

# Monthly Economic Newsletter



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## KEY DATA

**Inflation.** April CPI rose 8.4% m-o-m. It was the highest hike since April 2002.

## HIGHLIGHTS

**Argentina: between a rock and a hard place.** Market traders remain expectant on a peso devaluation, as long as the so called “Soybean III plan” and recent financial aid requests to some governments did not alter the persistent decline of foreign reserves. Both interest rate hikes and official interventions in the forex market were useless. Current economic scenario may worsen under a sharp acceleration of inflation and further foreign reserve losses.

**USA and its debt ceiling crisis.** Current disagreements to push up the Treasury’s debt ceiling raised some political tensions, but an agreement between Democrats and Republicans are expected before the end of June. In the meantime, the Fed might avoid new Fed Fund rate hikes, but it wouldn’t indicate an end of the current hiking cycle.

**Bolivia in a new currency crisis.** This country faces a currency crisis coupled with a political crisis that will preclude a rapid recovery of the Bolivian economy.

## LOOKING AHEAD

**Inflation on the upside.** Private sector estimates on food price hikes and the increases in gas and electric power charges suggest that May inflation rate might be higher than last April record..

**Massa travels to China.** Argentina’s Minister of Economy will travel the BRICS summit in China next week. It is expected that he would close a deal with the BRICS new development bank, to strengthen the Argentine Central Bank’s foreign reserves.

**Ecuador in a new political crisis.** The National Assembly (the Ecuadorean Parliament) voted to impeach Ecuador’s president Guillermo Lasso, so he dissolved the National Assembly, and snap elections will be called for the end of August.