

# Monthly Monetary Report

April 2014



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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The closing date for statistics in this report was April 10, 2014. All figures are provisional and subject to review.

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

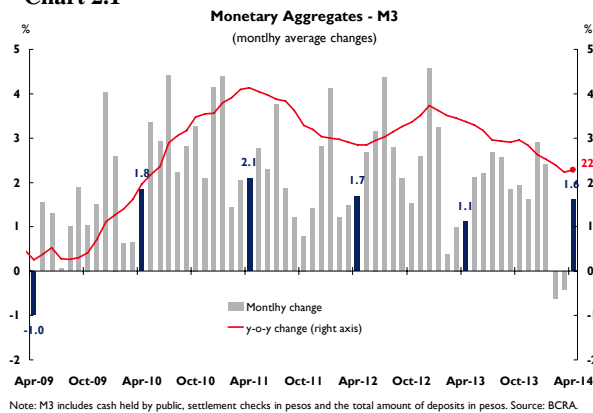
- In April, the broadest monetary aggregate in pesos (M3) increased 1.6%, with a 22.9% y.o.y. change rate, up 0.6 p.p. against March. Time deposits were the M3 component that mostly grew due to high yields, exhibiting the highest monthly rise (5.1%) since the beginning of 2013. Segmented by amount, a hike was observed in deposits in the wholesale segment (5.3%) and in deposits under \$1 million (4.8%). Thus, private sector time deposits accelerated their y.o.y change rate by 4.8 p.p. and reached 39.2%.
- In April, financial institutions' liquidity in domestic currency (cash in banks, current account of institutions with the Central Bank, net repos with the Central Bank plus LEBAC and NOBAC holdings) climbed 1.2 p.p. again, reaching 35.7% of total deposits in pesos, and such rise was mainly applied to an increase in the repo stocks and Central Bank securities.
- In a context of higher seasonal settlement of foreign currencies by exporters and after three months of foreign exchange market stabilization, international reserves increased US\$1.2 billion and totaled US\$28.2 billion by the end of April. This increase was explained by foreign currency purchases by the Central Bank in the foreign exchange market which were partially offset by a decrease in financial institutions' accounts in foreign currency held with the BCRA and by payment of public debt in dollars made in the National Treasury accounts with the same institution.
- By the end of April, the Central Bank reduced slightly the interest rates on securities issued in the primary market on a weekly basis, in a context where foreign exchange market variables are stable. Interest rates fell 1 p.p. all along the yield curve. Thus, the interest rate on LEBACs auctioned at predetermined cut-off values — 95 and 105 days — stood at 27.8% and 27.9%, respectively.
- In April, loans in pesos channeled to the private sector grew but at a slower pace, reaching a 29.1%, y.o.y. change rate, while lending rates reduced in general terms. The Central Bank kept on encouraging lending for productive purposes through the Bicentennial Productive Financing Program (PFPB) and the Credit Line for Productive Investment (LCIP). As to the PFPB framework, the total amount allocated since the beginning of the program reached almost \$6.3 billion. As to the LCIP, the Central Bank allowed financial institutions, once more in May, to allocate part of the quota of the first half of 2014 to the discount of deferred payment checks of micro, small and medium-sized enterprises (10% per month, starting in March with a 30% ceiling); however, non-allocated loans could not be allotted in the next month.

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<sup>1</sup> Unless otherwise stated, figures to which reference is made are monthly averages of daily data.

## 2. Monetary aggregates<sup>1</sup>

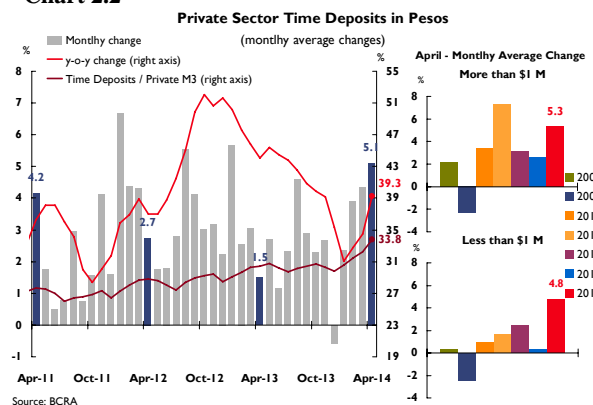
Chart 2.1



In April, the broadest monetary aggregate in pesos ( $M3^2$ ) increased 1.6%, showing a 22.9% y.o.y. change rate, up 0.6 p.p. against March (see Chart 2.1). The monthly rise was explained by an increase of the broadest private monetary aggregate (private  $M3^3$ ; 2%), since the stock of public sector deposits remained practically stable. Time deposits were the  $M3$  component that mostly grew.

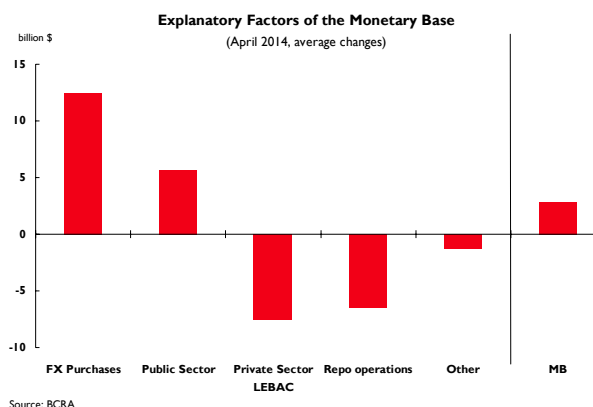
Time deposits continued growing strongly in April (5.1%) as a result of their yields and exhibited the greatest monthly rise since the beginning of 2013 (see Chart 2.2). Segmented by amount, a remarkable hike was observed in deposits under \$1 million (4.8%) and in the wholesale segment (5.3%). In the latter case, deposits increased despite companies' greater demand for liquidity to comply with tax maturities. Thus, private sector time deposits accelerated their y.o.y. change rate (4.8 p.p.), which stood at 39.2%. As a result, these deposits continued gaining share within private  $M3$  components, accounting for 33.8%, up 5 p.p. against the share they had two years ago.

Chart 2.2



The average monthly stock of deposits in foreign currency decreased mainly due to a drop in the deposits for the private sector, since the deposits in the public sector remained stable. Thus, the broadest monetary aggregate,  $M3^{*4}$ , went up 1.5%, posting a 24.8% y.o.y. change rate.

Chart 2.3



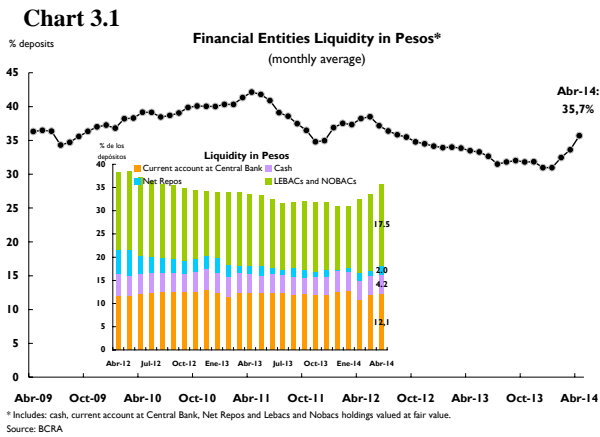
In order to keep balance in the monetary market, the Central Bank sterilized the surplus resulting from its foreign currency purchases in the foreign exchange market (see Chart 2.3). The monetary base reached an average stock of \$354.2 billion, posting a 0.8% monthly rise and a 19% y.o.y. interest rate, close to previous months' levels. Among its components, the decrease observed in cash held by the public was more than offset by an increase in bank reserves (consisting in cash held in financial institutions and the stock of current accounts of financial institutions with the Central Bank).

<sup>2</sup> It includes the cash held by the public, settlement checks and deposits of the non-financial private and public sectors in pesos.

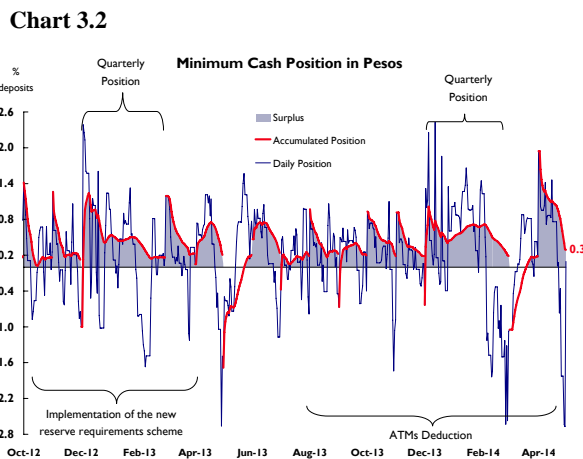
<sup>3</sup> It includes cash held by the public, settlement checks in pesos and deposits of the non-financial private sector in pesos.

<sup>4</sup> It includes  $M3$  and deposits in foreign currency of non-financial public and private sectors and Certificates of Deposits for Investment (CEDIN) in circulation.

### 3. Financial institutions' liquidity<sup>1</sup>

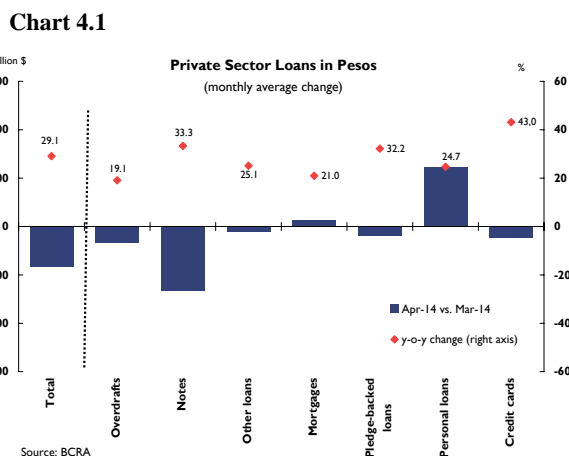


Financial institutions' liquidity (cash in banks, current accounts of institutions with the Central Bank, net repos with the Central Bank plus LEBAC and NOBAC holdings) climbed again in April. On average, the broad liquidity ratio (in terms of total deposits in pesos) was 35.7%, up 2.1 p.p. against March (see Chart 3.1). Particularly, such increase was mostly observed in a higher proportion of liquidity held in LEBAC and NOBAC and net repos with Central Bank compared with March. In turn, cash in banks and current accounts with the Central Bank remained stable, while the estimate for averaged surplus of monthly minimum reserve requirement was 0.3% in terms of total deposits in pesos (see Chart 3.2), posting a greater variability over the month.



In turn, liquidity in the foreign currency segment increased, standing at 114.5% of total deposits in dollars (up 1.5 p.p. against March). The rise was mainly accounted for an increase in the stock of LEBACs in dollars.

### 4. Loans<sup>1 5</sup>

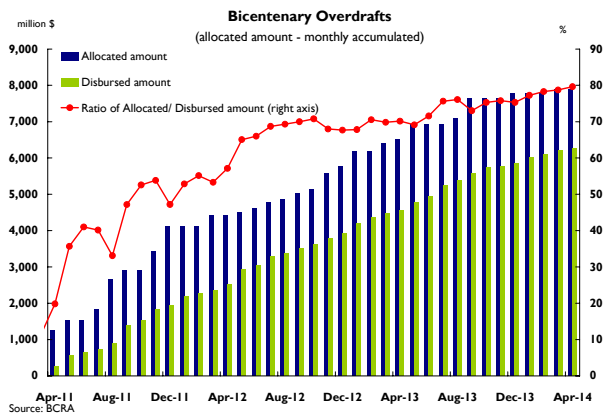


In April, loans in pesos granted to the private sector reduced slightly 0.2% (\$1 billion), reaching a 29.1% y.o.y. change rate. Among the different credit lines, ranges of variations were relatively limited; a reduction exhibited by financing arranged through overdrafts and promissory notes was partially offset by a growth in personal loans (see Chart 4.1).

The Central Bank continued boosting lending for productive purposes through the Bicentennial Productive Financing Program (PFPB) and the Credit Line for Productive Investment (LCIP). Within the framework of the PFPB Program, it continued disbursing long-term funds for investment at a fixed total financial cost in pesos. The total funds allocated since the beginning of the Program has reached around \$6.3 billion (see Chart 4.2). As to the LCIP, the Central Bank allowed financial institutions, once more in May, to allocate the quota of the first half of 2014 to the discount of deferred payment checks of micro, small

<sup>5</sup> Monthly changes of loans are presented in accounting records and are fundamentally caused by transfers of loans in financial institutions' portfolios to financial trusts. In this report, "amounts granted" or "new loans" refer to loans (new and renewed) arranged in a given period. In contrast, a change in stock consists of arranged loans minus amortizations and repayments for the period

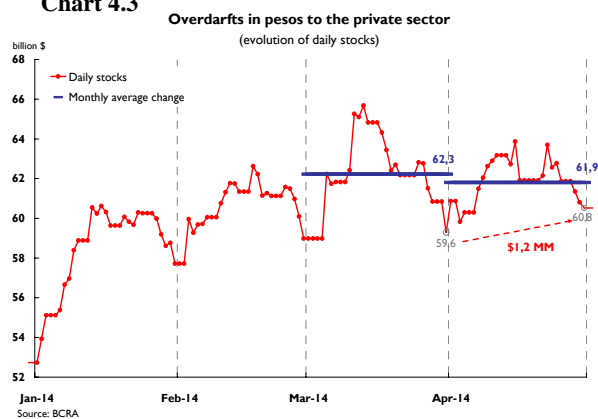
**Chart 4.2**



and medium-sized (10% per month, starting in March with a 30% ceiling); however, non-allocated loans could not be allotted in the next month<sup>6</sup>.

Credit lines for commercial purposes decreased during the month. As regards overdrafts, although their average stock decreased 0.7% (\$440 million), influenced by the negative statistical carryover in March, a \$1.2 billion increase was observed on a comparative end-of-month basis (see Chart 4.3). Meanwhile, financing arranged through promissory notes fell 1.2% (\$1.3 billion). The remaining commercial financings, classified under the "Other Loans" heading remained practically at the same levels to those of March.

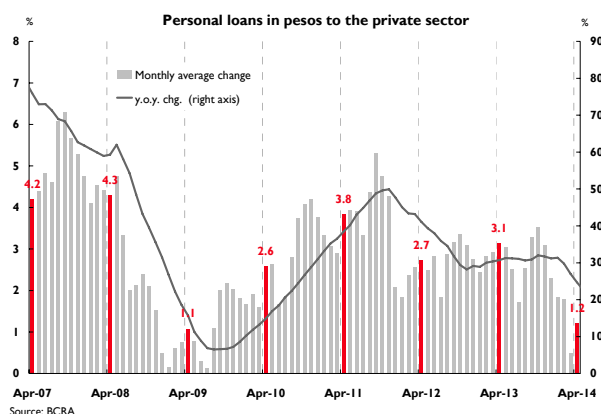
**Chart 4.3**



Loans aimed at financing household consumption also showed a heterogeneous performance. In fact, while financing through credit cards kept its monthly stock fairly stable, personal loans exhibited a 1.2% rise, approximately \$1.2 billion (see Chart 4.4). However, both lines recorded high growth rates in y.o.y. terms, amounting to 43% and 25%, respectively.

As regards collateralizations, mortgage-backed loans recorded a 0.3% (\$140 million) increase, similar to that of the previous month, evidencing a y.o.y. change rate of around 21%. The funds assigned to grant mortgage-backed loans for the purchase, construction or remodeling of housing units for a minimum term of 10 years may be allocated to financing under the Credit Line for Productive Investment (LCIP), which may turn into a positive stimulus for the line. It is worth mentioning that a part of the demand for mortgage-backed loans to individuals for housing purposes is not computed in the statistics of bank loans because it is channeled through the Bicentennial Credit for Housing Program (Pro.Cre.Ar). In the case of pledge-backed loans, their stock exhibited a 0.6% drop (\$190 million), recording a 32.2% y.o.y. change rate.

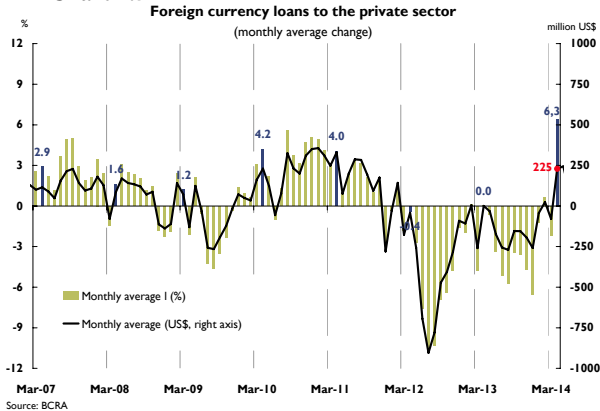
**Chart 4.4**



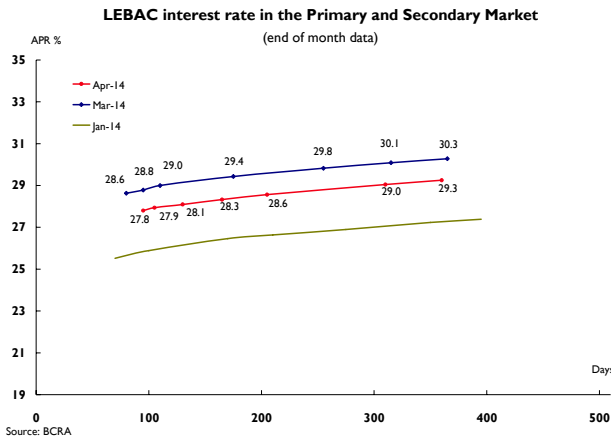
Lastly, loans channeled to the private sector in foreign currency rose 6.3% in April (see Chart 4.5). The US\$225 million increase was the highest since mid-2011 and it was accounted for by foreign trade financing, since credit card stock exhibited a decrease once again. Thus, the monthly stock averaged around US\$3.8 billion.

<sup>6</sup> Communication "A" 5578.

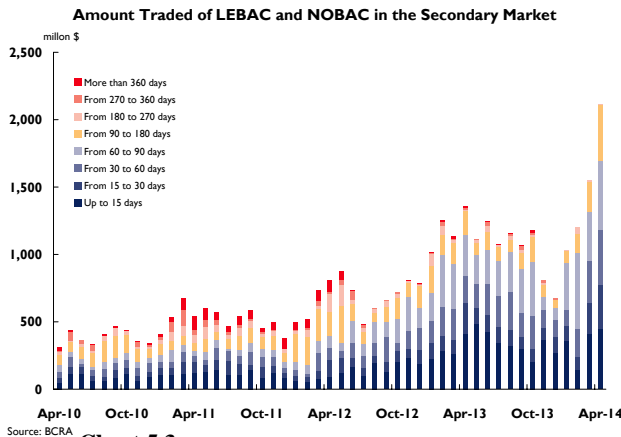
**Chart 4.5**



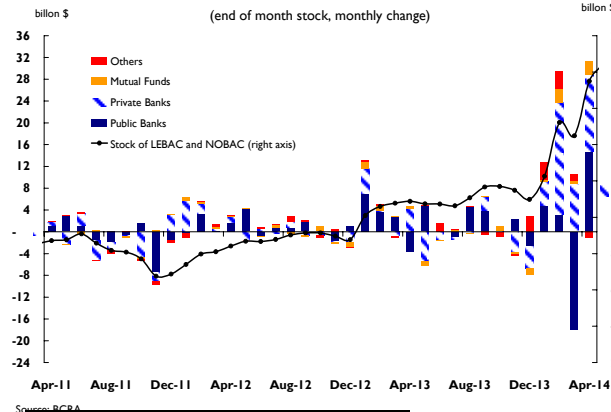
**Chart 5.1**



**Chart 5.2**



**Chart 5.3**



## 5. Interest rates<sup>7</sup>

### Central Bank securities<sup>8</sup>

By the end of April, the Central Bank reduced 1 p.p. the interest rates on weekly issues in the primary market all along the yield curve, in a context of stable variables in the exchange and monetary markets. Thus, interest rates on LEBACs with predetermined values — 95 and 105 days — stood at 27.8% and 27.9%, respectively. Moreover, the interest rate on the instrument with the longest terms — 360 days — stood at 29.3% (see Chart 5.1). The spread on NOBACs at 100 and 150 days as adjusted by the BADLAR rate at private banks remained relatively stable at 1 p.p.

Concerning the secondary market, interest rates on LEBACs with maturities over 30 days remained relatively stable until the end of the month, when they dropped in line with the performance recorded in the primary market. In turn, interest rates for shorter terms which mostly followed the trend of the call money market exhibited temporary rises at the beginning of the month which were reversed as liquidity levels increased (see Chart 5.5). The traded average grew again, standing at a historical maximum value of \$2.1 billion per day. Such rise was boosted by LEBAC transactions mainly in the case of terms not exceeding 90 days, which accounted for most of the traded volume (see Chart 5.2).

The outstanding stock of LEBACs and NOBACs in pesos grew \$30.1 billion during the month and stood at \$174.9 billion (nominal values). Such hike was driven by an increase in the stock of LEBACs which was partially offset by falls in the stock of NOBACs. Increased holdings were exhibited across private and public banks, as well as mutual funds (see Chart 5.3). As a result, stock of securities, in terms of deposits, grew again and stood at around 20.6% in April (see Chart 5.4).

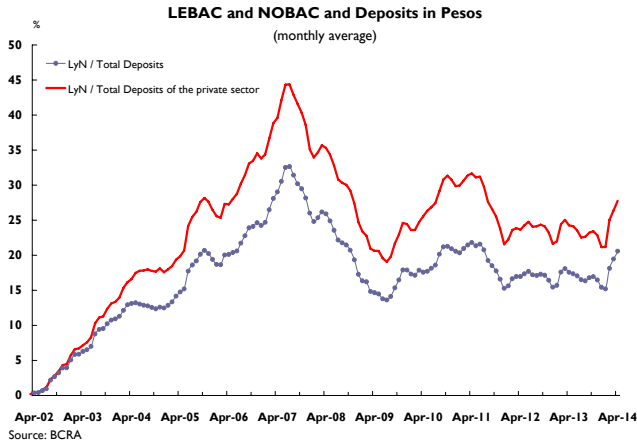
Finally, as regards the foreign currency segment, the interest rate on the instruments, at 30 days and 365 days, stood at 2.5% and 4%, respectively. In April, the outstanding stock went up US\$191 million, standing at US\$907 million. Such rise was boosted again by more holdings by private banks, accounting for 60% of the increase.

<sup>7</sup> Interest rates mentioned in this section are expressed as annual percentage rates (APR).

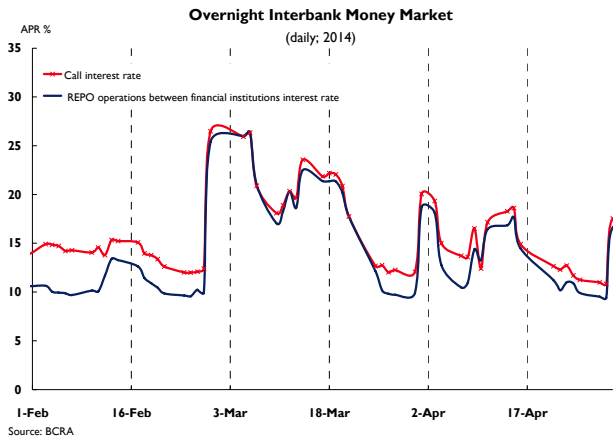
<sup>8</sup> In this section, figures are end of the month data unless otherwise stated.



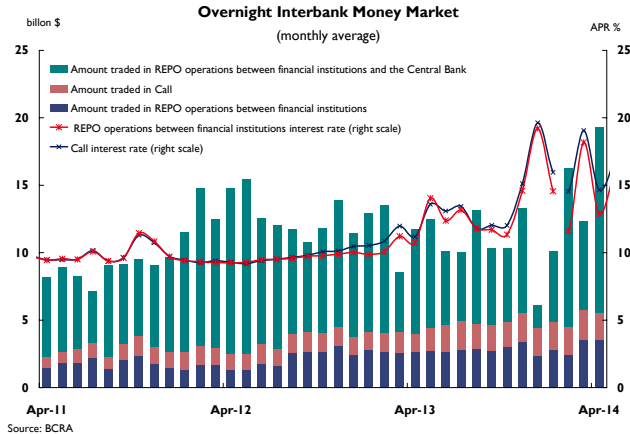
**Chart 5.5**



**Chart 5.5**



**Chart 5.6**



## Central Bank repo transactions<sup>1</sup>

Interest rates on all repo transactions of the Central Bank still remained unchanged. Interest rates on reverse repos stood at 9% overnight and 9.5% at 7 days, while rates on repo loans stood at 11% overnight and 11.50% at 7 days.

In a context of increased liquidity levels, the average stock of the Central Bank reverse repos—for all terms—registered a \$6.8 billion rise and stood at \$18.4 billion.

## Call money market<sup>1</sup>

On the basis of the new Minimum Cash position in early April, interest rates on call money posted again temporary rises, although they were less marked than in March (see Chart 5.5). This performance was observed in a context where financial institutions' liquidity level exceeded that of the previous month, forcing cost of funding to go downwards. On the unsecured market (call), the monthly average interest rate on overnight transactions decreased 3.9 p.p, standing at 14.8% and going back to the levels observed in February. Likewise, the average interest rate on overnight transactions between financial institutions in the secured market (REPO round) went down 5.3 p.p and stood at 12.9% (see Chart 5.6).

The daily average volume traded in the call money market (including REPO round and call market) remained relatively stable and totaled around \$5.5 billion.

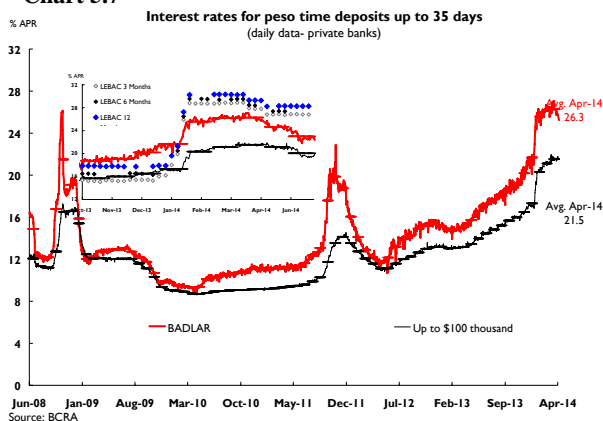
## Borrowing rates<sup>1</sup>

Borrowing interest rates paid by financial institutions for time deposits remained relatively stable in April. This responds to the fact that some borrowing rates exhibited a slight downward trend during the second half of the month due to the impact of LEBACs and NOBACs' lower interest rates.

Indeed, the BADLAR of private banks — interest rate on deposits of \$1 million and more and up to 30-35 days — averaged 26.3%, increasing only 0.1 p.p. in the month. Unlike what usually happens, interest rates applied to the retail segment (time deposits up to \$100,000), which take longer to assimilate changes in benchmark rates, posted a monthly rise higher than that of the wholesale segment (\$1 million and more). In particular, the retail interest rate paid by private institutions on time deposits up to 35 days averaged

21.5%, 0.4 p.p. above the average reached March (see Chart 5.7).

**Chart 5.7**

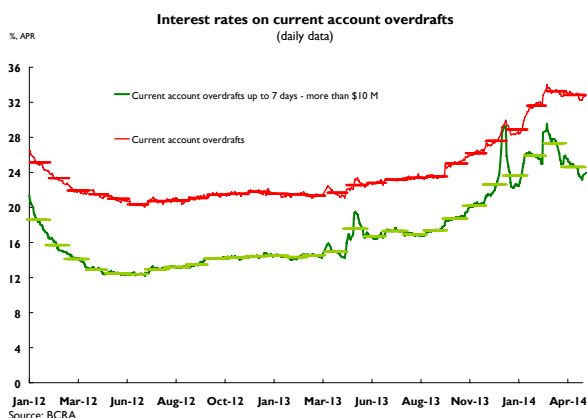


## Lending rates<sup>19</sup>

In general, interest rates on loans in pesos granted to the private sector decreased, a trend that has been more marked in the second half of the month, in line with the performance of interest rates on LEBACs.

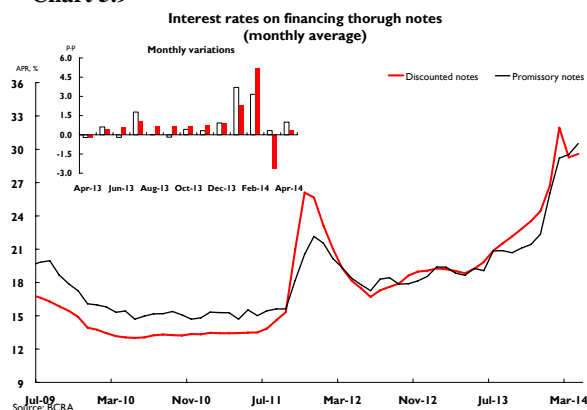
In particular, the monthly average of the interest rate on current account overdrafts stood at 32.8%, decreasing 0.4 p.p. during the month. Part of this decline was due to overdrafts channeled to companies for over \$10 million and up to 7 days, which decreased 2.7 p.p. and averaged 24.6%. In general, these overdrafts increase on the first days of the month and then they subsequently reverse. A limited rise was registered at the beginning of April, while a falling trend was observed during the rest of the month, particularly over the last week (see Chart 5.8).

**Chart 5.8**



Instead, interest rates on financing arranged through promissory notes increased in April. The monthly average of interest rates on discounted notes stood at 29.6%, 0.3 p.p. above the average in March, after a strong drop exhibited that month. In turn, the monthly average of interest rates on unsecured promissory notes stood at 30.5%, with a 1 p.p. monthly increase (see Chart 5.9). It is worth stating that in both lines there was a declining share of loans related to the Credit Line for Productive Investment (LCIP), which are given at lower interest rates, thus this lower share in April explained in part the interest rate increase. In May, the Central Bank extended the term for financial institutions to allocate up to 10% of the LCIP quota for the first half of 2014 to the discount of deferred payment checks of micro, small and medium-sized enterprises, at an interest rate that must not exceed 17.5%. As a result, the average interest rate could keep falling.

**Chart 5.9**

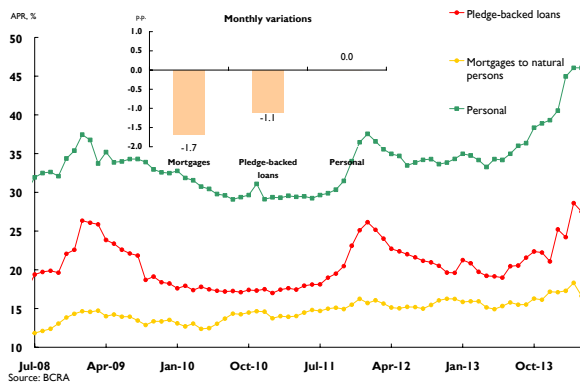


Considering interest rates on longer-term lines, the interest rate on personal loans stood at 46.1%. In the case of collateralized loans, the monthly average of the interest rate on mortgage-backed loans to individuals decreased 1.7 p.p., standing at 16.6%, the lowest level in this year, while interest rate for pledge-backed loans averaged 27.5%, decreasing 1.1 p.p. after a sharp rise in March (see Chart 5.10).

<sup>19</sup> Interest rates mentioned in this section are annual percentage rates and do not include assessment or granting expenses or other expenditures (e.g. insurance) which are taken into account in the total financial cost of loans.

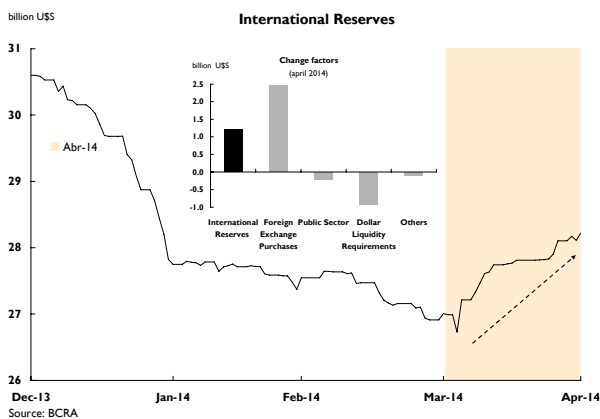
## 6. International reserves and foreign exchange market<sup>1</sup>

**Chart 5.10**  
Interest rates for loans with real collateral and consumption lines  
(monthly average)



In a context of higher seasonal settlement of foreign currencies by exporters, and after three months of a stable exchange market, international reserves increased US\$1.2 billion, totaling US\$28.2 billion in late April (see Chart 6.1). This rise was explained by foreign currency purchases by the Central Bank in the foreign exchange market, which were partially offset by a reduction of financial institutions' foreign currency accounts with the BCRA and by the payment of public debt in dollars through the use of National Treasury accounts with the Central Bank.

**Chart 6.1**



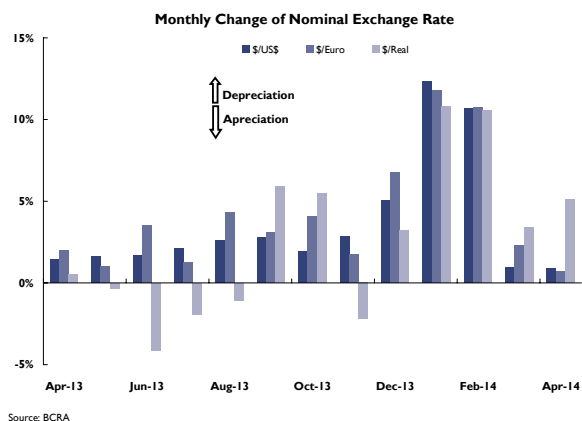
In the foreign exchange market, the US dollar exchange rate continued stable along the month and it was 0.9% higher on average against March (8 \$/US\$, see Chart 6.2). Regarding the average Real and Euro exchange rates reached 3.6 \$/Real (5.1%) and 11.1 \$/Euro (0.7%), respectively. In turn, on the futures market (ROFEX), a slight reduction of the volume traded (6.4%) was observed. The daily average turnover was \$2.1 billion evidencing a drop of exchange rates expected for the following months. By December this year, contracts exhibit an exchange rate expected of 9.7 \$/US\$.

## 7. Collective investment vehicles

### Mutual funds

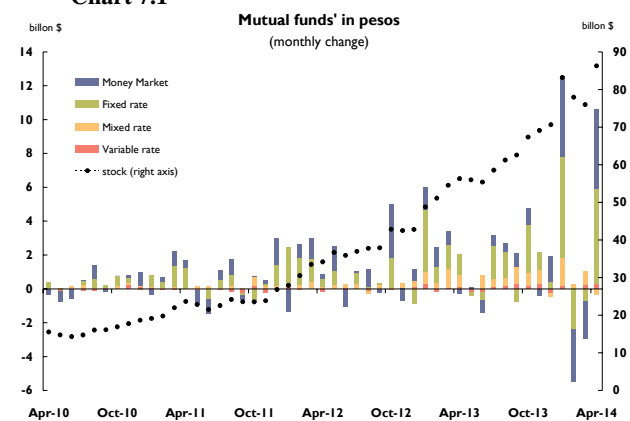
In April, after falling for two months in a row, equity of Mutual Funds in pesos and in foreign currency went up \$10.2 billion. This monthly increase was boosted by funds in pesos, mainly due to an increase in the subscription of unit shares. Thus, equity of funds reached \$88.6 billion.

**Chart 6.2**



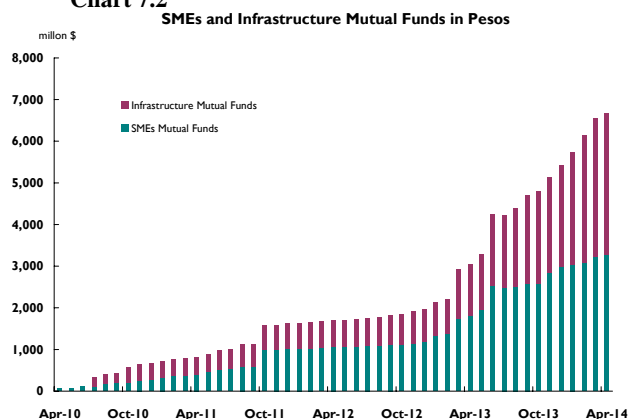
As regards mutual funds in pesos, fixed income funds increased \$5.6 billion (16%), followed by Money Market funds which went up \$4.7 billion (20.6%). In both cases, the rise was mainly driven by an increase in their unit shares. Likewise, funds investing in variable income assets exhibited monthly rises of \$280 million (11.3%) due to the good performance evidenced in the prices of assets in their portfolios. In turn, mixed income funds went down \$320 million (2.1%) due to redemption of unit shares. Considering mixed income funds, loans for financing infrastructure works went up \$66 million and loans to small and medium-sized enterprises reached \$45 million, counteracting the

**Chart 7.1**



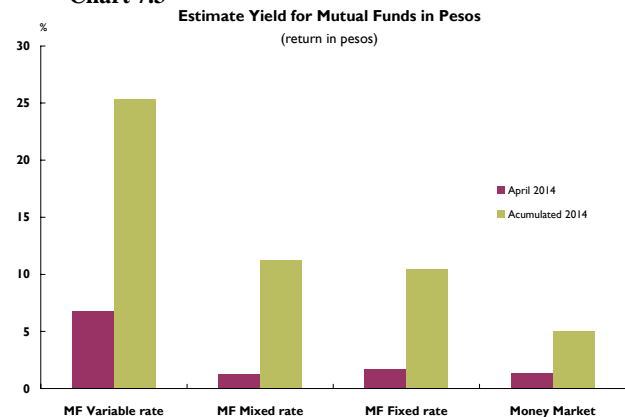
Source: CAFCI and BCRA

**Chart 7.2**



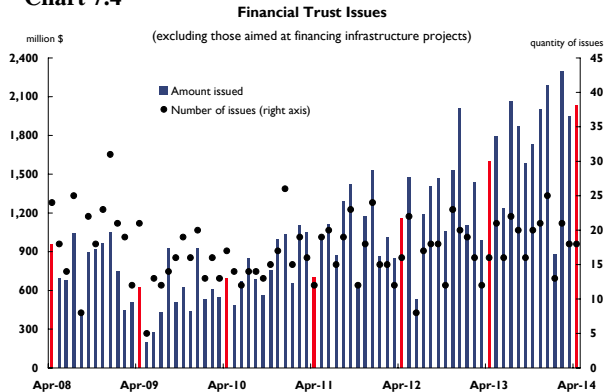
Source: BCRA

**Chart 7.3**



Source: BCRA

**Chart 7.4**



Source: BCRA based on CNV data and other

<sup>10</sup> Only publicly-traded financial trusts are considered.

performance registered in the remaining funds in the segment.

As regards profitability and continuing with funds in pesos, mixed income funds recorded a 6.8% monthly return and accumulated a 25% profit so far this year, followed by fixed income funds which recorded a 1.7% monthly profit and Money Market funds which recorded an averaged 1.4% profit and mixed income funds which posted 1.3% monthly rises.

Finally, regarding mutual funds in foreign currency, equity fell US\$14 million standing at US\$290 million. This performance was driven by a drop in variable income funds caused by unit shares redemptions, and by a decrease in mixed income funds affected in turn by a fall in prices.

### Financial trusts<sup>10</sup>

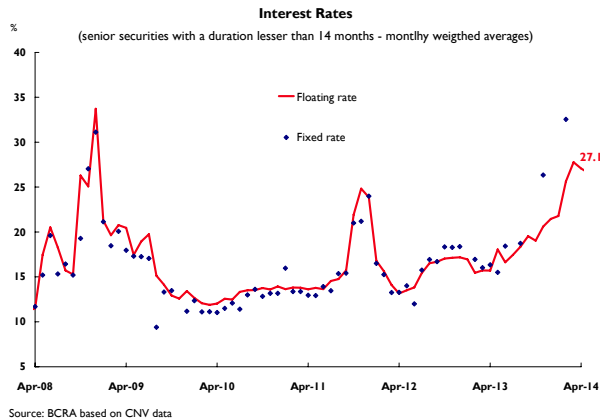
In April, financial trust (FT) issues totaled around \$2 billion, posting a slight increase against the volume traded in March (excluding issues aimed at financing infrastructure works; see Chart 8.9). The number of issues in April remained the same as March (18 transactions). Nevertheless, the amount of issues increased around 12% y.o.y. (see Chart 7.4).

The main trustors were financial institutions accounting for 40% of the total issued in April. In fact, they securitized assets for \$855 million, up 7% against March. In order of relevance, they were followed by the retail segment which issued \$540 million (25% of the total). In turn, mutuals, cooperatives and non-bank credit card issuers and other financial service providers securitized about \$394 million, down 35% against previous month. The rest of issues belonged to the agricultural sector. Almost all underlying assets were related to consumption: personal loans and credit cards coupons.

Regarding cut-off interest rates (weighted average by amount), the rate on senior bonds in pesos, with a duration below 14 months and agreed upon at a variable rate, stood at 27.1%, going down 0.7 p.p. against the previous month (see Chart 7.5). In turn, as regards the fixed rate segment, no transactions were recorded.

## 8. Major policy measures taken by other Central Banks

Chart 7.5



In April, no significant changes were recorded regarding international monetary policy in the main countries. Therefore, the different monetary authorities in emerging and advanced countries continued (and even deepened) the policies already implemented, partially due to the US Federal Reserve (FED) decision of tapering, and the prospects of its economy.

Concerning this framework and in line with markets expectations, the FED's Federal Open Market Committee (FOMC) tapered US\$10 billion, reaching US\$45 billion per month. Besides, the FOMC kept its benchmark interest rate target — the Federal Funds interest rate — within the 0-0.25% range. This was announced despite the publication of heterogeneous results shown by major indicators in the US economy: good indicators in the labor market, adverse results in terms of activity, and different inflation indicators even below the target (2%). On the one hand, the economic activity recorded virtually no growth in the first quarter of the year (up 0.1% annualized quarterly rate) due to adverse climate factors where consumption counteracted the fall in investment and in the balance of trade. However, the FOMC expects a recovery for the second quarter of the year. In turn, in the labor market, a considerable recovery in the non-agricultural job creation was recorded during April, reaching the maximum value in more than two years (see Chart 8.1). Moreover, the unemployment rate posted its lowest level since 2008 (6.3%), explained by job creation, particularly by a lower participation rate (see Chart 8.2). In turn, several inflation indicators improved during the last period, although they still remain below the target. In fact, the household expenditure (PCE) deflator increased 1.1% y.o.y. in March, up 0.2 p.p. against February, while the core PCE increased 1.2% y.o.y., up 0.1 p.p. against the previous month.

Chart 8.1

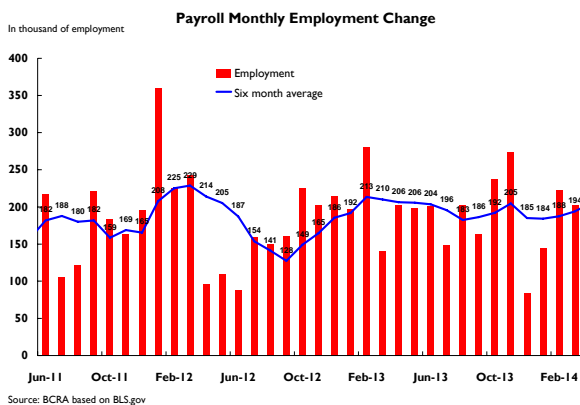
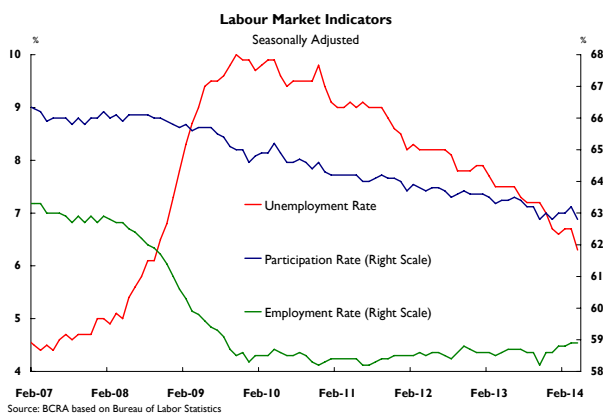
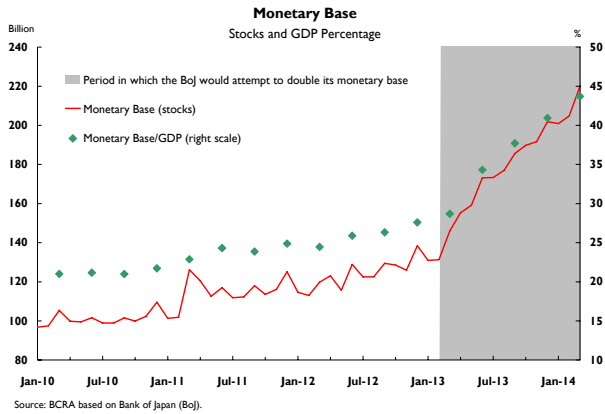


Chart 8.2

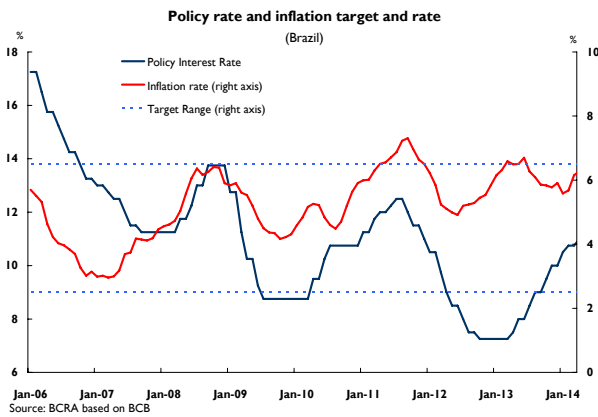


In addition, the Bank of Japan (BoJ) and the European Central Bank (ECB) kept their monetary policies unchanged. In the first case, the BoJ reaffirmed its commitment of doubling its monetary base by increasing it between ¥60-70 trillion per year from March 2013 to March 2015. In fact, the monetary base was increased by ¥73.8 trillion (50.6%) between March 2013 and March 2014 (see Chart 8.3). On the other hand, the ECB decided to keep its benchmark interest rate (applicable to *Main Refinancing Operations*) at 0.25%, the minimum historic level, and its interest rate corridor at 0-0.75%. Nevertheless, the governor of ECB, moved by fears surrounding the Euro-zone entering a deflationary period similar to that suffered by Japan for

**Chart 8.3**



**Chart 8.4**



15 years, admitted that the bank is considering to apply a program comparable to that of Quantitative Easing or to lower again its benchmark interest rate (which would lead to a negative interest rate) in case inflation remains under the target.

Among Latin American countries, the Central Bank of Brazil (BCB), for the seventh consecutive time and in a unanimous voting, decided to increase SELIC rate target by 0.25 p.p. to 11%, the highest value since December 2011 (see Chart 8.4). However, there was a change in the BCB latest press release, which was understood by the market as a potential end of the current expansion pace of the interest rate target that started in April 2013. In turn, the Bank of the Republic of Colombia (BRC) increased its monetary policy benchmark interest rate by 0.25 p.p. to 3.5%, after a year without changes. With this rise, the BRC pursues a gradual and appropriate adjustment of its monetary policy, thus reducing potential sharp adjustments in the future when the economy reaches its maximum potential.

Lastly, the Reserve Bank of New Zealand (RBNZ) and the Central Bank of Russia (CBR) stand out as they increased their benchmark interest rates due to the development of their economies. On one side, the RBNZ continued following a regularization policy after leaving behind the devastating effects of past years' earthquakes. Meanwhile, the CBR seeks to lessen inflation acceleration due to the ruble depreciation over the last few months as a result of financial instability which is not ascribed to the Ukrainian conflict.

## 9. Monetary and financial indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in	
	Apr-14	Mar-14	Dec-13	Apr-13	Monthly	Last 12 months
<b>Monetary base</b>	<b>354,170</b>	<b>351,349</b>	<b>361,580</b>	<b>297,658</b>	<b>0.8%</b>	<b>19.0%</b>
Currency in circulation	269,313	268,830	277,095	228,055	0.2%	18.1%
Held by public	239,779	240,599	247,142	205,380	-0.3%	16.7%
Held by financial entities	29,532	28,229	29,952	22,673	4.6%	30.3%
Settlement check	2	1	2	0	-	-
BCRA current account	84,857	82,520	84,484	69,603	2.8%	21.9%
<b>Repos stock</b>						
Reverse repos	18,426	11,593	6,351	13,626	58.9%	35.2%
Repos	0	0	0	0	0.0%	0.0%
<b>BCRA securities stock (in face value)</b>						
<b>In banks</b>	165,269	152,228	111,491	106,596	8.6%	55.0%
<b>LEBAC</b>	138,911	128,316	98,364	92,996	8.3%	49.4%
<b>NOBAC</b>	19,301	19,970	4,183	10,018	-3.4%	92.7%
In pesos	139,477	127,073	107,309	96,578	9.8%	44.4%
In Dollars	811	654	0	0		
<b>International reserves excluded 2009 SDRs allocations</b>	<b>27,680</b>	<b>27,332</b>	<b>30,612</b>	<b>40,075</b>	<b>1.3%</b>	<b>-30.9%</b>
<b>Private and public sector deposits in pesos <sup>(1)</sup></b>	<b>702,206</b>	<b>686,421</b>	<b>667,664</b>	<b>561,270</b>	<b>2.3%</b>	<b>25.1%</b>
Current account <sup>(2)</sup>	191,109	185,914	190,935	151,339	2.8%	26.3%
Savings account	131,801	132,646	140,305	110,366	-0.6%	19.4%
Not CER-adjustable time deposits	351,350	341,249	309,664	277,621	3.0%	26.6%
CER-adjustable time deposits	7	6	6	7	15.0%	-6.2%
Other deposits <sup>(3)</sup>	27,940	26,607	26,753	21,937	5.0%	27.4%
<u>Private sector deposits</u>	<u>519,184</u>	<u>503,159</u>	<u>484,466</u>	<u>401,778</u>	<u>3.2%</u>	<u>29.2%</u>
<u>Public sector deposits</u>	<u>183,022</u>	<u>183,262</u>	<u>183,197</u>	<u>159,492</u>	<u>-0.1%</u>	<u>14.8%</u>
<b>Private and public sector deposits in dollars <sup>(1)</sup></b>	<b>8,283</b>	<b>8,406</b>	<b>8,263</b>	<b>8,386</b>	<b>-1.5%</b>	<b>-1.2%</b>
<b>Loans to private and public sector in pesos <sup>(1)</sup></b>	<b>516,482</b>	<b>518,186</b>	<b>498,207</b>	<b>403,711</b>	<b>-0.3%</b>	<b>27.9%</b>
<u>Loans to private sector</u>	<u>473,704</u>	<u>475,177</u>	<u>457,091</u>	<u>366,980</u>	<u>-0.3%</u>	<u>29.1%</u>
Overdrafts	61,888	62,221	56,653	51,967	-0.5%	19.1%
Promissory bills	109,232	110,566	111,437	81,921	-1.2%	33.3%
Mortgages	44,707	44,566	43,074	36,957	0.3%	21.0%
Pledge-backed loans	32,249	32,447	31,304	24,399	-0.6%	32.2%
Personal loans	101,936	101,355	98,481	81,756	0.6%	24.7%
Credit cards	88,137	88,364	80,706	61,567	-0.3%	43.2%
Other loans	35,554	35,657	35,435	28,414	-0.3%	25.1%
<u>Loans to public sector</u>	<u>42,778</u>	<u>43,009</u>	<u>41,117</u>	<u>36,730</u>	<u>-0.5%</u>	<u>16.5%</u>
<b>Loans to private and public sector in dollars <sup>(1)</sup></b>	<b>3,828</b>	<b>3,599</b>	<b>3,695</b>	<b>5,190</b>	<b>6.4%</b>	<b>-26.2%</b>
<b>Total monetary aggregates <sup>(1)</sup></b>						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	430,890	426,514	438,079	356,721	1.0%	20.8%
M2 (M1 + savings account in pesos)	562,691	559,160	578,384	467,087	0.6%	20.5%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	941,987	927,021	914,807	766,652	1.6%	22.9%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	1,010,529	995,520	968,739	809,868	1.5%	24.8%
<b>Private monetary aggregates</b>						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	363,729	360,780	367,378	309,848	0.8%	17.4%
M2 (M1 + private savings account in pesos)	483,850	481,761	493,846	408,267	0.4%	18.5%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	758,965	743,759	731,610	607,160	2.0%	25.0%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	814,206	799,227	775,740	644,548	1.9%	26.3%

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>2,821</b>	<b>0.8%</b>	<b>-14,066</b>	<b>-4.0%</b>	<b>-7,410</b>	<b>-2.0%</b>	<b>56,512</b>	<b>19.0%</b>
Financial sector	-6,770	-1.9%	-8,381	-2.4%	-11,928	-3.3%	-3,598	-1.2%
Public sector	5,690	1.6%	10,074	2.9%	24,545	6.8%	103,953	34.9%
Private external sector	12,428	3.5%	19,764	5.7%	12,088	3.3%	-18,385	-6.2%
BCRA securities	-7,537	-2.1%	-36,598	-10.5%	-37,429	-10.4%	-31,593	-10.6%
Others	-990	-0.3%	1,075	0.3%	5,315	1.5%	6,136	2.1%
<b>International reserves excluded 2009 SDRs allocations</b>	<b>348</b>	<b>1.3%</b>	<b>-1,940</b>	<b>-7.0%</b>	<b>-2,932</b>	<b>-9.6%</b>	<b>-12,395</b>	<b>-30.9%</b>
Foreign exchange market intervention	1,553	5.7%	2,457	8.9%	1,320	4.3%	-3,711	-9.3%
International financial institutions	-195	-0.7%	-432	-1.6%	-293	-1.0%	498	1.2%
Other public sector operations	-671	-2.5%	-993	-3.6%	-1,499	-4.9%	1,181	2.9%
Dollar liquidity requirements	-62	-0.2%	-2,857	-10.3%	-1,999	-6.5%	-1,287	-3.2%
Others (incl. change in US\$ market value of nondollar assets)	-278	-1.0%	-128	-0.5%	-474	-1.5%	-9,089	-22.7%

1 Excludes financial sector and foreign depositors. Loans's 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.

5 Provisory data subjected to changes in valuation.

Sources: BCRA Accounting Department and SISGEN Informative Regime.

## Minimum Cash Requirement and Compliance

	Apr-14	Mar-14	Feb-14
	(1)		
<b>Domestic Currency</b>	% of total deposits in pesos		
Requirement	11.7	11.7	11.9
Compliance	12.0	11.9	12.1
Position <sup>(2)</sup>	0.3	0.2	0.2
<i>Residual time structure of term deposits used for the calculation of the requirement <sup>(3)</sup></i>	%		
Up to 29 days	68.9	69.3	67.5
30 to 59 days	20.7	20.4	22.8
60 to 89 days	5.5	5.5	5.0
90 to 179 days	3.5	3.3	3.2
more than 180 days	1.4	1.5	1.4
<b>Foreign Currency</b>	% of total deposits in foreign currency		
Requirement	46.1	37.7	29.3
Compliance (includes default application resource)	94.0	95.6	104.8
Position <sup>(2)</sup>	47.9	57.9	75.5
<i>Residual time structure of term deposits used for the calculation of the requirement <sup>(3)</sup></i>	%		
Up to 29 days	49.8	49.6	46.6
30 to 59 days	21.7	23.9	25.3
60 to 89 days	12.2	10.5	11.9
90 to 179 days	12.2	12.9	13.7
180 to 365 days	3.9	2.8	2.2
more than 365 days	0.2	0.3	0.2

(1) Estimates data of Requirement, Compliance and Position.

(2) Position= Requirement - Compliance

(3) Excludes judicial time deposits.

Source: BCRA



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

b

b

<b>Borrowing Interest Rates</b>	<b>Apr-14</b>	<b>Mar-14</b>	<b>Feb-14</b>	<b>Dec-13</b>	<b>Apr-13</b>
<b>Interbank Loans (overnight)</b>					
Interest rate	14.90	19.36	14.73	19.67	11.38
Traded volume (million pesos)	1,941	2,073	1,977	2,144	1,393
<b>Time Deposits</b>					
<u>In pesos</u>					
30-44 days	21.68	21.42	20.99	17.67	13.97
60 days or more	25.70	24.98	23.88	19.00	13.13
Total BADLAR (more than \$1 million, 30-35 days)	20.00	19.90	19.70	17.45	14.20
Private Banks BADLAR (more than \$1 million, 30-35 days)	26.28	26.17	25.58	20.18	15.08
<u>In dollars</u>					
30-44 days	0.99	0.97	0.93	0.34	0.51
60 days or more	1.62	1.60	1.71	0.65	0.87
Total BADLAR (more than \$1 million, 30-35 days)	0.98	0.86	0.81	0.39	0.57
Private Banks BADLAR (more than \$1 million, 30-35 days)	1.30	1.02	1.08	0.33	0.75
<b>Lending Interest Rates</b>	<b>Apr-14</b>	<b>Mar-14</b>	<b>Feb-14</b>	<b>Dec-13</b>	<b>Apr-13</b>
<b>Stock Repos</b>					
Gross interest rates 30 days	25.01	27.98	25.73	21.64	15.32
Traded volume (all maturities, million pesos)	288	324	282	316	249
<b>Loans in Pesos <sup>(1)</sup></b>					
Overdrafts	32.85	33.27	31.62	27.59	21.68
Promissory Notes	30.52	29.54	29.22	22.38	18.64
Mortgages	17.19	17.79	17.51	16.53	14.62
Pledge-backed Loans	27.49	28.57	24.21	21.08	19.22
Personal Loans	46.09	46.07	44.92	39.32	33.28
Credit Cards	s/d	39.47	38.31	37.16	33.05
Overdrafts - 1 to 7 days - more than \$10 million	24.62	27.31	25.89	21.39	14.94
<b>International Interest Rates</b>	<b>Apr-14</b>	<b>Mar-14</b>	<b>Feb-14</b>	<b>Dec-13</b>	<b>Apr-13</b>
<b>LIBOR</b>					
1 month	0.15	0.15	0.16	0.17	0.20
6 months	0.32	0.33	0.33	0.35	0.44
<b>US Treasury Bonds</b>					
2 years	0.40	0.39	0.32	0.33	0.23
10 years	2.69	2.72	2.70	2.88	1.72
<b>FED Funds Rate</b>	0.25	0.25	0.25	0.25	0.25
<b>SELIC (1 year)</b>	10.99	10.75	10.54	10.00	7.38

(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	Apr-14	Mar-14	Feb-14	Dec-13	Apr-13
<b>BCRA Repo Interest Rates</b>					
Overnight reverse repo	9.00	9.00	9.00	9.00	9.00
7-day reverse repo	9.50	9.50	9.50	9.50	9.50
7-day repo	11.50	11.50	11.50	11.50	11.50
<b>Total Repo Interest Rates</b>					
Overnight	10.29	14.88	9.69	15.81	9.72
7 days	13.63	12.99	10.42	13.12	9.68
Repo traded volumen (daily average)	17,279	10,127	14,259	3,981	10,364
<b>Peso LEBAC Interest Rate<sup>1</sup></b>					
1 month	s/o	s/o	s/o	s/o	s/o
2 months	s/o	s/o	28.52	s/o	13.13
3 months	28.25	28.78	28.73	15.52	13.33
9 months	29.85	29.88	29.90	s/o	15.21
12 months	29.66	30.30	30.23	17.80	15.60
<b>Peso NOBAC with variable coupon Spread<sup>1</sup></b>					
200 days BADLAR Private Banks	0.98	1.06	1.49	s/o	-2.65
<b>Dollars LEBAC Interest Rate<sup>1</sup></b>					
1 month	2.50	2.50	2.50	s/o	s/o
3 months	3.00	3.00	3.00	s/o	s/o
6 months	3.50	3.50	3.50	s/o	s/o
12 months	4.00	4.00	4.00	s/o	s/o
LEBAC and NOBAC traded volume (daily average)	2116	1552	1200	673	1356
<b>Foreign Exchange Market</b>	<b>Jul-12</b>	<b>Aug-12</b>	<b>Aug-12</b>	<b>Oct-12</b>	<b>Nov-12</b>
<b>Dollar Spot</b>					
Exchange agencies	8.00	7.93	7.85	6.32	5.16
BCRA Reference	8.01	7.93	7.87	6.33	5.16
<b>Future dollar</b>					
NDF 1 month	8.13	8.08	8.05	6.74	5.28
ROFEX 1 month	8.12	8.06	7.91	6.56	5.24
Traded volume (all maturities, million pesos)	2,134	2,300	2,917	1,618	965
<b>Real (Pesos/Real)</b>	3.59	3.41	3.30	2.69	2.58
<b>Euro (Pesos/Euro)</b>	11.05	10.98	10.73	8.67	6.73
<b>Capital Market</b>	<b>Apr-14</b>	<b>Mar-14</b>	<b>Feb-14</b>	<b>Dec-13</b>	<b>Apr-13</b>
<b>MERVAL</b>					
Index	6,543	5,937	5,893	5,330	3,506
Traded volume (million pesos)	110	86	103	109	95
<b>Government Bonds (parity)</b>					
BODEN 2015 (US\$)	117.65	121.08	126.40	132.63	149.81
DISCOUNT (US\$ - NY legislation)	99.09	95.75	95.49	106.64	103.73
BODEN 2014 (\$)	98.85	99.08	97.71	93.47	94.85
DISCOUNT (\$)	81.60	86.05	71.86	63.95	52.28
<b>Country risk</b>					
Spread BODEN 2015 vs. US Treasury Bond	921	1,112	1,328	826	1,273
EMBI+ Latin America (without Argentina)	366	400	454	412	314

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

## 10. 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