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## Macroeconomic indicators - Argentina Q1 GDP expand by 2% YoY

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Reuters reported that Argentina's gross domestic product expanded by 2% YoY in the first quarter as compared with the same period a year ago.

The INDEC national statistics agency, which many private analysts accuse of overestimating growth, said that the first quarter GDP marked 0.1% growth over the fourth quarter of 2008, narrowly avoiding a technical recession of two consecutive quarters of contraction.

It added that activity in the manufacturing sector fell by 3.2% YoY, while the service sector expanded by 4.7% YoY. Consumer activity, which represents about 65% of the country's gross domestic product, rose by 1.5% YoY but investment sank 14.2% YoY due mainly to falling investment in construction and capital goods.

Many economic analysts said that official data on growth and industrial production has been overly rosy in recent months, deepening a two year controversy over the nation's inflation statistics.

Mr Alberto Ramos, senior economist at Goldman Sachs, wrote in a report that "Even though we consider that it will be difficult for the authorities' unconventional and haphazard policies to prevent the economy from contracting in 2009, we would not be surprised if the official real GDP figures end up showing a positive number."

Morgan Stanley said that its estimates pointed to a 3.5% contraction in the first quarter. It added that "The sharp slump in official data on tax receipts also suggests that the downturn may be far sharper than what is reflected in official statistics."

Some analysts expect the Argentine economy to stabilize later this year and return to growth in 2010 as farm production recovers from this year's sharp drought and global grains prices rise. The government revised its fourth quarter GDP figures, putting year on year growth in the last quarter of 2008 at 4.1%, down from the 4.9% reported previously. The economy shrank 0.5% in the fourth quarter compared with the third quarter, revised from a 0.3% contraction.

(Sourced from [www.reuters.com](http://www.reuters.com))

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