

Monthly Economic Newsletter



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KEY DATA

COVID-19. Daily coronavirus cases hit 39.652 on May 19, the highest record since the onset of the COVID-19 pandemic.

HIGHLIGHTS

Argentina. The health system is on the brink of collapse. Tight restrictions to public transport, people meetings and others are expected, with unavoidable negative impact on economic activities. The Gov't is intended to control domestic inflation with price and export controls, but without any reversal of the persistent increase in the monetary base and in the remunerated liabilities of the central bank.

Inflation and labor employment in the USA. The nonfarm payroll employment rose by 260,000 in April, far below the expected 1 million. Furthermore, the April CPI jumped 4.2% y-o-y, the highest increase from 2008. In the short term, the Gov't is expected to keep the expansionary bias of both fiscal and monetary policies unchanged.

Commodity prices. The current upswings in commodity prices resembles the price boom 15 years ago. Strong recovery of the world economy, some supply bottlenecks, and the expectations of higher inflation the USA have lifted the prices of many raw materials. However, there is little risk of a substantial pass-through to world consumer prices.

Constitutional convention election in Chile: On last May 16 election, the political parties of the so-called "political elite" were beaten by the independent and extreme leftist candidates. Chilean citizens also voted for first time ever for regional governors, as well as for mayors and councillors.

LOOKING AHEAD

COVID-19. A new national lockdown is expected to tame the ongoing health crisis due to the rapid increase in daily coronavirus contagions and deaths. Primary elections are expected to be postponed to September 12, and the 2021 mid-term election to November 14.

Presidential election in Peru. The final runoff will be held on June 6, between the leftist candidate Pedro Castillo and the conservative Keiko Fujimori. Castillo remains ahead in most opinion polls, but Fujimori gets closer to him. The frontrunner's proposals consist of an agrarian reform, the National Constitution reform, and the nationalization of mining and oil and gas resources, and the state intervention in mass media.

Conflict in the Palestine: Israel would accept a ceasefire, given the international pressure to stop the air bombings of civilian targets in Gaza. The conflict started on May 10 when the Hamas group launched hundreds of rockets to Israel as a retaliation against the Israeli police crackdown on the Al-Aqsa mosque in Jerusalem, at a religious ceremony.