

# Monthly Monetary Report

## January 2018



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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The closing date for statistics in this report was February 6, 2018. All figures are provisional and subject to review.

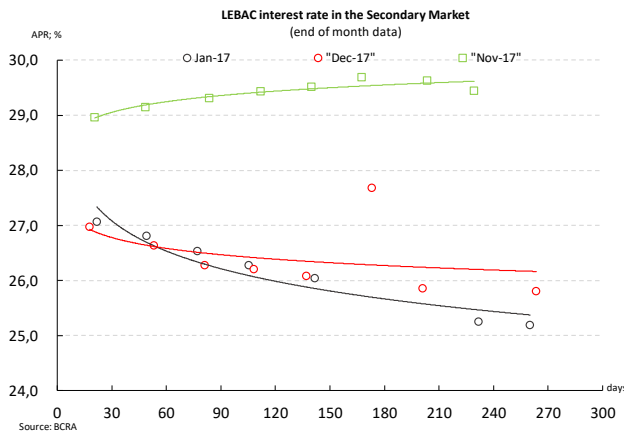
## 1. Summary<sup>1</sup>

- Against a backdrop of new inflation targets and a more moderate annual increase forecast for regulated prices vis-à-vis previous years, the BCRA reduced its monetary policy rate—the center of the 7-day repo corridor—twice in January, by a total of 150 basis points (b.p.), to 27.25% in a context of a high contractionary bias of the monetary policy.
- Interest rates on call money markets remained within the BCRA’s repo corridor, going down after making changes to the monetary policy rate. The upward trend evidenced by deposit rates until the end of 2017 came to a halt. Particularly, rates on deposits of larger amounts began to fall. The development of the interest rate on discounted notes was similar to that of deposit rates, whereas rates on loans at longer terms kept the upward trend.
- On January 11, the BCRA started to issue a new instrument to manage liquidity in the money market: liquidity bills (LELIQs). LELIQs are bills at 7 days that can be traded in the secondary market and can be subscribed only by financial institutions for their own portfolio. LELIQs were increasingly gaining share in excess bank liquidity along January. By the end of the month, the stock of outstanding LELIQs was \$69.259 billion (face value).
- In real and seasonally-adjusted terms, private M3 grew by 1.2% in January, while private M2 remained stable when compared to December. Time deposits in pesos were thus the component that contributed the most to the increase in private M3 for the third consecutive month. Particularly, time deposits over \$1 million stood out, partly on account of a rise in those made by financial service providers.
- Loans channeled to the private sector continued increasing in real and seasonally-adjusted terms. Total loans—in pesos and in foreign currency—showed a monthly growth of 3%, whereas loans in domestic currency rose by 1.5%. Total loans climbed 26.6% y.o.y. in real terms.
- In the segment in pesos, mortgage-backed loans continued exhibiting the highest growth, with a monthly average increase of 7.4% in real and seasonally-adjusted terms in the past three months. In nominal terms, mortgage-backed loans climbed 9.9% (\$12.15 billion) in January, rising 118.2% y.o.y. It should be noted that loans denominated in Units of Purchasing Power (UVAs) continued gaining share in total loans channeled to households (93% of the amount granted in the last month). Since this credit line was launched, \$65.8 billion in UVA-adjusted mortgage-backed loans have been awarded.
- Against a backdrop of a seasonally low growth of loans, the rise in deposits in pesos greatly exceeded that of loans granted to the private sector, and financial institutions’ liquid assets thus increased. Bank liquidity in domestic currency (cash in banks, current account of banks with the Central Bank, net repo transactions with the BCRA and the holding of LEBAC and LELIQ bills, as a percentage of deposits in pesos) went up 1.6 p.p. to 41.3% of deposits. The growth in liquidity was concentrated in the BCRA’s new instrument—LELIQs—which accounted for 1.9% of deposits in pesos in the month.

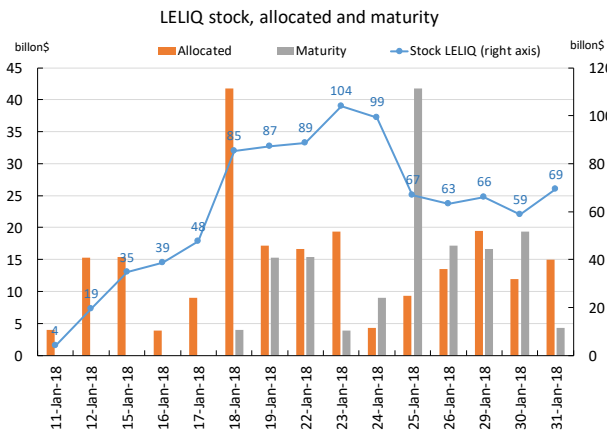
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<sup>1</sup> Unless otherwise stated, the figures released here are monthly averages of daily data.

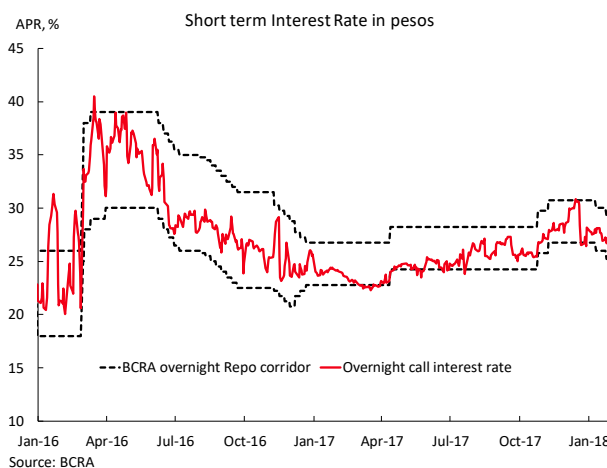
**Chart 2.1**



**Chart 2.2**



**Chart 2.3**



## 2. Interest Rates<sup>2</sup>

### Monetary Policy Interest Rates

In January, the nationwide Consumer Price Index (CPI) for December 2017 was published by the INDEC. The monthly change in prices was 3.1% and 1.7% in headline and core inflation, respectively. The increase in some regulated prices (especially, gas and electricity) resulted in a sharp rise in headline inflation and had some direct effect on core inflation. As a result, headline inflation was 24.8% in 2017.

Against a backdrop of new inflation targets<sup>3</sup> and a more moderate annual increase forecast for regulated prices in comparison to previous years, the BCRA reduced its monetary policy rate—the center of the 7-day repo corridor—twice in January, as a response to a high contractionary bias of the monetary policy. The monetary policy rate was reduced by a total of 150 b.p., to 27.25%.

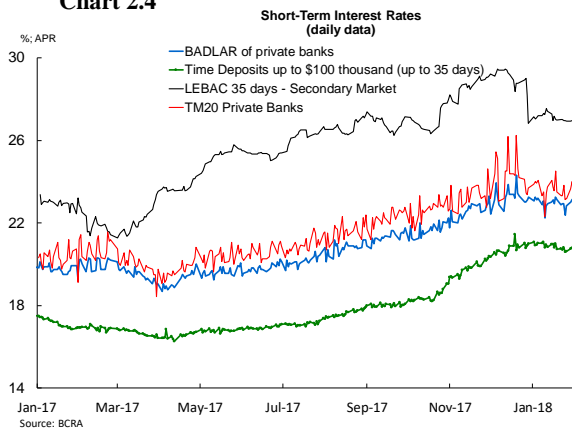
The Central Bank continued conducting open market transactions in January to manage liquidity conditions in the money market. It thus sold LEBAC bills on the secondary market for a total of \$163.2 billion (face value), which more than offset the monetary expansion triggered by a partial renewal upon maturity in the primary market. Most LEBAC bills sold had a residual term of up to 30 days (25%) and from 30 to 60 days (41%). There was a change in the slope of the yield curve at the end of January against the end of December, with falls in the yields of the longest instruments (see Chart 2.1).

Moreover, the BCRA launched a new instrument on January 11: liquidity bills (LELIQs). These are zero-coupon bills at 7 days, which can only be traded by financial institutions for their own portfolio. LELIQs may be traded on the secondary market before maturity. Excess bank liquidity has been channeled to this instrument to a larger extent since its implementation. By the end of January, the stock of outstanding LELIQs was \$69.259 billion (face value) (see Chart 2.2). In January, the BCRA sold these instruments at the same rate as reverse repos at 7 days. A total of \$4.815 billion (face value) were traded on the secondary market.

<sup>2</sup> Interest rates mentioned in this section are expressed as annual percentage rates (APR).

<sup>3</sup> In the last week of 2017, the long-term inflation target (5% annually) was deferred to 2020, and new intermediate targets were set: 15% for 2018 and 10% for 2019.

**Chart 2.4**



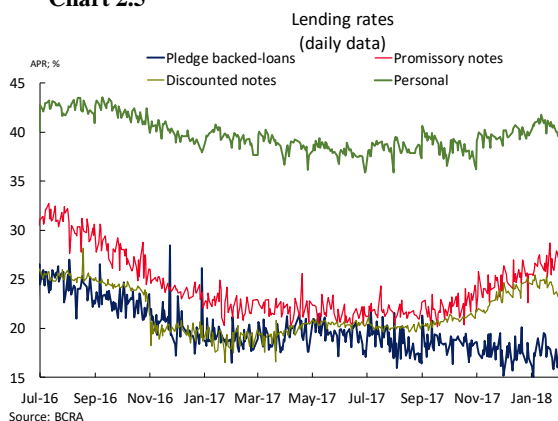
## Market Interest Rates

In January, interest rates on shorter-term instruments remained in the center of the interest rate corridor set by the Central Bank in the repo market, following a downward trend in line with the drop in the monetary policy rate (see Chart 2.3).

In the call money markets, the interest rate on overnight call transactions averaged 27.4%, down 1.6 p.p. against December 2017. In turn, the average interest rate on overnight call transactions in the secured market (REPO round) stood at 26.6%, which amounted to a monthly average fall of 1.3 p.p. The daily average volume traded in both markets decreased by \$1.8 billion, to around \$13.8 billion.

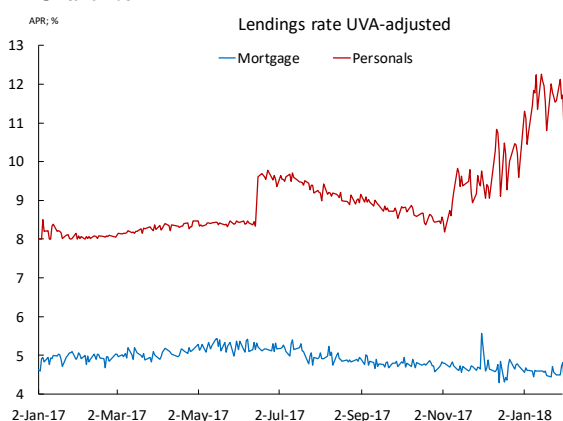
The interest rate on current account overdrafts granted to companies for over \$10 million and at up to 7 days went down 1.9 p.p. on average in January, evidencing an evolution comparable to that of interest rates on call money markets.

**Chart 2.5**



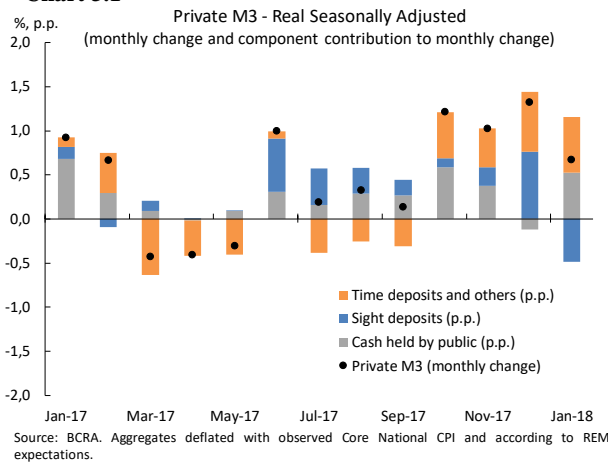
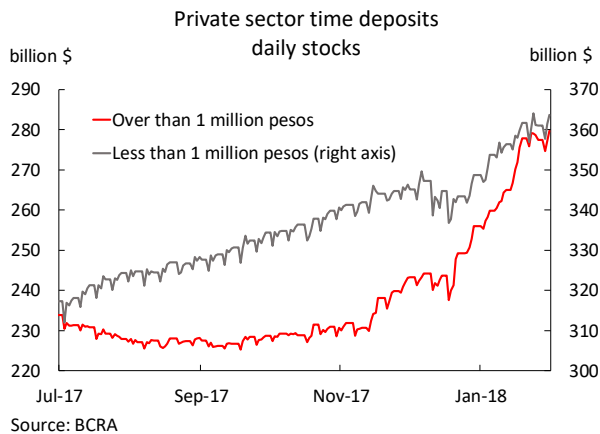
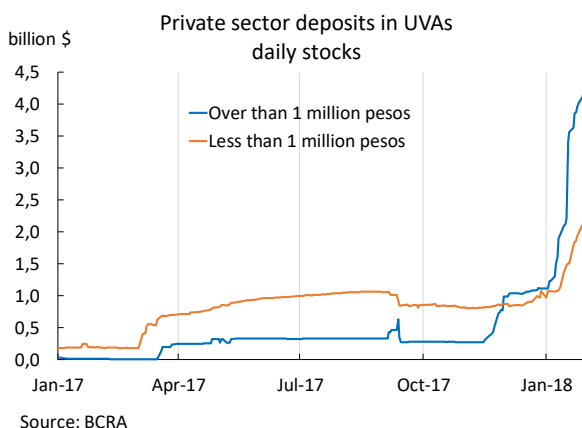
Deposit rates stopped rising after the fall in LEBAC rates recorded as a result of last December's announcement that inflation targets were adjusted. Initially, they remained relatively stable and started going down by late January. The TM20 rate—interest rate on time deposits of \$20 million and more—at private banks averaged 23.6% in January, down 0.6 p.p. against December. In turn, the BADLAR rate—interest rate on time deposits of \$1 million and more, and at 30 to 35 days—at private banks averaged 23% in January, going down 0.3 p.p. against December. The change in the trend of the retail segment was not as dramatic: the interest rate on time deposits of up to \$100,000 and at up to 35 days averaged 20.9%, which was similar to December's figure (see Chart 2.5).

**Chart 2.6**



In contrast, most fixed or adjustable lending rates continued on the rise in the first weeks of January, evidencing early signs of stability in the last days of the month. Interest rates on personal loans averaged 40.7%, increasing 0.7 p.p. against last December. As for interest rates on credit lines aimed at financing companies' activities, the interest rate on unsecured promissory notes averaged 26.7%, exhibiting a 1.4 p.p. monthly average increase, while the performance of interest rates on discounted notes was similar to that of deposit rates, averaging 24.4%, with an increase of 0.2 p.p. (see Chart 2.5).

Regarding UVA-adjusted financing, mortgage-backed loans were granted at an average rate weighted by amount of 4.6%, remaining virtually stable against last December. In turn, the rate on UVA-adjusted personal

**Chart 3.1****Chart 3.2****Chart 3.3**

loans kept on rising and averaged 11.6% over the month, climbing 1.7 p.p. against last December (see Chart 2.6).

Finally, the interest rate on UVA-adjusted time deposits averaged 4.9% in January, down 0.2 p.p. against December.

### 3. Monetary Aggregates<sup>1</sup>

In January, the seasonally-adjusted stock of private M3<sup>4</sup> in real terms<sup>5</sup> increased by 1.2%, with a remarkable growth in time deposits in pesos from the private sector for the third month in a row (see Chart 3.1). In turn, the stock of private M2<sup>6</sup> in real terms remained similar to December's, with an increase in cash held by the public, which was offset by a fall in sight deposits from the private sector.

Although private M2 grew by 1.6% in nominal terms, especially on account of cash held by the public, time deposits in pesos from the private sector were the component of private M3 that increased the most, as they rose 6.2% monthly on average. Two thirds of such rise was due to deposits over \$1 million, which may be explained by the seasonal increase recorded in January together with the fact that insurance companies are no longer allowed to renew their stock of LEBAC bills under the latest change in regulations<sup>7</sup> (see Chart 3.2).

UVA-adjusted time deposits in pesos gained greater momentum in January, almost doubling their monthly average stock (see Chart 3.3). However, UVA-adjusted time deposits from the private sector accounted for just 1% of the total stock of time deposits in pesos from the private sector at the end of January.

Public sector deposits in pesos rose by 19.7% in nominal terms, mainly boosted by funds from the National Treasury, which received temporary advances and sold part of the foreign currency obtained from the debt issue.

All in all, total M3<sup>8</sup> climbed 5.3% in nominal terms, changing 29.1% y.o.y., whereas private M3 increased 28% y.o.y., a level similar to that of December 2017.

In line with the performance of the components of total M3, the monetary base evidenced an average monthly

<sup>4</sup> It includes cash held by the public and deposits in pesos from the private sector.

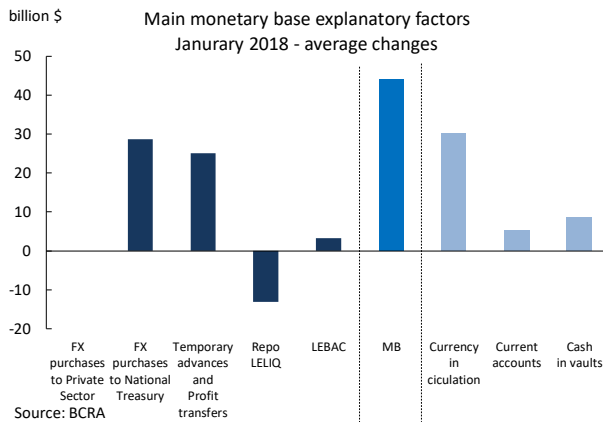
<sup>5</sup> Figures in real terms were calculated using core inflation indices: the series used were the INDEC's nationwide CPI from January 2017, the INDEC's CPI of the Greater Buenos Aires between May 2016 and December 2016, and the CPI of the City of Buenos Aires between July 2012 and December 2015, base period: Jul-11/Jun-12.

<sup>6</sup> It includes cash held by the public and sight deposits in pesos from the private sector.

<sup>7</sup> Resolution 41.057-E/2017, issued by the National Superintendence of Insurance.

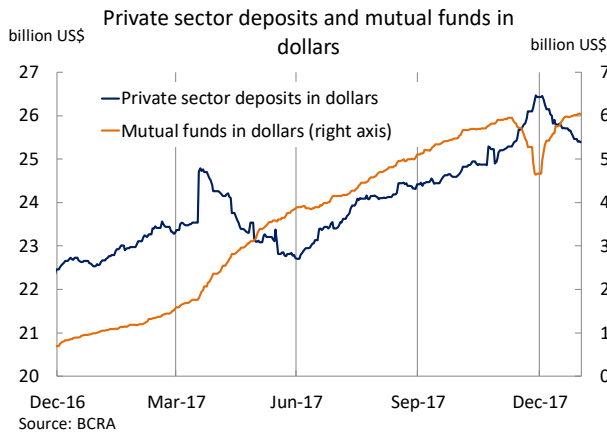
<sup>8</sup> It includes cash held by the public and deposits in pesos from the non-financial private and public sectors.

**Chart 3.4**



increase of 4.5% in nominal terms, which was explained by purchases of dollars and temporary advances (within the limit of \$140 billion agreed upon for 2018). In turn, transactions with LEBAC bills led to a monthly average monetary expansion, especially as a result of a drop in the stock held by holders other than financial institutions at the end of 2017 to meet usual liquidity needs over this period. In contrast, the transactions conducted by financial institutions resulted in monetary contraction, as funds obtained from increased deposits exceeded the—seasonally low—increase in loans, which let them raise their stock of repos and LELIQs (see Chart 3.4). Based on the stock at the end of the month, the monetary base fell 3.5% in January.

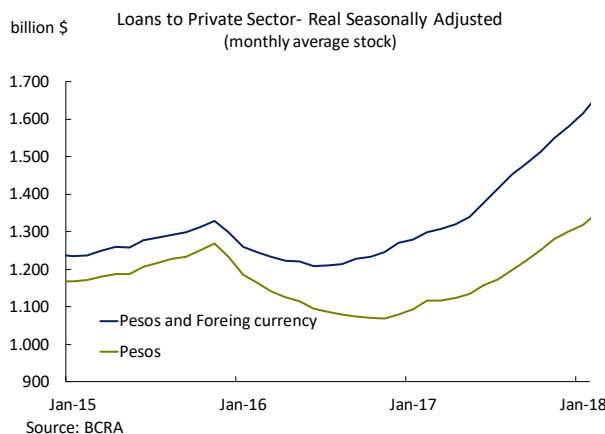
**Chart 3.5**



The monthly average stock of deposits in foreign currency rose by 7.5%, driven by the inflow of funds from a debt issue by the National Treasury. In turn, the average monthly stock of deposits in dollars from the private sector was similar to December's, which is explained by deposits rising in December and falling in January. This was a “mirror” of the performance of mutual funds (FCI) in foreign currency: unit shares were redeemed in December and temporarily deposited, probably on account of the different tax treatment of FCIs and deposits for the calculation of the tax on personal property. In January, the opposite movement was observed.

Finally, the broadest monetary aggregate, M3\*<sup>9</sup>, increased 7.2% in nominal terms, exhibiting a change of 33.9% y.o.y.

**Chart 4.1**



## 4. Loans <sup>110</sup>

In January, loans channeled to the private sector continued the upward trend in real<sup>11</sup> and seasonally-adjusted terms (see Chart 4.1). Total loans—in pesos and in foreign currency—showed a 3% monthly growth, whereas loans in domestic currency rose by 1.5%. Total loans—in pesos and in foreign currency—rose by 26.6% y.o.y. in real terms.

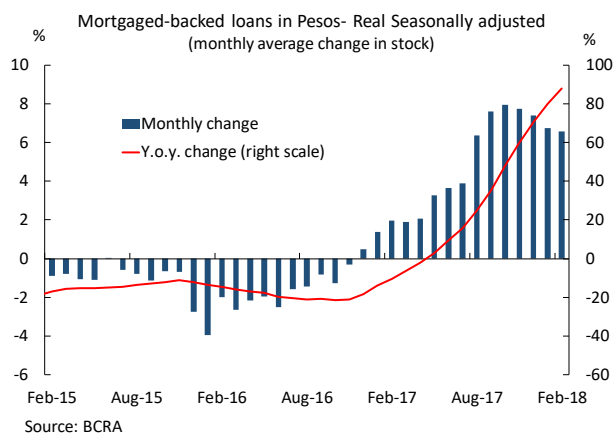
In the segment in pesos, mortgage-backed loans continued exhibiting the highest growth, with a seasonally-adjusted monthly average increase of 7.4% in

<sup>9</sup> It includes cash held by the public and total deposits in pesos and in foreign currency.

<sup>10</sup> Monthly changes of loans are adjusted by the accounting movements which are basically caused by transfers of loan portfolios from financial institutions to financial trusts. In this report, the terms “amounts granted” and “new loans” refer to (new and renewed) loans arranged in a given period. In contrast, a change in stock consists of arranged loans minus amortizations and repayments over the period.

<sup>11</sup> Figures in real terms were calculated using core inflation indices: the series used were the INDEC’s nationwide CPI from January 2017, the INDEC’s CPI of the Greater Buenos Aires between May 2016 and December 2016, and the CPI of the City of Buenos Aires between July 2012 and December 2015, base period: Jul-11/Jun-12.

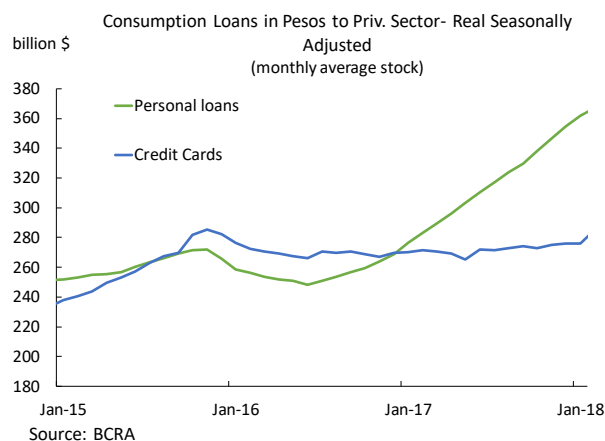
**Chart 4.2**



real terms in the past three months (see Chart 4.2). In turn, pledge-backed loans climbed 1.6% in real and seasonally-adjusted terms.

In nominal terms, mortgage-backed loans climbed 9.9% (\$12.15 billion), rising 118.2% y.o.y. It should be noted that UVA-adjusted loans continued gaining share in loans channeled to individuals and accounted for 93% of the total in January. About \$65.8 billion in UVA-adjusted mortgage-backed loans have been awarded since the launch of this credit line. In turn, pledge-backed loans grew 2.8% (\$2.4 billion) in January, changing 64.2% y.o.y. It is worth mentioning that nearly \$26.7 billion have been granted in UVA-adjusted personal and pledge-backed loans.

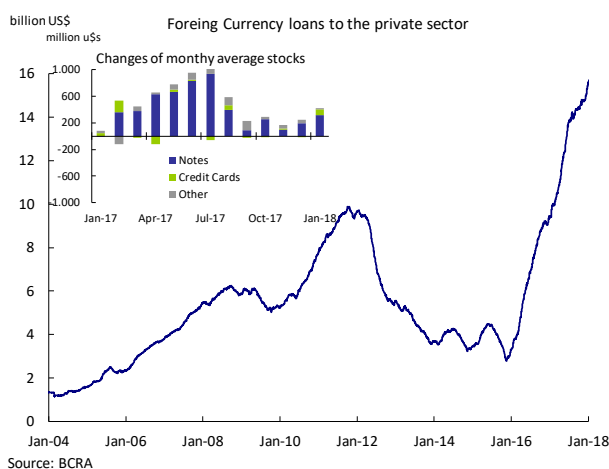
**Chart 4.3**



The nominal growth pace of loans for commercial purposes moderated in January, which is typical during summer vacation on account of a lower level of activity. Financing arranged through promissory notes thus climbed 1.2% (\$3.3 billion) in nominal terms, reaching a y.o.y. growth rate of 42.6%. It remained stable in real and seasonally-adjusted terms when compared to December. Overdrafts nominally increased by 1.4% (\$1.8 billion) in January and 25.8% y.o.y. This line grew by 0.5% in real and seasonally-adjusted terms in January.

As for credit lines mostly channeled to households, financing arranged through credit cards posted a nominal increase of 3.2% (\$8.8 billion), with a 23.9% increase year-on-year. It remained stable in real and seasonally-adjusted terms. In contrast, personal loans, which comprised some of the loans granted for the purchase of vehicles, are one of the credit lines that gained greatest momentum in the past few months. These loans grew by 2.9% (\$10.08 billion) in nominal terms in January, changing 58.6% y.o.y. Hence, they increased 2.4% in real and seasonally-adjusted terms in January (see Chart 4.3).

**Chart 4.4**



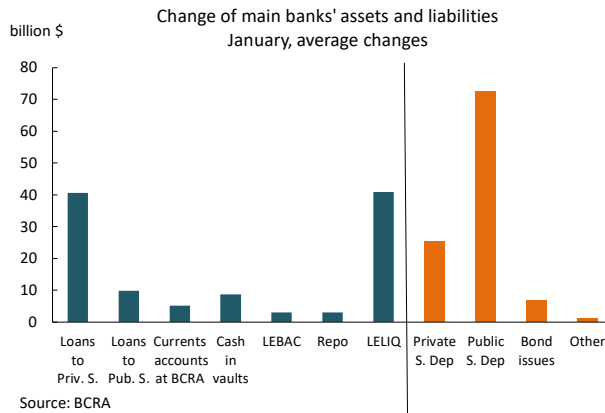
This way, loans in pesos granted to the private sector exhibited a 3.1% nominal rise (\$40.56 billion), while the year-on-year change rate stood at 46%.

Finally, the monthly growth rate of loans in foreign currency granted to the private sector increased for the second month in a row, to 2.8% in January. This was mainly explained by a recovery in the expansion rate of unsecured promissory notes (mostly prefinancing of exports) and by financing arranged through credit cards, in line with its seasonal performance. Loans in dollars thus reached a monthly average stock of US\$15.198 billion (see Chart 4.4).



## 5. Financial Institutions' Liquidity<sup>1</sup>

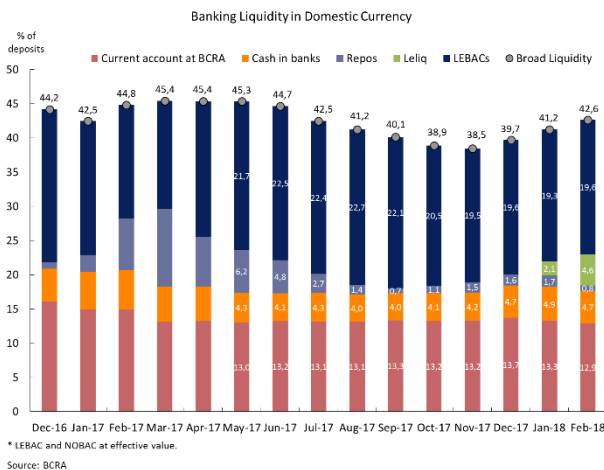
Chart 5.1



In a period when the growth of loans is seasonally low, the rise in deposits in pesos greatly exceeded the rise in loans to the private sector, which ended up enlarging financial institutions' liquid assets (see Chart 5.1). Bank liquidity in domestic currency (cash in banks, current account of banks with the Central Bank, net repo transactions with the BCRA and the holding of LEBAC and LELIQ bills, as a percentage of deposits in pesos) went up 1.6 p.p. to 41.3% of deposits.

Most excess bank liquidity was concentrated in the BCRA's new instrument, LELIQs (see Interest Rates), which accounted for 1.9% of deposits in pesos. In turn, current accounts at the BCRA fell from 13.7% of deposits in December to 13.4% in January due to the partial reversion in seasonal changes in the composition of December's deposits, i.e. a greater share of sight deposits, with higher reserve requirement rates.

Chart 5.2

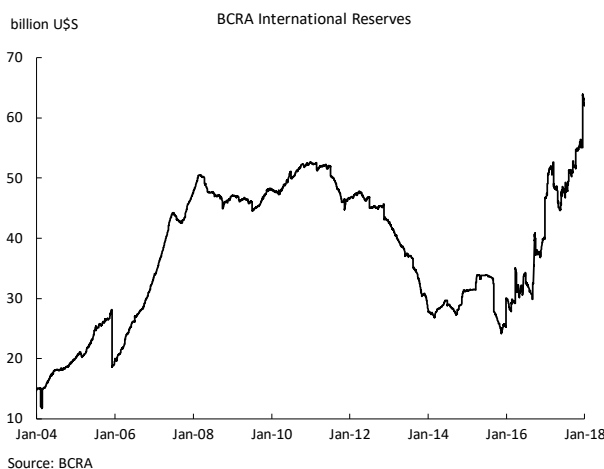


Liquidity in foreign currency (cash in banks and current account of banks with the Central Bank, as a percentage of deposits in dollars) increased 2.2 p.p. against December as a result of a rise in deposits in excess of loans.

## 6. International Reserves and Foreign Exchange Market<sup>12</sup>

International reserves ended January with a new record-high stock of US\$62.024 billion, which amounted to a rise of US\$6.969 billion against December (see Chart 6.1). The National Treasury's debt placed on international markets for nearly US\$9 billion explained most of the increase recorded over January.

Chart 6.1



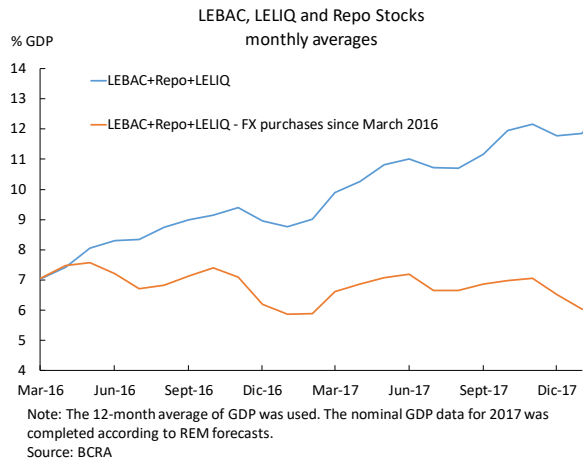
A portion of that amount—US\$3 billion—was bought by the Central Bank in January, improving its balance sheet thanks to an increased share of more liquid assets in foreign currency in the total.

The BCRA's policy continues to be largely aimed at building up international reserves, entailing an increase in liabilities from the sale of bills and repo transactions through which the effect caused by foreign currency purchases is sterilized. Thus, the BCRA's stock of LEBAC and LELIQ bills and repos minus its net purchases of foreign currency in January, in terms of the GDP, was lower than that of March 2016 (the end of the sterilization process for absorbing excess liquidity from the market after the removal of foreign exchange restrictions in December 2015). The BCRA's debt with

<sup>12</sup> In this section, figures are end-of-the-month data.

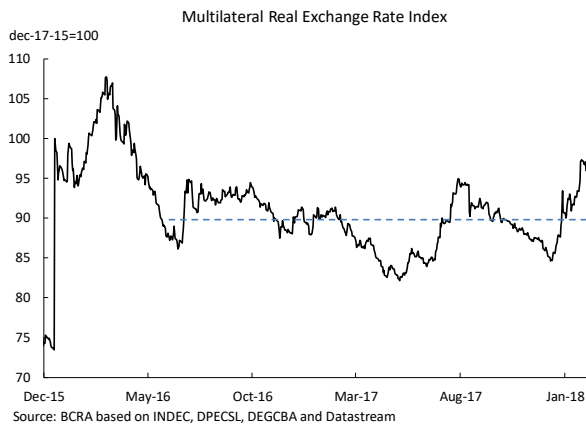
respect to GDP in net terms continued falling, which led to an improvement in its balance sheet (see Chart 6.2).

**Chart 6.2**



The peso/US dollar benchmark exchange rate ended January at 19.65, up 4.7% against December. In turn, the multilateral real exchange rate increased by 7.5% in January (see Chart 6.3). It should be noted that such exchange rate has remained stable since mid-2016, in a context of a floating exchange rate scheme, fluctuating around a level that is 21.5% higher than that reported before the unification of the foreign exchange market by the end of 2015. A floating exchange rate lets the economy better absorb external shocks and helps avoid accumulated macroeconomic imbalances.

**Chart 6.3**



## 7. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average			Average change in	
	Ene-18	Dic-17	Dic-17	Monthly	Last 12 months
<b>Monetary base</b>	<b>1,026,680</b>	<b>982,660</b>	<b>982,660</b>	<b>4.5%</b>	<b>25.9%</b>
Currency in circulation	780,543	741,724	741,724	5.2%	30.3%
Held by public	688,654	658,582	658,582	4.6%	32.4%
Held by financial entities	91,889	83,140	83,140	10.5%	16.2%
Settlement check	0	1	1	-75.3%	-63.8%
BCRA current account	246,137	240,936	240,936	2.2%	13.8%
<b>BCRA Repos stock</b>					
Reverse repos	33,378	63,989	63,989	-47.8%	-55.9%
Repos	789	3,679	3,679	0.0%	0.0%
<b>LELIQ stock (in face value)</b>	41,047	-	-	-	-
<b>LEBAC stock (in face value)</b>	1,164,239	1,144,103	1,144,103	1.8%	81.0%
In pesos	1,164,239	1,144,103	1,144,103	1.8%	81.0%
<b>In banks</b>	375,518	365,366	365,366	2.8%	28.9%
In Dollars	0	0	0	-	-
<b>International Reserves</b>	<b>60,626</b>	<b>55,582</b>	<b>55,582</b>	<b>9.1%</b>	<b>47.2%</b>
<b>Private and public sector deposits in pesos <sup>(1)</sup></b>	<b>1,843,487</b>	<b>1,745,917</b>	<b>1,745,917</b>	<b>5.6%</b>	<b>28.0%</b>
Current account <sup>(2)</sup>	510,419	495,359	495,359	3.0%	18.4%
Savings account	472,374	450,204	450,204	4.9%	45.2%
Not CER-adjustable time deposits	782,246	719,665	719,665	8.7%	24.5%
CER-adjustable time deposits	4,816	2,653	2,653	81.5%	936.2%
Other deposits <sup>(3)</sup>	73,633	78,036	78,036	-5.6%	32.6%
Private sector deposits	<u>1,403,313</u>	<u>1,378,080</u>	<u>1,378,080</u>	<u>1.8%</u>	<u>26.0%</u>
Public sector deposits	<u>440,175</u>	<u>367,837</u>	<u>367,837</u>	<u>19.7%</u>	<u>34.6%</u>
<b>Private and public sector deposits in dollars <sup>(1)</sup></b>	<b>32,924</b>	<b>30,563</b>	<b>30,563</b>	<b>7.7%</b>	<b>31.3%</b>
<b>Loans to private and public sector in pesos <sup>(1)</sup></b>	<b>1,361,263</b>	<b>1,321,518</b>	<b>1,321,518</b>	<b>3.0%</b>	<b>42.5%</b>
Loans to private sector	<u>1,334,130</u>	<u>1,293,564</u>	<u>1,293,564</u>	<u>3.1%</u>	<u>46.0%</u>
Overdrafts	132,306	130,468	130,468	1.4%	25.8%
Promissory bills	281,349	278,056	278,056	1.2%	42.6%
Mortgages	134,911	122,760	122,760	9.9%	118.2%
Pledge-backed loans	89,522	87,098	87,098	2.8%	64.2%
Personal loans	357,728	347,648	347,648	2.9%	58.6%
Credit cards	286,619	277,825	277,825	3.2%	23.9%
Other loans	51,695	49,710	49,710	4.0%	35.8%
Loans to public sector	<u>27,133</u>	<u>27,954</u>	<u>27,954</u>	<u>-2.9%</u>	<u>-34.0%</u>
<b>Loans to private and public sector in dollars <sup>(1)</sup></b>	<b>15,233</b>	<b>14,844</b>	<b>14,844</b>	<b>2.6%</b>	<b>64.5%</b>
<b>Total monetary aggregates <sup>(1)</sup></b>					
M1 (currency held by public + settlement check in pesos+ current account in pesos)	1,199,073	1,153,942	1,153,942	3.9%	26.0%
M2 (M1 + savings account in pesos)	1,671,447	1,604,147	1,604,147	4.2%	30.9%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	2,532,141	2,404,501	2,404,501	5.3%	29.1%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	3,160,527	2,947,727	2,947,727	7.2%	33.8%
<b>Private monetary aggregates</b>					
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	996,045	966,193	966,193	3.1%	28.3%
M2 (M1 + private savings account in pesos)	1,416,873	1,394,200	1,394,200	1.6%	30.6%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	2,091,967	2,036,664	2,036,664	2.7%	28.0%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	2,584,448	2,494,213	2,494,213	3.6%	29.5%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2014		Last 12 months	
	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>
<b>Monetary base</b>	<b>44,021</b>	<b>4.5%</b>	<b>138,830</b>	<b>15.6%</b>	<b>44,021</b>	<b>4.5%</b>	<b>211,194</b>	<b>25.9%</b>
Foreign exchange purchases with the private sector	0	0.0%	0	0.0%	0	0.0%	-5,452	-0.7%
Foreign exchange purchases with the NT	28,720	2.9%	71,210	8.0%	28,720	2.9%	289,581	35.5%
Temporary Advances and Profit Transfers	25,065	2.6%	60,371	6.8%	25,065	2.6%	173,839	21.3%
Other public sector operations	-1,582	-0.2%	-1,957	-0.2%	-1,582	-0.2%	-7,481	-0.9%
Sterilization (LEBAC, repos and LELIQ)	-9,864	-1.0%	4,922	0.6%	-9,864	-1.0%	-260,305	-31.9%
Others	1,681	0.2%	4,284	0.5%	1,681	0.2%	21,013	2.6%
<b>International Reserves</b>	<b>5,044</b>	<b>9.1%</b>	<b>8,933</b>	<b>17.3%</b>	<b>5,044</b>	<b>9.1%</b>	<b>19,436</b>	<b>47.2%</b>
Foreign exchange market intervention	0	0.0%	0	0.0%	0	0.0%	-88	-0.2%
International financial institutions	-19	0.0%	-289	-0.6%	-19	0.0%	-1,767	-4.3%
Other public sector operations	2,446	4.4%	5,902	11.4%	2,446	4.4%	19,293	46.8%
Dollar liquidity requirements	1,802	3.2%	2,482	4.8%	1,802	3.2%	-222	-0.5%
Others (incl. change in US\$ market value of nondollar assets)	815	1.5%	838	1.6%	815	1.5%	2,254	5.5%

1 Excludes financial sector and foreign depositors. Loans' figures correspond to statistical information, without being adjusted by financial trusts. Provisory figures.

2 Net of the use of unified funds.

3 Net of deposits pending of swap by public bonds (BODEN).

4 "Contribution" field refers to the percentage of change of each factor versus the main variable corresponding to the month respect which the change is being calculated.

Sources: BCRA Accounting Department and SISGEN Informative Regime.

#### Minimum Cash Requirement and Compliance

	Jan-18	Dec-17	Nov-17
	(1)		
<b>Domestic Currency</b>	% of total deposits in pesos		
Requirement	13.0	13.4	13.0
Compliance	13.2	13.7	13.2
Position (2)	0.2	0.3	0.2
<i>Residual time structure of term deposits used for the calculation of the requirement (3)</i>	%		
Up to 29 days	66.9	68.8	68.6
30 to 59 days	20.9	21.2	20.8
60 to 89 days	6.6	5.4	5.7
90 to 179 days	3.6	3.3	3.6
more than 180 days	2.0	1.2	1.3
<b>Foreign Currency</b>	% of total deposits in foreign currency		
Requirement	26.0	24.1	24.1
Compliance (includes default application resource)	51.5	46.1	46.3
Position (2)	25.5	22.0	22.2
<i>Residual time structure of term deposits used for the calculation of the requirement (3)</i>	%		
Up to 29 days	57.6	54.9	55.5
30 to 59 days	19.6	21.3	19.1
60 to 89 days	9.4	9.3	10.4
90 to 179 days	6.7	7.6	8.2
180 to 365 days	5.0	4.4	3.6
more than 365 days	1.6	2.5	3.2

<sup>(1)</sup> Estimates data of Requirement, Compliance and Position.

<sup>(2)</sup> Position= Requirement - Compliance

<sup>(3)</sup> Excludes judicial time deposits.

Source: BCRA

Interest rates in annual nominal percentage and traded amounts in million. Monthly averages.

<b>Borrowing Interest Rates</b>	<b>Ene-18</b>	<b>Dic-17</b>	<b>Nov-17</b>	<b>Dic-17</b>
<b>Interbank Loans (overnight)</b>				
Interest rate	24.11	29.04	27.94	29.04
Traded volume (million pesos)	4,395	4,917	5,424	4,917
<b>Time Deposits</b>				
<u>In pesos</u>				
30-44 days	21.55	21.48	20.82	21.48
60 days or more	22.84	22.75	21.84	22.75
Total BADLAR (more than \$1 million, 30-35 days)	21.84	21.63	21.70	21.63
Private Banks BADLAR (more than \$1 million, 30-35 days)	22.93	23.18	22.55	23.18
<u>In dollars</u>				
30-44 days	0.49	0.50	0.46	0.50
60 days or more	0.79	0.74	0.72	0.74
Total BADLAR (more than \$1 million, 30-35 days)	0.49	0.55	0.48	0.55
Private Banks BADLAR (more than \$1 million, 30-35 days)	0.74	0.74	0.80	0.74
<b>Lending Interest Rates</b>	<b>Ene-18</b>	<b>Dic-17</b>	<b>Nov-17</b>	<b>Dic-17</b>
<b>Stock Repos</b>				
Gross interest rates 30 days	25.28	28.06	27.76	28.06
Traded volume (all maturities, million pesos)	1,139	1,236	1,343	1,236
<b>Loans in Pesos <sup>(1)</sup></b>				
Overdrafts	33.69	34.14	32.58	34.14
Promissory Notes	26.71	25.35	24.19	25.35
Mortgages	19.78	18.67	17.31	18.67
Pledge-backed Loans	16.37	17.42	17.83	17.42
Personal Loans	40.69	39.99	39.30	39.99
Credit Cards	s/d	42.21	41.26	42.21
Overdrafts - 1 to 7 days - more than \$10 million	29.37	31.24	29.29	31.24
<b>International Interest Rates</b>	<b>Ene-18</b>	<b>Dic-17</b>	<b>Nov-17</b>	<b>Dic-17</b>
<b>LIBOR</b>				
1 month	1.56	1.49	1.29	1.49
6 months	1.91	1.77	1.63	1.77
<b>US Treasury Bonds</b>				
2 years	2.03	1.84	1.70	1.84
10 years	2.58	2.40	2.35	2.40
<b>FED Funds Rate</b>	1.50	1.41	1.25	1.41
<b>SELIC (1 year)</b>	7.00	7.08	7.50	7.08

(1) Observed data from Monthly Informative Regime SISCEN 08 up to April and estimated data based on Daily Informative Regime SISCEN 18 for May and June.

Interest rates in annual nominal percentage and traded amounts in million. Monthly averages.

Reference Interest Rates	Ene-18	Dic-17	Nov-17	Dic-17
<b>BCRA Repo Interest Rates</b>				
Overnight reverse repo	26.02	26.75	26.52	26.75
7-day reverse repo	27.27	28.00	27.77	28.00
7-day repo	28.77	29.50	29.27	29.50
<b>Total Repo Interest Rates</b>				
Overnight	26.53	27.78	26.90	27.78
7 days	0.00	0.00	0.00	0.00
Repo traded volumen (daily average)	9,419	10,724	10,083	10,724
<b>Peso LEBAC Interest Rate<sup>1</sup></b>				
1 month	27.24	28.75	28.75	28.75
2 months	26.90	28.80	29.10	28.80
3 months	26.59	28.80	29.25	28.80
9 months	25.39	28.70	29.60	28.70
12 months	s/o	s/o	s/o	s/o
<b>Peso NOBAC with variable coupon Spread<sup>1</sup></b>				
200 days BADLAR Private Banks	s/o	s/o	s/o	s/o
<b>Dollars LEBAC Interest Rate<sup>1</sup></b>				
1 month	s/o	s/o	s/o	s/o
3 months	s/o	s/o	s/o	s/o
6 months	s/o	s/o	s/o	s/o
12 months	s/o	s/o	s/o	s/o
LEBAC and NOBAC traded volume (daily average)	35121	41260	26186	41260
<b>Foreign Exchange Market</b>	<b>Ene-18</b>	<b>Dic-17</b>	<b>Nov-17</b>	<b>Dic-17</b>
<b>Dollar Spot</b>				
Exchange agencies	19.04	17.73	17.48	17.73
BCRA Reference	19.09	17.79	17.53	17.79
<b>Future dollar</b>				
NDF 1 month	19.39	18.08	17.83	18.08
ROFEX 1 month	19.39	18.10	17.84	18.10
Traded volume (all maturities, million pesos)	13,495	17,441	11,151	17,441
<b>Real (Pesos/Real)</b>	5.93	5.38	5.36	5.38
<b>Euro (Pesos/Euro)</b>	23.24	20.99	20.54	20.99
<b>Capital Market</b>	<b>Ene-18</b>	<b>Dic-17</b>	<b>Nov-17</b>	<b>Dic-17</b>
<b>MERVAL</b>				
Index	33,300	27,798	27,268	27,798
Traded volume (million pesos)	1,063	671	652	671
<b>Government Bonds (parity)</b>				
DISCOUNT (US\$ - NY legislation)	116.33	117.19	116.17	117.19
BONAR X (US\$)	113.75	115.58	115.60	115.58
DISCOUNT (\$)	112.16	102.57	103.43	102.57
<b>Country risk</b>				
Spread BONAR 24 vs. US Treasury Bond	245	217	249	217
EMBI+ Argentina	365	356	370	356
EMBI+ Latinoamérica	460	464	468	464

<sup>1</sup> Corresponds to average results of each month primary auctions.

## 8. Glossary

**ANSES:** *Administración Nacional de Seguridad Social.* Social Security Administration

**APR:** Annual percentage rate.

**BADLAR:** Interest rate for time deposits over one million pesos between 30 and 35 days for the average of financial institutions

**BCRA:** *Banco Central de la República Argentina.* Central Bank of Argentina

**BODEN:** Bonos optativos del Estado Nacional. Optional federal bonds

**BOVESPA:** Sao Paulo Stock Exchange Index (Brazil)

**CAFCI:** *Cámara Argentina de Fondos comunes de inversión*

**CDS:** Credit Default Swaps

**CER:** Coeficiente de Estabilización de Referencia. Reference Stabilization Coefficient

**CNV:** Comisión Nacional de Valores. National Securities Commission

**CPI:** Consumer Price Index

**DISC:** Discount Bond

**EMBI:** Emerging Markets Bonds Index

**FCI:** Mutual Funds

**Fed:** Federal Reserve

**FTs:** Financial Trusts

**GBA:** Greater Buenos Aires metropolitan area

**GDP:** Gross Domestic Product

**IAMC:** Instituto Argentino de Mercado de Capitales.

**IGBVL:** Lima Stock Exchange Index (Peru)

**IGPA:** Santiago Stock Exchange Index (Chile)

**LEBAC:** *Letras del Banco Central.* BCRA Bills

**LCIP:** Credit Line for Productive Investment.

**LIBOR:** London Interbank Offered Rate

**M2:** Notes and Coins + Current Accounts and Savings Accounts in \$

**M3:** Notes and Coins + Total Deposits in \$.

**M3\*:** Notes and Coins + Total Deposits in \$ and US\$

**MERVAL:** *Mercado de Valores de Buenos Aires.* Buenos Aires Stock Exchange Index

**MEXBOL:** Mexico Stock Exchange Index

**NBFI:** Non-Banking Financial Institutions

**NDF:** Non Deliverable Forward

**NOBAC:** Notas del Banco Central. BCRA Notes

**NV:** Nominal value

**ONs:** Corporate Bonds

**PyME:** Small and medium enterprises

**ROFEX:** Rosario Futures Exchange Rate Market

**SELIC:** Brazilian Central Bank's Benchmark Interest Rate

**SISCEN:** *Sistema Centralizado de Requerimientos Informativos.* BCRA Centralized Reporting Requirement System

**S&P:** Standard and Poor's 500 Index

**TIR:** Internal rate of return (IRR).

**y.o.y.:** Year-on-year