

Monthly Monetary Report

October 2020



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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The closing date for statistics in this report was November 9, 2020. All figures are provisional and subject to review.

Inquiries, comments, or electronic subscription: analisis.monetario@bcra.gob.ar

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About inclusive language in the Spanish version of this report

The Central Bank of Argentina is committed to encouraging the use of a non-discriminatory language that promotes the acceptance of all gender identities. It should be noted that all those who have contributed to this report acknowledge that language influences ideas, feelings, ways of thinking, as well as principles and core values.

Therefore, efforts have been made to avoid sexist and binary language in this report.

1. Summary

In October, the seasonally-adjusted private M3 broad monetary aggregate recorded a 1.6% decrease in real terms, with falls in all of its components.

After the first week of October, time deposits of over \$20 million exhibited a fall. On the one hand, this fall was due to the fact that part of the funds were channeled to dollar-pegged Treasury bond auctions and, on the other, due to the restructuring of money market fund portfolios, with a transfer of funds from early-payment option investments to interest-bearing sight deposits.

Within the framework of harmonizing the interest rates on monetary policy instruments, the BCRA raised the interest rates on overnight reverse repos on several occasions, to reach 31% APR by the end of October (36.32% EAR), and reduced the interest rate on LELIQs to 36% APR (42.64% EAR). In turn, as from October 16, it raised to 34% APR (39.84% EAR) the guaranteed minimum interest rate on time deposits in pesos for natural persons' deposits not exceeding \$1 million, and to 32% APR (37.14% EAR) for all other private sector deposits.

Loans in pesos to the private sector were comparable to the level observed in September, in real and seasonally-adjusted terms. As regards business financing, aggregate credit lines channeled to MSME for financing working capital and to health service providers reached \$537.56 billion by the end of October, more than doubling the expected amount.

Moreover, the BCRA approved a new scheme of productive financing that would allow reducing and concentrating credit assistance at negative real interest rates in a context of economic activity gradual recovery. The new credit lines for MSMEs' productive investment will be allocated to finance capital investment at a maximum 30% APR. In addition, working capital will be financed at 35% APR; and, last, a credit line will be available to health service providers that offer hospitalization for COVID-19 reasons and other companies for the purchase of machines and equipment manufactured by MSMEs—in both cases, borrowers will be non MSME bank clients. This credit line will also be available at a maximum 35% APR.

2. Monetary Aggregates

In October, the seasonally-adjusted private M3 broad monetary aggregate¹ recorded a 1.6%² decrease in real terms, with falls in all of its components. In this sense, means of payment (private M2) went on contributing negatively to monthly growth. In turn, time deposits contributed to this fall as well, after several months of virtually being responsible for private M3 expansion (see Chart 2.1). At current prices, its average monthly stock remained similar to September's (-0.5%). This would mean a 3.4% fall in real terms. However, in October, the y.o.y. change rate stood at 35.6% at constant prices, a historically high level (see Chart 2.2).

Chart 2.1 | Private M3- Real, Seasonally-Adjusted
(monthly change and components' contribution to growth)

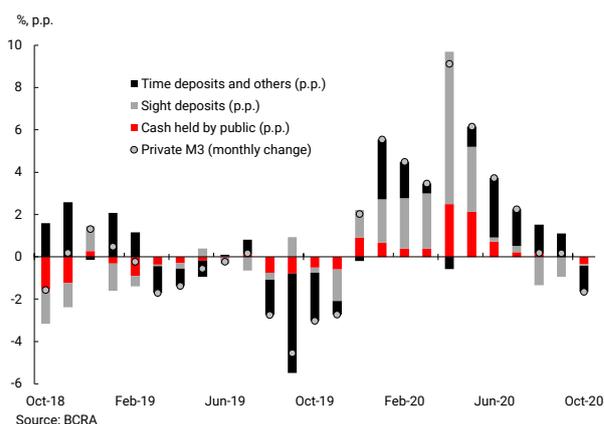
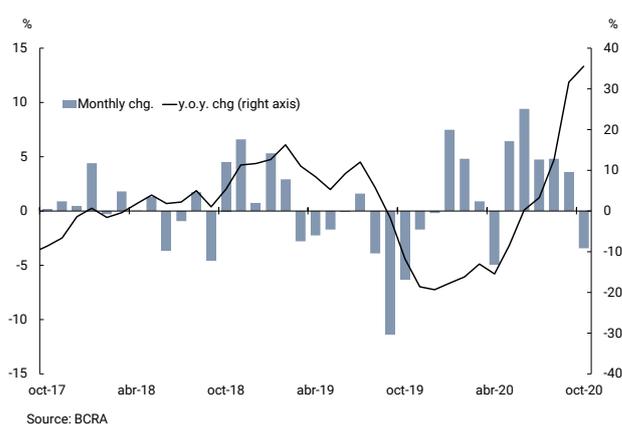


Chart 2.2 | Private Sector Time Deposits. Real
(average monthly stock)



After the first week of October, time deposits of over \$20 million had a bearing on this segment, in which companies and financial service providers operate, mainly mutual funds (see Chart 2.3). On the one hand, this behavior was due to the fact that part of the funds were channeled to dollar-pegged Treasury bond auctions³ and, on the other, due to a change in money market fund portfolios, with a transfer of funds from early-payment option investments to interest-bearing sight deposits (see Chart 2.4), both of which evidenced similar returns (see section on Interest Rates).

¹ It includes cash held by the public and deposits in pesos from the non-financial private sector.

² The National Institute of Statistics and Censuses (INDEC) will publish October's inflation data on November 12.

³ In October, the National Treasury held two dollar-pegged Treasury Bond (BOTEs) auctions (Communication "A" 3500). Both auctions amounted to \$266 billion (US\$3.40 billion).

<https://www.argentina.gob.ar/noticias/resultados-de-la-licitacion-del-bono-del-tesoro-nacional-vinculado-al-dolar>.

Chart 2.3 | Private Sector Time Deposits
(daily stock grouped by amount)

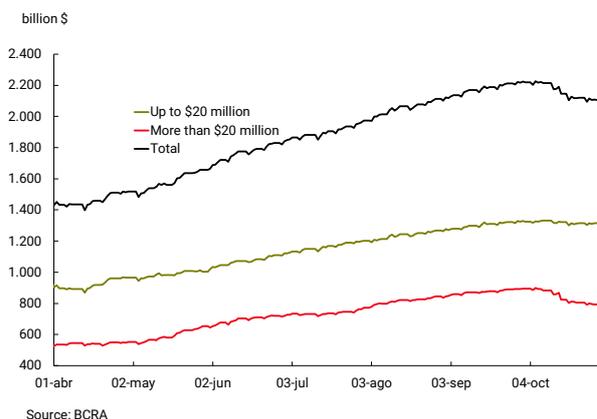
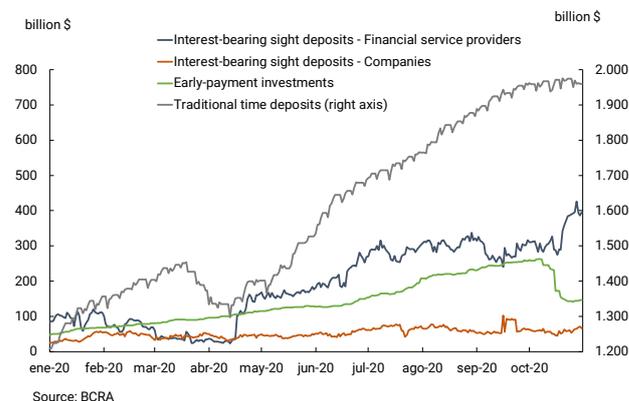


Chart 2.4 | Time Deposits and Interest bearing sight deposits
(private sector - daily stocks)



In turn, there was an increase in instruments which, together with deposits that guarantee minimum interest rates, ensure positive returns in relation to the inflation evolution or the exchange rate, such as UVA-time deposits and dollar-pegged variable interest rate deposits (DIVA). UVA-time deposits continued evidencing the upward trend that started by mid-September, with an aggregate rise of \$2.88 billion between September 30 and October 31. The rise was explained by traditional deposits; however, early-payment deposits remained virtually stable. Dollar-pegged deposits recorded a significant growth as from mid-October, reversing the falling trend observed as from the end of August. Thus, the stock reached an amount of over \$8 billion (see Chart 2.5).

As for means of payment, cash held by the public showed the first monthly decline in real and seasonally-adjusted terms over the last 12 months (-1.5%). Regarding sight deposits, they recorded a 0.2% decline in real terms, which was lower than the one observed in the last two months, mainly due to the behavior of institutional investors. Consequently, private M2 remained negative (-0.6%) in real and seasonally-adjusted terms (see Chart 2.6).

As for the stock of private sector time deposits in dollars, it continued evidencing the falling trend that began by mid-September. It totaled US\$14.66 billion at the end of October, down US\$1.48 billion against September.

Lastly, the monetary base remained virtually at the level observed in September on average and at current prices, recording a slight increase of 0.2% (\$5.71 billion). It is worth noting that financing to the National Treasury was significantly reduced in October. Moreover, temporary advances were paid in advance for a total amount of \$125.78 billion. It was announced that the BCRA would not apply for assistance through temporary advances from the National Treasury for the rest of the year⁴.

⁴ <https://www.argentina.gob.ar/noticias/gestion-de-la-politica-fiscal-en-el-ultimo-bimestre-de-2020>.

Chart 2.5 | Dollar-Pegged Variable Interest Rate Deposits
(daily stock)

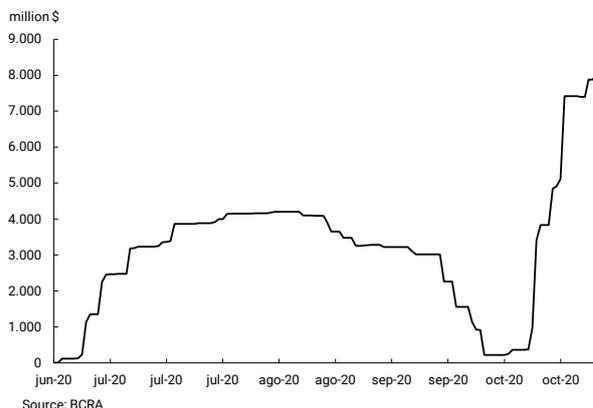
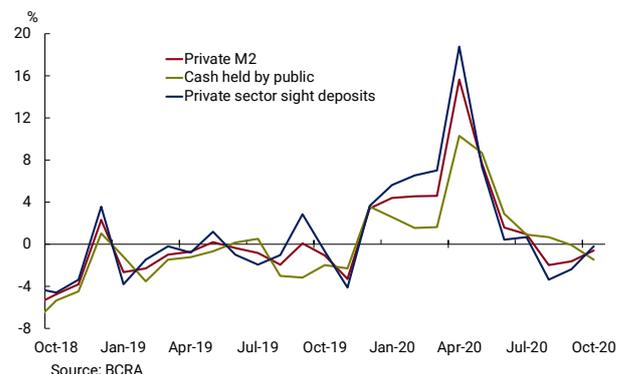


Chart 2.6 | Private M2 and Components - Real
(chg. of s.a. average monthly stock)



3. Loans to the Private Sector

Loans in pesos to the private sector recorded a monthly growth of 3% in nominal and seasonally-adjusted terms (see Chart 3.1). All credit lines contributed positively to monthly growth, with credit cards and financing through notes coming to the fore (see Chart 3.2). The stock of loans to the private sector was comparable to the level observed in September, in real terms. This way, loans in pesos have accumulated since March a seasonally-adjusted nominal growth of 31.9% (real 12.1%), and 50.4% (real 9.6% real) against the same period of the previous year.

Chart 3.1 | Loans to Private Sector in Pesos
(seasonally-adjusted; change of average monthly stock)

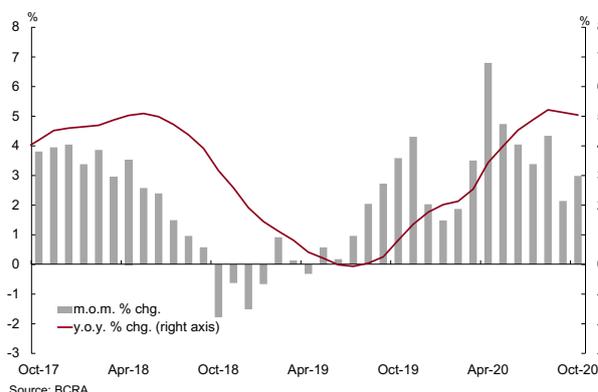
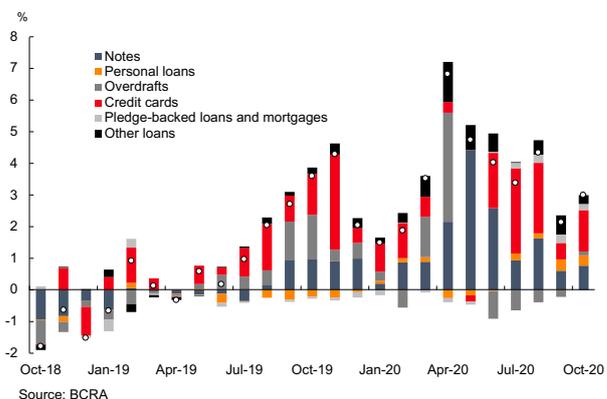


Chart 3.2 | Loans to Private Sector in Pesos
(seasonally-adjusted; contribution to monthly growth)



Business lines posted a 3.4% monthly increase in nominal and seasonally-adjusted terms, and they exhibited a nominal growth of 102.2% (47.3% at constant prices) against the same month of the previous year. Within this type of financing, discounted notes grew the most compared to the other credit lines by posting an average monthly rise of 18% s.a., followed by overdrafts (1.3% s.a.). In turn, promissory notes went on moderating their growth rate, recording a 0.6% s.a. rise over October (see Chart 3.3).

As regards business financing, credit lines channeled to MSMEs' working capital and to health service providers accumulated disbursements for \$537.56 billion by the end of October, more than doubling the expected amount. Disbursements to working capital (excluding wages and the payment of checks) and to the payment of deferred checks went on evidencing the greatest momentum (see Chart 3.4). In turn, the *MiPyME Plus Credit Line* was aimed at companies with no bank financing. It amounted to \$2.68 billion at the end of October and was granted to 5,927 companies (more than 80% had access with FoGAR loan guarantees).

Chart 3.3 | Business Loans to Private Sector in Pesos
(daily stock per credit line)

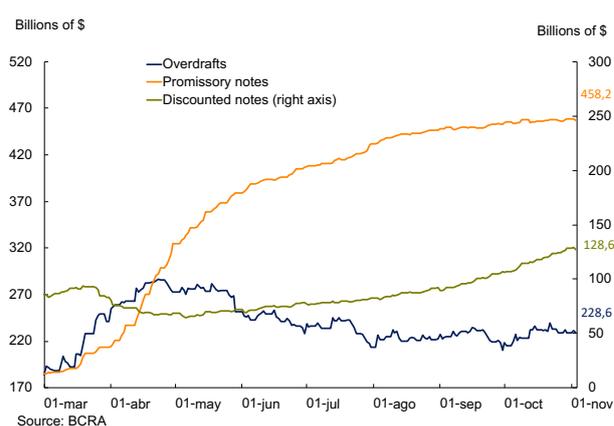
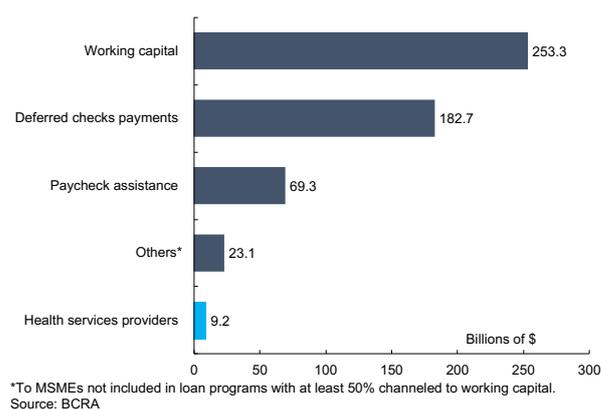


Chart 3.4 | Financing to MSMEs and Health Service Providers at Rates Below 24%
(disbursed amounts – accrued to Oct-20)



In addition, the credit line launched at subsidized interest rates under the sixth stage of the Emergency Assistance for Work and Production program (ATP, in Spanish) totaled \$4.23 billion at the end of October, reaching 208,302 workers. This credit line was channeled to the payment of wages, and was aimed at companies which annual turnover increased up to 40% as of August (at a 15% APR), and had a payroll of up to 800 employees. The seventh stage of the ATP has been recently arranged with some changes that will allow focusing efforts on the most critical sectors affected by the pandemic⁵. Credit will be available for companies with up to 35% y.o.y. turnover growth as of September and a payroll of up to 800 employees. Companies with a negative y.o.y. nominal turnover that perform non-critical activities have now been included in this benefit, regardless of their number of employees. The interest rate for non-critical sectors with a nominal turnover contraction was set at 27% APR, but for all other sectors it will be 33% APR. Companies that kept or increased the number of workers vis-à-vis their payroll before the pandemic will still be able to turn credit into a subsidy.

Moreover, the BCRA approved a new scheme of productive financing that will allow reducing and concentrating credit assistance at negative real interest rates in a context of economic activity gradual recovery. The new credit line scheme for MSMEs' productive investment will also be available to finance capital investment for companies to purchase capital goods or to build the necessary facilities for production at a maximum 30% APR. Likewise, a credit line was established to finance working capital, which includes the discount of deferred payment checks and other corporate instruments at a maximum 35% APR. Lastly, a credit line was made available for non-MSME bank clients, for health service providers that offer hospitalization for COVID-19 reasons, and for other companies for the purchase of machines and equipment

⁵ [Administrative Decision No. 1954/2020](#).

manufactured by MSMEs. This credit line will also be available at a maximum 35% APR. The new credit line scheme is aimed at financial institutions belonging to Group A and at provincial governments' financial agents. Financial institutions belonging to Group A must have 7.5% of non-financial private sector deposits in pesos as of March 2021, while institutions other than those belonging to Group A must comply with 25% of the requirement for that Group⁶.

In addition, the ATP credit line for the payment of wages up to 120% of the minimum wage for each worker in the staff remained available. This credit line is only available for MSMEs appearing on the list provided by AFIP, and strictly reaches the same institutions included in the credit line above.

In turn, consumer credit recovered over the last few months, in line with consumption recovery. Financing on credit cards exhibited a 5.3% s.a. expansion over October (2.3% real increase), partly explained by the reopening of shops as health restrictions were made flexible in different parts of the country (see Chart 3.5). As for personal loans, they grew by 2.3% s.a. in nominal terms over October, recording the highest increase in the last two years. However, in real terms, the monthly change showed a negative result (-0.7% s.a.; see Chart 3.6).

Chart 3.5 | Cards in Pesos, Seasonally-Adjusted

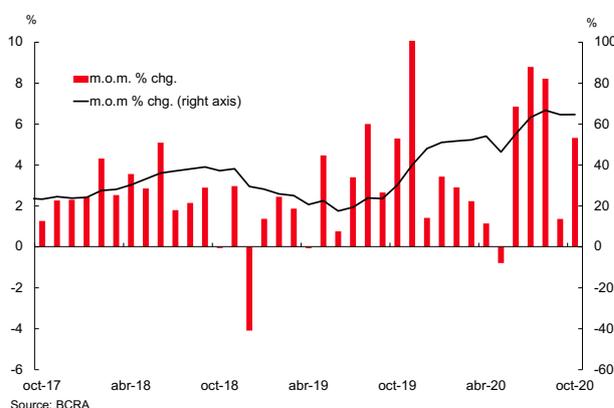
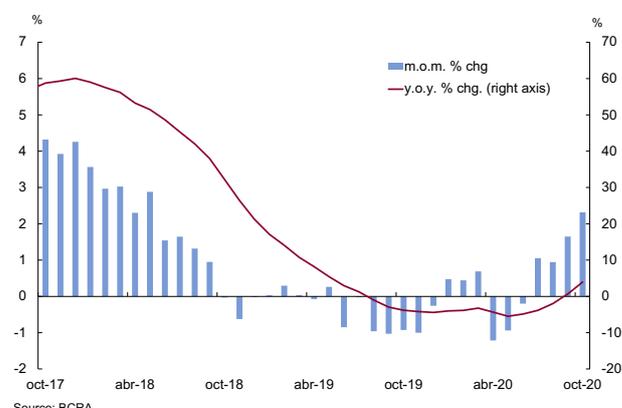


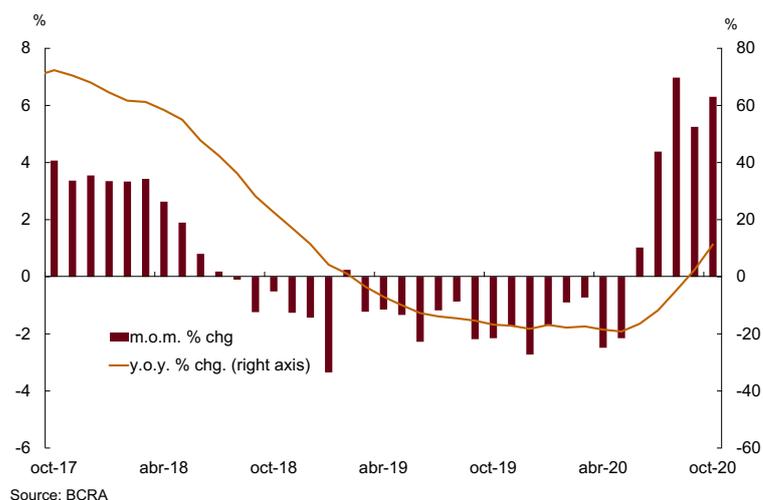
Chart 3.6 | Personal Loans in Pesos, Seasonally-Adjusted



Regarding loans with real property collateral, pledge-backed loans posted—in October—a monthly rise of 6.3% in nominal and seasonally-adjusted terms, with positive changes over five months in a row (see Chart 3.7). In real terms, they exhibited a 3.2% expansion, moderating the y.o.y. fall by 18.9%. The increasing performance of pledge-backed loans can be explained by the recovery of vehicle sales (up 6.1% in October). In turn, mortgage-backed loans went on recording a monthly and y.o.y. zero growth.

6 Communication "A" 7140.

Chart 3.7 | Pledge-Backed Loans in Pesos, Seasonally-Adjusted



Finally, private sector foreign currency loans went on decreasing. The monthly fall was 5.2% (US\$319 million), accumulating a 54.1% contraction against the same month of the previous year.

4. Liquidity of Financial Institutions

In October, broad liquidity in domestic currency⁷ recorded a slight decrease to average 62.3% of deposits. Thus, it still stood at historically high levels (see Chart 4.1). In October, new measures were adopted which had an impact on liquidity components: a stock increase of reverse repos and a stock decrease of LELIQs. This was explained, on the one hand, by the progressive rise on overnight reverse repo interest rates, the chance to conduct 7-day reverse repos, and the reduction of the interest rate on LELIQs (see section on Interest Rates). On the other hand, the BCRA continued managing the stock of LELIQs in order to reduce the sterilization cost. For this reason, it adopted—since early October—a 20 p.p. reduction on financial institutions’ net LELIQ surplus against the surplus recorded in September⁸. Thus, liquidity was mainly explained by BCRA reverse repos, which rose to 14.9% in terms of deposits, up around 2.4 p.p. against September. The share of LELIQs used to fulfill minimum reserve requirements also improved (0.6 p.p.). This happened to the detriment of LELIQ surplus and current accounts with the BCRA, which share fell by 3.8 p.p. and 0.6 p.p., respectively. Last, cash in banks was comparable to the level observed over the last few months.

In addition, some regulatory changes were adopted regarding the minimum cash regime, mostly associated with authorized deductions. Firstly, the amount financed under the *Ahora 12 Plan* to be deducted from minimum cash requirements was raised from 35% to 50%⁹. Secondly, disbursed financing will not be computed as minimum cash exemption, as from October 9, if granted to economic activity sectors not eligible for any ATP benefits and/or if the economic sectors had imported final consumer goods, except for medical products and/or supplies, as from March 19¹⁰. Thirdly, Group “A” financial institutions or provincial government financial agents may deduct credit lines granted for the payment of wages under ATP, as from

⁷ It includes current accounts with the BCRA, cash holdings in banks, arranged repo stocks with the BCRA, holdings of LELIQs, holdings of bonds admitted to comply with the minimum reserve requirements, and holdings of NOCOMs (from October 2018 to April 2020).

⁸ Communication “A” 7122.

⁹ Communication “A” 7114.

¹⁰ Communication “A” 7132.

November¹¹. Fourthly, loans granted to MSMEs at a maximum 24% interest rate as from October 16 would not be allocated as deductions.

Lastly, it is worth mentioning that credit lines granted under the “Credit Line for MSMEs’ Productive Investment” will be used for calculating financial institutions’ net LELIQ surplus¹².

Chart 4.1 | Financial Institutions' Liquidity in Pesos

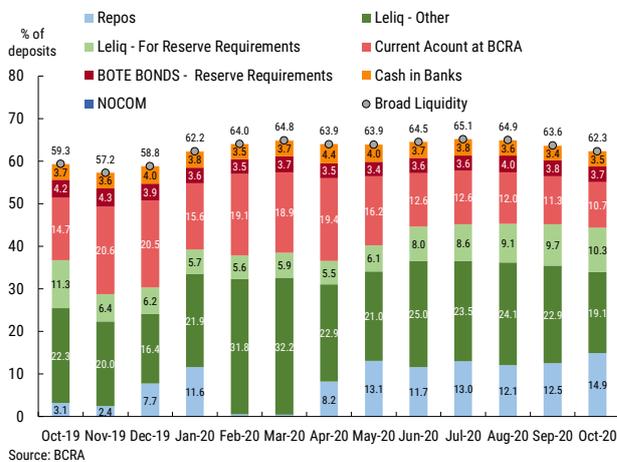
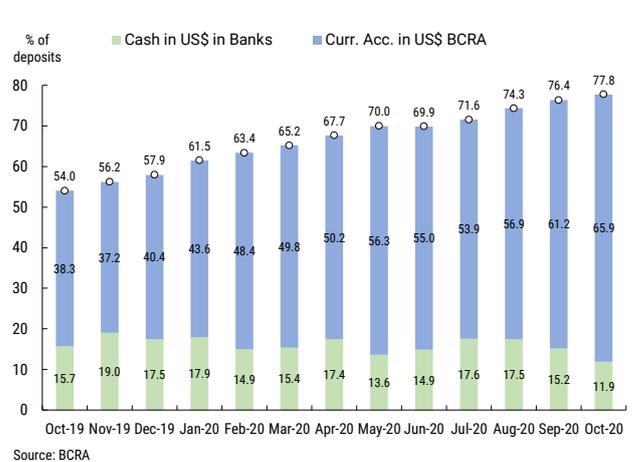


Chart 4.2 | Financial Institutions' Liquidity in US Dollars



In turn, bank liquidity in foreign currency went on rising in October to average 77.8% of deposits, up 1.4 p.p. against September. The increase of liquidity centered on current accounts with the BCRA while cash in banks in terms of deposits exhibited a drop once again(see Chart 4.2).

5. Interest Rates ¹³

Within the framework of gradually harmonizing the interest rates on monetary policy instruments, the BCRA seeks to make short-term financial instruments in domestic currency more appealing; and to gradually align Treasury interest rates with the rates of BCRA’s sterilization instruments¹⁴.

In this context, the BCRA decided to increase the interest rate on overnight reverse repos four times over October, accumulating a 12 p.p. rise over the month. The first rise of 5 p.p. took place at the beginning of October, reaching 24% (27.1% EAR). After that, on October 8 and 16, it went up 3 p.p., respectively, and on October 29, it increased 1 p.p.; so overnight reverse repos stood at 31% APR (36.3% EAR).at the end of October. Moreover, by mid-October, the BCRA started to conduct 7-day reverse repos at 33% APR (39% EAR), up 1.5 p.p. by the end of the month, up to 34.5% APR (41% EAR). In addition, on October 8 and 16, the BCRA decided to reduce the interest rate on LELIQs by 1 p.p., respectively, which had evidenced no changes since March. Thus, it fell from 38% APR (45.44% EAR) to 36% APR (42.63% EAR) by mid-October.

In tune with the rise of interest rates on reverse repos, the BCRA raised the guaranteed minimum interest rate on time deposits in pesos¹⁵. As a consequence, the interest rate on natural persons’ deposits not

11 Communication “A” 7140.

12 Communication “A” 7140.

13Interest rates are expressed as annual percentage rates (APR), unless otherwise specified.

14 https://www.bcr.gov.ar/PoliticaMonetaria/Politica_Monetaria.asp#a.

15 Communication “A” 7139.

exceeding \$1 million reached 34% (39.84% EAR), while the rate for all other private sector deposits rose to 32% (37.14% EAR). Interbank market interest rates were in agreement with the rise of interest rates on reverse repos (the rate on overnight call transactions averaged 23.5%, and on transactions among third parties, 27.8%, up 8.2 p.p. and 9.1 p.p., respectively), as well as the rate on interest-bearing sight deposits. Particularly, the interest rate paid to financial service providers on their sight deposits ended October at 25.6%, slightly below the return on early-payment investments (see Chart 5.1).

Chart 5.1 | Monetary Policy Instruments Interest Rates, Borrowing and Interbank

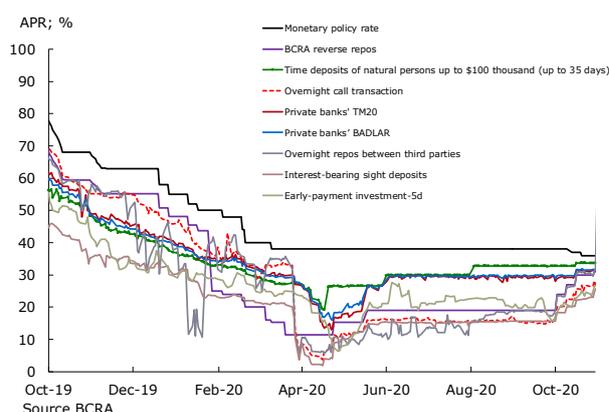
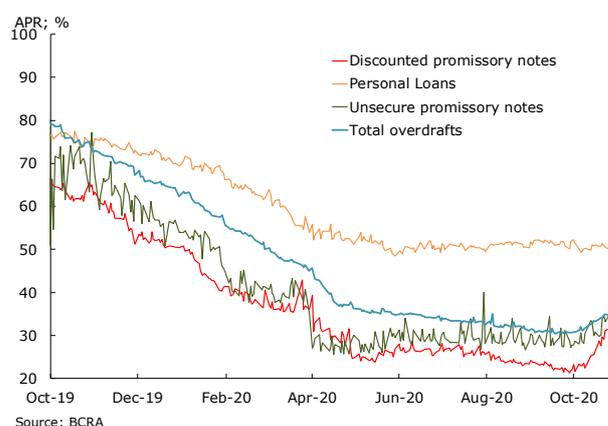


Chart 5.2 | Lending Interest Rates



Lending interest rates on business credit lines increased over October (see Chart 5.2). The discount rate of promissory notes reversed the downward trend that has been observed since August, and ended October at 32%, up 10 p.p. vis-à-vis the end of September. In turn, the interest rate on unsecured promissory notes averaged 32.2%, up 3 p.p. against the previous month. Lastly, the interest rate on overdrafts, which had been falling since May, ended October at 35.5%, up 5 p.p. against the end of September. On the contrary, the interest rate on personal loans averaged 50.5%, down 1 p.p. compared to last month.

6. International Reserves

International reserves at the BCRA ended October with a stock of US\$39.85 billion, with a decrease of US\$1.52 billion against the end of September (see Chart 6.1). The decrease was mainly explained by net sales of foreign currency to the private sector (US\$1.09 billion) and by a decrease of financial institutions' current accounts in foreign currency held with the BCRA used by banks to return deposits (US\$ 491 million).

Between the end of September and end of October, the \$/US\$ nominal exchange rate increased 2.8%, ending the month at \$78.3/US\$1. In turn, the multilateral real exchange rate exhibited a slight appreciation and stood at 118 by the end of the month, in part reversing the rising trend observed as from mid-May. Thus, the multilateral real exchange rate stood at a competitive level, with similar figures to those observed at the beginning of this year (see Chart 6.2).

Chart 6.1 | International Reserves
(daily data)

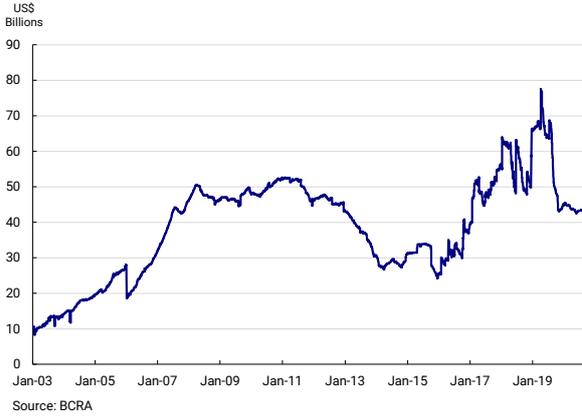


Chart 6.2 | Multilateral Real Exchange Rate Index



7. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in percentage	
	Oct-20	Sep-20	Aug-20	Oct-19	Monthly	Last 12 months
Monetary base	2.318.890	2.313.178	2.329.228	1.386.354	0,2%	67,3%
Currency in circulation	1.691.993	1.673.118	1.667.700	935.161	1,1%	80,9%
Held by public	1.487.121	1.481.061	1.467.039	821.233	0,4%	81,1%
Held by financial entities	204.872	192.057	200.661	113.928	6,7%	79,8%
Settlement check	0,3	0,3	0,4	0,3	0,0%	0,0%
BCRA current account	626.898	640.059	661.528	451.193	-2,1%	38,9%
BCRA Repos stock						
Reverse repos	871.990	710.509	664.164	185.696	22,7%	369,6%
Repos	0	3	0	0	-99,7%	0,0%
LELIQ stock (in face value)	1.719.976	1.855.325	1.829.682	1.031.696	-7,3%	1
International Reserves	40.739	42.350	43.152	46.674	-3,8%	-12,7%
Private and public sector deposits in pesos ⁽¹⁾	5.714.280	5.588.237	5.436.965	3.006.231	2,3%	90,1%
Private sector deposits	4.580.130	4.524.641	4.434.213	2.395.716	1,2%	91,2%
Current account ⁽²⁾	1.129.664	1.082.909	1.062.144	580.219	4,3%	94,7%
Savings account	1.188.183	1.172.434	1.223.861	579.784	1,3%	104,9%
Not CER-adjustable time deposits	2.125.211	2.139.970	2.015.991	1.147.687	-0,7%	85,2%
CER-adjustable time deposits	37.547	34.599	35.273	14.341	8,5%	161,8%
Other deposits ⁽³⁾	99.525	94.730	96.943	73.685	5,1%	35,1%
Public sector deposits	1.134.150	1.063.596	1.002.753	610.515	6,6%	85,8%
Private and public sector deposits in dollars ⁽¹⁾	17.631	19.411	19.504	23.033	-9,2%	-23,5%
Loans to private and public sector in pesos ⁽¹⁾	2.568.080	2.469.048	2.404.269	1.709.879	4,0%	50,2%
Loans to private sector	2.526.346	2.434.024	2.367.277	1.678.898	3,8%	50,5%
Overdrafts	277.579	272.500	267.301	215.256	1,9%	29,0%
Promissory bills	618.641	590.182	567.059	259.185	4,8%	138,7%
Mortgages	212.095	212.019	211.647	213.591	0,0%	-0,7%
Pledge-backed loans	92.683	87.140	82.023	83.190	6,4%	11,4%
Personal loans	421.686	411.146	403.726	405.856	2,6%	3,9%
Credit cards	742.770	699.915	680.365	450.834	6,1%	64,8%
Other loans	160.891	161.124	155.157	50.985	-0,1%	215,6%
Loans to public sector	41.734	35.024	36.991	30.982	19,2%	34,7%
Loans to private and public sector in dollars ⁽¹⁾	5.913	6.234	6.568	12.712	-5,2%	-53,5%
Total monetary aggregates ⁽¹⁾						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	2.998.213	2.925.360	2.884.562	1.615.154	2,5%	85,6%
M2 (M1 + savings account in pesos)	4.237.048	4.135.614	4.151.216	2.238.035	2,5%	89,3%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	7.201.401	7.069.298	6.904.005	3.827.465	1,9%	88,2%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	8.570.971	8.531.130	8.335.144	5.177.527	0,5%	65,5%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	2.616.785	2.563.970	2.529.184	1.401.452	2,1%	86,7%
M2 (M1 + private savings account in pesos)	3.804.968	3.736.403	3.753.046	1.981.236	1,8%	92,1%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	6.067.251	6.005.702	5.901.252	3.216.949	1,0%	88,6%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	7.257.675	7.294.478	7.164.710	4.425.664	-0,5%	64,0%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2020		Last 12 months	
	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾
Monetary base	5.712	0,2%	15.331	0,7%	584.817	33,7%	932.536	67,3%
Foreign exchange purchases with the private sector	-93.770	-4,1%	-280.564	-12,2%	-268.404	-15,5%	-241.848	-17,4%
Foreign exchange purchases with the NT	-26.840	-1,2%	-73.306	-3,2%	-94.829	-5,5%	-119.475	-8,6%
Temporary Advances and Profit Transfers	130.851	5,7%	357.018	15,5%	1.842.083	106,2%	2.068.535	149,2%
Other public sector operations	-43.216	-1,9%	5.273	0,2%	-63.804	-3,7%	-97.105	-7,0%
Sterilization (Repos and LELIQ)	40.923	1,8%	12.963	0,6%	-825.926	-47,6%	-671.276	-48,4%
Others	-2.236	-0,1%	-6.053	-0,3%	-4.302	-0,2%	-6.295	-0,5%
International Reserves	-1.611	-3,8%	-2.573	-5,9%	-3.613	-8,1%	-5.935	-12,7%
Foreign exchange market intervention	-1.228	-2,9%	-3.764	-8,7%	-3.454	-7,8%	-3.032	-6,5%
International financial institutions	-306	-0,7%	-824	-1,9%	-1.996	-4,5%	-2.721	-5,8%
Other public sector operations	-50	-0,1%	-310	-0,7%	533	1,2%	-2.286	-4,9%
Dollar liquidity requirements	-230	-0,5%	1.291	3,0%	3.324	7,5%	2.890	6,2%
Others (incl. change in US\$ market value of nondollar assets)	204	0,5%	1.033	2,4%	-2.020	-4,6%	-786	-1,7%

1 Excludes financial sector and foreign depositors. Loans' 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.

Sources: BCRA Accounting Department and SISCEN Informative Regime.

Minimum Cash Requirement and Compliance

	Oct-20	Sep-20	Aug-20
Domestic Currency	% of total deposits in pesos		
Requirement	24,7	24,5	24,7
Compliance in current account	10,7	11,3	12,0
Compliance in Leliq	14,3	14,6	14,6
Compliance in BOTE	3,7	3,8	4,0
<i>Residual time structure of term deposits used for the calculation of the requirement (1)</i>	%		
Up to 29 days	75,6	75,6	75,6
30 to 59 days	17,6	17,6	17,6
60 to 89 days	3,8	3,8	3,8
90 to 179 days	2,6	2,6	2,6
more than 180 days	0,5	0,5	0,5
Foreign Currency	% of total deposits in foreign currency		
Requirement	24,0	24,0	24,0
Compliance (includes default application resource)	11,8	15,2	17,5
<i>Residual time structure of term deposits used for the calculation of the requirement (1)</i>	%		
Up to 29 days	62,5	62,5	62,5
30 to 59 days	18,6	18,6	18,6
60 to 89 days	8,3	8,3	8,3
90 to 179 days	8,2	8,2	8,2
180 to 365 days	2,4	2,4	2,4
more than 365 days	0,1	0,1	0,1

(1) Excludes judicial time deposits.

** Estimates data of October for Requirements and residual time structures.

Source: BCRA

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

Reference Interest Rates	Oct-20	Sep-20	Aug-20	Dec-19	Oct-19
BCRA Repo Interest Rates					
Overnight reverse repo	27,57	19,00	19,00	53,70	61,37
Total Repo Interest Rates					
Overnight	27,80	18,70	17,61	42,02	60,40
Repo traded volumen (daily average)	7.297	7.689	6.602	3.792	8.111
LELIQ interest rate	36,90	38,00	38,00	61,37	70,1
Foreign Exchange Market	Oct-20	Sep-20	Aug-20	Dec-19	Oct-19
Dollar Spot					
Exchange agencies	77,58	75,20	73,29	59,87	58,54
BCRA Reference	79,95	76,94	75,01	60,53	59,24
Future dollar					
NDF 1 month	84,67	80,43	77,22	64,26	64,42
ROFEX 1 month	80,90	77,53	75,48	63,75	63,23
Traded volume (all maturities, million pesos)	59.146	54.208	47.327	15.870	21.070
Real (Pesos/Real)	13,80	13,94	13,42	14,57	14,34
Euro (Pesos/Euro)	91,29	88,65	86,70	66,51	64,74
Capital Market	Oct-20	Sep-20	Aug-20	Dec-19	Oct-19
MERVAL					
Index	46.908	43.478	48.758	37.141	32.062
Traded volume (million pesos)	904	904	904	885	1.645
Governement Bonds (parity)					
DISCOUNT (US\$ - NY legislation)	37,62	42,85	-	-	-
BONAR X (US\$)	38,74	43,04	-	-	-
DISCOUNT (\$)	74,53	83,19	-	-	-
Country risk					
EMBI+ Argentina	1.409	1.533	2.119	2.073	2.108
EMBI+ Latinoamérica	481	473	479	431	556

1 Corresponds to average results of each month primary auctions.

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

Borrowing Interest Rates	Oct-20	Sep-20	Aug-20	Dec-19	Oct-19
Interbank Loans (overnight)					
Interest rate	23,60	15,36	15,80	50,09	60,94
Traded volume (million pesos)	13.429	10.258	7.843	7.385	9.243
Time Deposits					
<u>In pesos</u>					
30-44 days	30,09	29,30	29,25	40,89	54,09
60 days or more	30,36	29,88	29,54	41,26	53,87
Total TM20 (more than \$20 million, 30-35 days)					
Private Banks TM20 (more than \$20 million, 30-35 days)					
Total BADLAR (more than \$1 million, 30-35 days)	29,53	28,53	28,48	41,10	54,35
Private Banks BADLAR (more than \$1 million, 30-35 days)	30,68	29,73	29,68	41,75	54,88
<u>In dollars</u>					
30-44 days	0,45	0,52	0,60	1,56	1,88
60 days or more	0,62	0,75	0,85	2,34	2,45
Total BADLAR (more than \$1 million, 30-35 days)	0,54	0,61	0,70	1,89	2,14
Private Banks BADLAR (more than \$1 million, 30-35 days)	0,51	0,68	0,63	1,42	2,18
Lending Interest Rates	Oct-20	Sep-20	Aug-20	Dec-19	Oct-19
Stock Repos					
Gross interest rates 30 days	31,16	25,99	24,47	41,10	57,79
Traded volume (all maturities, million pesos)	112.449	50.130	46.615	18.780	12.761
Loans in Pesos ⁽¹⁾					
Overdrafts	33,41	30,46	32,01	66,44	77,64
Promissory Notes	32,16	29,06	29,59	56,99	67,70
Mortgages	31,65	27,96	30,03	47,51	53,16
Pledge-backed Loans	26,46	25,78	24,85	30,54	30,67
Personal Loans	50,54	51,59	51,11	71,63	75,61
Credit Cards	41,72	41,31	42,20	81,77	78,03
Overdrafts - 1 to 7 days - more than \$10 million	27,34	20,69	21,22	58,79	71,01
International Interest Rates	Oct-20	Sep-20	Aug-20	Dec-19	Oct-19
LIBOR					
1 month	0,15	0,15	0,16	1,75	1,88
6 months	0,25	0,28	0,31	1,90	1,96
US Treasury Bonds					
2 years	0,15	0,14	0,14	1,61	1,55
10 years	0,78	0,68	0,64	1,85	1,70
FED Funds Rate	0,25	0,25	0,25	1,75	1,98
SELIC (1 year)	2,00	2,00	2,03	4,68	5,45

(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.

Glossary

ANSES: Argentine Social Security Administration

APR: Annual Percentage Rate

B.P.: Basis Points

BADLAR: Interest rate on time deposits of \$1 million and over for 30-35 days.

BCRA: Central Bank of Argentina

CER: Reference Stabilization Coefficient

CNV: National Securities Commission

CPI: Consumer Price Index

EAR: Effective Annual Rate

EM: Minimum Cash Requirements

FCI: Mutual Funds

GDP: Gross Domestic Product

IAMC: Argentine Institute for Capital Markets

IRR: Internal Rate of Return

LEBAC: BCRA Bills

LELIQ: BCRA Liquidity Bills

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

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

M3: Notes and Coins + Total Deposits in \$.

MB: Monetary Base; total amount of money in circulation plus money deposited in current accounts in pesos of financial institutions held with the BCRA.

MERVAL: Buenos Aires Stock Exchange Index

MSMEs: Micro, Small and Medium-Sized Enterprises

NBFI: Non-Bank Financial Institution

NDF: Non Deliverable Forward

NOCOM: Cash Compensation Notes issued by BCRA

ON: Negotiable Obligation

p.p.: Percentage Points

ROFEX: Rosario Futures Exchange

s.a.: Seasonally-Adjusted

SDR: Special Drawing Right

SISCEN: BCRA Centralized Reporting Requirement System

SMEs: Small and Medium-Sized Enterprises

TM20: Interest rate on time deposits of \$20 million and over for 30-35 days.

UVA: Units of Purchasing Power

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