Monthly Monetary Report

April 2016

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Content

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The closing date for statistics in this report was May 5, 2016. All figures are provisional and subject to review.

1. Summary[1]

• In April, the Central Bank of Argentina (BCRA) submitted its Monetary Policy Plan for 2016[2]. It details the targets and actions that this monetary authority plans to set in motion in terms of monetary and foreign exchange policy, especially seeking to prompt a systematic and sustainable reduction of the inflation rate, tending to a 5% annual rate within a reasonable time period. The fulfillment of this objective will be the most significant contribution by the BCRA to ensure financial stability, employment and, above all, economic development with social equity.

• To meet these objectives, the Institution will move towards the formal implementation of an Inflation Targeting regime over the year, in line with the institutional scheme adopted by most countries having a remarkable price stability.

• The pillars behind the new monetary policy scheme are the use of the interest rate as main monetary policy instrument, a floating exchange rate regime and a transparent and regular communication of decisions adopted by the monetary authority.

• The BCRA has set the interest rate of the 35-day LEBAC as benchmark, together with a repo and reverse repo interest rate corridor in line with the abovementioned benchmark. The interest rate is the most significant indicator of the monetary policy bias. Under this scheme, the amount of money is endogenous, since any monetary expansion not supported by a higher demand is automatically absorbed through BCRA instruments or repo transactions.

• Within the framework of the monetary policy already announced, the value of the peso against the currencies of other countries is now determined by the market. The Central Bank will occasionally operate in the Free and Single Foreign Exchange Market (MULC) to prevent unjustified fluctuations of the peso or to manage the profile of its balance sheet. This scheme aims at decoupling the performance of exchange rate variables from the evolution of domestic prices. In turn, it also seeks to preserve relevant flexibility levels to face adverse shocks of different nature on the domestic economy.

• Likewise, the schedule of the regular publications by the BCRA related to its communication of monetary policy actions for the rest of the year has also been submitted.

• During the first week of May, this Institution decided to reduce the cut-off rate of the 35-day LEBACs to 37.5% (from 38% throughout April), while it kept the repo and reverse repo interest rate corridor unchanged, against the levels of March. The reduction of the nominal rate seeks to limit the increase of the monetary policy contractionary bias. In fact, even though the inflation rate of the City of Buenos Aires would have been high in April due to the incidence of public utility prices, the official and private sources analyzed by the BCRA on a weekly basis have been showing a declining core inflation in April against March. Consequently, such reduction has implied an increase in the expected real interest rate.

• Anyway, the BCRA considers that the situation continues to warrant prudence. Despite the decrease observed in core inflation, some specific price movements (in fuels, for example) will be seen in May which, even though they should not adversely affect the underlying inflation trend, they might impact on the overall inflation rate. The combined analysis of all these factors has led the BCRA to keep the current contractionary bias of its monetary policy.

• In turn, the shortest-term interest rates –mainly those traded in the call money markets and also the rates on loans granted through overdrafts at up to 7 days– have followed a path that kept them within the interest rate corridor set by the BCRA.

• As a result of the monetary transactions made by the BCRA throughout the month, there was a net absorption, mainly through the issue of LEBACs. Consequently, the monetary base dropped 0.8% in April against March, while its year-on-year growth rate fell to 27.1%, down 2.4 p.p. against the rate observed in the previous month. The expansion pace of the broadest monetary aggregates also slowed down. While the year-on-year change of the M3 dropped 3.2 p.p. to 25.8%, the expansion pace of private M2 slowed down by 2.1 p.p., to 25.5% year-on-year.

• International reserves ended April at a level of US$34.38 billion, up US$4.81 billion throughout the month. The increase was mainly accounted for by the rise in foreign currency deposits from the National Treasury at the BCRA, within the framework of the debt instruments issued in mid-April.

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[1] Unless otherwise stated, figures to which reference is made are monthly averages of daily data.
[2] See: http://www.bcra.gov.ar/Pdfs/Prensa_comunicacion/PresentacionPoliticasMonetarias2016.pdf

2. Interest Rates[3]

Benchmark Interest Rates

Last April, the Central Bank submitted its Monetary Policy Plan for 2016. It detailed the guidelines in terms of monetary and foreign exchange policies, the main target of which is to prompt a systematic and sustainable reduction of the inflation rate, tending to a 5% annual rate within a reasonable time period. The fulfillment of this objective will be the most significant contribution by the BCRA to ensure financial stability, employment and, above all, economic development with social equity.

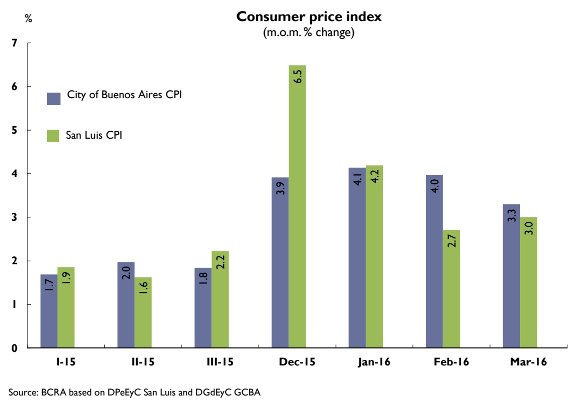
Within this framework, the Central Bank is moving towards the formal adoption of an Inflation Targeting regime throughout this year, in line with the institutional scheme adopted by the countries having price stability.

Currently, the inherited high nominality, the corrections to relative prices required and the lack of official inflation indicators at national level make it difficult to assess inflation evolution. In recent months, in addition to a change in relative prices among different goods, prices were reordered at geographical level due to the differential impact of rises in public utility prices in the different areas of the country[4].

Within this context, the latest inflation measurements released differ depending on the indicator being considered, but they all reflect a lower inflation for the February-March period against the December-January period (see Chart 2.1). In April, the inflation rate of the City of Buenos Aires would have been high due to the incidence of public utility prices. In turn, even though the indicators analyzed by the BCRA during April were signaling a deceleration of core inflation (excluding changes in public utility prices), these signals were not conclusive enough to change the high level of interest rates.

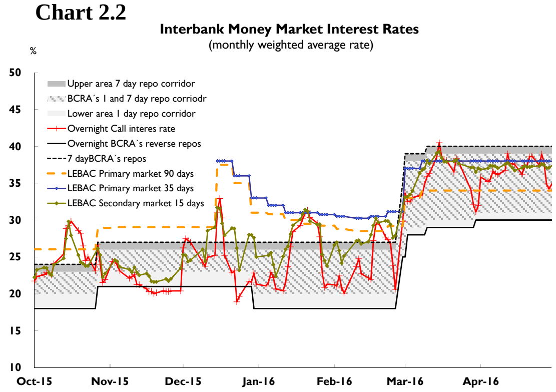
As a result, in April, the Central Bank decided to keep at 35% the interest rate for the 35-day LEBAC, the instrument selected to impact on the evolution of the inflation rate and public expectations (see Chart 2.2.). In addition, the Central Bank continued participating actively in the secondary market of the instruments it issues to prevent the traded interest rates from deviating significantly from the level established in the auctions, mainly operating in the shortest section of the yield curve (around 35 days; see Chart 2.3).

Chart 2.1



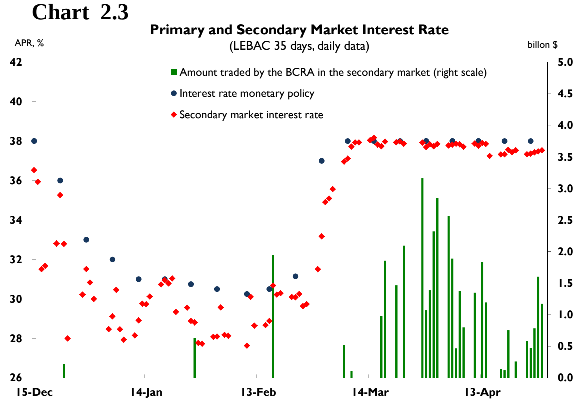
Source: BCRA based on DPeEyC San Luis and DGdEyC GCBA

Chart 2.2



Source: BCRA

Chart 2.3



Source: BCRA

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[3] Interest rates mentioned in this section are expressed as annual percentage rates (APR).
[4] See Monetary Policy Press Release of April 19: http://www.bcra.gov.ar/Pdfs/comytexord/P50736.pdf

Chart 2.4

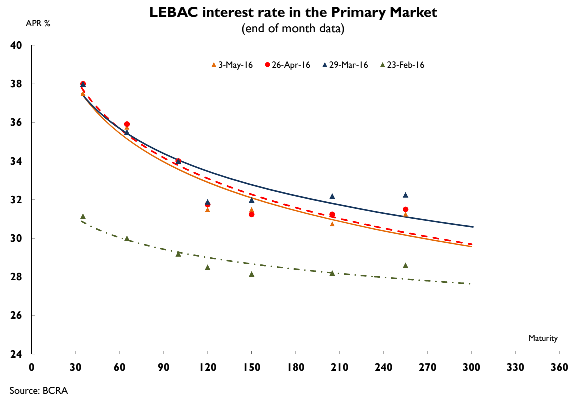


Chart 2.5

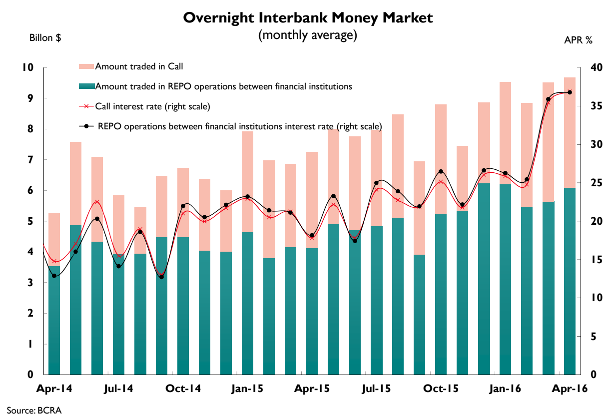
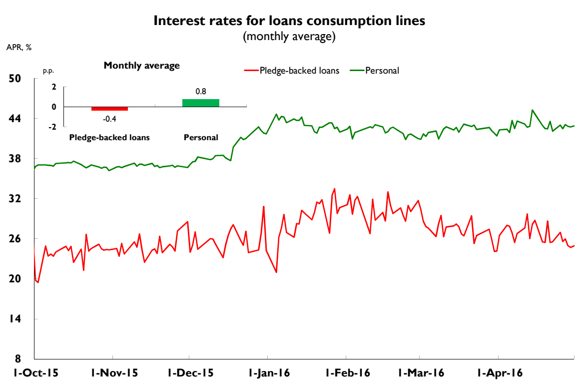


Chart 2.6



In the primary market, LEBAC interest rates with a term of +35 days and up to 4 months also remained relatively stable, while those on longer-term instruments went down slightly (less than 1 p.p.; see Chart 2.4).

In the repo market, the Central Bank has also kept the interest rates unchanged: reverse repo and repo rates stood at 30% and 39%, respectively, for overnight transactions, while reverse repo and repo interest rates stood at 31% and 40% for 7-day transactions.

Before the publication of this report, during the first week of May, several sources signaled a reduction of core inflation in April against March, which resulted in a rise of the expected real interest rate. To put a ceiling to the increase of the monetary policy contractionary bias, in the first auction of May, the Central Bank decided to lower the LEBAC interest rate for 35 days down to 37.5%[5], but the interest rate corridor of repo transactions remained unchanged.

Anyway, the Central Bank believes that the situation continues to warrant prudence. The incidence of some specific price movements in May, such as the rise of fuel prices, would impact on the overall inflation rate, though the evolution of core inflation would not be adversely affected. The coexistence of these factors has led the BCRA to keep a contractionary bias in its monetary policy.

Market Interest Rates

The paths of the shortest-term interest rates remained within the interest rate corridor set by the Central Bank in the repo market (see Chart 2.2).

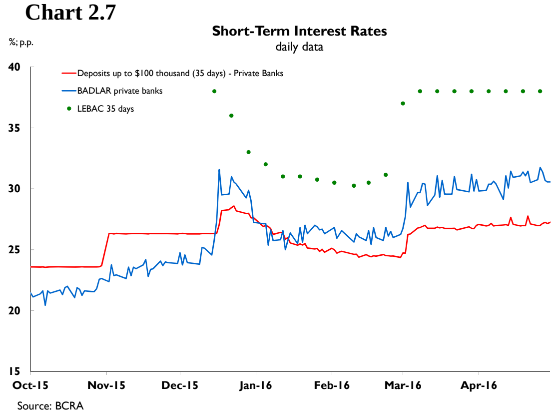
In the Call Money Markets, the interest rate on overnight transactions averaged 36.9% in April, up 1.5 p.p. against the value recorded in March. The average interest rate for overnight transactions among the financial entities in the REPO round also stood at 36.8%, recording a 0.9 p.p. rise. The daily average amount traded in both markets went up almost $300 million, to a total of $9.8 billion (see Chart 2.5).

The interest rate on overdrafts to companies in the most highly-traded sector (over $10 million and up to 7 days) followed a path similar to that of the call money market. Thus, it averaged 38.7%, up 1 p.p. against March.

The other lending interest rates showed a dissimilar evolution. In this sense, it is worth recalling that these

[5] See Press Release P 50744.

Chart 2.7

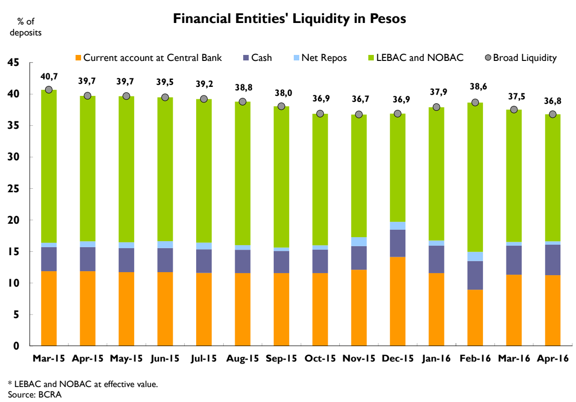


rates are averages weighted by amount. As a result, in the lines where there are differences among the market segments supported by the different entities, a change in the share of any of them might affect the average level of the resulting interest rate. In this respect, the average interest rate on personal loans (42.9%) went up 0.8 p.p. in April. Meanwhile, the interest rate corresponding to pledge-backed loans averaged 26.6% in the fourth month of the year, down 0.4 p.p. (see Chart 2.6).

In turn, the interest rate on discounted documents remained stable and stood at 27.8%, while in the case of unsecured promissory notes, the interest rate averaged 33.1%, standing 0.8 p.p. above the rate recorded in March.

Meanwhile, borrowing interest rates went up slightly against March. Particularly, the interest rate paid by private entities on time deposits of up to $100,000 and at up to 35 days stood at 27.1% on average, posting a 0.5 p.p. increase against March. In turn, the BADLAR – interest rate on time deposits of $1 million and more, at 30-35 days– of private banks stood at 30.6%, up 0.9 p.p. against March (see Chart 2.7).

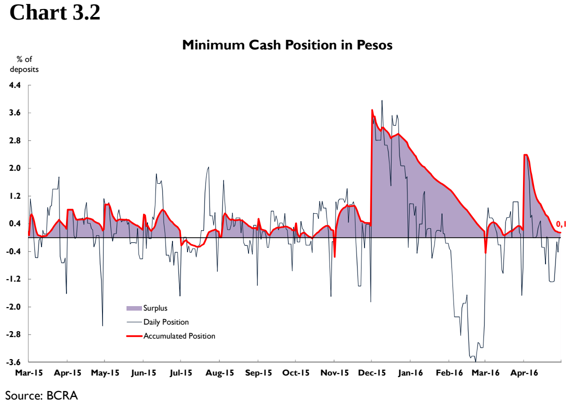
Chart 3.1



3. Financial Institutions' Liquidity

In line with the current scheme of monetary policy, where the Central Bank sets the benchmark interest rates with a view to achieving a sustained reduction of inflation, the amount of money is endogenous. This means that any supply excess/shortage in the monetary market is absorbed/covered with LEBACs or repos. In April, the Central Bank conducted a net absorption, mainly through the issue of LEBACs. The counterparties of such absorptions were mostly investors from the non-financial sector. In turn, the financial entities used the resources coming from the partial renewal of their maturing instruments to face up to the drop in deposits, which was once again driven by the deposits from the public sector.

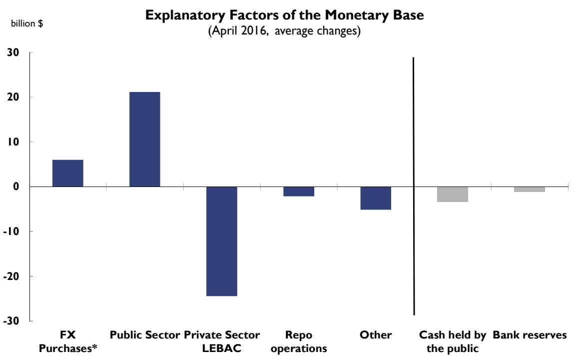
Chart 3.2



Consequently, the average liquidity ratio of financial entities in the domestic currency segment (cash in banks, current account of banks with the Central Bank, net repo transactions with the BCRA and the holding of LEBACs, as a percentage of deposits in pesos) went down to 36.8% in April (see Chart 3.1). In turn, it is estimated that the current account balance observed implied a surplus in the Minimum Cash Position of all financial entities equivalent to 0.1% of total deposits in pesos (see Chart 3.2).

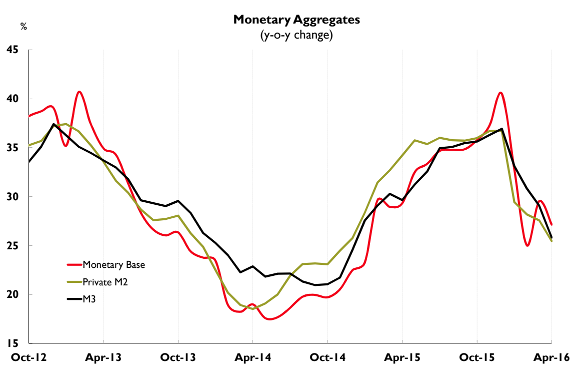
Meanwhile, in April, the liquidity in foreign currency averaged a figure equivalent to 97.5% of total deposits in dollars. This means that such liquidity went up 1 p.p. against March, in a context where the rise in foreign currency deposits underpinned the momentum of financing in dollars.

Chart 4.1



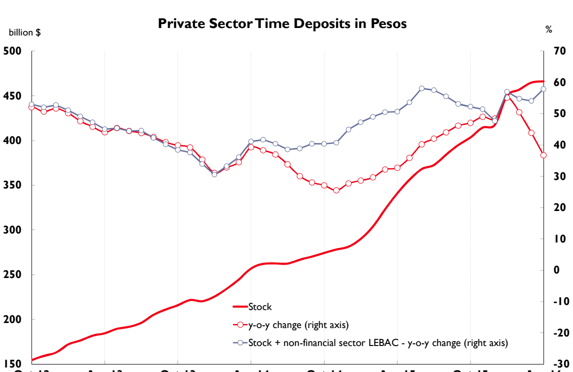
Source: BCRA

Chart 4.2



Note: M3 includes cash held by public, settlement checks in pesos and the total amount of deposits in pesos.
Source: BCRA.

Chart 4.3



Source: BCRA

4. Monetary Aggregates [1]

In April, the expansion produced by public sector transactions and by the specific interventions of the Central Bank in the foreign exchange market was more than offset by the absorption through LEBACs and repos (see Chart 4.1). Therefore, the monetary base contracted 0.8% against March, exhibiting a year-on-year change of 27.1%, down 2.4 p.p. against the figure recorded in March.

The broadest monetary aggregates also decelerated during April. While the year-on-year change of M3[6] contracted 3.2 p.p., down to 25.8%, the year-on-year change of the transactional money of the private sector (private M2[7]) contracted 2.1 p.p., down to 25.5% (see Chart 4.2). The latter recorded a 0.1% monthly reduction, which was mainly explained by the drop of cash held by the public, partially offset by the rise in sight deposits.

Time deposits from the private sector stood relatively stable and their year-on-year expansion continued to go down, reaching 36.7%. In these deposits, a markedly dissimilar performance was observed among the different amount segments. While deposits under $1 million grew 4% in April, thus keeping the momentum observed in previous months, wholesale segment deposits dropped in a similar proportion (3.6%). So far in 2016, the decline observed in the expansion pace of wholesale deposits offsets the increasing share of investors other than financial entities in the purchase of LEBACs. By the end of April, holders of LEBACs from the non-financial sector (particularly mutual funds, insurance companies and companies in general) concentrated around 50% of the outstanding stock of these instruments, up 20 p.p. against the figure recorded by late 2015. In this sense, if time deposits and LEBACs not held by financial entities are considered all together, the year-on-year increase reaches 58% (see Chart 4.3).

On the other hand, deposits from the public sector went down 9.6%, and drops were observed in both sight deposits and time deposits. As a result, total deposits in

[6] It includes cash held by the public, settlement checks in pesos and deposits in pesos of the non-financial public and private sectors.
[7] It includes cash held by the public, settlement checks in pesos and sight deposits of the private sector.

Chart 4.4

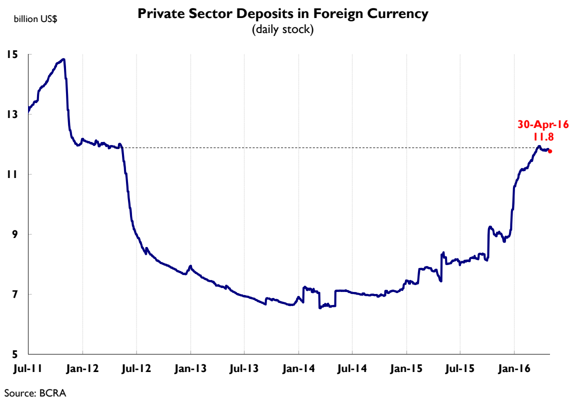


Chart 5.1

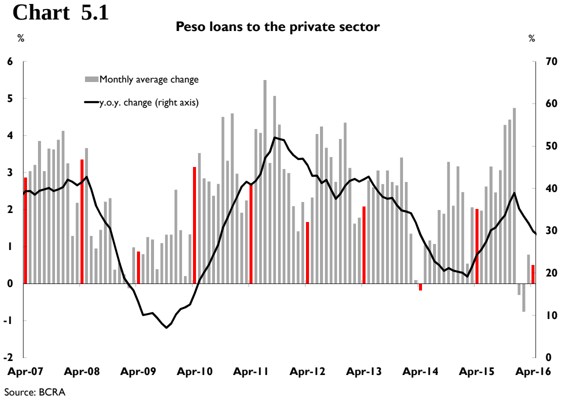
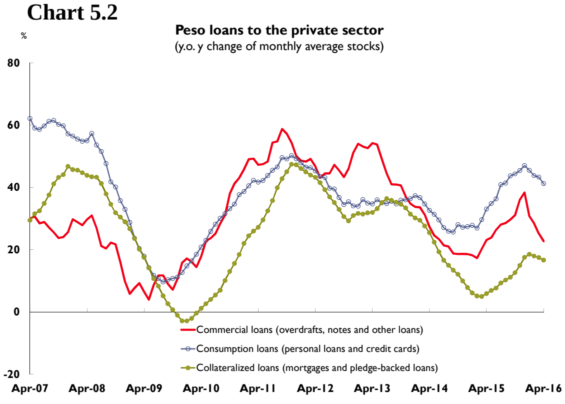


Chart 5.2



pesos (including both the public and the private sectors) went down 1.6% in April, recording a 25.6% year-on-year change.

In turn, the monthly average stock of deposits in foreign currency went up 2%, with rises in deposits from both the public and the private sectors. Deposits from the private sector went up 0.2% (see Chart 4.4), with increases in deposits below US$1 million and drops in deposits over US$1 million.

Finally, the broadest monetary aggregate, M3*[8], went down 1.4%, recording a year-on-year change of 33.2%.

5. Loans [19]

Loans to the private sector continued showing heterogeneous performances depending on the currency in which they were granted. While loans in pesos recorded only limited changes, loans in foreign currency have gained a renewed momentum.

Loans in pesos to the private sector continued posting a limited expansion, up only 0.4% in April ($3.2 billion). Therefore, their year-on-year change kept its decelerating trend and stood at 31.3%, recording an accumulated drop of nearly 8 p.p. from January to April. This deceleration was even more marked in the lines mainly devoted to commercial purposes, which went from growing 38% by late 2015 down to nearly 26% in April 2016 (see Chart 5.1 and 5.2).

As regards loans devoted to financing household consumption, personal loans went up 2% ($3.44 billion) in April, keeping the growth pace exhibited in February and March. As a result, the year-on-year change decreased from 35.5% in March to 34.8% in April. In turn, financing arranged through credit cards exhibited a slight increase (0.7%; $1.2 billion). That notwithstanding, the aggregate of the last 12 months recorded a rise of 46.6%.

Loans mostly aimed at financing companies' commercial activity posted a slight decrease in April. Lending arranged through promissory notes went down 0.3% ($500 million). In year-on-year terms, these loans recorded a 30% change, down 3.1 p.p. against the previous month. Nevertheless, there might have been a replacement with loans in dollars since, as it will be

[8] It includes M3 and deposits in foreign currency from the non-financial public and private sectors.
[9] The monthly changes of loans are adjusted by accounting activity, mainly caused by transfers of loans in financial institutions' portfolios to financial trusts. In this report, "amounts granted" or "new loans" refer to loans (new and renewed) arranged in a given period. Instead, a change in stock consists of arranged loans less amortizations and repayments for the period.

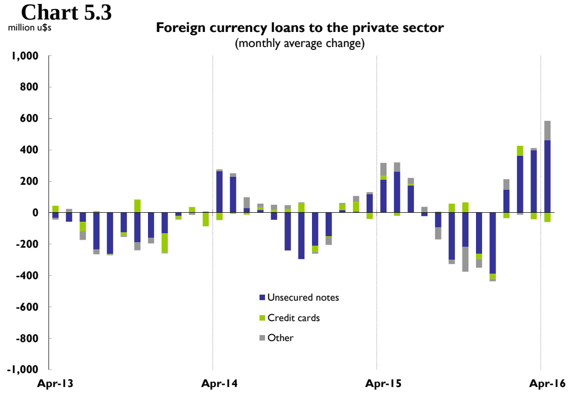
further explained in detail, the line of unsecured promissory notes in dollars has gained significant momentum in recent months. In turn, overdrafts recorded a decrease of 1.3% ($1.23 billion), while their year-on-year change contracted 2.1 p.p. and stood at 28.5%.

Collateralized loans continued to post rather insignificant changes. In fact, pledge-backed loans went up 0.6% ($230 million), while mortgage loans recorded a drop of 0.3% ($140 million). In the last 12 months, these lines have accumulated increases for 21% and 13.6%, respectively.

With a view to promoting long-term saving and financing, the Central Bank made available a new instrument in April. Specifically, it ordered the creation of a new account unit, the so-called Housing Units (UVIs), with an initial value equal to one thousandth of the average construction cost of a “control”[10] square meter which, as of March 31, 2016, amounted to $14,053; therefore, the initial value of an UVI is $14.053. The value of the UVI will be updated on a daily basis according to the Reference Stabilization Coefficient (CER). Therefore, banks may now offer deposits denominated in UVIs for a minimum term of 180 days and will be authorized to grant mortgage loans with longer terms and with more affordable installments. Likewise, it is worth mentioning that these loans may be allocated to the Financing Line for Production and Financial Inclusion (LFPIF), provided that the annual percentage rate (APR) applied by the institutions is lower than 5%.

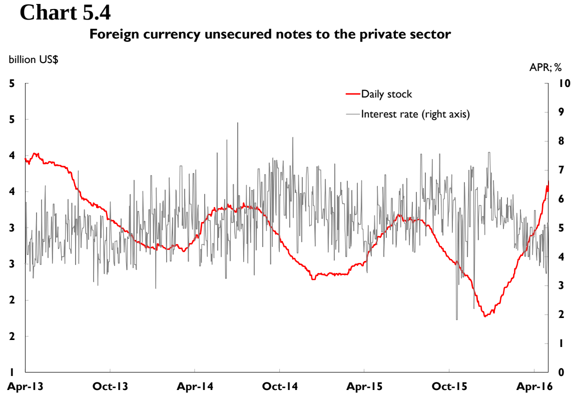
In turn, loans in foreign currency to the private sector continued with the growing expansion they have shown since mid-December. Particularly, in April, they expanded US$530 million and, so far in 2016, they have accumulated a rise of nearly US$1.5 billion (see Chart 5.3). This increase was mainly boosted by unsecured promissory notes, the cost of which has gone down in recent months (see Chart 5.4).

Chart 5.3



Source: BCRA

Chart 5.4



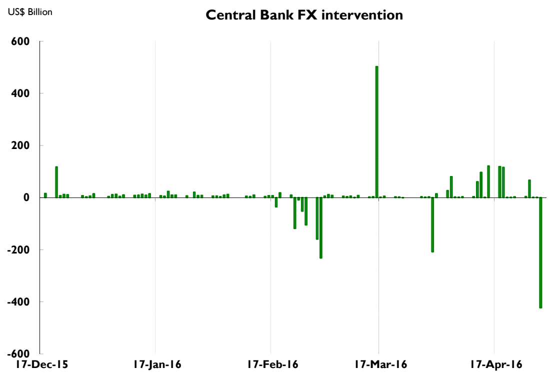
Source: BCRA

6. International Reserves and Foreign Exchange Market [1]

International reserves ended April at a level of US$34.38 billion, posting an increase of US$4.81 billion throughout the month. The increase was mainly due to the rise of deposits in foreign currency of the National

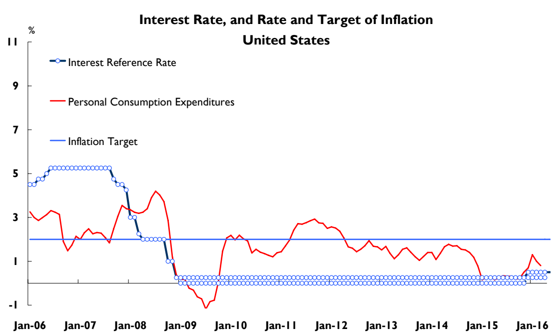
[10] Based on known figures for real estate of different types in the cities of Buenos Aires, Córdoba, Rosario, Salta and the Santa Fe-Paraná area, weighted by population.

Chart 6.1



Source: BCRA

Chart 7.1



Source: BCRA based on Bloomberg, Bureau of Economic Analysis and Federal Reserve (FED).
* The FED is not embedded in an inflation targeting regime. It has a dual mandate where it has to foster maximum employment, moderate long run interest rates and price stability. Regarding the latest on the FED meeting of January 25 2012, it established a target of an annual variation of 2% of the Personal Consumption Expenditures in the long run.

Treasury at the Central Bank, within the framework of the debt instruments issued by mid-April.

Within the framework of the monetary policy already announced, the value of the peso against the currencies of other countries is now determined by the market. The Central Bank will occasionally operate in the Free and Single Foreign Exchange Market (MULC) to prevent unjustified fluctuations of the peso or to manage the composition of its balance sheet. This scheme aims at decoupling the performance of exchange rate variables from the evolution of domestic prices. In turn, it also seeks to preserve relevant flexibility levels to face adverse shocks of different nature on the domestic economy. This was the context seen in April when the Central Bank intervened only in specific cases (see Chart 6.1), and the peso/US dollar benchmark exchange rate ended the fourth month of 2016 at 14.26, down 2.2% against the end of March.

It is worth mentioning that, in April, the Central Bank continued to render transactions in the foreign exchange market more flexible, eliminating the debt payment schedule for imports created last December[11].

On May 5, additional regulatory changes were enforced in this respect. Especially remarkable among them is the increase of the monthly limit to purchase foreign currency from US$2 million to US$5 million for the formation of foreign assets[12].

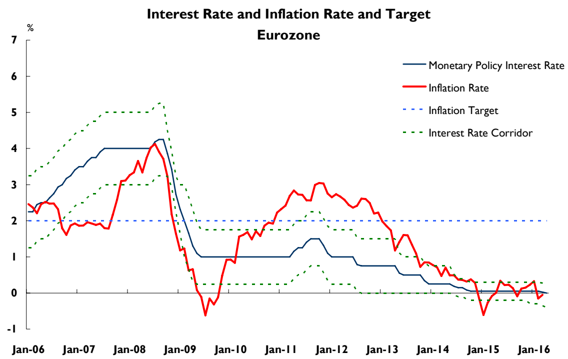
7. Major Policy Measures Taken by Other Central Banks

During April, the main policy measures came from the monetary authorities of the United States, the Euro Zone, England and Brazil. In all these cases, the benchmark interest rate was not changed.

In fact, last April 27, the US FED's Federal Open Market Committee (FOMC) decided to keep its benchmark interest rate target (i.e. the Federal Funds Rate) unchanged, within a 0.25-0.5% range (see Chart 7.1). In a press release, the FOMC gave mixed signals: on the one hand, it referred to a lesser concern about the international economic context but, on the other, it also mentioned a lower level in domestic economic activity

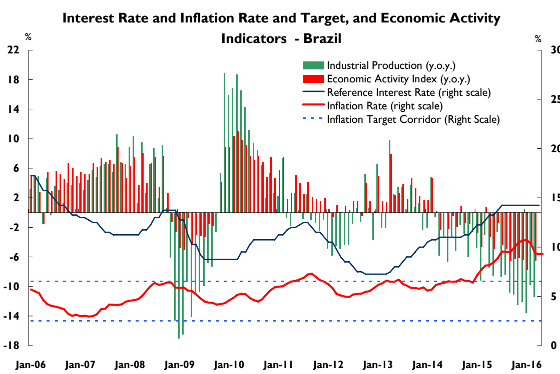
[11] See Communication "A" 5955.
[12] See Communication "A" 5963, "A" 5964 and "P" 50745.

Chart 7.2



Source: BCRA based on the European Central Bank (ECB) and Eurostats. The ECB doesn't pursue an inflation targeting regime. However, it tries to achieve price stability which is defined as an inflation rate < a 2% y.o.y.

Chart 7.3



Source: BCRA based on Bloomberg, BCB.gov.br and IBGE.gov.br

while it did not mention the recent increase of the inflation rate, but referred once again to the fact that inflation has stood below the long-term target of 2%.

The Governing Council (GC) of the European Central Bank (ECB) decided to maintain its benchmark interest rate at 0%, applicable to its repo transactions (Main Refinancing Operations) and its interest rate corridor (-0.4%; 0.25%) (see Chart 7.2). Besides, it also kept its asset purchase program at €80 billion per month (a program that will be in effect until March 2017). Nevertheless, the ECB announced the implementation of the “Corporate Sector Purchase Program”, through which it will start purchasing private sector instruments in June.

In turn, the Monetary Policy Committee (MPC) of the Bank of England (BoE) decided to keep its benchmark interest rate (the so-called Bank Rate) at 0.5%, and its asset purchase program at £375 billion. In the minutes released, the MPC highlighted the impact that a potential exit of the United Kingdom from the European Union (Brexit) –which will be decided in a plebiscite next June– is having on the activity level.

Finally, within the region, the Monetary Policy Committee (COPOM) of the Brazilian Central Bank (BCB) kept the target for the Selic rate *(Sistema Especial de Liquidação e Custódia)* unchanged at 14.25% (see Chart 7.3). Besides, according to a press release issued by COPOM, there would be no room for a reduction of the Selic rate target in the short term, given the high inflation pace and its expectations.

8. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Montlhy average				Average change in	
	Apr-16	Mar-16	Dec-15	Apr-15	Monthly	Last 12 months
Monetary base	**582,322**	**586,879**	**622,263**	**458,015**	**-0.8%**	**27.1%**
Currency in circulation	453,763	455,314	458,844	349,861	-0.3%	29.7%
Held by public	398,536	401,843	408,627	315,158	-0.8%	26.5%
Held by financial entities	55,227	53,471	50,217	34,702	3.3%	59.1%
Settlement check	0	0	0	0	-21.6%	-
BCRA current account	128,559	131,565	163,418	108,154	-2.3%	18.9%
Repos stock						
Reverse repos	22,139	19,950	33,067	17,865	11.0%	23.9%
Repos	1,961	1,934	0	0	0.0%	0.0%
BCRA securities stock (in face value)	526,693	500,613	325,511	328,246	5.2%	60.5%
In banks	301,802	325,811	239,287	245,408	-7.4%	23.0%
LEBAC						
In pesos	463,273	426,762	305,323	314,610	8.6%	47.3%
In Dollars	4,380	4,921	1,754	1,537		
NOBAC	0	0	0	0	-	-
International Reserves	**31,016**	**28,862**	**24,816**	**31,908**	**7.5%**	**-2.8%**
Private and public sector deposits in pesos (1)	**1,138,414**	**1,157,128**	**1,151,655**	**906,106**	**-1.6%**	**25.6%**
Current account (2)	306,179	330,050	374,919	264,623	-7.2%	15.7%
Savings account	226,332	222,823	244,736	180,318	1.6%	25.5%
Not CER-adjustable time deposits	560,887	561,375	487,974	425,900	-0.1%	31.7%
CER-adjustable time deposits	18	16	12	9	6.6%	95.2%
Other deposits (3)	45,000	42,863	44,014	35,256	5.0%	27.6%
Private sector deposits	912,232	906,827	887,580	698,350	0.6%	30.6%
Public sector deposits	226,182	250,300	264,075	207,756	-9.6%	8.9%
Private and public sector deposits in dollars (1)	**14,073**	**13,790**	**10,579**	**9,443**	**2.0%**	**49.0%**
Loans to private and public sector in pesos (1)	**832,056**	**828,242**	**821,672**	**638,106**	**0.5%**	**30.4%**
Loans to private sector	772,905	769,777	763,954	588,758	0.4%	31.3%
Overdrafts	95,654	96,880	93,780	74,438	-1.3%	28.5%
Promissory bills	179,682	180,199	192,463	138,388	-0.3%	29.8%
Mortgages	54,771	54,909	54,270	48,221	-0.3%	13.6%
Pledge-backed loans	40,248	40,018	39,996	33,262	0.6%	21.0%
Personal loans	171,844	168,492	160,780	127,466	2.0%	34.8%
Credit cards	185,127	183,928	174,753	125,416	0.7%	47.6%
Other loans	45,578	45,350	47,912	41,568	0.5%	9.6%
Loans to public sector	59,150	58,465	57,718	49,348	1.2%	19.9%
Loans to private and public sector in dollars (1)	**4,459**	**3,930**	**2,935**	**3,906**	**13.4%**	**14.1%**
Total monetary aggregates (1)						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	704,715	731,894	783,546	579,783	-3.7%	21.5%
M2 (M1 + savings account in pesos)	931,046	954,717	1,028,282	760,101	-2.5%	22.5%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	1,536,950	1,558,971	1,560,283	1,221,266	-1.4%	25.8%
M3* (M3 + total deposits in dollars + settlemente check in foreign curren	1,744,112	1,769,179	1,686,611	1,309,044	-1.4%	33.2%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	601,132	605,049	622,087	483,330	-0.6%	24.4%
M2 (M1 + private savings account in pesos)	814,865	815,670	849,199	649,343	-0.1%	25.5%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	1,310,769	1,308,671	1,296,208	1,013,510	0.2%	29.3%
M3* (M3 + private total deposits in dollars + settlemente check in foreign currency)	1,485,298	1,489,120	1,408,034	1,085,917	-0.3%	36.8%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2014		Last 12 months	
	Nominal	Contribution(4)	Nominal	Contribution(4)	Nominal	Contribution(4)	Nominal	Contribution(4)
Monetary base	**-4,557**	**-0.8%**	**-20,604**	**-3.4%**	**-39,940**	**-6.8%**	**124,307**	**27.1%**
Financial sector	-1,972	-0.3%	2,206	0.4%	13,442	2.3%	-1,532	-0.3%
Public sector	21,150	3.6%	19,063	3.2%	29,312	5.0%	184,656	40.3%
Private external sector	6,009	1.0%	1,717	0.3%	857	0.1%	-63,795	-13.9%
BCRA securities	-24,408	-4.2%	-51,976	-8.6%	-120,598	-20.5%	-68,809	-15.0%
Others	-5,336	-0.9%	8,387	1.4%	37,046	6.3%	73,787	16.1%
International Reserves	**2,154**	**7.5%**	**5,048**	**19.4%**	**6,200**	**21.5%**	**-893**	**-2.8%**
Foreign exchange market intervention	428	1.5%	223	0.9%	94	0.3%	-6,623	-20.8%
International financial institutions	-260	-0.9%	-633	-2.4%	-719	-2.5%	-1,963	-6.2%
Other public sector operations	1,834	6.4%	1,681	6.5%	913	3.2%	5,387	16.9%
Dollar liquidity requirements	966	3.3%	-1,340	-5.2%	-1,163	-4.0%	1,019	3.2%
Others (incl. change in US$ market value of nondollar assets)	-815	-2.8%	5,117	19.7%	7,076	24.5%	1,288	4.0%

1 Excludes financial sector and foreign depositors. Loans´s figures correspond to statistical information, without being adjusted by financial trusts. Provisory figures.
2 Net of the use of unified funds.
3 Net of deposits pending of swap by public bonds (BODEN).
4 "Contribution" field refers to the percentage of change of each factor versus the main variable corresponding to the month respect which the change is being calculated.
5 Provisory data subjected to changes in valuation.

Sources: BCRA Accounting Department and SISCEN Informative Regime.

Minimum Cash Requirement and Compliance

	Apr-16	Mar-16	Feb-16
	(1)		
Domestic Currency	*% of total deposits in pesos*		
Requirement	11.2	11.1	11.4
Compliance	11.2	11.3	11.6
Position (2)	0.1	0.2	0.2
Residual time structure of term deposits used for the calculation of the requirement (3)	%		
Up to 29 days	66.9	66.1	66.4
30 to 59 days	21.0	21.8	21.3
60 to 89 days	6.6	6.4	6.7
90 to 179 days	3.9	4.1	4.1
more than 180 days	1.7	1.6	1.5
Foreign Currency	*% of total deposits in foreign currency*		
Requirement	22.4	18.3	16.7
Compliance (includes default application resource)	59.6	54.2	60.0
Position (2)	37.2	35.9	43.3
Residual time structure of term deposits used for the calculation of the requirement (3)	%		
Up to 29 days	57.0	49.7	48.3
30 to 59 days	21.2	27.0	21.1
60 to 89 days	8.5	11.1	18.5
90 to 179 days	9.6	8.7	8.7
180 to 365 days	3.6	3.4	3.3
more than 365 days	0.0	0.0	0.1

(1) Estimates data of Requirement, Compliance and Position.
(2) Position= Requirement - Compliance
(3) Excludes judicial time deposits.
Source: BCRA

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

Borrowing Interest Rates	Apr-16	Mar-16	Feb-16	Dec-15	Apr-15
Interbank Loans (overnight)					
Interest rate	36.88	35.43	24.78	25.88	17.85
Traded volume (million pesos)	3,636	3,916	3,440	2,797	3,174
Time Deposits					
In pesos					
30-44 days	27.91	27.40	24.73	26.50	20.40
60 days or more	28.64	28.55	26.34	28.47	23.26
Total BADLAR (more than $1 million, 30-35 days)	28.35	27.76	23.75	25.27	18.43
Private Banks BADLAR (more than $1 million, 30-35 days)	30.58	29.72	26.11	27.54	20.74
In dollars					
30-44 days	0.71	0.81	1.37	2.10	1.63
60 days or more	1.15	1.30	1.96	3.21	2.50
Total BADLAR (more than $1 million, 30-35 days)	0.63	0.68	1.11	1.70	1.24
Private Banks BADLAR (more than $1 million, 30-35 days)	0.97	1.17	1.40	2.57	2.20
Lending Interest Rates	**Apr-16**	**Mar-16**	**Feb-16**	**Dec-15**	**Apr-15**
Stock Repos					
Gross interest rates 30 days	35.71	34.86	27.87	30.90	23.49
Traded volume (all maturities, million pesos)	594	643	591	956	567
Loans in Pesos (1)					
Overdrafts	41.09	39.61	33.58	34.50	29.11
Promissory Notes	33.06	32.27	31.71	30.61	26.59
Mortgages	26.94	25.44	24.63	22.86	22.93
Pledge-backed Loans	26.62	26.94	30.56	26.00	26.06
Personal Loans	42.88	42.10	42.07	39.00	37.65
Credit Cards	s/d	s/d	43.93	40.14	39.39
Overdrafts - 1 to 7 days - more than $10 million	38.74	37.78	27.60	30.33	20.98
International Interest Rates	**Apr-16**	**Mar-16**	**Feb-16**	**Dec-15**	**Apr-15**
LIBOR					
1 month	0.44	0.44	0.43	0.36	0.18
6 months	0.90	0.90	0.87	0.77	0.40
US Treasury Bonds					
2 years	0.76	0.87	0.73	0.97	0.53
10 years	1.80	1.88	1.77	2.35	1.93
FED Funds Rate	0.50	0.50	0.50	0.39	0.25
SELIC (1 year)	14.25	14.25	14.25	14.25	12.80

(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	Apr-16	Mar-16	Feb-16	Dec-15	Apr-15
BCRA Repo Interest Rates					
Overnight reverse repo	30.00	28.68	18.24	20.81	13.00
7-day reverse repo	31.00	29.68	20.21	22.81	14.00
7-day repo	40.00	39.71	27.28	27.00	17.00
Total Repo Interest Rates					
Overnight	32.24	31.50	19.77	22.65	14.96
7 days	35.64	38.50	20.84	22.78	16.94
Repo traded volumen (daily average)	22,526	20,343	28,323	22,708	15,420
Peso LEBAC Interest Rate[1]					
1 month	38.00	37.80	30.60	35.67	s/o
2 months	35.71	35.00	29.56	34.73	s/o
3 months	34.00	33.80	28.75	32.31	26.16
9 months	s/o	s/o	s/o	s/o	s/o
12 months	s/o	s/o	s/o	s/o	s/o
Peso NOBAC with variable coupon Spread[1]					
200 days BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
Dollars LEBAC Interest Rate[1]					
1 month	0.90	0.90	1.16	3.22	3.25
3 months	0.90	0.90	1.10	3.69	3.90
6 months	s/o	s/o	s/o	3.75	4.00
12 months	s/o	s/o	s/o	3.96	4.20
LEBAC and NOBAC traded volume (daily average)	0	7811	5154	2813	2821
Foreign Exchange Market	**Apr-16**	**Mar-16**	**Feb-16**	**Dec-15**	**Apr-15**
Dollar Spot					
Exchange agencies	14.39	14.94	14.84	11.39	8.87
BCRA Reference	14.48	15.01	14.84	11.51	8.87
Future dollar					
NDF 1 month	14.72	15.24	14.83	13.48	9.00
ROFEX 1 month	14.71	15.20	14.99	12.80	9.01
Traded volume (all maturities, million pesos)	6,164	9,210	8,328	3,856	2,543
Real (Pesos/Real)	4.05	4.05	3.74	2.93	2.92
Euro (Pesos/Euro)	16.34	16.68	16.48	12.43	9.59
Capital Market	**Apr-16**	**Mar-16**	**Feb-16**	**Dec-15**	**Apr-15**
MERVAL					
Index	13,162	12,964	11,866	12,849	11,789
Traded volume (million pesos)	220	260	285	204	253
Governement Bonds (parity)					
DISCOUNT (US$ - NY legislation)	117.50	116.55	118.39	140.45	132.39
BONAR X (US$)	101.78	100.94	101.67	130.49	130.55
DISCOUNT ($)	101.85	108.99	114.70	120.57	92.28
Country risk					
Spread BODEN 2015 vs. US Treasury Bond	456	533	595	639	821
EMBI+ Latin America (without Argentina)	556	572	654	580	492

1 Corresponds to average results of each month primary auctions.

9. 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 Pablo Stock Exchange Index (Brazil)

CAFCI: *Cámara Argentina de Fondos comunes de inversión*

CDS: Credit Default Swaps

CER: Coeficiente de Estabilización de Referencia. Reference Stabilization Coefficient

CNV: Comisión Nacional de Valores. National Securities Commission

CPI: Consumer Price Index

DISC: Discount Bond

EMBI: Emerging Markets Bonds Index

FCI: Mutual Funds

Fed: Federal Reserve

FTs: Financial Trusts

GBA: Greater Buenos Aires metropolitan area

GDP: Gross Domestic Product

IAMC: Instituto Argentino de Mercado de Capitales.

IGBVL: Lima Stock Exchange Index (Peru)

IGPA: Santiago Stock Exchange Index (Chile)

LEBAC: *Letras del Banco Central*. BCRA Bills

LCIP: Credit Line for Productive Investment.

LIBOR: London Interbank Offered Rate

M2: Notes and Coins + Current Accounts and Savings Accounts in $

M3: Notes and Coins + Total Deposits in $.

M3*: Notes and Coins + Total Deposits in $ and US$

MERVAL: *Mercado de Valores de Buenos Aires*. Buenos Aires Stock Exchange Index

MEXBOL: Mexico Stock Exchange Index

NBFI: Non-Banking Financial Institutions

NDF: Non Deliverable Forward

NOBAC: Notas del Banco Central. BCRA Notes

NV: Nominal value

ONs: Corporate Bonds

PyME: Small and medium enterprises

ROFEX: Rosario Futures Exchange Rate Market

SELIC: Brazilian Central Bank's Benchmark Interest Rate

SISCEN: *Sistema Centralizado de Requerimientos Informativos*. BCRA Centralized Reporting Requirement System

S&P: Standard and Poor´s 500 Index

TIR: Internal rate of return (IRR).

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