

ICCI GLOBAL MEETING – OCTOBER 2019

ARGENTINA'S PANORAMA



1. WHAT IS HAPPENING IN YOUR COUNTRY IN THE ECONOMY, POLITICALLY, AND LABOR MARKET

a) ECONOMY ISSUES

Argentina's external debt equivalent to US\$ 6,310 per person

Argentina's external debt continues to grow, with the total figure now standing at close to US\$ 284 billion, according to the INDEC national statistics bureau – equivalent to some US\$ 6,310 per person.

Foreign debt is now 72.5 percent higher than it was in December 2015, when the Mauricio Macri (current) administration assumed office.

The new data from INDEC reveals that total external debt, to be exact, stood at US\$283.567 billion at the end of the second quarter of 2019, a rise of 8.4 percent year-on-year.

INDEC's calculations say Argentina's population in July 2019 stood at around 44.938 million people. At the current exchange rate, each citizen would need to pay 378,604 pesos per person to pay off external debt.

Argentina's economy is expected to shrink by 2.2 percent this year, another contraction in the wake of a 2.5-percent slump last year. Even if the government were to receive its next disbursement from the IMF - Int'l. Monetary Fund – which is unlikely, with the Fund's officials keen to see what happens in the election – the government is likely to default or restructure its debt, Shelly Shetty, a director at Fitch Ratings, said in a report last month.

Investors stuck in Argentina rush to local corporate bond market. Argentine companies became prolific issuers of dollar-denominated debt following the 2015 election of Macri, who vowed to adopt a more business-friendly approach to the economy. According to IMF data, Argentina's gross domestic product in 2018 totaled US\$518 billion, the 24th highest figure worldwide.

– TIMES/NA/BLOOMBERG October 2014

b) POLITICAL ISSUES

Argentina is gearing up for a crunch presidential election on October 27, in which President Macri is seeking re-election. The favorite to win the vote, however, is opposition Peronist hopeful Alberto Fernández, who trounced Macri in the August 11 PASO primary.

If Fernandez wins the election, that will mean the return of the Kirchnerist governments (after Nestor Kirchner) president from 2003 to 2007, and her wife Cristina Kirchner (also Fernandez on her single last name) who run the country from 2007- 2011 and 2011-2015, who had to leave power after 12 years defeated by current president Mauricio Macri in October 2015.

Poverty rate casts shadow over Macri's re-election hopes

As INDEC reveals 35.4% of Argentines are living in poverty, President Mauricio Macri is struggling to address another problem casting a shadow over his re-election hopes. Poverty in Argentina rose from 32 percent to 35.4 percent in the first six months of the year, data from the national statistics bureau showed this week – the highest level since the economy collapsed in 2001. More than a third of those considered poor live in the country's 31 large urban centers, INDEC said. Historically, the worst poverty figures in Argentina were seen after the 2001 crisis, when INDEC calculated that more than 55 percent of the population were poor. That swing followed the ending of the fixed exchange rate regime and came amid nationwide privatizations.

During Macri's second year in office in 2017, poverty stood at 25.7 percent. Since then, the rate has continued to climb, alongside a persistent recession that has dragged on since last year, when the economy fell 2.5 percent. Speaking before the report's release at a campaign event for the 27 October elections, Macri said this week that "unfortunately [the numbers] will reflect the situation we are experiencing and although it hurts, we have to look at it head on."

e. BUSINESS CLIMATE

Stock and bond trading decimated in once red-hot Argentina

Assets under management at local banks and brokerages have plummeted 25% since the primaries (already above mentioned) election. Stock trading has fallen by half, and local bond volume is down by two-thirds.

Just three years after Argentina's local markets were brought back from the dead, they're barely clinging to life. Assets under management at local banks and brokerages have plummeted 25 percent since the August PASO primary vote signaled pro-business President Mauricio Macri has little chance of winning re-election this month. Stock trading has fallen by half, and local bond volume is down by two-thirds.

On top of that, Argentines sent a record amount of dollars overseas in August as the government delayed debt payments, said it would try to impose a restructuring on foreign notes and re-imposed capital controls to try to save the peso. For a few days, emergency measures prevented many investors from taking money out of mutual funds.

It's all been a disaster for the investment banks, consultants and brokerages that opened Buenos Aires offices or rushed to expand expecting a groundswell of activity after Macri took office in late 2015. Now all those bets have been upended. Within hours after the opposition ticket led by Alberto Fernández won the primary election by more than 15 percentage points, markets started tumbling amid concern his leftist policies would derail economic growth. A

TRADER WORKS AT THE STOCK EXCHANGE IN BUENOS AIRES. | AFP/RONALDO SCHEMIDT
October 2014

f) LABOR CLIMATE

INDEC: Unemployment rose to 10.6% in second quarter "The devaluation [in August, which saw the peso slump by 20 percent against the dollar], which occurred after the INDEC measurement, is already going to start to impact on poverty rates. Above all, in the next three months, [another] devaluation will generate another rise in poverty," sociologist Daniel Schteingart, of the private Metropolitan University, told the press.

The destitution rate, or extreme poverty, which measures those considered poor who cannot meet their minimum needs of any kind, increased from 6.7 percent to 7.7 percent from the second half of 2018 and in first half of 2019.

To win re-election for four more years, he must now come back from the major setback suffered in the 11 August PASO primaries, when Peronist challenger Alberto Fernández, the frontrunner to win in October, beat him by more than 16 points.

Impact of inflation In Greater Buenos Aires, the periphery of the capital and Argentina's most-populous region, poverty now exceeds 34.8 percent, according to INDEC. Argentina has around 45 million inhabitants, but the bureau's study measures only the 31 largest urban areas.

"Inflation is wearing down the purchasing power of the poorest sectors and the lower middle classes," said Agustín Salvia, the director of the influential (Social Debt Observatory of the Catholic University of Argentina, UCA), earlier this week.

Macri has said that Argentina has "[the] productive agricultural potential to feed 400 million people," but the nation is struggling to everyone. Inflation this year will close out at 55 percent, according to Central Bank calculations.

"To compensate for the loss of purchasing power, many households look for supplementary income," a report from the Elypsis consultancy firm said on Monday. Faced with pressure from further demonstrations from the social organizations and union groups Congress recently passed a food emergency bill to aid those worse-off. The law includes a 50-percent increase in food aid and assistance, equivalent to about eight billion pesos (US\$ 135 million).

PORTEÑOS EAT AT A SOUP KITCHEN IN BUENOS AIRES. | AP/NATACHA PISARENKO October 2014

2. What is happening in the profession of career coaching?

On this kind of earthquake, there is a common discouragement feeling. As they say “Every one is waiting for next coming news, after the closely coming (in two weeks) election polls”

3. What strategies are career coaches using to compete in today's market place

As we said before, we ourselves - as well as many of our local colleagues - just keep trying to do our best, to keep being updated and alert for new possibilities, that – it should be said - for the time being are not appearing at all.

On the contrary of previously mentioned on our reports, many private companies like the automotive and luxury goods, importing companies, and medium size companies - are firing, even when not so much people, (and at last for the time being with some few exceptions as international corporations) are not interested on paying for Outplacement nor Coaching programs...

Mouth to mouth commendations keep working, even when on a pretty much lower proportion that those of the last years. And still worst – and also as previously mentioned – the referrals from our foreign country's colleagues, which used to be our reliable spine, disappeared on the last two and half years.

And of course, as appropriate to people as us- who always keep seeing the half full coop - we keep expecting better times for 2020...

**YOUR COMMENTS, QUESTIONS AND/OR SUGGESTIONS,
AS ALWAYS, ARE VERY WELCOME**