

# Fixed Income & Economics Daily

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## ECONOMICS RESEARCH

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## LATAM ECONOMICS

**ARGENTINA: Cement Production Increased 5.8% y/y in December**

## ARGENTINA

### ECONOMICS

## Cement Production Increased 5.8% y/y in December

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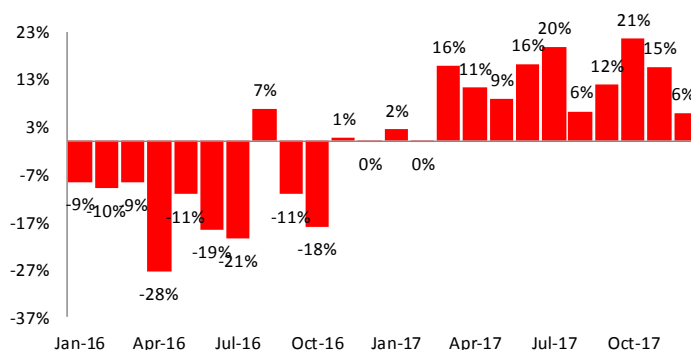
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**Cement deliveries grew 5.8% y/y in the last month of 2017, decelerating from the 16.3% y/y average increase observed during the previous three months.** On a cumulative basis, cement production increased 11.3% in full-year 2017 due to strong public works growth (+25% y/y) and private construction (+5% y/y). Cement consumption growth last month reflects construction activity growth of around 6.2% y/y in December, according to our estimates. As a result, the construction sector expanded 12.1% in full-year 2017, recovering from the 12.7% decline in the previous year.

**The expansion in cement consumption and the growth in capital goods imports (which we estimate at 19.1% y/y in 4Q17), together with the production of transport equipment (+5.4% y/y in the same period) all point to overall investment growing 15.6% y/y in 4Q17, the highest rate since 3Q11.** The construction sector remains a key driver of investment, representing 42% of the total. We expect the construction sector to see solid growth in 2018, mostly driven by the Federal Government's infrastructure plan (together with the first of the Public-Private Participations agreements), and due to an improved outlook for residential construction (stimulated by the new inflation-adjusted mortgage loans).

### Solid cement production growth during 2017



(Cement production growth in annual terms)

Sources: Portland Cement Producers Association and Santander.

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