



RESEARCH for TRADERS

Argentina Fixed Income Morning Notes

Developments

YPF asks New York court to move expropriation case to Argentina.

Argentina's state-owned oil and gas company and the sovereign itself, on Thursday asked a three-judge panel at New York's Court of Appeals for the Second Circuit, two move the case to an Argentine court citing the Sovereign Doctrine as the basis for such petition. YPF and the Republic of Argentina faced former shareholder Pertersen Energía S.A.U. in a case related to the 2012 nationalization of the state-run oil and gas company. YPF's lawyers argued that complaint should be dismissed since Doctrine precludes U.S. courts from second-guessing a foreign sovereign's public acts taken within its own territory. "This suit directly challenges the validity of Argentina's public acts within its own territory and should therefore be dismissed", said Martin Domb from Akerman LLP who is representing the Republic of Argentina in this case. The court must now rule whether YPF and Argentina violated the company's bylaws by not tendering those shares held by shareholders represented by the 49% of the company not nationalized and whether the State Doctrine applies to this case. At the time the YPF Expropriation Law was enacted in 2012, Plaintiffs held a 25% interest in YPF that they had previously purchased directly from Repsol with financing tied to YPF dividends.

BBVA Banco Francés investigated by tax agency; Banco Patagonia's acquisition in doubt.

The Buenos Aires-based financial institution could be facing regulatory challenges as it tries to acquire a majority stake in Banco Patagonia, according to a Bloomberg report published on Thursday. The report, which cites sources familiar with the matter, explains how an ongoing investigation of BBVA Banco Francés by the local tax collection agency AFIP, and by the Central Bank, may threaten the bank's efforts to win control of Banco Patagonia. Bloomberg reports that BBVA Francés refused to pay \$ 74.2m of its 2016 income taxes and went to court to challenge the policy that companies can't adjust their balance sheets for inflation. The report also confirms that last month the Central Bank ordered BBVA Francés to account for the money in case it loses the court challenge. The Argentine central bank and tax agency are raising concerns that this investigation may cost Buenos Aires-based BBVA Francés regulatory approval if it wins the bid, the Bloomberg report concludes. As reported, binding bids for Banco Patagonia were due on Thursday where BBVA Banco Francés joined Banco Macro and Banco Itaú as the only participating financial institutions.

Celulosa Argentina prices a two-part local bond sale.

Argentina's pulp and paper manufacturer, on Thursday priced a \$ 10.8m, 2-year note with a 9.5% coupon payable on a semi-annual basis and a ARS 178.3m (\$ 11.4m), 2-year note to yield 575 basis points over the local Badlar rate. BST and Puente acted as the bookrunners for both deals. Last year, Celulosa became the first and only Argentine credit to pull an international bond sale since the official lifting of the injunctions due to lack of interest from institutional investors. The company ended up raising capital in the local markets by selling three notes for a combined total of \$ 35m.

Albanesi's Generación Mediterránea readies an ARS 400m, two-part local bond sale.

Generación Mediterránea, a subsidiary of Argentina's power generator Albanesi, is readying an ARS 400m (\$ 25m), two-part local bond sale before the end of July, according to a company filing with market regulators. The news comes on the heels of Albanesi's announcement that its shareholders had approved a new \$ 100m shelf program after the company had issued a \$ 250m international bond sale in 2016 and an ARS 255m local note this week. In a statement by Albanesi's CEO Armando Roberto Losón, the executive said that the company needs to seek additional financing to fund planned expansion projects in the country.

International Bond Pipeline.

Republic of Argentina · EUR · \$ 2bn · Maturity TBD · Arrangers TBD · Late June.

Albanesi · USD · \$ 100m (2023 tap) · 2023 · Arrangers TBD · Evaluating timing.

Pampa Energía · USD Convertible · \$ 500m · Arrangers TBD · Evaluating timing.

Province of Córdoba · USD · \$ 400m · TBD · Arrangers TBD · Evaluating timing.

Province of Río Negro · USD · \$ 250m · TBD · Arrangers TBD · Evaluating timing.

Province of Santa Cruz · USD · \$ 350m · Maturity TBD · Arrangers TBD · Evaluating timing.

Cablevision · USD · \$ 500m · TBD · Arrangers TBD · Evaluating timing.

Central Puerto · USD · \$ 500m · 7-10 years · JP Morgan, Deutsche · Evaluating timing.

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