

# Monthly Economic Newsletter



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Staff: Adolfo Bosch, Héctor Rubini, and Jorge Viñas

## KEY DATA

**Central Bank's liabilities.** On September 22 the Central Bank of Argentina's non-monetary debt (notes and repos in domestic currency) peaked to AR\$ 8.35 trillion. Such historical level almost doubles the current high-power money stock.

## HIGHLIGHTS

**Argentina: under calm, but without a precise direction.** Political conflicts increased with the prosecutions of the vice-president and the failed attempt to murder her. Forex market stability ended in the mid-September when the Central Bank of Argentina banned farmers to purchase foreign currency with the proceeds from their soybean sales at a preferential exchange rate (AR\$ 200 per USD). It hurt the Government's trust as it will have to manage public utility rate hikes, high inflation, and more intense social conflicts in the next months.

**The global economy in alert.** Despite the prospects of an economic deceleration, the persistent inflation forced most of central banks to opt for an unambiguous monetary tightening. This has raised new fears of a global recession in 2023 and strengthened the US dollar against other currencies.

**Elections in Sweden and Italy.** On September 11 the right-wing coalition led by the Sweden Democrats won the general election and obtained the majority in the Swedish parliament. Furthermore, Italy held its general election on September 25 and the winner was Giorgia Meloni, from a right-wing coalition that will also take control of both chambers in the Italian parliament. Both results might weaken the EU's cohesion in a conflict with Russia that is threatening Europe with a total cut in gas supply and with the use of nuclear weapons.

## LOOKING AHEAD

**Argentina and the US dollar.** New restrictions for forex transactions are expected for the next weeks, as well as a likely new official exchange rate for travel and expenses abroad.

**General election in Brazil.** Most polls show that former Brazilian President Luiz Inácio "Lula" Da Silva retains his lead on incumbent Jair Bolsonaro. However, such advantage would be insufficient to win in the first round next October 2. The likely runoff is scheduled to be held on October, 30.

**EU, the war in Ukraine and the gas supply.** It is expected that combats in Ukraine become more intense, and that Russia will completely halt its gas supplies to Europe. The EU countries are getting ready for next winter, but bottlenecks in the supply of LNG imports will persist at least until 2025.