

Monthly Economic Newsletter



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KEY DATA

Country Risk. Argentina's EMBI+ country risk indicator hit 1.672 b.p. on October 22. It is the absolute peak from September 2020.

HIGHLIGHTS

Argentina: Neither the ongoing monetary and fiscal expansion, nor the easing of Covid-19 restrictions appear as sufficient to influence on voters' preferences: most of opinion polls foresee that Government's candidates are in serious danger of losing their seats in the next midterm election on November 14. An agreement with IMF would avoid a macroeconomic crisis, but it will be subject to the result of the November midterm.

The world economy I: slow recovery. Supply-chain disruptions and the global energy crisis led the IMF to slightly change its 2021 world economic growth forecast from 6.0% to 5.9%. The slow recovery in U.S. labor employment is not expected to alter the Fed's determinacy to begin a gradual bond taper in November.

The world economy II: inflation is back. Consumer price indices are on the rise in the U.S., Europe, and Latin America. Inflation rates are higher than those observed before the 2008 financial crisis, but the Fed and the ECB remain reluctant to raise their policy rates.

Covid-19 outbreaks. Coronavirus cases are rising in several countries: Australia, Bulgaria, Chile, China, El Salvador, Germany, Latvia, New Zealand, Poland, Portugal, Romania, Russia, Spain, Turkey, Ukraine, and the United Kingdom. Health officials keep close watch on the Delta AY.4.2 ("Delta Plus") Covid variant that was detected firstly in Israel, and also in UK, Denmark, Indonesia, Italy, Portugal, Russia, Spain and the U.S.

LOOKING AHEAD

Elections in Latin America. 1) November 7: presidential election in Nicaragua, 2) November 14: mid-term election in Argentina, 3) November 21: presidential election in Chile.

COP 26. The 26th UN summit on the world climate change will be held in Glasgow from October 31 to November 12. Its purpose is to achieve a coordinated mechanism cut greenhouse gas emissions by 2030, previous to reach net zero emissions around 2050. In addition, there will be negotiations on commitments to phase-out coal-fired power, to promote electric cars, and to allocate public funds to protect natural life and biodiversity.