

# Monthly Economic Newsletter



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## KEY DATA

**Inflation.** August CPI rose 12.4% m-o-m. It's the highest monthly inflation rate since February 1991.

## HIGHLIGHTS

**Argentina, under high electoral risk** The Government opted by a significant fiscal expansion, that leads to higher inflation, exchange rate instability and increasing doubts on the country's governability from next December. In the short-run, market expectations will swing in line with political perceptions on the outcome of next general election, and with the future paths of inflation and the exchange rate after next election (on October 22).

**The US economy on the rise.** The American economy remains growing. The Fed Funds Rate remains unchanged at 5.5%, but markets are expectant on a new increase. As the Eurozone gets closer to a recession, last increase in the Euribor might be the last in this year. In China new fiscal stimuli are expected, even after recent signals of a GDP rebound. Therefore, markets are forecasting a strengthening of the US dollar against other currencies.

**China.** In their last meeting the BRICs' leaders were in favor of the creation of a new currency and invited several countries to join to the bloc: Argentina, Iran, Saudi Arabia, United Arab Emirates, Egypt, and Ethiopia.

## LOOKING AHEAD

**Argentina.** General elections will be held next October 22. Opinion polls are led by the current Economy Minister Sergio Massa, and the libertarian economist Javier Miel. However, the errors of the polls and the low electoral participation in the PASO do not allow ruling out that the candidate of Juntos por el Cambio, Patricia Bullrich, who is currently in third place, will manage to recover and be among the two most voted candidates. For the moment, the final is still open.

**Brazil: positive outlook.** Last private projections raised GDP growth from 2.56% to 2.64% in 2023, and from 1.32% to 1.47% in 2024.