

# Monthly Monetary Report

March 2015



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

# Monthly Monetary Report

March 2015



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

# Contents

## **1. Summary | Page 3**

## **2. Monetary Aggregates | Page 4**

## **3. Financial Institutions' Liquidity | Page 5**

## **4. Loans | Page 6**

## **5. Interest Rates | Page 7**

Central Bank Securities | Page 7

Central Bank Repo Transactions | Page 8

Call Money Market | Page 9

Deposit Rates | Page 9

Lending Rates | Page 10

## **6. International Reserves and Foreign Exchange Market | Page 11**

## **7. Collective Investment Vehicles | Page 12**

Mutual Funds | Page 12

Financial Trusts | Page 12

## **8. Major Policy Measures Taken by Other Central Banks | Page 13**

## **9. Monetary and Financial Indicators | Page 15**

## **10. Glossary | Page 19**

Inquiries, comments or electronic subscriptions: [analisis.monetario@bcra.gov.ar](mailto:analisis.monetario@bcra.gov.ar)

The contents of this report can be freely quoted provided the source is specified: Monthly Monetary Report - BCRA

The closing date for statistics in this report was April 16, 2015. All figures are provisional and subject to review.

## 1. Summary<sup>1</sup>

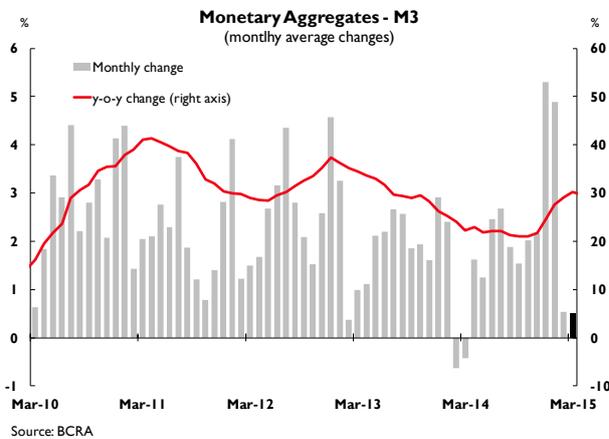
- In March, the broadest monetary aggregate in pesos (M3) recorded an increase of 0.4% and a y.o.y. growth rate of 30%. The monthly increase was boosted again by private sector time deposits, which more than outweighed the decrease in public sector deposits. On the other hand, private sector means of payment kept their average stock fairly stable.
- Private sector time deposits in pesos exhibited the highest monthly increase in the last three years. The monthly growth of this kind of deposits reached 6.4% and it was explained by the performance of wholesale and retail deposits. It is worth stating that the latter have posted sustained momentum since the application of minimum interest rates on individuals' deposits last October: in March they increased for the third consecutive month above 4%. Thus, private sector time deposits in pesos increased 32% in the last twelve months.
- The liquidity ratio corresponding to the domestic currency (cash in banks, institutions' current account with the Central Bank, repos with such Institution and LEBAC holdings in terms of total deposits in pesos) remained relatively stable against February, standing at 40.7%. Concerning its components, there was a higher share of LEBAC holdings and current account deposits at the Central Bank, which were offset by a fall in the stock of repos.
- The growth pace of loans in pesos granted to the private sector accelerated along the month by 2.1% (\$11.92 billion), which was significantly higher than the figure observed in the same month last year. Thus, the y.o.y. change rate increased more than 2 p.p., standing at 21.5%. The monthly growth was explained by credit lines aimed at consumption as well as those for commercial purposes, in line with the high level of activity recorded by companies at this time of the year.
- Monthly averages of most lending interest rates fell again. Interest rates on collateralized loans posted the greatest drops over the month: the monthly average of the interest rate on mortgage loans granted to natural persons stood at 19.1%, whilst that on pledge-backed lines was 26.5%. In turn, the interest rate on overdrafts given to companies for over \$10 million and at up to 7 days went down 0.4 p.p., amounting to 23.9%.
- Regarding interest rates paid on time deposits in pesos, those pertaining to 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 0.2 p.p. against February, averaging 20.8%. As to the segment in US dollars, the interest rate on time deposits of up to US\$100,000 and at up to 44 days averaged 1.9%, around 1 p.p. higher than February's average. This performance evidences the effect of the rise in minimum interest rates to be paid by institutions participating in LEBAC auctions in foreign currency (for a 30-day deposit, they must pay 2.45% in annual nominal terms).

---

<sup>1</sup> Unless otherwise stated, figures to which reference is made are monthly averages of daily data.

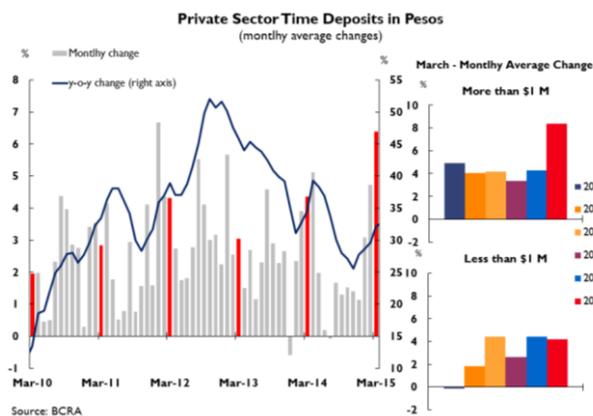
## 2. Monetary Aggregates<sup>1</sup>

Chart 2.1



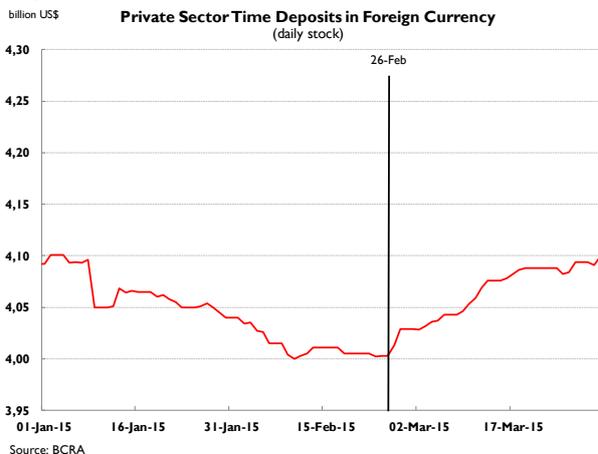
The broadest monetary aggregate in pesos ( $M3^2$ ) increased 0.4% in March and around 30% y.o.y. (see Chart 2.1). The monthly increase was boosted, once again, by private sector time deposits, which more than offset the decrease recorded in public sector deposits. In turn, private sector means of payment (private M2) kept their average stock practically unchanged. It should be noted that the number of bank holidays differs from one year to the next, which hinders y.o.y. comparisons. Particularly, end of March and early April bank holidays resulted in a slight increase in cash held by the public as well as a minor drop in sight deposits accounted for by deposits in savings accounts.

Chart 2.2



Total deposits in pesos from the private sector posted a 2.9% monthly hike: there was a drop in sight deposits, as mentioned above, and a sharp rise in time deposits. The latter increased 6.4%, evidencing the greatest monthly rise since early 2012 (see Chart 2.2). Both wholesale and retail time deposits climbed significantly; however, the segment corresponding to transactions exceeding \$1 million should be highlighted as it recorded an 8.4% monthly growth easily surpassing the rises recorded in the same period in previous years. In the case of deposits not exceeding \$1 million, even though their 4.2% monthly rise was similar to that recorded in March 2014, they kept their momentum and grew above 4% for the third consecutive month favored by the minimum interest rate scheme for natural persons established by the BCRA and by higher stability existing in the foreign exchange market. Thus, private sector time deposits continued accelerating their expansion pace, climbing 32% over the past year.

Chart 2.3



Public and private sector deposits in foreign currency grew 4.3%. Regarding private sector deposits, the evolution of time deposits should be underscored as they began going up as from the last week of February (see Chart 2.3) when higher interest rates for these deposits were observed<sup>3</sup>. All in all, the broadest monetary aggregate,  $M3^{*4}$ , increased 0.7%, standing at about 30% in y.o.y. terms.

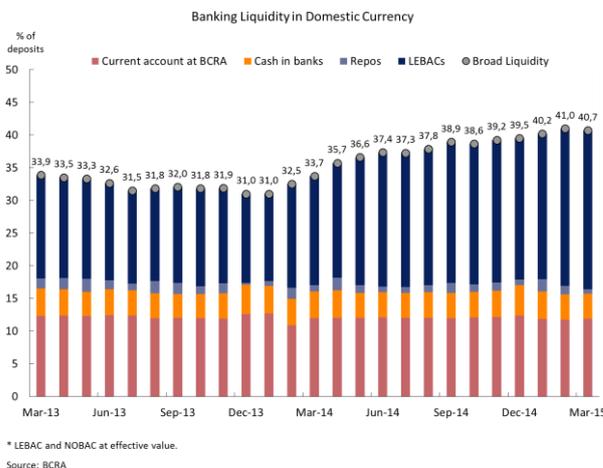
The monetary base averaged \$453.065 billion over the month, going up 0.5% in March. The monthly hike was mainly observed in bank reserves (consisting of cash in

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

<sup>3</sup> It should be noted that upon the relaunch of LEBACs in dollars, there was a change in the spread between the interest rate paid to depositors and that on LEBACs subscribed by financial institutions. See Communications "A" 5527 and "A" 5711.

<sup>4</sup> It includes M3 and deposits in foreign currency of non-financial public and private sectors.

**Chart 3.1**

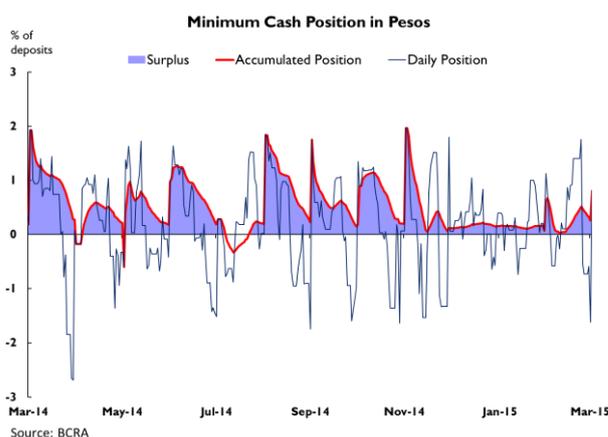


banks and financial institutions' current account balances with the BCRA) given that cash held by the public increased slightly. In y.o.y. terms, the change observed stood at 29%, down 0.6 p.p. against February.

### 3. Financial Institutions' Liquidity<sup>1</sup>

Financial institutions' liquidity in the domestic currency segment (cash in banks, institutions' current account with the Central Bank, net repos with such Institution, plus LEBAC and NOBAC holdings) remained virtually stable in March, standing at high levels. On average, broad liquidity equaled 40.7% of total deposits in pesos (see Chart 3.1).

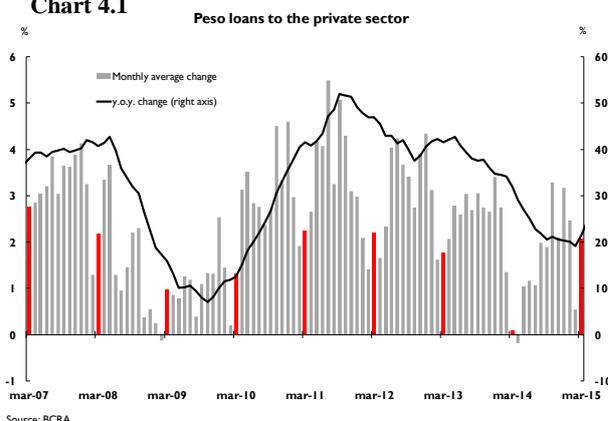
**Chart 3.2**



Surplus liquidity fell as a result of a drop in repos with the BCRA, which was partially offset by a rise in LEBAC holdings. The amount of cash held by institutions also went down whilst the current account with the BCRA increased. In this regard, financial institutions surpassed compliance with the Minimum Cash requirement by 0.3% of total deposits in pesos by the end of March (see Chart 3.2).

In turn, liquidity remained relatively stable in the foreign currency tranche, standing at 107.7% of total deposits in dollars. The rise in the stock of LEBACs in dollars (driven by the regulatory change ordered by the BCRA at the end of February<sup>3</sup>) was offset by a fall in the share of the remaining liquid assets, particularly institutions' current accounts in dollars with the BCRA and repos in foreign currency with the Central Bank.

**Chart 4.1**



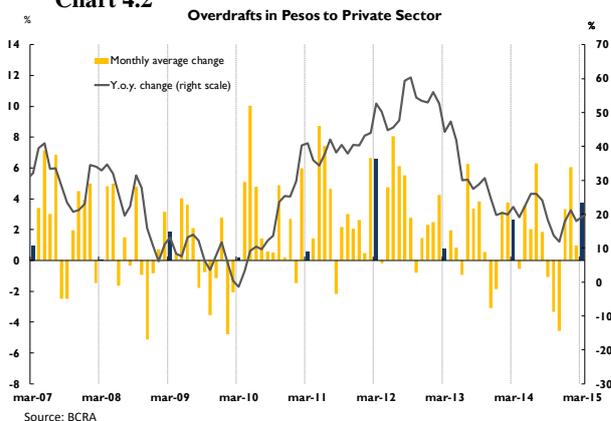
### 4. Loans<sup>1 5</sup>

Loans in pesos granted to the private sector increased 2.1% in March (\$11.92 billion), easily exceeding the figure recorded in the same month last year. Thus, the y.o.y. change rate increased over 2 p.p., standing at 21.5% (see Chart 4.1). The monthly growth was explained by credit lines aimed at consumption as well as those for commercial purposes, in line with the high level of activity recorded by companies at this time of the year.

Indeed, lines aimed primarily at financing commercial activities started exhibiting greater momentum.

<sup>5</sup> 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, "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 for the period

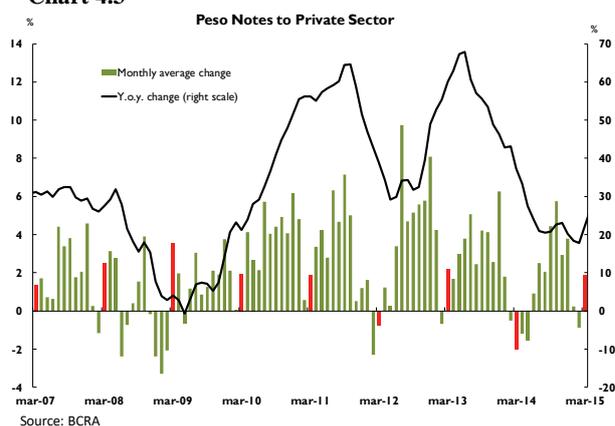
**Chart 4.2**



Overdrafts accelerated their monthly expansion pace, going up 3.7% (\$2.68 billion), exceeding the figures recorded in March in the two previous years. Therefore, their y.o.y. change increased 1.3 p.p., amounting to 19.2% (see Chart 4.2). In turn, financing arranged through promissory notes resumed its growth trend, climbing 1.9% (\$2.47 billion), contrasting with the fall recorded in March 2014. This sparked acceleration in the y.o.y. growth pace, which rose from 18% to 22.5% (see Chart 4.3).

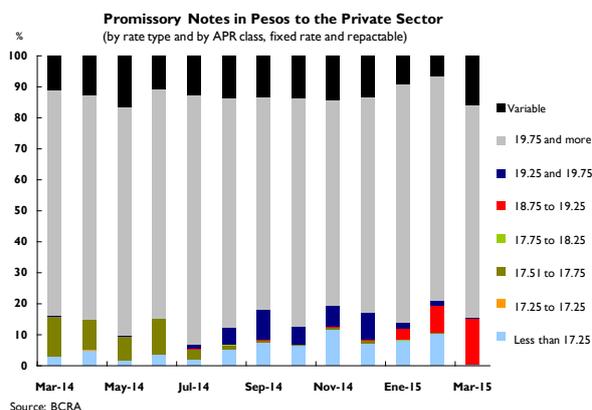
Regarding the “Credit Line for Productive Investment” (LCIP), financial institutions had to comply with an intermediate goal in March according to which they needed to have arranged loans for at least 30% of the total amount of the first tranche of the 2015 quota by that date. In the case of unsecured promissory notes—a line used for many of these transactions,—this requirement meant a higher share of the new loans granted at interest rates close to those set for the first tranche of the 2015 quota (interest ranging from 18.75% to 19.25%; see Chart 4.4).

**Chart 4.3**



With respect to lines aimed at primarily financing household consumption, personal loans continued growing at a good pace favored by the maximum interest rate policy set for this type of loans. Indeed, they rose 2.8% in the past month (\$3.39 billion), exceeding the figures of the previous three months. Moreover, they accelerated their y.o.y. growth rate, which stood at 22.7%, up 2.5 p.p. against February (see Chart 4.5). Hence, the line has continued exhibiting, since the second half of 2014, growth rates in excess of those recorded in the first half of that year. In turn, credit card financing increased 2.4% over the month (\$2.89 billion) whilst the y.o.y. change has remained at high levels, close to 37.5%. This line continued being favored by the “Ahora 12” program, which promotes domestic consumption through this financial tool.

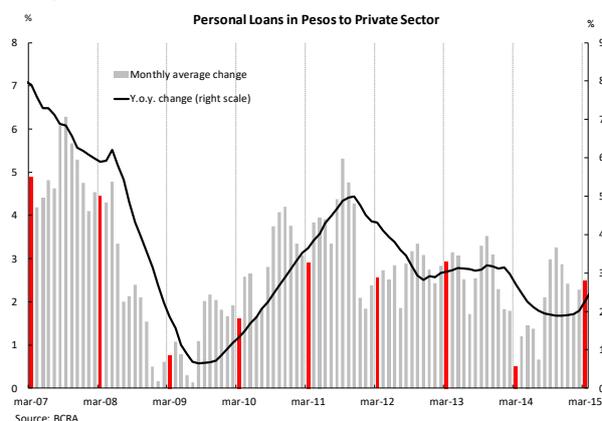
**Chart 4.4**



The stock of collateralized loans remained practically unchanged in March. Mortgage loans posted a slight rise once again (0.1%; \$70 million), going up around 8% in the past 12 months. It should be noted that, even though mortgage loans have been evidencing little momentum, part of the demand for such loans for housing (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 also went up, by 0.3% (\$90 million).

Finally, loans in foreign currency granted to the private sector continued growing. They increased 2.6% (US\$90 million) last month as a result of the performance exhibited by unsecured promissory notes in foreign

**Chart 4.5**



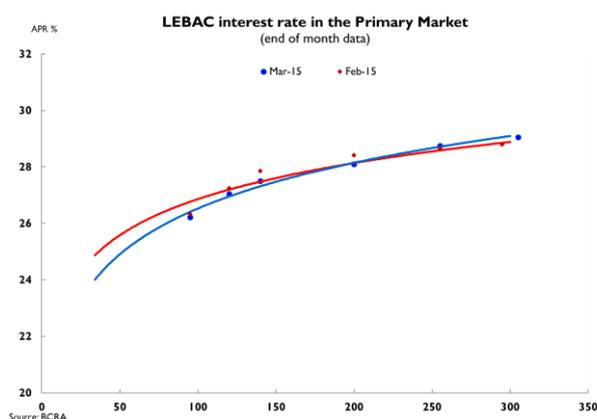
currency, which are mainly related to foreign trade transactions. Meanwhile, the stock corresponding to transactions carried out with credit cards fell, following the period recording the highest use of credit cards abroad during summer holidays.

## 5. Interest Rates <sup>6</sup>

### Central Bank Securities <sup>7</sup>

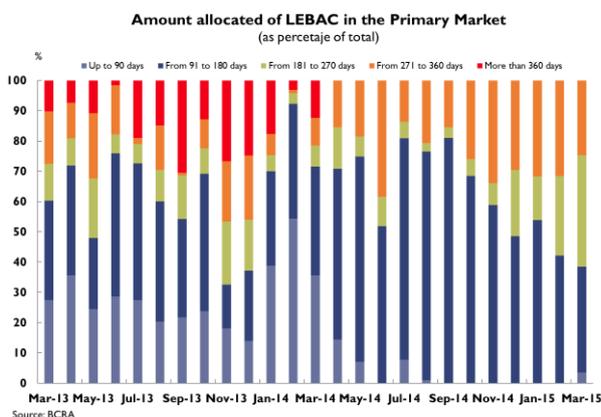
In March, the interest rate curve of LEBACs issued by the Central Bank each week in the primary market became steeper, evidencing a slight fall in the case of shorter term securities and minor rises in the case of longer term securities. Interest rates on LEBACs at prearranged rates—at 95 and 120 days—stood at 26.2% and 27.04%, respectively, by the end of the month, while the interest rate on instruments with the longest maturity—305 days—stood at 29.04% (see Chart 5.1).

**Chart 5.1**



The amount allocated in LEBACs in domestic currency totaled \$45.5 billion; the total amount corresponded to LEBACs in pesos given that no LEBACs adjusted to the benchmark exchange rate were awarded over the month. Considering LEBACs in pesos, most of them were allocated at terms ranging from 180 to 360 days (62% of the total; see Chart 5.2). Particularly, auctions of LEBACs at 360 days ceased to be held by the end of the month so as to avoid overlapping, taking into account the issue of BONACs at 12 and 18 months that the National Treasury started conducting<sup>8</sup>.

**Chart 5.2**



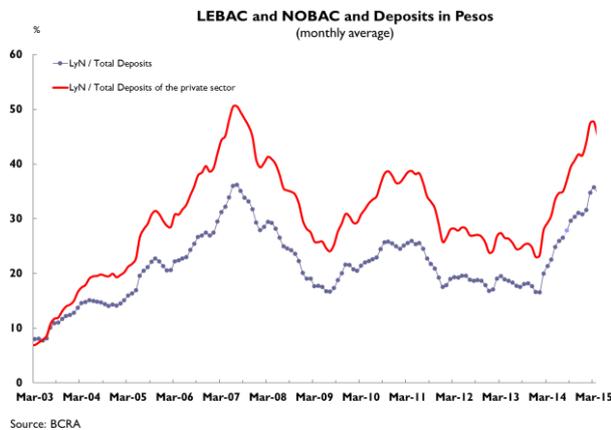
The outstanding nominal stock of LEBACs in pesos totaled around \$313.9 billion at the end of the month, down 3% against late February. With respect to deposits in pesos, the stock of securities stood at around 36% (see Chart 5.3). The fall in the stock recorded in March was mainly accounted for by the performance observed in public financial institutions, while private institutions and the remaining holders recorded hikes.

<sup>6</sup> Interest rates mentioned in this section are expressed as annual percentage rates (APR).

<sup>7</sup> In this section, figures are end of the month data unless otherwise stated.

<sup>8</sup> On March 27, the National Treasury auctioned two bonds in the domestic market at 12 and 18 months. See <http://www.mecon.gov.ar/wp-content/uploads/2015/03/Comunicado-BONAC.pdf>

**Chart 5.3**



As far as the secondary market is concerned, interest rates on LEBACs evidenced stability along the month with the exception of shorter terms (under 15 days), which fell by the second half of March in line with the performance recorded in the call money market. The average turnover of LEBACs and NOBACs traded in the secondary market totaled \$2.35 billion on a daily basis. Transactions with LEBACs at terms not exceeding 15 days stood out.

Regarding LEBACs in foreign currency, their stock was impacted by the new regulations established by the BCRA in late February<sup>9</sup>. The stock increased US\$657 million and totaled US\$1.313 billion at the end of March (see Chart 5.4).

### Central Bank Repo Transactions<sup>1</sup>

In March, 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%.

The stock of reverse repos with the Central Bank for all terms fell around \$4.7 billion, standing at \$17 billion (see Chart 5.5).

### Call Money Market<sup>1</sup>

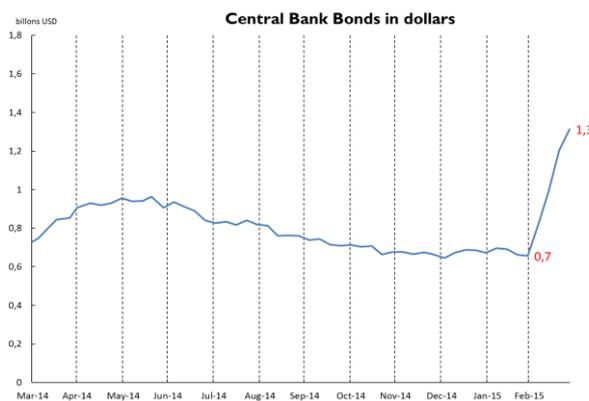
In March, interest rates in call money markets did not exhibit significant changes. The interest rates on overnight transactions in the unsecured market (*call*) averaged 21.2%, up 0.7 p.p. against February, mainly due to the performance exhibited at the beginning of the month. By the end of March, the interest rate stood below the level recorded at the end of February. In turn, the average interest rate on overnight transactions between financial institutions on the secured market (REPO round) was 21.1%, showing a 0.3 p.p. decrease in the month (see Chart 5.6). The daily average volume traded stood relatively stable and totalized around \$7 billion.

### Deposit Rates<sup>1</sup>

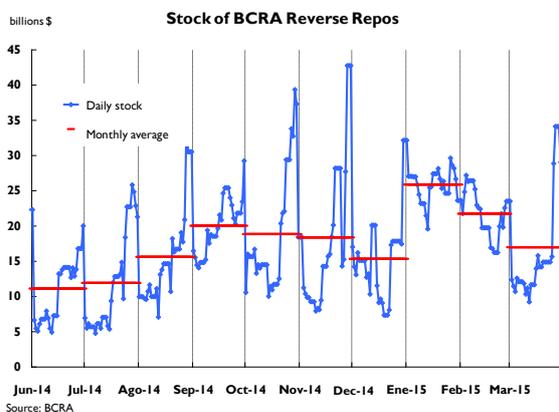
Interest rates paid by financial institutions on their time deposits in pesos in the retail segment remained stable in March; while the rates of the wholesale segment continued with the slightly increasing trend evidenced since December.

In the retail segment, the monthly average of the interest rate paid by private institutions on time deposits of up to

**Chart 5.4**

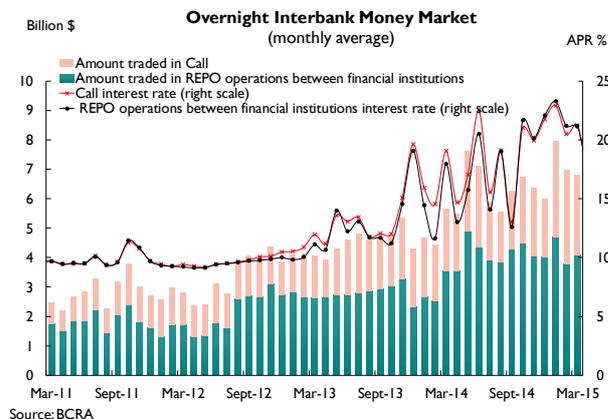


**Chart 5.5**



<sup>9</sup> See Communication "A" 5711

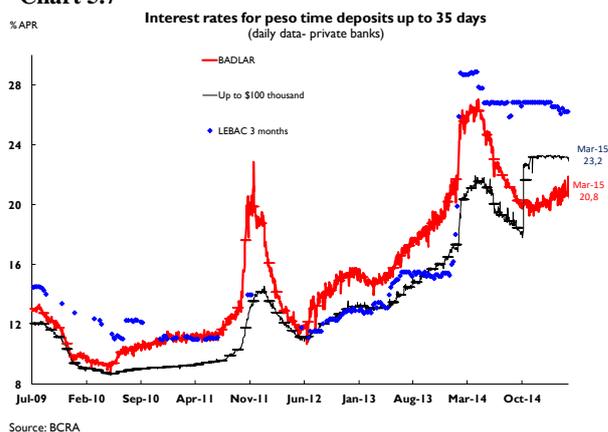
**Chart 5.6**



\$100,000 and at up to 35 days stood at 23.2%, without changes since November (see Chart 5.7). As from October 2014 there are minimum levels for interest rates in the retail segment, which are connected with interest rates on LEBACs with the term closer to 90 days<sup>10</sup>. In turn, on account of the reduction observed in February in interest rates on LEBACs with a three-month term, minimum interest rates on individuals' deposits of up to \$350,000 and at up to 44 days will be 23.1% in April, down 0.2 p.p. against the value recorded in March.

In turn, in the wholesale segment, the BADLAR of private banks—interest rate on time deposits of \$1 million or more, and at up to 30-35 days—continued with a slightly upward trend, with an average of 20.8%, and an increase of 0.2 p.p. in the month. In spite of the 1 p.p. increase since November, the interest rate paid to wholesale depositors is still more than 2 p.p. below that applied to retail depositors.

**Chart 5.7**



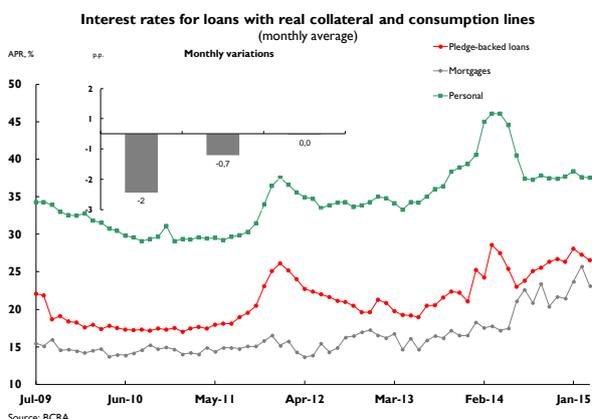
In the foreign currency segment, interest rates on private sector time deposits recorded a significant increase<sup>3</sup>. The interest rate on time deposits of up to US\$100,000 and at up to 44 days averaged 1.9%, around 1 p.p. higher than February's average.

### Lending Rates<sup>11</sup>

Interest rates on loans granted to the private sector fell during March, led by interest rates on longer-term lines.

Interest rates on collateralized loans posted the greatest drops over March: the monthly average of the interest rates on mortgage loans granted to natural persons stood at 19.1%, whilst that on pledge-backed lines was 26.5%, exhibiting drops in the month of 2 p.p. and 0.7 p.p., respectively (see Chart 5.8).

**Chart 5.8**

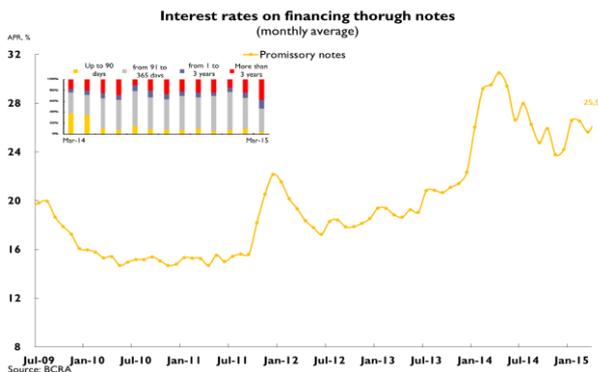


Among commercial lines, a drop of the interest rate on unsecured promissory notes (0.7 p.p.) should be highlighted, which averaged 25.9%, reaching the lowest level in more than a year (see Chart 5.9). As in the case of collateralized loans, this reduction is partly explained by a greater share of loans granted within the framework of the LCIP, which accrue lower interest rates (19%) and have longer terms (not less than 36 months), in a month where at least 30% of the total amount of financing corresponding to the first tranche of the quota for 2015 had to be awarded.

<sup>10</sup> See Communication "A" 5640.

<sup>11</sup> 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 5.9**

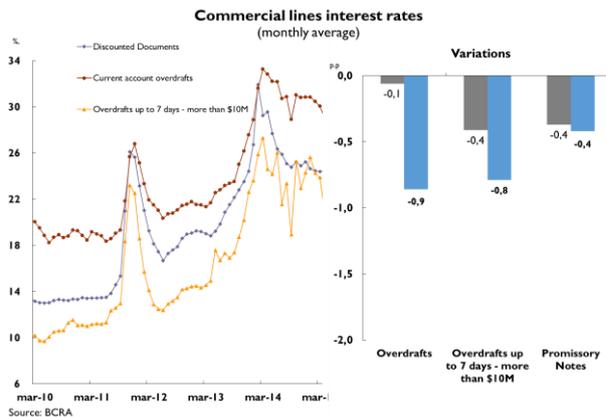


On the other hand, the monthly average interest rate on discounted documents stood at 24.4%, down 0.1 p.p. against the previous month (see Chart 5.10).

In turn, the interest rate on current account overdrafts averaged 30.1%; while the interest rate on overdrafts given to companies for over \$10 million and up to 7 days went down once again, amounting to 23.9%. In both lines, the monthly drop was 0.4 p.p.

Regarding interest rates on personal loans, the maximum interest rates<sup>12</sup> that were effective in March decreased 0.1 p.p., standing at 38.8% for institutions in Group I and 48.2% for institutions in Group II<sup>13</sup>. In the same line, the monthly average interest rate on personal loans was 37.6%, standing at the same level as in February. As a consequence of the impact caused by the cut on the interest rates on LEBACs in February, the maximum interest rates for April stand at 38.4% for Group I and at 47.7% for Group II.

**Chart 5.10**



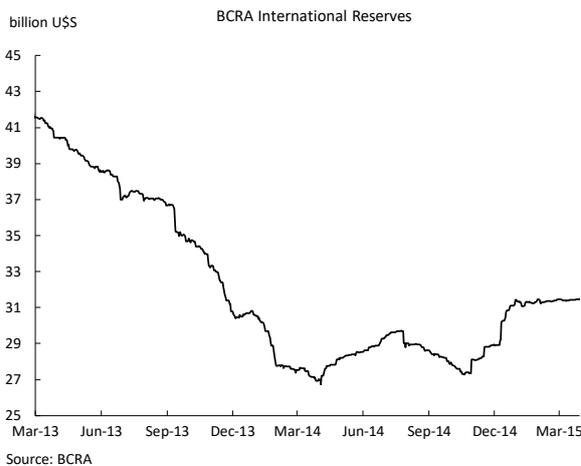
## 6. International Reserves and Foreign Exchange Market<sup>1</sup>

International reserves remained stable with a stock of US\$31.49 billion by the end of March (see Chart 6.1). Two additional tranches of the local currency swap agreement between the Central Bank of Argentina and the People's Bank of China entered into effect in March. Moreover, financial institutions' current accounts in foreign currency with the Central Bank posted a decrease, which was partly caused by the reduction of third party transfers awaiting settlement. In addition, the Treasury made payments in foreign currency and there was a net sale of foreign currency in the foreign exchange market.

Regarding the foreign exchange market, the peso kept the pace of nominal depreciation with respect to the US dollar. The monthly average exchange rate stood at 8.8\$/US\$, 1.1% higher than the previous month (see Chart 6.2). In contrast, the peso appreciated against the real (-9.4%) and the euro (-3.8%) and its exchange rate stood at 2.8 \$/real and 9.5 \$/euro.

In turn, the daily average amount traded in the futures market (ROFEX) was near \$2.4 billion, 20% higher than February. In March, the Central Bank started to operate

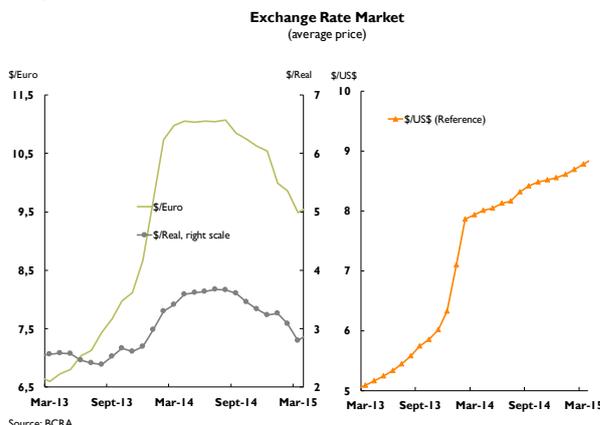
**Chart 6.1**



<sup>12</sup> Communication "A" 5590, effective since June 2014, fixed maximum interest rates 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.

<sup>13</sup> In order to determine the maximum levels for interest rates on personal and pledge-backed loans, the Central Bank divided institutions 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**



Source: BCRA

in longer-term contracts, maturing between November 2015 and March 2016. Thus, the increases of the first half of the month were reversed, and by the end of March futures contract prices were lower than those effective by the end of February for all terms.

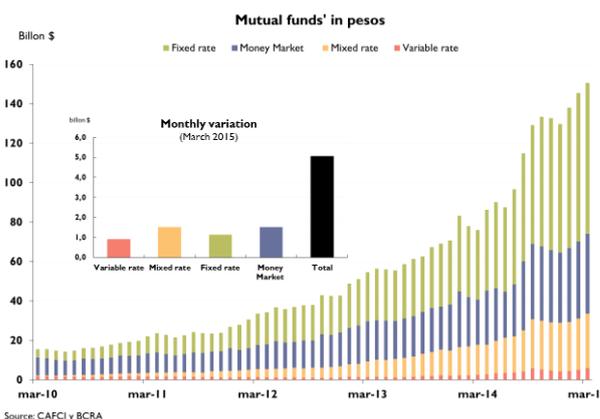
## 7. Collective Investment Vehicles

### Mutual Funds

The equity of FCIs in pesos and in foreign currency ended March with \$5.16 billion growth (5.4%), standing at the end of the month at \$153.3 billion.

This monthly increase was boosted by mixed income and *money market* funds in pesos. Each one of these segments accumulated a growth of approximately \$1.5 billion (see Chart 7.1), mainly boosted by the subscription of unit shares. In turn, fixed income funds grew \$1.1 billion and variable income funds recorded an increase of \$900 million.

**Chart 7.1**

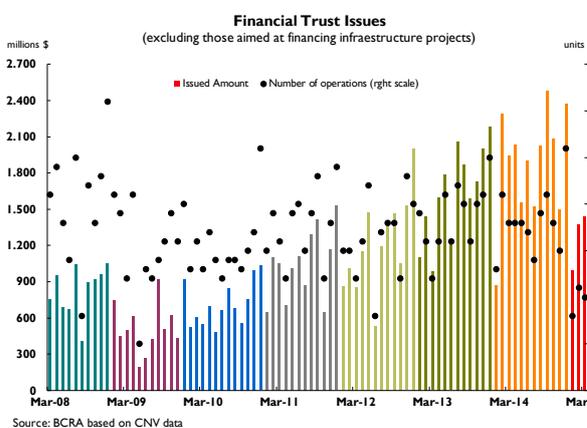


Source: CAFCI y BCRA

Regarding profitability, both in March and February, all funds in pesos exhibited positive returns. Particularly, the estimated profit of variable income funds should be highlighted, standing at around 14%, following the trend recorded in stock quotes in the domestic market. In addition, the increase of the quotes of mixed and fixed income funds stood at 1.9%, while the returns on *money market* funds reached 1.2%.

Finally, in the foreign currency segment, the equity of FCIs rose US\$8 million; reaching US\$314 million. As in the previous month, increases concentrated in fixed income funds (US\$6 million).

**Chart 7.2**



Source: BCRA based on CNV data

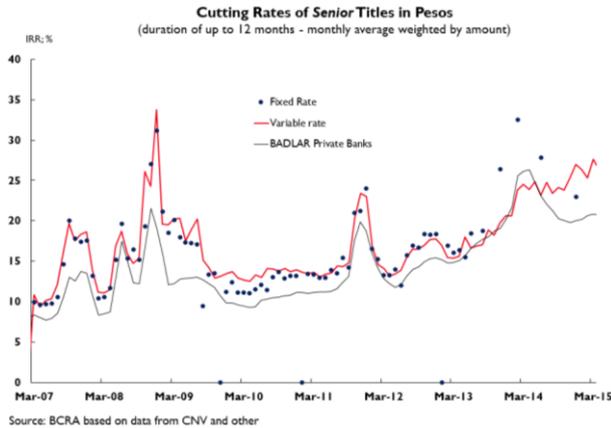
### Financial Trusts<sup>14</sup>

In March, financial trust (FT) issues totalized around \$1.445 billion, an amount similar to that of the previous month and lower than the amount recorded in March 2014 (see Chart 7.2). Regarding the number of transactions, as in the case of February, 11 were conducted in the last month.

As for trustors, financial institutions issued \$530 million, slightly more than in the previous month. Retailers issued a similar amount, resulting in a 50% decrease against the previous month. In turn, mutual associations, cooperatives and non-bank credit card issuers and other financial service providers issued near \$380 million, 90% higher than February and similar to

<sup>14</sup> Only publicly-traded financial trusts are considered.

**Chart 7.3**



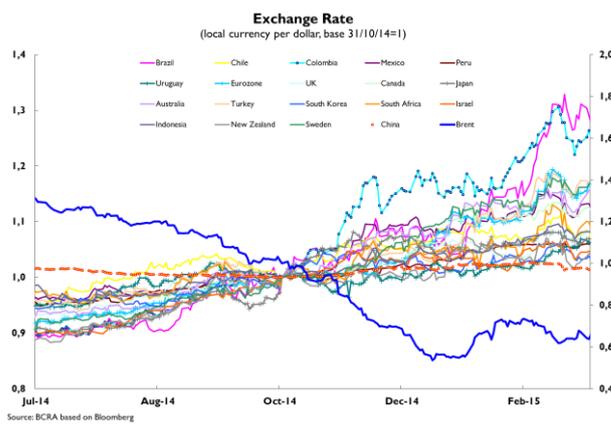
January's amount. Assets held in trust fully corresponded to consumption financing (personal loans and credit card coupons).

Finally, the cut-off interest rate (weighted average by amount) on *senior* bonds in pesos with a *term* below 14 months and agreed upon at a variable rate stood at 27.6%, 2.3 p.p. above the previous month (see Chart 7.3). In turn, no transactions at fixed rate were recorded.

## 8. Major Policy Measures taken by Other Central Banks

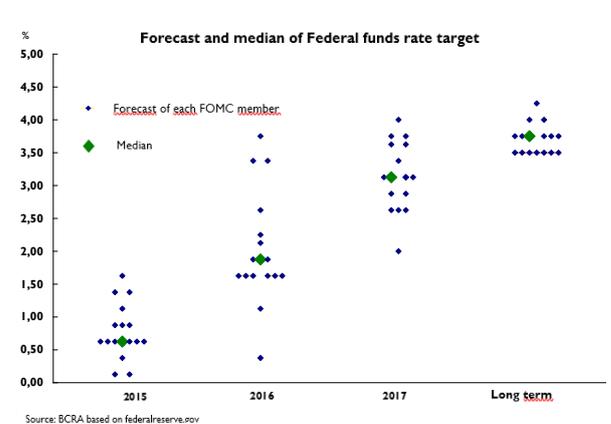
In the period under analysis, the fall in the international price of crude oil had a lasting effect on price indexes, both in advanced and emerging countries. Therefore, facing a backdrop of reduced global inflation, mixed results vis-à-vis growth expectations, greater volatility and uncertainty in international financial markets and, consequently, international capital flows growth impacting on foreign exchange markets (see Chart 8.1), several central banks implemented measures to promote economic activity growth.

**Chart 8.1**



On the other hand, the Federal Reserve (FED) decided to modify its press release text, in order to signal that during 2015<sup>15</sup> the federal funds rate (FFR) target, which has been 0-0.25% since December 2008 (see Chart 8.2), would be raised. This took place in a context where job creation and labor market data in general have been showing a sustained improvement. In particular, more than 200,000 jobs have been created in the non-agricultural sector over the past twelve months. The FED mentioned that if that value remained stable for at least six months it would be a strength indicator in such market. However, the latest figure of this indicator, released at the beginning of April (subsequent to the FED's meeting), was 126,000 jobs (see Chart 8.3). On the basis of this figure and worse-than-expected indicators of activity, the FFR would increase by the end of the year.

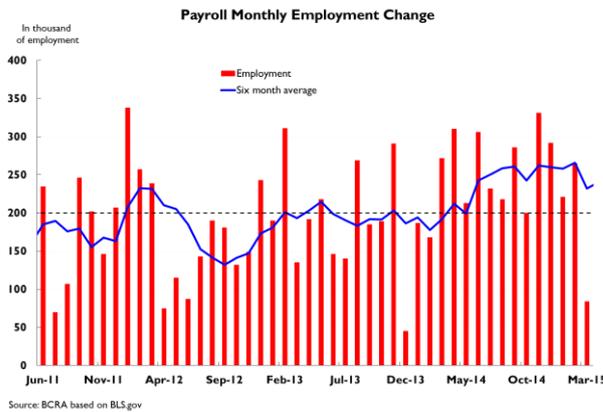
**Chart 8.2**



The Sweden Central Bank (Riksbank) decided in an out-of-schedule meeting to reduce the repo rate to -0.25%. In turn, the Riksbank maintained the width of the interest rate corridor at -1% for deposit facilities, and 0.5% for lending facilities standing (see Chart 8.4). Moreover, only one month after the announcement of its QE program, the Central Bank decided to quadruple its amount to 40 billion Swedish krona (1% of the

<sup>15</sup> A few days later, the Chair of the Fed said in a press conference that the forecasted conditions for 2015 would warrant a FFR increase during this year, even though she remarked that the process would be gradual.

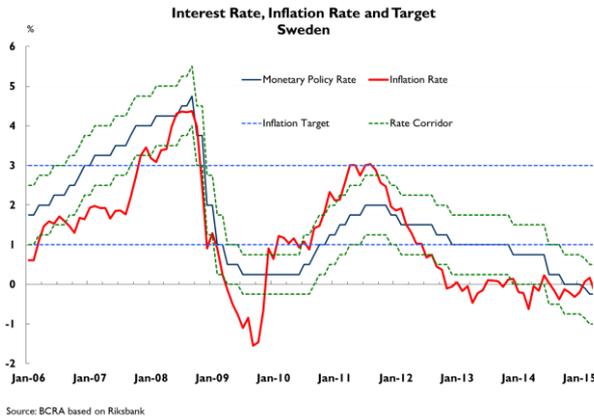
**Chart 8.3**



Swedish GDP and an amount equal to approximately US\$4.7 billion).

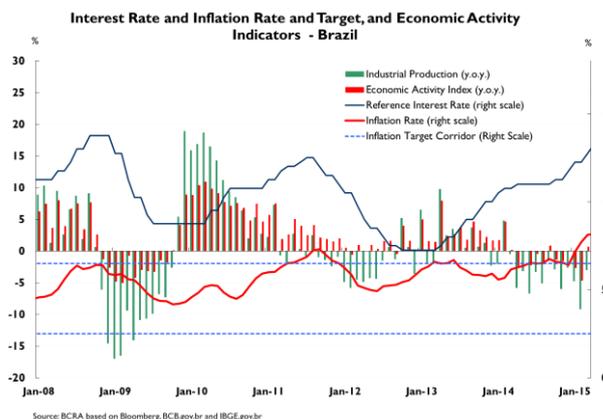
On the other hand, the Central Bank of Brazil (BCB), as expected by markets, unanimously decided to increase once again the target Selic rate by 0.5 p.p. to 12.75% (see Chart 8.5). This decision was adopted in a context of weak activity level, increasing inflation and depreciation of the real of 18.1% so far in 2015. In this regard, by the end of March the BCB announced that it would not renew its program of foreign exchange swap auctions and sales of US dollars with repurchase agreements since next April. Thus, swaps maturing as from May 1 will be fully renewed (taken into account their demand and market conditions) and sales of US dollars with repurchase agreements will be carried out subject to market conditions.

**Chart 8.4**



Finally, other emerging countries took expansionary measures, such as the monetary authorities of China, Russia, India, Thailand and South Korea, which took such measures in a context of moderate-to-decreasing growth and low inflation (or deflation) rates. In the first case, the People's Bank of China (PBoC) reduced its monetary policy rate (one year deposit rate) by 0.25 p.p., from 2.75 to 2.5%. This measure was implemented in a context of low inflation (the lowest since late 2009) coupled with historically low growth rates.

**Chart 8.5**



## 9. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in	
	Mar-15	Feb-15	Dec-14	Mar-14	Monthly	Last 12 months
<b>Monetary base</b>	<b>453,065</b>	<b>450,670</b>	<b>442,861</b>	<b>351,349</b>	<b>0.5%</b>	<b>29.0%</b>
Currency in circulation	346,137	345,721	338,425	268,830	0.1%	28.8%
Held by public	311,775	310,991	299,390	240,596	0.3%	29.6%
Held by financial entities	34,360	34,729	39,034	28,232	-1.1%	21.7%
Settlement check	1	1	1	0	69.4%	-
BCRA current account	106,929	104,949	104,436	82,520	1.9%	29.6%
<b>Repos stock</b>						
Reverse repos	16,987	21,729	15,333	11,593	-21.8%	46.5%
Repos	0	0	0	0	0.0%	0.0%
<b>BCRA securities stock (in face value)</b>						
<b>In banks</b>	322,061	310,924	259,788	147,043	3.6%	119.0%
<b>LEBAC</b>	243,692	237,398	200,220	123,131	2.7%	97.9%
In pesos	321,020	310,246	259,788	127,073	3.5%	152.6%
In Dollars	1,040	678	0	0	-	-
<b>NOBAC</b>	0	0	0	19,970	-	-
<b>International Reserves</b>	<b>31,432</b>	<b>31,350</b>	<b>30,233</b>	<b>27,332</b>	<b>0.3%</b>	<b>15.0%</b>
<b>Private and public sector deposits in pesos <sup>(1)</sup></b>	<b>893,924</b>	<b>890,217</b>	<b>840,088</b>	<b>686,422</b>	<b>0.4%</b>	<b>30.2%</b>
Current account <sup>(2)</sup>	250,048	251,065	275,630	185,914	-0.4%	34.5%
Savings account	179,351	179,315	175,719	132,646	0.0%	35.2%
Not CER-adjustable time deposits	431,578	426,617	356,311	341,249	1.2%	26.5%
CER-adjustable time deposits	10	9	8	6	5.7%	66.7%
Other deposits <sup>(3)</sup>	32,936	33,210	32,420	26,607	-0.8%	23.8%
<u>Private sector deposits</u>	<u>672,562</u>	<u>653,755</u>	<u>624,733</u>	<u>503,159</u>	<u>2.9%</u>	<u>33.7%</u>
<u>Public sector deposits</u>	<u>221,362</u>	<u>236,462</u>	<u>215,355</u>	<u>183,263</u>	<u>-6.4%</u>	<u>20.8%</u>
<b>Private and public sector deposits in dollars <sup>(1)</sup></b>	<b>9,713</b>	<b>9,311</b>	<b>8,788</b>	<b>8,406</b>	<b>4.3%</b>	<b>15.5%</b>
<b>Loans to private and public sector in pesos <sup>(1)</sup></b>	<b>617,454</b>	<b>607,116</b>	<b>590,814</b>	<b>518,225</b>	<b>1.7%</b>	<b>19.1%</b>
<u>Loans to private sector</u>	<u>577,184</u>	<u>565,823</u>	<u>549,787</u>	<u>475,204</u>	<u>2.0%</u>	<u>21.5%</u>
Overdrafts	74,173	71,497	66,782	62,220	3.7%	19.2%
Promissory bills	135,494	133,021	133,922	110,565	1.9%	22.5%
Mortgages	47,994	47,922	47,502	44,566	0.1%	7.7%
Pledge-backed loans	32,800	32,713	32,700	32,441	0.3%	1.1%
Personal loans	124,373	121,541	117,247	101,367	2.3%	22.7%
Credit cards	121,570	118,673	110,982	88,396	2.4%	37.5%
Other loans	40,781	40,454	40,651	35,649	0.8%	14.4%
<u>Loans to public sector</u>	<u>40,269</u>	<u>41,294</u>	<u>41,027</u>	<u>43,021</u>	<u>-2.5%</u>	<u>-6.4%</u>
<b>Loans to private and public sector in dollars <sup>(1)</sup></b>	<b>3,594</b>	<b>3,498</b>	<b>3,331</b>	<b>3,599</b>	<b>2.7%</b>	<b>-0.1%</b>
<b>Total monetary aggregates <sup>(1)</sup></b>						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	561,824	562,056	575,021	426,512	0.0%	31.7%
M2 (M1 + savings account in pesos)	741,176	741,372	750,740	559,158	0.0%	32.6%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	1,205,700	1,201,208	1,139,479	927,020	0.4%	30.1%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	1,294,516	1,285,352	1,217,432	995,518	0.7%	30.0%
<b>Private monetary aggregates</b>						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	476,332	473,525	459,757	360,777	0.6%	32.0%
M2 (M1 + private savings account in pesos)	639,336	638,977	621,075	481,759	0.1%	32.7%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	984,338	964,746	924,124	743,757	2.0%	32.3%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	1,056,902	1,034,657	988,641	799,225	2.1%	32.2%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2014		Last 12 months	
	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>	Nominal	Contribution <sup>(4)</sup>
<b>Monetary base</b>	<b>2,396</b>	<b>0.5%</b>	<b>10,204</b>	<b>2.3%</b>	<b>10,204</b>	<b>2.3%</b>	<b>101,716</b>	<b>29.0%</b>
Financial sector	4,771	1.1%	-1,418	-0.3%	-1,418	-0.3%	-5,236	-1.5%
Public sector	6,147	1.4%	51,725	11.7%	51,725	11.7%	176,831	50.3%
Private external sector	-4,505	-1.0%	-3,276	-0.7%	-3,276	-0.7%	38,762	11.0%
BCRA securities	-3,208	-0.7%	-35,555	-8.0%	-35,555	-8.0%	-99,347	-28.3%
Others	-810	-0.2%	-1,272	-0.3%	-1,272	-0.3%	-9,295	-2.6%
<b>International Reserves</b>	<b>82</b>	<b>0.3%</b>	<b>1,199</b>	<b>4.0%</b>	<b>1,199</b>	<b>4.0%</b>	<b>4,100</b>	<b>15.0%</b>
Foreign exchange market intervention	-510	-1.6%	-355	-1.2%	-355	-1.2%	4,877	17.8%
International financial institutions	-189	-0.6%	-424	-1.4%	-424	-1.4%	-593	-2.2%
Other public sector operations	-116	-0.4%	2,388	7.9%	2,388	7.9%	7,548	27.6%
Dollar liquidity requirements	89	0.3%	670	2.2%	670	2.2%	-1,102	-4.0%
Others (incl. change in US\$ market value of nondollar assets)	809	2.6%	-1,079	-3.6%	-1,079	-3.6%	-6,629	-24.3%

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

2 Net of the use of unified funds.

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

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

5 Provisory data subjected to changes in valuation.

Sources: BCRA Accounting Department and SISCEN Informative Regime.

#### Minimum Cash Requirement and Compliance

	Jun-15	May-15	Apr-15
	(1)		
<b>Domestic Currency</b>	% of total deposits in pesos		
Requirement	11,4	11,3	11,3
Compliance	11,7	11,5	11,5
Position (2)	0,2	0,2	0,3
<i>Residual time structure of term deposits used for the calculation of the requirement (3)</i>	%		
Up to 29 days	65,8	65,6	68,2
30 to 59 days	22,6	21,9	20,8
60 to 89 days	6,0	6,6	5,5
90 to 179 days	4,4	4,8	4,4
more than 180 days	1,3	1,2	1,1
<b>Foreign Currency</b>	% of total deposits in foreign currency		
Requirement	39,6	40,6	40,9
Compliance (includes default application resource)	71,8	75,7	77,8
Position (2)	32,2	35,2	36,9
<i>Residual time structure of term deposits used for the calculation of the requirement (3)</i>	%		
Up to 29 days	48,5	46,1	45,6
30 to 59 days	24,7	22,3	21,6
60 to 89 days	11,7	15,7	13,5
90 to 179 days	10,2	11,3	15,1
180 to 365 days	4,8	4,5	4,0
more than 365 days	0,1	0,1	0,2

<sup>(1)</sup> Estimates data of Requirement, Compliance and Position.

<sup>(2)</sup> Position= Requirement - Compliance

<sup>(3)</sup> Excludes judicial time deposits.

Source: BCRA

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

<b>Borrowing Interest Rates</b>	<b>Mar-15</b>	<b>Feb-15</b>	<b>Jan-15</b>	<b>Mar-14</b>
<b>Interbank Loans (overnight)</b>				
Interest rate	21.13	20.52	22.93	19.17
Traded volume (million pesos)	2,856	3,218	3,300	2,203
<b>Time Deposits</b>				
<u>In pesos</u>				
30-44 days	19.87	19.84	18.60	21.42
60 days or more	23.57	23.00	23.05	24.98
Total BADLAR (more than \$1 million, 30-35 days)	17.45	17.43	15.98	19.90
Private Banks BADLAR (more than \$1 million, 30-35 days)	20.80	20.62	20.20	26.17
<u>In dollars</u>				
30-44 days	1.59	0.98	0.85	0.97
60 days or more	2.48	1.52	1.43	1.60
Total BADLAR (more than \$1 million, 30-35 days)	1.17	0.81	0.70	0.86
Private Banks BADLAR (more than \$1 million, 30-35 days)	2.15	1.60	1.00	1.02
<b>Lending Interest Rates</b>	<b>Mar-15</b>	<b>Feb-15</b>	<b>Jan-15</b>	<b>Mar-14</b>
<b>Stock Repos</b>				
Gross interest rates 30 days	23.44	24.27	23.88	27.98
Traded volume (all maturities, million pesos)	522	477	376	324
<b>Loans in Pesos <sup>(1)</sup></b>				
Overdrafts	30.09	30.50	30.84	33.27
Promissory Notes	25.67	26.57	26.64	29.54
Mortgages	23.09	25.74	23.73	17.79
Pledge-backed Loans	26.54	27.25	28.08	28.60
Personal Loans	37.58	37.58	38.42	46.09
Credit Cards	s/d	40.92	40.58	39.39
Overdrafts - 1 to 7 days - more than \$10 million	23.89	24.26	25.64	27.31
<b>International Interest Rates</b>	<b>Mar-15</b>	<b>Feb-15</b>	<b>Jan-15</b>	<b>Mar-14</b>
<b>LIBOR</b>				
1 month	0.18	0.17	0.17	0.15
6 months	0.40	0.38	0.36	0.33
<b>US Treasury Bonds</b>				
2 years	0.64	0.60	0.53	0.39
10 years	2.05	1.96	1.87	2.72
<b>FED Funds Rate</b>	0.25	0.25	0.25	0.25
<b>SELIC (1 year)</b>	12.70	12.25	11.94	10.75

(1) Observed data from Monthly Informative Regime SISCEN 08 up to April and estimated data based on Daily Informative Regime SISCEN 18 for May and June.

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

Reference Interest Rates	Mar-15	Feb-15	Jan-15	Mar-14
<b>BCRA Repo Interest Rates</b>				
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
<b>Total Repo Interest Rates</b>				
Overnight	17.01	15.64	16.06	14.88
7 days	17.61	15.71	14.22	12.99
Repo traded volumen (daily average)	12,616	15,221	18,415	10,127
<b>Peso LEBAC Interest Rate<sup>1</sup></b>				
1 month	s/o	s/o	s/o	s/o
2 months	s/o	s/o	s/o	s/o
3 months	26.24	26.50	26.78	28.78
9 months	s/o	s/o	s/o	29.88
12 months	29.29	28.94	29.13	30.30
<b>Peso NOBAC with variable coupon Spread<sup>1</sup></b>				
200 days BADLAR Private Banks	s/o	s/o	s/o	1.06
<b>Dollars LEBAC Interest Rate<sup>1</sup></b>				
1 month	3.25	2.88	2.50	2.50
3 months	3.90	3.45	3.00	3.00
6 months	4.00	3.75	3.50	3.50
12 months	4.20	4.10	4.00	4.00
LEBAC and NOBAC traded volume (daily average)	2350	3550	3200	1553
<b>Foreign Exchange Market</b>	<b>Mar-15</b>	<b>Feb-15</b>	<b>Jan-15</b>	<b>Mar-14</b>
<b>Dollar Spot</b>				
Exchange agencies	8.78	8.68	8.60	7.93
BCRA Reference	8.78	8.69	8.61	7.93
<b>Future dollar</b>				
NDF 1 month	8.95	8.85	8.81	8.08
ROFEX 1 month	8.95	8.83	8.75	8.06
Traded volume (all maturities, million pesos)	2,911	1,986	2,547	2,300
<b>Real (Pesos/Real)</b>	2.79	3.08	3.26	3.41
<b>Euro (Pesos/Euro)</b>	9.49	9.86	9.99	10.98
<b>Capital Market</b>	<b>Mar-15</b>	<b>Feb-15</b>	<b>Jan-15</b>	<b>Mar-14</b>
<b>MERVAL</b>				
Index	10,442	9,270	8,519	5,937
Traded volume (million pesos)	265	164	112	86
<b>Government Bonds (parity)</b>				
BODEN 2015 (US\$)	134.35	138.34	132.25	121.08
DISCOUNT (US\$ - NY legislation)	134.23	128.32	117.27	95.75
BONAR 2017 (US\$)	132.57	135.06	125.63	108.19
DISCOUNT (\$)	88.34	78.18	70.23	86.05
<b>Country risk</b>				
Spread BODEN 2015 vs. US Treasury Bond	813	787	1,014	1,112
EMBI+ Latin America (without Argentina)	532	516	541	400

<sup>1</sup> 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