

## Macro Roundup Article

**Headline:** [Milei's Challenge](#)

**Article Link:** <https://moneyinsideout.exantedata.com/p/mileis-challenge>

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**Tweet:** Dollarization might be helpful for Argentina but it doesn't solve the Central Bank of Argentina's (BCRA) balance sheet problem; currently, it is monetizing its interest bill, driving inflation. @GeneralTheorist argues for another debt writedown.

**Summary:** All that matters for understanding the BCRA balance sheet is the fact that the interest on BCRA securities now exceeds 100% annualised—in fact, 133%. In other words, the value of LELIQs outstanding, measured in local currency, will more than double over the next 12 months. In fact, these are rolled every one or two weeks, so properly compounding the story is even worse. But let's say it increases by 1.3 times over the next 12 months. Then the BCRA interest bill is nearly 20% of GDP. BCRA has no choice but to monetise their interest bill—creating yet more units of local currency, requiring even more money to be sterilised, acting like a dog chasing her tail. If Milei had not been elected, with his determination to fix the central bank balance sheet, it is possible that hyperinflation would have been the next phase of monetary madness. Related: A Brief History of Dollar Hatred

**Primary Topic:** Banking

**Topics:** Banking, Monetary Policy, Op-Ed/Blog Post

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**Featured Image**

**Link:** <https://www.edwardconard.com/wp-content/uploads/2023/11/BRCA-Balance-Sheet-.png>