

Argentine Economic Growth Likely Quickened in July: Week Ahead

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Argentina's economic growth likely accelerated in July after slowing in June as a four-month farm protest that had blocked major highways came to an end.

“July was a month that saw an increase in activity after the partial solution of the farm conflict,” said Florencia Arcieri, an economist at the Buenos Aires-based Orlando Ferreres consultancy.

Arcieri said the economy probably expanded by 7.3 percent in July from a year earlier, less than the 8.1 percent average estimate of five other economists surveyed by Bloomberg News.

In June, the economic activity index rose 6.5 percent. The national statistics agency is slated to release July's index on Sept. 25 at 3 p.m. New York time.

After the protest against increased commodity export taxes ended in mid-July, transportation of construction materials and equipment returned to normal, enabling building to bounce back. At the same time, farmers resumed deliveries of grains and oilseeds to processing plants and export terminals.

The government reported on Sept. 18 that gross domestic product expanded by 7.5 percent in the second quarter from a year earlier, the slowest quarterly rate of growth in four years as a result of the farm strike.

“July was an adjustment month,” Arcieri said. “We expect growth to be less strong in August and throughout the rest of the year.”

Markets Last Week

Last week, the yield on Argentina's benchmark 5.83 percent peso bonds due in 2033 declined 33 basis points, or 0.33 percentage point, to 10.586 percent, according to Bloomberg data. The bond's price rose 3.6 centavos on the peso to 101 centavos.

The Buenos Aires benchmark Merval stock index rose 0.9 per percent to 1662.52. Food processing company Molinos Rio de la Plata SA (MOLI AR) jumped 22.5 percent, while Banco Patagonia SA (BPAT AR), a commercial bank, fell 9.4 percent.

Source: Bloomberg