

INSTITUTO DE INVESTIGACIONES
FACULTAD DE CIENCIAS ECONÓMICAS Y EMPRESARIALES
UNIVERSIDAD DEL SALVADOR

ECONOMIC AND BUSINESS SCIENCES RESEARCH INSTITUTE

Editor:

Héctor Rubini

Staff:

Eloy Aguirre

Gustavo Martin

Hector Rubini

Jorge Viñas

KEY DATA

- Argentina's official CPI rose 3.1% in June. Such increase, released by the official statistics institute INDEC, was slightly below the official monthly inflation rate of Buenos Aires City (3.2%). In the first half of this year, the Buenos Aires City index rose 29.2%.

INSIDE THE ECONOMY

- Public utilities' charge hikes were suspended by the Judiciary in several provinces. The Supreme Court of Justice will issue the ultimate injunction on this matter, with significant impact on the future adjustments of regulated rates and prices, and on its feedback with other prices in the Argentine economy.

HIGHLIGHTS

- In the local political arena Mauricio Macri's looks stronger than expected. However, current stagflation and public utilities' charge hikes might erode the credibility in the Gov't policies. The national authorities are expectant on an economic recovery with lower inflation next year. The private sector, instead, expects further changes in absolute and relative prices that might be inconsistent with the recovery of price stability, coupled with economic growth and the creation of new jobs.
- The victory of the UK "Brexit" led to an initial decline of global stock markets. However, the expectation of central banks' interventions to avoid a global financial contagion was effective enough to prevent a financial collapse. The persistence of extremely low interest rates in industrialized countries is good news for emerging countries, even under the persistent uncertainty on the medium and long term impact of "Brexit" on the global GDP growth rate.
- The Brazilian GDP shrunk 3.8% in 2015, and might fall by more than 3% this year. Real activity indicators depict an unambiguous recession, and labor unemployment remains on the upside, with approximately 11 million jobless people. In the meantime, the economic policies of the new authorities changed absolutely nothing up to now.

LOOKING AHEAD

- The Argentine Gov't will issue the specific rules of the new capital repatriation regime.
- Local labor unions are poised to join together, and to promote the reopening of wage negotiations in order to reverse the real wage decline observed in the first half of this year.
- The Executive Power will release the 2017 National Budget bill.
- The Supreme Court is expected to issue an injunction on the suspension or not of recent public utilities' charge hikes.
- The Brazilian Congress is expected to make the ultimate decisions related to the impeachment of the suspended President Dilma Rousseff.

VIAMONTE 1816
C1056ABB CIUDAD DE
BUENOS AIRES,
ARGENTINA
TEL +5411-4813-5622
<http://fceye.usal.edu.ar>