

The Argentina-IMF saga's new season

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As of 6/17/2025 Argentina accounts for 34.5% of Total IMF Credit Outstanding

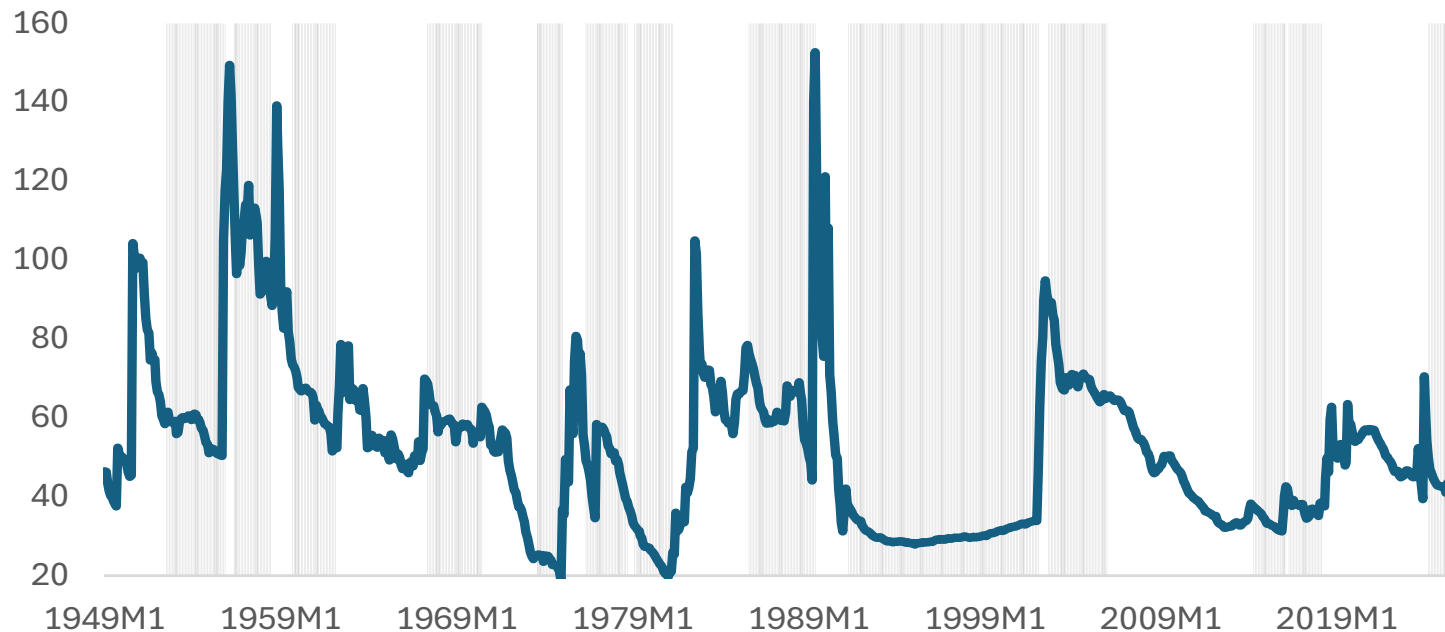
<https://www.imf.org/external/np/fin/tad/balmov2.aspx?type=TOTAL>

I will focus on three concerns:

- **Inflation stabilization and real exchange overvaluation: The return of an old problem.**
- **Challenges in regaining market access challenges.**
- **A risky strategy: Borrowed reserves and “hot money”**

The frequent spikes at the end of the frequent inflation stabilization plans (13) mark the large (nominal) devaluations that drive the initial depreciation of the real exchange rate at the end of the plan. In short, the plans ended badly.

Argentina, 1949:1-2025:5
Real bilateral exchange rate with US
(inflation stabilization plans are shaded)



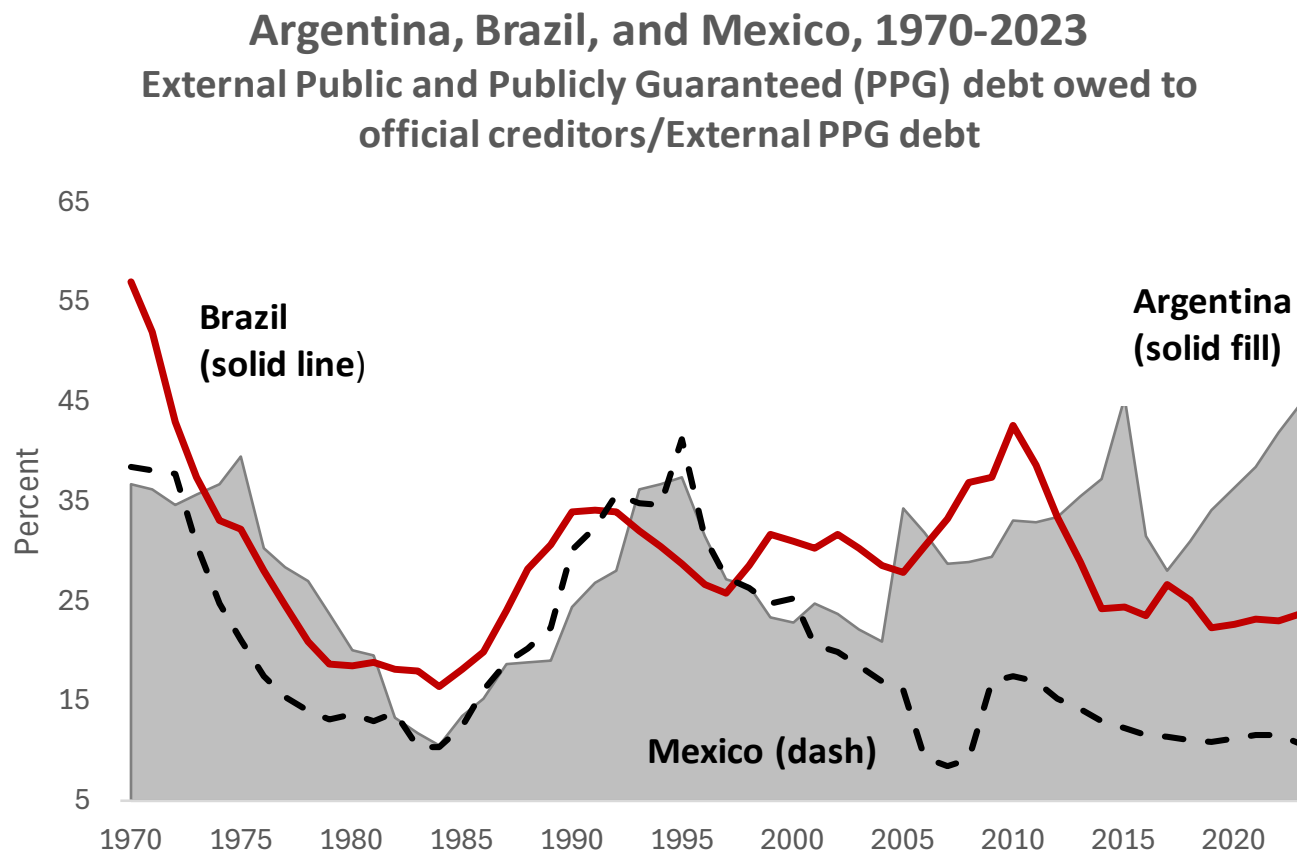
Sources: Reinhart and Rogoff (2003), IMF, International Financial Statistics, INDEC, US Bureau of Labor Statistics, Trading Economics, Buera and Nicolini (2019), Ocampo (2017), Vegh (1992).

With or without access to international capital markets, the chronic (downward) inflation inertia in Argentina continues to delay inflation convergence to this day.

Argentina: Post-WWI inflation stabilization plans			
	Cumulative real exchange rate		
	Start	End	appreciation (-) at end of plan
1	1952	1955	-21.4
2	1955	1958	-8.8
3	1959	1961	-44.0
4	1967	1970	-21.3
5	1973	1975	-22.5
6	1976	1978	-48.3
7	1979	1981	-49.5
8	1985	1988	-43.3
9	1991	2001	-30.6
10	2002	2005	-31.6
11	2014	2015	-18.5
12	2016	2017	-17.5
13	2024	2025	-38.2 through May

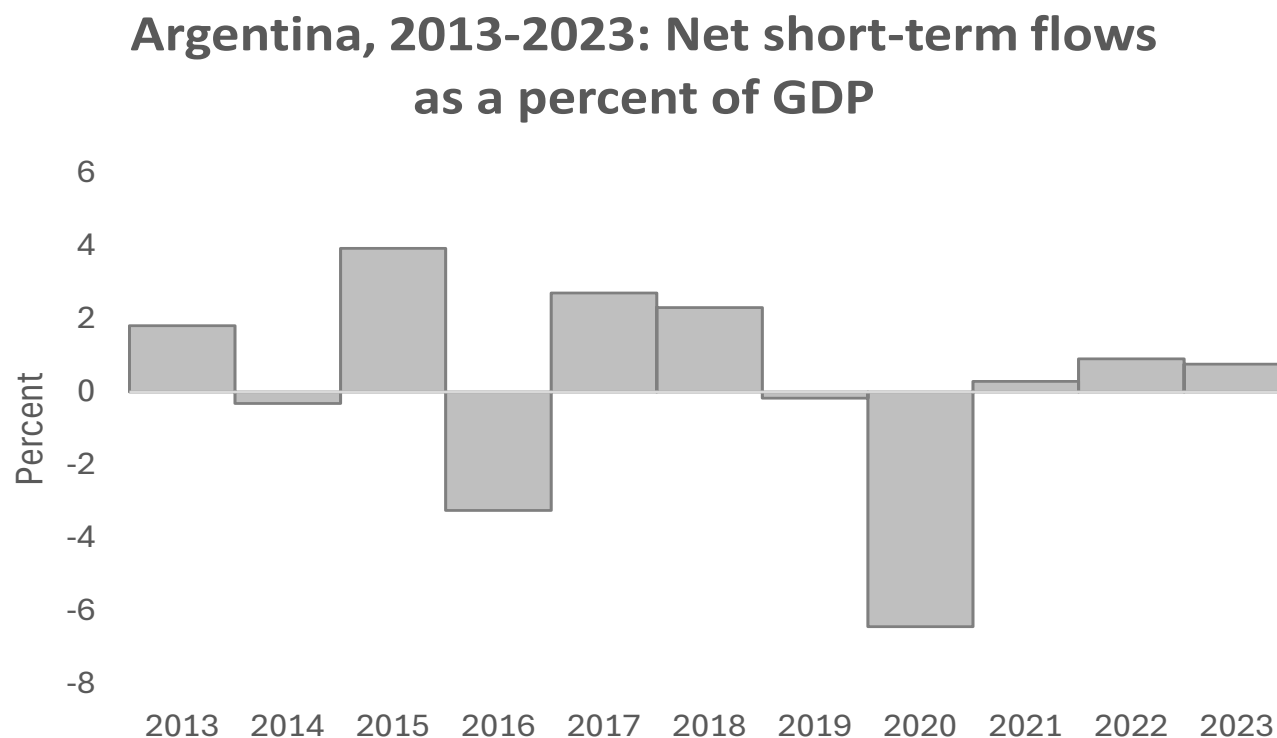
Sources: Reinhart and Rogoff (2003), IMF, International Financial Statistics, INDEC, US Bureau of Labor Statistics, Trading Economics, Buera and Nicolini (2019), Ocampo (2017), Vegh (1992).

Argentina's debt owed to external official creditors was 45% in 2023 (prior to the latest IMF loan). The majority of the official debt is to multilateral creditors, senior to bondholders. Its highest credit rating (Fitch) is CCC+.



Sources: The World Bank, *International Debt Statistics*, 2024.

Recent measures to build up dollar reserves involve Treasury plans to continue issuing local currency debt with an option for USD subscription. The minimum holding period will be eliminated for non-residents investing via the Free Exchange Market or in primary issuances with maturities longer than six months (A Macri 2018 replay).



Sources: The World Bank, *International Debt Statistics*, 2024 and IMF, *World Economic Outlook*, April 2025.