

Latam Economic Update

- **Argentina: Q1-2020 GDP expected to confirm depth of pre-pandemic recession**

ARGENTINA: Q1-2020 GDP EXPECTED TO CONFIRM DEPTH OF PRE-PANDEMIC RECESSION

Along with the consensus, we expect the Q1 real GDP print at 15:00 ET today to show a decline in growth from -1.1% y/y in Q4-2019 to -5.4% y/y in Q1-2020, as implied by the monthly EMAE index of economic activity (chart 1). Leading indicators (chart 2) suggest that this very soft start to the year will be followed by an even deeper drop of -15.0% y/y in Q2-2020, reflecting the country's initiation of quarantine measures from March 20. Unemployment, which sat at 8.9% in Q4-2019, is forecast to rise to around 10.9% in Q1-2020.

President Alberto Fernandez, Province of Buenos Aires Governor Axel Kicilloff, and BsAs Mayor Horacio Rodriguez met Monday, June 22, to discuss a possible re-tightening of quarantine measures in the capital region that would likely see a return of full isolation restrictions later this week. Some controls were loosened in BsAs from June 8, which allowed a number of shops to re-open under strict regulations. The current quarantine is set to expire on June 28. Although Argentina's case numbers remain well below those of its regional neighbours, Buenos Aires' recent spike in COVID-19 cases, as detailed in our June 20 [Latam Weekly](#), prompted President Fernandez to go into voluntary isolation on Wednesday, June 17, following positive tests by other senior political figures.

—Brett House

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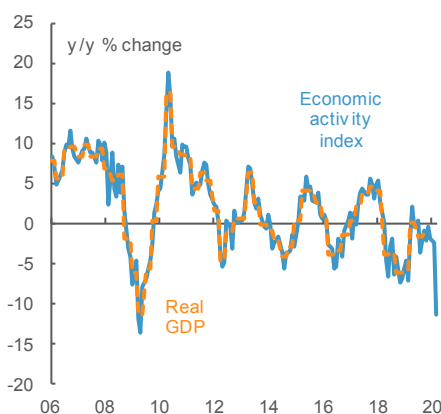
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Chart 1

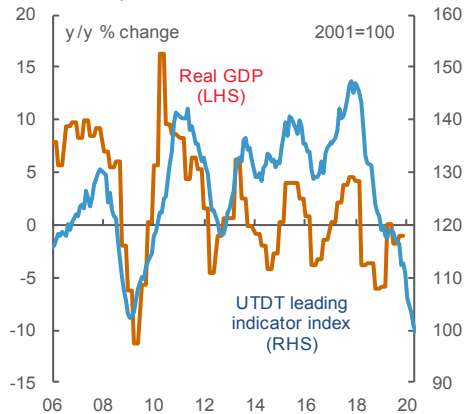
Argentina: EMAE Index Points to Deep Pre-Pandemic Contraction



Sources: Scotiabank Economics, INDEC.

Chart 2

Argentina: Leading Indicators Imply Q2-2020 Will Be Worse



Sources: Scotiabank Economics, INDEC, UTD.

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