

Monthly Economic Newsletter



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KEY DATA

Soybean price. Soybean ton quoted at US\$ 486, i.e. 24.5% below last May peaks over US\$ 600 per ton. This fall in soybean price obeys to the recent increase in Brazilian sales, and to the significant improvement in the weather outlook in most areas of the U.S.

HIGHLIGHTS

Argentina. Current lockdowns explain the deceleration of both consumer prices and economic activity. No progress was observed in the negotiations between the Gov't and the IMF up to now. The US Treasury has warned Argentina's Ministry of Economy that only a strong economic policy framework for Argentina "that provides a vision for private sector job growth would have the support of the United States and the international community".

Inflation in the USA. May CPI inflation jumped to 5% i.a. However, the Fed envisages such a hike as transitory, and opted to keep the Fed Funds rate steady. Such increase in the inflation rate had no effects on the prevailing optimism about the global economic recovery, as reflected in the persistent increase in stocks and commodity prices.

Presidential election in Peru. The leftist candidate Pedro Castillo has beaten Keiko Fujimori with a minimum difference. In case of being confirmed as the new President, he is expected to promote a radical socialist agenda of structural reforms, and a referendum on a new Constitution.

LOOKING AHEAD

COVID-19. The vaccinations coupled with partial lockdowns are expected to lower the current contagion and mortality rates. It is expected that might hopefully lead to a significant relief until the end of July.

Argentina: electoral economy. The current fiscal and monetary tightness is expected to be reversed close to the next September primaries. The sudden fall in the soybean price will erode the fiscal revenues from export duties.

EU and the coronavirus: The EU approved the unlocking of loans to the governments of Spain, Portugal and Greece under the € 800.000 M Next Generation EU facility to modernize and resuscitate the European economies after the pandemic. The next beneficiary might be the Italian government.