

Monthly Monetary Report

February 2015



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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The closing date for statistics in this report was March 12, 2015. All figures are provisional and subject to review.

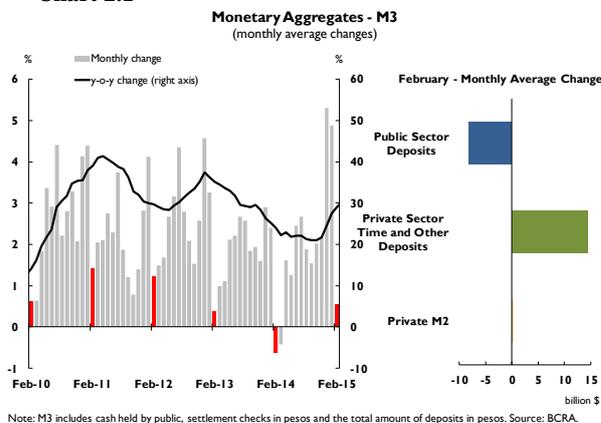
1. Summary¹

- In February, the broadest monetary aggregate in pesos (M3) grew 0.6%, boosted by an increase in private-sector time deposits. As expected for this time of the year, private-sector means of payment kept their average stock fairly stable.
- Time deposits in pesos from the private sector climbed 4.7% in February, with similar increases across all segments. Retail time deposits continued increasing, favored by the minimum interest rate scheme established by the Central Bank of Argentina last October, even exceeding the rates observed in the same month in previous years. Total time deposits from the private sector thus increased close to 30% in year-to-date terms, with deposits under \$1 million growing 38% in the same period.
- The liquidity ratio corresponding to the domestic currency segment (cash in banks, current accounts with the Central Bank, net repos with the Central Bank and LEBAC holdings in terms of total deposits in pesos) stood at 41% on average, 0.8 p.p. up against January. LEBAC holdings had a higher share in the liquidity ratio.
- As expected for this time of the year, the monthly increase rate of loans in pesos to the private sector slowed down, only rising 0.5% (\$2.69 billion), changing 19.1% y.o.y. Personal loans stood out, favored by the maximum interest rate policy and by the PRO.CRE.Auto program.
- Monthly averages of most lending interest rates fell around 1 p.p. in February. That is the case of interest rates charged on overdrafts to companies in the most traded sector (over \$10 million and up to 7 days), on pledge-backed loans and on personal loans.
- Interest rates on time deposits in pesos in the retail segment remained stable, in line with the benchmark values set by the Central Bank; in contrast, the BADLAR rate at private banks increased 0.4 p.p. against January, averaging 20.6%.
- In February, the Central Bank adjusted the spread earned by financial institutions on their LEBAC bills in dollars, so that they pass most of the return on to their clients. At the same time, with a view to fostering saving in dollars within the financial system, the Central Bank decided to raise the minimum interest rates on time deposits in foreign currency made with institutions buying these LEBAC bills. By late February, this measure resulted in higher interest rates on time deposits in dollars and, particularly, deposits of up to US\$500,000.

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

2. Monetary Aggregates¹

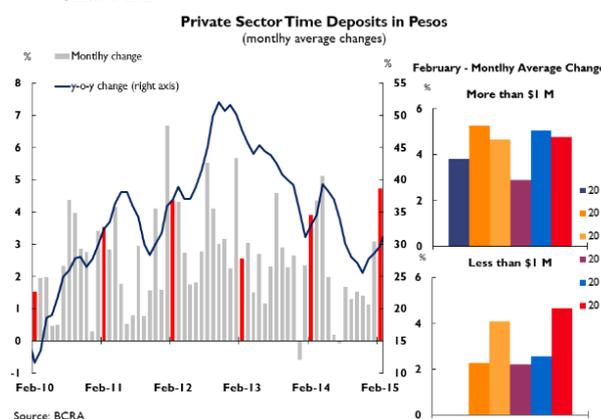
Chart 2.1



In February, the broadest monetary aggregate in pesos ($M3^2$) increased 0.6%, boosted by the rise in time deposits from the private sector, which more than offset the decrease in public sector deposits. In turn, private-sector means of payment (private M2) kept their stock practically stable, in line with previous years' performance and influenced by seasonal factors. The M3 increased nearly 29% y.o.y. (see Chart 2.1).

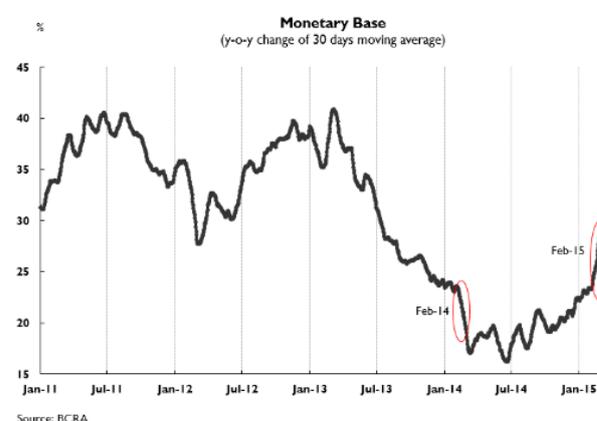
Total deposits in pesos from the private sector posted a 2.4% monthly hike: sight deposits remained stable, while time deposits increased, as already mentioned. Time deposits grew 4.7% in February, with considerable increases in both the wholesale segment and that of transactions under \$1 million. Indeed, time deposits under \$1 million rose above February in previous years, as favored by the rise in minimum interest rates for individuals established by the BCRA, and by greater stability in the foreign exchange market. The growth pace of time deposits from the private sector thus continued to accelerate by nearly 30% y.o.y. Deposits under \$1 million stood out after growing 38% in the same period (see Chart 2.2).

Chart 2.2



Deposits in foreign currency rose 1.8%, private sector deposits rose over decreased public sector deposits. Consequently, the broadest monetary aggregate, $M3^{*3}$, increased 0.7%, reaching a y.o.y. change rate of about 28%.

Chart 2.3

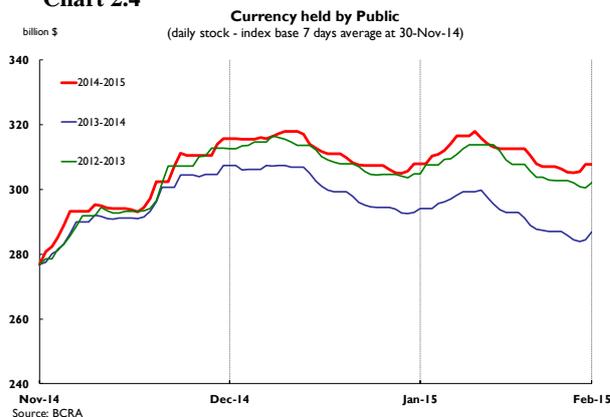


February's monetary base averaged \$450.67 billion, which meant a 0.7% fall against January's average. However, its y.o.y. change accelerated, ending February at 29.6% (see Chart 2.3), almost 6 percentage points above January, which could largely be attributed to an issue of comparison. Indeed, the monetary base of February 2014 had been extraordinarily low as a result of the performance of both cash held by the public and financial institutions' current accounts at the BCRA. In the first case, the lower growth could be explained by increased foreign exchange volatility in early 2014 (see Chart 2.4), whereas in the second case institutions changed their strategies as to quarterly minimum cash requirements. In practice, they were below the levels required in February 2014, but this year's compliance was relatively more stable across the period (see Chart 2.5).

² It includes the cash held by the public, settlement checks and deposits in pesos of the non-financial private and public sectors.

³ It includes M3 and deposits in foreign currency of non-financial public and private sectors.

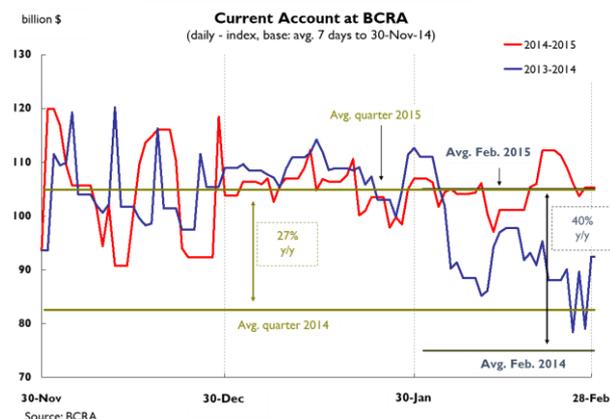
Chart 2.4



3. Financial Institutions' Liquidity¹

In February, financial institutions mostly channeled the increased amount in deposits in pesos to liquid assets, in a context of low seasonal growth of loans (see section 4. Loans). The liquidity ratio corresponding to the domestic currency segment (cash in banks, current accounts with the Central Bank, net repos with the Central Bank and LEBAC holdings in terms of total deposits in pesos) stood at 41% on average, up 0.8 p.p. against January (see Chart 3.1). The increase was fueled by a rise in LEBAC holdings, to the detriment of cash in banks and current accounts with the Central Bank, which proved to drop. As regards the latter, the quarterly calculation (December 2014-February 2015) of minimum cash position enabled financial institutions to manage their liquidity in February. Hence, given surplus compliance in the first two months, February's average position slightly decreased. The estimated average surplus of the quarterly position thus stood at 0.2% of deposits in pesos at the end of February.

Chart 2.5

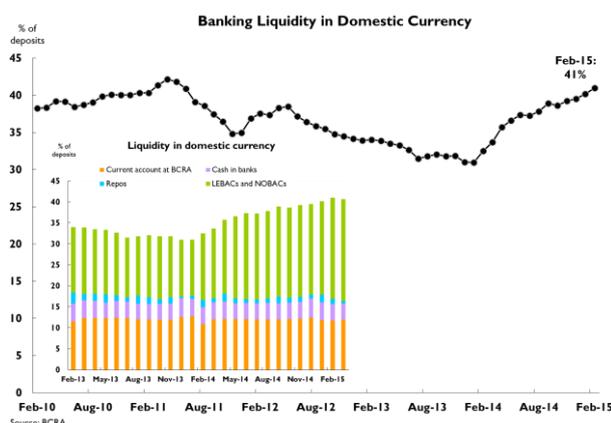


The liquidity ratio in foreign currency averaged 107.4% of total deposits in dollars in February, remaining stable against January (-1 p.p.).

4. Loans^{1 4}

As expected for this time of the year, the monthly expansion pace of loans in pesos to the private sector slowed down in February. These loans increased by 0.5% (\$2.69 billion), whereas in y.o.y. terms they slightly dropped to 19.1% (see Chart 4.1).

Chart 3.1

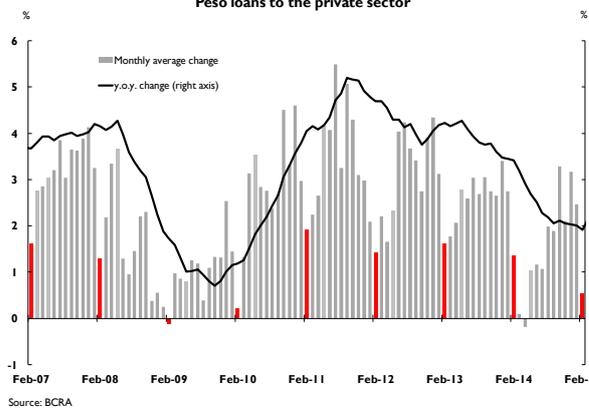


Credit lines for commercial purposes evidenced insignificant changes due to seasonal factors associated with less activity during the summer vacations. Overdrafts rose 1% (\$700 million), while financing arranged through promissory notes fell, like in February in previous years (see Chart 4.2). February's financing so arranged decreased by 0.9% (\$1.21 billion). Both credit lines rose around 18% y.o.y.

As regards credit lines channeled to finance household consumption, personal loans posted a monthly increase of 2.3% (\$2.71 billion), which was greater than the figures recorded in January 2015 and February 2014.

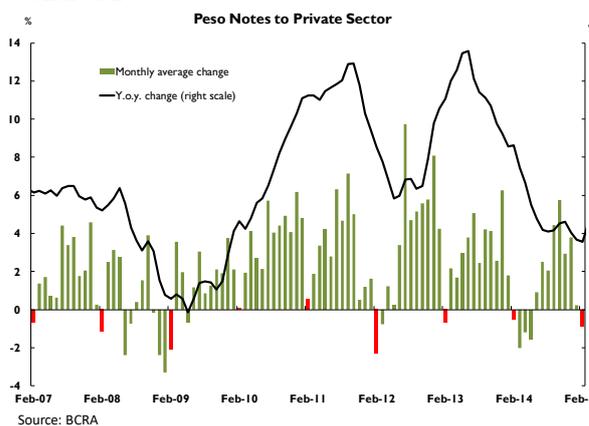
⁴ Monthly changes of loans are adjusted for accounting movements, which are fundamentally due to transfers of loans in financial institutions' portfolios to financial trusts. In this report, the terms "amounts granted" or "new loans" refer to loans (new and renewed) arranged in a given period. In contrast, a change in stock consists of arranged loans minus amortizations and repayments in February.

Chart 4.1 **Peso loans to the private sector**



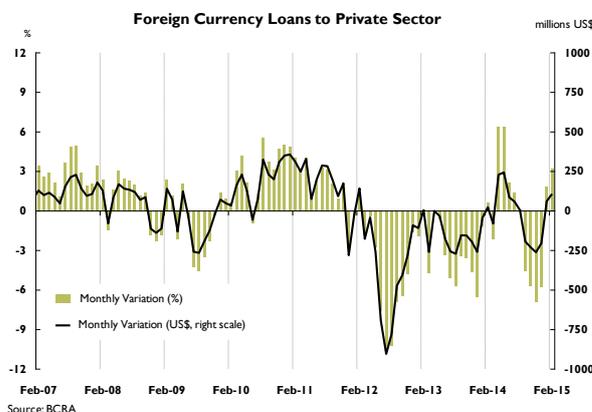
Source: BCRA

Chart 4.2 **Peso Notes to Private Sector**



Source: BCRA

Chart 4.3 **Foreign Currency Loans to Private Sector**



Source: BCRA

Therefore, their y.o.y. growth rate rose from 19.3% in January to 20.2% in February (see Chart 4.2). Hence, personal loans continued exhibiting, since the second half of 2014, growth rates in excess of those recorded in the first half of 2014. In this sense, the maximum interest rate policy contributed to reduce the cost of lending for households and to enhance the performance of personal loans. Moreover, personal loans were favored by lending under the Pro.Cre.Auto program. The deadline for submitting loan applications expired in January 12, but pre-approved loans continued to be disbursed, provided beneficiaries had purchased a vehicle and furnished the relevant invoice within the required period. Around 29,700 transactions for more than \$3 billion have thus been awarded under the Pro.Cre.Auto program. The stock of credit card financing remained virtually stable, after several months of great momentum. Although February's credit card financing increased by 0.6% (\$720 million), the y.o.y. change rate remained high, at 34.6%.

Collateralized loans slightly increased in February. Mortgage-backed loans increased by 0.1% (\$50 million), accumulating an 8.2% growth on a year-on-year basis. It should be noted that, even though bank mortgage-backed loans have been evidencing little momentum, a part of housing-oriented mortgage-backed lines (for natural persons) is not computed in the statistics on bank loans because it is channeled through the Bicentennial Credit for Housing Program (Pro.Cre.Ar.). In turn, pledge-backed loans went up by 0.5% (\$155 million).

Finally, loans in foreign currency granted to the private sector grew 3.2% (US\$100 million; see Chart 4.3). These loans continued on the rise due to increased use of credit cards abroad during the summer vacations. The downward trend observed since mid-August in unsecured promissory notes in foreign currency, mainly used in foreign trade transactions, came to a halt, with their stock remaining relatively stable as from the second half of December.

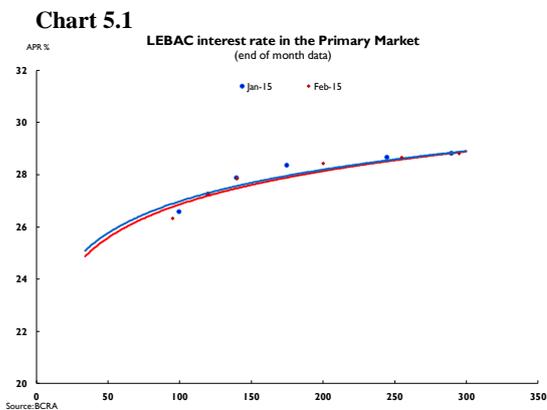
5. Interest Rates ⁵

Central Bank Securities ⁶

In the primary market, the interest rate of LEBAC bills sold each week by the Central Bank fell 20 b.p. for the predetermined segment at 3 months, whereas the rates applicable to the other terms remained stable. Thus, the

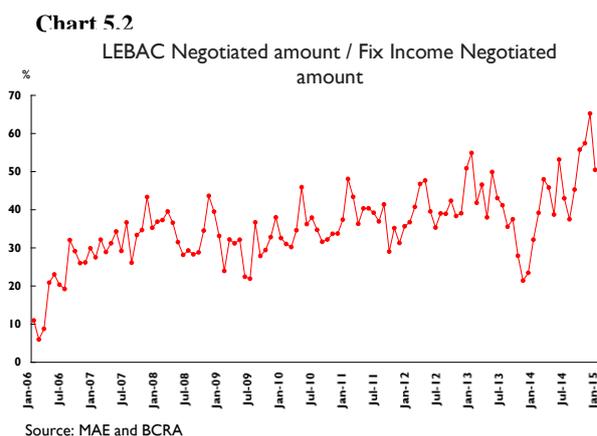
⁵ Interest rates mentioned in this section are expressed as annual percentage rates (APR).

⁶ In this section, figures are end of the month data, unless otherwise stated.

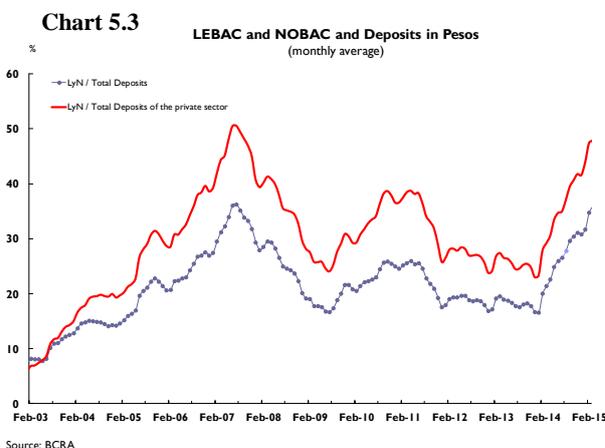


interest rates on LEBAC bills sold at a predetermined interest rate—at 100 and 120 days—stood at 26.33% and 27.24%, respectively, whereas the interest rate for the longest maturity—360 days—stood at 28.94% (see Chart 5.1).

In the secondary market, interest rates on LEBAC bills were somehow volatile in the shortest terms (under 40 days) in line with the performance recorded in the call money market. As it was the case of interest rates on LEBAC bills on the primary market, the interest rates for the longest terms remained stable. LEBAC bills traded on the secondary market averaged \$3.55 billion daily and concentrated on the segment with maturities of less than 15 days. The amount of BCRA securities traded in the past few months on secondary markets accounted for about 50% of the total turnover in fixed-income instruments (see Chart 5.2).



The Central Bank sold LEBAC bills in the primary market as the main channel of sterilization, like in previous months. At the end of February, the outstanding stock of LEBAC bills in nominal terms stood at \$322.575 billion, up 8% against the end of January. The stock of LEBAC bills in terms of deposits was about 32% (see Chart 5.3). Since 2014, a significant part of the increase in the stock of securities sold by the BCRA derives from the rise in the stock held by non-financial institutions (such as mutual funds, insurance companies, workers' compensation insurance companies). These investors increased their share in total outstanding securities from 16% in February 2014 to 23% in February 2015 (see Chart 5.4).



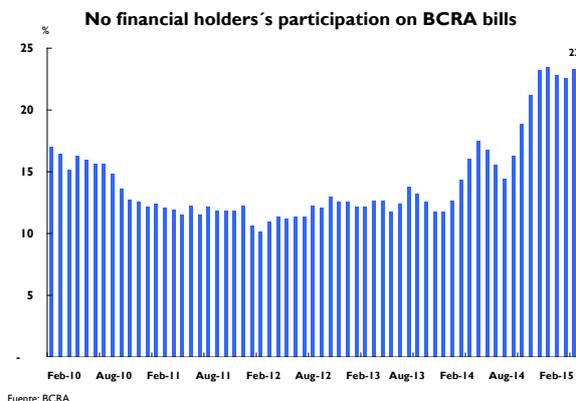
The whole amount awarded corresponded to LEBAC bills in domestic currency and totaled around \$63.6 billion in nominal terms; no LEBAC bills adjusted to the benchmark exchange rate were awarded in February. Like in January, the maturities of most LEBAC bills in pesos ranged from 90 to 180 days (42% of the total), with an increase of the amount allocated at terms between 180 and 270 days, reaching 26% of the total (see Chart 5.5).

Regarding the foreign currency segment, the stock of LEBAC bills went down US\$16 million, standing at US\$656 million by the end of February.

In February, the Central Bank adjusted the spread earned by financial institutions on their LEBAC bills in dollars, so that they pass most of the return on to their clients⁷. At the same time, the Central Bank decided to raise the minimum interest rates on time deposits in

⁷ See Communication “A” 5711 and “P” 50517.

Chart 5.4

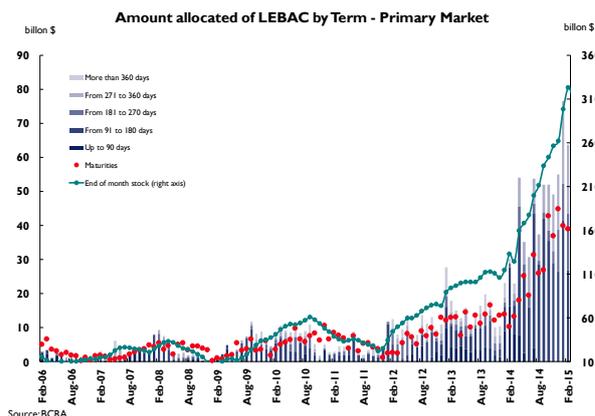


foreign currency where institutions use such currency to buy LEBAC bills with a view to fostering saving in dollars within the financial system. In particular, the BCRA started to offer LEBAC bills in dollars in two segments, namely "V" and "N". In the "V" segment, financial institutions may buy LEBAC bills for the amount of time deposits in dollars they have raised, including renewals. Here, the maximum spread between the interest rate paid to depositors and the interest rate collected by financial institutions is 0.8 p.p. annually. In the "N" segment, financial institutions may get a maximum spread of 1.3 p.p. and may buy LEBAC bills if their time deposits have risen (net of reductions in the stock of sight deposits from the private sector).

Central Bank Repo Transactions¹

In February, interest rates on Central Bank reverse repos for 1 and 7 days stayed at 13% and 14%, respectively. In turn, interest rates on Central Bank repo loans for 1 and 7 days remained at 16% and 17%.

Chart 5.5

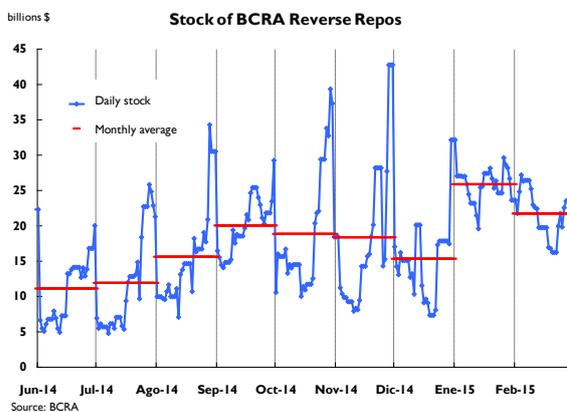


The stock of reverse repos with the Central Bank for all terms fell by more than \$4.1 billion on average, standing at \$21.7 billion (see Chart 5.6).

Call Money Market¹

In February, interest rates in call money markets dropped against a backdrop of moderated turnover. The levels of liquidity of the financial system helped avoid pressure on the interest rates in call money markets as of the closing month of the minimum cash quarterly position.

Chart 5.6



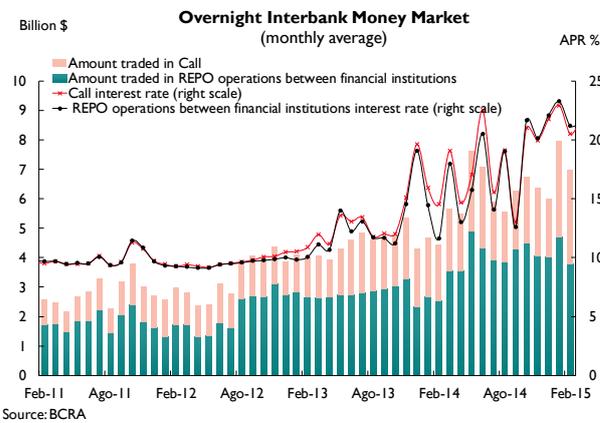
Particularly, the average interest rate on overnight transactions in the unsecured call market (call) averaged 20.5%, down 2.4 p.p., more than reversing January's increase. In addition, the average interest rate on overnight transactions between financial institutions on the secured market (REPO round) was 21.4%, showing a 1.8 p.p. decrease in February (see Chart 5.7).

Deposit Rates¹

In February, interest rates paid on time deposits in pesos in the retail segment remained stable, while the rates in the wholesale segment witnessed a slightly increase.

The monthly average of the interest rate paid by private institutions on time deposits of up to \$100,000 and at up to 35 days stood at 23.2%, without changes since November (see Chart 5.8). It should be noted that the amount of LEBAC bills that are used as a basis to

Chart 5.7

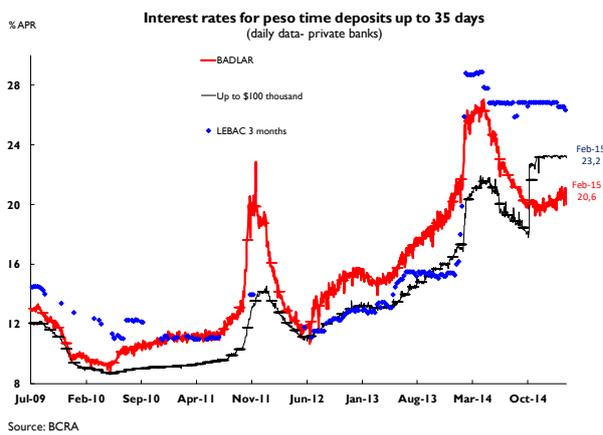


calculate the minimum limits on interest rates⁸ has a two-month lag, so January’s minor drops will only bear an impact on interest rates on retail time deposits in March. Indeed, the minimum interest rate to be paid on individuals’ deposits of up to \$350,000 and at up to 44 days will amount to 23.3% in March, just 0.1 p.p. below the rate of the past few months.

On the wholesale side, the BADLAR rate at private banks — interest rate on time deposits of \$1 million and more and at 30-35 days — averaged 20.6%, up 0.4 p.p. against January.

The increased minimum interest rates that financial institutions must pay to their clients for time deposits in dollars (see Section 5. Central Bank's Securities) caused interest rates on private-sector time deposits in foreign currency to go up by the end of February. Such rise was mainly observed in deposits under US\$500,000. Particularly, the interest rate on time deposits of up to US\$100,000 and at up to 44 days ended February at 2%, nearly 1 p.p. higher than the levels existing prior to the regulatory change referred to above.

Chart 5.8

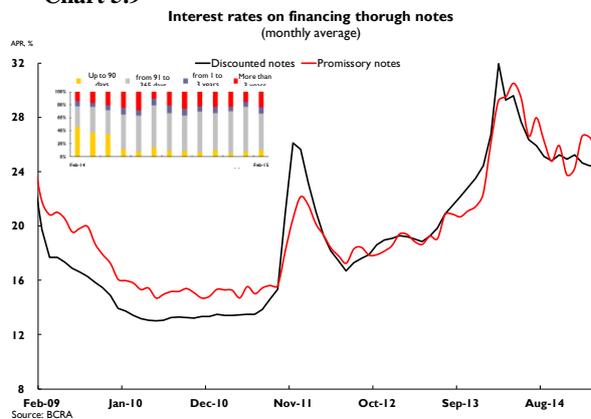


Lending Rates^{1 9}

In general, interest rates on loans to the private sector fell in February.

In the case of interest rates charged on commercial loans, the average monthly interest rate on discounted documents was 24.4%, down 0.2 p.p. in February. In turn, the interest rate on unsecured promissory notes averaged 26.5%, down 0.1 p.p. in February. In this case, loans granted under the Credit Line for Productive Investment (LCIP)—with lower interest rates and longer terms— increased their share, which led to a higher share of loans at longer terms (Chart 5.9).

Chart 5.9



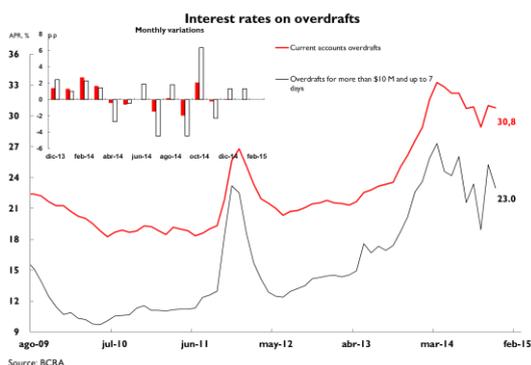
Moreover, the interest rate on current account overdrafts averaged 30.5% in February, down 0.4 p.p. against January. Within this line, the interest rate on overdrafts to companies for more than \$10 million and at up to 7 days reversed January’s increase (1.3 p.p.), standing at 24.3% (Chart 5.10).

The interest rates on lines with longer terms exhibited a heterogeneous performance. As for collateralized loans, the monthly average of interest rates on mortgage-backed loans granted to individuals continued on the rise, like in the past few months, standing at 21.1%, up

⁸ See Communication “A” 5640.

⁹ Interest rates mentioned in this section are annual percentage rates and do not include assessment or granting expenses or other expenditures (e.g. insurance) which are taken into account in the total financial cost of loans.

Chart 5.10



0.8 p.p. against January. The interest rate on pledge-backed loans averaged 27.3%, partially reversing January's increase, as it went down 0.8 p.p. (Chart 5.11).

Regarding interest rates on personal loans, February's maximum interest rates¹⁰ remained unchanged: 38.9% for institutions in Group I, and 48.3% for institutions in Group II¹¹. However, the monthly weighted average of interest rates on personal loans went down 0.8 p.p. to 37.6%, reversing the increase observed in the two previous months. The maximum interest rates for March stand at 38.8% for Group I and at 48.2% for Group II.

6. International Reserves and Foreign Exchange Market¹

International reserves remained stable at US\$31.47 billion at the end of February (see Chart 6.1). An additional tranche of the local currency swap agreement was set into motion by the Central Bank of Argentina and the People's Bank of China in February. Moreover, foreign currency inflows derived from debt issues and increased foreign currency deposits, which led to a rise in the amount of financial institutions' current accounts held at the Central Bank. This was partly offset by payments in foreign currency by the Treasury through its account at the Central Bank and by the net sale of foreign currency in the foreign exchange market.

In the foreign exchange market, the peso depreciated against the US dollar (see Chart 6.2). The monthly average exchange rate stood at 8.7 \$/US\$ (1% higher vis-à-vis January). The peso appreciated against the real and the euro: 3.1 \$/real (-5.5%) and 9.9 \$/euro (-1.3%). In turn, the daily average amount traded in the futures market (ROFEX) was near \$2 billion, 22% lower than January. Moreover, as evidenced in contracts executed during February, the rates expected for the coming months were lower than those posted in the previous months.

Chart 5.11

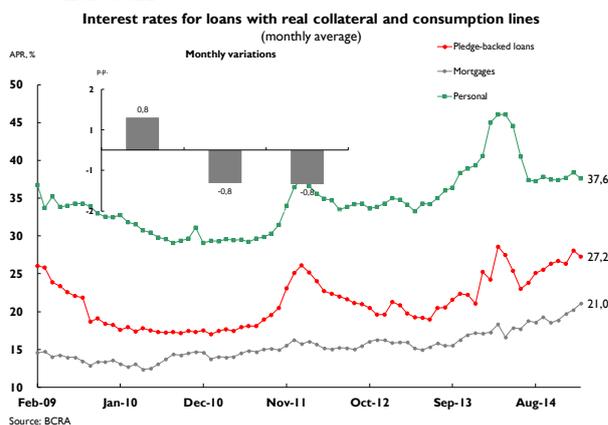
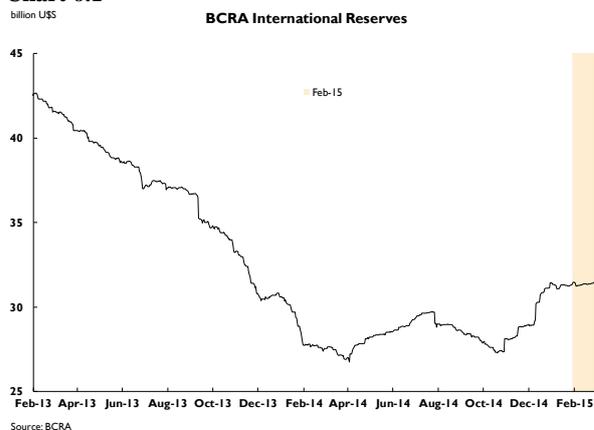


Chart 6.1



7. Collective Investment Vehicles

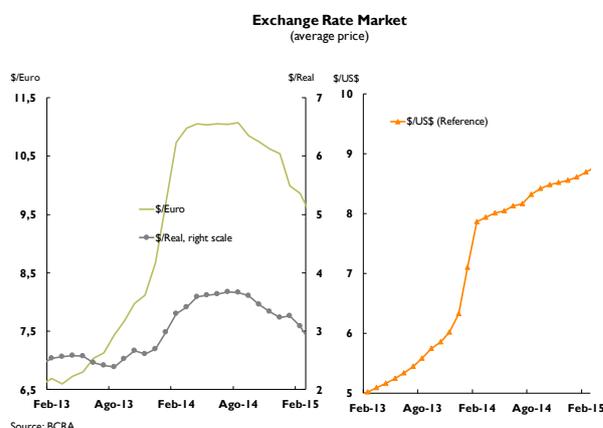
Mutual Funds

The equity of FCIs in pesos and in foreign currency ended February with \$7.58 billion growth (5.4%), stand-

¹⁰ Communication "A" 5590, effective since June 2014, fixed maximum interest rates especially for personal loans and pledge-backed car loans for natural persons based on LEBAC yields. These interest rates are monthly published by the Central Bank.

¹¹ In order to determine the maximum levels for interest rates on personal and pledge-backed loans, financial institutions were classified into two groups. Group I consists of such financial institutions that concentrate 1% or more of total private sector deposits, while Group II is composed of the remaining institutions.

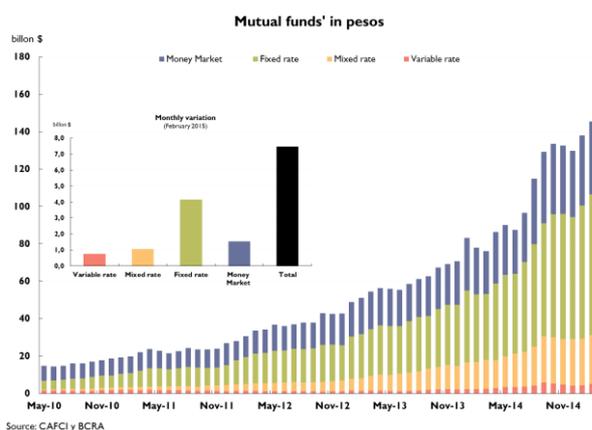
Chart 6.2



ing at \$148.14 billion at the end of the month. All types of funds posted a rise.

February's rise was mainly boosted by fixed-income funds in pesos (see Chart 7.1), the equity of which climbed more than \$4.1 billion (5.8%), totalling \$75 billion. Like in January, the hike in these funds was mostly driven by short-term funds, which replicate the performance of the BADLAR rate at private banks, the equity of which rose around \$3.1 billion. In turn, an increase was also observed in the equity of *Money Market* funds, which grew \$1.5 billion (4.1%) to \$39 billion in total, in mixed-income funds, which rose by \$1 billion (4.3%) to \$26 billion, and in variable-income funds, which increased slightly more than \$700 million (17.2%) to \$5 billion. In all these cases, the rise in equity was explained by the subscription of new unit shares and the evolution of their price.

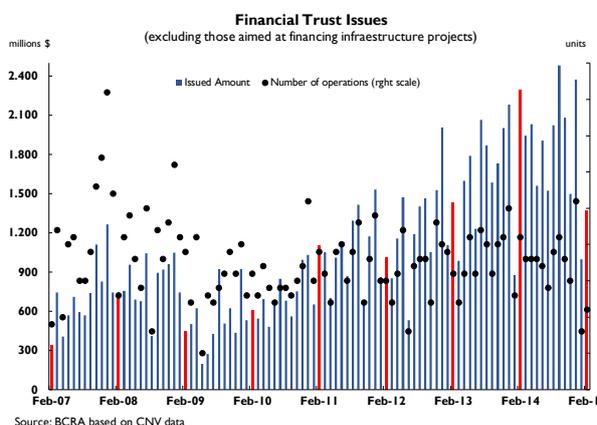
Chart 7.1



As for yield, all funds in pesos recorded positive returns during February. Especially, the estimated return on variable-income funds stood out, which rose by 14.8%, in line with an increase in the MERVAL index (9.2%). The monthly return on mixed-income funds stood at 2.3% as in January, whereas the return on fixed-income funds and *Money Market* funds slightly slowed down to 2% (-0.3 p.p.) and 1.1% (-0.1 p.p.), respectively.

Finally, in the foreign currency segment, the equity of FCIs grew by 2.9% to US\$306 million. This time, the rise concentrated in fixed-income funds (US\$5.7 million) and mixed-income funds (US\$2.4 million).

Chart 7.2



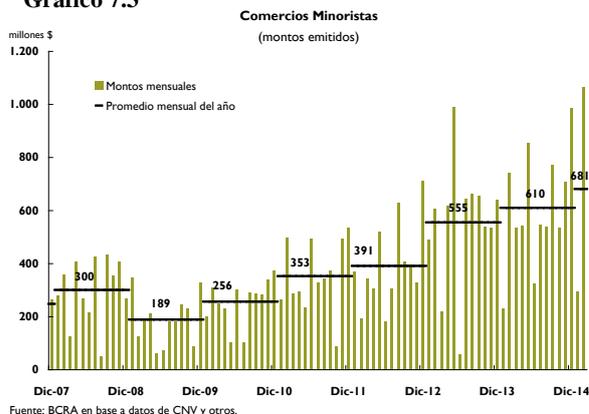
Financial Trusts¹²

Financial trust (FT) conducted 12 transactions which totaled around \$1.46 billion in February. Among February's issues, a FT was set up for financing infrastructure works in the energy sector in the Province of Chaco. Indeed, Servicios Energéticos del Chaco Empresa del Estado provincial (SECHEEP) sold fiduciary debt securities (VDF) for \$82.9 million. These securities accrue an annual percentage rate equal to the BADLAR rate at private banks plus 4 p.p., with a duration of about 18 months.

Excluding this type of issues, the amount sold in February (\$1.375 billion) was 38% higher than January's, but still below the figure recorded on a year-on-year basis (see Chart 7.2). All securitized assets involved consumption financing (personal loans and credit card coupons). Retailers were the main trustors, and sold \$1.065

¹² Only publicly-traded financial trusts are considered.

Gráfico 7.3



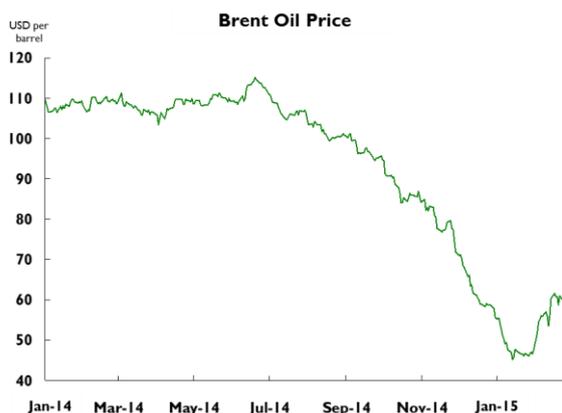
billion, almost four times the amount placed in January (see Chart 7.3). Mutuals, cooperatives and non-bank credit card issuers and other financial service providers sold \$200 million, half as much as in January. In turn, financial institutions recorded only one issue for \$110 million.

Finally, the cut-off interest rate (weighted average by amount) on senior instruments — in pesos and with a duration below 14 months — with a variable yield stood at 25.3%, 0.9 p.p down. In turn, no transactions at fixed rate were recorded.

8. Major policy measures taken by other Central Banks

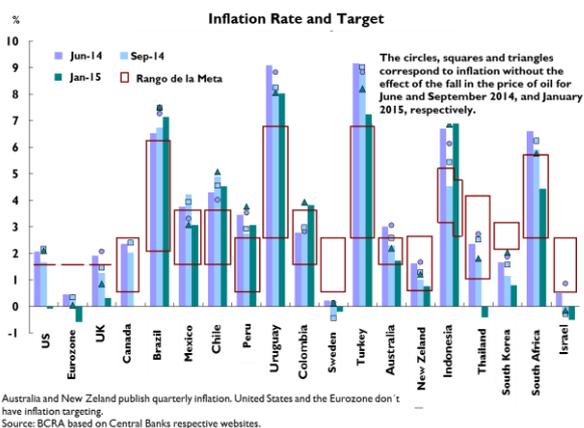
In the period under analysis, all the banks that changed the bias of their monetary policy adopted an expansionary bias. They made such decisions in a context of a drop in oil price (see Chart 8.1) and the expected decrease in inflation rates on a global scale. It should be noted that several countries have a negative inflation rate (see Chart 8.2).

Chart 8.1



This is the case with Sweden, whose inflation rate stood at -0.2% y.o.y. in January; its Central Bank (*Riksbank*) lowered its monetary policy interest rate (*Repo Rate*) to -0.1%. Back then, it also modified the deposit facility interest rate and the credit facility interest rate to -0.85% and 0.65%, respectively (see Chart 8.3). It also launched a program for the purchase of government securities (**Quantitative Easing**) for 10 billion Swedish kronor (equal to US\$1.2 billion and 0.3% of the Swedish GDP).

Chart 8.2

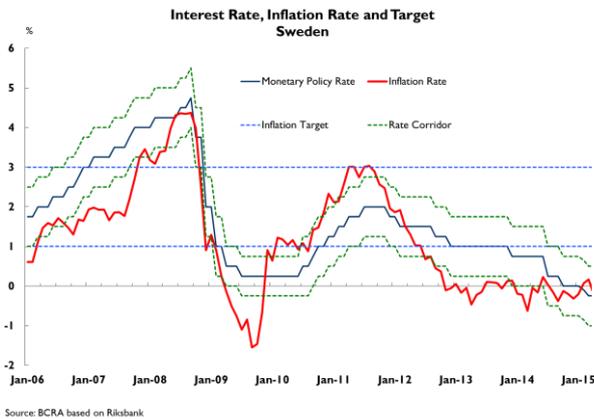


Also in a context of negative inflation (-0.5% y.o.y. in January), the Bank of Israel (BoI) decided on February 23 to reduce its monetary policy rate by 0.15 p.p. to 0.1% (its lowest level ever). Moreover, it adjusted the interest rate corridor width, from ± 0.25 p.p. to ± 0.1 p.p., with its lower level remaining at 0% (see Chart 8.4).

In turn, the markets anticipated a sharp appreciation of Denmark's currency after the Swiss franc appreciated against the euro last January. With a view to discouraging a large inflow of funds into Denmark, the monetary authority (*Danmarks Nationalbank*), which has a floating band with the euro¹³, reduced—four times and in less than two weeks—the interest rate on certificates of deposit of commercial banks at the *Danmarks*

¹³ The Danish krone fluctuates against the euro within bands.

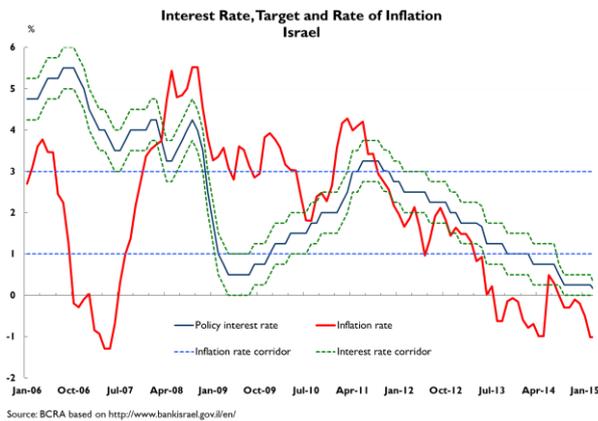
Chart 8.3



Nationalbank down to -0.75%. It also had to intervene in the foreign exchange market, selling Danish kroner for 274.9 billion in January and February in total, an amount equivalent to US\$40 billion approximately (14.5% of GDP).

In turn, the People’s Bank of China (PBoC) decided to bring down the reserve requirement for large banks by 0.5 p.p., to 19.5%. On February 28, it lowered its monetary policy rate (for 1-year deposits) once again—after November’s change—to 2.5%, against a backdrop of a 0.8% y.o.y. inflation rate in January 2015 (see Chart 8.5), the lowest since end 2009. In addition, the International Monetary Fund (IMF) forecasts a GDP growth of 6.8% for 2015, the lowest since 1990.

Chart 8.4



Finally, although the Federal Reserve (FED) did not meet in February, the latest indicators of the labor market and its chair’s speech in the biannual report to Congress flag a potential increase in the benchmark interest rate, the federal funds rate (FFR), in the second half of 2015. Indeed, the FED’s authorities had stated that the creation of more than 200,000 (non-farm) jobs for six months was taken as a sign of normalization of the labor market. Based on the latest data available, over 200,000 jobs have been created in each of the past 11 months (see Chart 8.6). Such an improvement in the labor market would allow the FED to start raising the FFR, as it is close to achieving its “maximum employment” target in a context of price stability (to the extent the effect of the drop in oil price is excluded) and moderate long-term interest rates.

Chart 8.5

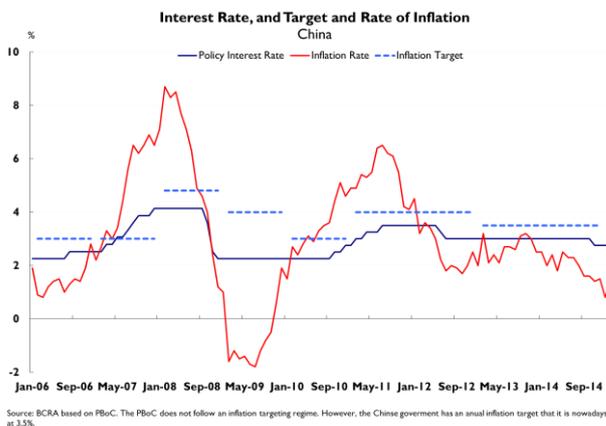
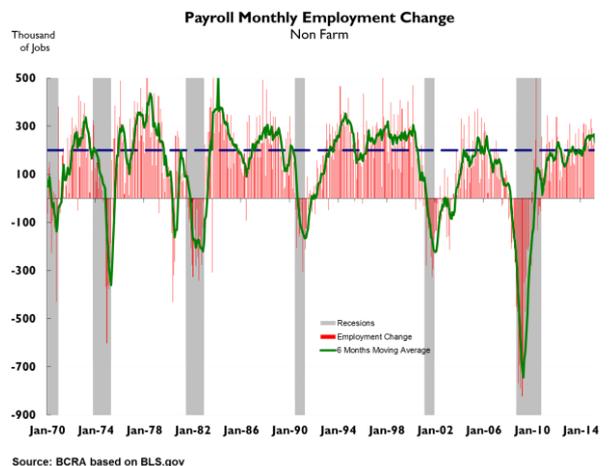


Chart 8.6



9. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in	
	Feb-15	Ene-15	Dic-14	Feb-14	Monthly	Last 12 months
Monetary base	450,670	453,976	442,861	347,707	-0.7%	29.6%
Currency in circulation	345,721	348,760	338,425	272,780	-0.9%	26.7%
Held by public	310,942	311,569	299,385	244,987	-0.2%	26.9%
Held by financial entities	34,778	37,191	39,038	27,791	-6.5%	25.1%
Settlement check	1	1	1	0	-23.2%	-
BCRA current account	104,949	105,216	104,436	74,927	-0.3%	40.1%
Repos stock						
Reverse repos	21,729	25,879	15,333	17,584	-16.0%	23.6%
Repos	0	0	0	0	0.0%	0.0%
BCRA securities stock (in face value)						
In banks	310,924	281,097	259,788	137,407	10.6%	126.3%
LEBAC	237,398	216,396	200,220	115,598	9.7%	105.4%
In pesos	310,246	280,424	259,788	121,866	10.6%	154.6%
In Dollars	678	673	0	0	-	-
NOBAC	0	0	0	15,541	-	-
International reserves excluded 2009 SDRs allocations	31,350	31,275	30,233	27,678	0.2%	13.3%
Private and public sector deposits in pesos ⁽¹⁾	890,228	882,951	840,085	685,965	0.8%	29.8%
Current account ⁽²⁾	251,060	294,327	275,626	200,452	-14.7%	25.2%
Savings account	179,320	179,177	175,719	131,340	0.1%	36.5%
Not CER-adjustable time deposits	426,698	377,495	356,311	328,211	13.0%	30.0%
CER-adjustable time deposits	9	9	8	5	4.5%	78.7%
Other deposits ⁽³⁾	33,141	31,943	32,420	25,957	3.7%	27.7%
<u>Private sector deposits</u>	<u>653,837</u>	<u>638,354</u>	<u>624,729</u>	<u>492,599</u>	<u>2.4%</u>	<u>32.7%</u>
<u>Public sector deposits</u>	<u>236,391</u>	<u>244,597</u>	<u>215,355</u>	<u>193,366</u>	<u>-3.4%</u>	<u>22.3%</u>
Private and public sector deposits in dollars ⁽¹⁾	9,312	9,147	8,788	8,845	1.8%	5.3%
Loans to private and public sector in pesos ⁽¹⁾	607,007	605,699	590,839	517,694	0.2%	17.3%
<u>Loans to private sector</u>	<u>565,707</u>	<u>563,013</u>	<u>549,809</u>	<u>474,999</u>	<u>0.5%</u>	<u>19.1%</u>
Overdrafts	71,523	70,823	66,801	60,629	1.0%	18.0%
Promissory bills	133,014	134,226	133,922	112,860	-0.9%	17.9%
Mortgages	47,924	47,872	47,502	44,306	0.1%	8.2%
Pledge-backed loans	32,725	32,570	32,700	32,425	0.5%	0.9%
Personal loans	121,538	118,891	117,247	101,102	2.2%	20.2%
Credit cards	118,684	117,961	110,982	88,198	0.6%	34.6%
Other loans	40,300	40,669	40,654	35,480	-0.9%	13.6%
<u>Loans to public sector</u>	<u>41,300</u>	<u>42,687</u>	<u>41,029</u>	<u>42,695</u>	<u>-3.2%</u>	<u>-3.3%</u>
Loans to private and public sector in dollars ⁽¹⁾	3,498	3,392	3,331	3,673	3.1%	-4.8%
Total monetary aggregates ⁽¹⁾						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	562,002	605,897	575,013	445,441	-7.2%	26.2%
M2 (M1 + savings account in pesos)	741,322	785,074	750,732	576,780	-5.6%	28.5%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	1,201,170	1,194,521	1,139,471	930,954	0.6%	29.0%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	1,285,324	1,276,442	1,217,423	1,002,352	0.7%	28.2%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	473,483	472,766	459,749	364,233	0.2%	30.0%
M2 (M1 + private savings account in pesos)	638,941	638,695	621,067	486,232	0.0%	31.4%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	964,779	949,924	924,116	737,588	1.6%	30.8%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	1,034,700	1,016,834	988,632	795,543	1.8%	30.1%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2014		Last 12 months	
	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾
Monetary base	-3,306	-0.7%	42,839	10.5%	7,809	1.8%	102,963	29.6%
Financial sector	4,323	1.0%	-28,934	-7.1%	-6,190	-1.4%	-29,766	-8.6%
Public sector	14,948	3.3%	75,578	18.5%	45,579	10.3%	171,161	49.2%
Private external sector	-2,189	-0.5%	5,044	1.2%	1,229	0.3%	49,087	14.1%
BCRA securities	-19,945	-4.4%	-33,638	-8.2%	-32,347	-7.3%	-103,697	-29.8%
Others	-444	-0.1%	24,789	6.1%	-462	-0.1%	16,177	4.7%
International Reserves	75	0.2%	2,873	10.1%	1,117	3.7%	3,672	13.3%
Foreign exchange market intervention	-246	-0.8%	585	2.1%	156	0.5%	6,108	22.1%
International financial institutions	-154	-0.5%	-197	-0.7%	-236	-0.8%	-538	-1.9%
Other public sector operations	-81	-0.3%	6,251	22.0%	2,504	8.3%	7,488	27.1%
Dollar liquidity requirements	211	0.7%	817	2.9%	581	1.9%	-2,456	-8.9%
Others (incl. change in US\$ market value of nondollar assets)	345	1.1%	-4,583	-16.1%	-1,888	-6.2%	-6,941	-25.1%

1 Excludes financial sector and foreign depositors. Loans's figures correspond to statistical information, without being adjusted by financial trusts. Provisory figures.

2 Net of the use of unified funds.

3 Net of deposits pending of swap by public bonds (BODEN).

4 "Contribution" field refers to the percentage of change of each factor versus the main variable corresponding to the month respect which the change is being calculated.

5 Provisory data subjected to changes in valuation.

Sources: BCRA Accounting Department and SISCEM Informative Regime.

Minimum Cash Requirement and Compliance

	nov-14	oct-14	sep-14
	(1)		
Domestic Currency	% of total deposits in pesos		
Requirement	11,8	11,8	11,7
Compliance	12,1	12,0	12,0
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	69,5	69,3	67,9
30 to 59 days	20,6	19,9	20,9
60 to 89 days	5,8	5,8	5,9
90 to 179 days	3,1	3,9	4,3
more than 180 days	1,0	1,0	1,0
Foreign Currency	% of total deposits in foreign currency		
Requirement	44,9	44,2	44,3
Compliance (includes default application resource)	88,0	87,1	85,0
Position ⁽²⁾	43,1	42,9	40,7
<i>Residual time structure of term deposits used for the calculation of the requirement ⁽³⁾</i>	%		
Up to 29 days	47,0	46,9	49,7
30 to 59 days	22,9	21,4	20,2
60 to 89 days	13,0	12,3	10,6
90 to 179 days	11,4	13,3	13,6
180 to 365 days	5,6	6,0	5,7
more than 365 days	0,1	0,1	0,2

(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	Feb-15	Ene-15	Dic-14	Feb-14
Interbank Loans (overnight)				
Interest rate	20.52	22.93	21.82	14.66
Traded volume (million pesos)	3,218	3,300	2,177	2,028
Time Deposits				
<u>In pesos</u>				
30-44 days	19.84	18.60	19.97	21.00
60 days or more	23.01	23.05	23.12	23.88
Total BADLAR (more than \$1 million, 30-35 days)	17.42	15.98	17.81	19.70
Private Banks BADLAR (more than \$1 million, 30-35 days)	20.62	20.20	19.98	25.58
<u>In dollars</u>				
30-44 days	0.98	0.85	0.88	0.93
60 days or more	1.52	1.43	1.67	1.71
Total BADLAR (more than \$1 million, 30-35 days)	0.78	0.70	0.85	0.81
Private Banks BADLAR (more than \$1 million, 30-35 days)	1.60	1.00	0.99	1.08
Lending Interest Rates	Feb-15	Ene-15	Dic-14	Feb-14
Stock Repos				
Gross interest rates 30 days	24.27	23.88	24.00	25.73
Traded volume (all maturities, million pesos)	477	376	377	282
Loans in Pesos ⁽¹⁾				
Overdrafts	30.48	30.84	30.87	31.62
Promissory Notes	26.54	26.60	25.98	29.22
Mortgages	25.76	22.19	21.46	17.51
Pledge-backed Loans	27.25	28.07	26.35	24.25
Personal Loans	37.57	38.41	37.69	45.02
Credit Cards	s/d	40.78	41.77	38.30
Overdrafts - 1 to 7 days - more than \$10 million	24.26	25.64	24.31	25.89
International Interest Rates	Feb-15	Ene-15	Dic-14	Feb-14
LIBOR				
1 month	0.17	0.17	0.16	0.16
6 months	0.38	0.36	0.34	0.33
US Treasury Bonds				
2 years	0.60	0.53	0.61	0.32
10 years	1.96	1.87	2.20	2.70
FED Funds Rate	0.25	0.25	0.25	0.25
SELIC (1 year)	12.25	11.94	11.70	10.54

(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	Feb-15	Ene-15	Dic-14	Feb-14
BCRA Repo Interest Rates				
Overnight reverse repo	13.00	13.00	13.00	9.00
7-day reverse repo	14.00	14.00	14.00	9.50
7-day repo	17.00	17.00	17.00	11.50
Total Repo Interest Rates				
Overnight	15.64	16.06	16.33	9.69
7 days	15.71	14.22	15.01	10.42
Repo traded volumen (daily average)	15,221	18,415	12,550	14,259
Peso LEBAC Interest Rate¹				
1 month	s/o	s/o	s/o	s/o
2 months	s/o	s/o	s/o	28.52
3 months	26.50	26.78	26.84	28.73
9 months	s/o	s/o	29.08	29.90
12 months	28.94	29.13	29.29	30.23
Peso NOBAC with variable coupon Spread¹				
200 days BADLAR Private Banks	s/o	s/o	s/o	1.49
Dollars LEBAC Interest Rate¹				
1 month	2.88	2.50	2.50	2.50
3 months	3.45	3.00	3.00	3.00
6 months	3.75	3.50	3.50	3.50
12 months	4.10	4.00	4.00	4.00
LEBAC and NOBAC traded volume (daily average)	3550	3200	3518	1245
Foreign Exchange Market	Feb-15	Ene-15	Dic-14	Feb-14
Dollar Spot				
Exchange agencies	8.68	8.60	8.55	7.85
BCRA Reference	8.69	8.61	8.55	7.87
Future dollar				
NDF 1 month	8.85	8.81	8.76	8.05
ROFEX 1 month	8.83	8.75	8.73	7.91
Traded volume (all maturities, million pesos)	1,985	2,547	2,413	2,917
Real (Pesos/Real)	3.08	3.26	3.24	3.30
Euro (Pesos/Euro)	9.86	9.99	10.54	10.73
Capital Market	Feb-15	Ene-15	Dic-14	Feb-14
MERVAL				
Index	9,270	8,519	8,563	5,893
Traded volume (million pesos)	164	112	174	103
Government Bonds (parity)				
BODEN 2015 (US\$)	138.34	132.25	130.64	126.40
DISCOUNT (US\$ - NY legislation)	128.32	117.27	111.67	95.49
BONAR 2017 (US\$)	135.06	125.63	126.63	111.18
DISCOUNT (\$)	78.18	70.23	72.29	71.86
Country risk				
Spread BODEN 2015 vs. US Treasury Bond	787	1,014	1,146	1,328
EMBI+ Latin America (without Argentina)	516	541	502	454

¹ Corresponds to average results of each month primary auctions.

10. 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