

# Monthly Monetary Report

January 2013



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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The closing date for statistics in this report was February 13, 2013. All figures are provisional and subject to review.

# 1. Summary<sup>1</sup>

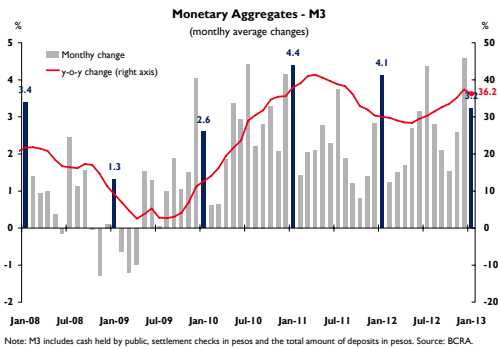
- In January 2013, the broadest monetary aggregate in pesos (M3) grew 3.2%, i.e. a 36.2% y.o.y. variation (down 1.2 p.p. compared to the rise recorded in December). The monthly growth of private M3 (3.4%) was led by time deposits. Once again the increase in monetary aggregates was mainly boosted by the rise observed in loans in pesos to the private sector.
- Private sector time deposits in pesos grew 5.7% in January, thus recovering their growth pace following the season of greatest transactional money demand by households and companies, a typical year-end pattern. The monthly increase recorded in January accounted for the highest peak observed in the last 12 months, and one of the highest in the last few years. The y.o.y. rate increase stood at 50.2%.
- The monthly rise of loans in pesos to the private sector stood at 3.1% (\$10.39 billion), representing one of the highest peaks recorded in the last few years for the period. Thus, y.o.y. variation continued to increase, recording a 1.1 p.p. rise against the previous month, until reaching 41.7%. In terms of contribution to the monthly increase, financing arranged through notes and credit cards made the greatest contribution.
- As of December 2012, the amount of loans disbursed through the Line for Productive Investment totaled \$16.76 billion; out of which, 47% corresponded to big companies, and 53% to micro, small and medium-sized companies (MiPyMes). Once all loans agreed upon a phased disbursement schedule are effectively granted, the total amount will increase to \$17.99 billion, a figure which exceeds by 20% the statutory goal set by the BCRA.
- The twentieth auction of the Bicentenary Productive Financing Program was carried out in January 2013. On this occasion, the auctioned amount reached \$420 million, out of which \$400 million were awarded. Therefore, the total amount allocated since the program was launched has reached \$6.18 billion, out of which a total of \$4.18 billion were disbursed.
- The liquidity ratio in pesos (calculated as the addition of cash in bank vaults, current account at the Central Bank, net repos, and LEBAC and NOBAC holdings as a percentage of total deposits in pesos) stood at 33.8%, down 0.3 p.p. against December, recording a reduction in terms of current accounts and cash in bank vaults and an increase in reverse repos for the Central Bank. Even though financial institutions increased their LEBAC and NOBAC holdings in absolute terms, their stocks remained stable as a percentage of deposits in pesos.
- Amongst borrowing rates, the BADLAR rate at private banks –interest rate for deposits of \$1 million or more and up to 30-35 days – averaged 15.1%, down 0.2 p.p. over the month. In turn, the average value of the interest rate paid by private banks on their time deposits of up to \$100,000 and up to 35 days remained at 13.2%.
- Interest rates on loans granted to the private sector exhibited a heterogeneous performance in January compared to the previous month. The interest rate for current account overdrafts averaged 21.5%, down 0.2 p.p. over the month, whereas rates on the remaining commercial lines exhibited slight increases, not exceeding 0.5 p.p. In some cases, e.g. pledge-backed loans, the monthly increase observed in interest rates was associated to the summer recess, which recorded a lower share level of productive financing lines, since it is a period characterized by commercial inactivity. On the contrary, in terms of household mortgages, the monthly average of the interest rate stood at 15.9%, down 0.4 p.p. in January. Meanwhile, the interest rate on personal loans averaged 35%, increasing 0.7 p.p. over the month.

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

## 2. Monetary aggregates<sup>1</sup>

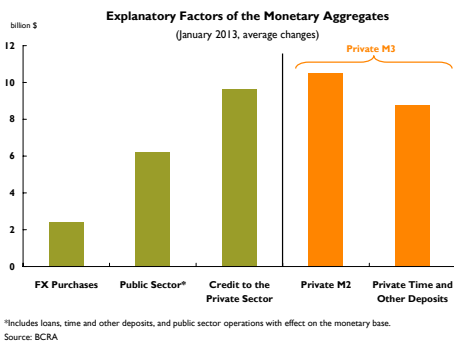
Chart 2.1



In January 2013, the broadest monetary aggregate in pesos (M3<sup>2</sup>) grew 3.2% (see Chart 2.1). The monthly average balance reached \$747.8 billion, implying a 36.2% y.o.y. change (down 1.2 p.p. against December).

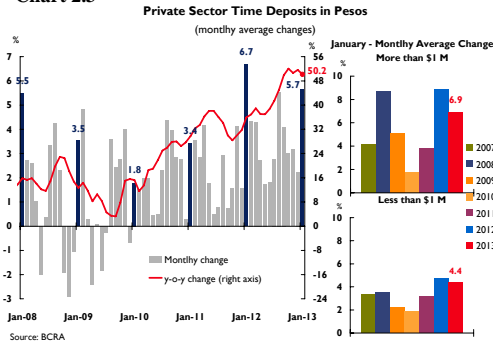
The broadest private monetary aggregate (private M3<sup>3</sup>) increased 3.4% in January, fostered by the growth in loans in pesos to the private sector (see Chart 2.2). Other factors contributing towards a rise in this monetary aggregate were foreign exchange purchases by the Central Bank as well as the transactions between such monetary authority and the public sector. However, the impact exerted by these two factors recently mentioned was mainly associated to the transactions carried out over the last few days of 2012.

Chart 2.2



Private sector time deposits in pesos grew 5.7% in January, recovering their growth pace following the season of greatest transactional money demand by households and companies, a typical year-end pattern (see Chart 2.3). Such monthly increase accounted for the highest peak observed in the last 12 months, and one of the highest in the last few years. The y.o.y. variation remained at high levels, standing at 50.2%. This momentum was experienced both in the tranche of \$1 million or more as well as in the tranche of less than \$1 million, which in January accounted for a 6.9% and 4.4% growth, respectively.

Chart 2.3



In turn, private means of payment evidenced some slowdown in their monthly growth pace, and stood at 2.7%, as is usually the case, once the end-of-year spending season is over.

In the foreign currency segment, deposits showed a monthly average rise of 2.2%. This growth was boosted by public sector deposits, since the average balance of private sector deposits remained unchanged.

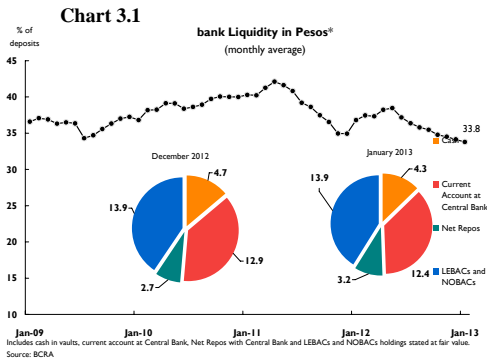
Finally, the broadest monetary aggregate (M3\*), which includes cash held by the public, settlement checks and total deposits in pesos and in foreign currency (represented in pesos), climbed 3.3% between January 2013 and December 2012.

<sup>2</sup> It includes cash held by the public, settlement checks in pesos and deposits in pesos.

<sup>3</sup> It includes cash held by the public, settlement checks in pesos and deposits in pesos of the non-financial private sector.

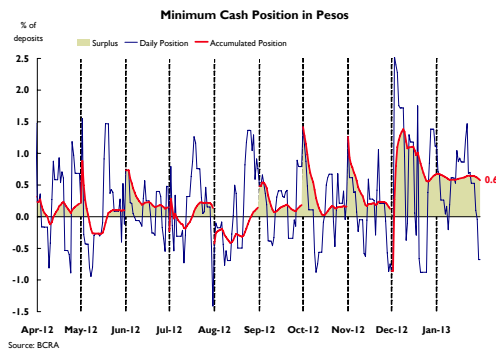
### 3. Bank liquidity<sup>1</sup>

Eliminado: <sp>



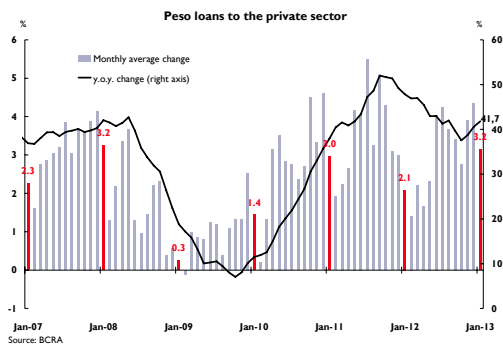
In January, financial institutions used the funds from the rise of deposits in pesos to acquire LEBACs and NOBACs and to increase the balance of repos with the Central Bank, as well as to grant loans in pesos to the private sector. Liquidity (calculated as the ratio existing between the addition of cash in bank vaults, current account at the Central Bank, net repos, LEBAC and NOBAC holdings, and deposits in pesos) stood 0.3 p.p. below the values recorded in December, reaching 33.8% (see Chart 3.1). Thus, the increase recorded in repos with the Central Bank (0.5 p.p.) was more than offset by the drop of cash in banks (0.4 p.p.) and current account at the Central Bank (0.5 p.p.). Meanwhile, LEBAC and NOBAC holdings remained stable as a percentage of total deposits in pesos.

**Chart 3.2**



The underlying reasons of the above mentioned oscillations were connected to seasonal aspects (lower liquidity demand by households and companies when compared to December), as well as to the evolution of the quarterly Minimum Cash Position (December 2012 – February 2013). In this regard, financial institutions had accumulated, by the end of December, a surplus amounting to 0.7% of deposits in pesos. This surplus enabled them to compensate for the lower balances held in current accounts at the Central Bank (lower compliance with minimum reserve requirements) in the next two months to come. Changes observed in the different liquid asset balances allow to estimate that the aggregate surplus at the end of January amounted to 0.6% of total deposits in pesos (see Chart 3.2).

**Chart 4.1**



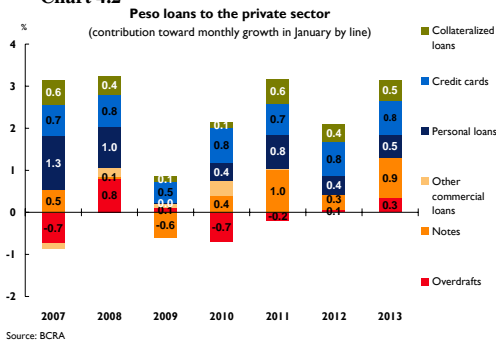
Liquidity ratio in terms of the foreign currency segment averaged 93.9% of deposits in dollars over the month, which represented a slight increase (0.6 p.p.) against December.

### 4. Loans<sup>1 4</sup>

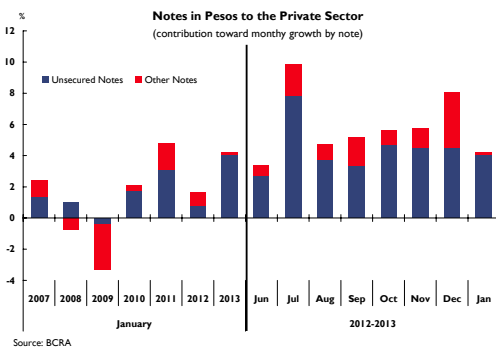
Loans in pesos to the private sector exhibited a monthly increase of 3.1% in January (\$10.39 billion); one of the highest values recorded for the first month of the year in the last few years. The y.o.y. change rate continued to increase, reaching 41.7% (1.1 p.p. above the rate of December, see Chart 4.1). Financing arranged through promissory notes (0.9 p.p.) and financing with credit cards (0.8 p.p.) were the lines that contributed the most to this monthly growth. In y.o.y. terms, promissory notes recorded a peak performance, whereas credit card

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

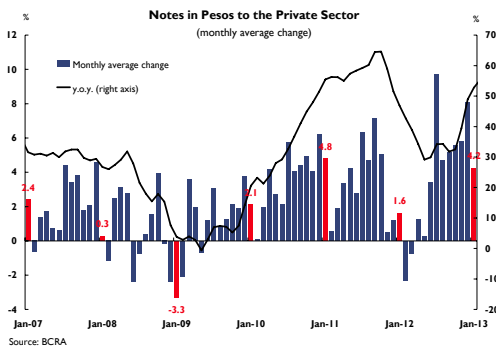
**Chart 4.2**



**Chart 4.3**



**Chart 4.4**



financing evidenced no significant variations against the values recorded for the same month in previous years (see Chart 4.2).

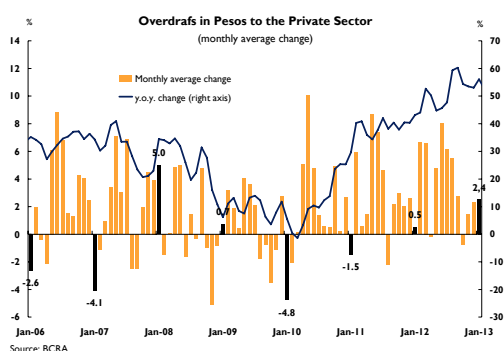
Loans related to commercial activity usually tend to exhibit moderate monthly increases in January due to seasonal patterns; however, on this occasion, all lines associated to financing through promissory notes evidenced heterogeneous performances. In turn, discounted and purchased documents (“other notes”) were consistent with the seasonal pattern, but unsecured notes maintained the high growth levels recorded since mid-2012 (see Chart 4.3). In order to better explain the performance of the latter, it should be mentioned, however, that these financings were boosted by the “statistical carryover” from December as a result of specific transactions involving high amounts arranged at the end of that month. Moreover, unsecured promissory notes have been positively influenced by several other factors, such as the concentration of most of the loans that were previously channeled through the foreign currency segment, loans related to the Bicentenary Productive Financing Program, and those arising from the “Credit Line for Productive Investment” (granted as per Communications “A” 5319 and “A” 5380). In January, the total number of loans granted as promissory notes recorded a 4.2% rise (\$3.2 billion), above the levels seen in the same period of 2012. Thus, their y.o.y. change rate continued accelerating and reached 52.8%, evidencing a 3.8 p.p. rise against the previous month (see Chart 4.4).

Despite the fact that values recorded for overdrafts in January usually drop or evidence slight increases, this segment exhibited a growth similar to that of the previous month, accounting for 2.4% (\$1.16 billion), (see Chart 4.5).

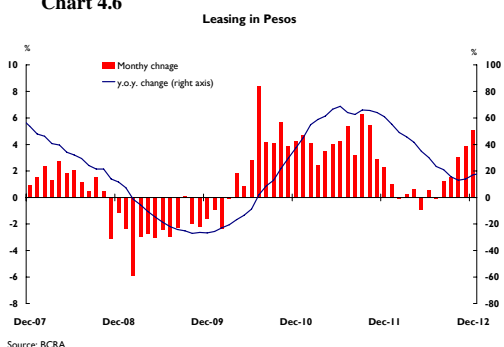
The twentieth auction of funds from the Bicentenary Productive Financing Program (PFPB) was conducted in January. On this occasion, the auctioned amount reached \$420 million, out of which \$400 million were awarded. Thus, the total amount allocated since the program was launched has reached \$6.18 billion, out of which \$4.18 billion were disbursed.

With respect to loans mainly aimed at financing households’ consumption, dissimilar performances were observed. On the one hand, credit card financing grew a bit more than in December, reaching 4.7% (\$2.67 billion), boosted by the acceleration recorded in the second half of that month, which resulted in a significant statistical carryover. This financing’s y.o.y. change rate stood at 41%, remaining stable against the previous month and evidencing some slowdown since mid-year

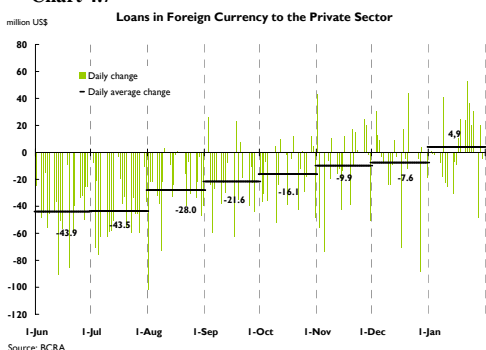
**Chart 4.5**



**Chart 4.6**



**Chart 4.7**



last year. On the other hand, personal loans continued moderating their monthly expansion rate, recording a 2.2% increase (\$1.65 billion) in January. Their y.o.y. growth was somewhat lower than in December, reaching 28.6%.

Loans with real collateral recorded a drop in their monthly growth rate in January, mainly as a result of being a period characterized by a slowdown in commercial activity, plus the fact that there were less loans granted under the “Credit Line for Productive Investment”. Mortgage-backed loans recorded an increase of 3.2% (\$1.11 billion), whereas pledge-backed loans grew 2.6% (\$585 million) over the month.

Loans granted by financial institutions under leasing contracts<sup>5</sup> continued accelerating their monthly growth rate. After remaining stable during the first seven months of 2012, starting as of August, a steady increase in this financing stock was observed. The momentum observed over the last few months is partly explained by the boost from the “Credit Line for Productive Investment” (Communication “A” 5319) since some of these loans are being channeled through leasing transactions. As per the latest available information, in December, a monthly increase of 5% (\$340 million) was recorded. In turn, their y.o.y. change rate stood at 17.1%, increasing 3.1 p.p. against November (see Chart 4.6).

According to the latest available information, up to December 2012, total credits disbursed through the “Credit Line for Productive Investment” amounted to \$16.76 billion, in excess of the goal set by the Central Bank for the full year (Communication A 5319). Out of the total disbursed amount, 47% corresponded to big companies and 53% to MiPyMes. Once all loans agreed upon a phased disbursement schedule are effectively granted, the total amount will increase to \$17.99 billion.

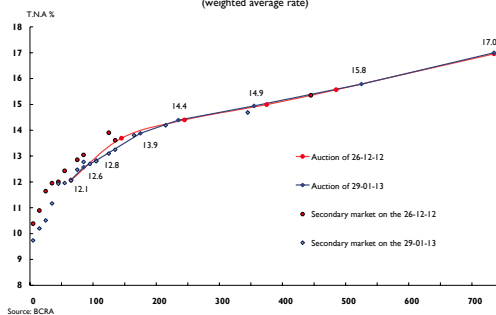
Finally, loans in foreign currency granted to the private sector, and primarily aimed at financing the exporting sector, posted a 1.9% reduction (US\$105 million) in their monthly average balance. Nevertheless, the analysis of the evolution of daily stock, started to evidence an upward trend since mid-January. The stock posted as of January 31st exceeded by US\$100 million the amount recorded as of December 31st last year. In January, daily average change of loans in foreign currency reached US\$4.9 billion, after recording a series

<sup>5</sup> It includes the value of the capital goods (either personal or real property) rented to a third party, and specially purchased by the institution on their behalf, and for which the leaseholder pays a price on a regular basis throughout the previously agreed upon term, while being able to exercise the unilateral right to a purchase option by paying the residual value previously set forth.



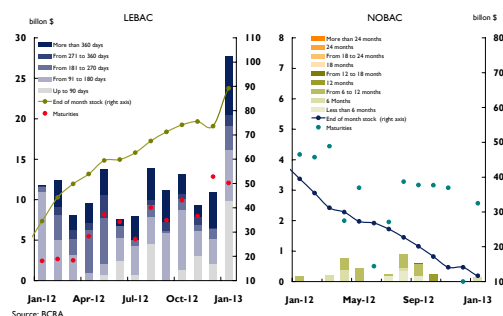
**Gráfico 5.1**

**LEBAC interest rate in the Primary and Secondary Market**  
(weighted average rate)



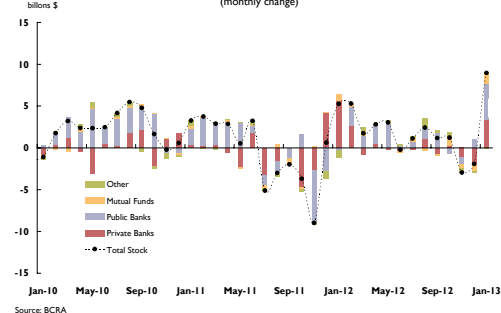
**Gráfico 5.2**

**Amount allocated of Central Bank Bonds in the Primary Market**



**Gráfico 5.3**

**Central Bank Bonds Holdings**  
(monthly change)



of monthly balance reductions (see Chart 4.7). Such phenomenon is partly related to the seasonal increase of credit card financing in foreign currency.

## 5. Interest rates<sup>6</sup>

### Central Bank securities<sup>7</sup>

In January, interest rates on Central Bank security auctions remained stable. In this context, LEBACs with 100-day and 180-day terms recorded fewer changes, whereas no changes were recorded in the remaining segments. In the last few auctions of the month, the interest rate of securities with a 56-day term stood at 12.07% and those with a 728-day term reached 17% (see Chart 5.1). Meanwhile, NOBACs, continued to record low volumes, and they once again featured terms of less than 200 days, with an interest rate around 12.8%.

Interest rates on Central Bank security auctions remained stable in a context where high liquidity and a significant demand of Central Bank securities, mainly LEBACs, prevailed. In January, the institution absorbed more than \$10,000 million through security issues, and at month-end, the outstanding stock of LEBAC and NOBAC increased 15%, standing at \$100.9 billion (see Chart 5.2). The higher amount of holdings by banks and mutual funds accounted for almost all the monthly increase (see Chart 5.3).

Despite the fact that the instruments that were issued covered all terms, new issues concentrated on terms of less than 180 days. Thus, the average term to maturity stood at about 8 months.

In the secondary market, LEBAC interest rates recorded a drop close to 1 p.p. in shorter terms, in a context where the daily average traded volume recorded an increase, reaching \$1.04 billion. In turn, NOBACs traded volume continued to be low compared to LEBAC transactions, however it recorded an increase against previous months, reaching \$74 million.

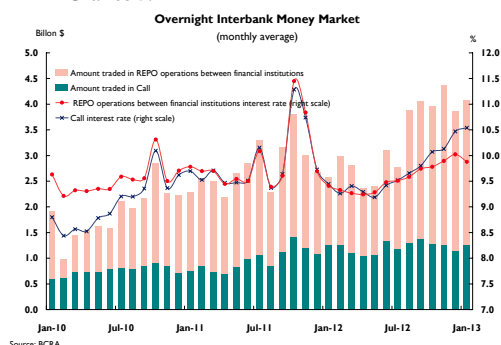
### Central Bank repo transactions<sup>1</sup>

Interest rates on repo transactions of the Central Bank remained at the same levels observed since October 2009. Indeed, in the case of reverse repos, interest rates stood at 9% overnight and 9.5% at seven days; while in the case of repo transactions they remained at 11% overnight, and 11.5% at seven days. Meanwhile, after

<sup>6</sup> Interest rates mentioned in this section are expressed in annual nominal rates (TNA).

<sup>7</sup> In this section, figures are end of the month data unless otherwise stated.

**Gráfico 5.4**

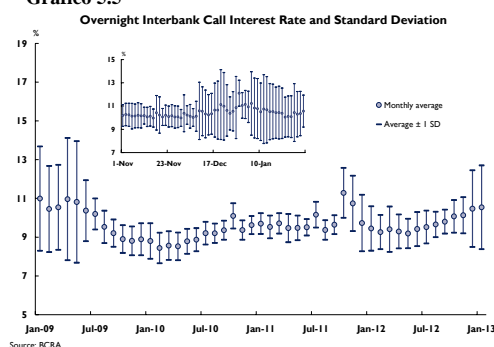


recording a monthly increase close to 20%, the average balance of reverse repos in all rounds where the BCRA participates stood at about \$20.9 billion. In turn, no repo loans for the Central Bank were recorded.

### Call money market<sup>1</sup>

In January, call money market rates did not exhibit significant changes. The average rate for overnight transactions on the unsecured market (call) rose 0.1 p.p., standing at 10.5%. Additionally, the average rate for overnight interbank transactions on the secured market (Repo round), dropped 0.1 p.p., standing at 9.9%. Thus, the gap between interest rates of both markets slightly broadened (see Chart 5.4).

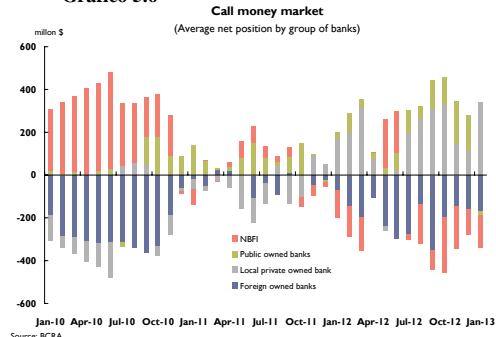
**Gráfico 5.5**



Like in December, there were high variability levels recorded in overnight transactions in the call market, standing, on average, at 20.5% (see Chart 5.5) in terms of the daily average rate recorded on a monthly basis, which was mainly explained by the transactions carried out between local private institutions as lenders and non-bank financial entities as fund borrowers.

There was a growth recorded in the amount traded, mainly in the REPO market, which exhibited a rise in the daily average amount traded of 15.4%, standing at \$2.8 billion. Meanwhile, the daily average amount traded in the call segment grew 3.5%, standing at about \$1.36 billion. Foreign entities and non-bank financial entities were net fund borrowers, whilst national private entities were the only net lenders of the month since public entities recorded a slightly debtor position in the call segment after 12 months (see Chart 5.6).

**Gráfico 5.6**

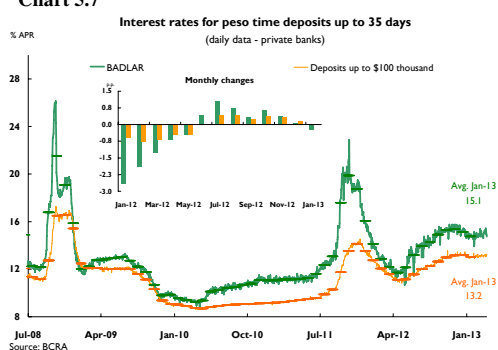


### Borrowing rates<sup>1</sup>

In January, the BADLAR of private banks – interest rate on deposits for \$1 million and more for 30-35 days – averaged 15.1%, falling 0.2 p.p. over the month (see Chart 5.7). When analyzing the performance by depositor, it can be observed that the decrease was the result of the drop recorded in the interest rate paid to companies and financial services' companies (in both cases, the monthly drop accounted for 0.4 p.p.) whereas interest rates paid to the public sector and families remained virtually unchanged (see Chart 5.8).

In January, only short-term contracts were traded on the BADLAR futures market, with maturities not exceeding three months. Particularly, more than 90% of the total amount traded over the month had an interest rate averaging 15.3%, with maturity on January 31st.

**Chart 5.7**



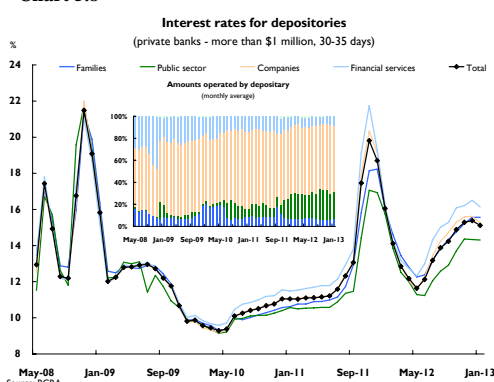
In turn, in the retail segment, the interest rate paid by private banks for their time deposits (up to \$100 thousand and up to 35 days) remained unchanged compared to the average recorded in December (13.2%).

### Lending rates<sup>18</sup>

In January, interest rates on the different loan lines exhibited dissimilar trends compared to the previous month.

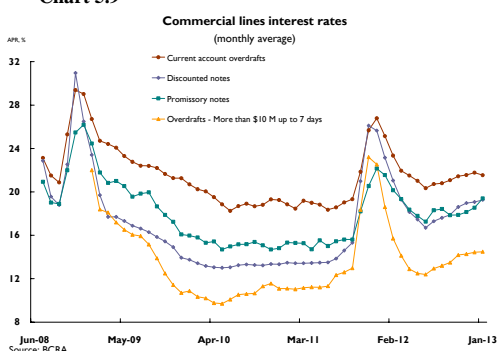
Most interest rates on commercial lines recorded a slight increase, except those applied on current account overdrafts, which decreased 0.2 p.p., averaging 21.5%, in January. Meanwhile, the monthly average of the interest rate on current account overdrafts to companies for more than \$10 million and up to 7 days grew 0.1 p.p., standing at 14.5%. In turn, the interest rate on discounted notes averaged 19.3%, recording a 0.2 p.p. increase against December, whereas rates on unsecured promissory notes increased 0.4 p.p., after averaging 19.4% in January (see Chart 5.9). In this case, the monthly increase is linked to the lower participation recorded over the month by loans corresponding to the “Credit Line for Productive Investment” and loans granted within the framework of the Bicentenary Productive Financing Program (PFPB), which are granted at lower rates and with longer terms. In January, the participation of the segment with longer terms dropped compared to the values observed over previous months (see Chart 5.10).

**Chart 5.8**



Similarly, interest rates of pledge-backed loans recorded a monthly increase of 1.7 p.p., mainly as a result of the lower participation of productive lines, and stood at 21.3% in January. In turn, the monthly average interest rate charged for mortgages to families, was 15.9%, falling 0.4 p.p. over the month. Additionally, the interest rate on personal loans averaged 35%, increasing 0.7 p.p. over the month (see Chart 5.11).

**Chart 5.9**



### International reserves and foreign exchange market<sup>9</sup>

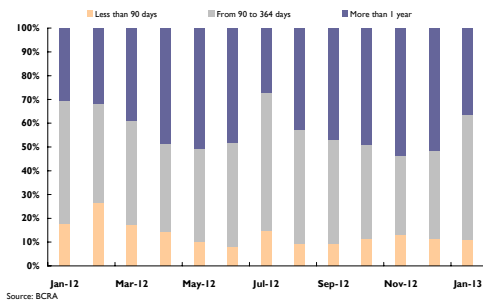
The international reserve balance totaled US\$42.53 billion at the end of January (see Chart 6.1). This implied a drop of US\$760 million against December. The stock of reserves was negatively impacted by changes recorded in financial institutions’ current

<sup>8</sup> Interest rates mentioned in this section are annual nominal 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.

<sup>9</sup> In this section, figures are end of the month data unless otherwise stated.

**Chart 5.10**

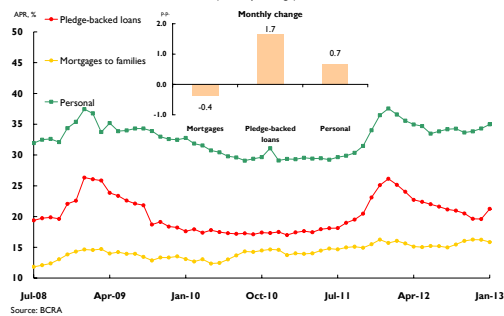
**Promissory notes participation by maturity segment**  
(monthly average)



Source: BCRA

**Chart 5.11**

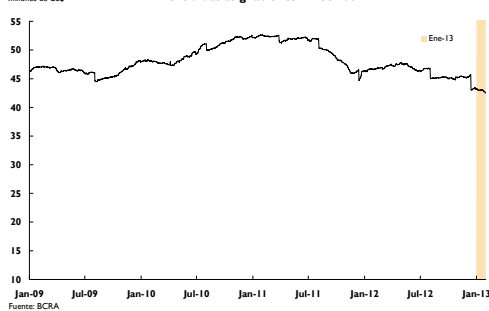
**Interest rates for loans with real collateral and consumption lines**  
(monthly average)



Source: BCRA

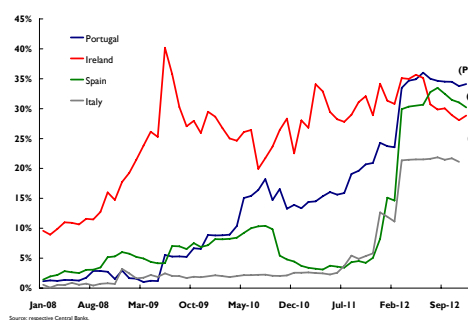
**Gráfico 6.1**

**Reservas Internacionales del BCRA**  
excluidas asignaciones DEGS 2009



**Chart 7.1**

**Long Term Refinancing Operations as a percentage of Broad Money**



Source: respective Central Banks

accounts in foreign currency with the Central Bank and, also, by the payment of public debts. This trend was partly offset by purchases of foreign currencies by the Central Bank in the Free and Single Foreign Exchange Market (MULC), which totaled US\$99 million.

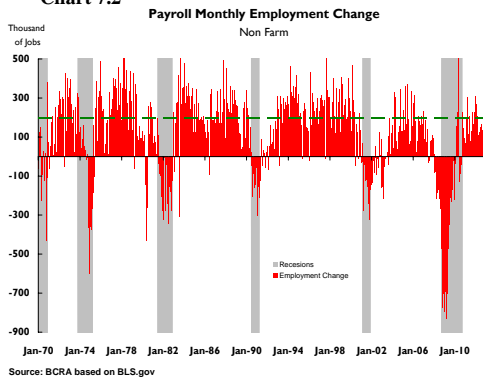
Regarding the foreign exchange market, the peso depreciated against the currencies of its main trading partners. However, US dollar and Euro exchange rates increased 1.4% and 2.7% (a lower growth pace compared to December), averaging 4.95 \$/US\$, and 6.58 \$/Euro, respectively, in January. In the case of the Brazilian Real, the average exchange rate was 2.44 \$/Real, up 3.7% against December. On the Rosario Futures Market (ROFEX), the depreciation expectation for the coming months remained virtually unchanged compared to previous months. The daily volume traded in such market was close to \$685 million, down 16% against the values recorded the previous month.

## 7. Capital markets<sup>10</sup>

International financial markets reached the end of the month with a positive tone. In the euro zone, partial repayments to the European Central Bank (ECB) resulting from fund injections made through the 3-year long-term refinancing operation (LTRO3) helped strengthen the Euro against the US dollar and the Yen (see Chart 7.1). In the US, the end of fiscal cliff negotiations was surrounded by a positive atmosphere, in a context where labor market indicators turned out better than expected. Indeed, job creation over the last three months averaged 200,000 jobs (see Chart 7.2). Meanwhile, US GDP for the fourth quarter contracted 0.1% against the previous quarter, partly affected by the negative consequences of Hurricane Sandy, and also by the uncertainty regarding the outcome of the above mentioned fiscal cliff negotiations.

As part of the monetary policy measures, the Bank of Japan (BoJ) changed its inflation target from 1% to 2% in the short term, in an economic context where deflation has prevailed for the most part of the past few years. Moreover, the BoJ decided, starting January 2014, i.e. upon maturity of the assets purchase program's current segment, to implement a new one equivalent to US\$110 billion a year in net terms (a lower stimulus compared to market expectations). The eligible securities will mainly comprise short-term public debt.

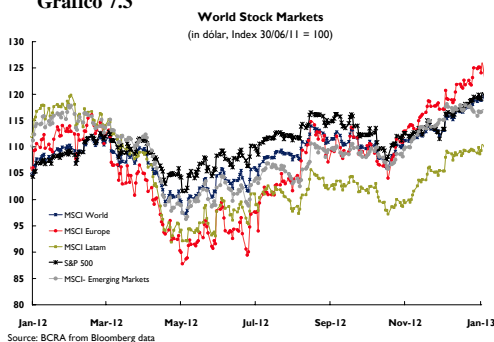
**Chart 7.2**



## Equity

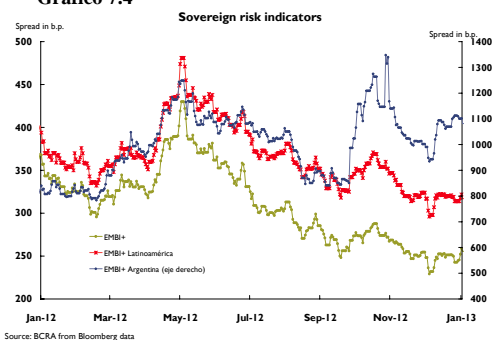
Consistent with its behavior in December, the global MSCI climbed 5% in January. The European market, also measured by the MSCI index, recorded a 5.9% profit. Likewise, the S&P 500, the main index for the US market, recorded a 5% profit, one of the best January's in years (see Chart 7.3). The risk perceived by investors dropped, judged by the reduction in the expected volatility of the S&P 500, as measured by the VIX index, and exhibited a decline of 4 p.p., reaching 13.5%. In addition, the index that measures the volatility of the Stoxx 50 (the reference index for the euro zone markets) dropped once again, in this case, 1.5 p.p., reaching a monthly average of 16.1%.

**Gráfico 7.3**



In line with the performance recorded by more developed economies, emerging variable income, measured by the MSCI index, recorded a 1.3% profit in January. Further confirming this trend, the MSCI Latin American index increased 3.1% over the month, after a 6.1% rebound recorded in December. The Bovespa (Brazil), benchmark of the region, exhibited a modest performance, and climbed 0.8% following the sharp rise recorded in the previous month. In turn, the IGPA (Chile) and the IPC (Mexico) increased 7% and 4.8% in dollars, respectively.

**Gráfico 7.4**

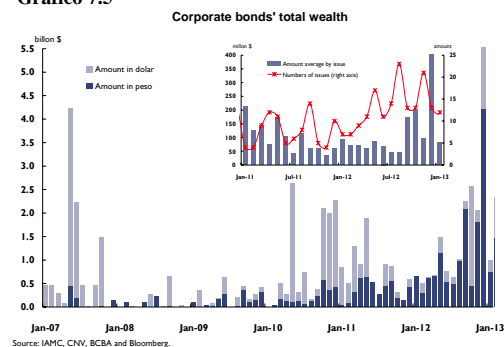


As a result of a better international climate, a good performance was recorded in local equity markets for the second consecutive month. In January alone, the Merval index increased 19.7% in dollars. Instruments pertaining to the energy and telecommunication sectors had the most significant increments. The daily average volume traded in equity in January reached \$59 million, which implied a monthly rise of 10%, and the highest value recorded since October 2009.

## Sovereign bonds

In January, the spread of yields between emerging sovereign bonds and American Treasury Bonds increased 10 b.p., as measured by the EMBI+, reaching 259 b.p. in a context where the rate on Treasuries at 10 years increased 23 b.p. Risk spreads of Argentine sovereign bonds on American Treasury bonds increased 110 b.p. reaching 1,102 b.p. at the end of January (see Chart 7.4).

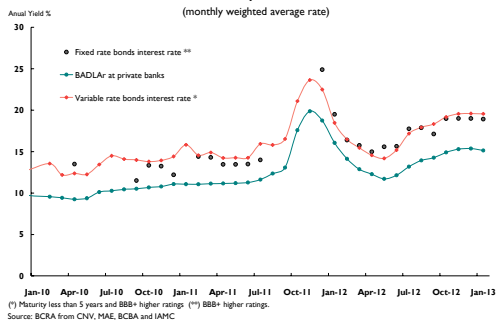
**Gráfico 7.5**



## Corporate bonds

In January corporate financing through the issue of corporate bonds (ONs) recorded a lower level compared to previous months. In a month where YPF, the main

**Gráfico 7.6**  
Interest rate on Corporate bonds' issuance  
(monthly weighted average rate)

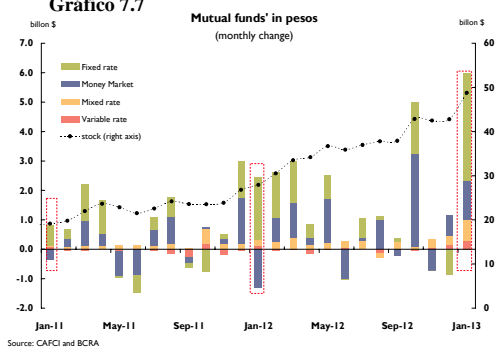


market participant during the second half of 2012, did not issue any bonds, total issues amounted to \$991 million (see Chart 7.5).

The total amount of issues reached levels similar to those observed in 2012, although a sharp drop in the average amount issued was observed. Financial Institutions were the main issuers in January, with placements for \$590 million, followed by industrial companies from the food and beverages sector, which issued \$376 million.

Following the trend recorded over the last couple of years, most issues were in pesos. Throughout the month, the financing cost remained stable in the case of variable rate issues when compared to the last few months of 2012. Thus, the cut-off interest rate on securities in pesos at a variable rate (Arg BBB+ rating or over, and a maturity below 5 years) stood at 19.6%. In addition, the average cut-off interest rate on issues at a fixed rate (over Arg BBB+ rating) dropped 0.1 p.p. and stood at 18.9% (see Chart 7.6).

**Gráfico 7.7**

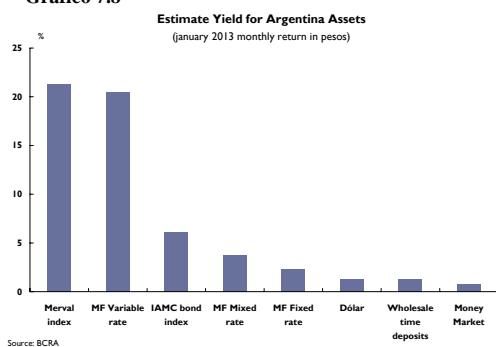


## Mutual funds

In January, the purchase of unit shares from mutual funds (FCIs) continued to draw investors. Equity of FCI rose \$6.11 billion (13.6%) over the month, reaching \$51.17 billion.

The increase recorded in January was driven by all segments of FCIs in pesos; however, the performance of fixed income funds should be highlighted, since they contributed to 60% of the monthly growth, after increasing \$3.67 billion (19.4%; see Chart 7.7). In turn, Money Market funds expanded \$1.32 billion (7.8%) and funds invested in mixed income assets recorded a monthly growth of \$720 million (12.5%). Finally, variable income funds should also be highlighted. Their growth of \$290 million (23.7%) was in line with the good performance observed in the stock market, the best one recorded in years for the month of January.

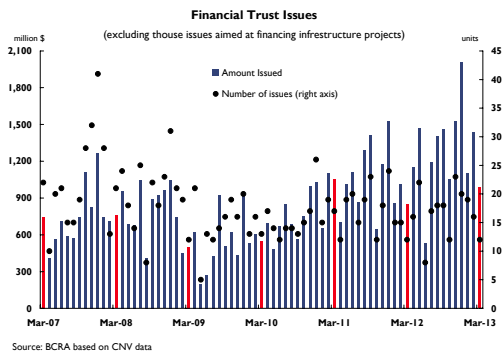
**Gráfico 7.8**



Like in December last year, in January the ranking of investment instruments was led by both variable income funds and the local stock market, which recorded monthly estimated returns of about 21%; followed far behind by the IAMC index, benchmark of the local bond market; and mixed and fixed income funds (see Chart 7.8).

FCIs in foreign currency ended the month with equity totaling US\$478 million, 3.8% (US\$20 million) higher than the level registered in December. This performance

**Chart 7.9**

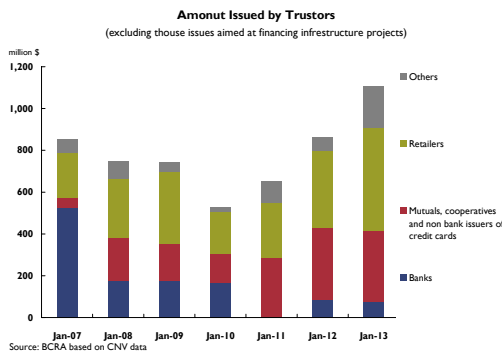


was driven by the homogeneous increase recorded in all segments.

### Financial trusts<sup>10</sup>

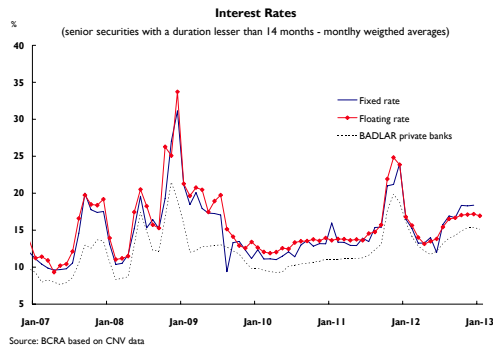
Financial trust (FT) issues totaled a little over \$1.1 billion in January through 19 issues (no issues aimed at financing infrastructure works were recorded). As is usually the case, the amount of securitized assets recorded in January was below that of December. However, January issues were higher compared to the same month of previous years, and exhibited about a 30% y.o.y. increase (see Chart 7.9).

**Chart 7.10**



In terms of the different kinds of trustors, the retail segment issued \$490 million, evidencing a 30% drop against the record level of December. It was followed by mutuals, cooperatives and non-bank credit card issuers, which more than doubled December issues, reaching levels close to \$340 million (see Chart 7.10). In turn, financial institutions issued \$75 million. Moreover, 5 issues made by agricultural sector companies, mostly in dollars, totaled \$198 million. Except for these issues, which were backed by commercial loans, underlying assets consisted entirely of personal loans and credit card coupons.

**Chart 7.11**



Cut-off interest rates on senior securities in pesos issued at a variable rate, with duration under 14 months, recorded a slight decline, in line with the performance of the BADLAR rate at private banks. The cut-off rate on securities with variable yield was 16.9%, down 0.3 p.p. against the previous month (see Chart 7.11). Meanwhile, no issues of instruments representing senior debt at a fixed rate were recorded in January.

<sup>10</sup> Only publicly-traded financial trusts are considered.

## 8. Indicadores Monetarios y Financieros

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in percentage	
	Jan-13	Dec-12	Nov-12	Jan-12	Monthly	Last 12 months
<b>Monetary base</b>	<b>298,282</b>	<b>292,138</b>	<b>271,961</b>	<b>220,630</b>	<b>2.1%</b>	<b>35.2%</b>
Currency in circulation	231,169	224,211	207,564	170,304	3.1%	35.7%
Held by public	207,674	199,335	186,409	149,948	4.2%	38.5%
Held by financial entities	23,494	24,872	21,153	20,354	-5.5%	15.4%
Settlement check	2	4	2	0	-57.5%	0.0%
BCRA current account	67,112	67,927	64,397	50,326	-1.2%	33.4%
<b>Repos stock</b>						
Reverse repos	20,871	17,432	17,749	15,732	19.7%	32.7%
Repos	0	0	0	0	0.0%	0.0%
<b>BCRA securities stock (in face value)</b>						
<b>In banks</b>	92,714	88,681	90,852	71,860	4.5%	29.0%
<b>LEBAC</b>	80,691	77,641	79,610	63,894	3.9%	26.3%
In pesos	79,268	74,569	75,374	29,587	6.3%	167.9%
<b>NOBAC</b>	13,446	14,112	15,478	42,274	-4.7%	-68.2%
<b>International reserves excluded 2009 SDRs allocations</b>	<b>42,954</b>	<b>44,134</b>	<b>45,316</b>	<b>46,557</b>	<b>-2.7%</b>	<b>-7.7%</b>
<b>Private and public sector deposits in pesos <sup>(1)</sup></b>	<b>540,109</b>	<b>525,016</b>	<b>506,310</b>	<b>398,953</b>	<b>2.9%</b>	<b>35.4%</b>
Current account <sup>(2)</sup>	160,073	150,959	138,915	121,060	6.0%	32.2%
Savings account	107,326	104,730	93,889	75,513	2.5%	42.1%
Not CER-adjustable time deposits	252,521	248,802	253,829	186,532	1.5%	35.4%
CER-adjustable time deposits	7	7	7	9	1.8%	-21.4%
CEDRO adjusted by CER	0	0	0	0		
Other deposits <sup>(3)</sup>	20,182	20,517	19,670	15,839	-1.6%	27.4%
<u>Private sector deposits</u>	<u>383,397</u>	<u>372,479</u>	<u>353,853</u>	<u>270,558</u>	<u>2.9%</u>	<u>41.7%</u>
<u>Public sector deposits</u>	<u>156,712</u>	<u>152,537</u>	<u>152,457</u>	<u>128,395</u>	<u>2.7%</u>	<u>22.1%</u>
<b>Private and public sector deposits in dollars <sup>(1)</sup></b>	<b>9,594</b>	<b>9,388</b>	<b>9,321</b>	<b>13,371</b>	<b>2.2%</b>	<b>-28.2%</b>
<b>Loans to private and public sector in pesos <sup>(1)</sup></b>	<b>384,369</b>	<b>373,954</b>	<b>358,276</b>	<b>273,003</b>	<b>2.8%</b>	<b>40.8%</b>
<u>Loans to private sector</u>	<u>348,450</u>	<u>339,124</u>	<u>325,253</u>	<u>245,931</u>	<u>2.8%</u>	<u>41.7%</u>
Overdrafts	48,530	47,375	46,297	31,081	2.4%	56.1%
Promissory bills	79,385	76,169	70,474	51,968	4.2%	52.8%
Mortgages	35,583	34,473	33,303	27,499	3.2%	29.4%
Pledge-backed loans	22,681	22,137	21,189	16,756	2.5%	35.4%
Personal loans	75,696	75,068	73,299	58,868	0.8%	28.6%
Credit cards	59,004	56,331	54,146	41,856	4.7%	41.0%
Other loans	27,571	27,570	26,545	17,901	0.0%	54.0%
<u>Loans to public sector</u>	<u>35,918</u>	<u>34,830</u>	<u>33,023</u>	<u>27,072</u>	<u>3.1%</u>	<u>32.7%</u>
<b>Loans to private and public sector in dollars <sup>(1)</sup></b>	<b>5,443</b>	<b>5,549</b>	<b>5,640</b>	<b>9,576</b>	<b>-1.9%</b>	<b>-43.2%</b>
<b>Total monetary aggregates <sup>(1)</sup></b>						
M1 (currency held by public + settlement check in pesos + current account in pesos)	367,749	350,298	325,326	271,010	5.0%	35.7%
M2 (M1 + savings account in pesos)	475,074	455,028	419,215	346,522	4.4%	37.1%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	747,785	724,355	692,721	548,902	3.2%	36.2%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	795,249	770,180	737,422	606,668	3.3%	31.1%
<b>Private monetary aggregates</b>						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	308,333	299,301	281,766	225,420	3.0%	36.8%
M2 (M1 + private savings account in pesos)	406,011	395,486	368,173	295,657	2.7%	37.3%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	591,073	571,817	540,264	420,508	3.4%	40.6%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	629,496	609,671	577,628	472,736	3.3%	33.2%



Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2011		Last 12 months	
	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>
<b>Monetary base</b>	<b>6,144</b>	<b>2.1%</b>	<b>33,068</b>	<b>12.5%</b>	<b>6,144</b>	<b>2.1%</b>	<b>77,652</b>	<b>35.2%</b>
Financial sector	-3,216	-1.1%	-3,165	-1.2%	-3,216	-1.1%	-2,155	-1.0%
Public sector	9,316	3.2%	27,683	10.4%	9,316	3.2%	47,981	21.7%
Private external sector	2,443	0.8%	6,055	2.3%	2,443	0.8%	38,161	17.3%
BCRA securities	-2,121	-0.7%	3,215	1.2%	-2,121	-0.7%	-4,545	-2.1%
Others	-279	-0.1%	-721	-0.3%	-279	-0.1%	-1,790	-0.8%
<b>International reserves excluded 2009 SDRs allocations</b>	<b>-1,180</b>	<b>-2.7%</b>	<b>-2,122</b>	<b>-4.7%</b>	<b>-1,180</b>	<b>-2.7%</b>	<b>-3,603</b>	<b>-7.7%</b>
Foreign exchange market intervention	499	1.1%	1,244	2.8%	499	1.1%	8,516	18.3%
International financial institutions	165	0.4%	215	0.5%	165	0.4%	18	0.0%
Other public sector operations	-1,680	-3.8%	-2,433	-5.4%	-1,680	-3.8%	-2,048	-4.4%
Dollar liquidity requirements	-85	-0.2%	576	1.3%	-85	-0.2%	-164	-0.4%
Others (incl. change in US\$ market value of nondollar assets)	-79	-0.2%	-1,724	-3.8%	-79	-0.2%	-9,925	-21.3%

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

2 Net of the use of unified funds.

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

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

5 Provisory data subjected to changes in valuation.

Sources: BCRA Accounting Department and SISGEN Informativo Regime.

### Minimum Cash Requirement and Compliance

	Dec-12	Nov-12	Oct-12
(1)			
	% of total deposits in pesos		
<b>Domestic Currency</b>			
Requirement	12.6	12.5	12.2
Compliance	12.8	12.6	12.4
Position <sup>(2)</sup>	0.2	0.1	0.2
<i>Residual time structure of term deposits used for the calculation of the requirement <sup>(3)</sup></i>	%		
<i>Up to 29 days</i>	65.4	63.3	63.4
<i>30 to 59 days</i>	23.7	24.4	22.8
<i>60 to 89 days</i>	5.7	7.2	7.7
<i>90 to 179 days</i>	3.6	3.4	4.3
<i>more than 180 days</i>	1.6	1.7	1.8
	% of total deposits in foreign currency		
<b>Foreign Currency</b>			
Requirement	20.1	20.0	20.1
Compliance (includes default application resource)	85.2	83.0	78.5
Position <sup>(2)</sup>	65.1	63.0	58.5
<i>Residual time structure of term deposits used for the calculation of the requirement <sup>(3)</sup></i>	%		
<i>Up to 29 days</i>	53.1	52.1	53.2
<i>30 to 59 days</i>	22.1	22.3	22.0
<i>60 to 89 days</i>	10.5	10.2	10.2
<i>90 to 179 days</i>	12.4	13.4	12.1
<i>180 to 365 days</i>	1.8	1.8	2.3
<i>more than 365 days</i>	0.1	0.1	0.1

<sup>(1)</sup> Estimates data of Requirement, Compliance and Position.

<sup>(2)</sup> Position= Requirement - Compliance

<sup>(3)</sup> Excludes judicial time deposits.

Source: BCRA

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

b

<b>Borrowing Interest Rates</b>	<b>Jan-13</b>	<b>Dec-12</b>	<b>Nov-12</b>	<b>Dec-11</b>	<b>Jan-12</b>
<b>Interbank Loans (overnight)</b>					
Interest rate	10.85	10.77	10.24	9.99	9.63
Traded volume (million pesos)	1,361	1,313	1,422	1,126	1,291
<b>Time Deposits</b>					
<u>In pesos</u>					
30 days	13.43	13.73	13.05	14.74	13.21
60 days or more	14.73	15.63	15.02	16.50	14.84
Total BADLAR (more than \$1 million, 30-35 days)	13.04	13.43	12.93	14.76	12.41
Private Banks BADLAR (more than \$1 million, 30-35 days)	15.14	15.37	15.30	18.75	16.06
<u>In dollars</u>					
30 days	0.56	0.57	0.64	0.33	0.30
60 days or more	1.02	1.10	1.10	0.69	0.69
Total BADLAR (more than \$1 million, 30-35 days)	0.68	0.65	0.77	0.43	0.45
Private Banks BADLAR (more than \$1 million, 30-35 days)	0.70	0.61	0.95	0.63	0.65
<b>Lending Interest Rates</b>	<b>Jan-13</b>	<b>Dec-12</b>	<b>Nov-12</b>	<b>Dec-11</b>	<b>Jan-12</b>
<b>Stock Repos</b>					
Gross interest rates 30 days	13.93	15.57	15.13	15.98	13.30
Traded volume (all maturities, million pesos)	198	235	262	226	207
<b>Loans in Pesos <sup>(1)</sup></b>					
Overdrafts	21.55	21.77	21.55	26.78	25.14
Promissory Notes	19.39	19.00	18.14	22.15	21.55
Mortgages	16.62	17.23	16.95	16.52	15.93
Pledge-backed Loans	21.27	19.60	19.63	25.10	26.13
Personal Loans	34.97	34.31	33.84	36.46	37.54
Credit Cards	s/d	34.64	34.28	33.15	34.17
Overdrafts - 1 to 7 days - more than \$10 million	14.49	14.44	14.29	22.56	18.70
<b>International Interest Rates</b>	<b>Jan-13</b>	<b>Dec-12</b>	<b>Nov-12</b>	<b>Dec-11</b>	<b>Jan-12</b>
<b>LIBOR</b>					
1 month	0.21	0.21	0.21	0.28	0.28
6 months	0.49	0.51	0.53	0.78	0.80
<b>US Treasury Bonds</b>					
2 years	0.26	0.25	0.26	0.25	0.23
10 years	1.88	1.70	1.64	1.96	1.94
<b>FED Funds Rate</b>	0.25	0.25	0.25	0.25	0.25
<b>SELIC (1 year)</b>	7.25	7.25	7.25	11.00	10.76

(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	Jan-13	Dec-12	Nov-12	Dec-11	Jan-12
<b>BCRA Repo Interest Rates</b>					
Overnight reverse repo	9.00	9.00	9.00	9.00	9.00
7-day reverse repo	9.50	9.50	9.50	9.50	9.50
7-day repo	11.50	11.50	11.50	11.50	11.50
<b>Total Repo Interest Rates</b>					
Overnight	9.28	9.36	9.35	9.13	9.06
7 days	9.52	9.53	9.51	9.56	9.50
Repo traded volumen (daily average)	11,578	10,111	12,516	8,454	10,130
<b>Peso LEBAC Interest Rate<sup>1</sup></b>					
1 month	s/o	11.60	11.30	s/o	s/o
2 months	12.28	11.98	12.34	s/o	s/o
3 months	12.87	12.93	12.88	s/o	s/o
9 months	s/o	14.52	14.56	s/o	s/o
12 months	14.96	14.99	s/o	14.26	s/o
<b>Peso NOBAC with variable coupon Spread<sup>1</sup></b>					
9 months BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
1 year BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
2 years BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
3 years BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
LEBAC and NOBAC traded volume (daily average)	1017	786	809	378	494
<b>Foreign Exchange Market</b>	<b>Jul-12</b>	<b>Aug-12</b>	<b>Sep-12</b>	<b>Oct-12</b>	<b>Nov-12</b>
<b>Dollar Spot</b>					
Exchange agencies	4.95	4.88	4.80	4.29	4.32
BCRA Reference	4.95	4.88	4.80	4.29	4.33
<b>Future dollar</b>					
NDF 1 month	5.05	4.98	4.91	4.36	4.37
ROFEX 1 month	5.02	4.95	4.87	4.33	4.35
Traded volume (all maturities, million pesos)	684	818	893	904	1,075
<b>Real (Pesos/Real)</b>	2.44	2.35	2.32	2.33	2.42
<b>Euro (Pesos/Euro)</b>	6.58	6.41	6.16	5.64	5.58
<b>Capital Market</b>	<b>Jan-13</b>	<b>Dec-12</b>	<b>Nov-12</b>	<b>Dec-11</b>	<b>Jan-12</b>
<b>MERVAL</b>					
Index	3,176	2,672	2,348	2,488	2,806
Traded volume (million pesos)	65	54	32	39	52
<b>Governement Bonds (parity)</b>					
BODEN 2015 (US\$)	127.44	120.57	116.08	98.40	102.14
DISCOUNT (US\$ - NY legislation)	99.65	97.99	97.15	81.40	83.27
BODEN 2014 (\$)	94.77	92.24	92.25	86.93	90.45
DISCOUNT (\$)	49.46	46.02	44.98	51.96	54.50
<b>Country risk</b>					
Spread BODEN 2015 vs. US Treasury Bond	1,262	1,204	1,502	980	828
EMBI+ Latin America (without Argentina)	288	298	325	390	388

<sup>1</sup> Corresponds to average results of each month primary auctions.

## 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

**CPI GBA:** Consumer Price Index for the Greater Buenos Aires metropolitan area

**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

**IGBVL:** Lima Stock Exchange Index (Peru)

**IGPA:** Santiago Stock Exchange Index (Chile)

**LEBAC:** *Letras del Banco Central.* BCRA Bills

**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

**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

**SAFJP:** AFJP Superintendency

**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

**y.o.y.:** Year-on-year