

# Monthly Economic Newsletter



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## KEY DATA

**Inflation.** July CPI rose 7.41% m-o-m. It's the highest monthly inflation rate since April 2002.

## HIGHLIGHTS

**Argentina: Massa as new Finance Minister.** The deepening of the political and economic crisis led the Gov't to appoint the National Deputy Sergio Massa as the new Finance Minister. In line with current uncertainty about the fiscal and external solvency, no changes were observed in expectations on next 6-month inflation rate acceleration, local currency depreciation and some difficulties to roll-over domestic public debt.

**Global stagflation in the horizon.** Current monetary tightening remains insufficient to fight against current inflation rates. War in Ukraine and the extremely hot weather in the Northern hemisphere turn it unavoidable to foresee a new series of food and energy price hikes, with negative consequences on real activity, especially in Europe.

**Chile.** A Constitutional Referendum will be held next September 4. Latest opinion surveys suggest that 55% of Chileans would reject the new draft Constitution. The Chilean economy remains buoyant with a historically high inflation rate, and real activity on the downside.

## LOOKING AHEAD

**Argentina.** The new economic team has cut official subsidies to public utility charges and some other public expenditures. Market analysts are expectant on some likely announcements related to foreign trade and forex markets in order to promote a new increase in the international reserves. The new Finance Minister will tour around the USA in order to regain institutional investors' confidence.

**Brazil.** The new presidential elections will be held on October 2. Recent pre-election polls show that President Bolsonaro voting intentions are on the rise, but he still remains in the second place, behind the opposition leader, the ex-President Luiz Inácio "Lula" Da Silva.

**China's financial fragility.** A new decline in interest rates and some Gov't aid to local realtors are expected to avoid the fall of several real-estate holdings and some local banks.