

Monthly Economic Newsletter



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KEY DATA

Oil price. On March 7, the Brent price hit US\$ 139 per barrel, and then remained around US\$ 132. Markets expectations envisage a short-term increase beyond the July 2008 record level of US\$ 147.5.

HIGHLIGHTS

Argentina: The Government sent a bill to the Congress to reschedule the due payments to the IMF, with an adjustment program based on dubious macroeconomic premises and forecasts. Furthermore, the ongoing Russian invasion to Ukraine will lead to higher price volatility for raw materials and will push up the inflation rate.

The Russian invasion to Ukraine. Western countries hit Russia with economic sanctions. Their effects will be visible in the long term, with no influence on the current military attack. Therefore, this war is raised increasing concerns of stagflation risks around the world.

Inflation rates on the upside. The Russian attack to Ukraine tends to aggravate problems in global commodity the supply-chains. Oli and energy, grains and other commodity prices are expected to accelerate current growth rates because of Western boycotts to Russia, and Russia's decision to cut off gas exports to Europe

LOOKING AHEAD

Argentina and the IMF. The Gov't is struggling with opposition lawmakers to pass the Extended Facilities program agreed with the IMF. The negotiation of several reforms will likely delay Argentina's Congress approval of the agreement.

War in Ukraine. Russian troops don't stop attacking civilian targets until capturing Kyiv and toppling down the Ukrainian government. Western governments rely on economic sanctions as the effective way to weakening the Russian government and to force the Russian troops withdrawal from Ukraine. The risk of Russia's use of nuclear weapons deters NATO, by now, to engage in the war in Ukraine.

Commodity prices. Current uptrend will remain unchanged for several days. Their long-term fluctuations will depend on the development of military clashes in Ukraine, as well as the reactions of the United States, the European Union, and the People's Republic of China.