

Monthly Economic Newsletter



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KEY DATA

Exchange rate. On August 14, the Argentine Central Bank raised the official exchange rate to the historic record of USD 1 = AR\$ 350.

HIGHLIGHTS

Argentina, at risk. The political and economic outlook has dramatically changed after August 13 caucuses, with the unexpected victory of the Libertarian economist Javier Milei and the fall of Peronist candidate, current Economy Minister Sergio Massa, to the third position. The peso devaluation on August 14 was followed by a sharp increase in interest rates and an aggressive fiscal expansion program, that might put the Argentine economy at risk of an acute stagflation with social unrest for the next 3-4 months.

The US economy. The real economy does not show signs of deceleration, raising new doubts on the recent disinflationary dynamics. It has weakened the expectations of lower Fed Funds rates for the rest of the year and dampening the incipient tailwinds for the Latin American economies.

China. The local real estate market was hit by the fall in the post-pandemic home demand and the new regulations on real estate business. It led the People's Bank of China to provide new stimuli to strengthen the aggregate demand.

LOOKING AHEAD

More elections in Argentina. Governor elections will be held in the provinces of Santa Fe and Chaco next September.

China at risk. Current deceleration in the Chinese real activity has raise fears among foreign investors, and both Goldman Sachs and Morgan Stanley undercut their investment targets in China. The current fall in Chinese imports might seriously hit the global economy.