

Argentina Provinces: **3Q23 Update**

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Agenda

Before we start: Snapshot of credits fundamentals

- In LTM 2Q23, the average fiscal position dropped 0.7pp from FY22, reaching a surplus of 4.2% of revenues.
- Regarding the leverage position, the space's average closed at 38.1% of revenues, increasing 1.9pp from 2022. The debt services ratio stood flat at 6.7% of revenues.

Provincial elections heavily favored JxC

- During 2Q23, most provincial elections favored JxC, as it managed to flip 4 provinces, winning all general elections, and being strongly positioned for the bouts in CABA and PBA.
- LLA continued to underperform without Milei in the ballot, while UxP continues to lose traction, posting very weak showings.

Fiscal Balances are poised to worsen in 2024

- The recent introduction of the new Income Tax law will cause an average drop in provincial revenues of around 3.9%, compromising fiscal positions.
- Both PBA and La Rioja are very vulnerable to reductions in Discretionary transfers, facing a complex situation ahead of a regime change.

Fiscal performance and Metrics: A credit- by-credit view

- In 2Q23, the average fiscal surplus weakened vs. 2Q22 standing at +2.6% of revenues.
- The acceleration in spending was almost enough to erode most primary surpluses, mainly due to the electoral process entering its key stages.

Comp sheet of Argy provincial fundamentals in LTM 2Q23

LTM 2Q23	Provincial Taxes / Total Revenues	Federal Taxes / Total Revenues	Total Fed. Funds / Total Revenues	Personnel Spending / Total Expenditures	Debt Interests / Total Revenues	CapEx / Total Expenditures	Primary Balance / Total Revenues	Fiscal Balance / Total Revenues	Debt Services / Total Revenues	Total Debt / Total Revenues
Quasi-Sovereign Credits	42.1%	42.9%	47.5%	46.5%	2.7%	15.2%	10.2%	7.5%	5.2%	34.6%
PBA	42.2%	44.7%	54.3%	51.2%	2.8%	8.0%	4.9%	2.0%	5.0%	57.1%
CABA	78.3%	10.3%	13.5%	47.4%	3.6%	15.4%	16.8%	13.2%	4.8%	24.6%
Córdoba	28.7%	50.9%	55.1%	43.6%	1.9%	20.3%	14.6%	12.6%	3.9%	40.4%
Santa Fe	30.1%	60.1%	64.4%	52.3%	1.4%	10.5%	6.5%	5.0%	4.3%	13.2%
Mendoza	31.1%	48.6%	50.4%	37.7%	3.8%	22.1%	8.4%	4.6%	7.9%	37.5%
Oil & Gas Backed Credits	44.6%	37.2%	39.0%	61.1%	3.5%	10.5%	4.3%	0.8%	9.9%	44.3%
Chubut	45.8%	39.5%	41.2%	64.4%	4.5%	11.0%	10.3%	5.8%	13.5%	70.1%
Tierra del Fuego	25.3%	50.2%	52.3%	58.4%	2.8%	10.1%	-0.7%	-3.5%	6.2%	18.8%
Neuquén	62.6%	21.9%	23.4%	60.5%	3.1%	10.5%	3.1%	0.0%	10.1%	44.0%
Smaller Credits	18.8%	67.9%	72.9%	55.4%	2.3%	13.2%	5.5%	3.1%	6.4%	37.9%
Entre Ríos	21.4%	64.8%	69.0%	61.5%	1.6%	8.9%	13.1%	11.5%	4.6%	31.6%
Salta	24.3%	63.1%	66.2%	58.5%	2.4%	9.4%	0.3%	-2.2%	4.4%	27.1%
La Rioja	7.8%	69.5%	80.8%	40.4%	1.7%	20.0%	-1.5%	-3.1%	2.8%	33.4%
Río Negro	27.8%	64.8%	65.9%	65.1%	4.0%	5.2%	1.6%	-2.3%	13.1%	37.3%
Jujuy	18.8%	69.4%	74.7%	55.6%	2.5%	18.1%	8.0%	5.5%	6.1%	70.4%
Chaco	12.4%	75.9%	80.5%	51.5%	1.8%	17.6%	11.3%	9.5%	7.5%	27.6%
Average	32.6%	52.4%	56.6%	53.4%	2.7%	13.4%	6.9%	4.2%	6.7%	38.1%

Source: TPCG Research based on Provincial Treasuries and E&R

The fiscal surplus fell by 0.7pp from FY22 to 4.2% of revenues in LTM 2Q23

Primary Bal. / Total Rev.	2019	2020	2021	2022	LTM 2Q23	1Q23	2Q23
Quasi-Sovereign Credits	4.4%	7.9%	9.3%	10.1%	10.2%	21.4%	8.4%
PBA	9.3%	4.3%	3.1%	1.9%	4.9%	18.9%	6.0%
CABA	3.7%	0.9%	6.5%	14.2%	16.8%	37.0%	12.5%
Córdoba	9.6%	15.7%	18.4%	15.5%	14.6%	16.8%	16.9%
Santa Fe	0.9%	14.7%	10.4%	9.3%	6.5%	0.5%	9.5%
Mendoza	-1.3%	4.1%	8.3%	9.8%	8.4%	33.8%	-3.1%
Oil & Gas Backed Credits	0.8%	-3.0%	8.9%	5.7%	4.3%	7.6%	-1.6%
Chubut	-1.5%	-10.2%	14.3%	9.7%	10.3%	11.2%	8.0%
Tierra del Fuego	2.6%	2.7%	2.7%	3.3%	-0.7%	5.0%	-11.9%
Neuquén	1.3%	-1.5%	9.6%	4.0%	3.1%	6.6%	-0.8%
Smaller Credits	1.6%	6.8%	6.3%	6.9%	5.5%	10.0%	5.1%
Entre Ríos	6.9%	16.0%	19.1%	16.1%	13.1%	15.8%	9.9%
Salta	2.6%	3.4%	7.3%	4.0%	0.3%	1.3%	-2.9%
La Rioja	0.0%	6.0%	-2.2%	1.7%	-1.5%	-6.8%	2.7%
Río Negro	0.9%	-1.8%	1.4%	4.4%	1.6%	7.2%	-2.8%
Jujuy	-4.6%	4.7%	4.3%	8.0%	8.0%	22.5%	6.8%
Chaco	4.0%	12.3%	8.0%	7.2%	11.3%	20.2%	16.8%
Average	2.5%	5.1%	8.0%	7.8%	6.9%	13.6%	4.8%
YoY		2.6pp	2.9pp	-2pp	-.9pp	-3.2pp	-5pp

Source: TPCG Research based on Provincial Treasuries and E&R

The avg. primary surplus fell by 0.9pp from FY22, closing the LTM 2Q23 at 6.9% of revenues. Drop was mainly influenced by the increased levels of expenditure showcased by the provinces, which responded to the provincial elections taking place during the first three quarters of the year.

Fiscal Bal. / Total Rev.	2019	2020	2021	2022	LTM 2Q23	1Q23	2Q23
Quasi-Sovereign Credits	-1.7%	3.7%	5.7%	7.2%	7.5%	18.6%	5.9%
PBA	0.1%	0.6%	-0.6%	-0.9%	2.0%	14.7%	4.3%
CABA	-5.3%	-7.3%	-1.0%	9.9%	13.2%	34.1%	8.6%
Córdoba	5.7%	12.4%	16.1%	13.6%	12.6%	15.7%	14.4%
Santa Fe	-0.2%	13.3%	8.9%	7.9%	5.0%	-0.8%	7.8%
Mendoza	-8.5%	-0.6%	5.0%	5.6%	4.6%	29.3%	-5.7%
Oil & Gas Backed Credits	-5.0%	-8.3%	5.3%	2.0%	0.8%	4.5%	-5.0%
Chubut	-8.5%	-16.9%	9.3%	5.3%	5.8%	5.9%	3.5%
Tierra del Fuego	-2.2%	-1.0%	-0.2%	-0.3%	-3.5%	3.5%	-13.9%
Neuquén	-4.4%	-6.8%	6.6%	0.9%	0.0%	4.1%	-4.5%
Smaller Credits	-3.4%	3.5%	3.8%	4.4%	3.1%	6.4%	3.7%
Entre Ríos	3.6%	12.4%	16.0%	14.4%	11.5%	13.1%	8.8%
Salta	-1.2%	0.2%	5.0%	1.6%	-2.2%	0.3%	-6.0%
La Rioja	-4.7%	3.6%	-2.5%	0.0%	-3.1%	-10.1%	1.9%
Río Negro	-6.4%	-6.5%	-2.2%	0.4%	-2.3%	1.3%	-5.4%
Jujuy	-9.5%	0.9%	0.6%	4.6%	5.5%	17.1%	6.6%
Chaco	-2.1%	10.3%	5.6%	5.5%	9.5%	16.5%	15.9%
Average	-3.1%	1.0%	4.8%	4.9%	4.2%	10.3%	2.6%
YoY		4.2pp	3.7pp	.1pp	-.7pp	-2.8pp	-4.5pp

Source: TPCG Research based on Provincial Treasuries and E&R

After considering the debt interests, the fiscal surplus closed at 4.2% of revenues, falling by 0.7pp since FY22. We expect for the coming quarters to see a deterioration in the fiscal balances with both the electoral calendar and weakened activity levels taking a toll on the provincial fiscal positions.

The avg. leverage position closed at 38.1% of revenues in LTM 2Q23

Debt Serv / Total Rev.	2019	2020	2021	2022	LTM 2Q23
Quasi-Sovereign Credits	9.6%	7.1%	7.2%	5.6%	5.2%
PBA	18.4%	6.9%	6.1%	5.1%	5.0%
CABA	12.2%	11.7%	12.5%	7.1%	4.8%
Córdoba	6.2%	6.7%	5.6%	3.7%	3.9%
Santa Fe	1.8%	2.1%	3.2%	4.3%	4.3%
Mendoza	9.6%	7.9%	8.5%	8.1%	7.9%
Oil & Gas Backed Credits	11.7%	12.4%	9.1%	9.7%	9.9%
Chubut	18.1%	16.5%	12.3%	13.0%	13.5%
Tierra del Fuego	8.7%	8.9%	7.4%	6.9%	6.2%
Neuquén	8.4%	11.9%	7.8%	9.1%	10.1%
Smaller Credits	7.3%	5.5%	5.5%	6.3%	6.4%
Entre Ríos	5.0%	5.3%	5.7%	3.9%	4.6%
Salta	5.8%	5.6%	4.8%	4.1%	4.4%
La Rioja	5.9%	3.2%	1.1%	2.6%	2.8%
Río Negro	9.7%	8.1%	9.9%	12.2%	13.1%
Jujuy	8.2%	7.4%	5.9%	7.5%	6.1%
Chaco	9.1%	3.6%	5.6%	7.5%	7.5%
Average	9.1%	7.6%	6.9%	6.8%	6.7%
YoY		-1.5pp	-7pp	-.1pp	-.1pp

Source: TPCG Research based on Provincial Treasuries and E&R

Since 2019, the provincial space has seen a de-leverage process. While this trend reversed for the leverage position, as it increased by 1.9pp to 38.1%, it remained almost flat for the debt services ratio at 6.7% of revenues.

Total Debt / Total Rev.	2019	2020	2021	2022	LTM 2Q23
Quasi-Sovereign Credits	53.2%	55.7%	42.9%	34.5%	34.6%
PBA	78.5%	75.4%	64.1%	53.8%	57.1%
CABA	47.5%	53.1%	40.0%	27.5%	24.6%
Córdoba	63.5%	66.4%	48.4%	41.3%	40.4%
Santa Fe	17.2%	20.8%	17.0%	12.5%	13.2%
Mendoza	59.5%	62.9%	45.2%	37.3%	37.5%
Oil & Gas Backed Credits	64.6%	74.0%	53.0%	41.6%	44.3%
Chubut	87.8%	102.5%	77.1%	60.8%	70.1%
Tierra del Fuego	43.5%	45.5%	28.0%	19.0%	18.8%
Neuquén	62.4%	74.0%	53.8%	45.1%	44.0%
Smaller Credits	56.6%	57.9%	41.3%	34.9%	37.9%
Entre Ríos	50.8%	55.4%	37.8%	33.6%	31.6%
Salta	41.7%	41.6%	29.4%	26.3%	27.1%
La Rioja	59.9%	53.8%	35.9%	32.3%	33.4%
Río Negro	49.5%	58.4%	43.2%	31.8%	37.3%
Jujuy	96.6%	99.6%	70.1%	62.9%	70.4%
Chaco	40.9%	38.8%	31.6%	22.5%	27.6%
Average	57.1%	60.6%	44.4%	36.2%	38.1%
YoY		3.5pp	-16.2pp	-8.2pp	1.9pp

Source: TPCG Research based on Provincial Treasuries and E&R

In this scenario we continue to believe that the perception of de-leverage could be misleading as it has been influenced by the effect of revenues growing at the inflation pace, which has some correlation with the BCS, and a contained official FX. With the FX structure now starting to crack, we expect the leverage position to resume an upwards trend.

Summary of sub-sovereign hard currency instruments

	Price	MD	Yield	Parity	Int. Accrued	Current Yield	Tech Val.	Yield Change in BPS				Price % Change				Additional Info.				
	18/10/2023							Daily (1bd)	Weekly (5bd)	Monthly (22bd)	YTD	Daily (1bd)	Weekly (5bd)	Monthly (22bd)	YTD	Curr.	Amt. Out. (mn)	CPN	Prev. CPN	Next CPN
USD Securities																				
MENDOZ 2029	78.75	2.25	15.61%	78.8%	0.39	7.3%	85.0	0.9	6.6	147.2	-107.8	0.0%	0.0%	-2.8%	4.8%	USD	499.2	5.8%	19/9/2023	19/3/2024
CORDOB 2027	71.50	1.58	30.93%	71.6%	0.33	8.7%	100.3	3.4	23.2	181.9	110.4	0.0%	0.0%	-1.4%	14.4%	USD	155.7	6.3%	29/9/2023	29/3/2024
NEUQUE UNSECURED	75.00	2.44	17.23%	75.8%	3.15	8.8%	103.1	0.9	6.3	125.9	-128.0	0.0%	0.0%	-2.6%	10.7%	USD	377.2	6.6%	27/4/2023	27/10/2023
NEUQUE SECURED	96.50	2.63	9.94%	96.6%	1.19	8.9%	76.6	0.1	0.8	31.2	-22.8	0.0%	0.0%	-0.8%	1.0%	USD	262.8	8.6%	12/8/2023	12/11/2023
PRN 2028	60.50	1.53	34.56%	60.8%	0.73	11.4%	100.7	3.8	26.0	107.0	375.4	0.0%	0.0%	0.0%	9.0%	USD	320.2	6.9%	10/9/2023	10/3/2024
CHUBUT 2030	82.75	1.95	16.72%	83.0%	1.38	9.4%	79.6	1.0	7.1	157.8	73.9	0.0%	0.0%	-2.6%	1.2%	USD	508.1	7.8%	26/7/2023	26/10/2023
PDCAR 2025	83.00	0.87	25.89%	83.4%	2.04	8.3%	85.4	5.1	35.5	203.2	468.2	0.0%	0.0%	-0.6%	2.2%	USD	601.7	6.9%	10/6/2023	10/12/2023
PDCAR 2027	75.00	2.27	18.74%	75.6%	2.66	9.3%	102.7	1.1	7.6	86.2	-151.9	0.0%	0.0%	-1.3%	11.9%	USD	516.1	7.0%	1/6/2023	1/12/2023
PDCAR 2029	72.00	3.47	15.78%	72.4%	1.47	9.5%	101.5	0.5	3.3	108.0	-141.8	0.0%	0.0%	-3.4%	10.8%	USD	456.2	6.9%	1/8/2023	1/2/2024
SALTA 2027	78.50	1.75	20.88%	79.2%	3.07	10.8%	98.1	1.5	10.4	174.6	-321.8	0.0%	0.0%	-2.5%	13.8%	USD	339.5	8.5%	1/6/2023	1/12/2023
JUJUY 2027	80.00	1.47	22.38%	80.1%	0.51	10.5%	78.3	2.0	14.1	176.6	-461.1	0.0%	0.0%	-1.8%	10.3%	USD	166.1	8.4%	20/9/2023	20/3/2024
ENTRIO 2028	76.00	1.80	21.88%	76.4%	1.44	10.9%	91.4	1.6	10.8	112.6	-491.3	0.0%	0.0%	-1.3%	16.0%	USD	465.7	8.3%	8/8/2023	8/2/2024
CHACO 2028	62.50	1.47	34.78%	62.9%	1.08	10.4%	101.1	4.1	28.5	314.5	117.5	0.0%	0.0%	-3.1%	16.3%	USD	262.7	6.5%	18/8/2023	18/2/2024
BUENOS 2037 A USD	33.00	4.84	33.54%	33.6%	0.83	19.3%	100.8	1.3	-140.6	409.5	527.1	0.0%	4.3%	-10.7%	-5.7%	USD	6202.1	6.4%	1/9/2023	1/3/2024
BUENOS 2037 B USD	29.00	5.11	26.96%	29.5%	0.72	19.0%	100.7	-18.9	-96.4	68.8	230.6	0.9%	4.5%	-2.5%	-3.3%	USD	777.6	5.5%	1/9/2023	1/3/2024
BUENOS 2037 C USD	25.50	5.02	28.23%	26.0%	0.65	19.6%	100.7	-21.7	-111.2	119.2	217.0	1.0%	5.2%	-4.7%	-1.9%	USD	153.2	5.0%	1/9/2023	1/3/2024
PRIO 2028	60.50	1.59	34.84%	60.5%	0.00	10.7%	100.0	3.7	25.7	106.0	403.0	0.0%	0.0%	0.0%	29.4%	USD	318.4	6.5%	24/8/2023	24/2/2024
BUEAIR 2027	92.00	2.17	11.15%	92.2%	2.85	8.2%	102.9	0.3	2.5	45.7	125.1	0.0%	0.0%	-0.8%	-1.3%	USD	890.0	7.5%	1/6/2023	1/12/2023
PDCAR 2026	40.50	1.36	8.54%	39.9%	0.65	17.6%	41.3	1.8	11.9	133.1	-83.0	0.0%	0.0%	-1.2%	-16.9%	USD	121.9	7.1%	27/7/2023	27/10/2023
PROVSF 2027	84.50	2.43	13.36%	85.0%	3.20	8.2%	103.2	0.6	4.0	39.3	-132.4	0.0%	0.0%	-0.6%	8.3%	USD	250.0	6.9%	1/5/2023	1/11/2023
FUEGO 2027	92.00	1.69	13.75%	92.0%	0.01	9.7%	49.0	0.6	-26.4	243.1	112.9	0.0%	0.0%	-4.2%	-1.1%	USD	98.0	9.0%	17/10/2023	17/1/2024
BUENOS EUR Securities																				
BUENOS 2037 A EUR	29.00	5.41	33.58%	29.4%	0.59	15.5%	100.6	1.5	-142.1	456.5	722.1	0.0%	4.5%	-12.1%	-11.5%	EUR	236.8	4.5%	1/9/2023	1/3/2024
BUENOS 2037 B EUR	25.00	5.16	28.07%	25.4%	0.59	18.0%	100.6	-21.6	-110.7	80.2	291.9	1.0%	5.3%	-2.9%	-4.8%	EUR	116.3	4.5%	1/9/2023	1/3/2024
BUENOS 2037 C EUR	21.50	5.08	29.61%	21.9%	0.52	18.6%	100.5	-25.5	-131.1	140.5	285.5	1.2%	6.2%	-5.5%	-3.4%	EUR	138.8	4.0%	1/9/2023	1/3/2024

Provincial Hard Currency Bonds Debt Services

	2023 Interest	2023 Principal	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Debt Services Hard Currency Bonds (USD mn)*																	
PBA	0.00	0.00	0.00	701.00	760.53	823.97	847.63	852.96	872.43	877.11	912.28	896.24	877.40	857.89	839.82	828.93	803.58
BUENOS A USD	0.00	0.00	0.00	618.77	670.33	731.13	753.65	749.88	760.40	642.64	679.54	672.00	661.76	661.09	650.98	647.76	628.90
BUENOS B USD	0.00	0.00	0.00	42.77	45.69	45.69	45.69	51.52	56.84	138.90	136.35	130.55	124.74	112.05	106.65	101.26	97.02
BUENOS C USD	0.00	0.00	0.00	7.66	8.04	8.04	8.04	9.19	10.25	26.45	26.07	25.05	24.03	21.64	20.70	19.75	19.02
BUENOS A EUR	0.00	0.00	0.00	20.37	23.53	26.18	27.31	27.41	28.10	23.61	25.35	25.31	25.19	25.46	25.37	25.58	25.17
BUENOS B EUR	0.00	0.00	0.00	5.55	6.32	6.32	6.32	7.24	8.09	21.14	20.85	20.05	19.24	17.35	16.60	15.86	15.29
BUENOS C EUR	0.00	0.00	0.00	5.88	6.62	6.62	6.62	7.72	8.75	24.36	24.13	23.29	22.45	20.30	19.52	18.73	18.17
CABA	33.38	0.00	33.38	66.75	352.26	330.02	307.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUEAIR 2027	33.38	0.00	33.38	66.75	352.26	330.02	307.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Santa Fe	8.63	0.00	8.63	17.25	100.58	94.83	89.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PROVSF 2027	8.63	0.00	8.63	17.25	100.58	94.83	89.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mendoza	0.00	0.00	0.00	99.99	95.57	91.16	86.74	82.33	39.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MENDOZ 2029	0.00	0.00	0.00	99.99	95.57	91.16	86.74	82.33	39.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cordoba	40.89	129.72	170.61	381.62	491.43	351.14	278.96	247.72	117.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PDCAR 2026	2.17	9.38	11.55	44.51	41.84	39.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PDCAR 2025	20.69	120.34	141.03	269.66	253.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PDCAR 2027	18.04	0.00	18.04	36.08	165.11	280.61	133.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PDCAR 2029	0.00	0.00	0.00	31.37	31.37	31.37	145.42	247.72	117.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Neuquen	18.16	9.73	27.89	142.01	135.11	127.77	120.42	113.07	105.72	50.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NQN Secured	5.67	9.73	15.40	59.50	56.14	52.79	49.43	46.07	42.71	20.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NQN Unsecured	12.49	0.00	12.49	82.50	78.97	74.98	70.99	67.00	63.01	30.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TdF	2.33	6.00	8.33	31.97	31.82	35.22	16.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FUEGO 2027	2.33	6.00	8.33	31.97	31.82	35.22	16.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chubut	9.85	15.87	25.71	135.34	127.58	119.83	112.07	83.05	9.82	4.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHUBUT 2030	9.85	15.87	25.71	135.34	127.58	119.83	112.07	83.05	9.82	4.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Entre Rios	0.00	0.00	0.00	129.65	121.97	114.28	106.60	98.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENTRIO 2028	0.00	0.00	0.00	129.65	121.97	114.28	106.60	98.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jujuy	0.00	0.00	0.00	46.97	43.87	40.78	19.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JUJUJA 2027	0.00	0.00	0.00	46.97	43.87	40.78	19.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Salta	13.71	16.98	30.69	75.82	104.72	97.51	90.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALTA 2027	13.71	16.98	30.69	75.82	104.72	97.51	90.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rio Negro	0.00	0.00	0.00	91.95	87.06	82.17	77.27	36.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PRN 2028	0.00	0.00	0.00	91.95	87.06	82.17	77.27	36.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
La Rioja	0.00	0.00	0.00	76.94	96.52	90.09	83.66	39.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PRIO 2028	0.00	0.00	0.00	76.94	96.52	90.09	83.66	39.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chaco	0.00	0.00	0.00	76.56	74.02	69.20	64.39	30.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CHACO 2028	0.00	0.00	0.00	76.56	74.02	69.20	64.39	30.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	126.94	178.30	305.23	2,073.81	2,623.05	2,467.97	2,300.76	1,584.65	1,145.46	931.89	912.28	896.24	877.40	857.89	839.82	828.93	803.58

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Provincial elections heavily favored JxC

- During 2Q23, most provincial elections favored JxC, as it managed to flip 4 provinces, winning all general elections, and being strongly positioned for the bouts in CABA and PBA.
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A quick snapshot of the main parties' performance in 2Q23

1

Peronism

Peronism continued to lose voter support in the provincial elections, posting very weak showings in the elections during 2Q23. In addition, the party was unable to win any of the general elections in this period, failing to retain 4 of its provinces. The only silver lining for UxP is the fragile lead obtained in PBA.

2

Libertarians

Libertarian performances continued to be weak across the board, with its only meagre successes in Chubut and Mendoza. There continues to be a decoupling between the local and national levels, one the Libertarians seem unable to close, as all local ballots trailed Mr. Milei's by a wide margin.

3

JxC

The biggest winner from the 2Q, JxC managed to win all the electoral bouts in this period (5/5), while the primaries in CABA and PBA left the space as clear frontrunner in the first, and with significant chances in the second. In addition, 4 of JxC's victories came in previously UxP ruled provinces.

2023 Electoral Calendar



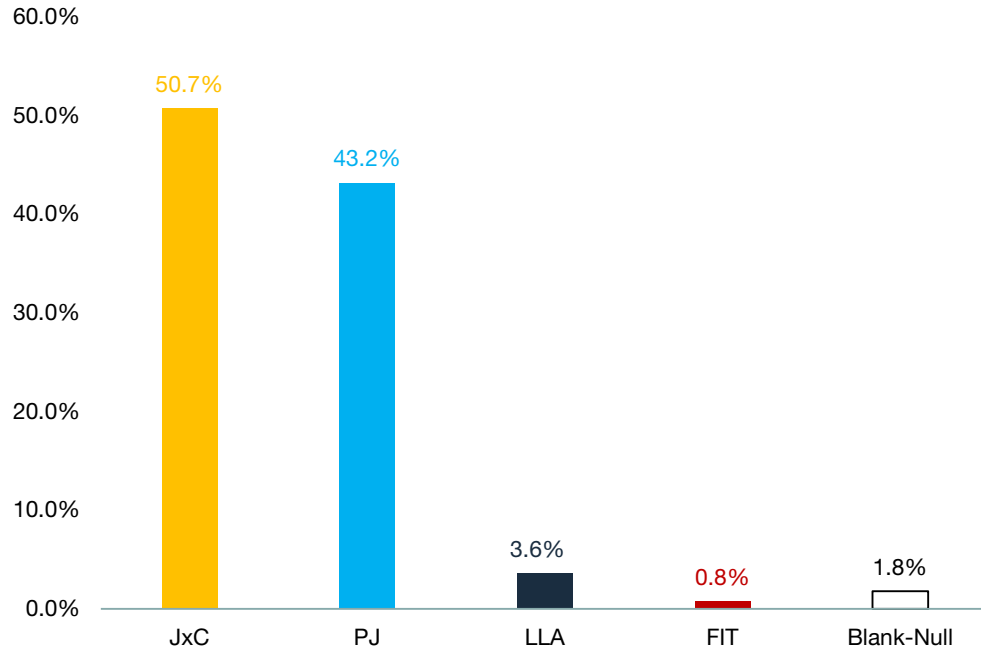
Note:
1: Does not vote for Governor. Legislative election.

Source: TPCG Research

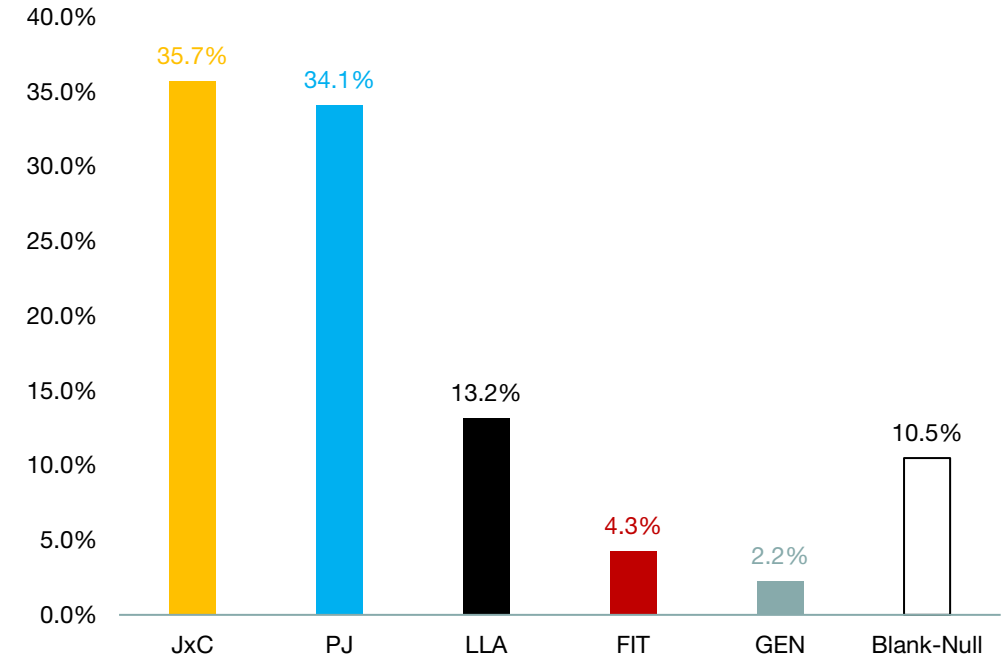
July: Twin surprise victories for JxC in San Juan and Chubut

San Juan Elections | 2023 results

Left: General Elections
Right: PASO



Chubut Elections | 2023 results



Source: TPCG Research based on Provincial Electoral Organs

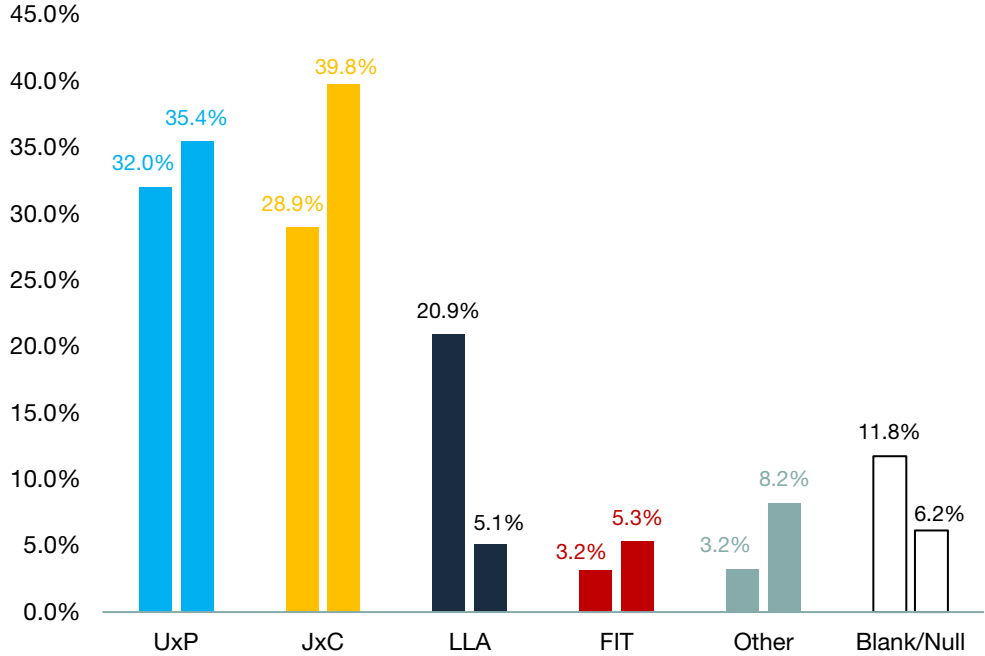
In early July, Mr. Orrego obtained a clear victory in San Juan, marking the first pure JxC win at the provincial level. Due to the Ley de Lemas, the party obtained 50.7% of the votes, edging Peronism by a comfortable 7.5pp margin.

The second surprise of July came in the shape of Mr. Torres' win in Chubut. There, he managed to grind out a very tight victory (by 1.6pp) against the local strain of Peronism, amidst a solid performance of the local LLA movement.

August: the PASO convey a tight race in PBA and policy continuity in CABA

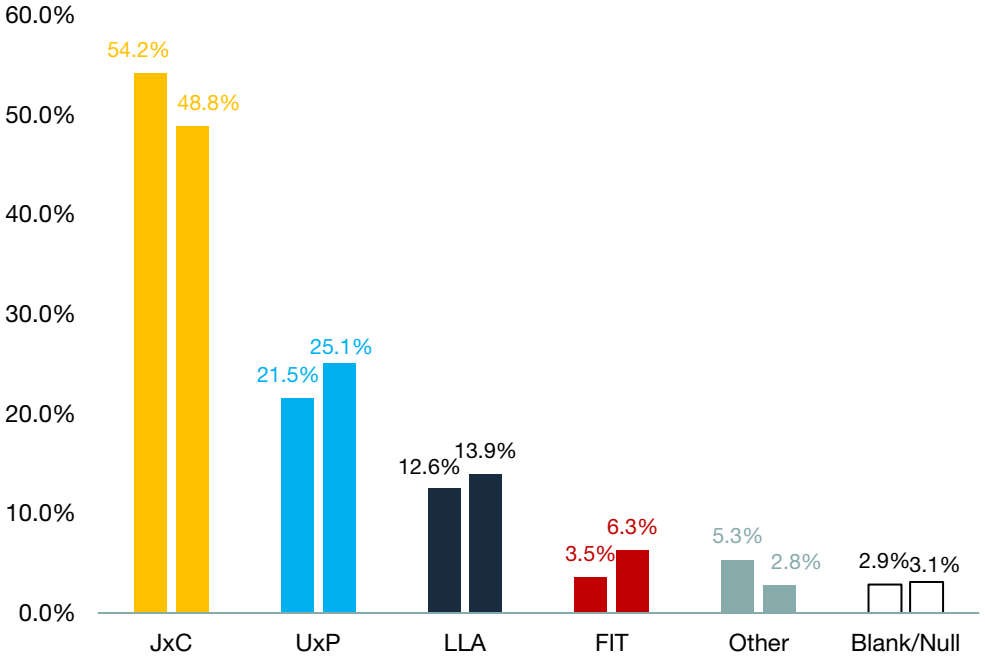
PASO Election Results | PBA

Left 2023 , Right 2021



PASO Election Results | CABA

Left 2023 , Right 2021



Source: TPCG Research based on Provincial Electoral Organs

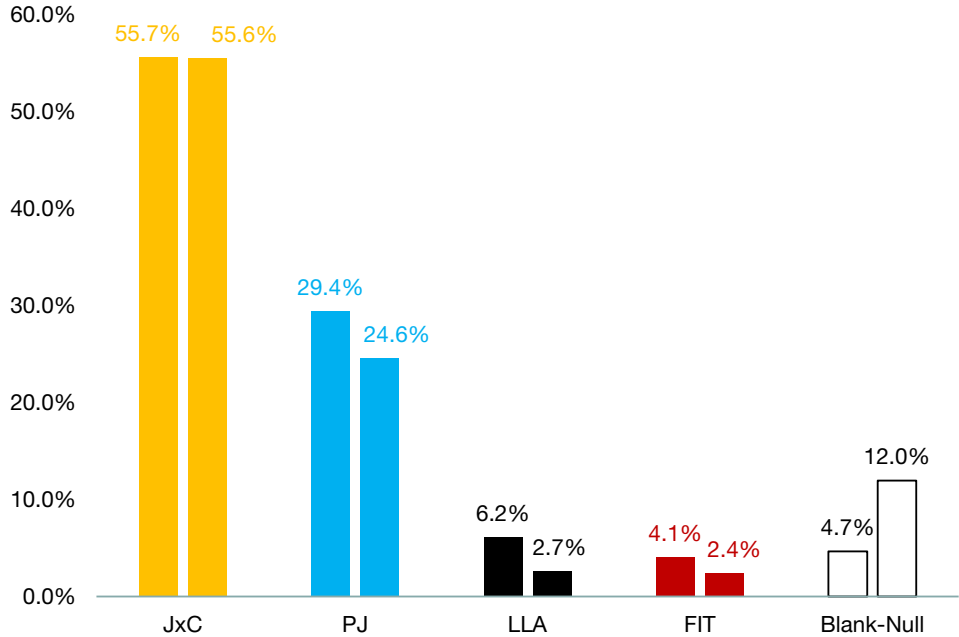
In PBA, the surge of LLA, positioning itself as a strong third force, allowed a weakened Mr. Kiciloff to remain as frontrunner. We believe that either a tactical weakening of Mrs. Piparo, or an increase in participation rates should put Mr. Kiciloff against the ropes, in a race that remains wide open.

The PASO in CABA left JxC as the clear winner, amidst a weak showing of LLA. We expect JxC to secure policy continuity, albeit the competitive primary fueled some overperformance in the space, which could dilute, as tactical voting is dialed back.

September: JxC found sure footing winning Santa Fe, Chaco and Mendoza in a row

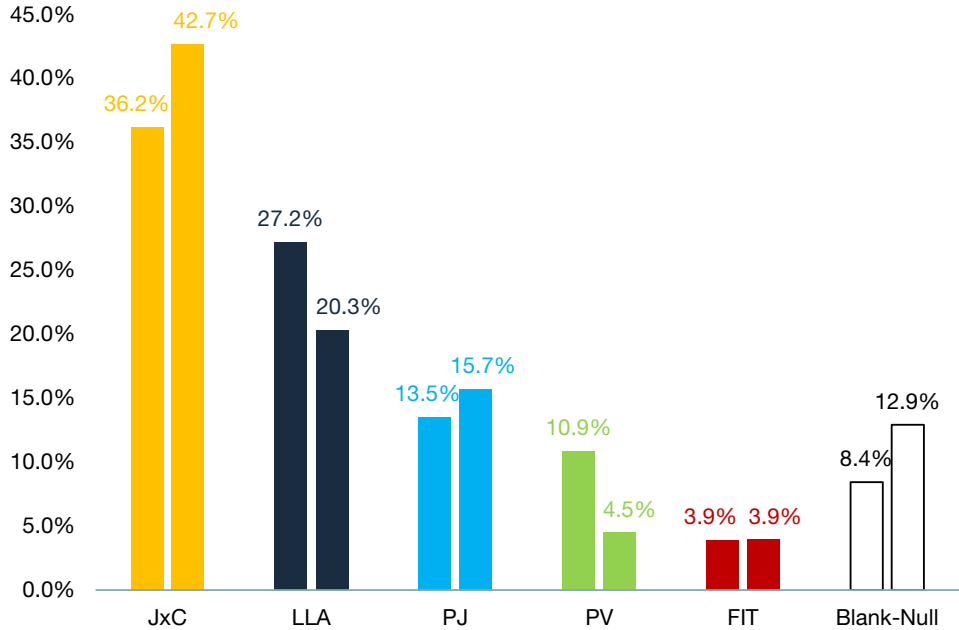
Santa Fe Elections | 2023 results

Left: General Elections
Right: PASO



Mendoza Elections | 2023 results

Left: General Elections
Right: PASO



Source: TPCG Research based on Provincial Electoral Organs

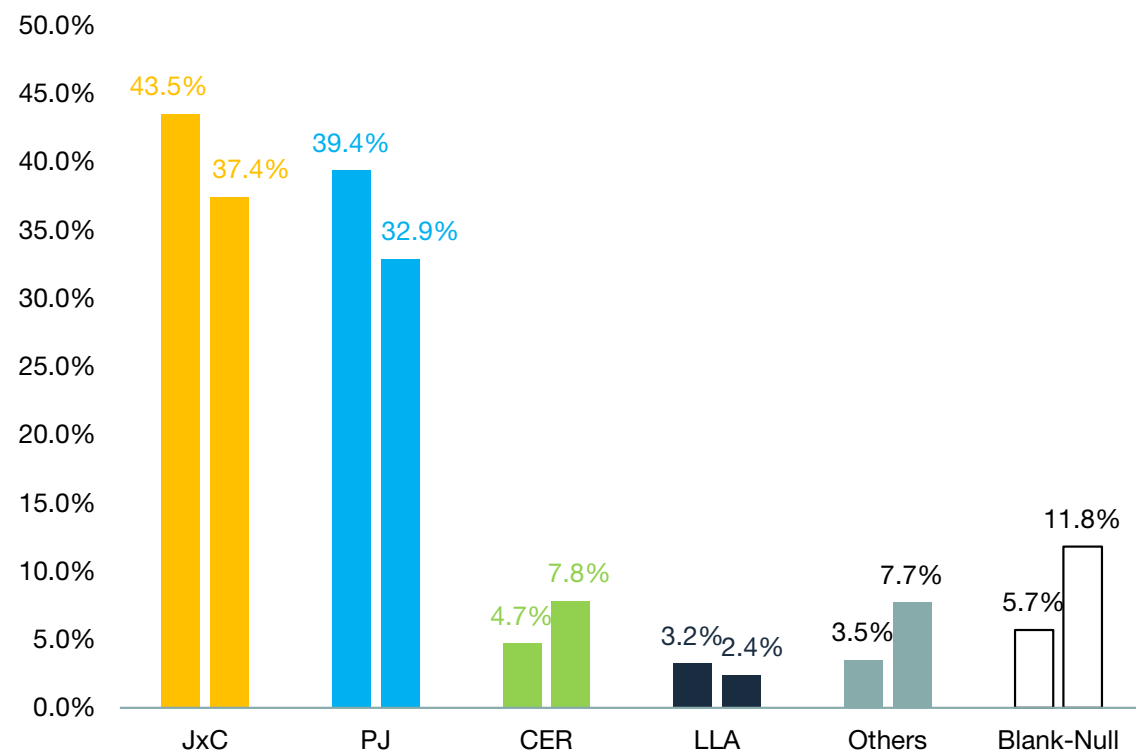
In Santa Fe, a JxC alliance with the local Socialist Party obtained an overwhelming victory, ousting the current Peronist administration. In fact, Peronism lost nearly 10pp of votes relative to 2019, marking a steep drop in voter support.

Unsurprisingly, elections in Mendoza were consistent with policy continuity for JxC. Peronism clocked in nearly 21.5pp below their 2019 ratings, and a local force composed of ex- PRO, UCR and CC, in alliance with LLA avoided a landslide JXC win.

The surprise JxC win in Chaco ended a 16-year Peronist stint in the province

Chaco Elections | 2023 results

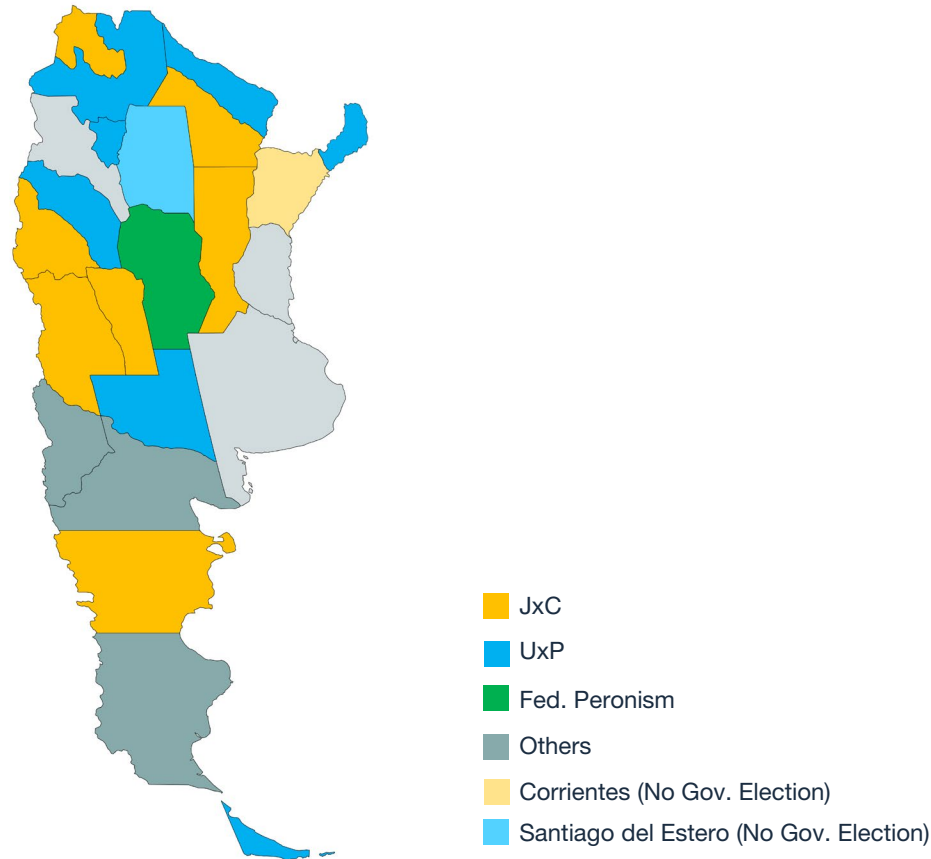
Left: General Elections
Right: PASO



Source: TPCG Research based on Provincial Electoral Organs

- » On the provincial elections, Mr. Zdero from JxC managed to obtain a first-round win in Chaco, edging peronism by 4.1pp. The results were consistent with the trend exhibited by the local PASO, which hinted at the end of the 16- year Peronist stint in charge of the province.
- » Relative to 2019, JxC gained nearly 15pp worth of votes, while peronism saw its vote tally decrease from 45.1% to 39.4% (5.7pp). Only counting positive votes, JxC obtained 46.13% of the votes. According to the laws of the province, this allowed JxC to secure the governorship without the need for a ballotage.
- » Both JxC and Peronism experienced significant increases in voting support from the PASO to the general elections, mostly to the detriment of the smaller parties in the race. In addition, Blank and Null votes halved since the PASO, fueling the main contenders.

Our key takeaways from the provincial elections



- » The results of the provincial elections in this period were mostly consistent with our overarching view of the local political space. Generally, weakened Peronist administrations were unable to withstand the electorate’s desire for change in a context of very low voter satisfaction, which translated into very low turnout figures, and a high volume of null and blank votes.
- » Libertarian performances seem to have been boosted by the victory at the National level in the PASO. However, in most cases the LLA ballots showcased a very large spread with Milei’s national counterpart.
- » Even if JxC emerged victorious in most provincial outings during 2Q, it is difficult to translate this performance at the local level with an increase in support at the national level, where polls exhibit a substantial Libertarian dominance.
- » We believe most of the changes in political color in the provinces are credit positive. However, the uncertain scenario at the national levels muddles our outlook for the provincial governments.

Source: TPCG Research based on Tribunal Supremo Electoral

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Fiscal Balances are poised to worsen in 2024

- The recent introduction of the new Income Tax law will cause an average drop in provincial revenues of around 3.9%, compromising fiscal positions.
- Both PBA and La Rioja are very vulnerable to reductions in Discretionary transfers, facing a complex situation ahead of a regime change.

Fiscal performance and Metrics: A credit- by-credit view

- In 2Q23, the average fiscal surplus weakened vs. 2Q22 standing at +2.6% of revenues.
- The acceleration in spending was almost enough to erode most primary surpluses, mainly due to the electoral process entering its key stages.

The recent Income Tax law will strain provincial finances significantly

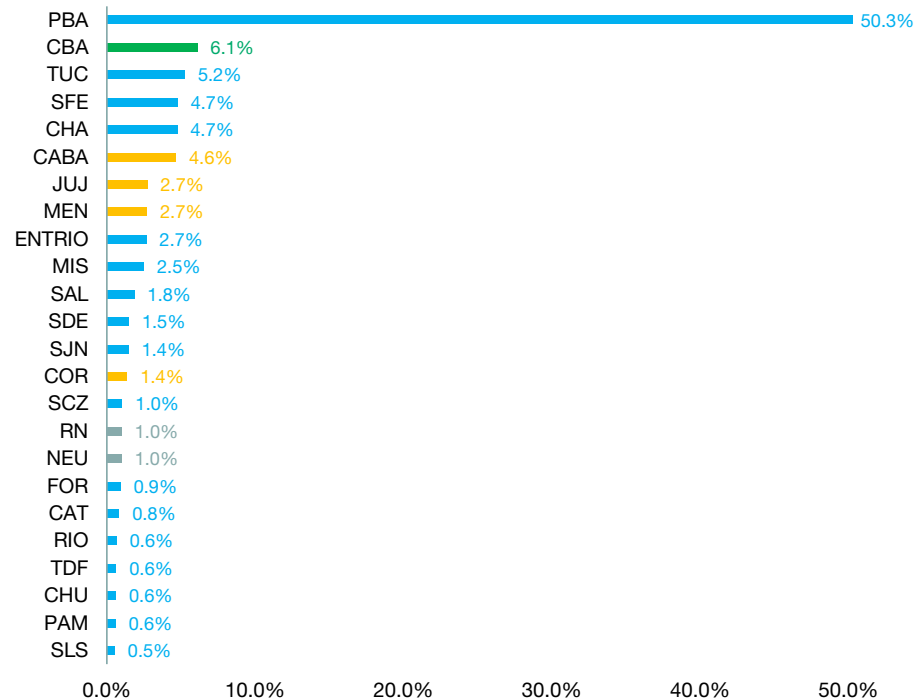
Loss of Income	ARSmn	% of GDP	USDmn	Automatic Transfers 2024	as % of Forecasted Automatic Transfers	Automatic Transfers as % of Income	As % of Income Sources
Provinces with Outstanding USD Debt							
La Rioja	34,399	0.01%	57	505,991	6.8%	84.0%	5.7%
Jujuy	47,199	0.01%	78	703,116	6.7%	77.7%	5.2%
Tierra del Fuego	20,490	0.01%	34	301,010	6.8%	69.0%	4.7%
Chaco	82,878	0.02%	137	1,247,198	6.6%	69.6%	4.6%
Salta	63,679	0.02%	105	975,463	6.5%	67.6%	4.4%
Río Negro	41,919	0.01%	69	619,608	6.8%	64.7%	4.4%
Entre Ríos	81,118	0.02%	134	1,205,359	6.7%	57.7%	3.9%
Mendoza	69,279	0.02%	114	1,030,882	6.7%	53.5%	3.6%
Santa Fe	148,477	0.04%	245	2,248,257	6.6%	52.9%	3.5%
Córdoba	147,517	0.04%	243	2,187,967	6.7%	47.4%	3.2%
Chubut	26,274	0.01%	43	396,729	6.6%	34.9%	2.3%
PBA	364,832	0.10%	601	6,034,507	6.0%	37.8%	2.3%
Neuquén	28,834	0.01%	48	436,084	6.6%	20.3%	1.3%
CABA	40,980	0.01%	68	567,116	7.2%	10.8%	0.8%
Rest							
Santiago del Estero	68,639	0.02%	113	1,024,815	6.7%	83.0%	5.6%
Catamarca	45,759	0.01%	75	666,381	6.9%	77.7%	5.3%
San Juan	56,159	0.02%	93	824,759	6.8%	76.8%	5.2%
Formosa	60,479	0.02%	100	898,904	6.7%	77.1%	5.2%
San Luis	37,919	0.01%	62	551,105	6.9%	74.3%	5.1%
Corrientes	61,759	0.02%	102	940,582	6.6%	72.3%	4.7%
La Pampa	31,199	0.01%	51	465,066	6.7%	52.2%	3.5%
Misiones	54,879	0.02%	90	841,105	6.5%	51.4%	3.4%
Tucumán	79,038	0.02%	130	1,182,940	6.7%	46.0%	3.1%
Santa Cruz	26,274	0.01%	43	389,363	6.7%	40.2%	2.7%

- » The measure is poised to impact the 2024 budget significantly, as it is forecasted to cause a 0.84pp of GDP drop in Income sources including falls in National and Provincial Revenues. In this context, the brunt of the measure will be endured by the Provinces, as the sub-sovereign space as a whole will be more affected by the newly instituted regime than the National Government.
- » In accordance with the established coparticipation system, this loss is split as follows. The National Treasury will endure a -0.3pp of GDP drop in collection, which compounds with an -0.02pp loss for the AFIP, a -0.03pp drop in Judicial Power revenues, a -0.01% reduction in the ATNs fund, and finally, a -0.48pp decrease in Provincial income. These calculations are made for the 2024 period, based on the macroeconomic assumptions made in the 2024 budget presented in Congress.
- » While the loss is expected to be compensated by the national government, it is yet to be seen how this will be implemented in a context of economic turmoil and budget cuts.

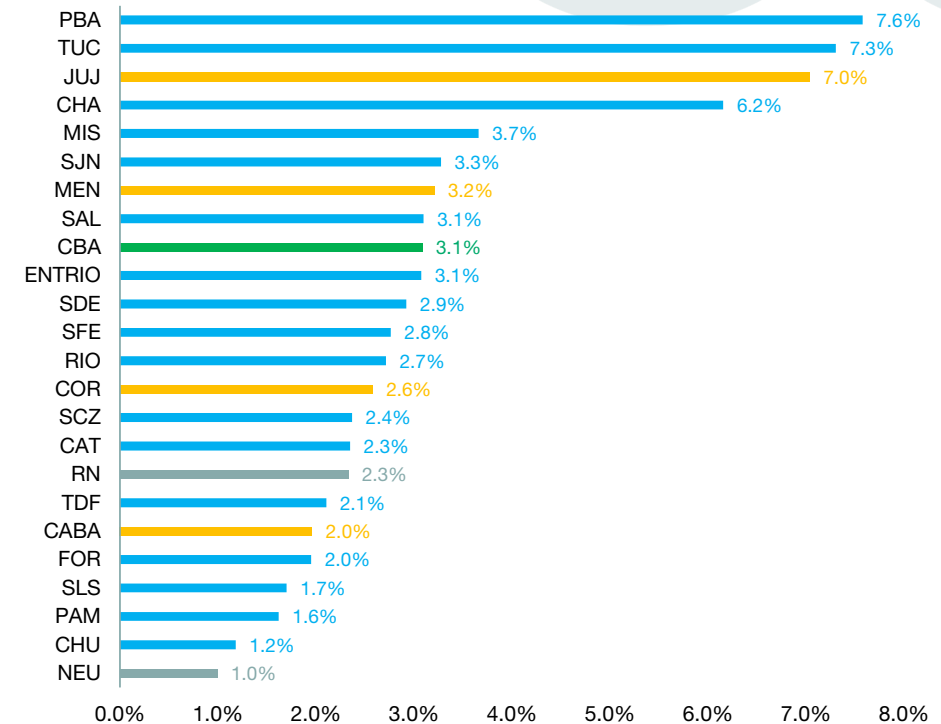
Source: TPCG Research

Discretionary Transfers heavily favor PBA, and explain its fiscal performance

Share of Discretionary transfers | as % of Total



Share of Discretionary transfers | as % of income



Source: TPCG Research based on Economy Ministry

PBA received in 1Q23 nearly 50% of the total discretionary transfers sent to provinces. While in terms of the Copa scheme, the province receives less than what it contributes, the current situation leaves the province over-relying in discretionary government transfers, with an imminent regime change closing.

In addition, Discretionary transfers represent roughly 7.5% of PBA's revenue sources. In this department, Jujuy (7%) and Chaco (6.2%) are also heavily dependent on this instrument, raising questions over the robustness of their fiscal positions.

A regime change including cuts in discretionary transfers would make provincial balances bleed.

	Primary Balance LTM 2Q23		Fiscal Balance LTM 2Q23		Cons. Fiscal Balance LTM 2Q23		Δ
	Current	W/o discretionary transfers	Current	W/o discretionary transfers	Current	W/o discretionary transfers	
Quasi-Sovereign Credits	10.2%	5.6%	7.5%	2.9%	4.5%	-0.1%	-4.6pp
PBA	4.9%	-4.7%	2.0%	-7.5%	-1.5%	-11.1%	-9.6pp
CABA	16.8%	13.6%	13.2%	10.0%	13.3%	10.0%	-3.3pp
Córdoba	14.6%	10.3%	12.6%	8.4%	9.2%	4.9%	-4.2pp
Santa Fe	6.5%	2.1%	5.0%	0.7%	-2.4%	-6.7%	-4.3pp
Mendoza	8.4%	6.5%	4.6%	2.8%	4.0%	2.1%	-1.9pp
Oil & Gas Backed Credits	4.3%	2.5%	0.8%	-1.0%	-2.5%	-4.3%	-1.8pp
Chubut	10.3%	8.5%	5.8%	4.0%	2.0%	0.2%	-1.8pp
Tierra del Fuego	-0.7%	-2.8%	-3.5%	-5.6%	-5.8%	-7.9%	-2.1pp
Neuquén	3.1%	1.6%	0.0%	-1.5%	-3.6%	-5.1%	-1.5pp
Smaller Credits	5.5%	0.5%	3.1%	-1.8%	-0.1%	-4.8%	-4.6pp
Entre Ríos	13.1%	8.9%	11.5%	7.3%	-0.2%	-4.4%	-4.2pp
Salta	0.3%	-2.9%	-2.2%	-5.3%	-2.3%	-5.4%	-3.1pp
La Rioja	-1.5%	-12.8%	-3.1%	-14.4%	-5.8%	-15.4%	-9.5pp
Río Negro	1.6%	0.5%	-2.3%	-3.5%	-2.7%	-3.8%	-1.1pp
Jujuy	8.0%	2.7%	5.5%	0.3%	5.5%	0.3%	5.2pp
Chaco	11.3%	6.6%	9.5%	4.8%	4.6%	0.0%	4.7pp

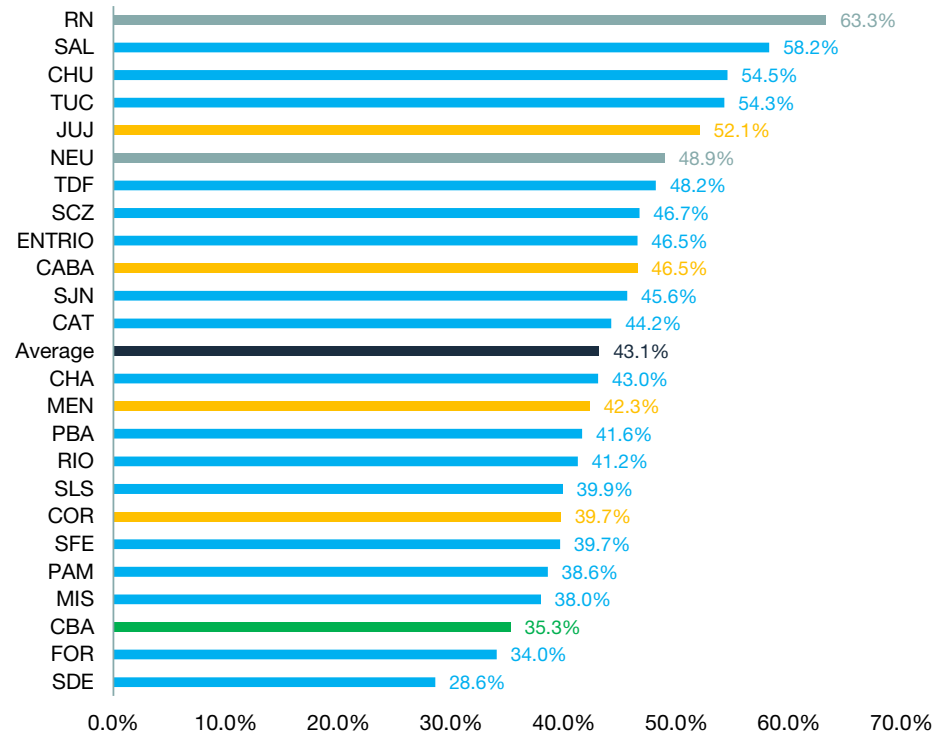
Source: TPCG Research based on Economy Ministry and E&R

With the discretionary transfer scheme poised to be revised by any new administration, provincial balances could rapidly worsen if resources are reassigned. In this context, both PBA's and La Rioja's fiscal position could worsen by 9.6pp of revenues.

The provinces which would show more resilience to cuts in this department are, unsurprisingly, CABA and Córdoba, as several balances would be painted red by cuts. However, the direction and magnitude of said trims are still an open question.

In a context of inflexible outlays, a difficult 2024 will surely strain provincial budgets

Personnel Expenditure | as % of Total



- » We find fiscal positions are very vulnerable to a spike in inflationary pressures, as a majority of their spending is indexed, while in turn the impact on revenues would be mixed. On average, Personnel expenditure composes 43% of provincial outlays. These are both inelastic, and indexed, meaning that in a context of crisis, they will mostly keep up with inflation, or at the very least, trail it closely.
- » Instead, income sources should be less able to keep up with inflation. Furthermore, the impact the economic turmoil will have on economic activity should also reduce both national and provincial tax collections on real terms, hitting revenue streams on both sides.
- » Finally, any compression in the BCS gap will dilute the provinces' comparative advantage of sourcing their debt services at the official FX rate. This has kept leverage and debt service ratios artificially low. With the end of the BCS gap, serving debt will become much more painful for the provinces, especially in a context of weaker fiscal balances.

Source: TPCG Research based on Economy Ministry

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- The acceleration in spending was almost enough to erode most primary surpluses, mainly due to the electoral process entering its key stages.

City of BA: the fiscal surplus remained stable in 2Q23 at 8.65% of revenues

CABA - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	678,609	1,322,630	94.90%	507,040	1,172,134	131.17%	277,780	666,938	140.10%
Current Revenue	674,751	1,302,474	93.03%	500,950	1,152,259	130.01%	275,508	656,644	138.34%
Provincial taxes	532,991	1,017,915	90.98%	396,640	934,373	135.57%	216,202	517,922	139.56%
Federal taxes	73,483	141,448	92.49%	55,513	117,952	112.48%	33,927	71,152	109.72%
Other non-tax	26,213	71,555	172.98%	20,850	78,750	277.69%	12,273	56,369	359.31%
Royalties	0	0	-	0	0	-	0	0	-
Discretionary Federal Gov transfers	42,064	71,556	70.11%	27,947	21,184	-24.20%	13,107	11,202	-14.54%
Capital Revenue	3,858	20,156	422.40%	6,090	19,875	226.36%	2,273	10,294	352.99%
Financial investment	220	374	70.12%	162	139	-13.88%	141	77	-45.23%
Transfers	125	2,681	2044.71%	550	1,899	245.50%	364	1,888	418.74%
Other	3,513	17,101	386.75%	5,379	17,836	231.62%	1,768	8,329	371.19%
Primary Spending	634,252	1,134,406	78.86%	383,454	902,154	135.27%	238,023	583,668	145.21%
Current Expenditures	551,871	959,983	73.95%	343,112	781,778	127.85%	207,478	495,386	138.77%
Personnel spending	305,858	528,443	72.77%	211,037	466,783	121.19%	122,688	276,180	125.11%
Goods and services	160,678	282,095	75.57%	79,774	196,838	146.74%	51,718	145,991	182.29%
Transfers to public sector	26,835	53,388	98.95%	18,828	45,001	139.01%	13,287	26,956	102.87%
Other transfers & expenditures	58,500	96,057	64.20%	33,473	73,155	118.55%	19,785	46,259	133.81%
Capital Expenditures	82,380	174,423	111.73%	40,342	120,376	198.39%	30,545	88,282	189.02%
Real Investment	81,354	172,960	112.60%	39,849	118,737	197.97%	30,175	86,906	188.00%
Financial invest.	271	308	13.55%	70	1,024	1358.86%	62	969	1464.40%
Capital transfers	755	1,156	53.07%	422	615	45.68%	308	407	32.26%
Primary balance	44357	188224		123586	269980		39757	83270	
as % of revenues	6.54%	14.23%	7.69pp	24.37%	23.03%	-1.34pp	14.31%	12.49%	-1.83pp
Debt interest	50,852	57,507	13.1%	26,275	40,185	52.9%	15,528	25,607	64.9%
Fiscal balance	-6494	130718		97311	229795		24229	57663	
as % of revenues	-0.96%	9.88%	10.84pp	19.19%	19.60%	.41pp	8.72%	8.65%	-.08pp
Social security and other	-871	3,155	-462.2%	2,595	202	-	2,597	214	-91.8%
Consolidated fiscal balance	-7365	133872		99906	229997		26826	57877	
as % of revenues	-1.09%	10.12%	11.21pp	19.70%	19.62%	-.08pp	9.66%	8.68%	-.98pp

How we read it:

- » In 2Q23, the total revenue increased by 140.1%yoy, over inflation pace. Regarding the current revenue, it grew by 138.3%yoy, with all lines increasing excluding the disc. transfers. The capital revenue did it by 353%yoy, though its contribution remains small.
- » The primary spending accelerated substantially from FY22, increasing by 145.2%yoy outpacing income sources. The current expenditures did it by 138.77%, being Goods & Services and Other Transfers & Expenditures the segments increasing the most. Capex spiked, going up by 189%yoy, highly influenced by the financial and real investment lines.
- » All in all, the primary surplus weakened slightly to 12.49% of revenues. After considering the debt interest services, the fiscal surplus remained mostly stable at 8.65% of revenues. For the 6M23, the consolidated balance remained also flat at 19.6% of revenues.

Source: TPCG Research based on Province's filing and E&R

The City's leverage position stands at 24.6% of revenues

CABA	Debt Outstanding		YTD Services*		
	USD mn	2Q22	2Q23	Interest	Capital
	USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	22	17	10	2	
Multilateral	639	571	30	6	
Banks	29	26	2	0	
Consolidated Debt	0	0	0	0	
Bonds	1,536	1,292	148	74	
Total Outstanding	2,227	1,906	190	82	
Total Services			272		

Ratios - CABA	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	64.1%	71.7%	78.5%	77.0%	78.3%
Federal Taxes / Total Revenues	23.1%	22.0%	10.8%	10.7%	10.3%
Total Fed. Funds / Total Revenues	26.2%	23.6%	17.0%	16.1%	13.5%
Personnel Spend. / Total Expenditures	45.8%	50.1%	48.2%	46.6%	47.4%
Debt Interests / Total Revenues	9.0%	8.2%	7.5%	4.3%	3.6%
CapEx / Total Expenditures	20.4%	11.7%	13.0%	15.4%	15.4%
Primary Balance / Total Revenues	3.7%	0.9%	6.5%	14.2%	16.8%
Fiscal Balance / Total Revenues	-5.3%	-7.3%	-1.0%	9.9%	13.2%
Debt Services / Total Revenues	12.2%	11.7%	12.5%	7.1%	4.8%
Total Debt / Total Revenues	47.5%	53.1%	40.0%	27.5%	24.6%

Source: TPCG Research based on Province's filing and E&R

The City's total debt closed at USD 1.9bn, dropping from FY22 given a decrease in debt with the national government, multilateral, and bonds. The percentage of foreign currency debt stands at 81%.

The City maintains a buoyant fiscal position, now standing nearly record high levels. This also compounds with very healthy leverage metrics, which remain minimal.

Province of BA: the consolidated deficit fell -0.3pppyoy in 2Q23 to -0.52% of rev.

PBA - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	1,826,129	3,316,300	81.60%	1,375,886	2,745,692	99.56%	774,327	1,558,939	101.33%
Current Revenue	1,810,471	3,307,181	82.67%	1,372,264	2,738,348	99.55%	772,507	1,555,265	101.33%
Provincial taxes	792,679	1,410,576	77.95%	593,331	1,160,754	95.63%	325,760	640,431	96.60%
Federal taxes	807,271	1,471,987	82.34%	608,430	1,232,079	102.50%	351,478	722,508	105.56%
Other non-tax	35,701	114,811	221.59%	35,884	72,750	102.74%	18,089	36,518	101.88%
Royalties	0	0	-	0	0	-	0	0	-
Discretionary Federal Gov transfers	174,820	309,807	77.22%	134,619	272,764	102.62%	77,181	155,809	101.88%
Capital Revenue	15,658	9,118	-41.77%	3,623	7,345	102.74%	1,820	3,674	101.88%
Financial investment	738	390	-47.10%	164	333	102.74%	83	167	101.88%
Transfers	14,920	8,728	-41.50%	3,458	7,011	102.74%	1,737	3,507	101.88%
Other	0	0	-	0	0	-	0	0	-
Primary Spending	1,768,755	3,253,808	83.96%	1,222,938	2,426,960	98.45%	725,701	1,465,012	101.88%
Current Expenditures	1,653,034	2,971,647	79.77%	1,148,285	2,275,826	98.19%	675,664	1,364,000	101.88%
Personnel spending	910,981	1,645,111	80.59%	669,337	1,305,549	95.05%	391,784	790,915	101.88%
Goods and services	129,647	225,952	74.28%	68,580	138,899	102.54%	42,568	85,934	101.88%
Transfers to public sector	261,654	472,945	80.75%	202,116	409,651	102.68%	108,678	219,395	101.88%
Other transfers & expenditures	350,751	627,640	78.94%	208,252	421,727	102.51%	132,634	267,756	101.88%
Capital Expenditures	115,721	282,160	143.83%	74,653	151,134	102.45%	50,037	101,012	101.88%
Real Investment	58,559	133,909	128.67%	33,697	68,226	102.47%	22,191	44,798	101.88%
Financial invest.	19,671	50,930	158.90%	14,450	29,274	102.59%	8,506	17,172	101.88%
Capital transfers	37,491	97,322	159.59%	26,506	53,635	102.35%	19,340	39,042	101.88%
Primary balance	57374	62492		152948	318732	108.39%	48626	93928	
as % of revenues	3.14%	1.88%	-1.26pp	23.62%	24.97%	.06pp	6.28%	6.03%	-.25pp
Debt interest	68,361	93,558	36.86%	38,287	77,723	103.00%	13,609	27,474	101.88%
Fiscal balance	-10987	-31066		114661	241009	110.2%	35017	66454	
as % of revenues	-0.60%	-0.94%	-.34pp	17.76%	18.97%	.07pp	4.52%	4.26%	-.26pp
Social security and other	-83,725	-114,040	36.21%	-51,781	-104,793	102.38%	-36,910	-74,512	101.88%
Consolidated fiscal balance	-94712	-145106		62880	136216	116.6%	-1893	-8058	
as % of revenues	-5.19%	-4.38%	.81pp	10.52%	11.64%	.11pp	-0.24%	-0.52%	-.27pp

How we read it:

- » During 2Q23, the total revenue grew by 101.3%yoy below the inflation pace but at a similar one when compared to spending. The current revenue increased by 101.3%yoy, with the provincial taxes growing well below inflation, while federal taxes managed to edge it marginally. The capital revenue grew by 101.8%yoy.
- » The primary spending did it at 101.8%yoy. All segments exhibited a similar performance during this period, including Capex.
- » All in all, the primary surplus went down by 0.25pppyoy to 6.03% of revenues. After considering higher debt interests and Soc.Sec expenses, the consolidated surplus closed at -0.52% of revenues, -0.27pppyoy.

Source: TPCG Research based on Province's filing and E&R

PBA's leverage position increased to 57.1% of revenues

PBA	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	161	130	22	30
Multilateral	969	892	14	31
Banks	2	2	0	0
Consolidated Debt	0	0	0	0
Bonds	9,645	9,391	331	523
Total Outstanding	10,776	10,414	367	584
Total Services			951	

Ratios - PBA	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	44.0%	40.8%	43.4%	42.5%	42.2%
Federal Taxes / Total Revenues	43.4%	43.9%	44.2%	44.4%	44.7%
Total Fed. Funds / Total Revenues	50.0%	57.8%	53.8%	53.7%	54.3%
Personnel Spend. / Total Expenditures	57.3%	53.4%	51.5%	50.6%	51.2%
Debt Interests / Total Revenues	9.2%	3.6%	3.7%	2.8%	2.8%
CapEx / Total Expenditures	5.7%	6.1%	6.5%	8.7%	8.0%
Primary Balance / Total Revenues	9.3%	4.3%	3.1%	1.9%	4.9%
Fiscal Balance / Total Revenues	0.1%	0.6%	-0.6%	-0.9%	2.0%
Debt Services / Total Revenues	18.4%	6.9%	6.1%	5.1%	5.0%
Total Debt / Total Revenues	78.5%	75.4%	64.1%	53.8%	57.1%

Source: TPCG Research based on Province's filing and E&R

The province's total debt position closed at USD 10.4bn, from which most of it is in the form of bonds. Around 86% of the total debt is denominated in foreign currency.

The leverage position increased slightly to 57.1% of revenues in the period. The share distribution of provincial and federal taxes tilted slightly in the latter's favor during the first 6 months of the year.

Cordoba: the consolidated surplus fell by 5.7ppyoY to 10.4% of rev. in 6M23

Cordoba - ARS mn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	572,622	1,025,942	79.17%	424,531	931,760	119.48%	246,202	567,058	130.32%
Current Revenue	561,454	1,010,344	79.95%	418,252	920,371	120.05%	242,678	560,786	131.08%
Provincial taxes	184,432	314,013	70.26%	134,221	260,704	94.23%	70,804	143,154	102.18%
Federal taxes	294,301	543,320	84.61%	220,565	457,184	107.28%	129,440	271,585	109.82%
Other non-tax	43,075	105,071	143.92%	43,728	166,026	279.68%	31,594	125,019	295.71%
Royalties	0	0	-	0	0	-	0	0	-
Discretionary Federal Gov transfers	39,645	47,940	20.92%	19,738	36,458	84.70%	10,841	21,029	93.98%
Capital Revenue	11,168	15,598	39.67%	6,279	11,389	81.39%	3,524	6,272	77.97%
Financial investment	798	1,628	104.03%	745	1,438	93.11%	450	783	74.00%
Transfers	10,370	13,970	34.71%	5,534	9,951	79.81%	3,074	5,488	78.56%
Other	0	0	-	0	11	-	0	11	-
Primary Spending	467,534	867,244	85.49%	332,087	774,813	133.32%	197,466	471,252	138.65%
Current Expenditures	408,348	703,359	72.25%	286,490	627,665	119.09%	166,306	380,621	128.87%
Personnel spending	208,937	369,487	76.84%	152,891	354,989	132.18%	88,430	213,698	141.66%
Goods and services	64,849	94,976	46.46%	36,248	74,541	105.64%	22,306	47,324	112.15%
Transfers to public sector	88,601	158,951	79.40%	64,305	132,668	106.31%	36,081	79,458	120.22%
Other transfers & expenditures	45,961	79,945	73.94%	33,047	65,467	98.10%	19,489	40,141	105.97%
Capital Expenditures	59,186	163,885	176.90%	45,596	147,148	222.72%	31,160	90,631	190.86%
Real Investment	43,376	118,489	173.16%	35,154	109,455	211.35%	23,295	65,719	182.12%
Financial invest.	9,042	27,177	200.55%	5,108	24,687	383.29%	3,439	16,125	368.82%
Capital transfers	6,767	18,220	169.23%	5,334	13,006	143.84%	4,425	8,787	98.57%
Primary balance	105088	158698		92444	156947		48736	95806	
as % of revenues	18.35%	15.47%	-2.88pp	21.78%	16.84%	-4.93pp	19.80%	16.90%	-2.9pp
Debt interest	13,078	18,833	44.0%	7,139	17,965	151.6%	5,306	13,966	163.2%
Fiscal balance	92010	139865		85305	138983		43430	81840	
as % of revenues	16.07%	13.63%	-2.44pp	20.09%	14.92%	-5.18pp	17.64%	14.43%	-3.21pp
Social security and other	-24,415	-28,056	14.9%	-16,968	-41,922	147.1%	-10,104	-34,052	237.0%
Consolidated fiscal balance	67596	111808		68337	97060		33326	47789	
as % of revenues	11.80%	10.90%	-.91pp	16.10%	10.42%	-5.68pp	13.54%	8.43%	-5.11pp

How we read it:

- » In 2Q23, the total revenue grew by 130.3%yoy, above the inflation pace but below spending. Within the first one, the only line that posted real growth was other non-tax revenues. The primary spending accelerated substantially with personnel spending going up by 141.6%yoy, and capex by 190.9%yoy. Combining both, the primary surplus narrowed by 2.9ppyoY to 16.9% of revenues. After considering the debt interest services and Soc.Sec. spending, the consolidated surplus dropped by 5.1ppyoY to 8.4% of revenues.
- » For the 6M23 period, the primary surplus fell by 4.9ppyoY to 16.8% of revenues, after an acceleration in spending that outpaced the revenue growth pace by a 14pp margin. Factoring in the debt interests and social security and other expenses, the consolidated surplus closed at 10.4% of revenues, going down by 5.7ppyoY.

Source: TPCG Research based on Province's filing and E&R

Cordoba's leverage position closed at 40.4% of revenues

Cordoba	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	99	92	3	17
Multilateral	545	416	13	28
Banks	0	155	1	8
Consolidated Debt	0	0	0	0
Bonds	1,867	1,751	52	53
Total Outstanding	2,511	2,414	68	105
Total Services			173	

Ratios - Cordoba	2019	2020	2021	2022	LTM 1Q23
Provincial Taxes / Total Revenues	29.3%	32.6%	32.2%	30.6%	28.7%
Federal Taxes / Total Revenues	52.4%	52.0%	51.4%	53.0%	50.9%
Total Fed. Funds / Total Revenues	57.7%	59.7%	58.3%	57.6%	55.1%
Personnel Spend. / Total Expenditures	47.7%	49.3%	44.7%	42.6%	43.6%
Debt Interests / Total Revenues	4.0%	3.3%	2.3%	1.8%	1.9%
CapEx / Total Expenditures	14.5%	9.6%	12.7%	18.9%	20.3%
Primary Balance / Total Revenues	9.6%	15.7%	18.4%	15.5%	14.6%
Fiscal Balance / Total Revenues	5.7%	12.4%	16.1%	13.6%	12.6%
Debt Services / Total Revenues	6.2%	6.7%	5.6%	3.7%	3.9%
Total Debt / Total Revenues	63.5%	66.4%	48.4%	41.3%	40.4%

Source: TPCG Research based on Province's filing and E&R

PDCAR's total debt dropped in 2Q23, reaching USD 2.4bn. During the 2Q23, the province started to sink its global notes, for an amount close to USD 120mn. Total debt denominated in foreign currency stands at 89.1%.

The province's leverage position closed the period at 40.4% of revenues. The capex continued growing, influenced by the electoral calendar, now reaching 20.3% of total expenditures.

Santa Fe: overview of 2Q23 figures

Santa Fe - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	518,906	933,526	79.90%	381,724	760,687	99.28%	221,267	442,619	100.04%
Current Revenue	512,348	919,574	79.48%	375,412	754,508	100.98%	217,278	439,230	102.15%
Provincial taxes	163,377	285,107	74.51%	119,517	229,632	92.13%	66,077	128,665	94.72%
Federal taxes	298,181	550,629	84.66%	223,492	462,082	106.76%	131,012	274,108	109.22%
Other non-tax	22,594	37,366	65.38%	12,889	33,186	157.47%	7,473	16,202	116.81%
Royalties	0	0	-	0	0	-	0	0	-
Discretionary Federal Gov transfers	28,196	46,472	64.81%	19,514	29,607	51.72%	12,716	20,256	59.29%
Capital Revenue	6,559	13,952	112.74%	6,312	6,180	-2.10%	3,989	3,389	-15.03%
Financial investment	773	2,185	182.71%	457	683	49.50%	245	373	52.22%
Transfers	5,780	11,757	103.41%	5,848	5,486	-6.19%	3,737	3,010	-19.45%
Other	6	11	83.11%	7	11	51.29%	7	6	-8.91%
Primary Spending	464,770	846,956	82.23%	336,133	716,988	113.30%	196,753	400,377	103.49%
Current Expenditures	419,540	756,240	80.25%	304,901	647,993	112.53%	176,798	367,054	107.61%
Personnel spending	231,577	421,361	81.95%	172,893	394,269	128.04%	102,299	231,757	126.55%
Goods and services	43,389	70,569	62.64%	27,905	49,023	75.68%	15,906	22,175	39.41%
Transfers to public sector	59,801	109,162	82.54%	42,737	81,173	89.94%	22,846	45,460	98.98%
Other transfers & expenditures	84,773	155,148	83.02%	61,367	123,528	101.29%	35,747	67,662	89.28%
Capital Expenditures	45,229	90,716	100.57%	31,232	68,995	120.91%	19,955	33,323	66.99%
Real Investment	34,949	68,046	94.70%	24,356	58,553	140.41%	15,257	29,087	90.65%
Financial invest.	864	1,807	109.23%	992	1,328	33.87%	884	566	-35.95%
Capital transfers	9,417	20,863	121.56%	5,884	9,113	54.88%	3,813	3,670	-3.77%
Primary balance	54137	86570		45590	43699		24514	42242	
as % of revenues	10.43%	9.27%	-1.16pp	11.94%	5.74%	-6.2pp	11.08%	9.54%	-1.54pp
Debt interest	8,199	12,706	55.0%	5,252	11,497	118.9%	2,812	7,505	166.9%
Fiscal balance	45938	73864		40338	32201		21702	34737	
as % of revenues	8.85%	7.91%	-0.94pp	10.57%	4.23%	-6.33pp	9.81%	7.85%	-1.96pp
Social security and other	-45,414	-73,259	61.3%	-45,595	-69,801	53.1%	-24,215	-33,564	38.6%
Consolidated fiscal balance	524	605		-5257	-37599		-2513	1172	
as % of revenues	0.10%	0.06%	-0.04pp	-1.38%	-4.94%	-3.57pp	-1.14%	0.26%	1.4pp

How we read it:

- » In 2Q23, the total revenue grew by 100%yoy. Within the current revenue, most lines posted an increase below inflation, with the exception of other non-tax. The capital revenue plummeted, on the back of lower transfers.
- » For spending, the increase was around 103.5%yoy, over the revenue pace. This was mostly explained by a higher-than-inflation rise in Personnel expenditure, which hiked by +126.5%yoy. Capex experienced a 67%yoy rise, well below inflation, on the back of lower capital transfers.
- » The primary surplus closed at 9.54% of revenues, falling 1.5ppyoy. After the debt interests and Soc.Sec. expenses, the consolidated balance ended at a surplus of +0.26% of revenues, improving 1.4ppyoy.
- » For the 6M23, the consolidated balance remained on deficit but widened by 3.5ppyoy to -4.9% of revenues.

Source: TPCG Research based on Province's filing and E&R

Santa Fe's main metrics

Santa Fe	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	63	50	1	15
Multilateral	162	171	6	15
Banks	91	97	21	9
Consolidated Debt	0	0	0	0
Bonds	383	358	22	95
Total Outstanding	699	676	50	134
Total Services			184	

Ratios - Santa Fe	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	32.0%	31.5%	31.5%	30.5%	30.1%
Federal Taxes / Total Revenues	58.1%	55.9%	57.5%	59.0%	60.1%
Total Fed. Funds / Total Revenues	63.2%	63.8%	62.9%	64.0%	64.4%
Personnel Spend. / Total Expenditures	52.0%	53.8%	49.8%	49.8%	52.3%
Debt Interests / Total Revenues	1.1%	1.4%	1.6%	1.4%	1.4%
CapEx / Total Expenditures	14.6%	7.8%	9.7%	10.7%	10.5%
Primary Balance / Total Revenues	0.9%	14.7%	10.4%	9.3%	6.5%
Fiscal Balance / Total Revenues	-0.2%	13.3%	8.9%	7.9%	5.0%
Debt Services / Total Revenues	1.8%	2.1%	3.2%	4.3%	4.3%
Total Debt / Total Revenues	17.2%	20.8%	17.0%	12.5%	13.2%

Source: TPCG Research based on Province's filing and E&R

Santa Fe's total debt closed the 2Q23 period at USD 676mn. The percentage of debt denominated in foreign currency stands at 79.3%.

The province's leverage position remains minimal, with total debt at 13.2% of revenues.

Mendoza: overview of 2Q23 figures

Mendoza - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	279,695	507,786	81.55%	201,065	451,449	124.53%	115,290	259,334	124.94%
Current Revenue	255,466	478,709	87.39%	188,722	406,441	115.36%	108,818	232,630	113.78%
Provincial taxes	78,460	140,712	79.34%	58,019	124,524	114.63%	31,760	67,437	112.33%
Federal taxes	140,216	260,149	85.53%	104,579	212,626	103.32%	61,200	124,727	103.80%
Other non-tax	17,796	47,798	168.60%	15,311	45,765	198.90%	9,729	28,437	192.28%
Royalties	12,659	20,146	59.14%	8,020	16,606	107.05%	4,435	9,075	104.61%
Discretionary Federal Gov transfers	6,335	9,904	56.34%	2,792	6,919	147.79%	1,693	2,955	74.54%
Capital Revenue	24,229	29,077	20.01%	12,343	45,009	264.65%	6,473	26,704	312.55%
Financial investment	651	370	-43.18%	273	474	73.78%	224	469	109.48%
Transfers	0	0	-	0	0	-	0	0	-
Other	23,578	28,707	21.75%	12,070	44,535	268.96%	6,249	26,235	319.82%
Primary Spending	256,604	458,097	78.52%	157,780	394,505	150.04%	98,391	267,331	171.70%
Current Expenditures	214,883	376,509	75.22%	138,886	303,906	118.82%	80,963	186,029	129.77%
Personnel spending	111,101	194,808	75.34%	77,909	168,805	116.67%	45,020	100,139	122.43%
Goods and services	32,916	54,539	65.69%	17,181	39,570	130.31%	11,105	26,451	138.19%
Transfers to public sector	41,878	74,460	77.80%	25,020	52,795	111.01%	12,581	33,634	167.33%
Other transfers & expenditures	28,988	52,702	81.81%	18,776	42,737	127.62%	12,257	25,806	110.55%
Capital Expenditures	41,721	81,588	95.56%	18,894	90,599	379.52%	17,428	81,302	366.50%
Real Investment	7,705	18,683	142.49%	3,789	14,098	272.11%	2,820	10,728	280.48%
Financial invest.	31,359	46,371	47.87%	12,664	64,192	406.90%	12,611	60,865	382.62%
Capital transfers	2,657	16,534	522.37%	2,441	12,309	404.19%	1,997	9,709	386.19%
Primary balance	23091	49689		43285	56944		16899	-7997	
as % of revenues	8.26%	9.79%	1.53pp	21.53%	12.61%	-8.91pp	14.66%	-3.08%	-17.74pp
Debt interest	9,145	21,334	133.3%	8,341	15,455	85.3%	3,921	6,740	71.9%
Fiscal balance	13947	28355		34944	41489		12978	-14737	
as % of revenues	4.99%	5.58%	.6pp	17.38%	9.19%	-8.19pp	11.26%	-5.68%	-16.94pp
Social security and other	-2,248	-3,913	74.1%	-1,240	-2,122	71.1%	-863	-1,408	63.2%
Consolidated fiscal balance	11699	24442		33704	39367		12115	-16146	
as % of revenues	4.18%	4.81%	.63pp	16.76%	8.72%	-8.04pp	10.51%	-6.23%	-16.73pp

How we read it:

- » In 2Q23 the revenue growth pace was 124.9%yoy, way below the the spending pace, albeit above inflation. The current revenue performed strongly in other non-tax revenue. The capital revenue rose sharply in real terms.
- » For the primary spending, the current expenditures increased by 129.7%yoy, with all segments growing over inflation. The capex followed suit spiking even further to 366.5%yoy, mostly on the back of financial investment and capital transfers. In this context, it seems the political cycle took a significant toll on the province's finances.
- » With that, the primary deficit weakened considerably, ending 2Q23 at -3.1% of revenues. After the debt interests and Soc.Sec and other expenses, the consolidated deficit widened by -16.7ppyoy to -6.2% of revenues.
- » For the 6M23, the consolidated surplus fell by 8ppyoy to 8.7% of revenues.

Source: TPCG Research based on Province's filing and E&R

Mendoza's leverage position stands below the average at 37.5% of revenues

Mendoza	Debt Outstanding		YTD Services*		
	USD mn	2Q22	2Q23	Interest	Capital
USDARS		\$ 125.22	\$ 256.73	\$ 211.90	
National Government		148	113	17	42
Multilateral		179	178	5	14
Banks		155	132	4	3
Consolidated Debt		0	0	0	0
Bonds		647	684	44	51
Total Outstanding		1,129	1,107	70	110
Total Services				179	

Ratios - Mendoza	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	35.6%	33.1%	32.6%	31.7%	31.1%
Federal Taxes / Total Revenues	46.6%	50.7%	50.1%	51.2%	48.6%
Total Fed. Funds / Total Revenues	48.3%	54.4%	52.4%	53.2%	50.4%
Personnel Spend. / Total Expenditures	51.7%	50.6%	39.7%	38.4%	37.7%
Debt Interests / Total Revenues	7.3%	4.7%	3.3%	4.2%	3.8%
CapEx / Total Expenditures	10.3%	7.7%	16.3%	17.8%	22.1%
Primary Balance / Total Revenues	-1.3%	4.1%	8.3%	9.8%	8.4%
Fiscal Balance / Total Revenues	-8.5%	-0.6%	5.0%	5.6%	4.6%
Debt Services / Total Revenues	9.6%	7.9%	8.5%	8.1%	7.9%
Total Debt / Total Revenues	59.5%	62.9%	45.2%	37.3%	37.5%

Source: TPCG Research based on Province's filing and E&R

Mendoza's total debt remained level at USD1.1bn. Total debt denominated in foreign currency stands at 60.5%.

Mendoza's leverage position closed at 37.5% of revenues, flat when compared to FY22. The capex, on the other hand, increased by 4.3pp from last year.

Neuquén: The fiscal balance improved marginally in 2Q23, but fell in the 1H23

Neuquen - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	245,956	464,754	88.96%	178,316	407,748	128.67%	99,928	231,806	131.97%
Current Revenue	240,675	455,233	89.15%	175,114	404,247	130.85%	98,239	229,319	133.43%
Provincial taxes	68,232	125,401	83.79%	48,201	114,995	138.58%	26,708	63,558	137.97%
Federal taxes	58,643	106,937	82.35%	43,444	88,555	103.84%	25,308	52,106	105.89%
Other non-tax	35,825	57,934	61.71%	21,366	50,820	137.85%	10,982	28,108	155.94%
Royalties	73,012	157,268	115.40%	58,845	143,888	144.52%	33,436	82,080	145.48%
Discretionary Federal Gov transfers	4,963	7,694	55.04%	3,258	5,990	83.85%	1,805	3,468	92.14%
Capital Revenue	5,280	9,521	80.30%	3,203	3,501	9.31%	1,689	2,488	47.31%
Financial investment	1,492	4,073	173.08%	297	609	104.90%	232	387	67.16%
Transfers	3,581	5,072	41.61%	2,760	2,578	-6.60%	1,378	1,874	35.99%
Other	207	376	81.11%	146	314	115.31%	79	227	186.11%
Primary Spending	222,245	446,294	100.81%	171,914	397,949	131.48%	102,863	233,648	127.15%
Current Expenditures	199,824	398,719	99.53%	155,677	358,930	130.56%	92,910	208,891	124.83%
Personnel spending	135,132	264,860	96.00%	106,428	248,223	133.23%	63,097	144,365	128.80%
Goods and services	24,608	55,108	123.94%	19,379	39,903	105.91%	12,961	24,272	87.27%
Transfers to public sector	31,228	63,722	104.05%	23,461	55,618	137.07%	12,827	31,807	147.96%
Other transfers & expenditures	8,855	15,029	69.71%	6,410	15,185	136.91%	4,025	8,447	109.86%
Capital Expenditures	22,421	47,575	112.19%	16,236	39,019	140.32%	9,952	24,757	148.76%
Real Investment	13,842	30,586	120.96%	10,471	26,454	152.65%	6,634	17,439	162.85%
Financial invest.	6,782	13,087	92.98%	4,819	10,709	122.20%	2,751	6,210	125.72%
Capital transfers	1,797	3,902	117.14%	946	1,856	96.15%	567	1,108	95.58%
Primary balance	23711	18460		6403	9799		-2935	-1842	
as % of revenues	9.64%	3.97%	-5.67pp	3.59%	2.40%	-1.19pp	-2.9%	-0.8%	2.14pp
Debt interest	7,503	14,409	92.05%	5,900	13,149	122.84%	3,294	8,651	162.64%
Fiscal balance	16208	4051		503	-3349		-6229	-10493	
as % of revenues	6.59%	0.87%	-5.72pp	0.28%	-0.82%	-1.1pp	-6.2%	-4.5%	1.71pp
Social security and other	-7,273	-14,323	96.92%	-5,545	-16,626	199.86%	-3,231	-8,623	166.87%
Consolidated fiscal balance	8934	-10272		-5042	-19975		-9460	-19115	
as % of revenues	3.63%	-2.21%	-5.84pp	-2.83%	-4.90%	-2.07pp	-9.5%	-8.2%	1.22pp

How we read it:

- » In 2Q23, the total revenue went up by 132%yoy. The current revenue did it by 133.4%, with a strong increase in provincial taxes, royalties and other non-tax sources. The capital revenue dropped substantially in real terms, but its contribution remains minimal to the overall revenue balance.
- » The primary spending growth pace accelerated sharply, increasing well above inflation, albeit not outpacing revenues, at 127.15%yoy. For the current expenditures, all lines grew above inflation, with the exception of G&S, while personnel spending grew by 128.8%yoy. The capex did increase by 148.8%yoy, with a ramp-up in real investments.
- » Combining both, the primary deficit narrowed by 2.1ppyoy to -0.8% of revenues. After the debt interests, and Soc.Sec expenses, the consolidated balance turned in a -8.2% of revenues deficit improving by 1.22ppyoy.
- » For the 6M23 the consolidated deficit widened to 4.9% of rev.

Source: TPCG Research based on Province's filing and E&R

Neuquén closed 2Q23 with a leverage position of 44% of revenues.

Neuquen	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	127	92	6	44
Multilateral	111	116	3	9
Banks	168	159	9	10
Consolidated Debt	0	0	0	0
Bonds	805	823	44	93
Total Outstanding	1,212	1,189	62	155
Total Services			217	

Ratios - Neuquen	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	60.0%	51.7%	57.4%	60.8%	62.6%
Federal Taxes / Total Revenues	21.9%	25.1%	23.8%	23.0%	21.9%
Total Fed. Funds / Total Revenues	23.5%	27.9%	25.9%	24.7%	23.4%
Personnel Spend. / Total Expenditures	60.5%	63.9%	60.8%	59.3%	60.5%
Debt Interests / Total Revenues	5.7%	5.3%	3.1%	3.1%	3.1%
CapEx / Total Expenditures	10.9%	9.1%	10.1%	10.7%	10.5%
Primary Balance / Total Revenues	1.3%	-1.5%	9.6%	4.0%	3.1%
Fiscal Balance / Total Revenues	-4.4%	-6.8%	6.6%	0.9%	0.0%
Debt Services / Total Revenues	8.4%	11.9%	7.8%	9.1%	10.1%
Total Debt / Total Revenues	62.4%	74.0%	53.8%	45.1%	44.0%

Source: TPCG Research based on Province's filing and E&R

Neuquén's total debt stands around USD 1.2bn, slightly decreasing from last year. Around 82% of the province's total debt is denominated in foreign currency.

The province's leverage position continued improving marginally the back of higher provincial taxes, but especially, for higher royalties, closing the period at 44% of revenues.

Chubut: the consolidated fiscal balance turned into surplus in 6M23

Chubut - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	143,516	254,903	77.61%	102,967	208,438	102.43%	58,120	122,009	109.93%
Current Revenue	141,448	253,117	78.95%	102,260	207,016	102.44%	57,715	121,193	109.98%
Provincial taxes	31,479	54,361	72.69%	20,791	46,488	123.60%	11,468	26,601	131.96%
Federal taxes	54,714	99,735	82.28%	40,673	83,161	104.46%	23,778	49,231	107.05%
Other non-tax	15,625	32,430	107.55%	13,487	25,380	88.18%	7,565	15,272	101.88%
Royalties	36,341	62,126	70.95%	25,401	48,146	89.55%	13,867	27,993	101.88%
Discretionary Federal Gov transfers	3,289	4,466	35.78%	1,909	3,841	101.23%	1,038	2,095	101.88%
Capital Revenue	2,068	1,785	-13.69%	706	1,422	101.27%	404	816	101.88%
Financial investment	610	889	45.65%	343	690	101.23%	186	376	101.88%
Transfers	1,444	880	-39.05%	357	718	101.31%	213	431	101.88%
Other	15	17	15.04%	7	14	101.38%	5	9	101.88%
Primary Spending	122,991	230,249	87.21%	96,006	189,033	96.90%	55,619	112,281	101.88%
Current Expenditures	108,817	204,356	87.80%	86,548	169,996	96.42%	50,205	101,352	101.88%
Personnel spending	79,226	148,559	87.51%	63,074	122,735	94.59%	35,769	72,208	101.88%
Goods and services	11,384	19,523	71.49%	6,570	13,230	101.36%	4,171	8,420	101.88%
Transfers to public sector	7,122	12,915	81.34%	6,886	13,868	101.39%	4,509	9,103	101.88%
Other transfers & expenditures	11,085	23,359	110.73%	10,018	20,163	101.27%	5,757	11,621	101.88%
Capital Expenditures	14,174	25,893	82.68%	9,458	19,036	101.27%	5,413	10,928	101.88%
Real Investment	5,451	10,525	93.08%	3,178	6,398	101.35%	1,988	4,013	101.88%
Financial invest.	215	329	53.29%	97	195	101.22%	52	105	101.88%
Capital transfers	8,508	15,040	76.77%	6,184	12,443	101.23%	3,373	6,810	101.88%
Primary balance	20526	24653		6960	19406		2501	9729	
as % of revenues	14.30%	9.67%	-4.63pp	14.25%	19.17%	4.92pp	4.30%	7.97%	3.67pp
Debt interest	7,133	11,182	56.8%	5,004	10,071	101.2%	2,729	5,510	101.9%
Fiscal balance	13393	13471		1956	9335		-228	4219	
as % of revenues	9.33%	5.28%	-4.05pp	4.48%	9.38%	4.9pp	-0.39%	3.46%	3.85pp
Social security and other	-4,127	-9,332	126.2%	-4,284	-8,622	101.3%	-2,411	-4,868	101.9%
Consolidated fiscal balance	9266	4139		-2328	713		-2639	-649	
as % of revenues	6.46%	1.62%	-4.83pp	-3.85%	1.04%	4.89pp	-4.54%	-0.53%	4.01pp

How we read it:

- » In 2Q23, the total revenues grew by 109.9%yoy, below inflation but above spending. The only line posting real growth during the period was the provincial taxes. The primary spending grew at 101.8%yoy. Combining both, the primary surplus grew by 3.7ppyoy to 7.9% of revenues. After the debt interests and the social security and other expenses, the consolidated deficit narrowed by 4ppyoy to -0.5% of revenues.
- » For the 6M23 period, total revenue grew by 102.4%yoy compared to spending at 96.9%yoy, resulting in a primary surplus of 19.2% of revenues, +4.9ppyoy. After considering the debt interests, the fiscal surplus closed at 9.4% of revenues. Finally, factoring in the Soc.Sec and other spending, the consolidated balance turned into a surplus of 1% of revenues.

Source: TPCG Research based on Province's filing and E&R

Chubut's leverage position grew by 10pp from FY22 to 70% of revenues

Chubut	Debt Outstanding		YTD Services*		
	USD mn	2Q22	2Q23	Interest	Capital
USDARS		\$ 125.22	\$ 256.73	\$ 211.90	
National Government	221	195	7	43	
Multilateral	42	43	1	3	
Banks	0	0	0	0	
Consolidated Debt	0	0	0	5	
Bonds	734	735	39	49	
Total Outstanding	996	973	48	99	
Total Services			147		

Ratios - Chubut	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	48.6%	44.5%	47.3%	45.7%	45.8%
Federal Taxes / Total Revenues	35.6%	40.3%	38.1%	39.1%	39.5%
Total Fed. Funds / Total Revenues	36.7%	43.9%	40.4%	40.9%	41.2%
Personnel Spend. / Total Expenditures	72.8%	74.6%	64.4%	64.5%	64.4%
Debt Interests / Total Revenues	7.0%	6.7%	5.0%	4.4%	4.5%
CapEx / Total Expenditures	10.3%	8.9%	11.5%	11.2%	11.0%
Primary Balance / Total Revenues	-1.5%	-10.2%	14.3%	9.7%	10.3%
Fiscal Balance / Total Revenues	-8.5%	-16.9%	9.3%	5.3%	5.8%
Debt Services / Total Revenues	18.1%	16.5%	12.3%	13.0%	13.5%
Total Debt / Total Revenues	87.8%	102.5%	77.1%	60.8%	70.1%

Source: TPCG Research based on Province's filing and E&R

Chubut's total debt closed at USD 973mn, representing a leverage position of 70% of revenues. YTD, debt services amounted to USD 147mn, mostly related to bonds.

Excluding the leverage ratio, the remaining main metrics for Chubut closed flat relative to FY22.

TdF: the primary deficit widened by 6.4ppyoy to -4.2% of revenues in 1H23

Tierra del Fuego - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	75,625	145,251	92.07%	53,450	122,026	128.30%	31,159	65,943	111.63%
Current Revenue	74,539	143,397	92.38%	52,726	118,864	125.44%	30,741	63,783	107.48%
Provincial taxes	15,579	29,226	87.60%	11,387	25,337	122.50%	6,346	14,290	125.17%
Federal taxes	41,113	75,215	82.94%	30,613	62,696	104.80%	17,854	37,208	108.40%
Other non-tax	10,353	27,506	165.69%	6,221	22,311	258.66%	4,067	7,560	85.87%
Royalties	5,884	8,707	47.97%	3,474	5,752	65.58%	1,881	3,246	72.55%
Discretionary Federal Gov transfers	1,609	2,743	70.43%	1,031	2,768	168.45%	592	1,479	149.79%
Capital Revenue	1,086	1,854	70.65%	724	3,162	336.80%	418	2,160	416.68%
Financial investment	480	377	-21.40%	169	588	248.81%	97	289	198.71%
Transfers	583	1,411	141.94%	512	2,539	395.51%	312	1,852	493.52%
Other	24	67	178.63%	43	34	-20.06%	9	19	103.16%
Primary Spending	73,602	140,435	90.80%	52,275	127,117	143.17%	31,949	73,820	131.05%
Current Expenditures	68,318	126,217	84.75%	46,403	113,799	145.24%	27,484	65,324	137.68%
Personnel spending	40,806	78,129	91.46%	29,624	77,178	160.53%	17,453	45,083	158.31%
Goods and services	5,636	9,941	76.38%	3,092	8,825	185.41%	2,030	4,956	144.19%
Transfers to public sector	13,241	23,842	80.06%	8,695	18,077	107.91%	4,964	9,977	100.98%
Other transfers & expenditures	8,634	14,306	65.69%	4,993	9,720	94.69%	3,038	5,308	74.74%
Capital Expenditures	5,284	14,218	169.06%	5,872	13,317	126.78%	4,465	8,496	90.28%
Real Investment	2,211	9,413	325.69%	4,340	8,854	104.00%	3,436	5,321	54.84%
Financial invest.	1,164	550	-52.72%	125	2,249	1704.28%	68	1,860	2641.06%
Capital transfers	1,909	4,254	122.86%	1,408	2,215	57.34%	961	1,315	36.87%
Primary balance	2023	4815		1175	-5091		-790	-7877	
as % of revenues	2.67%	3.32%	.64pp	2.20%	-4.17%	-6.37pp	-2.53%	-11.95%	-9.41pp
Debt interest	2,146	5,205	142.5%	1,294	2,115	63.4%	994	1,311	31.9%
Fiscal balance	-123	-389		-119	-7206		-1784	-9188	
as % of revenues	-0.16%	-0.27%	-.1pp	-0.22%	-5.91%	-5.68pp	-5.72%	-13.93%	-8.21pp
Social security and other	-1,972	-295	-85.0%	1,698	-2,954	-274.0%	1,679	-1,339	-179.8%
Consolidated fiscal balance	-2096	-684		1579	-10160		-104	-10528	
as % of revenues	-2.8%	-0.5%	2.3pp	3.0%	-8.3%	-11.28pp	-0.3%	-16.0%	-15.63pp

How we read it:

- » In 2Q23, total revenue grew by 111.6%yoy. Within the current revenues, it was the provincial taxes, and the disc. transfers the only two lines increasing above the inflation pace. For the capital revenues, the increase was substantial, though its contribution is minimal. In terms of spending, the current expenditures spiked, with the personnel spending and G&D increasing above 140%yoy. The capex decelerated in the 2Q23, increasing by 90.2%yoy. All in all, the consolidated deficit widened by 15.6ppyoy to -16% of revenues.
- » For the 6M23 period, revenues increased by 128.3% relative to spending at 143.2%. The primary position widened by 6.3ppyoy to a deficit of -4.1% of revenues. After the debt interests and social security and other expenses, the consolidated deficit closed at 8.3% of revenues, -11.2ppyoy.

Source: TPCG Research based on Province's filing and E&R

Fuego's main metrics

Tierra del Fuego	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	39	23	2	8
Multilateral	0	0	0	0
Banks	0	0	1	0
Consolidated Debt	0	0	0	1
Bonds	141	132	8	13
Total Outstanding	180	154	11	22
Total Services			33	

Ratios - Tierra del Fuego	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	29.3%	26.4%	28.4%	26.1%	25.3%
Federal Taxes / Total Revenues	49.3%	56.2%	54.4%	51.8%	50.2%
Total Fed. Funds / Total Revenues	53.5%	59.6%	56.5%	53.7%	52.3%
Personnel Spend. / Total Expenditures	47.3%	55.6%	55.4%	55.6%	58.4%
Debt Interests / Total Revenues	4.8%	3.8%	2.8%	3.6%	2.8%
CapEx / Total Expenditures	15.1%	5.4%	7.2%	10.1%	10.1%
Primary Balance / Total Revenues	2.6%	2.7%	2.7%	3.3%	-0.7%
Fiscal Balance / Total Revenues	-2.2%	-1.0%	-0.2%	-0.3%	-3.5%
Debt Services / Total Revenues	8.7%	8.9%	7.4%	6.9%	6.2%
Total Debt / Total Revenues	43.5%	45.5%	28.0%	19.0%	18.8%

Source: TPCG Research based on Province's filing and E&R

FUEGO's total debt closed at USD 154mn and is mostly related to bonds. Around 75% of the province's debt is denominated in foreign currency.

The leverage position of the province continued narrowing, now reaching the lowest point since 2019 at 18.8% of revenues. The primary balance turned into negative territory for the first time since 2019.

Entre Rios: the consolidated balance fell into a deficit in 1H23

Entre Rios - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	253,258	457,982	80.84%	183,438	375,982	104.96%	104,294	216,879	107.95%
Current Revenue	248,242	448,145	80.53%	180,143	370,102	105.45%	102,798	213,697	107.88%
Provincial taxes	62,215	99,282	59.58%	41,760	79,927	91.39%	22,401	43,877	95.87%
Federal taxes	159,406	294,393	84.68%	119,561	246,835	106.45%	70,015	146,311	108.97%
Other non-tax	13,301	31,737	138.60%	9,017	27,016	199.62%	4,338	14,033	223.51%
Royalties	851	1,999	134.88%	587	652	11.00%	402	350	-12.90%
Discretionary Federal Gov transfers	12,470	20,734	66.27%	9,217	15,672	70.03%	5,642	9,126	61.75%
Capital Revenue	5,015	9,838	96.16%	3,295	5,880	78.45%	1,496	3,182	112.70%
Financial investment	715	989	38.38%	384	734	90.81%	197	407	106.63%
Transfers	4,299	8,849	105.83%	2,910	5,146	76.82%	1,299	2,775	113.62%
Other	2	0	-76.19%	0	0	-	0	0	-
Primary Spending	205,008	384,212	87.41%	148,332	329,477	122.12%	86,251	195,494	126.66%
Current Expenditures	189,109	353,023	86.68%	139,518	301,583	116.16%	79,989	177,806	122.29%
Personnel spending	121,739	235,322	93.30%	94,366	206,804	119.15%	54,106	121,657	124.85%
Goods and services	19,233	31,211	62.28%	11,181	22,980	105.53%	6,742	13,963	107.10%
Transfers to public sector	31,577	56,974	80.43%	23,117	47,042	103.50%	12,284	26,942	119.32%
Other transfers & expenditures	16,560	29,517	78.25%	10,855	24,756	128.07%	6,857	15,244	122.33%
Capital Expenditures	15,899	31,189	96.17%	8,814	27,894	216.49%	6,262	17,688	182.48%
Real Investment	11,859	23,345	96.85%	7,141	20,868	192.24%	5,036	13,196	162.06%
Financial invest.	3,187	4,753	49.15%	928	3,894	319.63%	589	2,701	358.38%
Capital transfers	853	3,091	262.31%	745	3,132	320.55%	637	1,791	181.17%
Primary balance	48249	73771		35106	46505		18043	21385	
as % of revenues	19.05%	16.11%	-2.94pp	19.14%	12.37%	-6.77pp	17.30%	9.86%	-7.44pp
Debt interest	7,835	7,964	1.6%	3,963	6,449	62.7%	899	2,238	148.8%
Fiscal balance	40414	65806		31143	40057		17144	19147	
as % of revenues	15.96%	14.37%	-1.59pp	16.98%	10.65%	-6.32pp	16.44%	8.83%	-7.61pp
Social security and other	-22,186	-48,457	118.4%	-19,618	-47,209	140.6%	-12,308	-29,539	140.0%
Consolidated fiscal balance	18228	17349		11525	-7153		4836	-10391	
as % of revenues	7.20%	3.79%	-3.41pp	6.28%	-1.90%	-8.18pp	4.64%	-4.79%	-9.43pp

How we read it:

- » In 2Q23, the consolidated fiscal balance turned into a deficit of 4.8% of revenues, after dropping 9.4ppyoy. Total revenue grew by 107.9%yoy, below inflation and spending, with only the other non-tax line increasing above inflation. The primary spending went up by 126.6%yoy, with the personnel spending and capex accelerating substantially. The debt interests, social security and other spending contributed to the drop increasing over 140%yoy.
- » For the 6M23, the total revenue increased by 104.9%yoy, well below spending at 122%yoy. With that, the primary surplus fell by 6.7ppyoy to 12.3% of revenues. After considering the debt interests, the fiscal surplus narrowed by 6.3ppyoy to 10.6% of revenues. Factoring in the social security and others, the consolidated balance turned red, falling 8.2ppyoy to -1.9% of revenues.

Source: TPCG Research based on Province's filing and E&R

Overview of Entre Rios

Entre Rios	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	243	143	8	41
Multilateral	135	73	2	9
Banks	5	1	2	7
Consolidated Debt	0	0	0	0
Bonds	546	585	18	10
Total Outstanding	929	801	30	67
Total Services			97	

Ratios - Entre Rios	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	25.9%	23.7%	24.9%	22.1%	21.4%
Federal Taxes / Total Revenues	65.1%	63.3%	62.9%	64.3%	64.8%
Total Fed. Funds / Total Revenues	70.1%	73.1%	67.9%	68.8%	69.0%
Personnel Spend. / Total Expenditures	63.6%	63.5%	59.4%	61.2%	61.5%
Debt Interests / Total Revenues	3.3%	3.5%	3.1%	1.7%	1.6%
CapEx / Total Expenditures	6.5%	5.4%	7.8%	8.1%	8.9%
Primary Balance / Total Revenues	6.9%	16.0%	19.1%	16.1%	13.1%
Fiscal Balance / Total Revenues	3.6%	12.4%	16.0%	14.4%	11.5%
Debt Services / Total Revenues	5.0%	5.3%	5.7%	3.9%	4.6%
Total Debt / Total Revenues	50.8%	55.4%	37.8%	33.6%	31.6%

Source: TPCG Research based on Province's filing and E&R

ENTRIO's total debt closed at USD 801mn, mostly related to bonds, and resulted in a leverage position of 31.6%. During 2023, ENTRIO28 paid its first two principal installments leaving a residual outstanding of 90%.

While debt metrics remain manageable, the fiscal ones weakened during LTM 2Q23 on the back of higher spending.

Salta: the primary balance turned red in the period

Salta - ARS mn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	194,271	365,628	88.21%	143,411	307,704	114.56%	83,294	178,963	114.86%
Current Revenue	191,001	357,433	87.14%	140,920	297,262	110.94%	81,597	171,927	110.70%
Provincial taxes	41,633	86,062	106.71%	29,174	65,025	122.89%	16,442	36,506	122.03%
Federal taxes	131,739	231,443	75.68%	98,608	201,337	104.18%	57,606	119,292	107.08%
Other non-tax	7,335	23,004	213.62%	6,013	16,969	182.20%	3,042	8,054	164.76%
Royalties	3,120	5,212	67.07%	1,917	3,799	98.16%	1,141	2,223	94.85%
Discretionary Federal Gov transfers	7,174	11,712	63.26%	5,208	10,132	94.56%	3,366	5,851	73.82%
Capital Revenue	3,270	8,195	150.59%	2,491	10,442	319.23%	1,697	7,036	314.68%
Financial investment	1,077	518	-51.93%	249	349	39.90%	127	179	41.28%
Transfers	2,122	7,627	259.51%	2,237	10,071	350.13%	1,568	6,845	336.45%
Other	72	50	-30.09%	4	22	426.04%	2	12	667.11%
Primary Spending	180,004	350,840	94.91%	133,468	311,222	133.18%	77,372	184,142	137.99%
Current Expenditures	169,471	318,884	88.17%	123,244	283,161	129.76%	71,110	170,778	140.16%
Personnel spending	106,606	202,419	89.88%	80,752	187,790	132.55%	46,064	112,312	143.82%
Goods and services	16,691	26,796	60.54%	8,929	22,106	147.58%	5,898	14,099	139.03%
Transfers to public sector	19,048	54,637	186.85%	13,785	28,879	109.50%	7,532	17,099	127.03%
Other transfers & expenditures	27,127	35,033	29.14%	19,778	44,386	124.42%	11,616	27,268	134.75%
Capital Expenditures	10,534	31,955	203.36%	10,224	28,061	174.45%	6,263	13,364	113.40%
Real Investment	9,518	30,121	216.46%	9,636	24,761	156.95%	5,981	12,154	103.20%
Financial invest.	10	21	118.03%	12	0	-100.00%	0	0	-
Capital transfers	1,006	1,813	80.25%	576	3,300	472.83%	281	1,210	330.40%
Primary balance	14267	14789		9943	-3518		5922	-5179	
as % of revenues	7.34%	4.04%	-3.3pp	6.93%	-1.14%	-8.08pp	7.1%	-2.9%	-10.0pp
Debt interest	4,539	9,087	100.2%	3,120	6,876	120.4%	1,830	5,608	206.4%
Fiscal balance	9727	5702		6823	-10394		4091	-10787	
as % of revenues	5.01%	1.56%	-3.45pp	4.76%	-3.38%	-8.14pp	4.9%	-6.0%	-10.94pp
Social security and other	-225	-441	96.0%	-168	-439	160.8%	-92	-247	167.2%
Consolidated fiscal balance	9502	5260		6655	-10834		3999	-11034	
as % of revenues	4.89%	1.44%	-3.45pp	4.64%	-3.52%	-8.16pp	4.80%	-6.17%	-10.97pp

How we read it:

- » In 2Q23, total revenue grew by 114.8%yoy, with only the provincial taxes and the capital revenue increasing above the inflation pace. The primary spending went up by 137.9%yoy, after a substantial increase in the current expenditures, and especially, in personnel spending. Combining both, the primary balance dropped 10ppyoy to a deficit of -2.9% of revenues. After considering higher debt interests, the fiscal deficit closed at -6% of revenues, -10.9ppyoy.
- » For the 6M23, the total revenue increased by 114.5%yoy, with the provincial taxes, other non-taxes, and capital revenues increasing in real terms. For the primary spending, the current revenue increased by 129.7%yoy, and the capex by 174.5%yoy. All in all, the primary balance turned into a deficit of -1.1% of revenues, decreasing by -8ppyoy. Factoring in the debt interests, the fiscal deficit widened to -3.4% of revenues.

Source: TPCG Research based on Province's filing and E&R

Salta's leverage position stands at 27.1% of revenues

Salta	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	152	151	12	20
Multilateral	36	32	1	6
Banks	0	0	0	0
Consolidated Debt	0	0	1	0
Bonds	387	376	18	12
Total Outstanding	575	559	32	37
Total Services			70	

Ratios - Salta	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	23.6%	21.8%	23.0%	25.0%	24.3%
Federal Taxes / Total Revenues	67.7%	69.6%	67.8%	63.3%	63.1%
Total Fed. Funds / Total Revenues	69.9%	74.9%	71.5%	66.5%	66.2%
Personnel Spend. / Total Expenditures	58.5%	63.5%	59.2%	57.7%	58.5%
Debt Interests / Total Revenues	3.8%	3.2%	2.3%	2.5%	2.4%
CapEx / Total Expenditures	7.3%	4.5%	5.9%	9.1%	9.4%
Primary Balance / Total Revenues	2.6%	3.4%	7.3%	4.0%	0.3%
Fiscal Balance / Total Revenues	-1.2%	0.2%	5.0%	1.6%	-2.2%
Debt Services / Total Revenues	5.8%	5.6%	4.8%	4.1%	4.4%
Total Debt / Total Revenues	41.7%	41.6%	29.4%	26.3%	27.1%

Source: TPCG Research based on Province's filing and E&R

Salta's total debt closed at USD 559mn, which resulted in a leverage position of 27.1% of revenues. In December, the province would serve the second principal installment for the SALTA27's note for USD 17mn.

The province's fiscal balance turned into negative territory after being strongly positive since 2020. Debt metrics, on the other hand, remain well below 2019's highs.

Rio Negro: the consolidated deficit closed at 2.8% of revenues in 1H23

Rio Negro - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	139,241	244,495	75.59%	101,933	204,530	100.65%	57,531	115,424	100.63%
Current Revenue	134,327	238,134	77.28%	99,404	202,195	103.41%	55,547	114,245	105.67%
Provincial taxes	30,010	52,775	75.86%	23,112	48,995	111.99%	11,239	24,570	118.61%
Federal taxes	85,198	156,735	83.97%	63,679	131,705	106.83%	37,232	77,951	109.37%
Other non-tax	7,112	11,878	67.02%	6,214	9,941	59.98%	3,454	5,556	60.88%
Royalties	9,437	13,187	39.73%	5,332	10,058	88.61%	2,885	5,386	86.68%
Discretionary Federal Gov transfers	2,570	3,559	38.50%	1,067	1,497	40.27%	737	782	6.18%
Capital Revenue	4,915	6,361	29.43%	2,529	2,335	-7.69%	1,984	1,179	-40.60%
Financial investment	2,771	3,241	16.99%	1,670	629	-62.32%	1,510	342	-77.34%
Transfers	1,885	2,811	49.13%	857	1,629	89.99%	474	760	60.57%
Other	259	309	-	1	76	-	1	76	-
Primary Spending	137,274	233,681	70.23%	93,641	201,348	115.02%	54,530	118,676	117.64%
Current Expenditures	124,699	218,779	75.45%	88,108	192,966	119.01%	50,800	113,607	123.63%
Personnel spending	81,578	149,089	82.76%	60,048	133,167	121.77%	35,528	80,107	125.47%
Goods and services	14,958	21,039	40.66%	7,480	16,500	120.60%	4,401	9,934	125.72%
Transfers to public sector	17,639	32,196	82.53%	13,317	28,048	110.62%	7,252	15,446	112.98%
Other transfers & expenditures	10,524	16,454	56.35%	7,262	15,250	109.99%	3,618	8,119	124.39%
Capital Expenditures	12,575	14,902	18.50%	5,533	8,382	51.49%	3,729	5,069	35.92%
Real Investment	9,553	12,483	30.67%	4,438	8,196	84.69%	2,652	4,983	87.87%
Financial invest.	254	117	-53.89%	22	1	-	22	1	-97.31%
Capital transfers	2,768	2,302	-16.84%	1,073	186	-82.69%	1,055	86	-91.89%
Primary balance	1967	10814		8292	3182		3001	-3252	
as % of revenues	1.41%	4.42%	3.01pp	8.13%	1.56%	-6.58pp	5.22%	-2.82%	-8.03pp
Debt interest	4,988	9,927	99.02%	4,368	8,217	88.11%	1,871	2,936	56.92%
Fiscal balance	-3021	887		3924	-5034		1130	-6188	
as % of revenues	-2.17%	0.36%	2.53pp	3.85%	-2.46%	-6.31pp	1.96%	-5.36%	-7.33pp
Social security and other	-492	-854	73.62%	-334	-692	107.37%	-192	-388	102.35%
Consolidated fiscal balance	-3513	33		3590	-5727		939	-6575	
as % of revenues	-2.52%	0.01%	2.54pp	3.52%	-2.80%	-6.32pp	1.63%	-5.70%	-7.33pp

How we read it:

- » In 2Q23, the primary balance closed at a deficit of 2.8% of revenues, going down by -8pppyoy. The total revenue increased by 100.6%yoy, being the provincial taxes the only line above the inflation pace. The primary spending did it by 117.6%yoy, with the current expenditures explaining the acceleration as the capex grew well below inflation. Factoring in the debt interests and Soc.Sec, the consolidated deficit reached 5.7% of revenues.
- » In 1H23, the primary surplus narrowed by 6.6pppyoy to 1.5% of revenues after the total revenue growing pace stood below the spending (100%yoy vs 115%yoy). After considering the debt interests the fiscal balance ended at a deficit of 2.4% of revenues, and dropping by -6.3pppyoy.

Source: TPCG Research based on Province's filing and E&R

PRN28's first sinking fall in March 2024, for USD 34mn

Rio Negro	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	91	90	7	35
Multilateral	47	46	2	7
Banks	1	1	3	0
Consolidated Debt	0	0	0	0
Bonds	375	368	29	46
Total Outstanding	513	504	40	87
Total Services			128	

Ratios - Rio Negro	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	31.6%	28.0%	28.3%	27.0%	27.8%
Federal Taxes / Total Revenues	54.3%	60.0%	61.2%	64.1%	64.8%
Total Fed. Funds / Total Revenues	55.0%	62.7%	63.0%	65.6%	65.9%
Personnel Spend. / Total Expenditures	59.4%	62.0%	59.4%	63.8%	65.1%
Debt Interests / Total Revenues	7.3%	4.6%	3.6%	4.1%	4.0%
CapEx / Total Expenditures	11.8%	9.7%	9.2%	6.4%	5.2%
Primary Balance / Total Revenues	0.9%	-1.8%	1.4%	4.4%	1.6%
Fiscal Balance / Total Revenues	-6.4%	-6.5%	-2.2%	0.4%	-2.3%
Debt Services / Total Revenues	9.7%	8.1%	9.9%	12.2%	13.1%
Total Debt / Total Revenues	49.5%	58.4%	43.2%	31.8%	37.3%

Source: TPCG Research based on Province's filing and E&R

PRN's total debt reached USD 504mn, resulting in a leverage ratio of 37.3% of revenues. The latter grew by 5.5pp from FY22 after revenues grew below the devaluation pace.

Excluding the fiscal performance, which weakened, the remaining ratios closed almost flat relative to FY22.

Jujuy: the consolidated surplus remained on surplus but fell 4.4ppyoy

Jujuy - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	130,095	224,853	72.84%	90,990	197,227	116.76%	52,690	113,658	115.71%
Current Revenue	128,783	223,615	73.64%	90,564	193,433	113.59%	52,407	112,383	114.44%
Provincial taxes	15,526	48,633	213.24%	11,655	25,372	117.69%	5,985	13,428	124.35%
Federal taxes	95,437	154,940	62.35%	71,451	146,431	104.94%	41,833	86,931	107.80%
Other non-tax	4,545	3,604	-20.70%	1,955	15,234	679.36%	1,348	11,802	775.78%
Royalties	313	56	-82.04%	55	26	-53.10%	2	14	697.89%
Discretionary Federal Gov transfers	12,961	16,382	26.39%	5,448	6,370	16.92%	3,239	208	-93.58%
Capital Revenue	1,312	1,239	-5.63%	426	3,794	790.74%	283	1,275	351.10%
Financial investment	27	10	-64.78%	7	2,633	37148.81%	7	778	10908.49%
Transfers	861	843	-2.10%	283	862	204.71%	207	377	82.49%
Other	424	386	-	136	299	-	69	121	-
Primary Spending	124,497	206,852	66.15%	72,788	170,686	134.50%	44,411	105,921	138.50%
Current Expenditures	105,402	166,553	58.02%	61,133	144,098	135.71%	36,019	89,907	149.61%
Personnel spending	64,309	108,114	68.12%	43,127	104,311	141.87%	24,311	65,240	168.35%
Goods and services	9,090	14,173	55.91%	3,570	10,268	187.61%	2,606	7,084	171.88%
Transfers to public sector	9,931	13,689	37.85%	9,239	11,449	23.91%	6,544	6,559	0.23%
Other transfers & expenditures	22,072	30,577	38.53%	5,196	18,070	247.73%	2,558	11,023	330.92%
Capital Expenditures	19,096	40,299	111.04%	11,654	26,588	128.14%	8,392	16,015	90.84%
Real Investment	10,585	25,612	141.95%	7,002	13,988	99.77%	5,624	9,303	65.41%
Financial invest.	7,862	13,484	71.50%	4,447	10,798	142.83%	2,562	5,553	116.75%
Capital transfers	648	1,203	85.65%	206	1,802	776.63%	206	1,158	463.67%
Primary balance	5598	18002		18202	26540		8279	7737	
as % of revenues	4.30%	8.01%	3.7pp	20.00%	13.46%	-6.55pp	15.71%	6.81%	-8.91pp
Debt interest	4,846	7,615	57.14%	4,109	4,674	13.77%	1,208	186	-84.59%
Fiscal balance	751	10387		14094	21866		7070	7551	
as % of revenues	0.58%	4.62%	4.04pp	15.49%	11.09%	-4.4pp	13.42%	6.64%	-6.78pp
Social security and other	0	5	-	0	0	-	0	105	-
Consolidated fiscal balance	751	10381		14094	21866		7070	7446	
as % of revenues	0.6%	4.6%	4.04pp	15.5%	11.1%	-4.4pp	13.4%	6.6%	-6.87pp

How we read it:

- » In 2Q23, the primary surplus closed at 6.8% of revenues, decreasing by -8.9ppyoy. The total revenue increased by 115.7%yoy, with a strong growth in provincial taxes, and other non-tax revenue. The primary spending went up by 138.5%yoy, with a sharp acceleration in personnel spending, G&S, and transfers to the private sector. After the debt interests, the fiscal surplus reached 6.6% of revenues, -6.8ppyoy.
- » In the 6M23 period, total revenues grew by 116.7%yoy, compared to the primary spending at 134.5%yoy. Combining both, the primary position narrowed by 6.5ppyoy, but closed at a surplus of 13.4% of revenues. After the debt interests, the consolidated balance reached a surplus of 11.1% of revenues.

Source: TPCG Research based on Province's filing and E&R

Overview of Jujuy's main metrics

Jujuy	Debt Outstanding		YTD Services*	
USD mn	2Q22	2Q23	Interest	Capital
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	536	507	21	22
Multilateral	84	85	2	1
Banks	40	70	5	1
Consolidated Debt	0	0	0	2
Bonds	238	246	12	2
Total Outstanding	899	908	39	26
Total Services			66	

Ratios - Jujuy	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	11.3%	9.6%	12.2%	21.7%	18.8%
Federal Taxes / Total Revenues	74.3%	74.4%	73.4%	68.9%	69.4%
Total Fed. Funds / Total Revenues	83.1%	87.3%	83.3%	76.2%	74.7%
Personnel Spend. / Total Expenditures	57.5%	57.4%	51.7%	52.3%	55.6%
Debt Interests / Total Revenues	4.9%	3.8%	3.7%	3.4%	2.5%
CapEx / Total Expenditures	13.5%	10.7%	15.3%	19.5%	18.1%
Primary Balance / Total Revenues	-4.6%	4.7%	4.3%	8.0%	8.0%
Fiscal Balance / Total Revenues	-9.5%	0.9%	0.6%	4.6%	5.5%
Debt Services / Total Revenues	8.2%	7.4%	5.9%	7.5%	6.1%
Total Debt / Total Revenues	96.6%	99.6%	70.1%	62.9%	70.4%

Source: TPCG Research based on Province's filing and E&R

The province's total debt closed at USD 908mn, representing a leverage position of 70.4% of revenues. Debt denominated in foreign currency stands at 33%.

Although leverage metrics fell substantially when compared to 2019, they remain well above the provincial space's average.

La Rioja: the primary position dropped into a deficit in 1H23

La Rioja - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	110,117	190,199	72.72%	75,153	140,683	87.20%	45,786	82,428	80.03%
Current Revenue	94,273	171,116	81.51%	68,290	129,544	89.70%	41,212	75,992	84.39%
Provincial taxes	7,381	13,756	86.38%	5,329	11,579	117.28%	2,812	6,542	132.66%
Federal taxes	68,274	125,481	83.79%	49,886	102,185	104.84%	29,118	59,995	106.04%
Other non-tax	1,890	2,792	47.72%	489	3,340	582.76%	276	2,887	946.99%
Royalties	0	0	-	0	0	-	0	0	-
Discretionary Federal Gov transfers	16,728	29,087	73.88%	12,586	12,440	-1.16%	9,006	6,567	-27.08%
Capital Revenue	15,844	19,082	20.44%	6,862	11,139	62.32%	4,574	6,437	40.71%
Financial investment	270	2,565	848.68%	107	765	613.76%	44	562	1185.68%
Transfers	15,572	16,517	6.07%	6,755	10,374	53.58%	4,531	5,875	29.67%
Other	2	0	-100.00%	0	0	-	0	0	-
Primary Spending	112,515	186,873	66.09%	69,886	142,454	103.84%	40,481	80,242	98.22%
Current Expenditures	82,409	147,306	78.75%	56,410	116,765	106.99%	32,010	66,357	107.30%
Personnel spending	38,917	73,789	89.61%	30,662	61,579	100.83%	17,536	33,462	90.81%
Goods and services	16,534	24,279	46.85%	8,143	17,485	114.73%	4,557	10,988	141.14%
Transfers to public sector	14,602	26,638	82.43%	10,494	20,271	93.16%	5,787	11,490	98.54%
Other transfers & expenditures	12,357	22,601	82.89%	7,111	17,430	145.12%	4,130	10,418	152.24%
Capital Expenditures	30,106	39,566	31.42%	13,476	25,689	90.63%	8,471	13,885	63.91%
Real Investment	23,440	27,791	18.56%	9,376	16,878	80.01%	5,340	10,048	88.16%
Financial invest.	5,544	10,420	87.95%	3,708	7,441	100.69%	2,870	3,232	12.63%
Capital transfers	1,121	1,355	20.82%	392	1,370	249.41%	261	604	131.71%
Primary balance	-2398	3326		5266	-1771		5305	2187	
as % of revenues	-2.18%	1.75%	3.93pp	7.01%	-1.26%	-8.27pp	11.59%	2.65%	-8.93pp
Debt interest	356	3,280	822.1%	1,531	2,527	65.1%	953	611	-35.91%
Fiscal balance	-2754	46		3736	-4298		4352	1576	
as % of revenues	-2.50%	0.02%	2.53pp	4.97%	-3.05%	-8.03pp	9.50%	1.91%	-7.59pp
Social security and other	-1,525	-793	-	-482	-2,052	-	-260	-1,313	404.9%
Consolidated fiscal balance	-4279	-747		3254	-6350		4092	262	
as % of revenues	-3.89%	-0.39%	3.49pp	4.33%	-4.51%	-8.84pp	8.94%	0.32%	-8.6pp

How we read it:

- » In 2Q23, the primary surplus fell by 8.9ppyoy to 2.6% of revenues. The total revenue grew by 80%yoy, given that the federal taxes performed weakly. The primary spending did it by 98.2%yoy, with a contained level in the personnel spending line. After the debt interests and Soc.Sec expenses, the consolidate result closed balanced, but narrowed by -8.6ppyoy.
- » The primary deficit reached 1.2% of revenues in 1H23, -8.2pp below last year. The total revenue grew by 87.2%yoy, despite provincial taxes increasing above inflation. The primary spending did it by 103.9%yoy, with the current expenditures at 107%yoy and the capex at 90.6%yoy. After the debt interests, and social security and other expenses, the consolidated deficit closed at 4.5% of revenues, -8.8ppyoy.

Source: TPCG Research based on Province's filing and E&R

Overview of La Rioja's main ratios

La Rioja	Debt Outstanding		YTD Services*		
	USD mn	2Q22	2Q23	Interest	Capital
USDARS	\$ 125.22	\$ 256.73	\$ 211.90		
National Government	30	22	3	3	
Multilateral	24	29	0	1	
Banks	2	1	0	0	
Consolidated Debt	0	0	0	0	
Bonds	287	279	8	3	
Total Outstanding	343	331	12	8	
Total Services			20		

Ratios - La Rioja	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	7.4%	6.0%	6.7%	7.2%	7.8%
Federal Taxes / Total Revenues	74.7%	70.0%	62.0%	66.0%	69.5%
Total Fed. Funds / Total Revenues	84.5%	89.3%	77.2%	81.3%	80.8%
Personnel Spend. / Total Expenditures	52.2%	46.4%	34.6%	39.5%	40.4%
Debt Interests / Total Revenues	4.8%	2.4%	0.3%	1.7%	1.7%
CapEx / Total Expenditures	8.4%	13.5%	26.8%	21.2%	20.0%
Primary Balance / Total Revenues	0.0%	6.0%	-2.2%	1.7%	-1.5%
Fiscal Balance / Total Revenues	-4.7%	3.6%	-2.5%	0.0%	-3.1%
Debt Services / Total Revenues	5.9%	3.2%	1.1%	2.6%	2.8%
Total Debt / Total Revenues	59.9%	53.8%	35.9%	32.3%	33.4%

Source: TPCG Research based on Province's filing and E&R

Total debt closed at USD 331mn, resulting in a leverage position of 33.4% of revenues. Total debt denominated in foreign currency stands at 89%.

The province's main ratios closed almost flat relative to FY22, excluding the fiscal performance which has deteriorated.

Chaco: the consolidated surplus closed at 22.9% of revenues in 6M23

Chaco - ARSmn	2021	2022	%YoY	6M22	6M23	%YoY	2Q22	2Q23	%YoY
Total Revenue	222,745	408,900	83.57%	167,834	344,654	105.35%	97,960	201,619	105.82%
Current Revenue	212,033	395,093	86.34%	163,351	335,530	105.40%	95,535	196,724	105.92%
Provincial taxes	27,173	49,647	82.70%	21,324	44,226	107.40%	12,419	24,471	97.04%
Federal taxes	168,941	310,889	84.02%	126,564	259,975	105.41%	74,140	154,134	107.89%
Other non-tax	4,608	16,482	257.68%	6,533	13,238	102.64%	3,684	7,437	101.88%
Royalties	0	0	-	0	0	-	0	0	-
Discretionary Federal Gov transfers	11,311	18,076	59.81%	8,930	18,091	102.59%	5,291	10,682	101.88%
Capital Revenue	10,712	13,806	28.88%	4,483	9,124	103.52%	2,425	4,896	101.88%
Financial investment	794	119	-84.99%	74	188	153.92%	50	101	101.88%
Transfers	9,697	13,168	35.80%	4,251	8,617	102.68%	2,284	4,611	101.88%
Other	222	519	134.14%	157	319	102.61%	91	184	101.88%
Primary Spending	204,835	379,361	85.20%	141,544	281,941	99.19%	83,113	167,785	101.88%
Current Expenditures	168,109	308,885	83.74%	121,126	240,560	98.60%	71,976	145,302	101.88%
Personnel spending	101,036	193,994	92.00%	76,718	150,609	96.32%	44,886	90,613	101.88%
Goods and services	16,853	25,045	48.61%	8,508	17,235	102.57%	5,116	10,328	101.88%
Transfers to public sector	25,168	43,571	73.12%	20,240	40,991	102.52%	12,696	25,630	101.88%
Other transfers & expenditures	25,052	46,275	84.72%	15,660	31,726	102.59%	9,279	18,732	101.88%
Capital Expenditures	36,726	70,476	91.89%	20,418	41,381	102.67%	11,137	22,483	101.88%
Real Investment	27,876	54,511	95.55%	14,347	29,076	102.66%	7,862	15,871	101.88%
Financial invest.	5,937	9,677	62.99%	2,802	5,675	102.55%	1,709	3,450	101.88%
Capital transfers	2,913	6,288	115.85%	3,270	6,630	102.78%	1,566	3,162	101.88%
Primary balance	17910	29539		26290	62713		14847	33834	
as % of revenues	8.04%	7.22%	-0.82pp	31.53%	36.97%	5.44pp	15.16%	16.78%	1.62pp
Debt interest	5,374	6,978	29.8%	3,475	7,061	103.2%	854	1,724	101.9%
Fiscal balance	12536	22561		22815	55652		13994	32111	
as % of revenues	5.63%	5.52%	-0.11pp	26.91%	32.39%	5.48pp	14.28%	15.93%	1.64pp
Social security and other	-9,654	-20,055	107.7%	-8,023	-16,255	102.6%	-4,648	-9,383	101.9%
Consolidated fiscal balance	2882	2506		14792	39397		9345	22728	
as % of revenues	1.29%	0.61%	-0.68pp	17.33%	22.93%	5.59pp	9.54%	11.27%	1.73pp

How we read it:

- » In 2Q23, the primary surplus grew by 1.6ppyoY to 16.8% of revenues. The total revenue increased by 105.8%yoY, with all lines growing below the inflation pace but above spending. In terms of the latter, it did it by 101.8%yoY. After considering the debt interests and Soc.Sec expenses, the consolidated surplus closed at 11.2% of revenues.
- » For the 6M23 period, total revenue went up by 105.3%yoY, while the primary spending did it by 99%yoY. Combining both, the primary surplus improved by 5.4ppyoY to 36.9% of revenues. After considering the debt interests and social security and other expenses, the consolidated surplus closed the period at 22.9% of revenues, improving by 5.6ppyoY.

Source: TPCG Research based on Province's filing and E&R

Chaco's leverage position closed at 27.6% of revenues

Chaco	Debt Outstanding		YTD Services*	
	USD mn	2Q22	2Q23	Interest
USDARS	\$ 125.22	\$ 256.73	\$ 211.90	
National Government	202	198	10	39
Multilateral	63	57	2	2
Banks	76	62	3	17
Consolidated Debt	0	0	0	0
Bonds	296	311	18	33
Total Outstanding	637	629	33	92
Total Services			125	

Ratios - Chaco	2019	2020	2021	2022	LTM 2Q23
Provincial Taxes / Total Revenues	11.8%	11.9%	12.2%	12.1%	12.4%
Federal Taxes / Total Revenues	79.5%	77.5%	75.8%	76.0%	75.9%
Total Fed. Funds / Total Revenues	84.5%	84.0%	80.9%	80.5%	80.5%
Personnel Spend. / Total Expenditures	56.3%	58.5%	49.3%	51.1%	51.5%
Debt Interests / Total Revenues	6.1%	2.0%	2.4%	1.7%	1.8%
CapEx / Total Expenditures	9.8%	8.7%	17.9%	18.6%	17.6%
Primary Balance / Total Revenues	4.0%	12.3%	8.0%	7.2%	11.3%
Fiscal Balance / Total Revenues	-2.1%	10.3%	5.6%	5.5%	9.5%
Debt Services / Total Revenues	9.1%	3.6%	5.6%	7.5%	7.5%
Total Debt / Total Revenues	40.9%	38.8%	31.6%	22.5%	27.6%

Source: TPCG Research based on Province's filing and E&R

Chaco's total debt reached USD 629mn, resulting in a leverage position of 27.6% of revenues, a figure that increased by 5pp since FY22.

Excluding the fiscal performance, most ratios stood flat during the period.

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