

Monthly Economic Newsletter



Research Institute. September 23, 2024

N° 231. Year 24

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KEY DATA

Inflation. Argentina's Wholesale Price Index rose 2.1m-o-m in August (218.4% y-o-y). It was the lowest record since President Milei took office.

HIGHLIGHTS

Argentina: fiscal tightening and new forex policy

Domestic CPI inflation remains on the downside, but far from falling under the "floor" of 4.0% m-o-m, and even farther from the official target of 2.0% m-o-m. Real activity shows a persistent recession but some sectors show an incipient rebound. The Government introduced the 2025 Budget Bill in the Congress, with a tight fiscal rule. The Central Bank launched a series of direct interventions in the blue-chip swap forex market, lowering the gap between the blue-chip swap and the official rates to 26%. Argentina's country risk on the downside, but the uncertainty on the timing and conditions to lift currency and capital controls remains invariant.

USA: Fed Funds rate in decline

The Fed's started a cycle of low interest rates with a sharp decline in the Fed Funds Rate (-50 b.p.) until 5.0%. The FOMC members are considering further lowering for this year (additional 50 b.p.) and for 2025 (around 100 b.p.). This is good news for emerging markets, that might benefit from new capital inflows.

LOOKING AHEAD

Argentina.

Milei administration is expected to negotiate a new deal with the IMF. Markets are expectant on new capital inflows that might allow the elimination of both forex market and capital controls.

USA

The Democrat candidate Kamala Harris is ahead in most of the latest polls towards the November 5 presidential election. However, it remains uncertain who will be the winner.

Uruguay

Uruguay's general election will be held next October 27. Most of opinion polls show the left-wing Frente Amplio ahead in most of electoral polls. However, a runoff on November 19 looks unavoidable.

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