

# **Evolution of the Foreign Exchange Market and the Foreign Exchange Balance**

January 2024



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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## Executive Summary

In 2023, the global economy had to deal with high interest rates in an attempt to curb inflation, and evidenced moderate economic growth. As inflation is going down in most regions, financial conditions might be expected to ease in 2024. However, two factors should not be overlooked. First, geopolitical tensions may push up commodities prices and prolong tight monetary policy measures. Second, the pace of slowdown in inflation has been called into question. Hence, advanced countries' interest rates may take longer to fall. As for the prospects of world economic growth, there are concerns about China's stock and real estate markets, which could adversely affect the international performance.

Locally, a target of zero monetary financing to the National Treasury has been set for 2024, in line with the objectives and plans of monetary and foreign exchange policy announced for this year. Apart from this, Series 1 of BOPREAL bonds was awarded in January. They are issued in US dollars for importers to repay their commercial debt (for more information, see the section on January 2024 Regulations). In turn, the International Monetary Fund (IMF) approved the seventh review of the Extended Fund Facility (EFF) for Argentina.

Financial institutions' clients sold USD3,339 million in the forex market during January. On the buyer's side, the BCRA purchased USD3,272 million and financial institutions, USD72 million. The BCRA also made net payments through the local currency payment system (SML) for USD5 million.

The "Non-Financial Private Sector" was a net seller of foreign currency for USD3,524 million. Within that group, the "Real Sector excluding Oilseeds and Grains" was the main supplier of foreign currency, recording net inflows of USD1,959 million, mainly explained by the result in "Goods". In turn, the "Oilseeds and Grains" sector recorded net inflows of USD1,733 million, up 117% against January 2023.

"Natural Persons" made net purchases totaling USD189 million mainly for traveling expenses and other payments on cards to non-resident suppliers (USD187 million).

"Institutional Investors and Others"—both residents and non-residents—made net sales for USD22 million in January.

The foreign exchange current account recorded a surplus of USD1,964 million in January. This result was explained by a surplus in "Goods" (USD3,879 million), "Services" (USD84 million) and "Secondary Income" (USD6 million), which was partially offset by the deficit recorded in "Primary Income" (USD2,006 million).

The financial account of the "Non-Financial Private Sector" had a deficit of USD450 million in January. This was the result of net self-to-self international transfers for USD666 million (mainly explained as the counterpart of the real sector's collections on exports from goods and services that had not been settled in the foreign exchange market and inflows from freely available foreign currency by natural persons), payments of balances in foreign currency to local institutions for purchases made with cards to non-resident suppliers for USD144 million (which do not involve a net demand of foreign currency in the financial account), and net outflows of foreign assets for USD20 million, partially offset by net inflows from local financial loans for USD228 million, other financial debt held abroad and debt securities for USD91 million, foreign direct investment for USD45 million and loans granted by international organizations for USD10 million.

The transactions carried out under the foreign exchange financial account of the “Financial Sector” resulted in a surplus of USD374 million. This outcome was mainly explained by a fall of USD385 million in liquid foreign assets of financial institutions’ General Exchange Position, partially offset by net purchases of securities for USD8 million and by net outflows from financial loans of USD3 million.

The transactions carried out under the foreign exchange financial account of the “General Government and the BCRA” resulted in a surplus of USD2,199 million, mainly explained by gross inflows of principal from the IMF for USD4,655 million (SDR3,500 million), partially offset by gross repayments of principal owed to the IMF totaling USD1,944 million (SDR1,463 million), and net outflows on account of loans from international organizations other than the IMF for USD460 million.

During January, the BCRA’s international reserves increased USD4,569 million, totaling USD27,642 million by the end of the month. This increase was mainly explained by net purchases made by the BCRA in the forex market for USD3,272 million, net disbursements of principal of the IMF for USD2,708 million (SDR2,035 million) and by an increase in financial institution’s holdings of foreign currency in the BCRA for USD917 million, partially offset by net payment of interest and other financial debt of the General Government and the BCRA for USD1,677 million, by net outflows from loans granted by international organizations (other than the IMF) for USD474 million, by a decrease in the US dollar exchange rate of foreign exchange reserves for USD166 million, and net payments settled by the BCRA through the SML for USD11 million.

## January 2024 Regulations

The BCRA issued Communication [A 7952](#) on January 25, whereby nearly 10,000 micro-, small-, and medium-sized enterprises (MSMEs) with debts up to USD500,000 are allowed to access the forex market for debt repayment in the course of the following three months. They may access the forex market for up to USD50,000 from February 10; for another USD100,000 from March 10; and for the remaining amount of the reported debt from April 10.

In January, Series 1 of BOPREAL bonds was awarded for a nominal value (NV) of USD5,000 million. Series 1 was awarded in full to more than 1,300 companies along six auctions.

In turn, Series 2 bonds were offered along February for a nominal value of USD2,000 million, the last auction being held on Thursday 22.

# I. Introduction

This report analyses information on foreign exchange transactions made in January 2024 as gathered by the Exchange Transaction Reporting System administered by the BCRA. Additionally, it relies on information on changes in the BCRA's International Reserves due to transactions carried out by the BCRA on its own account or on behalf of the National Government, and due to changes in the balance of institutions' foreign currency accounts at the BCRA.<sup>1</sup>

Data collected from institutions include information on every transaction conducted in the forex market by natural or legal persons (including the sector to which they belong, which agrees with the main business activity reported to AFIP), amounts traded, currency denomination, and the reason for the foreign exchange transaction (heading)—such as inflows or outflows from exports or imports of goods or services, saving, and financial liabilities, as defined in the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).

For further information on methodological aspects of this report, please read the methodology used for compiling foreign exchange market and foreign exchange balance statistics, which is available [here on the BCRA's website](#).

Should you need detailed information about the exchange rate regulations in force and the changes that have been implemented since November 2017, please see the [Consolidated Text on Foreign Trade and Exchange Regulations](#) available on the BCRA's website.

Section II of this report analyzes the result of foreign exchange transactions for January; data are broken down by sector and by heading.<sup>2</sup>

Section III deals with the Foreign Exchange Balance which comprises transactions carried out by the institutions with their clients in the foreign exchange market and those carried out by the BCRA—either on its own account or on behalf of the National Government. It is worth noting that the Foreign Exchange Balance is presented in an analytical format based on the Balance of Payments broken down by component and by institutional sector. This information is published anew in 2020, allowing readers to follow-up data (which has taken again the form of an affidavit) by type of transaction. However, **the evolution of the historical series**

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<sup>1</sup> Communication A 3840, as amended.

<sup>2</sup> Sectors were grouped into: "Central Bank", "Institutions", "General Government", "Oilseeds and Grains", "Real Sector excluding Oilseeds and Grains", "Natural Persons", and "Institutional Investors and Others".

For identification purposes, each sector is defined as follows: **"General Government"** stands for the so-called "Public Sector" and embraces transactions made by the National Treasury directly through its account in foreign currency held with the BCRA; **"Oilseeds and Grains"**; **"Real Sector excluding Oilseeds and Grains"** includes the following sectors: "Oil", "Food, Beverages and Tobacco", "Textile and Leather Industries", "Paper, Publishing and Printing Industry", "Chemical, Rubber and Plastic Industries", "Non-Metallic Mineral Products (Cement, Ceramics and Others)", "Common Metals and their Manufacture", "Machinery and Equipment", "Automobile Industry", "Other Manufacturing Industries", "Electricity (Generation, Transport, Distribution)", "Gas (Extraction, Transport, Distribution)", "Water", "Commerce", "Transport", "Communications", "Mining", "Agriculture and Other Primary Activities", "Construction", "Information Technology", "Gastronomy", "Entertainment" and "Tourism and Accommodation Services"; **"Financial and Foreign Exchange Institutions"** includes the sector's transactions; **"Natural Persons"** includes all natural persons within the sector "Other Non-Financial Private Sectors"; and **"Institutional Investors and Others"** includes "Insurance" as well as the rest of the "Other Non-Financial Private Sectors".

shown here should be analyzed in light of the different forex regulations in force by period (see Section B.5. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)).<sup>3</sup>

Section IV deals with the stock of international reserves by the end of the period and their evolution.

Finally, Section V deals with information on the amount traded in the foreign exchange market. This amount stands for transactions made by institutions with their clients—both gross purchases and gross sales—transactions between institutions, and those carried out among institutions and the BCRA.

## II. Result by Sector in the Foreign Exchange Market

In 2023, the global economy had to deal with high interest rates in an attempt to curb inflation, and evidenced moderate economic growth. As inflation is going down in most regions, financial conditions might be expected to ease in 2024. However, two factors should not be overlooked. First, geopolitical tensions may push up commodities prices and prolong tight monetary policy measures. Second, the pace of slowdown in inflation has been called into question. Hence, advanced countries' interest rates may take longer to fall. As for the prospects of world economic growth, there are concerns about China's stock and real estate markets, which could adversely affect the international performance.

Locally, a target of zero monetary financing to the National Treasury has been set for 2024, in line with the objectives and plans of monetary and foreign exchange policy announced for this year. Apart from this, Series 1 of BOPREAL bonds was awarded in January. They are issued in US dollars for importers to repay their commercial debt (for more information, see the section on January 2024 Regulations). In turn, the IMF approved the seventh review of the EFF for Argentina.

Financial institutions' clients sold USD3,339 million in the forex market during January. On the buyer's side, the BCRA purchased USD3,272 million and financial institutions, USD72 million. The BCRA also made net payments through the SML for USD5 million (see Table II.1).<sup>4 5 6</sup>

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<sup>3</sup> The Central Bank's website ([www.bcra.gob.ar](http://www.bcra.gob.ar)) contains different statistical series of the Foreign Exchange Market (to access statistical series, [click here](#)), together with an annex broken down by sector and main headings (to access the Statistical Annex of the Foreign Exchange Balance [click here](#)). In addition, the "Main differences between the balance of payments and the foreign exchange balance" are available [here](#). The results in this section are broken down by the main sectors trading in the forex market in order to set net purchasers apart from net sellers.

<sup>4</sup> Information on the Local Currency Payment System of this report has been drawn from the Exchange Transaction Reporting System (RIOCI) and reported by transaction date. For more information, see the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

<sup>5</sup> Transactions in the forex market are reported according to their transaction date, except for the purchase and sale of securities payable in foreign currency.

<sup>6</sup> The result by sector excludes purchases of foreign currency to pay card bills for expenses incurred abroad for an amount of USD144 million. These payments of local debts in foreign currency do not imply a net demand in the whole system, made up by the institutions and the BCRA.



**Table II.1 Foreign Exchange Market****Result by Sector**

Equivalent in million dollars

Result by Sector of the Foreign Exchange Market with Institutions	Jan-23	Jan-24
BCRA - Market	417	-3,272
BCRA - SML	39	5
National Treasury	-	-
Institutions	345	-72
<b>Institutions' Clients (1 + 2 + 3)</b>	<b>-802</b>	<b>3,339</b>
<b>1. Non-Financial Private Sector</b>	<b>-685</b>	<b>3,524</b>
Oilseeds and Grains	798	1,733
Real Sector Excluding Oilseeds and Grains	-816	1,959
Natural Persons	-551	-189
Institutional Investors and Others	-116	22
<b>2. General Government (National Treasury Excluded)</b>	<b>-69</b>	<b>-89</b>
<b>3. Institutions (Own Transactions)</b>	<b>-48</b>	<b>-97</b>
<b>National Treasury Directly with the BCRA</b>	<b>-967</b>	<b>-445</b>

**Note:** (+) Net sales; (-) Net purchases

Source: BCRA

The following table is intended to analyze the purchases and sales carried out through institutions in the forex market, reflecting each sector's net foreign exchange result. Each heading's net result—as informed by the institutions to the BCRA—is displayed vertically. The result of forex transactions in pesos and in foreign currency may be set apart from the result of self-to-self international transfers (see Table II.2).<sup>7</sup>

Based on this information, the following sectors' performance can be highlighted (for more information on the sector-based categorization used, see Section B.4. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)).

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<sup>7</sup> Although self-to-self international transfers are not precisely forex transactions, they are recorded in forex statistics. They involve a transfer of foreign currency from abroad to a local account opened in foreign currency and/or a debit of funds deposited locally for their transfer abroad. Inflows are recorded under the transfer heading (positive sign). In addition, there is a second record where the same amount is entered under a negative sign for the crediting of funds. Contrariwise, a payment abroad from a local account in foreign currency is recorded under the payment heading with a negative sign, and the debit from the account, under a positive sign. Consequently, the total result of self-to-self international transfers in the forex market is neutral. For more information, see Section C.4.6. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

**Table II.2 Foreign Exchange Market**

**Result of Institutions' Transactions with Clients. January 2024.**

Equivalent in million dollars

Sector/Main Headings	Goods	Travel and Passenger Transport, and Other Expenses Paid with Cards	Other Services, and Primary and Secondary Inflows	Foreign Assets - Banknotes	Foreign Assets - Foreign Currency	Net Self-to-Self International Transfers	Debt, FDI, Portfolio, and Other Transactions	Total
<b>Non-Financial Private Sector</b>	<b>3,930</b>	<b>-195</b>	<b>81</b>	<b>25</b>	<b>-45</b>	<b>-666</b>	<b>394</b>	<b>3,524</b>
Oilseeds and Grains	1,628	0	-2	0	-15	-7	129	1,733
Real Sector Excluding Oilseeds and Grains	2,256	-79	-105	25	33	-422	252	1,959
Natural Persons	7	-187	16	-8	-81	61	4	-189
Institutional Investors and Others	39	71	173	8	19	-298	9	22
<b>General Government (National Treasury Excluded)</b>	<b>-1</b>	<b>0</b>	<b>-75</b>	<b>10</b>	<b>0</b>	<b>2</b>	<b>-25</b>	<b>-89</b>
<b>Institutions' Own Transactions</b>	<b>-50</b>	<b>0</b>	<b>-36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10</b>	<b>-97</b>
<b>Institutions' Result with Clients</b>	<b>3,879</b>	<b>-195</b>	<b>-31</b>	<b>35</b>	<b>-45</b>	<b>-664</b>	<b>359</b>	<b>3,339</b>
<b>Result for Forex Transactions</b>	<b>3,655</b>	<b>-412</b>	<b>-85</b>	<b>35</b>	<b>16</b>	<b>0</b>	<b>130</b>	<b>3,339</b>
<b>Result for Self-to-Self International Transfers</b>	<b>224</b>	<b>217</b>	<b>54</b>	<b>0</b>	<b>-61</b>	<b>-664</b>	<b>230</b>	<b>0</b>

**Note:** (+) Net sales; (-) Net purchases

Source: BCRA

In January, the "Oilseeds and Grains" sector recorded net sales of foreign currency in the forex market for USD1,733 million, mainly explained by the headings included in "Goods" (collections on exports net of payments for imports), recording a net amount of USD1,628 million, up 96% against January 2023.

The "Real Sector excluding Oilseeds and Grains" was the main supplier of foreign currency, with net sales of USD1,959 million, mainly explained by the result in "Goods", with net sales of USD2,256 million.

In this context, the two economic sectors generating more surplus were "Food, Beverages and Tobacco" (USD646 million) and "Automobile Industry" (USD626 million), while the sector recording the highest deficit was "Tourism and Accommodation Services" (USD61 million) (see Table II.3).

**Table II.3 Foreign Exchange Market**

**Result of the Real Sector excluding Oilseeds and Grains disaggregated by main headings. January 2024.**

Equivalent in million dollars

Sector/Main Headings	Goods	Travel and Passenger Transport, and Other Expenses Paid with Cards	Other Services, and Primary and Secondary Inflows	Foreign Assets - Banknotes	Foreign Assets - Foreign Currency	Net Self-to-Self International Transfers	Debt, FDI, Portfolio, and Other Transactions	Total
Food, Beverages and Tobacco	741	0	-1	0	0	-80	-15	646
Automobile Industry	640	0	2	0	0	-6	-10	626
Mining	218	0	0	1	11	-18	57	268
Chemical, Rubber and Plastic Industries	150	0	16	0	2	-23	33	178
Agriculture and Other Primary Activities	206	0	1	0	1	-28	-3	176
Information Technology	0	2	99	0	1	-16	13	98
Common Metals and their Manufacture	-44	0	-6	0	1	-6	106	51
Entertainment	0	0	11	0	9	-3	18	35
Commerce	25	0	6	0	0	-10	-2	19
Textile and Leather Industries	28	0	-1	0	0	-5	-6	16
Other Manufacturing Industries	13	0	6	0	1	-5	-1	15
Machinery and Equipment	20	0	7	0	0	-9	-10	10
Non-Metallic Mineral Products (Cement, Ceramics and Others)	9	0	0	0	1	-3	-3	3
Gastronomy	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0
Transport	5	-36	6	10	0	14	-5	-6
Communications	-11	0	6	1	1	-14	2	-15
Construction	0	1	-13	0	0	-12	3	-21
Paper, Publishing and Printing Industry	-21	0	-13	0	0	0	-2	-36
Energy*	278	0	-232	11	6	-181	76	-42
Tourism and Accommodation Services	0	-46	1	0	0	-16	0	-61
<b>Total</b>	<b>2,256</b>	<b>-79</b>	<b>-105</b>	<b>25</b>	<b>33</b>	<b>-422</b>	<b>252</b>	<b>1,959</b>

\*It includes: Electricity (Generation, Transport, Distribution), Oil, and Gas (Extraction, Transport, Distribution) Sectors

**Note:** (+) Net sales; (-) Net purchases

Source: BCRA

Financial institutions made net purchases with their own funds for USD97 million.

In turn, the “General Government” (excluding the National Treasury) made net purchases in the forex market for USD89 million.

“Natural Persons” made net purchases totaling USD189 million mainly for traveling expenses and other payments on cards to non-resident suppliers (USD187 million) and for saving purposes.

“Institutional Investors and Others”—both residents and non-residents—made net sales for USD22 million in January.

### III. Foreign Exchange Balance

The Foreign Exchange Balance comprises transactions carried out by institutions with their clients in the foreign exchange market (included in Section II) and those carried out by the BCRA—either on its own account or on behalf of the National Government. It is worth noting that the Foreign Exchange Balance is presented in an analytical format based on the Balance of Payments broken down by component and by institutional sector.

#### III.1. Current Account

Current account transactions recorded in the foreign exchange balance recorded a surplus of USD1,964 million in January. This result was explained by a surplus in “Goods” (USD3,879 million), “Services” (USD84 million) and “Secondary Income” (USD6 million), which was partially offset by the deficit recorded in “Primary Income” (USD2,006 million) (see Table III.1.1).<sup>8</sup>

**Table III.1.1. Foreign Exchange Balance**

**Foreign Exchange Current Account**

Equivalent in million dollars

Date	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
<b>Foreign Exchange Current Account</b>	<b>-1,651</b>	<b>-1,237</b>	<b>-2,020</b>	<b>71</b>	<b>776</b>	<b>-1,712</b>	<b>-645</b>	<b>-372</b>	<b>511</b>	<b>-313</b>	<b>47</b>	<b>2,962</b>	<b>1,964</b>
Goods	414	572	-747	903	2,363	-921	985	1,292	1,406	854	1,982	3,381	3,879
Services	-725	-653	-866	-506	-430	-363	-330	-412	-461	-753	-678	-20	84
Primary Income	-1,352	-1,142	-432	-310	-1,169	-426	-1,312	-1,251	-425	-373	-1,256	-387	-2,006
Secondary Income	12	-14	25	-15	12	-1	12	-1	-10	-42	-2	-12	6

Source: BCRA

<sup>8</sup> For more information on the changes in the regulations that have an impact on the comparison of flows under “Goods”, among other headings, see Section B.5. Important Regulatory Provisions that Have an Impact on Foreign Exchange Statistics of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#) available at the BCRA’s website.

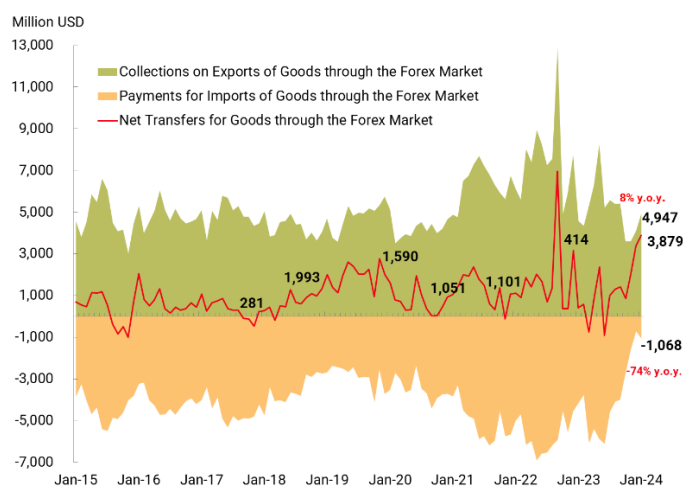
It is worth noting that Executive Order [28/2023](#) (published on December 13) sets forth a new edition of the “Export Increase Program”. This program is intended for the entire exporting sector, both goods and services, and allows them to settle 20% of the foreign currency received from the collection of exports through the stock market, having to settle, at least, 80% through the forex market.

In this sense, foreign currency inflows from exports of goods and services settled through the stock market under these regulations are not recorded as collections of exports of goods and services in the foreign exchange market and foreign exchange balance statistics; except for those collections that were kept in local foreign currency accounts (that result in self-to-self international transfers). In January, about USD680 million from collections of exports of goods and services were settled through the stock market. They were directly transferred from accounts held abroad.

### III.1.1. Goods

In January, transfers for “Goods” on the foreign exchange balance exhibited net inflows for USD3,879 million, resulting from collections on exports for USD4,947 million, which were partially offset by payments of imports for USD1,068 million (see Chart III.1.1.1).

**Chart III.1.1.1 Foreign Exchange Balance  
Transfers for Goods**



Source: BCRA

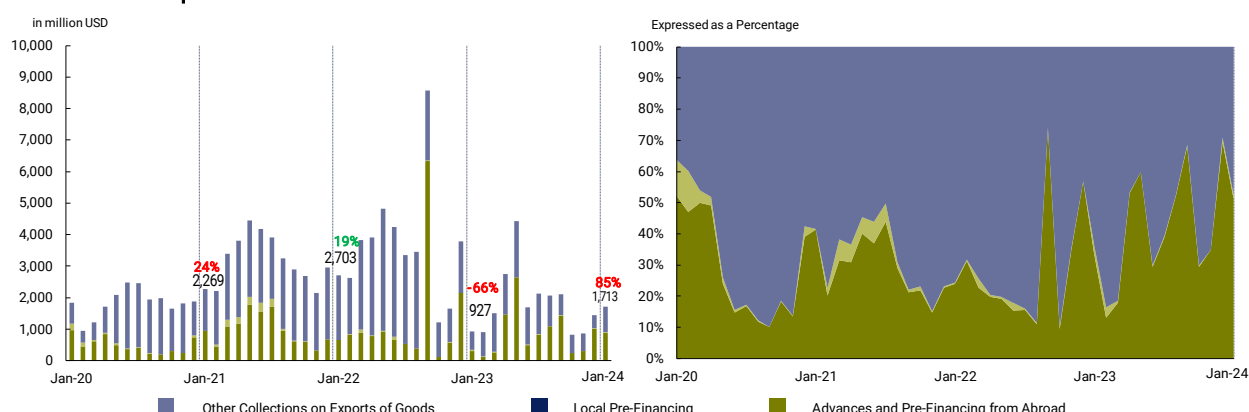
In addition, estimates reveal that collections on exports under the “Export Increase Program” settled through the stock market in January were USD610 million higher compared to the previous month. This amount plus collections on exports settled through the foreign exchange market stood for USD5,560 million. Therefore, net inflows total USD4,492 million.

In January, the “Oilseeds and Grains” sector recorded foreign currency sales for collections on exports of goods through the forex market for USD1,713 million (+85% y.o.y.). Taking into account the estimated

USD320 million that the sector transferred through the stock market,<sup>9</sup> total inflows from collections on exports reached about USD2,040 million. The sector's FOB exports totaled about USD2,284 million in January, which would imply that the sector decreased its stock of commercial debt during the month.

Fifty-three percent of the sector's inflows were collected ahead of time in January, either through advances or pre-financing (local and foreign); this share was above the historical average of the series, 46% for the 2016-2023 period (see Chart III.1.1.2).

**Chart III.1.1.2 Foreign Exchange Balance**  
**Collection on Exports of Goods from the "Oilseeds and Grains" Sector**

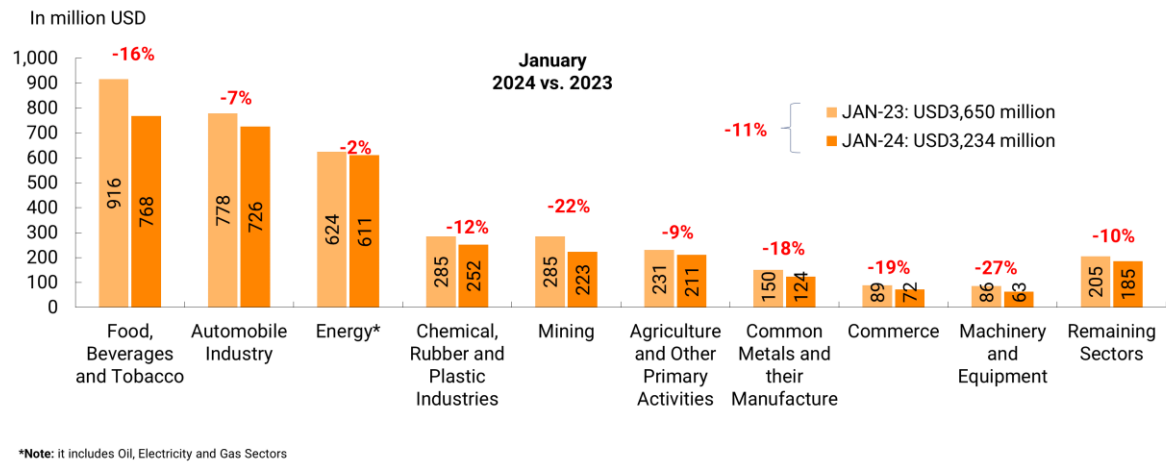


Source: BCRA

Inflows from the collections on exports of goods from the remaining sectors settled through the forex market totaled USD3,234 million in January, down 11% y.o.y. In turn, proceeds from the collection of exports through the stock market were estimated at about USD290 million. In January, the performance was marked by setbacks in the collections on exports in y.o.y. terms for all sectors (see Chart III.1.1.4).

<sup>9</sup> It is worth noting that inflows from the collections of exports through the stock market are not included in the statistics published by the foreign exchange market and the foreign exchange balance, because they are not recorded in the Exchange Transaction Reporting System (RIOC).

**Chart III.1.1.4 Foreign Exchange Balance**  
**Collection on Exports of Goods (“Oilseeds and Grains” Sector Excluded)**

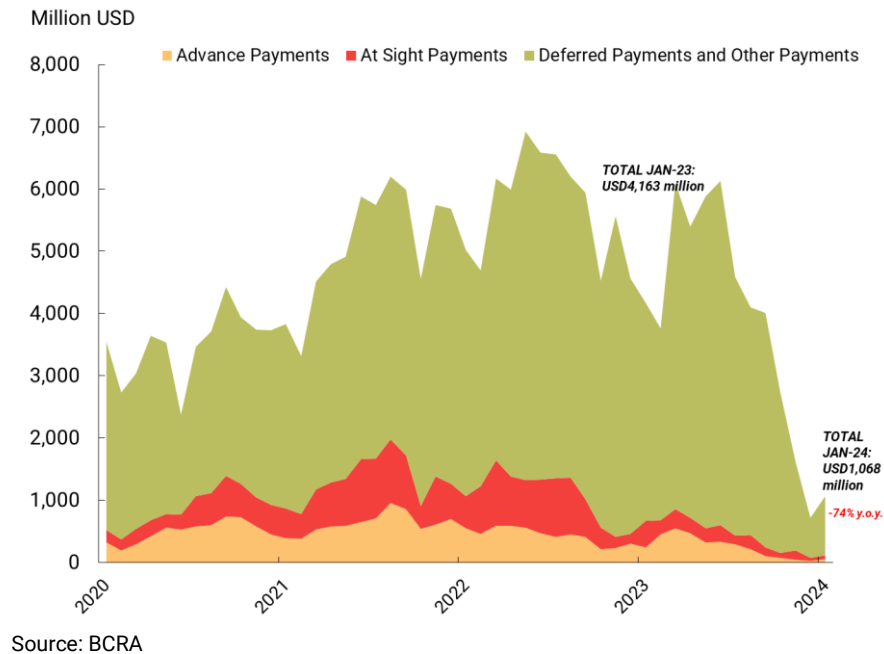


Source: BCRA

In January, payments of imports of goods totaled USD1,068 million, down 74% against January 2023, and standing below January’s FOB imports (USD4,372 million). This would imply either an increase in the sector’s commercial indebtedness level or a decrease in its foreign assets. However, it should be noted that the BCRA awarded the entire BOPREAL Series 1 for 5,000 million (NV) (for more information, see the section on January 2024 Regulations).

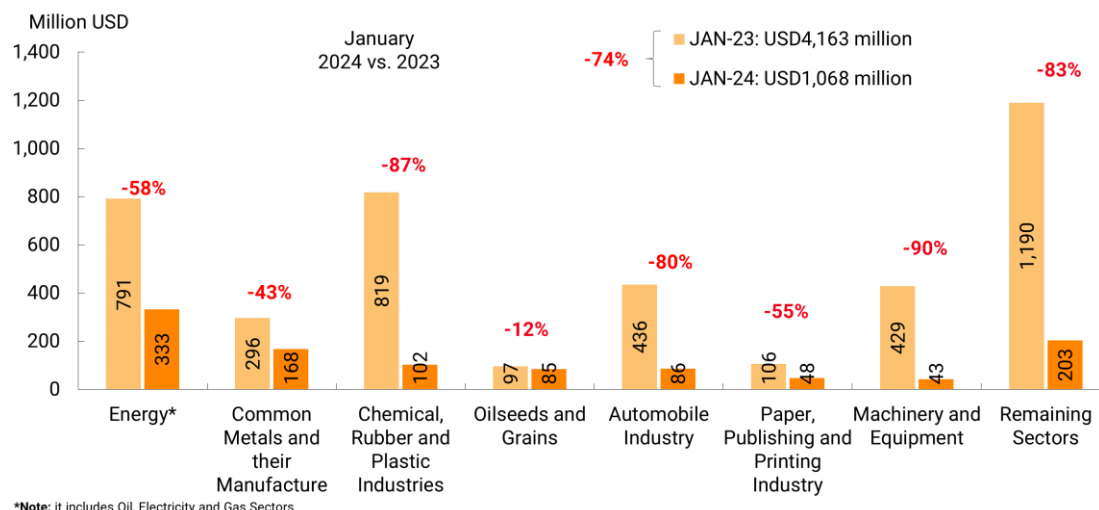
As regards imports of goods, 89% of payments were deferred, 6% were advance payments, and the other 5% were sight payments in January (see Chart III.1.1.5).

**Chart III.1.1.5 Foreign Exchange Balance**  
**Evolution of Payments for Imports of Goods by Type of Payment**



Thirty-one percent of total payments for imports of goods made in January corresponded to the “Energy” sector, followed by the “Common Metals and their Manufacture” (16%) and “Chemical, Rubber and Plastic Industries” (10%) sectors. In y.o.y. terms, there was a fall in payments for imports from all sectors during January (see Chart III.1.1.6).

**Chart III.1.1.6 Foreign Exchange Balance  
Payments for Imports of Goods by Sector**



Source: BCRA

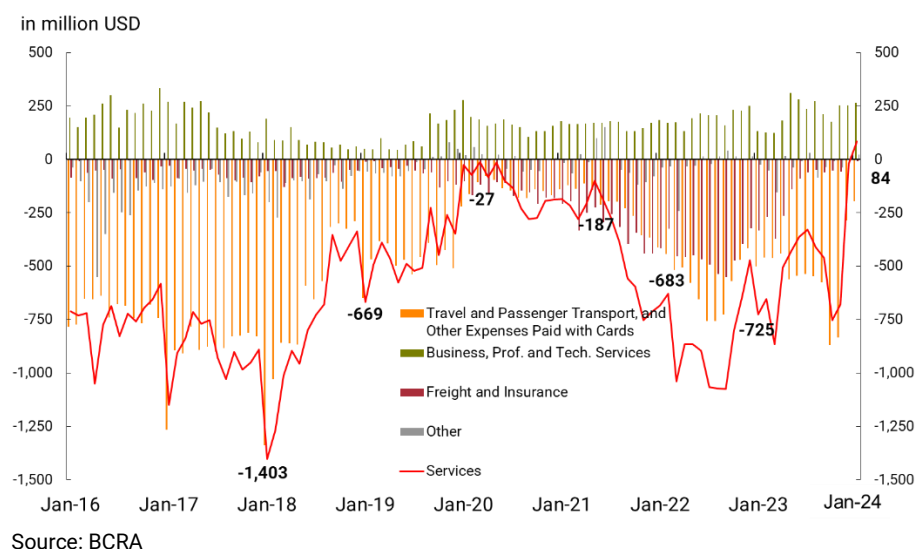
### III.1.2. Services, Primary and Secondary Income

The "Services" account recorded a surplus (USD84 million) in January, for the first time since 2012. This month's result was explained by the net inflows of "Business, Professional and Technical Services" (USD263 million), and "Other Services" (USD23 million), which were partially offset by net outflows from "Travel and Passenger Transport, and Other Expenses Paid with Cards" (USD195 million) and "Freight and Insurance" (USD7 million) (see Chart III.1.2.1).

In addition, inflows from "Services" through the stock market amounted to USD65 million under the aforementioned "Export Increase Program".



**Chart III.1.2.1 Foreign Exchange Balance  
Net Inflows from Services**



In January, gross inflows from “Travel and Passenger Transport” amounted to USD265 million (up 61% against January 2023). These inflows were observed after the implementation of Communication A 7630, dated November 3, 2022, which set forth that any inflows arising from non-resident cards, charges of tourist services hired by non-residents and charges of non-resident passenger transport services are exempted from the requirement to settle currency in the forex market. This measure seeks to boost foreign currency inflows from inbound tourism. In addition, a higher exchange rate is charged on card consumptions of non-resident visitors.<sup>10 11</sup>

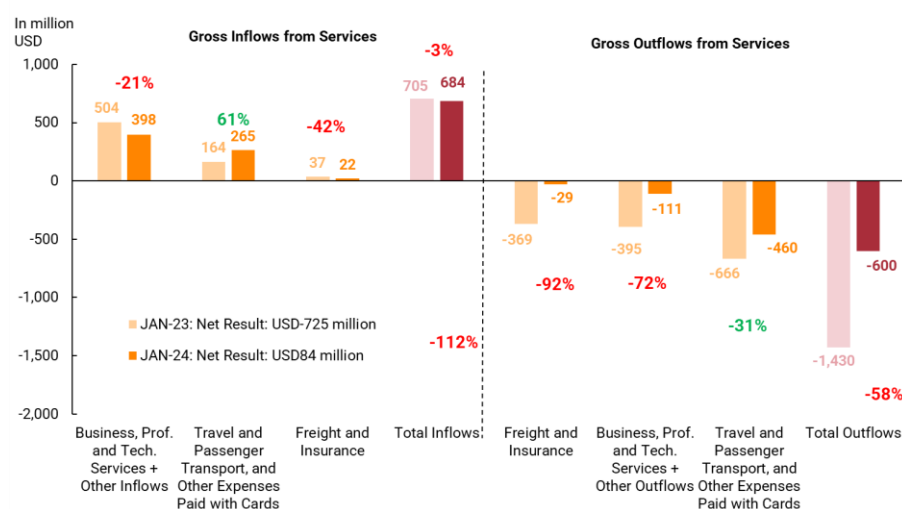
Below are the gross inflows and outflows from services, by heading, for January, compared to January 2023 (see Chart III.1.2.2).<sup>12</sup>

<sup>10</sup> Self-to-self international transfers have no net effect on the forex market, since inflows are not settled in the forex market but deposited in local accounts in foreign currency.

<sup>11</sup> In terms of the “Travel and Passenger Transport, and Other Expenses Paid with Cards” account, it is worth pointing out that the transfers made to international credit card issuers involve both purchases made during travels abroad and those made on a remote basis. In turn, inflows also include non-resident remote purchases made with cards to Argentine suppliers. For more information on the changes implemented to the regulations that have an impact on the comparison of the flows reported in the headings included under “Services”, among others, see Section B.5. Important Regulatory Provisions that Have an Impact on Foreign Exchange Statistics of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#) available at the BCRA’s website.

<sup>12</sup> For more information on the private sector’s external debt, [click here](#) to see the quarterly publication of the BCRA.

**Chart III.1.2.2 Foreign Exchange Balance**  
**Gross Inflows from Services**



Source: BCRA

Primary income transactions recorded net outflows amounting to USD2,006 million in January, mainly due to net payments of “Interest” for USD1,989 million.

The “General Government and the BCRA” paid USD1,736 million of gross interest (including payments of interest on Step Up Bonds of USD1,567 million, and payments of interest to international organizations—IMF excluded—of USD168 million). In turn, the private sector repaid USD278 million for the same heading. In addition, gross outflows of profits, dividends and other income transferred to accounts abroad amounted to USD20 million.

Finally, secondary income transactions recorded a surplus of USD6 million.

## III.2. Capital Account

In January, the capital account of the foreign exchange balance recorded a surplus of USD20 million.

## III.3. Foreign Exchange Financial Account

In January, transactions carried out under the foreign exchange financial account recorded a surplus of USD2,751 million. This result was explained by the surplus recorded in “National Government and the BCRA” (USD2,199 million), in “Other Net Transfers” (USD628 million), and in “Financial Sector” (USD374 million), partially offset by the deficit recorded in “Non-Financial Private Sector” (USD450 million) (see Table III.3.1).<sup>13</sup>

<sup>13</sup> For more information on the “Other Net Transfers” account of the foreign exchange balance, see Section C.4.11. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

**Table III.3.1. Foreign Exchange Balance**

**Foreign Exchange Financial Account**

Equivalent in million dollars

Date	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
<b>Foreign Exchange Financial Account</b>	<b>3,669</b>	<b>-2,219</b>	<b>-734</b>	<b>1,855</b>	<b>-4,091</b>	<b>-2,191</b>	<b>-2,915</b>	<b>-3,676</b>	<b>4,409</b>	<b>-1,132</b>	<b>-4,254</b>	<b>-1,631</b>	<b>-1,525</b>	<b>2,751</b>
Non-Financial Private Sector	-409	-412	-713	-675	-852	-677	-155	-948	-346	-632	-835	-1,142	-1,005	-450
Financial Sector	-1,078	878	62	198	76	-696	179	-800	403	406	-21	-128	-1,555	374
General Government and the BCRA	3,944	-3,139	-218	2,815	-2,823	-787	-2,482	-1,678	4,807	-923	-3,176	-516	-504	2,199
Other Net Transfers	1,212	454	135	-484	-493	-31	-456	-249	-455	17	-222	155	1,539	628

Source: BCRA

### III.3.1. Foreign Exchange Financial Account of the Non-Financial Private Sector

The financial account of the “Non-Financial Private Sector” had a deficit of USD450 million in January. This was the result of net self-to-self international transfers for USD666 million (mainly explained as the counterpart of the real sector's collections on exports from goods and services that had not been settled in the foreign exchange market and inflows from freely available foreign currency by natural persons), payments of balances in foreign currency to local institutions for purchases made with cards to non-resident suppliers for USD144 million (which do not involve a net demand of foreign currency in the financial account), and net outflows of foreign assets for USD20 million, partially offset by net inflows from local financial loans for USD228 million, other financial debt held abroad and debt securities for USD91 million, foreign direct investment for USD45 million and loans granted by international organizations for USD10 million (see Table III.3.1.1).

**Table III.3.1.1. Foreign Exchange Balance**

**Foreign Exchange Financial Account of the Non-Financial Private Sector**

Equivalent in million dollars

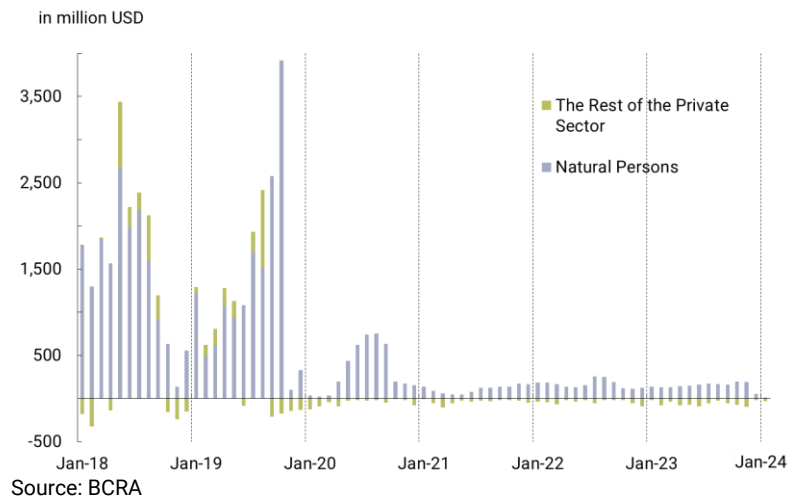
Date	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
<b>Foreign Exchange Financial Account</b>	<b>-412</b>	<b>-713</b>	<b>-675</b>	<b>-852</b>	<b>-677</b>	<b>-155</b>	<b>-948</b>	<b>-346</b>	<b>-632</b>	<b>-835</b>	<b>-1,142</b>	<b>-1,005</b>	<b>-450</b>
Non-Residents' Direct Investments	52	54	38	58	54	223	45	69	85	91	100	87	45
Non-Residents' Portfolio Investments	-1	3	-1	0	-1	-4	0	-1	12	1	-3	0	4
Financial Loans and Credit Lines	-149	-582	-278	-456	-420	-188	-281	-525	-389	-538	-556	-396	175
Local Financial Loans	-28	-97	56	76	-101	-83	-88	49	-5	-126	-149	-72	228
Other Foreign Loans and Debt Securities	108	-248	-44	-317	-81	183	77	-326	-102	-55	-88	-31	91
Payment of Card Balance	-228	-238	-290	-215	-237	-288	-271	-248	-282	-357	-319	-293	-144
Loans from Other International Organizations and Other	8	-52	-41	1	-83	-56	-84	150	-15	52	-92	-121	10
Buildup of Foreign Assets by the Non-Financial Private Sector	-81	-11	-4	-397	-83	0	-196	-91	-84	-112	5	330	-20
Self-to-Self International Transfers	-240	-123	-386	-56	-150	-130	-430	54	-250	-328	-604	-909	-666
Purchase and Sale of Securities	-2	-2	-2	-2	5	0	-3	-2	9	-1	8	5	2

Source: BCRA

Non-financial private sector residents' foreign assets recorded a deficit of USD20 million—i.e., net outflows of foreign currency (USD45 million) and net sales of banknotes (USD25 million).

This outcome reflects net sales for USD33 million made by legal persons, partially offset by net purchases for USD8 million made by “Natural Persons” (see Chart III.3.1.1).

**Chart III.3.1.1 Foreign Exchange Balance**  
**Net Purchases of Banknotes by Sector**

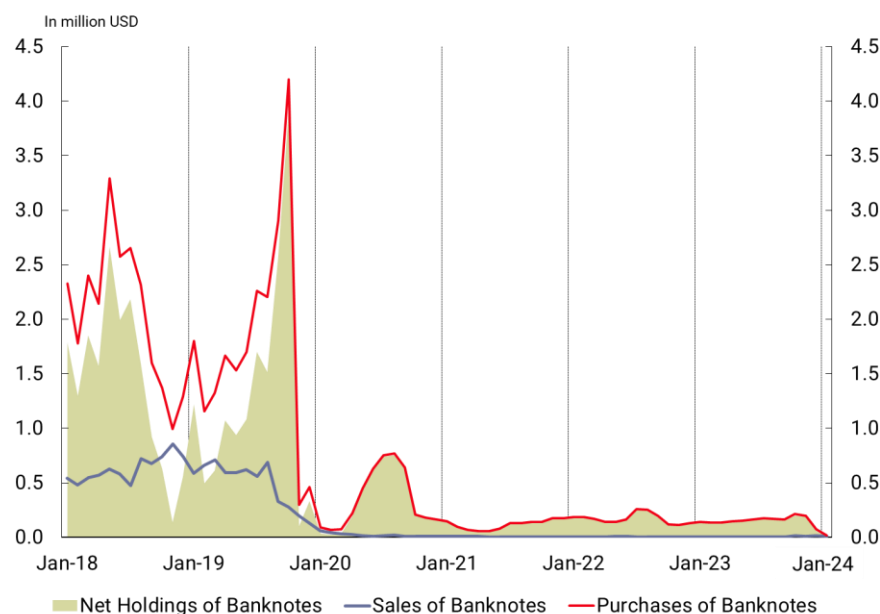


In January, “Natural Persons” purchased banknotes for USD20 million—down 72% against December, and down 86% y.o.y.—and sold USD18 million (see Chart III.3.1.2).

It is worth noting that AFIP’s General Resolution 5463/2023,<sup>14</sup> effective December 13, changed the rates of income and personal property taxes levied on the purchase of foreign currency for saving purposes to 30%, and the rate of foreign currency expenses paid with cards, to 0%. Therefore, the total charge for these consumptions is currently 60%: 30% (PAIS tax) and 30% (income tax or personal property tax, as appropriate) (for more information see the section on [December 2023 Regulations](#)).

<sup>14</sup> To see General Resolution 5463/2023 [click here](#).

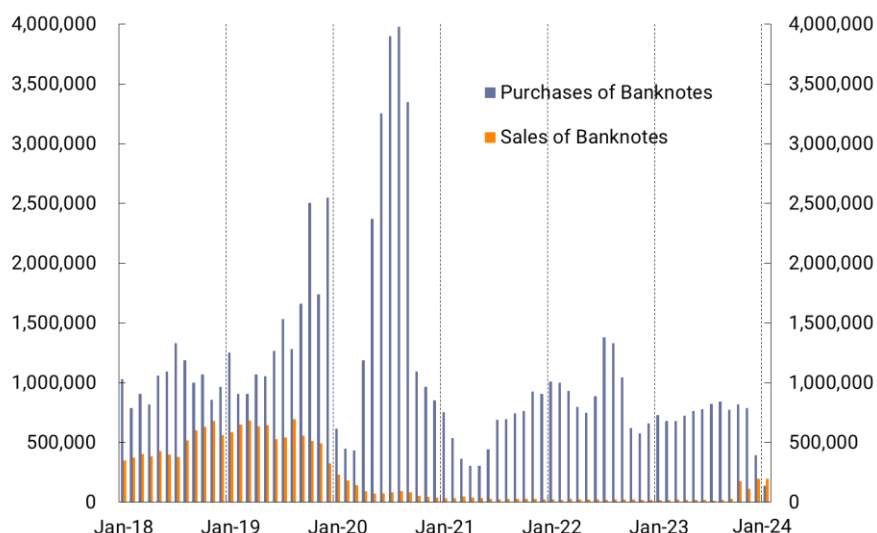
**Chart III.3.1.2 Foreign Exchange Balance**  
**Natural Persons. Banknotes**



Source: BCRA

In terms of traders, in January 198,000 individuals sold banknotes, while buyers amounted to about 138,000 (see Chart III. 3.1.3).

**Chart III.3.1.3 Foreign Exchange Balance**  
**Natural Persons. Number of People**



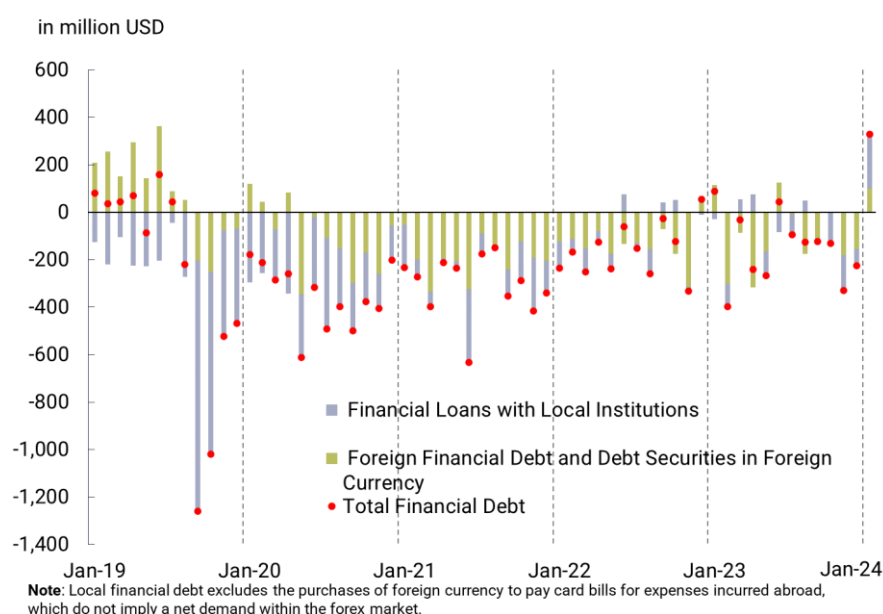
Source: BCRA

In turn, in January, this sector recorded net outflows to their own accounts abroad (USD28 million). This result is mainly explained by net transfers made by "Natural Persons" (USD78 million), partially offset by net

inflows from “Real Sector excluding Oilseeds and Grains” (USD30 million), “Institutional Investors and Others” (USD15 million), and “Oilseeds and Grains” (USD3 million).

Net inflows of financial debt from the non-financial private sector, including loans from international organizations and local financial loans, reached USD328 million in January—net inflows from “Oilseeds and Grains” (USD130 million), “Common Metals and their Manufacture” (USD106 million) and “Energy” (USD73 million) standing out. This amount involves net inflows of loans granted by local institutions (USD228 million), and net inflows on account of financial debt held abroad, securities in foreign currency, and loans owed to international organizations (USD100 million). The total amount excludes purchases of foreign currency to pay card bills for expenses incurred abroad (USD144 million), which do not imply a net demand within the whole system, i.e., the ensemble of financial institutions and the BCRA. Instead, they were calculated under the heading “Travel, and Other Expenses Paid with Cards” at the time of the transfer abroad (see Chart III.3.1.4).<sup>15</sup>

**Chart III.3.1.4 Foreign Exchange Balance  
Non-Financial Private Sector. Financial Debt**

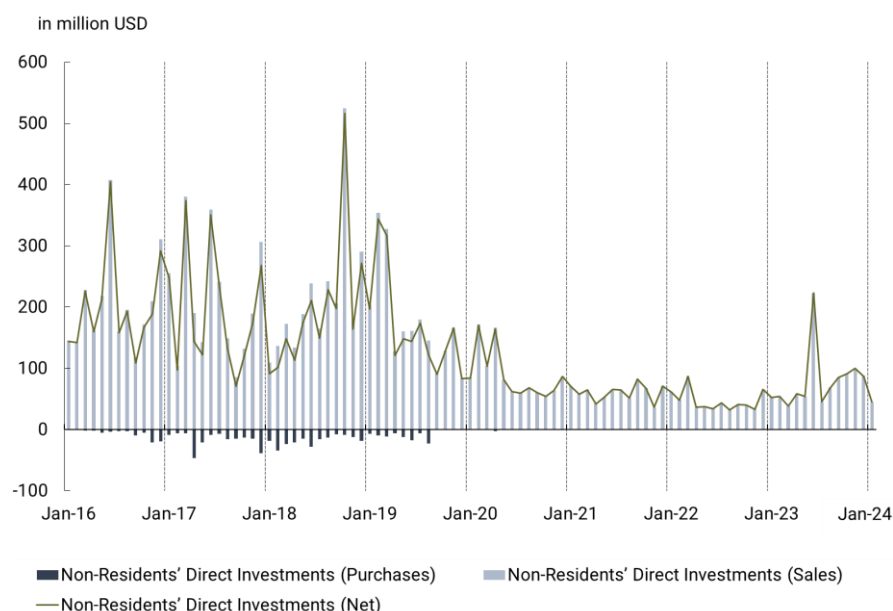


Source: BCRA

Direct investments made by non-residents in the private sector through the forex market reached USD45 million (net inflows) in January (see Chart III.3.1.5).

<sup>15</sup> As from September 16, 2020, through Communication A 7106, the BCRA set out guidelines for private sector companies to refinance their foreign financial debt or local debt securities in foreign currency, so that they may be aligned to the new requirements, thus ensuring the smooth functioning of the forex market.

**Chart III.3.1.5 Foreign Exchange Balance**  
**Non-Residents' Direct Investments. Private sector**



Source: BCRA

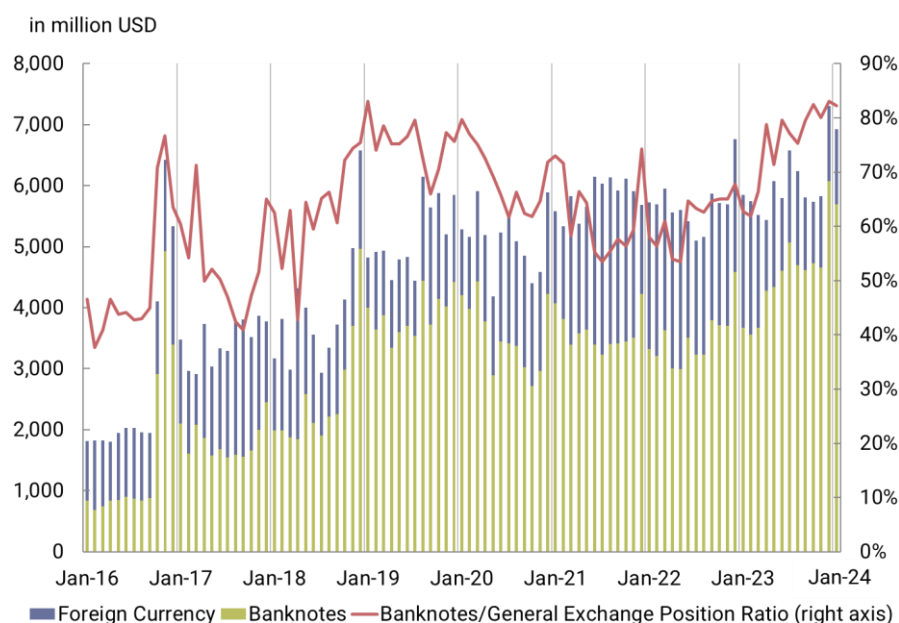
### III.3.2. Foreign Exchange Financial Account of the Financial Sector

In January, the transactions carried out under the foreign exchange financial account of the “Financial Sector” resulted in a surplus of USD374 million. This outcome was mainly explained by a fall of USD385 million in liquid foreign assets of financial institutions’ General Exchange Position, partially offset by net purchases of securities for USD8 million and by net outflows from financial loans of USD3 million.<sup>16</sup>

Financial institutions’ General Exchange Position amounted to USD6,927 million at the end of January, down 5% against the end of December. This result was explained by a drop in holdings of banknotes (USD375 million), and of foreign currency (USD9 million). Holdings of foreign currency banknotes totaled USD6,927 million by the end of the month. This stock accounted for 82% of the total General Exchange Position, and it is allocated by institutions to cover local foreign currency deposit transactions and foreign exchange market needs (see Chart III.3.2.1).

<sup>16</sup> The General Exchange Position is defined in Section C.4.7. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

**Chart III.3.2.1 Foreign Exchange Balance  
Institutions' General Exchange Position**

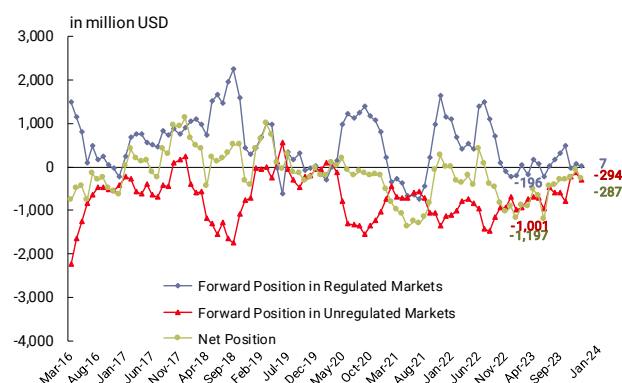


Source: BCRA

On another note, the ensemble of financial institutions ended January with a forward short position in foreign currency of USD287 million, intensifying their short position by about USD215 million compared to the end of December. Institutions sold USD156 million directly to clients (Forwards) and USD58 million in regulated markets over January (see Chart III.3.2.2).

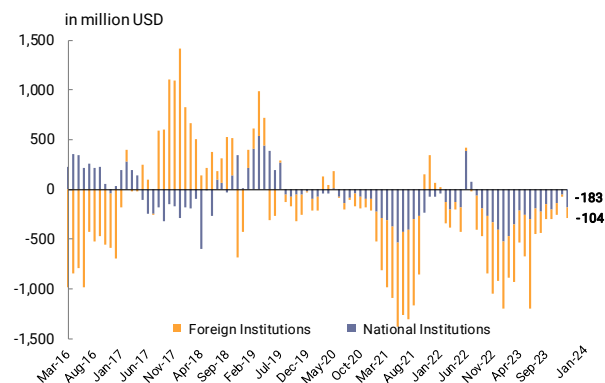
Foreign capital institutions ended January with a net short position of USD104 million, recording an increase of USD82 million compared to December. In turn, national capital institutions sold USD132 million, increasing their net short position of December to USD183 million (see Chart III.3.2.3).

**Chart III.3.2.2 Forward Market  
EOM Institutions' Forward Position**



Source: BCRA

**Chart III.3.2.3 Forward Market  
EOM Institutions' Forward Position**

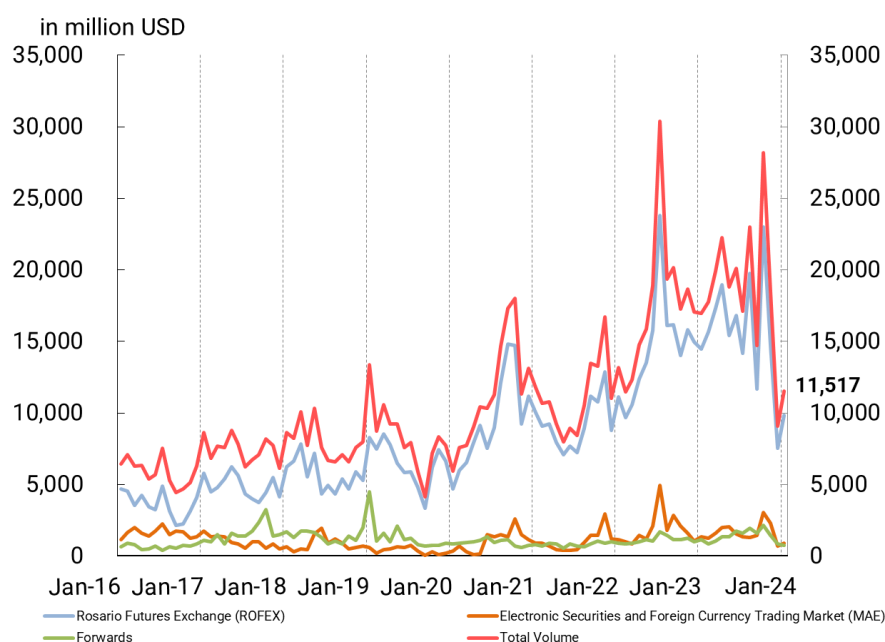




The volume traded in forward markets totaled USD11,517 million in January, i.e.: USD548 million daily on average. Transactions carried out in the Rosario Futures Exchange (ROFEX) continued to stand out, with an 85% share in the total volume traded in the forward market (see Chart III.3.2.4).<sup>17</sup>

**Chart III.3.2.4 Forward Market**

**Total Volume Traded in the Forward Market**



Source: BCRA

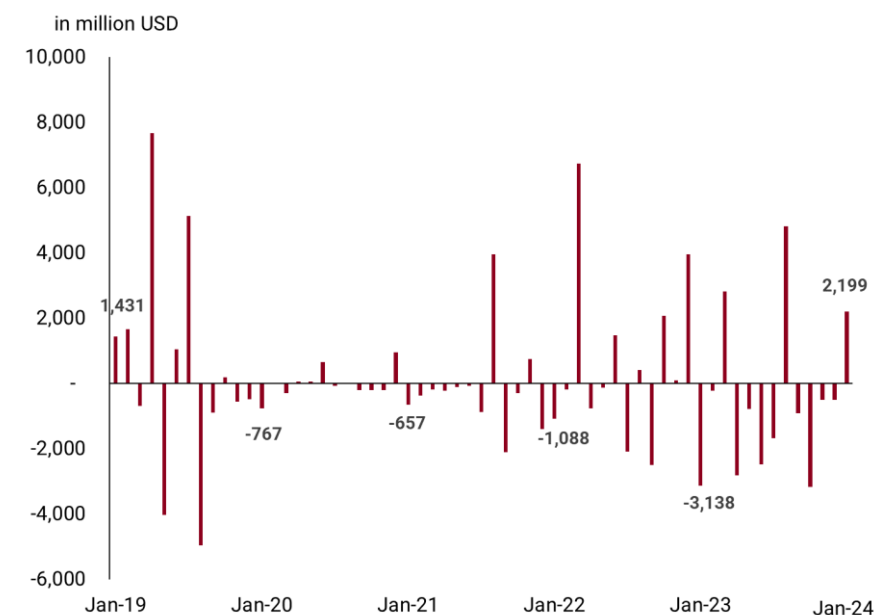
### III.3.3. The Foreign Exchange Financial Account of the General Government and the BCRA

In January, the transactions carried out under the foreign exchange financial account of the “General Government and the BCRA” resulted in a surplus of USD2,199 million (see Chart III.3.3.1), mainly explained by gross principal inflows from the IMF for USD4,655 million (SDR3,500 million), partially offset by gross repayments of principal owed to the IMF totaling USD1,944 million (SDR1,463 million), and net outflows on account of loans from international organizations other than the IMF for USD460 million.

<sup>17</sup> The chart includes the total volume traded in the ROFEX, the transactions arranged by institutions in the Electronic Securities and Foreign Currency Trading Market (MAE), and with Forwards. This information comes from the Forward Transactions Reporting Scheme (Communication A 4196, as amended) and postings on the websites of MAE and ROFEX.

**Chart III.3.3.1 Foreign Exchange Balance**

**Foreign Exchange Financial Account of the General Government and the BCRA**

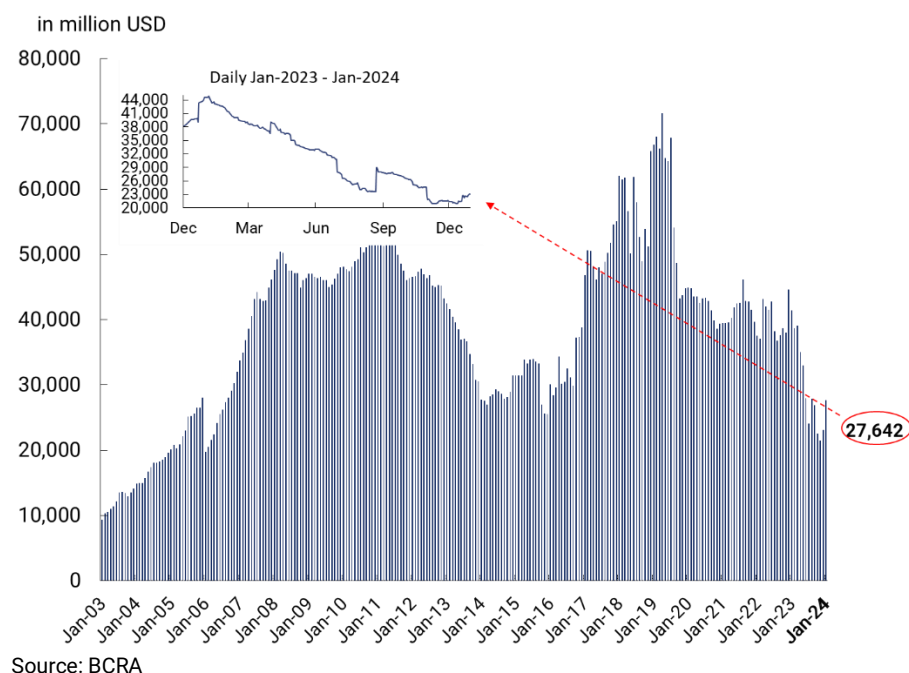


Source: BCRA

## IV. BCRA's International Reserves

During January, the BCRA's international reserves increased USD4,569 million, totaling USD27,642 million by the end of the month. This increase was mainly explained by net purchases made by the BCRA in the forex market for USD3,272 million, net disbursements of principal of the IMF for USD2,708 million (SDR2,035 million) and by the increase in financial institution's holdings of foreign currency in the BCRA for USD917 million, partially offset by net payment of interest and other financial debt of the General Government and the BCRA for USD1,677 million, by net outflows from loans granted by international organizations (other than the IMF) for USD474 million, by the decrease in the US dollar exchange rate of foreign exchange reserves for USD166 million and net payments settled by the BCRA through the SML for USD11 million (see Chart IV.1).

**Chart IV.1 BCRA's International Reserves**

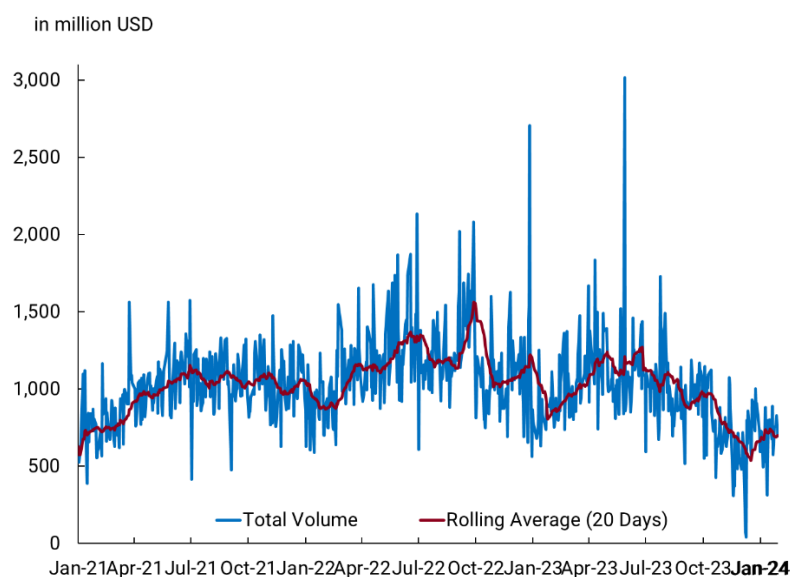


## V. Volumes Traded in the Foreign Exchange Market

In January, the volume traded in the forex market totaled USD15,274 million, down 15% against January 2023 (see Chart V.1). The average daily volume traded was USD694 million, falling in y.o.y. terms as a result of a 30% drop in transactions between the institutions and their clients (down USD3,858 million), and a 24% drop in transactions between the institutions (down USD1,035 million), partially offset by a 219% increase in transactions between the institutions and the BCRA (up USD2,258 million).<sup>18</sup>

<sup>18</sup> In the BCRA's website there is a quarterly ranking of volumes traded with clients in the forex market broken down by institution (to access the ranking, [click here](#)).

**Chart V.1 Foreign Exchange Market  
Volume Traded Daily Evolution**

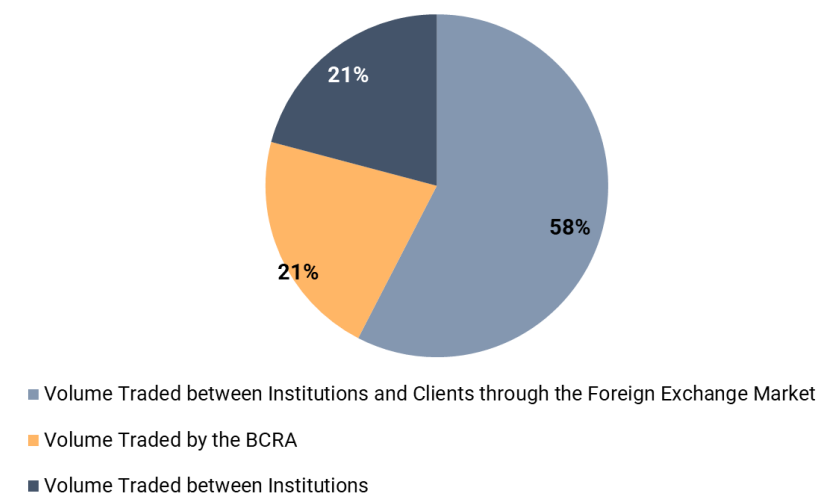


Source: BCRA

Foreign exchange transactions between institutions and their clients accounted for 58% of the total volume traded; transactions between institutions and the BCRA, and transactions between institutions—through the Electronic Trading System (SIOPEL)—represented 21% each (see Chart V.2).<sup>19</sup>

<sup>19</sup> The volume traded between licensed institutions and their clients excludes the following items: the subscription of LEBAC bills, self-to-self international transfers (around USD1,797 million), the record of deposits in foreign currency allocated for the payment of financial debt service for about USD281 million, and purchases of foreign currency to pay card bills (around USD144 million for the month under study).

**Chart V.2 Foreign Exchange Market  
Total Volume and Share - January 2024**

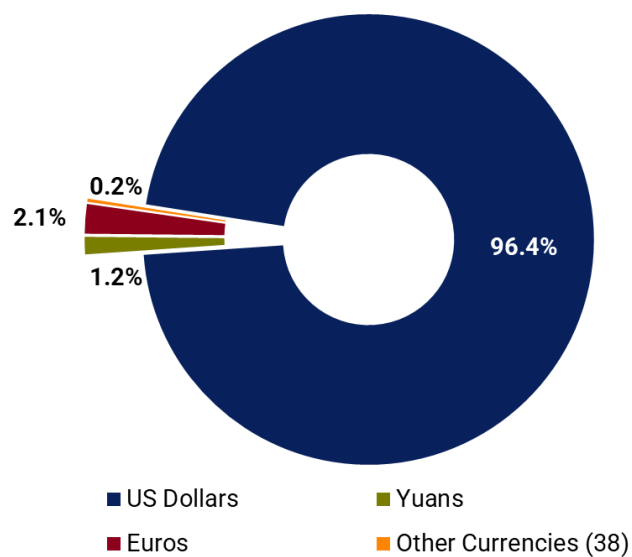


Source: BCRA

In January, 115 institutions traded in the market involving 41 foreign currencies.

Most of the volume traded between licensed institutions and their clients was highly concentrated both at institution level (the first ten accounted for 89% of such volume) and in terms of the currency used, USD-denominated transactions having a 96% share in the total traded with clients, followed by euros, which accounted for nearly 2% of the total, the yuan accounting for less than 1% and the remaining currencies concentrated the rest of the total volume traded (see Chart V.3).

**Chart V.3 Foreign Exchange Market**  
**Volume with Clients by Currency - January 2024**



Source: BCRA

Finally, 93% of foreign exchange transactions between financial and foreign exchange institutions and their clients were channeled through private financial institutions, 7% through public banks, and the remaining 0.1% through foreign exchange houses and agencies.