

Monthly Economic Newsletter



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KEY DATA

Inflation. November CPI rose 4.3%. The 11-month cumulative inflation was 48.3%, higher than 2018 inflation rate. Hence, the 2019 inflation rate will be the highest since 1991.

HIGHLIGHTS

New administration. The new president, Alberto Fernández, took office last December 10. His administration receives the Argentine economy under recession, the 3rd highest inflation in the world, and an inefficient and illiquid public sector. In the short-term he will be compelled to start the negotiations on the public debt restructuring and to implement credible and sustainable program.

The world economy on the downside. The global recession risk for next year should be diluted thanks to the perceptions of lower geopolitical risk, and the positive effects of current expansionary policies. However, the economic fundamentals look weak, even if European and emerging countries were to grow faster than the American economy.

Chile, from protests to a likely recession. The protests remain under way. Activity indicators are weaker than expected, and the gov't fears a deep recession. President Piñera launched some fiscal relief for 2020. However, the focus is on the repair of current damages, rather than to respond to the demands that led to the ongoing protests and demonstrations.

Brexit. The British PM Boris Johnson won UK election in a landslide, clearing the way to press ahead with his promise to deliver Brexit. However the Scottish National Party increased the number of seats in the Parliament. The Scottish deputy first minister Nicola Sturgeon wants to call for a new independence referendum, but Johnson said he would not allow a new independence vote to Scotland.

LOOKING AHEAD

New economic plan in Argentina. Alberto Fernandez' economic plan will be streamlined by the series of new laws to be sanctioned in December and next January. The new administration is expected to start to negotiate the public debt restructuring with the IMF and foreign and local bondholders.

China and USA agree a new truce. Both countries are expected to start the phase 1 of a 18 month truce in their trade war, after the signature of a new agreement next January. The US would commit to avoid new tariff hikes against imports from China. and the Chinese Gov't would resume the imports of American agricultural goods.