

Monthly Monetary Report

July 2015



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Contents

1. Summary | Page 3

2. Monetary Aggregates | Page 4

3. Loans | Page 5

4. Financial Institutions' Liquidity | Page 6

5. Interest Rates | Page 7

Central Bank Securities | Page 7

Central Bank Repo Transactions | Page 7

Call Money Market | Page 8

Deposit Rates | Page 8

Lending Rates | Page 9

6. International Reserves and Foreign Exchange Market | Page 10

7. Collective Investment Vehicles | Page 10

Mutual Funds | Page 10

Financial Trusts | Page 11

8. Major Policy Measures Taken by Other Central Banks | Page 12

9. Monetary and Financial Indicators | Page 14

10. Glossary | Page 18

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The closing date for statistics in this report was August 13, 2015. All figures are provisional and subject to review.

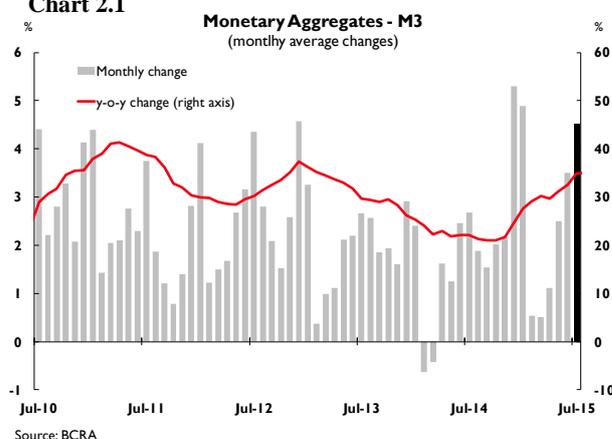
1. Summary¹

- The broader monetary aggregate in pesos (M3) recorded a 4.5% growth in July, posting a change rate of 34.9% y.o.y. Even though all components increased, the monthly rise was mainly explained by an increasing amount of cash held by the public and savings account deposits from the private sector, which were driven by seasonal factors related to winter holidays and the payment of the semi-annual bonus.
- Private sector time deposits continued to accelerate their y.o.y. growth pace, reaching 42% in July. Retail deposits (not exceeding \$1 million) continued to stand out like in past June, with a monthly increase of 5.1%, showing a solid growth throughout 2015, favored by the minimum interest rate scheme established by the BCRA in October 2014.
- Effective July 27, the BCRA expanded the coverage of the minimum interest rate scheme for time deposits. The amount of deposits so covered increased from \$350,000 to \$999,999, and included both those made by natural and legal persons. Additionally, the BCRA raised the minimum interest rates for both natural and legal persons; thus evidencing increases in yields between 1 p.p. and 2.1 p.p. for natural persons, and between 4.7 p.p. and 7.6 p.p. for legal persons. The new minimum interest rate scheme favors longer term deposits by setting a 120-day LEBAC interest rate benchmark for deposits of 90 days or more, while maintaining that of the 90-day LEBAC interest rate for deposits of up to 89 days.
- The interest rates of time deposits in pesos for the tranches included in the minimum interest rate scheme recorded an increase vis-à-vis past June. The interest rate paid by private institutions for time deposits of up to \$100,000 and up to 35 days stood at 23.6% by the end of July.
- Towards the end of July, the Central Bank raised interest rates of the repo corridor between 5 p.p. and 7 p.p. The measure sought to limit the volatility of interest rates in the call money market in view of changes in short-term liquidity of institutions by adjusting the corridor to the other interest rates of the market. Thus, as from July 27, interest rates on reverse repos for the Central Bank stood at 18% overnight and at 20% at seven days. In turn, interest rates on repo loans stood at 23% overnight and at 24% at seven days.
- Loans in pesos to the private sector increased by 3.2% (\$19.44 billion) in July, recording the highest rise in the year, even higher than the one observed in July 2014. Moreover, their y.o.y. change rate continued to increase, from 27.4% in June to 30.1% in July. The growth experienced over the month was mainly driven by financing arranged through promissory notes and personal loans. In this context, the growth of deposits allowed the broad liquidity ratio in local currency (cash in banks, institutions' current account with the Central Bank, net repos with such institution plus LEBAC holdings; in terms of deposits in pesos) to remain at high levels, standing at 39.1%.

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

2. Monetary Aggregates¹

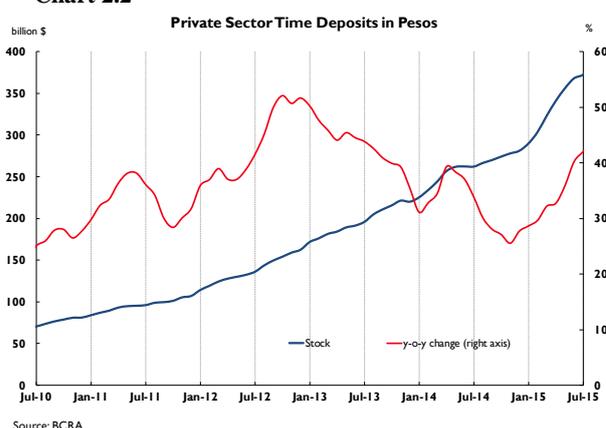
Chart 2.1



The broadest monetary aggregate in pesos ($M3^2$) recorded a 4.5% growth in July, posting a change rate of 34.9% y.o.y. (see Chart 2.1). Even though all components increased, the monthly rise was mainly explained by an increasing amount of cash held by the public and savings account deposits from the private sector, which were driven by seasonal factors related to winter holidays and the payment of the semi-annual bonus, also bringing about an increase in the demand of money.

Total deposits in pesos grew 3.4% in July, evidencing rises in both the public (2.7%) and private (3.6%) sectors.

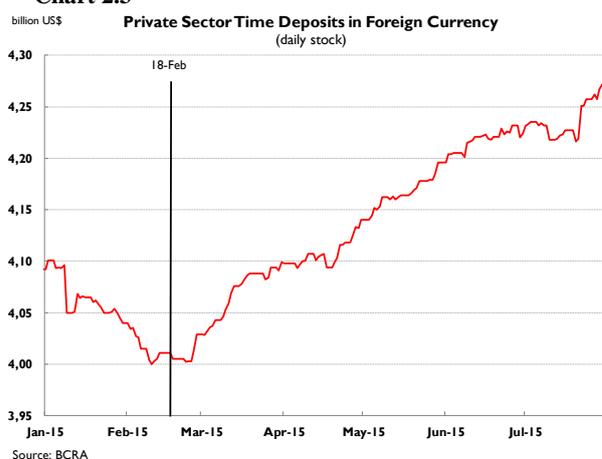
Chart 2.2



Among private sector deposits, sight deposits showed the greatest momentum as a result of a higher level of deposits in savings accounts. As mentioned before, this has been encouraged by the seasonal factors of winter holidays and the payment of the semi-annual bonus. In turn, time deposits showed a monthly increase of 1.2% and continued to accelerate their y.o.y. growth rate, which reached 42% (see Chart 2.2). Upon breaking down deposits by amounts, a rise in those of less than \$1 million was recorded, partially offset by the drop evidenced in wholesale deposits. The latter were affected by seasonal factors that increased the liquidity needs of companies in late June and early July; specifically, the payment of the semi-annual bonus and tax obligations typical of this time of the year. Time deposits not exceeding \$1 million recorded a monthly increase of 5.1%, maintaining a solid growth over 2015 so far, favored by the rise in the minimum interest rate scheme for natural persons established by the BCRA in October 2014. In this regard, it should be mentioned that, effective July 27, the BCRA decided to deepen its measures to stimulate savings in pesos, increasing the amount of deposits covered by the minimum interest rate scheme (deposits from \$350 million to less than \$1 million), for both natural and legal deposits and favoring longer-term deposits. This new scheme contributes to an extension of terms, promoting financial stability and long-term credit.

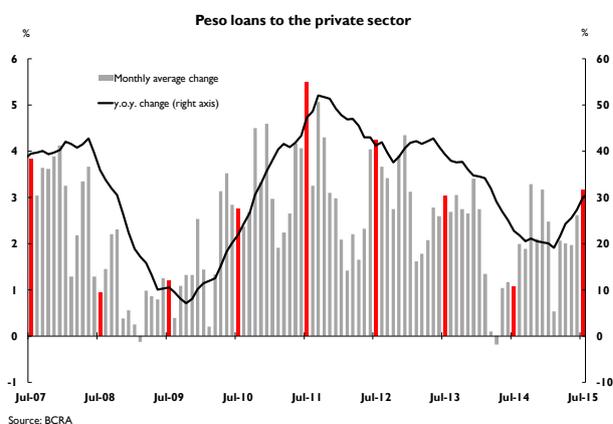
Deposits in foreign currency increased 5.2% in July, with hikes in the public sector, while remaining stable those belonging to the private sector. In terms of private sector deposits, time deposits continued exhibiting a

Chart 2.3



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

Chart 3.1



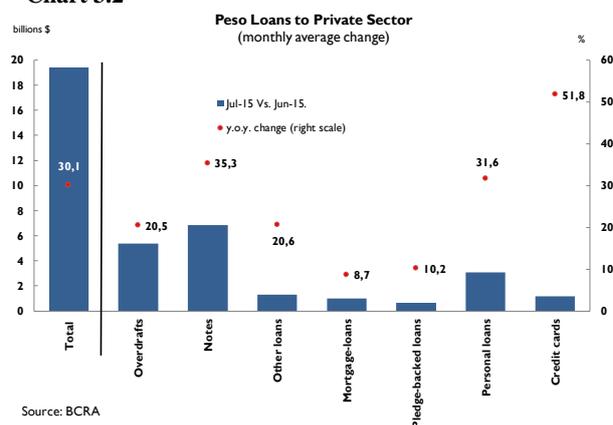
rising trend (see Chart 2.3)³. Consequently, the broadest monetary aggregate, M3*⁴, rose 4.6%, registering a y.o.y. change rate of 35%.

The monetary base reached a monthly average balance of \$517.033 billion, recording a 5.9% increase in July and posting a 34.7% y.o.y. change rate. There was a monthly increase of cash held by the public and bank reserves (made up of cash in financial institutions and the outstanding balance of financial institutions' current accounts held with the Central Bank).

3. Loans ^{1 5}

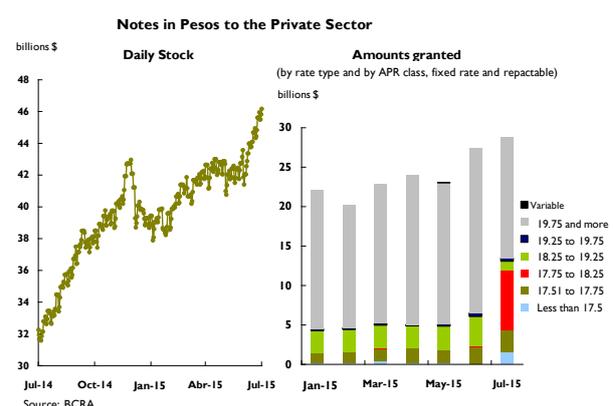
The loans in pesos to the private sector increased by 3.2% (\$19.4 billion) in July, recording the highest rise in the year even if compared to July 2014. Moreover, their y.o.y. change rate continued to increase, from 27.4% in June to 30.1% in July (see Chart 3.1). The growth of July was driven by financing arranged through promissory notes, overdrafts and personal loans (see Chart 3.2).

Chart 3.2



Loans aimed mainly at financing commercial activities rose significantly. In fact, they recorded an increase of 4.7% (\$6.82 billion), the highest rise recorded over the last nine months, even higher than that of July last year. In y.o.y. terms, these financings accumulated a 35.3% increase, up 2.9 p.p. against June. Both unsecured promissory notes as well as discounted notes grew throughout July. The latter was boosted by loans granted under the Credit Line for Productive Investment (LCIP), in a month in which financial institutions could allocate up to 25% of the quota for the second half of the year to discounting deferred payment checks of micro, small and medium-sized enterprises (MiPyMes). In this sense, in July, the turnover of discounted notes went up, mainly explained by the financing agreed at interest rates close to those of the LCIP (ranging from 17.75% to 18.25%; see Chart 3.3). Advances increased by 6.9% (\$5.4 billion), with a y.o.y. change rate of 20.5% (see Chart 3.4). In this case, July's average increase is mainly explained by the positive "statistical carryover" of June.

Chart 3.3



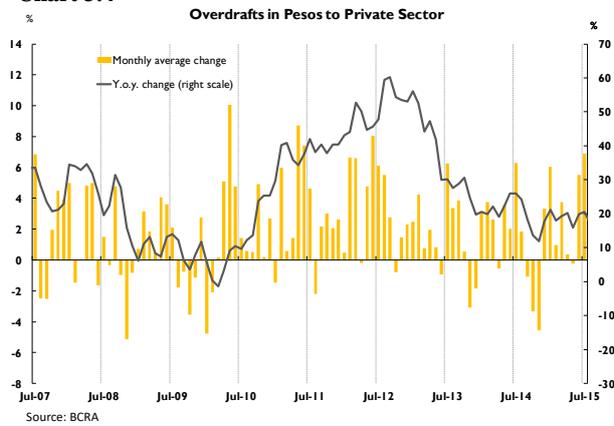
In turn, loans mainly channeled to household consumption moderated their monthly expansion pace, although their performance remained good. The policy of maximum interest rates continued to favor the momentum

³ It should be noted that the relaunching of LEBACs in dollars involved an adjustment of the spread between the interest rate paid to depositors and that paid to financial institutions. See Communications A 5527 and A 5711.

⁴ It includes M3 and deposits in foreign currency of the non-financial public and private sectors.

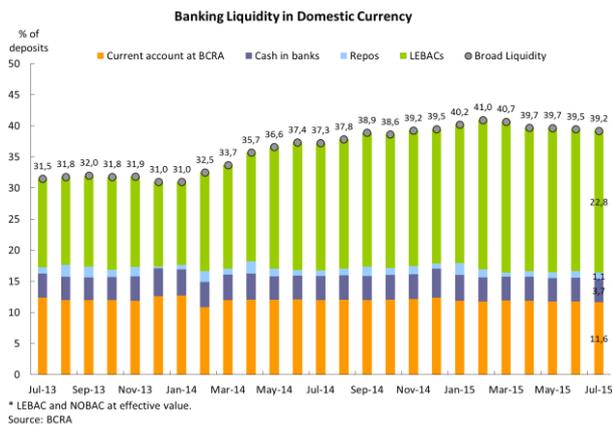
⁵ Monthly changes of loans are presented in accounting records and are fundamentally caused by transfers of loans in financial institutions' portfolios to financial trusts. In this report, "amounts granted" or "new loans" refer to loans (new and renewed) arranged in a given period. In contrast, a change in stock consists of arranged loans minus amortizations and repayments for the period.

Chart 3.4



observed in personal loans, which in July grew 2.3% (\$3.06 billion), recording a significant increase in y.o.y. terms and maintaining a growth rate of more than 2% per month during the year so far. Consequently, the y.o.y. change rate continued climbing to reach 31.6%. In turn, credit card financings posted an increase of 1% (\$ 1.31 billion), despite the heavy concentration of maturities of certain credit cards especially those channeled to finance agricultural and livestock producers. Thus, July’s increase counteracted the fall registered in July of previous years, resulting in a y.o.y. growth rate of 51.8%, up more than 7.5 p.p. against June.

Chart 4.1

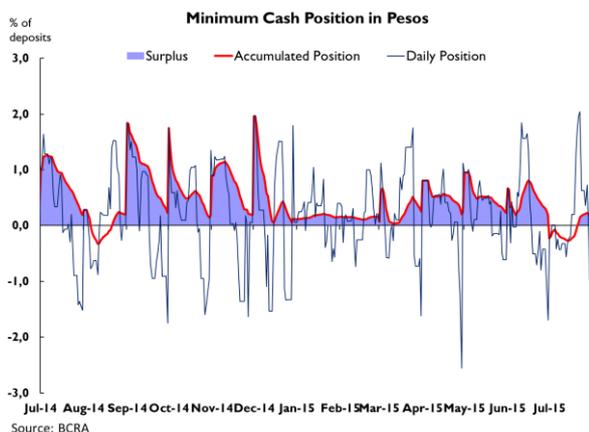


Collateralized loans accelerated their monthly growth rate, reaching its peak since the beginning of 2014. Both mortgage-backed and pledge-backed loans soared dramatically in the last week of the month. Likewise, the positive “statistical carryover” of transactions conducted by the end of June under the LCIP contributed to the highest average increase observed in these loans. Pledge-backed loans increased 2% (\$680 million) in July, with a y.o.y. change rate of around 10%. Mortgage-backed loans also showed a monthly increase of 2% (\$990 million) and a year-on-year growth close to 9%. It should be noted that a part of the demand for mortgage loans for housing (natural persons) is not computed in the statistics of bank loans because it is channeled through the Bicentennial Credit for Housing Program (Pro.Cre.Ar.).

Finally, foreign currency loans to the private sector increased by 0.4% (US\$17 million). Thus their average monthly balance remained relatively stable at around US\$4.4 billion.

4. Financial Institutions’ Liquidity¹

Chart 4.2

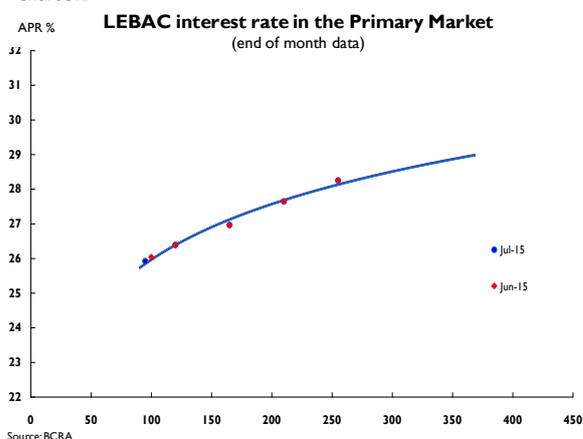


In the context of an accelerated growth of loans to the private sector, financial institutions’ liquidity ratio in the local currency segment (cash in banks, institutions’ current account with the Central Bank, net repos with such institution plus LEBAC holdings; in terms of deposits in pesos) dropped 0.3 p.p. Against June. However, this ratio continued to be high, reaching 39.2% (see Chart 4.1).

In relation to the Minimum Cash Scheme, financial institutions would have ended July with an estimated surplus equal to 0.2% of total deposits in pesos (see Chart 4.2).

Meanwhile, in the foreign currency segment, liquidity levels continued to be high in July, averaging 95.7% of

Chart 5.1



total deposits in dollars. This implied a monthly decrease of 2.5 p.p., the main drop in the current account of institutions with the Central Bank and, to a lesser extent, in cash.

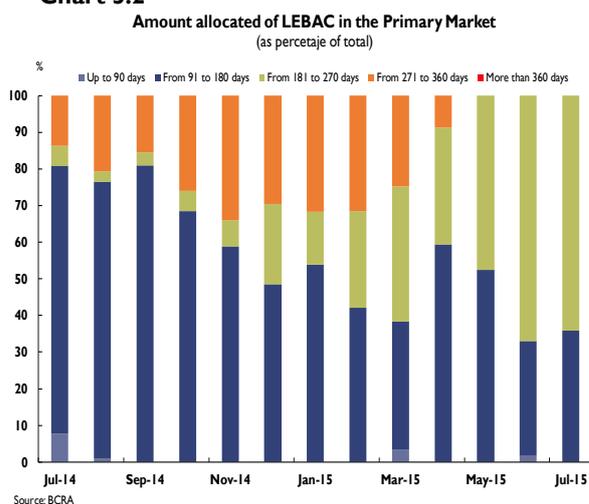
5. Interest Rates ⁶

Central Bank Securities ⁷

In July, interest rates on LEBACs sold weekly in the primary market remained stable. The interest rate on LEBACs at a predetermined rate—at 95 and 120 days—stood at 25.9% and 26.4%, respectively, at the end of July; whilst the rate paid for a longer maturity—at 255 days—stood at 28.25% (see Chart 5.1).

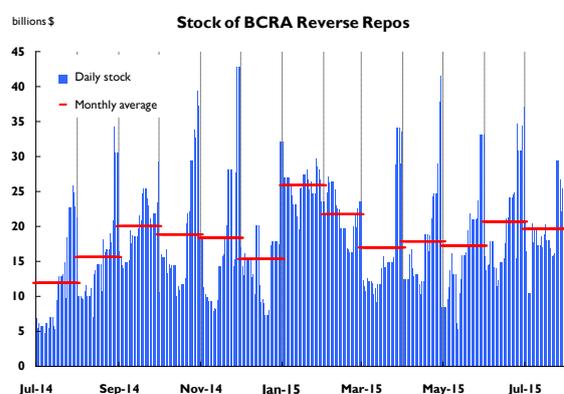
The LEBACs sold totaled NV\$46.233 billion. Most of them were once again allocated at terms between 180 and 270 (see Chart 5.2). At the end of the month, the outstanding stock of LEBACs went down by \$1.391 billion compared to the end of June, to \$338.049 billion. The drop in the stock of LEBACs was explained by the decrease in the holdings of private financial institutions and mutual funds. On the contrary, public financial institutions' and insurance companies' holdings proved to increase.

Chart 5.2



In the secondary market, the interest rates of LEBACs increased for terms of less than 90 days, in line with the performance recorded in call money markets. Interest rates increased as a result of higher liquidity needs of financial institutions, mainly in the first fortnight of July, and due to the subsequent increase in repo rates determined by the BCRA towards the end of the month. Meanwhile, interest rates for terms of more than 90 days remained stable, following the performance observed in the primary market of LEBACs. The average amount of LEBACs and NOBACs traded in the secondary market was almost \$2.8 billion per day.

Chart 5.3



Regarding the foreign currency segment, the stock of LEBACs grew by US\$80 million and stood at US\$1.771 billion at the end of July.

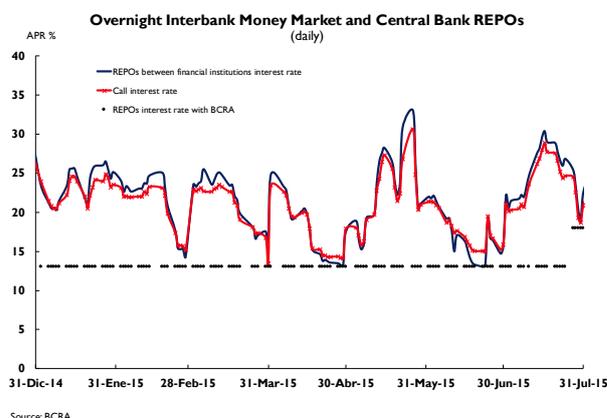
Central Bank Repo Transactions ¹

Towards the end of July, the Central Bank raised interest rates of its repo corridor between 5 p.p. and 7 p.p. The measure sought to limit the volatility of interest rates in the call money market in view of changes in short-term

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

⁷ In this section, figures are end-of-month data unless otherwise stated.

Chart 5.4



liquidity of institutions by adjusting the corridor to the other interest rates of the market. This measure aimed at ensuring financial stability by preserving a balance between money supply and demand factors.

Thus, as from July 27, interest rates on reverse repos for the Central Bank stood at 18% overnight and at 20% at seven days. In turn, interest rates on repo loans stood at 23% overnight and at 24% at seven days.

The average monthly stock of reverse repos for all transactions conducted by the Central Bank dropped about \$1 billion in July, standing at \$19.6 billion (see Chart 5.3).

Call Money Market¹

In July, the average interest rates in the call money market increased in relation to June, in a context of transitory liquidity needs of financial institutions. By the end of July, the BCRA had set increases in interest rates for its repo transactions. In the unsecured (*call*) market, the interest rate on overnight transactions averaged 24%, up 6 p.p. against June. In addition, the average interest rate on overnight transactions in the secured market (REPO round) stood at 25%, up 7.6 p.p. (see Chart 5.4). The daily average amount traded increased by \$400 million in July, totaling around \$8.3 billion.

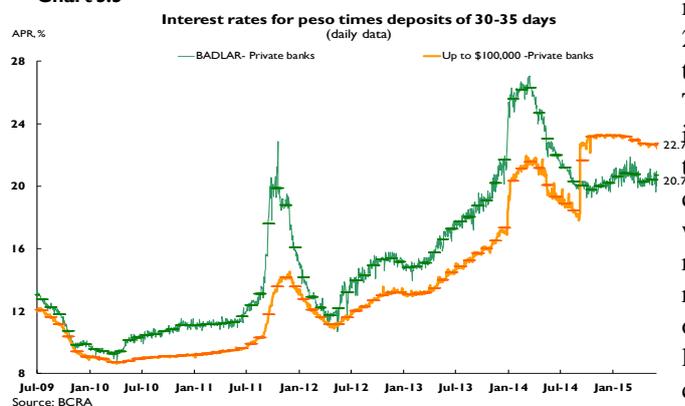
Table 5.1

Times deposits operation	30 to 44 days	45 to 59 days	60 to 89 days	90 to 119 days	120 to 179 days	More than 180 days
Reference LEBAC (%)	25.9	25.9	25.9	26.4	26.4	26.4
LEBAC maturity	90 days	90 days	90 days	120 days	120 days	120 days
New interest rate (APR)	23.6	24.1	25.1	25.6	25.9	26.2
LEBAC's coefficient	0.91	0.93	0.97	0.97	0.98	0.99

Deposit Rates¹

Interest rates on time deposits in pesos recorded a slight increase in July. Part of this increase was associated with the changes in the minimum interest rate scheme⁸ introduced as of July 27.

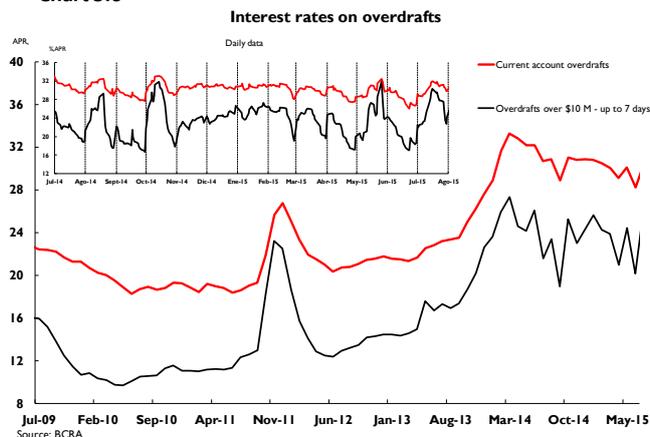
Chart 5.5



In particular, the BCRA established an increase in both minimum interest rates—yields ranging between 1 and 2.1 p.p. for household deposits—, and the amount of time deposits—from \$350 thousand to \$999,999—. These measures sought to continue encouraging savings in pesos. Until then, minimum interest rates applied only to natural persons, while from that date onwards, time deposits of less than \$1 million made by legal persons were included. This meant that legal persons, like natural persons, started to benefit from minimum interest rates, with yields ranging between 4.7 and 7.6 p.p. In order to favor longer term depositors, the BCRA established that the benchmark rate on LEBACs closer to 120 days should be applied to deposits of more than 90 days (see Table 5.1).

⁸ See Communication 5781

Chart 5.6



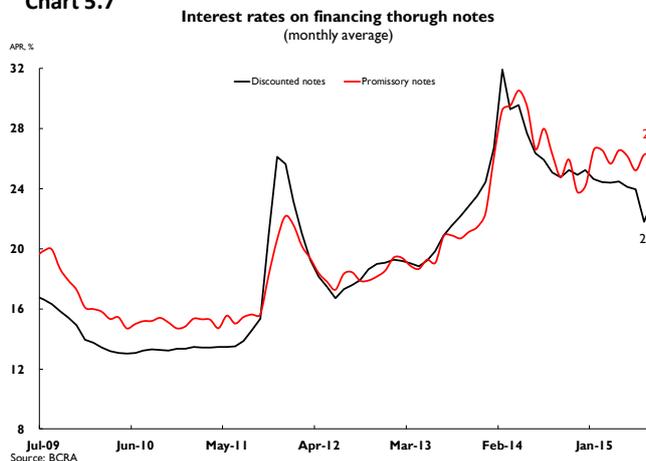
Thus, the monthly average of interest rates paid by private institutions for time deposits of up to \$ 100 thousand and up to 35 days was 22.7%, up 0.1 p.p. against June's average. However, if compared between ends of months, interest rates increased almost 1 p.p. as a result of the 23.6% rise in the average daily interest rate established for time deposits as from July 27 (see Chart 5.5).

In the wholesale segment, the BADLAR rate at private banks—interest rate on time deposits of \$1 million and more, and at 30-35 days—averaged 20.7%, going up 0.3 p.p. in July.

Lending Rates⁹

In July, interest rates on loans to the private sector exhibited a heterogeneous performance.

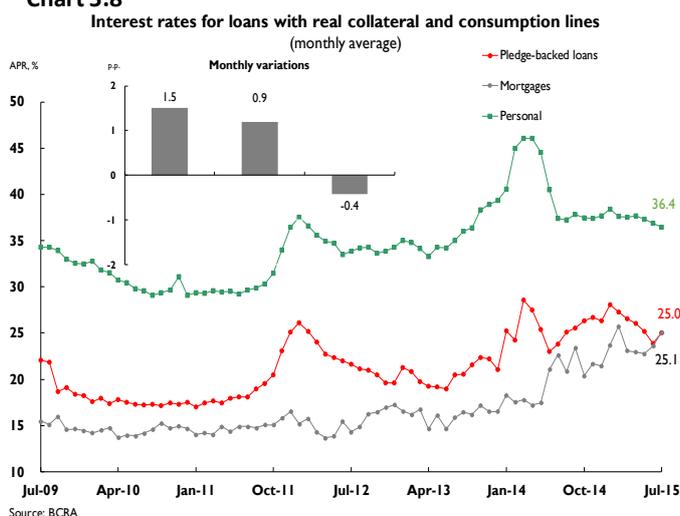
Chart 5.7



Among commercial lines, the monthly average of the interest rate on account overdrafts was 30.4%, recording a monthly hike of 2.2 p.p. Within this line, the interest rate on overdrafts to companies for more than \$10 million and up to 7 days followed a trend similar to that of interest rates in the call money markets. They averaged 26.2% in July, up 6 p.p. against June (Chart 5.6).

With regard to financing arranged through promissory notes, the evolution of interest rates was linked to the LCIP. In the case of unsecured promissory notes, the interest rate averaged 26.2%, recording a monthly rise of 1 p.p. The average interest rate rose at the beginning of the second tranche as a result of a reduced share of LCIP loans and of longer-term unsecured loans in the total LCIP. In contrast, the interest rate for discounted notes averaged 21.8%, down 2.2 p.p. in July. This is explained by the fact that the Central Bank authorized financial institutions to apply up to 25% of the quota of the second half of 2015 from the LCIP to the discount of deferred payment checks of Micro, Small and Medium-Sized Enterprises (MiPyMEs), at an interest rate that cannot exceed 18% (Chart 5.7).

Chart 5.8



In turn, interest rates on collateralized loans also increased in July as a result of the implementation of the LCIP's second tranche. The monthly average interest rate on pledge-backed loans stood at 25%, while mortgage-backed loans averaged 25.1%, with monthly increases of 1.1 and 1.5 p.p., respectively (see Chart 5.8).

⁹ They 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 6.1

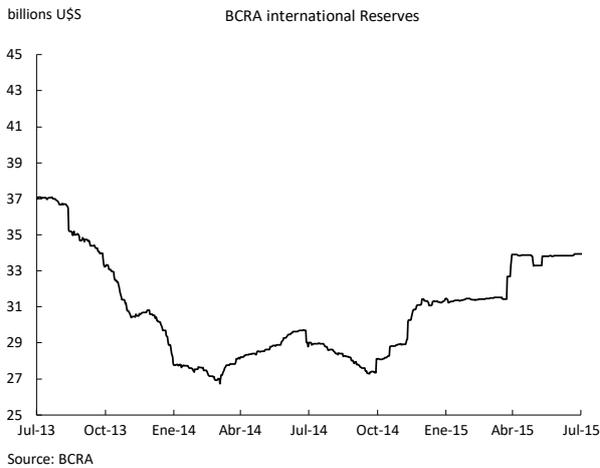


Chart 6.2

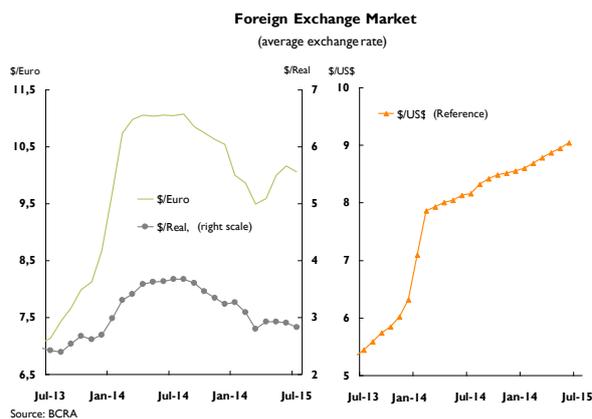
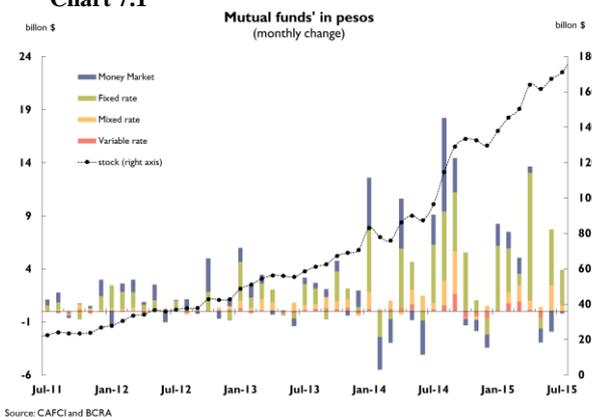


Chart 7.1



As regards the interest rate on personal loans, the maximum rates¹⁰ in July decreased once again (about 0.3 p.p.), standing at 37.6% and 46.7% for Group I and Group II¹¹, respectively. This decrease was reflected in the 0.4 p.p. drop of monthly average interest rates on personal loans, which stood at 36.4%. In August, maximum interest rates will remain virtually unchanged at 37.7% and 46.7% for Group I and Group II, respectively.

6. International Reserves and Foreign Exchange Market¹

International reserves totaled US\$33.943 billion by the end of July, up US\$92 million over the month (see Chart 6.1). The increase was mainly explained by the rise in current accounts of financial institutions with the Central Bank, favored by the growth of deposits in foreign currency. The Central Bank partially offset this effect by selling foreign exchange in the market.

In the foreign exchange market, the peso depreciated against the US dollar, while it appreciated against the Euro and the Real (see Chart 6.2). Monthly average exchange rates stood at 9.14 \$/US\$, with a monthly change similar to that of the previous month (1.1%), 10.06 \$/Euro (-1%), and 2.82 \$/Real (-2.8%), respectively. In the futures market (ROFEX), the daily average volume traded stood at around \$1.5 billion, down roughly 38% against June. Meanwhile, the expected exchange rates for transactions conducted in July and falling due as of December were similar to those of June but lower than those foreseen for the first five months of 2016.

7. Collective Instrument Vehicles

Mutual Funds

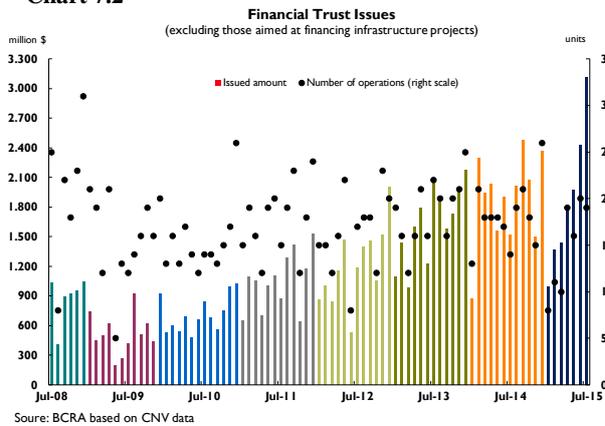
In July, equity of mutual funds (FCI) in pesos and in foreign currency raised \$3.8 billion (2.2%), standing at \$174.113 billion at the end of the month.

Fixed income funds in pesos had the largest share in the monthly hike after recording a growth of \$3.35 billion (3.6%). This performance was mainly explained by the increase in the number of unit shares subscribed in the second half of the month. Mixed income funds came in second place, evidencing a rise of \$570 million over the

¹⁰ Communication “A” 5590, effective June 2014, established maximum interest rates especially for personal and car loans for natural persons. Such rates are calculated based on LEBACs’ yields and published on a monthly basis by the Central Bank.

¹¹ Financial institutions were divided into two groups for the implementation of maximum levels for interest rates on personal and car loans. Group I consists of institutions concentrating 1% or more of private sector deposits, while the remaining institutions make up Group II.

Chart 7.2

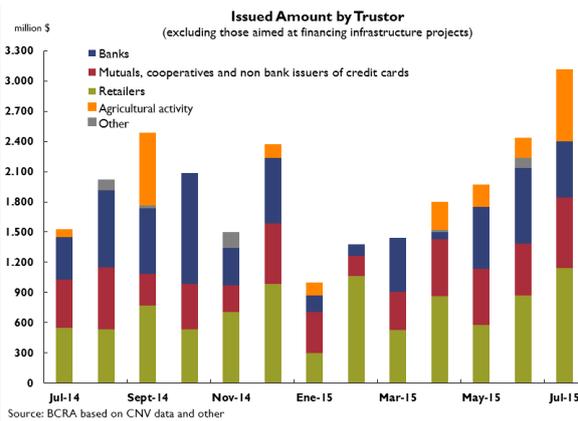


month (1.8%) driven both by the increase in the number of unit shares and by the increase in the prices of assets that make up the portfolio (see Chart 7.1). In turn, the equity of variable income funds dropped \$70 million (1.2%), while *money market* funds went down \$140 million, mainly as a result of the fall in the number of unit shares recorded in early July.

In terms of estimated profitability, the return on mixed income funds and fixed income funds came to the fore in July, with a monthly yield of about 2.3% and 2.1%, respectively. *Money market* funds yield amounted to 1.3%, whereas variable income funds recorded an average loss of 2.1%, in line with the performance observed in the local equity market.

Finally, in the foreign currency segment, equity of the FCI increased from US\$10 million to US\$322 million.

Chart 7.3

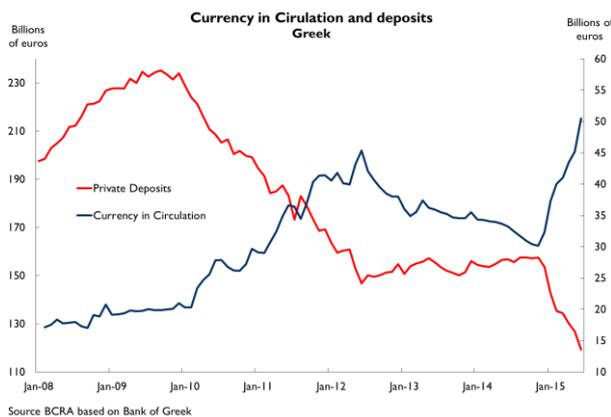


Financial Trusts¹²

Financial trusts (FT) placed securities for about \$3.12 billion in July, up 28% against June. Thus, the volume of operations hit a new record; while the number of issues was similar to that of the previous months, with 19 transactions recorded in the month (see Chart 7.2).

The high amount placed in the month is explained in part by an increased number of issues from agricultural companies—backed by commercial loans—which totaled \$720 million, the largest amount recorded since September 2014. Among these issues, there was a dollar-linked transaction. Securitization transactions done by the retail segment, on the one hand, and by mutuals cooperatives, non-bank credit card issuers and other financial service providers, on the other, rose to slightly more than \$1 billion and \$825 million, respectively. In turn, financial institutions securitized personal loans for about \$560 million, 26% less than June (see Chart 7.3).

Chart 8.1



Finally, the cut-off yield (weighted average by amount) on senior bonds in pesos, with a duration below 14 months and agreed upon at a variable rate, stood at 26.9%, increasing 1.1 p.p. against June. No transactions at a fixed rate were recorded.

8. Major Policy Measures Taken by Other Central Banks

As in June, virtually all banks expanded their monetary policy bias in July (China, Canada, Sweden and New

¹² Only publicly-traded financial trusts are considered.

Chart 8.2

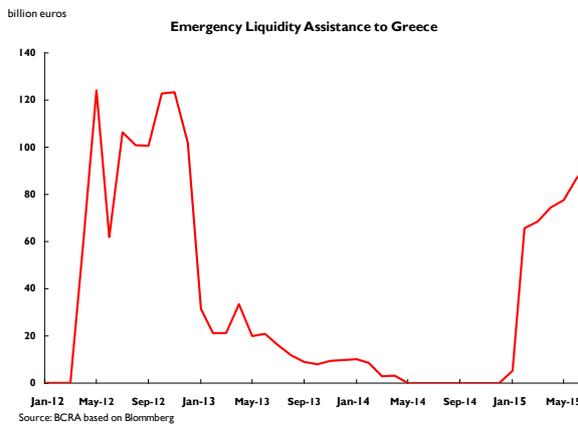


Chart 8.3

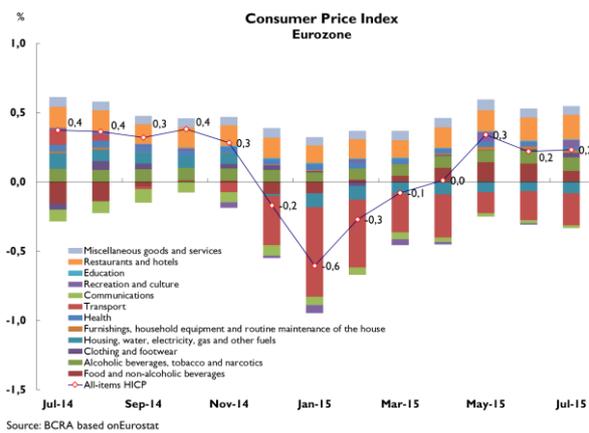
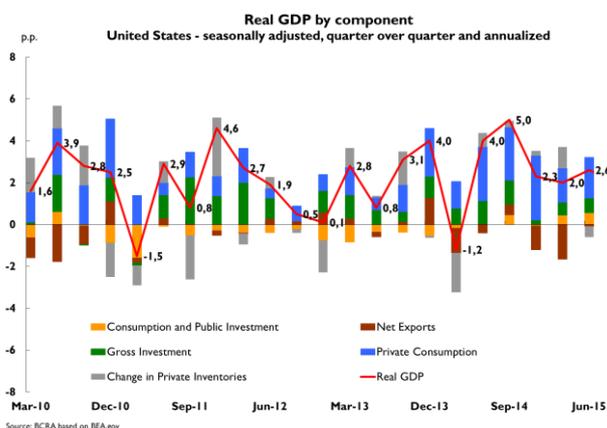


Chart 8.4



Zealand). The exception was Brazil and South Africa which adopted contractionary policy measures. Truly enough, the Open Market Committee (FOMC) of the US Federal Reserve did not change its benchmark interest rate target. However, it suggested that it would increase the federal funds rate (FFR) before the end of the year if labor market improvements continue. The European Central Bank (ECB) took a different approach. While it did not resort to its traditional instruments of monetary policy, it played a key role in stabilizing the Greek financial system.

As regards the financial situation in Greece, it is worth noting that at the end of June, the ECB decided to deny, in view of a potential country default, new funding to the Greek financial system through the Emergency Liquidity Assistance (ELA). This led the Bank of Greece, in a bank run context (see Chart 8.1), to impose a bank holiday for several days as well as limits on cash withdrawals. In addition, capital controls were introduced. Then, in mid-July and following the Greek's parliament passing of the laws that had been required by the Eurogroup as a first step to continue negotiations for a third program of assistance, the ECB increased the ELA (see Chart 8.2). This allowed Greek banks to open anew in the third week of July.

At the meeting held on July 16, the Governing Council of the ECB decided to maintain its monetary policy interest rate applicable to Main Refinancing Operations (MRO) at a historic floor of 0.05%; and the interest rate corridor also remained unchanged. This decision was taken in a context where, after four months of deflation, the IPC's change rate would be stabilizing around 0.25%, due in part to a lower impact of the fall in the prices of oil for the transport sector. (see Chart 8.3).

In turn, the FOMC of the Federal Reserve decided to keep the FFR within the 0-0.25% range. This decision was taken against the backdrop of a strong labor market, with the unemployment rate at 5.3%, the lowest figure recorded since April 2008. Moreover, June's inflation data show that the fall in headline inflation was held back, and stood at 0.3% y.o.y., while core inflation remained unaffected by the drop in the price of oil, standing at 1.3% y.o.y., indicating so far the absence of second round effects. Finally, in terms of activity level, the GDP in the United States grew 2.3% in the second quarter (seasonally-adjusted and annualized). Private consumption was the main driver of growth, contributing 2 p.p. over the quarter. In addition, the accumulation of inventories had practically neutral impact on the growth rate, unlike the first quarter where it had contributed 0.9 p.p. to the change recorded in that period (see Chart 8.4).

Chart 8.5

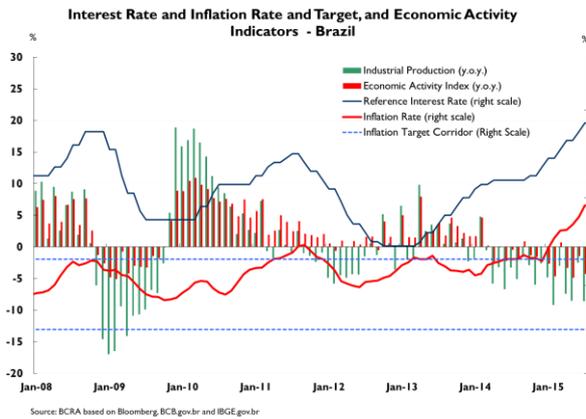
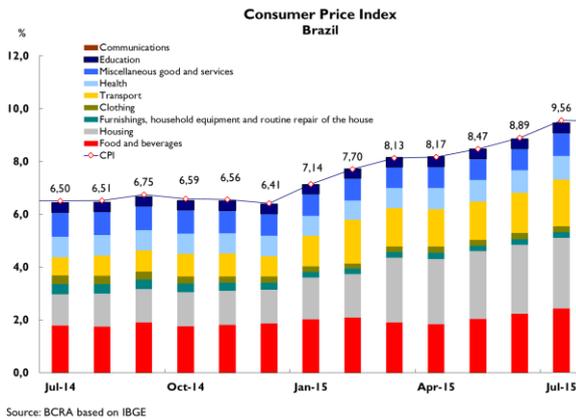


Chart 8.6



The People's Bank of China (PBoC) was actively engaged with expansionary measures, although maintained the minimum reserve requirement and its monetary policy interest rate unchanged vis-à-vis last June when it had already decreased by 0.25 p.p. to 2%. Following a 47% fall in the Shanghai Composite—the main Chinese stock index—in less than a month (between June 12 and July 8), the PBoC decided to finance China Securities Finance Corp which had arranged a program to purchase shares in order to mitigate the fall in the stock index. In addition, the PBoC recapitalized three state-owned banks for a total of US\$109 billion.

Among the central banks of the region, the Monetary Policy Committee (COPOM) of the Central Bank of Brazil (BCB) was the one to raise the target for the Selic rate by 0.5 p.p. to 14.25% (see Chart 8.5), the sixteenth increase since April 2013 (for a total of 7 p.p.). The COPOM made this decision in a context marked by a drop in the level of activity, a depreciated exchange rate (32% so far in 2015), and an increased inflation in June standing at 8.9% y.o.y., thus, moving away from the target range (4.5% ± 2 p.p.). In part, the increase in the inflation rate is due to a reduction in energy subsidies, with an impact on transport and households (household public services, see Chart 8.6). Finally, according to the survey on market expectations released by the BCB and published on July 31, BCB next meeting to be held in early September would not be expected to approve new increases in the target for the Selic rate.

9. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in	
	Jul-15	Jun-15	Dic-14	Jul-14	Monthly	Last 12 months
Monetary base	517.033	488.049	442.861	383.944	5,9%	34,7%
Currency in circulation	401.687	375.416	338.425	295.134	7,0%	36,1%
Held by public	364.554	338.546	299.390	266.763	7,7%	36,7%
Held by financial entities	37.132	36.865	39.034	28.371	0,7%	30,9%
Settlement check	1	4	1	0	-67,8%	-
BCRA current account	115.347	112.633	104.436	88.810	2,4%	29,9%
Repos stock						
Reverse repos	19.643	20.676	15.333	11.918	-5,0%	64,8%
Repos	0	0	0	0	0,0%	0,0%
BCRA securities stock (in face value)						
In banks	338.624	330.019	259.788	196.413	2,6%	72,4%
LEBAC	248.374	240.702	200.220	152.762	3,2%	62,6%
In pesos	336.885	328.337	259.788	186.305	2,6%	80,8%
In Dollars	1.739	1.682	0	0	-	-
NOBAC	0	0	0	10.108	-	-
International Reserves	33.872	33.680	30.233	29.519	0,6%	14,7%
Private and public sector deposits in pesos ⁽¹⁾	989.252	956.907	840.058	736.645	3,4%	34,3%
Current account ⁽²⁾	276.879	277.983	275.630	210.258	-0,4%	31,7%
Savings account	219.392	199.290	175.719	163.026	10,1%	34,6%
Not CER-adjustable time deposits	455.141	442.617	356.281	334.348	2,8%	36,1%
CER-adjustable time deposits	10	10	8	7	0,0%	42,9%
Other deposits ⁽³⁾	37.830	37.007	32.420	29.007	2,2%	30,4%
<u>Private sector deposits</u>	<u>777.556</u>	<u>750.748</u>	<u>624.701</u>	<u>561.489</u>	<u>3,6%</u>	<u>38,5%</u>
<u>Public sector deposits</u>	<u>211.696</u>	<u>206.159</u>	<u>215.357</u>	<u>175.157</u>	<u>2,7%</u>	<u>20,9%</u>
Private and public sector deposits in dollars ⁽¹⁾	10.398	9.889	8.788	8.581	5,2%	21,2%
Loans to private and public sector in pesos ⁽¹⁾	684.330	665.200	590.814	530.790	2,9%	28,9%
<u>Loans to private sector</u>	<u>634.747</u>	<u>615.408</u>	<u>549.787</u>	<u>487.954</u>	<u>3,1%</u>	<u>30,1%</u>
Overdrafts	83.759	78.355	66.782	69.506	6,9%	20,5%
Promissory bills	150.514	143.692	133.922	111.225	4,7%	35,3%
Mortgages	50.041	49.054	47.502	46.053	2,0%	8,7%
Pledge-backed loans	34.933	34.252	32.700	31.719	2,0%	10,1%
Personal loans	137.060	134.113	117.247	104.121	2,2%	31,6%
Credit cards	133.292	131.979	110.982	87.791	1,0%	51,8%
Other loans	45.148	43.963	40.651	37.540	2,7%	20,3%
<u>Loans to public sector</u>	<u>49.584</u>	<u>49.791</u>	<u>41.027</u>	<u>42.836</u>	<u>-0,4%</u>	<u>15,8%</u>
Loans to private and public sector in dollars ⁽¹⁾	4.447	4.431	3.331	4.219	0,4%	5,4%
Total monetary aggregates ⁽¹⁾						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	641.434	616.533	575.021	477.021	4,0%	34,5%
M2 (M1 + savings account in pesos)	860.827	815.823	750.740	640.047	5,5%	34,5%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	1.353.807	1.295.458	1.139.449	1.003.409	4,5%	34,9%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	1.453.876	1.389.281	1.217.403	1.075.945	4,6%	35,1%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	541.310	515.063	459.757	399.442	5,1%	35,5%
M2 (M1 + private savings account in pesos)	744.279	696.287	621.075	547.317	6,9%	36,0%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	1.142.111	1.089.298	924.092	828.253	4,8%	37,9%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	1.221.112	1.167.133	988.611	888.107	4,6%	37,5%

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	28.984	5,9%	59.018	12,9%	74.172	16,7%	133.089	34,7%
Financial sector	-15.355	-3,1%	-35.697	-7,8%	-59.203	-13,4%	-132.673	-34,6%
Public sector	23.048	4,7%	40.698	8,9%	84.536	19,1%	161.473	42,1%
Private external sector	4.276	0,9%	22.995	5,0%	21.436	4,8%	24.396	6,4%
BCRA securities	-1.841	-0,4%	-4.625	-1,0%	-32.514	-7,3%	-64.890	-16,9%
Others	18.856	3,9%	35.647	7,8%	59.919	13,5%	144.783	37,7%
International Reserves	192	0,6%	1.963	6,2%	3.639	12,0%	4.353	14,7%
Foreign exchange market intervention	555	1,6%	2.667	8,4%	2.605	8,6%	2.897	9,8%
International financial institutions	-70	-0,2%	-411	-1,3%	-1.109	-3,7%	-1.098	-3,7%
Other public sector operations	1.030	3,1%	1.061	3,3%	3.582	11,8%	9.821	33,3%
Dollar liquidity requirements	148	0,4%	-81	-0,3%	-558	-1,8%	-1.051	-3,6%
Others (incl. change in US\$ market value of nondollar assets)	-1.471	-4,4%	-1.273	-4,0%	-881	-2,9%	-6.216	-21,1%

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

2 Net of the use of unified funds.

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

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

5 Provisory data subjected to changes in valuation.

Sources: BCRA Accounting Department and SISCEN Informative Regime.

Minimum Cash Requirement and Compliance

	Jul-15	Jun-15	May-15
	(1)		
Domestic Currency	% of total deposits in pesos		
Requirement	11,4	11,5	11,5
Compliance	11,6	11,7	11,7
Position (2)	0,2	0,2	0,2
<i>Residual time structure of term deposits used for the calculation of the requirement (3)</i>	%		
Up to 29 days	66,7	65,8	65,6
30 to 59 days	21,4	22,6	21,9
60 to 89 days	6,5	6,0	6,6
90 to 179 days	4,2	4,4	4,8
more than 180 days	1,3	1,3	1,2
Foreign Currency	% of total deposits in foreign currency		
Requirement	43,9	41,5	40,6
Compliance (includes default application resource)	70,4	72,5	75,7
Position (2)	26,5	30,9	35,2
<i>Residual time structure of term deposits used for the calculation of the requirement (3)</i>	%		
Up to 29 days	52,2	48,5	46,1
30 to 59 days	20,3	24,7	22,3
60 to 89 days	12,6	11,7	15,7
90 to 179 days	9,9	10,2	11,3
180 to 365 days	4,9	4,8	4,5
more than 365 days	0,1	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	Jul-15	Jun-15	May-15	Jul-14
Interbank Loans (overnight)				
Interest rate	23,86	17,93	22,51	15,61
Traded volume (million pesos)	3.455	3.144	3.381	2.084
Time Deposits				
<u>In pesos</u>				
30-44 days	20,17	20,28	20,21	20,17
60 days or more	22,94	22,97	23,25	22,02
Total BADLAR (more than \$1 million, 30-35 days)	17,71	18,27	18,13	19,57
Private Banks BADLAR (more than \$1 million, 30-35 days)	20,69	20,37	20,25	21,98
<u>In dollars</u>				
30-44 days	1,70	1,65	1,63	0,91
60 days or more	2,56	2,56	2,37	1,40
Total BADLAR (more than \$1 million, 30-35 days)	1,38	1,29	1,32	0,89
Private Banks BADLAR (more than \$1 million, 30-35 days)	2,38	2,14	2,28	1,28
Lending Interest Rates	Jul-15	Jun-15	May-15	Jul-14
Stock Repos				
Gross interest rates 30 days	23,64	22,95	23,94	21,14
Traded volume (all maturities, million pesos)	593	568	601	279
Loans in Pesos ⁽¹⁾				
Overdrafts	30,41	28,30	30,10	30,74
Promissory Notes	26,23	25,22	26,15	28,29
Mortgages	25,09	23,56	22,78	22,60
Pledge-backed Loans	24,97	23,87	25,19	23,83
Personal Loans	36,43	36,84	37,30	37,40
Credit Cards	s/d	40,18	39,85	39,39
Overdrafts - 1 to 7 days - more than \$10 million	26,19	20,16	24,42	21,57
International Interest Rates	Jul-15	Jun-15	May-15	Jul-14
LIBOR				
1 month	0,19	0,19	0,18	0,15
6 months	0,46	0,44	0,42	0,33
US Treasury Bonds				
2 years	0,66	0,68	0,60	0,49
10 years	2,32	2,36	2,20	2,53
FED Funds Rate	0,25	0,25	0,25	0,25
SELIC (1 year)	13,82	13,70	13,25	11,00

(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	Jul-15	Jun-15	May-15	Jul-14
BCRA Repo Interest Rates				
Overnight reverse repo	13,81	13,00	13,00	9,00
7-day reverse repo	14,97	14,00	14,00	9,50
7-day repo	18,13	17,00	17,00	11,50
Total Repo Interest Rates				
Overnight	17,19	14,52	16,99	11,95
7 days	21,20	14,91	16,21	12,79
Repo traded volumen (daily average)	19.639	18.057	15.014	11.298
Peso LEBAC Interest Rate¹				
1 month	s/o	s/o	s/o	s/o
2 months	s/o	s/o	s/o	s/o
3 months	26,00	25,97	25,96	26,80
9 months	s/o	s/o	s/o	s/o
12 months	s/o	s/o	s/o	28,25
Peso NOBAC with variable coupon Spread¹				
200 days BADLAR Private Banks	s/o	s/o	s/o	s/o
Dollars LEBAC Interest Rate¹				
1 month	3,25	3,25	3,25	2,50
3 months	3,90	3,90	3,90	3,00
6 months	4,00	4,00	4,00	3,50
12 months	4,20	4,20	4,20	4,00
LEBAC and NOBAC traded volume (daily average)	2773	3000	2962	2563
Foreign Exchange Market	Jul-15	Jun-15	May-15	Jul-14
Dollar Spot				
Exchange agencies	9,14	9,04	8,95	8,16
BCRA Reference	9,15	9,05	8,95	8,16
Future dollar				
NDF 1 month	9,26	9,16	9,07	8,39
ROFEX 1 month	9,27	9,17	9,07	8,34
Traded volume (all maturities, million pesos)	2.335	2.411	3.207	1.768
Real (Pesos/Real)	2,82	2,90	2,93	3,67
Euro (Pesos/Euro)	10,06	10,16	10,00	11,04
Capital Market	Jul-15	Jun-15	May-15	Jul-14
MERVAL				
Index	11.678	11.343	11.825	8.359
Traded volume (million pesos)	149	151	155	172
Government Bonds (parity)				
BODEN 2015 (US\$)	144,36	133,47	130,68	117,66
DISCOUNT (US\$ - NY legislation)	135,20	125,65	127,17	108,00
BONAR 2017 (US\$)	140,44	129,58	128,56	113,90
DISCOUNT (\$)	74,88	80,59	83,54	73,50
Country risk				
Spread BODEN 2015 vs. US Treasury Bond	880	854	1.159	1.048
EMBI+ Latin America (without Argentina)	536	514	480	327

¹ Corresponds to average results of each month primary auctions.

10. Glossary

ANSES: Administración Nacional de Seguridad Social.

BADLAR: Tasa de interés de depósitos a plazo fijo por montos superiores a un millón de pesos y de 30 a 35 días de plazo

BCBA: Bolsa de Comercio de Buenos Aires.

BCRA: Banco Central de la República Argentina.

BM: Base Monetaria, comprende circulación monetaria más depósitos en pesos en cuenta corriente en el BCRA.

BOVESPA: Índice accionario de la Bolsa de Valores de San Pablo (Brasil).

CAFCI: Cámara Argentina de Fondos Comunes de Inversión.

CDS: *Credit Default Swaps.*

CER: Coeficiente de Estabilización de Referencia.

CNV: Comisión Nacional de Valores.

DEGs: Derechos Especiales de Giro.

EE.UU.: Estados Unidos de América.

EFNB: Entidades Financieras No Bancarias.

EM: Efectivo Mínimo.

EMBI: *Emerging Markets Bonds Index.*

FCI: Fondo Común de Inversión.

FF: Fideicomiso Financiero.

GBA: Gran Buenos Aires.

i.a.: interanual.

IAMC: Instituto Argentino de Mercado de Capitales

IGBVL: Índice General de la Bolsa de Valores de Lima.

IGPA: Índice General de Precios de Acciones.

IPC: Índice de Precios al Consumidor.

LEBAC: Letras del Banco Central.

LCIP: Línea de Crédito para la Inversión Productiva

LIBOR: *London Interbank Offered Rate.*

M2: Medios de pago, comprende el circulante en poder del público, los cheques cancelatorios en pesos y los depósitos a la vista en pesos del sector público y privado no financiero.

M3: Agregado amplio en pesos, comprende el circulante en poder del público, los cheques cancelatorios en pesos y el total de depósitos en pesos del sector público y privado no financiero.

M3*: Agregado bimonetario amplio, comprende el circulante en poder del público, los cheques cancelatorios y el total de depósitos en pesos y en moneda extranjera del sector público y privado no financiero.

MERVAL: Mercado de Valores de Buenos Aires.

MULC: Mercado Único y Libre de Cambios.

MSCI: *Morgan Stanley Capital Investment.*

NDF: *Non deliverable forward.*

NOBAC: Notas del Banco Central.

OCT: Operaciones Concertadas a Término.

ON: Obligación Negociable.

PFPB: Programa de Financiamiento Productivo del Bicentenario.

PIB: Producto Interno Bruto.

PM: Programa Monetario.

P.B.: Puntos Básicos.

p.p.: Puntos porcentuales.

PyMEs: Pequeñas y Medianas Empresas.

ROFEX: Mercado a término de Rosario.

SISCEN: Sistema Centralizado de Requerimientos Informativos del BCRA.

S&P: *Standard and Poors.*

TIR: Tasa Interna de Retorno.

TNA: Tasa Nominal Anual.

VCP: Valor de deuda de Corto Plazo.

VN: Valor Nominal.

VRD: Valor Representativo de Deuda.