

Monthly Monetary Report

December 2017



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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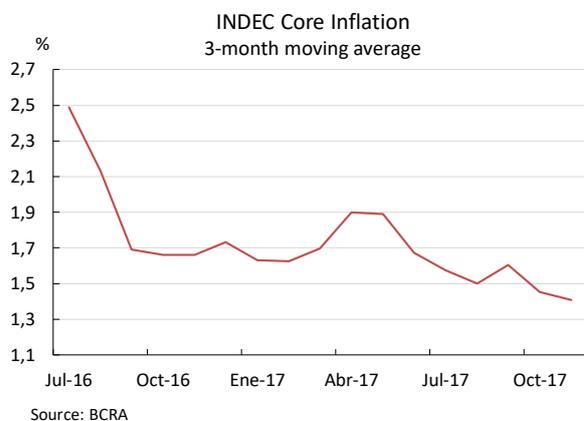
The closing date for statistics in this report was January 5, 2018. All figures are provisional and subject to review.

1. Summary¹

- The nationwide Consumer Price Index (CPI) for November published by the INDEC in December exhibited a monthly change of 1.4% and 1.3% in headline and core inflation, respectively. Core inflation has been on the decline in the past few months after following a rising sustained trend up to the third quarter. Its three-month moving average hit its lowest level since the INDEC publication of the CPI was resumed in 2016. It also fell to its lowest level since September 2012 (date as from which data from the City of Buenos Aires are available for comparison). The Central Bank of Argentina (BCRA) decided to keep its monetary policy rate unchanged, the center of the 7-day repo corridor standing at 28.75%.
- News was announced on December 28 regarding inflation targets and transfers from the Central Bank to the Treasury. In particular, the annual inflation rate of 5% announced in 2016 for 2019 was deferred for one year. The intermediate inflation targets are 15% in 2018 and 10% in 2019, before reaching the long-term target of 5% in 2020. Moreover, future transfers from the BCRA to the Treasury have been reduced to \$140 billion in 2018 and \$70 billion in 2019. As from 2020, the transfer limit will depend on the genuine increase in the demand for monetary base resulting from economic growth.
- As a consequence of the seasonal increase in the demand for liquidity—which is related to the holiday season, the payment of the semi-annual complementary wage and the beginning of summer vacations—the Central Bank conducted open market transactions to reduce the volatility of the interest rates of the money market. It further bought LEBAC bills in the days preceding the monthly maturity date and sold LEBAC bills during most of the rest of December. The Central Bank thus reported net sales of LEBAC bills on the secondary market for FV \$64.4 billion in the month.
- Interest rates on call money markets remained within the BCRA's repo corridor, hitting their highest level before the maturity of LEBAC bills and then dropping to the floor by the end of December. The remaining rates on the money market mostly showed an upward trend, with monthly averages around 1 p.p. above November's figures.
- The nominal evolution of monetary aggregates was in line with the expectations for December, with a rise in private M2 components (cash held by the public and sight deposits) and a slowdown in time deposits. After removing seasonal factors and based on stocks in real terms, private M3 rose 1.4% in December, with time deposits in pesos from the private sector being the component that accounted for most of the growth.
- In real and seasonally-adjusted terms, total loans—in pesos and in foreign currency—rose by 1.5% in December, while loans in pesos grew by 1.7%. Loans to the private sector thus increased 24.6% in real terms in 2017. Most credit lines exhibited positive real variations along the year.
- Mortgage loans continued standing out in December, with a nominal increase of 10.2% (\$11.8 billion). Their stock thus doubled in the past 12 months (growing 106.7% y.o.y.), boosted by financing in units of purchasing power (UVAs). Since this credit line was launched (April 2016), about \$56.3 billion in UVA-adjusted mortgage loans have been granted.
- Unlike previous months, the loans granted in December did not increase by as much as deposits. Consequently, financial institutions' liquidity in domestic currency (the sum of 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 up 1.3 p.p. to 39.8%. The increase was due to a rise in the stock of LEBAC bills and higher current account balances at the BCRA (minimum reserve requirements increase in December as a result of the seasonal growth in sight deposits).

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

Chart 2.1

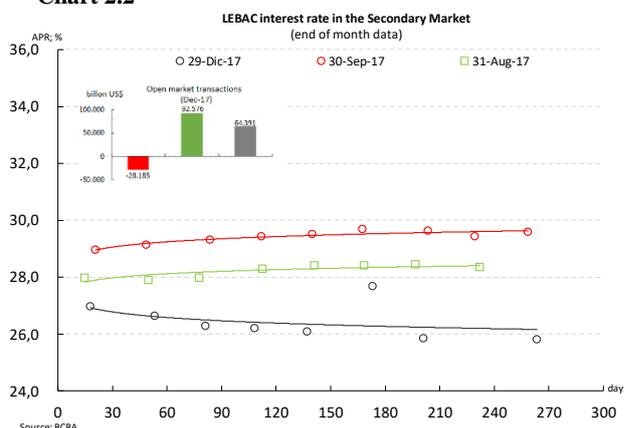


2. Interest Rates²

Monetary Policy Interest Rates

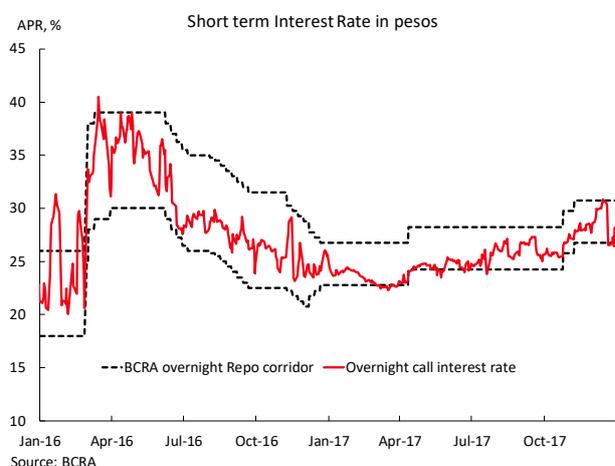
The nationwide Consumer Price Index (CPI) for November published by the INDEC in December exhibited a monthly change of 1.4% and 1.3% in headline and core inflation, respectively. Core inflation has shown a favorable performance in the past few months after following a rising sustained trend up to the third quarter. Its three-month moving average hit its lowest level since the INDEC publication of the CPI was resumed in 2016 (see Chart 2.1). High frequency data monitored by the BCRA in December show that core inflation continued exhibiting a favorable performance, despite the effect of the increase in regulated prices in the month. Within this framework, the Central Bank decided to keep its monetary policy rate unchanged, the center of the 7-day repo corridor standing at 28.75% in December.

Chart 2.2



As posted in “Objetivos y planes respecto del desarrollo de la política monetaria, financiera, crediticia y cambiaria para el año 2018”³ (Targets and Programs for the Development of Monetary, Financial, Credit and Exchange Policy for 2018), news was announced on December 28 regarding inflation targeting. In particular, the annual inflation rate of 5% announced in 2016 for 2019 was deferred for one year. The intermediate inflation targets are 15% in 2018 and 10% in 2019, before reaching the long-term target of 5% in 2020.

Chart 2.3



In December, the Central Bank continued conducting open market transactions to manage liquidity conditions in the money market. Given that demand for liquidity is seasonally high in December—especially in the second half—the Central Bank bought LEBAC bills in the days preceding maturity, and sold LEBAC bills during the rest of the period. Thus, in December, the Central Bank sold LEBAC bills for FV \$92.6 billion and bought bills for FV \$28.2 billion, resulting in net sales for FV \$64.4 billion.

In the last two banking days, the BCRA caused LEBAC bill yields to go down. When comparing interest rates as of end-December and end-November, the shortest instruments—with a residual term of 20 and 50 days—posted decreases of around 190 b.p. and 248 b.p., respectively (see Chart 2.2).

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

³ http://www.bcra.gov.ar/Noticias/Objetivos_y_planes_2018.asp

Chart 2.4

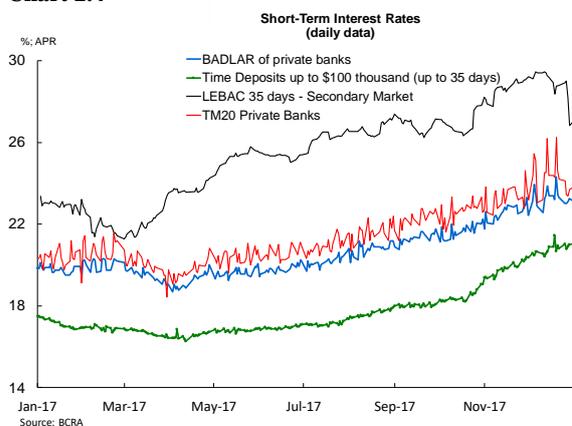


Chart 2.5

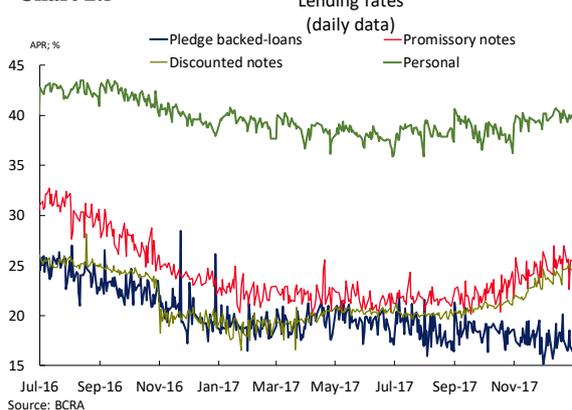
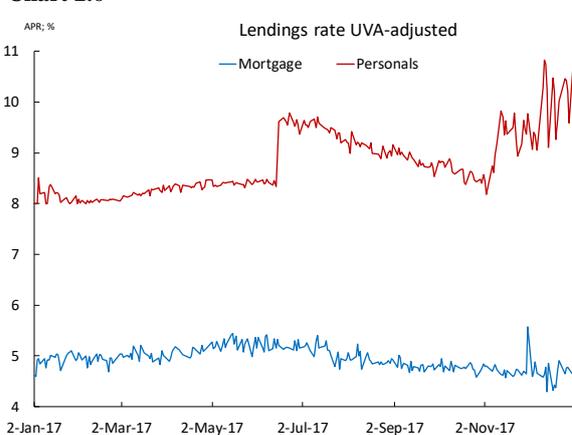


Chart 2.6



Market Interest Rates

December's higher seasonal demand for liquidity resulted in a temporary rise in the interest rates of shorter instruments, which, after the partial renewal of LEBAC bills, was completely reversed. At the end of December, they thus stood very close to the floor of the interest rate corridor set by the BCRA in the repo market (see Chart 2.3).

In the call money markets, the interest rate on overnight call transactions averaged 29%, up 1.1 p.p. against November. Likewise, the average interest rate on overnight call transactions in the secured market (REPO round) stood at 27.9%, which amounted to a monthly average rise of 1 p.p. The daily average volume traded in both markets remained virtually stable, totaling around \$15.6 billion.

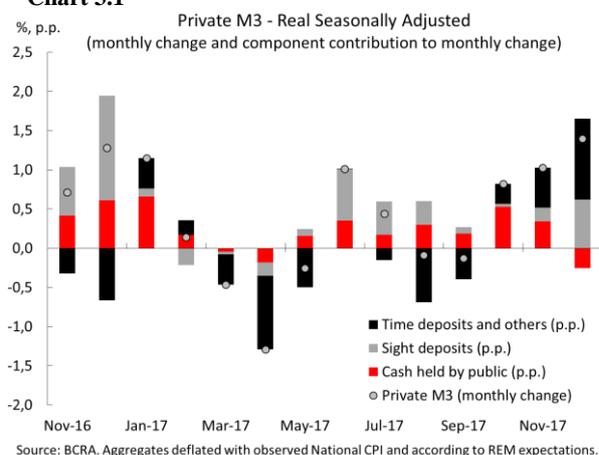
The interest rate on current account overdrafts granted to companies for over \$10 million and at up to 7 days rose 2.1 p.p. on average in the month, evidencing an evolution comparable to that of interest rates on call money markets.

The remaining interest rates mostly showed the same trend as that observed from October. The TM20 rate—interest rate on time deposits of \$20 million and more—at private banks grew by 0.9 p.p. on average in the month, standing at 24.2%. In turn, the BADLAR rate—interest rate on time deposits of \$1 million and more, and at 30 to 35 days—at private banks averaged 23.2% in December, going up 0.6 p.p. against November. In the retail segment, the interest rate on time deposits of up to \$100,000 and at up to 35 days averaged 20.7%, posting a 1 p.p. increase against November (see Chart 2.4).

Fixed and adjustable lending interest rates mostly increased in December. This was not the case with interest rates on pledge-backed loans, which averaged 17.4% in the month, going down 0.4 p.p. This can largely be attributed to the fact that an institution reduced its already relatively low rate, gaining share in the total. In turn, rates on personal loans averaged 40%, increasing 0.7 p.p. As for interest rates on credit lines aimed at financing companies' activities, unsecured promissory notes averaged 25.3%, exhibiting a 1.2 p.p. monthly average increase, while interest rates on discounted notes averaged 24.2%, going up 1.7 p.p. (see Chart 2.5).

Regarding *UVA*-adjusted financing, mortgage-backed loans were granted at an average rate weighted by amount of 4.7%, remaining virtually stable against November. In contrast, the rate on *UVA*-adjusted personal loans

Chart 3.1



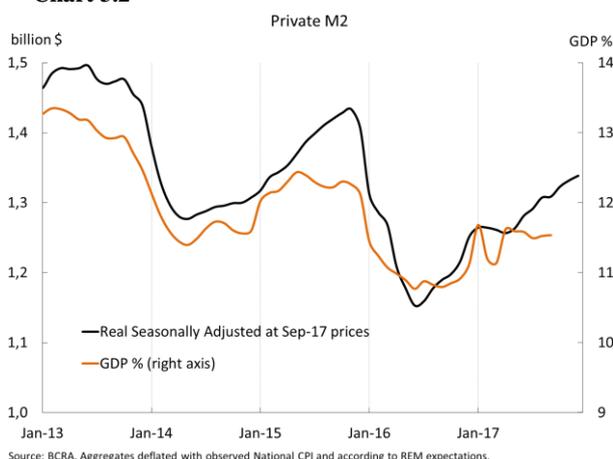
averaged 9.9% over the month, climbing 0.7 p.p. against November (see Chart 2.6).

In turn, the interest rate on *UVA*-adjusted time deposits averaged 5.1% in December, a level similar to November's figure.

3. Monetary Aggregates¹

The seasonally-adjusted stock in real terms⁴ of private M3⁵ grew by 1.4% in December. In particular, private M2⁶ increased moderately, while time deposits in pesos from the private sector rose in real terms for the third month in a row (see Chart 3.1). The official data on GDP for the third quarter show that the real growth in private M2 since the second quarter of 2017 was in line with the development of the economy, given that the private M2/GDP ratio remained stable at around 11.5% since that time (see Chart 3.2).

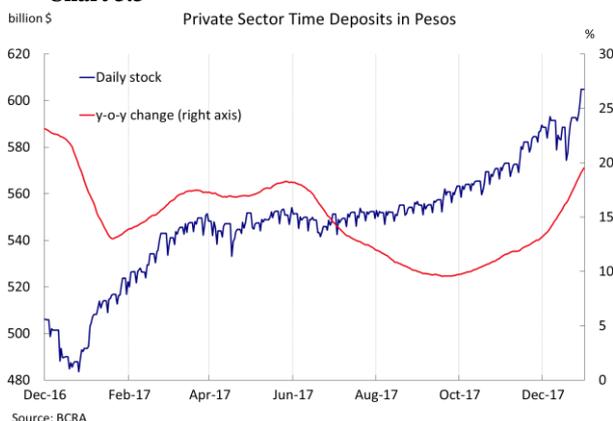
Chart 3.2



In nominal terms, sight deposits from the private sector rose 10.2% in the month, whereas time deposits in pesos from the private sector climbed 2.1% (see Chart 3.3). The boost in sight deposits and the slowdown in time deposits were driven by seasonal factors associated with high transaction demand for money: payment of the semi-annual complementary wage, increased expenditure by households during the holiday season and the beginning of summer vacations. Private sector deposits thus increased 6.5% in December.

Such rise was accompanied by an increase in public sector deposits, which led to a monthly nominal growth of 6.9% in total deposits in pesos.

Chart 3.3



In line with this, the monetary base posted a monthly growth of 8.4% in December both in terms of cash held by the public and bank reserves, as a result of the seasonal factors described above. The expansion of the monetary base was explained by the purchase of dollars, transfers to the National Treasury, and a reduction in LEBAC bill stocks and repos at the Central Bank.

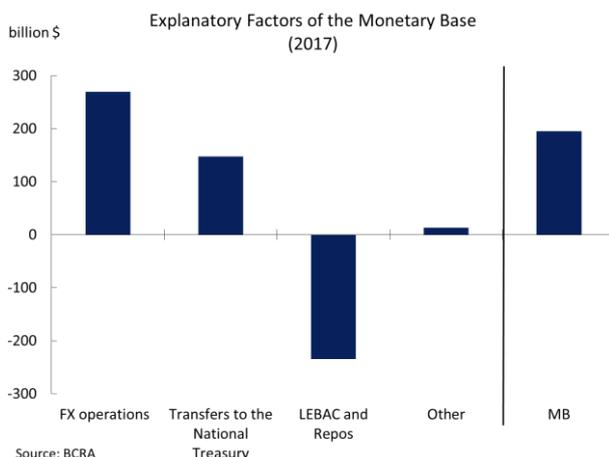
The increase in the monetary base over 2017 resulted from an expansion in international reserves and transfers to the National Treasury, partially offset by the contractionary effect of sterilization through the sale of LEBAC bills and repo transactions (see Chart 3.4). The rise in non-monetary liabilities in 2017 was

⁴ Figures in real terms were calculated using core inflation indices: the series used were the INDEC's nationwide CPI from January 2017, the INDEC's CPI of the Greater Buenos Aires between May 2016 and December 2016, and the CPI of the City of Buenos Aires between July 2012 and December 2015, base period: Jul-11/Jun-12.

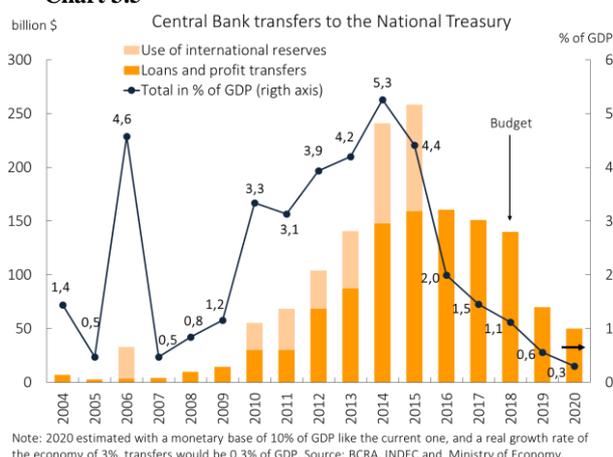
⁵ It includes cash held by the public and total deposits in pesos from the non-financial private sector.

⁶ It includes cash held by the public and sight deposits from the non-financial private sector.

Chart 3.4

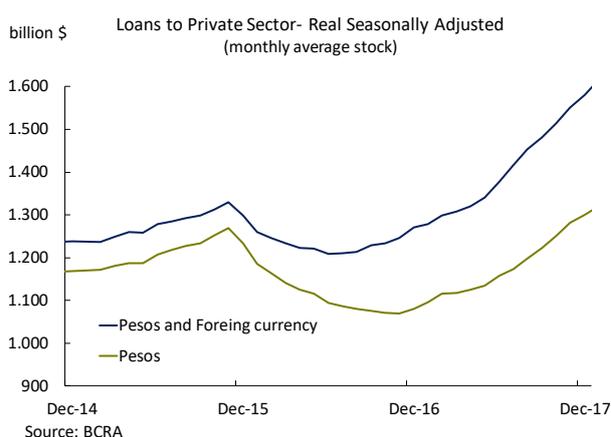


Source: BCRA
Chart 3.5



Note: 2020 estimated with a monetary base of 10% of GDP like the current one, and a real growth rate of the economy of 3%, transfers would be 0.3% of GDP. Source: BCRA, INDEC and Ministry of Economy.

Chart 4.1



Source: BCRA

⁷ It includes cash held by the public and total deposits in pesos and in foreign currency.

⁸ 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.

⁹ Figures in real terms were calculated using core inflation indices: the series used were the INDEC's nationwide CPI from January 2017, the INDEC's CPI of the Greater Buenos Aires between May 2016 and December 2016, and the CPI of the City of Buenos Aires between July 2012 and December 2015, base period: Jul-11/Jun-12.

counterbalanced by increased Central Bank assets by way of a rise in liquid assets in foreign currency (see International Reserves and Foreign Exchange Market).

For the second year in a row, transfers to the National Treasury were in line with the limit set (\$150 billion for 2017), which is key to the coordination of monetary and fiscal policies, and consequently, to the disinflation scheme. In this regard, in order to strengthen trust in the new inflation targets, the Executive Branch, along with the BCRA, announced the path for such transfers, confirming \$140 billion for 2018 and a drop to \$70 billion for 2019. From 2020 onwards, the Central Bank will transfer the product of the monetary base by the real growth rate of the economy. This means that the Central Bank will transfer the genuine increase of money demand (monetary base) to the National Treasury. In other words, only the increase of money demand derived from the real growth of the economy will be transferred (see Chart 3.5).

The stock of deposits in foreign currency remained stable in December, with reductions in the public sector, which were offset by rises on the private side. Private sector deposits grew by US\$1.3 billion in the month, with their stock standing above US\$26.4 billion at end-December.

Finally, the broadest monetary aggregate, M3^{*7}, increased 6.3%, exhibiting a y.o.y. change rate of 29%.

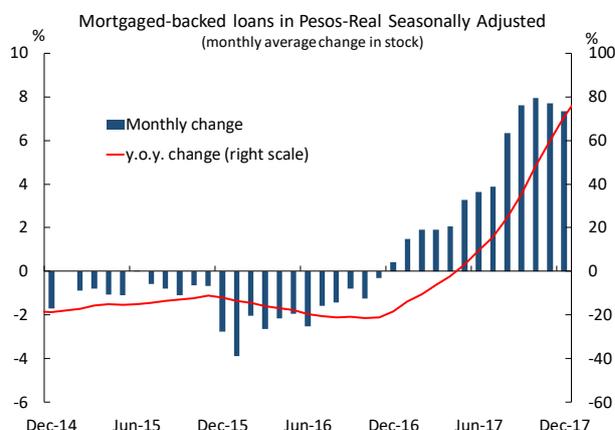
4. Loans ¹⁸

In December, loans channeled to the private sector continued the upward trend in real⁹ and seasonally-adjusted terms (see Chart 4.1). Total loans—in pesos and in foreign currency—showed a monthly growth of 1.5%, whereas loans in domestic currency rose by 1.7%.

In the peso segment, mortgage-backed loans continued exhibiting the greatest momentum (see Chart 4.2), with a monthly average increase of 7.8% in real terms in the past 3 months. In turn, pledge-backed loans grew by 1.3% in real terms.

In nominal terms, mortgage-backed loans climbed 10.2% (\$11.8 billion), rising 106.7% y.o.y. It should be noted that loans denominated in UVAs continued gaining share

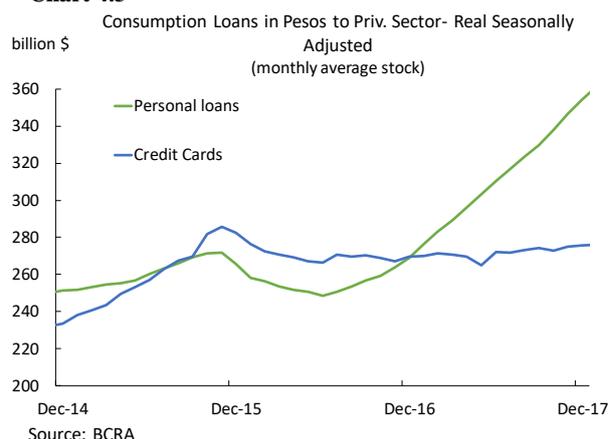
Chart 4.2



in loans channeled to households, thus accounting for 92% of the total in the last month. Since this credit line was launched, about \$56.3 billion in UVA-adjusted mortgage loans have been granted. Pledge-backed loans rose by 2.9% in December (\$2.5 billion) and recorded a y.o.y. expansion pace of 67%. UVA-adjusted personal and pledge-backed loans continued gaining share: more than \$23.8 billion were granted by the end of December.

Loans for commercial purposes continued on the rise in December. Financing arranged through promissory notes thus climbed 4.4% (\$11.8 billion) in nominal terms, reaching a y.o.y. growth rate of 46.4%. In real terms and adjusted for seasonality, it rose 0.4% in the month. Overdrafts nominally increased by 4% (\$5 billion), with a y.o.y. expansion pace of 21.7%. This line grew by 5.9% in real and seasonally-adjusted terms during December.

Chart 4.3



As for credit lines mostly channeled to households, financing arranged through credit cards posted a nominal increase of 5.7% (\$14.9 billion), with a y.o.y. change rate of 24%. In turn, personal loans rose 3.9% (\$12.9 billion) in the month, with a y.o.y. change rate of around 60%. Hence, they increased 2.5% in real and seasonally-adjusted terms in December (see Chart 4.3).

This way, loans in pesos granted to the private sector exhibited a 5% nominal rise (\$62 billion), while the year-on-year change rate stood at about 45.8%. In 2017, total loans—in pesos and in foreign currency—rose by 24.6% in real terms.

Finally, the monthly average growth rate of loans in foreign currency to the private sector rose to 1.6% in December, which may be explained by a recovery in the expansion rate of unsecured promissory notes in the second half of November, which remained stable in December. It is worth underscoring that this segment of loans has already absorbed a large portion of the lending capacity resulting from the inflow of funds under the Tax Amnesty Regime. Therefore, the monthly average stock of loans in dollars was US\$14.78 billion, virtually five times higher than the stock as of December 2015, when loans started exhibiting an upward trend following the exchange rate unification (see Chart 4.4).

5. Financial Institutions' Liquidity¹

Financial institutions' liquid assets stopped falling in December as a result of a growth in deposits in excess of loans (see Chart 5.1). Bank 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) increased by 1.3 p.p., reaching 39.7%.

Chart 4.4

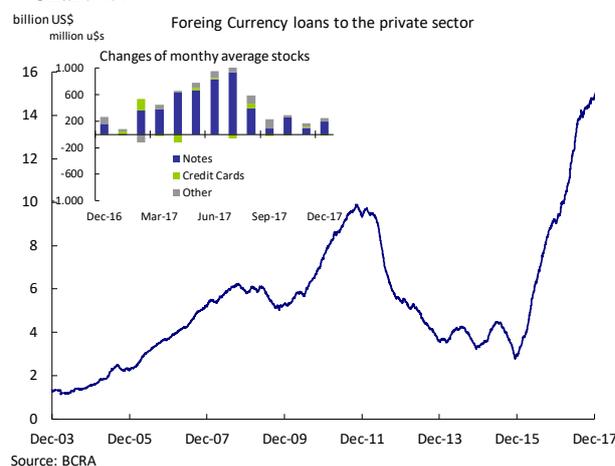
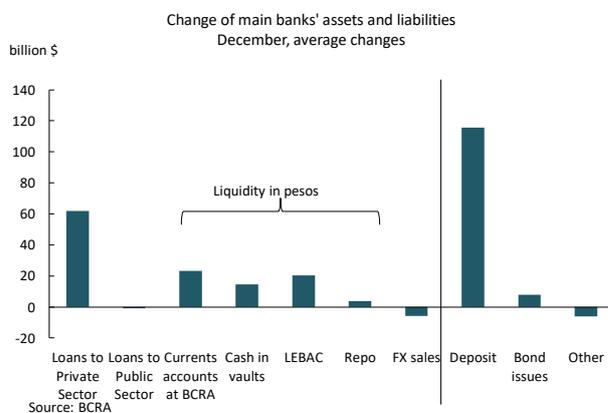


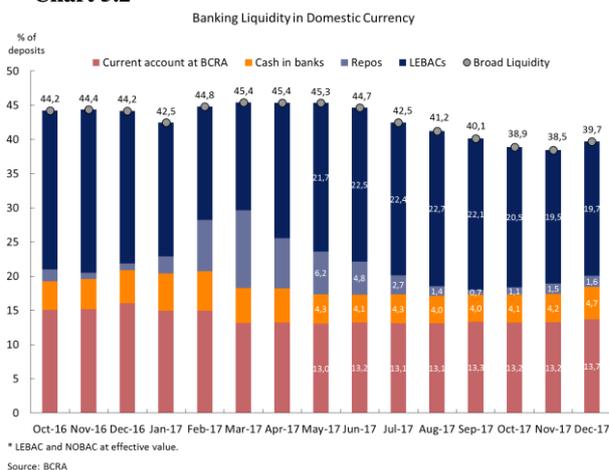
Chart 5.1



The rise in broad liquidity mainly derived from a seasonal increase in cash in banks, current accounts at the BCRA and LEBAC bill holdings. In a context of a higher seasonal demand for cash, banks' cash holdings grew by 0.4 p.p. to 13.7% of deposits. Due to seasonal changes in the composition of deposits, i.e. greater share of deposits with higher minimum reserve requirements, current accounts at the BCRA rose from 13.3% of deposits to 13.7% (which means that institutions might have accumulated a surplus in the minimum cash position in pesos equal to 0.3% of deposits). As for the last aspect, minimum reserve requirements ceased to be calculated on a quarterly basis after 12 years.

In turn, within the framework of a slight increase in deposits and a stable 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 percentage of deposits in dollars) rose by 1.2 p.p.

Chart 5.2

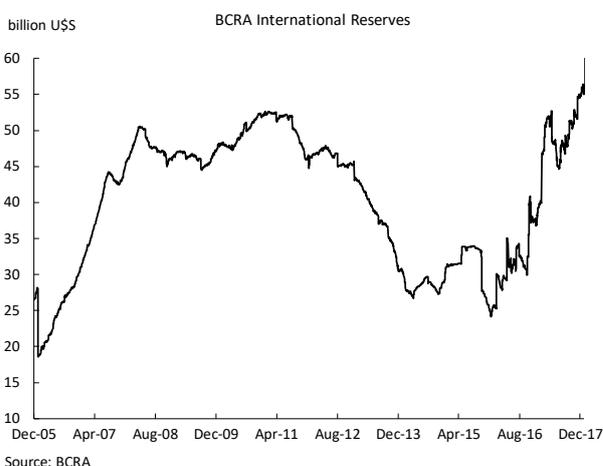


6. International Reserves and Foreign Exchange Market¹⁰

International reserves rose by US\$492 million in December, totaling US\$55.055 billion at the end of the month (see Chart 6.1). In 2017, international reserves grew by US\$15.747 billion, and—adjusted by the inflation rate of the United States of America—amounted to the greatest stock ever in the history of BCRA (see Chart 6.2).

In line with the past few months, the Central Bank bought US\$950 million from the National Treasury in December, which contributed to improving its balance sheet with an increased share of more liquid assets in foreign currency.

Chart 6.1



The BCRA's policy was largely aimed at building up international reserves, entailing an increase in liabilities from the sale of LEBAC bills and net repo transactions through which the effect caused by foreign currency purchases was sterilized. Thus, the BCRA's stock of LEBAC bills and repos minus its net purchases of foreign currency at the end of 2017, in terms of the GDP, was lower than that of March 2016 (the end of the sterilization process for absorbing excess liquidity from the market after the removal of foreign exchange restrictions in December 2015). The BCRA's debt with respect to GDP was reduced, thus improving its balance sheet (see Chart 6.3).

¹⁰ In this section, figures are end-of-the-month data.

The peso depreciated by 8% against the US dollar, 18.77\$/US\$ at end-December.

Chart 6.2

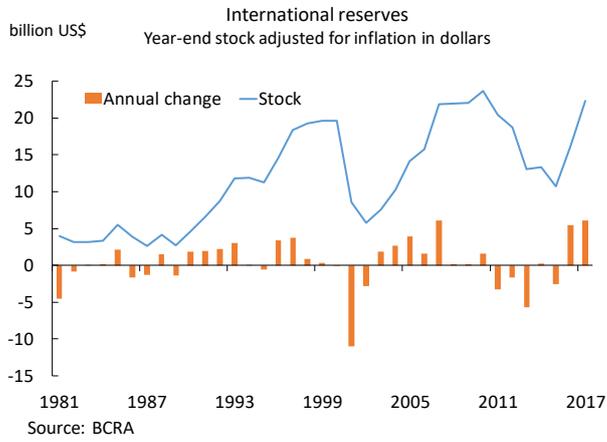
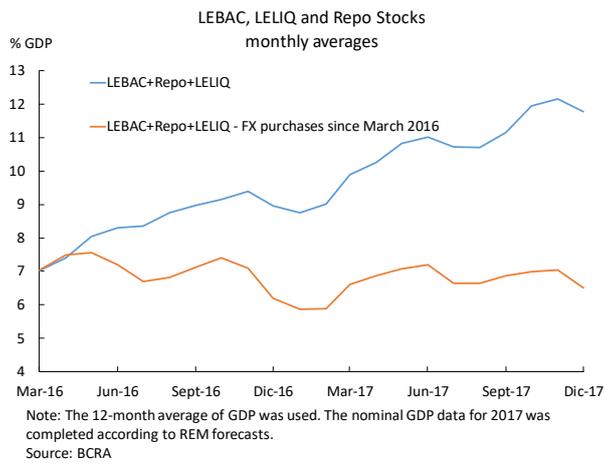


Chart 6.3



7. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average			Average change in	
	Dic-17	Nov-17	Dic-16	Monthly	Last 12 months
Monetary base	982,660	906,483	787,895	8.4%	24.7%
Currency in circulation	741,724	688,919	562,994	7.7%	31.7%
Held by public	658,553	620,399	494,853	6.2%	33.1%
Held by financial entities	83,169	68,520	68,140	21.4%	22.1%
Settlement check	1	1	0	11.3%	221.8%
BCRA current account	240,936	217,564	224,901	10.7%	7.1%
BCRA Repos stock					
Reverse repos	63,989	73,262	52,777	-12.7%	21.2%
Repos	3,679	11	340	0.0%	0.0%
BCRA securities stock (in face value)					
In banks	1,144,103	1,147,258	669,257	-0.3%	71.0%
LEBAC	365,366	344,235	322,853	6.1%	13.2%
In pesos	1,144,103	1,147,258	669,036	-0.3%	71.0%
In Dollars	0	0	14	-	-100.0%
NOBAC	0	0	0	-	-
International Reserves	55,582	53,992	37,888	2.9%	46.7%
Private and public sector deposits in pesos ⁽¹⁾	1,746,132	1,633,073	1,397,490	6.9%	24.9%
Current account ⁽²⁾	495,126	442,356	403,233	11.9%	22.8%
Savings account	450,359	390,381	327,229	15.4%	37.6%
Not CER-adjustable time deposits	719,915	725,090	605,107	-0.7%	19.0%
CER-adjustable time deposits	2,653	1,907	397	39.1%	567.5%
Other deposits ⁽³⁾	78,079	73,341	61,523	6.5%	26.9%
<u>Private sector deposits</u>	<u>1,378,192</u>	<u>1,293,656</u>	<u>1,093,038</u>	<u>6.5%</u>	<u>26.1%</u>
<u>Public sector deposits</u>	<u>367,940</u>	<u>339,417</u>	<u>304,452</u>	<u>8.4%</u>	<u>20.9%</u>
Private and public sector deposits in dollars ⁽¹⁾	30,566	29,561	24,472	3.4%	24.9%
Loans to private and public sector in pesos ⁽¹⁾	1,320,970	1,259,832	932,208	4.9%	41.7%
<u>Loans to private sector</u>	<u>1,293,013</u>	<u>1,231,027</u>	<u>886,640</u>	<u>5.0%</u>	<u>45.8%</u>
Overdrafts	130,507	125,457	107,280	4.0%	21.7%
Promissory bills	278,025	266,185	189,882	4.4%	46.4%
Mortgages	122,549	111,204	59,274	10.2%	106.7%
Pledge-backed loans	86,776	84,310	51,925	2.9%	67.1%
Personal loans	347,569	334,657	217,673	3.9%	59.7%
Credit cards	277,485	262,614	223,830	5.7%	24.0%
Other loans	50,102	46,600	36,776	7.5%	36.2%
<u>Loans to public sector</u>	<u>27,957</u>	<u>28,805</u>	<u>45,568</u>	<u>-2.9%</u>	<u>-38.6%</u>
Loans to private and public sector in dollars ⁽¹⁾	14,851	14,621	9,224	1.6%	61.0%
Total monetary aggregates ⁽¹⁾					
M1 (currency held by public + settlement check in pesos+ current account in pesos)	1,153,680	1,062,755	898,086	8.6%	28.5%
M2 (M1 + savings account in pesos)	1,604,039	1,453,136	1,225,315	10.4%	30.9%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	2,404,687	2,253,473	1,892,343	6.7%	27.1%
M3* (M3 + total deposits in dollars + settlemente check in foreign curren	2,947,969	2,772,124	2,282,632	6.3%	29.1%
Private monetary aggregates					
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	966,071	915,781	744,776	5.5%	29.7%
M2 (M1 + private savings account in pesos)	1,394,232	1,288,059	1,054,527	8.2%	32.2%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	2,036,746	1,914,056	1,587,891	6.4%	28.3%
M3* (M3 + private total deposits in dollars + settlemente check in foreign currency)	2,494,347	2,351,995	1,930,947	6.1%	29.2%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2017		Last 12 months	
	Nominal	Contribution ⁽⁴⁾						
Monetary base	76,177	8.4%	110,377	12.7%	194,765	24.7%	194,765	24.7%
Foreign exchange purchases with the private sector	0	0.0%	0	0.0%	1,421	0.2%	1,421	0.2%
Foreign exchange purchases with the NT	18,306	2.0%	110,361	12.7%	267,807	34.0%	267,807	34.0%
Temporary Advances and Profit Transfers	20,834	2.3%	43,071	4.9%	147,484	18.7%	147,484	18.7%
Other public sector operations	121	0.0%	-2,447	-0.3%	-7,067	-0.9%	-7,067	-0.9%
Sterilization (BCRA securities and repos)	35,529	3.9%	-45,546	-5.2%	-234,885	-29.8%	-234,885	-29.8%
Others	1,386	0.2%	4,939	0.6%	20,005	2.5%	20,005	2.5%
International Reserves	1,589	2.9%	4,745	9.3%	17,694	46.7%	17,694	46.7%
Foreign exchange market intervention	0	0.0%	0	0.0%	346	0.9%	346	0.9%
International financial institutions	-77	-0.1%	-521	-1.0%	-1,728	-4.6%	-1,728	-4.6%
Other public sector operations	1,132	2.1%	7,557	14.9%	17,594	46.4%	17,594	46.4%
Dollar liquidity requirements	420	0.8%	-2,333	-4.6%	-382	-1.0%	-382	-1.0%
Others (incl. change in US\$ market value of nondollar assets)	114	0.2%	41	0.1%	1,864	4.9%	1,898	5.0%

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.

Sources: BCRA Accounting Department and SISCEN Informative Regime.

Minimum Cash Requirement and Compliance

	Dec-17	Nov-17	Oct-17
(1)			
Domestic Currency	% of total deposits in pesos		
Requirement	13,4	13,0	13,0
Compliance	13,7	13,2	13,2
Position (2)	0,3	0,2	0,2
<i>Residual time structure of term deposits used for the calculation of the requirement (3)</i>	%		
Up to 29 days	68,8	68,6	68,3
30 to 59 days	21,2	20,8	21,1
60 to 89 days	5,4	5,7	5,5
90 to 179 days	3,3	3,6	3,8
more than 180 days	1,2	1,3	1,3
Foreign Currency	% of total deposits in foreign currency		
Requirement	25,5	24,5	24,1
Compliance (includes default application resource)	49,0	47,2	46,2
Position (2)	23,5	22,7	22,1
<i>Residual time structure of term deposits used for the calculation of the requirement (3)</i>	%		
Up to 29 days	54,9	55,5	54,6
30 to 59 days	21,3	19,1	19,7
60 to 89 days	9,3	10,4	9,8
90 to 179 days	7,6	8,2	9,5
180 to 365 days	4,4	3,6	3,0
more than 365 days	2,5	3,2	3,3

(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	Dic-17	Nov-17	Oct-17	Dic-16
Interbank Loans (overnight)				
Interest rate	29.04	27.94	25.99	24.66
Traded volume (million pesos)	4,917	5,424	4,232	4,576
Time Deposits				
<u>In pesos</u>				
30-44 days	21.48	20.82	19.71	18.78
60 days or more	22.75	21.84	20.17	19.06
Total BADLAR (more than \$1 million, 30-35 days)	21.76	21.70	20.76	19.54
Private Banks BADLAR (more than \$1 million, 30-35 days)	23.18	22.55	21.60	20.04
<u>In dollars</u>				
30-44 days	0.50	0.46	0.45	0.39
60 days or more	0.74	0.72	0.76	0.68
Total BADLAR (more than \$1 million, 30-35 days)	0.52	0.48	0.51	0.45
Private Banks BADLAR (more than \$1 million, 30-35 days)	0.72	0.80	0.78	0.55
Lending Interest Rates	Dic-17	Nov-17	Oct-17	Dic-16
Stock Repos				
Gross interest rates 30 days	28.06	27.76	26.22	25.50
Traded volume (all maturities, million pesos)	1,236	1,343	1,236	795
Loans in Pesos ⁽¹⁾				
Overdrafts	34.15	32.58	31.49	30.99
Promissory Notes	25.33	24.18	22.64	23.54
Mortgages	18.60	17.31	18.83	19.70
Pledge-backed Loans	17.45	17.83	18.41	20.73
Personal Loans	39.90	39.29	38.36	39.15
Credit Cards	s/d	41.25	42.09	44.37
Overdrafts - 1 to 7 days - more than \$10 million	31.36	29.29	27.13	25.92
International Interest Rates	Dic-17	Nov-17	Oct-17	Dic-16
LIBOR				
1 month	1.49	1.29	1.24	0.72
6 months	1.77	1.63	1.54	1.31
US Treasury Bonds				
2 years	1.84	1.70	1.54	1.19
10 years	2.40	2.35	2.36	2.50
FED Funds Rate	1.41	1.25	1.25	0.66
SELIC (1 year)	7.08	7.50	8.07	13.75

(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	Dic-17	Nov-17	Oct-17	Dic-16
BCRA Repo Interest Rates				
Overnight reverse repo	26.75	26.52	24.59	22.02
7-day reverse repo	28.00	27.77	25.84	22.81
7-day repo	29.50	29.27	27.34	26.69
Total Repo Interest Rates				
Overnight	27.84	26.90	24.88	24.01
7 days	0.00	0.00	0.00	0.00
Repo traded volumen (daily average)	10,724	10,083	9,770	8,300
Peso LEBAC Interest Rate¹				
1 month	28.75	28.75	26.50	24.75
2 months	28.80	29.10	26.84	24.44
3 months	28.80	29.25	27.00	24.16
9 months	28.70	29.60	27.35	22.90
12 months	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
Dollars LEBAC Interest Rate¹				
1 month	s/o	s/o	s/o	s/o
3 months	s/o	s/o	s/o	s/o
6 months	s/o	s/o	s/o	s/o
12 months	s/o	s/o	s/o	s/o
LEBAC and NOBAC traded volume (daily average)	33393	26186	29983	11758
Foreign Exchange Market	Dic-17	Nov-17	Oct-17	Dic-16
Dollar Spot				
Exchange agencies	17.73	17.48	17.46	15.84
BCRA Reference	17.79	17.53	17.52	15.89
Future dollar				
NDF 1 month	18.08	17.83	17.79	16.02
ROFEX 1 month	18.10	17.84	17.82	16.22
Traded volume (all maturities, million pesos)	17,441	11,151	10,929	8,423
Real (Pesos/Real)	5.38	5.36	5.47	4.73
Euro (Pesos/Euro)	20.99	20.54	20.52	16.69
Capital Market	Dic-17	Nov-17	Oct-17	Dic-16
MERVAL				
Index	27,798	27,268	27,105	16,711
Traded volume (million pesos)	671	652	742	282
Government Bonds (parity)				
DISCOUNT (US\$ - NY legislation)	117.19	116.17	116.91	103.73
BONAR X (US\$)	115.58	115.60	116.26	115.04
DISCOUNT (\$)	102.57	103.43	108.58	116.98
Country risk				
Spread BONAR 24 vs. US Treasury Bond	217	249	231	332
EMBI+ Argentina	356	370	354	494
EMBI+ Latinoamérica	464	468	433	491

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