

# Monthly Economic Newsletter



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## KEY DATA

**Exchange rate.** The Argentine Central Bank tightened exchange rate controls, limiting monthly individual currency purchases to AR\$ 200, from October 27. This move stabilized the wholesale exchange rate around AR\$ 60, and halted the persistent fall in forex reserves.

## HIGHLIGHTS

**New government, new era.** Alberto Fernández is the new elected president of Argentina. His future team and economic measures remain undefined, but it is expected a revival of the interventionist policies in 2002-2015.

**USA on the upside.** The feasibility of a trade agreement between USA and China weakened the fears of a global recession, leading to a recovery in most of the world stock markets. As expected, the Fed cut the Fed Funds Rate by 25 b.p. However, it signaled it plans no further cuts in the short-term.

**Surprising protests in Chile.** Three-week anti-government protests and lootings remain under way. A reform of the Constitution and of most of the legal institutions unchanged from the last military dictatorship appears as necessary to avoid a move towards either a populist or an authoritarian regime.

**Bolivia: the new 'black swan'.** The Organization of American States (OAS) found irregularities in last October 20 presidential election, and recommended the call for a new election. It triggered widespread clashes between rival groups responding to president Evo Morales and the opposition leader Carlos Mesa. Without the support of the armed forces, president Morales had to resign last Sunday. Deadly clashes and lootings worsened since then, and nobody replaced Morales, hence the country remains amid a political vacuum since then.

## LOOKING AHEAD

**New president in Argentina:** Alberto Fernandez, the new elected president, will take office next December 10. It is expected a return to interventionist economic measures and to a legal and political architecture at odds with Mauricio Macri's administration.

**Runoff in Uruguay:** No candidate obtained the needed majority to win in last October 27 election. A runoff will be held on November 24 between the leftist candidate Daniel Martinez Villamil and the National Party's leader Luis Lacalle Pou. This is the favorite in some recent opinion polls, even though Martinez Villamil was the winner in the first round.