

Monthly Monetary Report

July 2014



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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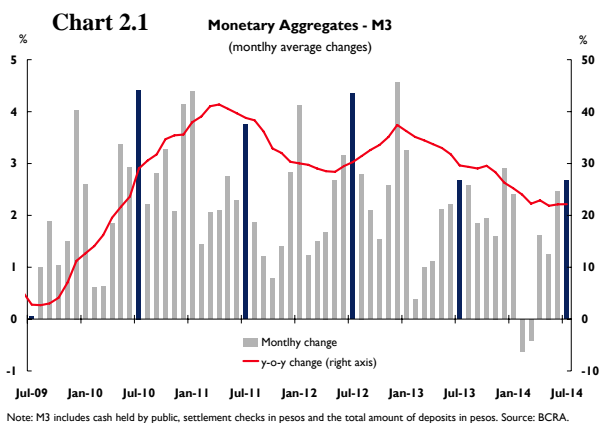
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The closing date for statistics in this report was August 11, 2014. All figures are provisional and subject to review.

1. Summary¹

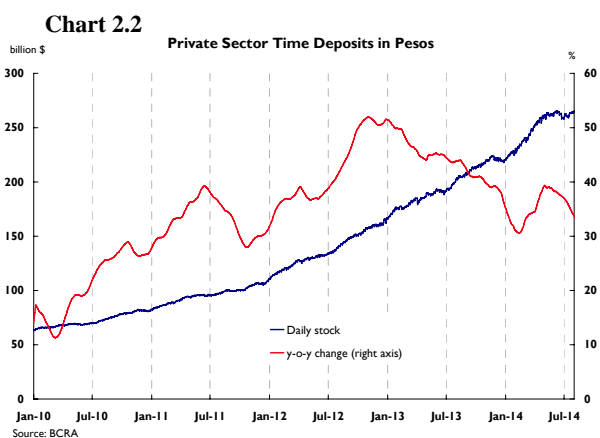
- In July, the broadest monetary aggregate in pesos (M3) grew 2.7% keeping its y.o.y. change rate stable, at around 22%. This monthly increase was explained mainly by a rise in the stock of cash held by the public and in private savings account deposits, as a result of seasonal factors related to winter holidays and the payment of the semi-annual complementary wage.
- Financial institutions' liquidity in domestic currency (cash in banks, institutions' current account with the Central Bank, net repos with such Institution, plus LEBAC and NOBAC holdings) remained stable, at around 37.2% in terms of deposits.
- In July, loans in pesos to the private sector increased 1.1% (\$5.3 billion), boosted by credit lines for commercial purposes. Monthly growth rate was similar to that observed in May and June, while the y.o.y. change rate stood at 22.7%. Financing arranged through overdrafts exhibited the highest performance of the last 12 months, increasing 6.3% (\$4.1 billion); this rise is similar to that of July in previous years.
- As regards measures taken by the Central Bank so as to promote lending to the productive sector, the fifth stage of the Credit Line for Productive Investment (LCIP) started in July. During the fourth stage of LCIP, which was carried out in the first half of 2014, loans for up to 90% of the quota set for this period had been awarded until May, according to preliminary information. In turn, the Central Bank continued disbursing funds within the framework of the Bicentennial Productive Financing Program, whereby \$6.6 billion had been channeled to long-term investment projects.
- In July, interest rates paid by financial institutions on their fixed time deposits continued decreasing. In particular, the BADLAR rate at private banks averaged 22%, with a 1 p.p. monthly drop. Moreover, in the retail segment, the monthly average of the interest rate paid by private institutions on time deposits of up to \$100,000 and at up to 35 days stood at 19.3%, down 0.8 p.p. against June.
- Concerning interest rates on loans in pesos to the private sector, those related to commercial lines and personal loans posted a decrease. Particularly, the monthly average of the interest rate on current account overdrafts stood at 30.7%, falling 1.5 p.p. over the month, whereas the interest rate on personal loans averaged 37.4%, down 3.1 p.p. against June. Instead, the interest rate on pledge-backed loans increased 0.8 p.p., standing at 23.9%.

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



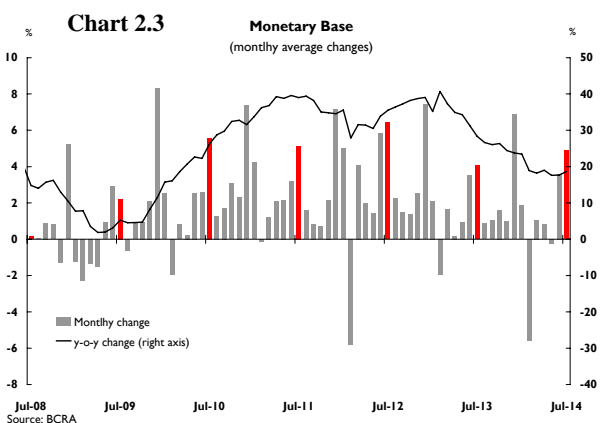
2. Monetary aggregates¹

In July, the broadest monetary aggregate in pesos ($M3^2$) grew 2.7% (see Chart 2.1) keeping its y.o.y. change rate stable, at around 22%. Such monthly increase was mainly explained by a rise in the stock of cash held by the public and in private savings account deposits, as a result of seasonal factors related to winter holidays and the payment of the semi-annual complementary wage.



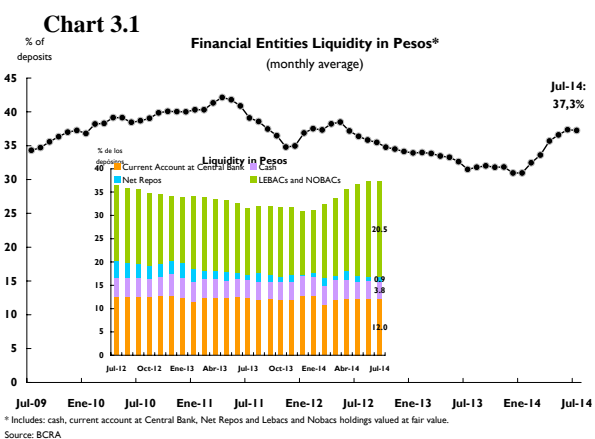
Total deposits in pesos grew 1.3%, with reductions in public sector deposits which were more than offset by the increase of the private sector deposits.

The rise in private sector deposits was boosted by sight deposits (5.9%), since time deposits remained stable (see Chart 2.2). The latter posted reductions in wholesale deposits, which were offset by rises in the segment under \$1 million. In y.o.y. terms, private sector time deposits posted a change close to 34%.



Deposits in foreign currency (in US dollars) remained relatively stable in July, with a drop of 1% in the private sector, which was partially offset by deposits in the public sector. Thus, the broadest monetary aggregate, $M3^{*3}$, exhibited a 2.5% rise, recording a 24.2% y.o.y. change.

The monetary base reached an average stock of \$383.9 billion, posting a 4.9% rise in July and an 18.6% y.o.y. interest rate (see Chart 2.3). This monthly rise was mainly concentrated in cash held by the public, though bank reserves (consisting of cash in financial institutions' and financial institutions' current account balance with the Central Bank) also increased.



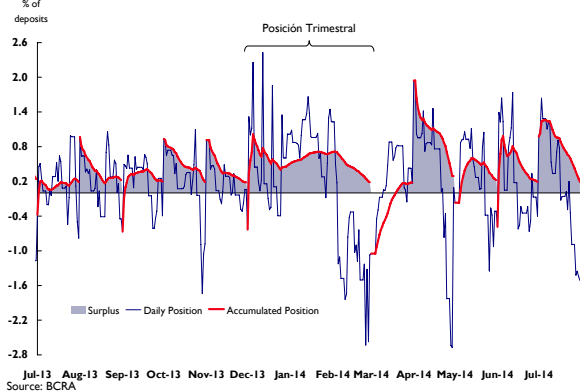
3. Financial institutions' liquidity¹

Financial institutions' liquidity in the domestic currency segment (cash in banks, institutions' current account with the Central Bank, net repos with such Institution, plus LEBAC and NOBAC holdings) remained stable in terms of deposits at around 37.2% (see Chart 3.1). As regards its composition, there was a slight increase in LEBACs and NOBACs holdings and a minor reduction of bank reserves (cash in banks and current accounts with the Central Bank). Meanwhile, the estimated

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

³ It includes M3 and deposits in foreign currency of the non-financial public and private sectors stated in pesos.

Chart 3.2
Minimum Cash Position in Pesos



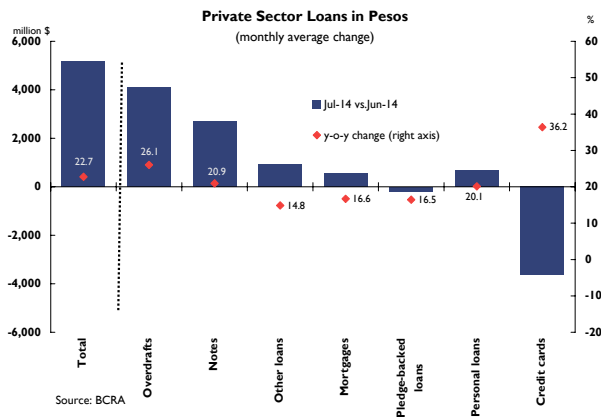
average surplus of minimum cash requirements amounted to 0.2% of total deposits in pesos in July (see Chart 3.2).

In turn, liquidity in the foreign currency segment posted a slight increase, standing at 104.8% of total deposits in dollars (up 1.6 p.p. against June). This increase was mainly accounted for a rise in financial institutions' current accounts with the Central Bank Central and the cash in banks, which was partially offset by a fall in LEBACs holdings.

4. Loans¹⁴

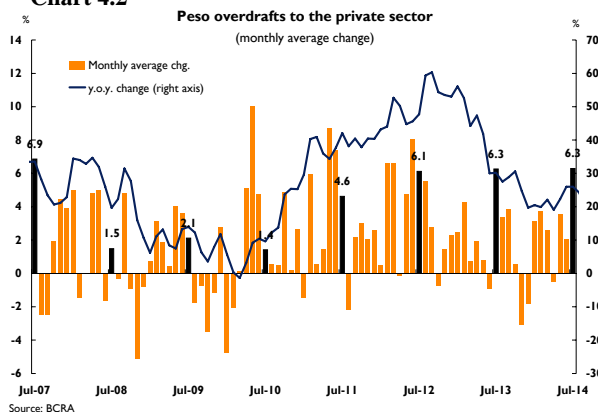
In July, loans in pesos to the private sector increased 1.1% (\$5.3 billion), boosted by credit lines for commercial purposes (see Chart 4.1). Monthly growth rate was similar to that observed in May and June, while the y.o.y. change rate stood at 22.7%.

Chart 4.1



As regards loans for financing commercial activities, the performance recorded by overdrafts stood out going up by 6.3% (\$4.1 billion), the highest rise of the last 12 months and similar to that of July in previous years (see Chart 4.2). Consequently, the y.o.y. growth rate stood at around 26%. In turn, financing arranged through notes posted a monthly hike of 2.5% (\$2.7 billion), favored by rises recorded by the end of June, which brought about a positive "statistical carryover". Thus, the latter increased 20.9% in the past twelve months. The remaining commercial financings, classified under the "Other Loans" heading posted a rise of 2.5% (\$930 million).

Chart 4.2

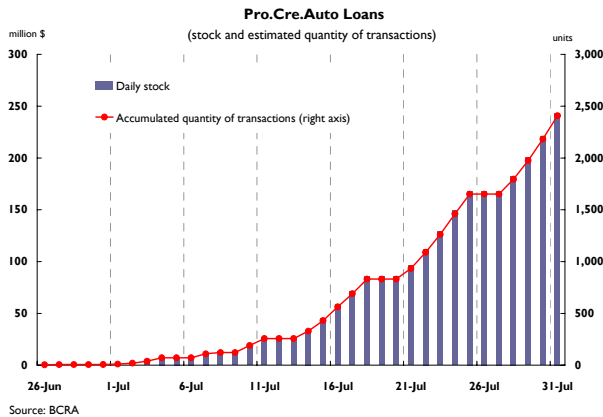


The Central Bank continues taking measures to promote lending to the productive sector: the fifth stage of the Credit Line for Productive Investment (LCIP) started in July. As regards the fourth stage of LCIP, which was carried out in the first half of 2014, loans for up to 90% of the quota set for this period had been awarded until May, according to preliminary information. In turn, the Central Bank continued disbursing long term funds for investment purposes at a total fixed financial cost in pesos within the framework of the Bicentennial Productive Financing Program (PFPB). Thus, the total amount disbursed since the launching of the program is \$6.6 billion.

In turn, financing arranged through credit cards decreased 3.9% (\$3.5 billion) over the month, although

¹⁴ 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.

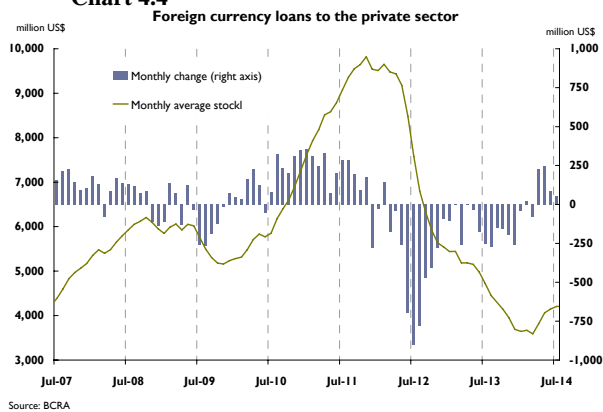
Chart 4.3



its y.o.y. change rate remains at high levels, standing at 36.3%. This monthly drop was partly explained by an increasing number of maturities corresponding to credit card financing especially channeled to the purchase of products, inputs and services by agricultural and livestock producers. Additionally, the collection of semi-annual complementary wages usually causes demand for personal loans and consumption through credit cards to fall. Likewise, a portion of debts are often paid back in advance. Thus, personal loans reduced their monthly growth rate, only rising 0.7% (\$690 million), even though they grew around 20.1% in y.o.y. terms.

It is worth mentioning that Banco de la Nación Argentina (BNA) granted —as of July— around 2,400 personal loans for about \$240 million within the framework of the Pro.Cre.Auto program (see Chart 4.3).

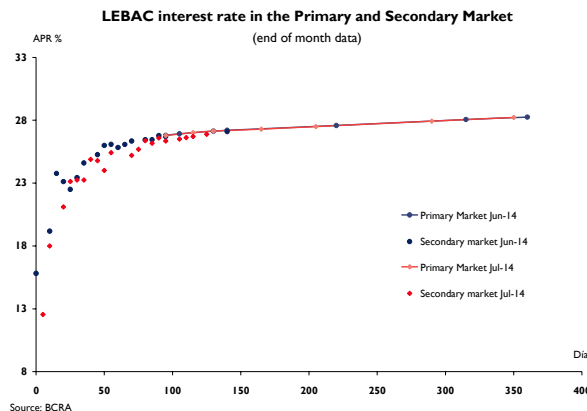
Chart 4.4



Regarding collateralized loans, mortgage-backed loans increased 1.2% (\$540 million), a little over June, reaching a 16.6% y.o.y. change rate. It should be noted that a part of the demand for mortgage loans for housing (individuals) is not computed in the statistics on bank loans because it is channeled through the Bicentennial Credit for Housing Program (Pro.Cre.Ar.). Moreover, pledge-backed loans posted a drop of 0.5% (\$170 million), recording a 16.5% y.o.y. increase.

Lastly, loans channeled to the private sector in foreign currency rose 1.3% (US\$50 million), with a monthly average balance standing at around US\$4.2 billion (see Chart 4.4).

Chart 5.1



5. Interest rates⁵

Central Bank Securities⁶

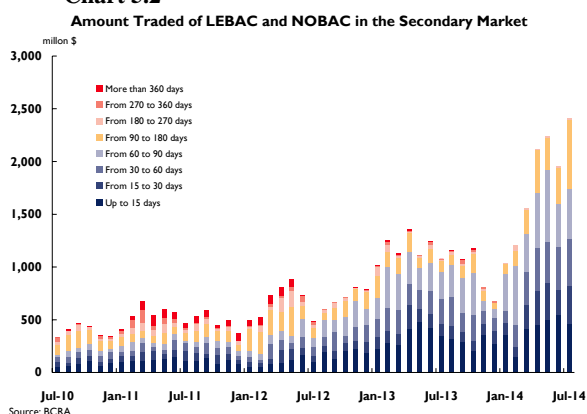
As in June, interest rates paid by the Central Bank on issues of Bills and Notes remained stable in July. Thus, the interest rate on LEBACs auctioned at pre-determined cut-off yields— 100 and 120 days — stood at 26.8% and 27%, respectively. Likewise, the interest rate on the instrument with the longest maturity — 350 days — stood at 28.2% (see Chart 5.1).

Concerning the secondary market, like in the two previous months, interest rates on LEBACs at terms exceeding 70 days remained practically unchanged as in the primary market. Meanwhile, interest rates for the shortest terms, especially on instruments at less than 30 days, exhibited temporary rises following the

⁵ Interest rates mentioned in this section are expressed as annual percentage rates (APR).

⁶ In this section, figures are end of the month data unless otherwise stated.

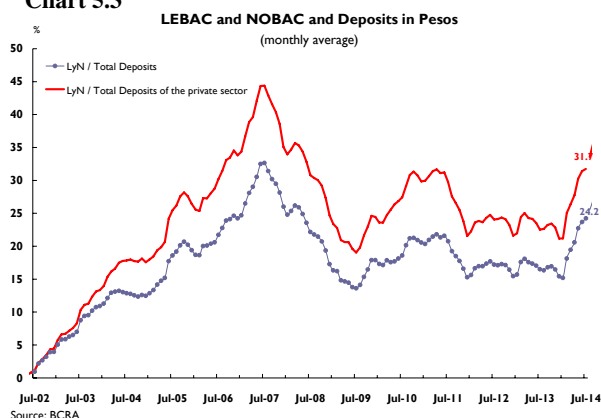
Chart 5.2



performance recorded in the call money market, even though they were lower than the previous month. The total average amount traded in LEBACs and NOBACs in the secondary market reached historic highs, increasing \$525 million in July — \$2.4 billion on a daily basis —. The growth was boosted by LEBAC transactions at terms not exceeding 90 days (see Chart 5.2).

Like in June, LEBAC and NOBAC auctions carried out by the Central Bank every week were the main sterilization instrument. The outstanding nominal stock of LEBACs and NOBACs in pesos grew \$19.9 billion (10.6%) and reached \$207.8 billion. The rise was driven by a hike observed in the stock of LEBACs, which was partially offset by a drop recorded in the stock of NOBACs. Thus, the outstanding stock has reached around 24% of total deposits.

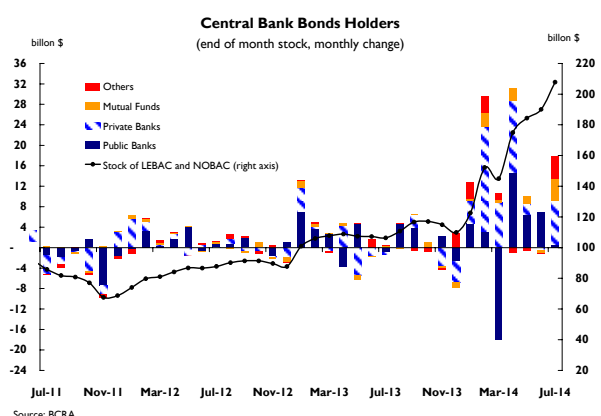
Chart 5.3



Regarding holders of Central Bank securities, private financial institutions led the monthly rise in the stock, followed by mutual funds (see Chart 5.4), insurance companies and Workers' Compensation Insurance.

Finally, as far as the foreign currency segment is concerned, the stock of LEBACs decreased again in July — US\$80 million —, to US\$827 million. The drop was driven by fewer holdings at private banks, partially offset by rises in public banks. Interest rates paid on the Central Bank's securities remained unchanged.

Chart 5.4



Central Bank repo transactions¹

Interest rates on reverse repos remained unchanged, standing at 9% overnight and at 9.50% at seven days; in contrast, interest rates on repo loans stood at 11% overnight and at 11.50% at seven days.

The average stock of Central Bank reverse repos, considering all the transactions conducted by this institution, increased almost \$800 million, standing at \$11.9 billion. In turn, no repo loans were recorded for the institution.

Call money market¹

After the rises recorded in the last two months, in July interest rates fell in the call money market, in a context where financial institutions' short term liquidity needs decreased. Thus, the average interest rate on overnight transactions in the unsecured call market fell 7 p.p., standing at 15.5%. Likewise, the average interest rate on overnight transactions between financial institutions in

Chart 5.5

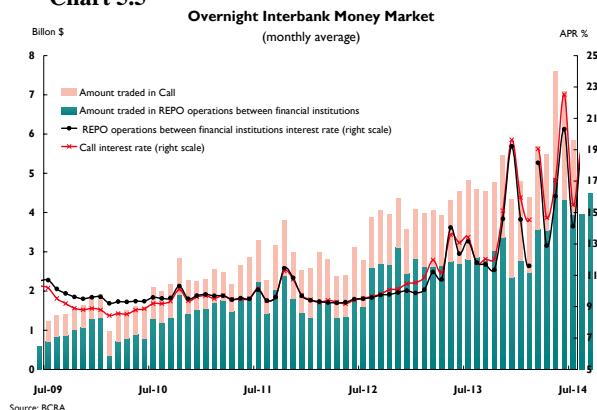


Chart 5.6

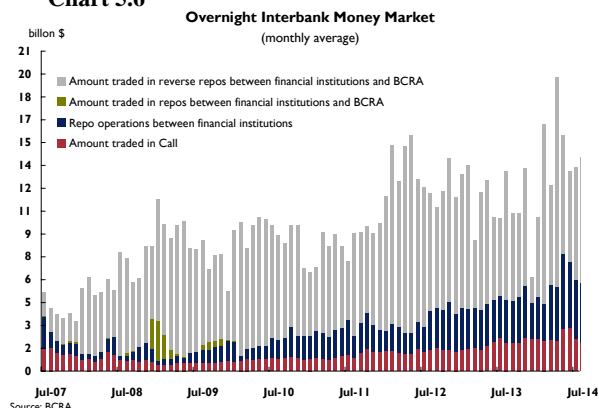


Chart 5.7

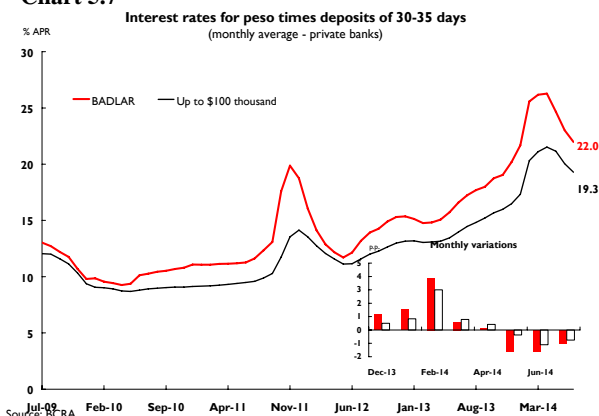
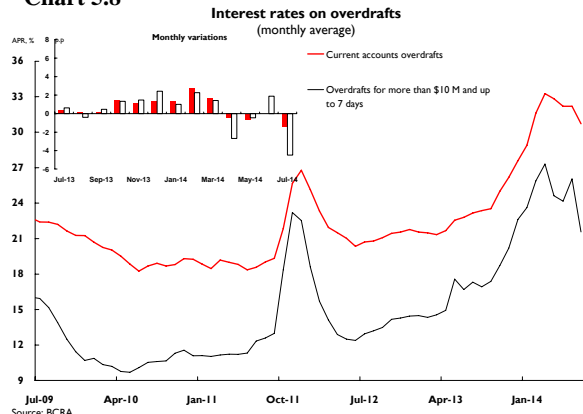


Chart 5.8



the secured market (REPO round) decreased 6.2 p.p., standing at 14.1% (see Chart 5.5).

The daily average amount traded in the call money market (including the REPO round between institutions and the call market) fell \$1.1 billion against the previous month, reaching \$6 billion (see Chart 5.6). Like in June, foreign institutions and non-banking financial institutions (NBFI) were net fund borrowers in the call market as opposed to national private institutions and, to a lesser extent, public institutions.

Borrowing rates¹

In July, interest rates paid by financial institutions on their time deposits continued with its falling trend, which started in mid-April.

Particularly, in the wholesale segment, BADLAR of private banks — interest rate on time deposits of \$1 million and more and for 30-35 days — averaged 22%, dropping 1 p.p. in the month. As a result, BADLAR fell 4.3 p.p. since April.

Moreover, in the retail segment, the monthly average of the interest rate paid by private institutions on time deposits of up to \$100,000 and up to 35 days, stood at 19.3%, declining 0.8 p.p. against June, with a 2.2 p.p. decrease since April (see Chart 5.7).

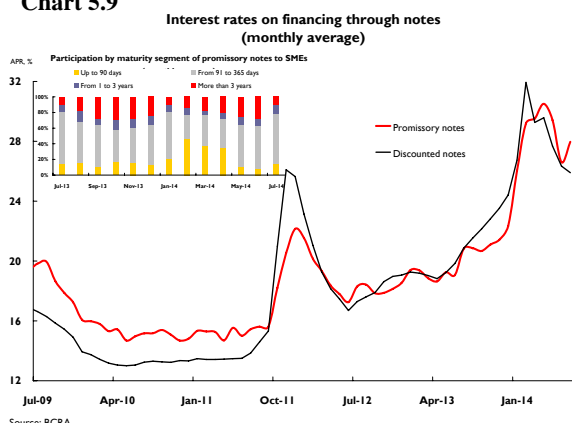
Lending rates^{1 7}

Regarding loans in pesos granted to the private sector, among commercial lines, the monthly average interest rate on current account overdrafts was 30.7%, decreasing 1.5 p.p. over the month. As for this credit line, the interest rate on overdrafts to companies, for over \$10 million and up to 7 days, averaged 21.6%, falling 4.5 p.p., despite the temporary rise recorded in the second fortnight of June, in response to specific liquidity requirements (see Chart 5.8).

As regards financing through promissory notes, interest rates exhibited a mixed performance. The monthly average of interest rates on discounted documents stood at 25.9%, dropping 0.4 p.p. against June and 6 p.p. below the maximum level recorded year to date, which occurred in February. It is worth mentioning that in July, financial institutions may still allocate up to 10% of the quota for the LCIP to discounting deferred payment

⁷ 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.

Chart 5.9

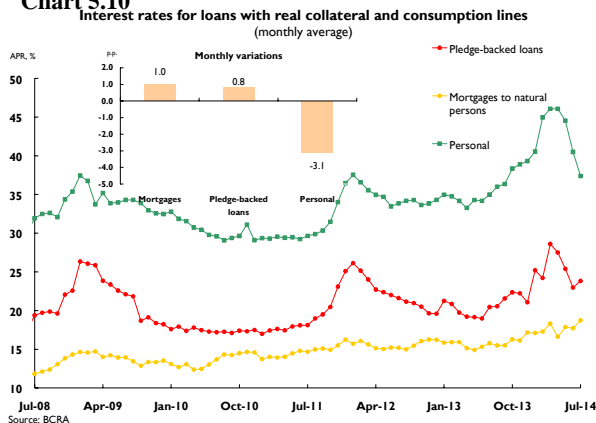


checks of micro, small and medium-sized enterprises (MiPyMEs) (at an interest rate not exceeding 19.5%).

In turn, the monthly average of interest rates on unsecured promissory notes stood at 28%, increasing 1.4 p.p. against June. Part of this rise was linked to a declining share of loans arranged through promissory notes within the framework of the LCIP. This was exhibited in a fall in the share of lending exceeding 3 years in July, as it was the case in July 2013 and last January (see Chart 5.9).

Considering interest rates on longer-term lines, those applied to collateralized loans increased. As regards pledge-backed loans, the interest rate averaged 23.9%, hiking 0.8 p.p. against June, when the lowest rate over the year had been recorded. As regards mortgage-backed loans for individuals, the monthly average of the interest rate increased 1 p.p. standing at 18.7%. In contrast, the interest rate on personal loans averaged 37.4%, declining 3.1 p.p. over the month (see Chart 5.10). In this sense, it is worth mentioning that in July the maximum interest rates effective⁸ for personal loans stood at 38.9% and 48.2% for Group I and Group II institutions⁹, respectively.

Chart 5.10

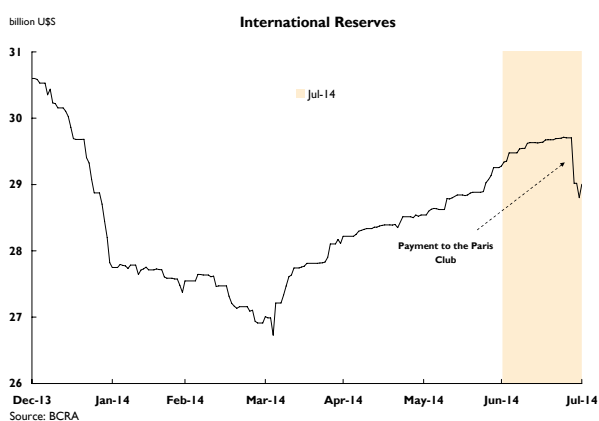


6. International reserves and foreign Exchange market¹

International reserves totaled US\$29 billion by the end of July (see Chart 6.1). Even though this balance exhibited a monthly drop, it only fell US\$275 million against the previous month. The purchase of foreign currency by the Central Bank virtually offset payments in foreign currency, particularly public sector's debt servicing. Among them, the payment to the Paris Club for US\$647 million should be highlighted.

In the foreign exchange market, the US dollar exchange rate remained relatively stable as happened in the previous months. On average, it was only 0.4% above June's exchange rate (8.16 \$/US\$, see Chart 6.2). In turn, the real and euro average exchange rates were 3.7 \$/real and 11 \$/euro, respectively; in both cases, with limited changes against June. In turn, there was a slight decrease in the exchange rates expected for the coming months in the futures market (ROFEX), while the volume traded decreased 10.9% on average. The daily average amount traded stood at \$1.7 billion.

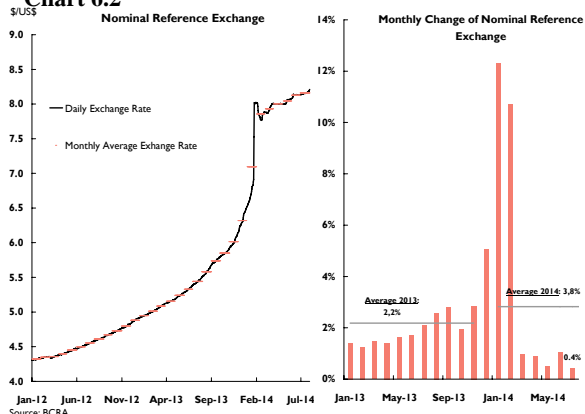
Chart 6.1



⁸ Communication "A" 5590 became effective in June. Such communication set, based on LEBACs' yields, maximum interest rates particularly for personal loans and car loans for natural persons, which are monthly published by the Central Bank.

⁹ Group of institutions defined in Communication "A" 5590.

Chart 6.2



7. Collective investment vehicles

Mutual funds

After the seasonal drop recorded in June, equity of mutual funds in pesos and in foreign currency grew \$8.8 billion in July, standing at \$98.9 billion (see Chart 7.1).

This monthly increase was mainly posted in the segment in pesos and geared by a hike in the subscription of unit shares in fixed income funds, raising their equity by \$5.4 million (12.8%) and money market funds which also raised their equity by \$2.8 billion (12.1%; see Chart 7.2). In turn, funds investing most of their portfolio in mixed income assets increased \$630 million (3.6%) and variable income funds recorded a rise of \$190 million (5.5%). Like in June, the rise in mixed income funds was driven by the increase in the number of unit shares, while variable income funds expanded as a result of greater profitability.

Variable income funds continued recording the best performance in terms of profitability with a 4.9% monthly return, followed by fixed income funds, which registered a 1.4% monthly return, and money market funds with a 1.3% return. In turn, mixed income funds amounted to a 1.1% monthly return (see Chart 7.3).

Finally, the equity of mutual funds in foreign currency decreased US\$37 million, standing at US\$280 million. This drop was driven by fixed income funds (US\$19 million) and mixed income funds (US\$18 million).

Financial trusts¹⁰

Financial trust (FT) issues totaled around \$1.5 million in July, down 22% against June. Regarding the number of transactions, 14 were conducted in July, while in the previous months they ranged from 17 to 18 (see Chart 7.4).

As for trustors, retail businesses securitized consumption-related assets for around \$550 million (37% of the total), which increased almost 70% against June's moderate figures. In turn, "mutual associations, cooperatives, non-bank issuers of credit cards and other financial service companies" issued around \$450 million (30% of the total), an amount slightly down vis-à-vis the previous month. In addition to personal loans and credit card coupons, such trustors securitized deferred payment checks. In this case as well as in the retail business, the amount issued in June was similar to the average of the

Chart 7.1 Mutual funds' in pesos

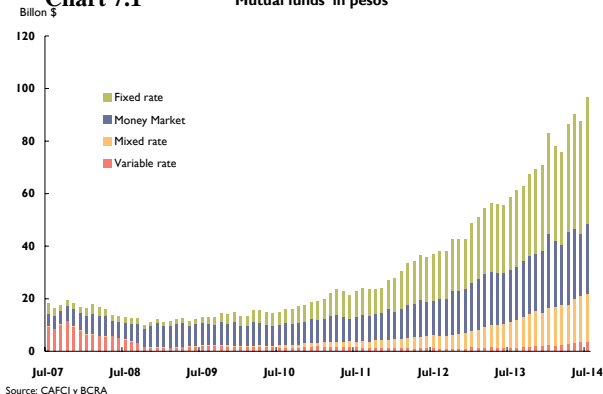


Chart 7.2 Mutual funds' in pesos (monthly change)

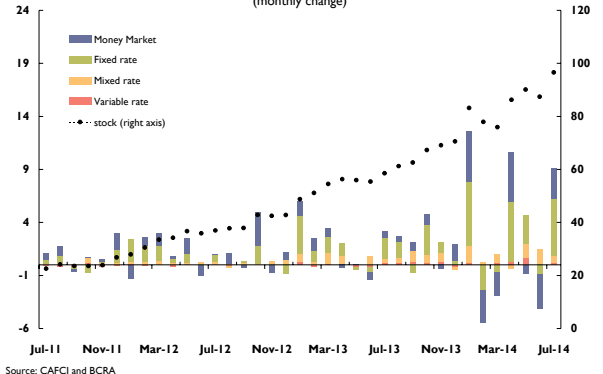
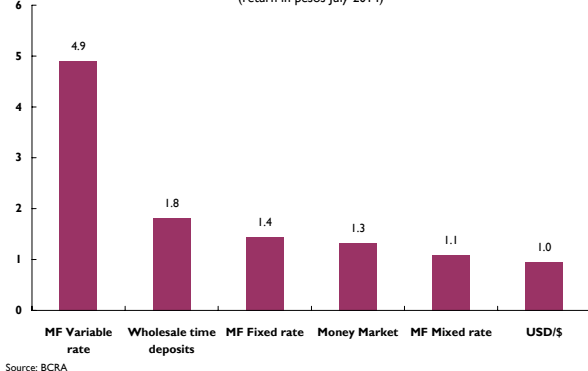
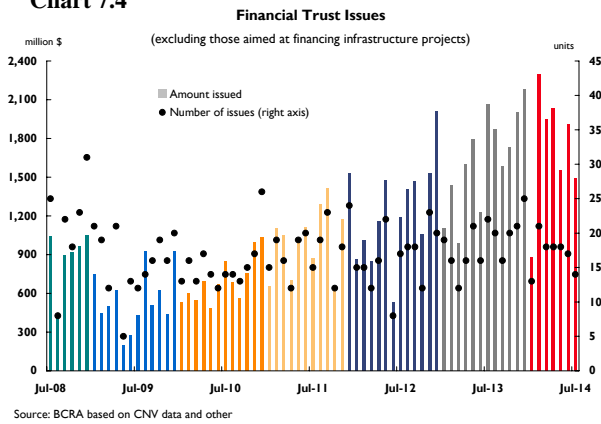


Chart 7.3 Estimate Yield for Argentina Assets (return in pesos July-2014)



¹⁰ Only publicly-traded financial trusts are considered.

Chart 7.4



first half of the year (see Chart 7.5). In turn, financial institutions issued over \$420 million, down 22% against June. The rest corresponded to companies from the farming sector which securitized commercial loans and to a manufacturer of agricultural machinery which securitized pledge-backed loans.

Lastly, cut-off interest rates (weighted average by amount), on senior bonds in pesos, with a duration below 14 months and agreed upon at a variable rate, increased 1.1 p.p., standing at 25.8%. In turn, there were no issues at fixed rate.

8. Major policy measures taken by other Central Banks

Other central banks implemented a large number of measures over July, continuing with the dynamism recorded in June. Among the changes observed, the stance of the policies followed proved to be highly heterogeneous, with many monetary authorities that kept applying or even strengthened several policy measures they took before. On the one hand, the Federal Reserve (FED) continued reducing the monetary stimulus level. Moreover, while several countries did not take measures and chose to wait for the impact of those measures implemented by FED, others modified their benchmark interest rates or minimum cash requirement ratios. In the latter cases (those which implemented measures) prioritized the local macroeconomic scenario, which in some cases was affected by the volatility of their respective exchange rates and its resulting impact on the inflation and the economic activity. These countries include Chile, Peru, Colombia, Uruguay, Russia, South Africa, Turkey, Sweden, Israel and New Zealand.

Chart 7.5

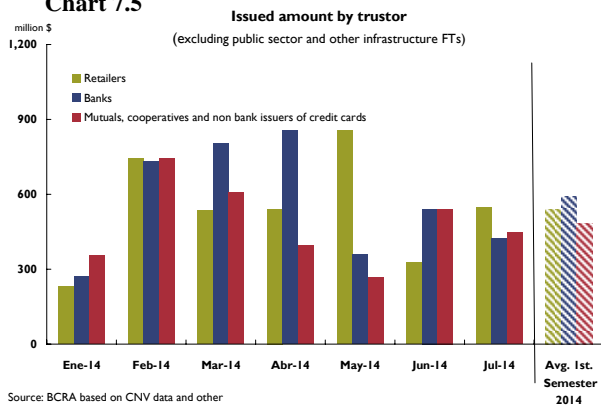
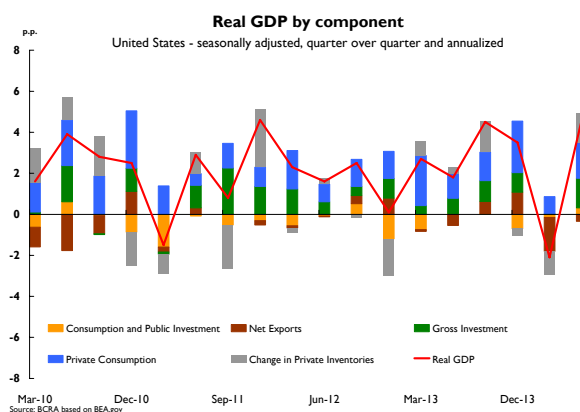
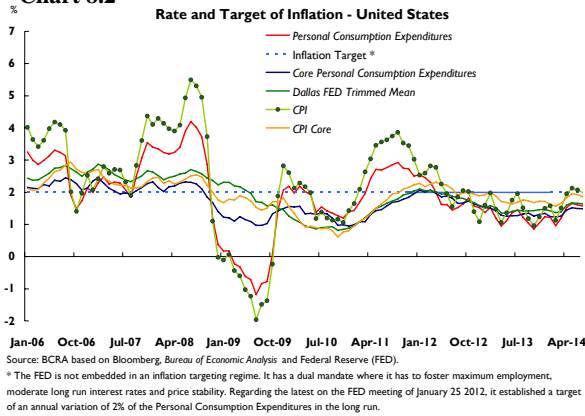


Chart 8.1



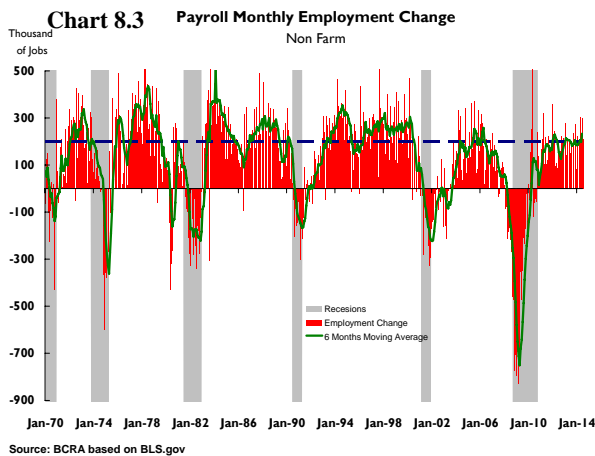
The FED's Federal Open Market Committee (FOMC) made the decision to continue its tapering process from US\$35 billion to US\$25 billion per month. Thus, the program would come to an end in October, as expected. Besides, it kept the target for its benchmark interest rate, the Federal Funds interest rate, within the 0-0.25% range. The FED took this decisions in the context of an economy whose GDP had grown 4% over the second quarter, even above market expectations (3%), after the 2.1% fall posted in the first period (quarter against quarter, seasonally adjusted, and annualized, see Chart 8.1). At the same time, the main price indexes did not show significant changes against the previous month, reaching gradually the 2% target (see Chart 8.2). Therefore, the FED asserted in a press release that the potential risk for inflation to remain persistently below the target has decreased. However, labor market data published proved to be less encouraging. Among them,

Chart 8.2



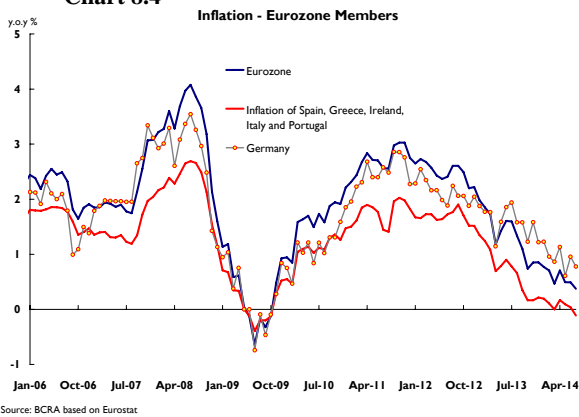
209,000 jobs related to non-agricultural employment were created over July, below 230,000 jobs expected by the market (see Chart 8.3). The FED in its press release stopped mentioning the existence of a high level of unemployment —currently standing at 6.2%, the second lowest value since October 2008— and only made reference to a high level of idle capacity in the labor market.

Chart 8.3



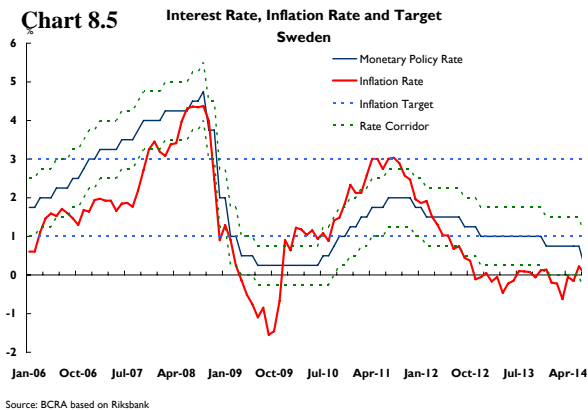
In turn, England, Japan and Eurozone’s monetary authorities kept their monetary policy unchanged. In this latter case, this decision was taken despite the Eurozone’s preliminary inflation indicator for July, which recorded the lowest figure in the last 4 years (see Chart 8.4).

Chart 8.4



On the other hand, the Central Bank of Israel decided to reduce its monetary policy benchmark interest rate by 0.25 p.p. to 0.5%, reaching its lowest historical record. Regarding Sweden monetary authority, the Riksbank, cut its monetary policy interest rate (Repo Rate) by 0.5 p.p. to 0.25%, being the first reduction since December 2013. Moreover, the Deposit Rate —the lower limit of the interest rate corridor— and the Lending Rate —the upper limit— decreased -0.5% and 1%, respectively (see Chart 8.5). This measure led to immediate Swedish krona depreciation. Lastly, within advanced nations, the Reserve Bank of New Zealand (RBNZ) increased again its monetary policy interest rate (Overnight Cash Rate - OCR-) 0.25 p.p. to 3.5%.

Chart 8.5



As regards emerging countries, Brazil, Chile, Peru and Turkey’s monetary authorities took expansionary measures, while those from Colombia and Uruguay moved in the direction of contractionary decisions. As regards Brazil, in the meeting held on July 16, the Monetary Policy Committee of the BCB decided — by unanimous vote — to keep the target for the Selic rate at 11% (decision expected by the market, see Chart 8.6). However, some days afterwards it reduced the minimum reserve requirements, which would imply a release of funds to the tune of R\$30 billion.

9. Monetary and financial indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in	
	Jul-14	Jun-14	Dec-13	Jul-13	Monthly	Last 12 months
Monetary base	383,944	366,004	361,580	323,597	4.9%	18.6%
Currency in circulation	295,134	277,800	277,095	249,827	6.2%	18.1%
Held by public	266,741	249,621	247,158	226,678	6.9%	17.7%
Held by financial entities	28,393	28,178	29,935	23,147	0.8%	22.7%
Settlement check	0	1	2	0	-	-
BCRA current account	88,810	88,205	84,484	73,770	0.7%	20.4%
Repos stock						
Reverse repos	11,918	11,123	6,351	9,644	7.1%	23.6%
Repos	0	0	0	0	0.0%	0.0%
BCRA securities stock (in face value)	203,599	197,196	111,491	106,037	3.2%	92.0%
In banks	171,334	169,391	98,364	91,566	1.1%	87.1%
LEBAC						
In pesos	186,305	175,616	107,309	99,752	6.1%	86.8%
In Dollars	891	940	0	0	-	-
NOBAC	10,108	14,000	4,183	6,285	-27.8%	60.8%
International reserves excluded 2009 SDRs allocations	29,519	28,863	30,612	37,310	2.3%	-20.9%
Private and public sector deposits in pesos ⁽¹⁾	736,886	727,623	667,632	594,865	1.3%	23.9%
Current account ⁽²⁾	210,257	215,127	190,954	159,904	-2.3%	31.5%
Savings account	163,014	147,249	140,307	125,024	10.7%	30.4%
Not CER-adjustable time deposits	334,320	336,471	309,655	287,280	-0.6%	16.4%
CER-adjustable time deposits	7	7	6	6	0.0%	16.0%
Other deposits ⁽³⁾	29,288	28,769	26,710	22,650	1.8%	29.3%
<u>Private sector deposits</u>	<u>561,652</u>	<u>546,185</u>	<u>484,439</u>	<u>433,094</u>	<u>2.8%</u>	<u>29.7%</u>
<u>Public sector deposits</u>	<u>175,233</u>	<u>181,438</u>	<u>183,193</u>	<u>161,771</u>	<u>-3.4%</u>	<u>8.3%</u>
Private and public sector deposits in dollars ⁽¹⁾	8,579	8,614	8,263	8,302	-0.4%	3.3%
Loans to private and public sector in pesos ⁽¹⁾	530,763	524,614	498,212	435,034	1.2%	22.0%
<u>Loans to private sector</u>	<u>487,896</u>	<u>483,044</u>	<u>457,095</u>	<u>397,598</u>	<u>1.0%</u>	<u>22.7%</u>
Overdrafts	69,530	65,399	56,649	55,162	6.3%	26.0%
Promissory bills	111,211	108,511	111,440	91,981	2.5%	20.9%
Mortgages	46,024	45,482	43,075	39,466	1.2%	16.6%
Pledge-backed loans	31,739	31,910	31,304	27,240	-0.5%	16.5%
Personal loans	104,122	103,860	98,468	86,682	0.3%	20.1%
Credit cards	87,740	91,276	80,716	64,381	-3.9%	36.3%
Other loans	37,532	36,606	35,442	32,685	2.5%	14.8%
<u>Loans to public sector</u>	<u>42,867</u>	<u>41,570</u>	<u>41,117</u>	<u>37,436</u>	<u>3.1%</u>	<u>14.5%</u>
Loans to private and public sector in dollars ⁽¹⁾	4,221	4,166	3,694	4,726	1.3%	-10.7%
Total monetary aggregates ⁽¹⁾						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	476,998	464,749	438,115	386,584	2.6%	23.4%
M2 (M1 + savings account in pesos)	640,012	611,997	578,422	511,608	4.6%	25.1%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	1,003,627	977,244	914,793	821,545	2.7%	22.2%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	1,076,151	1,049,519	968,730	866,728	2.5%	24.2%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	399,420	383,137	367,407	334,557	4.3%	19.4%
M2 (M1 + private savings account in pesos)	547,284	514,413	493,877	448,907	6.4%	21.9%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	828,394	795,806	731,599	659,774	4.1%	25.6%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	888,242	855,742	775,729	697,341	3.8%	27.4%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2014		Last 12 months	
	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾
Monetary base	17,940	4.9%	29,774	8.4%	22,365	6.2%	60,347	18.6%
Financial sector	-850	-0.2%	6,566	1.9%	-5,363	-1.5%	-1,506	-0.5%
Public sector	14,036	3.8%	21,337	6.0%	45,882	12.7%	114,031	35.2%
Private external sector	7,882	2.2%	27,289	7.7%	39,377	10.9%	2,040	0.6%
BCRA securities	-2,237	-0.6%	-23,285	-6.6%	-60,715	-16.8%	-58,731	-18.1%
Others	-892	-0.2%	-2,132	-0.6%	3,183	0.9%	4,513	1.4%
International reserves excluded 2009 SDRs allocations	656	2.3%	1,839	6.6%	-1,093	-3.6%	-7,791	-20.9%
Foreign exchange market intervention	969	3.4%	3,386	12.2%	4,706	15.4%	-1,629	-4.4%
International financial institutions	75	0.3%	15	0.1%	-278	-0.9%	243	0.7%
Other public sector operations	-209	-0.7%	-408	-1.5%	-1,908	-6.2%	4,582	12.3%
Dollar liquidity requirements	-149	-0.5%	-1,216	-4.4%	-3,215	-10.5%	-2,572	-6.9%
Others (incl. change in US\$ market value of nondollar assets)	-30	-0.1%	63	0.2%	-411	-1.3%	-8,429	-22.6%

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 SISCEN Informative Regime.

Minimum Cash Requirement and Compliance

	May-14	Apr-14	Mar-14
	(1)		
Domestic Currency	% of total deposits in pesos		
Requirement	11.6	11.7	11.7
Compliance	12.0	12.0	11.9
Position ⁽²⁾	0.3	0.3	0.2
<i>Residual time structure of term deposits used for the calculation of the requirement ⁽³⁾</i>	%		
Up to 29 days	68.7	68.9	69.3
30 to 59 days	19.5	20.7	20.4
60 to 89 days	6.4	5.5	5.5
90 to 179 days	4.0	3.5	3.3
more than 180 days	1.4	1.4	1.5
Foreign Currency	% of total deposits in foreign currency		
Requirement	48.5	49.4	37.7
Compliance (includes default application resource)	82.6	94.2	95.6
Position ⁽²⁾	34.1	44.9	57.9
<i>Residual time structure of term deposits used for the calculation of the requirement ⁽³⁾</i>	%		
Up to 29 days	48.2	49.8	49.6
30 to 59 days	23.2	21.7	23.9
60 to 89 days	11.2	12.2	10.5
90 to 179 days	12.8	12.2	12.9
180 to 365 days	4.3	3.9	2.8
more than 365 days	0.3	0.2	0.3

⁽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

Borrowing Interest Rates	Jul-14	Jun-14	May-14	Dec-13	Jul-13
Interbank Loans (overnight)					
Interest rate	15.61	22.50	17.12	19.67	13.64
Traded volume (million pesos)	2,084	2,845	2,810	2,144	2,183
Time Deposits					
<u>In pesos</u>					
30-44 days	20.17	20.92	21.29	17.67	14.97
60 days or more	22.00	23.42	24.46	19.00	15.48
Total BADLAR (more than \$1 million, 30-35 days)	19.29	20.25	20.18	17.45	15.16
Private Banks BADLAR (more than \$1 million, 30-35 days)	21.98	23.02	24.66	20.18	17.24
<u>In dollars</u>					
30-44 days	0.91	0.93	0.97	0.34	0.49
60 days or more	1.40	1.67	1.64	0.65	0.85
Total BADLAR (more than \$1 million, 30-35 days)	0.87	0.88	0.81	0.39	0.55
Private Banks BADLAR (more than \$1 million, 30-35 days)	1.23	1.02	0.99	0.33	0.65
Lending Interest Rates	Jul-14	Jun-14	May-14	Dec-13	Jul-13
Stock Repos					
Gross interest rates 30 days	21.14	23.33	23.74	21.64	18.17
Traded volume (all maturities, million pesos)	279	299	274	316	277
Loans in Pesos ⁽¹⁾					
Overdrafts	30.72	32.21	32.21	27.59	23.17
Promissory Notes	27.97	26.63	29.43	22.38	20.84
Mortgages	22.61	21.06	17.44	16.56	15.87
Pledge-backed Loans	23.86	23.05	25.43	21.07	20.45
Personal Loans	37.38	40.51	44.58	39.34	34.99
Credit Cards	s/d	41.66	40.02	37.16	34.04
Overdrafts - 1 to 7 days - more than \$10 million	21.57	26.05	24.17	22.62	17.32
International Interest Rates	Jul-14	Jun-14	May-14	Dec-13	Jul-13
LIBOR					
1 month	0.15	0.15	0.15	0.17	0.19
6 months	0.33	0.32	0.32	0.35	0.40
US Treasury Bonds					
2 years	0.49	0.44	0.37	0.33	0.33
10 years	2.53	2.59	2.55	2.88	2.55
FED Funds Rate	0.25	0.25	0.25	0.25	0.25
SELIC (1 year)	11.00	11.00	11.00	10.00	8.36

(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	Jul-14	Jun-14	May-14	Dec-13	Jul-13
BCRA Repo Interest Rates					
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
Total Repo Interest Rates					
Overnight	11.95	13.89	12.16	15.81	10.97
7 days	12.79	13.73	12.47	13.12	10.20
Repo traded volumen (daily average)	11,298	10,271	12,691	3,981	7,875
Peso LEBAC Interest Rate¹					
1 month	s/o	s/o	s/o	s/o	s/o
2 months	s/o	s/o	s/o	s/o	14.94
3 months	26.80	26.83	26.80	15.52	15.42
9 months	s/o	27.90	s/o	s/o	s/o
12 months	28.25	28.26	28.26	17.80	17.94
Peso NOBAC with variable coupon Spread¹					
200 days BADLAR Private Banks	s/o	s/o	0.90	s/o	s/o
Dollars LEBAC Interest Rate¹					
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)	2388	1862	2239	673	1078
Foreign Exchange Market	Jul-12	Aug-12	Aug-12	Oct-12	Nov-12
Dollar Spot					
Exchange agencies	8.16	8.12	8.04	6.32	5.44
BCRA Reference	8.16	8.13	8.05	6.33	5.44
Future dollar					
NDF 1 month	8.39	8.35	8.20	6.74	5.61
ROFEX 1 month	8.34	8.31	8.20	6.56	5.55
Traded volume (all maturities, million pesos)	1,768	1,992	2,621	1,618	892
Real (Pesos/Real)	3.67	3.63	3.62	2.69	2.42
Euro (Pesos/Euro)	11.04	11.05	11.04	8.67	7.13
Capital Market	Jul-14	Jun-14	May-14	Dec-13	Jul-13
MERVAL					
Index	8,359	7,839	7,166	5,330	3,283
Traded volume (million pesos)	172	193	141	109	53
Government Bonds (parity)					
BODEN 2015 (US\$)	117.66	122.82	125.35	132.63	134.52
DISCOUNT (US\$ - NY legislation)	108.00	104.96	105.13	106.64	91.05
BODEN 2014 (\$)	98.05	98.45	98.32	93.47	93.09
DISCOUNT (\$)	73.50	76.61	78.53	63.95	45.44
Country risk					
Spread BODEN 2015 vs. US Treasury Bond	1,048	1,080	921	826	1,273
EMBI+ Latin America (without Argentina)	327	344	361	412	379

¹ 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