

Monthly Economic Newsletter



USAL
UNIVERSIDAD
DEL SALVADOR

Research Institute. October 24, 2024

No. 232. Year 24

Staff: Adolfo Bosch, Héctor Rubini and Jorge Viñas.

KEY DATA

Sovereign risk. The risk premium indicator EMBI Argentina, dropped to 1044 b.p. on October 15. It is the record since August 2019.

HIGHLIGHTS

Argentina.

The prevailing optimism led to the fall in the sovereign risk premium, and to a significant decline in the foreign exchange gap to 20%, thanks to a successful tax amnesty program. Meanwhile, financial markets remain expectant of a future relaxation of forex and capital controls, and of a new agreement with the IMF.

Global markets

The recent releases on the U.S. economy suggest that no new decline interest rates can be expected, given the strength of real activity and the lack of a significant fall of domestic inflation. This led to a significant increase in the US dollar and in the yield of Treasuries. The Chinese government has launched some stimuli for local companies to reach the official target of 5% GDP growth rate. However, there is no consensus on their efficacy.

LOOKING AHEAD

Argentina.

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

USA

The general election will be held on November 5. The race between Kamala Harris and Donald Trump remains in a dead heat just over two weeks before the election.

Uruguay

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