

Monthly Economic Newsletter



Research Institute. June 22, 2022.

No. 206. Year 22

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KEY DATA

Argentina's country risk. On June 22 Argentina's sovereign risk premium (JP Morgan's EMBI) hit 2,285 b.p, the highest from July 2020. Furthermore, Argentina 5-year credit default swap (CDS) jumped to the all-time high at US\$ 9,546.75. On December 31, 2021 it was priced at US\$ 1,227.96.

HIGHLIGHTS

The Argentine economy: Background economic and political uncertainty is on the rise, as well as several sectoral demands. Real activity appears to start weakening, as well as the domestic demand for money and gov't bonds. The Gov't is expected to launch new import restrictions to help the Argentine Central Bank to accumulate international reserves, and to curb the upward pressures in the foreign exchange market.

Inflation in America. May inflation rate in US was higher than expected. Last week the Fed raised the Fed Funds Rate by 75 b.p, the highest rate hike from 1994. Stock indexes dropped by more than 20% from last January peaks.

Europe on the downside. Stock prices are expected to remain on the downside, especially after the ECB announcement of an interest rates hike to fight against inflation.

The crypto-crash. Cryptocurrency prices plunged down between the end of May and June 18. Bitcoin price dropped by 44.7% to US\$ 17,600. It was a consequence of the high global uncertainty due to the war in Ukraine, the global inflationary pressures, and the central banks' interest rate hikes.

LOOKING AHEAD

Argentina: ¿more restrictions on imports? The government is expected to decree tight restrictions on imports as a means of increasing the Central Bank's international reserves.

The Ecuadorean crisis. Ecuador's gov't ordered a curfew in 6 provinces and the mobilization of military troops to stop the current road blockings and riots. Indigenous groups that lead the protests demand a fuel price cut, some subsidies, and the writing-off of bank loans to 4 million Ecuadoreans.

Oil price. The Bank of America foresees Brent price around U\$S 150 per barrel if the Russian production falls below daily 9 M barrels, because of the EU sanctions.