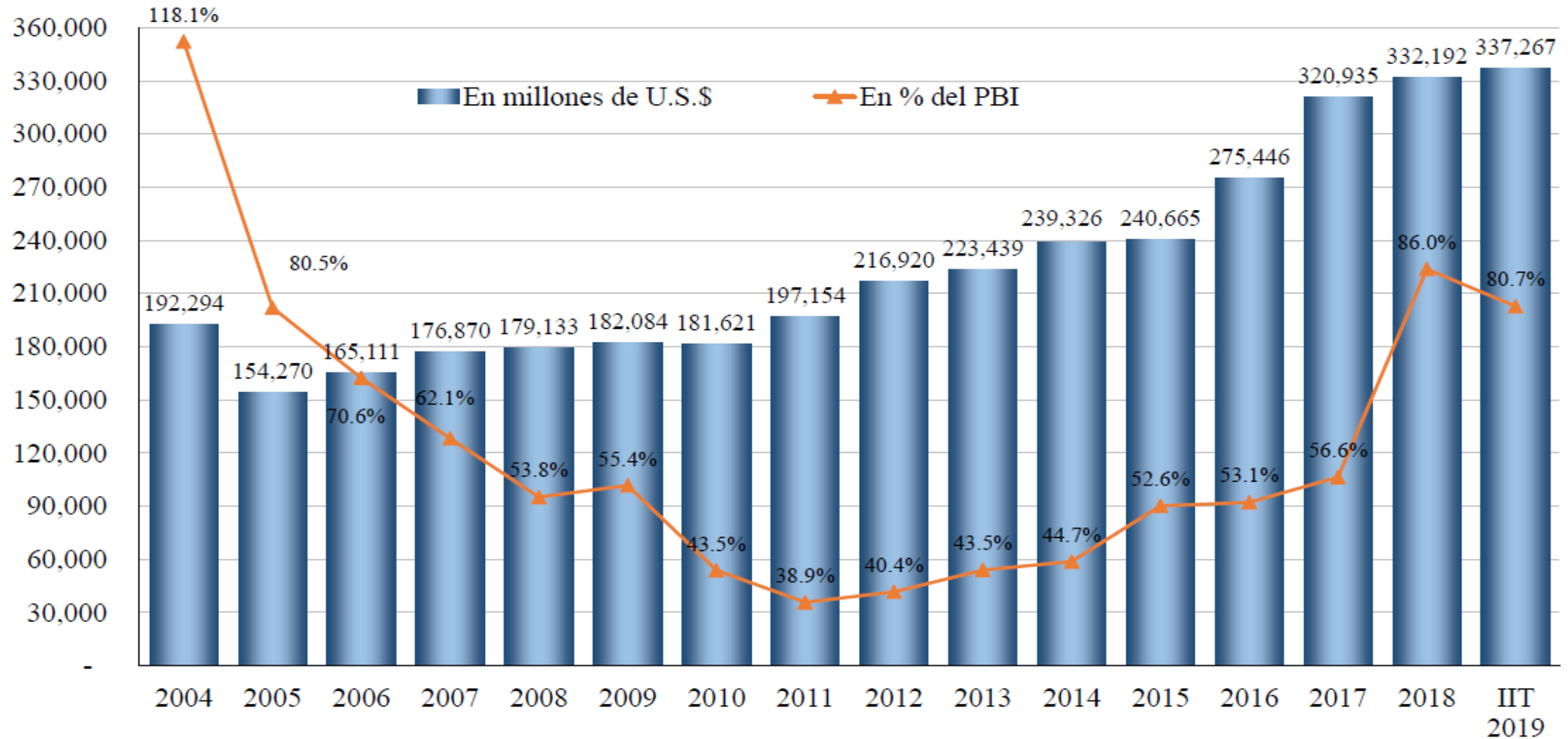
## The Recent Years.

- Following the 2002 default, an offer is made to bond holders in 2005.
- A second round followed a few years after.
- A small fraction was held out.
- An agreement reached in 2016, with the current administration.

# Primary and Total Deficit as a share of tax revenues



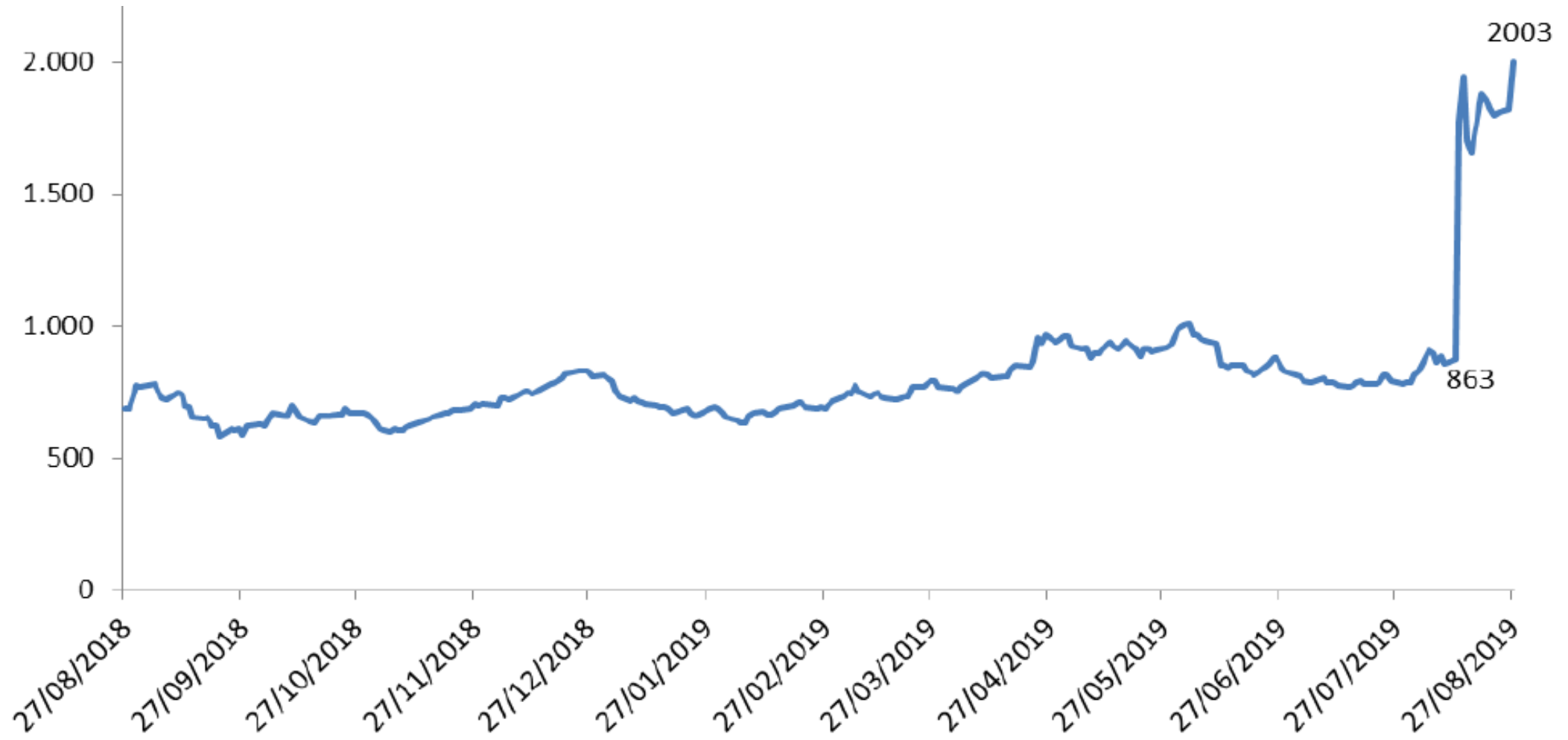
# Debt Evolution in U\$ and as share of GDP





- Q2 of 2018, run against the value of the dollar (100% devaluation in few months)
- agreement with IMF.
- Over 50 billion U\$ to roll over the debt
- Commitment to austerity (deficit zero in 2019).
- Political shock in August 2019

# Evolution of the country risk.



- Government extended maturity of short term debt (due in 2019)
- Only to institutional investors
- Up to a maximum of 6 months.
- Pays agreed interests
- Final decision by the new government that starts in December.
- A rescheduling of all the debt is expected.