

Monthly Economic Newsletter



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Staff: Adolfo Bosch, Leandro Marcarian, and Héctor Rubini.

KEY DATA

Exchange rate. On December 2 the blue-chip swap exchange rate climbed to AR\$/USD 225.09, the absolute record high up to now.

HIGHLIGHTS

Argentina: Real activity shows a full recovery, close to the year-end. However, 2022 is envisaged as year under persistent inflation, low GDP growth and social conflicts. Exchange rate uncertainty will prevail as long as the Gov't do not close a deal with the IMF to reschedule the payments on its US\$ 44 Bn. debt.

Global inflation. In USA the CPI rose 6,9% y-o-y in November, the highest increase from 1982. Furthermore, in several European countries the inflation rate hit record highs (y-o-y) in nearly three decades. Markets are expectant on a progressive move towards tighter monetary policies, with higher interest rates and less available funds for emerging market debtors.

The President of Brazil: between the re-election and the economy. According to recent polls President Bolsonaro is far behind former President Lula da Silva. CPI inflation is rising and jeopardizes Bolsonaro's electoral plans, and a restrictive monetary policy might weaken the economic recovery that might help Bolsonaro to seek a second four-year term.

LOOKING AHEAD

Argentina and the IMF. The Gov't is not expected to reach any agreement with the IMF until next year. Furthermore, there is not such thing as a macroeconomic program coherent with a feasible and credible rescheduling of the due payments to the IMF

Presidential election in Chile. The final runoff will be held next Sunday between the far-right candidate José Antonio Kast, and the far-left candidate Gabriel Boric. It's likely result is highly uncertain. Most polls show a very narrow advantage for any of them.

Global monetary policy: the year-end monetary policy meetings will be held this week at the US Fed, the European Central Bank, the Bank of England and the Bank of Japan. No drastic change is expected to be announced, but it is not unlikely an early end of the Fed's "tapering" in 2022, and several Fed Fund Rate hikes.