

# Monthly Economic Newsletter



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## KEY DATA

**Oil price.** The WTI reached negative quotes on April 20, up to -US\$ 37.6. It was a consequence of the collapse of global aggregate demand, due to the current restrictions on trade and people mobility in order to mitigate the spread of the COVID-19 pandemic.

## HIGHLIGHTS

**Coronavirus, “sudden stop” and slump.** The Argentine Gov’t enforced a nation-wide lockdown to curb the spread of the new coronavirus. The longer the quarantine, the greater the damages on the economy, the harder the return to a long-term path of sustainable GDP growth with price stability and fiscal solvency.

**The world in crisis.** The preemptive policies to combat the spread of the COVID-19 pandemic triggered a global recession that resembles the 1930s Great Depression. Some expansionary policies launched by several governments and central banks avoided a widespread panic, but new doubts prevail in the global financial markets.

**Europe, falling free.** The European countries reported more than 1,3 million confirmed cases of COVID-19. Their challenge is to flatten the contagions curve and to struggle with the ongoing recession. Up to now the announced relief measures in the biggest European countries would be insufficient to reverse the bleak economic outlook for 2020 and 2021.

**A global food crisis is on the rise.** The FAO warned that more than 130 million people will experience acute food insecurity due to the COVID-19 pandemic. The Executive Director of the World Food Program, David Beasley pointed that the global spread of this virus has sparked the worst humanitarian crisis since WWII.

## LOOKING AHEAD

**Argentina’s under quarantine.** The Argentine Gov’t is expected to announce a two-week lockdown extension starting on April 27, with few exceptions.

**Worsening of the economic crisis.** Both the Argentine and the global economy are headed to the short-term worsening in the current problems of job destruction, credit access, and impoverishment.

**China’s recovery appears as insufficient:** The incipient recovery of the Chinese economy is not strong enough to reverse the negative economic impact of the COVID-19 on the rest of the world. No signs of economic recovery would be observed in the global economy until the 3<sup>rd</sup> quarter of 2020.