

Monthly Economic Newsletter



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KEY DATA

Country Risk. On July 17 the JP Morgan Chase EMBI-Argentina index hit 1594 b.p., the highest since March 15, 2024.

HIGHLIGHTS

Argentina: exchange rate uncertainty, once again.

The Gov't launched the second stage of the ongoing stabilization program, moving from the "zero fiscal deficit" target to "zero money growth", and swapping Central Bank liabilities for Treasuries. Such announcements were not welcomed by local and foreign investors. Hence, there is a renewed uncertainty on the Gov't capabilities to pile up foreign reserves and to liberalize forex markets and capital flows.

USA: Fed rate cut can wait

June inflation slowdown and recent Powell's statements at the Congress have strengthened the expectations of a Fed Funds Rate cut by September. From July the decline in Treasuries yields and the slower appreciation of the US dollar provided a relief to Latin America. However, the possibility of Donald Trump winning back the White House might ruffle Latin American markets again.

LOOKING AHEAD

Argentina.

Federico Sturzenegger, the new Minister of Deregulation and Government Transformation, is expected to introduce a bill to Congress (labeled as "waffle law") to wipe out lots of highly useless laws.

Venezuela

Presidential elections are expected to be held on July 28. All surveys predict an overwhelming victory for the incumbent president Nicolas Maduro.

War in Ukraine

NATO's head, Jens Stoltenberg, said that Europe must be prepared for a decade of war in Ukraine. He also stated that the greater the commitment of western military alliance to help Ukraine, the faster the conflict will be resolved.

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