

# Fixed Income & Economics Daily

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## FX & RATES STRATEGY RESEARCH

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### ECONOMICS

- **ARGENTINA: Central Bank Keeps Monetary Policy Rate Unchanged**

## LATAM ECONOMICS

### ARGENTINA

#### ECONOMICS

### Central Bank Keeps Monetary Policy Rate Unchanged

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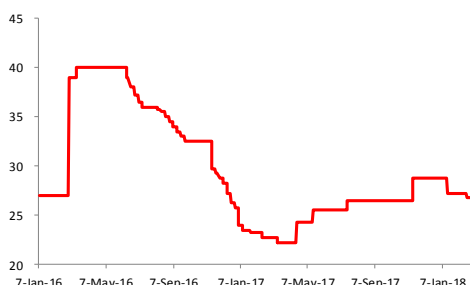
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**The monetary authority kept the repo rate unchanged at 26.75% at yesterday's monetary policy meeting.** In the communiqué, the Central Bank stated that February's CPI increase (both headline and core measures) will surpass those observed in the previous month. The Central Bank views the acceleration of inflation in February as a temporary event, and expects that once the effects from regulated prices hikes have ended, inflation will resume its downward trend.

**Also, the monetary authority acknowledged that the continued exchange rate weakness poses a threat to price stability and that further peso depreciation should not be supported by real shocks or by monetary policy.** As a result, the Central Bank emphasized the need to intervene in the FX market as a way to reduce volatility and minimize the impact on inflation.

We expect the Central Bank to maintain a cautious monetary policy stance, keeping the reference rate at 27.25% until April, when we expect CPI figures to start showing a decelerating trend.

#### Current rate levels to continue until April



Monetary policy rate. Sources: Central Bank and Santander.

#### IMPORTANT DISCLOSURES/CERTIFICATIONS ARE ATTACHED.

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