Argentina’s reopening of its debt exchange offer aims to put its record default in 2001 behind. Argentina’s government plans to reopen a debt swap that closed in June in an effort to lure more holdout investors to participate in exchanging their defaulted bonds with new securities. The terms of the reopened swap, according to the government, are similar to those offered earlier this year. The offer will be in U.S. dollar- and peso-denominated Discount 2033 bonds and GDP warrants issued under local and U.S. laws as well as dollar-denominated Global 2017 bonds, but the government won’t offer par bonds or past-due interest on notes due in 2017 that were offered in June’s swap. Argentina’s bonds rallied following the June swap that covered $12.86 billion in defaulted debt with an acceptance rate of 70%. The start of negotiations earlier this month to reach a settlement with the Paris Club group of creditor nations over about $7 billion of debt and a renewing of relationship with the International Monetary Fund has helped to reinforce investor confidence in the country’s ability and willingness to pay its obligations.

US Q3 GDP growth revised up to 2.6%. In a release by the U.S. Commerce Department today, U.S. Q3 GDP growth was revised upwards from the previous estimate of 2.5% to 2.6% (saar) [see Chart at http://gem or http://www.worldbank.org/gem]. The revised GDP figures was mainly on account of stronger inventories. Business inventories were estimated to rise to $121.4 billion up from the previous $111.5 billion previously estimated. Inventories thus added 1.61 percentage points to GDP growth in the third quarter. Consumer spending which contributed 1.67 percentage points increased by 2.4 percent rather than the 2.8 percent previously estimated. Still, consumer spending, which accounts for some 70% of US GDP, grew at its fastest rate since Q1 2007. Exports came in stronger, with imports unchanged, thus slightly reducing the drag from net exports from 1.76 percentage points to 1.70 percentage points. Business spending on equipment and software contributed 1.02 percentage points and government spending contributed 0.71 percentage points. Overall Q3 GDP figures point to a recovery that is supported by higher consumer spending, business investments and exports.

Among emerging markets... In Latin America and Caribbean, Mexico’s unemployment rate dropped to 5.28% in November after unexpectedly rising to 5.6% in the previous month.
In Middle East and North Africa, Morocco’s central bank left the policy rate unchanged at 3.25% at its meeting today, despite inflationary pressures building in food prices, which have pushed y-o-y inflation to 2.6%, above the central bank’s 2010 target rate.

Recent issues and other current analysis are also available on the Prospects blog.

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