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**ECONOMIC
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KEY DATA

- Argentina's official CPI rose 4.2% in May. Such increase, released by the official statistics institute INDEC, surpassed private estimates summarized in the National Congress index (3.5%), but was lower than the official monthly inflation rates of the province of Cordoba (4.6%) and Buenos Aires city (5.0%).

INSIDE THE ECONOMY

- Former officers of Cristina Fernandez de Kirchner's administration were arrested under suspects of a variety of corruption charges. This can alter the political scenario, but might not influence on the population's concerns on the inflation rate, labor uncertainty and physical insecurity.

HIGHLIGHTS

- The Argentine economy remains in stagflation, and the announced foreign investment inflows for the 2nd half of this year are highly uncertain. Most of private forecasts highlight a slight economic recovery for the last two months of 2016, and a decline of the monthly inflation rate to 1.5%-2.0%, coupled with the real appreciation of the local currency. This might complicate the recovery of the real economy and employment rates, and also the Gov't plans for the 2017 elections of national and provincial legislators.
- Both official indicators of industrial production and private leading indicators of the real business cycle point to the approximation of the end of current recession. However, lower domestic and foreign demand for goods and services suggests a further economic decline until the end of 2016. Even so, some positive surprises might dampen it in the 2nd half of this year.
- Most of available polls cannot anticipate the result of the UK "Brexit" referendum next June 23. Financial markets are expectant on the potential negative effect on the European economy of the British exit from EU, with high risk of global financial contagion. This uncertainty factor, coupled with the weak jobs creation data in US, led the US Fed to postpone the expected Fed Funds hike.
- Most of world commodity prices rebounded in the first five months of 2016. The main drivers were the postponement of the US Fed Funds hike, the US dollar weakness, the lower supply of oil and energy, and some specific climate contingencies.

LOOKING AHEAD

- Before the end of June the local lorry-drivers' union will close this year wage negotiation –they demand a 40% wage hike-. It may be relevant for the path of future wage hikes in other activities.
- Next June 29 the official statistics institute (INDEC) will release the national accounts estimates for the first quarter of 2016. It will include a thorough revision of aggregate supply and demand series between 2004 and 2015, and will be accompanied by the revised series of job market and income for the same period.
- UK Brexit referendum next June 23. Available forecasts remain inconclusive because more than 10% of surveyed voters were undecided.
- Start of the US presidential campaign for November election. The Democrat candidate will be Hillary Clinton, and the Republican one, Donald Trump.
- Probable new troubles in the Brazilian Gov't after the series of Ministers resign in the cabinet of the provisional President Michel Temer.