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KEY DATA

Exchange rate. The official US Dollar remains stable around AR\$57, but the new exchange rate controls brought up new alternative markets with parallel exchange rates between AR\$ 60 and AR\$ 67.

HIGHLIGHTS

The Argentine economy, under critical condition. The exchange rate stability followed the recent internal debt default and the reappearance of exchange rate controls, but the CPI remains on the upside. Furthermore, the declining demand for Argentine peso, and the persistent fall in bank deposits and in the BCRA international reserves still remain unchanged. Domestic markets remain relatively calm, but under a significant uncertainty on the future path of the exchange rate, the CPI and domestic interest rates.

Social deterioration and presidential elections. The results of 2017 mid-term elections and last August primaries reflect the widespread disappointment with the underlying stagflation and the worsening of economic and social indicators. The next administration will face a challenging scenario, as a consequence of the current economic crisis.

Real Investment and activity. Last 15 years series show a high correlation between domestic GDP and fixed real investment. However, around May 2018 it was observed a breaking-point that anticipates a long-term decline in per capita GDP if current macroeconomic policies remain unchanged.

US interest rates on the downside. Financial markets expect a Fed Funds rate decline in 25 b.p. on the next FOMC meeting. It is also expected a series of new declines until 1.25% next year.

UK and the Brexit. British PM Boris Johnson was beaten in the Parliament in 3 sessions, hence the “no-deal” Brexit remains uncertain. There is a widespread consensus for a Brexit agreement with EU, as long as PM Johnson faces new internal conflicts.

LOOKING AHEAD

2020 Budget bill and the IMF program. Finance Minister Lacunza will present the 2020 Budget bill next Monday. It is also expected to meet, IMF offices in order to confirm a US\$ 5,4 disbursement this month, or in October.

USA vs. China: American and Chinese public officers will meet again in order to reach some trade agreements. Bilateral negotiations remained interrupted after last July tariff hikes and retaliations.