

Monthly Economic Newsletter



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KEY DATA

Inflation rate. The Consumer Price Index rose 4,8% (42.5% y-o-y) in March. It was the highest monthly increase since September 2019.

HIGHLIGHTS

Argentina: towards a new crisis. The National Government launched new restrictions to people circulation that raised a serious political conflict with the Gov't of the city of Buenos Aires. It looks unavoidable a new fall in activity and employment, as well as new increases in the inflation rate, poverty indicators and political unrest.

The global economy on the upside. The IMF updated its global economic growth to the upside, announced a new SDRs distribution, and presented a “solidarity tax” on pandemic winners to finance the post-pandemic recovery. The real activity is bouncing back in the U.S., and the Biden administration launched an infrastructure investments plan to enhance the economy’s productivity and the GDP long-term growth.

The Archegos Case. The family office Archegos Capital failed at the end of March, with negative impact on several big investment banks. The episode renewed the fears of a “Subprime-like” financial crisis and paves the way for new regulations to shadow banking activities.

Presidential elections in Ecuador: Last April 11, the conservative candidate Guillermo Lasso won Ecuador’s presidential runoff, beating the leftist candidate Andrés Aráoz supported by the ex-president Rafael Correa. It led to a positive reaction in bond markets: Ecuador country risk premium (EMBI) plunged down from 1,169 b.p. to 719 b.p., and, then stabilized around 810 b.p.

LOOKING AHEAD

COVID-19. The ongoing conflict between the National and the Buenos Aires City governments on face-to-face courses will be resolved by the Supreme Court of Justice. However, the skyrocketing increase in contagions, and the ICU beds shortage turn it unavoidable a new national lockdown for several weeks.

Price controls. The Secretariat of Commerce would reach an agreement with private companies to freeze some prices of consumption goods. However, several complaints persist due to difficulties to import goods and the persistent rumours on likely bans on meat and dairy exports.

MERCOSUR: Argentina, Brazil, Paraguay, and Uruguay Foreign Relations officers will meet to debate Brazil and Argentina proposal to remove the Common External Tariff, and Uruguay’s claims to allow unilateral extra-bloc negotiations.