

# Monthly Economic Newsletter



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## KEY DATA

**Inflation in Argentina.** July CPI rose 3.0%, leading to a cumulative 29.1% inflation rate in the first seven months of 2021. Such record has surpassed the Gov't inflation target (29.0%) for 2021.

## HIGHLIGHTS

**Argentina:** The President is in the spotlight for pictures and videos taken last year at meetings that broke the official decrees on strict lockdowns. The increasing protests at the streets and this scandal might hurt the performance of Gov't candidates for next September primary elections, as well as the credibility in future economic and public health policy decisions.

**The global economy at crossroads.** The ongoing recovery of the world economy is still in peril due to the lack of an effective control of the pandemic, and the prevailing inflationary pressures around the world. The increase in US labor employment is likely to push the Fed to start a reduction of the purchases of US Treasuries and mortgage-backed securities (the so called "tapering") before the year-end.

**Hyperinflation and monetary reform in Venezuela.** The Venezuelan Gov't will replace current bolivar "soberanos" on October 1 with a new "digital" bolivar, and will eliminate six zeroes to all prices and contracts to be denominated in the new currency. This will be the third monetary reform from year 2008.

## LOOKING AHEAD

**Argentina's primaries.** The mandatory, simultaneous, and open primary election will be held next September 12. The outlook for the Government's candidates is not so auspicious, but the opposition parties remain fragmented and without strong leaders.

**US and the "tapering":** Next week, the Fed will hold its annual economic policy Symposium at Jackson-Hole, Wyoming. The Fed's chairman, Jerome Powell is expected to clarify when and how the Fed will start the so-called "tapering".

**Commodity prices:** spot prices are expected to decline due to two fundamental reasons: a) the eventual anticipation of the Fed's tapering, and b) new lockdowns in China to control a new Covid-19 outburst. Both of them might push a US dollar appreciation. Furthermore, a decline in China's real activity might weaken the prices of oil, grains, oilseeds, gold, and other commodities.