

# Monthly Economic Newsletter



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## KEY DATA

**Stock market.** On June 21, the local index Merval hit its historical peak, with an annual increase of 396.2%.

## HIGHLIGHTS

**Argentina under inflation.** Recent pause in the monthly increase of inflation rates looks transitory. The persistence of inflation appears to remain unchanged due to the rise in public utility charges and energy cost, coupled with the scarcity of imported inputs. However, the stock market remains on the upside due to the expectation of an opposition victory in October general election.

**The global economy keeps calm.** The Fed stopped the increases in the Fed Funds Rate. However, the FOMC projections suggest two new increases in 2023. Furthermore, both China and the Eurozone show some deceleration signals. The ECB remains tight, but the investors are expecting new stimulus measures from China.

**Commodity prices on the downside.** From the peaks in the onset of the war in Ukraine, the commodity prices are on a declining path. The prevailing monetary tightness are strengthening the downside suggest that such decrease in commodity prices is not transitory at all.

## LOOKING AHEAD

**Argentina and the IMF.** Argentine officers are negotiating with the IMF a rescheduling of next 2023 payments and an advance of IMF remittances. They do not look close to deal, as long as Argentina did not meet the international reserves target, and the IMF looks prone to require an abrupt depreciation of the Argentine peso.

**Drought in Uruguay.** This country is under severe risk of lack of drinking water due to the persistent drought this year. With no new rainfalls, around 60% of Uruguay population will be under severe risk of drinking water scarcity in July.

**United Kingdom.** The unexpected rise in monetary policy rate to 5% was the highest in 15 years. The lack of convergence of current inflation rate (annual 8.7%) to the official 2% target has raised new fears of an imminent recession.

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