

Monthly Economic Newsletter



Research Institute, June 2020

Nº 184 Year 20

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KEY DATA

Industrial Production. April INDEC Manufacturing Production Index dropped 34.1% i.a.. The Argentine Industrial Union (Unión Industrial Argentina) remarked that the industrial activity level in that month was the lowest since February, 2003.

HIGHLIGHTS

Argentina, between Covid-19 and other troubles. The renewal of the lockdown led to an increasing stress, also fueled by the delays in the debt restructuring negotiations and the official intention to expropriate the grain trader Vicentin. This turns harder to foresee a clear-cut return to a sustainable path of economic recovery, price stability and lower uncertainty.

The world outlook: recovery vs. a new COVID-19 outbreak. Some countries started to moderate the mobility constraints on people, leading to a sort of new financial euphoria. However, the reappearance of new cases COVID-19 infections might signal a second outbreak of the pandemic and lead to the reversal of such optimism.

Latin America and the COVID-19. The pandemic will have an unambiguous negative impact on Latin America, given the lack of fiscal space of regional governments to launch expansionary fiscal programs. The regional indicators of poverty, unemployment and inequality are expected to show an unavoidable increase.

LOOKING AHEAD

Argentina foreign debt. The Argentine Gov't will restart the meetings with foreign bondholders until next July 24. Last week interruptions of the negotiations suggest that both parts remain far from close a deal, at least in the very short term.

Lockdown. The coronavirus lockdown in Argentina is expected to be extended until next July 12, probably with harder restrictions, like those observed in March and April.

The Vicentin case. The Santa Fe province government is expected to provide an intermediate solution to avoid the nationalization of this company.

Chile. President Piñera is expected to launch a U\$S 12 bn. social assistance program for 24 months, agreed with opposition political leaders. It will strengthen the ongoing program for another U\$S 17.1 Bn (6.9% of the Chilean GDP).