

# Monthly Monetary Report

May 2023



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

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*The closing date for statistics in this report was June 7, 2023. All figures are provisional and subject to review.*

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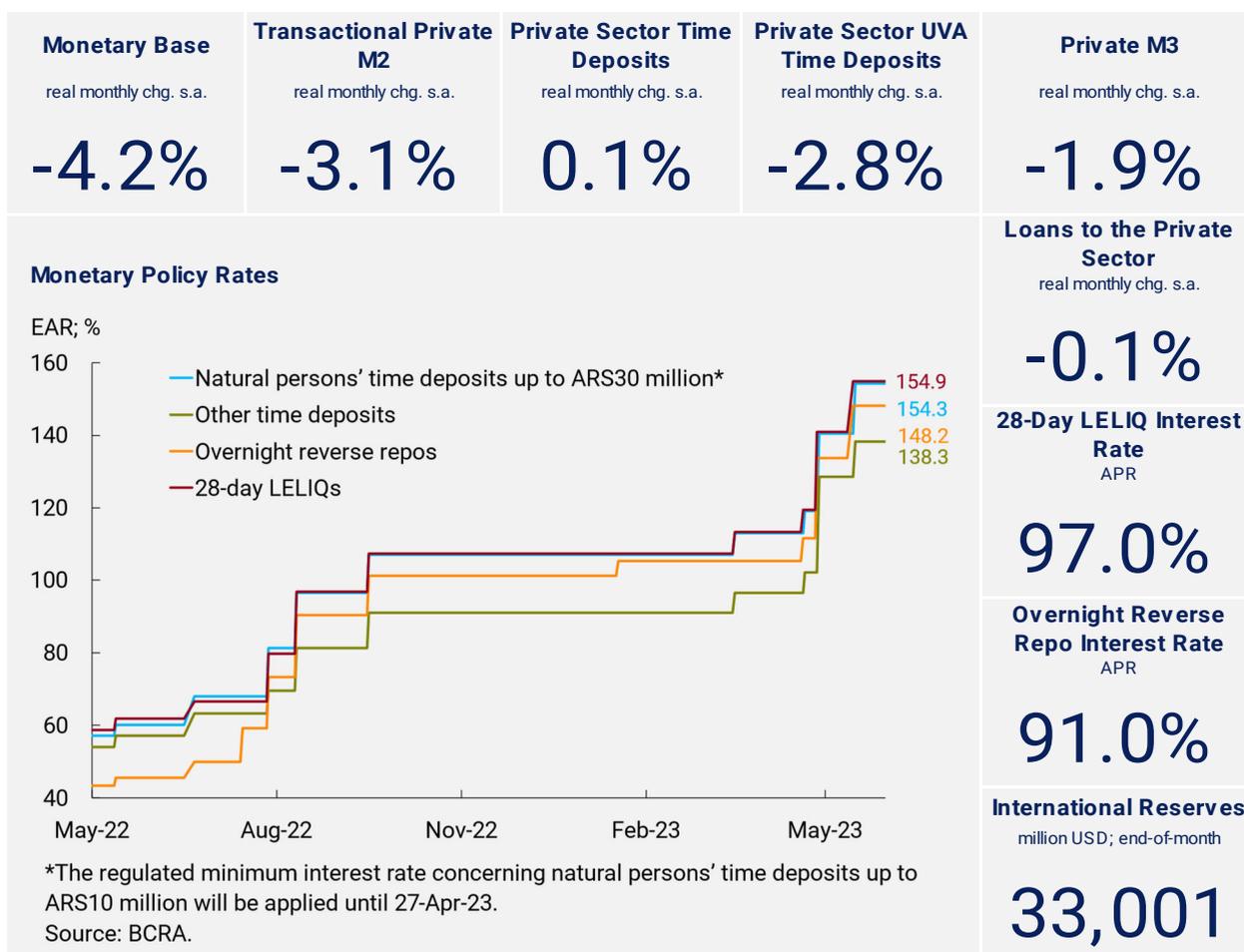
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### **About inclusive language in the Spanish version of this report**

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. Executive Summary



By mid-May, the BCRA raised the monetary policy rate (28-day liquidity bills (LELIQs)) by 6 percentage points (p.p.), setting it at 97% APR (154.9% EAR). It also raised the interest rates on the rest of monetary policy instruments and the regulated minimum interest rates paid on deposits. This rise took place by mid-May; therefore, it has had no thorough impact on the performance of deposits yet. In May, time deposits in pesos from the private sector remained unchanged, standing around the highs of the past few decades both at constant prices and in terms of GDP.

In turn, transactional deposits continued declining and, unlike savings instruments in pesos, transactional private M2 remained around the lowest figures of the past 20 years in terms of GDP.

In May, the broad monetary aggregate (private M3) contracted at constant prices and in seasonally-adjusted (s.a.) terms. This occurred against the backdrop of unchanged time deposits and a decline in means of payment.

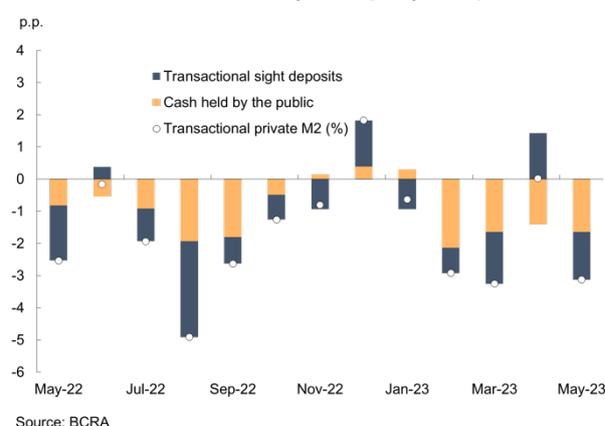
Loans to the productive activity of micro-, small-, and medium-sized enterprises (MSMEs) granted through promissory notes posted the greatest dynamism. The Credit Line for Productive Investment (*Línea de Financiamiento para la Inversión Productiva*, LFIP) was the main channel to finance this sector.

It should be noted that, in May, the third edition of the Export Increase Program (*Programa de Incremento Exportador*, PIE) came to an end for the soybean complex but it is still implemented in regional economies. Until June 2, the program allowed the BCRA to purchase foreign currency for USD5,112.5 million. This figure was in line with the estimates made when the program was launched, which was around USD5,000 million.

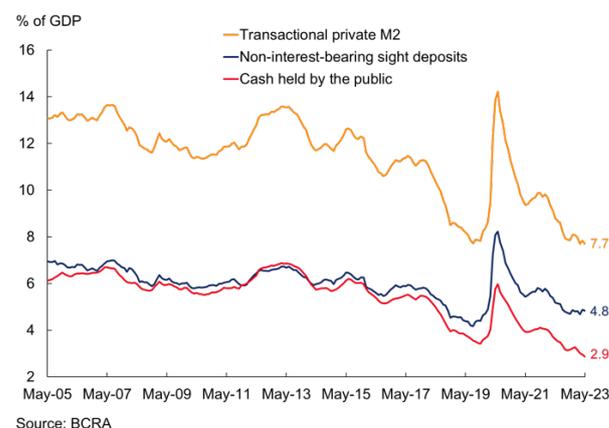
## 2. Means of Payment

In real and seasonally-adjusted terms, means of payment (transactional private M2<sup>1</sup>) posted a **3.1% contraction in May**. This was similarly observed in the performance of cash held by the public as well as in non-interest-bearing sight deposits (see Chart 2.1). Transactional private M2 stood 18.7% below the level observed in May 2022 in year-on-year (y.o.y.) terms and at constant prices. In terms of GDP, means of payment stood at 7.7%, decreasing slightly (0.1 p.p.) against April and remaining around the lowest figures of the past 20 years (see Chart 2.2).

**Chart 2.1 | Transactional Private M2 at Constant Prices**  
Contribution to s.a. monthly change by component



**Chart 2.2 | Transactional Private M2**



## 3. Savings Instruments in Pesos

In May, the Board of the BCRA decided to increase the minimum interest rates paid on time deposits with a view to encouraging saving in domestic currency and contributing to financial and foreign exchange balance.<sup>2</sup> In particular, the monetary authority raised the minimum interest rates paid on natural persons' time deposits from 91% APR to 97% APR (154.3% EAR). In turn, for the other depositors of the financial system, the minimum interest rate rose from 85.5% APR to 90% APR (138.3 EAR<sup>3</sup>).

The impact on the average monthly change was limited as the new interest rate was only effective for 15 days in May. The stock of time deposits in pesos from the private sector remained stable at constant prices. Thus, they stood near the highest levels observed over the last few decades, and at 7.7% of GDP in May.

The analysis of time deposits grouped by amount shows that deposits from the wholesale segment (over ARS20 million) grew on average over May (see Chart 3.1). The performance of the wholesale segment was explained by a growth in the holdings of financial service providers (FSPs), whose main players are money market funds (MMFs). These players rebalanced their portfolios in favor of traditional time deposits to the detriment of interest-bearing sight deposits. Indeed, the monthly average of interest-bearing sight deposits posted a 2.4% contraction at constant prices and in seasonally-adjusted terms. The restructuring in the

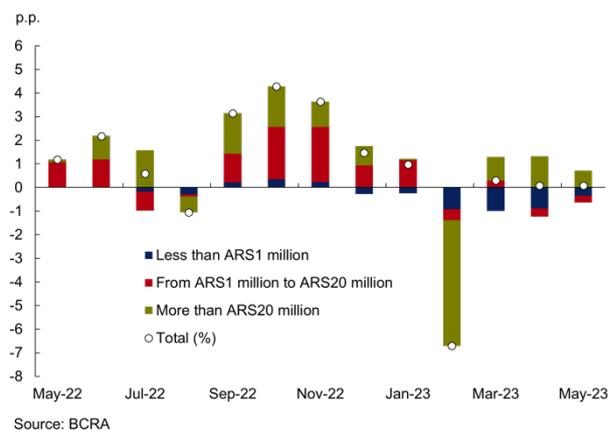
<sup>1</sup> Private M2 excluding interest-bearing sight deposits held by companies and financial service providers since they are more similar to a savings instrument than to a means of payment.

<sup>2</sup> The current interest rates have been set out in Communication "A" 7726.

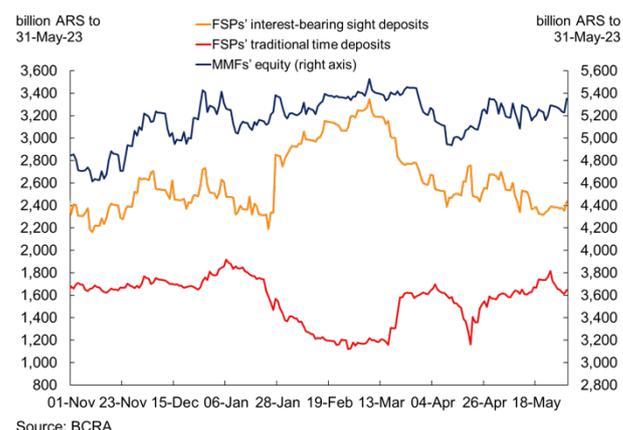
<sup>3</sup> The rest of depositors are legal persons and natural persons with deposits over ARS10 million.

composition of MMF portfolios took place against the backdrop of relative equity stability at constant prices<sup>4</sup> (see Chart 3.2). **The wholesale segment dynamics was offset by the performance of retail deposits (up to ARS1 million) and deposits from ARS1 to ARS20 million, which declined in real terms.** Finally, early-payment investments, which cannot be sorted by type of holder, exhibited an increase in May.

**Chart 3.1 | Private Sector Deposits in Pesos**  
Contribution to real monthly growth grouped by amount

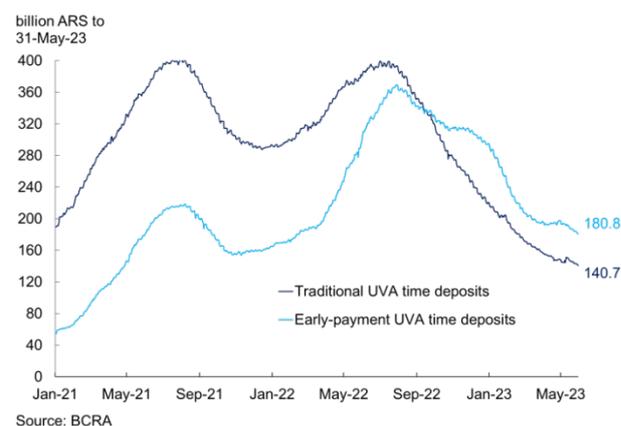


**Chart 3.2 | Deposits over ARS20 Million**  
Stock at constant prices

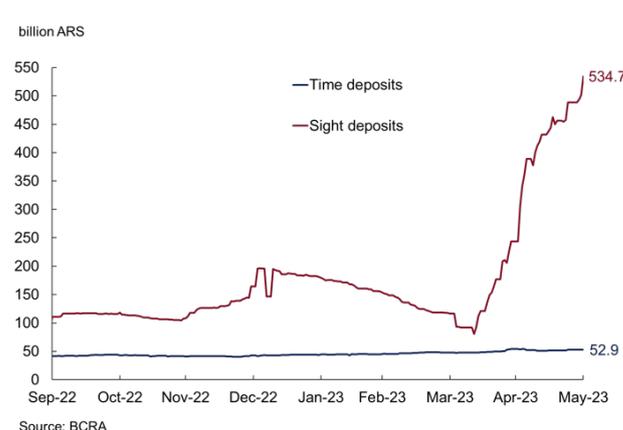


Time deposits adjusted by the reference stabilization coefficient (CER, in Spanish) contracted once again in real terms, accruing ten months of falls in a row. However, their falling pace moderated compared to previous months. The decrease was observed in both traditional and early-payment deposits adjusted by units of purchasing power (UVA, in Spanish), whose monthly change rates were -3.3% s.a. and -2.3% s.a., respectively (see Chart 3.3). The analysis of deposits by type of holder showed that the decline was mainly driven by natural persons' holdings, which accounted for about 85% of the total. All in all, the stock of UVA deposits reached ARS321.5 billion at the end of May, which amounted to 2.9% of total time instruments in domestic currency.

**Chart 3.3 | Private Sector UVA Time Deposits**  
Stock at constant prices by type of instrument



**Chart 3.4 | Exchange Rate-Adjusted Deposits**  
Stock at current prices



In turn, deposits adjusted by the benchmark exchange rate recorded a rise in May. At present, there are two different types of deposits with foreign exchange hedge: sight accounts and time investments called "DIVA

<sup>4</sup> Even though the equity of MMFs grew by 2.2% s.a. on average in real terms, the increase was mainly explained by the carryforward from April.

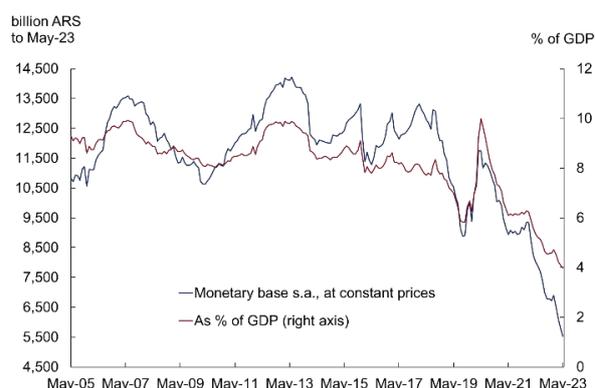
dollar deposits”<sup>5</sup> (deposits with floating interest rates calculated on the basis of the wholesale rate of the dollar). By the end of May, the former recorded a 119.6% change at current prices, reaching a stock of ARS534.7 billion. It should be noted that these funds originated in transactions under the PIE. In turn, the stock of DIVA dollar deposits amounted to ARS52.9 billion in May, evidencing an average monthly expansion of 5.8% at current prices (see Chart 3.4). Financial institutions may resort to bills payable at the benchmark exchange rate (LEDIVs) as an instrument for hedging the exchange rate risk of such deposits.

**All in all, the broad monetary aggregate (private M3) at constant prices posted a monthly reduction of 1.9% s.a. in May.**<sup>6</sup> In year-on-year terms, private M3 decreased by 4%, with a share of 17.5% in GDP, exhibiting a decrease of 0.1 p.p. against April and remaining comparable to the 2010-2019 average.

## 4. Monetary Base

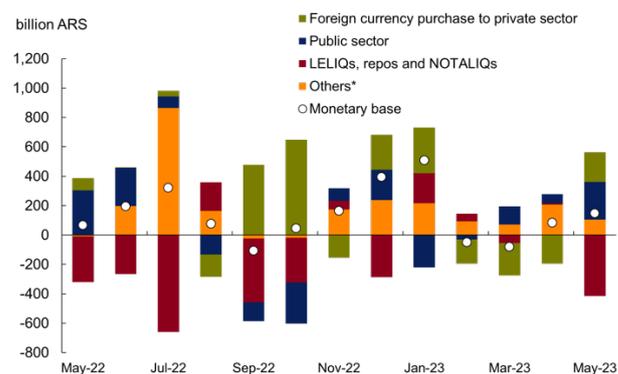
**In May, the monetary base averaged ARS5,392.8 billion, which meant a monthly expansion of 2.8% (+ARS147.44 billion) at current prices.** It contracted by 4.2%, adjusted by seasonality and at constant prices, down around 30.7% over the last twelve months. In terms of GDP, the monetary base stood at 4%, down 0.1 p.p. against April and at its historic low since the exit from the convertibility system (see Chart 4.1).

**Chart 4.1 | Monetary Base**



Source: BCRA

**Chart 4.2 | Monetary Base Explanatory Factors**  
Monthly average change



\*It includes BCRA's operations in the sovereign bond secondary market.  
Source: BCRA

On the supply side, the main expansion factors of the monetary base were public sector transactions and the net purchase of foreign currency to the private sector, boosted by the new implementation of the PIE. Another factor for liquidity expansion was the purchase of sovereign bonds in the secondary market with the aim of reducing excessive volatility. The expansion of liquidity was in part sterilized through monetary policy instruments and, to a lesser extent, through BCRA's open futures position (see Chart 4.2).

**By mid- May, the BCRA decided to raise the interest rate on 28-day LELIQs by 6 p.p. to reach 97% APR (154.9% EAR). The interest rate on 180-day LELIQs underwent the same rise and stood at 105.5% APR**

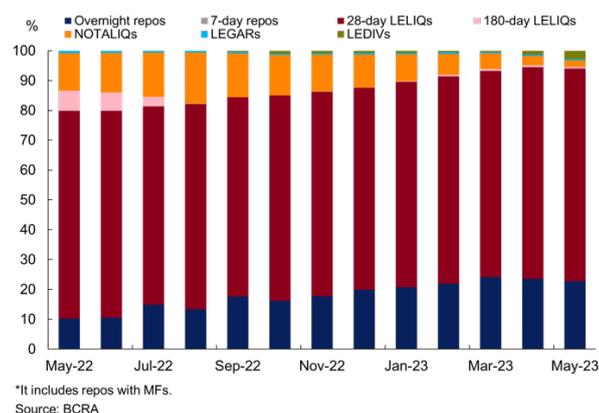
<sup>5</sup> This type of account is not available to all agents. Sight deposits adjusted by the exchange rate can be solely subscribed by 1) account holders involved in agricultural activities (those who took part in the PIE and regional economies exporters), and 2) holders of special accounts for exporters. The latter includes exporters of goods under certain conditions and entities that obtain financial assistance and/or non-refundable contributions from international organizations. Nevertheless, time deposits adjusted by the exchange rate are only available for persons involved in agricultural activities.

<sup>6</sup> Private M3 includes cash held by the public and deposits in pesos from the non-financial private sector (sight deposits, time deposits and others).

**(133.8% EAR).** As for shorter-term instruments, the interest rate on overnight reverse repos increased from 85% APR to 91% APR (148.2% EAR), whereas the rate on overnight repos was 116% APR (218.4% EAR). Finally, the spread of liquidity notes (NOTALIQs) in the last auction of the month stood at 8.5 p.p., remaining unchanged since September 2022. The monetary authority's decision was based on the need to obtain positive real returns on investments in domestic currency, and to prevent financial volatility from having an impact on inflation expectations. Moreover, this measure is in line with the short-term interest rates on debt instruments issued by the National Treasury.

**With the current composition of instruments, 28-day LELIQs averaged 71.3% of remunerated liabilities in May.** Longer-term instruments, particularly NOTALIQs, accounted for 2.7% of the total. In turn, the share of overnight reverse repos in total instruments decreased to reach 22.7% of the total. LEDIVs and LEGARs, which are bills issued by the BCRA, increased their share by 1.5 p.p. vis-à-vis April (see Chart 4.3).

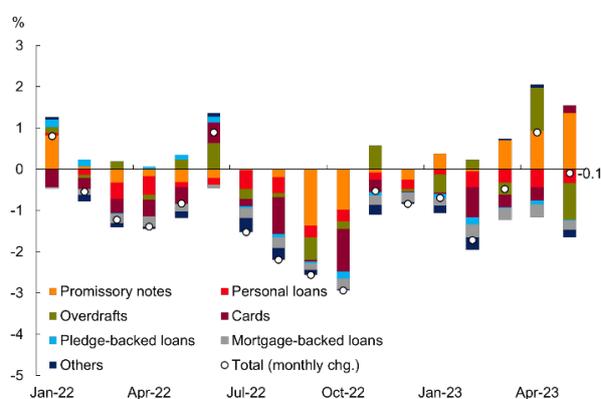
**Chart 4.3 | Composition of BCRA's Remunerated Liabilities**  
Monthly average



## 5. Loans to the Private Sector in Pesos

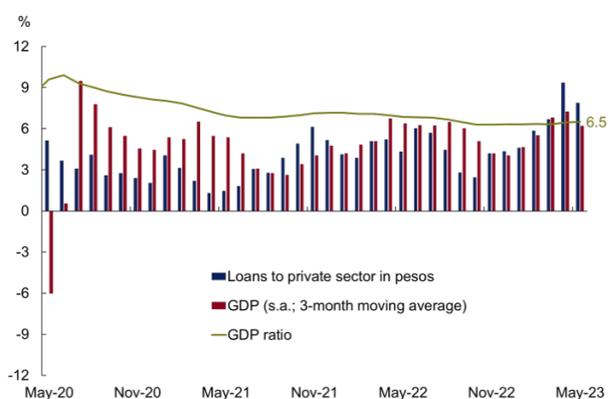
**In May, loans in pesos to the private sector posted a monthly decrease of 0.1% s.a. in real terms, accruing an 11.2% decline over the last 12 months. The decline was virtually observed across all credit lines, except for promissory notes (see Chart 5.1).** In terms of current GDP, loans in pesos to the private sector improved slightly in May and stood at 6.5% (see Chart 5.2).

**Chart 5.1 | Loans to Private Sector in Pesos**  
Real, seasonally-adjusted; contribution to monthly growth



Source: BCRA

**Chart 5.2 | Loans to Private Sector in Pesos**  
In terms of GDP



Source: BCRA

**Sorted out by type of financing, business credit lines grew 0.7% in real terms, loans granted through promissory notes and overdrafts posting a heterogeneous performance.** Indeed, loans granted through promissory notes improved by 4.9% s.a. in real terms, with a stock similar to that of May 2022. The climb was accounted for by both discounted notes (6% s.a. in the month) and unsecured promissory notes, which also grew in real terms over May (4% s.a.). In turn, overdrafts exhibited a 7.2% s.a. decrease at constant prices, the greatest fall in the past two years, down 2.3% against a year ago.

The analysis of business credit by type of debtor shows that financing to MSMEs increased at constant prices (1.7% s.a.), whereas credit to big companies recorded a moderate monthly contraction. In terms of GDP, credit to smaller relative-sized companies stood beyond the record observed before the pandemic and also above its historic average. On the contrary, the ratio of credit channeled to big companies in terms of GDP stood at its historic low, even though it rose over the last twelve months (see Chart 5.3).

**This shows that credit was mainly channeled to the productive activities of MSMEs, in particular, under the LFIP.** The loans granted until the end of May within the framework of the LFIP accrued disbursements for about ARS5,817 billion from its implementation, up 8.3% vis-à-vis April (see Chart 5.4). Out of the total financings granted through the LFIP, 13.7% was channeled to investment projects and the rest, to working capital. It is worth mentioning that the average stock of loans granted through the LFIP reached around ARS1,566 billion in April (latest available data), standing for nearly 18.7% of total loans and 42.7% of total business loans.

**Chart 5.3 | Business Loans by Type of Debtor**  
As % of GDP



**Chart 5.4 | Financing Granted through the LFIP**  
Accrued disbursed amounts as to end-of-month



Loans for consumption fell 0.3% s.a. at constant prices in May, falling 13.9% over the last 12 months. Among these credit lines, financings on credit cards posted a rise of 0.7% s.a. (-10% y.o.y.) in real terms in May. In turn, personal loans decreased 2.2% s.a. in the month, down nearly 20% against May 2022.

As for credit lines with real property collateral, pledge-backed loans declined by 0.2% s.a. in real terms, down 9.5% vis-à-vis a year ago. Regarding the stock of mortgage-backed loans, it fell by 4.9% s.a. at constant prices, with an accrued contraction of 39.1% over the last twelve months.

## 6. Financial Institutions' Liquidity in Pesos

**In May, broad liquidity in domestic currency<sup>7</sup> exhibited a new increase of 1.3 p.p. against April, with an average of 79.1% of deposits (see Chart 6.1). Thus, it stood at historically high levels.** The rise was mainly driven by LELIQs and compliance with sovereign bonds. This was in part offset by NOTALIQs and current accounts held at the BCRA.

As for regulatory changes with a potential impact on bank liquidity, it is worth mentioning in the first place that, as from May 15, financial institutions may meet the minimum cash requirements with the new National Treasury Bond in pesos falling due on August 23, 2025, in addition to BOTE 2027 (to be due on May 23, 2027, and November 23, 2027).<sup>8</sup> Such Bond was issued at the end of May, so allocation would have a substantial impact as from June.

In the second place, the residual term for meeting the minimum cash requirements with all eligible sovereign bonds was extended to 760 days.<sup>9</sup> In the third place, financial institutions' financings to MSMEs arranged through the purchase of electronic credit invoices (*Facturas de Crédito Electrónicas MiPyME, FCEM*)—accepted by companies that meet with certain conditions established in the regulation—may be computed for complying with the minimum reserve requirements.<sup>10</sup>

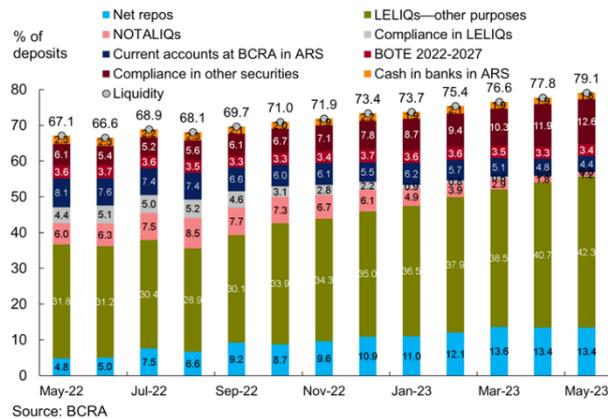
<sup>7</sup> It includes current accounts with the BCRA, cash holdings in banks, arranged net repo stocks with the BCRA, holdings of LELIQs and NOTALIQs, and holdings of sovereign bonds eligible to comply with the minimum reserve requirements.

<sup>8</sup> Communication "A" 7767.

<sup>9</sup> Communication "A" 7775.

<sup>10</sup> Communication "A" 7758.

**Chart 6.1 | Financial Institutions' Liquidity in Pesos**

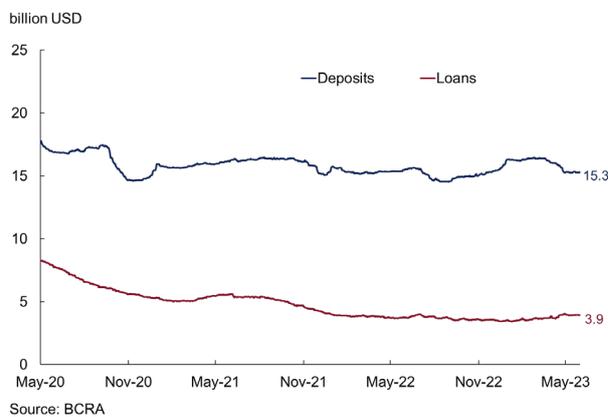


## 7. Foreign Currency

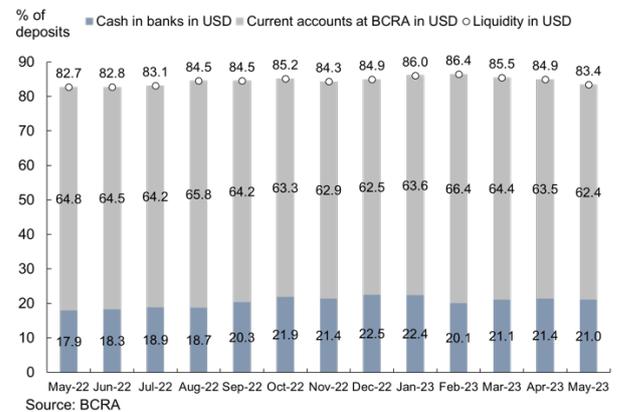
As regards foreign currency, financial institutions' main assets and liabilities recorded limited changes.

On the one hand, the stock of private sector deposits totaled USD15.28 billion by the end of May, virtually exhibiting no changes compared to the end of April. In particular, deposits held by legal persons rose, whereas those held by natural persons fell. On the other hand, the stock of loans to the private sector decreased by USD80 million, reaching USD3.95 billion at the end of May (see Chart 7.1).

**Chart 7.1 | Stock of Private Sector Deposits and Loans in Foreign Currency**



**Chart 7.2 | Financial Institutions' Liquidity in Foreign Currency**



Financial institutions' liquidity in foreign currency dropped 1.5 p.p. against April, standing at 83.4% of deposits and remaining at historically high levels. The fall of liquidity was driven by the performance of current accounts at the BCRA, which was in part offset by a rise of cash in banks (see Chart 7.2).

In May, the BCRA made some changes in the regulation of foreign exchange with a view to allocating international reserves efficiently. Firstly, purchases made by foreign tourists through electronic wallets involving a debit from their bank or virtual accounts may be settled at an exchange rate with financial dollars as a benchmark.<sup>11</sup> The same regulation sets out that payments must be made in the currency stated in the affidavit of either the Argentine Imports System (*Sistema de Importaciones de la República Argentina*, SIRA),

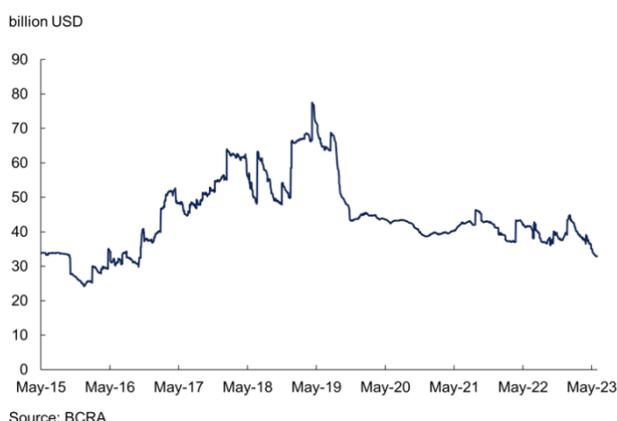
<sup>11</sup> Communication "A" 7762.

or the Argentine Imports System and Foreign Service Payments (*Sistema de Importaciones de la República Argentina y Pagos de Servicios al Exterior, SIRASE*) **where this currency belongs to a country with which the BCRA holds a Bilateral Currency Swap Agreement.** In addition, **the export pre-financing system will be implemented for the payment of imports.**<sup>12</sup> **The system allows import and export companies to finance the purchase of supplies through their own suppliers or through foreign or domestic banks (international credit lines).** Last, **new conditions** were set for importers to have access to the forex market for the payment of imports,<sup>13</sup> transactions with securities,<sup>14</sup> and payments abroad on credit cards.<sup>15</sup>

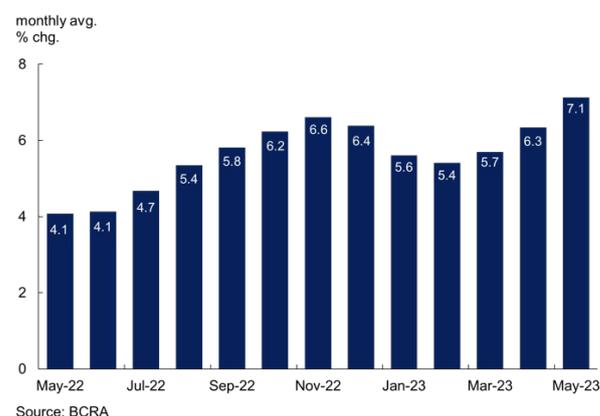
**At the end of May, the BCRA’s international reserves reached USD33 billion, down USD2 billion against the end of April.** This fall was mainly explained by payments to international organizations, mainly to the International Monetary Fund (IMF) for USD800 million, and by valuation losses on net foreign assets. In turn, purchases of foreign currency under the PIE totaled USD3.2 billion in May, though they were in part offset by the net sales made outside the scope of such program (see Chart 7.3). It should be noted that, until June 2, the BCRA purchased foreign currency for USD5,112.5 million under the PIE (third edition).

**Finally, the ARS/USD nominal exchange rate increased 7.1% in May, exceeding the rise recorded in April** (see Chart 7.4). Thus, **it averaged ARS231.14/USD1.**

**Chart 7.3 | Stock of International Reserves**



**Chart 7.4 | Change in Bilateral Nominal Exchange Rate against USA**



12 Communication "A" 7770.

13 Communications "A" 7763, "A" 7766 and "A" 7771.

14 Communication "A" 7772.

15 Communication "A" 7766.

## 8. Regulatory Overview

Date of Issue	Regulation	Description
May-4-23	<u>Comm. "A" 7758</u>	As from May 2023, financial institutions can allocate financings to MSMEs arranged through the purchase of FCEMs to meet minimum reserve requirements in pesos, subject to certain regulatory requirements.
May-4-23	<u>Comm. "A" 7759</u>	Payment service providers that offer payment accounts ( <i>Proveedores de Servicios de Pago que Ofrecen Cuentas de Pago</i> , PSPCPs) will not carry out transactions or allow their clients to make them when those transactions involve digital assets, including crypto assets, not regulated by a national authority or authorized by the BCRA.
May-4-23	<u>Comm. "A" 7762</u>	<p>Payments must be made in the currency stated in the SIRA or SIRASE affidavit when this currency belongs to a country with which the BCRA holds a Bilateral Currency Swap Agreement. The additional requirement for financial institutions is to ensure that payment is made in the same currency as the one stated in the affidavit in order to allow access the forex market.</p> <p>Also, non-residents' payments made through electronic wallets or any other means of payment were exempted from the requirement of settlement in the forex market, provided that they involve an instant debit in a financial institution's account held abroad or in a virtual one and that such payments are made within the regulatory timeframe.</p>
May-4-23	<u>Comm. "A" 7763</u>	<p>Clients will have access to the forex market for paying temporary imports of soybean for purposes other than sowing to the extent that they prove to the financial institution that: a) they have settled the proceeds from exports for consumption under a temporary import clearance (<i>Despacho de Importación Temporal</i>, DIT); and/or b) they settle, on a simultaneous basis, advance collections or pre-financings of exports from abroad or else pre-financings of exports granted by domestic financial institutions with funding from foreign credit lines falling due on the date the goods manufactured from those temporarily imported are exported or afterwards.</p>
May-11-23	<u>Comm. "A" 7766</u>	<p>Financial institutions must ensure that the SIRA affidavits recorded as "OUT" have a term of 0 (zero) calendar days—in addition to the requirements set in previous regulations—before allowing their clients to have access to the forex market for paying imports pending customs registration under a SIRA affidavit effective as from May 12, 2023.</p> <p>Moreover, the affidavits of legal persons willing to carry out transactions with securities must state that on the previous 180 calendar days (90 days before this regulation) they have not delivered funds in domestic currency or other liquid local assets in the country—except for funds in foreign currency credited in domestic financial institutions—to any natural or legal persons exercising direct control over it, or to other companies in the same economic group, except those directly associated with the usual purchase of goods and/or service transactions among residents.</p> <p>Last, financial institutions and non-financial card issuing companies must have the BCRA's consent to access the forex market to make payments abroad for the purchase of gift cards and others acquired in shops abroad with the use of cards issued in Argentina, provided that such payments are directly or indirectly made through international payment networks.</p>

On May 16, 2023, the BCRA raised the minimum interest rates on natural persons' time deposits. The new floor for deposits not exceeding ARS30 million is 97% APR and for all other time deposits, 90% APR. In line with this measure, the fixed interest rate on deposits with an early-payment option was set at 91.8% APR. However, this interest rate reached 93.8% APR for deposits of at least 180-day contractual terms, actually held in the accounts for at least 120 days.

May-15-23 Comm. "A"  
7767

Also, the interest rates on financings under the LFIP were increased to 76% APR for investment projects; and to 88% APR for financing working capital and discount of deferred payment checks, among other promissory notes.

Last, the maximum compensatory interest that financial institutions may charge for financings on credit cards held by natural persons will be raised to 86% APR as from the invoicing cycle of June 2023, provided that the amount financed does not exceed ARS200,000 per credit card account.

May-18-23 Comm. "A"  
7769

The BCRA established, as from September 1, 2023, that stores displaying a QR code to collect their sales on credit cards must accept payments made through any interoperable e-wallets, regardless of the QR code provider. The purpose of this decision is to improve the experience of users and stores. Acquirers and aggregators offering the service may not draw a distinction between stores in terms of fees charged or terms set for crediting funds depending on the e-wallet brand ordering the payment. In the same sense, it was established that when acquirers or aggregators accept payments by transfer, they must offer stores a single QR code that includes all payment instruments. In turn, the new provision expanded the scope of the registry of payment providers to achieve more transparency. Moreover, non-bank collection companies that offer payment services, tax collections, cash and other payment instrument services will be included in the payment service provider (*proveedores de servicios de pago*, PSPs) registry. Finally, the regulation now covers PSPs that start instant transfers from accounts provided by other parties (*PSP que cumplen la función de iniciación*, PSIs). Therefore, they have to comply with the regulations that govern this payment instrument. One of the most important effects will be that PSIs will have to offer their customers the option to make CBU and CVU transfers, as financial institutions or other PSPs that offer payment accounts to their customers do at present.

May-18-23 Comm. "A"  
7770

The use of foreign currency from the export of goods has been allowed to settle maturities of principal and interest of certain financing transactions for the import of goods.

After 60 calendar days from customs registration, clients may credit the funds—not exceeding the amount in pesos established in the regulations for such financings—in a special account or underwrite Central Bank Bills in pesos. In both cases, returns will be payable on the basis of the benchmark exchange rate under Communication "A" 3500, BCRA.

Last, the requirement of transferring and settling foreign currency in the forex market for an amount equal to the nominal value of financial debts held abroad will be considered fulfilled for financial loans granted by counterparties related to the client in which foreign currency disbursements are used directly and as a whole for sight and/or deferred payments to the foreign supplier, insomuch as customs registration is recorded for the same amount as the financing received.

May-18-23 Comm. "A"  
7771

To supplement Communication "A" 7766, the BCRA established that in order to allow access to the forex market for paying imports pending customs registration under a SIRA affidavit effective as from May 12, 2023, financial institutions must ensure that payments have been recorded as "OUT" until May 11, 2023.

In addition, financial institutions must require clients to upload their affidavits to the SIRASE recorded as "APPROVED" in order to provide them with access to the forex market for the payment of freight services.

May-19-23	Comm. "A" <u>7772</u>	For the cases in which the client of a financial institution is a <b>legal person willing to make transactions with securities</b> , the BCRA established another way of considering fulfilled the requirement of prior consent by this monetary authority. The client must state, in an affidavit, that <b>on the previous 90 calendar days they have not delivered funds in domestic currency or other liquid local assets in the country—except for funds in foreign currency credited in domestic financial institutions—to any natural or legal persons, except those directly associated with the usual transactions to develop their activities.</b>
May-24-23	Comm. "A" <u>7774</u>	<p><b>As of May 24, 2023, the BCRA will issue "Central Bank Bills in US dollars payable at the benchmark exchange rate (LEDIVs) at zero rate".</b> Financial institutions having deposits with floating interest rates—calculated according to the wholesale rate of the dollar—in their portfolios may underwrite BCRA bills as well as financial institutions acting on behalf of clients belonging to the energy sector. This is allowed provided that such clients have settled inflows from advances or pre-financings of exports through the Free and Single Foreign Exchange Market (<i>Mercado Único y Libre de Cambios</i>, MULC) with at least a 180-day term; and have also settled inflows of foreign currency with no obligation to be transferred and settled, for at least the same amount in foreign currency to be underwritten in pesos on the basis of the benchmark exchange rate on that date.</p> <p>These bills will be non-transferable. Also, holders are entitled to request the <b>early redemption of LEDIVs, either in full or in part, as of 48 hours after their underwriting.</b></p>
May-29-23	Comm. "A" <u>7775</u>	Since May 29, 2023, <b>financial institutions have been allowed to meet minimum cash requirements with national sovereign bonds in pesos with a term of 760 calendar days upon subscription.</b>

## 9. Monetary and Financial Indicators

The figures below are stated in millions, and original currency. Figures are provisional and subject to review.

Main monetary variables associated with BCRA	Monthly average					Average percentage changes as to May-23						% of GDP	
	May-23	Apr-23	Mar-23	Dec-22	May-22	Monthly		Accrued in 2023		Year-on-year		May-23	Dec-22
						Nominal n.s.a.	Real s.a.	Nominal n.s.a.	Real s.a.	Nominal	Real		
<b>Monetary Base</b>	<b>5,392,794</b>	<b>5,245,351</b>	<b>5,161,255</b>	<b>4,781,929</b>	<b>3,696,382</b>	2.8%	-4.2%	2.8%	-27.3%	45.9%	-30.7%	<b>4.0%</b>	<b>4.6%</b>
Currency in circulation	4,300,300	4,155,790	4,070,844	3,767,917	2,743,185	3.5%	-4.3%	3.5%	-27.4%	56.8%	-25.6%	<b>3.2%</b>	<b>3.6%</b>
Cash held by the public	3,854,549	3,726,177	3,660,100	3,361,646	2,471,599	3.4%	-4.3%	3.4%	-27.5%	56.0%	-25.9%	<b>2.9%</b>	<b>3.2%</b>
Cash in financial institutions	445,724	429,613	410,745	406,270	271,586	3.8%	-3.9%	3.8%	-27.1%	64.1%	-22.1%	<b>0.3%</b>	<b>0.4%</b>
Current accounts at BCRA	1,092,494	1,089,561	1,090,411	1,014,012	953,197	0.3%	-7.1%	0.3%	-29.6%	14.6%	-45.6%	<b>0.8%</b>	<b>1.0%</b>
<b>BCRA's remunerated liabilities (NV ARS)</b>	<b>14,007,476</b>	<b>12,623,436</b>	<b>11,808,752</b>	<b>9,946,599</b>	<b>5,557,121</b>	11.0%	2.8%	11.0%	-22.1%	152.1%	19.7%	<b>10.1%</b>	<b>9.7%</b>
Reverse repos	3,289,269	3,029,621	2,878,700	2,004,090	572,009	8.6%	0.5%	8.6%	-23.7%	475.0%	173.1%	<b>2.4%</b>	<b>1.9%</b>
Stock of LELIQs	10,412,635	9,190,259	8,307,160	6,831,822	4,281,073	13.3%	4.9%	13.3%	-20.4%	143.2%	15.5%	<b>7.5%</b>	<b>6.6%</b>
Stock of 28-day LELIQs	10,329,490	9,107,114	8,224,016	6,820,934	3,904,694	13.4%	5.0%	13.4%	-20.3%	164.5%	25.6%	<b>7.4%</b>	<b>6.6%</b>
Stock of 180-day LELIQs	83,145	83,145	83,145	10,888	376,379	0.0%	-7.4%	0.0%	-29.8%	-77.9%	-89.5%	<b>0.1%</b>	<b>0.0%</b>
Stock of NOTALIQs	305,572	403,556	622,891	1,110,688	704,039	-24.3%	-29.9%	-24.3%	-46.8%	-56.6%	-79.4%	<b>0.2%</b>	<b>1.1%</b>
<b>BCRA's international reserves in dollars</b>	<b>33,525</b>	<b>37,169</b>	<b>37,952</b>	<b>40,650</b>	<b>41,620</b>	-9.8%	-	-9.8%	-	-19.4%	-	<b>5.6%</b>	<b>6.8%</b>

Monthly average explanatory factors	Monthly		Quarterly		Accrued in 2023		Year-on-year	
	Nominal	Contribution	Nominal	Contribution	Nominal	Contribution	Nominal	Contribution
<b>Monetary Base</b>	<b>147,443</b>	<b>2.8%</b>	<b>150,584</b>	<b>2.9%</b>	<b>610,865</b>	<b>12.8%</b>	<b>1,696,412</b>	<b>45.9%</b>
Foreign exchange purchases to private sector and others	200,841	3.8%	-214,297	-4.1%	-67,133	-1.4%	1,029,946	27.9%
Foreign exchange purchase to the NT	-126,761	-2.4%	-212,333	-4.1%	-386,466	-8.1%	-458,236	-12.4%
Temporary advances and profit transfers to National Government	406,022	7.7%	569,355	10.9%	569,355	11.9%	869,706	23.5%
Other public sector operations	-22,214	-0.4%	86,202	1.6%	7,570	0.2%	-128,458	-3.5%
Monetary policy instruments	-414,577	-7.9%	-460,228	-8.8%	-203,782	-4.3%	-1,902,496	-51.5%
Others	104,133	2.0%	381,885	7.3%	691,322	14.5%	2,285,952	61.8%
<b>BCRA's International Reserves</b>	<b>-3,644</b>	<b>-9.8%</b>	<b>-6,318</b>	<b>-15.9%</b>	<b>-7,125</b>	<b>-17.5%</b>	<b>-8,095</b>	<b>-19.4%</b>
Purchases of foreign currency	203	0.5%	-2,149	-5.4%	-1,659	-4.1%	2,122	5.1%
International organizations <sup>5</sup>	-2,183	-5.9%	-1,591	-4.0%	-2,596	-6.4%	-4,660	-11.2%
Other public-sector transactions	-150	-0.4%	95	0.2%	-2,060	-5.1%	-3,283	-7.9%
Minimum cash requirements	-606	-1.6%	-1,889	-4.7%	-620	-1.5%	-863	-2.1%
Others (incl. forex valuation)	-908	-2.4%	-785	-2.0%	-191	-0.5%	-1,410	-3.4%

Note: "Contribution" field: The sum up of each factor's change to the main variable for the same month.

5 The Development Bank of Latin America (CAF) and the Central American Bank for Economic Integration (BCIE) are excluded.

Minimum Cash Requirement and Compliance	May-23	Apr-23	Mar-23
<b>Domestic currency</b>	% of total deposits in pesos		
Net requirement of deductions	17.7	17.7	18.4
Compliance in current accounts	4.4	4.8	5.1
Compliance in LELIQs	32.1	33.1	32.6
Compliance in BO TE 2027	3.4	3.3	3.5
Compliance in sovereign bonds/other	12.6	11.9	10.3
<b>Foreign currency</b>	% of total deposits in foreign currency		
Minimum capital requirements	24.0	24.0	24.0
Compliance (includes funds available for financing but not yet granted)	62.4	63.5	64.4
Position <sup>(1)</sup>	38.4	39.5	40.4

(1) Position = Compliance - Requirement

The figures below are stated in millions, and original currency. Figures are provisional and subject to review.

Main monetary and financial system variables	Monthly average					Average percentage changes as to May-23						% of GDP <sup>4</sup>	
	May-23	Apr-23	Mar-23	Dec-22	May-22	Monthly		Accrued in 2023		Year-on-year		May-23	Dec-22
						Nominal n.s.a.	Real s.a.	Nominal n.s.a.	Real s.a.	Nominal	Real		
<b>Domestic currency</b>													
<b>Total deposits from the non-financial sector in pesos<sup>1</sup></b>	<b>24,390,855</b>	<b>22,435,850</b>	<b>21,068,536</b>	<b>18,247,859</b>	<b>11,651,240</b>	8.7%	0.5%	8.7%	-23.8%	109.3%	-0.6%	17.7%	17.7%
<i>Private sector deposits</i>	20,198,324	18,891,828	17,816,660	15,170,198	9,426,304	6.9%	-1.1%	6.9%	-25.0%	114.3%	1.8%	14.7%	14.7%
<b>Private Sector Sight Deposits</b>	<b>9,221,091</b>	<b>8,666,742</b>	<b>8,403,393</b>	<b>7,305,580</b>	<b>4,590,395</b>	6.4%	-2.4%	6.4%	-26.0%	100.9%	-4.6%	6.8%	6.7%
Non-interest bearing (transactional)	6,498,405	6,083,966	5,636,720	5,392,611	3,577,297	6.8%	-2.4%	6.8%	-26.0%	81.7%	-13.7%	4.8%	4.9%
Interest-bearing	2,722,686	2,582,775	2,766,673	1,912,969	1,013,098	5.4%	-2.4%	5.4%	-26.0%	168.7%	27.6%	2.0%	1.9%
Farm deposits	431	144	131	132	0	198.6%	178.1%	198.6%	110.9%			0.0%	
<b>Private Sector Time Deposits and Others</b>	<b>10,977,233</b>	<b>10,225,087</b>	<b>9,413,267</b>	<b>7,864,618</b>	<b>4,835,909</b>	7.4%	0.0%	7.4%	-24.2%	127.0%	7.8%	7.9%	7.9%
Time Deposits	10,711,460	9,967,515	9,179,654	7,641,974	4,674,136	7.5%	0.1%	7.5%	-24.1%	129.2%	8.8%	7.7%	7.7%
CER/UVA/exchange rate-non-adjustable	10,338,347	9,610,827	8,833,757	7,240,644	4,353,521	7.6%	0.2%	7.6%	-24.0%	137.5%	12.8%	7.4%	7.3%
CER / UVA-adjustable	320,868	307,304	298,898	359,989	294,680	4.4%	-2.8%	4.4%	-26.3%	8.9%	-48.3%	0.2%	0.4%
Traditional	139,793	134,650	135,023	156,519	170,152	3.8%	-3.3%	3.8%	-26.7%	-17.8%	-61.0%	0.1%	0.2%
Early-payment	181,076	172,654	163,875	203,470	124,528	4.9%	-2.3%	4.9%	-25.9%	45.4%	-30.9%	0.1%	0.2%
DIVA	52,244	49,384	46,999	41,340	25,935	5.8%	-1.5%	5.8%	-25.3%	101.4%	-4.3%	0.0%	0.0%
Other deposits	265,773	257,572	233,613	222,644	161,772	3.2%	-4.4%	3.2%	-27.5%	64.3%	-22.0%	0.2%	0.2%
<b>Public sector deposits<sup>2</sup></b>	<b>4,192,531</b>	<b>3,544,021</b>	<b>3,251,876</b>	<b>3,077,661</b>	<b>2,224,936</b>	18.3%	9.6%	18.3%	-16.9%	88.4%	-10.5%	3.0%	3.0%
<b>Monetary Aggregates</b>													
Total M2	14,497,496	13,556,014	13,173,823	11,869,697	7,877,349	6.9%	0.1%	6.9%	-24.1%	84.0%	-12.6%	10.8%	11.1%
Total M3	28,461,747	26,338,695	24,880,752	21,738,359	14,237,457	8.1%	0.3%	8.1%	-23.9%	99.9%	-5.1%	20.8%	20.7%
<b>Private sector monetary aggregates</b>													
Private M2	13,075,640	12,392,919	12,063,493	10,667,226	7,061,994	5.5%	-2.8%	5.5%	-26.2%	85.2%	-12.1%	9.6%	10.0%
Transactional private M2 <sup>3</sup>	10,352,954	9,810,144	9,296,820	8,754,257	6,048,896	5.5%	-3.1%	5.5%	-26.5%	71.2%	-18.7%	7.7%	8.1%
Private M3	24,052,873	22,618,005	21,476,760	18,531,844	11,897,903	6.3%	-1.9%	6.3%	-25.6%	102.2%	-4.0%	17.5%	17.9%
<b>Total loans to the non-financial sector in pesos</b>													
<b>Loans to the non-financial private sector</b>	<b>8,983,909</b>	<b>8,276,756</b>	<b>7,578,357</b>	<b>6,693,402</b>	<b>4,804,730</b>	8.5%	-0.1%	8.5%	-24.2%	87.0%	-11.2%	6.5%	6.3%
Overdrafts	1,029,703	1,010,004	877,111	774,929	500,439	2.0%	-7.2%	2.0%	-29.6%	105.8%	-2.3%	0.8%	0.7%
Promissory notes	2,592,804	2,263,959	1,996,661	1,708,525	1,232,828	14.5%	4.9%	14.5%	-20.4%	110.3%	-0.1%	1.9%	1.6%
Mortgage-backed loans	408,180	397,633	389,769	371,698	318,397	2.7%	-4.9%	2.7%	-27.8%	28.2%	-39.1%	0.3%	0.4%
Pledge-backed loans	588,215	543,949	508,941	458,905	308,757	8.1%	-0.2%	8.1%	-24.3%	90.5%	-9.5%	0.4%	0.4%
Personal loans	1,357,104	1,289,203	1,214,201	1,050,187	806,715	5.3%	-2.2%	5.3%	-25.9%	68.2%	-20.1%	1.0%	1.0%
Credit cards	2,586,350	2,374,810	2,247,164	1,999,439	1,365,371	8.9%	0.7%	8.9%	-23.6%	89.4%	-10.0%	1.9%	1.9%
Others	421,553	397,198	344,511	329,720	272,223	6.1%	-3.8%	6.1%	-27.0%	54.9%	-26.5%	0.3%	0.3%
<b>Loans to the non-financial public sector</b>	<b>98,046</b>	<b>98,525</b>	<b>73,426</b>	<b>71,280</b>	<b>55,334</b>	-0.5%	-7.8%	-0.5%	-30.1%	77.2%	-15.9%	0.1%	0.1%
<b>Foreign currency<sup>1</sup></b>													
<b>Deposits from the non-financial sector in dollars</b>	<b>17,841</b>	<b>18,462</b>	<b>19,328</b>	<b>18,786</b>	<b>18,480</b>	-3.4%	-	-3.4%	-	-3.5%	-	3.0%	3.2%
Deposits from the non-financial private sector in dollars	15,293	15,798	16,319	15,686	15,387	-3.2%	-	-3.2%	-	-0.6%	-	2.5%	2.6%
sight deposits	11,730	12,132	12,578	11,937	11,473	-3.3%	-	-3.3%	-	2.2%	-	1.9%	2.0%
time deposits and others	3,563	3,666	3,741	3,749	3,914	-2.8%	-	-2.8%	-	-9.0%	-	0.6%	0.6%
Deposits from the non-financial public sector in dollars	2,548	2,663	3,009	3,100	3,093	-4.3%	-	-4.3%	-	-17.6%	-	0.5%	0.6%
<b>Loans to the non-financial sector in dollars</b>	<b>4,131</b>	<b>4,033</b>	<b>3,868</b>	<b>3,644</b>	<b>3,836</b>	2.4%	-	2.4%	-	7.7%	-	0.7%	0.6%
Loans to the non-financial private sector in dollars	3,937	3,842	3,686	3,491	3,713	2.5%	-	2.5%	-	6.0%	-	0.7%	0.6%
Promissory notes	2,741	2,665	2,530	2,273	2,527	2.9%	-	2.9%	-	8.5%	-	0.5%	0.4%
Credit cards	205	186	208	179	205	10.3%	-	10.3%	-	0.1%	-	0.0%	0.0%
Others	991	991	949	1,039	981	0.0%	-	0.0%	-	1.0%	-	0.2%	0.2%
Loans to the non-financial public sector in dollars	194	192	182	153	122	1.4%	-	1.4%	-	58.8%	-	0.0%	0.0%

1 Financial sector and non-resident depositors are excluded. The figures on loans have been taken from statistical data, not being adjusted by financial trusts.

2 Net of the use of unified funds.

3 It excludes interest-bearing sight deposits from private M2.

4 Calculated on the basis of the seasonally adjusted series of the month, and of the estimation of the 3-month moving average s.a. GDP.

Note: See definitions for the monetary aggregates in the Glossary.

Annual percentage rates (unless otherwise specified) and amounts in millions. Monthly averages.

Monetary policy interest rates	May-23	EAR May-23	Apr-23	Mar-23	Dec-22	May-22
<b>BCRA repo interest rates</b>						
Overnight reverse repo	88.29	141.53	74.43	72.00	70.00	36.92
Overnight reverse repo (MF)	75.05	110.67	63.27	61.20	52.50	
Overnight repo	113.29	209.92	99.43	97.00	95.00	51.84
<b>28-day LELIQ interest rate</b>	94.29	148.52	80.43	76.45	75.00	48.23
<b>180-day LELIQ interest rate</b>	102.79	129.68	88.93	84.95	83.50	53.53
Interbank market interest rates	May-23	EAR May-23	Apr-23	Mar-23	Dec-22	May-22
<b>Repo rates among third parties on overnight REPO round</b>	79.91	122.15	71.38	68.58	66.37	37.62
Volume of repos traded among third parties (daily average)	8,487		11,881	8,155	7,500	23,356
<b>Calls in pesos (overnight)</b>						
Interest rate	82.30	127.51	70.48	68.37	67.38	38.27
Traded amount	18,395		23,045	15,150	22,471	26,767
Borrowing interest rates	May-23	EAR May-23	Apr-23	Mar-23	Dec-22	May-22
<b>Sight deposits</b>						
Interest-bearing	71.12	99.61	63.04	61.97	57.47	32.39
<b>Time deposits</b>						
Natural persons up to ARS1 million (30-35 days)	93.32	145.74	79.27	76.01	74.67	46.90
Total TM20 (more than ARS20 million, 30-35 days)	87.02	131.74	71.66	67.78	65.91	44.05
Private banks' TM20 (more than ARS20 million, 30-35 days)	87.82	133.49	71.98	68.31	66.48	45.04
Total BADLAR (more than ARS1 million, 30-35 days)	89.19	136.48	74.13	70.59	68.58	44.61
Private banks' BADLAR (more than ARS1 million, 30-35 days)	90.19	138.71	74.74	71.29	69.45	45.67
<b>Interest rate on UVA deposits' early-payment option</b>	89.04	136.16	75.91	72.45	71.00	42.23
Lending interest rates	May-23	EAR May-23	Apr-23	Mar-23	Dec-22	May-22
<b>Loans to the non-financial private sector in pesos</b>						
Overdrafts	87.82	140.40	79.73	77.93	75.43	46.40
1 to 7 days— in accordance with companies— more than ARS10 million	88.43	140.35	76.36	75.13	73.27	40.70
Unsecured promissory notes	79.77	116.54	69.99	64.51	61.42	41.11
Mortgage-backed loans	67.41	92.72	63.17	63.21	62.71	34.42
Pledge-backed loans	57.66	75.66	50.76	48.87	48.60	30.98
Personal loans	93.00	145.03	81.08	79.72	81.19	58.95
Credit cards	79.71	116.43	79.88	79.39	77.10	50.23
Interest rate in foreign currency	May-23	EAR May-23	Apr-23	Mar-23	Dec-22	May-22
<b>Time deposits in dollars (30 to 44 days)</b>	0.32	0.33	0.32	0.32	0.32	0.33
<b>Unsecured promissory notes in dollars</b>	6.07	6.24	4.18	3.83	5.40	3.26
Exchange rate	May-23	Monthly chg. (%)	Apr-23	Mar-23	Dec-22	May-22
<b>NER peso/dollar</b>						
Wholesale rate (Comm. "A" 3500)	231.14	7.12	215.78	202.91	172.45	117.79
Retail rate <sup>1</sup>	235.84	7.89	218.58	205.83	175.20	119.95
<b>NER peso/real</b>	46.53	8.20	43.01	38.91	32.92	23.85
<b>NER peso/euro</b>	251.15	6.20	236.48	217.45	182.58	124.55
ITCNM	1,538.79	7.00	1,438.10	1,330.19	1,116.28	785.42
ITCRM	95.12	-0.51	95.61	94.06	93.21	96.44

<sup>1</sup> The benchmark retail interest rate posted by the Autonomous City of Buenos Aires is calculated on the basis of adhered entities' purchaser and seller exchange rates, weighted according to their share in the retail market (Communication "B" 9791).

## Glossary

**AFIP:** Federal Administration of Public Revenue

**ANSES:** Argentine Social Security Administration

**APR:** Annual Percentage Rate

**B.P.:** Basis Points

**BADLAR:** Interest rate on time deposits of ARS1 million and over for 30-35 days.

**BCRA:** Central Bank of Argentina

**CC BCRA:** Current accounts at BCRA

**CER:** Reference Stabilization Coefficient

**CNV:** National Securities Commission

**CPI:** Consumer Price Index

**EAR:** Effective Annual Rate

**EM:** Minimum Cash Requirements

**GDP:** Gross Domestic Product

**IAMC:** Argentine Institute for Capital Markets

**IRR:** Internal Rate of Return

**ITCNM:** Multilateral Nominal Exchange Rate Index

**ITCRM:** Multilateral Real Exchange Rate Index

**LEBAC:** BCRA Bills

**LELIQ:** BCRA Liquidity Bills

**LFIP:** Credit Line for Productive Investment

**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

**MF:** Mutual Funds

**MM:** Money Market

**MSMEs:** Micro, Small and Medium-Sized Enterprises

**NBFI:** Non-Bank Financial Institution

**NOCOM:** Cash Compensation Notes issued by BCRA

**ON:** Negotiable Obligation

**p.p.:** Percentage Points

**Private M2:** Means of payment; it includes currency held by the public, settlement checks in pesos, and sight deposits in pesos from the non-financial private sector.

**Private M3:** Broad aggregate in pesos; it includes currency held by the public, settlement checks in pesos, and total deposits in pesos from the non-financial private sector.

**PSP:** Payment Service Providers

**ROFEX:** Rosario Futures Exchange

**s.a.:** Seasonally-Adjusted

**SDR:** Special Drawing Right

**SIMPES:** Comprehensive System for Monitoring Payments of Services Abroad

**SISCEN:** BCRA Centralized Reporting Requirement System

**TCN:** Nominal Exchange Rate

**TM20:** Interest rate on time deposits of ARS20 million and over for 30-35 days.

**Total M2:** Means of payment; it includes currency held by the public, settlement checks in pesos, and sight deposits in pesos from the non-financial private sector and public sector.

**Total M3:** Broad aggregate in pesos; it includes currency held by the public, settlement checks in pesos, and total deposits in pesos from the non-financial private sector and public sector.

**Transactional private M2:** Means of payment, it includes currency held by the public, settlement checks in pesos, and non-interest-bearing sight deposits in pesos from the non-financial private sector.

**UVA:** Units of Purchasing Power

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