

# Monitoring of the Monetary Base Target

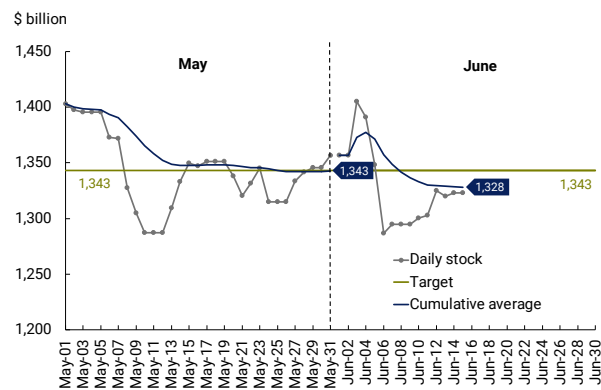
## June 15, 2019

The Central Bank of Argentina (BCRA) has decided to maintain the zero growth target in the Monetary Base (MB) until late 2019, from a level of \$1,343 billion<sup>1</sup> in February. This target is adjusted by the amount in pesos of auctions or sales of foreign currency made by the BCRA in the exchange market and also by the seasonal increase of December.

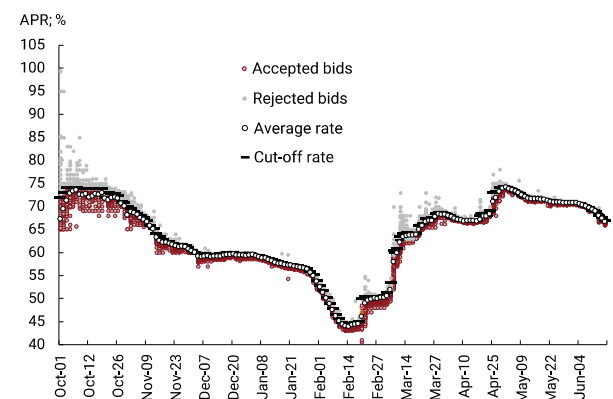
From June 1 to June 15, the BCRA did not intervene in the exchange market. As a result, the Monetary Base target stood at \$1,343 billion. During this fortnight, the MB's cumulative average reached \$1,328 billion, around \$15 billion (1.1%) below the target (see Chart 1).

Within the framework of the monetary regime in force, the reference interest rate is defined endogenously. Vis-à-vis a context of less exchange rate volatility and declining inflation expectations, the interest rate continued exhibiting a slight downward trend. During the first fortnight of June, the interest rate went down 4.1 p.p., standing at 66.7% (see Chart 2). It is worth mentioning that in June, the BCRA plans to absorb the liquidity required to keep a minimum rate of 62.5%. As a result, the reference interest rate will endogenously move above such level during this month.<sup>2</sup>

**Chart 1. Monetary Base**



**Chart 2. Interest Rates of LELIQ auctions**



1 See <http://www.bcra.gov.ar/Noticias/Comunicado-140319.asp>.

2 See <http://www.bcra.gov.ar/Noticias/Comunicado-COPOM-030619.asp>.

