

How Green is my US dollar

If you were always told that the colour of money was green... well, in Argentina it is a little bit more colourful than that. Blue, green, gold, purple. Pick yours.

I write about Argentina's art of colouring because, especially for those of you coming to HVTT13 through Buenos Aires, it is essential knowledge.



Bring American dollars or Euros in cash with you.

Regardless of economic hurdles I describe below, Argentines somehow manage to keep business going. It is a very special skill, where currency for negotiations takes a mix of acquired trust between parties and local knowledge and history. And that is why, paraphrasing Bob Pearson in his welcome video, I can be sure that HVTT13 will be a magnificent event.

A little bit of History

The currency in Argentina has undergone many changes, both in name and purchasing value. From 1881 to 1969 it was called Argentine Peso, but the last 40 years it has changed 4 times its name and slashed 12 zeroes from the original. An actual peso (ARS) is worth 1 billion pesos of the 1969. To give context, a coffee today is around 15-18 pesos.



The original Argentine Peso

After the 2001/2002 crash, the Argentinean government managed to keep the currency exchange around 1USD=4 ARS. After 8 years of almost continuous growth, especially in consumption, inflation escalated and, as per their history of devaluations, Argentines started to buy US dollars as a way of protecting the value of their savings. The government tried to prevent a repeat of history by placing restrictions to buy USD among the local population (*you had to show why you wanted dollars and, if approved, you were authorized to exchange a limited amount only*). Buying property, which had always been done in dollars, was compulsory "pesofied", with Real Estate agents threatened with closure if they didn't comply.



Austral, 1985-1991

One day in 2011, the market exploded and we all woke up to what it was to be known as "Dollar Blue", none other than a black market dollar. While the official rate continued to be 1USD=4 ARS, and was impossible to buy given the restrictions, if you "knew someone that knew someone", you could buy freely in a "cave" 1USD=6ARS. Purchasing goods was another way of keeping the value of your money. Truck manufacturers' production was sold out, one client even asking to buy a demo truck regardless of the vehicle being used!

Current Dollar situation in Argentina

In March 2014, with the "Blue" hitting the 12pesos mark, and inflation of 35%, the government devaluated the peso in 33%. The official exchange rate went from 6 to 8pesos per dollar overnight. Remember I said somehow business keep going. As of today, and please follow the news in English on <http://www.buenosairesherald.com/>, the situation is as follows:

Name of US dollar	Rate (sell) 10/6/14	Description
White (official)	8.15	Official, what you will be given in a bank, charged from your credit card or ATM withdrawal.
Blue (black market)	11.70	You need to go to a "cave" or underground place. Not for the average person, only addressing transactions in excess of 3,000 USD.
Green (ARBOLITO or Tree)	11.2- 11.90	So called "Trees", these are announcing mostly on touristic streets "dollar euro, cambio, change". For small amounts, up to 200USD. As with anything bought from the street, extreme caution is needed. Don't do it alone.
Light Blue (property)	9.94	Average between the official and the blue, use for construction and reaching agreements for property
Credit card/Tourist	11	For argentines purchasing international tickets and tourist packages, or purchases abroad with local credit cards. Official rate + 35% compulsory tax.

And many, many more colours (imports, export, soy, savings, bonds, etc) but these give you an idea I think.

Some shops and restaurants around tourist areas also promote special rates payments in dollar or euro, change being in pesos of course. You will see the sign outside the window by the cashier.

Conclusion

As with going to any country, exercise caution, and ask the locals (hotel, me, travel agent). Always take cash with you, since a lot of bars and restaurants may not accept credit cards. In Argentina, "cash is king"

See you in October!!!

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