

Argentina Economy :: Status and Perspectives Sectorial Situation

Argentine Chamber of Machine Tools, Capital Goods and
Services for Production (CARMAHE)

Buenos Aires, September 2009

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1- National and International Economic Situation.

2- Sectorial Analysis

3- ForeignTrade

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1- National and International Economic Situation.

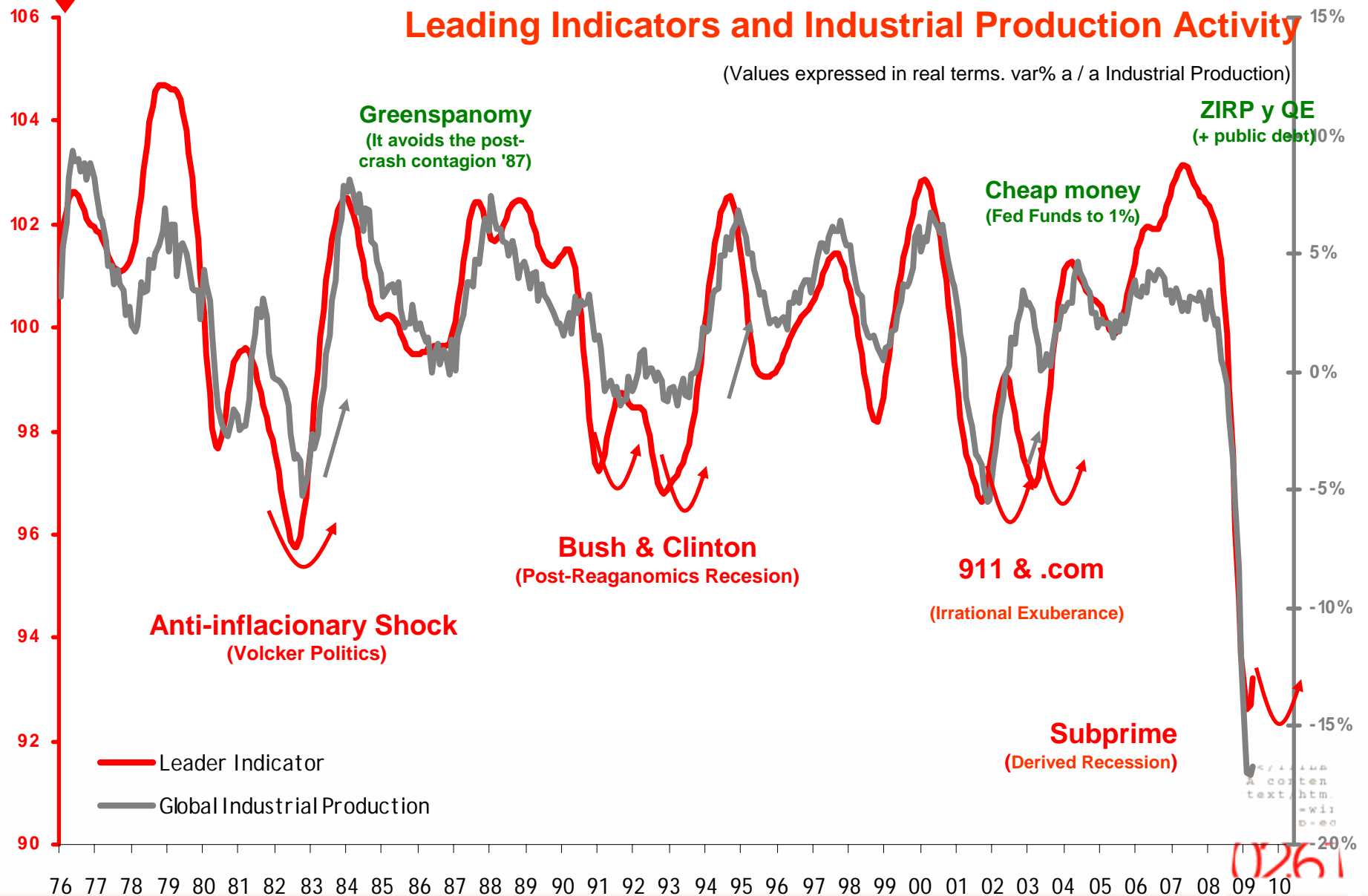
2- Sectorial Analysis

3- Foreign Trade

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The world is slowly showing signs of positive change ...



... And the IMF started to look to the horizon with "more hope" ...

International Monetary Fund estimates

	2009 (jul 08)	2009 (Oct 08)	2009 (Nov 08)	2009 (Jan 09)	2009 (Apr 09)	2009 (jul 09)	Var jul-09 vs Apr-09 (Percentage)	Var jul-09 vs jul-08 (Percentage)	2010 (Apr 09)	2010 (jul 09)	Var jul-09 vs Apr-09 Percentage
World	3.9	3.0	2.2	0.5	-1.3	-1.4	-0.1	-5.3	1.9	2.5	0.6
Advanced Economies	1.4	0.5	-0.3	-2.0	-3.8	-3.8	0.0	-5.2	0.0	0.6	0.6
U.S.A	0.8	0.1	-0.7	-1.6	-2.8	-2.6	0.2	-3.4	0.0	0.8	0.8
Euro area	1.2	0.2	-0.5	-2.0	-4.8	-4.8	0.0	-6.0	-0.4	-0.3	0.1
Japan	1.5	0.5	-0.2	-2.6	-6.2	-6.0	0.2	-7.5	0.5	1.7	1.2
United Kingdom	1.7	-0.1	-1.3	-2.8	-4.1	-4.2	-0.1	-5.9	-0.4	0.2	0.6
Developing Countries	6.7	6.1	5.1	3.3	1.6	1.5	-0.1	-5.2	4.0	4.7	0.7
Africa	6.4	6.0	4.7	3.4	2.0	1.8	-0.2	-4.6	3.9	4.1	0.2
East Europe	4.5	3.4	2.5	-0.4	-3.7	-5.0	-1.3	-9.5	0.0	1.0	1.0
Russia	7.3	5.5	3.5	-0.7	-6.0	-6.5	-0.5	-13.8	0.5	1.5	1.0
China	9.8	9.3	8.5	6.7	6.5	7.5	1.0	-2.3	7.5	8.5	1.0
India	8.0	6.9	6.3	5.1	4.5	5.4	0.9	-2.6	5.6	6.5	0.9
LatAm	3.6	3.2	2.5	1.1	-1.5	-2.6	-1.1	-6.2	1.6	2.3	0.7
Brazil	4.0	3.5	3.0	1.8	-1.3	-1.3	0.0	-5.3	2.2	2.5	0.3
Mexico	2.4	1.8	0.9	-0.3	-3.7	-7.3	-3.6	-9.7	1.0	3.0	2.0

... And the United States got out of intensive care, but still did not get the medical discharge ...

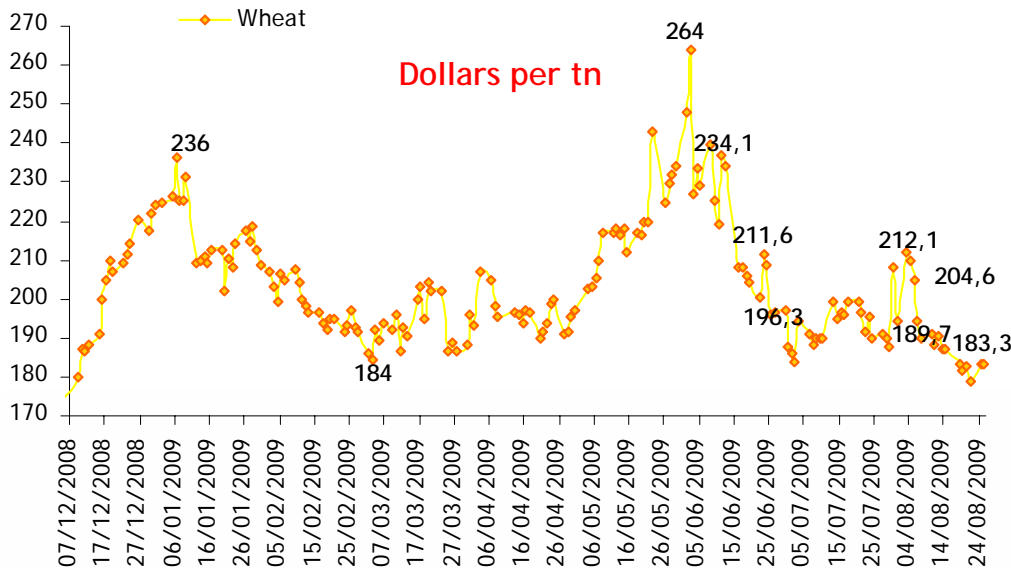
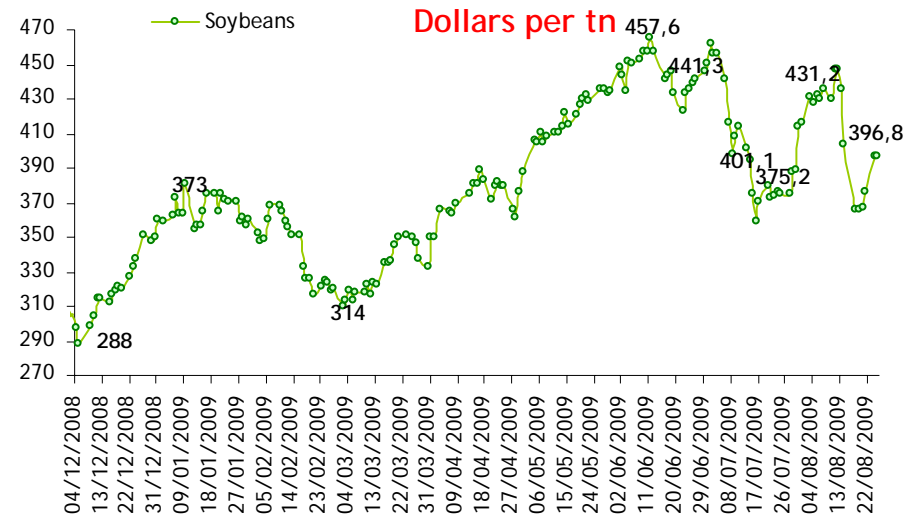
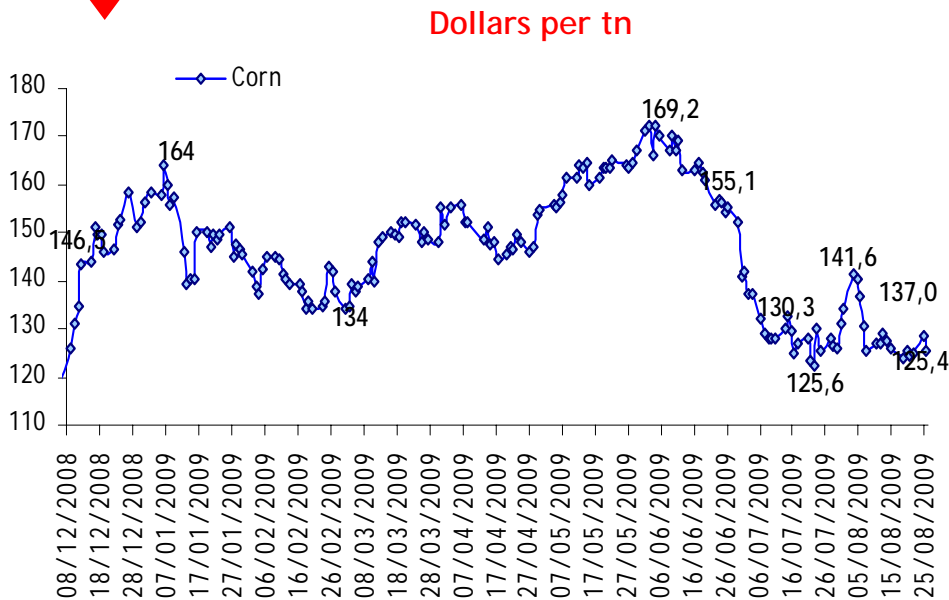
		Last Data	Forecast Consensus	Previous	Last data vs Expected	Last data vs Previous	
Supply	ISM Manufacturing Survey (Index of dispersion)	Jul-09	48.9	46.5	44.8	?	?
	Industrial Production (Var. % m/m desest.)	Jul-09	0.5%	0.6%	-0.4%	?	?
	Installed capacity (Using of total %)	Jul-09	68.5%	68.5%	68.0%	=	?
Labour Market	Unemployment insurance (Asked. Thousands of people)	-	576	550	558	?	?
	Employment Variation (Thousands of people)	Jul-09	-247	-300	-467	?	?
	Unemployment Rate (% of EAP)	Jul-09	9.4%	9.7%	9.5%	?	?
Consumption	Retail sales (Var. % m/m desest.)	Jul-09	-0.1%	0.8%	0.6%	?	?
	Car Retail Sales (Var. % m/m desest.)	Jul-09	-0.6%	0.1%	0.3%	?	?
	Consumer Confidence (Michigan Index)	Aug-09	63.2	68.5	66	?	?
Real State	Construction beginnings (Thous. of Houses)	Jul-09	581	605	582	?	?
	Construction permits (Thous. of Houses)	Jul-09	563	-	518	-	?
	New houses sales (Thous. of Houses)	Jun-09	384	350	342	?	?
	Used houses sales (Millions of Houses)	Jul-09	5.24	5.0	4.89	?	?
Prices	IPC Core (Var. % m/m)	Jul-09	0.1%	0.2%	0.2%	?	?

Positive Growth for the plan, "Cash for clunkers" that prompted the Automotive Industry

Expectations and consumption fall, due to job insecurity, latent credit constraints and lower diversity

Third 3-month-period growth, but "weak" ...

For their part, agricultural commodities in the ups and downs but with a higher floor



Corn Prom Price	
2007	144,7
1º sem 08	222,4
2008	205,0

Soybean Prom Price	
2007	318,3
1º sem 08	500,9
2008	453,0

Wheat Prom Price	
2007	235,4
1º sem 08	334,5
2008	294,0

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Argentina gave a personal touch to a global problem ...

The new macro...

A cocktail of slower global growth, greater volatility and political weakness ...

Minor Tail Wind

In a world that is wounded by the global crisis what sustains the local level is the price of Brazilian commodities and impulse ...But, how far?

Weaker Internal Demand

Minor traction in the private sector to GDP growth. Without credit and consumer confidence, there is no consumption; without consumption, there is no investment, and without investment, there is no sustainable growth.

A government on the verge of being considered ¿ a Lame Duck?

In less than two years of assuming power, the government is already thinking about the succession in 2011. The loss of power complicates the government and it minimizes the impact to future macro politics.

... of old problems

... That is combined with some issues that do not allow the government to make countercyclical politics...

Funding Problems

Today, the sight is set on how the National State will do to cover their future payments

Dollarization

Stops the expansionary monetary policy and limits the maximum credit expansion

Inflation

In a context of recession and devaluation there are wage claims.

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As regards taxes, there is less comfort in 2009...

↓ Tax Collection

The revenue growth was reduced from 35% in 2008 to 14% in 2009 (5.6% excluding social security contributions)

↓ Public expenditure (less)

The growth of expenditure also decreases, due to lower expenses for energy subsidies. Public works maintained a high growth in the election campaign.

Minor Primary Surplus

... but with no default

- Maturities of debt are high and international credit markets remain closed.
- ANSES funds and amendments to the charters of the National Bank and Central Bank will meet their obligations without the risk of default.

ANSES



National
and
Central
Bank

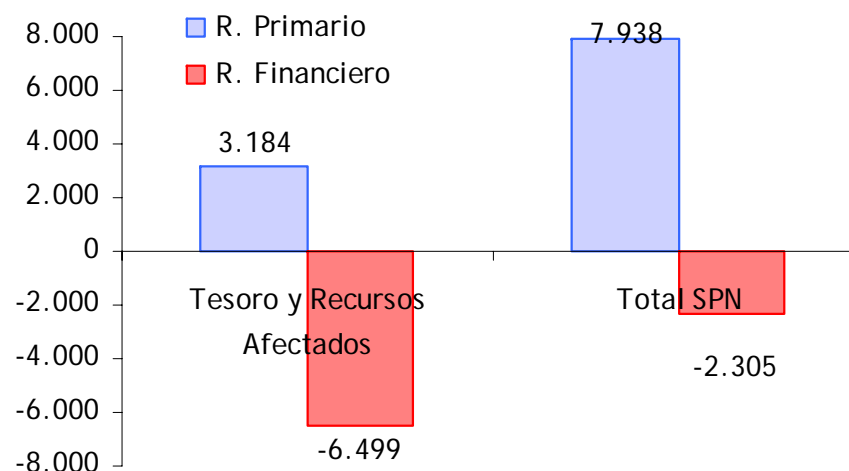
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The Treasury situation is complicated. If everything continues like this, there will be no significant surplus for the payment of maturities

In the first half, while the National Public Sector has a financial deficit of \$ 2.305 billion, the Treasury reaches \$ 6,499 million. The difference is covered by the financial surplus of ANSES

First half. In millions \$

	Treasury and affect resources	Disc.Org. And other entities	Social Security	Total SPN
Incomes	76.343	31.250	64.254	171.846
Primary expendi	73.159	33.046	57.703	163.908
Primary R.	3.184	-1.797	6.551	7.938
Financial R.	-6.499	-2.356	6.551	-2.305



If everything continues like this, there will be no significant surplus for the payment of maturities. On the contrary, the Treasury will have to get into debt to finance their primary expenses ...

Projected close. In millions \$

Year 2009	Treasury and affected Res	Total SPN
Primary R.	-4.010	1.250
Debt interests	24.450	25.400
Financial R.	-28.460	-24.150

After 6 years of positive financial results, the SPN will finish 2009 with a deficit of 2% of GDP

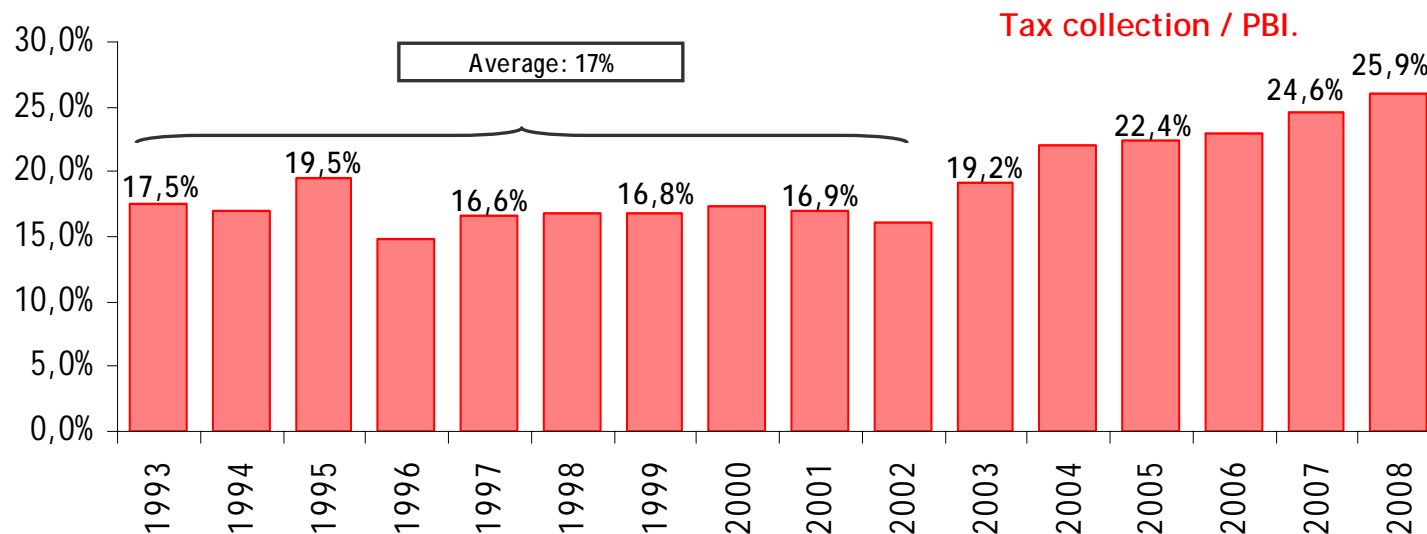
Because of the lack of access to financing and the impossibility to continue to increase the tax burden, there is no scope for expansionary fiscal policy

With the international crisis as background, we may want to resign the surplus in the context of an expansionary fiscal policy, however ...

In a year of high maturities ...

The access to external financing is closed

Because it is at a record maximum, there is no scope for the increase of Tax burden



It will be necessary to reduce spending growth in the second semester

More "flexible" items: Subsidies and Public Works

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With a zero Treasury surplus there will not be default in 2009, but it will be necessary to return to international markets for 2010

Maturities 2009:

U\$S 20.300 millions

❖ The nationalization of the AFJP and the changes in 2009 budget will cover the maturities even with a non existent primary surplus.

❖ The last placement to ANSES took place on 29-Jul. It consisted of a Letter for U\$S 200 million at annual 3.5%.

Maturities 2010

	U\$S millions	% GDP
I. MATURITIES 2010	13.200	4,4%
Maturities of capital and interest	11.000	3,7%
Bond buyback	2.200	0,7%
II. SOURCES OF FINANCING	5.800	1,9%
International Organizations	2.500	0,8%
Bills Refinancing	2.600	0,9%
Relevant Surplus	700	0,2%
III. FINANCING NEC. (I-II)	7.400	2,5%
Bond buyback to ANSES	2.200	0,7%
Financing Gap	5.200	1,7%

	Committed	Potential	Missing
So far ...	10.900	21.480	10.580
Roll over	2.470	3.680	1.210
ANSES	2.200	2.200	0
OTHERS	270	1.480	1.210
New	6.190	14.800	8.610
ANSES	1.340	9.000	7.660
National Bank	2.150	2.600	450
AT increase	2.700	3.200	500
International Organizatio	2.240	3.000	760
BIRF	1.290	-	-
BID	850	-	-
CAF	100	860	760

❖ Maturities in 2010 are lower, although still high.

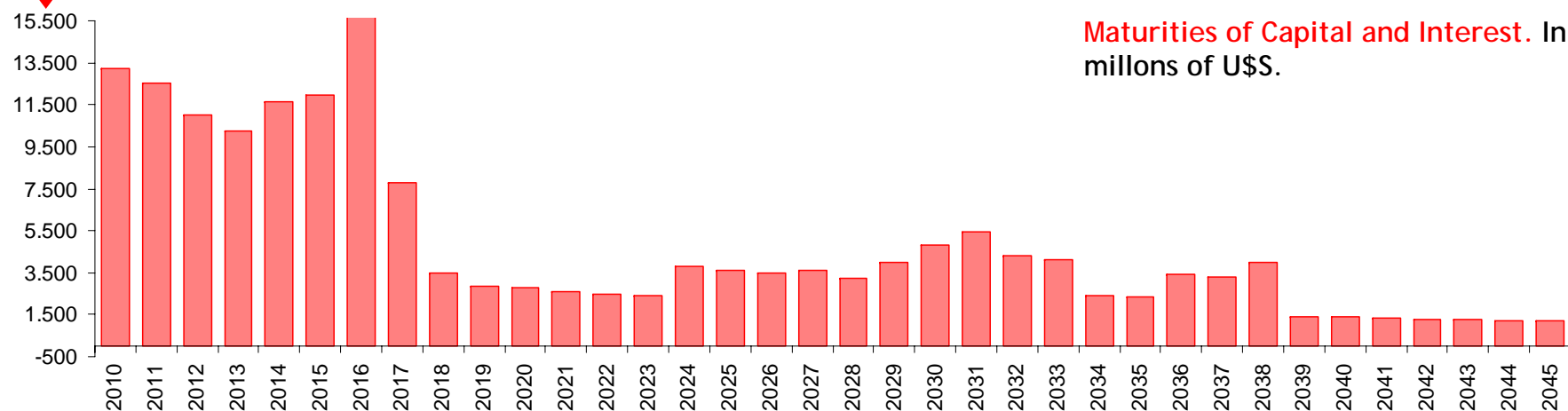
❖ The funding sources incorporated by the 2009 budget "are not renewable" . That is, although there may be roll-over, funds will no longer be fresh in 2010. The same with the flow of new contributions from ANSES.

❖ Uncertainty about the possibility of access to international market

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In the meantime of the road-show, the alternatives are: reduction of exchange 2010-11 maturities and the issuing of Treasury Bills.



1) Mega exchange for alleviating the short-term maturities

- ❖ Securities would enter in \$ adjusted by CER and U\$ which have significant maturities in 2010-2011 and it would exchange a security adjusted by BADLAR, probably in BOCAN 2014.
- ❖ The most important deadlines in 2010 are Boden 1012 (U\$ 2290 M), Bocones pension and suppliers (\$ 550 M CER), BONAR 2014 (\$ 510 M), Boden 2011 (\$ 390 M CER). They would not enter the exchange securities (Par, Discount) since they have long-term maturities.
- ❖ The exchange would be voluntary and it would be oriented to institutional investors.
- ❖ In the first tranche, the Pre 9 and Pr 12 will enter (adjusted by CER) which have maturities of \$ 9,000 million between 2010 and 2012. The holders of such securities belong to 75% to the private sector and another 25% to the public sector.

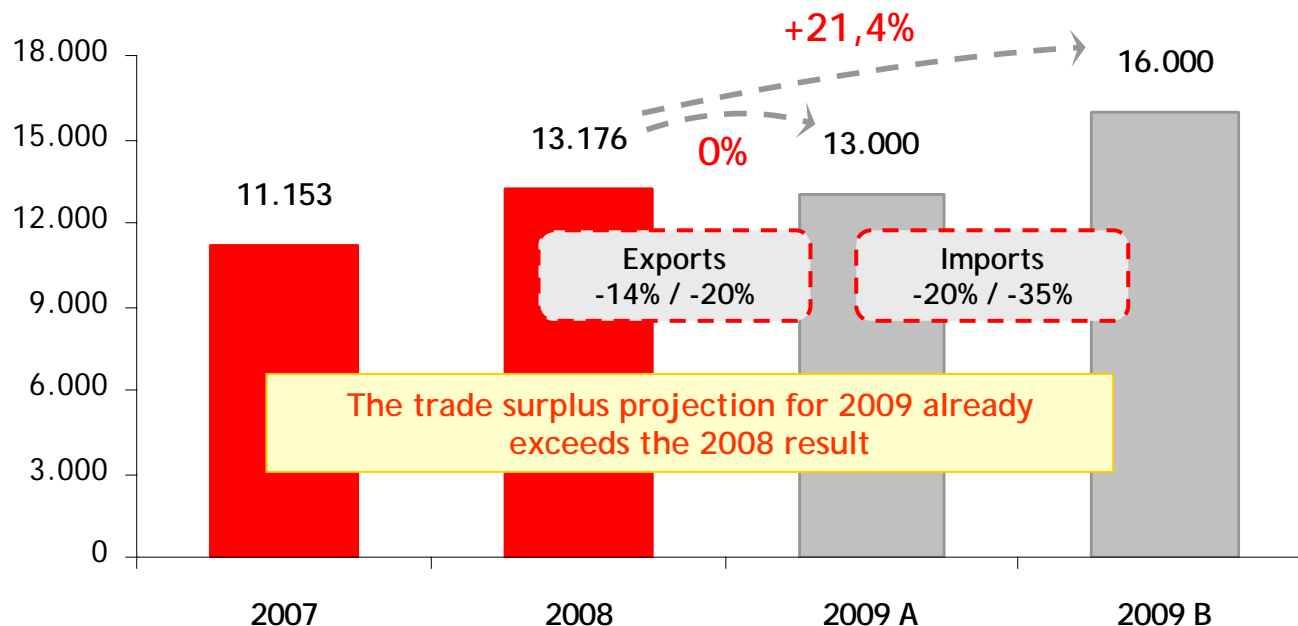
2) It started the Road-show for Paris Club and Holdouts

3) Still under consideration: Issuing of Treasury Bills in \$ to short terms (6 months) to capture the liquidity excess in local banks.

We will have record trade surplus for the sharp fall in exports. These dollars allow funding capital flight

The outlook for exports at the end of the year is around U\$ 57,000 Mill and U\$ 42,000 Mill for imports; thus, the floor to trade surplus is risen.

Trade Surplus Projection 2009. Millions US\$



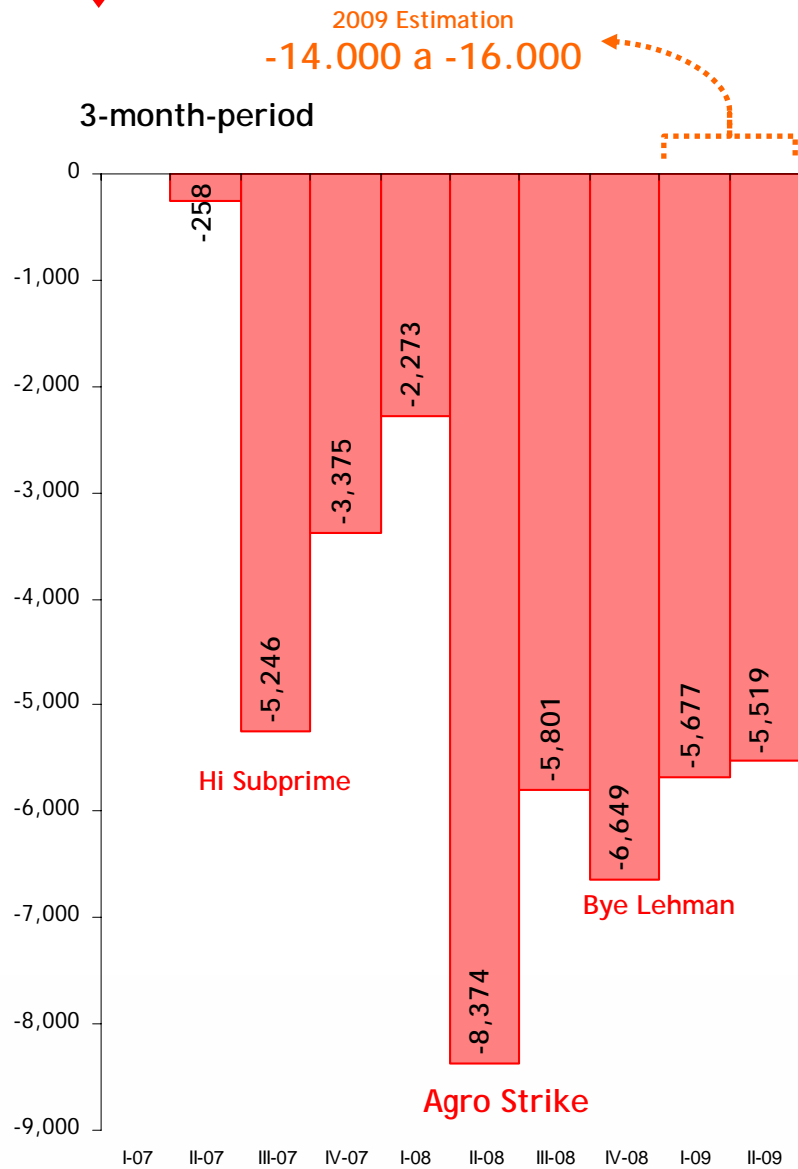
In **the second semester**, it should be noted a recovery in imports from an increased demand from the productive sectors and a less effective restriction policy.

Exports continue to be affected by smaller amounts of commodities.

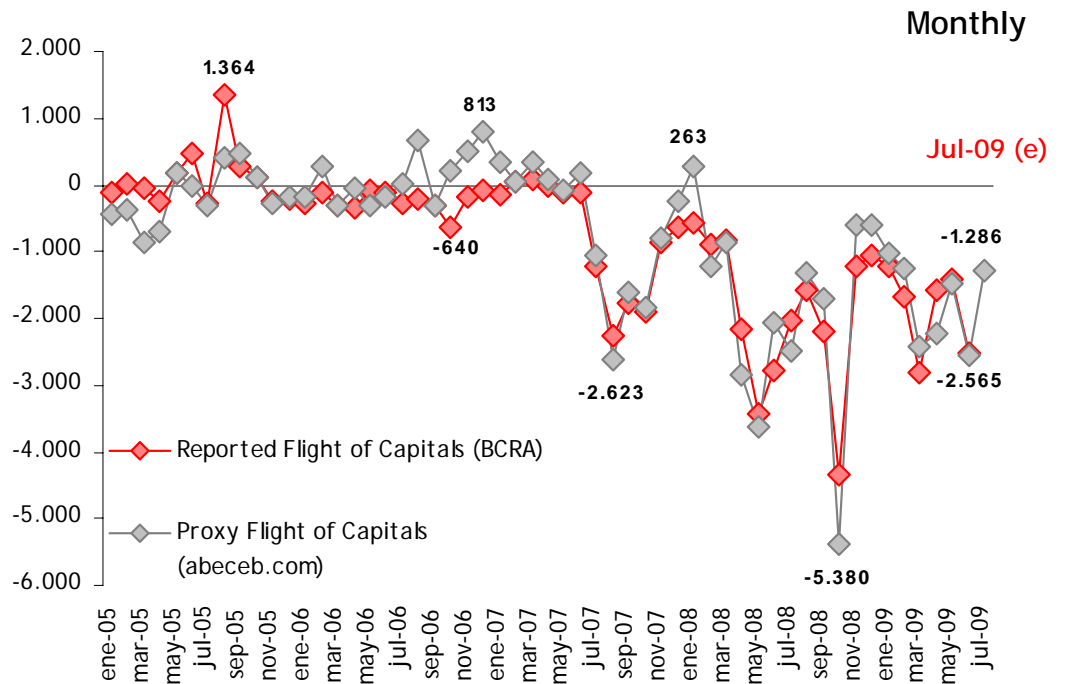
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...that the economy continues suffering



Flight of capital of non-financial private sector (Millions of US\$)



According to Central Bank...

In the second 3-month period of the year, US\$ 5,520 million left the country— mostly between mid May and June by elections

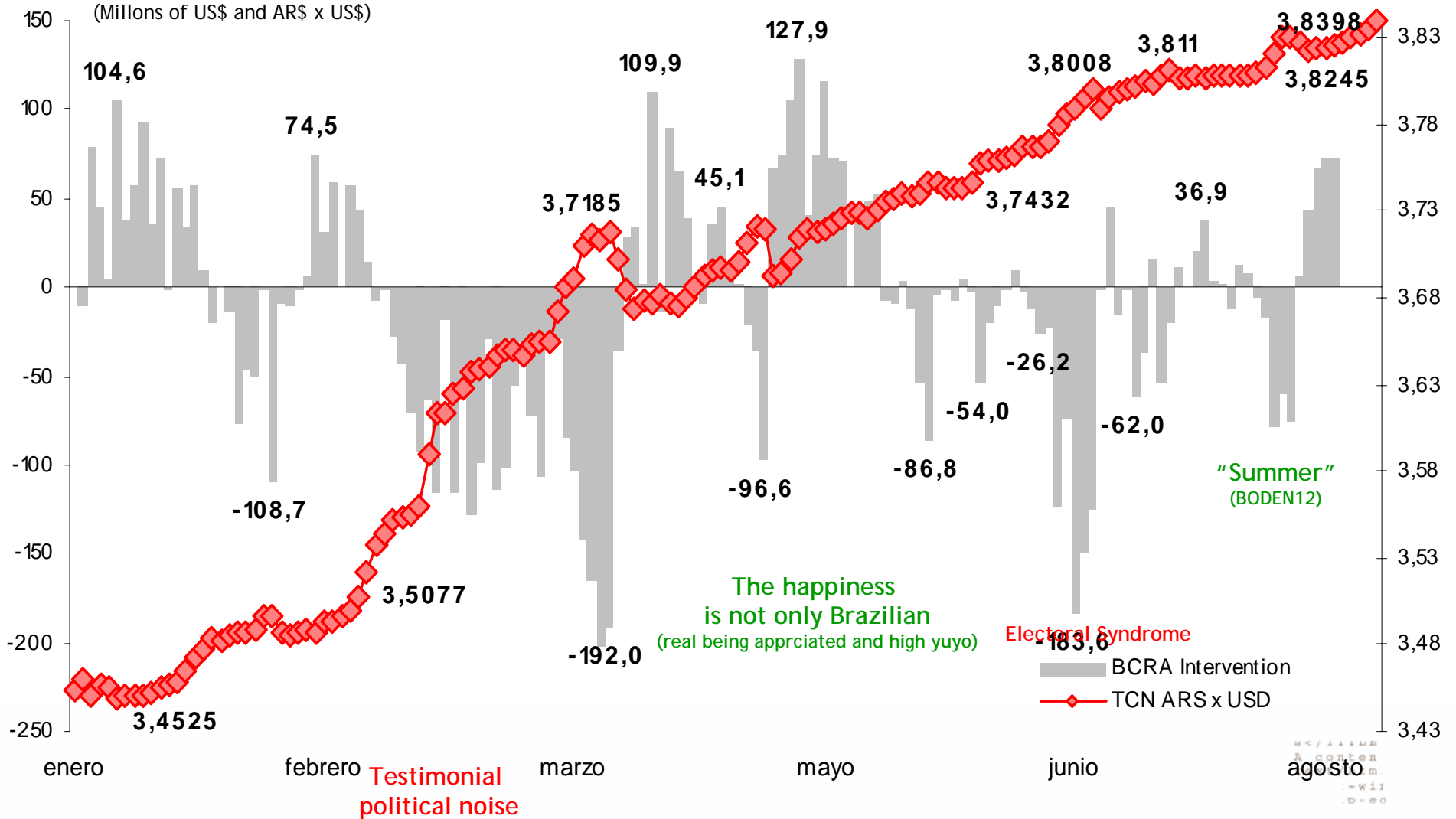
According to Abeceb...

Our estimates confirm the continuity of the demand for dollars after the election period, although with less intensity.

... In a context where the Central Bank stood as net seller of dollars, although in recent weeks it is buying

Intervention of BCRA and Dollar Value

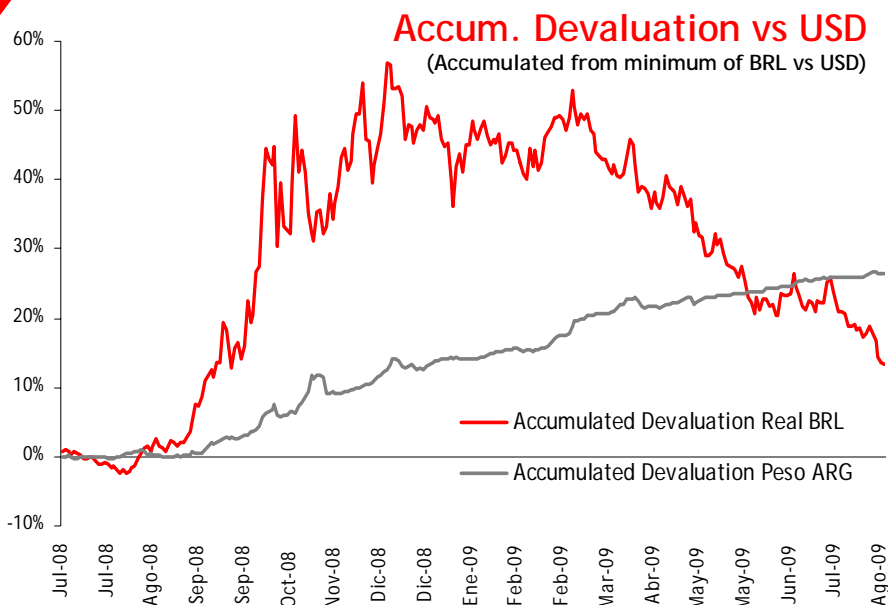
(Millions of US\$ and AR\$ x US\$)



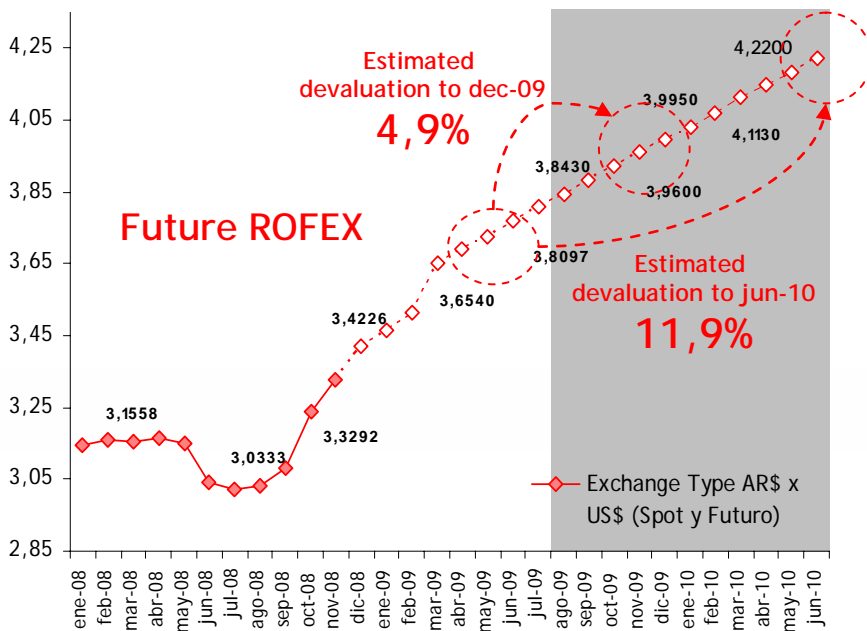
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How is the second semester of 2009 presented in monetary policy?

We overcome R\$ devaluation...



But we have still to "acomodate"



Prospects in nominal crossroads

What there is not...the issue of pesos

The BCRA will not be able to make countercyclical politics, it cannot issue with dollarization and if it lowers rates, it encourages capital flights.
The Activity? Fine, thank you ...

What there is... Depreciation

A dollar to \$4 this year. Fortunately, the Real appreciated against the dollar and "vanished" the nominal difference ... Although prices are still making noise...

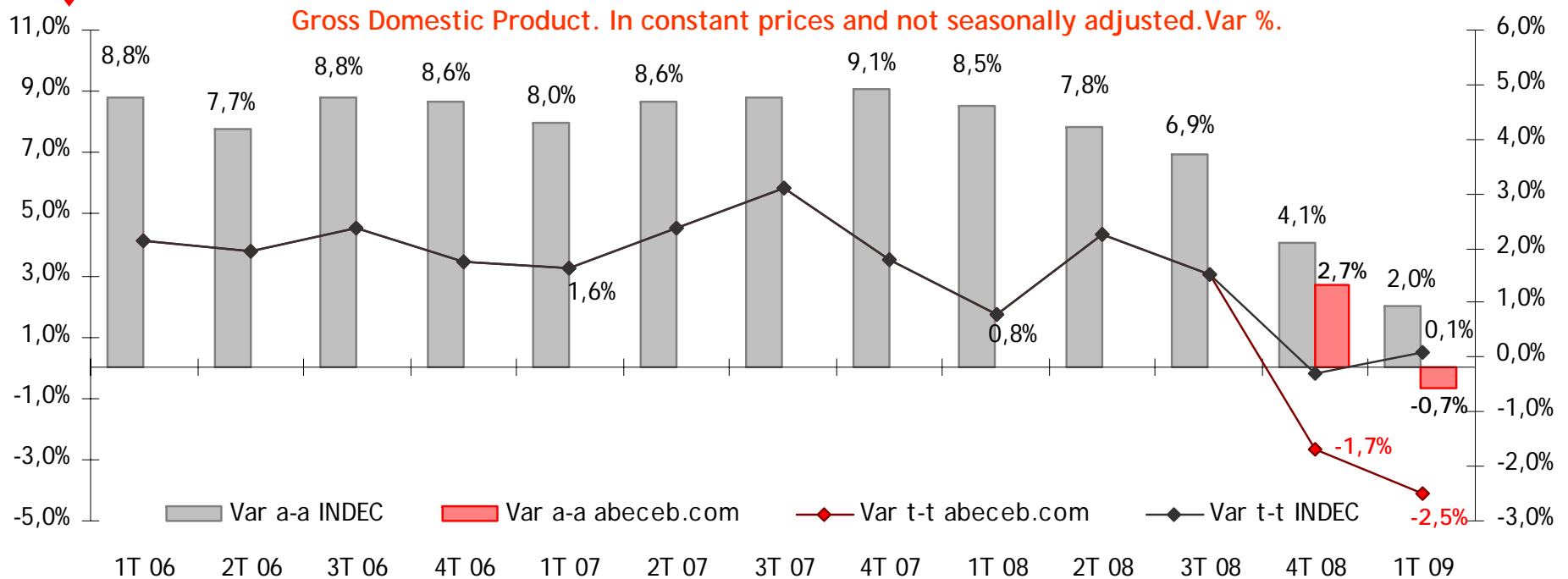
However... should we avoid further swelling the mattress?

Dollarization complicates matters, then one could expect the Central Bank to take measures now that elections are in the past ...

Therefore... be or not to be contractive

That is the question... the question of a BCRA that would choose the production via but would inhibit the credit via ... Is stability coming in the second semester?

In this scenario of macro variables, what happens with the activity? Has the product reached the floor of fall?



- According to INDEC, in the first 3-month-period of 2009 GDP grew by 0.1% from the previous 3-month-period and 2% on year-on-year variation.
- Our estimate is that the Output fell 0.7% versus the 4th 3-month-period of 2008 and 2.5% on year-on-year variation.
- The expectation is that the floor is to be reached between the first and second 3-month-period of 2009.
- Once stocks have been adjusted, it is expected GDP growth in the third 3-month-period against the previous 3-month-period, although decline will still be observed on year-on-year variation.
- The question for the second semester is how much employment will be adjusted.

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Conclusions: The government intends to implement minor changes at their own pace ...

Topic of discussion	Status of discussion	Impact
INDEC	Changes were announced, but they did not please anyone. Morenistas continue in charge of the institute in the short term.	Insufficient. With Moreno there are no changes
Access to financing through the global capital market	Originally, it was announced an exchange of Par and Discount (adjusted by CER) for bonds tied to BADLAR rate. It was taken back, and now it is aimed to exchange securities maturing in 2010-2011, in the hands of institutional investors.	There are no news about holdouts and Paris Club
Reduction of expenditure growth rate	Under pressure from the opposition and the judiciary branch, the government was forced to postpone raising gas rates	Good for pockets, bad for bank cashier.
Dialogue with Provinces	The most important complaint from the provinces is focused on a review of the Revenue Sharing Law. There were also claims in respect of debt restructuring with Nation and refinancing of interest in the second semester.	The executive did not show real initiative

Conclusions:... although it cannot advance in the most particular topics

Topics in discussion	Status of discussion	Impact
Executive Powers	In a fierce battle in Congress, the government guaranteed the power to set the deductions. Thus, the dialogue was broken with the political opposition (UCR)	Goodbye to the dialogue and new anger in certain sectors of agricultural complex
Economic and Social Council	BCRA launched measures to encourage loans to PYMES while the discussion between UIA and the government continues about the dual track and risk shared by workers' compensation	They do not find it useful in a short term
Farm Politics	Some farming sectors in the province of Buenos Aires received the possibility of avoiding the payment of withholding from the economic emergency. Discomfort of some farm sectors continues.	Bad. Road strikes come back.
Made in Argentina Protectionism	The other countries in the region submitted informal complaints to the scheme of foreign trade restrictions imposed by the government. A formal presentation in the WTO is not discharged	Bad. They do not consider there will be changes

Conclusions: the macro view shows that "very few issues" were focused

While they are trying something somewhere ...

The elections had a "positive" effect on the conscience of the government and all efforts are turned into one topic ...

Financing Problems



Expenditure Modifications

With "inflexible" headings we look to the most "adjustable" to retouch



Financial paint and body repair

To earn the grace of the global financial markets

... in other matters "they wait for things to happen"

... In other aspects it seems that the government still does not take action

Dollarization

Thanks to the world, the BCRA is now considered "countercyclical"



Price distortions

It is a priority and it gives a hand to tax collection



Less Investment

One dollar means less consumption; besides, inflation does not help ...

What is left?

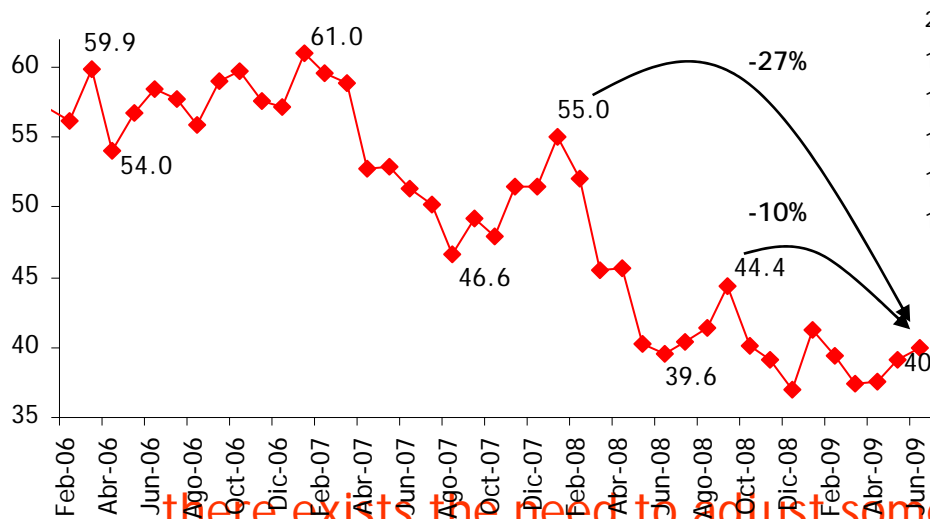
... Are there possibilities, or do we stay sailing adrift?

Conclusions: ... there will be the need to make some ideological sacrifice to boost the Growth

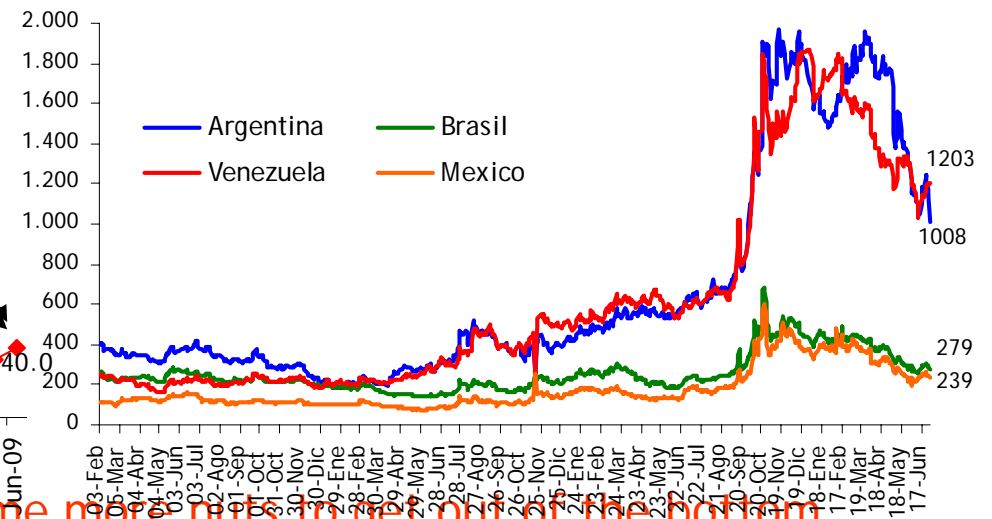
With little confidence ...

The most important today, consumers and investors, look at us sideways and afraid ...

Consumer Confidence (UTDT)



Country Risk



... there exists the need to adjust some more nuts to get out of the bottom ...

Clear game rules ...

what people ask for is more predictability

More transparency

Less "emergency powers"

Adjustment of relative prices

A cost that we will have to digest

Less restrictions to trade

Internal as well as external

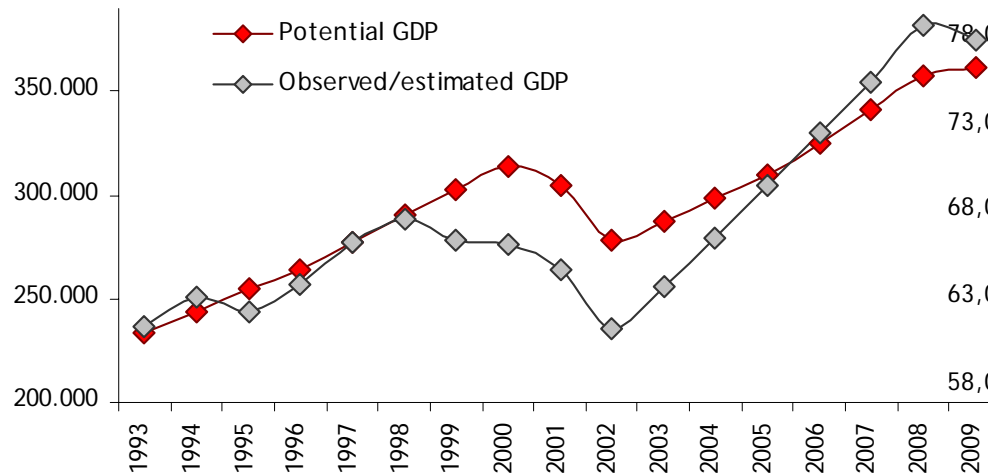
Agreement with IMF

To return to the fund to get out of the bottom

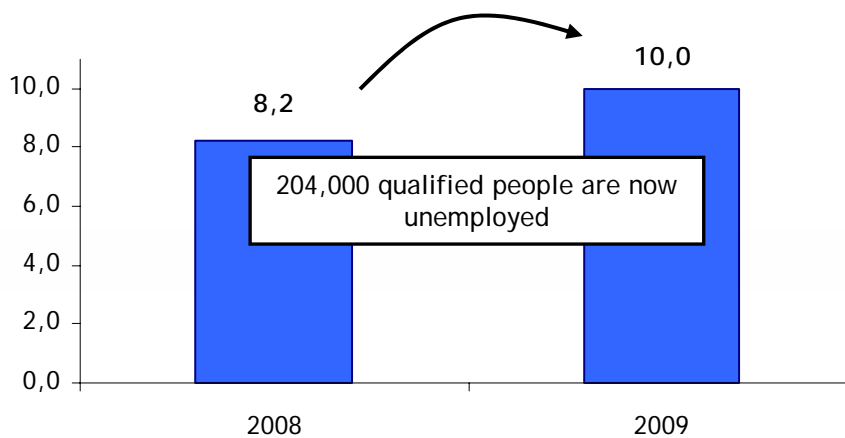
... because we will grow but below the potential ...

Conclusions: ... and while there is still potential to get ahead ...

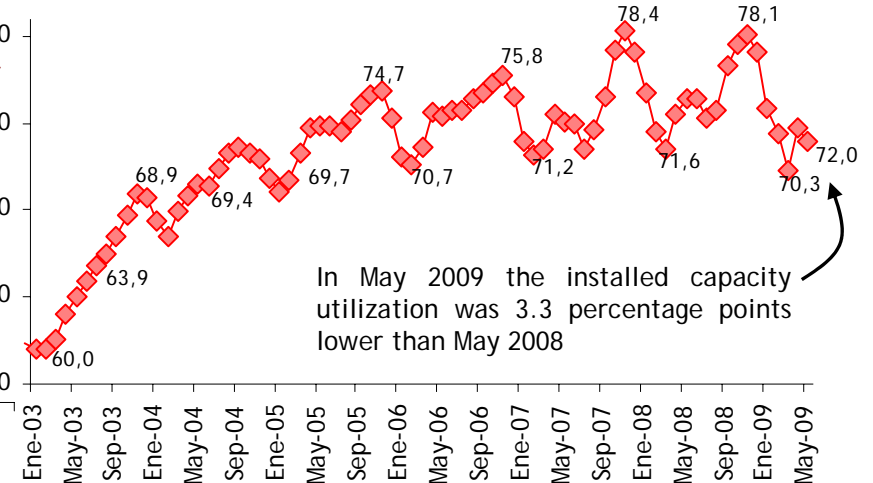
The recession that began in late 2008 dropped the gap between the observed and potential GDP, reducing inflationary pressures ...



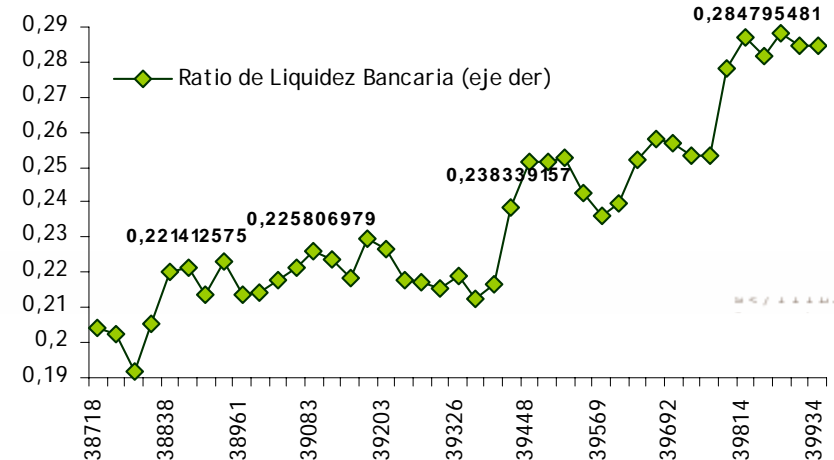
There wasn't a massive destruction of the wage bill, and there is scope to increase employment ...



There is room in terms of installed capacity utilization ...



... And there is liquidity in the banking system that could be destined to the production process ...



Besides ... the international context would help with rebounding world and high commodities

Projections for 2009 and 2010

Base Scenario estimated by abeceb.com

	2005	2006	2007	2008	2009 (e)	2010 (e)
Real GDP (Var. % annual)	9,2	8,5	8,7	6,8	-2,0	2,0
Per capita GDP (US\$)	4.723	5.452	6.617	8.233	7.106	7.334
Inflation (Var. % annual)	12,3	9,8	16,4	20,0	12,5	9,8
Exports (Thou of Mill. US\$)	40,4	46,5	56,0	71,3	58,0	66,7
Imports (Thou of Mill. US\$)	28,7	34,2	44,0	58,0	42,0	52,5
Trade Balance (Thou. of Mill. de US\$)	11,7	12,3	12,0	13,3	16,0	14,2
Primary Surplus (SPN) (% PIB)	3,7	3,5	3,2	3,1	1,8	2,0
Unemployment (% PEA)	11,6	10,2	8,9	8,0	10,1	9,2
Nominal Exchange rate (Local Currency x US\$)	2,92	3,07	3,12	3,16	4,01	4,20

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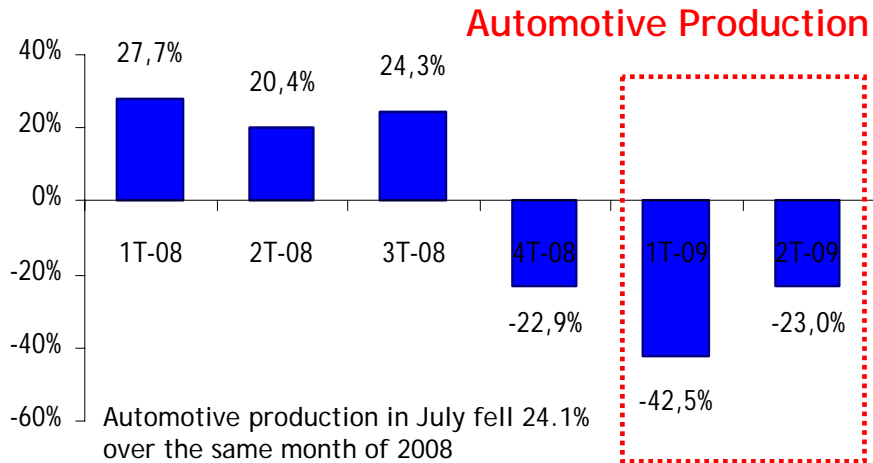
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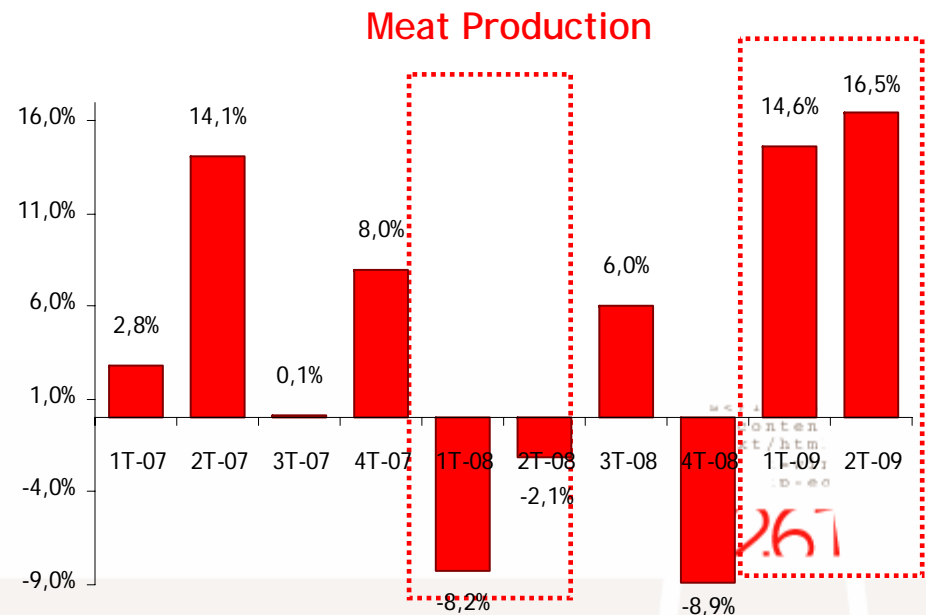
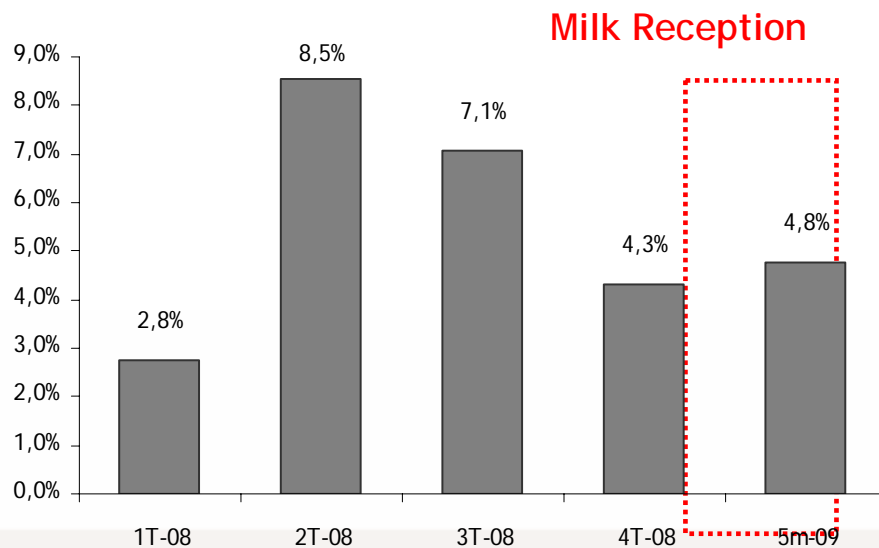
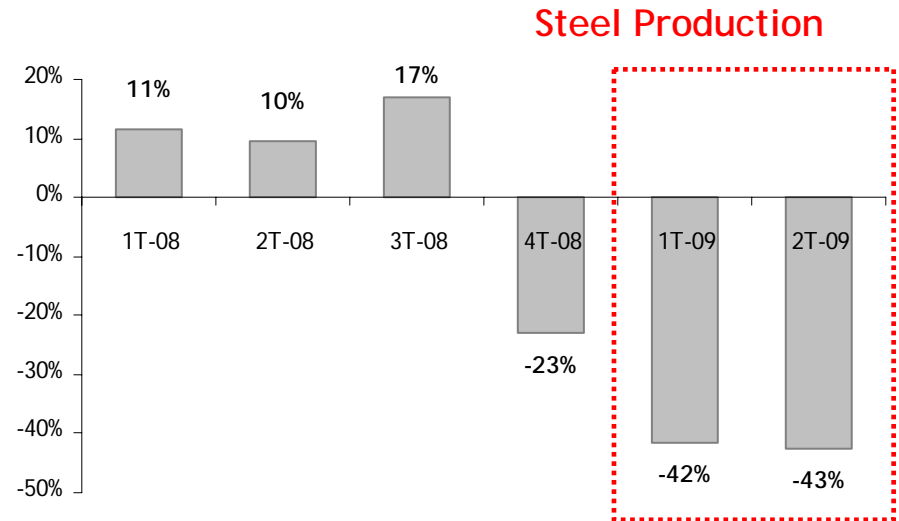
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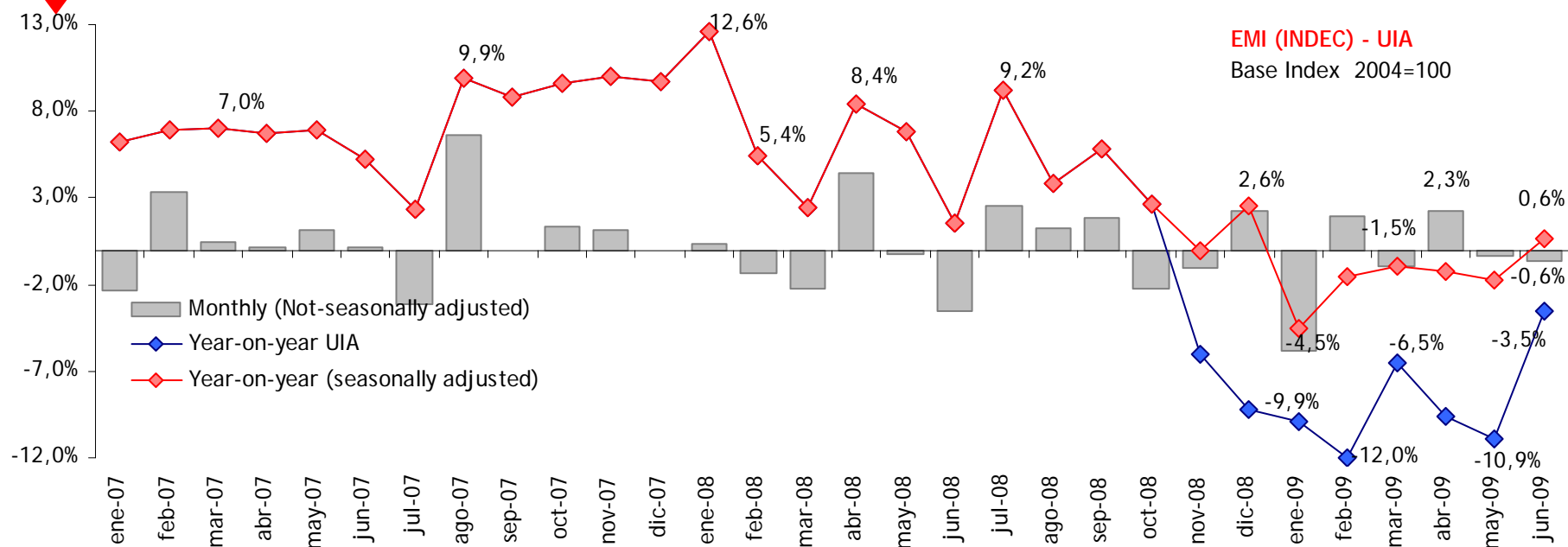
Activity :: The most affected sectors find the floor of fall, while the food sector continues pulling ...



2009e	Production	Registration	Exports
Units	451.000	485.000	262.000
Var %	-24,5%	-20,6%	-25,4%



Activity :: The industry adjusted stocks, and would reach the production floor in the second 3-month-period of 2009

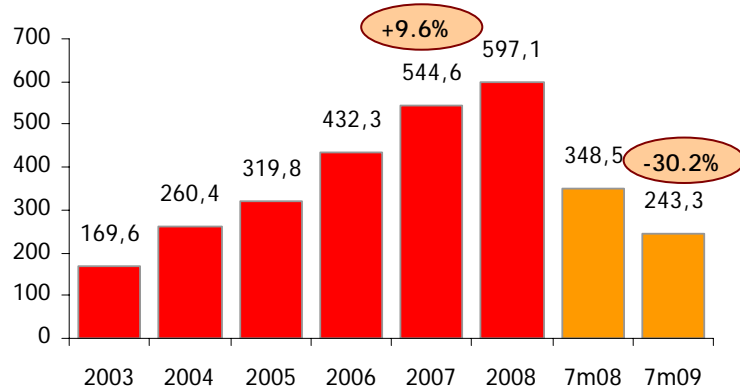


	jun-09	1st half 09
Food and beverages	21,5%	14,3%
Chemical prod. and subst	15,0%	10,2%
Tabaco Prod	6,3%	6,7%
Paper and carton	2,5%	6,5%
Edition and printing	3,2%	6,0%
Non metallic minerals	4,0%	4,2%
Metalmechanical automotive excluc	-2,8%	4,1%
Rubber and plastic	-4,7%	2,8%
EMI	0,6%	-1,5%
Oil Refining	-1,2%	-4,2%
Textiles products	-13,0%	-13,2%
Automotive vehicles	-12,1%	-27,8%
Basic Metal Industries	-29,0%	-31,1%

- According to INDEC, the industry fell 1.5% in the first half of 2009. For the UIA, however, industrial production fell 9% during the same period.
- The most suspected sectors for over-estimation of growth are: The food and beverage industry, chemicals and chemical substances.

Argentinean Production :: Argentinean production is consolidating at levels above the 45 thousand units per month ...

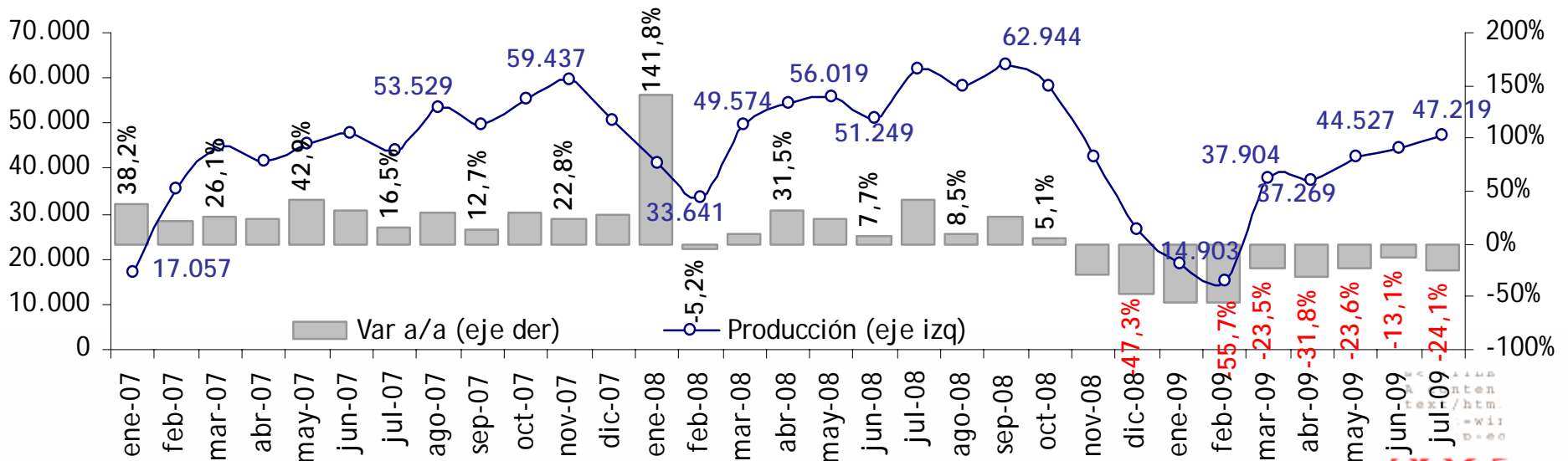
Production of vehicles. In units



■ After more extensive plant stops than usual, production returned since March, and it already has levels above 45 thousand units per month.

	Production	Var. vs 7M 09
Jan-Jul 09	243.325	-
Jan-Jul 08	348.525	-30,2%
Jan-Jul 07	275.851	-11,8%
Jan-Jul 06	215.890	12,7%

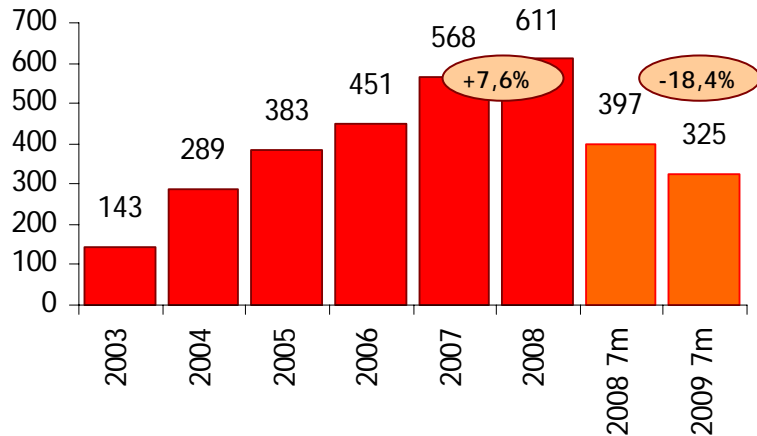
Monthly production of vehicles. In units and year-on-year variation



Source: abeceb.com based on ADEFA

Internal demand :: Registrations closed the first 7 months of the year with a fall of 18,1%

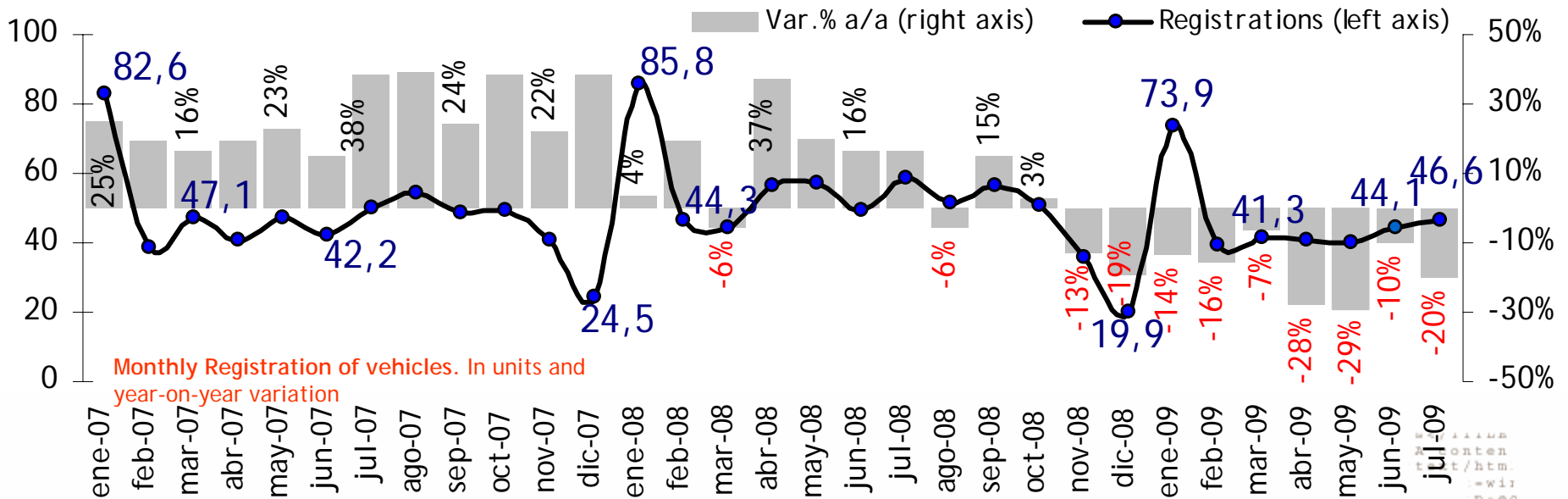
Car Registrations. In thousands of units



Registration per Type. In Units

	7 m 2009	7 m 2008	Var %
Automobiles	253.114	296.478	-14,6%
Light Com	58.574	76.729	-23,7%
Heavy Com	13.315	23.811	-44,1%
Totals	325.003	397.018	-18,1%
<i>Daily Average</i>	<i>2.305</i>	<i>2.757</i>	<i>-16,4%</i>

■ Registrations in 2009 are placed between the levels of 2006 and of 2007



Source: abeceb.com based on ACARA

Note: they are included all vehicles to which registrations are compulsory (including non-motorized)

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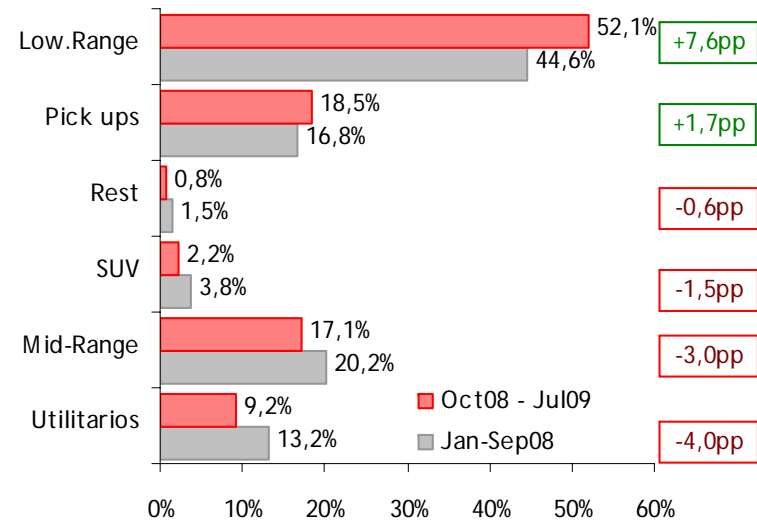
Argentinean Production ::

... But further adjustments related to utilities, the mid-range and SUV.

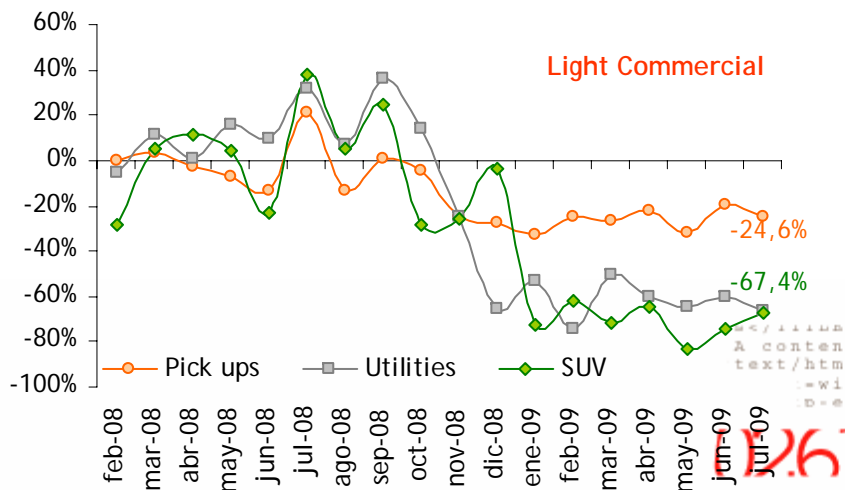
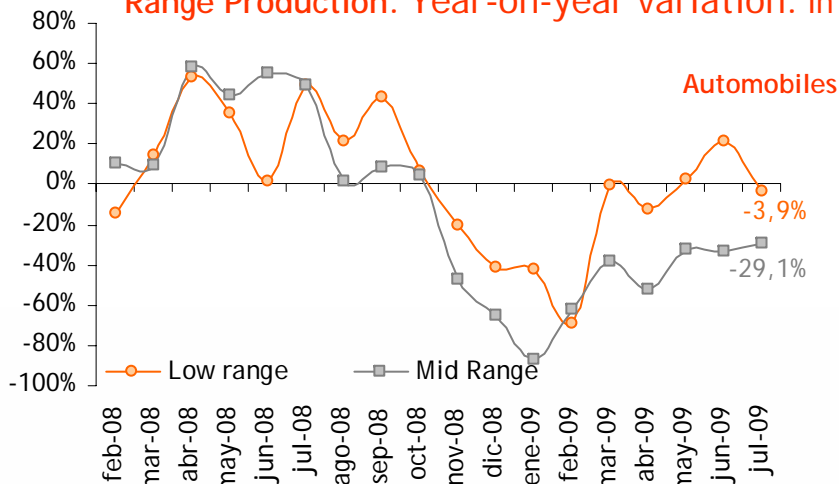
Vehicles Production per segment. In Units

	7m2008	7m2009	Var %
Automobiles	225.631	176.173	-21,9%
Low-range	153.052	136.742	-10,7%
Mid-range	72.579	39.431	-45,7%
Light Com	117.907	65.889	-44,1%
Utilities	45.620	17.892	-60,8%
Pick ups	59.483	44.277	-25,6%
SUV	12.804	3.720	-70,9%
Heavy Com	4.921	1.263	-74,3%
Trucks	4.090	651	-84,1%
Buses	831	612	-26,4%
TOTAL	348.459	243.325	-30,2%

Production Share per segment. In % of total



Range Production. Year-on-year variation. In %



Source: abeceb.com based on ADEFA

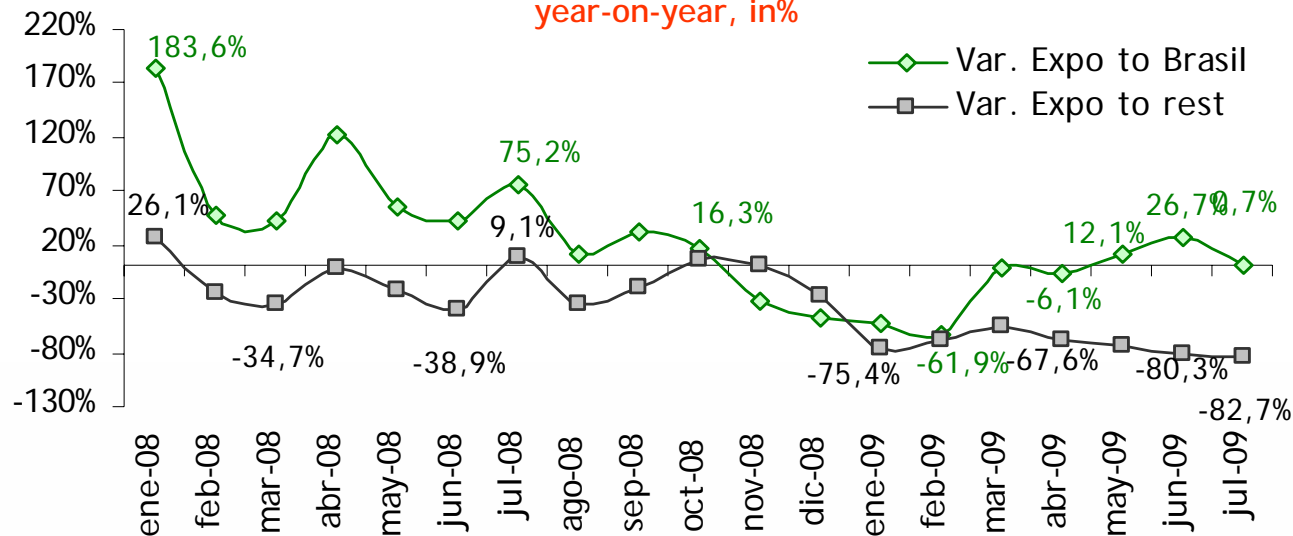
Internal Demand :: Meanwhile, reliance on Brazilian Demand increases

Monthly average of Argentina's exports of vehicles by destination

			Expo. to Brasil		Expo.to rest	
	Total exports	Var. %	Monthly Average	Var. %	Monthly Average	Var. %
1° 3 months 08	22.832	29,6%	16.287	69,7%	6.545	-18,4%
2° 3 months 08	29.804	27,4%	21.830	67,2%	7.974	-22,9%
3° 3 months 08	36.645	16,5%	27.033	36,1%	9.612	-17,2%
4° 3 months 08	27.749	-15,9%	18.411	-19,9%	9.338	-6,7%
1° 3 months 09	12.495	-45,3%	10.218	-37,3%	2.277	-65,2%
2° 3 months 09	26.351	-11,6%	24.225	11,0%	2.126	-73,3%
jul-09	29.517	-24,4%	27.486	0,7%	2.031	-82,7%

Evolution by destination of Argentinean exports of vehicles, Var.

year-on-year, in%

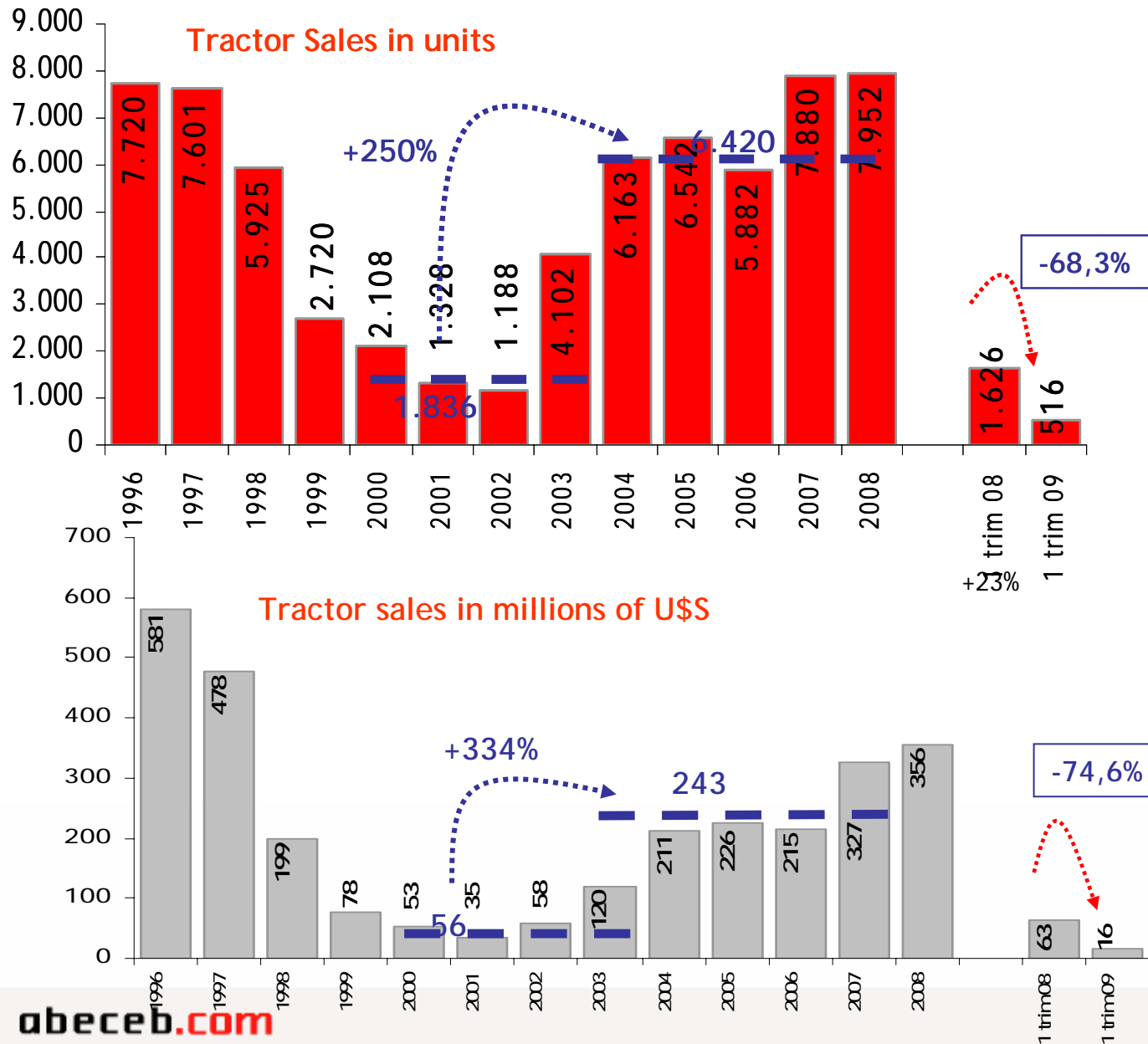


■ After 7 months, 89.6% of exports went to Brazil

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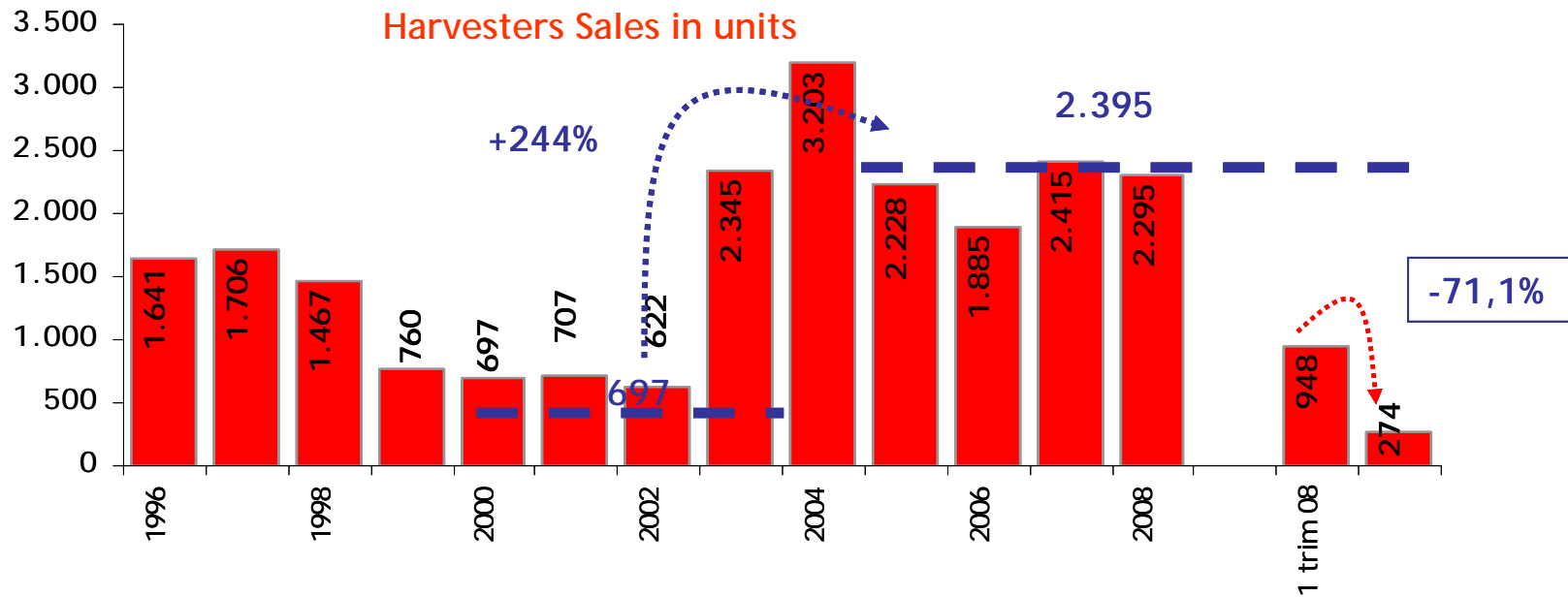
TRACTORS - Due to the behaviour effect in the second semester of 2008 sales of tractors recorded a drop of 68.3% in the 1st 3 months of 2009.



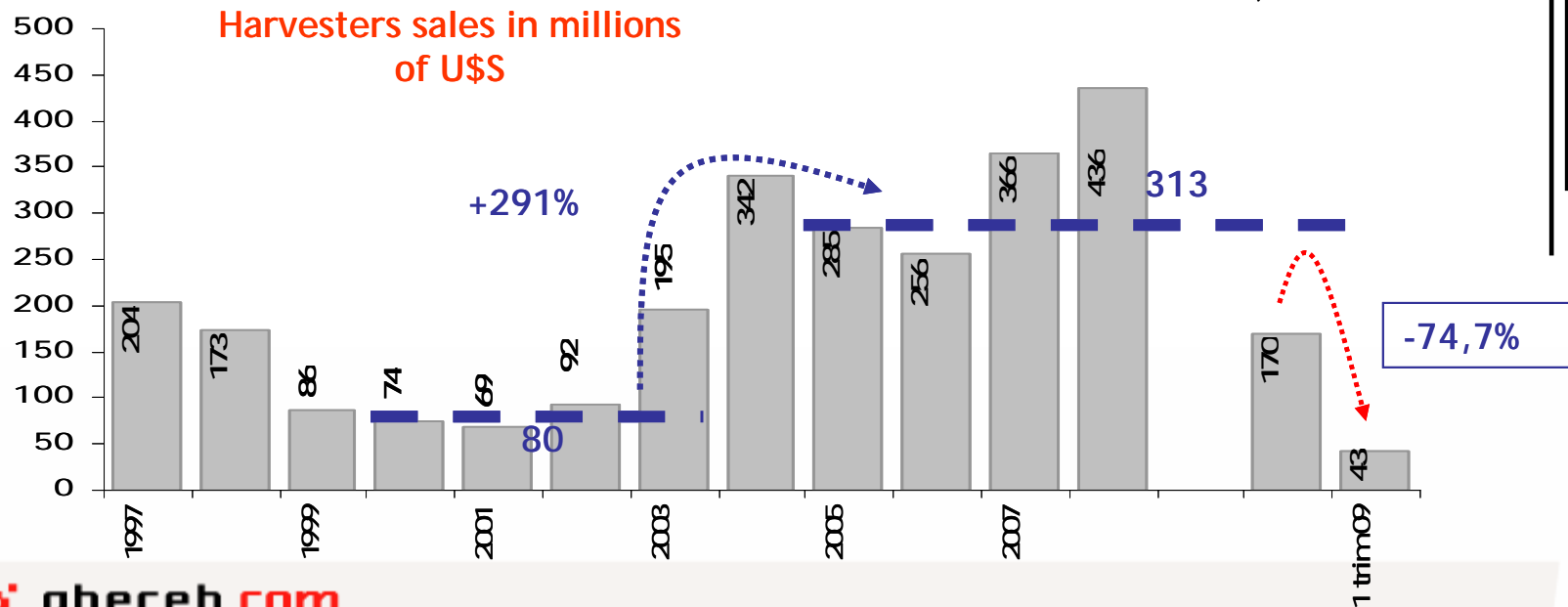
The average price in the first semester of 2009 fell by 20% compared with the same period in 2008, the first US\$ 31,008 million and the second US\$ 38,745.

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HARVESTERS- they were sold almost 70% less. It is very different the first quarter of the year with respect to the first of 2008: revenues fell by 74.7%



The average price in the first 3 months of 2009 is 156,934 per unit and the one in same period of 2008 is 179.325 million dollars



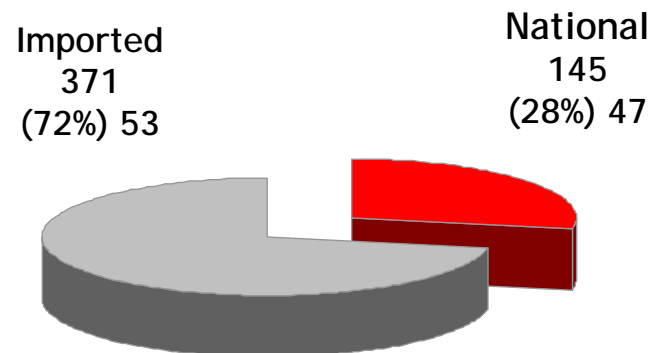
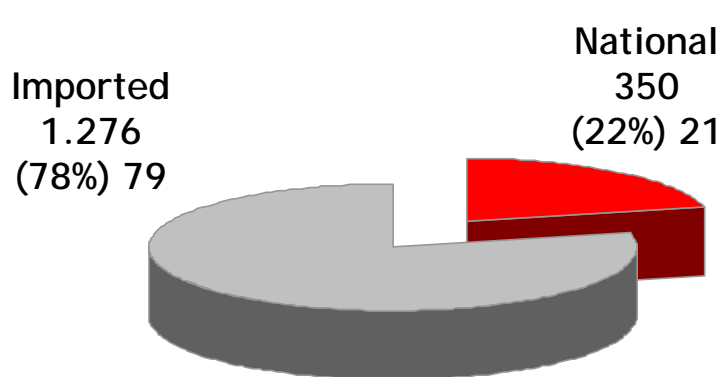
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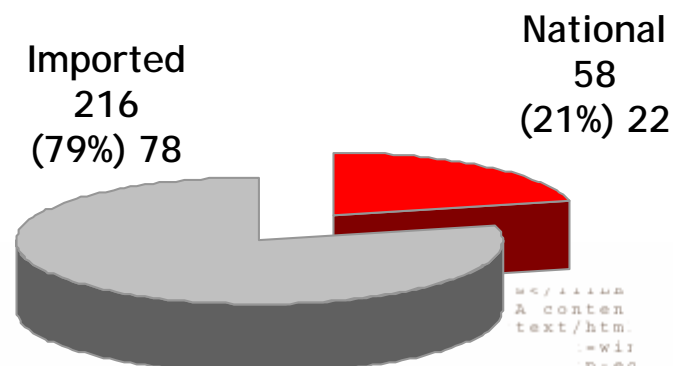
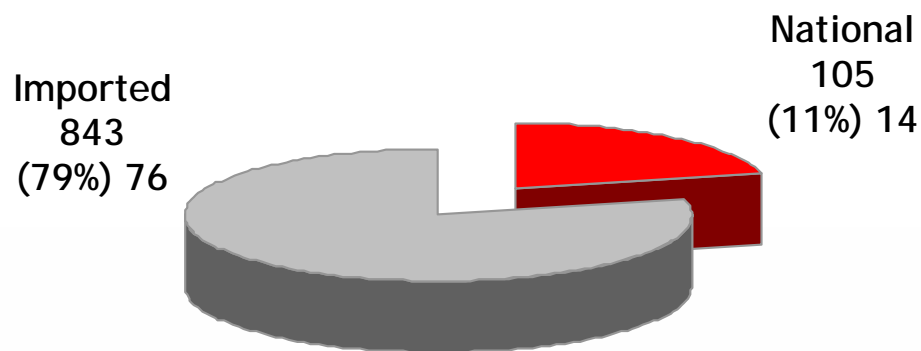
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Domestic goods increased their share from the first 3-month-period of 2008 in harvesters and tractors sales

Participation in sales between domestic and imported, and makes. Tractors 2008 and 1st 3-months 2008 and 1st 3-months 2009 (in%)

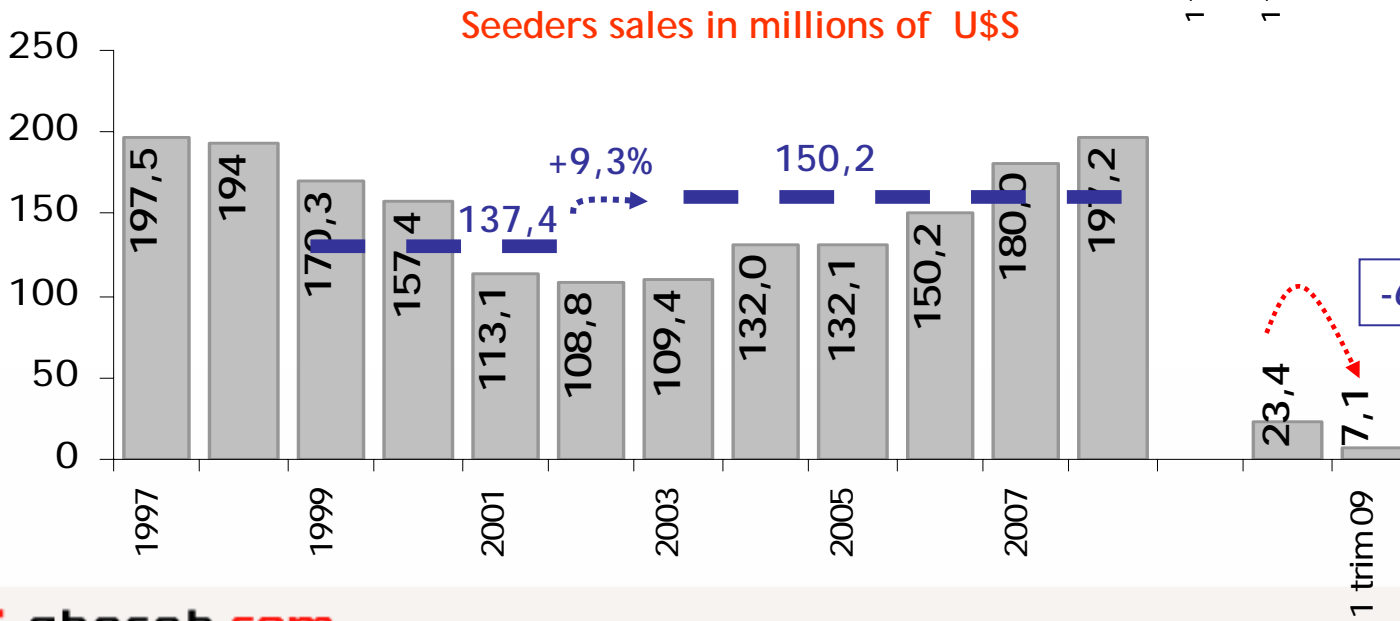
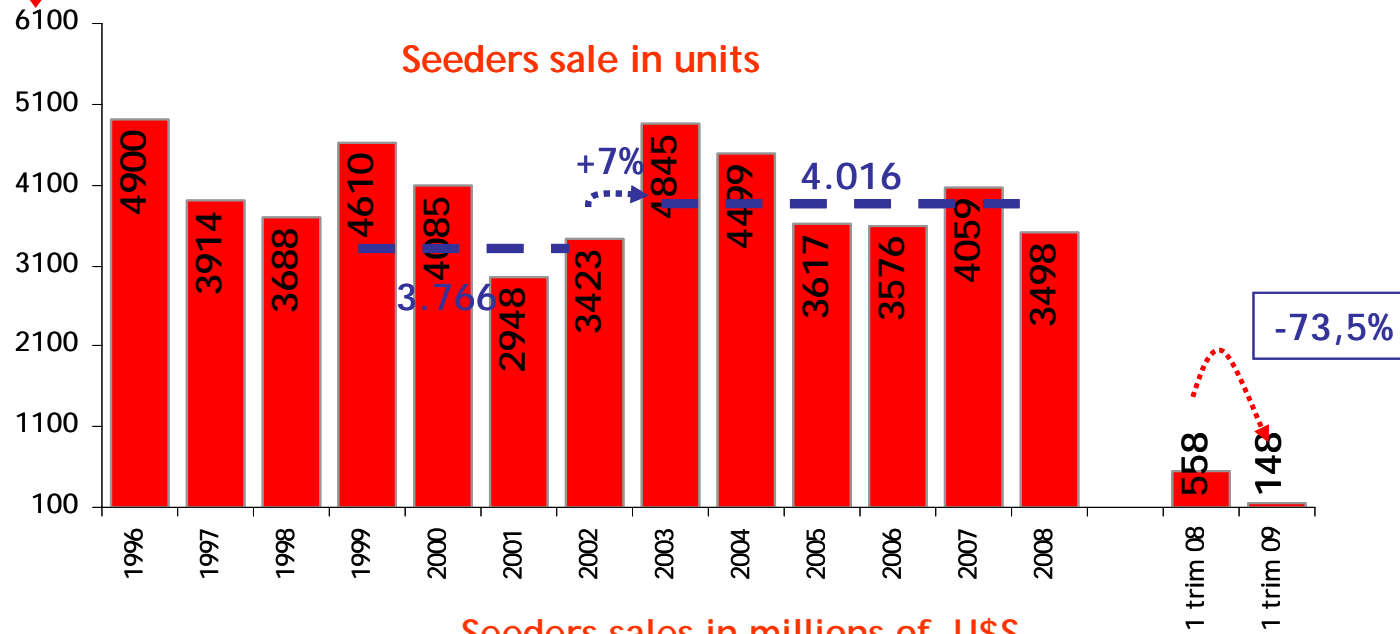


Participation in sales between domestic and imported, and makes. Harvesters 1st 3-months 2008 and 1st 3 months 2009 (in%)



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SEEDERS - revenues contracted a 69.6%, while sales contracted a 73.5% during the first quarter of the year.



The average price per unit for the first 3-month-period of 2009 is 47,973 and the one in the same period in 2008 41.935 million dollars

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INDEX

1- National and International Economic Situation.

2- Sectorial analysis

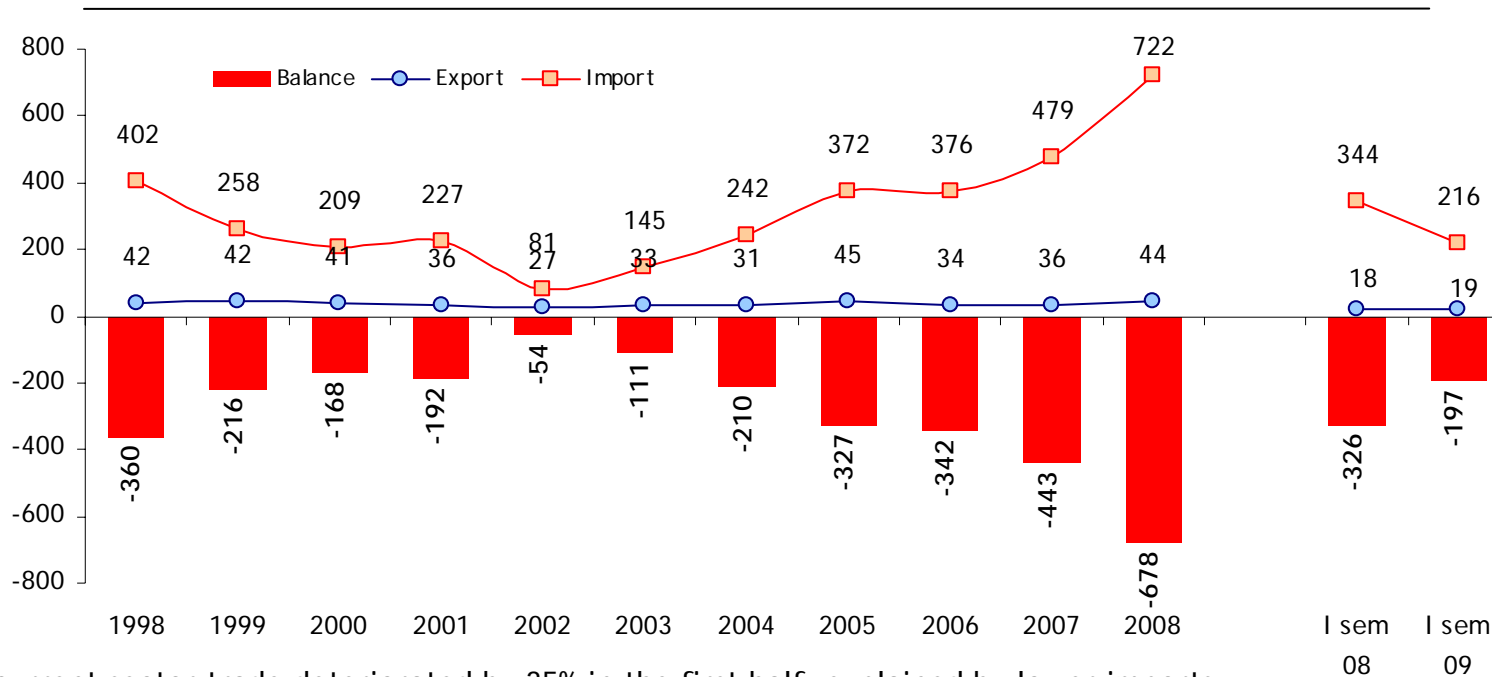
3- Foreign trade

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Sectorial Situation - Foreign trade:: In the first half, the fall in purchases of capital goods reached 37.2% and deficit was reduced by nearly 40%

Evolution of trade in machine tools. In USD million



- The current sector trade deteriorated by 35% in the first half, explained by lower imports.
- Purchases from abroad fell by 37.2% compared to the first half of last year, while exports grew by 6.8%.
- Consequently, the trade deficit shrank by 39.7% over last year.
- In monthly terms, the change in imports entered a negative territory since January and in June grew again (9.1%)
- By contrast, exports were found with positive changes during the first five months of the year, until June that they fell by 2.9%

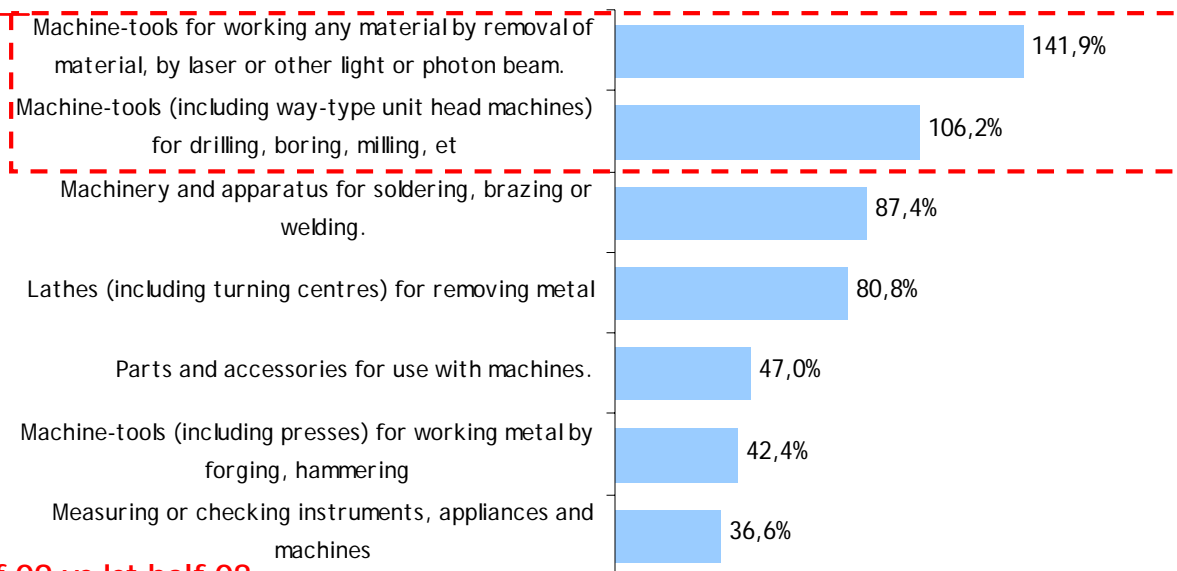
	Variation	
	2008/2007	Jan-jul 09 / Jan-Jul 08
Expo	22,6%	6,8%
Impo	50,9%	-37,2%
Balance	53,2%	-39,7%

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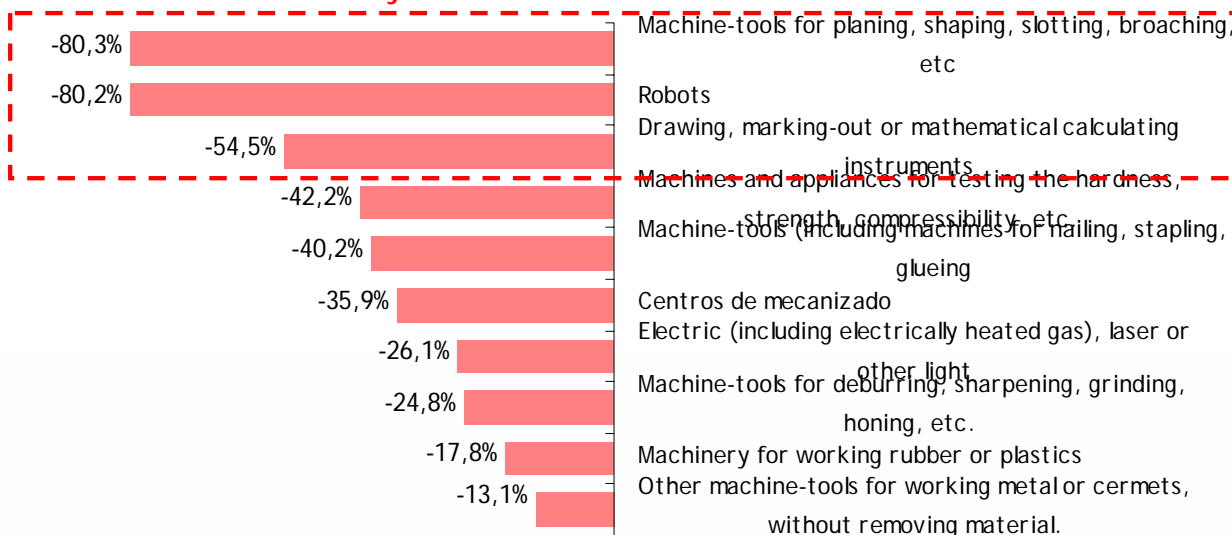
Exports :: In 10 of 17 sectors exports decreased, but those which grew did it more strongly

- The two most dynamic sectors accounted for 46% of the growth in all the sector
- Measuring instruments (+36%) - Mach for forging, stamping, rolling and wiredrawing- measuring devices- (+42,4%) Mach for the plastic and rubber industry (-17,8%) are the most powerful and concentrate 62% of exports of the sector

Sectors with greater dynamism. Var % 1st half 09 vs 1st half 08



Sectors with less dynamism. 1st half 09 vs 1st half 08



- The three sectors that decline most represent 2% of total exports

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Sectorial situation - Exports: Brazil, Mexico and Chile were the principal destinations, representing 57% of foreign sales

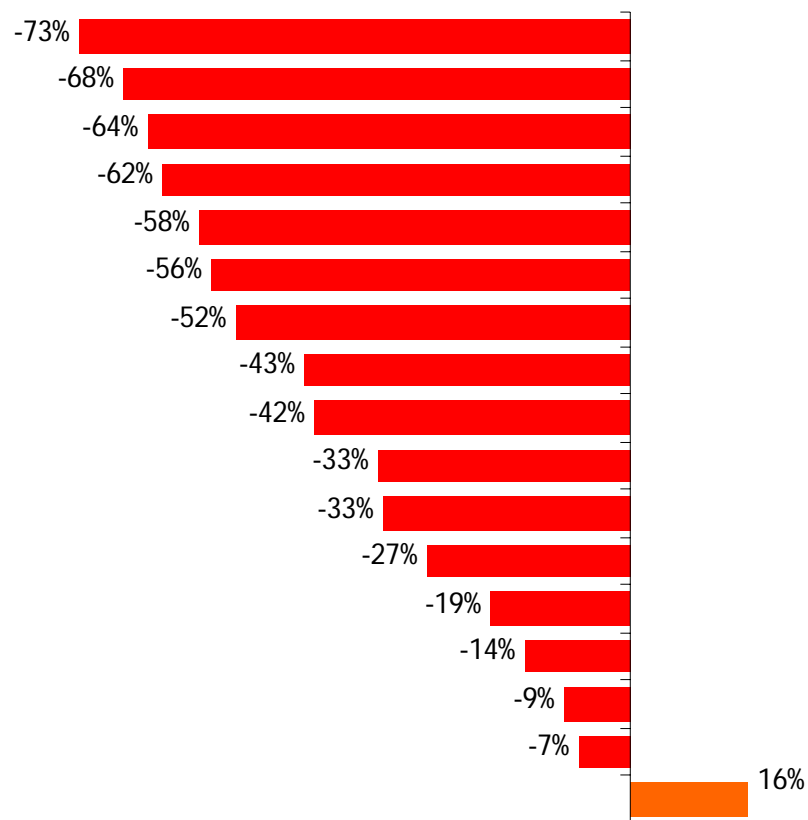
- The number of destination countries in exports grew in the first semester of 2009 over the same 3-month-period of 2008 from 62 to 64.
- Mexico and the United States became the 2nd and 3rd leading destination for exports, when in the first semester of 2008 occupied the 5th and 8th place moving Chile and Uruguay
- Brazil is consolidating as the main destination, concentrating 42% of exports (compared to 26.7% in the first semester of 2008). The United States moves from 6.7% to 7.8% and Mexico from 4.4% to 7.1

Principal destinies per product. In millions of U\$S.

Products	Principal Destinies 6 months 2009. In millions of U\$S						
	1°		2°		3°		Particip
Measuring or checking instruments, appliances and machines	Brazil	2,01	Mexico	0,67	Peru	0,60	28,9%
Machinery for working rubber or plastics	Brazil	0,79	United States	0,66	Bolivia	0,43	17,0%
Machine-tools (including presses) for working metal by force	Brazil	2,22	Chile	0,44	Peru	0,23	17,0%
Lathes (including turning centres) for removing metal.	Brazil	1,44	Spain	0,13	Ecuador	0,04	8,4%
Parts and accessories for use with machines.	Brazil	0,45	United States	0,23	Chile	0,10	6,8%
Machine-tools (including machines for nailing, stapling, gluing)	Italy	0,37	Mexico	0,23	United States	0,11	4,8%
Machine-tools (including way-type unit head machines) for working metal	Brazil	0,38	Mexico	0,28	Venezuela	0,02	3,8%
Electric (including electrically heated gas), laser or other cutting tools	Brazil	0,27	Uruguay	0,09	Peru	0,08	3,6%
Machine-tools for working any material by removal of material	Paraguay	0,09	Italy	0,08	Ecuador	0,06	1,6%
Machine-tools for deburring, sharpening, grinding, honing	Turkey	0,08	Uruguay	0,05	Brazil	0,04	1,4%
Machining centres, unit construction machines (single spindle)	Spain	0,16	Manaos (Brazil)	0,04	Brazil	0,04	1,2%
Machinery and apparatus for soldering, brazing or welding	Brazil	0,20	Uruguay	0,02	Bolivia	0,01	1,2%
Machines and appliances for testing the hardness, strength	United States	0,10	Germany	0,03	Peru	0,02	1,2%
Other machine-tools for working metal or cermets, with cutting	Brazil	0,15	Ecuador	0,02	Colombia	0,02	1,1%
Drawing, marking-out or mathematical calculating instruments	United States	0,04	Venezuela	0,02	Ecuador	0,02	0,9%
Robots	Brazil	0,11					0,6%
Machine-tools for planing, shaping, slotting, broaching, grinding	Peru	0,04	Chile	0,03	Uruguay	0,01	0,5%
Total	Brazil	8,20	United States	1,50	Mexico	1,37	100%

Sectorial Situation - Imports :: In the First quarter imports fell in 14 of 16 sectors and their value is lower than the same period of 2007

Falls in imports per sector. I half 2009 vs I half 2008



Machine-tools for planing, shaping, slotting, broaching, etc

Machine-tools for working any material by removal of material

Machining centres, unit construction machines

Máq. Para estirado, laminado y trafilado

Machinery for working rubber or plastics

Machine-tools for deburring, sharpening, grinding, honing, etc.

Machine-tools (including machines for nailing, stapling, glueing)

Machines and appliances for testing the hardness, strength, compressibility, etc.

Machine-tools for drilling, boring, milling, etc.

Other machine-tools for working metal or cermet, without removing material.

Parts and accessories for use with machines.

Measuring or checking instruments, appliances and machines

Machine-tools for working metal by forging, hammering

Lathes (including turning centres) for removing metal.

Machinery and apparatus for soldering, brazing or welding.

Drawing, marking-out or mathematical calculating instruments

Electric laser or other light

- Imports collapsed in 2009 reaching values of 2007 per month, but began to recover in June.
- Mach for the plastic and rubber industry, Machining centers, Measuring or checking instruments, appliances and machines explain the 62% of the fall.

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Sectorial Situation- Imports :: Germany and China lost the first places as major suppliers. USA and Brazil won the 1st and 3rd place

- Germany reduced its participation in the first half of 24.5% to 14.8% and China 12.4% to 11.5% in Argentine imports
- Won: U.S. (10% to 15%) and Brazil (from 8.1% to 13.8%)
- Germany, China and the United States occupy the podium of the three main countries of origin in 10, 9 and 8 of 17 sectors while Brazil only in 3

Principal origins per product. In millions of US\$.

Products	Principal Destines 6 months 2009. In millions of US\$						
	1°		2°		3°		Particip
Measuring or checking instruments, appliances and machinery	Brazil	2,01	Mexico	0,67	Peru	0,60	28,9%
Machinery for working rubber or plastics	Brazil	0,79	United States	0,66	Bolivia	0,43	17,0%
Machine-tools (including presses) for working metal by force	Brazil	2,22	Chile	0,44	Peru	0,23	17,0%
Lathes (including turning centres) for removing metal.	Brazil	1,44	Spain	0,13	Ecuador	0,04	8,4%
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Machine-tools (including way-type unit head machines) for working metal	Brazil	0,38	Mexico	0,28	Venezuela	0,02	3,8%
Machines and mechanical appliances having individual functions	Brazil	0,27	Uruguay	0,09	Peru	0,08	3,6%
Machine-tools for working any material by removal of material	Paraguay	0,09	Italy	0,08	Ecuador	0,06	1,6%
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Machines and mechanical appliances having individual functions	Brazil	0,11					0,6%
Machine-tools for planing, shaping, slotting, broaching, etc.	Peru	0,04	Chile	0,03	Uruguay	0,01	0,5%

Sectorial Status - Foreign Trade :: Non-automatic licenses account for 14% of the fall in imports

- Imports fell by more than \$128 million in the first half, 18 of which correspond to the positions affected by LNAP.
- Only 10 products are reached by these measures and in 2008 represented 13,2% of the total.
- Product Imports affected by LNAP fell 41% while the total ones fell 37%
- The sector with the greatest impact of the measures of total imports is that of Mach for Forging, rolling and stamping.
- The greatest drop in imports of products was observed in LNAP Machines for plastic and rubber industry

Description	% Impo with licenses 2008	Var I half 09	Var I half 09 C licenses
Mach for forging, stamping, rolling and wiredrawing	65%	-19%	-63%
Lathes (including turning centres) for removing metal.	56%	-14%	10%
Drawing, marking-out or mathematical calculating instrum	20%	-7%	-18%
Mach for plastic and rubber industry	16%	-58%	-81%
Machine-tools for working by laser or other light or pho	0%	-68%	
Machining Centers	0%	-64%	
Machine-tools for drilling, boring, milling, etc.	0%	-42%	
Planing, shaping, broaching, slotting machines	0%	-56%	
Rectifying, grinding, broaching and creator mach	0%	-73%	
Machine-tools (including presses) for working metal by fe	0%	-33%	
Mach for working wood, rubber and rigid plastics	0%	-52%	
Parts, accessories and tool holder	0%	-33%	
Machinery for soldering, brazing or welding.	0%	-9%	
Robots	0%	-62%	
Electric welding, plasma, laser and other machines	0%	16%	
Mach for mechanical tests	0%	-43%	
Measuring instruments, appliances and machines	0%	-27%	
Total	13,2%	-37%	-41%

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