

# **Evolution of the Foreign Exchange Market and the Foreign Exchange Balance**

April 2022



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

# Evolution of the Foreign Exchange Market and the Foreign Exchange Balance

## April 2022

### About inclusive language in the Spanish version of this report

The Central Bank of Argentina is committed to encouraging the use of a non-discriminatory language that promotes the acceptance of all gender identities. It should be noted that all those who have contributed to this report acknowledge that language influences ideas, feelings, ways of thinking, as well as principles and core values.

Therefore, efforts have been made to avoid sexist and binary language in this report.

# Contents

Page 6		I. Introduction
Page 7		II. Result by Sector in the Foreign Exchange Market
Page 9		III. Foreign Exchange Balance
Page 17		<i>Box 1 / Foreign Exchange Balance - Financial Loans, Debt Securities and Credit Lines</i>
Page 26		IV. BCRA's International Reserves
Page 27		V. Volumes Traded in the Foreign Exchange Market

## Executive Summary

The world economic recovery continues, but at a slower pace on several grounds: uncertainty caused by the armed conflict between Russia and Ukraine; restrictions in China due to the latest COVID-19 surge; and the resulting rise in inflation and in benchmark interest rates in the world's major economies. As a result, financial and commodity markets were in turmoil. In this context, the BCRA has been improving foreign exchange regulations in order to promote a more efficient allocation of foreign currency. In April, financial institutions' clients sold USD34 million in the forex market, whereas financial institutions made net sales of USD95 million. The BCRA purchased USD211 million and made net payments through the local currency payment system (SML) accounting for USD81 million.

The "Real Sector" was a net seller of foreign currency for USD840 million. Within this group, the "Oilseeds and Grains" sector was the main net seller in the forex market with net inflows for USD3,358 million, up 3% y.o.y.

The "Real Sector excluding Oilseeds and Grains", on the other hand, was a net purchaser of foreign currency, with a total of USD2,518 million, up 59% y.o.y. The foreign currency thus purchased was mainly allocated to make payments for imports of goods and services, and to pay financial debt.

"Natural Persons" made net purchases totaling USD470 million for payments on cards to non-resident suppliers (USD301 million) and for saving purposes (USD138 million).

"Institutional Investors and Others"—both residents and non-residents—made net purchases for USD223 million in April.

The foreign exchange current account, which includes flows from net exports of goods and services, as well as primary and secondary income, had a surplus of USD276 million. This could be mainly explained by net inflows from "Goods" for USD1,403 million, which were partially offset by a deficit in "Services" (USD866 million), and "Primary Income" (USD261 million).

The foreign exchange financial account of the "Non-Financial Private Sector" had a deficit of USD431 million in April, resulting basically from payments of balances in foreign currency to local institutions originated from purchases made with cards to non-resident suppliers for USD237 million (which do not involve a net demand of foreign currency as explained in Box 1); payments of loans held abroad and debt securities for USD54 million; loans to local financial institutions for USD47 million; and loans to other international organizations for USD26 million.

The transactions carried out under the foreign exchange financial account of the "Financial Sector" resulted in a surplus of USD439 million, mainly explained by the decrease of USD460 million in liquid foreign assets of financial institutions' General Exchange Position.

In April, the transactions carried out under the foreign exchange financial account of the "General Government and the BCRA" ran up a deficit of USD760 million, mainly explained by the repayment of principal owed to the IMF totaling USD687 million.

During April, BCRA's international reserves fell USD1,131 million, mainly explained by the impact of a drop in the US dollar exchange rate of the assets that make up the international reserves (USD1,087 million), totaling USD42,007 million by the end of the month.

# I. Introduction

This report analyses information on foreign exchange transactions made in April 2022 as gathered by the Exchange Transaction Reporting System administered by the BCRA. Additionally, it relies on information on changes in BCRA's International Reserves due to transactions carried out by the BCRA on its own account or on behalf of the National Government, and on changes in the balance of institutions' foreign currency accounts at the BCRA.<sup>1</sup>

Data collected from institutions include information on every transaction conducted in the forex market by natural or legal persons (including the sector to which they belong, which agrees with the main business activity reported to AFIP (Federal Administration of Public Revenues)), amounts traded, currency denomination, and the reason for the foreign exchange transaction (heading)—such as inflows or outflows from exports or imports of goods or services, saving, and financial liabilities, as defined in the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).

For further information on methodological aspects of this report, please read the methodology used for compiling foreign exchange market and foreign exchange balance statistics, which is available [here on BCRA's website](#).

Should you need detailed information about the exchange rate regulations in force and the changes that have been implemented since November 2017, please see the [Consolidated Text on Foreign Trade and Exchange Regulations](#) available on BCRA's website.

Section II of this report analyzes the result of foreign exchange transactions for April; data are broken down by sector and by heading.<sup>2</sup>

Section III deals with the Foreign Exchange Balance which comprises transactions carried out by the institutions with their clients in the foreign exchange market and those carried out by the BCRA—either on its own account or on behalf of the National Government. It is worth noting that the Foreign Exchange Balance is presented in an analytical format based on the Balance of Payments broken down by component and by institutional sector. This information is published anew in 2020, allowing readers to follow-up data (which has taken again the form of an affidavit) by type of transaction. However, **the evolution of the historical series**

---

<sup>1</sup> Communication "A" 3840, as amended.

<sup>2</sup> Sectors were grouped into: "Central Bank", "Institutions", "General Government", "Oilseeds and Grains", "Real Sector excluding Oilseeds and Grains", "Natural Persons", and "Institutional Investors and Others".

For identification purposes, each sector is defined as follows: **"General Government"** stands for the so-called "Public Sector" and embraces transactions made by the National Treasury directly through its account in foreign currency held with the BCRA; **"Oilseeds and Grains"**; **"Real Sector excluding Oilseeds and Grains"** includes the following sectors: "Oil", "Food, Beverages and Tobacco", "Textile and Leather Industries", "Paper, Publishing and Printing Industry", "Chemical, Rubber and Plastic Industries", "Non-Metallic Mineral Products (Cement, Ceramics and Others)", "Common Metals and their Manufacture", "Machinery and Equipment", "Automobile Industry", "Other Manufacturing Industries", "Electricity (Generation, Transport, Distribution)", "Gas (Extraction, Transport, Distribution)", "Water", "Commerce", "Transport", "Communications", "Mining", "Agriculture and Other Primary Activities", "Construction", "Information Technology", "Gastronomy", "Entertainment" and "Tourism and Accommodation Services"; **"Financial and Foreign Exchange Institutions"** includes the sector's transactions; **"Natural Persons"** includes all natural persons within the sector "Other Non-Financial Private Sectors"; and **"Institutional Investors and Others"** includes "Insurance" as well as the rest of the "Other Non-Financial Private Sectors".

shown here should be analyzed in light of the different forex regulations in force by period (see Section B.5. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)).<sup>3</sup>

Section IV deals with the stock of international reserves by the end of the period and their evolution.

Finally, Section V deals with information on the amount traded in the foreign exchange market. This amount stands for transactions made by institutions with their clients—both gross purchases and gross sales—, transactions between institutions, and those carried out among institutions and the BCRA.

## II. Result by Sector in the Foreign Exchange Market

The world economic recovery continues, but at a slower pace on several grounds: uncertainty caused by the armed conflict between Russia and Ukraine; restrictions in China due to the latest COVID-19 surge; and the resulting rise in inflation and in benchmark interest rates in the world's major economies. As a result, financial and commodity markets were in turmoil. In this context, the BCRA has been improving foreign exchange regulations in order to promote a more efficient allocation of foreign currency.

In April, financial institutions' clients sold USD34 million in the forex market, whereas financial institutions made net sales of USD95 million. The BCRA purchased USD211 million and made net payments through the local currency payment system (SML) accounting for USD81 million (see Table II.1).<sup>4 5 6</sup>

**Table II.1 Foreign Exchange Market**

### Result by Sector

Equivalent in million dollars

Result by Sector of the Foreign Exchange Market with Institutions	Jan-22	Feb-22	Mar-22	Apr-22	Aggregate period from January to April
BCRA - Market	161	367	-477	-211	-160
BCRA - SML	51	44	77	81	253
National Treasury	-	-	-	1	1
Institutions	77	-103	113	95	182
Institutions' Clients (1 + 2 + 3)	-289	-308	287	34	-276
<b>1. Non-Financial Private Sector</b>	<b>-154</b>	<b>-126</b>	<b>444</b>	<b>148</b>	<b>311</b>
Oilseeds and Grains	2,573	2,484	3,595	3,358	12,010
Real Sector Excluding Oilseeds and Grains	-2,005	-1,901	-2,409	-2,518	-8,833
Natural Persons	-506	-509	-537	-470	-2,023
Institutional Investors and Others	-216	-201	-205	-223	-844
<b>2. General Government (National Treasury Excluded)</b>	<b>-61</b>	<b>-155</b>	<b>-105</b>	<b>-60</b>	<b>-381</b>
<b>3. Institutions (Own Transactions)</b>	<b>-74</b>	<b>-28</b>	<b>-52</b>	<b>-53</b>	<b>-206</b>
<b>National Treasury Directly with the BCRA</b>	<b>-1,373</b>	<b>-</b>	<b>-246</b>	<b>-132</b>	<b>-1,751</b>

Note: (+) Net sales; (-) Net purchases

Source: BCRA

<sup>3</sup> The Central Bank's website ([www.bcra.gob.ar](http://www.bcra.gob.ar)) contains different statistical series of the Foreign Exchange Market (to access statistical series, [click here](#)), together with an annex broken down by sector and main headings (to access the statistical Annex of the foreign exchange balance [click here](#)). In addition, the "Main differences between the balance of payments and the foreign exchange balance" are available [here](#). The results in this section are broken down by the main sectors trading in the forex market in order to set net purchasers apart from net sellers.

<sup>4</sup> Information on the local currency payment system (SML) of this report has been drawn from the Exchange Transaction Reporting System (RIOC) and reported by transaction date. For more information, see the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)

<sup>5</sup> Transactions in the forex market are reported according to their transaction date, except for the purchase and sale of securities payable in foreign currency.

<sup>6</sup> The result by sector excludes purchases of foreign currency to pay card bills for expenses incurred abroad for an amount of USD237 million. These payments of local debts in foreign currency do not imply a net demand in the whole system, made up by the institutions and the BCRA.

The following table is intended to analyze the purchases and sales carried out through institutions in the forex market. For readers' convenience, each sector's net foreign exchange result analyzed in this report is arranged in horizontal reading direction, and each heading's net result—as informed by the institutions to the BCRA—is displayed vertically. The result of forex transactions in pesos and in foreign currency may be set apart from the result of self-to-self international transfers (transfers of foreign currency to accounts abroad in April). (See Table II.2).<sup>7</sup>

**Table II.2 Foreign Exchange Market**  
**Result of Institutions' Transactions with Clients. April 2022**  
 Equivalent in million dollars

Sector/Main Headings	Goods	Travel and Passenger Transport, and Other Expenses Paid with Cards	Remaining Services and Other Current Transfers	Foreign Assets Banknotes	Foreign Assets Foreign Currency	Net Self-to-Self International Transfers	Debt, FDI, Portfolio, and Other Transactions	Total
<b>Non-Financial Private Sector</b>	<b>1,483</b>	<b>-502</b>	<b>-506</b>	<b>-116</b>	<b>84</b>	<b>-84</b>	<b>-210</b>	<b>148</b>
Oilseeds and Grains	3,372	0	2	-3	1	-1	-12	3,358
Real Sector Excluding Oilseeds and Grains	-1,726	-165	-558	8	49	9	-134	-2,518
Natural Persons	-23	-301	5	-138	14	-27	-2	-470
Institutional Investors and Others	-141	-36	45	17	20	-65	-62	-223
<b>General Government (National Treasury Excluded)</b>	<b>-66</b>	<b>0</b>	<b>-67</b>	<b>81</b>	<b>1</b>	<b>-7</b>	<b>-2</b>	<b>-60</b>
<b>Institutions (Own Transactions)</b>	<b>-13</b>	<b>-5</b>	<b>-15</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>-22</b>	<b>-53</b>
<b>Institutions' Result with Clients</b>	<b>1,403</b>	<b>-507</b>	<b>-588</b>	<b>-35</b>	<b>87</b>	<b>-91</b>	<b>-234</b>	<b>34</b>
<b>Result for Forex Transactions</b>	<b>1,403</b>	<b>-505</b>	<b>-594</b>	<b>-35</b>	<b>3</b>	<b>0</b>	<b>-237</b>	<b>34</b>
<b>Result for Self-to-Self International Transfers</b>	<b>0</b>	<b>-3</b>	<b>6</b>	<b>0</b>	<b>84</b>	<b>-91</b>	<b>3</b>	<b>0</b>

Note: (+) Net sales; (-) Net purchases

Source: BCRA

Based on the chart above, the following sectors' performance can be highlighted (for more information on the sector-based categorization used, see Section B.4. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)).

"Oilseeds and Grains" was the main net seller of foreign currency in the market over April. This sector recorded net inflows for USD3,358 million mainly for the concepts included in "Goods" (collections on exports net of payments for imports), which is reasonable enough as it proves to be the main exporting sector in the economy. In a context of high international agricultural product prices, the sector's net result from transfers for goods on the forex market amounted to USD3,372 million, up 2% y.o.y.

The "Real Sector excluding Oilseeds and Grains", on the other hand, was a net purchaser of foreign currency, with a total of USD2,518 million, up 59% y.o.y. These purchases were mainly used to make payments for imports of goods and services, and to pay financial debt (for further information, see Sections III.1.1 and III.1.2).

"Natural Persons" made net purchases totaling USD470 million mainly for payments on cards to non-resident suppliers (USD301 million, down 7% against March), and for saving purposes (USD138 million, down 16% against March). Furthermore, they transferred USD14 million from their own accounts abroad, credited in

<sup>7</sup> Although self-to-self international transfers are not precisely forex transactions, they are recorded in forex statistics. They involve a transfer of foreign currency from abroad to a local account opened in foreign currency and/or a debit of funds deposited locally for their transfer abroad. Inflows are recorded under the transfer heading (positive sign). In addition, there is a second record where the same amount is entered under a negative sign for the crediting of funds. Contrariwise, a payment abroad from a local account in foreign currency is recorded under the payment heading with a negative sign, and the debit from the account, under a positive sign. Consequently, the total result of self-to-self international transfers in the forex market is neutral. For more information, see Section C.4.6. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)



local accounts in foreign currency (“Self-to-Self International Transfers”); having a neutral impact on the forex market.

“Institutional Investors and Others” recorded net purchases for USD223 million.

In turn, the “General Government” (excluding the National Treasury) made net purchases in the forex market through licensed financial institutions for USD60 million, mainly explained by the payments of imports of goods and services.

Finally, financial institutions made net purchases with their own funds for USD53 million mainly to pay financial debt.

### III. Foreign Exchange Balance

The Foreign Exchange Balance comprises transactions carried out by institutions with their clients in the foreign exchange market (included in Section II) and those carried out by the BCRA—either on its own account or on behalf of the National Government. It is worth noting that the Foreign Exchange Balance is presented in an analytical format based on the Balance of Payments broken down by component and by institutional sector.

#### III. 1. Current account

Current account transactions recorded in the foreign exchange balance showed a surplus of USD276 million in April (see Table III.1.1).<sup>8</sup>

**Table III.1.1. Foreign Exchange Balance**  
**Foreign Exchange Current Account**  
Equivalent in million dollars

Date	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
<b>Foreign Exchange Current Account</b>	<b>1,519</b>	<b>1,727</b>	<b>1,254</b>	<b>653</b>	<b>-308</b>	<b>-785</b>	<b>557</b>	<b>-1,566</b>	<b>-44</b>	<b>-471</b>	<b>-476</b>	<b>486</b>	<b>276</b>
Goods	1,933	2,365	1,769	1,478	608	316	1,375	-117	1,060	1,101	906	1,853	1,403
Services	-207	-100	-186	-270	-388	-558	-595	-754	-714	-683	-630	-1,040	-866
Primary Income	-197	-539	-342	-576	-534	-529	-203	-695	-383	-909	-717	-314	-261
Secondary Income	-10	0	12	20	5	-14	-20	0	-7	20	-35	-12	0

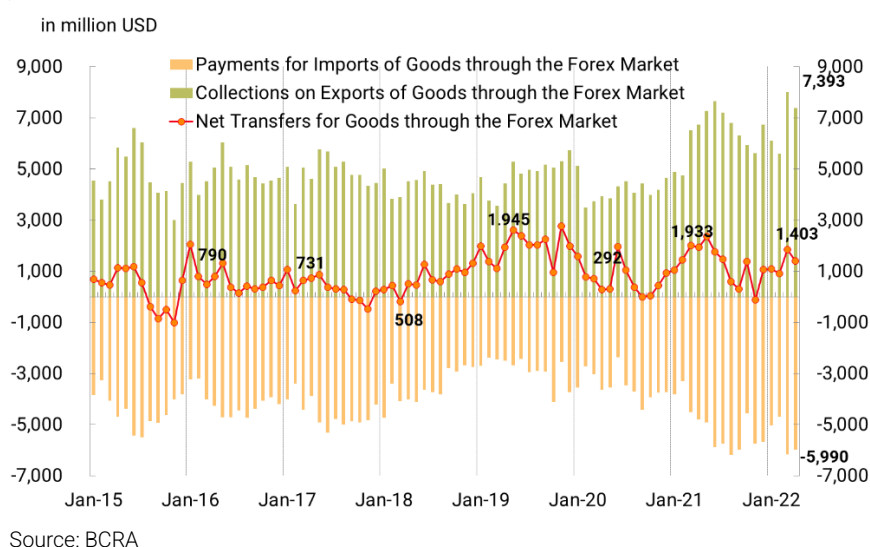
Source: BCRA

<sup>8</sup> For more information on the changes in the regulations that have an impact on the comparison of flows under “Goods”, among other items, see Section B.5. Important Regulatory Provisions that Have an Impact on Foreign Exchange Statistics of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#) available at BCRA’s website.

### III.1.1 Goods

In April, transfers for “Goods” on the foreign exchange balance exhibited net inflows for USD1,403 million, resulting from collections on exports for USD7,393 million and payments of imports for USD5,990 million (see Chart III.1.1.1).

**Chart III.1.1.1 Foreign Exchange Balance  
Transfers for Goods**

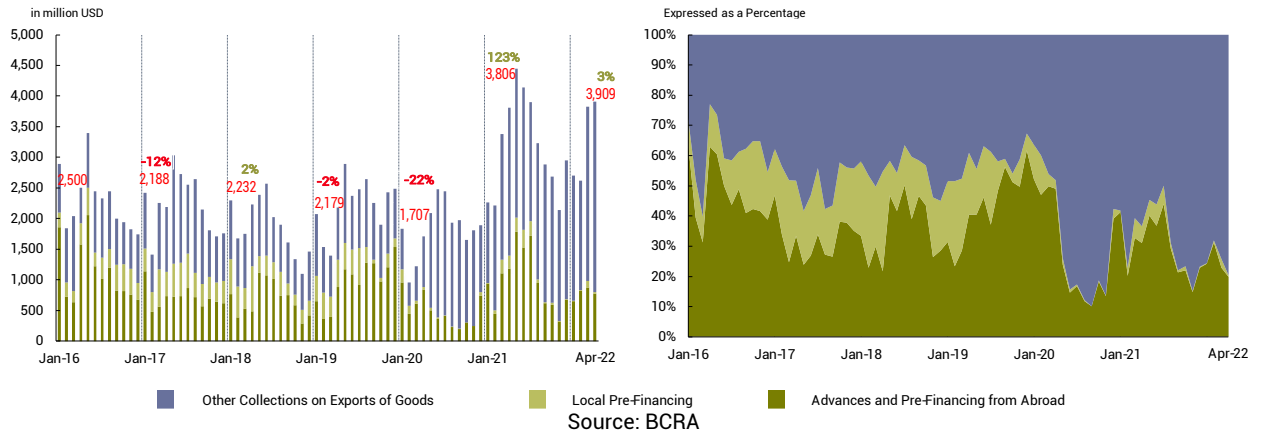


The “Oilseeds and Grains” sector recorded foreign currency sales for collections on exports of goods through the forex market for USD3,909 million, up 3% y.o.y. A 21% of the sector’s inflows were collected ahead of time either through advances or pre-financing (local and foreign); this share remains below the historical average of the series, 36% for the 2016-2021 period (see Chart III.1.1.2).

The sector’s FOB exports were estimated at USD4,400 million in April; i.e., about USD500 million above inflows from the collection on exports of goods through the forex market. This implies either a reduction of the sector’s commercial debts resulting from advances and the pre-financing of exports or an increase of their assets abroad.

### Chart III.1.1.2 Foreign Exchange Balance

#### Collection on Exports of Goods from the "Oilseeds and Grains" sector



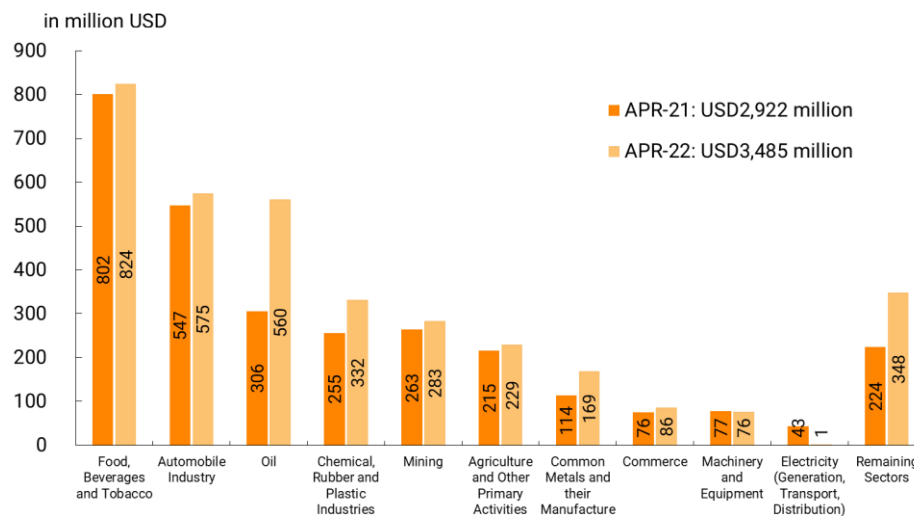
In turn, Affidavits of Sales Abroad (Declaraciones Juradas de Ventas al Exterior, DJVEs) as reported by the Ministry of Agriculture and Fisheries (which determine withholding payments on exports) recorded a drop of 5% against March, and of 32% y.o.y., reaching a total of USD3,400 million in April.

In April, the amount of corn grains traded in the local market was similar to that recorded in the previous 2020/21 harvest season. The trade of soybean, on the other hand, went down compared to the previous harvest season, reaching 15 million tons. Wheat purchases, on the other hand, showed high dynamism, standing above the levels observed in previous harvest seasons.

Inflows from the collections on exports of goods from the remaining sectors totaled USD3,485 million, up 19% y.o.y. (see Chart III.1.1.3).

### Chart III.1.1.3 Foreign Exchange Balance

#### Collection on Exports of Goods ("Oilseeds and Grains" Sector Excluded)

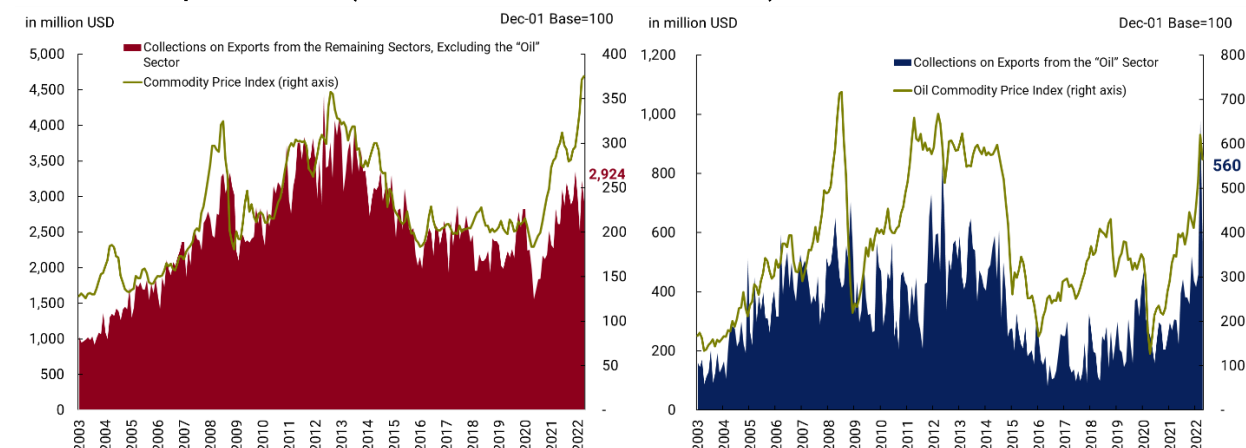


Source: BCRA

Broken down by sector, information reveals greater dynamism in the “Oil”, “Chemical, Rubber and Plastic Industries” and “Common Metals and their Manufacture” sectors. In the case of the “Oil” sector, the collection on exports of goods totaled USD560 million, up 83% y.o.y., but down 43% against the peak record of March against a backdrop of high export prices due to the conflict between Russia and Ukraine. Moreover, 74% of these inflows were concentrated in the “Oil”, “Food, Beverages and Tobacco”, “Automobile Industry”, “Chemical, Rubber and Plastic Industries”, and “Mining” sectors (see Chart III.1.1.4).

#### Chart III.1.1.4 Foreign Exchange Balance

##### Collection on Exports of Goods (“Oilseeds and Grains” Sector Excluded)

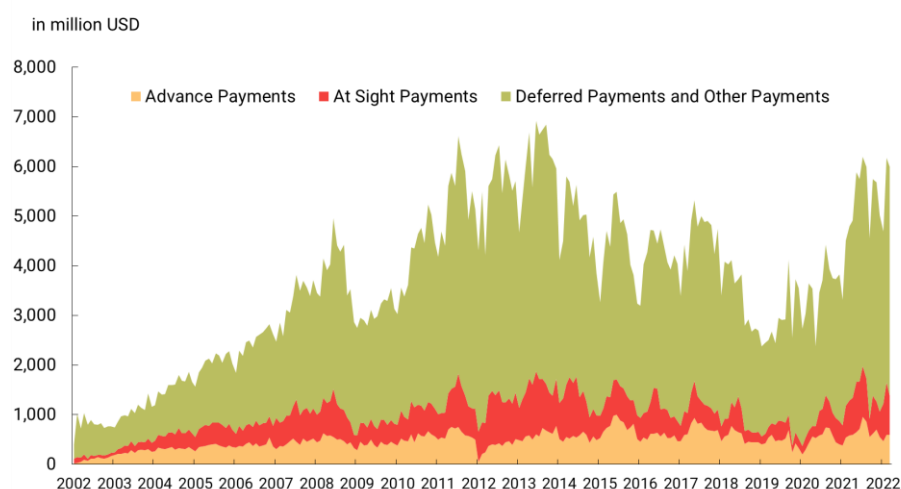


Source: BCRA

In April, payments of imports of goods totaled USD5,990 million, up 25% y.o.y. against payments made in April 2021. This figure was below April’s FOB imports (USD6,400 million), which means an increase in the sector’s commercial indebtedness level or a reduction of foreign assets as a result of imports for an amount of about USD400 million. This behavior was in line with the changes introduced by BCRA’s Communication “A” 7466, as amended, whereby importers are allowed to have simplified access to the forex market for the value of their imports in 2021 plus 5% (five percent), or the value of their imports in 2020 plus 70% (seventy percent)—any excess amount should be financed for at least a 180-day period, in accordance with import authorizations issued by the Ministry of Productive Development.

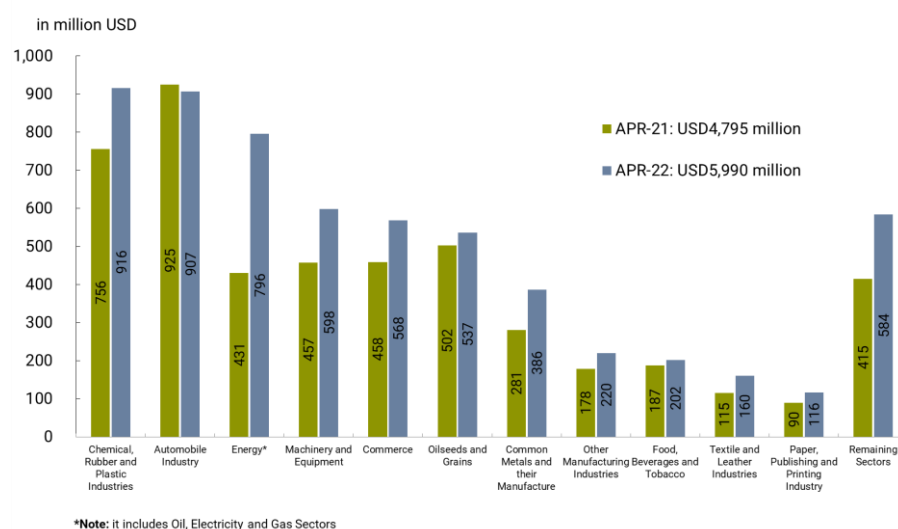
As regards imports of goods, 77% of payments were deferred, 13% were sight payments, and the other 10% were advance payments in April (see Chart III.1.1.5).

**Chart III.1.1.5 Foreign Exchange Balance**  
**Evolution of Payments for Imports of Goods by Type of Payment**



In terms of sectors, 63% of April's payments for imports of goods were made in the "Chemical, Rubber and Plastic Industries", "Automobile Industry", "Energy", "Machinery and Equipment", and "Commerce" sectors. The "Energy" sector's import payments totaled USD796 in April, up 85% y.o.y., and down 42% against the peak recorded in March (see Chart III.1.1.6). This behavior was similar to that observed in the collection on exports for the "Oil" sector in a context of higher international prices of imported fuels.<sup>9</sup>

**Chart III.1.1.6 Foreign Exchange Balance**  
**Payments for Imports of Goods by Sector**



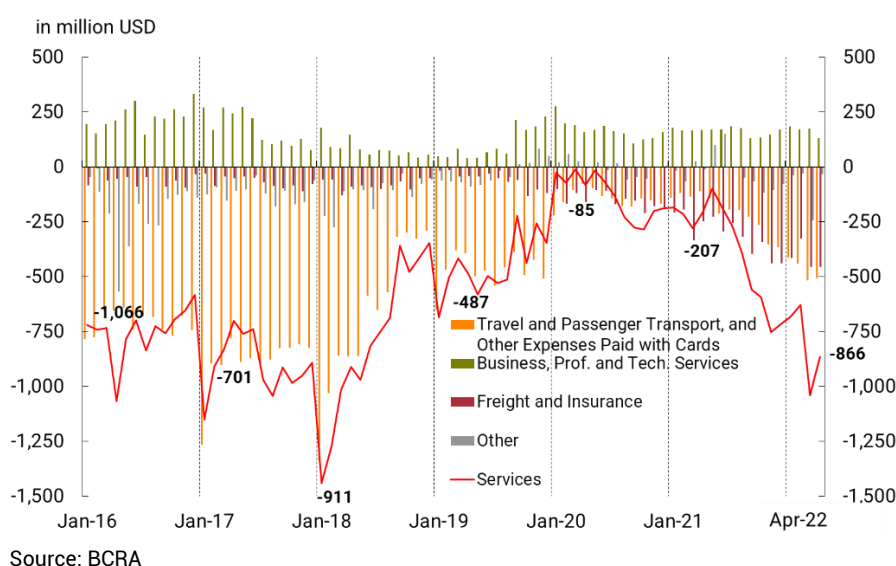
<sup>9</sup> The "Energy" sector includes companies belonging to the "Oil", "Electricity" and "Gas" sectors.

### III.1.2 Services, Primary and Secondary Income

The “Services” account recorded a deficit of USD866 million in April. This result was mainly explained by net outflows from “Travel and Passenger Transport, and Other Expenses Paid with Cards”, “Freight and Insurance”, and “Other Services” which amounted to USD507 million, USD456 million, and USD34 million, respectively. These transactions were partially offset by net inflows from “Business, Professional and Technical Services” for USD131 million (see Chart III.1.2.1).

Given the gradual recovery of outbound tourism under the COVID-19 pandemic, the net deficit of the “Travel and Passenger Transport, and Other Expenses Paid with Cards” account remains below the levels historically observed for this month of the year up to early 2020. This behavior is in line with the information published in the last international tourism survey. It is worth pointing out that the transfers made to international credit card issuers include purchases made either during travels abroad or those made on a remote basis. In turn, inflows also include non-resident remote purchases made with cards to Argentine suppliers.<sup>10 11</sup>

**Chart III.1.2.1 Foreign Exchange Balance  
Net Inflows from Services**



<sup>10</sup> To access the latest technical report on International Tourism Statistics, [click here](#).

<sup>11</sup> For more information on the changes implemented to the regulations that have an impact on the comparison of the flows reported in the items included under “Services”, among others, see Section B.5. Important Regulatory Provisions that Have an Impact on Foreign Exchange Statistics of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#) available at BCRA’s website.

Primary income transactions recorded net outflows amounting to USD261 million in April, mainly due to net payments of "Interest" for USD254 million. As regards gross payments of interest, USD51 million were made by the "General Government and the BCRA", and USD209 million by the private sector.<sup>12</sup>

Finally, secondary income transactions posted a neutral result.

## III.2 Capital Account

In April, the capital account of the foreign exchange balance recorded net inflows for USD4 million.

## III.3 Foreign Exchange Financial Account

In April, the transactions carried out under the foreign exchange financial account ran up a deficit of USD324 million. This result was explained by a deficit in the "General Government and the BCRA" (USD760 million) and in the "Non-Financial Private Sector" (USD431 million), which were partially offset by the surplus of USD439 million recorded in the "Financial Sector" account, and of USD428 million in "Other Net Transfers" (see Table III.3.1).<sup>13</sup>

**Table III.3.1. Foreign Exchange Balance**

### Foreign Exchange Financial Account

Equivalent in million dollars

Date	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
<b>Foreign Exchange Financial Account</b>	<b>-1,243</b>	<b>-727</b>	<b>-137</b>	<b>-630</b>	<b>3,866</b>	<b>-2,384</b>	<b>-843</b>	<b>193</b>	<b>-1,955</b>	<b>-1,524</b>	<b>-421</b>	<b>5,583</b>	<b>-324</b>
Financial Sector	441	-292	-490	114	-102	201	-213	135	144	-100	18	-291	439
Non-Financial Private Sector	-217	-311	-601	-288	-277	-378	-517	-758	-534	-390	-481	-586	-431
General Government and the BCRA	-221	-109	-70	-882	3,961	-2,106	-305	741	-1,399	-1,088	-187	6,738	-760
Other Net Transfers	-1,247	-15	1,024	427	284	-101	192	75	-166	54	230	-279	428

Source: BCRA

### III.3.1. Foreign Exchange Financial Account of the Non-Financial Private Sector

The foreign exchange financial account of the "Non-Financial Private Sector" had a deficit of USD431 million in April, resulting basically from payments of balances in foreign currency to local institutions originated from purchases made with cards to non-resident suppliers for USD237 million (which do not involve a net demand of foreign currency as explained in Box 1)<sup>14</sup>; payments of loans held abroad and debt securities for USD54 million; loans to local financial institutions for USD47 million; and loans to other international organizations for USD26 million (see Table III.3.1.1). For more information on the recording of financial loans in the foreign exchange balance, see Box 1.

<sup>12</sup> The regulations on the access to the forex market for the payment of profits and dividends set out that the companies that have exchanged foreign currency from new direct investment contributions in the forex market since January 2020 can make payments of up to 30% of the accumulated amount so exchanged since that date. In turn, non-resident shareholders will be able to access the forex market for the payment of profits and dividends on foreign direct investment contributions entered and exchanged in the forex market since November 16, 2020, and allocated to finance projects under the "Plan for the Promotion of the Argentine Natural Gas Production". Effective June 2021, exporters of industrialized and extractive goods that registered an increase in their external sales over 2020, will be able to access the exchange market for the payment of profits and dividends from closed and audited balance sheets, for a percentage of that increase. See Communications "A" 6869, "A" 7168 and "A" 7301.

<sup>13</sup> For more information on the "Other Net Transfers" account of the foreign exchange balance, see Section C.4.11. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)

<sup>14</sup> The demand of foreign currency due to purchases made with cards from foreign suppliers is recorded in a services account of the foreign exchange balance, under "Travel and Passenger Transport, and Other Expenses Paid with Cards".

### Table III.3.1.1. Foreign Exchange Balance

#### Foreign Exchange Financial Account of the Non-Financial Private Sector

Equivalent in million dollars

Date	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
<b>Foreign Exchange Financial Account</b>	<b>-217</b>	<b>-311</b>	<b>-601</b>	<b>-288</b>	<b>-277</b>	<b>-378</b>	<b>-517</b>	<b>-758</b>	<b>-534</b>	<b>-390</b>	<b>-481</b>	<b>-686</b>	<b>-431</b>
Non-Residents' Direct Investments	42	52	66	65	51	82	68	36	71	62	49	87	36
Non-Residents' Portfolio Investments	1	1	5	0	2	2	2	-13	-1	2	0	2	13
Financial Loans and Credit Lines	-287	-296	-670	-279	-265	-424	-369	-488	-327	-420	-310	-808	-338
Local Financial Loans	-22	-29	-311	-88	-21	-113	-165	-231	-138	-115	-63	-99	-47
Other Foreign Loans and Debt Securities	-198	-193	-278	-77	-137	-218	-67	-119	16	-108	-51	-395	-54
Payment of Card Balance	-67	-74	-82	-114	-107	-93	-137	-137	-206	-197	-195	-314	-237
Loans from Other International Organizations and Other	8	-14	-44	-11	8	-21	-55	-64	-217	-15	-61	242	-26
Buildup of Foreign Assets by the Non-Financial Private Sector	52	28	-32	-126	-82	-118	-122	-193	-78	-177	-137	-14	-31
Self-to-Self International Transfers	-32	-82	74	62	9	100	-41	-36	18	157	-22	-94	-84
Purchase and Sale of Securities	0	0	0	0	0	0	0	0	0	0	0	0	-1

Source: BCRA



## Box 1 / Foreign Exchange Balance - Financial Loans, Debt Securities and Credit Lines

Between January 2020 and April 2022, net outflows from “Financial Loans, Debt Securities and Credit Lines” in the foreign exchange balance amounted to USD14,405 million. However, it is worth noting that this total includes the amounts of principal payable in pesos that do not affect BCRA's international reserves; therefore, net payments in foreign currency of the period are considerably lower (USD6,179 million).

The payment of balances in foreign currency originated from purchases made with cards<sup>15</sup> and other financial loans granted by local financial institutions recorded under the “Financial Loans, Debt Securities and Credit Lines” account of the foreign exchange balance do not affect BCRA's international reserves. Between January 2020 and April 2022, they totaled USD3,393 million and USD4,833 million, respectively.

	2020	2021	2022 (up to Apr.)	Total
<b>Financial Loans, Debt Securities and Credit Lines</b>	<b>-7,258</b>	<b>-4,998</b>	<b>-2,149</b>	<b>-14,405</b>
Local Financing	-3,060	-1,448	-325	-4,833
Payment of Credit Card Balance	-1,149	-1,300	-943	-3,393
Other Foreign Loans and Debt Securities	-3,049	-2,250	-881	-6,179

Given the regulations in force, financial institutions may grant loans in foreign currency to their clients. These loans, however, must be settled in the forex market; i.e., the debtor receives an amount in pesos equivalent to the total amount lent in foreign currency. In turn, clients may have access to the forex market to pay foreign currency financing from local banks, but they have to use the foreign currency received from the institution to immediately pay the credit.<sup>16</sup> Thus, the granting and payment of loans in foreign currency have no impact on BCRA's International Reserves. The following is an example of recording the granting and payment of these types of credits in the foreign exchange balance.<sup>17</sup>

### Case No. 1: Local Financial Loan Granted in Foreign Currency

Under the regulations in force, transactions in the foreign exchange balance are recorded using the double-entry bookkeeping system: as a debit in the “Other Net Transfers” account by presenting the loan granted by the financial institution that delivers the foreign currency to the client; and as a credit in the local financial debt account by showing the sale of foreign currency made by the client to the financial institution—heading code “P12”,—while BCRA's International Reserves recorded no changes.

<sup>15</sup> It should be highlighted that the granting of loans due to the use of credit cards abroad is not recorded in the foreign exchange balance, as opposed to the payment of balances which is indeed recorded (see case 3, and for more information, Section C.7. Memorandum Item: Balance Payments in Foreign Currency to Pay Card Bills for Expenses Incurred Abroad).

<sup>16</sup> The granting of these loans is regulated by the credit policy. (For more information see <https://www.bcra.gob.ar/Pdfs/Texord/t-polcre.pdf>)

<sup>17</sup> For more information on the use of statistics in the foreign exchange balance, see the Methodology (<https://www.bcra.gob.ar/Pdfs/PublicacionesEstadisticas/Metodologia-del-balance-cambiario.pdf>)

### 1. Local Financial Loan Granted in Foreign Currency

Final Registry		FX Balance	
CA FA IR	Credit		Debit
	Local Financing	100	Other net values
	IR	0	100

### Case No. 2: Payment of Local Financial Loans in Foreign Currency and Payment of Balances in Foreign Currency Originated from Purchases Made with Credit Cards (Both Made in Domestic Currency)

Under the regulations in force, this transaction is recorded in the foreign exchange balance as a debit in the local financial debt account (for the purchase of foreign currency by the client to pay the debt owed, under the heading code "P12"), and as a credit in the "Other Net Transfers" account for the payment of the loan (the client delivers foreign currency to the financial institution to immediately pay the credit), while BCRA's International Reserves recorded no changes.

### 2. Payment in Domestic Currency of Local Financial Loan Granted in Foreign Currency

Final Registry		FX Balance	
CA FA IR	Credit		Debit
	Other net values	100	Local Financing
	IR	0	100

Thus, principal payable in foreign currency between 2020 and April 2022 which did affect BCRA's international reserves—financial loans held abroad, credit lines, and debt securities in foreign currency (either domestic or foreign)—amounted to USD6,179 million (USD3,049 million in 2020, USD2,250 million in 2021, and USD881 million from January to April 2022).

These payments evidence the impact of Communication "A" 7106 as supplemented, which establishes the mechanisms for accessing the forex market to pay up to 40% of the maturing principal of debts with unrelated counterparties, and to refinance the remaining portion with a new external debt with at least a 2-year average life.

Since this Communication has been in force, clients have accessed the forex market to pay 39% of the maturities covered by the regulation, refinancing or paying the remaining 61% by other means.<sup>18</sup> Therefore, as a result of the implementation of this Communication, there was a lower net demand of foreign

<sup>18</sup> Through capitalizations or debt relief or by other means.

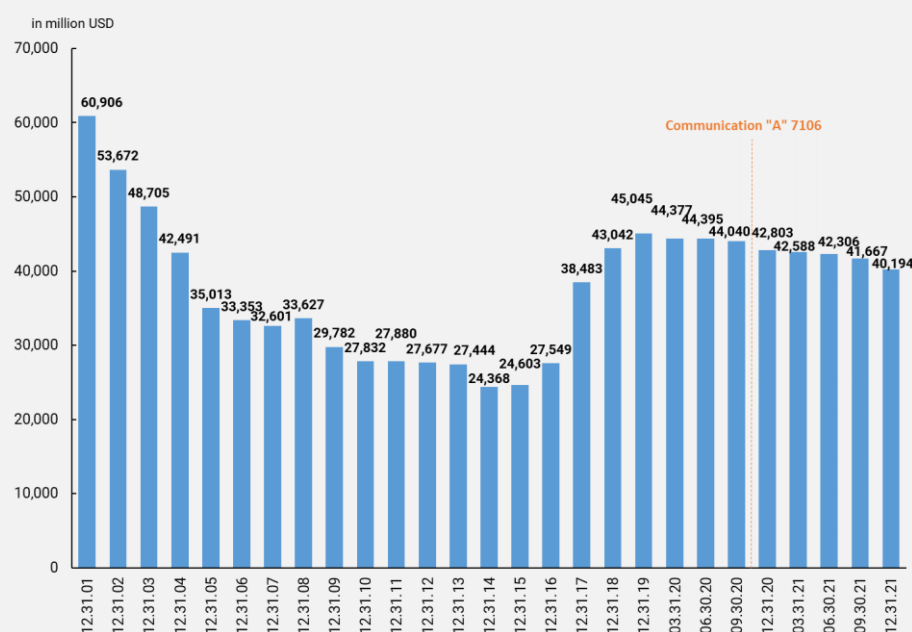
currency through the market for these purposes (about USD2,900 million compared to the originally agreed maturities).

It should also be noted that in the first 4 months of 2022, these net payments represented only 26% of the maturities covered. Almost three-quarters of maturities in terms of securities and financial debts were refinanced, resulting in a lower net demand of foreign currency (USD350 million).

The different types of methods used to pay the principal of financial debt, including different means of payments, are revealed in the statistics of financial external debt calculated on the basis of the information provided by the Survey on External Assets and Liabilities of the BCRA. In 2020 and 2021, the financial private external debt decreased USD4,800 million.

There are conceptual differences between these statistics and that reported in the foreign exchange balance. The latter also includes resident's foreign exchange purchases aimed at paying principal of securities in foreign currency to resident holders. These transactions are not shown in the external debt statistics since the counterparties are only non-resident counterparties.

**Box 1 - Chart I Private Sector Financial External Debt**

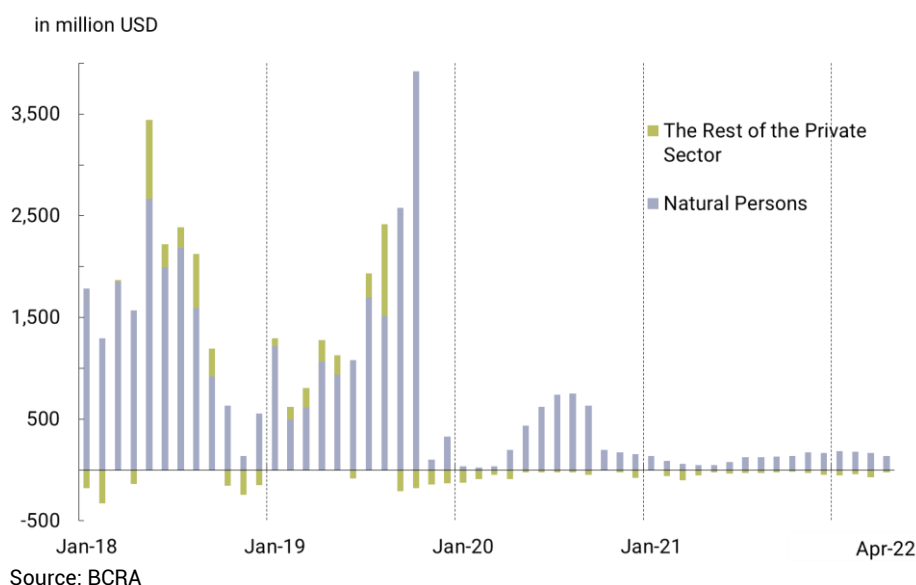


Source: Survey on External Assets and Liabilities - BCRA

Non-financial private sector residents' foreign assets resulted in net outflows amounting to USD31 million—i.e., net purchases of USD116 million minus net inflows of USD84 million.

This outcome reflects net purchases for USD138 million made by “Natural Persons”, partially offset by net sales for USD22 million made by legal persons and others (see Chart III.3.1.1).

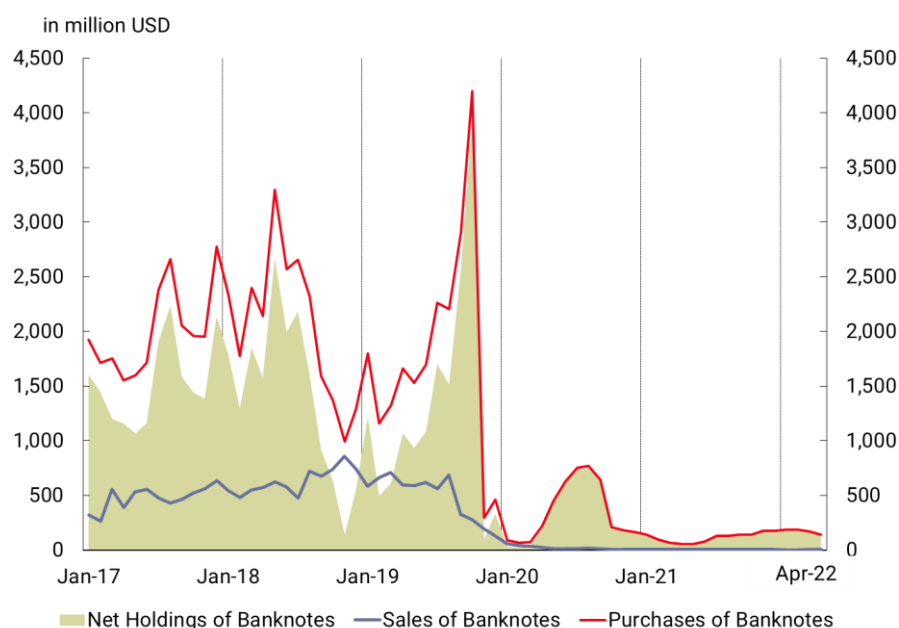
**Chart III.3.1.1 Foreign Exchange Balance  
Net Purchases of Banknotes by Sector**



“Natural Persons” purchased banknotes for USD143 million and sold USD5 million, down 16% and 11%, respectively, against March (see Chart III.3.1.2). These transactions were made in the context of the regulatory changes introduced in mid-September 2020, as under Communication “A” 7105 (introducing controls and monitoring mechanisms for ensuring that clients’ financial and income capacity make them eligible to open savings accounts in foreign currency; as well as limits to co-owners’ access to purchase foreign currency for building up foreign assets), and Communication “A” 7106 (establishing that any payments made in foreign currency on credit or debit cards will count as part of the USD200 monthly quota per person, and that beneficiaries under paragraph 4 of Communication “A” 6949, as supplemented, and/or Section 2 of Decree No. 319/20 may not access the forex market until benefits are over).<sup>19</sup>

<sup>19</sup> As from September 16, 2020, the Federal Administration of Public Revenues (AFIP) will collect a 35% contribution in advance of income and personal property taxes from natural persons applying for foreign currency to build up foreign assets, or pay their debit and/or credit card bills (General Resolution 4815/2020).

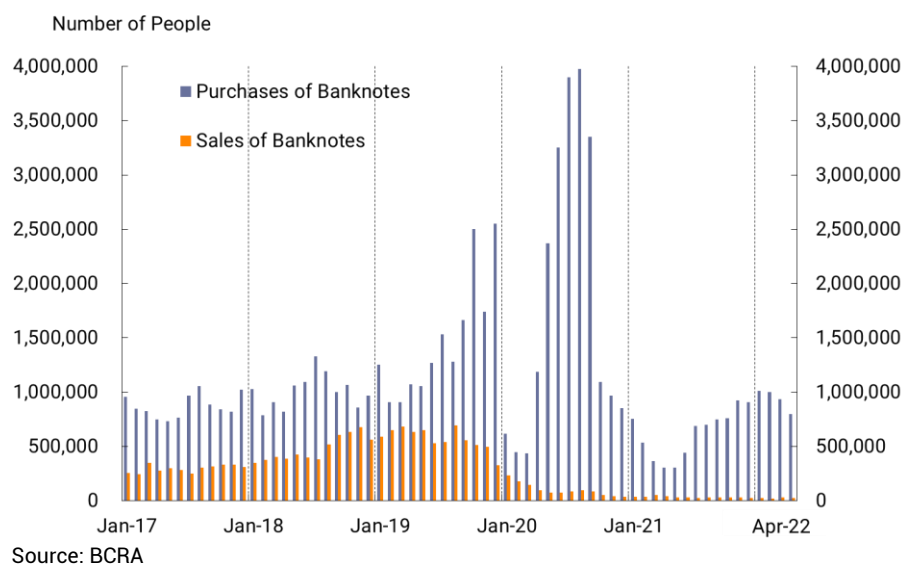
**Chart III.3.1.2 Foreign Exchange Balance  
Natural Persons. Banknotes**



Source: BCRA

In terms of traders, 799,000 individuals purchased banknotes, while sellers amounted to about 26,000—with per capita purchases and sales for USD179 and USD201, respectively (see Chart III.3.1.3).

**Chart III.3.1.3 Foreign Exchange Balance  
Natural Persons. Banknotes**



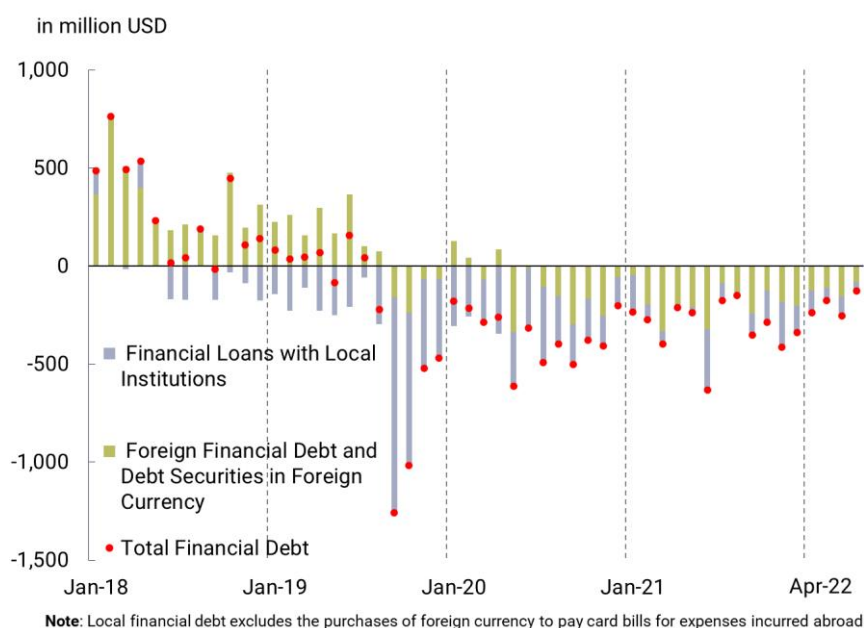
Source: BCRA

In turn, as it has already been mentioned, in April, this sector made net transfers from their own accounts abroad (USD84 million). This result was mainly explained by the transfers received by “Real Sector excluding Oilseeds and Grains” (USD49 million), by the “Institutional Investors and Others” (USD20 million) and by

“Natural Persons” (USD14 million). In the case of “Natural Persons”, the amounts transferred were credited in local accounts in foreign currency (“self-to-self international transfers”), having a neutral impact on foreign exchange transactions.<sup>20</sup>

Net payments of financial debts from the non-financial private sector, including loans from international organizations and local financial loans, totaled USD127 million in April, out of which USD47 million stood for net payments to local institutions and USD80 million for net payments of other financial debt in foreign currency. Net payments exclude purchases of foreign currency to pay card bills for expenses incurred abroad for an amount of USD237 million. These payments of local debts in foreign currency do not imply a net demand in the whole system, made up by the institutions and the BCRA. Instead, they were calculated under the heading “Travel, and Other Expenses Paid with Cards” at the time of the transfer abroad (see Chart III.3.1.4).<sup>21</sup>

**Chart III.3.1.4 Foreign Exchange Balance  
Non-Financial Private Sector. Financial Debt**



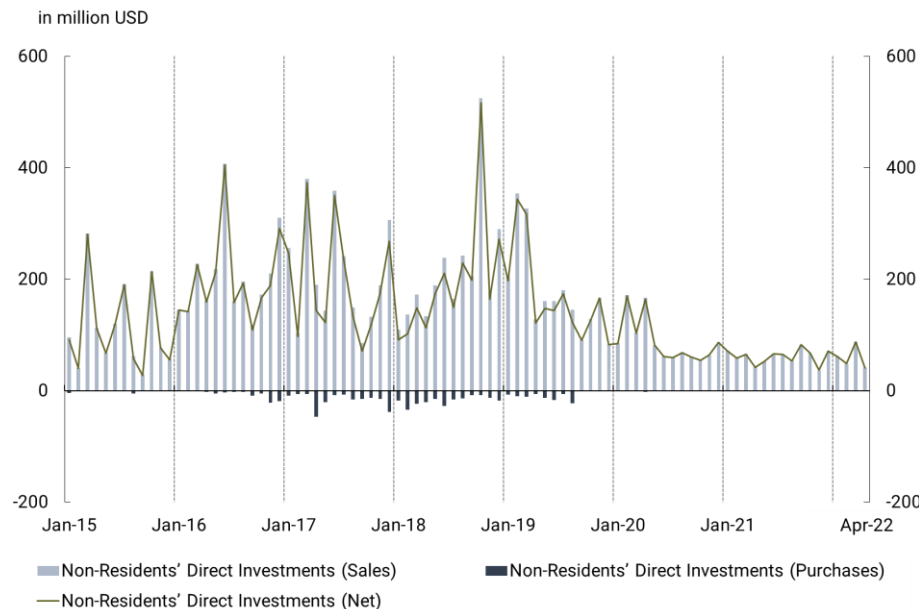
Source: BCRA

Direct investments made by non-residents in the non-financial private sector reached USD36 million (net inflows) in April, while the financial sector amounted to USD5 million. The “Mining” sector recorded the highest number of sales as a result of direct investment inflows, totaling USD12 million (see Chart III.3.1.5).

<sup>20</sup> Prior to October 2019, a part of the funds transferred by the “Real Sector” to accounts abroad was used to pay their foreign liabilities through such accounts, whether commercial or financial, such as payments for imports of goods and services, primary income, debt securities or loans. Based on the regulatory changes introduced by Communication “A” 6770, purchases by legal persons to make transfers to their own accounts abroad now require the prior authorization of the BCRA.

<sup>21</sup> As from September 16, 2020, through Communication “A” 7106, the sovereign debt restructuring process in foreign currency was successfully carried out by the National State. In symphony with this measure, the BCRA set out guidelines for private sector companies to refinance their foreign financial debts or local debt securities in foreign currency, so that they may be aligned to the new requirements, thus ensuring the smooth functioning of the forex market.

**Chart III.3.1.5 Foreign Exchange Balance**  
**Non-Residents' Direct Investments. Private sector**



Source: BCRA

Finally, due to the regulation that limited the transactions carried out by institutions with their own funds, foreign currency flows from transactions carried out with securities in the secondary market posted no movements.<sup>22</sup>

### III.3.2. Foreign Exchange Financial Account of the Financial Sector

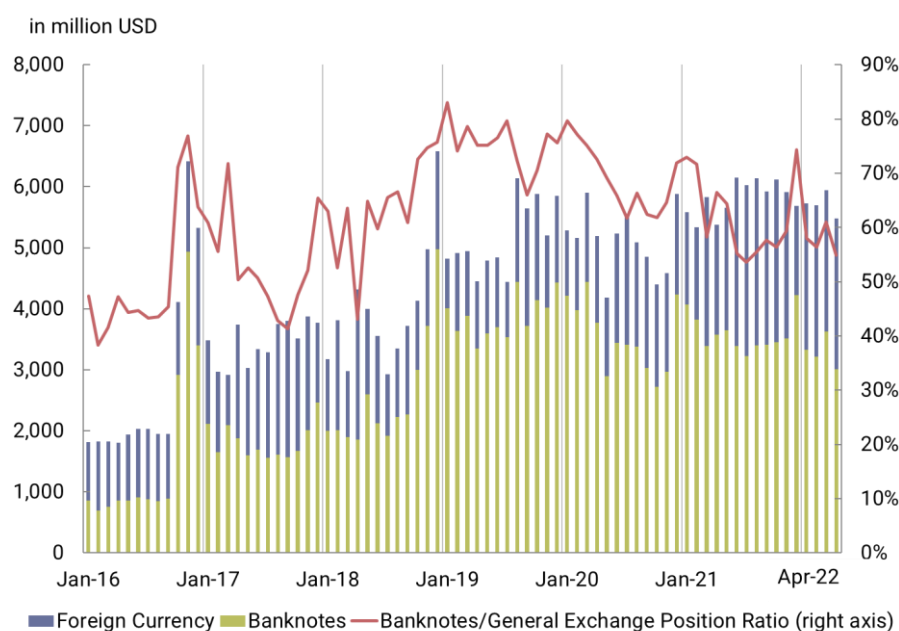
In April, the transactions carried out under the foreign exchange financial account of the "Financial Sector" resulted in a surplus of USD439 million. This outcome is mainly explained by a decrease in liquid foreign assets of financial institutions' General Exchange Position.<sup>23</sup>

Financial institutions' General Exchange Position amounted to USD5,479 million at the end of April, down USD460 million against March. This may be mostly explained by a drop in the stock of banknotes amounting to USD623 million, partially offset by a rise in the stock of foreign currency for USD155 million. Holdings of foreign currency banknotes totaled USD3,006 million by the end of the month. This stock accounted for 55% of the total General Exchange Position, and it is allocated by institutions to cover local foreign currency deposit transactions and foreign exchange market needs (see Chart III.3.2.1).

<sup>22</sup> In the forex market, transactions are entered on behalf of financial institutions. The net effect of these transactions has, as counterpart, other residents or non-residents. Therefore, they are included in the foreign exchange financial account of the non-financial private sector. For more information, see Section C.4.9. "Purchase and Sale of Securities" of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

<sup>23</sup> The General Exchange Position is defined in Section C.4.7. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

**Chart III.3.2.1 Foreign Exchange Balance  
Institutions' General Exchange Position**

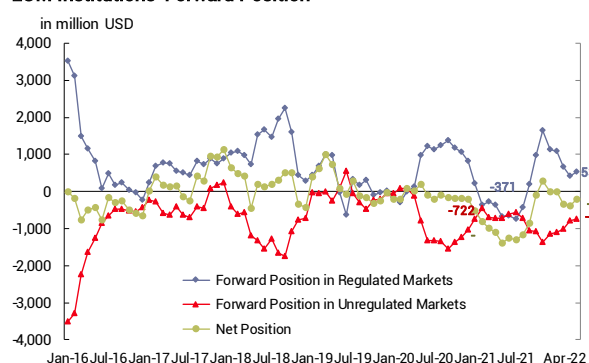


Source: BCRA

On another note, the ensemble of financial institutions ended April with a forward short position in foreign currency of USD202 million, recording a drop of about USD177 million against the end of March. They purchased USD124 million in regulated markets and USD53 million from their clients directly (Forwards) over the month (see Chart III.3.2.2).

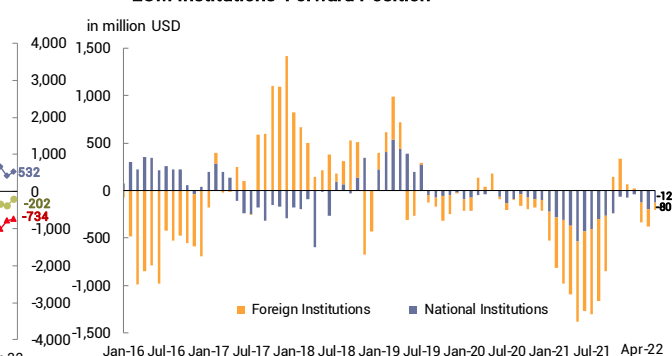
Foreign-capital institutions' net purchases amounted to USD102 million ending April with a net short position of USD80 million. In turn, national-capital institutions purchased USD76 million, ending April with a net short position of USD121 million (see Chart III.3.2.3).

**Chart III.3.2.2 Forward Market  
EOM Institutions' Forward Position**



Source: BCRA

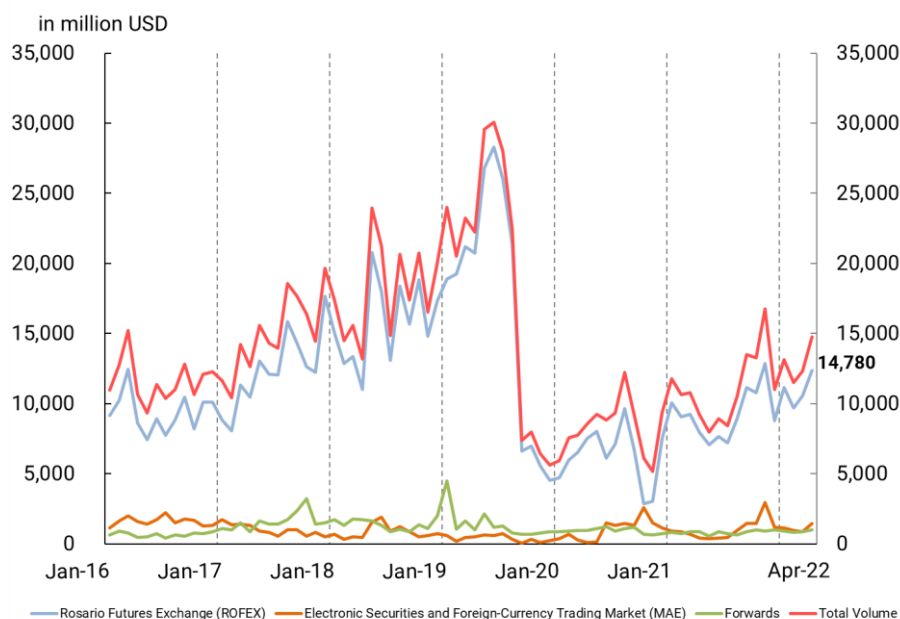
**Chart III.3.2.3 Forward Market  
EOM Institutions' Forward Position**





The volume traded in forward markets totaled USD14,780 million in April, i.e.: USD778 million daily on average. Transactions carried out in the Mercado a Término de Rosario (ROFEX) continued to stand out, with an 84% share in the total volume traded in the forward market (see Chart III.3.2.4).<sup>24</sup>

**Chart III.3.2.4 Forward Market**  
**Total Volume Traded in the Forward Market**



Source: BCRA

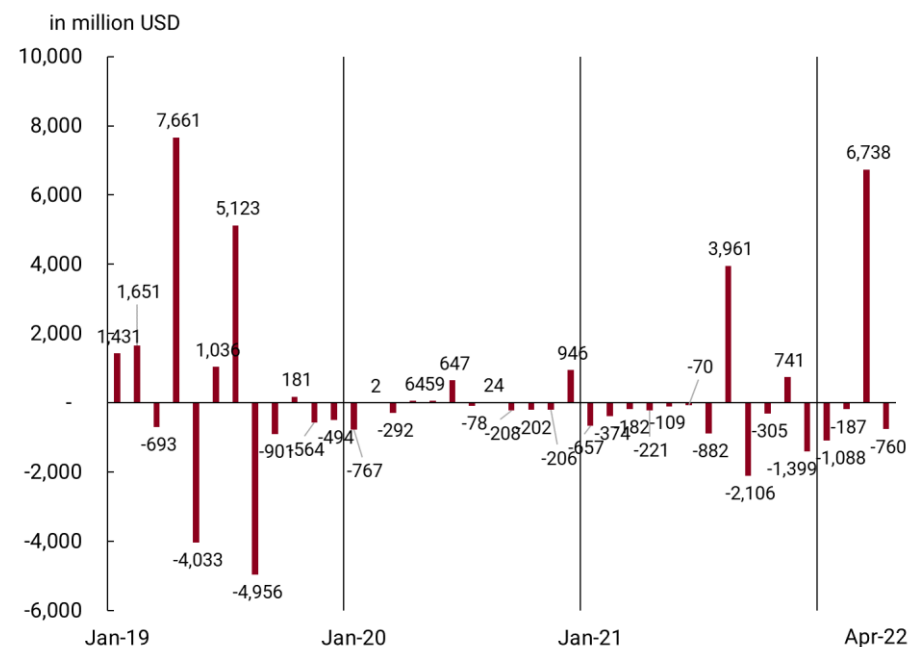
### III.3.3. The Foreign Exchange Financial Account of the General Government and the BCRA

In April, the transactions carried out under this account recorded a deficit of USD760 million (see Chart III.3.3.1), mainly explained by outflows of funds to pay upon maturity the equivalent of USD687 million owed to the IMF.

<sup>24</sup> The chart includes the total volume traded in the ROFEX, the transactions arranged by institutions in the Electronic Securities and Foreign Currency Trading Market (MAE), and with Forwards. This information comes from the Forward Transactions Reporting Scheme (Communication "A" 4196, as amended) and postings on the websites of MAE and ROFEX.

**Chart III.3.3.1 Foreign Exchange Balance**

**Foreign Exchange Financial Account of the General Government and the BCRA**

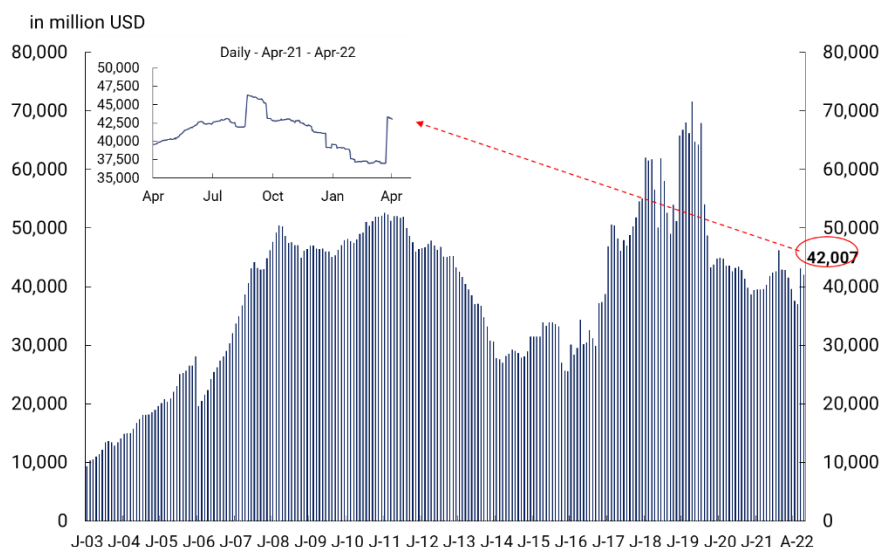


Source: BCRA

## IV. BCRA's International Reserves

During April, BCRA's international reserves fell USD1,131 million, totaling USD42,007 million by the end of the month (see Chart IV.1). This is mainly the result of a fall in the exchange rates of various reserve assets against the US dollar (USD1,087 million).

**Chart IV.1 BCRA's International Reserves**

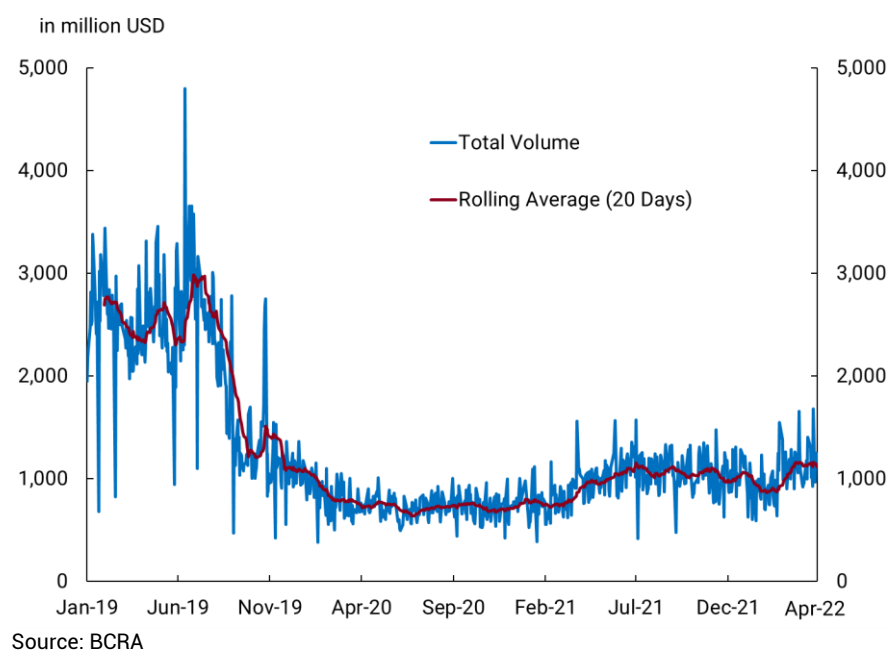


Source: BCRA

## V. Volumes Traded in the Foreign Exchange Market

In April, the volume traded in the forex market totaled USD21,097 million, up 11% y.o.y. The average daily volume traded was USD1,110 million (see Chart V.1). The y.o.y. increase in the volume was explained by a 21% increase in transactions carried out between licensed institutions and their clients, and by a rise of 11% in transactions carried out between financial and foreign exchange institutions.<sup>25</sup>

**Chart V.1 Foreign Exchange Market  
Volume Traded Daily Evolution**



Foreign exchange transactions between institutions and their clients accounted for 81% of the total volume traded, while transactions between institutions—mainly through the Electronic Trading System (SIOPEL)—represented 17%; in turn, transactions between institutions and the BCRA stood for the remaining 2% (see Chart V.2).<sup>26</sup>

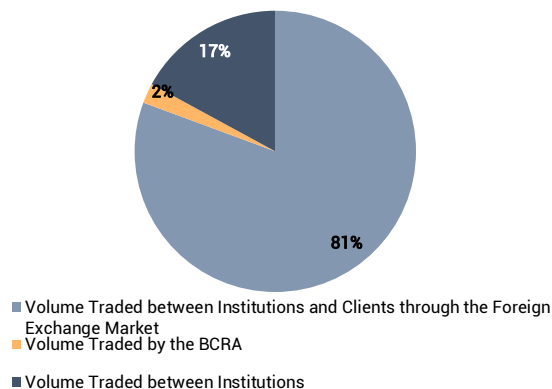
In April, there were 119 trading institutions, and 38 different currencies were used.

Thus, most of the volume traded between licensed institutions and their clients was highly concentrated in a few number of institutions (out of the already mentioned 119 institutions, the first ten accounted for 90% of such volume) and in the currency used; USD-denominated transactions had a 96% share in the total traded with clients, followed by Euros, which accounted for 4% of the total (see Chart V.3).

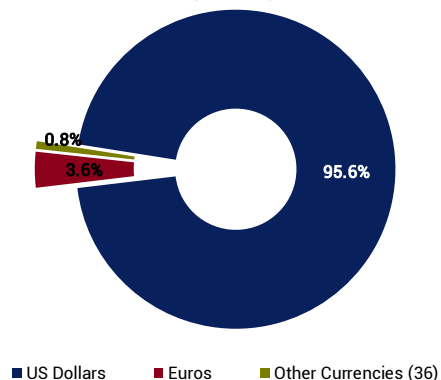
<sup>25</sup> In BCRA's website there is a quarterly ranking of volumes traded with clients in the forex market broken down by institution (to access the ranking, [click here](#)).

<sup>26</sup> The volume traded between licensed institutions and their clients excludes the following items: the underwriting of LEBAC bills, self-to-self international transfers (around USD766 million in April 2022), the record of deposits in foreign currency allocated for the payment of financial debt service for about USD169 million, and purchases of foreign currency to pay card bills for expenses incurred abroad (around USD237 million for the month under study).

**Chart V.2 Foreign Exchange Market  
Total Volume and Share. April 2022**



**Chart V.3 Foreign Exchange Market  
Volume with Clients by Currency. April 2022**



Source: BCRA

Finally, 92% of foreign exchange transactions between financial and foreign exchange institutions were channeled through private financial institutions. Public banks accounted for the remaining 8% of transactions, foreign exchange houses and agencies having a marginal share—less than 0.02%.