

Monthly Monetary Report

November 2013



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Contents

1. Summary | Page 3

2. Monetary aggregates | Page 4

3. Bank liquidity | Page 5

4. Loans | Page 5

5. Interest rates | Page 7

Central Bank securities | Page 7

Central Bank repo transactions | Page 7

Call money market | Page 8

Borrowing rates | Page 8

Lending rates | Page 8

6. International reserves and foreign exchange market | Page 9

7. Major policy measures taken by other Central Banks | Page 9

8. Capital markets | Page 11

Equity | Page 11

Sovereign bonds | Page 12

Corporate bonds | Page 12

Mutual funds | Page 13

Financial trusts | Page 14

9. Monetary and financial indicators | Page 16

10. Glossary | Page 20

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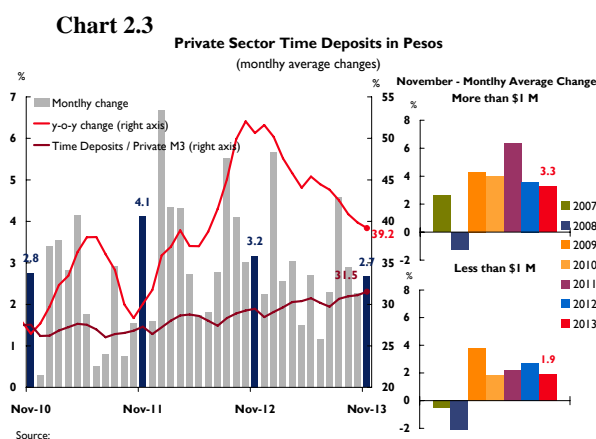
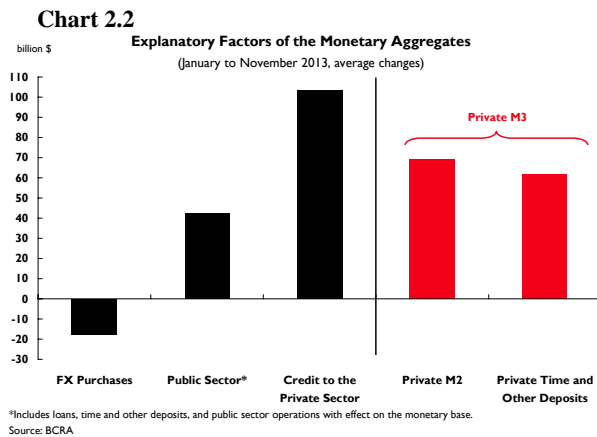
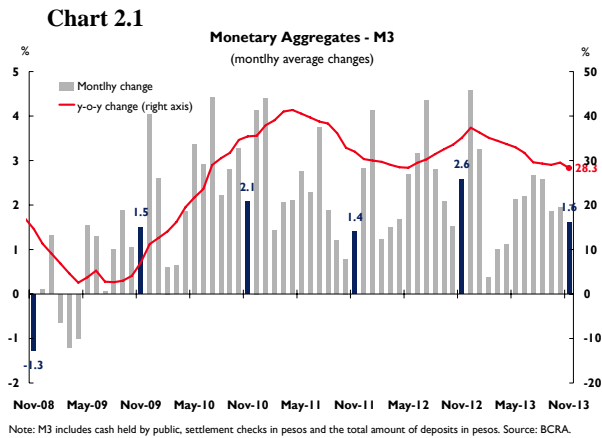
The closing date for statistics in this report was September 11, 2013. All figures are provisional and subject to review.

1. Summary¹

- In November, the broadest monetary aggregate in pesos (M3) exhibited a 1.6% monthly increase and accumulates a 28.3% growth in the last 12 months. In turn, the broadest private monetary aggregate in pesos (private M3) posted a 1.3% increase in monthly terms and a 30.1% year-on-year (y.o.y.) growth. Time deposits in pesos from the private sector continued standing out among the components of the private M3. During the month, they grew 2.7%, with increases in both deposits under \$1 million (1.9%) and deposits of the wholesale segment (3.3%). In year-on-year terms, the expansion of time deposits stood at 39.2%, keeping a historically high level. As a result, these deposits continued gaining share within private M3, accounting for 31.5% of the total, up 4.2 p.p. against the share they had two years ago.
- Benefited by the public policies devoted to foster financing for productive purposes, in the first eleven months of 2013, loans in pesos to the private sector were the main factor behind the growth of private M3. In November, loans in pesos to the private sector rose 2.6% (\$11.33 billion), in line with October's growth. Consequently, the y.o.y. change rate continued standing at high levels, around 36%.
- Regarding the "Credit Line for Productive Investment (LCIP)", preliminary data reveal that from its implementation in mid-2012 to October this year, a total of \$45 billion in loans was awarded, out of which 58% were given to micro, small and medium size companies (MiPyMEs). In addition, upon the fulfillment of the third stage, loans for productive purposes will have reached around \$55 billion, out of which \$30 billion were provided to companies of a smaller relative size.
- The positive results of this lending policy devoted to the productive sector that focuses on the provision of funds to MiPyMEs led to an increasing share of these companies in the lending to legal persons. In fact, during the second half of 2013, MiPyMEs received around 40% of the new loans granted to companies while, in 2012, before the implementation of LCIP, this segment had a 27% share in the total loans awarded.
- The broad liquidity ratio of financial entities (measured as the sum of current accounts of financial institutions, cash in pesos, net repos with the Central Bank and LEBAC and NOBAC holdings, with respect to total deposits in pesos) stood at levels similar to those of October, reaching 31.9%.
- With reference to short-term borrowing rates, in the wholesale sector, private banks' BADLAR rate –interest rate on deposits of \$1 million and more and for over 30-35 days– averaged 19.1% while, in the retail sector, the weighted average of the interest rate paid for time deposits in pesos from the private sector up to \$100,000 stood at 15.5%. On the other hand, among the lending rates, those related to overdrafts granted to companies for over 10 million and up to 7 days averaged 20.2%.

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

2. Monetary aggregates¹



In November, the broadest monetary aggregate in pesos exhibited a 1.6% monthly expansion (see Chart 2.1), accumulating 28.3% growth in the last 12 months (down 1.2 p.p. against October). In turn, the broadest private monetary aggregate in pesos (private M3²) posted a 1.3% increase in monthly terms and showed a y.o.y. change rate of 30.1%. This monthly increase was mainly driven by the loans to the private sector and the public sector transactions. Along the first eleven months of the year, lending in pesos to the private sector stands out as the main driving force of private M3 growth, fostered by the public policies intended to promote financing for productive purposes (see Chart 2.2).

Among private M3 components in pesos, means of payment (private M2) went up 0.6% in November, mainly due to the increase of deposits in current account. Meanwhile, time deposits grew 2.7%, and increases were evident in both deposits under \$1 million (up 1.9%) and deposits of the wholesale segment (up 3.3%). In year-on-year terms, the expansion of time deposits stood at 39.2%, keeping a historically high level. As a result, these deposits continued gaining share within private M3, accounting for 31.5% of the total, up 4.2 p.p. against the share they had two years ago (see Chart 2.3).

On the other hand, deposits in pesos from the public sector went up 2.9% in November, with an increase in time deposits which was partially offset by a decrease in sight deposits.

The monthly average stock of deposits in foreign currency exhibited a slight reduction, with drops in the deposits from the private sector which were partially offset by the increase of public sector's deposits.

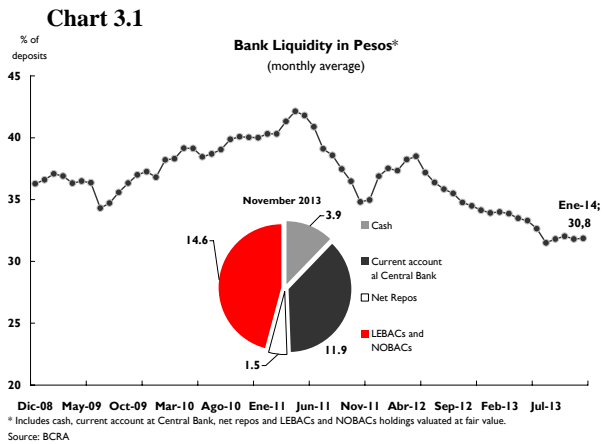
Lastly, the broadest monetary aggregate, M3*³, went up 1.6%, and accumulates a 27.3% y.o.y. change rate.

As regards primary money creation, the average stock of the monetary base went up 1% in November, while its y.o.y. change rate went down 2 p.p. against October, standing at 24.4%

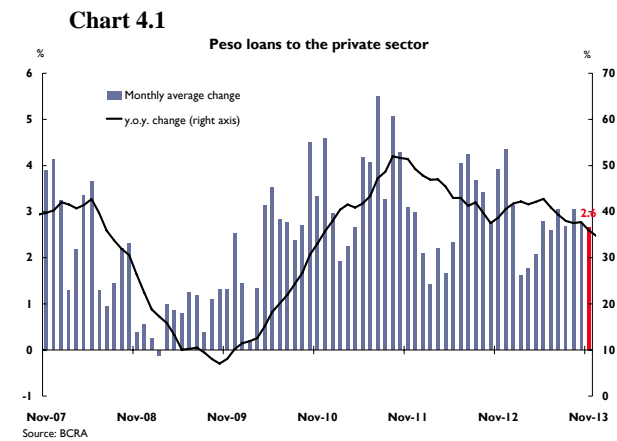
² It includes cash held by the public, settlement checks in pesos and deposits in pesos of the non-financial private sector.

³ It includes the cash held by the public, settlement checks, Certificate of Deposits for Investment (CEDIN), and total deposits in pesos and in foreign currency (stated in pesos).

3. Bank Liquidity¹

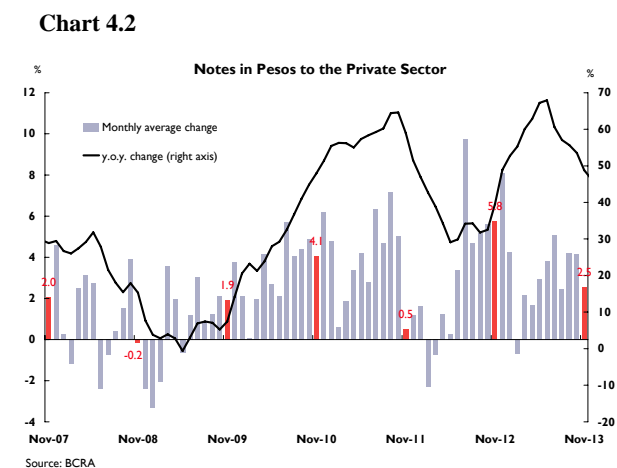


In November, the broad liquidity ratio of financial entities (measured as the sum of current accounts of institutions, cash in pesos, net repos with the Central Bank and LEBAC and NOBAC holdings with respect to total deposits in pesos) stood at levels similar to those of October, standing at 31.9% (see Chart 3.1). Nevertheless, there was a change in its composition resulting from a decrease in the share of LEBAC and NOBAC holdings in terms of deposits, which was partially offset by an increase in the share of repos with the Central Bank. In turn, banks reserves allowed financial institutions to end the month with compliance in excess of the requirement equivalent to around 0.2% of deposits.



As for the foreign currency segment, bank liquidity continued standing at high levels. In November, assets in dollars accounted for 121.8% of deposits in the same currency, up 3.2 p.p. against October.

4. Loans^{1 4 5}



In November, loans in pesos to the private sector rose 2.6% (\$11.33 billion), in line with October's growth. Consequently, the y.o.y. change rate continued standing at high levels of around 36% (see Chart 4.1). Among credit lines, the main factor behind this monthly growth was financing arranged through credit cards, with a 1.2 p.p. contribution to the increase in the month.

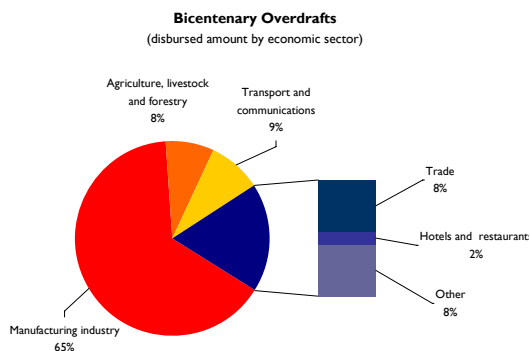
Within the credit lines devoted to financing commercial activities, promissory notes continued growing and recorded a 2.5% increase (\$2.58 billion) in November and a 50% expansion in y.o.y terms (see Chart 4.2). Besides, the stock of overdrafts went down 3% (\$1.8 billion) in the month, mainly due to current account overdrafts given to companies for over \$10 million and for the short-term (from 8 to 89 days). In turn, considering the last 12 months, the total amount of overdrafts accumulates a 24.8% rise. It is worth mentioning that the remaining commercial financings, grouped under "Other Loans", have recorded a 2.1% increase (\$705 million) during the period.

Within the framework of the policies developed by the BCRA to encourage financing for productive purposes,

⁴ Monthly changes of loans are adjusted for accounting movements, which are fundamentally due to transfers of loans in financial institutions' portfolios to financial trusts.

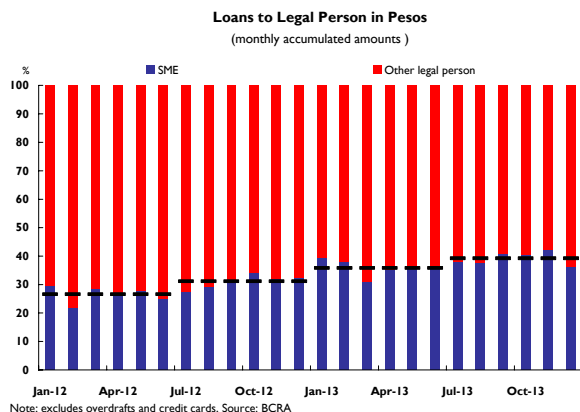
⁵ In this report, "amounts granted" or "new loans" refer to loans (new and renewed) arranged in a given period. In contrast, a change in stock consists of arranged loans minus amortizations and repayments for the period.

Chart 4.3



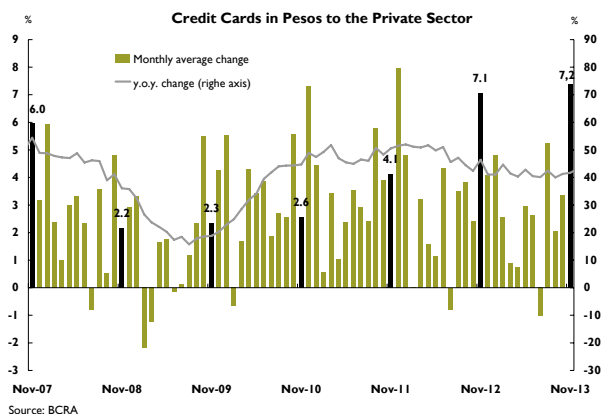
Source: BCRA

Chart 4.4



Note: excludes overdrafts and credit cards. Source: BCRA

Chart 4.5



Source: BCRA

part of the funds awarded through auctions of the Bicentennial Productive Financing Program (PFPB) continued to be paid out. Thus, total funds disbursed since the launching of the PFPB amount to \$5.78 billion, accounting for around 75% of the total amount awarded. The largest part of these resources was channeled to the manufacturing industry (see Chart 4.3). On the other hand, regarding the “Credit Line for Productive Investment (LCIP)”, preliminary data show that from its implementation up to October, a total of \$45 billion in loans was awarded, out of which 58% was provided to micro, small and medium size companies (MiPyMEs). In addition, upon the fulfillment of the third stage in December, loans for productive purposes will have reached around \$55 billion, out of which \$30 billion were provided to companies of a smaller relative size.

The positive results of this lending policy devoted to the productive sector that focuses on the provision of funds to MiPyMEs led to an increasing share of these companies in the lending to legal persons. In fact, during the second half of 2013, MiPyMEs received around 40% of the new loans granted to companies⁶ while, in 2012, before the implementation of LCIP, this segment had a 27% share in the total loans awarded (see Chart 4.4).

Within the credit lines devoted to financing household consumption, credit cards exhibited a great momentum. The increase recorded in the period reached 7.2% (\$5.17 billion), the highest of the last 12 months and similar to that of November 2012. As a result, the y.o.y. change rate continued standing above 40% (see Chart 4.5). In turn, personal loans went up 3.1% (\$2.92 billion) in November and their y.o.y. change rate remained almost unchanged at around 32%.

As regards collateralized loans, pledged-backed lending grew 3.5% (\$1.03 billion), exhibiting a level similar to that of October. As a result, its y.o.y. change rate stood at around 45%. In turn, mortgage-backed loans expanded 1.8% (\$730 million), the highest increase of the last three months, and accumulated a 26% rise in the last 12 months. It is worth mentioning that part of the demand for mortgage-backed loans is not reflected by the statistics of the banking institutions because it is channeled through the Bicentennial Credit for Housing Program (PRO.CRE.AR), created by Executive Order 902, dated June 2012⁷.

According to the latest information available corresponding to October, financing granted by financial enti-

⁶ It excludes overdrafts and financing with credit card.

⁷ PRO.CREAR loans are arranged through a public trust fund with contributions by the National Treasury (\$7.5 billion as of this date against the issue of Participation Certificates) and by ANSES (which has contributed \$8.5 billion so far).

Chart 5.1
Amount allocated of LEBAC in the Primary Market
(as percentage of total)

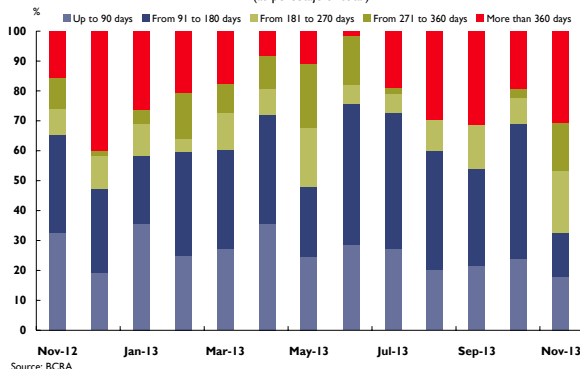


Chart 5.2
LEBAC interest rate in the Primary and Secondary Market
(end of month data)

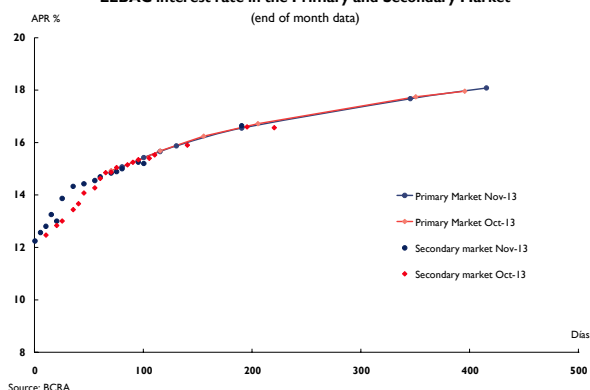
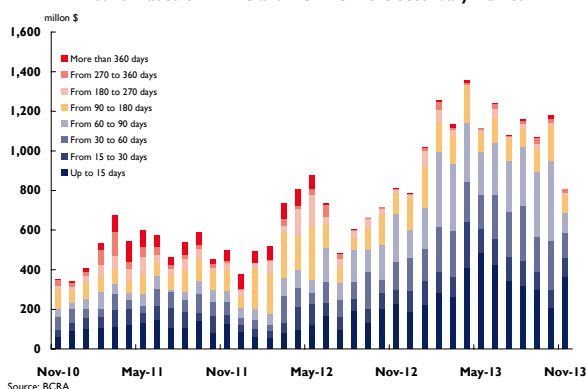


Chart 5.3
Amount Traded of LEBAC and NOBAC in the Secondary Market



ties under leasing⁸ contracts increased 3.2% (\$284 million), which exceeds the expansion recorded in September. Likewise, its year-on-year change rate continued accelerating and stood at 40.5%.

Lastly, as regards foreign currency, loans to the private sector went down 4.6% (US\$190 million), with the monthly average stock standing at around US\$4 billion.

5. Interest Rates⁹

Central Bank Securities¹⁰

The interest rates on issues in the primary market remained unchanged in November. Only fixed-rate securities were awarded and, unlike previous months, market issues focused on securities with terms over 180 days. In the last auction of the month, the interest rate on LEBACs for the shortest-terms, at 80 days and 100 days, with a predetermined cut-off rate, stood at 15.1% and 15.4%, respectively. Likewise, the interest rate on the instrument with the longest term – a maturity of 420 days – stood at 18.1% (see Chart 5.2).

In the secondary market, the interest rates on traded LEBAC instruments remained stable for the shortest terms, whereas they recorded slight increases for 25- and 45-day terms. The performance observed in the interest rates was accompanied by a context where the total average turnover traded went down against the previous month, standing at \$800 million per day (see Chart 5.3).

Throughout November, the outstanding stock of LEBACs and NOBACs contracted by \$2.11 billion and stood at \$114.89 billion. In terms of deposits, the stock went down slightly and stood at around 16.5%. The monthly decrease of the stock was mainly driven by a drop in holdings by private banks and, to a lesser extent, by Mutual Funds (FCIs). Nevertheless, this performance was partly offset by the behavior of public banks (see Chart 5.4).

Central Bank repo transactions¹

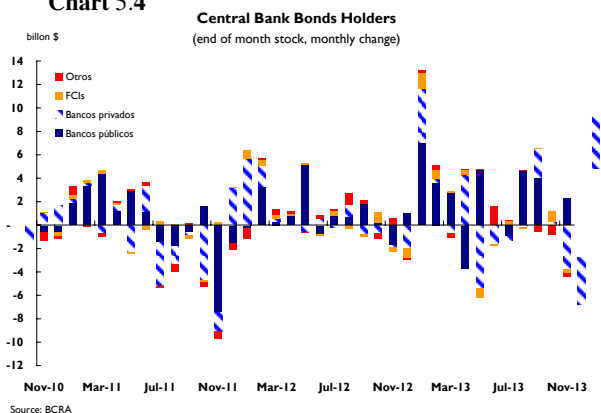
The Central Bank reverse repo interest rates stood at 9% overnight and at 9.5% at 7 days, while rates on repo loans stood at 11% overnight and at 11.5% at 7 days.

⁸ It includes the value of capital goods (personal and real property) leased to third parties, especially acquired by the institution on their behalf, under which the lessee periodically pays a price during the term agreed upon and holds the unilateral right of exercising the call option paying the residual value previously set forth.

⁹ Interest rates mentioned in this section are expressed as annual percentage rates (APR).

¹⁰ In this section, figures are end of the month data unless otherwise stated.

Chart 5.4

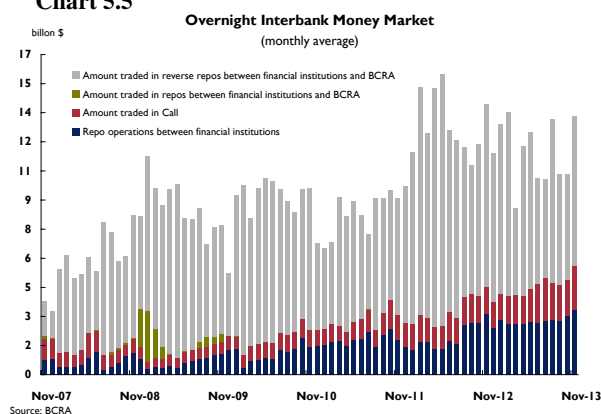


The average stock of the Central Bank reverse repos, considering all the transactions conducted by this institution, expanded 10.2% to \$13.85 billion in the month. This occurred within a context where no repo loans were recorded for the Central Bank.

Call Money markets¹

Due to the performance recorded during the first half of 2013, the interest rates in call money markets went up in November. Within this context, in the unsecured market (call), the average interest rate for overnight transactions climbed 3.1 p.p. to 15.1%. Likewise, the average interest rate on overnight transactions among financial institutions in the secured market (REPO round) increased 3.3 p.p. to 14.6%.

Chart 5.5

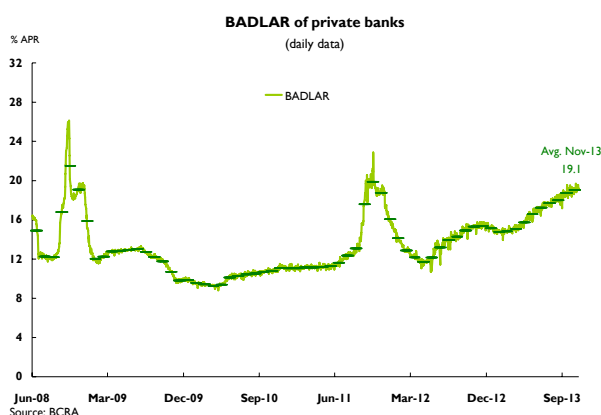


In line with the performance of interest rates, the daily average volume went up by \$590 million and stood at \$5.47 billion. The increase was mainly driven by call market transactions, which recorded an increase of \$330 million in the daily average amount and stood at \$2.18 billion. Likewise, in the REPO round, excluding the transactions conducted by the BCRA, the daily average volume went up by \$260 million and stood at \$3.29 billion. In turn, for the net position recorded in the call market, foreign institutions were once again the only net fund borrowers.

Borrowing rates¹

In November, the interest rate paid by financial institutions for time deposits in pesos of the private sector recorded slight increases. Especially, the monthly average interest rates paid for the transactions of the private sector up to \$100,000 stood at 15.5%, hiking almost 0.3 p.p. against October.

Chart 5.6



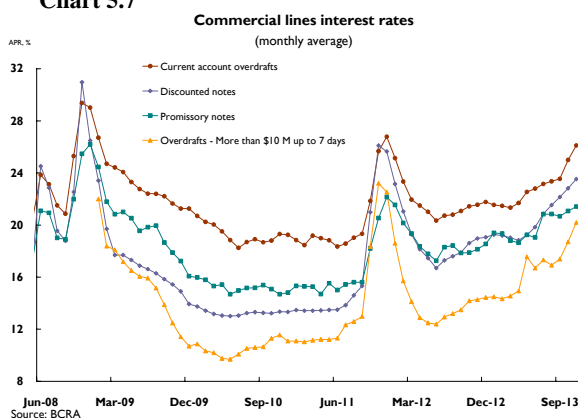
In turn, in the wholesale sector, BADLAR of private banks –interest rate on deposits of \$1 million and more and for 30-35 days– averaged 19.1%, recording a monthly increase of 0.3 p.p. against October (see Chart 5.6).

Lending rates^{1 11}

During the month under analysis, the interest rates applied on loans in pesos to the private sector exhibited a heterogeneous performance.

¹¹ 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.

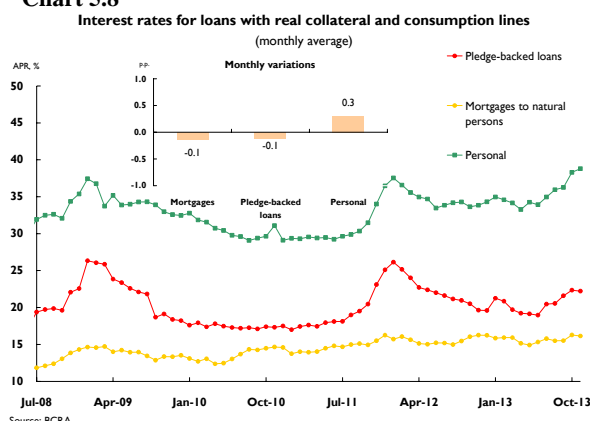
Chart 5.7



On the one hand, the interest rates applied on commercial lines grew during November. Particularly, the interest rate on current account overdrafts averaged 26.1%, rising 1.1 p.p. against October. Within this credit line, the interest rate on overdrafts to companies for over \$10 million and up to 7 days stood at 20.2%, increasing 1.7 p.p. against the previous month.

As regards financing arranged through promissory notes, the monthly average of interest rates on unsecured promissory notes stood at 21.4%, hiking 0.3 p.p. in the month. Likewise, the monthly average of the interest rate on discounted documents recorded a slight increase of 0.7 p.p. during November and stood at 23.5% (see Chart 5.7).

Chart 5.8



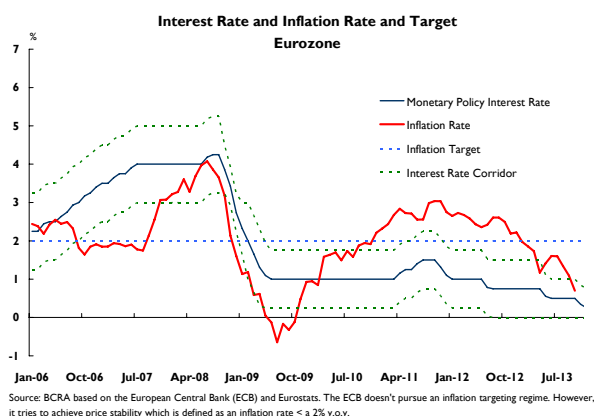
Among longer-term loans, the interest rates of loans with real collateral declined during the month. In the case of mortgages granted to natural persons, the interest rate averaged 16.1%, decreasing 0.1 p.p.; the same applies to the interest rate on pledge-backed loans, which averaged 22.3%. Meanwhile, the monthly average of the interest rate on personal loans stood at 38.6%, hiking 0.3 p.p. (see Chart 5.8).

6. International reserves and foreign exchange market

The balance of international reserves ended November at US\$30.8 billion, down 7.2% against the value recorded in October. This change was mainly driven by the net sales of foreign currency by the Central Bank in the Free and Single Foreign Exchange Market (MULC).

In terms of the average exchange rates per month, the peso depreciated against the US dollar (2.9%) and the euro (1.7). In turn, the peso appreciated against the Brazilian real (2.2%) after two months of depreciations above 5%.

Chart 7.1



7. Major policy measures taken by other Central Banks

If compared to the previous two months, November witnessed more news regarding the measures adopted by the central banks of both advanced and emerging countries, with a marked trend towards the adoption of expansionary measures.

Within advanced nations, on November 7th, the Governing Council of the European Central Bank (ECB) decided to reduce its benchmark interest rate –applicable to the Main Refinancing Operations (MRO)– by 0.25 p.p. to a historical minimum of 0.25%. In turn, it also

Chart 7.2

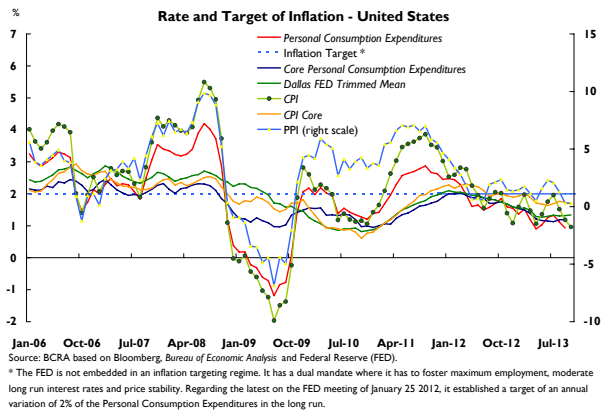


Chart 7.3

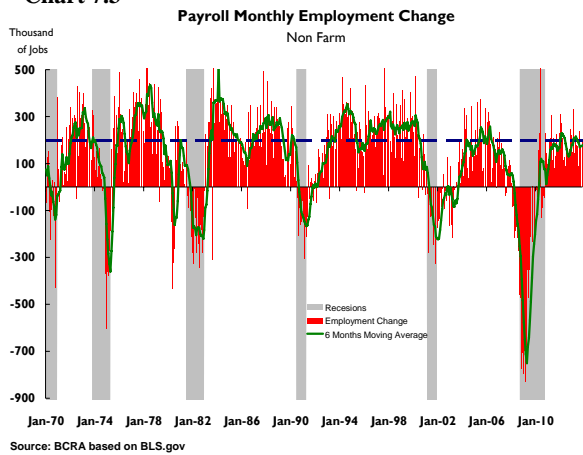
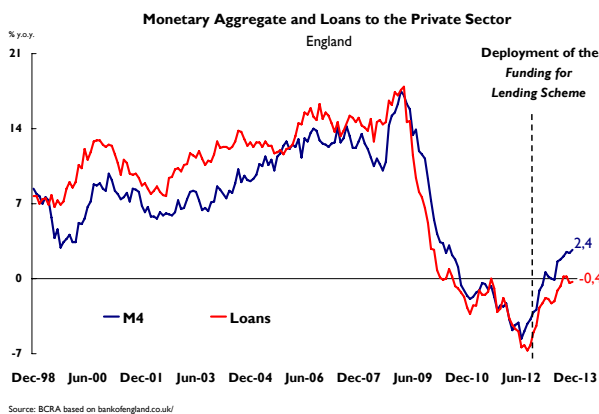


Chart 7.4



reduced the rates corridor width since it lowered the interest rate of the credit facility to 0.75% and kept the interest rate for deposit facility at 0% (see Chart 7.1). Additionally, the ECB opted for extending the conditions of full allotment¹² and fixed interest rates for its regular operations of liquidity provision as long as it is required and at least until mid-2015.

On the other hand, on November 20th, the minutes of the US Federal Reserve (FED)'s meeting held by the end of October were released, and they signaled that the monetary authority is assessing the reduction of the assets purchase pace (tapering). It has been emphasized once again that for the slowdown in the purchase pace to be effectively implemented, the employment rate must consolidate and inflation cannot keep on decreasing. In this sense, new price and employment indicators were released and the outlook is not clear yet. On the one hand, October's Consumer Price Index (CPI) recorded a y.o.y. increase of 0.9%, down 0.2 p.p. against September, accounting for the lowest value of the last 48 months (see Chart 7.2). In turn, in the US labor market, 204,000 jobs¹³ were created, a figure that turned out to be considerably above markets' expectations (125,000 jobs). Nevertheless, the six-month moving average for job creation is still below 200,000 jobs, a figure indicated by the FED itself as a concrete indicator that the labor market is coming back to normal (see Chart 7.3). This is why the market participants are now divided into two groups with divergent positions regarding the moment when the tapering will occur. According to a survey made by Bloomberg nearly 50% of the analysts believe the tapering will start in December while the rest thinks it will occur during the first quarter of 2014.

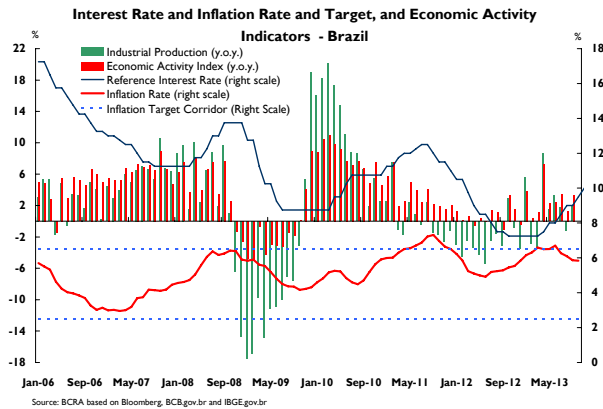
Besides, the Bank of England (BoE) has kept its benchmark interest rate –Bank Rate– unchanged at 0.5% and it did not change its Asset Purchase Facility either. On the contrary, it decided to modify its Funding for Lending Scheme (FLS)¹⁴ which, as from 2014, will only provide subsidized funding for the loans that the financial system grants to companies, with a special focus on SMEs, and will stop subsidizing loans for households. With this measure, the BoE would seek to avert the creation of a real estate bubble. So far, the FLS has contributed to reverse the fall in the stock of loans (see Chart 7.4).

¹² All the liquidity requested is granted.

¹³ Non-agricultural private sector.

¹⁴ The FLS is a BoE's program whereby it provides funds to the financial system at a subsidized interest rate so as to encourage banks to increase the amount of loans they grant to the non-financial private sector. For more information, visit bankofengland.co.uk.

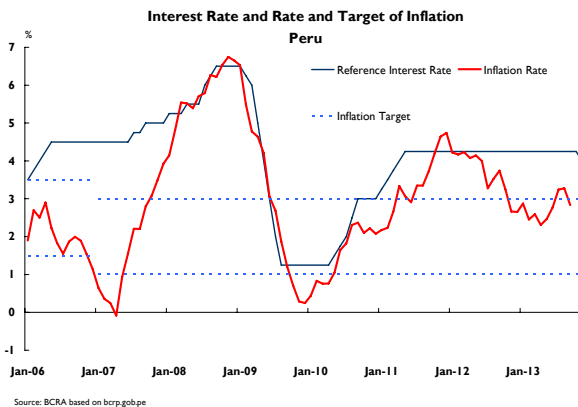
Chart 7.5



As regards emerging countries, the Monetary Policy Committee (COPOM) of the Central Bank of Brazil (BCB) decided to increase the target for the Selic rate from 9.5% to 10% (see Chart 7.5). The increase was in line with the expectations of private analysts. However, on the basis of a press release issued by COPOM, it is evident that the current expansion pace of the Selic rate target (0.5 p.p. at each meeting) might moderate within a context of reduced growth expectations.

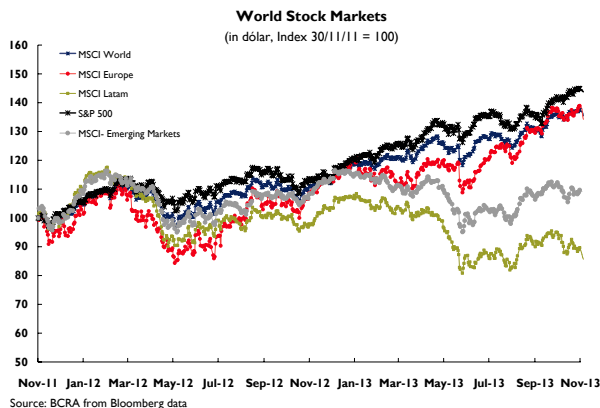
Moreover, the Central Bank of Chile (BCCh) decided to reduce the target of its benchmark interest rate by 0.25 p.p. to 4.5% for the second consecutive time after almost two years without changes. This decision was made within a context where the economy is showing signs of deceleration while the inflation rate remains below the target range. In effect, in September, the BCCh had revised downward its growth forecast for 2013 from 4-5% to 4-4.5%.

Chart 7.6



Besides, on November 7th, the Central Reserve Bank of Peru (BCRP) opted for reducing from 4.25% to 4% the target for the interbank market interest rate, marking its first reduction since May 2011 (see Chart 7.6). Likewise, it also decided to reduce by 0.25 p.p. the interest rates for lending and borrowing transactions in domestic currency between the BCRP and the financial system that are performed outside an auction¹⁵. This decision was adopted to boost the economic activity within a context where inflation is expected to continue moderating until it stands within the target (1-3%) during 2014. In turn, the monetary authority stated that the economy is growing at rates that are below its potential, within a context where recent indicators show a slower growth pace for the global economy. Nevertheless, it stated that the decision made on November 7th will not imply future reductions in the benchmark interest rate.

Chart 8.1



8. Capital Markets

Equity¹⁶

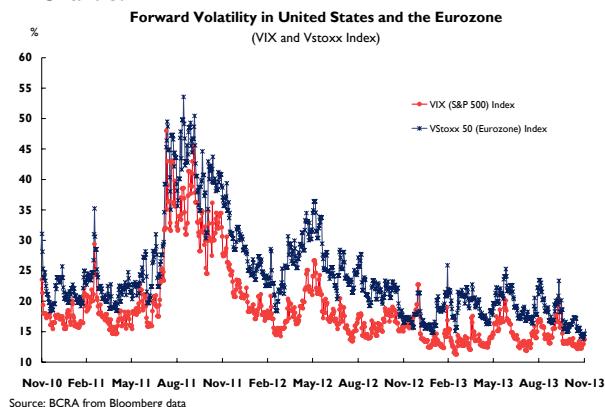
The variable income assets in the main stock markets ended November with price increases and a lower expected volatility. In the United States, there were positive signals in the real estate market and some favorable macroeconomic indicators. Likewise, in Europe, the measures adopted by the BCE to keep market liquidity impacted positively on the investors' expectations.

In this context, the Global MSCI Index ended November with an expansion of 1.6%. Likewise, among advanced

¹⁵The interest rate for overnight deposits stood at 3.2% while the interest rate for temporary direct purchases of securities and credits under monetary regulation went down to 4.8%.

¹⁶ Unless otherwise stated, the change in indexes is represented in US dollars.

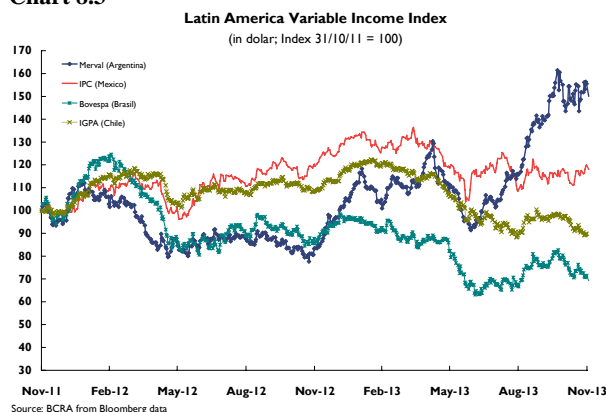
Chart 8.2



economies, the S&P500, the main index for the US market, went up 2.8% whereas the European marketplace, measured through the MSCI index, expanded 1.3% (see Chart 8.1). The performance of the indexes was in line with a lower expected volatility. In the United States, the S&P500 volatility, measured by the VIX Index, went down 2.3 p.p. and, in Europe, the index that measures the volatility of the Stoxx 50 posted a 2 p.p. drop (see Chart 8.2)

Unlike the performance observed in advanced nations, the price of variable income assets of emerging countries, measured by the Emerging MSCI Index, contracted 1.6%. In this context, the Latin American Markets MSCI lost 4.7%, and the Brazilian Bovespa Stock Index, which is the benchmark for the region, went down 7.3%. Meanwhile, the Chilean IGPA fell 7.9%. In both cases, the drop was driven by the performance recorded in the index in domestic currency and the depreciation of their currencies against the US dollar. Following a direction opposite to that of the region, the Mexican IPC climbed 2.7% (see Chart 8.3).

Chart 8.3



In the Argentine stock market, the local benchmark index (Merval) measured in dollars ended November with an expansion of 6.6% and accumulates a 60% increase so far this year. Even though the positive performance was widespread, the evolution of the index was mainly driven by banks and energy companies. The daily average amount traded in shares went down 22% against October, standing at \$109 million.

Sovereign bonds

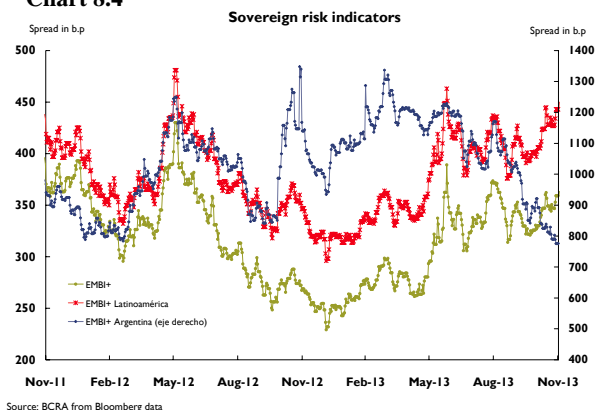
In November, the yields of the US sovereign debt widened, mainly for the bonds of the longest tranche of the curve. In fact, the yield of the 10-year bonds went up 19 b.p. Within this context, the yield spreads of emerging sovereign bonds above the US Treasuries increased 31 b.p. to 359 b.p. by late November, as measured by the EMBI+.

In Argentina, the yield spread of sovereign bonds contracted once again and consolidated the trend recorded in recent months. In fact, it stood at 776 b.p. by the end of November, down 145 b.p. against the end of October (see Chart 8.4)

Corporate bonds

Publicly-traded corporate debt issue through corporate bonds and Short-Term Debt Securities totaled \$3.02 billion in November, reaching the second largest amount of 2013 on a monthly basis. Even though the number of is-

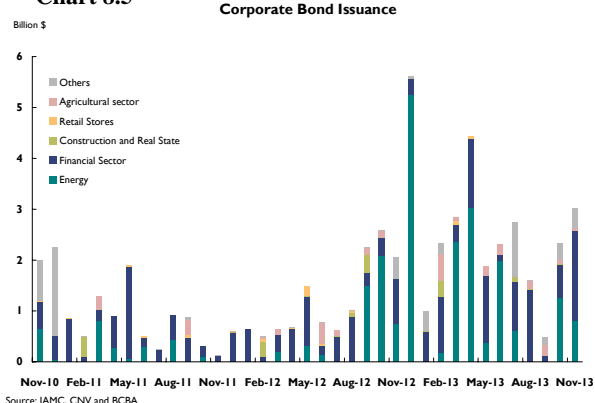
Chart 8.4



sues remained relatively stable, there was a remarkable rise in the average amount issued against October (see Chart 8.5).

Most issues were denominated in pesos and for terms between 1 and 2 years. Within the main issuers of the month, financial institutions stood out since they resorted to the capital markets with a view to diversifying their funding sources, and obtained \$1.59 billion. The energy sector came second, with an issue of \$800 million. As a result, so far this year, the energy and banking sectors were the main corporate debt issuers, accounting for 42% and 33%, respectively.

Chart 8.5

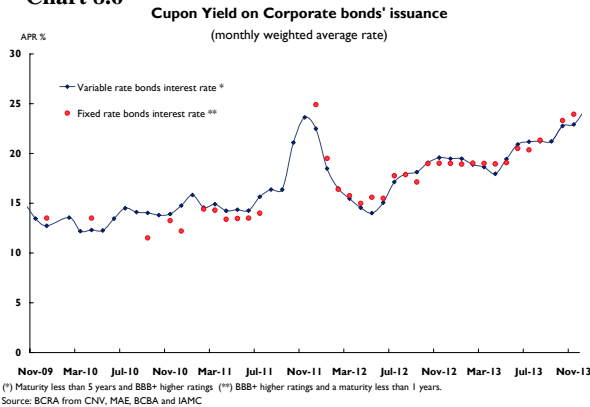


In November, the cost of financing remained relatively stable for variable rate issues, while it went up slightly for fixed rate issues. In this sense, the interest rate on bonds with a rating over Arg BBB+ and a maturity below 2 years stood at 22.8%. Although private banks' BADLAR rate increased slightly during the month, it was partly offset by a decrease in the average spread. Meanwhile, the interest rate for fixed rate issues in pesos with a rating over Arg BBB+ and a maturity below 1 year stood at 23.9%, up 0.6 p.p. against the average rate recorded in October (see Chart 8.6).

Mutual Funds

The net worth of Mutual Funds (FCIs) in pesos and in foreign currency went up by \$1.78 billion (2.5%) and ended November at \$71.28 billion. Once again, FCIs in pesos, which account for 97% of the industry, were the main factor behind the monthly rise.

Chart 8.6

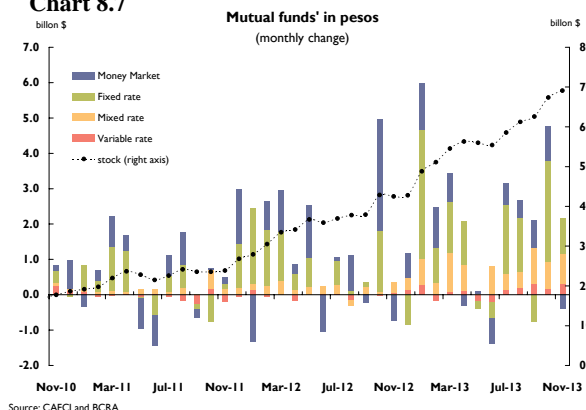


Fixed income funds went up by \$1 billion (3.2%) and were the main factor behind the expansion (see Chart 8.7). The mutual funds investing in mixed income assets came next, with a growth of \$840 million (7%). In both cases, both the rise in the amount of unit shares and the increase in the price of the portfolio assets have contributed positively to the performance of the segments. In turn, variable income assets recorded an expansion of \$310 million (15.4%), mainly due to the increase in the price of the main domestic stock market assets. Meanwhile, the Money Market funds dropped by \$400 million (-1.8%), mainly due to the redemption of units, especially towards the end of the month.

As regards the profitability recorded, variable income funds continued exhibiting the best relative performance, with a monthly estimated return of around 13%. In turn, mixed income and fixed income funds showed monthly profits of 2% and 1.7% respectively, slightly below the values observed in October. Finally, Money

Market funds recorded, on average, a 1% monthly profitability.

Chart 8.7

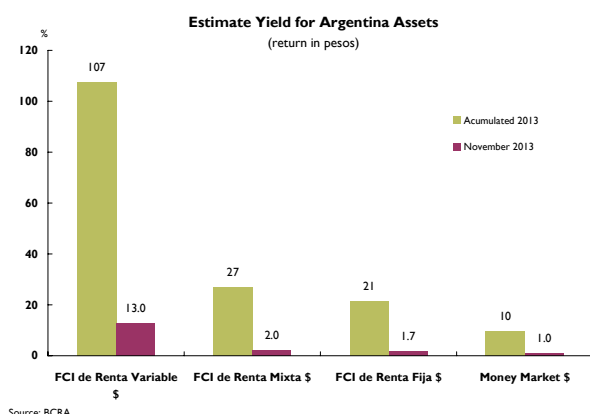


Lastly, FCIs' net worth in foreign currency lost US\$10 million and stood at US\$354 million. The fall was mainly due to the redemption of units in fixed income funds.

Financial Trusts¹⁷

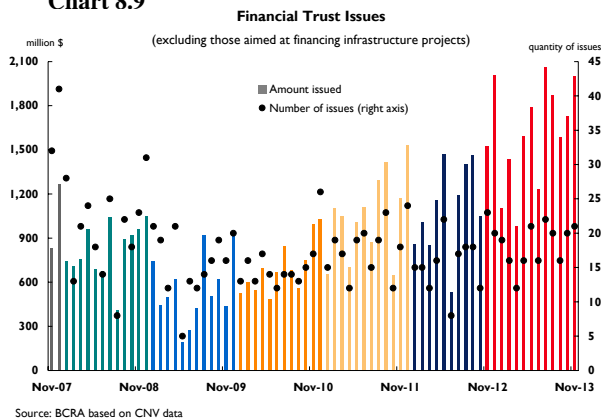
In November, financial trust (FT) issues totaled around \$2 billion. No infrastructure-related trust issues were recorded during the month. Thus, the amount issued in November is one of the highest in history since these figures are recorded and was only surpassed by the amount issued in July 2013. Likewise, it was one of the months with the highest number of issues, 21 in total, one more than in October (see Chart 8.9).

Chart 8.8



Among trustors, financial institutions stood out with issues for around \$970 million (48% of the total) through the securitization of personal loans in particular and, to a lesser extent, of pledge-backed loans. In turn, retail businesses securitized personal loans for around \$605 million (35% of the total), an amount similar to the one they have issued since July. Meanwhile, mutuals, cooperatives and non-bank credit card issuers and other financial service providers issued around \$390 million (20% of the total), down 40% against the high amount recorded in October. In this case, securitizations were mainly related to personal loans. The rest corresponded to a company devoted to agricultural machinery production and to a group of companies providing non-financial services, which securitized pledge-backed loans and commercial loans, respectively.

Chart 8.9

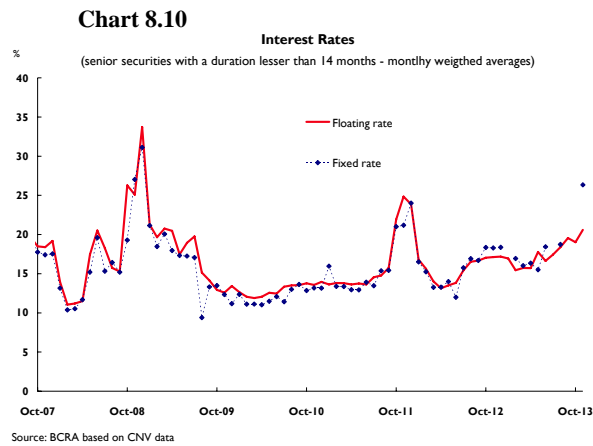


In turn, the cut-off interest rate on senior bonds in pesos with a term below 14 months and agreed upon at a variable rate recorded a 1.6 p.p. increase and stood at 20.6%. In turn, as regards the fixed rate segment, only one transaction was recorded at a 26.4% rate after two months without issues in this segment (see Chart 8.10).

It is worth pointing out that a provision about FT debt instrument holdings became effective in November within the framework of the standard on "Spreading of Credit Risk". Initially and in order to fill a regulatory gap for a set of assets, Communication "A" 5480 dated September 6th stated that banks should limit, as from November 1st, the total of shares and claims with respect to asset portfolios¹⁸ to 15% of their Adjusted Stockhold-

¹⁷ Only publicly-traded financial trusts are considered.

¹⁸ Such claims include FCIs units, debt securities and participation certificates of FTs, claims corresponding to ordinary FTs, etc.



ers' Equity (RPC), (and this was the case for the FTs without information about the holders of the credits transferred). The application of this rule might have led some financial entities to stop investing in FTs and might eventually affect the demand for consumption FT's debt instruments, which are a sizable part of the FTs held by a group of banks specialized in such segment. With a view to preventing potential undesirable effects, Communication "A" 5496 stated that financial institutions must have information about the composition of the assets portfolios against which they may have claims. This information must be provided by the managers themselves, so that financings are individually allocated according to the proportion represented by their holdings. Likewise, since consumption FTs are backed by a series of credits with similar characteristics that group hundreds of holders, the option is given that such information about the composition of the portfolio may be provided only at the time the trust is constituted, according to the detailed description of financings, and that the amount, periodically updated, as from which the individual allocation is required for the limits referred to spreading of credit risk, be applicable only to individual loans above \$25,000.

9. Monetary and financial indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in percentage	
	Nov-13	Oct-13	Dec-12	Nov-12	Monthly	Last 12 months
Monetary base	338,343	335,078	292,138	271,961	1.0%	24.4%
Currency in circulation	260,352	258,276	224,211	207,564	0.8%	25.4%
Held by public	234,834	234,462	199,335	186,407	0.2%	26.0%
Held by financial entities	25,516	23,810	24,872	21,155	7.2%	20.6%
Settlement check	2	3	4	0	-22.9%	0.0%
BCRA current account	77,991	76,803	67,927	64,397	1.5%	21.1%
Repos stock						
Reverse repos	13,855	12,577	17,432	17,749	10.2%	-21.9%
Repos	0	0	0	0	0.0%	0.0%
BCRA securities stock (in face value)	111,927	116,946	88,681	90,852	-4.3%	23.2%
In banks	102,681	103,245	77,641	79,612	-0.5%	29.0%
LEBAC						
In pesos	107,744	112,745	74,569	75,374	-4.4%	42.9%
NOBAC	4,183	4,201	14,112	15,478	-0.4%	-73.0%
International reserves excluded 2009 SDRs allocations	32,244	34,258	44,134	45,316	-5.9%	-28.8%
Private and public sector deposits in pesos ⁽¹⁾	654,156	640,461	525,028	506,310	2.1%	29.2%
Current account ⁽²⁾	172,798	171,788	150,959	138,915	0.6%	24.4%
Savings account	125,071	127,320	104,730	93,889	-1.8%	33.2%
Not CER-adjustable time deposits	331,312	316,686	248,802	253,829	4.6%	30.5%
CER-adjustable time deposits	6	6	7	7	0.6%	-17.0%
CEDRO adjusted by CER	0	0	0	0		
Other deposits ⁽³⁾	24,969	24,662	20,530	19,670	1.2%	26.9%
<u>Private sector deposits</u>	<u>467,948</u>	<u>459,465</u>	<u>372,490</u>	<u>353,853</u>	<u>1.8%</u>	<u>32.2%</u>
<u>Public sector deposits</u>	<u>186,208</u>	<u>180,995</u>	<u>152,538</u>	<u>152,458</u>	<u>2.9%</u>	<u>22.1%</u>
Private and public sector deposits in dollars ⁽¹⁾	8,090	8,168	9,393	9,321	-1.0%	-13.2%
Loans to private and public sector in pesos ⁽¹⁾	480,788	469,393	373,913	358,243	2.4%	34.2%
<u>Loans to private sector</u>	<u>442,265</u>	<u>431,445</u>	<u>339,103</u>	<u>325,220</u>	<u>2.5%</u>	<u>36.0%</u>
Overdrafts	57,744	59,549	47,326	46,258	-3.0%	24.8%
Promissory bills	104,848	102,272	76,170	70,474	2.5%	48.8%
Mortgages	41,982	41,248	34,475	33,303	1.8%	26.1%
Pledge-backed loans	30,713	29,685	22,135	21,190	3.5%	44.9%
Personal loans	96,577	94,165	75,069	73,299	2.6%	31.8%
Credit cards	76,639	71,466	56,352	54,151	7.2%	41.5%
Other loans	33,761	33,059	27,576	26,546	2.1%	27.2%
<u>Loans to public sector</u>	<u>38,523</u>	<u>37,948</u>	<u>34,810</u>	<u>33,023</u>	<u>1.5%</u>	<u>16.7%</u>
Loans to private and public sector in dollars ⁽¹⁾	3,961	4,148	5,549	5,640	-4.5%	-29.8%
Total monetary aggregates ⁽¹⁾						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	407,634	406,253	350,298	325,325	0.3%	25.3%
M2 (M1 + savings account in pesos)	532,706	533,573	455,028	419,213	-0.2%	27.1%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	888,993	874,926	724,367	692,720	1.6%	28.3%
M3* (M3 + total deposits in dollars + settlemente check in foreign curren	939,017	924,219	770,218	737,422	1.6%	27.3%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	350,205	347,923	299,301	281,764	0.7%	24.3%
M2 (M1 + private savings account in pesos)	464,885	462,217	395,489	368,171	0.6%	26.3%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	702,785	693,931	571,829	540,262	1.3%	30.1%
M3* (M3 + private total deposits in dollars + settlemente check in foreign currency)	744,415	735,224	609,685	577,628	1.3%	28.9%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2011		Last 12 months	
	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾
Monetary base	3,265	1.0%	11,915	3.6%	46,206	15.8%	66,382	24.4%
Financial sector	-1,175	-0.4%	1,733	0.5%	5,338	1.8%	5,828	2.1%
Public sector	14,285	4.3%	40,031	12.3%	72,313	24.8%	86,025	31.6%
Private external sector	-11,616	-3.5%	-25,280	-7.7%	-17,586	-6.0%	-14,589	-5.4%
BCRA securities	1,956	0.6%	-3,476	-1.1%	-11,145	-3.8%	-7,864	-2.9%
Others	-185	-0.1%	-1,094	-0.3%	-2,714	-0.9%	-3,018	-1.1%
International reserves excluded 2009 SDRs allocations	-2,014	-5.9%	-4,757	-12.9%	-11,889	-26.9%	-13,072	-28.8%
Foreign exchange market intervention	-1,960	-5.7%	-4,329	-11.7%	-2,821	-6.4%	-2,205	-4.9%
International financial institutions	49	0.1%	269	0.7%	427	1.0%	504	1.1%
Other public sector operations	-109	-0.3%	5,659	15.3%	21	0.0%	-1,851	-4.1%
Dollar liquidity requirements	70	0.2%	358	1.0%	-730	-1.7%	-623	-1.4%
Others (incl. change in US\$ market value of nondollar assets)	-64	-0.2%	-6,714	-18.1%	-8,787	-19.9%	-8,897	-19.6%

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 SISGEN Informative Regime.

Minimum Cash Requirement and Compliance

	Nov-13	Oct-13	Sep-13
	(1)		
Domestic Currency	% of total deposits in pesos		
Requirement	11.6	11.6	11.7
Compliance	11.8	11.8	11.9
Position ⁽²⁾	0.2	0.2	0.2
<i>Residual time structure of term deposits used for the calculation of the requirement⁽³⁾</i>	%		
Up to 29 days	63.9	64.0	63.0
30 to 59 days	25.3	23.7	24.6
60 to 89 days	6.3	7.0	7.0
90 to 179 days	3.0	3.6	3.8
more than 180 days	1.5	1.7	1.5
Foreign Currency	% of total deposits in foreign currency		
Requirement	19.3	19.4	19.2
Compliance (includes default application resource)	110.6	107.2	104.9
Position ⁽²⁾	91.4	87.8	85.7
<i>Residual time structure of term deposits used for the calculation of the requirement⁽³⁾</i>	%		
Up to 29 days	49.1	49.7	49.8
30 to 59 days	22.5	23.0	23.1
60 to 89 days	10.5	11.5	11.4
90 to 179 days	13.7	12.1	12.2
180 to 365 days	4.1	3.7	3.4
more than 365 days	0.0	0.0	0.0

(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.

Borrowing Interest Rates	Nov-13	Oct-13	Sep-13	Dec-12	Nov-12
Interbank Loans (overnight)					
Interest rate	15.31	12.24	12.19	10.71	10.21
Traded volume (million pesos)	2,218	1,856	1,874	1,313	1,422
Time Deposits					
<u>In pesos</u>					
30-44 days	15.84	16.27	15.58	13.69	12.14
60 days or more	17.79	18.02	15.80	15.43	14.74
Total BADLAR (more than \$1 million, 30-35 days)	16.79	16.91	15.18	13.43	12.93
Private Banks BADLAR (more than \$1 million, 30-35 days)	19.05	18.74	18.00	15.37	15.30
<u>In dollars</u>					
30-44 days	0.36	0.40	0.47	0.60	0.62
60 days or more	0.71	0.84	0.95	1.11	1.11
Total BADLAR (more than \$1 million, 30-35 days)	0.39	0.47	0.53	0.65	0.77
Private Banks BADLAR (more than \$1 million, 30-35 days)	0.38	0.50	0.61	0.61	0.95
Lending Interest Rates	Nov-13	Oct-13	Sep-13	Dec-12	Nov-12
Stock Repos					
Gross interest rates 30 days	20.22	18.42	18.23	15.57	15.13
Traded volume (all maturities, million pesos)	311	290	259	235	262
Loans in Pesos ⁽¹⁾					
Overdrafts	26.12	25.00	23.56	21.79	21.56
Promissory Notes	21.40	21.08	20.67	18.58	18.16
Mortgages	16.50	17.16	16.20	17.23	16.95
Pledge-backed Loans	22.25	22.42	21.71	19.60	19.63
Personal Loans	38.58	38.19	36.27	34.34	33.84
Credit Cards	s/d	34.87	35.46	35.07	34.46
Overdrafts - 1 to 7 days - more than \$10 million	20.20	18.72	17.39	14.44	14.28
International Interest Rates	Nov-13	Oct-13	Sep-13	Dec-12	Nov-12
LIBOR					
1 month	0.17	0.17	0.18	0.21	0.21
6 months	0.35	0.36	0.38	0.51	0.53
US Treasury Bonds					
2 years	0.29	0.32	0.39	0.25	0.26
10 years	2.71	2.60	2.80	1.70	1.64
FED Funds Rate	0.25	0.25	0.25	0.25	0.25
SELIC (1 year)	9.58	9.36	9.00	7.25	7.25

(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	Nov-13	Oct-13	Sep-13	Dec-12	Nov-12
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	11.20	10.25	10.04	9.36	9.35
7 days	10.03	9.68	10.03	9.53	9.51
Repo traded volumen (daily average)	11,087	8,484	8,488	10,111	12,516
Peso LEBAC Interest Rate¹					
1 month	s/o	s/o	s/o	11.60	11.30
2 months	s/o	14.93	s/o	11.98	12.34
3 months	15.28	15.23	15.34	12.93	12.88
9 months	s/o	s/o	s/o	14.52	14.56
12 months	17.77	17.81	17.89	14.99	s/o
Peso NOBAC with variable coupon Spread¹					
9 months BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
1 year BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
2 years BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
3 years BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
LEBAC and NOBAC traded volume (daily average)	804	1181	1068	786	809
Foreign Exchange Market	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Dollar Spot					
Exchange agencies	6.02	5.85	5.74	4.88	4.80
BCRA Reference	6.02	5.85	5.75	4.88	4.80
Future dollar					
NDF 1 month	6.38	6.14	5.97	4.98	4.91
ROFEX 1 month	6.17	6.00	5.87	4.95	4.87
Traded volume (all maturities, million pesos)	1,642	1,332	1,869	818	893
Real (Pesos/Real)	2.61	2.67	2.53	2.35	2.32
Euro (Pesos/Euro)	8.12	7.98	7.67	6.41	6.16
Capital Market	Nov-13	Oct-13	Sep-13	Dec-12	Nov-12
MERVAL					
Index	5,429	5,227	4,531	2,672	2,348
Traded volume (million pesos)	122	139	120	54	32
Government Bonds (parity)					
BODEN 2015 (US\$)	143.34	148.89	145.78	120.57	116.08
DISCOUNT (US\$ - NY legislation)	119.79	114.69	100.15	97.99	97.15
BODEN 2014 (\$)	94.15	95.09	94.64	92.24	92.25
DISCOUNT (\$)	59.79	58.35	48.50	46.02	44.98
Country risk					
Spread BODEN 2015 vs. US Treasury Bond	897	960	1,114	1,204	1,502
EMBI+ Latin America (without Argentina)	415	384	381	298	325

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