

Monthly Economic Newsletter



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KEY DATA

COVID-19. Yesterday, the National Health Ministry reported 4250 new infected (2743 in the Province of Buenos Aires) and 85 dead. It was the highest record since the onset of the coronavirus outbreak in Argentina.

HIGHLIGHTS

The Argentine economy, far from a clear-cut direction. Current recession in Argentina remains unchanged. Markets are expectant on a likely softening of the quarantine, but with no significant shifts in the economic policy. Current fiscal and monetary expansion is intended to contain the current damages to the real economy. However, it looks neither insufficient to boost real activity and employment nor coherent with lower inflation rates.

The world and the COVID-19. It looks like the worst of the pandemic has been left behind, but the outlook is not homogeneous across different countries and regions. Some optimism emerged with recent encouraging news on vaccine trials, but the uncertainty over the economic recovery remains high.

The “Great Reset”. The coronavirus crisis will especially hit the poorest and unskilled workers worldwide. It led the World Economic Forum and some multilateral organizations to propose “The Great Reset”, a sort of green and redistributive capitalist system, but it is not clear how to finance it. In the meantime, the lack of a vaccine against the COVID-19 virus turns it unlikely to think about a fast economic recovery of the global economy.

LOOKING AHEAD

COVID-19. The Argentine Gov’t would launch a softening of current lockdowns in both the city and the province of Buenos Aires. However, new outbreaks led several provinces to a return to tight confinement measures.

Foreign debt. The Gov’t and foreign bondholders have not closed a deal on the foreign debt restructuring. The negotiations will likely continue until the end of August until they come to an agreement.

China. The Chinese gov’t announced a 3-year plan to modernize and boost its 130,000 state owned enterprises (97 of them owned by the central gov’t) as a way to strengthen domestic demand and to lessen the country’s dependence on exports.