

Evolution of the Foreign Exchange Market and Exchange Balance

September 2019



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Transactions in the Foreign Exchange Market and the Foreign Exchange Balance

Overview

Foreign Exchange Transactions and Foreign Exchange Balance in September 2019

- ✓ *The BCRA issued Communication "A" 6770, the first in a series of foreign exchange control regulations. In consonance with this measure it sold USD1,322 million in the spot market, out of which USD1,248 million were purchased by institutions' clients, and USD74 million by institutions. Additionally, the BCRA made net purchases amounting to USD1,572 million from the National Treasury.*
- ✓ *Companies in the real sector were net sellers of foreign currency for USD1,407 million.*
- ✓ *Within this group, the main sector to make net sales in historical terms ("Oilseeds and Grains") recorded net sales for USD1,784 million, up 30% y.o.y.*
- ✓ *Companies in the "Real Sector Non-Oilseeds and Grains" made net purchases totaling USD377 million, and net payments of domestic loans in foreign currency for USD916 million which, in turn, were partly funded by net inflows on exports of goods for USD344 million.*
- ✓ *Natural persons, who mainly demand foreign currency for saving and for traveling abroad, made net purchases for USD2,891 million (USD2,578 million just in exchange for banknotes, and USD314 million for their remaining transactions).*
- ✓ *"Institutional Investors and Others"—both residents and non-residents—made net sales for USD235 million over the month.*
- ✓ *In addition to purchases on the spot market, financial institutions licensed to trade in the forex market made forward net sales of foreign currency for USD36 million.*
- ✓ *The National Treasury made payments on account of two major reasons. On the one hand, for principal and interest of debt for USD1,493 million—mainly LETES bills for USD869 million—, and on the other hand, payments to international organizations for USD368 million. On another note, it recorded financial inflows totaling USD147 million from international organizations.*
- ✓ *Deposits in foreign currency dropped around USD5,200 million, particularly in the first half of September (USD4,100 million). This slowdown in deposit draining was more marked in the first half of October.*
- ✓ *As a result of the transactions described above, gross international reserves stood at USD48,703 million by the end of September.*

I. Introduction

This report analyses information on foreign exchange transactions made in September 2019 as gathered by the Exchange Transaction Reporting System administered by the BCRA. Additionally, it relies on information on changes in BCRA's International Reserves due to transactions carried out by BCRA on its own account or on behalf of the National Government, and on changes in the balance of institutions' accounts.¹

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 (Federal Administration of Public Revenue)), amounts traded, currency denomination, and the reason for the foreign exchange transaction (heading)—such as export or import 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).

This report discusses the forex market performance by aggregated transactions in terms of the sector of the trader involved followed by a breakdown of their transactions by heading.²

With Communication "A" 6770, effective on September 1, 2019, the BCRA started to implement a set of measures governing the forex market, which has a significant impact on the information analyzed below. One of the most significant provisions sets out that financial and exchange institutions are required to "[i]ssue an exchange ticket for every transaction, either purchase or sale, as the case may be. The ticket shall take the form of an affidavit and shall be signed by the ordering party, who swears that the data informed, including the type of transaction, is true and that the amount purchased or sold complies with the restrictions and requirements set forth in the regulation. The participating institutions shall verify whether transactions are reasonable and comply with the restrictions imposed."³

Communication "A" 6770 also ordered the settlement of foreign currency resulting from exports of goods and services within deadlines; any new financial liabilities held abroad are also subject to a time frame. Furthermore, it imposed a monthly USD10,000 ceiling on purchases of foreign currency made by natural persons intended to buildup foreign assets. As to legal persons, they shall be previously authorized to purchase foreign currency for saving purposes.

Finally, it restricted secondary securities market transactions conducted by institutions. Additionally, the following required prior authorization from the BCRA: i) payment of imports of goods (where monthly payments

¹ Communication "A" 3840, as amended.

² Communication "A" 6244. Sectors were grouped into: "Central Bank", "Institutions", "General Government", "Oilseeds and Grains", "Other Real Sectors", "Natural Persons", "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 Non-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)", "Manufacture of Common Metals", "Machinery and Equipment", "Automobile Industry", "Other Manufacturing Industries", "Electricity (Generation, Transport, Distribution)", "Gas (Extraction, Transport, Distribution)", "Water", "Commerce", "Transport", "Communications", "Mining", "Agriculture, Livestock 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**" is a subsector of "Other Non-Financial Private Sectors"; and "**Institutional Investors and Others**" includes "Insurance" as well as the rest of the "Other Non-Financial Private Sectors".

³ Communication "A" 6770.

exceed USD2 million) and services to related institutions from abroad; ii) early payment of financial liabilities; and iii) transfer of profits and dividends abroad.

The evolution of the historical series submitted together with this report should be analyzed in light of the different forex regulations in force for the period.

Section II deals with the changes in BCRA's international reserves and analyses the result of foreign exchange transactions for September; data are broken down by sector and by heading.

Additionally, it is worth noting that the Foreign Exchange Balance will still be presented in an analytical format based on data on the Balance of Payments broken down by component and by institutional sector; the remaining information will also be available in online Annexes and in the statistical series related to the Foreign Exchange Market and the Foreign Exchange Balance.⁴

Section III through Section VIII are divided in sectors, each of which comes with a Foreign Exchange Balance which comprises transactions carried out by institutions with 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.

Finally, Section IX 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 of the Foreign Exchange Market and Changes in BCRA International Reserves

Within the new regulatory framework, the BCRA sold USD1,322 million in the spot forex market, out of which USD1,248 million were purchased by institutions' clients, and USD74 million by institutions (see Table II.1).

Furthermore, the BCRA carried out net purchases directly from the National Treasury for USD1,572 million.

⁴The Central Bank's website (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.

**TABLE II.1 Foreign Exchange Market
Result of the sector**

Equivalent in million dollars

Sector	August 2019	September 2019
BCRA	4.319	-250
To the National Treasury (directly)	2.250	-1.572
To Financial Institutions in the Foreign Exchange Market	2.069	1.322
National Treasury	-1.174	1.572
To the BCRA (directly)	-2.250	1.572
Auctions through the BCRA	1.076	-
Institutions	-620	-74
Institutions' clients (1 +2 +3)	-2.525	-1.248
1.Non-Financial Private Sector	-2.296	-1.249
Oilseeds and Grains	2.185	1.784
Real Sector Non-Oilseeds and Grains	-1.708	-377
Natural Persons	-1.873	-2.891
Institutional Investors and Others	-900	235
2.General Government	92	51
3.Institutions (Own Transactions)	-321	-51
Memorandum Items		
Change in private sector deposits	-5.526	-5.264
Change in deposits for Swaps	-3.416	-1.048

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

BCRA's international reserves decreased USD5,397 million over September mainly due to a decline of institutions' deposits in foreign currency with the BCRA (USD2,440 million) which, in turn, was explained by a drop of private-sector deposits by USD5,243 million. The reduction of deposits in foreign currency was more significant in the first half of the September (USD4,100 million). Nevertheless, it slowed down significantly in the second half (USD1,200 million), a trend which was reinforced in the first half of October. On another note, institutions raised around USD2,000 million from domestic loans in foreign currency over September.

The decrease in international reserves also resulted from net payments of liabilities in foreign currency by the National Treasury for USD1,493 million, and the BCRA's sales in the forex market already mentioned (for further information, see Sections VII and VIII).

The following table is intended to analyze clients' purchases and sales through institutions in the forex market; such transactions implied a net demand amounting to USD1,248 million. For readers' convenience, each sector's net foreign exchange result analyzed in this report is arranged in horizontal reading direction, and 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 swap transactions (transfers of US dollars abroad in September).⁵

⁵ Although swaps are not precisely forex transactions, they are recorded in forex statistics. They involve a transfer of foreign currency from abroad to a domestic account opened by a client in foreign currency and/or a debit of funds deposited locally for their transfer abroad. Inflows are recorded

TABLE II.2 Foreign Exchange Market
Result of Institutions' Transactions with Clients September 2019
 Equivalent in billion dollars

Sector /Main headings	Goods	Travel and Passenger Transport, and Others with Cards	Remaining Services and Other Current Transfers	Foreign Assets - Banknotes	Foreign Assets - Foreign Currency	Net Swaps	Debt, FDI, Portfolio, and Other Transactions	Total
Non-Financial Private Sector	2,3	-0,4	0,0	-2,3	-0,7	1,0	-1,3	-1,2
Oilseeds and Grains	2,0	0,0	0,0	0,0	0,0	0,0	-0,2	1,8
Real Sector Non-Oilseeds and Grains	0,3	-0,1	-0,1	0,2	0,1	0,2	-1,0	-0,4
Natural Persons	0,0	-0,3	0,0	-2,6	-1,0	1,1	-0,1	-2,9
Institutional Investors and Others	0,0	0,1	0,1	0,1	0,2	-0,2	-0,1	0,2
General Government	0,0	0,0	-0,1	0,2	0,0	0,0	0,0	0,1
Institutions (Own Transactions)	0,0	0,0	0,0	0,0	0,0	0,0	-0,1	-0,1
Institutions' Result with Clients	2,3	-0,4	-0,1	-2,1	-0,7	1,0	-1,4	-1,2
Results for forex transactions	2,5	-0,4	0,0	-2,1	0,1	0,0	-1,4	-1,2
Results for swap transactions	-0,2	0,0	-0,1	0,0	-0,8	1,0	0,0	-

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

This type of presentation allows underscoring different behaviors.

As shown in Chart III.1 of the following section, "Oilseeds and Grains" was the main net supplier of foreign currency in the forex market over September. This sector reported net inflows for USD1,784 million for virtually all concepts included in "Goods" (collections on exports net of payments for imports), which is reasonable enough as it proves to be the main exporting sector in the economy.

Companies in the "Real Sector Non-Oilseeds and Grains" made net purchases totaling USD377 million, particularly for the payment of domestic loans in foreign currency which, in turn, were partly funded by net inflows from goods.

"Natural Persons" basically demanded foreign currency for saving purposes (USD2,578 million in September) and for expenses paid on cards for consumption abroad (USD344 million). Furthermore, they transferred USD993 million to their own accounts abroad, especially from domestic accounts in foreign currency; this triggered a reduction in domestic deposits in foreign currency albeit it produced a neutral result in the forex market.

"Institutional Investors and Others" comprises investment funds, pensions funds, hedge funds, insurance companies, and other legal persons not included in the previous classifications—both residents and non-residents—whose most significant transactions involve changes in portfolio. In view of the new regulations, this sector recorded net inflows for USD235 million, thereby evidencing a USD1,000 reversal against August (net outflow totaling USD900 million).⁶

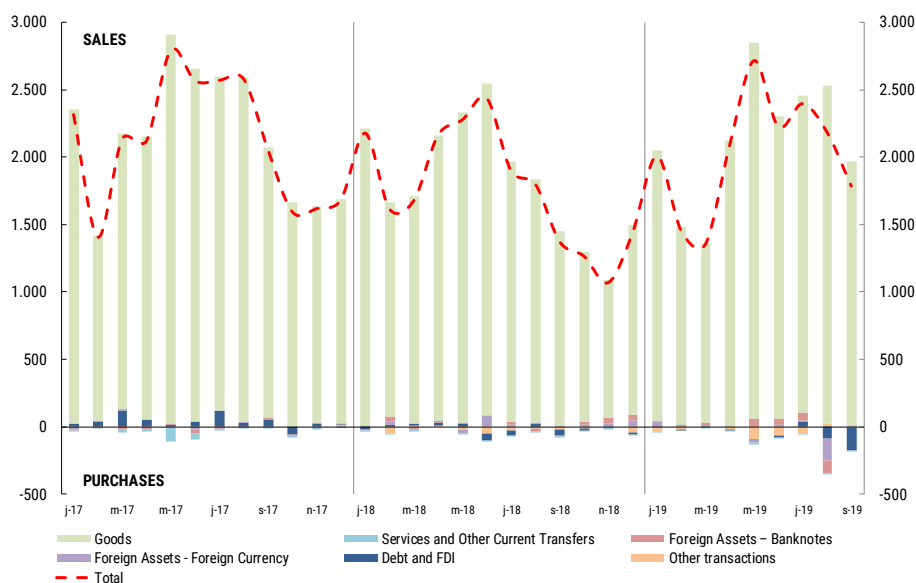
III. Oilseeds and Grains

The "Oilseeds and Grains" sector recorded a USD1,784 million surplus in September (see Chart III.1), up 30% y.o.y.

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 domestic account in foreign currency is entered under the payment heading with a negative sign, and the debit from the account, under a positive sign. Consequently, the total result of swap transactions in the forex market is neutral.

⁶These records exclude inflows or outflows from subscribing securities in the primary market and outflows from the payment of principal or interest through accounts of the National Treasury, given that these transactions are not carried out through institutions in the forex market.

Chart III.1 Foreign Exchange Market
Oilseeds and Grains Net result of the sector
 Equivalent in million dollars



With respect to the “Goods” heading, the sector reported collections on exports for USD2,257 million (up 40% y.o.y.) and payments for imports for USD300 million, up 69% y.o.y. In line with the net forex result, the sector's trade balance is estimated to be around USD1,950 million (exports for USD2,100 million and imports for USD150 million).

Regarding the domestic trade of agricultural goods corresponding to the 2018/19 harvest season, total purchases of soybean were similar to the average of the past 5 harvest seasons. In the case of corn, purchases—coupled with higher production—increased 14 million tons vis-à-vis the average of the last 5 harvest seasons. In turn, corn and soybean in the 2019/20 harvest season were traded at a faster clip. The purchases of these goods by the end of September more than doubled against the same period of the past harvest season.

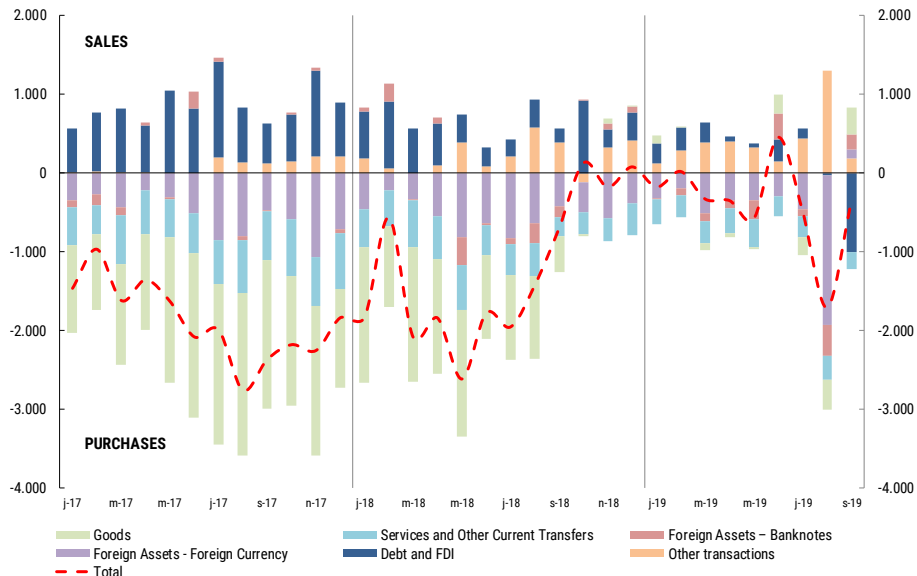
Finally, net inflows on exports of goods were used to pay domestic loans in foreign currency for around USD200 million.

IV. Real Sector Non-Oilseeds and Grains

Companies in the “Real Sector Non-Oilseeds and Grains” made net purchases totaling USD377 million, and net payments of domestic loans in foreign currency for USD916 million which, in turn, were partly funded by net inflows on exports of goods for USD344 million (see Chart IV.1).

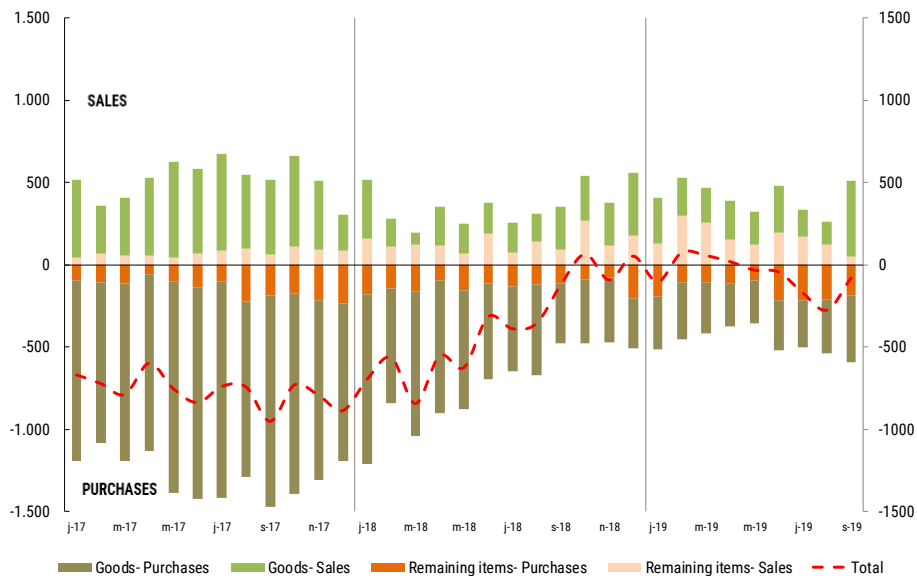
The sector's result fell by USD322 million against net purchases of USD700 million in September 2018, and by USD1,331 million against August 2019.

Chart IV.1 Foreign Exchange Market
Real Sector Non-Oilseeds and Grains. Net result of the sector
 Equivalent in million dollars



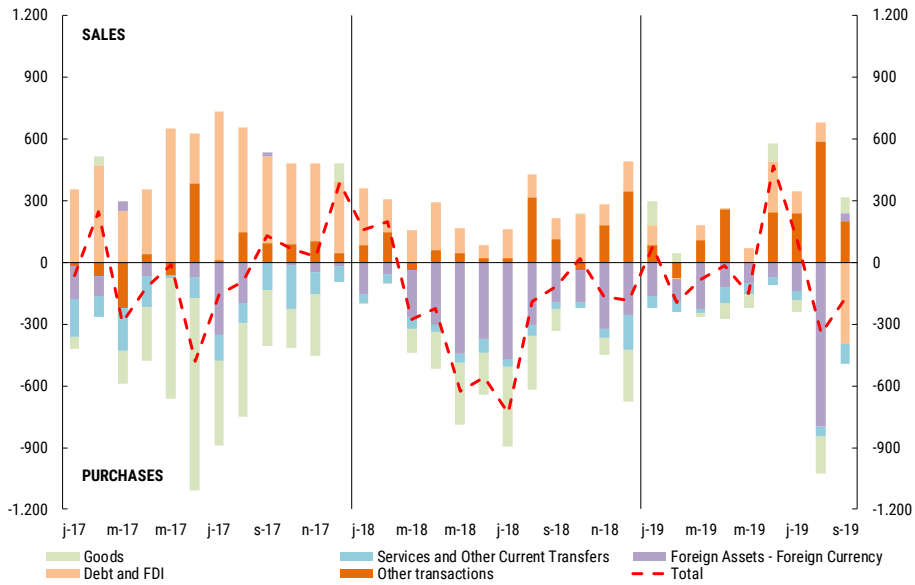
Companies in the “Automobile Industry” made net payments for USD95 million, down USD30 million y.o.y. (see Chart IV.2). This is mainly explained by more inflows on exports of goods (USD462 million) and fewer payments for imports of goods (USD403 million). In addition, there was a rise in the volumes traded against previous months as companies were obliged to sell the foreign exchange collected on their exports of goods. Prior to the regulatory changes, the sector regionally offset commercial liabilities and claims within the same group—thus making net foreign exchange transactions—, and made payments for imports of goods through accounts held abroad funded with collections on exports or by raising debts without settling the resulting foreign exchange in the local market.

Chart IV.2 Foreign Exchange Market
Automobile Industry. Result of the sector
 Equivalent in million dollars



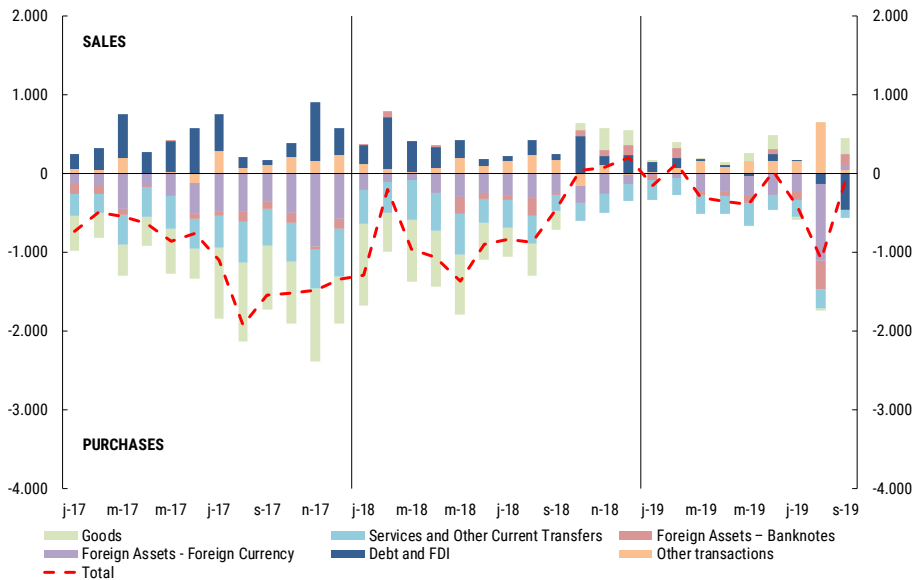
The companies belonging to the “Energy” sector recorded net purchases for USD177 million, up USD60 million y.o.y. (see Chart IV.3). Like automobile companies, September’s net outflow in the Energy sector resulted from the net settlement of domestic liabilities in foreign currency.

Chart IV.3 Foreign Exchange Market
Energy Net result of the sector
 Equivalent in million dollars



Finally, the remaining companies in the “Real Sector Non-Oilseeds and Grains” made net purchases for USD105 million, which, compared to September 2018 (net payments for USD459 million), evidenced a USD354 million drop due to a reversal in the result of foreign assets and goods. The foreign exchange sold under these headings over September was used to pay domestic loans in foreign currency.

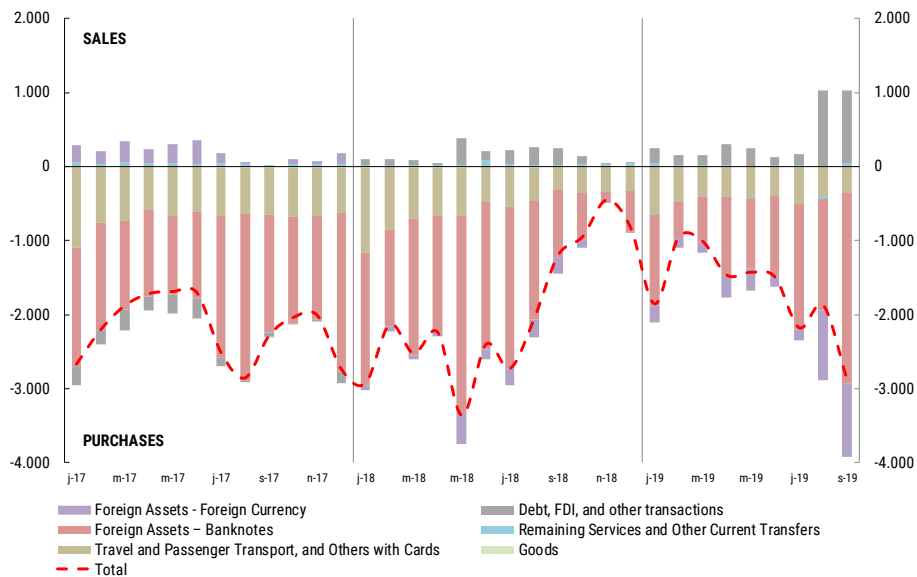
Chart IV.4 Foreign Exchange Market
Real Sector Non-Oilseeds and Grains. Rest of the sector
 Equivalent in million dollars



V. Natural Persons

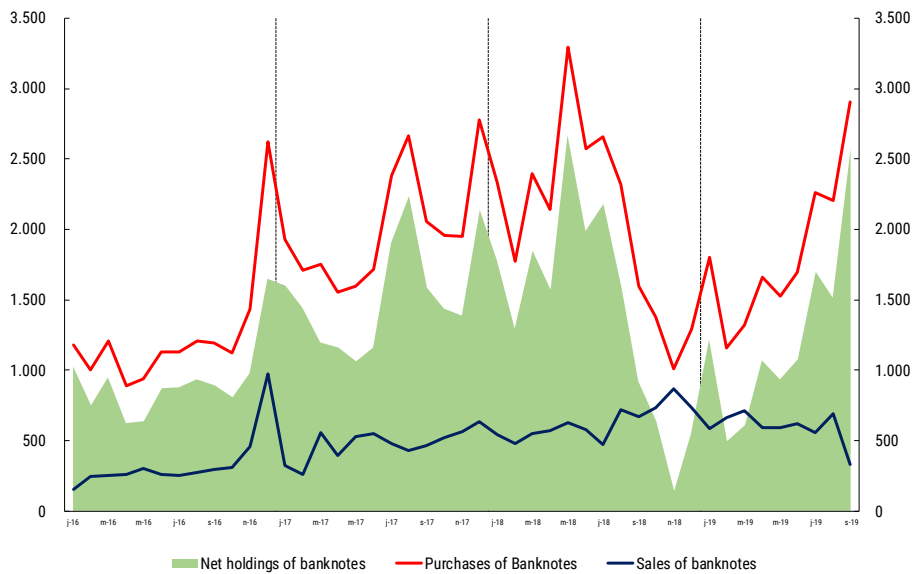
In September, it was established that individuals could purchase foreign currency up to USD10,000 for building up foreign assets, posting guarantees securing derivatives transactions, and for personal transfers. Amid this context, “Natural Persons” made total net purchases for USD2,891 million. The increase against August was mainly explained by more net purchases of banknotes (see Chart V.1).

Chart V.1 Foreign Exchange Market
Natural Persons. Net result of the sector
 Equivalent in million dollars



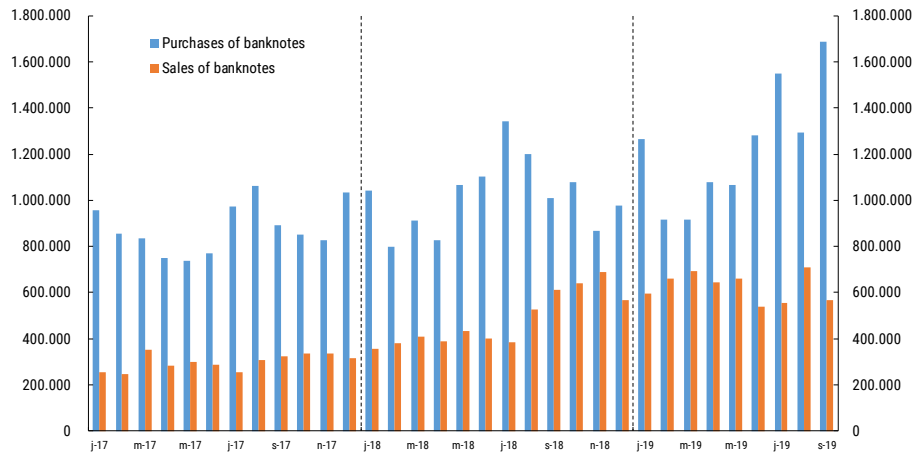
Net purchases of banknotes by natural persons totaled USD2,577 million in September, evidencing a rise of nearly USD1,287 million y.o.y. (total of USD2,908 million) due to more gross purchases and fewer gross sales for USD358 million (total of USD330 million).

Chart V.2 Foreign Exchange Market
Natural Persons' holdings of banknotes in foreign currency
 Equivalent in million dollars



The number of natural persons purchasing banknotes through the forex market stood at 1,690,000 in September, up 30% against August. In turn, the number of persons selling banknotes in the forex market reached 570,000, falling against August and in y.o.y. terms, 20% and 7%, respectively (see Chart V.3).

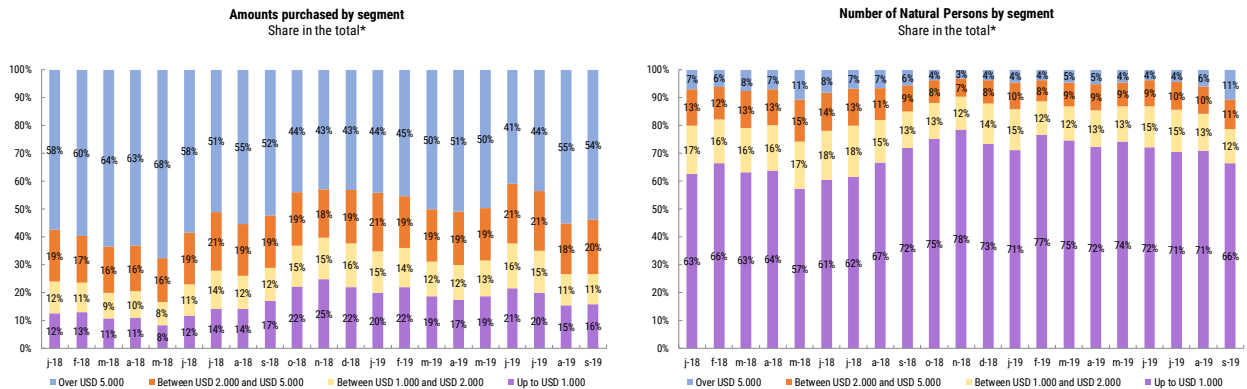
Chart V.3 Foreign Exchange Market
Natural Persons. Foreign Assets – Holdings of Banknotes
 Number of People



Like previous months, virtually half of banknote purchases corresponded to segments of up to USD5,000. A similar situation happened with the number of natural persons who purchased banknotes: almost 70% of purchases amounted up to USD1,000 in line with the records of previous months (see Chart V.4).

Per capita gross purchases totaled USD1,750.

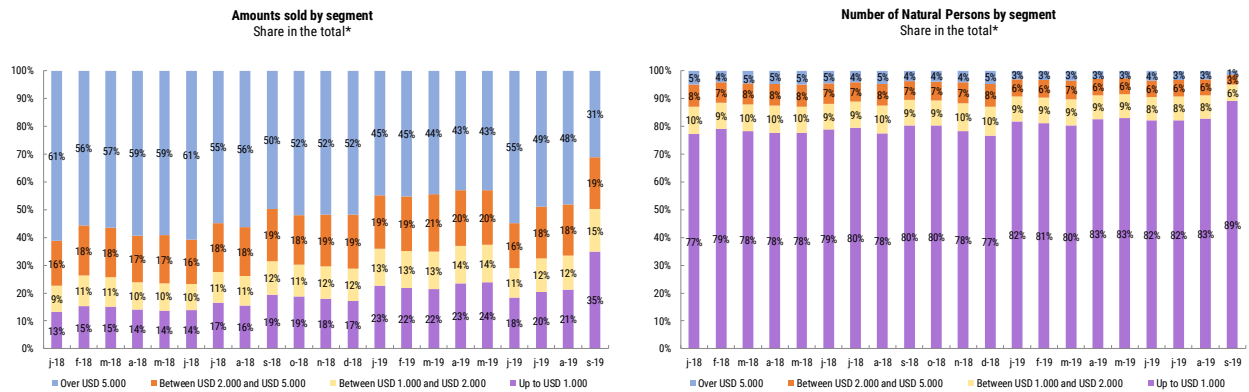
Chart V.4 Foreign Exchange Market
Natural persons Purchases of banknotes



In turn, foreign currency sales were concentrated in transactions below USD5,000 accounting for almost 70% of the total traded. Sales in that segment of amount increased their share against August (see Chart V.5).

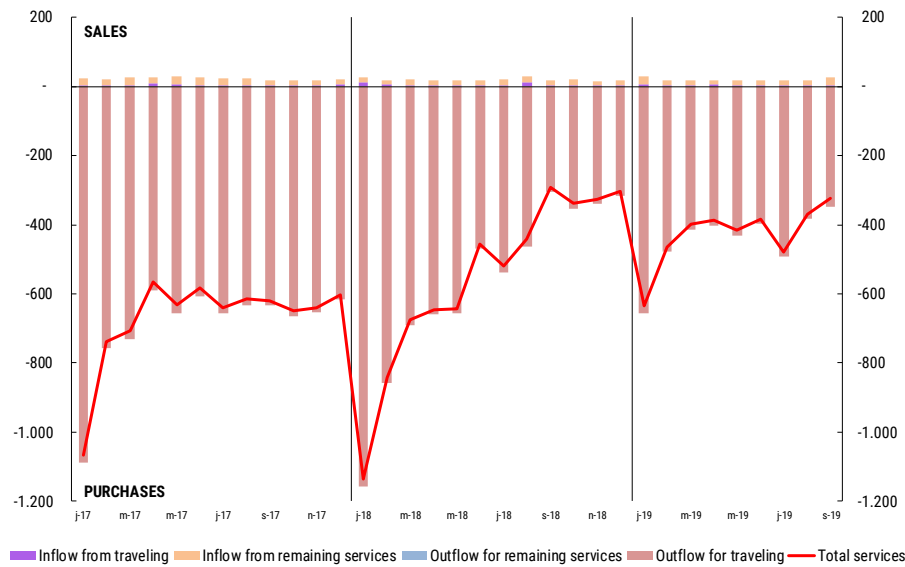
The number of sellers of foreign currency, which decreased, evidenced a higher concentration in the segments of lower amounts against August. The number of natural persons selling up to USD1,000 in September had a share of 89% in the total. Thus, per capita gross sales amounted to USD579.

Chart V.5 Foreign Exchange Market
Natural persons Sales of banknotes



In turn, natural persons' net outflows for payments of services totaled USD323 million, particularly of "Travel and Other Expenses Paid with Cards", which evidenced a net outflow of USD344 million and a 16% y.o.y. drop, in line with a survey on international tourism (see Chart V.6).^{7 8}

Chart V.6 Foreign Exchange Market
Natural Persons Services
Equivalent in million dollars



Finally, net inflows for primary and secondary income totaled USD22 million, basically related to current transfers.

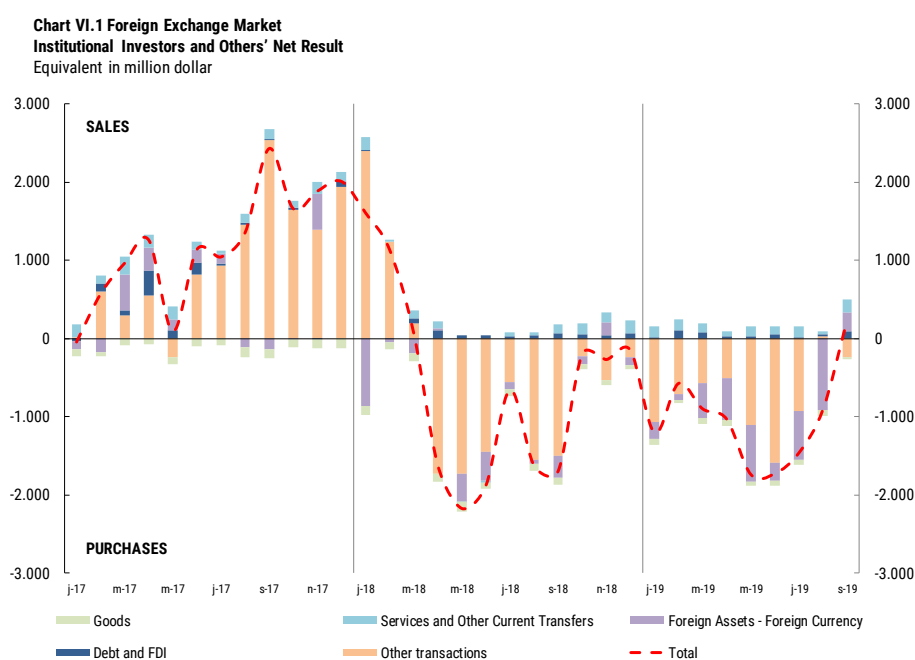
⁷ It is worth pointing out that the transfers made to international credit card issuers include purchases made by Argentine residents either during their stay abroad or on a remote basis. In turn, inflows of foreign exchange include non-resident remote purchases from Argentine suppliers. It is worth underscoring the information included in [Box 1 of the Foreign Exchange Market and Foreign Exchange Balance Report of January 2018](#) and in the entry in the Blog entitled "Ideas de Peso", *How much do Argentiniens spend when travelling abroad? How much do foreigners spend when visiting our country?*. The analysis of the result of "Travel and Passenger Transport" involves collections and payments made outside the forex market, especially because, as estimates suggest, non-residents—unlike Argentinians—tend to use alternative channels to make foreign exchange transactions. Likewise, it should also be noted that the foreign exchange account for paying services includes payments for non-travel related services (for example, remote e-commerce).

⁸ To access the latest technical report on International Tourism Statistics [click here](#).

VI. Institutional Investors and Others

“Institutional Investors and Others”, whose transactions usually involve portfolio changes, were fully reached by the regulatory changes implemented as from September. Residents were allowed to purchase foreign currency to pay debts upon their maturity. However, they required the BCRA’s approval to purchase foreign currency intended to build up foreign assets, make early repayment of debts, transfer earnings and dividends abroad, and make transfers abroad. Regarding non-residents, they were only allowed to purchase foreign currency up to USD1,000 monthly. It should be noted that according to the regulatory changes already mentioned, financial institutions shall not be authorized to purchase securities in the secondary market using foreign currency; this limited fund outflows via this channel.

As a result of the regulations already specified, the sector saw net inflows for USD235 million, mainly for the repatriation of funds from own accounts held abroad, following several months of outflows.

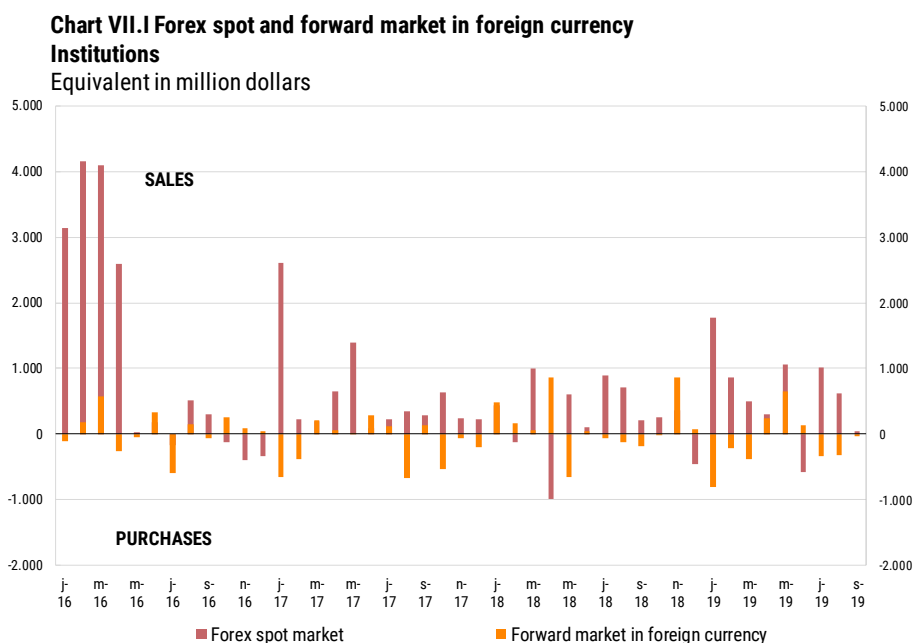


VII. Financial and Foreign Exchange Institutions

The regulation on the forex market issued on the first day of the month includes a ban on financial institutions to (i) purchase securities in the secondary market using foreign currency, and to (ii) use assets of their General Exchange Position to make payments to local providers.⁹

⁹The General Exchange Position is defined in the Annex to Communication "A" 6244, subparagraph 4.7. Communication "A" 6237—effective since May 4, 2017—provides that institutions with forex trading license may freely determine the amount and use of their liquid external assets in foreign currency (General Exchange Position). However, institutions are still subject to the limits established for the Net Global Position in Foreign Currency.

In September, licensed financial institutions purchased USD74 million in the spot forex market and sold USD36 million in the forward market (see Chart VII.1.), evidencing a drop in volumes traded in both markets against the previous months.¹⁰

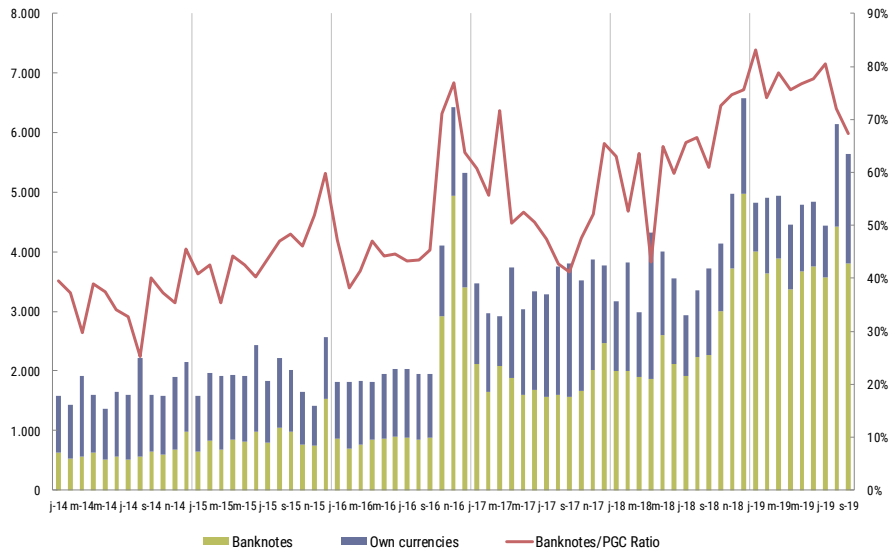


In addition, institutions used USD51 million for their own transactions, which were mainly allocated to settle financial debts for USD24 million and to pay service and other current transfers for USD19 million.

On the other hand, institutions ended September evidencing a General Exchange Position for USD5,647 million, out of which 67% corresponded to holdings of foreign currency banknotes (USD3,801 million). The General Exchange Position decreased by USD495 million over the month (see Chart VII.2). A portion of the General Exchange Position (USD626 million) was accounted for by a drop in the stock of banknotes.

¹⁰ In this regard, the BCRA issued Communication "A" 6754 on August 15, 2019, amending the regulation on the Net Global Position in Foreign Currency and setting a ceiling to the Spot Position for licensed institutions (which includes the net global position in foreign currency, but excludes the net position in forward transactions, spot transactions to be settled, futures, options, and other derivatives).

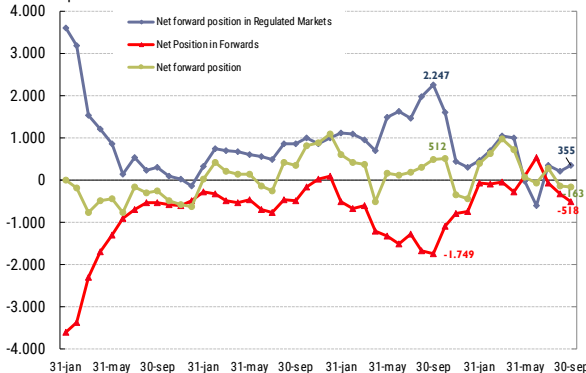
**Chart VII.2 Exchange Balance
Institutions' Exchange Position (PGC)**
Equivalent in million dollar



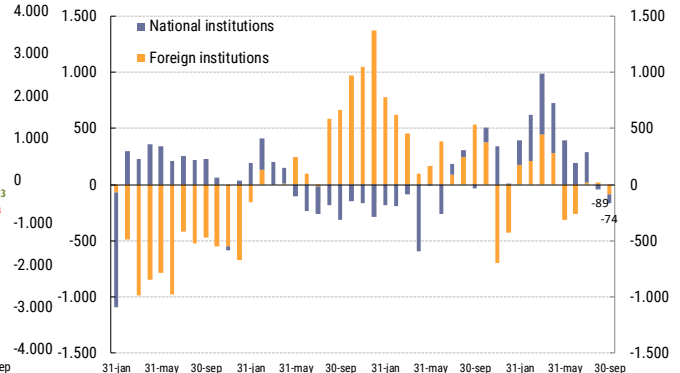
On another note, financial institutions ended September exhibiting a net forward short position in foreign currency of USD163 million. Institutions sold USD186 million directly to clients (Forwards) and purchased USD154 million in regulated markets over September (see Chart VII.3).

In September, national institutions and foreign institutions made net sales for USD28 million and USD7 million, respectively (see Chart VII.4).

**Chart VII.3 Forward Market
Institutions' Forward Position**
Equivalent in million dollars



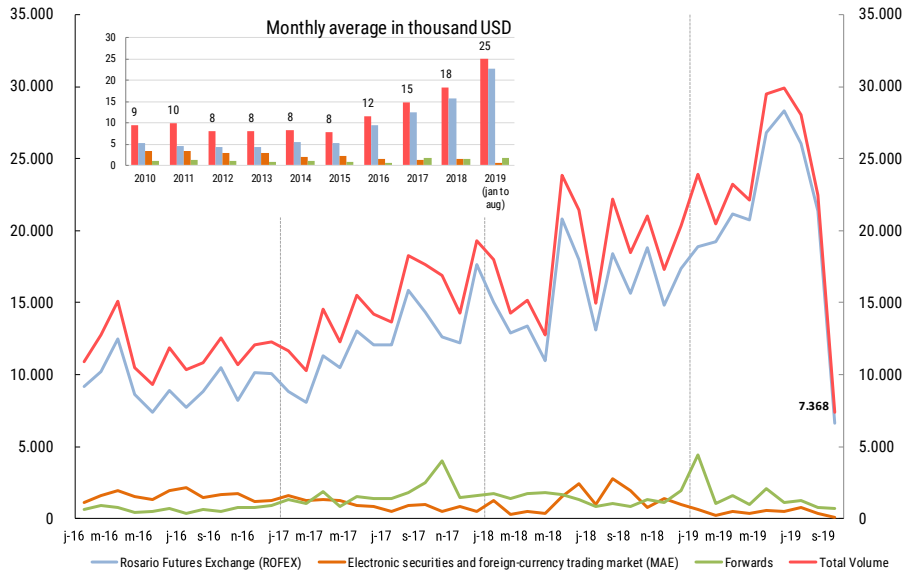
**Chart VII.4 Forward Market
Forward Position by Type of Institution**
Equivalent in million dollars



The volume traded in forward markets reached USD7,368 million in September, i.e.: USD351 million on a daily basis.¹¹ The total traded decreased 67% against August. Transactions carried out in the Mercado a Término de Rosario (ROFEX) accounted for 90% of the total volume (see Chart VII.5).

¹¹The 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.

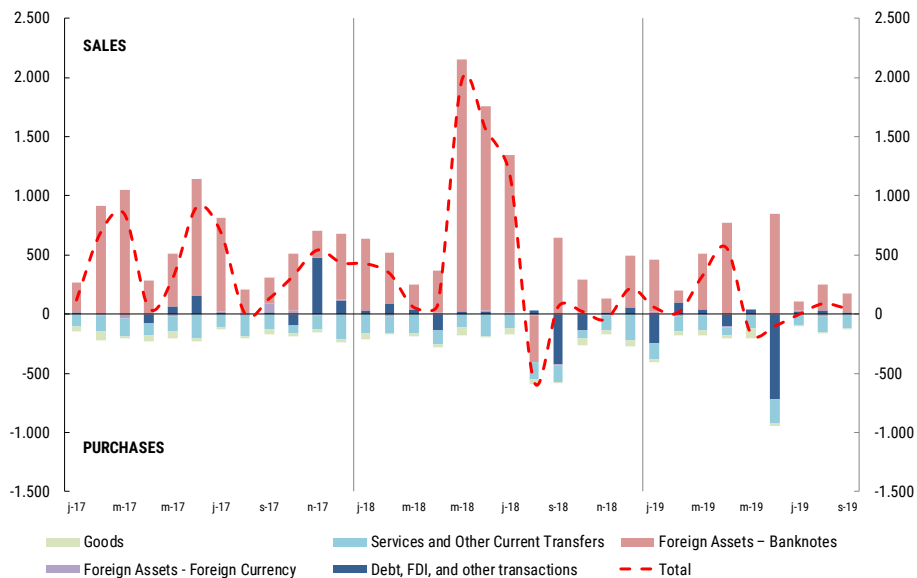
Chart VII.5 Forward Market
Total volume traded in the forward market
 Equivalent in million dollars



VIII. General Government and Central Bank

In September, the General Government recorded net sales in the forex market through licensed financial institutions for USD51 million (see Chart VIII.1).

Chart VIII.1 Foreign Exchange Market
General Government's Net Result
 Equivalent in million dollars



The BCRA made net sales to institutions in the forex spot market for USD1,322 million. Furthermore, it made net purchases directly from the National Treasury for USD1,572 million, which conducted no auction during the month.

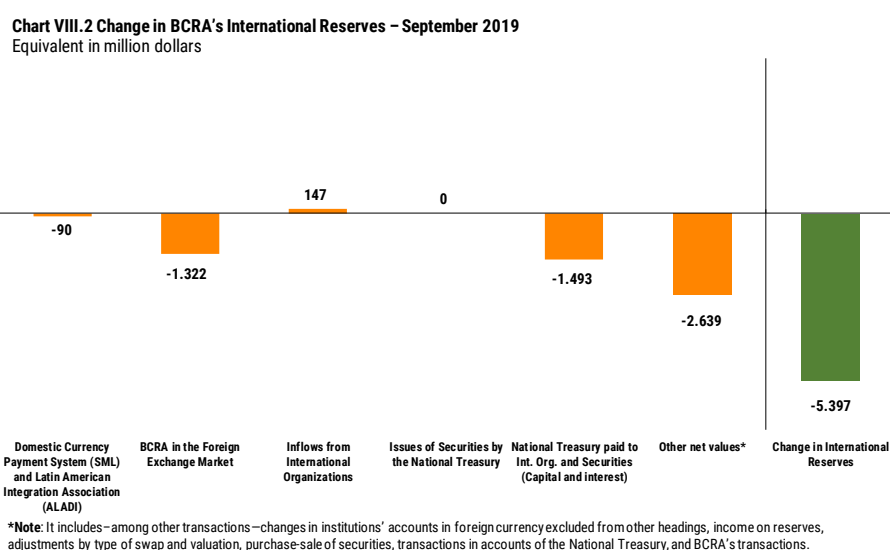
The National Treasury made payments on account of two major reasons. On the one hand, for principal and interest of debt for USD1,493 million—principally LETES bills for USD869 million—, and on the other hand, payments to

international organizations for USD368 million. On another note, it recorded financial inflows totaling USD147 million from international organizations.

The BCRA made payments for forex transactions arranged through the Domestic Currency Payment System (SML) in force with Brazil and Uruguay and through ALADI (Latin American Integration Association) for USD90 million.

Finally, the result of “Other Net Values” in Chart VIII.2 was the main consequence of a decrease in financial institutions’ foreign currency deposits with the BCRA for USD2,440 million (basically related to a fall of private sector deposits for about USD5,240 million over the month, which were partly offset by the payment of domestic loans in foreign currency for USD2,000 million).

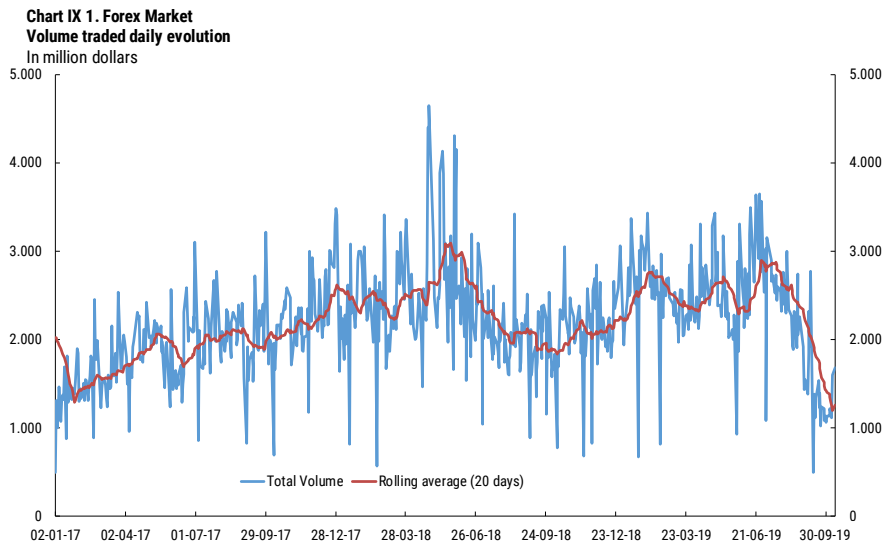
As a result of the transactions described above, gross international reserves stood at USD48,703 million by the end of September.



IX. Volumes Traded in the Foreign Exchange Market

The new regulations implemented over the month impacted on the volume traded in the forex market in September, which fell 32% y.o.y., totaling USD25,912 million. This total involved a daily volume of around USD1,250 million (see Chart IX.1).¹² The y.o.y. decline in the volume was mainly explained by a fall in transactions between licensed institutions and their clients (41% fall).

¹² 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](#)).



Transactions between institutions and their clients accounted for 65% of the total volume traded, while transactions between institutions—mainly through the Electronic Trading System (SIOPEL)—represented 30%; in turn, transactions between institutions and the BCRA stood for the remaining 5% (see Chart IX.2).¹³

As usual, the volume traded between licensed institutions and their clients was concentrated in a few number of institutions (out of 295 institutions, the first ten accounted for 81% of such volume) and in the foreign currency used; USD-denominated transactions had a 96.3% share in the total traded with clients (see Chart IX.3).

Chart IX.2 Foreign Exchange Market
Total volume and share. September 2019

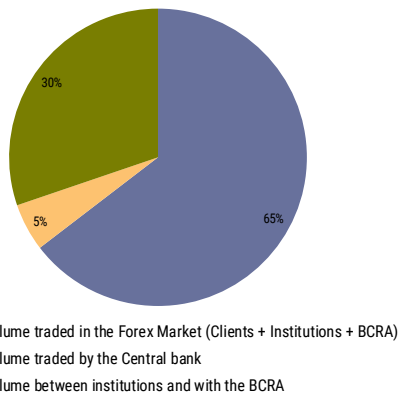
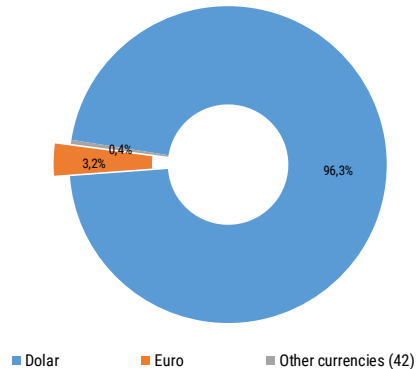


Chart IX.3 Foreign Exchange Market
Volume with clients by currency. September 2019



Finally, 84.4% of foreign exchange transactions were conducted between private-sector financial institutions and foreign exchange institutions. Public banks and foreign exchange institutions accounted for the remaining 15.6% (13.2% and 2.4%, respectively).

¹³ The volume traded between licensed institutions and their clients excludes the following items: clients' underwriting of LEBAC Bills, swap transactions with foreign parties (around USD2,082 million in September 2019), and purchases of foreign exchange to pay card bills for expenses incurred abroad (around USD180 million for the month under study).