

Monthly Economic Newsletter



USAL
UNIVERSIDAD
DEL SALVADOR

Research Institute, October 2019

Nº 177–Year 19

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KEY DATA

CPI. September Argentina's CPI rose 5.9%. The IMF forecasts a 57.3% increase in 2019. It would be the highest inflation rate in Argentina for the last 28 years.

HIGHLIGHTS

Short-term turmoil is not unlikely. The fall in BCRA foreign reserves and in foreign currency deposits has sharply decelerated thanks to recent exchange rate controls, but the IMF did not disburse the U\$S 5.4 Bn tranche last September, as expected by the Gov't. Those funds are critical to close the Treasury financial gap before the year-end. Without the IMF funding, new turbulences may reappear in both currency and bond markets, and also in the banking system.

Complex global scenario. Most of central banks have returned to monetary expansion in order to avoid a sharp global recession. However, there are non-negligible doubts on the effectiveness of quantitative easing as an effective tool to resuscitate the real economy. Hints of a truce in the USA-China trade war are good news, but they are pretty far from a bilateral trade agreement.

China takes hard line on Hong Kong. The Hong Kong crises was triggered by the Chinese Gov't attempt to erode civil liberties. The adverse economic consequences appear as transitory, but Hong Kong might lose its privileged position as one of the main financial hubs in the region.

UK and EU trying to agree on Brexit. Boris Johnson and EU leaders agreed a preliminary draft on a Brexit deal. The pre-agreement was supported by the 27 EU leaders, paving the way for a decisive vote in the British Parliament this Saturday. The European Council President Donald Tusk did not rule out an extension to the Brexit deadline if the MPs rejected it.

LOOKING AHEAD

General elections in the South Cone: Bolivia will elect new President next Sunday. Evo Morales is willing to start a fourth period as president, but several experts forecast a run-off to be held in December. In Argentina and Uruguay, the presidential elections will be held next October 27. In Argentina the favorite is the kirchnerist Alberto Fernandez, the winner in last August primaries. In Uruguay polls do not show a definite winner, and most of them project a November 24 between the center-left candidate Daniel Martinez and the National Party's leader, Luis Lacalle Pou.

Ecuador: Last Sunday the Gov't closed a deal with the indigenous leaders to end two weeks of protests against a sharp rise in fuel costs promoted by the IMF. It is expected a renegotiation of the agreement with the IMF in order to balance fiscal sustainability with new assistance for low income households.