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Country Coverage

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Argentina: Late-Stage Milei?

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Argentina

Late-Stage Milei?

- × President Milei in recent months is seeing his approval numbers (and disapproval numbers) deteriorate rapidly which is triggering a sea change in perspectives for 2027 and producing a panic in the ranks of the Libertarian establishment
- + The peso is slightly weaker in the last two months (breaching the \$1500 to \$1 mark)
- + The opposition Peronists are fighting mode (amongst themselves) between the forces of Cristina Kirchner (promoting her ne'er-do-well son) struggling for power against Axel Kicillof (the governor of Buenos Aires province) and a "resurgent" Sergio Massa
- + The economy remains anaemic in urban areas with the go-go sectors being oil & gas (i.e. Vaca Muerta), mining and agriculture
- + Consumer price inflation is again heading down but a hefty bout of deflation is needed on the supermarket shelves
- + A chaotic surge of Chinese imports of cheap junk provides some feel-good at lower price points but much of it is evading any inspection or (even low) duties
- + Mining activity is in overdrive with the three legs, lithium, copper and gold all under massive development
- × Milei has fallen into the Falklands trap, that he had hitherto eschewed, due to the bad offices of President Trump
- × Relations between the President (or rather, his sister) and the Vice President continue to spiral, however Villaruel retains relevance and importance as the Speaker of the Senate and a key vote
- × The President, remains as bad-tempered and permanently rancorous with the media as ever
- × Inflation is lower, yet prices still rise, and the country is becoming known as one of the most expensive travel destinations in the world
- × The Adorni scandal finally buried any illusions that corruption is anathema to the Milei mindset
- × Peter Thiel's move to Buenos Aires is proving to be a lightning rod attached to Milei's government with no ostensible economic benefit
- × The scandalous administration of the AFA (*Asociacion de Futbol Argentina*) was put in the "Too Hard" basket while the World Cup was going on but sent a signal (again) of Milei being "soft on *La Casta*"

Some Context

How quickly time flies in politics! It seems to drag while in opposition awaiting the next electoral cycle but, for those in power, the days and weeks fall rapidly from the calendar and there are not enough hours in the day to bring the political manifesto to fruition. We are on the cusp of the third anniversary of the election of Javier Milei. After October we pass into the final year and that inevitably becomes a period in which electioneering takes over from legacy building.

Milei though is not a typical politician and maybe isn't a politician at all. We even saw a suggestion that he would not run again. Questions swirl around about his health and while these have not reached the level of those surrounding Donald Trump, they recently prompted a personal denial that his four days hunkered down in the Quinta in Olivos was not due to a heart attack. His irregular gait is analysed in the press while his mental health is aired every time there is an unmeasured outburst.

Further on in this note we discuss his relationship with the vice president and how she is off doing her own thing.

With the economy motoring along but not bubbling, things should be looking more propitious but the polls are dire and yet there is no behaviour modification beyond grasping at the (thin) straw of the Falklands Islands which Trump proffered to stir up some trouble.

In this review we shall offer some observations of our recent visit to and around Argentina.

For Whom the Polls Toll

Argentine polling is notoriously faulty and has produced several surprises in recent political history so it must be taken with more than a grain of salt. We weren't even going to mention the polls when we started writing this piece, but they are proving to be a canary in Milei's coal mine and he is isn't liking it.

The new national poll that has roiled the waters was conducted by the consultancy Synopsis between August 10 and 18, surveying 1,224 people nationwide with a margin of error of +/- 2.8%. It also gauged voter preferences regarding change versus continuity in the national government. The poll placed Peronism and La Libertad Avanza in a "statistical dead heat" ahead of the 2027 presidential elections, with 35.7% and 35.5% of voting intention, respectively.

Even worse, according to the survey, 60.2% of respondents stated they would prefer a change from the current situation, while 35.6% favored continuing the country's current course.

When asked specifically about the upcoming (October 2027) presidential election, 22.6% affirmed they would choose Milei "no matter what," while another 17.2% indicated they would opt for the incumbent because "there is no other option." This brings the President's potential electoral support to 39.8%.

Interestingly, in light of Milei's taking up the cudgels of the Malvinas issue to burnish his polling, ~66% believe sovereignty and the defense of the homeland are less of a priority for the government. That is

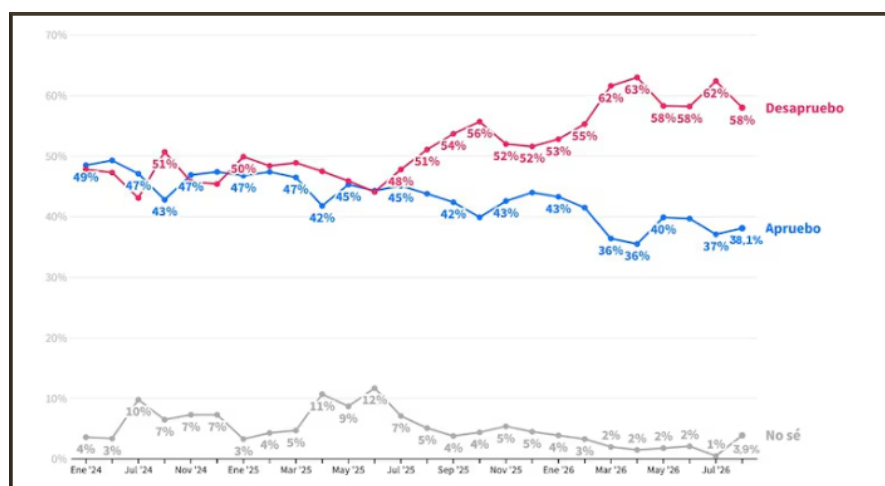
no true of Vice President Victoria Villaruel who has made a virtue of her closeness to the (much diminished) military.

Within the opposition camp, 43.1% stated they would choose "an opposition candidate no matter what," while 14.7% leaned toward an opposition candidate due to the lack of other alternatives; combined, this means 57.8% favor a change of government. However, one should note here that clearly the government is Milei and the LLA while the polled individuals were being given a choice of one of the various failed Peronist alternatives, such as Sergio Massa, Axel Kicillof or some proxy of Christina Fernandez de Kirchner (such as her son, Maxi).

When broken down by political groups, the parties trailing Peronism and LLA were the Left (7.1%), PRO (6.1%), Provincias Unidas (2.4%), and other groups (5.3%), with 7.9% of respondents answering "don't know/no response". This rating for the PRO is particularly bad considering how well it did in the last presidential first round when the candidate was Patricia Bullrich (now, supposedly a mainstay of the LLA in the Senate).

The study grouped the political factions into a potential polarization scenario: Peronism and the Left garnered 42.8%, while PRO and LLA reached 41.6%. The remainder was distributed among Provincias Unidas, other groups, and undecided voters. **The lack of specific mention of the once great Radical Party is an embarrassment.** We always wonder whether the polls are skewed towards the more accessible parts of Buenos Aires, where lazy pollsters don't have to do the legwork required to reach more isolated places, let alone venture into the *villas* of Greater Buenos Aires.

Then in graphic form we have a poll published by Bloomberg.



Source: Bloomberg/AtlasIntell

This shows how, basically since March of this year, Milei's disapproval rating has been stubbornly very high and nothing he has done has been able to shake off this albatross.

The Last Refuge of the Politically Desperate

They say that patriotism is the last refuge on the scoundrel. However, in Argentina the last refuge of the scoundrel is the Falklands (or as they might say the Malvinas). We fail to be able to identify anyone for whom the rewarming of the Falklands has been much help or indeed their salvation.

It would appear that the Milei Administration has maybe had this issue forced upon them by the Trump Administration “trying to help” with what it perceives as Milei being past his prime in the polling stakes. It would have been better for Washington to look after President Trump’s own polling woes than passing to Milei a life-ring made of lead that will take him straight to the bottom.



In a world where the US President has few friends, or even fellow travelers, Javier Milei has proven to be a staunch sycophant of a president that could not be farther from the libertarian and Friedmanite stance of the Argentine incumbent. Still Trump, without any consultation (probably not with the Casa Rosada either) decided to gift a toxic hot potato to Milei. This was clearly done without any consultation with his military team (so what else is new?) because they might have told him that the US was dependent upon the UK’s good graces for the use of airforce bases in Norfolk for bombing raids on Iran or RAF Akrotiri in Cyprus. That is without mentioning the Diego Garcia arrangement.

One suspects that if Trump persists then Burnham will send someone to have a word in his shell-like and tell him to find some other bases to utilise. Again, Trump will have ended up blindsided by himself. And when Trump does a *volte face* (TACO for the cheap seats), it will be Milei who went out on a limb believing he had the White House’s support, only to get the sinking feeling as Trump removes his support for adventurism.

Milei should have known better. This is the same guy that spent a goodly chunk of his inaugural address lavishing praise upon Margaret Thatcher, then three years without mentioning the Malvinas and now he is dusting off prohibitions on anyone or any company that “trades with the islands”. The main collateral damage of this is an Israeli oil exploration company... Oops...

We shouldn’t have to tell Milei, but as they say, “It’s the economy, stupid” and if the economy is not working out for the voters and he is losing support, no amount of sabre rattling (particularly when one doesn’t have a sabre to rattle) is going to recoup the trust of voters.

Dodging Hubris

The big event during our stay was the World Cup. We all know how that ended, which resulted in a certain mass dejection, that seemed to last two days and wafted away. We met some who were wary of a victory as that in the past has frequently led to a rush of blood to the collective head that can last

years and a victory is interpreted mistakenly as a vindication of political and economic bad behaviour. Then business as usual...

The Adorni Matter – *Viva La Casta*

When, as the presidential candidate, Javier Milei railed against *La Casta* (the caste or ruling elites) he struck a chord with the Argentine electorate, particularly the young. The perceived interweaving of powerful economic groupings, sleazy politicians on the make and the circle of hangers-on and expeditors has long been a source of frustration for the public, particularly the brazenness with which these people operate.

Milei rode to power largely on this revulsion and frustration. His economic policies and most particularly their Austrian school underpinnings were largely a mystery to the public.

Milei fired up his metaphorical chainsaw from Day One and has brought stability to the currency and most particularly put the public accounts in order and in some versions has eliminated the fiscal deficit. It was the bureaucratic equivalent of the Shower Scene from *Psycho*.

Milei, politically, dwells in what Argentines would cruelly call a "*nube de pedos*" while the backroom axe-wielder is the sister, Karina, who reigns supreme at the Casa Rosada, while her brother dwells on a higher intellectual plane.

Then there arose the matter of the allegations swarming around Manuel Adorni, the (now departed) head of cabinet of the Presidency. The scandal centered on allegations of illicit enrichment and unexplained wealth. Investigations into his finances revealed massive discrepancies between his official public salary and his actual spending.

Prosecutors highlighted that his credit card spending alone reached roughly 85 million pesos in 2025, which significantly exceeded his gross public salary of 3.5 million pesos per month. While investigators found that Adorni and his wife, Bettina Angeletti, purchased properties that they initially failed to include in official asset declarations. This included a home renovation in the Indio Cuá private gated community that a contractor testified cost \$245,000 paid entirely in cash.

Questions were raised regarding several lavish, undeclared international trips, including luxury travel on private flights. Adorni initially refused to explain his sudden lifestyle upgrade but later admitted in a television interview that he and his wife concealed \$500,000 in off-the-books savings. He claimed this was the outcome of a \$200,000 investment in Bitcoin in 2014. We suspect this excuse will become popular one in years to come, somewhat like "we had a good day at the casino".

Ironically, Adorni headed the anti-corruption campaign of the Milei administration. Yet, despite the mounting evidence "Manuel is innocent," Milei told local media in Spain during his visit there in mid-June. "I stand by my ministers to the bitter end."

And a bitter end it was too, as the controversy ultimately led to Adorni's resignation from his position on

the 27th of June.

Victoria Villaruel – A Thorn in Milei's Side

Some thought our focus, in our note after the initial Milei victory, on the new vice president, Victoria Villaruel to be excessive. Our thesis then was that one should know more about this previously obscure person because in Argentine history, vice presidents have frequently ended up wearing the presidential sash when “events” intervene. As the US may soon find out the incumbent in the second-ranked position may have glory thrust upon them “unexpectedly”. As students of the Warren Harding administration in the US in the mid-1920s will know, a notoriously grifting regime came to grief with a heart attack precipitating change and catapulting a very different character, Calvin Coolidge, into the limelight.

Villaruel was sidelined from Day One with the inauguration at Congress followed by a walkabout to the Casa Rosada by the president and his “consort”, his sister, Karina Milei. Despite Villaruel having official status as next in line, president of the Senate and frequently a key vote in tough counts in the upper house where Libertarians (and allies) were well in the minority, she was kicked to the kerb and cast as a definite outsider in the Administration. Karina clearly felt that this town was not big enough for the both of them and Villaruel was given a very public cold shoulder. Time has not healed this division and indeed it has got worse since the mid-terms which strengthened the LLA's position in the Upper Chamber (but not to any overwhelming extent). But never let it be said that there was a sound perception of political numbers in Milei's Casa Rosada, where only economic numbers catch the President's eye.

The latest ructions are between the VP and the former *Grand Poobah* of Security, Patricia Bullrich, now converted into a Senator since the mid-terms. This time it is over a new Law of Private Property.

A subliminal theme to this new law is the activities (including, purportedly, arson) of Israelis buying up land in Patagonia and the post-service peregrinations of IDF members. Have matches, will travel. For more on this, we would refer investors to searching on Youtube. It is a hot (pardon the pun) topic amongst the chattering classes and the *hoi polloi*.

With Villaruel having a long-time and interesting relationship with the much-diminished Argentine military, one can see why she might take up the cudgels on this topic of Fifth Columnists snapping up the depopulated wilderness of Patagonia without specifically calling out culprits by name.

The Casa Rosada may again be misplaying its hand in entrusting the Senate phalanx to the former Security czar, as Bullrich still lights a candle, to whatever deity she fancies, on a nightly basis to once more enter the fray for the next presidential elections. Meanwhile, Karina might very well be dished up as the VP candidate on Javier Milei's run for a second term on a Milei/Milei ticket. This would then position Karina as the heir to carry on as a seamless third-term for the LLA forces. That is should the public suppress their disdain for her.

Villaruel is, however, not going gentle into that good night.

Clearly she hath no fury like a Libertarian scorned. It has been noticed in the media that Villarruel is quietly forging alliances, starting with a strategy in the country's interior. This is not a new development; it began roughly a year ago, centered on the province of Córdoba. There she is working alongside Emilio Viramonte Olmos, the former Senate Administrative Secretary and her one-time right-hand man. The aim apparently is to create her own nationalist-right political movement, grounded in respect for institutional norms (and the military).

Her goal is to raise her profile and gain recognition through controversy, while projecting an image of respect for institutions—in stark contrast to President Javier Milei's administration, which tends to operate based on ideology rather than strictly institutional frameworks.

Reports indicate that she is making common cause with former Foreign Minister Diana Mondino in Córdoba. Mondino was unceremoniously dumped for no reason by Milei early on in his reign. The two share a close, almost friendly, bond after both were sidelined in the initial phases of the Libertarian government when their usefulness was (supposedly spent). Media reports indicate they are both highly regarded by Libertarian voters who supported Milei in 2023 but now see no real improvement in the country's socioeconomic conditions.

Villarruel has also reached out to factions of the PRO party through National Senator Martín Goerling Lara. This is seen as a reach out to former President Mauricio Macri. Macri had always considered Córdoba his stronghold, and he was deeply disappointed when the province delivered the largest share of votes to Milei in the last presidential election.

It is perceived that Macri is currently seeking to reconcile with the Casa Rosada, pushing for a relationship with the Secretary General of the Presidency, Karina Milei. This move would not be one favoured by the President of the Senate.

Her political organizing efforts seem to be focused on a charm offensive towards a faction of the Radical party that is highly critical of Milei's administration. This is evidenced by a trend recently observed on the ground in Mendoza, where the battle to replace the existing governor is heating up.

Interestingly, the main candidate comes from this so-called "La Juan Bautista" group. Having actively campaigned for Milei they subsequently severed ties with the Milei government but remain loyal to Villarruel and, according to one media report from the province "answer to her chain of command". For a washed-up VP, she is doing well in the smokey political backrooms where Milei fears to tread.

There is now talk of a "Villarruelista" faction signalling that Villarruel is beginning to build a political base in the country's interior. This vast swathe is an area (outside of La Rioja) where Milei certainly lacks influential figures capable of challenging her for power. He has faced serious difficulties in his dealings with state governors where the stock has been more utilized than the carrot.

The Vice President is perceived as backing a less confrontational political structure and this meshes with some of the central tenets of the Radical party. Will that party rise from its not quite zombie state (it

always controlled Buenos Aires City) and get its mojo back?

Some pundits claim that the country is witnessing the Vice President (re) building her own political base, with the provinces of Cordoba and Mendoza being key chess pieces in her strategy.

Milei is besieged by his sister, the estranged VP, Victoria Villaruel, her ally and ex-Foreign Minister, Diana Mondino and then Patricia Bullrich who ran against him (as the PRO) in 2023, then threw her support behind him. She was his Security Minister and now sits in the Senate for the LLA. Over the decades, the 10,000-foot view of Argentine politics shows women to frequently be the real “strong men” in the *melee* that stretches from the Congress down the Avenida de Mayo to the Casa Rosada.

“Cheeky” Tapia

Another day, another investigation of high crimes and misdemeanours. In this case, the scandal swirls around Claudio Fabián Tapia, nicknamed “Chiqui,” who has been entrenched as president of the Argentine Football Association (AFA) and president of the *Liga Profesional de Fútbol Argentino* since 2017.

Starting in late 2025, Argentine federal courts launched an investigation into Sur Finanzas, a financial firm owned by businessman Ariel Vallejo, a known associate of Tapia. Sur Finanzas had sponsored the AFA and several clubs. The investigation was regarding alleged money laundering, tax evasion, and criminal conspiracy. In February 2026, around thirty raids linked to the company were carried out, and in May 2026, prosecutors requested that Vallejo also be charged with fraudulent administration.

While Vallejo is the primary target of the investigation, media reports describe Tapia as being linked to the firm through its sponsorship contracts, with no charges brought against him.

Milei has stayed away from the investigation like it was kryptonite, particularly in the run up to the World Cup.

Interestingly, now a lot of the running is being undertaken by the FBI, as Miami is the great washing machine of Latin America and many of the fake companies and *testaferros* of Sur Finanzas and the AFA nomenclatura were set up there. Specifically, the investigation focuses on the alleged diversion of \$260 million (€228 million) through a scheme based in Miami. US authorities hypothesize that the AFA used a series of shell companies in the United States to divert assets and evade tax oversight.

The newspaper “La Nación” reported that federal prosecutors Patrick Gushue, Christopher Ting, and Michael Berger had taken statements from several witnesses regarding various fund transfers made by the AFA during the tenure of Tapia and his associate, Pablo Tovigginio.

One of the first witnesses reportedly questioned by FBI agents in recent days was businessman Guillermo Tofoni, who had previously filed a lawsuit against the sports association alleging corruption.

The investigation has, unsurprisingly been titled “AFA Gate”. Frankly no-one in Argentina is surprised or

indeed thinks anything will come of it as far as the Argentine-based investigations are concerned as the AFA is regarded as untouchable. The connection of the football mafia with the political mafias is well known and Tapia is the son-in-law of Hugo Moyano the *capo di tutti capi* in the Argentine labour movement. The links with Peronist factions of various football clubs are well known.

The case also involves the United States financial system due to a series of commercial transactions carried out by TourProdEnter LLC, a Florida-based firm managed by former congressman Javier Faroni and his wife, Érica Gillette. This private company was reportedly hired by Chiqui Tapia to collect international sponsorship payments for the Argentine national team.

There were contracts with major firms, such as Adidas (valued at US\$60 million) and Warner Bros (US\$40mn) that were reportedly executed through this company. According to information published by “La Nación”, the figures involved in these deals were exorbitant. Acting through five U.S. banks, Citibank, Synovus, Bank of America, JP Morgan, and PNC Bank, TourProdEnter LLC reportedly handled a total of US\$260mn derived from AFA contracts.

Meanwhile, the governing body of Argentine football had stated that it had complied with "all sworn declarations, reporting therein all tax obligations and withheld amounts—none of which relate to employee payroll contributions."

The AFA is an example, par excellence, of *la Casta* and thus should be a great target for Milei to bring down. And yet, Milei could not have been faster to wash his hands of the matter.

Knocking Off the Zeroes

Dollarisation, a central tenet of the original election campaign, was never mentioned in the mid-terms. Is it a dead letter? We would say yes. The easiest way to do this was, as we’ve pointed out before, when the peso was at 1,000 to the USD. Since then, it has ended up moving all around, but basically up (or down depending on how one looks at it). We suspect that the IMF is telling him “no” on dollarization and “no” on some form of *Convertibilidad (a la Menem)*.

The traditional mode of doing this is to knock off zeros. We noted on our recent stay that people instead of saying 7000 pesos said seven and instead of 15,000 said 15. Even basic salaries are in the millions, and auto purchases are in the tens of millions. In the absence of dollarization or some other prestidigitation the old “dropping the zeroes” trick has been known to work as long as things don’t go to hell afterwards.

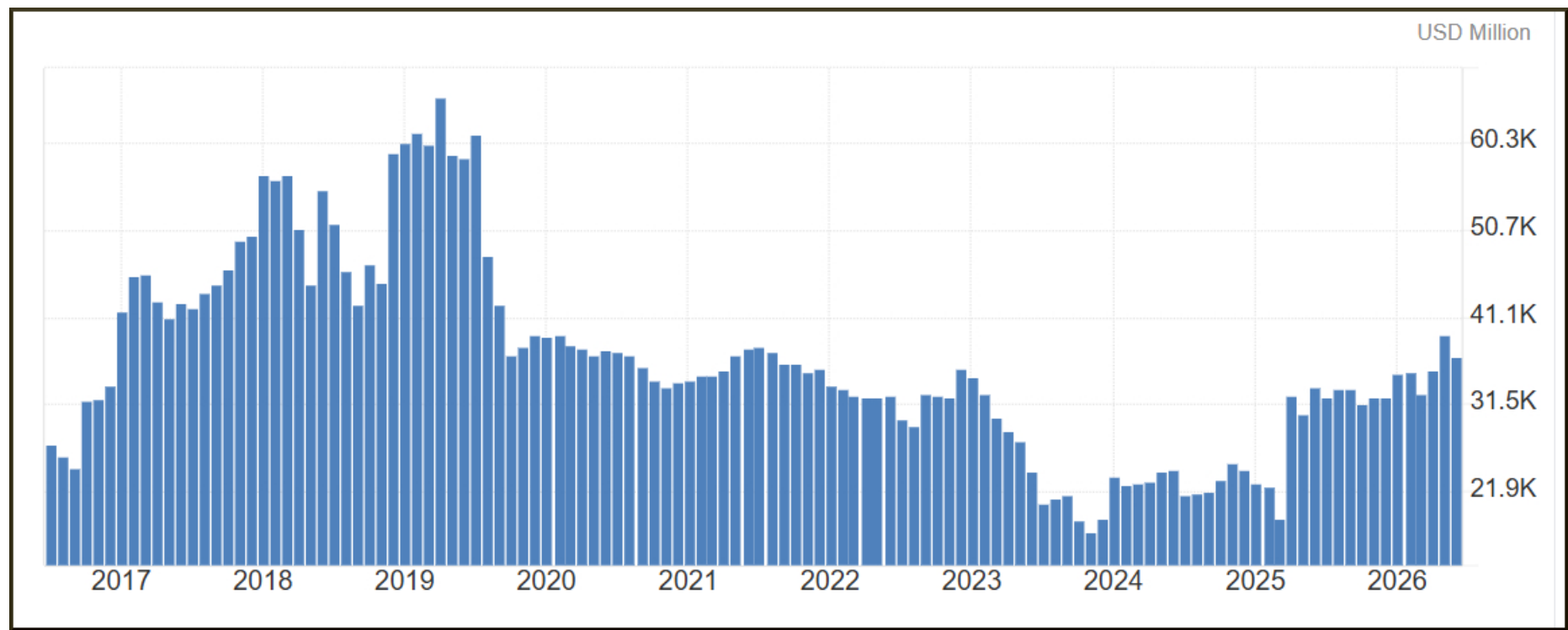
The Peso Unbound

The next two pages show the performance of the peso and the BCRA dollar reserves in recent times. The dollar/peso rate recently breached 1500 and then paused so its not seen as the end of the world.

The BCRA reserves have been creeping up and Argentina has become so expensive from the cost of living point of view that the middle and upper middle classes are raiding their “*colchon*” to keep body and soul (and lifestyles) together.



Source: xe.com



Source: Trading Economics

Summation

We deliberately resolved to be provocative with our sub-title of *Late-Stage Milei* not implying that he is anywhere near the end of his journey but wondering whether he is near the end of his uniqueness and instead converging with those before him that arrived as new brooms and ended up as mere feather dusters.

Can Milei regain the high ground (and we do not mean the polls) by which we mean the intellectual and moral heights after allowing the Adorni matter to fester for so long and in the end still clinging to denialism even after the man himself had thrown himself on the sword? Can one get down and dirty with *La Casta* after spending years denouncing them and then appearing to tolerate their aberrancies within one's own church? How does this look to the voting public?

Then there is the Chiqui "mob" at the AFA. Are there untouchables, or a cast thereof, that are not Dalits but instead a group so entrenched, so blatant, well-feathered and shameless and yet able to hold the president and country ransom during the World Cup run-up? "Lock em up" we say and let them hear the door clang shut behind them for a goodly stretch. But will it happen?

Milei seems to be with finger on the economic pulse and not much else. A handful of scandals now surround the regime and most of them pertain to the circle of the president's sister. The one *faux pas* that implicated the President (ironically also a crypto scam) seems not to have stuck, but one wonders how much he actually knew what was going on there, beyond thinking he was involved in a photo opportunity. However, one can play the *naif* only so many times.

And when one is genuinely political naïve in the piranha-filled waters of Argentine politics then staying in one piece for the next Presidentials, which are rapidly heading towards us/him becomes more of a challenge.

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