

Monthly Monetary Report

March 2014



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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The closing date for statistics in this report was April 10, 2014. All figures are provisional and subject to review.

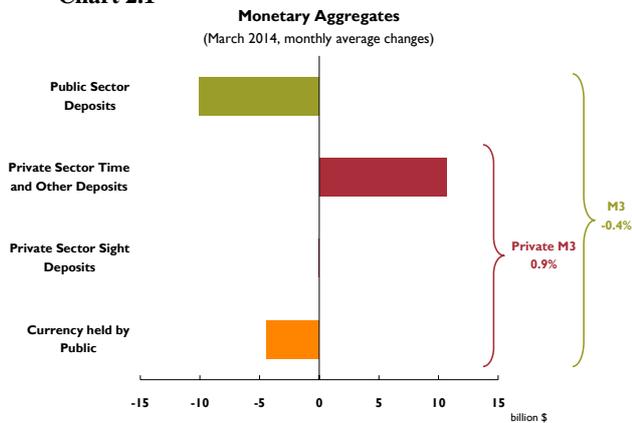
1. Summary¹

- In March, monetary aggregates continued moderating their expansion pace. Particularly, the broadest monetary aggregate in pesos (M3) posted a 22.3% y.o.y. change rate, down 1.8 p.p. against February. The M3 monthly average balance decreased 0.4%, evidencing a drop in public sector deposits and a rise in the broadest private monetary aggregate (private M3).
- Within private M3 components, means of payment registered a decrease which was more than offset by an increase in time deposits. Favored by greater yields, this kind of deposits continued growing strongly in March (4.4%), evidencing one of the highest rises in the last twelve months. Segmented by amount, a hike was observed in the wholesale segment (4.7%) and in deposits under \$1 million (4.1%). As a result, private sector time deposits increased their y.o.y. change rate again, which stood at 34.5%.
- In March, financial institutions' liquidity in domestic currency (cash, current accounts with the Central Bank, net repos with the Central Bank, plus LEBAC and NOBAC holdings) climbed again, accounting, on average, for 1.1% of total deposits in pesos. This larger flow of funds was mainly channeled to purchase an increased amount of Central Bank securities. Consequently, the monthly average liquidity ratio was 33.7%.
- The monthly average stock of loans in pesos granted to the private sector remained practically stable in March, going up 31.9% in the last twelve months. Among the different credit lines, financing arranged through overdrafts stood out, which continued growing at a good pace, increasing 2.8% in the month. In turn, the Central Bank kept on boosting lending to the productive sector. Under the Bicentennial Productive Financing Program (PFPB), a new auction was held in March to increase supply of long-term funds for productive investment at a fixed total financial cost in pesos. On this occasion, \$100 million were awarded. Thus, the total amount allocated since the beginning of the PFPB has reached \$7.9 billion, out of which \$6.2 billion have already been disbursed.
- Within the Credit Line for Productive Investment, the BCRA's provision that allows financial institutions to allocate, in March and April, up to 10% of the quota of the first half of 2014 corresponding to the discount of deferred payment checks of micro, small and medium-sized enterprises (Communication "A" 5554) became effective. This was reflected in a decrease in interest rates on some loans to the productive sector. In fact, interest rate on discounted documents averaged 29.3%, down 2.6 p.p. against February.

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

2. Monetary Aggregates¹

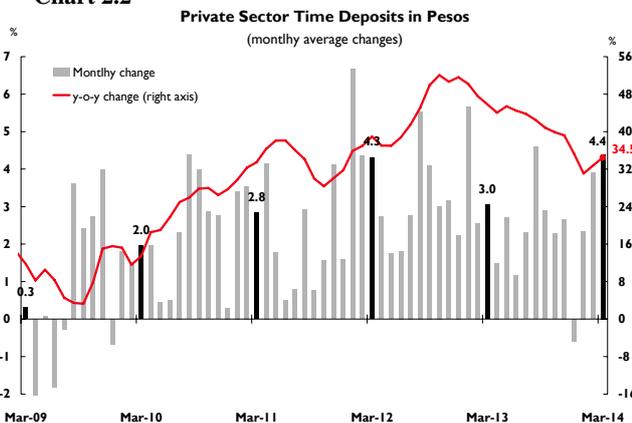
Chart 2.1



In March, monetary aggregates continued moderating their expansion pace. In particular, the broadest monetary aggregate in pesos (M3²) posted a 22.3% y.o.y. change rate, down 1.8 p.p. against February. The M3 monthly average balance decreased 0.4% in March, evidencing a drop in public sector deposits and a 0.9% rise in the broadest private monetary aggregate (private M3³; see Chart 2.1).

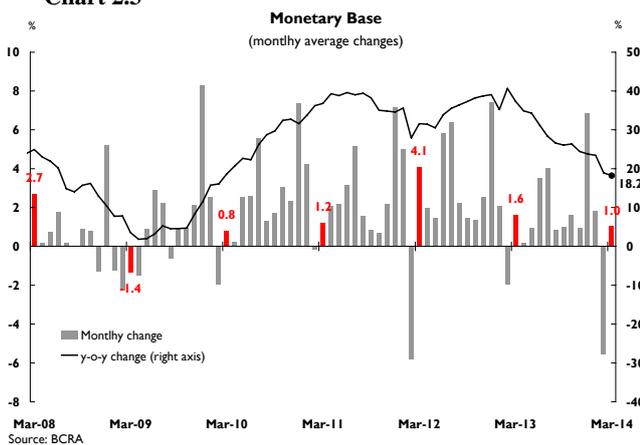
Within private M3 components, means of payment registered a decrease which was more than offset by time deposits increase. Favored by greater yields, private sector time deposits continued growing strongly in March (4.4%), evidencing one of the highest rises of the last few years (see Chart 2.2). Segmented by amount, a hike was observed in the wholesale segment (4.7%) and in deposits under \$1 million (4.1%). As a result, private sector time deposits increased their y.o.y. change rate again, which stood at 34.5% (up 1.8 p.p. against the month before).

Chart 2.2



Deposits in foreign currency evidenced a monthly decrease, with drops in the public and private sectors. As a result, the broadest monetary aggregate, M3*⁴, exhibited a 0.7% monthly reduction, exhibiting a 24.2% y.o.y. change rate.

Chart 2.3



As regards primary money creation, the monetary base reached an average stock of \$351.4 billion, showing a 1% monthly increase (see Chart 2.3). Its y.o.y. change rate stood at 18.2%, down 0.7 p.p. against February. Among its components, the decrease in cash held by public was more than offset by bank reserves increase (consisting in cash held in financial institutions and the stock of current accounts of financial institutions with the Central Bank).

3. Financial institutions' liquidity¹

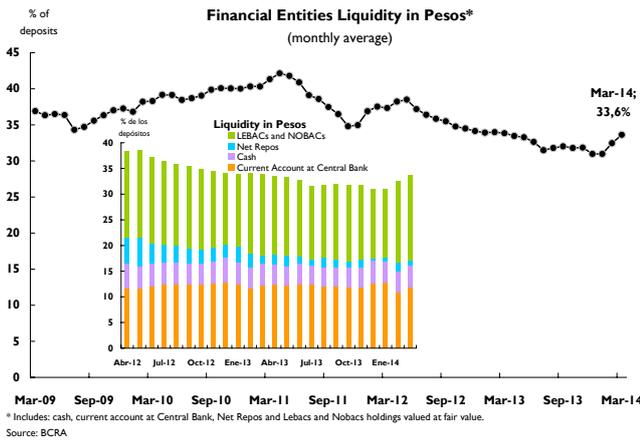
In March, financial institutions' liquidity in domestic currency (defined as the addition of cash, current accounts with the Central Bank, net repos with the Central Bank, plus LEBAC and NOBAC holdings) climbed again, accounting, on average, for 1.1% of total

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

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

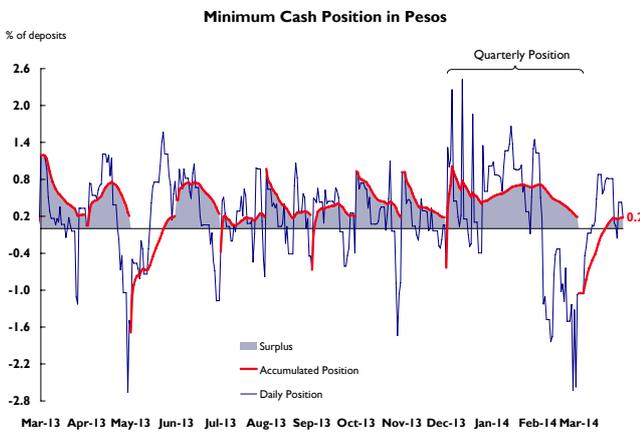
⁴ It includes M3 and deposits in foreign currency of non-financial public and private sectors.

Chart 3.1



deposits in pesos (see Chart 3.1). Consequently, the monthly average liquidity ratio was 33.6%. Part of the liquidity increase stemmed from the sale of dollars by institutions as under Communication “A” 5536 (see section International reserves and foreign exchange market), and it was applied mainly to LEBAC y NOBAC holdings. On the other hand, a monthly period for Minimum Cash requirement compliance started again in March, leading to a hike in current accounts with the Central Bank (minimum cash compliance) and a reduction in the stock of repos which had accumulated in February due to the end of the December-February quarterly position. In this regard, the estimated surplus of the minimum reserve requirement was equivalent to 0.2% of total deposits in pesos (see Chart 3.2).

Chart 3.2

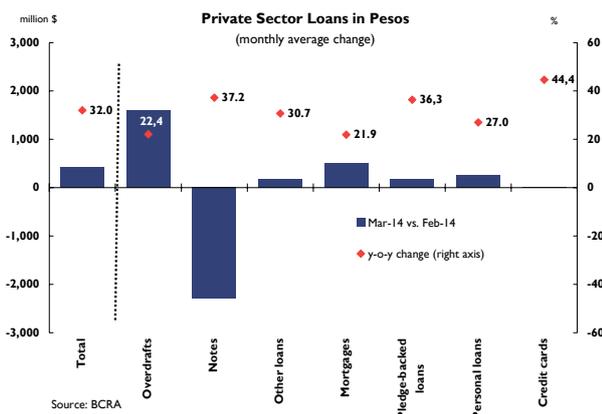


In turn, liquidity fell in the foreign currency segment, standing at 113.1% of total deposits in dollars (down 5.5 p.p. against the previous month). The drop was observed in the stock of foreign currency current accounts held by financial institutions with the Central Bank as a result of compliance with Communication “A” 5536, as noted above. This was partially offset by an increase in the stock of LEBAC in dollars.

4. Loans^{1 5}

Loans in pesos granted to the private sector kept their stock practically stable in March, growing 32% in the last twelve months. Among the different credit lines, growth exhibited by financing arranged through overdrafts stood out (see Chart 4.1). In turn, the Central Bank continued boosting lending to the productive sector. The twenty seventh auction of funds from the Bicentenary Productive Financing Program (PFPB) was conducted in March to improve the supply of long term lending for productive investment, at a fixed total financial cost in pesos. On this occasion, \$100 million were awarded. Thus, the total amount allocated since the beginning of the program has reached \$7.9 billion, out of which \$6.2 billion have already been disbursed (see Chart 4.2).

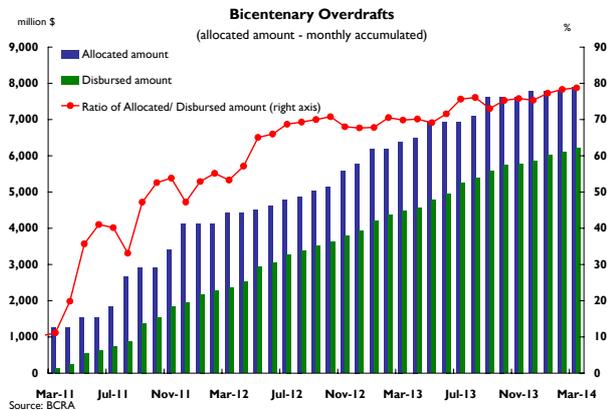
Chart 4.1



Lines aimed mainly at financing commercial activities exhibited heterogeneous performances during the month. As already mentioned, overdrafts continued exhibiting a good performance and registered a 2.8% (\$1.7 billion) hike in March, similar to that of the

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.

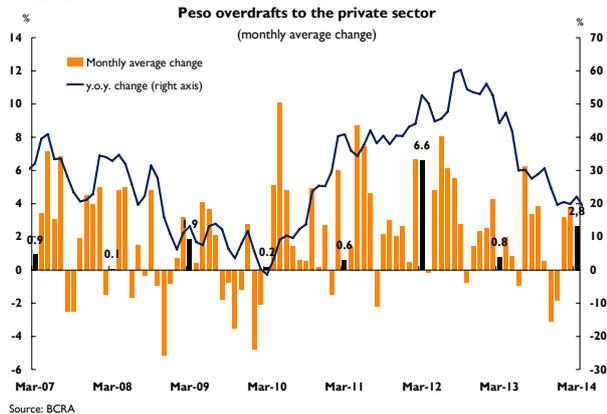
Chart 4.2



previous two months and higher than the figure recorded in March 2013. This led to a 2.4 p.p. increase in their y.o.y. change rate, standing at 22.4% (see Chart 4.3). In turn, financing arranged through notes recorded a 2% drop (\$2.3 billion), while it grew around 37% in y.o.y. terms. The remaining commercial credit lines, classified under the "Other loans" heading, grew 0.5% (\$180 million).

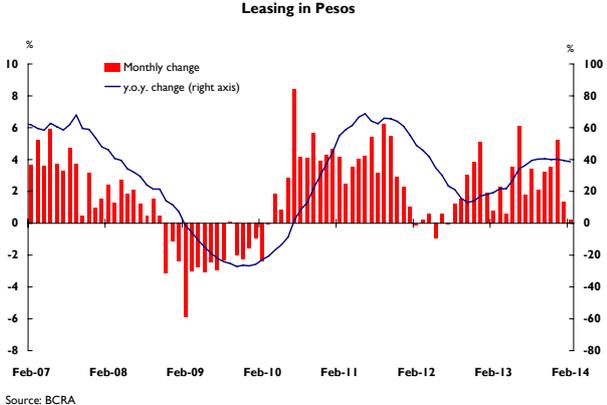
Loans mainly channeled for household consumption posted limited changes during the month. Within this framework, personal loans exhibited a 0.5% monthly rise—approximately \$480 million—while financing through credit cards kept its monthly average stock stable. However, both lines recorded high growth rates in y.o.y. terms, amounting to 27% and 44%, respectively.

Chart 4.3



Mortgage-backed loans recorded a 0.6% (\$260 million) increase, standing close to that of the previous month, with a y.o.y. change rate of around 22%. The funds assigned to grant mortgage-backed loans for the purchase, construction or remodeling of housing units for a minimum term of 10 years may be allocated to financing under the Credit Line for Productive Investment (LCIP), which may further turn into a positive boost for mortgages loans as long as loans are effectively granted over the first six months of the year. It is worth mentioning that part of the demand for mortgage-backed loans (individuals) is not computed in the statistics of bank loans because it is channeled through the Bicentennial Credit for Housing Program (Pro.Cre.Ar). In the case of pledged-backed loans, their stock remained at a level similar to that of February, although their y.o.y. change rate remains at high levels, standing at 36.3%.

Chart 4.4

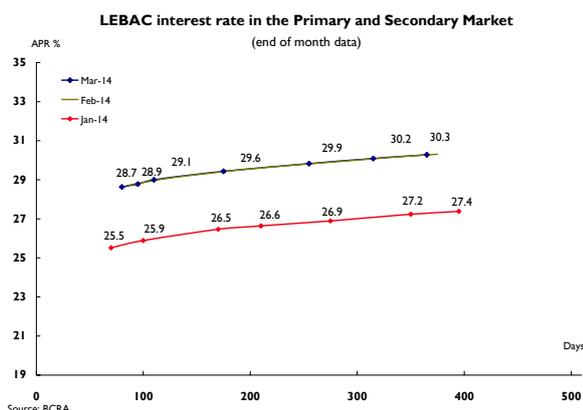


According to the latest information available corresponding to February, financing granted by financial institutions under leasing contracts⁶ continued moderating its monthly expansion rate, recording a slight increase (0.2%). In turn, they rose 38.6% in the last twelve months (see Chart 4.4).

Lastly, loans to the private sector in foreign currency decreased 2.1% (US\$80 million), mainly due to the performance recorded by credit cards, after the period with the most intensive use abroad. Thus, the monthly stock averaged around US\$3.6 billion.

⁶ It includes the value of capital goods (personal and real property) leased to third parties, especially acquired by the institution on their behalf, under which the lessee periodically pays a price during the term agreed upon and holds the unilateral right of exercising the call option paying the residual value previously set forth.

Chart 5.1

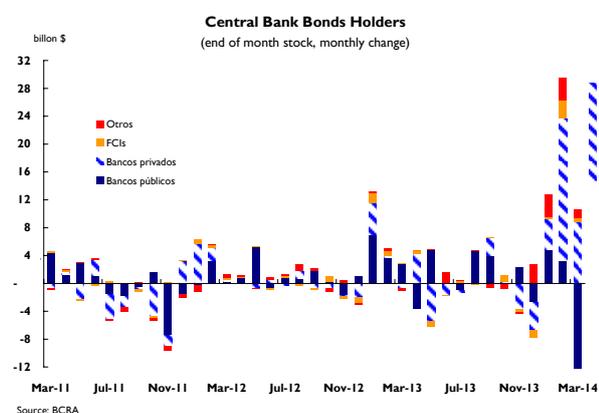


5. Interest Rates ⁷

Central Bank Securities ⁸

In March, the Central Bank left the interest rates on LEBACs and NOBACs awarded every week in the primary market unchanged. Regarding LEBACs, which represent most of the amount awarded, interest rates at predetermined cut-off rates yields—77 and 91 days—stood at 28.6% and 28.9% respectively. Likewise, the interest rate on the instrument with the longest term—364-days—stood at 30.3% (see Chart 5.1). In the case of NOBACs, the spread on the BADLAR rate at private banks registered a slight decrease, standing at 1 p.p., while BADLAR at private banks grew 0.6 p.p.

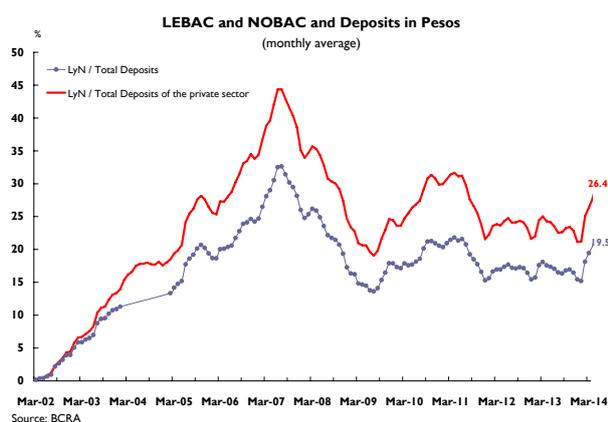
Chart 5.2



Concerning the secondary market, interest rates on LEBACs, which are usually traded for terms shorter than those typically auctioned by the Central Bank, remained relatively stable. The total average turnover traded stood at \$1.6 billion per day, \$352 million higher than the volume recorded in February. Such rise was boosted by LEBAC transactions, mainly in the terms less than 60 days.

The outstanding stock of LEBACs and NOBACs in pesos decreased \$7.3 billion, standing at \$144.9 billion. Private banks, mutual funds, and insurance companies increased their holdings; whereas public banks recorded a drop (see Chart 5.2). Like in February, the total stock of securities continued climbing in terms of deposits, reaching around 19.5% (see Chart 5.3).

Chart 5.3



Lastly, interest rates that the Central Bank pays for LEBACs in foreign currency remained unchanged. The outstanding stock amounted to US\$716 million, US\$168 million above the stock registered by the end of February. The increase was boosted by more holdings by private banks.

Central Bank repo transactions ¹

Interest rates on all repo transactions remained unchanged. Rates on reverse repos stood at 9% overnight and at 9.5% at 7 days, while rates on repo loans stayed at 11% overnight and 11.5% at seven days.

The average stock of reverse repos for the Central Bank, including all transactions used by this institution,

⁷ Interest rates mentioned in this section are expressed as annual percentage rates (APR).

⁸ In this section, figures are end-of-the-month data unless otherwise stated.

Chart 5.4

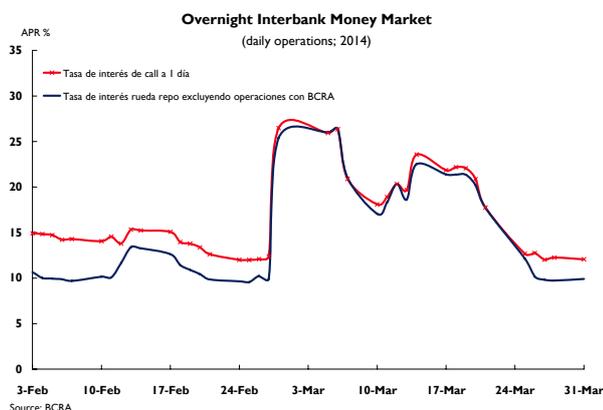


Chart 5.5

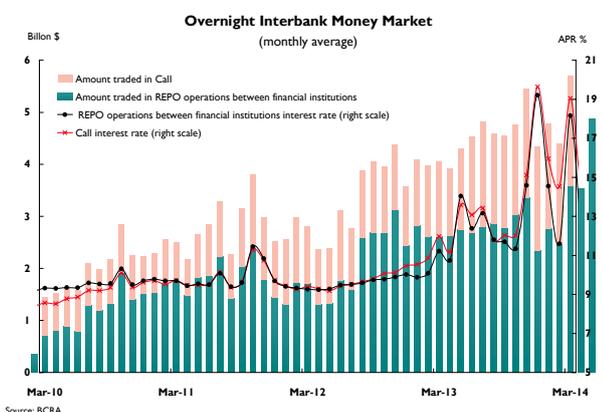
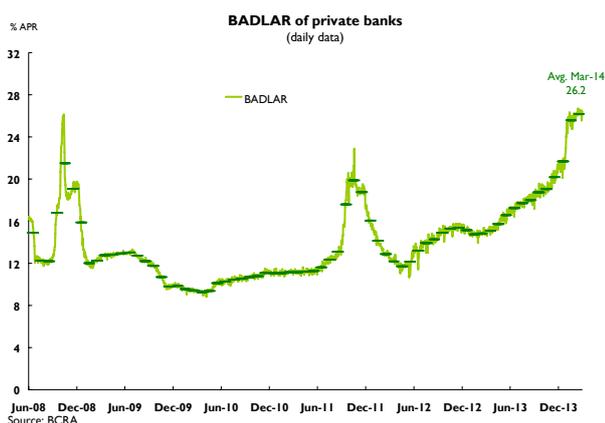


Chart 5.6



dropped \$6 billion, totaling \$11.6 billion; such drop was boosted mainly by bank transactions.

Call money market¹

In March, as is usually the case after the end of the quarterly calculation of Minimum Cash positions, financial institutions' liquidity needs increased, leading to a temporary rise in interest rates within money markets. Such increase was mainly recorded in the first half of March but it was subsequently reversed; thus, interest rates by the end of the month virtually returned to those observed in February (see Chart 5.4), though evidencing a slight rise. In the unsecured market (call), the average interest rates on overnight transactions increased 4.6 p.p. standing at 19.2%. In turn, the average interest rate on overnight transactions between financial institutions in the secured market (REPO round) increased 6.6 p.p., amounting to 18.2% (see Chart 5.5).

The daily average amount traded went up approximately \$1.2 billion in March totaling around \$5.6 billion. This increase was driven by the volume traded on the REPO round which concentrates 63% of the volume traded.

Borrowing rates¹

In March, the averages of different borrowing rates posted rises that were lower than those of the previous two months. This was because since the end of February, interest rates remained practically unchanged.

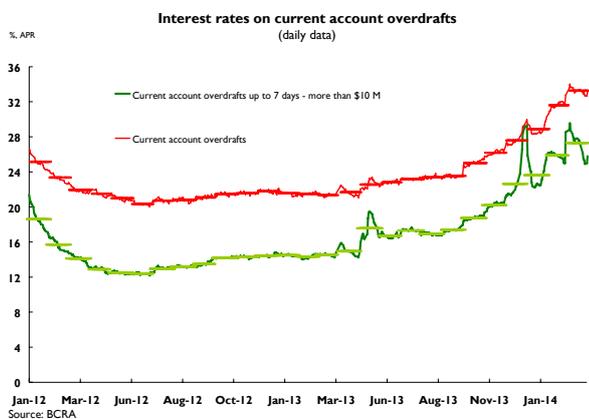
Thus, the average interest rate paid by financial institutions for private sector time deposits in pesos exhibited monthly rises not exceeding 1 p.p. In particular, in the wholesale segment, the BADLAR rate of private banks—interest rate on deposits of \$1 million and more and for 30-35 days—averaged 26.2%, recording a 0.6 p.p. monthly increase (see Chart 5.6). In turn, in the retail segment, the interest rate paid by financial institutions on private sector time deposits up to \$100,000 averaged 21% exhibiting a 0.8 p.p. rise.

Lending rates¹⁹

As with borrowing rates, most interest rates on loans in pesos to the private sector grew on average, exhibiting relative stability against the levels recorded in late February.

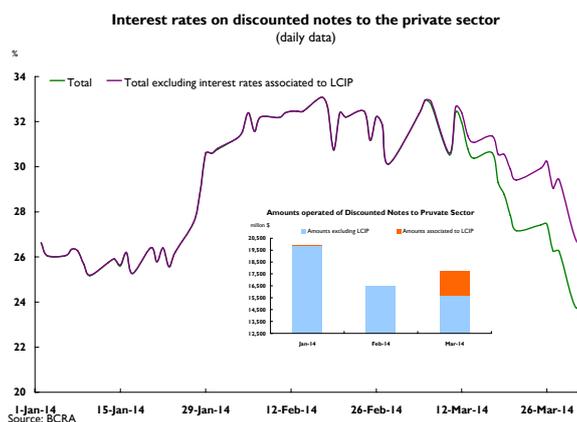
⁹ Interest rates mentioned in this section are annual percentage rates and do not include assessment or granting expenses or other expenditures (e.g. insurance) which are taken into account in the total financial cost of loans.

Chart 5.7



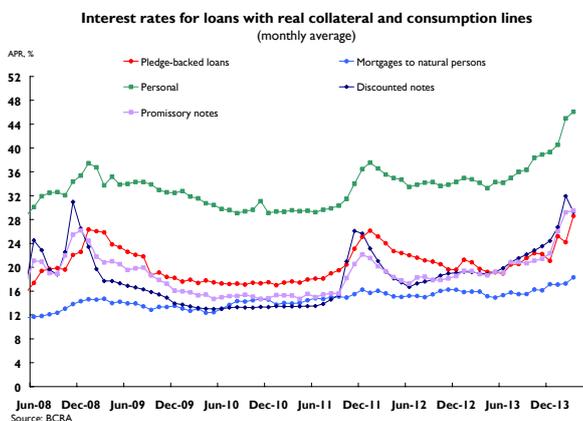
In the case of rates on commercial lines, the one of current account overdrafts posted an average increase of 1.7 p.p. and stood at 33.1%. Within this credit line, the interest rate on overdrafts to companies for over \$10 million and up to 7 days increased 1.4 p.p., reaching 27.3% (see Chart 5.7).

Chart 5.8



In turn, interest rates charged on financing through promissory notes showed a heterogeneous performance, with an increase in unsecured promissory notes and a decrease in discounted documents. The monthly average of the interest rate on unsecured promissory notes stood at 29.4%, hiking 0.4 p.p. in the month while the one on discounted documents averaged 29.3%, falling 2.6 p.p. against February. Part of this decline was due to the enforcement of the BCRA’s provision that allows financial institutions to allocate, in March and April, up to 10% of the quota of the first half of 2014 corresponding to the Credit Line for Productive Investment (LCIP) to the discount of deferred payment checks of micro, small, and medium-sized enterprises at an interest rate that may not exceed 17.5% (Communication “A” 5554). However, excluding these loans from the LCIP, it was observed that the monthly average rate on discounted documents dropped over the month (see Chart 5.8).

Chart 5.9



As regards interest rates on longer terms lines, the monthly average rate on pledge-backed loans stood at 28.5%, exhibiting a 4.6 p.p. increase during the month after the drop recorded in February. It is worth pointing out that interest rates are calculated on the basis of a weighted average of amounts; consequently, in some lines where not all financial institutions participate—such as pledge-backed loans and mortgage loans—a change in the relative share may cause changes in average interest rates which do not necessarily imply a generalized change in these rates. In turn, the monthly average interest rate charged for mortgages to households was 1 p.p. higher compared to February, standing at 18.3%. Lastly, the interest rate on personal loans averaged 45.9%, increasing 1 p.p. in the month (see Chart 5.9).

6. International reserves and foreign exchange market¹

International reserves totaled US\$27 billion by the end of March. This represented a monthly decrease of US\$539 million, mainly explained by the payment of the public sector’s debt in dollars (see Chart 6.1). The stock of current accounts in foreign currency with the

Chart 6.1
Factors of Variation of International Reserves
(March 2014)

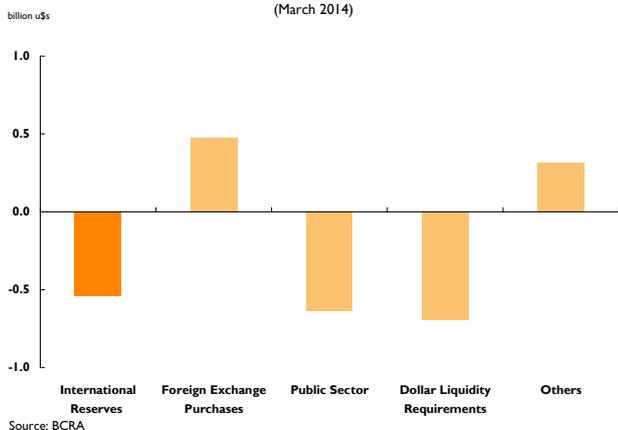


Chart 6.2

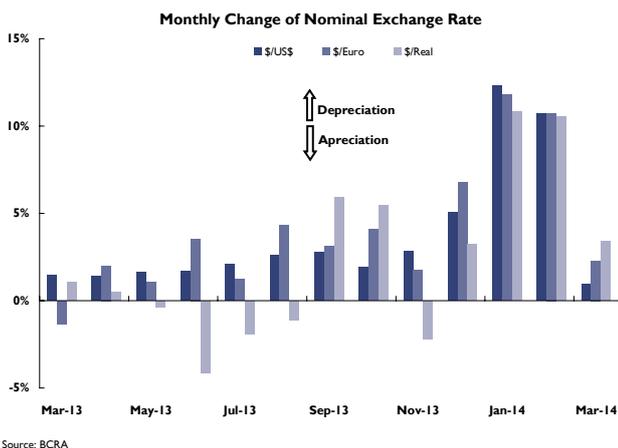
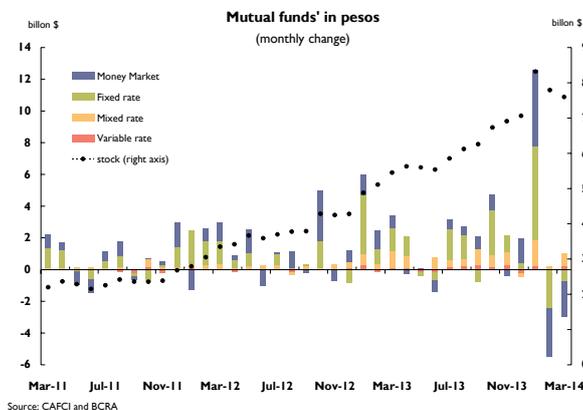


Chart 7.1



Central Bank decreased, which did not mean a substantial drop in international reserves. In this regard, it is worth mentioning that the decrease in current accounts was partly counterbalanced by a rise in the balance of LEBACs in dollars and in foreign currency purchases by the Central Bank from financial institutions so as to comply with the provisions of Communication “A” 5536 about the limits for Net Global Position.

Regarding the foreign exchange market, the average US dollar exchange rate stood relatively stable at 7.93 \$/US\$ (+1% against February; see Chart 6.2). In turn, the real and euro average exchange rates increased up to 3.4 \$/real and 11 \$/euro, respectively. In addition, there was a 24% reduction in the turnover on the futures market (ROFEX). The daily average amount traded reached \$2.3 billion, exhibiting a slight drop in exchange rates expected as from the second half of the year compared to contracts traded in February.

7. Collective investment vehicles

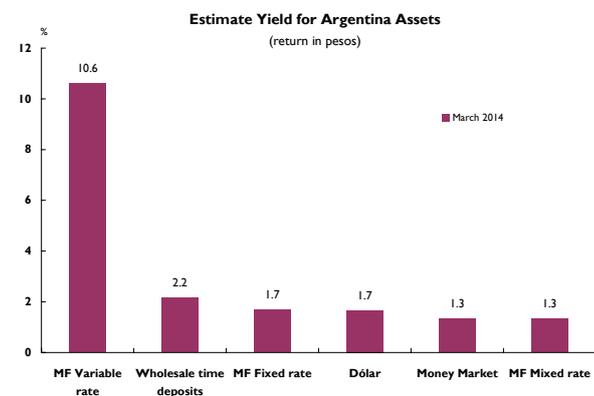
Mutual Funds

In March, the equity of mutual funds in pesos and in foreign currency decreased \$2 billion. Driven by the redemption of unit shares recorded at the end of the month, money market funds in pesos (representing 29% of total equity) dropped \$2.2 billion (9%) contributing to most of the fall. They were followed by fixed income funds in pesos (representing 45% of total equity), which evidenced a reduction of \$720 million (2%). In turn, mixed income funds grew \$790 million (2.4%), and funds investing in variable income assets registered monthly rises totaling \$220 million (10%). In the case of the latter, it was due to the good performance evidenced in the prices of assets in their portfolios.

Regarding profitability, variable income funds showed the best relative performance, recording a 10.6% monthly return; they were followed by fixed income funds, which recorded a 1.7% monthly return, remaining below wholesale time deposits profitability all the same. Mixed income and Money Market funds come last exhibiting returns that averaged 1.3% .

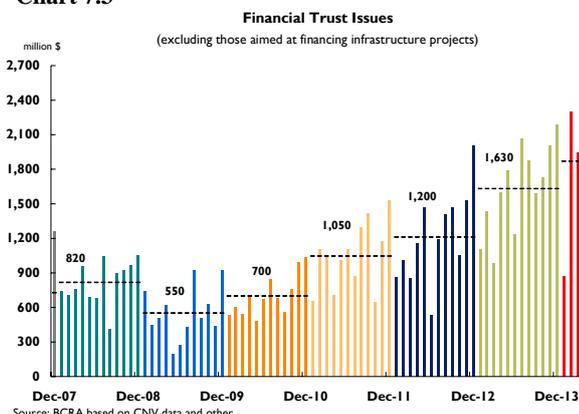
On the other hand, equity in foreign currency mutual funds fell US\$3 million, standing at US\$304 million. The trend was boosted mainly by the drop registered by fixed income funds.

Chart 7.2



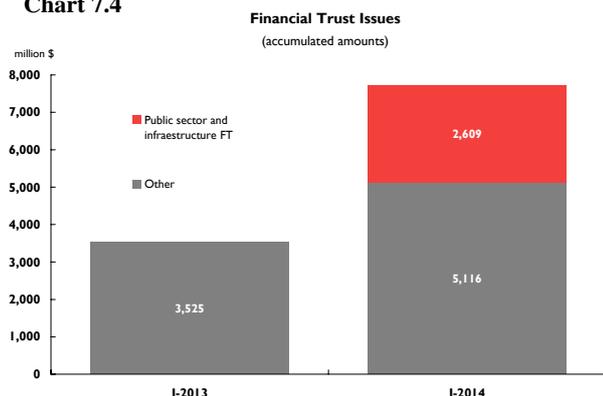
Source: BCRA

Chart 7.3



Source: BCRA based on CNV data and other

Chart 7.4



Source: BCRA based on CNV data and other

Financial trusts¹⁰

In March, financial trust (FT) issues totaled around \$2 billion, which represented a slight decrease (15%) against the volume traded in February (excluding issues aimed at financing infrastructure works in the month; see Chart 7.3). Regarding the number of issues, 18 transactions were registered in March against 21 in February. Thus, FT issues—excluding FTs involved in financing infrastructure works (around \$2.6 billion)—totaled over \$5 billion in the first quarter of the year evidencing a 45% y.o.y. growth (see Chart 7.4).

As for trustors, financial institutions stood out since they accounted for 40% of the total issued in the month, securitizing assets for \$800 million, up 10% against February. They were followed by mutuals, cooperatives and non-bank credit card issuers as well as other financial service providers, with issues of around \$600 million (27% of the total). Although this amount was lower than the previous month, it stood among the highest of the past few years. The retail sector issued \$530 million, almost 30% less than in February; this amount was similar to the one evidenced in the second half of 2013. Almost all underlying assets were related to consumption and corresponded to personal loans and credit card coupons.

As regards cut-off interest rates (weighted average by amount), the rate on senior bonds in pesos, with a duration below 14 months and agreed upon at a variable rate, amounted to 27.8%, up 2.1 p.p. against the previous month. In the fixed-rate segment, no transactions were registered.

8. Major policy measures taken by other Central Banks

As regards policy measures taken by other central banks, the highlights in March were the signs indicating that Federal Reserve (FED) would raise its benchmark rate sooner than expected in the first half of 2015.

The FED's Federal Open Market Committee (FOMC) made the decision of tapering assets from US\$65 billion to US\$55 billion per month. Besides, the FED kept its benchmark interest rate target, the Federal Fund rate, within the 0-0.25% range. This decision was adopted against a backdrop of higher indicators in terms of activity and employment, with different inflation indicators standing below the target (2%). In fact, the

¹⁰ Only publicly-traded financial trusts are considered.

Chart 8.1

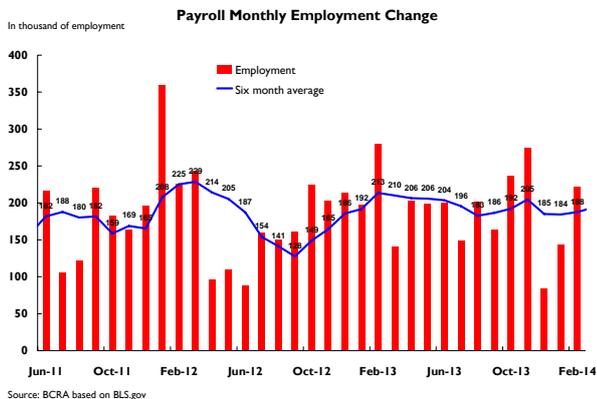


Chart 8.2

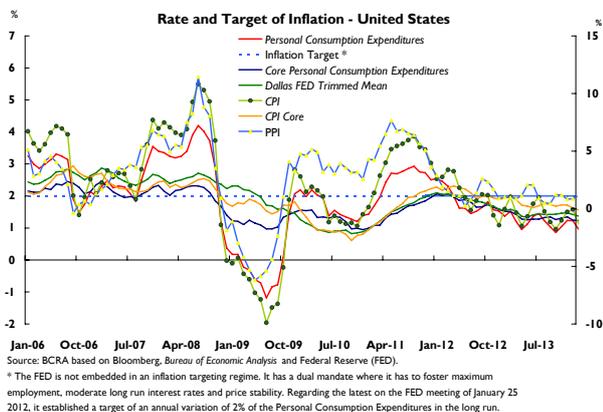
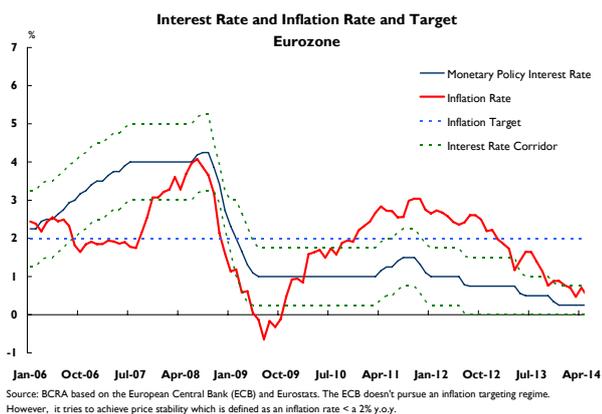


Chart 8.3



latest data available show that the Conference Board leading economic index about perspectives for the next quarter increased 0.5%, the greatest rise since November; the change exceeded market expectations (0.2%). Similarly, the Philadelphia Federal Reserve's Business Outlook Survey increased from -6.3 in January to 9 in February, surpassing market expectations (3.2)¹¹. The Consumer Confidence Survey further send out positive signals of a healthy economy. In turn, in the labor market and following a recovery in job creation in the non-agricultural sector in February and March (see Chart 8.1), the number of North American citizens who applied for unemployment benefits reached the minimum figure in four months during the third week of March. On the other hand, inflation indicators stood below the target. In fact, the personal consumption expenditure (PCE) deflator increased 0.9% y.o.y. in February according to latest data available, down 0.3 p.p. against January and the second lowest value in the last 52 months; meanwhile, the core PCE increased 1.1%, remaining unchanged against the previous month (see Chart 8.2).

In turn, at the beginning of April, the European Central Bank (ECB) decided to keep its benchmark interest rate; however, its governor admitted that the Bank is considering applying a program similar to Quantitative Easing or lowering its benchmark interest rate again, should inflation remain below the target. On the basis of March's preliminary inflation of 0.5% y.o.y, the lowest in 52 months (see Chart 8.3), the ECB may be expected to take new expansive measures—as the ones already mentioned—in the next months. Moreover, the Bank of Japan and the Bank of England did not introduce any changes to their monetary policies. Lastly, among developed countries, New Zealand increased its benchmark interest rate. The Reserve Bank of New Zealand adopted a resolution to raise the Overnight Cash Rate by 0.25% p.p. to 2.75% (see Chart 8.4) against a backdrop of higher economic growth and its failure to restore its monetary policy to normalcy over several quarters due to adverse effects caused by two earthquakes on the domestic economy.

Among Latin American countries, the Central Bank of Chile (BCCh) reduced for a second time in a row the benchmark interest rate target by 0.25 p.p. to 4% (see Chart 8.5), decreasing, in the same proportion, the ceiling and the floor of its interest rate corridor. The BCCh stated in a press release that Chile's economic growth continued moderating its momentum. On the

¹¹ Figures above 0 imply economic growth.

Chart 8.4

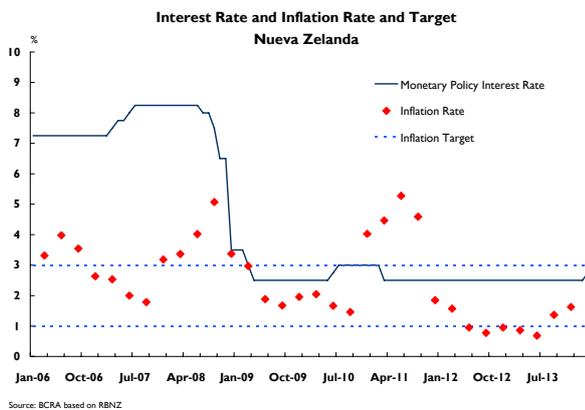


Chart 8.5

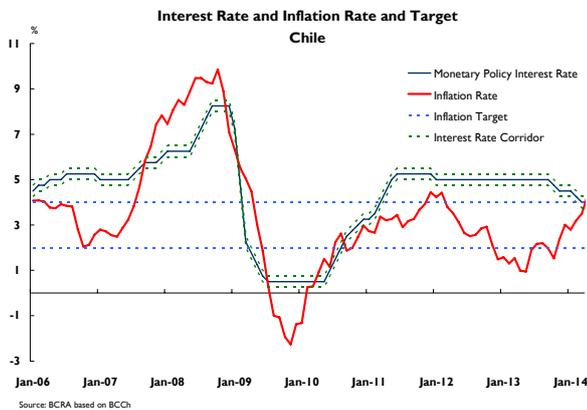
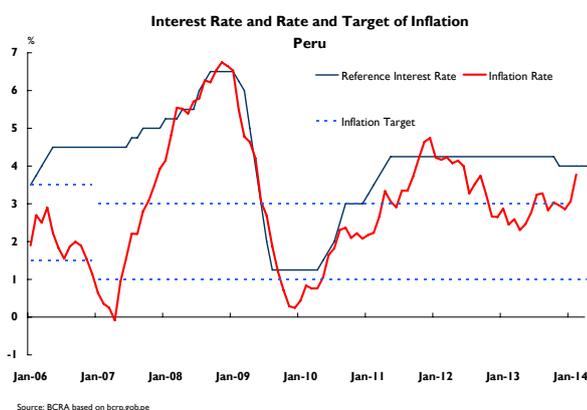


Chart 8.6



other hand, the Central Reserve Bank of Peru decided, for the fourth consecutive month, to keep the 4% target for the call money market interest rate (see Chart 8.6). Meanwhile, it reduced, again and for the seventh time since August, the reserve requirement rate in domestic currency from 13% to 12.5% so as to underpin the momentum of lending in Peruvian soles.

Among the remaining emerging countries, the performance of Russia should be highlighted. In an out-of-schedule meeting, the Central Bank of Russia adopted the decision to raise the Key Rate— auction rate for providing or absorbing liquidity over one week— by 1.5 p.p., from 5.5% to 7%. This decision was geared to reducing the significant capital flight due to Crimean crisis. Lastly, facing fears that a deposits flight, which started in a rural area in the east of China, may spread to the rest of the financial system, the authorities of the People's Bank of China confirmed that depositors shall be protected, even though there is no deposit insurance system formally in place.

9. Monetary and financial indicators

Figures in millions, expressed in their original currency.

| Main monetary and financial system figures | Monthly average | | | | Average change in percentage | |
|------------------------------------------------------------------------------------------|-----------------|----------------|----------------|----------------|------------------------------|----------------|
| | Mar-14 | Feb-14 | Dec-13 | Mar-13 | Monthly | Last 12 months |
| Monetary base | 351,349 | 347,707 | 361,580 | 297,163 | 1.0% | 18.2% |
| Currency in circulation | 268,830 | 272,780 | 277,095 | 228,885 | -1.4% | 17.5% |
| Held by public | 240,603 | 244,968 | 247,140 | 205,348 | -1.8% | 17.2% |
| Held by financial entities | 28,225 | 27,811 | 29,953 | 23,535 | 1.5% | 19.9% |
| Settlement check | 1 | 1 | 2 | 0 | 0.0% | 0.0% |
| BCRA current account | 82,520 | 74,927 | 84,484 | 68,277 | 10.1% | 20.9% |
| Repos stock | | | | | | |
| Reverse repos | 11,593 | 17,584 | 6,351 | 12,294 | -34.1% | -5.7% |
| Repos | 0 | 0 | 0 | 0 | 0.0% | 0.0% |
| BCRA securities stock (in face value) | | | | | | |
| In banks | 152,228 | 139,876 | 111,491 | 108,258 | 8.8% | 40.6% |
| LEBAC | 128,300 | 118,075 | 98,364 | 94,374 | 8.7% | 35.9% |
| In pesos | 127,073 | 121,866 | 107,309 | 96,640 | 4.3% | 31.5% |
| In Dollars | 654 | 314 | 0 | 0 | | |
| NOBAC | 19,970 | 15,541 | 4,183 | 11,618 | 28.5% | 71.9% |
| International reserves excluded 2009 SDRs allocations | 27,332 | 27,678 | 30,612 | 41,153 | -1.3% | -33.6% |
| Private and public sector deposits in pesos ⁽¹⁾ | 686,550 | 686,207 | 667,661 | 552,831 | 0.0% | 24.2% |
| Current account ⁽²⁾ | 186,001 | 200,449 | 190,935 | 146,569 | -7.2% | 26.9% |
| Savings account | 132,649 | 131,340 | 140,311 | 110,476 | 1.0% | 20.1% |
| Not CER-adjustable time deposits | 341,219 | 328,427 | 309,708 | 275,148 | 3.9% | 24.0% |
| CER-adjustable time deposits | 6 | 5 | 6 | 7 | 13.4% | -20.3% |
| CEDRO adjusted by CER | 0 | 0 | 0 | 0 | | |
| Other deposits ⁽³⁾ | 26,676 | 25,986 | 26,701 | 20,630 | 2.7% | 29.3% |
| Private sector deposits | 503,263 | 492,463 | 484,495 | 394,902 | 2.2% | 27.4% |
| Public sector deposits | 183,288 | 193,745 | 183,165 | 157,929 | -5.4% | 16.1% |
| Private and public sector deposits in dollars ⁽¹⁾ | 8,399 | 8,843 | 8,262 | 8,567 | -5.0% | -2.0% |
| Loans to private and public sector in pesos ⁽¹⁾ | 518,166 | 517,792 | 498,197 | 395,173 | 0.1% | 31.1% |
| Loans to private sector | 475,162 | 475,102 | 457,080 | 360,080 | 0.0% | 32.0% |
| Overdrafts | 62,363 | 60,694 | 56,652 | 50,966 | 2.8% | 22.4% |
| Promissory bills | 110,548 | 112,854 | 111,433 | 80,562 | -2.0% | 37.2% |
| Mortgages | 44,567 | 44,307 | 43,075 | 36,556 | 0.6% | 21.9% |
| Pledge-backed loans | 32,431 | 32,421 | 31,304 | 23,795 | 0.0% | 36.3% |
| Personal loans | 101,360 | 101,118 | 98,480 | 79,809 | 0.2% | 27.0% |
| Credit cards | 88,241 | 88,236 | 80,693 | 61,106 | 0.0% | 44.4% |
| Other loans | 35,652 | 35,472 | 35,443 | 27,287 | 0.5% | 30.7% |
| Loans to public sector | 43,005 | 42,690 | 41,117 | 35,093 | 0.7% | 22.5% |
| Loans to private and public sector in dollars ⁽¹⁾ | 3,603 | 3,675 | 3,695 | 5,189 | -2.0% | -30.6% |
| Total monetary aggregates ⁽¹⁾ | | | | | | |
| M1 (currency held by public + settlement check in pesos+ current account in pesos) | 426,605 | 445,418 | 438,077 | 351,919 | -4.2% | 21.2% |
| M2 (M1 + savings account in pesos) | 559,254 | 576,758 | 578,389 | 462,396 | -3.0% | 20.9% |
| M3 (currency held by public + settlement check in pesos + total deposits in pesos) | 927,155 | 931,177 | 914,803 | 758,181 | -0.4% | 22.3% |
| M3* (M3 + total deposits in dollars + settlement check in foreign currency) | 995,593 | 1,002,562 | 968,730 | 801,760 | -0.7% | 24.2% |
| Private monetary aggregates | | | | | | |
| M1 (currency held by public + settlement check in pesos + priv.current account in pesos) | 360,836 | 364,206 | 367,382 | 306,026 | -0.9% | 17.9% |
| M2 (M1 + private savings account in pesos) | 481,820 | 486,205 | 493,855 | 405,114 | -0.9% | 18.9% |
| M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos) | 743,867 | 737,432 | 731,638 | 600,252 | 0.9% | 23.9% |
| M3* (M3 + private total deposits in dollars + settlement check in foreign currency) | 799,279 | 795,380 | 775,763 | 637,868 | 0.5% | 25.3% |

| Explanatory factors | Average Change | | | | | | | |
|----------------------------------------------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|
| | Monthly | | Quarterly | | YTD 2014 | | Last 12 months | |
| | Nominal | Contribution ⁽⁴⁾ |
| Monetary base | 3,643 | 1.0% | -10,230 | -2.8% | -10,230 | -2.8% | 54,187 | 18.2% |
| Financial sector | 6,000 | 1.7% | -5,158 | -1.4% | -5,158 | -1.4% | 1,905 | 0.6% |
| Public sector | -21 | 0.0% | 18,855 | 5.1% | 18,855 | 5.2% | 96,626 | 32.5% |
| Private external sector | 5,636 | 1.6% | -340 | -0.1% | -340 | -0.1% | -29,751 | -10.0% |
| BCRA securities | -7,558 | -2.2% | -29,892 | -8.1% | -29,892 | -8.3% | -21,373 | -7.2% |
| Others | -415 | -0.1% | 6,305 | 1.7% | 6,305 | 1.7% | 6,780 | 2.3% |
| International reserves excluded 2009 SDRs allocations | -346 | -1.3% | -3,280 | -11.1% | -3,280 | -10.7% | -13,821 | -33.6% |
| Foreign exchange market intervention | 720 | 2.6% | -233 | -0.8% | -233 | -0.8% | -5,059 | -12.3% |
| International financial institutions | -133 | -0.5% | -98 | -0.3% | -98 | -0.3% | 613 | 1.5% |
| Other public sector operations | -176 | -0.6% | -828 | -2.8% | -828 | -2.7% | 898 | 2.2% |
| Dollar liquidity requirements | -1,266 | -4.6% | -1,937 | -6.5% | -1,937 | -6.3% | -1,247 | -3.0% |
| Others (incl. change in US\$ market value of nondollar assets) | 497 | 1.8% | -196 | -0.7% | -196 | -0.6% | -9,039 | -22.0% |

1 Excludes financial sector and foreign depositors. Loans's figures correspond to statistical information, without being adjusted by financial trusts. Provisionary 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 Provisionary data subjected to changes in valuation.

Sources: BCRA Accounting Department and SISCEN Informative Regime.

Minimum Cash Requirement and Compliance

| | Feb-14 | Jan-14 | Dec-13 |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------|--------|
| | (1) | (1) | (1) |
| Domestic Currency | % of total deposits in pesos | | |
| Requirement | 11.8 | 11.9 | 11.9 |
| Compliance | 12.1 | 12.6 | 12.6 |
| Position ⁽²⁾ | 0.2 | 0.8 | 0.7 |
| <i>Residual time structure of term deposits used for the calculation of the requirement ⁽³⁾</i> | % | | |
| Up to 29 days | 67.5 | 67.5 | 67.5 |
| 30 to 59 days | 22.8 | 22.8 | 22.8 |
| 60 to 89 days | 5.0 | 5.0 | 5.0 |
| 90 to 179 days | 3.2 | 3.2 | 3.2 |
| more than 180 days | 1.4 | 1.4 | 1.4 |
| Foreign Currency | % of total deposits in foreign currency | | |
| Requirement | 20.3 | 20.8 | 19.7 |
| Compliance (includes default application resource) | 104.5 | 123.8 | 117.4 |
| Position ⁽²⁾ | 84.2 | 103.0 | 97.7 |
| <i>Residual time structure of term deposits used for the calculation of the requirement ⁽³⁾</i> | % | | |
| Up to 29 days | 46.6 | 46.9 | 47.6 |
| 30 to 59 days | 25.3 | 23.3 | 23.1 |
| 60 to 89 days | 11.9 | 12.2 | 11.0 |
| 90 to 179 days | 13.7 | 14.9 | 14.5 |
| 180 to 365 days | 2.2 | 2.6 | 3.8 |
| more than 365 days | 0.2 | 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.

b

| Borrowing Interest Rates | Mar-14 | Feb-14 | Jan-14 | Dec-13 | Mar-13 |
|----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Interbank Loans (overnight) | | | | | |
| Interest rate | 19.36 | 14.73 | 16.15 | 19.67 | 12.01 |
| Traded volume (million pesos) | 2,073 | 1,977 | 2,131 | 2,144 | 1,511 |
| Time Deposits | | | | | |
| <u>In pesos</u> | | | | | |
| 30-44 days | 21.41 | 20.99 | 18.86 | 17.67 | 13.52 |
| 60 days or more | 24.97 | 23.88 | 20.17 | 19.00 | 13.58 |
| Total BADLAR (more than \$1 million, 30-35 days) | 22.48 | 22.43 | 19.19 | 18.55 | 13.19 |
| Private Banks BADLAR (more than \$1 million, 30-35 days) | 26.17 | 25.58 | 21.69 | 20.18 | 14.83 |
| <u>In dollars</u> | | | | | |
| 30-44 days | 0.97 | 0.93 | 0.40 | 0.34 | 0.55 |
| 60 days or more | 1.60 | 1.71 | 0.87 | 0.65 | 1.04 |
| Total BADLAR (more than \$1 million, 30-35 days) | 1.06 | 1.04 | 0.44 | 0.33 | 0.68 |
| Private Banks BADLAR (more than \$1 million, 30-35 days) | 1.02 | 1.08 | 0.38 | 0.33 | 0.93 |
| Lending Interest Rates | Mar-14 | Feb-14 | Jan-14 | Dec-13 | Mar-13 |
| Stock Repos | | | | | |
| Gross interest rates 30 days | 27.98 | 25.73 | 22.65 | 21.64 | 14.75 |
| Traded volume (all maturities, million pesos) | 324 | 282 | 310 | 316 | 221 |
| Loans in Pesos ⁽¹⁾ | | | | | |
| Overdrafts | 33.08 | 31.62 | 28.90 | 27.60 | 21.35 |
| Promissory Notes | 29.45 | 29.22 | 26.05 | 22.35 | 18.85 |
| Mortgages | 17.79 | 17.51 | 18.29 | 16.53 | 16.73 |
| Pledge-backed Loans | 28.51 | 23.94 | 25.26 | 21.08 | 19.74 |
| Personal Loans | 45.86 | 44.91 | 40.54 | 39.32 | 34.19 |
| Credit Cards | s/d | 38.08 | 35.98 | 37.12 | 33.68 |
| Overdrafts - 1 to 7 days - more than \$10 million | 27.31 | 25.89 | 23.62 | 21.39 | 14.55 |
| International Interest Rates | Mar-14 | Feb-14 | Jan-14 | Dec-13 | Mar-13 |
| LIBOR | | | | | |
| 1 month | 0.15 | 0.16 | 0.16 | 0.17 | 0.20 |
| 6 months | 0.33 | 0.33 | 0.34 | 0.35 | 0.45 |
| US Treasury Bonds | | | | | |
| 2 years | 0.39 | 0.32 | 0.38 | 0.33 | 0.25 |
| 10 years | 2.72 | 2.70 | 2.84 | 2.88 | 1.95 |
| FED Funds Rate | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| SELIC (1 year) | 10.75 | 10.54 | 10.30 | 10.00 | 7.25 |

(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-14 | Feb-14 | Jan-14 | Dec-13 | Mar-13 |
|-----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| BCRA Repo Interest Rates | | | | | |
| Overnight reverse repo | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| 7-day reverse repo | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 |
| 7-day repo | 11.50 | 11.50 | 11.50 | 11.50 | 11.50 |
| Total Repo Interest Rates | | | | | |
| Overnight | 14.88 | 9.69 | 11.52 | 15.81 | 10.04 |
| 7 days | 12.99 | 10.42 | 12.58 | 13.12 | 9.60 |
| Repo traded volumen (daily average) | 10,127 | 14,259 | 7,959 | 3,981 | 7,054 |
| Peso LEBAC Interest Rate¹ | | | | | |
| 1 month | s/o | s/o | s/o | s/o | s/o |
| 2 months | s/o | 28.52 | 25.52 | s/o | 12.96 |
| 3 months | 28.78 | 28.73 | 19.99 | 15.52 | 13.35 |
| 9 months | 29.88 | 29.90 | 23.91 | s/o | 15.05 |
| 12 months | 30.30 | 30.23 | 21.50 | 17.80 | 15.47 |
| Peso NOBAC with variable coupon Spread¹ | | | | | |
| 200 days BADLAR Private Banks | 1.06 | 1.49 | -0.40 | s/o | s/o |
| Dollars LEBAC Interest Rate¹ | | | | | |
| 1 month | 2.50 | 2.50 | 2.50 | s/o | s/o |
| 3 months | 3.00 | 3.00 | 3.00 | s/o | s/o |
| 6 months | 3.50 | 3.50 | 3.50 | s/o | s/o |
| 12 months | 4.00 | 4.00 | 4.00 | s/o | s/o |
| LEBAC and NOBAC traded volume (daily average) | 1552 | 1200 | 1034 | 673 | 1134 |
| Foreign Exchange Market | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 |
| Dollar Spot | | | | | |
| Exchange agencies | 7.93 | 7.85 | 7.11 | 6.32 | 5.08 |
| BCRA Reference | 7.93 | 7.87 | 7.13 | 6.33 | 5.09 |
| Future dollar | | | | | |
| NDF 1 month | 8.08 | 8.05 | 7.69 | 6.74 | 5.28 |
| ROFEX 1 month | 8.06 | 7.91 | 7.39 | 6.56 | 5.16 |
| Traded volume (all maturities, million pesos) | 2,300 | 2,917 | 2,503 | 1,618 | 1,054 |
| Real (Pesos/Real) | 3.41 | 3.30 | 2.98 | 2.69 | 2.57 |
| Euro (Pesos/Euro) | 10.98 | 10.73 | 9.69 | 8.67 | 6.60 |
| Capital Market | Mar-14 | Feb-14 | Jan-14 | Dec-13 | Mar-13 |
| MERVAL | | | | | |
| Index | 5,937 | 5,893 | 5,631 | 5,330 | 3,368 |
| Traded volume (million pesos) | 86 | 103 | 95 | 109 | 75 |
| Government Bonds (parity) | | | | | |
| BODEN 2015 (US\$) | 113.15 | 126.40 | 133.38 | 132.63 | 140.21 |
| DISCOUNT (US\$ - NY legislation) | 88.83 | 95.49 | 98.90 | 106.64 | 99.52 |
| BODEN 2014 (\$) | 93.09 | 97.71 | 94.00 | 93.47 | 96.29 |
| DISCOUNT (\$) | 81.64 | 71.86 | 62.39 | 63.95 | 50.62 |
| Country risk | | | | | |
| Spread BODEN 2015 vs. US Treasury Bond | 1,112 | 1,328 | 1,085 | 826 | 1,350 |
| EMBI+ Latin America (without Argentina) | 400 | 454 | 430 | 412 | 313 |

¹ Corresponds to average results of each month primary auctions.

10. Glossary

ANSES: *Administración Nacional de Seguridad Social.* Social Security Administration

APR: Annual percentage rate.

BADLAR: Interest rate for time deposits over one million pesos between 30 and 35 days for the average of financial institutions

BCRA: *Banco Central de la República Argentina.* Central Bank of Argentina

BODEN: Bonos optativos del Estado Nacional. Optional federal bonds

BOVESPA: Sao Paulo Stock Exchange Index (Brazil)

CAFCI: *Cámara Argentina de Fondos comunes de inversión*

CDS: Credit Default Swaps

CER: Coeficiente de Estabilización de Referencia. Reference Stabilization Coefficient

CNV: Comisión Nacional de Valores. National Securities Commission

CPI: Consumer Price Index

DISC: Discount Bond

EMBI: Emerging Markets Bonds Index

FCI: Mutual Funds

Fed: Federal Reserve

FTs: Financial Trusts

GBA: Greater Buenos Aires metropolitan area

GDP: Gross Domestic Product

IAMC: Instituto Argentino de Mercado de Capitales.

IGBVL: Lima Stock Exchange Index (Peru)

IGPA: Santiago Stock Exchange Index (Chile)

LEBAC: *Letras del Banco Central.* BCRA Bills

LCIP: Credit Line for Productive Investment.

LIBOR: London Interbank Offered Rate

M2: Notes and Coins + Current Accounts and Savings Accounts in \$

M3: Notes and Coins + Total Deposits in \$.

M3*: Notes and Coins + Total Deposits in \$ and US\$

MERVAL: *Mercado de Valores de Buenos Aires.* Buenos Aires Stock Exchange Index

MEXBOL: Mexico Stock Exchange Index

NBFI: Non-Banking Financial Institutions

NDF: Non Deliverable Forward

NOBAC: Notas del Banco Central. BCRA Notes

NV: Nominal value

ONs: Corporate Bonds

PyME: Small and medium enterprises

ROFEX: Rosario Futures Exchange Rate Market

SELIC: Brazilian Central Bank's Benchmark Interest Rate

SISCEN: *Sistema Centralizado de Requerimientos Informativos.* BCRA Centralized Reporting Requirement System

S&P: Standard and Poor's 500 Index

TIR: Internal rate of return (IRR).

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