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Argentina: Economic Notes

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Neagle, John. "Argentina: Economic Notes." (1990). <https://digitalrepository.unm.edu/notisur/14601>

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Argentina: Economic Notes

by John Neagle

Category/Department: General

Published: Thursday, March 1, 1990

Feb. 27: For the second consecutive day, the dollar exchange rate jumped 10%. The cumulative devaluation of the austral since Feb. 1 is 200%. Due to the generalized lack of confidence in the government's economic policies, the Argentine economy has been "dollarized." Consequently, an increase in the price of the dollar leads to automatic price hikes. Many retail stores mark prices in dollars. Manufacturers are adopting the same pricing practice, even when their products do not contain imported inputs. Consumer price level inflation for the month of December was 40%, and for January, 80%. To compensate somewhat for spiraling inflation, the government recently authorized a wage hike for private sector workers equivalent to some US\$30 per month. Meanwhile, officials are preparing to raise prices on public services and fuels by an average 80%. Feb. 28: Before noon, the dollar was trading for 6,200 australs, compared to 5,700 at closing on Tuesday. (Basic data from Notimex, 02/27/90; Radio Nacional, 02/28/90)

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