

Monthly Monetary Report

October 2017



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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The closing date for statistics in this report was November 07, 2017. All figures are provisional and subject to review.

1. Summary¹

- According to the INDEC's statistics, Argentina's headline Consumer Price Index in September—published in October—exhibited a 1.9% monthly change, with the core index rising by 1.6%. Even though the core consumer price index has slowed down over the year, averaging 1.6% on a monthly basis in the third quarter, the BCRA is pursuing a steeper slowdown. In turn, fuel prices rose more than expected. In this context, the monetary authority decided to further tighten its monetary policy, raising its monetary policy rate—the center of the 7-day repo corridor—by 150 basis points (b.p.) in October and by some additional 100 b.p. on November 7, taking it to 28.75%.
- The Central Bank continued conducting open market transactions to manage liquidity conditions in the money market. Thus, it sold LEBAC bills on the secondary market for a total amount of FV \$118.7 billion over the month, which more than offset the expansion observed in the auction held in the primary market.
- Interest rates charges in the call money market remained within the corridor of BCRA repos and immediately adjusted to the new levels set for such repo transactions. In turn, deposit rates kept following a slight growth trend.
- Loans to the private sector continued increasing in real and seasonally-adjusted terms. Total loans in pesos and in foreign currency as well as the segment only denominated in pesos posted a 2% monthly increase. Although most credit lines rose in real terms, mortgage-backed loans continued standing out, going up in excess of 7% in real seasonally-adjusted terms for the second month in a row.
- In October, mortgage-backed loans increased in real terms, accumulating a 77.4% growth on a year-on-year basis; in turn, UVA-adjusted mortgage-backed loans accounted for 90% of total mortgage-backed loans channeled to households. Since this credit line was launched, about \$35.7 billion in UVA-adjusted mortgage-backed loans have been awarded.
- Once again, loans granted to the private sector grew at a faster pace than deposits. Thus, financial institutions' liquidity in domestic currency (cash in banks, current account of banks with the Central Bank, net repos with the Central Bank and the holding of LEBAC bills, as a percentage of deposits in pesos) went down 1.2 p.p. to 38.9% of deposits, mainly due to a drop in LEBAC holdings.
- In October, the BCRA took the decision not to calculate the minimum reserve requirements for the December-February period on a quarterly basis. Rather, they shall be performed monthly like in the rest of the year. This measure aims at having a stricter control of the financial system's liquidity levels in line with the tight monetary policy implemented by the BCRA to deepen the disinflation process.

¹ Unless otherwise stated, the figures released here are monthly averages of daily data.

2. Interest Rates²

Monetary Policy Interest Rate

According to the INDEC's statistics, Argentina's headline Consumer Price Index in September — published in October— exhibited a 1.9% monthly change (see Chart 2.1), with the core index rising by 1.6%. Even though the core consumer price index has slowed down over the year, averaging 1.6% on a monthly basis in the third quarter, the BCRA is pursuing a steeper slowdown. On another note, regulated prices increased exceeding expectations.

In this context, in October the monetary authority decided to further tighten its monetary policy, raising its monetary policy rate—the center of the 7-day repo corridor—to 27.75%, by 150 basis points (b.p.). The 7-day corridor stood at 27%-28.5%. Rates on BCRA's overnight repos also increased by 150 b.p. Before the publication date of this report—November 7— the BCRA decided an additional 100 b.p. rise in the monetary policy rate, taking it to 28.75%.

The Central Bank continued conducting open market transactions to manage liquidity conditions in the money market. It thus sold LEBAC bills on the secondary market for a total amount of NV \$118.7 billion, which more than offset the expansion derived from the auction held in the primary market. LEBAC bills sold mainly mature on the third Wednesday of December (22%) and of November (18%). The rise in the benchmark rate led to a curve shift resulting from an interest rate arbitrage; this implied a rise in yields at the end of month amounting to 60 b.p. for shorter instruments and to about 100 b.p. for those having a residual term exceeding 35 days. (see Chart 2.2).

Market Interest Rates

Interest rates on shorter terms remained close to the center of the interest rate corridor set by the Central Bank in the repo market. Such performance remained unchanged following the hike in the policy rate by the end of October (see Chart 2.3). By the date of publication of this report, there was no information available to assess the performance of these market rates following the rise in the monetary policy rate exhibited in the first week of November.

In the call money markets, the interest rate on overnight call transactions stood at 27% by end October, up 1.4 p.p. against the figure recorded at the end of September. In turn, the average interest rate on overnight call

Chart 2.1

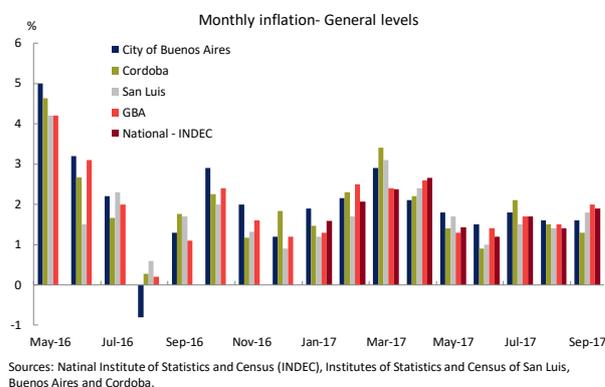


Chart 2.2

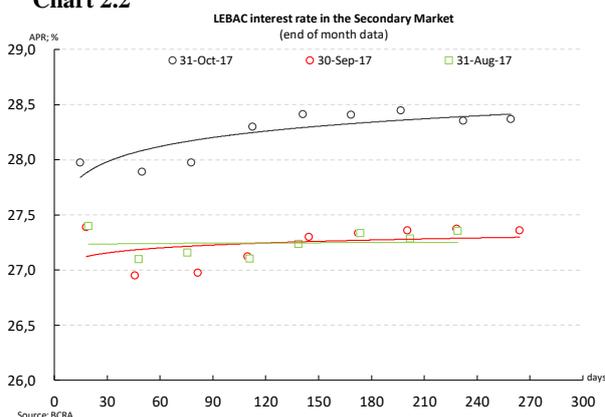
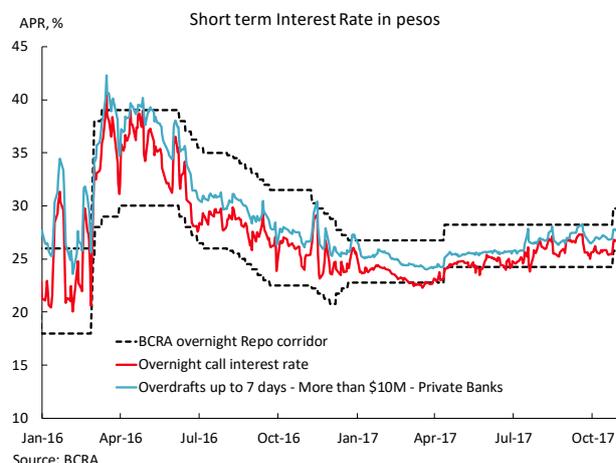
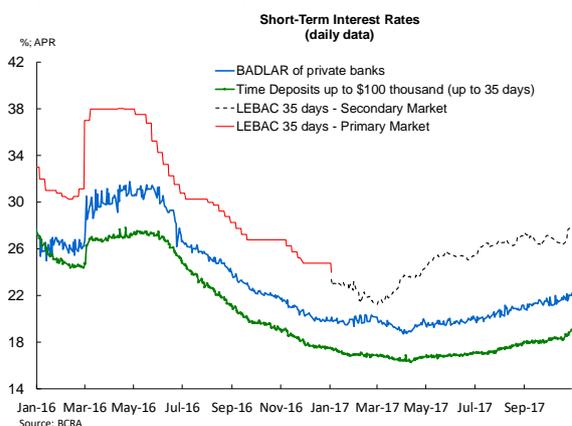


Chart 2.3



² Interest rates mentioned in this section are expressed as annual percentage rates (APR).

Chart 2.4

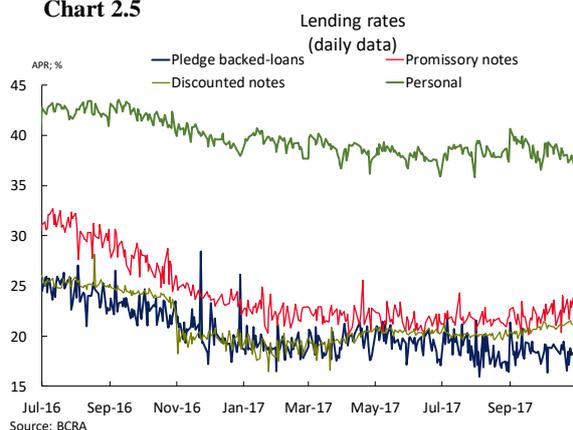


transactions in the secured market (REPO round) stood at 25.4% at the end of October, up 1.1 p.p. against the last day of September. The daily average volume traded in both markets remained virtually stable, totaling around \$14 billion.

The interest rate on current account overdrafts granted to companies for over \$10 million and at up to 7 seven days rose 1.2 p.p. against the end of September, evidencing an evolution comparable to interest rates on call money markets.

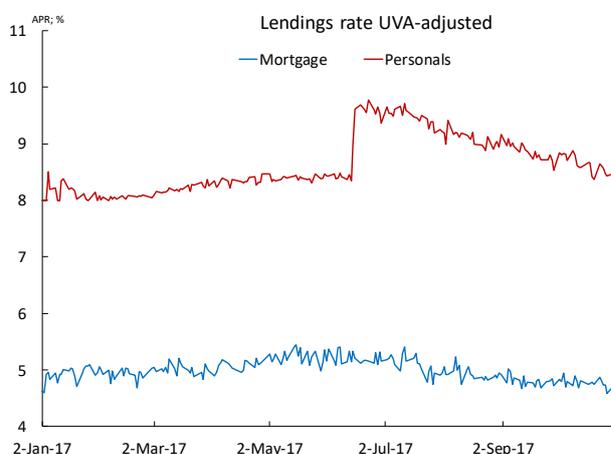
In turn, interest rates paid by banks on time deposits rose against September, continuing the growing trend that started in April. Thus, the BADLAR rate—interest rate on time deposits of \$1 million and more, and at 30 to 35 days—at private banks averaged 21.6%, going up 0.3 p.p. in the month. Additionally, the interest rate paid on time deposits of up to \$100,000 and at up to 35 days stood at 18.4% on average, posting a 0.4 p.p. increase (see Chart 2.4).

Chart 2.5



Fixed lending interest rates showed a heterogeneous performance in October. While rates applicable to household loans fell, on the commercial side, they increased. Regarding credit lines channeled to households, pledge-backed loan rates averaged 18.4%, exhibiting a 0.2 p.p. drop. This effect is largely explained by a drop in the rate charged by one non-banking financial institution that offers automobile loans, and a rise in the share of one institution whose rate is below average. In turn, rates on personal loans averaged 38.2%, going down 0.7 p.p. In this case, such an increase was linked to the fact that institutions offering higher rates lost share. As for interest rates on credit lines aimed at financing companies' activities, unsecured promissory notes averaged 22.6%, exhibiting a 0.9 p.p. monthly average increase, while interest rates on discounted notes averaged 21.1%, going up 0.6 p.p. (see Chart 2.5).

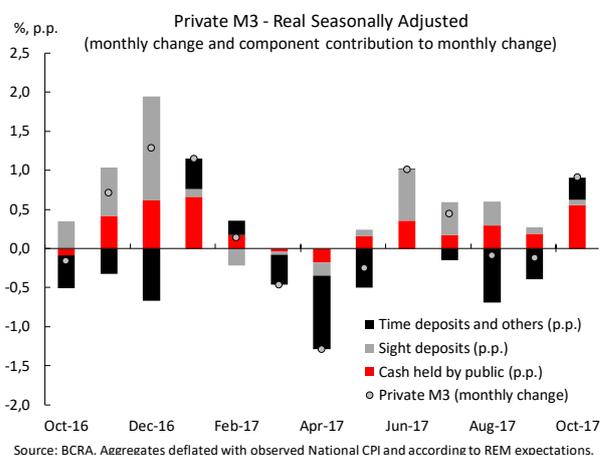
Chart 2.6



Regarding UVA-adjusted financing, mortgage-backed loans were granted at 4.8% average rate weighted by amount, a value similar to that of September. Furthermore, the rate on UVA-adjusted personal loans averaged 8.6% over the month, remaining practically unchanged against September. (see Chart 2.6).

3. Monetary Aggregates¹

Chart 3.1



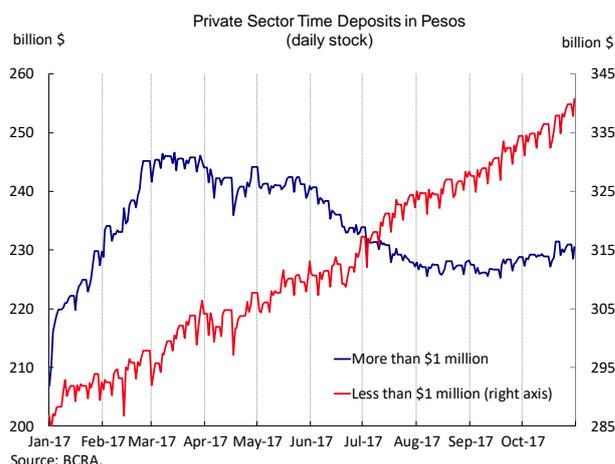
In October, the seasonally-adjusted stock in real terms of private M3³ grew by 0.9%, with rises in all of its components (see Chart 3.1). Private M2⁴ increased 1.2%, in terms of sight deposits and, mainly, cash held by the public. The momentum gathered by circulating money could be explained by the higher growth of activities and the income level of the segments in our society—such as pensioners who benefited under the Law on Historic Reparation to Retirees and Pensioners—that are mostly accustomed to using banknotes. In turn, private sector time deposits in pesos ceased to fall in real terms.

The average monthly balance of private M2 increased by 2.1% in nominal terms in October, while private sector time deposits climbed 1.5%. Deposits under \$1 million continued going up at a pace similar to that of previous months, while wholesale deposits kept exhibiting the slight growing trend that began in mid-September (see Chart 3.2). This occurred in a period when deposit rates increased (see Market Interest Rates).

Total deposits in pesos rose by 0.4% in October; the increase in private sector deposits was partially offset by a drop in the public sector. This performance led to a 1% monthly rise in M3⁵.

The monthly average stock of the monetary base increased 1.8% especially due to a rise in cash held by the public. The monetary base expanded as triggered by the purchase of dollars and transfers to the National Treasury, partially offset by the contractionary effect of sterilization brought about by the sale of LEBAC bills and repo transactions (see Chart 3.3).

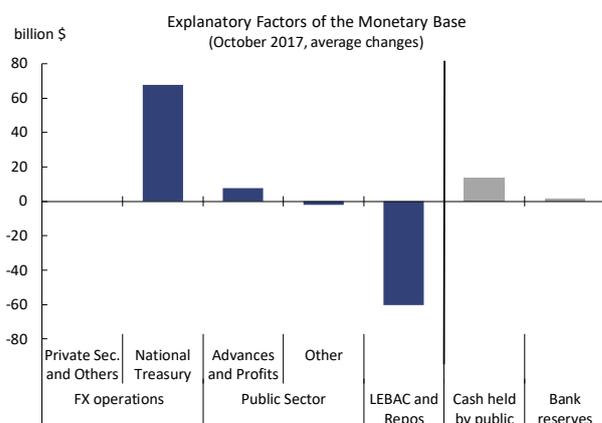
Chart 3.2



The stock of deposits in foreign currency decreased in October—rising in the private sector and falling down on the public side. The drop in public sector deposits was explained by the sale of foreign currency by the National Treasury. Private sector deposits in dollars grew US\$230 million, totaling US\$24.65 billion.

Finally, the broadest monetary aggregate, M3*⁶, fell 0.7%, exhibiting a 34% year-on-year change.

Chart 3.3



³ It includes cash held by the public and total deposits in pesos from the non-financial private sector.

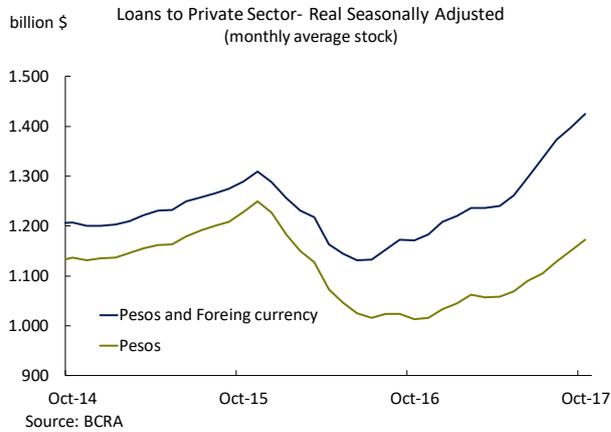
⁴ It includes cash held by the public and sight deposits from the non-financial private sector.

⁵ It includes cash held by the public and total deposits in pesos from the private and public sectors.

⁶ It includes cash held by the public and total deposits in pesos and in foreign currency

4. Loans ¹⁷

Chart 4.1

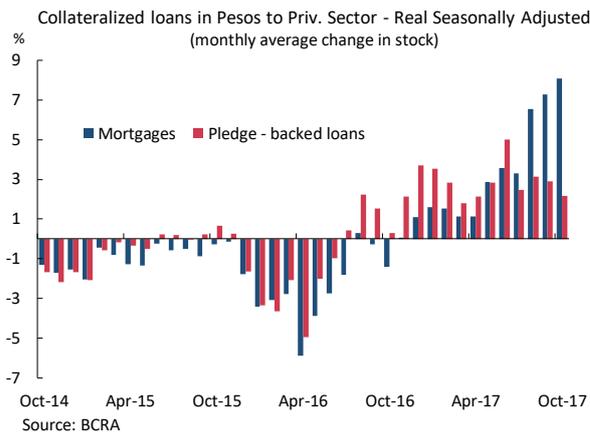


In October, loans channeled to the private sector continued the upward trend in real and seasonally adjusted terms (see Chart 4.1). Total loans in pesos and in foreign currency as well as the segment only denominated in pesos posted a 2% monthly increase.

Collateralized loans in pesos continued exhibiting the greatest momentum, in real and seasonally-adjusted terms. Particularly, mortgage-backed loans posted an average rise above 7% in real terms over the past two months (see Chart 4.2).

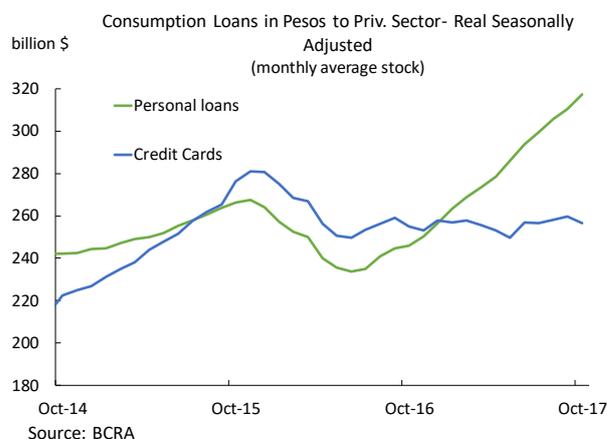
In nominal terms, mortgage-backed loans grew 9.8% (\$8.9 billion) in October, accumulating a 77.9% growth on a year-on-year basis. UVA-adjusted financing has been gaining share in total mortgage-backed loans granted to natural persons month after month, accounting for around 90% of the total. Since this credit line was launched, about \$35.7 billion in UVA-adjusted mortgage-backed loans have been awarded. In turn, pledge-backed loans rose by 4.6% in October and their y.o.y. expansion pace—which stood at 72.5%—continued to increase. Both in mortgage-backed loans and in personal loans, UVA-adjusted loans continued gaining share: \$16 billion were granted by the end of October in personal loans and UVA-adjusted pledge-backed loans.

Chart 4.2



Loans for commercial purposes also continued on the rise in October. Those granted through overdrafts and promissory notes grew in real and seasonally adjusted terms. In nominal terms, this meant that financing arranged through promissory notes increased 3.9% (\$9.6 billion), evidencing a 45% y.o.y. rise, up 5.6 p.p. against September. Overdrafts posted a 7% monthly nominal increase (\$7.8 billion).

Chart 4.3

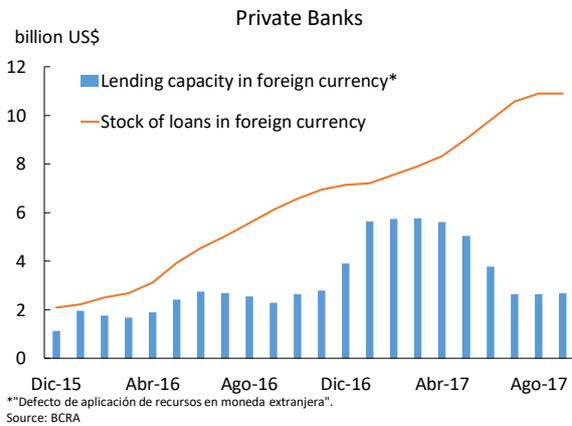


As for financing mostly channeled to household consumption, personal loans rose by 4.8% in nominal terms (\$14.5 billion), changing about 60% y.o.y. Hence, they increased 2.3% in real and seasonally adjusted terms in October (see Chart 4.3).

Financing arranged through credit cards increased 2% nominally (\$5 billion), rising 23.5% y.o.y. However, they exhibited a monthly drop in real and seasonally adjusted terms.

⁷ Monthly changes of loans are adjusted to reflect accounting movements, which are basically caused by transfers of loans from financial institutions' portfolios to financial trusts. In this report, the terms "amounts granted" and "new loans" refer to (new and renewed) loans arranged in a given period. In contrast, a change in stock consists of arranged loans minus amortizations and repayments over the period.

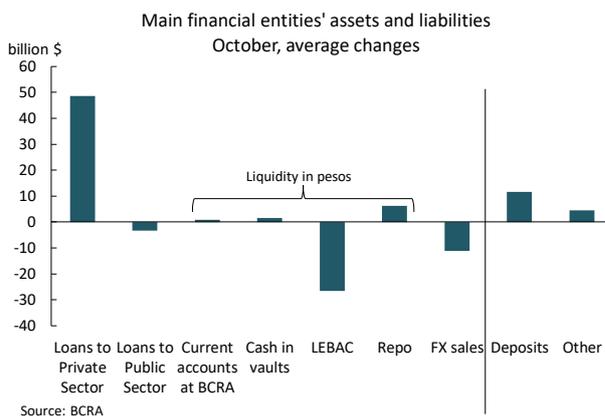
Chart 4.4



This way, loans in pesos granted to the private sector exhibited a 4.5% nominal rise (\$50.1 billion), while the year-on-year change stood at about 41.9%.

Finally, the monthly growth rate of loans in foreign currency to the private sector increased to 1.9% in October, which may be primarily explained by a recovery in the expansion rate of unsecured promissory notes (mainly pre-financing of exports). Thus, they reached a monthly average stock totaling US\$14.384 billion. It is worth underscoring that this segment of loans gained momentum in the past few months as a result of a rise in deposits' lending capacity arising from the inflow of funds into the domestic market under the Tax Amnesty Regime. This is particularly evident in private sector financial institutions (see Chart 4.4) which concentrated 80% of the rise in loans in dollars given to the private sector both since late 2015 and in 2017 so far.

Chart 5.1

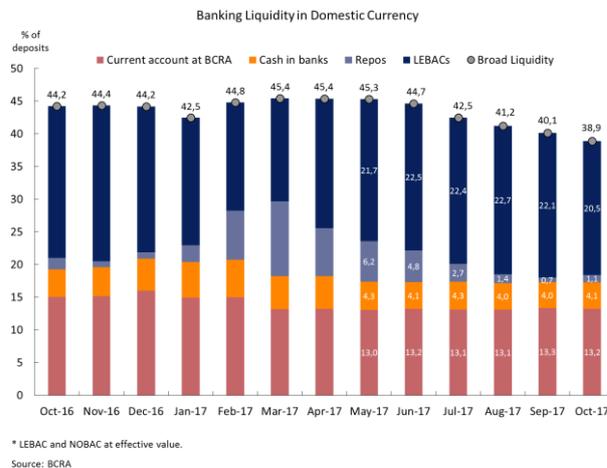


5. Financial Institutions' Liquidity¹

In October, financial institutions' liquid assets dropped once again, as a result of a sustained growth in the demand for loans (see Chart 5.1). Thus, financial institutions' liquidity in domestic currency (cash in banks, current account of banks with the Central Bank, net repo transactions with the BCRA and the holding of LEBAC bills, as a percentage of deposits in pesos) went down 1.2 p.p. to 38.9% of deposits.

Unlike previous months, the drop is exclusively explained by a decrease in LEBAC holdings, which stood at 20.5% of deposits (see Chart 5.2). Cash in banks and the stock of net repos with the Central Bank were partially offset with slight rises. In turn, financial institutions' current accounts held with the BCRA shared 13.2% of deposits (standing for a 0.2% surplus of the amount deposited as minimum cash requirements).

Chart 5.2



It should be noted that, in October, the BCRA took the decision not to calculate the minimum reserve requirements for the December-February period on a quarterly basis⁸. Thus, such period and the rest of the months shall be calculated monthly as from this year. This measure aims at having a stricter control of the financial system's liquidity levels in line with the tight monetary policy implemented by the BCRA to deepen the disinflation process.

In turn, within the framework of drops in deposits and a slight rise in the demand for loans, foreign currency liquidity (cash in banks, current account of banks with the Central Bank, net repo transactions with the BCRA, as a

⁸ Communication "A" 6349.

percentage of deposits in dollars) fell 5 p.p. —from high levels—against September, averaging 52% in October.

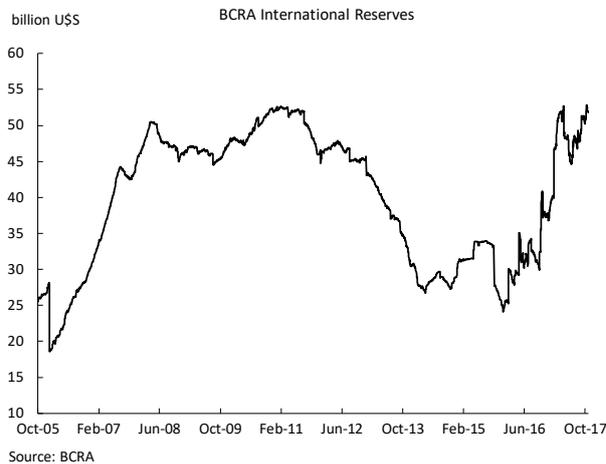
6. International Reserves and Foreign Exchange Market⁹

At the end of October, international reserves reached US\$51.81 billion, recording a US\$1.573 billion monthly increase (see Chart 6.1). Once again, the rise was primarily explained by the foreign currency inflow derived from the debt issue in dollars by the National Treasury.

In line with previous months' developments, the purchase of dollars by the Central Bank from the National Treasury for US\$2.674 billion contributed to improve the BCRA's balance sheet, leading to a rise in the share of the most liquid assets in foreign currency. However, these movements did not change the gross stock of international reserves.

The peso depreciated 2% against the US dollar, thus ending October at 17.67\$/US\$.

Chart 6.1



⁹ In this section, figures are end-of-the-month data.

7. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in	
	Oct-17	Sept-17	Dic-16	Oct-16	Monthly	Last 12 months
Monetary base	887,850	872,282	787,895	695,131	1.8%	27.7%
Currency in circulation	675,524	660,029	562,994	502,111	2.3%	34.5%
Held by public	610,341	596,460	494,853	447,973	2.3%	36.2%
Held by financial entities	65,183	63,569	68,140	54,138	2.5%	20.4%
Settlement check	0	0	0	1	35.8%	-48.5%
BCRA current account	212,326	212,253	224,901	193,019	0.0%	10.0%
Repos stock						
Reverse repos	66,637	45,253	52,777	35,855	47.3%	85.9%
Repos	257	3,103	340	0	0.0%	0.0%
BCRA securities stock (in face value)						
In banks	1,109,942	1,035,219	669,257	665,078	7.2%	66.9%
LEBAC	362,563	371,027	322,853	309,344	-2.3%	17.2%
In pesos	1,109,942	1,035,219	669,036	664,580	7.2%	67.0%
In Dollars	0	0	14	33	-	-100.0%
NOBAC	0	0	0	0	-	-
International Reserves	51,692	50,837	37,888	36,430	1.7%	41.9%
Private and public sector deposits in pesos ⁽¹⁾	1,590,679	1,583,813	1,397,490	1,277,343	0.4%	24.5%
Current account ⁽²⁾	436,274	441,949	403,233	341,653	-1.3%	27.7%
Savings account	379,197	378,430	327,229	272,571	0.2%	39.1%
Not CER-adjustable time deposits	703,490	694,395	605,107	608,521	1.3%	15.6%
CER-adjustable time deposits	1,811	1,517	397	305	19.4%	492.9%
Other deposits ⁽³⁾	69,907	67,523	61,523	54,293	3.5%	28.8%
<u>Private sector deposits</u>	<u>1,262,014</u>	<u>1,240,500</u>	<u>1,093,038</u>	<u>1,028,585</u>	<u>1.7%</u>	<u>22.7%</u>
<u>Public sector deposits</u>	<u>328,665</u>	<u>343,313</u>	<u>304,452</u>	<u>248,758</u>	<u>-4.3%</u>	<u>32.1%</u>
Private and public sector deposits in dollars ⁽¹⁾	28,982	31,601	24,472	19,302	-8.3%	50.1%
Loans to private and public sector in pesos ⁽¹⁾	1,203,701	1,155,002	932,208	877,791	4.2%	37.1%
<u>Loans to private sector</u>	<u>1,174,044</u>	<u>1,124,022</u>	<u>886,640</u>	<u>827,612</u>	<u>4.5%</u>	<u>41.9%</u>
Overdrafts	118,758	110,961	107,280	107,229	7.0%	10.8%
Promissory bills	256,855	247,206	189,882	177,161	3.9%	45.0%
Mortgages	100,300	91,379	59,274	56,371	9.8%	77.9%
Pledge-backed loans	81,348	77,750	51,925	47,156	4.6%	72.5%
Personal loans	319,463	305,039	217,673	201,787	4.7%	58.3%
Credit cards	251,295	246,334	223,830	203,543	2.0%	23.5%
Other loans	46,025	45,355	36,776	34,366	1.5%	33.9%
<u>Loans to public sector</u>	<u>29,657</u>	<u>30,980</u>	<u>45,568</u>	<u>50,179</u>	<u>-4.3%</u>	<u>-40.9%</u>
Loans to private and public sector in dollars ⁽¹⁾	14,453	14,186	9,224	8,530	1.9%	69.4%
Total monetary aggregates ⁽¹⁾						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	1,046,615	1,038,409	898,086	789,627	0.8%	32.5%
M2 (M1 + savings account in pesos)	1,425,812	1,416,839	1,225,315	1,062,197	0.6%	34.2%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	2,201,020	2,180,273	1,892,343	1,725,317	1.0%	27.6%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	2,708,653	2,726,405	2,282,632	2,021,289	-0.7%	34.0%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	896,600	876,485	744,776	674,637	2.3%	32.9%
M2 (M1 + private savings account in pesos)	1,260,897	1,235,279	1,054,527	930,935	2.1%	35.4%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	1,872,355	1,836,960	1,587,891	1,476,559	1.9%	26.8%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	2,302,276	2,257,000	1,930,947	1,700,640	2.0%	35.4%

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	15,568	1.8%	37,023	4.4%	99,955	12.7%	192,720	27.7%
Foreign exchange purchases with the private sector	0	0.0%	-31,911	-3.8%	1,421	0.2%	5,914	0.9%
Foreign exchange purchases with the NT	67,871	7.8%	134,343	15.8%	225,317	28.6%	301,893	43.4%
Temporary Advances and Profit Transfers	7,764	0.9%	15,768	1.9%	112,177	14.2%	118,277	17.0%
Other public sector operations	-2,071	-0.2%	-3,322	-0.4%	-6,691	-0.8%	-6,811	-1.0%
Sterilization (BCRA securities and repos)	-60,332	-6.9%	-81,805	-9.6%	-249,671	-31.7%	-245,391	-35.3%
Others	2,336	0.3%	3,951	0.5%	17,402	2.2%	18,837	2.7%
International Reserves	855	1.7%	3,761	7.8%	13,804	36.4%	15,262	41.9%
Foreign exchange market intervention	0	0.0%	-1,798	-3.8%	346	0.9%	631	1.7%
International financial institutions	-251	-0.5%	-565	-1.2%	-1,459	-3.8%	-1,666	-4.6%
Other public sector operations	4,101	8.1%	7,791	16.3%	14,138	37.3%	16,815	46.2%
Dollar liquidity requirements	-3,013	-5.9%	-2,003	-4.2%	-1,062	-2.8%	1,093	3.0%
Others (incl. change in US\$ market value of nondollar assets)	18	0.0%	335	0.7%	1,841	4.9%	-1,610	-4.4%

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

	Oct-17	Sep-17	Aug-17
	(1)		
Domestic Currency	% of total deposits in pesos		
Requirement	13,0	13,0	12,9
Compliance	13,2	13,3	13,1
Position (2)	0,2	0,3	0,2
Residual time structure of term deposits used for the calculation of the requirement (3)	%		
Up to 29 days	68,3	69,2	68,0
30 to 59 days	21,1	20,7	21,4
60 to 89 days	5,5	4,9	5,4
90 to 179 days	3,8	3,7	3,0
more than 180 days	1,3	1,6	2,1
Foreign Currency	% of total deposits in foreign currency		
Requirement	24,1	24,3	24,2
Compliance (includes default application resource)	45,9	52,0	52,3
Position (2)	21,8	27,7	28,2
Residual time structure of term deposits used for the calculation of the requirement (3)	%		
Up to 29 days	54,6	55,5	55,0
30 to 59 days	19,7	19,5	20,0
60 to 89 days	9,8	9,6	9,6
90 to 179 days	9,5	9,3	9,0
180 to 365 days	3,0	2,5	1,9
more than 365 days	3,3	3,6	4,5

⁽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.

Borrowing Interest Rates	Oct-17	Sept-17	Ago-17	Dic-16	Oct-16
Interbank Loans (overnight)					
Interest rate	25.99	26.49	26.06	24.66	26.13
Traded volume (million pesos)	4,232	5,198	4,749	4,576	4,270
Time Deposits					
<u>In pesos</u>					
30-44 days	19.72	19.25	18.79	18.78	20.62
60 days or more	20.18	19.49	19.23	19.06	20.80
Total BADLAR (more than \$1 million, 30-35 days)	20.74	20.33	19.79	19.54	21.41
Private Banks BADLAR (more than \$1 million, 30-35 days)	21.60	21.27	20.75	20.04	22.07
<u>In dollars</u>					
30-44 days	0.45	0.45	0.42	0.39	0.54
60 days or more	0.76	0.77	0.90	0.68	0.91
Total BADLAR (more than \$1 million, 30-35 days)	0.48	0.53	0.50	0.45	0.54
Private Banks BADLAR (more than \$1 million, 30-35 days)	0.76	0.74	0.71	0.55	1.08
Lending Interest Rates	Oct-17	Sept-17	Ago-17	Dic-16	Oct-16
Stock Repos					
Gross interest rates 30 days	26.22	26.34	24.60	25.50	24.63
Traded volume (all maturities, million pesos)	1,236	1,123	1,087	795	733
Loans in Pesos ⁽¹⁾					
Overdrafts	31.49	31.34	30.95	30.99	32.45
Promissory Notes	22.63	21.74	21.45	23.54	26.61
Mortgages	18.83	18.57	19.41	19.70	23.20
Pledge-backed Loans	18.40	18.57	17.73	20.73	22.46
Personal Loans	38.19	38.86	38.28	39.15	41.54
Credit Cards	s/d	41.88	41.45	44.37	39.39
Overdrafts - 1 to 7 days - more than \$10 million	27.13	27.36	26.86	25.92	27.41
International Interest Rates	Oct-17	Sept-17	Ago-17	Dic-16	Oct-16
LIBOR					
1 month	1.24	1.23	1.23	0.72	0.53
6 months	1.54	1.47	1.45	1.31	1.26
US Treasury Bonds					
2 years	1.54	1.38	1.33	1.19	0.84
10 years	2.36	2.20	2.21	2.50	1.76
FED Funds Rate	1.25	1.25	1.25	0.66	0.50
SELIC (1 year)	8.07	8.39	9.25	13.75	14.14

(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	Oct-17	Sept-17	Ago-17	Dic-16	Oct-16
BCRA Repo Interest Rates					
Overnight reverse repo	24.59	24.25	24.25	22.02	22.50
7-day reverse repo	25.84	25.50	25.50	22.81	23.50
7-day repo	27.34	27.00	27.00	26.69	32.50
Total Repo Interest Rates					
Overnight	24.88	25.96	25.89	24.01	25.58
7 days	0.00	0.00	0.00	0.00	0.00
Repo traded volumen (daily average)	9,770	8,803	6,685	8,300	7,422
Peso LEBAC Interest Rate¹					
1 month	26.50	26.50	26.50	24.75	26.75
2 months	26.84	26.90	26.50	24.44	25.90
3 months	27.00	27.00	26.50	24.16	25.37
9 months	27.35	27.35	25.85	22.90	23.90
12 months	s/o	s/o	s/o	s/o	s/o
Peso NOBAC with variable coupon Spread¹					
200 days BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
Dollars LEBAC Interest Rate¹					
1 month	s/o	s/o	s/o	s/o	s/o
3 months	s/o	s/o	s/o	s/o	s/o
6 months	s/o	s/o	s/o	s/o	s/o
12 months	s/o	s/o	s/o	s/o	s/o
LEBAC and NOBAC traded volume (daily average)	29983	31406	29844	11758	10510
Foreign Exchange Market	Oct-17	Sept-17	Ago-17	Dic-16	Oct-16
Dollar Spot					
Exchange agencies	17.46	17.24	17.42	15.84	15.17
BCRA Reference	17.52	17.29	17.47	15.89	15.23
Future dollar					
NDF 1 month	17.79	17.50	17.76	16.02	15.47
ROFEX 1 month	17.82	17.57	17.75	16.22	15.49
Traded volume (all maturities, million pesos)	10,929	12,172	13,018	8,423	6,572
Real (Pesos/Real)	5.47	5.50	5.53	4.73	4.77
Euro (Pesos/Euro)	20.52	20.53	20.59	16.69	16.72
Capital Market	Oct-17	Sept-17	Ago-17	Dic-16	Oct-16
MERVAL					
Index	27,105	24,375	22,460	16,711	17,633
Traded volume (million pesos)	742	540	454	282	423
Government Bonds (parity)					
DISCOUNT (US\$ - NY legislation)	116.91	116.26	112.26	103.73	112.70
BONAR X (US\$)	116.26	114.92	114.30	115.04	115.59
DISCOUNT (\$)	108.58	108.70	114.21	116.98	119.15
Country risk					
Spread BONAR 24 vs. US Treasury Bond	231	294	317	332	378
EMBI+ Argentina	354	379	421	494	448
EMBI+ Latinoamérica	433	445	463	491	455

¹ Corresponds to average results of each month primary auctions.

8. 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

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