

# Monthly Economic Newsletter



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Escriben: Adolfo Bosch, Leandro Marcarian, Jorge Riaboi, Héctor Rubini y Jorge Viñas.

## KEY DATA

**Inflation.** On April 20<sup>th</sup>, the parallel (“blue”) exchange rate hit a new all-time high at AR\$ 440.

## HIGHLIGHTS

**Argentina: close to the abyss.** The Gov’t looks unable to keep current insecurity, inflation rate and the forex market instability under control. Current forecasts converge to a fall in real activity coupled with expectations of CPI inflation acceleration and a nominal devaluation of the domestic currency, and a prevailing uncertainty on the next general elections, and the likely decisions of a future non-Kirchnerist administration.

**USA: uncertain outlook.** The Fed rapidly stopped the banking crisis after the Silicon Valley Bank’s bankruptcy, and the impact of the Credit Suisse failure on several European countries. Stock markets rebounded but the bank crisis has reinforced the previous fears of a future recession.

**Paraguay and next elections.** This country is getting ready to next general elections on April 30. Last polls suggest a virtual tie between the incumbent party’s candidate Peña and the center-left opposition candidate Alegre. The winner will enter office with sound fiscal figures and monetary stability.

## LOOKING AHEAD

**Interest rates on the upside.** After the increase in the CPI inflation rate in March and the current currency crisis, the Central Bank of Argentina is expected to raise its key interest rate this week.

**Electricity prices on the rise.** Electric power charges will be rise in May. The hikes will be raised by 85%-90% for non-subsidized households and by 31% for businesses.

**Bolivia in a new political crisis.** Both fiscal and balance of payment figures deterioration, coupled with a rapid drain in foreign reserves led to a run against both domestic currency and bank deposits. Bank deposit withdrawals were suspended by a commercial bank in Santa Cruz de la Sierra, hence local markets are expectant on some political decisions to avoid a currency and banking crisis.