

Monthly Economic Newsletter



Research Institute. December 19, 2023

No. 223. Year 23

Staff: Adolfo Bosch, Leandro Marcarian, Juan Massot, Jorge Riaboi, and Jorge Viñas.

KEY DATA

Inflation. November CPI rose 12.9% in Argentina (160.9 i.a.). It was the highest inflation rate from February 1991.

HIGHLIGHTS

Argentina, at the onset of the Milei era. The new president launched a currency devaluation, coupled with a tight fiscal policy pursuing a zero (primary) fiscal deficit goal for 2024. Its viability depends on the application of controversial structural reforms, and on the initial success of markets liberalization with a reasonable degree of both macroeconomic and political stability.

The U.S. economy, not so bad. December Fed projections signal a decline in the inflation rate and a moderate deceleration of the U.S. GDP in 2024. The Fed Funds rate is expected to decline from current 5.5% to 4.75% at the end of next year. The bond market remains on the upside, and stock prices hit new peaks on December.

Europe, not so good. The European economies remain stagnant, with an unambiguous GDP deceleration in France and Germany. The economic weakness may persist, due to geopolitical and economic downside risks.

LOOKING AHEAD

Argentina, between high and hyperinflation. Most local analysts foresee December monthly inflation rate to jump over 20%, and to 100% in the first quarter of 2024.

Economic outlook for Brazil in 2024. Brazil's central bank survey reports a slight increase of the expected GDP growth rate for 2023 from 2.85% to 2.92%, and a 1.5% GDP growth rate for 2024. The central bank's inflation estimates for 2023 and 2024 are 4.49% and 3.93%, respectively.

Dean of the School of Economics & Business: Héctor F. Dama

Research Institute Chair: Juan Massot

Viamonte 1816 - C1056ABB - CABA - Argentina - (+54-11) 3754-7900

fceye.usal.edu.ar - @usal.fceye