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KEY DATA

Sovereign risk. The EMBI (JP Morgan Chase) sovereign debt indicator for Argentina's default risk reached 3,160 b.p., the peak from June 2005.

HIGHLIGHTS

Argentina's debt restructuring. The Gov't will launch a restructuring offer in a turbulent scenario. Both the spread of the coronavirus and the fall in commodity prices may counter the acceptance of the terms of Argentina's debt restructuring proposal, and complicate current policy initiatives.

The GDP on the downside. The negative impact of the coronavirus pandemic on China and the world trade may hurt Argentina's net exports. Some local consultancy firms have lowered their real GDP growth forecasts for 2020 from circa -1% to a range between -1,5% and -2%.

The coronavirus (COVID-19) on the spots. The COVID-19 has suddenly stopped the Chinese economy and it is spreading around the world. Global supply chains were hit by generalized quarantines, and its economic cost remains uncertain up to now. The likelihood of a global recession is increasing in line with the global spread of this virus.

Global financial panic. The COVID-19 pandemic triggered last "black Monday" (March 9) with significant falls in both stock and commodity prices. It was magnified by the oil price plunge-down due to the price war between Saudi Arabia and Russia. Today the S&P 500 was falling by 5.7% and Wall Street trading had to be halted for some minutes. It was the second preemptive stop in this week.

LOOKING AHEAD

Argentina's sovereign debt. The degree of acceptance/refusal of the Argentine Gov' restructuring offer should be known at the end of March. However, it was not published up to now.

Coronavirus: New and more strict quarantines are expected in several countries. The resulting economic damages will be more explicit at the end of April.

"Flight" to quality: Demand for labor and transport services will remain on the downside. It will invariably strengthen the stock and commodity investments for gold and "investment grade" Gov't bonds. Several countries are expected to lower interest rates towards zero, but such a move would not be effective at all.