

Monthly Economic Newsletter



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KEY DATA

Inflation. February inflation rate (CPI) hit 13.2% m-o-m (276.2% y-o-y), below January record (20.6% m-o-m).

HIGHLIGHTS

Argentina: fiscal and monetary tightening and conflicts.

The ongoing fiscal and monetary contraction is lowering inflation rates at a faster pace than expected. However, the Senate's refusal of the Gov't decree on structural market reforms have reinforced the persistent doubts on the sustainability of the current fiscal and monetary tightness.

The U.S. economy.

Current optimism on IA and its benefits on corporate profits and economic growth pushed up stock indexes until new peaks, even when investors do not expect an early decline in the Fed Funds Rate.

Europe and war in Yemen.

The increase in Huti attacks to ships in the Red Sea may hurt around 40% of current foreign trade between Asian and European countries. They might be subject to a new wave of increasing monthly inflation rates.

LOOKING AHEAD

Argentina. IMF staff will arrive in Buenos Aires this week. The Argentine gov't is prone to negotiate a new agreement with the IMF and the access to new credit lines, that are needed to rule out the current exchange rate controls.

Brazil. Despite the current deceleration of economic activity, February inflation rate was higher than January rate (0.82% vs. 0.42% m-o-m). Hence, markets remain expectant on the Central Bank decision about the current decline in domestic interest rates.