

Monthly Economic Newsletter



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KEY DATA

Country Risk. Argentina's EMBI+ country risk indicator hit 1.872 b.p. on November 26. It is the absolute peak from September 2020.

HIGHLIGHTS

Argentina: The ruling Kirchnerism was beaten in the midterm election on November 14. Hence it will not keep the Parliament under control until December, 2023. The President announced a multi-year economic program that still remains unpublished. Domestic markets remain expectant on the pending agreement with IMF to restructure the debt payments due on 2023 and 2024.

The return of inflation and Covid-19. The US CPI grew 0.9% in October (6.2% i.a.), the highest increase from 1990 and with some signals of unambiguous persistence. The Federal Reserve started the announced "tapering" as expected, but the increase in the spread of the coronavirus in Europe is a new source of pessimism.

Chile and its uncertain future. The Chilean economy looks better than expected, but inflation is accelerating and the private pension funds are on an unambiguous decapitalization process. Foreign investment banks fear of a future higher State intervention for any outcome of December 19 presidential runoff.

Covid-19 outbreaks. Coronavirus cases are rising in several countries: Australia, Bulgaria, Chile, China, El Salvador, Germany, Latvia, New Zealand, Poland, Portugal, Romania, Russia, Spain, Turkey, Ukraine, and the United Kingdom. Health officials keep close watch on the Delta AY.4.2 ("Delta Plus") Covid variant that was detected firstly in Israel, and also in UK, Denmark, Indonesia, Italy, Portugal, Russia, Spain and the U.S.

LOOKING AHEAD

Argentina and the IMF. The Gov't is expected to agree with the IMF the basic guidelines for an agreement to restructure the debt payments to the IMF due on 2023 and 2024. .

The peril of new COVID-19 outbreaks. The B.1.2.529 ("Omicron") strain was detected in South Africa, Botswana, Hong Kong, Israel, U.K., Germany, Belgium, Netherlands, Denmark, Italy, France, Canada, and Australia. Several governments have imposed travel bans to avoid contagions from African countries. The WHO said it is an extremely dangerous strains, so it is not unlikely to observe tough restrictions on international trade and passengers flows that could lead to a global economic deceleration from next December.