

Monthly Monetary Report

November 2014



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Inquiries, comments or electronic subscriptions: analisis.monetario@bcra.gov.ar

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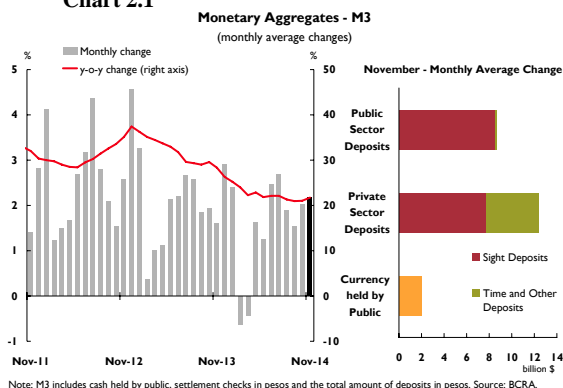
The closing date for statistics in this report was December 11, 2014. All figures are provisional and subject to review.

1. Summary¹

- In November, the broadest monetary aggregate in pesos (M3) grew 2.2%, keeping its y.o.y. expansion pace stable, at around 21%. The rise was driven by private sector deposits; however, public sector deposits and cash held by the public also exhibited hikes.
- Private sector time deposits in pesos climbed \$3.8 billion (1.4%), exhibiting rises in the wholesale tranche and, particularly, in the segment under \$1 million. Indeed, time deposits under \$1 million increased 2%, significantly exceeding the previous 2-month period, driven by the Central Bank regulation that, in early October, provided for a system to determine minimum interest rates on individuals' deposits up to an amount that equals that in force for the deposit guarantee.
- Loans in pesos granted to the private sector went up 2.1% (\$11.1 billion), posting a 20.6% y.o.y. change. Thus, their monthly change rate returned to values similar to those in August and September. The monthly growth was boosted, once again, by loans for consumption purposes and lending arranged through notes.
- Financial institutions' liquidity in domestic currency (cash in banks, institutions' current account with the Central Bank, net repos with the institution plus LEBAC and NOBAC holdings) averaged 39.2% in terms of total deposits in pesos and grew 0.6 p.p. against October. The sustained growth observed amongst its components, of the share of LEBACs and NOBACs, should be underscored.
- Regarding interest rates, those on retail time deposits were aligned with the minimum values set by the Central Bank whilst those in the wholesale segment remained relatively stable against the month before. On the other hand, interest rates on loans to the private sector fell generally. Rates applied on commercial loans should be highlighted: the monthly average of interest rates on overdrafts to companies exceeding \$10 million and at up to 7 days stood at 23%, going down 2.3 p.p. in the month; in addition, the monthly average of the interest rates on discounted documents was 24.9%, down 0.3 p.p. against October. Finally, the monthly average of the interest rate on unsecured promissory notes amounted to 23.8%, down 2.1 p.p. over the month.
- The second segment of the local currency swap agreement between the Central Bank of Argentina and the People's Republic of China entered into effect during the month. It should be recalled that, under this agreement, the BCRA may request, for all eligible purposes, additional swaps for up to a maximum amount of around US\$11 billion to support its financial, exchange and monetary policy to comply with the mandates established in its Charter. International reserves totalled US\$28.9 billion in late November.

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

Chart 2.1



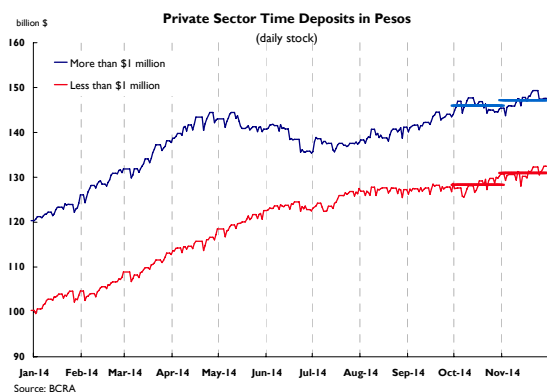
2. Monetary aggregates¹

In November, the broadest monetary aggregate in pesos (M3²) grew 2.2% (see Chart 2.1), keeping its y.o.y. expansion pace stable, at around 21%. Like in previous months, the rise was mainly driven by private sector deposits; however, public sector deposits and cash held by the public also exhibited hikes.

Total private sector deposits in pesos climbed 2.1% monthly; both sight and time deposits rose. The latter increased \$3.8 billion (1.4%), evidencing hikes in the wholesale tranche and, particularly, in the segment under \$1 million. Indeed, time deposits under \$1 million increased 2%, significantly exceeding the previous 2-month period, driven by the Central Bank regulation that, in early October, provided for a system to determine minimum interest rates on individuals' deposits up to an amount that equals that in force for the deposit guarantee. Thus, private sector time deposits increased 25.5% in the past 12 months (see Chart 2.2).

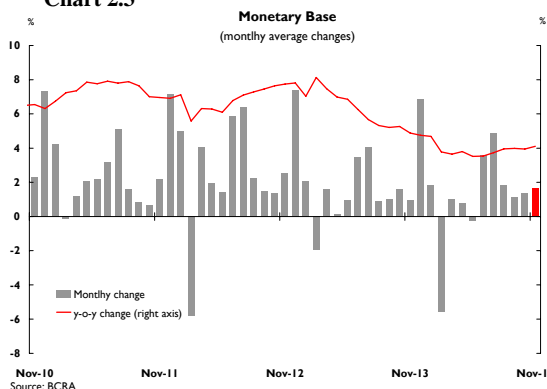
Deposits in foreign currency raised their monthly average stock by 1.9%, evidencing hikes in those of the private and public sector. Thus, the broadest monetary aggregate, M3*³, grew 2.2%, posting a 23.1% y.o.y. change rate.

Chart 2.2



The monetary base increased 1.7% monthly, reaching an average balance of \$407.8 billion (see Chart 2.3). In y.o.y. terms, it kept its change rate at around 20%, one of the lowest levels in the past few years. The monthly rise was led by the performance of bank reserves (consisting of cash held in financial institutions and the stock of current accounts of the institutions with the Central Bank) and, to a lower extent, by cash held by the public.

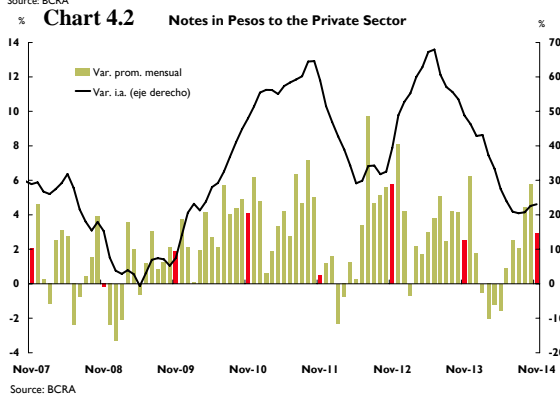
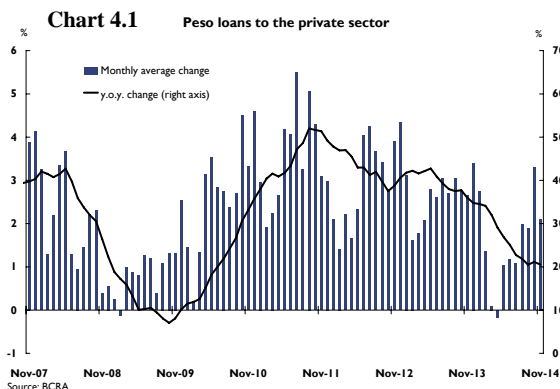
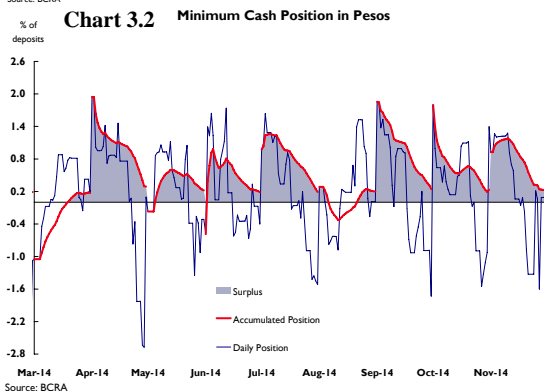
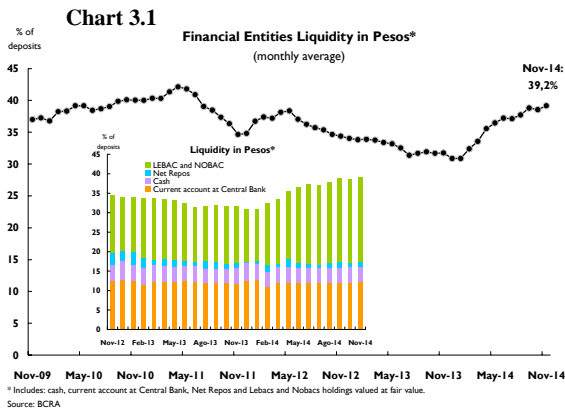
Chart 2.3



3. Financial institutions' liquidity¹

Financial institutions' liquidity in domestic currency has remained at high levels. The liquidity ratio (cash in banks, institutions' current account with the Central Bank, net repos with the institution plus LEBAC and NOBAC holdings in terms of total deposits) increased in November (0.6 p.p.), averaging 39.2% (see Chart

² It includes the cash held by the public, settlement checks 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.



3.1). Regarding its composition, the sustained rise in the share of LEBAC and NOBAC holdings should be highlighted. In turn, and according to the estimation, surplus in the minimum cash regime corresponding to November would have equalled 0.3% of total deposits in pesos (see Chart 3.2).

In the case of the foreign currency segment, liquidity remained relatively stable against October and continued standing at high levels (107.3% of total deposits in dollars for November's average).

4. Loans^{1 4}

In November, loans in pesos to the private sector increased 2.1% (\$11.1 billion) and posted a 20.6% y.o.y. change. Thus, their monthly change rate returned to values similar to those of August and September (see Chart 4.1). The monthly growth was driven, once again, by loans for consumption purposes and financing arranged through promissory notes.

Loans primarily aimed at financing commercial activities continued evidencing a heterogeneous performance. On the one hand, financing arranged through promissory notes kept on rising, going up 2.9% (\$3.6 billion) over the month, exceeding the figure recorded in November 2013. Thus, the y.o.y. growth rate of this line climbed 0.4 p.p., standing at 23% (see Chart 4.2). On the other hand, overdrafts fell, evidencing the same performance of the previous year. The monthly drop amounted to 4.5% (\$3 billion), while a rise of around 12% was recorded in y.o.y. terms. In turn, the remaining commercial loans, grouped under "Other Loans" increased 3.2% (\$1.2 billion).

Credit lines channelled to finance household consumption moderated their growth pace against the month before but continued evidencing an outstanding performance in relation to the remaining lines. Indeed, financing arranged through credit cards went up 5.6% (\$5.6 billion), growing around 38% in the past 12 months. In turn, personal loans rose 2.9% (\$3.2 billion), standing amongst the highest levels in the year. Meanwhile, their y.o.y. growth rate remained practically unchanged, at 18.9%. The new loans granted under this line totalled around \$7 billion in November. It should be noted that they started to exhibit greater momentum as from July, when maximum limits were applied to

⁴ 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

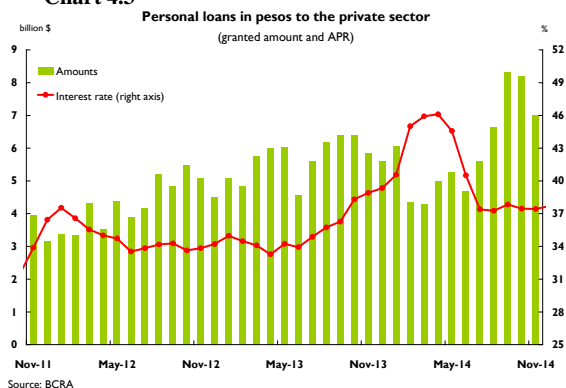


Chart 4.4

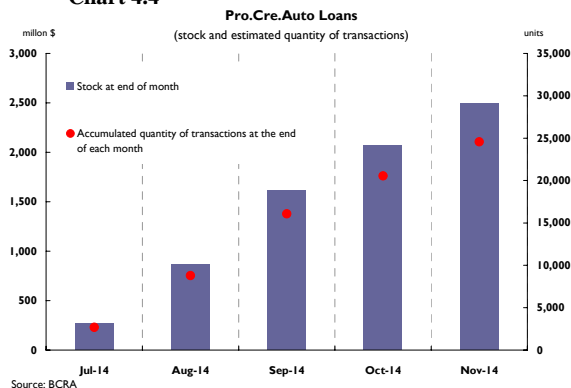
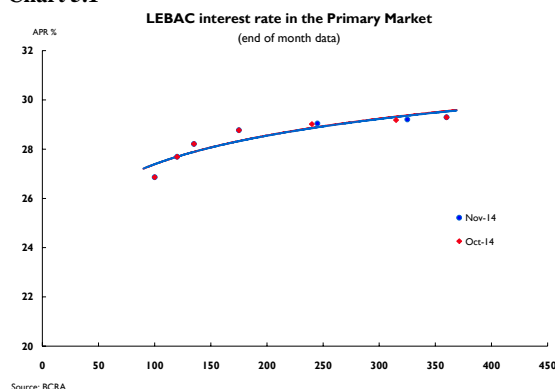


Chart 5.1



interest rates for this kind of loans (see Chart 4.3). Loans granted under the Pro.Cre.Auto programme also contributed to the increase of personal loans. Since the start of such programme, around \$2.5 billion have been awarded through about 24,580 transactions (see Chart 4.4).

Collateralized loans evidenced modest rises. Mortgage loans increased 0.4% (\$200 million) in November, going up around 12% in the past 12 months. Even though this line has been showing scarce momentum, it should be noted that part of the demand for mortgage loans for housing (individuals) is not computed in the statistics on bank loans because it is channelled through the Bicentennial Credit for Housing Program (Pro.Cre.Ar.). In turn, pledge-backed loans posted the fourth consecutive rise in the year. The monthly change was 0.6% (\$210 million) and they increased 6.8% y.o.y. If loans granted under the Pro.Cre.Auto programme—that finance the purchase of automobiles and that were channelled through personal loans—are included, the monthly rise would reach 1.7%, while the y.o.y. change would total around 14%.

Finally, loans to the private sector in foreign currency decreased 6.8% (US\$260 million) averaging a monthly balance of around US\$3.5 billion.

5. Interest rates⁵

Central Bank securities⁶

The interest rate curve of LEBACs issued weekly by the Central Bank remained stable in November. Interest rates on LEBACs issued by the Central Bank at a predetermined rate—at terms of 100 and 120 days—stayed at 26.9% and 27.7%, respectively; in turn, the interest rate on the instrument with the longest maturity—360 days—amounted to 29.3% (see Chart 5.1).

In the secondary market, interest rates on LEBACs exhibited certain volatility in the shortest terms in line with the performance recorded in the call money market; however, they remained at levels lower than those of the month before. In turn, and just like interest rates on LEBACs on the primary market, interest rates for the longest terms remained relatively stable. The average amount traded of LEBACs and NOBACs on the secondary market grew in November and stood at \$3.4

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

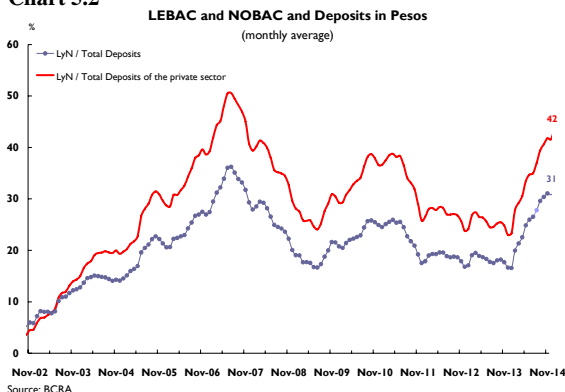


Chart 5.3

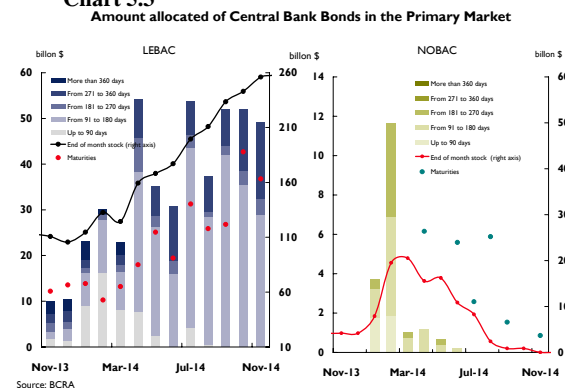
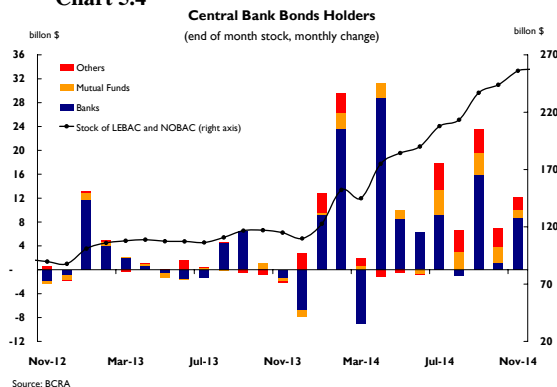


Chart 5.4



billion daily. Like in October, LEBAC transactions not exceeding 30 days stood out.

Central Bank securities continued being instruments absorbing any surplus in liquidity. At the end of November, the outstanding nominal stock of LEBACs and NOBACs totalled \$256.9 billion, around 31% of total deposits in pesos (see Chart 5.2), up 5% against the stock in late October. The rise was observed, once again, in securities at a fixed rate (LEBAC), as the stock of NOBACs—accruing at a variable rate—went down \$860 million once the last outstanding instrument matured. Thus, all Central Bank securities accrued interest at a fixed rate by the end of November.

The amount of LEBACs awarded reached around \$49.8 billion. Out of such total, 99% corresponded to LEBACs in pesos whilst only 1% corresponded to LEBACs in pesos adjusted to the interest rate used as benchmark. Regarding LEBACs in pesos, though most of them continued being issued at terms ranging from 90 to 180 days (66% of the total), there was a rise in the amount awarded at longer terms—from 270 to 365 days—, which reached 34% of the total (see Chart 5.3).

As to the main holders of Central Bank securities, the monthly stock increase was driven by financial institutions. In addition, Mutual Funds (FCI), insurance companies and occupational risk insurance companies remained demanding for LEBACs, though at a slower pace than in previous months (see Chart 5.4).

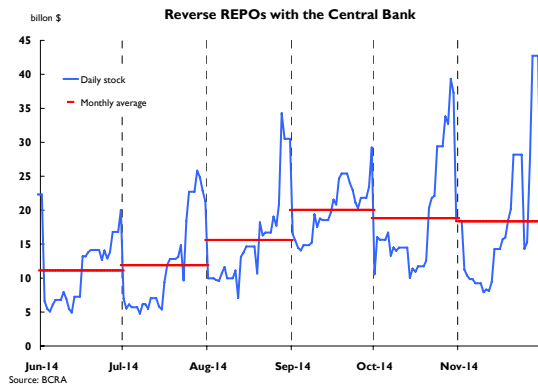
Concerning the foreign currency segment, the stock of LEBACs fell almost US\$40 million, ending the month at US\$677 million. The drop was driven by fewer holdings by public banks and private banks.

Central Bank repo transactions¹

Interest rates on reverse repos for the Central Bank remained at 13% overnight and at 14% at seven days. In the case of repo loans, they stood at 16% overnight and 17% at seven days. In turn, the rate applied on repo loans at a variable rate at up to 90 days is still equivalent to the BADLAR rate at private banks plus a 2 p.p. margin.

In November, the average stock of Central Bank reverse repos—for all terms—remained relatively stable, standing at \$18.4 billion (see Chart 5.5) and consisting, particularly, of transactions with public financial institutions.

Chart 5.5

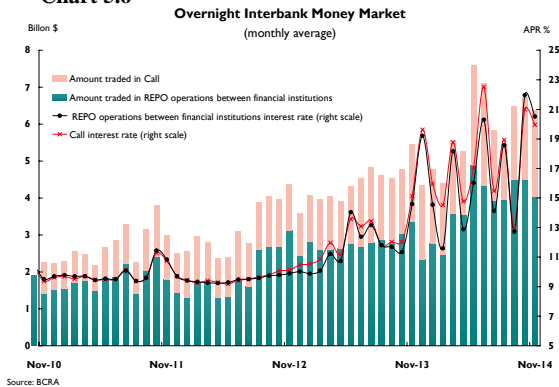


Call money market¹

In November, interest rates on the call money market posted a slight drop. The average interest rate on overnight transactions on the call money market went down 1 p.p., reaching around 20%. In addition, the average interest rate on overnight transactions between financial institutions in the REPO round fell 1.4 p.p., standing at 20.5% (see Chart 5.6).

The daily average volume traded in the call money market (including the REPO round between institutions and the call money market) amounted to around \$6.4 billion, down about \$360 million against the month before, standing at historically high levels.

Chart 5.6

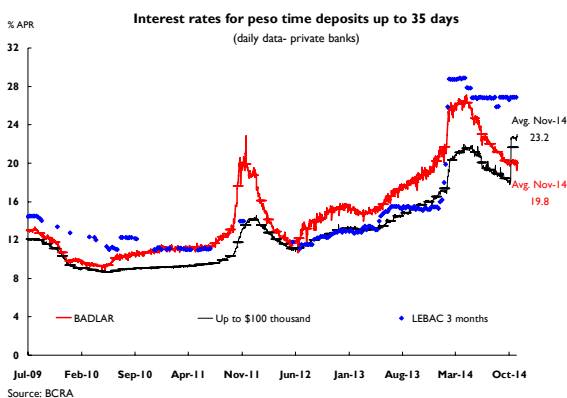


Borrowing rates¹

Interest rates paid by financial institutions posted heterogeneous performances in November, depending on whether the amount pertained to the wholesale or 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 23.2%, hiking 1.5 p.p. monthly (see Chart 5.7). It should be noted that, in November, interest rates in the retail segment were affected by the regulation that set minimum levels for interest rates that institutions should pay in relation to time deposits of natural persons having up to \$350,000 in the institution. Minimum interest rates stood at 23.3%, 23.9% and 24.9% for time deposits of up to 44 days, from 45 to 59 days and those exceeding 60 days, respectively.

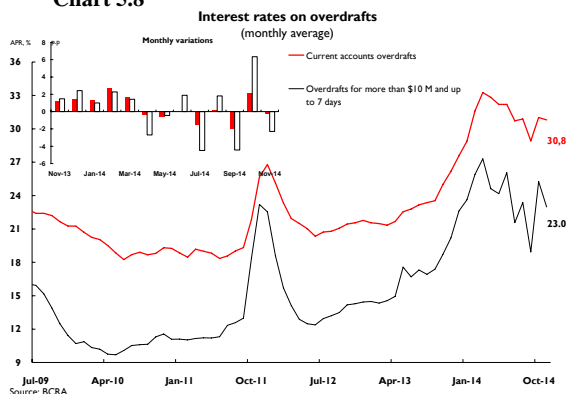
Chart 5.7



Meanwhile, in December, current minimum interest rates will stand at 23.4% for deposits of up to 44 days, at 23.9% in the case of deposits from 45 to 59 days and 25% for those of 60 days, remaining virtually unchanged against November, in line with the evolution of interest rates on LEBACs in September.

Regarding the wholesale segment, the BADLAR of private banks—interest rate on time deposits of \$1 million and more and at 30-35 days—averaged 19.8%, dropping 0.2 p.p. over the month. Thus, and as a result of the application of minimum interest rates, the interest rate paid in November to wholesale depositors was below that applied to households, thereby expanding the gap between both rates against figures in October.

Chart 5.8



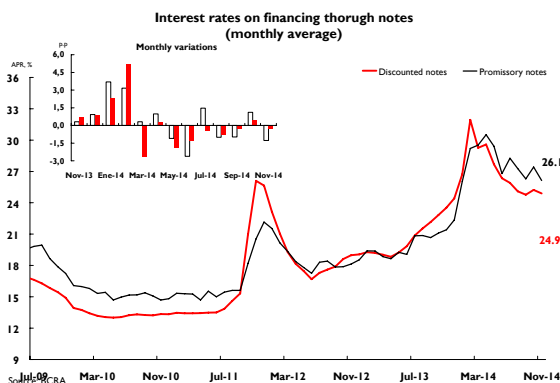
Lending rates¹⁷

In general, interest rates on loans to the private sector fell in November.

Among commercial lines, the monthly average of the interest rate on current account overdrafts stood at 30.8%, decreasing 0.2 p.p.. In addition, the interest rate on overdrafts to companies for over \$10 million and at up to 7 days—accounting for around 25% of total overdrafts—averaged 23%, falling 2.3 p.p. over the month (see Chart 5.8).

Interest rates on loans arranged through promissory notes also dropped in the month. The monthly average of the interest rate on discounted documents stood at 24.9%, down 0.3 p.p. against October. In turn, the monthly average of the interest rate on unsecured promissory notes amounted to 26.1% and fell 2.1 p.p., thus reversing the hike of October (see Chart 5.9).

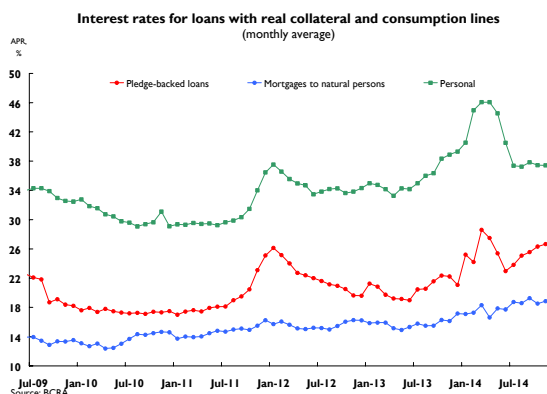
Chart 5.9



Interest rates on collateralized loans increased over the month. In turn, the interest rate applied on pledge-backed loans rose (0.3 p.p.), averaging 26.7%. On another note, the interest rate on mortgage loans for natural persons averaged 18.9%, increasing 0.3 p.p. in the month.

Regarding the interest rate on personal loans, the maximum interest rates fell around 1 p.p. in November against October, standing at 38.9% and 48.2% for institutions in Group I and Group II⁸, respectively. Nevertheless, the monthly average of the interest rate on personal loans remained unchanged, at 37.4% (see Chart 5.10).

Chart 5.10



Maximum interest rates that will be effective in December for personal loans have remained practically unchanged: 38.9% and 48.3% for institutions from Group I and Group II, respectively (Communication “B” 10899).

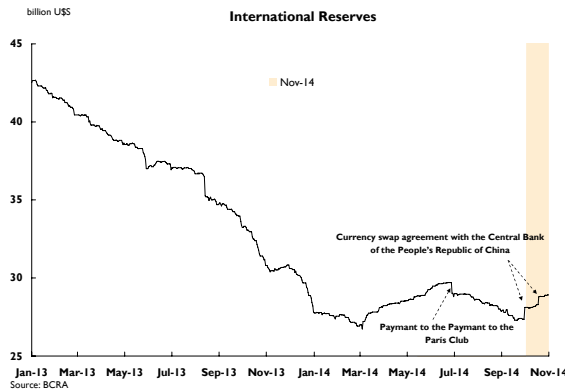
6. International reserves and foreign exchange market¹

International reserves grew US\$799 million monthly in November, evidencing a balance of US\$28.9 billion at the end of the month (see Chart 6.1). In November, another tranche of the local currency swap agreement

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.

⁸ Groups defined in Communication “A” 5590.

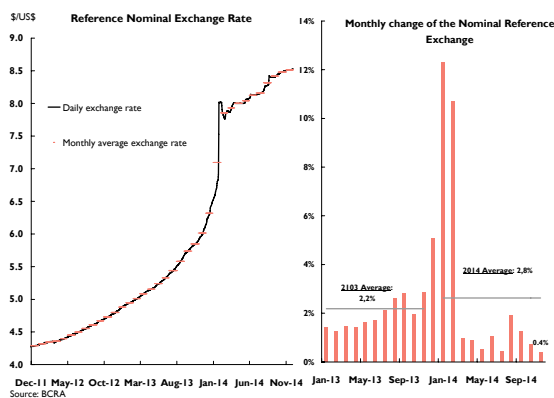
Chart 6.1



with the People’s Bank of China was activated; this agreement provides the Central Bank with additional support to implement its financial, foreign exchange, and monetary policy complying with the mandates of its Charter. It should be noted that, under this agreement, the Central Bank may request, for all eligible purposes, additional swaps up to a maximum close to US\$11 billion. Furthermore, the factors that accounted for the change of reserves include net purchases by the Central Bank in the foreign exchange market.

In the foreign exchange market, the peso depreciated against the US dollar for the third consecutive month albeit at a lower pace (see Chart 6.2). Thus, the average exchange rate over the month stood at 8.5 \$/US\$ (up 0.4% against October). Meanwhile, the rates for the real and the euro amounted to 3.3 \$/real (-3.5%) and 10.6 \$/euro (-1.1%). In turn, the average daily turnover in the futures market (ROFEX) exceeded \$2.1 billion, up 18% against October. In turn, contracts executed showed that rates estimated for the coming months are lower than figures of the month before.

Chart 6.2



7. Collective investment vehicles

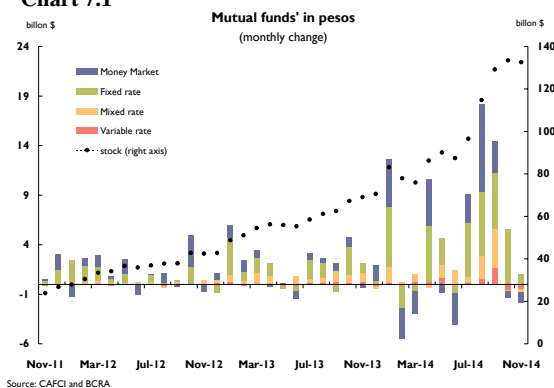
Mutual funds

In November, and after four months of consecutive hikes, equity of mutual funds, in pesos and in foreign currency, fell \$960 million (0.7%), totalling \$135.3 billion at the end of the month (see Chart 7.1).

The monthly drop was driven by mutual funds investing in pesos and, particularly, by money market funds (\$1 billion), variable income funds (\$450 million) and mixed income funds (\$350 million). Meanwhile, fixed income funds continued going up (\$1 billion) though at a lower pace due to the growth of short-term fixed income funds that try to replicate the yield of the BADLAR rate at private banks⁹, which raised their equity by \$1.7 billion (4.7%).

In November, estimated yields from variable and mixed income funds were negative again (-9% and -0.4%, respectively) whilst those of fixed income funds were slightly positive (0.6%). In the case of the latter, though profitability was negative in most funds, those trying to replicate the yield of the BADLAR rate at private banks recorded positive monthly returns of around 1.6% and boosted the monthly profitability. Finally, in the case of

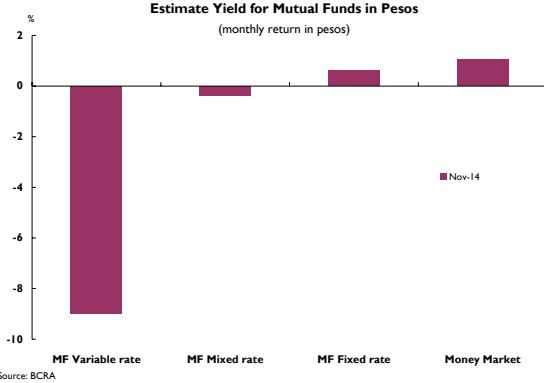
Chart 7.1



⁹ Classification as per the Argentine Chamber of Mutual Funds (*Cámara Argentina de Fondos Comunes de Inversión—CAFCI*). These are FCIs the purpose of which is to replicate the yield of the BADLAR rate at private banks.

money market funds, the monthly return stood at 1% (see Chart 7.2).

Chart 7.2

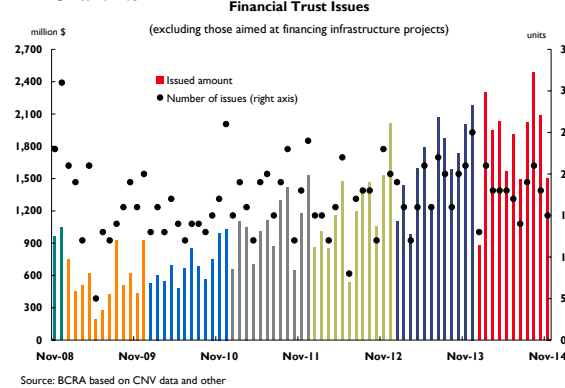


Regarding the foreign currency segment, equity fell US\$19 million, down to US\$316 million. The drop was mainly driven by fixed income funds, which went down US\$18 million.

Financial trusts¹⁰

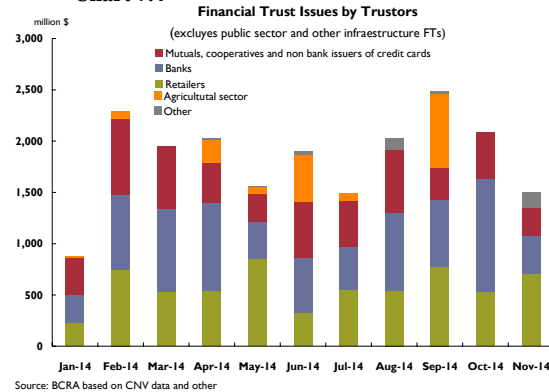
Financial trust (FT) issues totalled \$1.5 billion in November, standing below the figure of the three previous months. This drop (28% against October) was related to a lower number of transactions conducted over the month. Indeed, 15 issues were recorded whilst between 18 and 21 monthly transactions had been registered in the previous quarter (see Chart 7.3).

Chart 7.3



The main trustors were retail businesses, which issued slightly over \$700 million, up around 30% against October but similar to that of September (see Chart 7.4). In turn, financial institutions, that had broken a record in terms of issues in the previous month, issued around \$370 million in November, down 66% against the month before. On another note, “Mutual associations, cooperatives, non-bank issuers of credit cards and other financial service companies” securitized assets related to consumption for \$265 million, exhibiting the lowest amount in the past 6 months. The remaining issuances corresponded to other kinds of issuers: a company related to the food industry and another company related to the gas and oil sector. In both cases, assets under a trust corresponded to leasing contracts.

Chart 7.4



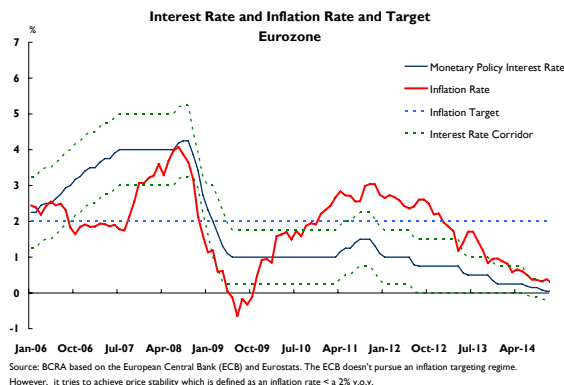
Finally, the cut-off interest rate (weighted average by amount) on senior bonds in pesos and with a duration below 14 months stood at 25.2%, up 1 p.p. against the month before. No transactions at a fixed rate were recorded over the month.

8. Major policy measures taken by other Central Banks

During this period, monetary authorities of developed nations did not adopt significant measures in terms of their impact on markets; however, some central banks of emerging countries modified their benchmark interest rates or the minimum reserve requirement rates; the cases of China, Russia, Indonesia and Peru should be highlighted.

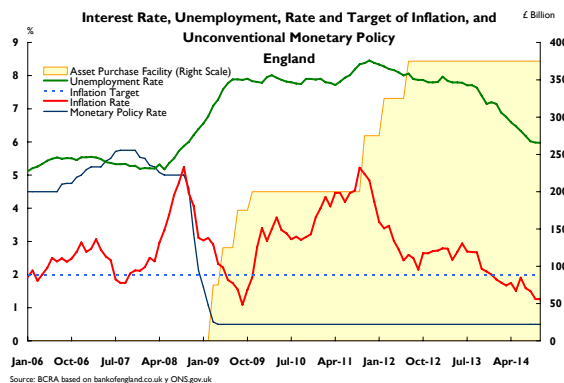
¹⁰ Only publicly-traded financial trusts are considered.

Chart 8.1



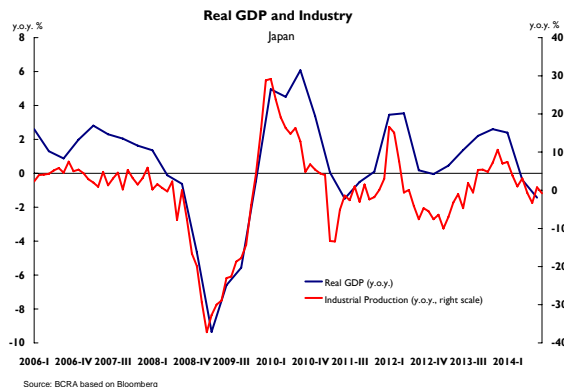
With respect to developed countries, monetary authorities in the euro zone and England did not make changes to their policy variables in their monthly meetings. However, several authorities of the European Central Bank (ECB) mentioned, once again, the possibility that Bank might implment, in the coming months, a programme to purchase sovereign bonds. These statements took place within a framework of inflation levels in the euro zone that are well below the ECB's 2% target (preliminary inflation data corresponding to November point to 0.3% y.o.y.; see Chart 8.1) and activity indicators that are close to contraction levels. Indeed, November's Purchasing Managers' Index (PMI) amounted to 50.1¹¹, below market expectations, that stood at 50.4.

Chart 8.2



In the case of the Bank of England, members of the Monetary Policy Committee informed that, considering the latest inflation information available and the macroeconomic situation in the euro zone—main destination of English exports—the Bank could keep its bank rate at the current levels for a longer period of time than initially expected. In this context, market expectations regarding when the first hike of the bank rate will take place shifted from the first quarter of 2015 (projected in August 2014) to the third quarter of 2015. On the other hand, the latest information available for inflation in October placed the rate at 1.3% y.o.y. (0.7 p.p. below the 2% y.o.y. target), remaining almost unchanged against September and being the second lowest change in the past 5 years (see Chart 8.2).

Chart 8.3



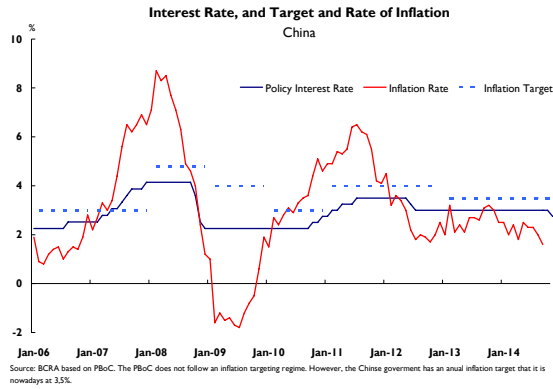
In turn, the authorities of the Bank of Japan did not change their monetary policy in the meeting held in mid-November. However, it should be noted that they had launched new stimulus measures in the meeting of mid-October. In addition, it was informed that GDP corresponding to the third quarter shrank 0.4% against the previous quarter whilst market predictions had anticipated a 0.5% hike (see Chart 8.3). Furthermore, the governor of the Bank of Japan confirmed that inflation may remain, for considerable time, at values close to 1% y.o.y. (net of the effect from the rise in the tax on consumption) or even below such figure¹².

With respect to emerging countries, the People's Bank of China (PBoC) reduced its monetary policy rate for the first time in 28 months (see Chart 8.4). This measure was implemented in a context where GDP recorded the lowest growth level in the past five years (see Chart 8.5)

¹¹ Values above 50 evidence expansion in the activity level; in contrast, if they are below such figure, they show contraction.

¹² In this context, the Japanese Prime Minister decided to indefinitely postpone the new rise in the tax on consumption that had been scheduled for October 2015. In addition, he decided to call for early elections in order to look for support to his government thereby backing this decision.

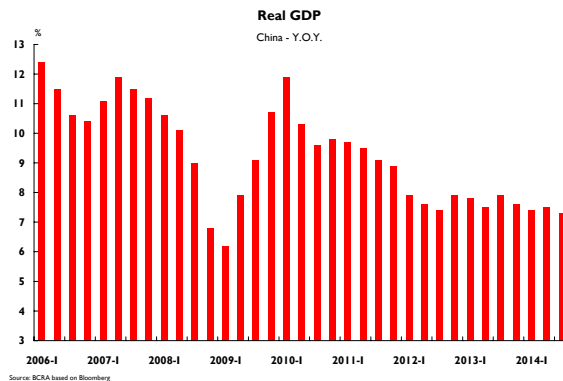
Chart 8.4



and inflation reached the lowest percentage since early 2010 (1.6% y.o.y.). In 2014, the PBoC had already lowered some minimum reserve requirement rates and the rate on repo loans.

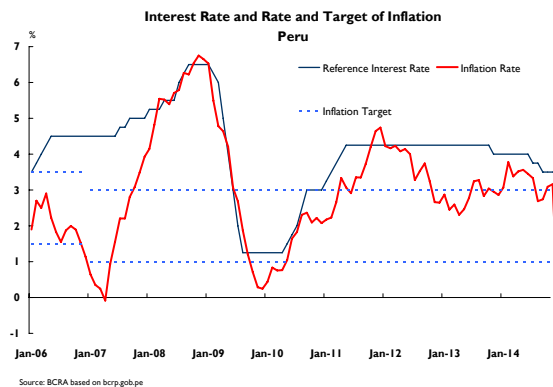
Moreover, in a context of strong foreign exchange volatility, the Central Bank of Russia raised the key rate¹³ by 1.5 p.p. to 9.5%. In turn, the Bank of Indonesia (BI) adopted a set of contraction measures following the central government’s decision to reduce subsidies to fuel thereby leading to a 30% rise in its price. The measures taken by the Bank of Indonesia include the increase of its benchmark interest rate (BI Rate) by 0.25 p.p. to 7.75%.

Chart 8.5



Finally, as far as countries within the region are concerned, the Central Reserve Bank of Peru kept the target for the call money market interest rate at 3.5% (see Chart 8.6). In addition, it reduced the minimum reserve requirement rate in domestic currency from 10.5% to 10% in order to boost lending in *soles*. Thus, the minimum reserve requirement rate has fallen 10 p.p. since June 2013—when the reserve requirement rate started being reduced—while the benchmark interest rate has gone down 0.5 p.p. over the year amidst a context of economic growth below the potential and an inflation rate that stood at 3.1% in October in y.o.y. terms, slightly above the target band (1-3%).

Chart 8.6



¹³ Russia’s monetary policy interest rate.

9. Monetary and financial indicators

Figures in millions, expressed in their original currency.

| Main monetary and financial system figures | Monthly average | | | | Average change in | |
|--|-----------------|----------------|----------------|----------------|-------------------|----------------|
| | Nov-14 | Oct-14 | Dec-13 | Nov-13 | Monthly | Last 12 months |
| Monetary base | 407,830 | 401,131 | 361,580 | 338,343 | 1.7% | 20.5% |
| Currency in circulation | 309,706 | 306,366 | 277,095 | 260,352 | 1.1% | 19.0% |
| Held by public | 277,446 | 275,382 | 247,158 | 234,788 | 0.7% | 18.2% |
| Held by financial entities | 32,259 | 30,982 | 29,935 | 25,562 | 4.1% | 26.2% |
| Settlement check | 1 | 1 | 2 | 0 | - | - |
| BCRA current account | 98,124 | 94,765 | 84,484 | 77,991 | 3.5% | 25.8% |
| Repos stock | | | | | | |
| Reverse repos | 18,374 | 18,834 | 6,351 | 13,855 | -2.4% | 32.6% |
| Repos | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| BCRA securities stock (in face value) | | | | | | |
| In banks | 251,537 | 239,558 | 111,491 | 116,131 | 5.0% | 116.6% |
| LEBAC | 192,065 | 184,017 | 98,364 | 102,681 | 4.4% | 87.0% |
| In pesos | 250,731 | 237,971 | 107,309 | 111,948 | 5.4% | 124.0% |
| In Dollars | 692 | 727 | 0 | 0 | | |
| NOBAC | 115 | 860 | 4,183 | 4,183 | -86.7% | -97.3% |
| International reserves excluded 2009 SDRs allocations | 28,477 | 27,570 | 30,612 | 32,244 | 3.3% | -11.7% |
| Private and public sector deposits in pesos ⁽¹⁾ | 804,743 | 783,701 | 667,633 | 654,149 | 2.7% | 23.0% |
| Current account ⁽²⁾ | 244,810 | 233,689 | 190,954 | 172,816 | 4.8% | 41.7% |
| Savings account | 166,142 | 161,026 | 140,307 | 125,074 | 3.2% | 32.8% |
| Not CER-adjustable time deposits | 361,811 | 358,120 | 309,655 | 331,310 | 1.0% | 9.2% |
| CER-adjustable time deposits | 8 | 8 | 6 | 6 | 1.3% | 34.3% |
| Other deposits ⁽³⁾ | 31,971 | 30,858 | 26,711 | 24,943 | 3.6% | 28.2% |
| <u>Private sector deposits</u> | <u>600,198</u> | <u>587,852</u> | <u>484,439</u> | <u>467,946</u> | <u>2.1%</u> | <u>28.3%</u> |
| <u>Public sector deposits</u> | <u>204,545</u> | <u>195,849</u> | <u>183,194</u> | <u>186,202</u> | <u>4.4%</u> | <u>9.9%</u> |
| Private and public sector deposits in dollars ⁽¹⁾ | 8,401 | 8,246 | 8,263 | 8,094 | 1.9% | 3.8% |
| Loans to private and public sector in pesos ⁽¹⁾ | 573,403 | 565,141 | 498,212 | 480,865 | 1.5% | 19.2% |
| <u>Loans to private sector</u> | <u>533,368</u> | <u>522,625</u> | <u>457,095</u> | <u>442,353</u> | <u>2.1%</u> | <u>20.6%</u> |
| Overdrafts | 64,681 | 67,708 | 56,649 | 57,713 | -4.5% | 12.1% |
| Promissory bills | 129,013 | 125,378 | 111,440 | 104,879 | 2.9% | 23.0% |
| Mortgages | 47,099 | 46,902 | 43,075 | 41,983 | 0.4% | 12.2% |
| Pledge-backed loans | 32,780 | 32,570 | 31,304 | 30,706 | 0.6% | 6.8% |
| Personal loans | 114,861 | 111,973 | 98,468 | 96,571 | 2.6% | 18.9% |
| Credit cards | 105,617 | 100,001 | 80,716 | 76,741 | 5.6% | 37.6% |
| Other loans | 39,317 | 38,093 | 35,442 | 33,760 | 3.2% | 16.5% |
| <u>Loans to public sector</u> | <u>40,035</u> | <u>42,516</u> | <u>41,117</u> | <u>38,512</u> | <u>-5.8%</u> | <u>4.0%</u> |
| Loans to private and public sector in dollars ⁽¹⁾ | 3,538 | 3,796 | 3,694 | 3,957 | -6.8% | -10.6% |
| Total monetary aggregates ⁽¹⁾ | | | | | | |
| M1 (currency held by public + settlement check in pesos+ current account in pesos) | 522,257 | 509,072 | 438,115 | 407,607 | 2.6% | 28.1% |
| M2 (M1 + savings account in pesos) | 688,400 | 670,098 | 578,422 | 532,680 | 2.7% | 29.2% |
| M3 (currency held by public + settlement check in pesos + total deposits in pesos) | 1,082,190 | 1,059,084 | 914,794 | 888,939 | 2.2% | 21.7% |
| M3* (M3 + total deposits in dollars + settlemente check in foreign currency) | 1,156,087 | 1,131,463 | 968,731 | 938,987 | 2.2% | 23.1% |
| Private monetary aggregates | | | | | | |
| M1 (currency held by public + settlement check in pesos + priv.current account in pesos) | 432,016 | 425,382 | 367,407 | 350,174 | 1.6% | 23.4% |
| M2 (M1 + private savings account in pesos) | 578,758 | 568,976 | 493,877 | 464,857 | 1.7% | 24.5% |
| M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos) | 877,645 | 863,235 | 731,599 | 702,737 | 1.7% | 24.9% |
| M3* (M3 + private total deposits in dollars + settlemente check in foreign currency) | 940,438 | 925,148 | 775,730 | 744,375 | 1.7% | 26.3% |

| 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 | 6,699 | 1.7% | 16,833 | 4.3% | 46,251 | 12.8% | 69,487 | 20.5% |
| Financial sector | 445 | 0.1% | -2,870 | -0.7% | -11,991 | -3.3% | -4,489 | -1.3% |
| Public sector | 12,377 | 3.1% | 50,876 | 13.0% | 114,460 | 31.7% | 132,125 | 39.1% |
| Private external sector | 963 | 0.2% | -3,457 | -0.9% | 38,067 | 10.5% | 27,744 | 8.2% |
| BCRA securities | -5,249 | -1.3% | -23,208 | -5.9% | -92,393 | -25.6% | -86,403 | -25.5% |
| Others | -1,837 | -0.5% | -4,507 | -1.2% | -1,892 | -0.5% | 510 | 0.2% |
| International Reserves | 907 | 3.3% | -384 | -1.3% | -2,135 | -7.0% | -3,767 | -11.7% |
| Foreign exchange market intervention | 118 | 0.4% | -401 | -1.4% | 4,569 | 14.9% | 2,878 | 8.9% |
| International financial institutions | 46 | 0.2% | 11 | 0.0% | -305 | -1.0% | -20 | -0.1% |
| Other public sector operations | 79 | 0.3% | 2,876 | 10.0% | 585 | 1.9% | 367 | 1.1% |
| Dollar liquidity requirements | -49 | -0.2% | -338 | -1.2% | -3,945 | -12.9% | -3,542 | -11.0% |
| Others (incl. change in US\$ market value of nondollar assets) | 713 | 2.6% | -2,532 | -8.8% | -3,051 | -10.0% | -3,463 | -10.7% |

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

2 Net of the use of unified funds.

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

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

5 Provisory data subjected to changes in valuation.

Sources: BCRA Accounting Department and SISCEN Informativo Regime.

Minimum Cash Requirement and Compliance

| | Nov-14 | Oct-14 | Sep-14 |
|--|---|--------|--------|
| | (1) | | |
| Domestic Currency | % of total deposits in pesos | | |
| Requirement | 11.8 | 11.8 | 11.7 |
| Compliance | 12.1 | 12.0 | 12.0 |
| Position ⁽²⁾ | 0.3 | 0.2 | 0.2 |
| <i>Residual time structure of term deposits used for the calculation of the requirement ⁽³⁾</i> | % | | |
| Up to 29 days | 69.5 | 69.3 | 67.9 |
| 30 to 59 days | 20.6 | 19.9 | 20.9 |
| 60 to 89 days | 5.8 | 5.8 | 5.9 |
| 90 to 179 days | 3.1 | 3.9 | 4.3 |
| more than 180 days | 1.0 | 1.0 | 1.0 |
| Foreign Currency | % of total deposits in foreign currency | | |
| Requirement | 44.9 | 44.2 | 44.3 |
| Compliance (includes default application resource) | 88.0 | 87.1 | 85.0 |
| Position ⁽²⁾ | 43.1 | 42.9 | 40.7 |
| <i>Residual time structure of term deposits used for the calculation of the requirement ⁽³⁾</i> | % | | |
| Up to 29 days | 47.0 | 46.9 | 49.7 |
| 30 to 59 days | 22.9 | 21.4 | 20.2 |
| 60 to 89 days | 13.0 | 12.3 | 10.6 |
| 90 to 179 days | 11.4 | 13.3 | 13.6 |
| 180 to 365 days | 5.6 | 6.0 | 5.7 |
| more than 365 days | 0.1 | 0.1 | 0.2 |

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

(2) Position= Requirement - Compliance

(3) Excludes judicial time deposits.

Source: BCRA

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

| Borrowing Interest Rates | Nov-14 | Oct-14 | Sep-14 | Dec-13 | Nov-13 |
|--|---------------|---------------|---------------|---------------|---------------|
| Interbank Loans (overnight) | | | | | |
| Interest rate | 19.99 | 21.05 | 13.08 | 19.67 | 15.31 |
| Traded volume (million pesos) | 2,371 | 2,295 | 2,048 | 2,144 | 2,218 |
| Time Deposits | | | | | |
| <u>In pesos</u> | | | | | |
| 30-44 days | 19.75 | 19.46 | 19.17 | 17.67 | 15.84 |
| 60 days or more | 22.82 | 22.34 | 20.79 | 19.00 | 17.79 |
| Total BADLAR (more than \$1 million, 30-35 days) | 17.63 | 18.06 | 18.45 | 17.45 | 14.68 |
| Private Banks BADLAR (more than \$1 million, 30-35 days) | 19.77 | 20.01 | 20.28 | 20.18 | 19.05 |
| <u>In dollars</u> | | | | | |
| 30-44 days | 0.87 | 0.84 | 0.87 | 0.34 | 0.37 |
| 60 days or more | 1.37 | 1.45 | 1.55 | 0.65 | 0.71 |
| Total BADLAR (more than \$1 million, 30-35 days) | 0.83 | 0.77 | 0.87 | 0.39 | 0.39 |
| Private Banks BADLAR (more than \$1 million, 30-35 days) | 1.15 | 1.14 | 0.93 | 0.33 | 0.38 |
| Lending Interest Rates | Nov-14 | Oct-14 | Sep-14 | Dec-13 | Nov-13 |
| Stock Repos | | | | | |
| Gross interest rates 30 days | 22.77 | 21.93 | 21.58 | 21.64 | 20.22 |
| Traded volume (all maturities, million pesos) | 345 | 316 | 291 | 316 | 311 |
| Loans in Pesos ⁽¹⁾ | | | | | |
| Overdrafts | 30.80 | 31.02 | 28.92 | 27.59 | 26.19 |
| Promissory Notes | 23.77 | 25.95 | 24.79 | 22.38 | 21.43 |
| Mortgages | 21.67 | 20.39 | 23.45 | 16.56 | 16.51 |
| Pledge-backed Loans | 26.66 | 26.45 | 25.56 | 21.07 | 22.17 |
| Personal Loans | 37.41 | 37.44 | 37.85 | 39.34 | 38.91 |
| Credit Cards | s/d | 40.53 | 41.52 | 37.16 | 35.75 |
| Overdrafts - 1 to 7 days - more than \$10 million | 22.98 | 25.27 | 18.94 | 22.62 | 20.20 |
| International Interest Rates | Nov-14 | Oct-14 | Sep-14 | Dec-13 | Nov-13 |
| LIBOR | | | | | |
| 1 month | 0.15 | 0.15 | 0.15 | 0.17 | 0.17 |
| 6 months | 0.33 | 0.32 | 0.33 | 0.35 | 0.35 |
| US Treasury Bonds | | | | | |
| 2 years | 0.52 | 0.43 | 0.55 | 0.33 | 0.29 |
| 10 years | 2.31 | 2.29 | 2.52 | 2.88 | 2.71 |
| FED Funds Rate | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| SELIC (1 year) | 11.25 | 11.03 | 11.00 | 10.00 | 9.58 |

(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-14 | Oct-14 | Sep-14 | Dec-13 | Nov-13 |
|---|---------------|---------------|---------------|---------------|---------------|
| BCRA Repo Interest Rates | | | | | |
| Overnight reverse repo | 13.00 | 12.74 | 9.00 | 9.00 | 9.00 |
| 7-day reverse repo | 14.00 | 13.71 | 9.50 | 9.50 | 9.50 |
| 7-day repo | 17.00 | 16.65 | 11.50 | 11.50 | 11.50 |
| Total Repo Interest Rates | | | | | |
| Overnight | 16.08 | 17.40 | 10.07 | 15.81 | 11.20 |
| 7 days | 16.43 | 14.46 | 12.73 | 13.12 | 10.03 |
| Repo traded volumen (daily average) | 12,971 | 14,891 | 16,784 | 3,981 | 11,087 |
| 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 | s/o |
| 3 months | 26.86 | 26.86 | 26.80 | 15.52 | 15.28 |
| 9 months | s/o | s/o | s/o | s/o | s/o |
| 12 months | 29.29 | 29.29 | 29.29 | 17.80 | 17.77 |
| Peso NOBAC with variable coupon Spread¹ | | | | | |
| 200 days BADLAR Private Banks | s/o | s/o | s/o | 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) | 3435 | 2525 | 2738 | 673 | 804 |
| Foreign Exchange Market | Jul-12 | Aug-12 | Aug-12 | Oct-12 | Nov-12 |
| Dollar Spot | | | | | |
| Exchange agencies | 8.51 | 8.48 | 8.42 | 6.32 | 6.02 |
| BCRA Reference | 8.52 | 8.49 | 8.43 | 6.33 | 6.02 |
| Future dollar | | | | | |
| NDF 1 month | 8.65 | 8.74 | 8.73 | 6.75 | 6.38 |
| ROFEX 1 month | 8.60 | 8.60 | 8.58 | 6.56 | 6.17 |
| Traded volume (all maturities, million pesos) | 2,150 | 1,815 | 2,446 | 1,618 | 1,642 |
| Real (Pesos/Real) | 3.34 | 3.46 | 3.61 | 2.69 | 2.61 |
| Euro (Pesos/Euro) | 10.63 | 10.74 | 10.85 | 8.67 | 8.12 |
| Capital Market | Nov-14 | Oct-14 | Sep-14 | Dec-13 | Nov-13 |
| MERVAL | | | | | |
| Index | 10,165 | 10,565 | 11,292 | 5,330 | 5,429 |
| Traded volume (million pesos) | 168 | 282 | 304 | 109 | 122 |
| Government Bonds (parity) | | | | | |
| BODEN 2015 (US\$) | 138.21 | 144.00 | 151.52 | 132.63 | 143.34 |
| DISCOUNT (US\$ - NY legislation) | 125.36 | 125.66 | 130.90 | 106.64 | 119.79 |
| BONAR 2017 (US\$) | 132.11 | 134.75 | 140.32 | 121.59 | 132.71 |
| DISCOUNT (\$) | 70.54 | 65.31 | 66.96 | 63.95 | 59.79 |
| Country risk | | | | | |
| Spread BODEN 2015 vs. US Treasury Bond | 1,175 | 1,733 | 1,421 | 826 | 897 |
| EMBI+ Latin America (without Argentina) | 444 | 427 | 380 | 412 | 415 |

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