

# Monthly Economic Newsletter



Research Institute. October 26, 2022.

No. 210. Year 22.

Escriben: Adolfo Bosch, Felipe de la Balze, Leandro Marcarian, Héctor Rubini, and Jorge Viñas

## KEY DATA

**Country Risk.** On October 17 Argentina's sovereign bonds risk premium (EMBI Arg) hit 2837 b.p., the highest from June 25 peak at 2905 b.p.

## HIGHLIGHTS

**Argentina: towards next general election.** Prospects of a likely defeat of the government next year's general election were strengthened in line with current policies mismanagement and domestic conflicts. Under current forex binding constraints, the permanent increase of the central bank's liabilities and public utility rates hikes the Argentine economy may enter recession with higher inflation in the first quarter of 2023.

**The global economy under stagflation threats.** The IMF cut global growth forecast for 2023 and increased its inflation projections for next year. Monetary tightening, the war in Ukraine and China's deceleration are expected to slow down the largest global economies -US, the European Union and China-, as well several others.

**China towards a new era.** The 20<sup>th</sup> Congress of the Chinese Communist Party confirmed Xi Jinping to lead the Party, and to start his third term as China's president next March 2023. Xi's priorities for next years are the national security and the economic self-sufficiency. He stated that Taiwan's recovery has the utmost priority and that China's won't resign to use the armed forces to do it.

## LOOKING AHEAD

**Argentina and the 2023 general election.** Local politicians are expectant on a bill that might cancel next year primary elections.

**Brazil's election.** The runoff between president Bolsonaro and the ex-president Lula da Silva will be held next October 30. Lula proposes the return to state-led policies, prioritizing public infrastructure investment. Bolsonaro is expected to deepen the ongoing free-market program focused on the de-bureaucratization of the economy.

**Russia, threatening again.** President putting has suggested the launch of nuclear missiles on Ukraine before his personal monitoring of military drills with nuclear weapons. Western observes to not rule out the launch of atomic missiles on Ukraine, as well as the final cut of gas supply to the European Union before the start of next winter..