Monthly Monetary Report

March 2016

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Content

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The closing date for statistics in this report was April 6, 2016. All figures are provisional and subject to review.

1. Summary[1]

• During January and February, the Central Bank focused its efforts on absorbing the surplus liquidity, so that the evolution of monetary aggregates could match a declining trend of the inflation rate. Afterwards, it started a gradual migration process towards the use of interest rates as the main instrument of its monetary policy –as done by countries using inflation targeting, a regime that the Central Bank is currently adopting. The BCRA currently uses the LEBACs for the shortest term as its benchmark interest rate and intervenes in the primary and secondary markets. Besides, in line with such rate, the Central Bank defines a repo interest rate corridor.

• Once the interest rate is defined, the monetary base and the monetary aggregates increase or decrease in line with the liquidity needs of the market. Therefore, if the expansion of money is not backed by a higher demand of money, the additional liquidity will be automatically absorbed through open markets operations and reverse repos.

• During March and within a context of a high inflation rate, the Central Bank increased the cut-off interest rates by 6.9 percentage points (p.p.) in LEBACs for the shortest term (35 days). The rest of the LEBAC interest rates curve, which resulted from the monetary balance, went up 5.5 p.p. and 3.7 p.p. depending on the term. The Central Bank intensified its intervention in the secondary market of LEBACs, particularly in the shortest term segment, aligning the interest rates with those of the primary market.

• The Central Bank increased the interest rates of its repo transactions by 5 p.p. during the month. As a result, the interest rates of reverse repos for overnight and seven-day transactions stood at 30% and 31%, respectively, while the interest rates of repos stood at 39% and 40% for the abovementioned terms. Within this period, the interest rate of the call market remained within the repo corridor established by the Central Bank.

• The interest rates of the monetary market partially mirrored the rise of the benchmark interest rate. Private Banks BADLAR exhibited a hike of 3.6 p.p. against the previous month, standing at 29.7%. As regards lending rates, increases became evident in financing arranged through overdrafts while the remaining lines exhibited a heterogeneous performance.

• Monetary aggregates kept decelerating their growth pace. The year-on-year change of the broadest aggregate in pesos (M3) contracted 1.8 p.p. to 29.1%, and the private M2 reached a year-on-year increase of 27.6%, down 0.6 p.p. against the previous month. In turn, the M3 stock contracted against February, and its components exhibited a dissimilar performance. The deposits from the private sector went up, boosted by time deposits from the private sector which, in turn, were driven by deposits of up to $1 million. On the opposite front, the sight deposits from the private sector remained stable while the deposits from the public sector went down.

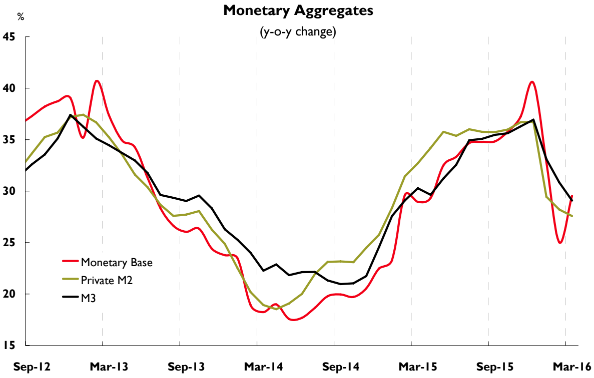
• Loans in pesos to the private sector jumped 0.7% ($5.68 billion). As a result, the year-on-year growth rate stood at 33.3%, down 1.7 p.p. against February figures. Breaking down the different credit lines, loans essentially aimed at financing household consumption exhibited rises, while the commercial loans followed the opposite trend.

• In a period when total deposits in pesos contracted (due to the fall of public sector's deposits) but loans expanded –in spite of exhibiting some sort of deceleration–, in March, the average liquidity ratio in domestic currency among financial institutions (cash in banks, current account of banks with the Central Bank, net repo transactions with the BCRA and the holding of LEBACs, as a percentage of deposits in pesos) decreased 0.7 p.p. against February, standing at 37.9%.

• Last April 7, the Central Bank of Argentina decided to implement a new saving and credit modality to radically change the access of Argentine families to housing. This initiative aims at promoting development with social equality, one of the mandates of the Central Bank's Chart. The instruments under this new modality will be denominated in Housing Units (UVIs), the initial value of which, as of March 31, 2016, is $14.053, equal to the thousandth part of the average construction cost of a "control" square meter. The value of the Housing Unit will be updated on a daily basis according to the Reference Stabilization Coefficient (CER). This saving methodology in Housing Units will provide households a saving instrument protected against inflation. At the same time, the start up of the credit market in Housing Units has the potential of multiplying the access to mortgage loans (see Press Release P50727).

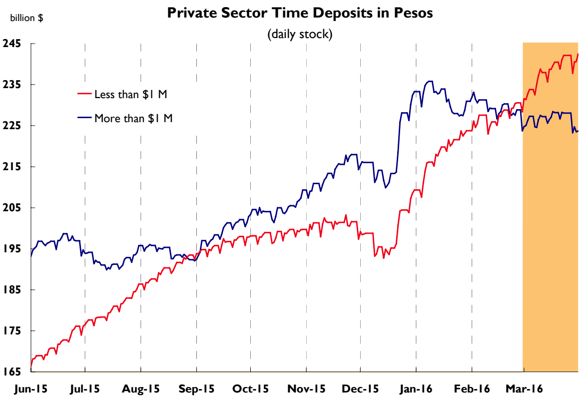
[1] Unless otherwise stated, figures to which reference is made are monthly averages of daily data.

Chart 2.1



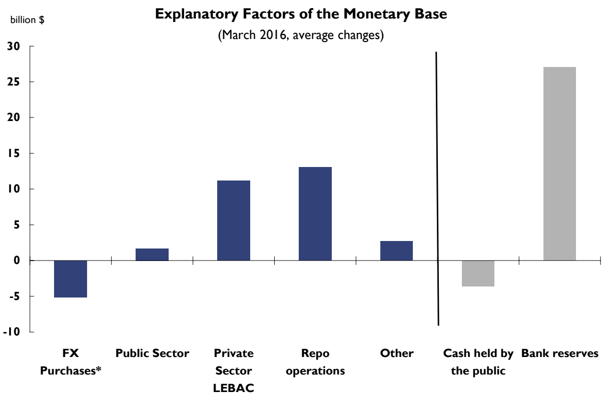
Note: M3 includes cash held by public, settlement checks in pesos and the total amount of deposits in pesos.
Source: BCRA.

Chart 2.2



Source: BCRA

Chart 2.3



Source: BCRA

2. Monetary Aggregates[1]

During January and February, the Central Bank focused its actions on absorbing any surplus liquidity, so that the evolution of monetary aggregates could match a declining trend of the inflation rate. Afterwards, it started a gradual migration process towards the use of interest rates as the main instrument of its monetary policy, as done by countries using inflation targeting, a regime the Central Bank is currently adopting.

Beyond this change in focus, in March, monetary aggregates still recorded a reduction in their growth pace. Indeed, the year-on-year change of the broadest aggregate in pesos (M3[2]) posted a 1.8 p.p. decrease, down to 29.1%, whereas the year-on-year expansion pace of the transactional money of the private sector (Private M2[3]) slowed down by 0.6 p.p., standing at 27.6% (see Chart 2.1). The latter aggregate recorded a 0.4% monthly decrease, with an heterogeneous performance among its components: a drop in cash held by the public and stability in sight deposits.

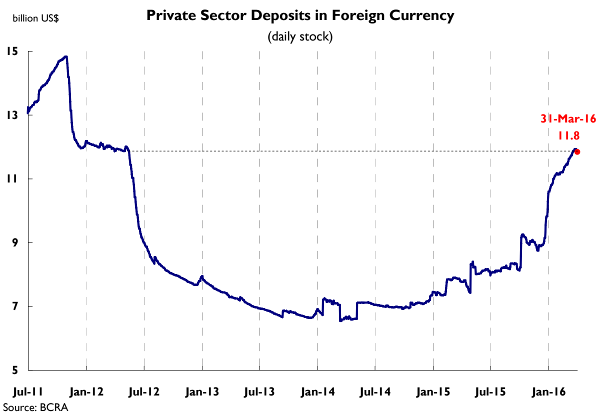
Time deposits from the private sector posted a 1.8% monthly growth and accumulated a year-on-year increase close to 43.9%. The monthly increase was mainly due to deposits under $1 million, the average stock of which grew 4.7% compared to the average of February, thus maintaining the momentum seen in recent months (see Chart 2.2). In turn, wholesale segment deposits posted a 1.1% decrease, partially associated with the sustained demand for LEBACs by non-financial investors.

As regards deposits from the public sector, they posted a 6.4% decrease, with drops in sight deposits which were partially offset by the increase in time deposits. Thus, the total deposits in pesos (including both the public and private sectors) went down 0.8% in March, exhibiting a 29.1% year-on-year change.

In March, the monetary base posted a temporary acceleration of its growth pace, reaching a 29.5% year-on-year change (see Chart 2.1), resulting mainly from regulatory factors. Upon the end of the quarterly minimum cash requirement position (effective from December to February) and upon commencement of the new calculation period in March, financial entities rebuilt their bank reserves by reducing their positions in

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

Chart 2.4

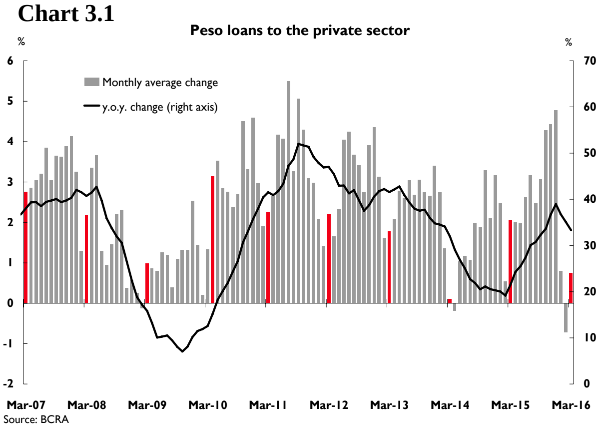


LEBACs and in repo transactions with the Central Bank (see Chart 2.3).

In turn, the monthly average stock of deposits in foreign currency rose 6.5%, posting increases in deposits from the public sector and the private sector. The former were driven by the inflow of funds coming from the issue of debt by the Province of Buenos Aires. With respect to deposits from the private sector, by the end of March they reached a stock of US$11.84 billion, the highest level since May 2012 (see Chart 2.4).

Finally, the broadest monetary aggregate, M3*[4], remained stable, exhibiting a 36.4% year-on-year change.

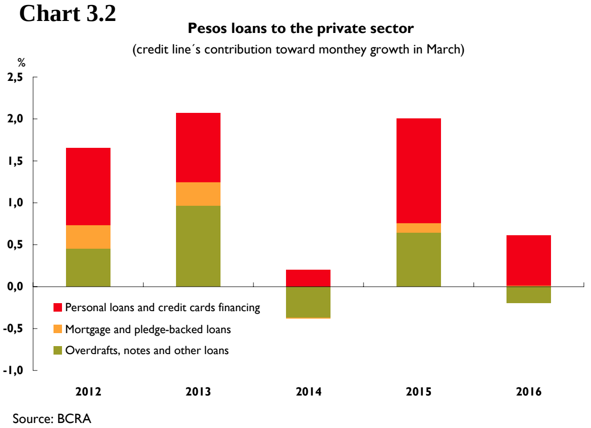
Chart 3.1



3. Loans [1 5]

In March, loans in pesos to the private sector continued posting limited changes. Last month, they grew 0.7% ($5.68 billion), an increase that turned out to be moderate relative to the rise recorded in the same month of previous years. Consequently, the year-on-year growth rate continued slowing down (-1.7 p.p.) and stood around 33% (see Chart 3.1). Breaking down among the different credit lines, credit facilities essentially aimed at financing the consumption of households were behind the growth of loans (see Chart 3.2).

Chart 3.2



Among loans devoted to financing the consumption of households, financing arranged through credit cards exhibited a 2% increase ($3.6 billion), standing below the rise recorded in March 2015. That notwithstanding, the year-on-year change reached around 50%, standing at a historically high level (see Chart 3.3). In turn, personal loans went up 2.2% ($3.65 billion), a little over the figure recorded in the previous month, even though such increase was lesser than that recorded in March last year; therefore, the year-on-year change went down 0.3 p.p. and stood at 35.5%.

Loans mostly aimed at financing companies' commercial activity posted a lesser momentum. Lending arranged through promissory notes stopped their downward trend, even though it has not resumed its growth path (see Chart 3.4). In year-on-year terms, these loans recorded a 33% change, thus posting a 2.7 p.p. decrease if compared to the previous month. In relation

[4] It includes M3 and deposits in foreign currency of the non-financial public and private sectors.
[5] The monthly changes of loans are adjusted by accounting activity, mainly caused by 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. Instead, a change in stock consists of arranged loans less amortizations and repayments for the period.

Chart 3.3

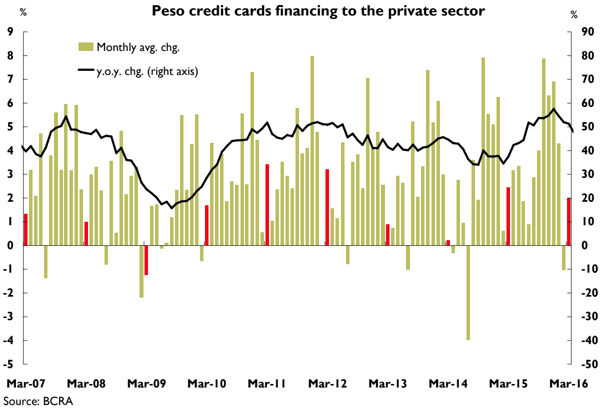


Chart 3.4

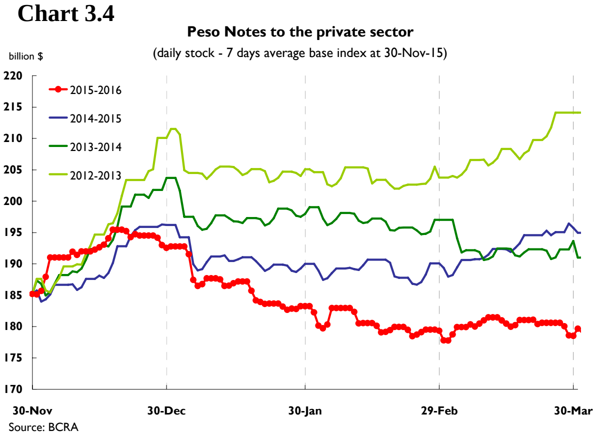
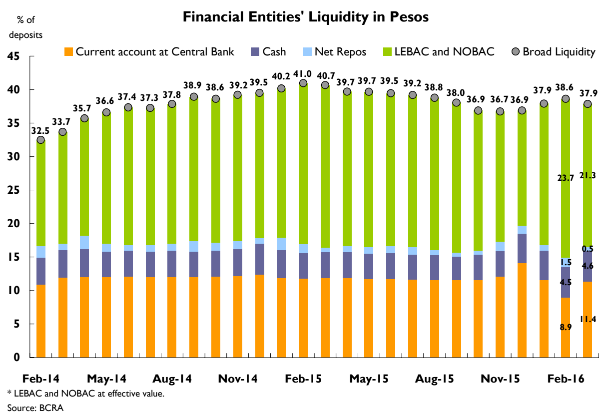


Chart 4.1



to discounted documents for micro, small and medium-sized enterprises (MiPyMes), it is worth stating that the percentage that can be allocated to the Financing Line for Production and Financial Inclusion (LFPIF) went from 15% up to 30% of the quota[6]. Upon breaking down the amounts granted according to interest rate ranges, it has been seen that around 20% of the volume traded in March was agreed at interest rates close to those contemplated under the LFPIF, therefore, it would be allocated to such financing line .

In turn, in this period, overdrafts posted a 0.7% drop ($670 million), and in the last 12 months they have accumulated a 30.6% increase, mirroring a 5.8 p.p. decrease in the year-on-year growth rate.

As regards collateralized loans, both mortgage and pledge-backed loans remained almost unchanged and, in the last 12 months, they have accumulated increases for 14.4% and 21.9%, respectively.

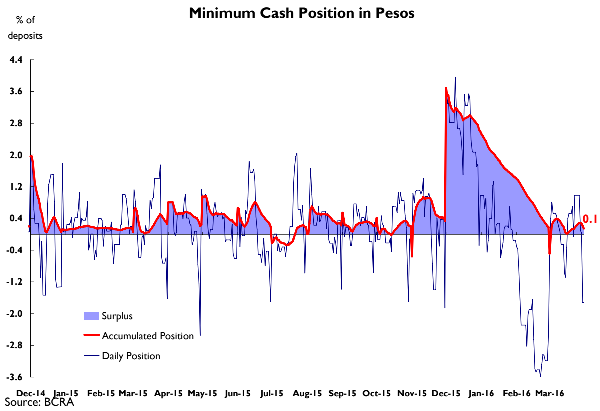
Finally, loans to the private sector in foreign currency continued to be on the rise. As from mid-December, they have accumulated an increase close to US$1.3 billion, mainly explained by the growth of unsecured promissory notes, a credit line mostly associated with foreign trade. Thus, the stock reached US$4 billion by the end of March. It is worth mentioning that the increase in these loans occurred in a context in which interest rates charged on loans arranged through unsecured promissory notes in foreign currency maintained the declining trend they started to show by the end of 2015.

4. Financial Institutions' Liquidity

In a period in which, as already stated, total deposits in pesos went down (due to the fall in deposits from the public sector), and loans went up, despite their decelerating pace, the average liquidity ratio of financial institutions in the domestic currency segment (cash in banks, current account of banks with the Central Bank, net repo transactions with the BCRA and the holding of LEBACs, as a percentage of deposits in pesos) fell 37.9% in March (see Chart 4.1). The monthly reduction was concentrated mainly in public entities. On the other hand, upon the end of the quarterly minimum cash requirement position of the December-February period, during March, a change was recorded again in the liquidity structure of financial institutions, returning to a more usual structure, with a higher share of current account balances against the figures recorded in February.

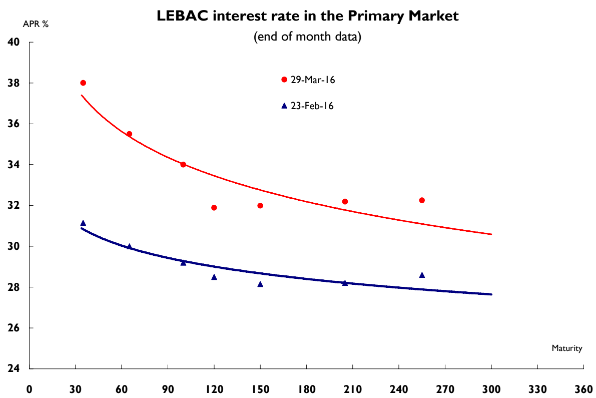
[6] Communication "A" 5923.

Chart 4.2



Source: BCRA

Chart 5.1



Source: BCRA

Indeed, in March, the decrease in the surplus liquidity stood out (LEBACs and net repo transactions) that, in part, was channeled towards the increase of current account balances of financial institutions with the Central Bank, aimed at compliance with the monthly minimum cash requirements. Thus, it is estimated that financial institutions ended March with an accumulated surplus equivalent to 0.1% of total deposits in pesos (see Chart 4.2).

Meanwhile, in March, the liquidity in foreign currency averaged a figure equivalent to 96.4% of total deposits in dollars. Thus, such liquidity went down 6 p.p. against February, in a context of sustained growth of lending in foreign currency (see the section on Loans).

5. Interest Rates[7]

Central Bank Securities[8]

As stated above, the Central Bank is gradually adopting a policy under which the main instrument is the interest rate, seeking such rate to stand at levels that would quickly encourage the disinflation of prices. The interest rate that the Central Bank is currently using as a benchmark rate for its new policy is the rate for the shortest term LEBAC. In turn, the BCRA determines an interest rate corridor between repo and reverse repo transactions, consistent with the above-mentioned rate.

In this direction, upon the persistence of an increased inflation rate, the Central Bank rose by 6.9 p.p. the cut-off rate of LEBACs for a 35-day term. The other interest rates of LEBACs rose 5.5 p.p. and 3.7 p.p., depending on the term. At the end of the month, interest rates of LEBACs stood at 38% for the shortest term (35 days) and at 32.3% for instruments with the longest term (252 days; see Chart 5.1).

In addition, the BCRA actively participated in the secondary market of LEBACs with an average daily amount of $1.5 billion, seeking that interest rates be consistent with those of the primary market and its repo interest rate corridor (see Chart 5.2). By the end of March, interest rates recorded increases, mainly in the shortest section of the yield curve. The average traded amount of LEBACs in the secondary market totaled around $7 billion/day.

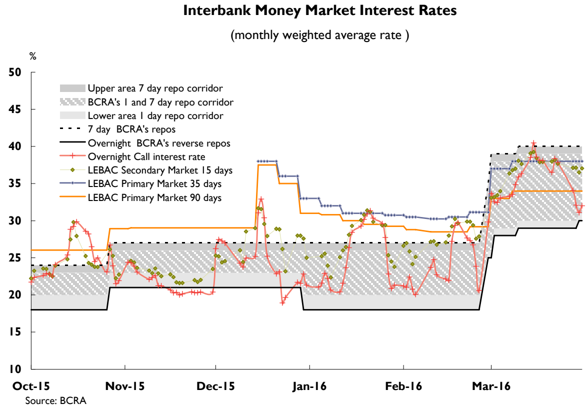
Looking forward, the monetary authority will continue seeking that the LEBAC rate for the shortest term and the

[7] Interest rates mentioned in this section are expressed as annual percentage rates (APR).
[8] In this section, figures correspond to end-of-month data unless otherwise stated.

"interest rate corridor" be consistent with a declining inflation, and this implies that the real interest rate must stand at positive and comparatively high values. In this sense, the decrease of interest rates will occur only when the Central Bank may notice that the inflation rate is going along a clearly downward path.

Concerning the foreign currency segment, the interest rates of LEBACs remained unchanged. Thus, the interest rate for 30-day and 90-day LEBACs stood at 0.9%. The stock went down US$358 million and ended March with an amount of US$4.61 billion.

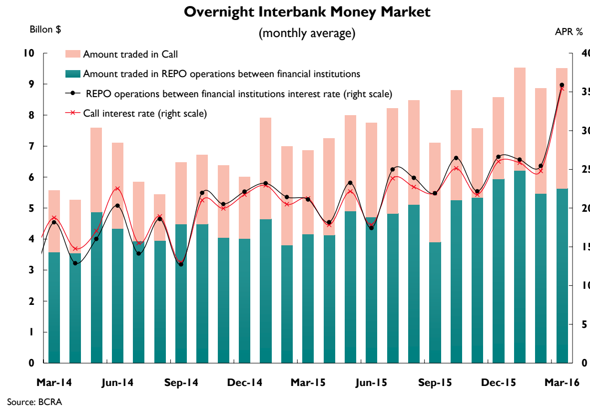
Chart 5.2



Central Bank Repo Transactions[1]

The Central Bank also increased the interest rates for its repo transactions. Therefore, at the end of March, reverse repo interest rates stood at 30% for overnight transactions and at 31% for seven-day transactions. Likewise, repo interest rates stood at 39% and 40% for the same terms. In all cases, such levels went up 5 p.p. if compared to the levels at the end of February. It is worth mentioning that on the last day of last month, increases between 6 p.p. and 8 p.p. were established for interest rates in this market. In March, the call interest rate stood within the repo rate corridor set forth by the Central Bank (see Chart 5.2)

Chart 5.3

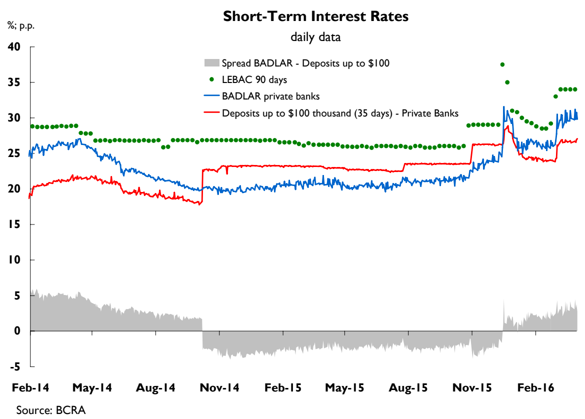


The stock of reverse repo transactions in all modalities in which the Central Bank takes part went down $11 billion throughout March, standing at $19.95 billion on average. In addition, repo transactions were made during the month, recording a stock of $1.9 billion on average.

Call Money Markets[1]

In March, the average interest rates of call money market transactions were on the rise, in line with the interest rate increases established by the Central Bank for its repo transactions and LEBACs (see Chart 5.2). Therefore, in the call market, the interest rate for overnight transactions averaged 35.4% in March, up 10.6 p.p. against the value recorded during the previous month. In addition, the average interest rate of overnight transactions between financial entities in the REPO round stood at 35.9%, exhibiting a 10.4 p.p. increase (see Chart 5.3).

Chart 5.4

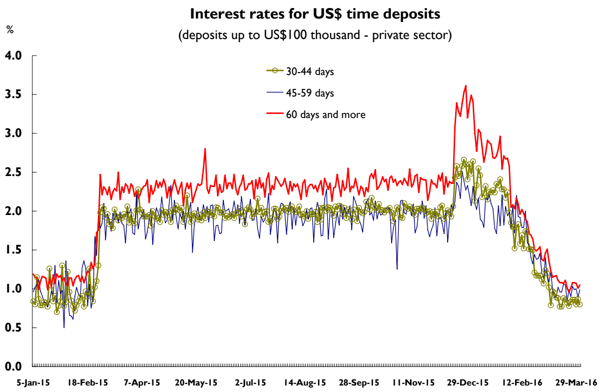


The daily average volume traded in the call money market (both the call market and the REPO round) went up almost $650 million, totaling around $9.55 billion.

Borrowing Rates[1]

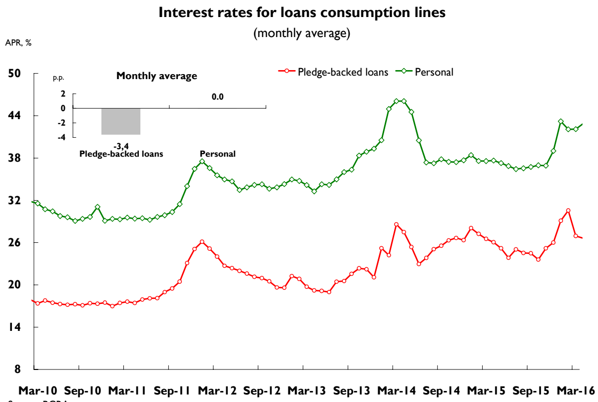
In March, borrowing interest rates posted an increasing trend, partly mirroring the increase of the benchmark interest rates of the Central Bank.

Chart 5.5



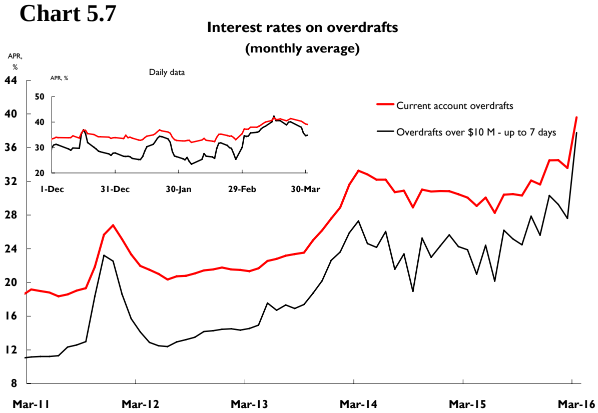
Source: BCRA

Chart 5.6



Source: BCRA

Chart 5.7



Source: BCRA

Indeed, the interest rate paid by private entities on time deposits of up to $100,000 and at up to 35 days stood at 26.4% on average, posting a 2.4 p.p. increase against February. In turn, the BADLAR –interest rate on time deposits of $1 million and more, at 30-35 days– of private banks stood at 29.7%, recording a 3,6 p.p. increase against the previous month. In both cases, the increase mainly occurred during the first week of March, in line with the higher increase of rates for LEBACs (see Chart 5.4).

In the foreign currency segment, the interest rates paid for time deposits stood relatively stable, at levels below the average recorded in February. Thus, the rate corresponding to time deposits up to US$100,000 stood at 0.9% for the segment of 30 to 44 days, whereas it reached 1% for deposits at 45 to 59 days, and around 1.2% for deposits at 60 days and longer (see Chart 5.5).

Lending Rates[1 9]

Lending interest rates posted a dissimilar performance during March. As regards the lines aimed at financing households, the monthly average of interest rates on personal loans stood at 42%, i.e. they maintained the level recorded in February. Meanwhile, the interest rate on pledge-backed loans averaged 27.1% in March, posting a 3.4 p.p. decrease, in a context of a slight recovery of traded amounts against the first two months of the year (see Chart 5.6).

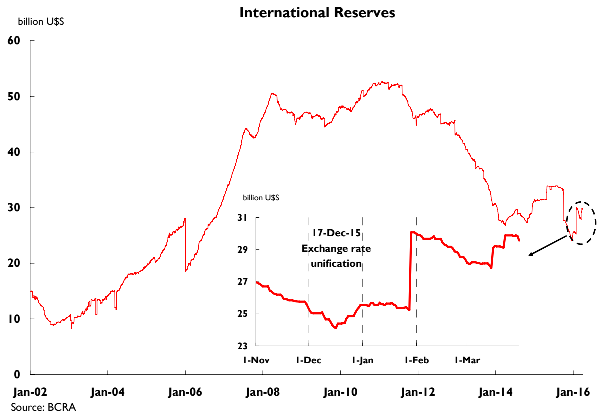
As regards commercial lines, the interest rates on loans with the shortest term reacted more clearly to the interest rate increases established by the Central Bank. The interest rate applied to overdrafts in current accounts rose 6 p.p. and stood at 39.6%. Within this line, the interest rate applied to overdrafts to companies for more than $10 million and up to 7 days reached 38.2%, exhibiting a 10.6 p.p. rise against February, in line with the performance recorded in the call money markets (see Chart 5.7).

In turn, the interest rate of discounted documents remained virtually stable and stood at 27.8%. Such stability may be explained, at least partially, by an increase of the share of lending arranged through the LFPIF. In the case of unsecured promissory notes, the interest rate stood at 32.3% on average, exhibiting a 0.6 p.p. increase if compared to the rate recorded in February.

[9] The interest rates mentioned in this section are annual percentage rates and do not include assessment or granting expenses or other expenditures (for example, insurance) which are taken into account in the total financial cost of loans.

6. International Reserves and Foreign Exchange Market[1]

Chart 6.1

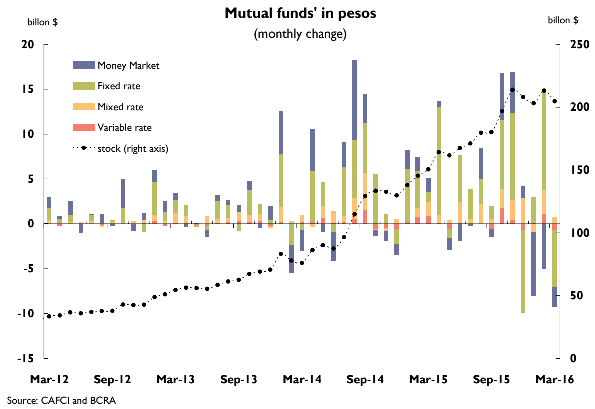


International reserves ended March at a level of US$29.57 billion (see Chart 6.1), posting an increase of US$1.17 billion throughout the month. The increase was mainly due to the rise of minimum cash accounts of financial institutions, the growth of which was driven by debt issues in foreign currency made by both the public and the private sectors.

The peso/US dollar benchmark exchange rate ended March at 14.58, down 6.4% against the end of February. Like in previous months, the Central Bank allowed the market to freely determine the exchange rate for foreign currency purchase and sale transactions in Argentina, and intervened only in specific cases, under a managed floating exchange rate system

7. Collective Investment Instruments

Chart 7.1

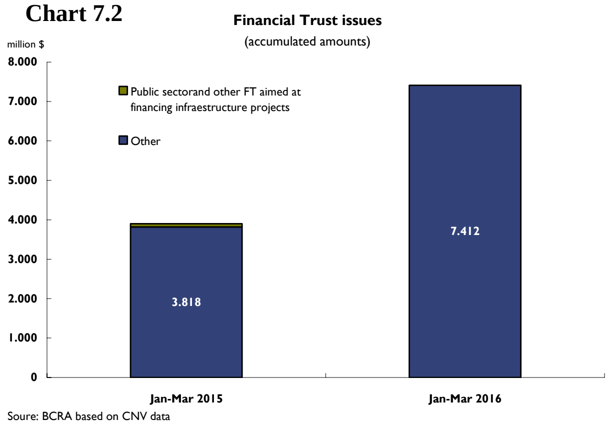


Mutual Funds

In March, the equity of mutual funds (FCIs) in pesos and in foreign currency went down $8.77 billion (-4%), and, at the end of the month, it stood at $208.3 billion. This performance would, in part, be the other side of the higher demand for LEBACs by companies.

Indeed, funds used to manage liquidity surpluses by legal entities contributed to most of such decline. In particular, Fixed Income funds in pesos fell $6.28 billion (-5.1%) which, driven by the redemption of unit shares, accounted for 72% of the decrease posted in the equity of FCIs. Following this same line, Money Market funds recorded drops for the third consecutive month. In March, they fell $2.19 billion (-5.6%) also as a consequence of the redemption of unit shares. In addition, Variable Income funds recorded drops for $730 million (-9.4%), mainly due to the performance recorded in the domestic stock market. Offsetting in part this downward trend, in March, Mixed Income funds posted a $690 million increase (1.6%; see Chart 7.1).

Chart 7.2



With respect to the estimated profitability, during March, the most outstanding aspect was the loss recorded in most FCIs, mainly driven by the fall of the peso/US dollar exchange rate both in the spot and the futures markets. Variable income funds exhibited a negative monthly yield around 9.7%, followed by mixed income funds, with losses around 1%. Meanwhile, fixed income funds went up only 0.6% in March, and Money

Market funds, which are the funds exhibiting the highest liquidity, recorded a positive yield of 1.2%.

As regards the foreign currency segment, the equity of mutual funds fell US$1 million, down to US$251 million.

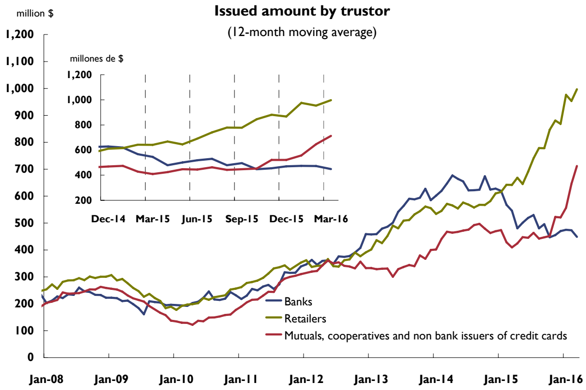
Financial Trusts[10]

In March, financial trust (FF) issues totaled around $2.47 billion, standing slightly above the value recorded in the previous month. Therefore, in the first quarter of 2016, such issues accumulated more than $7.4 billion, i.e. almost twice the volume traded in the same period of last year (see Chart 7.2).

In March, among trustors, the most outstanding were the "Mutual associations, cooperatives and non-banking issuers of credit cards and other financial service companies". Such trustors securitized assets related to consumption for $1.18 billion, a value slightly below that recorded in February. In turn, the retail segment issued around $1.05 billion, posting an increase of 33% against the previous month. With respect to financial institutions, two issues were recorded, for a total around $250 million.

Taking into account longer terms, upon the analysis of the evolution of amounts issued (12-month moving average) by type of trustor, it is observed that, as from the end of 2015, "Mutual associations, cooperatives and non-banking issuers of credit cards and other financial service companies" started to record an upward trend and, jointly with the retail segment, are driving the issues (see Chart 7.3).

Chart 7.3



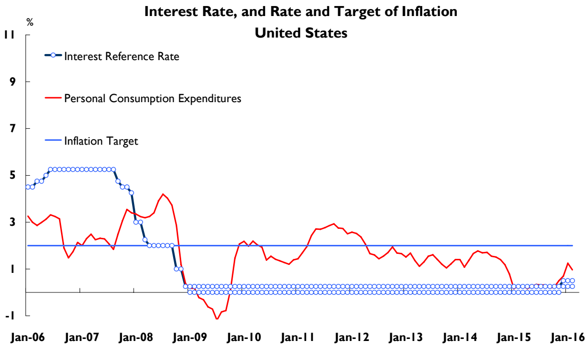
Soure: BCRA based on CNV data.

The cut-off interest rate (weighted average by amount) on senior instruments –in pesos and with a duration below 12 months– with a variable yield, stood at 33.9%, up 2 p.p. against the previous month. Meanwhile, no transactions at a fixed rate were recorded over the month.

8. Main Policy Measures Taken by Other Central Banks

During March, the major news regarding other monetary authorities came from the United States and the Euro Zone. Indeed, the US Federal Reserve (FED) provided some signals that its monetary policy bias in

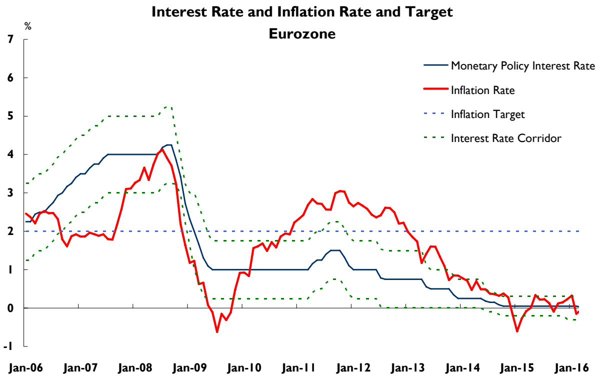
Chart 8.1



Source: BCRA based on Bloomberg, Bureau of Economic Analysis and Federal Reserve (FED).
* The FED is not embedded in an inflation targeting regime. It has a dual mandate where it has to foster maximum employment, moderate long run interest rates and price stability. Regarding the latest on the FED meeting of January 25 2012, it established a target of an annual variation of 2% of the Personal Consumption Expenditures in the long run.

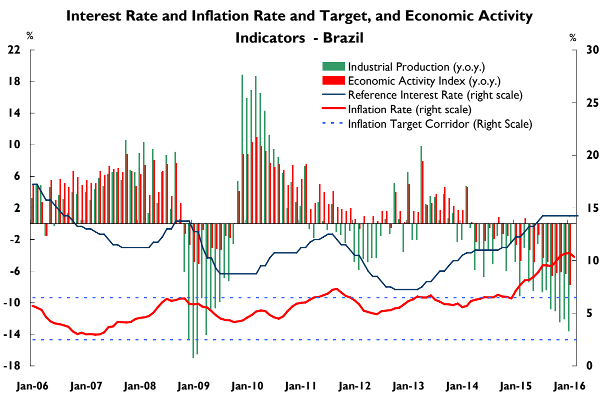
[10] Only publicly-traded financial trusts are considered.

Chart 8.2



Source: BCRA based on the European Central Bank (ECB) and Eurostats. The ECB doesn't pursue an inflation targeting regime. However, it tries to achieve price stability which is defined as an inflation rate < a 2% y.o.y.

Chart 8.3



Source: BCRA based on Bloomberg, BCB.gov.br and IBGE.gov.br

2016 would be less contractionary than anticipated at the end of last year. Besides, the European Central Bank (ECB) took some measures with a more expansionary bias than originally estimated by market analysts.

The Federal Open Market Committee (FOMC) of the FED decided to keep unchanged the target of its benchmark interest rate, the Federal Funds Rate, within a 0.25-0.5% range (see Chart 8.1). Besides, the FOMC released forecasts indicating that, for the rest of 2016, the Federal Funds Rate would be raised only twice (the prior expectation was four increases along the year). Therefore, the Federal Funds Rate would end 2016 within a 0.75-1% range. The FOMC highlighted in its press release that worldwide economic and financial developments still pose risks for the US economy. In addition, it added that the domestic economic activity continues growing at a moderate pace, driven by a limited growth of household spending, some improvement in the construction business sector and in the labor market as a whole, but with a visible weakening in the performance of Gross Domestic Fixed Investment and net exports.

With respect to the ECB, on March 10, the Governing Council (GC) decided to reduce to 0% its benchmark interest rate, applied to its repo transactions (Main Refinancing Operations). The GC also reduced its rate corridor, moving its credit facility interest rate down to 0.25% and the deposit facility interest rate down to -0.4% (see Chart 8.2). Besides, it increased its asset purchase program by €20 billion, to €80 billion per month; this program will be in effect until March 2017.

Finally, the Monetary Policy Committee (COPOM) of the Brazilian Central Bank (BCB) kept unchanged the target for the Selic rate at 14.25% (see Chart 8.3). Besides, according to the market expectations survey conducted by the BCB, no changes are expected for the rest of 2016, partly because a decrease of inflation to 7.3% is anticipated for the end of the year, standing below the 10.4% y.o.y. recorded in February. The latest data regarding activity show a 7.6% y.o.y. contraction of the IBC-Br (the BCB's monthly activity indicator) for January 2016.

9. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Montlhy average				Average change in	
	Mar-16	Feb-16	Jan-16	Mar-15	Monthly	Last 12 months
Monetary base	**586,879**	**563,460**	**602,926**	**453,065**	**4.2%**	**29.5%**
Currency in circulation	455,314	458,865	466,131	346,137	-0.8%	31.5%
Held by public	401,838	405,634	414,702	311,766	-0.9%	28.9%
Held by financial entities	53,476	53,230	51,429	34,370	0.5%	55.6%
Settlement check	0	0	1	0	19.5%	-
BCRA current account	131,565	104,595	136,795	106,929	25.8%	23.0%
Repos stock						
Reverse repos	19,950	31,032	22,003	16,987	-35.7%	17.4%
Repos	1,934	0	0	0	0.0%	0.0%
BCRA securities stock (in face value)	500,613	497,556	430,469	330,158	0.6%	51.6%
In banks	324,780	357,870	312,125	251,017	-9.2%	29.4%
LEBAC						
In pesos	426,762	429,371	382,731	321,020	-0.6%	32.9%
In Dollars	4,921	4,594	3,482	1,040		
NOBAC	0	0	0	0	-	-
International Reserves	**28,862**	**29,359**	**25,968**	**31,432**	**-1.7%**	**-8.2%**
Private and public sector deposits in pesos (1)	**1,157,128**	**1,166,960**	**1,176,149**	**895,991**	**-0.8%**	**29.1%**
Current account (2)	330,051	344,483	365,495	251,708	-4.2%	31.1%
Savings account	222,820	231,924	235,891	179,352	-3.9%	24.2%
Not CER-adjustable time deposits	561,353	545,510	532,341	431,587	2.9%	30.1%
CER-adjustable time deposits	16	15	14	10	8.9%	73.2%
Other deposits (3)	42,888	45,027	42,409	33,334	-4.8%	28.7%
Private sector deposits	907,047	899,710	889,792	672,873	0.8%	34.8%
Public sector deposits	250,081	267,251	286,357	223,118	-6.4%	12.1%
Private and public sector deposits in dollars (1)	**13,790**	**12,943**	**12,525**	**9,713**	**6.5%**	**42.0%**
Loans to private and public sector in pesos (1)	**828,207**	**823,023**	**829,556**	**619,366**	**0.6%**	**33.7%**
Loans to private sector	769,743	764,217	769,995	577,458	0.7%	33.3%
Overdrafts	96,887	97,554	96,158	74,170	-0.7%	30.6%
Promissory bills	180,200	180,453	186,203	135,501	-0.1%	33.0%
Mortgages	54,909	55,060	55,155	47,993	-0.3%	14.4%
Pledge-backed loans	40,018	40,064	40,175	32,829	-0.1%	21.9%
Personal loans	168,493	165,003	162,244	124,381	2.1%	35.5%
Credit cards	183,892	180,290	182,245	121,575	2.0%	51.3%
Other loans	45,343	45,793	47,815	41,008	-1.0%	10.6%
Loans to public sector	58,464	58,806	59,560	41,908	-0.6%	39.5%
Loans to private and public sector in dollars (1)	**3,932**	**3,531**	**3,116**	**3,595**	**11.3%**	**9.4%**
Total monetary aggregates (1)						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	731,889	750,118	780,197	563,474	-2.4%	29.9%
M2 (M1 + savings account in pesos)	954,709	982,042	1,016,088	742,826	-2.8%	28.5%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	1,558,966	1,572,595	1,590,852	1,207,757	-0.9%	29.1%
M3* (M3 + total deposits in dollars + settlemente check in foreign curren	1,769,169	1,769,487	1,766,889	1,296,573	0.0%	36.4%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	605,052	605,204	611,348	476,322	0.0%	27.0%
M2 (M1 + private savings account in pesos)	815,670	819,339	827,074	639,323	-0.4%	27.6%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	1,308,886	1,305,344	1,304,494	984,639	0.3%	32.9%
M3* (M3 + private total deposits in dollars + settlemente check in foreign currency)	1,489,330	1,477,911	1,459,043	1,057,204	0.8%	40.9%

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	**23,419**	**4.2%**	**-35,384**	**-5.7%**	**-35,384**	**-6.3%**	**133,814**	**29.5%**
Financial sector	13,113	2.3%	15,414	2.5%	15,414	2.7%	-477	-0.1%
Public sector	1,680	0.3%	8,162	1.3%	8,162	1.4%	155,802	34.4%
Private external sector	-5,157	-0.9%	-5,152	-0.8%	-5,152	-0.9%	-67,242	-14.8%
BCRA securities	11,180	2.0%	-96,190	-15.5%	-96,190	-17.1%	-33,202	-7.3%
Others	2,604	0.5%	42,382	6.8%	42,382	7.5%	78,932	17.4%
International Reserves	**-497**	**-1.7%**	**4,046**	**16.3%**	**4,046**	**13.8%**	**-2,570**	**-8.2%**
Foreign exchange market intervention	-296	-1.0%	-335	-1.3%	-335	-1.1%	-6,759	-21.5%
International financial institutions	-217	-0.7%	-459	-1.8%	-459	-1.6%	-1,977	-6.3%
Other public sector operations	-88	-0.3%	-922	-3.7%	-922	-3.1%	3,686	11.7%
Dollar liquidity requirements	-259	-0.9%	-2,129	-8.6%	-2,129	-7.3%	-1,094	-3.5%
Others (incl. change in US$ market value of nondollar assets)	362	1.2%	7,891	31.8%	7,891	26.9%	3,575	11.4%

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

	Mar-16	Feb-16	Jan-16
	(1)		
Domestic Currency	*% of total deposits in pesos*		
Requirement	11.2	11.4	11.4
Compliance	11.3	11.6	12.8
Position (2)	0.1	0.2	1.4
Residual time structure of term deposits used for the calculation of the requirement (3)	%		
Up to 29 days	66.1	66.4	66.8
30 to 59 days	21.8	21.3	21.5
60 to 89 days	6.4	6.7	6.5
90 to 179 days	4.1	4.1	4.0
more than 180 days	1.6	1.5	1.2
Foreign Currency	*% of total deposits in foreign currency*		
Requirement	14.1	16.7	24.6
Compliance (includes default application resource)	53.9	60.0	77.6
Position (2)	39.8	43.3	53.1
Residual time structure of term deposits used for the calculation of the requirement (3)	%		
Up to 29 days	49.7	48.3	50.2
30 to 59 days	27.0	21.1	20.4
60 to 89 days	11.1	18.5	14.1
90 to 179 days	8.7	8.7	10.8
180 to 365 days	3.4	3.3	4.4
more than 365 days	0.0	0.1	0.1

(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	Mar-16	Feb-16	Jan-16	Dec-15	Mar-15
Interbank Loans (overnight)					
Interest rate	35.44	24.78	25.83	25.88	21.13
Traded volume (million pesos)	3,910	3,439	3,332	2,797	2,856
Time Deposits					
In pesos					
30-44 days	26.04	24.73	25.31	26.50	19.87
60 days or more	26.21	26.34	27.24	28.47	23.56
Total BADLAR (more than $1 million, 30-35 days)	27.75	23.75	23.94	25.27	17.38
Private Banks BADLAR (more than $1 million, 30-35 days)	29.72	26.11	26.31	27.54	20.80
In dollars					
30-44 days	0.81	1.37	2.01	2.10	1.59
60 days or more	1.29	1.96	3.03	3.21	2.48
Total BADLAR (more than $1 million, 30-35 days)	0.68	1.11	1.64	1.70	1.19
Private Banks BADLAR (more than $1 million, 30-35 days)	1.10	1.34	2.42	2.57	2.12
Lending Interest Rates	**Mar-16**	**Feb-16**	**Jan-16**	**Dec-15**	**Mar-15**
Stock Repos					
Gross interest rates 30 days	34.86	27.87	28.68	30.90	23.53
Traded volume (all maturities, million pesos)	643	591	626	956	510
Loans in Pesos (1)					
Overdrafts	39.62	33.58	34.51	34.50	30.08
Promissory Notes	32.27	31.71	33.49	30.61	25.69
Mortgages	25.44	24.63	22.62	22.86	23.17
Pledge-backed Loans	27.09	30.53	29.10	26.00	26.54
Personal Loans	42.08	42.05	43.18	39.00	37.58
Credit Cards	s/d	43.84	42.12	39.97	39.39
Overdrafts - 1 to 7 days - more than $10 million	38.17	27.60	29.25	30.33	23.89
International Interest Rates	**Mar-16**	**Feb-16**	**Jan-16**	**Dec-15**	**Mar-15**
LIBOR					
1 month	0.44	0.43	0.43	0.36	0.18
6 months	0.90	0.87	0.86	0.77	0.40
US Treasury Bonds					
2 years	0.87	0.73	0.89	0.97	0.64
10 years	1.88	1.77	2.07	2.35	2.05
FED Funds Rate	0.50	0.50	0.50	0.39	0.25
SELIC (1 year)	14.25	14.25	14.25	14.25	12.70

(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-16	Feb-16	Jan-16	Dec-15	Mar-15
BCRA Repo Interest Rates					
Overnight reverse repo	28.68	18.24	18.00	20.81	13.00
7-day reverse repo	29.68	20.21	20.00	22.81	14.00
7-day repo	39.71	27.28	27.00	27.00	17.00
Total Repo Interest Rates					
Overnight	31.50	19.77	20.85	22.65	17.01
7 days	38.50	20.84	20.01	22.78	17.61
Repo traded volumen (daily average)	20,343	28,323	18,464	22,708	12,579
Peso LEBAC Interest Rate[1]					
1 month	37.80	30.60	31.19	35.67	s/o
2 months	35.00	29.56	30.45	34.73	s/o
3 months	33.80	28.75	29.89	32.31	26.24
9 months	s/o	s/o	s/o	s/o	s/o
12 months	s/o	s/o	s/o	s/o	29.29
Dollars LEBAC Interest Rate[1]					
1 month	0.90	1.16	2.57	3.22	3.25
3 months	0.90	1.10	2.72	3.69	3.90
6 months	s/o	s/o	3.13	3.75	4.00
12 months	s/o	s/o	3.13	3.96	4.20
LEBAC and NOBAC traded volume (daily average)	7811	5154	3893	2813	2350
Foreign Exchange Market	**Mar-16**	**Feb-16**	**Jan-16**	**Dec-15**	**Mar-15**
Dollar Spot					
Exchange agencies	14.94	14.84	13.64	11.39	8.78
BCRA Reference	15.01	14.84	13.71	11.51	8.78
Future dollar					
NDF 1 month	15.24	14.83	13.83	13.48	8.95
ROFEX 1 month	15.20	14.99	13.82	12.80	8.95
Traded volume (all maturities, million pesos)	9,210	8,328	6,570	3,856	2,911
Real (Pesos/Real)	4.05	3.74	3.37	2.93	2.79
Euro (Pesos/Euro)	16.68	16.48	14.84	12.43	9.49
Capital Market	**Mar-16**	**Feb-16**	**Jan-16**	**Dec-15**	**Mar-15**
MERVAL					
Index	12,964	11,866	10,637	12,849	10,442
Traded volume (million pesos)	260	285	175	204	265
Governement Bonds (parity)					
DISCOUNT (US$ - NY legislation)	116.55	118.39	114.60	140.45	134.23
BONAR X (US$)	100.94	101.67	102.13	130.49	132.57
DISCOUNT ($)	108.99	114.70	117.71	120.57	88.34
Country risk					
Spread BODEN 2015 vs. US Treasury Bond	533	595	635	639	752
EMBI+ Latin America (without Argentina)	572	654	639	580	532

10. Glosario

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 Pablo 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